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SENATE—*Wednesday, July 30, 1997*

The Senate met at 9:30 a.m., and was called to order by the President pro tempore [Mr. THURMOND].

PRAYER

The Chaplain, Dr. Lloyd John Ogilvie, offered the following prayer:

Dear Father, the best that can happen today is that we will experience deep fellowship with You and enjoy You. The worst that can happen is that we might become so busy or distracted by life's demands that we would miss this privilege of friendship with You. This puts into perspective our secondary goals for today or the glitches in our plans that might occur.

This is the day You have made. We will rejoice and be glad in You, not just in another day. You alone are the source of the joy of any day.

You have taught us that the secret of a truly great day is that You will show the way. You have plans for us today. We don't want to miss them. Make us sensitive to the surprises You send our way. So help us not to forget that You are with us and want to have a moment-by-moment dialog with us throughout the day about the crucial issues before us. Thank You for Your grace and guidance. Through our Lord and Saviour. Amen.

RECOGNITION OF THE ACTING MAJORITY LEADER

The PRESIDENT pro tempore. The able acting majority leader, Senator GRASSLEY, is recognized.

SCHEDULE

Mr. GRASSLEY. Mr. President, on behalf of Senator LOTT, the majority leader, I will make this announcement.

We announce that this morning, following morning business, at 10:30 a.m., the Senate will begin consideration of S. 39. That is the tuna-dolphin bill. Under a previous agreement, there will be 30 minutes for debate. It will be on that measure. Then it will be followed by a vote on the passage of S. 39.

Also under the order, a vote on the passage of S. 1048, the Transportation appropriations bill, will follow the tuna-dolphin vote. Therefore, Senators can anticipate two rollcall votes this morning. Hopefully that would be around 11 a.m.

As Members are aware, the House did file H.R. 2015, the conference report to accompanying the Balanced Budget Act of 1997; therefore, the Senate will hopefully begin consideration of that measure today at noon. Under the statute, there are 10 hours for debate on that conference report. And as always, Members will be notified as to when that rollcall vote can be expected.

Senator LOTT thanks our colleagues for their attention.

MORNING BUSINESS

The PRESIDING OFFICER (Mr. INHOFE). Under the previous order, there will now be a period of morning business until the hour of 10:30 a.m., with Senator DASCHLE or his designee in control of 30 minutes, and Senator GRASSLEY or his designee in control of 30 minutes.

Mr. GRASSLEY addressed the Chair.

The PRESIDING OFFICER. The Senator from Iowa.

THE INTERNAL REVENUE SERVICE RESTRUCTURING AND REFORM ACT

Mr. GRASSLEY. I have the privilege this morning, with our outstanding colleague, Senator KERREY of Nebraska, to announce my intention to introduce a piece of legislation, the Internal Revenue Service Restructuring Act, that is a product of the National Commission on Restructuring the IRS. That commission functioned for approximately 12 months. The success of the commission is a result of the leadership of Senator KERREY and Congressman ROB PORTMAN of Ohio.

As a member of the Commission on Restructuring the IRS, also as a current senior member of the IRS Oversight Subcommittee on the Finance Committee, and as the chief Senate sponsor of previous legislation that has been called the Taxpayers Bill of Rights I and the Taxpayers Bill of Rights II—and of course I am a taxpayer myself—I have been involved in several ways for many years in an effort to finally reach this point that we will make substantial changes, hopefully passing legislation, that will make substantial changes in the IRS and how it functions.

Congress is on the verge of a very major shift in power from the Federal Government to the people. The recommendations of this commission are a blueprint for the transfer of power. Understandably, there is much anxiety within the Federal Government at this moment. It is in anticipation of this loss of power. The anxiety is at the highest levels in the executive branch that I have seen it.

The American taxpayers have waited a long time for this to happen. They have suffered through decades of encounters with an agency that has been unaccountable, unresponsive, misleading, arrogant, and even abusive. The IRS has been granted enormous powers that at times seems to disrespect, even to undermine, civil liberties. The responsibilities to our citizens that go along with such power was not exercised by that agency.

Furthermore, IRS management seemed to have taken a vacation. Billions of dollars have been wasted. Performance failures were not met with discipline. Questionable activities were covered up by secrecy, mostly by abusing the authority of what we would all recognize as section 6103, the so-called privacy provisions. Congressional oversight of the IRS has been rendered all but impotent because of absurd 6103 restrictions. These restrictions make the Pentagon's highly secret and highly restrictive Joint Chiefs of Staff vault seem like a Freedom of Information office.

I urge my colleagues to seize the moment. IRS reform is long overdue and is very vital.

Mr. President, I want to highlight just a few important issues recommended by the commission.

To restore accountability to the taxpayers, the commission has made several recommendations.

● This "bullet" symbol identifies statements or insertions which are not spoken by a member of the Senate on the floor.

The one attracting the greatest attention has been the commission's proposal for an independent board to oversee the IRS. The commission's belief is that an independent board will provide an infusion of talent from the private sector to set appropriate performance measurements and reward or discipline managers who either meet or fail to meet these performance measures.

In private meetings, the administration appears to be divided on another proposal, the proposal for an independent board to run the IRS. But it appears unfortunate that some who oppose this proposal are doing so only because it signifies a monumental power struggle that they stand to lose.

Treasury officials, who years ago could not find the IRS even if they were standing at the corner of 11th and Constitution, are suddenly in fits about losing some control over part of their budget and their bureaucracy.

They must be reminded that the IRS is one of the few Government agencies that has a significant impact on almost every American. The American taxpayer deserves a modern IRS that provides taxpayer customer service on a level equal to that provided by private financial institutions throughout this country.

We have seen a lot of promises of reform coming from the Treasury of late, wholly in response to the work of this commission. Treasury assures us that IRS reform is their top priority and their best people are on it. But if Congress turns its back now on reforming the IRS and listens to the siren song of the Treasury Department, I predict that a year from now Congress will face the justified wrath of the American taxpayer.

Treasury officials who are locked in this power struggle trying to preserve their bureaucratic empire would do well to remember the quote of the first Secretary of the Treasury, Alexander Hamilton, who said, "Here, sir, the people govern." That is the essence of what this commission would do, return power from the Federal Government to the people of this country.

I am also pleased that the commission did not call for the easy solution. The easy solution around Washington is just to give more money to some Federal bureaucracy. And the plea was made to us: More money is what is needed at the IRS. One Treasury official privately admitted recently that the IRS never would be serious about embracing reform as long as Congress kept throwing money at the bureaucracy.

Until 2 years ago, the IRS had seen continued increases in its budget for 40 years. This commission uncovered that hundreds of millions of taxpayers' dollars were being wasted. Clearly, the problem at the IRS is management, not money.

The commission made several findings and recommendations about protecting taxpayers and strengthening taxpayers' rights. I note that in the past, the Congress has focused its energies on giving rights to taxpayers who are in dispute with the IRS. The commission's recommendations build on this. We recommend a strengthening of taxpayers' rights in a number of areas, but I think of equal importance is the emphasis the commission has placed on protecting taxpayers, that is, preventing problems even before they ever happen by emphasizing quality of work and customer service by our IRS employees.

We all know the story of the small business owner who gets a notice from the IRS that he owes maybe $2,000 in additional taxes. The business owner goes to his accountant, who says he does not owe the IRS $2,000, but it is going to cost $5,000 to fight the IRS. So what does the small businessperson do? He pays the $2,000.

Why does this happen? Because the IRS puts such little emphasis upon quality control and upon taxpayers' rights. The IRS still measures its managers on dollars assessed, whether or not it is a proper tax owed.

Is it any surprise then that when a taxpayer does appeal, the IRS loses 72 cents on the dollar? It is wrong that many taxpayers have to spend millions of dollars fighting the IRS because there is no quality control.

I am pleased that the commission also emphasized the need for customer service. We recommend that taxpayers who are subject to examination or collection efforts or who simply try to contact the IRS to resolve a problem are provided a chance to comment on the service given. While revolutionary to the IRS, this is old hat for many State tax collection agencies as well as for business in the private sector. By measuring managers on customer service, we hope to begin to change the culture of the IRS and its employees.

Emphasizing quality service and customer service are ways to protect the taxpayers in the first place. It is also a way to measure the performance in an appropriate manner that will hold managers and employees at the IRS accountable for their action.

I suggest that the emphasis upon quality service and customer service is in keeping with what many saw as a mandate given to the Congress in 1994—moving power from Government to the people. The reforms suggested by the commission certainly emphasize that it is the taxpayer who comes first and it is serving the taxpayer as a customer that must be a top priority at the IRS.

Mr. President, I want to just briefly touch on a third point, the need for greater openness at the IRS. The commission found that the IRS was a very closed and insular organization. The commission put forward a first step to make the IRS more open to the Congress, more importantly, to the press as a policing agency within our process of Government. If we are going to be at all successful in changing the culture of the IRS, a key ingredient must be greater openness at the organization.

To encourage openness and also ensure accountability, there are three areas.

One, the IRS must be timely in responding to Freedom of Information Act requests.

Two, the IRS should not abuse its authority under section 6103 to cover up embarrassing information about management mistakes. For example, the commission highlighted that the IRS had abused its 6103 authority to hide from the press the fact that the IRS had provided Congress false information.

Three, the IRS must maintain and preserve documents. The commission itself discovered first hand several times that the former IRS historian Shelly Davis is right—that the IRS doesn't preserve records. Many requests by the commission for documents and data were met with the response that the data no longer existed or the documents could not be found.

Addressing these three areas of openness may not be headline grabbing, but my experience has shown me that they will go far in bringing accountability at the IRS and changing its culture.

My final point is to emphasize the commission's findings on the need to simplify the Tax Code. We heard from countless witnesses, as well as hundreds of IRS employees and thousands of taxpayers that the complexity of the code is crippling to IRS management.

While I've spent a lot of my time here criticizing IRS, let me make clear that the complex code is not the fault of the IRS, it is a burden placed on IRS management by Congress and the White House. It is clear that if we wish to see improvements at the IRS in customer service and relations with taxpayers, steps must be taken to simplify the code.

This IRS Restructuring Act will lead to better management of the IRS and better customer service in the field. I encourage all of may colleagues to cosponsor it.

Mr. President, before I yield the floor, my colleague is responsible for the tremendous product of this commission. It is not me. It is because he gave it the time it needed, the expert leadership it needed. I speak of Senator KERREY of Nebraska.

Mr. KERREY addressed the Chair.

The PRESIDING OFFICER. The Senator from Nebraska is recognized.

Mr. KERREY. Mr. President, I am pleased to announce my intention to introduce the IRS Reform and Restructuring Act of 1997 with the senior Senator from Iowa, Senator GRASSLEY, who also was a day-to-day participant in this effort and gave it a great deal of energy and expertise. As one can tell from listening to him, he has offered a tremendous amount of enthusiasm and orientation to the taxpayers concerned, the customers themselves, as well as the need to open the IRS up. He cited the example of Shelly Davis, who brought to the attention of the public, the taxpayers, the significant problems the IRS is having and found that, as her reward for doing that, she lost her job. I very much appreciate Senator GRASSLEY's leadership. I look forward to working with him on the Finance Committee to try to get this piece of legislation heard and marked up and, hopefully, on to final passage yet this year.

This legislation reflects the recommendations of the National Commission on Restructuring the Internal Revenue Service. My co-sponsor, Senator GRASSLEY, and I have been the Senate members of the National Commission for the last year, and have been part of the most unprecedented review of a government agency that an independent commission has ever conducted. Senator GRASSLEY and I will shortly introduce legislation based on this commission's work. The goal of this legislation is to make the IRS work for the American taxpayer.

This legislation is so important because there are twice as many people who pay taxes as vote. Citizens' faith that their government can be fair and efficient is dependent on a well functioning IRS. The days of the old-fashioned tax collector are over—the core of this legislation is based on a vision for a new IRS. We believe, in today's world, the job of the IRS is to operate as an efficient financial management organization. It is a myth that the bulk of the Federal revenue is generated through heavy enforcement. While the IRS must maintain a strong enforcement presence, its core and the core of the Federal revenue stream lie in a revamped, modern organization that can assist taxpayers promptly and efficiently, track account information, and send out clear notices. There is a breathtaking gap between the service levels of the IRS and those of the private sector.

The IRS has a 20-percent error rate for processing paper returns and expends an incredible amount of resources and focus to correct these errors. It captures only 40 percent of the data from returns and is still drowning in a sea of paper. It is typically 18 months before a return can be matched against 1099s. A private sector business that took on average 18 months to send someone a bill, certainly wouldn't stay in business very long.

This legislation offers both a realistic goal for those who will take charge of the agency and a credible plan for reaching that goal.

We spent the last year studying the problems and solutions for the IRS. Clearly, our access to the IRS's operations and employees was unprecedented. We spent 12 days in public hearings, interviewed 300 IRS employees in field offices, and interviewed over 500 current and former officials from the IRS, the Treasury Department, congressional committees that oversee the IRS, and other IRS experts. We also commissioned consulting reports and internal reviews of IRS management, governance, work force, compliance, and customer service. Finally, we heard directly from citizens through town meetings and surveys. During all of this work, we continually asked the question: How can we make the IRS serve the American people?

There are many visible problems at the IRS that should be noted by all colleagues, especially those who take the view that perhaps we don't need to change. All of these visible problems dictate that we act and that we change the law.

The IRS has a law enforcement mentality, but the vast majority of its employees perform service functions including tracking finances, sending out notices, and assisting taxpayers.

In addition, the IRS has the general attitude that taxpayers are guilty, even though 90 percent of taxpayers are compliant.

Taxpayers also have a low opinion of service levels provided by the IRS and do not believe the IRS is trying to help make paying taxes easier.

Next, training is not a priority, and employees do not have the skills of their private sector counterparts.

Fifth, the IRS uses employee evaluation measures that do not encourage employees to provide quality service to taxpayers.

Next, the IRS management and governance structure makes strategic planning impossible and has caused a massive failure of the IRS' $3.4 billion computer modernization program.

Further, IRS computer systems were developed during the 1960's and 1970's and lack the capability to provide taxpayers with quality service.

Wasteful inefficiencies and high error rates exist in the processing of paper forms.

The Treasury Department has basically left the IRS to its own devices, leaving a vacuum in executive branch oversight of the agency.

Congressional oversight of IRS is scattered and can send confusing signals to IRS that can be manipulated by the IRS to avoid accountability.

Last, complexity and constant changing of the tax code is a major obstacle that intensifies all of these problems.

We heard from witnesses who estimate that the American taxpayers spend nearly $200 billion a year just to comply with the Tax Code. Complexity is a problem, not only in giving customer service, but as far as a drain on the U.S. economy.

A key problem identified by the Commission was a lack of a coherent, accountable structure to implement a long-term vision and goals. At the top levels of the IRS and at Treasury there are murky lines of accountability, a lack of necessary expertise to operate in the new information age, and no people of authority with significant tenure to get the job done. The officials at the Treasury Department have expertise in tax law, but do not have the expertise in areas of customer service, technology, and management to oversee the IRS. Worse, they are not around long enough to ensure focus on multi-year projects like the tax system modernization [TSM] or changing the culture of the agency to be more responsive to taxpayers.

Additionally, Treasury does not coordinate its own oversight: The Commissioner of the IRS must deal with various assistant secretaries on budget, operations, computers, and others. At the end of the day, the IRS Commissioner really reports to the Deputy Secretary who also manages 11 other agencies—not to mention the economy. The recently retired Commissioner of the IRS, Margaret Richardson, told us that she reported to three different Deputy Secretarys during her 4-year tenure as IRS Commissioner. Aware of these glaring problems, the Restructuring Commission began developing ideas for a new governance structure. Our criteria for success were: First, clear accountability, second, expertise in running a modern customer-oriented organization, and third, continuity.

To provide for accountability, expertise, and continuity the legislation we will introduce will include:

First, an Internal Revenue Service Oversight Board, appointed by the President for staggered 5-year terms. The board will: Approve the mission, objectives, and annual strategic plans of the IRS; oversee the IRS management; have significant tenure to force change throughout the organization; and have unique public and private sector expertise in managing large service organizations.

Second, the Commissioner will be appointed for a 5-year term, so he or she will be around long enough to achieve real change.

Third, the Commissioner will be given greater flexibility to hire or fire his or her own team of executives, who will bring new expertise into the IRS. While the board will keep an eye on long-range strategic issues, the Commissioner will run the organization and be given greater authority to do so.

Fourth, congressional oversight will be coordinated among the authorizing committees, the appropriating committees, and the Government oversight committees. Our legislation codifies coordinated oversight, stating that committee leaders, majority and minority, meet regularly to ensure that the IRS receives clear guidance from Congress, and that Congress is given the proper information to oversee the IRS.

This legislation draws clear lines of accountability between tax policy and tax administration, leaving all tax policy matters to the Secretary of the Treasury. The legislation makes the Secretary of the Treasury a member of this new board, recognizing the link between tax policy and tax administration. Additionally, the Secretary of the Treasury would continue to have final say over the IRS budget before it is sent to Congress. Under this legislation, the board would send Congress a copy of their budget at the same time they send it to the Secretary, giving Congress an independent view of how much money to appropriate. In short, our new structure will bring heightened accountability to the IRS and tax administration.

Mr. President, the American people know that the status quo is no longer tolerable and that the IRS needs fixing; $3.4 billion was wasted on a failed modernization project. IRS operations are antiquated and outdated, and taxpayers—close to 90 percent of whom voluntarily pay their taxes—are generally, and unfairly, treated as if they are guilty of something when they contact the IRS.

The IRS's problems are rooted in the lack of strategic vision and focus, measures that do not encourage employees to treat taxpayers well, operational units that do not communicate with each other, and a systemic lack of expertise and continuity in management and governance. The legislation Senator GRASSLEY and I will introduce will put the IRS on the road to recovery with a reasoned, comprehensive approach to fixing these problems. When implemented into law, I am confident the result will be: Restored public confidence in the IRS; increased focus on customer service; cohesive oversight and governance; efficiency gains in IRS operations; and innovative compliance and customer service programs.

We hope for expedited action on our legislation so that the American people have the IRS they expect and deserve. Our work to restructure the IRS will go a long way toward restoring taxpayers' faith not only in our tax system, but in our Government, as well.

Mr. President, again, I congratulate and applaud and appreciate the dedicated service and expertise and leadership of the distinguished Senator from Iowa, Senator GRASSLEY.

Mr. FEINGOLD addressed the Chair.

The PRESIDING OFFICER. The Senator from Wisconsin.

Mr. FEINGOLD. Mr. President, I yield to the Senator from Arizona such time as he may require.

The PRESIDING OFFICER. The Senator from Arizona is recognized.

CAMPAIGN FINANCE REFORM

Mr. McCAIN. Mr. President, my colleagues and I have come to the floor this morning to briefly discuss the issue of campaign finance reform. It is our hope that during the August recess, discussions will progress and a plan developed to bring campaign finance reform before the Senate no later than the end of September.

Almost daily I have approached the majority leader and told him that we must move forward on campaign finance reform. The leader has been exceedingly gracious and shown much patience in listening to my missives. I want to thank the majority leader for his time and hope that soon, we can come to an agreement for floor time to debate campaign finance reform.

But I also understand that the leader is under great pressure to move many bills, and may feel constrained to commit at this time. I understand that situation. The leader has to deal with the wishes of 99 other Senators. However, my colleagues and I feel compelled to put the Senate on notice that the time to act on this matter is rapidly expiring.

We believe that we must begin the debate on campaign finance reform no later than the end of September, and therefore, if we cannot come to some agreement to bring the bill up freestanding, with an up or down vote on the bill itself, we will feel compelled to bring the bill to the floor by offering it as an amendment to some unrelated measure.

This is not an approach we relish. But we realize that we may have no other choice.

Delay no longer serves any purpose. Since before the last election, talk of campaign finance reform has dominated the American conversation. The public has a right to have this issue debated. Members have recognized this fact, and as proof of that recognition, have introduced over 70 campaign finance bills.

I recognize that many of those bills have laudable features. I want to sit down and work with the sponsors of those bills. And I further recognize that McCain-Feingold is far from perfect. As I have stated on numerous occasions, we have only two fundamental principles that are nonnegotiable:

First, we must seek to level the playing field between challengers and incumbents; and

Second, we must seek to lessen the influence of money in elections.

All else is negotiable.

Some of our colleagues in the House have begun discussing a scaled-down version of McCain-Feingold. I welcome those talks and want to state that if that is what is necessary to change our electoral system, then let's move in that direction.

Fundamentally changing the electoral system in order to restore the faith of the American people in our Democratic Government is our goal. We are open to compromise and negotiation. But we must act soon. It is our duty.

Last week the Economist published an editorial entitled "The Fear of Foreign Cash." Although the title is slightly misleading, I would like to quote from this editorial.

> The answer, at least on the strength of the hearings so far, is straightforward: foreign money is worse only because it is not American. And two meanings can be read into that. One is xenophobia: that century-old American fear of little yellow mercenary men, scurrying round now at the behest of a newly menacing power on the world stage. And the second meaning is that foreign money provides a convenient distraction. While it is being comprehensively investigated, with CIA men parked behind screens and giant blow-up charts of the destinations of Mr. Huang's telephone calls, politicians can be left free to attend their dinners, go to their fund-raisers, and continue in all the ways they know best to let their consciences and their legislative proposals be shaped, like warm wax, by the promise of a cheque.
>
> While Mr. Thompson's hearings have been getting into gear, in other parts of Congress some 57 separate bills to reform campaign finance have been dying for lack of interest. Should anyone really care how good clean American money flows through the machine of American democracy? Well, yes, gentlemen: someone should.

Mr. President, I ask unanimous consent that this entire editorial be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

The Fear of Foreign Cash

For two drowsy weeks, Senator Fred Thompson's committee has been conducting hearings into campaign-finance abuses during America's recent election. As a result, Americans now know that there was a Chinese plot to influence the 1996 campaign, though not who masterminded it or how wide it went. They know that John Huang, who once worked for an Indonesian bank with ties to the Chinese government, was given a post at the Commerce Department because he was such a good fund-raiser for the Democrats; but they do not know quite what use he made of his office and his fax machine. They are aware that Bill Clinton appreciated Mr. Huang and his fellow-fund-raiser, Charlie Trie, at whose Chinese restaurant in Little Rock Mr. Clinton often packed away the dim sum. But they are not yet clear what orders, if any, came down from the White House, beyond the sort that could be filled in small aluminium trays.

The largest question to be answered, however, is a simpler one. It is this: why is foreign money, applied to elections, so much worse than the American sort? When the Democratic National Committee learned that this money was "illegal, inappropriate or suspect", officials instantly returned it, as if it would corrode their hands. Yet how much was involved here? A mere $2.8m, out of $2 billion spent by both parties on campaigning. Of that total, $250m was "soft" money, subject to no limits, sent in by unions and corporations for the nebulous purpose of "party-building". Mr. Thompson's committee has undertaken to look into soft money later; but, meanwhile, how much of it has been returned as suspect? None, of course.

PERILS, YELLOW AND OTHERWISE

Democrats and Republicans alike will insist that the cases are not the same. Foreign contributions are illegal for good reason: outside powers may well be trying to weaken America, steal its secrets, compromise its security. Yet the supposed Chinese plot appears to have had nothing to do with national secrets, nor with persuading America to treat it kindly over trade. China just seems to have wanted to make friends in high places, as all lobbyists do; and it may well wonder why election money was so evil, when American congressmen have happily, and legally, availed themselves of $400,000-worth of free trips to China over the past 18 months.

Is democracy hurt by this? Possibly; but no more than when a party or politician accepts money from any source with an interest to promote. Suppose that the Chinese government gave money in the hope of winning concessions in Asia-Pacific trade. Is this worse than the trade distortions and higher domestic prices already caused by years of election contributions from America's own sugar and peanut farmers? Or perhaps China thought an election contribution would encourage a blind eye to its abuses of human rights. Is this worse than the contributions that have won, for years, indulgent treatment for America's cigarette companies?

The answer, at least on the strength of the hearings so far, is straightforward: foreign money is worse only because it is not American. And two meanings can be read into that. One is xenophobia: that century-old American fear of little yellow mercenary men, scurrying round now at the behest of a newly menacing power on the world stage. And the second meaning is that foreign money provides a convenient distraction. While it is being comprehensively investigated, with CIA men parked behind screens and giant blow-up charts of the destinations of Mr. Huang's telephone calls, politicians can be left free to attend their dinners, go to their fund-raisers, and continue in all the ways they know best to let their consciences and their legislative proposals be shaped, like warm wax, by the promise of a cheque.

While Mr. Thompson's hearings have been getting into gear, in other parts of Congress some 57 separate bills to reform campaign finance have been dying for lack of interest. Should anyone really care how good clean American money flows through the machine of American democracy? Well, yes, gentlemen: someone should.

Mr. McCAIN. Mr. President, the Economist is exactly right. "Should anyone really care how good clean American money flows through the machine of American democracy? Well, yes, gentlemen, someone should."

Yes, we should and must. And we will have the opportunity to demonstrate our understanding of this issue when we return from recess.

Finally, I would like to thank my friend, RUSS FEINGOLD, my friend Senator COLLINS, Senator CLELAND, and so many others who have been involved in this issue and have made this a bipartisan issue, and one that I think deserves the attention of the Senate, and I think clearly deserves an answer for the American people.

Mr. President, I thank my friend, Senator FEINGOLD.

I yield the floor.

Mr. FEINGOLD addressed the Chair.

The PRESIDING OFFICER (Mr. COATS). The Senator from Wisconsin.

Mr. FEINGOLD. Mr. President, I yield myself such time as I require.

Mr. President, it is truly a pleasure to be here on the floor with my friend and colleague and fellow campaign finance reformer from Arizona, the senior Senator, Mr. McCAIN, as well as our other colleagues who join with us today, including the junior Senator from Maine, Senator COLLINS, and shortly expected the senior Senator from Michigan, Mr. LEVIN, and, of course, my good friend, the junior Senator from Georgia, Mr. CLELAND.

We are all among a group of 33 Members of this body who have already cosponsored the McCain-Feingold legislation. As the Senator from Arizona said, we are here today to announce that we will be seeking consideration of bipartisan campaign finance reform legislation during the month of September.

We will continue our discussions, as the Senator from Arizona indicated, with the majority leader. And I am hopeful that we will be able to reach a compromise that will allow us to have an open public debate on this issue, and allow all Senators the opportunity to participate in offering amendments to our proposal.

However, as the Senator from Arizona has just indicated, if such an agreement with the majority leader cannot be reached, we are prepared to use other legislative proposals as a vehicle for campaign finance reform. That is not our preference. But we are committed to having a discussion of this issue and making sure there are votes on campaign finance reform during the month of September.

We have said for some time now—and the Senator from Arizona just reiterated—that our bipartisan proposal is far from perfect. We have repeatedly told Senators on both sides of the aisle that we are open to making changes for modifications to this package. We do have some fundamental issues, however, that we will not waiver on.

First, this proposal will ban soft money. The days when corporations, labor unions, and wealthy individuals could make unlimited contributions to the national parties will be over.

Second, the proposal must try to level the playing field between incumbents and challengers. Currently, we have a system that provides incumbent Senators with a reelection rate of 90 to 95 percent and provides virtually no assistance to legitimate challengers who are essentially being shut out of the democratic process.

We must provide an opportunity for candidates, particularly underfunded challengers taking on well-entrenched incumbents, to run a competitive campaign without having to raise and spend millions of dollars.

Finally, Mr. President, whatever package of reforms we consider and whatever modifications we are willing to make, those reforms must be balanced and bipartisan.

I am pleased at this point, Mr. President, to insert into the RECORD a statement today from the President of the United States, William J. Clinton, with regard to the campaign finance reform legislation.

Mr. President, I would now like to read from the President's statement, which he asked us to present as a part of this presentation.

The President says:

> In my State-of-the-Union Address, I called on Congress to enact bipartisan campaign finance reform legislation. I said that delay could be the death of reform, and urged Congress to move forward quickly. I strongly support the decision by Senators McCain and Feingold to bring campaign finance reform legislation to the floor of Congress in September for a vote.
>
> The problem with the role of money in presidential and congressional elections are plain. Since the campaign finance laws were last overhauled two and a half decades ago, the system has been overwhelmed by a flood of campaign cash. Both political parties are now engaged in an ever-escalating arms race for campaign funds. The consequences for our political system are clear; there is too much money in politics, and it takes too much time to raise.
>
> To make sure that ordinary citizens have the loudest voice in our democracy, we must act to change the campaign finance laws. This year, I have asked the FEC to ban so called "soft money" to parties; I have asked the Federal Communications Commission to require broadcasters to provide free TV time to candidates; and the Justice Department has indicated it will defend spending limits in the courts. But these steps, however important, are no substitute for legislation. America needs—and the American people demand—strong, comprehensive campaign finance reform legislation. As the new century approaches, we have an opportunity and an obligation to restore the trust of the American people in their politics—and this is our chance to do it.
>
> For years, the special interests and their allies have blocked reform. This year, those who seek to continue special interest influence as usual will filibuster again. But this year, we have an opportunity to come together across party lines to act and pass reform that cleans up the campaign finance system. September will be the time for members of the Senate to stand up and be counted for reform. I will do what I can to see to it that 1997 is finally the year that it is achieved.

Mr. President, we welcome the support and enthusiasm of the President of the United States for our effort.

The Senators who are here on the floor today have joined together across party and ideological lines to produce a compromise package that I like to refer to as moderate, mutual disarmament.

We have already heard the top 10 excuses for why we can't pass campaign finance reform. And frankly, I am amazed at some of the absurd arguments we have heard from opponents of reform.

We have been told, ridiculously enough, that there is not enough money flowing through our campaign system. That argument, incidently, is greeted with laughter every time I tell my constituents in Wisconsin that there are some folks in Washington who actually believe we need more money in our political system.

We have been told that our proposal is somehow inconsistent with the first amendment—a giant red herring given that a number of the leading nonpartisan, first amendment scholars in the country, including the nonpartisan Congressional Research Service, have all said otherwise.

We have been told that reform is not possible without a constitutional amendment, an argument all too familiar to those of us who were told that we could not have a balanced budget without a constitutional amendment.

We have been told that the Senate does not have enough courage to pass meaningful reform and that, once again, we should delegate responsibility to some sort of commission.

We have been told by some that this bill goes too far, and interestingly, by others that it does not go far enough. Some might point to that as the working definition of a moderate proposal.

We have been told that the American people do not care about this issue, despite numerous public opinion polls demonstrating 80 to 90 percent of the American people in support of these reforms.

We have been told that this issue requires further study, despite 29 sets of hearings, 76 CRS reports and 522 different witnesses testifying on this issue over the last decade.

We have been told that the outrageous fundraising practices that we witnessed in the last election and which have spawned congressional investigations, a Justice Department investigation, an FBI investigation, and a CIA investigation, and have led to charges of espionage, corruption and undue influence were "a healthy sign of a vibrant democracy."

In short Mr. President, we have heard more phony excuses than are heard by a high school vice-principal's office.

Fortunately, no one is buying these excuses. Not the Senators who are standing here on the floor today and certainly not the American people.

I look forward to having a public discussion during the month of September about the role of money in our political system. And I look forward to working with my colleagues on both sides of the aisle in passing meaningful, bipartisan campaign finance reform in 1997.

Mr. President, I want to conclude, as the Senator from Arizona did, by just mentioning the folks that are here on the floor with us today. Obviously, I have already talked about my great feelings about working with Senator McCAIN on this, but I know that the other three Senators we are going to hear from—Senator COLLINS, Senator LEVIN, and Senator CLELAND—who are all members of the Governmental Affairs Committee, are intimately aware of what is wrong with our system. They have taken the time to come down here today to put forth a message, as Senator CLELAND has done so well at the hearings. He has asked a number of witnesses, "Would these things have happened had McCain-Feingold been enacted?" The answer in every case was, "No."

So that is the challenge before us.

Mr. President, at this point I would like to yield such time as she requires to the Senator from Maine.

The PRESIDING OFFICER. The Senator from Maine.

Ms. COLLINS. Thank you, Mr. President.

Mr. President, I am delighted to join my colleagues, particularly Senator McCAIN and Senator FEINGOLD, in announcing our intent to bring bipartisan campaign finance reform legislation to a vote in September. At the State level, Maine has led the Nation on this issue, and the people of my State think the time has come for Congress to step up to the plate and enact meaningful reform.

As a member of the Governmental Affairs Committee, I have spent the past month listening to testimony about illegal campaign contributions. It is not a pretty picture. In my opening statement at the hearings, I observed that our political system suffers from a mania for money. If anything, the hearings have demonstrated that I underestimated just how intense that mania is.

Mr. President, we should be embarrassed by how our political system is viewed. Listen to the judgment rendered by Johnny Chung, one of the individuals alleged to have laundered foreign political contributions. "I see the White House is like a subway—you have to put in coins to open the gates." What Mr. Chung did not say, because he did not have to say it, is that the vast majority of hard-working and honest Americans do not have enough coins to make the gates open.

This is not a partisan observation. All of us in this Chamber—Republicans and Democrats alike—should be embarrassed at the perception that the leaders of the greatest Nation on earth are accessible only to those with enough coins.

Mr. President, we should be embarrassed that the American people are convinced that we will never reform the system, that we will never put the integrity of our political system ahead of our self-interests.

Some argue that the relative quiet of the people means they are satisfied with the status quo, but that is wrong. In this case, silence sends a stronger message of disapproval than the loudest shouts of protest. The message that it sends is that people have given up on us. Look at the reform efforts at the State level, and you will see that it is not that the voters do not believe in campaign finance reform. It is that they do not believe in the U.S. Senate.

We all know that if left untreated, the disease that afflicts our political system will only grow worse. With the high cost of television ads, the money frenzy can only grow. Indeed, the television ad race has become the political counterpart of the nuclear arms race characterized by the same insecure feeling that one can never have enough.

None of us involved in this effort has all of the answers. We recognize that reforming our campaign finance laws raises difficult issues of public policy and thorny issues of constitutional law. Our approach is not set in stone. We are open to other ideas. We are open to compromise, but we are not open to letting the Senate duck this issue. Like my colleagues, I look forward to working with the leadership of this body to bring this matter to a vote. We have an obligation to the American people to ensure that such a vote comes about, and we are determined to make that happen in September.

Mr. President, the American dream has undergone some changes, not all of which are for the better. We are now living in a country in which any millionaire can dream of growing up to be a United States Senator. That may be an acceptable state of affairs during a time of peace and prosperity, when the Government does not need to call upon the people of this Nation to make sacrifices. But the unhealthy mix between money and politics may produce far more worrisome consequences during periods when America is tested. As with all reforms, the time to make them is before they are urgently needed.

I look forward to a vigorous debate and vote on this issue in September. I thank my colleagues for working with me on this important issue.

I yield the floor.

Mr. FEINGOLD. Mr. President, I am extremely grateful for the work of Senator COLLINS on this issue.

I now yield to the Senator from Michigan such time as he may require.

The PRESIDING OFFICER. The Senator from Michigan.

Mr. LEVIN. Mr. President, I thank my friend from Wisconsin and congratulate the great Senators from Arizona and Wisconsin for their steadfast leadership on this issue. It is a privilege to join their cause and to join with others, Senator COLLINS and Senator CLELAND, in the Chamber this morning to speak on behalf of this bill.

Mr. President, I have in my hand here a copy of the current Federal campaign finance law. It says that individuals cannot contribute more than $1,000 to any candidate or political committee with respect to any election for Federal office. It says corporations and unions cannot contribute at all. In Presidential campaigns you are supposed to be financed with public funds.

That is the law on the books today. So how is it that we hear about contributions of hundreds of thousands of dollars from individuals, corporations and unions? Why do Presidents and Presidential candidates spend long hours fundraising for hundreds of thousands of dollars? How is it possible, we ask? We thought there was a law.

Well, there is, but in the race to compete and win elections, candidates and parties have found a way around the law, and that way is what we refer to as soft money. It is called soft money as opposed to hard money, which is the money regulated by the campaign finance laws, because soft money is easier to raise. You can get $500,000, say, from just one corporation or individual. You do not have to go to 500 different people and raise $1,000 each as you do with hard money. You can find one person who is rich enough and willing enough to pay a half-million dollars or more and you can then accept that contribution.

There is another part in current law which says that if you spend money in an election in support of a candidate or opposed to a candidate, you have to spend only money that is raised the hard way, following the limits. But here is a TV ad, and there are dozens like this one, and here we have a transcript of this TV ad, and anyone who would see this ad would think that it was opposed to a particular candidate. But this ad was produced and aired not with hard money, as the law requires, but with soft money, and here it is. It reads this way:

> Who is Bill Yellowtail? He preaches family values but he takes a swing at his wife. Yellowtail's explanation. He only slapped her, but her nose was not broken. He talks law and order but is himself a convicted criminal. And though he talks about protecting children, Yellowtail failed to make his own child support payments, then voted against child support enforcement. Call Bill Yellowtail and tell him you don't approve of his wrongful behavior.

Now, there is no doubt that that ad, which was bought and paid for by an organization called Citizens for Reform, was designed to defeat Bill Yellowtail, but because it doesn't use any of the seven so-called magic phrases like "vote against" or "defeat," it is not governed by our campaign finance laws.

Why? Because it is viewed as an issue ad, at least up until now, and not a candidate ad, and it can be paid for with soft money. Now, nobody really believes that fiction, but that is what the law currently allows.

So, Mr. President, you have the vicious combination under the current campaign system and outside of the control of our campaign finance laws of contributions of hundreds of thousands of dollars from one individual or corporation funding campaign ads that go directly for or against a particular candidate. The net result is that the exceptions to our campaign finance laws have swallowed up the rules. Our campaign finance laws are a sham and a shambles. Now we face the daunting task of trying to plug those loopholes, to make the law whole again and in making it whole to make it effective.

I am pleased to be here today to announce our intention, Mr. President, to get the Senate, one way or another, to take up the McCain-Feingold campaign finance reform bill in September. We are hopeful, of course, that we can work out an agreement with the majority leader to allow us to have an up-down vote on the bill. But if that cannot be arranged, we are committed to getting this legislation before the Senate in spite of the absence of such an agreement. It is not our preferred way to approach this legislation, but it may be the only way we can get it before the Senate. I hope not, but it may prove to be the only way.

Some will argue that we should first complete the campaign fundraising investigation into the 1996 elections currently being conducted by the Governmental Affairs Committee. But they know that we do not need more evidence to prove this crime. And the current state of our campaign finance system is a crime. What is already unlawful, of course, must be prosecuted, but too much of what is currently lawful should be unlawful. The McCain-Feingold bill is a comprehensive bipartisan bill supported by over a majority of this Senate. The President has said in a letter read by Senator FEINGOLD that he welcomes the opportunity to sign it. There is strong support in the House of Representatives. We are determined to bring this bill to the floor of the Senate and to keep it before the Senate until we get an up-down vote, and we are determined to do that in September.

The Fourth of July was supposed to be the date by which this legislation was to be considered. This year July comes in September, and we will act to get this legislation considered in an up-down vote by the Senate in September.

Again, I commend the leaders of this effort. It is going to take great strength and great energy to overcome the opposition, but we are determined to use our full energies to do just that.

I thank the Chair and I yield the floor.

Mr. FEINGOLD addressed the Chair.

The PRESIDING OFFICER. The Presiding Officer will advise the Senator from Wisconsin he has 4 minutes and 40 seconds remaining on his time.

Mr. FEINGOLD. We are delighted to have the persistence and expertise of the Senator from Michigan on this effort.

I yield all but 30 seconds to my friend from Georgia.

Mr. CLELAND. Mr. President, hearing the discussion in this Chamber today gets my juices flowing. I appreciate the comments of everyone here. It reminds me that back in my great State of Georgia there is a little town called Waycross that has adopted as its mascot a little comic strip character called Pogo. Pogo was a little possum that lived on the edge of the Okefenokee Swamp, and he was famous for one statement, which is, "We have met the enemy and he is us."

There is no question, Mr. President, that the enemy of campaign finance reform is us, and yet the friends of campaign finance reform are us. We have to resolve this issue. It is not going to be left up to anyone else, any one other body. We have to do it and no one else is going to do it.

I am extremely pleased to join with my distinguished colleagues from Arizona and Wisconsin and Maine and Michigan to discuss this critical issue that I think is one of the most important issues we face certainly this year.

Now, my friends, Senators McCAIN and FEINGOLD, have indicated we will be voting on this issue in this Chamber this September. I certainly hope so. Three of us here also have the distinction, and I guess it is an honor, of serving on the Governmental Affairs Committee which is investigating a series of illegal and improper activities in connection with the Federal elections of 1996. All three of us—myself, Senator COLLINS, and Senator LEVIN—are recently veterans of the campaign finance wars, each of us having won election or reelection in the 1996 elections. I think that is one of the reasons why we have a burning desire to change the very system under which we ran.

While the Governmental Affairs Committee has more work to do in uncovering the full story of the 1996 elections, it is already abundantly clear that the atrocious current system of Federal campaign finance laws has made our country vulnerable to efforts by foreign as well as domestic sources to improperly influence our electoral process. As Georgia's secretary of state and certainly as a U.S. Senator, I have been aware for a long time of the domestic abuses of big money and special interests, and that concern has helped fuel my longstanding interest in significant campaign finance reform.

Mr. President, these Governmental Affairs proceedings have been an eye-opener for me. They have indicated to me the incredible vulnerability that this country and our political system experience in terms of foreign special interests. As the preceding speakers have indicated, we as a group are not wedded to any one plan. We will be working with other Senators to come up with the best legislation we can possibly put together. But we will insist that the final legislative language we will support and force a vote on in September be truly bipartisan, must be real reform and not a sham, and in my view to constitute real reform at a minimum we must reduce the role of big money in our political process, help level the playing field for less-financed candidates and must ban soft money altogether at the Federal level. One of the unifying threads of the Governmental Affairs investigation to date has been the very concentration virtually of all the fundraising abuses in both parties in the realm of soft money.

So I look forward to taking our case back home to our constituents in August and in forging a bipartisan compromise which does incorporate the necessary elements of real reform. We are not going to terminate our effort. We intend to terminate these abuses.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. CLELAND. I thank the Chair.

The PRESIDING OFFICER. The Senator from Wisconsin.

Mr. FEINGOLD. Mr. President, I thank my colleagues for an excellent presentation this morning. We are very much looking forward to September.

Let me include, because know various Senators have to go to Governmental Affairs Committee, one last anecdote. The chairman of the Governmental Affairs Committee, Senator THOMPSON, the other day heard reference to the McCain-Feingold bill, and he corrected it saying it's actually been called the McCain-Feingold-Thompson bill. I think that is a good sign for the future of our legislation.

I thank the Chair.

Mr. McCAIN addressed the Chair.

The PRESIDING OFFICER. The Senator from Arizona.

MEASURE PLACED ON CALENDAR—S. 1085

Mr. McCAIN. I understand there is a bill at the desk that is due for its second reading.

The PRESIDING OFFICER. The clerk will read the bill by title.

The legislative clerk read as follows:

A bill (S. 1085) to improve the management of the Boundary Waters Canoe Area Wilderness, and for other purposes.

Mr. McCAIN. I object to further proceedings on this matter at this time.

The PRESIDING OFFICER. The bill will go to the calendar.

INTERNATIONAL DOLPHIN CONSERVATION PROGRAM ACT

Mr. McCAIN. I now ask unanimous consent that the Senate proceed to the consideration of S. 39 as under the consent agreement.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

A bill (S. 39) to amend the Marine Mammal Protection Act of 1972 to support the International Dolphin Conservation Program in the eastern tropical Pacific Ocean, and for other purposes.

The PRESIDING OFFICER. Is there objection to the immediate consideration of the bill?

There being no objection, the Senate proceeded to consider the bill, which had been reported from the Committee on Commerce, Science, and Transportation, with an amendment to strike all after the enacting clause and inserting in lieu thereof the following:

SECTION 1. SHORT TITLE; REFERENCES.

(a) SHORT TITLE.—This Act may be cited as the "International Dolphin Conservation Program Act".

(b) REFERENCES TO MARINE MAMMAL PROTECTION ACT.—Except as otherwise expressly provided, whenever in this Act an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Marine Mammal Protection Act of 1972 (16 U.S.C. 1361 et seq.).

SEC. 2. PURPOSE AND FINDINGS.

(a) PURPOSES.—The purposes of this Act are—

(1) to give effect to the Declaration of Panama, signed October 4, 1995, by the Governments of Belize, Colombia, Costa Rica, Ecuador, France, Honduras, Mexico, Panama, Spain, the United States of America, Vanuatu, and Venezuela, including the establishment of the International Dolphin Conservation Program, relating to the protection of dolphins and other species, and the conservation and management of tuna in the eastern tropical Pacific Ocean;

(2) to recognize that nations fishing for tuna in the eastern tropical Pacific Ocean have achieved significant reductions in dolphin mortality associated with that fishery; and

(3) to eliminate the ban on imports of tuna from those nations that are in compliance with the International Dolphin Conservation Program.

(b) FINDINGS.—The Congress finds that—

(1) the nations that fish for tuna in the eastern tropical Pacific Ocean have achieved significant reductions in dolphin mortality associated with the purse seine fishery from hundreds of thousands annually to fewer than 5,000 annually;

(2) the provisions of the Marine Mammal Protection Act of 1972 that impose a ban on imports from nations that fish for tuna in the eastern tropical Pacific Ocean have served as an incentive to reduce dolphin mortalities;

(3) tuna canners and processors of the United States have led the canning and processing industry in promoting a dolphin-safe tuna market; and

(4) 12 signatory nations to the Declaration of Panama, including the United States, agreed under that Declaration to require that the total annual dolphin mortality in the purse seine fishery for yellowfin tuna in the eastern tropical Pacific Ocean not exceed 5,000 animals, with a commitment and objective to progressively reduce dolphin mortality to a level approaching zero through the setting of annual limits with the goal of eliminating dolphin mortality.

SEC. 3. DEFINITIONS.

Section 3 (16 U.S.C. 1362) is amended by adding at the end the following new paragraphs:

"(28) The term 'International Dolphin Conservation Program' means the international program established by the agreement signed in LaJolla, California, in June, 1992, as formalized, modified, and enhanced in accordance with the Declaration of Panama, that requires—

"(A) that the total annual dolphin mortality in the purse seine fishery for yellow fin tuna in the eastern tropical Pacific Ocean shall not exceed 5,000 animals with a commitment and objective to progressively reduce dolphin mortality to a level approaching zero through the setting of annual limits;

"(B) the establishment of a per stock per year dolphin mortality limit at a level between 0.2 percent and 0.1 percent of the minimum population estimate to be in effect through calendar year 2000;

"(C) the establishment of a per stock per year dolphin mortality limit at a level less than or equal to 0.1 percent of the minimum population estimate beginning with the calendar year 2001;

"(D) that if a dolphin mortality limit is exceeded under—

"(i) subparagraph (A), all sets on dolphins shall cease for the applicable fishing year; and

"(ii) subparagraph (B) or (C), all sets on the stocks covered under subparagraph (B) or (C) and any mixed schools that contain any of those stocks shall cease for the applicable fishing year;

"(E) a scientific review and assessment to be conducted in calendar year 1998 to—

"(i) assess progress in meeting the objectives set for calendar year 2000 under subparagraph (B); and

"(ii) as appropriate, consider recommendations for meeting these objectives;

"(F) a scientific review and assessment to be conducted in calendar year 2000—

"(i) to review the stocks covered under subparagraph (C); and

"(ii) as appropriate to consider recommendations to further the objectives set under that subparagraph;

"(G) the establishment of a per vessel maximum annual dolphin mortality limit consistent with the established per-year mortality limits, as determined under subparagraphs (A) through (C); and

"(H) the provision of a system of incentives to vessel captains to continue to reduce dolphin mortality, with the goal of eliminating dolphin mortality.

"(29) The term 'Declaration of Panama' means the declaration signed in Panama City, Republic of Panama, on October 4, 1995.".

SEC. 4. AMENDMENTS TO TITLE I.

(a) Section 101(a)(2) (16 U.S.C. 1371(a)(2)) is amended—

(1) by inserting after the first sentence "Such authorizations may be granted under title III with respect to purse seine fishing for yellowfin tuna in the eastern tropical Pacific Ocean, subject to regulations prescribed under that title by the Secretary without regard to section 103" before the period; and

(2) by striking the semicolon in the second sentence and all that follows through "practicable".

(b) Section 101(a)(2) (16 U.S.C. 1371(a)(2)) is amended—

(1) by striking subparagraph (B) and inserting the following:

"(B) in the case of yellowfin tuna harvested with purse seine nets in the eastern tropical Pacific Ocean, and products therefrom, to be exported to the United States, shall require that the government of the exporting nation provide documentary evidence that—

"(i)(I) the tuna or products therefrom were not banned from importation under this paragraph before the effective date of the International Dolphin Conservation Program Act; or

"(II) the tuna or products therefrom were harvested after the effective date of the International Dolphin Conservation Program Act by

vessels of a nation which participates in the International Dolphin Conservation Program, and such harvesting nation is either a member of the Inter-American Tropical Tuna Commission or has initiated (and within 6 months thereafter completed) all steps required of applicant nations, in accordance with article V, paragraph 3 of the Convention establishing the Inter-American Tropical Tuna Commission, to become a member of that organization;

"(ii) such nation is meeting the obligations of the International Dolphin Conservation Program and the obligations of membership in the Inter-American Tropical Tuna Commission, including all financial obligations; and

"(iii) the total dolphin mortality limits, and per stock per year dolphin mortality limits permitted for that nation's vessels under the International Dolphin Conservation Program do not exceed those levels determined for 1996, or in any year thereafter, consistent with a commitment and objective to progressively reduce dolphin mortality to a level approaching zero through the setting of annual limits and the goal of eliminating dolphin mortality, and requirements of the International Dolphin Conservation Program; and"

(2) by redesignating subparagraphs (C), (D), and (E) as subparagraphs (D), (E), and (F), respectively;

(3) by inserting after subparagraph (B) the following:

"(C) the Secretary shall not accept such documentary evidence if—

"(i) the government of the harvesting nation does not provide directly or authorize the Inter-American Tropical Tuna Commission to release complete and accurate information to the Secretary in a timely manner to allow determination of compliance with the International Dolphin Conservation Program; or

"(ii) the government of the harvesting nation does not provide directly or authorize the Inter-American Tropical Tuna Commission to release complete and accurate information to the Secretary in a timely manner for the purposes of tracking and verifying compliance with the minimum requirements established by the Secretary in regulations promulgated under subsection (f) of the Dolphin Protection Consumer Information Act (16 U.S.C. 1385(f)); or

"(iii) after taking into consideration this information, findings of the Inter-American Tropical Tuna Commission, and any other relevant information, including information that a nation is consistently failing to take enforcement actions on violations which diminish the effectiveness of the International Dolphin Conservation Program, the Secretary, in consultation with the Secretary of State, finds that the harvesting nation is not in compliance with the International Dolphin Conservation Program."; and

(4) by striking "subparagraph (E)" in the matter after subparagraph (F), as redesignated by paragraph (2) of this subsection, and inserting "subparagraph (F)".

(c) Section 101 (16 U.S.C. 1371) is amended by adding at the end the following new subsection:

"(d) Act Not To Apply to Incidental Takings by United States Citizens Employed on Foreign Vessels Outside the United States EEZ.—The provisions of this Act shall not apply to a citizen of the United States who incidentally takes any marine mammal during fishing operations outside the United States exclusive economic zone (as defined in section 3 of the Magnuson-Stevens Fishery Conservation and Management Act (16 U.S.C. 1802) when employed on a foreign fishing vessel of a harvesting nation which is in compliance with the International Dolphin Conservation Program.".

(d) Section 104(h) (16 U.S.C. 1374(h)) is amended to read as follows:

"(h) General Permits.—

"(1) Consistent with the regulations prescribed pursuant to section 103 of this title and to the requirements of section 101 of this title, the Secretary may issue an annual permit to a United States purse seine fishing vessel for the taking of such marine mammals, and shall issue regulations to cover the use of any such annual permits.

"(2) Such annual permits for the incidental taking of marine mammals in the course of commercial purse seine fishing for yellowfin tuna in the eastern tropical Pacific Ocean shall be governed by section 304 of this Act, subject to the regulations issued pursuant to section 302 of this Act.".

(e) Section 108(a)(2) (16 U.S.C. 1378(a)(2)) is amended—

(1) by striking "and" at the end of subparagraph (A);

(2) by inserting after subparagraph (B) the following:

"(C) negotiations to revise the Convention for the Establishment of an Inter-American Tropical Tuna Commission (1 U.S.T. 230; TIAS 2044) which will incorporate—

"(i) the conservation and management provisions agreed to by the nations which have signed the Declaration of Panama and in the Straddling Fish Stocks and Highly Migratory Fish Stocks Agreement, as opened for signature on December 4, 1995; and

"(ii) a revised schedule of annual contributions to the expenses of the Inter-American Tropical Tuna Commission that is equitable to participating nations; and

"(D) discussions with those countries participating, or likely to participate, in the International Dolphin Conservation Program, for the purpose of identifying sources of funds needed for research and other measures promoting effective protection of dolphins, other marine species, and the marine ecosystem;".

(f) Section 110(a) (16 U.S.C. 1380(a)) is amended—

(1) by striking "(1)" in paragraph (1); and

(2) by striking paragraph (2).

(g) Subsection (d)(1) of the Dolphin Protection Consumer Information Act (16 U.S.C. 1385(d)(1)) is amended to read as follows:

"(1) It is a violation of section 5 of the Federal Trade Commission Act for any producer, importer, exporter, distributor, or seller of any tuna product that is exported from or offered for sale in the United States to include on the label of that product the term 'Dolphin Safe' or any other term or symbol that falsely claims or suggests that the tuna contained in the product was harvested using a method of fishing that is not harmful to dolphins if the product contains—

"(A) tuna harvested on the high seas by a vessel engaged in driftnet fishing;

"(B) tuna harvested in the eastern tropical Pacific Ocean by a vessel using purse seine nets which do not meet the requirements of being considered dolphin safe under paragraph (2);

"(C) tuna harvested outside the eastern tropical Pacific Ocean by a vessel using purse seine nets which do not meet the requirements for being considered dolphin safe under paragraph (3); or

"(D) tuna harvested by a vessel engaged in any fishery identified by the Secretary pursuant to paragraph (4) as having a regular and significant incidental mortality of marine animals.".

(h) Subsection (d)(2) of the Dolphin Protection Consumer Information Act (16 U.S.C. 1385(d)(2)) is amended to read as follows:

"(2) For purposes of paragraph (1)(B), a tuna product that contains tuna harvested in the eastern tropical Pacific Ocean by a vessel using purse seine nets is dolphin safe if—

"(A) the vessel is of a type and size that the Secretary has determined, consistent with the International Dolphin Conservation Program, is not capable of deploying its purse seine nets on or to encircle dolphins; or

"(B)(i) the product is accompanied by a written statement executed by the captain of the vessel which harvested the tuna certifying that no dolphins were killed or seriously injured during the sets in which the tuna were caught;

"(ii) the product is accompanied by a written statement executed by—

"(I) the Secretary or the Secretary's designee;

"(II) a representative of the Inter-American Tropical Tuna Commission; or

"(III) an authorized representative of a participating nation whose national program meets the requirements of the International Dolphin Conservation Program,

which states that there was an observer approved by the International Dolphin Conservation Program on board the vessel during the entire trip and that such observer documented that no dolphins were killed or seriously injured during the sets in which the tuna in the tuna product were caught; and

"(iii) the statements referred to in clauses (i) and (ii) are endorsed in writing by each exporter, importer, and processor of the product; and

"(C) the written statements and endorsements referred to in subparagraph (B) comply with regulations promulgated by the Secretary which would provide for the verification of tuna products as dolphin safe.".

(i) Subsection (d) of the Dolphin Protection Consumer Information Act (16 U.S.C. 1385(d)) is amended further by adding the following new paragraphs:

"(3) For purposes of paragraph (1)(C), tuna or a tuna product that contains tuna harvested outside the eastern tropical Pacific Ocean by a fishing vessel using purse seine nets is dolphin safe if—

"(A) it is accompanied by a written statement executed by the captain of the vessel certifying that no purse seine net was intentionally deployed on or to encircle dolphins during the particular voyage on which the tuna was harvested; or

"(B) in any fishing in which the Secretary has determined that a regular and significant association occurs between marine mammals and tuna, it is accompanied by a written statement executed by the captain of the vessel and an observer, certifying that no purse seine net was intentionally deployed on or to encircle marine mammals during the particular voyage on which the tuna was harvested.

"(4) For purposes of paragraph (1)(D), tuna or a tuna product that contains tuna harvested in a fishery identified by the Secretary as having a regular and significant incidental mortality or serious injury of marine mammals is dolphin safe if it is accompanied by a written statement executed by the captain of the vessel and, where determined to be practicable by the Secretary, an observer participating in a national or international program acceptable to the Secretary certifying that no marine mammals were killed or seriously injured in the course of the fishing operation or operations in which the tuna were caught.

"(5) No tuna product may be labeled with any reference to dolphins, porpoises, or marine mammals, except as dolphin safe in accordance with this subsection.".

(j) Subsection (f) of the Dolphin Protection Consumer Information Act (16 U.S.C. 1385(f)) is amended to read as follows:

"(f) Regulations.—

"(1) In general.—The Secretary, in consultation with the Secretary of the Treasury, shall issue regulations to implement this section not

later than 6 months after the effective date of the International Dolphin Conservation Program Act.

"(2) TRACKING REGULATIONS.—Within 3 months after the date of enactment of the International Dolphin Conservation Program Act, the Secretary, in consultation with the Secretary of the Treasury, shall issue regulations to establish a domestic tracking and verification program that provides for the effective tracking of tuna labeled under subsection (d). In the development of these regulations, the Secretary shall establish appropriate procedures for ensuring the confidentiality of proprietary information the submission of which is voluntary or mandatory. The regulations shall include provisions that address each of the following items:

"(1) the use of weight calculation for purposes of tracking tuna caught, landed, processed, and exported;

"(2) additional measures to enhance current observer coverage, including the establishment of criteria for training, and for improving monitoring and reporting capabilities and procedures;

"(3) the designation of well location, procedures for sealing holds, procedures for monitoring and certifying both above and below deck, or through equally effective methods, the tracking and verification of tuna labeled under subsection (d);

"(4) the reporting, receipt, and database storage of radio and facsimile transmittals from fishing vessels containing information related to the tracking and verification of tuna, and the definition of set;

"(5) the shore-based verification and tracking throughout the fishing, transshipment, and canning process by means of Inter-American Tropical Tuna Commission trip records or otherwise;

"(6) the use of periodic audits and spot checks for caught, landed, and processed tuna products labeled in accordance with subsection (d); and

"(7) the provision of timely access to data required under this subsection by the Secretary from harvesting nations to undertake the actions required in paragraph (6) of this subsection.

The Secretary may make such adjustments as may be appropriate to the regulations promulgated under this subsection to implement an international tracking and verification program that meets or exceeds the minimum requirements established by the Secretary under this subsection.".

SEC. 5. AMENDMENTS TO TITLE III.

(a) The heading of title III is amended to read as follows:

"TITLE III—INTERNATIONAL DOLPHIN CONSERVATION PROGRAM".

(b) Section 301 (16 U.S.C. 1411) is amended—

(1) by striking paragraph (4) of subsection (a) and inserting the following:

"(4) Nations harvesting yellowfin tuna in the eastern tropical Pacific Ocean have demonstrated their willingness to participate in appropriate multilateral agreements to reduce dolphin mortality progressively to a level approaching zero through the setting of annual limits, with the goal of eliminating, dolphin mortality in that fishery. Recognition of the International Dolphin Conservation Program will assure that the existing trend of reduced dolphin mortality continues; that individual stocks of dolphins are adequately protected; and that the goal of eliminating all dolphin mortality continues to be a priority."; and

(2) by striking paragraphs (2) and (3) of subsection (b) and inserting the following:

"(2) support the International Dolphin Conservation Program and efforts within the Program to reduce, with the goal of eliminating, the mortality referred to in paragraph (1);

"(3) ensure that the market of the United States does not act as an incentive to the harvest of tuna caught with driftnets or caught by purse seine vessels in the eastern tropical Pacific Ocean not operating in compliance with the International Dolphin Conservation Program;".

(c) Section 302 (16 U.S.C. 1412) is amended to read as follows:

"SEC. 302. AUTHORITY OF THE SECRETARY.

"(a) REGULATIONS.—

"(1) The Secretary shall issue regulations to implement the International Dolphin Conservation Program.

"(2)(A) Not later than 3 months after the effective date of the International Dolphin Conservation Program Act, the Secretary shall issue regulations to authorize and govern the taking of marine mammals in the eastern tropical Pacific Ocean, including any species of marine mammal designated as depleted under this Act but not listed as endangered or threatened under the Endangered Species Act (16 U.S.C. 1531 et seq.), by vessels of the United States participating in the International Dolphin Conservation Program.

"(B) Regulations issued under this section shall include provisions—

"(i) requiring observers on each vessel;

"(ii) requiring use of the backdown procedure or other procedures equally or more effective in avoiding mortality of marine mammals in fishing operations;

"(iii) prohibiting intentional sets on stocks and schools in accordance with the International Dolphin Conservation Program;

"(iv) requiring the use of special equipment, including dolphin safety panels in nets, monitoring devices as identified by the International Dolphin Conservation Program to detect unsafe fishing conditions that may cause high incidental dolphin mortality before nets are deployed by a tuna vessel, operable rafts, speedboats with towing bridles, floodlights in operable condition, and diving masks and snorkels;

"(v) ensuring that the backdown procedure during sets of purse seine net on marine mammals is completed and rolling of the net to sack up has begun no later than 30 minutes before sundown;

"(vi) banning the use of explosive devices in all purse seine operations;

"(vii) establishing per vessel maximum annual dolphin mortality limits, total dolphin mortality limits and per-stock per-year mortality limits in accordance with the International Dolphin Conservation Program;

"(viii) preventing the making of intentional sets on dolphins after reaching either the vessel maximum annual dolphin mortality limits, total dolphin mortality limits, or per-stock per-year mortality limits;

"(ix) preventing the fishing on dolphins by a vessel without an assigned vessel dolphin mortality limit;

"(x) allowing for the authorization and conduct of experimental fishing operations, under such terms and conditions as the Secretary may prescribe, for the purpose of testing proposed improvements in fishing techniques and equipment that may reduce or eliminate dolphin mortality or do not require the encirclement of dolphins in the course of commercial yellowfin tuna fishing;

"(xi) authorizing fishing with the area covered by the International Dolphin Conservation Program by vessels of the United States without the use of special equipment or nets if the vessel takes an observer and does not intentionally deploy nets on, or encircle, dolphins, under such terms and conditions as the Secretary may prescribe; and

"(xii) containing such other restrictions and requirements as the Secretary determines are necessary to implement the International Dolphin Conservation Program with respect to vessels of the United States.

"(C) ADJUSTMENTS TO REQUIREMENTS.—The Secretary may make such adjustments as may be appropriate to requirements of subparagraph (B) that pertain to fishing gear, vessel equipment, and fishing practices to the extent the adjustments are consistent with the International Dolphin Conservation Program.

"(b) CONSULTATION.—In developing any regulation under this section, the Secretary shall consult with the Secretary of State, the Marine Mammal Commission and the United States Commissioners to the Inter-American Tropical Tuna Commission appointed under section 3 of the Tuna Conventions Act of 1950 (16 U.S.C. 952).

"(c) EMERGENCY REGULATIONS.—

"(1) If the Secretary determines, on the basis of the best scientific information available (including research conducted under subsection (d) and information obtained under the International Dolphin Conservation Program) that the incidental mortality and serious injury of marine mammals authorized under this title is having, or is likely to have, a significant adverse effect on a marine mammal stock or species, the Secretary shall—

"(A) notify the Inter-American Tropical Tuna Commission of his or her findings, along with recommendations to the Commission as to actions necessary to reduce incidental mortality and serious injury and mitigate such adverse impact; and

"(B) prescribe emergency regulations to reduce incidental mortality and serious injury and mitigate such adverse impact.

"(2) Before taking action under subparagraph (A) or (B) of paragraph (1), the Secretary shall consult with the Secretary of State, the Marine Mammal Commission, and the United States Commissioners to the Inter-American Tropical Tuna Commission.

"(3) Emergency regulations prescribed under this subsection—

"(A) shall be published in the Federal Register, together with an explanation thereof;

"(B) shall remain in effect for the duration of the applicable fishing year; and

"(C) may be terminated by the Secretary at an earlier date by publication in the Federal Register of a notice of termination if the Secretary determines that the reasons for the emergency action no longer exist.

"(4) If the Secretary finds that the incidental mortality and serious injury of marine mammals in the yellowfin tuna fishery in the eastern tropical Pacific Ocean is continuing to have a significant adverse impact on a stock or species, the Secretary may extend the emergency regulations for such additional periods as may be necessary.

"(5) Within 120 days after the Secretary notifies the United States Commissioners to the Inter-American Tropical Tuna Commission of the Secretary's findings under paragraph (1)(A), the United States Commissioners shall call for a special meeting of the Commission to address the problem described in the findings. The Commissioners shall report the results of the special meeting in writing to the Secretary and to the Secretary of State. In their report, the Commissioners shall—

"(A) include a description of the actions taken by the harvesting nations or under the International Dolphin Conservation Program to reduce the incidental mortality and serious injury and measures to mitigate the adverse impact on the marine mammal species or stock;

"(B) indicate whether, in their judgment, the actions taken address the problem adequately; and

"(C) if they indicate that the actions taken do not address the problem adequately, include recommendations of such additional action to be taken as may be necessary.

"(d) Research.—

"(1) In general.—The Secretary shall, in cooperation with the nations participating in the International Dolphin Conservation Program and with the Inter-American Tropical Tuna Commission, undertake or support appropriate scientific research to further the goals of the International Dolphin Conservation Program.

"(2) Specific areas of research.—Research carried out under paragraph (1)—

"(A) may include projects to devise cost-effective fishing methods and gear so as to reduce, with the goal of eliminating, the incidental mortality and serious injury of marine mammals in connection with commercial purse seine fishing in the eastern tropical Pacific Ocean;

"(B) may include projects to develop cost-effective methods of fishing for mature yellowfin tuna without setting nets on dolphins or other marine mammals;

"(C) may include projects to carry out stock assessments for those marine mammal species and marine mammal stocks taken in the purse seine fishery for yellowfin tuna in the eastern tropical Pacific Ocean, including species or stocks not within waters under the jurisdiction of the United States;

"(D) shall include projects to study the effect of chase and encirclement on the health and biology of dolphin and dolphin populations incidentally taken in the course of purse seine fishing for yellowfin tuna in the eastern tropical Pacific Ocean; and

"(E) may include projects to determine the extent to which the incidental take of nontarget species, including juvenile tuna, occurs in the course of purse seine fishing for yellowfin tuna in the eastern tropical Pacific Ocean, the geographic location of the incidental take, and the impact of that incidental take on tuna stocks, and nontarget species.

"(3) Authorization of appropriations.—There are authorized to be appropriated to the Secretary $8,000,000 to be used by the Secretary, acting through the National Marine Fisheries Service, to carry out the research described in paragraph (2)(D).

"(4) Report.—Within 5 years after the date of enactment of the International Dolphin Conservation Program Act, the Secretary shall complete and submit a report containing the results of the research described in paragraph (2)(D), together with any recommendations the Secretary may have to offer on the basis of the study, to the Committee on Commerce, Science, and Transportation of the Senate and the Committee on Commerce of the House of Representatives, and to the Inter-American Tropical Tuna Commission. The Secretary shall include a description of the annual activities and results of research carried out under this subsection in the report required under section 303.".

(d) Section 303 (16 U.S.C. 1413) is hereby repealed.

(e) Section 304 (16 U.S.C. 1414) is amended to read as follows:

"SEC. 303. REPORTS BY THE SECRETARY.

"Notwithstanding section 103(f), the Secretary shall submit annual reports to the Congress which include—

"(1) results of research conducted pursuant to section 302;

"(2) a description of the status and trends of stocks of tuna;

"(3) a description of the efforts to assess, avoid, reduce, and minimize the bycatch of juvenile yellowfin tuna and bycatch of nontarget species;

"(4) a description of the activities of the International Dolphin Conservation Program and of the efforts of the United States in support of the Program's goals and objectives, including the protection of dolphin populations in the eastern tropical Pacific Ocean, and an assessment of the effectiveness of the Program;

"(5) actions taken by the Secretary under section 101(a)(2)(B) and section 101(d);

"(6) copies of any relevant resolutions and decisions of the Inter-American Tropical Tuna Commission, and any regulations promulgated by the Secretary under this title; and

"(7) any other information deemed relevant by the Secretary.".

(f) Section 305 (16 U.S.C. 1415) is hereby repealed.

(g) Section 306 (16 U.S.C. 1416) is amended to read as follows:

"SEC. 304. PERMITS.

"(a) In General.—

"(1) Consistent with the regulations issued pursuant to section 302, the Secretary shall issue a permit to a vessel of the United States authorizing participation in the International Dolphin Conservation Program and may require a permit for the person actually in charge of and controlling the fishing operation of the vessel. The Secretary shall prescribe such procedures as are necessary to carry out this subsection, including requiring the submission of—

"(A) the name and official number or other identification of each fishing vessel for which a permit is sought, together with the name and address of the owner thereof; and

"(B) the tonnage, hold capacity, speed, processing equipment, and type and quantity of gear, including an inventory of special equipment required under section 302, with respect to each vessel.

"(2) The Secretary is authorized to charge a fee for granting an authorization and issuing a permit under this section. The level of fees charged under this paragraph may not exceed the administrative cost incurred in granting an authorization and issuing a permit. Fees collected under this paragraph shall be available to the Under Secretary of Commerce for Oceans and Atmosphere for expenses incurred in granting authorizations and issuing permits under this section.

"(3) After the effective date of the International Dolphin Conservation Program Act, no vessel of the United States shall operate in the yellowfin tuna fishery in the eastern tropical Pacific Ocean without a valid permit issued under this section.

"(b) Permit Sanctions.—

"(1) In any case in which—

"(A) a vessel for which a permit has been issued under this section has been used in the commission of an act prohibited under section 305;

"(B) the owner or operator of any such vessel or any other person who has applied for or been issued a permit under this section has acted in violation of section 305; or

"(C) any civil penalty or criminal fine imposed on a vessel, owner or operator of a vessel, or other person who has applied for or been issued a permit under this section has not been paid or is overdue,

the Secretary may—

"(i) revoke any permit with respect to such vessel, with or without prejudice to the issuance of subsequent permits;

"(ii) suspend such permit for a period of time considered by the Secretary to be appropriate;

"(iii) deny such permit; or

"(iv) impose additional conditions or restrictions on any permit issued to, or applied for by, any such vessel or person under this section.

"(2) In imposing a sanction under this subsection, the Secretary shall take into account—

"(A) the nature, circumstances, extent, and gravity of the prohibited acts for which the sanction is imposed; and

"(B) with respect to the violator, the degree of culpability, any history of prior offenses, and other such matters as justice requires.

"(3) Transfer of ownership of a vessel, by sale or otherwise, shall not extinguish any permit sanction that is in effect or is pending at the time of transfer of ownership. Before executing the transfer of ownership of a vessel, by sale or otherwise, the owner shall disclose in writing to the prospective transferee the existence of any permit sanction that will be in effect or pending with respect to the vessel at the time of transfer.

"(4) In the case of any permit that is suspended for the failure to pay a civil penalty or criminal fine, the Secretary shall reinstate the permit upon payment of the penalty or fine and interest thereon at the prevailing rate.

"(5) No sanctions shall be imposed under this section unless there has been a prior opportunity for a hearing on the facts underlying the violation for which the sanction is imposed, either in conjunction with a civil penalty proceeding under this title or otherwise.".

(h) Section 307 (16 U.S.C. 1417) is hereby redesignated as section 305, and amended—

(1) by striking paragraphs (1), (2), and (3) of subsection (a) and inserting the following:

"(1) for any person to sell, purchase, offer for sale, transport, or ship, in the United States, any tuna or tuna product unless the tuna or tuna product is either dolphin safe or has been harvested in compliance with the International Dolphin Conservation Program by a country that is a member of the Inter-American Tropical Tuna Commission or has initiated and within 6 months thereafter completed all steps required of applicant nations in accordance with Article V, paragraph 3 of the Convention establishing the Inter-American Tropical Tuna Commission, to become a member of that organization;

(B) by striking paragraph (2) and inserting in lieu thereof the following:

"(2) except as provided for in subsection 101(d), for any person or vessel subject to the jurisdiction of the United States intentionally to set a purse seine net on or to encircle any marine mammal in the course of tuna fishing operations in the eastern tropical Pacific Ocean except in accordance with this title and regulations issued under pursuant to this title; and

"(3) for any person to import any yellowfin tuna or yellowfin tuna product or any other fish or fish product in violation of a ban on importation imposed under section 101(a)(2);";

(2) by inserting "(a)(5) or" before "(a)(6)" in subsection (b)(2); and

(3) by striking subsection (d).

(i) Section 308 (16 U.S.C. 1418) is redesignated as section 306, and amended by striking "303" and inserting in lieu thereof "302(d)".

(j) Clerical Amendments.—The table of contents in the first section of the Marine Mammal Protection Act of 1972 is amended by striking the items relating to title III and inserting in lieu thereof the following:

"TITLE III—INTERNATIONAL DOLPHIN CONSERVATION PROGRAM

"Sec. 301. Findings and policy.
"Sec. 302. Authority of the Secretary.
"Sec. 303. Reports by the Secretary.
"Sec. 304. Permits.

SEC. 6. AMENDMENTS TO THE TUNA CONVENTIONS ACT.

(a) Section 3(c) of the Tuna Conventions Act (16 U.S.C. 952(c)) is amended to read as follows:

"(c) at least one shall be either the Administrator, or an appropriate officer, of the National Marine Fisheries Service; and".

(b) Section 4 of the Tuna Conventions Act (16 U.S.C. 953) is amended to read as follows:

"SEC. 4. GENERAL ADVISORY COMMITTEE AND SCIENTIFIC ADVISORY SUBCOMMITTEE.

"(a) Appointments; Public Participation; Compensation.—The Secretary, in consultation with the United States Commissioners, shall—

"(1) appoint a General Advisory Committee which shall be composed of not less than 5 nor more than 15 persons with balanced representation from the various groups participating in the

fisheries included under the conventions, and from nongovernmental conservation organizations;

"(2) appoint a Scientific Advisory Subcommittee which shall be composed of not less than 5 nor more than 15 qualified scientists with balanced representation from the public and private sectors, including nongovernmental conservation organizations;

"(3) establish procedures to provide for appropriate public participation and public meetings and to provide for the confidentiality of confidential business data; and

"(4) fix the terms of office of the members of the General Advisory Committee and Scientific Advisory Subcommittee, who shall receive no compensation for their services as such members.

"(b) FUNCTIONS.—

"(1) GENERAL ADVISORY COMMITTEE.—The General Advisory Committee shall be invited to have representatives attend all nonexecutive meetings of the United States sections and shall be given full opportunity to examine and to be heard on all proposed programs of investigations, reports, recommendations, and regulations of the Commission. The General Advisory Committee may attend all meetings of the international commissions to which they are invited by such commissions.

"(2) SCIENTIFIC ADVISORY SUBCOMMITTEE.—

"(A) ADVICE.—The Scientific Advisory Subcommittee shall advise the General Advisory Committee and the Commissioners on matters including—

"(i) the conservation of ecosystems;

"(ii) the sustainable uses of living marine resources related to the tuna fishery in the eastern Pacific Ocean; and

"(iii) the long-term conservation and management of stocks of living marine resources in the eastern tropical Pacific Ocean.

"(B) OTHER FUNCTIONS AND ASSISTANCE.—The Scientific Advisory Subcommittee shall, as requested by the General Advisory Committee, the United States Commissioners, or the Secretary, perform functions and provide assistance required by formal agreements entered into by the United States for this fishery, including the International Dolphin Conservation Program. These functions may include—

"(i) the review of data from the Program, including data received from the Inter-American Tropical Tuna Commission;

"(ii) recommendations on research needs, including ecosystems, fishing practices, and gear technology research, including the development and use of selective, environmentally safe and cost-effective fishing gear, and on the coordination and facilitation of such research;

"(iii) recommendations concerning scientific reviews and assessments required under the Program and engaging, as appropriate, in such reviews and assessments;

"(iv) consulting with other experts as needed; and

"(v) recommending measures to assure the regular and timely full exchange of data among the parties to the Program and each nation's National Scientific Advisory Committee (or its equivalent).

"(3) ATTENDANCE AT MEETINGS.—The Scientific Advisory Subcommittee shall be invited to have representatives attend all nonexecutive meetings of the United States sections and the General Advisory Subcommittee and shall be given full opportunity to examine and to be heard on all proposed programs of scientific investigation, scientific reports, and scientific recommendations of the commission. Representatives of the Scientific Advisory Subcommittee may attend meetings of the Inter-American Tropical Tuna Commission in accordance with the rules of such Commission.".

(c) BYCATCH REDUCTION.—The Tuna Conventions Act (16 U.S.C. 951 et seq.) is amended by adding at the end thereof the following:

"SEC. 15. REDUCTION OF BYCATCH IN THE EASTERN TROPICAL PACIFIC OCEAN.

"The Secretary of State, acting through the United States Commissioners, shall take the necessary steps to establish standards and measures for a bycatch reduction program for vessels fishing for yellowfin tuna in the eastern tropical Pacific Ocean. The bycatch reduction program shall include measures—

"(1) to require, to the maximum extent practicable, that sea turtles and other threatened species and endangered species are released alive;

"(2) to reduce, to the maximum extent practicable, the harvest of nontarget species;

"(3) to reduce, to the maximum extent practicable, the mortality of nontarget species; and

"(4) to reduce, to the maximum extent practicable, the mortality of juveniles of the target species.".

SEC. 7. EFFECTIVE DATES.

(a) AMENDMENTS TO TAKE EFFECT WHEN IDCP IN EFFECT.—Sections 3 through 6 of this Act shall become effective upon certification by the Secretary of State to Congress that a binding resolution of the Inter-American Tropical Tuna Commission or other legally binding instrument establishing the International Dolphin Conservation Program has been adopted and is in effect.

(b) SPECIAL EFFECTIVE DATE.—Notwithstanding subsection (a), subsection (f)(2) of the Dolphin Protection Consumer Information Act (16 U.S.C. 1385(f)(2)), as added by section 4(j) of this Act takes effect on the date of enactment of this Act.

Mr. MCCAIN. Mr. President, we have an agreement to move forward on the tuna-dolphin legislation, S. 39, the Snowe-Breaux-Stevens-Kerry, et al., legislation.

This legislation would implement the International Dolphin Conservation Program. Senator SNOWE, who is responsible for this legislation, will soon offer a managers' amendment that will make several changes to the bill. As I stated last week, my consent to modifications was with the stipulation that any changes would not undermine the International Dolphin Conservation Program by causing the signatory nations to dissolve the agreement.

With the assurances we have received from the President's National Security Adviser that these changes meet that stipulation, I support strongly the managers' amendment.

Again, Mr. President, this legislation is supported by Greenpeace, the National Wildlife Federation, the World Wild Life Fund, the Environmental Defense Fund and the Center for Marine Conservation.

I ask unanimous consent to have printed in the RECORD at this time letters from these organizations and from the President endorsing this legislation.

There being no objection, the letters were ordered to be printed in the RECORD, as follows:

JULY 17, 1997.

Hon. JOHN MCCAIN,
Chairman, Committee on Commerce, Science and Transportation, U.S. Senate, Dirksen Senate Office Building, Washington, DC.

DEAR SENATOR MCCAIN, The Center for Marine Conservation, Environmental Defense Fund, Greenpeace, National Wildlife Federation and the World Wildlife Fund, representing more than 10 million supporters in the United States strongly support passage of S. 39, *The International Dolphin Conservation Program Act*. We urge you to support S. 39, seek prompt consideration of the bill by the full Senate, and to oppose any procedural moves which would delay consideration of the bill.

Not only does the bill strengthen the Marine Mammal Protection Act, protection for dolphins in the Eastern Tropical Pacific (ETP) but it also protects the ecosystem by reducing the bycatch of endangered sea turtles, sharks, billfish and juvenile tuna. Additionally, the Act is an important step in solidifying the voluntary program presently in place in the ETP which has reduced dolphin mortality from 423,678 in 1972 to 2,700 in the last year. Enactment of S.39 and the development of the new international standards it prescribes will bring the conservation community significantly closer to the goal of eliminating dolphin deaths altogether.

We applaud your efforts to bring S. 39 to the floor for consideration. The amendments passed by the Senate Committee on Commerce, Science and Transportation have strengthened the bill considerably. Significantly, these changes directly address concerns about truth in labeling, because they prohibit the use of the of "Dolphin Safe" label on tuna if a single dolphin died or suffered serious injury during the fishing operation. That change means that the "Dolphin Safe" label will provide greater protection for dolphins than ever before. In addition, the bill as amended now provides numerous fail-safe measures to protect the dolphin populations in the ETP. The amended bill gives the Secretary of Commerce emergency powers to re-impose the trade embargoes if a detrimental change in the dolphin population is observed. While there is no indication in the current science that chase and encirclement adversely affects dolphins populations the bill, as amended provides that a five year study be done to determine the effects of chase and encirclement on those dolphin populations. If at any time the study shows adverse impact on the populations, the bill provides the Secretary of Commerce emergency powers to protect dolphins. In short, S. 39 offers a powerful and effective means of protecting dolphins, the Eastern Tropical Pacific ecosystem, and the American consumer.

This bill is supported by environmentalists, the fishing industry, and the Seafarers Union. It is based on sound science, and has been the subject of Congressional consideration for two full legislative sessions. Delay in enactment of S. 39 would mean sacrificing this important opportunity to strengthen the protection of dolphins and the ecosystem in which they live. We strongly urge you to seek prompt consideration of S. 39 by the full Senate and to oppose any procedural moves which would delay its prompt enactment.

Sincerely,

ROGER MCMANUS,
President, Center for Marine Conservation.
BARBARA DUDLEY,
Executive Director, Greenpeace.
KATHRYN FULLER,
President, World Wildlife Fund.
FRED KRUPP,
Executive Director, Environmental Defense Fund.

MARK VAN PUTTEN,
President, National Wildlife Federation.

THE WHITE HOUSE,
Washington, July 15, 1997.

Hon. TRENT LOTT,
Majority Leader, U.S. Senate, Washington, DC.

DEAR MR. LEADER: I urge the Senate to consider and pass S. 39, the International Dolphin Conservation Program Act.

The House of Representatives recently passed counterpart legislation with wide bipartisan support and it is my hope that the Senate will act similarly. As you know, this legislation has recovered the support of environmental organizations in addition to our nation's fishing industry. If enacted, S. 39 will allow the United States to implement the Panama Declaration, a strong international program needed to protect dolphins and other marine life in the Eastern Tropical Pacific Ocean.

I hope that the Senate acts in our national interest and passes this measure, which will permit the United States to maintain its leadership role in promoting better stewardship of our oceans and their valuable resources.

Sincerely,

BILL CLINTON.

Mr. MCCAIN. The bill, which was approved in the House last year and again last May by overwhelming majorities, would implement the International Dolphin Conservation Program by making basically two changes to U.S. law. First, when the IDCP agreement is officially concluded, it permits the importation of tuna from the Eastern Tropical Pacific as long as dolphin-safe fishing practices are adhered to. Second, it will permit the labeling of tuna from this area as dolphin safe as long as no dolphin were killed or seriously injured during the catch and that science shows no significant adverse impact on dolphins.

Failure to enact this bill would be a devastating blow to our efforts to protect the marine environment. Without this implementing legislation, current fishing practices will continue, practices which scientists have learned have an adverse impact not only on dolphin but a host of other marine life including sea turtles and bill fish. Foreign fishing companies no longer bound by the international treaty may well resume even more harmful fishing practices which would spell disaster for dolphin. The impact of tuna fishing on dolphin is an international problem which demands an international response. Passage of this legislation will ensure the cooperation of the need to provide meaningful and sustainable protection for dolphin and other marine life.

Mr. President, I want to again thank Senator SNOWE, the chairman of the Ocean and Fisheries Subcommittee, Senator STEVENS, Senator BREAUX, and Senator KERRY of Massachusetts. They have been working on this legislation for 2 years. Senator SNOWE has held numerous hearings, has agreed to a number of compromises, and a number of amendments, and I would like to again congratulate her for her success in reaching agreement on this very difficult and controversial legislation. The enactment of this legislation is a great victory for the environment and the environmental communities and they deserve enormous credit and gratitude.

I thank the other Senators without whose cooperation passage of this bill would not be possible. I would like to yield to Senator SNOWE for her comments including a description of the managers' amendment.

Mr. President, I yield the floor.

Ms. SNOWE addressed the Chair.

The PRESIDING OFFICER (Mr. SANTORUM). The Senator from Maine.

Ms. SNOWE. I thank Senator MCCAIN, who, as chairman of the Commerce Committee, has shown tremendous leadership, and I congratulate him for getting this contentious bill to the floor.

Before beginning, I ask unanimous consent that Kate Wing, a Sea Grant fellow from the Subcommittee on Ocean and Fisheries, be given floor privileges during consideration of S. 39.

The PRESIDING OFFICER. Without objection, it is so ordered.

Ms. SNOWE. Mr. President, I would also like to commend the original sponsors of this legislation, Senator STEVENS and Senator BREAUX, for their stellar efforts on the bill before us today. They have spent a tremendous amount of time and energy over the past year and a half to get this bill to this point, and they have made every effort to accommodate the concerns of Senators with opposing views.

I would also like to thank Senator KERRY, the ranking member of the subcommittee, and Senators HOLLINGS, BOXER, and BIDEN who have been instrumental in helping us reach agreement on this bill, and I appreciate their efforts.

S. 39, the International Dolphin Conservation Program Act, will make the changes in U.S. law necessary to implement the Declaration of Panama, which was signed by the United States and 11 other countries in 1995. Under Panama, these nations agreed to conclude a binding agreement to protect dolphins in the Eastern Tropical Pacific tuna fishery, and to adhere to broadly sustainable methods of harvesting this tuna.

This bill enjoys a tremendous amount of public support. The Clinton administration, which negotiated the agreement, strongly supports this bill. As Senator MCCAIN indicated, a number of environmental groups are champions of this legislation as well. The World Wildlife Fund, National Wildlife Federation, Center for Marine Conservation, Environmental Defense Fund, and Greenpeace have all strongly supported this bill.

The bill is also strongly supported by the National Fisheries Institute, the U.S. tuna fishing industry, and the Seafarer's International Union.

The Panama Declaration and S. 39 represent a landmark international effort to achieve two critical objectives: to protect dolphins in the ETP, and to protect the entire marine ecosystem of this vast region. They do this by requiring the nations fishing in the ETP to meet exceedingly strict limitations on the mortality and serious injury of dolphins. In exchange for the other nations agreeing to this stringent conservation regime, the United States will lift its embargoes of tuna from other nations, and permit fishermen that set purse seine nets around dolphins to use the U.S. dolphin-safe label if they do not kill or seriously injure any dolphins.

This is the most effective and responsible way to achieve our dual objectives of protecting dolphins and the ecosystem of the ETP, and the reasons are twofold. While dolphin setting was once very deadly for dolphins, refinements to the practice in recent years have yielded tremendous gains. The graph behind me shows dolphin mortality per dolphin set, and we can see how successful fishermen have been in reducing mortality to dolphins in each set—99 percent since 1986.

These mortality reductions per set have in turn led to a precipitous decline in total dolphin mortality in the ETP, as this other graph behind me indicates as well. Overall dolphin mortality has plummeted 99 percent since 1986, even though the rate of dolphin setting has remained stable during that period.

At the same time, it has become apparent that the alternatives to dolphin setting—log and school setting—are very damaging to many other species. The table behind me shows the relative amounts of bycatch for each of the three harvesting methods.

I ask unanimous consent the table be printed in the RECORD.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

Year	Number of Dolphin sets	Total dolphin mortality	Mortality per set	Dolphin sets as a percent of total sets
1986	10,507	133,174	5.34	59.82
1987	12,538	99,177	12.67	62.00

Year	Number of Dolphin sets	Total dolphin mortality	Mortality per set	Dolphin sets as a percent of total sets
1988	10,571	81,593	7.91	47.75
1989	12,580	97,046	7.72	56.34
1990	10,571	52,531	7.71	51.95
1991	9,482	27,292	4.97	55.32
1992	10,326	15,550	2.88	56.16
1993	6,953	3,716	1.51	40.27
1994	7,804	4,095	0.53	50.00
1995	7,209	3,276	0.52	47.00
1996	7,353	2,766	0.45	52.00

Data from the Inter-American Tropical Tuna Association.

Ms. SNOWE. Mahi-mahi, for instance, a fish popular in white tablecloth restaurants in the United States, suffers far higher bycatch rates in log and school sets than in dolphin sets. Looking at blacktip sharks, we see a similar problem. The same is true for every other nondolphin species in the ETP. If you look at Mahi-mahi, you are talking about losing 30,000 Mahi-mahi fish for every 1,000 pounds of tuna caught in the eastern tropical pacific.

Mr. President, the basic intent of the Panama Declaration and S. 39 is to lock the nations that fish in the ETP into a very strict conservation regime that will require them to continue the progress made to date and eventually reduce dolphin mortality to a level near zero. And it is also to recognize a fishing method that causes very little harm to dolphins, but which is also the safest possible fishing method for all of the other species that live in the ETP.

Mr. President, as we know, some Senators have been concerned that dolphin setting may be causing unseen harm to dolphins, and they objected to the immediate change in the dolphin safe label contained in S. 39 as reported by the committee. The latest compromise that we all reached last week, and that is contained in the manager's amendment that was offered by Senator McCAIN.

It requires the expeditious commencement of research to further study the effect of dolphin setting on dolphins. Tuna caught by dolphin sets may not be labeled dolphin safe until at least March 1999, at which time the Secretary of Commerce must review the preliminary results of the study, and make a determination as to whether or not dolphin setting is causing significant adverse impacts to depleted dolphin stocks in the ETP. If the Secretary finds no significant impact, then the label changes to permit tuna caught with dolphin sets to be labeled dolphin safe, as long as no dolphins were killed or seriously injured during harvest.

Between July 1, 2001, and December 31, 2002, the Secretary will review the completed results of the study, and make another determination. If significant adverse impacts to dolphins are found at that time, he must prohibit the labeling of tuna caught with dolphin sets as dolphin safe.

Mr. President, I think this compromise reasonably addresses the concerns on both sides, and it resolves what has been a very contentious issue. I urge my colleagues to support the manager's amendment to S. 39, and the bill as amended.

I reserve the remainder of my time, Mr. President.

Mr. President, may I ask how much time I have remaining?

The PRESIDING OFFICER. The Senator from Maine has 5 minutes and 28 second.

Ms. SNOWE. Mr. President, I yield 3 minutes to the Senator from Louisiana.

The PRESIDING OFFICER. The Senator from Louisiana is recognized for 3 minutes.

Mr. BREAUX. I thank the Senator and start by congratulating her on the effort she has made in this regard, and Senator STEVENS from Alaska for the work he has done along with Senator KERRY, and also acknowledge Senator Barbara BOXER's longstanding commitment on doing what is necessary to preserve and protect dolphins.

As we bring this legislation to the floor, it is very, very significant, for we have been working on this for 25 years to try to improve on a program that I think has made great progress in preserving the ability for the tuna industry in the United States, one of the most popular fishing resources in the entire world, to be able to continue to operate in a manner that does not cause death or mortality or serious harm to dolphin, which conflict, many times, with the tuna fish themselves. This industry, I think, is to be commended because they have made tremendous strides in trying to preserve their industry, at the same time protecting dolphins. So they are to be congratulated for the great work they have done. This legislation hopefully will be an improvement. I commend all of those who have had a chance to be involved in it.

One concern that I do have is directly related to the labeling issue. As many of you know, the debate on the tuna-dolphin issue has a long and tortuous history. It was our own industry, primarily the U.S. canners, who started the dolphin-safe movement by voluntarily adopting that label back in 1990. It took several years and many millions of dollars to educate the American consumer about what the dolphin-safe label means. It was because of the industry's efforts and congressional backing that we still have that label today.

But today, when we pass S. 39, the Congress will establish criteria by which to evaluate the appropriateness of the dolphin-safe label. The definition of the label may change, based upon further scientific studies.

But let us not fool ourselves that there are some people who will oppose this change at all costs. One way to do this is through the use of alternative labels.

The existence of alternative labels alone is not problematic, but the misuse of those labels to deceive or mislead the American public is a problem. The original version of S. 39 recognized this fact and prohibited other labels that referred to dolphins or other marine mammals on a can of tuna. It made sense from a practical point of view—if the Congress is establishing very strict criteria for a Government dolphin-safe label, then it should be the only such label.

Opponents to this provision would argue on the right to free commercial speech. We must remember that commercial speech is not given the same degree of protection as individual speech. If a significant Government interest exists, then the Government can regulate such commercial speech. I believe that the conservation goals of the International Dolphin Conservation Program are such a significant Government interest. But in the spirit of compromise, I was willing to allow alternative labels under some strict conditions.

Alternative labels can exist if they meet the minimum standards of the dolphin-safe label, including the no mortality or serious injury standard as well as the support of a tracking and verification program similar to that found in S. 39. If you want to claim that you are as safe as dolphin safe, then you must be able to prove it. Alternative labels are subject to all applicable labeling, marketing and advertising laws and regulations of the Federal Trade Commission Act—this only makes sense.

But the concern on the misuse of alternative labels continues to exist. Our compromise would address this concern by forbidding any campaign or effort to mislead or deceive consumers about the level of protection afforded dolphins under the International Dolphin Conservation Program.

Finally, we ask the Secretary of Commerce to monitor the situation. If alternative labels are used in such a way to undermine the conservation goals of the International Dolphin Conservation Program, then the Secretary will make a report to the Congress. If our efforts here today, and over the past 2 years, are being thwarted by a campaign to undercut the label or International Dolphin Conservation Program, then we should know and we should take action to eliminate this problem.

Mr. President, I hope these safeguards are sufficient in dealing with the misuse of alternative labels. I can only support this bill if I know that our efforts and the goals of the binding international program are not being undone by a campaign which uses alternative labels to cerate market distinctions for the purpose of customer confusion or deception. I believe that we addressed this concern with our compromise. If not, I am sure that we shall visit this issue again.

In closing, Mr. President, I would like to acknowledge the leadership of my friend from Alaska, Senator STEVENS, who has helped guide this bill through to this day. I also would like to note the efforts of Senators SNOWE and McCAIN who took a personal interest in protecting dolphins through an international agreement. My colleague from Massachusetts, Senator KERRY, helped to forge the compromise agreement which we stand to implement today. Of course, Senators BIDEN and BOXER should be noted for their continuing concern for dolphin protection—I am glad that our common interests were merged into common legislation. I urge my colleagues to vote in favor of S. 39.

The PRESIDING OFFICER. Who yields time?

Mr. STEVENS. Will the Senator yield to me?

Ms. SNOWE. Mr. President, I am more than happy to yield the remainder of my time to Senator STEVENS, who is a major sponsor of this legislation along with Senator BREAUX. I thank the Senator for his leadership on this issue.

The PRESIDING OFFICER. The Senator is recognized for 2 minutes and 22 seconds.

PRIVILEGE OF THE FLOOR

Mr. KERRY. Mr. President, I ask unanimous consent that Jean Toal and Tom Richey be granted the privilege of the floor for this debate.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BREAUX. Mr. President, I ask unanimous consent my staff person, Paul Deveau, be granted the priviiege of the floor.

The PRESIDING OFFICER. Without objection, it is so ordered.

The Senator from Alaska.

Mr. STEVENS. Mr. President, I introduced S. 39, the International Dolphin Conservation Program Act, in January of this year at the request of the administration.

The bill would implement the international conservation agreement called the Panama Declaration, which was signed on October 4, 1995, by the 12 nations that fish for tuna in the eastern tropical Pacific Ocean [the ETP].

These countries include: Belize, Colombia, Costa Rica, Ecuador, France, Honduras, Mexico, Panama, Spain, Vanuatu, and Venezuela.

The President and Vice President strongly support the bill, as do Greenpeace, the Center for Marine Conservation, the Environmental Defense Fund, the National Wildlife Federation, the World Wildlife Fund, the American Sportfishing Association, U.S. labor unions, and the U.S. tuna industry.

The House of Representatives has passed measures similar to S. 39 twice—in both the 104th and 105th Congresses, by large bipartisan majorities.

Under the Panama Declaration and S. 39, a binding international agreement to reduce dolphin mortality and conserve fishery resources in the ETP will be created.

This binding agreement will cap dolphin mortality in the ETP at no more than 5,000 dolphins annually, with the goal of reducing the mortality of dolphins to zero.

It will also create binding observer, bycatch, and other conservation and management measures in the ETP similar to those we just enacted in our domestic fisheries in the Magnuson-Stevens Act.

These important conservation measures are contingent on specific changes to U.S. law.

The key changes include: A change to allow tuna caught in compliance with the Panama Declaration—including through the encirclement of dolphins—to be imported into the United States; and a change so that dolphin safe will mean tuna in the ETP caught in a set in which dolphin mortality occurred.

Under the agreement we have reached with Senators BOXER, BIDEN, and BREAUX, the second of these changes will be delayed.

Tuna caught by encircling dolphins in the ETP will only be able to be labeled as dolphin safe beginning in March 1999.

Before this happens, the Secretary of Commerce must determine—as we believe he will based on the scientific data we have already seen—that encirclement is not having a significant adverse impact on depleted dolphin stocks.

I have strong doubts about whether this delay is necessary, but the Latin American countries who signed the Panama Declaration with the United States have agreed to the delay.

It is appropriate that in 1997—the 25th anniversary of the passage of the Marine Mammal Protection Act—we are making improvements with respect to the protection of dolphins, a primary focus in our enactment of the original MMPA.

Since passage of the MMPA in 1972, dolphin mortality in the ETP has been reduced from over 400,000 per year, to below 5,000.

This decrease in dolphin mortality is primarily due to the development of a practice called the back-down technique, in which dolphin are safely allowed to escape from the net.

Our bill today acknowledges the vast improvements that have been made in this encirclement fishing method.

S. 39 will allow tuna caught through this method to be imported into the United States and thereby discouraged alternative methods—log sets—which we have learned have extremely high levels of bycatch.

We spent the last 3 years working on the new measures to curb bycatch in our domestic fisheries—this year's S. 39 will help with the situation in the ETP.

I thank Senator BREAUX for his work on the matter, along with Senator KERRY, and I want to acknowledge the leadership of Senator SNOWE in working out the final version of this bill.

I thank the staff: Trevor McCabe, of my office; Paul Deveau, from Senator BREAUX's staff; Clark LeBlanc, with Senator SNOWE and Senator McCAIN; Kate Wing, from Senator McCAIN's staff; Penny Dalton, along with Jean Toal, from Senator HOLLINGS' staff; Margaret Cummisky, from Senator INOUYE's staff; and Kate English and Tom Richey, from Senator KERRY's staff. It has been an excellent staff job.

Mr. KERRY addressed the Chair.

The PRESIDING OFFICER. The Senator from Massachusetts is recognized.

Mr. KERRY. Mr. President, I yield myself 5 minutes.

I would like to also thank all of those involved in this effort, which has been a very long, very complicated, sometimes difficult effort, but I think, nevertheless, an extremely important one, which is resulting in a very important conservation bill being passed.

I particularly thank Senator McCAIN, Senator STEVENS, Senator HOLLINGS, Senator BREAUX, Senator SNOWE, Senator BOXER, Senator BIDEN, Senator DASCHLE, Senator INOUYE, and Senator SMITH, all of whom have been involved in the negotiations and effort to reach this point. I thank the representative from the White House, Katie McGinty, and the State Department, and the Department of Commerce who have all been part of these negotiations, and particularly the staff on both sides, the staff on the majority side that Senator STEVENS mentioned and also particularly Kate English and Penny Dalton, Tom Richey and Jean Toal on our side who have really spent hour upon hour upon hour trying to find a compromise.

I fought for this compromise because it includes the critical element missing from the original bill: enhanced protection for depleted dolphin stocks on the basis of sound science before any changes are made to U.S. law to ease restrictions on fishing procedures that could jeopardize dolphins. This was my key concern: sound science first.

In addition, the compromise strengthens the bill by adding a bycatch reduction program, mandating a research study, guaranteeing funding costs for its initiation, and strengthening the authority for the emergency regulatory provisions. Finally, tied to the conclusions of the research study, the compromise resolves perhaps the key concern over the timing of, and the process for, changing the definition of what constitutes "dolphin-safe" when that term is employed to label tuna products.

What this debate was and is about is the impact that fishing for yellowfin tuna in the eastern tropical Pacific Ocean [ETP] has had on the two depleted dolphin stocks placed at risk as a result of this fishing effort: the eastern spinner and northeastern offshore spotted dolphins. The authors of legislation that established the dolphin-safe label—Senators BOXER and BIDEN—intended the label as one method to bring attention to the plight of these quickly declining dolphin stocks due to the unsafe fishing practices of catching yellowfin tuna by setting nets on dolphins that swim with tuna.

Since the creation of the label and the embargo of tuna products from countries that do not use the dolphin-safe fishing methods, dolphin mortality has dropped significantly. This decline in mortality has been attributed to the attention that the United States brought to this issue through the dolphin-safe label, and to the efforts of nations which participate in the dolphin conservation program under the La Jolla agreement of 1992.

I think there is consensus that the La Jolla agreement and its successor agreement, the Panama Declaration, are very important to dolphin conservation. That is why I and Senators BOXER and BIDEN and others have continued to struggle to reach a compromise on this legislation which will move the Panama Declaration further along the path to creating an international treaty on dolphin protection.

The outstanding concern with the bill originally reported by the Commerce Committee was that it altered the international conservation regime, before the safety of those alterations were scientifically known to be safe for depleted dolphin stocks. This concern applied particularly to changing the definition of the dolphin-safe label as required by the Panama Declaration. In my judgement, a decision to change the criteria for use of the dolphin-safe label could only be made responsibly after the U.S. Government would authoritatively answer the question, "What is the current health and abundance of these two dolphin stocks?"

We know that 10 years ago over 80,000 dolphins were killed each year in the ETP through the practice of setting on dolphins to catch giant yellowfin tuna. While the Technique has been modified, the practice still exists today.

The National Marine Fisheries Service, our Government agency charged with fisheries research and regulation, has not conducted a dolphin population study since 1987.

Proponents of the bill as reported by committee claim that empirical data provided by the Inter-American Tropical Tuna Commission [IATTC] provides enough information for them to feel comfortable that the dolphin stocks are safe and that no further study is needed. They conclude that IATTC observer data indicate that dolphin populations are either stable or increasing and that, taking into account the added number of boats fishing in the ETP since 1988, dolphin recovery is suggested.

BYCATCH VERSUS DOLPHIN

Supporters of S. 39 argue that, from a broader conservation perspective, catching yellowfin tuna by methods other than setting on dolphin results in the higher catch levels of juvenile yellowfin and bycatch including sea turtles, sharks, and marlin. I share their conservation concerns about bycatch and I support the bycatch reduction program added to S. 39.

However, I don't believe that we should address the bycatch problem at the expense of the two depleted dolphin stocks at risk in the ETP. That is why I have pushed so hard to ensure that any changes made to Federal law regarding fishing agreements that impact these two dolphin stocks must be based on sound scientific knowledge regarding the dolphin populations. If we all could agree that the dolphin stocks are recovering and that the new fishing practices developed over that last 10 years are now safe for dolphins, then there would be agreement on lifting the embargo and revisiting the precept of the dolphin-safe label. The dolphin research study included in this compromise will provide the necessary knowledge to support or refute this conclusion.

HISTORY OF TUNA-DOLPHIN DEBATE

I would like to briefly describe the history of dolphin conservation and why this compromise is so important to it continued success. Since the enactment of the Marine Mammal Protection Act in 1972 there has been a dramatic decrease in the dolphin deaths from American fishing practices. However, in the early years of the MMPA, foreign nations had become a far more serious source of dolphin mortality. During the 1980's amendments to the MMPA required foreign nations to accept dolphin protection requirements comparable to those imposed on U.S. tuna fishermen, or become subject to a U.S. ban on tuna imports. Those protections include a ban on encircling dolphin using purse seine nets when fishing in the eastern tropical Pacific Ocean [ETP].

In 1990, following a voluntary prohibition on the purchase of tuna caught in association with dolphin by canned tuna companies, the U.S. implemented legislation to require a dolphin-safe tuna label which remains in use-today. The labeling law specifies that tuna caught in driftnets could not qualify as dolphin safe. That same year, the United States embargoed tuna imports from Mexico, Venezuela, and Vanuatu for failure to meet the MMPA requirements.

In 1992, the MMPA was further amended by the International Dolphin Conservation Act, giving the Secretary of State authority to enter into international agreements to establish a global moratorium on the practice of setting nets on dolphins and established a dolphin-safe market in the United States in 1994.

In 1992, the Inter-American Tropical Tuna Commission [IATTC] adopted a voluntary international agreement—the La Jolla agreement—establishing a multilateral program to reduce dolphin mortalities in the ETP. This agreement contains the goal of reducing dolphin deaths to less than 5,000 annually. Currently, 11 nations including the United States, participate in this voluntary program. While Mexico had been a participant in the program, they recently announced that they were suspending their formal participation in the voluntary program.

During the summer of 1995, five environmental groups and six Latin American nations negotiated the Panama Declaration, a new initiative to strengthen the IATTC dolphin protection program in exchange for eliminating the current United States ban on tuna that is not dolphin safe.

This brings us to today, where our efforts are focused on enacting the necessary legislation for implementing the Panama Declaration, and the requirements that we revise United States dolphin protections laws.

Thanks to the efforts of so many Senators, their staffs and others, the bill we are about to vote on now includes: a label change provision that accommodates our international obligations as laid out in the Panama Declaration, while providing enhanced protection for dolphins, and sound science for future conservation efforts.

The compromise reflected in S. 39 as amended, provides for a $12 million over 3 years to fully fund a study on the practice of chase and encirclement and its impact on depleted dolphin stocks. The bill requires a preliminary finding on the results of this study to be made in March, 1999. Unless the Secretary of Commerce finds that intentional encirclement has a significant adverse impact on depleted dolphin stocks, then the definition of the "dolphin-safe" label immediately changes to allow for the encirclement of dolphin—as long as no dolphin were killed or seriously injured in the process—as a legitimate fishing practice in the eastern tropical Pacific Ocean. Conversely, if the Secretary of Commerce finds that intentional encirclement does not have a significant adverse impact on depleted stocks, then the dolphin-safe label does not change at that time.

This compromise provides, further, for a second and final finding to be made by the Secretary of Commerce at the conclusion of the 3-year study, between July 2001 and December 2002, as to whether or not the intentional encirclement of dolphins has a significant adverse impact on depleted dolphin stocks or is preventing the recovery of such stocks. The Secretary of Commerce shall use the same threshold for this second determination.

In closing, Mr. President, this compromise is an important step forward for both continued dolphin protection and enhanced ecosystem protection. The agreement we reached accommodates our international obligations as laid out in the Panama Declaration, while providing enhanced protection for dolphins, and sound science for future conservation efforts. This bill also continues to protect consumers by maintaining the dolphin-safe standards. S. 39 represents a serious, well-vetted effort to bridge legitimate differences on how best to protection dolphins. I, therefore, encourage my colleagues to vote for its swift passage.

I ask unanimous consent that a letter from Kathleen McGinty at the White House be printed in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

EXECUTIVE OFFICE OF THE PRESIDENT, COUNCIL ON ENVIRONMENTAL QUALITY,
Washington, DC, July 29, 1997.

Hon. TED STEVENS
Chairman, Committee on Appropriations, U.S. Senate, Washington, DC.

DEAR MR. CHAIRMAN: As you know, members of the Senate and the Administration have reached a compromise on S. 39, the International Dolphin Conservation Act. A key component of this compromise is a comprehensive dolphin population abundance study and stress study to be undertaken by the National Marine Fisheries Service commencing in Fiscal Year 1998 and continuing through Fiscal Years 1999, 2000, and 2001. The Administration strongly supports this study and will work with Congress to obtain the necessary funding to initiate it in 1998. To ensure that the study achieves its scientific objectives, as laid out in the compromise, the Administration will seek the funds necessary to continue the study in Fiscal Years 1999 and 2000 and to complete it in Fiscal Year 2001.

Sincerely,
KATHLEEN A. MCGINTY,
Chair.

Mr. KERRY. Mr. President, I yield to the Senator from California 5 minutes.

The PRESIDING OFFICER. The Senator from California is recognized for 5 minutes.

Mrs. BOXER. Thank you very much, Mr. President. I thank Senator KERRY, and I will say more about him in a moment.

Mr. President, we have travelled a very difficult route to get to this day. There are so many people I wish to thank. I will start off by thanking my colleagues, Senator JOE BIDEN and Senator BOB SMITH, for their constant support over the last several years on this issue. Senator BIDEN was the Senate author of the 1990 dolphin-safe label law that I authored in the House at that time. Senator SMITH has, time and time again, proven that he is a champion of dolphin protection. Getting this compromise worked out has been very difficult—and Senator JOHN KERRY was a master negotiator. When many of us on all sides of the issue thought we would never reach agreement, he stuck with it. We are here today in great part due to the dedication of Senator KERRY. He knows this issue, he was persistent, and he never quit.

I also thank Senator HOLLINGS, the distinguished ranking member of the Commerce Committee, for his leadership and, of course, Senator JOHN MCCAIN, the chair of the committee, for coming to the table, as well as Senator SNOWE, Senator STEVENS, and Senator BREAUX.

One more thank you, Mr. President, to the 45 Senators from both sides of the aisle who stood with us in this fight. The only reason we got here today is they refused to vote for cloture on this bill. They made promises on it to their constituents, and they kept those promises. I feel, I have to say, that without them, we would not be here either. Senator DASCHLE, the Democratic leader, stood with us the entire time.

I think we have saved dolphin lives as a result of this compromise, and we have protected American consumers.

Mr. President, the whole argument over this bill really revolved around one issue: What is the definition of "dolphin safe"? In 1990, we decided that if you want to get a dolphin-safe label, you have to fish for tuna in such a way as to not harm the dolphin. That is, you may not chase or encircle dolphin with purse seine nets on that fishing trip. There are those who believe there are new ways to use the purse seine nets that no longer harm the dolphin.

Many of us believe there is no proof of that. Senator BIDEN and I, Senator SMITH, the other Senators, and 85 environmental and consumer groups said we can't change the definition until we have a scientific study that tells us it is safe for dolphins. That is what this debate is all about.

Eleven countries put tremendous pressure on this Government to change the definition of "dolphin safe" before there was even a study. We believed that our position was the right position; there should be a study.

We did have to give on this. We wanted a 3-year study, and we did not want any change in the label until that 3-year study was analyzed. We did not win that point.

Essentially, the way the compromise works, in 18 months when the preliminary results come in on the study, if—if—the Secretary of Commerce believes that those preliminary results indicate that chasing and setting nets on dolphins is safe for dolphins then the definition of "dolphin safe," will be changed. And if the study does not show that, the bill we are passing today says we will have no change in the definition.

So, yes, this is clearly a compromise. We have won 18 months of the status quo; 18 months when consumers know that the dolphin-safe label means just that, and after that, we will live to see the preliminary results of that study, I hope, and we can have a new debate at that time. But this is what compromise is all about.

I want to make one further statement, Mr. President, because there is a disturbing element in all of this to me, and it doesn't just come into being with respect to this issue; it is an overall issue. And that is, I have a very straightforward opinion that American laws should be made by Americans; that, in fact, our environmental laws, all of our laws, our labor laws, ought to be made by the people who are sent here to fight out those issues. American laws should not be made by other countries.

I was disturbed in the course of this debate that, in fact, there was tremendous influence from other countries. I think there are many Senators who feel that is appropriate, and I think this debate shall continue, but we have a very good law on the books and I am proud to say it is going to stand for 18 months.

I look forward to making sure that the bill we are passing today comes back after conference in just this format, and it can be signed into law. Thank you very much, Mr. President. I reserve my side's time.

The PRESIDING OFFICER. The Senator's time has expired. Who yields time?

Mr. KERRY addressed the Chair.

The PRESIDING OFFICER. The Senator from Massachusetts is recognized for 3 minutes 18 seconds.

Mr. KERRY. Mr. President, I thank the Senator from California, and I thank her particularly for her comments about me. I am very appreciative of that. I thank her for her extraordinary tenacity in this effort and willingness to fight for what she believes in, which she did.

I also want to emphasize that I believe this was a fair compromise arrived at by a lot of people who wanted to do what was in the best interest. I thank Senator SNOWE and Senator McCAIN for their patience in this effort. It was trying at times and sometimes there were some difficulties along the way. They have been very gracious and very decent in arriving at this. I think a compromise is a compromise. Everybody agrees to settle, and they do so because it is in the best interests ultimately of the issue, and that is what has happened here.

I yield back the remainder of my time.

The PRESIDING OFFICER. The Senator from Maine.

Ms. SNOWE. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

AMENDMENT NO. 1045

(Purpose: To make changes in the bill as reported by committee)

Ms. SNOWE. Mr. President, I send an amendment to the desk.

The PRESIDING OFFICER. The clerk will report.

The bill clerk read as follows:

The Senator from Maine [Ms. SNOWE], for herself, Mr. BREAUX, Mr. STEVENS, and Mr. McCAIN, proposes an amendment numbered 1045.

Mr. KERRY. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

(The text of the amendment is printed in today's RECORD under "Amendments Submitted.")

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment (No. 1045) was agreed to.

Mr. KERRY. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mrs. BOXER. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. BREAUX. Mr. President, I would like to engage the bill managers and Senator STEVENS in a colloquy.

As a chief cosponsor of S. 39, my understanding is that the appropriate standard of judicial review that would apply to the Secretarial findings in section 5 on whether dolphin encirclement is having a significant adverse impact on dolphin stocks in the standard under the Administrative Procedures Act. Is that the understanding of the bill managers and the sponsor of the bill?

Ms. SNOWE. Yes, the Senator is correct on that point. The Secretarial determinations to which you refer are included in S. 39 as an amendment to the Dolphin Consumer Protection Information Act. That act does not specify any alternative standard of review, and therefore the standard under the Administrative Procedures Act would apply. Furthermore, the bill managers intend that such standard will apply to the Secretarial findings in section 5 of S. 39. this standard involves a review of the administrative record, and a determination of whether the Secretary acted in an arbitrary and capricious manner.

Mr. STEVENS. I concur with Senator SNOWE. As the original sponsor of the bill, it is my intent that the Secretarial findings in section 5 be subject only to the scope of judicial review in the Administrative Procedures Act. That is clearly the appropriate standard, and I think we all agree on that.

Mr. KERRY. I concur with Senator SNOWE and Senator STEVENS on this point.

Mr. BREAUX. I thank the Senators for clarifying that point.

Mr. CHAFEE. Mr. President, I commend the efforts of the Senator from Alaska, Senator STEVENS, and the Senator from Maine, Senator SNOWE, for bringing this much-needed legislation to the floor. It has been nearly 2 years since legislation was first introduced in the Senate to implement the Panama Declaration, an international agreement which will promote marine conservation in the Pacific Ocean. I recognize that the opponents of this measure have strong convictions, and am pleased that the two sides were able to work out a compromise that, most importantly, is consistent with the international agreement which the United States signed.

Let me first state my view that eliminating dolphin mortality must remain a top priority as the Senate considers this bill. Like so many Americans, I will not soon forget the tragedy that occurred in the 1970's, when hundreds of thousands of dolphins were killed annually from tuna fishing in the Eastern Tropical Pacific [ETP]. In 1972 alone, more than 420,000 dolphins were killed there. While we can all applaud the tremendous progress that has been made in reducing dolphin mortality in recent years, Congress must be vigilant in working toward complete elimination.

But dolphins are not the only species adversely impacted by tuna fishing in the Eastern Tropical Pacific, sometimes called ETP. New fishing methods have resulted in significant bycatch of nondolphin species, including juvenile tuna. These other marine species in this ecosystem must also be protected, and legislation should address this larger goal.

The question before the Senate today is how do we best achieve sustained conservation in the ETP tuna fishery? We must first acknowledge that much progress has been made in reducing dolphin mortality through new fishing techniques such as the back down procedure. Through this technique, the back edge of the purse seine fishing net sinks below the surface, allowing dolphins to swim out. In 1996, dolphin mortality in the ETP is currently estimated at a record low of less than 3,000, down from record highs of more than 400,000 in the 1970's. That's a 99-percent reduction.

International cooperation in conserving this resource, particularly through the voluntary measures of the La Jolla agreement of 1992, has also been a primary factor in achieving this great success. Among other things, this landmark agreement, which was signed by 10 nations, established strict dolphin mortality limits and required observers to be present aboard tuna fishing boats in the ETP.

In order to continue this tremendous progress, the United States must continue to work with our neighbors on multilateral efforts to conserve this resource. This involves enacting the legislation before the Senate today, S. 39, which implements the Panama Declaration.

Contrary to much of what has been said in the 2 years since it was signed, the Panama Declaration represents the best in international conservation. It would retain—and in many cases, enhance—the provisions of the La Jolla agreement that have been so successful in reducing dolphin mortality and protecting the tuna fishery. Let me be clear: the Panama Declaration will not threaten the dolphin population in the Eastern Tropical Pacific.

Unlike the voluntary La Jolla agreement, the Panama Declaration is binding upon its signatories. Among its many stringent requirements are reductions in the annual overall limit on dolphin mortalities that were established by the La Jolla agreement. These limits include per-stock mortality limits to protect all dolphin populations.

The Panama Declaration also increases enforcement and monitoring efforts to protect dolphins, including mandatory observers on all tuna fishing vessels. In addition, it sets as an agreed goal the elimination of all dolphin mortality in the ETP tuna fishery. And the Panama Declaration has teeth: if foreign nations do not comply, then the United States can reimpose our tuna embargo.

Opponents of S. 39 have been concerned over its change in the definition of dolphin safe, as mandated by the Panama Declaration. It is important to note that the new definition of dolphin safe is not weaker than current law. Let me explain.

When the current definition was adopted in 1990, the dolphin safe label was intended to prevent the import of tuna into the United States that were caught by encircling dolphins. This definition made good sense in 1990 since, historically, fishing methods that encircled dolphins caused high mortality rates. But as I've stated, recent modifications to the encirclement method of tuna fishing have resulted in reduced dolphin mortality.

A more sensible definition of dolphin safe should mean no dolphins were killed during the tuna fishing, rather than no dolphins were encircled. Under the new definition, if even one dolphin is killed in the process, that tuna cannot be labeled dolphin safe. Proponents of the old definition want truth in labeling. I agree with this. But, don't consumers expect that dolphin safe means no dolphins were killed? The Panama Declaration and S. 39 would do just that.

In any event, so as to be absolutely sure that these new encirclement techniques do not adversely affect dolphin stocks in the ETP, the compromise before us today delays the label change until NOAA conducts a preliminary survey of these stocks. This slight delay should not threaten United States participation in the Panama Declaration, allowing its strong conservation requirements to be implemented.

The Panama Declaration also recognizes the importance of protecting nondolphin marine life in the ETP that has been harmed by tuna fishing. The controversy over dolphin mortality has encouraged tuna fishermen to utilize alternative methods to encirclement—namely school sets and log sets. These techniques, while more protective of dolphins, are well known to cause destruction of nondolphin marine life, including sea turtles, billfish, sharks, and juvenile yellowfin tuna.

NOAA scientists have warned repeatedly that the high bycatch of juvenile tuna, associated with these two fishing methods, might actually imperial tuna stocks in the future—to say nothing of their impact on other species. As envisioned by the Panama Declaration, S. 39 requires the United States to implement a program to reduce bycatch of all marine life in the ETP, not just dolphins.

Mr. President, today the United States confronts a choice that must be made soon on how best to conserve marine life in the Pacific Ocean. Negotiators have worked out a compromise that will allow the United States to choose the best option. This option entails joining our neighbors in implementing a binding, carefully crafted international agreement that includes strong mandates that will protect dolphins and other species.

Another option involved going it alone, sacrificing what little leverage we have in an increasingly foreign fishery. Keep in mind that the ETP is completely outside the jurisdiction of the United States. We cannot simply go in and tell others how to fish.

Instead, our best chance of promoting conservation is through a multilateral, rather than a unilateral, forum. But other signatories to the Panama Declaration will not wait forever while the United States Congress continues to debate this issue. The time to act is now.

If we had chosen to go it alone, dolphins would not necessarily have been saved. Indeed, more dolphins may well be killed if the United States rejects the Panama Declaration, as fishermen will likely abandon the voluntary provisions of the La Jolla agreement. What incentive would these fishermen have to conserve if the largest consumer of tuna maintains an embargo on their product and refuses to participate in international conservation efforts?

Because the Panama Declaration offers the best hope for marine conservation in the ETP, S. 39 has been endorsed by Greenpeace, National Wildlife Federation, Center for Marine Conservation, Environmental Defense Fund, and World Wildlife Fund. These groups recognize the merits of this multilateral approach.

I again commend the tireless efforts of the authors of this legislation, and urge my colleagues to support S. 39.

Mr. HOLLINGS. Mr. President, the manager's amendment before us today is the product of many hours of work on the part of a number of my colleagues. I would like to express my personal appreciation to my friend, the chairman of the Commerce Committee, Senator MCCAIN, and the chair of the Subcommittee on Oceans and Fisheries, Senator SNOWE, for their personal efforts and willingness to delay consideration of this legislation until interested parties could work out an agreement.

In addition, I particularly would like to acknowledge the effort of the ranking Democrat on the subcommittee, Senator KERRY for his commitment to reaching a compromise. The Senator from Massachusetts made the mistake at our hearing on this legislation of volunteering to find a middle ground between the proponents and opponents of S. 39. Since that time, he has spent hours listening to and trying to accommodate the concerns of all sides in this contentious issue. Without his tireless effort, we would not be standing here today.

My own interest in this legislation has always been: to ensure sound conservation of marine mammals; to provide consumers with the information they need when purchasing tuna; and to ensure U.S. tuna fishermen a level playing field on which to compete.

The bill before us now is a far better bill. It addresses many of the concerns of Senators BOXER and BIDEN as well as others. These two Senators have been leaders in the area of dolphin protection—they wrote the dolphin-safe labeling law and have legitimate concerns about changing the dolphin-safe label without the scientific research to ensure that the tuna fishing methods allowed by S. 39 are safe for dolpins. The compromise before us today ensures that there will be a study of the effect of chasing and encircling dolpins and bases a change in the meaning of "dolphin safe" on the results of that study.

Furthermore, the compromise addresses the concerns of Senator INOUYE. It allows alternative labels on tuna but makes sure that the claims on those labels are true and can be verified.

Again, I thank the primary sponsors of the bill, Senators STEVENS and BREAUX, and all of the parties who worked on the manager's amendment for their efforts to improve this legislation.

Mr. THURMOND. Mr. President, when the President signs the International Dolphin Conservation Program Act, the United States will have joined the rest of the tuna-fishing nations in the Eastern Pacific in pledging that, in the future, no dolphins will be killed in the harvesting of tuna. Further, the transition to better fishing methods will result in a significant reduction in by-catch waste in that portion of the ocean. This is a remarkable achievement.

My colleagues from Alaska and Louisiana, Senators STEVENS and BREAUX, have pressed on for 2 years to see that this agreement is ratified. Their perseverance should be recognized and appreciated. Finally, this bill would likely have never become law had the subcommittee chairman, Senator SNOWE, not gathered the various parties to work out a compromise that would assure passage of this implementing legislation. She is to be commended for her skill and stamina in seeing this measure to its successful conclusion.

I yield the floor.

Mr. BIDEN. Mr. President, I am pleased to rise in support of the compromise amendment to S. 39—the so-called tuna-dolphin bill.

In forging this bipartisan agreement, we have struck a proper balance between resolving the market access problems now faced by other countries and keeping the faith with American consumers. It is a fair deal.

In short, the bill implements an international dolphin protection regime—known as the Panama Declaration—while maintaining the current dolphin-safe label during the pendency of a study on the impacts on dolphins from purse net tuna fishing.

In March 1999—after scientists have preliminary determined whether purse net tuna fishing harms dolphin stocks—the Secretary of Commerce is to make a determination as to the appropriate dolphin-safe label, whether that be the current one that Senator BOXER and I wrote into law in 1990, or another protective version. This decision will be reviewed in the year 2001.

Also included in the bill are provisions requiring Latin and South American countries tuna fishing the Eastern Tropical Pacific Ocean to enroll in an expanded dolphin protection program, which includes on-board observers. This will enable us to lock-in and improve upon the tremendous gains that we have already made in decreasing dolphin mortalities.

This amendment represents a compromise on process, not a cave-in on principles. Again, we retain for every letter of the current dolphin-safe label. In 2 years' time the question will be if the label should be changed—not when it should be changed.

I would also note that I do have some reservations regarding the adequacy of the data that will form the basis of the March 1999 label review. Only one population survey will be available at that time; this will not be an abundance of information upon which to make an informed and unbiased decision. I urge the Secretary of Commerce to err on the side of caution during the preliminary review and not make science conform to political will.

I would like to recognize and publicly thank my colleagues who worked so hard in crafting this agreement, particularly Senator BOXER, Senator KERRY, Senator BREAUX, Senator SNOWE, Senator MCCAIN, and Senator STEVENS. Each spent a great deal of personal time trying to bridge the gap in this debate, and I am grateful for their efforts.

In closing, this agreement continues to protect dolphins while keeping our faith with the American people. It is environmentally and economically the right thing to do, and I urge its passage.

FUNDING FOR DOLPHIN RESEARCH

Mr. STEVENS. Mr. President, an agreement has been reached to address concerns with S. 39, the International Dolphin Conservation Program Act. The agreement is contained in the manager's amendment to S. 39 offered by Senator SNOWE. Under the agreement, the Secretary of Commerce is required to conduct a multi-year study on dolphin and dolphin stocks taken incidentally in the eastern tropical Pacific Ocean (ETP) purse seine fishery. The Secretary will use the information from this study to make two separate findings that will determine whether or not tuna caught in the ETP by intentionally encircling dolphins can be labeled as dolphin safe in the United States. Senator SNOWE's amendment authorizes appropriations of $4 million in fiscal year 1998, $3 million in fiscal year 1999, $4 million in fiscal year 2000, and $1 million in fiscal year 2001 to complete the study. These amounts are based on National Marine Fisheries Service estimates for the costs for the study. I have received a letter from the White House indicating that the administration will request funds for the study in fiscal years 1999, 2000, and 2001. If the administration follows through on its commitment to request these funds, I will do everything I can to ensure they are appropriated.

Mr. BYRD. Mr. President, I am supportive of the effort to appropriate the funds necessary for the study outlined in the manager's amendment to S. 39, beginning in fiscal year 1998. In fact, it is my understanding that the manager's amendment is written so that a number of sections in S. 39 will become effective only after funding for the first year of the study has been provided. It is clear to me that full funding for this research is a critical element of the agreement on S. 39.

Mr. GREGG. Recognizing the importance of this study to the compromise reached on S. 39, funds were added to the fiscal year 1998 Commerce, Justice, State appropriations bill in the Senate to complete the first year of work. We will work together to protect this appropriation in conference. I, too, encourage the administration to follow through on its commitment to include the funds for fiscal year 1999, 2000, and 2001 in its budget requests, and will work to include the funds in appropriations if they are requested.

Mr. HOLLINGS. Mr. President, I join my colleagues in supporting appropriations for the completion of the dolphin study. The manager's amendment to S. 39 developed by the Commerce Committee is written so that most of the operative provisions of bill will become effective only if funding for the fist year of the study has been provided. The White House has expressed support for the appropriation mentioned by Senator GREGG for fiscal year 1998, and has indicated that funding will be requested to complete the study in fiscal year 1999, 2000, and 2001. Together with Senators STEVENS, BYRD, and GREGG, I support the fiscal year 1998 appropriation for the first year of the study, and will support funds in years to come to complete the study.

Mr. DASCHLE addressed the Chair.

The PRESIDING OFFICER (Mr. HUTCHINSON). The Democratic leader.

Mr. DASCHLE. Mr. President, I appreciate very much your recognizing me prior to the time we go to third reading. I will be very brief. I am not sure we have any time left. If we don't, I will just use leader time.

I just want to say how much I appreciate the effort made by the Senators who are on the floor to bring us to this point. This has been a 2-year-long debate. Obviously, there have been good intentions on both sides, and negotiations have resulted in a compromise that brings us to a point that will allow us to address this issue in a meaningful way.

I congratulate the administration and those who worked with us to accomplish this within the administration. But I particularly want to thank Senators BOXER and BIDEN who pioneered the establishment of the dolphin safe label all the way back to 1990, who recognized the importance of this issue and dedicated themselves to solving it as they did back then.

I thank Senator HOLLINGS, the ranking member of the Commerce Committee, Senator SNOWE, the chair of the Oceans and Fisheries Subcommittee, for her work, Senator MCCAIN, Senator STEVENS, and Senator BREAUX, who developed and introduced the legislation to implement the Panama Declaration, and perhaps a special thanks goes to Senator JOHN KERRY, the ranking member of the Oceans and Fisheries Subcommittee whose patience and guidance and leadership was critical to bringing all sides together in reaching this agreement.

So this is a very good moment for us. It is another opportunity to demonstrate the commitment that we have in working together to face these serious questions in a meaningful way. So, to all of those involved, especially Senators BOXER, BIDEN, and KERRY, my thanks. I hope we can address this matter now by an overwhelming vote here in the Senate.

I yield the floor.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment in the nature of a substitute, as amended.

The committee amendment in the nature of a substitute, as amended, was agreed to.

The PRESIDING OFFICER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed for a third reading, and was read the third time.

The PRESIDING OFFICER. The bill having been read the third time, the question is, Shall the bill pass? The yeas and nays have been ordered. The clerk will call the roll.

The bill clerk called the roll.

Mr. NICKLES. I announce that the Senator from North Carolina [Mr. FAIRCLOTH] is necessarily absent.

The result was announced—yeas 99, nays 0, as follows:

[Rollcall Vote No. 207 Leg.]

YEAS—99

Abraham
Akaka
Allard
Ashcroft
Baucus
Bennett
Biden
Bingaman
Bond
Boxer
Breaux
Brownback
Bryan
Bumpers
Burns
Byrd
Campbell
Chafee
Cleland
Coats
Cochran
Collins
Conrad
Coverdell
Craig
D'Amato
Daschle
DeWine
Dodd
Domenici
Dorgan
Durbin
Enzi
Feingold
Feinstein
Ford
Frist
Glenn
Gorton

Graham
Gramm
Grams
Grassley
Gregg
Hagel
Harkin
Hatch
Helms
Hollings
Hutchinson
Hutchison
Inhofe
Inouye
Jeffords
Johnson
Kempthorne
Kennedy
Kerrey
Kerry
Kohl
Kyl
Landrieu
Lautenberg
Leahy
Levin
Lieberman
Lott
Lugar
Mack
McCain
McConnell
Mikulski
Moseley-Braun
Moynihan
Murkowski
Murray
Nickles
Reed
Reid
Robb
Roberts
Rockefeller
Roth
Santorum
Sarbanes
Sessions
Shelby
Smith (NH)
Smith (OR)
Snowe
Specter
Stevens
Thomas
Thompson
Thurmond
Torricelli
Warner
Wellstone
Wyden

NOT VOTING—1

Faircloth

The bill (S. 39), as amended, was passed as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE; REFERENCES.

(a) SHORT TITLE.—This Act may be cited as the "International Dolphin Conservation Program Act".

(b) REFERENCES TO MARINE MAMMAL PROTECTION ACT.—Except as otherwise expressly provided, whenever in this Act an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Marine Mammal Protection Act of 1972 (16 U.S.C. 1361 et seq.).

SEC. 2. PURPOSES AND FINDINGS.

(a) PURPOSES.—The purposes of this Act are—

(1) to give effect to the Declaration of Panama, signed October 4, 1995, by the Governments of Belize, Colombia, Costa Rica, Ecuador, France, Honduras, Mexico, Panama, Spain, the United States of America, Vanuatu, and Venezuela, including the establishment of the International Dolphin Conservation Program, relating to the protection of dolphins and other species, and the conservation and management of tuna in the eastern tropical Pacific Ocean;

(2) to recognize that nations fishing for tuna in the eastern tropical Pacific Ocean have achieved significant reductions in dolphin mortality associated with that fishery; and

(3) to eliminate the ban on imports of tuna from those nations that are in compliance with the International Dolphin Conservation Program.

(b) FINDINGS.—The Congress finds that—

(1) the nations that fish for tuna in the eastern tropical Pacific Ocean have achieved significant reductions in dolphin mortality associated with the purse seine fishery from hundreds of thousands annually to fewer than 5,000 annually;

(2) the provisions of the Marine Mammal Protection Act of 1972 that impose a ban on imports from nations that fish for tuna in the eastern tropical Pacific Ocean have served as an incentive to reduce dolphin mortalities;

(3) tuna canners and processors of the United States have led the canning and processing industry in promoting a dolphin-safe tuna market; and

(4) 12 signatory nations to the Declaration of Panama, including the United States, agreed under that Declaration to require that the total annual dolphin mortality in the purse seine fishery for yellowfin tuna in the eastern tropical Pacific Ocean not exceed 5,000 animals, with the objective of progressively reducing dolphin mortality to a level approaching zero through the setting of annual limits and with the goal of eliminating dolphin mortality.

SEC. 3. DEFINITIONS.

Section 3 (16 U.S.C. 1362) is amended by adding at the end the following new paragraphs:

"(28) The term 'International Dolphin Conservation Program' means the international program established by the agreement signed in LaJolla, California, in June, 1992, as formalized, modified, and enhanced in accordance with the Declaration of Panama.

"(29) The term 'Declaration of Panama' means the declaration signed in Panama City, Republic of Panama, on October 4, 1995.".

SEC. 4. AMENDMENTS TO TITLE I.

(a) EXCEPTIONS TO MORATORIUM.—Section 101(a)(2) (16 U.S.C. 1371(a)(2)) is amended—

(1) by inserting after the first sentence "Such authorizations may be granted under title III with respect to purse seine fishing for yellowfin tuna in the eastern tropical Pacific Ocean, subject to regulations prescribed under that title by the Secretary without regard to section 103."; and

(2) by striking the semicolon in the second sentence and all that follows through "practicable".

(b) DOCUMENTATION REQUIRED.—Section 101(a)(2) (16 U.S.C. 1371(a)(2)) is further amended—

(1) by striking subparagraph (B) and inserting the following:

"(B) in the case of yellowfin tuna harvested with purse seine nets in the eastern tropical Pacific Ocean, and products therefrom, to be exported to the United States, shall require that the government of the exporting nation provide documentary evidence that—

"(i)(I) the tuna or products therefrom were not banned from importation under this paragraph before the effective date of section 4 of the International Dolphin Conservation Program Act; or

"(II) the tuna or products therefrom were harvested after the effective date of section 4 of the International Dolphin Conservation Program Act by vessels of a nation which participates in the International Dolphin Conservation Program, and such harvesting nation is either a member of the Inter-American Tropical Tuna Commission or has initiated (and within 6 months thereafter completed) all steps required of applicant nations, in accordance with article V, paragraph 3 of the Convention establishing the Inter-American Tropical Tuna Commission, to become a member of that organization;

"(ii) such nation is meeting the obligations of the International Dolphin Conservation Program and the obligations of membership in the Inter-American Tropical Tuna Commission, including all financial obligations; and

"(iii) the total dolphin mortality limits, and per-stock per-year dolphin mortality limits permitted for that nation's vessels under the International Dolphin Conservation Program do not exceed the limits determined for 1997, or for any year thereafter, consistent with the objective of progressively reducing dolphin mortality to a level approaching zero through the setting of annual limits and the goal of eliminating dolphin mortality, and requirements of the International Dolphin Conservation Program;";

(2) by redesignating subparagraphs (C), (D), and (E) as subparagraphs (D), (E), and (F), respectively;

(3) by inserting after subparagraph (B) the following:

"(C) shall not accept such documentary evidence if—

"(i) the government of the harvesting nation does not provide directly or authorize the Inter-American Tropical Tuna Commission to release complete and accurate information to the Secretary in a timely manner—

"(I) to allow determination of compliance with the International Dolphin Conservation Program; and

"(II) for the purposes of tracking and verifying compliance with the minimum requirements established by the Secretary in regulations promulgated under subsection (f) of the Dolphin Protection Consumer Information Act (16 U.S.C. 1385(f)); or

"(ii) after taking into consideration such information, findings of the Inter-American Tropical Tuna Commission, and any other relevant information, including information that a nation is consistently failing to take enforcement actions on violations which diminish the effectiveness of the International Dolphin Conservation Program, the Secretary, in consultation with the Secretary of State, finds that the harvesting nation is not in compliance with the International Dolphin Conservation Program."; and

(4) by striking "subparagraph (E)" in the matter after subparagraph (F), as redesignated by paragraph (2) of this subsection, and inserting "subparagraph (F)".

(c) CERTAIN INCIDENTAL TAKINGS.—Section 101 (16 U.S.C. 1371) is further amended by adding at the end the following new subsection:

"(e) ACT NOT TO APPLY TO INCIDENTAL TAKINGS BY UNITED STATES CITIZENS EMPLOYED ON FOREIGN VESSELS OUTSIDE THE UNITED STATES EEZ.—The provisions of this Act shall not apply to a citizen of the United States who incidentally takes any marine mammal during fishing operations outside the United States exclusive economic zone (as defined in section 3 of the Magnuson-Stevens Fishery Conservation and Management Act (16 U.S.C. 1802)) when employed on a foreign fishing vessel of a harvesting nation which is in compliance with the International Dolphin Conservation Program.".

(d) PERMITS.—Section 104(h) (16 U.S.C. 1374(h)) is amended to read as follows:

"(h) GENERAL PERMITS.—

"(1) Consistent with the regulations prescribed pursuant to section 103 of this title and to the requirements of section 101 of this title, the Secretary may issue an annual permit to a United States purse seine fishing vessel for the taking of such marine mammals, and shall issue regulations to cover the use of any such annual permits.

"(2) Such annual permits for the incidental taking of marine mammals in the course of commercial purse seine fishing for yellowfin tuna in the eastern tropical Pacific Ocean shall be governed by section 306 of this Act, subject to the regulations issued pursuant to section 303 of this Act.".

(e) INTERNATIONAL NEGOTIATIONS.—Section 108(a)(2) (16 U.S.C. 1378(a)(2)) is amended—

(1) by striking "and" at the end of subparagraph (A);

(2) by inserting after subparagraph (B) the following:

"(C) negotiations to revise the Convention for the Establishment of an Inter-American Tropical Tuna Commission (1 U.S.T. 230; TIAS 2044) which will incorporate—

"(i) the conservation and management provisions agreed to by the nations which have signed the Declaration of Panama and in the Straddling Fish Stocks and Highly Migratory Fish Stocks Agreement, as opened for signature on December 4, 1995; and

"(ii) a revised schedule of annual contributions to the expenses of the Inter-American Tropical Tuna Commission that is equitable to participating nations; and

"(D) discussions with those countries participating, or likely to participate, in the International Dolphin Conservation Program, for the purpose of identifying sources of funds needed for research and other measures promoting effective protection of dolphins, other marine species, and the marine ecosystem;".

(f) RESEARCH GRANTS.—Section 110(a) (16 U.S.C. 1380(a)) is amended—

(1) by striking "(1)" in paragraph (1); and

(2) by striking paragraph (2).

SEC. 5. AMENDMENTS TO DOLPHIN PROTECTION CONSUMER INFORMATION ACT.

(a) LABELING STANDARD.— Subsection (d) of the Dolphin Protection Consumer Information Act (16 U.S.C. 1385(d)) is amended to read as follows:

"(d) LABELING STANDARD.—

"(1) It is a violation of section 5 of the Federal Trade Commission Act (15 U.S.C. 45) for any producer, importer, exporter, distributor, or seller of any tuna product that is exported from or offered for sale in the United States to include on the label of that product the term 'dolphin safe' or any other term or symbol that falsely claims or suggests that the tuna contained in the product were harvested using a method of fishing that is not harmful to dolphins if the product contains tuna harvested—

"(A) on the high seas by a vessel engaged in driftnet fishing;

"(B) outside the eastern tropical Pacific Ocean by a vessel using purse seine nets—

"(i) in a fishery in which the Secretary has determined that a regular and significant association occurs between dolphins and tuna (similar to the association between dolphins and tuna in the eastern tropical Pacific Ocean), unless such product is accompanied by a written statement, executed by the captain of the vessel and an observer participating in a national or international program acceptable to the Secretary, certifying that no purse seine net was intentionally deployed on or used to encircle dolphins during the particular voyage on which the tuna were caught and no dolphins were killed or seriously injured in the sets in which the tuna were caught; or

"(ii) in any other fishery (other than a fishery described in subparagraph (D)) unless the product is accompanied by a written statement executed by the captain of the vessel certifying that no purse seine net was intentionally deployed on or used to encircle dolphins during the particular voyage on which the tuna was harvested;

"(C) in the eastern tropical Pacific Ocean by a vessel using a purse seine net unless the tuna meet the requirements for being considered dolphin safe under paragraph (2); or

"(D) by a vessel in a fishery other than one described in subparagraph (A), (B), or (C) that is identified by the Secretary as having a regular and significant mortality or serious injury of dolphins, unless such product is accompanied by a written statement executed by the captain of the vessel and an observer participating in a national or international program acceptable to the Secretary that no dolphins were killed or seriously injured in the sets or other gear deployments in which the tuna were caught, provided that the Secretary determines that such an observer statement is necessary.

"(2) For purposes of paragraph (1)(C), a tuna product that contains tuna harvested in the eastern tropical Pacific Ocean by a vessel using purse seine nets is dolphin safe if—

"(A) the vessel is of a type and size that the Secretary has determined, consistent with the International Dolphin Conservation Program, is not capable of deploying its purse seine nets on or to encircle dolphins; or

"(B)(i) the product is accompanied by a written statement executed by the captain providing the certification required under subsection (h);

"(ii) the product is accompanied by a written statement executed by—

"(I) the Secretary or the Secretary's designee;

"(II) a representative of the Inter-American Tropical Tuna Commission; or

"(III) an authorized representative of a participating nation whose national program meets the requirements of the International Dolphin Conservation Program,

which states that there was an observer approved by the International Dolphin Conservation Program on board the vessel during the entire trip and that such observer provided the certification required under subsection (h); and

"(iii) the statements referred to in clauses (i) and (ii) are endorsed in writing by each exporter, importer, and processor of the product; and

"(C) the written statements and endorsements referred to in subparagraph (B) comply with regulations promulgated by the Secretary which provide for the verification of tuna products as dolphin safe.

"(3)(A) The Secretary of Commerce shall develop an official mark that may be used to label tuna products as dolphin safe in accordance with this Act.

"(B) A tuna product that bears the dolphin safe mark developed under subparagraph (A) shall not bear any other label or mark that refers to dolphins, porpoises, or marine mammals.

"(C) It is a violation of section 5 of the Federal Trade Commission Act (15 U.S.C. 45) to label a tuna product with any label or mark that refers to dolphins, porpoises, or marine mammals other than the mark developed under subparagraph (A) unless—

"(i) no dolphins were killed or seriously injured in the sets or other gear deployments in which the tuna were caught;

"(ii) the label is supported by a tracking and verification program which is comparable in effectiveness to the program established under subsection (f); and

"(iii) the label complies with all applicable labeling, marketing, and advertising laws and regulations of the Federal Trade Commission, including any guidelines for environmental labeling.

"(D) If the Secretary determines that the use of a label referred to in subparagraph (C) is substantially undermining the conservation goals of the International Dolphin Conservation Program, the Secretary shall report that determination to the United States Senate Committee on Commerce, Science, and Transportation and the United States House of Representatives Committees on Resources and on Commerce, along with recommendations to correct such problems.

"(E) It is a violation of section 5 of the Federal Trade Commission Act (15 U.S.C. 45) willingly and knowingly to use a label referred to in subparagraph (C) in a campaign or effort to mislead or deceive consumers about the level of protection afforded dolphins under the International Dolphin Conservation Program.".

(b) TRACKING REGULATIONS.—Subsection (f) of the Dolphin Protection Consumer Information Act (16 U.S.C. 1385(f)) is amended to read as follows:

"(f) REGULATIONS.—The Secretary, in consultation with the Secretary of the Treasury, shall issue regulations to implement this Act, including regulations to establish a domestic tracking and verification program that provides for the effective tracking of tuna labeled under subsection (d). In the development of these regulations, the Secretary shall establish appropriate procedures for ensuring the confidentiality of proprietary information the submission of which is voluntary or mandatory. The regulations shall address each of the following items:

"(1) The use of weight calculation for purposes of tracking tuna caught, landed, processed, and exported.

"(2) Additional measures to enhance current observer coverage, including the establishment of criteria for training, and for improving monitoring and reporting capabilities and procedures.

"(3) The designation of well location, procedures for sealing holds, procedures for monitoring and certifying both above and below deck, or through equally effective methods, the tracking and verification of tuna labeled under subsection (d).

"(4) The reporting, receipt, and database storage of radio and facsimile transmittals from fishing vessels containing information related to the tracking and verification of tuna, and the definition of set.

"(5) The shore-based verification and tracking throughout the fishing, transshipment, and canning process by means of Inter-American Tropical Tuna Commission trip records or otherwise.

"(6) The use of periodic audits and spot checks for caught, landed, and processed tuna products labeled in accordance with subsection (d).

"(7) The provision of timely access to data required under this subsection by the Secretary from harvesting nations to undertake the actions required in paragraph (6) of this paragraph.

The Secretary may make such adjustments as may be appropriate to the regulations promulgated under this subsection to implement an international tracking and verification program that meets or exceeds the minimum requirements established by the Secretary under this subsection.".

(c) FINDINGS CONCERNING IMPACT ON DEPLETED STOCKS.—The Dolphin Protection Consumer Information Act (16 U.S.C. 1385) is amended by striking subsections (g), (h), and (i) and inserting the following:

"(g) SECRETARIAL FINDINGS.—(1) Between March 1, 1999, and March 31, 1999, the Secretary shall, on the basis of the research conducted before March 1, 1999, under section 304(a) of the Marine Mammal Protection Act of 1972, information obtained under the International Dolphin Conservation Program, and any other relevant information, make an initial finding regarding whether the intentional deployment on or encirclement of dolphins with purse seine nets is having a significant adverse impact on any depleted dolphin stock in the eastern tropical Pacific Ocean. The initial finding shall be published immediately in the Federal Register and shall become effective upon a subsequent date determined by the Secretary.

"(2) Between July 1, 2001, and December 31, 2002, the Secretary shall, on the basis of the completed study conducted under section 304(a) of the Marine Mammal Protection Act of 1972, information obtained under the International Dolphin Conservation Program, and any other relevant information, make a finding regarding whether the intentional deployment on or encirclement of dolphins with purse seine nets is having a significant adverse impact on any depleted dolphin stock in the eastern tropical Pacific Ocean. The finding shall be published immediately in the Federal Register and shall become effective upon a subsequent date determined by the Secretary.

"(h) Certification by Captain and Observer.—

"(1) Unless otherwise required by paragraph (2), the certification by the captain under subsection (d)(2)(B)(i) and the certification provided by the observer as specified in subsection (d)(2)(B)(ii) shall be that no dolphins were killed or seriously injured during the sets in which the tuna were caught.

"(2) The certification by the captain under subsection (d)(2)(B)(i) and the certification provided by the observer as specified under subsection (d)(2)(B)(ii) shall be that no tuna were caught on the trip in which such tuna were harvested using a purse seine net intentionally deployed on or to encircle dolphins, and that no dolphins were killed or seriously injured during the sets in which the tuna were caught, if the tuna were caught on a trip commencing—

"(A) before the effective date of the initial finding by the Secretary under subsection (g)(1);

"(B) after the effective date of such initial finding and before the effective date of the finding of the Secretary under subsection (g)(2), where the initial finding is that the intentional deployment on or encirclement of dolphins is having a significant adverse impact on any depleted dolphin stock; or

"(C) after the effective date of the finding under subsection (g)(2), where such finding is that the intentional deployment on or encirclement of dolphins is having a significant adverse impact on any such depleted stock.".

SEC. 6. AMENDMENTS TO TITLE III.

(a) Change of Title Heading.—The heading of title III is amended to read as follows:

"TITLE III—INTERNATIONAL DOLPHIN CONSERVATION PROGRAM".

(b) Additional Findings.—Section 301 (16 U.S.C. 1411) is amended—

(1) by striking paragraph (4) of subsection (a) and inserting the following:

"(4) Nations harvesting yellowfin tuna in the eastern tropical Pacific Ocean have demonstrated their willingness to participate in appropriate multilateral agreements to reduce dolphin mortality progressively to a level approaching zero through the setting of annual limits, with the goal of eliminating dolphin mortality in that fishery. Recognition of the International Dolphin Conservation Program will assure that the existing trend of reduced dolphin mortality continues; that individual stocks of dolphins are adequately protected; and that the goal of eliminating all dolphin mortality continues to be a priority."; and

(2) by striking paragraphs (2) and (3) of subsection (b) and inserting the following:

"(2) support the International Dolphin Conservation Program and efforts within the Program to reduce, with the goal of eliminating, the mortality referred to in paragraph (1);

"(3) ensure that the market of the United States does not act as an incentive to the harvest of tuna caught with driftnets or caught by purse seine vessels in the eastern tropical Pacific Ocean not operating in compliance with the International Dolphin Conservation Program;".

(c) Title III (16 U.S.C. 1411 et seq.) is amended by striking sections 302 through 306 (16 U.S.C. 1412 through 1416) and inserting the following:

"SEC. 302. INTERNATIONAL DOLPHIN CONSERVATION PROGRAM.

"The Secretary of State, in consultation with the Secretary, shall seek to secure a binding international agreement to establish an International Dolphin Conservation Program that requires—

"(1) that the total annual dolphin mortality in the purse seine fishery for yellowfin tuna in the eastern tropical Pacific Ocean shall not exceed 5,000 animals with a commitment and objective to progressively reduce dolphin mortality to a level approaching zero through the setting of annual limits;

"(2) the establishment of a per-stock per-year dolphin mortality limit, to be in effect through calendar year 2000, at a level between 0.2 percent and 0.1 percent of the minimum population estimate, as calculated, revised, or approved by the Secretary;

"(3) the establishment of a per-stock per-year dolphin mortality limit, beginning with the calendar year 2001, at a level less than or equal to 0.1 percent of the minimum population estimate as calculated, revised, or approved by the Secretary;

"(4) that if a dolphin mortality limit is exceeded under—

"(A) paragraph (1), all sets on dolphins shall cease for the applicable fishing year; and

"(B) paragraph (2) or (3), all sets on the stocks covered under paragraph (2) or (3) and any mixed schools that contain any of those stocks shall cease for the applicable fishing year;

"(5) a scientific review and assessment to be conducted in calendar year 1998 to—

"(A) assess progress in meeting the objectives set for calendar year 2000 under paragraph (2); and

"(B) as appropriate, consider recommendations for meeting these objectives;

"(6) a scientific review and assessment to be conducted in calendar year 2000—

"(A) to review the stocks covered under paragraph (3); and

"(B) as appropriate to consider recommendations to further the objectives set under that paragraph;

"(7) the establishment of a per vessel maximum annual dolphin mortality limit consistent with the established per-year mortality limits, as determined under paragraphs (1) through (3); and

"(8) the provision of a system of incentives to vessel captains to continue to reduce dolphin mortality, with the goal of eliminating dolphin mortality.

"SEC. 303. REGULATORY AUTHORITY OF THE SECRETARY.

"(a) Regulations.—

"(1) The Secretary shall issue regulations, and revise those regulations as may be appropriate, to implement the International Dolphin Conservation Program.

"(2)(A) The Secretary shall issue regulations to authorize and govern the taking of marine mammals in the eastern tropical Pacific Ocean, including any species of marine mammal designated as depleted under this Act but not listed as endangered or threatened under the Endangered Species Act (16 U.S.C. 1531 et seq.), by vessels of the United States participating in the International Dolphin Conservation Program.

"(B) Regulations issued under this section shall include provisions—

"(i) requiring observers on each vessel;

"(ii) requiring use of the backdown procedure or other procedures equally or more effective in avoiding mortality of, or serious injury to, marine mammals in fishing operations;

"(iii) prohibiting intentional sets on stocks and schools in accordance with the International Dolphin Conservation Program;

"(iv) requiring the use of special equipment, including dolphin safety panels in nets, monitoring devices as identified by the International Dolphin Conservation Program to detect unsafe fishing conditions that may cause high incidental dolphin mortality before nets are deployed by a tuna vessel, operable rafts, speedboats with towing bridles, floodlights in operable condition, and diving masks and snorkels;

"(v) ensuring that the backdown procedure during sets of purse seine net on marine mammals is completed and rolling of the net to sack up has begun no later than 30 minutes before sundown;

"(vi) banning the use of explosive devices in all purse seine operations;

"(vii) establishing per vessel maximum annual dolphin mortality limits, total dolphin mortality limits and per-stock per-year mortality limits in accordance with the International Dolphin Conservation Program;

"(viii) preventing the making of intentional sets on dolphins after reaching either the vessel maximum annual dolphin mortality limits, total dolphin mortality limits, or per-stock per-year mortality limits;

"(ix) preventing the fishing on dolphins by a vessel without an assigned vessel dolphin mortality limit;

"(x) allowing for the authorization and conduct of experimental fishing operations, under such terms and conditions as the Secretary may prescribe, for the purpose of testing proposed improvements in fishing techniques and equipment that may reduce or eliminate dolphin mortality or serious injury do not require the encirclement of dolphins in the course of commercial yellowfin tuna fishing;

"(xi) authorizing fishing within the area covered by the International Dolphin Conservation Program by vessels of the United States without the use of special equipment or nets if the vessel takes an observer and does not intentionally deploy nets on, or encircle, dolphins, under such terms and conditions as the Secretary may prescribe; and

"(xii) containing such other restrictions and requirements as the Secretary determines are necessary to implement the International Dolphin Conservation Program with respect to vessels of the United States.

"(C) Adjustments to Requirements.—The Secretary may make such adjustments as may be appropriate to requirements of subparagraph (B) that pertain to fishing gear, vessel equipment, and fishing practices to the extent the adjustments are consistent with the International Dolphin Conservation Program.

"(b) Consultation.—In developing any regulation under this section, the Secretary shall consult with the Secretary of State, the Marine Mammal Commission, and the United States Commissioners to the Inter-American Tropical Tuna Commission appointed under section 3 of the Tuna Conventions Act of 1950 (16 U.S.C. 952).

"(c) Emergency Regulations.—

“(1) If the Secretary determines, on the basis of the best scientific information available (including research conducted under section 304 and information obtained under the International Dolphin Conservation Program) that the incidental mortality and serious injury of marine mammals authorized under this title is having, or is likely to have, a significant adverse impact on a marine mammal stock or species, the Secretary shall—

“(A) notify the Inter-American Tropical Tuna Commission of his or her determination, along with recommendations to the Commission as to actions necessary to reduce incidental mortality and serious injury and mitigate such adverse impact; and

“(B) prescribe emergency regulations to reduce incidental mortality and serious injury and mitigate such adverse impact.

“(2) Before taking action under subparagraph (A) or (B) of paragraph (1), the Secretary shall consult with the Secretary of State, the Marine Mammal Commission, and the United States Commissioners to the Inter-American Tropical Tuna Commission.

“(3) Emergency regulations prescribed under this subsection—

“(A) shall be published in the Federal Register, together with an explanation thereof;

“(B) shall remain in effect for the duration of the applicable fishing year; and

“(C) may be terminated by the Secretary at an earlier date by publication in the Federal Register of a notice of termination if the Secretary determines that the reasons for the emergency action no longer exist.

“(4) If the Secretary finds that the incidental mortality and serious injury of marine mammals in the yellowfin tuna fishery in the eastern tropical Pacific Ocean is continuing to have a significant adverse impact on a stock or species, the Secretary may extend the emergency regulations for such additional periods as may be necessary.

“(5) Within 120 days after the Secretary notifies the United States Commissioners to the Inter-American Tropical Tuna Commission of the Secretary's determination under paragraph (1)(A), the United States Commissioners shall call for a special meeting of the Commission to address the actions necessary to reduce incidental mortality and serious injury and mitigate the adverse impact which resulted in the determination. The Commissioners shall report the results of the special meeting in writing to the Secretary and to the Secretary of State. In their report, the Commissioners shall—

“(A) include a description of the actions taken by the harvesting nations or under the International Dolphin Conservation Program to reduce the incidental mortality and serious injury and measures to mitigate the adverse impact on the marine mammal species or stock;

“(B) indicate whether, in their judgment, the actions taken address the problem adequately; and

“(C) if they indicate that the actions taken do not address the problem adequately, include recommendations of such additional action to be taken as may be necessary.

“SEC. 304. RESEARCH.

“(a) REQUIRED RESEARCH.—

“(1) IN GENERAL.—The Secretary shall, in consultation with the Marine Mammal Commission and the Inter-American Tropical Tuna Commission, conduct a study of the effect of intentional encirclement (including chase) on dolphins and dolphin stocks incidentally taken in the course of purse seine fishing for yellowfin tuna in the eastern tropical Pacific Ocean. The study, which shall commence on October 1, 1997, shall consist of abundance surveys as described in paragraph (2) and stress studies as described in paragraph (3), and shall address the question of whether such encirclement is having a significant adverse impact on any depleted dolphin stock in the eastern tropical Pacific Ocean.

“(2) POPULATION ABUNDANCE SURVEYS.—The abundance surveys under this subsection shall survey the abundance of such depleted stocks and shall be conducted during each of the calendar years 1998, 1999, and 2000.

“(3) STRESS STUDIES.—The stress studies under this subsection shall include—

“(A) a review of relevant stress-related research and a 3-year series of necropsy samples from dolphins obtained by commercial vessels;

“(B) a 1-year review of relevant historical demographic and biological data related to dolphins and dolphin stocks referred to in paragraph (1); and

“(C) an experiment involving the repeated chasing and capturing of dolphins by means of intentional encirclement.

“(4) REPORT.—No later than 90 days after publishing the finding under subsection (g)(2) of the Dolphin Protection Consumer Information Act, the Secretary shall complete and submit a report containing the results of the research described in this subsection to the United States Senate Committee on Commerce, Science, and Transportation and the United States House of Representatives Committees on Resources and on Commerce, and to the Inter-American Tropical Tuna Commission.

“(b) OTHER RESEARCH.—

“(1) IN GENERAL.—In addition to conducting the research described in subsection (a), the Secretary shall, in consultation with the Marine Mammal Commission and in cooperation with the nations participating in the International Dolphin Conservation Program and the Inter-American Tropical Tuna Commission, undertake or support appropriate scientific research to further the goals of the International Dolphin Conservation Program.

“(2) SPECIFIC AREAS OF RESEARCH.—Research carried out under paragraph (1) may include—

“(A) projects to devise cost-effective fishing methods and gear so as to reduce, with the goal of eliminating, the incidental mortality and serious injury of marine mammals in connection with commercial purse seine fishing in the eastern tropical Pacific Ocean;

“(B) projects to develop cost-effective methods of fishing for mature yellowfin tuna without setting nets on dolphins or other marine mammals;

“(C) projects to carry out stock assessments for those marine mammal species and marine mammal stocks taken in the purse seine fishery for yellowfin tuna in the eastern tropical Pacific Ocean, including species or stocks not within waters under the jurisdiction of the United States; and

“(D) projects to determine the extent to which the incidental take of nontarget species, including juvenile tuna, occurs in the course of purse seine fishing for yellowfin tuna in the eastern tropical Pacific Ocean, the geographic location of the incidental take, and the impact of that incidental take on tuna stocks and nontarget species.

“(c) AUTHORIZATION OF APPROPRIATIONS.—

“(1) There are authorized to be appropriated to the Secretary the following amounts, to be used by the Secretary to carry out the research described in subsection (a):

“(A) $4,000,000 for fiscal year 1998.

“(B) $3,000,000 for fiscal year 1999.

“(C) $4,000,000 for fiscal year 2000.

“(D) $1,000,000 for fiscal year 2001.

“(2) In addition to the amount authorized to be appropriated under paragraph (1), there are authorized to be appropriated to the Secretary for carrying out this section $3,000,000 for each of the fiscal years 1998, 1999, 2000, and 2001.

“SEC. 305. REPORTS BY THE SECRETARY.

“Notwithstanding section 103(f), the Secretary shall submit annual reports to the Congress which include—

“(1) results of research conducted pursuant to section 304;

“(2) a description of the status and trends of stocks of tuna;

“(3) a description of the efforts to assess, avoid, reduce, and minimize the bycatch of juvenile yellowfin tuna and bycatch of nontarget species;

“(4) a description of the activities of the International Dolphin Conservation Program and of the efforts of the United States in support of the Program's goals and objectives, including the protection of dolphin stocks in the eastern tropical Pacific Ocean, and an assessment of the effectiveness of the Program;

“(5) actions taken by the Secretary under section 101(a)(2)(B) and section 101(d);

“(6) copies of any relevant resolutions and decisions of the Inter-American Tropical Tuna Commission, and any regulations promulgated by the Secretary under this title; and

“(7) any other information deemed relevant by the Secretary.

“SEC. 306. PERMITS.

“(a) IN GENERAL.—

“(1) Consistent with the regulations issued pursuant to section 303, the Secretary shall issue a permit to a vessel of the United States authorizing participation in the International Dolphin Conservation Program and may require a permit for the person actually in charge of and controlling the fishing operation of the vessel. The Secretary shall prescribe such procedures as are necessary to carry out this subsection, including requiring the submission of—

“(A) the name and official number or other identification of each fishing vessel for which a permit is sought, together with the name and address of the owner thereof; and

“(B) the tonnage, hold capacity, speed, processing equipment, and type and quantity of gear, including an inventory of special equipment required under section 303, with respect to each vessel.

“(2) The Secretary is authorized to charge a fee for granting an authorization and issuing a permit under this section. The level of fees charged under this paragraph may not exceed the administrative cost incurred in granting an authorization and issuing a permit. Fees collected under this paragraph shall be available to the Under Secretary of Commerce for Oceans and Atmosphere for expenses incurred in granting authorizations and issuing permits under this section.

“(3) After the effective date of the International Dolphin Conservation Program Act, no vessel of the United States shall operate in the yellowfin tuna fishery in the eastern tropical Pacific Ocean without a valid permit issued under this section.

“(b) PERMIT SANCTIONS.—

“(1) In any case in which—

“(A) a vessel for which a permit has been issued under this section has been used in the commission of an act prohibited under section 307;

"(B) the owner or operator of any such vessel or any other person who has applied for or been issued a permit under this section has acted in violation of section 307; or

"(C) any civil penalty or criminal fine imposed on a vessel, owner or operator of a vessel, or other person who has applied for or been issued a permit under this section has not been paid or is overdue,

the Secretary may—

"(i) revoke any permit with respect to such vessel, with or without prejudice to the issuance of subsequent permits;

"(ii) suspend such permit for a period of time considered by the Secretary to be appropriate;

"(iii) deny such permit; or

"(iv) impose additional conditions or restrictions on any permit issued to, or applied for by, any such vessel or person under this section.

"(2) In imposing a sanction under this subsection, the Secretary shall take into account—

"(A) the nature, circumstances, extent, and gravity of the prohibited acts for which the sanction is imposed; and

"(B) with respect to the violator, the degree of culpability, any history of prior offenses, and other such matters as justice requires.

"(3) Transfer of ownership of a vessel, by sale or otherwise, shall not extinguish any permit sanction that is in effect or is pending at the time of transfer of ownership. Before executing the transfer of ownership of a vessel, by sale or otherwise, the owner shall disclose in writing to the prospective transferee the existence of any permit sanction that will be in effect or pending with respect to the vessel at the time of transfer.

"(4) In the case of any permit that is suspended for the failure to pay a civil penalty or criminal fine, the Secretary shall reinstate the permit upon payment of the penalty or fine and interest thereon at the prevailing rate.

"(5) No sanctions shall be imposed under this section unless there has been a prior opportunity for a hearing on the facts underlying the violation for which the sanction is imposed, either in conjunction with a civil penalty proceeding under this title or otherwise.".

(d) Section 307 (16 U.S.C. 1417) is amended—

(1) by striking paragraphs (1), (2), and (3) of subsection (a) and inserting the following:

"(1) for any person to sell, purchase, offer for sale, transport, or ship, in the United States, any tuna or tuna product unless the tuna or tuna product is either dolphin safe or has been harvested in compliance with the International Dolphin Conservation Program by a country that is a member of the Inter-American Tropical Tuna Commission or has initiated and within 6 months thereafter completed all steps required of applicant nations in accordance with Article V, paragraph 3 of the Convention establishing the Inter-American Tropical Tuna Commission, to become a member of that organization;

"(2) except as provided for in subsection 101(d), for any person or vessel subject to the jurisdiction of the United States intentionally to set a purse seine net on or to encircle any marine mammal in the course of tuna fishing operations in the eastern tropical Pacific Ocean except in accordance with this title and regulations issued pursuant to this title; and

"(3) for any person to import any yellowfin tuna or yellowfin tuna product or any other fish or fish product in violation of a ban on importation imposed under section 101(a)(2);";

(2) by inserting "(a)(5) or" before "(a)(6)" in subsection (b)(2); and

(3) by striking subsection (d).

(e) Section 308 (16 U.S.C. 1418) is repealed.

(f) CLERICAL AMENDMENTS.—The table of contents in the first section of the Marine Mammal Protection Act of 1972 is amended by striking the items relating to title III and inserting in lieu thereof the following:

"TITLE III—INTERNATIONAL DOLPHIN CONSERVATION PROGRAM

"Sec. 301. Findings and policy.
"Sec. 302. International Dolphin Conservation Program.
"Sec. 303. Regulatory authority of the Secretary.
"Sec. 304. Research.
"Sec. 305. Reports by the Secretary.
"Sec. 306. Permits.
"Sec. 307. Prohibitions.".

SEC. 7. AMENDMENTS TO THE TUNA CONVENTIONS ACT.

(a) Section 3(c) of the Tuna Conventions Act (16 U.S.C. 952(c)) is amended to read as follows:

"(c) at least one shall be either the Administrator, or an appropriate officer, of the National Marine Fisheries Service; and".

(b) Section 4 of the Tuna Conventions Act (16 U.S.C. 953) is amended to read as follows:

"SEC. 4. GENERAL ADVISORY COMMITTEE AND SCIENTIFIC ADVISORY SUBCOMMITTEE.

"(a) APPOINTMENTS; PUBLIC PARTICIPATION; COMPENSATION.—The Secretary, in consultation with the United States Commissioners, shall—

"(1) appoint a General Advisory Committee which shall be composed of not less than 5 nor more than 15 persons with balanced representation from the various groups participating in the fisheries included under the conventions, and from nongovernmental conservation organizations;

"(2) appoint a Scientific Advisory Subcommittee which shall be composed of not less than 5 nor more than 15 qualified scientists with balanced representation from the public and private sectors, including nongovernmental conservation organizations;

"(3) establish procedures to provide for appropriate public participation and public meetings and to provide for the confidentiality of confidential business data; and

"(4) fix the terms of office of the members of the General Advisory Committee and Scientific Advisory Subcommittee, who shall receive no compensation for their services as such members.

"(b) FUNCTIONS.—

"(1) GENERAL ADVISORY COMMITTEE.—The General Advisory Committee shall be invited to have representatives attend all nonexecutive meetings of the United States sections and shall be given full opportunity to examine and to be heard on all proposed programs of investigations, reports, recommendations, and regulations of the Commission. The General Advisory Committee may attend all meetings of the international commissions to which they are invited by such commissions.

"(2) SCIENTIFIC ADVISORY SUBCOMMITTEE.—

"(A) ADVICE.—The Scientific Advisory Subcommittee shall advise the General Advisory Committee and the Commissioners on matters including—

"(i) the conservation of ecosystems;

"(ii) the sustainable uses of living marine resources related to the tuna fishery in the eastern Pacific Ocean; and

"(iii) the long-term conservation and management of stocks of living marine resources in the eastern tropical Pacific Ocean.

"(B) OTHER FUNCTIONS AND ASSISTANCE.—The Scientific Advisory Subcommittee shall, as requested by the General Advisory Committee, the United States Commissioners, or the Secretary, perform functions and provide assistance required by formal agreements entered into by the United States for this fishery, including the International Dolphin Conservation Program. These functions may include—

"(i) the review of data from the Program, including data received from the Inter-American Tropical Tuna Commission;

"(ii) recommendations on research needs, including ecosystems, fishing practices, and gear technology research, including the development and use of selective, environmentally safe and cost-effective fishing gear, and on the coordination and facilitation of such research;

"(iii) recommendations concerning scientific reviews and assessments required under the Program and engaging, as appropriate, in such reviews and assessments;

"(iv) consulting with other experts as needed; and

"(v) recommending measures to assure the regular and timely full exchange of data among the parties to the Program and each nation's National Scientific Advisory Committee (or its equivalent).

"(3) ATTENDANCE AT MEETINGS.—The Scientific Advisory Subcommittee shall be invited to have representatives attend all nonexecutive meetings of the United States sections and the General Advisory Subcommittee and shall be given full opportunity to examine and to be heard on all proposed programs of scientific investigation, scientific reports, and scientific recommendations of the commission. Representatives of the Scientific Advisory Subcommittee may attend meetings of the Inter-American Tropical Tuna Commission in accordance with the rules of such Commission.".

(c) BYCATCH REDUCTION.—The Tuna Conventions Act (16 U.S.C. 951 et seq.) is amended by adding at the end thereof the following:

"SEC. 15. REDUCTION OF BYCATCH IN THE EASTERN TROPICAL PACIFIC OCEAN.

"The Secretary of State, in consultation with the Secretary of Commerce and acting through the United States Commissioners, shall seek, in cooperation with other nations whose vessel fish for tuna in the eastern tropical Pacific Ocean, to establish standards and measures for a bycatch reduction program for vessels fishing for yellowfin tuna in the eastern tropical Pacific Ocean. The bycatch reduction program shall include measures—

"(1) to require, to the maximum extent practicable, that sea turtles and other threatened species and endangered species are released alive;

"(2) to reduce, to the maximum extent practicable, the harvest of nontarget species;

"(3) to reduce, to the maximum extent practicable, the mortality of nontarget species; and

"(4) to reduce, to the maximum extent practicable, the mortality of juveniles of the target species.".

SEC. 8. EFFECTIVE DATES.

(a) AMENDMENTS TO TAKE EFFECT WHEN IDCP IN FORCE.—Sections 3 through 7 of this Act (except for section 304 of the Marine Mammal Protection Act of 1972 as added by section 6 of this Act) shall become effective upon—

(1) certification by the Secretary of Commerce that—

(A) sufficient funding is available to complete the first year of the study required under section 304(a) of the Marine Mammal Protection Act of 1972, as so added; and

(B) the study has commenced; and

(2) certification by the Secretary of State to Congress that a binding resolution of the Inter-American Tropical Tuna Commission or other legally binding instrument establishing the International Dolphin Conservation Program has been adopted and is in force.

(b) SPECIAL EFFECTIVE DATE.—Notwithstanding subsection (a), the Secretary of Commerce may issue regulations under—

(1) subsection (f)(2) of the Dolphin Protection Consumer Information Act (16 U.S.C. 1385(f)(2)), as added by section 5(b) of this Act;

(2) section 303(a) of the Marine Mammal Protection Act of 1972 (16 U.S.C. 1413(a)), as added by section 6(c) of this Act,

at any time after the date of enactment of this Act.

DEPARTMENT OF TRANSPORTATION AND RELATED AGENCIES APPROPRIATIONS ACT, 1998

The PRESIDING OFFICER. Under the previous order, the clerk will report H.R. 2169.

The assistant legislative clerk read as follows:

A bill (H.R. 2169) making appropriations for the Department of Transportation and related agencies for the fiscal year ending September 30, 1998, and for other purposes.

The Senate resumed consideration of the bill.

Mr. HOLLINGS. Mr. President, included in the fiscal year 1998 Transportation appropriations bill is an amendment that directs the Federal Aviation Administration [FAA] to work with one segment of the aviation industry to develop an expeditious way to comply with the pilot record sharing legislation, enacted last year.

When we passed the pilot record sharing legislation as part of the FAA Reauthorization Act, "air carriers" were required to obtain certain records, including FAA records, on pilots. The term air carrier includes more than just airlines. It also includes, for example, on-demand non-scheduled carriers. These carriers tend to hire pilots on an as-needed basis, and need the information from the FAA in a more timely manner than airlines.

The FAA is aware that these carriers need to be able to respond quickly to information requests from the on-demand segment of the industry, and are striving to get the required information to them within 15 days. Ultimately, the information should be available on a real time basis through desk top computers. The amendment recognizes that the FAA must work with industry to figure out a means to comply with the law, and then implement those changes.

There are many ways for the FAA to facilitate the passing of the information, and discussions should commence with the industry. Compliance is critical, but we cannot ask the impossible of the industry or the FAA. I also want to note that the directive in the Appropriations bill does not authorize any new program, but merely directs the FAA to work with the industry to implement last year's legislation. As a result, I do not believe that we are legislating on an Appropriations bill.

I want to thank the chairman, Senator SHELBY, and the ranking member, Senator LAUTENBERG, for their acceptance of the amendment.

Mr. D'AMATO. Mr. President, the Senate has accepted an amendment that Senator MOYNIHAN and I offered to the fiscal year 1998 Transportation appropriations bill that I believe will help provide a measure of financial relief to the working men and women of Nassau, Suffolk, Westchester, Putnam and Dutchess counties. Residents of these counties pay a premium price to commute each day into New York City by commuter railroad. Roughly half of these commuters then have to pay another fare to get to their final destination by bus or subway. Our amendment will require the New York Metropolitan Transportation Authority [MTA] to conduct a study to determine the feasibility of providing a free subway or bus transfer to those persons who use the Long Island Rail Road [LIRR] or Metro North commuter railroad so that these daily riders may decrease their commuting costs.

Recently, the New York Metropolitan Transportation Authority [MTA] announced its MetroCard Gold program. This program for the first time provides free transfers for those who transfer between New York City buses and subways. In essence, the commuter who until now commuted from a two-fare zone now pays only one fare. This program will greatly benefit city commuters, saving them approximately $750 per year. It will also have a positive impact on the local economy and the environment.

In addition, at my urging, the MTA will extend this single fare policy for similar bus-to-bus and bus-to-subway transfers for the MTA's 40,000 Long Island Bus commuters traveling between Long Island and New York City. It is estimated that these commuters will realize an average yearly savings of approximately $900 based on current fare structures.

The intended goal of this policy is to create a seamless, integrated transportation system that will benefit commuters in the most transit-dependent region of our country and, indeed, the world. I commend Governor George Pataki and MTA Chairman Virgil Conway for this forward thinking initiative. What now needs to be determined is if this policy can be expanded. My amendment will require the Metropolitan Transportation Authority [MTA] to conduct a feasibility study, from funds made available to the MTA from the Federal Transit Administration, on extending this policy to New York's two commuter railroads.

New York is home to the two largest commuter railroads in the Nation—the Long Island Rail Road [LIRR] and the Metro North railroad. Each day, approximately 235,000 commuters depend on these two railroads to get to work and back home again. Almost half of these commuters—108,000 or 46 percent—transfer to subways and buses once they arrive in New York City. They also repeat the trip in the evening as they head back to the train station. These are commuters who may pay $125, $175, $225 or more per month to take these two commuter railroads. On top of that, they can pay an additional $750 over the course of a year for that portion of their commute that occurs on the city's subways and buses.

If we really want to create a seamless transit system, one that encourages more people to take the train and leave their cars at home, then Metro North and Long Island Rail Road commuters should be offered a free transfer to the city's subways and buses. In addition to the financial savings for commuters, the benefits to public health, the environment and the preservation of natural resources as well as the enhancements to the quality of life for these commuters should be powerful incentives to extend this single-fare policy.

More than 100,000 Long Island Rail Road and Metro North rail commuters use New York's subway and bus systems daily. If it is feasible—and taking into consideration all factors—then the commuters who use Long Island Rail Road [LIRR] or Metro North and the New York City subway or bus systems should receive similar benefits as are available under the MTA's single-fare policy. This amendment will move us one step closer to that goal.

Mrs. BOXER. Mr. President, I would like to ask the distinguished chairman of the Subcommittee on Transportation appropriations if he would respond to questions that I have regarding the bill.

Mr. SHELBY. I would be happy to respond to the questions from the Senator from California.

Mrs. BOXER. I first want to thank the chairman for his work in developing this major appropriations bill that is so vital to our Nation's economic productivity and quality of life. This was an important undertaking that presented many difficult issues. I applaud him for his patience and his willingness to meet with me and my constituents in California on one of those issues involving a fixed-guideway transit project.

As the chairman knows, my State has many requests for transportation investments, particularly in the area of bus and bus facilities. I would like to bring to the chairman's attention two projects in particular which were not funded in either the Senate or the House bills. The first was a request from the Los Angeles Metropolitan Transit Operators Coalition, which represents 8 municipal transit operators serving more than 63 million passengers annually in 36 cities of Los Angeles County. The coalition was formed to obtain economies of scale in procuring replacement and expansion buses and to provide critical alternative fuel facilities. These clean-fuel buses are vital for the Los Angeles area which has the most severe air pollution in the country. The second project involves replacement and expansion buses for the growing city of Santa Clarita.

I ask the chairman if he would support some funding for these two projects when he meets in conference with the House on the Transportation appropriations bill?

Mr. SHELBY. I understand the Senator's concerns about funding for bus and bus facilities in California and the subcommittee did face very difficult choices for funding. I will be happy to work with the Senator on these issues in the conference committee.

Mrs. BOXER. I thank the Senator and ask if he would respond to an additional question.

Mr. SHELBY. I would be happy to.

Mrs. BOXER. As the Senator knows, the advanced technology transit bus [ATTB] under development in California has the potential to be the next-generation urban transit bus. It has already demonstrated its ability to provide maintenance savings, accommodation for the disabled, and to be a platform for a variety of clean-fuel technologies. The committee agreed at my request to provide some funding for the project under the bus program. I now understand that the chairman did meet the President's request for full funding of the project at $10 million under the Transit Planning and Research Program and ask that he support transferring the $2 million earmarked elsewhere for the ATTB in the bus program funding to Foothill Transit.

Mr. SHELBY. Yes, the committee fully funded the President's request under the Transit Planning and Research Program. I will be happy to work with the distinguished Senator from California during conference committee consideration of this issue.

Mrs. BOXER. I thank the Senator for his continued cooperation and leadership on the Transportation appropriations bill.

Mr. GRAMM. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question occurs on passage of the bill, as amended.

The yeas and nays have been ordered. The clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. NICKLES. I announce that the Senator from North Carolina [Mr. FAIRCLOTH] is necessarily absent.

The result was announced—yeas 98, nays 1, as follows:

[Rollcall Vote No. 208 Leg.]

YEAS—98

Abraham
Akaka
Allard
Ashcroft
Baucus
Bennett
Biden
Bingaman
Bond
Boxer
Breaux
Brownback
Bryan
Bumpers
Burns
Byrd
Campbell
Chafee
Cleland
Coats
Cochran
Collins
Conrad
Coverdell
Craig
D'Amato
Daschle
DeWine
Dodd
Domenici
Dorgan
Durbin
Enzi
Feingold
Feinstein
Ford
Frist
Glenn
Gorton
Graham
Gramm
Grams
Grassley
Gregg
Hagel
Harkin
Hatch
Helms
Hollings
Hutchinson
Hutchison
Inhofe
Inouye
Jeffords
Johnson
Kempthorne
Kennedy
Kerrey
Kerry
Kohl
Kyl
Landrieu
Lautenberg
Leahy
Levin
Lieberman
Lott
Lugar
Mack
McCain
McConnell
Mikulski
Moseley-Braun
Moynihan
Murkowski
Murray
Nickles
Reed
Reid
Robb
Roberts
Rockefeller
Santorum
Sarbanes
Sessions
Shelby
Smith (NH)
Smith (OR)
Snowe
Specter
Stevens
Thomas
Thompson
Thurmond
Torricelli
Warner
Wellstone
Wyden

NAYS—1

Roth

NOT VOTING—1

Faircloth

The bill (H.R. 2169), as amended, was passed.

The PRESIDING OFFICER. Under a previous order, the Senate insists on its amendment, requests a conference with the House, and the Chair is authorized to appoint conferees.

The PRESIDING OFFICER (Mr. HUTCHINSON) appointed Mr. SHELBY, Mr. DOMENICI, Mr. SPECTER, Mr. BOND, Mr. GORTON, Mr. BENNETT, Mr. FAIRCLOTH, Mr. STEVENS, Mr. LAUTENBERG, Mr. BYRD, Ms. MIKULSKI, Mr. REID, Mr. KOHL, and Mrs. MURRAY conferees on the part of the Senate.

Mr. INHOFE addressed the Chair.

The PRESIDING OFFICER. The Senator from Oklahoma.

INTERNATIONAL DOLPHIN CONSERVATION PROGRAM ACT

Mr. INHOFE. Mr. President, I ask unanimous consent that the Commerce Committee be discharged from further consideration of H.R. 408, the House companion to the tuna-dolphin legislation. I further ask unanimous consent that the Senate proceed to its consideration and all after the enacting clause be stricken and the text of S. 39 as passed by the Senate be inserted in lieu thereof, the bill then be considered read a third time and passed, with the motion to reconsider laid on the table.

The PRESIDING OFFICER. Without objection, it is so ordered.

The bill (H.R. 408), as amended, was passed.

MORNING BUSINESS

Mr. INHOFE. Mr. President, I ask unanimous consent that between now and 12 o'clock we have a period of morning business.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER OF SPONSORSHIP—S. 1084

Mr. INHOFE. Mr. President, I also ask unanimous consent that the bill I introduced yesterday, S. 1084, that was introduced as the Inhofe-Breaux bill, be changed so that the bill be considered the Breaux-Inhofe bill.

The PRESIDING OFFICER. Without objection, it is so ordered.

OZONE AND PARTICULATE MATTER RESEARCH ACT OF 1997

Mr. INHOFE. Let me make a couple comments. Since we are down to a few minutes, there will not be the time for detail which I will go into later.

Yesterday, Senator BREAUX and I introduced S. 1084 entitled the "Ozone and Particulate Matter Research Act of 1997." This bill offers a simple solution to a very serious problem. I think there is a large segment of the population out there that will consider this bill to be singly the most significant of this legislative session.

In essence, this legislation provides the authority and resources to conduct the necessary scientific research and monitoring for the national ambient air quality standards for ozone and particulate matter. It reinstates the preexisting standards for both pollutants and requires the agency to wait until the research is complete before they revise the standards.

The bill creates an independent panel which will be convened by the National Academy of Sciences to prioritize the needed particulate matter research. This would take the politics out of setting research priorities. Next, a panel will be created to oversee the Federal research program in order to ensure that the priorities set out will be followed.

Mr. President, just to bring us up to date here in this short period of time, last November the Administrator of the EPA came out with a message on behalf of the administration stating that we should change our ambient air standards so far as ozone and particulate matter are concerned. In particulate matter, it would mean that we would drop it down from 10 microns to

2.5 microns. In ozone, which is measured by parts per million, it would drop it down from .12 to .08.

While that sounds technical and a little confusing to some people, the bottom line is that many counties throughout the United States, would find themselves out of attainment with these new standards. I can tell you, when I was mayor of the city of Tulsa and we were out of attainment, how difficult it was. There was not any possibility of recruiting any new industry. A lot of industries had been shut down or had to reduce the number of shifts they had. We had to impose various requirements for car pooling and impose things that really changed the lifestyle of our citizens.

The problem is that when the Administrator came out with the proposed new standards in November, we did some research only to find out that there is no scientific justification for lowering the standards. In fact, as the chairman of the Clean Air Subcommittee of the Environment and Public Works Committee, I held my first hearing, a scientific hearing, where we had members of CASAC—that is the Clean Air Scientific Advisory Committee—to come in and advise us as to what the science is behind these recommended changes, only to find that there is no scientific consensus behind these recommended changes. In fact, these experts said there is no bright line, as they call it, for ozone levels beyond which it can be said to be detrimental to human health. As far as particulate matter is concerned, they say there is no science that concludes that there is any causal relationship between any level or type of 2.5-micron particulate matter and respiratory diseases. When asked how long it would take to establish such conclusions, they said it would be approximately 5 years before we should know.

Consequently, we feel that legislation is warranted to postpone any decision to set an arbitrary new standard for these pollutants. Instead we need more study and this bill provides for it. Clearly, as you can see from the original sponsor and cosponsor as well as from those behind a corresponding bill in the other body, this is a bipartisan effort. It is a bipartisan effort that wants clean air, that wants us to make sure that we do not impose any hardships on the American people which are going to be costly and make us noncompetitive on a global basis, inconvenience the American people, and cost us billions of dollars unless there is some scientific justification for it.

I have been critical of EPA. When their proposed rules first came out, the Agency claimed the new standards were needed to prevent 40,000 premature deaths per year due to respiratory problems. Then some months later they changed that to 20,000 deaths, and then recently they knocked that down again to a much smaller amount. At the same time, a research group called the Reason Foundation out in California concluded that a more accurate figure would be no more than 1,000 premature deaths, if that. So there has been a lot of scare talk around. And a lot of misinformation.

We hear many say that those of us who differ with the EPA don't want dirty air. Let me assure you, Mr. President, I have four kids and six grandkids. I do not want dirty air either. I care about their health and well-being as much, I dare say, as any public servant shuffling paper in some Federal agency. What I am concerned about is that we approach this issue in a rational and orderly manner. We should do the science first, we should know what's causing the problem, we should be clear about what is needed to address the problem and then take action with a proper consideration of all the consequences—both wanted and unwanted. What we don't want to do is put ourselves in a position where our philosophy is "ready, fire and aim" instead of the more reasonable "ready, aim and fire." Unfortunately, the EPA wants to shoot first and ask questions later. This is not right.

In the House of Representatives, on a bipartisan basis, H.R. 1984 was introduced, and this bill is very similar to the bill we are introducing.

So I would like to suggest to you, Mr. President, that there is going to be a lot of activity during the August recess, a lot of education going on to make sure that people understand what is about to happen and to make sure we don't go ahead and adopt standards that are artificially reduced with inadequate science to justify those reduced standards.

Mr. President, 12 o'clock being near, I yield the floor.

Mr. DOMENICI addressed the Chair.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. DOMENICI. We have plenty of time. I wonder if the Senator from Oklahoma desires additional time.

Mr. INHOFE. I would like to have 5 additional minutes if I may.

Mr. DOMENICI. I yield up to 10 minutes to the Senator.

The PRESIDING OFFICER (Mr. ROBERTS). The Senator from Oklahoma.

Mr. INHOFE. I thank the Senator from New Mexico.

To give you an idea of how this issue has been distorted, it was stated by the administration that, in the event that we do adopt the lower standards for ozone and particulate matter, they said it would only cost $9 billion. Yet, last week, when we had Mary Nichols, the EPA's Assistant Secretary for Air, she stated that the cost would be $9.1 billion, a very uneven number, making us believe there is some scientific reason for that, when, in fact, the Reason Foundation, out in California, concluded, in its study, that the cost is not going to be $9.1 billion if we adopt these standards. Instead, they say it is going to be somewhere between $90 and $150 billion. In fact, the President's own Council of Economic Advisers put the cost at $60 billion for the ozone standard alone.

If we split the difference between the $90 and the $150 billion, that means that for a family of four on average income, it would cost them approximately $1,600 a year—$1,600 a year—to do something for which there is not adequate science to justify it. Second, the administration, in their scare tactics, back in November, said in the event we do not do this, it is going to result in 40,000 premature deaths a year. In December, they dropped that down to 20,000 premature deaths a year. In April, it came down to 15,000 premature deaths a year. Again, many groups now say it is less than 1,000.

It was kind of interesting, because when we had the people who are trying to claim the number of premature deaths that would be there if we did not lower these ozone and particulate matter standards, I described the death of my beloved mother-in-law, which took place on New Year's Day. She was 94 years old. It was one of those deaths that was a real blessing; the time was here. Yet, the circumstances under which she died would have qualified her, according to these so-called experts, to be counted as a premature death.

I think we have also been told things that are not true by the administration, when they say how many people are going to be affected. I have a chart here that we found by some accident, of the Southeastern part of the United States. This came out of the EPA. This is not my chart. What they are trying to say is only the counties, if we lower these standards, in the dark green would be affected in terms of having to come into compliance. Now we see these concentric circles around here covering more than half of this whole region, admitting at one point there would have to be some controls. They call this level 1 control region; level 2 control region—this would be level 2. In other words, the areas actually subject to some form of regulation under these new standards are much larger than people are sometimes being led to believe. So we are getting information that is certainly not consistent with the facts.

Another criticism I have with the administration is how they have tried to sell this idea by singling out certain people. Certainly the Presiding Officer, being from Kansas, and the former chairman of the House Agriculture Committee, understands that this would have a tremendous effect on the agricultural community throughout the United States. You would have

Government saying when you can disk, when you can till, when you can burn off a field, when you can use fertilizers, when you can harvest a crop. I can tell you right now, if you ask the average farmer in America what his biggest problem is, it's not the taxes; it's the overregulation that takes away his freedoms. I have often said, every time you increase regulation, you take away a degree of individual freedoms. That is exactly what they have done.

So we have an administration which now says to the farmers, don't worry, we are going to exempt you; you are not going be affected by this. Then they went to the U.S. Conference of Mayors—and I have to say that I used to be the token conservative on the board of directors of the U.S. Conference of Mayors when I was mayor of Tulsa, OK. It's not really a conservative operation. Yet, they voted, in San Francisco, overwhelmingly, to reject these standards, and these are the mostly Democrats talking, not Republicans.

Why are they concerned about it? They are concerned about it because they know if we bring these standards down, those mayors are going to be running cities that will be out of attainment. This will be another, probably the most severe, of what they call the unfunded mandates that has been out there.

The administration also tried to single out small business, to say this is not going to affect small business. They even said that to one of the Congressmen from Louisiana: Well, you have seven parishes, but don't worry, we won't make you do anything, we'll get the people to the west so when the air flows over it is going to clean up your air. So it has been a very dishonest campaign by the administration. I really believe during the August recess we are going to be able to show the American people what this is really all about.

Last year we passed two significant laws. One is called SBREFA, the Small Business Regulatory Enforcement Act—SBREFA. The thrust of this bill is you can't pass a new rule, a new regulation, unless you explain its effect on small business. So, during one of our committee meetings, we asked the Director of the EPA, "Why is it that you have not explained what the effect of this will be on small business?" The response was, "There is no effect on small business."

I can assure you, Mr. President, all these farms that are small businesses—I can assure you, any small business that has an electric bill, when they say this is going to increase the electric bills by somewhere between 8 and 10 percent, that's an impact on small business. The response of the EPA is, "Wait a minute, all we are saying to the States is you have to come into attainment. You have to figure out how to do it. And whatever you do to your citizens to make that happen is your responsibility. So we—the EPA—are not the ones saying we are imposing a hardship."

We passed another bill, the unfunded mandates bill, that says we cannot pass regulations here that result in an unfunded mandate to political subdivisions below the Federal Government. Consequently, I can assure you, the U.S. Conference of Mayors, the National Association of Governors, and the National Association of State Legislators, the National League of Cities and all these groups that are so concerned about this, they know exactly what an unfunded mandate is.

I anticipate, when the time comes that these standards are put into effect, or set, that there are going to be some lawsuits. I think the American Truckers Association already stated they are going to be suing the EPA. So my concern is, with all these lawsuits that will take place, that we resolve this issue to some satisfaction now, before we get locked in endless litigation. the best way to avoid this happening, the best way to avoid these arbitrary, onerous, and unjustified regulations, would be to go ahead and pass this legislation, which is S. 1084.

I believe S. 1084 and H.R. 1984 will be passed, and I think they will be passed with a large enough margin to sustain a veto.

Mr. President, I yield the floor.

BALANCED BUDGET ACT OF 1997—CONFERENCE REPORT

Mr. DOMENICI. Under the previous unanimous-consent order, I assume we are on the budget bill at 12 o'clock?

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

> The committee on conference on the disagreeing votes of the two Houses on the amendment of the Senate to H.R. 2015 having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses this report, signed by a majority of the conferees.

THE PRESIDING OFFICER. Without objection, the Senate will proceed to the consideration of the conference report.

(The conference report is printed in the House proceedings of the RECORD of July 29, 1997.)

The PRESIDING OFFICER. Who seeks recognition?

Mr. LAUTENBERG. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. DOMENICI. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOMENICI. Mr. President, parliamentary inquiry. How is the time being charged?

The PRESIDING OFFICER. The time under the quorum call was charged to the Senator from New Jersey who asked for the quorum call.

Mr. DOMENICI. He asked for it. That is not fair. Can we do this: I ask unanimous consent that we charge the time that has elapsed equally to both sides and, henceforth, on the quorum call I am going to ask for right now, it be charged equally also.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOMENICI. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

The PRESIDING OFFICER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

RECESS

Mr. DOMENICI. Mr. President, I ask unanimous consent that we stand in recess until the hour of 1 o'clock, and that the time continue to run on the conference report pursuant to the Budget Act, and it be charged equally.

The PRESIDING OFFICER. Without objection, it is so ordered.

Thereupon, at 12:29 p.m., the Senate recessed until 1 p.m.; whereupon, the Senate reassembled when called to order by the Presiding Officer (Mr. HAGEL).

BALANCED BUDGET ACT OF 1997—CONFERENCE REPORT

The Senate continued with the consideration of the conference report.

The PRESIDING OFFICER. Who yields time?

Mr. DOMENICI. Mr. President, I suggest the absence of a quorum and ask unanimous consent that it be charged equally.

The PRESIDING OFFICER (Mr. COATS). Without objection, it is so ordered.

The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. DOMENICI. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOMENICI. Mr. President, I understand Senator GRAMS would like to speak for up to 10 minutes. I yield him that time off the bill from our side of the 10 hours.

The PRESIDING OFFICER. The Senator from Minnesota is recognized to speak for up to 10 minutes.

Mr. GRAMS. Mr. President, I want to give my congratulations to the chairman of the Budget Committee and all the others who have worked so hard over the last couple of weeks to work out an especially very important tax package, which I believe is going to be a step in the right direction of relieving some of the tax burden placed on American families over the last several years.

So with that, Mr. President, I rise to express my strong support for the tax relief package that will be coming before the Senate tomorrow. I want to take this opportunity, again, to commend and thank the majority leader, Chairman DOMENICI, Chairman ROTH, and the negotiators for the administration for all of their efforts to bring us to this historic point here today.

Mr. President, when my good friend TIM HUTCHINSON and I went to the floor as freshmen members of the House in June 1993 to introduce a budget plan we called Putting Jobs and the American Family First, I could never have guessed the long road we would have to travel to reach the point we find ourselves at today—on the verge of enacting the $500 per-child tax credit that served as the centerpiece of our 1993 legislation.

Our proposal did not have a lot of support in Washington in 1993, and family tax relief did not even make the radar screen of most lawmakers. But that was not important, because we had support where it mattered the most: with the American taxpayers. In the years since, I have watched the enthusiasm for the $500 per-child tax credit continue to grow until it could no longer be ignored here in Washington. After being embraced by the President and congressional leaders in both parties, 1997 is the year in which the $500 per-child tax credit will finally become law.

I have been pleased with many of the changes we been able to bring about in our Government during my service in Congress—but the vote we'll take tomorrow on our tax relief plan charts an important new course. This week, we fulfill what I consider to be a fundamental promise we made 2½ years ago to the American taxpayers: that Washington would finally listen to the people and let them keep a little bit more of their own money at the end of the day.

This legislation is a victory—not for the Senate, or the House, or the President, but for the working families of America. Those are the men and women who go to work every day—and sometimes to a second job at night—in the summer when the heat is horrific and the winter when the car will not start and the snow is piled up to their knees. They put in their 8 hours and often stay for another 3 or 4 for the overtime if they are struggling to save for a new furnace or the kids need braces. They do not ask for much—just to be treated fairly. These are the folks who look at their checkbooks each week and wonder "Where did it all go?"—the same folks who stare at their tax returns each April and ask "How come the government takes so much?"

Thanks to the $500 per-child tax credit, the Government will be taking a little less on tax day.

Mr. President, I am pleased with the improved $500 per-child tax credit provision contained in the fiscal year 1998 reconciliation conference agreement. It is a needed improvement over the Senate-passed version, which I voted against in June.

At that time, I opposed the Senate tax bill because of the way it restricted the use of the $500 per-child tax credit, and in the process, diluted its value. The Senate plan offered a $250 tax credit in 1997 for children under the age of 13, which increased to $500 per-child in 1999. For children age 13 to 16, the tax credit was available only if parents dedicated it toward their children's education. While I fully support the idea of putting away those tax credit dollars for college, I do not believe the Government should mandate exactly how the taxpayers should spend their own money. That is not the place of Congress and the President.

When I cast my vote against the Senate's tax cut bill in June, it was to send a signal to budget negotiators that we must craft a $500 per-child tax credit that does more for working families. With the recent improvements made by the House and the Senate, it is clear Washington finally got the message—as a result, more families will keep more of their hard-earned tax dollars.

The $500 per-child tax credit remains the centerpiece of the our tax relief plan. Under the agreement, working families will be provided a $400 per-child credit in 1998, which increases to $500 per-child in 1999 for dependent children below age 17. The credit is phased out for families earning more than $110,000 per year. The result is that the families of 43 million children nationwide will receive more than $70 billion in tax credits over the next 5 years.

It is the Nation's middle-income families who will benefit most once this provision is enacted. In my State of Minnesota, nearly 700,000 children from middle-class families will be the primary beneficiaries. Those families will see over $300 million in tax relief. That is $300 million that will not go to Washington to fund the priorities of the Federal Government. Instead, families can use that money to fund their own priorities, whether that is groceries, medical expenses, insurance, or education.

An additional 170,000 Minnesota children will receive the tax credit under this expanded version than would have under President Clinton's plan.

Another notable improvement is that the agreement broadens the child tax credit to low-income families.

When Senators HUTCHINSON, COATS, and I introduced our most recent version of the child tax relief legislation earlier this year, we urged Congress to provide immediate tax relief to families effective in 1997, provide it to as many families with children under age 18 as it possibly can, regardless of their income, and make it available against all taxes paid by workers, including payroll taxes. I am pleased the agreement adopted our proposal and offset this tax relief by tightening the earned income tax credit.

For a typical family of four, the $500 per-child tax credit means $1,000 in tax relief, which would pay 1 month's mortgage and grocery bills, or 11 months' worth of electric bills, or nearly 20 months' worth of clothing for the children.

More significantly, the $500 per-child tax credit will reverse a 16-year tide of rising Federal taxes to finally reduce a family's total Federal income tax burden. This is the first tax cut in 16 years, but, in the meantime, there have been 10 tax increases in that 16 years. This begins to reverse the tide.

For a family of four earning $30,000 per year, $1,000 in tax relief would cut their income tax burden by 51 percent. Meanwhile, a family of four earning $40,000 would see their tax burden cut by 30 percent, a family earning $75,000 would see their tax burden reduced by 12 percent, and a family earning $100,000 per year would receive a tax cut of 7.4 percent.

This tax relief will restore some fairness for the taxpayers of my State. Over the past several decades, the Federal tax load on Minnesota residents has grown larger and larger while their share of Federal spending has gotten smaller and smaller. Minnesotans last year paid an average of $5,563 per person in taxes to the Federal Government, $203 more than the national average. But Minnesota received back only 78 cents in Federal spending for every $1 its taxpayers sent to Washington, among the lowest return of any State. This regional disparity is an additional financial burden to Minnesota residents.

Mr. President, I also applaud the inclusion in the agreement of important pro-economic-growth and pro-prosperity tax provisions such as capital gains relief and estate tax reduction. Although these tax cuts are rather small and hardly keep pace with inflation, it is nonetheless a move in the right direction. These tax cuts will spur job creation and economic growth. In doing so, they will reduce the cost of capital, increase worker productivity, and provide higher salaries for the American people.

However, I believe Congress could have done much more in the way of tax relief for working Americans if Washington would just spend less and allow working families to keep more of their hard-earned money.

I personally would prefer a full and immediate $500 per-child tax credit for all families with children under 18 without any restrictions, zero capital gains tax, elimination of the death tax, and ending double taxation. But those battles will have to wait for another day.

My greatest disappointment with the tax deal is that it contains no real tax reform. Instead of simplifying the Tax Code, this tax bill increases its complexity. Tax policy is still used as a tool for the redistribution of private incomes and for social engineering. Nothing is done to end the IRS as we know it. Unfortunately, these defects greatly diminish the positive impacts of the tax bill. I pledge to continue to work with my colleagues on real tax reform in the future.

Although the tax relief in the improved bill is still tiny when compared against both the total tax burden of the American taxpayers and total Government spending, it is the first time in 16 years that the Government has acknowledged that working families are being heavily overtaxed. That is reason enough to celebrate.

Mr. President, ever since the people of Minnesota sent me to represent them in Congress—first in the House and now in the Senate—Americans have been writing me to share their dreams for themselves and for their nation. Their letters fill dozens of files in my office. Some of the most passionate stories have come from families—working families who heard that I had proposed a $500 per child tax credit and wanted to tell me what a difference such a seemingly simple piece of legislation would make in their lives.

I would like to share just a few of their letters. A family in Illinois wrote:

> We are a one-paycheck family struggling to keep our heads above water . . . It is encouraging to know there are members of the government who understand our struggle and are working on our behalf.

"Thank you for your efforts in trying to help families receive a tax credit of $500 per child," wrote another family, this one from Texas. "As parents of three children, we truly appreciate your endeavors in a time when other politicians are trying to get more and more of our hard-earned money."

From Michigan came this letter:

> There are not very many people in Washington who remember the pro-family community—and even fewer in Washington who will support the family.

And a family in my own State of Minnesota sent me this heartfelt letter:

> As the mother of seven children with one income, I am especially interested in the $500 per child tax credit. We refuse to accept aid from federal or state programs that we qualify for. We believe this country was built with hard work and sacrifice, not sympathy and handouts. We also believe that we can spend this money more effectively than the government, which has only succeeded in creating a permanent dependent welfare class with our money over the last 40 years. Let us get back to basics.

Let us get back to basics.

I think "getting back to basics" is what this debate is all about, Mr. President. The American family has always been our Nation's most basic level of government. The power begins with the family and it ought to remain with the family at the end of the day. By enacting the $500 per child tax credit into law, Congress and the President will at last send a message to real Americans—the folks outside the confines of this Capitol—that we understand what it means to be a working family in the 1990's, that we know government demands too much while delivering too little, and that we can put aside the politics that too often divide us and do what is right by the American taxpayers.

Mr. President, the $500 per child tax credit is not going to make anybody rich, but we cannot measure its value in just dollars and cents. After 16 years without a drop of tax relief, we are finally going to let the taxpayers keep a little bit more of their own money at the end of the day. From the vantage point of this Senator, that is a priceless investment in the American family.

Again, after 4 years of hard work to bring about at least this portion of the tax bill, which has been called "the crown jewel," we are going to finally succeed in giving the American family some hard-earned tax relief.

Thank you, very much, Mr. President.

I yield the floor.

Mr. DOMENICI addressed the Chair.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. DOMENICI. Mr. President, thank you for recognizing me.

I want to make an announcement for Senators. The bill—the very large bill that you have seen kind of appear on the desk—is available to those who have access to the Internet. You can view the bill through a link in the Budget Committee office. You can do it in your own offices on the Budget Committee home page, and the bill will be here no longer than a half-hour from now in sufficient numbers for those who want to view it in its entirety.

As you know, the House is voting on the bill now—debating and voting on it. Then it will officially be transmitted to us. We have decided to start debating this so that we could all use this time during the day and not have to be here all night to get this done in a timely manner.

Mr. President, I want to make a few observations. Obviously, Senator LAUTENBERG will have his, and then I would like very much to say to Senators that we are using time out of the 10 hours allowed.

I understand from our majority leader that we intend to get this bill done, if possible, tonight; if not, clearly tomorrow morning. So that means we are going to spend a lot of time here on the floor between now and the time we quit tonight.

So, if Senators have comments they would like to make, or if they have questions, I would particularly suggest if you have questions with reference to the Byrd rule—one of the rules that apply to these bills that do not apply anywhere else because it has to do with a special test for extraneousness—I wish they would talk with us, or talk with Senator LAUTENBERG's staff or our respective leadership offices about the Byrd rule violations that we are aware of and kind of documented now. We would all like to have a chance to work together on them. When it comes to that issue, I would like to make the following statement so that everybody understands. I am sure my friend, Senator LAUTENBERG, will concur.

The White House has been involved from the very beginning in the preparation of this legislation. And from time to time both the Republicans and the White House have been involved with Democratic legislators. But let me make it very clear. This is a historic document in another procedural context because last evening the White House staff stayed until late in the evening—in fact, until the early morning hours—before they would sign off on this. They read every single word of legislative language. And, indeed, they read every word in the accompanying report language. Frankly, I have been around here a long time and working with administrations and the White House with legislation up here, and I think this may be the first time that has ever happened.

I only say that because, obviously, it was hard to put this package together. In the process there are many wordsmiths, and there are many things that have to be put together in terms of language. But every bit of it, including those few instances where there are Byrd rule violations—and that sounds rather ominous, but it really means that we have a technical rule that says you ought not be legislating in this bill. You ought to be doing deficit reduction. And on some occasions it is hard to keep that altogether and not fall into something that is legislative in a 1,000-page document.

So let me stop the process part, and just remind Senators who would like to speak today if you have some thoughts and things that you want the public to hear from the floor of the Senate, as soon as you can start calling us for time, we would be very, very glad to accommodate. And I think we can accommodate most people on a rather short notice because from my standpoint I have said an awful lot. I don't intend to be here on the floor saying a lot more. I am just trying to get this bill completed.

But let me start by saying this morning that the headline in the Washington Post, which has not been very supportive of this, used five very nice words. They said, "This is a Big Deal." Maybe they don't like the "big deal," but it is nice that they recognize what all of us know—that this is a big deal for the American people. It carries out a bipartisan budget agreement that in itself was historic between the President and the leadership of Congress back in May. It is a big deal in this town when we could do what the American people asked us to do, and that is to work together to live by our commitments, to reduce spending and reduce taxes, and get our work done.

So it is pretty obvious that this is a big deal. It balances the budget for the first time in 30 years. And I know there are many who will continue to be skeptical until that day arrives. Frankly, I am here saying I am a pretty good budgeteer. I understand all of these nuances about budgeting, and how the economy impacts on it—how inflation impacts, how the growth in the economy impacts. But absent a real major catastrophe, which nobody can plan for, this budget will be balanced. Frankly, it is because of a number of things. The economy is doing splendidly. That could change. But it looks like things are in place like they haven't been for a long, long time in terms of those things that make an economy go into recession or into an inflationary cycle. And we are not growing out of control. It is kind of a measure of good solid growth.

So I think we are entitled to use conservative estimates for the next 5 years, which we have done, Mr. President. The economics in this bill's projections for the future are not overly optimistic. So when you add it up, for those who say we have some new programs and we spend some money, that is correct. For some there isn't enough by way of cutting the budget in this—cutting the expenditures. But I will get to that in a minute.

Just remember, it is a Democratic President elected by the people and a Republican-controlled Congress with Democrats in the minority who had to put a package together that did something significant, or spend the next 3½ years, in my opinion, doing nothing. We would have been around here fighting. We would have at every juncture on every bill have had stalemates. We might have even closed down Government again.

So from my standpoint, if you look at 10 years—and I am not saying everything in these 10 years is locked in stone, but 5 years of it is—we reduce what we would have otherwise spent by about $1 trillion. This time we have not included in that estimate the savings that will come from debt service because as you reduce the amount that you borrow you take off of that baseline that had calculated in it interest.

Yes, this balanced budget is a bipartisan budget agreement. We followed it as well as any differing groups could follow it. We put it together with a different group than had to implement it. So that is not easy, for they always second-guess us and claim they should have been in. I wish everybody in the Senate could have been in on the negotiating. I wish every chairman could have been. I guess as I wish it I speak the truth—that had they we wouldn't be here. That is the reality of trying to do this kind of thing.

But we said in that agreement that we were going to spend $24 billion. We did agree to provide $24 billion in new spending for children's health programs for insurance. We also agreed to make changes in last year's welfare reform, which results in some additional national spending.

I want to correct myself. The bipartisan agreement said $16 billion in new spending for child health care coverage. The U.S. Senate voted in $24 billion, and the Senate version prevailed in the final outcome of negotiations.

I note on the floor of the Senate now, along with Senator LAUTENBERG, is the distinguished Senator from Delaware, Senator BILL ROTH.

Let me make sure that everybody understands that his chairmanship and his committee made this the big deal that it is. I say to the Senator, I just commented that finally the Washington Post, after being against this budget, at least recognized one thing. They said, "It Is a Big Deal." And I am saying there would have been no big deal without the Senator from Delaware and the marvelous bipartisan committee that he has. I thank him right here publicly for that.

Let me just go on through. After Senator LAUTENBERG speaks, our distinguished chairman of the Finance Committee, which had jurisdiction over about 85 percent of this bill, wants to speak. I want to yield quickly.

I want to say, however, that Republicans for a long time said we ought to balance the budget. It has now become everybody's cry. The President wants it. Many Democrats want it. But I take a great deal of pride in behalf of Republicans in my capacity as chairman and ranking member of this Budget Committee.

I have been trying to get there for a long time. And I think we have done a great job as Republican leaders in pushing this. That is not trying to detract from those who have joined us, including the President of late. We also wanted some tax cuts.

Many of us thought American families were in desperate need of some help—especially middle-income American families with kids. We have done that. Again, even though most of that originally started on our side of the aisle, I don't tend to, nor do I want to, denigrate the fact that it has broad support on the other side, and the President of the United States is supportive of it.

The capital gains differential has been part of what Republicans thought we should have in this Tax Code for decades. As a matter of fact, it is very interesting that we got a capital gains differential in this bill. We joined the industrial nations of the world with capitalistic societies that have moved that way already, and I think that bodes well for the future.

Everybody knows the other provisions that my friend, the chairman, will speak to. But I just wanted to make the point, for those who seem from time to time to give up on causes and to be for them for a few years and say we can't get them done, I believe Republicans ought to be proud of the fact that we have stood pretty fast for those issues, the ones I just described, and some others, and most of them are coming true here.

That is not to say some issues that the Democratic Party and this President have pushed very hard for are not in this bill, also. I am sure, knowing my friend, Senator LAUTENBERG, he will remind us—and that is what he ought to do. And those are some things I want, too. I am not running around apologetic about trying to cover children that do not have health insurance. I am not sure we know how to do it quite right yet, I say to the occupant of the chair, who shares that concern with me, but I think we have to get started, and we have done that.

One last thing is we all know the Medicare Program for the seniors of America—39 million of them almost right now—we know that program is, for many of them, something they build their confidence on as they get older and as some of them get sick, and as they get sick, they know they have this great hospitalization program. Now, there is no one who ought to be anything but proud of the fact that we have taken a system that is falling apart financially, and we fixed it for 10 years. It probably would have gone bankrupt in 2, maybe 2½ years, so we fixed it for 10 years.

Now, I am kind of tempted to say that is a big deal. But I think it is. Now, it is not fixed permanently. It still continues to have big problems out there in 15 years, 20 years, but, frankly, I am not apologizing that a budget resolution and essentially this plan did not solve that. Actually, I do not believe it could have. I believe it is such a big issue in and of itself that it will be solved only when a bipartisan national commission, which is provided for in this bill, goes out into America and tells everybody the problems and comes up with some solutions that are bipartisan that Presidents and Congress will support. We started that here.

But I believe in the meantime we had to make that program more efficient. We have done that. In fact, we made it $115 billion more efficient by changing the rules of the game. In the meantime, we are trying to give seniors the best of health care at the most reasonable prices, putting some competition into the program, and that is there, alive and kicking and strongly voicing itself in this bill—competition.

So there are HMO's, there are professional provider organizations, there are private fee-for-service programs, and there are PSO's. It also has a demonstration program, a medical savings account of 390,000 beneficiaries.

Now, when you put all that together, along with a new $4 billion preventive program that I am not going to discuss in detail, we have done fairly well by the people who pay for Medicare, the working people, and pretty well by the seniors. You package this all together—a balanced budget, which means we are not going to have our children paying our bills too much longer. That is what a deficit and a debt are. It is asking our kids and our grandkids to pay our bills. A balance says we are not going to do that anymore.

Now, it is a long time coming, and we owe a lot of money, so we cannot stand up and say to our kids they are not going to pay some of our bills, because the debt is so big we cannot get rid of it. But at least we can stop it. So that was No. 1.

No. 2 was fix Medicare, and I have described it.

No. 3 was to make sure that we had a tax bill that was fair to the American people. Frankly, after all the bickering on the edges—and that is what it all was, on the edges. All this argument about how many children are covered and how far down do you go were really on the edges, small, small things, small numbers. The people that need tax cuts and tax breaks are the American people earning between $25,000 and $30,000 and $110,000. They are the middle-income Americans, two jobholders, two professionals, two people working, and they are paying the taxes, they are following the rules, and they haven't had anything from their Government saying we would like to make it a little easier for you—until this bill.

Now, they have three very significant new things they can look to. It isn't like we are giving them a present. It is saying to them, keep some of your own money and let Government grow less and let you make your decisions on what you do for your children rather than have us build a bigger and bigger Department of Education. Those are the kinds of tradeoffs that are going to occur and are starting to occur, although, when it comes to education, this bill is strong on college education, strong as anything you can have. When it comes to the new programs appropriations, we have been very generous. We have been very generous to the education programs that our country has.

I am not sure before we vote on this that I will have another chance to thank everyone, so I just wish to thank Senator LAUTENBERG, and I thank our distinguished Republican leader—he did a great job—Senator ROTH, and all the other chairmen, our House counterparts, including Representative KASICH.

But I want to make one statement on the floor. It might seem it ought to be done on the House floor, but I want to make it here, and I think my friend, Senator ROTH, would concur. The Speaker of the House, NEWT GINGRICH, in negotiations from the beginning until the end, was absolutely a fantastic leader. I have to say to those who doubt, because he was under a lot of pressures, I did not notice for a minute that had anything to do with his single-mindedness, his tremendous intellect and the way he could put things back together and get us moving in the direction of getting things done. So my compliments to the Republican leadership in both Houses from my side, and obviously we had great support from Democrats.

At this point I am going to yield the floor.

Mr. ROTH. Could I ask the distinguished chairman to yield just for a minute?

Mr. DOMENICI. Of course, yes.

Mr. ROTH. There are many people who are responsible for bringing together this important piece of legislation, and I strongly agree with what the distinguished Senator from New Mexico said about the Speaker and the majority leader. They provided not only strong leadership but ideas, were able to move ahead, and I have to say I could not agree more that the Speaker showed every ability of providing the kind of leadership we needed from the House in order to get this complex piece of legislation through.

I would just like to say to my distinguished friend and colleague, Senator DOMENICI, that the legislation would have gotten nowhere if it had not been for him. I know no one in the Senate, or House for that matter, that has a better understanding of the budgetary process, knows the issues with which we are dealing and who has devoted, what is it, 7 or 8 months' time to getting this job accomplished.

I would also like to say in the same context I think Bill Hoagland has been a tremendous strength for this whole process.

I, too, join the Senator in congratulating the ranking member, my colleague and friend from New Jersey, for his outstanding work.

Mr. DOMENICI. I thank the Senator very much.

Mr. LAUTENBERG. I thank the Senator.

The PRESIDING OFFICER. The Senator from New Jersey.

Mr. LAUTENBERG. Mr. President, I am pleased to join the chairman of the Budget Committee, Senator DOMENICI, in supporting the conference report on this budget reconciliation bill, which, along with the conference report on the tax bill, will finally implement a bipartisan plan to balance the budget.

I have to ask Senator DOMENICI, because he talked about the five words that appeared in the Washington Post, I wonder whether it read like this. I heard him say, "This is a big deal." Or did it say, "This Is A Big Deal?" I wasn't sure quite where the emphasis was. But I assume it was the way it was intended.

Mr. DOMENICI. The way I said it.

Mr. LAUTENBERG. The way the Senator read it himself as opposed to, "This is a Big Deal?"

I want to say to Senator ROTH, who was pulled from so many directions, I was amazed to see him arrive in one piece each day. He listened with great patience—great patience and great interest. Everybody is pleased. I will speak about it from the Democratic side. People don't realize, when there is a majority and a minority, the minority doesn't always get a chance to present their views. But BILL ROTH, Senator BILL ROTH of Delaware, is known as someone who is a fair-minded person, and while he would not always agree, he would almost always listen. I have never found him to say "no," and I appreciated that. I think it produced a very good product. It is, under the circumstances, I think, perhaps the best that could have been gotten. All of us wish there were other things in there—everybody. If you ask any Member of the Senate whether they did not think there was another thing that should have been in or another thing that should have been out, they would have, I guarantee, a menu of things they would like to select from.

I am so pleased that we are joined in the Chamber by the ranking member of the Finance Committee, my good friend and colleague from New York, Mr. MOYNIHAN. Senator MOYNIHAN is a man with vast knowledge about so many things that I often say I would enjoy, even with all my white hair, going to college with Professor MOYNIHAN and hearing his views on things. But there is always a background of information that adds so much to the dialog and the debate, and I congratulate him for his role and for his willingness to hear the arguments and to work to try to get a consensus in the legislation which we now have in front of us.

Mr. DOMENICI. Will the Senator yield without losing his right to the floor?

Mr. LAUTENBERG. Be happy to.

Mr. DOMENICI. I note the presence of Senator MOYNIHAN, and I had not said anything about him in his absence. I would like now to say there are many points, as you look at the last 7½ months, when you would say this is critical, this is where it might end. And I believe the thing that gave us momentum to get it done was the Finance Committee's bipartisan addressing of most of the issues in this bill.

Now, I am sure the Senator from New York didn't get everything he wants, but I believe it was one of the big turning points when the Senator joined with Senator ROTH and between the two of them had such a large cadre of Senators from both sides supporting some very, very powerful things, and I thank the Senator personally for that.

Mr. MOYNIHAN. Mr. President, might I thank with great gratitude the senior Senator from New Jersey and my friend from the day I entered this Chamber, the chairman of the committee. They speak to what I think is an important fact. But, of course, the person who made it possible was Senator ROTH, the chairman of the committee. I was with him in this regard and proud to have been. I thank Senators.

Mr. DOMENICI. Mr. President, could I say that under the rule under the Budget Act somebody is designated to manage, and I am it for today, but I can give that to someone else. I am giving that to Senator ROTH until I return, and he will be our floor leader now. I thank the Senator.

The PRESIDING OFFICER. The Senator from New Jersey.

Mr. LAUTENBERG. Mr. President, I will continue to extend congratulations to some who are not here. I have to take my time to salute the efforts of Senator DASCHLE, who was ever present in his encouragement to get this job done—let's see what we can negotiate together, let's see if we can make this adjustment or that adjustment, or talked to his counterpart on the other side. And I want to say for Senator LOTT, the majority leader, he, too, was someone who wanted to get this bill behind us, get this job done, and he has shown his interest in doing that as he runs the Senate from the majority leader's position that we do move things along. There were Members on both sides of the aisle who also helped, too numerous to mention, but I think it is fair to say that those whom we have talked about had a significant role.

PETE DOMENICI and I were among the four elected representatives to be negotiating, and we were often closeted days at a time. Though the atmosphere got stuffy, I think neither one of us did, and we were able to continue talking in a civilized fashion.

The bill before us is the culmination of those many months of intense effort and people of both parties deserve to be proud of this accomplishment. This budget proves that when leaders with good will come together, we can overcome partisan divisions and find common ground. That is good news for all Americans.

I will say this. We have gotten a lot of salutations, a lot of compliments about getting this job done. Threaded through those comments were the kinds of remarks that might surprise, like: Finally, the bickering has stopped, there is no partisanship involved; hurrah, the Senate and the House are working to get our interests put up front. I think that was kind of a noteworthy thing. It's not that we spend all of our time in the boxing ring here. But sometimes, when people's positions on legislation get too entrenched, they lose sight of the fact that we have to stop the argument and get on with producing a product. So, I think the Nation is going to be better off because of this.

The budget agreement is not perfect. It is not drafted exactly as I, as I said, nor any other Senator would have written it. But it is an honorable compromise that, on balance, is an enormous step forward. It will lead to the first balanced budget in this country since 1969. It invests in education and helps ordinary Americans afford college. It provides health coverage for many of America's uninsured children. And it provides tax relief for middle-class families. It provides important protections for kids and legal immigrants, people who were invited to come here and who later became disabled. And it helps accomplish something that President Clinton has had on the agenda for a long time—to move people from welfare to work, and to provide the means with which to make that transition.

More generally, it shows we can both be fiscally responsible and true to our highest values as a nation. This budget agreement will produce roughly $900 billion in net deficit savings over the next 10 years. It will give us the first balanced budget in a generation. It will build on President Clinton's tremendous success in reducing the deficit. And one cannot ignore—and Senator DOMENICI knew this was coming—one could not ignore the incredible accomplishments, economic accomplishments that have been made since President Clinton has been in office—with a budget deficit that was at $290 billion when he took over in 1993, and at the moment looking like it is going to be something less than $50 billion for the year 1997. It will build on President Clinton's tremendous success in reducing that deficit. It will build on the success that we have had in getting new jobs for people in our country—12 million new jobs created. And the stock market—one can't help but notice that indicator. I noticed today, after hearing the news and yesterday after hearing the news, the market continued to move upward. Inflation is in check. People feel very good about the strength of the United States, leading the world's most developed countries in competing in the marketplace. That is a terrific record upon which to build.

This balanced budget amendment is an extension of all of those good things. But I think the President is due a lot of credit for having brought that deficit down to where it was, based on his hard work and, yes, a turn of very good events at the same time. But it was his foresight and his planning that helped enable us to get to this point.

The budget agreement, also, will move our Nation into the 21st century by providing the largest investment in education in 50 years. I, as a recipient of the benefits of the GI bill—I served in the war. I don't always like discussing which one. Sometimes people ask me if it was the Spanish American? It was not. It was World War II. But, without the GI bill, my widowed mother, age 36 when my father died, and the poor circumstances in which our family found ourselves when I was discharged from the Army—never, never would have enabled me to get a college education and get a start on a career that has been very satisfying for me and, I hope, worthwhile for the country. So I saw the value of helping someone get a head start in life, someone getting an education and being able to contribute to our society. That is what I want to see us do and the President certainly led us to that point.

The tax bill we are going to be considering also will include a $1,500 tax credit to make the first 2 years of college universally available. There will be a tuition tax credit for all working Americans who want to pursue lifelong learning, continue to learn. That enriches the mind, enriches the body, and enriches the quality of life. That is what we have seen in so many cases. If you look in the universities and research laboratories and so forth, you see the people who continue to learn and who gain vitality and youth, even as they do that. These provisions are critically important to the future of our economy.

In addition, the budget agreement also includes $24 billion for children's health care, the largest increase in children's health care since the enactment of Medicaid in 1965. This will help provide health insurance to millions of uninsured children and it is a tremendous achievement.

The budget agreement also protects Medicare and extends the solvency of the Medicare trust fund by roughly another 7 years. Unlike earlier proposals, it does not ask senior citizens to bear unfair burdens and it doesn't threaten the quality of their health care. Instead, it reforms and modernizes the program and includes significant new preventive benefits.

We all know there is going to be a more thorough review of Medicare in the years ahead, to see whether we can comprehensively make changes that will guarantee that solvency for as long as one can imagine.

In addition, the agreement provides tax relief for the middle class. As we will discuss when we turn to the tax bill, the agreement provides a $500 tax credit for children under the age of 17, to help families to be able to bring up their children in the fashion that would provide them with sustenance and direction, and perhaps help them get started on their education. Importantly, that credit will be available to working families with lower incomes. This sounds a little mysterious but there are people whose incomes are supported by assistance from the Government, earned-income tax credit, in which a family that is below a certain level of income gets a stipend or a tax refund from the Government. It often makes their lives livable. But there was a huge debate about whether or not this credit would be available for people who do not pay taxes in the first place. But we know they are working families and they do pay payroll taxes and we decided, jointly, that it would be appropriate to give some credit on those payroll taxes that they pay.

We, the Democrats, made that a priority. With support from our Republican friends we won an important victory for millions of ordinary Americans.

The conference report also restores a basic level of fairness for people who have come into this country legally, who have obeyed the law, paid their taxes, and then fate delivers them a disability whether through accident or just sickness. Last year the Congress pulled the rug out from under these people and eliminated their disability benefits; for some, the only provision that they have that enables them to get along. But today we are restoring that basic safety net. It is the right thing to do. As the Senate sponsor of this amendment I am particularly pleased that it will be enacted into law.

Another important section of the conference report will protect 30,000 disabled children who otherwise would lose Medicaid coverage. This corrects a serious defect in last year's welfare legislation and will make a huge difference for these children and their families. I am also pleased that the budget agreement includes a renewed commitment to environmental protection. We will be enacting new incentives to clean up thousands of contaminated, abandoned sites in economically distressed areas. That not only will improve the environment, but it will help encourage redevelopment of these areas, known as brownfields.

I have seen it in towns in New Jersey, industrial cities that had a glorious past but now suffer from the delinquency that often results from industrial pollution. Some of these communities have had these sites, dormant sites, small sites that were unused, yet with people begging for work not blocks away, able to get there; people begging for retail facilities—they are not used. We have seen, in New Jersey, where we have cleaned up a few of these sites, good retail activity—in one site in Hackensack, NJ, with a couple of hundred people working in a discount store, a marketplace that people can go to, to get their goods, buy their food. It has been a miracle, almost, to see these things. And it is, often, for very small sums of money.

So we now have brownfields that I worked very hard on. It's now in place. It's a win-win approach that will make a difference for communities around the Nation.

Additionally, the conference report includes important provisions to move people from welfare to work as I mentioned. One million long-term welfare recipients stand to benefit from this initiative. And the Nation as a whole will benefit, as more Americans leave welfare and become productive members of our economy, lift their heads high, lift their spirits, provide some vision for themselves and their families. It is a wonderful vision and I am pleased to see we are putting the resources there to make it happen.

Mr. President, I am going to leave to others the discussion on some of the other details of this legislation. But I once again take the opportunity to congratulate the President, President Clinton, for his outstanding leadership in this effort. We are here today on a bipartisan basis only because the President decided it could happen and he wanted to make it happen. His people were all over the place, working alike with Democrats who occasionally disagreed and Republicans who occasionally disagreed. He brought us all together and we are grateful for that. I think his commitment will be acknowledged for many years to come.

Mr. President, I don't think, as I said earlier, there is anyone who would say they are 100 percent happy with this agreement. But, while no one sees it as perfect, everyone should see it as good. It is fair, it is balanced, and it will serve our country well. It will balance the budget. It will invest in education and training. It will provide tax relief to the middle class. It will protect Medicare. It will provide health care coverage to millions of children. It will throw a life vest to disabled legal immigrants. It will invest in environmental protection, move people from welfare to work, and will make life better for millions of ordinary working Americans.

So I urge my colleagues to put aside as much challenge as they can. Yes, everybody in this place is free to make their statements, to say what they want. But I hope in the final analysis they are going to support this budget agreement enthusiastically, because it sends a message to the American people. It will say yes, this wasn't something that was nurtured through an inch at a time. This is something that was supported by people across the room from different States and from different parties. That is the way it ought to be. It is the right thing for America and I am proud to have been a part of it.

With that, Mr. President, I yield the floor.

The PRESIDING OFFICER (Mr. GREGG). Who seeks recognition?

Mr. ROTH addressed the Chair.

The PRESIDING OFFICER. The Senator from Delaware.

PRIVILEGE OF THE FLOOR

Mr. ROTH. Mr. President, I ask unanimous consent that Rick Werner, a detailee to the Finance Committee from the Department of Health and Human Services, be granted the privilege of the floor for the duration of the debate on this conference report.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ROTH. Mr. President, the budget reconciliation conference between the Senate and House has come to an end. All sides have weighed in. The process has been long and involved, around the clock, through the weekends. But I must say the result is well worth the exercise.

What we have achieved is a balance, a carefully crafted compromise between the Senate and the House, between Republicans and Democrats, between Congress and the White House. I can say with certainty that no Senator, no Congressman, not even the President got everything he or she would have liked. Undoubtedly there are specifics in this final package that I would prefer to have seen written differently. But I can say that, while there were necessary compromises to achieve balance and to deliver the budget reconciliation to the American people, there was no compromise on principle. Differences? Certainly, but I cannot remember the last time I saw such a positive, bipartisan willingness to work together in a budget effort.

This, I believe, is because there has been a profound change in the nature and character of Washington. Two recent proclamations demonstrate this change. The first was President Clinton's declaration in his State of the Union Address that the era of big Government is over. And the second came from our distinguished colleague, Senator DASCHLE, when, during this debate, he agreed that the question in Congress is no longer whether or not taxes should be cut, rather a question of how much they should be cut.

Cutting taxes and achieving a balanced budget have long been Republican objectives. For years now, we have advocated the need to change the way Washington does business. Now President Clinton and the distinguished minority leader demonstrate the growing bipartisan consensus on these objectives, objectives that underscore this reconciliation package.

It is a strong first step. It signals that the era of big government is over. Certainly government has its place. There are moral and contractual obligations that the Federal Government must maintain with the American people. Many are enumerated in the Constitution. Others, like Medicare and Medicaid, are more recent and have become critically important to those who depend on them now and to those who rely on them for the future.

Having said this, I believe a clear and growing majority realizes that the Federal Government is not the answer to all that challenges us. In fact, in some cases, the Government is shown to be the problem, particularly when it comes to waste, fraud, abuse, inefficiency, and a top-heavy, unresponsive bureaucracy. The ability of both sides to compromise on this bill demonstrates that Washington acknowledges this reality and that Washington is responding to the attendant frustration and legitimate concerns felt by Americans everywhere.

Beyond signaling an end to big and inefficient government, this package meets several other shared criteria. It places us squarely and honestly on the road to a balanced budget by the year 2002. We all know how important this is. The United States has not balanced a Federal budget since 1969. This, despite the fact that our Founders made it clear that saddling future generations with debt is immoral. According to Thomas Jefferson, the question of whether one generation has a right to bind another by the deficit it imposes is a question of such consequence as to place it among the fundamental principles of government. Jefferson said that we should consider ourselves unauthorized to saddle posterity with our debts; we are morally bound to pay those debts ourselves.

This budget reconciliation package is the first in years that puts us back where we must be. It is balanced. It begins to address the dilemma of big government's licentious legacy, a legacy that burdens every man, woman, and child with almost $20,000 in public debt. I am happy to say that our majority leader, Senator LOTT, made it clear at the beginning of the 105th Congress that balancing the budget in 5 years would be one of our top priorities. Mr. President, we have delivered on that promise.

Our third objective has been to strengthen the programs that would be influenced by our actions. The reforms to entitlement that are contained in this package are, indeed, historic. We make significant and important changes to Medicare and Medicaid. We strengthen assistance to children. We return authority and means to our States so they can better meet the needs of their citizens. It was not enough to simply change entitlement programs to reduce their rate of growth. We sought in the process to improve, to strengthen them, to preserve them, and, again, we succeeded.

Let me give you the specifics. But before I do that, let me reiterate that we were able to accomplish these significant objectives because of a growing consensus on both sides of the political aisle, and because of our willingness to compromise, compromise not on principles but for principles.

In our effort to control spending, the largest program we addressed was Medicare. Our objective here was not just to control its spending, but to strengthen the Medicare Program for the long term, and we did this. We did this by increasing choice and competition within the program. Choice within the Medicare Program will give beneficiaries myriad options. It will allow them to participate in HMO's, PPO's, PSO's and private fee-for-service programs. We have based our expansion of choice in the Medicare Program on the successful Federal Employees Health Benefits Program. Through these options, seniors will be able to obtain important benefits, like prescription drugs, that are not covered by traditional Medicare.

These changes and the money they will save also allow us to expand Medicare coverage for certain important preventive services, including mammography, prostate colorectal screening, bone mass measurement, and diabetes management. Beyond increasing choice and competition within Medicare, we strengthen and preserve the program by slowing its rate of spending growth. Our measures save Medicare for another 10 years, while still increasing program spending per beneficiary from $5,500 this year to $6,800 in the year 2002.

Beyond encouraging choice and competition, this bill introduces important innovations into the Medicare Program, innovations that could go a long way toward strengthening the program for future generations.

One very important innovation is the creation of a demonstration project that will explore the advantages of having medical savings accounts available within the Medicare Program. This demonstration project will allow up to 390,000 Medicare beneficiaries to opt into an MSA program, a program that will allow them to choose a high-deductible Medicare choice plan.

I believe medical savings accounts will be an important component of Medicare's long-term viability, and to study and recommend other innovations, our legislation creates a national bipartisan commission on the future of Medicare. Senator MOYNIHAN and I called for this commission back in February as we realized that to realize long-term solutions for the program, we needed a commission that would be above politics. This will be a 17-member commission established for a little more than a year. Its task will be to make recommendations to Congress on actions necessary to ensure the long-term fiscal health of the Medicare Program. It will report back to Congress on March 1, 1999, and these changes to Medicare will result in a net savings of $115 billion over 5 years, savings that will not only help us balance the budget, but savings and reforms that will preserve the Medicare Program while ensuring that it continues to serve those who depend on it now.

Concerning Medicaid, we were able to achieve a total savings of $13 billion. This savings will come largely from a reduction in disproportionate share, or DSH payments, and by giving our States more flexibility in how they run the program.

For more than a decade, there has been a tug of war between the Federal Government and the States over Medicaid. Each side has tried to assert its will over the other. From the mid-1980's and through the early 1990's, the Federal Government imposed mandates on the States and, in turn, the States shifted costs to the Federal Government. The result was devastating to all of our budgets as Medicaid routinely grew at a double-digit pace, reaching as high as a 29-percent increase in 1992.

This legislative package marks a new beginning, a new trend. It marks a change in the Washington mindset that has sought, since the days of the New Deal over 60 years ago, to centralize power in this city. With this substantive change in the Medicaid Program, we are offering our Governors the tools they need to control this program. This, I believe, is the way things should be done.

With this bill, they will be able to move more individuals into managed care without waiting years for waivers from the Federal Government. They will be able to contract with selected provider for services. The States will be able to ask families to take some responsibility for the decisions they make when seeking health care services. This power at the State level will go a long ways toward stretching Government health care dollars.

As I said, beyond making significant and important changes to Medicare and Medicaid, we have strengthened assistance to our children to meet the health care needs of the most vulnerable among us. It became clear through the conference that both sides of the aisle are equally committed to increasing access to health care for as many children as we can. Both sides of the aisle are committed to finding an answer to the problem of uninsured children in this country, and this legislation represents an important agreement in this area. It creates a new program, a program that covers low-income, uninsured children. The process of providing insurance and health care coverage to vulnerable American children is complex. As I have said before, of the 71 million children in the United States, more than 86 percent are already covered by some type of health insurance. Two-thirds of our children are covered by insurance through the private sector. Twenty-three percent of all children in the United States under age 18 are covered by Medicaid, and another 3 percent are covered by other public insurance programs.

Our plan provides $24 billion over the next 5 years to be used by States in a manner that provides them flexibility in how they will expand health care coverage to our children.

Our States will have two mechanisms of establishing programs. They can expand their Medicaid coverage or they can create their own program to address the particular needs of the children in their States. And while the Governors are given certain flexibility in the way they can use this money, our bill requires that they meet specific standards regarding health care coverage for children.

Expanding Medicaid is certainly a choice States have made. Thirty-nine have expanded Medicaid eligibility for pregnant women and children beyond the Federal requirements. But States are also developing other strategies for increasing coverage of children as well. There are already public-private partnerships in more than half of our States. There are successful programs such as New York's Child Health Plus and Florida's Healthy Kids. These innovative programs and programs like them can grow with these additional resources provided by this legislation.

These, Mr. President, are the major provisions of this legislation. They signal a new beginning in Washington—real reforms to make programs more cost-effective, more efficient, more responsive to the needs of our people and our States. Great care has been taken to assure that the most vulnerable among us are protected, and this includes our provision to restore benefits to all legal noncitizens who were receiving Social Security when last year's welfare bill was signed into law.

With this legislation, we also restore the ability to receive benefits to legal noncitizens who were residing in the United States as of that date should they become disabled in the future. These protections, however, are handled appropriately and in keeping with our overarching goal of restoring fiscal responsibility to Government.

With this reconciliation package, we have establish the first balanced budget since 1969. We have met the criterion given us in the May 2 budget compromise, and we will give Americans the first real tax relief package that they have had in 16 years.

Did we accomplish everything I would have liked to accomplish? No. I would have preferred to see some deeper, more significant fiscal restraint. I would have preferred to see a few other major reforms to Medicare, reforms that would have gone a long way toward strengthening the program, and these include the provisions that were in the original Senate package.

But recall, Mr. President, the history of the balanced budget debate; recall Congress' effort in November 1995 to balance the budget by the year 2002; recall the consequent Government shutdown and Bill Clinton's veto; recall the President's 10-year balanced budget plan and Congress insisting that balance could be achieved 5 years earlier.

Keep the history in mind, and the success of this legislation becomes clear. We have a balanced budget. That balanced budget will be achieved in 5 years, not 10. And we have achieved it without acrimony, without Government shutdowns, and without vetoes.

This is a bipartisan effort. It is an excellent beginning. And I am grateful to my colleagues on both sides of the aisle for their work, for the spirit of cooperation that existed on the Finance Committee, on the floor of the Senate, and throughout the conference.

I am especially grateful to my friend, PAT MOYNIHAN, for his wise counsel, his leadership, and cooperation in helping to bring about the success of this package. I am also grateful to the professional staff members on the Senate Finance Committee, as well as the Senate Budget Committee.

Likewise, I want to thank the staffs of the Congressional Research Service and the Congressional Budget Office, the Office of Legislative Council in the Senate, the Prospective Payment Assessment Commission, the Physician Payment Review Commission, the General Accounting Office, and all others who have worked long and hard for this package. The list of names is too long to read here, but I ask unanimous consent that these names be printed in the RECORD.

There being no objection, the names were ordered to be printed in the RECORD, as follows:

FINANCE COMMITTEE

Lindy Paull, Julie James, Alexander Vachon, Gioia Bonmartini, Dede Spitznagel, Dennis Smith, Donna Ridenour, Alexis Martin, Mark Patterson, David Podoff, Faye Drummond, Rick Werner, Kristen Testa, and Doug Steiger.

SENATE LEGISLATIVE COUNSEL

Jim Fransen, Mark Mathiesen, Ruth Ernst, John Goetcheus, Janell Bentz, and the rest of the Legislative Counsel's Office.

CONGRESSIONAL BUDGET OFFICE

Murray Ross, Tom Bradley, Cyndi Dudzinski, Jeanne De Sa, Anne Hunt, Jennifer Jenson, Jeff Lemieux, Robin Rudowitz, Kathy Ruffing, Paul Cullinan, Sheila Dacy, Joe Antos, and Pete Welch.

CONGRESSIONAL RESEARCH SERVICE

Celinda Franco, Beth Fuchs, Tom Gabe, Jennifer O'Sullivan, Richard Price, Richard Rimkunas, Kathy Swendiman, Madeleine Smith, Melvina Ford, Jean Hearne, Jennifer Neisner, Pat Purcell, Vee Burke, Christine Devere, Larry Eig, Gene Falk, Carmen Solomon-Fears, and Joyce Vialet.

PHYSICIAN PAYMENT REVIEW COMMISSION

Lauren B. LeRoy, David C. Colby, Anne L. Schwartz, John F. Hoadley, Christopher Hogan, Kevin Hayes, Katie Merrell, Michael J. O'Grady, David W. Shapiro, Sally Trude, and Christine M. Cushman.

PROSPECTIVE PAYMENT ASSESSMENT COMMISSION

Donald A. Young, Laura A. Dummit, and Stuart Guterman.

Mr. ROTH. Mr. President, it is my hope that the spirit of bipartisanship that carried us through this effort continues as we now consider the final package and send the bill to President Clinton for his signature.

I yield the floor.

The PRESIDING OFFICER. Who seeks time?

Mr. KERREY addressed the Chair.

The PRESIDING OFFICER. Who yields time?

Mr. KERREY. I yield myself such time from the Democratic side.

The PRESIDING OFFICER. The Senator from Nebraska is recognized.

Mr. KERREY. Mr. President, I come to the floor and offer what I would call my reluctant support for this budget agreement.

Today, the subject at hand is the spending portion of this bill. And I wish it was completely different, I must say, than what is in here.

Yesterday, I spent most of the day in mourning for the loss of the provisions relating to structural changes in Medicare that would have added $8 billion to the HI hospitalization trust fund by imposing very reasonable and progressive change in the premium—it would have added $40 billion a year in spending relief in the year 2030 by accommodating this tremendous change in the baby-boom generation between 2010 and 2030—and other provisions. I spent the day grieving those. I have overcome my grief, and I am prepared to support this because I believe it does balance the budget by the year 2002. I believe it finishes the job that we started in 1990 and 1993. I voted for both of those bills, and I find myself compelled once again to come and vote for a bill that I am not altogether pleased with.

In this morning's New York Times there was an op-ed piece written by William Safire talking about an age-old problem in the West where cattlemen, because they had an interest in keeping the range open, and sheepherders, because they had an interest in keeping the range fenced in, were at constant odds and warring with one another. Their animals had different needs. They, as the guardians of those animals, went to war in order to protect the needs of those animals.

It was not until just recently that the people who manage these range animals have come together. They came together as a consequence of a common enemy, in this case, a rather pesky weed called leafy spurge that has roots that can go down as deep as 150 feet, impossible to, by any reasonable estimate, get rid of once it is in the grassland. It will spread and take over the entire prairie.

So the cattlemen are out there saying the leafy spurge will eliminate the grass. "I'll have nothing for my cattle to graze on. What am I going to do? No herbicide is effective. No burning is effective. Nothing seems to work." Until one day they discover that what works is to put a few hundred sheep out on the grassland. As a consequence of the sheep's appetite for the leafy spurge, the sheep eliminates the weed, and thus is joined a battle between the cattlemen and the sheepherders. Suddenly they come together as a consequence of the common enemy.

I am impressed that Republicans and Democrats have come together with this bill to address a common enemy—the deficit. I wish that the 1993 bill had been bipartisan. I believe that if we had a few more spending cuts in 1993, that might have been possible. We missed an opportunity. It was bipartisan in 1990. It was not in 1993. And it is today. I am impressed with it.

I believe the Nation wants us to be bipartisan. I believe the Nation makes our greatest progress when we set aside not only our partisan differences, but we are able to find a common opponent, in this case, the deficit, a common objective, and we say that we are willing to risk a bit—in some cases, risk it all—for the larger goal.

I must say, after having made that observation, and to be specific, praising the distinguished chairman of the Budget Committee, Senator DOMENICI, the ranking Democrat, Senator LAUTENBERG, and on our Finance Committee, Senator ROTH of Delaware, Senator MOYNIHAN of New York, they have worked hard to say we have a common enemy—in this case, the deficit.

We see the connection between deficit reduction and jobs. We believe that jobs, and good jobs, can solve almost any problem that we have. And thus, we are willing to join forces against a common enemy.

I am reluctant to become enormously enthusiastic about this, as I say, because I do not believe it is asking of Americans the sort of tough decisions and choices that would enable us to say that we are tasking the American people to do something that is truly great.

We will balance the budget. It is true, we are reforming Medicare to give seniors more choice. I think the Federal Employee Health Benefit provisions in this bill will have long-lasting impact, give seniors more comfort as they make a choice to buy alternative care. The provisions for increased coverage for children, the provisions having to do with welfare reform, all these are good provisions and deserve attention.

We have, in addition, a lot of provisions—and I thank all four of the Members who have been involved with this for their assistance in making sure that rural America has an adequate reimbursement rate under managed care, that we are able to take advantage of managed care and see increased penetration in rural America. I appreciate, as well, the change to increase budget enforcement to tighten some of the loopholes that were in law.

There are a lot of things in this bill, in short, that are good. It does, it seems to me, represent a successful compromise between Republicans and Democrats, and we have produced a piece of legislation that all of us, or most of us, anyway, are going to be able to come down and be enthusiastic about.

There are four things, Mr. President, that I would like to discuss which I would put in the category of unfinished business. First is entitlements. I appreciate that there is a commission in this bill. I believe it is 20 months that they have. I can save them a lot of time. We had a bipartisan entitlement commission, Senator Danforth and I. The distinguished occupant of the chair was on that commission as well.

There are a limited number of choices that one can make. There are roughly 10 or 15 choices you can make. They are all ugly. They are all difficult. And they all accommodate a demographic problem, not a problem caused by secular humanists or by Phyllis Schlafly or Ronald Reagan or George McGovern. This is not an ideological problem. It is a problem of birthrates during the period of time 1945 to 1965, and the birthrates following that. It is called the baby-boom generation.

Seventy-seven million Americans will begin to retire in 2010. And what we attempted to do, with what I consider to be a relatively modest change in the law with eligibility age and means testing and a copayment on home health care, was to accommodate that large generation of people. The sooner you do it, the better. You do not do them any favors by saying, we will do a commission for 2 years and perhaps do something in 1999. Then you have a Presidential campaign going. You will probably have to wait until 2001. The longer you wait, the harder the choices are.

As I said, the choices are fairly limited. If you do not like moving the eligibility age, if you do not like doing some means testing, the only thing you can hope to do is get some increases in the revenue stream, proposing to increase taxes or increase the premium. If that is your choice, make it now, because the longer you wait, the more likely it is that the people you are trying to help are going to pay a lot more. They are going to pay a bigger price. They have not been warned.

We missed an opportunity, and I am hopeful that by surfacing this in the debate and getting strong support, bipartisan support here in the Senate, we can keep these issues alive.

In addition to the long-term problem of entitlements is another problem with entitlements inside of our budget. Yes, it is true, we will have taken the final step to balance the budget with this bill, although I note parenthetically that one of the curious things about this particular proposal is we are going to balance the budget by rather substantially increasing spending in some areas and lowering taxes in others. It is an exciting proposition. We are going to balance the budget, it is true, but the budget has another big problem, and that is the growing percent of that budget that goes for mandatory programs.

Many of my colleagues have come down to give great, impassioned speeches about why we should not do all of these things. But the question that needs to be asked in a very calm environment is, what are you going to do about these numbers?

In this budget agreement, the amount of money we allocate for mandatory, plus interest, will go from entitlements, plus interest, the mandatory portion from about 66 percent, as I understand it—I haven't seen the final numbers—to about 70 percent in 2002. The Senator from New Mexico is shaking his head, but it does unquestionably increase. I do not know if it goes to 70 percent, but it increases, and it continues to increase. And it will increase even more when the baby boomers retire. It is not a flat number.

The head of the Congressional Budget Office, June O'Neill, prepared a report some time ago that shows how the cost of these programs continues to go up as a percent of our overall budget, and they are squeezing out our capacity to keep our defenses strong, our capacity to invest in education or infrastructure, or research, and all the other sorts of things that are being done in the other part of the budget. One of the reasons it was made easier to do our appropriation this year is, we put a little more money in the appropriated accounts in this fiscal year than you are going to see in the outyears.

So I alert Members that see the appropriations bills sailing through this year and are wondering why, there is more money this year than there will be next year and the year after that and the year after that. In years 4 and 5, we will have very tough decisions to make in discretionary spending—far tougher than I believe people realize.

Thus, there is the second problem of the growing cost of entitlements inside of the budget. It sets up tough choices. It doesn't set up easy choices. It sets up very difficult choices that we have to make.

The second big area for me is, I must say, with the economy growing the way it is—and one of the great pieces of news for me in this budget debate is that as a result of the growth in the economy, I think there are very few people left that don't understand that, in addition to defending the Nation as the first order of business, whatever we do with our taxes, regulatory policy, and spending policy, we do need to ask ourselves: will this create jobs? Because if the economy is growing, it is producing jobs, and there is a demand for labor as a consequence of a growing economy. Lots of things get solved in a hurry. Not only does the Treasury have lots of revenue that makes our job easier, but the gap between rich and poor narrows, the number of people on welfare is reduced. A lot of problems we have get solved quickly if our economy is growing. If we recall from the recession of 1991, the problems are made a lot worse if you have the opposite in place.

So this growth we have out there in the economy is exciting. My view is that this is the time when we need to be investing in that public infrastructure—research, the transportation base, education, and all those things that will produce increased productivity and increased economic growth sometime out in the future. We may not get an immediate benefit from it, but we will benefit somewhere out in the future. It connects with this entitlement problem. For my friends on this side of the aisle who love to get up and get fired up and tell me why we can't do anything about entitlements, the question occurs: If you don't want to do that, Senator, where are you going to get the money to make these public investments?

I haven't heard many people that are enthusiastic about a tax increase. I have heard them being enthusiastic about going in the other direction. The only way you can find the resources to invest in the long-term growth of this country is by containing and controlling the pace of growth of entitlements. It is a question of whether or not we are going to endow the future, or are we going to convert the Federal Government into an ATM machine, entitling the present solving of the problems of me, me, me, now, now, now, but not solving the problems of future generations.

The third issue I speak of today is health coverage. I am of the opinion that the additional $24 billion that is in this particular budget is going to cover a lot fewer people than leading advocates predict. I don't believe that it is going to be a terribly efficient way to increase coverage. Again, I don't think you are going to be able to get the kind of increased coverage that is necessary, unless you come to grips with the rising costs of these mandated programs. For all the terrible things that were forecast and said about the proposal to add a $5 fee for home health, to add a means-tested and an income-related premium on Part B and increase the eligibility age, you thought we were not spending any money at all on Medicare.

No account in our budget grows as fast as Medicare. It will go up, on average, $24.5 billion per year for 10 years. Nothing grows that fast. We are allocating more and more of our gross domestic product into Medicare and other entitlements. Now, I am prepared to do more for low-income seniors, and help people who are in serious trouble out there, having a tough time paying the bills. But the choice that we have to make, not only when it comes to investing in our future, but also being able to provide additional coverage, is between one group of Americans and another, or allocating $24.5 billion of additional money for children over 5 years and $24.5 billion per year for 37 million people over the age of 65.

Now, I think that is the kind of debate we need to have on this floor. It is a tough debate, and it involves telling the American people and, very often, giving them the facts. And the facts may be painful and difficult for us to face, but they are the facts. I, for one, as I said, am skeptical that $24 billion over 5 years is going to result in the kind of increased coverage projected for children. I must say again that I think the only way we are honestly going to be able to increase the coverage for Americans is to get after entitlements. There is a question of the legitimacy not only of the means test, but we must ask ourselves fundamental questions about requiring an eligibility test on age, another program based upon poverty, the veterans' programs, saying if you get blown up in a war, we have a good program for you. The final one, of course, is the income tax deduction.

The fourth problem that I think this country faces, which is not in this bill, but it will be taken up in the tax bill and I will talk about it later, but I think it's a big problem. We have a window into the problem of looking at the estate tax issue, and that is the difficulty Americans are having generating wealth. I will talk about it at greater length when we get on the tax bill. But income and wealth are not the same thing. It is not uncommon to pick up a newspaper and hear a story talking about this tax bill does this or that for the wealthy, and what they are talking about is income. They are not the same thing. I can have a half a million dollars a year in income and have no wealth, just as I can have $20,000 in income a year and if I save a little bit, I can get wealth. The estate tax debate is focused on about 2 percent of Americans who have estates at $600,000 or over. I believe estate tax relief is reasonable. I support doing that in the tax bill. But there are 98 percent of the American people that do not have wealth in excess of $600,000. It would not take much of a change in the Social Security program to enable somebody in the work force, indeed from the moment they were born, to have a savings account that enables them to say that when it comes time for me to retire, as I look forward to growing old, I know that in addition to some kind of an income transfer I am also going to have the opportunity to have security as a result of wealth. I think wealth distribution, identified as a problem repeatedly, cannot be solved by simply transferring income. It can only be solved by establishing that we are going to try to help working Americans acquire the wealth and use the principal retirement program, Social Security, that we have in place to get that done.

Mr. President, I close by saying that I intend to vote "yes" on this bill, and I intend to vote "yes" on the tax relief bill that follows. I wish it had done considerably more. I have great praise and great appreciation for the work done by the chairman of the Budget Committee, by the ranking Democrat, the chairman of the Finance Committee and the ranking Democrat on that committee as well. They set the tone of bipartisanship, which must be set if you are going to deal with these controversial issues, if we are going to be able to go after the common enemy, not just of deficit spending but other tempting, irresponsible things that might produce a round of applause, but might not be good for the United States of America.

Mr. DOMENICI. Will the Senator yield?

Mr. KERREY. I am pleased to yield.

Mr. DOMENICI. Senator, first let me make an observation, perhaps not as eloquently. I believe the Senator from New Mexico could, someplace or another in the United States, make a very similar speech. I think most of what you talked about I agree with. But I would like to make sure that everybody knows just how much you can do in a budget resolution and in a bill that is forced by a budget resolution and how difficult it is to try to do more than fits the bill. I want to say to the American people that while I agree with your statement wholeheartedly that we have to do much more with the entitlements—and let's be very precise, the one that is really, really in need of a long-term fix is Medicare—not because anybody wants to deny anyone anything, but the stark fact is that it, by itself, can break this country in another 15, 20 years all by itself.

Frankly, I never believed that we could fix Medicare in its totality in a budget resolution and a bill that was thrust by a budget resolution. Senator GRAMM is chairman of the Subcommittee on Health. I think he would agree with me that, while we probably could have done better, and should have, on the three items that would have helped, we can't force the total change of Medicare in a bill like this under a budget resolution format. First of all, a budget resolution is only applicable for 5 years. You are permitted to project for 10. I assume when Senator GRAMM starts that reform, he is going to start beyond 10 in terms of the real dollar impact, because that is when it is in trouble. It is not in trouble in the next 5 years. One might have a different mix as to how you get it to a state of solvency.

Senator, I would like you to know I never thought that we could do much more in Medicare. But I think the three changes you made in the Finance Committee, with your support, if we could have held them, it would have been a good first step. I still believe the spirit of getting this done may get us, within the next 2 or 3 years, to facing the issues for major, permanent reform of the entitlement programs. I am hopeful you are not giving up because we can't do it in this budget bill, because it is a very, very big issue that requires much debate in the Senate. I don't know exactly how that debate is going to be framed, but I don't think it is going to be framed in a reconciliation bill with no debate to speak of and no amendments to speak of. That is just the U.S. Senate's way of doing things. I thank you for yielding. Maybe you can comment on that.

Mr. KERREY. Mr. President, first of all, I say that the man who taught me about entitlements is the distinguished Senator from New Mexico. I recall coming to the floor, I believe it was on a budget resolution that the distinguished Senator from New Mexico and the now-departed Senator from Georgia, Senator Nunn, when they had the famous Nunn-Domenici amendment that controlled the growth of entitlements. The first time he proposed it, I voted against it. I listened to the opponents of it and said, "That makes sense to me; this is not a good amendment, so I will vote no."

Then I started looking at the facts, and I was very uncomfortable to have to conclude that I voted wrong. The next time the Senator brought it up, I voted for it and I became interested in this issue as a result of both you and Senator Nunn and your elaborations and your education that you did 3 or 4 years ago.

The point that I am trying to make, which I am afraid is sometimes lost, is that the longer you wait, the harder the choice is. This is not a problem that you can avoid forever. The more time you let expire, the more difficult the choice is—that is, on Medicare. The same is true on the budget item when it comes to Social Security. We have people under the age of 40 who will be beneficiaries out in the future, 26 and 27 years from now, under current law, for whom we have to say, are we going to be able to keep the promise that's on the table? We have to say no. Social Security Commissioner designate Shirley Chater, in 1996, when asked about it, said, "You can expect Social Security to have to be reduced by 30 or 40 percent in benefits, unless some change occurs."

Well, there is a presumption that those of us who proposed altering these programs today are proposing cuts. But the truth is, if you do nothing, that is what is going to happen; only the cut isn't going to occur to a future beneficiary, it will occur to a current beneficiary. Long after the time has passed when you can plan and make adjustments, suddenly the Congress is going to pop up and say, "Sorry, folks, we have to cut the programs big time," in order to be able, as the Senator said, to save either the fiscal health or the program itself.

So my fear is that we missed an opportunity when the distinguished Senators from New Mexico and Georgia were down here. I recall people coming in the one year and pulling off veterans first, and once the floodgates were open, it was "Katie bar the door," everybody got down here and got exempt and there was nothing left. There was no group that is entitled to payment left, and they were all exempted and there was no real reform that occurred.

So I am not going to give up on the issue. I am not going to stop talking about the need for these long-term changes. But I am just saying to the American people, especially those who understand the importance of Medicare and these entitlement programs, who consider it a victory that the conferees were unable—and I know the Senator from New Mexico fought for these things, but the conferees were unable to hold these provisions. There are many people who are advocates of these programs that consider that a victory. It is not a victory. It weakens the program long term. And some beneficiary out in the future is not going to thank us for this action. Maybe it gains a few votes in elections. I doubt it. I believe the American people once they hear the facts of the matter will be persuaded.

Anyway, it is a much longer answer. I know the Senator from Texas is not very appreciative of the fact that the Senator caused me to talk longer than I intended to.

But I want to underscore in closing that I do appreciate the fact that the Senator from New Mexico, Senator Nunn, and others led on this thing. It probably torments the Senator now to see his student come back here speaking in this fashion.

I just close by saying that I am prepared to vote for this agreement on the balanced budget. I believe that is good for the economy. I wish and hope that we are able in a bipartisan spirit to do much more, if not this year sometime relatively soon.

The PRESIDING OFFICER. Who yields time?

Mr. DOMENICI. Mr. President, I yield to Senator GRAMM as much time as he may desire.

The PRESIDING OFFICER. The Senator from Texas is recognized.

Mr. GRAMM. Mr. President, let me first thank our chairman for yielding.

I would like to begin by congratulating some people and thanking them for their leadership.

First of all, I want to thank Senator DOMENICI for his leadership. I have had the opportunity to serve with Senator DOMENICI now for 13 years. I have been on the same side as Senator DOMENICI. I have been on the opposite side of Senator DOMENICI. I have noticed that when we are together we generally win. I wish Senator DOMENICI could be right more often.

But I want to congratulate him for his leadership. I don't have any doubt in my mind that Senator DOMENICI will go down as one of the great legislators of this era, and that I will always be proud to tell my grandchildren that I served with him. I want to congratulate him for his great work on this bill.

I also want to congratulate Chairman ROTH. This is the first full term that Senator ROTH has been chairman. He became chairman in the middle of the last Congress. And I think he has done a terrific job in chairing the Finance Committee and in building bipartisanship to a level that I would not have thought beginning this process that we could have ever had on the tax bill. I want to congratulate Chairman ROTH for his leadership, which I really think has been outstanding, having had the opportunity to be in committee, to be actively participating in the debate on the tax bill on the floor, and having had a chance to be in much of the conference.

I think our colleagues ought to know, or at least hear someone say what a great job that Chairman ROTH did.

I also believe that our Democratic colleagues, especially Senator MOYNIHAN, have made a great contribution to this bill. Whether you like the product, or whether you do not like anything else we do—it is as thick as this package that many like and many dislike—I think you have to clearly say that a tremendous amount of work has gone into the process.

Let me begin by talking about what I believe in this bill is unambiguously positive, and what is clearly going to be greatly appreciated by the American people—some of it immediately, and some of it over time—as people come to understand it.

I would like then to talk about the disappointments I have about some parts of the bill—opportunities lost, things done. And then I would like to conclude by simply talking about the future in the next 5 years as we try to implement what the Congress is clearly going to adopt, and then say a little bit about balancing the Federal budget. So I will try to do those things.

Mr. DOMENICI. Will the Senator yield?

Mr. GRAMM. I am happy to.

Mr. DOMENICI. I must leave the floor. I will tell the Senator that I look forward to reading the Senator's remarks. I think the Senator knows that I mean that. I believe what he has outlined is so typical. I mean the Senator is going to state the good things, things that are not as good as they could be, and he is going to lay them out with clarity. I say thank you for the generous remarks which the Senator made about me. But I also want to say I reciprocate.

It doesn't matter in the U.S. Senate whether you agree with another Senator half the time, all the time, or none of the time. What is important is that you respect them. That is all we can get in this place—is that somebody respects what we are doing. I want to tell the Senator from Texas, whether it is his way and I am not right enough, or whether it is my way and he is wrong too often, it doesn't matter. You can't be in the Senate and serve with PHIL GRAMM of Texas without respecting him. The Senator has a great mind, and he has learned to apply it to our problems in a way that really means something to a lot of us. It strikes our minds, and makes us think. I don't think the Senator from Texas can expect to do more, and he wins plenty of them because of the clarity and the philosophy, and the way he digs into the issues.

There are many things that we are experimenting with in this bill that may not work, and the Senator is going to certainly find them and tell us why. And they have an awful lot to do with the child health care package. The Senator is going to say something about that. And I am not trying to preempt him because I know there are problems there. I don't believe the people who say if it had gone straight under Medicaid that it would have covered many, many more. I don't believe that at all. The Medicaid Program that has not worked well in the past that we have been struggling to fix ought not be mimicked. It ought to be changed. And if you can, you ought to do the same thing in a different way. That is the theory of the Senator from Texas, and he has said that from the beginning. We are trying. But we are not there yet, and many other things.

I want to tell you, we struggled mightily on the welfare side, on the Fair Employment Labor Standards Act, and whether the myriad of laws should apply to trainees. And the Senator is going to speak about that. But I want to tell him, I couldn't win. I couldn't get it done. That is all there is to it. Everyone now knows, including the White House—and they will admit it—that the welfare program will not work in terms of the people that most need the training without some relief from some of the laws that apply across the board to people permanently employed in companies that make enough money to get by and have to pay them. And there is no doubt that the issue has been framed in a false way.

It is not a minimum wage issue. We have already agreed to the minimum wage. I heard the President yesterday speak of minimum wage again. That is not the issue. The issue is the rules that are going to govern a nonprofit organization that we asked to train 10 people. Isn't that right? They are going to say, "Why should we do that?" Every law on the books governs these trainees, and we didn't even pick them. You picked them for us.

So I am aware of those and many others. But I think the Senator is going to also say that there are some good things in this bill.

I thank the Senator very much for yielding.

Mr. GRAMM. I thank the Senator from New Mexico.

Mr. President, let me begin with the tax cut.

First of all, I think if you are going to judge what has been done, you have to first begin by looking at the fact that we are cutting taxes by approximately 1 percent. The tax cut on average over the next 5 years will lower the tax burden on the American people by slightly less than 1 percent.

So for all of those who are saying, "Well, the Tax Code becomes more complicated, the changes that are made are piecemeal," all of that was driven by the fact that with the bipartisan nature of this bill and the fact that we have a President who was adamantly opposed to cutting taxes until 3 years ago, who only endorsed the concept of trying to balance the budget 2 years ago, that we had a very limited amount of resources. Obviously, for people who have listened to much of this debate and have gotten the idea that we are talking about a huge tax cut, they are going to be disappointed. But there are some people who are going to be directly affected, and in a very positive way. Right at the top of the list will be people who have families and who have children. Nearly all of the $85 billion net tax cut we have in this bill goes directly to families with children.

Why single them out? I am sure there are people who say, "Well, children are important. Families are important. But why such a focus of this tax bill on children?" Let me explain why.

In 1950, the dependent exemption—the amount you got to deduct from your income because you had a dependent—was $500. As a result of that $500 dependent exemption for children in 1950, 65 percent of all income of the average income working family was not subject to income taxes in the average family of four in America. Today the dependent exemption is $2,500. But to cover the same expenses and to protect the same level of income that it did in 1950, it would have to be twice that big, or $5,000 per child.

So what has happened since 1950 is that the real dependent exemption in terms of letting working families keep their money to invest in their own children has effectively been cut in half.

If you look at the Tax Code, what has happened is this: In 1950, rich people paid a lot of taxes. And today rich people pay a lot of taxes. In 1950, poor people didn't pay any income taxes to speak of. And today poor people do not pay any income taxes to speak of. But the explosion of Government between 1950 and today has been almost totally funded by a massive growing tax burden on working families with children. And we have literally starved the one institution in America that really works—the family.

So our primary focus—first, in the Contract with America, then the budget 2 years ago, then the budget a year ago, and now the budget this year—has been to give a $500 tax credit per child and to let working families invest in their own children, their own family, their own future, recognizing that the best housing program, nutrition program, and education program is to let working families keep their own money and invest in their own children, their own family, and their own future.

Second, in this tax cut bill we begin the long process of eliminating the death tax. People work a lifetime to build up a farm, or a small business, or to build up assets. And they do it for their children and their future. And they make the country rich in the process. But when they die, even though they pay taxes on every penny they earned along the way, when they try to pass these assets on to their children, the Government comes in and takes up to 55 cents out of every dollar.

So it routinely happens in America every day that parents die, and then their children have to sell the fruits of their lifetime labors—their business, their farm, their home, their assets—in order to give Government 55 cents out of every dollar of its value.

Republicans believe that is wrong. We believe you ought to tax income once, and not twice. And I think the changes we made in this area, especially for small businesses and family farms, is very, very important.

I believe that people who are trying to educate their children will be beneficiaries of this program.

Quite frankly, my favorite part of the tax bill in the area of education is not the President's initiative. It is instead an initiative that came from Senator ROTH. That is the initiative that lets people when they get out of school treat student loan interest payments as a business expense. Think about it for a minute. If you go out and buy a tractor, you can depreciate that tractor—write its value off against your income. But if you invest in going to college, or graduate school or medical school by borrowing a bunch of money on a guaranteed student loan, when you get out of college and you start to work with that big heavy burden of debt, none of the expenses you incurred in getting the education that economists call "human capital" can be written off as a business expense.

So our society's Tax Code has historically discriminated against investing in our own people.

One of the provisions of this bill that is critically important is the provision that for the first time will let a young wage earner who has gotten out of school, who has a big guaranteed student loan, to write off that interest against the income they are earning as a result of the earning power they got from going to college, or graduate school, or professional school. And I believe this is going to encourage people to go to school longer and to accumulate greater human capital.

There are a lot of provisions in the tax bill. I believe the tax bill is basically a good bill, and the American people are going to benefit from it. Not everybody is going to benefit. The top 5 percent of income earners pay 50 percent of the taxes. They are going to benefit from none of the general tax provisions. They will benefit marginally from the death tax change. They will benefit from the capital gains tax. But the focus of our benefit, quite frankly, with simply a 1-percent cut in taxes, is where it ought to be—on working middle-income families.

We have had a long debate with the President, and the President has won the debate in this bill. But what is the old saying? He, convinced against his will, is unconvinced still. And let me say I think it is a fundamental error, even though I am going to vote for the tax package, it is a fundamental mistake in a tax bill that only provides $17 billion of tax cuts a year, it is fundamentally unfair to take part of that tax cut away from working two-income families in order to give a tax cut to people who do not pay income taxes. I believe that tax cut bills should be aimed at cutting taxes for people who pay them. In any case, that is where we are in the tax bill.

Let me turn now to the spending bill. The best provision in the spending bill, from my point of view, is expanded choice on Medicare. Medicare has grown by 12 percent a year in cost in the last 20 years. No major program has ever grown that fast before, and, as a result, even with the reforms we have instituted, even under the best of circumstances, Medicare is destined to become the largest and most expensive program in the history of the American Government. But by letting our senior citizens have more choices, by encouraging competition, by allowing a broad range of choices between the traditional HMO and fee-for-service medicine, we are going to for the first time bring the forces of competition to bear on controlling the cost of Medicare.

Since 1965, we have tried to use Government regulation to control Medicare costs, and it has been a total and absolute failure. We are now going to try the forces of competition. I believe that they are going to be successful, and I believe that the most remembered part of the spending bill that is before us will be the expanded choices that we provide under Medicare. If we allow each of these choices to develop, if we continue to refine them and promote competition, I believe we can and will over time drive the cost of Medicare growth down to roughly the cost of medical care in the market system.

Last year, the cost of medical care in the private sector of the economy actually grew less than the Consumer Price Index. Medicare continues to outpace inflation by a wide margin. I believe that by bringing the forces of competition to bear, we have made a fundamental change in at least part of the Medicare problem. Our failure to deal with the long-term Medicare problem is my greatest disappointment with the bill before us.

Someone said in the newspaper this morning that the subtitle of this bill ought to be "Opportunity Lost." I agree with that. I believe that we have missed a golden opportunity to begin the reform that will be required to keep Medicare solvent. I am proud of the Senate. I am proud of the three votes we cast to keep provisions in our bill that would have raised the eligibility age on Medicare to conform to Social Security, that would have asked very high-income retirees to pay their full part B premiums, that being the voluntary part of Medicare that you don't pay a penny for during your working life, and finally to have a simple $5 copayment for home health care.

Home health care is the fastest growing part of Medicare. The President had a 10-percent copayment in his national health insurance bill. The Democratic leader, Senator MITCHELL, when he offered the final version of the President's plan 3 years ago, proposed a 20-percent copayment. Prior to 1972, we had a 20-percent copayment. And the rejection of a simple $5 copayment to try to induce people to be cost conscious was, I believe, a sad commentary on the lack of leadership both at the White House and in the Congress. I believe we missed a real opportunity to reform Medicare, and I believe that each and every one of these things will be done.

Going back to a point that our colleague, Senator KERREY from Nebraska, made earlier, the longer we wait to institute these reforms, the more difficult it is going to become to make these reforms work because the problem is going to get bigger.

Some people are encouraged by the fact that we have set up a commission in this bill. Forgive me for being underwhelmed at setting up yet another commission. We have already had an entitlement commission. It has already reported. We know what the situation is.

Let me just summarize it. Under the best of circumstances, if everything goes right, if the economy stays strong, if we have the best possible circumstances that we could expect over the next 25 years, our current policy on Medicare and Social Security will require the payroll tax to double from 15 percent to 30 percent on every working person in America. Under the best of circumstances, if we do not change policy, we are going to have a doubling of the payroll tax in 25 years, and nobody disputes it. Under the pessimistic scenario of lower growth, we are going to have to triple payroll taxes.

Let me remind you what that means. It means that a low-income worker who is paying 15 percent of his income in taxes and 15 percent in payroll taxes will go from a 30-percent marginal tax rate to a 45-percent marginal tax rate. What it will mean, if we do not do something to reform Medicare and Social Security, is that, with absolute certainty, 25 years from today the average working American will be paying over 50 cents out of every dollar they earn in payroll taxes and income taxes.

For those people who said, do not make these hard choices in Medicare, they are the people who are going to have to explain why we are doubling payroll taxes over the next 25 years.

I believe we have a crisis in this area, and let me say the first week we are back, as chairman of the Medicare subcommittee, we are going to hold a series of hearings on Medicare. Senator KERREY and I are going to reintroduce our reforms as a freestanding bill, and we are not going to let this issue die. I am also going to expand our hearings to begin to look at private investments and ownership of assets especially by young workers as a way to guarantee that they have Social Security benefits when they retire and as a way of guaranteeing that they have Medicare benefits.

If we do not change this program, with the baby-boom generation retiring in 14 years, we are going to have a generation of Americans that will be paying 30 percent payroll taxes to pay benefits to retirees who will never get benefits out of these programs that are in any way related to what they paid in. Only if we begin to reform these programs now and only if we begin to restructure the system so when a young person is setting aside money for their retirement, it is not going to some phantom account with the Social Security Administration but where it is going in a real investment in something they own and can depend on and trust, until we collateralize or securitize the Social Security and the Medicare contributions of our young people, their retirement is not going to be secure.

Senator DOMENICI said that I was going to talk about the welfare reform, and I am. One of my biggest disappointments in this bill is that, as it is currently structured, we have gone a long way toward killing welfare reform, and let me explain why. First of all, we made some tough decisions about denying benefits, setting higher standards and saying, especially to immigrants, you come to America. You have to come with your sleeves rolled up ready to go to work. You cannot come to America with your hand held out ready to go on welfare. We have partially reversed that in this bill, and we are going to spend tens of billions of dollars providing benefits to people who are denied benefits under our welfare bill, but that is the smallest part of the problem.

As a result of the administration responding to special interest groups, especially organized labor, we now have provisions that will make it virtually impossible for States to require welfare recipients to work, and let me explain why.

If a State has a mandatory work requirement, and let us say they want to require welfare recipients who are young mothers who have one skill, and that skill is taking care of children, and let us say they set up in Government housing projects a day care center, and they ask some welfare recipients to do part of the baby-sitting under supervision, under the provisions of this bill and under the new requirements that have been set by the administration, we would have to pay minimum wage. We would have to provide fringe benefits. We could not count all the welfare benefits they are getting like Medicaid and housing subsidies as part of those wages. And so it is going to cost States substantial amounts of money to put welfare recipients to work where they would acquire skills that would let them go out in the marketplace and work.

The net result is going to be that we are in reality coming very close to killing the very welfare reform bill that was the greatest achievement of the last Congress.

These are trainees. They are people who are receiving public benefits, and to ask them, in return for those benefits, to do productive work is the most reasonable thing imaginable. It was something that a large percentage of Senators and Congressmen on a bipartisan basis agreed to last year, and yet 1 year later, with administrative action by the President and through this bill, we are going to make it virtually impossible for the States to have a work program for welfare recipients.

Now, I am hopeful that we can in the future come out with a bill that will at least let the States count all the benefits that are received by people who are receiving welfare in calculating what their effective wage is by working. But this is a very, very serious matter.

I am also very concerned about this massive new program to give health insurance to children. Who can be opposed to health insurance for children? Nobody. Bismarck once said, never does a socialist stand on firmer ground than when he argues for the best principles of health. And I would just paraphrase Bismarck by saying, never does a socialist stand on firmer ground or higher ground than when he argues for the best principles of health for children.

But here is the problem. We started off with a bill that had a broad consensus and it was a bill where we were going to spend $16 billion to try to help the States get access for health coverage for children from very low-income families. What happened in the process is that the piling on of the tobacco industry got caught up in this, so, whereas the President started out with $16 billion, it has now already grown to $24 billion before we adopt the bill, and does anybody believe that this program is not going to explode in the future?

Here is the problem. Once you get up to roughly 200 percent of poverty, 82 percent of the children are covered by private health insurance. So, unless we are very fortunate, what is going to happen to us in this bill is that we are going to end up having four children who will give up, through their families, private health insurance, for every one new child we get covered. So 80 percent of our money will simply displace private health insurance. And how can you blame them? If you have a moderate-income family, having trouble making ends meet, and we are going to give their children private health insurance, what rational parents are going to continue to pay for it themselves?

So, we have the very real specter, here, of spending a tremendous amount of money and covering almost no additional children. Let me say, I totally agree with Senator DOMENICI. I think the worst choice we could have made was simply going through Medicaid, when all 50 Governors, 2 years ago, told the Congress that they could do what Medicaid was doing for 30 percent less if we would let them do it. But I think we have to be very concerned about this program. I hope we are as committed to monitoring what we are doing as we are to doing it. If it becomes clear that all we are doing is displacing private health insurance, I hope we will be willing to go back and try to adjust this program to try to prevent that from happening.

I am also very concerned about all of these new benefits. Again, they are not benefits anybody can be against. We are cutting the copayment for outpatient care under Medicare. We are adding a whole bunch of new benefits to Medicare. The problem is, Medicare is going broke as quickly as it can go broke. The only reason we can claim we have saved it for 10 years is we, in the process, were forced to give in to the administration's demand that we take the fastest growing part of Medicare and take it out of the trust fund and put it into general revenue. As I said when we first debated this, I can make Medicare solvent for 100 years by simply taking hospital care out of the trust fund. But have we changed anything by doing it? The answer is no.

I am concerned that, by creating these new benefits, all of which are popular, that we have to look and see whether, in fact, we made the problem better or worse. I am very skeptical that cutting reimbursements to doctors and hospitals will really save money. The reason I am skeptical is that, as we have gone back and looked at our reforms in the past, that has not been a very effective way to save money. Because what tends to happen is that doctors and hospitals—basically, doctors are smart people or they wouldn't be doctors; hospitals tend to be run by smart people—what they do is they figure out how they can change the billing so they end up billing for more and getting the same amount of money.

So, I am concerned about these add-on benefits. I am worried that these new programs are like little baby elephants, they are little and pretty now, but if we are not careful they are going to all grow, each one, into a big elephant. And, as we talk about balancing the budget, the final subject I wanted to talk about, this could be a problem for us.

Finally, let me talk about balancing the budget. I have been involved in budget debates since I first came to the House of Representatives. We have, on many occasions, claimed to have balanced the budget. Many of us on various occasions have thought we had really done it. And I think, on balancing the budget, it is important to remember an adage that ABRAHAM Lincoln used to be fond of. ABRAHAM Lincoln once said, "The hen is the wisest of all birds. She never cackles until the egg is laid."

I believe that a lot of work is going to be required to make this budget ultimately produce a balanced budget. Much of this budget is based on assumptions about a strong economy—which today is very strong. Obviously, we all want it to stay strong and we are going to try to make it stronger. It is also based on the premise that these programs are not going to grow beyond the levels we have set out in our budgets, even the new programs, and that we are going to live up to these discretionary spending caps. Obviously, it is hard to live up to them. As everybody knows, we pass emergency appropriations bills for $8 billion, and we end up breaking the budget, not only in the year we are in but for the next 3 or 4 years. We don't write money for emergencies into the bill, knowing we will have an emergency bill. It is going to take a tremendous amount of concerted, bipartisan effort to live up to the commitments we made on discretionary spending. I hope our colleagues are as committed to living up to this budget as they are to adopting it. I think, if they are, we might have a fighting chance. But clearly, balancing the budget is not something you buy on a one-time payment. You buy it on the installment plan.

And the weakness of the program is it is based on the assumption that this very strong economy is going to continue into the future. It may and it may not. We are in the second-longest peacetime expansion in American history. I think it is highly improbable that we would go 5 years without an adjustment. But we could still balance the budget with a minor recession if we could control the growth of these programs. I wish, as I said numerous times during the budget debate, we could have done more to control spending. I wish we could have bought more insurance.

But, in conclusion, let me say that the reforms in Medicare, the expanded choices, represent a fundamental change in policy. And I believe we will all benefit from them. I think we did about as good a job, given that we had a Democrat President who had very strong goals in the tax bill, especially a belief that you can't cut taxes for people who pay taxes unless you give money to people who don't pay income taxes. I think, given that we had 1 percent of taxes to deal with and we had a President who didn't share our fundamental goal, I think overall we did a pretty good job on the tax bill and I think we have reason to be proud of that.

I think the reforms and choice on Medicare are good reforms. But I think there is really reason to be concerned about what we have allowed to happen on welfare reform, and much of our budget is assuming that the progress we have made on reducing the welfare rolls is going to continue. I think we have to be concerned about growth, especially in these new programs. We have to enforce the discretionary spending caps to have any chance of balancing the Federal budget.

So my message today is that there is a lot of work to be done. I look forward to participating with Senator DOMENICI and with our colleagues to try to get that work done.

I yield the floor.

The PRESIDING OFFICER (Mr. HUTCHINSON). The Senator from New Mexico.

Mr. DOMENICI. Mr. President, Senator KENNEDY has been waiting. I am only going to take a minute, Senator.

I did not get to hear Senator GRAMM's entire remarks. I pledged to him before that I would read them in their entirety, and I will. But let me make just a couple of quick observations.

I think everybody knows—my good friend from Texas said—you can't get a balanced budget overnight. You do buy it on the installment plan. When you buy it on an installment plan that is 3 years, 5 years, or 10 years, you have to make some assumptions. I think, distinguished economist that he is, he would know that.

The Senate should know we did not use optimistic economic assumptions. In fact, we used CBO's very modest economic assumptions. There is no way we could provide an assumption, outright, that, if we have a serious recession, that we provided for it. But CBO's economic assumptions versus others, more optimistic, at least build into their model that, indeed, there could be a slowdown and, thus, they take something off the growth edge. So I don't think we have an unduly high one.

Senator, I am agreeing with you that unless we seek to look at the new programs we created, in terms of are they performing as we expected, we won't make it. And, second, I am not terribly interested in being the enforcer on appropriations caps—which are very strenuous after 1998. In fact, I will give you the number. The baseline for discretionary, if we did nothing, is $2.943 trillion. Under this bill it is $139 billion less, which means for a period of time it is going to grow very little, in fact five-tenths of 1 percent.

But I am not going to run around being the enforcer if entitlements are going wild again. You might, and I would respect you for it. But, essentially, we cannot balance the budget on the appropriations accounts. We have to make sure we control the entitlements and I think you agree with that. You are not agreeing with me that we should not worry about appropriations. I would worry less than you about correct appropriations. But what the Senator has said about making sure we get there, and making sure we do some things to assure that this commitment and this path is, indeed, realized—which is what you are saying, I believe—I think that's correct.

I think—so long as everybody leaves knowing that, in terms of making sure we don't let things within this slip and say, "Oh, well, $10 billion didn't matter, we thought it was that but we are wrong," and just pass those tens of billions by—we will get there. And that's not an exceptional thing to expect of a group which is out claiming a balancing budget. Would you agree? We are out there claiming it. We ought to be willing to say we will do what's necessary. And I think if we do what's here that's enough. We don't have to do a lot more over the next 5 years, but if we are going to do less, it is not going to be enough and we are all going to be ashamed.

I thank the Senator for those observations which prompted me to say this because I believe that's absolutely true. I yield the floor and I yield to Senator KENNEDY.

The PRESIDING OFFICER. The Senator from Massachusetts.

Mr. KENNEDY. Mr. President, I yield myself such time as I require.

The PRESIDING OFFICER. The Senator is recognized.

Mr. KENNEDY. Mr. President, this is a great day for America's children. With this agreement, we have taken a giant step toward giving all American children the healthy start in life they deserve.

The establishment of a new, $24 billion program to provide low and moderate income families the help they need to purchase health insurance for their children is a landmark achievement. It represents the most far-reaching step that Congress has ever taken to help the Nation's children and the most far-reaching advance in health care since the enactment of Medicare and Medicaid a generation ago.

The funds provided under this bill are sufficient to assure that every American family has access to affordable insurance for its children.

President Clinton deserves tremendous credit for his leadership in achieving this milestone. His fight for health security for all Americans in the first 2 years of his administration laid the foundation for the progress we made in the last Congress and for today's agreement.

The Kassebaum-Kennedy legislation enacted in the last Congress guarantees that workers can change jobs without losing their health insurance coverage, or being denied coverage because of a pre-existing condition. The vast majority of Americans obtain health insurance for themselves and their families through their jobs, and ending insurance discrimination against those in poor health was a significant step toward greater health security for all families.

Today's expansion of health insurance coverage for children could not have happened without President Clinton's strong support. The President fought hard to include a $16 billion commitment for children in the budget agreement. And it was his unwavering support that assured the additional $8 billion added by the Senate was included in the final bill.

I also commend several others who contributed to this victory for children. Mrs. Clinton has made the issue of good health care for children a lifetime of commitment, and I thank her for her strong support. Senator HATCH's courageous leadership in the battle for health insurance coverage financed by a cigarette tax was absolutely critical. Senator ROCKEFELLER, Senator CHAFEE, Senator JEFFORDS, Senator KERRY, Representatives NANCY JOHNSON, BOB MATSUI, and MARGE ROUKEMA and others were effective leaders in reaching this bipartisan goal.

Among many outside groups that worked to make this day possible, the Campaign for CHILD Health Now, cochaired by the Children's Defense Fund and the American Cancer Society, was indispensable in its tireless efforts to inform and mobilize the public in support of children's health insurance. Marian Wright Edelman, as always, was outstanding in these efforts.

When Senator HATCH and I introduced our children's health insurance proposal in March, we said that it would help guarantee good health care for millions of children who have been left out and left behind. These children come from hard-working families. Their parents work 40 hours a week, 52 weeks a year—but they still cannot afford the health care their children need. Whether the issue is eyeglasses, or hearing aids, or asthma, or prescription drugs, too many children do not get the care they need for the healthy start in life they deserve.

The agreement today brings new hope to these children and their families. It means that they will have a better opportunity to achieve a long and healthy life. It means that our country has at last given children's health the high priority it deserves.

I am also pleased that there will be an increase in the cigarette tax, but I am disappointed that the cigarette companies still wield sufficient power in the back rooms of Congress to roll back the tax below the 20-cent increase approved by an overwhelming bipartisan vote in the Senate. A higher tobacco tax is an effective means to discourage children from smoking. This issue will not go away, and I expect the Senate to return to it later this year, either in the context of legislation on the tobacco settlement or as part of other bills.

Finally, it is gratifying that the agreement drops the harsh and ill-thought-out proposals on Medicare, such as raising the eligibility age, imposing a means test on premiums, and requiring copayments for home health care that would have penalized the oldest, sickest, and poorest senior citizens. Long-run reforms are needed to keep Medicare strong, but any reform worth the name deserves careful deliberation by Congress, not the short-circuited consideration imposed by the strict rules on budget bills.

Finally, I express my very personal appreciation for the strong leadership that was provided by Senator DASCHLE, on our side, and for his strong commitment on health care. Senator DASCHLE had indicated that health care for children was going to be one of our Democratic strong priorities in this Congress. His unflagging strength and commitment and support for this program was invaluable in seeing its achievement.

Mr. President, I yield the floor and suggest the absence of a quorum.

Mr. DOMENICI. Mr. President, I ask unanimous consent that the time be charged equally to both sides.

The PRESIDING OFFICER. Without objection, it is so ordered. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. DASCHLE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DASCHLE. Mr. President, I want to take a few moments to talk about the budget agreement, and this reconciliation bill in particular.

Let me begin by complimenting the distinguished majority chairman, Senator DOMENICI, and the ranking member, Senator LAUTENBERG, for their outstanding work in this whole effort. As has been said now by many Members, this would not have been possible were it not for their effort and the leadership they have demonstrated.

Let me commend the administration's negotiators—Secretary Rubin, Chief of Staff Erskine Bowles, John Hilley, and others—for the extraordinary effort they have made in working with us on the President's behalf.

The majority leader deserves a great deal of credit. This would not have been possible without his direct participation. He ought to take great pride in this agreement's accomplishments.

Many others on both sides of the aisle have worked diligently over the last several weeks to bring us to this point, and they too deserve credit. I am very appreciative of their efforts. This agreement is one of the most extraordinary accomplishments achieved, at least since I have been leader and perhaps since I have been in the Senate.

I think the message in the last election on the part of the American people all over the country was very simple: We want Republicans and Democrats to cooperate, to work on major problems together, to address the major problems in a way that gives them and gives us hope that there is a better future, a stronger future. They recognize, as we do, that the deficit is a major problem and has been a major problem. I think this agreement—as spelled out in both the spending and tax reduction bills—is clear evidence that we understood that message and have responded as consequentially and as sincerely as we possibly can.

This agreement is the final downpayment on a budget process that has now been underway for several years. In fact, it goes back to the vote of 1993, as some of my colleagues have already articulated.

This chart, Mr. President, very clearly illustrates from where we have come and what we have left to do. The projected deficits prior to the enactment of the 1993 economic package are represented in the top line.

In 1993, we made the tough choices, the very critical decisions in 1993. As a result, we have been able to reduce the actual and projected deficits by $2.4 trillion over the period from 1993 to 2002. Were we to stop at this point and do nothing, annual deficits for the next 5 years are currently projected to remain in the range of $100 billion. If, as I expect, we pass this bill by week's end, we will have completely eliminated the deficit no later than the year 2002. In other words, the net savings over the next 5 years that will be generated by enacting this budget agreement will total over $200 billion.

So we will achieve our goal of a balanced Federal budget by the year 2002, if not sooner, as a result, first, of adoption of the 1993 budget agreement, and, second, enactment of the 1997 budget agreement. Passage of these two pieces of legislation will bring us to a balanced Federal budget for the first time since 1969.

There were many fears expressed about what would happen to our economy and the deficit if we were to enact the spending and tax policies contained in the budget agreement of 1993. I will not belabor the point or go over those fears at this time. Instead, I will simply concentrate on what has been said about the economy since the passage of the 1993 package by people outside of the Senate, in particular the Chairman of the Federal Reserve Board, Alan Greenspan.

Here's what he says about the state of our economy since the adoption of our 1993 budget plan: we are "now in the 7th consecutive year of expansion, making it the third longest post-World War II cyclical upswing to date."

In addition, he said:

> This strong expansion has produced a remarkable increase in work opportunities for

> Americans. . . . Our whole economy will benefit from their greater productivity.

Finally, he said:

> Consumers are also enjoying low inflation . . . financial markets have been buoyant . . . in a relatively stable, low-inflation environment.

That is about as optimistic a series of statements as I have ever heard the Chairman of the Federal Reserve make. He has a reason for making them—the economy is strong, we have been able to reduce the deficit, and we have an optimistic outlook about our future. And it is universally held. Whether we turn to the Chairman of the Federal Reserve Board, or Members of Congress, or the business community, or members of labor, the response is the same: Our country is stronger today.

There can be no doubt that we are strong.

Unemployment and inflation right now are at a combined rate of 8.7 percent. That is the best since Lyndon Johnson was President of the United States.

Inflation is at a 2.8 annual percentage rate. That is the best since John Kennedy was President.

The employment picture, with 12 million new jobs, is the best employment situation our country has faced in its history. Construction jobs are stronger now than at any time since I was born, since Harry Truman was President.

Consumer confidence has increased 14 percent in the last 4 years, which is the best we have seen since President Eisenhower.

Deficit reduction has been reduced to under 1 percent of gross domestic product in 1997. That is the best we have seen in all the years that I have lived. One would have to go back to Harry Truman's Presidency to find a time when it was this good.

Home ownership has increased from 63 percent to 65 percent, the best ever. Never in our Nation's history have two-thirds of all Americans lived in their own homes.

The stock market has gone from 3,500 to more than 8,000, a growth record that has been matched only once, and that was during World War II.

Median family income is up $1,600 since 1993, the best since Lyndon JOHNSON was President of the United States.

So, Mr. President, we feel very good about the circumstances and about the economic progress and performance of the last 4 years.

At the same time, we have said repeatedly over the last several months that there are four categories by which we would judge any agreement that would attempt to make further progress on the deficit: fairness, fiscal responsibility, education, and how we target the investments that we will make as a result of this legislation. Those are the four criteria. How fair is it? How responsible is it fiscally? How good an educational program can we achieve? And how well are we going to be able to target our investments?

Let us take the first category. How do Americans do under this agreement on the issue of fairness? Many of us talked for some time about how important it was that we benefit all income categories, not just the top income category, but those working families in the $20,000 to $30,000 income categories, people who pay a portion of their income to income taxes but an even greater portion to payroll taxes. Are we going to be able to provide tax relief to families such as those?

We will provide a child tax credit to 27 million working families. Families who pay thousands of dollars in payroll taxes, families who pay income taxes, families who try to make ends meet, each and every week, each and every month, those families are going to benefit very directly as a result of what we were able to do with the child tax credit.

And $24 billion has been committed in the first 5 years for a children's health program, which is the largest single investment in health care since the passage of Medicaid in 1965. That is just the beginning, because we have also committed another $24 billion in the second 5 years. For the first time in history, thousands of South Dakotans and millions of Americans are going to benefit from a Federal health program that for the first time will provide meaningful health care to children who are not getting it today.

And $1.5 billion is going to be committed to low-income seniors to help pay for Medicare premiums.

So, Mr. President, from a fairness point of view, there can be no doubt, when it comes to health, when it comes to the array of opportunities that we present working families, this bill deserves our support.

Mr. President, we also, as I indicated, made a very important point of arguing the need for targeted investment. Indeed, this legislation provides opportunities for targeted investment in environmental cleanup, in enterprise communities, and targeted job tax credits, ensuring that family farms and family businesses are going to be protected as one generation transfers its property to the next.

Employer tax deductions are going to be made available for employee education and training.

In a number of ways, we say we are going to take the resources available to us and target them to where they can be used to the greatest advantage—on environment, on communities, on jobs, on farms and small businesses. We provide an array of opportunities in that regard to do what Democrats said was very critical: provide the kind of targeted investment that is so essential to ensuring that all aspects and all elements of our American society benefit from what we are doing today.

The third criteria we spelled out was fiscal responsibility. How well do we do in that regard? We said at the very beginning, we do not want to see an explosion of deficit in the outyears. We wanted to be absolutely certain that, regardless of what else we do, we did not want to pass a tax cut we cannot afford and place ourselves back in the same box we created for this country in the 1980's. We did not want to relive the bad old days of those extraordinarily high deficits. Instead, we now recognize that achieving a balanced budget in 2002 is only the first step in maintaining a balanced budget in the years beyond 2002.

So we do not index capital gains. We put income limits on individual retirement accounts. We do not index the estate tax exemptions, simply because we were afraid of the extraordinary explosion in outyear deficits that these changes would trigger.

I recognize the fact that we did not go as far as some of us would have liked to ensure fiscal responsibility, to ensure with a high degree of confidence that we will be able to maintain a balanced budget. However, I also believe we took a number of steps that allow for some confidence that once we have balance the Federal budget, it will stay balanced in the years 2003, 2004, 2005, and beyond.

Mr. President, the last category is one that is probably of greatest importance to many working families because they are trying to make ends meet and still send their children to college. In this information age, it is important that we do all we can to make available to working families the tools and the resources necessary to allow every child who graduates from high school the opportunity to get more education. So this bill provides the single largest investment in higher education since Harry Truman passed the GI bill almost 50 years ago.

We provide a $1,500 HOPE credit in the first 2 years of college and a 20 percent tuition credit for college juniors and seniors and lifelong learning opportunities. There are families of all ages with many different sets of circumstances involving children who want to go to college, involving a spouse who may want to get additional education. An array of different challenges confront all working families as they attempt to cope with the circumstances we are facing in this information age. We provide that mechanism and those tools to working families in ways that we have not done in more than four decades.

So, Mr. President, as a result of this President's advocacy, we are committing resources to education that we have not done in the period I have served in the Congress.

There are no Pell grant reductions. There are opportunities for people to use other tools as well and not be penalized for using the credits that we now make available.

In the end, Mr. President, it all comes down to real names and real families, people that are truly going to be affected. While there are many families who have come before us over the course of the last several weeks to describe their situation, and talk about their circumstances, I think the Richards family in Sioux Falls, SD, who talked to us via television camera just a couple of days ago, is a clear example of what this legislation means for a typical American family.

Charlie Richards is a teacher. He is not only a teacher; he has two extra part-time jobs. There are many people in South Dakota who work not just one job, but two and three jobs in order to make ends meet. Charlie Richards is that kind of an individual, hard working. He believes that his family must have the very best that he can provide them, and he is willing to commit the extra time and effort and hours to see that provides his family with a quality of life that he now only dreams of.

His wife Karen is pregnant with their second child. Their income is about $24,000 a year. As a result of what we are doing this afternoon and what we will do this week, Charlie and Karen will get a $975 child tax credit. This figure was zero under the legislation originally drafted and passed by the House. Both children, once the second child is born, will get health care coverage, perhaps for the first time. Both children will be eligible for HOPE credits when they are ready for college. Both children will be eligible for KidSave and other individual retirement accounts when savings increase.

For the first time, Charlie and Karen will be able to perhaps set a little money aside for savings, maybe to buy a home, maybe to improve the home they are living in now, maybe to give their family just a little bit more hope that they are going to be able to make ends meet and do the kinds of things that every family dreams of doing, not just with the one child they have now, but with two.

So to Charlie and Karen, and to families just like them across the country, let us say today that we give them hope of a better future, a brighter and more realistic opportunity of achieving their goals.

We heard our constituents last year when they told us we have got to work together to solve problems, when they told us it is important that they have the kind of economic strength and security that they want so badly, when they told us we have got to continue to work and put our best effort forward to reduce the debt. We heard them on all these fronts. As a result of the extraordinary leadership and work done on both sides of the aisle, we are responding today in a way that makes me very proud.

I yield the floor and suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. MOYNIHAN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. STEVENS). Without objection, it is so ordered.

The PRESIDING OFFICER. The Senator from New York.

Mr. MOYNIHAN. Mr. President, this conference report comes before the Senate in an atmosphere of near euphoria. While I have signed the conference report—I was a Democratic conferee from the Finance Committee on these matters—and while I will vote for each of the bills, I cannot share the elation. I say this with the greatest respect for the Senators who managed this through the Budget Committee and, of course, for our own revered chairman of the Finance Committee—Senator ROTH—and others who have worked so very hard on the legislation. Surely, there is much to applaud in both bills. But the agreement does little to address, in a serious way, either short run or long-run budget problems.

In the short run, the Federal budget is already on the verge of balance. This is due to a strong 7-year economic expansion. The expansion is attributable, in part—very probably in large part—to the budget decisions made by the President and this side of the aisle in the Senate in 1993. Indeed, my respected colleague, BOB KERREY, suggests that the Omnibus Budget Reconciliation Act of 1993 be renamed the Balanced Budget Act of 1993. The deficit reduction brought about by OBRA 93, as our usage has it, is expected to reduce the deficit by a cumulative $924 billion through 1998. That is almost a trillion dollars.

I stood on the floor at this desk, with my great and good friend, Senator Sasser, as the chairman of the Budget Committee at that desk. I was chairman of the Finance Committee. In the end, we enacted that measure by one vote, which has brought us to where we are today. I don't know that the Nation, having heard so much for so long about deficits, had been properly concerned about them so much and for so long. It is not easy to grasp the possibility that the deficit for this fiscal year, which will end September 30, will come in under $30 billion. That is about one-third of 1 percent of gross domestic product—an insignificant number. If the present trends continue, we could well be in a surplus in a year's time—the first such surplus, if I rightly recall, since 1969.

And then having reached the point where we have free resources, we would be in a very proper position to turn to questions of, do we want to cut taxes, which clearly we might do? I would much prefer to see tax rates reduced—and I will talk about that tomorrow—or to provide new benefit programs of the kind that we are providing, but not before we have done what we said we would do first, which was to balance the budget.

Over the long run, too, this legislation does less than many of us on the Finance Committee would have liked. Indeed, I can say, sir, that all of us on the Finance Committee would have liked, as the measure I am referring to, passed unanimously in the Finance Committee, 20 to 0, on June 18. In particular, we chose to confront the long-run issues in Medicare. We are told that our two major retirement programs—Social Security and Medicare—are in grave difficulties. That is not so clear in the case of Social Security.

Four rather simple steps would bring us into actuarial balance for a full 75 years—the usual way solvency is measured for the Social Security program. It could be done by four simple measures.

Construct an accurate cost of living index—rather than a consumer price index—in the manner that has been proposed by the chairman of the Federal Reserve Board, the previous director of the Office of Management and Budget, Dr. Rivlin, and the Boskin Commission established by the Finance Committee when Senator Packwood was chairman—he and I jointly did that.

Tax Social Security retirement benefits in the way that all other pensions are now taxed.

Include all workers in the Social Security system. To this day, in a kind of exasperating holdover from the 1930's, there are several million State and local government employees who are not in the Social Security system as government employees, but who acquire the benefits, in any event, through part-time work outside.

Increase the computation period from 35 to 38 years.

Just take those four measures, and a few other odd things, and we put Social Security in fine fiscal condition into the second half of the next century.

This is not the case with Medicare. Medicare is a health program, and it provides health care to a population that grows older and does so in the setting where medical science grows ever more successful in the treatment of the diseases associated with aging. But those treatments are, of necessity, ever more expensive. There is a true problem in Medicare. We have made many changes in the present program, so as to provide another 10 years of trust fund solvency. But in fact, sir, since 1992, the revenues from the Medicare payroll taxes have not equaled the outlays. And we have used general revenues to fund the shortfall, and since the Federal budget has been in a deficit situation, we have had to borrow money to do it. We can say, if you like, that we have 10 years of solvency. There is not now and there won't be until we do very important things.

We began that effort in the Finance Committee on June 18. We took the decision to increase the age of eligibility for Medicare from 65 years to 67, in very gradual steps over the next quarter century, and bringing it into line with the increased age of eligibility for Social Security benefits, provisions adopted in 1983 in the aftermath of a commission, headed by Dr. Greenspan, on which Senator Dole and I served, among others. That measure just responds to the age profile, the demographic profile of the American people. We are living longer. And I would say, Mr. President, also, while we are living longer, we are retiring earlier. The majority of Americans now retire at age 62, when a reduced benefit on Social Security is available, and some 70 percent have retired by age 65. It is not entirely clear why. Some have sufficient resources and they simply want to stop working, and others have not gotten work, or others find the work no longer possible for them. But the fact is that most people now are retired before age 65, and on actuarially reduced benefits, so the trust funds are left unaffected. We proposed to do that with Medicare.

If there is a problem of interim insurance from the time you leave employment to the time you are retired, well, we can resolve that problem. We could be thinking about it right now, in terms of those who retire early on Social Security. The problem of health care insurance does not deter, so far as we can tell, persons from doing that. It is not an admirable fact; it is a distressful fact that the last time the Social Security Administration did a survey asking persons the reasons why they retired early was about 15 years ago. The Social Security Administration is very slow in providing the kind of information we would like to have to make these decisions.

We also, in the Finance Committee, unanimously agreed to increase the part B premiums for upper-income beneficiaries. That is to say, to reduce the part of the Medicare Program paid for by general revenues. When the program was begun—and I was involved if not peripherally, but with some measure of consequence as an Assistant Secretary of Labor for Policy Planning and Research in the Johnson administration—we provided that this program, Part B, should be paid for half by premiums paid by beneficiaries and half by general revenues. Over the years, as a technical result of having constrained the increase in premiums to the same percentage increase in Social Security benefits, while the cost of medical care increased faster than the consumer price index—which itself was an inadequate measure of the cost of living—that 50/50 share dropped to 25 percent for beneficiaries and 75 percent for the Government.

We would simply provide that persons with higher incomes would pay more than the simple 25 percent that the great majority of persons would pay. We are talking about a very small number of people—about 6 percent of all beneficiaries—but the principle is that if you have the income, you don't need the subsidy. Indeed, the overall subsidy would still be much greater than it was originally envisaged in 1965—with the Federal Government financing 72 percent of program costs out of general revenues. The time has come to do that.

Equally, the time has come to provide some measure of copayment for home health care, which has been growing at extraordinary rates, and which is evidently subject to serious abuse. This was widely reported in the press just this week. These items have come to be known as the big three Medicare changes. They were adopted on June 25 here on the Senate floor by a vote of 73 to 27. However, they are not included in the conference agreement. The House was not willing to do this, and I can only regret that we have not done so. I stand here and say, however, that the Senate has led the way and has shown you can do it. The response in public opinion has been quite moderate. The comment in the press has been almost unvaryingly supportive.

These are necessary, sensible things to do. And it is time we set about doing them. There is an opportunity that we will not miss, particularly if the Finance Committee—under the leadership of Chairman ROTH—continues to work in a bipartisan manner.

About 80 percent of the savings in mandatory programs in this bill before us, this extraordinary large bill—I would hate to see it dropped on anyone's foot—about 80 percent of those savings came from actions by the Finance Committee. The 5-year savings for Medicare are $115 billion. That is a decrease in the increase, in a manner we have come to be familiar with, and, as I have said, the trust fund will be in technical balance for about 10 years.

This does buy us time for an important provision in the bill, the provision for the creation of a national bipartisan commission on the future of Medicare—time for such commission to do its work. The statute provides that it issue its report by March 1, 1999, a year and a half from now.

The commission is required, in the first instance, to review and analyze the long-term financial condition of the Medicare Program, which is not an easy matter because we are talking about the long-term progress of medicine in an age of discovery that has proved extraordinarily creative and fruitful but equally and not unsurprisingly costly, and to identify the problems that threaten the financial integrity of Medicare, including the extent to which Medicare update indexes do not accurately reflect inflation.

If I could say parenthetically, Mr. President, we have had a great deal of talk about the accuracy, or inaccuracy, or sufficiency, or insufficiency of the Consumer Price Index. The fact is, we have at least four distinct price indexes in our present statutes and in our practices. They are spread all over the Government. One of them indexes Medicare expenses in ways that it seems to me probably overstate inflation.

Next the commission is asked to make recommendations regarding the financing of graduate medical education, including consideration of alternative broad-based sources of funding for medical education. This could not be a more important matter. The question of medical schools and medical education is absolutely essential as we begin the process of economic rationalization in the provision of health care, as we do in this measure making a wide range of HMO's available to Medicare beneficiaries and Medicaid recipients.

In this regard, Mr. President, might I just go back to 1994 when the Finance Committee was taking up the health care proposal sent to us by the administration in the last days of the first session of the 103d Congress. I was in New York City and asked the distinguished head of the Memorial Sloan-Kettering Cancer Center in New York—Dr. Paul Marks—if he would arrange a seminar to bring me up to date on the thinking of medical deans and medical academic researchers in the area of health care generally. We met one morning in a conference room in January at 10 o'clock. And at about 10:20, one of the deans, who comes from another part of the country, said, "You know, the University of Minnesota may have to close its medical school." That was said to me and I knew I had heard something important. Minnesota is the kind of State where they open medical schools. They don't close them. I asked, "How could that be?" They said, "Well, managed care is making its way from the west coast to the east coast. It has reached the high plains, and is now widely used in Minnesota."

Persons enrolled in managed care plans are not sent to teaching hospitals because they are, by definition, more expensive. If you do not have a teaching hospital, you can't have a medical school. And, indeed, the teaching hospital at the University of Minnesota has since merged with another health care institution.

We are dealing with something profoundly important. An ancient practice of medicine goes all the way back to the Greeks. The establishment of medicine doesn't go back just to the Greeks, but the idea of a profession of medicine with a code of ethics, a Hippocratic oath, certain responsibilities, certain immutabilities in medicine—something of a mystery, something of a guide. In my youth, doctors would prescribe medicines taken from drugstores in a handwriting that was illegible to the laymen. Only the pharmacist could read it. All of that is disappearing.

In our hearings in the Finance Committee, Msgr. Charles J. Fahey, a professor at Fordham University said to us, "What you are seeing is a 'commodification' of medicine." There is a striking image here on the Senate floor. For generations, we have argued the issue of whether labor is a commodity. Finally, in the Clayton Antitrust Act of 1914, we said labor is not a commodity. Well, medicine is becoming one.

The next week, Dr. Raymond G. Schultze, at the time the head of the UCLA Medical Center volunteered, and said, "Can I give you an example of that?" We were discussing it with our witnesses, saying that is a new idea. He said, "In southern California, we now have a spot market of bone marrow transplants." Well, when you get into that, that is good. It keeps control on prices. It brings rational decisionmaking into this market. But it doesn't provide for the public good. Markets won't provide for the public good that a teaching hospital and a medical school constitute.

So our commission must pay special attention to these institutions.

Finally, we ask the commission to make recommendations on modifying the age of eligibility for Medicare so that it corresponds to the changes in the age of eligibility for Social Security. I would simply suggest that this provision—the instruction to the forthcoming commission to deal with this matter of age of eligibility—obviously reflects the decision in the Finance Committee and the Senate that it ought to be increased to be in harmony with that of Social Security.

The Medicaid changes in this legislation will save about $10 billion over 5 years by providing greater flexibility to the States, and at the same time, as I have remarked earlier, the Medicaid recipients will be encouraged to participate in HMO's just as Medicare recipients do. When we began Medicaid and Medicare, there were very few arrangements which we now call health maintenance organizations. Fee-for-service medicine was almost the universal experience. So, naturally, when people retired, they continued it, and Medicaid recipients took it up. That has changed with the general population and ought to change with this population as well.

To the one bit of really strikingly good news in this measure, we have taken action to provide health coverage for uninsured children, $24 billion over 5 years. This will be the largest expansion in Government health insurance since the enactment of Medicare and Medicaid in 1965. We have done something that has not been done in a generation, and something that is needed. It will be financed by an increase in the cigarette tax that will eventually reach 15 cents per pack. Both of these measures were also an initiative of the Senate Finance Committee.

I would also note that the conference committee, even prior to our commission, includes provisions to ensure an adequate stream of Federal funding for teaching hospitals. Financing of health care continues to undergo dramatic change. We will have a more comprehensive proposal from our commission. But we have done some things in this bill.

Medicare payments to HMO's now reflect the higher cost of providing care in teaching hospitals. Under the legislation before us, these payments will be carved out, as we say, and sent directly to the teaching hospitals, thereby ensuring that the money will go where it is intended.

In addition, while payments for medical education have been reduced as part of the overall reduction in payments to hospitals and physicians that are inevitable in a deficit reduction bill, the conference report includes the Senate language which limits the cuts to about $5.5 billion rather than $6.5 billion recommended by the House.

Again, sir, I would say that had we not decided to go for a large tax increase, which we will talk about tomorrow, we wouldn't have had to make some of these reductions which I think we will find difficult, if not indeed painful.

Finally, it should be noted that this bill sensibly increases the statutory debt limit from $5.5 trillion to $5.95 trillion, which will be sufficient to take us through December 1999—a much smaller increase would be required if we decided simply to stay the course that we set in 1993.

So, Mr. President, I will support this conference report. It is the product of a long and difficult effort to reach compromise between the Congress and the President. It was characterized by extraordinary unanimity in the Finance Committee, where 80 percent of the mandatory program reductions are to be found, and by very large majorities here on the Senate floor.

I think that speaks to the sincerity of the participants and, I hope, to our knowledge. If I consult my hopes in this matter, there is no real alternative. And, in the meantime, we have done some things that we surely can be proud of.

I see my friend, the Senator from West Virginia, is on the floor. I know what particular pleasure he will take in the provision of $24 billion in health insurance for children, the largest such increase in health care in a generation since the enactment of Medicare and Medicaid was done.

With that, Mr. President, and seeing that there are other Senators present, I yield the floor.

I thank the Chair.

The PRESIDING OFFICER. Who seeks recognition?

Mr. DORGAN addressed the Chair.

The PRESIDING OFFICER. The Senator from North Dakota.

Mr. DOMENICI. Mr. President, I do not know who is controlling time, but certainly the Senator can take as much time as he desires. There is nobody here on your side. I give it to you off my side.

The PRESIDING OFFICER. The Senator from North Dakota is recognized under the time under the control of the Senator from New Jersey.

Mr. DORGAN. Mr. President, I thank very much the Senator from New Mexico for his courtesy, and I will take the time under the control of the Senator from New Jersey.

Mr. President, I will make a couple of general comments first, and then I want to speak specifically about a provision in the conference report which is before us that is enormously troubling.

First let me explain that I intend to vote for this legislation. The Senator from New Jersey and the Senator from New Mexico and others have, I think, done a remarkable job of crafting a bill that represents a compromise with the White House, with the Republicans and the Democrats, putting together a piece of legislation that tackles this budget deficit, and is the second step of several steps that we have taken, first in 1993 and then now in 1997, which will lead to a fiscal policy that is under control in this country—not only tackling the deficit but doing so in a way that makes a great deal of sense, cutting spending in some areas and increasing investment yet in other areas.

This builds on accomplishments that we began earlier by tackling the budget deficit effectively but also by saying there are several other things in this country that are enormously important. One is children's health, what to do about children's health care in this country. The fact is this piece of legislation and the accompanying piece of legislation will make available a substantial amount of money to provide health insurance for children who are not now covered with health insurance. The question of whether a sick child gets health treatment or gets treatment in the medical care industry when that child is sick ought not ever be a function of whether that child has a parent with money in their checkbook. This piece of legislation will provide substantial additional coverage to provide health care to children, especially those who come from impoverished families.

This piece of legislation also says education matters, education is a priority in this country. This bill puts on track 1 million additional kids to be enrolled in Head Start by the year 2000. Head Start matters and Head Start works. Anybody who has been to a Head Start center and seen those bright little eyes of children who are getting a head start, coming from circumstances of difficulty getting a head start, understands this program works. This program saves money. And this program invests in the young lives of young people who otherwise would not have had an opportunity.

Mr. President, 300,000 more eligible college students will get additional help in Pell grants. This agreement places a priority on education, and that is exactly where the priority in this country ought to be. And finally this agreement solves a problem that caused me to vote against this legislation when it left the Senate. When the legislation left the Senate, it had two things that I did not support. One, increasing the eligible age of Medicare from 65 to 67 and, two, means testing Medicare.

Let me explain quickly I am willing to support means testing of Medicare. I am not willing to support providing a means test for Medicare for any purpose other than making Medicare solvent—certainly not for the purpose in a reconciliation bill of making room for some tax cut somewhere else. We will have to and we must find a way to deal with the ticking time bomb, the demographic time bomb that is going to cause us problems both in Medicare and also in Social Security because of the aging of our population. I understand that. In the construction of solving these problems, I am willing to cast hard votes on the issue of Medicare with respect to means testing. I am unwilling to do so in the construct of a reconciliation bill. This is not where that sort of thing should have been done, and I did not support it when it left the Senate. That has been solved. Those provisions are out of this legislation. This legislation is better because of it.

Let me mention one additional point. Senator ROCKEFELLER, from the State of West Virginia, is here to discuss another subject with me, but the point about health care and Medicare especially is one that all of us ought to understand. Even though it is a challenge, we ought to understand that this is born of success. Mr. President, 100 years ago, the average life expectancy in America was 48 years of age. Nearly a century later it is 78 years of age. Why? A lot of things. Better nutrition, better lifestyle, breathtaking changes in health care, new knees, new hips, cataract surgery, open up the heart muscle when it has been plugged, give people additional life, breathtaking medical advances, and therefore a 30-year increase in life expectancy in our country in one century. It is wonderful. It is born of enormous success. It is also very expensive, and that is also causing part of our strain with respect to the Medicare Program, and we must make that program solvent for the long-term because it is too valuable a program for us not to fix it for the long-term.

So I wanted to make a few comments. I intended to make more, but I will abbreviate them because we have another subject that is critically important. I want to make a few comments about the job that I think was done by the Senator from New Mexico, the Senator from New Jersey, the President and many, many others. It is nice for a change to be talking about something that is bipartisan. The American people tend to believe, and in many cases rightly so, that instead of getting the best of what both political sides have to offer we often end up with the worst. At least in this circumstance we have engaged in a bipartisan agreement that I am going to vote for. I am going to support.

Is everything here the way I would like or the way I would write it? No. But we have advanced in the area of education and health care and tackling the deficit and a number of other areas in a way that is significant and in a way that will be beneficial to this country's future, and I am going to vote for it.

Now, having said that in laudatory terms, let me say there are a couple things that give me enormous heartache here, and one of them is a problem the Senator from West Virginia and I want to talk about for a couple of minutes. And at the end of this I intend to make a point of order under the Byrd rule against the universal service provisions in this conference report.

Let me describe it very briefly and then yield to the Senator from West Virginia. There is, in my judgment, a fundamental mistake being made in the conference report in this reconciliation process. And that mistake is this: This conference report will use universal service funds in the Telecommunications Act for the purpose of plugging a hole in the budget process.

In my judgment, that is totally and completely inappropriate and without foundation. Those who were involved in it were repeatedly told this is inappropriate and yet somehow through the mechanisms of the Congressional Budget Office and the Office of Management and Budget and a range of other interests it got stuck into this piece of legislation.

Let me describe it very briefly. We have in this country something called the universal service provision in the Telecommunications Act. What does that mean? It means that in this country, even if you are in an area where it is very expensive to provide telephone service, we want to make sure you have good telephone service at an affordable price. If you happen to live in an area where it is very expensive to provide telephone service, we have a universal service fund that collects resources from all of the users in the country and uses it to drive down the cost to those in the highest cost areas of the country so that everyone in this country has affordable telephone service.

That is what universal means. It has been around forever and for a good purpose. Every telephone in this country is more valuable because there is a telephone in the smallest highest cost area of this country and we have decided to drive down those costs so that telephone service is universally affordable.

Now, the universal service fund produces the money to do that. It is not a fund that comes into the Federal Government. It is not Federal money. It is not a fund that has money that the Federal Government spends. It is completely apart and separate from the Federal coffers.

Two years ago, we passed something called a Telecommunications Act and now we are told by the Congressional Budget Office and by some others that the way the universal service fund is worded in the Telecommunications Act there is justification for the Congressional Budget Office and the Office of Management and Budget to rule that the universal service fund can be used in the construct of a Federal budget as both revenues and outlays.

That is pure nonsense. This has nothing to do with the Federal budget—nothing. And those who believe it does have either misread the law or don't know the foggiest thing about what they are reading.

Now, we have tried very hard to pull this out of this conference report because it is a couple, I guess it is a $3 billion plug they stuck in, just like a cork in a big hole. They walk around with corks in their pocket down at OMB or CBO, and say, well, here is a big hole we can't explain; we will stick a cork in there. This cork is the universal service fund. And the minute you start using that as a cork the cork will get bigger every year they manipulate it. This is a misuse of the fund. And the Congressional Budget Office and the Office of Management and Budget had no business and no capability of suggesting that this is a part of the Federal Treasury.

Now, I would like to yield for purposes of discussion. At the end of the process, I am going to make a point of order, a Byrd rule point of order. And let me, as I yield to the Senator from West Virginia, say that the Presiding Officer, who is on the Senate Commerce Committee and was integrally involved in the issue of the construction of the Telecommunications Act and the universal service fund, has been involved in signing letters and discussions with other Members of Congress about this very subject. The Senator from Arizona, the current chairman of the Senate Commerce Committee, feels the same way I do. It is inappropriate to have it in this conference report in this manner. The Senate minority leader feels the same way. A good number of us feel the same way. And yet we seem powerless at this point to pull it out of this conference report. I expect that my challenge on the Byrd rule is probably not going to survive for reasons that I will understand, but I think it is critically important that we raise this issue now so it will not become habit forming; this will happen once and only once. And between now and the next time someone has an urge to do this with the universal service fund, I hope we have the law changed to disabuse anybody that they can interpret any language in the Telecommunications Act with the universal service fund in any way which suggests it is part of the Federal Treasury assets receipts or outlays.

Mr. President, the Senator from Arizona I notice is in the Chamber. I just mentioned him. He is the distinguished chairman of the Senate Commerce Committee. I know the Senator from West Virginia also wishes to be recognized. I would be happy to yield the floor so the Senator from Arizona may speak.

The PRESIDING OFFICER. Who yields time?

Mr. DOMENICI. How much time would the Senator like—10 minutes?

Mr. McCAIN. Three minutes.

Mr. DOMENICI. I yield 5 minutes to the Senator from Arizona.

The PRESIDING OFFICER. The Senator from Arizona is yielded 5 minutes from the time under the control of the Senator from New Mexico. The Senator from Arizona.

Mr. McCAIN. Mr. President, I understand and appreciate Senator DORGAN's concerns. I would disagree with the action of challenging it. The Senator from North Dakota is quite correct in one sense; Federal finagling with the universal service fund ought to raise concerns over any potential impact on the provision of essential phone service to rural and high-cost areas and low-income consumers.

Mr. President, I think it is important to put its genesis and its likely real life effect into perspective.

I reluctantly concurred with the last-minute—I emphasize reluctantly—inclusion of this provision in the bill. I am sure I am telling the worst-kept secret in town when I tell you this provision was dreamed up by the Clinton administration and essentially imposed on the Commerce Committee conferees by OMB. It is not a provision we liked and not a provision we wanted, but it was made very clear to us that our failure to include it would likely result in our losing control of the bill. And if this were to occur, the probability was that not only this provision but numerous others that would be worse, such as spectrum fees, would get added to the bill if that happened.

So including this provision was by far the lesser of two evils. This is particularly so because it is hard to see how this provision is likely to have any real life effect on maintaining essential telephone service. Basically, what this provision does is shift $3 billion in funds between the Treasury and the universal service fund in alternating fiscal years in an attempt to cover a residual $3 billion savings shortfall in the outyears.

Because industry universal service fund subsidies today total over $6 billion and are projected to soar as high as $12 billion to $20 billion, there can be no doubt that the telephone industry will be financially able to sustain a $3 billion loan for the limited time period prescribed. Similarly, if we really think that the Treasury will not be in a position to repay a $3 billion loan, we have far worse deficit problems than this bill can ever hope to cure. And because the bill explicitly provides that telephone companies may not raise their rates to recover this $3 billion, it attempts to assure that telephone rates will not increase, at least for this reason.

So, I believe it extremely unlikely that essential telephone service is likely to be hurt in any way by the enactment of this provision. In saying this, however, I do not wish to trivialize the validity of concerns over the Federal Government reaching into private, nongovernmental pockets to help plug a budget hole. That's a terrible precedent to set, regardless of whether it is the universal service fund or the airline safety funds, and I have consistently voted against such schemes in the past.

I suggest the better remedy is to pass this bill today, then enact new legislation that will prevent this kind of action in the future. We should not risk bringing down this historic agreement because of one such scheme that, however objectionable in concept, will have no practical impact on the public.

Let me emphasize again, this administration provision is designed to have no adverse effect on the consumer. For the information of my colleagues, I have already stated I will hold conference committee hearings early next year to make sure that we need do nothing more legislatively or in terms of FCC oversight to further assure that the universal service provision before us will not, in fact, cause any loss in essential service or raise telephone rates.

I want to tell my colleague from North Dakota, we will have hearings. We will take action to make sure that this provision does not raise phone rates nor impair the ability of people to have universal service. I want to point out that the Presiding Officer in the chair, the distinguished chairman of the Appropriations Committee, also a member of the Commerce Committee, has pledged to do exactly the same. I don't like it. You don't like it. He doesn't like it. In fact, in a rather unusual move, the chairman of the Appropriations Committee was more vociferous in his opposition to this provision than I was.

So I want to point out I think it is important the Senator from North Dakota raised this concern. I know the Senator from West Virginia has the same concern and will articulate it. But I want to say that we will have hearings. We will do whatever is necessary to make sure this does not impair—either raise phone rates or impair the ability of people to obtain universal service. I also want to reiterate, as did the Senator from North Dakota, it's a lousy way to do business, Mr. President. It's not a good way to do business. But I also, with some sympathy to my dear friend from New Mexico, realize that he was in a position where they were $3 billion short and they had to make it in order to make this budget work.

So I want to thank my colleague from North Dakota. I want to thank the Senator from Alaska as well, for his commitment to fix this situation. There is, quite simply, no reason to endorse this provision or the kind of tactic it employs. But neither is there any reason to vote against this balanced budget bill because of it. I urge my colleagues to take that into consideration.

I yield the floor.

Mr. DOMENICI. Mr. President, I thank my good friend from Arizona. I am sorry if we waited until the last minute to notify you. We had plenty of time. You could have come down slowly and taken your time.

Mr. President, I yield myself 5 minutes, and then I will yield to Senator ROCKEFELLER.

The PRESIDING OFFICER. The Senator from New Mexico is recognized for 5 minutes.

Mr. DOMENICI. I surmise the distinguished Senator from West Virginia is going to stand up and agree with what has been said. I just ask him if he would consider seriously, with me, what the miner protection fund looks like. It is exactly like this, and it is on budget. The Federal Government orders mining companies to pay into a fund, but the Federal Government does not disburse the money. That is your bill. You are famous for it, Senator. That is on budget. It has been on budget from the beginning.

Now, let's look at this. It's exactly the same. We order companies to pay into this fund so that we can get universal service out of the fund. Who disburses the fund? The companies; not the Government. That resonates very well with a mining bill, miners' protection, the same way it has been on budget for 4 years. Frankly, it doesn't matter to this Senator.

But the point of it is, we are bound by an interpretation that essentially was this. The reason I didn't cite this is because it never became law. But you might recall, I say to the Senator, when we had the universal health plan from the White House, noted by some as the Hillary health plan, the distinguished chairman, then, of the Congressional Budget Office—not this one; one that you-all had appointed from the other side—ruled one morning, to the amazement of everyone, that the bill had a tax in it because the procedure was that we were ordering money to be paid by somebody, and then, in the various States, we would disburse the money. The Federal Government was not disbursing the money.

So the White House thought they would have a bill that was without taxation in it. And what did he rule? He ruled that if the Government orders payment of money into a fund, then the fund is on budget, even if the Government doesn't control the fund.

I know my friend in the chair does not agree. I might not agree. But I am merely explaining what the facts are. I understand that you would like to make a point of order. I will be here and we can talk a little more about it, Senator. I do believe we have just reason to ask the Senate not to impose that point of order under the circumstances surrounding it, but I understand you, and I will speak to that later.

I yield the floor at this point.

The PRESIDING OFFICER. The Senator from West Virginia.

Mr. ROCKEFELLER. Mr. President, I yield myself, off the time of the Senator from New Jersey, 10 minutes.

The PRESIDING OFFICER. As the Senator present and in charge of the bill he has that right. The Senator is recognized for 10 minutes.

Mr. ROCKEFELLER. Mr. President, I appreciate that very much. I also appreciate very much, as I always do, what my good friend, the Senator from New Mexico, said. I would draw one small point, however of difference. That is, in the miners' health retirement bill there has never been any thought, any action, any suggestion that any of that money should be used for anything but the health care of miners, period. It doesn't go anywhere else. In the case of what we are now talking about, the universal service fund, it is something which was set up for one purpose and which is being used for an entirely different purpose. The Senator may wish to come back—

Mr. DOMENICI. Will the Senator yield?

Mr. ROCKEFELLER. Of course.

Mr. DOMENICI. Senator, when we first proposed this, we could find no way to do this without doing exactly what you said. But the White House came along, and they are a little more ingenious than are we. They offered us a proposal that is now in this bill. It does not change universal service, nor does it use that fund in any way other than what it was originally intended to do. All we have is, those who were paying into it get a 1-year reprieve, to the tune of $3 billion. Then they pay it in the next year. I think they are delighted. They get a reprieve because we lend them the money for the year and everything is exactly as you want it, and in the following year the companies that would have been paying it pay into it the next year. That happens to give us the $3 billion credit on the budget. That was dreamed up by the White House. We said, "It's extremely ingenious and it fits all the tests," and that is why we are here.

Thank you for yielding.

Mr. ROCKEFELLER. I thank my friend and ask unanimous consent the time used by my friend from New Mexico be used on his side and not from the time of the Senator from New Jersey.

The PRESIDING OFFICER. It has been so accounted.

Mr. ROCKEFELLER. Mr. President, I strongly agree with what Senator DORGAN of North Dakota has said. I expect that, if the Presiding Officer were in a position to take the floor, he might say something not that dissimilar.

There is an enormous amount of anger among those of us who worry about rural America, that for the first time in its history —hopefully for the last time in its history—the universal service fund is literally being raided for the purpose of a gimmick. The Senator from New Mexico is correct, I think, in the way he describes the process of what will happen. He is incorrect in one small matter, which doesn't really make that much difference but happens to make some difference to me as a Democrat, and that is that the idea came first from the Congressional Budget Office, not from the White House. It came from the Congressional Budget Office, this so-called gimmick fix. Then it was upheld by, so to speak, the Office of Management and Budget, which is something that I am very angry about, as a Democrat, because that happened on the President's watch.

I think the problem with this is that universal service is sacred. When the Senator from North Dakota described equal phone calls—as he sometimes says, Donald Trump can call into Minot, ND, and that is good for Donald Trump in New York City and that's good for Minot, ND, and the possessor of that phone. But the purpose of universal service is, in fact, that rural areas are able to be sustained in part of their rate-paying because some States have to be more generous than others. That is what universal service is about. That is what the money is there for. It is not there for black lung, it's not there for retired miners, it's not there for environmental purposes. It's there for one purpose, and that is to guarantee that universal service on the telephones is available and affordable by people no matter where they live, and people particularly in rural areas.

Part of my objection to all of this, of course, is that this whole process of working out this reconciliation bill—which I do support. I am not jumping up and down, but I do support it. That will be another speech at another time. But basically there were a lot of meetings held in a lot of rooms in which a lot of us were not allowed to be. I have a feeling that this decision was made at the last moment by OMB. Their people tried vainly to convince Senator DORGAN and his folks and myself and my folks that this was all really nothing but just a shifting of money here and there. But that is not the case. If you look at the historic proportions of raiding the universal service fund, no matter for what purpose—it's not for telephone service, it's not for making it possible in rural New Mexico or rural West Virginia or rural North Dakota for people who have telephones not to have to pay exorbitant rates.

So here we have this one very unfortunate example. It's a budget gimmick. It's lousy policy. It's using the service fund as a piggy bank. There is no excuse for it. It's in the bill. I understand that we are probably not going to be able to do very much about it, but it is wrong. It is not only wrong because of what it does to universal service, but it's also very wrong because of what it does to libraries and schools and health care center telemedicine programs, which I will talk about in a moment.

I will say the fact that Senator MCCAIN was on the floor, that Senator STEVENS has strong feelings about this, and Senator HOLLINGS has strong feelings about this, Senator DASCHLE has strong feelings about this, Senator DORGAN, myself, many others, Senator SNOWE—many others—this is a problem that we are going to come back to and fix. As the Senator from Arizona indicated, he's going to hold hearings. But we are going to come back on this until we can fix this problem. We can't fix it today, but we will be back, we will be back again, until we get this eliminated—eliminated and changed. Because it is wrong.

I recognize the universal service fund isn't recognized by most people. They don't know what it means. But it's something of such incredible importance to affordable phone rates for rural citizens that it is something people better understand very, very thoroughly. When a group of us passed and fought hard for something called the

Snowe-Rockefeller-Exon-Kerrey amendment, we extended the promise and the idea of universal service to something which fits in that category; that is, schools, libraries and rural health care facilities that use telemedicine. There are 116,000 schools in this country, Mr. President, and we are going to make every classroom applicable and every one of those classrooms, every one of those schools, we are going to make them fully wired up, ready for Internet, so there won't be any first- and second-class society in our country.

I never, ever thought during the battle that we had to get to pass that Snowe-Rockefeller-Exon-Kerrey amendment, I never ever for a moment thought that we would be dealing with budget negotiators, but much more significantly I think, in this case, the Office of Management and Budget and their intransigence in trying to work out some kind of a Federal budget worked out that was not—I was shocked when I heard about that.

Unfortunately, the budget has a neat trick, and as the Senator from New Mexico points out, it will work. It will loan universal service funds in the year 2001 and it will repay that in the year 2002, solely to have enough money appear on the books to make it possible to say that the Federal budget was balanced in that particular year, 2002. It violates the promise made to telecommunications providers that the universal service money was for telecommunications only. They are offended by it.

I ask unanimous consent to have printed in the RECORD a letter from Bell Atlantic and Nynex expressing exactly that view.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

BELL ATLANTIC,
Washington, DC.
NYNEX,
Washington, DC, July 25, 1997.

Hon. JAY ROCKEFELLER,
Hart Senate Office Building,
Washington, DC.

DEAR SENATOR ROCKEFELLER: We urgently request that you delete the universal service "tax" from the budget reconciliation legislation. This proposed "tax" is a direct assault on the policy of universal, affordable telephone service for all Americans.

Section 3006 of the Budget Reconciliation Bill is bad public policy and it should be deleted from the Budget Reconciliation legislation. This budget gimmick borrows money from a fund established to ensure universal telephone service in order to "balance" the federal budget.

Because this fund is privately administered and not funded through the federal budget, it is questionable whether the federal treasury can "borrow" from this fund. If passed, this provision would surely be the target of litigation.

This section sets a dangerous precedent of using funds intended to support affordable phone service as a "trust fund" or "piggy bank" to balance the federal budget each cycle. As a result, this proposal raises serious concerns for the future viability of universal telephone service.

We urge you, in the strongest terms, to delete the universal service section from the budget reconciliation legislation.

Sincerely,

AUBREY L. SARVIS,
Vice President, Federal Relations, Bell Atlantic.

THOMAS J. TAUKE,
Executive Vice President, Government Affairs, Nynex.

(Mr. ABRAHAM assumed the chair.)

Mr. ROCKEFELLER. The provision that will probably become law, in this gigantic stack of papers, is opposed by telecommunications companies. It is opposed by education groups. It is going to be opposed by a lot more groups before this process is finished.

The universal service fund is private money. It comes from telephone companies. We don't own the telephone companies. They are their own property. It is managed by nonprofit NECA, the National Exchange Carriers Association. This is private money—private money—that should not be used for budget gimmicks.

At this point, we are caught between a rock and a hard place. The bill is before us. It is a good bill on balance. It is a bill that I am going to vote for. It is something that all of us have worked hard for since 1993, and probably before that. It is going to have to be changed, I fear, in the future. I tried to reach Franklin Raines this afternoon. I could not do so. I have spoken to the Vice President about it. I have spoken to everybody I possibly could, because it is terribly bad public policy.

I am committed to protecting the integrity of universal service, and I intend to work with Senator DORGAN, Republican colleagues, industry leaders, and advocates to protect universal service and its promise of affordable access to rural America.

I urge interested parties to join me in this fight. Universal service is not just about putting computers in classrooms. It is about fairness to rural Americans. It is a sacred trust. The universal service fund has been briefly violated. One can hope that this will be the only time, and one can hope that even this time, it will only last for about a year before we clear it up.

Mr. President, I thank the Presiding Officer and yield the floor.

Mr. STEVENS addressed the Chair.

The PRESIDING OFFICER. The Senator from Alaska.

Mr. STEVENS. Will the Senator from New Mexico yield me 10 minutes?

Mr. DOMENICI. I yield as much time as the Senator from Alaska desires.

PRIVILEGE OF THE FLOOR

Mr. STEVENS. Mr. President, I send to the desk a request for privilege of the floor for my staff for today through August 1:

Antonette Advincula; Kai Binkley; Larissa Sommer; Matt Hopper; Melissa Kassier; James Hayes; Kate Williams; Bronwyn Rick; Jay McAlpin; and Jessica Huddleston.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. STEVENS. Mr. President, first, let me thank the distinguished occupant of the chair. I was fearing that this issue might come up for a ruling while I had the privilege of sitting in that chair and was fearful what I might do, because I can tell the Senate that if one examines the signatures sheets for reporting this bill, you will find that I excepted from my approval of the bill as a conferee on the Commerce Committee side this provision on the universal service fund.

Mr. President, I am not going to raise a proper point of order, and there is a proper point of order, but it would bring down the whole bill, and it is not timely. I would raise it if this went into effect next year. It will not go into effect until October 1 in the year 2000. So we have time to work this out and find a way to make peace on this subject.

I intend to pursue that after the hearings that the Senator from Arizona has announced, as chairman of the Commerce Committee, he will hold.

I don't think anyone really realizes what this does. I will say, and I know the Senator from New Mexico was trying to get it to me, the first time I saw this was today, although it had been described to me, and that is why I would not approve the Commerce Committee portion of the bill pertaining to the service fund. As a matter of fact, this is the old interstate rate pool, Mr. President. People in the business still refer to that in many ways. It became the universal service fund. I was the one who dreamed this up about 5 years ago when we first introduced the bill to modify the old Communications Act of 1934, and really that was carried through in the Telecommunications Act that passed.

I am pleased to have been part of that, because what this does is it gives us a fund which the industry itself can use to equalize the costs of assuring service anywhere in the United States so that our telecommunications will, in fact, be capable of being delivered wherever there is a person seeking to send or receive communications as defined by our act.

This money is kept by the National Exchange Carriers Association, [NECA]. It is not Federal money. It is not subject to Federal control. As a matter of fact, it is not even enforced by the Federal Government in terms of payment into the fund. It cannot be a tax.

With due respect to my friend from New Mexico, I think we have a Supreme Court of the United States that will determine eventually what is on budget and what is not. The Director of the Congressional Budget Office, in my judgment, has made a serious mistake, and we are pursuing that mistake here. But there is more than just his mistake. The basic mistake has been made by the White House itself, when it conjured up this new approach to using this fund which is not Federal money, it is not taxpayer's money. It is paid by the ratepayers, not the Federal Government. You might have dipped into the Postal Service surplus in the bank right now under this theory. That is ratepayer money, too.

It is not on budget, but, as a matter of fact, this money is not subject to Federal control. But this bill says there is appropriated $3 billion to put into this fund that NECA manages for the telecommunications world, and it sits there for a year, Mr. President. Of course, it is going to earn interest, right? At the end of the year, it is paid back by the fund, and the fund can keep the interest it earned during that period.

Once more, the people who would have paid into the fund don't have to make a payment for a year. They keep that money that they would have paid the fund in their own banks and they pay it to NECA the following year, and guess what? They make money off it, too. So this is one of the greatest shell games I have ever seen with Federal money. The Federal money being fooled with is the $3 billion from the Treasury that goes into the fund before the game begins, and these guys get to play poker with this for a year, and then after a year, they can keep whatever they earned with it and pay back $3 billion to Treasury. It is a win-win thing for everybody but the people who should be served, because the earnings for the fund ought to accrue to the fund, the people who are the recipients of universal service, and this is just too cute. This, in my opinion, is the worst gimmick since the Budget Act was enacted, and I am glad the Senator from New Mexico has indicated he really didn't dream this one up, because I think he is smarter than that, and I think he is embarrassed to have to carry it, as I would be.

The proper point of order, Mr. President, is a constitutional point of order. I will not raise it because it will pull the whole bill down, and we have to have this to bring about a balanced budget. It will take place in the year 2000, as I said. But I warn the Senate, before 2000 gets here, we will raise a constitutional point of order to take this out of here unless it is straightened out, because it is nothing but smoke and mirrors. It is the worse case of smoke and mirrors that ever came out of the White House.

Somehow or another, someone has to understand that it is not right to play with money, that $3 billion of taxpayer's money goes into this fund, managed by a private association; it stays there for a year, the interest on it accrues to private associations, and at the end of the year, they pay back $3 billion. Meanwhile the people who should have been paying in for a year have earned their own money, and guess what? It is not a wash in the sense of everybody who keeps their own checkbook and everyone who pays bills and the people who need this service, this universal service; it is a wash under the Budget Act, which I thought was a stupid act to begin with, and now I know it is a stupid act, if it can conjure up something like this. It is not in the public interest.

So, Mr. President, I am now satisfied that I was right. I signed this bill and approved it, except for this provision. I urge everyone to read it, section 3006. If there is anything that demonstrates we need a new Budget Act, this is it, if people can sit in the basement of the White House and dream up a charade like this and say that it balances the budget. This is why people don't believe us. They really don't believe us, because they think we play funny games with their money, and this demonstrates they are right, Mr. President, unfortunately.

I will swear to you—I am glad you came, Mr. President, because I would be hard pressed not to approve the point of order that is raised by the Senator from North Dakota, and I would have hated to be in that chair and to have said what I don't believe. I am not saying you have to believe it either, Mr. President, just follow what the Parliamentarian tells you and we will pass this bill, and we will live to the year 2000.

Meanwhile, someone has to put down a marker on these people. They have to stop using smoke and mirrors. That is why we don't have a balanced budget now, because people play games with money, and those of us who don't have much money don't understand it.

It took me a little time to find out what they were trying to do, I say to the Senator from New Mexico. I see him smiling a little bit. He is my great friend, and I know he is embarrassed to have to carry someone else's brainchild like this. I hope we will find some way to stop this business, to give us a chance to deal with straight up-and-down money, and straight up-and-down provisions and not more smoke and mirrors.

Mr. DOMENICI addressed the Chair.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. DOMENICI. Mr. President, I just say to my good friend—who is my good friend, perhaps one of the best here—there are plenty of smoke and mirrors in the appropriations bills, and I am not here saying we should abolish the appropriations process. If you would like a debate someday, we will go through 20 bills, and I will find you more smoke and mirrors than $3 billion in any given year in the appropriations process. I yield the floor.

Mr. STEVENS. Mr. President, if the Senator will let me have a couple minutes, it would be nice to have this discussion. There are no smoke and mirrors in the appropriations bills. We sometimes have devices in order to enable us to meet the objectives of the Budget Act, but we never end up by appropriating money to an account that is not controlled by the Federal Government, nor do we give up interest on that $3 billion for a year and expect just to get the straight $3 billion back. If there is something like that going on in an appropriations bill, I don't know about it.

He is right, we have our devices for making sure that we have control on spending money, and sometimes that is subject to criticism, similar to what I have just given him.

Mr. DOMENICI. I appreciate that. That is plenty for me. I appreciate it very much.

Mr. HOLLINGS addressed the Chair.

The PRESIDING OFFICER. The Senator from South Carolina.

Mr. HOLLINGS. Mr. President, I thank the distinguished Senator from North Dakota, the Senator from West Virginia, and the distinguished chairman from the Appropriations Committee, the Senator from Alaska, as to the point being made relative to the universal service fund.

In the 4-year tour of work of trying to reconcile and bring up into the modern technological age communications law, there was one thing that was sacrosanct and generally agreed upon by everyone—and there really are no exceptions to it, because it was sort of a private endeavor. I know the distinguished occupant of the chair believes very strongly in the private market and the forces of private industry vis-a-vis those within the Government. But those within the telecommunications industry, years back, by way of the entities in which they belong, determined the volume of business, and with that volume of business and the costs, they then factored in each month through this private universal service fund the amount to be contributed thereto. And it is operated that way. From time to time the FCC has rules and regulations about it, but, generally speaking, it is a well-administered fund, not participated in, really, by Government law. The Government does not say or the 1996 Telecommunications Act does not require this.

So it came with some amazement that, in all the machinations in trying to work for the Balanced Budget Act of 1997, we were hearing that they were going into the universal service fund. We raised the point in discussions. We had resolutions about it. We put amendments up. And we thought we had gotten the clear, crystal word through to the negotiators and conferees. Now it appears that that has been disregarded.

For one, we can see what was really bringing it about. They came in with the spectrum auctions, which this Senator and the Senator from Alaska joined in in the original instance, tried to raise money and factor in the market forces. But we have found in the more recent auctions that we sort of are scraping the cupboard dry or bare, as the expression is, whereby on an auction of last year, agreed upon in October to bring in $3.9 billion, only factored in or received $13.1 million instead of billions up there—few millions. So when they came with the factored-in $26.1 billion in spectrum auctions, they realized that the Congressional Budget Office, and anyone else estimating it, was going to have to downgrade it, so they put in a catchall, the universal service fund with a blank amount, until now, I guess. It is marked at the desk.

I understand from the debate it is $3 billion. This cannot happen. You do not want to take what is really working and turn it into a slush fund for budgeteers or for conferees or for any other kind of nonsense that is going on along here—smoke and mirrors, as they call it.

So I am glad the point is being made here in a most eloquent fashion by the distinguished Senator from North Dakota, Senator ROCKEFELLER of West Virginia, and now Senator STEVENS, who was the ranking member on our Commerce and Communications Subcommittee for many, many years. We worked in this field. We fashioned out some funds that would be available for the schools, for the libraries, the hospitals, and otherwise.

We really have, I would say, one of the finest elements of the 1996 Telecommunications Act, passed by a vote of 95 Senators here in this body, that the outstanding innovative feature was the agreed-upon embellishment of the universal service fund in order to bring in the libraries and schools and hospitals and otherwise of America, to bring to all of America communications services in the Internet and otherwise.

Now, we just passed that early on, and we turned our backs, and, heavens above, budgeteers have turned it into a slush fund. I hope that does not occur. I hope the point is made. I do appreciate the leadership of our colleagues who pointed it out this afternoon.

I yield the floor.

Mr. DORGAN addressed the Chair.

The PRESIDING OFFICER. The Senator from North Dakota.

Mr. DORGAN. I appreciate very much the comments made by the Senator from West Virginia, the Senator from South Carolina, the Senator from Alaska, the Senator from Arizona, and others. I say that the Senate minority leader, Senator DASCHLE, feels very strongly in opposition to this particular provision.

I was very careful when I began this discussion. I was not critical of the distinguished chairman of the Budget Committee. I said that I thought they had brought a product to the floor that is a compromise which represents the best of public service.

There is much in here to commend this. I am going to vote for this. This is what we are going to vote on. It is a pretty good piece of work. This page is what I am talking about, coming right out of the middle of this provision, "Universal Service Fund Payment Schedule."

There was a story once about a fellow—I do not have backwoods in North Dakota. In fact, we rank 50th in America in the amount of our native forest lands. So we do not have any backwoods stories. But down in your part of the country, we hear all these backwoods stories.

There was a story I heard once about a fellow that came over a hill in the backwoods, and he found a couple of old codgers there sitting over a pot that was hanging over a fire, and they were making something. He said, "What are you fellows making?"

They said, "Stew."

"What kind of stew?"

"Horseradish stew," they said.

"How on Earth do you make horseradish stew," they asked.

"Well," one said, "You take one horse and one radish."

That is the menu here—"horse" and "radish."

You have to look through this whole thing to find out what has been brewed, what has been cooked. And I like a lot of this. I think a lot of this advances this country's interests. The provision I brought to the floor today to talk about is a terrible provision. It is a terrible provision and ought not be here.

Mr. President, I heard discussion earlier by the chairman of the Senate Commerce Committee, chairman of the Senate Appropriations Committee, and others, that there will be legislation—first a hearing, and then legislation to deal with this. We may never again be back at this intersection, an intersection where we are having to come to the floor to say, "You can't use money, you can't count money that never comes to the Federal Treasury as part of a calculation to balance the budget." Why, in my hometown of 300 people, you would be laughed out of the cafe in 2 seconds. You can't count money that does not come to the Federal Government.

So, despite the fact that I am going to offer a point of order under the Byrd rule—and my understanding is that I will probably not prevail—I do not intend to ask then for a vote to appeal the ruling of the Chair. I will accept the ruling of the Chair as a ruling, and will disagree with it, I suspect, if the ruling is what I expect it to be. But I will say this: I expect us never to be back to this intersection because I expect that those of us on the authorizing committee who know what the fund is and what it is for and what it is about, we will never again allow a discussion to go on somewhere in the bowels of this building in which OMB and CBO bring to the table a menu of items that say, "By the way, here is a way to count money to make things look different than they really are."

I say, the Senator from New Mexico talked about this being a White House creation. My understanding is that, indeed, the Office of Management and Budget and the White House have agreed that this provision is part of this budget process. In fact, the latest provision, which is, I think, the third provision of this type, this was, in fact, brought to the table by the White House. Originally, I understand it came from the Congressional Budget Office, agreed to by the Office of Management and Budget. But notwithstanding what its conception was, I think it is terrible, terrible public policy, and I hope that we never again are at this point.

I think the discussion we have had is a useful discussion, which has served notice to every Member of Congress that while we cannot get at this provision at this point, there will be a time when we will no longer debate this because we will have changed Federal law to prevent this sort of thing from happening.

Mr. BURNS. Mr. President, the Federal Government should not manipulate the universal service fund to balance the Federal budget. I believe this for several reasons.

The provision in the conference reconciliation package which manipulates the Federal universal service fund and allows the Federal Government to use this fund to balance the Federal budget is outrageously bad policy, and is, I believe, an unconstitutional takings.

In States like Montana, the universal service fund is absolutely critical to the provision of basic telephone service at reasonable and affordable rates. However, lately it seems that this fund is becoming the "ox that gets gored" to resolve a variety of high profile problems or issues. Universal telephone service is a privately funded support system that works without Federal monetary aid. Unfortunately, due to its present on-budget status, this privately financed program is subject to the whims of the budgeteers. A couple of months ago, the FCC, at the urging of the Vice President, decided to add a further burden of $2.25 billion a year on the contributions to the fund to pay for linking schools, libraries, and rural health care facilities to the Internet. Now the Congress, by this reconciliation package, is seeking to balance the budget at the cost of universal telephone service. This will have extremely negative impacts upon basic telephone service in rural and remote areas of the country which depend upon the fund to keep prices for telephone service reasonable; consequently, here we are, in the name of balancing the Federal budget, effectively raising rates for telephone service for all customers who happen to live in states like mine. This effectively targets the rural customers and is simply unacceptable. Sound telecommunications policy must not be manipulated to comport with fleeting budgetary concerns. Rural Americans—and those others who receive affordable service as a result of universal telephone service—must not be subjected to the uncertainty of this process.

Furthermore, I believe that, even if this provision were not such outrageously bad policy, we should not adopt it because it will likely be struck down by the courts as an unconstitutional taking of private property. Contributions to the Federal universal service fund are made by telephone companies and wireless telephone providers and, as such, are not the property of the Federal Government. The Telecommunications Act clearly establishes the manner in which universal telephone service funds are to be collected and disbursed. Pursuant to the act, universal telephone service moneys logically should not be classified as either Federal receipts or Federal disbursements and thus should not be associated with the Federal budget, as the administration has insisted, and as some in Congress have allowed. Clearly these are not Federal funds.

Thus, the Federal Government's use of these funds interest free is, in effect, a governmental taking of that interest. Consequently, I believe that a constitutional challenge to this provision will likely be successful. Regardless, there is one thing of which we can be absolutely certain: this provision will end up in the court system, thus wasting phone company, and by extension phone company customer, and taxpayer money. Folks, this provision is a bad idea for any of a number of reasons, and I urge my colleagues to join me in opposing any efforts by either the administration or Congress to use the universal service fund to balance the Federal budget.

Additionally, this ill-advised raiding of the universal service fund sets an absolutely terrible precedent. While I am confident that the budget agreement is based on sound numbers, what will happen if the economy takes a turn for the worse and the economic assumptions on which the balanced budget plan is based come up short? Will the budgeteers not look to increase the amount of money that is borrowed from the universal service fund? Even if that's not the case, and even if the money borrowed from the fund will be repaid, this amounts to a back-door tax increase levied on every American through his or her telephone bill. I don't believe that we need to raise taxes in order to balance the budget—that's why I joined every other Republicans member of Congress in voting against the ill-conceived Omnibus Budget Reconciliation Act of 1993—but if we're going to raise taxes, we ought to be forthright about it. This scheme to raid the universal service fund is anything but forthright.

UNIVERSAL SERVICE

Mr. KERREY. Mr. President, I support the Dorgan point of order against the provisions in the reconciliation bill which manipulate the universal service support system to create a bookkeeping gimmick which is disguised to look like deficit reduction.

Universal service support is the complex system of intercompany payments between phone companies designed to ensure that telephone rates are reasonable and affordable. The universal service support system assures that phone rates and services are comparable in rural and urban areas. This system of payments and shared costs does not touch the U.S. Treasury.

For the first time, the reconciliation conference agreement would manipulate the universal service support system for budgetary gains. This is a terrible precedent which if abused will drive up phone rates, especially for rural Americans.

The idea of universal service is profound. It is one of the most fundamental principles of telecommunications law and economics. The concept was introduced in the original Communications Act of 1934 which promised "to make available to all Americans a rapid, efficient, nationwide and world-wide wire and radio communications service * * *"

From 1934 to 1996, regulation and monopoly were the primary means of ensuring telephone services to all Americans. In 1996, the Congress embraced the idea that competition would best deliver telecommunications services to all Americans at affordable rates.

The Congress also recognized that there were some markets which competitive companies would not serve and some areas where costs are so high that rates would drive citizens off of the phone network. In those markets, universal service support would keep rates affordable and comparable to urban areas.

The principle of universal service is that all Americans should have modern, efficient, and affordable communications services available to them regardless of where they live.

Universal service support is not a subsidy, and it is not a tax. It is a shared cost of a national telecommunications network.

What makes the American phone network valuable is that almost anyone can be reached. Affordable phone service is not just important to the citizens of Valentine, NE or Regent, ND, it is of value to the citizens who live in New York, Chicago, and other urban areas who need to reach Americans in all 50 states.

The basic bargain of the Telecommunications Act of 1996 was that the gates of competition would open, provided all telecommunications carriers contribute to the support of universal service. Under the act, support would be sufficient, predictable, and the burdens would be shared in a nondiscriminatory manner.

To assure that all Americans shared in the benefits of the information revolution, the Congress also adopted the Snowe-Rockefeller-Exon-Kerrey amendment which provided for discounts to schools, libraries, and rural health care facilities. The bottom line was that no American would be left behind.

The precedent that the reconciliation conferees have set is dangerous. It threatens to undermine the promise of sufficient and predictable support for universal service. It does so to gain a smoke and mirrors bookkeeping advantage in the budget.

If the universal service support system is manipulated for this purpose, consumers will lose.

The very system which assures affordability should not be jeopardized by an attempt to avoid the real choices necessary to produce a balanced budget.

Mr. DOMENICI. I ask the Senator, are you ready to at least make your statement about this? I understand your points. I hope everybody knows—I should have gotten recognition. Are you through?

Mr. DORGAN. I ask the Senator from New Mexico if he could hold for a moment. I will be happy to yield the floor and take a moment.

I yield the floor.

The PRESIDING OFFICER. Who yields time?

Mr. DOMENICI. I would like to ask the Senators, we have now been on this bill since 12 o'clock, which has been for 5 hours, 25 minutes, all of which I believe is counted against the 10 hours. I very much wonder what Senators would like to do with reference to the bill.

Are there more Senators who would like to speak? The bill is not subject to amendment. There is a list of BYRD rule violations that is around. It is not hidden. I just am wondering what the pleasure of the Members is. I think that most of the Byrd rule violations have been clearly worked by Democrats and Republicans and are consistent with the bill and should be waived. But we cannot do that without conferring with a number of Senators, including the distinguished Senator BYRD, in due course.

There is a conference going on, so I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. DORGAN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DORGAN. Mr. President, I appreciate the indulgence of the chairman of the Budget Committee. I was prepared to make a point of order, a Byrd rule point of order, on this universal service provision. I am persuaded that making a point of order, in which the Parliamentarian would likely rule that this provision is not violative of the Byrd rule, would put us in the position of having a ruling by the Chair blessing an approach that I think deserves not a blessing but condemnation. So I am not going to proceed to make the point of order.

I am persuaded to decide that by the fact that the Senator from Arizona, the chairman of the authorizing committee, of which I am a member, indicates, first of all, a determination to hold hearings in support of changing the law to prevent this from occurring again and statements by the Senator from Alaska, Senator STEVENS, and Senator ROCKEFELLER and others, including Senator HOLLINGS.

It is clear to me that we will not likely come to this point again. We will likely see a law change that says universal service funds cannot be used for this purpose. For that reason, I will not require the Chair to rule on a Byrd rule point of order on the universal service provision because I simply don't want anybody to believe there was any blessing applied to this approach in this piece of legislation.

Let me make one additional point. The Senator from New Mexico made a point some while ago, and I suspect he thinks that we are here in some ways jabbing away, and so he made a point that, gee, this isn't the only place this stuff goes on. Everybody in the Chamber would agree with that assessment. We understand that there are games and there are games. We also understand that this piece of legislation, the reconciliation bill, this year provides significant traction toward the goals we all want for this country: getting our fiscal house in order, making the right investments, cutting spending, and doing other things. I understand all that.

My point was—and I was not critical of the Senator from New Mexico—there is a provision right in the middle of this, which is a tiny provision, that is fundamentally wrong and ought to never be put in a piece of legislation like this. I am now believing from this discussion this afternoon that we will not likely be forced to discuss this again on the floor of the Senate, because those of us who are involved in describing what a universal service fund was in the Telecommunications Act will join and conspire, in a thoughtful way, to change the law, so no one—OMB, or CBO, or anyone—can misinterpret whether those revenues touch the Federal Government. They do not and they cannot, therefore, be used to plug some kind of a hole in the budget process.

Mr. President, I yield the floor.

Mr. DOMENICI addressed the Chair.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. DOMENICI. Mr. President, I yield myself 5 minutes. First, while Senator STEVENS is on the floor, he has made some very good points, and, certainly, the distinguish Senators on the Democrat side have made some good points. The Senator from New Mexico wants to do nothing in this budget bill that will adversely affect our movement toward universal service. There is no intention in this budget reconciliation bill, which I ended up agreeing to—and I have already explained why—but there is nothing in it that is going to deny the march toward universal service that is prescribed and was your thoughtful, visionary idea, Senator STEVENS. I just ask you, so we have the record straight, is that your interpretation, also?

Mr. STEVENS. Mr. President, I say to the Senator from New Mexico that we have studied this and there is no impact on any universal service provider or universal service beneficiary that is adverse. There may actually be a beneficial effect, in terms of some of the providers. But it is not a provision that harms universal service. It is a provision that tinkers with the funding of universal service, but not adversely to the system. I will agree with that.

Mr. DOMENICI. Now, Mr. President, might I say while a number of Senators are present—and hopefully others have access to what we are saying—we have now been on this bill on the floor for 6 hours, or we will be in 15 minutes. As everybody knows, there are 10 hours on reconciliation. Frankly, there are no amendments in order, and, clearly, the Senator from New Mexico will stay here if there are other speeches or other comments that people want to make. But I very much think we ought to be able to vote at a time certain tomorrow morning.

Now, I am just wondering if there is anybody who—Senator BYRD?

Mr. BYRD. Mr. President, I thank the distinguished Senator. I have a question. Under the rule with respect to extraneous material, I read an excerpt therefrom:

> The Committee on the Budget of the Senate shall submit for the RECORD a list of material considered to be extraneous under subsections b(1)(A), b(1)(B), and b(1)(E) of this section to the instructions of the committee as provided in this section.

Is that list available?

Mr. DOMENICI. Senator BYRD, that list is not only available, it has been sent to the desk in accordance with the statute.

Mr. BYRD. May I see a copy of it?

Mr. DOMENICI. Yes, indeed. This is the list that we submitted.

Mr. BYRD. I thank the distinguished Senator. Now, I have been supplied by the minority with a list of extraneous provisions, and it appears that, on a cursory examination, they are not the same; the two lists are not in agreement on all fours.

Mr. DOMENICI. Senator, we don't know what might be different, but we are certainly willing to look and see what is different. We have been in contact with them and working together, as you might suspect.

Mr. BYRD. Mr. President, I think if there is going to be a list, it should be a complete list, and I am only raising the question because I have been supplied with two different lists—one list by the minority and one by the majority—and there may be some of the same things on both lists, but I am not sure. It appears to me that some of the items on the minority list are not on the majority and perhaps vice versa.

Could we have a clarification of this matter?

Mr. DOMENICI. Staff for the minority is approaching. I will ask him the question.

Could I get a quorum call?

Mr. BYRD. Absolutely.

Mr. DOMENICI. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. DOMENICI. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOMENICI. Mr. President, I yield to the other side.

Mr. REED addressed the Chair.

The PRESIDING OFFICER. The Senator from Rhode Island is recognized.

Mr. REED. Mr. President, I request such time as I may consume from the Senator from New Jersey.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOMENICI. Could the Senator kind of guess? How much; 15 minutes?

Mr. REED. No. Close to 5 minutes.

Mr. DOMENICI. Why doesn't the Senator ask for up to 10?

Mr. REED. I ask for 10 minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. REED. Thank you, Mr. President.

Mr. President, I rise to speak in favor of this bill. As one who voted against the Senate version of this legislation, I am especially pleased today to be able to support this initiative—an initiative that, among other things, provides 10 years of solvency to the Medicare Program, and makes a substantial investment in the health care of our children. I would like to remind my colleagues that we were able to craft this agreement because of the tough vote that I and others cast in 1993 for President Clinton's deficit reduction plan—a plan that has reduced the deficit from almost $300 billion to approximately $40 billion or perhaps lower.

I am particularly pleased that this bill makes a remarkable investment in the health care of our children by providing $24 billion to States to spend for children's health care. This new program represents the most significant and far-reaching expansion in our social programs since the passage of Medicaid and Medicare in the mid-1960's. These children's health provisions will give our children the healthy start that they deserve, and the healthy start that is necessary to help young people become effective students and help these students become effective workers, and help all of us raise a generation of American citizens who will serve this country and lead the world.

Congress is committing significant resources to children's needs. And now we must turn our attention to the days ahead to ensure that these resources are used wisely. I remain cautious about this new initiative. As with any investment of our taxpayer's dollars, the Federal Government needs to ensure that the investment is well spent. The plan which is being offered today provides a wide array of options and benefit plans with a high degree of flexibility. And it is crafted in a such a way that it could perhaps be gamed—not for the benefit of the children but for the benefit of those who will be enriching themselves from the system. As this program is implemented, we need to provide adequate oversight to ensure that the children are the beneficiaries of this program, and that they receive the benefits they need, that their health care is protected, and that we as a Nation can prosper. The Secretary of the Department of Health and Human Services, along with the Congress, has her work cut out for her. And together we must ensure that this program is implemented wisely and benefits the children that we so desperately and appropriately want to serve.

In addition, this conference agreement makes significant changes in the Medicare Program. Most importantly, this bill brings 10 years of solvency to the Medicare Program—a program that more than 30 million Americans depend upon, and that more than 170,000 Rhode Islanders depend upon.

Like the amendment I offered during the debate on the Senate version of this bill, this legislation does not include the provisions which I believe take the wrong approach to solving our Medicare problems—provisions like raising the eligibility age, means testing for the part B premiums, and a home health copayment for home health services. This legislation strikes those provisions, as my previous amendment struck those provisions.

A home health care copayment would have negatively impacted the sickest and poorest of Medicare beneficiaries. And an increase in Medicare's eligibility age is a step in the wrong direction. Simply put, raising the eligibility age for Medicare increases the ranks of the uninsured. Already, 13 percent of the 21 million people age 55 to 64 lack health insurance. It makes no sense at all for Congress to eliminate Medicare as an option for seniors who have nowhere else to turn. These and other issues will be debated in the context of long-term Medicare reform as we address the problems faced by Medicare for the next generation.

During the Senate debate on this bill, as I indicated, I offered an amendment to strike these provisions. My amendment failed. But I am glad to see that today we have reached an agreement which protects Medicare, extends the life of the program for at least 10 years and does not attempt an ad hoc approach to structural reform.

This bill includes many improvements to Medicare. For example, it has expanded preventive health care benefits for mammography, pap smears, diabetes, prostate, and colorectal cancer screening, bone density measurements, and vaccines. This bill also requires the Medicare Program and managed care plans to give more information to beneficiaries about their choices and their coverage, and the quality of that coverage. All of these are welcome developments.

I am also pleased that this bill contains $1.5 billion for protecting low-income Medicare beneficiaries against an increase in Medicare premiums. However, I am disappointed that this comes in the form of a block grant to the States that ends after 2002. This approach has the potential to fall short of providing real protection for low-income Medicare beneficiaries. Any increase in Medicare premiums can result in significant hardships for low-income seniors, and these individuals deserve a permanent guarantee of protection.

This bill also includes numerous changes in Medicare reimbursement policies—changes that will have a great impact on those individuals and institutions that provide health care to Medicare beneficiaries. I will keep a vigilant eye on the implementation of these changes, paying particular attention to their impact on the access to and quality of care provided to Medicare beneficiaries.

This legislation also establishes a bipartisan national commission to examine the long-term solvency of the Medicare Program. The creation of this commission lays an important foundation to work on long-term reforms and solutions, and to tackle those issues that are not suitable for the narrow confines of a budget debate. Such reform is needed to address the challenges that the Medicare Program will face as members of the baby-boom generation become recipients of Medicare. This commission provides that framework, and I am encouraged that the commission is established by this legislation.

I am prepared to vote in favor of this bill. As with any piece of legislation, it is not perfect. Indeed, many individuals will benefit from various provisions of the bill. Medicare beneficiaries will have the security of an additional 10 years of solvency in the program. The families of uninsured children will now have new State programs to turn to. Medicare beneficiaries will have new choices and increased preventive health care benefits.

But this is no time to rest on our laurels. To ensure that Medicare beneficiaries continue to have access to high-quality care in the face of constrained payments to providers, to ensure that the $24 billion for children's health care is well spent, and to ensure the long-term viability of the Medicare Program, we will need continued vigilance on the part of many, including the Congress, the Secretary of Health and Human Services, and those persons served by the Medicare and Medicaid Programs.

We also must recognize that within this budget, as we continue to draw down discretionary spending over the next several years, harder and harder choices will ensue. We have to ensure that we make the right choices. We have to ensure that the spirit today—a spirit that reaches out to help our children, a spirit that reaches out to help and maintain our seniors—will be the spirit that dominates our future budget deliberations as it has ennobled our past efforts to strengthen America.

I yield the remainder of my time.

Mr. COATS addressed the Chair.

The PRESIDING OFFICER. The Senator from Indiana.

Mr. COATS. Mr. President, on behalf of Senator DOMENICI, I yield myself up to 15 minutes. I don't believe I will take that long.

But I also ask that the Senator from Montana be allowed to take a minute to introduce legislation.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BURNS. I thank my friend from Indiana.

(The remarks of Mr. BURNS pertaining to the introduction of S. 1090 are located in today's RECORD under "Statements on Introduced Bills and Joint Resolutions.")

The PRESIDING OFFICER (Ms. COLLINS). The Senator from Indiana.

Mr. COATS. Madam President, I don't believe I will take all 15 minutes.

I want to express, however, the reason I am voting against this budget agreement. When the budget resolution came before the floor of the Senate initially, I voted against it because it did not contain the entitlement reforms—the structural reforms that I felt were absolutely necessary if we are ever going to have a sustained, consistent effort at balancing our budget. Clearly, we all know that the entitlements—the mandatory spending—have not been structurally reformed for a long, long time, and we are on a collision course with their ability to meet the demands on those funds in the future. Some changes were made in this bill. I want to talk about those in a minute. But they were not the structural reforms.

Then when the budget reconciliation bill came before the Senate, I supported the budget reconciliation bill because the Senate had the courage to stand up to the plate and address the need for entitlement reforms. I doubt that there is a Member of this Congress, House or Senate, or anyone else who has paid attention to this issue, that doesn't recognize that this is something that we have to do. We are on a collision course with bankruptcy for Medicare.

We hear all of this wonderful talk about preserving Medicare for the benefit of our elderly. Yet, the quality of Medicare services continue to decline because we continue to impose restraints and restrictions on the providers, and it squeezes the quality of care. And we fail to have the will to step up to the plate and deliver any kind of structural reform in the program—even reform that takes place well into the next century. The Senate addressed that issue. The Senate by a fairly substantial vote passed legislation which would begin that process of structural reform. So I supported the bill on that basis, hoping that it would survive conference. Due to a number of factors which I will talk about, it didn't survive. And it is back here now without those reforms.

All the wonderful promises and rhetoric about addressing the Medicare problem is more of the same that we have been promising for the last several budget resolutions, most of which has not come to fruition.

So I approach this conference spending bill with a sense of sadness and feeling of resignation—a sense of sadness because I know that the Senator from New Mexico and others who have been involved in this process have worked very, very hard to put together a bill which moves us toward a balanced budget. They have incorporated a number of provisions in here which I believe are important provisions, and provisions which I support; but a sense of sadness because we have dropped in the negotiations what I think were the most important parts of this budget reconciliation bill—the structural reforms and entitlements.

It is entitlements that are eating up our revenues. It is the entitlements, were it not for a booming economy which is pouring revenues into our coffers for the present time—it is the entitlements which would be squeezing other aspects of the budget, whether you are for education, or roads or safe water, or environmental issues, or a whole number of other things. Those are being squeezed because we don't have the political will and courage to address the entitlements.

It is resignation that I feel because lasting structural reform of Government spending seems to be beyond the ability of the Congress and the executive branch.

The measure before us today is significant not for what it contains but for what it does not contain—commitment to fundamental institutional change. And that failure is most obvious, as I have said, when we look at the entitlement parts of this bill.

Here, for whatever reason—probably a lack of political will—we have dropped the three measures which maybe signaled the best hope of future ability to contain entitlement growth. Instead, we have what is estimated as a $115 billion reduction in Medicare spending, but this is an evasion, not a reform, because these projected savings are achieved by the typical way we have done this: decreasing payments to providers. It has been tried over and over again, and it has failed. Costs have continued to rise under reduced payment schemes while the quality of care has decreased.

The plan also shifts the home health care program, the fastest growing part of Medicare, from Medicare part A to part B. That is a shift, at taxpayer expense, by the way, that simply delays the overall failure of this program by not reforming its faults but simply making it sustainable. In addition, the measure drops the Senate provisions that would have set the stage for future reforms, measures that, as I said, were adopted as a result of the leadership of Senator GRAMM, who offered the amendment, and support on a bipartisan basis—Senator KERREY of Nebraska and others—for these reforms. The Senate bit the bullet. The Senate exercised the political will. The Senate put itself out on a limb only to see all of these reforms dropped in these negotiations.

Means testing provision dropped, the increase, very gradual increase in eligibility from 65 to 67 that would not affect anybody 46 years of age and older, and the increase in copayments for home health care service dropped, all killed, and along with that any hope for meaningful reform.

The President bears some of this responsibility, a lot of this responsibility, because we all know that we cannot accomplish this without Presidential leadership, and that leadership was tepid at best. There was no sustained active involvement on the part of the executive branch and the President to bring about these reforms. And support from the House, not this body, but support from the House was weak, and I regret that. It falls on the shoulders of both parties.

Left unchecked, CBO projects that Medicare spending will explode to $470 billion a year by the year 2007, representing an average annual increase of 8 percent over the next 10 years. This is a growth rate of nearly double the estimated growth of the overall economy for the same period. In the period from 2010 to 2030, when 80 million baby boomers move into retirement, Medicare's expenses are expected to surge to 14 percent of our gross domestic product as compared with 2.5 today. This cannot be sustained. This is a train coming down the track headed for a wreck, and yet time after time after time, as we are faced with the prospect of that train wreck, we blink. We pass it off to the next Congress and the next Congress, and we defer and pass that debt off to future generations.

The $115 billion in promised reduced payments does nothing to avert this long-term disaster. By dropping the reforms passed by the Senate, budget negotiators have brought the looming crisis one step closer to reality. And just yesterday in the Washington Post, there was an article entitled, in fact, "Billions Wasted, Medicare Audit Says." The article opens by stating that nearly 40 percent of the home health care services provided to frail elderly Americans under the Medicare Program are unjustified either because the service is not necessary or the agency administering the care is not sanctioned to do so or the person is not covered—40 percent. I think the figure was $23 billion a year in fraud and waste and abuse of one part of the Medicare system.

We had a provision in the bill that began to address the problem, and we passed on it. We could not even turn to seniors and say that the program which benefits you, home health care—and I used that for my father when he was home in need of that health care—the program that benefits you is so fraught with waste and abuse it is jeopardizing the entire Medicare system. And yet, the Congress refuses to even impose the most minimal of corrections to try to address that problem.

So what do we offer our seniors? A so-called bipartisan commission to study the problem. Madam President, there is nothing left to study. We have studied this thing to death. The problem is not a lack of knowledge. It is a lack of political will. Confronting the Medicare crisis will take political courage and it will take sacrifice. But these values, which should come easier in a time of economic growth and prosperity, are absent in the spending plan.

That is to say nothing about Social Security. That is another problem that we don't even touch here and we also need to address.

All of this, as I said, is deeply disturbing, but then when you add to that a new entitlement program, a $24 billion health care entitlement, paid for with a tax hike on cigarettes and tobacco, you compound the problem—not because we do not need a health care program for children; we do, but because this one was designed with no rational basis. It was created without an assessment of the need. The level of funding was arbitrary. We were throwing figures around here—how much can we add? How much can we subtract? Pulling figures out of thin air in a mindless bidding war rather than having an adult policy debate.

We are creating in this measure future entitlement problems that we cannot even imagine because we have not taken the pains to consider those problems.

I am not speaking against the need for health care for children. I am saying let us determine what the need is and tailor a program that addresses the specific need without just throwing a new entitlement program in place that will probably go the way of all other entitlement programs and that will grow beyond our means to check it, and we will not be able to put reforms in that either.

What is absent from this agreement is any type of fundamental, lasting structural reform in our Government and its spending. That reform is now possible because of the strength of our economy. This is when we ought to be putting these reforms in place.

We always hear that we cannot make structural reforms during times of economic slowdown, because that would have too much negative impact on our economy. And now we hear the argument that we cannot make reforms during economic prosperity because it is too difficult, because a strong economy signals to us that we do not need to make reforms. We will just reap the benefits of the new revenues that are coming in. And so when the economy is down, we cannot do it because it hurts the economy, and when the economy is doing well, we say we do not need to do it; there is no sense of urgency anymore.

Our entitlement crisis is lurking around the corner, just below the surface of this strong economy. The same irrational and bloated bureaucracies that choke our economy in hard times hide in the shadows of economic boom because this legislation does nothing to reform and limit the Federal Government.

Sooner or later the economy is going to slow. I wish it would not, but it will. And when it does, the reckoning will be even more severe. We have squandered a unique opportunity—a President who is not running again, a Congress led by Republicans who are willing to walk out on a limb again for entitlement reform, who will support a President if he would just provide leadership on entitlement reform, a prosperous economy where people are at work, revenues coming in.

Is there ever going to be a better time to bring entitlement reform to our budget process? I doubt it. And yet we are squandering this marvelous opportunity to make changes now that will be incremental and small in nature but will provide great dividends and great benefits for the future. Instead, in the interest of political expediency, we postpone those tough decisions to a future Congress, to future generations, and we look myopically at the immediate election consequences, what we perceive them to be. I do not believe they are there. I think people are looking for politicians who will exercise political will, make the tough decision, step up and do what is right, and I think they will be rewarded in the polls. Instead, we say let us pass on this one more time.

We will never have a better moment. We will never have a better opportunity. We will never be in a position where we are 3 years out from a general election, more than a year out from the next off-term election, with an Executive who does not ever have to stand for election again in his life, with a Senate that has already made the decision to go out on the limb. We will never be in a better position, and yet we have squandered this moment.

For that reason, for all of the hard work that the Senator from New Mexico and others have put in this agreement, for all of the benefits in this agreement and the positive things in this agreement, I cannot support this resolution, because my litmus test, as I stated when I voted against the budget resolution and for the budget reconciliation, included entitlement reforms. But now, because they have been drawn out, that litmus test was not met.

That is a minimal litmus test. I was willing to accept minimal reforms, anything, anything that moved us in a path of structural reform, addressing a problem that we know is going to impact negatively on the people of this country and the economy of this country. We know it passes on debt to future generations. We know it places our elderly people in a precarious position for the future of Medicare. And yet at this golden time, which may not come again, for political expediency or whatever reason—I wasn't in the budget negotiations—we once again pass, we once again take a powder on this and say we will do it another time; let's form a commission; let's study it some more; let's have some more recommendations.

How many studies, recommendations and conditions do we have to put in place to keep telling us what we already know?

So, Madam President, I know I am a skunk at the party here, the celebration for the passage of this so-called balanced budget agreement, and I hope it does balance the budget, and it may, mostly, I think, not because of new spending we put in place but because the economy is roaring along and pouring money into the coffers of the Government. I wish we could get more of that money back to the people who have earned that money. Instead, we are creating new entitlements. We passed on the opportunity to reform existing entitlements, and I just regret that very much.

So I may be a lonely voice in this vote, but I cannot for the reasons I have stated support this resolution.

I yield back whatever time I have remaining.

Mr. HOLLINGS addressed the Chair.

The PRESIDING OFFICER. The Senator from South Carolina is recognized.

Mr. HOLLINGS. Madam President, I have spoken with the distinguished chairman of our Budget Committee. He has allocated 20 minutes. I think I will take far less.

Madam President, when Alice in Wonderland asked the cat where they were headed, the cat replied, "before you decide where you are going, you must first decide where you are."

And as we look at this so-called Balanced Budget Act of 1997, we should look to see, before anything is enacted, exactly where we are. At this very minute, we have a pretty good estimate from the Congressional Budget Office.

We know, Madam President, that as of May 19, CBO estimated the deficit for this year, 1997, to be $180 billion. We also know that both the CBO and the Office of Management and Budget have agreed that this year's revenues are now exceeding their original estimates by as much as $40 billion. So, the August estimate for 1997 will be revised to show a deficit of about $140 billion.

The idea is to balance the budget and remove the deficit. If you are going to remove your deficit, you have to do it one of two ways—or both ways; namely, you have to cut back on your spending and you have to increase your revenues or do both. The present Balanced Budget Act of 1997 proposed increases in spending, rather than cuts in spending. And, instead of increasing the revenues, it reduces revenues by some $90 billion.

So, Madam President, I have studied this document, and I have to stand here as a matter of conscience, because I have been the chairman of the Budget Committee. I have been in the committee itself since its institution in 1974. I cannot mislead the people with a vote that would approve what this budget resolution is all about. I could go at length as to the various smoke and mirrors, backloading, excessive spectrum auctions and other deceptions contained in this bill, but let me go to one that is not just a simple smoke or a simple mirror. The fact of the matter is, it is an illegal smoke and an illegal mirror. Why do I say that? We had some struggle during the original enactment of the Greenspan Commission report in 1983. Social Security was about to go broke, but its bankruptcy was avoided by the National Commission on Social Security Reform. I hold a section of the report, dated January 1983, in my hand.

Section 21 of the Greenspan Commission report recommended taking Social Security off budget. That is the core of the misunderstanding—or the understanding. We stated categorically, in accordance with the Greenspan Commission, that when we were calculating deficits, whether or not we were in the red or in the black, that we would not include Social Security trust funds.

I ask unanimous consent at this point to have printed in the RECORD a table of the various pension fund moneys that have been expended and, so there will be no misunderstanding, I would also like to include the "Budget Reality" table that I referred to earlier which contains the CBO figure of a $180 billion actual deficit this year.

There being no objection, the tables were ordered to be printed in the RECORD, as follows:

TRUST FUNDS LOOTED TO BALANCE BUDGET

[By fiscal year, in billions of dollars]

	1996	1997	2002
Social Security	550	629	1,095
Medicare:			
HI	126	116	−58
SMI	27	22	34
Military Retirement	117	126	173
Civilian Retirement	394	422	561
Unemployment	54	61	77
Highway	21	23	40
Airport	8	5	−28
Railroad Retirement	17	18	20
Other	60	62	78
Total	1,374	1,484	1,992

HOLLINGS' BUDGET REALITIES

[In billions of dollars]

President and year	U.S. Budget	Borrowed trust funds	Unified deficit with trust funds	Actual deficit without trust funds	National debt	Annual increases in spending for interest
Truman:						
1945	92.7	5.4	−47.6	....	260.1	....
1946	55.2	−5.0	−15.9	−10.9	271.0	....
1947	34.5	−9.9	4.0	+13.9	257.1	....
1948	29.8	6.7	11.8	+5.1	252.0	....
1949	38.8	1.2	0.6	−0.6	252.6	....
1950	42.6	1.2	−3.1	−4.3	256.9	....
1951	45.5	4.5	6.1	+1.6	255.3	....
1952	67.7	2.3	−1.5	−3.8	259.1	....
1953	76.1	0.4	−6.5	−6.9	266.0	....
Eisenhower:						
1954	70.9	3.6	−1.2	−4.8	270.8	....
1955	68.4	0.6	−3.0	−3.6	274.4	....
1956	70.6	2.2	3.9	+1.7	272.7	....
1957	76.6	3.0	3.4	+0.4	272.3	....
1958	82.4	4.6	−2.8	−7.4	279.7	....
1959	92.1	−5.0	−12.8	−7.8	287.5	....
1960	92.2	3.3	0.3	−3.0	290.5	....
1961	97.7	−1.2	−3.3	−2.1	292.6	....
Kennedy:						
1962	106.8	3.2	−7.1	−10.3	302.9	9.1
1963	111.3	2.6	−4.8	−7.4	310.3	9.9
Johnson:						
1964	118.5	−0.1	−5.9	−5.8	316.1	10.7
1965	118.2	4.8	−1.4	−6.2	322.3	11.3
1966	134.5	2.5	−3.7	−6.2	328.5	12.0
1967	157.5	3.3	−8.6	−11.9	340.4	13.4
1968	178.1	3.1	−25.2	−28.3	368.7	14.6
1969	183.6	0.3	3.2	+2.9	365.8	16.6
Nixon:						
1970	195.6	12.3	−2.8	−15.1	380.9	19.3
1971	210.2	4.3	−23.0	−27.3	408.2	21.0
1972	230.7	4.3	−23.4	−27.7	435.9	21.8
1973	245.7	15.5	−14.9	−30.4	466.3	24.2
1974	269.4	11.5	−6.1	−17.6	483.9	29.3
Ford:						
1975	332.2	4.8	−53.2	−58.0	541.9	32.7
1976	371.8	13.4	−73.7	−87.1	629.0	37.1
Carter:						
1977	409.2	23.7	−53.7	−77.4	706.4	41.9
1978	458.7	11.0	−59.2	−70.2	776.6	48.7
1979	503.5	12.2	−40.7	−52.9	829.5	59.9
1980	590.9	5.8	−73.8	−79.6	909.1	74.8
Reagan:						
1981	678.2	6.7	−79.0	−85.7	994.8	95.5
1982	745.8	14.5	−128.0	−142.5	1,137.3	117.2
1983	808.4	26.6	−207.8	−234.4	1,371.7	128.7
1984	851.8	7.6	−185.4	−193.0	1,564.7	153.9
1985	946.4	40.5	−212.3	−252.8	1,817.5	178.9
1986	990.3	81.9	−221.2	−303.1	2,120.6	190.3
1987	1,003.9	75.7	−149.8	−225.5	2,346.1	195.3
1988	1,064.1	100.0	−155.2	−255.2	2,601.3	214.1
Bush:						
1989	1,143.2	114.2	−152.5	−266.7	2,868.3	240.9
1990	1,252.7	117.4	−221.2	−338.6	3,206.6	264.7
1991	1,323.8	122.5	−269.4	−391.9	3,598.5	285.5
1992	1,380.9	113.2	−290.4	−403.6	4,002.1	292.3
Clinton:						
1993	1,408.2	94.3	−255.0	−349.3	4,351.4	292.5
1994	1,460.6	89.2	−203.1	−292.3	4,643.7	296.3
1995	1,514.6	113.4	−163.9	−277.3	4,921.0	332.4
1996	1,560.0	154.0	−107.0	−261.0	5,182.0	344.0
1997	1,622.0	110.0	−70.0	−180.0	5,362.0	359.0

Historical Tables, Budget of the US Government FY 1998; Beginning in 1962 CBO's 1997 Economic and Budget Outlook, May 19, 1997.

Mr. HOLLINGS. Fortunately—and we are all enthused about it—the deficit is going to come down to about $140 billion this year. It may come down to $135 billion, but I doubt that. I have talked to the authorities. But we know we are spending over $100 billion more than we are taking in. We cannot, under the law, use Social Security trust fund surpluses to mask this deficit. The Senate voted on October 18, 1990, by a vote of 98–2, to take Social Security off budget. It took us quite a while in the Budget Committee, but we finally got it done. That is a law, section 13301, signed by President Bush, to take Social Security off budget.

So, this was a very deliberate act. I am not just trying to impassion senior citizens or any of that nonsense. I am trying to inflame the intellects and the consciences of the Senators. Because every Senator present here today who was here in 1990, voted and said, I believe in that particular policy. No Senator since 1990 has tried to change that; there has been no amendment or bill or otherwise. We had the policy itself reaffirmed in the Retirement Protection Act of 1994 which barred businesses from using the pension moneys to pay the debt.

Then, the Senate passed an amendment in the budget bill, barring corporations from pension misuse, known as the Pension Reform Act of 1994.

Madam President, when I look at this particular budget, I say how in the world, if you are spending over $100 billion more than you are taking in, can you remove the deficit by increasing spending and decreasing revenues? It is quite obvious it cannot be done, except under subterfuge, misuse, misappropriation or other fraudulent acts. Because the Balanced Budget Act of 1997 —and we have examined the document now—uses $465 billion of Social Security trust funds to make it appear balanced.

There is no gimmickry here about Government moneys and buying bonds. When you spend the money out of the fund—and that is what we are doing because we don't have it—then it has to be replaced. Under the chart I included earlier, you can see that over $600 billion from the Social Security trust fund has already been expended, and now they will spend an additional $465 billion in this bill. This means that by the year 2002 we will owe Social Security over $1 trillion.

They say, "Oh, it's the baby boomers in the next generation that are going to bankrupt Social Security." No, not at all, my colleagues. It is the senior citizens, the adults on the floor of the U.S. Congress that are decimating Social Security. It is going on. It continues to go on. It is absolutely fraudulent. It is absolutely illegal.

I ask unanimous consent to have section 13301 printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

SEC. 13301. OFF-BUDGET STATUS OASDI TRUST FUNDS.

(a) EXCLUSION OF SOCIAL SECURITY FROM ALL BUDGETS.—Notwithstanding any other provision of law, the receipts and disbursements of the Federal Old-Age and Survivors Insurance Trust Fund and the Federal Disability Insurance Trust Fund shall not be counted as new budget authority, outlays, receipts, or deficit or surplus for purposes of—

(1) the budget of the United States Government as submitted by the President,

(2) the congressional budget or

(3) the Balanced Budget and Emergency Deficit Control Act of 1985.

(b) EXCLUSION OF SOCIAL SECURITY FROM CONGRESSIONAL BUDGET.—Section 301(a) of the Congressional Budget Act of 1974 is amended by adding at the end the following: "The concurrent resolution shall not include the outlays and revenue totals of the old age, survivors, and disability insurance program established under title II of the Social Security Act or the related provisions of the Internal Revenue Code of 1986 in the surplus or deficit totals required by this subsection or in any other surplus or deficit totals required by this title.".

Mr. HOLLINGS. Then, Madam President, I refer to the document itself. They do not have to list in this reconciliation bill the annual deficits, the outlays, budget authority, and the debt itself. But the document of last month, the conference report, does—and I refer to Mr. KASICH's bill: "From the committee of conference submitted on the conference report on the concurrent resolution on the budget for fiscal year 1998."

If you turn to page 4—and I am going to ask the first 15 lines, just those 15 lines, be printed in the RECORD at this particular point. I ask unanimous consent to have that printed.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

(4) DEFICITS.—For purposes of the enforcement of this resolution, the amounts of the deficits are as follows:

Fiscal year 1998: $—173,000,000,000.
Fiscal year 1999: $—182,200,000,000.
Fiscal year 2000: $—183,200,000,000.
Fiscal year 2001: $—157,100,000,000.
Fiscal year 2002: $—108,300,000,000.

(5) PUBLIC DEBT.—The appropriate levels of the public debt are as follows:

Fiscal year 1998: $5,593,500,000,000.
Fiscal year 1999: $5,841,000,000,000.
Fiscal year 2000: $6,088,600,000,000.
Fiscal year 2001: $6,307,300,000,000.
Fiscal year 2002: $6,481,200,000,000.

Mr. HOLLINGS. Madam President, on line 1 it says, "fiscal year 2002"; line 2, subsection 4, it says "deficit."

Then you look down on line 8 at "fiscal year 2002," and you will not see a balance, but a deficit of $108,300,000,000.

The reason it shows this deficit is because of section 13301, which says you cannot include Social Security trust fund surpluses.

But, if you go down to line 15 and see that the fiscal year debt, from year 2001 to 2002, goes up, not into balance. The debt doesn't go into balance from the year 2001 to 2002. Instead, the debt increases $173.9 billion. This is not a balanced budget.

It's a tragic thing that you can't get this reported. It is a matter of fact. It is a matter of law. It is a matter of conscience. We should all come together and say we won't use pension funds to pay off our debt. We passed a formal rule here some time ago for all corporate America which made this illegal. Denny McLain, the Cy Young Award winning pitcher for the Detroit Tigers, when he got out of baseball, became the head of a corporation, and, unfortunately, used the corporate pension fund to pay off the debt. He was sentenced to 8 years in prison. Tell our friend Denny, if you can catch him in whatever prison, to please run for the U.S. Senate because, rather than sending us off to prison here when we use the pension funds to make the debt look smaller, we get the Good Government Award. Everybody is standing up with the President and the Speaker and the majority leader and saying, "How wonderful, boys. It is Christmas in July." It is a total fraud, absolute farce, and everybody ought to know it. Because what we are doing is breaking into the airport trust fund, the highway trust fund, the military retirees' pensions, the Civil Service retirees' pensions, and everything else I have included in the record. There it is. I have had it typed up.

As a matter of conscience I cannot engage in this deception. I was always taught, some 50 years ago when I got into public service, in 1948—that public office was a public trust. I believe Social Security is a public trust. I think the consummate 98 Senators said we ought to make it a public trust. They said, not only for us but for corporate America, we ought to make certain that some fast-moving merger artist can't come in on a takeover and abscond with the pension funds to pay the debt and pay himself a good bonus and leave everybody else hanging.

So we have it in formal law, we have it in formal policy. But, when it comes to us, we run around and say "unified, unified." There is nothing unified. It is expended moneys in violation of the formal statutory law of the United States of America, section 13301 of the Budget Act.

I can't vote to violate that law and, therefore, will have to oppose the bill.

I yield the floor.

The PRESIDING OFFICER. The Senator from Rhode Island is recognized.

Mr. CHAFEE. Mr. President, I would like to offer my congratulations to the leaders on both sides of the aisle, the chairmen and ranking minority members of the Finance and Budget Committees, for all of their hard work in consummating this very significant, bipartisan budget agreement. While this bill is not everything I had hoped for, it is an important step toward getting our fiscal house in order.

Moreover, it is grounded in a philosophy that I strongly believe in—that bipartisanship is the key to making government work. On difficult national problems, such as balancing the budget, neither party alone can get the job done, nor garner the public consensus needed for such action.

Indeed, this was the genesis behind establishing the so-called Chafee-Breaux centrist budget coalition, which I believe deserves considerable credit for advancing the terms of debate on the issue of long-term Medicare reform. Regrettably means-testing of the part B premium, increasing the age of eligibility from 65 to 67, and the $5 home health copayment were dropped from the final package. However, the credit for getting them into the Senate version of this bill belongs to the centrist budget coalition. Each of these provisions was added to the Senate bill with a big, courageous bipartisan vote—something which would have been unthinkable just a few years ago.

As a result of these pioneering Senate votes and the growing national consensus on the need for long-term reform, President Clinton has now pledged to stand with those Members of Congress who vote for means-testing of the part B premium, an important step toward creating the political environment which will be needed to secure this program for future generations of retirees.

I would further urge the President, as well as Democratic party leaders, to disavow and distance themselves from candidates who resort to mediscare demagoguery in their future political campaigns. The American people deserve a responsible debate on this difficult subject, and the centrist coalition will be working to see that this happens.

This bill does include a number of helpful changes for Medicare beneficiaries, low-income children, and legal immigrants which I would like to briefly highlight.

Medigap provisions included in this bill, which I was pleased to author earlier this year, will do for Medicare beneficiaries much of what the Kassebaum-Kennedy health insurance bill did for working Americans: It vastly improves portability and bans preexisting condition limitations for Medigap policy holders.

This bill also improves access to emergency services for Medicare beneficiaries enrolled in managed care plans, which is derived from legislation Senator GRAHAM authored and I was glad to cosponsor earlier this year. This provision establishes a prudent layperson definition of emergency medical conditions to ensure that emergency services are properly covered.

This legislation also includes expanded preventive health care benefits for Medicare enrollees, including mammography, colorectal and prostate cancer screening; testing for osteoporosis; and improved coverage for diabetes and other important prevention measures. These enhanced services will be helpful to the more than 174,000 Medicare beneficiaries in Rhode Island.

One of my most important priorities, that of expanding access to health insurance for low-income children, is also addressed in this bill. I am especially pleased that we are providing $24 billion for this purpose. This is a critical step forward for Rhode Island's children, 19 percent of whom live in poverty. Many of these poor children—38 percent—live in families where at least one parent is working, yet they are still poor. These funds are targeted to help these families especially.

While I would have preferred greater specificity in terms of the benefits to be provided to children under this program, the final package is a significant improvement over some of the earlier proposals. I want to thank and acknowledge Senator ROCKEFELLER for his leadership and expertise in working to advance the cause for children's health insurance. He was a strong partner in helping to make this a stronger and better program than it otherwise would have been.

I also want to thank Senator ROTH for helping me to ensure that Rhode Island can take full advantage of the funding provided under this program to continue its children's health initiatives. The Finance Committee chairman was very responsive to the problems this legislation posed for States, like Rhode Island, that have already expanded coverage. We were able to work together to ensure that Rhode Island will not be penalized for choosing to expand coverage on its own.

This bill also gives States critical new flexibility by allowing them to enroll Medicaid beneficiaries into managed care without obtaining a waiver from the Department of Health and Human Services. At the same time, the legislation includes important safeguards for these beneficiaries, many of which were contained in legislation I introduced earlier this year. For example, disabled children, children in foster care and special needs children who have been adopted are protected from mandatory enrollment in managed care. Women enrolled in Medicaid managed care programs will continue to have the freedom to choose their family planning provider, even if that provider is not part of their managed care plan.

This bill also restores Medicaid coverage to thousands of children who were removed from the SSI rolls as a result of eligibility changes made in the 1996 welfare reform law. This will be enormously helpful to many low-income families whose children may no longer be considered statutorily disabled but who nevertheless have significant special health care needs.

Let me take a moment to describe the provisions of this bill dealing with legal immigrants. As my colleagues know, the 1996 welfare reform law placed severe restrictions on the Federal benefits that legal immigrants may receive. Among these restrictions was a complete and immediate cut-off of supplemental security income [SSI] and food stamp benefits, not only for future immigrants but for those already in this country legally.

For the elderly and disabled legal immigrants who last August were in the United States—including nearly 4,000 in my own State of Rhode Island—the new SSI ban represented nothing short of a crisis. For many, the loss of this critical Federal aid would mean losing the ability to live independently. In turn, this would present a serious community and fiscal challenge to State and local governments, as immigrants who had lost benefits and faced destitution turned to nursing homes or other costly facilities for support.

I was sorely troubled by these restrictions on immigrants, and pledged to do what I could to mitigate the most harsh of these during this Congress. I am delighted to say that in this regard, we have been successful. The conference report before us now is identical to the Senate-passed bill on which I and others of my colleagues worked very hard.

It restores benefits to those legal immigrants who were receiving SSI as of last August. It also allows immigrants who were in the United States last August and who may become disabled in the future to receive SSI. For my State, this means that 3,753 currently elderly and disabled Rhode Island residents—and many others who may become disabled in the future—will be able to receive basic SSI assistance to allow them to live with dignity.

Now, the immigrant provisions of this bill are not perfect. And I am disappointed that it does not contain the Chafee-Graham amendment on legal immigrant children and Medicaid, or the provision dealing with SSI for those too disabled to naturalize. But the bill before us goes a long way toward restoring fair treatment for the thousands of legal, tax-paying immigrants who were in the country and playing by the rules when welfare reform was enacted.

I want to commend Senators D'AMATO, FEINSTEIN, DEWINE, and GRAHAM for all of their hard work in helping to solve this problem. Since the introduction of our Fairness for Legal Immigrants Act in April, we have been working as a united team toward fair treatment for legal immigrants. With passage of this bill, our efforts will have met with success.

In closing, I am hopeful that we can build upon the bipartisanship that was necessary to make this bill a reality when we turn to the more challenging task of advancing long-term budget and entitlement reforms in the future.

I particularly want to address the entitlement reforms I strongly believe are necessary for Medicare. Although the provisions we worked hard on—means testing the part B premium, increasing the age of eligibility from 65 to 67, the $5 home health care copayment—were dropped in the final package, nonetheless, I think it behooves all of us to continue our work on each of these measures, and certainly I will do everything I can to advance them. I thank the Chair.

Mr. GRASSLEY addressed the Chair.

The PRESIDING OFFICER. The Senator from Idaho is recognized.

Mr. GRASSLEY. I yield myself such time as I might consume.

The PRESIDING OFFICER. The Senator is recognized.

Mr. GRASSLEY. Madam President, I rise to address the Balanced Budget Act of 1997.

This is an important moment. This bill represents the triumph of the idea that we must get our national accounts in order. This is an idea that Republicans, with the help of many Democrats, have labored for years to put at the top of the national agenda.

Finally, it is close to being done.

As a member of the Finance and Budget Committees, and as a Budget Committee delegate to the conference, I have been deeply involved in the consideration of this bill. And I have been in a position to witness the dedication Senator ROTH, Senator DOMENICI, and Senator LOTT hve brought to the difficult task of giving birth to this balanced budget legislation. I want to congratulate them on the success of their efforts.

I would particularly like to thank Chairman DOMENICI, Chairman ROTH, Senator LOTT and the other Senate conferees for protecting a number of excellent Senate provisions in the conference committee. Believe me, Madam President, it wasn't easy.

The Medicare portions of the bill will bring about very positive changes in the program.

The bill calls for necessary savings in Medicare, and thereby will help put Medicare, and particularly the Medicare hospital trust fund, on a sounder financial footing. The bill also contains a number of innovations that I think will improve the Medicare Program.

First and foremost is the new Medicare Plus Choice Program, reforming Medicare managed care.

From my perspective, representing the State of Iowa, the inclusion in this bill of a 50-50 local/national blended rate for Medicare managed care reimbursement is extremely important. Also critical is the bill's inclusion of a minimum payment of $367 in 1998, with annual updates thereafter.

The opportunity for additional types of health plans, other than HMO's, to participate in the Medicare Choice Program will open additional opportunities to Medicare beneficiaries. Based upon what I have been hearing from Iowa, I think the reformed payment system and the additional types of plans should truly broaden choice for Medicare beneficiaries in Iowa.

These provisions together should go a long way toward giving Iowans the same kinds of choices Medicare beneficiaries in other parts of the country have.

I also want to thank the chairman and my colleagues on the Senate Finance Committee and the House and Senate conference committees for including many provisions contained in S. 701, legislation I introduced earlier this year regarding Medicare managed care standards. I am especially pleased to see that, beginning in 1998 and annually thereafter, beneficiaries will receive comparative user-friendly charts listing health plan options in their area. The only way to foster consumer choice and competition is by informing Medicare beneficiaries of their options and their rights under the Medicare Choice Program. The lack of information currently distributed to Medicare beneficiaries is astonishing.

The Medicare conference agreement will ensure that beneficiaries have the information they require to make the right health plan choice for their individual health care needs.

Another important protection for Medicare beneficiaries is a fair appeals process. I have been advocating for an objective review of health plans' decisions to deny care.

I am pleased that the Medicare conference agreement adopted my provisions to provide Medicare beneficiaries increased protections during the appeals process. Now, all Medicare beneficiaries will have the assurance that the Medicare program will provide an independent review of all denials of care by health plans prior to beneficiaries appealing to the Department of Health and Human Services.

This increased protection will hold health plans more accountable in their decision making process regarding medically necessary care and will give beneficiaries greater confidence in Medicare managed care, if they choose this option.

Madam President, I am also very pleased that we have preserved in the conference agreement rural health provisions that I have been working on for several years.

These provisions include:

My Medicare dependent hospitals bill, which will help a large number of rural hospitals in Iowa suffering from negative Medicare margins;

Senator BAUCUS' bill on critical access rural hospitals, on which Senator ROCKEFELLER and I have been close collaborators;

Reform of the Medicare disproportionate share hospital program, so that deserving hospitals will be treated fairly whether they are located in urban or rural areas——

Mr. DOMENICI. Would the Senator yield on that point?

Mr. GRASSLEY. Yes.

Mr. DOMENICI. I say to the Senator, I have been listening to your remarks and analysis.

I want to tell the Senate, and anybody interested, if not for CHARLES GRASSLEY, the Senator who has been speaking, we would not have gotten that provision. That is a fair provision because those parts of America—your State, my State, and others—that have done a good job of keeping costs way down, can't make it if we build the program on keeping them down while the very expensive States do not come down. And this is a formula we did not get exactly what we wanted, but thanks to your efforts we came very close to something that you can say is fair and much better for your people.

Mr. GRASSLEY. Yes. I thank the Senator from New Mexico for his kind remarks. And he has spoken better than I can on that issue. But basically what his constituents do not realize and my constituents do not realize, is that we have a very cost-effective delivery of medicine in rural America, very high quality by the way, but because of the historical basis for the reimbursement of Medicare, based upon that cost-effective medicine, we are at a very low level, and the options that metropolitan areas have will not come to rural America; but the provisions of the legislation he just described will make that possible now.

And so I can say this, that in 1995, it would not have been included in the legislation without the intervention of the Senator from New Mexico, even though it was my basic legislation. And he helped us this time at a very, very critical time in the negotiations between the House and the Senate. So I may have authored this legislation, but the fact that it is in the final package is a tribute to the leadership of Senator DOMENICI.

I will continue on and say that we have also for rural areas the provisions for:

Expanding the existing telemedicine demonstration project, in order to improve the delivery of health care to underserved areas;

Reform of the eligibility requirements for rural health clinics, enabling this vital program to operate as originally intended; and

My legislation assisting rural referral centers.

I am also pleased to finally see my legislation to provide direct reimbursement at 85 percent of the physician fee schedule to nurse practitioners, clinical nurse specialists, any physician assistants is finally going to become law. Similar measures were included in the President's Medicare proposal and in the House Ways and Means Medicare bill and were part of the Balanced Budget Act of 1995.

Senator CONRAD and I introduced these bills in the last three Congresses. We reintroduced them again in this Congress and were successful in getting them included in the Senate Finance Committee bill. This legislation will reform Medicare policies which, under certain circumstances, restrict reimbursement for services delivered by these providers.

Direct reimbursement to these nonphysician providers will improve access to primary care services for Medicare beneficiaries, particularly in rural and under served areas.

There has been much deliberation in this Congress over proposals to address the problem of uninsured children in our Nation.

I am very pleased that the bill before us today includes a strong bipartisan package addressing this matter. This bill includes a total of $24 billion to be spent on children's health insurance initiatives for those who are not currently enrolled in Medicaid or who do not have access to adequate and affordable health care coverage. This is $10 billion more than the President's original proposal.

We should view this achievement not only as an important piece of health care policy, but also as a giant step toward improving the quality of life for our Nation's children. I commend the Senate leadership, particularly Chairman ROTH and Chairman DOMENICI, for their leadership and commitment to this important matter.

These funds will be provided to States in the form of block grants. States are allowed considerable flexibility in designing health insurance programs, yet States must meet important Federal guidelines in their efforts to provide quality health care coverage.

I am confident that this proposal will be successful in meeting our goals to cover our Nation's uninsured children.

Yet, it is important that Congress remain committed to this goal and we must closely monitor the developments of the proposal set forth in this legislation.

This budget bill includes a number of improvements to the Medicaid Program to ensure that high-quality of care is provided to our Nation's most vulnerable population. And, this bill reforms Medicaid to give States much more flexibility in managing their programs.

In recent years, States have undertaken numerous initiatives to control spending in Medicaid. As a result, Medicaid spending has slowed significantly. This budget saves a total of $13.6 billion in the Medicaid Program over 5 years. Most savings are achieved through new policies for payments to disproportionate share hospitals. Funds have been retargeted to hospitals that serve large numbers of Medicaid and low-income patients.

Other improvements made to the Medicaid Program include changes to last year's welfare reform law so that benefits are restored to legal immigrants needing long-term care services. Also, a number of important reforms were made to managed care policies for Medicaid programs serving children, people with disabilities, and other Americans.

Of course, I do have a number of concerns, Madam President. Does this bill represent a long-term solution to the problems facing the entitlement programs? No, it most certainly does not. But I note that the proposal of Senators ROTH and MOYNIHAN to establish a Medicare Reform Commission is included in the conference agreement. We will look to the work of this commission to make proposals for reform and to help us produce the consensus we need to act to put the Medicare Program on a sound footing for the retirement of the baby-boom generation. Make no mistake: we will need to do more. But on balance, I believe that we have made a good start.

I want to conclude by again thanking Senators ROTH and DOMENICI and their hard-working staffs for the efforts they have made, for several years now, to bring us to this point.

RESTORING BENEFITS FOR LEGAL IMMIGRANTS

Mr. KENNEDY. Mr. President, the balanced budget agreement represents major progress in restoring benefits to legal immigrants. The harsh welfare law passed last year wrongfully denied access by legal immigrants to most Federal assistance programs. It permanently banned them from SSI benefits and food stamps. It banned them for 5 years from AFDC, Medicaid, and other programs. And it gave the States the option of permanently banning them from these programs.

Americans across the country were rightly concerned about these unfair provisions, and Congress soon agreed that the legislation had gone too far.

If the provisions of last year's welfare law remain in effect, many elderly legal immigrants would be forced out of nursing homes. Legal immigrants injured on the job and those with disabled children would lose assistance. Some 500,000 legal immigrants who were already living in the United States would have been affected. In Massachusetts, 15,000 elderly and disabled legal immigrants would have lost their SSI benefits.

Some said in last year's welfare debate, "Let the immigrant's sponsor support them." But, Congress now realizes that legal immigrants often do not have sponsors. Refugees, for example, do not have sponsors. In cases of many older immigrants, their sponsor has died or is no longer able to provide support.

Immigrants affected by last year's harsh cuts are individuals who came to this country legally. Many are close family members of American citizens. They play by the rules, pay their taxes, and serve in our Armed Forces. They are future citizens trying to make their way in this country.

The $12 billion restored for legal immigrant assistance over the next 5 years in this bill is urgently needed. It will allow most legal immigrants who currently receive SSI benefits to stay on the rolls. In addition, legal immigrants who were in the United States at this time last year's welfare bill was enacted in August 1996 can receive SSI in the future if they become disabled. These changes will help a very large number of people hurt by the welfare law.

Unfortunately, those who are too disabled to go through the process of naturalization to become citizens are left out of the final bill. I proposed an amendment, which was accepted by the Senate, to receive SSI benefits after their first 5 years in the United States, and I hope we can revisit this important issue in the near future.

I had also hoped the final budget agreement would allow legal immigrant children to continue to receive Medicaid. Currently, they are banned from Medicaid for 5 years. Some States may even act to ban legal immigrant children from Medicaid forever. The Senate bill included a Chafee-Graham amendment to enable these children to receive Medicaid benefits, and I regret that it was dropped from the first bill.

There is still much more to be done to correct the problems created for legal immigrants by last year's welfare bill. The Senate version of this bill restored less than 50 percent of the cuts made last year in their benefits. We are making worthwhile progress in this legislation, and I intend to do all I can to see that additional progress is made in future legislation.

I yield the floor.

The PRESIDING OFFICER. Who seeks recognition?

Mr. CRAIG addressed the Chair.

The PRESIDING OFFICER. The Senator from Idaho.

Mr. DOMENICI. How much time does the Senator desire? Fifteen minutes?

Mr. CRAIG. Yes.

Mr. DOMENICI. I yield 15 minutes to the Senator.

The PRESIDING OFFICER. The Senator from Idaho.

Mr. CRAIG. Madam President, let me thank the chairman of the Budget Committee for yielding, and let me also recognize him this evening and the chairman of the Finance Committee, Senator ROTH, for the work that both Senators have done with their ranking members over the last good many months to craft the legislation that is before us today, tomorrow, and through the balance of the week dealing both with the budget and with tax cuts.

I rise in support of H.R. 2015, the Balanced Budget Act of 1997.

Madam President, in 1993 and 1994, we had a President who said balancing the budget probably was a bad thing to do. We had a high administration official who actually had written a book that said it was a loophole whenever children could inherit some of their parents' money. Congress had increased spending and joined with the President in the passing of the biggest tax increase in the history of our country.

That was not a decade ago. That was just a few years ago.

Then came November 1994. And what a difference an election makes. What a great transformation of the mind and the political thought can occur when the American people have spoken and said, "We've had enough."

We asked the Congress to change their thinking. And we changed the Congress to think differently. And the first Republican Congress in 40 years began in 1995, with promises to do several very important, necessary things—to reform welfare, to cut back bureaucracy, to balance the budget, and to provide some tax relief for American taxpayers who work hard, have families, and create jobs.

In 1996, the voters rewarded a Congress and President who accomplished the first two of these items and who promised to bring about the rest.

This week, the Republican majority in Congress, joined by now many reform Democrats in a bipartisan majority, will deliver on those promises.

Madam President, this week, as we consider the Balanced Budget Act, and especially the Tax Relief Act of 1997, we are talking about more freedom for more of America's people.

Freedom is not something that the Government gives the people. Our Nation's founders knew that the people's freedom is, in the words of the Declaration of Independence, "self-evident," "unalienable," and "endowed by their Creator."

Freedom comes from limiting Government to its necessary functions. Freedom is what remains when Government is not excessively burdensome or coercive.

This week, we take modest but very significant steps toward restoring freedom to the American people—freedom from the most severe tax burden on families in our Nation's history, freedom from an oppressive national debt, freedom from the growth of an ever-larger, ever-more intrusive Federal Government.

A couple from Idaho and their four daughters visited my office just this week and we discussed taxes, and particularly death and inheritance taxes. They told to me they run a small farm in Idaho that their great-grandparents had established in 1882. And they reminded me that people turned to Government to take care of them when the Government, usually through taxes, takes away their ability to take care of themselves.

And as Ronald Reagan said: A Government big enough to promise you everything you need is a Government big enough to take away everything you have.

The Tax Relief Act that we will begin debating tomorrow, combined with balancing the budget, will help more families take care of themselves the way they want, by keeping more of their own hard-earned money; by bringing about the ability to save more for their retirement, their children's education, and other priorities they have; by making it easier to own your own family farm or small business or home; by making it easier to do the kinds of things that Americans like to do, without having to think twice or three times whether they can afford to, or worry whether the Government will take more of their money; by creating, in other words, the economic atmosphere that will allow Americans to invest in creating more and better jobs for themselves, their children, and the future of our country.

The bills we will pass this week mark the triumph of the principle that the Federal budget should be balanced and should stay balanced.

In 1994, when the American people spoke so clearly about changing the political thought in this country and the political attitudes, the Dow Jones was hovering at about 3000. Today, it is at 8000. We have, by these efforts to balance the budget and provide tax relief, unleashed a dynamic of this economy that is, without question, historic.

We are now seeing the reverse of what happened about 40 years ago, when an elite group of liberal economists sold liberal politicians on the idea that you could promise your voters a free lunch. Their intellectual justification was the so-called enlightened discovery that unlimited borrowing could pay for unlimited social spending without much consequence.

It's easy to understand the political appeal of this proposition. What is incredible is that anyone really believed it, or that they would follow it for nearly 40 years and create a $5 trillion borrowed debt—almost beyond understanding.

But that is where we are today. That is clearly why the American people have spoken, and that is why this Congress and this Senate finally said we have to change the way we do business.

You can't borrow your way to prosperity over the long term. We tried and we saw our economy grow even more sluggish. We saw people become even more dependent on Government largess. Thank goodness, Americans, enlightened as they always are, recognizing that they are the Government, took charge and said, "No more."

A huge national debt means our Government has spent the last generation mortgaging the future for the next generation.

That is not a matter of green-eyeshades accounting; it really is an immoral assault on the well-being of our children and their ability to produce for themselves and their prodigies.

Balancing the budget is not about numbers, it is about people. Balancing the budget means more and better jobs, making it more affordable to buy a home, and more families affording a good education for their children without having to come to the Government and say, please help me. They can do more of it for themselves. Balancing the budget means that essential Federal programs like Social Security and Medicare will be there for those who need it and not become a liability and a burden on future generations.

There will be more freedom because of a balanced budget, because people will get no more Government than they are willing to pay for. Balancing the budget means Americans—all Americans—win. And we have the actions of the last 3 years now—an economy responding to spending restraint and real efforts to balance the budget and cut taxes—to demonstrate that what I am talking about tonight has a very strong foundation of truth.

I want to pause for a moment and review one critical reason why we are here this week passing legislation that promises to balance the budget by fiscal year 2002. This die was cast when Congress, by the narrowest of margins, defeated the balanced budget amendment to the Constitution.

Only the threat of the ultimate legal sanction—a constitutional amendment—and the overwhelming public support for that amendment finally convinced Congress, most important, some of my colleagues and some in the administration, that we had to quit talking the talk and start walking the walk.

In other words, I have heard so many on the other side throw up their hands and say, we do not need a constitutional amendment to make us balance the budget; all we have to do is do it; all we have to do is exert fiscal responsibility. But we also have to have this program and we have to have that program, and we have to spend here and there. And 2 years running, by one vote, the people almost began to take control of their Government again. It frightened the Congress.

A President who once said a balanced budget is a bad idea is now out strutting around talking about his balanced budget and all of the wonderful things that will be reaped by it. Well, it is always surprising to me that people like our President think the American public has such a short memory. They don't. His record suggests he doesn't believe it is a good idea. He also knows politically that he has to do it. And there are some in Congress who sometimes choose to do something differently than we otherwise may like to do, but who know what they have to do because the American people expect it. Balancing the budget has always been the right thing to do. We are here tonight because it is now also, at last, the politically correct thing to do, and I suggest that that vote occur.

Mr. LAUTENBERG. Will the Senator yield?

Mr. CRAIG. No, not at this time. I'd like to finish my thoughts. I know that

2 years running, with the House having passed a balanced budget amendment and this Senate missing by just one vote—finally, it is recognized by all in a bipartisan gesture that, the closer the people come to changing their Constitution and exerting that control over Congress, the more motivated Congress becomes in doing it, doing it ourselves, and that is exactly what is occurring here. I believe that, without the constitutional discipline, we will always risk the return to more spending and more borrowing. Ultimately, to safeguard the future, the balanced budget amendment to the Constitution must come into place.

Some may suggest that passage of this year's balanced budget agreement means we no longer need the constitutional amendment. I suggest that is not true. One balanced budget in 30 years hardly means that we have fixed the system or that we have systemically changed the attitude of some who serve here. It will never be easier than it is right now to balance the budget.

In the past, the temptation always was to put off the hard choices; Members have thought, it will be easier in the future than it is now. But in fact, it will never again be as easy as it is right now to begin that long march to arrest the growth of a $5 trillion national debt.

That is what the long-term economic and demographic trends tell us. This year's budget discipline and hard choices are nothing compared to what Congress must wrestle with in just the next few years.

For what we have committed ourselves to tonight and for the balance of this decade will not be easy choices. It was difficult enough to arrive at the agreement that we now have, and I will say, even though I differ sometimes with the President and others, that this is now a bipartisan effort, and I accept that and I honor them in their recognition that, finally, they are willing to offer to the American people what the American people have asked for.

When we finally pass this balanced budget and then the balanced budget amendment and send it out to the States for ratification—and I believe that will occur in my lifetime and probably within the decade—we will show we understand, as the American people clearly understand, that a nation so indebted ultimately cannot survive, and that to clean up our debt, to balance our budget was ultimately the necessary thing to do.

The Balanced Budget Act of 1997 is a mixed bag. I don't support every portion of it. I have reservations about some of it.

It creates new social spending; it locks in, in the form of entitlements, that social spending. It could use stronger enforcement provisions. For example, I continue to support the idea that caps on spending should extend to spending overall and not only to annual appropriations. It does not address the long-term economic and demographic trends that drive entitlement spending and cry out for reform.

The chairmen of our committees and some Senators tried hard to get those reforms. That was bipartisan. Some partisans on my side, too, could not accept that. But, ultimately, we will get there. We have to get there. I don't want my grandchildren turning to me and saying, Grandpa, we love you dearly, but we can't afford you and afford to provide for ourselves. We want to buy our own home, educate our children, and we cannot afford the amount of money that would come from our paycheck to go to the Federal Government because that government promised to provide for everyone's future. I don't want that to happen, and the chairman doesn't want that to happen. The future demands that we address it, that we help people prepare themselves for it, and that we will try to do.

Today, annual discretionary appropriations make up only one-third of the total budget, and that share will continue to shrink. The Kerrey-Danforth entitlement commission of a couple of years ago estimated that in just 14 years, 2011, entitlement spending and interest payments will consume all available tax revenue. That means we will either have to borrow incredible amounts for deficit spending; or go without defense, highways, law enforcement, parks, forestry, education, science, and medical research; or raise taxes to ruinous levels.

We are not going to do that. We are smarter than that. More important, we wouldn't be here to do it if we tried, because the American people won't tolerate it. They will demand reform before we get to that point, and if we can't give it to them, they will find the candidate willing to do so.

While this bill before us today does establish another commission to address the need for long-term entitlement reforms, we have already had that kind of commission, chaired by Senator KERREY of Nebraska. We already know what the current trends are and have some idea of what needs to be done.

But there is also considerable good in this bill. It does accomplish more in the way of spending control and entitlement reform than many thought possible even a year ago. There are significant repairs to the Medicare System. Medicare will be solvent for at least another decade and will continue to be there for seniors who need it.

Last, we will begin the process of injecting consumer choice into the system. Why should our seniors not have some of that? The Medicare System, based on market principles, means better care and more economic care. I am always amazed when the bureaucracy thinks it can outperform the marketplace. We know it can't, we know it never has, and, in this instance, we finally recognize that by putting some market principles in.

The fundamental reforms in last year's historic welfare reform bill will remain in place. We continue to move toward a system that rewards work and allows the States the freedom to develop new and better approaches.

Enforceable caps on discretionary appropriations spending—virtually the only thing out of the 1990 budget agreement that worked—will continue through the year 2002.

Overall, the growth in spending will slow by $270 billion over the next 5 years and $1 trillion over the next 10 years, a saving that will be locked in by permanent law and not be subject to year-to-year political whims.

New spending will be accomplished with a minimum of bureaucracy and a maximum of State flexibility.

This is far from the ideal balanced budget bill. But it takes the first major step away from demagoguery and toward genuine entitlement reform. It delivers on and locks in the promise of a balanced budget, something I have demanded and worked for my entire time here serving the State of Idaho.

Why do I demand that? Because the citizens of my State know that a government that continually spends beyond its means, a government that mounts a $5 trillion debt, a government that allows interest on debt to rapidly move toward becoming the largest single item in its budget, is a government that cannot sustain itself. That we recognize. The chairman of our Budget Committee and the chairman of our Finance Committee recognize that. We all recognize that. That is what our party has stood for. That is what the majority here in Congress has demanded because the citizens of our country have said it is a requirement of government.

I must say that the Balanced Budget Act of this year and the Taxpayers' Relief Act of this year are responses to demands of the American people. I am proud to have been a part of helping craft them. I look forward to the opportunity to vote for them, to cause them to become law, and to see this economy remain dynamic, create jobs, and provide opportunities for this generation and generations to come.

I yield the floor.

Mr. DOMENICI addressed the Chair.

The PRESIDING OFFICER (Mr. ALLARD). The Senator from New Mexico.

Mr. DOMENICI. Mr. President, let me say to my friend, Senator CRAIG, perhaps if we had adopted what he has been recommending for many years—a constitutional amendment to balance the budget—we wouldn't be here with the kind of circumstances that confront us.

I don't think the Senator from Idaho has to stand up here, or with his people, and talk about where he stands in terms of overspending by our National Government because his record is excellent in that regard. I think his remarks today indicate that, when you have a Democrat President, a Republican Congress, and a strong Democratic minority in both Houses, you can't get everything that you want. As a matter of fact, the Democrats differ from their President, and the President differs from us.

What we have done, I think, is borderline on being a miracle. The only thing that keeps me from saying that is that I don't know whether the product deserves being labeled a miracle. But in terms of getting it put together, coming here today and getting it finished and voted on tomorrow—I am sure we are going to get in excess of 75 votes tomorrow—that is pretty good.

As I said this morning when I opened up, even the Washington Post finally said, "That Is a Big Deal." I think it is.

I am very glad that the Senator from Idaho is going to support it and that he has been helping us as much as he has. I thank him for that.

Mr. CRAIG. Mr. President, I thank the Senator from New Mexico. I recognize the bipartisan nature in which this was created, and I support that. I hope that we can sustain that in years to come to truly get our budget in balance and to do so in a way that remains or creates or participates in a vibrant economy.

There is no question that this effort was accomplished not by us alone but in a bipartisan effort. Certainly the ranking member, who stands here this evening, was a major contributor. And I recognize that.

I am always a bit surprised when for the 17 years that I have been here I have always heard, "Oh, we don't need to worry about that. We can balance the budget. We have the will to do it." Well, we didn't have the will until the American people demanded it of us. Now we do have that will. It will only come by a bipartisan effort. I recognize that this evening. I appreciate it. I think it is a great accomplishment, and the Senator from New Mexico is to be congratulated for it.

I thank both Senators.

Several Senators addressed the Chair.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. DOMENICI. Mr. President, I mentioned that this was a "big deal." Every time I say that I want to make sure that I say, "and a good deal for all Americans" because that is what is important—not that it is big, not that people think it is a big deal, but that it is good for our people. And that it is.

I yield the floor. Senator LAUTENBERG wants to speak.

Mr. LAUTENBERG. Just for a few minutes, Mr. President.

The PRESIDING OFFICER. The Senator from New Jersey.

Mr. LAUTENBERG. Mr. President, in the almost afterglow of feeling pretty good about things, we worked hard, everybody together. There were no fingers pointed.

I chided the chairman of the committee this morning when he excerpted from the headline of the Washington Post. He said that the headline in five words said, "This is a Big Deal." I asked a question. Was the intonation properly affixed, or did it say, "This is a good deal?" It is quite a different meaning.

Mr. DOMENICI. We read the story. They were saying it is a "big deal."

Mr. LAUTENBERG. It is a big deal; a giant deal. I think, without breaking our arms or patting ourselves on the back, there was a lot of goodwill that was injected into the discussion and into the debate.

My colleague from Idaho, who is a man who has a way with words, kind of laid it on us and included the President in there as someone who did buy into the balanced budget notion but was dragged kicking and screaming.

Mr. President, I wish it was 1 o'clock in the afternoon and we were all energized and we had a chance to talk a little bit. But I will not prolong the process except for a minute or two to say, since it took what I thought was a slight partisan turn—it makes me unhappy when things have gone this well this way to say that I have been here long enough to remember Presidents Reagan and Bush. I like them both. They are nice people. But people on their watch, as we say, who managed to have this deficit of ours skyrocket right up into the air—turn up the tax cuts and let the deficits run. That is what they did.

When our President and the Democratic Party took over in 1992, 1993, he inherited a deficit that year of $290 billion without a balanced budget amendment but with the interest that was generated. Yes, we were profligates, and we spent too much money, and perhaps we did a few things wrong. But it was an honest try all the way. And the assertion or the insinuation that these guys didn't care or those guys didn't care, it is not a way to do business. I don't care if we never get a balanced budget amendment. I want to tell you right now. As a matter of fact, I hope you don't. I love the Constitution, and the Constitution loves America, and it is the best document ever written. The fact that we have altered it so few times is a testimony to the strength and the wisdom of the Founders and those who have written amendments.

The only time we wrote an amendment that kind of restricted our activity was prohibition, and it was soon canceled. It is a wonderful prescription for how a society should function, preserving individual rights and making sure that the freedoms as much as possible are extended to every citizen in our country.

So I just felt like I had to respond. No one worked harder than the man on my right, the distinguished chairman of the Budget Committee, Senator DOMENICI. I didn't always agree with him, but nobody worked harder, and no one assembled a more honest attempt to do it in a bipartisan fashion. There were things that he wanted that we on my side of the aisle didn't want. But he was willing to explain them and willing to take a deep breath when necessary not to fight them. I have gained great respect for him, as well as personal affection, honestly.

Mr. President, I just want to change the tone for a minute, and let off a little steam and say that I hope we will move on to pass this document into law and make sure that everybody understands there was a good attempt by everybody working in this place to get it done with, to get on with the task that we have a very good start on because of the shape of the deficit that we see now.

So, Mr. President, I yield the floor. I know the Senator from New Mexico has a UC that he would like to propose. I hope that we will have a chance to hear that.

Mr. DOMENICI addressed the Chair.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. DOMENICI. Mr. President, I note the presence on the floor of the junior Senator from Oregon. Might I ask, did he desire to speak on the budget?

Mr. WYDEN. On the budget.

Mr. DOMENICI. I wonder if I could propose a UC regarding the budget. When I am finished I will try to work in an exception for him.

How long does the Senator desire to speak?

Mr. WYDEN. Fifteen or twenty or minutes would be plenty.

UNANIMOUS-CONSENT AGREEMENT

Mr. DOMENICI. Mr. President, I ask unanimous consent that the Senate resume the pending conference report at 9:15 a.m., Thursday, and that the remaining hour be equally divided between the chairman and the ranking minority member of the Budget Committee; and that, at 10:15 a.m., the Senate proceed to vote on adoption of the conference report without any intervening action. I further ask consent that this evening Senator WYDEN of the State of Oregon be allowed 15 or 20 minutes on the bill after which we will be finished for the evening.

Is that satisfactory with the Senator?

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. DOMENICI. Mr. President, there will be no further votes tonight.

I yield the floor.

The PRESIDING OFFICER. The Senator from Oregon is recognized.

Mr. WYDEN. Thank you, Mr. President.

Mr. President, first, let me say to my good friend, Senator DOMENICI, the chairman of the Budget Committee, I just want him to know how much I have appreciated the chance to be a member of his committee. I think this is a historic occasion and a chance to work very closely with him on a variety of issues. Coming to the Senate has been a special pleasure.

I also want to commend our good friend, Senator LAUTENBERG of New Jersey, who in my view has done yeomen work in terms of keeping this whole effort together and keeping it bipartisan.

Mr. President, the balanced budget agreement that will be passed this week has been a long time in coming. I think our challenge is to now make sure that actually getting a balanced budget takes a shorter period of time.

I do believe that we are finally on the right track because this budget provides an opportunity for the Federal Government to get its fiscal house in order while still making a handful of extremely needed investments in the people of our country and in U.S. productivity.

Most importantly, I am of the view that this is a historic moment because it has been achieved by working together. If ever there was an issue that required bipartisan cooperation, this is it. It seems to me that this is an example of what can happen when you put down for just a few moments the political cudgel and focus on the needs of our country first.

Let me also say that I would like to make a special effort in the days ahead to address the Medicare provision of this legislation. In my view, in the 21st century, Medicare is not just going to be a part of the Federal budget; it is going to be the Federal budget. There is no program in America growing at the rate of Medicare. I think it is well understood that in the 21st century our country will be faced with a demographic tsunami. We are going to have upwards of 50 million baby boomers retiring, and it is quite clear that efforts must be made now to modernize Medicare and get this program ready for the 21st century.

I sought to begin those efforts by introducing S. 386, the Medicare Modernization and Patient Protection Act, in the spring. And the fundamental principle of that legislation was to make sure that Medicare began to introduce the kind of competition and choice and emphasis on quality for older people that is available in private sector health care.

What we are seeing in our country today is that Medicare has essentially been engaging in purchasing practices and management practices that the private sector threw in the attic years and years ago. In much of the United States, Medicare has been rewarding waste and penalizing efficiency, and we all saw that emphasized again this week when the Inspector General of the United States indicated that more than $20 billion is lost each year in the Medicare Program due to fraud and waste.

The issue of inefficiency and the rewards for waste that you see in the Medicare Program are particularly important to those I represent at home in Oregon. We have gone a long way to reinventing the health care system in our State, particularly in the metropolitan areas. We have competition. We have extensive choice for older people. We do not have the gag clauses in the managed care plans where physicians are restricted from telling older people about their options. We have done a lot to come up with a health plan for seniors that will be good for older people and taxpayers in the 21st century.

The reward to Oregon for doing the heavy lifting to reform Medicare over the last few years has been lower reimbursement collection. In effect, what the Federal Government told the people of Oregon over the last 10 years is you would have gotten higher reimbursement, you would have received higher payments, if you had gone about the process of offering wasteful, inefficient health care. And so what happens in much of my State, an older person, say, in the Klamath Valley will call their cousin or their sister in another part of the United States and ask them about their Medicare. And a senior in another part of the country where health care isn't provided so efficiently will say to the Oregonian, you know, my Medicare is great; I get prescription drugs for free; I get eyeglasses at a discount; I get all these extras that are not covered by Medicare.

Seniors in Oregon and other States where health services have been efficient say, I pay the same into Medicare as seniors in those States. Why don't I get the same benefits?

Medicare is a national program. Why shouldn't the senior in Oregon get the same benefits as the senior in another State, which on top of everything else is offering care that is more costly and inefficient?

The reason for this bizarre situation is a very technical reimbursement system, an eye-glazing concept known as the average adjusted per capita cost. And the long and short of it is that it rewards waste, penalizes efficiency and in parts of the country like mine has meant that many of the health programs have difficulty even providing the basic benefits to older people let alone some of the additional benefits such as prescription drugs.

Under this legislation, because of exceptional bipartisan work—and here I want to particularly commend Senator GRASSLEY of Iowa, the chairman of our Aging Committee, who has worked very closely with me, for his perseverance in correcting this inequity. As a result of the work of our bipartisan coalition, this reimbursement system is going to change. We will see all counties in our country get a minimum payment for these health care plans that are holding costs down while giving good quality, and over a period of time there will be a blending of reimbursement rates to consider both local reimbursement patterns and national patterns.

What this means is that areas like Oregon that have held costs down while giving good quality will get higher reimbursement, and my constituents, older people, are pleased because they will be in a position to get better benefits. But what is especially important is this is the kind of reimbursement change that is essential to save this program in the 21st century.

I would submit that what will happen as a result of the bipartisan work to change the Medicare reimbursement process—Senator GRASSLEY, myself, and others have spent so much time—is we will start seeing competition and choice come to health care programs in parts of the country where there is no competition and there is no choice. So we are talking about a change that, in my view, is going to really pay off for our country and pay off greatly in the years ahead.

Mr. President, I want to turn very briefly to the question of the other changes in Medicare that the Senate has debated and we are going to have to tackle in the days ahead. Particularly now I turn to the question of raising the age of eligibility for the Medicare Program and the question of a means test or some sort of ability-to-pay test being incorporated into Medicare.

I have long felt that Lee Iacocca ought to be paying more for his Medicare than should an older woman who is 75 and has Alzheimer's and has an income of $10,000 a year. So I think it is clear there is going to have to be an ability-to-pay feature added to the Medicare Program. But it is extraordinarily important that this be done right and that this be done carefully. I and other Members of the Senate felt that to try to do this over just a few months with so many questions about how this would be administered was precipitous action. But it must be done. Let us make no mistake about it. That change is going to have to be a part of 21st century Medicare. It has to be done fairly. My constituents were concerned that at a time when already they did not get a fair shake under the Medicare reimbursement formula, they were going to be asked to pay more immediately under Medicare.

So there are some real questions about how to do this and do it fairly. But I want it understood I am of the view that there will have to be an essential change, and I am very hopeful the Senate will not wait for a bipartisan commission to make recommendations but with the completion of this legislation will start on that issue as well.

With respect to the question of the age of eligibility for the program, here, too, there are very important technical questions of how it is done and how it is done fairly. There have been a number of analyses of late that have shown there is a significant increase in the number of uninsured Americans between the age of 55 to 64. So if that group of uninsured individuals is growing, to then add more, those between the ages of 65 and 67, would cause a hardship. So what I and others hope will be done as this effort to examine the age of eligibility is addressed is that there will be a buy-in opportunity, an opportunity for those individuals without insurance in that age group to be able to buy into the Medicare Program on a sliding scale.

Again, I think this is an opportunity the Senate ought to examine carefully, ought to look at in a bipartisan way, and not wait for a commission to make recommendations as to how it ought to be done.

Finally, Mr. President, let me say that as these significant changes in Medicare are made, beginning with the reimbursement formula changes that are being made now, changes that will bring fairness and competition and choice to the program, at every step of the way we have to keep the focus on protecting the rights of the patient. In this body Senators AKAKA, KENNEDY, and myself have led the push to ban gag clauses from managed care health plans. Health care is a complicated issue, we could all agree. But one issue we all should agree on is that patients have a right to know all the information about the kind of medical services and options that would be made available to them.

Under this legislation, that significant protection for patients is in place and I think it is just the beginning of the kind of new focus that should be placed on patients' rights and the protection of quality health care which older people deserve. At a time when the health care system and Medicare specifically are in transition, protection for the rights of the patients is even more important than ever. At a time when there is a focus on more competition and choice, it ought to be met with an equal emphasis of protecting the rights of the patients, and that has begun in this legislation as well.

Mr. President, I come from a part of the country that is proud to have led the Nation in the cause of health care reform and efficiency. Under the leadership of our Governor, Gov. John Kitzhaber, we have reinvented the Medicaid Program with the Oregon Health Plan.

For more than a decade, as a result of work done by Democrats and Republicans and older people and health care professionals, we have reinvented the Medicare Program in much of our State. So there is a new emphasis on choice and quality. What this legislation does is it removes the penalties against those programs that have been creative, those programs that have led the Nation in reforming Medicare and Medicaid. It is high time that those changes are made.

Mr. President, I think those changes lay the foundation for the other critical changes that are going to be needed to strengthen health care services in the days ahead. I look forward to working with our colleagues on a bipartisan basis to achieve those changes.

Mr. President, I yield the floor.

Mr. SANTORUM addressed the Chair.

The PRESIDING OFFICER. The Senator from Pennsylvania.

Mr. SANTORUM. Mr. President, I ask unanimous consent I may speak for 10 minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. SANTORUM. I thank the Chair.

Mr. President, I wanted to make a couple of comments also on the budget bill that we have before us here this evening and that we will be voting on, I guess, tomorrow morning.

I come here excited in a sense that we are finally doing something that when I first ran for office back in 1990 I pledged to do, which was to come here and try to balance the Federal budget. Not to put schemes out there that say, well, we will target this and we will adjust to this number when we get there, but actually pass a law that will get us there without Congress having to do one more thing.

I think that is what we have accomplished here in this legislation. We will pass the changes, the needed reforms, in the entitlement programs that will get us to a balanced budget, that will save an estimated $270 billion over the next 5 years, will require no further Federal action other than just passing our appropriations bills under the limits we have set, and we do a pretty good job at that. If there is anything I can say Congress has done in the past few years it is that we have kept to the budget caps. I do not anticipate that being a problem. In fact, I think many of us would advocate trying to come in below those caps. So I think this bill will accomplish what we set out to do, balance the budget by 2002. And hopefully, if we do not have any kind of major recession, we will be able to balance it sooner than 2002.

So, I am very excited about that. We have been able to face that problem, and we have been able to deal with it in a responsible fashion.

I must admit, though, that I am somewhat disappointed at some of the things we did not accomplish here that we, in fact, passed in the Senate bill. We took, I think, some courageous political stances here in the U.S. Senate in dealing with the issue of Medicare. The Senator from Oregon was talking about that just a few minutes ago, some of the changes that were not made that he believed in. In fact, some of them, even though I notice he didn't support them, need to be made.

Senator GRAMM, during the debate here on the budget last month, talked about the demographic cliff that we are going to fall off in the year 2011. I share that with you again this evening. In the year 1995, in fact for the years pretty much throughout the 1990's, roughly 200,000 people will turn 65 per year—200,000 people. In the year 2011, 1.6 million people will turn 65. That is just a cliff. That is 1.6 million people going into a system, no longer paying into that system, into a system that today cannot absorb 200,000 a year. It is going bankrupt absorbing 200,000. We are asking that same system, that same program, to now absorb eight times the number, and that is not just a blip. It is not 1.6 million in the year 2011 and then back down to 200,000. No; it's 1.6 million and then it levels off to about 1.5 million a year throughout the years of the baby boom generation and their retirement.

It has been estimated that if we don't change Medicare and Social Security in the next few years, the payroll tax will double within a generation. That is from 15 percent of every dollar that is earned in America up to $60,000 for Social Security tax and 1.45—actually 3 percent if you take the employee and employer share for every other dollar, irrespective of income. We are going to have to double that payroll tax. That's an optimistic projection. Pessimistically, we will have to triple the tax if we keep Medicare and Social Security just the way they are.

So, to the people who run around and say, "We don't need to fix Medicare now, we don't need to fix Social Security now, everything is fine; those people who want to change Medicare and Social Security are just out to get the elderly," I would just suggest this: Anybody who is not talking about long-term structural changes to those two programs is out to get the elderly who are yet to be elderly, who are waiting to be elderly, because those are the folks who are going to pay—and big. I think it is only fair that we spread this out a little bit and we begin to make changes now.

The two major things I wanted to see done that were not done were, No. 1, as the Senator from Oregon talked about, means testing part B benefits. This is a chip shot. I mean, this is a layup. I can't think of any other term. This is an easy one. This affected about 4 percent of the population of seniors in this country who were the highest income-earning seniors. What were we going to do? For Medicare, part A, part B—there are two parts to Medicare. Part A is hospitalization, major medical; part B covers some of the other things. It is a voluntary program. It covers some outpatient, labs, doctors, things like that. It's a voluntary insurance program. You don't pay one penny into Medicare part B over the course of your earnings before you turn 65. But when you turn 65 you can opt into this, in a sense, public insurance program. It is voluntary. If you choose to get into part B, you pay a premium. It is about $45 a month.

That $45 only covers 25 percent of the cost of the program. Who picks up the other 75 percent? Mr. and Mrs. Taxpayer. That's fine if you are a senior who needs subsidies from the Federal Government to be able to afford insurance, but in my mind it's not fine to give a subsidy to people who don't need a subsidy. I am not someone who comes to the floor on many occasions and talks about class warfare. I don't believe in that. I don't believe in a lot of the arguments that the rich don't pay their fair share. I think a lot of it is just hooey, and in fact class warfare.

What we are talking about here is we are talking about subsidizing people at a higher income. I am not for that. I am not for taxing them more, but I am not for subsidizing them, either. So, to the extent that we subsidize, we said, "Look, if you are earning over $70,000 as a couple, you are going to pay a little bit more for your Medicare part B premium." It's still a good deal. It's a pretty big group, and you get a nice group rate.

We should have done that in this bill. I can tell you, I have been to senior center after senior center after senior center, and I have gotten up and I talked about this. I have never heard an objection. No one has ever objected to this. They thought that's pretty reasonable. We should not be subsidizing Ross Perot in his Medicare part B premium. It's crazy. He doesn't need it. Most of these people don't need it, and they probably wouldn't want it if they realized what it was costing the Federal Government to do it and what it was costing their children and grandchildren. So that's one of the things we missed, in my opinion. It's unfortunate.

The second—I know this is a tougher issue—and that is raising the eligibility age for Social Security. I know this is not a very popular issue, but I can tell you we got 62 votes here in the U.S. Senate, I will say very proudly, in a bipartisan vote. The eligibility age for Social Security, to be able to qualify for full Social Security benefits, is going up. Most people in this country don't know that, but it is. It is going up. In 1983, when they passed the Social Security reform, they did a couple of things. They raised taxes and they raised the eligibility age from 65 to 67. They didn't start doing it, though, for 20 years. The first people who turn 65 who are going to be affected by this raise in the eligibility age are people who retire in the year 2003, 20 years after the bill passed.

You will hear the people who were here in the Congress who said, "We waited 20 years to enact this so people could prepare for this time." It is funny, because I talked to a lot of people who are planning to retire who are about that age, in their fifties right now, who are going to be retiring, late fifties, retiring in 2003. Most of them don't know the retirement age is being moved back. I talked to most younger people, and they have no idea the retirement age is being moved back. These people, as far as I am concerned, who passed this thing in 1983 and put it off 20 years, put it off 20 years because they will be gone in 20 years, most of them, and so they won't have to take the wrath of the American public, if there is going to be some. I hope there will not be, once they understand the problem of having to deal with the issue. I think we should deal with the issue now.

We should tie the Medicare eligibility age to Social Security, which phases up over a 20-year period. It doesn't hit 67 as a retirement age until the year 2025. We should tie the two together, because most people, most lower and middle income people, are not going to be able to retire prior to being eligible for Social Security, so there should not be much of a problem with tying in Medicare because they are going to retire when they hit the retirement age for Social Security. That will also be the retirement age, in a sense eligibility age, for Medicare.

For those who can afford to retire sooner, they probably are more well off, by and large, or they may have a disability. But in that case they qualify for Government benefits through disability. But, for those who are more well off, then we should create an option for them to buy in at age 65, they can buy into Medicare if they can't continue their private insurance.

There was a way to work this out that I think would have been, again, the right thing to do for the long term for Medicare. If you really care about providing a health safety net for the future, those were two things that were really missed opportunities. It is unfortunate we missed them.

I will say, overall, we have taken a positive step here. I think we missed an opportunity to do something really lasting, really significant. We stood up and made a courageous vote, a vote that, frankly—if Members would go out and take the time to talk to people and explain the demographic problems that we have, the fact that people are living substantially longer and they are substantially healthier, that these kinds of changes only make sense to make sure that future generations have these retirement security programs like Medicare and Social Security to rely on for the future.

So, I am disappointed that we blinked, the White House was not supportive, and frankly our colleagues in the House were not supportive. I think that is unfortunate for both of those entities. I stand with particular pride at the U.S. Senate, that it had the courage to look ahead, to not make decisions just based on short-term fixes. Frankly, the Medicare provision here is a short-term fix. We had long-term fixes in the Senate bill and we didn't follow through, and I think that is unfortunate.

We did do a lot of other positive things in this bill, and I will support it as a result of that. But I think this piece of legislation, given what the Senate did in their courageous action by going out on Medicare and setting the course, missed a tremendous opportunity.

One final comment. There is an additional concern I have about a provision in the welfare bill. There is welfare reform—or, in my opinion some of it is a backtracking on reform from the last bill. We have some positive things in this bill with respect to work, but we also have a provision in there that is very worrisome for me, as far as the ability for work programs, workfare, to work in the States. This gives the President and the Department of Labor the opportunity to designate people on workfare in an employment setting as workers covered by the Fair Labor Standards Act, the minimum wage laws, and all the other laws that apply to all other employees. The problem with that is that you get into a whole host of complex things that drive up significantly the cost of providing a work slot for someone on welfare.

If you believe, as I do, that the most important thing for most of the people on welfare today is to get them into the workplace, to teach them the value of work, to give them the sense of pride which so many millions of Americans for the first time are feeling now, to get off the welfare rolls and get them into the workplace where they are doing positive works, where they are getting positive reinforcement for the things that they are accomplishing, where they are learning the ability to get up, get their children off to school or to day care or to a relative and get to work, keep those hours, work hard and come back home and manage their life—those are important life skills. If we put the barrier too high for the States, we are going to limit the number of work spots available for, really, millions of people and, I think, destroy a lot of the tremendous progress that we have made in creating an environment under this welfare reform bill that we passed last year for people to rise out of poverty, to get the kind of experience necessary to get the sense of accomplishment and self-pride that is necessary to rise out of poverty.

I am very concerned about that. I hope the administration does not pull the trigger. They are getting immense pressure from the unions to do so because the unions want to protect their piece of the pie when it comes, particularly to the public sector spots that will be filled in some cases by welfare recipients.

So, I hope the President does not bow to the unions at the expense of millions of people who want to get out of welfare and who need these work opportunities to be able to do so.

MORNING BUSINESS

Mr. SANTORUM. Mr. President, I ask unanimous consent there be a period for the transaction of morning business.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. LEVIN. Mr. President, I want to discuss today a disinformation campaign being conducted by indicted war criminal Radovan Karadzic and his Bosnian Serb henchmen, a campaign which threatens our forces in Bosnia, and a powerful tool available to the United States to counteract that campaign.

Despite his agreement to remove himself from political life, Radovan Karadzic has continued to play a leading role in Bosnian Serb politics, running the Republika Srpska from behind the scenes. Moreover, he has used the Bosnia Serb controlled radio and television to present a distorted picture to the Bosnian Serb people. Most ominously, since the arrest of one secretly indicted war criminal and the killing of another by NATO forces in Prijedor in northwestern Bosnia on July 10, Karadzic and the state controlled media have been orchestrating attacks on NATO troops.

As the New York Times reported on July 26, "television and radio broadcasts have been increasingly inflammatory." This distorted picture has been used to interfere with the implementation of the civilian aspects of the Dayton peace accords. It has also been used to wage a smear campaign against Bosnian Serb President Biljana Plavsic, who sought to expose Karadzic's criminal activities that have brought him wealth at the expense of the Bosnian Serb people.

Karadzic has shown himself to be a master of the "no lie is too great" approach. For example, when the Office of the High Representative, the senior international civilian position created by the Dayton accords, recently announced a significant civil military project that would involve the repair of the Tuzla to Brcko railway line by an Italian Railway Regiment with funding from United States AID, the state controlled Bosnian Serb media claimed that the repair train had been modified to transport Serb civilians to the Hague. A project designed to improve the quality of life for all Bosnians in the region was twisted to frighten the people and to foment ill-feeling towards the Stabilization Force.

Mr. President, the influence of indicted war criminal Karadzic must be checked. I believe that his control of the Bosnian Serb media is a good place to start. The United States military has the capability through the EC-130E Commando Solo aircraft to broadcast television and radio programming directly to the Bosnian people, overriding Karadzic's programming. This capability was put to successful use during Operation Urgent Fury in Grenada to inform the people on Grenada of the United States military action; during Operation Desert Storm to convince Iraqi soldiers to surrender; and during Operation Uphold Democracy in Haiti to broadcast radio and television to the Haitian citizens and leaders. It could be used to get the true word out to the Bosnian Serbs.

I applaud the decision of the recent international donor's conference for Bosnia to channel money only to communities that comply with the Dayton peace accords. Republika Srpska has received only a small percentage of such aid in the past due to Karadzic's behind the scenes refusal to cooperate. He has also mounted a media disinformation campaign, accusing the international community of bias against the Bosnian Serbs when his own policies are to blame. The Bosnian Serb people need to hear the real causes for their isolation and lack of international aid.

Mr. President, paragraph 5 of article VI of the Agreement on the Military Aspects of the Dayton Peace Settlement gives the SFOR Commander the authority to do all that he judges necessary and proper to protect the SFOR and to carry out its responsibilities. I believe that it would be appropriate for the SFOR Commander to determine that the presentation of distorted reports about SFOR, the inflaming of emotions against SFOR, and the encouragement of reprisal action by the Bosnian Serb media controlled by Karadzic and the ruling Serb Democratic Party, are impeding the SFOR Commander's ability to protect SFOR and to carry out SFOR's responsibilities. Once the SFOR commander makes that determination, the Air National Guard EC-130E Commando Solo aircraft could be used to counteract Karadzic's disinformation campaign which so endangers our forces and hampers the implementation of the Dayton accords.

Mr. President, I wrote last week to National Security Adviser Sandy Berger and Secretary of Defense Bill Cohen proposing the use of the Commando Solo aircraft under the circumstances we confront in Bosnia. I ask unanimous consent that these letters be printed in the RECORD at the conclusion of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. LEVIN. I believe that, until the Bosnian people, particularly the Bosnian Serbs, are able to receive television and radio broadcasts that depict the true reasons for their isolation and poor standing in the international community, it is less likely that meaningful progress will be made in the implementation of the civilian aspects of the Dayton accords.

Mr. President, the European Stars and Stripes reported last week that many Bosnian Serbs have refused to accept copies of a free publication called the Herald of Peace that is handed out throughout Bosnia by SFOR. I am sure that they are reluctant to be seen accepting this publication for fear that they will be reported to Karadzic and his henchmen. The beauty of Commando Solo is that its radio and television broadcasts will go into the homes of the Bosnian Serbs where they can receive it away from prying eyes. Karadzic can't stop the broadcasts—they override his transmissions. It is time to put this valuable tool to work for peace in Bosnia and for the security of our forces.

EXHIBIT 1

U.S. SENATE,
COMMITTEE ON ARMED SERVICES,
Washington, DC, July 24, 1997.

Mr. SAMUEL R. BERGER,
Assistant to the President for National Security Affairs, National Security Council, Washington, DC.

DEAR. MR. BERGER: I am writing in connection with the lack of progress in implementing the civilian aspects of the Dayton peace accords, particularly the problem of war criminals. I am deeply disturbed about the failure of the Bosnian parties, particularly the Republika Srpska, to cooperate in the investigation and prosecution of war crimes and other violations of international humanitarian law as required by Article IX of the General Framework Agreement for Peace in Bosnia and Herzegovina.

Recent press reports regarding the influence of former Bosnian Serb president and indicted war criminal Radovan Karadzic, establish that his and his party's control of all Bosnian Serb media, particularly Bosnian television, consistently presents a distorted picture as to the cause of the Republic's isolation and poverty.

Until the Bosnian people, particularly the Bosnian Serbs, are able to receive television broadcasts that depict the true reasons for their isolation and poor standing in the international community, it is doubtful that any meaningful progress will be made in the implementation of the civilian aspects of the Dayton accords.

I am concerned that the local media's distorted reporting is inflaming the situation in Republika Srpska and encouraging the Bosnian Serbs to take reprisal action against personnel of the Stabilization Force (SFOR), the International Police Task Force (IPTF), and the Organization for Security and Cooperation in Europe (OSCE). It seems to me that those actions and other less dramatic, but improper, actions by the Bosnian Serbs and their political leadership are impeding the ability of the SFOR Commander to protect the SFOR and to carry out its responsibilities under the accords.

Paragraph 5 of Article VI of the Agreement on the Military Aspects of the Peace Settlement gives the SFOR Commander the authority to do all that he judges necessary and proper to protect the SFOR and to carry out its responsibilities. I believe that it would be appropriate for the SFOR Commander to determine that the presentation of distorted reports about SFOR, the inflaming of emotions, and the encouragement of reprisal action by the Bosnian Serb media controlled by Karadzic and the ruling Serb Democratic Party, are impeding his ability to protect SFOR and to carry out SFOR's responsibilities.

The U.S. military has the capability through the EC–130E Commando Solo aircraft to broadcast television and radio messages to the Bosnian people. I strongly recommend that, once the SFOR Commander makes the above determination, he be authorized to utilize Commando Solo to conduct television and radio broadcasts in Republika Srpska to inform the Bosnian Serbs of the true facts.

It may also be necessary to take similar action with respect to the other Bosnian parties. I fear that without such action war criminals will not be brought to justice, reconciliation will not take place, and the human and material investment of the United States and its allies will have been in vain.

I am sending a similar letter to the Secretary of Defense.

Sincerely,

CARL LEVIN,
Ranking Minority Member.

U.S. SENATE,
COMMITTEE ON ARMED SERVICES,
Washington, DC, July 24, 1997.

Hon. WILLIAM S. COHEN,
Secretary of Defense,
The Pentagon, Washington, DC.

DEAR MR. SECRETARY: I am writing in connection with the lack of progress in implementing the civilian aspects of the Dayton peace accords, particularly the problem of war criminals. I am deeply disturbed about the failure of the Bosnian parties, particularly the Republika Srpska, to cooperate in the investigation and prosecution of war crimes and other violations of international humanitarian law as required buy Article IX of the General Framework Agreement for Peace in Bosnia and Herzegovina.

Recent press reports regarding the influence of former Bosnian Serb president and indicted war criminal Radovan Karadzic, establish that his and his party's control of all Bosnian Serb media, particularly Bosnian television, consistently presents a distorted picture as to the cause of the Republic's isolation and poverty.

Until the Bosnian people, particularly the Bosnian Serbs, are able to receive television broadcasts that depict the true reasons for their isolation and poor standing in the international community, it is doubtful that any meaningful progress will be made in the implementation of the civilian aspects of the Dayton accords.

I am concerned that the local media's distorted reporting is inflaming the situation in Republika Srpska and encouraging the Bosnian Serbs to take reprisal action against personnel of the Stabilization Force (SFOR), the International Police Task Force (IPTF), and the Organization for Security and Cooperation in Europe (OSCE). It seems to me that those actions and other less dramatic, but improper, actions by the Bosnian Serbs and their political leadership are impeding the ability of the SFOR Commander to protect the SFOR and to carry out its responsibilities under the accords.

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The U.S. military has the capability through the EC–130E Commando Solo aircraft to broadcast television and radio messages to the Bosnian people. I strongly recommend that, once the SFOR Commander makes the above determination, he be authorized to utilize Commando solo to conduct television and radio broadcasts in Republika Srpska to inform the Bosnian Serbs of the true facts.

It may also be necessary to take similar action with respect to the other Bosnian parties. I fear that without such action war criminals will not be brought to justice, reconciliation will not take place, and the human and material investment of the United States and its allies will have been in vain.

I am sending a similar letter to the National Security Adviser.

Sincerely,

CARL LEVIN,
Ranking Minority Member.

THE VERY BAD DEBT BOXSCORE

Mr. HELMS. Mr. President, at the close of business yesterday, Tuesday, July 29. 1997, the Federal debt stood at $5,373,127,138,499.91. (Five trillion, three hundred seventy-three billion, one hundred twenty-seven million, one hundred thirty-eight thousand, four hundred ninety-nine dollars and ninety-one cents)

One year ago, July 29, 1996, the Federal debt stood at $5,182,455,000,000. (Five trillion, one hundred eighty-two billion, four hundred fifty-five million)

Five years ago, July 29, 1992, the Federal debt stood at $3,995,312,000,000. (Three trillion, nine hundred ninety-five billion, three hundred twelve million)

Ten years ago, July 29, 1987, the Federal debt stood at $2,298,353,000,000. (Two trillion, two hundred ninety-eight billion, three hundred fifty-three million)

Fifteen years ago, July 29, 1982, the Federal debt stood at $1,089,771,000,000 (One trillion, eighty-nine billion, seven hundred seventy-one million) which reflects a debt increase of more than $4 trillion—$4,283,356,138,499.91 (Four trillion, two hundred eighty-three billion, three hundred fifty-six million, one hundred thirty-eight thousand, four hundred ninety-nine dollars and ninety-one cents) during the past 15 years.

U.S. FOREIGN OIL CONSUMPTION FOR WEEK ENDING JULY 25

Mr. HELMS. Mr. President, the American Petroleum Institute reports that for the week ending July 25, the U.S. imported 8,138,000 barrels of oil each day, 585,000 barrels more than the 7,553,000 imported each day during the same week 1 year ago.

Americans relied on foreign oil for 56.3 percent of their needs last week, and there are no signs that the upward spiral will abate. Before the Persian Gulf War, the United States obtained approximately 45 percent of its oil supply from foreign countries. During the Arab oil embargo in the 1970's, foreign oil accounted for only 35 percent of America's oil supply.

Anybody else interested in restoring domestic production of oil? By U.S. producers using American workers?

Politicians had better ponder the economic calamity sure to occur in America if and when foreign producers shut off our supply—or double the already enormous cost of imported oil flowing into the U.S.—now 8,138,000 barrels a day.

TRIBUTE TO CHRIS YODER

Mr. CRAIG. Mr. President, I would like to take a few moments to recognize Mr. Chris Yoder, a fellow Idahoan, who will be leaving his professional staff position at the Senate Committee on Veterans Affairs to accept a new challenge with the Commission on Service Members and Veterans Transition Assistance.

A veteran, himself, of the Vietnam War in Army Intelligence, he continued his dedication to the colleagues by serving 13 years with the Veterans Administration in Boise, ID. There he worked in various capacities as a benefits councilor, claims examiner and education specialist.

Except for the 102d Congress when he worked for the Veterans Affairs, in Washington DC as a staff assistant to the Deputy Secretary, Mr. Yoder has been with the committee for 12½ years. During that time he served with distinction, helping to fashion policies that serve America's veterans.

He has always accepted challenges, faced them head on and worked diligently in providing the critical answers that have shaped the positive direction the Veterans Committee has taken.

Mr. Yoder's efforts have always represented his personal commitment to constituents, the veterans service organizations and members of the committee. His timely initiatives and extraordinary abilities will have lasting results for years to come.

I have high praise for Chris's leadership, dedication, professionalism and accomplishments. On behalf of myself and the veterans of Idaho, we wish him well in his new endeavor, and wholeheartedly thank him for his outstanding service.

MESSAGES FROM THE PRESIDENT

Messages from the President of the United States were communicated to the Senate by Mr. Williams, one of his secretaries.

EXECUTIVE MESSAGES REFERRED

As in executive session the Presiding Officer laid before the Senate messages from the President of the United States submitting treaties and sundry nominations which were referred to the appropriate committees.

(The nominations received today are printed at the end of the Senate proceedings.)

MESSAGES FROM THE HOUSE

ENROLLED BILLS SIGNED

At 1:31 p.m., a message from the House of Representatives, delivered by Ms. Goetz, one of its reading clerks, announced that the Speaker has signed the following enrolled bills:

S. 430. An act of June 20, 1910, to protect the permanent trust funds of the State of New Mexico from erosion due to inflation and modify the basis on which distributions are made from those funds.

S. 670. An act to amend the Immigration and Nationality Technical Corrections Act of 1994 to eliminate the special transition rule for issuance of a certificate of citizenship for certain children born outside the United States.

At 5 p.m., a message from the House of Representatives, delivered by Ms. Goetz, one of its reading clerks, announced that the House agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 2015) to provide for reconciliation pursuant to subsections (b)(1) and (c) of section 105 of the concurrent resolution on the budget for fiscal year 1998.

MEASURE PLACED ON THE CALENDAR

The following measure was read the second time and placed on the calendar:

S. 1085. A bill to improve the management of the Boundary Waters Canoe Area Wilderness, and for other purposes.

ENROLLED BILLS PRESENTED

The Secretary of the Senate reported that on July 30, 1997, he had presented to the President of the United States, the following enrolled bills:

S. 430. An act to amend the Act of June 20, 1910, to protect the permanent trust funds of the State of New Mexico from erosion due to inflation and modify the basis on which distributions are made from those funds.

S. 670. An act to amend the Immigration and Nationality Technical Corrections Act of 1994 to eliminate the special transition rule for issuance of a certificate of citizenship for certain children born outside the United States.

EXECUTIVE AND OTHER COMMUNICATIONS

The following communications were laid before the Senate, together with accompanying papers, reports, and documents, which were referred as indicated:

EC-2639. A communication from the General Counsel of the Department of Transportation, transmitting, pursuant to law, five rules received on July 24, 1997; to the Committee on Commerce, Science, and Transportation.

EC-2640. A communication from the General Counsel of the Department of Transportation, transmitting, pursuant to law, one rule received on July 17, 1997; to the Committee on Commerce, Science, and Transportation.

EC-2641. A communication from the General Counsel of the Department of Transportation, transmitting, pursuant to law, six rules received on July 21, 1997; to the Committee on Commerce, Science, and Transportation.

EC-2642. A communication from the General Counsel of the Department of Transportation, transmitting, pursuant to law, twelve rules received on July 21, 1997; to the Committee on Commerce, Science, and Transportation.

EC-2643. A communication from the General Counsel of the Department of Transportation, transmitting, pursuant to law, one rule received on July 29, 1997; to the Committee on Commerce, Science, and Transportation.

EC-2644. A communication from the General Counsel of the Department of Transportation, transmitting, pursuant to law, twenty-eight rules received on July 29, 1997; to the Committee on Commerce, Science, and Transportation.

EC-2645. A communication from the Performance Evaluation and Records Management, Federal Communications Commission, transmitting, pursuant to law, seven rules received on July 22, 1997; to the Committee on Commerce, Science, and Transportation.

EC-2646. A communication from the Performance Evaluation and Records Management, Federal Communications Commission, transmitting, pursuant to law, one rule received on July 28, 1997; to the Committee on Commerce, Science, and Transportation.

EC-2647. A communication from the Performance Evaluation and Records Management, Federal Communications Commission, transmitting, pursuant to law, one rule received on July 29, 1997; to the Committee on Commerce, Science, and Transportation.

EC-2648. A communication from the Director, National Oceanic and Atmospheric Administration, National Marine Fisheries Service, U.S. Department of Commerce, transmitting, pursuant to law, a rule relative to the threatened Southern Oregon/Northern California coast (RIN0648-AG56), received on July 21, 1997; to the Committee on Agriculture, Nutrition, and Forestry.

EC-2649. A communication from the Administrator, Agricultural Marketing Service, U.S. Department of Agriculture, transmitting, pursuant to law, a report of a rule relative to fresh cut flowers and greens, received on July 29, 1997; to the Committee on Agriculture, Nutrition, and Forestry.

EC-2650. A communication from the Chairman and Chief Executive Officer, Farm Credit Administration, transmitting, pursuant to law, a rule relative to releasing information (RIN3052-AB77), received on July 29, 1997; to the Committee on Agriculture, Nutrition, and Forestry.

EC-2651. A communication from the Acting Administrator, Agricultural Research Service, U.S. Department of Agriculture, transmitting, pursuant to law, a report of a rule relative to a schedule of fees to be charged, received on July 29, 1997; to the Committee on Agriculture, Nutrition, and Forestry.

EC-2652. A communication from the Administrator, Farm Service Agency, U.S. Department of Agriculture, transmitting, pursuant to law, a report of a rule relative to Disaster Set-Aside Program (RIN0560-AE98), received on July 25, 1997; to the Committee on Agriculture, Nutrition, and Forestry.

EC-2653. A communication from the Secretary of Defense, transmitting, a notice regarding the "Balanced Budget Act of 1997"; which was ordered to lie on the table.

EC-2654. A communication from the Director of the Office of Sustainable Fisheries, National Marine Fisheries Service, Department of Commerce, transmitting, pursuant to law, eight rules; to the Committee on Commerce, Science, and Transportation.

EC-2655. A communication from the Deputy Assistant Administrator for Fisheries, National Marine Fisheries Service, Department of Commerce, transmitting, pursuant to law, three rules; to the Committee on Commerce, Science, and Transportation.

EC-2656. A communication from the Acting Director of the Office of Sustainable Fisheries, National Marine Fisheries Service, Department of Commerce, transmitting, pursuant to law, three rules; to the Committee on Commerce, Science, and Transportation.

EC-2657. A communication from the Council of the District of Columbia, transmitting, pursuant to law, copies of D.C. Act 12-97 adopted by the Council on June 3, 1997; to the Commitee on Governmental Affairs.

EC-2658. A communication from the Council of the District of Columbia, transmitting, pursuant to law, copies of D.C. Act 12-98 adopted by the Council on June 3, 1997; to the Commitee on Governmental Affairs.

EC-2659. A communication from the Council of the District of Columbia, transmitting, pursuant to law, copies of D.C. Act 12-99 adopted by the Council on June 3, 1997; to the Commitee on Governmental Affairs.

EC-2660. A communication from the Council of the District of Columbia, transmitting, pursuant to law, copies of D.C. Act 12-100 adopted by the Council on June 3, 1997; to the Commitee on Governmental Affairs.

EC-2661. A communication from the Council of the District of Columbia, transmitting, pursuant to law, copies of D.C. Act 12-107 adopted by the Council on June 17, 1997; to the Commitee on Governmental Affairs.

EC-2662. A communication from the Council of the District of Columbia, transmitting, pursuant to law, copies of D.C. Act 12-108 adopted by the Council on June 17, 1997; to the Commitee on Governmental Affairs.

EC-2663. A communication from the Council of the District of Columbia, transmitting, pursuant to law, copies of D.C. Act 12-109 adopted by the Council on June 17, 1997; to the Commitee on Governmental Affairs.

EC-2664. A communication from the Council of the District of Columbia, transmitting, pursuant to law, copies of D.C. Act 12–113 adopted by the Council on June 17, 1997; to the Commitee on Governmental Affairs.

EC–2665. A communication from the District of Columbia Auditor, transmitting, pursuant to law, a report entitled "Fiscal Year Annual Report on Advisory Neighborhood Commissions"; to the Committee on Governmental Affairs.

EC–2666. A communication from the District of Columbia Auditor, transmitting, pursuant to law, a report entitled "Certification of the Fiscal Year 1997 Revised General Fund Revenue Estimates in Support of the District of Columbia General Obligation Bonds (Series 1997A)"; to the Committee on Governmental Affairs.

EC–2667. A communication from the District of Columbia Auditor, transmitting, pursuant to law, a report entitled "District of Columbia General Hospital's Sole Source Contract Award to Medical Services Group, Inc. Violated D.C. Laws and Regulations"; to the Committee on Governmental Affairs.

EC–2668. A communication from the District of Columbia Auditor, transmitting, pursuant to law, a report entitled "Certification of the Water and Sewer Authority's Fiscal Year 1997 Revenue Estimate in Support of a $25,000,000 Revolving Line of Credit"; to the Committee on Governmental Affairs.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. McCAIN, from the Committee on Commerce, Science, and Transportation, with an amendment in the nature of a substitute:

S. 910. A bill to authorize appropriations for carrying out the Earthquake Hazards Reduction Act of 1977 for fiscal years 1998 and 1999, and for other purposes (Rept. No. 105–59).

By Mr. MURKOWSKI, from the Committee on Energy and Natural Resources, without amendment:

H.R. 1198. A bill to direct the Secretary of the Interior to convey certain land to the City of Grants Pass, Oregon.

H.R. 1944. A bill to provide for a land exchange involving the Warner Canyon Ski Area and other land in the State of Oregon.

S. 871. A bill to establish the Oklahoma City National Memorial as a unit of the National Park System; to designate the Oklahoma City Memorial Trust, and for other purposes.

By Mr. HELMS, from the Committee on Foreign Relations, without amendment:

S. 1082. A bill to authorize appropriations to pay for United States contributions to certain international financial institutions.

By Mr. HELMS, from the Committee on Foreign Relations, without amendment and with a preamble:

S. Con. Res. 39. A concurrent resolution expressing the sense of the Congress that the German Government should expand and simplify its reparations system, provide reparations to Holocaust survivors in Eastern and Central Europe, and set up a fund to help cover the medical expenses of Holocaust survivors.

S. Con. Res. 45. A concurrent resolution commending Dr. Hans Blix for his distinguished service as Director General of the International Atomic Energy Agency on the occasion of his retirement.

By Mr. HELMS, from the Committee on Foreign Relations, without amendment and with a preamble:

S. Con. Res. 46. An original concurrent resolution expressing the sense of the Senate regarding the terrorist bombing in the Jerusalem market on July 30, 1997.

EXECUTIVE REPORTS OF COMMITTEES

The following executive reports of committees were submitted:

By Mr. THURMOND, from the Committee on Armed Services:

The following-named officer for appointment in the U.S. Marine Corps to the grade indicated while assigned to a position of importance and responsibility under title 10, United States Code, section 601:

To be lieutenant general

Maj. Gen. Michael J. Byron, 1295.

The following-named officer for appointment in the United States Air Force to the grade indicated while assigned to a position of importance and responsibility under title 10, United States Code, section 601:

To be lieutenant general

Maj. Gen. Robert H. Foglesong, 8617.

The following-named officer for appointment in the United States Army to the grade indicated while assigned to a position of importance and responsibility under title 10, United States Code, section 601:

To be lieutenant general

Maj. Gen. John M. Pickler, 5130.

(The above nominations were reported with the recommendation that they be confirmed.)

By Mr. LUGAR, from the Committee on Agriculture, Nutrition, and Forestry:

Shirley Robinson Watkins, of Arkansas, to be a Member of the Board of Directors of the Commodity Credit Corporation.

Shirley Robinson Watkins, of Arkansas, to be Under Secretary of Agriculture for Food, Nutrition, and Consumer Services.

I. Miley Gonzalez, of New Mexico, to be Under Secretary of Agriculture for Research, Education, and Economics.

Catherine E. Woteki, of the District of Columbia, to be Under Secretary of Agriculture for Food Safety. (New Position)

August Schumacher, Jr., of Massachusetts, to be Under Secretary of Agriculture for Farm and Foreign Agricultural Services.

August Schumacher, Jr., of Massachusetts, to be a Member of the Board of Directors of the Commodity Credit Corporation.

(The above nominations were reported with the recommendation that they be confirmed, subject to the nominees' commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.)

By Mr. HELMS, from the Committee on Foreign Relations:

Stanley O. Roth, of Virginia, to be an Assistant Secretary of State.

Marc Grossman, of Virginia, a Career Member of the Senior Foreign Service, Class of Counselor, to be an Assistant Secretary of State.

James P. Rubin, of New York, to be an Assistant Secretary of State.

Edward William Gnehm, Jr., of Georgia, a Career Member of the Senior Foreign Service, Class of Minister-Counselor, to be Director General of the Foreign Service.

Bonnie R. Cohen, of District of Columbia, to be an Under Secretary of State.

David Andrews, of California, to be Legal Adviser of the Department of State.

James W. Pardew, Jr., of Virginia, for the Rank of Ambassador during his tenure of service as U.S. Special Representative for Military Stabilization in the Balkans.

Wendy Ruth Sherman, of Maryland, to be Counselor of the Department of State, and to have the rank of Ambassador during her tenure of service.

Stephen R. Sestanovich, of the District of Columbia, as Ambassador at Large and Special Adviser to the Secretary of State for the New Independent States.

Federal Campaign Contribution Report

The following is a list of all members of my immediate family and their spouses. I have asked each of these persons to inform me of the pertinent contributions made by them. To the best of my knowledge, the information contained in this report is complete and accurate.

Contributions, Amount, Date, and Donee

1. Self, None.
2. Spouse, None.
3. Children and spouses: Benjamin Sestanovich, None. Clare Sestanovich, None.
4. Parents: Molly B. and Stephen N. Sestanovich, $100,000, 1994, Ellen Schwartz (Dem. candidate, 10th dist., CA).
5. Grandparents: Deceased.
6. Brothers and spouses: Kathryn L. and R. Benjamin Sestanovich, None.
7. Sisters and spouses: Mary Sestanovich and William Sillavo, None.

Maura Harty, of Florida, a Career Member of the Senior Foreign Service, Class of Counselor, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to the Republic of Paraguay.

Federal Campaign Contribution Report

The following is a list of all members of my immediate family and their spouses. I have asked each of these persons to inform me of the pertinent contributions made by them. To the best of my knowledge, the information contained in this report is complete and accurate.

Contributions, Amount, Date, and Donee

1. Self, None.
2. Spouse: James Larner, None.
3. Children and spouses: No children.
4. Parents: Louise Harty, None. Edward W. Harty (deceased 11/94), No information available.
5. Grandparents: Ana and Luis Torreblanca (deceased 2/71 and 6/70), None. Frank Harty (deceased 1/73), None. Nora Harty, None.
6. Brothers and spouses: Mark Harty (single), None.
7. Sisters and spouses: Nancy and Fred Sanguiliano, None.

John Christian Kornblum, of Michigan, a Career Member of the Senior Foreign Service, Class of Career Minister, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to the Federal Republic of Germany.

Federal Campaign Contribution Report

The following is a list of all members of my immediate family and their spouses. I have asked each of these persons to inform me of the pertinent contributions made by them. To the best of my knowledge, the information contained in this report is complete and accurate.

Contributions, Amount, Date, and Donee

1. Self: John C. Kornblum, None.
2. Spouse: Helen Kornblum, None.

3. Children and spouses: Alexander Kornblum, None. Stephen Kornblum, None.

4. Parents: Samuel C. Kornblum, deceased. Ethelyn E. Kornblum, deceased.

5. Grandparents: Herbert Tonkin, deceased. May Tonkin, deceased. Christian Kornblum (father), deceased. Luisa Kornblum (mother), deceased.

6. Brothers and spouses: Stephen Kornblum (brother), None. Nancy Kornblum (sister-in-law), None.

7. Sisters and spouses: No sisters.

James Franklin Collins, of Illinois, a Career Member of the Senior Foreign Service, Class of Minister-Counselor, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to the Russian Federation.

FEDERAL CAMPAIGN CONTRIBUTION REPORT

The following is a list of all members of my immediate family and their spouses. I have asked each of these persons to inform me of the pertinent contributions made by them. To the best of my knowledge, the information contained in this report is complete and accurate.

Contributions, Amount, Date, and Donee

1. Self, None.

2. Spouse, see attachment No. 1.

3. Children and spouses: Robert S. Collins, None. Deborah Chew (spouse), None.

4. parents: Jonathan C. Collins, None. Caroline C. Collins, None. Harrison F. Collins, $50.00, 02/92, John Crawford (Candidate for Illinois Rep.). (See attachment No. 2.)

5. Grandparents: Deceased.

6. Brothers and spouses: Jefferson C. Collins, None.

7. Sisters and spouses: No sisters.

ATTACHMENT NO. 1: DR. NAOMI F. COLLINS CONTRIBUTIONS

Date, Amount, and Donee

01/93, $25.00, Democratic National Committee.

03/93, $15.00, Dollars for Democrats.

05/93, $15.00, DCCC (Democratic Congressional Campaign Committee).

06/93, $25.00, Bruce Adams for County Council.

10/93, $15.00, Maryland Democrats.

11/93, $25.00, Nancy Kopp (candidate for State Legislature).

01/94, $18.00, Women's Higher Education Fund.

01/94, $25.00, Democratic National Committee.

03/94, $30.00, Emily's List.

03/94, $25.00, Bruce Adams for County Council.

03/94, $20.00, Democratic National Committee.

04/94, $25.00, Elanor Carey for Attorney Gen 1994.

05/94, $30.00, Pat Williams.

09/94, $25.00, Nancy Kopp.

09/94, $25.00, Dollars for Democrats.

12/94, $50.00, Emily's List.

4/95, $125.00, Emily's List.

9/95, $25.00, Maryland Democratic Party.

12/95, $25.00, Democratic National Committee.

12/95, $25.00, Mikulski for Senate.

1/96, $25.00, Clinton-Gore '96.

9/96, $20.00, Marilyn Goldwater.

9/96, $40.00, Emily's List.

ATTACHMENT NO. 2: HARRISON F. COLLINS CONTRIBUTIONS

Date, Amount, and Donee

1994, $10.00, Democratic National Committee (Precise date and amount unknown).

2/95, $25.00, Democratic Congressional Campaign Committee.

10/95, $25.00, Democratic National Committee.

2/95, $30.00, Democratic National Committee.

5/95, $50.00, Democratic National Committee.

7/95, $80.00, Democratic Socialists.

10/95, $100.00, Democratic Socialists.

1/96, $35.00, NRDC.

1/96, $50.00, Democratic National Committee.

1/96, $20.00, Democratic National Committee.

7/95, $35.00, Democrats 2000.

3/96, $20.00, Democratic National Committee.

4/96, $20.00, Democratic National Committee.

5/96, $20.00, Democratic National Committee.

6/96, $20.00, Democratic National Committee.

7/96, $50.00, Democratic National Committee.

8/96, $30.00, Democratic National Committee.

9/96, $50.00, Democratic National Committee.

11/96, $20.00, Democratic National Committee.

12/96, $20.00, Democratic National Committee.

1/97, $20.00, Democratic National Committee.

2/97, $20.00, Democratic National Committee.

Philip Lader, of South Carolina, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to the United Kingdom of Great Britain and Northern Ireland.

FEDERAL CAMPAIGN CONTRIBUTION REPORT

The following is a list of all member of my immediate family and their spouses. I have asked each of these persons to inform me of the pertinent contributions made by them. To the best of my knowledge, the information contained in this report is complete and accurate.

Contributions, Amount, Date, and Donee

1. Self, $1,000, 1994, Theodore-for-SC Governor.

2. Spouse: Linda LeSourd Lader, $1,000, 1996, Clinton/Gore Campaign.

3. Children and spouses: Mary-Catherine Lader, None. Linda Whitaker Lader, None.

4. Parents: Phil Lader (deceased), None. Mary Lader (deceased), None.

5. Grandparents: Cosmo Tripoli (deceased), None. Josephine Tripoli (deceased), None.

6. Brothers and spouses: Isadore Lader (deceased), None. Retta Lader (deceased), None.

7. Sisters and spouses None.

Felix George Rohatyn, of New York, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to France.

FEDERAL CAMPAIGN CONTRIBUTION REPORT

The following is a list of all members of my immediate family and their spouses. I have asked each of these persons to inform me of the pertinent contributions made by them. To the best of my knowledge, the information contained in this report is complete and accurate.

Contributions, Amount, Date, and Donee

1. Self: Felix G. Rohatyn—See attached for list of contributions.

2. Spouse: Elizabeth Fly Rohatyn—See attached for list of contributions.

3. Children and spouses—Three sons: Pierre Rohatyn—No contributions. Nicolas Rohatyn—See attached for list of contributions. Michael Rohatyn—No contributions.

4. Parents: Edith Knoll Plessner (mother)—Deceased. Henry Plessner (stepfather)—Deceased. Alexander Rohatyn (father)—Deceased. Patricia Rohatyn (stepmother)—No contributions.

5. Grandparents: Deceased.

6. Brothers and spouses: None.

7. Sisters and spouses: None.

FEDERAL CAMPAIGN CONTRIBUTION REPORT—ELIZABETH ROHATYN

Amount, Date, and Donee

$500, Mary Boyle for U.S. Senator/Emily's List.

$1,000, 3/6/93, Moynihan Committee Inc.

$1,000, 4/13/93, Bob Krueger Campaign.

$1,000, 6/9/93, Emily's List.

$500, 3/24/94, Delahanty for Congress Committee/Emily's List.

$500, 3/24/94, Delahanty for Congress Committee/Emily's List.

$500, 3/24/94, Friends for McGuire/Emily's List.

$500, 3/24/94, Friends for McGuire/Emily's List.

$1,000, 5/16/94, Robb for the Senate.

$1,000, 5/19/94, Emily's List.

$1,000, 7/23/94, Friends of Dave McCurdy.

$250, 9/12/94, Karen Shepherd for Congress.

$1,500, 9/21/94, Women's Campaign Fund Inc.

$750, 9/20/94, Karen Shepherd for Congress.

$500, 10/18/94, Louise Slaughter Re-election Committee.

$1,000, 3/24/95, Emily's List.

$500, 1995, Friends of Dave McCurdy.

$1,000, 6/20/95, Friends of John Warner 1996 Committee.

$1,000, 8/2/95, Friends of Schumer.

$500, 8/14/95, Emily's List.

$1,000, 10/9/95, Clinton/Gore '96 Primary Committee Inc.

$25,000, 10/11/95, DNC—Non-Federal Individual.

$5,000, 12/18/95, DSCC Non-Federal Individuals.

$1,000, 3/12/96, Emily's List.

$250, 3/22/96, Louise Slaughter Re-Election Committee.

$12,500, 4/19/96, Democratic Congressional Campaign Committee.

$12,500, 9/12/96, DSCC Non-Federal Individuals.

$1,000, 10/21/96, Karpan for Wyoming.

$1,000, 1997, Moynihan Committee Inc.

FEDERAL CAMPAIGN CONTRIBUTION REPORT—FELIX ROHATYN

$5,000, 1/21/93, Committee for Effective Government.

$1,000, 3/12/93, Moynihan Committee Inc.

$1,000, 4/13/93, Bob Krueger Campaign.

$5,000, 4/28/93, Committee for Effective Government.

$1,000, 5/5/93, Mitchell for Senate.

$1,000, 5/6/93, Lieberman '94 Committee.

$35,000, 5/17/93, DNC—Non-Federal Individual.

$1,000, 11/9/93, Friends of John Glenn.

$500, 11/9/93, Friends of Jane Harman.

$-2,193, 11/22/93, Committee for Effective Government.

$2,500, 3/28/94, Democratic Congressional Campaign Committee.

$1,000, 3/31/94, Lieberman '94 Committee.

$2,500, 3/31/94, Committee for Effective Government.

$1,000, 4/1/94, Leahy for U.S. Senator.

$500, 5/18/94, Oberly Senate Committee.

$1,000, 6/8/94, Moynihan Committee Inc.

$100,000, 6/9/94, DNC—Non-Federal Individual.

$500, 7/14/94, Voters for Choice/Friends of Family Planning.

$500, 7/23/94, Friends of Dave McCurdy.

$1,000, 8/26/94, Kerrey for U.S. Senate Committee.

$1,000, 9/30/94, Friends of Bob Carr.

$500, 10/9/94, Linda Kushner for U.S. Senate.

$1,000, 10/13/94, Citizens for Sarbanes.

$500, 10/17/94, Citizens for Senator Wofford.

$1,000, 10/19/94, Maloney for Congress.

$1,000, 10/21/94, Launtenberg Committee.

$10,000, 12/13/94, DNC Services Corporation/Democratic National Committee.

$500, 3/20/95, Friends of Dave McCurdy.

$500, 3/21/95, Voters for Choice/Friends of Family Planning.

$1,000, 5/22/95, Friends of Max Baucus.

$500, 6/9/95, Voters for Choice/Friends of Family Planning.

$1,000, 6/20/95, Friends of John Warner 1996 Committee.

$1,000, 6/30/95, Kennedy for Senate (1994).

$20,000, 7/19/95, DNC—Non-Federal Individual.

$80,000, 7/19/95, DNC—Non-Federal Individual.

$20,000, 7/28/95, Democratic Senatorial Campaign Committee.

$1,000, 8/2/95, Friends of Schumer.

$1,000, 8/7/95, Friends of Senator Rockefeller.

$1,000, 8/16/95, Friends of Senator Carl Levin.

$1,000, 8/24/95, Kerry Committee.

$25,000, 10/11/95, DNC—Non-Federal Individual.

$1,000, 10/23/95, People for Pete Domenici.

$500, 2/15/96, Voters for Choice/Friends of Family Planning.

$12,500, 4/19/96, Democratic Congressional Campaign Committee.

$500, 5/8/96, Friends of Bob Graham Committee.

$500, 6/6/96, Friends of Jane Harman.

$500, 6/10/96, Crawford for Congress Committee.

$2,500, 7/23/96, Democratic Senatorial Campaign Committee.

$12,500, 9/12/96, DSCC Non-Federal Individuals.

$50,000, 9/25/96, DNC—Non-Federal Individual.

$25,000, 10/11/96, DCCC Non-Federal Account #5.

$25,000, 10/11/96, DCCC Non-Federal Account #5.

$125,000, 10/18/96, DNC Non-Federal Unincorporated Association Account.

$1,000, 1997, Moynihan Committee Inc.

FEDERAL CAMPAIGN CONTRIBUTION REPORT—NICOLAS ROHATYN

$5,000, 4/6/93, Morgan Companies Political Action Committee (Morganpac).

$5,000, 4/20/94, Morgan Companies Political Action Committee (Morganpac).

$5,000, 4/19/95, Morgan Companies Political Action Committee (Morganpac).

$500, 5/8/96, Friends of Bob Graham Committee.

$5,000, 5/16/96, Morgan Companies Political Action Committee (Morganpac).

Richard Dale Kauzlarich, of Virginia, a Career Member of the Senior Foreign Service, Class of Minister-Counselor, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to the Republic of Bosnia and Herzegovina.

FEDERAL CAMPAIGN CONTRIBUTION REPORT

The following is a list of all members of my immediate family and their spouses. I have asked each of these persons to inform me of the pertinent contributions made by them. To the best of my knowledge, the information contained in this report is complete and accurate.

Contributions, Amount, Date, and Donee

1. Self, None.
2. Spouse, None.
3. Children and spouses: Terri L. Skender, None. Derek Skender, None. Son, Richard Kauzlarich (deceased), None.
4. Parents: Victor Kauzlarich and Eva Kauzlarich, $15, Spring '96 Mike Grchan, Treasurer, Rock Island County Democratic Committee.
5. Grandparents: George Kauzlarich (deceased), None. Emma Kronfeld (deceased), None.
6. Brothers and spouses: Stanley Kauzlarich, None.
7. Sisters and spouses: Victoria Kauzlarich, None. James Thane, None.

Daniel V. Speckhard, of Wisconsin, a Career Member of the Senior Executive Service, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to the Republic of Belarus.

FEDERAL CAMPAIGN CONTRIBUTION REPORT

The following is a list of all members of my immediate family and their spouses. I have asked each of these persons to inform me of the pertinent contributions made by them. To the best of my knowledge, the information contained in this report is complete and accurate.

Contributions, Amount, Date, and Donee

1. Self, None.
2. Spouse, None.
3. Children and spouses: None.
4. Parents: Carol Speckhard, None. Thomas Speckhard, $30.00, 1996, Representative David Obey.
5. Grandparents: Deceased.
6. Brothers and spouses: James Speckhard, None. Thomas J. Speckhard, None.
7. Sisters and spouses: Kathleen White, None.

Keith C. Smith, of California, a Career Member of the Senior Foreign Service, Class of Minister-Counselor, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to the Republic of Lithuania.

FEDERAL CAMPAIGN CONTRIBUTION REPORT

The following is a list of all members of my immediate family and their spouses. I have asked each of these persons to inform me of the pertinent contributions made by them. To the best of my knowledge, the information contained in this report is complete and accurate.

Contributions, Amount, Date, and Donee

1. Self: Keith C. Smith, None.
2. Spouse: Nina Smith, None.
3. Children and spouses: Brian Smith, son. Tanya Batdorff, daughter. Craig Smith, son. John McKeever, stepson. Peter McKeever, stepson. Michael McKeever, stepson. None.
4. Parents: Harold L. Smith, deceased. Lydia D. Smith, deceased.
5. Grandparents: Robert Daines, deceased. Chloe Daines, deceased. Alexander Smith, deceased. Angela Smith, deceased.
6. Brothers and spouses: Harold D. Smith, None. Kent D. Smith, None.
7. Sisters and spouses: Bonnie Smith, None. Carolyn Buhman, $25, 1990, Cong. Howard McKeon.

Anne Marie Sigmund, of the District of Columbia, a Career Member of the Senior Foreign Service, Class of Career Minister, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to the Kyrgyz Republic.

FEDERAL CAMPAIGN CONTRIBUTION REPORT

The following is a list of all members of my immediate family and their spouses. I have asked each of these persons to inform me of the pertinent contributions made by them. To the best of my knowledge, the information contained in this report is complete and accurate.

Contributions, Amount, Date, and Donee

1. Self, none.
2. Spouse: no spouse.
3. Children and spouses: no children.
4. Parents: Lawrence and Mary Sigmund, $100, 1996, Concord Coalition.
5. Grandparents: deceased.
6. Brothers and spouses: Michael and Cynthia Sigmund, none.
7. Sisters and spouses: None.

James F. Mack, of Virginia, a Career Member of the Senior Foreign Service, Class of Minister-Counselor, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to the Co-operative Republic of Guyana.

FEDERAL CAMPAIGN CONTRIBUTION REPORT

The following is a list of all members of my immediate family and their spouses. I have asked each of these persons to inform me of the pertinent contributions made by them. To the best of my knowledge, the information contained in this report is complete and accurate.

Contributions, Amount, Date, and Donee

1. Self, none.
2. Spouse: $25.00, 8/18/96, $25.00, 6/24/96, Republican National Committee.
3. Children and spouses: Robert, Sally, David & Frances Mack, none.
4. Parents: Frederick & Dorothy Mack, deceased.
5. Grandparents: Frank & Ann Mack, deceased. Nehamiah & Ann Candee, deceased.
6. Brothers and spouses: none.
7. Sisters and spouses: Caroline Mack Westdorp, (sister), None. Wolfgang Westdorp (brother-in-law), None.

(The above nominations were reported with the recommendation that they be confirmed, subject to the nominees' commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.)

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first and second time by unanimous consent, and referred as indicated:

By Mr. JEFFORDS (for himself, Ms. SNOWE, and Mr. LEAHY):

S. 1087. A bill to provide for the modernization of port and rail access in northern New England, and for other purposes; to the Committee on Commerce, Science, and Transportation.

By Mr. ROTH:

S. 1088. A bill to suspend temporarily the duty on ACM; to the Committee on Finance.

By Mr. SPECTER (for himself, Mr. FORD, Mr. SANTORUM, Mr. HARKIN, Mr. INOUYE, Mr. INHOFE, Ms. MIKULSKI, Mrs. BOXER, Mr. ROCKEFELLER, Mr. BRYAN, and Mr. DURBIN):

S. 1089. A bill to terminate the effectiveness of certain amendments to the foreign repair station rules of the Federal Aviation Administration, and for other purposes; to the Committee on Commerce, Science, and Transportation.

By Mr. BURNS (for himself, Mr. JOHNSON, Mr. MCCONNELL, Mr. GRASSLEY, Mr. BROWNBACK, Mr. THURMOND, Mr. HELMS, Mr. DASCHLE, Mr. COCHRAN, Mr. HATCH, Mr. INHOFE, and Mr. CONRAD):

S. 1090. A bill to specify that States may waive requirements relating to commercial drivers' licenses under chapter 313 of title 49, United States Code, with respect to certain farm vehicles, and for other purposes; to the Committee on Commerce, Science, and Transportation.

By Mr. BINGAMAN (for himself and Mr. DOMENICI):

S. 1091. A bill to amend title 23, United States Code, to provide for maintenance of public roads used by school buses serving certain Indian reservations; to the Committee on Environment and Public Works.

By Mr. MURKOWSKI:

S. 1092. A bill to provide for a transfer of land interests in order to facilitate surface transportation between the cities of Cold Bay, Alaska, and King Cove, Alaska, and for other purposes; to the Committee on Energy and Natural Resources.

By Mr. KERRY (for himself and Mr. MCCAIN):

S. 1093. A bill to extend nondiscriminatory treatment (most-favored-nation treatment) to the products of the Lao People's Democratic Republic, and for other purposes; to the Committee on Finance.

SUBMISSION OF CONCURRENT AND SENATE RESOLUTIONS

The following concurrent resolutions and Senate resolutions were read, and referred (or acted upon), as indicated:

By Mr. WYDEN (for himself and Mr. WARNER):

S. Res. 110. A bill to permit an individual with a disability with access to the Senate floor to bring necessary supporting aids and services; to the Committee on Rules and Administration.

By Mr. HELMS:

S. Con. Res. 46. An original concurrent resolution expressing the sense of the Senate regarding the terrorist bombing in the Jerusalem market on July 30, 1997; from the Committee on Foreign Relations; placed on the calendar.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. JEFFORDS (for himself, Ms. SNOWE and Mr. LEAHY):

S. 1087. A bill to provide for the modernization of port and rail access in northern New England, and for other purposes; to the Committee on Commerce, Science, and Transportation.

THE OLDER INDUSTRIAL REGION RAIL/PORT ACCESS AND MODERNIZATION ACT

Mr. JEFFORDS. Mr. President, I rise today with Senator SNOWE to introduce legislation to aid the growth of commerce throughout New England. The Older Industrial Region Rail and Port Access and Modernization Act aims to improve northern New England's aging rail infrastructure and ocean ports to speed delivery of goods and people throughout the region.

New England was built by the railroads. But in our modern economy, highways have captured a majority of the commerce, supplanting rail. As we reach the end of this century, our region has begun to recognize the importance of railroads, and their vital role in our expanding economy. Efficient highways run north to south in northern New England, but we have no east to west roads sufficient to handle growing trade and commerce. As Vermont, New Hampshire, and Maine work together to compete in this global economy, our success is dependent on our mutual efforts to improve access to markets. We will succeed only if modern freight railroads can serve the entire region and through our ports bring goods to market across the Nation and around the world.

Rail lines throughout northern New England have been neglected for many years. Crumbling rail beds and constricted passage has limited the movement of freight and passenger trains and restricted rail access to deep water ports. Older bridges, deteriorated tracks, inadequate tunnels all contribute to a rail system that fails to fulfill the needs of the three-State area. As a result, commerce throughout the region suffers.

A recent report by Cambridge Systematics, entitled "New England Transportation Initiative," indicates that northern New England's economy cannot fully expand without a carefully planned and implemented intermodal strategy. The study predicts that Maine's ports will gradually lose business to southern ports, primarily in New Jersey and New York, because of inadequate rail transportation and port access. In addition, the study predicts that business and jobs in New Hampshire and Vermont will not keep pace with other regions without a better strategy to efficiently move goods and people.

An exhaustive analysis by the Eastern Border Transportation Coalition regarding the trade and traffic flows across the eastern United States-Canada border projected a trade increase of close to 200 percent by the year 2015. The report also outlines that this increase could be hampered by a lack of adequate transportation options and overcrowded roads and highway border stations. To avoid this setback, rail options must be available. Without proper infrastructure development, New England's chance to take advantage of such economic growth will diminish.

The legislation we introduce today will authorize Federal spending to rehabilitate rail beds in Vermont, Maine, and New Hampshire, enabling them to improve their freight rail traffic and better handle the movement of goods and people with their borders. States will be able to apply separately to the U.S. Secretary of Transportation for individual grants. Grant funding is provided for a variety of categories: Port development and access; bridge and tunnel obstruction repair and replacement; repair of railroad beds; and development of intermodal facilities, including intermodal truck-train transfer facilities. Revitalization of these resources will allow freight and passenger trains to move freely throughout the region, reconnecting railroad towns long separated by the hazards of unpassable tracks.

The bill also establishes a loan assistant program. Railroad companies in Vermont, Maine, and New Hampshire will be able to access low interest loans to improve their rail lines in the region. The loans can be used for purchase of rolling stock, development of maintenance facilities, and many other capital improvements.

Without this legislation, Vermont, New Hampshire, and Maine may fail to benefit from future growth opportunities. Even though international shipping trade is expected to increase by 20 percent in the next 5 years, New England is less likely to benefit from the influx of business and jobs because of its decaying rail and port infrastructure. Improving rail lines will bring new life to our region, strengthening our industries and thereby our economies.

Mr. President, I would urge action on this legislation, because, as we are learning, ports and railroads are the life lines that will help to ensure the well-being of all of northern New England.

Ms. SNOWE. Mr. President, I rise today with my colleague and good friend, Senator JEFFORDS of Vermont, to introduce the Older Industrial Region Rail/Port Access and Modernization Act.

There is an old Yankee saying "you can't get there from here". If we do not take steps to upgrade our aging transportation infrastructure in order to allow us to be a vigorous competitor for the movement of goods, that saying may become a sad reality. That is why the bill we introduce today is so important to northern New England's future, because its purpose is to revitalize our aging rail infrastructure. As much as rail is a part of our Nation's history, it is also the pathway to a bright economic future.

The bill, which covers Vermont, New Hampshire, and Maine, will provide funding for improving and modernizing our freight rail system—removing obstacles like low bridges that constrict the use of double-stack trains, and intermodal facilities construction and maintenance. It would also provide funding to assist Maine's ports in updating and modernizing their facilities and rail transport access. This upgrading is particularly important as studies have shown that Maine's ports are losing business to southern ports because of inadequate rail transport and access.

Under the bill, an 80/20 Federal/State share grant program would be created. The States could use this money for first, connecting all railroads to ports; second, removing, repairing or replacing bridges or other obstructions that inhibit the use of double-stack rail cars; third, repairing, upgrading and purchasing railbeds and tracks and fourth, constructing, operating and maintaining intermodal truck-train transfer facilities and train maintenance facilities.

Intermodalism is the future, as we have seen from the success of ISTEA. I have seen it at the intermodal facility in my hometown of Auburn, ME. Secretary of Transportation Rodney Slater visited the facility earlier this year with me and other members of the Maine delegation. After the visit, he told me that Auburn was a model facility that he would use in his travels as an example of how well the concept works when done correctly. Our bill will provide States with the flexibility to encourage new facilities and to upgrade current ones. It will provide our businesses with better, faster, more cost effective access to out of State markets and it will increase the viability of our three ports—Portland, Eastport, and Mack Point—by making them more attractive options for shipping and receiving goods.

More important is the basic fact that a modern transportation system is vital to any economic development. Our bill will allow the northern New England States to upgrade their aging infrastructure to ensure that we do not allow future economic development and growth to slip away because we cannot meet the transportation needs of business and industry in the coming years.

By Mr. ROTH:

S. 1088. A bill to suspend temporarily the duty on ACM; to the Committee on Finance.

LEGISLATION TO SUSPEND TEMPORARILY THE DUTY ON ACM

Mr. ROTH. Mr. President, I rise to introduce a bill to suspend the duty through December 31, 1999, on a product commonly known as ACM or [3-(Acetoxy)-3-cyanopropyl] methyl-phosphinic acid butylester, which falls under subheading 2931.00.90 of the Harmonized Tariff Schedule of the United States. ACM is an essential ingredient in the production of glufosinate ammonium, a patented nonselective, broad-spectrum herbicide, manufactured by AgrEvo USA under the brand name Liberty and used primarily in corn and soybean cultivation.

The cost to import ACM currently comprises roughly 90 percent of the total cost of manufacturing glufosinate ammonium. Suspension of this duty will substantially lower AgrEvo's cost of production and thereby improve the company's competitiveness.

By Mr. SPECTER (for himself, Mr. FORD, Mr. SANTORUM, Mr. HARKIN, Mr. INOUYE, Mr. INHOFE, Ms. MIKULSKI, Mrs. BOXER, Mr. ROCKEFELLER, Mr. BRYAN, and Mr. DURBIN):

S. 1089. A bill to terminate the effectiveness of certain amendments to the foreign repair station rules of the Federal Aviation Administration, and for other purposes; to the Committee on Commerce, Science, and Transportation.

AIRCRAFT REPAIR STATION SAFETY ACT OF 1997

Mr. SPECTER. Mr. President, I have sought recognition today to introduce legislation designed to address aviation safety concerns which arise out of the proliferation of aircraft repair facilities outside the United States which are used by airplanes that fly within our Nation every day. This legislation would change current regulations so that U.S. aircraft are repaired to the maximum extent possible by professional U.S. mechanics, properly trained and supervised, using certified parts. This bill also addresses the critical issue of substandard or uncertified airplane parts, known as bogus parts.

I am pleased to be joined by 10 of my Republican and Democratic colleagues in introducing the Aircraft Repair Station Safety Act of 1997, which is similar to a bill introduced by my colleague from Pennsylvania, Congressman BORSKI (H.R. 145) which currently has 135 cosponsors.

A key focus for many of us in the 105th Congress is aviation safety. As a member of the Transportation Appropriations Subcommittee, I have worked with my colleagues to ensure that we spend the maximum amount possible on improving our aviation infrastructure for safety purposes, including altogether new runways, runway extension projects, and new generations of radar and landing systems. Air travel is an essential element of our lives, as millions of Americans use airplanes for personal and business trips. Our economy is deeply rooted in the success of our aviation system, which makes it even more critical that we take all necessary steps to enhance aviation safety.

This legislation is intended to address a regulatory loophole created in November, 1988, when the Federal Aviation Administration promulgated new rules which weakened the restrictions on certification for foreign aircraft repair stations. The 1988 changes have resulted in a situation where FAA certification—the highest seal of approval in the world—is much too easy to obtain. Prior to those changes, a foreign repair facility had to demonstrate that there was a need to service aircraft engaged in international travel before they could get certified. But now, a station can receive FAA certification for the simple goal of attracting U.S. business. I am advised that repair stations in Tijuana, Mexico and Costa Rica applied for and received FAA certification even though few expect these locations to become new hubs for international travel. Instead, these facilities are becoming new hubs for stealing U.S. jobs and could potentially jeopardize aviation safety because of inadequacies in U.S. regulatory oversight.

One example of where work performed on an aircraft at a foreign facility had significant repercussions within the United States was the 1994 engine explosion and fire on a Valujet plane on the runway at Atlanta's Hartsfield International Airport, which necessitated the evacuation of the 57 passengers. According to media reports, the work was done at a Turkish repair station that lacked FAA approval, and whose shabby business practices included plating over a cracked and corroded compressor disk. Had the explosion occurred in midflight, the results could have been catastrophic.

When the 1988 regulations were adopted, the FAA expected that the number of foreign repair stations it certified would rise from the level of 200 to possibly 300 or 400. I understand that there are now nearly 500 such foreign aircraft repair stations with FAA certification. This comes at a time, however, when the FAA is having enough trouble inspecting domestic repair stations and enforcing aviation safety rules within facilities in the 50 States. I find it hard to believe that the FAA has sufficient resources to adequately investigate problems at the 480 foreign aircraft repair facilities in addition to its U.S. responsibilities.

I am advised that one recent phenomenon is that foreign repair facilities are being used by some U.S. carriers on a contract basis as a means of holding down costs, and some have become what have been termed virtual airlines because so little maintenance and repair work is done in-house. Instead of aircraft repair work being done at relatively few sites, countless contractors and subcontractors domestically and abroad are now filling that function.

I would note that the Gore Commission on Aviation Safety and Security stated in its Final Report of February 12, 1997 that:

> Considerable attention has been given to the issue of outsourcing of maintenance and other work, particularly in the wake of the Valujet crash. The Commission does not believe that outsourcing, in and of itself, presents a problem—if it is performed by qualified companies and individuals. *The proper focus of concern should be on the FAA's certification and oversight of any and all companies performing aviation safety functions, including repair stations certificated by the FAA but located outside of the United States.* (Emphasis added.)

A problem is that under the current regulatory framework, foreign aircraft repair stations have not had to demonstrate legitimate need or to meet all the standards and procedures imposed on U.S. stations. For example, I am advised that domestic facilities and their employees must meet rigorous worker surveillance standards including broad drug and alcohol testing requirements. Many other nations seeking to compete do not have these same requirements in place or the same level of enforcement. There is also a discrepancy between the requirement that certain mechanics at a U.S. facility are certified airmen and the absence of such a mandate on certified foreign repair stations. One would think that this requirement is important enough to be imposed wherever a plane which flies within our borders is repaired and maintained. Accordingly, this legislation provides that all standards imposed on domestic repair stations and their employees must be imposed on foreign facilities and their employees.

In sponsoring this legislation, I am not attempting to deprive U.S. carriers of access to foreign repair facilities when necessary. Strategically based foreign repair stations have been part of our aviation network since 1949, when it was recognized that such stations were needed for the repair of U.S. aircraft operating outside our airspace. In addition, foreign manufacturers producing FAA-approved air frames or components have traditionally been allowed to support their products. Further, it is my intention that this legislation would not hinder the repair of U.S. aircraft abroad which do not operate within the United States.

This legislation would not change these accepted practices, but would give the FAA the opportunity to revisit this issue by returning the regulations governing the certification of repair stations to what they were before November, 1988. This legislation is aimed at the proliferation of foreign FAA-certified repair facilities which exist to service aircraft that, except for the cheap labor and lower regulatory oversight, would never leave the United States.

This legislation would also clamp down on the possibility that aircraft repair stations would knowingly use bogus parts instead of properly certified parts. The bogus airplane parts trade has become lucrative and gives real cause for concern. The FAA and law enforcement agencies have cracked down in recent years, resulting in 130 indictments across the country as of May, 1997 of people suspected of being dealers of bogus airplane parts. In one troubling media account, when an American Airlines plane crashed in Colombia in 1995, salvagers extracted valuable components from the plane before even all the bodies were collected and the parts were offered for sale in Miami shortly thereafter. Under this bill, if a facility is found to have knowingly used bogus parts, the FAA will revoke its certification.

In closing, I want to reiterate that the Aircraft Repair Station Safety Act of 1997 is a sensible approach to increased aviation safety. This is more than just a jobs issue; peoples lives and our economy are at stake. At a time when the FAA's resources are stretched thin, I do not believe it is in the public interest to continue to certify foreign aircraft repair facilities which we cannot observe or regulate adequately.

I look forward to working with the members of the Senate Commerce, Science, and Transportation Committee on this issue, as well as the carriers, both passenger and cargo, which operate under current regulations and whom I hope will support this legislation.

By Mr. BURNS (for himself, Mr. JOHNSON, Mr. MCCONNELL, Mr. GRASSLEY, Mr. BROWNBACK, Mr. THURMOND, Mr. HELMS, Mr. DASCHLE, Mr. COCHRAN, Mr. HATCH, Mr. INHOFE, and Mr. CONRAD):

S. 1090. A bill to specify that States may waive requirements relating to commercial drivers' licenses under chapter 313 of title 49, United States Code, with respect to certain farm vehicles, and for other purposes; to the Committee on Commerce, Science, and Transportation.

WAIVER LEGISLATION

Mr. BURNS. Mr. President, today I rise to correct an unintentional Federal burden that has been placed on a sector of our Nation's agricultural community.

The Commercial Motor Vehicle Safety Act of 1986 subjected operators of large trucks and buses to new regulations including the requirement that States devise a commercial driver's license [CDL] program by April 1, 1992.

The intent of this act was to improve highway safety by requiring a higher level of qualification and knowledge for those engaged in commercial trucking activities and was primarily aimed at addressing the safety issue of over-the-road, long-haul truckers.

In 1988, the Federal Highway Administration [FHwA] granted States the authority to waive the CDL requirements for farmers and others who operate large vehicles incidental to their occupations. States retained the right to impose restrictions and conditions on those for whom the waiver was applied.

Unfortunately, the CDL requirement continues to apply to many vehicle operators who are neither a highway safety hazard or engaged in commercial trucking enterprises. Such is the case of those engaged in the unique, seasonal business of harvesting the Nation's crops.

Custom harvesting is a service industry which, for a fee, provides farmers the personnel and equipment necessary to harvest their crops; relieving them of the need to invest, operate and maintain the costly, specialized equipment which can only be utilized on a limited seasonal basis.

Incidental to this service is providing the transportation equipment and drivers necessary to deliver those crops to on-farm or local storage or processing facilities.

This service harvests nearly 60 percent of the Nation's entire wheat crop from my State of Montana to Texas and many wheat growing States in between.

The vast majority of miles driven in providing this service are off-road or on low traffic density rural roads and highways. Because of the unique nature of this business and the substantial investment in equipment, the owner-operator of these predominantly small, family-owned businesses devote a significant amount of time and resources to employee training and safety education which is relevant to the service they provide, rather than simply accepting the generally inappropriate standards based on the urban-suburban driving needs requires for a CDL.

In addition, close supervision of the harvesting and transport activities is provided both during the actual harvesting operations and the movement of equipment from site to site.

Given the failure of the FHwA to acknowledge the unique characteristics of the custom harvesting business and to provide a reasonable waiver to States to determine an appropriate level of regulation for this industry, we are introducing legislation to provide States the authority to grant an exemption from the CDL requirements.

This legislation does not mandate that those engaged in activities such as custom harvesting will be unregulated. It does provide those States, who wish to do so, the opportunity to provide regulatory relief to an industry which is critical to the production of food and fiber in this country.

Mr. President, I ask unanimous consent that additional material be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

JUNE 26, 1997.

Hon. CONRAD BURNS,
U.S. Senate, Washington, DC.

DEAR SENATOR BURNS: Recently you received a letter from Senator Conrad Burns and Tim Johnson requesting your co-sponsorship of legislation to modify the Commercial Driver's License (CDL) requirements for those engaged in custom harvesting and processing of our nation's crops. The membership of the undersigned organizations urge you to join in supporting the legislative relief provided in their bill.

The Commercial Motor Vehicle Safety Act of 1996, required that states develop and implement a CDL program by April 1, 1992 and a drug and alcohol testing program in 1996. It was intended to improve the safety performance of commercial, over-the-road trucking enterprises. In recognition of the unique nature of some trucking activities, the Federal Highway Administration provided States the authority to waive the CDL requirements for farmers, firefighters and others who operate large vehicles as part of their day-to-day business, but who were not engaged in commercial trucking. Individual states retained the ability to develop conditions and restrictions as part of the waiver process. Unfortunately, the CDL requirements still apply to that sector of agriculture which provides an important seasonal service by harvesting this nation's food and fiber crops and delivering the harvest to storage or processing for individual farmers. These businesses pose little safety hazard, and are not engaged in hauling crops on a commercial basis. Their operations predominantly require skills associated with driving off-road or in low traffic density areas. Unlike commercial trucking operations, the drivers involved in the harvest are closely supervised both during the harvest activities and those limited times when they must utilize the nation's highway system to move from farm to farm.

Harvesters and agriculture processors currently provide education, training and experience for drivers that is directly applicable to the conditions those drivers will face throughout their employment. The CDL requirements force the employer to also train their drivers so they can obtain a license which is of little practical use in their workplace. This dual burden is costly, time consuming and has reduced the ability of the industry to find competent employees.

The legislation proposed by Senator Burns and Johnson does not eliminate the CDL requirement for all drivers in all states. It does, however, provide States the opportunity to determine the appropriate level of regulation which should be applied to this important segment of the agriculture industry.

We urge you contact Senator Conrad Burns (Randall Popelka 224-2644) or Senator Tim Johnson (Sarah Dahlin 224-5842) and join them in ensuring that custom harvesters and agriculture processors are able to continue providing this safe, professional, efficient and competitive service which benefits all Americans.

Sincerely,

American Farm Bureau Federation; National Barley Growers Association; National Cotton Ginners Association; U.S. Custom Harvesters, Inc.; National Association of Wheat Growers; National Cotton Council, and the National Grain Sorghum Producers Association.

By Mr. BINGAMAN (for himself and Mr. DOMENICI):

S. 1091. A bill to amend title 23, United States Code, to provide for maintenance of public roads used by schoolbuses serving certain Indian reservations; to the Committee on Environment and Public Works.

THE INDIAN RESERVATION SCHOOL ROADS MAINTENANCE ACT OF 1997

Mr. BINGAMAN. Mr. President, I rise today to introduce the Indian Reservation School Roads Maintenance Act of 1997. This bill, which is being cosponsored by my colleague from New Mexico, Senator DOMENICI, addresses a unique situation with respect to roads in and around Indian reservations and nearby counties that is actually preventing children from getting to and from school safely. Because of the unique nature of this situation, it can only be addressed at the Federal level.

I would like to start with an example of this unique problem and why I believe a Federal solution is necessary. As you can see, Mr. President, this first chart is a map of the Navajo Reservation in New Mexico, Arizona, and Utah. The Navajo Nation is by far the Nation's largest Indian reservation, covering 25,000 square miles. To give you an idea of its size, there are 10 States that are smaller than this reservation. For instance, it is the same size as the State of West Virginia.

According to the Bureau of Indian Affairs, there are 9,000 miles of roads that serve the Navajo Nation. Only one-fifth of these roads are paved—the rest, over 7,000 miles, are dirt roads. The schoolbuses have to use nearly all of the 9,000 miles of roads each and every day to get the kids to and from school.

About 6,400 miles of these roads on the reservation are BIA roads and over 2,500 miles are State and county roads. All public roads within, adjacent to, or leading to the reservation, including BIA, State, and county roads, are considered part of the Indian reservation road system. However, only BIA roads are eligible for Federal maintenance funding from BIA, and generally, construction and improvement funding from the Federal Lands Highways Program in ISTEA is applied to BIA roads. On the other hand, States and counties are responsible for maintenance and improvement of their roads.

Mr. President, the Federal Government is asking the States and counties to bear too large a burden for road maintenance in this unique situation, given the resources most of these counties have. For example, counties around the Navajo Reservation are predominantly comprised of Federal or tribal lands. Three-quarters of McKinley County in my State of New Mexico is either tribal or Federal land, including BLM, Forest Service, and military. This next map is of McKinley County, and as you can see, Mr. President, everything shown on this map that is either orange, yellow, green, or red, is tribal or Federal land. The Indian land area alone comprises 61 percent of the county. As you can see, everything else is county land, which is a very small fraction of total land area. Therefore, there is a very small tax base on which the county can rely as a source of revenue for maintenance purposes. The picture for San Juan County in the northwest corner of New Mexico is very much the same.

Mr. President, families living in and around the reservation are no different from families anywhere else; their children are entitled to the same opportunity to get to school safely and get a good education. However, the miles and miles of unpaved, deficient roads in this vast area are frequently impassable. If the schoolbuses don't get through, the kids simply cannot get to school.

Of the 600 miles of county-maintained roads in McKinley County, 550 miles serve Indian land. Because of the vastness of the reservation, this is a cost that the counties in New Mexico, Arizona, and Utah simply cannot and should not have to bear without Federal assistance. Indeed, because of the large tribal and Federal presence in these counties, it is encumbent upon the Federal Government to provide this assistance.

What my bill does is set aside $10 million from the highway trust fund that counties such as these can apply for to help maintain the roads used by schoolbuses to carry children to school or to a Headstart program. Let me be very clear: these Federal funds can be used only on roads that are located within, or that lead to the reservation, that are on the State or county maintenance system, and that are used by schoolbuses.

Let me just state again, Mr. President, that maintaining schoolbus routes in this vast area is a unique problem that only the Federal Government can effectively deal with.

I don't believe any child wanting to get to and from school safely should have to risk or tolerate unsafe roads. Kids today, particularly in rural areas, already face enough barriers to getting a good education. I ask all Senators to join with me in assuring that all schoolchildren at least have a chance to get to school safely and have an opportunity for an education. I urge all of my colleagues to support this bill.

Mr. President, I ask unanimous consent that the full text of the bill, a summary, a McKinley County Commission resolution, a letter from the McKinley County road superintendent, David Acosta, and a letter from the Northwest New Mexico Council of Governments be included in the RECORD.

There being no objection, the items were ordered to be printed in the RECORD, as follows:

S. 1091

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. INDIAN RESERVATION SCHOOL ROADS.

(a) FUNDING.—Section 1003(a)(6) of the Intermodal Surface Transportation Efficiency Act of 1991 (Public Law 102-240; 105 Stat. 1919) is amended by adding at the end the following:

"(D) INDIAN RESERVATION SCHOOL ROADS.—For maintenance of Indian reservation school roads $10,000,000 for each of fiscal years 1998 through 2003.".

(b) DEFINITION OF INDIAN RESERVATION SCHOOL ROAD.—Section 101 of title 23, United States Code, is amended by inserting after the undesignated paragraph defining "Indian reservation roads" the following:

"The term 'Indian reservation school road' means a public road that—

"(A) is within, is adjacent to, or provides access to an Indian reservation (including associated trust land and restricted Indian land) having a land area of 10,000,000 acres or more; and

"(B) is used by a school bus to transport children to or from a school or Headstart program.".

(c) MAINTENANCE UNDER THE FEDERAL LANDS HIGHWAYS PROGRAM.—Section 204 of title 23, United States Code, is amended—

(1) in the first sentence of subsection (a) by striking "and Indian reservation roads" and inserting "Indian reservation roads, and Indian reservation school roads";

(2) in subsection (b), by inserting after the second sentence the following: "Funds available for Indian reservation school roads shall be used by the Secretary to pay for the cost of maintenance of Indian reservation school roads in accordance with subsection (k).";

(3) in the last sentence of subsection (c), by striking "The Bureau" and inserting "Subject to subsection (k), the Bureau"; and

(4) by adding at the end the following:

"(k) INDIAN RESERVATION SCHOOL ROADS.—

"(1) FUNDING.—A State or county with an Indian reservation school road on its maintenance system may apply for funding from the Secretary for maintenance of the Indian reservation school road, which the Secretary may grant if the Secretary determines that funding for maintenance of the road from other sources is not sufficient to provide maintenance that ensures the safety and welfare of children being transported in a school bus to and from a school or Headstart program.

"(2) METHOD OF CONTRACTING.—All maintenance work funded under this subsection shall be performed—

"(A) by contract awarded by competitive bidding; or

"(B) by a State or county that the Secretary has determined has the ability to administer efficiently funds granted for the maintenance of Indian reservation school roads.

"(3) SUPPLEMENTARY FUNDING.—The Secretary shall ensure that funding made available under this subsection for maintenance of Indian reservation school roads for each fiscal year is supplementary to and not in lieu of any obligation of funds by the Bureau of Indian Affairs for road maintenance programs on Indian reservations.".

BILL SUMMARY—INDIAN RESERVATION SCHOOL ROADS MAINTENANCE ACT OF 1997

The bill creates a new category of funding called "Indian reservation school roads" in the existing Federal Lands Highways Program (ISTEA, section 204 of title 23). This new category is in addition to the existing Indian reservation roads category. The authorized level of funding is $10 million per year for six years from the Highway Trust Fund, other than the mass transit account.

Indian reservation school roads are defined to be public roads that are within, adjacent to, or provide access to an Indian reservation (including associated Indian trust lands and restricted Indian lands) with a land area of at least 10 million acres and are used by school buses to transport children to or from school or Headstart programs.

A state or county with an Indian reservation school road on its maintenance system may apply to the Secretary of Transportation for funding for maintenance of a school bus road. The Secretary may grant funding if the Secretary determines the roads are not being maintained adequately to ensure the safety and welfare of children being transported to and from school or headstart program.

Maintenance work shall be performed by contract awarded by competitive bidding or by a state or county that the Secretary has determined has the ability to administer funds granted for the maintenance of Indian reservation school roads.

Funds provided for maintenance of Indian reservation school roads is supplemental to any funding for maintenance of Indian reservation roads provided by the Bureau of Indian Affairs.

STATE OF NEW MEXICO, COUNTY OF MCKINLEY, RESOLUTION NO. SEP–96–078

Whereas, the McKinley County Board of Commissioners has entered into a intergovernmental agreement with the Navajo Nation and the Bureau of Indian Affairs (BIA) to provide road maintenance on school bus routes within the McKinley County portion of the Navajo Nation; and

Whereas, McKinley County, the Navajo Nation and the BIA are aware of the many additional miles of roads on the reservation that are used for school bus routes but are not maintained due to a shortfall in maintenance funds; and

Whereas, the maintenance of school bus routes is necessary and a benefit to Navajo students and will provide continued access to the public education system in McKinley County; Now, therefore be it

Resolved, That McKinley County requests that in the reauthorization of the ISTEA program in 1997 that the United States Congress allow twenty-five percent (25%) of those funds allocated to the Navajo Nation for new road construction, be set aside for maintenance of existing school bus routes.

Passed, approved and adopted by the governing body at its meeting of September 30, 1996.

COUNTY OF MCKINLEY,
Gallup, NM, August 29, 1996.

Hon. JEFF BINGAMAN,
Senator, New Mexico,
Senate Office Building, Washington, DC.
Attention: Mr. Steve Clemens

DEAR STEVE: McKinley County is responsible for the maintenance of approximately 591.343 miles of roadway. Approximately 450 miles consist of unimproved dirt roads. The majority of roads serve as school bus routes for the Gallup-McKinley County Schools, BIA Schools, and several private and parochial schools. McKinley County is comprised of approximately 5,454 total square miles, with approximately 61% of the land base classified as Native American and BIA lands. McKinley County has approximately 540 miles of maintained roads which provide access to and within the Indian Reservation, Indian Trusts Lands, and Restricted Indian Lands.

Our request is that the upcoming Intermodal Service Transportation Efficiency Act (ISTEA) legislation be modified to provide greater flexibility in the use of ISTEA funds on local roadways, or modify the upcoming reauthorized version of ISTEA to establish a "Rural Area Set Aside for Local Roads". McKinley County would benefit greatly if County Government could become eligible under the Indian Reservation Roads (IRR) set aside funding. Currently the funding consists of $191 million dollars per fiscal year which is allocated directly to Indian Tribes and BIA.

The current legislation prohibits the use of ISTEA Surface Transportation Funds for any roads that are functionally classified as local or rural minor collectors. Since virtually all County roads fall under this category, counties throughout the nation do not currently qualify for ISTEA funding.

On behalf of all counties within New Mexico, we are requesting that the reauthorization of ISTEA funding have the specific language which will provide funding for County Government.

If you have any questions or need further clarification, please do not hesitate to notify me at (505) 722–7171. Thank you for your assistance and support to McKinley County.

Sincerely,

DAVID J. ACOSTA,
Road Superintendent.

NORTHWEST NEW MEXICO
COUNCIL OF GOVERNMENTS,
Gallup, NM, July 25, 1997.

Hon. JEFF BINGAMAN,
U.S. Senate, Hart Building,
Washington, DC.

DEAR SENATOR BINGAMAN: I am writing to express my support and endorsement of your proposed bill pertaining to school bus route roads on the Navajo Nation Reservation. (An amendment to Section 1000 (a)(6) of the Intermodal Surface Transportation Efficiency Act of 1991) The school bus routes in northwest New Mexico, like much of the road network in the region, are not well maintained. McKinley and San Juan Counties public school systems, the BIA, and private schools all provide educational opportunities to children on the Navajo Reservation. The counties' school system, and school bus route system is extensive, yet there are not adequate funds to maintain school bus routes at the county level. Other routes and counties in and around the Navajo Reservation have these same problems.

This additional funding would allow the county school systems to provide safe, adequate transportation of children on the reservation to and from school.

Please contact me if you have any questions.

Sincerely,

PATRICIA LUNDSTROM,
Executive Director.

By Mr. MURKOWSKI:

S. 1092. A bill to provide for a transfer of land interests in order to facilitate surface transportation between the cities of Cold Bay, AK, and King Cove, AK, and for other purposes; to the Committee on Energy and Natural Resources.

Mr. MURKOWSKI. Mr. President, today I rise to introduce legislation to benefit one of Alaska's most isolated regions, the Alaska Peninsula. This bill, The Izembek Refuge Land Exchange Act, provides a balanced approach to a difficult problem. In this remote area, there is a small Aleut Native village, King Cove, which is completely isolated from other Alaska cities and towns, and the rest of the world. The only way you can get to King Cove is by air or sea. And in this part of Alaska, the weather is so bad that neither sea or air is very reliable.

My bill will permit King Cove to be connected to the rest of the world through a road link to Cold Bay, a regional center, and the location of a good, all weather airport which can provide year round and emergency medical evacuation for the residents of King Cove. Currently, when somebody is injured or gravely ill, treatment is at the mercy of weather and sea conditions.

Mr. President, King Cove is a tough place to live and the residents are tough and independent people. Their ancestors migrated to this part of the State thousands of years ago and have made a life out of this area with its rich bounty of fish. But people get sick there just like any place in the country, emergencies happen there more than most other places in America because the lifestyle is so close to the edge.

We have had long debates in this body this year about access to health care. Nowhere does this take on a more dramatic meaning than in King Cove. When I say access, I mean access. That means the actual physical ability to get to a hospital in Anchorage or Seattle to get the specialized health care needed in the event of a serious emergency or sickness. Right now, the residents of King Cove do not have this access. Since 1981, 11 air crash fatalities have occurred flying residentS from King Cove to Cold Bay. Numerous other crashes have also occurred, luckily without fatalities.

Many of these crashes involved flying injured or sick people out of King Cove in an attempt to get emergency care. Often the trip to care is as dangerous as the infliction itself. For example, in 1981, a medivac plane was forced to leave King Cove for an emergency/life and death rescue mission. There was no alternative to this flight and the plane crashed. Four people died including the pilot and the medivac victim. Six years ago another fatal crash occurred with six people killed. The list goes on.

This is a terrible place to have to fly out of if you cannot afford to wait. On medical emergencies, nobody can afford to wait. These residents are predominantly Alaska Natives, Aleuts for the most part. They have a good Alaska Native hospital available to them in Anchorage. In fact, thanks to this body, it is a new hospital with great facilities. But it might as well be on the dark side of the Moon for the residents of King Cove. When they need it, they can't be sure they will be able to get to it.

This legislation provides the solution by allowing ground access to an all-weather runway only 30 miles from King Cove in Cold Bay. In fact, thanks to World War II, Cold Bay has the third longest runway in the State. The runway has modern all weather equipment such as instrument landing systems and many other modern landing system improvements. In the past 4 years, the Cold Bay airport has seen only one instance in which air traffic from Anchorage could not land. It is safe to say that air operations can occur here in virtually all weather and can accommodate the King Cove emergency needs at all times. With no road between King Cove and Cold Bay there will be no hope for those seeking help. My bill would provide a land exchange that will permit the road to be built between King Cove and Cold Bay. This is the reasonable solution.

Mr. President, there is a need for this road, but there will be concerns raised because most of that road will be sited through the Izembek National Wildlife Refuge. This is unavoidable. The refuge is located completely astride the route between King Cove and Cold Bay. This is nobody's fault, and I know that the Fish and Wildlife Service has concerns. I also have concerns and my constituents and I are prepared to do what it takes to minimize the impact of this road on the surrounding area and resources.

The King Cove Corp. has proposed an exchange for valuable wetlands it owns near the refuge for the road right of way. The bulk of the right of way is already owned by King Cove as an inholding in the refuge. Only 7 miles is not owned by King Cove and this is the Federal land which would be exchanged under my bill. That portion is in the wilderness portion of the refuge, but there is no alternative to this except further danger to my constituents and the inevitable death and destruction to future victims of the next air crash.

Mr. President, I stand ready to work with the Fish and Wildlife Service to make this as constructive process as possible, but make no mistake, it is absolutely critical that this road be built. My constituents deserve a way to save their lives in times of emergency. They cannot be hostage to fear for life and limb.

By Mr. KERRY (for himself and Mr. McCAIN):

S. 1093. A bill to extend nondiscriminatory treatment (most-favored-nation treatment) to the products of the Lao People's Democratic Republic, and for other purposes; to the Committee on finance.

LAO PEOPLE'S DEMOCRATIC REPUBLIC MOST-FAVORED-NATION LEGISLATION

Mr. KERRY. Mr. President, today I am introducing legislation, along with Senator McCAIN, to extend nondiscriminatory treatment most-favored-nation treatment to the products of the Lao People's Democratic Republic. To avoid confusion, let me say at the outset that this bill, if enacted into law, would not give Laos special tariff treatment but rather put it on a par with the vast majority of our trading partners. This bill is identical to H.R. 2132, introduced in the House of Representatives by Congressman CRANE. The administration strongly supports this bill.

Recognizing the importance of a free market economy to economic growth and development, Laotian political leaders, in the late 1980's, made a fundamental decision to abandon Laos' centrally planned economic system and adopt free market reforms. Since taking this decision, the Laotian Government has embarked upon a constant process of reform. Over 90 percent of the 600 state-owned enterprises have been privatized. The foreign investment code, first adopted in 1989, was further liberalized in 1994 to make it consistent with World Trade Organization [WTO] standards. Laotian tariffs have been consistently reduced. An import-export regime consistent with WTO standards has been legislated. In 1995 an intellectual property, patent and trademark protection law was enacted. Laos has complied with International Monetary Fund guidelines on fiscal policy, instituted making reforms, and is following stringent fiscal management to reduce inflation.

In recognition of these developments, the Association of Southeast Asian Nations [ASEAN] admitted Laos as a member this month. The Laotian Government is now revising its laws and regulations, as necessary, to be consistent with ASEAN and ASEAN free trade agreement requirements.

The United States and Laos have also taken steps to improve bilateral economic relations. Last year, an OPIC agreement was successfully negotiated. The U.S. Trade Representative's Office and Laotian officials are currently negotiating a bilateral trade agreement, which will also meet WTO standards.

Reform in the economic area has been accompanied by major political changes as well in Laos. All but three political prisoners from the Southeast Asian war era have been released. In 1990 the Laotian Government adopted a constitution and bill of rights based on principles enshrined in the U.S. Constitution. In fact, American lawyers, serving as consultants, played a major role in writing these documents. Nationwide elections by secret ballot in 1992 led to the creation of a new National Assembly. Although still a one-party state, it is worth noting that individual candidates did not have to be Communist Party members to run in the elections, and in fact, several members of the assembly are not Communist Party members. The Laotian Government is also making a concerted effort to enhance the independence of the judiciary.

The United States and Laos have established good working relations, particularly on two issues of great importance to us—POW/MIA and counter narcotics. Extending MFN to Laos makes sense economically, in terms of the Laotian commitment to economic reform, and in terms of our overall bilateral relationship.

Mr. President, I ask unanimous consent that the full text of the bill be printed in the RECORD.

There being no objection, the bill ordered to be printed in the RECORD, as follows:

S. 1093

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. CONGRESSIONAL FINDINGS.

The Congress finds that—

(1) the Lao People's Democratic Republic is striving to shed centralized government control of its economy in favor of market-oriented reforms;

(2) extension of unconditional most-favored-nation treatment would assist the Lao People's Democratic Republic in developing its economy based on free market principles and becoming competitive in the global marketplace;

(3) establishing normal commercial relations on a reciprocal basis with the Lao People's Democratic Republic will promote United States exports to the rapidly growing Southeast Asian region and expand opportunities for United States business and investment in the Lao People's Democratic Republic economy;

(4) United States and Laotian commercial interests would benefit from a commercial agreement between the United States and the Lao People's Democratic Republic providing for market access and the protection of intellectual property rights;

(5) economic reform in the Lao People's Democratic Republic is increasingly important as that country integrates into the ASEAN free-trade area and accedes to the World Trade Organization; and

(6) expanding bilateral trade relations that include a commercial agreement may promote further progress by the Lao People's Democratic Republic on human rights and democratic rule and assist that country in adopting regional and world trading rules and principles.

SEC. 2. EXTENSION OF NONDISCRIMINATORY TREATMENT TO THE PRODUCTS OF THE LAO PEOPLES DEMOCRATIC REPUBLIC.

(a) HARMONIZED TARIFF SCHEDULE AMENDMENT.—General note 3(b) of the Harmonized Tariff Schedule of the United States is amended by striking "Laos".

(b) EFFECTIVE DATE.—The amendment made by subsection (a) applies with respect to goods entered, or withdrawn from warehouse for consumption, on or after the effective date of a notice published in the Federal Register by the United States Trade Representative that a trade agreement obligating reciprocal most-favored-nation treatment between the Lao People's Democratic Republic and the United States has entered into force.

SEC. 3. REPORT TO CONGRESS.

The President shall submit to the Congress, not later than 18 months after the date of the enactment of this Act, a report on the trade relations between the United States and the Lao People's Democratic Republic pursuant to the trade agreement described in section 2(b).

ADDITIONAL COSPONSORS

S. 39

At the request of Mr. MCCAIN, his name was added as a cosponsor of S. 39, a bill to amend the Marine Mammal Protection Act of 1972 to support the International Dolphin Conservation Program in the eastern tropical Pacific Ocean, and for other purposes.

S. 322

At the request of Mr. GRAMS, the names of the Senator from Ohio [Mr. DEWINE], the Senator from Indiana [Mr. COATS], the Senator from Oregon [Mr. WYDEN], and the Senator from Colorado [Mr. ALLARD] were added as cosponsors of S. 322, a bill to amend the Agricultural Market Transition Act to repeal the Northeast Interstate Dairy Compact provision.

S. 539

At the request of Mr. BYRD, his name was added as a cosponsor of S. 539, a bill to exempt agreements relating to voluntary guidelines governing telecast material from the applicability of the antitrust laws.

S. 727

At the request of Mrs. FEINSTEIN, the name of the Senator from Nevada [Mr. REID] was added as a cosponsor of S. 727, A bil to amend the Public Health Service Act and Employee Retirement Income Security Act of 1974 to require that group and individual health insurance coverage and group health plans provide coverage for annual screening mammography for women 40 years of age or older if the coverage or plans include coverage for diagnostic mammography.

S. 766

At the request of Ms. SNOWE, the name of the Senator from Connecticut [Mr. DODD] was added as a cosponsor of S. 766, a bill to require equitable coverage of prescription contraceptive drugs and devices, and contraceptive services under health plans.

S. 859

At the request of Mr. KYL, the name of the Senator from Mississippi [Mr. COCHRAN] was added as a cosponsor of S. 859, a bill to repeal the increase in tax on social security benefits.

S. 1009

At the request of Mr. KENNEDY, the names of the Senator from Minnesota [Mr. WELLSTONE] and the Senator from Illinois [Ms. MOSELEY-BRAUN] were added as cosponsors of S. 1009, a bill to amend the Fair Labor Standards Act of 1938 to increase the Federal minimum wage.

S. 1054

At the request of Mr. COCHRAN, the name of the Senator from Michigan [Mr. ABRAHAM] was added as a cosponsor of S. 1054, a bill to amend title II of the Social Security Act to establish, for purposes of disability determinations under such titles, a uniform minimum level of earnings, for demonstrating ability to engage in substantial gainful activity, at the level currently applicable solely to blind individuals.

S. 1083

At the request of Mr. MACK, the name of the Senator from Georgia [Mr. COVERDELL] was added as a cosponsor of S. 1083, a bill to provide structure for and introduce balance into a policy of meaningful engagement with the People's Republic of China.

SENATE CONCURRENT RESOLUTION 30

At the request of Mr. HELMS, the name of the Senator from Kentucky [Mr. FORD] was added as a cosponsor of Senate Concurrent Resolution 30, a concurrent resolution expressing the sense of the Congress that the Republic of China should be admitted to multilateral economic institutions, including the International Monetary Fund and the International Bank for Reconstruction and Development.

SENATE CONCURRENT RESOLUTION 32

At the request of Mr. HUTCHINSON, the name of the Senator from Kansas [Mr. BROWNBACK] was added as a cosponsor of Senate Concurrent Resolution 32, a concurrent resolution recognizing and commending American airmen held as political prisoners at the Buchenwald concentration camp during World War II for their service, bravery, and, fortitude.

SENATE CONCURRENT RESOLUTION 45

At the request of Mr. GLENN, the names of the Senator from Delaware [Mr. BIDEN], and the Senator from North Carolina [Mr. HELMS] were added as cosponsors of Senate Concurrent Resolution 45, a concurrent resolution commending Dr. Hans Blix for his distinguished service as Director General of the International Atomic Energy Agency on the occasion of his retirement.

SENATE RESOLUTION 102

At the request of Mr. SPECTER, the names of the Senator from California [Mrs. FEINSTEIN], the Senator from South Dakota [Mr. JOHNSON], the Senator from Utah [Mr. HATCH], the Senator from Florida [Mr. MACK], the Senator from Massachusetts [Mr. KERRY], and the Senator from Michigan [Mr. ABRAHAM] were added as cosponsors of Senate Resolution 102, a resolution designating August 15, 1997, as "Indian Independence Day: A National Day of Celebration of Indian and American Democracy."

AMENDMENT NO. 1027

At the request of Mr. KENNEDY his name was added as a cosponsor of amendment No. 1027 proposed to S. 1022, an original bill making appropriations for the Departments of Commerce, Justice, and State, the Judiciary, and related agencies for the fiscal year ending September 30, 1998, and for other purposes.

SENATE CONCURRENT RESOLUTION 46—ORIGINAL RESOLUTION REPORTED BY THE COMMITTEE ON FOREIGN RELATIONS

Mr. HELMS, from the Committee on Foreign Relations, reported the following original resolution; which was placed on the calendar:

S. CON. RES. 46

Whereas on July 30, 1997, two terrorist bombs exploded almost simultaneously in an open air Jerusalem market, killing at least 18 people, and wounding more than 100, and

Whereas this attack is a violent and vicious attack against the peace process and against the people of Israel: Now, therefore, be it

Resolved by the Senate (the House of Representatives concurring), That the Congress—

(1) Expresses the deep condolences of the Congress and the American people to the people of Israel for the loss of life and the serious injuries that have been suffered in the terrorist bombing in the Jerusalem market and expresses the solidarity of the American people with the people of Israel in the wake of this tragic and senseless act;

(2) Expresses the determination of the Congress to join with the government of Israel in fighting against terrorism;

(3) Urges Yasser Arafat and officials of the Palestinian Authority to do more to combat terrorism and to eliminate terrorist networks in areas under their control;

(4) Calls on Yasser Arafat and officials of the Palestinian Authority to cooperate more intensively with the Israeli government in fighting terrorism; and

(5) Reaffirms the commitment of the United States Congress to peace in the Middle East and urges all parties to work together to bring an end to terrorism and to promote lasting peace and security in the region.

THE REPREHENSIBLE BOMBING IN JERUSALEM

Mr. HELMS. Mr. President, this morning, the Foreign Relations Committee approved and sent to the Senate an original resolution—Senate Concurrent Resolution 46—condemning the terrorist attack in Israel at 1:15 p.m. Wednesday afternoon, Israel time, when two terrorists entered a market in the center of Jerusalem and blew themselves up, killing at least 12 Israelis, and leaving 120 wounded, at least 20 of whom are described in critical condition.

Mr. President, the reason for this attack was probably yesterday's announcement that the peace talks between Israel and the Palestinians were about to resume. Clearly, the terrorists decided to try to derail the peace process by murdering innocent people. They perhaps have succeeded, because the peace process, Mr. President, is meaningless if there is no security for the people of Israel.

It is reported that Yasser Arafat telephoned Prime Minister Netanyahu to apologize for the bombing. He has had ample practice in issuing apologies and regrets for Palestinian attacks on Jews. But rhetoric is cheap. The question all of us must ask is: "Has Yasser Arafat done what it takes to rid the territories under his control of terrorists?" The answer to that is obvious: no.

The United States has done a great deal, too much, some contend, to support the Palestinian Authority. What has the Authority done to crack down on terror? Not nearly enough. Palestinian police officials are implicated in murders; terrorists are operating freely in areas under the Palestinian Authority's control.

Now dozens of innocent people lie dead and wounded. Not soldiers. Not military or police personnel. Just innocent people—mothers, fathers, children. There is no peace in this process.

SENATE RESOLUTION 110—RELATIVE TO THE SENATE FLOOR

Mr. WYDEN (for himself and Mr. WARNER) submitted the following resolution; which was referred to the Committee on Rules and Administration:

S. RES. 110

Resolved, That an individual with a disability who has or is granted the privilege of the Senate floor under rule XXIII of the Standing Rules of the Senate may bring necessary supporting aids and services (including service dogs, wheelchairs, and interpreters) on the Senate floor, unless the Senate Sergeant at Arms determines that the use of such supporting aids and services would place a significant difficulty or expense on the operations of the Senate in accordance with paragraph 2 of rule 4 of the Rules for Regulation of the Senate Wing of the United States Capitol.

AMENDMENTS SUBMITTED

THE INTERNATIONAL DOLPHIN CONSERVATION PROGRAM ACT

SNOWE (AND OTHERS) AMENDMENT NO. 1045

Ms. SNOWE (for herself, Mr. BREAUX, Mr. STEVENS, and Mr. MCCAIN) proposed an amendment to the bill (S. 39) to amend the Marine Mammal Protection Act of 1972 to support the International Dolphin Conservation Program in the eastern tropical Pacific Ocean, and for other purposes; as follows:

In lieu of the matter proposed to be inserted by the committee amendment, insert the following:

SECTION 1. SHORT TITLE; REFERENCES.

(a) SHORT TITLE.—This Act may be cited as the "International Dolphin Conservation Program Act".

(b) REFERENCES TO MARINE MAMMAL PROTECTION ACT.—Except as otherwise expressly provided, whenever in this Act an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Marine Mammal Protection Act of 1972 (16 U.S.C. 1361 et seq.).

SEC. 2. PURPOSES AND FINDINGS.

(a) PURPOSES.—The purposes of this Act are—

(1) to give effect to the Declaration of Panama, signed October 4, 1995, by the Governments of Belize, Colombia, Costa Rica, Ecuador, France, Honduras, Mexico, Panama, Spain, the United States of America, Vanuatu, and Venezuela, including the establishment of the International Dolphin Conservation Program, relating to the protection of dolphins and other species, and the conservation and management of tuna in the eastern tropical Pacific Ocean;

(2) to recognize that nations fishing for tuna in the eastern tropical Pacific Ocean have achieved significant reductions in dolphin mortality associated with that fishery; and

(3) to eliminate the ban on imports of tuna from those nations that are in compliance with the International Dolphin Conservation Program.

(b) FINDINGS.—The Congress finds that—

(1) the nations that fish for tuna in the eastern tropical Pacific Ocean have achieved significant reductions in dolphin mortality associated with the purse seine fishery from hundreds of thousands annually to fewer than 5,000 annually;

(2) the provisions of the Marine Mammal Protection Act of 1972 that impose a ban on imports from nations that fish for tuna in the eastern tropical Pacific Ocean have served as an incentive to reduce dolphin mortalities;

(3) tuna canners and processors of the United States have led the canning and processing industry in promoting a dolphin-safe tuna market; and

(4) 12 signatory nations to the Declaration of Panama, including the United States, agreed under that Declaration to require that the total annual dolphin mortality in the purse seine fishery for yellowfin tuna in the eastern tropical Pacific Ocean not exceed 5,000 animals, with the objective of progressively reducing dolphin mortality to a level approaching zero through the setting of annual limits and with the goal of eliminating dolphin mortality.

SEC. 3. DEFINITIONS.

Section 3 (16 U.S.C. 1362) is amended by adding at the end the following new paragraphs:

"(28) The term 'International Dolphin Conservation Program' means the international program established by the agreement signed in LaJolla, California, in June, 1992, as formalized, modified, and enhanced in accordance with the Declaration of Panama.

"(29) The term 'Declaration of Panama' means the declaration signed in Panama City, Republic of Panama, on October 4, 1995.".

SEC. 4. AMENDMENTS TO TITLE I.

(a) EXCEPTIONS TO MORATORIUM.—Section 101(a)(2) (16 U.S.C. 1371(a)(2)) is amended—

(1) by inserting after the first sentence "Such authorizations may be granted under title III with respect to purse seine fishing for yellowfin tuna in the eastern tropical Pacific Ocean, subject to regulations prescribed under that title by the Secretary without regard to section 103."; and

(2) by striking the semicolon in the second sentence and all that follows through "practicable".

(b) DOCUMENTATION REQUIRED.—Section 101(a)(2) (16 U.S.C. 1371(a)(2)) is further amended—

(1) by striking subparagraph (B) and inserting the following:

"(B) in the case of yellowfin tuna harvested with purse seine nets in the eastern tropical Pacific Ocean, and products therefrom, to be exported to the United States, shall require that the government of the exporting nation provide documentary evidence that—

"(i)(I) the tuna or products therefrom were not banned from importation under this paragraph before the effective date of section 4 of the International Dolphin Conservation Program Act; or

"(II) the tuna or products therefrom were harvested after the effective date of section 4 of the International Dolphin Conservation Program Act by vessels of a nation which participates in the International Dolphin

Conservation Program, and such harvesting nation is either a member of the Inter-American Tropical Tuna Commission or has initiated (and within 6 months thereafter completed) all steps required of applicant nations, in accordance with article V, paragraph 3 of the Convention establishing the Inter-American Tropical Tuna Commission, to become a member of that organization;

"(ii) such nation is meeting the obligations of the International Dolphin Conservation Program and the obligations of membership in the Inter-American Tropical Tuna Commission, including all financial obligations; and

"(iii) the total dolphin mortality limits, and per-stock per-year dolphin mortality limits permitted for that nation's vessels under the International Dolphin Conservation Program do not exceed the limits determined for 1997, or for any year thereafter, consistent with the objective of progressively reducing dolphin mortality to a level approaching zero through the setting of annual limits and the goal of eliminating dolphin mortality, and requirements of the International Dolphin Conservation program;";

(2) by redesignating subparagraphs (C), (D), and (E) as subparagraphs (D), (E), and (F), respectively;

(3) by inserting after subparagraph (B) the following:

"(C) shall not accept such documentary evidence if—

"(i) the government of the harvesting nation does not provide directly or authorize the Inter-American Tropical Tuna commission to release complete and accurate information to the Secretary in a timely manner—

"(I) to allow determination of compliance with the International Dolphin Conservation Program; and

"(II) for the purposes of tracking and verifying compliance with the minimum requirements established by the Secretary in regulations promulgated under subsection (f) of the Dolphin Protection Consumer Information Act (16 U.S.C. 1385(f)); or

"(ii) after taking into consideration such information, funding of the Inter-American Tropical Tuna Commission, and any other relevant information, including information that a nation is consistently failing to take enforcement actions on violations which diminish the effectiveness of the International Dolphin Conservation Program, the Secretary, in consultation with the Secretary of State, finds that the harvesting nation is not in compliance with the International Dolphin Conservation Program."; and

(4) by striking "subparagraph (E)" in the matter after subparagraph (F), as redesignated by paragraph (2) of this subsection, and inserting "subparagraph (F)".

(c) CERTAIN INCIDENTAL TAKINGS.—Section 101 (16 U.S.C. 1371) is further amended by adding at the end the following new subsection:

"(e) ACT NOT TO APPLY TO INCIDENTAL TAKINGS BY UNITED STATES CITIZENS EMPLOYED ON FOREIGN VESSELS OUTSIDE THE UNITED STATES EEZ.—The provisions of this Act shall not apply to a citizen of the United States who incidentally takes any marine mammal during fishing operations outside the United States exclusive economic zone (as defined in section 3 of the Magnuson-Stevens Fishery Conservation and Management Act (16 U.S.C. 1802) when employed on a foreign fishing vessel of a harvesting nation which is in compliance with the International Dolphin Conservation Program.".

(d) PERMITS.—Section 104(h) (16 U.S.C. 1374(h)) is amended to read as follows:

"(h) GENERAL PERMITS.—

"(1) Consistent with the regulations prescribed pursuant to section 103 of this title and the requirements of section 101 of this title, the Secretary may issue an annual permit to a United States purse seine fishing vessel for the taking of such marine mammals, and shall issue regulations to cover the use of any such annual permits.

"(2) Such annual permits for the incidental taking of marine mammals in the course of commercial purse seine fishing for yellowfin tuna in the eastern tropical Pacific Ocean shall be governed by section 306 of this Act, subject to the regulations issued pursuant to section 303 of this Act."

(e) INTERNATIONAL NEGOTIATIONS.—Section 108(a)(2) (16 U.S.C. 1378(a)(2)) is amended—

(1) by striking "and" at the end of subparagraph (A);

(2) by inserting after subparagraph (B) the following:

"(C) negotiations to revise the Convention for the Establishment of an Inter-American Tropical Tuna Commission (1 U.S.T. 230; TIAS 2044) which will incorporate—

"(i) the conservation and management provisions agreed to by the nations which have signed the Declaration of Panama and in the Straddling Fish Stocks and Highly Migratory Fish Stocks Agreement, as opened for signature on December 4, 1995; and

"(ii) a revised schedule of annual contributions to the expenses of the Inter-American Tropical Tuna Commission that is equitable to participating nations; and

"(D) discussions with those countries participating, or likely to participate, in the International Dolphin Conservation Program, for the purpose of identifying sources of funds needed for research and other measures promoting effective protection of dolphins, other marine species, and the marine ecosystem;".

(f) RESEARCH GRANTS.—Section 110(a) (16 U.S.C. 1380(a)) is amended—

(1) by striking "(1)" in paragraph (1); and

(2) by striking paragraph (2).

SEC. 5. AMENDMENTS TO DOLPHIN PROTECTION CONSUMER INFORMATION ACT.

(a) LABELING STANDARD.—Subsection (d) of the Dolphin Protection Consumer Information Act (16 U.S.C. 1385(d)) is amended to read as follows:

"(d) LABELING STANDARD.—

"(1) It is a violation of section 5 of the Federal Trade Commission Act (15 U.S.C. 45) for any producer, importer, exporter, distributor, or seller of any tuna product that is exported from or offered for sale in the United States to include on the label of that product the term 'dolphin safe' or any other term or symbol that falsely claims or suggests that the tuna contained in the product were harvested using a method of fishing that is not harmful to dolphins if the product contains tuna harvested—

"(A) on the high seas by a vessel engaged in driftnet fishing;

"(B) outside the eastern tropical Pacific Ocean by a vessel using purse seine nets—

"(i) in a fishery in which the Secretary has determined that a regular and significant association occurs between dolphins and tuna (similar to the association between dolphins and tuna in the eastern tropical Pacific Ocean), unless such product is accompanied by a written statement, executed by the captain of the vessel and an observer participating in a national or international program acceptable to the Secretary, certifying that no purse seine net was intentionally deployed on or used to encircle dolphins during the particular voyage on which the tuna were caught and no dolphins were killed or seriously injured in the sets in which the tuna were caught; or

"(ii) in any other fishery (other than a fishery described in subparagraph (D)) unless the product is accompanied by a written statement executed by the captain of the vessel certifying that no purse seine net was intentionally deployed on or used to encircle dolphins during the particular voyage on which the tuna was harvested;

"(C) in the eastern tropical Pacific Ocean by a vessel using a purse seine net unless the tuna meet the requirements for being considered dolphin safe under paragraph (2); or

"(D) by a vessel in a fishery other than one described in subparagraph (A), (B), or (C) that is identified by the Secretary as having a regular and significant mortality or serious injury of dolphins, unless such product is accompanied by a written statement executed by the captain of the vessel and an observer participating in a national or international program acceptable to the Secretary that no dolphins were killed or seriously injured in the sets or other gear deployments in which the tuna were caught, provided that the Secretary determines that such an observer statement is necessary.

"(2) For purposes of paragraph (1)(C), a tuna product that contains tuna harvested in the eastern tropical Pacific Ocean by a vessel using purse seine nets is dolphin safe if—

"(A) the vessel is of a type and size that the Secretary has determined, consistent with the International Dolphin Conservation Program, is not capable of deploying its purse seine nets on or to encircle dolphins; or

"(B)(i) the product is accompanied by a written statement executed by the captain providing the certification required under subsection (h);

"(ii) the product is accompanied by a written statement executed by—

"(I) the Secretary or the Secretary's designee;

"(II) a representative of the Inter-American Tropical Tuna Commission; or

"(III) an authorized representative of a participating nation whose national program meets the requirements of the International Dolphin Conservation Program,

which states that there was an observer approved by the International Dolphin Conservation Program on board the vessel during the entire trip and that such observer provided the certification required under subsection (h); and

"(iii) the statements referred to in clauses (i) and (ii) are endorsed in writing by each exporter, importer, and processor of the product; and

"(C) the written statements and endorsements referred to in subparagraph (B) comply with regulations promulgated by the Secretary which provide for the verification of tuna products as dolphin safe.

"(3)(A) The Secretary of Commerce shall develop an official mark that may be used to label tuna products as dolphin safe in accordance with this Act.

"(B) A tuna product that bears the dolphin safe mark developed under subparagraph (A) shall not bear any other label or mark that refers to dolphins, porpoises, or marine mammals.

"(C) It is a violation of section 5 of the Federal Trade Commission Act (15 U.S.C. 45) to label a tuna product with any label or mark that refers to dolphins, porpoises, or marine mammals other than the mark developed under subparagraph (A) unless—

"(i) no dolphins were killed or seriously injured in the sets or other gear deployments in which the tuna were caught;

"(ii) the label is supported by a tracking and verification program which is comparable in effectiveness to the program established under subsection (f); and

"(iii) the label complies with all applicable labeling, marketing, and advertising laws and regulations of the Federal Trade Commission, including any guidelines for environmental labeling.

"(D) If the Secretary determines that the use of a label referred to in subparagraph (C) is substantially undermining the conservation goals of the International Dolphin Conservation Program, the Secretary shall report that determination to the United States Senate Committee on Commerce, Science, and Transportation and the United States House of Representatives Committees on Resources and on Commerce, along with recommendations to correct such problems.

"(E) It is a violation of section 5 of the Federal Trade Commission Act (15 U.S.C. 45) willingly and knowingly to use a label referred to in subparagraph (C) in a campaign or effort to mislead or deceive consumers about the level of protection afforded dolphins under the International Dolphin Conservation Program.''.

(b) Tracking Regulations.—Subsection (f) of the Dolphin Protection Consumer Information Act (16 U.S.C. 1385(f)) is amended to read as follows:

"(f) Regulations.—The Secretary, in consultation with the Secretary of the Treasury, shall issue regulations to implement this Act, including regulations to establish a domestic tracking and verification program that provides for the effective tracking of tuna labeled under subsection (d). In the development of these regulations, the Secretary shall establish appropriate procedures for ensuring the confidentiality of proprietary information the submission of which is voluntary or mandatory. The regulations shall address each of the following items:

"(1) The use of weight calculation for purposes of tracking tuna caught, landed, processed, and exported.

"(2) Additional measures to enhance current observer coverage, including the establishment of criteria for training, and for improving monitoring and reporting capabilities and procedures.

"(3) The designation of well location, procedures for sealing holds, procedures for monitoring and certifying both above and below deck, or through equally effective methods, the tracking and verification of tuna labeled under subsection (d).

"(4) The reporting, receipt, and database storage of radio and facsimile transmittals from fishing vessels containing information related to the tracking and verification of tuna, and the definition of set.

"(5) The shore-based verification and tracking throughout the fishing, transshipment, and canning process by means of Inter-American Tropical Tuna Commission trip records or otherwise.

"(6) The use of periodic audits and spot checks for caught, landed, and processed tuna products labeled in accordance with subsection (d).

"(7) The provision of timely access to data required under this subsection by the Secretary from harvesting nations to undertake the actions required in paragraph (6) of this paragraph.

The Secretary may make such adjustments as may be appropriate to the regulations promulgated under this subsection to implement an international tracking and verification program that meets or exceeds the minimum requirements established by the Secretary under this subsection.''.

(c) Findings Concerning Impact on Depleted Stocks.—The Dolphin Protection Consumer Information Act (16 U.S.C. 1385) is amended by striking subsections (g), (h), and (i) and inserting the following:

"(g) Secretarial Findings.—(1) Between March 1, 1999, and March 31, 1999, the Secretary shall, on the basis of the research conducted before March 1, 1999, under section 304(a) of the Marine Mammal Protection Act of 1972, information obtained under the International Dolphin Conservation Program, and any other relevant information, make an initial finding regarding whether the intentional deployment on or encirclement of dolphins with purse seine nets is having a significant adverse impact on any depleted dolphin stock in the eastern tropical Pacific Ocean. The initial finding shall be published immediately in the Federal Register and shall become effective upon a subsequent date determined by the Secretary.

"(2) Between July 1, 2001, and December 31, 2002, the Secretary shall, on the basis of the completed study conducted under section 304(a) of the Marine Mammal Protection Act of 1972, information obtained under the International Dolphin Conservation Program, and any other relevant information, make a finding regarding whether the intentional deployment on or encirclement of dolphins with purse seine nets is having a significant adverse impact on any depleted dolphin stock in the eastern tropical Pacific Ocean. The finding shall be published immediately in the Federal Register and shall become effective upon a subsequent date determined by the Secretary.

"(h) Certification by Captain by Observer.—

"(1) Unless otherwise required by paragraph (2), the certification by the captain under subsection (d)(2)(B)(i) and the certification provided by the observer as specified in subsection (d)(2)(B)(ii) shall be that no dolphins were killed or seriously injured during the sets in which the tuna were caught.

"(2) The certification by the captain under subsection (d)(2)(B)(i) and the certification provided by the observer as specified under subsection (d)(2)(B)(ii) shall be that no tuna were caught on the trip in which such tuna were harvested using a purse seine net intentionally deployed on or to encircle dolphins, and that no dolphins were killed or seriously injured during the sets in which the tuna were caught, if the tuna were caught on a trip commencing—

"(A) before the effective date of the initial finding by the Secretary under subsection (g)(1);

"(B) after the effective date of such initial finding and before the effective date of the finding of the Secretary under subsection (g)(2), where the initial finding is that the intentional deployment on or encirclement of dolphins is having a significant adverse impact on any depleted dolphin stock; or

"(C) after the effective date of the finding under subsection (g)(2), where such finding is that the intentional deployment of or encirclement of dolphins is having a significant adverse impact on any such depleted stock.''.

SEC. 6. AMENDMENTS TO TITLE III.

(a) Change of Title Heading.—The heading of title III is amended to read as follows:

"TITLE III—INTERNATIONAL DOLPHIN CONSERVATION PROGRAM''.

(b) Additional Findings.—Section 301 (16 U.S.C. 1411) is amended—

(1) by striking paragraph (4) of subsection (a) and inserting the following:

"(4) Nations harvesting yellowfin tuna in the eastern tropical Pacific Ocean have demonstrated their willingness to participate in appropriate multilateral agreements to reduce dolphin mortality progressively to a level approaching zero through the setting of annual limits, with the goal of eliminating dolphin mortality in that fishery. Recognition of the International Dolphin Conservation Program will assure that the existing trend of reduced dolphin mortality continues, that individual stocks of dolphins are adequately protected; and that the goal of eliminating all dolphin mortality continues to be a priority.''; and

(2) by striking paragraphs (2) and (3) of subsection (b) and inserting the following:

"(2) support the International Dolphin Conservation Program and efforts within the Program to reduce, with the goal of eliminating, the mortality referred to in paragraph (1);

"(3) ensure that the market of the United States does not act as an incentive to the harvest of tuna caught with driftnets or caught by purse seine vessels in the eastern tropical Pacific Ocean not operating in compliance with the International Dolphin Conservation Program;''.

(c) Title III (16 U.S.C. 1411 et seq.) is amended by striking sections 302 through 306 (16 U.S.C. 1412 through 1416) and inserting the following:

"SEC. 302. INTERNATIONAL DOLPHIN CONSERVATION PROGRAM.

"The Secretary of State, in consultation with the Secretary, shall seek to secure a binding international people to establish an International Dolphin Conservation Program that requires—

"(1) that the total annual dolphin mortality in the purse seine fishery for yellowfin tuna in the eastern tropical Pacific Ocean shall not exceed 5,000 animals with a commitment and objective to progressively reduce dolphin mortality to a level approaching zero through the setting of annual limits;

"(2) the establishment of a per-stock per-year dolphin mortality limit, to be in effect through calendar year 2000, at a level between 0.2 percent and 0.1 percent of the minimum population estimate, as calculated, revised, or approved by the Secretary;

"(3) the establishment of a per-stock per-year dolphin mortality limit, beginning with the calendar year 2001, at a level less than or equal to 0.1 percent of the minimum population estimate as calculated, revised, or approved by the Secretary;

"(4) that if a dolphin mortality limit is exceeded under—

"(A) paragraph (1), all sets on dolphins shall cease for the applicable fishing year; and

"(B) paragraph (2) or (3), all sets on the stocks covered under paragraph (2) or (3) and any mixed schools that contain any of those stocks shall cease for the applicable fishing year;

"(5) a scientific review and assessment to be conducted in calendar year 1998 to—

"(A) assess progress in meeting the objectives set for calendar year 2000 under paragraph (2); and

"(B) as appropriate, consider recommendations for meeting these objectives;

"(6) a scientific review and assessment to be conducted in calendar year 2000—

"(A) to review the stocks covered under paragraph (3); and

"(B) as appropriate to consider recommendations to further the objectives set under that paragraph;

"(7) the establishment of a per vessel maximum annual dolphin mortality limit consistent with the established per-year mortality limits, as determined under paragraphs (1) through (3); and

"(8) the provision of a system of incentives to vessel captains to continue to reduce dolphin mortality, with the goal of eliminating dolphin mortality.

"SEC. 303. REGULATORY AUTHORITY OF THE SECRETARY.

"(a) REGULATIONS.—

"(1) The Secretary shall issue regulations, and revise those regulations as may be appropriate, to implement the International Dolphin Conservation Program.

"(2)(A) The Secretary shall issue regulations to authorize and govern the taking of marine mammals in the eastern tropical Pacific Ocean, including any species of marine mammal designated as depleted under this Act but not listed as endangered or threatened under the Endangered Species Act (16 U.S.C. 1531 et seq.), by vessels of the United States participating in the International Dolphin Conservation Program.

"(B) Regulations issued under this section shall include provisions—

"(i) requiring observers on each vessel;

"(ii) requiring use of the backdown procedure or other procedures equally or more effective in avoiding mortality of, or serious injury to, marine mammals in fishing operations;

"(iii) prohibiting intentional sets on stocks and schools in accordance with the International Dolphin Conservation Program;

"(iv) requiring the use of special equipment, including dolphin safety panels in nets, monitoring devices as identified by the International Dolphin Conservation Program to detect unsafe fishing conditions that may cause high incidental dolphin mortality before nets are deployed by a tuna vessel, operable rafts, speedboats with towing bridles, floodlights in operable condition, and diving masks and snorkels;

"(v) ensuring that the backdown procedure during sets of purse seine net on marine mammals is completed and rolling of the net to sack up has begun no later than 30 minutes before sundown;

"(vi) banning the use of explosive devices in all purse seine operations;

"(vii) establishing per vessel maximum annual dolphin mortality limits, total dolphin morality limits and per-stock per-year mortality limits in accordance with the International Dolphin Conservation Program;

"(viii) preventing the making of intentional sets on dolphins after reaching either the vessel maximum annual dolphin mortality limits, total dolphin mortality limits, or per-stock per-year mortality limits;

"(ix) preventing the fishing on dolphins by a vessel without an assigned vessel dolphin mortality limit;

"(x) allowing for the authorization and conduct of experimental fishing operations, under such terms and conditions as the Secretary may prescribe, for the purpose of testing proposed improvements in fishing techniques and equipment that may reduce or eliminate dolphin mortality or serious injury do not require the encirclement of dolphins in the course of commercial yellowfin tuna fishing;

"(xi) authorizing fishing within the area covered by the International Dolphin Conservation Program by vessels of the United States without the use of special equipment or nets if the vessel takes an observer and does not internationally deploy nets on, or encircle, dolphins, under such terms and conditions as the Secretary may prescribe; and

"(xii) containing such other restrictions and requirements as the Secretary determines are necessary to implement the International Dolphin Conservation Program with respect to vessels of the United States.

"(C) ADJUSTMENTS TO REQUIREMENTS.—The Secretary may make such adjustments as may be appropriate to requirements of subparagraph (B) that pertain to fishing gear, vessel equipment, and fishing practices to the extent the adjustments are consistent with the International Dolphin Conservation Program.

"(b) CONSULTATION.—In developing any regulation under this section, the Secretary shall consult with the Secretary of State, the Marine Mammal Commission, and the United States Commissioners to the Inter-American Tropical Tuna Commission appointed under section 3 of the Tuna Conventions Act of 1950 (16 U.S.C. 952).

"(c) EMERGENCY REGULATIONS.—

"(1) If the Secretary determine, on the basis of the best scientific information available (including research conducted under section 304 and information obtained under the International Dolphin Conservation Program) that the incidental mortality and serious injury of marine mammals authorized under this title is having, or is likely to have, a significant adverse impact on a marine mammal stock or species, the Secretary shall—

"(A) notify the Inter-American Tropical Tuna Commission of his or her determination, along with recommendations to the Commission as to actions necessary to reduce incidental mortality and serious injury and mitigate such adverse impact; and

"(B) prescribe emergency regulations to reduce incidental mortality and serious injury and mitigate such adverse impact.

"(2) Before taking action under subparagraph (A) or (B) of paragraph (1), the Secretary shall consult with the Secretary of State, the Marine Mammal Commission, and the United States Commissioners to the Inter-American Tropical Tuna Commission.

"(3) Emergency regulations prescribed under this subsection—

"(A) shall be published in the Federal Register, together with an explanation thereof;

"(B) shall remain in effect for the duration of the applicable fishing year; and

"(C) may be terminated by the Secretary at an earlier date by publication in the Federal Register of a notice of termination if the Secretary determines that the reasons for the emergency no longer exist.

"(4) If the Secretary finds that the incidental mortality and serious injury of marine mammals in the yellowfin tuna fishery in the eastern tropical Pacific Ocean is continuing to have a significant adverse impact on a stock or species, the Secretary may extend the emergency regulations for such additional periods as may be necessary.

"(5) Within 120 days after the Secretary notifies the United States Commissioners to the Inter-American Tropical Tuna Commission of the Secretary's determination under paragraph (1)(A), the United States Commissioners shall call for a special meeting of the Commission to address the actions necessary to reduce incidental mortality and serious injury and mitigate the adverse impact which resulted in the determination. The Commissioners shall report the results of the special meeting in writing to the Secretary and to the Secretary of State. In their report, the Commissioners shall—

"(A) include a description of the actions taken by the harvesting nations or under the International Dolphin Conservation Program to reduce the incidental mortality and serious injury and measures to mitigate the adverse impact on the marine mammal species or stock;

"(B) indicate whether, in their judgment, the actions taken address the problem adequately; and

"(C) if they indicate that the actions taken do not address the problem adequately, include recommendations of such additional action to be taken as may be necessary.

"SEC. 304. RESEARCH.

"(a) REQUIRED RESEARCH.—

"(1) IN GENERAL.—The Secretary shall, in consultation with the Marine Mammal Commission and the Inter-American Tropical Tuna Commission, conduct a study of the effect of intentional encirclement (including chase) on dolphins and dolphin stocks incidentally taken in the course of purse seine fishing for yellowfin tuna in the eastern tropical Pacific Ocean. The study, which shall commence on October 1, 1997, shall consist of abundance surveys as described in paragraph (2) and stress studies as described in paragraph (3), and shall address the question of whether such encirclement is having a significant adverse impact on any depleted dolphin stock in the eastern tropical Pacific Ocean.

"(2) POPULATION ABUNDANCE SURVEYS.—The abundance surveys under this subsection shall survey the abundance of such depleted stocks and shall be conducted during each of the calendar years 1998, 1999, and 2000.

"(3) STRESS STUDIES.—The stress studies under this subsection shall include—

"(A) a review of relevant stress-related research and a 3-year series of necropsy samples from dolphins obtained by commercial vessels;

"(B) a 1-year review of relevant historical demographic and biological data related to dolphins and dolphin stocks referred to in paragraph (1); and

"(C) an experiment involving the repeated chasing and capturing of dolphins by means of intentional encirclement.

"(4) REPORT.—No later than 90 days after publishing the finding under subsection (g)(2) of the Dolphin Protection Consumer Information Act, the Secretary shall complete and submit a report containing the results of the research described in this subsection to the United States Senate Committee on Commerce, Science, and Transportation and the United States House of Representative Committees on Resources and on Commerce, and to the Inter-American Tropical Tuna Commission.

"(b) OTHER RESEARCH.—

"(1) IN GENERAL.—In addition to conducting the research described in subsection (a), the Secretary shall, in consultation with the Marine Mammal Commission and in cooperation with the nations participating in the International Dolphin Conservation Program and the Inter-American Tropical Tuna Commission, undertake or support appropriate scientific research to further the goals of the International Dolphin Conservation Program.

"(2) SPECIFIC AREAS OF RESEARCH.—Research carried out under paragraph (1) may include—

"(A) projects to devise cost-effective fishing methods and gear so as to reduce, with the goal of eliminating, the incidental mortality and serious injury of marine mammals in connection with commercial purse seine fishing in the eastern tropical Pacific Ocean;

"(B) projects to develop cost-effective methods of fishing for mature yellowfin tuna without setting nets on dolphins or other marine mammals;

"(C) projects to carry out stock assessments for those marine mammal species and marine mammal stocks taken in the purse seine fishery for yellowfin tuna in the eastern tropical Pacific Ocean, including species or stocks not within waters under the jurisdiction of the United States; and

"(D) projects to determine the extent to which the incidental take of nontarget species, including juvenile tuna, occurs in the course of purse seine fishing for yellowfin tuna in the eastern tropical Pacific Ocean, the geographic location of the incidental take, and the impact of that incidental take on tuna stocks and nontarget species.

"(c) AUTHORIZATION OF APPROPRIATIONS.—

"(1) There are authorized to be appropriated to the Secretary the following amounts, to be used by the Secretary to carry out the research described in subsection (a):

"(A) $4,000,000 for fiscal year 1998.

"(B) $3,000,000 for fiscal year 1999.

"(C) $4,000,000 for fiscal year 2000.

"(D) $1,000,000 for fiscal year 2001.

"(2) In addition to the amount authorized to be appropriated under paragraph (1), there are authorized to be appropriated to the Secretary for carrying out this section $3,000,000 for each of the fiscal years 1998, 1999, 2000, and 2001.

"SEC. 305. REPORTS BY THE SECRETARY.

"Notwithstanding section 103(f), the Secretary shall submit annual reports to the Congress which include—

"(1) results of research conducted pursuant to section 304;

"(2) a description of the status and trends of stocks of tuna;

"(3) a description of the efforts to assess, avoid, reduce, and minimize the bycatch of juvenile yellowfin tuna and bycatch of nontarget species;

"(4) a description of the activities of the International Dolphin Conservation Program and of the efforts of the United States in support of the program's goals and objectives, including the protection of dolphin stocks in the eastern tropical Pacific Ocean, and an assessment of the effectiveness of the program;

"(5) actions taken by the Secretary under section 101(a)(2)(B) and section 101(d);

"(6) copies of any relevant resolutions and decisions of the Inter-American Tropical Tuna Commission, and any regulations promulgated by the Secretary under this title; and

"(7) any other information deemed relevant by the Secretary.

SEC. 306. PERMITS.

"(a) IN GENERAL.—

"(1) Consistent with the regulations issued pursuant to section 303, the Secretary shall issue a permit to a vessel of the United States authorizing participation in the International Dolphin Conservation Program and may require a permit for the person actually in charge of and controlling the fishing operation of the vessel. The Secretary shall prescribe such procedures as are necessary to carry out this subsection, including requiring the submission of—

"(A) the name and official number or other identification of each fishing vessel for which a permit is sought, together with the name and address of the owner thereof; and

"(B) the tonnage, hold capacity, speed, processing equipment, and type and quantity of gear, including an inventory of special equipment required under section 303, with respect to each vessel.

"(2) The Secretary is authorized to charge a fee for granting an authorization and issuing a permit under this section. The level of fees charged under this paragraph may not exceed the administrative cost incurred in granting an authorization and issuing a permit. Fees collected under this paragraph shall be available to the Under Secretary of Commerce for Oceans and Atmosphere for expenses incurred in granting authorization and issuing permits under this section.

"(3) After the effective date of the International Dolphin Conservation Program Act, no vessel of the United States shall operate in the yellowfin tuna fishery in the eastern tropical Pacific Ocean without a valid permit issued under this section.

"(b) PERMIT SANCTIONS.—

"(1) In any case in which—

"(A) a vessel for which a permit has been issued under this section has been used in the commission of an act prohibited under section 307;

"(B) the owner or operator of any such vessel or any other person who has applied for or been issued a permit under this section has acted in violation of section 307; or

"(C) any civil penalty or criminal fine imposed on a vessel, owner or operator of a vessel, or other person who has applied for or been issued a permit under this section has not been paid or is overdue,

the Secretary may—

"(i) revoke any permit with respect to such vessel, with or without prejudice to the issuance of subsequent permits;

"(ii) suspend such permit for a period of time considered by the Secretary to be appropriate;

"(iii) deny such permit; or

"(iv) impose additional conditions or restrictions on any permit issued to, or applied for by, any such vessel or person under this section.

"(2) In imposing a sanction under this subsection, the Secretary shall take into account—

"(A) the nature, circumstances, extent, and gravity of the prohibited acts for which the sanction is imposed; and

"(B) with respect to the violator, the degree of culpability, any history of prior offenses, and other such matters as justice requires.

"(3) Transfer of ownership of a vessel, by sale or otherwise, shall not extinguish any permit sanction that is in effect or is pending at the time of transfer of ownership. Before executing the transfer of ownership of a vessel, by sale or otherwise, the owner shall disclose in writing to the prospective transferee the existence of any permit sanction that will be in effect or pending with respect to the vessel at the time of transfer.

"(4) In the case of any permit that is suspended for the failure to pay a civil penalty or criminal fine, the Secretary shall reinstate the permit upon payment of the penalty or fine and interest thereon at the prevailing rate.

"(5) No sanctions shall be imposed under this section unless there has been a prior opportunity for a hearing on the facts underlying the violation for which the sanction is imposed, either in conjunction with a civil penalty proceeding under this title or otherwise.".

(d) Section 307 (16 U.S.C. 1417) is amended—

(1) by striking paragraphs (1), (2), and (3) of subsection (a) and inserting the following:

"(1) for any person to sell, purchase, offer for sale, transport, or ship, in the United States, any tuna or tuna product unless the tuna or tuna product is either dolphin safe or has been harvested in compliance with the International Dolphin Conservation Program by a country that is a member of the Inter-American Tropical Tuna Commission or has initiated and within 6 months thereafter completed all steps required of applicant nations in accordance with Article V, paragraph 3 of the Convention establishing the Inter-American Tropical Tuna Commission, to become a member of that organization;

"(2) except as provided for in subsection 101(d), for any person or vessel subject to the jurisdiction of the United States intentionally to set a purse seine net on or to encircle any marine mammal in the course of tuna fishing operations in the eastern tropical Pacific Ocean except in accordance with this title and regulations issued under pursuant to this title; and

"(3) for any person to import any yellowfin tuna or yellowfin tuna product or any other fish or fish product in violation of a ban on importation imposed under section 101(a)(2);";

(2) by inserting "(a)(5) or" before "(a)(6)" in subsection (b)(2); and

(3) by striking subsection (d).

(e) Section 308 (16 U.S.C. 1418) is repealed.

(f) CLERICAL AMENDMENTS.—The table of contents in the first section of the Marine Mammal Protection Act of 1972 is amended by striking the items relating to title III and inserting in lieu thereof the following:

"TITLE III—INTERNATIONAL DOLPHIN CONSERVATION PROGRAM

"Sec. 301. Findings and policy.
"Sec. 302. International Dolphin Conservation Program.
"Sec. 303. Regulatory authority of the Secretary.
"Sec. 304. Research.
"Sec. 305. Reports by the Secretary.
"Sec. 306. Permits.
"Sec. 307. Prohibitions.".

SEC. 7. AMENDMENTS TO THE TUNA CONVENTIONS ACT.

(a) Section 3(c) of the Tuna Conventions Act (16 U.S.C. 952(c)) is amended to read as follows:

"(c) at least one shall be either the Administrator, or an appropriate officer, of the National Marine Fisheries Service; and".

(b) Section 4 of the Tuna Conventions Act (16 U.S.C. 953) is amended to read as follows:

SEC. 4. GENERAL ADVISORY COMMITTEE AND SCIENTIFIC ADVISORY SUBCOMMITTEE.

"(a) APPOINTMENTS; PUBLIC PARTICIPATION; COMPENSATION.—The Secretary, in consultation with the United States Commissioners, shall—

"(1) appoint a General Advisory Committee which shall be composed of not less than 5 nor more than 15 persons with balanced representation from the various groups participating in the fisheries included under the conventions, and from nongovernmental conservation organizations;

"(2) appoint a Scientific Advisory Subcommittee which shall be composed of not less than 5 nor more than 15 qualified scientists with balanced representation from the public and private sectors, including nongovernmental conservation organizations;

"(3) establish procedures to provide for appropriate public participation and public meetings and to provide for the confidentiality of confidential business data; and

"(4) fix the terms of office of the members of the General Advisory Committee and Scientific Advisory Subcommittee, who shall receive no compensation for their services as such members.

"(b) FUNCTIONS.—

"(1) GENERAL ADVISORY COMMITTEE.—The General Advisory Committee shall be invited to have representatives attend all nonexecutive meetings of the United States sections and shall be given full opportunity to examine and to be heard on all proposed programs of investigations, reports, recommendations, and regulations of the Commission. The General Advisory Committee may attend all meetings of the international commissions to which they are invited by such commissions.

"(2) SCIENTIFIC ADVISORY SUBCOMMITTEE.—

"(A) ADVICE.—The Scientific Advisory Subcommittee shall advise the General Advisory Committee and the Commissioners on matters including—

"(i) the conservation of ecosystems;

"(ii) the sustainable uses of living marine resources related to the tuna fishery in the eastern Pacific Ocean; and

"(iii) the long-term conservation and management of stocks of living marine resources in the eastern tropical Pacific Ocean.

"(B) OTHER FUNCTIONS AND ASSISTANCE.—The Scientific Advisory Subcommittee shall, as requested by the General Advisory Committee, the United States Commissioners, or the Secretary, perform functions and provide assistance required by formal agreements entered into by the United States for this fishery, including the International Dolphin Conservation Program. These functions may include—

"(i) the review of data from the Program, including data received from the Inter-American Tropical Tuna Commission;

"(ii) recommendations on research needs, including ecosystems, fishing practices, and gear technology research, including the development and use of selective, environmentally safe and cost-effective fishing gear, and on the coordination and facilitation of such research;

"(iii) recommendations concerning scientific reviews and assessments required under the Program and engaging, as appropriate, in such reviews and assessments;

"(iv) consulting with other experts as needed; and

"(v) recommending measures to assure the regular and timely full exchange of data among the parties to the Program and each nation's National Scientific Advisory Committee (or its equivalent).

"(3) ATTENDANCE AT MEETINGS.—The Scientific Advisory Subcommittee shall be invited to have representatives attend all nonexecutive meetings of the United States sections and the General Advisory Subcommittee and shall be given full opportunity to examine and to be heard on all proposed programs of scientific investigation, scientific reports, and scientific recommendations of the commission. Representatives of the Scientific Advisory Subcommittee may attend meetings of the Inter-American Tropical Tuna Commission in accordance with the rules of such Commission.".

(c) BYCATCH REDUCTION.—The Tuna Conventions Act (16 U.S.C. 951 et seq.) is amended by adding at the end thereof the following:

"SEC. 15. REDUCTION OF BYCATCH IN THE EASTERN TROPICAL PACIFIC OCEAN.

"The Secretary of State, in consultation with the Secretary of Commerce and acting through the United States Commissioners, shall seek, in cooperation with other nations whose vessel fish for tuna in the eastern tropical Pacific Ocean, to establish standards and measures for a bycatch reduction program for vessels fishing for yellowfin tuna in the eastern tropical Pacific Ocean. The bycatch reduction program shall include measures—

"(1) to require, to the maximum extent practicable, that sea turtles and other threatened species and endangered species are released alive;

"(2) to reduce, to the maximum extent practicable, the harvest of nontarget species;

"(3) to reduce, to the maximum extent practicable, the mortality of nontarget species; and

"(4) to reduce, to the maximum extent practicable, the mortality of juveniles of the target species.".

SEC. 8. EFFECTIVE DATES.

(a) AMENDMENTS TO TAKE EFFECT WHEN IDCP IN FORCE.—Sections 3 through 7 of this Act (except for section 304 of the Marine Mammal Protection Act of 1972 as added by section 6 of this Act) shall become effective upon—

(1) certification by the Secretary of Commerce that—

(A) sufficient funding is available to complete the first year of the study required under section 304(a) of the Marine Mammal Protection Act of 1972, as so added; and

(B) the study has commenced; and

(2) certification by the Secretary of State to Congress that a binding resolution of the Inter-American Tropical Tuna Commission or other legally binding instrument establishing the International Dolphin Conservation Program has been adopted and is in force.

(b) SPECIAL EFFECTIVE DATE.—Notwithstanding subsection (a), the Secretary of Commerce may issue regulations under—

(1) subsection (f)(2) of the Dolphin Protection Consumer Information Act (16 U.S.C. 1385(f)(2)), as added by section 5(b) of this Act'

(2) section 303(a) of the Marine Mammal Protection Act of 1972 (16 U.S.C. 1413(a)), as added by section 6(c) of this Act,

at any time after the date of enactment of this Act.

THE NEED-BASED EDUCATIONAL AID ANTITRUST PROTECTION ACT OF 1997

DEWINE (AND KOHL) AMENDMENT NO. 1046

Mr. SANTORUM (for Mr. DEWINE, for himself and Mr. KOHL) proposed an amendment to the bill (H.R. 1866) to continue favorable treatment for need-based educational aid under the antitrust laws; as follows:

Strike section 2 and insert the following:

SEC. 2. CONTINUATION OF FAVORABLE TREATMENT FOR NEED-BASED EDUCATIONAL AND UNDER THE ANTITRUST LAWS.

(a) AMENDMENTS.—Section 568 of the Improving America's Schools Act of 1994 (15 U.S.C. 1 note) is amended—

(1) in subsection (a)—

(A) in the heading, by striking "TEMPORARY"; and

(B) by striking paragraph (4) and inserting the following:

"(4) to exchange through an independent third party, before awarding need-based financial aid to any of such students who is commonly admitted to the institutions of higher education involved, data submitted by the student so admitted, the student's family, or a financial institution on behalf of the student or the student's family relating to assets, liabilities, income, expenses, the number of family members, and the number of the student's siblings in college, if each of such institutions of higher education is permitted to retrieve such data only once with respect to the student."; and

(2) in subsection (d), by striking "September 30, 1997" and inserting "September 30, 2001".

(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall take effect immediately before September 30, 1997.

AUTHORITY FOR COMMITTEES TO MEET

COMMITTEE ON ENERGY AND NATURAL RESOURCES

Ms. SNOWE. Mr. President, I ask unanimous consent that the Committee on Energy and Natural Resources be granted permission to meet during the session of the Senate on Wednesday, July 30, for purposes of conducting a full committee business meeting which is scheduled to begin at 9:30 a.m. The purpose of this business meeting is to consider pending calendar business.

The PRESIDING OFFICER. Without objection, it is so ordered.

COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS

Ms. SNOWE. Mr. President, I ask unanimous consent that the full Committee on Environment and Public Works be granted permission to conduct a hearing on Wednesday, July 30, 9:30 a.m., Hearing Room (SD-406) on S. 1059, the National Wildlife Refuge System Improvement Act of 1997.

The PRESIDING OFFICER. Without objection, it is so ordered.

COMMITTEE ON FOREIGN RELATIONS

Ms. SNOWE. Mr. President, I ask unanimous consent that the Committee on Foreign Relations be authorized to meet during the session of the Senate on Wednesday, July 30, 1997, at 10:00 a.m. to hold a business meeting.

The PRESIDING OFFICER. Without objection, it is so ordered.

COMMITTEE ON FOREIGN RELATIONS

Ms. SNOWE. Mr. President, I ask unanimous consent that the Committee on Foreign Relations be authorized to meet during the session of the Senate on Wednesday, July 30, 1997, at 11:00 a.m. to hold a House/Senate conference.

The PRESIDING OFFICER. Without objection, it is so ordered.

COMMITTEE ON GOVERNMENTAL AFFAIRS

Ms. SNOWE. Mr. President, I ask unanimous consent on behalf of the Governmental Affairs Committee Special Investigation to meet on Wednesday, July 30, at 10:00 a.m. for a hearing on campaign financing issues.

The PRESIDING OFFICER. Without objection, it is so ordered.

COMMITTEE ON INDIAN AFFAIRS

Ms. SNOWE. Mr. President, I ask unanimous consent that the Senate Committee on Indian Affairs be authorized to meet during the session of the

Senate on Wednesday, July 30, 1997 at 9:30 a.m. in room 106 of the Dirksen Senate Building to mark up S. 569, a bill to amend the Indian Child Welfare Act of 1978; to be followed immediately by an Oversight Hearing on the Special Trustee's "Strategic Plan" to reform the management of Indian trust funds.

The PRESIDING OFFICER. Without objection, it is so ordered.

COMMITTEE ON THE JUDICIARY

Ms. SNOWE. Mr. President, I ask unanimous consent that the Committee on the Judiciary be authorized to meet during the session of the Senate on Wednesday, July 30, 1997 at 10:00 a.m. in room 226 of the Senate Dirksen Office Building to hold a hearing on: "Review of the Global Tobacco Settlement."

The PRESIDING OFFICER. Without objection, it is so ordered.

COMMITTEE ON RULES AND ADMINISTRATION

Ms. SNOWE. Mr. President, I ask unanimous consent that the Committee on Rules and Administration hold a business meeting at 2:30 p.m. on Wednesday, July 30, 1997 on the status of the investigation into the contested Senate election in Louisiana at which the committee could consider and vote upon a resolution, or resolutions, prescribing the future course of action to be taken by the committee.

The PRESIDING OFFICER. Without objection, it is so ordered.

SELECT COMMITTEE ON INTELLIGENCE

Ms. SNOWE. Mr. President, I ask unanimous consent that the Select Committee on Intelligence be authorized to meet during the session of the Senate on Wednesday, July 30, 1997 at 2:00 p.m. to hold a closed hearing on intelligence matters.

The PRESIDING OFFICER. Without objection, it is so ordered.

SUBCOMMITTEE ON COMMUNICATIONS

Ms. SNOWE. Mr. President, I ask unanimous consent that the Communications Subcommittee of the Committee on Commerce, Science, and Transportation be authorized to meet on Wednesday, July 30, 1997, at 9:30 a.m. on international satellite reform.

The PRESIDING OFFICER. Without objection, it is so ordered.

SUBCOMMITTEE ON FINANCIAL SERVICES AND TECHNOLOGY

Ms. SNOWE. Mr. President, I ask unanimous consent that the Subcommittee on Financial Services and Technology of the Committee on Banking, Housing, and Urban Affairs be authorized to meet during the session of the Senate on Wednesday, July 30, 1997, to conduct a hearing on the financial institution regulators' management of the year 2000 problem.

The PRESIDING OFFICER. Without objection, it is so ordered.

SUBCOMMITTEE ON NATIONAL PARKS, HISTORIC PRESERVATION, AND RECREATION

Ms. SNOWE. Mr. President, I ask unanimous consent that the Subcommittee on National Parks, Historic Preservation, and Recreation of the Committee on Energy and Natural Resources be granted permission to meet during the session of the Senate on Wednesday, July 30, for purposes of conducting a subcommittee hearing which is scheduled to begin at 2:00 p.m. The purpose of this hearing is to review the management and operations of concession programs within the National Park System.

The PRESIDING OFFICER. Without objection, it is so ordered.

ADDITIONAL STATEMENTS

THE MICHIGAN LEGISLATURE'S POSITION ON EPA REGULATIONS

• Mr. ABRAHAM. Mr. President, I rise today to submit for the RECORD a concurrent resolution passed by the Michigan Legislature earlier this year. Recognizing the impact of ozone transport on the west side of the State, and understanding the potentially devastating effects of ill-considered regulations, the Michigan House of Representatives and the Michigan Senate adopted a resolution which urges the EPA to reaffirm the previous standards of ozone and particulate levels.

Specifically, this resolution strongly urges the EPA to maintain the .12 parts per million standard for ozone and conduct all necessary research to reach conclusive findings on questions concerning particulate matter measuring 2.5 microns in diameter and larger. In addition, this resolution asks the EPA to identify any unfunded mandates or other administrative and economic burdens for State and local governments or agencies that would result from the proposed changes to the National Ambient Air Quality Standards.

Unfortunately, this bipartisan request has been ignored. The EPA has gone forward with new regulations. After making only minor modifications to the EPA proposal, the administration announced the final standard 2 weeks ago. I am disappointed, because I was hopeful the President would recommend a policy that recognized the importance of clean air, and the importance of jobs and economic growth. However, since he did not, I will continue to work hard to highlight the importance of these very real, very serious issues.

This resolution makes clear that the people of Michigan understand what is at stake in this debate. I wish the same could be said of the administration.

The resolution follows:

HOUSE CONCURRENT RESOLUTION NO. 11

Whereas, the United States Environmental Protection Agency (EPA) has a responsibility to review periodically the National Ambient Air Quality Standards (NAAQS) for ozone and particulate matter (PM); and

Whereas, The EPA is considering establishing a more stringent ozone standard and a new, more stringent standard for particulate matter at or below 2.5 microns (PM2.5); and

Whereas, Michigan, through its local jurisdictions, businesses, and citizens, has supported health-based National Ambient Air Quality Standards (NAAQS) that are premised on sound science; and

Whereas, Michigan has made significant progress in meeting current NAAQS for both ozone and particulate matter (PM) under the Clean Air Act Amendments of 1990, although there are some areas that have not yet come into compliance with the current standard(s); and

Whereas, Michigan, through its local jusidictions, businesses, consumers, and taxpayers, has become considerable cost to come into compliance with the current NAAQS for ozone and participate matter; and

Whereas, The proposed new standards will significantly expand the number of nonattainment areas for both ozone particulate matter. This may result in additional emission controls in all areas, thus imposing significant economic administrative, and regulatory burdens on Michigan, its citizens, businesses, and local governments; and

Whereas, EPA's own Clean Air Science Advisory Committee (CASAC) was unable to find any "brighline" that would distinguish any public health benefit among any of the proposed new standards for ozone, including the current standard; and

Whereas, There is very little existing PM2.5 monitoring data; and

Whereas, There are many unanswered questions and scientific uncertainties regarding the health effects of particulate matter, in particular PM2.5, including:

Divergent opinions among scientists who have investigated the issue;

Exposure misclassification;

Measurement errors;

Lack of supporting toxicological data;

Lack of a plausible toxicological mechanism;

Lack of correlation between recorded PM levels and public health effects;

Influence of other variables; and

The existence of possible alternative explanations; and

Whereas, No scientific proof exists that establishing a more stringent ozone standard or a new, more stringent PM2.5 standard would avoid alleged adverse health, but it would assuredly impose significantly higher costs; and

Whereas, The issue of transported volatile organic compounds is not adequately addressed; now therefore, be it

Resolved by the House of Representatives (the Senate concurring), That we advise and strongly urge the EPA to reaffirm the existing NAAQS for ozone; and be it further

Resolved, That we advise and strongly urge the EPA to reaffirm the existing NAAQS for PM10; and be it further

Resolved, That we advise and strongly urge the EPA to refrain from establishing a new NAAQS for PM2.5 at this time and to gather the necessary PM2.5 monitoring data and conduct all necessary research needed to address the issue of causality and other critical and important unanswered scientific questions concerning PM2.5; and be it further

Resolved, That we advise and strongly urge the EPA to identify any unfunded mandates or other administrative and economic burdens for state or local governments or agencies that would result from the proposed changes to the NAAQS for ozone and particulate matter, and be it further

Resolved, That copies of this resolution be transmitted to the President of the Untied States, the President of the United States Senate, the Speaker of the United States House of Representatives, the members of the Michigan congressional delegation, the administrator of the United States Environmental Protection Agency, and other appropriate administration officials.

Adopted by the House of Representatives, March 11, 1997.

Adopted by the Senate, March 12, 1997.●

VFW INITIATIVE TO PROVIDE LONG-DISTANCE PHONE SERVICE TO HOSPITALIZED VETERANS

● Mr. ROCKEFELLER. Mr. President, I rise today to congratulate the members of the Veterans of Foreign Wars of the United States for their program called Operation Uplink. Through private donations, the VFW has been able to distribute more than 11,000 hours worth of free long-distance calling time to hospitalized veterans and active duty troops overseas who might not otherwise be able to talk with their loved ones back home. Since I represent a State which especially honors national service and has the most combat veterans per capita, you can be sure that this is an issue I care about deeply.

Shortly after I joined the Senate Committee on Veterans' Affairs, I learned that none of our country's veterans' hospitals had bedside phones. Patients had to collect change to use at a pay phone, or wait for a nurse to wheel a portable phone into their room. Not only did this inconvenience patients greatly, it added to the burdens of an already overworked nursing staff.

We all realize that a phone is more than a modern convenience; it is a lifeline to the outside world for a sick veteran. That is why I fought for, and won, $1.5 million in 1993 to support the work of the bedside phone project, P.T. Phone Home, in West Virginia and elsewhere.

A couple of years ago when I was in West Virginia visiting the Clarksburg VA Medical Center, I spoke with a World War II combat veteran, Kenneth Getz. Mr. Getz had been experiencing serious medical problems, but he was much more concerned about his blind wife than his own health. He told me, "We start the day with a phone call and end it with a phone call. Phones should have been in here years ago." And he is exactly right—we have an obligation to make certain that every veteran receives the same quality care you or I would want for ourselves.

Unfortunately, too many poor veterans are not able to take advantage of the bedside phone service, since for many, home is not a local call from the hospital. The thought of a sick or wounded veteran, lying in a distant veterans' hospital, cut off from family, children and friends, is very troubling to me. It is plain wrong.

I highly commend the VFW for recognizing this problem and taking action. We know that in the long run, veterans who can talk to their spouse or children are not only happier, but also have higher morale, and that can go far in improving their health. I can just envision the comforting effect on a patient like Mr. Getz in having the opportunity to talk to his son in Houston or wife in Charleston—all of this made possible by the VFW initiative.

Mr. President, I ask my colleagues to join me in extending a warm thank-you to the VFW and its members all across America. I am especially pleased to note that this service is being provided by private donations, thus protecting the already beleaguered Federal budget. This project is a tribute to the many veterans who believed in the principles of freedom and democracy strongly enough to risk their lives in the name of freedom. By providing prepaid phone cards to sick vets and overseas troops, the VFW truly "Honors the dead by helping the living."●

CONGRATULATIONS TO YOUSIF GHAFARI

Mr. ABRAHAM. Mr. President, I rise today to offer my warm congratulations to Mr. Yousif B. Ghafari who is celebrating the 15th anniversary of Ghafari Associates.

The economic success in Michigan is due in no small part to the invigoration of small businesses like Ghafari Associates. Over the past 15 years Ghafari Associates has risen to be the third largest architectural and engineering firm in the State. This incredible achievement is largely due to the outstanding leadership capability and business savvy of its founder, Yousif Ghafari.

I have the pleasure of personally knowing Yousif and appreciate his dedication, not only to the business world but to his family and community as well. Yousif's exemplary duty and service to the community at large has earned him the great respect of his colleagues, friends, and family. I would like to join them in commending him for his dedication to seeing Ghafari Associates grow into one of Michigan's most distinguished and respected engineering firms.

The State of Michigan is very fortunate to have Mr. Yousif Ghafari amongst its citizens, and should be very proud of his accomplishments. I would like to conclude by extending to him my best wishes for much success in all of his future endeavors.

NATIONAL WOMEN'S BUSINESS COUNCIL AND WOMEN-OWNED BUSINESSES

● Mr. CLELAND. Mr. President, I want to speak today about the work the National Women's Business Council [NWBC] is doing in my State and the work they do for the country in the interest of women-owned businesses. I want to make special note of the efforts of one of Georgia's shining examples of entrepreneurship. Mr. President, Carolyn Stradley started out filling in potholes with asphalt and from that has grown a small business that is now responsible for work done in both the Olympic Stadium and the Georgia Dome. In addition to successfully competing in a male dominated business world, she is literally paving the way for other women to find opportunities into the work force through the creation of small businesses.

Yesterday morning Carolyn moderated a workshop that provided a forum to discuss, develop, and find consensus on policy recommendations which enhance women business owners access to capital and credit at every stage of business growth. This forum was part of 10 workshops being held at Federal Reserve Banks and branches across the nation. The top 10 recommendations from each of the 10 workshops will be compiled into a report and presented to Congress and the President by the NWBC. The participants of these workshops include women business owners, bankers and other lenders, government representatives and other experts who work daily to develop financial strategies that are so essential in getting small businesses off the ground.

Mr. President, I want to commend the NWBC for their work and their continued efforts as an independent source of advice and counsel to the Congress, the President and the Small Business Administration. Their mission is to promote bold initiatives, policies and programs designed to foster women's business enterprise as well as an economic environment conducive to business growth and development for women-owned businesses. The council has focused on four key areas: (1) expanding public and private market opportunities for women-owned businesses; (2) promoting the development of a research agenda and data collection on the women's business sector and public awareness of its contributions; (3) strengthening the networking capabilities of women entrepreneurs and the technical assistance and training infrastructure; and (4) expanding the financial resources available to women business owners and ensuring their access to them.

I believe that it is particularly fitting that the NWBC does have this focus and I would point to a few important figures, just in Georgia alone, that would support this. Mr. President, as of 1996 there are nearly 204,000 women-owned businesses in Georgia employing over 622,000 people and generating over $87 billion in sales. During the period of time from 1987 and 1992, the National Foundation for Women Business Owners estimates that the number of women-owned firms in Georgia has increased by 112 percent, employment has grown by 334 percent and sales have risen 508 percent. In 1996, women-owned firms accounted for 36 percent of all Georgia firms, and provided employment for 34 percent of Georgia workers, and generated 24 percent of the State's business sales. Finally, I am proud to point out that Georgia ranks fifth in growth in the number of minority women-owned firms as of 1996—a 227 percent increase between 1987 and 1996.

Mr. President, I encourage my colleagues to support and fund organizations like the National Women's Business Council. Small Businesses are the foundation of our Nation's economic engine and small businesses are the future continued economic growth and success.•

OECD SHIPBUILDING AGREEMENT

• Mr. ROTH. Mr. President, as the Senate moves toward concluding its business before the August recess, I would like to take this opportunity to clarify the circumstances surrounding the Finance Committee's consideration of legislation to implement the OECD Shipbuilding Agreement.

This vital agreement has already been the subject of a hearing in the Finance Committee in December 1995, and, in May 1996, the Committee voted unanimously in favor of the legislation to implement the Agreement.

I understand my Finance Committee colleagues, Senators LOTT and BREAUX, have made substantial progress in resolving the controversial issues surrounding some parts of the legislation originally reported by the Finance Committee. I expect that their work on the implementing legislation and the resolution of certain procedural issues will be concluded shortly so that we can complete committee consideration and congressional passage of this bill as soon as possible after we return in September.

I trust the other signatory countries to the Shipbuilding Agreement will understand that the recent delay in the Finance Committee's consideration of the implementing legislation was unavoidable—that it was simply a result of the committee's need to complete its work on the hallmark legislation to balance the U.S. budget and need to resolve certain parliamentary questions. This delay should in no way be interpreted as a lack of resolve to bring the OECD Shipbuilding Agreement implementing legislation to closure.

I strongly urge other signatory countries not to take any action that might forever compromise our long-held goal of achieving free and fair trade in the global shipbuilding sector. It is my view that the United States is very close—closer than it has ever been—to enacting the legislation necessary for completion of U.S. ratification of the agreement. It would be terribly counterproductive and inappropriate for other signatory countries to abandon this important agreement at this juncture in reaction to this relatively minor and unavoidable delay.

With that clarification, I look forward to working with my colleagues on the Finance Committee and in the Senate as a whole in moving this critical legislation forward to ultimate passage by Congress as quickly as possible.•

CHINA TRIP REPORT

• Mr. BAUCUS. Mr. President, over the last Memorial Day recess, I visited South Korea, Japan, North Korea, China, and Hong Kong, on an official Finance Committee trip.

Today I am entering into the RECORD the first half of a trip report I recently filed with the committee, and tomorrow I will include the second half, dealing with China and Hong Kong. I hope the Senate will find it of use.

The material follows:

ASIA TRIP REPORT—COVERING VISITS TO SOUTH KOREA, JAPAN, NORTH KOREA, BEIJING, AND HONG KONG, MAY 24–31, 1997

I. INTRODUCTION AND SUMMARY

A. Itinerary—Over the 1997 Memorial Day recess, between May 24th and May 31st, I made a week-long trip to East Asia to host a three-day conference in Beijing entitled "Working With America: Food Security and International Trade," put on by the Mike and Maureen Mansfield Center for Pacific Affairs and the Chinese People's Association for Friendship with Foreign Countries.

With the authorization of the Senate Committee on Finance, I visited South Korea, Japan, North Korea and Hong Kong as well as Beijing to discuss trade, security, agricultural and humanitarian problems in Asia. This report will inform the Senate on the substance of my discussions, particularly on food and security in Korea; China's application to enter the World Trade Organization; and Hong Kong's transition to China's sovereignty.

B. Goals—As I see it, our country has three long-term interests in Asia. First, preserving the peace which is critical to our national security and is also the foundation of Asia's current prosperity. Second, opening markets and creating more reciprocity in trade relations with Asian countries. And third, raising the quality of life and promoting long-term political stability by advancing human rights, fighting crime and protecting the environment. My goal on this trip was to understand more fully the immediate issues we must address in order to secure these long-term interests, and to advance if possible our policy goals on these issues.

In 1997 and 1998, the issues I believe most critical to securing these interests will be: (1) the security and humanitarian problems on the Korean peninsula posed by hunger and economic decline in North Korea; (2) China's application to enter the World Trade Organization; and (3) Hong Kong's transition to Chinese sovereignty. Thus, while I discussed issues ranging from food security to human rights, US-China security relations, environmental protection and agricultural trade with Korea, I concentrated on the first three issues.

C. Conclusions—I finished the trip feeling that current American policy on these issues is well conceived and well implemented. While I have differences with some of our specific positions and will mention them further on in the report, I believe that in general, we are on the right track.

In Korea, we are deterring conflict, preventing nuclear proliferation and providing humanitarian assistance as appropriate.

On China's WTO application, we rightly support China's WTO membership on a commercially appropriate basis, and are working with the other WTO members to make sure that while China understands we are not trying to block membership on political grounds, we also expect them to live up to the fundamental obligations of all WTO members.

And on Hong Kong's transition, we seem to have secured the direct US interests; we are in close contact with all the political actors and economic interests involved in the transition; and we are appropriately active without being confrontational on political and human rights issues.

All of these questions are highly complex. The Korean situation, in particular, is dangerous and becoming more so as North Korea's economy declines. All of them will demand a great deal of informed attention from Congress and the American public, as well as from the Executive branch and our diplomats and military leaders in the region. But on the basis of my visits, I am generally pleased with our policies and impressed with the people implementing them.

II. KOREAN PENINSULA

A. Visit—The Korean peninsula was the first stop on my trip. I arrived in Seoul on Sunday, May 25th, spent the next day in discussion with South Korean national security and agricultural officials, representatives of the US business community, and with American diplomats and military personnel. On the morning of May 27th I departed for Pyongyang, where I met with Foreign Ministry and Agriculture Commission officials, departing for Beijing the morning of the 28th. I also had the opportunity to discuss Korea later in the trip with Chinese political and military leaders, and with two senior officers of the Japan Self-Defense Forces during a refueling stop at Misawa Air Force before arrival in Pyongyang.

My purpose, in addition to discussing bilateral agricultural trade issues with South Korean leaders, was to look into the security and food questions we face on the Korean peninsula. I concluded that American policy with respect to these issues is well-conceived. We have a highly capable military force on the peninsula, which works together with South Korea in the Joint Command. Our political policies are carried out in tandem with South Korea, with the apparent endorsement of the neighboring countries. And we are providing food aid as the World Food Programme identifies the areas of need.

There is, no doubt, room for improvement. In particular, we could be speeding up our provision of missile defense for Seoul. North Korea's need for food aid may well increase this summer and require a higher-level effort. And while we seem to be in full agreement with neighboring countries on the contingencies we hope to avoid (i.e. war, nuclear proliferation, or sudden collapse into anarchy in the North), we do not appear to have grappled with our long-term positive goals for the Peninsula. But on the whole, I believe that we are confronting a very dangerous situation and doing it well.

The following sections will evaluate the food situation in North Korea; review the opinions offered by South Korean, Japanese and Chinese officials on policy toward the Korean peninsula; evaluate U.S. policy; and provide a first-hand, if brief and incomplete, look at life today in Pyongyang.

B. Food Crisis—I discussed reports of food shortages in North Korea with U.S. diplomats and agricultural specialists; South Korean Agriculture Ministry officials; North Korean Foreign Ministry and Agriculture Ministry officials; and Chinese leaders. I had also asked to meet World Food Programme experts in Pyongyang, but was unable to do so.

My conclusion is that we can think of the food issue as a three-part problem. First, over the next few weeks North Korea will need humanitarian assistance. Second, this need is likely to reach crisis proportions over the summer of 1997. Third, North Korea needs to make some fundamental changes in its agricultural and military if it is to feed itself in the long term. I see little evidence that the government is prepared to do so.

1. US and South Korean Assessment—Most U.S. and South Korean experts believed the majority of North Koreans continue to receive basic subsistence rations, feeling the North Korean government continued to distribute some basic rations and some more food was available in small farmer markets. In more remote rural areas, however, hunger is probably very severe. This situation is likely to worsen soon, however.

Over the year as a whole, the U.S. Department of Agriculture forecast a shortfall of about 1.2 million metric tons of rice. To put the figure in context, USDA's estimate of a year's consumption of food in North Korea is 5.4 million metric tons. South Korean estimates were similar.

US and South Korean experts also agreed on the cause of the food shortages. While floods may be an immediate cause, long-term factors—loss of aid from Russia and China at the end of the Cold War, failure to make rural reforms, and spending of 25%–30% of GDP on the military—are much more important. A South Korean agricultural official noted very simply that North Korea uses its oil for military exercises rather than to make fertilizer or run tractors, and thus the agricultural sector has been short of energy throughout this decade. Chinese officials from Manchuria tell him, he said, that since 1991 North Korea has conducted a propaganda campaign calling for "two meals a day for the glorious unification of the peninsula."

2. North Korean Views—The North Korean officials appeared to realize they face an emergency. Foreign Ministry Officials spoke in general terms about food problems and North Korea's appreciation of foreign assistance. Agriculture Commission officials, led by Vice Chair Madame Kim Yong-suk, provided a highly detailed statistical review of recent flood damage, reclamation work in paddy fields, and overall food shortages.

According to Mme. Kim, the most pressing need for food aid will be quite soon. Spring planting had gone well, and in the absence of new flooding the fall harvest would be good. However, she said, "in July and August we will face a very tense situation," and in the interim North Korea "would accept with pleasure 1 million tons of assistance."

This recognition of an immediate crisis was not matched by any realistic appraisal of the causes of the present food crisis or of North Korea's long-term policy needs. Both the Foreign Ministry and Agriculture officials attributed the food crisis solely to flood damage in the last two years. The only long-term effort they said was necessary was a reforestation program to reduce erosion.

3. Policy Conclusions—North Korea is clearly in dire straits. While I did not travel outside the capital (because of time constraints rather than North Korean unwillingness), US and South Korean experts provided accounts of severe food shortages which I consider credible. Their views were generally in accord with the accounts of North Korean officials, international food experts, and recent travellers outside Pyongyang including Rep. Tony Hall and several journalists.

Up to now we have provided $25 million in humanitarian food aid. South Korea, China and Japan have also made contributions. Our diplomats believe the WFP is capable of providing assistance without significant diversion to the North Korean military, and I see no reason to question that assessment.

My own strong opinion is that, as a humanitarian matter we should provide short-term food aid to people proven to need it. This will be most urgent this July and August. However, longer-term aid or large-scale involvement in the North Korean agricultural and industrial economy should only be done in concert with South Korea, and should not proceed without willingness on the part of the North to address the basic economic and military issues that have caused this crisis.

C. Security on the Korean Peninsula—Despite North Korea's economic and food difficulties, US military officers and diplomats along with South Korean officials stress that it continues to pose a severe military threat to South Korea and Americans stationed in the South. It maintains a million-man army in a population of 23 million; spends 25–30% of its GDP on the military; and stations about 65% of its troops, and most of its artillery and rocket launchers in offensive positions very close to the Demilitarized Zone. Our response has come in two main forms.

1. Deterrence—The foundation of all US policy toward the North is strategic alliance with South Korea to deter North Korean military aggression. We have done this through permanent stationing of 37,000 American troops in South Korea, and complete cooperation in a Joint Command with South Korea.

Up to now, deterrence has succeeded. US military officers, including Supreme Commander Gen. John Tilelli, said that relations with the South Korean military are very good. South Korean officials agreed. Both sides emphasized the importance of continuing to work very closely together on military preparation, and also in any negotiations with North Korea. All agreed that if the North Korean industrial and agricultural economy continued to decline—as it seems very likely to do in the absence of any reform—the North Korean government would become more desperate and the military situation would become more dangerous.

Finally, I should mention that military officers had some concerns about quality-of-life issues for American soldiers, but felt that construction of new barracks under the last two Military Construction appropriation bills would help a great deal.

2. Nuclear Proliferation and the Agreed Framework—A corollary to our broader defense strategy in Korea is opposition to proliferation of nuclear weapons. These would not change the ultimate outcome of any conflict, but would raise its cost in human life, physical destruction and environmental damage enormously.

Since 1994, we have attempted to prevent nuclear proliferation through the "Agreed Framework." Under this agreement, North Korea agreed to freeze its nuclear program while we supply 500,000 barrels of oil and over a longer term replace the heavy-water nuclear reactor at Yongbyon, north of Pyongyang, with light-water reactors whose products cannot be used for weapons. Our military people and diplomats feel that North Korea is complying with this part of the agreement. I have no reason to disagree, and believe we should continue with the Agreed Framework.

While I will address political issues and negotiating proposals later on, I should note here that the Agreed Framework also calls for progress toward political and economic normalization of relations between the US and North Korea. North Korean officials, including the Foreign Minister, complained repeatedly about the slow pace of normalization with the US and our failure to lift sanctions, saying this had increased North Korean "suspicions" about US intentions and reliability. However, the Agreed Framework also includes a commitment to North-South dialogue aimed at reducing political and military tension between the two Korean governments. North Korea has not done this. American action on the political side of the Agreed Framework must depend on North Korean willingness to begin North-South dialogue.

3. Conclusions—I was extremely impressed by our military officers and enlisted people. I believe our strategy is appropriate and our coordination with South Korea is close. I would add only one point. I heard many times about the vulnerability of Seoul to North Korean missile, rocket and artillery fire. If we can ease that by providing some missile defenses to Seoul, we should do it as soon as possible.

D. Political Issues and Negotiations—Progress toward normal political relations, relaxed trade sanctions or assistance beyond short-term humanitarian aid, must result from talks leading to reduced military and political tension on the peninsula. These must address first and foremost the basic issue of North Korea's threats and aggressive military posture vis-a-vis South Korea, but can include North Korean concerns as well. And they must not lead to any separation of the US from South Korea, nor any unnecessary political conflicts with China, Japan or Russia.

1. Four-Party Talks—Last year, President Clinton proposed "four-party talks" on Korean issues including South Korea and North Korea along with the US and China as the two principal belligerent powers in the Korean War. These could address North Korean concerns about trade, economics and other issues as well as the concerns we and South Korea have about security. Based on my discussions in Seoul, Pyongyang and Beijing, I remain convinced this is the best approach to Korean security issues. Recent progress toward these talks bears out this conclusion.

2. North Korean Views—I repeatedly urged the North Korean Foreign Ministry officials to open a North/South dialogue as the Agreed Framework requires, and to begin four-party talks with South Korea, China and the US.

Foreign Minister Kim Yongnam and Vice Foreign Minister Kim Gye Gwan were my main interlocutors on this issue. The Vice Foreign Minister gave a peculiarly weak and unconvincing reason for North Korea's failure to engage in a North-South dialogue, saying North Korean public opinion had been offended when President Kim Young-sam of South Korea failed to offer condolences on the death of former President Kim Il-sung in 1994. He did, however, state support in principle for North-South dialogue, and neither he nor the Foreign Minister, however, ruled it out after the election of South Korea's new President this December.

Both the Foreign Minister and the Vice Foreign Minister raised concerns about the four-party talks proposal, mostly questioning the reason why China should be involved. They also insisted that the US was following a hostile policy by continuing to impose sanctions and an overall trade embargo on North Korea. They did not, however, insist on large-scale food or economic aid as a precondition for entering the four-party talks.

3. The Chinese Role—As the largest local military power bordering on North Korea, and as a government with traditional ties to North Korea, China has very large interests in the Korean issue and will play a key role in any solution to it.

American officials in Seoul and Beijing generally felt that China is acting responsibly and helpfully. South Korean officials agreed. In a more general sense, they said they were satisfied with the state of South Korean-Chinese relations, and hoped US-China relations would remain "harmonious."

North Koreans, by contrast, seemed indifferent to China. They did not encourage Chinese participation in four-party talks—to the contrary, in fact, they called for a "3+1" formula with China playing an unspecified but clearly minor role. One official, commenting on the overall political situation of the Korean peninsula, said "the directly involved parties are the DPRK and the US, and we acknowledge that the South has some indirect concerns. China is not concerned."

E. Japanese and Chinese Views—During my trip, I met with senior policymakers in Beijing about Korean issues, and discussed Korean policy with two senior officers of the Japan Self-Defense Forces. A brief summary of these conversations follows.

1. Japanese Views—At Misawa Air Force Base I met with Gen. Akihiko Hayashi and General Minoru Hoso, of the Northern Command of the Japan Self-Defense Forces. These discussions were brief given our limited time, and concentrated on Japan's security role rather than on Japan's particular political concerns about its kidnapped citizens and the recent apprehension of a North Korean ship loaded with amphetamines at a Japanese port, or its broader political views on Korean issues. Japan is deeply concerned about North Korea's deployment of a new generation of medium-range missiles capable of targeting Japan, and working closely with us on attempts to deter conflict on the peninsula.

2. Chinese Views—The senior political leaders, Foreign Ministry officials and military officers I met in Beijing were quite interested in my visit to Pyongyang, and asked about my physical impressions of Pyongyang and the discussions I had with North Korean officials. None raised any basic objections to US policy toward North Korea.

On the political issues, their general view was that Kim Jong-il is a rational person who understands that, in the words of one Chinese officer, "to attack the South would be the act of a madman," and is unlikely to engage in any serious provocation. Further, they believe he is in firm control of the North, and that no political upheaval is likely in the short-term despite the food and economic problems.

With respect to economics and the food situation, Chinese said they were unsure whether North Korea's problems resulted from floods or from "poor economic organization." They said they would help with food needs "within China's capacity."

Finally, all the Chinese with whom I raised the Korean issue said that China's influence over North Korea is limited; that China would act with the goal of maintaining peace and stability on the Korean peninsula; and that China viewed the four-party talks proposal favorably. US diplomats generally agreed that China is acting very constructively on these issues. I believe it is essential that we continue to work with China on the four-party talks proposal.

F. Long-Term Issues—Opinions were divided as to North Korea's long-term prospects.

Americans and South Koreans tended to believe that the North was fairly resilient, that Kim Jong-il is in firm control of the government, and that could probably continue along its present path for several years. However, objective indicators pointed to a situation which is not sustainable indefinitely, and many felt that some abrupt collapse or desperate military assault on South Korea was possible. Chinese agreed that Kim Jong-il was firmly in control of the country, but felt more certain than US or South Korean sources that North Korea would remain politically stable.

Many people commented that South Koreans did not feel the German model of unification was ideal—it had been very expensive and difficult for the German economy to absorb, and they preferred a "soft landing" for the North followed by a longer transition. However, few seemed to have a vision of how to make this possible, and a number of Americans commented that a "soft landing" did not seem very likely.

North Korean officials gave essentially ideological explanations of why their country would emerge from the present "arduous march" and recover economically. The Vice Foreign Minister, for example, said that while many foreigners spoke of North Korea as "a broken airplane and some say it will soon collapse . . . my country is not going to collapse at all. We have the wise leadership of the Great Leader Comrade Kim Jong-il, and the entire people rally around in general and single hearted unity. We have a guiding ideal which is different from the USSR or Eastern Europe, and that is the juche [self-reliance] idea."

G. Personal Assessment of Pyongyang.—Finally, a visit to Pyongyang is unusual, and apart from the policy issues, my personal impressions of the city may be of some interest.

I arrived in North Korea on a specially arranged U.S. Air Force flight, which entered North Korean airspace at the Russian border on North Korea's far northeast, proceeded along the coast and then crossed over a mountainous area to Pyongyang. From the air, as far as I could tell, the fields and rice paddies look in bad shape and rivers show severe siltation.

We proceeded from the airport (we landed at 12:20 p.m.; at least one radar was turned off, and no other planes appeared to be active) by car to Pyongyang. We were able to drive around the center of the city on the way to several meetings, and took an unaccompanied 15-minute walk from the hotel to the city railway station and back. This relatively short experience revealed a city which resembles a ghost town—I can only compare it to my visit to Phnom Penh in 1979, just after the Vietnamese Army had expelled the Khmer Rouges.

We saw very few cars, few trucks or buses, and no sense of normal business or economic activity at all. Streets were almost empty, and no economic activity was apparent—I saw no people engaged even in waiting in lines at stores. The people we did see appeared in reasonably good physical health, although listless and low on energy. This applied to the many (but not well-armed) military people I saw on the street as well as to the civilians. And the physical plant of the city is clearly deteriorating. Electricity was spotty in our hotel, in surrounding buildings and on the streets. A number of trucks and buses appeared to be rusting and out of use, and a trolley car was essentially abandoned near the hotel with its back wheels off.

In preparing for this stop, I anticipated a highly repressive state. I expected poverty and perhaps visible signs of hunger, although I had been told this was less likely in the capital than in rural regions. And I expected constant surveillance. What I did not expect was the almost empty, eerie quality of Pyongyang. Clearly, the country is in dire straits. While I cannot speculate on North Korea's long-term prospects with any authority, it is hard to imagine that they can sustain their current domestic and military policies indefinitely.●

OPENING OF THE NEW NATIONAL AIRPORT

● Mr. WARNER. Mr. President, over the past 2 weeks, and culminating with ceremonies this past Sunday, the Metropolitan Washington Airports Authority opened the new terminal at National Airport.

This $450 million state of the art facility is just one element of a $2 billion capital development plan at both Washington National and Dulles International Airports, made possible by the creation of the Metropolitan Washington Airports Authority only 10 short years ago.

To understand the significance of this achievement, one only needs to recall what it was like to use either Washington National or Dulles International during the late 1970's and early 1980's.

Both airports were owned by the Federal Aviation Administration, and Congress was absolutely unwilling to appropriate more than the bare essential amount necessary to operate either facility.

National Airport was in a grave state of disrepair, and Dulles was called the great white elephant.

Looking upon these airports as integral parts of the areas economy was unfathomable, and the notion of customer service was even more unimaginable.

Then, thinking in the region began to change.

Encouraged by the desire of the Reagan administration to re-examine the proper role of Federal Government, area business leaders and members of the Virginia congressional delegation started asking the question: Why not divest the Federal government of these two airports, and let them be run like a business?

Fortunately, there was a Secretary of Transportation whose response to the question was: Why not indeed!

Not about to be discouraged by enormity or ambitious nature of the task, that Secretary of Transportation, Elizabeth Hanford Dole, enlisted the assistance of a very able and influential statesman, former Virginia Governor Linwood Holton, who worked tirelessly to help mold both a plan, and the consensus to transfer ownership of the two airports to a non-Federal authority.

This authority was authorized under an interstate compact to operate the airports and to raise the money necessary to renew National Airport, and to make Dulles the economic dynamo its creators once envisioned.

Following a very tortuous and uncertain course through the legislative process, a bill was finally placed on President Reagan's desk for signature, and in 1987, the Metropolitan Washington Airports Authority took control of the two airports.

Under the stewardship of James A. Wilding, and the leadership of a ten person board comprised of appointees from Virginia and Maryland and the District of Columbia, the Airports Authority designed a capital development plan which relied on the sales of bonds financed by future revenues.

This capital development plan became the catalyst enabling the Metropolitan region to achieve its dream.

Today, Dulles International Airport is a major force in the growing hightech and biotech economy of the region, and with the opening of the new National terminal last Sunday, the region now has a world-class dining, shopping, and transportation facility to welcome the more than 15 million passengers who come to the Nation's capital from cities within a 1,250 mile perimeter of the airport.

In fact, it is this perimeter, combined with a limitation on the number of flights that can arrive and depart from National Airport each hour, and a curfew on stage two aircraft after 10 P.M., that maintains the political and economic balance enabling National Airport to serve short-haul passengers, while Dulles International serves long-haul passengers from across the United States and around the world.

Without these tools, the community would be in a literal uproar over the noise and volume of air traffic at Washington National Airport, and Dulles would still be the white elephant it was in the 1970's and early 1980's.

Needless to say, the region's economy would be nothing like it is today had the vision of Secretary Dole, area business leaders and Virginia's Congressional delegation not been realized.

So, Mr. President, it is with gratitude that I salute all the thousands of people who helped make this dream come true.

Especially I thank the present and former members of the Metropolitan Washington Airports Authority board of directors including Linwood Holton, Ron Linton, and Robert Tardio; the staff and management of the Airports Authority including James A. Wilding, general manager, August Melton, manager of Washington National Airport, and Keith Merlin, manager of Dulles International Airport; and architect Cesar Pelli and all the construction personnel who turned Mr. Pelli's designs into a living, working masterpieces.

Congratulations to all. Job well done.●

TRIBUTE TO THE SAVANNAH INTERNATIONAL TRAINING CENTER AND THE OLYMPIC SOLIDARITY PROGRAM

● Mr. CLELAND. Mr. President, I rise today to praise the accomplishments of the Olympic Solidarity Program and its partnership with the Savannah International Training Center, the only recognized athletic training venue in the United States whose athletes are funded by the International Olympic Committee. This scholarship program has brought athletes from Africa and South America to Georgia, continuing the spirit of the 1996 International Olympic games by giving opportunities to athletes from developing countries.

The Savannah International Training Center is the largest Solidarity Training Center in the world. The Solidarity Program provides athletes with funds for room and board, education, visas, transportation and training costs. In June 1996, 25 Olympic Solidarity Athletes arrived in Georgia from countries such as Zimbabwe, Rwanda, and Colombia to participate in the outstanding track and field program. The facility hopes to be able to expand its programs to include weightlifting, swimming, and soccer. Essentially, the Solidarity Program provides athletes with a unique experience like no other in the United States or in the world.

This program not only enhances the quality of life for the athletes; the Olympic Solidarity Program has provided the community of Savannah and the State of Georgia with an international experience comparable to the 1996 Olympic games. Exposure to the variety of cultures existing among the participating countries allows the citizens of Savannah to develop stronger ties with these nations and improve foreign relationships.

The Savannah International Training Center continues to thrive and grow, exemplifying Georgia's commitment to the success of international athletics and the spirit of the Olympics. It is with great pride that I congratulate the Savannah International Training Center, the city of Savannah, the International Olympic Committee and the athletes involved for contributing to the unparalleled success of this distinguished program in the United States and for continuing the Olympic legacy in the State of Georgia.●

RECOGNITION OF BETTY GREGOIRE

● Mr. BOND. Mr. President, Today I stand before you to recognize a truly unique individual and personal friend for her exemplary service to my home State of Missouri at the time of her retirement. Betty Gregoire, has lived in Kansas City, Missouri for the past 24 years during which she has been a wife and mother, a volunteer and a public servant. Betty has shown the kind of lifelong devotion to her State that make it an honor to commend her for her many years of civic contribution.

After receiving a B.S. Degree from State University of New York, she taught in Long Island Elementary Schools and in Rochester, New York High School System. Betty came to Weatherby Lake, a community near Kansas City, in 1973 and by 1980 had established a position as Manager of the Prosecuting Attorney's office. Later she became the Administrative Assistant to the County Commission.

In addition to her service on the Weatherby Lake Improvement Board, as secretary, Legislative Committee, Missouri Assessor's Association, she was appointed by Governor John Ashcroft to fill the term of Assessor in 1985 and continued to serve for three terms.

Now part of the Finance Committee of St. Teresa Catholic church in Parkville, Betty is also a member of the Mid American Regional Council (MARC) Board and has held the position of Treasurer and 2nd Vice-President.

Betty was appointed by the Governor in 1986 to the Missouri Job & Employment Council then reappointed in 1992, and was District 3 Director of Missouri Association of Counties from 1991–94.

As an active member of several other civic organizations, Betty is an example for her fellow Missourians. I commend Betty for her many years of service and I am glad to say that the State of Missouri is enriched with her wisdom and leadership.●

THE 50TH ANNIVERSARY OF THE INDEPENDENCE OF PAKISTAN

● Mr. DURBIN. Mr. President, I rise today to honor the people of Pakistan on the occasion of the fiftieth anniversary of their independence. In August of 1947, Pakistan gained its independence from the British Empire. For the past fifty years, the people of Pakistan have shared with the people of the United States a common interest in the establishment of democracy. In recent years, Pakistan has reasserted its committment to democratic government and is deserving of both our recognition and our support.

The friendship between the United States and Pakistan goes back many years. In the mid-1950's, Pakistan and the United States joined together in a security agreement to resist Soviet expansion in South Asia. In late 1955, Pakistan joined the Southeast Asia Treaty Organization and the Central Treaty Organization, demonstrating Pakistan's committment to the Free World. This commitment proved invaluable during the Soviet occupation of Afghanistan, as our two nations united in opposition to Soviet aggression. Without a doubt, a close, constructive friendship between the United States and Pakistan has been essential to the security of both nations.

Beyond the affairs of state, there are the economic and cultural exchanges which spur growth and development and enrich the lives of our nations. In 1996, the total value of U.S. trade with Pakistan was $1.3 billion. Pakistan has recently embarked on an ambitious economic reform program to jumpstart the economy of Pakistan and provide the necessary foundation for free and fair trade. The United States should support these efforts, as Pakistan has the potential to one day become a model for the newly independent states of West and Central Asia.

Pakistani-Americans are a vibrant part of American cultural and economic life. Across the nation, Pakistani-Americans share their knowledge and heritage with other Americans, contribute to our economy, and create homes and neighborhoods which are a vital contribution to the American dream.

And so, on this the fiftieth anniversary of the independence of Pakistan, I rise to honor the people of Pakistan and their commitment to forge a free and democratic society. I look forward to many years of continued friendship between the people of Pakistan and the United States.•

INCREASING INCOME FOR THE DISABLED

• Mr. ABRAHAM. Mr. President, I rise today as a cosponsor of S. 1054. This legislation, introduced by Senator COCHRAN, gives greater opportunity to disabled workers.

In a nation professing to honor and reward hard work, I find it distressing that individuals able and, more importantly, willing to work do not receive all the benefits they are entitled to. Presently, disabled individuals can maintain Social Security benefits only if they do not earn a substantial amount. For the disabled, this amount is $500 per month, or $6000 per year. Blind individuals, however, are able to earn nearly twice as much without diminished benefits; nearly $12,000 per year. This discrepancy is wrong.

During the 104th Congress, the Senate acted on legislation expanding senior citizens ability to work. The Senate passed the "Senior Citizens' Right to Work Act of 1996" by unanimous consent. This legislation, which I was proud to support, allows seniors to retain more of their Social Security benefits even if they continue to work. By the year 2002, seniors will be able to earn up to $30,000 in outside income without penalty. I see no reason why the Senate can extend the earnings limit to seniors and the blind, but does not extend the ability for greater income to the disabled. I urge my colleagues to support this legislation and correct this outstanding deficiency.•

SPECIAL COORDINATOR FOR UNITED STATES POLICY TOWARD TIBET

• Mr. MOYNIHAN. Mr. President, today the New York Times reports an important advance in United States diplomacy. Secretary of State Albright has agreed to appoint a special coordinator to oversee American policy toward Tibet. This brings to fruition the vision of our beloved former chairman of the Foreign Relations Committee, Senator Pell, who introduced a bill (S. 2554) at the end of the 103d Congress to establish a position in the Department of State to coordinate United States policy on Tibet.

Since 1959, the Tibetans have suffered the liberation of their country by the Communist Chinese. Tibet is a remote land. Tibetans at that time had no interest in relations with other countries. No interest in joining the newly formed United Nations. Perhaps if Tibet had, we would have paid more attention when it was invaded.

Now it's time to pay attention. Most importantly, we must focus on efforts to bring the Tibetans and the Chinese to the negotiating table to resolve their differences. The situation requires far more attention within the administration and a special coordinator can provide appropriate attention. While the Dalai Lama has stated repeatedly his willingness to begin negotiations, the Chinese continue to issue denials. As my daughter Maura wrote in a Washington Post article in April:

> Most policy makers do not realize that the Dalai Lama is not seeking territorial sovereignty for his captive nation; nor is he asking to be reinstated as the head of the theocratic government that ruled Tibet prior to the Chinese invasion. In an address to the European Parliament in 1988 in Strasbourg, France, the Dalai Lama offered the Chinese control of Tibet's military and diplomatic affairs if they would allow the Tibetan people a measure of self-governance and non-interference in religion and culture.

That is certainly a magnanimous offer. The response from the Chinese? Silence.

In creating this new position, we make clear that we have heard this reasonable offer and intend to pursue it. As Lodi Gyari, the able diplomat who represents the Dalai Lama in Washington, is quoted in the New York Times today:

> If the United States is consistent and sincere and vigorous in trying to persuade the Chinese Government to come to a settlement, I strongly believe it will happen.

The new post will also allow closer scrutiny of human rights abuses in Tibet, which continue at an appalling level. I would note, as the author of the provision which resulted in a separate Tibet report in the State Department's annual Country Reports on Human Rights Practices, that the Bureau of Democracy, Human Rights and Labor, led by Assistant Secretary Shattuck, has done a superb job in documenting the situation in Tibet. The excellent information the Bureau collects will be more readily acted upon by an officer focused solely on Tibet.

For too long, Tibet has fallen between the cracks of United States foreign policy. Such neglect has led Abe Rosenthal to wonder if Tibetans are not "Endangered Species," as he asked in the New York Times on May 21, 1994:

> Is anybody protecting, please, another of God's endangered species, which happens to be human, the Tibetans? Not yet. Neither the Republic nor the Empire nor any other nation, great or small, does anything about the Tibetans, except India, which gives them refuge when they can escape their cage.
>
> Would it help to say that just as there are laws against slaughtering hawksbill turtles, there are international laws against genocide—the elimination of nations and cultures? Probably not.

This is a rather somber note on which to end, yet the situation in Tibet is grave. I am pleased that the Secretary has decided to appoint a new special coordinator for Tibet and both Congress and the Administration can devote more attention to this "Endangered Species."

Mr. President, I ask that the article on the position be printed in the RECORD.

The article follows:

[From the New York Times, July 30, 1997]

ALBRIGHT TO NAME SPECIAL AIDE ON U.S. POLICY TOWARD TIBET

(By Steven Lee Myers)

WASHINGTON, JULY 29.—Secretary of State Madelene K. Albright told Congressional leaders today that she would appoint a new "special coordinator" to oversee American policy toward Tibet.

The announcement, which came in response to Democratic and Republican pressure in Congress, could create new diplomatic strains with China.

The United States has never had diplomatic relations with Tibet, which it regards as part of China, but the creation of the new position would significantly raise the profile of Tibetan affairs within the Government, according to Administration and Congressional officials familiar with the plan.

"We are prepared to have someone working in the State Department to see that the religious freedom of Tibetans is promoted and that their ethnicity is respected," a senior Administration official said, speaking on condition of anonymity.

The new coordinator, however, would not have the rank of ambassador, with the diplomatic credentials to act on behalf of the United States, nor would the appointment bestow any diplomatic recognition on Tibet. In that sense the idea would fall short of recent proposals in both the House and the Senate, which the Administration has opposed.

But the appointment is likely to rankle China, which has repeatedly accused other nations of interfering with internal matters by raising concerns over Tibet.

President Clinton met in April with the Dalai Lama, Tibet's exiled spiritual leader, and promised to raise Tibet as a prominent issue when he meets President Jiang Zemin of China in the fall. The meeting with the Dalai Lama, a so-called drop by during the Tibetan's session with Vice President Al Gore that stopped short of an official visit, prompted protests from Beijing.

"I see this as a step in the right direction," said Lodi Gyari, president of the International Campaign for Tibet and a former aide to the Dalai Lama. "I hope this is the beginning of a trend. If the United States is consistent and sincere and vigorous in trying to persuade the Chinese Government to come to a settlement, I strongly believe it will happen."

Ms. Albright, visiting Singapore today, discussed the appointment in a telephone call with leaders of the Senate's Committee on Foreign Relations and the House's Committee on International Relations, which are considering new legislation to force the appointment of an envoy with ambassadorial rank, a move the Administration opposes.

The details of the position—including the scope of the duties and resources—were not disclosed.

After the meeting, an aide to a Senate Republican said, "We want to make sure this is not one guy sitting in the bowels of the State Department with no influence over policy in Tibet."

The special coordinator would have a broad mandate to orchestrate the Administration's policies internally and also to meet with Tibetan officials, including the exiled leaders based in India, officials said. The officials said the coordinator would also act as a mediator between Chinese and Tibetan officials, trying to restart contacts.

China seized Tibet in 1950.

U.S. TO PRESS FOR POL POT TRIAL

(By the New York Times)

SINGAPORE, JULY 29.—Ms. Albright said today that the United States would continue to press for an international war crimes trial for Pol Pot, the former Cambodian leader.

"What we do think is very important is that Pol Pot be tried," she said in a briefing for journalists traveling with her to Asia. "We consider him a war criminal." She added that the United States sought to have him tried "by some procedure that is internationally accepted."

She acknowledged that earlier explorations into using Canadian or Dutch law had run into complications, but said American officials were continuing to search for the right site and method for a trial.●

TRIBUTE TO GARY HURT

● Mr. BOND. Mr. President, I rise to pay tribute to a friend and outstanding member of the Missouri Highway Patrol, who is retiring after many years of dedicated service.

You have heard the expression, "you can bet your life on it." That was more than an expression for me during the 8 years my family and I depended on the Governor's security team. We literally bet our lives on Gary Hurt and his colleagues, just as all Missourians bet their lives on other members of the highway patrol every day.

Gary Hurt has devoted 28 years of service to the Missouri State Highway Patrol. Of this tenure, 18 years has been spent on the Governor's security division, where Gary has served as assistant director for 14 years. He learned his craft in the time-honored way, as a road trooper for a full decade.

Gary fought back several years ago from an injury that threatened to end his career with the patrol. An injury to his "gun arm" required two operations, extensive physical rehabilitation and tremendous grit to overcome but overcome it he did.

As Governor, I became very close to my security team members sharing every event and most waking hours. I am particularly grateful for their patience during the endless hours that, while driving to events, I read bedtime stories into a tape recorder for my son, Sam, for those nights I could not be home in time to read to him in person. Gary and I have shared floods, tornadoes, prison riots, hangings in effigy, election night victories and defeats, births, deaths, weddings, budget crises, and fiscal triumph. As an aside, one of the weddings we most recently shared occurred when Gary's son married a caseworker in my office of constituent services.

I regret that Missouri will no longer have Gary Hurt among its law enforcement members, but I am counting on him to continue to share his humor, insight, and experience through different avenues. Thank you, Gary, and best of luck in your retirement. You have earned the chance to do things you want to do for a change.●

INDIAN GAMING REGULATORY ACT AMENDMENTS OF 1997

● Mr. McCAIN. Mr. President, there is an error in the statement that I submitted for the RECORD in introducing S. 1077, a bill to amend the Indian Gaming Regulatory Act. The portion of the statement alluding to a new process for the negotiation of gaming compacts was inadvertently included. There is no section concerning compacting in the bill I introduced.●

100 YEARS OF THE FORWARD

● Mr. MOYNIHAN. Mr. President, on July 22, 1997, the Washington Post contained a moving tribute to the Forward, a New York City journalistic tradition currently celebrating its centennial year.

The Members of the Senate are probably aware of the Forward's magnificent history; this daily Yiddish newspaper once enjoyed a daily circulation of over 250,000. It did its job of helping new arrivals assimilate and become Americans so very well, that its original readers' descendants can now enjoy the newspaper's superb English language edition, while a wave of new immigrants are being introduced to the nuances of American life by the newspaper's Russian edition.

The Forward's legacy lives on, not only in its three current editions, but with the tens of thousands of families whose ancestors learned about this country in the pages of Abraham Cahan's remarkable publication. On May 22, New York Mayor Guiliani hosted a reception at Gracie Mansion to mark the one- hundredth anniversary of the Daily Vorwaert's first issue. I sent a message to this reception which was reprinted in the Forward's Yiddish, English and Russian editions:

> I have long believed that the Forward renders an invaluable contribution to American society. Your dynamic newspaper should be appreciated by all who cherish our national heritage of respect for intellectual creativity and journalistic integrity. Even those of us who couldn't enjoy A Bintel Brief in the original were long ago aware of the Forward's power to captivate, educate and inspire. Your vigorous English edition is a worthy companion to the historic Yiddish Forward.
>
> Please accept my great congratulations on this magnificent milestone.
>
> With my best wishes to the "gold standard" of ethnic journalism.

The Forward has played a significant cultural and educational role in its first century and I trust that the members of the Senate join me in wishing similar success to the three editions that so ably carry on the historic Forward tradition.

Mr. President, I ask that the text of the Washington Post article on the Forward's centennial be printed in the RECORD.

The material follows:

[From the Washington Post, July 22, 1997]

NEW VOICES FOR A NEW CENTURY—NEWSPAPER OF AN EXODUS SPEAKS A LANGUAGE ITS CHILDREN NO LONGER HEAR, BUT REACHES OUT IN OTHERS

(By John M. Goshko)

NEW YORK.—Some of this city's most prominent editorialists, academics and intellectuals lately have been waxing nostalgic about a New York institution now personified by a half-dozen elderly men hunched over rickety, ancient typewriters in a charmless office.

These men—not all in the best of health and able to put in a full day's work—are what remains of the Yiddish staff of the Forward, or Der Vorwaerts, once celebrated as the most influential foreign-language newspaper in the United States. Now marking its 100th anniversary amid growing uncertainty about its future, the Forward is known as the paper that did its job so successfully that it has come to the brink of putting itself out of business.

To survive into a second century, the Forward has had to start thinking about ways to reinvent itself. It actively is experimenting with moves away from Yiddish, seeking to attract new audiences with editions in English and Russian.

The English edition, in particular, has aroused considerable interest because of its aggressive, no-sacred-cows coverage of Jewish affairs under editor Seth Lipsky, a graduate of the Wall Street Journal's editorial page, and his staff of young reporters. The English version doesn't always sit well with many old-line readers who find Lipsky's combative conservatism jarringly at odds with the Forward's foundations in socialism and trade unionism. They say that while the name on the masthead of the English edition may be the same, the newspaper itself is not. To them, he Forward's identity cannot be separated from the language and culture that the great waves of turn-of-the-century immigration brought to this country from East European Jewish communities destined to perish in the Holocaust.

More than 2.5 million Yiddish-speaking Jewish immigrants poured into New York between 1880 and 1925, and many learned how to Americans from the Forward. At the height of the newspaper's influence, its daily circulation of more than 250,000 stretched from New York into the sizable immigrant communities of Boston, Philadelphia, Chicago and Los Angeles. And it used this influence to become a key player in shaping the modern American labor movement and leading the exodus of Jewish immigrants from European-inherited socialist politics to the New Deal.

"For people like me, the Forward is part of a culture; something that's in my genes," said Hyman J. Bookbinder, long the American Jewish Committee's representative in Washington. "I was brought up in a Forward home, where my parents, who came from Poland as teenagers, looked to the Forward for what amounted to their high school and college education."

In 1947, the Forward's 50th anniversary celebration packed Madison Square Garden. Today, the editor of the Yiddish Forward, Mordechia Shtrigler, worries that the paper, which became a weekly in 1983, might have to cut back further and go biweekly or even monthly. The grandchildren and great grandchildren of the original faithful have moved on. For the Yiddish edition, there remain only a geriatric generation whose imminent passing effectively will mark the dying out of Yiddish as a language with any currency in the United States.

"It's not just that the young people don't read or speak Yiddish," said Shtrigler. "We are almost out of people who can write commandingly and persuasively in Yiddish about politics and literature and culture. Many weeks I have to write more than half the newspaper myself. I fear what the future will be."

His anxiety is, in many ways, a testament to the certain vision of Abraham Cahan, an autocratic but brilliant editor who ran the paper for more than 50 years. Cahan arrived in New York from Lithuania in 1882 and quickly acquired a gift for writing in English that enabled him to become a star reporter for English-language newspapers. He gained even wider notice by writing two novels about Lower East Side ghetto life: "Yekl," which in the 1970s became the basis for the film "Hester Street," and the "Rose of David Levinsky," acclaimed at the time as a minor masterpiece of genre realism.

Both books dealt with the theme of assimilation as necessary and inevitable for survival in the new world, even when it meant a melancholy loss of one's youthful ideals. That was the message that Cahan carried over into the pages of the Forward. Cahan built a devoted readership from sweatshop laborers and pushcart peddlers with detailed, colorful coverage of New York's politics and its nascent labor movement. And he added a high-toned side, publishing the work of the best Yiddish poets and novelists. One, Isaac Bashevis Singer, published almost all of his stories in the Forward before their book publication.

But the Forward's basic message was underscored by Cahan's lead editorial on his first day as editor: "Send Your Children to College if You Can, but Don't Let Them Become Disloyal to Their Parents." It set the tone for future Forward articles that would attempt to act as a bridge between America and the shetl. They covered every conceivable subject including one, "Fundamentals of Baseball Explained to Non-Sports," which came complete with a diagram of the Polo Grounds.

By far the most popular and famous feature was the "Bintel Brief" ("Bundle of Letters"), where readers wrote in to seek advice about their most personal concerns and aspirations.

The letters included such pre-"Dear Abby" trivia as one from "The Unhappy Fool," who confessed that he considered the girl be loved flawed because she had a dimple. The Forward's tart reply:

"The trouble is not that the girl has a dimple in her chin but that some people have a screw loose in their head."

But others were what has been called "a cry from the depths of immigrant life": the new arrival's anguish at leaving his aged parents in Europe, the plight of the young mother deserted by her husband, the despair of a tenement janitor condemned to eke out his days in " a place where the sun is ashamed to shine."

If the people who wrote to the "Bintel Brief" have a present-day counterpart, it is the immigrants from the now defunct Soviet Union, whose population in the New York area has swelled to almost 400,000 in recent years. An estimated 95 percent of them are Jewish, and in December 1995, the Forward began a weekly Russian edition to cater to their needs, with a circulation now of 10,000.

It carries a heavy dose of news about the Russian immigrant community, particularly its problems of adjustment. It even carries a Hebrew lesson in each issue.

As to the descendants of those earlier immigrants who were the Forward's original audience, they are largely successful business and professional people who have graduated to the suburbs and Manhattan's tonier neighborhoods. The English edition, a weekly established in 1990, is hoping it can lay the foundations for a new kind of paper by establishing with the new generation the same bonds of passion for Jewish issues that existed between their forebears and the Yiddish Forward.

It has a ways to go. Its circulation is only about 25,000, and it hemorrhages red ink at the rate of about $1 million a year. Still, Lipsky optimistically insists that it is not unrealistic to harbor hopes of someday becoming a daily. In pursuit of that dream, he has hired a constantly revolving team of your talent.

Although they work just down the hall from the Yiddish staff, there is a respectful but clear separation between the two. The English edition does not use any material from its older sibling. And the younger staff members, their accents and sensibilities betraying the stamp of places like Berkeley, Cambridge and New Haven, have only the foggiest notions of the Talmudic arguments about assimilation and schisms in the socialist movement that preoccupied earlier generations of Forward editors and reporters.

Collectively, they turn out a newspaper distinguished by sophisticated arts coverage and a more probing, sometime sensationalist approach to Jewish issues than most other American Jewish publications, whose ties and funding sources generally cause them to tread cautiously around Jewish charities and organizations. The Forward also is unlike its competitors in that it frequently is willing to take some critical looks at Israel.

This attitude has earned the English edition a substantial number of enemies among Jewish organizations and individuals who feel the paper has treated them unfairly. Inevitably the biggest share of brickbats has been aimed at Lipsky's editorial positions which reader nostalgic for the old Forward consider an unpalatable mix of Reaganomics and Cold War rhetoric.

Rabbi Arthur Hertzberg, a professor of humanities at New York University, accused Lipsky of trying to turn "a newspaper of socialists and social democrats [into] an echo of the Wall Street Journal." Jack Sheinkman, former president of the Amalgamated Clothing and Textile Workers Union, expressed outrage at Lipsky's unapologetic defense of American involvement in the Vietnam War, and the literary critic, Alfred Kazin, protested that a Forward proposal to bomb North Korea's nuclear weapons facilities had no place in "a paper founded a century ago on the blood and toil of peaceful laboring people who believed in harmony with people like themselves.

Lipsky takes the criticism in stride: "A lot of people tiptoe around our ideological battles as through its something to be embarrassed about. Actually, I find it a matter of great zest." He even wrote an article in a recent issue of Commentary magazine arguing that "Abraham Cahan would have perfectly well understood the contours of the struggle we are in today and have responded in the spirit in which we carry on."•

BUDGET SCOREKEEPING REPORT

• Mr. DOMENICI. Mr. President, I hereby submit to the Senate the budget scorekeeping report prepared by the Congressional Budget Office under section 308(b) and in aid of section 311 of the Congressional Budget Act of 1974, as amended. This report meets the requirements for Senate scorekeeping of section 5 of S. Con. Res. 32, the First Concurrent Resolution on the Budget for 1986.

This report shows the effects of congressional action on the budget through July 28, 1997. The estimates of budget authority, outlays, and revenues, which are consistent with the technical and economic assumptions of the 1997 Concurrent Resolution on the Budget (H. Con. Res. 178), show that current level spending is above the budget resolution by $9.5 billion in budget authority and by $12.9 billion in outlays. Current level is $20.5 billion above the revenue floor in 1997 and $101.9 billion above the revenue floor over the 5 years 1997–2001. The current estimate of the deficit for purposes of calculating the maximum deficit amount is $219.9 billion, $7.4 billion below the maximum deficit amount for 1997 of $227.3 billion.

Since my last report, dated June 23, 1997, there has been no action that has changed the current level of budget authority, outlays, or revenues.

The report follows:

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, July 29, 1997.

Hon. PETE V. DOMENICI,
Chairman, Committee on the Budget, U.S. Senate, Washington, DC.

DEAR MR. CHAIRMAN: The attached report for fiscal year 1997 shows the effects of Congressional action on the 1997 budget and is current through July 28, 1997. The estimates of budget authority, outlays, and revenues are consistent with the technical and economic assumptions of the 1997 Concurrent Resolution on the Budget (H. Con. Res. 178). This report is submitted under section 308(b) and in aid of Section 311 of the Congressional Budget Act, as amended.

Since my last report, dated June 23, 1997, there has been no action that has changed the current level of budget authority, outlays or revenues.

Sincerely,

JUNE E. O'NEILL,
Director.

THE CURRENT LEVEL REPORT FOR THE U.S. SENATE, FISCAL YEAR 1997 105TH CONGRESS, 1ST SESSION, AS OF CLOSE OF BUSINESS JULY 28, 1997

[In billions of dollars]

	Budget resolution H. Con. Res. 178	Current level	Current level over/under resolution
On-Budget			
Budget authority	1,314.9	1,324.4	9.5
Outlays	1,311.3	1,324.2	12.9
Revenues:			
1997	1,083.7	1,104.3	20.5
1997–2001	5,913.3	6,015.2	101.9
Deficit	227.3	219.9	−7.4
Debt subject to limit	5,432.7	5,283.0	−149.7
Off-Budget			
Social Security outlays:			
1997	310.4	310.4	0.0
1997–2001	2,061.3	2,061.3	0.0
Social Security revenues:			
1997	385.0	384.7	−0.3
1997–2001	2,121.0	2,120.3	−0.7

Note.—Current level numbers are the estimated revenue and direct spending effects of all legislation that Congress has enacted or sent to the President for his approval. In addition, full-year funding estimates under current law are included for entitlement and mandatory programs requiring annual appropriations even if the appropriations have not been made. The current level of debt subject to limit reflects the latest U.S. Treasury information on public debt transactions.

THE ON-BUDGET CURRENT LEVEL REPORT FOR THE U.S. SENATE, 105TH CONGRESS, 1ST SESSION, SENATE SUPPORTING DETAIL FOR FISCAL YEAR 1997 AS OF CLOSE OF BUSINESS JULY 28, 1997

[In millions of dollars]

	Budget authority	Outlays	Revenues
Enacted in previous sessions			
Revenues			1,101,532
Permanents and other spending legislation	843,324	801,465	
Appropriation legislation	753,927	788,263	
Offsetting receipts	−271,843	−271,843	
Total previously enacted	1,325,408	1,317,885	1,101,532
Enacted this session			
Airport and Airway Trust Fund Reinstatement Act of 1997 (P.L. 105–2)			2,730
1997 Emergency Supplemental Appropriations Act (P.L. 105–18)	−6,497	281	
Total, enacted this session	−6,497	281	2,730
Entitlements and mandatories			
Budget resolution baseline estimates of appropriated entitlements and other mandatory programs not yet enacted	5,491	6,015	
Totals			
Total current level	1,324,402	1,324,181	1,104,262
Total budget resolution	1,314,935	1,311,321	1,083,728
Amount remaining:			
Under budget resolution			
Over budget resolution	9,467	12,860	20,534
Addendum—Emergencies			
Funding that has been designated as an emergency requirement by the President and the Congress	9,228	1,917	
Funding that has been designated as an emergency requirement only by the Congress and is not available for obligation until requested by the President	315	300	
Total emergencies	9,543	2,217	
Total current level including emergencies	1,333,945	1,326,398	1,104,262

REMOVAL OF INJUNCTION OF SECRECY—TREATY DOCUMENT NO. 105–18 AND TREATY DOCUMENT NO. 105–19

Mr. SANTORUM. Mr. President, as in executive session, I ask unanimous consent that the injunction of secrecy be removed from the following treaties transmitted to the Senate on July 30, 1997, by the President of the United States:

Extradition Treaty with Argentina (Treaty Document No. 105–18);

Extradition Treaty with Organization of Eastern Caribbean States (Treaty Document No. 105–19).

I further ask that the treaties be considered as having been read the first time; that they be referred, with accompanying papers, to the Committee on Foreign Relations and ordered to be printed; and that the President's messages be printed in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

The messages of the President are as follows:

To the Senate of the United States:

With a view to receiving the advice and consent of the Senate to ratification, I transmit herewith the Extradition Treaty between the United States of America and the Argentine Republic, signed at Buenos Aires on June 10, 1997.

In addition, I transmit, for the information of the Senate, the report of the Department of State with respect to the Treaty. As the report states, the Treaty will not require implementing legislation.

The provisions in this Treaty follow generally the form and content of extradition treaties recently concluded by the United States.

Upon entry into force, this Treaty would enhance cooperation between the law enforcement authorities of both countries, and thereby make a significant contribution to international law enforcement efforts. The Treaty would supersede the Extradition Treaty Between the United States of America and the Republic of Argentina signed at Washington on January 21, 1972.

I recommend that the Senate give early and favorable consideration to the Treaty and give its advice and consent to ratification.

WILLIAM J. CLINTON.

THE WHITE HOUSE, *July 30, 1997.*

To the Senate of the United States:

With a view to receiving the advice and consent of the Senate to ratification, I transmit herewith the Extradition Treaties between the Government of the United States of America and the governments of six countries comprising the Organization of Eastern Caribbean States (collectively, the "Treaties"). The Treaties are with: Antigua and Barbuda, signed at St. John's on June 3, 1996; Dominica, signed at Roseau on October 10, 1996; Grenada, signed at St. George's on May 30, 1996; St. Lucia, signed at Castries on April 18, 1996; St. Kitts and Nevis, signed at Baseterre on September 18, 1996; and St. Vincent and the Grenadines, signed at Kingstown on August 15, 1996.

In addition, I transmit, for the information of the Senate, the report of the Department of State with respect to the Treaties. As the report explains, the Treaties will not require implementing legislation.

The provisions in these Treaties follow generally the form and content of extradition treaties recently concluded by the United States.

Each Treaty will enhance cooperation between the law enforcement communities in both countries. That will thereby make a significant contribution to international law enforcement efforts. Upon entry into force of the extradition treaties between the United States and Antigua and Barbuda, Dominica, St. Kitts and Nevis, St. Lucia, and St. Vincent and the Grenadines, the Extradition Treaty between the Government of the United States of America and the Government of the United Kingdom of Great Britain and Northern Ireland signed June 8, 1972, which was made applicable to each of these territories upon its entry in force January 21, 1977, and which continues to apply between the United States and each of the entities subsequent to becoming independent, will cease to have any effect between the United States and the respective country. Upon entry into force of the Extradition Treaty between the United States and Grenada, the Extradition Treaty between the United States and Great Britain signed December 22, 1931, which was made applicable to Grenada upon its entry into force on June 24, 1935, and which continues to apply between the United States and Grenada, following its becoming independent, shall cease to apply between the United States and Grenada.

I recommend that the Senate give early and favorable consideration to the Treaties and give its advice and consent to ratification.

WILLIAM J. CLINTON.

THE WHITE HOUSE, *July 30, 1997.*

NEED-BASED EDUCATIONAL AID ANTITRUST PROTECTION ACT OF 1997

Mr. SANTORUM. Mr. President, I ask unanimous consent that the Senate proceed to the immediate consideration of H.R. 1866, which was received from the House.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

A bill (H.R. 1866) to continue favorable treatment for need-based educational aid under the antitrust laws.

There being no objection, the Senate proceeded to consider the bill.

AMENDMENT NO. 1046

(Purpose: To limit the application of an exemption of antitrust laws relating to need-based educational aid and to extend the period of applicability of that exemption)

Mr. SANTORUM. Mr. President, Senators DEWINE and KOHL have an amendment at the desk. I ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Pennsylvania [Mr. SANTORUM], for Mr. DEWINE, for himself and Mr. KOHL, proposes an amendment numbered 1046.

Mr. SANTORUM. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

Strike section 2 and insert the following:

SEC. 2. CONTINUATION OF FAVORABLE TREATMENT FOR NEED-BASED EDUCATIONAL AID UNDER THE ANTITRUST LAWS.

(a) AMENDMENTS.—Section 568 of the Improving America's Schools Act of 1994 (15 U.S.C. 1 note) is amended—

(1) in subsection (a)—

(A) in the heading, by striking "TEMPORARY"; and

(B) by striking paragraph (4) and inserting the following:

"(4) to exchange through an independent third party, before awarding need-based financial aid to any of such students who is commonly admitted to the institutions of higher education involved, data submitted by the student so admitted, the student's family, or a financial institution on behalf of the student or the student's family relating to assets, liabilities, income, expenses, the number of family members, and the number of the student's siblings in college, if each of such institutions of higher education is permitted to retrieve such data only once with respect to the student."; and

(2) in subsection (d), by striking "September 30, 1997" and inserting "September 30, 2001".

(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall take effect immediately before September 30, 1997.

THE PRESIDING OFFICER. If there be no further debate, the question is on agreeing to the amendment.

The amendment (No. 1046) was agreed to.

Mr. SANTORUM. I ask unanimous consent the bill be considered read a third time and passed, as amended, the motion to reconsider be laid on the table, and any statements relating to this bill be placed at the appropriate place in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

The bill (H.R. 1866), as amended, was considered read the third time and passed.

AUTHORIZING THE USE OF THE CAPITOL GROUNDS

Mr. SANTORUM. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar No. 132, H. Con. Res. 98.

The PRESIDING OFFICER. Without objection, it is so ordered. The clerk will report.

The assistant legislative clerk read as follows:

A concurrent resolution (H. Con. Res. 98) authorizing the use of the Capitol Grounds for the SAFE KIDS Buckle Up Car Seat Safety Check.

The Senate proceeded to consider the concurrent resolution.

Mr. SANTORUM. Mr. President, I ask unanimous consent that the resolution be agreed to and the motion to reconsider be laid upon the table.

The PRESIDING OFFICER. Without objection, it is so ordered.

The concurrent resolution (H. Con. Res. 98) was agreed to.

ADDITIONAL CONFEREE—H.R. 2203 AND H.R. 2169

Mr. SANTORUM. Mr. President, I ask unanimous consent that Senator INOUYE be added as a Democratic conferee with respect to the following:

H.R. 2203, energy and water appropriations, and H.R. 2169, transportation appropriations.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDERS FOR THURSDAY, JULY 31, 1997

Mr. SANTORUM. Mr. President, I ask unanimous consent that when the Senate completes its business today, it stand in adjournment until the hour of 9:15 a.m. on Thursday, July 31. I further ask unanimous consent that on Thursday, immediately following the prayer, the routine requests through the morning hour be granted, and the Senate immediately proceed to the conference report accompanying H.R. 2015, the Balanced Budget Act, as under the previous order.

The PRESIDING OFFICER. Without objection, it is so ordered.

PROGRAM

Mr. SANTORUM. Mr. President, tomorrow morning, from 9:15 a.m. to 10:15 a.m., the Senate will conclude debate on the conference report to the Balanced Budget Act. Under a previous order, at 10:15 a.m., the Senate will proceed to vote on the conference report. Following that vote, it is the intention of the majority leader that the Senate will begin debate on the conference report to the Taxpayer Fairness Act. As Members are aware, there are 10 hours of statutory debate time in order to this conference report. Therefore, Members can anticipate additional rollcall votes following the 10:15 a.m. vote. As always, Members will be notified as to when rollcall votes are required.

ORDER FOR ADJOURNMENT

Mr. SANTORUM. Mr. President, if there is no further business to come before the Senate, I now ask unanimous consent that the Senate stand in adjournment under the previous order following the remarks of the Senator from New Jersey.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. TORRICELLI addressed the Chair.

The PRESIDING OFFICER. The Senator from New Jersey.

THE PLAGUE OF TERRORISM

Mr. TORRICELLI. Mr. President, only hours ago, in a market in Jerusalem, the plague of terrorism once again struck the people of the Middle East. Simple people shopping for their goods and wares were struck down by a terrorist bomb. People who do not have the courage to stand on the battlefield or the wisdom to sit across a conference table with diplomats have, once again, sought to impose their own will on the people of Israel.

I rise on the floor of the Senate to express all of our sympathies for the families of the victims, the people of Israel, and to Prime Minister Netanyahu.

I know in all of us, there is not only a prayerful sorrow, but also a great anger. The sacrifices and the works and the hopes of so many might be dashed by these few who would impose their will. The best message may not simply be our prayers or our condolences. Perhaps, Mr. President, as Americans, we are best to respond to this tragedy as Americans have always responded to those who act in violence and with such irresponsible actions. Our best message may be our uncompromising determination to pursue peace.

It is, after all, the interruption of the peace process that terrorists desire the most. If they had a coherent argument that had intellectual weight, they would have sought an entry into the peace process to make their arguments to diplomats. If they could make a coherent case to either the electorate in Israel or the people of the Palestinian Authority, they would have taken their case through a democratic process to those peoples. Their terrorist actions are the best evidence that they have no such arguments. They can make no such case. They, indeed, do not have confidence themselves in the strength of their own positions.

In responding to this terrorist action, President Clinton made clear that the United States will not be dissuaded, that we are not led away or apart from our current policy of seeking a peaceful resolution to events in the Middle East. I believe that President Clinton, when he speaks these words, represents all of us.

It is, therefore, only right and proper that, when the mourning ends and the dead are buried, our diplomats return to the Middle East with all dispatch. If it was the intention of the administration that they were to return in several days, the best message to the terrorists is that they return sooner. If it was their intention to remain a month, it is the best message to the terrorists that they should remain 2 months. If it was the intention of this Congress to continue American assistance to Israel for several years, the best message to these terrorists is, it shall continue for more years.

There are those through the years who do not understand the United States. They think that because we are a patient and a reasonable people, inclined towards peace and willing to talk, that we lack strength or resolve. Those who know our history, watched our actions, or understand us and our culture the best know that, in fact, nothing could be further from the truth. We are a people of enormous resolve. That resolve will best be demonstrated in the coming days when this administration sends our diplomats back to the negotiating table, this Congress continues with our commitments to Israel, and we make clear we will not be separated from our ambition of a strong and free Israel, with a Middle East with a lasting peace.

To the Palestinian Authority and its leader, Yasser Arafat, we are all grateful that Mr. Arafat has expressed to Prime Minister Netanyahu and to the families of the victims his condolences. It is, however, on this occasion, not enough. The best expression of condolence to the victims and to the people of Israel is for Mr. Arafat to renew his commitment to the peace process without condition. It is not enough simply to express regret at the suffering of those who are victims or for Mr. Arafat to express his commitment to find those responsible and to cooperate with the Israeli authorities.

It is also not enough to cooperate because of the deeds of this day, but to assure that tomorrow, and in all days that follow, the Palestinian Authority security forces will cooperate with Israeli law enforcement to share intelligence information, to open her borders and her files to ensure that this deed that has been suffered upon the people of Israel is not repeated.

Mr. President, the people of Israel have suffered on many such days. Terrorism has not become the exception, but sometimes it seems the rule of the politics of the Middle East.

In Israel, like in America, we are misunderstood. This much should be clear: There is no terrorist action so great, no number of victims so large, that the people of Israel will be convinced to compromise on the needs of their basic security, their determination that they and their children will live in an undivided Jerusalem. At times we seem so close to peace and yet more victims, more sacrifice is asked.

Wherever these terrorists might be hiding tonight, whatever cave may conceal their cowardice, let this much be clear: Israel will remain free, Jerusalem will remain Israeli, the future will be secured. And if the sacrifice of the people of Israel through all these years has not convinced these terrorists, or those who would follow them, of that fact, then add this to the equation: The U.S. Congress, this Senate in representation of all the people of the United States, are determined to make it so as well.

Mr. President, our prayers, our heartfelt sorrow go to the families of the victims of all the people of Israel. May the future at long last be different than the past.

I yield the floor.

ADJOURNMENT UNTIL TOMORROW AT 9:15 A.M.

The PRESIDING OFFICER. Under the previous order, the Senate stands adjourned until 9:15 a.m. tomorrow.

Thereupon, the Senate, at 8:11 p.m., adjourned until Thursday, July 31, 1997, at 9:15 a.m.

NOMINATIONS

Executive nominations received by the Senate July 30, 1997:

THE JUDICIARY

SUSAN GRABER, OF OREGON, TO BE U.S. CIRCUIT JUDGE FOR THE NINTH CIRCUIT, VICE EDWARD LEAVY, RETIRED.

DEPARTMENT OF STATE

PETER L. SCHER, OF THE DISTRICT OF COLUMBIA, FOR THE RANK OF AMBASSADOR DURING HIS TENURE OF SERVICE AS SPECIAL TRADE NEGOTIATOR.

DEPARTMENT OF ENERGY

MARY ANNE SULLIVAN, OF THE DISTRICT OF COLUMBIA, TO BE GENERAL COUNSEL OF THE DEPARTMENT OF ENERGY, VICE ROBERT RIGGS NORDHAUS, RESIGNED.

NATIONAL COUNCIL ON DISABILITY

ELA YAZZIE-KING, OF ARIZONA, TO BE A MEMBER OF THE NATIONAL COUNCIL ON DISABILITY FOR A TERM EXPIRING SEPTEMBER 17, 1999. (REAPPOINTMENT)

IN THE AIR FORCE

THE FOLLOWING-NAMED OFFICER FOR APPOINTMENT IN THE RESERVE OF THE AIR FORCE TO THE GRADE INDICATED UNDER TITLE 10, UNITED STATES CODE, SECTION 12203:

To be brigadier general

COL. JAMES P. CZEKANSKI, 6070.

IN THE ARMY

THE FOLLOWING NAMED OFFICERS FOR APPOINTMENT IN THE UNITED STATES ARMY TO THE GRADE INDICATED UNDER TITLE 10, UNITED STATES CODE, SECTION 624:

To be major general

BRIG. GEN. JOHN G. MEYER, JR., 2481.
BRIG. GEN. ROBERT L. NABORS, 5042.

HOUSE OF REPRESENTATIVES—*Wednesday, July 30, 1997*

The House met at 10 a.m. and was called to order by the Speaker pro tempore [Mr. GIBBONS].

DESIGNATION OF THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore laid before the House the following communication from the Speaker:

WASHINGTON, DC,
July 30, 1997.

I hereby designate the Honorable JIM GIBBONS to act as Speaker pro tempore on this day.

NEWT GINGRICH,
Speaker of the House of Representatives.

PRAYER

The Chaplain, Rev. James David Ford, D.D., offered the following prayer:

May Your good word, O God, that comforts and gives strength, be with those who have suffered from violence and hatred and who have experienced the brutality of conflict. We remember especially those innocents who go about their daily lives seeking only to do their work and know their families and yet who suffer so tragically from the cruelty of malice and hatred. In spite of the strife known to nations and peoples, we pray that we will be instruments of peace and messengers of goodwill so that everyone may know the bounty of Your grace and Your peace. Amen.

THE JOURNAL

The SPEAKER pro tempore. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Pursuant to clause 1, rule I, the Journal stands approved.

PLEDGE OF ALLEGIANCE

The SPEAKER pro tempore. Will the gentleman from California [Mr. FARR] come forward and lead the House in the Pledge of Allegiance.

Mr. FARR of California led the Pledge of Allegiance as follows:

I pledge allegiance to the Flag of the United States of America, and to the Republic for which it stands, one nation under God, indivisible, with liberty and justice for all.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Lundregan, one of its clerks, announced that the Senate had passed with amendments in which the concurrence of the House is requested, bills of the House of the following titles:

H.R. 2209. An act making appropriations for the Legislative Branch for the fiscal year ending September 30, 1998, and for other purposes; and

H.R. 2266. An act making appropriations for the Department of Defense for the fiscal year ending September 30, 1998, and for other purposes.

The message also announced that the Senate insists upon its amendments to the bill (H.R. 2209) "An Act making appropriations for the Legislative Branch for the fiscal year ending September 30, 1998, and for other purposes," requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. BENNETT, Mr. STEVENS, Mr. CRAIG, Mr. COCHRAN, Mr. DORGAN, Mrs. BOXER, and Mr. BYRD, to be the conferees on the part of the Senate.

The message also announced that the Senate insists upon its amendment to the bill (H.R. 2266) "An Act making appropriations for the Department of Defense for the fiscal year ending September 30, 1998, and for other purposes," requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. STEVENS, Mr. COCHRAN, Mr. SPECTER, Mr. DOMENICI, Mr. BOND, Mr. MCCONNELL, Mr. SHELBY, Mr. GREGG, Mrs. HUTCHISON, Mr. INOUYE, Mr. HOLLINGS, Mr. BYRD, Mr. LEAHY, Mr. BUMPERS, Mr. LAUTENBERG, Mr. HARKIN, and Mr. DORGAN, to be the conferees on the part of the Senate.

The message also announced that the Senate insists upon its amendment to the bill (H.R. 1757) "An Act to consolidate international affairs agencies, to authorize appropriations for the Department of State and related agencies for fiscal years 1998 and 1999, and to ensure that the enlargement of the North Atlantic Treaty Organization (NATO) proceeds in a manner consistent with United States interests, to strengthen relations between the United States and Russia, to preserve the prerogatives of the Congress with respect to certain arms control agreements, and for other purposes", disagreed to by the House and agrees to the conference asked by the House on the disagreeing votes of the two Houses thereon, and appoints Mr. HELMS, Mr. COVERDELL, Mr. HAGEL, Mr. GRAMS, Mr. BIDEN, Mr. SARBANES, and Mr. DODD, to be the conferees on the part of the Senate.

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore. The Chair will entertain ten 1-minute speeches from each side.

TAX RELIEF

(Mr. TIAHRT asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. TIAHRT. Mr. Speaker, it appears to finally be here, we have an agreement on tax relief for working Americans. Congress and the White House have come together and developed a package that will sustain a strong economy.

Is it perfect or the best we could do? Probably not. But in a democracy we all give a little. So it is not perfect but tax relief is necessary and it is long overdue. The St. Louis Post Dispatch said it well when it said: Nobody asked wage earners in Missouri if they could afford President Clinton's 1993 tax increase. The Republican tax relief plan puts some of the money back where it belongs, in the pockets of working Americans. The tax relief plans passed by the House and the Senate are not government handouts. This money belongs to the workers of Missouri and they should not have to come on bended knee to the Federal Government just to keep more of what they worked so hard to earn.

It is the same for wage earners in Kansas in my district and across America, they should keep more of what they worked so hard to earn. I urge my colleagues to vote for the tax relief plan for working families. It is long overdue.

CONDEMNING TERRORISM IN JERUSALEM

(Mr. LANTOS asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. LANTOS. Mr. Speaker, I rise with a sense of profound outrage and steely determination to denounce the murderous terrorist attack against children, women, and elderly men in Jerusalem's open marketplace by the assassins of Arab extremism, who are hell-bent on destroying the peace process so desperately craved by millions of decent Israelis and Arabs in the region.

It is long past time for Arafat to order his huge police force to destroy the countless terrorist nests scattered

☐This symbol represents the time of day during the House proceedings, e.g., ☐1407 is 2:07 p.m.

Matter set in this typeface indicates words inserted or appended, rather than spoken, by a Member of the House on the floor.

through the territory under his control. Until Arafat focuses his vast resources on destroying terrorism, there can be no progress toward peace in the region.

This morning I am introducing a resolution condemning today's terrorist attack in Jerusalem, expressing the solidarity of the Congress and the American people with the grieving families and people of Israel and calling on Arafat to begin in earnest a war against the assassins of people and peace in the Holy Land. This resolution is cosponsored by the distinguished Republican chairman of the House Committee on International Relations, Mr. GILMAN, and the distinguished ranking Democratic member of the Committee on International Relations, Mr. HAMILTON. It is supported by the Democratic leader, the gentleman from Missouri, Mr. GEPHARDT, and Senator HELMS and Senator BIDEN are concurrently introducing it in the other body.

TAX CUTS FOR MORE FREEDOM AND LESS GOVERNMENT

(Mr. BARTLETT of Maryland asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. BARTLETT of Maryland. Mr. Speaker, the sun is rising this morning in America and shining on many happy faces. Taxpayers are celebrating because conservatives in Congress and President Clinton have agreed on plans to simultaneously balance the budget for the first time in more than 30 years while providing tax cuts for the first time in 16 years.

Liberals however have woken up and are crying boohoo. Liberals are aghast at the prospects of the Federal Government balancing its budget and reducing spending. Liberals are horrified by the Federal Government simultaneously letting taxpayers keep more of the money that they earn. Oh, the horror, the horror.

Tax cuts equal more freedom for individual hard-working American taxpayers and less power for the Federal Government in Washington. No wonder liberals are crying boohoo.

DEMOCRATS DESERVE CREDIT

(Mr. PALLONE asked and was given permission to address the House for 1 minute.)

Mr. PALLONE. Mr. Speaker, Democrats and Republicans have reached a historic balanced budget deal, and this morning I want to congratulate my Democratic colleagues and the White House for standing firm in defense of what we knew was right. There is no doubt that Democrats are responsible for the inclusion of some of the budget deal's most important provisions.

As a result of the Democrats efforts, the Federal budget will have $24 billion to provide health care for at least 5 million children who would otherwise have been uninsured. It will have a $500 per child tax credit for many families with incomes under $30,000, thereby covering 13 million more children than would have been the case under the GOP plan.

It will have education tax credits including the President's HOPE Scholarship Program that would have been denied to many students pursuant to the Republican proposals.

Mr. Speaker, the Republicans clearly felt the pressure from the White House and the congressional Democrats in the final days of the budget negotiations. Indeed as a result of our defense of what is right, we now have a budget that will benefit the average working American instead of just the rich one.

PROMISES MADE, PROMISES KEPT

(Mr. ROGAN asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. ROGAN. Mr. Speaker, what a difference a few years makes. In 1993, Republicans were entering their 39th year in the minority in this House. That year was significant because Congress passed on to working people the largest tax increase in American history. The next year Republicans made a promise to the American people. They said that we will return more hard-earned money to working families, and put our national fiscal house in order, when we balance our Federal budget.

Today, Mr. Speaker, we are on the verge of a historic agreement, because the promises made by our side are now promises kept for the American people. We are about to enact the first tax cut in 16 years and the first balanced budget since I was in the sixth grade.

Promises made, promises kept.

BORDER PATROLS

(Mr. TRAFICANT asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. TRAFICANT. Mr. Speaker, due to an unfortunate shooting on the border, the Pentagon has removed our military troops from the Mexican border. That shooting must be investigated, but the simple truth is in the last 3 months seven Border Patrol agents were shot and the borders are now wide open.

And from the community where this young man was shot, a group came up to meet with me, and listen to what they said, Congress. They said they want open borders, no immigration. They oppose military troops on the border.

Of an 8-hour shift, the Border Patrol spends 6 hours in coffee shops, and their local sheriff was convicted and is in jail for smuggling 2,200 pounds of cocaine.

Beam me up. America has no drug program. We have got open borders. We have got heroin and cocaine on every street corner. Kids are dying and the White House is more concerned with politics than our children. Congress, wake up. When it is as easy to get heroin and cocaine as it is to get aspirin, there is something wrong in high places.

THE COLLINS FAMILY

(Mr. KINGSTON asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. KINGSTON. Mr. Speaker, back in the First District of Georgia what will the tax cut mean to the Collins family? Mr. and Mrs. Collins, who have a combined income of $61,000 and three kids, Dennis, Tom, and Sue Ellen, the $500 per child tax credit means the Collins' will pay $1,500 less in taxes next year.

Mr. Collins is a farmer. Mrs. Collins is a school teacher. Because he is self-employed, he can start deducting 100 percent of his health care costs. That makes health care for the Collins family more affordable and more accessible. And when it comes time to estate planning, to pass that family farm, that American dream back down the line to Tom, Dennis, and Sue Ellen, Mr. and Mrs. Collins will now have a $2.6 million unified tax credit on their death taxes that will be exempt from the taxes so that they can pass the farm on to the next generation.

Mr. Speaker, this is the American dream as the Republican Party has worked for it. We have worked in a bipartisan fashion. We believe that families like the Collins' are all over America.

CAMPAIGN FINANCE REFORM

(Mr. GEJDENSON asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. GEJDENSON. Mr. Speaker, we have seen great cooperation in the House Democrats, Republicans, the White House, all coming together on some incredibly complex issues. Taxes, health care. Now we can take our time and finally act on the promises we have had from the Speaker and from others in this institution over the last 3 years. Let us do campaign finance reform. Let us at least end soft money. Americans are being driven out of the political process when they see hundred-thousand-dollar contributions given to both political parties.

The Speaker says there is not enough money in politics. Every indication is, the more money that goes into politics, the less people are participating. Get rid of soft money. Let us take a first strong step to clean up of the election process.

WEARING OUT OUR WELCOME

(Mr. GOSS asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. GOSS. Mr. Speaker, this week angry Haitian mobs protested the planned 4-month of extension of the U.N. mission to Haiti, an extension that received surprise Chinese sign-off for an as yet undisclosed price. Frustrated and victimized Haitians accused U.N. troops of only guarding the palace and Aristide's house instead of providing the law and order they are there for.

Ironically the United Nations also had to issue an apology recently for what Haitians saw as too much attention from U.N. troops in Port-de-Paix, where the U.N.'s soldier had to be rescued from the mobs by airlift. Haitian parliamentarians have also demanded an end to the occupation.

If we have worn out our welcome in Haiti, let us send our troops and the United States trainer/builders out of range of rock-throwing mobs and save further wear and tear on American taxpayers wallets. Aside from time, what can we buy in Haiti in a 4-month extension that $3 billion could not buy in the past 2½ years?

EVERYONE TAKES CREDIT

(Mr. FARR of California asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. FARR of California. Mr. Speaker, yesterday everyone in the leadership took credit for getting the budget deal. It demonstrated that leadership means that we can get things done when we pull together.

But where is the leadership in campaign reform? The President stood here in this room and asked for it by the Fourth of July. Members of the House and Senate have both introduced comprehensive legislation. They have introduced legislation to do it in small ways or big ways. Yet nothing is moving, Mr. Speaker. Nothing is moving.

However, soon we will see big contributions moving into the coffers of the Republican Party. It seems only smart that we should have a vote on campaign reform before someone suggests that there is a link between tax breaks and campaign contributions. The public wants a vote, Mr. Speaker. The President wants a vote. I authored a comprehensive campaign reform, H.R. 600. I want a vote. This House wants a vote. When do we get it?

GOOD NEWS FOR AMERICA

(Mr. NEUMANN asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. NEUMANN. Mr. Speaker, I rise this morning to talk about the good news that is here for America. It is good news.

□ 1015

For the first time since 1969 we are going to have a balanced budget in the United States of America. For the first time since 1969, the people that are here in Washington are not going to spend more money than what they take in. They will do the responsible thing.

The news even gets better. After a balanced budget, in addition to a balanced budget we are also going to pass bills that lower the taxes on the American people.

I have heard a lot of rhetoric about who gets these tax cuts. I want to cut through all that rhetoric and get down to what it really means to a family of five in Janesville, WI. A family having three kids living in Janesville, WI, earning $40,000 or $50,000 a year because both parents are probably working, they have that income coming in, what they should do on January 1 of next year, this is not Washington rhetoric, they should walk into their place of employment and tell their employer they want to keep $100 more every month of their own money. Because that is what this tax cut package means to a family of five in Janesville, WI, or anyplace else in America.

For each of the children in the family there is a $400 per child tax cut, $1,200 for a year. That is $100 a month. And on January 1 the American people should start keeping that money instead of sending it to Washington.

BOTH PARTIES CIRCUMVENTING CAMPAIGN FINANCE LAWS

(Mr. MILLER of California asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. MILLER of California. Mr. Speaker, as the ongoing Senate hearings and news reports have revealed, both parties are circumventing our campaign finance laws to raise hundreds of millions of dollars in soft money. The time has come to ban soft money.

Over 2 years ago the Speaker and President Clinton shook hands on campaign finance reform, but since that time nothing has been done. How many more pressing issues will Congress fail to address because of the insidious influence of money and politics? As we all know, delay means death for campaign finance reform.

Recently 25 Members and I wrote to the Speaker asking for a floor scheduled vote on banning soft money in the 1998 election cycle. If no such schedule is designated before we leave this week, Mr. Speaker, all Members should be prepared to arrive at work early and stay late, because regular order is intolerable while campaign finance reform remains absent from our calendar.

WHY CHANGE THE SUBJECT?

(Mr. LINDER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. LINDER. Mr. Speaker, this is fun. We have just agreed to the largest new budget proposal in generations, a balanced budget, tax cuts for everyone in America, and they want to change the subject to campaign finance reform.

The fact of the matter is both sides do not do it, the only side accused of taking illegal foreign contributions are the Democrats. The fact of the matter is, when Bob Dole accepted $75 million of taxpayers' money to run the Presidential campaign, that is all he spent. It was the President that took $75 million and then spent $40 million more illegally. They are not arguing with that. They want to say the system is broken because everyone does it.

That is not the evidence. That is not the evidence before the Thompson committee. But if I were in as deep a trouble as they are with respect to cheating on the current laws, I would want to change the laws too.

STOP HARASSMENT OF HISPANIC CANDIDATES AND VOTERS

(Ms. CHRISTIAN-GREEN asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Ms. CHRISTIAN-GREEN. Mr. Speaker, my colleagues on the other side of the aisle have singled out the gentlewoman from California [Ms. LORETTA SÁNCHEZ] and the voters of the 46th District of California for the kind of scrutiny and harassment this body has never seen before.

The Committee on House Oversight and former representative Bob Dornan, whom the gentlewoman from California (Ms. Sánchez) defeated, have led a widespread, abusive and costly search for voter fraud, claiming that the gentlewoman won her seat in Congress because of massive illegal voting by noncitizens and illegal immigrants.

After 9 months of inquiry, Mr. Speaker, and more than $300,000 in taxpayer dollars spent, my Republican colleagues have failed to prove that Mr. Dornan's loss was a result of electoral fraud.

Mr. Speaker, it is time to wrap up the House inquiry, as the Los Angeles Times said over 3 months ago. It is time to end this blatant harassment of the gentlewoman from California [Ms.

SÁNCHEZ] and the targeting of Hispanics in general. This effort to intimidate and harass new citizens with foreign surnames to stop them from voting must end.

BALANCING THE BUDGET, THE FIRST ORDER OF BUSINESS

(Mr. HAYWORTH asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. HAYWORTH. Mr. Speaker, having heard the comments of my colleague from the Virgin Islands, and indeed the comments of several of my liberal colleagues this morning, it is small wonder that the American people say, will we ever stop the partisan bickering and go to work on behalf of the American people?

Are there concerns we should all have with campaign finance laws? Absolutely. But paramount today is the subject of financing for the family and making sure that American families hang onto more of their own money and send less of it to Washington.

And, Mr. Speaker, this day and its significance should not be lost on the American people, as we pass the first balanced budget in a generation, as we save Medicare for the next decade and make preparations to deal with those serious questions, and as we offer tax relief in a tax cut for working families and providing tax relief at every stage of life for Americans for the first time in 16 years.

Try as they might, the professional politicians want to change the subject, but the American people know that balancing the budget and putting our family finances in order is the proper first order of business.

DEMOCRATIC PRIORITIES REFLECTED IN BALANCED BUDGET BILL

(Ms. DELAURO asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Ms. DELAURO. Mr. Speaker, for the last several months Democrats have been urging budget negotiators to include important Democratic priorities in this budget bill; to include $24 billion for kids' health care, to include $35 billion in education tax credits, and to provide the child tax credit for all of America's families who work and who pay taxes.

Meanwhile, our Republican colleagues have been fighting for huge tax breaks for the richest individuals and corporations in this country and calling tax breaks for hardworking low income families welfare, including some of the families that they have brought up here this morning. Only a few days ago they were saying that those folks were on welfare.

Well, I am proud to stand here today and say that by standing up for Democratic priorities, tax cuts for working families, tuition credits for college, health care for uninsured children in this country, that in fact those Democratic priorities have prevailed. The long and the short of it is the hardworking middle income families of this country have benefitted from this tax package.

RENEW SUPPORT FOR MIDDLE EAST PEACE

(Mr. GILMAN asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. GILMAN. Mr. Speaker, sadly and regrettably I rise this morning to inform my colleagues of two devastating explosions that rocked the city of Jerusalem today in which 18 people were killed and 150 wounded. This busy marketplace in Jerusalem known as the Mahaneh Yehudah was infiltrated, apparently by two suicide bombers, who set off explosions within seconds of each other. More fatalities are expected.

Although PLO Chairman Yasser Arafat called Prime Minister Netanyahu to express his condolences, the latest violence indicated once again that Mr. Arafat and the Palestinian authority are not doing enough to root out terrorism. It is not enough to express mere condolences.

Apparently, that may be why the State Department has not issued a PLO Compliance Report in advance of any presidential certification for more money for the PLO. We now know what the State Department failed to acknowledge, that the PLO is not in compliance with its commitments and must do much more.

Legislation regarding this devastating loss is being prepared by the gentleman from California [Mr. LANTOS] and myself. We invite our colleagues to cosponsor the bill and to join us in extending our deepest sympathies to the families of the dead and injured, as we renew our steadfast support for peace for all the people of Israel and throughout the Middle East.

CONGRATULATIONS TO DR. RICHARD L. LESHER ON HIS RETIREMENT FROM THE U.S. CHAMBER OF COMMERCE

(Mr. GOODE asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. GOODE. Mr. Speaker, I wish to make a few comments on the retirement of Dr. Richard L. Lesher, who is retiring after 22 years as president of the U.S. Chamber of Commerce.

During his tenure, chamber membership has grown to 215,000 business members, 3,000 State and local chambers, 1,200 trades and professional associations, and he guided the creation of BizNet, the American Business Network, and its two award winning television programs, First Business and It's Your Business.

He oversaw creation of the Center for Workforce Preparation, which helps ensure that Americans are ready to meet the challenges of a new economy. And he credits retired Virginia Justice Lewis F. Powell with the high profile that the chamber has taken. He implemented many of Powell's suggestions over the years.

Congratulations to Dr. Lesher on his successful years at the U.S. Chamber and best wishes on his retirement.

ANXIOUS TO MOVE AHEAD ON ANOTHER TAX PACKAGE

(Mr. KNOLLENBERG asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. KNOLLENBERG. Mr. Speaker, I am very pleased, and I know others are too, to hear that an agreement has been reached between the Congress and the White House on the tax cut package. I am especially pleased when I recall the last time Congress and the White House reached an agreement on the tax package Republicans were definitely not celebrating. They were not celebrating because that tax package was the largest tax increase in the history of this country.

So today marks a much different kind of agreement. And although I am pleased with the agreement on tax cuts, we should put this in perspective. Now, listen to this. The amount of net tax cuts over the next 5 years will be $91 billion. The amount of spending over the next 5 years will be $9 trillion. Nine trillion. Tax cuts $91 billion, spending $9 trillion.

So I would just like to say that this tax cut package is only a first step toward deeper tax cuts, more money in the pockets of Americans, and we also want to have some fundamental tax reform. I cannot wait to get going on another tax cut package.

CELEBRATION OF 100TH ANNIVERSARY OF WRIGHT BROTHERS FIRST FLIGHT

(Mr. HALL of Ohio asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. HALL of Ohio. Mr. Speaker, on December 17, 1903, two brothers in my district of Dayton, Ohio, solved the mystery of flying. Since that first flight by Wilbur and Orville Wright the airplane has changed the course of transportation and commerce and communication and war.

In the year 2003, our Nation will celebrate the hundredth anniversary of the miracle of modern technology, and today my colleague, the gentleman from North Carolina [Mr. JONES], and I will introduce legislation to create the Centennial of Flight Commission.

The purpose of the commission is to help coordinate our national celebration of this milestone. This effort is intended to follow other major commemorative celebrations, such as the anniversary of the Constitution and the American Revolutionary War.

We hope that our legislation will help all Americans take pride in our history and renew the value of American ingenuity that made the Wright brothers so successful.

WAIVING REQUIREMENT OF CLAUSE 4(b) OF RULE XI WITH RESPECT TO CONSIDERATION OF CERTAIN RESOLUTIONS REPORTED FROM COMMITTEE ON RULES

Mr. LINDER. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 201 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 201

Resolved, That the requirement of clause 4(b) of rule XI for a two-thirds vote to consider a report from the Committee on Rules on the same day it is presented to the House is waived with respect to the following measures:

(1) Any resolution reported before August 3, 1997, providing for consideration or disposition of the bill (H.R. 2015) to provide for reconciliation pursuant to subsections (b)(1) and (c) of section 105 of the concurrent resolution on the budget for fiscal year 1998, an amendment thereto, a conference report thereon, or an amendment reported in disagreement from a conference thereon.

(2) Any resolution reported after July 30, 1997, and before August 3, 1997, providing for consideration or disposition of the bill (H.R. 2014) to provide for reconciliation pursuant to subsections (b)(2) and (d) of section 105 of the concurrent resolution on the budget for fiscal year 1998, an amendment thereto, a conference report thereon, or an amendment reported in disagreement from a conference thereon.

The SPEAKER pro tempore (Mr. GIBBONS). The gentleman from Georgia [Mr. LINDER] is recognized for 1 hour.

Mr. LINDER. Mr. Speaker, for the purpose of debate only, I yield the customary 30 minutes to the gentleman from Massachusetts [Mr. MOAKLEY], pending which I yield myself such time as I may consume. During consideration of this resolution, all time yielded is for the purpose of debate only.

Mr. Speaker, House Resolution 201 waives clause 4(b) of rule XI, requiring a two-thirds vote to consider a rule on the same day as it is reported from the Committee on Rules, providing for consideration of specified measures.

Mr. Speaker, House Resolution 201 applies to rules for the conference report on H.R. 2015, the Balanced Budget Act of 1997, an amendment thereto, a conference report thereon, or an amendment reported in disagreement from a conference thereon reported before August 3, 1997.

□ 1030

In addition, the resolution also applies to rules for the conference report on H.R. 2014, the Taxpayer Relief Act of 1997, an amendment thereto, a conference report thereon, or an amendment reported in disagreement from a conference thereon reported after July 30, 1997, and before August 3, 1997.

As Members are aware, House rules require a two-thirds vote to consider a rule on the same day it is reported from the Committee on Rules. In order to expedite consideration of this historic spending and tax cut package that will balance the budget, the Committee on Rules granted a rule that will waive the two-thirds vote requirement for another rule on the spending cut portion of the budget agreement for Wednesday, Thursday, Friday, and Saturday. The rule would further waive the two-thirds vote requirement for a rule on the tax component for Thursday, Friday, and Saturday.

Mr. Speaker, the House wants to see the spending cuts conference report on the floor today and the tax cut conference report on the floor tomorrow. We have waited since 1969 for legislation that will bring our Federal budget into balance, and this resolution will help assure that we achieve this goal. The authority granted by this resolution will allow us the flexibility to get the important job done before the August district work period and respond to any changes the other body may make to the legislation through the Byrd rule.

Mr. Speaker, this rule allows us to consider a budget that is a victory for American families and smaller government. It is a budget that will provide this Nation with its first balanced budget in 30 years.

For decades, Congress proved that it could not restrain itself from spending more money than the Treasury collected in revenues. Past Congresses actually managed to spend all revenues and then some.

A new majority arrived in Congress in January 1995 that understand that the solution to our budget woes would be found in controlling spending. When the new Congress arrived, the deficit was $164 billion. In fiscal year 1996, it dropped to $107 billion. It will be approximately $67 billion by the end of fiscal year 1997. There was a report recently that the revenue estimates coming in August may make it even less than that.

There was a chronic growth of Government for decades, but we have been reducing the size of Government constantly. We all know that these significant achievements would have been absolutely unthinkable only 3 years ago.

With the help of this rule, we will fulfill our promise to the American people to balance the budget by cutting wasteful Government spending, preserve, protect, and strengthen Medicare, and produce real tax relief for middle-class families.

House Resolution 202 was favorably reported out of the Committee on Rules yesterday. I urge my colleagues to support the resolution so that we may proceed with debate and consideration of a historic budget that has less Government, less taxes, and more freedom for Americans to spend their money how they see fit.

Mr. Speaker, I reserve the balance of my time.

Mr. MOAKLEY. Mr. Speaker, I thank my colleague, the gentleman from Georgia [Mr. LINDER], for yielding me the customary half hour; and I yield myself such time as I may consume.

Mr. Speaker, anyone who thought the bipartisanship on the budget was too good to be true was right. Despite agreements with the White House, despite compromises on the part of my Republican colleagues, despite some very hard work by Democrats and Republicans, the Republican leadership has decided to throw bipartisanship right out the window.

The Republican leadership has decided to ram the budget bills through the House with this martial law rule. The Republican leadership, Mr. Speaker, has decided that the many, many days of hard work that went into these bills are not worth giving Members enough time to read them.

The rule we are considering today gives Members hardly any time to read the budget before they vote on it. These bills contain some $94 billion of tax cuts and $115 billion in Medicare cuts, $13 billion in Medicaid cuts, $1.8 billion in housing cuts. Some people say they are great bills, and I for one want to be able to vote for them.

But, Mr. Speaker, I need to know what is in the bills. I want to vote for tax cuts, but I want to know which tax cuts are in the bill. I want to vote for some of these spending measures, but, again, I want to know what spending measures are in this bill, and this rule certainly does not give me or anyone else in the House that opportunity. If this rule passes, the Republican leadership can bring up the spending and tax parts of the reconciliation bills immediately.

Mr. Speaker, the ink is not even dry yet. Mr. Speaker, 1,000 pages were dropped at my door at 3:30 this morning to read. It is impossible. Members have not even had that opportunity to see this bill. There is nobody, nobody in this House that has read this bill.

This is one of the most important bills we are going to be asked to vote on this year, and I think the membership should at least have 10 hours to look at this matter in order that they can arm themselves and find out exactly what is in this bill. I think that something this important, this big, should be read as completely as possible before any vote is cast.

So I ask that my colleagues join me in defeating the previous question so we can guarantee that Members have at least 10 hours to read this bill. Mr. Speaker, this is not a dilatory tactic. I want to get out of here as soon as anybody else, but I want to be sure that my vote on this bill is as a result of being well-informed.

Nobody is well-informed on this bill. The only information we in the Congress have, most of us in the Congress have, is what we read in the papers this morning and yesterday or watched on TV. Mr. Speaker, that is not enough. So I urge my colleagues to oppose this rule. And, as I say, Members should at least have the chance to read this bill before we vote on it.

Mr. Speaker, I reserve the balance of my time.

Mr. LINDER. Mr. Speaker, I am just shocked that this is the first time this has ever happened. I have been here 5 years, and it never happened before when the Democrats were in charge. We will try to make that better for the gentleman from Massachusetts [Mr. MOAKLEY].

Mr. Speaker, I yield such time as he may consume to the gentleman from Iowa [Mr. GANSKE].

Mr. GANSKE. Mr. Speaker, I appreciate the comments made by my colleague from Massachusetts [Mr. MOAKLEY]. There is a pile of paper there. I am in support of this rule, and I think we should move on with the votes today. I will support the tax cutting bill and the balanced budget bill.

As a member of the Committee on Commerce, I have been heavily involved in the Medicare portions; and, so, I feel like I have a pretty firm grasp of what is in that bill. I also have made an extra effort to figure out what is in the tax cutting bill; and on the basis of that knowledge, I feel that I am well-informed and can make a good decision on whether to support these bills.

Let me explain to my colleagues why I am supporting these bills, because I am one of the Republicans who voted against the balanced budget bill earlier this month. The reason that I did that was because I am concerned about how well the economy is going to do. Just like everyone else in this body, I am praying that the economy continues to do well. I was also concerned that we should do a little bit more with reducing spending rather than having more spending in the bill.

However, these two bills that we are talking about have to do with keeping promises. On the tax cutting side of the bill, I made promises before I went to Congress to fulfill a $500 per child tax credit. And we are doing that.

On the Medicare side, we are making some significant improvements in Medicare. For instance, in my home State of Iowa, a health care plan would get paid in some of my rural counties about $250 per month to provide services for senior citizens; whereas in other parts of the country, we are looking at $750 per month payment to a health plan. That means senior citizens in those areas can get pharmaceuticals and eyeglasses and hearing aids, even membership in health fitness clubs. Yet, we in Iowa who are paying the same taxes do not get those benefits. This bill will move toward an equalization of that funding formula. That is only fair, and it is very important.

The medical savings accounts. I am very much in favor of medical savings accounts as an option. I believe that senior citizens will take advantage of this. It is not more for the rich and the healthy. There are just as many incentives for those who have illnesses to pick medical savings account.

Fraud. We are tightening up the home health care area with the prospective payment system. In the current Medicare system, we have maybe 20 percent fraud in that program. In the current Medicare system of the bill, in the bill that we are going to be voting on, we are going to tighten up that and reduce that fraud in that component.

In patient protections, I have worked very hard working with the chairman of all of the committees on both sides of the aisle to get some important patient protections in there. I have written a bill, the Patient Right to Know Act, which would ban gag clauses, clauses that HMO's put into their contracts that prevent physicians from telling patients all of their treatment options. And guess what? In this bill, we have a ban on those gag clauses. That bill is cosponsored by 286 Members of this body in a bipartisan manner and is endorsed by over 200 organizations, and it is in the bill. And we have a lay person's definition of an emergency, so that if you have crushing chest pain and you go to the emergency room because you are worried about having a heart attack, you cannot have your coverage denied if they find out that you have an intestinal infection instead.

So there are many important things in this. So we have a funding formula fairness correction. We have medical savings accounts. We are addressing fraud. We have got good consumer and patient protection in the Medicare portion of this bill.

On the tax side, it is promises made, promises kept. We promised middle-class taxpayers a $500 per child tax credit, and we are delivering on that. There are many things in this bill that will be important for small businesses, for farmers.

I represent a lot of farmers. We are going to have 3-year income averaging for farmers. That is important because some years the crops do not come in, you have bad weather, or whatever, so you have highs and lows. And a 3-year income averaging will even that out for them.

We have capital gains tax reduction. People say, well, capital gains reduction is for the rich. I tell my colleagues, according to a 1993 IRS study, something like 70 percent of all capital gains that are filed with the IRS are filed by people who earn less than $75,000. That is not the rich. Capital gains reductions will help those who are selling homes, et cetera.

We have in this bill a movement towards 100 percent deductibility for your health insurance. A bill we passed last year over a period of time would increase out to 80 percent. But in this bill, we are increasing that over a period of time to 100 percent deductibility for the self-employed. That puts them on an even par with people who are receiving their health insurance through a major employer, like General Motors. That is only fair, also.

Finally, we have in this a commission to look at the long term implications of what we need to do for Medicare reform. We, in this bill, are making Medicare solvent for about the next 10 years. But we have got my generation, the baby boomers, coming down the road; and in about 15 years, the baby boomers start to retire and we are going to need to look at pensions and health care entitlements.

So we are setting up a commission that is supposed to report back to Congress and the administration in about 18 months, and then Congress will look at those recommendations and will need to act on that. So I do not think that we are abrogating our responsibility in that area, also.

So, Mr. Speaker, I would just close by saying I support this rule. For all of my colleagues who voted against the balanced budget, I think that they should support the tax bill that we are going to be voting on in the next few days and the balanced budget bill.

There are lots and lots of good things in both of these bills. They have been worked on in a bipartisan fashion with the administration and with Members of the opposite aisle. They are good first steps toward financial solvency, balancing the budget, saving Medicare, and providing tax relief for working families.

Mr. MOAKLEY. Mr. Speaker, I yield 5 minutes to the gentleman from Virginia [Mr. MORAN].

Mr. MORAN of Virginia. Mr. Speaker, I rise to oppose this rule, but I want to make it clear that I support this bill. I think we will find that many Members, at least on the Democratic side of the aisle, will vote against the rule even though they do support the bill itself.

Now why would we vote against the rule if we support the bill itself?

□ 1045

We have a responsibility to learn as much as we can about what we are voting on. There are a thousand pages in this bill. None of us will have read it. What we have to do is to take on faith what is contained in the bill. None of us would read all of the bill, even if we went by regular order and had an entire day. But what we would do is to look at those components of the bill that we have worked on personally, that we understand fully, and that we can advise our colleagues on. We do not have that ability when a thousand-page bill is presented at 3:30 in the morning and then the next morning we have to vote on it. That is what is going to happen today. I think our constituents expect more from us. They expect us to be better informed.

Why are we going to support the bill? What are we taking on faith? Well, this bill would accomplish 10-year deficit savings of $900 billion. Think of how important this bill is. Nine hundred billion dollars in reduced spending over the next 10 years. It would accomplish the first balanced budget since 1969.

It has $24 billion in block grants for children's health covering 5 million currently uninsured children. This is the largest expansion of children's health we have done in more than 30 years since Medicaid was enacted in 1965.

It increases taxes on cigarettes in the spending part of this bill, a very controversial issue, although one which I happen to support.

It restores SSI and Medicaid benefits to legal immigrants. It spends $3 billion in grants for welfare to work. It increases spending on food stamps by $1.5 billion for people who otherwise would have fallen through the cracks.

It cuts Medicare by $115 billion in 5 years, reducing payments to hospitals and doctors so that we can keep the Medicare trust fund solvent, but we need to know the particulars of that.

It cuts $4.8 billion from Federal employees' retirement plans, a very controversial issue, particularly in an area such as I represent where we have many Federal employees that are going to be paying half a percent more for their retirement plan. I would like to see the full legislative language on that.

It cuts $1.8 billion in student loans and $1.8 billion in housing over 5 years.

These are very controversial, very important issues. As we understand them, the decisions that were made were understandable compromises in virtually every case. But again we are having to take this on faith. I do think that the country would have been better served had this rule given the Members of this body a customary full day, as we normally have. There is a reason for that rule, so that if one is interested in an issue, they can take 24 hours and make sure that they know what they are voting on. We could be staying in Friday, we could have a full day, and we would have the opportunity to be knowledgeably voting on as important a bill as this body has considered for a very long time. We would be able to be much more responsible with respect to our vote which is what our constituents expect of us.

We have gotten into a pattern of waiving these rules. We ought to understand there is a reason for these rules, there is a reason why they should be followed, and I think we need to oppose this rule, although from everything we can learn that we have been told by others that were in the negotiations, a handful of people that were actually part of the negotiations, this is a bill we can and we should support and I would urge support for the balanced budget agreement itself.

Mr. LINDER. Mr. Speaker, I yield myself such time as I may consume. I am entertained by the crocodile tears that I hear about the length of time not to read the bill when everybody knows they would not have read it anyway. I believe it was in 1984 when Speaker Wright brought a $1.3 trillion budget to the floor with 1 hour notice and even the Committee on Rules did not see it.

Let me tell my colleagues what is in this bill. A significant part of the problem with large Government programs has been the Soviet-style administration of them, the central command economy that decides on high what a doctor should earn, what a hospital visit should pay for. And over time, these all become absolutely rife with fraud. We just learned 2 weeks ago that an audit of the Health Care Financing Administration shows that about $23 billion a year is wasted in fraud, overpayment, and misuse. The records are in such disarray that we do not even know at the Federal level who is overpaid and how to recover it, and indeed we discovered in that audit that many people were writing checks or signing checks for the Health Care Financing Administration of the Federal Government without the legal authority to do so. This bill begins to crack down on that fraud. That $23 billion per year over 5 years is exactly how much we are reducing the rate of growth in the increase in spending of Medicare and it is taken out by just fraud and abuse.

We heard last week that in administering home health care across this country, roughly 40 percent could be fraud. As much as 40 percent is going to people who are not in homes, being treated for home health care, not unable to leave their homes. Going to the prospective payment system is going to eliminate the incentive to do that. We are going to change the way we deliver these services so that we have less incentive to cheat and more incentive to save.

The ability to provide not the $500 child tax credit to low-income working families, that only goes to people who have actual obligations to the Federal Government, but by changing the way in which we provide the formula for the earned income credit, after having learned that 21 percent of the money being spent in the earned income credit is fraudulent; by changing the formulas, the administration and the White House has decided that they can find ways to save $4.5 billion in that program and use that to enhance their earned income credit for low-income working people to replace what the $500-per-child tax credit does for higher earning families. By changing the model, the structure of the delivery of these services from the large Federal command-style bureaucracies, so well known by the Soviet Union that we seem to have adopted here, and getting out the fraud and abuse, we are confident that we can save hundreds of billions of dollars over time and provide better services with the money we are spending.

Mr. Speaker, I reserve the balance of my time.

Mr. MOAKLEY. Mr. Speaker, I yield 3 minutes to the gentleman from Indiana [Mr. ROEMER].

Mr. ROEMER. I thank the gentleman from Massachusetts for yielding me this time.

Mr. Speaker, I rise with hesitation and reservation about the rule, but with strong support for the underlying bill.

Mr. Speaker, this certainly is history in the making, and we do not use that term lightly when we bring both the tax cut and the spending bill before this body. This bill will receive my strong support both on the tax and the spending side because it helps small children, it helps small businesses and small farmers and it helps make Government smaller and smarter. It does that by structurally balancing the budget and balancing the budget with the right priorities. Structurally balancing the budget so we borrow $900 billion less but we also create new programs for children, new programs for education, restructure Medicare to extend its solvency by a decade to help our senior citizens. It is the right values to balance the budget and the right values on people. So I will strongly support this.

What does the $900 billion mean for us? That spending side of $900 billion in less borrowing is almost a tax cut by itself. That helps the American people by hopefully lowering their payments on mortgages and interest rates and helps the economy.

The other part, what about the tax cut part? What about the spending part on children's initiatives? I have to say, Mr. Speaker, that this bill for kids' initiatives for health came out of this body with $16 billion. It is now before this body with $24 billion, the largest expenditure on children's health since

1965 with the creation of Medicaid; the largest program for uninsured children in 32 years. I strongly support that.

I strongly support what this does for Pell grants. The largest increase in Pell grants in the history of the Pell grant program. We will spend more in new innovative ways to reform and modify education than the Great Society in the 1960's. This is a bill that helps our small farmers and small businesses, balances the budget, borrows less money, creates smaller and smarter Government, and I hope it receives bipartisan support.

Mr. LINDER. Mr. Speaker, I want to thank the gentleman from Indiana for his comments with respect to his comments on the Pell grants and funding for education. We are going to, without reducing any of the amounts of the numbers of students available for them, save $1.7 billion in improving the way they are administered, and that is a real savings that governments ought to look to.

Mr. Speaker, I yield 4 minutes to the gentleman from Minnesota [Mr. RAMSTAD].

Mr. RAMSTAD. I thank my distinguished colleague for yielding me this time.

It is amazing, Mr. Speaker, what we can do, the President and the Congress, when we work together in a bipartisan, pragmatic way for this country. That is why we are here today on an historic threshold, and I rise in strong support of the legislation before us today, Mr. Speaker, which will balance the budget and expand health care choices for the seniors of our country while preserving and protecting Medicare.

Not only do we save Medicare from bankruptcy but we build a strong foundation so that Medicare can be preserved for the next generation. We give seniors the increased health care coverage where they need it most, Mr. Speaker, before they become ill, by increasing the amount of preventive care covered by Medicare.

There are a few specific reforms I would like to highlight. One is the reforms we make to the AAPCC reimbursement formula. That reform, very, very important to cost-effective States like Minnesota that have historically delivered health care in a cost effective way. What we do by changing the reimbursement formula is expand choices for seniors in States like Minnesota, those that have been efficient in their costs and in their quality. This is a major reform, Mr. Speaker, in the Medicare managed care reimbursement formula. It will mean more equity for States like Minnesota and more health care options for Medicare beneficiaries in our State and others like ours.

Incorporating a bill that I introduced earlier this year, this legislation before us today will establish a payment floor and will blend the formula to bring fairness and equity to beneficiaries living in rural and efficient provider States like Minnesota.

The bill also includes an important new study of ways to provide health care to seniors to let them stay in their homes longer, to let them live independently longer by extending for 2 years the community nursing organization demonstration project. I think, Mr. Speaker, this reform will prove to be one of the most important reforms ever in Medicare. These very important community nursing organizations allow seniors to stay in their homes, to make their choice of staying in their homes as long as possible and at the same time saving Medicare dollars. This CNO, community nursing organization demonstration project, is vital to seniors in Minnesota and all over the country who have enrolled in this project.

I am also pleased that this bill includes a provision to help certain hospitals that have merged with nursing homes meet necessary requirements to maintain appropriate geographical classification. This means a great deal to a hospital in Hutchinson, Minnesota. I am glad we were able to make this necessary change in the bill.

Finally, Mr. Speaker, I thank the conferees for making all the necessary changes to Medicare to save this absolutely vital system for the seniors of our country.

From extending the life of the Medicare trust fund, to ensuring quality care as a major tenet of the centers of excellence program, I commend the conferees for their hard work on behalf of current and future Medicare beneficiaries.

Mr. Speaker, I strongly support this important legislation to preserve and protect Medicare and urge all my colleagues to support it as well and to continue working in a bipartisan, pragmatic way for the betterment of America.

Mr. MOAKLEY. Mr. Speaker, I yield 3 minutes to the gentleman from New Jersey [Mr. PALLONE].

Mr. PALLONE. Mr. Speaker, I rise in opposition to this rule, and I want to stress that it is not because of the underlying bill.

I feel very strongly that this spending bill does include a major program to cover uninsured children in this country and I am pleased with the fact that we have managed, I believe as Democrats, and particularly the President, in pushing the Republicans towards inclusion of a $24 billion package that will insure the majority of the Nation's uninsured children.

□ 1100

But it is for that very reason, because this bill is so important, that I think it is very unfair and wrong to present this bill at this time without having the opportunity to review the specifics of the measure. The bill, as my colleagues can see, is about a foot thick. I understand it was filed at around 3 o'clock in the morning. I have not had the opportunity to review all of the provisions in the bill. We did receive a summary of the bill this morning, but I think it is fair to say that a summary is not adequate.

Let me just give my colleagues an example on the kids' health initiative, which is such an important initiative and which I support wholeheartedly, but there are a number of things that we still do not know.

For example, many of us, including myself, on our Democratic Health Care Task Force were concerned about the benefits package. We knew we wanted to have the $24 billion, and we wanted to insure the majority of the kids. But we were concerned about whether the benefits package would be adequate, and language was put in and was negotiated in the last 24 hours on that, which I hope provides an adequate benefits package, but without reviewing the specifics of the bill myself and my other colleagues, we will not know whether it is completely adequate.

Similarly, we were concerned to make sure that the money was going to be spent so that States had to actually insure kids and not whittle it away or use it for other purposes. I understand in the summary we received this morning that 15 percent of the funds can be used for purposes other than to insure kids. Well, I would like to know the details of that and how specifically that 15 percent is set aside. We do not know that, and until we analyze it we will not know it.

And in addition to that, again on the kids' health care initiative, we were concerned, many of us on the Democratic side, to make sure that States had to keep providing the same level of funds, if not more funds, than they had in the past for kids' health care. We wanted to make sure the maintenance of effort, if my colleagues will, was in there. And we are not actually clear about the language for that as well.

So I want to join my colleague, the ranking member of the Committee on Rules, in saying, "Yes, we think this is a good bill, and we probably will vote for it, but it's not fair not to have the details, and there is no reason why we couldn't wait in this Congress another 24 hours so that everyone, including our staff, had the opportunity to review the details in something that is so important to this Congress and to the American people."

Mr. MOAKLEY. Mr. Speaker, I yield 4 minutes to the gentleman from Oregon [Mr. DeFAZIO].

Mr. DeFAZIO. Mr. Speaker, I thank the gentleman for yielding this time to me.

This is not just an esoteric procedural debate. I was insulted when the gentleman on the other said, "Well, so what if we're bringing up this bill delivered, one copy, to the Democratic side at 3:30 in the morning. They wouldn't have read it any way." Well, I was here a few years ago, and I read the catastrophic care bill before it came to the floor of the House. I was one of the few Democrats to vote against it, and a whole heck of a lot of people had to change their votes a year later because they cast their vote for a bad bill.

This bill is a bad bill. I will not yield to the gentleman. This bill is a bad bill. But we are not going to be allowed time to read it. If we split this up among the 200 or so Democrats here, we would have a hard time getting through it in the time allotted.

We are going to vote on this bill within the next three hours. Do my colleagues know why? Because it is going to make prime time news. That is why we are going to vote on it.

This is an Alice in Wonderland budget process. We are going to get to the balanced budget by first increasing the deficit with retroactive tax cuts. It is slanted very much toward the wealthy people and the largest corporations in America. Then maybe later, we have heard this before, these cuts will go in place.

Do my colleagues know what the cuts are? A one-third cut in Social Security Administration. If someone has to wait 3 months now to get their claim processed, under this bill they will be waiting 6 months, 9 months or a year to get their claim processed. A 20-percent cut in veterans and cuts in other vital programs.

This is not a good path to the balanced budget. In fact, it is no path whatsoever.

This is stranger and stranger. We have stepped through the looking glass, it is getting more and more bizarre. This is no kind of a legislative process. No one on the floor can come to the floor today and say they have read this bill, they understand it and they are voting for it in good faith. That would be a lie.

Mr. LINDER. Mr. Speaker, I yield 2 minutes to the gentleman from California [Mr. RADANOVICH].

Mr. RADANOVICH. Mr. Speaker, what a difference 4 years makes. It was a mere 4 years ago that a Democratic Congress, led by a Democratic President, passed the largest tax increase in American history. Today a Republican Congress will pass a budget that will be balanced by the year 2002. This Republican-led balanced budget will provide tax relief for families. It provides $24 billion to States for children's health, it provides $3 billion for welfare to work programs, and it saves Medicare for 10 years.

Yes, what a difference 4 years makes.

Tomorrow a Republican Congress will pass the first tax relief package for working Americans in 16 years. This Republican-led package provides $94 billion in tax relief over the next 5 years. It allows for a $500 per child tax credit, reduces the top rate of capital gains from 28 to 20 percent, and, most importantly, it provides immediate tax relief for the death tax for family farmers.

Mr. Chairman, this budget and this tax relief package is good for America. I am proud to join in support of this monumental agreement and support the rule and passage of this bill.

Mr. MOAKLEY. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I just want to reiterate that my argument is not against the spending bill, it is against the process, just asking that Members have enough time to read the bill.

Mr. Speaker, I yield 4 minutes to the gentleman from Rhode Island [Mr. KENNEDY].

Mr. KENNEDY of Rhode Island. Mr. Speaker, I thank the gentleman from Massachusetts [Mr. MOAKLEY], the ranking member, for yielding me this time, and I can tell my colleagues, having been chairman of the Committee on Rules in my State legislature in Rhode Island, I know martial law when I see it, I know a bad rule when I see it, and this is a terrible rule. When we consider the monumental bill that we have before us, that does so many huge things to this country, to think that we are going to have a debate about it for less than an hour and a half to me is just outrageous.

First of all, think about this budget. This budget is not going to be balanced when we consider that we are going to front-load the tax cuts to the tune of $95 billion, and we are going to call on the spending cuts to be done in future congresses, spending cuts like the former gentleman from Oregon mentioned, up to one-third of the Social Security Administration spending cuts.

I can tell my colleagues now this Congress is not going to keep the promise to cut Social Security administrative costs by 23 percent. Veterans benefits and services; it is going to cut 19 percent. Justice Department; it is going to be cut 18 percent.

Now just tell me that the next Congress is going to make these cuts? I can guarantee that the tax cuts are not going to be tampered with. The tax cuts are going to be locked in, and we are not going to make the necessary cuts on the spending side because this Congress, because it will be listening to the people, will not make those cuts.

This is bad for Medicare. It cuts $115 billion out of Medicare. Remember, we shut the Government down 2 years ago because of cuts that rivaled this for Medicare, yet no one is going to think twice about cutting $115 billion out of Medicare. Furthermore, they put 190,000 senior citizens in medical savings accounts. Anybody who knows this knows this is the beginning of the end of Medicare because they are going to take the healthiest and wealthiest of our senior citizens and they are going to take them out of the Medicare system, thereby ruining the system because all they are going to leave are the people who cannot pay and who are sick.

So they are going to terrorize the Medicare System by not only cutting $115 billion, but they are going to, through this Medicare select and privatization of Medicare, lead to its eventual undoing.

Remember the Speaker's dying on the vine that he attributed to Medicare? This is the beginning of it right now, and this is going to be in the bill that everyone is going to vote for this afternoon.

And, finally, this is bad not only for the budget, as I talked about, because it front-loads the taxes and does not allow for spending cuts to be made until future congresses, bad for Medicare, but it is also bad for fairness. Do my colleagues realize that the top 5 percent of the income earners in this country are going to get four times; let me repeat this, the top 5 percent get four times what the bottom 60 percent get in this tax bill. Undisputed, my colleagues cannot deny me on that. That is fact. Get it, people? Top 5 percent in this country get 60 percent of the benefits, four times what the bottom 60 percent get. That is fact.

So whatever people talk about this being a fair bill is bogus. This is not a fair bill. And, my colleagues, know what? Finally this, the Republican side, and I might add many of my colleagues on the Democratic side, will not even bring out the income distribution charts. They will not want to tell us where this deal, so to speak, really who it benefits. The reason is because we are not going to have enough time on the floor today to debate this. What we are considering right now is called a martial law. What that means is we better be thankful we even have a right to vote.

Mr. Speaker, this is a dictatorship that what we are talking about here under martial law. It says, "OK, read the newspaper, everybody, because you're not going to be able to read the agreement, because it's not going to be available to the Members of this Congress." I want to know as a Member of Rhode Island's delegation whether I am going to be able to go home and ask my constituents what they feel about this agreement when they know what is in this agreement. They do not know what is in this agreement.

I say to my colleagues today they do not know what is in this agreement, they do not know how this is going to gut Medicare, they do not know this is going to destroy veterans and the like, and I can tell my colleagues they are leaving it to future congresses to do the dirty work. That is what this budget agreement is all about, it is promises that are not going to be kept in future congresses.

Mr. LINDER. Mr. Speaker, I am compelled to yield myself 1 minute to point out to the gentleman from Rhode Island that rules of the House require that he address his comments either to the Chair or the House, not to the gallery; and, No. 2, his argument that the top 4 percent gets 60 percent of the benefits, or whatever, only is true if we use phony numbers to define who is wealthy; and, No. 3, I am curious to know when he referred to the former member from Oregon, the former gentleman from Oregon, whether it was formerly a gentleman or formerly from Oregon.

Mr. Speaker, I yield such time as he may consume to the gentleman from New York [Mr. Solomon] the chairman of the Committee on Rules.

Mr. SOLOMON. Mr. Speaker, I was upstairs. We were just having a Committee on Rules meeting, and we bring down the rule which will bring this magnificent piece of legislation to the floor. But I just am really taken aback by some of the comments by the last 2 speakers on the Democrat side of the aisle, and I would just point to the signers of this conference, and one of those is a gentleman by the name of Charles Rangel from New York.

Mr. Speaker, if this bill in any way, either this bill or the tax bill to follow it tomorrow, did any of the things that the gentleman from Massachusetts or the gentleman from Oregon said it did, I can tell my colleagues that the gentleman from New York [Mr. Rangel], who has stood up for the indigent and poor of this country, and I will yield to my colleague when I am done perhaps, Charles Rangel would never, never in a million years, sign this conference report.

Let me just say that the gentleman protests that he has not had a chance to look at the bill. This bill here was in front of the Committee on Rules at 3:14 and a half this morning down in room 152. It was given to the minority in the Committee on the Budget much earlier than that so that there have been 15 hours for people to sit down and talk to; I am talking about people on that side of the aisle, talk to distinguished Members from their party that have signed this conference report and know everything that is in it. Those members are people like the gentleman from South Carolina [Mr. Spratt], the gentleman from Michigan [Mr. Bonior] of the liberal wing of the Democratic Party, and I will yield when I am finished, the gentleman from California [Mr. Fazio], the gentleman from Texas [Mr. Stenholm] from the more conservative wing of the Democratic Party, and my colleagues know I can just go on, and on, and on: The gentleman from Michigan [Mr. Dingell], who would never ever sign a bill, a conference report, as described by the previous two Democratic speakers. And as my colleagues know, they can look on through these signatures: The gentleman from Michigan [Mr. Kildee], who is a very liberal member of the Democratic Party, but one of the most respected Members because he is very sincere in his beliefs.

□ 1115

Incidentally, he has two great sons that serve in the military, in an honorable career in our military. There is the gentleman from New Jersey [Mr. Payne]. Again, we can go on and on. There is the gentleman from Illinois [Mr. Lane Evans], a noted liberal from Illinois; the gentleman from Michigan [Mr. Levin].

My point is this, Mr. Speaker: Everyone has to compromise. I have offered legislation on this floor that would have balanced the budget in 1 year, not 2, 3, 4, 5 or 7. I can remember getting only 16 votes for it. I can remember another time bringing a budget to the floor when my conservative group only got 75 votes, and then 99 votes.

But this is truly a bipartisan effort from liberals, from conservatives. We ought to be here working together on this legislation. We should not be here trying to tear each other apart on it. I think this matter is going to pass overwhelmingly with bipartisan, overwhelming support on the Democratic side, as well as almost every, if not every, Republican in this House. That is the way it should be.

Ronald Reagan once said to me that we cannot stick to our principles solely, because there is a House of Representatives, there is a Senate, and there is a White House. We all have to give a little. I think everybody has given a little.

I am going to give credit to the President of the United States of America, because he has given, too, as we Republicans have, to put together what is truly a great program that is going to mean that the future of my children and my grandchildren and all of the Members' are going to have a future in this country, and they are going to have a life as good as we have had when we were growing up. That is what we are here to do.

Mr. KENNEDY of Rhode Island. Mr. Speaker, will the gentleman yield?

Mr. SOLOMON. I yield to the gentleman from Rhode Island.

Mr. KENNEDY of Rhode Island. Mr. Speaker, the point I am trying to make is this is a monumental agreement. The gentleman would agree with me on that?

Mr. SOLOMON. Yes, it is.

Mr. KENNEDY of Rhode Island. It effects $95 billion in tax cuts, 395,000 seniors going into Medicare Select, MSA's, all the cuts that are going to ensue, 15 percent in goals cuts, veterans, Social Security Administration, all that is to come down the road.

All I am saying to the gentleman is under martial law, we have an hour and a half to debate that. The gentleman points out, rightfully so, that there are a lot of good Members on my side of the aisle who signed onto this. But that does not excuse the fact that we will not have adequate time to debate something that I might add, if the gentleman would yield further for a second, that I might add would consume months of debate in future Congresses. The decision we are going to make today and tomorrow is going to impact enormously on the future of this country. Yet we have an hour and a half to decide something so huge.

Yet we are going to dilly-dally and spend months and months debating appropriations bills in future Congresses over just finite parts of this budget deal in the future.

Mr. SOLOMON. Mr. Speaker, I just have to reclaim my time to say to the gentleman, it is not an hour and a half. Under normal rules of the House we are having 1½ hours of debate, but we are having an extra hour on the rule we are bringing up; we will have an extra hour, so the gentleman is talking about 3½ hours of time.

All of the Members on both sides of the aisle have been briefed. I have sat through 17 hours of briefing on what is in this legislation. The White House has done the same thing with Members on the Democratic side of the aisle. So we have had ample time to discuss what is in this legislation.

Mr. DREIER. Mr. Speaker, will the gentleman yield?

Mr. SOLOMON. I yield to the gentleman from California.

Mr. DREIER. Mr. Speaker, I thank the gentleman for yielding.

I would simply like to respond to my good friend and neighbor, the gentleman from Rhode Island, that if we look at this debate that we are going to be having on this issue, it is really the culmination of what for many of us has been a decade or a decade and a half of debate on these issues.

My friend is relatively new to this body, and I think that he clearly should spend a lot of time discussing and looking at these questions. But the fact of the matter is, 90 minutes is not going to be the full debate time for this question.

In fact, we just had testimony upstairs, and let me just say that if we look at the fact that we 12 years ago introduced a resolution calling for the establishment of medical savings accounts, which my friend just raised, we have been debating that issue for well over 10 years.

So this really is the culmination of a very great, great accomplishment that has been done in a bipartisan way, and that is why I am strongly supportive of this rule.

Mr. MOAKLEY. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I do not know if my chairman was on the floor when I spoke, and I know he was not, he was attending to his duties, but this debate this morning right now is not about the spending bill. It is about the process. I just feel, and he said, this bill was dropped at my doorstep at 3:15 this morning. It is not enough time, not only for me but for the rest of the Members. To quote one of his favorite men in public office, Ronald Reagan, he said, "Trust, but verify." All I want to do is verify.

Mr. Speaker, I yield 2½ minutes to the gentleman from Texas [Mr. DOGGETT].

Mr. DOGGETT. Mr. Speaker, today Speaker GINGRICH seeks our approval of a resolution on a subject that this Republican Congress has quite obviously developed considerable expertise in. That subject is ignorance. Normally ignorance is demonstrated here in this House in ignoring the needs of the ordinary hard-working American family. Today that ignorance is demonstrated in a much more obvious way.

We know that an agreement was put together in the dead of night and presented to a committee, that copies of the bill are not even out here, that no one has seen this bill. Perhaps that is a bit of an overstatement. We have seen the bill. This is it. If Members have a photographic memory, perhaps they can see it right now. It is about a foot high. It weighs several pounds. It has what the Washington Post and the Washington Times, two papers of very differing views, both describe as significant increases in spending, in social spending. In fact, this bill represents billions, if not trillions, of dollars in spending that the American taxpayer will be asked to finance.

Mr. Speaker, I would submit that the Members on the Republican side who are speaking in favor of this martial law rule do not have the slightest idea what is in most of this several pounds, and that indeed few Members of this Congress, if any, know what is in that bill in terms of spending hundreds and hundreds of billions of dollars of the American taxpayers' money.

No, the ignorance resolution they ask us to approve this morning is based on that fundamental principle that got us into some of this mess in the first place; that is, that we should vote first and read later.

I am for the principle of a balanced budget, just do not confuse me with the details. I do not want to take the pep out of their pep rally, but those of us who tried to get a meaningful enforcement provision on this budget, both in the Committee on the Budget and on the floor of this Congress, do not want a budget that is balanced for a millisecond. We do not want to approve hundreds of billions of dollars of new spending without knowing what it is going to do and without actually reading the bill. Who knows what provisions for special interests are buried in these pounds of new spending?

We need the opportunity, not just for this House but for the American people, to have an opportunity to see what is in this bill, to understand it. If it is that great, it can stand the test of time, not a matter of a few minutes.

Mr. LINDER. Mr. Speaker, I reserve the balance of my time.

Mr. MOAKLEY. Mr. Speaker, I yield 2½ minutes to the gentleman from Minnesota [Mr. MINGE].

Mr. MINGE. Mr. Speaker, I thank the ranking member of the Committee on Rules for yielding time to me, and I would address my comments to my colleagues and to the Speaker.

Mr. Speaker, we certainly, as many speakers have already said this morning, have seen a historic agreement reached. It certainly is uncommon for us to see a major controversial piece of legislation drawing support from the White House, from the Republican leadership in both the House and Senate, and from most of the Democratic leadership in the House and Senate. It is a massive bill.

This morning we have been treated to repeated demonstrations of the size of the bill and the awkwardness of even trying to work one's way through it. I think it is fairly safe to say that nobody in this body will have a chance to review this bill in detail before it is voted on.

It has large provisions which most of us are familiar with and most of us probably agree with. It has small provisions that only a few of us know about because they affect our areas. I would like to just mention one of them which I think is of significance to American agriculture, to point out that this is typical of small things that find their way into big bills.

We have labored in American agriculture with a very restrictive ruling from the Internal Revenue Service that prohibited farmers from taking advantage of deferred payment contracts. It is because of the alternative minimum tax. This legislation corrects that.

Many say the devil is in the details. If this is the type of detail, I think we have had an exorcist that has taken the devil out. But the question is, how many other details are there that we have not had a chance to examine, and do we need to give that exorcist more time?

On a larger scale, I would like to say in concluding that I think that there are some very significant omissions in this legislation:

Social Security. We are borrowing this year $79 billion to balance the budget with Social Security. By the year 2002, it will be over $110 billion.

Medicare. We have a temporary fix to Medicare. We do not have a long-term fix.

Finally, enforcement. Many of us on both sides of the aisle have struggled for enforcement provisions in this legislation. We have been rebuffed. I think it is absolutely critical that we move ahead with enforcement provisions before this session of Congress ends.

I anticipate supporting this legislation, but I am a reluctant supporter. I urge that we focus on these deficiencies.

Mr. LINDER. Mr. Speaker, I yield myself 15 seconds.

Mr. Speaker, I would point out that unlike 1984 when Speaker Wright brought a $1.3 trillion budget to the floor with 1 hour's notice, not even letting the Committee on Rules see it, everybody in America could have read this. The full text of this budget is on the Internet, Speakernews.house.gov. Speakernews is one word. The Members can do it on the Democratic side even as we speak.

Mr. MOAKLEY. Mr. Speaker, I yield 3 minutes to the gentleman from Vermont [Mr. SANDERS].

Mr. SANDERS. Mr. Speaker, this is the legislation that we received this morning. On principle, nobody in this House should vote for legislation which he does not understand, has not seen, and contains hundreds and hundreds of pages with many provisions that we know nothing about.

But Mr. Speaker, we do know some of the aspects that we are going to be asked to vote on. We do know that in a time when millions of elderly people are unable to pay for their prescription drugs, when they are paying more and more for private insurance to cover what Medicare does not cover, we do know that we are going to be asked to cut Medicare by $115 billion. That is wrong. We also know there are significant cuts in the Social Security Administration and in veterans programs. That is wrong.

Mr. Speaker, in order to pay for the cuts in Medicare, in the Social Security Administration, and in veterans programs, what the Congress is proposing is to provide huge tax breaks for the wealthiest people in this country, unfortunately; precisely the people who do not need it. The wealthiest 5 percent of Americans will receive almost half of the tax cuts. The upper 20 percent will receive over 70 percent of the benefits. The upper 1 percent, when this plan is full-blown, the upper 1 percent will receive more benefits from this package than the bottom 80 percent.

So the people who really need the help are not getting the help. The people who do not need the help are getting more help than they are entitled to. Under this plan, the average tax cut for middle-income families and individuals will be less than $200. The wealthiest 1 percent, however, will receive over $16,000 in tax breaks.

□ 1130

As the New York Times said today in an editorial, and I quote:

> Even after last minute horse trading around the edges, the deal remains unfairly

tilted in favor of the better off citizens of society. It drills scores of new loopholes into the tax code, mostly for the benefit of very wealthy families at the cost of opening up large deficits early next century conveniently beyond the 10-year period that the deal tracks.

In other words, what is going to happen is, 10 years from now, when we have all of these loopholes for the wealthy and for large corporations, we are going to be back here again with another huge deficit and we are going to have Members here saying, we have got to cut more into Medicare, more into Social Security, more into veterans programs, more into housing. So my friends, before we pass a budget like this, first of all, have the courage to look at it and, second of all, let us not balance the budget on the backs of the weak and the vulnerable in order to give huge tax breaks to the wealthy.

Mr. KENNEDY of Rhode Island. Mr. Speaker, will the gentleman yield?

Mr. SANDERS. I yield to the gentleman from Rhode Island.

Mr. KENNEDY of Rhode Island. Mr. Speaker, is the gentleman saying that the top 5 percent get four times the tax cut as the bottom 60 percent?

Mr. SANDERS. Yes, Mr. Speaker.

Mr. LINDER. Mr. Speaker, I yield 1 minute to the gentleman from Michigan [Mr. SMITH].

Mr. SMITH of Michigan. Mr. Speaker, there are some Members that would like to put off a decision on balancing the budget and having tax cuts. There are some Members that would hope that we could discuss this enough that they might discourage the President from going along with this tax cut and balanced budget for the American people. Regarding the questions whether we have had time to review this legislation, we never have enough time for each Member to totally understand the text of this legislation without the help of specialists. Look at Medicare, which is the large portion of this bill.

It is essentially the same Medicare proposal that was offered by the Republicans over 2 years ago. It is the same Medicare bill that was demagogued last year in the election. Obviously Members have had 2 years to review that proposal. If we want to look at the other provisions of this bill, many are similar and we have talked about them since we voted on similar change in 1995.

This legislation, this agreement has been on the table since last April in terms of what Republicans and Democrats working together actually signed off on a detailed agreement. We are doing what the American people want us to do. That is balancing the budget and cutting taxes. There is a lot more to do but this is a good start.

Mr. MOAKLEY. Mr. Speaker, I yield 1 minute to the gentlewoman from Ohio [Ms. KAPTUR].

Ms. KAPTUR. Mr. Speaker, I want to say that I am not going to vote for this bill because I cannot even find the bill. I went down to the Clerk's office just now because I was told that is where the only copy of the bill was. In fact, I was told that it was filed at the Government Printing Office at 4:15 this morning. So then we call over to the Committee on Ways and Means. I said, I will run over to the Committee on Ways and Means and get the bill. I call over to the Committee on Ways and Means, and they said, we have only got the sections that deal with our committee. We have got Social Security, we have got Medicare, we have got Medicaid.

I said, let us take a look and see if it is up in the Committee on Rules. They said, no, the Committee on Rules does not have the bill. Maybe there is one copy down on the floor, maybe the gentleman from Massachusetts [Mr. MOAKLEY], maybe the gentleman from New York [Mr. SOLOMON] have that copy.

Then I said, well, let us go to the web site. So we went to Thomas.loc.gov. Guess what? The bill is not on the web site. I am not elected by the gentleman from New York [Mr. SOLOMON]. I am not elected by the gentleman from Massachusetts [Mr. MOAKLEY]. I am elected by the people of the Ninth Congressional District of Ohio. I cannot get a bill, and I do not want to listen to the gentleman from South Carolina [Mr. SPRATT] because he did not elect me. The people back in Ohio elected me.

To bring this kind of a bill to the floor today and tomorrow, what is the rush? Are we afraid the American people might actually know what is in this bill and would not want us to vote on this until September when we have had a chance to study the bill? What is the rush? I can see a fast ball when it comes.

Mr. LINDER. Mr. Speaker, I yield 1 minute to the gentleman from California [Mr. DREIER], my colleague on the Committee on Rules.

Mr. DREIER. Mr. Speaker, I thank my friend for yielding me the time.

I would like to give this to my colleagues: Speakernews..House.gov.

The World Wide Web has it. It is there. It has been there since early this morning. Obviously my friend did not move to the appropriate site.

Ms. KAPTUR. Mr. Speaker, will the gentleman yield?

Mr. DREIER. I yield to the gentlewoman from Ohio.

Ms. KAPTUR. Mr. Speaker, I would love to know why the Clerk's office did not know what site it was at?

Mr. DREIER. Mr. Speaker, because I had not stood here yet to announce it: Speakernews.House.gov. That is maybe why the Clerk did not know it yet. The fact is, it is there. It can be found. At 3:14 this morning my very dear friend from Glens Falls pulled another all-nighter. He went right to the office of the gentleman from Massachusetts [Mr. MOAKLEY] and delivered this thing.

It was delivered at 3:14 this morning. The gentleman from New York [Mr. SOLOMON] wanted to take it to the house of the gentleman from Massachusetts [Mr. MOAKLEY], but his better judgment told him to simply take it to the office at 3:14 in the morning. This is in fact a very good package. We should move ahead with it as quickly as possible.

Mr. MOAKLEY. Mr. Speaker, I yield myself the balance of the time.

Mr. Speaker, despite what we heard at the microphone from my very dear friend, if one calls up the Speaker's line, you will get a summary. This bill is not in print anywhere except the copies that I have and the gentleman from New York [Mr. SOLOMON] has. It will not even be in the CONGRESSIONAL RECORD until tomorrow. We are talking about the bill itself.

If the previous question is defeated, I will offer an amendment to the rule which would make certain that Members will have no less than 10 hours to read the bills before the House begins to consider them. I believe that is only fair for major bills such as these.

Mr. Speaker, I include for the RECORD the amendment to which I referred:

At the end of the resolution add the following:

"SEC. 2. The waiver prescribed in the first section of this resolution shall not apply to a resolution providing for consideration of any measure unless the measure has been available to Members for at least 10 hours before the consideration of such resolution."

Mr. LINDER. Mr. Speaker, I yield myself such time as I may consume.

Let me point out that the White House, the conferees have read every word, every summary, every piece of it. And every bill that comes through here we have to trust the folks on the committee or on the conference report to give us the best advice. They have done that. We have got some of the most distinguished Democrats in this House who have signed onto this bill. They know what is in it. We have been debating some of these issues for 3 and 4 years. This is a specious argument to try and delay the action on a very good bill. Most of the arguments against the process have come from the most liberal Members who do not like the bill. I think that is curious.

Let me say, this is a rule that we have used in the past under Democrats and Republicans. It is a rule that should be supported as well as the bills.

Mr. Speaker, I yield back the balance of my time, and I move the previous question on the resolution.

The SPEAKER pro tempore [Mr. GIBBONS]. The question is on ordering the previous question.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

Mr. MOAKLEY. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

Pursuant to clause 5 of rule XV, the Chair will reduce to 5 minutes the minimum time for electronic voting if ordered on the question of adoption of the resolution.

The vote was taken by electronic device, and there were—yeas 226, nays 201, not voting 7, as follows:

[Roll No. 341]

YEAS—226

Aderholt
Archer
Armey
Bachus
Baker
Ballenger
Barr
Barrett (NE)
Bartlett
Barton
Bass
Bateman
Bereuter
Bilbray
Bilirakis
Bliley
Blunt
Boehlert
Boehner
Bonilla
Bono
Brady
Bryant
Bunning
Burr
Burton
Buyer
Callahan
Calvert
Camp
Campbell
Canady
Cannon
Castle
Chabot
Chambliss
Chenoweth
Christensen
Coble
Coburn
Collins
Combest
Condit
Cook
Cooksey
Cox
Crane
Crapo
Cubin
Cunningham
Davis (VA)
Deal
DeLay
Dickey
Doolittle
Dreier
Duncan
Dunn
Ehlers
Ehrlich
Emerson
English
Ensign
Everett
Ewing
Fawell
Foley
Fowler
Fox
Franks (NJ)
Frelinghuysen
Gallegly
Ganske
Gekas
Gibbons
Gilchrest
Gillmor
Gilman
Goode
Goodlatte
Goodling
Goss
Graham
Granger
Greenwood
Gutknecht
Hansen
Hastert
Hastings (WA)
Hayworth
Hefley
Herger
Hill
Hilleary
Hobson
Hoekstra
Horn
Hostettler
Houghton
Hulshof
Hunter
Hutchinson
Hyde
Inglis
Istook
Jenkins
Johnson (CT)
Johnson, Sam
Jones
Kasich
Kelly
Kim
King (NY)
Kingston
Klug
Knollenberg
Kolbe
LaHood
Largent
Latham
LaTourette
Leach
Lewis (CA)
Lewis (KY)
Linder
Livingston
LoBiondo
Lucas
Manzullo
McCollum
McCrery
McDade
McHugh
McInnis
McIntosh
McKeon
Metcalf
Mica
Miller (FL)
Molinari
Moran (KS)
Morella
Myrick
Nethercutt
Neumann
Ney
Northup
Norwood
Nussle
Oxley
Packard
Pappas
Parker
Paul
Paxon
Pease
Peterson (MN)
Peterson (PA)
Petri
Pickering
Pitts
Pombo
Porter
Portman
Pryce (OH)
Quinn
Radanovich
Ramstad
Redmond
Regula
Riggs
Riley
Rogan
Rogers
Rohrabacher
Ros-Lehtinen
Roukema
Royce
Ryun
Salmon
Sanford
Saxton
Scarborough
Schaefer, Dan
Schaffer, Bob
Sensenbrenner
Sessions
Shadegg
Shaw
Shays
Shimkus
Shuster
Skeen
Smith (MI)
Smith (NJ)
Smith (OR)
Smith (TX)
Smith, Linda
Snowbarger
Solomon
Souder
Spence
Stearns
Stump
Sununu
Talent
Tauzin
Taylor (NC)
Thomas
Thornberry
Thune
Tiahrt
Traficant
Upton
Walsh
Wamp
Watkins
Watts (OK)
Weldon (FL)
Weldon (PA)
Weller
White
Whitfield
Wicker
Wolf
Young (FL)

NAYS—201

Abercrombie
Ackerman
Allen
Andrews
Baesler
Baldacci
Barcia
Barrett (WI)
Becerra
Bentsen
Berman
Berry
Bishop
Blagojevich
Blumenauer
Bonior
Borski
Boswell
Boucher
Boyd
Brown (CA)
Brown (FL)
Brown (OH)
Capps
Cardin
Carson
Clay
Clayton
Clement
Clyburn
Conyers
Costello
Coyne
Cramer
Cummings
Danner
Davis (FL)
Davis (IL)
DeFazio
DeGette
Delahunt
DeLauro
Dellums
Deutsch
Dicks
Dingell
Dixon
Doggett
Dooley
Doyle
Edwards
Engel
Eshoo
Etheridge
Evans
Farr
Fattah
Fazio
Filner
Flake
Ford
Frank (MA)
Frost
Furse
Gejdenson
Gephardt
Gordon
Green
Gutierrez
Hall (OH)
Hall (TX)
Hamilton
Harman
Hastings (FL)
Hefner
Hilliard
Hinchey
Hinojosa
Holden
Hooley
Hoyer
Jackson (IL)
Jackson-Lee (TX)
Jefferson
John
Johnson (WI)
Johnson, E. B.
Kanjorski
Kaptur
Kennedy (MA)
Kennedy (RI)
Kennelly
Kildee
Kilpatrick
Kind (WI)
Kleczka
Klink
Kucinich
LaFalce
Lampson
Lantos
Levin
Lewis (GA)
Lipinski
Lofgren
Lowey
Luther
Maloney (CT)
Maloney (NY)
Manton
Markey
Martinez
Mascara
Matsui
McCarthy (MO)
McCarthy (NY)
McDermott
McGovern
McHale
McIntyre
McKinney
McNulty
Meehan
Meek
Menendez
Millender-McDonald
Miller (CA)
Minge
Mink
Moakley
Mollohan
Moran (VA)
Murtha
Nadler
Neal
Oberstar
Obey
Olver
Ortiz
Owens
Pallone
Pascrell
Pastor
Payne
Pelosi
Pickett
Pomeroy
Poshard
Price (NC)
Rahall
Rangel
Reyes
Rivers
Rodriguez
Roemer
Rothman
Roybal-Allard
Rush
Sabo
Sanchez
Sanders
Sandlin
Sawyer
Schumer
Scott
Serrano
Sherman
Sisisky
Skaggs
Skelton
Slaughter
Smith, Adam
Snyder
Spratt
Stabenow
Stark
Stenholm
Stokes
Strickland
Stupak
Tanner
Tauscher
Taylor (MS)
Thompson
Thurman
Tierney
Torres
Towns
Turner
Velázquez
Vento
Visclosky
Waters
Watt (NC)
Waxman
Wexler
Weygand
Wise
Woolsey
Wynn
Yates

NOT VOTING—7

Diaz-Balart
Foglietta
Forbes
Gonzalez
Lazio
Schiff
Young (AK)

□ 1156

Mr. JACKSON of Illinois, Ms. SLAUGHTER, and Messrs. BOSWELL, JOHN, and GUTIERREZ changed their vote from "yea" to "nay."

Mr. ROYCE changed his vote from "nay" to "yea."

So the previous question was ordered.

The result of the vote was announced as above recorded.

The SPEAKER pro tempore (Mr. GIBBONS). The question is on the resolution.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

Mr. MOAKLEY. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The SPEAKER pro tempore. This will be a 5-minute vote.

The vote was taken by electronic device, and there were— yeas 237, nays 187, not voting 10, as follows:

[Roll No. 342]

YEAS—237

Aderholt
Archer
Armey
Bachus
Baker
Ballenger
Barr
Barrett (NE)
Bartlett
Barton
Bass
Bateman
Bereuter
Bilbray
Bilirakis
Bliley
Blunt
Boehlert
Boehner
Bonilla
Bono
Boswell
Brady
Bryant
Bunning
Burr
Burton
Buyer
Callahan
Calvert
Camp
Campbell
Canady
Cannon
Castle
Chabot
Chambliss
Chenoweth
Coble
Coburn
Collins
Combest
Condit
Cook
Cooksey
Cox
Cramer
Crane
Crapo
Cubin
Cunningham
Danner
Davis (VA)
Deal
DeLay
Diaz-Balart
Dickey
Dooley
Dreier
Duncan
Dunn
Ehlers
Ehrlich
Emerson
English
Everett
Ewing
Fawell
Foley
Fowler
Fox
Franks (NJ)
Frelinghuysen
Gallegly
Ganske
Gekas
Gibbons
Gilchrest
Gillmor
Gilman
Goodlatte
Goodling
Gordon
Goss
Granger
Greenwood
Gutknecht
Hansen
Hastert
Hastings (WA)
Hayworth
Hefley
Herger
Hill
Hilleary
Hobson
Hoekstra
Hooley
Horn
Hostettler
Houghton
Hulshof
Hunter
Hutchinson
Hyde
Inglis
Jenkins
Johnson (CT)
Johnson, Sam
Jones
Kasich
Kelly
Kim
Kind (WI)
King (NY)
Kingston
Kleczka
Klug
Knollenberg
Kolbe
LaHood
Largent
Latham
LaTourette
Leach
Lewis (CA)
Lewis (KY)
Linder
Lipinski
Livingston
LoBiondo
Lucas
Manton
Manzullo
McCollum
McCrery
McDade
McHugh
McInnis
McIntosh
McKeon
Metcalf
Mica
Miller (FL)
Molinari
Moran (KS)
Morella
Myrick
Nethercutt
Neumann
Ney
Northup
Norwood
Nussle
Oxley
Packard
Pappas
Parker
Pascrell
Paul
Paxon
Pease
Peterson (MN)
Peterson (PA)
Petri
Pickering
Pitts
Pombo
Porter
Portman
Pryce (OH)
Quinn
Radanovich
Ramstad
Redmond
Regula
Riggs
Roemer
Rogan
Rogers
Rohrabacher
Ros-Lehtinen
Roukema
Royce
Ryun
Salmon
Sanford
Saxton
Scarborough
Schaefer, Dan
Schaffer, Bob
Sensenbrenner
Sessions
Shadegg
Shays
Shimkus
Shuster
Skeen
Smith (MI)
Smith (NJ)
Smith (OR)
Smith (TX)
Smith, Adam
Smith, Linda
Snowbarger
Solomon
Souder
Spence
Stearns
Stenholm
Stump
Sununu
Talent
Tanner
Tauscher
Tauzin
Taylor (NC)
Thomas
Thornberry
Thune
Tiahrt
Torres
Traficant
Upton
Walsh
Wamp
Watkins
Watts (OK)
Weldon (FL)
Weldon (PA)
Weller

Wexler
White
Whitfield
Wicker
Wolf
Young (FL)

NAYS—187

Abercrombie
Ackerman
Allen
Andrews
Baesler
Baldacci
Barcia
Barrett (WI)
Becerra
Bentsen
Berman
Berry
Bishop
Blagojevich
Blumenauer
Bonior
Borski
Boucher
Boyd
Brown (CA)
Brown (FL)
Brown (OH)
Capps
Cardin
Carson
Christensen
Clay
Clayton
Clement
Clyburn
Conyers
Costello
Coyne
Cummings
Davis (FL)
Davis (IL)
DeFazio
DeGette
Delahunt
DeLauro
Dellums
Deutsch
Dicks
Dingell
Dixon
Doggett
Doolittle
Doyle
Edwards
Engel
Ensign
Eshoo
Etheridge
Evans
Farr
Fattah
Fazio
Filner
Flake
Ford
Frank (MA)
Frost
Furse
Gejdenson
Gephardt
Goode
Green
Gutierrez
Hall (OH)
Hall (TX)
Hamilton
Harman
Hastings (FL)
Hefner
Hilliard
Hinchey
Hinojosa
Holden
Hoyer
Istook
Jackson (IL)
Jackson-Lee (TX)
Jefferson
John
Johnson (WI)
Johnson, E. B.
Kanjorski
Kaptur
Kennedy (MA)
Kennedy (RI)
Kennelly
Kildee
Kilpatrick
Klink
Kucinich
LaFalce
Lampson
Lantos
Levin
Lewis (GA)
Lofgren
Lowey
Luther
Maloney (CT)
Maloney (NY)
Markey
Martinez
Mascara
Matsui
McCarthy (MO)
McCarthy (NY)
McDermott
McGovern
McHale
McIntyre
McKinney
McNulty
Meehan
Meek
Menendez
Millender-McDonald
Miller (CA)
Minge
Mink
Moakley
Mollohan
Moran (VA)
Murtha
Nadler
Neal
Oberstar
Obey
Olver
Owens
Pallone
Pastor
Payne
Pelosi
Pickett
Pomeroy
Poshard
Price (NC)
Rahall
Rangel
Reyes
Rivers
Rodriguez
Rothman
Roybal-Allard
Rush
Sabo
Sanchez
Sanders
Sandlin
Sawyer
Schumer
Scott
Serrano
Sherman
Sisisky
Skaggs
Skelton
Slaughter
Snyder
Spratt
Stabenow
Stark
Stokes
Strickland
Stupak
Taylor (MS)
Thompson
Thurman
Tierney
Towns
Turner
Velázquez
Vento
Visclosky
Waters
Watt (NC)
Waxman
Weygand
Wise
Woolsey
Wynn
Yates

NOT VOTING—10

Foglietta
Forbes
Gonzalez
Graham
Lazio
Ortiz
Riley
Schiff
Shaw
Young (AK)

□ 1205

So the resolution was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid upon the table.

PERSONAL EXPLANATION

Mr. SHAW. Mr. Speaker, on rollcall No. 342, I was inadvertently detained. Had I been present, I would have voted "yea."

WAIVING POINTS OF ORDER AGAINST CONFERENCE REPORT ON H.R. 2015, BALANCED BUDGET ACT OF 1997

Mr. SOLOMON, from the Committee on Rules, submitted a privileged report (Rept. 105–218) on the resolution (H. Res. 202) waiving points of order against the conference report to accompany the bill (H.R. 2015) to provide for reconciliation pursuant to subsections (b)(1) and (c) of section 105 of the concurrent resolution on the budget for fiscal year 1998, which was referred to the House Calendar and ordered printed.

Mr. SOLOMON. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 202 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 202

Resolved, That upon adoption of this resolution it shall be in order to consider the conference report to accompany the bill (H.R. 2015) to provide for reconciliation pursuant to subsections (b)(1) and (c) of section 105 of the concurrent resolution on the budget for fiscal year 1998. All points of order against the conference report and against its consideration are waived. The conference report shall be considered as read. The conference report shall be debatable for ninety minutes equally divided and controlled by the chairman and ranking minority member of the Committee on the Budget.

The SPEAKER pro tempore. The gentleman from New York [Mr. SOLOMON] is recognized for 1 hour.

Mr. SOLOMON. Mr. Speaker, for purposes of debate only, I yield 30 minutes to the gentleman from Massachusetts [Mr. MOAKLEY] pending which I yield myself such time as I might consume. Mr. Speaker, concerning the time just yielded to the minority, all time yielded is for debate purposes only.

Mr. Speaker, this rule is the standard rule for consideration of a conference report on reconciliation legislation. All points of order are waived against the bill and its consideration. The rule further provides that the conference report shall be considered as read.

Finally, the rule provides 90 minutes of general debate equally divided and controlled by the chairman and ranking minority members of the Committee on the Budget.

Mr. Speaker, I would also point out that we have extended the debate time from the customary 1 hour to 90 minutes in order to maximize the time for the House to debate this very historic agreement. And when I state "very historic agreement," Mr. Speaker, I want to heap praise on the gentleman from Ohio [Mr. KASICH], chairman of the Committee on the Budget, who has brought to this floor something that many of us have worked so hard for over all these years. And it could not have happened without the leadership of the gentleman from Ohio [Mr. KASICH], certainly his committee, and the staff of the Committee on the Budget.

Mr. Speaker, on July 20, 1969, Neal Armstrong and the crew of Apollo 11 made their famous leap for mankind onto the surface of the Moon. Later that same year, the Federal Government recorded its first balanced budget in a decade, an actual budget surplus of $300 million. Both are milestones, Mr. Speaker, because the budget has not been balanced since that time back in 1969.

In fact, in 1997, the Government spent over $6,000 for every man, woman, and child in America. And that is up from $500 in 1960. Each person's share of that national debt is more than $14,500, and that is up from $1,300 in 1960. This goes to show us what has happened over the years.

And even worse, the Federal Government is three times larger than in 1960, and the tax burden is unconscionable on the American people, particularly middle-class American people, who make up the real backbone of this Nation.

Today, Mr. Speaker, this Republican Congress and President Clinton will stem the tide of this rising sea of red ink, and it will stop the growth of Government. Today, the Republican Congress will deliver America's working families the first balanced budget in a generation.

Mr. Speaker, as my colleagues recall, in 1994, when the American people gave Republicans control of the people's House, we pledged to balance the budget. Today, we deliver on that promise.

□ 1215

Mr. Speaker, this body has debated balanced budgets many times over the last few years, but today's debate is special. It represents a historic achievement for the future benefit of America's children, for their families and for the economy of this Nation. For today we do not just debate a balanced budget, we actually deliver one for the American people, what they have been asking of this body for so many years now.

This endeavor proves that Congress, working with the administration, can achieve common goals without compromising fundamental principles, showing the American people that we can work together to solve problems, and the American people are applauding this every day now since we came to this agreement.

Mr. Speaker, I am also proud to inform the American people that our democratic process, something that has been maligned in recent years, is working. This democratic process, even with the Congress and with a President of opposing parties has produced a bipartisan balanced budget agreement that cuts taxes for the first time in 16 years, that preserves Medicare and protects it from bankruptcy into the 21st century, that slows the growth of total Federal spending to 3 percent a year.

That is no easy task. And that shifts power, money and influence away from Washington and to the people in the States and communities.

Mr. Speaker, while this is a bipartisan agreement, it is useful to recognize just how far we have come. Just 4 years ago, this Congress under a Democrat majority passed the largest tax increase in the history of the United States of America. Today we cut the tax burden on American families for every single working American in this country.

Just 4 years ago, Mr. Speaker, this Congress expanded new entitlement programs and they increased spending by tens of billions of dollars. What is different today? Today we slow the growth of entitlement spending. Today we increase budget enforcement, and today we actually reduce Federal spending to 18.9 percent of the Gross Domestic Product by the year 2002. That will be the first time since 1974, 25 years ago, that spending has fallen below 20 percent of the GDP.

Mr. Speaker, just 4 years ago this Congress passed increased Government spending packages. Today we make the Federal Government smaller, allowing the free market to provide the stimulus for the economy to create long-term job growth. Mr. Speaker, what a difference a Republican Congress has made to the economy.

Since the 1994 election, the Dow Jones Industrial Average has more than doubled from 3,900 points to 8,100 points, interest rates have dropped from 8 percent to 6 percent, and 6.4 million new jobs have been created. The economy is growing because taxes, spending, and the Government are not growing.

But, Mr. Speaker, we are not here today to only look at the past or even the present but to the future of this great country. The balanced budget we debate here today is built on a solid foundation of programmatic and economic assumptions, a foundation that will generate benefits to American working families for years to come. This is a package that will keep on delivering financial relief to families and to businesses in the form of lower taxes, lower interest rates, higher job growth and a stronger economy, and we are locking it all into law so that it has to happen.

For example, Mr. Speaker, in my district in upstate New York, a balanced budget will significantly enhance the opportunities of working families to care for their children and to help their communities. Alan Greenspan, greatly respected by both sides of the aisle, Democrats and Republicans alike, and by the American people, he is the Chairman of the Federal Reserve, and he has testified that a balanced budget will lead to lower interest rates, as much as 2 percent lower on home mortgages, on family farms, on auto loans, on student loans. For the average homeowner in my district, before even calculating in the benefits of the cuts in the capital gains tax, a 2 percent lower interest rate on a home mortgage as a result of a balanced budget would save that family over $130 a month. That is $130 more a month to send a kid to college, to buy groceries or to pay for child care, which is so badly needed today in the pockets of the American people. It means more investment in the local community, a stronger local economy, and higher wages.

Under these circumstances, Mr. Speaker, these hardworking families will do more in 1 year to help the less fortunate, the young and the old, than this Congress could do under a banner of compassion in an entire decade. All these benefits result merely from Congress fulfilling its moral obligation to balance this budget year in and year out.

In closing, Mr. Speaker, I would like to make one final observation. During this debate today, many of my friends on the other side of the aisle will assert that Republicans are only interested in helping the so-called wealthy in America. Mr. Speaker, let me state for the record right now that I plead guilty to that charge. I believe that a growing economy helps all of America's families, for it was not a Republican President but it was President John F. Kennedy that said "a rising tide lifts all boats."

Furthermore, and this is so terribly important, a recent NASDAQ report summarized in a recent Los Angeles Times story found the following facts. These are facts, these are not Republican rhetoric, these are facts out of NASDAQ:

Fifty-five percent of the stocks in America today are held by household families. Fifty-five percent. That means middle class America holds 55 percent of the stock today.

Forty-seven percent of all investors are women. Fifty-five percent of all investors are under the age of 50. And 10 percent of all investors, and this is so terribly important, have started to invest within the last 10 years.

These numbers do not even include all of those who have their pensions invested in the stock market or in mutual funds, which is the case for many older Americans. These so-called wealthy people are middle class working families that know that a balanced budget, lower taxes, and a smaller Government mean higher wages, more jobs, and a stronger economy.

That is really what we are all here on this floor to try to do. That is why I urge all Members to join these American families in supporting the balanced budget we have here before us today. It is good for families, it is good for America. The future will be better because of what we do here today.

And, Mr. Speaker, what we do here today is what the Republican Party stands for, and that is cutting taxes for all working Americans, every single one of them, cutting runaway entitlement spending, saving Medicare from bankruptcy. But most importantly, Mr. Speaker, we are here today balancing the budget and shrinking the size and the power of the Federal Government.

Mr. Speaker, I have never been so proud to be a Republican Member of Congress for what we are doing here today.

Mr. Speaker, I yield such time as he may consume to the gentleman from Georgia [Mr. GINGRICH], the Speaker of the House.

Mr. GINGRICH. I thank the gentleman for yielding me this time.

Mr. Speaker, I just want to say to my good friend from Massachusetts, I was concerned by his earlier concerns. I went back and checked. The gentleman was correct. When we initially announced that the entire bill was available at http://speakernews.house.gov in fact it was not all fully uploaded. I waited to make sure the entire bill was totally loaded. It is now available not just to any Member of the House, not just to all the congressional staffs who I hope are watching this debate, all of whom can access it simultaneously without having to xerox it, but in addition it is available to every citizen in this country and anyone worldwide on the Internet.

As the gentleman knows, we are still having growing pains learning how to be in the information age, but we have now made this available to every citizen in the country. We are going to test this afternoon when we file the tax bill and see how long it takes to totally upload the tax bill for the same process. Sometime late this afternoon, every citizen in the country, without a lobbyist, without a trade association, without any payment, will have access to the tax bill in full. I do thank the gentleman for bringing it to our attention. We are still learning, but I did want to make that available.

By the way, if I might, this is the last page. We printed it out, because my good friend had pointed out earlier that he could not get them all printed out.

Mr. MOAKLEY. Mr. Speaker, I hope the Speaker will autograph it for me.

Mr. Speaker, I am very happy to hear that from the Speaker and I am glad that all the citizens of America have this now. If the Republican Party would just allow them a few hours to read it, I think the public service would really be done.

Mr. Speaker, I thank the gentleman from New York [Mr. SOLOMON], the chairman of my committee, my dear friend, for yielding me the customary half-hour, and I yield myself such time as I may consume.

Mr. Speaker, again I want to begin by registering my frustration at being expected to vote on this very enormous bill that was dropped outside my door at 3:30 this morning. It came the same time as the milkman. But I am not exactly sure if my Republican colleagues drafted the bill we expected them to draft, and I suspect that no one else is sure either. This bill has come to the floor with an unprecedented bipartisan compromise in cooperation. It is a shame that it ended today with the martial law rule. Members should have the chance to carefully consider this bill before voting on it.

Mr. Speaker, although this bill will balance our budget in the short term, I do not believe it gets us where we need to be in the long term. I know that quite a few of my colleagues will support this bill, and there are very good reasons to do so, but I at this present time cannot. It squeezes funding for education, training, health programs, and school construction, and I do not believe that it should.

One particular problem for me, Mr. Speaker, is the hit that the hospitals will have to take. We in Massachusetts are very fortunate to have some of the world's greatest hospitals and research facilities. They already bear an enormous share of the financial burden of our health care problems, but this bill will cut Medicare spending by $115 billion by reducing payments to these very same hospitals and the doctors that serve in them. It also cuts Medicaid spending by $13 billion by reducing payments to these same hospitals that serve large numbers of poor people, like our Boston City Hospital. Mr. Speaker, the hospitals in my district are already facing enormous budget crunches. They cannot stand it anymore.

This bill also cuts $4.8 billion from Federal employees' retirement programs over the next 5 years. Federal employees work just as hard as those in the private sector, but because they work in public service rather than the private sector, they are going to be penalized.

Mr. Speaker, this bill also makes changes that will cut $1.8 billion in student loans and $1.8 billion from housing programs. It reduces section 8 adjustments and replaces the FHA foreclosure relief program. Another provision in this bill which many of my colleagues may not be aware of is an increase in the public debt limit to $5.95 trillion.

Mr. Speaker, thanks to the Democrats in Congress and the Clinton administration, this bill is a lot better than it was. It expands health care for children, although not enough. It restores Supplemental Security Income and Medicare benefits to legal immigrants. It also contains funding for States to help welfare recipients find jobs. Again, Mr. Speaker, not enough.

There are good reasons to support this bill, and I understand why many of my colleagues will do so. But as I said, because of those other matters, I just cannot at this time. For the sake of our hospitals, for the sake of our students, for the sake of our housing programs, I cannot support the bill.

I cannot support a bill that will hurt Massachusetts hospitals as much as this one will. I cannot support a bill that, although it provides much needed money to help poor children get health insurance, it provides the money in the form of block grants which may or may not be used for that purpose.

There are some very good provisions in this bill that I very much support, and I congratulate my colleagues for their hard work on this bill. I am relieved to see many of the education issues and the food stamp problem have been taken care of.

□ 1230

And although I strongly suspect that this bill will pass and that our President will sign it, I simply, as I said, cannot support it. So I urge my colleagues to defeat the previous question in order to increase debate time to 3 hours.

Mr. Speaker, I reserve the balance of my time.

Mr. MOAKLEY. Mr. Speaker, I yield 3 minutes to the gentleman from South Carolina [Mr. SPRATT], the ranking member on the Committee on the Budget.

Mr. SPRATT. Mr. Speaker, I thank the gentleman from Massachusetts for yielding this time to me.

Mr. Speaker, I intend to vote for this conference report, and I am satisfied, and even proud, of the outcome, but I cannot vote for the rule in this case, and I want to explain why.

I think it is being brought to the floor, this conference agreement, with unseemly haste for something so serious and so far-reaching.

I was here until midnight last night. The Democratic staff of the Committee on the Budget were here until after 2:30. Most of that time of our staff on the Committee on the Budget was spent trying to prepare reports so that we could tell Members on our side from our inside perspective as the Committee on the Budget just what is in this conference agreement and what is not, what compromises have been cut, what deals have been done that they need to know about before they make their decision to vote, and it was a frustrating, sometimes fruitless, effort to call different places on the Hill and try to find out what was in the conference report because we did not have a copy of the conference report.

The staff left at 2:30, the conference report was filed at 3:20 this morning, it was not until we got back to work this morning, just an hour before the House convened that we found the conference report on our doorstep. We finished posthaste the reports so that we could deliver it to Members on our side. They got it at 10 o'clock this morning, just before the House convened to take up this matter.

Now there are strong reasons for having a certain delay. The rules of the House, the rules of the House longstanding, call for a 3-day layover for conference reports, 24-hour layover for rules which have been waived, but 3 days for a conference report, and there are good reasons for that. Conference reports are the last station on the track. We are making law. There are no more opportunities on our part to correct mistakes, to add something, change something, to perfect a piece of legislation.

Furthermore, in the House we have what in the State legislature they call free conference powers virtually. As everybody knows, conference reports are hammered out behind closed doors. The conferees make deals, cut compromises, go out of scope all the time, and the rule waives any points of order for going out of scope. And my colleagues will find plenty of things in this conference report, I am sure, which are out of scope, one in the House bill and one in the Senate bill, that have been concocted by the conferees.

That is why the longstanding rules of this House have provided 3 days for Members to see what is in it, sauce and blow it, weigh it and come to a deliberate decision as to whether or not they would support it.

And then when the matter finally comes to the floor, there ought to be ample time to discuss something so far-reaching as this because this is not just an ordinary conference agreement, this is probably the single most important piece of legislation that this Congress will adopt in the 105th Congress. Yet we are going to take it up in an hour and a half. The Senate provides for 10 hours of debate, 10 hours on the tax reconciliation bill, 10 hours on the spending reconciliation bill. We have an hour and a half, and I have Members over here pulling at my coattails because they want to say something.

Mr. Speaker, they want to explain why they are voting for it or why they are voting against it; they want to say they are in favor of this. That is the way the House operates. They want to have a real debate, and we will not be able to have it with the truncated time that has been allowed for this particular bill.

This is too fast a track for legislation so serious. It should not be railroaded against this House. We should vote against the previous question.

Mr. MOAKLEY. Mr. Speaker, I yield 2 minutes to the gentleman from Massachusetts [Mr. KENNEDY].

Mr. KENNEDY of Massachusetts. Mr. Speaker, I have heard the chairman of the Committee on Rules quote my uncle, President Kennedy, saying that a rising tide lifts all boats. I would say that in this tax bill what we have is a tax cut that will raise the yachts in places like the Ocean Reef Club and other Republican strongholds of this country, but the people that own the little bass boats of America, the only rise they are going to get is when they go up on the rocks as a result of the cuts that are going to be created in order to pay for the wonderful tax cuts that are contained in this bill.

Look, the Republicans shut down the Congress of the United States last year because of our protests about the level of budget cuts contained in terms of the Medicare budget. This bill, make no mistake, my colleagues, this bill contains the exact same level of Medicare cuts as last year's bill did. That is the hidden truth that we are not seeing everybody who is walking around, giving each other high fives and whooping and hooping down at the White House or on the floor or off in the Halls of the Congress saying what a wonderful thing this is. Everybody is all talking about how we are going to balance the budget of this country.

Mr. Speaker, we are balancing the budget in the most unbalanced fashion one can possibly imagine, lining the pockets of the wealthiest Americans, pretending to working people that they are going to get a tax cut. They get a tax cut. Seventy-five percent of these tax benefits go to the top 20 percent of the American people. It is a sham.

In order to pay for it what are we going to do? We have cut the housing budget by 25 percent, we are cutting the homeless budget by 25 percent, we come back, we are going to get rid of the fuel assistance program. They say they are going to do so much to help out education, but we come back, they are going to cut almost 20 percent of the entire research and development accounts of the Government. They say before the American people this year we are going to put 6 percent more into the National Institutes of Health budget in order to look after women's health and breast cancer research, but then we are going to come back somehow, according to these numbers, we are going to come back and cut 20 percent out of that same budget over the course of the next 5 years.

This budget is a sham, and we ought to have the truth about the budget come out before we are forced to vote on it.

This rule that we are going to be forced to vote on gives us 15 minutes, 15 minutes to discuss what is in fact in this bill, and I say, "Take your 15 minutes and stuff it, stuff it the same place you ought to stuff this tax bill, stuff it the same place you ought to stuff these spending cuts. It's not right to force spending cuts on the working families in order to provide a tax cut to the rich." Get rid of this tax bill.

Mr. SOLOMON. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I am somewhat surprised by the gentleman from Massachusetts in his delivery.

As my colleagues know, I was very proud to have been a John F. Kennedy Democrat, I was very proud of it, and I was for many years until the Democratic Party drifted away from the principles of John F. Kennedy and JERRY SOLOMON, in my eyes, and that is why Ronald Reagan and I switched parties and became Republicans, because we really believe that the people back home know better than the people here in Washington.

Let me just take one more second to say I cannot believe the gentleman would tell these people to stuff it. The gentleman from South Carolina [Mr. SPRATT] a very, very distinguished Member from the gentleman's side, the gentleman from Michigan [Mr. BONIOR], a liberal Member from the gentleman's side, the gentleman from California [Mr. FAZIO], the gentleman from Texas [Mr. STENHOLM], the gentleman from Michigan [Mr. DINGELL], the gentleman from Michigan [Mr. KILDEE]; this reads like Who's Who in the Democratic Party, the gentleman from New Jersey [Mr. PAYNE], the gentleman from Minnesota [Mr. OBERSTAR], the gentleman from Illinois [Mr. EVANS], the gentleman from New York [Mr. RANGEL]; Mr. Speaker, CHARLIE RANGEL signing this conference report and voting for this conference report. I do not think they are going to stuff it, the gentleman from Michigan [Mr. LEVIN], and on the other side of the aisle Senators LAUTENBERG, SARBANES, Senator MOYNIHAN from my State, very, very respected Democrat, and Senator ROCKEFELLER are going to vote for this conference report that the gentleman says, "Stuff it."

Mr. KENNEDY of Massachusetts. Mr. Speaker, will the gentleman yield?

Mr. SOLOMON. I yield 30 seconds to the gentleman from Massachusetts.

Mr. KENNEDY of Massachusetts. Mr. Speaker, I thank the gentleman from New York for yielding briefly.

I would just point out that the gentleman probably had a long list of Democrats that voted for the 1981 budget cuts that in 1982 wished they had not, and probably a lot of Republicans felt the same way.

The truth of the matter is that for the gentleman from New York to use President Kennedy on this House floor indicating that he would support the kind of cuts in terms of the programs that are necessary to fund a tax cut that is largely going to the wealthy is, I think, reshaping the history of what President Kennedy stood for when he cut taxes in 1960.

Mr. SOLOMON. Reclaiming my time, Mr. Speaker, I not only think John F. Kennedy would be voting, and supporting and bringing this bill to the floor, I think TED KENNEDY, whose picture is here with the President yesterday in the New York Times applauding this legislation, would also be voting for it.

Mr. Speaker, I yield 3 minutes to the gentleman from Florida [Mr. GOSS], a very distinguished member of the Committee on Rules and someone who has led the fight for balanced budget and fiscal responsibility in this House for many years.

Mr. GOSS. Mr. Speaker, I thank my friend from Glens Falls, NY [Mr. SOLOMON] for yielding me the time and I share his enthusiasm. I rise in strong support of this appropriate rule, and I believe his observation about the tide is correct.

Mr. Speaker, it has been nearly 30 years since Congress has balanced the Nation's books, a generation and a half that is, of spending money we do not have, running up the tab on our children and our grandchildren, avoiding tough decisions, and Americans are tired of that. So today and tomorrow and the day after we are going to be putting in place the final details of the first real achievable balanced budget in 30 years. The magnitude of the change in the direction this legislative accomplishment represents is very, very great indeed. Consider that just 4 years ago the White House and Democratic majority here pushed through the largest tax increase, the largest tax increase in American history, just 4 years ago. What a difference 4 years and a new majority can make.

I know some will be skeptical that may be just another promise that we cannot keep here, and I do not blame people who wish to withhold their full exuberance about this until the ink is dry and the effects of this historic agreement are felt across the land. But the bills we vote on in the coming hours and days hold more than a promise to balance the budget and bring about tax relief for American families. These bills are the implementation of the promises, and there is accountability built in for all of us. We cannot run, we cannot hide, we will be here, and we will be judged.

As chairman of a legislative and budget process subcommittee, I want to take a second to point out to Members that this bill includes a series of clean up provisions in our budget enforcement rules, including extending the pay as you go and spending limit procedures. Of course we know additional work is needed to beef up budget enforcement, and budget process reform will take place in this Congress as has been promised.

Mr. Speaker, for too long Americans have had to get by with less while the folks in Washington rolled merrily along taxing and spending to support the ever growing Federal Government. Look around, my colleagues will see it.

This agreement means tax relief for individuals, for families with children, for students, for small businesses, for homeowners, for those with family farms. It brings a measure of fairness to the system, and it is predicated on the fundamental belief that Government taxes too much, not too little. We are getting control over spending under the discretionary side, and we are shrinking the size and scope of the reach of Government and, man, is that good news for America.

This legislation takes the first steps toward solving the long term problems with Medicare, laying the groundwork for us to come together on a comprehensive plan to rescue the problem for coming generations. We are expanding choice and benefits for seniors, clamping down on waste, fraud and abuse, a problem whose vast proportions have made news in recent days; in fact are in the headlines today. And we are modernizing the program's payment and care delivery systems. This is a long overdue down payment on Medicare, and America's current and future seniors come out the winners.

Mr. Speaker, there are many, many details in this plan, and I am sure it is still not perfect. I fully expect that the coming days will bring efforts by those who prefer the status quo of big government, to pick it apart provision by provision, and indeed we have already started to hear some of the clamor on the floor today. But we have done the unthinkable by Washington standards. We have kept our promise to the American taxpayers, and that is what this is about. We pledge to balance the budget. We are doing it. We pledge to save Medicare. We are doing it. And we pledge to cut taxes, and we are doing it.

I cannot think of a single reason to delay this process. It is all long overdue, it is wanted by the people we represent and work for in this country. The time is now. Any deviation to go to motions to commit or other dilatory tactics are just delaying the inevitable. We are going to give this country the relief this country deserves and wants, and we are going to do it this week.

Mr. Speaker, I urge support for this rule and for the wonderful agreement that has been worked out.

□ 1245

Mr. MOAKLEY. Mr. Speaker, I yield 3 minutes to the gentleman from Maryland [Mr. HOYER].

Mr. HOYER. I thank the chairman in exile for yielding time to me, Mr. Speaker.

Mr. Speaker, we promised and we delivered. In August 1981, President Reagan, when he signed the tax bill of 1981, said that we will balance the budget as a result of this bill by October 1, 1983. That was the promise. What was delivered? Four and one-half trillion dollars of new debt.

Two courageous Presidents looked that debt in the eye and acted. One was a Republican, George Bush. In 1990, he said the deficit is a problem, and we must act. He was savaged, savaged by his own party and by the Speaker of this House.

In 1993, a courageous President with vision said we must confront this deficit, for this generation and for generations yet to come. Almost to a person, Republicans rose and said the economy is going to go into the dumpster, unemployment will rise, inflation will rise, and deficits will rise.

Mr. Speaker, exactly the opposite happened. Not one Republican had the courage or the vision to vote for the 1993 bill. But for that bill, we would not be here this day.

Mr. Speaker, I intend to support both of these bills. They are not what I would have written, and perhaps what no Member individually would have written, but we have collectively come together and we are going to act. In my opinion, it will be good for people and it will be good for the economy, which is good for our country and for our people.

But let there be no mistake about what the history of this fight has been. Bill Clinton said we needed to confront this deficit, but we needed to do so while investing in our people, in making sure that average working families were advantaged by this particular piece of legislation.

We came to grips with that issue, realizing full well that there would be a political cost, and indeed there was in 1994. There was a cost, because across this land our candidates were attacked as taxers and spenders. But in fact, what they did was bring the deficit down for 5 years in a row, and people say the last time it was done was 1969. That was, of course, following 8 years of Democratic Presidencies through January of 1969, Mr. Speaker; Democratic leadership, we had a balanced budget. And again, we are going to have a balanced budget because of Democratic leadership that has brought the deficit down 5 years in a row, the first time that has happened since before the Civil War.

I stand to say that I am proud of the fact that I voted for that 1993 bill. We would not be here today but for that. I am proud of the fact that my President, your President, has led us to a point where we can balance the budget while investing in America's future and our people.

Mr. MOAKLEY. Mr. Speaker, I yield 2½ minutes to the gentleman from New Jersey [Mr. PALLONE].

Mr. PALLONE. Mr. Speaker, I rise in opposition to the rule because of the time constraints on debate, but I support the underlying budget spending bill. The reason is because today Congress is taking a major step in cutting the number of uninsured children.

Over a year ago Democrats had made this a top priority, while Republicans were balking at finding a solution. Earlier this year, while Democrats were leading the charge to reduce the ranks of the 10 million uninsured children, Republicans were questioning the need to help working families provide for their uninsured children.

It was not until the President's inclusion, after Democrats' urging, of funding for children's health care in his initial budget that Republicans realized that resistance would be hopeless. Even then, though, they had to be dragged to the table. House Republicans pushed a children's health care block grant program that did not guarantee one penny to actually insure kids. The Congressional Budget Office estimated 500,000 kids would be covered and most of the $16 billion in funding could be drained away by the States for other purposes. Democrats protested the Republican plan and voted unanimously for a motion to recommit that would implement the proposal of our health care task force.

The idea was to attach requirements that States actually use the money to insure kids through Medicaid or an alternative State health insurance plan. We insisted as Democrats that the direct services option, which allowed certain exemptions from using money to insure kids, be eliminated or severely curtailed. In addition, Democrats demanded an adequate benefits package for kids.

As the negotiations over the budget continued, Democrats joined in the series of letters to the budget negotiators urging inclusion of an additional $8 billion through a cigarette tax, and provisions intended to insure that all the new funds for kids' health care would supplement and not supplant current State efforts to provide children with health coverage.

In the end, Mr. Speaker, the Republicans relented and the bill before us today includes $24 billion, requires that kids actually be insured with the money, and caps the direct services option to 15 percent of the funds.

The benefits package is adequate, in my opinion, and language is included so States have to spend at least what they do now on kids' health care.

Mr. Speaker, the kids' health care plan in this bill, in my opinion, is a major victory for the President and congressional Democrats. Thanks to Democratic values and perseverance, America's children will be the winners of this budget agreement.

Mr. MOAKLEY. Mr. Speaker, I yield 1 minute to the gentleman from California [Mr. CAPPS].

Mr. CAPPS. Mr. Speaker, I rise today in support of the balanced budget legislation. When I ran for Congress, I pledged to the voters of my district that I would work to make the House more bipartisan and solution-oriented.

This bill and my support of it is a reflection of that pledge. It is good for the residents of the central coast of California, it is good for our country.

I am very happy that we have increased the amount of funding for children's health care to $24 billion. It is unconscionable that millions of American children have no health insurance. I also strongly support the restoration of benefits for millions of legal immigrants who were callously cut off from disability benefits under last year's welfare reform bill. Today we are finally treating these individuals with the dignity they deserve. I urge my colleagues to vote for this historic and important bill.

Mr. MOAKLEY. Mr. Speaker, I yield 2 minutes to the gentleman from Massachusetts [Mr. TIERNEY].

Mr. TIERNEY. Mr. Speaker, I rise to discuss not the bill but the rule before us in this particular case.

Since I came here some 6 months ago or 7 months ago, it seems that all I hear from the party that said over and over again while it was in the minority is how it was going to do things better when it became the majority; in fact, all we hear now is, when they do something that is totally unconscionable, well, you did it, too, or you did another version of it.

In fact, that is not a good enough answer for people in this country, and I do not think people are going to be satisfied that this deliberative body or this body that is supposed to be deliberative spent virtually no time debating one of the more important bills that is going to come out of legislation this year.

The real issue is not whether we have this particular tax cut or this spending bill this year. There are larger issues in this country, not the least of which is what is happening to working families and why we have companies reporting 15 percent profits and 1 percent additional revenues, and we know the difference is because they are squeezing that out of American workers.

Those American workers have less health care benefits and they have less pension contributions, and they are told by employers that they are going to have the company move to Mexico or they are going to have replacement workers in if they try too hard to get a raise.

The real question is what does this tax package, what does this spending bill do for those American workers. And just a few minutes ago they said, we put it on the Internet, go read 20 inches of material and find the answer out for the voters. That is not appropriate. The American people say they want this body to deliberate. They want this body to know what is in that bill.

It is a darned good thing that I am a nocturnal sort of person, because since I have gotten here very little that is put on the floor by the majority is ever put on in the light of day, and very often that is because I suspect most of what they are putting forward will not suffer well the light of day.

In fact, this particular bill was delivered at 3:45 in the morning, and we have the audacity for the chairman of the Committee on Rules to say, like that is a great thing, like at 3:45 in the morning it was delivered to the minority member, ranking minority member, which gave us all plenty of time between 3:45 this morning and now to read 20 inches of documents and debate it and deliver it for the American people.

That is not conscionable. That is not right. This is not a good rule.

Mr. SOLOMON. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I suggest to the previous speaker that he follow the rules of the House, and be a little careful about how he might reflect on the integrity or character of another Member.

Mr. Speaker, I yield 3 minutes to the gentlewoman from Columbus, OH [Ms. DEBORAH PRYCE], who is a very valued member of the Committee on Rules, and someone who has been a true advocate of families and children in this Congress.

Ms. PRYCE of Ohio. Mr. Speaker, I thank the distinguished chairman of the Committee on Rules for yielding me this time.

Mr. Speaker, I rise to express my enthusiastic support for this rule and for the Balanced Budget Act, and to point out to the last speaker, and to all the body, that we are already 50 percent fairer than the other party was in their rules in the last time they had control of this House.

What is exciting this day, Mr. Speaker, is that today Americans in this country, the earners, the savers, and the taxpayers, the people who play hard, work hard, take a few risks, strive every day to build a better future for their families and communities, are about to realize something for it.

For years, their message to us has been crystal clear. They wanted Congress to cut the tax burden on Americans. They wanted us to reduce Government spending and Government size. They wanted us to create new jobs and opportunities. They wanted us to shift power and influence to the States and local communities, where creative local solutions could take the place of broad Federal mandates. Most of all, they wanted us to balance the budget.

Finally, the message has sunk in. We are relearning the lessons of the 1980's, when we did cut taxes, when we did restrain Federal regulation and lower Government spending, because when we did those things prosperity made a huge comeback. Jobs were created, income started to rise, and people felt more secure about their economic futures.

Today we are about to kickstart that economic revolution again. Imagine that, Mr. Speaker, we will actually balance the budget by the year 2002, the first time since 1969. That was the year I graduated from high school. That was the year Neal Armstrong walked on the Moon. That was a long time ago, Mr. Speaker.

Not only that, we are extending the life of Medicare for 10 years. We are saving it from bankruptcy, and giving seniors expanded options in meeting their health care needs.

At the same time, the Balanced Budget Act makes important investments in people, like the children's health initiative, preventive health programs, and the new welfare to work program to move welfare recipients off the public assistance rolls and into the payrolls.

Mr. Speaker, these are just a few of the provisions in this historic legislation, and I commend the bipartisan negotiators who worked hard through many long days and nights to bring us to this conference agreement today.

I especially want to recognize my colleague, the gentleman from Columbus, OH, Mr. JOHN KASICH for his steadfast leadership in the fight to achieve a balanced budget over the years. Back in Ohio, we are so doggoned proud of Chairman KASICH that we could bust. Not only him, but all the negotiators that came up with this agreement are national heroes.

Mr. Speaker, we have the opportunity today to begin a new chapter in our Nation's history. Let us seize it. Let us grasp this once-in-a-lifetime opportunity. Vote for this rule. Support the conference report.

Mr. MOAKLEY. Mr. Speaker, I yield 3 minutes to the gentleman from Oregon [Mr. DEFAZIO].

Mr. DEFAZIO. Mr. Speaker, let us make no mistake on what we are about here today; the cuts we are about to adopt today, with precious little debate, are to finance the tax cuts of tomorrow. There is a direct and irrefutable relationship. So the cuts in Medicare, the cuts in veterans' benefits, the cuts in Social Security Administration costs, are to finance tax cuts tomorrow. Tomorrow perhaps we will get the debate on the merits of the tax cut.

The point is, earlier the esteemed chairman of the Committee on Rules responded to my earlier statement saying, well, so the gentleman has not had time to read the bill. So there is only one copy. Now it is on the Internet. That is great. But he said earlier, he said, he should just rely on the judgment of some of his colleagues. Can he not follow them?

□ 1300

First off, I doubt that they have had an opportunity to read the entire bill.

And secondly, no, I did not check my brain at the door when I got elected to Congress. I do not hand my voting card to anybody else. And to say that, well, the Democrats were abusive so we should not give them adequate time to read and review the bill, so we are going to do the same thing, I voted against those reconciliation bills when we had a Republican President and a Democratic Congress, and they kept shoving them through here and we did not have to read them.

I even signed a pledge never to vote for another one unless we were given a minimum of 24 hours to read it. No one has been given 24 hours to read however many thousand pages there are, and I do not know, because there is no index and it is not numbered. But it is probably a couple of thousand pages. Makes amazing changes.

I would ask the gentleman if he is particularly familiar with the cuts in veterans. We have an aging veterans population, and by the year 2002 we are going to see a reduction of $4.1 billion in veterans benefits in the year 2002 to achieve this theoretically balanced budget or, if one wanted to be more cynical, to finance tax cuts for the wealthy, a 19-percent cut.

How is it we are going to reduce veterans benefits with a dramatically aging veterans population, not just the World War II people and the Korean war vets, my own generation, the Vietnam generation, is beginning to develop aging problems. We cannot do it. It will not work.

We are not going to debate those veterans provisions here on the floor. We are not going to debate the merits of them. We are not going to be given time to even examine them. It took me a while to find them in this pile.

Let us talk about the Social Security administrative costs. Social Security is underfunded for administration, and it is paid for out of the trust fund. It is paid for out of the trust fund, yet we are going to cut Social Security administrative costs by 25 percent. So the next time that your mom or dad or your grandparents or the gentleman from New York [Mr. SOLOMON] in a few years tries to find out what has happened to their Social Security check, they are going to be put on indefinite hold. Right now it takes 3 months on the average to process a claim.

Under this legislation, it is going to take 6 months or 9 months, and with an aging population, who knows how bad it will get?

These are not the places to cut the budget. They are not fair cuts. In fact, I do not believe these cuts will ever be made. In fact, under this bill the deficit gets larger next year for the first time in 5 years. Is that not ironic? We are going to balance the Federal budget, but the deficit has been going down since 1992. Under this for the first time since 1992, the deficit goes on.

Mr. SOLOMON. Mr. Speaker, I do not know whether the gentleman is a veteran or not, but I am a veteran. I am a member of the AARP. Half of the AARP are made up of veterans and their families and they support this bill, as I do very, very strongly.

Second, if you read the bill, spending on veterans programs will rise each year with outlays increasing from 39.4 billion in fiscal year 1997 to 42.4 billion in fiscal year 2002.

Mr. Speaker, I yield 1½ minutes to the gentlewoman from Connecticut [Mrs. JOHNSON], a very respected member of the Committee on Ways and Means.

Mrs. JOHNSON of Connecticut. Mr. Speaker, I rise in strong support of the rule and of this budget. Together the budget and tax package we will pass this week demonstrate that hard work and able, commonsense leadership can balance the budget, cut taxes, and address critical unmet needs of our people responsibly and effectively.

With this budget we have won a great victory for our children. Three months ago people said Congress would not take action on children's health insurance this year and we are proving them wrong today. In this budget agreement we set aside $24 billion for a children's health insurance program under a law that allows States to structure their program to effectively reach the uninsured children of working parents. Six million kids from working families, families who need and deserve our help, will get that help to ensure that their children will have the health care that they need. We have worked long and hard, and millions of children will lead healthy lives as a result of our bipartisan efforts today. This Congress should be proud of its accomplishments. There is no higher priority than protecting the health of our children.

Mr. MOAKLEY. Mr. Speaker, I yield 2 minutes to the gentleman from Illinois [Mr. GUTIERREZ].

Mr. GUTIERREZ. Mr. Speaker, it is interesting to see so many of my colleagues so eager to vote on this spending bill. They are excited. They cannot wait. And I know what it feels like. I know what it is like to vote for a deficit reduction package, to vote for a bill that puts our fiscal house in order.

I already cast my vote that makes a balanced budget a reality. None of my colleagues on the other side of the aisle have ever done so. But I already did it. Did I sneak onto the floor last night to cast that vote? Or is it true what they say about Chicagoans, that we vote early and often?

Mr. Speaker, I cast that vote 4 years ago in 1993. I passed and voted for the largest deficit reduction package in U.S. history. It was a package that represented fairness, demanded shared sacrifice in the name of common good asked those of us who were doing well to share in the burden. Unfortunately those principles that just 4 short years ago appeared to be antiquated, out of style, and politically unpopular today, it was a package that passed without the vote of a single solitary member of the Republican Party. In fact, rather than standing with us in 1993, they stood and they jeered and they taunted us who voted for it. And yet look at the facts.

It is only thanks to what we did in 1993 that we can even consider this package today. You see, I hear a lot of my colleagues slapping each other on the back congratulating each other for doing something historic. Let me tell my colleagues about historic deeds and the people who were responsible for them, our veterans, men and women who fought for our country. And what does today's historic agreement mean to them? It means $2.7 billion in cuts to the VA medical services, $4.1 billion in cuts in total.

It means under this bill a low-income veteran who took a bullet or two at Iwo Jima or in Vietnam has to make another sacrifice to help an investor who wants to take a profit on Wall Street. It tells a veteran: You saved us from fascism in World War II; I hope you saved up some money, too, to pay for your health care; you are going to need it, now in your seventies and eighties.

Vote against this rule and these spending cuts.

Mr. MOAKLEY. Mr. Speaker, I yield 5 minutes to the gentleman from Wisconsin [Mr. OBEY], ranking member on the Committee on Appropriations.

Mr. OBEY. Mr. Speaker, I very badly wanted to vote for this budget deal. I had expected I would be able to because I thought that the White House would hold out long enough to have a package that would truly be fair to average working Americans, and I am sorry that they did not do that.

I support three-quarters of this deal. I support the child tax credit. I was one of the original four sponsors of that proposal with Vice President GORE when he was then in the U.S. Senate. I am a sponsor of the education tax breaks because I believe in them deeply. I support the children's health care package. There is much that is going to be good in this deal. But there are certain standards that must be met when we are talking about distributing almost $600 billion of the people's money.

First of all, most of that relief should go to middle-income working families, not the economic elite of this country. Second, this bill should be used to close rather than widen the gap in income between the wealthiest 2 percent of the people in this society and everybody else.

Third, this should prevent the unraveling of Medicare and, last, it should not cripple the long-term investments necessary for our country to grow in the future.

These bills fail those tests. The most well off 5 percent of people in the country, as demonstrated by this chart, the most well off 5 percent of the people in this country, those who make $112,000 a year or more will gain six times as much tax relief in these bills as the 60 percent of the American people, well over a majority, who make less than $37,000 a year. That is not fair.

The wealthiest 1 percent of people in this society who make more than $250,000 a year will get a $16,000 tax cut under this proposal. But if you make under $19,000 a year, on average you will have a tax increase. That is not fair.

This package is also based on the assumptions, as have been indicated in the past, that we will cut the Social Security administration by 25 percent over the next 5 years. We already have a 3-month backlog now in handling Social Security cases.

Do we really believe Congress is going to vote for a package that will extend that waiting period for a year? We are told that we are supposed to cut health care by 16 percent over the next 5 years. The bill which will come to the floor later today for this year is going to raise National Institutes of Health spending by 6 percent. Are we really going to vote to raise it this year and then to cut it by 16 percent in future years? Come on. I cannot believe this House would be that dishonest.

Are we really going to vote to cut veterans benefits by 19 percent over the next 5 years? I cannot believe we would be that ungrateful.

Are we really going to vote to cut community development programs by 30 percent? Seventy percent of the funding to the community development block grant program or to FEMA for emergencies? We just raised the budget for FEMA. Are we really going to cut it 30 percent? Come on. Get real.

Are we really going to cut agriculture programs 23 percent over the next 5 years? Not if you come from agricultural districts, I will bet my colleagues. But those are the promises upon which this deficit reduction package is based. Those are false promises. I do not believe a majority of Members of either party will vote for those kinds of reductions when the time comes. That means the reality of this package in terms of the deficit is that we will be causing upward pressure, not downward pressure on the Federal deficit.

I am sorry about this today. I am sorry that we do not even have the chance to further examine this package. It is a national disgrace to make decisions over the future content of the Tax Code, to make decisions which will determine for 5 years or more what happens to people's pocketbooks, what happens to their education, what happens to their veterans benefits, it is unconscionable that that is going to be made without having at least 5 hours to review what is in this package. Who knows what other special gimmicks are wrapped into this package. Vote against this rule. Vote against these bills tomorrow. You do not know what is in them and you will come to regret what is hidden from the public in all of these packages.

Mr. SOLOMON. Mr. Speaker, I yield 1 minute to the gentleman from Iowa [Mr. GANSKE].

Mr. GANSKE. Mr. Speaker, in 1 minute I do not have time to answer all of the charges by the last speaker.

I would point out that we are dealing with a tax cut of about $90 billion. About $70 billion of that $90 billion over the next 5 or 6 years goes to a $500-per-child tax credit for families that earn less than $110,000.

But I want to answer the charge that people have not had time to look through this bill. Here is the Medicare bill. It is not like this was just dumped on people's doorsteps last night. It is 95 to 98 percent of this bill that has been out there for weeks. This was what the House and the Senate passed. The great majority of this bill was agreed to weeks ago by the administration, and the House and the Senate.

Yes, there were some differences and in the last couple weeks there has been ample newspaper and news coverage of how we have come to a resolution on some of those contentious issues. I am very interested in this issue. So for those last final remaining items that were in dispute, all we have to do is look in those sections and know what is in the bill. For those who are interested in housing or veterans, the same thing applies.

Mr. SOLOMON. Mr. Speaker, I yield 1 minute to the gentleman from Arizona [Mr. HAYWORTH].

Mr. HAYWORTH. Mr. Speaker, I thank the chairman of the Committee on Rules for this time.

I again rejoice for this debate on the House floor because once again it points up some very important differences. I listened with great interest to the ranking member of the Committee on Appropriations essentially call this exercise, and I believe I am using his words accurately, "a national disgrace."

□ 1315

Mr. Speaker, I do not believe it is a national disgrace to allow hard working people to hang onto more of their own money and send less here to Washington. I do not believe it is a national disgrace to allow for the reduction in the overall growth of spending, to make sure we save and preserve programs for Americans.

That is what we are doing with this Balanced Budget Act, as we work to preserve Medicare into the next generation, as we preserve veterans' benefits, as we work to make sure that this Government takes less money out of the pockets of working Americans, to allow them to keep more of their money to save, spend and invest as they see fit.

The fact that over 70 percent of these tax cuts go to families making under $75,000 is not disgraceful, it is the truth, and it is good for the American people.

Mr. SOLOMON. Mr. Speaker, I yield 3 minutes to the gentleman from Claremont, CA [Mr. DREIER], the vice chairman of the Committee on Rules, one of the most distinguished and respected Members of this body.

Mr. DREIER. Mr. Speaker, I thank my friend, the gentleman from New York [Mr. SOLOMON] for yielding me this time.

It is very clear Bill Clinton will, by virtue of supporting this measure, be leaving one of the greatest Republican legacies in recent history, and we are very proud to be able to play a strong role in bringing that opportunity about.

This debate that has been going on has to do with whether or not Members have utilized Speakernews.House.Gov. When I last stood here, I said that it was on line. Obviously, I was a real visionary. It was about to be on line, and it now is there and available.

I did speak a little too soon, but the fact of the matter is virtually everyone has been following this debate. The Democratic Caucus and the Republican Conference have been discussing this measure for a long period of time. We have had hearings, we have had debates on these issues for years in some cases.

I am particularly proud of several of the provisions that are included in this balanced budget agreement. One of them includes 390,000 demonstration cases for medical savings accounts. As we were discussing this up in the Committee on Rules earlier this morning, I mentioned the fact our former colleague French Slaughter and I, 12 years ago, introduced legislation called the health care savings account.

It was modeled after a package put together by the Center for Policy Analysis in Dallas, TX, and it actually was designed to be a successor to Medicare, because even more than a decade ago we were looking at the problems of Medicare and pursuing the idea of health care savings accounts. So I am hoping that these 390,000 demonstration cases will be a real plus and a benefit as we look at baby boomers moving toward retirement and the health care costs for retirees.

One of the other provisions that I think is very important is what is called the Disproportionate Share Hospital funding formula, known as DSH. It is not perfect from the perspective of a Californian, but I believe it goes a long way toward addressing a number of the very important concerns.

Mr. Speaker, I also want to point to this issue, which a number of us have been very sensitive to, specifically on our side of the aisle the gentleman from Florida [Mr. DIAZ-BALART], the gentlewoman from Florida [Ms. ILEANA ROS-LEHTINEN], and a number of us from California, and that has to do with legal immigrants who could conceivably be thrown off of SSI. I believe as we look at the fact that a legal immigrant clearly is to have a sponsor, we did not want to see those who were elderly or infirm in any way jeopardized. This agreement addresses that.

Most important, it gets us right on to that glidepath toward a balanced budget, and I believe we have a very, very good opportunity to do that. That is why this is a great day for both the Republican and the Democratic Parties and all of the American people, and I urge strong support of the rule and then support for this package, and tomorrow the greatest tax cut that we have had in 16 years. I anxiously look forward to supporting that.

Mr. MOAKLEY. Mr. Speaker, I yield myself the balance of my time.

If the previous question is defeated, Mr. Speaker, I will offer an amendment to increase the debate time to 3 hours. Everybody is calling this measure an historic agreement. With only 90 minutes of debate, Mr. Speaker, there will not be much of an historical record.

Republicans refuse to give us sufficient time to read it; they should at least give us time to discuss it. So I ask that my amendment be printed in the RECORD immediately before the vote on the previous question, and I urge my colleagues to vote "no" on the previous question so that I may offer that amendment.

Mr. Speaker, I insert the following for the RECORD:

> Amendment to be offered by Representative JOHN JOSEPH MOAKLEY if the previous question is defeated: At the appropriate place in the resolution, strike "ninety minutes" and insert "three hours."

Mr. Speaker, I yield back the balance of my time.

Mr. SOLOMON. Mr. Speaker, I yield myself the balance of my time.

Earlier in the debate I mentioned that Ronald Reagan and this Member of Congress used to be John F. Kennedy Democrats until the Democrat Party abandoned Kennedy's principles and moved so far to the left.

I vividly recall back in 1962 that President John F. Kennedy, in introducing his tax cut plan to the American people, he, President Kennedy, stated, and this is a quote, "Prosperity is the real way to balance the budget. By lowering tax rates, by increasing jobs and incomes, we can expand tax revenues and finally bring our budget into balance."

President Kennedy was right then and the bills before us today are right also. Members should come to this floor, cast their vote to cut taxes, to cut spending, to balance the budget, to save Medicare and, most of all, to shrink the size and the power of this Federal Government.

Mr. Speaker, I yield back the balance of my time, and I move the previous question on the resolution.

The SPEAKER pro tempore (Mr. BOEHNER). The question is on ordering the previous question.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

Mr. MOAKLEY. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

Pursuant to the provisions of clause 5 of rule XV, the Chair announces that he will reduce to a minimum of 5 minutes the period of time within which a vote by electronic device, if ordered, will be taken on the question of agreeing to the resolution.

The vote was taken by electronic device, and there were—yeas 226, nays 197, not voting 11, as follows:

[Roll No. 343]

YEAS—226

Aderholt
Archer
Armey
Bachus
Baker
Ballenger
Barr
Barrett (NE)
Bartlett
Barton
Bass
Bateman
Bereuter
Bilbray
Bilirakis
Bliley
Blunt
Boehlert
Boehner
Bonilla
Bono
Brady
Bunning
Burr
Burton
Buyer
Callahan
Calvert
Camp
Campbell
Canady
Cannon
Castle
Chabot
Chambliss
Chenoweth
Christensen
Coble
Coburn
Collins
Combest
Cook
Cooksey
Cox
Crane
Crapo
Cubin
Cunningham
Davis (VA)
Deal
DeLay
Diaz-Balart
Dickey
Doolittle
Dreier
Duncan
Dunn
Ehlers
Ehrlich
Emerson
English
Ensign
Everett
Ewing
Fawell
Foley
Fowler
Fox
Franks (NJ)
Frelinghuysen
Gallegly
Ganske
Gekas
Gibbons
Gilchrest
Gillmor
Gilman
Goode
Goodlatte
Goodling
Goss
Graham
Granger
Greenwood
Gutknecht
Hansen
Harman
Hastert
Hastings (WA)
Hayworth
Hefley
Herger
Hill
Hilleary
Hobson
Hoekstra
Horn
Hostettler
Hulshof
Hunter
Hutchinson
Hyde
Inglis
Istook
Jenkins
Johnson (CT)
Johnson, Sam
Jones
Kasich
Kelly
Kim
King (NY)
Kingston
Klug
Knollenberg
Kolbe
LaHood
Largent
Latham
LaTourette
Lazio
Leach
Lewis (CA)
Lewis (KY)
Linder
Livingston
LoBiondo
Lucas
Manzullo
McCarthy (NY)
McCrery
McDade
McHugh
McInnis
McKeon
Metcalf
Mica
Miller (FL)
Molinari
Moran (KS)
Morella
Myrick
Nethercutt
Neumann
Ney
Northup
Norwood
Nussle
Oxley
Packard
Pappas
Parker
Paul
Paxon
Pease
Peterson (MN)
Peterson (PA)
Petri
Pickering
Pitts
Pombo
Porter
Portman
Pryce (OH)
Quinn
Radanovich
Ramstad
Redmond
Regula
Riggs
Riley
Rogan
Rogers
Rohrabacher
Ros-Lehtinen
Roukema
Royce
Ryun
Salmon
Sanford
Saxton
Scarborough
Schaefer, Dan
Schaffer, Bob
Sensenbrenner
Sessions
Shadegg
Shaw
Shays
Shimkus
Shuster
Skeen
Smith (MI)
Smith (NJ)
Smith (OR)
Smith (TX)
Smith, Linda
Snowbarger
Solomon
Souder
Spence
Stearns
Stump
Sununu
Talent
Tauscher
Tauzin
Taylor (NC)
Thomas
Thornberry
Thune
Tiahrt
Traficant
Upton
Walsh
Wamp
Watkins
Watts (OK)
Weldon (FL)
Weldon (PA)
Weller
White
Whitfield
Wicker
Wolf
Young (FL)

NAYS—197

Abercrombie
Ackerman
Allen
Andrews
Baesler
Baldacci
Barcia
Barrett (WI)
Becerra
Bentsen
Berman
Berry
Bishop
Blumenauer
Bonior
Borski
Boswell
Boucher
Boyd
Brown (CA)
Brown (FL)
Brown (OH)
Capps
Cardin
Carson
Clay
Clayton
Clement
Clyburn
Condit
Conyers
Costello
Coyne
Cramer
Cummings
Danner
Davis (FL)
Davis (IL)
DeFazio
DeGette
Delahunt
DeLauro
Dellums
Deutsch
Dicks
Dingell
Dixon
Doggett
Dooley
Doyle
Edwards
Engel
Eshoo
Etheridge
Evans
Farr
Fazio
Filner
Flake
Ford
Frank (MA)
Frost
Furse
Gejdenson
Gephardt
Gordon
Green
Gutierrez
Hall (OH)
Hall (TX)
Hamilton
Hastings (FL)
Hefner
Hilliard
Hinchey
Hinojosa
Holden
Hooley
Hoyer
Jackson (IL)
Jackson-Lee (TX)
Jefferson
John
Johnson (WI)
Johnson, E.B.
Kanjorski
Kaptur
Kennedy (MA)
Kennedy (RI)
Kennelly
Kildee
Kilpatrick
Kind (WI)
Kleczka
Klink
Kucinich
LaFalce
Lampson
Lantos
Levin
Lewis (GA)
Lipinski
Lofgren
Lowey
Luther
Maloney (CT)
Maloney (NY)
Manton
Markey
Martinez
Mascara
Matsui
McCarthy (MO)
McDermott
McGovern
McHale
McIntyre
McKinney
McNulty
Meehan
Meek
Menendez
Millender-McDonald
Miller (CA)
Minge
Mink
Moakley
Mollohan
Moran (VA)
Murtha
Nadler
Neal
Oberstar
Obey
Olver
Ortiz
Owens
Pallone
Pascrell
Pastor
Payne
Pelosi
Pickett
Pomeroy
Poshard
Price (NC)
Rahall
Rangel
Reyes
Rivers
Rodriguez
Roemer
Rothman
Roybal-Allard
Rush
Sabo
Sánchez
Sanders
Sandlin
Sawyer
Schumer
Scott
Serrano
Sherman
Sisisky
Skaggs
Skelton
Slaughter
Smith, Adam
Snyder
Spratt
Stabenow
Stark
Stenholm
Stokes
Strickland
Stupak
Tanner
Taylor (MS)
Thompson
Thurman
Tierney
Torres
Towns
Turner
Velázquez
Vento
Visclosky
Waters
Watt (NC)
Waxman
Wexler
Weygand
Wise
Woolsey
Wynn
Yates

NOT VOTING—11

Blagojevich
Bryant
Fattah
Foglietta
Forbes
Gonzalez
Houghton
McCollum
McIntosh
Schiff
Young (AK)

☐ 1339

Mrs. KENNELLY of Connecticut changed her vote from "yea" to "nay."

So the previous question was ordered.

The result of the vote was announced as above recorded.

The SPEAKER pro tempore (Mr. BOEHNER). The question is on the resolution.

The resolution was agreed to.

A motion to reconsider was laid on the table.

REPORT ON RESOLUTION PROVIDING FOR CONSIDERATION OF JOINT RESOLUTION WAIVING CERTAIN ENROLLMENT REQUIREMENTS WITH RESPECT TO TWO SPECIFIED BILLS OF 105TH CONGRESS

Mr. GOSS, from the Committee on Rules, submitted a privileged report (Rept. No. 105–219) on the resolution (H. Res. 203) providing for consideration of a joint resolution waiving certain enrollment requirements with respect to two specified bills of the 105th Congress, which was referred to the House Calendar and ordered printed.

FURTHER MESSAGE FROM THE SENATE

A further message from the Senate by Mr. Lundregan, one of its clerks, announced that the Senate had passed with an amendment in which the concurrence of the House is requested, a bill of the House of the following title:

H.R. 408. An act to amend the Marine Mammal Protection Act of 1972 to support the International Dolphin Conservation Program in the eastern tropical Pacific Ocean, and for other purposes.

☐ 1345

CONFERENCE REPORT ON H.R. 2015, BALANCED BUDGET ACT OF 1997

Mr. KASICH. Mr. Speaker, pursuant to House Resolution 202, I call up the conference report on the bill (H.R. 2015) to provide for reconciliation pursuant to section 104(a) of the concurrent resolution on the budget for fiscal year 1998.

The Clerk read the title of the bill.

The SPEAKER pro tempore (Mr. SOLOMON). Pursuant to House Resolution 202, the conference report is considered as having been read.

(For conference report and statement, see proceedings of the House of July 29, 1997.)

The SPEAKER pro tempore. The gentleman from Ohio [Mr. KASICH] and the gentleman from South Carolina [Mr. SPRATT] each will control 45 minutes.

Mr. SPRATT. Mr. Speaker, I yield 15 minutes to the gentleman from Washington [Mr. MCDERMOTT] and ask unanimous consent that he be permitted to yield that time to Members on my side in opposition.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from South Carolina?

There was no objection.

The SPEAKER pro tempore. The Chair recognizes the gentleman from Ohio [Mr. KASICH].

Mr. KASICH. Mr. Speaker, I yield myself 1 minute. This obviously is the beginning of a very important debate and the beginning of a very exciting 2 days. We bring before the House today and tomorrow the first real budget in real terms with real savings starting immediately, for the first time adding up to a balanced budget for the first time since Neil Armstrong, a great American and fellow Ohioan, walked on the Moon. It will also be the first tax cuts to provide jobs and to help families for the first time in 16 years.

Mr. Speaker, I know there are a lot of people out there that still think that this is all being done with disappearing ink, but at the end of these 2 days and upon the signing of the President of the United States, we should have a deal that commences the era that recognizes the limits of Government and begins to transfer power, money, and influence from this city.

Mr. Speaker, I yield 3 minutes to my young protege the gentleman from Wisconsin [Mr. NEUMANN], a member of the Committee on the Budget.

Mr. NEUMANN. I thank the gentleman for yielding me the time.

Mr. Speaker, this truly is a great day for America. What an exciting thing to be a part of out here. The first time since 1969. I was a sophomore in high school, the first time since I was a sophomore in high school, 1969, that we are actually going to balance the Federal budget. It is about more than words. It is about the hopes and dreams of the children in America today and the restoration of their opportunity to live the American dream. That is what this is all about today.

In 1995 the American people. And they should get credit for this, too, the American people had a mandate. The mandate was get us a balanced budget, get the tax burden off our back and restore Medicare for our senior citizens. Between today and tomorrow, we are going to make good on all three of those points.

To the gentleman from Ohio [Mr. KASICH], the chairman of the committee on the budget, to the gentleman from Georgia [Mr. GINGRICH], the Speaker, to the folks on the other side of the aisle that were so actively involved and the rest of the Republican leadership team, and all the Members and my colleagues here, this truly is a tribute to what can be done if we work in a bipartisan way for the good of the future of this great Nation that we live in.

I think we need to look at why this is happening. It is equally important as the fact that it is happening. When we came here in 1995, we had a vision for a different America. We had just gone through the tax increases of 1993, and the American people rejected those tax increases. In 1995, we came here with a new mission. The mission was to curtail the growth of Washington spending. Spending had been growing by 5.2 percent a year before we got here. It has been curtailed to 3.2, a 40 percent lowering of the growth of Washington spending. That means Washington spends less, so they borrow less. When they borrow less, there is more money in the private sector, so the interest rates stay down and this is where it gets out of Washington and back to America. When the interest rates stayed down, people could afford to buy houses and cars, and when they bought houses and cars, somebody had to build them. So that meant job opportunities. And all of a sudden, the opportunity to work hard and live the American dream is back available to the American people. It is the right way to go about doing this.

What a great opportunity we have here today. For our senior citizens, they can go to bed tonight resting assured that Medicare has been restored for them for at least a decade. That job is done. For the people in the work force, tomorrow we will pass the first tax reduction in 16 years, 16 long years, and for the first time that tax burden on American families, on American workers, it is about to come down. What a great 2 days this is going to be.

Most important of all, for the children in America today, for our children and for our grandchildren, for the first time since 1969, the people in this Congress are going to do the right thing for the future of this country. We are no longer going to continue the practice of spending more money than we have. We are going to fulfill the mandate of 1995 and balance the budget. For seniors, Medicare has been restored. For workers, taxes are coming down, and for their children the future is once again secure in this great Nation that we live in.

The SPEAKER pro tempore. Without objection, the gentleman from Connecticut [Mr. SHAYS] controls the time on the majority side.

There was no objection.

Mr. SPRATT. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, this is the last station on the track. The train leaving here will take us to a balanced budget. But I would never let the occasion to open up pass without recalling exactly why we are here, what brings us to this point where we can say credibly that we are within reach of a balanced budget.

I have to take us back to 1993. George Bush was about to leave office. January 13. He filed his Economic Report of the President, and in it he predicted that the deficit for that fiscal year would be $332 billion. That was the deficit that President Clinton found on the doorstep awaiting him when he arrived at the White House 1 week later. On February 17, he laid on the doorstep of the Congress a plan for dealing with that deficit.

I would take exception with the gentleman from Wisconsin who said this is the first time we will begin to stand up to this problem. We stood up to it in 1993. We passed that deficit reduction bill by the skin of its teeth, and the deficit went down in 1994 to $203 billion, in 1995 to $164 billion, last September 30 when we closed the books on fiscal year 1996, the deficit was $107.8 billion. Five fiscal years in a row, because of that legislation, the deficit has come down.

This year, according to today's predictions, this year when the books are closed on fiscal year 1997, the deficit should be less than $50 billion; almost certainly it will be. It will probably be less than $40 billion. We have come from a projected deficit of $332 billion in 1993 to an actual deficit in 1997 of about $40 billion. That is phenomenal progress. It is the reason we are here, the reason we are about to claim victory, because of the foundation that has been laid since 1993. The deficit has been brought down by 80 percent.

Nevertheless, when we started this session of Congress with a divided government, the House and the Senate held by Republicans, the White House held by a Democrat, it was not clear at all that in a divided government we could mount this effort to finish the job, balance the budget and say we had finally achieved victory. We did it. We are here today because the President leaned into the problem, he called the Republicans to negotiate, and they responded earnestly, in good faith. We sat down to talk, then to negotiate, and finally to hammer out the elements of an agreement which took months and months to accomplish.

That agreement, when it came to the floor in the form of our budget resolution, drew big support on this side of the aisle. One hundred thirty-three Democrats, if I recall correctly, voted for it. That is a margin of nearly 2 to 1.

But when the budget resolution was put out to the committees of jurisdiction, it picked up all kinds of unwanted baggage, controversial, contentious things from medical malpractice to multiple employer welfare arrangements, things that we not only did not support, we had resisted and fought for years. As a consequence, we lost traction on this side. A number of Members simply said they would not vote for the bill with those things in it.

I stood here in the well of the House and said I am going to bet on the come. I am going to bet we can go back to conference and recapture that bipartisan agreement that built the agreement in the first place and bring both parties back together behind an agreement, a genuine budget agreement that deserves the moniker, deserves to be called a bipartisan budget agreement. I can say to my colleagues on this side of the aisle today, I think we have succeeded to an extent that I was not sure at all when I cast that vote we would succeed.

There are more successes by far than setbacks as a result of this conference. We call this a deficit reduction act but we need to remind ourselves that what we have here is more than just a deficit reduction bill. What we have hammered out in this bill is a plan to balance the budget over 5 years, yes, but it is really more than that. We have not been so caught up, so fixated on balancing the budget that we forgot that the country has got other problems, too. We are wiping out the deficit but we are also doing more than has been done in years to see that all Americans have the opportunity to obtain higher education. We are taking down the deficit but we are also taking steps to see that children in working families have medical insurance. We hope to reach at least 5 million of them as a result of this bill. We can all be proud of that.

We are lowering the cost of Medicare and Medicaid because Medicare is the biggest spike in the budget, the fastest rise. Yet not only are we protecting beneficiaries, we are actually making the program solvent so that they do not have to worry about its solvency for 10 years; but we are adding $4 billion in preventive care benefits for things like annual mammograms, and in time I think they will more than pay for themselves.

There are still provisions in this conference agreement that I do not like. I wish they were not there. They will be hard to swallow. No doubt there are many on my side who will find many other things in this agreement to which to object. But on the whole, I think what we have achieved here accomplishes far more than we on our side as Democrats could ever have achieved without a bipartisan compromise. I am satisfied with the outcome, and I plan to vote for the conference agreement today, and I encourage my colleagues, particularly those on this side of the aisle, to do the same.

□ 1400

Mr. McDERMOTT. Mr. Speaker, I reserve the balance of my time.

Mr. SHAYS. Mr. Speaker, I yield 3 minutes to the gentleman from California [Mr. THOMAS], the chairman of the Committee on House Oversight, a senior member of the Committee on Ways and Means and chairman of its Subcommittee on Health.

Mr. THOMAS. Mr. Speaker, I want to start off by complimenting everyone.

We have a portion of the balanced budget bill in front of us, and it is amazing what has occurred in a relatively short period of time in terms of everyone's reaction to making changes in the Medicare portion of the package.

One of my favorite old songs is a song by Dinah Washington: What a Difference a Day Makes. What a difference a year makes, what a difference a willingness to sit down and fundamentally address the problem makes as well.

I am very pleased to say that my ranking member, friend, and colleague from California [Mr. STARK], and his chief of staff Bill Vaughan have been with us on this journey from the beginning, through subcommittee, full committee and during conference to make sure that although at times they may not have been in agreement with what we were talking about doing, they were at least informed. And I cannot help that the gentleman's President did not do what he believes he should have done during the conference.

I want to thank not only the gentleman from Ohio [Mr. KASICH], the chairman of the Committee on the Budget, and the gentleman from Texas [Mr. ARCHER], the chairman of the Committee on Ways and Means, but the members of the subcommittee on Health of the Ways and Means Committee who worked long hours to make sure on a bipartisan basis they understood not only what needed to be done, but just as importantly what could be done, and I think the package we have in front of us today, with the able help of the staff headed by Chip Kahn, is the most fundamental reform in the history of Medicare.

I know we have some friends on the other side of the Capitol who are disappointed that we did not go farther, but we have to appreciate how far we have gone. Oftentimes we judge ourselves by our failures rather than our successes.

Before we started this process we had a Medicare system which was a fee for service when someone who was sick. When this measure is signed by the President, we will have a Medicare which is a preventive and wellness structured Medicare. It will provide choices for seniors that are available in the general health area. It provides, as was indicated, a preventive package which will be expanded, when science tells us to expand it and not politics. It provides opportunities for choice over a broad spectrum so that people do not have just one other option, they have a number of options, and to help them in those choices we have a handsome educational package long overdue.

So I am here basically not to talk about what is in the bill, but to thank all those people who worked with us to put together a Medicare package in which no one will be afraid to run on in the next election. We will all embrace it and say this is a handsome first step, obviously we need to do more, we have a commission built in to do more, but before that commission even triggers we are going to sit down and continue to build a Medicare Program which is based upon prevention and wellness. The seniors deserve nothing less.

Mr. McDERMOTT. Mr. Speaker, I yield myself as much time as I may consume.

The gentleman from South Carolina has said that the budget deficit has been reducing, begun by the Democrats in 1993, and it would be balanced within a year or so without this whole exercise. So make no mistake, what we are doing here is making cuts in this bill in entitlements in order to give tax breaks tomorrow. Today, if today did not happen, tomorrow would not and could not happen.

Now as I see it, this issue of Medicare is the reason I will vote against the bill because it is a sugar-coated poison pill, it will taste good going down, everybody will say, well, we are saving Medicare, but there is no question in my mind that the social insurance principles on which Medicare was created are being eroded in this bill. Rather than strengthen the program, which everyone says they are doing here today, the bill creates a multitiered Medicare Program, one for the super rich, one for the rich, and one for the rest of the folks.

Now in Germany when they did that in their health care program, if someone wants to opt out of the system, as this bill will now allow seniors to do, they can never come back. But our wisdom in this body did not say we will not let people back. We will let them go out, take advantage of the system, game it in every way possible, and then when the problem comes they can jump back into our system. It creates incentives for for-profit health care plans to siphon off America's healthy and wealthy seniors and leave the rest of the problem for the Federal Government. In my view, that is in the long term not good for the country.

Now also in the area of health care is the reduction in the DISH payments. For those listening who do not understand, DISH means disproportionate share. It is those hospitals that take care of a disproportionate share of people who do not have health care insurance. We have 44 million Americans. Not one single one of them is better off because of this bill, because they are not getting insurance in it. We are taking away the money that the hospitals use to cover those people when they show up at the emergency room in a crisis. And my view is that the city hospitals and the rural hospitals of this country within 2 years will all be in serious problems because of the reductions we have made in the disproportionate share payments.

For that reason I think we should not be passing this bill, we do not need to make tax breaks tomorrow, the American public is not clamoring for tax breaks, especially tax breaks where 50 percent of them go to people making $109,000 or more, and yet we rush forward here today to make these cuts in Medicare and the service that we provide through the disproportionate share payments.

Mr. SHAYS. Mr. Speaker, I yield 1½ minutes to the gentlewoman from Texas [Ms. GRANGER], the former mayor of Fort Worth and a member of the Committee on the Budget.

Ms. GRANGER. Mr. Speaker, I am pleased to rise in strong support of this historic bipartisan agreement to balance the budget.

This proposal we consider today is more than a blueprint to balancing the budget. It is a blueprint to building the future. This budget is not about numbers or theories. It is about people, real people with real dreams for themselves and for their children, for their parents. We owe them, we owe our constituents a budget that balances just like they have to balance themselves. We owe our children a nation that is debt free, and this balanced budget cuts off the flow of red ink for the first time since 1969; that will be 30 years ago.

We owe our working young parents access to the American dream of more jobs and home ownership. This balanced budget will create more than 4 million new jobs and reduce the cost of a typical new home by more than $30,000. We owe our parents and our grandparents a Medicare system that takes care of them if they become ill, and this balanced budget will protect Medicare and let us keep our commitment to our seniors. And finally, we owe the American people something more important and much more profound. We owe them our word.

The balanced budget agreement ends 28 years of promised balanced budgets and broken promises. Twenty-seven years, 5 Presidents and 14 Congresses have not balanced our budget. If we pass this budget today, the 105th Congress will be different. Today we can say to the American people, promises made, promises kept.

I urge my colleagues to support this historic agreement to balance the budget for our children, our working parents and our seniors. We now have a blueprint, so let the building begin.

Mr. SPRATT. Mr. Speaker, I yield 1 minute to the gentleman from Maryland [Mr. CARDIN].

Mr. CARDIN. Mr. Speaker, first I want to concur in the comments that the gentleman from South Carolina [Mr. SPRATT] made a little earlier, and that is we need to look first to 1993, to the Deficit Reduction Act that was passed under the leadership of President Clinton and the Democrats in Congress, for why we are able to reach this point today. I am very pleased that the final chapter we are doing in a bipartisan manner, the passage of these two bills.

There are many reasons to support it. We are at last going to have a balanced budget, and we are going to protect the priorities that are important for the future growth of this Nation.

Let me just mention some of the specifics that are in this bill for why the Members should support it:

First, the Medicare, we are providing for 10-year solvency, additional solvency of the Medicare system, improving benefits to our seniors in preventive health care and access to emergency care. Our academic centers will be getting some badly needed relief to make sure that we have excellence in health care in this country. Twenty-four billion dollars to expand health care for our children.

This bill acknowledges the special needs of Amtrak and capital involvement, and the welfare bill from last year has changed to provide more resources for welfare to work and to remove some of the punitive aspects against legal immigrants.

It is a good bill. I urge my colleagues to support it.

Mr. SHAYS. Mr. Speaker, I yield 1½ minutes to the gentlewoman from Washington [Ms. DUNN], an elected member of the Republican leadership and a member of the Committee on Ways and Means.

Ms. DUNN. Mr. Speaker, today we take a historic step in reducing the size of Federal Government and providing for a balanced budget in 5 years. We are building a path to the future that restores both hope and opportunity for all Americans. Today and for the future we are dramatically changing the fiscal direction of our country from a path of out of control growth of Government to a path of sustained expansion of the economy and job creation.

Achieving a balanced budget will provide lower interest rates, higher productivity, improved purchasing power for all Americans, more exports and accelerated long-term growth. It will also, we believe, revive the possibility once again for the American dream. Americans can once again look toward their children having the chance to do better than they.

Our balanced budget is about more than just accounting and tidy bookkeeping. Budget deficits sap private investment, they drive up interest rates and they provide that the service on the national debt is a cost to the average taxpayer of $800 in 1 year in taxes.

Mr. McDERMOTT. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, with this bill we can embark on a new and responsible course by balancing our Nation's budget by restoring hope, confidence and opportunity. This balanced budget agreement is the first in a generation. It represents GOP ideals, and it shows that a Republican majority at the helm in Congress can and will deliver on its promises.

Mr. Speaker, I yield 1 minute to the gentleman from Texas [Mr. BENTSEN].

Mr. BENTSEN. Mr. Speaker, I believe this is a good blueprint to get us into balance by 2002. We have to remember of course this is a blueprint, there are no guarantees, but we certainly all hope that that is the case if it does become law. It is also far better than what we saw in the 104th Congress.

Just for instance, if we look at Medicare and Medicaid, we are looking at reductions of $130 billion versus $450 billion that we saw in 1995 and 1996 that led to Government shutdowns. So we have come a long way; the largest increase in education since the Eisenhower administration and starting to address children's health care.

Now, let me address just a couple of issues very quickly in specifics. With respect to disproportionate share for Medicaid, I want to thank the gentleman from South Carolina [Mr. SPRATT] the chairman, the gentleman from Ohio [Mr. KASICH], my colleague from Texas [Mr. ARCHER], and the administration for fixing that program, ensuring that States like mine of Texas and 12 other so-called high DISH States are treated more fairly under this bill than they were when the bill left the House of the other body.

In addition, as the other gentleman from Maryland just spoke, we are finally addressing the needs of the academic medical centers, such as those in my district, by carving out and requiring the managed care companies to pay into medical education through medical education. This is a good compromise. I hope my colleagues will support it.

Mr. Speaker, I rise in support of this legislation to balance the Federal budget for the first time since 1969. What a difference 2 years makes. In 1995 and 1996, Congress was in stalemate over budgets that would gut Medicare, education, and environmental protection. Now after the American people rejected that approach, we have before us a bipartisan compromise that not only balances the budget, but improves and strengthens Medicare and makes necessary investments in the health and education of our children. This is the commonsense approach we should have been taking all along.

I especially want to thank the conferees and the administration for addressing one issue of special significance to my State of Texas, and that issue is fairness in the way cuts are made to the Medicaid Disproportionate Share Hospital [DSH] program. When I voted for this legislation on June 25, I did so with the commitment of Budget Committee Chairman KASICH, Budget Ranking Member SPRATT, and the administration that they would address this issue in conference. They have made good on their word, and I want to thank Mr. KASICH, Mr. SPRATT, the administration, Ways and Means Chairman ARCHER, my colleagues in the Texas Delegation, and the many others who have worked to return some equity to the way Medicaid cuts are carried out.

Under this agreement, no State will have its total Medicaid funding cut by more than 3.5 percent in any 1 year. I want to emphasize that no State will lose more money than it would have lost under the original House bill. This agreement is much more fair to Texas and the other 12 so-called high-DSH States that would have had their Medicaid disproportionate share funding cut by twice as much as other States, while some States had no cuts at all. High-DSH States would have had their Medicaid DSH funding cut by 40 percent in the year 2002, and Texas would have lost $920 million under the House bill and $1.15 billion in the even worse Senate bill.

While not perfect, this agreement is much more equitable. It restores Medicaid funds that Texas hospitals desperately need to provide basic health care to the poorest patients. This funding is especially critical to our public and children's hospitals, which have high Medicaid and indigent caseloads.

I also want to call attention to two provisions in the Medicare reform section of this legislation that I and other Members have advocated and that would greatly benefit our Nation's health care system. These provisions, which are similar to legislation I have introduced, will help ensure that senior citizens have real choice under Medicare and our Nation continues to invest properly in medical education at teaching hospitals.

The first provision would give senior citizens who choose a managed care plan the right to buy supplemental insurance, or Medigap, to pay for prescriptions, copayments, and other uncovered services if they return to traditional fee-for-service Medicare. Many seniors now fear that if they choose managed care they may be locked in forever. That is because, if they choose later to return to traditional Medicare, they may not be able to purchase Medigap. Current law requires insurers to sell Medigap policies to seniors only when they first enroll in Medicare. The agreement requires insurers to also sell Medigap to seniors who, within the first year of enrolling in Medicare managed care, decide to switch back to traditional Medicare, ensuring real choice in health care for seniors.

This agreement will also ensure that Medicare managed care plans help fund medical education in the same way as fee-for-service Medicare. Under current law, the Medicare Program provides extra payments to teaching hospitals based on the number of fee-for-service Medicare patients served at these hospitals. However, Medicare managed care plans are not required to make such a contribution, causing a funding shortfall as more senior citizens join managed care plans. This agreement includes a provision to carve out graduate medical education [GME] amounts from the Average Adjusted Per Capita Cost [AAPCC] payment to Medicare managed care plans and direct this funding, approximately $5 billion over the next 5 years, to teaching hospitals. This plan does not increase Federal spending; rather, it recaptures funds from the current Medicare managed care reimbursement formula so that all Medicare plans help pay for the cost of graduate medical education.

This agreement is an important step toward ensuring that our Nation continues to support its teaching hospitals in this era of managed health care. It will ensure stable, guaranteed funding to train future doctors and other health care professionals and conduct vital clinical research. This is an essential step toward ensuring that the United States continues to have the best health care system in the world.

Altogether, the Medicare provisions of this legislation will extend the solvency of the Medicare Hospital Insurance Trust Fund for 10 years, while providing more health care choices, consumer protections, and preventive benefits for our Nation's senior citizens. This agreement includes $4 billion to provide a package of preventive benefits for Medicare beneficiaries, including new or expanded coverage for mammography, pap smears, screening for prostate and colorectal cancer, diabetes self-management, and the diagnosis of osteoporosis. It increases the health insurance options available to Medicare beneficiaries beyond the traditional fee-for-service program to include the various managed care options generally available from private plans. And it includes important consumer protections for Medicare beneficiaries, including the Medigap protection I have already discussed. Other protections include provisions banning gag rules that restrict what Medicare managed care doctors can tell their patients; requiring managed care plans to have a grievance and appeal process to protect patient rights; and establishing a "prudent layperson" definition of an emergency to ensure patients are covered by Medicare when they seek care from emergency rooms.

Mr. Speaker, I also strongly support the important investments included in this agreement, especially in the areas of children's health and education.

This agreement makes a $24 billion investment in children's health, which will help end the national shame that 10 million children lack health insurance and access to basic health services such as immunizations and regular checkups. My State of Texas leads the Nation in the number of uninsured children—2.6 million Texas children lacked health insurance for at least a month over the past 2 years. This agreement will go a long way toward helping these children and their families. It will help more children get cost-effective preventive health care rather than more expensive care when they get sick.

I also applaud this agreement's investment in education, which is absolutely the right priority in our global, information-age economy. We must expand access to college because more and better education is needed to get ahead and earn a good wage in this economy. Together with the tuition tax credits in the tax reconciliation bill, this legislation makes the largest investment in higher education since the G.I. Bill in 1945. It includes the largest Pell grant increase in two decades; boosting the maximum Pell grant from $2,700 to $3,000 and expanding the program to more poor independent students.

This legislation is a bipartisan compromise that, like all compromises, requires each of us to accept provisions we may not support. But on balance, it is a good bill, a fair and fiscally responsible bill that makes necessary investments in our future. I urge my colleagues to support the Balanced Budget Act of 1997.

Mr. SHAYS. Mr. Speaker, I yield 1½ minutes to the gentleman from Oklahoma [Mr. WATTS].

Mr. WATTS of Oklahoma. Mr. Speaker, I am delighted to stand today in support of H.R. 2015, the Balanced Budget Act of 1997, because my wife and I have five wonderful, healthy, vibrant children, and this bill is all about them and all about their future.

□ 1415

After almost three decades of deficit spending, finally we see an end to this generation spending the resources that belong to future generations, to our children and to our grandchildren. Finally, we have taken the first step toward reducing our Nation's terrible debt.

Am I 100 percent in agreement with every provision in this bill? Of course not. No, not one Member of this body, Democrat or Republican, is in 100 percent agreement with every provision of this bill. But I am in 100 percent agreement with the fact that we have scored a major victory for our kids and for our grandkids.

We have gone from increasing taxes in 1993 $265 billion to reducing taxes by over $90 billion in this legislation. We have scored a major victory for the next generation of Americans. We have taken the first step toward passing on to them an America that is not crippled by debt or deficits, but liberated by a responsible government that lives within its means.

Vote today for America's kids. Vote today for America's future. Vote "yes." I encourage a yes vote, in favor of the Balanced Budget Act.

Mr. SPRATT. Mr. Speaker, I yield 1 minute to the gentleman from Virginia [Mr. MORAN].

Mr. MORAN of Virginia. Mr. President, nice going; White House staff, nice going; the gentleman from South Carolina [Mr. SPRATT], well done; the gentleman from Ohio [Mr. KASICH], we have a good balanced budget agreement here.

The most important thing is that it is balanced not just in terms of dollars and cents, but in terms of priorities: A $900 billion reduction in deficit spending over the next 10 years, but the highest increase in higher education since the GI bill of 1945, the largest increase in children's health protection since Medicaid in 1965, more than 30 years ago.

We have got a $500-per-child tax credit for 27 million families. We have got entitlement reform. We have got a lot of the brownfields and empowerment zones tax initiatives, $3 billion for welfare to work initiatives. The fact is that speaking as a Democrat, the White House got what it wanted, which is our priorities—better education and health care for our children, tax fairness for middle class families, and an end to the legacy of debt we have been deferring to our children.

This bill deserves to be supported. It is a fiscally responsible bill, it is a bill that emphasizes our priorities. It is a bill that on both sides of the aisle we should vote for.

Mr. MCDERMOTT. Mr. Speaker, I yield 3 minutes to the gentleman from California [Mr. STARK].

Mr. STARK. Mr. Speaker, I am having a little trouble. I guess I am the only person here who does not have both arms broken from patting myself on the back. I am having a little trouble understanding this bill.

Before I explain it, I want to take this opportunity to thank the chairman of the Subcommittee on Health of the Committee on Ways and Means, the gentleman from California [Mr. BILL THOMAS] for his open and fair manner in handling the Medicare portion of this bill, which, as the House originally wrote it, was quite good; but the Senate gooped it up and the White House caved to the Senate, so we do not have a very good Medicare bill.

But the fact is we have a lousy bill. We would have been better if we had stayed home. Look, the budget is going to balance next year without a bill. In this bill, it takes 5 years to balance. After it balances, we get deficits again. If we had no budget bill, we would balance and get surpluses. So I say to the Members, great job. They just stretch out the time and then give us more deficits.

Medicare, it is going to go to 2007. Hot dog. If we did not have a tax bill, we would have the money to take Medicare to 2022. So these geniuses have just cut 15 years off the salvation of Medicare. Good job again.

What about children's insurance? Super job. They are going to spend $2,500 bucks a kid to insure 2 million more kids, and if Members had let it alone and used that same money to put them into Medicaid, they would have had 5 million kids insured, so I thank the geniuses for the 3 million kids who are going to walk around without any health insurance due to this budget.

Here is the perfect example of government run amok. They have fixed everything. The Senate bill adds the Kyl amendment and others, which will, for the first time, allow doctors to charge Medicare beneficiaries an unlimited amount of money and basically kick them out of Medicare.

My heavens, how awful, to suddenly find that we are going to have Medicare live up to the Speaker's intention of withering on the vine because it is going to be a two-class system. Medicare beneficiaries will be able to be charged unlimited amounts for the rich. This is the country club health care relief act to end them all. Medicare costs are going to go up $1.5 billion to try out a medical savings account, which will only, again, help the wealthy and the healthy.

So as we go along, we have the right-to-life group who wanted to have this Medicare amendment that Senator KYL put in there, and it is useless. We were going to cut $100 million out of poor inner-city hospitals; save it, as we like to say. Where are we now? We are going to save $600 million out of inner-city hospitals, $500 million bucks more out of the poorest hospitals in every one of the Members' districts, those hospitals that help the needy and the indigent.

Mr. Speaker, this is a lousy bill. Vote "no." Go home and know you are going to be better off for not having a bill.

Mr. SHAYS. Mr. Speaker, I yield 1½ minutes to the gentlewoman from Kentucky [Mrs. NORTHUP], a new Member to Congress and a very important member to the Committee on Appropriations.

Mrs. NORTHUP. Mr. Speaker, it is a privilege to be here today. Before I comment on this balanced budget, I want to thank all of the people who have come before me that have kept the hope alive and the belief alive that it was possible to balance the budget, to cut taxes, to save Medicare, and to meet the emerging needs of our communities.

They were often ridiculed. They sat through years of where we raised taxes, where we spent more money, and they kept the hope alive for Americans that it was possible to change that course. They inspired me, and they inspired my community that this was a possibility. So for them, I thank them for the leadership and the lonely days they spent in this Congress.

Mr. Speaker, this bill says I love you to our children. For me, it is my six children: David, Katie, Joshua, Kevin, Erin, and Mark. For all the other parents who have children that believe that we should restrain our spending and pass on better opportunities to our children, that is what we are doing today when we vote for this bill.

It is a pleasure to be here. It is an honor to be a part of this. I think more than the numbers, more than what it does to interest rates, more than what it does to stop the bleed of red ink, it also helps to reestablish the faith and the trust that the American people have that this system of Government can address its needs, can come to an agreement, and can reflect what they have believed in so long. That is that we should balance our budget.

Mr. SPRATT. Mr. Speaker, I yield 2 minutes to the gentleman from Michigan [Mr. LEVIN].

Mr. LEVIN. Mr. Speaker, the basic principle of the Democratic Party has been economic growth with equity. The 1993 Deficit Reduction Act was instrumental in promoting economic growth. Despite the overall growth, there were pressures on middle-income families, so this bill includes a child credit and also an educational tax credit and deduction. I support both bills.

Let me say a word about the piece that I worked most on, the human resource piece. I supported the Welfare Reform Act. People on welfare should move from welfare to work. But when the President signed the bill he pointed out several inequities. One related to legal immigrants. He promised to work to provide benefits to elderly and disabled legal immigrants who should not have been penalized in the first place. I joined in that promise. Today we are keeping that promise. It is a much better bill in that respect than when it left the House.

The President also promised to work for a welfare to work provision. We have kept that promise. There was an effort, though, in this House to penalize people who move from welfare to work, to treat them as second-class citizens, to withdraw them from the protections of Federal law in terms of wages, in terms of safety on the job.

We have today, in this bill, repelled that effort. People who work are to be treated as first-class citizens, without discrimination. We have also repelled the effort to withdraw from mostly elderly women the protections of maintenance of effort under SSI in terms of payments from the State. This is a bill that is a step in the right direction. I urge broad support for it.

Mr. SHAYS. Mr. Speaker, I yield 30 seconds to the gentleman from Washington [Mr. NETHERCUTT], a new member of the Committee on Appropriations and the Committee on Science.

Mr. NETHERCUTT. I thank the gentleman for yielding time to me, Mr. Speaker.

One of the many good reasons to vote for this bill, this legislation, is its impact on diabetes. This particular bill has a component, a prevention component relative to diabetes that will improve the health of all Americans with diabetes. There is also a special section entitled "Special diabetes programs for children with Type 1 diabetes." There is a funding for special diabetes program for Indians.

Diabetes is a very serious disease. The gentlewoman from Oregon [Ms. FURSE] and I are chairmen of the Diabetes Caucus. We have had great support in this body for the cause of diabetes and curing it. I am delighted to be involved in supporting this bill along with my colleague, the gentlewoman from Oregon.

Mr. SPRATT. Mr. Speaker, in order to complete the colloquy, I yield 30 seconds to the gentlewoman from Oregon [Ms. FURSE].

Ms. FURSE. Mr. Speaker, like my cochair, the gentleman from Washington [Mr. NETHERCUTT], I want to see that this budget contains good news for 16 million Americans, 16 million Americans who suffer from diabetes, including my own beloved daughter, Amanda. Thanks to my good friends, the gentleman from Florida, [Mr. BILIRAKIS], Mr. BROWN, and the 87 members of the Diabetes Caucus, we have put together a strong, bipartisan effort that will truly make a difference to the lives of people with diabetes.

I want to thank the gentleman from Florida [Mr. BILIRAKIS], who is the chairman of our committee, and all the diabetes organizations who worked so hard on this.

Mr. SHAYS. Mr. Speaker, I yield 2 minutes to the gentleman from Florida [Mr. BILIRAKIS], a senior Member of Congress and the chairman of the Subcommittee on Health and Environment of the Committee on Commerce.

Mr. BILIRAKIS. Mr. Speaker, I thank the gentleman for yielding time to me.

Mr. Speaker, it has been an honor for me to work with the gentleman, members of the budget conference and Committee on Commerce and Committee on Ways and Means members on historic legislation which will balance our Nation's budget for the first time, the first time since Neil Armstrong walked on the Moon, and at the same time reduce taxes, save Medicare and Medicaid, provide education and other family incentives and opportunities, and guarantees $24 billion to provide better health care for children.

In recent years many have said that we could not balance the budget and also reduce taxes. We have done that and more.

Regarding Medicare, we have saved the program for the next 10 years without hurting beneficiaries in any way. In fact, this legislation contains many worthwhile changes which greatly benefit the elderly. Our legislation gives seniors a choice of coverage through the new Medicare Plus Program, provides consumer protections, addresses fraud and abuse, and adds additional preventive health benefits. It also creates a commission to make recommendations on how Medicare could be preserved for future generations.

Regarding Medicaid, this legislation allows States to provide better and more cost-effective medical coverage for low-income people by giving States more flexibility. Under the children's grants, States will receive funds to initiate and expand health coverage and services to uninsured low-income children.

This bill, Mr. Speaker, must be judged on its merits, must be judged on its benefits to our constituents today, and to their future, and to the Nation and its future.

This legislation would not have been possible, Mr. Speaker, without the great work of staffers Howard Cohen, Eric Berger, Patti DeLoache, Ed Grossman, and others, many others, that put in many hours over the past several months, and I want them to know how much I and all Americans appreciate their efforts.

□ 1430

Mr. MCDERMOTT. Mr. Speaker, I yield 1 minute to the gentleman from Chicago, IL [Mr. GUTIERREZ].

Mr. GUTIERREZ. Mr. Speaker, we are hearing the word "balance" a lot today. We applaud ourselves as we balance the budget. It is an important accomplishment, a difficult accomplishment to balance our budget. But I am afraid our Nation is losing its balance in a lot of other areas, like keeping our promises to our veterans who are facing cuts in this budget, like protecting our seniors who face an uncertain future because of this budget, like acknowledging the contribution of immigrants who are still targets for blame and discrimination in this budget, and like the simple idea of tax fairness that the wealthiest in our Nation should contribute a little more to our Treasury.

Our budget might be balanced, at least until the tax cuts explode again in the future. But we are creating a lot of new deficits. Deficits of keeping our promises. Deficits of fairness. Deficits of equity. Deficits of caring. These are the deficits I cannot support today, and that is why I will cast my vote against this budget.

Mr. SPRATT. Mr. Speaker, I yield 1 minute to the gentlewoman from North Carolina [Mrs. CLAYTON].

Mrs. CLAYTON. Mr. Speaker, I intend to vote for this bill, not because it is a perfect bill. Not because I agree with all that is in it. There is much that I do not agree with, but there is much more I do agree with. I think balancing our budget is important for our country. Some of the things I do agree is that we have made more provisions for education. We have made scholarships for those families who are going to college. We have made provisions to give tax relief for families with children. Also importantly, we have made provisions not to take away the working rights for mothers and those who are on welfare to make sure that they have the same opportunities as others in there.

Yes, there are things in this bill you wish were not in there. But there is also tax relief for farmers and small businesses which they critically need in my area and also tax relief for education. On balance it may not be perfect, but I think it is good for America. I intend to vote for it and I urge my colleagues to do the same.

Mr. SHAYS. Mr. Speaker, I yield 2 minutes to the gentleman from Texas [Mr. ARCHER], chairman of the Committee on Ways and Means and the chief architect of this historic budget agreement between the White House and Congress.

Mr. ARCHER. Mr. Speaker, I thank the gentleman for yielding me the time.

The conference agreement that we vote on today is a bridge, a bridge that reaches across to unite generations today and tomorrow. It saves Medicare for this generation of seniors, and it balances the budget so that we can save the next generation from the crushing burden of debt. It says that Washington has to change its ways so the American people will not have to change theirs. It tells the American people that Congress does not live by special rules. We will no longer spend more than we take in. The American people understand this.

They know they have to balance their family budgets each month. And so should we. Last year my 12th grandchild was born. When I went to visit him as a little premature baby, and I am happy to say he survived and he is home with his parents and doing well, I could not help but think that his pro rata share of the interest on the national debt during his lifetime would be $189,000, if he was an average income earner. That is unconscionable for our generation to leave to the coming generations. Today we do something about it. I say to Archer Hadley, my little grandson, this is for you.

Mr. SPRATT. Mr. Speaker, I yield 1 minute to the gentleman from Florida [Mr. DAVIS].

Mr. DAVIS of Florida. Mr. Speaker, I would like to highlight two portions of this conference report that lead me to support it today. The first is getting us to a balanced budget. The amount of interest that we are paying annually right now on the Federal deficit more than exceeds the total amount of income tax payments paid by every individual west of the Mississippi.

We need to get the budget balanced and then attack the deficit. This spending plan is accompanied by tax cuts that are paid for while we will still balance the budget. The White House succeeded in keeping those tax cuts affordable. That is terribly important.

Second, this budget agreement constitutes a massive reallocation of our resources into education. To encourage more of our high school seniors, more community college students, more university students to be the best they can be in school and to succeed in obtaining well-paying jobs for themselves and their families. Most importantly it will send another strong message to adults throughout our country to engage in a lifetime of learning, to go back to school supported by their employers or supporting themselves, to further their jobs skills, to broaden their job skills, to sharpen their job skills to prepare for the 21st century.

Mr. Speaker, I rise in strong support of H.R. 2015, the Balanced Budget Act, which will balance the budget within 5 years while at the same time protecting our Nation's commitment to our seniors, investing in health care coverage for children, expanding educational opportunities for students, and restoring fairness for thousands of legal immigrants.

Mr. Speaker, as a member of the Budget Committee I want to first commend my ranking member, the gentleman from South Carolina [Mr. SPRATT] for his hard work and dedication throughout these long negotiations. Without his leadership and his commitment to working with both the administration and the Republican negotiators, this agreement would not have been possible. Our Nation owes a debt of gratitude for all that he has done over the past 6 months.

H.R. 2015, the spending portion of the reconciliation package, is truly a historic bill—historic not only for what it does, but also for what it represents. This bill demonstrates a commitment by both parties to the principle that we should not be spending beyond our means; that we must not saddle our children and grandchildren with debt; and that we should balance the budget while protecting our Nation's spending priorities. Furthermore, this bill is an example of what bipartisan cooperation can accomplish. If we set aside the rhetoric and work together toward a common goal, we can find areas of agreement and compromises on those areas of disagreement. The result is truly a win for the American people. I hope the spirit of cooperation, embodied in this Balanced Budget Act, will continue when we return from our August recess and as we sit down to tackle other critical issues such as campaign finance reform.

Specifically, H.R. 2015 includes much needed entitlement reforms which would balance the budget in the near term and lay the groundwork for long-term reforms as the baby-boomers approach retirement.

The majority of the savings in this package are designed to preserve and strengthen the Medicare Program by extending the solvency of the trust fund for at least 10 years. The bill will expand choices for Medicare beneficiaries and protect low-income beneficiaries from premium increases. The Balanced Budget Act also invests $4 billion in preventive benefits to fight breast cancer, diabetes, and colon cancer through annual tests and screenings.

Additionally, the bill implements tough new antifraud provisions, many of which are identical to those I introduced earlier this year in the Medicare Anti-Fraud Act, H.R. 1761. With recent revelations over the amount of fraud and abuse in the current system, I believe these initiatives, such as requiring certain providers to post a surety bond, are essential to restoring the integrity of the program.

Furthermore, with respect to Medicare, this bill will establish a bipartisan commission to make recommendations on a comprehensive approach to preserve Medicare as the baby-boomers approach retirement. Clearly, we must take steps to address the pending demographic changes in the program and I hope Congress will approach the recommendations of the commission, due in March 1999, with the same bipartisan cooperation that has prevailed throughout these budget negotiations.

In addition to protecting Medicare for our Nation's seniors, this agreement will expand health coverage to as many as 5 million of our Nation's uninsured children. This unprecedented investment in children's health care, the largest expansion of coverage since the enactment of Medicaid in 1965, will give States flexibility in determining how best to accomplish this important goal while guaranteeing that these moneys will be spent solely for this purpose.

On many issues, this conference agreement represents a great improvement over the House-passed version, which I supported but with numerous reservations. For example, I believe this final agreement offers adequate protections to workfare participants, guaranteeing that they will be treated fairly as workers. This conference agreement also restores protections for both disability and health benefits to 350,000 legal immigrants who would be denied these benefits as result of the welfare reform law of last year. All of these provisions ensure that as we move forward with our plan to balance the budget we are guaranteeing an element of basic fairness for all Americans.

Finally, amid all of the celebrations over what this bill will do, I would raise one word of caution. Just last week, this House rejected an attempt to include tough budget enforcement provisions which I supported that would ensure that we meet our deficit targets and reach the goal of balancing the budget by the year 2002. If we are not willing to enact such enforcement provisions, then we must be even more diligent in future years to ensure that the projections in this bill translate into reality. Only when the budget is certifiably balanced will we truly be able to celebrate.

Mr. Speaker, I again commend my colleagues on both sides of the aisle for their hard work throughout this process and urge all of my colleagues to support this historic legislation.

Mr. SHAYS. Mr. Speaker, I yield 1½ minutes to the gentleman from Ohio [Mr. PORTMAN], a member of the Committee on Ways and Means.

Mr. PORTMAN. Mr. Speaker, I think we need to step back a moment and think about what a victory this is for the American people. For the first time in more than a generation we are actually going to balance the budget. We are going to stop spending more than we take in every year, an immoral practice that leaves the bill for the next generation.

There has been a lot of discussion about how we got here. I think it really is a tribute to the persistence, to the energy of a lot of Members. One is the gentleman from Ohio [Mr. KASICH]. He brought his first balanced budget bill to the floor in 1989, before I got here. He got about 30 votes. The next year he got about 64 votes. The next year he got about 80 votes, then about 100 votes and so on. Today, this afternoon on this floor, I think we will have a bipartisan majority of about 250 votes.

I want to commend him and commend all the Members who have worked long and hard to get us to where we are today. It is not legislation that every Member here supports, and all of us would like to see it a little different. But it is a significant step because we are, in fact, doing what we have just talked about for the past couple of decades and that is actually balancing the budget for the next generation. I want to pay tribute to them and to this House this afternoon.

Mr. SPRATT. Mr. Speaker, I yield 1 minute to the gentleman from Indiana [Mr. ROEMER].

Mr. ROEMER. Mr. Speaker, Justice Brandeis once said that the best disinfectant was sunshine. I guess my litmus test is how does this several-hundred-page bill treat children. Is it fair to children? As I go through the bill and read through how it treats children, I come out with a resounding yes, it shines on children.

We have moved from a $15 billion children's health initiative to now, finally, a $24 billion health initiative for 5 million children that were not previously covered. We have education spending at the highest level in 30 years since the Great Society. We now have disability SSI payments for children that were not eligible before, the most vulnerable children in our society. And we have the largest increase in the history of the Pell grant program to get parents who cannot afford to send their children to college into college and come out without a huge debt.

This is positive for small children, positive for small businesses and small farmers and positive for smaller, smarter government.

Mr. McDERMOTT. Mr. Speaker, I yield 4 minutes to the gentleman from Wisconsin [Mr. OBEY].

Mr. OBEY. Mr. Speaker, I wanted to vote for this bill, as I indicated earlier. There is much in it that I would like to support. I was one of the original sponsors of the child tax credit, for instance, with Vice President Gore some 5 years ago. I certainly supported the education tax credits. I support what we are trying to do for health care for kids. But there are a number of fundamental tests which this bill fails.

The most important test to me is whether or not it provides most of the tax relief to middle-income families. The fact is it does not. As this chart will show, the wealthiest 5 percent of people in this country, those who make over $112,000 a year, will get six times as much tax relief as the 60 percent of all Americans who make less than $36,000 a year. I do not describe that as being fair.

In fact, the wealthiest 1 percent, who make more than $250,000 a year, will get more in tax relief than the 80 percent of American people who make less than $60,000. That is simply not fair.

Secondly, if we take a look at what happens with the wealthiest 1 percent, the wealthiest 1 percent will get $16,000 on average for a tax cut. The poorest 20 percent who make on average $8,000 will actually have a tax increase of $39. That does not shrink the gap between the wealthy and the poor in this country. It makes it worse. I do not think this Congress should do that. I think it can do better.

Third, I do not think that we ought to fail the test of whether or not this package provides the needed investments that we need to make the economy grow over the next 10 or 15 years. The fact is, when Members of this House say that this is going to balance the budget, that promise is built upon the promise that we are going to cut Social Security Administration by some 25 percent. Does anybody really believe that we are going to extend the waiting time for getting the Social Security check from 3 months to a year? Is this Congress really going to do that?

This chart will demonstrate that it is built on the promise that we are going to cut health appropriations by 16 percent over the next 5 years. The bill which is scheduled to come to the floor next will raise the spending for the National Institutes of Health by 6 percent. Yet this Congress is going to pretend that we are going to cut that spending by 16 percent over the next 5 years. I do not think this Congress will and I do not think the American people would want us to.

Are we really going to cut veterans? Are we really going to cut veterans health care by 20 percent over the next 5 years? Just last week this House voted to restore money to the veterans health care budget. Are we really going to tell people we are going to balance the budget by cutting veterans health care 20 percent? Come on. We ought to know better than that. Are we really going to see a Congress cut agriculture programs by another 23 percent? Agriculture programs have already been cut more than any other part of the budget. I would like to see the Members from rural districts who vote for this budget today, who are going to vote to cut agriculture budgets by 23 percent over the next 5 years. It simply is not going to happen.

Last week on the House floor this House refused to cut the science budget by 3 percent, and yet it is promising in the budget before us today that we are going to cut science by 18 percent over the next 5 years. Who is kidding whom? Do Members really believe these are anything but false promises? I do not. I have seen this Congress since 1982 break its promises on deficit reduction. I do not want to see them break more. That is what we will be doing if we vote for this bill. I urge Members to vote "no."

Mr. SHAYS. Mr. Speaker, I yield 1¾ minutes to the gentleman from Ohio [Mr. HOBSON], a member of the Committee on the Budget and Committee on Appropriations and also a major participant in this historic agreement between the White House and Congress.

Mr. HOBSON. Mr. Speaker, today the House takes another step toward making budget history. As we consider the conference report on the Balanced Budget Act, we are closing in on the most significant legislative accomplishment this body has enacted in a generation and its benefits are going to be felt for many generations to come.

The Balanced Budget Act is an expression of the responsibility of this Congress feels to the American people, not only to those who are living today but to those Americans who will inherit our country tomorrow such as my grandchildren. This budget slows all the growth of Federal Government spending to just 3 percent for the next 5 years. That is a savings of $289 billion. In doing this, we are controlling the runaway growth that threatens to put our country further in debt.

The Balanced Budget Act also saves Medicare from bankruptcy and expands health care options for seniors. Millions of seniors have been spared crushing poverty with Medicare and I want this program to be there for my children and grandchildren as well. Out-of-control entitlement programs are being reined in and States are being given more freedom from Federal bureaucrats so they can generate their own innovative solutions to solving their citizens' problems.

□ 1445

In a separate bill that is part of the overall budget agreement, we are providing the first tax relief American families have seen since the mid 1980's. Families will get tax relief to help with the cost of raising kids and sending them to college; and small business owners, especially farmers like those in Ohio's 7th District, will get estate tax and capital gains relief.

This budget has been assembled by working together across the aisles. This spirit of cooperation demonstrates that Congress and the administration can work together, as they should, to solve the problems. That same spirit of agreement, of putting the American people first, will be seen again in this conference committee and I am proud to be a part of it.

I urge all Members to join me in balancing the budget, saving Medicare and continuing the extraordinary spirit of cooperation. Support the conference report, and congratulations to the gentleman from Connecticut [Mr. SHAYS] and all the members of the committee, and especially our chairman, the gentleman from Ohio [Mr. KASICH].

Mr. SPRATT. Mr. Speaker, I yield 1 minute to the gentleman from Maine [Mr. BALDACCI].

Mr. BALDACCI. Mr. Speaker, I thank the ranking member from South Carolina for yielding me this time.

This balanced budget agreement is an historic opportunity and the first time since 1969 that we will have an opportunity to do this. I would like to commend the administration, President

Clinton and Vice President GORE, and those in Congress that supported the agreement that enabled us to be at this particular point, that voted for a document in 1993 which took a deficit at $290 billion and brought it down to less than $10 billion today.

It was the work that was done by the Members of Congress and the administration that got us to this point. And the point that we are at today is an opportunity to make an investment. The document we are voting on today allows us to make an investment in education. Young people, 36,000 families in Maine, do not have the opportunity to go on to higher education because of the cost, the financial burden. That education presents the future to them. That is that bridge to the 21st century.

The 100,000 families that are on the earned income tax credits will get a tax break because we will reward work. We will not reward not working. And with small businesses, family businesses and agriculture, they are going to get a break, and this is what this represents today.

Mr. SHAYS. Mr. Speaker, I yield 1½ minutes to the gentleman from Minnesota [Mr. GUTKNECHT], who is a very important member of the Committee on the Budget and also on the Committee on Science.

Mr. GUTKNECHT. Mr. Speaker, I thank the gentleman for yielding me this time.

We talk about the balanced budget and this agreement and what it means in terms of dollars and cents and percentages and so forth, but in many respects this agreement is about generational fairness.

I represent an awful lot of farmers, and some of the greatest wisdom I have ever heard has come from some of my farm families. Back in farm country they know one of the great parts of the American dream is to pay off the mortgage and leave our kids the farm. But what we have been doing here in this government for the past 40 years is, in effect, we have been selling off the farm and leaving our kids the mortgage. We all know deep down in our bones that there is something morally wrong with that.

An old farmer told me a couple of years ago, and perhaps the best way I have ever heard it put, he said the problem is not that we are not sending enough money into Washington. He said the problem is that Congress spends it faster than we can send it in, and that has really been true. And every time we have raised taxes the deficit has actually gone up.

Balancing the budget, saving Medicare and allowing families to keep more of what they earn is not just some accounting exercise. Balancing the budget is about preserving the American dream for our kids. Saving Medicare is about keeping our commitment to our parents. And tax relief for families is about making it easier for those families to pay for their kids' education and save for their future.

This is a glorious day for America. It is an historic day, and I am glad to be a part of this Congress and this Committee on the Budget.

Mr. McDERMOTT. Mr. Speaker, I yield 15 seconds to myself to point out to the last gentleman that every time we raise taxes the deficit does not go up. In 1993 we raised taxes and the deficit came down.

Mr. Speaker, I yield 2 minutes to the gentleman from California, [Mr. WAXMAN].

Mr. WAXMAN. Mr. Speaker, there are some very good things in this bill. The restoration of benefits for immigrants and the child health provisions are two of the most important.

But let us not forget we essentially are talking about a flawed bill that the administration tried to make better. Making a bad bill better doesn't make it good.

In the area of Medicare, and I want to talk about some points that I find most troubling. We have raised the premium as a result of this legislation. But we have not guaranteed help for low-income people. We have made some changes in the Medicare Programs, such as MSAs and a fee-for-service option and private contracts with doctors, which I think may undermine the Medicare program, which has a broad-based risk pool. We may well see healthier and wealthier seniors leave that risk pool and opt for private insurance coverage.

In Medicaid, we repeal the requirement to pay nursing homes and hospitals an amount adequate to meet their costs for decent quality care. Let me underscore that. We do not have to pay them what is adequate to provide decent quality care. And we have made cuts in the support for hospitals and health care centers which serve as the safety net for the poor.

Now, why are we making all of these cuts in areas where it really does not make sense from a policy point of view? We cannot divorce this bill from the tax bill. We are doing it so we can give tax breaks to many people in the upper income bracket. What I am afraid we will see, and I expect we will see as a result of these tax cuts, will be greater pressure on domestic social spending. Particularly greater pressure on the Medicare Program as the baby boom generation ages. I think that we are going to run the risk of going right back into the huge deficits we have seen in the past.

I congratulate the administration on doing as good a job as they could under the circumstances. For me, it is just not good enough.

Mr. SHAYS. Mr. Speaker, I yield 3½ minutes to the gentleman from Florida [Mr. SHAW], a senior member of the Committee on Ways and Means, the chairman of the Subcommittee on Human Resources, and the architect of the most important legislation to pass this Congress, the welfare reform bill.

Mr. SHAW. Mr. Speaker, I thank the gentleman for yielding me this time.

Mr. Speaker, I rise to engage the gentleman from Missouri in a colloquy. Members may be aware of the ongoing debate in this budget legislation over whether workfare participants are employees, but they might benefit by some background on this issue, including a clarification of the intent of last year's welfare reform law.

Mr. TALENT. Mr. Speaker, will the gentleman yield?

Mr. SHAW. I yield to the gentleman from Missouri.

Mr. TALENT. Mr. Speaker, last year's welfare reform bill was about, in part, getting welfare recipients into work. One of the most effective ways to do that is through community service and community work experience programs which we generally know as workfare.

Since the 1960's Federal welfare laws have allowed States to place recipients in workfare which requires recipients to work in exchange for their welfare benefits. The workfare program created under the 1988 Family Support Act specified public and private sector workfare recipients' hours and compensation, and included specific health and safety, nondiscrimination and other protections for workfare participants, but did not treat the workfare participants as employees.

I would ask the chairman if that is his understanding, the chairman of the Subcommittee on Human Resources with jurisdiction over welfare reform.

Mr. SHAW. Mr. Speaker, reclaiming my time, the gentleman is absolutely correct. That is my understanding.

The 1996 welfare reform law specified that States can continue to operate effective workfare programs, and community service and work experience workfare are among the work activities States may count as work. Unlike prior law, that act did not spell out the compensation or other rules for workfare positions, because it was assumed that previous distinction in statutes and case law between workfare and employment would continue to be recognized.

However, in May of this year the Department of Labor issued an outrageous guide to "How Workplace Laws Affect Welfare Recipients" in which it indirectly claimed that most if not all participants in workfare programs under the welfare law would be considered employees under the law.

Mr. TALENT. Mr. Speaker, if the gentleman will continue to yield, I would ask the gentleman if it was the intention of the authors of the 1996 welfare reform law that workfare participants be considered employees, and thus covered under at least 25 labor laws, including prevailing wages, unemployment compensation, and social security taxes and benefits, none of which previously applied to workfare?

Mr. SHAW. I say to the gentleman, absolutely not. In fact, section 417 of the 1996 welfare reform law specifically provides that, and I quote, "No officer or employee of the Federal Government may regulate the conduct of States under this part or enforce any provision of this part, except to the extent expressly provided in this part." So the Department of Labor is usurping congressional authority.

Further, when proposals were put forth in Congress which attempted to treat workfare participants as employees, they were defeated. For example, an amendment offered by the gentleman from California [Mr. BECERRA] requiring that workfare participants be covered by labor laws was defeated right here in this Chamber.

The bottom line is that the legislative history is very clear. Congress did not intend for the Department of Labor to ruin the welfare reform law by outlawing work. The Clinton Administration has thrown down the gauntlet, first by issuing an outrageous ruling and then by refusing to go along with our efforts to correct this unwarranted attack on welfare reform. Congress will react in an appropriate fashion before this session is over to make sure that families can receive the training and experience they need to leave welfare for work and to support themselves.

Mr. SPRATT. Mr. Speaker, I yield 2 minutes to the gentleman from California [Mr. FAZIO].

Mr. FAZIO of California. Mr. Speaker, the same Republicans who said the only way this Congress could balance the budget was by amending the Constitution stand here today to take credit for something that they said could never be done without that.

The same Republicans who spent 5 years attacking our President as a taxer and spender have embraced his plan to balance the budget. That is the truth of the matter.

Democrats took this balanced budget bill and made it ours; and now, as the long-distance race to a balanced budget plan passes the grandstand, the Republicans want to join us for the last victory lap.

The President and congressional Democrats said their top priority was to put college within the grasp of working families, and here is what we got: A $1,500-a-year grant for the first 2 years of college, a lifelong learning tax credit, an increase in scholarships for low-income and middle-class families.

The President and congressional Democrats said that every kid in America deserves health care when they need it, not just when they can afford it. This bill does that.

The President and congressional Democrats said that Medicare should cover preventive health services, such as screening for prostate cancer and mammography. This bill does that.

The President and congressional Democrats said that a balanced budget and tax legislation should help those who need it most, not the richest of the rich. This bill does that.

We have scored a major victory for a balanced budget, for fair tax cuts, for our kids, for our future. The winners? Not Republicans and not Democrats. This time, the American people.

I urge my colleagues to put aside their concerns, both sides have many, and to follow through on the work we began in 1993, to honor our colleagues whose courage made it possible for the rest of us to be here today to take credit for finishing the job.

Mr. SHAYS. Mr. Speaker, I yield 2½ minutes to the gentleman from Virginia [Mr. BLILEY], one of the senior Members of Congress, the chairman of the very powerful Committee on Commerce.

Mr. BLILEY. Mr. Speaker, I thank the gentleman for yielding me this time.

Thirty years ago the Federal Government's budget was in balance. Thirty years ago families kept more of their hard-earned money. Thirty years ago Government programs were by and large helpful, not hopeless. How far we have fallen in three decades.

We now face nearly $6 trillion in debt, crushing tax burdens and uncontrolled spending. The programs we throw taxpayer dollars at often do not help the people they were supposed to help, and every day there are more rules and regulations to limit our freedom as Americans.

□ 1500

But today is different, because today we are saying enough is enough. Although we may not like certain parts of this package, it is the whole that counts. And the whole is the first balanced Federal budget in nearly three decades.

But this budget does more than achieve balance in 2002. Among the budget's many provisions are a number of notable achievements crafted by the Committee on Commerce. We preserve Medicare for the next generation of beneficiaries and give seniors more choices than ever before. We make long overdue reforms to the Medicaid program, making it more flexible for States and more effective for recipients.

We chart a new course in American health care away from Washington-knows-best control and toward greater innovation by establishing a block grant to provide coverage and services for poor, uninsured children. And we strengthen America's prohibition on the use of Federal funds for abortions, making clear that our efforts today are on behalf of all children, born and unborn. Most of all, this budget is an important step in our quest to make the Federal Government serve the American people and not the other way around.

After this budget is passed and signed into law, our work will not be finished. We have a duty to remain vigilant against wasteful Government spending. We need to reallocate existing resources to make sure the taxpayers get a dollar's worth of value for every dollar spent. And we need to prepare now for the budgetary needs of the baby-boom generation.

I am proud of the first steps we have taken in this balanced budget plan, and I look forward to building on this achievement in the months and years to come.

Mr. SPRATT. Mr. Speaker, I yield 2 minutes to the gentleman from Texas [Mr. STENHOLM].

Mr. STENHOLM. Mr. Speaker, I am very pleased to rise in support of this budget agreement. The very first year I ran for Congress, I talked about the need to abolish our Federal deficits. Putting our Nation's fiscal house in order has been my highest priority throughout my career. At long last, it appears we are going to accomplish that goal.

The efforts of President Clinton and Congress have resulted in 5 consecutive years of declining deficits and the lowest deficit this year since the Carter administration. The agreement builds on this tremendous achievement and continues this glidepath to a balanced budget. While I will personally wait until the budget is balanced, in fact, instead of projections before I pop the champagne cork, this is a tremendous step for the future of our country.

Two years ago, those of us in the coalition set out to prove it is possible to balance the budget while protecting education, health care and other important priorities. This agreement is a vindication of that effort. This reconciliation bill reflects the influence of Blue Dog budgets in many areas. The savings levels and the policies for Medicare and Medicaid and other programs are quite close to the savings levels and policies proposed in our budget that have bipartisan support.

There are many important features of this reconciliation bill in addition to the promise of a balanced budget. The changes to payments to health care plans in underserved areas and the provisions allowing health care providers to form provider sponsored organizations will expand access to health care for seniors, particularly in rural areas. The formula for DSH payments to States is improved substantially over the bill originally passed by the House.

The education and children's health initiatives are important investments in our future. The funding for local programs to move welfare recipients to work will help make welfare reform a success. Although the budget enforcement provisions fall far short of what I believe is necessary, there are some important improvements in the area of budget enforcement that closes some of the loopholes in the current budget process.

Mr. Speaker, I urge everyone to support this agreement.

Mr. SHAYS. Mr. Speaker, at this time, it is our pleasure to yield 2 minutes to the gentleman from Texas [Mr. DELAY], the House majority whip and a senior member of the Committee on Appropriations.

Mr. DELAY. Mr. Speaker, I thank the gentleman from Connecticut [Mr. SHAYS] for yielding me the time.

Mr. Speaker, I rise in support of this legislation that finally balances our Federal budget. It is about time. I have waited my entire adult life for it. Some Members of the Democrat minority just still do not get it. Indeed, if they were in charge, we would not be cutting taxes or cutting spending at all. If the Democrats still ran Congress, this deal would have contained more Government spending and tax increases instead of tax cuts.

We need to look at the big picture, and the big picture shows how we are moving toward smaller, smarter government and greater freedom for our citizens. We have to give President Clinton some credit. He has rejected the left wing of his own party and publicly embraced conservative commonsense values of lower taxes and smaller government.

But this budget is only a first step. We still have a lot of work to do. We need to come up with a long-term plan to fix entitlements. If we do not, our children's future might be miserable.

We still need to reform spending. The Federal Government today is not as small or as smart as it could be. We still have too many stupid, harmful, and counterproductive Federal regulations. The Federal bureaucracy is still too big and still spends too much money.

But this legislation is a very, very good start. It will balance the budget by the year 2002 or even sooner. It will slow the growth of spending for some entitlements and for some discretionary programs. But this is a compromise with the President, who wants to spend more money. He has consistently and persistently fought for more Federal spending programs.

This legislation reflects the President's desire to spend more money. We have tried our best, and for the moment our best is only good enough. But this budget is not the end of the line. It is simply another landmark on the road to fiscal responsibility. Next year is another budget and more tax cuts.

I urge my colleagues to vote for this legislation.

Mr. SPRATT. Mr. Speaker, I yield such time as he may consume to the gentleman from Virginia [Mr. SISISKY].

Mr. SISISKY. Mr. Speaker, this legislation is an important step toward improving the health of our Nation's senior citizens by providing Medicare coverage for colorectal cancer screening. For the first time, America's seniors will have access through Medicare to preventive screening for colorectal cancer, the second most deadly cancer disease next to lung cancer. Preventive screening has been proven to reduce mortality from colorectal cancer, yet, a large majority of America's senior population has never been screened.

I am very glad to see that this legislation establishes an expedited process to assure Medicare coverage for all colorectal cancer screening procedures that are currently available and can help reduce the incidence and mortality rate of this disease. The fecal occult blood test, sigmoidoscopy, and colonoscopy are covered by Medicare upon enactment of the legislation, and the barium examination will undergo an expedited review by the Department of Health and Human Services [HHS]. A determination regarding Medicare coverage for the barium examination will be made within 90 days.

Mr. Speaker, I strongly urge the HHS in conducting this review and determination to adopt the same approach to evaluating colorectal cancer screening procedures as the American Cancer Society [ACS]. The objective of the ACS was to maximize the number of people who get screened for colorectal cancer. In explaining its colorectal cancer screening guidelines, the ACS emphasized that four currently used colorectal cancer screening procedures are cost-effective alternatives for colorectal cancer screening, whose widespread use will result in fewer deaths from colorectal cancer. The barium examination was among the screening options recommended by the ACS.

The approach taken by the ACS clearly reflects the ultimate goal of colorectal cancer screening legislation—to provide a basis for as many Medicare patients as possible to be screened. It is appropriate, therefore, for HHS to adopt the same approach in evaluating Medicare coverage of the barium examination. I am confident that, on the basis of this review, HHS will determine that the barium examination is a highly effective colorectal cancer screening procedure, and that the addition of the barium examination to colorectal cancer screening under Medicare would increase screening, save lives, and save money.

Mr. SPRATT. Mr. Speaker, I reserve the balance of my time.

The SPEAKER pro tempore (Mr. SOLOMON). The Chair will make note of the time remaining. The gentleman from Connecticut [Mr. SHAYS] has 16 minutes remaining, the gentleman from South Carolina [Mr. SPRATT] has 11 minutes remaining, and the gentleman from Washington [MCDERMOTT] has 1¾ minutes remaining.

Mr. SHAYS. Mr. Speaker, I yield 1½ minutes to the gentlewoman from New Jersey [Mrs. ROUKEMA], a 9-year member of the Committee on Banking and Financial Services and chairman of the Subcommittee on Financial Institutions.

Mrs. ROUKEMA. Mr. Speaker, I thank the gentleman from Connecticut [Mr. SHAYS] for yielding me the time.

Mr. Speaker, when I first heard of this Balanced Budget Act, I kind of drew a breath and said, this sounds too good to be true. But, in fact, it was true. Apparently, we can work together here in the Congress for the good of the people, without a lot of partisan bickering. And I am very grateful for that. I support it.

We must understand that, on the whole, this is a very good package. Not to say that we agree with everything, but we must understand that the Balanced Budget Act and the Tax Relief Act are joint efforts to put our fiscal house in order, and they must be linked together. We must remain mindful not to cut spending to the extent that we may endanger programs that are vital to our elderly and to children in order to provide for tax cuts. I do not believe we have done that here.

For years, I have been advocating a save-and-invest-in-America program, and I will vote on this bill today and the taxpayers bill tomorrow. However, we cannot ask American people to save and invest unless we force the Government to live within its own means.

However, I must say that this is a good bill, but some of the savings do concern me. The impact of these decisions on New Jersey and the outyears is particularly worrisome in connection with the Medicare payments. But I have been assured by the responsible members of the committee that we will continue to monitor the changes in the disproportionate share hospital payments on transfer payments to hospitals.

New Jersey is in a unique position, and I have been assured that we will be treated equitably in making those transfer payment arrangements.

Mr. Speaker, I rise today in support in H.R. 2015, the Balanced Budget Act of 1997. In fact, this sounds too good to be true. Apparently, we can work together for the good of the people without all the partisan sniping and bickering.

For the first time in a generation, we are on the verge of crafting a balanced budget. The Congress and the President have come together to agree on this long held goal to put our children's future on a strong fiscal footing.

On the whole, it is a good package. That is not to say that I agree with everything. We must understand that both the Balanced Budget Act and the Taxpayers Relief Act are joint efforts to put our fiscal house in order. Both must be linked together. We must remain mindful not to cut spending to the extent that we may endanger programs that are vital to our elderly and children in order to provide tax cuts.

For years, I have been advocating a save and invest in America program and the Taxpayers Relief Act, which I will vote for tomorrow, includes many key provisions. However, we cannot ask the American people to save and invest until we force this government to live within its own means.

We have a responsibility to our children and the future. Perpetual deficits threaten to straddle our children with crushing debt that could lead to low paying jobs, economic stagnation, and possibly a lower standard of living.

The need for a balanced budget has never been greater. The national debt is increasing by close to $9,500 per second. In 1996, Americans paid $900 in taxes per person to service interest on the debt. In fiscal year 1997 we will have spent $248 billion on interest on the debt, that is 15 percent of all Federal spending. That is money not spent on our children, on education, or health care. It is money that goes into the fiscal black hole created by our continued indebtedness.

Our Nation is on the verge of tremendous generational change. The baby-boom generation will, in the next decades, begin to retire. With this great influx, the next generation will be asked to carry on the responsibility of ensuring that their parents are cared for by a system that is fair and equitable. It is our responsibility, in this Congress, to ensure the viability of worthy Federal programs and to create a strong and vibrant economy in which our children and grandchildren can thrive, succeed, and enjoy the promise of what America has to offer. The Balanced Budget Act of 1997 is the first step in this process.

In order to avoid this calamity, the Balanced Budget Act will require everyone in the United States to share some of the sacrifice associated with reducing the size of the Federal Government and reforming spending. This act attempts to reduce spending in the most equitable manner possible.

Significant savings will come from Medicare and Medicaid. The Federal health care programs for the elderly and low-income respectively will be asked to spend over $128 billion less than current CBO projections.

Without question, this area of savings raises the most concern, and I must state my healthy skepticism about how much can, or should, be accomplished in the near-term.

Some of the aspects of this act will receive criticism for concerned groups. Clearly, strong action must be taken to ensure that our elderly will be able to receive necessary medical treatment through the Medicare Program, and that Medicare will be there for many hard-working families who will become eligible in the next 10 or 20 years.

The Balanced Budget Act will keep the Medicare trust fund solvent for at least the next 6 years. Most of these savings come from reducing payments to hospitals and health care providers. I applaud the establishment of a special commission to study how to make Medicare solvent well into the future and secure for when the baby-boom generation begins to retire. I have long supported a commission and believe that it will offer Congress intelligent and balanced information.

The provision in this act that greatly concerns me is the issue of medical savings accounts. The bill allows for a pilot program of 390,000 accounts to be set up. Mr. Chairman, medical savings accounts are a bad idea for America.

We must not let our drive to make Medicare solvent lead to us to destroy the best elements of that program by moving elderly Americans into dubious health plans like MSA's. We can not lose sight of the quality of care that Medicare provides. MSA's are riddled with problems. There exists the danger of fraud and abuse of poorly informed seniors. MSA's could result in a lowering of the quality of care of our elderly, an increase in Medicare premiums for the elderly, and an undermining of the system as a whole, because the healthy seniors will be removed from the system along with the more financially secure thereby eroding Medicare as an universal system.

I would like to highlight some of my concerns in this budget dealing with the hospitals of New Jersey. I have been concerned about the changes in the disproportionate share hospital [DSH] payments to hospitals in New Jersey.

I have been assured that no one State will take a much greater hit than any other State—that a formula has been worked out that takes an even approach in this formula calculation. We must work to ensure that New Jersey and other States do not shoulder an unfair amount of burden.

Also, I have been concerned over changes in the different hospital payments for a transfer versus a discharge. While I understand that a compromise has been reached where the new definition change will only apply in a limited capacity, I am further heartened that this will not be implemented until after October 1998, and that the Commerce Committee is open to holding hearings and looking further into this definition change. I pledge to work with the Commerce Committee to deal equitably with New Jersey's unique status.

One last issue of concern I had affecting our hospitals is over Medicare. I am glad we were able to work out a compromise which would phase in adjustments to the prospective payment system for the first 2 years. By allowing a phase in, the various hospitals affected would be able to adjust accordingly. We must continue to work with this Nation's hospitals so that all people receive the care they need.

In reforming the health care system, we must make sure that we maintain the quality of care to those who need it, maintain access to care, and that all changes are fair and equitable. We must ensure that those who have the least do not give up the most. As I have said, "let's not be a penny wise and a pound foolish."

The Balanced Budget Act should be applauded for other important reasons. This act expands health care coverage to millions of children across the Nation. This is possibly the best investment we have made in a generation.

I am very pleased about the increase in the cigarette tax and the use of that money to provide for the expansion of children's health care. This was one of my top legislative priorities this year and demonstrates the best in public policy.

I must compliment the conferees for including parity treatment of mental health coverage. Mental and physical health care for our children are inseparable. Healthy bodies means healthy minds and vice versa. Parity treatment of mental health coverage demonstrates our wisdom and compassion. Our children are the most important resource we have.

Indeed, if the truest judgment of a society is the way they treat their children, then we have taken a major step to secure that our generation believes that our children should be cared for in the most comprehensive and compassionate manner.

The Balanced Budget Act is the strongest statement this Congress can make on the direction we intend to take in the future. We must remember that this is the first time we will have balanced the budget in over a generation. It is important for us to stay focused on maintaining a balance and running surpluses.

We must avoid the temptation of declaring victory and leaving. We must continue to balance budgets in the future. We must reform the entitlement programs to prepare them for the retirement of the baby boom generation. We must be prepared to enforce our agreement in the future. There is much hard work and many tough decisions to make in the future.

The Balanced Budget Act sets forth our priorities. We still protect the programs that provide care for the elderly, the poor, and the young. We will create a new program to protect our children who currently have no health coverage. And we will balance the Federal budget and put our fiscal house in order for the future. It also demonstrates what this body can do when it agrees on a goal and is determined to reach an agreement. This Act shows us the result of bipartisan action. Let us use this as a lesson for future action.

Mr. SPRATT. Mr. Speaker, I yield 1 minute to the gentleman from North Carolina [Mr. PRICE].

Mr. PRICE of North Carolina. Mr. Speaker, this bill before us today is a truly bipartisan achievement, a vast improvement on the budget bill approved in this Chamber a month ago, one that we can vote for with great confidence. I want to applaud colleagues on both sides of the aisle who have brought us to this day.

This agreement includes $24 billion for our Nation's children. Five million American children who are not now covered will have health insurance protection because of this agreement.

The agreement also protects our veterans, ensuring that any shortfalls in medical care collections do not translate into less health care for those who have fought for our country.

Finally, this agreement protects the elderly of this country. It expands Medicare coverage for diagnostic and preventive health care services. It extends the life of the Medicare trust fund for another 10 years. And it establishes a commission to ensure the long-term solvency of the trust fund so our Nation's senior citizens are not continually put at the mercy of budget negotiators.

I want to thank my colleagues, whose tenacity enabled us to reach a solid bipartisan budget agreement, and I urge all my colleagues to support it.

Mr. SHAYS. Mr. Speaker, I yield 2 minutes to the gentleman from Arizona [Mr. HAYWORTH], a new Member in the class of 1994, a sophomore now, and a member of the House Committee on Ways and Means.

Mr. HAYWORTH. Mr. Speaker, I thank my colleague from Connecticut, Mr. SHAYS, for yielding to me and thank my colleague from North Carolina, Mr. PRICE, for his thoughts on this bill.

Mr. Speaker, it is difficult at times for a career politician to go do this, but I would ask all of us to leave the spin cycle in the laundry room. The fact is historians and the American people will judge us on how we arrived at this important date with this important piece of legislation.

What we can truly say today, Mr. Speaker, is that this is not a victory of party. Quite the contrary, it is a victory for our country. Because we put aside some partisan differences, we tried to reach accommodation on some deeply held beliefs, and such is the essence of our Democratic lifestyle and the principles we embrace.

It is interesting for me personally, Mr. Speaker, as I reflect back to the summer of 1969, to the year of the miracle Mets and man on the Moon, the summer before the sixth grade for me, and the last time the American people had a balanced budget. How important it is that, in waiting a quarter century or more, an entire generation, in effect, we now have the chance to embrace a balanced budget. How important it is, too, that we have taken a new look at how we administer the different rules in Washington, DC, how we are now willing to transfer money, power, and influence out of the hands of Washington bureaucrats and back closer to home so that people on the front lines can make decisions, so that parents are free to save, spend, and invest for their children as they see fit.

And how pleased I am, Mr. Speaker, that we join in a bipartisan fashion to preserve and strengthen Medicare through the next decade. For my parents, who, so youthful in 1969, turned 65 this year; we owe it to my parents and other parents to make sure that Medicare is preserved. This budget agreement does just that. We can do no less and also establishing a framework for the future as the baby boomers begin to retire.

I thank my colleagues for joining together. I urge passage of this important legislation.

Mr. SHAYS. Mr. Speaker, I yield 1 minute to the gentleman from Minnesota [Mr. GUTKNECHT], a member of the Committee on Ways and Means.

Mr. GUTKNECHT. Mr. Speaker, I thank the gentleman from Connecticut [Mr. SHAYS] for yielding me the time. I also thank him for appointing me to the Committee on Ways and Means. I am actually on the Committee on the Budget and delighted to be so.

Let me talk just for a minute about some things because I know that, among the general public and amongst some of our colleagues, there is a certain amount of cynicism in terms of whether this budget agreement is real, whether we will actually balance the budget, whether we really will have the discipline to follow through to make the tough choices as we go forward.

I think those are legitimate questions. But I think Benjamin Franklin may have said it best when he said, "I know no lamp by which to see the future than that of the past."

I would like to remind Members of what we said just 2 years ago when we passed our budget resolution, the blueprint, our 7-year plan to balance the budget. We said in fiscal year 1997 we would spend no more than $1,624 billion in fiscal year 1997. That is the year we are in. Two years ago we said we would spend $1,624 billion. This year we actually are going to spend in fiscal year 1997 $1,621 billion.

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At a time revenues have increased by over $100 billion, we are spending less than we said we were going to spend just 2 years ago.

Mr. SPRATT. Mr. Speaker, I yield 4 minutes to the gentleman from Michigan [Mr. BONIOR], the minority whip.

Mr. BONIOR. I thank the gentleman from South Carolina for yielding me this time.

Mr. Speaker, this budget deal helps America's working families. It cuts their taxes, it gives health insurance to millions of children, it offers scholarships to students, and extends the life of the Medicare trust fund for another decade. So it is for these and other good provisions in this bill that I thank my colleagues, the gentleman from South Carolina [Mr. SPRATT] and the gentleman from New York [Mr. RANGEL], and my colleagues on this side of the aisle who worked on this bill.

This deal also promises to keep the budget in balance. I say keep the budget in balance because we already balanced it with our 1993 deficit reduction package. That plan dropped the deficit from nearly $300 billion then to roughly $40 billion deficit this year, and it is still falling.

So we made tough choices in 1993. Some of my Republican colleagues have criticized that plan as a tax increase. What they do not say is that the people whose taxes went up in 1993 were the richest 1 percent in America. What they do not say is that we cut spending. And what they do not say is that we gave a tax cut to 20 million working families. I think what galls them the most is that our plan back in 1993 has worked. The economy has boomed, the deficit has disappeared.

Today's budget deal builds on the great success of that plan. The Children's Defense Fund told the Washington Post that $24 billion for children's health insurance is an initiative that will do extraordinary good for millions of children. Families USA called it the most significant advance in health care coverage since Medicaid and Medicare programs were enacted 32 years ago.

This budget deal does other good things, too. It provides a $500-per-child tax credit to working families. It provides thousands of dollars in tax credits for students to pursue their education after high school. It protects wages, pensions, health care, and it gives tax relief to millions of American homeowners.

But let me caution here. While I support these measures for working families, my Republican colleagues have exacted a heavy, heavy price for them. In addition to rewarding the richest Americans with a huge cut in the capital gains tax rate, they are rolling back the corporate minimum tax. That is a $19 billion giveaway to America's richest corporations. It is an outrage, it has no place in this deal, and I and others will be fighting it in the future. Because we will be watching to make sure that the tax breaks now going to the wealthy do not end up costing working families in the future.

But as I vote for this budget deal, I think of its immediate impact on the lives of those working families. I think of that young police officer's family not scrimping so much thanks to the new child tax credit. I think of all the children who are going to get health insurance for the first time, 5 million of them, with the $24 billion program. I think of all the young students who will now be able to afford community college, acquiring the skills to land them jobs where they can support their families. And I think of those people who have lost their jobs, who will be able to go back to their community colleges to learn the skills to support their families.

When I vote yes on this budget deal, I am going to vote for them and I am going to vote for America's working families.

Mr. SPRATT. Mr. Speaker, I yield 1 minute to the gentleman from Michigan [Mr. LEVIN].

Mr. LEVIN. Mr. Speaker, I heard the colloquy between the gentleman from Florida and the gentleman from Missouri, and I just want the record to be clear. They are attempting to write a bill through a colloquy and you cannot do that. The reference to 1988 is very mistaken. It was a very different bill. It was not a broad welfare-to-work bill as we are now implementing.

I worked hard on the 1993 legislation, and no one can get up here and simply give their gloss on it and expect that to become law. But most importantly, the effort in this House by the majority to exclude people who would be classified as employees under FLSA and other Federal laws from those protections was specifically rejected in the conference committee. It is not in this bill. No colloquy can erase that. People who move from welfare to work have the dignity of the protection of Federal law if they are employees.

Mr. SHAYS. Mr. Speaker, I yield 1 minute to the gentleman from Arizona [Mr. HAYWORTH].

Mr. HAYWORTH. I thank the gentleman from Connecticut for yielding me this time.

Mr. Speaker, again we see where there are genuine differences honestly held and where there may be other measures that have yet to be taken to address problems that people on both sides of the aisle have. But again I come down to speak on behalf of this legislation because of the many positive effects we will see, not only, although goodness knows it is important enough to balance the budget for the first time in a generation, not only because we preserve and protect Medicare for the next decade and set up the framework with a bipartisan commission to look at the very serious questions that confront us when the baby boomers start to retire, but also because of the second part of this agreement which we will come to tomorrow, the first meaningful tax cuts for working Americans in 16 long years.

Again, it is part of the difference in philosophy, where we honestly believe that working Americans deserve the chance to hold onto more of their hard earned money and send less of it here to Washington, and these two measures fit together like hand in glove. Today we deal with spending, tomorrow with tax cuts. The bottom line is a better future for the American Nation.

Mr. SPRATT. Mr. Speaker, I yield 1 minute to the gentleman from Minnesota [Mr. MINGE].

Mr. MINGE. Mr. Speaker, as many of us have recognized, this agreement and this legislation have multifaceted advantages, and of course there is always a downside. I would like to emphasize one of what I think is the most positive attributes of the legislation, and that is its recognition of health care needs of Americans.

First and foremost, we are now attempting to assist States in providing coverage to children who do not have health care insurance. Second, we are addressing the imbalance that exists between rural health care financing and urban. Altogether too long, Mr. Speaker, the rural portions of our country have been denied the chance to participate in managed care because of highly discriminatory regional reimbursement rate structures.

Third, tomorrow we will take up legislation that addresses the tax deductibility of premiums for health insurance by self-employed individuals. These features together, I submit, are important reasons for supporting this legislation.

Mr. McDERMOTT. Mr. Speaker, I yield myself such time as I may consume. I include for the RECORD an editorial from the Washington Post yesterday entitled "Budget Week," as follows:

> BUDGET WEEK
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> As a country, we seem about to enter a week of self-congratulatory rhetoric in which the president and congressional Republicans will celebrate the balanced-budget agreement they appear to have reached and that Congress may finally pass as it leaves town for its summer vacation.
>
> The president will say, not without cause, that he was successful in taking some of the rougher edges off the initial Republican proposal. He will argue that the final product balances the budget without doing violence to the values of the Democratic Party, finishes the job of deficit eradication that he began in drawing up in his first budget in 1993, provides a steady platform from which to head into the future and proves that, when there's a willingness to compromise, the political system can work.
>
> The Republicans, for their part, will say that while they've had some tough times lately, and while they lost some battles to the president, they basically won the war. Glossing over the history of the 1980s, they will claim it is they who have always wanted a balanced budget. With greater cause, they will say it is they who have been the party of tax cuts and smaller government. If those are now both parties' goals, they win, even if the president, in coming their way on the issues, has partly shouldered them off center stage.
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> But in our view those are the wrong standards by which to judge this deal. They are mostly short-term and political, as is the deal itself. It will be no surprise to readers of this page that we apply a different lens.
>
> (1) The balanced budget, assuming one is achieved, will owe as much to the continuing strength of the economy as to any policy changes Congress will vote this week. You could argue—we would—that the strong economy derives in part from some of the policy changes for which the president successfully fought in 1993. The fact is that this budget would actually undo some of the most important of those changes. In terms of fiscal discipline, it is less the advance its sponsors claim that a retreat from high ground that the president himself once occupied over Republican objections.
>
> (2) The distinctive element in the deal remains the tax cut, for which the rest is mostly cover and a gloss. The long-term effect of the tax cut will be to add, regressively, to a deficit that the deal will at best only temporarily erase. The president played a double role in this, first agreeing to the cut, then working to make it a little more palatable around the edges. But the basic structure is still wrong. The children's credit, which will be the costliest provision in the early years, is mostly a political sop for which neither party has been able to think up a convincing economic justification. In the later years this will be overtaken by large, late-blooming tax cuts mainly for the highest-income households in the country. They will begin to drain the Treasury in earnest about the time the baby boomers retire. There is no economic or social justification for most of them either.
>
> (3) Meanwhile, even though these are the most propitious of economic times and possibly political times as well in that the next president election is three years off, the plan, by mutual agreement, does next to nothing about the real fiscal problem—the one that will come with the boomers' retirement—that everyone acknowledges but wants to defer. Let the next folks do it. The tax cuts would compound this problem. The Senate proposed some first steps to cut longer-term Medicare costs, like asking higher-income beneficiaries to pay a slightly higher share of program costs. They dropped it from the final bill. This is a bill that, in the name of solving the nation's fiscal problem, systematically avoids and in some respects worsens that problem. The wrapping is great; the gift is dross.
>
> The bill has some good features. Medicare will be a tidier program as a result of its passage. The number of children in the country lacking health insurance could be reduced (though that could end up an empty initiative, also). But most of the things that are good about the bill are good only in that the alternatives were worse. The legislation reverses some of the worst features of last year's welfare bill and of the original budget bill that the Republicans put forward this year. But the welfare bill should never have been signed, and likewise the first draft of this year's budget bill is a pretty poor standard on the strength of which to measure victories.
>
> We assume that Congress will pass this package; the president and the Republican leadership are both invested in it. By now a lot of other people have larger or small investments in it as well. But this is a lost opportunity that, on balance and in the long run, will likely do a fairly large amount of harm—the tax cuts—for relatively little good.

Mr. Speaker, we hear people here talking about this whole issue as though it was a long-term fix, but in fact if my colleagues read this editorial, it says the strong economy derives in part from the policy changes which were made in 1993 by the Democrats, by the Budget Deficit Reduction Act that we passed.

But more important this editorial has a warning in it. It says the distinctive element in this deal remains the tax cut, for which the rest is mostly cover and a gloss. The long-term effect of the tax cut will be to add regressively to a deficit that the deal will at best only temporarily erase. The late-blooming tax cuts, mainly for the highest income households in the country, will begin to drain the Treasury in earnest about the time the baby boomers retire. There are no economic or social justifications for most of these cuts.

My concern is we are going to touch down with a balanced budget in 2002 like a 747 doing a touch-and-go landing in learning to fly the plane. The budget deficits will take off at precisely the time the budget will have to face the problems of baby boomers. People will be caught between their kids going to college and their parents in nursing homes, and there will be no money in the Treasury to deal with their problems because we are taking away the essence of the social safety net in this country.

That is why people ought to vote against this. It is making a long-term problem for ourselves for short-term political gains.

The SPEAKER pro tempore (Mr. SOLOMON). The time of the gentleman from

Washington [Mr. McDERMOTT] has expired.

Mr. SHAYS. Mr. Speaker, I yield 1½ minutes to the gentleman from Wisconsin [Mr. NEUMANN].

Mr. NEUMANN. Mr. Speaker, I rise to address some of the things that we have heard from our side of the aisle today and from both sides of the aisle, some of the concerns that somehow this is not real. I would like to just bring some of the facts to light here. I have heard, for example, that discretionary spending, the part of spending that we actually control out here, is going up under this plan. Let me give my colleagues the facts. Nondefense discretionary spending is going from $281 billion a year to $288 billion a year 5 years later. That is less than a one-half of 1 percent increase each year. If we take inflation into account, that is a decrease in nondefense discretionary spending by about 1.5 percent per year. Yes, this is real, yes, it does what it is supposed to do, putting our financial house back in order, yes, it restores this Nation so our children can have hope of living the American dream.

I want to give another number. Total discretionary spending, again the part of the budget that we have the most control over. Total discretionary spending is going from $549 billion this year to $561 billion 5 years later, again less than one-half of 1 percent spending increase.

How about the overall spending increase? Overall spending increase is going from $1,621 billion to $1,889 billion. That is an increase of about 3 percent a year, roughly the rate of inflation. Yes, this is real, yes, it does what it is supposed to do. Our seniors can count on Medicare, our working families can count on additional tax reductions, and our children can count on us for a change, the first time since 1969, to do the right thing for this great Nation that we live in.

Mr. SHAYS. Mr. Speaker, I yield 1 minute to the gentleman from Iowa [Mr. LATHAM], a member of the Committee on Appropriations.

Mr. LATHAM. Mr. Speaker, I wanted to obviously stand here in support of the Balanced Budget Act and the provisions as far as the taxes. But one thing that is very, very important to the State of Iowa and all rural parts of this country is the reimbursement changes that are made in Medicare. In my congressional district, our reimbursement averages about $311 per person per month. In some of the urban parts of the country, it is $750 per person per month. In those areas, seniors have the option in their health care for eyeglasses, hearing aids, prescription drugs, even memberships at health clubs. We have none of that available. In this act we finally address the inequity between rural and urban parts of this country with the base now going to $367. It is extremely positive. I want to thank the committee and all the people who worked so very hard on this to address this real problem.

Mr. Speaker, I am proud to support the Balanced Budget Act as it comes before this body for a vote. Although this bill includes some items that I support and others that I would have preferred to have been left out, we should all recognize the bill as a product of bipartisan compromise and achievement. I am especially proud of the work this House and the Senate have done to increase Medicare choices for seniors.

Bring equity to seniors from rural areas, like northwest Iowa, has been a priority of mine since I've been in Congress. I want to ensure that seniors in rural northwest Iowa are going to enjoy Medicare benefits not just in the next couple of years, but for the next generation and beyond.

The majority party of this Congress has repeatedly vowed to bring choices to seniors as part of Medicare reform. One of those choices that has been denied up until now has been managed care for rural seniors. However, fulfilling a commitment made in the budget resolution earlier this spring, this Balanced Budget Act makes substantial reforms of the way the Medicare Program pays managed care plans.

Iowa seniors have paid into the Medicare System and have every right to expect efficient health care coverage. Unfortunately, the current Medicare System has always comparatively overcompensated urban areas in regard to the Medicare reimbursement rate at the expense of rural States like Iowa. By efficiently utilizing our health services in the past, the current Medicare law punishes Iowa seniors through low reimbursement rates. Some urban areas receive 2½ times the reimbursement rate per person than rural areas like northwest Iowa do.

The budget agreement will immediately establish a payment floor of $367 per month per beneficiary, which represents a tremendous increase for some Iowa seniors who are currently allowed $250 per month. The Balanced Budget Act also includes a 50/50 local/national blended payment rate for health plans beyond 1998. This blend will gradually bring the reimbursement rate for rural areas more in line with the rate of increase in urban areas, a goal of fundamental fairness.

Bringing fairness and equity to the Medicare System has always been my agenda, along with Members from both sides of the aisle from rural parts of the country. Iowa Medicare beneficiaries deserve the same options and benefits as any other seniors in the country. I am proud to say that the Balanced Budget Act increases choices for Iowa seniors, and brings equity to the Medicare Reimbursement System.

Mr. SPRATT. Mr. Speaker, I yield such time as she may consume to the gentlewoman from Texas [Ms. JACKSON-LEE].

Ms. JACKSON-LEE of Texas. Mr. Speaker, I rise to support this Balanced Budget Act because this bill does good things for children's health, welfare mothers, and for rebuilding our schools.

Mr. Speaker, I rise to express my wholehearted support for the bipartisan balanced budget agreement that the President and the Congress have agreed on implementing.

This historic agreement will result in the first balanced budget agreement in a generation, with a net savings of $900 billion over 10 years.

The President's economic plan has cut the deficit more than 75 percent from $290 billion in 1992 to $67 billion or lower by the close of this year. This agreement will finish the job by balancing the budget in 2002 and puts the budget in surplus at least through 2007.

This agreement will mean an unprecedented $24 billion for children's health care, a $500 per child tax credit for approximately 27 million families, a $1,500 HOPE Scholarship for the first 2 years of college and a 20 percent tuition tax credit for college juniors, seniors, graduate students, and working Americans pursuing lifelong learning.

As first balance budget since 1969, I know that the American public has waited long for a recognition that a budget that is not in balance hurts the economy, and robs our children of their future. More important than the agreement are the incentives to ensure that regardless of who has political control the agreement will be adhered to by both parties.

The important domestic priorities that we have agreed should be met are accomplished under this agreement. It allows people to move from welfare to work and treats legal immigrants fairly. There will be $3 billion to help States and local communities move people from welfare to work, along with $12 billion to restore both disability and health benefits for 350,000 legal immigrants in 2002 who are currently receiving assistance or become disabled.

This balanced budget agreement is a victory for middle-class parents trying to pay for their children's college and for working people trying to upgrade their skills.

We know the level of computer literacy and skills currently held by 20 percent of American workers, which is well below the 60 percent that will be required by the year 2000. Our Nation's workers will need opportunities to train for and acquire new skills to adapt to the new economic realities of the next century.

By crafting this agreement we will allow workers and their families to find greater freedom through job mobility and higher wages through acquisition of skills that are marketable.

Along with creating opportunity for current workers we must also maintain our support for youth summer jobs programs for future workers.

In 1997, Houston Works Summer Youth Program plans to serve 6,500 young people between the ages of 14 and 21, with a projected budget of $8.9 million. This funding would only allow 3 percent of those who would qualify to be included in the program. The potential number of applications for this important jobs program is 43,000 young people which reflects the total number of disadvantaged youth in the area served by Houston Works. Nationwide, there are 4 million youths who would qualify for this summer jobs program if funds were available.

Last year Houston Works provided 5,177 jobs to youth ages 14 through 21 years, with a budget of $6.5 million.

This program has made a significant difference in the lives and fortunes of Houston's young people who were fortunate enough to have their application accepted.

This balanced budget agreement will also aid the environment through a new tax cut plan to clean up and redevelop Brownfields. The 3-year Brownfield tax incentive will reduce the cost of cleaning up thousands of contaminated abandoned sites in economically distressed areas by permitting clean-up costs to be deducted immediately for tax purposes.

I along with many of my colleagues have worked hard to find solutions to this country's budget deficit and are pleased to see this type of bipartisan progress.

Mr. SPRATT. Mr. Speaker, I yield 2 minutes to the gentlewoman from Connecticut [Mrs. KENNELLY].

Mrs. KENNELLY of Connecticut. Mr. Speaker, may I take this opportunity to thank the gentleman from South Carolina [Mr. SPRATT], my leader, for his good work in the conference, the conference report that as a Democrat I am proud to stand here today and support, although I agree with many of my colleagues that we should have had more time to study the language as written. But this legislation really contains many Democratic priorities. To begin with, it balances the budget without a constitutional amendment and continues the direction made and begun in 1993 by that very, very difficult budget vote.

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But that is only the beginning. The bill also includes the largest investment in our Nation's history since Medicaid, $24 billion. This funding will help States provide health coverage for millions of uninsured children, and I really hope I can believe what I heard, that this coverage will be as good as State and Federal workers have.

Furthermore, the legislation restores Federal aid for thousands of legal immigrants and provides $3 billion to help people make that transition so important from welfare to work.

These and other changes make good on the pledge that many of us made, led by the President, to fix the problems in the recent welfare bill, and I thank the gentleman from Florida [Mr. SHAW] for his hard work in this area.

And, finally, the bill will enhance Medicare's coverage for preventive care including, annual mammograms. The legislation also does spend $1.5 billion to help more low income Medicare beneficiaries pay for that all important part B premium.

I also want to applaud the majority for agreeing with Democrats to drop earlier provisions on reducing employment protections for welfare workers and on reducing State supplemented SSI payments for 2.8 million elderly.

Mr. Speaker, the bill balances the budget while protecting democratic principles. This is a goal that many of us have been fighting for for a long time. I urge support for this conference report.

Mr. SHAYS. Mr. Speaker, I yield myself 2 minutes.

Mr. Speaker, a long battle began in 1989 when a fairly young Member of this House, the gentleman from Ohio [Mr. KASICH], offered an amendment to balance the Federal budget to get our country's financial house in order. There were 30 Members who supported him in that long march. In 1990, 106 Members supported him. In 1991, 114 Members supported him. He did not offer an amendment in 1992, but in 1993, 135 Members supported JOHN KASICH in his effort to get our country's financial house in order. In 1994, 165 Members supported him in his effort to get our country's financial house in order, and then with the election of 1994 we had the dynamic class of 73 Republican freshmen who came in and helped this man and helped this Congress get our country's financial house in order. In 1995, 235 Members voted to get our country's financial house in order, and the President vetoed that effort. In 1996, 216 voted for that, and the President vetoed it.

Today we are at a historic point. We are at a point where this Democrat President and this Republican Congress have come together to get our country's financial house in order and balance the Federal budget.

The President wanted more spending in certain areas, and this Republican Congress wanted tax cuts and changes to entitlements to slow the runaway costs of entitlements. This has been an effort of both sides, and this is an effort that needs to be supported.

CALL OF THE HOUSE

Mr. SHAYS. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The call was taken by electronic device, and the following Members responded to their names:

[Roll No. 344]

Abercrombie
Ackerman
Aderholt
Allen
Andrews
Armey
Bachus
Baesler
Baker
Baldacci
Ballenger
Barcia
Barr
Barrett (NE)
Barrett (WI)
Bartlett
Barton
Bass
Bateman
Becerra
Bentsen
Bereuter
Berman
Berry
Bilbray
Bilirakis
Bishop
Blagojevich
Bliley
Blumenauer
Blunt
Boehlert
Boehner
Bonilla
Borski
Boswell
Boyd
Brady
Brown (CA)
Brown (FL)
Brown (OH)
Bryant
Bunning
Burr
Burton
Buyer
Callahan
Calvert
Camp
Campbell
Canady
Cannon
Capps
Cardin
Carson
Castle
Chabot
Chambliss
Chenoweth
Christensen
Clay
Clement
Clyburn
Coble
Coburn
Collins
Combest
Condit
Conyers
Cook
Cooksey
Costello
Cox
Coyne
Cramer
Crane
Crapo
Cubin
Cummings
Cunningham
Danner
Davis (FL)
Davis (IL)
Davis (VA)
Deal
DeFazio
DeGette
Delahunt
DeLauro
DeLay
Dellums
Deutsch
Dickey
Dicks
Dingell
Dixon
Doggett
Doolittle
Doyle
Dreier
Duncan
Dunn
Edwards
Ehlers
Ehrlich
Emerson
Engel
English
Ensign
Eshoo
Etheridge
Evans
Everett
Ewing
Farr
Fattah
Fazio
Filner
Flake
Foglietta
Foley
Ford
Fowler
Fox
Franks (NJ)
Frelinghuysen
Furse
Gallegly
Ganske
Gejdenson
Gibbons
Gilchrest
Gillmor
Gilman
Goode
Goodlatte
Goodling
Gordon
Goss
Graham
Granger
Green
Greenwood
Gutierrez
Gutknecht
Hall (OH)
Hall (TX)
Hamilton
Hansen
Harman
Hastert
Hastings (FL)
Hastings (WA)
Hayworth
Hefley
Hefner
Herger
Hill
Hilleary
Hilliard
Hinchey
Hinojosa
Hobson
Hoekstra
Holden
Hooley
Horn
Hostettler
Houghton
Hoyer
Hulshof
Hunter
Hutchinson
Hyde
Inglis
Istook
Jackson (IL)
Jackson-Lee (TX)
Jefferson
Jenkins
John
Johnson (CT)
Johnson (WI)
Johnson, E. B.
Jones
Kanjorski
Kaptur
Kasich
Kelly
Kennedy (MA)
Kennedy (RI)
Kennelly
Kildee
Kilpatrick
Kim
Kind (WI)
King (NY)
Kingston
Kleczka
Klink
Klug
Knollenberg
Kolbe
Kucinich
LaFalce
LaHood
Lampson
Lantos
Largent
Latham
LaTourette
Lazio
Leach
Levin
Lewis (CA)
Lewis (GA)
Lewis (KY)
Linder
Lipinski
Livingston
LoBiondo
Lofgren
Lowey
Lucas
Luther
Maloney (CT)
Maloney (NY)
Manton
Markey
Martinez
Mascara
Matsui
McCarthy (MO)
McCarthy (NY)
McCollum
McCrery
McDade
McDermott
McGovern
McHale
McHugh
McInnis
McIntosh
McIntyre
McKeon
McKinney
McNulty
Meehan
Meek
Menendez
Metcalf
Mica
Millender-McDonald
Miller (CA)
Miller (FL)
Minge
Mink
Moakley
Molinari
Mollohan
Moran (KS)
Moran (VA)
Morella
Murtha
Myrick
Nadler
Neal
Nethercutt
Neumann
Ney
Northup
Norwood
Nussle
Oberstar
Obey
Olver
Ortiz
Oxley
Packard
Pallone
Pappas
Parker
Pascrell
Pastor
Paul
Paxon
Payne
Pease
Pelosi
Peterson (MN)
Peterson (PA)
Petri
Pickering
Pickett
Pitts
Pombo
Pomeroy
Porter
Portman
Poshard
Price (NC)
Pryce (OH)
Quinn
Radanovich
Rahall
Ramstad
Rangel
Redmond
Regula
Reyes
Riggs
Riley
Rivers
Rodriguez
Roemer
Rogan
Rogers
Rohrabacher
Ros-Lehtinen
Rothman
Roukema
Roybal-Allard
Royce
Rush
Ryun
Sabo
Salmon
Sanchez
Sanders
Sandlin
Sanford
Sawyer
Saxton
Scarborough
Schaefer, Dan
Schaffer, Bob
Schumer
Scott
Sensenbrenner
Serrano
Sessions
Shadegg
Shaw
Shays
Sherman
Shimkus
Sisisky
Skaggs
Skeen
Skelton
Slaughter
Smith (MI)
Smith (NJ)
Smith (OR)
Smith (TX)
Smith, Adam
Smith, Linda
Snowbarger
Snyder
Solomon
Spence
Spratt
Stabenow
Stearns
Stenholm
Stokes
Strickland

Stump
Stupak
Sununu
Talent
Tanner
Tauscher
Tauzin
Taylor (MS)
Taylor (NC)
Thomas
Thompson
Thornberry
Thune
Thurman
Tiahrt
Torres
Towns
Traficant
Turner
Upton
Velázquez
Vento
Visclosky
Walsh
Wamp
Waters
Watkins
Watt (NC)
Watts (OK)
Weldon (FL)
Weldon (PA)
Weller
Wexler
Weygand
White
Whitfield
Wicker
Wise
Wolf
Woolsey
Wynn
Yates
Young (FL)

□ 1555

The SPEAKER. On this rollcall, 410 Members have recorded their presence by electronic device, a quorum.

Under the rule, further proceedings under the call are dispensed with.

CONFERENCE REPORT ON H.R. 2015, BALANCED BUDGET ACT OF 1997

The SPEAKER. The Chair recognizes the gentleman from Connecticut [Mr. SHAYS].

Mr. SHAYS. Mr. Speaker, I yield 1 minute to the gentleman from Florida [Mr. STEARNS], a member of the Committee on Veterans' Affairs, for the purposes of a bipartisan colloquy with the gentlewoman from Michigan [Ms. RIVERS].

Mr. STEARNS. I thank my colleague for yielding time to me, Mr. Speaker.

Ms. RIVERS. Mr. Speaker, will the gentleman yield?

Mr. STEARNS. I yield to the gentlewoman from Michigan.

Ms. RIVERS. Mr. Speaker, in today's House Action Report analysis of the bill before us relative to the Veterans Administration, that publication says that there is going to be a $2.7 billion cut in veterans' programs over the next 5 years.

Unfortunately, this analysis makes no reference to third-party insurers or to this body's agreement to keep the Veterans Administration whole relative to third-party insurer dollars. This has caused a lot of concern here in the House, as well as out in the community.

Can the gentleman speak to this?

Mr. STEARNS. Mr. Speaker, I want to thank my colleague from Michigan for this question. I think it is very important.

As a member of the Committee on Veterans' Affairs and chairman of the House Subcommittee on Health, let me answer by saying we in the Committee on Veterans' Affairs have agreed with the proposal to allow the VA to retain $600 million per year, or over a 5-year period it is $3 billion, in collections from third parties.

But we are also aware of the uncertainty among veterans this policy creates. We in the Committee on Veterans' Affairs have addressed these fears by developing language in the bill that would authorize an automatic supplemental appropriations if collections fall short by more than $25 million.

Ms. RIVERS. Mr. Speaker, I thank the gentleman from Florida.

Mr. SPRATT. Mr. Speaker, I yield myself the balance of my time.

Mr. Speaker, today for the first time in the 15 years that I have served in the House, we stand within reach of a balanced budget. The question before us is will we finish the job. We stand here within reach of a balanced budget because we stand on the shoulders of those who went before us, Democrats in 1993, who leaned into this problem at great political cost. We paid for it at the ballot box. The deficit was ratcheted then at $190 billion and rising. We voted to do something about it.

To frame the context of what we are doing, I pulled from my office shelf this afternoon the Economic Report of the President filed by George Bush on January 13, 1993, 1 week before Bill Clinton came to office. If Members turn to page 69 of that economic report, they will see that the Bush administration projected that the deficit for fiscal 1993 would be $332 billion. The next year, 1994, they said it would be $297, the next year $265, the next year $241, and this year, $266 billion.

□ 1600

They had another track. They assumed that possibly we could rise to a better result if we had higher growth in the economy. And in that case they assumed the deficit this year would be $207 billion. Members know the results. As Yogi Berra says, you can look it up. It is a matter of record.

We passed that bill with one vote in the House and the skin of its teeth in the Senate. Guess what? The deficit came down in fiscal year 1993 to $255 billion. The next year when we closed the books on fiscal 1994, it was $203 billion. In 1995, when we closed the books on that year, it was $164 billion. And last September 30, 1996, the deficit was $107.8 billion. Phenomenal. We cannot deny it.

We are now looking and confidently expecting a deficit which will be this year below $50 billion, probably below $40 billion.

The question is, will we complete the job? Will we finish what we started in 1993 and claim the victory to which we are entitled?

I address now my side of the aisle. This is our legacy, and today we should lay claim to it by voting this bill up and by finishing the job.

When we started this year, it was not clear at all that we would be able to muster the effort, mount the bipartisan kind of cooperation that would be necessary to bring together a bipartisan agreement and finish the job.

I want to give credit again to President Clinton because as in 1993, again this year he leaned into the problem. He issued a call for us to come together, those of us who are on the Committee on the Budget, to sit and talk, then to negotiate and finally to hammer out the terms of a bipartisan budget agreement.

And I give full credit to the Republican leadership of the committee and of the House, because they responded in earnest and in good faith to that call for talks and for negotiations, and they stood firmly with the process to the very end. The talks were hard fought, no doubt about it. We can sit here and believe that the product that lies before us was hammered out, hard wrought. But throughout those negotiations, there was civility and cordiality from the beginning to the very end. That is why we come here with an agreement that I think we can call a bipartisan agreement.

I noted earlier that when we brought that bipartisan agreement to the floor of the House in the form of a budget resolution, in the form that we had negotiated it, 133 Democrats, nearly two-to-one, voted in favor of it. When the Committee on the Budget then put the resolution out to the committees of jurisdiction, nine all together, it picked up a lot of extra baggage. From my side that baggage contained some bitter pills. It was hard to swallow. We lost more than half of our support for this bill.

I voted for the reconciliation bill, notwithstanding all of those contentious provisions that were bitter to swallow for my side of the aisle. And when I did it, I said, I am betting on the come. I have seen the bipartisan cooperation that we have had in the negotiations so far. If it prevails in the conference, I think we can clean out the bitterness in this bill and bring back to the House a reconciliation bill that a large majority on my side can and should support, because a large majority of the things in this will be things that were our ideas, our initiatives, things for working families who are our constituents and our supporters.

I stand before my colleagues today to say I think we have reached that result. I am not completely pleased with this legislation, of course not. But I have rarely had the occasion to vote for the perfect bill in the 15 years that I have been in the House. And I think that this conference, in this conference we have had far more successes than setbacks. We have a bill that is as close to the budget resolution as we could possibly make it.

This is called a deficit reduction bill. Most of the focus has been on balancing the budget. But in truth, this is more than just a balanced budget, more than just a deficit reduction plan. As I have said before and I think it bears saying again, we did not get so fixated on the deficit that we forgot that other problems exist in this country. Working families need relief. They need help, and we have tried to reach out and help them provide health insurance, ensure that they have got an educational opportunity, an opportunity for higher education.

We have taken Medicare and dealt with Medicare because it is the biggest spike in the budget, fast growing, high spending, we have to deal with it. We cannot ignore it. We have reduced the cost by a net of $115 billion.

But we protected the beneficiaries, and Democrats can be proud of that because we fought hard for that. We saw that that had to be in this final package. We have not only protected beneficiaries, we have added $4 billion in preventive care coverage to this final package, which is something, too, that we can be proud of.

There are lots of victories in here. I say to my colleagues on my side of the aisle in particular, count the victories. Count the wins that we have got in this package. Count the ideas that are our ideas, that we should lay ownership to and take credit for in the passage of this package.

I think this bill achieves far more than we as Democrats in the minority could ever have hoped to achieve acting by ourselves alone, even with the help of the administration. I am pleased with the outcome. I am going to vote for it. I urge all of my colleagues to do the same.

Mr. SHAYS. Mr. Speaker, on behalf of the Republican Conference, I very proudly yield the balance of my time to the gentleman from Ohio [Mr. KASICH], chairman of the House Committee on the Budget.

Mr. KASICH. Mr. Speaker, you wonder about Ronald Reagan and his wife Nancy in California. This is his legacy, to balance the budget and cut taxes.

The effort to do this, to shake us out of the status quo, has been driven by the energy of a great Republican President like Teddy Roosevelt.

Let me say that there are many, many Members here who are winners. It could not have been done without the gentleman from South Carolina [Mr. SPRATT], working very hard, in a bipartisan way, to sell this package. The Blue Dogs and my great friend, the gentleman from California [Mr. CONDIT], who came to the floor on a very tough amendment and gave us the votes we needed to keep the package together.

The Republican leadership, I look over at the gentleman from Illinois [Mr. HASTERT] and the gentleman from Texas [Mr. DELAY] and the gentleman from Texas [Mr. ARMEY] who came to this Congress to get this done, to balance the budget and cut taxes. Our Speaker, NEWT GINGRICH, who had the will at times to lead when it was difficult. The gentleman from Texas [Mr. ARCHER] who has been here for almost all of his adult life trying to balance the budget and cut taxes and cut capital gains. And there are just so many Members, the members of the Committee on the Budget, starting in 1993, Rick May, my staff director, who worked day and night, along with the rest of the Committee on the Budget staff. They all deserve credit.

But let me, in a nutshell say to everyone here, starting in the period of the Great Depression, my dad was on the WPA. Roosevelt decided we needed a lot of solutions. And the American people said, we are willing to send some of our power and some of our money and some of our influence to the central government. Over the course of the last 40 or 50 years, when we add up Medicare and Medicaid and civil rights and education, so many wonderful things happened over the course of that time.

But let me tell my colleagues where we are today, because everything in life really is a balance. Everything in life is really a pendulum. What this bill represents today, a balanced budget that is real, the savings start today, what this really represents, along with tax cuts that give people power, it really represents the dawning of a new era. It is an era where we recognize the limits of government, and we begin to one more time count on the strength, the innovation, the creativity and the pure energy of the American people, all of us, every single boy and girl, mom and dad, grandma and grandfather, to begin to heal our country. Because what Americans have been saying is, government did a good job to get us over a lot of the hurdles and government still has a job, but what Americans are saying today is, let me get up to the plate, put the bat in my hand, let me heal my family, let me heal my neighborhood, let me heal my schoolhouse, let me heal my community and let me, working with my neighbors, begin to heal my country on the basis of my individual strength, innovation and ingenuity.

This is not the end of the day, obviously. We face a generational war that must be avoided. It is the passing of the baton in a great relay race from one generation to another. We, as the baby boomers, and we, as those who are nearing the time when we will retire, have a responsibility to our children and our grandchildren.

We have to make sure that we can pass that baton and that is work that lies ahead of us. But what is clear in this bill is that we are now committing to limiting the power of government and enhancing the power of the individual.

It is a start. It started by giving our senior citizens more choice. It is happening by giving our Governors more flexibility to design programs to help people that fit their model and their communities. It is a program that enhances the power of individuals through medical savings accounts. It is a program that puts power in people's pockets by reducing the size of Government and letting people keep more of what they earn so they can help their family and their community. That is what this bill represents.

The fact is, Mr. Speaker, I say this to Members on both sides of the aisle, the third millennium will not be a time period where we will talk about the power of regulators or regulations or lawmakers. The third millennium is going to be about the power of the individual, the spirit that created this country and drives this country.

I want to make one final observation to my colleagues. There are many of you on both sides of the aisle that have a burning coal deep inside of your souls, whether it is in regard to children or whether it is in regard to national security or whether it is in regard to helping our senior citizens to prosper or standing up for the best education for a tool for everybody that breathes inside this country or for America to continue to be a bright shining light to the world.

I have one message for you: Do not ever let your colleagues tell you you cannot get there. Do not ever let your staff say, it cannot be done, the mountain is too high. If you will maintain integrity, if you will build a team, if you will be inclusive, if you will stay honest to yourself, I do not care what your dream is, you can get it done through this House. The message here today is that people working together with a great goal in mind, they can be successful and that this House works.

Let us support this bill and let us send a strong message across this country that we are going to win the future and ignite our country to do even better.

God bless you.

Mr. BLUMENAUER. Mr. Speaker, it would be easy to join the administration and friends on both sides of the aisle in their acclaim for their tax and budget agreements, unfortunately, I don't believe a "yes" vote is in the best long term interest of our country.

To be sure, the proposals are better than when the process started. They are more fair and do less long term damage. In fact, there are some elements I strongly favor: the adjustment of capital gains on the sale of residential property, certain adjustment inheritance tax on farms and small business, spending more money for education and the repair of obvious flaws in the welfare legislation passed last year. These are all worthy goals that I support.

In the final analysis there are still three basic problems.

First, the tax changes are premature. We have not done any of the hard work on balancing the budget. The tax changes are scattered and political rather than focused and economically driven.

Second, people most in need, students and working families, don't get enough and that which they do receive is not efficiently delivered. For example, students around America are clear that there are far better ways to provide assistance to make sure that young people get the college education they need. The tuition credit for tax deduction is an expensive indirect way to help them.

Third and most fundamentally, the long term structural problems remain unaddressed. Our challenges may be harder because we lose several years of potential progress while the long term problem gets worse. It continues the illusion that budget cuts and entitlement reform can be done effortlessly and without pain.

While acknowledging the good intentions of the crafters of these proposals and the progress they have made, they are still at their core a short term political adjustment when we need long term fundamental change. I will continue my efforts in supporting any reasonable efforts to achieve that basic goal.

Ms. FURSE. Mr. Speaker and my colleagues, I rise today in support of H.R. 2015, the Balanced Budget Act. I am pleased that the conference report before the House includes important expanded preventive benefits in the Medicare Program, including improved coverage of diabetes education and supplies. This is a long-overdue change, one that I have worked on for 4 years.

My daughter Amanda has diabetes. As a family, we know that diabetes is the only disease that is managed on a daily basis by the patient. If a person with diabetes lacks the education and/or the proper supplies to manage their disease, they'll do a poor job. When people do a poor job of managing diabetes they end up in the hospital, go blind, suffer heart attacks and strokes. Currently, Medicare won't pay for adequate coverage of self-management training and the necessary tools to manage diabetes, but it will pay for all the avoidable, preventable, costly complications of this disease. This legislation makes these important changes in Medicare and will improve the quality of life for people with diabetes. It is a remarkable achievement.

My colleague, Mr. NETHERCUTT of Washington State, also has a daughter with diabetes. Earlier this year, Mr. NETHERCUTT and I introduced H.R. 58 to improve Medicare coverage of self-management training and blood testing strips. H.R. 58, which has the support of over 282 members of the House, corrects two critical gaps in Medicare coverage which result in thousands more emergency room visits, increased hospitalizations, and cases of blindness, amputation and stroke. I am pleased to report that the conference report includes improved coverage of self-management training and blood-testing strips, as well as blood glucose monitors. This is a dramatic achievement that will save billions of dollars and improve the quality of life for the 16 million Americans with diabetes.

Numerous studies have clearly demonstrated how improving coverage of diabetes education and supplies saves money, and many private sector companies are implementing diabetes programs to save precious health care dollars. In many ways, the bill before the House today modernizes the Medicare Program and brings it in line with changes occurring in the private sector.

I want to thank my colleague on the Commerce Committee, Mr. BILIRAKIS, as well as Mr. BROWN and Mr. THOMAS for their support of making this change. I also want to again thank my colleague from the Pacific Northwest, Mr. NETHERCUTT, who cofounded the Congressional Diabetes Caucus with me. Together, as parents of children with diabetes, we have proven that there is no place for partisanship in tackling this devastating disease. This is a landmark achievement in the Medicare Program and I urge all my colleagues to support passage of this conference report today.

Mr. VENTO. Mr. Speaker, I rise today in support of the spending reconciliation bill, which builds upon the past success of deficit reduction agreements made by Congress, and outlines a plan to lead to a balanced budget by the year 2002. Each of us could and would change the priorities and adjust the way we arrange the tax expenditures which we will be considering tomorrow, but this agreement includes many compromises needed to find common ground.

Mr. Speaker, it's been a long hard path back from President Reagan's 1981 river boat gamble, slashing revenues and lavish Pentagon spending. Those dark years of annual deficits punctuated by rhetoric and finger pointing and constitutional amendments are no substitute for a good congressional constitution for the membership. This year the deficit is estimated to be less than $40 billion through September 30, 1997, the lowest annual deficit since the late 1960's. While a strong economy has helped budget numbers, the lower deficit is in large part finally the result of major work done by the Democratic majority in Congress in 1993 working with President Clinton. Ironically, that year we passed a deficit reduction package with close to $500 billion in deficit reduction, more than double the amount we are talking about today. Not one Republican voted for that package, but the improved budget numbers we are working with now in 1997 are principally a result of those tough choices some made in 1993. The current budget resolution builds upon solid framework and stands on the shoulders of the 1993 budget action. Most importantly, none of the 1993 measure is being repealed or greatly modified in the agreement being offered as a solution today. That speaks volumes concerning the validity of that 1993 budget achievement.

We have made positive progress in the annual deficit, and we must continue to make progress without extreme actions. Today's budget agreement, hammered out by President Clinton and the Congress, demonstrates that we can pursue fiscal balance without creating social imbalance. It extends the Medicare trust fund, even while adding several preventative benefits such as annual mammograms; protects the Medicaid Program; enacts the most significant expansion of health care in three decades, and reinstates fair benefits for legal immigrants lost in the name of reform in 1996. Without the need of a majority vote, each of us no doubt would change this budget. But we must examine and judge this budget based on what is possible politically and practically today, against the backdrop of 1995–96, when polarization and the shutdown of the Federal Government were employed to achieve the ends that the Republican majority in Congress sought, those goals were wrong. The public, the President, and political system rejected the Republican agenda. Today we are acting on an agenda that the public, President, and political system will accept, good for our economy and a sound fiscal policy path to a balanced budget.

Certainly one of the most important achievements of this budget agreement is the significant expansion of health care coverage for children. I have been a longtime advocate of efforts to expand access to health insurance for American families. This measure takes a step forward by expanding coverage for 5 million of the 10 million uninsured children in this Nation. This is the largest expansion of health care for children since the enactment of Medicaid in 1965. In fact, the bill before us today actually goes beyond the original budget agreement by providing an additional $8 billion over a 5-year period from a new tobacco tax to assure that the child health care insurance is accomplished.

However, while I am pleased that Congress is acting to secure health insurance for children nationwide, I do not believe that the bill includes an equitable formula for distributing the funds to States. Minnesota has made pioneering efforts in providing health care coverage for children, so that it currently has the lowest rate of uninsured children in the Nation. However, because the bill's formula is based on the number of uninsured children in each State, Minnesota is being penalized because it has already worked to expand children's health care. Several of my colleagues and I attempted to change the bill so that the formula would be based on the number of children in poverty, but the budget agreement only allows for partial consideration of the poverty rate beginning in the year 2001.

While the Republicans did not sufficiently change the children's health formula, they have withdrawn several other negative policy proposals which were included in this bill when it originally passed the House. The pea and shell game that was put forth concerning protections for legal immigrants has been corrected; they are now conforming to the important commitment of the original budget agreement to assist low-income seniors with the Medicare part B premiums; they have dropped their proposal to exempt some health plans from State solvency requirements and consumer protections; they have deleted changes to medical liability laws to cap malpractice damages; and they have backtracked on several antiworker provisions, including a provision which would have undermined basic employment protections for people on welfare.

The devil of any budget is in the details and President Clinton working with our Democrat budget leaders excised most of the devils which would have derailed this agreement. The numbers and policy recommendations in today's reconciliation bill reflect the fact that our country does not need to renege on basic commitments to the American family and our constituents in order to reduce the deficit and balance the annual budgets. We do not need to create a human deficit in the name of deficit reduction. We can invest in our nation's future through health care, education, infrastructure, and the environment, and still achieve a sound budget. In fact my view is that a human deficit would soon lead to a fiscal deficit especially in today's global economy.

This budget agreement serves as a fair outline for an economic agenda over the next five years while not perfect. Overall, this budget agreement is a very positive step, the product of compromise, which is necessary in today's political climate and tomorrow's. The budget builds on our past successes in deficit reduction, finishing the job in a reasonable, if not an ideal manner. No doubt some adjustments and modification will be made as we correct for economic realities and attempt to reprioritize in the years ahead. It will be important for us to protect an re-examine the priorities important to the American people as we work to craft the bills to implement the budget agreement over the long term, but I believe this is a worthy product putting in place. The public policy knowledge at our disposal with the political symmetry of our national government into positive action for today, for the benefit of the American families we represent.

Mrs. FOWLER. Mr. Speaker, 3 years ago, when we gained control of the House of Representatives, Republicans made a commitment to cut taxes, balance the budget, and save Medicare.

The spending and tax relief bills we take up this week represent the fulfillment of those promises. The Balanced Budget Act we are considering today is essential to balancing the Federal budget for the first time since 1969.

Of special interest to my constituents who are senior citizens are the provisions relating to Medicare. The Balanced Budget Act will restore solvency to Medicare by saving $115 billion over the next 5 years and implementing structural reforms. These reforms include giving new health care choices to seniors, including provider-sponsored networks; a demonstration program for medical savings accounts, which would permit 390,000 MSA plans; and new benefits, including mammograms and Pap smears, screening for prostate and colorectal cancer, and a program to help with diabetes management.

Mr. Chairman, this is the kind of news that really means something to people. I am pleased and proud that I can go home during the August recess and tell my constituents that their elected Representatives have taken responsibility for the fiscal health of this Nation—and for the future of their children and grandchildren—by preserving Medicare, giving them back more of the hard-earned money, and balancing the budget.

Mr. DINGELL. Mr. Speaker, the spending reconciliation bill before us has a number of important and commendable provisions. At the same time, like many compromises, it includes some provisions which I consider quite objectionable.

On the positive side, the bill represents the first major expansion of health care in many years by establishing a $24 billion program to insure our Nation's children. Extending health care to as many as 10 million uninsured children has been one of my most important goals, and this bill takes the first step in that direction.

The bill also makes useful and important reforms of the Medicare Program that will extend solvency of the Medicare trust fund, while expanding new preventative services and adding consumer protections. Similarly, new consumer protections have been added to the Medicaid Program.

Unfortunately, despite these commendable provisions, we should not delude ourselves that this bill will likely provide a balanced budget, in part because it uses $24 billion in phony revenues from sale of the public spectrum. These telecommunications provisions will give away the public spectrum for pennies on the dollar, and tamper with the public's Universal Service Fund that provides affordable telephone service to all areas of the country.

In addition, I have serious problems with some of the Medicare provisions, such as medical savings accounts and private fee-for-service plans, that threaten the long-term viability of Medicare.

I also have strong objections to the provisions in this bill that make unnecessary cuts in our veterans' health programs by as much as 20 percent. This is undoubtedly the worst place we could choose to balance the budget.

Any bill that is so comprehensive and filled with compromise is bound to have both very good and very bad provisions, but as a Member of Congress we must choose either yes or no. In this case, Mr. Speaker, I believe there are too many important provisions in this bill, particularly in improved health care, to turn it down.

Therefore, I intend to vote yes to this conference report.

CHILDREN'S HEALTH

The most significant achievement in this budget, which I have fought hard to achieve, is a $24 billion in new spending for a new health insurance program for at least half of the 10 million uninsured children in this country.

These children in the families of working Americans will now have a real chance at access to vital health services, such as the prescriptions they need when they have an earache or a sore throat, and eyeglasses so they can read the blackboard in school.

There is no better investment that this Congress can make than helping children get a jump start on life by giving them access to health insurance to give them the opportunity to grow strong and happy.

SPECTRUM

The telecommunications provisions contained in this conference report have merely two flaws: They will gut vital telecommunications policy goals that have enjoyed bipartisan support for decades. And they will do nothing to achieve a balanced budget.

The Budget Committee and the leadership of this body have made it clear that getting a good score from CBO is more important than good policy. But this is not the congressional baseball game. That was played last night.

Today we are not playing a game where good score is the only objective—we are trying to do what is best for the American people.

One only needs to examine a few of the telecommunications provisions to answer that question: The bill forces the Government to liquidate a valuable natural resource—the public radio spectrum—for pennies on the dollar. It requires the auction of frequencies used by the Government that experts say will put our country's military operations at risk.

It takes the unprecedented step of tampering with the Nation's universal service fund—a dangerous move that will hold affordable telephone service hostage to the budget process from this day forward.

MEDICARE

This bill includes many positive changes for Medicare—tough new fraud and abuse provisions; substantial consumer protections for Medicare-managed care; and excellent changes in Medigap.

I also noted that, thanks to efforts by Chairman BLILEY and BILIRAKIS, the bill includes a number of proposals offered by my Democratic colleagues during Commerce Committee markup. However, the bill unfortunately includes several proposals that I fear will prove dangerous to Medicare.

Specifically, medical savings accounts and private contracts between physicians and certain Medicare beneficiaries, for health services outside of Medicare, are dangerous proposals. While this bill includes commendable limits on both approaches, I continue to believe they are inherent menances to Medicare.

Also, the conference report includes a remnant of a very misguided Senate proposal for so-called private fee-for-service health plans. Even with the limits on beneficiary copayments and balance billing wisely included in the conference report, this is a perilous idea which chips into the foundation of Medicare and could lead to the crumbling of that critical foundation, brick by brick.

MEDICAID

The conference report includes several vital improvements in the Medicaid Program: It provides individuals with a choice of managed care programs; it establishes a prudent layperson definition of medical emergencies, so that people experiencing chest pains cannot be denied payment for emergency room services; it requires Medicaid plans to have grievance procedures for people who have been denied services; and it provides consumer information on managed care plans.

I am pleased that payments to community health centers have been preserved over the next 6 years. I intend to keep a close watch over these payments, so that we do not put these important health centers at risk.

I am concerned, however, by the repeal of the requirement of adequate payment to nursing homes, which I believe will threaten important protections of seniors.

Finally, while there was much in this reconciliation process which precluded a careful debate on these issues, I do want to express appreciation to my colleague and chairman of the committee, TOM BLILEY and his excellent and hard-working staff for their willingness to work with members of the minority and our staff, to hear our concerns, and include our staff in important drafting sessions. I commend the committee staff for their professionalism and their cooperation. I also want to thank the hard efforts of our Democratic staff on this bill, and for their many hours of work on this bill.

Mr. THORNBERRY. Mr. Speaker, I rise today in support of the Balanced Budget Act of 1997. Achieving a balanced budget has been a major priority of mine since I first ran for Congress. I am very pleased that today we will vote on a measure that will balance the budget for the first time in 28 years.

In addition to balancing the budget, important headway is made with this legislation in several areas. The Medicare Trust Fund is preserved to the year 2007. The package contains structural reforms and expands choices for seniors. The bill includes preventive care benefits for mammographies, pap smears, diabetes, prostate, and colorectal cancer screening, vaccines and others. Tough, new antifraud measures will increase accountability through stiff penalties for those in violation of the law. Medical Savings Accounts [MSA's] will allow tax-free annual contributions to an individually controlled account and can be used to pay for qualified medical expenses. The project will cover 390,000 seniors and would be combined with a high-deductible insurance policy to provide protection against catastrophic injuries or illnesses.

This bill also increases the freedom and options available to beneficiaries. Patients will finally be allowed to privately pay for services not offered by Medicare. Additionally, Medicare can no longer restrict providers' advice to beneficiaries about medical care or treatment. Beneficiaries will also be given a voice via a new toll-free number to report fraud and billing irregularities directly to the inspector general of Health and Human Services.

While I am in support of the provisions that will preserve Medicare to the year 2007, I also understand the need for continued reform. With this legislation, a National Bipartisan Commission on the Future of Medicare will address Medicare's long-term solvency crisis and make recommendations to Congress on how to preserve the Medicare Program.

In addition to the Medicare provisions, the Medicaid portion of the bill projects savings of $13 billion over 5 years and increases State flexibility, allowing States to provide more cost-effective medical coverage for low-income persons. The legislation also reforms the disproportionate share hospital [DSH] payments through a revised formula designed to protect States from excessive reductions.

There are many positive provisions in this bill in addition to the ones I have mentioned. However, there are also a variety of provisions that I do not support. For example, I do not support increasing taxes and do not believe this increase is the appropriate forum to deal with the question of tobacco. I also have concerns about the children's health provisions. While I definitely want to see every child receive necessary medical attention, I do not believe that the Federal Government can or should replace parents in caring for children. I am also disappointed States like Texas will not be permitted to use nongovernmental personnel in the determination of eligibility for certain benefits. As this Congress strives to achieve a fiscally responsible government, programs like the Texas Integrated Enrollment System need to be given every opportunity to run as efficiently and effectively as possible.

In this bill, there is good and bad legislation. Ultimately, the good outweighs the bad. For the first time in 28 years, Congress will bring some fiscal responsibility to the Federal budget. Additionally, preserving the Medicare Trust Fund is critical to seniors and action is necessary immediately. For these primary reasons, I support the Balanced Budget Act of 1997.

Mr. RUSH. Mr. Speaker, I rise today to oppose the balanced budget agreement. This deal is praised as a bipartisan victory—that we have balanced the budget and increased spending for some social programs. Nothing is further from the truth.

This balanced budget deal was achieved primarily by drastic cuts—$115 billion from Medicare—the major health program for the elderly, and $13 billion in savings from Medicaid—the major Federal program providing health care for poor people. The budget gets balanced by cutting Medicare payments to doctors, hospitals, and other health care providers. The budget deal freezes Medicare payments to hospitals at the fiscal year 1997 level—even though we all know that the demand and costs are rising. And this deal reduces Medicare and Medicaid payments for hospitals that serve a disproportionate number of low-income patients—the very poor—the uninsured. These include public hospitals like Cook County Hospital in Chicago and the University of Chicago Hospital in the First Congressional District. And the cuts also hurt those whose very breath depends on home oxygen. The budget cuts payments for oxygen and oxygen equipment. This budget deal was paid for with another deal—generous tax cuts that favor those who are better off. Only a quarter of these cuts go to people making less than $100,000 a year. Thirty-six percent of these cuts go to the top 1 percent of income earners.

With due respect to the President, and my colleagues on both sides of the aisle—this budget does contain some hard-won provisions—but let's not forget they were fought for and won—by poor people, working people, and advocates for children and immigrants. This bill does include expanded health insurance for poor children. The bill restores benefits to legal immigrants who become disabled and it guarantees minimum wage and workplace protections to workfare participants. But 5 million children who need health insurance will not be covered. Legal immigrants will not receive food stamps. And our Nation's schools that need serious rebuilding so they can move our children into the 21st century and get connected to the information superhighway do not have the funds they need.

Last spring, I cast my vote for the Congressional Black Caucus [CBC] Budget. I was proud to vote for that budget. That budget both balanced and fully funded vital safety net programs like WIC and Head Start. The CBC budget protected the constituents of the First Congressional District. I represent a district where 20 percent of my constituents live in poverty. Thirty-six percent of the children under 18 in my district live in poverty. How could I vote for a budget deal like this when mothers in my district like Grand Boulevard watch their babies die at three times the national average?

My decision to vote "no" on this budget agreement is not a close call. I believe it is a disgrace. It is a betrayal of our basic democratic ideals.

Mr. DOYLE. I rise today to support this spending package, H.R. 2015. This proposal, combined with the tax package we will consider tomorrow, establishes a framework where, for the first time since 1969, our Nation will achieve a balanced budget by the year 2002.

Past efforts in Washington to achieve this type of fiscal balance have been met by partisan gridlock and an unwillingness to compromise. This left the American people with a budget problem and no solutions, with a budget deficit growing larger each year.

During this most recent effort, however, Members of Congress and the President not only listened to our constituents and other affected parties, we also listened to each other. The result of this effort is the balanced budget proposal we are considering this week.

H.R. 2015 represents the spending portion of this bipartisan budget package, which outlines an intelligent solution to not only bring the budget into financial balance, but also to implement other initiatives that improve the lives and health of our most vulnerable citizens.

It is never easy reforming a program, such as Medicare, that so many people depend on for essential services. However, if left untouched, by the year 2001, the Medicare Program would no longer be able to pay for the services it provides to eligible beneficiaries. It is because of this financial instability that Congress took action to develop a proposal that extends the solvency of the Medicare Program.

The majority of the reforms included in the bill primarily affect health care providers by making changes to reimbursement rates or the method Medicare uses to reimburse these providers. This bill also expands coverage of preventive care for senior citizens, including services related to diabetes, osteoporosis, and certain types of cancer, and it includes provisions to further reduce fraud and abuse in the program. Additionally, to respond to an increasing use of managed care entities in the health care system, the bill institutes important consumer protections for Medicare beneficiaries, ensuring that seniors who enroll in managed care plans are provided adequate medical services.

This legislation will not only ensure continued access to health care services for Pennsylvania's seniors, but it also protects the Commonwealth's youngest residents by setting aside $24 billion over 5 years to provide health coverage for uninsured children. This important initiative would provide essential health coverage to as many as 5 million children who are currently living without health benefits.

These initiatives will help secure a healthier future for our Nation, and, at the same time, ensure that our Nation's financial health improves as well. I am pleased to support H.R. 2015, which will balance the Federal budget in a manner that is fair and equitable to all Americans.

Mr. SNOWBARGER. Mr. Speaker, I strongly support the main intent of this bill, namely to restrain entitlement growth and balance the Federal budget. That is why I voted for the budget resolution in May as well as for this bill when it was approved by the House earlier this month. Since that time, however, so much has been added in the form of increased spending and increased taxes that I cannot vote for passage of the conference committee report.

As I have said many times, I did not come to Washington to raise taxes, whatever the source may be. I know that tobacco companies are an inviting target for those who are constantly seeking additional sources for governmental revenue. But the issue is not where the money comes from. I am no fan of the tobacco industry. In fact, I have voted in the Kansas Legislature for increases in the State tobacco tax and, since coming to Congress, I have voted against subsidies for the tobacco industry. Moreover, I have never accepted a dime of tobacco money in my seven campaigns for public office. The issue here is whether the Congress should raise taxes with one hand even while it reduces them with the other.

To put it simply, the Federal Government already has too much money. It does not need more. Although this tax is ostensibly to fund increased health care availability for kids, the House earlier this month passed, with my support, a far more responsible version of this bill, fully funding the program at the level requested by the President without a tax increase.

Furthermore, the increase in the tobacco tax runs the risk of robbing States of Medicaid reimbursement from the tobacco industry. I am told that this tax on the tobacco companies is credited against the obligations under their agreement with the States' attorneys general. I have repeatedly inquired whether the tobacco companies may be able to avoid some portion of their obligations under the agreement to compensate the States for Medicaid payments. Because no one has been able to assure me this is not the case, I am reluctant to risk taking this hard-won money away from State Medicaid programs.

This bill also contains unacceptable increases in Federal spending. While purporting to reduce and reform entitlements, it actually creates a new entitlement for children's health care, costing $24 billion over 5 years, a full $8 billion more than even President Clinton requested.

Finally, the bill reverses the welfare reform approved by Congress just 2 years ago. It significantly increases food stamps and other welfare spending, sets up yet another Federal jobs program costing $3 billion over 4 years, and extends SSI and Medicaid eligibility to non-citizens even while benefits for American citizens are being curtailed.

There are, of course, many laudable provisions in this bill. Reforming of some entitlements and slowing the growth of government spending are crucial elements to balancing the budget. But my support for these positive elements does not require that I accept every destructive provision inserted at the demand of the other body or the White House. Unfortunately, what was a good bill when it left the House has simply been loaded up with unnecessary taxes and spending. It stands in stark contrast to the conference report on the tax portion of this balanced budget, which to a great extent remained faithful to our pledge of less government and lower taxes. When the House considers the conference committee report on the tax bill, I will proudly support it.

Mr. POSHARD. Mr. Speaker, I rise today in support of the conference report on the balanced budget agreement. I would also like to offer my praise and congratulations to all of the House and Senate members, as well as President Clinton and his administration, who worked so hard to reach this momentous agreement. Throughout my tenure in the House of Representatives, I have championed balancing the federal budget, and I am proud that this often elusive goal has finally been achieved. Although this agreement is not exactly as I would have drafted it, nor is it likely to precisely mirror the priorities of any one member of Congress, it is nonetheless a good budget which will provide significant benefits to every American. In addition, I applaud the remarkable spirit of bipartisanship which has generally characterized the long and complicated path that led us to this point.

Of particular importance to myself and my constituents are the provisions of this budget regarding health care and education. I am pleased that more meaningful education tax credits than ever before will be available to American parents struggling to send their children to college. In addition, the increase in Pell Grant funding will enable more students to receive critical financial assistance as they pursue their education. Congress has demonstrated through this agreement its dedication to educating the youth of this nation, and I hope this will prove to be the beginning of a lasting bipartisan effort to help families of every income level afford higher education for their children.

I also believe that this budget agreement represents a victory for rural health care. As a member of the Rural Health Care Coalition and its co-chair for the last three years, one of my foremost priorities has been to restore equity to the AAPCC, which determines how Medicare reimburses health plans. This bill enacts an adequate minimum floor and, most importantly, a 50/50 blend over six years, which will provide rural seniors with increased health care options. In addition, this agreement establishes a limited-service hospital model that will allow rural hospitals to remain financially viable. We have also taken steps in regard to rural referral centers, including permitting them to be reclassified for the purposes of disproportionate share hospital payments. All of these provisions were included in H.R. 1189, the Rural Health Care Improvement Act of 1997, which I co-authored. These, combined with numerous other valuable provisions, represent a significant step forward for our rural residents.

Again, Mr. Speaker, I am proud that this Congress will have the honor of reaching an agreement to balance the federal budget for the first time in decades, and I urge my colleagues to vote in support of it. It is a victory for our children and grandchildren and a monumental achievement for us all.

Mr. BORSKI. Mr. Speaker, I rise today in opposition to H.R. 2015, the Budget Reconciliation Spending Act Conference Report.

I am no stranger to the tough, courageous decisions that must be made to balance our budget. In 1993, when faced with a record $290 billion deficit, Democrats, including myself, stood tall and—without a single Republican vote—passed the original "Balanced Budget Plan," which has reduced the deficit almost 90 percent. As a result of the 1993 budget, the deficit has been reduced every year for five years in a row for the first time since Harry Truman was in the White House. In fact, many economists project that the 1993 Budget Plan will balance the budget next year if no other plan is passed.

While the Majority Leader prefers to credit the free-spending economic policy of President Reagan, the Congressional Budget Office projects that—without the 1993 Budget Plan—we would be facing a deficit of $319 billion right now, and a whopping $519 billion by the year 2002.

Instead, today our deficit stands at $30 billion—it's lowest point in three decades, and we are on the threshold of balancing the budget. All that remains is to take the final step. Unfortunately, this plan is a step in the wrong direction.

Mr. Speaker, this spending plan would achieve most of its saving through deep cuts to two programs—Medicare and Medicaid. In fact, the $115 billion being stripped from Medicare is, by far, the single largest cut in the plan.

Unlike many, I am not consoled by the fact that other, more devastating provisions have been eliminated from the plan. Until recently, this budget included proposals to means-test Medicare, raise the eligibility age, and set a dangerous precedent by requiring copayments from seniors for benefits that have always been fully paid for by Medicare. While these plans may have been tabled for now, H.R. 2015 would create a commission that will undoubtedly revisit these issues again in the coming years.

Dropping a few irresponsible, misguided attacks on the Medicare Program has not blinded me to the fact that this budget raises seniors Part B premiums $275 a year by 2002. Abandoning plans to raise the Medicare eligibility age does not hide the fact that this scheme attempts to privatize Medicare.

It is ironic that on the 32d anniversary of the creation of Medicare, we are considering legislation that would dismantle the program. Simply put, Medicare works. It is one of the most successful programs in American history, guaranteeing health care coverage for every American in their golden years. And it works for one very simple reason—everyone pays into Medicare, and everyone enjoys the benefits, regardless of income.

Instead, provisions in this budget will destroy the universality of Medicare by allowing some Americans to opt out of the program. These provisions create Medical Savings Accounts (MSAs) and private fee-for-service plans that will give the healthiest and wealthiest beneficiaries the option to abandon the traditional Medicare system, leaving behind low-income and chronically ill seniors. Once the healthy and wealthy seniors have left the system, health care costs will skyrocket, quality of care will deteriorate, and Medicare will—as Speaker Gingrich predicted—"wither on the vine."

Other spending cuts that will undermine Social Security and Medicare are much more direct. This budget cuts 61 percent of the total administrative funding from Social Security, Veterans Benefits, and Medicare, crippling their ability to run these vital and important programs. I am told it currently takes between six months to a year to process a Social Security claim. These cuts would bring that already slow pace to a virtual stand-still, inconveniencing thousands of beneficiaries who rely these services for their sole source of income, and emergency health care needs. Clearly, this budget is not concerned about the health and welfare of America's veterans and senior citizens.

But seniors and vets aren't the only ones who bear the brunt of these spending cuts—hospitals that serve the neediest children and families will also take an enormous hit. The $13.6 billion in Medicaid cuts that this budget calls for would come primarily from disproportionate share hospital payments (DSH). These cuts would hurt only those hospitals that serve the sickest and neediest among us. In addition, the multi-level cuts contained in this bill make it impossible for struggling, nonprofit hospitals to shift the burden of the cuts and will eventually force them to close their doors. Those hospitals that are able to remain open would face the same burdensome cuts in funding, while being expected to absorb the patients formerly served by the closed hospitals.

The obvious result of this plan would be a sharp decline in the quality of care, inevitable job losses, and the closing of many hospitals in my district. Since nearly 15 percent of my region's economy depends directly on providing health care, these cuts would have a ripple effect that would be felt in every sector of the local economy.

Mr. Speaker, the Third District of Pennsylvania is home to over 101,000 senior citizens, making it the 20th oldest district in America. Well over half of all hospital admissions in my district are dependent entirely on either Medicare or Medicaid. Clearly, substantial cuts to these important programs would have a profound impact on the hospitals' ability to provide quality care to my constituents.

Few, if any, districts in the nation will be hit as hard as mine by these devastating cuts to Medicare and Medicaid. The absence of ill-considered provisions into Medicare that would completely gut these important programs does nothing to soften the crushing blow this budget will deliver to the sick, the needy, and the elderly in my district.

Mr. Speaker, I cannot, in good conscience, vote for a budget that takes money from the pockets of senior citizens, turns its back on the uninsured, and threatens to undermine the integrity of the Medicare Program. For that reason, I must oppose this budget.

Mr. BALLENGER. Mr. Speaker, I rise in opposition to the conference report on this legislation to balance the federal budget by 2002. Let me stress that I am committed to balancing the federal budget, but I cannot vote for this compromise budget package.

I believe my ten-year voting record speaks to my commitment to balance the budget. In fact, last week I was one of 81 members who voted for the Budget Enforcement Act. Clearly, this was not a very popular vote, but it demonstrated my dedication to balancing the budget. Similarly, I have cosponsored and voted for Constitutional amendments designed to impose a balanced federal budget. I understand the benefits to the economy, my constituents and their families' futures of a balanced federal budget and debt reduction. I believe we need to balance the budget as soon as possible, and I disagree with too many elements of this compromise to be able to support it today.

In my opinion, there are several major shortcomings in the budget deal just finalized by Congressional leaders and the White House. Specifically the deal allows spending increases for existing non-defense discretionary programs—and the creation of new programs—which were required to ensure President Clinton's support and signature. These spending increases will lead to an expansion of the federal bureaucracy and an expected increase in the deficit until 2001, when it finally will begin to drop. While the spending increases are promised in the short run, the spending cuts that are required to bring the budget into balance are what we call "back loaded," meaning that they will not be made until near the final years of the agreement.

Finally, the new tobacco taxes are unacceptable to the overwhelming majority of my constituents. Under this agreement, tobacco will be hit with a complicated new tax scheme which among other things will mandate an additional 10 cents per pack tax in 2000 and another 5 cent one in 2002. As you can see, an additional 15 cents a pack will be levied by this budget deal. I believe that this is an unfair attack on a legal product, one that would hurt nearly 45,000 tobacco farmers in North Carolina (including over 4,000 in the 10th district alone), and more than 31,000 workers in related industries in my district and the state. Moreover, this excise tax is regressive, hitting hardest those who can least afford this tax increase.

In sum, although I could not vote for the compromise balanced budget package, I will continue to work to balance the federal budget. However, we can and must do so without all the unnecessary spending, unfair taxes and budget tricks included in this particular package. In fact, estimates show that we could balance the federal budget in just a few short years if we hold down spending. Why wait until 2002, if we don't have to?

☐ 1615

The SPEAKER. Without objection, the previous question is ordered on the conference report.

There was no objection.

The SPEAKER. The question is on the conference report.

The question was taken; and the Speaker announced that the ayes appeared to have it.

RECORDED VOTE

Mr. SHAYS. Mr. Speaker, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 346, noes 85, not voting 4, as follows:

[Roll No. 345]

AYES—346

Abercrombie
Ackerman
Aderholt
Allen
Andrews
Archer
Armey
Bachus
Baker
Baldacci
Barcia
Barr
Barrett (NE)
Barrett (WI)
Bartlett
Bass
Bateman
Becerra
Bentsen
Bereuter
Berman
Bilbray
Bilirakis
Bishop
Blagojevich
Bliley
Boehlert
Boehner
Bonior
Bono
Boswell
Boyd
Brady
Brown (CA)
Brown (FL)
Brown (OH)
Bunning
Burton
Buyer
Callahan
Calvert
Camp
Campbell
Canady
Cannon
Capps
Cardin
Carson
Castle
Chabot
Chambliss
Chenoweth
Christensen
Clayton
Clement
Clyburn
Collins
Combest
Condit
Cook
Cooksey
Costello
Cox
Coyne
Cramer
Crane
Crapo
Cubin
Cummings
Cunningham
Danner
Davis (FL)
Davis (VA)
Deal
DeGette
DeLauro
DeLay
Deutsch
Diaz-Balart
Dicks
Dingell
Dixon
Doggett
Dooley
Doyle
Dreier
Duncan
Dunn
Edwards
Ehlers
Ehrlich
Emerson
English
Ensign
Eshoo
Evans
Everett
Ewing
Farr
Fattah
Fawell
Fazio
Flake
Foglietta
Foley
Ford
Fowler
Fox
Franks (NJ)
Frelinghuysen
Frost
Furse
Gallegly
Ganske
Gejdenson
Gekas
Gibbons
Gilchrest
Gillmor
Gilman
Gingrich
Goodlatte
Goodling
Gordon
Goss
Granger
Green
Greenwood
Gutknecht
Hall (OH)
Hall (TX)
Hamilton
Hansen
Harman
Hastert
Hastings (WA)
Hayworth
Hefley
Hefner
Herger
Hill
Hinchey
Hinojosa
Hobson
Hoekstra
Holden
Hooley
Horn
Hostettler
Houghton
Hoyer
Hulshof
Hunter
Hutchinson
Hyde
Inglis
Jackson-Lee (TX)
Jefferson
Jenkins
John
Johnson (CT)
Johnson (WI)
Johnson, E. B.
Johnson, Sam
Kanjorski
Kasich
Kelly
Kennelly
Kildee
Kim
Kind (WI)
King (NY)
Kleczka
Klink
Klug
Knollenberg
Kolbe
LaFalce
LaHood
Lampson
Lantos
Latham
LaTourette
Lazio
Leach
Levin
Lewis (CA)
Lewis (GA)
Lewis (KY)
Linder
Lipinski
Livingston
LoBiondo
Lofgren
Lowey
Lucas
Luther
Maloney (CT)
Maloney (NY)
Manton
Manzullo
Martinez
Mascara
Matsui
McCarthy (MO)
McCarthy (NY)
McCollum
McCrery
McDade
McHale
McHugh
McInnis
McKeon
McKinney
Meehan
Meek
Menendez
Metcalf
Millender-McDonald
Miller (CA)
Miller (FL)
Minge
Molinari
Moran (VA)
Morella
Murtha
Myrick
Neal
Nethercutt
Neumann
Ney
Northup
Norwood
Nussle
Olver
Ortiz
Oxley
Packard
Pallone
Pappas
Parker
Pascrell
Pastor
Paxon
Pease
Pelosi
Peterson (MN)
Peterson (PA)
Petri
Pickering
Pickett
Pitts
Pomeroy
Porter
Portman
Poshard
Price (NC)
Pryce (OH)
Quinn
Radanovich
Ramstad
Redmond
Regula
Reyes
Riggs
Riley
Rivers
Rodriguez
Roemer
Rogan
Rogers
Ros-Lehtinen
Rothman
Roukema
Roybal-Allard
Sabo
Sanchez
Sandlin
Sawyer
Saxton
Schaefer, Dan
Schaffer, Bob
Schumer
Scott
Sensenbrenner
Sessions
Shaw
Shays
Sherman
Shimkus
Shuster
Sisisky
Skaggs
Skeen
Skelton
Slaughter
Smith (MI)
Smith (NJ)
Smith (OR)
Smith (TX)
Smith, Adam
Snyder
Solomon
Souder
Spence
Spratt
Stabenow
Stearns
Stenholm
Strickland
Stump
Stupak
Sununu
Talent
Tanner
Tauscher
Tauzin
Taylor (NC)
Thomas
Thompson
Thornberry
Thune
Thurman
Tierney
Torres
Traficant
Turner
Upton
Vento
Visclosky
Walsh
Wamp
Watkins
Watts (OK)
Weldon (PA)
Weller
Wexler
Weygand
White
Whitfield

Wicker
Wise
Wolf
Woolsey
Wynn
Young (FL)

NOES—85

Baesler
Ballenger
Barton
Berry
Blumenauer
Blunt
Bonilla
Borski
Boucher
Bryant
Burr
Clay
Coble
Coburn
Conyers
Davis (IL)
DeFazio
Delahunt
Dellums
Dickey
Doolittle
Engel
Etheridge
Filner
Frank (MA)
Gephardt
Goode
Graham
Gutierrez
Hastings (FL)
Hilleary
Hilliard
Istook
Jackson (IL)
Jones
Kaptur
Kennedy (MA)
Kennedy (RI)
Kilpatrick
Kingston
Kucinich
Largent
Markey
McDermott
McGovern
McIntosh
McIntyre
McNulty
Mica
Mink
Moakley
Mollohan
Moran (KS)
Nadler
Oberstar
Obey
Owens
Paul
Payne
Pombo
Rahall
Rangel
Rohrabacher
Royce
Rush
Ryun
Salmon
Sanders
Sanford
Scarborough
Serrano
Shadegg
Smith, Linda
Snowbarger
Stark
Stokes
Taylor (MS)
Tiahrt
Towns
Velázquez
Waters
Watt (NC)
Waxman
Weldon (FL)
Yates

NOT VOTING—4

Forbes
Gonzalez
Schiff
Young (AK)

☐ 1643

Mr. CUMMINGS changed his vote from "no" to "aye."

So the conference report was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. SHAYS. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks and include extraneous material on the conference report just agreed to.

The SPEAKER. Is there objection to the request of the gentleman from Connecticut?

There was no objection.

EXPRESSING SENSE OF CONGRESS REGARDING TERRORIST BOMBING IN JERUSALEM

Mr. GILMAN. Mr. Speaker, I ask unanimous consent that the Committee on International Relations be discharged from further consideration of the concurrent resolution (H. Con. Res. 133) expressing the sense of the Congress regarding the terrorist bombing in the Jerusalem market on July 30, 1997, and I ask for its immediate consideration in the House.

The Clerk read the title of the concurrent resolution.

The SPEAKER. Is there objection to the request of the gentleman from New York?

Mr. LANTOS. Mr. Speaker, reserving the right to object, and I do not intend to object, I would merely like to ask the gentleman from New York to explain the resolution before us.

Mr. GILMAN. Mr. Speaker, will the gentleman yield?

Mr. LANTOS. I yield to the gentleman from New York.

Mr. GILMAN. I thank the gentleman for yielding. Mr. Speaker, this concurrent resolution expresses the sense of Congress regarding the terrorist bombing in a Jerusalem market on July 30, 1997. The terrorist attack on a Jerusalem marketplace that killed 14 people and injured more than 150 is a devastating blow to the peace process.

The gentleman from California [Mr. LANTOS] and I have worked together in introducing House Concurrent Resolution 133 expressing the sense of Congress regarding these heinous explosions which were claimed by Hamas terrorists who want Palestinian terrorists, including Sheikh Ahmed Yassin, released from Israeli jails.

Mr. Arafat and the Palestinian Authority are doing too little to root out terrorism. Arafat must systematically arrest suspected terrorists and those who incite violence if the peace process is to survive. He has not done so to date and his commitment and credibility are being questioned.

The legislation before us today underscores the urgent need for Mr. Arafat to immediately undertake unequivocal action against terrorists and eliminate all illegal weapons and explosives.

Mr. LANTOS. Mr. Speaker, further reserving the right to object, I yield to the distinguished gentleman from Georgia [Mr. GINGRICH], our Speaker.

Mr. GINGRICH. Mr. Speaker, let me first thank both gentlemen for bringing this resolution to the floor and for doing so in such a timely manner. Let me say that my only regret is that this is not even stronger. I think every American needs to look at this two-sided game that is being played.

First we see in the media that the Palestinian Liberation Organization has suffered some diplomatic slight and we are told that Israel should make more concessions. Then Israelis die, but no one is responsible. Then we are told in the media that the Palestinian Liberation Organization has suffered some slight and Israel should make concessions. Then Israelis die but no one is responsible.

Let it be very clear. For at least 7 months, Yasser Arafat and the Palestinian Liberation Authority have consistently failed to pursue and lock up terrorists, they have released convicted terrorists, they have put back on the street people guilty of murder, they have turned their eye, and in fact their justice minister and their head of security have been engaged in actions which are terrorism, although so far the only recorded acts are terrorist against Palestinians who did something as bad as sell land to Israelis.

Let us be clear. Yasser Arafat and the Palestinian Authority has an absolute obligation as a function of its existence to join in the fight against terrorism, and the United States Government should insist unequivocally that we will hold the Palestinian Authority responsible for any failure to lock up terrorists and to abide by its half of the agreement. There can be no security and no peace when innocent people are killed by terrorist bombings and, frankly, Mr. Arafat and his Authority are failing in their obligation to keep up their half of this relationship.

Mr. LANTOS. Mr. Speaker, further reserving the right to object, I yield further to the gentleman from New York [Mr. GILMAN].

Mr. GILMAN. I thank the Speaker for his supportive remarks.

Mr. Speaker, without security cooperation by the Palestinian Authority, there is no peace process. Israel's participation and commitment to the Oslo accords are predicated on this. But it has been clear that since March the Palestinian Authority has drastically curtailed its security cooperation with Israel. That is evident by the lack of a compliance report by the State Department certifying that the PLO is in compliance with its commitments. We have no report. And we will have no certification because the State Department knows it cannot certify Mr. Arafat and the PLO as being in compliance with their commitments voluntarily undertaken to fight terrorism at its core.

Today's explosion magnifies those concerns among the American people and heightens the lack of trust. Mr. Arafat must make a 180-degree turn against terrorism, incitement to violence and releasing dangerous suspects. The Government of Israel warned repeatedly that terrorist attacks were brewing because of the lack of Palestinian commitment to fighting terrorism and the green light Arafat was giving to Hamas.

Accordingly, Mr. Speaker, I condemn the actions taken today against innocent individuals in Israel. I extend my deepest sympathy to the families of the dead and injured, reiterate my support for the Government and people of Israel for peace, and urge our colleagues to support the Lantos-Gilman measure that is now before us.

Mr. LANTOS. Mr. Speaker, further reserving the right to object, I would like to express the condolences of the Congress of the United States and the American people to the families of the victims and to the people of Israel for the loss of life and the 172 serious injuries that have been suffered in this preposterous and outrageous terrorist bombing in a Jerusalem market. I wish to express the solidarity of the American people with the people of Israel in the face of this tragic, senseless, brutal, bloody act. I would like to reaffirm the determination of the Congress, Mr. Speaker, to join with the Government of the State of Israel in fighting international terrorism. I want to urge Yasser Arafat to undertake immediately and unequivocally action to bring to justice the leaders of all the terrorist organizations and extremist groups currently residing in territory under his control, to confiscate their weapons and their explosives, and to keep convicted criminals and terrorists in prison and not to release them.

I wish to reaffirm, Mr. Speaker, the commitment of the Congress of the United States to the peace process in the Middle East. I want to urge all parties to work together to bring lasting peace and security without violence and terrorism in this region.

I also want to urge President Clinton and our Department of State and other executive agencies to provide all appropriate assistance to the Government of Israel, to provide medical and other assistance to the victims of this terrorist act, and to bring to justice the terrorist leaders behind this and similar acts of violence and to work to prevent future such terrorist acts.

Mr. Speaker, I also want to identify myself fully with the words of the gentleman from Georgia [Mr. GINGRICH] our distinguished Speaker. He made it clear that there is an asymmetry in the Middle East peace process; that from time to time outrageous terrorist events occur, dozens of innocent Israeli men, women and children are massacred, and then there is some diplomatic move which presumably calls for evenhanded action.

I think the time is long past due for Yasser Arafat to live up to his obligation, to use his vast police apparatus to ferret out the terrorist nests and to put an end to this nightmare. It is unacceptable for a civilized society to have to live with constant terrorist threats.

At Oklahoma City we learned what it means to have a terrorist act take place on the territory of our own Nation. We are a Nation of 260 million people, and in the last few years we had two terrorist acts of significant proportions, the one at the World Trade Center, and the one at Oklahoma City. The people of Israel suffer from such terrorist acts on a regular basis. A country of a few million people, every one of these incidents hits every single family because they have a sense of community and commitment and belonging.

It is long overdue, Mr. Speaker, that the United Nations also show some balance in recognizing the threat under which Israel lives day in and day out: the Islamic Jihad, the Hamas and the other terrorist organizations, hellbent on destroying the attempt to create peace in the region that millions of decent Israelis and Arabs so desperately crave.

Mr. YATES. Mr. Speaker, will the gentleman yield?

Mr. LANTOS. Further reserving the right to object, I yield to the distinguished gentleman from Illinois.

Mr. YATES. Mr. Speaker, I should like to associate myself with the very eloquent remarks of the gentleman from California in support of the resolution which is now pending. It was a most despicable act that took place today and certainly our Government must make clear to the PLO that our Government will not tolerate such actions. I thank the gentleman for yielding.

Mr. LANTOS. I thank the gentleman for his contribution.

Mr. Speaker, further reserving the right to object, I yield to the gentleman from New York [Mr. ENGEL].

Mr. ENGEL. Mr. Speaker, I thank the gentleman from California for putting forth this resolution with the gentleman from New York [Mr. GILMAN]. All people of goodwill are outraged at the terrorist bombings that happened today in Jerusalem. All people of goodwill throughout the world cannot and will not tolerate acts of terrorism.

Mr. Arafat and the Palestinian authorities have to understand that there is a limit to people's patience, that the United States supports and helps facilitate the peace process, but if all sides are not actively working towards peace, there unfortunately can be no peace.

I think it is not a coincidence, Mr. Speaker, that as the peace process has seemed in the last few days to perhaps get back on track, American envoy Dennis Ross is going to the Middle East, it is not a coincidence that these bombings happened because the people that are doing this want to disrupt the peace process, they want to disrupt peace. They do not want to see peace happening. We cannot allow them to succeed. However, Mr. Arafat has to stop talking out of 16 sides of his mouth. He has to stop mouthing certain words and saying he supports peace while at the same time he and some of his ministers and some of the people in the highest ranks of the Palestinian Authority are fanning the fires of terrorism by winking, or looking the other way, or keeping the rhetoric going and showing that they are dissatisfied, and when the terrorist attack inevitably happens, they say, "Well, it wasn't me. My hands are clean. It wasn't me."

But what has Mr. Arafat done to prevent it? What has he done to try to stop terrorism from occurring? The Palestinians arrest people who they know are terrorists and then they release them. It is a revolving door system of justice. This has gone on and on and on for months and even years. So until the Palestinian Authority and Mr. Arafat and his people are serious about combating terrorism, terrorism will never be eradicated.

The Prime Minister of Israel, Mr. Netanyahu, said many, many times that the people of Israel do not expect 100 percent results in combating terrorism, but they certainly expect 100 percent effort. We in the Congress, we in the United States feel the same way.

□ 1700

If the effort is not made, then terrorism will not be eradicated, and Mr. Arafat cannot have it both ways. We in the U.S. Congress provide a lot of funding. In MEPFA we provide money to keep the peace process going. I support the peace process very, very much, but I must say that our patience is wearing thin. We cannot keep saying and making excuses and saying, "Well, OK, we're going to keep providing money, let's overlook this incident because it really wasn't Arafat's fault, and let's overlook that incident because it really wasn't his fault." How many times can we overlook it until we say enough is enough?

So I would personally like to serve notice on Mr. Arafat and the PLO, and I think by this resolution we are serving notice, that our American patience is wearing thin and money will not continue to flow unless there is an absolute commitment to eradicating terrorism. Again, a 100-percent commitment, a 100-percent effort, not necessarily a 100-percent results, but if they have a 100-percent effort, they will approach a 100-percent results. But if they are not making the effort, they will never have the results.

And so I think that we have to ensure that Arafat and his people go after the terrorists, stop the revolving door of justice. Enough is enough. Too many innocent people have been killed, men, women and children. Terrorism is never an acceptable vehicle for negotiations, and that is what the Palestinians are doing. They are using the spectrum of terrorism to kind of hold it over everybody's head and say that if we do not like what is happening, we are going to use rhetoric to say, "Well, you know terrorism might happen because we don't like what the Israeli government is doing." That is what the Palestinians are saying. Well, terrorism is not acceptable, it never will be acceptable, we in the Congress will not accept it, and by passing this resolution we are sending word to Mr. Arafat enough is enough, our patience is wearing thin.

My heart goes out to all those massacred today, to all those maimed today and to the Israeli people. The United States of America will stand by Israel and the fight against terrorism.

Mr. LANTOS. Mr. Speaker, under my reservation of objection, I yield to the distinguished gentleman from New Jersey [Mr. SAXTON].

Mr. SAXTON. Mr. Speaker, I would like to begin just my short, very brief remarks by just saying I would like to associate myself with the remarks of the gentleman from New York [Mr.

ENGEL] and the others who have spoken and to say that as terrible, as terrible as today's event was in Jerusalem, where there were at least 18 people killed and up to 200 apparently injured by 2 suicide bombers, today's event unfortunately was not unique. It was not unique because when people are killed in a cafe in Tel Aviv or a fruit and vegetable market in Jerusalem or any of the other in a long series of events like this, civilized people in a civilized society cannot tolerate it, and obviously those of us who are here who feel as deeply as the gentleman from New York [Mr. ENGEL] obviously does and others do as well, that we have got to take steps which are left to our devices to see to it that those events stop.

And without going into further explanation, I would just say that either later tonight or tomorrow or the next time we consider the continuation of the foreign ops bill that we are going to start momentarily, I have filed an amendment which will do that. It makes a very strong and substantive statement on direct aid, I underline the words "direct aid," to the Palestinian Authority and puts very strong and certain conditions which must be met by the Palestinian Authority and Mr. Arafat before any further funds are released directly to the PA.

So I hope that when we get to that bill we can find unanimous agreement in this House that this is the proper course at this time, given the string of events which were capped by the event in Jerusalem today.

Mr. LANTOS. Mr. Speaker, I want to thank my friend for his comments, and under my reservation of objection I yield to the distinguished gentleman from California [Mr. SHERMAN].

Mr. SHERMAN. Mr. Speaker, I thank the distinguished gentleman from California [Mr. LANTOS], who time and time again tirelessly has brought to the attention of this Chamber the misery and the death that have occurred, brought to our attention the victims of terrorism in the Middle East, and we ought to take a minute, as several of the other speakers have indicated, to reflect on the 18 or more who died today.

We ought to remember how the Palestinian Authority came to control territory in the West Bank in Gaza. That territory came under Israeli administration because Israel defended itself in a war of aggression.

Mr. Speaker, how often does a country seize territory in a defensive war and then voluntarily give that territory up? But the territory was put under Arafat's control, initially the Gaza Strip, and then additional areas, land for peace. Where is the peace? Instead, we see pieces of men and women whose lives and bodies have been shattered by explosives in a market in Jerusalem.

We can do something positive today. We cannot only mourn the dead, but we can do something positive. The State Department could announce today that we are moving our embassy to Jerusalem, that we are acknowledging Jerusalem as the indivisible permanent capital of the State of Israel.

Congress has called upon the State Department to do this again and again. It would have the positive effect, the positive impact, of telling all the terrorists in the Middle East that they cannot fight for Jerusalem with terror, that this issue is off the table and that America stands behind Israel's decision long ago to make all of Jerusalem its indivisible and indisputable capital.

So perhaps today can be the last time when terrorists believe that the way to negotiate over the status of Jerusalem is through terrorism. I want to thank the gentleman from California [Mr. LANTOS] for yielding.

Mr. LANTOS. Mr. Speaker, I thank the gentleman from California for his comments, and under my reservation of objection I yield to the gentleman from Pennsylvania [Mr. FOX].

Mr. FOX of Pennsylvania. Mr. Speaker, today's bombings represent yet another failure by the Palestinian Authority to clamp down on terrorism as well as their failure to work with Israel to prevent such attacks. By failing to fulfill its commitments with Israel, the Palestinian Authority has sent a very clear and strong signal to the enemies of peace that it is just a step in obtaining its ultimate goal, the destruction of Israel. The failure again, Mr. Speaker, of the Palestinian Authority to contain terror and to work with Israeli authorities to maintain security for Israeli citizens is written in blood again of 13 bodies of today's attack. The use of terrorism as a tool to win concessions from the Israeli Government is unacceptable and it must be stopped.

Mr. Speaker, we call on the Palestinian community to condemn this horrific attack and continued use of terrorism in the strongest terms. Palestinian Authority Chairman Yassir Arafat in his condolence call to Prime Minister Netanyahu is meaningless if it is not accompanied by a serious effort to assure that future acts of violence against Israeli citizens do not occur.

Our hearts go out to those killed and wounded in today's attack and to their families. It is our deepest hope that the people of Israel will soon be able to live in true peace and security, and I urge my colleagues to support House Concurrent Resolution 133, and I thank the gentleman from California [Mr. LANTOS] and the gentleman from New York [Mr. GILMAN], the chairman, for their leadership on this issue and for ever being strong and making sure we defend the rights of those who are peace loving, and also thank the gentleman from California [Mr. BERMAN] and the gentleman from New Jersey [Mr. SAXTON] and the gentleman from New York [Mr. ENGEL] for their support of the Lantos and Gilman legislation.

Mr. LANTOS. Mr. Speaker, I want to thank the gentleman from Pennsylvania, and under my reservation of objection I yield to the gentleman from Virginia [Mr. MORAN].

Mr. MORAN of Virginia. Mr. Speaker, the suicide attacks today in Jerusalem's open air market are cause for deep sadness on everyone's part. First and foremost, the sympathies of all people of conscience go to the victims and their families. The loss of life and limb in such circumstances is painful beyond words. Our heart goes out to those who have suffered from this callous act of terrorism. These were innocent people who did not deserve to die, who did not deserve to have their bodies mangled for life.

Beyond the individual tragedy is the impact this crime will have upon the peace process. The risks which any government is willing to take for peace are limited by its concerns for the security of its citizens. The limits of trust between negotiating parties are defined by the integrity of each in resolutely safeguarding the security of the other.

Both sides have been disappointed. Israel has been repeatedly disappointed in its request from the Palestinian Authority for a return to previous cooperation in preventing attacks on civilians and bringing perpetrators to justice. It is not likely that there will be concessions of autonomy and territory if the result is going to be terrorism. Without mutual cooperation, the cycle of hostility will continue delaying, perhaps destroying, the peace which Israelis and Palestinians alike desire.

Mr. Speaker, I condemn entirely the terrorist act in Mahane Yehudah and the terrorists who perpetrated and who strategized it. They must be brought to justice, and there must be no gain for them from this crime. I urge all the parties involved to find constructive responses which preserve the ability of citizens to live peaceful lives and prevent the extremists from achieving their goal of derailing the peace process.

Mr. Speaker, this was a clearly calculated effort to destroy progress toward peace between Arabs and Jews. Let us resolve not to let it succeed.

Mr. LANTOS. Mr. Speaker, I thank the gentleman from Virginia for that eloquent statement and, further reserving the right to object, I want to emphasize in concluding, Mr. Speaker, that this House is united in denouncing this outrageous and brutal act of terrorism.

Mr. FORBES. Mr. Speaker and my colleagues in the House, once again bombs have exploded in the streets of Israel killing at least 13 and wounding more than 150. Living with this kind of senseless violence is unbearable for all in the region and my deepest condolences go out to the families, friends, and neighbors who lost a loved one in the explosion. Every time an innocent life is taken through violence, especially a child's it is a tragedy. It chips away at the fabric that binds us together as a human race. More than lives were killed in its explosion—the explosion struck a deadly blow to the peace process. The attackers, Hamas claimed responsibility in a leaflet, whose overall aim has been to scuttle the peace process achieved a short-term goal: President Clinton postponed a new peace initiative by U.S. envoy Dennis Ross, who was to arrive in the region on July 31, 1997. No new date for the trip was set.

This latest example of violence leads me to ask the question—what kind of peace is this? Since the signing of the Oslo Accords in 1993, the world has witnessed rioting and bombs exploding in the streets of Israel, buses exploding, and Prime Ministers assassinated. I do not want to see the Israelis and Palestinians retreat from the principle of peace but peace they don't have. The time is at hand, and has been, for the U.S. To demand compliance under the Oslo accords. Tangible and measurable results are possible and we need to stick to the task of requiring compliance as a condition of sending U.S. aid to the region. Unfortunately, the Administration and many in Congress are willing to turn a blind eye to evidence of Palestinian violations and misconduct in the name of the peace process. Again, I ask what peace is there? As a result of Congressional inaction, $100 million annually in U.S. assistance is available to the Palestinians.

Since the signing of the Oslo Accords, the Palestinian Authority has engaged in blatant violations of the agreement in addition to disregarding international norms and practices. With the Fiscal Year 1998 Foreign Operations Appropriations bill, Congress has an opportunity to press the Palestinian Authority to comply with its agreements by suspending aid for 3 months to the Palestinian Authority until the President can report and certify that various aspects of the Oslo accords and other human rights conditions are met. Suspending aid to the Palestinians for 3 months is an important demonstration of the American determination to hold both Israelis and Palestinians equally accountable for their actions in the peace process. Until we can be confident that the Palestinians have closed the spigot of violence, we should not be squandering taxpayer dollars on the Arafat regime.

Mr. PAUL. Mr. Speaker, I rise in opposition to House Concurrent Resolution 133 expressing the sense of Congress with regard to the terrorist bombing in the Jerusalem marketplace.

Certainly, I can agree with the language in the resolution that this attack is a violent, vicious, and reprehensible assault upon the individual citizens in Israel. For the victims and the victims' families I have the utmost sympathy. However, while expressing my sincerest personal condolences to these families and victims, I, at the same time, take very seriously my oath to uphold the U.S. Constitution.

Insofar as H. Con Res. 133 "[u]ges the President and appropriate Executive agencies to provide all appropriate assistance to the government of Israel . . . [and] . . . bring to justice the terrorist leaders . . . [and] . . . prevent such terrorist acts in the future," I am unable to vote in favor of this Resolution. Constitutionally, it is not within the enumerated powers of the National Government to police the world. At the same time we are asked to support this resolution to urge intervention by the United States Government to "prevent such terrorist acts in the future" in Israel, would we be so receptive to allowing foreign entities to, for example, intervene to bring to justice the individual who initiated the bombing in Atlanta, GA, during the recent Olympic games.

It is not the responsibility of foreign governments to police the United States and constitutionally, it is not the responsibility of the United States to police the world. Mr. Speaker, for these reasons and with the deepest regrets for the victims and families of this act of brutality in Jerusalem, I oppose passage of H. Con. Res. 133.

Mr. LANTOS. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER pro tempore (Mr. SOLOMON). Is there objection to the request of the gentleman from New York?

There was no objection.

The Clerk read the concurrent resolution, as follows:

H. CON. RES. 133

Whereas on July 30, 1997, two terrorist bombs exploded almost simultaneously in the open market in Jerusalem killing at least 13 people and wounding more than 150 others, and

Whereas this attack is a violent and vicious assault against the peace process and against citizens of Israel: Now, therefore, be it

Resolved by the House of Representatives (the Senate concurring), That the Congress—

(1) Expresses the deep condolences of the Congress and the American people to the families of the victims and to the people of Israel for the loss of life and the serious injuries that have been suffered in the terrorist bombing in the Jerusalem market and expresses the solidarity of the American people with the people of Israel in the face of this tragic and senseless act;

(2) Reaffirms the determination of the Congress to join with the government of Israel in fighting against international terrorism;

(3) Urges Yassir Arafat and officials of the Palestinian Authority to undertake immediately unequivocal action to bring to justice leaders of terrorist organizations and extremist groups and to eliminate all weapons and explosives in the hands of such groups;

(4) Reaffirms the commitment of the Congress of the United States to the peace process in the Middle East and urges all parties to work together to bring lasting peace and security without violence and terrorism to that region; and

(5) Urges the President and appropriate Executive agencies to provide all appropriate assistance to the government of Israel to provide medical and other assistance to the victims of this terrorist act, to bring to justice the terrorist leaders behind this and similar acts of violence, and to work to prevent such terrorist acts in the future.

The SPEAKER pro tempore. The question is on the concurrent resolution.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

Mr. LANTOS. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The SPEAKER pro tempore. Pursuant to clause 5 of rule I, further proceedings on this question will be postponed.

GENERAL LEAVE

Mr. CALLAHAN. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the bill (H.R. 2159) making appropriations for foreign operations, export financing, and related programs for the fiscal year ending September 30, 1998, and for other purposes, and that I may include tabular and extraneous materials.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Alabama?

There was no objection.

FOREIGN OPERATIONS, EXPORT FINANCING, AND RELATED PROGRAMS APPROPRIATIONS ACT, 1998

The SPEAKER pro tempore. Pursuant to the order of the House of Thursday, July 24, 1997 and rule XXIII, the Chair declares the House in the Committee of the Whole House on the State of the Union for the consideration of the bill, H.R. 2159.

☐ 1712

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 2159) making appropriations for foreign operations, export financing, and related programs for the fiscal year ending September 30, 1998, and for other purposes, with Mr. Thornberry in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. Pursuant to the order of the House of Thursday, July 24, 1997, the bill is considered read for the first time.

The gentleman from Alabama [Mr. CALLAHAN] and the gentlewoman from California [Ms. PELOSI] each will control 30 minutes.

The Chair recognizes the gentleman from Alabama [Mr. CALLAHAN].

Mr. CALLAHAN. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, it is my privilege today to summarize the work of the Subcommittee on Foreign Operations as well as the full Committee on Appropriations in developing the fiscal 1998 Foreign Operations, Export Financing and Related Agencies appropriation bill.

First, I want to publicly express my appreciation for the cooperation extended by my colleague the gentlewoman from California [Ms. PELOSI], San Francisco to be specific, and her staff for their help in crafting this bill. Like the gentleman from Louisiana [Mr. LIVINGSTON] and the gentleman from Wisconsin [Mr. OBEY] before us, the ranking minority member and chairman do not agree with every detail of this bill, but we jointly recommend this bill to the House.

Again, this year the committee recommends a bill that is less than in previous years. We as well as our counterparts in the Senate fully recognize that foreign programs are not entitlements and must be subjected to the same scrutiny as domestic programs.

This year less than 5 percent of the money in this bill goes to the headline countries, such as Bosnia and Cambodia and Haiti. Another 43 percent supports the Middle East peace process, and that amount will not increase. But most of the money goes elsewhere to places where diplomats are seldom seen. What is it used for? It helps children, it protects victims of disasters and war, it promotes responsible economic growth in poor countries, it creates jobs at home through trade and investment, and that is why the $12.267 billion is needed to fund this appropriations bill.

□ 1715

Let me move on to some of the specifics in this bill, beginning with the possible impact of the Congressional Budget Resolution.

At $12.267 billion in discretionary budget authority, this bill is now $233 million under our 602(b) allocation, it is $4.6 billion less than the President's request, and $4.5 billion less than the Senate bill. It is also $87,000 below last year's appropriation bill. Let me once again reemphasize that this year, once again, in voting for the final passage of this bill, Members will be cutting foreign aid as we have done for the last 2 years.

Not every dollar level nor every policy in this bill will find its way into the final conference report in September. The President has no objection to the House passage of this bill, but his advisers signal that he is unlikely to sign a bill at this appropriation level. The House conferees will do our best to hold the line, but the final outcome will be different from what we recommend today, I am sure.

Let me move on to some of the policy issues we have addressed this year, and then to some of the major programs funded through this measure.

The committee again directs through the report language that Israel and Egypt receive the traditional amount of economic and support funds and military assistance. However, leaders of Israel and Egypt have publicly indicated their intention to gradually reduce the burden of economic support by American taxpayers. Our efforts are complicated by the urgent needs of Jordan, Israel's principal peace partner today.

With regard to the South Caucasus and Black Sea-Aegean region, the committee has worked hard to develop a balanced approach. The bill language directs the administration to provide humanitarian assistance to conflictive zones throughout the South Caucasus, including Karabagh for the first time.

We also provide for democracy training in Azerbaijan, and a cap of $40 million in ESF for Turkey, half of which is to be in the form of projects for specific purposes, as directed by section 571. Finally, the committee has reiterated current law with regard to trade and export agencies in the region.

Our chairman, the gentleman from Louisiana [Mr. LIVINGSTON], and the gentleman from Illinois [Mr. PORTER] and the gentleman from Michigan [Mr. KNOLLENBERG] have worked hard on the provisions I have just discussed.

They and the managers oppose all amendments that would disadvantage the United States' efforts to mediate conflict in the Caucasus and Aegean regions.

There are several policy regions involving spending in our own hemisphere. Many of our Members favor tighter control over training at the School of the Americas. We have included language in the bill this year which I believe will address most of the concerns. Before taking a position on any amendment to ban IMET funding for the School of the Americas, I ask all Members to take time to read the committee's bill language on page 29.

Guatemala, Haiti, and Panama are three other countries that have drawn attention from many Members. The committee welcomes and supports the peace settlement in Guatemala. Several Members had the opportunity to witness this first hand in April of this year.

The stagnation in the Government of Haiti makes it difficult for the committee to recommend types of long-term development assistance that cannot be implemented by the weak government there. We encourage USAID to focus on humanitarian assistance, including food aid, as long as former President Aristide blocks progress in rule of law and privatization.

Finally, the committee is disturbed by the situation in Panama. Critical port facilities have been leased to Chinese companies in a less than transparent manner. These leases are also a potential threat to United States national security.

As it has for many years, this bill includes language in two places prohibiting the use of funds to pay for abortions or involuntary sterilization. The underlying law, the Foreign Assistance Act of 1961, also explicitly prohibits the use of funds in this bill for abortion. I repeat, none of the funds in this bill can be used for abortion.

Like a majority of the House, I voted two times earlier this year for the Mexico City policy legislation. That legislation is in conference in the Senate as part of the U.N. reform legislation. Our Mexico City policy champion, the gentleman from New Jersey [Mr. SMITH] is a senior conferee. I wish him luck in working out this issue with the President and with the Senate.

Our new child survival and disease programs fund is retained, and incidentally, we received more correspondence from Members of this body requesting that we continue the funding of the child support program than any other single issue in our entire bill. We have increased this funding this year to $650 million, with the increase aimed at the alarming increase in the incidence of infectious diseases. Again this year we recommend at least $100 million to UNICEF, and that it be provided from the child survival fund.

For export and investment assistance programs the committee recommends a gross total of $753 million, which is partially offset by collections of $251 million. The subsidy appropriations for the Eximbank is $632 million, the same as the request. At a later point in the process the committee will consider increasing this amount if a further request is received from the bank's new President and the director of OMB. Although the committee has deferred acting on the request of $60 million for subsidy appropriations for the OPIC, it fully supports $32 million needed for its administrative expenses.

As an extension of OPIC's statutory sunset operating statute is expected to be reported by the Committee on International Relations within a few days, I will oppose any amendment to kneecap OPIC by slashing its operating expenses. With bipartisan support for an expanded OPIC role in moving Africa from aid dependence to global trading presence, this is no time for us to cripple OPIC.

Other AID development assistance programs as well as disaster assistance are amply provided for. Our report directs that an additional $10 million be provided for the microenterprise grants so many Members have also endorsed. It also directs an additional $20 million for Latin America and the Caribbean, and it recommends a full request for Africa be funded in the child survival and disease programs fund and the development assistance fund. In all of these cases the emphasis is on alleviating poverty through economic growth.

Mr. Chairman, I am going to abbreviate the rest of my remarks, but let me again emphasize to Members in the House that this is once again a cut in foreign aid. We recognize it is far below the President's request, some $4 billion below what President Clinton has requested.

We at the same time want to express our appreciation for the talent of Secretary Madeleine Albright. She is a remarkable and delightful diplomat, and we want to do everything we can to provide her the necessary tools that she needs to continue her quest for world peace, and to continue the diplomacy that she so professionally has performed in her tenure as Secretary of State.

Once again, we are facing cuts. We are facing a time in this country when the American people want us to cut back on government spending, and they did not send us to Washington to cut everything but foreign aid. So Members can proudly, as Members of this House, go home and tell their constituents that they did the responsible thing: gave the administration an acceptable level of funding, but at the same time, recognizing the austerity program that we are in, we are respectfully cutting the President's request by $4 billion.

Mr. Chairman, I include for the RECORD a letter dated 16 July 1997 from Carol Bellamy, Executive Director, UNICEF,

UNICEF,
New York, NY, July 16, 1997.

Hon. SONNY CALLAHAN,
Chairman, Subcommittee on Foreign Operations, Export Financing, and Related Programs, Capitol Building, Washington, DC.

DEAR MR. CHAIRMAN: As you may be aware, the Secretary-General has today unveiled before the UN General Assembly an ambitious UN reform proposal. For your information, I have today welcomed the proposal and expressed gratitude to the Secretary-General for taking into consideration UNICEF's unique identity, mandate and relationship with its partners in the field. I personally look forward to working with the Secretary-General, his senior staff, and our sister UN agencies over the months ahead to work out the details associated with these reforms. I know that together, and with your support, we can indeed improve the effectiveness and efficiency of the United Nations funds and programs.

I want to take this opportunity as well to thank you again for responding so quickly to UNICEF's concerns about earlier versions of the UN reform proposals that failed to appreciate the unique public/private nature of UNICEF, its relationship with national governments, and its role as the sole UN agency focussing on the survival, development and protection of the whole child. Your letters and report language have ensured that the highest levels of the United Nations, which are truly committed to effective reform, understand that we can move forward with reform without damaging UNICEF.

We will be fully engaged in the UN reform process over the next several months and look forward to keeping you informed of our progress.

Sincerely,

CAROL BELLAMY,
Executive Director.

Mr. Chairman, I include for the RECORD the following tabular material:

FOREIGN OPERATIONS, EXPORT FINANCING, AND RELATED PROGRAMS APPROPRIATIONS BILL (H.R. 2159)

	FY 1997 Enacted	FY 1998 Estimate	Bill	Bill compared with Enacted	Bill compared with Estimate
TITLE I - EXPORT AND INVESTMENT ASSISTANCE					
EXPORT-IMPORT BANK OF THE UNITED STATES					
Limitation on Program Activity:					
Subsidy appropriation	726,000,000	632,000,000	632,000,000	-94,000,000	
(Direct loan authorization)	(1,270,000)	(1,330,000,000)	(1,330,000,000)	(+1,328,730,000)	
(Guaranteed loan authorization)	(11,050,000,000)	(11,300,000,000)	(11,300,000,000)	(+250,000,000)	
Administrative expenses	46,614,000	48,614,000	48,614,000	+2,000,000	
Negative subsidy	-58,000,000	-51,000,000	-51,000,000	+7,000,000	
Total, Export-Import Bank of the United States	714,614,000	629,614,000	629,614,000	-85,000,000	
OVERSEAS PRIVATE INVESTMENT CORPORATION					
Noncredit account:					
Administrative expenses	32,000,000	32,000,000	32,000,000		
Insurance fees and other offsetting collections	-224,000,000	-251,000,000	-251,000,000	-27,000,000	
Direct loans:					
Loan subsidy	4,000,000	4,000,000		-4,000,000	-4,000,000
(Loan authorization)	(80,000,000)	(133,000,000)		(-80,000,000)	(-133,000,000)
Guaranteed loans:					
Loan subsidy	68,000,000	56,000,000		-68,000,000	-56,000,000
(Loan authorization)	(1,360,000,000)	(1,800,000,000)		(-1,360,000,000)	(-1,800,000,000)
Total, Overseas Private Investment Corporation	-120,000,000	-159,000,000	-219,000,000	-99,000,000	-60,000,000
FUNDS APPROPRIATED TO THE PRESIDENT					
Trade and Development Agency					
Trade and development agency	40,000,000	43,000,000	40,000,000		-3,000,000
(By transfer)	(5,000,000)			(-5,000,000)	
Total, title I, Export and investment assistance	634,614,000	513,614,000	450,614,000	-184,000,000	-63,000,000
(Loan authorizations)	(12,491,270,000)	(14,563,000,000)	(12,630,000,000)	(+138,730,000)	(-1,933,000,000)
TITLE II - BILATERAL ECONOMIC ASSISTANCE					
FUNDS APPROPRIATED TO THE PRESIDENT					
Agency for International Development					
Child survival and disease programs fund	600,000,000		650,000,000	+50,000,000	+650,000,000
Development assistance	1,181,500,000	998,000,000	1,167,000,000	-14,500,000	+169,000,000
Development Fund for Africa		700,000,000			-700,000,000
International disaster assistance	190,000,000	190,000,000	190,000,000		
Debt restructuring	27,000,000	34,000,000	27,000,000		-7,000,000
Micro & Small Enterprise Development program account:					
Subsidy appropriations	1,500,000	1,500,000	1,500,000		
(Direct loan authorization)	(1,000,000)	(1,000,000)	(1,000,000)		
(Guaranteed loan authorization)	(39,000,000)	(48,000,000)	(48,000,000)	(+9,000,000)	
Administrative expenses	500,000	500,000	500,000		
Urban and environmental credit program account:					
Subsidy appropriations	3,500,000	3,000,000	3,000,000	-500,000	
(Guaranteed loan authorization)	(29,400,000)	(46,000,000)	(46,000,000)	(+16,600,000)	
Administrative expenses	6,000,000	6,000,000	6,000,000		
Subtotal, development assistance	2,010,000,000	1,933,000,000	2,045,000,000	+35,000,000	+112,000,000
Payment to the Foreign Service Retirement and Disability Fund	43,826,000	44,208,000	44,208,000	+382,000	
Operating expenses of the Agency for International Development	470,750,000	473,000,000	468,750,000	-2,000,000	-4,250,000
Operating expenses of the Agency for International Development Office of Inspector General	30,000,000	29,047,000	29,047,000	-953,000	
Subtotal, Agency for International Development	2,554,576,000	2,479,255,000	2,587,005,000	+32,429,000	+107,750,000
Other Bilateral Economic Assistance					
Economic support fund:					
Camp David countries	2,015,000,000	2,015,000,000	2,015,000,000		
Other	328,000,000	482,600,000	385,000,000	+57,000,000	-97,600,000
Subtotal, Economic support fund	2,343,000,000	2,497,600,000	2,400,000,000	+57,000,000	-97,600,000
International fund for Ireland	19,600,000		19,600,000		+19,600,000
Assistance for Eastern Europe and the Baltic States	475,000,000	492,000,000	470,000,000	-5,000,000	-22,000,000
Assistance for the New Independent States of the former Soviet Union	625,000,000	900,000,000	625,000,000		-275,000,000
U.S. Russian Investment Fund (by transfer)		(50,000,000)			(-50,000,000)
Subtotal, Other Bilateral Economic Assistance	3,462,600,000	3,889,600,000	3,514,600,000	+52,000,000	-375,000,000
Total, Agency for International Development	6,017,176,000	6,368,855,000	6,101,605,000	+84,429,000	-267,250,000

FOREIGN OPERATIONS, EXPORT FINANCING, AND RELATED PROGRAMS APPROPRIATIONS BILL (H.R. 2159)—Continued

	FY 1997 Enacted	FY 1998 Estimate	Bill	Bill compared with Enacted	Bill compared with Estimate
INDEPENDENT AGENCIES					
Inter-American Foundation					
Appropriations		22,000,000	20,000,000	+20,000,000	-2,000,000
African Development Foundation					
Appropriations		14,000,000	11,500,000	+11,500,000	-2,500,000
Peace Corps					
Appropriations	208,000,000	222,000,000	222,000,000	+14,000,000	
(By transfer)	(12,000,000)			(-12,000,000)	
Department of State					
International narcotics control	213,000,000	230,000,000	230,000,000	+17,000,000	
Migration and refugee assistance	650,000,000	650,000,000	650,000,000		
Refugee resettlement assistance	5,000,000		5,000,000		+5,000,000
United States Emergency Refugee and Migration Assistance Fund	50,000,000	50,000,000	50,000,000		
Anti-terrorism assistance		19,000,000			-19,000,000
Nonproliferation and Disarmament Fund		15,000,000			-15,000,000
Nonproliferation, anti-terrorism, demining and related programs	151,000,000		118,000,000	-33,000,000	+118,000,000
Total, Department of State	1,069,000,000	964,000,000	1,053,000,000	-16,000,000	+89,000,000
Total, title II, Bilateral economic assistance	7,294,176,000	7,590,855,000	7,408,105,000	+113,929,000	-182,750,000
(By transfer)	(12,000,000)	(50,000,000)	(4,500,000)	(-7,500,000)	(-45,500,000)
(Loan authorizations)	(69,400,000)	(95,000,000)	(95,000,000)	(+25,600,000)	
TITLE III - MILITARY ASSISTANCE					
FUNDS APPROPRIATED TO THE PRESIDENT					
International Military Education and Training	43,475,000	50,000,000	50,000,000	+6,525,000	
Foreign Military Financing Program:					
Grants:					
Camp David countries	3,100,000,000	3,100,000,000	3,100,000,000		
Other	124,000,000	174,250,000	159,250,000	+35,250,000	-15,000,000
Subtotal, grants	3,224,000,000	3,274,250,000	3,259,250,000	+35,250,000	-15,000,000
(Limitation on administrative expenses)	(23,250,000)	(23,250,000)	(23,250,000)		
Direct concessional loans:					
Subsidy appropriation	60,000,000	66,000,000	60,000,000		-6,000,000
(Loan authorization)	(540,000,000)	(699,500,000)	(657,000,000)	(+117,000,000)	(-42,500,000)
FMF program level	(3,764,000,000)	(3,973,750,000)	(3,916,250,000)	(+152,250,000)	(-57,500,000)
Total, Foreign military assistance	3,284,000,000	3,340,250,000	3,319,250,000	+35,250,000	-21,000,000
Special Defense Acquisition Fund:					
Offsetting collections	-166,000,000	-106,000,000	-106,000,000	+60,000,000	
Peacekeeping operations	65,000,000	90,000,000	77,500,000	+12,500,000	-12,500,000
Total, title III, Military assistance	3,226,475,000	3,374,250,000	3,340,750,000	+114,275,000	-33,500,000
(Limitation on administrative expenses)	(23,250,000)	(23,250,000)	(23,250,000)		
(Loan authorization)	(540,000,000)	(699,500,000)	(657,000,000)	(+117,000,000)	(-42,500,000)
TITLE IV - MULTILATERAL ECONOMIC ASSISTANCE					
FUNDS APPROPRIATED TO THE PRESIDENT					
International Financial Institutions					
World Bank Group					
Contribution to the International Bank for Reconstruction and Development:					
Contribution to the International Finance Corporation	6,656,000			-6,656,000	
Contribution to the Global Environment Facility	35,000,000	100,000,000	35,000,000		-65,000,000
Contribution to the International Development Association	700,000,000	1,034,504,000	606,000,000	-94,000,000	-428,504,000
Total, World Bank Group	741,656,000	1,134,504,000	641,000,000	-100,656,000	-493,504,000
Contribution to the Inter-American Development Bank:					
Paid-in capital	25,610,667	25,610,667	25,610,667		
(Limitation on callable capital subscriptions)	(1,503,718,910)	(1,503,718,910)	(1,503,718,910)		
Fund for special operations	10,000,000	20,835,000	20,835,000	+10,835,000	
Contribution to the Enterprise for the Americas Multilateral Investment Fund	27,500,000	30,000,000		-27,500,000	-30,000,000
Total, contribution to the Inter-American Development Bank	63,110,667	76,445,667	46,445,667	-16,665,000	-30,000,000

FOREIGN OPERATIONS, EXPORT FINANCING, AND RELATED PROGRAMS APPROPRIATIONS BILL (H.R. 2159)—Continued

	FY 1997 Enacted	FY 1998 Estimate	Bill	Bill compared with Enacted	Bill compared with Estimate
Contribution to the Asian Development Bank:					
Paid-in capital	13,221,596	13,221,596	13,221,596		
(Limitation on callable capital subscriptions)	(647,858,204)	(647,858,204)	(647,858,204)		
Contribution to the Asian Development fund	100,000,000	150,000,000	100,000,000		-50,000,000
Total, contribution to the Asian Development Bank	113,221,596	163,221,596	113,221,596		-50,000,000
Contribution to the African Development Fund		50,000,000	25,000,000	+25,000,000	-25,000,000
Contribution to the European Bank for Reconstruction and Development:					
Paid-in capital	11,916,447	35,778,717	35,778,717	+23,862,270	
(Limitation on callable capital subscriptions)	(27,805,043)	(123,237,803)	(123,237,803)	(+95,432,760)	
North American Development Bank:					
Paid-in capital	56,000,000	56,500,000	56,500,000	+500,000	
(Limitation on callable capital subscriptions)	(318,750,000)	(318,750,000)	(318,750,000)		
Contribution to the Bank for Economic Cooperation and Development in the Middle East and North Africa:					
(By transfer)		(52,500,000)			(-52,500,000)
(Limitation on callable capital subscriptions)		(157,500,500)			(-157,500,500)
International Monetary Fund					
Contribution to the enhanced structural adjustment facility		7,000,000			-7,000,000
Loans to International Monetary Fund		3,521,000,000			-3,521,000,000
Total, International Financial Institutions	965,904,710	5,044,449,980	917,945,980	-67,958,730	-4,126,504,000
(Limitation on callable capital subscript)	(2,498,132,157)	(2,751,065,417)	(2,593,564,917)	(+95,432,760)	(-157,500,500)
International Organizations and Programs					
International organizations and programs	169,950,000	365,000,000	194,000,000	+24,050,000	-171,000,000
(By transfer)	(17,500,000)			(-17,500,000)	
Total, title IV, Multilateral economic assistance	1,155,854,710	5,409,449,980	1,111,945,980	-43,908,730	-4,297,504,000
(By transfer)	(17,500,000)	(52,500,000)		(-17,500,000)	(-52,500,000)
(Limitation on callable capital subscript)	(2,498,132,157)	(2,751,065,417)	(2,593,564,917)	(+95,432,760)	(-157,500,500)
Grand total	12,311,119,710	16,888,168,980	12,311,414,980	+295,270	-4,576,754,000
(By transfer)	(34,500,000)	(102,500,000)	(4,500,000)	(-30,000,000)	(-98,000,000)
(Limitation on administrative expenses)	(23,250,000)	(23,250,000)	(23,250,000)		
(Limitation on callable capital)	(2,498,132,157)	(2,751,065,417)	(2,593,564,917)	(+95,432,760)	(-157,500,500)
(Loan authorizations)	(13,100,670,000)	(15,357,500,000)	(13,382,000,000)	(+281,330,000)	(-1,975,500,000)
Total mandatory and discretionary	12,311,119,710	16,888,168,980	12,311,414,980	+295,270	-4,576,754,000
Mandatory	43,826,000	44,208,000	44,208,000	+382,000	
Discretionary	12,267,293,710	16,843,960,980	12,267,206,980	-86,730	-4,576,754,000

Mr. CALLAHAN. Mr. Chairman, I reserve the balance of my time.

Ms. PELOSI. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I rise in support of the foreign operations export, finance, and related programs legislation, and in doing so, commend our chairman, the gentleman from Alabama [Mr. CALLAHAN], for his exceptional leadership in forging the bipartisan bill to the floor today. Although we may not agree on all of the issues in the bill, we come with a unified message.

Hopefully the amendments that have been introduced on the floor will not do damage to the bipartisanship that the gentleman from Alabama [Mr. CALLAHAN] imposed upon us, that he nurtured as we went along. He indeed is the gentleman from Alabama. I am grateful to him for his accessibility in terms of hearing our case and putting some of our priorities into the legislation.

I also want to join him in commending our chairman of the full committee, the gentleman from Louisiana [Mr. LIVINGSTON], for his participation in the bipartisan spirit to bring this bill to the floor, and the gentleman from Wisconsin [Mr. OBEY], our ranking member of the full committee, a longtime chair of the Subcommittee on Foreign Operations, Export Financing and Related Programs of the Committee on Appropriations for his great wisdom and spirit of bipartisanship.

Before I begin, Mr. Speaker, I want to acknowledge the hard work of the majority and minority staff, Charlie Flickner, Bill Inglee, John Shank, Nancy Tippens, Lori Maes, Mark Murray, and Carolyn Bartholomew, and thank them for their very, very hard work, not only in bringing the legislation to the floor, but for the hearing process and all that went into developing this piece of legislation today.

Before I proceed on the substance of the bill, Mr. Chairman, I want to join our colleagues, the gentleman from New York [Mr. GILMAN] and the gentleman from California [Mr. LANTOS], in the resolution that preceded our bringing the foreign operations bill to the floor.

I, too, want to extend my condolences to the people of Israel for their suffering because of the tragic terrorist act. It is appropriate that this resolution preceded our bill, because our bill has made a very, very strong commitment to peace in the Middle East. These senseless terrorist acts are not in furtherance of that peace. I wanted to add my voice of sympathy to those of our colleagues who spoke on the resolution.

Mr. Chairman, this legislation addresses foreign operations, export financing, and related programs, as its title describes. As the world's sole remaining superpower and as the beacon of hope and opportunity for people around the world, it is within our ability and indeed it is vital to our national interest to provide the necessary resources to meet our collective foreign policy goals.

We have and will continue to have disagreements in this body about the framework of our foreign policy goals and just what constitutes our national security interest. The fact of the matter is, however, that the overwhelming majority of funds in this bill go to an agenda on which we can all agree.

These include alleviating poverty, fighting illness and eradicating disease worldwide, educating the poor, caring for refugees and displaced persons, teaching women about their choices, saving the lives of starving children, facilitating the transition to free markets and to democratic society, addressing environmental degradation, helping American companies enhance their export opportunities, providing small loans to those who need help to start businesses in the microenterprise arena that the First Lady and the administration has taken such leadership in, and promoting basic human rights and democratic freedoms.

These goals, as I say, are those which we can all agree upon. They are important and they should be funded adequately.

We are all familiar with President Kennedy's inaugural address when he said, and Americans of a certain age and generation all know what he said in the inaugural address, "To those peoples in the huts and villages of half the globe, struggling to break the bonds of mass misery, we pledge our best efforts to help them help themselves, for whatever period is required, not because the Communists may be doing it, not because we seek their votes, but because it is right. If a free society cannot help the many who are poor, it cannot save the few who are richer."

Many things have changed since that day in 1961, but many things have not. Our foreign policy is no longer based on containing communism, but there are many more people in the world struggling to break the bonds of mass misery today than there were in 1961. We are in fact providing those people with vital assistance.

Thus, we have an even greater challenge before us today than we had in 1961, and should not be bound by artificial limits on what we are spending to meet our basic responsibility as the world's only remaining superpower to make the world healthier and more secure for all of us.

We as Members of this body have a challenge before us with respect to demonstrating to the American people that their lives are indeed affected by what happens in today's world. The fact is that an overwhelming majority of people in this country support providing needed humanitarian assistance and helping poor women and children better their lot in life throughout the world.

□ 1730

Secretary Albright, and I wish to associate myself with the remarks of our distinguished chairman, the gentleman from Alabama [Mr. CALLAHAN], in his praise of our distinguished Secretary of State, Secretary Albright, has said that 1 percent of our budget may determine 50 percent of the history that is written about our era; and it will affect the lives of 100 percent of the American people. We have a challenge before us, and that is to convince the American people that, as I mentioned before, that their lives are affected by what happens inside our borders and that we can effectively respond to those needs. But their lives are also affected by what happens outside our borders.

We on a more practical note also have to demonstrate that the funds we do provide make a difference. I for one intend to respond to this challenge by speaking out and working for higher funding level than what is currently in this bill. With all due respect to my distinguished chairman, this is one area where we have disagreement and that is on the funding level.

The total funding level in this bill is simply too low to meet these challenges that I mentioned above. The total of $12.3 billion is $1 billion below the administration's request level of $13.3 billion, if we are just counting what is appropriated in this bill. We have not provided enough to even meet our annual contribution level for the International Development Association, known as IDA, much less pay the over $200 million in past due payments. These funds enable the World Bank lending to the poorest countries in the world. Underfunding of this account has led to the imposition of procurement restrictions against American companies, and this funding level means that these restrictions may continue to be in effect.

The bill provides little or no funding for the new Partnership for Freedom initiative for the new independent states. Indeed, there is funding in here for the Partnership for Peace but not for the new initiative. These new republics are making strides toward democracy and the establishment of free market economies, with our help and against overwhelming internal obstacles.

It is now time to refocus our aid programs, having learned what works and what does not. There should be absolutely no question that we need to remain engaged with an enlightened and robust aid program in these newly independent states and more funding is needed to accomplish this.

Again, I want to compliment my distinguished chairman, the gentleman from Alabama [Mr. CALLAHAN], because of some of the items in the bill that it does fund adequately. The bill contains funding for many vital programs such as the child survival account which is a special one for our chairman, development assistance programs, refugee assistance, export assistance, anti-terrorism, nonproliferation, demining and the Peace Corps, to name a few. Given these funding levels and the cooperation shown by the gentleman from Alabama [Mr. CALLAHAN] and the leadership shown by the gentleman from Alabama [Mr. CALLAHAN] in putting this bill together, I would like to support the bill and fully intend to. As I said, I hope that the amendments on the floor do not do violence to our spirit and the peace that the gentleman from Alabama [Mr. CALLAHAN] has created around this bill.

The committee has acted responsibly in putting together a bill which reflects bipartisanship and compromise. While its funding level is too low in some areas, as I have previously stated, it has many aspects worthy of support.

In closing Mr. Chairman, I want to again quote President Kennedy. As I said earlier, many Americans are familiar with President Kennedy's inaugural address in which he said, "ask not what your country can do for you but what you can do for your country." But how many Americans know the line that follows, and that line is, "my fellow citizens of the world, ask not what America will do for you but what together we can do for the freedom of men."

President Kennedy laid down a challenge to the American people to act to improve their own country and to act to work with the peoples of other nations to work for freedom and alleviation of poverty. We must respond to this challenge by meeting our responsibilities in the spirit of humanity and generosity and in the national interest of our great country.

With that, Mr. Chairman, I reserve the balance of my time.

Mr. CALLAHAN. Mr. Chairman, I yield 5 minutes to the gentleman from Michigan [Mr. KNOLLENBERG], a member of the appropriations subcommittee.

Mr. KNOLLENBERG. Mr. Chairman, I rise in strong support of H.R. 2159, the 1998 appropriations bill for foreign operations. As a member of this subcommittee, I want to commend my friend, the chairman of the committee, the gentleman from Alabama [Mr. CALLAHAN], who has been, I think, outstanding in his ability to work with all sides. Shepherding this bill is no different than any other, of course, but it is difficult when it is an appropriations bill and he has done it, I think, with grace, with diligence and with impartiality.

I want to thank also the gentlewoman from California [Ms. PELOSI] for her work with the chairman and the committee. The entire subcommittee staff should also be thanked for all the work that they have done to bring about this bill. Each member of the subcommittee has worked in a bipartisan way to craft this bill so that it reflects the Nation's international priorities while maintaining a goal of fiscal responsibility and a balanced budget.

The bill again holds the line on foreign aid spending. At the same time, the bill maintains funding for our most important foreign aid priorities. I want to especially thank the chairman for working with myself and others to include increased funding for the microenterprise program. This helpful program provides small loans to the poorest individuals of the less developed countries in an effort to create self-reliance. That program has been very successful.

I applaud the bill's continued commitment to the Middle East peace process. In addition to maintaining the funding levels at the same level for both Egypt and Israel, the bill requires now a detailed report of the progress toward compliance with the Oslo peace accords.

The bill contains our strong commitment to democracy building in Russia while addressing our concerns about Russian exports of nuclear and ballistic missile technology. With Russia and the United States already at odds over the Russian sale of nuclear reactors to Iran, Russia now plans to aid Cuba in revitalizing a dangerous Chernobyl style nuclear reactor just 90 miles off our coast. This must not be allowed to happen. This grave situation is addressed in the bill by stipulating that aid to Russia is contingent upon stopping the development of any nuclear program or ballistic missile capacity. We are sending a powerful signal to Russia that its interaction with dangerous rogue states like Iran is unacceptable.

Finally, I want to highlight the provisions of this bill that deal with the ongoing conflict in the Caucasus. Many people do not even know about the history of this small troubled region of the former Soviet Union. But this conflict will continue to have an impact upon America, on our interests because of the neighboring countries that surround that community.

I am glad and proud to have worked with the chairman and with members of this subcommittee to craft what I consider a productive, positive proposal that will facilitate peace in the region and reinforce the U.S. role as an unbiased mediator in the peace process. Whether you know it or not, each of us has a vested interest in the outcome of the Caucasus. U.S. interest can best be served through a swift and meaningful resolution to conflicts plaguing this troubled region.

This proposal also removes obstacles to the delivery of humanitarian relief to needy people throughout the Caucasus. It clarifies section 907 of the Freedom Support Act and allows democracy building and electoral reform activities in Azerbaijan. Section 907 should not preclude programs designed to create a more democratic Azerbaijan because democratic nations are inherently more peaceful.

The bill contains the $95 million package of assistance to Armenia meeting the pressing humanitarian and development needs there and hopefully hasten its progress toward stability, peace and prosperity.

With our support we may finally see this region free of bloodshed and conflict and rich with prosperity and opportunity.

The subject of foreign aid often sparks heated debate on the floor. We all have strong opinions about of course how we feel about things and about a number of programs that are close to us. I asked my colleagues not to let these heated discussions keep us away from coming to closure to resolution on the business at hand which is to pass this bill, a fair bill. We need them to unite behind it.

I want to again thank the chairman, the gentleman from Alabama [Mr. CALLAHAN] for all of his work and his leadership in bringing the influence, his influence into this to bring about, I believe, a very, very outstanding bill.

I ask Members to support the bill and I want to in closing thank the chairman for yielding this time to me.

Ms. PELOSI. Mr. Chairman, I yield 1½ minutes to the gentleman from Virginia [Mr. MORAN], distinguished member of the Committee on Appropriations.

Mr. MORAN of Virginia. Mr. Chairman, first of all, I hope this bill passes because I doubt that there are any two Members of this body that are any more well liked and respected than the gentlewoman from California [Ms. PELOSI] and the gentleman from Alabama [Mr. CALLAHAN]. But I would like to enter into a colloquy with the chairman if I could.

Mr. Chairman, I want to thank you and the gentlewoman from California [Ms. PELOSI] and the members of the subcommittee for the attention and the funding that you have given to demining activities in this bill. I know that you and the gentlewoman from California [Ms. PELOSI] are well aware of the challenge that land mines pose to humanitarian development, refugee resettlement and rehabilitation throughout the developing world. Many of these efforts cannot even begin or must be suspended or terminated until the land mines are marked or removed. These areas, mine awareness, education and demining activities, must go hand in hand with humanitarian relief and development programs.

A number of our private voluntary organizations, nongovernmental organizations are trying to initiate and implement these sorts of antiland mine programs. However, we have learned that these demining funds have not been made available to them. It is my understanding that private voluntary organizations and nongovernmental organizations may apply for these demining funds and that these funds may be used for mine awareness and education programs, mapping and marking and the training of deminers as well as the removal of mines. Can the chairman confirm my interpretation?

Mr. CALLAHAN. Mr. Chairman, will the gentleman yield?

Mr. MORAN of Virginia. I yield to the gentleman from Alabama.

Mr. CALLAHAN. Mr. Chairman, the gentleman is correct. It is the understanding of the committee that the nongovernmental agencies that you are talking about can apply for these funds for the activities the gentleman mentioned.

Mr. MORAN of Virginia. Mr. Chairman, I thank the gentleman very much for this confirmation and his strong leadership in this area. I thank my friend and the ranking member of the subcommittee, the gentlewoman from California [Ms. PELOSI], as well. I hope the bill passes.

Mr. CALLAHAN. Mr. Chairman, I yield 4 minutes to the gentleman from California [Mr. PACKARD], who is also a member of the appropriations subcommittee.

Mr. PACKARD. Mr. Chairman, I wanted to take a moment to compliment the chairman of this subcommittee and the ranking Democrat, the gentlewoman from California [Ms. PELOSI], for their very fine leadership in crafting this bill. I am proud to rise in support of the bill that has been brought to the floor today. I especially rise in the hopes that all the Members will recognize the strong leadership of the gentleman from Alabama [Mr. CALLAHAN] and also the gentlewoman from California [Ms. PELOSI] in crafting this financially prudent and yet socially and morally responsible bill.

As the gentleman from Alabama [Mr. CALLAHAN] likes to point out, there are not many people in his district in Alabama who even know much about foreign operations and fewer that would probably care about it. Yet he as chairman has taken the time to become extremely familiar with the issues and expert in management of the bill. And so I certainly want to compliment him.

There is no greater testament than the example set in creating, recreating, and increasing funding for the child survival account in this bill. The administration chose not to include this account in their budget submission and I cannot imagine them leaving this important area out of their budget submittal. This administration chose not to include an account which provides child survival and disease eradication throughout the world. What is worse, they chose not to include it. When they chose not to include it, they would have provided less money for it while increasing funding for Russia.

I am proud to say that the chairman and ranking member of the committee and members of the subcommittee not only corrected this situation but increased the funding for child survival and the basic functioning of our foreign operations funding.

I certainly recommend this bill to all Members of the House. I hope that it will pass. I hope that we will be able to keep unwanted and undesirable amendments from cluttering the bill. We would like to send this bill to the President in a form that he can sign.

I again want to compliment the leadership of this committee. It is a pleasure for me to serve with them. I am very proud of this bill. I think that we have done a lot of good things. We have fenced some of the money, particularly to Russia, and also another one of our independent states where a serious problem with corruption takes place. We fenced the money with the requirement that they make improvements on corruption in these countries before the money would be able to be released.

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Also, I was pleased to see us fence some of the money as it relates to going to Russia and tying it to religious freedom in Russia.

All in all, I am very proud of the bill, very proud to sign on to it and recommend its vote.

Ms. PELOSI. Mr. Chairman, I yield 4 minutes to the gentleman from Illinois [Mr. YATES], the distinguished gentleman who is the ranking member of the Interior Subcommittee; more importantly for this bill, he has been a Member of this House since the inception of the Marshall plan.

Mr. YATES. I thank the gentlewoman very much. She can always introduce me. I thank her very, very much for that very gracious introduction.

The gentlewoman from California is correct, when the Secretary of State testified before the Subcommittee on Foreign Operations, Export Financing and Related Programs of the Committee on Appropriations earlier this year, we spoke about foreign aid, and foreign aid stemming from the time of Thomas Jefferson. And although my tenure on the committee does not quite go back that far, I did begin my association at the time of Harry Truman.

At that time the Marshall plan had just been inaugurated. I was lucky enough as a freshman to become a member of the Marshall Plan Committee. And during the almost 50 years that I have served in this House, I have been on the subcommittee on foreign aid. I have seen a major transition in both the political situation in the world and how foreign assistance and export programs can address these changes.

I believe that the Committee on Appropriations has been at the forefront in initiating reform and guiding the new direction of foreign assistance following the ending of the cold war. This bill continues that tradition, because this bill is essentially the product of two of the ablest Members of the House, and I refer of course to the chairman and the ranking member, the gentleman from Alabama [Mr. CALLAHAN] and the gentlewoman from California [Ms. PELOSI].

I have worked with every chairman and every ranking member of this subcommittee for almost the last 50 years, and I would say that the two that have drafted this bill are essentially the most able that I have witnessed in all that time. This bill does reflect the touch that they have given to us.

The ironic truth about foreign aid is that it is much cheaper than Americans think it is, and it does things that most Americans do not realize that it does do. Like defense, it helps preserve our national security. And as stated in USA Today, "This is no time to be penny-wise and pound-foolish." Our foreign assistance program helps finance the building blocks of a new international structure that is more peaceful and more stable than the one we left behind.

I can say that now after working on this committee for so many years. I have seen how it has helped rebuild Europe under the Marshall plan and I have seen how it has helped bring underdeveloped countries to a much more developed state. I believe this bill is a worthy one and I believe that it deserves our support. Certainly I look forward to supporting it as it goes through the House.

Mr. CALLAHAN. Mr. Chairman, I yield 5 minutes to the gentleman from Illinois [Mr. PORTER].

Mr. PORTER. Mr. Chairman, I rise today in strong support of the bill. I want to begin by commending my friend, the chairman of the subcommittee, the gentleman from Alabama [Mr. CALLAHAN], for the bipartisan and consensus promoting manner in which he has brought the bill to the floor of the House. I think he has reflected very well the concerns of the members of the subcommittee in crafting the bill and he has done just an outstanding job of bringing us together in support of it.

I would also like to say that we have had the wise counsel and support of the gentleman from Louisiana, Mr. BOB LIVINGSTON, and I appreciate especially his flexibility and thoughtfulness in dealing with me and with my colleague the gentleman from Michigan, Mr. Joe Knollenberg, who I have worked very closely with on the very difficult issues of the Caucasus and Turkey.

I also want to commend the gentlewoman from California [Ms. PELOSI] in her first year as ranking member of the subcommittee. She has done an excellent job of working to improve the lives of people around the world, and it is always a delight and a pleasure to work with her.

I believe, Mr. Chairman, that this is a good bill and one which all the Members of the body should support. I am pleased that we have been able to move forward in funding initiatives that reflect our commitment to the values of democracy, freedom, economic opportunity, the rule of law, and respect for human rights.

An example of this cooperation is involved with United States involvement and relations with Armenia, Azerbaijan, Nagorno-Karabakh, and Turkey. In the past, these issues have always been a stumbling block in this bill, which led to angry floor debate which allowed Members, including myself, to achieve perhaps moral victories but may not have been the most productive manner to advance the ideals and goals we have for this region.

This year we have taken a different tack by attempting to work out a balanced and fair approach to the region before the bill reached the floor in an effort to avoid that ugly floor fight that neither advanced our cause nor inspired trust among the other countries in the region.

I am pleased with the committee's overall funding level for development assistance and their support for the United Nations' development program and the World Conservation Union.

My dedicated colleague and friend, JOE KNOLLENBERG, approached me earlier this year about bringing together a package of legislative and report language ideas which could address the concerns that many Members have about these issues. Joe and I, with the help of our chairmen, our staff, and the subcommittee staff, took a great step forward through cooperation and consensus and I am very proud of the work that we did on this bill. Joe, congratulations on your fine work on this bill and your leadership on this issue in general.

Many of my colleagues have asked me about the provisions in this regard and what they will mean for the United States' policy there. We have included in the bill an exception to section 907 which allows for the first time for democracy building assistance to go to Azerbaijan. President Aliyev of Azerbaijan is in town this week to meet with President Clinton and Members of Congress, and I hope that the members of the subcommittee were able to speak with him this afternoon about the provisions of the bill.

As in all the former Soviet republics, the development of democracy in Azerbaijan has been uneven. We are confident that by making it possible for the NED and similar institutions to begin working in Azerbaijan, we are taking an important step towards improving the lives of the average Azeri citizen.

Moreover, we have provided legislative direction for the State Department to give assistance to all needy persons in the Caucasus. This would include refugees in Azerbaijan, needy people in Nagorno-Karabakh and internally displaced persons in Georgia.

I am hopeful that this provision will remove the artificial barriers to assistance which our State Department has set up once and for all so that the people who desperately need our help can get it. Other than these important exceptions, however, we have left section 907 intact.

With regard to Turkey, Mr. Speaker, this bill showcases a new approach that we are cautiously optimistic about. One-half of the economic support funds for Turkey will be directed to projects run by NGO's, private voluntary organizations and others to promote democracy, encourage economic development of areas that have been affected by internal conflicts, and other purposes that we have been encouraging the Turkish Government to undertake for years.

This new approach has taken a leap of faith by those of us with strong feelings on both sides of this issue. These have been difficult times for Turkey, and the dramatic shifts in the situation there have caused all of us to reexamine our approach to that important ally. Concerns about the future of democracy and the spread of Islamic fundamentalism have lead us to look for new ways to support Turkey on the path that is not only in Turkey's best interest but in our own as well.

It would be easy to come to the floor, as I have in the past, to talk about the serious problems that Turkey has, but these problems have not gone away and in many ways they have worsened in the past year. But I believe that if we want to truly help the Turkish people, we must bring about reforms from within the country and promote an atmosphere where democracy is secure enough to take bold steps, such as ending the armed conflict in the southeast. I believe that what we are doing in this bill will quietly and profoundly have that effect.

In addition to creating the climate in which we could make these steps forward on the caucasus, I want to thank the chairman for including funding and language concerning important initiatives in Burma, China, Northern Iraq, Tibet, Cyprus, and other areas which are of great concern to me. I wish that all Members could have the privilege of having such a cooperative Chairman.

While I am very proud of the efforts we have made in this bill and appreciative of Chairman CALLAHAN's work, I must again express my disappointment that this House continues to cut overall levels of foreign assistance. I believe that this is the era of American leadership, and we are squandering a golden opportunity to bring an ever-expanding circle of countries into our sphere of influence. I hope that we can begin to realize this opportunity and that the Republican Party, which for so long led the way in international affairs, can return to engagement in this vital area of our national policy.

The reduced appropriation for the multilateral financial institutions from the requested amount is of particular concern to me. These institutions have received significant reductions in past years, resulting in vast arrears. The administration has negotiated an agreement to pay off these arrears and I believe that the subcommittee should work to honor this agreement.

I am also concerned that the so-called Leahy provision, which is intended to keep U.S. counter-narcotics assistance out of the hands of human rights abusers, was stricken from the bill on a point of order due to the objection of my friend from New York, Mr. GILMAN, and my friend from Illinois, Mr. HASTERT. I hope that we can work together to deal with their concerns about the administration's implementation of this policy, and resolve this issue prior to the conference on the House and Senate bills.

I would also like to address an issue—the situation in Cambodia—that was brewing as we drafted the bill earlier this year but has exploded in violence and bloodshed in recent weeks. In January, several of my colleagues and I visited Cambodia. We met with human rights activists and others who had so much hope for the future of Cambodia. These individuals had dedicated their lives to bringing a better life to the people of Cambodia, to cementing the gains of democracy and freedom in Cambodia, and to securing a stable society for their children. We also met with Prime Ministers Ranariddh and Hun Sen. The meeting with Mr. Hun Sen was ominous, looking back on it, for he did not have the same hopefulness as the people of his country. I am devastated by what has happened in Cambodia, and I support the effort by Congressman ROHRABACHER to mover our policy to take a strong stand against the lawless acts of Hun Sen and a strong stand with the people of Cambodia. I hope that Chairman CALLAHAN will also support this amendment when it comes to the floor.

Finally, I would like to take this opportunity to express my condolences to the families of those who lost their lives in the horrible terrorist attack in Israel today. I am outraged by this act of cowardice and I am angry at the failure of those who could have prevented this heinous act. I am hopeful that the House can be a force to end this pattern of hatred and violence, and I urge all parties to continue to move forward on the path to peace in spite of the actions of extremists.

Mr. Chairman, this bill, I think, is in excellent condition. Sure, there are places where I disagree with it, but I think the chairman has done an outstanding job of bringing both sides of the aisle together, people with divergent interests, and crafting a bill that we can all be proud of, and I urge the support of all Members.

Ms. PELOSI. Mr. Chairman, I yield 2 minutes to the gentleman from Indiana [Mr. VISCLOSKY], a member of the Committee on Appropriations.

Mr. VISCLOSKY. Mr. Chairman, I thank the gentlewoman for yielding me this time.

Mr. Chairman, I would like to commend the work of the chairman, the gentleman from Alabama [Mr. CALLAHAN], as well as the ranking member, the gentlewoman from California [Ms. PELOSI]. I recognize the committee faced a number of very difficult issues, and I believe that they have done the very best job possible.

While I support the general thrust of the bill, I am very concerned about the specific issue of the current United States relationship with several countries located in the Caucasus, specifically Turkey, Greece, and Armenia.

The committee has decided to provide assistance to all three countries and has conditioned some of the aid. This conditioned aid is a reasonable response by the United States to a difficult situation. However, I am concerned about the very unreasonable attitude Turkey has displayed with respect to the conditions that we are placing on our assistance.

I would like to remind the House that last year this Chamber cut economic support fund assistance to Turkey on two separate votes. This year, the gentleman from Florida [Mr. BILIRAKIS], others and I will not be offering an amendment to cut United States assistance to Turkey. That decision, at least for myself, is based only on the firm understanding that Turkey will act responsibly during the next 12 months.

Mr. Chairman, I want to make it clear that I do support the consensus policies on the Caucasus and Turkey developed by the committee. However, it is important for Turkey to understand that the assistance we are providing this year is not a blank check. The situation in Turkey must improve or next year I do not believe the House will be as accommodating as it has been this year.

Mr. CALLAHAN. Mr. Chairman, I yield 3 minutes to the gentleman from New Jersey [Mr. FRELINGHUYSEN] a member of the subcommittee.

Mr. FRELINGHUYSEN. Mr. Chairman, I thank the gentleman for yielding me this time.

Mr. Chairman, I rise in strong support of this bill. First, I want to thank our chairman, the gentleman from Alabama [Mr. CALLAHAN], and our ranking member, the gentlewoman from California [Ms. PELOSI], for their leadership of our subcommittee and our excellent staffs.

As the chairman has stated, the subcommittee has again done more with less, as have the agencies that carry out U.S. foreign policy objectives. For less than $12.3 billion, slightly less than last year's bill, we continue to provide the essential tools to promote and protect America's leadership and interests around the globe.

With this bill we maintain our strong commitment to Israel and the Middle East peace process. We provide critical funding for child survival programs, and we continue America's longstanding support of development assistance for the poorest of the poor. We provide support for the new democracies of Eastern Europe and place increased emphasis on important priorities in our own hemisphere.

Further, we have provided resources to help American companies enter new markets, to provide global environmental resources, and to combat the threat of international narcotics and terrorism from reaching our shores. And these investments are made for less than 1 percent of the overall budget and within the framework of our balanced budget plan.

Despite this, most Americans remain skeptical about foreign aid. They either believe that we spend far more on it than we do in reality or they simply are not convinced of its value. I believe that it is imperative that we explain to the taxpayers the return on our investment in these programs.

Earlier this year I invited AID Administrator Atwood to my district to explain to my constituents the value of our investment in AID programs. He showed how a small New Jersey company in Morris Plains, with the help of AID, developed a product to keep polio vaccines safe for use around the world.

Success stories like that are a direct result of our foreign aid programs. This new product is helping our efforts to eradicate polio throughout the world and has created economic growth and opportunity in New Jersey.

Again, the amount for all these programs, from building democracy and feeding hungry children to fighting the war against drugs and opening new markets for America's goods and services, equals less than 1 percent of the budget.

Lastly and most importantly, Mr. Chairman, I believe now is an especially critical time for the President, President Clinton, to exercise his leadership in making a stronger case for this investment to the American people.

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I urge my colleagues to support this bill and reject proposals for further reductions.

Ms. PELOSI. Mr. Chairman, I am pleased to yield 2 minutes to the gentlewoman from New York [Mrs. LOWEY], a member of the subcommittee.

Mrs. LOWEY. Mr. Chairman, I rise in support of H.R. 2159.

I want to thank our distinguished chairman, the gentleman from Alabama [Mr. CALLAHAN], and the gentlewoman from California [Ms. PELOSI], our outstanding ranking member, who have worked so very hard in a bipartisan way to report out a bill that strikes a delicate balance on a number of very difficult issues.

Mr. Chairman, this bill is far from perfect. The overall funding in the bill is substantially lower than what I would have liked, and several specific accounts are also too low. But this bill does represent a very serious bipartisan compromise. And again, I want to thank the chairman and our ranking member.

The bill also includes the full $3 billion in aid package for Israel and the critical $80 million for refugee resettlement assistance. With the tragic bombings today in Jerusalem, we have seen once again how very important it is for the United States to express its strong support for Israel and the Israeli people.

Although the development assistance account is lower than the administration requested, an issue I would like to see corrected in conference, it does include a critical $10 million increase for international microcredit programs, which I think are absolutely critical to help raise the level of prosperity around the world.

Mr. Chairman, I remain concerned about the item in the bill for International Development Association, which is unacceptably low. The $606 million included in the bill is only slightly more than half of what the administration has requested for IDA, and I would call on the chairman to work with me and my colleagues to increase this amount in conference, as well.

Mr. Chairman, the bill does have some compromises which we worked very hard to support. The bill preserves current law, prohibiting the U.S. funds for the performance of abortions or to lobby for or against abortion. It also prohibits the funds from being used to support any biomedical research that relates to the performance of abortions.

Mr. Chairman, I offer my very strong support for this bipartisan bill.

In the past, we have spent many hours debating amendment after amendment on the floor regarding Greece, Turkey, and the Caucasus region. This year, we have reported out a bill that addresses most of our concerns in this area. Now there are some provisions I would have written differently, and I'm sure some of my colleagues feel the same way, but what is in the bill represents a good balance on this issue. And I want to thank the chairman and Ms. PELOSI, and also Mr. KNOLLENBERG and Mr. PORTER for all of their hard work on this issue. Microcredit is a critical tool in the fight to eradicate poverty worldwide and enjoys wide bipartisan support in the Congress and the administration.

Providing these small, low interest loans to the millions of low-income entrepreneurs around the world would be a major step toward the eradication of poverty. This is especially true among women, who are very often the heads of households, and benefit tremendously from microcredit programs. This is a critical time for microcredit. We have come a long way this year alone, but we must do more. The increase for microcredit in this bill will allow us to help thousands of people pull themselves out of poverty.

IDA makes critical investments in the development of the world's poorest countries. It provides assistance in health care, education, and other areas of human capital, creating the climate needed for sustainable growth and helping to turn these nations from aid recipients to trading partners.

This bill also strikes a balance in the area of international family planning assistance, one of the most important forms of aid that we provide to other countries. No one can deny that the need for family planning services in developing countries is urgent and the aid we provide is both valuable and worthwhile.

Nearly 600,000 women die each year of causes related to pregnancy and childbirth—most live in developing countries.

Each year, 250,000 women die from unsafe abortions. Most of these disabilities and deaths could be prevented.

Only 20 to 35 percent of women in Africa and Asia receive prenatal care.

Five hundred million married women want contraceptives but cannot obtain them.

This bill preserves current law prohibiting the use of U.S. funds for the performance of abortions or to lobby for or against abortion. It also prohibits the funds from being used to support any biomedical research that relates to the performance of abortions as a method of family planning.

These restrictions represent a compromise in this area and I hope that we will pass this bill without upsetting this compromise. Unfortunately, some of my colleagues see this matter differently and are planning to offer an amendment that, if passed, could hold the entire foreign aid bill hostage for the third year in a row. I strongly urge my colleagues to oppose these efforts to disrupt our bipartisan compromise.

Mr. Chairman, as I have stated, I do have some very serious reservations about specific provisions in this bill. But on the whole, it represents a good compromise between Chairman CALLAHAN, Ranking Member PELOSI, and all of the members of the subcommittee. I urge passage of this bill.

Ms. PELOSI. Mr. Chairman, I am pleased to yield 2 minutes to my colleague, the gentleman from California [Mr. TORRES], a distinguished member of the subcommittee.

Mr. TORRES. Mr. Chairman, I thank the chairman, and I thank my ranking member for that kind introduction.

I rise, of course, to commend both the gentleman from Alabama [Mr. CALLAHAN], the chairman, and the gentlewoman from California [Ms. PELOSI], the ranking member, for their diligent work in crafting this year's foreign assistance package. I also want to commend the majority and minority staff for their tireless efforts to produce this very fine bill.

However, I must note that the bill falls short in certain areas. While I respectively acknowledge the willingness of the gentleman from Alabama [Mr. CALLAHAN] to work with me and members of the subcommittee in addressing concerns that we all have about the School of the Americas, I am not convinced that we should continue to spend one more dime on this facility.

And that is why I intend to offer an amendment, together with my colleagues, the gentleman from Illinois [Mr. YATES] and the gentleman from Pennsylvania [Mr. FOGLIETTA], to prohibit any of the bill's funds from being used at the school.

I am also deeply troubled that there may be a move to strike from the bill a critical counternarcotics assistance accountability provision, specifically referred to as the Leahy amendment. This provision, which I supported in last year's bill, prohibits U.S. counternarcotics aid from going to human rights violators in certain foreign countries. It prevents U.S. aid from going to specific military units where there is credible evidence they have been involved in violations.

The Colombian armed forces and their paramilitary allies are implicated in hundreds of murders a year. Colombian military units responsible for some of the worst human rights atrocities in recent years were also those that received U.S. assistance. We should be doing everything possible to ensure that U.S. aid is used for counternarcotics efforts and not for murdering civilians.

The human right provisions is the very minimum standard we should utilize before releasing millions of dollars in military aid to combat narco-trafficking. Rather than striking it from the bill, I believe we should be expanding the provision to include all forms of counternarcotics assistance. Regrettably, the rule does not permit this important provision from a point of order.

Mr. Chairman, I rise today in support of H.R. 2159, the fiscal year 1998 Foreign Operations appropriations bill as reported out of the full committee. I want to commend Chairman CALLAHAN and the distinguished ranking member, Ms. PELOSI, for their diligent work in crafting this year's foreign assistance package. I also want to commend both the majority and minority staff for their tireless efforts to produce this bill.

However, I must vote that the bill falls short in several areas. While I respectfully acknowledge Chairman CALLAHAN'S willingness to work with me and others on the subcommittee in addressing concerns we all have about the U.S. Army School of the Americas, I am not convinced that we should continue to spend one more dime on this facility. That is why I intend to offer an amendment, together with my colleagues Mr. YATES and Mr. FOGLIETTA, to prohibit any of the bill's funds from being used at the school.

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It prevents U.S. aid from going to specific military units where there is credible evidence they've been involved in violations. The Colombian Armed Forces and their paramilitary allies are implicated in hundreds of murders a year. Colombian military units responsible for some of the worst human rights atrocities in recent years were also those that received U.S. assistance.

We should be doing everything possible to ensure that U.S. aid is used for counternarcotics efforts and not for murdering civilians. The human rights provision is the very minimum standard we should utilize before releasing millions of dollars in military aid to combat narco trafficking. Rather than striking it from the bill, I believe we should be expanding the provision to include all forms of counternarcotics assistance. Regretfully, the rule does not protect this important provision from a point of order.

I am, however, pleased that this bill provides full funding for the fund for special operations, the concessional lending arm of the Inter-American Development Bank. The FSO extends loans to the poorest countries in Latin America and the Caribbean for programs designed to alleviate poverty. FSO programs benefit those most in need, especially women and children and microentrepreneurs who have little access to credit through regular financial sources.

The U.S. contribution to the Fund for Special Operations is an effective investment in the development of our poorest neighbors in the Western Hemisphere. The fully funded level of $20.83 million for the FSO is critical in leveraging funds from other donor nations around the world and I am pleased that this bill provides the administration's request.

I am also pleased that the bill directs an increase of $20 million for programs in the Latin America and Caribbean region. U.S. assistance to Latin America has been scaled back dramatically in recent years. Despite bill and report language in last year's bill, aid to Latin America has continued to be slighted. The relatively modest sums directed toward sustainable development in Latin America are a worthwhile long-term investment in the economic and political stability of our closest neighbors.

Further, the United States has made certain commitments to the region, such as contributions to consolidating peace in Central American nations, which should be honored.

I also want to note that the bill provides the fourth and final tranche to complete the capitalization of the North American Development Bank, or NADBANK. This funding is critical for the Bank to realize its potential to clean up the border region and address the domestic needs of displaced workers and businesses.

Again, my thanks to Chairman CALLAHAN for his cooperation in working with all members of this subcommittee to craft this bill in a bipartisan manner.

Ms. PELOSI. Mr. Chairman, I am pleased to yield 2½ minutes to the distinguished gentleman from New Jersey [Mr. PALLONE].

Mr. PALLONE. Mr. Chairman, I rise in support of the foreign operations appropriations bill. The bill makes a significant effort to realize the balanced policy in the Caucasus region. And I am urging my colleagues in the bipartisan Armenian caucus to support the consensus position on the Caucasus, which was so painstakingly worked out by the subcommittee members.

I urge those who will participate in the House-Senate conference to do everything possible to retain the House position in conference. The House bill maintains the economic sanctions on Azerbaijan which were enacted into law under section 907 of the Freedom Support Act in response to that country's continuing blockade to Armenia and Nagorno Karabagh. Unlike the Senate bill, the House bill does not allow for funds to go to Azerbaijan from the Export-Import Bank, the Overseas Private Investment Corporation, or the Trade and Development Agency. The House bill maintains the integrity of section 907, while the exceptions in the Senate bill render the prohibition on aid to Azerbaijan virtually meaningless.

One of the truly honorable provisions in this bill is the language making funds available for humanitarian assistance through nongovernmental organizations in conflict zones throughout the Transcaucasus, including Nagorno Karabagh.

And finally, the bill provides a $95 million soft earmark for Armenia. Given the challenges facing Armenia, with blockades imposed by neighbors on their east and west, and in light of the strides that Armenia is making in terms of establishing democracy and a market economy, I believe this earmark is fully justified.

Mr. Chairman, I would also like to stress our policy with regard to India. I believe we should remain consistent with the longstanding American goal of promoting greater cooperation with countries like India that promote democracy, free markets, and stability.

I understand that we will be asked to consider an amendment to cut development aid to India. I urge Members not to support this unjustified proposal. Last year, India held nationwide elections in which more than 400 million people voted for free and fair elections. And this year, in the Indian state of Punjab, some 60 percent of the voters turned out for free elections, which resulted in the election of a Sikh dominated government. India has taken concrete steps to address human rights issues with the establishment of a national human rights commission that has won international praise for its independence and effectiveness.

Finally, Mr. Chairman, I am extremely concerned about a provision in the Senate foreign ops bill which would relax current United States sanctions on Pakistan. Under the Glenn-Symington provision, certain key United

States trade and export promotion programs have been withheld from Pakistan in the past because of Pakistani involvement in nuclear proliferation. In recent years, Pakistan has moved forward with an aggressive program of acquiring nuclear technology and weapons.

I urge the Members not to recede to the Senate on this ill-advised provision in conference.

Ms. PELOSI. Mr. Chairman, I am pleased to yield 2 minutes to the gentleman from Maryland [Mr. HOYER], a distinguished member of the Committee on Appropriations.

Mr. HOYER. Mr. Chairman, I thank the gentlewoman from California [Ms. PELOSI] for yielding me the time.

Mr. Speaker, U.N.- and NATO-led forces were involved in the recent apprehension of two individuals and the killing of a third who had been indicted by the International War Crimes Tribunal. The recent arrests and the tribunal's sentencing of Dusan Tadic to 20 years in prison for his part in the torture and murder of innocent civilians are a major step forward.

Yet the fact remains that, while the war crimes tribunal has publicly indicted 76 people to date, 66 indicted suspects remain at large, despite the fact that the tribunal has been issued international indictments, despite the fact that the Dayton accords requires the parties to that agreement to surrender those who are within their effective jurisdiction, and despite the fact the U.S. Security Council Resolution 827 requires all states to cooperate in this effort.

This must stop, Mr. Speaker. If countries do not live up to their international obligations and cooperate with the tribunal, we should not cooperate with them. I am pleased that the legislation before us provides for sanction against those countries which harbor war criminals. The bill permits the President to withhold foreign assistance from these states and instructs the Secretary of the Treasury to oppose assistance from the international financial institutions.

I would have preferred frankly an outright ban on such aid but am pleased that we are moving in the right direction. I want to thank the gentleman from Alabama [Mr. CALLAHAN] and the gentlewoman from California [Ms. PELOSI] for their support and leadership in this effort.

I am pleased this committee has recommended a $3 million voluntary contribution to the war crimes tribunal to assist in its challenging work. In closing, Mr. Speaker, let me just say that I would have preferred that we had done more to assist the emerging democracy in Russia and other CIS states. I understand the constraints that the committee was under. And I am rising in support of this bill and looking forward to their success in conference.

Mr. CALLAHAN. Mr. Chairman, I yield 2 minutes to the gentleman from Florida [Mr. GOSS], member of the Committee on Rules.

Mr. GOSS. Mr. Chairman, I thank the distinguished chairman for yielding me the time. I point out that less than 1 percent of the Federal budget we are talking about here, foreign aid spending, is not the problem when it comes to our budget ills. But it is clear that everything is on the table when we talk about the budget.

The reason I am supporting this bill is not budgetary, however. It is because this bill was crafted by making difficult choices, shifting limited resources and reflecting new priorities. And I congratulate both the chairman and ranking member for that. Also of course it keeps spending down, and Chairman Callahan has done a fabulous job at that.

In fact, Chairman Callahan has delivered a bill that comes in, I understand, at $4.6 billion below the President's request and below the spending allocation. That is a pretty good trick in these tight budgetary times.

But the important point is the committee has prioritized spending to fund child survival programs and to fund efforts in nonproliferation, antiterrorism, and counternarcotics. As chairman of the House Permanent Select Committee on Intelligence, that is a very important area for me. And it is an area of critical concern involving both the security and the quality of life for Americans at home and abroad.

And I think it is very important that this bill focuses on that. And I am pleased it does, and that is one of the reasons I strongly support it.

But as a southwest Floridian, I am pleased that this bill will choke off some of the international assistance that might be funneled to Fidel Castro to complete dangerous nuclear reactors at Juragua. The foreign operations bill also includes $72 million in funding for operations in Haiti. But the gentleman from Alabama [Mr. CALLAHAN] has wisely conditioned that aid on progress on economic reforms and investigations into political killings since President Preval's election.

Although I would have preferred language that included all the killings since the troops returned President Aristide, I am nevertheless pleased to see that we have some specific markers set out on accountability in this area.

To date, and to the best of our ability to get an accounting from the Clinton team, we know that more than $3 billion has been spent for Haiti and we see little evidence for that $3 billion of good governance or any other progress we were hoping for in that nation. I urge support for this legislation.

Ms. PELOSI. Mr. Chairman, I am pleased to yield 1 minute to the gentlewoman from California [Ms. WOOLSEY].

Ms. WOOLSEY. Mr. Chairman, I rise in strong support of the bipartisan consensus that the committee has reached in this bill on the troubled Caucasus region in Armenia.

Since Azerbaijan began its blockade of Armenia 5 years ago, the citizens of Armenia have suffered from lack of shelter, lack of heat, lack of food and lack of crucial medicine. In fact, the world food bank has described Armenia as a prefamine state. Even worse, Mr. Chairman, the Armenians in Nagorno Karabagh have been blockaded by Azerbaijan for 8 years.

That is why we must maintain economic sanctions against them. That is why economic sanctions will send a clear and straightforward message to the perpetrators of this cruel and senseless blockade. It is a message that their actions will no longer be tolerated.

Mr. Chairman, I urge my colleagues to join me in congratulating the committee on a job well done and in supporting this important consensus.

Ms. PELOSI. Mr. Chairman, I yield such time as he may consume to the gentleman from Texas [Mr. BENTSEN].

Mr. BENTSEN. Mr. Chairman, I rise in support of the bill.

Mr. Chairman, I rise to support the fiscal year 1998 foreign operations appropriations bill.

Especially at this critical juncture of the peace process, and in light of today's tragic bombing in Jerusalem, the United States must continue to support Israel and help assure its security as it takes the very difficult steps needed to secure peace. Any cuts in foreign aid to Israel now could damage Israel's security, its negotiating posture, and the peace process, as well as other United States interests in the region. As one of the United States' strongest allies and the only true democracy in the Middle East, Israel is certainly deserving of this support.

I want to emphasize that this measure is in the United States' strategic and economic best interest. Israel is the most reliable ally of the United States in the Middle East and continued foreign aid funding will maintain a solid partnership with the United States. Because of the depth of the United States-Israel relationship and the permanence of Israel's democracy, the United States knows we can depend on Israel in a crisis. By its continued support of Israel, the United States honors a historic commitment to a fellow democracy with which we share unique security, economic, and cultural ties.

I am especially pleased by the growing relationship between Israel and my State of Texas. Texas and Israel are substantial trading partners, sharing economic interests in telecommunications, medical technology, hightech computers, and agriculture. In 1996, Texas exports to Israel totaled nearly $580 million in goods and services, which represented an 89 percent increase since 1995. With regard to medical technology, Israel and Texas have established many joint research programs. For example, the Texas-Israel Telemedicine Exchange has brought together the Texas Children's Hospital in Houston and the Rabin Medical Center in Petach Tikvah in developing a telemedicine framework for Israel's hospitals and health care clinics. As this partnership continues to develop, new business opportunities will make the economies of Texas and Israel stronger and more competitive in the 21st century.

The United States has a strong national interest in bringing peace, stability, and economic growth to one of the most strategic and potentially destabilizing regions of the world. The United States can best achieve these goals by continuing its commitment to ensuring Israel's security. I urge my colleagues to continue a proud tradition of support for Israel and to recognize that our Nation's national interests will be reinforced by voting for this appropriation.

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Mr. CALLAHAN. Mr. Chairman, I yield 1 minute to the gentleman from Delaware [Mr. CASTLE].

Mr. CASTLE. I thank the distinguished gentleman for yielding me this time.

Mr. Chairman, I am the chairman of a subcommittee on the Committee on Banking and Financial Services called the Subcommittee on Domestic and International Monetary Policy. We deal with the Eximbank as well as the international financial institutions.

My 1 minute will not allow me to go into all the different aspects of this, but we are very supportive of this legislation. We are also very supportive of the concept that the United States of America needs to continue to be involved with some of these organizations, including the World Bank, the International Development Association and some of the various development funds which are out there.

We think that the International Development Association has become a symbol of the willingness of the United States to meet its international obligations. We will not be able to effectively advance our reform agenda unless we stay fully involved and keep our payments up to date, which we are attempting to do at this point and which this legislation indeed attempts to do.

These are difficult choices. Few Members really wish to in some instances subsidize export promotion or be involved in some of these supports overseas with respect to these areas, but as we go more and more into international trading and an international economy, I feel they are necessary.

I hope that all Members would take the time at some point to more fully understand what we are doing. It is relatively limited compared to most countries that offer the same level of support. But for today, I believe the foreign operations appropriations bill is doing just the right thing.

Mr. Chairman, I rise to comment on the provisions of this bill regarding the international financial institutions [IFI's] and the Export-Import Bank of the United States [Eximbank]. Both the IFI's and Eximbank are within the authorizing jurisdiction of the Subcommittee on Domestic and International Monetary Policy, which I chair.

For fiscal year 1998, the administration requested the support of the Banking Committee for authorization of U.S. contributions to the 11th replenishment of the International Development Association [IDA]; the 7th replenishment of the All Development Fund [ADF]; the European Bank for Reconstruction and Development [EBRD]; the Inter-American Development Bank [IDB]; the Enhanced Structural Adjustment Facility of the International Monetary Fund [IMF]; and the New Arrangements to Borrow [NAB], a new multilateral line of credit available to the IMF in the event of a serious threat to the international financial system. In addition, the committee has been requested to reauthorize the Export-Import Bank of the United States for 4 additional years.

Specifically, with respect to the international financial institutions, the administration requested authorization of appropriations in the amount of $1.6 billion over 2 years for U.S. contributions to IDA–11; $400 million over 4 years for the U.S. contribution to ADF–7; $285 million over 8 years for the U.S. contribution to the second general capital increase of the EBRD; $76.8 million over 3 years for a scheduled capital subscription to the IDB; $75 million over 10 years for the interest subsidy account of the ESAF facility of the IMP; and approximately $3.4 billion (as valued in special drawing rights) for U.S. participation in the NAB.

On May 8, 1997, the Subcommittee on Domestic and International Monetary Policy considered and favorably reported by voice vote to the full Banking Committee H.R. 1488, the International Financial Institution Reform and Authorization Act of 1997. That bill fully authorizes over 2 years the U.S. contribution to the 11th replenishment of IDA, the World Bank facility that provides concessional lending to the world's poorest developing countries. The subcommittee intends to work closely with the Treasury and other interested parties to ensure that the World Bank remains on the reform path and that U.S. taxpayer resources are used effectively. This commitment to ongoing reform is reflected in the policy provisions of H.R. 1488.

But the subcommittee also recognized that IDA has become a symbol of the willingness of the United States to meet its international obligations. I believe the United States cannot effectively advance reform or our policy priorities if we remain in arrears to IDA and other multilateral lending institutions. In this regard, I would strongly support efforts to address past due payments to the international financial institutions in a manner consistent both with the overall request, and the assumption of a cap adjustment for exchanges of monetary assets and for international organization arrears as provided for in the budget resolution. Let's get these arrears behind us to ensure that America can effectively lead these institutions in a way that advances our national interests.

The regional development banks were all authorized at the fiscal year 1998 appropriations request level, not because of a lack of subcommittee support, but in recognition of existing fiscal constraints. The ESAF was also authorized at the fiscal year 1998 level, although future subcommittee support for the ESAF will depend on the results on an ongoing external review of this facility. The subcommittee also authorized U.S. participation in the NAB. As you know, U.S. participation in the NAB entails no scoring of budgetary outlays.

On May 8, 1997, the Subcommittee on Domestic and International Monetary Policy also considered and favorably reported by voice vote to the full Banking Committee H.R. 1370, a bill to reauthorize the U.S. Export-Import Bank through September 30, 2001. That bill was passed by voice vote, as amended, by the full Banking Committee on July 9 of this year.

These international issues present Congress with difficult choices. Few Members wish to subsidize export promotion, but the heavy hand of our foreign competitors in trade finance makes continued U.S. support for Eximbank imperative. Likewise, many observers can point to specific failings by the international financial institutions, and the bipartisan agreement on the need for reform suggests that a good deal of the criticism of the IFI's has been at least partially valid. Yet there is also strong bipartisan agreement that the IFI's continue to make an important contribution to economic development and to the stability of the international financial system. On balance, they were serve U.S. international economic as well as foreign policy interests. I would urge my colleagues to give them their support.

Mr. CALLAHAN. Mr. Chairman, I yield 30 seconds to the gentleman from Arizona [Mr. PASTOR].

Mr. PASTOR. Mr. Chairman, I thank the gentleman for yielding me this time. I would like to engage the gentleman from Alabama in a brief colloquy regarding the sustainable desert development program for combating desertification, a program which I support. Am I correct to understand that the committee's intent is that the $5 million made available under this bill is to be administered by the Agency for International Development on a competitive peer-reviewed basis?

Mr. CALLAHAN. Mr. Chairman, will the gentleman yield?

Mr. PASTOR. I yield to the gentleman from Alabama.

Mr. CALLAHAN. The gentleman from Arizona is correct.

Mr. PASTOR. Mr. Chairman, I thank the gentleman for his time and assistance in this matter.

Ms. PELOSI. Mr. Chairman, I yield 1 minute to the gentleman from Ohio [Mr. TRAFICANT].

Mr. TRAFICANT. Mr. Chairman, I will take more time when I strike the last word on an OPIC amendment.

A company from my district agreed to be a model investment company in Gaza under OPIC, and they experienced a number of unethical and downright illegal activities that must be brought before the Congress. The company is Bucheit International and, among other things, they allowed a private individual over there to cancel checks, to put up as collateral their account for a private loan. I have never seen such type of banking irregularities ever.

This was the only company to make an investment of $4.4 million in Gaza which caused them to default on a $2 million loan. Under the 5-minute rule I am going to explain it more fully, but I am hoping we do not conclude business today and that I could put some language in here that will protect American companies that are being ripped off. We cannot have the PLO, who sponsors terrorism, also ripping off American companies.

Ms. PELOSI. Mr. Chairman, I yield myself the balance of my time.

In closing, I want to commend our distinguished chairman for his tremendous leadership in crafting this legislation and bringing such a strong bipartisan bill to the floor. I think the strength of our bill today and the consensus that he built will go a long way to taking us to passage and to conference, where some of the fights will be tougher ones and where we will have the battle over priorities and how much money is the appropriate figure to have in this legislation.

I want to once again thank the majority and the minority staff and, very important, the distinguished members of the subcommittee, both Republican and Democratic members of the committee for the cooperation they gave to our chairman and to me as ranking member.

I believe that this bill is a very important one to the Congress and to our country. Because of the resources that we are appropriating here today, the Clinton administration will be able to promote democratic freedoms, stop proliferation of weapons of mass destruction, promote U.S. exports through the export finance provisions of this legislation, and indeed work for our national security by promoting peace throughout the world.

I come from a different kind of district than the district of the gentleman from Alabama [Mr. CALLAHAN]. I am sympathetic to him in terms of having to sell foreign assistance back home. I come from a very globally oriented district that places a very high value on the leadership role that the United States plays in the world, and I think that the commitment that we make here today and hopefully an expanded one that we will come out of the conference with is one that does promote the values of our country. I urge my colleagues to support the legislation the gentleman from Alabama [Mr. CALLAHAN] has brought to the floor today.

Mr. CALLAHAN. Mr. Chairman, I yield myself the balance of my time.

In closing let me reemphasize that this once again cuts last year's appropriation level. It is $4.6 billion below the President's request and it is $233 million under our 602(b) allocation.

Once again, this is a vote on final passage of this bill to cut foreign aid.

Mr. POMEROY. Mr. Chairman, I want to express my appreciation to the House Appropriations Committee for its support of overseas programs by U.S. cooperatives and credit unions. I have supported the work of cooperatives and credit unions in my state. These people-to-people assistance programs are the types of foreign aid that the American people fully support.

In its report (105–176), the Committee stated that:

> The Committee continues to support development efforts carried out by United States cooperatives and credit unions. These programs promote free markets, create business linkages with the United States, export American technology, and build local economies, and help create a friendly climate for new and expanding United States markets. They enable people to achieve dignity and lasting economic benefits through member-owned businesses.

Overseas cooperative development is a unique type of self-help assistance, carried out in America's tradition of humanitarian assistance and in America's national interest. Critical support for these efforts comes from the U.S. Agency for International Development.

Cooperatives provide private sector approach to international development that combines a humanitarian concern with a business discipline. Cooperatives give people a stake in the system by bringing them into the marketplace. They introduce democratic business practices in many countries with little experience in democracy.

In the U.S., they have enhanced and promoted the economic well-being of farmers and spread the benefits of free markets through credit unions and community-based businesses. Cooperatives have used their domestic experiences to share their business know-how abroad. In turn, these overseas programs directly benefit America by enhancing stability in developing countries, building long-term business partners and increasing international sales and investments by U.S. businesses.

The following are a few examples of overseas U.S. cooperative development efforts:

In El Salvador, illegal immigration is slowed as cooperatives develop two-way trade in non-traditional and non-competitive products. In Bolivia, United States agricultural and electric cooperatives support alternative crops to coca production, and thus are combating illegal drug trafficking.

In Africa, cooperatives and credit unions are carrying out micro-enterprise programs that reverse the flow of capital and bring it back to rural communities. In Indonesia, cooperatives are helping micro-entrepreneurs in the production of specialty export crops, integrated livestock and fishery production and rural enterprise development including joint ventures with United States companies.

In Romania, United States housing and other cooperatives are playing a crucial role in strengthening civil society to address decaying social problems by providing training and technical assistance in management, accounting, fundraising, marketing and financial analysis to new and struggling non-governmental organizations.

In Georgia, United States agricultural cooperatives have built a network of growers with a seed production cooperative and are building a supply association for inputs to private farmers. The new cooperative is a private sector alternative to the defunct government wheat seed and multiplication and supply system.

Through programs like these, cooperatives provide hope for economic prosperity through grassroots businesses that provide jobs, income, basic education and democratic experience. By providing private sector to private sector assistance, rather than government to government assistance, U.S. cooperatives are better able to link American communities and cooperative businesses with overseas partners that, in turn, serve U.S. economic interests.

Mrs. KENNELLY of Connecticut. Mr. Chairman, I rise in support of the fiscal year 1998 foreign operations appropriations bill and wish to express my strong support for a provision in the bill which would permit $95 million in aid to promote important economic reforms in Armenia.

Armenia, can play an pivotal role in American foreign policy in the Caucasus region with our continued support. Current economic and political reforms taking place offer important opportunities for the emergence of a strong pro-western government that can compete on the world market, and open trade opportunities for the United States.

Continued economic support combined with an expanded U.S. role in the Caucasus region as co-Chair of the Organization for Security and Cooperation in Europe, Minsk Group, will be critical to breaking the current impasse between Armenia and Azerbaijan over Nagorno-Karabagh. Further, a lifting of the blockade of Armenia by its neighbors in conjunction with a peaceful settlement to the Nagorno-Karabagh issue will only lead to greater stability and growth in the region. I urge the Administration to remain diligent on these important issues and applaud the committees decision to earmark foreign assistance to Armenia.

Mr. KOLBE. Mr. Chairman, I have been a longtime advocate of funding for research in the field of sustainable development of arid lands in order to fight desertification, and I applaud the committee's decision to recommend greater resources be made available for this important work. Significant work has been accomplished in this field by the University of Arizona and its cooperating partners in the International Arid Lands Consortium. It is vital, however, that the funds for Middle East Desertification activity be administered by AID in a competitive, peer-reviewed program that will encourage the best scientists, researchers, and land managers in this important field to seek solutions to the complicated problems associated with desertification.

Resources for important research have become all too scarce, and I know my colleagues on both sides of the aisle agree that we must ensure that those funds we do make available are expended in a fashion that will produce tangible results and inspire taxpayer confidence. Peer-review is vital to assessing the quality of the science produced by federal funding, and increasing the number of disciplines involved in arid lands sciences will help bring about a greater utilization of sustainable arid land management techniques.

It is for these reasons I ask that Congress require any program that results from this funding for the Middle East Desertification activities be administered through a peer-reviewed, competitive process.

Mr. UNDERWOOD. Mr. Chairman, I am pleased to note that there are several provisions in the FY 1998 Foreign Appropriations bill aimed at curbing human rights violations and promoting democratic ideals. A number of countries affected by these stipulations are Guam's neighbors in the Asia-Pacific region. Not only are we in close proximity to nations such as South Korea and China, the people of Guam also enjoy social and cultural links with them.

I stress the importance of promoting democracy and human rights in Asia, and I am confident that certain aspects of this bill will contribute towards greater acceptance of self-determination and individual liberties. For example, the Committee's recommendation that the State Department select a special envoy to facilitate the peaceful resolution of the East Timor dilemma should United Nations efforts fail is a clear signal of American commitment to the plight of the East Timorese. I had the pleasure of meeting Bishop Carlos Ximenes Belo, a co-recipient of the Nobel Prize for his work in East Timor, and was amazed by his dedication to provide the East Timorese with an international voice. We must continue our support for leaders such as Bishop Belo in their peaceful quest for basic human rights.

I am also pleased that an arrangement is provided for an East-Asian Pacific democracy fund, as proposed in the President's budget request, which would promote democracy and democratic institutions in China. Although the details of this fund have yet to be finalized by the State Department and approved by Congress, it is yet another pledge to protect democracy. As we cautiously observe China's management of Hong Kong, we must continue to constructively engage China economically and politically. Through economic relations, diplomatic maneuverings and democratic influences, it will not be long before China and its territories enjoy the same freedoms we experience every day.

The United States is a major player in the global area, and the provisions we debate in Congress tonight command international attention. Democracy and human rights do not stem merely from a nation's automatic self-awareness. Sometimes we must prod and remind others and ourselves that democratic principles and respect for individual liberties are necessary components of a strong, stable nation.

Mr. ORTIZ. Mr. Chairman, I rise today in support of the Overseas Private Investment Corporation and to express my opposition to the amendments offered by Mr. ROYCE and Mr. PAUL to H.R. 2159, the fiscal year 1998 Foreign Operations Appropriations Act. These amendments would do nothing but hurt American businesses and American workers.

Mr. Chairman, at a time when American businesses are facing increased competition in the global marketplace, it is inconceivable to me that we, the very Government charged with helping our businesses, would obstruct the most important means to this end. To those who support the elimination of OPIC, I implore them to give up the isolationist belief that if we ignore foreign trade deficits, they will simply go away. Nothing could be farther from the truth. We must engage our competitors in the global marketplace or we will become a second place economic power.

Mr. Chairman, there is a reason we have trade deficits with some foreign nations—they actively support their businesses to a much greater extent than we do. If we cut OPIC, we tie the hands of American businesses just as they are poised to step into the ring. My colleagues have to understand this essential fact: the global marketplace is not going to go away. If we stick our heads in the sand and let foreign businesses get the upper hand in the global marketplace, then we are turning our backs on our own people and our own future. Let us make no mistake, Mr. Chairman, we need OPIC.

The CHAIRMAN. All time for general debate has expired.

Pursuant to the order of the House of Thursday, July 24, 1997, the bill shall be considered for amendment under the 5-minute rule.

Amendments printed in House Report 105–184 may be offered only by a Member designated in the report or the order of the House and only at the appropriate point in the reading of the bill, are considered as having been read, are debatable for the time specified in the report or the order of the House, equally divided and controlled by the proponent and an opponent, are not subject to amendment except as specified in the report, and are not subject to a demand for division of the question.

No other amendment shall be in order unless printed in the CONGRESSIONAL RECORD.

The Chairman of the Committee of the Whole may postpone a request for a recorded vote on any amendment and may reduce to a minimum of 5 minutes the time for voting on any postponed question that immediately follows another vote, provided that the time for voting on the first question shall be a minimum of 15 minutes.

The Clerk will read.

The Clerk read as follows:

H.R. 2159

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the following sums are appropriated, out of any money in the Treasury not otherwise appropriated, for the fiscal year ending September 30, 1998, and for other purposes, namely:

TITLE I—EXPORT AND INVESTMENT ASSISTANCE

EXPORT-IMPORT BANK OF THE UNITED STATES

The Export-Import Bank of the United States is authorized to make such expenditures within the limits of funds and borrowing authority available to such corporation, and in accordance with law, and to make such contracts and commitments without regard to fiscal year limitations, as provided by section 104 of the Government Corporation Control Act, as may be necessary in carrying out the program for the current fiscal year for such corporation: *Provided*, That none of the funds available during the current fiscal year may be used to make expenditures, contracts, or commitments for the export of nuclear equipment, fuel, or technology to any country other than a nuclear-weapon State as defined in Article IX of the Treaty on the Non-Proliferation of Nuclear Weapons eligible to receive economic or military assistance under this Act that has detonated a nuclear explosive after the date of enactment of this Act.

SUBSIDY APPROPRIATION

For the cost of direct loans, loan guarantees, insurance, and tied-aid grants as authorized by section 10 of the Export-Import Bank Act of 1945, as amended, $632,000,000 to remain available until September 30, 1999: *Provided*, That such costs, including the cost of modifying such loans, shall be as defined in section 502 of the Congressional Budget Act of 1974: *Provided further*, That such sums shall remain available until 2013 for the disbursement of direct loans, loan guarantees, and insurance obligated in fiscal years 1998 and 1999: *Provided further*, That funds appropriated by this paragraph are made available notwithstanding section 2(b)(2) of the Export-Import Bank Act of 1945, in connection with the purchase of lease of any product by any East European country, any Baltic State, or any agency or national thereof.

ADMINISTRATIVE EXPENSES

For administrative expenses to carry out the direct and guaranteed loan and insurance programs (to be computed on an accrual basis), including hire of passenger motor vehicles and services as authorized by 5 U.S.C. 3109, and not to exceed $20,000 for official reception and representation expenses for members of the board of Directors, $48,614,000: *Provided*, That necessary expenses (including special services performed on a contract or fee basis, but not including other personal services) in connection with the collection of moneys owed the Export-Import Bank, repossession or sale of pledged collateral or other assets acquired by the Export-Import Bank in satisfaction of moneys owed the Export-Import Bank, or the investigation or appraisal of any property, or the evaluation of the legal or technical aspects of any transaction for which an application for a loan, guarantee or insurance commitment has been made, shall be considered nonadministrative expenses for the purposes of this heading: *Provided further*, That, notwithstanding subsection (b) of section 117 of the Export Enhancement Act of 1992, subsection (a) thereof shall remain in effect until October 1, 1998.

OVERSEAS PRIVATE INVESTMENT CORPORATION NONCREDIT ACCOUNT

The Overseas Private Investment Corporation is authorized to make, without regard to fiscal year limitations, as provided by 31 U.S.C. 9104, such expenditures and commitments within the limits of funds available to it and in accordance with law as may be necessary: *Provided*, That the amount available for administrative expenses to carry out the credit and insurance programs (including an amount for official reception and representation expenses which shall not exceed $35,000) shall not exceed $32,000,000: *Provided further*, That project-specific transaction costs, including direct and indirect costs incurred in claims settlements, and other direct costs associated with services provided to specific investors or potential investors pursuant to section 234 of the Foreign Assistance Act of 1961, shall not be considered administrative expenses for the purposes of this heading.

Mr. PORTER. Mr. Chairman, I move to strike the last word to engage the chairman of the subcommittee in a colloquy.

Mr. Chairman, I am seeking clarification with regard to a provision we included in the bill regarding Economic

Support Funds for Turkey. It is my understanding that this provision limits the overall level of assistance to $40 million, with no less than half of the funds to be spent on democracy building and other activities by nongovernmental organizations, private voluntary organizations or other instrumentalities, and these funds will be administered through the Agency for International Development.

Mr. CALLAHAN. Mr. Chairman, will the gentleman yield?

Mr. PORTER. I yield to the gentleman from Alabama.

Mr. CALLAHAN. The gentleman is correct. The Agency for International Development will be responsible for administering the project elements of section 571 utilizing NGO's, PVO's and other instrumentalities consistent with the purposes outlined in this section and in consultation with this subcommittee.

Mr. PORTER. I would also like to clarify that these two tracks of assistance are not severable, and if for whatever reason the directed assistance were not provided and spent in the manner provided in the bill, then the government of Turkey would not receive the direct government-to-government assistance.

Mr. CALLAHAN. That is the intention of the committee in including the provision, and the administration will be apprised that this is the appropriate interpretation of this provision.

Mr. PORTER. I thank the gentleman for taking the time to clarify this matter and for his leadership on this issue.

Mr. BILIRAKIS. Mr. Chairman, will the gentleman yield?

Mr. PORTER. I yield to the gentleman from Florida.

Mr. BILIRAKIS. I thank the gentleman for yielding.

Mr. Chairman, I wish to engage the distinguished gentleman from Illinois, a member of the Committee on Appropriations, in a further discussion on the issue of Economic Support Funds to Turkey.

Mr. PORTER. I am pleased to engage in a discussion with the gentleman from Florida.

Mr. BILIRAKIS. As the gentleman knows, I had originally intended to offer a bipartisan amendment with the gentleman from Indiana [Mr. VISCLOSKY]. However, based on this discussion and the one preceding it, I will not offer my amendment.

It is my understanding that the concept of the Economic Support Fund was first established in the foreign assistance act of 1961 because Congress recognized that special circumstances, either economic, political or security conditions, may necessitate the need to give economic assistance to foreign countries. The ESF is a flexible but complex aid category and continues play an important role in promoting U.S. interests overseas.

Last Congress ESF funds were made available to Turkey to support efforts to reform its economy. This Congress only $20 million in ESF funds will be made available as a cash transfer to the Turkish government, a 10 percent reduction from the fiscal year 1997 level.

Mr. PORTER. The gentleman is correct. The Economic Support Fund helps provide economic assistance for countries that, given special circumstances, may require U.S. aid. In addition, the ESF funds made available as a cash transfer to the government of Turkey will be no more than $20 million for fiscal year 1998.

Mr. BILIRAKIS. If the gentleman will further yield, it is my understanding that the NGOs and PVOs referred to in the gentleman's colloquy with the distinguished gentleman from Alabama [Mr. CALLAHAN], the chairman of the Subcommittee on Foreign Operations, Export Financing and Related Programs of the Committee on Appropriations, referred to nongovernmental organizations and private voluntary organizations. It is also my understanding that at least $20 million of the assistance available in section 571 will be spent on democracy building and other economic development activities administered by the U.S. Agency for International Development. This agency will utilize NGOs, PVOs and other instrumentalities.

Mr. PORTER. The gentleman is correct. My understanding of the assistance made available in section 571 is that no less than half the funds are made available for democracy building and other activities by nongovernmental organizations.

Mr. BILIRAKIS. I thank the gentleman so very much for his clarification on this issue.

Mr. TAYLOR of North Carolina. Mr. Chairman, I move to strike the last word to engage in a colloquy with the gentleman from Alabama, the chairman of the subcommittee.

Mr. Chairman, I intended to offer an amendment to establish a pilot program to provide affordable housing in the Russian Federation. This program would prohibit any funds from being used to support Russian military housing. It has the support of the gentleman from New York [Mr. GILMAN] the authorizing committee chairman, and also the gentleman from Indiana [Mr. HAMILTON], the ranking member. I understand that the gentleman will pursue this program with the executive branch. It is my understanding that he will also pursue this concept in conference. Therefore, my legislative language is not necessary. Is that the understanding of the gentleman from Alabama?

Mr. CALLAHAN. Mr. Chairman, will the gentleman yield?

Mr. TAYLOR of North Carolina. I yield to the gentleman from Alabama.

Mr. CALLAHAN. I thank the gentleman first of all for withdrawing his amendment because he knows my feeling on language in this bill, but by withdrawing it, we will pursue this issue in conference and I will also discuss this pilot program with the executive branch as well.

Mr. TAYLOR of North Carolina. I thank the gentleman very much.

Mr. CALLAHAN. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly, the Committee rose; and the Speaker having resumed the chair, Mr. THORNBERRY, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 2159) making appropriations for foreign operations, export financing, and related programs for the fiscal year ending September 30, 1998, and for other purposes, had come to no resolution thereon.

CONFERENCE REPORT ON H.R. 2014, TAXPAYER RELIEF ACT OF 1997

Mr. ARCHER submitted the following conference report and statement on the bill (H.R. 2014) to provide for reconciliation pursuant to subsections (b)(2) and (d) of section 105 of the concurrent resolution on the budget for fiscal year 1998:

CONFERENCE REPORT (H. REPT. 105–220)

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 2014) to provide for reconciliation pursuant to subsections (b)(2) and (d) of section 105 of the concurrent resolution on the budget for fiscal year 1998, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment, insert the following:

SECTION 1. SHORT TITLE; ETC.

(a) SHORT TITLE.—This Act may be cited as the "Taxpayer Relief Act of 1997".

(b) AMENDMENT OF 1986 CODE.—Except as otherwise expressly provided, whenever in this Act an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Internal Revenue Code of 1986.

(c) SECTION 15 NOT TO APPLY.—No amendment made by this Act shall be treated as a change in a rate of tax for purposes of section 15 of the Internal Revenue Code of 1986.

(d) WAIVER OF ESTIMATED TAX PENALTIES.—No addition to tax shall be made under section 6654 or 6655 of the Internal Revenue Code of 1986 for any period before January 1, 1998, for any payment the due date of which is before January 16, 1998, with respect to any underpayment attributable to such period to the extent such underpayment was created or increased by any provision of this Act.

(e) TABLE OF CONTENTS.—The table of contents for this Act is as follows:

Sec. 1. Short title; etc.

TITLE I—CHILD TAX CREDIT
Sec. 101. Child tax credit.
TITLE II—EDUCATION INCENTIVES
Subtitle A—Tax Benefits Relating to Education Expenses
Sec. 201. Hope and lifetime learning credits.
Sec. 202. Deduction for interest on education loans.
Sec. 203. Penalty-free withdrawals from individual retirement plans for higher education expenses.
Subtitle B—Expanded Education Investment Savings Opportunities
PART I—QUALIFIED TUITION PROGRAMS
Sec. 211. Modifications of qualified State tuition programs.
PART II—EDUCATION INDIVIDUAL RETIREMENT ACCOUNTS
Sec. 213. Education individual retirement accounts.
Subtitle C—Other Education Initiatives
Sec. 221. Extension of exclusion for employer-provided educational assistance.
Sec. 222. Repeal of limitation on qualified 501(c)(3) bonds other than hospital bonds.
Sec. 223. Increase in arbitrage rebate exception for governmental bonds used to finance education facilities.
Sec. 224. Contributions of computer technology and equipment for elementary or secondary school purposes.
Sec. 225. Treatment of cancellation of certain student loans.
Sec. 226. Incentives for education zones.
TITLE III—SAVINGS AND INVESTMENT INCENTIVES
Subtitle A—Retirement Savings
Sec. 301. Restoration of IRA deduction for certain taxpayers.
Sec. 302. Establishment of nondeductible tax-free individual retirement accounts.
Sec. 303. Distributions from certain plans may be used without penalty to purchase first homes.
Sec. 304. Certain bullion not treated as collectibles.
Subtitle B—Capital Gains
Sec. 311. 20 percent maximum capital gains rate for individuals.
Sec. 312. Exemption from tax for gain on sale of principal residence.
Sec. 313. Rollover of gain from sale of qualified stock.
Sec. 314. Amount of net capital gain taken into account in computing alternative tax on capital gains for corporations not to exceed taxable income of the corporation.
TITLE IV—ALTERNATIVE MINIMUM TAX REFORM
Sec. 401. Exemption from alternative minimum tax for small corporations.
Sec. 402. Repeal of separate depreciation lives for minimum tax purposes.
Sec. 403. Minimum tax not to apply to farmers' installment sales.
TITLE V—ESTATE, GIFT, AND GENERATION-SKIPPING TAX PROVISIONS
Subtitle A—Estate and Gift Tax Provisions
Sec. 501. Cost-of-living adjustments relating to estate and gift tax provisions.
Sec. 502. Family-owned business exclusion.
Sec. 503. Modifications to rate of interest on portion of estate tax extended under section 6166.
Sec. 504. Extension of treatment of certain rents under section 2032A to lineal descendants.
Sec. 505. Clarification of judicial review of eligibility for extension of time for payment of estate tax.
Sec. 506. Gifts may not be revalued for estate tax purposes after expiration of statute of limitations.
Sec. 507. Repeal of throwback rules applicable to certain domestic trusts.
Sec. 508. Treatment of land subject to a qualified conservation easement.
Subtitle B—Generation-Skipping Tax Provision
Sec. 511. Expansion of exception from generation-skipping transfer tax for transfers to individuals with deceased parents.
TITLE VI—EXTENSIONS
Sec. 601. Research tax credit.
Sec. 602. Contributions of stock to private foundations.
Sec. 603. Work opportunity tax credit.
Sec. 604. Orphan drug tax credit.
TITLE VII—INCENTIVES FOR REVITALIZATION OF THE DISTRICT OF COLUMBIA
Sec. 701. Tax incentives for revitalization of the District of Columbia.
TITLE VIII—WELFARE-TO-WORK INCENTIVES
Sec. 801. Incentives for employing long-term family assistance recipients.
TITLE IX—MISCELLANEOUS PROVISIONS
Subtitle A—Provisions Relating to Excise Taxes
Sec. 901. General revenue portion of highway motor fuels taxes deposited into Highway Trust Fund.
Sec. 902. Repeal of tax on diesel fuel used in recreational boats.
Sec. 903. Continued application of tax on imported recycled Halon-1211.
Sec. 904. Uniform rate of tax on vaccines.
Sec. 905. Operators of multiple gasoline retail outlets treated as wholesale distributor for refund purposes.
Sec. 906. Exemption of electric and other clean-fuel motor vehicles from luxury automobile classification.
Sec. 907. Rate of tax on certain special fuels determined on basis of BTU equivalency with gasoline.
Sec. 908. Modification of tax treatment of hard cider.
Sec. 909. Study of feasibility of moving collection point for distilled spirits excise tax.
Sec. 910. Clarification of authority to use semi-generic designations on wine labels.
Subtitle B—Revisions Relating to Disasters
Sec. 911. Authority to postpone certain tax-related deadlines by reason of presidentially declared disaster.
Sec. 912. Use of certain appraisals to establish amount of disaster loss.
Sec. 913. Treatment of livestock sold on account of weather-related conditions.
Sec. 914. Mortgage financing for residences located in disaster areas.
Sec. 915. Abatement of interest on underpayments by taxpayers in presidentially declared disaster areas.
Subtitle C—Provisions Relating to Employment Taxes
Sec. 921. Clarification of standard to be used in determining employment tax status of securities brokers.
Sec. 922. Clarification of exemption from self-employment tax for certain termination payments received by former insurance salesmen.
Subtitle D—Provisions Relating to Small Businesses
Sec. 931. Waiver of penalty through June 30, 1998, on small businesses failing to make electronic fund transfers of taxes.
Sec. 932. Clarification of treatment of home office use for administrative and management activities.
Sec. 933. Averaging of farm income over 3 years.
Sec. 934. Increase in deduction for health insurance costs of self-employed individuals.
Sec. 935. Moratorium on certain regulations.
Subtitle E—Brownfields
Sec. 941. Expensing of environmental remediation costs.
Subtitle F—Empowerment Zones, Enterprise Communities, Brownfields, and Community Development Financial Institutions
CHAPTER 1—ADDITIONAL EMPOWERMENT ZONES
Sec. 951. Additional empowerment zones.
CHAPTER 2—NEW EMPOWERMENT ZONES
Sec. 952. Designation of new empowerment zones.
Sec. 953. Volume cap not to apply to enterprise zone facility bonds with respect to new empowerment zones.
Sec. 954. Modification to eligibility criteria for designation of future enterprise zones in Alaska or Hawaii.
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Sec. 955. Modifications to enterprise zone facility bond rules for all empowerment zones and enterprise communities.
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Sec. 961. Use of estimates of shrinkage for inventory accounting.
Sec. 962. Assignment of workmen's compensation liability eligible for exclusion relating to personal injury liability assignments.
Sec. 963. Tax-exempt status for certain State worker's compensation act companies.
Sec. 964. Election for 1987 partnerships to continue exception from treatment of publicly traded partnerships as corporations.
Sec. 965. Exclusion from unrelated business taxable income for certain sponsorship payments.
Sec. 966. Associations of holders of timeshare interests to be taxed like other homeowners associations.
Sec. 967. Additional advance refunding of certain Virgin Island bonds.
Sec. 968. Nonrecognition of gain on sale of stock to certain farmers' cooperatives.
Sec. 969. Increased deductibility of business meal expenses for individuals subject to Federal hours of service.
Sec. 970. Clarification of de minimis fringe benefit rules to no-charge employee meals.
Sec. 971. Exemption of the incremental cost of a clean fuel vehicle from the limits on depreciation for vehicles.
Sec. 972. Temporary suspension of taxable income limit on percentage depletion for marginal production.
Sec. 973. Increase in standard mileage rate expense deduction for charitable use of passenger automobile.

Sec. 974. Clarification of treatment of certain receivables purchased by cooperative hospital service organizations.
Sec. 975. Deduction in computing adjusted gross income for expenses in connection with service performed by certain officials.
Sec. 976. Combined employment tax reporting demonstration project.
Sec. 977. Elective carryback of existing carryovers of National Railroad Passenger Corporation.

Subtitle H—Extension of Duty-Free Treatment Under Generalized System of Preferences

Sec. 981. Generalized System of Preferences.

TITLE X—REVENUES

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Sec. 1002. Limitation on exception for investment companies under section 351.
Sec. 1003. Gains and losses from certain terminations with respect to property.
Sec. 1004. Determination of original issue discount where pooled debt obligations subject to acceleration.
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Sec. 1011. Tax treatment of certain extraordinary dividends.
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Sec. 1013. Tax treatment of redemptions involving related corporations.
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Subtitle C—Administrative Provisions

Sec. 1021. Reporting of certain payments made to attorneys.
Sec. 1022. Decrease of threshold for reporting payments to corporations performing services for Federal agencies.
Sec. 1023. Disclosure of return information for administration of certain veterans programs.
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Sec. 1028. Registration and other provisions relating to confidential corporate tax shelters.

Subtitle D—Excise and Employment Tax Provisions

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Sec. 1033. Restoration of Leaking Underground Storage Tank Trust Fund taxes.
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Sec. 1041. Expansion of look-thru rule for interest, annuities, royalties, and rents derived by subsidiaries of tax-exempt organizations.
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Sec. 1089. Limitations on charitable remainder trust eligibility for certain trusts.
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Sec. 1131. Repeal of excise tax on transfers to foreign entities; recognition of gain on certain transfers to foreign trusts and estates.

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Sec. 1141. Clarification of application of return requirement to foreign partnerships.
Sec. 1142. Controlled foreign partnerships subject to information reporting comparable to information reporting for controlled foreign corporations.
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Sec. 1151. Determination of foreign or domestic status of partnerships.

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Sec. 1171. Treatment of computer software as FSC export property.
Sec. 1172. Adjustment of dollar limitation on section 911 exclusion.
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Sec. 1251. Clarification of limitation on maximum number of shareholders.
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Sec. 1281. Reasonable cause exception for certain penalties.
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Sec. 1413. Repeal of required maintenance of records on premises of distilled spirits plant.
Sec. 1414. Fermented material from any brewery may be received at a distilled spirits plant.
Sec. 1415. Repeal of requirement for wholesale dealers in liquors to post sign.
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Sec. 1441. Repeal of $100,000 limitation on unspent proceeds under 1-year exception from rebate.
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Subtitle D—Provisions Relating to Plan Amendments

Sec. 1541. Provisions relating to plan amendments.

TITLE XVI—TECHNICAL AMENDMENTS RELATED TO SMALL BUSINESS JOB PROTECTION ACT OF 1996 AND OTHER LEGISLATION

Sec. 1600. Coordination with other titles.
Sec. 1601. Amendments related to Small Business Job Protection Act of 1996.
Sec. 1602. Amendments related to Health Insurance Portability and Accountability Act of 1996.
Sec. 1603. Amendments related to Taxpayer Bill of Rights 2.
Sec. 1604. Miscellaneous provisions.

TITLE XVII—IDENTIFICATION OF LIMITED TAX BENEFITS SUBJECT TO LINE ITEM VETO

Sec. 1701. Identification of limited tax benefits subject to line item veto.

TITLE I—CHILD TAX CREDIT

SEC. 101. CHILD TAX CREDIT.

(a) In General.—Subpart A of part IV of subchapter A of chapter 1 (relating to nonrefundable personal credits) is amended by inserting after section 23 the following new section:

"SEC. 24. CHILD TAX CREDIT.

"(a) Allowance of Credit.—There shall be allowed as a credit against the tax imposed by this chapter for the taxable year with respect to each qualifying child of the taxpayer an amount equal to $500 ($400 in the case of taxable years beginning in 1998).

"(b) Limitation Based on Adjusted Gross Income.—

"(1) In general.—The amount of the credit allowable under subsection (a) shall be reduced (but not below zero) by $50 for each $1,000 (or fraction thereof) by which the taxpayer's modified adjusted gross income exceeds the threshold amount. For purposes of the preceding sentence, the term 'modified adjusted gross income' means adjusted gross income increased by any amount excluded from gross income under section 911, 931, or 933.

"(2) Threshold amount.—For purposes of paragraph (1), the term 'threshold amount' means—

"(A) $110,000 in the case of a joint return,

"(B) $75,000 in the case of an individual who is not married, and

"(C) $55,000 in the case of a married individual filing a separate return.

For purposes of this paragraph, marital status shall be determined under section 7703.

"(c) Qualifying Child.—For purposes of this section—

"(1) In general.—The term 'qualifying child' means any individual if—

"(A) the taxpayer is allowed a deduction under section 151 with respect to such individual for the taxable year,

"(B) such individual has not attained the age of 17 as of the close of the calendar year in which the taxable year of the taxpayer begins, and

"(C) such individual bears a relationship to the taxpayer described in section 32(c)(3)(B).

"(2) Exception for certain noncitizens.—The term 'qualifying child' shall not include any individual who would not be a dependent if the first sentence of section 152(b)(3) were applied without regard to all that follows 'resident of the United States'.

"(d) Additional Credit for Families With 3 or More Children.—

"(1) In general.—In the case of a taxpayer with 3 or more qualifying children for any taxable year, the amount of the credit allowed under this section shall be equal to the greater of—

"(A) the amount of the credit allowed under this section (without regard to this subsection and after application of the limitation under section 26), or

"(B) the alternative credit amount determined under paragraph (2).

"(2) Alternative credit amount.—For purposes of this subsection, the alternative credit amount is the amount of the credit which would be allowed under this section if the limitation under paragraph (3) were applied in lieu of the limitation under section 26.

"(3) Limitation.—The limitation under this paragraph for any taxable year is the limitation under section 26 (without regard to this subsection)—

"(A) increased by the taxpayer's social security taxes for such taxable year, and

"(B) reduced by the sum of—

"(i) the credits allowed under this part other than under subpart C or this section, and

"(ii) the credit allowed under section 32 without regard to subsection (m) thereof.

"(4) Unused credit to be refundable.—If the amount of the credit under paragraph (1)(B) exceeds the amount of the credit under paragraph (1)(A), such excess shall be treated as a credit to which subpart C applies. The rule of section 32(h) shall apply to such excess.

"(5) Social security taxes.—For purposes of paragraph (3)—

"(A) In general.—The term 'social security taxes' means, with respect to any taxpayer for any taxable year—

"(i) the amount of the taxes imposed by sections 3101 and 3201(a) on amounts received by the taxpayer during the calendar year in which the taxable year begins,

"(ii) 50 percent of the taxes imposed by section 1401 on the self-employment income of the taxpayer for the taxable year, and

"(iii) 50 percent of the taxes imposed by section 3211(a)(1) on amounts received by the taxpayer during the calendar year in which the taxable year begins.

"(B) Coordination with special refund of social security taxes.—The term 'social security taxes' shall not include any taxes to the extent the taxpayer is entitled to a special refund of such taxes under section 6413(c).

"(C) Special rule.—Any amounts paid pursuant to an agreement under section 3121(l) (relating to agreements entered into by American employers with respect to foreign affiliates) which are equivalent to the taxes referred to in subparagraph (A)(i) shall be treated as taxes referred to in such subparagraph.

"(e) Identification Requirement.—No credit shall be allowed under this section to a taxpayer with respect to any qualifying child unless the taxpayer includes the name and taxpayer identification number of such qualifying child on the return of tax for the taxable year.

"(f) Taxable Year Must Be Full Taxable Year.—Except in the case of a taxable year closed by reason of the death of the taxpayer, no credit shall be allowable under this section in the case of a taxable year covering a period of less than 12 months.".

(b) Supplemental Credit.—Section 32 is amended by adding at the end the following new subsection:

"(m) Supplemental Child Credit.—

"(1) In general.—In the case of a taxpayer with respect to whom a credit is allowed under section 24 for the taxable year, there shall be allowed as a credit under this section an amount equal to the supplemental child credit (if any) determined for such taxpayer for such taxable year under paragraph (2). Such credit shall be in addition to the credit allowed under subsection (a).

"(2) Supplemental child credit.—For purposes of this subsection, the supplemental child credit is an amount equal to the excess (if any) of—

"(A) the amount determined under section 24(d)(1)(A), over

"(B) the amount determined under section 24(d)(1)(B).

The amounts referred to in subparagraphs (A) and (B) shall be determined as if section 24(d) applied to all taxpayers.

"(3) COORDINATION WITH SECTION 24.—The amount of the credit under section 24 shall be reduced by the amount of the credit allowed under this subsection."

(c) HIGH RISK POOLS PERMITTED TO COVER SPOUSES AND DEPENDENTS OF HIGH RISK INDIVIDUALS.—Paragraph (26) of section 501(c) is amended by adding at the end the following flush sentence:

"A spouse and any qualifying child (as defined in section 24(c)) of an individual described in subparagraph (B) (without regard to this sentence) shall be treated as described in subparagraph (B).".

(d) CONFORMING AMENDMENTS.—

(1) Section 1324(b)(2) of title 31, United States Code, is amended by inserting before the period at the end ", or enacted by the Taxpayer Relief Act of 1997".

(2) Paragraph (2) of section 6213(g) (relating to the definition of mathematical or clerical errors) is amended by striking "and" at the end of subparagraph (G), by striking the period at the end of subparagraph (H) and inserting ", and", and by inserting after subparagraph (H) the following new subparagraph:

"(I) an omission of a correct TIN required under section 24(e) (relating to child tax credit) to be included on a return.".

(3) The table of sections for subpart A of part IV of subchapter A of chapter 1 is amended by inserting after the item relating to section 23 the following new item:

"Sec. 24. Child tax credit.".

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1997.

TITLE II—EDUCATION INCENTIVES

Subtitle A—Tax Benefits Relating to Education Expenses

SEC. 201. HOPE AND LIFETIME LEARNING CREDITS.

(a) IN GENERAL.—Subpart A of part IV of subchapter A of chapter 1 (relating to nonrefundable personal credits) is amended by inserting after section 25 the following new section:

"SEC. 25A. HOPE AND LIFETIME LEARNING CREDITS.

"(a) ALLOWANCE OF CREDIT.—In the case of an individual, there shall be allowed as a credit against the tax imposed by this chapter for the taxable year the amount equal to the sum of—

"(1) the Hope Scholarship Credit, plus

"(2) the Lifetime Learning Credit.

"(b) HOPE SCHOLARSHIP CREDIT.—

"(1) PER STUDENT CREDIT.—In the case of any eligible student for whom an election is in effect under this section for any taxable year, the Hope Scholarship Credit is an amount equal to the sum of—

"(A) 100 percent of so much of the qualified tuition and related expenses paid by the taxpayer during the taxable year (for education furnished to the eligible student during any academic period beginning in such taxable year) as does not exceed $1,000, plus

"(B) 50 percent of such expenses so paid as exceeds $1,000 but does not exceed the applicable limit.

"(2) LIMITATIONS APPLICABLE TO HOPE SCHOLARSHIP CREDIT.—

"(A) CREDIT ALLOWED ONLY FOR 2 TAXABLE YEARS.—An election to have this section apply with respect to any eligible student for purposes of the Hope Scholarship Credit under subsection (a)(1) may not be made for any taxable year if such an election (by the taxpayer or any other individual) is in effect with respect to such student for any 2 prior taxable years.

"(B) CREDIT ALLOWED FOR YEAR ONLY IF INDIVIDUAL IS AT LEAST ½ TIME STUDENT FOR PORTION OF YEAR.—The Hope Scholarship Credit under subsection (a)(1) shall not be allowed for a taxable year with respect to the qualified tuition and related expenses of an individual unless such individual is an eligible student for at least one academic period which begins during such year.

"(C) CREDIT ALLOWED ONLY FOR FIRST 2 YEARS OF POSTSECONDARY EDUCATION.—The Hope Scholarship Credit under subsection (a)(1) shall not be allowed for a taxable year with respect to the qualified tuition and related expenses of an eligible student if the student has completed (before the beginning of such taxable year) the first 2 years of postsecondary education at an eligible educational institution.

"(D) DENIAL OF CREDIT IF STUDENT CONVICTED OF A FELONY DRUG OFFENSE.—The Hope Scholarship Credit under subsection (a)(1) shall not be allowed for qualified tuition and related expenses for the enrollment or attendance of a student for any academic period if such student has been convicted of a Federal or State felony offense consisting of the possession or distribution of a controlled substance before the end of the taxable year with or within which such period ends.

"(3) ELIGIBLE STUDENT.—For purposes of this subsection, the term 'eligible student' means, with respect to any academic period, a student who—

"(A) meets the requirements of section 484(a)(1) of the Higher Education Act of 1965 (20 U.S.C. 1091(a)(1)), as in effect on the date of the enactment of this section, and

"(B) is carrying at least ½ the normal full-time work load for the course of study the student is pursuing.

"(4) APPLICABLE LIMIT.—For purposes of paragraph (1)(B), the applicable limit for any taxable year is an amount equal to 2 times the dollar amount in effect under paragraph (1)(A) for such taxable year.

"(c) LIFETIME LEARNING CREDIT.—

"(1) PER TAXPAYER CREDIT.—The Lifetime Learning Credit for any taxpayer for any taxable year is an amount equal to 20 percent of so much of the qualified tuition and related expenses paid by the taxpayer during the taxable year (for education furnished during any academic period beginning in such taxable year) as does not exceed $10,000 ($5,000 in the case of taxable years beginning before January 1, 2003).

"(2) SPECIAL RULES FOR DETERMINING EXPENSES.—

"(A) COORDINATION WITH HOPE SCHOLARSHIP.—The qualified tuition and related expenses with respect to an individual who is an eligible student for whom a Hope Scholarship Credit under subsection (a)(1) is allowed for the taxable year shall not be taken into account under this subsection.

"(B) EXPENSES ELIGIBLE FOR LIFETIME LEARNING CREDIT.—For purposes of paragraph (1), qualified tuition and related expenses shall include expenses described in subsection (f)(1) with respect to any course of instruction at an eligible educational institution to acquire or improve job skills of the individual.

"(d) LIMITATION BASED ON MODIFIED ADJUSTED GROSS INCOME.—

"(1) IN GENERAL.—The amount which would (but for this subsection) be taken into account under subsection (a) for the taxable year shall be reduced (but not below zero) by the amount determined under paragraph (2).

"(2) AMOUNT OF REDUCTION.—The amount determined under this paragraph is the amount which bears the same ratio to the amount which would be so taken into account as—

"(A) the excess of—

"(i) the taxpayer's modified adjusted gross income for such taxable year, over

"(ii) $40,000 ($80,000 in the case of a joint return), bears to

"(B) $10,000 ($20,000 in the case of a joint return).

"(3) MODIFIED ADJUSTED GROSS INCOME.—The term 'modified adjusted gross income' means the adjusted gross income of the taxpayer for the taxable year increased by any amount excluded from gross income under section 911, 931, or 933.

"(e) ELECTION TO HAVE SECTION APPLY.—

"(1) IN GENERAL.—No credit shall be allowed under subsection (a) for a taxable year with respect to the qualified tuition and related expenses of an individual unless the taxpayer elects to have this section apply with respect to such individual for such year.

"(2) COORDINATION WITH EXCLUSIONS.—An election under this subsection shall not take effect with respect to an individual for any taxable year if any portion of any distribution during such taxable year from an education individual retirement account is excluded from gross income under section 530(d)(2).

"(f) DEFINITIONS.—For purposes of this section—

"(1) QUALIFIED TUITION AND RELATED EXPENSES.—

"(A) IN GENERAL.—The term 'qualified tuition and related expenses' means tuition and fees required for the enrollment or attendance of—

"(i) the taxpayer,

"(ii) the taxpayer's spouse, or

"(iii) any dependent of the taxpayer with respect to whom the taxpayer is allowed a deduction under section 151,

at an eligible educational institution for courses of instruction of such individual at such institution.

"(B) EXCEPTION FOR EDUCATION INVOLVING SPORTS, ETC.—Such term does not include expenses with respect to any course or other education involving sports, games, or hobbies, unless such course or other education is part of the individual's degree program.

"(C) EXCEPTION FOR NONACADEMIC FEES.—Such term does not include student activity fees, athletic fees, insurance expenses, or other expenses unrelated to an individual's academic course of instruction.

"(2) ELIGIBLE EDUCATIONAL INSTITUTION.—The term 'eligible educational institution' means an institution—

"(A) which is described in section 481 of the Higher Education Act of 1965 (20 U.S.C. 1088), as in effect on the date of the enactment of this section, and

"(B) which is eligible to participate in a program under title IV of such Act.

"(g) SPECIAL RULES.—

"(1) IDENTIFICATION REQUIREMENT.—No credit shall be allowed under subsection (a) to a taxpayer with respect to the qualified tuition and related expenses of an individual unless the taxpayer includes the name and taxpayer identification number of such individual on the return of tax for the taxable year.

"(2) ADJUSTMENT FOR CERTAIN SCHOLARSHIPS, ETC.—The amount of qualified tuition and related expenses otherwise taken into account under subsection (a) with respect to an individual for an academic period shall be reduced (before the application of subsections (b), (c), and (d)) by the sum of any amounts paid for the benefit of such individual which are allocable to such period as—

"(A) a qualified scholarship which is excludable from gross income under section 117,

"(B) an educational assistance allowance under chapter 30, 31, 32, 34, or 35 of title 38, United States Code, or under chapter 1606 of title 10, United States Code, and

"(C) a payment (other than a gift, bequest, devise, or inheritance within the meaning of section 102(a)) for such individual's educational expenses, or attributable to such individual's enrollment at an eligible educational institution, which is excludable from gross income under any law of the United States.

"(3) TREATMENT OF EXPENSES PAID BY DEPENDENT.—If a deduction under section 151 with respect to an individual is allowed to another taxpayer for a taxable year beginning in the calendar year in which such individual's taxable year begins—

"(A) no credit shall be allowed under subsection (a) to such individual for such individual's taxable year, and

"(B) qualified tuition and related expenses paid by such individual during such individual's taxable year shall be treated for purposes of this section as paid by such other taxpayer.

"(4) TREATMENT OF CERTAIN PREPAYMENTS.—If qualified tuition and related expenses are paid by the taxpayer during a taxable year for an academic period which begins during the first 3 months following such taxable year, such academic period shall be treated for purposes of this section as beginning during such taxable year.

"(5) DENIAL OF DOUBLE BENEFIT.—No credit shall be allowed under this section for any expense for which a deduction is allowed under any other provision of this chapter.

"(6) NO CREDIT FOR MARRIED INDIVIDUALS FILING SEPARATE RETURNS.—If the taxpayer is a married individual (within the meaning of section 7703), this section shall apply only if the taxpayer and the taxpayer's spouse file a joint return for the taxable year.

"(7) NONRESIDENT ALIENS.—If the taxpayer is a nonresident alien individual for any portion of the taxable year, this section shall apply only if such individual is treated as a resident alien of the United States for purposes of this chapter by reason of an election under subsection (g) or (h) of section 6013.

"(h) INFLATION ADJUSTMENTS.—

"(1) DOLLAR LIMITATION ON AMOUNT OF CREDIT.—

"(A) IN GENERAL.—In the case of a taxable year beginning after 2001, each of the $1,000 amounts under subsection (b)(1) shall be increased by an amount equal to—

"(i) such dollar amount, multiplied by

"(ii) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which the taxable year begins, determined by substituting 'calendar year 2000' for 'calendar year 1992' in subparagraph (B) thereof.

"(B) ROUNDING.—If any amount as adjusted under subparagraph (A) is not a multiple of $100, such amount shall be rounded to the next lowest multiple of $100.

"(2) INCOME LIMITS.—

"(A) IN GENERAL.—In the case of a taxable year beginning after 2001, the $40,000 and $80,000 amounts in subsection (d)(2) shall each be increased by an amount equal to—

"(i) such dollar amount, multiplied by

"(ii) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which the taxable year begins, determined by substituting 'calendar year 2000' for 'calendar year 1992' in subparagraph (B) thereof.

"(B) ROUNDING.—If any amount as adjusted under subparagraph (A) is not a multiple of $1,000, such amount shall be rounded to the next lowest multiple of $1,000.

"(i) REGULATIONS.—The Secretary may prescribe such regulations as may be necessary or appropriate to carry out this section, including regulations providing for a recapture of the credit allowed under this section in cases where there is a refund in a subsequent taxable year of any amount which was taken into account in determining the amount of such credit.".

(b) EXTENSION OF PROCEDURES APPLICABLE TO MATHEMATICAL OR CLERICAL ERRORS.—Paragraph (2) of section 6213(g) (relating to the definition of mathematical or clerical errors), as amended by section 101, is amended by striking "and" at the end of subparagraph (H), by striking the period at the end of subparagraph (I) and inserting ", and", and by inserting after subparagraph (I) the following new subparagraph:

"(J) an omission of a correct TIN required under section 25A(g)(1) (relating to higher education tuition and related expenses) to be included on a return.".

(c) RETURNS RELATING TO TUITION AND RELATED EXPENSES.—

(1) IN GENERAL.—Subpart B of part III of subchapter A of chapter 61 (relating to information concerning transactions with other persons) is amended by inserting after section 6050R the following new section:

"SEC. 6050S. RETURNS RELATING TO HIGHER EDUCATION TUITION AND RELATED EXPENSES.

"(a) IN GENERAL.—Any person—

"(1) which is an eligible educational institution which receives payments for qualified tuition and related expenses with respect to any individual for any calendar year, or

"(2) which is engaged in a trade or business and which, in the course of such trade or business, makes payments during any calendar year to any individual which constitute reimbursements or refunds (or similar amounts) of qualified tuition and related expenses of such individual,

shall make the return described in subsection (b) with respect to the individual at such time as the Secretary may by regulations prescribe.

"(b) FORM AND MANNER OF RETURNS.—A return is described in this subsection if such return—

"(1) is in such form as the Secretary may prescribe,

"(2) contains—

"(A) the name, address, and TIN of the individual with respect to whom payments described in subsection (a) were received from (or were paid to),

"(B) the name, address, and TIN of any individual certified by the individual described in subparagraph (A) as the taxpayer who will claim the individual as a dependent for purposes of the deduction allowable under section 151 for any taxable year ending with or within the calendar year, and

"(C) the—

"(i) aggregate amount of payments for qualified tuition and related expenses received with respect to the individual described in subparagraph (A) during the calendar year, and

"(ii) aggregate amount of reimbursements or refunds (or similar amounts) paid to such individual during the calendar year, and

"(D) such other information as the Secretary may prescribe.

"(c) APPLICATION TO GOVERNMENTAL UNITS.—For purposes of this section—

"(1) a governmental unit or any agency or instrumentality thereof shall be treated as a person, and

"(2) any return required under subsection (a) by such governmental entity shall be made by the officer or employee appropriately designated for the purpose of making such return.

"(d) STATEMENTS TO BE FURNISHED TO INDIVIDUALS WITH RESPECT TO WHOM INFORMATION IS REQUIRED.—Every person required to make a return under subsection (a) shall furnish to each individual whose name is required to be set forth in such return under subparagraph (A) or (B) of subsection (b)(2) a written statement showing—

"(1) the name, address, and phone number of the information contact of the person required to make such return, and

"(2) the aggregate amounts described in subparagraph (C) of subsection (b)(2).

The written statement required under the preceding sentence shall be furnished on or before January 31 of the year following the calendar year for which the return under subsection (a) was required to be made.

"(e) DEFINITIONS.—For purposes of this section, the terms 'eligible educational institution' and 'qualified tuition and related expenses' have the meanings given such terms by section 25A.

"(f) RETURNS WHICH WOULD BE REQUIRED TO BE MADE BY 2 OR MORE PERSONS.—Except to the extent provided in regulations prescribed by the Secretary, in the case of any amount received by any person on behalf of another person, only the person first receiving such amount shall be required to make the return under subsection (a).

"(g) REGULATIONS.—The Secretary shall prescribe such regulations as may be necessary to carry out the provisions of this section. No penalties shall be imposed under part II of subchapter B of chapter 68 with respect to any return or statement required under this section until such time as such regulations are issued.".

(2) ASSESSABLE PENALTIES.—

(A) Subparagraph (B) of section 6724(d)(1) (relating to definitions) is amended by redesignating clauses (ix) through (xiv) as clauses (x) through (xv), respectively, and by inserting after clause (viii) the following new clause:

"(ix) section 6050S (relating to returns relating to payments for qualified tuition and related expenses),".

(B) Paragraph (2) of section 6724(d) is amended by striking "or" at the end of the next to last subparagraph, by striking the period at the end of the last subparagraph and inserting ", or", and by adding at the end the following new subparagraph:

"(Z) section 6050S(d) (relating to returns relating to qualified tuition and related expenses).".

(3) CLERICAL AMENDMENT.—The table of sections for subpart B of part III of subchapter A of chapter 61 is amended by inserting after the item relating to section 6050R the following new item:

"Sec. 6050S. Returns relating to higher education tuition and related expenses.".

(d) COORDINATION WITH SECTION 135.—Subsection (d) of section 135 is amended by redesignating paragraphs (2) and (3) as paragraphs (3) and (4), respectively, and by inserting after paragraph (1) the following new paragraph:

"(2) COORDINATION WITH HIGHER EDUCATION CREDIT.—The amount of the qualified higher education expenses otherwise taken into account under subsection (a) with respect to the education of an individual shall be reduced (before the application of subsection (b)) by the amount of such expenses which are taken into account in determining the credit allowable to the taxpayer or any other person under section 25A with respect to such expenses.".

(e) CLERICAL AMENDMENT.—The table of sections for subpart A of part IV of subchapter A of chapter 1 is amended by inserting after the item relating to section 25 the following new item:

"Sec. 25A. Higher education tuition and related expenses.".

(f) EFFECTIVE DATES.—

(1) IN GENERAL.—The amendments made by this section shall apply to expenses paid after December 31, 1997 (in taxable years ending after such date), for education furnished in academic periods beginning after such date.

(2) LIFETIME LEARNING CREDIT.—Section 25A(a)(2) of the Internal Revenue Code of 1986 shall apply to expenses paid after June 30, 1998 (in taxable years ending after such date), for education furnished in academic periods beginning after such dates.

SEC. 202. DEDUCTION FOR INTEREST ON EDUCATION LOANS.

(a) In General.—Part VII of subchapter B of chapter 1 (relating to additional itemized deductions for individuals) is amended by redesignating section 221 as section 222 and by inserting after section 220 the following new section:

"SEC. 221. INTEREST ON EDUCATION LOANS.

"(a) Allowance of Deduction.—In the case of an individual, there shall be allowed as a deduction for the taxable year an amount equal to the interest paid by the taxpayer during the taxable year on any qualified education loan.

"(b) Maximum Deduction.—

"(1) In general.—Except as provided in paragraph (2), the deduction allowed by subsection (a) for the taxable year shall not exceed the amount determined in accordance with the following table:

"In the case of taxable years beginning in:	**The dollar amount is:**
1998	$1,000
1999	$1,500
2000	$2,000
2001 or thereafter	$2,500.

"(2) Limitation based on modified adjusted gross income.—

"(A) In general.—The amount which would (but for this paragraph) be allowable as a deduction under this section shall be reduced (but not below zero) by the amount determined under subparagraph (B).

"(B) Amount of reduction.—The amount determined under this subparagraph is the amount which bears the same ratio to the amount which would be so taken into account as—

"(i) the excess of—

"(I) the taxpayer's modified adjusted gross income for such taxable year, over

"(II) $40,000 ($60,000 in the case of a joint return), bears to

"(ii) $15,000.

"(C) Modified adjusted gross income.—The term 'modified adjusted gross income' means adjusted gross income determined—

"(i) without regard to this section and sections 135, 137, 911, 931, and 933, and

"(ii) after application of sections 86, 219, and 469.

For purposes of sections 86, 135, 137, 219, and 469, adjusted gross income shall be determined without regard to the deduction allowed under this section.

"(c) Dependents Not Eligible for Deduction.—No deduction shall be allowed by this section to an individual for the taxable year if a deduction under section 151 with respect to such individual is allowed to another taxpayer for the taxable year beginning in the calendar year in which such individual's taxable year begins.

"(d) Limit on Period Deduction Allowed.—A deduction shall be allowed under this section only with respect to interest paid on any qualified education loan during the first 60 months (whether or not consecutive) in which interest payments are required. For purposes of this paragraph, any loan and all refinancings of such loan shall be treated as 1 loan.

"(e) Definitions.—For purposes of this section—

"(1) Qualified education loan.—The term 'qualified education loan' means any indebtedness incurred to pay qualified higher education expenses—

"(A) which are incurred on behalf of the taxpayer, the taxpayer's spouse, or any dependent of the taxpayer as of the time the indebtedness was incurred,

"(B) which are paid or incurred within a reasonable period of time before or after the indebtedness is incurred, and

"(C) which are attributable to education furnished during a period during which the recipient was an eligible student.

Such term includes indebtedness used to refinance indebtedness which qualifies as a qualified education loan. The term 'qualified education loan' shall not include any indebtedness owed to a person who is related (within the meaning of section 267(b) or 707(b)(1)) to the taxpayer.

"(2) Qualified higher education expenses.—The term 'qualified higher education expenses' means the cost of attendance (as defined in section 472 of the Higher Education Act of 1965, 20 U.S.C. 1087ll, as in effect on the day before the date of the enactment of this Act) at an eligible educational institution, reduced by the sum of—

"(A) the amount excluded from gross income under section 127, 135, or 530 by reason of such expenses, and

"(B) the amount of any scholarship, allowance, or payment described in section 25A(g)(2).

For purposes of the preceding sentence, the term 'eligible educational institution' has the same meaning given such term by section 25A(f)(2), except that such term shall also include an institution conducting an internship or residency program leading to a degree or certificate awarded by an institution of higher education, a hospital, or a health care facility which offers postgraduate training.

"(3) Eligible student.—The term 'eligible student' has the meaning given such term by section 25A(b)(3).

"(4) Dependent.—The term 'dependent' has the meaning given such term by section 152.

"(f) Special Rules.—

"(1) Denial of double benefit.—No deduction shall be allowed under this section for any amount for which a deduction is allowable under any other provision of this chapter.

"(2) Married couples must file joint return.—If the taxpayer is married at the close of the taxable year, the deduction shall be allowed under subsection (a) only if the taxpayer and the taxpayer's spouse file a joint return for the taxable year.

"(3) Marital status.—Marital status shall be determined in accordance with section 7703.

"(g) Inflation Adjustments.—

"(1) In general.—In the case of a taxable year beginning after 2002, the $40,000 and $60,000 amounts in subsection (b)(2) shall each be increased by an amount equal to—

"(A) such dollar amount, multiplied by

"(B) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which the taxable year begins, determined by substituting 'calendar year 2001' for 'calendar year 1992' in subparagraph (B) thereof.

"(2) Rounding.—If any amount as adjusted under paragraph (1) is not a multiple of $5,000, such amount shall be rounded to the next lowest multiple of $5,000.".

(b) Deduction Allowed Whether or Not Taxpayer Itemizes Other Deductions.—Subsection (a) of section 62 is amended by inserting after paragraph (16) the following new paragraph:

"(17) Interest on education loans.—The deduction allowed by section 221.".

(c) Reporting Requirement.—

(1) In general.—Section 6050S(a)(2) (relating to returns relating to higher education tuition and related expenses) is amended to read as follows:

"(2) which is engaged in a trade or business and which, in the course of such trade or business—

"(A) makes payments during any calendar year to any individual which constitutes reimbursements or refunds (or similar amounts) of qualified tuition and related expenses of such individual, or

"(B) except as provided in regulations, receives from any individual interest aggregating $600 or more for any calendar year on 1 or more qualified education loans,".

(2) Information.—Section 6050S(b)(2) is amended—

(A) by inserting "or interest" after "payments" in subparagraph (A), and

(B) in subparagraph (C), by striking "and" at the end of clause (i), by inserting "and" at the end of clause (ii), and by inserting after clause (ii) the following:

"(iii) aggregate amount of interest received for the calendar year from such individual,".

(3) Definition.—Section 6050S(e) is amended by inserting ", and except as provided in regulations, the term 'qualified education loan' has the meaning given such term by section 221(e)(1)" after "section 25A".

(d) Clerical Amendment.—The table of sections for part VII of subchapter B of chapter 1 is amended by striking the last item and inserting the following new items:

"Sec. 221. Interest on education loans.

"Sec. 222. Cross reference.".

(e) Effective Date.—The amendments made by this section shall apply to any qualified education loan (as defined in section 221(e)(1) of the Internal Revenue Code of 1986, as added by this section) incurred on, before, or after the date of the enactment of this Act, but only with respect to—

(1) any loan interest payment due and paid after December 31, 1997, and

(2) the portion of the 60-month period referred to in section 221(d) of the Internal Revenue Code of 1986 (as added by this section) after December 31, 1997.

SEC. 203. PENALTY-FREE WITHDRAWALS FROM INDIVIDUAL RETIREMENT PLANS FOR HIGHER EDUCATION EXPENSES.

(a) In General.—Paragraph (2) of section 72(t) (relating to exceptions to 10-percent additional tax on early distributions from qualified retirement plans) is amended by adding at the end the following new subparagraph:

"(E) Distributions from individual retirement plans for higher education expenses.—Distributions to an individual from an individual retirement plan to the extent such distributions do not exceed the qualified higher education expenses (as defined in paragraph (7)) of the taxpayer for the taxable year. Distributions shall not be taken into account under the preceding sentence if such distributions are described in subparagraph (A), (C), or (D) or to the extent paragraph (1) does not apply to such distributions by reason of subparagraph (B).".

(b) Definition.—Section 72(t) is amended by adding at the end the following new paragraph:

"(7) Qualified higher education expenses.—For purposes of paragraph (2)(E)—

"(A) In general.—The term 'qualified higher education expenses' means qualified higher education expenses (as defined in section 529(e)(3)) for education furnished to—

"(i) the taxpayer,

"(ii) the taxpayer's spouse, or

"(iii) any child (as defined in section 151(c)(3)) or grandchild of the taxpayer or the taxpayer's spouse,

at an eligible educational institution (as defined in section 529(e)(5)).

"(B) Coordination with other benefits.—The amount of qualified higher education expenses for any taxable year shall be reduced as provided in section 25A(g)(2).".

(c) Effective Date.—The amendments made by this section shall apply to distributions after December 31, 1997, with respect to expenses paid after such date (in taxable years ending after such date), for education furnished in academic periods beginning after such date.

Subtitle B—Expanded Education Investment Savings Opportunities

PART I—QUALIFIED TUITION PROGRAMS

SEC. 211. MODIFICATIONS OF QUALIFIED STATE TUITION PROGRAMS.

(a) QUALIFIED HIGHER EDUCATION EXPENSES TO INCLUDE ROOM AND BOARD.—Paragraph (3) of section 529(e) (defining qualified higher education expenses) is amended to read as follows:

"(3) QUALIFIED HIGHER EDUCATION EXPENSES.—

"(A) IN GENERAL.—The term 'qualified higher education expenses' means tuition, fees, books, supplies, and equipment required for the enrollment or attendance of a designated beneficiary at an eligible educational institution.

"(B) ROOM AND BOARD INCLUDED FOR STUDENTS UNDER GUARANTEED PLANS WHO ARE AT LEAST HALF-TIME.—

"(i) IN GENERAL.—In the case of an individual who is an eligible student (as defined in section 25A(b)(3)) for any academic period, such term shall also include reasonable costs for such period (as determined under the qualified State tuition program) incurred by the designated beneficiary for room and board while attending such institution. For purposes of subsection (b)(7), a designated beneficiary shall be treated as meeting the requirements of this clause.

"(ii) LIMITATION.—The amount treated as qualified higher education expenses by reason of the preceding sentence shall not exceed the minimum amount (applicable to the student) included for room and board for such period in the cost of attendance (as defined in section 472 of the Higher Education Act of 1965, 20 U.S.C. 1087ll, as in effect on the date of the enactment of this paragraph) for the eligible educational institution for such period."

(b) ADDITIONAL MODIFICATIONS.—

(1) MEMBER OF FAMILY.—Paragraph (2) of section 529(e) (relating to other definitions and special rules) is amended to read as follows:

"(2) MEMBER OF FAMILY.—The term 'member of the family' means—

"(A) an individual who bears a relationship to another individual which is a relationship described in paragraphs (1) through (8) of section 152(a), and

"(B) the spouse of any individual described in subparagraph (A).".

(2) ELIGIBLE EDUCATIONAL INSTITUTION.—Section 529(e) is amended by adding at the end the following:

"(5) ELIGIBLE EDUCATIONAL INSTITUTION.—The term 'eligible educational institution' means an institution—

"(A) which is described in section 481 of the Higher Education Act of 1965 (20 U.S.C. 1088), as in effect on the date of the enactment of this paragraph, and

"(B) which is eligible to participate in a program under title IV of such Act.".

(3) ESTATE AND GIFT TAX TREATMENT.—

(A) GIFT TAX TREATMENT.—

(i) Paragraph (2) of section 529(c) is amended to read as follows:

"(2) GIFT TAX TREATMENT OF CONTRIBUTIONS.—For purposes of chapters 12 and 13—

"(A) IN GENERAL.—Any contribution to a qualified tuition program on behalf of any designated beneficiary—

"(i) shall be treated as a completed gift to such beneficiary which is not a future interest in property, and

"(ii) shall not be treated as a qualified transfer under section 2503(e).

"(B) TREATMENT OF EXCESS CONTRIBUTIONS.—If the aggregate amount of contributions described in subparagraph (A) during the calendar year by a donor exceeds the limitation for such year under section 2503(b), such aggregate amount shall, at the election of the donor, be taken into account for purposes of such section ratably over the 5-year period beginning with such calendar year."

(ii) Paragraph (5) of section 529(c) is amended to read as follows:

"(5) OTHER GIFT TAX RULES.—For purposes of chapters 12 and 13—

"(A) TREATMENT OF DISTRIBUTIONS.—Except as provided in subparagraph (B), in no event shall a distribution from a qualified tuition program be treated as a taxable gift.

"(B) TREATMENT OF DESIGNATION OF NEW BENEFICIARY.—The taxes imposed by chapters 12 and 13 shall apply to a transfer by reason of a change in the designated beneficiary under the program (or a rollover to the account of a new beneficiary) only if the new beneficiary is a generation below the generation of the old beneficiary (determined in accordance with section 2651).".

(B) ESTATE TAX TREATMENT.—Paragraph (4) of section 529(c) is amended to read as follows:

"(4) ESTATE TAX TREATMENT.—

"(A) IN GENERAL.—No amount shall be includible in the gross estate of any individual for purposes of chapter 11 by reason of an interest in a qualified tuition program.

"(B) AMOUNTS INCLUDIBLE IN ESTATE OF DESIGNATED BENEFICIARY IN CERTAIN CASES.—Subparagraph (A) shall not apply to amounts distributed on account of the death of a beneficiary.

"(C) AMOUNTS INCLUDIBLE IN ESTATE OF DONOR MAKING EXCESS CONTRIBUTIONS.—In the case of a donor who makes the election described in paragraph (2)(B) and who dies before the close of the 5-year period referred to in such paragraph, notwithstanding subparagraph (A), the gross estate of the donor shall include the portion of such contributions properly allocable to periods after the date of death of the donor."

(4) PROHIBITION AGAINST INVESTMENT DIRECTION.—Section 529(b)(5) is amended by inserting "directly or indirectly" after "may not".

(c) COORDINATION WITH EDUCATION SAVINGS BOND.—Section 135(c)(2) (defining qualified higher education expenses) is amended by adding at the end the following:

"(C) CONTRIBUTIONS TO QUALIFIED STATE TUITION PROGRAM.—Such term shall include any contribution to a qualified State tuition program (as defined in section 529) on behalf of a designated beneficiary (as defined in such section) who is an individual described in subparagraph (A); but there shall be no increase in the investment in the contract for purposes of applying section 529(c)(3)(A) by reason of any portion of such contribution which is not includible in gross income by reason of this subparagraph.".

(d) CLARIFICATION OF TAXATION OF DISTRIBUTIONS.—Subparagraph (A) of section 529(c)(3) is amended by striking "section 72" and inserting "section 72(b)".

(e) TECHNICAL AMENDMENTS.—

(1)(A) The heading for part VIII of subchapter F of chapter 1 is amended to read as follows:

"PART VIII—HIGHER EDUCATION SAVINGS ENTITIES".

(B) The table of parts for subchapter F of chapter 1 is amended by striking the item relating to part VIII and inserting:

"Part VIII. Higher education savings entities.".

(2)(A) Section 529(d) is amended to read as follows:

"(d) REPORTS.—Each officer or employee having control of the qualified State tuition program or their designee shall make such reports regarding such program to the Secretary and to designated beneficiaries with respect to contributions, distributions, and such other matters as the Secretary may require. The reports required by this subsection shall be filed at such time and in such manner and furnished to such individuals at such time and in such manner as may be required by the Secretary.".

(B) Paragraph (2) of section 6693(a) (relating to failure to provide reports on individual retirement accounts or annuities) is amended by striking "and" at the end of subparagraph (A), by striking the period at the end of subparagraph (B) and inserting ", and", and by adding at the end the following new subparagraph:

"(C) Section 529(d) (relating to qualified State tuition programs).".

(C) The section heading for section 6693 is amended by striking "**individual retirement**" and inserting "**certain tax-favored**".

(D) The item relating to section 6693 in the table of sections for part I of subchapter B of chapter 68 is amended by striking "individual retirement" and inserting "certain tax-favored".

(f) EFFECTIVE DATES.—

(1) IN GENERAL.—Except as otherwise provided in this subsection, the amendments made by this section shall take effect on January 1, 1998.

(2) EXPENSES TO INCLUDE ROOM AND BOARD.—The amendment made by subsection (a) shall take effect as if included in the amendments made by section 1806 of the Small Business Job Protection Act of 1996.

(3) ELIGIBLE EDUCATIONAL INSTITUTION.—The amendment made by subsection (b)(2) shall apply to distributions after December 31, 1997, with respect to expenses paid after such date (in taxable years ending after such date), for education furnished in academic periods beginning after such date.

(4) COORDINATION WITH EDUCATION SAVINGS BONDS.—The amendment made by subsection (c) shall apply to taxable years beginning after December 31, 1997.

(5) ESTATE AND GIFT TAX CHANGES.—

(A) GIFT TAX CHANGES.—Paragraphs (2) and (5) of section 529(c) of the Internal Revenue Code of 1986, as amended by this section, shall apply to transfers (including designations of new beneficiaries) made after the date of the enactment of this Act.

(B) ESTATE TAX CHANGES.—Paragraph (4) of such section 529(c) shall apply to estates of decedents dying after June 8, 1997.

(6) TRANSITION RULE FOR PRE-AUGUST 20, 1996 CONTRACTS.—In the case of any contract issued prior to August 20, 1996, section 529(c)(3)(C) of the Internal Revenue Code of 1986 shall be applied for taxable years ending after August 20, 1996, without regard to the requirement that a distribution be transferred to a member of the family or the requirement that a change in beneficiaries may be made only to a member of the family.

PART II—EDUCATION INDIVIDUAL RETIREMENT ACCOUNTS

SEC. 213. EDUCATION INDIVIDUAL RETIREMENT ACCOUNTS.

(a) IN GENERAL.—Part VIII of subchapter F of chapter 1 (relating to qualified State tuition programs) is amended by adding at the end the following new section:

"SEC. 530. EDUCATION INDIVIDUAL RETIREMENT ACCOUNTS.

"(a) GENERAL RULE.—An education individual retirement account shall be exempt from taxation under this subtitle. Notwithstanding the preceding sentence, the education individual retirement account shall be subject to the taxes imposed by section 511 (relating to imposition of tax on unrelated business income of charitable organizations).

"(b) DEFINITIONS AND SPECIAL RULES.—For purposes of this section—

"(1) EDUCATION INDIVIDUAL RETIREMENT ACCOUNT.—The term 'education individual retirement account' means a trust created or organized in the United States exclusively for the purpose of paying the qualified higher education expenses of the designated beneficiary of the trust (and designated as an education individual retirement account at the time created or organized), but only if the written governing instrument creating the trust meets the following requirements:

"(A) No contribution will be accepted—

"(i) unless it is in cash,

"(ii) after the date on which such beneficiary attains age 18, or

"(iii) except in the case of rollover contributions, if such contribution would result in aggregate contributions for the taxable year exceeding $500.

"(B) The trustee is a bank (as defined in section 408(n)) or another person who demonstrates to the satisfaction of the Secretary that the manner in which that person will administer the trust will be consistent with the requirements of this section or who has so demonstrated with respect to any individual retirement plan.

"(C) No part of the trust assets will be invested in life insurance contracts.

"(D) The assets of the trust shall not be commingled with other property except in a common trust fund or common investment fund.

"(E) Upon the death of the designated beneficiary, any balance to the credit of the beneficiary shall be distributed within 30 days after the date of death to the estate of such beneficiary.

"(2) QUALIFIED HIGHER EDUCATION EXPENSES.—

"(A) IN GENERAL.—The term 'qualified higher education expenses' has the meaning given such term by section 529(e)(3), reduced as provided in section 25A(g)(2).

"(B) QUALIFIED STATE TUITION PROGRAMS.—Such term shall include amounts paid or incurred to purchase tuition credits or certificates, or to make contributions to an account, under a qualified State tuition program (as defined in section 529(b)) for the benefit of the beneficiary of the account.

"(3) ELIGIBLE EDUCATIONAL INSTITUTION.—The term 'eligible educational institution' has the meaning given such term by section 529(e)(5).

"(c) REDUCTION IN PERMITTED CONTRIBUTIONS BASED ON ADJUSTED GROSS INCOME.—

"(1) IN GENERAL.—The maximum amount which a contributor could otherwise make to an account under this section shall be reduced by an amount which bears the same ratio to such maximum amount as—

"(A) the excess of—

"(i) the contributor's modified adjusted gross income for such taxable year, over

"(ii) $95,000 ($150,000 in the case of a joint return), bears to

"(B) $15,000 ($10,000 in the case of a joint return).

"(2) MODIFIED ADJUSTED GROSS INCOME.—For purposes of paragraph (1), the term 'modified adjusted gross income' means the adjusted gross income of the taxpayer for the taxable year increased by any amount excluded from gross income under section 911, 931, or 933.

"(d) TAX TREATMENT OF DISTRIBUTIONS.—

"(1) IN GENERAL.—Any distribution shall be includible in the gross income of the distributee in the manner as provided in section 72(b).

"(2) DISTRIBUTIONS FOR QUALIFIED HIGHER EDUCATION EXPENSES.—

"(A) IN GENERAL.—No amount shall be includible in gross income under paragraph (1) if the qualified higher education expenses of the designated beneficiary during the taxable year are not less than the aggregate distributions during the taxable year.

"(B) DISTRIBUTIONS IN EXCESS OF EXPENSES.—If such aggregate distributions exceed such expenses during the taxable year, the amount otherwise includible in gross income under paragraph (1) shall be reduced by the amount which bears the same ratio to the amount which would be includible in gross income under paragraph (1) (without regard to this subparagraph) as the qualified higher education expenses bear to such aggregate distributions.

"(C) ELECTION TO WAIVE EXCLUSION.—A taxpayer may elect to waive the application of this paragraph for any taxable year.

"(3) SPECIAL RULES FOR APPLYING ESTATE AND GIFT TAXES WITH RESPECT TO ACCOUNT.—Rules similar to the rules of paragraphs (2), (4), and (5) of section 529(c) shall apply for purposes of this section.

"(4) ADDITIONAL TAX FOR DISTRIBUTIONS NOT USED FOR EDUCATIONAL EXPENSES.—

"(A) IN GENERAL.—The tax imposed by this chapter for any taxable year on any taxpayer who receives a payment or distribution from an education individual retirement account which is includible in gross income shall be increased by 10 percent of the amount which is so includible.

"(B) EXCEPTIONS.—Subparagraph (A) shall not apply if the payment or distribution is—

"(i) made to a beneficiary (or to the estate of the designated beneficiary) on or after the death of the designated beneficiary,

"(ii) attributable to the designated beneficiary's being disabled (within the meaning of section 72(m)(7)), or

"(iii) made on account of a scholarship, allowance, or payment described in section 25A(g)(2) received by the account holder to the extent the amount of the payment or distribution does not exceed the amount of the scholarship, allowance, or payment.

"(C) EXCESS CONTRIBUTIONS RETURNED BEFORE DUE DATE OF RETURN.—Subparagraph (A) shall not apply to the distribution of any contribution made during a taxable year on behalf of a designated beneficiary to the extent that such contribution exceeds $500 if—

"(i) such distribution is received on or before the day prescribed by law (including extensions of time) for filing such contributor's return for such taxable year, and

"(ii) such distribution is accompanied by the amount of net income attributable to such excess contribution.

Any net income described in clause (ii) shall be included in gross income for the taxable year in which such excess contribution was made.

"(5) ROLLOVER CONTRIBUTIONS.—Paragraph (1) shall not apply to any amount paid or distributed from an education individual retirement account to the extent that the amount received is paid into another education individual retirement account for the benefit of the same beneficiary or a member of the family (within the meaning of section 529(e)(2)) of such beneficiary not later than the 60th day after the date of such payment or distribution. The preceding sentence shall not apply to any payment or distribution if it applied to any prior payment or distribution during the 12-month period ending on the date of the payment or distribution.

"(6) CHANGE IN BENEFICIARY.—Any change in the beneficiary of an education individual retirement account shall not be treated as a distribution for purposes of paragraph (1) if the new beneficiary is a member of the family (as so defined) of the old beneficiary.

"(7) SPECIAL RULES FOR DEATH AND DIVORCE.—Rules similar to the rules of paragraphs (7) and (8) of section 220(f) shall apply.

"(e) TAX TREATMENT OF ACCOUNTS.—Rules similar to the rules of paragraphs (2) and (4) of section 408(e) shall apply to any education individual retirement account.

"(f) COMMUNITY PROPERTY LAWS.—This section shall be applied without regard to any community property laws.

"(g) CUSTODIAL ACCOUNTS.—For purposes of this section, a custodial account shall be treated as a trust if the assets of such account are held by a bank (as defined in section 408(n)) or another person who demonstrates, to the satisfaction of the Secretary, that the manner in which he will administer the account will be consistent with the requirements of this section, and if the custodial account would, except for the fact that it is not a trust, constitute an account described in subsection (b)(1). For purposes of this title, in the case of a custodial account treated as a trust by reason of the preceding sentence, the custodian of such account shall be treated as the trustee thereof.

"(h) REPORTS.—The trustee of an education individual retirement account shall make such reports regarding such account to the Secretary and to the beneficiary of the account with respect to contributions, distributions, and such other matters as the Secretary may require. The reports required by this subsection shall be filed at such time and in such manner and furnished to such individuals at such time and in such manner as may be required.".

(b) TAX ON PROHIBITED TRANSACTIONS.—

(1) IN GENERAL.—Paragraph (1) of section 4975(e) (relating to prohibited transactions) is amended by striking "or" at the end of subparagraph (D), by redesignating subparagraph (E) as subparagraph (F), and by inserting after subparagraph (D) the following new subparagraph:

"(E) an education individual retirement account described in section 530, or".

(2) SPECIAL RULE.—Subsection (c) of section 4975 is amended by adding at the end of subsection (c) the following new paragraph:

"(5) SPECIAL RULE FOR EDUCATION INDIVIDUAL RETIREMENT ACCOUNTS.—An individual for whose benefit an education individual retirement account is established and any contributor to such account shall be exempt from the tax imposed by this section with respect to any transaction concerning such account (which would otherwise be taxable under this section) if section 530(d) applies with respect to such transaction.".

(c) FAILURE TO PROVIDE REPORTS ON EDUCATION INDIVIDUAL RETIREMENT ACCOUNTS.—Paragraph (2) of section 6693(a) (relating to failure to provide reports on individual retirement accounts or annuities) is amended by striking "and" at the end of subparagraph (B), by striking the period at the end of subparagraph (C) and inserting ", and", and by adding at the end the following new subparagraph:

"(D) Section 530(h) (relating to education individual retirement accounts).".

(d) TAX ON EXCESS CONTRIBUTIONS.—

(1) IN GENERAL.—Subsection (a) of section 4973 is amended by striking "or" at the end of paragraph (2), by adding "or" at the end of paragraph (3), and by inserting after paragraph (3) the following new paragraph:

"(4) an education individual retirement account (as defined in section 530),".

(2) EXCESS CONTRIBUTIONS DEFINED.—Section 4973 is amended by adding at the end the following new subsection:

"(e) EXCESS CONTRIBUTIONS TO EDUCATION INDIVIDUAL RETIREMENT ACCOUNTS.—For purposes of this section—

"(1) IN GENERAL.—In the case of education individual retirement accounts maintained for the benefit of any 1 beneficiary, the term 'excess contributions' means—

"(A) the amount by which the amount contributed for the taxable year to such accounts exceeds $500, and

"(B) any amount contributed to such accounts for any taxable year if any amount is contributed during such year to a qualified State tuition program for the benefit of such beneficiary.

"(2) SPECIAL RULES.—For purposes of paragraph (1), the following contributions shall not be taken into account:

"(A) Any contribution which is distributed out of the education individual retirement account in a distribution to which section 530(d)(4)(C) applies.

"(B) Any contribution described in section 530(b)(2)(B) to a qualified State tuition program.

"(C) Any rollover contribution.".

(e) TECHNICAL AMENDMENTS.—

(1) Section 26(b)(2) is amended by redesignating subparagraphs (E) through (P) as subparagraphs (F) through (Q), respectively, and by inserting after subparagraph (D) the following new subparagraph:

"(E) section 530(d)(3) (relating to additional tax on certain distributions from education individual retirement accounts),".

(2) Subparagraph (C) of section 135(c)(2), as added by the preceding section, is amended by inserting ", or to an education individual retirement account (as defined in section 530) on behalf of an account beneficiary," after "(as defined in such section)".

(3) The table of sections for part VIII of subchapter F of chapter 1 is amended by adding at the end the following new item:

"Sec. 530. Education individual retirement accounts.".

(f) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1997.

Subtitle C—Other Education Initiatives

SEC. 221. EXTENSION OF EXCLUSION FOR EMPLOYER-PROVIDED EDUCATIONAL ASSISTANCE.

(a) IN GENERAL.—Subsection (d) of section 127 (relating to educational assistance programs) is amended to read as follows:

"(d) TERMINATION.—This section shall not apply to expenses paid with respect to courses beginning after May 31, 2000.".

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to taxable years beginning after December 31, 1996.

SEC. 222. REPEAL OF LIMITATION ON QUALIFIED 501(c)(3) BONDS OTHER THAN HOSPITAL BONDS.

Section 145(b) (relating to qualified 501(c)(3) bond) is amended by adding at the end the following new paragraph:

"(5) TERMINATION OF LIMITATION.—This subsection shall not apply with respect to bonds issued after the date of the enactment of this paragraph as part of an issue 95 percent or more of the net proceeds of which are to be used to finance capital expenditures incurred after such date.".

SEC. 223. INCREASE IN ARBITRAGE REBATE EXCEPTION FOR GOVERNMENTAL BONDS USED TO FINANCE EDUCATION FACILITIES.

(a) IN GENERAL.—Section 148(f)(4)(D) (relating to exception for governmental units issuing $5,000,000 or less of bonds) is amended by adding at the end the following new clause:

"(vii) INCREASE IN EXCEPTION FOR BONDS FINANCING PUBLIC SCHOOL CAPITAL EXPENDITURES.—Each of the $5,000,000 amounts in the preceding provisions of this subparagraph shall be increased by the lesser of $5,000,000 or so much of the aggregate face amount of the bonds as are attributable to financing the construction (within the meaning of subparagraph (C)(iv)) of public school facilities.".

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to bonds issued after December 31, 1997.

SEC. 224. CONTRIBUTIONS OF COMPUTER TECHNOLOGY AND EQUIPMENT FOR ELEMENTARY OR SECONDARY SCHOOL PURPOSES.

(a) CONTRIBUTIONS OF COMPUTER TECHNOLOGY AND EQUIPMENT FOR ELEMENTARY OR SECONDARY SCHOOL PURPOSES.—Subsection (e) of section 170 is amended by adding at the end the following new paragraph:

"(6) SPECIAL RULE FOR CONTRIBUTIONS OF COMPUTER TECHNOLOGY AND EQUIPMENT FOR ELEMENTARY OR SECONDARY SCHOOL PURPOSES.—

"(A) LIMIT ON REDUCTION.—In the case of a qualified elementary or secondary educational contribution, the reduction under paragraph (1)(A) shall be no greater than the amount determined under paragraph (3)(B).

"(B) QUALIFIED ELEMENTARY OR SECONDARY EDUCATIONAL CONTRIBUTION.—For purposes of this paragraph, the term 'qualified elementary or secondary educational contribution' means a charitable contribution by a corporation of any computer technology or equipment, but only if—

"(i) the contribution is to—

"(I) an educational organization described in subsection (b)(1)(A)(ii), or

"(II) an entity described in section 501(c)(3) and exempt from tax under section 501(a) (other than an entity described in subclause (I)) that is organized primarily for purposes of supporting elementary and secondary education,

"(ii) the contribution is made not later than 2 years after the date the taxpayer acquired the property (or in the case of property constructed by the taxpayer, the date the construction of the property is substantially completed),

"(iii) the original use of the property is by the donor or the donee,

"(iv) substantially all of the use of the property by the donee is for use within the United States for educational purposes in any of the grades K–12 that are related to the purpose or function of the organization or entity,

"(v) the property is not transferred by the donee in exchange for money, other property, or services, except for shipping, installation and transfer costs,

"(vi) the property will fit productively into the entity's education plan, and

"(vii) the entity's use and disposition of the property will be in accordance with the provisions of clauses (iv) and (v).

"(C) CONTRIBUTION TO PRIVATE FOUNDATION.—A contribution by a corporation of any computer technology or equipment to a private foundation (as defined in section 509) shall be treated as a qualified elementary or secondary educational contribution for purposes of this paragraph if—

"(i) the contribution to the private foundation satisfies the requirements of clauses (ii) and (v) of subparagraph (B), and

"(ii) within 30 days after such contribution, the private foundation—

"(I) contributes the property to an entity described in clause (i) of subparagraph (B) that satisfies the requirements of clauses (iv) through (vii) of subparagraph (B), and

"(II) notifies the donor of such contribution.

"(D) SPECIAL RULE RELATING TO CONSTRUCTION OF PROPERTY.—For the purposes of this paragraph, the rules of paragraph (4)(C) shall apply.

"(E) DEFINITIONS.—For the purposes of this paragraph—

"(i) COMPUTER TECHNOLOGY OR EQUIPMENT.—The term 'computer technology or equipment' means computer software (as defined by section 197(e)(3)(B)), computer or peripheral equipment (as defined by section 168(i)(2)(B)), and fiber optic cable related to computer use.

"(ii) CORPORATION.—The term 'corporation' has the meaning given to such term by paragraph (4)(D).

"(F) TERMINATION.—This paragraph shall not apply to any contribution made during any taxable year beginning after December 31, 1999.".

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 1997.

SEC. 225. TREATMENT OF CANCELLATION OF CERTAIN STUDENT LOANS.

(a) CERTAIN LOANS BY EXEMPT ORGANIZATIONS.—

(1) IN GENERAL.—Paragraph (2) of section 108(f) (defining student loan) is amended by striking "or" at the end of subparagraph (B) and by striking subparagraph (D) and inserting the following:

"(D) any educational organization described in section 170(b)(1)(A)(ii) if such loan is made—

"(i) pursuant to an agreement with any entity described in subparagraph (A), (B), or (C) under which the funds from which the loan was made were provided to such educational organization, or

"(ii) pursuant to a program of such educational organization which is designed to encourage its students to serve in occupations with unmet needs or in areas with unmet needs and under which the services provided by the students (or former students) are for or under the direction of a governmental unit or an organization described in section 501(c)(3) and exempt from tax under section 501(a).

The term 'student loan' includes any loan made by an educational organization so described or by an organization exempt from tax under section 501(a) to refinance a loan meeting the requirements of the preceding sentence.".

(2) EXCEPTION FOR DISCHARGES ON ACCOUNT OF SERVICES PERFORMED FOR CERTAIN LENDERS.—Subsection (f) of section 108 is amended by adding at the end the following new paragraph:

"(3) EXCEPTION FOR DISCHARGES ON ACCOUNT OF SERVICES PERFORMED FOR CERTAIN LENDERS.—Paragraph (1) shall not apply to the discharge of a loan made by an organization described in paragraph (2)(D) (or by an organization described in paragraph (2)(E) from funds provided by an organization described in paragraph (2)(D)) if the discharge is on account of services performed for either such organization.".

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to discharges of indebtedness after the date of the enactment of this Act.

SEC. 226. INCENTIVES FOR EDUCATION ZONES.

(a) IN GENERAL.—Subchapter U of chapter 1 (relating to additional incentives for empowerment zones) is amended by redesignating part IV as part V, by redesignating section 1397E as section 1397F, and by inserting after part III the following new part:

"PART IV—INCENTIVES FOR EDUCATION ZONES

"Sec. 1397E. Credit to holders of qualified zone academy bonds."

"SEC. 1397E. CREDIT TO HOLDERS OF QUALIFIED ZONE ACADEMY BONDS.

"(a) ALLOWANCE OF CREDIT.—In the case of an eligible taxpayer who holds a qualified zone academy bond on the credit allowance date of such bond which occurs during the taxable year, there shall be allowed as a credit against the tax imposed by this chapter for such taxable year the amount determined under subsection (b).

"(b) AMOUNT OF CREDIT.—

"(1) IN GENERAL.—The amount of the credit determined under this subsection with respect to any qualified zone academy bond is the amount equal to the product of—

"(A) the credit rate determined by the Secretary under paragraph (2) for the month in which such bond was issued, multiplied by

"(B) the face amount of the bond held by the taxpayer on the credit allowance date.

"(2) DETERMINATION.—During each calendar month, the Secretary shall determine a credit rate which shall apply to bonds issued during the following calendar month. The credit rate for any month is the percentage which the Secretary estimates will permit the issuance of qualified zone academy bonds without discount and without interest cost to the issuer.

"(c) Limitation Based on Amount of Tax.—The credit allowed under subsection (a) for any taxable year shall not exceed the excess of—

"(1) the sum of the regular tax liability (as defined in section 26(b)) plus the tax imposed by section 55, over

"(2) the sum of the credits allowable under part IV of subchapter A (other than subpart C thereof, relating to refundable credits).

"(d) Qualified Zone Academy Bond.—For purposes of this section—

"(1) In general.—The term 'qualified zone academy bond' means any bond issued as part of an issue if—

"(A) 95 percent or more of the proceeds of such issue are to be used for a qualified purpose with respect to a qualified zone academy established by an eligible local education agency,

"(B) the bond is issued by a State or local government within the jurisdiction of which such academy is located,

"(C) the issuer—

"(i) designates such bond for purposes of this section,

"(ii) certifies that it has written assurances that the private business contribution requirement of paragraph (2) will be met with respect to such academy, and

"(iii) certifies that it has the written approval of the eligible local education agency for such bond issuance, and

"(D) the term of each bond which is part of such issue does not exceed the maximum term permitted under paragraph (3).

"(2) Private business contribution requirement.—

"(A) In general.—For purposes of paragraph (1), the private business contribution requirement of this paragraph is met with respect to any issue if the eligible local education agency that established the qualified zone academy has written commitments from private entities to make qualified contributions having a present value (as of the date of issuance of the issue) of not less than 10 percent of the proceeds of the issue.

"(B) Qualified contributions.—For purposes of subparagraph (A), the term 'qualified contribution' means any contribution (of a type and quality acceptable to the eligible local education agency) of—

"(i) equipment for use in the qualified zone academy (including state-of-the-art technology and vocational equipment),

"(ii) technical assistance in developing curriculum or in training teachers in order to promote appropriate market driven technology in the classroom,

"(iii) services of employees as volunteer mentors,

"(iv) internships, field trips, or other educational opportunities outside the academy for students, or

"(v) any other property or service specified by the eligible local education agency.

"(3) Term requirement.—During each calendar month, the Secretary shall determine the maximum term permitted under this paragraph for bonds issued during the following calendar month. Such maximum term shall be the term which the Secretary estimates will result in the present value of the obligation to repay the principal on the bond being equal to 50 percent of the face amount of the bond. Such present value shall be determined using as a discount rate the average annual interest rate of tax-exempt obligations having a term of 10 years or more which are issued during the month. If the term as so determined is not a multiple of a whole year, such term shall be rounded to the next highest whole year.

"(4) Qualified zone academy.—

"(A) In general.—The term 'qualified zone academy' means any public school (or academic program within a public school) which is established by and operated under the supervision of an eligible local education agency to provide education or training below the postsecondary level if—

"(i) such public school or program (as the case may be) is designed in cooperation with business to enhance the academic curriculum, increase graduation and employment rates, and better prepare students for the rigors of college and the increasingly complex workforce,

"(ii) students in such public school or program (as the case may be) will be subject to the same academic standards and assessments as other students educated by the eligible local education agency,

"(iii) the comprehensive education plan of such public school or program is approved by the eligible local education agency, and

"(iv)(I) such public school is located in an empowerment zone or enterprise community (including any such zone or community designated after the date of the enactment of this section), or

"(II) there is a reasonable expectation (as of the date of issuance of the bonds) that at least 35 percent of the students attending such school or participating in such program (as the case may be) will be eligible for free or reduced-cost lunches under the school lunch program established under the National School Lunch Act.

"(B) Eligible local education agency.—The term 'eligible local education agency' means any local education agency as defined in section 14101 of the Elementary and Secondary Education Act of 1965.

"(5) Qualified purpose.—The term 'qualified purpose' means, with respect to any qualified zone academy—

"(A) rehabilitating or repairing the public school facility in which the academy is established,

"(B) providing equipment for use at such academy,

"(C) developing course materials for education to be provided at such academy, and

"(D) training teachers and other school personnel in such academy.

"(6) Eligible taxpayer.—The term 'eligible taxpayer' means—

"(A) a bank (within the meaning of section 581),

"(B) an insurance company to which subchapter L applies, and

"(C) a corporation actively engaged in the business of lending money.

"(e) Limitation on Amount of Bonds Designated.—

"(1) National limitation.—There is a national zone academy bond limitation for each calendar year. Such limitation is $400,000,000 for 1998 and 1999, and, except as provided in paragraph (4), zero thereafter.

"(2) Allocation of limitation.—The national zone academy bond limitation for a calendar year shall be allocated by the Secretary among the States on the basis of their respective populations of individuals below the poverty line (as defined by the Office of Management and Budget). The limitation amount allocated to a State under the preceding sentence shall be allocated by the State education agency to qualified zone academies within such State.

"(3) Designation subject to limitation amount.—The maximum aggregate face amount of bonds issued during any calendar year which may be designated under subsection (d)(1) with respect to any qualified zone academy shall not exceed the limitation amount allocated to such academy under paragraph (2) for such calendar year.

"(4) Carryover of unused limitation.—If for any calendar year—

"(A) the limitation amount for any State, exceeds

"(B) the amount of bonds issued during such year which are designated under subsection (d)(1) with respect to qualified zone academies within such State,

the limitation amount for such State for the following calendar year shall be increased by the amount of such excess.

"(f) Other Definitions.—For purposes of this section—

"(1) Credit allowance date.—The term 'credit allowance date' means, with respect to any issue, the last day of the 1-year period beginning on the date of issuance of such issue and the last day of each successive 1-year period thereafter.

"(2) Bond.—The term 'bond' includes any obligation.

"(3) State.—The term 'State' includes the District of Columbia and any possession of the United States.

"(g) Credit Included in Gross Income.—Gross income includes the amount of the credit allowed to the taxpayer under this section."

(b) Conforming Amendments.—

(1) The table of parts for subchapter U of chapter 1 is amended by striking the last item and inserting the following:

"Part IV. Incentives for education zones.

"Part V. Regulations."

(2) The table of sections for part V, as so redesignated, is amended to read as follows:

"Sec. 1397F. Regulations."

(c) Effective Date.—The amendments made by this section shall apply to obligations issued after December 31, 1997.

TITLE III—SAVINGS AND INVESTMENT INCENTIVES

Subtitle A—Retirement Savings

SEC. 301. RESTORATION OF IRA DEDUCTION FOR CERTAIN TAXPAYERS.

(a) Increase in Income Limits Applicable to Active Participants.—

(1) In general.—Subparagraph (B) of section 219(g)(3) (relating to applicable dollar amount) is amended to read as follows:

"(B) Applicable dollar amount.—The term 'applicable dollar amount' means the following:

"(i) In the case of a taxpayer filing a joint return:

"For taxable years beginning in:	**The applicable dollar amount is:**
1998	$50,000
1999	$51,000
2000	$52,000
2001	$53,000
2002	$54,000
2003	$60,000
2004	$65,000
2005	$70,000
2006	$75,000
2007 and thereafter	$80,000.

"(ii) In the case of any other taxpayer (other than a married individual filing a separate return):

"For taxable years beginning in:	**The applicable dollar amount is:**
1998	$30,000
1999	$31,000
2000	$32,000
2001	$33,000
2002	$34,000
2003	$40,000
2004	$45,000
2005 and thereafter	$50,000.

"(iii) In the case of a married individual filing a separate return, zero.".

(2) Increase in phase-out range for joint returns.—Clause (ii) of section 219(g)(2)(A) is amended by inserting "($20,000 in the case of a joint return for a taxable year beginning after December 31, 2006)".

(b) LIMITATIONS FOR ACTIVE PARTICIPATION NOT BASED ON SPOUSE'S PARTICIPATION.—Section 219(g) (relating to limitation on deduction for active participants in certain pension plans) is amended—

(1) by striking "or the individual's spouse" in paragraph (1), and

(2) by adding at the end the following new paragraph:

"(7) SPECIAL RULE FOR CERTAIN SPOUSES.—In the case of an individual who is an active participant at no time during any plan year ending with or within the taxable year but whose spouse is an active participant for any part of any such plan year—

"(A) the applicable dollar amount under paragraph (3)(B)(i) with respect to the taxpayer shall be $150,000, and

"(B) the amount applicable under paragraph (2)(A)(ii) shall be $10,000."

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1997.

SEC. 302. ESTABLISHMENT OF NONDEDUCTIBLE TAX-FREE INDIVIDUAL RETIREMENT ACCOUNTS.

(a) IN GENERAL.—Subpart A of part I of subchapter D of chapter 1 (relating to pension, profit-sharing, stock bonus plans, etc.) is amended by inserting after section 408 the following new section:

"SEC. 408A. ROTH IRAS.

"(a) GENERAL RULE.—Except as provided in this section, a Roth IRA shall be treated for purposes of this title in the same manner as an individual retirement plan.

"(b) ROTH IRA.—For purposes of this title, the term 'Roth IRA' means an individual retirement plan (as defined in section 7701(a)(37)) which is designated (in such manner as the Secretary may prescribe) at the time of establishment of the plan as a Roth IRA. Such designation shall be made in such manner as the Secretary may prescribe.

"(c) TREATMENT OF CONTRIBUTIONS.—

"(1) NO DEDUCTION ALLOWED.—No deduction shall be allowed under section 219 for a contribution to a Roth IRA.

"(2) CONTRIBUTION LIMIT.—The aggregate amount of contributions for any taxable year to all Roth IRAs maintained for the benefit of an individual shall not exceed the excess (if any) of—

"(A) the maximum amount allowable as a deduction under section 219 with respect to such individual for such taxable year (computed without regard to subsection (d)(1) or (g) of such section), over

"(B) the aggregate amount of contributions for such taxable year to all other individual retirement plans (other than Roth IRAs) maintained for the benefit of the individual.

"(3) LIMITS BASED ON MODIFIED ADJUSTED GROSS INCOME.—

"(A) DOLLAR LIMIT.—The amount determined under paragraph (2) for any taxable year shall be reduced (but not below zero) by the amount which bears the same ratio to such amount as—

"(i) the excess of—

"(I) the taxpayer's adjusted gross income for such taxable year, over

"(II) the applicable dollar amount, bears to

"(ii) $15,000 ($10,000 in the case of a joint return).

The rules of subparagraphs (B) and (C) of section 219(g)(2) shall apply to any reduction under this subparagraph.

"(B) ROLLOVER FROM IRA.—A taxpayer shall not be allowed to make a qualified rollover contribution to a Roth IRA from an individual retirement plan other than a Roth IRA during any taxable year if—

"(i) the taxpayer's adjusted gross income for such taxable year exceeds $100,000, or

"(ii) the taxpayer is a married individual filing a separate return.

"(C) DEFINITIONS.—For purposes of this paragraph—

"(i) adjusted gross income shall be determined in the same manner as under section 219(g)(3), except that any amount included in gross income under subsection (d)(3) shall not be taken into account and the deduction under section 219 shall be taken into account, and

"(ii) the applicable dollar amount is—

"(I) in the case of a taxpayer filing a joint return, $150,000,

"(II) in the case of any other taxpayer (other than a married individual filing a separate return), $95,000, and

"(III) in the case of a married individual filing a separate return, zero.

"(D) MARITAL STATUS.—Section 219(g)(4) shall apply for purposes of this paragraph.

"(4) CONTRIBUTIONS PERMITTED AFTER AGE 70½.—Contributions to a Roth IRA may be made even after the individual for whom the account is maintained has attained age 70½.

"(5) MANDATORY DISTRIBUTION RULES NOT TO APPLY BEFORE DEATH.—Notwithstanding subsections (a)(6) and (b)(3) of section 408 (relating to required distributions), the following provisions shall not apply to any Roth IRA:

"(A) Section 401(a)(9)(A).

"(B) The incidental death benefit requirements of section 401(a).

"(6) ROLLOVER CONTRIBUTIONS.—

"(A) IN GENERAL.—No rollover contribution may be made to a Roth IRA unless it is a qualified rollover contribution.

"(B) COORDINATION WITH LIMIT.—A qualified rollover contribution shall not be taken into account for purposes of paragraph (2).

"(7) TIME WHEN CONTRIBUTIONS MADE.—For purposes of this section, the rule of section 219(f)(3) shall apply.

"(d) DISTRIBUTION RULES.—For purposes of this title—

"(1) GENERAL RULES.—

"(A) EXCLUSIONS FROM GROSS INCOME.—Any qualified distribution from a Roth IRA shall not be includible in gross income.

"(B) NONQUALIFIED DISTRIBUTIONS.—In applying section 72 to any distribution from a Roth IRA which is not a qualified distribution, such distribution shall be treated as made from contributions to the Roth IRA to the extent that such distribution, when added to all previous distributions from the Roth IRA, does not exceed the aggregate amount of contributions to the Roth IRA.

"(2) QUALIFIED DISTRIBUTION.—For purposes of this subsection—

"(A) IN GENERAL.—The term 'qualified distribution' means any payment or distribution—

"(i) made on or after the date on which the individual attains age 59½,

"(ii) made to a beneficiary (or to the estate of the individual) on or after the death of the individual,

"(iii) attributable to the individual's being disabled (within the meaning of section 72(m)(7)), or

"(iv) which is a qualified special purpose distribution.

"(B) CERTAIN DISTRIBUTIONS WITHIN 5 YEARS.—A payment or distribution shall not be treated as a qualified distribution under subparagraph (A) if—

"(i) it is made within the 5-taxable year period beginning with the 1st taxable year for which the individual made a contribution to a Roth IRA (or such individual's spouse made a contribution to a Roth IRA) established for such individual, or

"(ii) in the case of a payment or distribution properly allocable (as determined in the manner prescribed by the Secretary) to a qualified rollover contribution from an individual retirement plan other than a Roth IRA (or income allocable thereto), it is made within the 5-taxable year period beginning with the taxable year in which the rollover contribution was made.

"(3) ROLLOVERS FROM AN IRA OTHER THAN A ROTH IRA.—

"(A) IN GENERAL.—Notwithstanding section 408(d)(3), in the case of any distribution to which this paragraph applies—

"(i) there shall be included in gross income any amount which would be includible were it not part of a qualified rollover contribution,

"(ii) section 72(t) shall not apply, and

"(iii) in the case of a distribution before January 1, 1999, any amount required to be included in gross income by reason of this paragraph shall be so included ratably over the 4-taxable year period beginning with the taxable year in which the payment or distribution is made.

"(B) DISTRIBUTIONS TO WHICH PARAGRAPH APPLIES.—This paragraph shall apply to a distribution from an individual retirement plan (other than a Roth IRA) maintained for the benefit of an individual which is contributed to a Roth IRA maintained for the benefit of such individual in a qualified rollover contribution.

"(C) CONVERSIONS.—The conversion of an individual retirement plan (other than a Roth IRA) to a Roth IRA shall be treated for purposes of this paragraph as a distribution to which this paragraph applies.

"(D) CONVERSION OF EXCESS CONTRIBUTIONS.—If, no later than the due date for filing the return of tax for any taxable year (without regard to extensions), an individual transfers, from an individual retirement plan (other than a Roth IRA), contributions for such taxable year (and any earnings allocable thereto) to a Roth IRA, no such amount shall be includible in gross income to the extent no deduction was allowed with respect to such amount.

"(E) ADDITIONAL REPORTING REQUIREMENTS.—Trustees of Roth IRAs, trustees of individual retirement plans, or both, whichever is appropriate, shall include such additional information in reports required under section 408(i) as the Secretary may require to ensure that amounts required to be included in gross income under subparagraph (A) are so included.

"(4) COORDINATION WITH INDIVIDUAL RETIREMENT ACCOUNTS.—Section 408(d)(2) shall be applied separately with respect to Roth IRAs and other individual retirement plans.

"(5) QUALIFIED SPECIAL PURPOSE DISTRIBUTION.—For purposes of this section, the term 'qualified special purpose distribution' means any distribution to which subparagraph (F) of section 72(t)(2) applies.

"(e) QUALIFIED ROLLOVER CONTRIBUTION.—For purposes of this section, the term 'qualified rollover contribution' means a rollover contribution to a Roth IRA from another such account, or from an individual retirement plan, but only if such rollover contribution meets the requirements of section 408(d)(3). For purposes of section 408(d)(3)(B), there shall be disregarded any qualified rollover contribution from an individual retirement plan (other than a Roth IRA) to a Roth IRA.".

(b) EXCESS CONTRIBUTIONS.—Section 4973(b), as amended by title II, is amended by adding at the end the following new subsection:

"(f) EXCESS CONTRIBUTIONS TO ROTH IRAS.—For purposes of this section, in the case of contributions to a Roth IRA (within the meaning of section 408A(b)), the term 'excess contributions' means the sum of—

"(1) the excess (if any) of—

"(A) the amount contributed for the taxable year to such accounts (other than a qualified rollover contribution described in section 408A(e)), over

"(B) the amount allowable as a contribution under sections 408A (c)(2) and (c)(3), and

"(2) the amount determined under this subsection for the preceding taxable year, reduced by the sum of—

"(A) the distributions out of the accounts for the taxable year, and

"(B) the excess (if any) of the maximum amount allowable as a contribution under sections 408A (c)(2) and (c)(3) for the taxable year over the amount contributed to the accounts for the taxable year.

For purposes of this subsection, any contribution which is distributed from a Roth IRA in a distribution described in section 408(d)(4) shall be treated as an amount not contributed."

(c) SPOUSAL IRA.—Clause (ii) of section 219(c)(1)(B) is amended to read as follows:

"(ii) the compensation includible in the gross income of such individual's spouse for the taxable year reduced by—

"(I) the amount allowed as a deduction under subsection (a) to such spouse for such taxable year, and

"(II) the amount of any contribution on behalf of such spouse to a Roth IRA under section 408A for such taxable year.".

(d) AUTHORITY TO PRESCRIBE NECESSARY REPORTING.—Section 408(i) is amended—

(1) by striking "under regulations", and

(2) by striking "in such regulations" each place it appears.

(e) CONFORMING AMENDMENT.—The table of sections for subpart A of part I of subchapter D of chapter 1 is amended by inserting after the item relating to section 408 the following new item:

"Sec. 408A. Roth IRAs.".

(f) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1997.

SEC. 303. DISTRIBUTIONS FROM CERTAIN PLANS MAY BE USED WITHOUT PENALTY TO PURCHASE FIRST HOMES.

(a) IN GENERAL.—Paragraph (2) of section 72(t) (relating to exceptions to 10-percent additional tax on early distributions from qualified retirement plans), as amended by section 203, is amended by adding at the end the following new subparagraph:

"(F) DISTRIBUTIONS FROM CERTAIN PLANS FOR FIRST HOME PURCHASES.—Distributions to an individual from an individual retirement plan which are qualified first-time homebuyer distributions (as defined in paragraph (8)). Distributions shall not be taken into account under the preceding sentence if such distributions are described in subparagraph (A), (C), (D), or (E) or to the extent paragraph (1) does not apply to such distributions by reason of subparagraph (B).".

(b) DEFINITIONS.—Section 72(t), as amended by section 203, is amended by adding at the end the following new paragraphs:

"(8) QUALIFIED FIRST-TIME HOMEBUYER DISTRIBUTIONS.—For purposes of paragraph (2)(F)—

"(A) IN GENERAL.—The term 'qualified first-time homebuyer distribution' means any payment or distribution received by an individual to the extent such payment or distribution is used by the individual before the close of the 120th day after the day on which such payment or distribution is received to pay qualified acquisition costs with respect to a principal residence of a first-time homebuyer who is such individual, the spouse of such individual, or any child, grandchild, or ancestor of such individual or the individual's spouse.

"(B) LIFETIME DOLLAR LIMITATION.—The aggregate amount of payments or distributions received by an individual which may be treated as qualified first-time homebuyer distributions for any taxable year shall not exceed the excess (if any) of—

"(i) $10,000, over

"(ii) the aggregate amounts treated as qualified first-time homebuyer distributions with respect to such individual for all prior taxable years.

"(C) QUALIFIED ACQUISITION COSTS.—For purposes of this paragraph, the term 'qualified acquisition costs' means the costs of acquiring, constructing, or reconstructing a residence. Such term includes any usual or reasonable settlement, financing, or other closing costs.

"(D) FIRST-TIME HOMEBUYER; OTHER DEFINITIONS.—For purposes of this paragraph—

"(i) FIRST-TIME HOMEBUYER.—The term 'first-time homebuyer' means any individual if—

"(I) such individual (and if married, such individual's spouse) had no present ownership interest in a principal residence during the 2-year period ending on the date of acquisition of the principal residence to which this paragraph applies, and

"(II) subsection (h) or (k) of section 1034 (as in effect on the day before the date of the enactment of this paragraph) did not suspend the running of any period of time specified in section 1034 (as so in effect) with respect to such individual on the day before the date the distribution is applied pursuant to subparagraph (A).

"(ii) PRINCIPAL RESIDENCE.—The term 'principal residence' has the same meaning as when used in section 121.

"(iii) DATE OF ACQUISITION.—The term 'date of acquisition' means the date—

"(I) on which a binding contract to acquire the principal residence to which subparagraph (A) applies is entered into, or

"(II) on which construction or reconstruction of such a principal residence is commenced.

"(E) SPECIAL RULE WHERE DELAY IN ACQUISITION.—If any distribution from any individual retirement plan fails to meet the requirements of subparagraph (A) solely by reason of a delay or cancellation of the purchase or construction of the residence, the amount of the distribution may be contributed to an individual retirement plan as provided in section 408(d)(3)(A)(i) (determined by substituting '120 days' for '60 days' in such section), except that—

"(i) section 408(d)(3)(B) shall not be applied to such contribution, and

"(ii) such amount shall not be taken into account in determining whether section 408(d)(3)(B) applies to any other amount.".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to payments and distributions in taxable years beginning after December 31, 1997.

SEC. 304. CERTAIN BULLION NOT TREATED AS COLLECTIBLES.

(a) IN GENERAL.—Paragraph (3) of section 408(m) (relating to exception for certain coins) is amended to read as follows:

"(3) EXCEPTION FOR CERTAIN COINS AND BULLION.—For purposes of this subsection, the term 'collectible' shall not include—

"(A) any coin which is—

"(i) a gold coin described in paragraph (7), (8), (9), or (10) of section 5112(a) of title 31, United States Code,

"(ii) a silver coin described in section 5112(e) of title 31, United States Code,

"(iii) a platinum coin described in section 5112(k) of title 31, United States Code, or

"(iv) a coin issued under the laws of any State, or

"(B) any gold, silver, platinum, or palladium bullion of a fineness equal to or exceeding the minimum fineness that a contract market (as described in section 7 of the Commodity Exchange Act, 7 U.S.C. 7) requires for metals which may be delivered in satisfaction of a regulated futures contract,

if such bullion is in the physical possession of a trustee described under subsection (a) of this section.".

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 1997.

Subtitle B—Capital Gains

SEC. 311. MAXIMUM CAPITAL GAINS RATES FOR INDIVIDUALS.

(a) IN GENERAL.—Subsection (h) of section 1 (relating to maximum capital gains rate) is amended to read as follows:

"(h) MAXIMUM CAPITAL GAINS RATE.—

"(1) IN GENERAL.—If a taxpayer has a net capital gain for any taxable year, the tax imposed by this section for such taxable year shall not exceed the sum of—

"(A) a tax computed at the rates and in the same manner as if this subsection had not been enacted on the greater of—

"(i) taxable income reduced by the net capital gain, or

"(ii) the lesser of—

"(I) the amount of taxable income taxed at a rate below 28 percent, or

"(II) taxable income reduced by the adjusted net capital gain, plus

"(B) 25 percent of the excess (if any) of—

"(i) the unrecaptured section 1250 gain (or, if less, the net capital gain), over

"(ii) the excess (if any) of—

"(I) the sum of the amount on which tax is determined under subparagraph (A) plus the net capital gain, over

"(II) taxable income, plus

"(C) 28 percent of the amount of taxable income in excess of the sum of—

"(i) the adjusted net capital gain, plus

"(ii) the sum of the amounts on which tax is determined under subparagraphs (A) and (B), plus

"(D) 10 percent of so much of the taxpayer's adjusted net capital gain (or, if less, taxable income) as does not exceed the excess (if any) of—

"(i) the amount of taxable income which would (without regard to this paragraph) be taxed at a rate below 28 percent, over

"(ii) the taxable income reduced by the adjusted net capital gain, plus

"(E) 20 percent of the taxpayer's adjusted net capital gain (or, if less, taxable income) in excess of the amount on which a tax is determined under subparagraph (D).

"(2) REDUCED CAPITAL GAIN RATES FOR QUALIFIED 5-YEAR GAIN.—

"(A) REDUCTION IN 10-PERCENT RATE.—In the case of any taxable year beginning after December 31, 2000, the rate under paragraph (1)(D) shall be 8 percent with respect to so much of the amount to which the 10-percent rate would otherwise apply as does not exceed qualified 5-year gain, and 10 percent with respect to the remainder of such amount.

"(B) REDUCTION IN 20-PERCENT RATE.—The rate under paragraph (1)(E) shall be 18 percent with respect to so much of the amount to which the 20-percent rate would otherwise apply as does not exceed the lesser of—

"(i) the excess of qualified 5-year gain over the amount of such gain taken into account under subparagraph (A) of this paragraph, or

"(ii) the amount of qualified 5-year gain (determined by taking into account only property the holding period for which begins after December 31, 2000),

and 20 percent with respect to the remainder of such amount. For purposes of determining under the preceding sentence whether the holding period of property begins after December 31, 2000, the holding period of property acquired pursuant to the exercise of an option (or other right or obligation to acquire property) shall include the period such option (or other right or obligation) was held.

"(3) NET CAPITAL GAIN TAKEN INTO ACCOUNT AS INVESTMENT INCOME.—For purposes of this subsection, the net capital gain for any taxable

year shall be reduced (but not below zero) by the amount which the taxpayer takes into account as investment income under section 163(d)(4)(B)(iii).

"(4) ADJUSTED NET CAPITAL GAIN.—For purposes of this subsection, the term 'adjusted net capital gain' means net capital gain determined without regard to—

"(A) collectibles gain,

"(B) unrecaptured section 1250 gain,

"(C) section 1202 gain, and

"(D) mid-term gain.

"(5) COLLECTIBLES GAIN.—For purposes of this subsection—

"(A) IN GENERAL.—The term 'collectibles gain' means gain from the sale or exchange of a collectible (as defined in section 408(m) without regard to paragraph (3) thereof) which is a capital asset held for more than 1 year but only to the extent such gain is taken into account in computing gross income.

"(B) PARTNERSHIPS, ETC.—For purposes of subparagraph (A), any gain from the sale of an interest in a partnership, S corporation, or trust which is attributable to unrealized appreciation in the value of collectibles shall be treated as gain from the sale or exchange of a collectible. Rules similar to the rules of section 751 shall apply for purposes of the preceding sentence.

"(6) UNRECAPTURED SECTION 1250 GAIN.—For purposes of this subsection—

"(A) IN GENERAL.—The term 'unrecaptured section 1250 gain' means the amount of long-term capital gain which would be treated as ordinary income if—

"(i) section 1250(b)(1) included all depreciation and the applicable percentage under section 1250(a) were 100 percent, and

"(ii) in the case of gain properly taken into account after July 28, 1997, only gain from section 1250 property held for more than 18 months were taken into account.

"(B) LIMITATION WITH RESPECT TO SECTION 1231 PROPERTY.—The amount of unrecaptured section 1250 gain from sales, exchanges, and conversions described in section 1231(a)(3)(A) for any taxable year shall not exceed the excess of the net section 1231 gain (as defined in section 1231(c)(3)) for such year over the amount treated as ordinary income under section 1231(c)(1) for such year.

"(C) PRE-MAY 7, 1997, GAIN.—In the case of a taxable year which includes May 7, 1997, subparagraph (A) shall be applied by taking into account only the gain properly taken into account for the portion of the taxable year after May 6, 1997.

"(7) SECTION 1202 GAIN.—For purposes of this subsection, the term 'section 1202 gain' means an amount equal to the gain excluded from gross income under section 1202(a).

"(8) MID-TERM GAIN.—For purposes of this subsection, the term 'mid-term gain' means the amount which would be adjusted net capital gain for the taxable year if—

"(A) adjusted net capital gain were determined by taking into account only the gain or loss properly taken into account after July 28, 1997, from property held for more than 1 year but not more than 18 months, and

"(B) paragraph (3) and section 1212 did not apply.

"(9) QUALIFIED 5-YEAR GAIN.—For purposes of this subsection, the term 'qualified 5-year gain' means the amount of long-term capital gain which would be computed for the taxable year if only gains from the sale or exchange of property held by the taxpayer for more than 5 years were taken into account. The determination under the preceding sentence shall be made without regard to collectibles gain, unrecaptured section 1250 gain (determined without regard to subparagraph (B) of paragraph (6)), section 1202 gain, or mid-term gain.

"(10) PRE-EFFECTIVE DATE GAIN.—

"(A) IN GENERAL.—In the case of a taxable year which includes May 7, 1997, gains and losses properly taken into account for the portion of the taxable year before May 7, 1997, shall be taken into account in determining mid-term gain as if such gains and losses were described in paragraph (8)(A).

"(B) SPECIAL RULES FOR PASS-THRU ENTITIES.—In applying subparagraph (A) with respect to any pass-thru entity, the determination of when gains and loss are properly taken into account shall be made at the entity level.

"(C) PASS-THRU ENTITY DEFINED.—For purposes of subparagraph (B), the term 'pass-thru entity' means—

"(i) a regulated investment company,

"(ii) a real estate investment trust,

"(iii) an S corporation,

"(iv) a partnership,

"(v) an estate or trust, and

"(vi) a common trust fund.

"(11) TREATMENT OF PASS-THRU ENTITIES.—The Secretary may prescribe such regulations as are appropriate (including regulations requiring reporting) to apply this subsection in the case of sales and exchanges by pass-thru entities (as defined in paragraph (10)(C)) and of interests in such entities.".

(b) MINIMUM TAX.—

(1) IN GENERAL.—Subsection (b) of section 55 is amended by adding at the end the following new paragraph:

"(3) MAXIMUM RATE OF TAX ON NET CAPITAL GAIN OF NONCORPORATE TAXPAYERS.—The amount determined under the first sentence of paragraph (1)(A)(i) shall not exceed the sum of—

"(A) the amount determined under such first sentence computed at the rates and in the same manner as if this paragraph had not been enacted on the taxable excess reduced by the lesser of—

"(i) the net capital gain, or

"(ii) the sum of—

"(I) the adjusted net capital gain, plus

"(II) the unrecaptured section 1250 gain, plus

"(B) 25 percent of the lesser of—

"(i) the unrecaptured section 1250 gain, or

"(ii) the amount of taxable excess in excess of the sum of—

"(I) the adjusted net capital gain, plus

"(II) the amount on which a tax is determined under subparagraph (A), plus

"(C) 10 percent of so much of the taxpayer's adjusted net capital gain (or, if less, taxable excess) as does not exceed the amount on which a tax is determined under section 1(h)(1)(D), plus

"(D) 20 percent of the taxpayer's adjusted net capital gain (or, if less, taxable excess) in excess of the amount on which tax is determined under subparagraph (C).

In the case of taxable years beginning after December 31, 2000, rules similar to the rules of section 1(h)(2) shall apply for purposes of subparagraphs (C) and (D). Terms used in this paragraph which are also used in section 1(h) shall have the respective meanings given such terms by section 1(h).".

(2) CONFORMING AMENDMENTS.—

(A) Clause (ii) of section 55(b)(1)(A) is amended by striking "clause (i)" and inserting "this subsection".

(B) Paragraph (7) of section 57(a) is amended by striking "one-half" and inserting "42 percent".

(c) OTHER CONFORMING AMENDMENTS.—

(1) Paragraph (1) of section 1445(e) is amended by striking "28 percent" and inserting "20 percent".

(2) The second sentence of section 7518(g)(6)(A), and the second sentence of section 607(h)(6)(A) of the Merchant Marine Act, 1936, are each amended by striking "28 percent" and inserting "20 percent".

(3) Paragraph (2) of section 904(b) is amended by adding at the end the following new subparagraph:

"(C) COORDINATION WITH CAPITAL GAINS RATES.—The Secretary may by regulations modify the application of this paragraph and paragraph (3) to the extent necessary to properly reflect any capital gain rate differential under section 1(h) or 1201(a) and the computation of net capital gain.".

(d) EFFECTIVE DATES.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section shall apply to taxable years ending after May 6, 1997.

(2) WITHHOLDING.—The amendment made by subsection (c)(1) shall apply only to amounts paid after the date of the enactment of this Act.

(e) ELECTION TO RECOGNIZE GAIN ON ASSETS HELD ON JANUARY 1, 2001.—For purposes of the Internal Revenue Code of 1986—

(1) IN GENERAL.—A taxpayer other than a corporation may elect to treat—

(A) any readily tradable stock (which is a capital asset) held by such taxpayer on January 1, 2001, and not sold before the next business day after such date, as having been sold on such next business day for an amount equal to its closing market price on such next business day (and as having been reacquired on such next business day for an amount equal to such closing market price), and

(B) any other capital asset or property used in the trade or business (as defined in section 1231(b) of the Internal Revenue Code of 1986) held by the taxpayer on January 1, 2001, as having been sold on such date for an amount equal to its fair market value on such date (and as having been reacquired on such date for an amount equal to such fair market value).

(2) TREATMENT OF GAIN OR LOSS.—

(A) Any gain resulting from an election under paragraph (1) shall be treated as received or accrued on the date the asset is treated as sold under paragraph (1) and shall be recognized notwithstanding any provision of the Internal Revenue Code of 1986.

(B) Any loss resulting from an election under paragraph (1) shall not be allowed for any taxable year.

(3) ELECTION.—An election under paragraph (1) shall be made in such manner as the Secretary of the Treasury or his delegate may prescribe and shall specify the assets for which such election is made. Such an election, once made with respect to any asset, shall be irrevocable.

(4) READILY TRADABLE STOCK.—For purposes of this subsection, the term "readily tradable stock" means any stock which, as of January 1, 2001, is readily tradable on an established securities market or otherwise.

SEC. 312. EXEMPTION FROM TAX FOR GAIN ON SALE OF PRINCIPAL RESIDENCE.

(a) IN GENERAL.—Section 121 (relating to one-time exclusion of gain from sale of principal residence by individual who has attained age 55) is amended to read as follows:

"SEC. 121. EXCLUSION OF GAIN FROM SALE OF PRINCIPAL RESIDENCE.

"(a) EXCLUSION.—Gross income shall not include gain from the sale or exchange of property if, during the 5-year period ending on the date of the sale or exchange, such property has been owned and used by the taxpayer as the taxpayer's principal residence for periods aggregating 2 years or more.

"(b) LIMITATIONS.—

"(1) IN GENERAL.—The amount of gain excluded from gross income under subsection (a) with respect to any sale or exchange shall not exceed $250,000.

"(2) $500,000 LIMITATION FOR CERTAIN JOINT RETURNS.—Paragraph (1) shall be applied by substituting '$500,000' for '$250,000' if—

"(A) a husband and wife make a joint return for the taxable year of the sale or exchange of the property,

"(B) either spouse meets the ownership requirements of subsection (a) with respect to such property,

"(C) both spouses meet the use requirements of subsection (a) with respect to such property, and

"(D) neither spouse is ineligible for the benefits of subsection (a) with respect to such property by reason of paragraph (3).

"(3) APPLICATION TO ONLY 1 SALE OR EXCHANGE EVERY 2 YEARS.—

"(A) IN GENERAL.—Subsection (a) shall not apply to any sale or exchange by the taxpayer if, during the 2-year period ending on the date of such sale or exchange, there was any other sale or exchange by the taxpayer to which subsection (a) applied.

"(B) PRE-MAY 7, 1997, SALES NOT TAKEN INTO ACCOUNT.—Subparagraph (A) shall be applied without regard to any sale or exchange before May 7, 1997.

"(c) EXCLUSION FOR TAXPAYERS FAILING TO MEET CERTAIN REQUIREMENTS.—

"(1) IN GENERAL.—In the case of a sale or exchange to which this subsection applies, the ownership and use requirements of subsection (a) shall not apply and subsection (b)(3) shall not apply; but the amount of gain excluded from gross income under subsection (a) with respect to such sale or exchange shall not exceed—

"(A) the amount which bears the same ratio to the amount which would be so excluded under this section if such requirements had been met, as

"(B) the shorter of—

"(i) the aggregate periods, during the 5-year period ending on the date of such sale or exchange, such property has been owned and used by the taxpayer as the taxpayer's principal residence, or

"(ii) the period after the date of the most recent prior sale or exchange by the taxpayer to which subsection (a) applied and before the date of such sale or exchange,

bears to 2 years.

"(2) SALES AND EXCHANGES TO WHICH SUBSECTION APPLIES.—This subsection shall apply to any sale or exchange if—

"(A) subsection (a) would not (but for this subsection) apply to such sale or exchange by reason of—

"(i) a failure to meet the ownership and use requirements of subsection (a), or

"(ii) subsection (b)(3), and

"(B) such sale or exchange is by reason of a change in place of employment, health, or, to the extent provided in regulations, unforeseen circumstances.

"(d) SPECIAL RULES.—

"(1) JOINT RETURNS.—If a husband and wife make a joint return for the taxable year of the sale or exchange of the property, subsections (a) and (c) shall apply if either spouse meets the ownership and use requirements of subsection (a) with respect to such property.

"(2) PROPERTY OF DECEASED SPOUSE.—For purposes of this section, in the case of an unmarried individual whose spouse is deceased on the date of the sale or exchange of property, the period such unmarried individual owned and used such property shall include the period such deceased spouse owned and used such property before death.

"(3) PROPERTY OWNED BY SPOUSE OR FORMER SPOUSE.—For purposes of this section—

"(A) PROPERTY TRANSFERRED TO INDIVIDUAL FROM SPOUSE OR FORMER SPOUSE.—In the case of an individual holding property transferred to such individual in a transaction described in section 1041(a), the period such individual owns such property shall include the period the transferor owned the property.

"(B) PROPERTY USED BY FORMER SPOUSE PURSUANT TO DIVORCE DECREE, ETC.—Solely for purposes of this section, an individual shall be treated as using property as such individual's principal residence during any period of ownership while such individual's spouse or former spouse is granted use of the property under a divorce or separation instrument (as defined in section 71(b)(2)).

"(4) TENANT-STOCKHOLDER IN COOPERATIVE HOUSING CORPORATION.—For purposes of this section, if the taxpayer holds stock as a tenant-stockholder (as defined in section 216) in a cooperative housing corporation (as defined in such section), then—

"(A) the holding requirements of subsection (a) shall be applied to the holding of such stock, and

"(B) the use requirements of subsection (a) shall be applied to the house or apartment which the taxpayer was entitled to occupy as such stockholder.

"(5) INVOLUNTARY CONVERSIONS.—

"(A) IN GENERAL.—For purposes of this section, the destruction, theft, seizure, requisition, or condemnation of property shall be treated as the sale of such property.

"(B) APPLICATION OF SECTION 1033.—In applying section 1033 (relating to involuntary conversions), the amount realized from the sale or exchange of property shall be treated as being the amount determined without regard to this section, reduced by the amount of gain not included in gross income pursuant to this section.

"(C) PROPERTY ACQUIRED AFTER INVOLUNTARY CONVERSION.—If the basis of the property sold or exchanged is determined (in whole or in part) under section 1033(b) (relating to basis of property acquired through involuntary conversion), then the holding and use by the taxpayer of the converted property shall be treated as holding and use by the taxpayer of the property sold or exchanged.

"(6) RECOGNITION OF GAIN ATTRIBUTABLE TO DEPRECIATION.—Subsection (a) shall not apply to so much of the gain from the sale of any property as does not exceed the portion of the depreciation adjustments (as defined in section 1250(b)(3)) attributable to periods after May 6, 1997, in respect of such property.

"(7) DETERMINATION OF USE DURING PERIODS OF OUT-OF-RESIDENCE CARE.—In the case of a taxpayer who—

"(A) becomes physically or mentally incapable of self-care, and

"(B) owns property and uses such property as the taxpayer's principal residence during the 5-year period described in subsection (a) for periods aggregating at least 1 year,

then the taxpayer shall be treated as using such property as the taxpayer's principal residence during any time during such 5-year period in which the taxpayer owns the property and resides in any facility (including a nursing home) licensed by a State or political subdivision to care for an individual in the taxpayer's condition.

"(8) SALES OF REMAINDER INTERESTS.—For purposes of this section—

"(A) IN GENERAL.—At the election of the taxpayer, this section shall not fail to apply to the sale or exchange of an interest in a principal residence by reason of such interest being a remainder interest in such residence, but this section shall not apply to any other interest in such residence which is sold or exchanged separately.

"(B) EXCEPTION FOR SALES TO RELATED PARTIES.—Subparagraph (A) shall not apply to any sale to, or exchange with, any person who bears a relationship to the taxpayer which is described in section 267(b) or 707(b).

"(e) DENIAL OF EXCLUSION FOR EXPATRIATES.—This section shall not apply to any sale or exchange by an individual if the treatment provided by section 877(a)(1) applies to such individual.

"(f) ELECTION TO HAVE SECTION NOT APPLY.—This section shall not apply to any sale or exchange with respect to which the taxpayer elects not to have this section apply.

"(g) RESIDENCES ACQUIRED IN ROLLOVERS UNDER SECTION 1034.—For purposes of this section, in the case of property the acquisition of which by the taxpayer resulted under section 1034 (as in effect on the day before the date of the enactment of this section) in the nonrecognition of any part of the gain realized on the sale or exchange of another residence, in determining the period for which the taxpayer has owned and used such property as the taxpayer's principal residence, there shall be included the aggregate periods for which such other residence (and each prior residence taken into account under section 1223(7) in determining the holding period of such property) had been so owned and used.".

(b) REPEAL OF NONRECOGNITION OF GAIN ON ROLLOVER OF PRINCIPAL RESIDENCE.—Section 1034 (relating to rollover of gain on sale of principal residence) is hereby repealed.

(c) EXCEPTION FROM REPORTING.—Subsection (e) of section 6045 (relating to return required in the case of real estate transactions) is amended by adding at the end the following new paragraph:

"(5) EXCEPTION FOR SALES OR EXCHANGES OF CERTAIN PRINCIPAL RESIDENCES.—

"(A) IN GENERAL.—Paragraph (1) shall not apply to any sale or exchange of a residence for $250,000 or less if the person referred to in paragraph (2) receives written assurance in a form acceptable to the Secretary from the seller that—

"(i) such residence is the principal residence (within the meaning of section 121) of the seller,

"(ii) if the Secretary requires the inclusion on the return under subsection (a) of information as to whether there is federally subsidized mortgage financing assistance with respect to the mortgage on residences, that there is no such assistance with respect to the mortgage on such residence, and

"(iii) the full amount of the gain on such sale or exchange is excludable from gross income under section 121.

If such assurance includes an assurance that the seller is married, the preceding sentence shall be applied by substituting '$500,000' for '$250,000'.

The Secretary may by regulation increase the dollar amounts under this subparagraph if the Secretary determines that such an increase will not materially reduce revenues to the Treasury.

"(B) SELLER.—For purposes of this paragraph, the term 'seller' includes the person relinquishing the residence in an exchange.".

(d) CONFORMING AMENDMENTS.—

(1) The following provisions of the Internal Revenue Code of 1986 are each amended by striking "section 1034" and inserting "section 121": sections 25(e)(7), 56(e)(1)(A), 56(e)(3)(B)(i), 143(i)(1)(C)(i)(I), 163(h)(4)(A)(i)(I), 280A(d)(4)(A), 464(f)(3)(B)(i), 1033(h)(4), 1274(c)(3)(B), 6334(a)(13), and 7872(f)(11)(A).

(2) Paragraph (4) of section 32(c) is amended by striking "(as defined in section 1034(h)(3))" and by adding at the end the following new sentence: "For purposes of the preceding sentence, the term 'extended active duty' means any period of active duty pursuant to a call or order to such duty for a period in excess of 90 days or for an indefinite period.".

(3) Subparagraph (A) of 143(m)(6) is amended by inserting "(as in effect on the day before the date of the enactment of the Taxpayer Relief Act of 1997)" after "1034(e)".

(4) Subsection (e) of section 216 is amended by striking "such exchange qualifies for nonrecognition of gain under section 1034(f)" and

inserting "such dwelling unit is used as his principal residence (within the meaning of section 121)".

(5) Section 512(a)(3)(D) is amended by inserting "(as in effect on the day before the date of the enactment of the Taxpayer Relief Act of 1997)" after "1034".

(6) Paragraph (7) of section 1016(a) is amended by inserting "(as in effect on the day before the date of the enactment of the Taxpayer Relief Act of 1997)" after "1034" and by inserting "(as so in effect)" after "1034(e)".

(7) Paragraph (3) of section 1033(k) is amended to read as follows:

"(3) For exclusion from gross income of gain from involuntary conversion of principal residence, see section 121.".

(8) Subsection (e) of section 1038 is amended to read as follows:

"(e) PRINCIPAL RESIDENCES.—If—

"(1) subsection (a) applies to a reacquisition of real property with respect to the sale of which gain was not recognized under section 121 (relating to gain on sale of principal residence); and

"(2) within 1 year after the date of the reacquisition of such property by the seller, such property is resold by him,

then, under regulations prescribed by the Secretary, subsections (b), (c), and (d) of this section shall not apply to the reacquisition of such property and, for purposes of applying section 121, the resale of such property shall be treated as a part of the transaction constituting the original sale of such property.".

(9) Paragraph (7) of section 1223 is amended by inserting "(as in effect on the day before the date of the enactment of the Taxpayer Relief Act of 1997)" after "1034".

(10)(A) Subsection (d) of section 1250 is amended by striking paragraph (7) and by redesignating paragraphs (9) and (10) as paragraphs (7) and (8), respectively.

(B) Subsection (e) of section 1250 is amended by striking paragraph (3).

(11) Subsection (c) of section 6012 is amended by striking "(relating to one-time exclusion of gain from sale of principal residence by individual who has attained age 55)" and inserting "(relating to gain from sale of principal residence)".

(12) Paragraph (2) of section 6212(c) is amended by striking subparagraph (C) and by redesignating the succeeding subparagraphs accordingly.

(13) Section 6504 is amended by striking paragraph (4) and by redesignating the succeeding paragraphs accordingly.

(14) The item relating to section 121 in the table of sections for part III of subchapter B of chapter 1 is amended to read as follows:

"Sec. 121. Exclusion of gain from sale of principal residence.".

(15) The table of sections for part III of subchapter O of chapter 1 is amended by striking the item relating to section 1034.

(d) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendments made by this section shall apply to sales and exchanges after May 6, 1997.

(2) SALES BEFORE DATE OF ENACTMENT.—At the election of the taxpayer, the amendments made by this section shall not apply to any sale or exchange before the date of the enactment of this Act.

(3) CERTAIN SALES WITHIN 2 YEARS AFTER DATE OF ENACTMENT.—Section 121 of the Internal Revenue Code of 1986 (as amended by this section) shall be applied without regard to subsection (c)(2)(B) thereof in the case of any sale or exchange of property during the 2-year period beginning on the date of the enactment of this Act if the taxpayer held such property on the date of the enactment of this Act and fails to meet the ownership and use requirements of subsection (a) thereof with respect to such property.

(4) BINDING CONTRACTS.—At the election of the taxpayer, the amendments made by this section shall not apply to a sale or exchange after the date of the enactment of this Act, if—

(A) such sale or exchange is pursuant to a contract which was binding on such date, or

(B) without regard to such amendments, gain would not be recognized under section 1034 of the Internal Revenue Code of 1986 (as in effect on the day before the date of the enactment of this Act) on such sale or exchange by reason of a new residence acquired on or before such date or with respect to the acquisition of which by the taxpayer a binding contract was in effect on such date.

This paragraph shall not apply to any sale or exchange by an individual if the treatment provided by section 877(a)(1) of the Internal Revenue Code of 1986 applies to such individual.

SEC. 313. ROLLOVER OF GAIN FROM SALE OF QUALIFIED STOCK.

(a) IN GENERAL.—Part III of subchapter O of chapter 1 is amended by adding at the end the following new section:

"SEC. 1045. ROLLOVER OF GAIN FROM QUALIFIED SMALL BUSINESS STOCK TO ANOTHER QUALIFIED SMALL BUSINESS STOCK.

"(a) NONRECOGNITION OF GAIN.—In the case of any sale of qualified small business stock held by an individual for more than 6 months and with respect to which such individual elects the application of this section, gain from such sale shall be recognized only to the extent that the amount realized on such sale exceeds—

"(1) the cost of any qualified small business stock purchased by the taxpayer during the 60-day period beginning on the date of such sale, reduced by

"(2) any portion of such cost previously taken into account under this section.

This section shall not apply to any gain which is treated as ordinary income for purposes of this title.

"(b) DEFINITIONS AND SPECIAL RULES.—For purposes of this section—

"(1) QUALIFIED SMALL BUSINESS STOCK.—The term 'qualified small business stock' has the meaning given such term by section 1202(c).

"(2) PURCHASE.—A taxpayer shall be treated as having purchased any property if, but for paragraph (3), the unadjusted basis of such property in the hands of the taxpayer would be its cost (within the meaning of section 1012).

"(3) BASIS ADJUSTMENTS.—If gain from any sale is not recognized by reason of subsection (a), such gain shall be applied to reduce (in the order acquired) the basis for determining gain or loss of any qualified small business stock which is purchased by the taxpayer during the 60-day period described in subsection (a).

"(4) HOLDING PERIOD.—For purposes of determining whether the nonrecognition of gain under subsection (a) applies to stock which is sold—

"(A) the taxpayer's holding period for such stock and the stock referred to in subsection (a)(1) shall be determined without regard to section 1223, and

"(B) only the first 6 months of the taxpayer's holding period for the stock referred to in subsection (a)(1) shall be taken into account for purposes of applying section 1202(c)(2).".

(b) CONFORMING AMENDMENTS.—

(1) Section 1016(a)(23) is amended—

(A) by striking "or 1044" and inserting ", 1044, or 1045", and

(B) by striking "or 1044(d)" and inserting ", 1044(d), or 1045(b)(4)".

(2) Section 1223 is amended by redesignating paragraph (15) as paragraph (16) and by inserting after paragraph (14) the following new paragraph:

"(15) In determining the period for which the taxpayer has held property the acquisition of which resulted under section 1045 in the nonrecognition of any part of the gain realized on the sale of other property, there shall be included the period for which such other property has been held as of the date of such sale.".

(3) The table of sections for part III of subchapter O of chapter 1 is amended by adding at the end the following new item:

"Sec. 1045. Rollover of gain from qualified small business stock to another qualified small business stock.".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to sales after the date of enactment of this Act.

SEC. 314. AMOUNT OF NET CAPITAL GAIN TAKEN INTO ACCOUNT IN COMPUTING ALTERNATIVE TAX ON CAPITAL GAINS FOR CORPORATIONS NOT TO EXCEED TAXABLE INCOME OF THE CORPORATION.

(a) IN GENERAL.—Paragraph (2) of section 1201(a) is amended by inserting before the period "(or, if less, taxable income)".

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years ending after December 31, 1997.

TITLE IV—ALTERNATIVE MINIMUM TAX REFORM

SEC. 401. EXEMPTION FROM ALTERNATIVE MINIMUM TAX FOR SMALL CORPORATIONS.

(a) IN GENERAL.—Section 55 (relating to alternative minimum tax imposed) is amended by adding at the end the following new subsection:

"(e) EXEMPTION FOR SMALL CORPORATIONS.—

"(1) IN GENERAL.—The tentative minimum tax of a corporation shall be zero for any taxable year if—

"(A) such corporation met the $5,000,000 gross receipts test of section 448(c) for its first taxable year beginning after December 31, 1996, and

"(B) such corporation would meet such test for the taxable year and all prior taxable years beginning after such first taxable year if such test were applied by substituting '$7,500,000' for '$5,000,000'.

"(2) PROSPECTIVE APPLICATION OF MINIMUM TAX IF SMALL CORPORATION CEASES TO BE SMALL.—In the case of a corporation whose tentative minimum tax is zero for any prior taxable year by reason of paragraph (1), the application of this part for taxable years beginning with the first taxable year such corporation ceases to be described in paragraph (1) shall be determined with the following modifications:

"(A) Section 56(a)(1) (relating to depreciation) and section 56(a)(5) (relating to pollution control facilities) shall apply only to property placed in service on or after the change date.

"(B) Section 56(a)(2) (relating to mining exploration and development costs) shall apply only to costs paid or incurred on or after the change date.

"(C) Section 56(a)(3) (relating to treatment of long-term contracts) shall apply only to contracts entered into on or after the change date.

"(D) Section 56(a)(4) (relating to alternative net operating loss deduction) shall apply in the same manner as if, in section 56(d)(2), the change date were substituted for 'January 1, 1987' and the day before the change date were substituted for 'December 31, 1986' each place it appears.

"(E) Section 56(g)(2)(B) (relating to limitation on allowance of negative adjustments based on adjusted current earnings) shall apply only to prior taxable years beginning on or after the change date.

"(F) Section 56(g)(4)(A) (relating to adjustment for depreciation to adjusted current earnings) shall not apply.

"(G) Subparagraphs (D) and (F) of section 56(g)(4) (relating to other earnings and profits adjustments and depletion) shall apply in the same manner as if the day before the change date were substituted for 'December 31, 1989' each place it appears therein.

"(3) EXCEPTION.—The modifications in paragraph (2) shall not apply to—

"(A) any item acquired by the corporation in a transaction to which section 381 applies, and

"(B) any property the basis of which in the hands of the corporation is determined by reference to the basis of the property in the hands of the transferor,

if such item or property was subject to any provision referred to in paragraph (2) while held by the transferor.

"(4) CHANGE DATE.—For purposes of paragraph (2), the change date is the first day of the first taxable year for which the taxpayer ceases to be described in paragraph (1).

"(5) LIMITATION ON USE OF CREDIT FOR PRIOR YEAR MINIMUM TAX LIABILITY.—In the case of a taxpayer whose tentative minimum tax for any taxable year is zero by reason of paragraph (1), section 53(c) shall be applied for such year by reducing the amount otherwise taken into account under section 53(c)(1) by 25 percent of so much of such amount as exceeds $25,000. Rules similar to the rules of section 38(c)(3)(B) shall apply for purposes of the preceding sentence.".

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 1997.

SEC. 402. REPEAL OF SEPARATE DEPRECIATION LIVES FOR MINIMUM TAX PURPOSES.

(a) IN GENERAL.—Clause (i) of section 56(a)(1)(A) is amended by adding at the end the following new sentence: "In the case of property placed in service after December 31, 1998, the preceding sentence shall not apply but clause (ii) shall continue to apply."

(b) POLLUTION CONTROL FACILITIES.—Paragraph (5) of section 56(a) is amended by adding at the end the following new sentence: "In the case of such a facility placed in service after December 31, 1998, such deduction shall be determined under section 168 using the straight line method.".

SEC. 403. MINIMUM TAX NOT TO APPLY TO FARMERS' INSTALLMENT SALES.

(a) IN GENERAL.—Subsection (a) of section 56 is amended by striking paragraph (6) (relating to treatment of installment sales) and by redesignating paragraphs (7) and (8) as paragraphs (6) and (7), respectively.

(b) EFFECTIVE DATES.—

(1) IN GENERAL.—The amendment made by this section shall apply to dispositions in taxable years beginning after December 31, 1987.

(2) SPECIAL RULE FOR 1987.—In the case of taxable years beginning in 1987, the last sentence of section 56(a)(6) of the Internal Revenue Code of 1986 (as in effect for such taxable years) shall be applied by inserting "or in the case of a taxpayer using the cash receipts and disbursements method of accounting, any disposition described in section 453C(e)(1)(B)(ii)" after "section 453C(e)(4)".

TITLE V—ESTATE, GIFT, AND GENERATION-SKIPPING TAX PROVISIONS

Subtitle A—Estate and Gift Tax Provisions

SEC. 501. COST-OF-LIVING ADJUSTMENTS RELATING TO ESTATE AND GIFT TAX PROVISIONS.

(a) INCREASE IN UNIFIED ESTATE AND GIFT TAX CREDIT.—

(1) ESTATE TAX CREDIT.—

(A) IN GENERAL.—Subsection (a) of section 2010 (relating to unified credit against estate tax) is amended by striking "$192,800" and inserting "the applicable credit amount".

(B) APPLICABLE CREDIT AMOUNT.—Section 2010 is amended by redesignating subsection (c) as subsection (d) and by inserting after subsection (b) the following new subsection:

"(c) APPLICABLE CREDIT AMOUNT.—For purposes of this section, the applicable credit amount is the amount of the tentative tax which would be determined under the rate schedule set forth in section 2001(c) if the amount with respect to which such tentative tax is to be computed were the applicable exclusion amount determined in accordance with the following table:

"In the case of estates of decedents dying and gifts made during:	The applicable exclusion amount is:
1998	$ 625,000
1999	$ 650,000
2000 and 2001	$ 675,000
2002 and 2003	$ 700,000
2004	$ 850,000
2005	$ 950,000
2006 or thereafter	$1,000,000."

(C) ESTATE TAX RETURNS.—Paragraph (1) of section 6018(a) is amended by striking "$600,000" and inserting "the applicable exclusion amount in effect under section 2010(c) for the calendar year which includes the date of death".

(D) PHASEOUT OF GRADUATED RATES AND UNIFIED CREDIT.—Paragraph (2) of section 2001(c) is amended by striking "$21,040,000" and inserting "the amount at which the average tax rate under this section is 55 percent".

(E) ESTATES OF NONRESIDENTS NOT CITIZENS.—Subparagraph (A) of section 2102(c)(3) is amended by striking "$192,800" and inserting "the applicable credit amount in effect under section 2010(c) for the calendar year which includes the date of death".

(2) UNIFIED GIFT TAX CREDIT.—Paragraph (1) of section 2505(a) is amended by striking "$192,800" and inserting "the applicable credit amount in effect under section 2010(c) for such calendar year".

(b) ALTERNATE VALUATION OF CERTAIN FARM, ETC., REAL PROPERTY.—Subsection (a) of section 2032A is amended by adding at the end the following new paragraph:

"(3) INFLATION ADJUSTMENT.—In the case of estates of decedents dying in a calendar year after 1998, the $750,000 amount contained in paragraph (2) shall be increased by an amount equal to—

"(A) $750,000, multiplied by

"(B) the cost-of-living adjustment determined under section 1(f)(3) for such calendar year by substituting 'calendar year 1997' for 'calendar year 1992' in subparagraph (B) thereof.

If any amount as adjusted under the preceding sentence is not a multiple of $10,000, such amount shall be rounded to the next lowest multiple of $10,000.".

(c) ANNUAL GIFT TAX EXCLUSION.—Subsection (b) of section 2503 is amended—

(1) by striking the subsection heading and inserting the following:

"(b) EXCLUSIONS FROM GIFTS.—

"(1) IN GENERAL.—",

(2) by moving the text 2 ems to the right, and

(3) by adding at the end the following new paragraph:

"(2) INFLATION ADJUSTMENT.—In the case of gifts made in a calendar year after 1998, the $10,000 amount contained in paragraph (1) shall be increased by an amount equal to—

"(A) $10,000, multiplied by

"(B) the cost-of-living adjustment determined under section 1(f)(3) for such calendar year by substituting 'calendar year 1997' for 'calendar year 1992' in subparagraph (B) thereof.

If any amount as adjusted under the preceding sentence is not a multiple of $1,000, such amount shall be rounded to the next lowest multiple of $1,000.".

(d) EXEMPTION FROM GENERATION-SKIPPING TAX.—Section 2631 (relating to GST exemption) is amended by adding at the end the following new subsection:

"(c) INFLATION ADJUSTMENT.—In the case of an individual who dies in any calendar year after 1998, the $1,000,000 amount contained in subsection (a) shall be increased by an amount equal to—

"(1) $1,000,000, multiplied by

"(2) the cost-of-living adjustment determined under section 1(f)(3) for such calendar year by substituting 'calendar year 1997' for 'calendar year 1992' in subparagraph (B) thereof.

If any amount as adjusted under the preceding sentence is not a multiple of $10,000, such amount shall be rounded to the next lowest multiple of $10,000.".

(e) AMOUNT SUBJECT TO REDUCED RATE WHERE EXTENSION OF TIME FOR PAYMENT OF ESTATE TAX ON CLOSELY HELD BUSINESS.—Subsection (j) of section 6601 is amended by redesignating paragraph (3) as paragraph (4) and by inserting after paragraph (2) the following new paragraph:

"(3) INFLATION ADJUSTMENT.—In the case of estates of decedents dying in a calendar year after 1998, the $1,000,000 amount contained in paragraph (2)(A) shall be increased by an amount equal to—

"(A) $1,000,000, multiplied by

"(B) the cost-of-living adjustment determined under section 1(f)(3) for such calendar year by substituting 'calendar year 1997' for 'calendar year 1992' in subparagraph (B) thereof.

If any amount as adjusted under the preceding sentence is not a multiple of $10,000, such amount shall be rounded to the next lowest multiple of $10,000.".

(f) EFFECTIVE DATE.—The amendments made by this section shall apply to the estates of decedents dying, and gifts made, after December 31, 1997.

SEC. 502. FAMILY-OWNED BUSINESS EXCLUSION.

(a) IN GENERAL.—Part III of subchapter A of chapter 11 (relating to gross estate) is amended by inserting after section 2033 the following new section:

"SEC. 2033A. FAMILY-OWNED BUSINESS EXCLUSION.

"(a) IN GENERAL.—In the case of an estate of a decedent to which this section applies, the value of the gross estate shall not include the lesser of—

"(1) the adjusted value of the qualified family-owned business interests of the decedent otherwise includible in the estate, or

"(2) the excess of $1,300,000 over the applicable exclusion amount under section 2010(c) with respect to such estate.

"(b) ESTATES TO WHICH SECTION APPLIES.—

"(1) IN GENERAL.—This section shall apply to an estate if—

"(A) the decedent was (at the date of the decedent's death) a citizen or resident of the United States,

"(B) the executor elects the application of this section and files the agreement referred to in subsection (h),

"(C) the sum of—

"(i) the adjusted value of the qualified family-owned business interests described in paragraph (2), plus

"(ii) the amount of the gifts of such interests determined under paragraph (3),

exceeds 50 percent of the adjusted gross estate, and

"(D) during the 8-year period ending on the date of the decedent's death there have been periods aggregating 5 years or more during which—

"(i) such interests were owned by the decedent or a member of the decedent's family, and

"(ii) there was material participation (within the meaning of section 2032A(e)(6)) by the decedent or a member of the decedent's family in the operation of the business to which such interests relate.

"(2) INCLUDIBLE QUALIFIED FAMILY-OWNED BUSINESS INTERESTS.—The qualified family-owned business interests described in this paragraph are the interests which—

"(A) are included in determining the value of the gross estate (without regard to this section), and

"(B) are acquired by any qualified heir from, or passed to any qualified heir from, the decedent (within the meaning of section 2032A(e)(9)).

"(3) INCLUDIBLE GIFTS OF INTERESTS.—The amount of the gifts of qualified family-owned business interests determined under this paragraph is the excess of—

"(A) the sum of—

"(i) the amount of such gifts from the decedent to members of the decedent's family taken into account under subsection 2001(b)(1)(B), plus

"(ii) the amount of such gifts otherwise excluded under section 2503(b),

to the extent such interests are continuously held by members of such family (other than the decedent's spouse) between the date of the gift and the date of the decedent's death, over

"(B) the amount of such gifts from the decedent to members of the decedent's family otherwise included in the gross estate.

"(c) ADJUSTED GROSS ESTATE.—For purposes of this section, the term 'adjusted gross estate' means the value of the gross estate (determined without regard to this section)—

"(1) reduced by any amount deductible under paragraph (3) or (4) of section 2053(a), and

"(2) increased by the excess of—

"(A) the sum of—

"(i) the amount of gifts determined under subsection (b)(3), plus

"(ii) the amount (if more than de minimis) of other transfers from the decedent to the decedent's spouse (at the time of the transfer) within 10 years of the date of the decedent's death, plus

"(iii) the amount of other gifts (not included under clause (i) or (ii)) from the decedent within 3 years of such date, other than gifts to members of the decedent's family otherwise excluded under section 2503(b), over

"(B) the sum of the amounts described in clauses (i), (ii), and (iii) of subparagraph (A) which are otherwise includible in the gross estate.

For purposes of the preceding sentence, the Secretary may provide that de minimis gifts to persons other than members of the decedent's family shall not be taken into account.

"(d) ADJUSTED VALUE OF THE QUALIFIED FAMILY-OWNED BUSINESS INTERESTS.—For purposes of this section, the adjusted value of any qualified family-owned business interest is the value of such interest for purposes of this chapter (determined without regard to this section), reduced by the excess of—

"(1) any amount deductible under paragraph (3) or (4) of section 2053(a), over

"(2) the sum of—

"(A) any indebtedness on any qualified residence of the decedent the interest on which is deductible under section 163(h)(3), plus

"(B) any indebtedness to the extent the taxpayer establishes that the proceeds of such indebtedness were used for the payment of educational and medical expenses of the decedent, the decedent's spouse, or the decedent's dependents (within the meaning of section 152), plus

"(C) any indebtedness not described in subparagraph (A) or (B), to the extent such indebtedness does not exceed $10,000.

"(e) QUALIFIED FAMILY-OWNED BUSINESS INTEREST.—

"(1) IN GENERAL.—For purposes of this section, the term 'qualified family-owned business interest' means—

"(A) an interest as a proprietor in a trade or business carried on as a proprietorship, or

"(B) an interest in an entity carrying on a trade or business, if—

"(i) at least—

"(I) 50 percent of such entity is owned (directly or indirectly) by the decedent and members of the decedent's family,

"(II) 70 percent of such entity is so owned by members of 2 families, or

"(III) 90 percent of such entity is so owned by members of 3 families, and

"(ii) for purposes of subclause (II) or (III) of clause (i), at least 30 percent of such entity is so owned by the decedent and members of the decedent's family.

"(2) LIMITATION.—Such term shall not include—

"(A) any interest in a trade or business the principal place of business of which is not located in the United States,

"(B) any interest in an entity, if the stock or debt of such entity or a controlled group (as defined in section 267(f)(1)) of which such entity was a member was readily tradable on an established securities market or secondary market (as defined by the Secretary) at any time within 3 years of the date of the decedent's death,

"(C) any interest in a trade or business not described in section 542(c)(2), if more than 35 percent of the adjusted ordinary gross income of such trade or business for the taxable year which includes the date of the decedent's death would qualify as personal holding company income (as defined in section 543(a)),

"(D) that portion of an interest in a trade or business that is attributable to—

"(i) cash or marketable securities, or both, in excess of the reasonably expected day-to-day working capital needs of such trade or business, and

"(ii) any other assets of the trade or business (other than assets used in the active conduct of a trade or business described in section 542(c)(2)), which produce, or are held for the production of, income of which is described in section 543(a) or in section 954(c)(1) (determined without regard to subparagraph (A) thereof and by substituting 'trade or business' for 'controlled foreign corporation').

"(3) RULES REGARDING OWNERSHIP.—

"(A) OWNERSHIP OF ENTITIES.—For purposes of paragraph (1)(B)—

"(i) CORPORATIONS.—Ownership of a corporation shall be determined by the holding of stock possessing the appropriate percentage of the total combined voting power of all classes of stock entitled to vote and the appropriate percentage of the total value of shares of all classes of stock.

"(ii) PARTNERSHIPS.—Ownership of a partnership shall be determined by the owning of the appropriate percentage of the capital interest in such partnership.

"(B) OWNERSHIP OF TIERED ENTITIES.—For purposes of this section, if by reason of holding an interest in a trade or business, a decedent, any member of the decedent's family, any qualified heir, or any member of any qualified heir's family is treated as holding an interest in any other trade or business—

"(i) such ownership interest in the other trade or business shall be disregarded in determining if the ownership interest in the first trade or business is a qualified family-owned business interest, and

"(ii) this section shall be applied separately in determining if such interest in any other trade or business is a qualified family-owned business interest.

"(C) INDIVIDUAL OWNERSHIP RULES.—For purposes of this section, an interest owned, directly or indirectly, by or for an entity described in paragraph (1)(B) shall be considered as being owned proportionately by or for the entity's shareholders, partners, or beneficiaries. A person shall be treated as a beneficiary of any trust only if such person has a present interest in such trust.

"(f) TAX TREATMENT OF FAILURE TO MATERIALLY PARTICIPATE IN BUSINESS OR DISPOSITIONS OF INTERESTS.—

"(1) IN GENERAL.—There is imposed an additional estate tax if, within 10 years after the date of the decedent's death and before the date of the qualified heir's death—

"(A) the material participation requirements described in section 2032A(c)(6)(B) are not met with respect to the qualified family-owned business interest which was acquired (or passed) from the decedent,

"(B) the qualified heir disposes of any portion of a qualified family-owned business interest (other than by a disposition to a member of the qualified heir's family or through a qualified conservation contribution under section 170(h)),

"(C) the qualified heir loses United States citizenship (within the meaning of section 877) or with respect to whom an event described in subparagraph (A) or (B) of section 877(e)(1) occurs, and such heir does not comply with the requirements of subsection (g), or

"(D) the principal place of business of a trade or business of the qualified family-owned business interest ceases to be located in the United States.

"(2) ADDITIONAL ESTATE TAX.—

"(A) IN GENERAL.—The amount of the additional estate tax imposed by paragraph (1) shall be equal to—

"(i) the applicable percentage of the adjusted tax difference attributable to the qualified family-owned business interest (as determined under rules similar to the rules of section 2032A(c)(2)(B)), plus

"(ii) interest on the amount determined under clause (i) at the underpayment rate established under section 6621 for the period beginning on the date the estate tax liability was due under this chapter and ending on the date such additional estate tax is due.

"(B) APPLICABLE PERCENTAGE.—For purposes of this paragraph, the applicable percentage shall be determined under the following table:

"If the event described in paragraph (1) occurs in the following year of material participation:	**The applicable percentage is:**
1 through 6	100
7	80
8	60
9	40
10	20.

"(g) SECURITY REQUIREMENTS FOR NONCITIZEN QUALIFIED HEIRS.—

"(1) IN GENERAL.—Except upon the application of subparagraph (F) or (M) of subsection (i)(3), if a qualified heir is not a citizen of the United States, any interest under this section passing to or acquired by such heir (including any interest held by such heir at a time described in subsection (f)(1)(C)) shall be treated as a qualified family-owned business interest only if the interest passes or is acquired (or is held) in a qualified trust.

"(2) QUALIFIED TRUST.—The term 'qualified trust' means a trust—

"(A) which is organized under, and governed by, the laws of the United States or a State, and

"(B) except as otherwise provided in regulations, with respect to which the trust instrument requires that at least 1 trustee of the trust be an individual citizen of the United States or a domestic corporation.

"(h) AGREEMENT.—The agreement referred to in this subsection is a written agreement signed by each person in being who has an interest *(whether or not in possession) in any property designated in such agreement consenting to the application of subsection (f) with respect to such property.*

"(i) OTHER DEFINITIONS AND APPLICABLE RULES.—For purposes of this section—

"(1) QUALIFIED HEIR.—The term 'qualified heir'—

"(A) has the meaning given to such term by section 2032A(e)(1), and

"(B) includes any active employee of the trade or business to which the qualified family-owned business interest relates if such employee has been employed by such trade or business for a period of at least 10 years before the date of the decedent's death.

"(2) MEMBER OF THE FAMILY.—The term 'member of the family' has the meaning given to such term by section 2032A(e)(2).

"(3) APPLICABLE RULES.—Rules similar to the following rules shall apply:

"(A) Section 2032A(b)(4) (relating to decedents who are retired or disabled).

"(B) Section 2032A(b)(5) (relating to special rules for surviving spouses).

"(C) Section 2032A(c)(2)(D) (relating to partial dispositions).

"(D) Section 2032A(c)(3) (relating to only 1 additional tax imposed with respect to any 1 portion).

"(E) Section 2032A(c)(4) (relating to due date).

"(F) Section 2032A(c)(5) (relating to liability for tax; furnishing of bond).

"(G) Section 2032A(c)(7) (relating to no tax if use begins within 2 years; active management by eligible qualified heir treated as material participation).

"(H) Paragraphs (1) and (3) of section 2032A(d) (relating to election; agreement).

"(I) Section 2032A(e)(10) (relating to community property).

"(J) Section 2032A(e)(14) (relating to treatment of replacement property acquired in section 1031 or 1033 transactions).

"(K) Section 2032A(f) (relating to statute of limitations).

"(L) Section 6166(b)(3) (relating to farmhouses and certain other structures taken into account).

"(M) Subparagraphs (B), (C), and (D) of section 6166(g)(1) (relating to acceleration of payment).

"(N) Section 6324B (relating to special lien for additional estate tax).".

(b) CLERICAL AMENDMENT.—The table of sections for part III of subchapter A of chapter 11 is amended by inserting after the item relating to section 2033 the following new item:

"Sec. 2033A. Family-owned business exclusion.".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to estates of decedents dying after December 31, 1997.

SEC. 503. MODIFICATIONS TO RATE OF INTEREST ON PORTION OF ESTATE TAX EXTENDED UNDER SECTION 6166.

(a) IN GENERAL.—Paragraphs (1) and (2) of section 6601(j) (relating to 4-percent rate on certain portion of estate tax extended under section 6166) are amended to read as follows:

"(1) IN GENERAL.—If the time for payment of an amount of tax imposed by chapter 11 is extended as provided in section 6166, then in lieu of the annual rate provided by subsection (a)—

"(A) interest on the 2-percent portion of such amount shall be paid at the rate of 2 percent, and

"(B) interest on so much of such amount as exceeds the 2-percent portion shall be paid at a rate equal to 45 percent of the annual rate provided by subsection (a).

For purposes of this subsection, the amount of any deficiency which is prorated to installments payable under section 6166 shall be treated as an amount of tax payable in installments under such section.

"(2) 2-PERCENT PORTION.—For purposes of this subsection, the term '2-percent portion' means the lesser of—

"(A)(i) the amount of the tentative tax which would be determined under the rate schedule set forth in section 2001(c) if the amount with respect to which such tentative tax is to be computed were the sum of $1,000,000 and the applicable exclusion amount in effect under section 2010(c), reduced by

"(ii) the applicable credit amount in effect under section 2010(c), or

"(B) the amount of the tax imposed by chapter 11 which is extended as provided in section 6166.".

(b) DISALLOWANCE OF INTEREST DEDUCTION.—

(1) ESTATE TAX.—Paragraph (1) of section 2053(c) is amended by adding at the end the following new subparagraph:

"(D) SECTION 6166 INTEREST.—No deduction shall be allowed under this section for any interest payable under section 6601 on any unpaid portion of the tax imposed by section 2001 for the period during which an extension of time for payment of such tax is in effect under section 6166.".

(2) INCOME TAX.—

(A) Section 163 is amended by redesignating subsection (k) as subsection (l) and by inserting after subsection (j) the following new subsection:

"(k) SECTION 6166 INTEREST.—No deduction shall be allowed under this section for any interest payable under section 6601 on any unpaid portion of the tax imposed by section 2001 for the period during which an extension of time for payment of such tax is in effect under section 6166.".

(B) Subparagraph (E) of section 163(h)(2) is amended by striking "or 6166" and all that follows and inserting a period.

(c) CONFORMING AMENDMENTS.—

(1) Paragraphs (7)(A)(iii) and (8)(A)(iii) of section 6166(b) are amended by striking "4-percent" each place it appears (including the heading) and inserting "2-percent".

(2) Paragraph (4) of section 6601(j), as redesignated by section 501(e), is amended by striking "4-percent" each place it appears and inserting "2-percent".

(3) The subsection heading for section 6601(j) is amended by striking "4-PERCENT" and inserting "2-PERCENT".

(d) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendments made by this section shall apply to estates of decedents dying after December 31, 1997.

(2) ELECTION.—In the case of the estate of any decedent dying before January 1, 1998, with respect to which there is an election under section 6166 of the Internal Revenue Code of 1986, the executor of the estate may elect to have the amendments made by this section apply with respect to installments due after the effective date of the election; except that the 2-percent portion of such installments shall be equal to the amount which would be the 4-percent portion of such installments without regard to such election. Such an election shall be made before January 1, 1999 in the manner prescribed by the Secretary of the Treasury and, once made, is irrevocable.

SEC. 504. EXTENSION OF TREATMENT OF CERTAIN RENTS UNDER SECTION 2032A TO LINEAL DESCENDANTS.

(a) GENERAL RULE.—Paragraph (7) of section 2032A(c) (relating to special rules for tax treatment of dispositions and failures to use for qualified use) is amended by adding at the end the following new subparagraph:

"(E) CERTAIN RENTS TREATED AS QUALIFIED USE.—For purposes of this subsection, a surviving spouse or lineal descendant of the decedent shall not be treated as failing to use qualified real property in a qualified use solely because such spouse or descendant rents such property to a member of the family of such spouse or descendant on a net cash basis. For purposes of the preceding sentence, a legally adopted child of an individual shall be treated as the child of such individual by blood.".

(b) CONFORMING AMENDMENT.—Section 2032A(b)(5)(A) is amended by striking the last sentence.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply with respect to leases entered into after December 31, 1976.

SEC. 505. CLARIFICATION OF JUDICIAL REVIEW OF ELIGIBILITY FOR EXTENSION OF TIME FOR PAYMENT OF ESTATE TAX.

(a) IN GENERAL.—Part IV of subchapter C of chapter 76 of the Internal Revenue Code of 1986 (relating to declaratory judgments) is amended by adding at the end the following new section:

"SEC. 7479. DECLARATORY JUDGMENTS RELATING TO ELIGIBILITY OF ESTATE WITH RESPECT TO INSTALLMENT PAYMENTS UNDER SECTION 6166.

"(a) CREATION OF REMEDY.—In a case of actual controversy involving a determination by the Secretary of (or a failure by the Secretary to make a determination with respect to)—

"(1) whether an election may be made under section 6166 (relating to extension of time for payment of estate tax where estate consists largely of interest in closely held business) with respect to an estate, or

"(2) whether the extension of time for payment of tax provided in section 6166(a) has ceased to apply with respect to an estate,

upon the filing of an appropriate pleading, the Tax Court may make a declaration with respect to whether such election may be made or whether such extension has ceased to apply. Any such declaration shall have the force and effect of a decision of the Tax Court and shall be reviewable as such.

"(b) LIMITATIONS.—

"(1) PETITIONER.—A pleading may be filed under this section, with respect to any estate, only—

"(A) by the executor of such estate, or

"(B) by any person who has assumed an obligation to make payments under section 6166 with respect to such estate (but only if each other such person is joined as a party).

"(2) EXHAUSTION OF ADMINISTRATIVE REMEDIES.—The court shall not issue a declaratory judgment or decree under this section in any proceeding unless it determines that the petitioner has exhausted all available administrative remedies within the Internal Revenue Service. A petitioner shall be deemed to have exhausted its administrative remedies with respect to a failure of the Secretary to make a determination at the expiration of 180 days after the date on which the request for such determination was made if the petitioner has taken, in a timely manner, all reasonable steps to secure such determination.

"(3) TIME FOR BRINGING ACTION.—If the Secretary sends by certified or registered mail notice of his determination as described in subsection (a) to the petitioner, no proceeding may be initiated under this section unless the pleading is filed before the 91st day after the date of such mailing.".

(b) CLERICAL AMENDMENT.—The table of sections for part IV of subchapter C of chapter 76 of such Code is amended by adding at the end the following new item:

"Sec. 7479. Declaratory judgments relating to eligibility of estate with respect to installment payments under section 6166.".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to the estates of decedents dying after the date of the enactment of this Act.

SEC. 506. GIFTS MAY NOT BE REVALUED FOR ESTATE TAX PURPOSES AFTER EXPIRATION OF STATUTE OF LIMITATIONS.

(a) IN GENERAL.—Section 2001 (relating to imposition and rate of estate tax) is amended by adding at the end the following new subsection:

"(f) VALUATION OF GIFTS.—If—

"(1) the time has expired within which a tax may be assessed under chapter 12 (or under corresponding provisions of prior laws) on the transfer of property by gift made during a preceding calendar period (as defined in section 2502(b)), and

"(2) the value of such gift is shown on the return for such preceding calendar period or is disclosed in such return, or in a statement attached to the return, in a manner adequate to apprise the Secretary of the nature of such gift,

the value of such gift shall, for purposes of computing the tax under this chapter, be the value of such gift as finally determined for purposes of chapter 12.".

(b) MODIFICATION OF APPLICATION OF STATUTE OF LIMITATIONS.—Paragraph (9) of section 6501(c) is amended to read as follows:

"(9) GIFT TAX ON CERTAIN GIFTS NOT SHOWN ON RETURN.—If any gift of property the value of which (or any increase in taxable gifts required under section 2701(d) which) is required to be shown on a return of tax imposed by chapter 12 (without regard to section 2503(b)), and is not shown on such return, any tax imposed by chapter 12 on such gift may be assessed, or a proceeding in court for the collection of such tax may be begun without assessment, at any time. The preceding sentence shall not apply to any item which is disclosed in such return, or in a statement attached to the return, in a manner adequate to apprise the Secretary of the nature of such item. The value of any item which is so disclosed may not be redetermined by the Secretary after the expiration of the period under subsection (a).".

(c) DECLARATORY JUDGMENT PROCEDURE FOR DETERMINING VALUE OF GIFT.—

(1) IN GENERAL.—Part IV of subchapter C of chapter 76 is amended by inserting after section 7476 the following new section:

"SEC. 7477. DECLARATORY JUDGMENTS RELATING TO VALUE OF CERTAIN GIFTS.

"(a) CREATION OF REMEDY.—In a case of an actual controversy involving a determination by the Secretary of the value of any gift shown on the return of tax imposed by chapter 12 or disclosed on such return or in any statement attached to such return, upon the filing of an appropriate pleading, the Tax Court may make a declaration of the value of such gift. Any such declaration shall have the force and effect of a decision of the Tax Court and shall be reviewable as such.

"(b) LIMITATIONS.—

"(1) PETITIONER.—A pleading may be filed under this section only by the donor.

"(2) EXHAUSTION OF ADMINISTRATIVE REMEDIES.—The court shall not issue a declaratory judgment or decree under this section in any proceeding unless it determines that the petitioner has exhausted all available administrative remedies within the Internal Revenue Service.

"(3) TIME FOR BRINGING ACTION.—If the Secretary sends by certified or registered mail notice of his determination as described in subsection (a) to the petitioner, no proceeding may be initiated under this section unless the pleading is filed before the 91st day after the date of such mailing.".

(2) CLERICAL AMENDMENT.—The table of sections for such part IV is amended by inserting after the item relating to section 7476 the following new item:

"Sec. 7477. Declaratory judgments relating to value of certain gifts.".

(d) CONFORMING AMENDMENT.—Subsection (c) of section 2504 is amended by striking ", and if a tax under this chapter or under corresponding provisions of prior laws has been assessed or paid for such preceding calendar period".

(e) EFFECTIVE DATES.—

(1) IN GENERAL.—The amendments made by subsections (a) and (c) shall apply to gifts made after the date of the enactment of this Act.

(2) SUBSECTION (b)—The amendment made by subsection (b) shall apply to gifts made in calendar years ending after the date of the enactment of this Act.

SEC. 507. REPEAL OF THROWBACK RULES APPLICABLE TO CERTAIN DOMESTIC TRUSTS.

(a) ACCUMULATION DISTRIBUTIONS.—

(1) IN GENERAL.—Section 665 is amended by inserting after subsection (b) the following new subsection:

"(c) EXCEPTION FOR ACCUMULATION DISTRIBUTIONS FROM CERTAIN DOMESTIC TRUSTS.—For purposes of this subpart—

"(1) IN GENERAL.—In the case of a qualified trust, any distribution in any taxable year beginning after the date of the enactment of this subsection shall be computed without regard to any undistributed net income.

"(2) QUALIFIED TRUST.—For purposes of this subsection, the term 'qualified trust' means any trust other than—

"(A) a foreign trust (or, except as provided in regulations, a domestic trust which at any time was a foreign trust), or

"(B) a trust created before March 1, 1984, unless it is established that the trust would not be aggregated with other trusts under section 643(f) if such section applied to such trust.".

(2) CONFORMING AMENDMENTS.—Subsection (b) of section 665 is amended by inserting "except as provided in subsection (c)," after "subpart,".

(b) REPEAL OF TAX ON TRANSFERS TO TRUSTS AT LESS THAN FAIR MARKET VALUE.—

(1) Subpart A of part I of subchapter J of chapter 1 is amended by striking section 644 and by redesignating section 645 as section 644.

(2) Paragraph (5) of section 706(b) is amended by striking "section 645" and inserting "section 644".

(3) The table of sections for such subpart is amended by striking the last 2 items and inserting the following new item:

"Sec. 644. Taxable year of trusts."

(c) EFFECTIVE DATES.—

(1) ACCUMULATION DISTRIBUTIONS.—The amendments made by subsection (a) shall apply to distributions in taxable years beginning after the date of the enactment of this Act.

(2) TRANSFERRED PROPERTY.—The amendments made by subsection (b) shall apply to sales or exchanges after the date of the enactment of this Act.

SEC. 508. TREATMENT OF LAND SUBJECT TO A QUALIFIED CONSERVATION EASEMENT.

(a) ESTATE TAX WITH RESPECT TO LAND SUBJECT TO A QUALIFIED CONSERVATION EASEMENT.—Section 2031 (relating to the definition of gross estate) is amended by redesignating subsection (c) as subsection (d) and by inserting after subsection (b) the following new subsection:

"(c) ESTATE TAX WITH RESPECT TO LAND SUBJECT TO A QUALIFIED CONSERVATION EASEMENT.—

"(1) IN GENERAL.—If the executor makes the election described in paragraph (6), then, except as otherwise provided in this subsection, there shall be excluded from the gross estate the lesser of—

"(A) the applicable percentage of the value of land subject to a qualified conservation easement, reduced by the amount of any deduction under section 2055(f) with respect to such land, or

"(B) the exclusion limitation.

"(2) APPLICABLE PERCENTAGE.—For purposes of paragraph (1), the term 'applicable percentage' means 40 percent reduced (but not below zero) by 2 percentage points for each percentage point (or fraction thereof) by which the value of the qualified conservation easement is less than 30 percent of the value of the land (determined without regard to the value of such easement and reduced by the value of any retained development right (as defined in paragraph (5)).

"(3) EXCLUSION LIMITATION.—For purposes of paragraph (1), the exclusion limitation is the limitation determined in accordance with the following table:

"In the case of estates of decedents dying during:	The exclusion limitation is:
1998	$100,000
1999	$200,000
2000	$300,000
2001	$400,000
2002 or thereafter	$500,000.

"(4) TREATMENT OF CERTAIN INDEBTEDNESS.—

"(A) IN GENERAL.—The exclusion provided in paragraph (1) shall not apply to the extent that the land is debt-financed property.

"(B) DEFINITIONS.—For purposes of this paragraph—

"(i) DEBT-FINANCED PROPERTY.—The term 'debt-financed property' means any property with respect to which there is an acquisition indebtedness (as defined in clause (ii)) on the date of the decedent's death.

"(ii) ACQUISITION INDEBTEDNESS.—The term 'acquisition indebtedness' means, with respect to debt-financed property, the unpaid amount of—

"(I) the indebtedness incurred by the donor in acquiring such property,

"(II) the indebtedness incurred before the acquisition of such property if such indebtedness would not have been incurred but for such acquisition,

"(III) the indebtedness incurred after the acquisition of such property if such indebtedness would not have been incurred but for such acquisition and the incurrence of such indebtedness was reasonably foreseeable at the time of such acquisition, and

"(IV) the extension, renewal, or refinancing of an acquisition indebtedness.

"(5) TREATMENT OF RETAINED DEVELOPMENT RIGHT.—

"(A) IN GENERAL.—Paragraph (1) shall not apply to the value of any development right retained by the donor in the conveyance of a qualified conservation easement.

"(B) TERMINATION OF RETAINED DEVELOPMENT RIGHT.—If every person in being who has an interest (whether or not in possession) in the land executes an agreement to extinguish permanently some or all of any development rights (as defined in subparagraph (D)) retained by the donor on or before the date for filing the return of the tax imposed by section 2001, then any tax imposed by section 2001 shall be reduced accordingly. Such agreement shall be filed with the return of the tax imposed by section 2001. The agreement shall be in such form as the Secretary shall prescribe.

"(C) ADDITIONAL TAX.—Any failure to implement the agreement described in subparagraph (B) not later than the earlier of—

"(i) the date which is 2 years after the date of the decedent's death, or

"(ii) the date of the sale of such land subject to the qualified conservation easement,

shall result in the imposition of an additional tax in the amount of the tax which would have been due on the retained development rights *subject to such agreement. Such additional tax shall be due and payable on the last day of the 6th month following such date.*

"(D) DEVELOPMENT RIGHT DEFINED.—For purposes of this paragraph, the term 'development right' means any right to use the land subject to the qualified conservation easement in which such right is retained for any commercial purpose which is not subordinate to and directly supportive of the use of such land as a farm for farming purposes (within the meaning of section 2032A(e)(5)).

"(6) ELECTION.—The election under this subsection shall be made on the return of the tax imposed by section 2001. Such an election, once made, shall be irrevocable.

"(7) CALCULATION OF ESTATE TAX DUE.—An executor making the election described in paragraph (6) shall, for purposes of calculating the amount of tax imposed by section 2001, include the value of any development right (as defined in paragraph (5)) retained by the donor in the conveyance of such qualified conservation easement. The computation of tax on any retained development right prescribed in this paragraph shall be done in such manner and on such forms as the Secretary shall prescribe.

"(8) DEFINITIONS.—For purposes of this subsection—

"(A) LAND SUBJECT TO A QUALIFIED CONSERVATION EASEMENT.—The term 'land subject to a qualified conservation easement' means land—

"(i) which is located—

"(I) in or within 25 miles of an area which, on the date of the decedent's death, is a metropolitan area (as defined by the Office of Management and Budget),

"(II) in or within 25 miles of an area which, on the date of the decedent's death, is a national park or wilderness area designated as part of the National Wilderness Preservation System (unless it is determined by the Secretary that land in or within 25 miles of such a park or wilderness area is not under significant development pressure), or

"(III) in or within 10 miles of an area which, on the date of the decedent's death, is an Urban National Forest (as designated by the Forest Service),

"(ii) which was owned by the decedent or a member of the decedent's family at all times during the 3-year period ending on the date of the decedent's death, and

"(iii) with respect to which a qualified conservation easement has been made by an individual described in subparagraph (C), as of the date of the election described in paragraph (6).

"(B) QUALIFIED CONSERVATION EASEMENT.—The term 'qualified conservation easement' means a qualified conservation contribution (as defined in section 170(h)(1)) of a qualified real property interest (as defined in section 170(h)(2)(C)), except that clause (iv) of section 170(h)(4)(A) shall not apply, and the restriction on the use of such interest described in section 170(h)(2)(C) shall include a prohibition on more than a de minimis use for a commercial recreational activity.

"(C) INDIVIDUAL DESCRIBED.—An individual is described in this subparagraph if such individual is—

"(i) the decedent,

"(ii) a member of the decedent's family,

"(iii) the executor of the decedent's estate, or

"(iv) the trustee of a trust the corpus of which includes the land to be subject to the qualified conservation easement.

"(D) MEMBER OF FAMILY.—The term 'member of the decedent's family' means any member of the family (as defined in section 2032A(e)(2)) of the decedent.

"(9) APPLICATION OF THIS SECTION TO INTERESTS IN PARTNERSHIPS, CORPORATIONS, AND TRUSTS.—This section shall apply to an interest in a partnership, corporation, or trust if at least 30 percent of the entity is owned (directly or indirectly) by the decedent, as determined under the rules described in section 2033A(e)(3).".

(b) CARRYOVER BASIS.—Section 1014(a) (relating to basis of property acquired from a decedent) is amended by striking "or" at the end of paragraphs (1) and (2), by striking the period at the end of paragraph (3) and inserting ", or" and by adding at the end the following new paragraph:

"(4) to the extent of the applicability of the exclusion described in section 2031(c), the basis in the hands of the decedent.".

(c) QUALIFIED CONSERVATION CONTRIBUTION IS NOT A DISPOSITION.—Subsection (c) of section 2032A (relating to alternative valuation method) is amended by adding at the end the following new paragraph:

"(8) QUALIFIED CONSERVATION CONTRIBUTION IS NOT A DISPOSITION.—A qualified conservation contribution (as defined in section 170(h)) by gift or otherwise shall not be deemed a disposition under subsection (c)(1)(A).".

(d) QUALIFIED CONSERVATION CONTRIBUTION WHERE SURFACE AND MINERAL RIGHTS ARE SEPARATED.—Section 170(h)(5)(B)(ii) (relating to special rule) is amended to read as follows:

"(ii) SPECIAL RULE.—With respect to any contribution of property in which the ownership of the surface estate and mineral interests has been and remains separated, subparagraph (A) shall be treated as met if the probability of surface mining occurring on such property is so remote as to be negligible.".

(e) EFFECTIVE DATES.—

(1) EXCLUSION.—The amendments made by subsections (a) and (b) shall apply to estates of decedents dying after December 31, 1997.

(2) EASEMENTS.—The amendments made by subsections (c) and (d) shall apply to easements granted after December 31, 1997.

Subtitle B—Generation-Skipping Tax Provision

SEC. 511. EXPANSION OF EXCEPTION FROM GENERATION-SKIPPING TRANSFER TAX FOR TRANSFERS TO INDIVIDUALS WITH DECEASED PARENTS.

(a) IN GENERAL.—Section 2651 (relating to generation assignment) is amended by redesignating subsection (e) as subsection (f) and by inserting after subsection (d) the following new subsection:

"(e) SPECIAL RULE FOR PERSONS WITH A DECEASED PARENT.—

"(1) IN GENERAL.—For purposes of determining whether any transfer is a generation-skipping transfer, if—

"(A) an individual is a descendant of a parent of the transferor (or the transferor's spouse or former spouse), and

"(B) such individual's parent who is a lineal descendant of the parent of the transferor (or the transferor's spouse or former spouse) is dead at the time the transfer (from which an interest of such individual is established or derived) is subject to a tax imposed by chapter 11 or 12 upon the transferor (and if there shall be more than 1 such time, then at the earliest such time), such individual shall be treated as if such individual were a member of the generation which is 1 generation below the lower of the transferor's generation or the generation assignment of the youngest living ancestor of such individual who is also a descendant of the parent of the transferor (or the transferor's spouse or former spouse), and the generation assignment of any descendant of such individual shall be adjusted accordingly.

"(2) LIMITED APPLICATION OF SUBSECTION TO COLLATERAL HEIRS.—This subsection shall not apply with respect to a transfer to any individual who is not a lineal descendant of the transferor (or the transferor's spouse or former spouse) if, at the time of the transfer, such transferor has any living lineal descendant.".

(b) CONFORMING AMENDMENTS.—

(1) Section 2612(c) (defining direct skip) is amended by striking paragraph (2) and by redesignating paragraph (3) as paragraph (2).

(2) Section 2612(c)(2) (as so redesignated) is amended by striking "section 2651(e)(2)" and inserting "section 2651(f)(2)".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to terminations, distributions, and transfers occurring after December 31, 1997.

TITLE VI—EXTENSIONS

SEC. 601. RESEARCH TAX CREDIT.

(a) IN GENERAL.—Paragraph (1) of section 41(h) (relating to termination) is amended—

(1) by striking "May 31, 1997" and inserting "June 30, 1998", and

(2) by striking in the last sentence "during the first 11 months of such taxable year." and inserting "during the 24-month period beginning with the first month of such year. The 24 months referred to in the preceding sentence shall be reduced by the number of full months after June 1996 (and before the first month of such first taxable year) during which the taxpayer paid or incurred any amount which is taken into account in determining the credit under this section.".

(b) TECHNICAL AMENDMENTS.—

(1) Subparagraph (B) of section 41(c)(4) is amended to read as follows:

"(B) ELECTION.—An election under this paragraph shall apply to the taxable year for which made and all succeeding taxable years unless revoked with the consent of the Secretary.".

(2) Paragraph (1) of section 45C(b) is amended by striking "May 31, 1997" and inserting "June 30, 1998".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to amounts paid or incurred after May 31, 1997.

SEC. 602. CONTRIBUTIONS OF STOCK TO PRIVATE FOUNDATIONS.

(a) IN GENERAL.—Clause (ii) of section 170(e)(5)(D) (relating to termination) is amended by striking "May 31, 1997" and inserting "June 30, 1998".

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to contributions made after May 31, 1997.

SEC. 603. WORK OPPORTUNITY TAX CREDIT.

(a) EXTENSION.—Subparagraph (B) of section 51(c)(4) (relating to termination) is amended by striking "September 30, 1997" and inserting "June 30, 1998".

(b) MODIFICATION OF ELIGIBILITY REQUIREMENT BASED ON PERIOD ON WELFARE.—

(1) IN GENERAL.—Subparagraph (A) of section 51(d)(2) (defining qualified IV–A recipient) is amended by striking all that follows "a IV–A program" and inserting "for any 9 months during the 18-month period ending on the hiring date.".

(2) CONFORMING AMENDMENT.—Subparagraph (A) of section 51(d)(3) is amended to read as follows:

"(A) IN GENERAL.—The term 'qualified veteran' means any veteran who is certified by the designated local agency as being a member of a family receiving assistance under a food stamp program under the Food Stamp Act of 1977 for at least a 3-month period ending during the 12-month period ending on the hiring date.".

(c) QUALIFIED SSI RECIPIENTS TREATED AS MEMBERS OF TARGETED GROUPS.—

(1) IN GENERAL.—Section 51(d)(1) (relating to members of targeted groups) is amended by striking "or" at the end of subparagraph (F), by striking the period at the end of subparagraph (G) and inserting ", or", and by adding at the end the following new subparagraph:

"(H) a qualified SSI recipient.".

(2) QUALIFIED SSI RECIPIENTS.—Section 51(d) is amended by redesignating paragraphs (9), (10), and (11) as paragraphs (10), (11), and (12), respectively, and by inserting after paragraph (8) the following new paragraph:

"(9) QUALIFIED SSI RECIPIENT.—The term 'qualified SSI recipient' means any individual who is certified by the designated local agency as receiving supplemental security income benefits under title XVI of the Social Security Act (including supplemental security income benefits of the type described in section 1616 of such Act or section 212 of Public Law 93–66) for any month ending within the 60-day period ending on the hiring date.".

(d) PERCENTAGE OF WAGES ALLOWED AS CREDIT.—

(1) IN GENERAL.—Subsection (a) of section 51 (relating to determination of amount) is amended by striking "35 percent" and inserting "40 percent".

(2) APPLICATION OF CREDIT FOR INDIVIDUALS PERFORMING FEWER THAN 400 HOURS OF SERVICES.—Paragraph (3) of section 51(i) is amended to read as follows:

"(3) INDIVIDUALS NOT MEETING MINIMUM EMPLOYMENT PERIODS.—

"(A) REDUCTION OF CREDIT FOR INDIVIDUALS PERFORMING FEWER THAN 400 HOURS OF SERVICE.—In the case of an individual who has performed at least 120 hours, but less than 400 hours, of service for the employer, subsection (a) shall be applied by substituting '25 percent' for '40 percent'.

"(B) DENIAL OF CREDIT FOR INDIVIDUALS PERFORMING FEWER THAN 120 HOURS OF SERVICE.—No wages shall be taken into account under subsection (a) with respect to any individual unless such individual has performed at least 120 hours of service for the employer.".

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to individuals who begin work for the employer after September 30, 1997.

SEC. 604. ORPHAN DRUG TAX CREDIT.

(a) IN GENERAL.—Section 45C (relating to clinical testing expenses for certain drugs for rare diseases or conditions) is amended by striking subsection (e).

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to amounts paid or incurred after May 31, 1997.

TITLE VII—INCENTIVES FOR REVITALIZATION OF THE DISTRICT OF COLUMBIA

SEC. 701. TAX INCENTIVES FOR REVITALIZATION OF THE DISTRICT OF COLUMBIA.

(a) IN GENERAL.—Chapter 1 is amended by adding at the end the following new subchapter:

"Subchapter W—District of Columbia Enterprise Zone

"Sec. 1400. Establishment of DC Zone.

"Sec. 1400A. Tax-exempt economic development bonds.

"Sec. 1400B. Zero percent capital gains rate.

"Sec. 1400C. First-time homebuyer credit for District of Columbia.

"SEC. 1400. ESTABLISHMENT OF DC ZONE.

"(a) IN GENERAL.—For purposes of this title—

"(1) the applicable DC area is hereby designated as the District of Columbia Enterprise Zone, and

"(2) except as otherwise provided in this subchapter, the District of Columbia Enterprise Zone shall be treated as an empowerment zone designated under subchapter U.

"(b) APPLICABLE DC AREA.—For purposes of subsection (a), the term 'applicable DC area' means the area consisting of—

"(1) the census tracts located in the District of Columbia which are part of an enterprise community designated under subchapter U before the date of the enactment of this subchapter, and

"(2) all other census tracts—

"(A) which are located in the District of Columbia, and

"(B) for which the poverty rate is not less than than 20 percent.

"(c) DISTRICT OF COLUMBIA ENTERPRISE ZONE.—For purposes of this subchapter, the terms 'District of Columbia Enterprise Zone' and 'DC Zone' mean the District of Columbia Enterprise Zone designated by subsection (a).

"(d) SPECIAL RULES FOR APPLICATION OF EMPLOYMENT CREDIT.—

"(1) EMPLOYEES WHOSE PRINCIPAL PLACE OF ABODE IS IN DISTRICT OF COLUMBIA.—With respect to the DC Zone, section 1396(d)(1)(B) (relating to empowerment zone employment credit) shall be applied by substituting 'the District of Columbia' for 'such empowerment zone'.

"(2) NO DECREASE OF PERCENTAGE IN 2002.—In the case of the DC Zone, section 1396 (relating to empowerment zone employment credit) shall be applied by substituting "20" for "15" in the table contained in section 1396(b). The preceding sentence shall apply only with respect to qualified zone employees, as defined in section 1396(d), determined by treating no area other than the DC Zone as an empowerment zone or enterprise community.

"(e) SPECIAL RULE FOR APPLICATION OF ENTERPRISE ZONE BUSINESS DEFINITION.—For purposes of this subchapter and for purposes of applying subchapter U with respect to the DC Zone, section 1397B shall be applied without regard to subsections (b)(6) and (c)(5) thereof.

"(f) TIME FOR WHICH DESIGNATION APPLICABLE.—

"(1) IN GENERAL.—The designation made by subsection (a) shall apply for the period beginning on January 1, 1998, and ending on December 31, 2002.

"(2) COORDINATION WITH DC ENTERPRISE COMMUNITY DESIGNATED UNDER SUBCHAPTER U.—The designation under subchapter U of the census tracts referred to in subsection (b)(1) as an enterprise community shall terminate on December 31, 2002.

"SEC. 1400A. TAX-EXEMPT ECONOMIC DEVELOPMENT BONDS.

"(a) IN GENERAL.—In the case of the District of Columbia Enterprise Zone, subparagraph (A) of section 1394(c)(1) (relating to limitation on amount of bonds) shall be applied by substituting '$15,000,000' for '$3,000,000'.

"(b) PERIOD OF APPLICABILITY.—This section shall apply to bonds issued during the period beginning on January 1, 1998, and ending on December 31, 2002.

"SEC. 1400B. ZERO PERCENT CAPITAL GAINS RATE.

"(a) EXCLUSION.—Gross income shall not include qualified capital gain from the sale or exchange of any DC Zone asset held for more than 5 years.

"(b) DC ZONE ASSET.—For purposes of this section—

"(1) IN GENERAL.—The term 'DC Zone asset' means—

"(A) any DC Zone business stock,

"(B) any DC Zone partnership interest, and

"(C) any DC Zone business property.

"(2) DC ZONE BUSINESS STOCK.—

"(A) IN GENERAL.—The term 'DC Zone business stock' means any stock in a domestic corporation which is originally issued after December 31, 1997, if—

"(i) such stock is acquired by the taxpayer, before January 1, 2003, at its original issue (directly or through an underwriter) solely in exchange for cash,

"(ii) as of the time such stock was issued, such corporation was a DC Zone business (or, in the case of a new corporation, such corporation was being organized for purposes of being a DC Zone business), and

"(iii) during substantially all of the taxpayer's holding period for such stock, such corporation qualified as a DC Zone business.

"(B) REDEMPTIONS.—A rule similar to the rule of section 1202(c)(3) shall apply for purposes of this paragraph.

"(3) DC ZONE PARTNERSHIP INTEREST.—The term 'DC Zone partnership interest' means any capital or profits interest in a domestic partnership which is originally issued after December 31, 1997, if—

"(A) such interest is acquired by the taxpayer, before January 1, 2003, from the partnership solely in exchange for cash,

"(B) as of the time such interest was acquired, such partnership was a DC Zone business (or, in the case of a new partnership, such partnership was being organized for purposes of being a DC Zone business), and

"(C) during substantially all of the taxpayer's holding period for such interest, such partnership qualified as a DC Zone business.

A rule similar to the rule of paragraph (2)(B) shall apply for purposes of this paragraph.

"(4) DC ZONE BUSINESS PROPERTY.—

"(A) IN GENERAL.—The term 'DC Zone business property' means tangible property if—

"(i) such property was acquired by the taxpayer by purchase (as defined in section 179(d)(2)) after December 31, 1997, and before January 1, 2003,

"(ii) the original use of such property in the DC Zone commences with the taxpayer, and

"(iii) during substantially all of the taxpayer's holding period for such property, substantially all of the use of such property was in a DC Zone business of the taxpayer.

"(B) SPECIAL RULE FOR BUILDINGS WHICH ARE SUBSTANTIALLY IMPROVED.—

"(i) IN GENERAL.—The requirements of clauses (i) and (ii) of subparagraph (A) shall be treated as met with respect to—

"(I) property which is substantially improved by the taxpayer before January 1, 2003, and

"(II) any land on which such property is located.

"(ii) SUBSTANTIAL IMPROVEMENT.—For purposes of clause (i), property shall be treated as substantially improved by the taxpayer only if, during any 24-month period beginning after December 31, 1997, additions to basis with respect to such property in the hands of the taxpayer exceed the greater of—

"(I) an amount equal to the adjusted basis of such property at the beginning of such 24-month period in the hands of the taxpayer, or

"(II) $5,000.

"(6) TREATMENT OF SUBSEQUENT PURCHASERS, ETC.—The term 'DC Zone asset' includes any property which would be a DC Zone asset but for paragraph (2)(A)(i), (3)(A), or (4)(A)(ii) in the hands of the taxpayer if such property was a DC Zone asset in the hands of a prior holder.

"(7) 5-YEAR SAFE HARBOR.—If any property ceases to be a DC Zone asset by reason of paragraph (2)(A)(iii), (3)(C), or (4)(A)(iii) after the 5-year period beginning on the date the taxpayer acquired such property, such property shall continue to be treated as meeting the requirements of such paragraph; except that the amount of gain to which subsection (a) applies on any sale or exchange of such property shall not exceed the amount which would be qualified capital gain had such property been sold on the date of such cessation.

"(c) DC ZONE BUSINESS.—For purposes of this section, the term 'DC Zone business' means any entity which is an enterprise zone business (as defined in section 1397B), determined—

"(1) after the application of section 1400(e),

"(2) by substituting "80 percent" for "50 percent" in subsections (b)(2) and (c)(1) of section 1397B, and

"(3) by treating no area other than the DC Zone as an empowerment zone or enterprise community.

"(d) Treatment of Zone as Including Census Tracts With 10 Percent Poverty Rate.—For purposes of applying this section (and for purposes of applying this subchapter and subchapter U with respect to this section), the DC Zone shall be treated as including all census tracts—

"(1) which are located in the District of Columbia, and

"(2) for which the poverty rate is not less than 10 percent.

"(e) Other Definitions and Special Rules.—For purposes of this section—

"(1) Qualified capital gain.—Except as otherwise provided in this subsection, the term 'qualified capital gain' means any gain recognized on the sale or exchange of—

"(A) a capital asset, or

"(B) property used in the trade or business (as defined in section 1231(b)).

"(2) Gain before 1998 or after 2007 not qualified.—The term 'qualified capital gain' shall not include any gain attributable to periods before January 1, 1998, or after December 31, 2007.

"(3) Certain gain not qualified.—The term 'qualified capital gain' shall not include any gain which would be treated as ordinary income under section 1245 or under section 1250 if section 1250 applied to all depreciation rather than the additional depreciation.

"(4) Intangibles and land not integral part of DC zone business.—The term 'qualified capital gain' shall not include any gain which is attributable to real property, or an intangible asset, which is not an integral part of a DC Zone business.

"(5) Related party transactions.—The term 'qualified capital gain' shall not include any gain attributable, directly or indirectly, in whole or in part, to a transaction with a related person. For purposes of this paragraph, persons are related to each other if such persons are described in section 267(b) or 707(b)(1).

"(f) Certain Other Rules To Apply.—Rules similar to the rules of subsections (g), (h), (i)(2), and (j) of section 1202 shall apply for purposes of this section.

"(g) Sales and Exchanges of Interests in Partnerships and S Corporations Which Are DC Zone Businesses.—In the case of the sale or exchange of an interest in a partnership, or of stock in an S corporation, which was a DC Zone business during substantially all of the period the taxpayer held such interest or stock, the amount of qualified capital gain shall be determined without regard to—

"(1) any gain which is attributable to real property, or an intangible asset, which is not an integral part of a DC Zone business, and

"(2) any gain attributable to periods before January 1, 1998, or after December 31, 2007.

"SEC. 1400C. FIRST-TIME HOMEBUYER CREDIT FOR DISTRICT OF COLUMBIA.

"(a) Allowance of Credit.—In the case of an individual who is a first-time homebuyer of a principal residence in the District of Columbia during any taxable year, there shall be allowed as a credit against the tax imposed by this chapter for the taxable year an amount equal to so much of the purchase price of the residence as does not exceed $5,000.

"(b) Limitation Based on Modified Adjusted Gross Income.—

"(1) In general.—The amount allowable as a credit under subsection (a) (determined without regard to this subsection) for the taxable year shall be reduced (but not below zero) by the amount which bears the same ratio to the credit so allowable as—

"(A) the excess (if any) of—

"(i) the taxpayer's modified adjusted gross income for such taxable year, over

"(ii) $70,000 ($110,000 in the case of a joint return), bears to

"(B) $20,000.

"(2) Modified adjusted gross income.—For purposes of paragraph (1), the term 'modified adjusted gross income' means the adjusted gross income of the taxpayer for the taxable year increased by any amount excluded from gross income under section 911, 931, or 933.

"(c) First-Time Homebuyer.—For purposes of this section—

"(1) In general.—The term 'first-time homebuyer' has the same meaning as when used in section 72(t)(8)(D)(i), except that 'principal residence in the District of Columbia during the 1-year period' shall be substituted for 'principal residence during the 2-year period' in subclause (I) thereof.

"(2) One-time only.—If an individual is treated as a first-time homebuyer with respect to any principal residence, such individual may not be treated as a first-time homebuyer with respect to any other principal residence.

"(3) Principal residence.—The term 'principal residence' has the same meaning as when used in section 121.

"(d) Carryover of Credit.—If the credit allowable under subsection (a) exceeds the limitation imposed by section 26(a) for such taxable year reduced by the sum of the credits allowable under subpart A of part IV of subchapter A (other than this section), such excess shall be carried to the succeeding taxable year and added to the credit allowable under subsection (a) for such taxable year.

"(e) Special Rules.—For purposes of this section—

"(1) Allocation of dollar limitation.—

"(A) Married individuals filing separately.—In the case of a married individual filing a separate return, subsection (a) shall be applied by substituting '$2,500' for '$5,000'.

"(B) Other taxpayers.—If 2 or more individuals who are not married purchase a principal residence, the amount of the credit allowed under subsection (a) shall be allocated among such individuals in such manner as the Secretary may prescribe, except that the total amount of the credits allowed to all such individuals shall not exceed $5,000.

"(2) Purchase.—

"(A) In general.—The term 'purchase' means any acquisition, but only if—

"(i) the property is not acquired from a person whose relationship to the person acquiring it would result in the disallowance of losses under section 267 or 707(b) (but, in applying section 267 (b) and (c) for purposes of this section, paragraph (4) of section 267(c) shall be treated as providing that the family of an individual shall include only his spouse, ancestors, and lineal descendants), and

"(ii) the basis of the property in the hands of the person acquiring it is not determined—

"(I) in whole or in part by reference to the adjusted basis of such property in the hands of the person from whom acquired, or

"(II) under section 1014(a) (relating to property acquired from a decedent).

"(B) Construction.—A residence which is constructed by the taxpayer shall be treated as purchased by the taxpayer.

"(3) Purchase price.—The term 'purchase price' means the adjusted basis of the principal residence on the date of acquisition (within the meaning of section 72(t)(8)(D)(iii)).

"(f) Reporting.—If the Secretary requires information reporting under section 6045 by a person described in subsection (e)(2) thereof to verify the eligibility of taxpayers for the credit allowable by this section, the exception provided by section 6045(e)(5) shall not apply.

"(g) Credit Treated as Nonrefundable Personal Credit.—For purposes of this title, the credit allowed by this section shall be treated as a credit allowable under subpart A of part IV of subchapter A of this chapter.

"(h) Basis Adjustment.—For purposes of this subtitle, if a credit is allowed under this section with respect to the purchase of any residence, the basis of such residence shall be reduced by the amount of the credit so allowed.

"(i) Termination.—This section shall not apply to any property purchased after December 31, 2000."

(b) Conforming Amendments.—

(1) Subsection (d) of section 39 is amended by adding at the end the following new paragraph:

"(8) No carryback of DC zone credits before effective date.—No portion of the unused business credit for any taxable year which is attributable to the credits allowable under subchapter U by reason of section 1400 may be carried back to a taxable year ending before the date of the enactment of section 1400."

(2) Subsection (a) of section 1016 is amended by striking "and" at the end of paragraph (25), by striking the period at the end of paragraph (26) and inserting ", and", and by adding at the end thereof the following new paragraph:

"(27) in the case of a residence with respect to which a credit was allowed under section 1400C, to the extent provided in section 1400C(h)."

(c) Clerical Amendment.—The table of subchapters for chapter 1 is amended by adding at the end the following new item:

"Subchapter W. District of Columbia Enterprise Zone.".

(d) Effective Date.—Except as provided in subsection (c), the amendments made by this section shall take effect on the date of the enactment of this Act.

TITLE VIII—WELFARE-TO-WORK INCENTIVES

SEC. 801. INCENTIVES FOR EMPLOYING LONG-TERM FAMILY ASSISTANCE RECIPIENTS.

(a) In General.—Subpart F of part IV of subchapter A of chapter 1 is amended by inserting after section 51 the following new section:

"SEC. 51A. TEMPORARY INCENTIVES FOR EMPLOYING LONG-TERM FAMILY ASSISTANCE RECIPIENTS.

"(a) Determination of Amount.—For purposes of section 38, the amount of the welfare-to-work credit determined under this section for the taxable year shall be equal to—

"(1) 35 percent of the qualified first-year wages for such year, and

"(2) 50 percent of the qualified second-year wages for such year.

"(b) Qualified Wages Defined.—For purposes of this section—

"(1) In general.—The term 'qualified wages' means the wages paid or incurred by the employer during the taxable year to individuals who are long-term family assistance recipients.

"(2) Qualified first-year wages.—The term 'qualified first-year wages' means, with respect to any individual, qualified wages attributable to service rendered during the 1-year period beginning with the day the individual begins work for the employer.

"(3) Qualified second-year wages.—The term 'qualified second-year wages' means, with respect to any individual, qualified wages attributable to service rendered during the 1-year period beginning on the day after the last day of the 1-year period with respect to such individual determined under paragraph (2).

"(4) Only first $10,000 of wages per year taken into account.—The amount of the qualified first-year wages, and the amount of qualified second-year wages, which may be taken into account with respect to any individual shall not exceed $10,000 per year.

"(5) WAGES.—

"(A) IN GENERAL.—The term 'wages' has the meaning given such term by section 51(c), without regard to paragraph (4) thereof.

"(B) CERTAIN AMOUNTS TREATED AS WAGES.—The term 'wages' includes amounts paid or incurred by the employer which are excludable from such recipient's gross income under—

"(i) section 105 (relating to amounts received under accident and health plans),

"(ii) section 106 (relating to contributions by employer to accident and health plans),

"(iii) section 127 (relating to educational assistance programs) or would be so excludable but for section 127(d), but only to the extent paid or incurred to a person not related to the employer, or

"(iv) section 129 (relating to dependent care assistance programs).

The amount treated as wages by clause (i) or (ii) for any period shall be based on the reasonable cost of coverage for the period, but shall not exceed the applicable premium for the period under section 4980B(f)(4).

"(C) SPECIAL RULES FOR AGRICULTURAL AND RAILWAY LABOR.—If such recipient is an employee to whom subparagraph (A) or (B) of section 51(h)(1) applies, rules similar to the rules of such subparagraphs shall apply except that—

"(i) such subparagraph (A) shall be applied by substituting '$10,000' for '$6,000', and

"(ii) such subparagraph (B) shall be applied by substituting '$833.33' for '$500'.

"(c) LONG-TERM FAMILY ASSISTANCE RECIPIENTS.—For purposes of this section—

"(1) IN GENERAL.—The term 'long-term family assistance recipient' means any individual who is certified by the designated local agency (as defined in section 51(d)(10))—

"(A) as being a member of a family receiving assistance under a IV-A program (as defined in section 51(d)(2)(B)) for at least the 18-month period ending on the hiring date,

"(B)(i) as being a member of a family receiving such assistance for 18 months beginning after the date of the enactment of this section, and

"(ii) as having a hiring date which is not more than 2 years after the end of the earliest such 18-month period, or

"(C)(i) as being a member of a family which ceased to be eligible after the date of the enactment of this section for such assistance by reason of any limitation imposed by Federal or State law on the maximum period such assistance is payable to a family, and

"(ii) as having a hiring date which is not more than 2 years after the date of such cessation.

"(2) HIRING DATE.—The term 'hiring date' has the meaning given such term by section 51(d).

"(d) CERTAIN RULES TO APPLY.—

"(1) IN GENERAL.—Rules similar to the rules of section 52, and subsections (d)(11), (f), (g), (i) (as in effect on the day before the date of the enactment of the Taxpayer Relief Act of 1997), (j), and (k) of section 51, shall apply for purposes of this section.

"(2) CREDIT TO BE PART OF GENERAL BUSINESS CREDIT, ETC.—References to section 51 in section 38(b), 280C(a), and 1396(c)(3) shall be treated as including references to this section.

"(e) COORDINATION WITH WORK OPPORTUNITY CREDIT.—If a credit is allowed under this section to an employer with respect to an individual for any taxable year, then for purposes of applying section 51 to such employer, such individual shall not be treated as a member of a targeted group for such taxable year.

"(f) TERMINATION.—This section shall not apply to individuals who begin work for the employer after April 30, 1999.".

(b) CLERICAL AMENDMENT.—The table of sections for subpart F of part IV of subchapter A of chapter 1 is amended by inserting after the item relating to section 51 the following new item:

"Sec. 51A. Temporary incentives for employing long-term family assistance recipients.".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to individuals who begin work for the employer after December 31, 1997.

TITLE IX—MISCELLANEOUS PROVISIONS

Subtitle A—Provisions Relating to Excise Taxes

SEC. 901. GENERAL REVENUE PORTION OF HIGHWAY MOTOR FUELS TAXES DEPOSITED INTO HIGHWAY TRUST FUND.

(a) IN GENERAL.—Paragraph (4) of section 9503(b) (relating to certain additional taxes not transferred to Highway Trust Fund) is amended to read as follows:

"(4) CERTAIN TAXES NOT TRANSFERRED TO HIGHWAY TRUST FUND.—For purposes of paragraphs (1) and (2), there shall not be taken into account the taxes imposed by—

"(A) section 4041(d),

"(B) section 4081 to the extent attributable to the rate specified in section 4081(a)(2)(B),

"(C) section 4041 or 4081 to the extent attributable to fuel used in a train,

"(D) in the case of fuels used as described in paragraph (4)(D), (5)(B), or (6)(D) of subsection (c), section 4041 or 4081—

"(i) with respect to so much of the rate of tax on gasoline or special motor fuels as exceeds 11.5 cents per gallon, and

"(ii) with respect to so much of the rate of tax on diesel fuel or kerosene as exceeds 17.5 cents per gallon,

"(E) in the case of fuels described in section 4041(b)(2)(A), 4041(k), or 4081(c), section 4041 or 4081 before October 1, 1999, with respect to a rate equal to 2.5 cents per gallon, or

"(F) in the case of fuels described in section 4081(c)(2), such section before October 1, 1999, with respect to a rate equal to 2.8 cents per gallon.".

(b) MASS TRANSIT PORTION.—Section 9503(e)(2) (relating to transfers to Mass Transit Account) is amended by striking "2 cents" and inserting "2.85 cents".

(c) LIMITATION ON EXPENDITURES.—Subsection (c) of section 9503 is amended by adding at the end the following new paragraph:

"(7) LIMITATION ON EXPENDITURES.—Notwithstanding any other provision of law, in calculating amounts under section 157(a) of title 23, United States Code, and sections 1013(c), 1015(a), and 1015(b) of the Intermodal Surface Transportation Efficiency Act of 1991 (Public Law 102-240; 105 Stat. 1914), deposits in the Highway Trust Fund resulting from the amendments made by the Taxpayer Relief Act of 1997 shall not be taken into account.".

(d) TECHNICAL AMENDMENTS.—

(1) Section 9503 is amended by striking subsection (f).

(2) The last sentence of subparagraph (A) of section 9503(c)(2) is amended by striking "by taking into account only the Highway Trust Fund financing rate applicable to any fuel" and inserting "by taking into account only the portion of the taxes which are deposited into the Highway Trust Fund".

(3) Paragraphs (4)(D), (5)(B), and (6)(D) of section 9503(c) are each amended by striking "attributable to the Highway Trust Fund financing rate" and inserting "deposited into the Highway Trust Fund".

(e) DELAYED DEPOSITS OF HIGHWAY MOTOR FUEL TAX REVENUES.—Notwithstanding section 6302 of the Internal Revenue Code of 1986, in the case of deposits of taxes imposed by sections 4041 and 4081 (other than subsection (a)(2)(A)(ii)) of the Internal Revenue Code of 1986, the due date for any deposit which would (but for this subsection) be required to be made after July 31, 1998, and before October 1, 1998, shall be October 5, 1998.

(f) EFFECTIVE DATE.—The amendments made by this section shall apply to taxes received in the Treasury after September 30, 1997.

SEC. 902. REPEAL OF TAX ON DIESEL FUEL USED IN RECREATIONAL BOATS.

(a) IN GENERAL.—Subparagraph (B) of section 6421(e)(2) (defining off-highway business use) is amended by striking clauses (iii) and (iv).

(b) CONFORMING AMENDMENTS.—

(1) Subparagraph (A) of section 4041(a)(1) is amended—

(A) by striking ", a diesel-powered train, or a diesel-powered boat" each place it appears and inserting "or a diesel-powered train", and

(B) by striking "vehicle, train, or boat" and inserting "vehicle or train".

(2) Paragraph (1) of section 4041(a) is amended by striking subparagraph (D).

(3) Paragraph (3) of section 4083(a) is amended by striking ", a diesel-powered train, or a diesel-powered boat" and inserting "or a diesel-powered train".

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect on January 1, 1998.

SEC. 903. CONTINUED APPLICATION OF TAX ON IMPORTED RECYCLED HALON-1211.

(a) IN GENERAL.—Paragraph (1) of section 4682(d) is amended by striking "recycled halon" and inserting "recycled Halon-1301 or recycled Halon-2402".

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall take effect on the date of the enactment of this Act.

SEC. 904. UNIFORM RATE OF TAX ON VACCINES.

(a) IN GENERAL.—Subsection (b) of section 4131 is amended to read as follows:

"(b) AMOUNT OF TAX.—

"(1) IN GENERAL.—The amount of the tax imposed by subsection (a) shall be 75 cents per dose of any taxable vaccine.

"(2) COMBINATIONS OF VACCINES.—If any taxable vaccine is described in more than 1 subparagraph of section 4132(a)(1), the amount of the tax imposed by subsection (a) on such vaccine shall be the sum of the amounts for the vaccines which are so included.".

(b) TAXABLE VACCINES.—Paragraph (1) of section 4132(a) is amended to read as follows:

"(1) TAXABLE VACCINE.—The term 'taxable vaccine' means any of the following vaccines which are manufactured or produced in the United States or entered into the United States for consumption, use, or warehousing:

"(A) Any vaccine containing diphtheria toxoid.

"(B) Any vaccine containing tetanus toxoid.

"(C) Any vaccine containing pertussis bacteria, extracted or partial cell bacteria, or specific pertussis antigens.

"(D) Any vaccine against measles.

"(E) Any vaccine against mumps.

"(F) Any vaccine against rubella.

"(G) Any vaccine containing polio virus.

"(H) Any HIV vaccine.

"(I) Any vaccine against hepatitis B.

"(J) Any vaccine against chicken pox.".

(c) CONFORMING AMENDMENT.—Subsection (a) of section 4132 is amended by striking paragraphs (2), (3), (4), and (5) and by redesignating paragraphs (6) through (8) as paragraphs (2) through (4), respectively.

(d) EFFECTIVE DATE.—The amendments made by this section shall take effect on the day after the date of the enactment of this Act.

(e) LIMITATION ON CERTAIN CREDITS OR REFUNDS.—For purposes of applying section 4132(b) of the Internal Revenue Code of 1986 with respect to any claim for credit or refund

filed before January 1, 1999, the amount of tax taken into account shall not exceed the tax computed under the rate in effect on the day after the date of the enactment of this Act.

SEC. 905. OPERATORS OF MULTIPLE GASOLINE RETAIL OUTLETS TREATED AS WHOLESALE DISTRIBUTOR FOR REFUND PURPOSES.

(a) IN GENERAL.—Subparagraph (B) of section 6416(a)(4) (defining wholesale distributor) is amended by adding at the end the following new sentence: "Such term includes any person who makes retail sales of gasoline at 10 or more retail motor fuel outlets.".

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to sales after the date of the enactment of this Act.

SEC. 906. EXEMPTION OF ELECTRIC AND OTHER CLEAN-FUEL MOTOR VEHICLES FROM LUXURY AUTOMOBILE CLASSIFICATION.

(a) IN GENERAL.—Subsection (a) of section 4001 (relating to imposition of tax) is amended to read as follows:

"(a) IMPOSITION OF TAX.—

"(1) IN GENERAL.—There is hereby imposed on the 1st retail sale of any passenger vehicle a tax equal to 10 percent of the price for which so sold to the extent such price exceeds the applicable amount.

"(2) APPLICABLE AMOUNT.—

"(A) IN GENERAL.—Except as provided in subparagraphs (B) and (C), the applicable amount is $30,000.

"(B) QUALIFIED CLEAN-FUEL VEHICLE PROPERTY.—In the case of a passenger vehicle which is propelled by a fuel which is not a clean-burning fuel and to which is installed qualified clean-fuel vehicle property (as defined in section 179A(c)(1)(A)) for purposes of permitting such vehicle to be propelled by a clean-burning fuel, the applicable amount is equal to the sum of—

"(i) the dollar amount in effect under subparagraph (A), plus

"(ii) the increase in the price for which the passenger vehicle was sold (within the meaning of section 4002) due to the installation of such property.

"(C) PURPOSE BUILT PASSENGER VEHICLE.—

"(i) IN GENERAL.—In the case of a purpose built passenger vehicle, the applicable amount is equal to 150 percent of the dollar amount in effect under subparagraph (A).

"(ii) PURPOSE BUILT PASSENGER VEHICLE.—For purposes of clause (i), the term 'purpose built passenger vehicle' means a passenger vehicle produced by an original equipment manufacturer and designed so that the vehicle may be propelled primarily by electricity.".

(b) CONFORMING AMENDMENTS.—

(1) Subsection (e) of section 4001 (relating to inflation adjustment) is amended by striking "and section 4003(a)".

(2) Subsection (f) of section 4001 (relating to phasedown) is amended by striking "subsection (a)" and inserting "subsection (a)(1)".

(3) Subparagraph (A) of section 4003(a)(1) is amended by inserting "(other than property described in section 4001(a)(2)(B))" after "part or accessory".

(4) Subparagraph (B) of section 4003(a)(2) is amended to read as follows:

"(B) the appropriate applicable amount as determined under section 4001(a)(2).".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to sales and installations occurring after the date of the enactment of this Act.

SEC. 907. RATE OF TAX ON CERTAIN SPECIAL FUELS DETERMINED ON BASIS OF BTU EQUIVALENCY WITH GASOLINE.

(a) SPECIAL MOTOR FUELS.—

(1) IN GENERAL.—Paragraph (2) of section 4041(a) (relating to special motor fuels) is amended to read as follows:

"(2) SPECIAL MOTOR FUELS.—

"(A) IN GENERAL.—There is hereby imposed a tax on any liquid (other than kerosene, gas oil, fuel oil, or any product taxable under section 4081)—

"(i) sold by any person to an owner, lessee, or other operator of a motor vehicle or motorboat for use as a fuel in such motor vehicle or motorboat, or

"(ii) used by any person as a fuel in a motor vehicle or motorboat unless there was a taxable sale of such liquid under clause (i).

"(B) RATE OF TAX.—The rate of the tax imposed by this paragraph shall be—

"(i) except as otherwise provided in this subparagraph, the rate of tax specified in section 4081(a)(2)(A)(i) which is in effect at the time of such sale or use,

"(ii) 13.6 cents per gallon in the case of liquefied petroleum gas, and

"(iii) 11.9 cents per gallon in the case of liquefied natural gas.

In the case of any sale or use after September 30, 1999, clause (ii) shall be applied by substituting '3.2 cents' for '13.6 cents', and clause (iii) shall be applied by substituting '2.8 cents' for '11.9 cents'.".

(2) CONFORMING AMENDMENT.—Paragraph (1) of section 4041(d) is amended by inserting "and other than liquefied natural gas" after "liquefied petroleum gas".

(b) METHANOL FUEL PRODUCED FROM NATURAL GAS.—Subparagraph (A) of section 4041(m)(1) is amended to read as follows:

"(A) the rate of the tax imposed by subsection (a)(2) shall be—

"(i) after September 30, 1997, and before October 1, 1999—

"(I) in the case of fuel none of the alcohol in which consists of ethanol, 9.15 cents per gallon, and

"(II) in any other case, 11.3 cents per gallon, and

"(ii) after September 30, 1999—

"(I) in the case of fuel none of the alcohol in which consists of ethanol, 2.15 cents per gallon, and

"(II) in any other case, 4.3 cents per gallon, and".

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect on October 1, 1997.

SEC. 908. MODIFICATION OF TAX TREATMENT OF HARD CIDER.

(a) HARD CIDER CONTAINING LESS THAN 7 PERCENT ALCOHOL TAXED AS WINE.—Subsection (b) of section 5041 (relating to imposition and rate of tax) is amended by striking "and" at the end of paragraph (4), by striking the period at the end of paragraph (5) and inserting "; and", and by adding at the end the following new paragraph:

"(6) On hard cider derived primarily from apples or apple concentrate and water, containing no other fruit product, and containing at least one-half of 1 percent and less than 7 percent alcohol by volume, 22.6 cents per wine gallon.".

(b) APPLICATION OF SMALL PRODUCER CREDIT.—Paragraph (1) of section 5041(c) (relating to credit for small domestic producers) is amended by adding at the end the following new sentence: "In the case of wine described in subsection (b)(6), the preceding sentence shall be applied by substituting '5.6 cents' for '90 cents'."

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect on October 1, 1997.

SEC. 909. STUDY OF FEASIBILITY OF MOVING COLLECTION POINT FOR DISTILLED SPIRITS EXCISE TAX.

(a) IN GENERAL.—The Secretary of the Treasury or his delegate shall conduct a study of options for changing the event on which the tax imposed by section 5001 of the Internal Revenue Code of 1986 is determined. One such option which shall be studied is determining such tax on removal from registered wholesale warehouses. In studying each such option, such Secretary shall focus on administrative issues including—

(1) tax compliance,

(2) the number of taxpayers required to pay the tax,

(3) the types of financial responsibility requirements that might be required, and

(4) special requirements regarding segregation of non-tax-paid distilled spirits from other products.

Such study shall review the effects of each such option on the Department of the Treasury (including staffing and other demands on budgetary resources) and the change in the period between the time such tax is currently paid and the time such tax would be paid under each such option.

(b) REPORT.—The report of such study shall be submitted to the Committee on Finance of the Senate and the Committee on Ways and Means of the House of Representatives not later than March 31, 1998.

SEC. 910. CLARIFICATION OF AUTHORITY TO USE SEMI-GENERIC DESIGNATIONS ON WINE LABELS.

(a) IN GENERAL.—Section 5388 (relating to designation of wines) is amended by adding at the end the following new subsection:

"(c) USE OF SEMI-GENERIC DESIGNATIONS.—

"(1) IN GENERAL.—Semi-generic designations may be used to designate wines of an origin other than that indicated by such name only if—

"(A) there appears in direct conjunction therewith an appropriate appellation of origin disclosing the true place of origin of the wine, and

"(B) the wine so designated conforms to the standard of identity, if any, for such wine contained in the regulations under this section or, if there is no such standard, to the trade understanding of such class or type.

"(2) DETERMINATION OF WHETHER NAME IS SEMI-GENERIC.—

"(A) IN GENERAL.—Except as provided in subparagraph (B), a name of geographic significance, which is also the designation of a class or type of wine, shall be deemed to have become semi-generic only if so found by the Secretary.

"(B) CERTAIN NAMES TREATED AS SEMI-GENERIC.—The following names shall be treated as semi-generic: Angelica, Burgundy, Claret, Chablis, Champagne, Chianti, Malaga, Marsala, Madeira, Moselle, Port, Rhine Wine or Hock, Sauterne, Haut Sauterne, Sherry, Tokay.".

(b) EFFECTIVE DATE.—The amendment made by this section shall take effect on the date of the enactment of this Act.

Subtitle B—Revisions Relating to Disasters

SEC. 911. AUTHORITY TO POSTPONE CERTAIN TAX-RELATED DEADLINES BY REASON OF PRESIDENTIALLY DECLARED DISASTER.

(a) IN GENERAL.—Chapter 77 is amended by inserting after section 7508 the following new section:

"SEC. 7508A. AUTHORITY TO POSTPONE CERTAIN TAX-RELATED DEADLINES BY REASON OF PRESIDENTIALLY DECLARED DISASTER.

"(a) IN GENERAL.—In the case of a taxpayer determined by the Secretary to be affected by a Presidentially declared disaster (as defined by section 1033(h)(3)), the Secretary may prescribe regulations under which a period of up to 90 days may be disregarded in determining, under the internal revenue laws, in respect of any tax liability (including any penalty, additional amount, or addition to the tax) of such taxpayer—

"(1) whether any of the acts described in paragraph (1) of section 7508(a) were performed within the time prescribed therefor, and

"(2) the amount of any credit or refund.

"(b) INTEREST ON OVERPAYMENTS AND UNDERPAYMENTS.—Subsection (a) shall not apply for the purpose of determining interest on any overpayment or underpayment.".

(b) CLERICAL AMENDMENT.—The table of sections for chapter 77 is amended by inserting after the item relating to section 7508 the following new item:

"Sec. 7508A. Authority to postpone certain tax-related deadlines by reason of presidentially declared disaster.".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply with respect to any period for performing an act that has not expired before the date of the enactment of this Act.

SEC. 912. USE OF CERTAIN APPRAISALS TO ESTABLISH AMOUNT OF DISASTER LOSS.

(a) IN GENERAL.—Subsection (i) of section 165 is amended by adding at the end the following new paragraph:

"(4) USE OF DISASTER LOAN APPRAISALS TO ESTABLISH AMOUNT OF LOSS.—Nothing in this title shall be construed to prohibit the Secretary from prescribing regulations or other guidance under which an appraisal for the purpose of obtaining a loan of Federal funds or a loan guarantee from the Federal Government as a result of a Presidentially declared disaster (as defined by section 1033(h)(3)) may be used to establish the amount of any loss described in paragraph (1) or (2).".

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall take effect on the date of the enactment of this Act.

SEC. 913. TREATMENT OF LIVESTOCK SOLD ON ACCOUNT OF WEATHER-RELATED CONDITIONS.

(a) DEFERRAL OF INCOME INCLUSION.—Subsection (e) of section 451 (relating to special rules for proceeds from livestock sold on account of drought) is amended—

(1) by striking "drought conditions, and that these drought conditions" in paragraph (1) and inserting "drought, flood, or other weather-related conditions, and that such conditions"; and

(2) by inserting ", FLOOD, OR OTHER WEATHER-RELATED CONDITIONS" after "DROUGHT" in the subsection heading.

(b) INVOLUNTARY CONVERSIONS.—Subsection (e) of section 1033 (relating to livestock sold on account of drought) is amended—

(1) by inserting ", flood, or other weather-related conditions" before the period at the end thereof; and

(2) by inserting ", FLOOD, OR OTHER WEATHER-RELATED CONDITIONS" after "DROUGHT" in the subsection heading.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to sales and exchanges after December 31, 1996.

SEC. 914. MORTGAGE FINANCING FOR RESIDENCES LOCATED IN DISASTER AREAS.

Subsection (k) of section 143 (relating to mortgage revenue bonds; qualified mortgage bond and qualified veteran's mortgage bond) is amended by adding at the end the following new paragraph:

"(11) SPECIAL RULES FOR RESIDENCES LOCATED IN DISASTER AREAS.—In the case of a residence located in an area determined by the President to warrant assistance from the Federal Government under the Robert T. Stafford Disaster Relief and Emergency Assistance Act (as in effect on the date of the enactment of the Taxpayer Relief Act of 1997), this section shall be applied with the following modifications to financing provided with respect to such residence within 2 years after the date of the disaster declaration:

"(A) Subsection (d) (relating to 3-year requirement) shall not apply.

"(B) Subsections (e) and (f) (relating to purchase price requirement and income requirement) shall be applied as if such residence were a targeted area residence.

The preceding sentence shall apply only with respect to bonds issued after December 31, 1996, and before January 1, 1999.".

SEC. 915. ABATEMENT OF INTEREST ON UNDERPAYMENTS BY TAXPAYERS IN PRESIDENTIALLY DECLARED DISASTER AREAS.

(a) IN GENERAL.—If the Secretary of the Treasury extends for any period the time for filing income tax returns under section 6081 of the Internal Revenue Code of 1986 and the time for paying income tax with respect to such returns under section 6161 of such Code (and waives any penalties relating to the failure to so file or so pay) for any individual located in a Presidentially declared disaster area, the Secretary shall, notwithstanding section 7508A(b) of such Code, abate for such period the assessment of any interest prescribed under section 6601 of such Code on such income tax.

(b) PRESIDENTIALLY DECLARED DISASTER AREA.—For purposes of subsection (a), the term "Presidentially declared disaster area" means, with respect to any individual, any area which the President has determined during 1997 warrants assistance by the Federal Government under the Robert T. Stafford Disaster Relief and Emergency Assistance Act.

(c) INDIVIDUAL.—For purposes of this section, the term "individual" shall not include any estate or trust.

(d) EFFECTIVE DATE.—This section shall apply to disasters declared after December 31, 1996.

Subtitle C—Provisions Relating to Employment Taxes

SEC. 921. CLARIFICATION OF STANDARD TO BE USED IN DETERMINING EMPLOYMENT TAX STATUS OF SECURITIES BROKERS.

(a) IN GENERAL.—In determining for purposes of the Internal Revenue Code of 1986 whether a registered representative of a securities broker-dealer is an employee (as defined in section 3121(d) of the Internal Revenue Code of 1986), no weight shall be given to instructions from the service recipient which are imposed only in compliance with investor protection standards imposed by the Federal Government, any State government, or a governing body pursuant to a delegation by a Federal or State agency.

(b) EFFECTIVE DATE.—Subsection (a) shall apply to services performed after December 31, 1997.

SEC. 922. CLARIFICATION OF EXEMPTION FROM SELF-EMPLOYMENT TAX FOR CERTAIN TERMINATION PAYMENTS RECEIVED BY FORMER INSURANCE SALESMEN.

(a) INTERNAL REVENUE CODE.—Section 1402 (relating to definitions) is amended by adding at the end the following new subsection:

"(k) CODIFICATION OF TREATMENT OF CERTAIN TERMINATION PAYMENTS RECEIVED BY FORMER INSURANCE SALESMEN.—Nothing in subsection (a) shall be construed as including in the net earnings from self-employment of an individual any amount received during the taxable year from an insurance company on account of services performed by such individual as an insurance salesman for such company if—

"(1) such amount is received after termination of such individual's agreement to perform such services for such company,

"(2) such individual performs no services for such company after such termination and before the close of such taxable year,

"(3) such individual enters into a covenant not to compete against such company which applies to at least the 1-year period beginning on the date of such termination, and

"(4) the amount of such payment—

"(A) depends primarily on policies sold by or credited to the account of such individual during the last year of such agreement or the extent to which such policies remain in force for some period after such termination, or both, and

"(B) does not depend to any extent on length of service or overall earnings from services performed for such company (without regard to whether eligibility for payment depends on length of service).".

(b) SOCIAL SECURITY ACT.—Section 211 of the Social Security Act is amended by adding at the end the following new subsection:

"Codification of Treatment of Certain Termination Payments Received by Former Insurance Salesmen

"(j) Nothing in subsection (a) shall be construed as including in the net earnings from self-employment of an individual any amount received during the taxable year from an insurance company on account of services performed by such individual as an insurance salesman for such company if—

"(1) such amount is received after termination of such individual's agreement to perform such services for such company,

"(2) such individual performs no services for such company after such termination and before the close of such taxable year,

"(3) such individual enters into a covenant not to compete against such company which applies to at least the 1-year period beginning on the date of such termination, and

"(4) the amount of such payment—

"(A) depends primarily on policies sold by or credited to the account of such individual during the last year of such agreement or the extent to which such policies remain in force for some period after such termination, or both, and

"(B) does not depend to any extent on length of service or overall earnings from services performed for such company (without regard to whether eligibility for payment depends on length of service).".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to payments after December 31, 1997.

Subtitle D—Provisions Relating to Small Businesses

SEC. 931. WAIVER OF PENALTY THROUGH JUNE 30, 1998, ON SMALL BUSINESSES FAILING TO MAKE ELECTRONIC FUND TRANSFERS OF TAXES.

No penalty shall be imposed under the Internal Revenue Code of 1986 solely by reason of a failure by a person to use the electronic fund transfer system established under section 6302(h) of such Code if—

(1) such person is a member of a class of taxpayers first required to use such system on or after July 1, 1997, and

(2) such failure occurs before July 1, 1998.

SEC. 932. CLARIFICATION OF TREATMENT OF HOME OFFICE USE FOR ADMINISTRATIVE AND MANAGEMENT ACTIVITIES.

(a) IN GENERAL.—Paragraph (1) of section 280A(c) is amended by adding at the end the following new sentence: "For purposes of subparagraph (A), the term 'principal place of business' includes a place of business which is used by the taxpayer for the administrative or management activities of any trade or business of the taxpayer if there is no other fixed location of such trade or business where the taxpayer conducts substantial administrative or management activities of such trade or business.".

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to taxable years beginning after December 31, 1998.

SEC. 933. AVERAGING OF FARM INCOME OVER 3 YEARS.

(a) IN GENERAL.—Subchapter Q of chapter 1 (relating to readjustment of tax between years and special limitations) is amended by adding the following new part:

"PART I—INCOME AVERAGING

"Sec. 1301. Averaging of farm income.

"SEC. 1301. AVERAGING OF FARM INCOME.

"(a) IN GENERAL.—At the election of an individual engaged in a farming business, the tax imposed by section 1 for such taxable year shall be equal to the sum of—

"(1) a tax computed under such section on taxable income reduced by elected farm income, plus

"(2) the increase in tax imposed by section 1 which would result if taxable income for each of the 3 prior taxable years were increased by an amount equal to one-third of the elected farm income.

Any adjustment under this section for any taxable year shall be taken into account in applying this section for any subsequent taxable year.

"(b) DEFINITIONS.—In this section—

"(1) ELECTED FARM INCOME.—

"(A) IN GENERAL.—The term 'elected farm income' means so much of the taxable income for the taxable year—

"(i) which is attributable to any farming business; and

"(ii) which is specified in the election under subsection (a).

"(B) TREATMENT OF GAINS.—For purposes of subparagraph (A), gain from the sale or other disposition of property (other than land) regularly used by the taxpayer in such a farming business for a substantial period shall be treated as attributable to such a farming business.

"(2) INDIVIDUAL.—The term 'individual' shall not include any estate or trust.

"(3) FARMING BUSINESS.—The term 'farming business' has the meaning given such term by section 263A(e)(4).

"(c) REGULATIONS.—The Secretary shall prescribe such regulations as may be appropriate to carry out the purposes of this section, including regulations regarding—

"(1) the order and manner in which items of income, gain, deduction, or loss, or limitations on tax, shall be taken into account in computing the tax imposed by this chapter on the income of any taxpayer to whom this section applies for any taxable year, and

"(2) the treatment of any short taxable year.".

(b) CLERICAL AMENDMENT.—The table of parts for such subchapter Q is amended by inserting before the item relating to part II the following new item:

"Part I. Income averaging.".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1997, and before January 1, 2001.

SEC. 934. INCREASE IN DEDUCTION FOR HEALTH INSURANCE COSTS OF SELF-EMPLOYED INDIVIDUALS.

(a) IN GENERAL.—The table contained in section 162(l)(1)(B) is amended to read as follows:

"For taxable years beginning in calendar year—	**The applicable percentage is—**
1997	40
1998 and 1999	45
2000 and 2001	50
2002	60
2003 through 2005	80
2006	90
2007 and thereafter	100.".

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 1996.

SEC. 935. MORATORIUM ON CERTAIN REGULATIONS.

No temporary or final regulation with respect to the definition of a limited partner under section 1402(a)(13) of the Internal Revenue Code of 1986 may be issued or made effective before July 1, 1998.

Subtitle E—Brownfields

SEC. 941. EXPENSING OF ENVIRONMENTAL REMEDIATION COSTS.

(a) IN GENERAL.—Part VI of subchapter B of chapter 1 is amended by adding at the end the following new section:

"SEC. 198. EXPENSING OF ENVIRONMENTAL REMEDIATION COSTS.

"(a) IN GENERAL.—A taxpayer may elect to treat any qualified environmental remediation expenditure which is paid or incurred by the taxpayer as an expense which is not chargeable to capital account. Any expenditure which is so treated shall be allowed as a deduction for the taxable year in which it is paid or incurred.

"(b) QUALIFIED ENVIRONMENTAL REMEDIATION EXPENDITURE.—For purposes of this section—

"(1) IN GENERAL.—The term 'qualified environmental remediation expenditure' means any expenditure—

"(A) which is otherwise chargeable to capital account, and

"(B) which is paid or incurred in connection with the abatement or control of hazardous substances at a qualified contaminated site.

"(2) SPECIAL RULE FOR EXPENDITURES FOR DEPRECIABLE PROPERTY.—Such term shall not include any expenditure for the acquisition of property of a character subject to the allowance for depreciation which is used in connection with the abatement or control of hazardous substances at a qualified contaminated site; except that the portion of the allowance under section 167 for such property which is otherwise allocated to such site shall be treated as a qualified environmental remediation expenditure.

"(c) QUALIFIED CONTAMINATED SITE.—For purposes of this section—

"(1) QUALIFIED CONTAMINATED SITE.—

"(A) IN GENERAL.—The term 'qualified contaminated site' means any area—

"(i) which is held by the taxpayer for use in a trade or business or for the production of income, or which is property described in section 1221(1) in the hands of the taxpayer,

"(ii) which is within a targeted area, and

"(iii) at or on which there has been a release (or threat of release) or disposal of any hazardous substance.

"(B) TAXPAYER MUST RECEIVE STATEMENT FROM STATE ENVIRONMENTAL AGENCY.—An area shall be treated as a qualified contaminated site with respect to expenditures paid or incurred during any taxable year only if the taxpayer receives a statement from the appropriate agency of the State in which such area is located that such area meets the requirements of clauses (ii) and (iii) of subparagraph (A).

"(C) APPROPRIATE STATE AGENCY.—For purposes of subparagraph (B), the chief executive officer of each State may, in consultation with the Administrator of the Environmental Protection Agency, designate the appropriate State environmental agency within 60 days of the date of the enactment of this section. If the chief executive officer of a State has not designated an appropriate State environmental agency within such 60-day period, the appropriate environmental agency for such State shall be designated by the Administrator of the Environmental Protection Agency.

"(2) TARGETED AREA.—

"(A) IN GENERAL.—The term 'targeted area' means—

"(i) any population census tract with a poverty rate of not less than 20 percent,

"(ii) a population census tract with a population of less than 2,000 if—

"(I) more than 75 percent of such tract is zoned for commercial or industrial use, and

"(II) such tract is contiguous to 1 or more other population census tracts which meet the requirement of clause (i) without regard to this clause,

"(iii) any empowerment zone or enterprise community (and any supplemental zone designated on December 21, 1994), and

"(iv) any site announced before February 1, 1997, as being included as a brownfields pilot project of the Environmental Protection Agency.

"(B) NATIONAL PRIORITIES LISTED SITES NOT INCLUDED.—Such term shall not include any site which is on, or proposed for, the national priorities list under section 105(a)(8)(B) of the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (as in effect on the date of the enactment of this section).

"(C) CERTAIN RULES TO APPLY.—For purposes of this paragraph the rules of sections 1392(b)(4) and 1393(a)(9) shall apply.

"(d) HAZARDOUS SUBSTANCE.—For purposes of this section—

"(1) IN GENERAL.—The term 'hazardous substance' means—

"(A) any substance which is a hazardous substance as defined in section 101(14) of the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, and

"(B) any substance which is designated as a hazardous substance under section 102 of such Act.

"(2) EXCEPTION.—Such term shall not include any substance with respect to which a removal or remedial action is not permitted under section 104 of such Act by reason of subsection (a)(3) thereof.

"(e) DEDUCTION RECAPTURED AS ORDINARY INCOME ON SALE, ETC.—Solely for purposes of section 1245, in the case of property to which a qualified environmental remediation expenditure would have been capitalized but for this section—

"(1) the deduction allowed by this section for such expenditure shall be treated as a deduction for depreciation, and

"(2) such property (if not otherwise section 1245 property) shall be treated as section 1245 property solely for purposes of applying section 1245 to such deduction.

"(f) COORDINATION WITH OTHER PROVISIONS.—Sections 280B and 468 shall not apply to amounts which are treated as expenses under this section.

"(g) REGULATIONS.—The Secretary shall prescribe such regulations as may be necessary or appropriate to carry out the purposes of this section.

"(h) TERMINATION.—This section shall not apply to expenditures paid or incurred after December 31, 2000.".

(b) CLERICAL AMENDMENT.—The table of sections for part VI of subchapter B of chapter 1 is amended by adding at the end the following new item:

"Sec. 198. Expensing of environmental remediation costs.".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to expenditures paid or incurred after the date of the enactment of this Act, in taxable years ending after such date.

Subtitle F—Empowerment Zones, Enterprise Communities, Brownfields, and Community Development Financial Institutions

CHAPTER 1—ADDITIONAL EMPOWERMENT ZONES

SEC. 951. ADDITIONAL EMPOWERMENT ZONES.

(a) IN GENERAL.—Paragraph (2) of section 1391(b) (relating to designations of empowerment zones and enterprise communities) is amended—

(1) by striking "9" and inserting "11",

(2) by striking "6" and inserting "8", and

(3) by striking "750,000" and inserting "1,000,000".

(b) SPECIAL RULES FOR APPLICATION OF EMPLOYMENT CREDIT.—Subsection (b) of section 1396 (relating to empowerment zone employment credit) is amended—

(1) by striking so much of the subsection as precedes the table and inserting the following:

"(b) APPLICABLE PERCENTAGE.—For purposes of this section—

"(1) IN GENERAL.—Except as provided in paragraph (2), the term 'applicable percentage' means the percentage determined in accordance with the following table:", and

(2) by adding at the end the following new paragraph:

"(2) SPECIAL RULE.—With respect to each empowerment zone designated pursuant to the amendments made by the Taxpayer Relief Act of 1997 to section 1391(b)(2), the following table shall apply in lieu of the table in paragraph (1):

"In the case of wages paid or incurred during calendar year—	**The applicable percentage is:**
2000 through 2004	20
2005	15
2006	10
2007	5."

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect on the date of the enactment of this Act, except that designations of new empowerment zones made pursuant to such amendments shall be made during the 180-day period beginning on the date of the enactment of this Act. No designation pursuant to such amendments shall take effect before January 1, 2000.

CHAPTER 2—NEW EMPOWERMENT ZONES

SEC. 952. DESIGNATION OF NEW EMPOWERMENT ZONES.

(a) IN GENERAL.—Section 1391 (relating to designation procedure for empowerment zones and enterprise communities) is amended by adding at the end the following new subsection:

"(g) ADDITIONAL DESIGNATIONS PERMITTED.—

"(1) IN GENERAL.—In addition to the areas designated under subsection (a), the appropriate Secretaries may designate in the aggregate an additional 20 nominated areas as empowerment zones under this section, subject to the availability of eligible nominated areas. Of that number, not more than 15 may be designated in urban areas and not more than 5 may be designated in rural areas.

"(2) PERIOD DESIGNATIONS MAY BE MADE AND TAKE EFFECT.—A designation may be made under this subsection after the date of the enactment of this subsection and before January 1, 1999.

"(3) MODIFICATIONS TO ELIGIBILITY CRITERIA, ETC.—

"(A) POVERTY RATE REQUIREMENT.—

"(i) IN GENERAL.—A nominated area shall be eligible for designation under this subsection only if the poverty rate for each population census tract within the nominated area is not less than 20 percent and the poverty rate for at least 90 percent of the population census tracts within the nominated area is not less than 25 percent.

"(ii) TREATMENT OF CENSUS TRACTS WITH SMALL POPULATIONS.—A population census tract with a population of less than 2,000 shall be treated as having a poverty rate of not less than 25 percent if—

"(I) more than 75 percent of such tract is zoned for commercial or industrial use, and

"(II) such tract is contiguous to 1 or more other population census tracts which have a poverty rate of not less than 25 percent (determined without regard to this clause).

"(iii) EXCEPTION FOR DEVELOPABLE SITES.—Clause (i) shall not apply to up to 3 noncontiguous parcels in a nominated area which may be developed for commercial or industrial purposes. The aggregate area of noncontiguous parcels to which the preceding sentence applies with respect to any nominated area shall not exceed 2,000 acres.

"(iv) CERTAIN PROVISIONS NOT TO APPLY.—Section 1392(a)(4) (and so much of paragraphs (1) and (2) of section 1392(b) as relate to section 1392(a)(4)) shall not apply to an area nominated for designation under this subsection.

"(v) SPECIAL RULE FOR RURAL EMPOWERMENT ZONE.—The Secretary of Agriculture may designate not more than 1 empowerment zone in a rural area without regard to clause (i) if such area satisfies emigration criteria specified by the Secretary of Agriculture.

"(B) SIZE LIMITATION.—

"(i) IN GENERAL.—The parcels described in subparagraph (A)(iii) shall not be taken into account in determining whether the requirement of subparagraph (A) or (B) of section 1392(a)(3) is met.

"(ii) SPECIAL RULE FOR RURAL AREAS.—If a population census tract (or equivalent division under section 1392(b)(4)) in a rural area exceeds 1,000 square miles or includes a substantial amount of land owned by the Federal, State, or local government, the nominated area may exclude such excess square mileage or governmentally owned land and the exclusion of that area will not be treated as violating the continuous boundary requirement of section 1392(a)(3)(B).

"(C) AGGREGATE POPULATION LIMITATION.—The aggregate population limitation under the last sentence of subsection (b)(2) shall not apply to a designation under paragraph (1)(B).

"(D) PREVIOUSLY DESIGNATED ENTERPRISE COMMUNITIES MAY BE INCLUDED.—Subsection (e)(5) shall not apply to any enterprise community designated under subsection (a) that is also nominated for designation under this subsection.

"(E) INDIAN RESERVATIONS MAY BE NOMINATED.—

"(i) IN GENERAL.—Section 1393(a)(4) shall not apply to an area nominated for designation under this subsection.

"(ii) SPECIAL RULE.—An area in an Indian reservation shall be treated as nominated by a State and a local government if it is nominated by the reservation governing body (as determined by the Secretary of Interior)."

(b) EMPLOYMENT CREDIT NOT TO APPLY TO NEW EMPOWERMENT ZONES.—Section 1396 (relating to empowerment zone employment credit) is amended by adding at the end the following new subsection:

"(e) CREDIT NOT TO APPLY TO EMPOWERMENT ZONES DESIGNATED UNDER SECTION 1391(g).—This section shall be applied without regard to any empowerment zone designated under section 1391(g)."

(c) INCREASED EXPENSING UNDER SECTION 179 NOT TO APPLY IN DEVELOPABLE SITES.—Section 1397A (relating to increase in expensing under section 179) is amended by adding at the end the following new subsection:

"(c) LIMITATION.—For purposes of this section, qualified zone property shall not include any property substantially all of the use of which is in any parcel described in section 1391(g)(3)(A)(iii)."

(d) CONFORMING AMENDMENTS.—

(1) Subsections (e) and (f) of section 1391 are each amended by striking "subsection (a)" and inserting "this section".

(2) Section 1391(c) is amended by striking "this section" and inserting "subsection (a)".

SEC. 953. VOLUME CAP NOT TO APPLY TO ENTERPRISE ZONE FACILITY BONDS WITH RESPECT TO NEW EMPOWERMENT ZONES.

(a) IN GENERAL.—Section 1394 (relating to tax-exempt enterprise zone facility bonds) is amended by adding at the end the following new subsection:

"(f) BONDS FOR EMPOWERMENT ZONES DESIGNATED UNDER SECTION 1391(g).—

"(1) IN GENERAL.—In the case of a new empowerment zone facility bond—

"(A) such bond shall not be treated as a private activity bond for purposes of section 146, and

"(B) subsection (c) of this section shall not apply.

"(2) LIMITATION ON AMOUNT OF BONDS.—

"(A) IN GENERAL.—Paragraph (1) shall apply to a new empowerment zone facility bond only if such bond is designated for purposes of this subsection by the local government which nominated the area to which such bond relates.

"(B) LIMITATION ON BONDS DESIGNATED.—The aggregate face amount of bonds which may be designated under subparagraph (A) with respect to any empowerment zone shall not exceed—

"(i) $60,000,000 if such zone is in a rural area,

"(ii) $130,000,000 if such zone is in an urban area and the zone has a population of less than 100,000, and

"(iii) $230,000,000 if such zone is in an urban area and the zone has a population of at least 100,000.

"(C) SPECIAL RULES.—

"(i) COORDINATION WITH LIMITATION IN SUBSECTION (C).—Bonds to which paragraph (1) applies shall not be taken into account in applying the limitation of subsection (c) to other bonds.

"(ii) CURRENT REFUNDING NOT TAKEN INTO ACCOUNT.—In the case of a refunding (or series of refundings) of a bond designated under this paragraph, the refunding obligation shall be treated as designated under this paragraph (and shall not be taken into account in applying subparagraph (B)) if—

"(I) the amount of the refunding bond does not exceed the outstanding amount of the refunded bond, and

"(II) the refunded bond is redeemed not later than 90 days after the date of issuance of the refunding bond.

"(3) NEW EMPOWERMENT ZONE FACILITY BOND.—For purposes of this subsection, the term 'new empowerment zone facility bond' means any bond which would be described in subsection (a) if only empowerment zones designated under section 1391(g) were taken into account under sections 1397B and 1397C."

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to obligations issued after the date of the enactment of this Act.

SEC. 954. MODIFICATION TO ELIGIBILITY CRITERIA FOR DESIGNATION OF FUTURE ENTERPRISE ZONES IN ALASKA OR HAWAII.

Section 1392 (relating to eligibility criteria) is amended by adding at the end the following new subsection:

"(d) SPECIAL ELIGIBILITY FOR NOMINATED AREAS LOCATED IN ALASKA OR HAWAII.—A nominated area in Alaska or Hawaii shall be treated as meeting the requirements of paragraphs (2), (3), and (4) of subsection (a) if for each census tract or block group within such area 20 percent or more of the families have income which is 50 percent or less of the statewide median family income (as determined under section 143).".

CHAPTER 3—TREATMENT OF EMPOWERMENT ZONES AND ENTERPRISE COMMUNITIES

SEC. 955. MODIFICATIONS TO ENTERPRISE ZONE FACILITY BOND RULES FOR ALL EMPOWERMENT ZONES AND ENTERPRISE COMMUNITIES.

(a) MODIFICATIONS RELATING TO ENTERPRISE ZONE BUSINESS.—Paragraph (3) of section 1394(b) (defining enterprise zone business) is amended to read as follows:

"(3) ENTERPRISE ZONE BUSINESS.—

"(A) IN GENERAL.—Except as modified in this paragraph, the term 'enterprise zone business' has the meaning given such term by section 1397B.

"(B) MODIFICATIONS.—In applying section 1397B for purposes of this section—

"(i) BUSINESSES IN ENTERPRISE COMMUNITIES ELIGIBLE.—References in section 1397B to empowerment zones shall be treated as including references to enterprise communities.

"(ii) WAIVER OF REQUIREMENTS DURING STARTUP PERIOD.—A business shall not fail to be treated as an enterprise zone business during the startup period if—

"(I) as of the beginning of the startup period, it is reasonably expected that such business will be an enterprise zone business (as defined in section 1397B as modified by this paragraph) at the end of such period, and

"(II) such business makes bona fide efforts to be such a business.

"(iii) REDUCED REQUIREMENTS AFTER TESTING PERIOD.—A business shall not fail to be treated as an enterprise zone business for any taxable year beginning after the testing period by reason of failing to meet any requirement of subsection (b) or (c) of section 1397B if at least 35 percent of the employees of such business for such year are residents of an empowerment zone or an enterprise community. The preceding sentence shall not apply to any business which is not a qualified business by reason of paragraph (1), (4), or (5) of section 1397B(d).

"(C) DEFINITIONS RELATING TO SUBPARAGRAPH (B).—For purposes of subparagraph (B)—

"(i) STARTUP PERIOD.—The term 'startup period' means, with respect to any property being provided for any business, the period before the first taxable year beginning more than 2 years after the later of—

"(I) the date of issuance of the issue providing such property, or

"(II) the date such property is first placed in service after such issuance (or, if earlier, the date which is 3 years after the date described in subclause (I)).

"(ii) TESTING PERIOD.—The term 'testing period' means the first 3 taxable years beginning after the startup period.

"(D) PORTIONS OF BUSINESS MAY BE ENTERPRISE ZONE BUSINESS.—The term 'enterprise zone business' includes any trades or businesses which would qualify as an enterprise zone business (determined after the modifications of subparagraph (B)) if such trades or businesses were separately incorporated."

(b) MODIFICATIONS RELATING TO QUALIFIED ZONE PROPERTY.—Paragraph (2) of section 1394(b) (defining qualified zone property) is amended to read as follows:

"(2) QUALIFIED ZONE PROPERTY.—The term 'qualified zone property' has the meaning given such term by section 1397C; except that—

"(A) the references to empowerment zones shall be treated as including references to enterprise communities, and

"(B) section 1397C(a)(2) shall be applied by substituting 'an amount equal to 15 percent of the adjusted basis' for 'an amount equal to the adjusted basis'."

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to obligations issued after the date of the enactment of this Act.

SEC. 956. MODIFICATIONS TO ENTERPRISE ZONE BUSINESS DEFINITION FOR ALL EMPOWERMENT ZONES AND ENTERPRISE COMMUNITIES.

(a) IN GENERAL.—Section 1397B (defining enterprise zone business) is amended—

(1) by striking "80 percent" in subsections (b)(2) and (c)(1) and inserting "50 percent",

(2) by striking "substantially all" each place it appears in subsections (b) and (c) and inserting "a substantial portion",

(3) by striking ", and exclusively related to," in subsections (b)(4) and (c)(3),

(4) by adding at the end of subsection (d)(2) the following new flush sentence:

"For purposes of subparagraph (B), the lessor of the property may rely on a lessee's certification that such lessee is an enterprise zone business.",

(5) by striking "substantially all" in subsection (d)(3) and inserting "at least 50 percent", and

(6) by adding at the end the following new subsection:

"(f) TREATMENT OF BUSINESSES STRADDLING CENSUS TRACT LINES.—For purposes of this section, if—

"(1) a business entity or proprietorship uses real property located within an empowerment zone,

"(2) the business entity or proprietorship also uses real property located outside the empowerment zone,

"(3) the amount of real property described in paragraph (1) is substantial compared to the amount of real property described in paragraph (2), and

"(4) the real property described in paragraph (2) is contiguous to part or all of the real property described in paragraph (1),

then all the services performed by employees, all business activities, all tangible property, and all intangible property of the business entity or proprietorship that occur in or is located on the real property described in paragraphs (1) and (2) shall be treated as occurring or situated in an empowerment zone."

(b) EFFECTIVE DATES.—

(1) IN GENERAL.—The amendments made by this section shall apply to taxable years beginning on or after the date of the enactment of this Act.

(2) SPECIAL RULE FOR ENTERPRISE ZONE FACILITY BONDS.—For purposes of section 1394(b) of the Internal Revenue Code of 1986, the amendments made by this section shall apply to obligations issued after the date of the enactment of this Act.

Subtitle G—Other Provisions

SEC. 961. USE OF ESTIMATES OF SHRINKAGE FOR INVENTORY ACCOUNTING.

(a) IN GENERAL.—Section 471 (relating to general rule for inventories) is amended by redesignating subsection (b) as subsection (c) and by inserting after subsection (a) the following new subsection:

"(b) ESTIMATES OF INVENTORY SHRINKAGE PERMITTED.—A method of determining inventories shall not be treated as failing to clearly reflect income solely because it utilizes estimates of inventory shrinkage that are confirmed by a physical count only after the last day of the taxable year if—

"(1) the taxpayer normally does a physical count of inventories at each location on a regular and consistent basis, and

"(2) the taxpayer makes proper adjustments to such inventories and to its estimating methods to the extent such estimates are greater than or less than the actual shrinkage.".

(b) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendment made by this section shall apply to taxable years ending after the date of the enactment of this Act.

(2) COORDINATION WITH SECTION 481.—In the case of any taxpayer permitted by this section to change its method of accounting to a permissible method for any taxable year—

(A) such changes shall be treated as initiated by the taxpayer,

(B) such changes shall be treated as made with the consent of the Secretary of the Treasury, and

(C) the period for taking into account the adjustments under section 481 by reason of such change shall be 4 years.

SEC. 962. ASSIGNMENT OF WORKMEN'S COMPENSATION LIABILITY ELIGIBLE FOR EXCLUSION RELATING TO PERSONAL INJURY LIABILITY ASSIGNMENTS.

(a) IN GENERAL.—Subsection (c) of section 130 (relating to certain personal injury liability assignments) is amended—

(1) by inserting ", or as compensation under any workmen's compensation act," after "(whether by suit or agreement)" in the material preceding paragraph (1),

(2) by inserting "or the workmen's compensation claim," after "agreement," in paragraph (1), and

(3) by striking "section 104(a)(2)" in paragraph (2)(D) and inserting "paragraph (1) or (2) of section 104(a)".

(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall apply to claims under workmen's compensation acts filed after the date of the enactment of this Act.

SEC. 963. TAX-EXEMPT STATUS FOR CERTAIN STATE WORKER'S COMPENSATION ACT COMPANIES.

(a) IN GENERAL.—Section 501(c)(27) (relating to membership organizations under workmen's compensation acts) is amended by adding at the end the following:

"(B) Any organization (including a mutual insurance company) if—

"(i) such organization is created by State law and is organized and operated under State law exclusively to—

"(I) provide workmen's compensation insurance which is required by State law or with respect to which State law provides significant disincentives if such insurance is not purchased by an employer, and

"(II) provide related coverage which is incidental to workmen's compensation insurance,

"(ii) such organization must provide workmen's compensation insurance to any employer in the State (for employees in the State or temporarily assigned out-of-State) which seeks such insurance and meets other reasonable requirements relating thereto,

"(iii)(I) the State makes a financial commitment with respect to such organization either by extending the full faith and credit of the State to the initial debt of such organization or by providing the initial operating capital of such organization, and (II) in the case of periods after the date of enactment of this subparagraph, the assets of such organization revert to the State upon dissolution or State law does not permit the dissolution of such organization, and

"(iv) the majority of the board of directors or oversight body of such organization are appointed by the chief executive officer or other executive branch official of the State, by the State legislature, or by both.".

(b) CONFORMING AMENDMENTS.—Section 501(c)(27) is amended by inserting "(A)" after "(27)", by redesignating subparagraphs (A), (B), and (C) as clauses (i), (ii), and (iii), respectively, and by redesignating clauses (i) and (ii) of subparagraphs (B) and (C) (before redesignation) as subclauses (I) and (II), respectively.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1997.

SEC. 964. ELECTION FOR 1987 PARTNERSHIPS TO CONTINUE EXCEPTION FROM TREATMENT OF PUBLICLY TRADED PARTNERSHIPS AS CORPORATIONS.

(a) IN GENERAL.—Section 7704 is amended by adding at the end the following new subsection:

"(g) EXCEPTION FOR ELECTING 1987 PARTNERSHIPS.—

"(1) IN GENERAL.—Subsection (a) shall not apply to an electing 1987 partnership.

"(2) ELECTING 1987 PARTNERSHIP.—For purposes of this subsection, the term 'electing 1987 partnership' means any publicly traded partnership if—

"(A) such partnership is an existing partnership (as defined in section 10211(c)(2) of the Revenue Reconciliation Act of 1987),

"(B) subsection (a) has not applied (and without regard to subsection (c)(1) would not have applied) to such partnership for all prior taxable years beginning after December 31, 1987, and before January 1, 1998, and

"(C) such partnership elects the application of this subsection, and consents to the application of the tax imposed by paragraph (3), for its first taxable year beginning after December 31, 1997.

A partnership which, but for this sentence, would be treated as an electing 1987 partnership shall cease to be so treated (and the election under subparagraph (C) shall cease to be in effect) as of the 1st day after December 31, 1997, on which there has been an addition of a substantial new line of business with respect to such partnership.

"(3) ADDITIONAL TAX ON ELECTING PARTNERSHIPS.—

"(A) IMPOSITION OF TAX.—There is hereby imposed for each taxable year on the income of each electing 1987 partnership a tax equal to 3.5 percent of such partnership's gross income for the taxable year from the active conduct of trades and businesses by the partnership.

"(B) ADJUSTMENTS IN THE CASE OF TIERED PARTNERSHIPS.—For purposes of this paragraph, in the case of a partnership which is a partner in another partnership, the gross income referred to in subparagraph (A) shall include the partnership's distributive share of the gross income of such other partnership from the active conduct of trades and businesses of such other partnership. A similar rule shall apply in the case of lower-tiered partnerships.

"(C) TREATMENT OF TAX.—For purposes of this title, the tax imposed by this paragraph shall be treated as imposed by chapter 1 other than for purposes of determining the amount of any credit allowable under chapter 1.

"(4) ELECTION.—An election and consent under this subsection shall apply to the taxable year for which made and all subsequent taxable years unless revoked by the partnership. Such revocation may be made without the consent of the Secretary, but, once so revoked, may not be reinstated.".

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 1997.

SEC. 965. EXCLUSION FROM UNRELATED BUSINESS TAXABLE INCOME FOR CERTAIN SPONSORSHIP PAYMENTS.

(a) IN GENERAL.—Section 513 (relating to unrelated trade or business income) is amended by adding at the end the following new subsection:

"(i) TREATMENT OF CERTAIN SPONSORSHIP PAYMENTS.—

"(1) IN GENERAL.—The term 'unrelated trade or business' does not include the activity of soliciting and receiving qualified sponsorship payments.

"(2) QUALIFIED SPONSORSHIP PAYMENTS.—For purposes of this subsection—

"(A) IN GENERAL.—The term 'qualified sponsorship payment' means any payment made by any person engaged in a trade or business with respect to which there is no arrangement or expectation that such person will receive any substantial return benefit other than the use or acknowledgement of the name or logo (or product lines) of such person's trade or business in connection with the activities of the organization that receives such payment. Such a use or acknowledgement does not include advertising such person's products or services (including messages containing qualitative or comparative language, price information, or other indications of savings or value, an endorsement, or an inducement to purchase, sell, or use such products or services).

"(B) LIMITATIONS.—

"(i) CONTINGENT PAYMENTS.—The term 'qualified sponsorship payment' does not include any payment if the amount of such payment is contingent upon the level of attendance at one or more events, broadcast ratings, or other factors indicating the degree of public exposure to one or more events.

"(ii) SAFE HARBOR DOES NOT APPLY TO PERIODICALS AND QUALIFIED CONVENTION AND TRADE SHOW ACTIVITIES.—The term 'qualified sponsorship payment' does not include—

"(I) any payment which entitles the payor to the use or acknowledgement of the name or logo (or product lines) of the payor's trade or business in regularly scheduled and printed material published by or on behalf of the payee organization that is not related to and primarily distributed in connection with a specific event conducted by the payee organization, or

"(II) any payment made in connection with any qualified convention or trade show activity (as defined in subsection (d)(3)(B)).

"(3) ALLOCATION OF PORTIONS OF SINGLE PAYMENT.—For purposes of this subsection, to the extent that a portion of a payment would (if made as a separate payment) be a qualified sponsorship payment, such portion of such payment and the other portion of such payment shall be treated as separate payments.".

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to payments solicited or received after December 31, 1997.

SEC. 966. ASSOCIATIONS OF HOLDERS OF TIMESHARE INTERESTS TO BE TAXED LIKE OTHER HOMEOWNERS ASSOCIATIONS.

(a) TIMESHARE ASSOCIATIONS INCLUDED AS HOMEOWNER ASSOCIATIONS.—

(1) IN GENERAL.—Paragraph (1) of section 528(c) (defining homeowners association) is amended—

(A) by striking "or a residential real estate management association" and inserting ", a residential real estate management association, or a timeshare association" in the material preceding subparagraph (A),

(B) by striking "or" at the end of clause (i) of subparagraph (B), by striking the period at the end of clause (ii) of subparagraph (B) and inserting ", or", and by adding at the end of subparagraph (B) the following new clause:

"(iii) owners of timeshare rights to use, or timeshare ownership interests in, association property in the case of a timeshare association,", and

(C) by inserting "and, in the case of a timeshare association, for activities provided to or on behalf of members of the association" before the comma at the end of subparagraph (C).

(2) TIMESHARE ASSOCIATION DEFINED.—Subsection (c) of section 528 is amended by redesignating paragraph (4) as paragraph (5) and by inserting after paragraph (3) the following new paragraph:

"(4) TIMESHARE ASSOCIATION.—The term 'timeshare association' means any organization (other than a condominium management association) meeting the requirement of subparagraph (A) of paragraph (1) if any member thereof holds a timeshare right to use, or a timeshare ownership interest in, real property constituting association property.".

(b) EXEMPT FUNCTION INCOME.—Paragraph (3) of section 528(d) is amended by striking "or" at the end of subparagraph (A), by striking the period at the end of subparagraph (B) and inserting ", or", and by adding at the end the following new subparagraph:

"(C) owners of timeshare rights to use, or timeshare ownership interests in, real property in the case of a timeshare association.".

(c) ASSOCIATION PROPERTY.—Paragraph (5) of section 528(c), as redesignated by subsection (a)(2), is amended by adding at the end the following new flush sentence:

"In the case of a timeshare association, such term includes property in which the timeshare association, or members of the association, have rights arising out of recorded easements, covenants, or other recorded instruments to use property related to the timeshare project.".

(d) RATE OF TAX.—Subsection (b) of section 528 (relating to certain homeowners associations) is amended by inserting before the period "(32 percent of such income in the case of a timeshare association)".

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1996.

SEC. 967. ADDITIONAL ADVANCE REFUNDING OF CERTAIN VIRGIN ISLAND BONDS.

Subclause (I) of section 149(d)(3)(A)(i) of the Internal Revenue Code of 1986 shall not apply to the second advance refunding of any issue of the Virgin Islands which was first advance refunded before June 9, 1997, if the debt provisions of the refunding bonds are changed to repeal the priority first lien requirement of the refunded bonds.

SEC. 968. NONRECOGNITION OF GAIN ON SALE OF STOCK TO CERTAIN FARMERS' COOPERATIVES.

(a) IN GENERAL.—Section 1042 (relating to sales of stock to employee stock ownership plans or certain cooperatives) is amended by adding at the end the following new subsection:

"(g) APPLICATION OF SECTION TO SALES OF STOCK IN AGRICULTURAL REFINERS AND PROCESSORS TO ELIGIBLE FARM COOPERATIVES.—

"(1) IN GENERAL.—This section shall apply to the sale of stock of a qualified refiner or processor to an eligible farmers' cooperative.

"(2) QUALIFIED REFINER OR PROCESSOR.—For purposes of this subsection, the term 'qualified refiner or processor' means a domestic corporation—

"(A) substantially all of the activities of which consist of the active conduct of the trade or business of refining or processing agricultural or horticultural products, and

"(B) which, during the 1-year period ending on the date of the sale, purchases more than one-half of such products to be refined or processed from—

"(i) farmers who make up the eligible farmers' cooperative which is purchasing stock in the corporation in a transaction to which this subsection is to apply, or

"(ii) such cooperative.

"(3) ELIGIBLE FARMERS' COOPERATIVE.—For purposes of this section, the term 'eligible farmers' cooperative' means an organization to which part I of subchapter T applies and which is engaged in the marketing of agricultural or horticultural products.

"(4) SPECIAL RULES.—In applying this section to a sale to which paragraph (1) applies—

"(A) the eligible farmers' cooperative shall be treated in the same manner as a cooperative described in subsection (b)(1)(B),

"(B) subsection (b)(2) shall be applied by substituting '100 percent' for '30 percent' each place it appears,

"(C) the determination as to whether any stock in the domestic corporation is a qualified security shall be made without regard to whether the stock is an employer security or to subsection (c)(1)(A), and

"(D) paragraphs (2)(D) and (7) of subsection (c) shall not apply.".

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to sales after December 31, 1997.

SEC. 969. INCREASED DEDUCTIBILITY OF BUSINESS MEAL EXPENSES FOR INDIVIDUALS SUBJECT TO FEDERAL HOURS OF SERVICE.

(a) IN GENERAL.—Section 274(n) (relating to only 50 percent of meal and entertainment expenses allowed as deduction) is amended by adding at the end the following new paragraph:

"(3) SPECIAL RULE FOR INDIVIDUALS SUBJECT TO FEDERAL HOURS OF SERVICE.—

"(A) IN GENERAL.—In the case of any expenses for food or beverages consumed while away from home (within the meaning of section 162(a)(2)) by an individual during, or incident to, the period of duty subject to the hours of service limitations of the Department of Transportation, paragraph (1) shall be applied by substituting 'the applicable percentage' for '50 percent'.

"(B) APPLICABLE PERCENTAGE.—For purposes of this paragraph, the term 'applicable percentage' means the percentage determined under the following table:

"For taxable years beginning in calendar year—	***The applicable percentage is—***
1998 or 1999	*55*
2000 or 2001	*60*
2002 or 2003	*65*
2004 or 2005	*70*
2006 or 2007	*75*
2008 or thereafter	*80.".*

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to taxable years beginning after December 31, 1997.

SEC. 970. CLARIFICATION OF DE MINIMIS FRINGE BENEFIT RULES TO NO-CHARGE EMPLOYEE MEALS.

(a) IN GENERAL.—Paragraph (2) of section 132(e) (defining de minimis fringe) is amended by adding at the end the following new sentence: "For purposes of subparagraph (B), an employee entitled under section 119 to exclude the value of a meal provided at such facility shall be treated as having paid an amount for such meal equal to the direct operating costs of the facility attributable to such meal.".

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 1997.

SEC. 971. EXEMPTION OF THE INCREMENTAL COST OF A CLEAN FUEL VEHICLE FROM THE LIMITS ON DEPRECIATION FOR VEHICLES.

(a) IN GENERAL.—Section 280F(a)(1) (relating to limiting depreciation on luxury automobiles) is amended by adding at the end the following new subparagraph:

"(C) SPECIAL RULE FOR CERTAIN CLEAN-FUEL PASSENGER AUTOMOBILES.—

"(i) MODIFIED AUTOMOBILES.—In the case of a passenger automobile which is propelled by a fuel which is not a clean-burning fuel and to which is installed qualified clean-fuel vehicle property (as defined in section 179A(c)(1)(A)) for purposes of permitting such vehicle to be propelled by a clean burning fuel (as defined in section 179A(e)(1)), subparagraph (A) shall not apply to the cost of the installed qualified clean burning vehicle property.

"(ii) PURPOSE BUILT PASSENGER VEHICLES.—In the case of a purpose built passenger vehicle (as defined in section 4001(a)(2)(C)(ii)), each of the annual limitations specified in subparagraph (A) shall be tripled.".

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to property placed in service after the date of enactment of this Act and before January 1, 2005.

SEC. 972. TEMPORARY SUSPENSION OF TAXABLE INCOME LIMIT ON PERCENTAGE DEPLETION FOR MARGINAL PRODUCTION.

(a) IN GENERAL.—Paragraph (6) of section 613A(c) is amended by adding at the end the following new subparagraph:

"(H) TEMPORARY SUSPENSION OF TAXABLE INCOME LIMIT WITH RESPECT TO MARGINAL PRODUCTION.—The second sentence of subsection (a) of section 613 shall not apply to so much of the allowance for depletion as is determined under subparagraph (A) for any taxable year beginning after December 31, 1997, and before January 1, 2000.".

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to taxable years beginning after December 31, 1997.

SEC. 973. INCREASE IN STANDARD MILEAGE RATE EXPENSE DEDUCTION FOR CHARITABLE USE OF PASSENGER AUTOMOBILE.

(a) IN GENERAL.—Section 170(i) (relating to standard mileage rate for use of passenger automobile) is amended to read as follows:

"(i) STANDARD MILEAGE RATE FOR USE OF PASSENGER AUTOMOBILE.—For purposes of computing the deduction under this section for use of a passenger automobile, the standard mileage rate shall be 14 cents per mile.".

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to taxable years beginning after December 31, 1997.

SEC. 974. CLARIFICATION OF TREATMENT OF CERTAIN RECEIVABLES PURCHASED BY COOPERATIVE HOSPITAL SERVICE ORGANIZATIONS.

(a) IN GENERAL.—Subparagraph (A) of section 501(e)(1) is amended by inserting "(including the purchase of patron accounts receivable on a recourse basis)" after "billing and collection".

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to taxable years beginning after December 31, 1996.

SEC. 975. DEDUCTION IN COMPUTING ADJUSTED GROSS INCOME FOR EXPENSES IN CONNECTION WITH SERVICE PERFORMED BY CERTAIN OFFICIALS.

(a) IN GENERAL.—Paragraph (2) of section 62(a) (defining adjusted gross income) is amended by adding at the end the following new subparagraph:

"(C) CERTAIN EXPENSES OF OFFICIALS.—The deductions allowed by section 162 which consist of expenses paid or incurred with respect to services performed by an official as an employee of a State or a political subdivision thereof in a position compensated in whole or in part on a fee basis.".

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to expenses paid or incurred in taxable years beginning after December 31, 1986.

SEC. 976. COMBINED EMPLOYMENT TAX REPORTING DEMONSTRATION PROJECT.

(a) IN GENERAL.—The Secretary of the Treasury shall provide for a demonstration project to assess the feasibility and desirability of expanding combined Federal and State tax reporting.

(b) DESCRIPTION OF DEMONSTRATION PROJECT.—The demonstration project under subsection (a) shall be—

(1) carried out between the Internal Revenue Service and the State of Montana for a period ending with the date which is 5 years after the date of the enactment of this Act,

(2) limited to the reporting of employment taxes, and

(3) limited to the disclosure of the taxpayer identity (as defined in section 6103(b)(6) of such Code) and the signature of the taxpayer.

(c) CONFORMING AMENDMENT.—Section 6103(d) is amended by adding at the end the following new paragraph:

"(5) DISCLOSURE FOR CERTAIN COMBINED REPORTING PROJECT.—The Secretary shall disclose taxpayer identities and signatures for purposes of the demonstration project described in section 967 of the Taxpayer Relief Act of 1997.".

SEC. 977. ELECTIVE CARRYBACK OF EXISTING CARRYOVERS OF NATIONAL RAILROAD PASSENGER CORPORATION.

(a) ELECTIVE CARRYBACK.—

(1) IN GENERAL.—If the National Railroad Passenger Corporation (in this section referred to as the "Corporation")—

(A) makes an election under this section for its first taxable year ending after September 30, 1997, and

(B) agrees to the conditions specified in paragraph (2),

then the Corporation shall be treated as having made a payment of the tax imposed by chapter 1 of the Internal Revenue Code of 1986 for such first taxable year and the succeeding taxable year in an amount (for each such taxable year) equal to 50 percent of the amount determined under paragraph (3). Each such payment shall be treated as having been made by the Corporation on the last day prescribed by law (without regard to extensions) for filing its return of tax under chapter 1 of such Code for the taxable year to which such payment relates.

(2) CONDITIONS.—

(A) IN GENERAL.—This section shall only apply to the Corporation if it agrees (in such manner as the Secretary of the Treasury or his delegate may prescribe) to—

(i) except as provided in clause (ii), use any refund of the payment described in paragraph (1) (and any interest thereon) solely to finance qualified expenses of the Corporation, and

(ii) make the payments to non-Amtrak States as described in subsection (c).

(B) REPAYMENT.—

(i) IN GENERAL.—The Corporation shall repay to the United States any amount not used in accordance with this paragraph and any amount remaining unused as of January 1, 2010.

(ii) SPECIAL RULES.—For purposes of clause (i)—

(I) no amount shall be treated as remaining unused as of January 1, 2010, if it is obligated as of such date for a qualified expense, and

(II) the Corporation shall not be treated as failing to meet the requirements of clause (i) by reason of investing any amount for a temporary period.

(3) AMOUNT.—For purposes of paragraph (1)—

(A) IN GENERAL.—The amount determined under this paragraph shall be the lesser of—

(i) 35 percent of the Corporation's existing qualified carryovers, or

(ii) the Corporation's net tax liability for the carryback period.

(B) DOLLAR LIMIT.—Such amount shall not exceed $2,323,000,000.

(b) EXISTING QUALIFIED CARRYOVERS; NET TAX LIABILITY.—For purposes of this section—

(1) EXISTING QUALIFIED CARRYOVERS.—The term "existing qualified carryovers" means the aggregate of the amounts which are net operating loss carryovers under section 172(b) of the Internal Revenue Code of 1986 to the Corporation's first taxable year ending after September 30, 1997.

(2) NET TAX LIABILITY FOR CARRYBACK PERIOD.—

(A) IN GENERAL.—The Corporation's net tax liability for the carryback period is the aggregate of the net tax liability of the Corporation's railroad predecessors for taxable years in the carryback period.

(B) NET TAX LIABILITY.—The term "net tax liability" means, with respect to any taxable year, the amount of the tax imposed by chapter 1 of the Internal Revenue Code of 1986 (or any corresponding provision of prior law) for such taxable year, reduced by the sum of the credits allowable against such tax under such Code (or any corresponding provision of prior law).

(C) CARRYBACK PERIOD.—The term "carryback period" means the period—

(i) which begins with the first taxable year of any railroad predecessor beginning before January 1, 1971, for which there is a net tax liability, and

(ii) which ends with the last taxable year of any railroad predecessor beginning before January 1, 1971.

(3) RAILROAD PREDECESSOR.—

(A) IN GENERAL.—The term "railroad predecessor" means—

(i) any railroad which entered into a contract under section 401 or 404(a) of the Rail Passenger Service Act of 1970 relieving the railroad of its entire responsibility for the provision of intercity rail passenger service, and

(ii) any predecessor thereof.

(B) Consolidated Returns.—If any railroad described in subparagraph (A) was a member of an affiliated group which filed a consolidated return for any taxable year in the carryback period, each member of such group shall be treated as a railroad predecessor for such year.

(c) Payments to Non-Amtrak States.—

(1) In general.—Within 30 days after receipt of any refund of any payment described in subsection (a)(1), the Corporation shall pay to each non-Amtrak State an amount equal to 1 percent of the amount of such refund.

(2) Use of payment.—Each non-Amtrak State shall use the payment described in paragraph (1) (and any interest thereon) solely to finance qualified expenses of the State.

(3) Repayment.—A non-Amtrak State shall pay to the United States—

(A) any portion of the payment received by the State under paragraph (1) (and any interest thereon) which is used for a purpose other than to finance qualified expenses of the State or which remains unused as of January 1, 2010, or

(B) if such State ceases to be a non-Amtrak State, the portion of such payment (and any interest thereon) remaining as of the date of the cessation.

Rules similar to the rules of subsection (a)(2)(B) shall apply for purposes of this paragraph.

(d) Tax Consequences.—

(1) Reduction in carryovers.—If the Corporation elects the application of this section, the Corporation's existing qualified carryovers shall be reduced by an amount equal to the amount determined under subsection (a)(3) divided by 0.35.

(2) Reduction in tax paid by railroad predecessors.—

(A) In general.—The Secretary of the Treasury or his delegate shall appropriately adjust the tax account of each railroad predecessor to reduce the net tax liability of such predecessor for taxable years beginning in the carryback period which is offset by reason of the application of this section.

(B) FIFO ordering rule.—The Secretary shall make the adjustments under subparagraph (A) first for the earliest year in the carryback period and then for each subsequent year in such period.

(C) No effect on other taxpayers.—In no event shall any taxpayer other than the Corporation be allowed a refund or credit by reason of this section.

(D) Waiver of limitations.—If the adjustment under subparagraph (A) is barred by the operation of any law or rule of law, such law or rule of law shall be waived solely for purposes of making such adjustment.

(3) Tax treatment of expenditures.—With respect to any payment by the Corporation of qualified expenses described in subsection (e)(1)(A) during any taxable year from the amount of any refund of the payment described in subsection (a)(1)—

(A) no deduction shall be allowed to the Corporation with respect to any amount paid or incurred which is attributable to such amount, and

(B) the basis of any property shall be reduced by the portion of the cost of such property which is attributable to such amount.

(4) Payments to a non-Amtrak state.—No deduction shall be allowed to the Corporation under chapter 1 of the Internal Revenue Code of 1986 for any payment to a non-Amtrak State required under subsection (a)(2)(A)(ii).

(e) Definitions.—For purposes of this section—

(1) Qualified expenses.—The term "qualified expenses" means expenses incurred for—

(A) in the case of the Corporation—

(i) the acquisition of equipment, rolling stock, and other capital improvements, the upgrading of maintenance facilities, and the maintenance of existing equipment, in intercity passenger rail service, and

(ii) the payment of interest and principal on obligations incurred for such acquisition, upgrading, and maintenance, and

(B) in the case of a non-Amtrak State—

(i) the acquisition of equipment, rolling stock, and other capital improvements, the upgrading of maintenance facilities, and the maintenance of existing equipment, in intercity passenger rail service,

(ii) the acquisition of equipment, rolling stock, and other capital improvements, the upgrading of maintenance facilities, and the maintenance of existing equipment, in intercity bus service,

(iii) the purchase of intercity passenger rail services from the Corporation, and

(iv) the payment of interest and principal on obligations incurred for such acquisition, upgrading, maintenance, and purchase.

In the case of a non-Amtrak State which provides its own intercity passenger rail service on the date of the enactment of this paragraph, subparagraph (B) shall be applied by only taking into account clauses (i) and (iv).

(2) Non-amtrak state.—The term "non-Amtrak State" means, with respect to any payment, any State which does not receive intercity passenger rail service from the Corporation at any time during the period beginning on the date of the enactment of this Act and ending on the date of the payment.

(f) Authorizing Reform Required.—

(1) In general.—The Secretary of the Treasury shall not make payment of any refund of any payment described in subsection (a)(1) earlier than the date of the enactment of Federal legislation, other than legislation included in this section, which is enacted after July 29, 1997, and which authorizes reforms of the National Railroad Passenger Corporation.

(2) No interest.—Notwithstanding any other provision of law, if the payment of any refund is delayed by reason of paragraph (1), no interest shall accrue with respect to such payment prior to the 45th day following the date of the enactment of Federal legislation described in paragraph (1).

(3) Estimate of revenue.—For purposes of estimating revenues under budget reconciliation, the impact of this section on Federal revenues shall be determined without regard to this subsection.

Subtitle H—Extension of Duty-Free Treatment Under Generalized System of Preferences

SEC. 981. GENERALIZED SYSTEM OF PREFERENCES.

(a) Extension of Duty-Free Treatment Under System.—Section 505 of the Trade Act of 1974 (19 U.S.C. 2465) is amended by striking "May 31, 1997" and inserting "June 30, 1998".

(b) Retroactive Application for Certain Liquidations and Reliquidations.—

(1) In general.—Notwithstanding section 514 of the Tariff Act of 1930 or any other provision of law and subject to paragraph (2), the entry—

(A) of any article to which duty-free treatment under title V of the Trade Act of 1974 would have applied if the entry had been made on May 31, 1997, and

(B) that was made after May 31, 1997, and before the date of the enactment of this Act,

shall be liquidated or reliquidated as free of duty, and the Secretary of the Treasury shall refund any duty paid with respect to such entry. As used in this subsection, the term "entry" includes a withdrawal from warehouse for consumption.

(2) Requests.—Liquidation or reliquidation may be made under paragraph (1) with respect to an entry only if a request therefor is filed with the Customs Service, within 180 days after the date of the enactment of this Act, that contains sufficient information to enable the Customs Service—

(A) to locate the entry; or

(B) to reconstruct the entry if it cannot be located.

TITLE X—REVENUES

Subtitle A—Financial Products

SEC. 1001. CONSTRUCTIVE SALES TREATMENT FOR APPRECIATED FINANCIAL POSITIONS.

(a) In General.—Part IV of subchapter P of chapter 1 is amended by adding at the end the following new section:

"SEC. 1259. CONSTRUCTIVE SALES TREATMENT FOR APPRECIATED FINANCIAL POSITIONS.

"(a) In General.—If there is a constructive sale of an appreciated financial position—

"(1) the taxpayer shall recognize gain as if such position were sold, assigned, or otherwise terminated at its fair market value on the date of such constructive sale (and any gain shall be taken into account for the taxable year which includes such date), and

"(2) for purposes of applying this title for periods after the constructive sale—

"(A) proper adjustment shall be made in the amount of any gain or loss subsequently realized with respect to such position for any gain taken into account by reason of paragraph (1), and

"(B) the holding period of such position shall be determined as if such position were originally acquired on the date of such constructive sale.

"(b) Appreciated Financial Position.—For purposes of this section—

"(1) In general.—Except as provided in paragraph (2), the term 'appreciated financial position' means any position with respect to any stock, debt instrument, or partnership interest if there would be gain were such position sold, assigned, or otherwise terminated at its fair market value.

"(2) Exceptions.—The term 'appreciated financial position' shall not include—

"(A) any position with respect to debt if—

"(i) the debt unconditionally entitles the holder to receive a specified principal amount,

"(ii) the interest payments (or other similar amounts) with respect to such debt meet the requirements of clause (i) of section 860G(a)(1)(B), and

"(iii) such debt is not convertible (directly or indirectly) into stock of the issuer or any related person, and

"(B) any position which is marked to market under any provision of this title or the regulations thereunder.

"(3) Position.—The term 'position' means an interest, including a futures or forward contract, short sale, or option.

"(c) Constructive Sale.—For purposes of this section—

"(1) In general.—A taxpayer shall be treated as having made a constructive sale of an appreciated financial position if the taxpayer (or a related person)—

"(A) enters into a short sale of the same or substantially identical property,

"(B) enters into an offsetting notional principal contract with respect to the same or substantially identical property,

"(C) enters into a futures or forward contract to deliver the same or substantially identical property,

"(D) in the case of an appreciated financial position that is a short sale or a contract described in subparagraph (B) or (C) with respect to any property, acquires the same or substantially identical property, or

"(E) to the extent prescribed by the Secretary in regulations, enters into 1 or more other transactions (or acquires 1 or more positions) that have substantially the same effect as a transaction described in any of the preceding subparagraphs.

"(2) EXCEPTION FOR SALES OF NONPUBLICLY TRADED PROPERTY.—The term 'constructive sale' shall not include any contract for sale of any stock, debt instrument, or partnership interest which is not a marketable security (as defined in section 453(f)) if the contract settles within 1 year after the date such contract is entered into.

"(3) EXCEPTION FOR CERTAIN CLOSED TRANSACTIONS.—

"(A) IN GENERAL.—In applying this section, there shall be disregarded any transaction (which would otherwise be treated as a constructive sale) during the taxable year if—

"(i) such transaction is closed before the end of the 30th day after the close of such taxable year,

"(ii) the taxpayer holds the appreciated financial position throughout the 60-day period beginning on the date such transaction is closed, and

"(iii) at no time during such 60-day period is the taxpayer's risk of loss with respect to such position reduced by reason of a circumstance which would be described in section 246(c)(4) if references to stock included references to such position.

"(B) TREATMENT OF POSITIONS WHICH ARE REESTABLISHED.—If—

"(i) a transaction, which would otherwise be treated as a constructive sale of an appreciated financial position, is closed during the taxable year or during the 30 days thereafter, and

"(ii) another substantially similar transaction is entered into during the 60-day period beginning on the date the transaction referred to in clause (i) is closed—

"(I) which also would otherwise be treated as a constructive sale of such position,

"(II) which is closed before the 30th day after the close of the taxable year in which the transaction referred to in clause (i) occurs, and

"(III) which meets the requirements of clauses (ii) and (iii) of subparagraph (A),

the transaction referred to in clause (ii) shall be disregarded for purposes of determining whether the requirements of subparagraph (A)(iii) are met with respect to the transaction described in clause (i).

"(4) RELATED PERSON.—A person is related to another person with respect to a transaction if—

"(A) the relationship is described in section 267(b) or 707(b), and

"(B) such transaction is entered into with a view toward avoiding the purposes of this section.

"(d) OTHER DEFINITIONS.—For purposes of this section—

"(1) FORWARD CONTRACT.—The term 'forward contract' means a contract to deliver a substantially fixed amount of property for a substantially fixed price.

"(2) OFFSETTING NOTIONAL PRINCIPAL CONTRACT.—The term 'offsetting notional principal contract' means, with respect to any property, an agreement which includes—

"(A) a requirement to pay (or provide credit for) all or substantially all of the investment yield (including appreciation) on such property for a specified period, and

"(B) a right to be reimbursed for (or receive credit for) all or substantially all of any decline in the value of such property.

"(e) SPECIAL RULES.—

"(1) TREATMENT OF SUBSEQUENT SALE OF POSITION WHICH WAS DEEMED SOLD.—If—

"(A) there is a constructive sale of any appreciated financial position,

"(B) such position is subsequently disposed of, and

"(C) at the time of such disposition, the transaction resulting in the constructive sale of such position is open with respect to the taxpayer or any related person,

solely for purposes of determining whether the taxpayer has entered into a constructive sale of any other appreciated financial position held by the taxpayer, the taxpayer shall be treated as entering into such transaction immediately after such disposition. For purposes of the preceding sentence, an assignment or other termination shall be treated as a disposition.

"(2) CERTAIN TRUST INSTRUMENTS TREATED AS STOCK.—For purposes of this section, an interest in a trust which is actively traded (within the meaning of section 1092(d)(1)) shall be treated as stock unless substantially all (by value) of the property held by the trust is debt described in subsection (b)(2)(A).

"(3) MULTIPLE POSITIONS IN PROPERTY.—If a taxpayer holds multiple positions in property, the determination of whether a specific transaction is a constructive sale and, if so, which appreciated financial position is deemed sold shall be made in the same manner as actual sales.

"(f) REGULATIONS.—The Secretary shall prescribe such regulations as may be necessary or appropriate to carry out the purposes of this section.".

(b) ELECTION OF MARK TO MARKET FOR DEALERS IN COMMODITIES AND FOR TRADERS IN SECURITIES OR COMMODITIES.—Section 475 (relating to mark to market accounting method for dealers in securities) is amended by redesignating subsection (e) as subsection (g) and by inserting after subsection (d) the following new subsections:

"(e) ELECTION OF MARK TO MARKET FOR DEALERS IN COMMODITIES.—

"(1) IN GENERAL.—In the case of a dealer in commodities who elects the application of this subsection, this section shall apply to commodities held by such dealer in the same manner as this section applies to securities held by a dealer in securities.

"(2) COMMODITY.—For purposes of this subsection and subsection (f), the term 'commodity' means—

"(A) any commodity which is actively traded (within the meaning of section 1092(d)(1));

"(B) any notional principal contract with respect to any commodity described in subparagraph (A);

"(C) any evidence of an interest in, or a derivative instrument in, any commodity described in subparagraph (A) or (B), including any option, forward contract, futures contract, short position, and any similar instrument in such a commodity; and

"(D) any position which—

"(i) is not a commodity described in subparagraph (A), (B), or (C),

"(ii) is a hedge with respect to such a commodity, and

"(iii) is clearly identified in the taxpayer's records as being described in this subparagraph before the close of the day on which it was acquired or entered into (or such other time as the Secretary may by regulations prescribe).

"(3) ELECTION.—An election under this subsection may be made without the consent of the Secretary. Such an election, once made, shall apply to the taxable year for which made and all subsequent taxable years unless revoked with the consent of the Secretary.

"(f) ELECTION OF MARK TO MARKET FOR TRADERS IN SECURITIES OR COMMODITIES.—

"(1) TRADERS IN SECURITIES.—

"(A) IN GENERAL.—In the case of a person who is engaged in a trade or business as a trader in securities and who elects to have this paragraph apply to such trade or business—

"(i) such person shall recognize gain or loss on any security held in connection with such trade or business at the close of any taxable year as if such security were sold for its fair market value on the last business day of such taxable year, and

"(ii) any gain or loss shall be taken into account for such taxable year.

Proper adjustment shall be made in the amount of any gain or loss subsequently realized for gain or loss taken into account under the preceding sentence. The Secretary may provide by regulations for the application of this subparagraph at times other than the times provided in this subparagraph.

"(B) EXCEPTION.—Subparagraph (A) shall not apply to any security—

"(i) which is established to the satisfaction of the Secretary as having no connection to the activities of such person as a trader, and

"(ii) which is clearly identified in such person's records as being described in clause (i) before the close of the day on which it was acquired, originated, or entered into (or such other time as the Secretary may by regulations prescribe).

If a security ceases to be described in clause (i) at any time after it was identified as such under clause (ii), subparagraph (A) shall apply to any changes in value of the security occurring after the cessation.

"(C) COORDINATION WITH SECTION 1259.—Any security to which subparagraph (A) applies and which was acquired in the normal course of the taxpayer's activities as a trader in securities shall not be taken into account in applying section 1259 to any position to which subparagraph (A) does not apply.

"(D) OTHER RULES TO APPLY.—Rules similar to the rules of subsections (b)(4) and (d) shall apply to securities held by a person in any trade or business with respect to which an election under this paragraph is in effect.

"(2) TRADERS IN COMMODITIES.—In the case of a person who is engaged in a trade or business as a trader in commodities and who elects to have this paragraph apply to such trade or business, paragraph (1) shall apply to commodities held by such trader in connection with such trade or business in the same manner as paragraph (1) applies to securities held by a trader in securities.

"(3) ELECTION.—The elections under paragraphs (1) and (2) may be made separately for each trade or business and without the consent of the Secretary. Such an election, once made, shall apply to the taxable year for which made and all subsequent taxable years unless revoked with the consent of the Secretary.".

(c) CLERICAL AMENDMENT.—The table of sections for part IV of subchapter P of chapter 1 is amended by adding at the end the following new item:

"Sec. 1259. Constructive sales treatment for appreciated financial positions.".

(d) EFFECTIVE DATES.—

(1) IN GENERAL.—Except as otherwise provided in this subsection, the amendments made by this section shall apply to any constructive sale after June 8, 1997.

(2) EXCEPTION FOR SALES OF POSITIONS, ETC. HELD BEFORE JUNE 9, 1997.—If—

(A) before June 9, 1997, the taxpayer entered into any transaction which is a constructive sale of any appreciated financial position, and

(B) before the close of the 30-day period beginning on the date of the enactment of this Act or before such later date as may be specified by the Secretary of the Treasury, such transaction and position are clearly identified in the taxpayer's records as offsetting,

such transaction and position shall not be taken into account in determining whether any other constructive sale after June 8, 1997, has occurred. The preceding sentence shall cease to *apply as of the date such transaction is closed or the taxpayer ceases to hold such position.*

(3) SPECIAL RULE.—In the case of a decedent dying after June 8, 1997, if—

(A) there was a constructive sale on or before such date of any appreciated financial position,

(B) the transaction resulting in such constructive sale of such position remains open (with respect to the decedent or any related person)—

(i) for not less than 2 years after the date of such transaction (whether such period is before or after June 8, 1997), and

(ii) at any time during the 3-year period ending on the date of the decedent's death, and

(C) such transaction is not closed within the 30-day period beginning on the date of the enactment of this Act,

then, for purposes of such Code, such position (and the transaction resulting in such constructive sale) shall be treated as property constituting rights to receive an item of income in respect of a decedent under section 691 of such Code. Section 1014(c) of such Code shall not apply to so much of such position's or property's value (as included in the decedent's estate for purposes of chapter 11 of such Code) as exceeds its fair market value as of the date such transaction is closed.

(4) ELECTION OF MARK TO MARKET BY SECURITIES TRADERS AND TRADERS AND DEALERS IN COMMODITIES.—

(A) IN GENERAL.—The amendments made by subsection (b) shall apply to taxable years ending after the date of the enactment of this Act.

(B) 4-YEAR SPREAD OF ADJUSTMENTS.—In the case of a taxpayer who elects under subsection (e) or (f) of section 475 of the Internal Revenue Code of 1986 (as added by this section) to change its method of accounting for the taxable year which includes the date of the enactment of this Act—

(i) any identification required under such subsection with respect to securities and commodities held on the date of the enactment of this Act shall be treated as timely made if made on or before the 30th day after such date of enactment, and

(ii) the net amount of the adjustments required to be taken into account by the taxpayer under section 481 of such Code shall be taken into account ratably over the 4-taxable year period beginning with such first taxable year.

SEC. 1002. LIMITATION ON EXCEPTION FOR INVESTMENT COMPANIES UNDER SECTION 351.

(a) IN GENERAL.—Paragraph (1) of section 351(e) (relating to exceptions) is amended by adding at the end the following: "For purposes of the preceding sentence, the determination of whether a company is an investment company shall be made—

"(A) by taking into account all stock and securities held by the company, and

"(B) by treating as stock and securities—

"(i) money,

"(ii) stocks and other equity interests in a corporation, evidences of indebtedness, options, forward or futures contracts, notional principal contracts and derivatives,

"(iii) any foreign currency,

"(iv) any interest in a real estate investment trust, a common trust fund, a regulated investment company, a publicly-traded partnership (as defined in section 7704(b)) or any other equity interest (other than in a corporation) which pursuant to its terms or any other arrangement is readily convertible into, or exchangeable for, any asset described in any preceding clause, this clause or clause (v) or (viii),

"(v) except to the extent provided in regulations prescribed by the Secretary, any interest in a precious metal, unless such metal is used or held in the active conduct of a trade or business after the contribution,

"(vi) except as otherwise provided in regulations prescribed by the Secretary, interests in any entity if substantially all of the assets of such entity consist (directly or indirectly) of any assets described in any preceding clause or clause (viii),

"(vii) to the extent provided in regulations prescribed by the Secretary, any interest in any entity not described in clause (vi), but only to the extent of the value of such interest that is attributable to assets listed in clauses (i) through (v) or clause (viii), or

"(viii) any other asset specified in regulations prescribed by the Secretary.

The Secretary may prescribe regulations that, under appropriate circumstances, treat any asset described in clauses (i) through (v) as not so listed.".

(b) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendment made by subsection (a) shall apply to transfers after June 8, 1997, in taxable years ending after such date.

(2) BINDING CONTRACTS.—The amendment made by subsection (a) shall not apply to any transfer pursuant to a written binding contract in effect on June 8, 1997, and at all times thereafter before such transfer if such contract provides for the transfer of a fixed amount of property.

SEC. 1003. GAINS AND LOSSES FROM CERTAIN TERMINATIONS WITH RESPECT TO PROPERTY.

(a) APPLICATION OF CAPITAL TREATMENT TO PROPERTY OTHER THAN PERSONAL PROPERTY.—

(1) IN GENERAL.—Paragraph (1) of section 1234A (relating to gains and losses from certain terminations) is amended by striking "personal property (as defined in section 1092(d)(1))" and inserting "property".

(2) EFFECTIVE DATE.—The amendment made by paragraph (1) shall apply to terminations more than 30 days after the date of the enactment of this Act.

(b) TREATMENT OF SHORT SALES OF PROPERTY WHICH BECOMES SUBSTANTIALLY WORTHLESS.—

(1) IN GENERAL.—Section 1233 is amended by adding at the end the following new subsection:

"(h) SHORT SALES OF PROPERTY WHICH BECOMES SUBSTANTIALLY WORTHLESS.—

"(1) IN GENERAL.—If—

"(A) the taxpayer enters into a short sale of property, and

"(B) such property becomes substantially worthless,

the taxpayer shall recognize gain in the same manner as if the short sale were closed when the property becomes substantially worthless. To the extent provided in regulations prescribed by the Secretary, the preceding sentence also shall apply with respect to any option with respect to property, any offsetting notional principal contract with respect to property, any futures or forward contract to deliver any property, and any other similar transaction.

"(2) STATUTE OF LIMITATIONS.—If property becomes substantially worthless during a taxable year and any short sale of such property remains open at the time such property becomes substantially worthless, then—

"(A) the statutory period for the assessment of any deficiency attributable to any part of the gain on such transaction shall not expire before the earlier of—

"(i) the date which is 3 years after the date the Secretary is notified by the taxpayer (in such manner as the Secretary may by regulations prescribe) of the substantial worthlessness of such property, or

"(ii) the date which is 6 years after the date the return for such taxable year is filed, and

"(B) such deficiency may be assessed before the date applicable under subparagraph (A) notwithstanding the provisions of any other law or rule of law which would otherwise prevent such assessment.".

(2) EFFECTIVE DATE.—The amendment made by paragraph (1) shall apply to property which becomes substantially worthless after the date of the enactment of this Act.

(c) APPLICATION OF CAPITAL TREATMENT, ETC. TO OBLIGATIONS ISSUED BY NATURAL PERSONS.—

(1) IN GENERAL.—Section 1271(b) is amended to read as follows:

"(b) EXCEPTION FOR CERTAIN OBLIGATIONS.—

"(1) IN GENERAL.—This section shall not apply to—

"(A) any obligation issued by a natural person before June 9, 1997, and

"(B) any obligation issued before July 2, 1982, by an issuer which is not a corporation and is not a government or political subdivision thereof.

"(2) TERMINATION.—Paragraph (1) shall not apply to any obligation purchased (within the meaning of section 1272(d)(1)) after June 8, 1997.".

(2) EFFECTIVE DATE.—The amendment made by paragraph (1) shall apply to sales, exchanges, and retirements after the date of enactment of this Act.

SEC. 1004. DETERMINATION OF ORIGINAL ISSUE DISCOUNT WHERE POOLED DEBT OBLIGATIONS SUBJECT TO ACCELERATION.

(a) IN GENERAL.—Subparagraph (C) of section 1272(a)(6) (relating to debt instruments to which the paragraph applies) is amended by striking "or" at the end of clause (i), by striking the period at the end of clause (ii) and inserting ", or", and by inserting after clause (ii) the following:

"(iii) any pool of debt instruments the yield on which may be affected by reason of prepayments (or to the extent provided in regulations, by reason of other events).

To the extent provided in regulations prescribed by the Secretary, in the case of a small business engaged in the trade or business of selling tangible personal property at retail, clause (iii) shall not apply to debt instruments incurred in the ordinary course of such trade or business while held by such business.".

(b) EFFECTIVE DATES.—

(1) IN GENERAL.—The amendment made by this section shall apply to taxable years beginning after the date of the enactment of this Act.

(2) CHANGE IN METHOD OF ACCOUNTING.—In the case of any taxpayer required by this section to change its method of accounting for its first taxable year beginning after the date of the enactment of this Act—

(A) such change shall be treated as initiated by the taxpayer,

(B) such change shall be treated as made with the consent of the Secretary of the Treasury, and

(C) the net amount of the adjustments required to be taken into account by the taxpayer under section 481 of the Internal Revenue Code of 1986 shall be taken into account ratably over the 4-taxable year period beginning with such first taxable year.

SEC. 1005. DENIAL OF INTEREST DEDUCTIONS ON CERTAIN DEBT INSTRUMENTS.

(a) IN GENERAL.—Section 163 (relating to deduction for interest), as amended by title V, is amended by redesignating subsection (l) as subsection (m) and by inserting after subsection (k) the following new subsection:

"(l) DISALLOWANCE OF DEDUCTION ON CERTAIN DEBT INSTRUMENTS OF CORPORATIONS.—

"(1) IN GENERAL.—No deduction shall be allowed under this chapter for any interest paid or accrued on a disqualified debt instrument.

"(2) DISQUALIFIED DEBT INSTRUMENT.—For purposes of this subsection, the term 'disqualified debt instrument' means any indebtedness of a corporation which is payable in equity of the issuer or a related party.

"(3) SPECIAL RULES FOR AMOUNTS PAYABLE IN EQUITY.—For purposes of paragraph (2), indebtedness shall be treated as payable in equity of the issuer or a related party only if—

"(A) a substantial amount of the principal or interest is required to be paid or converted, or at the option of the issuer or a related party is payable in, or convertible into, such equity,

"(B) a substantial amount of the principal or interest is required to be determined, or at the option of the issuer or a related party is determined, by reference to the value of such equity, or

"(C) the indebtedness is part of an arrangement which is reasonably expected to result in a transaction described in subparagraph (A) or (B).

For purposes of this paragraph, principal or interest shall be treated as required to be so paid, converted, or determined if it may be required at the option of the holder or a related party and there is a substantial certainty the option will be exercised.

"(4) RELATED PARTY.—For purposes of this subsection, a person is a related party with respect to another person if such person bears a relationship to such other person described in section 267(b) or 707(b).

"(5) REGULATIONS.—The Secretary shall prescribe such regulations as may be necessary or appropriate to carry out the purposes of this subsection, including regulations preventing avoidance of this subsection through the use of an issuer other than a corporation.".

(b) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendment made by this section shall apply to disqualified debt instruments issued after June 8, 1997.

(2) TRANSITION RULE.—The amendment made by this section shall not apply to any instrument issued after June 8, 1997, if such instrument is—

(A) issued pursuant to a written agreement which was binding on such date and at all times thereafter,

(B) described in a ruling request submitted to the Internal Revenue Service on or before such date, or

(C) described on or before such date in a public announcement or in a filing with the Securities and Exchange Commission required solely by reason of the issuance.

Subtitle B—Corporate Organizations and Reorganizations

SEC. 1011. TAX TREATMENT OF CERTAIN EXTRAORDINARY DIVIDENDS.

(a) TREATMENT OF EXTRAORDINARY DIVIDENDS IN EXCESS OF BASIS.—Paragraph (2) of section 1059(a) (relating to corporate shareholder's recognition of gain attributable to nontaxed portion of extraordinary dividends) is amended to read as follows:

"(2) AMOUNTS IN EXCESS OF BASIS.—If the nontaxed portion of such dividends exceeds such basis, such excess shall be treated as gain from the sale or exchange of such stock for the taxable year in which the extraordinary dividend is received.".

(b) TREATMENT OF REDEMPTIONS WHERE OPTIONS INVOLVED.—Paragraph (1) of section 1059(e) (relating to treatment of partial liquidations and non-pro rata redemptions) is amended to read as follows:

"(1) TREATMENT OF PARTIAL LIQUIDATIONS AND CERTAIN REDEMPTIONS.—Except as otherwise provided in regulations—

"(A) REDEMPTIONS.—In the case of any redemption of stock—

"(i) which is part of a partial liquidation (within the meaning of section 302(e)) of the redeeming corporation,

"(ii) which is not pro rata as to all shareholders, or

"(iii) which would not have been treated (in whole or in part) as a dividend if any options had not been taken into account under section 318(a)(4),

any amount treated as a dividend with respect to such redemption shall be treated as an extraordinary dividend to which paragraphs (1) and (2) of subsection (a) apply without regard to the period the taxpayer held such stock. In the case of a redemption described in clause (iii), only the basis in the stock redeemed shall be taken into account under subsection (a).

"(B) REORGANIZATIONS, ETC.—An exchange described in section 356 which is treated as a dividend shall be treated as a redemption of stock for purposes of applying subparagraph (A).".

(c) TIME FOR REDUCTION.—Paragraph (1) of section 1059(d) is amended to read as follows:

"(1) TIME FOR REDUCTION.—Any reduction in basis under subsection (a)(1) shall be treated as occurring at the beginning of the ex-dividend date of the extraordinary dividend to which the reduction relates.".

(d) EFFECTIVE DATES.—

(1) IN GENERAL.—The amendments made by this section shall apply to distributions after May 3, 1995.

(2) TRANSITION RULE.—The amendments made by this section shall not apply to any distribution made pursuant to the terms of—

(A) a written binding contract in effect on May 3, 1995, and at all times thereafter before such distribution, or

(B) a tender offer outstanding on May 3, 1995.

(3) CERTAIN DIVIDENDS NOT PURSUANT TO CERTAIN REDEMPTIONS.—In determining whether the amendment made by subsection (a) applies to any extraordinary dividend other than a dividend treated as an extraordinary dividend under section 1059(e)(1) of the Internal Revenue Code of 1986 (as amended by this Act), paragraphs (1) and (2) shall be applied by substituting "September 13, 1995" for "May 3, 1995".

SEC. 1012. APPLICATION OF SECTION 355 TO DISTRIBUTIONS IN CONNECTION WITH ACQUISITIONS AND TO INTRAGROUP TRANSACTIONS.

(a) DISTRIBUTIONS IN CONNECTION WITH ACQUISITIONS.—Section 355 (relating to distributions of stock and securities of a controlled corporation) is amended by adding at the end the following new subsection:

"(e) RECOGNITION OF GAIN ON CERTAIN DISTRIBUTIONS OF STOCK OR SECURITIES IN CONNECTION WITH ACQUISITIONS.—

"(1) GENERAL RULE.—If there is a distribution to which this subsection applies, any stock or securities in the controlled corporation shall not be treated as qualified property for purposes of subsection (c)(2) of this section or section 361(c)(2).

"(2) DISTRIBUTIONS TO WHICH SUBSECTION APPLIES.—

"(A) IN GENERAL.—This subsection shall apply to any distribution—

"(i) to which this section (or so much of section 356 as relates to this section) applies, and

"(ii) which is part of a plan (or series of related transactions) pursuant to which 1 or more persons acquire directly or indirectly stock representing a 50-percent or greater interest in the distributing corporation or any controlled corporation.

"(B) PLAN PRESUMED TO EXIST IN CERTAIN CASES.—If 1 or more persons acquire directly or indirectly stock representing a 50-percent or greater interest in the distributing corporation or any controlled corporation during the 4-year period beginning on the date which is 2 years before the date of the distribution, such acquisition shall be treated as pursuant to a plan described in subparagraph (A)(ii) unless it is established that the distribution and the acquisition are not pursuant to a plan or series of related transactions.

"(C) CERTAIN PLANS DISREGARDED.—A plan (or series of related transactions) shall not be treated as described in subparagraph (A)(ii) if, immediately after the completion of such plan or transactions, the distributing corporation and all controlled corporations are members of a single affiliated group (as defined in section 1504 without regard to subsection (b) thereof).

"(D) COORDINATION WITH SUBSECTION (d).—This subsection shall not apply to any distribution to which subsection (d) applies.

"(3) SPECIAL RULES RELATING TO ACQUISITIONS.—

"(A) CERTAIN ACQUISITIONS NOT TAKEN INTO ACCOUNT.—Except as provided in regulations, the following acquisitions shall not be treated as described in paragraph (2)(A)(ii):

"(i) The acquisition of stock in any controlled corporation by the distributing corporation.

"(ii) The acquisition by a person of stock in any controlled corporation by reason of holding stock or securities in the distributing corporation.

"(iii) The acquisition by a person of stock in any successor corporation of the distributing corporation or any controlled corporation by reason of holding stock or securities in such distributing or controlled corporation.

"(iv) The acquisition of stock in a corporation if shareholders owning directly or indirectly stock possessing—

"(I) more than 50 percent of the total combined voting power of all classes of stock entitled to vote, and

"(II) more than 50 percent of the total value of shares of all classes of stock,

in the distributing corporation or any controlled corporation before such acquisition own directly or indirectly stock possessing such vote and value in such distributing or controlled corporation after such acquisition.

This subparagraph shall not apply to any acquisition if the stock held before the acquisition was acquired pursuant to a plan (or series of related transactions) described in paragraph (2)(A)(ii).

"(B) ASSET ACQUISITIONS.—Except as provided in regulations, for purposes of this subsection, if the assets of the distributing corporation or any controlled corporation are acquired by a successor corporation in a transaction described in subparagraph (A), (C), or (D) of section 368(a)(1) or any other transaction specified in regulations by the Secretary, the shareholders (immediately before the acquisition) of the corporation acquiring such assets shall be treated as acquiring stock in the corporation from which the assets were acquired.

"(4) DEFINITION AND SPECIAL RULES.—For purposes of this subsection—

"(A) 50-PERCENT OR GREATER INTEREST.—The term '50-percent or greater interest' has the meaning given such term by subsection (d)(4).

"(B) DISTRIBUTIONS IN TITLE 11 OR SIMILAR CASE.—Paragraph (1) shall not apply to any distribution made in a title 11 or similar case (as defined in section 368(a)(3)).

"(C) AGGREGATION AND ATTRIBUTION RULES.—

"(i) AGGREGATION.—The rules of paragraph (7)(A) of subsection (d) shall apply.

"(ii) ATTRIBUTION.—Section 318(a)(2) shall apply in determining whether a person holds stock or securities in any corporation. Except as provided in regulations, section 318(a)(2)(C) shall be applied without regard to the phrase '50 percent or more in value' for purposes of the preceding sentence.

"(D) SUCCESSORS AND PREDECESSORS.—For purposes of this subsection, any reference to a controlled corporation or a distributing corporation shall include a reference to any predecessor or successor of such corporation.

"(E) STATUTE OF LIMITATIONS.—If there is a distribution to which paragraph (1) applies—

“(i) the statutory period for the assessment of any deficiency attributable to any part of the gain recognized under this subsection by reason of such distribution shall not expire before the expiration of 3 years from the date the Secretary is notified by the taxpayer (in such manner as the Secretary may by regulations prescribe) that such distribution occurred, and

“(ii) such deficiency may be assessed before the expiration of such 3-year period notwithstanding the provisions of any other law or rule of law which would otherwise prevent such assessment.

“(5) REGULATIONS.—The Secretary shall prescribe such regulations as may be necessary to carry out the purposes of this subsection, including regulations—

“(A) providing for the application of this subsection where there is more than 1 controlled corporation,

“(B) treating 2 or more distributions as 1 distribution where necessary to prevent the avoidance of such purposes, and

“(C) providing for the application of rules similar to the rules of subsection (d)(6) where appropriate for purposes of paragraph (2)(B).”.

(b) SPECIAL RULES FOR CERTAIN INTRAGROUP TRANSACTIONS.—

(1) SECTION 355 NOT TO APPLY.—Section 355, as amended by subsection (a), is amended by adding at the end the following new subsection:

“(f) SECTION NOT TO APPLY TO CERTAIN INTRAGROUP DISTRIBUTIONS.—Except as provided in regulations, this section (or so much of section 356 as relates to this section) shall not apply to the distribution of stock from 1 member of an affiliated group (as defined in section 1504(a)) to another member of such group if such distribution is part of a plan (or series of related transactions) described in subsection (e)(2)(A)(ii) (determined after the application of subsection (e)).”.

(2) ADJUSTMENTS TO BASIS.—Section 358 (relating to basis to distributees) is amended by adding at the end the following new subsection:

“(g) ADJUSTMENTS IN INTRAGROUP TRANSACTIONS INVOLVING SECTION 355.—In the case of a distribution to which section 355 (or so much of section 356 as relates to section 355) applies and which involves the distribution of stock from 1 member of an affiliated group (as defined in section 1504(a) without regard to subsection (b) thereof) to another member of such group, the Secretary may, notwithstanding any other provision of this section, provide adjustments to the adjusted basis of any stock which—

“(1) is in a corporation which is a member of such group, and

“(2) is held by another member of such group, to appropriately reflect the proper treatment of such distribution.”.

(c) DETERMINATION OF CONTROL IN CERTAIN DIVISIVE TRANSACTIONS.—

(1) SECTION 351 TRANSACTIONS.—Section 351(c) (relating to special rule) is amended to read as follows:

“(c) SPECIAL RULES WHERE DISTRIBUTION TO SHAREHOLDERS.—In determining control for purposes of this section—

“(1) the fact that any corporate transferor distributes part or all of the stock in the corporation which it receives in the exchange to its shareholders shall not be taken into account, and

“(2) if the requirements of section 355 are met with respect to such distribution, the shareholders shall be treated as in control of such corporation immediately after the exchange if the shareholders own (immediately after the distribution) stock possessing—

“(A) more than 50 percent of the total combined voting power of all classes of stock of such corporation entitled to vote, and

“(B) more than 50 percent of the total value of shares of all classes of stock of such corporation.”.

(2) D REORGANIZATIONS.—Section 368(a)(2)(H) (relating to special rule for determining whether certain transactions are qualified under paragraph (1)(D)) is amended to read as follows:

“(H) SPECIAL RULES FOR DETERMINING WHETHER CERTAIN TRANSACTIONS ARE QUALIFIED UNDER PARAGRAPH (1)(D).—For purposes of determining whether a transaction qualifies under paragraph (1)(D)—

“(i) in the case of a transaction with respect to which the requirements of subparagraphs (A) and (B) of section 354(b)(1) are met, the term ‘control’ has the meaning given such term by section 304(c), and

“(ii) in the case of a transaction with respect to which the requirements of section 355 are met, the shareholders described in paragraph (1)(D) shall be treated as having control of the corporation to which the assets are transferred if such shareholders own (immediately after the distribution) stock possessing—

“(I) more than 50 percent of the total combined voting power of all classes of stock of such corporation entitled to vote, and

“(II) more than 50 percent of the total value of shares of all classes of stock of such corporation.”.

(d) EFFECTIVE DATES.—

(1) SECTION 355 RULES.—The amendments made by subsections (a) and (b) shall apply to distributions after April 16, 1997, pursuant to a plan (or series of related transactions) which involves an acquisition described in section 355(e)(2)(A)(ii) of the Internal Revenue Code of 1986 occurring after such date.

(2) DIVISIVE TRANSACTIONS.—The amendments made by subsection (c) shall apply to transfers after the date of the enactment of this Act.

(3) TRANSITION RULE.—The amendments made by this section shall not apply to any distribution pursuant to a plan (or series of related transactions) which involves an acquisition described in section 355(e)(2)(A)(ii) of the Internal Revenue Code of 1986 (or, in the case of the amendments made by subsection (c), any transfer) occurring after April 16, 1997, if such acquisition or transfer is—

(A) made pursuant to an agreement which was binding on such date and at all times thereafter,

(B) described in a ruling request submitted to the Internal Revenue Service on or before such date, or

(C) described on or before such date in a public announcement or in a filing with the Securities and Exchange Commission required solely by reason of the acquisition or transfer.

This paragraph shall not apply to any agreement, ruling request, or public announcement or filing unless it identifies the acquirer of the distributing corporation or any controlled corporation, or the transferee, whichever is applicable.

SEC. 1013. TAX TREATMENT OF REDEMPTIONS INVOLVING RELATED CORPORATIONS.

(a) STOCK PURCHASES BY RELATED CORPORATIONS.—The last sentence of section 304(a)(1) (relating to acquisition by related corporation other than subsidiary) is amended to read as follows: “To the extent that such distribution is treated as a distribution to which section 301 applies, the transferor and the acquiring corporation shall be treated in the same manner as if the transferor had transferred the stock so acquired to the acquiring corporation in exchange for stock of the acquiring corporation in a transaction to which section 351(a) applies, and then the acquiring corporation had redeemed the stock it was treated as issuing in such transaction.”.

(b) COORDINATION WITH SECTION 1059.—Clause (iii) of section 1059(e)(1)(A), as amended by this title, is amended to read as follows:

“(iii) which would not have been treated (in whole or in part) as a dividend if—

“(I) any options had not been taken into account under section 318(a)(4), or

“(II) section 304(a) had not applied,”.

(c) SPECIAL RULE FOR ACQUISITIONS BY FOREIGN CORPORATIONS.—Section 304(b) (relating to special rules for application of subsection (a)) is amended by adding at the end the following new paragraph:

“(5) ACQUISITIONS BY FOREIGN CORPORATIONS.—

“(A) IN GENERAL.—In the case of any acquisition to which subsection (a) applies in which the acquiring corporation is a foreign corporation, the only earnings and profits taken into account under paragraph (2)(A) shall be those earnings and profits—

“(i) which are attributable (under regulations prescribed by the Secretary) to stock of the acquiring corporation owned (within the meaning of section 958(a)) by a corporation or individual which is—

“(I) a United States shareholder (within the meaning of section 951(b)) of the acquiring corporation, and

“(II) the transferor or a person who bears a relationship to the transferor described in section 267(b) or 707(b), and

“(ii) which were accumulated during the period or periods such stock was owned by such person while the acquiring corporation was a controlled foreign corporation.

“(B) APPLICATION OF SECTION 1248.—For purposes of subparagraph (A), the rules of section 1248(d) shall apply except to the extent otherwise provided by the Secretary.

“(C) REGULATIONS.—The Secretary shall prescribe such regulations as are appropriate to carry out the purposes of this paragraph.”.

(d) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendments made by this section shall apply to distributions and acquisitions after June 8, 1997.

(2) TRANSITION RULE.—The amendments made by this section shall not apply to any distribution or acquisition after June 8, 1997, if such distribution or acquisition is—

(A) made pursuant to a written agreement which was binding on such date and at all times thereafter,

(B) described in a ruling request submitted to the Internal Revenue Service on or before such date, or

(C) described in a public announcement or filing with the Securities and Exchange Commission on or before such date.

SEC. 1014. CERTAIN PREFERRED STOCK TREATED AS BOOT.

(a) SECTION 351.—Section 351 (relating to transfer to corporation controlled by transferor) is amended by redesignating subsection (g) as subsection (h) and by inserting after subsection (f) the following new subsection:

“(g) NONQUALIFIED PREFERRED STOCK NOT TREATED AS STOCK.—

“(1) IN GENERAL.—In the case of a person who transfers property to a corporation and receives nonqualified preferred stock—

“(A) subsection (a) shall not apply to such transferor,

“(B) subsection (b) shall apply to such transferor, and

“(C) such nonqualified preferred stock shall be treated as other property for purposes of applying subsection (b).

“(2) NONQUALIFIED PREFERRED STOCK.—For purposes of paragraph (1)—

“(A) IN GENERAL.—The term ‘nonqualified preferred stock’ means preferred stock if—

“(i) the holder of such stock has the right to require the issuer or a related person to redeem or purchase the stock,

“(ii) the issuer or a related person is required to redeem or purchase such stock,

“(iii) the issuer or a related person has the right to redeem or purchase the stock and, as of

the issue date, it is more likely than not that such right will be exercised, or

"(iv) the dividend rate on such stock varies in whole or in part (directly or indirectly) with reference to interest rates, commodity prices, or other similar indices.

"(B) LIMITATIONS.—Clauses (i), (ii), and (iii) of subparagraph (A) shall apply only if the right or obligation referred to therein may be exercised within the 20-year period beginning on the issue date of such stock and such right or obligation is not subject to a contingency which, as of the issue date, makes remote the likelihood of the redemption or purchase.

"(C) EXCEPTIONS FOR CERTAIN RIGHTS OR OBLIGATIONS.—

"(i) IN GENERAL.—A right or obligation shall not be treated as described in clause (i), (ii), or (iii) of subparagraph (A) if—

"(I) it may be exercised only upon the death, disability, or mental incompetency of the holder, or

"(II) in the case of a right or obligation to redeem or purchase stock transferred in connection with the performance of services for the issuer or a related person (and which represents reasonable compensation), it may be exercised only upon the holder's separation from service from the issuer or a related person.

"(ii) EXCEPTION.—Clause (i)(I) shall not apply if the stock relinquished in the exchange, or the stock acquired in the exchange is in—

"(I) a corporation if any class of stock in such corporation or a related party is readily tradable on an established securities market or otherwise, or

"(II) any other corporation if such exchange is part of a transaction or series of transactions in which such corporation is to become a corporation described in subclause (I).

"(3) DEFINITIONS.—For purposes of this subsection—

"(A) PREFERRED STOCK.—The term 'preferred stock' means stock which is limited and preferred as to dividends and does not participate in corporate growth to any significant extent.

"(B) RELATED PERSON.—A person shall be treated as related to another person if they bear a relationship to such other person described in section 267(b) or 707(b).

"(4) REGULATIONS.—The Secretary may prescribe such regulations as may be necessary or appropriate to carry out the purposes of this subsection and sections 354(a)(2)(C), 355(a)(3)(D), and 356(e). The Secretary may also prescribe regulations, consistent with the treatment under this subsection and such sections, for the treatment of nonqualified preferred stock under other provisions of this title.".

(b) SECTION 354.—Paragraph (2) of section 354(a) (relating to exchanges of stock and securities in certain reorganizations) is amended by adding at the end the following new subparagraph:

"(C) NONQUALIFIED PREFERRED STOCK.—

"(i) IN GENERAL.—Nonqualified preferred stock (as defined in section 351(g)(2)) received in exchange for stock other than nonqualified preferred stock (as so defined) shall not be treated as stock or securities.

"(ii) RECAPITALIZATIONS OF FAMILY-OWNED CORPORATIONS.—

"(I) IN GENERAL.—Clause (i) shall not apply in the case of a recapitalization under section 368(a)(1)(E) of a family-owned corporation.

"(II) FAMILY-OWNED CORPORATION.—For purposes of this clause, except as provided in regulations, the term 'family-owned corporation' means any corporation which is described in clause (i) of section 447(d)(2)(C) throughout the 8-year period beginning on the date which is 5 years before the date of the recapitalization. For purposes of the preceding sentence, stock shall not be treated as owned by a family member during any period described in section 355(d)(6)(B).".

(c) SECTION 355.—Paragraph (3) of section 355(a) is amended by adding at the end the following new subparagraph:

"(D) NONQUALIFIED PREFERRED STOCK.—Nonqualified preferred stock (as defined in section 351(g)(2)) received in a distribution with respect to stock other than nonqualified preferred stock (as so defined) shall not be treated as stock or securities.".

(d) SECTION 356.—Section 356 is amended by redesignating subsections (e) and (f) as subsections (f) and (g), respectively, and by inserting after subsection (d) the following new subsection:

"(e) NONQUALIFIED PREFERRED STOCK TREATED AS OTHER PROPERTY.—For purposes of this section—

"(1) IN GENERAL.—Except as provided in paragraph (2), the term 'other property' includes nonqualified preferred stock (as defined in section 351(g)(2)).

"(2) EXCEPTION.—The term 'other property' does not include nonqualified preferred stock (as so defined) to the extent that, under section 354 or 355, such preferred stock would be permitted to be received without the recognition of gain.".

(e) CONFORMING AMENDMENTS.—

(1) Subparagraph (B) of section 354(a)(2) and subparagraph (C) of section 355(a)(3)(C) are each amended by inserting "(including nonqualified preferred stock, as defined in section 351(g)(2))" after "stock".

(2) Subparagraph (A) of section 354(a)(3) and subparagraph (A) of section 355(a)(4) are each amended by inserting "nonqualified preferred stock and" after "including".

(3) Section 1036 is amended by redesignating subsection (b) as subsection (c) and by inserting after subsection (a) the following new subsection:

"(b) NONQUALIFIED PREFERRED STOCK NOT TREATED AS STOCK.—For purposes of this section, nonqualified preferred stock (as defined in section 351(g)(2)) shall be treated as property other than stock.".

(f) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendments made by this section shall apply to transactions after June 8, 1997.

(2) TRANSITION RULE.—The amendments made by this section shall not apply to any transaction after June 8, 1997, if such transaction is—

(A) made pursuant to a written agreement which was binding on such date and at all times thereafter,

(B) described in a ruling request submitted to the Internal Revenue Service on or before such date, or

(C) described on or before such date in a public announcement or in a filing with the Securities and Exchange Commission required solely by reason of the transaction.

SEC. 1015. MODIFICATION OF HOLDING PERIOD APPLICABLE TO DIVIDENDS RECEIVED DEDUCTION.

(a) IN GENERAL.—Subparagraph (A) of section 246(c)(1) is amended to read as follows:

"(A) which is held by the taxpayer for 45 days or less during the 90-day period beginning on the date which is 45 days before the date on which such share becomes ex-dividend with respect to such dividend, or".

(b) CONFORMING AMENDMENTS.—

(1) Paragraph (2) of section 246(c) is amended to read as follows:

"(2) 90-DAY RULE IN THE CASE OF CERTAIN PREFERENCE DIVIDENDS.—In the case of stock having preference in dividends, if the taxpayer receives dividends with respect to such stock which are attributable to a period or periods aggregating in excess of 366 days, paragraph (1)(A) shall be applied—

"(A) by substituting '90 days' for '45 days' each place it appears, and

"(B) by substituting '180-day period' for '90-day period'.".

(2) Paragraph (3) of section 246(c) is amended by adding "and" at the end of subparagraph (A), by striking subparagraph (B), and by redesignating subparagraph (C) as subparagraph (B).

(c) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendments made by this section shall apply to dividends received or accrued after the 30th day after the date of the enactment of this Act.

(2) TRANSITIONAL RULE.—The amendments made by this section shall not apply to dividends received or accrued during the 2-year period beginning on the date of the enactment of this Act if—

(A) the dividend is paid with respect to stock held by the taxpayer on June 8, 1997, and all times thereafter until the dividend is received,

(B) such stock is continuously subject to a position described in section 246(c)(4) of the Internal Revenue Code of 1986 on June 8, 1997, and all times thereafter until the dividend is received, and

(C) such stock and position are clearly identified in the taxpayer's records within 30 days after the date of the enactment of this Act.

Stock shall not be treated as meeting the requirement of subparagraph (B) if the position is sold, closed, or otherwise terminated and reestablished.

Subtitle C—Administrative Provisions

SEC. 1021. REPORTING OF CERTAIN PAYMENTS MADE TO ATTORNEYS.

(a) IN GENERAL.—Section 6045 (relating to returns of brokers) is amended by adding at the end the following new subsection:

"(f) RETURN REQUIRED IN THE CASE OF PAYMENTS TO ATTORNEYS.—

"(1) IN GENERAL.—Any person engaged in a trade or business and making a payment (in the course of such trade or business) to which this subsection applies shall file a return under subsection (a) and a statement under subsection (b) with respect to such payment.

"(2) APPLICATION OF SUBSECTION.—

"(A) IN GENERAL.—This subsection shall apply to any payment to an attorney in connection with legal services (whether or not such services are performed for the payor).

"(B) EXCEPTION.—This subsection shall not apply to the portion of any payment which is required to be reported under section 6041(a) (or would be so required but for the dollar limitation contained therein) or section 6051.".

(b) REPORTING OF ATTORNEYS' FEES PAYABLE TO CORPORATIONS.—The regulations providing an exception under section 6041 of the Internal Revenue Code of 1986 for payments made to corporations shall not apply to payments of attorneys' fees.

(c) EFFECTIVE DATE.—The amendment made by this section shall apply to payments made after December 31, 1997.

SEC. 1022. DECREASE OF THRESHOLD FOR REPORTING PAYMENTS TO CORPORATIONS PERFORMING SERVICES FOR FEDERAL AGENCIES.

(a) IN GENERAL.—Subsection (d) of section 6041A (relating to returns regarding payments of remuneration for services and direct sales) is amended by adding at the end the following new paragraph:

"(3) PAYMENTS TO CORPORATIONS BY FEDERAL EXECUTIVE AGENCIES.—

"(A) IN GENERAL.—Notwithstanding any regulation prescribed by the Secretary before the date of the enactment of this paragraph, subsection (a) shall apply to remuneration paid to a corporation by any Federal executive agency (as defined in section 6050M(b)).

"(B) EXCEPTION.—Subparagraph (A) shall not apply to—

"(i) services under contracts described in section 6050M(e)(3) with respect to which the requirements of section 6050M(e)(2) are met, and

"(ii) such other services as the Secretary may specify in regulations prescribed after the date of the enactment of this paragraph.".

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to returns the due date for which (determined without regard to any extension) is more than 90 days after the date of the enactment of this Act.

SEC. 1023. DISCLOSURE OF RETURN INFORMATION FOR ADMINISTRATION OF CERTAIN VETERANS PROGRAMS.

(a) GENERAL RULE.—Clause (viii) of section 6103(l)(7)(D) (relating to disclosure of return information to Federal, State, and local agencies administering certain programs) is amended by striking "1998" and inserting "2003".

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall take effect on the date of the enactment of this Act.

SEC. 1024. CONTINUOUS LEVY ON CERTAIN PAYMENTS.

(a) IN GENERAL.—Section 6331 (relating to levy and distraint) is amended—

(1) by redesignating subsection (h) as subsection (i), and

(2) by inserting after subsection (g) the following new subsection:

"(h) CONTINUING LEVY ON CERTAIN PAYMENTS.—

"(1) IN GENERAL.—The effect of a levy on specified payments to or received by a taxpayer shall be continuous from the date such levy is first made until such levy is released. Notwithstanding section 6334, such continuous levy shall attach to up to 15 percent of any specified payment due to the taxpayer.

"(2) SPECIFIED PAYMENT.—For the purposes of paragraph (1), the term 'specified payment' means—

"(A) any Federal payment other than a payment for which eligibility is based on the income or assets (or both) of a payee,

"(B) any payment described in paragraph (4), (7), (9), or (11) of section 6334(a), and

"(C) any annuity or pension payment under the Railroad Retirement Act or benefit under the Railroad Unemployment Insurance Act.".

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to levies issued after the date of the enactment of this Act.

SEC. 1025. MODIFICATION OF LEVY EXEMPTION.

(a) IN GENERAL.—Section 6334 (relating to property exempt from levy) is amended by redesignating subsection (f) as subsection (g) and by inserting after subsection (e) the following new subsection:

"(f) LEVY ALLOWED ON CERTAIN SPECIFIED PAYMENTS.—Any payment described in subparagraph (B) or (C) of section 6331(h)(2) shall not be exempt from levy if the Secretary approves the levy thereon under section 6331(h).".

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to levies issued after the date of the enactment of this Act.

SEC. 1026. CONFIDENTIALITY AND DISCLOSURE OF RETURNS AND RETURN INFORMATION.

(a) IN GENERAL.—Subsection (k) of section 6103 is amended by adding at the end the following new paragraph:

"(8) LEVIES ON CERTAIN GOVERNMENT PAYMENTS.—

"(A) DISCLOSURE OF RETURN INFORMATION IN LEVIES ON FINANCIAL MANAGEMENT SERVICE.—In serving a notice of levy, or release of such levy, with respect to any applicable government payment, the Secretary may disclose to officers and employees of the Financial Management Service—

"(i) return information, including taxpayer identity information,

"(ii) the amount of any unpaid liability under this title (including penalties and interest), and

"(iii) the type of tax and tax period to which such unpaid liability relates.

"(B) RESTRICTION ON USE OF DISCLOSED INFORMATION.—Return information disclosed under subparagraph (A) may be used by officers and employees of the Financial Management Service only for the purpose of, and to the extent necessary in, transferring levied funds in satisfaction of the levy, maintaining appropriate agency records in regard to such levy or the release thereof, notifying the taxpayer and the agency certifying such payment that the levy has been honored, or in the defense of any litigation ensuing from the honor of such levy.

"(C) APPLICABLE GOVERNMENT PAYMENT.—For purposes of this paragraph, the term 'applicable government payment' means—

"(i) any Federal payment (other than a payment for which eligibility is based on the income or assets (or both) of a payee) certified to the Financial Management Service for disbursement, and

"(ii) any other payment which is certified to the Financial Management Service for disbursement and which the Secretary designates by published notice.".

(b) CONFORMING AMENDMENTS.—

(1) Section 6103(p) is amended—

(A) in paragraph (3)(A), by striking "(2), or (6)" and inserting "(2), (6), or (8)", and

(B) in paragraph (4), by inserting "(k)(8)," after "(j) (1) or (2)," each place it appears.

(2) Section 552a(a)(8)(B) of title 5, United States Code, is amended by striking "or" at the end of clause (v), by adding "or" at the end of clause (vi), and by adding at the end the following new clause:

"(vii) matches performed incident to a levy described in section 6103(k)(8) of the Internal Revenue Code of 1986;".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to levies issued after the date of the enactment of this Act.

SEC. 1027. RETURNS OF BENEFICIARIES OF ESTATES AND TRUSTS REQUIRED TO FILE RETURNS CONSISTENT WITH ESTATE OR TRUST RETURN OR TO NOTIFY SECRETARY OF INCONSISTENCY.

(a) DOMESTIC ESTATES AND TRUSTS.—Section 6034A (relating to information to beneficiaries of estates and trusts) is amended by adding at the end the following new subsection:

"(c) BENEFICIARY'S RETURN MUST BE CONSISTENT WITH ESTATE OR TRUST RETURN OR SECRETARY NOTIFIED OF INCONSISTENCY.—

"(1) IN GENERAL.—A beneficiary of any estate or trust to which subsection (a) applies shall, on such beneficiary's return, treat any reported item in a manner which is consistent with the treatment of such item on the applicable entity's return.

"(2) NOTIFICATION OF INCONSISTENT TREATMENT.—

"(A) IN GENERAL.—In the case of any reported item, if—

"(i)(I) the applicable entity has filed a return but the beneficiary's treatment on such beneficiary's return is (or may be) inconsistent with the treatment of the item on the applicable entity's return, or

"(II) the applicable entity has not filed a return, and

"(ii) the beneficiary files with the Secretary a statement identifying the inconsistency,

paragraph (1) shall not apply to such item.

"(B) BENEFICIARY RECEIVING INCORRECT INFORMATION.—A beneficiary shall be treated as having complied with clause (ii) of subparagraph (A) with respect to a reported item if the beneficiary—

"(i) demonstrates to the satisfaction of the Secretary that the treatment of the reported item on the beneficiary's return is consistent with the treatment of the item on the statement furnished under subsection (a) to the beneficiary by the applicable entity, and

"(ii) elects to have this paragraph apply with respect to that item.

"(3) EFFECT OF FAILURE TO NOTIFY.—In any case—

"(A) described in subparagraph (A)(i)(I) of paragraph (2), and

"(B) in which the beneficiary does not comply with subparagraph (A)(ii) of paragraph (2),

any adjustment required to make the treatment of the items by such beneficiary consistent with the treatment of the items on the applicable entity's return shall be treated as arising out of mathematical or clerical errors and assessed according to section 6213(b)(1). Paragraph (2) of section 6213(b) shall not apply to any assessment referred to in the preceding sentence.

"(4) DEFINITIONS.—For purposes of this subsection—

"(A) REPORTED ITEM.—The term 'reported item' means any item for which information is required to be furnished under subsection (a).

"(B) APPLICABLE ENTITY.—The term 'applicable entity' means the estate or trust of which the taxpayer is the beneficiary.

"(5) ADDITION TO TAX FOR FAILURE TO COMPLY WITH SECTION.—For addition to tax in the case of a beneficiary's negligence in connection with, or disregard of, the requirements of this section, see part II of subchapter A of chapter 68.".

(b) FOREIGN TRUSTS.—Subsection (d) of section 6048 (relating to information with respect to certain foreign trusts) is amended by adding at the end the following new paragraph:

"(5) UNITED STATES PERSON'S RETURN MUST BE CONSISTENT WITH TRUST RETURN OR SECRETARY NOTIFIED OF INCONSISTENCY.—Rules similar to the rules of section 6034A(c) shall apply to items reported by a trust under subsection (b)(1)(B) and to United States persons referred to in such subsection.".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to returns of beneficiaries and owners filed after the date of the enactment of this Act.

SEC. 1028. REGISTRATION AND OTHER PROVISIONS RELATING TO CONFIDENTIAL CORPORATE TAX SHELTERS.

(a) IN GENERAL.—Section 6111 (relating to registration of tax shelters) is amended by redesignating subsections (d) and (e) as subsections (e) and (f), respectively, and by inserting after subsection (c) the following new subsection:

"(d) CERTAIN CONFIDENTIAL ARRANGEMENTS TREATED AS TAX SHELTERS.—

"(1) IN GENERAL.—For purposes of this section, the term 'tax shelter' includes any entity, plan, arrangement, or transaction—

"(A) a significant purpose of the structure of which is the avoidance or evasion of Federal income tax for a direct or indirect participant which is a corporation,

"(B) which is offered to any potential participant under conditions of confidentiality, and

"(C) for which the tax shelter promoters may receive fees in excess of $100,000 in the aggregate.

"(2) CONDITIONS OF CONFIDENTIALITY.—For purposes of paragraph (1)(B), an offer is under conditions of confidentiality if—

"(A) the potential participant to whom the offer is made (or any other person acting on behalf of such participant) has an understanding or agreement with or for the benefit of any promoter of the tax shelter that such participant (or such other person) will limit disclosure of the tax shelter or any significant tax features of the tax shelter, or

"(B) any promoter of the tax shelter—

"(i) claims, knows, or has reason to know,

"(ii) knows or has reason to know that any other person (other than the potential participant) claims, or

"(iii) causes another person to claim,

that the tax shelter (or any aspect thereof) is proprietary to any person other than the potential participant or is otherwise protected from disclosure to or use by others.

For purposes of this subsection, the term 'promoter' means any person or any related person (within the meaning of section 267 or 707) who participates in the organization, management, or sale of the tax shelter.

"(3) PERSONS OTHER THAN PROMOTER REQUIRED TO REGISTER IN CERTAIN CASES.—

"(A) IN GENERAL.—If—

"(i) the requirements of subsection (a) are not met with respect to any tax shelter (as defined in paragraph (1)) by any tax shelter promoter, and

"(ii) no tax shelter promoter is a United States person,

then each United States person who discussed participation in such shelter shall register such shelter under subsection (a).

"(B) EXCEPTION.—Subparagraph (A) shall not apply to a United States person who discussed participation in a tax shelter if—

"(i) such person notified the promoter in writing (not later than the close of the 90th day after the day on which such discussions began) that such person would not participate in such shelter, and

"(ii) such person does not participate in such shelter.

"(4) OFFER TO PARTICIPATE TREATED AS OFFER FOR SALE.—For purposes of subsections (a) and (b), an offer to participate in a tax shelter (as defined in paragraph (1)) shall be treated as an offer for sale.".

(b) PENALTY.—Subsection (a) of section 6707 (relating to failure to furnish information regarding tax shelters) is amended by adding at the end the following new paragraph:

"(3) CONFIDENTIAL ARRANGEMENTS.—

"(A) IN GENERAL.—In the case of a tax shelter (as defined in section 6111(d)), the penalty imposed under paragraph (1) shall be an amount equal to the greater of—

"(i) 50 percent of the fees paid to all promoters of the tax shelter with respect to offerings made before the date such shelter is registered under section 6111, or

"(ii) $10,000

Clause (i) shall be applied by substituting '75 percent' for '50 percent' in the case of an intentional failure or act described in paragraph (1).

"(B) SPECIAL RULE FOR PARTICIPANTS REQUIRED TO REGISTER SHELTER.—In the case of a person required to register such a tax shelter by reason of section 6111(d)(3)—

"(i) such person shall be required to pay the penalty under paragraph (1) only if such person actually participated in such shelter,

"(ii) the amount of such penalty shall be determined by taking into account under subparagraph (A)(i) only the fees paid by such person, and

"(iii) such penalty shall be in addition to the penalty imposed on any other person for failing to register such shelter.".

(c) MODIFICATIONS TO SUBSTANTIAL UNDERSTATEMENT PENALTY.—

(1) RESTRICTION ON REASONABLE BASIS FOR CORPORATE UNDERSTATEMENT OF INCOME TAX.—Subparagraph (B) of section 6662(d)(2) is amended by adding at the end the following new flush sentence:

"For purposes of clause (ii)(II), in no event shall a corporation be treated as having a reasonable basis for its tax treatment of an item attributable to a multiple-party financing transaction if such treatment does not clearly reflect the income of the corporation.".

(2) MODIFICATION TO DEFINITION OF TAX SHELTER.—Clause (iii) of section 6662(d)(2)(C) is amended by striking "the principal purpose" and inserting "a significant purpose".

(d) CONFORMING AMENDMENTS.—

(1) Paragraph (2) of section 6707(a) is amended by striking "The penalty" and inserting "Except as provided in paragraph (3), the penalty".

(2) Subparagraph (A) of section 6707(a)(1) is amended by striking "paragraph (2)" and inserting "paragraph (2) or (3), as the case may be".

(e) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section shall apply to any tax shelter (as defined in section 6111(d) of the Internal Revenue Code of 1986, as amended by this section) interests in which are offered to potential participants after the Secretary of the Treasury prescribes guidance with respect to meeting requirements added by such amendments.

(2) MODIFICATIONS TO SUBSTANTIAL UNDERSTATEMENT PENALTY.—The amendments made by subsection (c) shall apply to items with respect to transactions entered into after the date of the enactment of this Act.

Subtitle D—Excise and Employment Tax Provisions

SEC. 1031. EXTENSION AND MODIFICATION OF TAXES FUNDING AIRPORT AND AIRWAY TRUST FUND; INCREASED DEPOSITS INTO SUCH FUND.

(a) FUEL TAXES.—

(1) AVIATION FUEL.—Clause (ii) of section 4091(b)(3)(A) is amended by striking "September 30, 1997" and inserting "September 30, 2007".

(2) AVIATION GASOLINE.—Subparagraph (B) of section 4081(d)(2) is amended by striking "September 30, 1997" and inserting "September 30, 2007".

(3) NONCOMMERCIAL AVIATION.—Subparagraph (B) of section 4041(c)(3) is amended by striking "September 30, 1997" and inserting "September 30, 2007".

(b) TICKET TAXES.—

(1) PERSONS.—Clause (ii) of section 4261(g)(1)(A) is amended by striking "September 30, 1997" and inserting "September 30, 2007".

(2) PROPERTY.—Clause (ii) of section 4271(d)(1)(A) is amended by striking "September 30, 1997" and inserting "September 30, 2007".

(c) MODIFICATIONS TO TAX ON TRANSPORTATION OF PERSONS BY AIR.—

(1) IN GENERAL.—Section 4261 (relating to imposition of tax) is amended by striking subsections (a), (b), and (c) and inserting the following new subsections:

"(a) IN GENERAL.—There is hereby imposed on the amount paid for taxable transportation of any person a tax equal to 7.5 percent of the amount so paid.

"(b) DOMESTIC SEGMENTS OF TAXABLE TRANSPORTATION.—

"(1) IN GENERAL.—There is hereby imposed on the amount paid for each domestic segment of taxable transportation by air a tax in the amount determined in accordance with the following table for the period in which the segment begins:

In the case of segments beginning:	***The tax is:***
After September 30, 1997, and before October 1, 1998	*$1.00*
After September 30, 1998, and before October 1, 1999	*$2.00*
After September 30, 1999, and before January 1, 2000	*$2.25*
During 2000	*$2.50*
During 2001	*$2.75*
During 2002 or thereafter	*$3.00.*

"(2) DOMESTIC SEGMENT.—For purposes of this section, the term 'domestic segment' means any segment consisting of 1 takeoff and 1 landing and which is taxable transportation described in section 4262(a)(1).

"(3) CHANGES IN SEGMENTS BY REASON OF REROUTING.—If—

"(A) transportation is purchased between 2 locations on specified flights, and

"(B) there is a change in the route taken between such 2 locations which changes the number of domestic segments, but there is no change in the amount charged for such transportation,

the tax imposed by paragraph (1) shall be determined without regard to such change in route.

"(c) USE OF INTERNATIONAL TRAVEL FACILITIES.—

"(1) IN GENERAL.—There is hereby imposed a tax of $12.00 on any amount paid (whether within or without the United States) for any transportation of any person by air, if such transportation begins or ends in the United States.

"(2) EXCEPTION FOR TRANSPORTATION ENTIRELY TAXABLE UNDER SUBSECTION (a).—This subsection shall not apply to any transportation all of which is taxable under subsection (a) (determined without regard to sections 4281 and 4282).

"(3) SPECIAL RULE FOR ALASKA AND HAWAII.—In any case in which the tax imposed by paragraph (1) applies to a domestic segment beginning or ending in Alaska or Hawaii, such tax shall apply only to departures and shall be at the rate of $6.".

(2) SPECIAL RULES.—Section 4261 is amended by redesignating subsections (e), (f), and (g) as subsections (f), (g), and (h), respectively, and by inserting after subsection (d) the following new subsection:

"(e) SPECIAL RULES.—

"(1) SEGMENTS TO AND FROM RURAL AIRPORTS.—

"(A) EXCEPTION FROM SEGMENT TAX.—The tax imposed by subsection (b)(1) shall not apply to any domestic segment beginning or ending at an airport which is a rural airport for the calendar year in which such segment begins or ends (as the case may be).

"(B) RURAL AIRPORT.—For purposes of this paragraph, the term 'rural airport' means, with respect to any calendar year, any airport if—

"(i) there were fewer than 100,000 commercial passengers departing by air during the second preceding calendar year from such airport, and

"(ii) such airport—

"(I) is not located within 75 miles of another airport which is not described in clause (i), or

"(II) is receiving essential air service subsidies as of the date of the enactment of this paragraph.

"(C) NO PHASEIN OF REDUCED TICKET TAX.—In the case of transportation beginning before October 1, 1999—

"(i) IN GENERAL.—Paragraph (5) shall not apply to any domestic segment beginning or ending at an airport which is a rural airport for the calendar year in which such segment begins or ends (as the case may be).

"(ii) TRANSPORTATION INVOLVING MULTIPLE SEGMENTS.—In the case of transportation involving more than 1 domestic segment at least 1 of which does not begin or end at a rural airport, the 7.5 percent rate applicable by reason of clause (i) shall be applied by taking into account only an amount which bears the same ratio to the amount paid for such transportation as the number of specified miles in domestic segments which begin or end at a rural airport bears to the total number of specified miles in such transportation.

"(2) AMOUNTS PAID OUTSIDE THE UNITED STATES.—In the case of amounts paid outside the United States for taxable transportation, the

taxes imposed by subsections (a) and (b) shall apply only if such transportation begins and ends in the United States.

"(3) AMOUNTS PAID FOR RIGHT TO AWARD FREE OR REDUCED RATE AIR TRANSPORTATION.—

"(A) IN GENERAL.—Any amount paid (and the value of any other benefit provided) to an air carrier (or any related person) for the right to provide mileage awards for (or other reductions in the cost of) any transportation of persons by air shall be treated for purposes of subsection (a) as an amount paid for taxable transportation, and such amount shall be taxable under subsection (a) without regard to any other provision of this subchapter.

"(B) CONTROLLED GROUP.—For purposes of subparagraph (A), a corporation and all wholly owned subsidiaries of such corporation shall be treated as 1 corporation.

"(C) REGULATIONS.—The Secretary shall prescribe rules which reallocate items of income, deduction, credit, exclusion, or other allowance to the extent necessary to prevent the avoidance of tax imposed by reason of this paragraph. The Secretary may prescribe rules which exclude from the tax imposed by subsection (a) amounts attributable to mileage awards which are used other than for transportation of persons by air.

"(4) INFLATION ADJUSTMENT OF DOLLAR RATES OF TAX.—

"(A) IN GENERAL.—In the case of taxable events in a calendar year after the last nonindexed year, the $3.00 amount contained in subsection (b) and each dollar amount contained in subsection (c) shall be increased by an amount equal to—

"(i) such dollar amount, multiplied by

"(ii) the cost-of-living adjustment determined under section 1(f)(3) for such calendar year by substituting the year before the last nonindexed year for 'calendar year 1992' in subparagraph (B) thereof.

If any increase determined under the preceding sentence is not a multiple of 10 cents, such increase shall be rounded to the nearest multiple of 10 cents.

"(B) LAST NONINDEXED YEAR.—For purposes of subparagraph (A), the last nonindexed year is—

"(i) 2002 in the case of the $3.00 amount contained in subsection (b), and

"(ii) 1998 in the case of the dollar amounts contained in subsection (c).

"(C) TAXABLE EVENT.—For purposes of subparagraph (A), in the case of the tax imposed subsection (b), the beginning of the domestic segment shall be treated as the taxable event.

"(5) RATES OF TICKET TAX FOR TRANSPORTATION BEGINNING BEFORE OCTOBER 1, 1999.—Subsection (a) shall be applied by substituting for '7.5 percent'—

"(A) '9 percent' in the case of transportation beginning after September 30, 1997, and before October 1, 1998, and

"(B) '8 percent' in the case of transportation beginning after September 30, 1998, and before October 1, 1999.".

(3) SECONDARY LIABILITY OF CARRIER FOR UNPAID TAX.—Subsection (c) of section 4263 is amended by striking "subchapter—" and all that follows and inserting "subchapter, such tax shall be paid by the carrier providing the initial segment of such transportation which begins or ends in the United States.".

(d) INCREASED AIRPORT AND AIRWAY TRUST FUND DEPOSITS.—

(1) Paragraph (1) of section 9502(b) is amended—

(A) by striking "(to the extent that the rate of the tax on such gasoline exceeds 4.3 cents per gallon)" in subparagraph (C),

(B) by striking "to the extent attributable to the Airport and Airway Trust Fund financing rate" in subparagraph (D), and

(C) by adding at the end the following flush sentence:

"There shall not be taken into account under paragraph (1) so much of the taxes imposed by sections 4081 and 4091 as are determined at the rates specified in section 4081(a)(2)(B) or 4091(b)(2).".

(2) Section 9502 is amended by striking subsection (f).

(e) EFFECTIVE DATES.—

(1) FUEL TAXES.—The amendments made by subsection (a) shall apply take effect on October 1, 1997.

(2) TICKET TAXES.—

(A) IN GENERAL.—Except as otherwise provided in this paragraph, the amendments made by subsections (b) and (c) shall apply to transportation beginning on or after October 1, 1997.

(B) TREATMENT OF AMOUNTS PAID FOR TICKETS PURCHASED BEFORE DATE OF ENACTMENT.—The amendments made by subsection (c) shall not apply to amounts paid for a ticket purchased before the date of the enactment of this Act for a specified flight beginning on or after October 1, 1997.

(C) AMOUNTS PAID FOR RIGHT TO AWARD MILEAGE AWARDS.—

(i) IN GENERAL.—Paragraph (3) of section 4261(e) of the Internal Revenue Code of 1986 (as added by the amendment made by subsection (c)) shall apply to amounts paid (and other benefits provided) after September 30, 1997.

(ii) PAYMENTS WITHIN CONTROLLED GROUP.—For purposes of clause (i), any amount paid after June 11, 1997, and before October 1, 1997, by 1 member of a controlled group for a right which is described in such section 4261(e)(3) and is furnished by another member of such group after September 30, 1997, shall be treated as paid after September 30, 1997. For purposes of the preceding sentence, all persons treated as a single employer under subsection (a) or (b) of section 52 of such Code shall be treated as members of a controlled group.

(3) INCREASED DEPOSITS INTO AIRPORT AND AIRWAY TRUST FUND.—The amendments made by subsection (d) shall apply with respect to taxes received in the Treasury on and after October 1, 1997.

(g) DELAYED DEPOSITS OF AIRPORT TRUST FUND TAX REVENUES.—Notwithstanding section 6302 of the Internal Revenue Code of 1986—

(1) in the case of deposits of taxes imposed by section 4261 of such Code, the due date for any such deposit which would (but for this subsection) be required to be made after August 14, 1997, and before October 1, 1997, shall be October 10, 1997,

(2) in the case of deposits of taxes imposed by section 4261 of such Code, the due date for any such deposit which would (but for this subsection) be required to be made after August 14, 1998, and before October 1, 1998, shall be October 5, 1998, and

(3) in the case of deposits of taxes imposed by sections 4081(a)(2)(A)(ii), 4091, and 4271 of such Code, the due date for any such deposit which would (but for this subsection) be required to be made after July 31, 1998, and before October 1, 1998, shall be October 5, 1998.

SEC. 1032. KEROSENE TAXED AS DIESEL FUEL.

(a) IN GENERAL.—Subsection (a) of section 4083 (defining taxable fuel) is amended by striking "and" at the end of subparagraph (A), by striking the period at the end of subparagraph (B) and inserting ", and", and by adding at the end the following new subparagraph:

"(C) kerosene.".

(b) RATE OF TAX.—Clause (iii) of section 4081(a)(2)(A) is amended by inserting "or kerosene" after "diesel fuel".

(c) EXEMPTIONS FROM TAX; REFUNDS TO VENDORS.—

(1) IN GENERAL.—Section 4082 (relating to exemptions for diesel fuel) is amended by striking "diesel fuel" each place it appears in subsections (a), (c), and (d) and inserting "diesel fuel and kerosene".

(2) CERTAIN KEROSENE EXEMPT FROM DYEING REQUIREMENT.—Section 4082 is amended by redesignating subsections (d) and (e) as subsections (e) and (f), respectively, and by inserting after subsection (c) the following new subsection:

"(d) ADDITIONAL EXCEPTIONS TO DYEING REQUIREMENTS FOR KEROSENE.—

"(1) AVIATION-GRADE KEROSENE.—Subsection (a)(2) shall not apply to a removal, entry, or sale of aviation-grade kerosene (as determined under regulations prescribed by the Secretary) if the person receiving the kerosene is registered under section 4101 with respect to the tax imposed by section 4091.

"(2) USE FOR NON-FUEL FEEDSTOCK PURPOSES.—Subsection (a)(2) shall not apply to kerosene—

"(A) received by pipeline or vessel for use by the person receiving the kerosene in the manufacture or production of any substance (other than gasoline, diesel fuel, or special fuels referred to in section 4041), or

"(B) to the extent provided in regulations, removed or entered—

"(i) for such a use by the person removing or entering the kerosene, or

"(ii) for resale by such person for such a use by the purchaser,

but only if the person receiving, removing, or entering the kerosene and such purchaser (if any) are registered under section 4101 with respect to the tax imposed by section 4081.

"(3) WHOLESALE DISTRIBUTORS.—To the extent provided in regulations, subsection (a)(2) shall not apply to a removal, entry, or sale of kerosene to a wholesale distributor of kerosene if such distributor—

"(A) is registered under section 4101 with respect to the tax imposed by section 4081 on kerosene,.and

"(B) sells kerosene exclusively to ultimate vendors described in section 6427(l)(5)(B) with respect to kerosene."

(3) REFUNDS.—

(A) Subsection (l) of section 6427 is amended by inserting "or kerosene" after "diesel fuel" each place it appears in paragraphs (1), (2), and (5) (including the heading for paragraph (5)).

(B) Paragraph (5) of section 6427(l) is amended by redesignating subparagraph (B) as subparagraph (C) and by inserting after subparagraph (A) the following new subparagraph:

"(B) SALES OF KEROSENE NOT FOR USE IN MOTOR FUEL.—Paragraph (1)(A) shall not apply to kerosene sold by a vendor—

"(i) for any use if such sale is from a pump which (as determined under regulations prescribed by the Secretary) is not suitable for use in fueling any diesel-powered highway vehicle or train, or

"(ii) to the extent provided by the Secretary, for blending with heating oil to be used during periods of extreme or unseasonable cold.".

(C) Subparagraph (C) of section 6427(l)(5), as redesignated by subparagraph (B) of this paragraph, is amended by striking "subparagraph (A)" and inserting "subparagraph (A) or (B)".

(D) The heading for subsection (l) of section 6427 is amended by inserting ", KEROSENE," after "DIESEL FUEL".

(E) Clause (i) of section 6427(i)(5)(A) is amended by inserting "($100 or more in the case of kerosene)" after "$200 or more".

(d) CERTAIN APPROVED TERMINALS OF REGISTERED PERSONS REQUIRED TO OFFER DYED DIESEL FUEL AND KEROSENE FOR NONTAXABLE PURPOSES.—Section 4101 is amended by adding at the end the following new subsection:

"(e) CERTAIN APPROVED TERMINALS OF REGISTERED PERSONS REQUIRED TO OFFER DYED

DIESEL FUEL AND KEROSENE FOR NONTAXABLE PURPOSES.—

"(1) IN GENERAL.—A terminal for kerosene or diesel fuel may not be an approved facility for storage of non-tax-paid diesel fuel or kerosene under this section unless the operator of such terminal offers dyed diesel fuel and kerosene for removal for nontaxable use in accordance with section 4082(a).

"(2) EXCEPTION.—Paragraph (1) shall not apply to any terminal exclusively providing aviation-grade kerosene by pipeline to an airport.".

(e) CONFORMING AMENDMENTS.—

(1) Paragraph (2) of section 4041(a), as amended by title IX, is amended by striking "kerosene,".

(2) Paragraph (1) of section 4041(c) is amended by striking "any liquid" and inserting "kerosene and any other liquid".

(3)(A) The heading for section 4082 is amended by inserting "**AND KEROSENE**" after "**DIESEL FUEL**".

(B) The table of sections for subpart A of part III of subchapter A of chapter 32 is amended by inserting "and kerosene" after "diesel fuel" in the item relating to section 4082.

(4) Subsection (b) of section 4083 is amended by striking "gasoline, diesel fuel," and inserting "taxable fuels".

(5) Subsection (a) of section 4093 is amended by striking "any liquid" and inserting "kerosene and any other liquid".

(6) The material following subparagraph (F) of section 6416(b)(2) is amended by inserting "or kerosene" after "diesel fuel".

(7) Paragraphs (1) and (3) of section 6427(f), and the heading for section 6427(f), are each amended by inserting "kerosene," after "diesel fuel,".

(8) Paragraph (2) of section 6427(f) is amended by striking "or diesel fuel" each place it appears and inserting ", diesel fuel, or kerosene".

(9) Subparagraph (A) of section 6427(i)(3) is amended by striking "or diesel fuel" and inserting ", diesel fuel, or kerosene".

(10) The heading for paragraph (4) of section 6427(i) is amended to read as follows:

"(4) SPECIAL RULE FOR REFUNDS UNDER SUBSECTION (l).—"

(11) Paragraph (1) of section 6715(c) is amended by inserting "or kerosene" after "diesel fuel".

(12)(A) The text of section 7232 is amended by striking "gasoline, lubricating oil, diesel fuel" and inserting "any taxable fuel (as defined in section 4083)".

(B) The section heading for section 7232 is amended to read as follows:

"SEC. 7232. FAILURE TO REGISTER UNDER SECTION 4101, FALSE REPRESENTATIONS OF REGISTRATION STATUS, ETC.".

(C) The table of sections for part II of subchapter A of chapter 75 is amended by striking the item relating to section 7232 and inserting the following:

"Sec. 7232. Failure to register under section 4101, false representations of registration status, etc.".

(13) Sections 9503(b)(1)(E) and 9508(b)(2) are each amended by striking "and diesel fuel" and inserting ", diesel fuel, and kerosene".

(14) Subparagraph (B) of section 9503(b)(5) is amended by striking "or diesel fuel" and inserting ", diesel fuel, or kerosene".

(f) EFFECTIVE DATE.—The amendments made by this section shall take effect on July 1, 1998.

(g) FLOOR STOCK TAXES.—

(1) IMPOSITION OF TAX.—In the case of kerosene which is held on July 1, 1998, by any person, there is hereby imposed a floor stocks tax of 24.4 cents per gallon.

(2) LIABILITY FOR TAX AND METHOD OF PAYMENT.—

(A) LIABILITY FOR TAX.—A person holding kerosene on July 1, 1998, to which the tax imposed by paragraph (1) applies shall be liable for such tax.

(B) METHOD OF PAYMENT.—The tax imposed by paragraph (1) shall be paid in such manner as the Secretary shall prescribe.

(C) TIME FOR PAYMENT.—The tax imposed by paragraph (1) shall be paid on or before August 31, 1998.

(3) DEFINITIONS.—For purposes of this subsection—

(A) HELD BY A PERSON.—Kerosene shall be considered as "held by a person" if title thereto has passed to such person (whether or not delivery to the person has been made).

(B) SECRETARY.—The term "Secretary" means the Secretary of the Treasury or his delegate.

(4) EXCEPTION FOR EXEMPT USES.—The tax imposed by paragraph (1) shall not apply to kerosene held by any person exclusively for any use to the extent a credit or refund of the tax imposed by section 4081 of the Internal Revenue Code of 1986 is allowable for such use.

(5) EXCEPTION FOR FUEL HELD IN VEHICLE TANK.—No tax shall be imposed by paragraph (1) on kerosene held in the tank of a motor vehicle or motorboat.

(6) EXCEPTION FOR CERTAIN AMOUNTS OF FUEL.—

(A) IN GENERAL.—No tax shall be imposed by paragraph (1) on kerosene held on July 1, 1998, by any person if the aggregate amount of kerosene held by such person on such date does not exceed 2,000 gallons. The preceding sentence shall apply only if such person submits to the Secretary (at the time and in the manner required by the Secretary) such information as the Secretary shall require for purposes of this paragraph.

(B) EXEMPT FUEL.—For purposes of subparagraph (A), there shall not be taken into account fuel held by any person which is exempt from the tax imposed by paragraph (1) by reason of paragraph (4) or (5).

(C) CONTROLLED GROUPS.—For purposes of this paragraph—

(i) CORPORATIONS.—

(I) IN GENERAL.—All persons treated as a controlled group shall be treated as 1 person.

(II) CONTROLLED GROUP.—The term "controlled group" has the meaning given to such term by subsection (a) of section 1563 of such Code; except that for such purposes the phrase "more than 50 percent" shall be substituted for the phrase "at least 80 percent" each place it appears in such subsection.

(ii) NONINCORPORATED PERSONS UNDER COMMON CONTROL.—Under regulations prescribed by the Secretary, principles similar to the principles of clause (i) shall apply to a group of persons under common control where 1 or more of such persons is not a corporation.

(7) COORDINATION WITH SECTION 4081.—No tax shall be imposed by paragraph (1) on kerosene to the extent that tax has been (or will be) imposed on such kerosene under section 4081 or 4091 of such Code.

(8) OTHER LAWS APPLICABLE.—All provisions of law, including penalties, applicable with respect to the taxes imposed by section 4081 of such Code shall, insofar as applicable and not inconsistent with the provisions of this subsection, apply with respect to the floor stock taxes imposed by paragraph (1) to the same extent as if such taxes were imposed by such section 4081.

SEC. 1033. RESTORATION OF LEAKING UNDERGROUND STORAGE TANK TRUST FUND TAXES.

Paragraph (3) of section 4081(d) is amended by striking "shall not apply after December 31, 1995" and inserting "shall apply after September 30, 1997, and before April 1, 2005".

SEC. 1034. APPLICATION OF COMMUNICATIONS TAX TO PREPAID TELEPHONE CARDS.

(a) IN GENERAL.—Section 4251 is amended by adding at the end the following new subsection:

"(d) TREATMENT OF PREPAID TELEPHONE CARDS.—

"(1) IN GENERAL.—For purposes of this subchapter, in the case of communications services acquired by means of a prepaid telephone card—

"(A) the face amount of such card shall be treated as the amount paid for such communications services, and

"(B) that amount shall be treated as paid when the card is transferred by any telecommunications carrier to any person who is not such a carrier.

"(2) DETERMINATION OF FACE AMOUNT IN ABSENCE OF SPECIFIED DOLLAR AMOUNT.—In the case of any prepaid telephone card which entitles the user other than to a specified dollar amount of use, the face amount shall be determined under regulations prescribed by the Secretary.

"(3) PREPAID TELEPHONE CARD.—For purposes of this subsection, the term 'prepaid telephone card' means any card or other similar arrangement which permits its holder to obtain communications services and pay for such services in advance.".

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to amounts paid in calendar months beginning more than 60 days after the date of the enactment of this Act.

SEC. 1035. EXTENSION OF TEMPORARY UNEMPLOYMENT TAX.

Section 3301 (relating to rate of unemployment tax) is amended—

(1) by striking "1998" in paragraph (1) and inserting "2007", and

(2) by striking "1999" in paragraph (2) and inserting "2008".

Subtitle E—Provisions Relating to Tax-Exempt Entities

SEC. 1041. EXPANSION OF LOOK-THRU RULE FOR INTEREST, ANNUITIES, ROYALTIES, AND RENTS DERIVED BY SUBSIDIARIES OF TAX-EXEMPT ORGANIZATIONS.

(a) IN GENERAL.—Paragraph (13) of section 512(b) is amended to read as follows:

"(13) SPECIAL RULES FOR CERTAIN AMOUNTS RECEIVED FROM CONTROLLED ENTITIES.—

"(A) IN GENERAL.—If an organization (in this paragraph referred to as the 'controlling organization') receives (directly or indirectly) a specified payment from another entity which it controls (in this paragraph referred to as the 'controlled entity'), notwithstanding paragraphs (1), (2), and (3), the controlling organization shall include such payment as an item of gross income derived from an unrelated trade or business to the extent such payment reduces the net unrelated income of the controlled entity (or increases any net unrelated loss of the controlled entity). There shall be allowed all deductions of the controlling organization directly connected with amounts treated as derived from an unrelated trade or business under the preceding sentence.

"(B) NET UNRELATED INCOME OR LOSS.—For purposes of this paragraph—

"(i) NET UNRELATED INCOME.—The term 'net unrelated income' means—

"(I) in the case of a controlled entity which is not exempt from tax under section 501(a), the portion of such entity's taxable income which would be unrelated business taxable income if such entity were exempt from tax under section 501(a) and had the same exempt purposes (as defined in section 513A(a)(5)(A)) as the controlling organization, or

"(II) in the case of a controlled entity which is exempt from tax under section 501(a), the *amount of the unrelated business taxable income of the controlled entity.*

"(ii) NET UNRELATED LOSS.—The term 'net unrelated loss' means the net operating loss adjusted under rules similar to the rules of clause (i).

"(C) SPECIFIED PAYMENT.—For purposes of this paragraph, the term 'specified payment' means any interest, annuity, royalty, or rent.

"(D) DEFINITION OF CONTROL.—For purposes of this paragraph—

"(i) CONTROL.—The term 'control' means—

"(I) in the case of a corporation, ownership (by vote or value) of more than 50 percent of the stock in such corporation,

"(II) in the case of a partnership, ownership of more than 50 percent of the profits interests or capital interests in such partnership, or

"(III) in any other case, ownership of more than 50 percent of the beneficial interests in the entity.

"(ii) CONSTRUCTIVE OWNERSHIP.—Section 318 (relating to constructive ownership of stock) shall apply for purposes of determining ownership of stock in a corporation. Similar principles shall apply for purposes of determining ownership of interests in any other entity.

"(E) RELATED PERSONS.—The Secretary shall prescribe such rules as may be necessary or appropriate to prevent avoidance of the purposes of this paragraph through the use of related persons.".

(b) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section shall apply to taxable years beginning after the date of the enactment of this Act.

(2) BINDING CONTRACTS.—The amendments made by this section shall not apply to any payment made during the first 2 taxable years beginning on or after the date of the enactment of this Act if such payment is made pursuant to a written binding contract in effect on June 8, 1997, and at all times thereafter before such payment.

SEC. 1042. TERMINATION OF CERTAIN EXCEPTIONS FROM RULES RELATING TO EXEMPT ORGANIZATIONS WHICH PROVIDE COMMERCIAL-TYPE INSURANCE.

(a) IN GENERAL.—Subparagraphs (A) and (B) of section 1012(c)(4) of the Tax Reform Act of 1986 shall not apply to any taxable year beginning after December 31, 1997.

(b) SPECIAL RULES.—In the case of an organization to which section 501(m) of the Internal Revenue Code of 1986 applies solely by reason of the amendment made by subsection (a)—

(1) no adjustment shall be made under section 481 (or any other provision) of such Code on account of a change in its method of accounting for its first taxable year beginning after December 31, 1997, and

(2) for purposes of determining gain or loss, the adjusted basis of any asset held on the 1st day of such taxable year shall be treated as equal to its fair market value as of such day.

(c) RESERVE WEAKENING AFTER JUNE 8, 1997.—Any reserve weakening after June 8, 1997, by an organization described in subsection (b) shall be treated as occurring in such organization's 1st taxable year beginning after December 31, 1997.

(d) REGULATIONS.—The Secretary of the Treasury or his delegate may prescribe rules for providing proper adjustments for organizations described in subsection (b) with respect to short taxable years which begin during 1998 by reason of section 843 of the Internal Revenue Code of 1986.

Subtitle F—Foreign Provisions

SEC. 1051. DEFINITION OF FOREIGN PERSONAL HOLDING COMPANY INCOME.

(a) INCOME FROM NOTIONAL PRINCIPAL CONTRACTS AND PAYMENTS IN LIEU OF DIVIDENDS.—

(1) IN GENERAL.—Paragraph (1) of section 954(c) (defining foreign personal holding company income) is amended by adding at the end the following new subparagraphs:

"(F) INCOME FROM NOTIONAL PRINCIPAL CONTRACTS.—Net income from notional principal contracts. Any item of income, gain, deduction, or loss from a notional principal contract entered into for purposes of hedging any item described in any preceding subparagraph shall not be taken into account for purposes of this subparagraph but shall be taken into account under such other subparagraph.

"(G) PAYMENTS IN LIEU OF DIVIDENDS.—Payments in lieu of dividends which are made pursuant to an agreement to which section 1058 applies.".

(2) CONFORMING AMENDMENT.—Subparagraph (B) of section 954(c)(1) is amended—

(A) by striking the second sentence, and

(B) by striking "also" in the last sentence.

(b) EXCEPTION FOR DEALERS.—Paragraph (2) of section 954(c) is amended by adding at the end the following new subparagraph:

"(C) EXCEPTION FOR DEALERS.—Except as provided in subparagraph (A), (E), or (G) of paragraph (1) or by regulations, in the case of a regular dealer in property (within the meaning of paragraph (1)(B)), forward contracts, option contracts, or similar financial instruments (including notional principal contracts and all instruments referenced to commodities), there shall not be taken into account in computing foreign personal holding income any item of income, gain, deduction, or loss from any transaction (including hedging transactions) entered into in the ordinary course of such dealer's trade or business as such a dealer.".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after the date of the enactment of this Act.

SEC. 1052. PERSONAL PROPERTY USED PREDOMINANTLY IN THE UNITED STATES TREATED AS NOT PROPERTY OF A LIKE KIND WITH RESPECT TO PROPERTY USED PREDOMINANTLY OUTSIDE THE UNITED STATES.

(a) IN GENERAL.—Subsection (h) of section 1031 (relating to exchange of property held for productive use or investment) is amended to read as follows:

"(h) SPECIAL RULES FOR FOREIGN REAL AND PERSONAL PROPERTY.—For purposes of this section—

"(1) REAL PROPERTY.—Real property located in the United States and real property located outside the United States are not property of a like kind.

"(2) PERSONAL PROPERTY.—

"(A) IN GENERAL.—Personal property used predominantly within the United States and personal property used predominantly outside the United States are not property of a like kind.

"(B) PREDOMINANT USE.—Except as provided in subparagraph (C) and (D), the predominant use of any property shall be determined based on—

"(i) in the case of the property relinquished in the exchange, the 2-year period ending on the date of such relinquishment, and

"(ii) in the case of the property acquired in the exchange, the 2-year period beginning on the date of such acquisition.

"(C) PROPERTY HELD FOR LESS THAN 2 YEARS.—Except in the case of an exchange which is part of a transaction (or series of transactions) structured to avoid the purposes of this subsection—

"(i) only the periods the property was held by the person relinquishing the property (or any related person) shall be taken into account under subparagraph (B)(i), and

"(ii) only the periods the property was held by the person acquiring the property (or any related person) shall be taken into account under subparagraph (B)(ii).

"(D) SPECIAL RULE FOR CERTAIN PROPERTY.—Property described in any subparagraph of section 168(g)(4) shall be treated as used predominantly in the United States.".

(b) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendment made by this section shall apply to transfers after June 8, 1997, in taxable years ending after such date.

(2) BINDING CONTRACTS.—The amendment made by this section shall not apply to any transfer pursuant to a written binding contract in effect on June 8, 1997, and at all times thereafter before the disposition of property. A contract shall not fail to meet the requirements of the preceding sentence solely because—

(A) it provides for a sale in lieu of an exchange, or

(B) the property to be acquired as replacement property was not identified under such contract before June 9, 1997.

SEC. 1053. HOLDING PERIOD REQUIREMENT FOR CERTAIN FOREIGN TAXES.

(a) IN GENERAL.—Section 901 is amended by redesignating subsection (k) as subsection (l) and by inserting after subsection (j) the following new subsection:

"(k) MINIMUM HOLDING PERIOD FOR CERTAIN TAXES.—

"(1) WITHHOLDING TAXES.—

"(A) IN GENERAL.—In no event shall a credit be allowed under subsection (a) for any withholding tax on a dividend with respect to stock in a corporation if—

"(i) such stock is held by the recipient of the dividend for 15 days or less during the 30-day period beginning on the date which is 15 days before the date on which such share becomes ex-dividend with respect to such dividend, or

"(ii) to the extent that the recipient of the dividend is under an obligation (whether pursuant to a short sale or otherwise) to make related payments with respect to positions in substantially similar or related property.

"(B) WITHHOLDING TAX.—For purposes of this paragraph, the term 'withholding tax' includes any tax determined on a gross basis; but does not include any tax which is in the nature of a prepayment of a tax imposed on a net basis.

"(2) DEEMED PAID TAXES.—In the case of income, war profits, or excess profits taxes deemed paid under section 853, 902, or 960 through a chain of ownership of stock in 1 or more corporations, no credit shall be allowed under subsection (a) for such taxes if—

"(A) any stock of any corporation in such chain (the ownership of which is required to obtain credit under subsection (a) for such taxes) is held for less than the period described in paragraph (1)(A)(i), or

"(B) the corporation holding the stock is under an obligation referred to in paragraph (1)(A)(ii).

"(3) 45-DAY RULE IN THE CASE OF CERTAIN PREFERENCE DIVIDENDS.—In the case of stock having preference in dividends and dividends with respect to such stock which are attributable to a period or periods aggregating in excess of 366 days, paragraph (1)(A)(i) shall be applied—

"(A) by substituting '45 days' for '15 days' each place it appears, and

"(B) by substituting '90-day period' for '30-day period'.

"(4) EXCEPTION FOR CERTAIN TAXES PAID BY SECURITIES DEALERS.—

"(A) IN GENERAL.—Paragraphs (1) and (2) shall not apply to any qualified tax with respect to any security held in the active conduct in a foreign country of a securities business of any person—

"(i) who is registered as a securities broker or dealer under section 15(a) of the Securities Exchange Act of 1934,

"(ii) who is registered as a Government securities broker or dealer under section 15C(a) of such Act, or

"(iii) who is licensed or authorized in such foreign country to conduct securities activities in such country and is subject to bona fide regulation by a securities regulating authority of such country.

"(B) QUALIFIED TAX.—For purposes of subparagraph (A), the term 'qualified tax' means a tax paid to a foreign country (other than the foreign country referred to in subparagraph (A)) if—

"(i) the dividend to which such tax is attributable is subject to taxation on a net basis by the country referred to in subparagraph (A), and

"(ii) such country allows a credit against its net basis tax for the full amount of the tax paid to such other foreign country.

"(C) REGULATIONS.—The Secretary may prescribe such regulations as may be appropriate to carry out this paragraph, including regulations to prevent the abuse of the exception provided by this paragraph and to treat other taxes as qualified taxes.

"(5) CERTAIN RULES TO APPLY.—For purposes of this subsection, the rules of paragraphs (3) and (4) of section 246(c) shall apply.

"(6) TREATMENT OF BONA FIDE SALES.—If a person's holding period is reduced by reason of the application of the rules of section 246(c)(4) to any contract for the bona fide sale of stock, the determination of whether such person's holding period meets the requirements of paragraph (2) with respect to taxes deemed paid under section 902 or 960 shall be made as of the date such contract is entered into.

"(7) TAXES ALLOWED AS DEDUCTION, ETC.—Sections 275 and 78 shall not apply to any tax which is not allowable as a credit under subsection (a) by reason of this subsection.".

(b) NOTICE OF WITHHOLDING TAXES PAID BY REGULATED INVESTMENT COMPANY.—Subsection (c) of section 853 (relating to foreign tax credit allowed to shareholders) is amended by adding at the end the following new sentence: "Such notice shall also include the amount of such taxes which (without regard to the election under this section) would not be allowable as a credit under section 901(a) to the regulated investment company by reason of section 901(k).".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to dividends paid or accrued more than 30 days after the date of the enactment of this Act.

SEC. 1054. DENIAL OF TREATY BENEFITS FOR CERTAIN PAYMENTS THROUGH HYBRID ENTITIES.

(a) IN GENERAL.—Section 894 (relating to income affected by treaty) is amended by inserting after subsection (b) the following new subsection:

"(c) DENIAL OF TREATY BENEFITS FOR CERTAIN PAYMENTS THROUGH HYBRID ENTITIES.—

"(1) APPLICATION TO CERTAIN PAYMENTS.—A foreign person shall not be entitled under any income tax treaty of the United States with a foreign country to any reduced rate of any withholding tax imposed by this title on an item of income derived through an entity which is treated as a partnership (or is otherwise treated as fiscally transparent) for purposes of this title if—

"(A) such item is not treated for purposes of the taxation laws of such foreign country as an item of income of such person,

"(B) the treaty does not contain a provision addressing the applicability of the treaty in the case of an item of income derived through a partnership, and

"(C) the foreign country does not impose tax on a distribution of such item of income from such entity to such person.

"(2) REGULATIONS.—The Secretary shall prescribe such regulations as may be necessary or appropriate to determine the extent to which a taxpayer to which paragraph (1) does not apply shall not be entitled to benefits under any income tax treaty of the United States with respect to any payment received by, or income attributable to any activities of, an entity organized in any jurisdiction (including the United States) that is treated as a partnership or is otherwise treated as fiscally transparent for purposes of this title (including a common investment trust under section 584, a grantor trust, or an entity that is disregarded for purposes of this title) and is treated as fiscally nontransparent for purposes of the tax laws of the jurisdiction of residence of the taxpayer.".

(b) EFFECTIVE DATE.—The amendments made by this section shall apply upon the date of enactment of this Act.

SEC. 1055. INTEREST ON UNDERPAYMENTS NOT REDUCED BY FOREIGN TAX CREDIT CARRYBACKS.

(a) IN GENERAL.—Subsection (d) of section 6601 is amended by redesignating paragraphs (2) and (3) as paragraphs (3) and (4), respectively, and by inserting after paragraph (1) the following new paragraph:

"(2) FOREIGN TAX CREDIT CARRYBACKS.—If any credit allowed for any taxable year is increased by reason of a carryback of tax paid or accrued to foreign countries or possessions of the United States, such increase shall not affect the computation of interest under this section for the period ending with the filing date for the taxable year in which such taxes were in fact paid or accrued, or, with respect to any portion of such credit carryback from a taxable year attributable to a net operating loss carryback or a capital loss carryback from a subsequent taxable year, such increase shall not affect the computation of interest under this section for the period ending with the filing date for such subsequent taxable year.".

(b) CONFORMING AMENDMENT TO REFUNDS ATTRIBUTABLE TO FOREIGN TAX CREDIT CARRYBACKS.—

(1) IN GENERAL.—Subsection (f) of section 6611 is amended by redesignating paragraphs (2) and (3) as paragraphs (3) and (4), respectively, and by inserting after paragraph (1) the following new paragraph:

"(2) FOREIGN TAX CREDIT CARRYBACKS.—For purposes of subsection (a), if any overpayment of tax imposed by subtitle A results from a carryback of tax paid or accrued to foreign countries or possessions of the United States, such overpayment shall be deemed not to have been made before the filing date for the taxable year in which such taxes were in fact paid or accrued, or, with respect to any portion of such credit carryback from a taxable year attributable to a net operating loss carryback or a capital loss carryback from a subsequent taxable year, such overpayment shall be deemed not to have been made before the filing date for such subsequent taxable year.".

(2) CONFORMING AMENDMENTS.—

(A) Paragraph (4) of section 6611(f) (as so redesignated) is amended—

(i) by striking "PARAGRAPHS (1) AND (2)" and inserting "PARAGRAPHS (1), (2), AND (3)", and

(ii) by striking "paragraph (1) or (2)" each place it appears and inserting "paragraph (1), (2), or (3)".

(B) Clause (ii) of section 6611(f)(4)(B) (as so redesignated) is amended by striking "and" at the end of subclause (I), by redesignating subclause (II) as subclause (III), and by inserting after subclause (I) the following new subclause:

"(II) in the case of a carryback of taxes paid or accrued to foreign countries or possessions of the United States, the taxable year in which such taxes were in fact paid or accrued (or, with respect to any portion of such carryback from a taxable year attributable to a net operating loss carryback or a capital loss carryback from a subsequent taxable year, such subsequent taxable year), and".

(C) Subclause (III) of section 6611(f)(4)(B)(ii) (as so redesignated) is amended by inserting "(as defined in paragraph (3)(B))" after "credit carryback" the first place it appears.

(D) Section 6611 is amended by striking subsection (g) and by redesignating subsections (h) and (i) as subsections (g) and (h), respectively.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to foreign tax credit carrybacks arising in taxable years beginning after the date of the enactment of this Act.

SEC. 1056. CLARIFICATION OF PERIOD OF LIMITATIONS ON CLAIM FOR CREDIT OR REFUND ATTRIBUTABLE TO FOREIGN TAX CREDIT CARRYFORWARD.

(a) IN GENERAL.—Subparagraph (A) of section 6511(d)(3) is amended by striking "for the year with respect to which the claim is made" and inserting "for the year in which such taxes were actually paid or accrued".

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to taxes paid or accrued in taxable years beginning after the date of the enactment of this Act.

SEC. 1057. REPEAL OF EXCEPTION TO ALTERNATIVE MINIMUM FOREIGN TAX CREDIT LIMIT.

(a) IN GENERAL.—Section 59(a)(2) (relating to limitation to 90 percent of tax) is amended by striking subparagraph (C).

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after the date of the enactment of this Act.

Subtitle G—Partnership Provisions

SEC. 1061. ALLOCATION OF BASIS AMONG PROPERTIES DISTRIBUTED BY PARTNERSHIP.

(a) IN GENERAL.—Subsection (c) of section 732 is amended to read as follows:

"(c) ALLOCATION OF BASIS.—

"(1) IN GENERAL.—The basis of distributed properties to which subsection (a)(2) or (b) is applicable shall be allocated—

"(A)(i) first to any unrealized receivables (as defined in section 751(c)) and inventory items (as defined in section 751(d)(2)) in an amount equal to the adjusted basis of each such property to the partnership, and

"(ii) if the basis to be allocated is less than the sum of the adjusted bases of such properties to the partnership, then, to the extent any decrease is required in order to have the adjusted bases of such properties equal the basis to be allocated, in the manner provided in paragraph (3), and

"(B) to the extent of any basis remaining after the allocation under subparagraph (A), to other distributed properties—

"(i) first by assigning to each such other property such other property's adjusted basis to the partnership, and

"(ii) then, to the extent any increase or decrease in basis is required in order to have the adjusted bases of such other distributed properties equal such remaining basis, in the manner provided in paragraph (2) or (3), whichever is appropriate.

"(2) METHOD OF ALLOCATING INCREASE.—Any increase required under paragraph (1)(B) shall be allocated among the properties—

"(A) first to properties with unrealized appreciation in proportion to their respective amounts of unrealized appreciation before such increase (but only to the extent of each property's unrealized appreciation), and

"(B) then, to the extent such increase is not allocated under subparagraph (A), in proportion to their respective fair market values.

"(3) METHOD OF ALLOCATING DECREASE.—Any decrease required under paragraph (1)(A) or (1)(B) shall be allocated—

"(A) first to properties with unrealized depreciation in proportion to their respective amounts of unrealized depreciation before such decrease (but only to the extent of each property's unrealized depreciation), and

"(B) then, to the extent such decrease is not allocated under subparagraph (A), in proportion to their respective adjusted bases (as adjusted under subparagraph (A)).".

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to distributions after the date of the enactment of this Act.

SEC. 1062. REPEAL OF REQUIREMENT THAT INVENTORY BE SUBSTANTIALLY APPRECIATED WITH RESPECT TO SALE OR EXCHANGE OF PARTNERSHIP INTEREST.

(a) IN GENERAL.—Paragraph (2) of section 751(a) is amended to read as follows:

"(2) inventory items of the partnership,".

(b) CONFORMING AMENDMENTS.—

(1)(A) Paragraph (1) of section 751(b) is amended by striking subparagraphs (A) and (B) and inserting the following new subparagraphs:

"(A) partnership property which is—

"(i) unrealized receivables, or

"(ii) inventory items which have appreciated substantially in value,

in exchange for all or a part of his interest in other partnership property (including money), or

"(B) partnership property (including money) other than property described in subparagraph (A)(i) or (ii) in exchange for all or a part of his interest in partnership property described in subparagraph (A)(i) or (ii),".

(B) Subsection (b) of section 751 is amended by adding at the end the following new paragraph:

"(3) SUBSTANTIAL APPRECIATION.—For purposes of paragraph (1)—

"(A) IN GENERAL.—Inventory items of the partnership shall be considered to have appreciated substantially in value if their fair market value exceeds 120 percent of the adjusted basis to the partnership of such property.

"(B) CERTAIN PROPERTY EXCLUDED.—For purposes of subparagraph (A), there shall be excluded any inventory property if a principal purpose for acquiring such property was to avoid the provisions of this subsection relating to inventory items."

(2) Subsection (d) of section 751 is amended to read as follows:

"(d) INVENTORY ITEMS.—For purposes of this subchapter, the term 'inventory items' means—

"(1) property of the partnership of the kind described in section 1221(1),

"(2) any other property of the partnership which, on sale or exchange by the partnership, would be considered property other than a capital asset and other than property described in section 1231,

"(3) any other property of the partnership which, if sold or exchanged by the partnership, would result in a gain taxable under subsection (a) of section 1246 (relating to gain on foreign investment company stock), and

"(4) any other property held by the partnership which, if held by the selling or distributee partner, would be considered property of the type described in paragraph (1), (2), or (3).".

(3) Sections 724(d)(2), 731(a)(2)(B), 731(c)(6), 732(c)(1)(A) (as amended by the preceding section), 735(a)(2), and 735(c)(1) are each amended by striking "section 751(d)(2)" and inserting "section 751(d)".

(c) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendments made by this section shall apply to sales, exchanges, and distributions after the date of the enactment of this Act.

(2) BINDING CONTRACTS.—The amendments made by this section shall not apply to any sale or exchange pursuant to a written binding contract in effect on June 8, 1997, and at all times thereafter before such sale or exchange.

SEC. 1063. EXTENSION OF TIME FOR TAXING PRECONTRIBUTION GAIN.

(a) IN GENERAL.—Sections 704(c)(1)(B) and 737(b)(1) are each amended by striking "5 years" and inserting "7 years".

(b) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendment made by subsection (a) shall apply to property contributed to a partnership after June 8, 1997.

(2) BINDING CONTRACTS.—The amendment made by subsection (a) shall not apply to any property contributed pursuant to a written binding contract in effect on June 8, 1997, and at all times thereafter before such contribution if such contract provides for the contribution of a fixed amount of property.

Subtitle H—Pension Provisions

SEC. 1071. PENSION ACCRUED BENEFIT DISTRIBUTABLE WITHOUT CONSENT INCREASED TO $5,000.

(a) AMENDMENT TO 1986 CODE.—

(1) IN GENERAL.—Subparagraph (A) of section 411(a)(11) (relating to restrictions on certain mandatory distributions) is amended by striking "$3,500" and inserting "$5,000".

(2) CONFORMING AMENDMENTS.—

(A) Section 411(a)(7)(B), paragraphs (1) and (2) of section 417(e), and section 457(e)(9) are each amended by striking "$3,500" each place it appears (other than the headings) and inserting "the dollar limit under section 411(a)(11)(A)".

(B) The headings for paragraphs (1) and (2) of section 417(e) and subparagraph (A) of section 457(e)(9) are each amended by striking "$3,500" and inserting "DOLLAR LIMIT".

(b) AMENDMENTS TO ERISA.—

(1) IN GENERAL.—Section 203(e)(1) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1053(e)(1)) is amended by striking "$3,500" and inserting "$5,000".

(2) CONFORMING AMENDMENTS.—Sections 204(d)(1) and 205(g) (1) and (2) (29 U.S.C. 1054(d)(1) and 1055(g) (1) and (2)) are each amended by striking "$3,500" and inserting "the dollar limit under section 203(e)(1)".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to plan years beginning after the date of the enactment of this Act.

SEC. 1072. ELECTION TO RECEIVE TAXABLE CASH COMPENSATION IN LIEU OF NONTAXABLE PARKING BENEFITS.

(a) IN GENERAL.—Section 132(f)(4) (relating to benefits not in lieu of compensation) is amended by adding at the end the following new sentence: "This paragraph shall not apply to any qualified parking provided in lieu of compensation which otherwise would have been includible in gross income of the employee, and no amount shall be included in the gross income of the employee solely because the employee may choose between the qualified parking and compensation.".

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 1997.

SEC. 1073. REPEAL OF EXCESS DISTRIBUTION AND EXCESS RETIREMENT ACCUMULATION TAX.

(a) REPEAL OF EXCESS DISTRIBUTION AND EXCESS RETIREMENT ACCUMULATION TAX.—Section 4980A (relating to excess distributions from qualified retirement plans) is repealed.

(b) CONFORMING AMENDMENTS.—

(1) Section 691(c)(1) is amended by striking subparagraph (C).

(2) Section 2013 is amended by striking subsection (g).

(3) Section 2053(c)(1)(B) is amended by striking the last sentence.

(4) Section 6018(a) is amended by striking paragraph (4).

(c) EFFECTIVE DATES.—

(1) EXCESS DISTRIBUTION TAX REPEAL.—Except as provided in paragraph (2), the repeal made by subsection (a) shall apply to excess distributions received after December 31, 1996.

(2) EXCESS RETIREMENT ACCUMULATION TAX REPEAL.—The repeal made by subsection (a) with respect to section 4980A(d) of the Internal Revenue Code of 1986 and the amendments made by subsection (b) shall apply to estates of decedents dying after December 31, 1996.

SEC. 1074. INCREASE IN TAX ON PROHIBITED TRANSACTIONS.

(a) IN GENERAL.—Section 4975(a) is amended by striking "10 percent" and inserting "15 percent".

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to prohibited transactions occurring after the date of the enactment of this Act.

SEC. 1075. BASIS RECOVERY RULES FOR ANNUITIES OVER MORE THAN ONE LIFE.

(a) IN GENERAL.—Section 72(d)(1)(B) is amended by adding at the end the following new clause:

"(iv) NUMBER OF ANTICIPATED PAYMENTS WHERE MORE THAN ONE LIFE.—If the annuity is payable over the lives of more than 1 individual, the number of anticipated payments shall be determined as follows:

"If the combined ages of annuitants are:	***The number is:***
Not more than 110	*410*
More than 110 but not more than 120	*360*
More than 120 but not more than 130	*310*
More than 130 but not more than 140	*260*
More than 140	*210.".*

(b) CONFORMING AMENDMENT.—Section 72(d)(1)(B)(iii) is amended—

(1) by inserting "If the annuity is payable over the life of a single individual, the number of anticipated payments shall be determined as follows:" after the heading and before the table, and

(2) by striking "primary" in the table.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply with respect to annuity starting dates beginning after December 31, 1997.

Subtitle I—Other Revenue Provisions

SEC. 1081. TERMINATION OF SUSPENSE ACCOUNTS FOR FAMILY CORPORATIONS REQUIRED TO USE ACCRUAL METHOD OF ACCOUNTING.

(a) IN GENERAL.—Subsection (i) of section 447 (relating to method of accounting for corporations engaged in farming) is amended by striking paragraphs (3) and (4), by redesignating paragraphs (5) and (6) as paragraphs (3) and (4), respectively, and by adding at the end the following new paragraph:

"(5) TERMINATION.—

"(A) IN GENERAL.—No suspense account may be established under this subsection by any corporation required by this section to change its method of accounting for any taxable year ending after June 8, 1997.

"(B) PHASEOUT OF EXISTING SUSPENSE ACCOUNTS.—

"(i) IN GENERAL.—Each suspense account under this subsection shall be reduced (but not below zero) for each taxable year beginning after June 8, 1997, by an amount equal to the lesser of—

"(I) the applicable portion of such account, or

"(II) 50 percent of the taxable income of the corporation for the taxable year, or, if the corporation has no taxable income for such year, the amount of any net operating loss (as defined in section 172(c)) for such taxable year.

For purposes of the preceding sentence, the amount of taxable income and net operating loss *shall be determined without regard to this paragraph.*

"(ii) COORDINATION WITH OTHER REDUCTIONS.—The amount of the applicable portion for any taxable year shall be reduced (but not below zero) by the amount of any reduction required for such taxable year under any other provision of this subsection.

"(iv) INCLUSION IN INCOME.—Any reduction in a suspense account under this paragraph shall be included in gross income for the taxable year of the reduction.

"(C) APPLICABLE PORTION.—For purposes of subparagraph (B), the term 'applicable portion' means, for any taxable year, the amount which would ratably reduce the amount in the account (after taking into account prior reductions) to zero over the period consisting of such taxable year and the remaining taxable years in such first 20 taxable years.

"(D) AMOUNTS AFTER 20TH YEAR.—Any amount in the account as of the close of the 20th year referred to in subparagraph (C) shall be treated as the applicable portion for each succeeding year thereafter to the extent not reduced under this paragraph for any prior taxable year after such 20th year.".

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years ending after June 8, 1997.

SEC. 1082. MODIFICATION OF TAXABLE YEARS TO WHICH NET OPERATING LOSSES MAY BE CARRIED.

(a) IN GENERAL.—Subparagraph (A) of section 172(b)(1) (relating to years to which loss may be carried) is amended—

(1) by striking "3" in clause (i) and inserting "2", and

(2) by striking "15" in clause (ii) and inserting "20".

(b) RETENTION OF 3-YEAR CARRYBACK FOR CERTAIN LOSSES.—Paragraph (1) of section 172(b) is amended by adding at the end the following new subparagraph:

"(F) RETENTION OF 3-YEAR CARRYBACK IN CERTAIN CASES.—

"(i) IN GENERAL.—Subparagraph (A)(i) shall be applied by substituting '3 years' for '2 years' with respect to the portion of the net operating loss for the taxable year which is an eligible loss with respect to the taxpayer.

"(ii) ELIGIBLE LOSS.—For purposes of clause (i), the term 'eligible loss' means—

"(I) in the case of an individual, losses of property arising from fire, storm, shipwreck, or other casualty, or from theft,

"(II) in the case of a taxpayer which is a small business, net operating losses attributable to Presidentially declared disasters (as defined in section 1033(h)(3)), and

"(III) in the case of a taxpayer engaged in the trade or business of farming (as defined in section 263A(e)(4)), net operating losses attributable to such Presidentially declared disasters.

"(iii) SMALL BUSINESS.—For purposes of this subparagraph, the term 'small business' means a corporation or partnership which meets the gross receipts test of section 448(c) for the taxable year in which the loss arose (or, in the case of a sole proprietorship, which would meet such test if such proprietorship were a corporation).".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to net operating losses for taxable years beginning after the date of the enactment of this Act.

SEC. 1083. MODIFICATIONS TO TAXABLE YEARS TO WHICH UNUSED CREDITS MAY BE CARRIED.

(a) IN GENERAL.—Section 39(a) (relating to unused credits) is amended—

(1) in paragraph (1), by striking "3" each place it appears and inserting "1" and by striking "15" each place it appears and inserting "20"; and

(2) in paragraph (2), by striking "18" each place it appears and inserting "22" and by striking "17" each place it appears and inserting "21".

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to credits arising in taxable years beginning after December 31, 1997.

SEC. 1084. EXPANSION OF DENIAL OF DEDUCTION FOR CERTAIN AMOUNTS PAID IN CONNECTION WITH INSURANCE.

(a) DENIAL OF DEDUCTION FOR PREMIUMS.—

(1) IN GENERAL.—Paragraph (1) of section 264(a) is amended to read as follows:

"(1) Premiums on any life insurance policy, or endowment or annuity contract, if the taxpayer is directly or indirectly a beneficiary under the policy or contract.".

(2) EXCEPTIONS.—Section 264 is amended by redesignating subsections (b), (c), and (d) as subsections (c), (d), and (e), respectively, and by inserting after subsection (a) the following new subsection:

"(b) EXCEPTIONS TO SUBSECTION (a)(1).—Subsection (a)(1) shall not apply to—

"(1) any annuity contract described in section 72(s)(5), and

"(2) any annuity contract to which section 72(u) applies.".

(b) INTEREST ON POLICY LOANS.—

(1) IN GENERAL.—Paragraph (4) of section 264(a) is amended by striking "individual, who" and all that follows and inserting "individual.".

(2) COORDINATION WITH TRANSFERS FOR VALUE.—Paragraph (2) of section 101(a) is amended by adding at the end the following new flush sentence:

"The term 'other amounts' in the first sentence of this paragraph includes interest paid or accrued by the transferee on indebtedness with respect to such contract or any interest therein if such interest paid or accrued is not allowable as a deduction by reason of section 264(a)(4).".

(c) PRO RATA ALLOCATION OF INTEREST EXPENSE TO POLICY CASH VALUES.—Section 264 is amended by adding at the end the following new subsection:

"(f) PRO RATA ALLOCATION OF INTEREST EXPENSE TO POLICY CASH VALUES.—

"(1) IN GENERAL.—No deduction shall be allowed for that portion of the taxpayer's interest expense which is allocable to unborrowed policy cash values.

"(2) ALLOCATION.—For purposes of paragraph (1), the portion of the taxpayer's interest expense which is allocable to unborrowed policy cash values is an amount which bears the same ratio to such interest expense as—

"(A) the taxpayer's average unborrowed policy cash values of life insurance policies, and annuity and endowment contracts, issued after June 8, 1997, bears to

"(B) the sum of—

"(i) in the case of assets of the taxpayer which are life insurance policies or annuity or endowment contracts, the average unborrowed policy cash values of such policies and contracts, and

"(ii) in the case of assets of the taxpayer not described in clause (i), the average adjusted bases (within the meaning of section 1016) of such assets.

"(3) UNBORROWED POLICY CASH VALUE.—For purposes of this subsection, the term 'unborrowed policy cash value' means, with respect to any life insurance policy or annuity or endowment contract, the excess of—

"(A) the cash surrender value of such policy or contract determined without regard to any surrender charge, over

"(B) the amount of any loan with respect to such policy or contract.

"(4) EXCEPTION FOR CERTAIN POLICIES AND CONTRACTS.—

"(A) POLICIES AND CONTRACTS COVERING 20-PERCENT OWNERS, OFFICERS, DIRECTORS, AND EMPLOYEES.—Paragraph (1) shall not apply to any policy or contract owned by an entity engaged in a trade or business if such policy or contract covers only 1 individual and if such individual is (at the time first covered by the policy or contract)—

"(i) a 20-percent owner of such entity, or

"(ii) an individual (not described in clause (i)) who is an officer, director, or employee of such trade or business.

A policy or contract covering a 20-percent owner of such entity shall not be treated as failing to meet the requirements of the preceding sentence by reason of covering the joint lives of such owner and such owner's spouse.

"(B) CONTRACTS SUBJECT TO CURRENT INCOME INCLUSION.—Paragraph (1) shall not apply to any annuity contract to which section 72(u) applies.

"(C) COORDINATION WITH PARAGRAPH (2).—Any policy or contract to which paragraph (1) does not apply by reason of this paragraph shall not be taken into account under paragraph (2).

"(D) 20-PERCENT OWNER.—For purposes of subparagraph (A), the term '20-percent owner' has the meaning given such term by subsection (e)(4).

"(5) EXCEPTION FOR POLICIES AND CONTRACTS HELD BY NATURAL PERSONS; TREATMENT OF PARTNERSHIPS AND S CORPORATIONS.—

"(A) POLICIES AND CONTRACTS HELD BY NATURAL PERSONS.—

"(i) IN GENERAL.—This subsection shall not apply to any policy or contract held by a natural person.

"(ii) EXCEPTION WHERE BUSINESS IS BENEFICIARY.—If a trade or business is directly or indirectly the beneficiary under any policy or contract, such policy or contract shall be treated as held by such trade or business and not by a natural person.

"(iii) SPECIAL RULES.—

"(I) CERTAIN TRADES OR BUSINESSES NOT TAKEN INTO ACCOUNT.—Clause (ii) shall not apply to any trade or business carried on as a sole proprietorship and to any trade or business performing services as an employee.

"(II) LIMITATION ON UNBORROWED CASH VALUE.—The amount of the unborrowed cash value of any policy or contract which is taken into account by reason of clause (ii) shall not exceed the benefit to which the trade or business is directly or indirectly entitled under the policy or contract.

"(iv) REPORTING.—The Secretary shall require such reporting from policyholders and issuers as is necessary to carry out clause (ii). Any report required under the preceding sentence shall be treated as a statement referred to in section 6724(d)(1).

"(B) TREATMENT OF PARTNERSHIPS AND S CORPORATIONS.—In the case of a partnership or S corporation, this subsection shall be applied at the partnership and corporate levels.

"(6) SPECIAL RULES.—

"(A) COORDINATION WITH SUBSECTION (a) AND SECTION 265.—If interest on any indebtedness is disallowed under subsection (a) or section 265—

"(i) such disallowed interest shall not be taken into account for purposes of applying this subsection, and

"(ii) the amount otherwise taken into account under paragraph (2)(B) shall be reduced (but not below zero) by the amount of such indebtedness.

"(B) COORDINATION WITH SECTION 263A.—This subsection shall be applied before the application of section 263A (relating to capitalization of certain expenses where taxpayer produces property).

"(7) INTEREST EXPENSE.—The term 'interest expense' means the aggregate amount allowable

to the taxpayer as a deduction for interest (within the meaning of section 265(b)(4)) for the taxable year (determined without regard to this subsection, section 265(b), and section 291).

"(8) AGGREGATION RULES.—

"(A) IN GENERAL.—All members of a controlled group (within the meaning of subsection (d)(5)(B)) shall be treated as 1 taxpayer for purposes of this subsection.

"(B) TREATMENT OF INSURANCE COMPANIES.—This subsection shall not apply to an insurance company subject to tax under subchapter L, and subparagraph (A) shall be applied without regard to any member of an affiliated group which is an insurance company.".

(b) TREATMENT OF INSURANCE COMPANIES.—

(1)(A) Clause (ii) of section 805(a)(4)(C) is amended by inserting ", or out of the increase for the taxable year in policy cash values (within the meaning of subparagraph (F)) of life insurance policies and annuity and endowment contracts to which section 264(f) applies," after "tax-exempt interest".

(B) Clause (iii) of section 805(a)(4)(D) is amended by striking "and" and inserting ", the increase for the taxable year in policy cash values (within the meaning of subparagraph (F)) of life insurance policies and annuity and endowment contracts to which section 264(f) applies, and".

(C) Paragraph (4) of section 805(a) is amended by adding at the end the following new subparagraph:

"(F) INCREASE IN POLICY CASH VALUES.—For purposes of subparagraphs (C) and (D)—

"(i) IN GENERAL.—The increase in the policy cash value for any taxable year with respect to policy or contract is the amount of the increase in the adjusted cash value during such taxable year determined without regard to—

"(I) gross premiums paid during such taxable year, and

"(II) distributions (other than amounts includible in the policyholder's gross income) during such taxable year to which section 72(e) applies.

"(ii) ADJUSTED CASH VALUE.—For purposes of clause (i), the term 'adjusted cash value' means the cash surrender value of the policy or contract increased by the sum of—

"(I) commissions payable with respect to such policy or contract for the taxable year, and

"(II) asset management fees, surrender charges, mortality and expense charges, and any other fees or charges specified in regulations prescribed by the Secretary which are imposed (or which would be imposed were the policy or contract canceled) with respect to such policy or contract for the taxable year.".

(2)(A) Subparagraph (B) of section 807(a)(2) is amended by striking "interest," and inserting "interest and the amount of the policyholder's share of the increase for the taxable year in policy cash values (within the meaning of section 805(a)(4)(F)) of life insurance policies and annuity and endowment contracts to which section 264(f) applies,".

(B) Subparagraph (B) of section 807(b)(1) is amended by striking "interest," and inserting "interest and the amount of the policyholder's share of the increase for the taxable year in policy cash values (within the meaning of section 805(a)(4)(F)) of life insurance policies and annuity and endowment contracts to which section 264(f) applies,".

(3) Paragraph (1) of section 812(d) is amended by striking "and" at the end of subparagraph (B), by striking the period at the end of subparagraph (C) and inserting ", and", and by adding at the end the following new subparagraph:

"(D) the increase for any taxable year in the policy cash values (within the meaning of section 805(a)(4)(F)) of life insurance policies and annuity and endowment contracts to which section 264(f) applies.".

(4) Subparagraph (B) of section 832(b)(5) is amended by striking "and" at the end of clause (i), by striking the period at the end of clause (ii) and inserting ", and", and by adding at the end the following new clause:

"(iii) the increase for the taxable year in policy cash values (within the meaning of section 805(a)(4)(F)) of life insurance policies and annuity and endowment contracts to which section 264(f) applies.".

(c) CONFORMING AMENDMENT.—Subparagraph (A) of section 265(b)(4) is amended by inserting ", section 264," before "and section 291".

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to contracts issued after June 8, 1997, in taxable years ending after such date. For purposes of the preceding sentence, any material increase in the death benefit or other material change in the contract shall be treated as a new contract but the addition of covered lives shall be treated as a new contract only with respect to such additional covered lives. For purposes of this subsection, an increase in the death benefit under a policy or contract issued in connection with a lapse described in section 501(d)(2) of the Health Insurance Portability and Accountability Act of 1996 shall not be treated as a new contract.

SEC. 1085. IMPROVED ENFORCEMENT OF THE APPLICATION OF THE EARNED INCOME CREDIT.

(a) RESTRICTIONS ON AVAILABILITY OF EARNED INCOME CREDIT FOR TAXPAYERS WHO IMPROPERLY CLAIMED CREDIT IN PRIOR YEAR.—

(1) IN GENERAL.—Section 32 is amended by redesignating subsections (k) and (l) as subsections (l) and (m), respectively, and by inserting after subsection (j) the following new subsection:

"(k) RESTRICTIONS ON TAXPAYERS WHO IMPROPERLY CLAIMED CREDIT IN PRIOR YEAR.—

"(1) TAXPAYERS MAKING PRIOR FRAUDULENT OR RECKLESS CLAIMS.—

"(A) IN GENERAL.—No credit shall be allowed under this section for any taxable year in the disallowance period.

"(B) DISALLOWANCE PERIOD.—For purposes of paragraph (1), the disallowance period is—

"(i) the period of 10 taxable years after the most recent taxable year for which there was a final determination that the taxpayer's claim of credit under this section was due to fraud, and

"(ii) the period of 2 taxable years after the most recent taxable year for which there was a final determination that the taxpayer's claim of credit under this section was due to reckless or intentional disregard of rules and regulations (but not due to fraud).

"(2) TAXPAYERS MAKING IMPROPER PRIOR CLAIMS.—In the case of a taxpayer who is denied credit under this section for any taxable year as a result of the deficiency procedures under subchapter B of chapter 63, no credit shall be allowed under this section for any subsequent taxable year unless the taxpayer provides such information as the Secretary may require to demonstrate eligibility for such credit.".

(2) DUE DILIGENCE REQUIREMENT ON INCOME TAX RETURN PREPARERS.—Section 6695 is amended by adding at the end the following new subsection:

"(g) FAILURE TO BE DILIGENT IN DETERMINING ELIGIBILITY FOR EARNED INCOME CREDIT.—Any person who is an income tax return preparer with respect to any return or claim for refund who fails to comply with due diligence requirements imposed by the Secretary by regulations with respect to determining eligibility for, or the amount of, the credit allowable by section 32 shall pay a penalty of $100 for each such failure.".

(3) EXTENSION PROCEDURES APPLICABLE TO MATHEMATICAL OR CLERICAL ERRORS.—Paragraph (2) of section 6213(g) (relating to the definition of mathematical or clerical errors) is amended by striking "and" at the end of subparagraph (H), by striking the period at the end of subparagraph (I) and inserting ", and", and by inserting after subparagraph (I) the following new subparagraph:

"(J) an omission of information required by section 32(k)(2) (relating to taxpayers making improper prior claims of earned income credit).".

(b) INCREASE IN NET LOSS DISREGARDED FOR MODIFIED ADJUSTED GROSS INCOME.—Section 32(c)(5)(B)(iv) is amended by striking "50 percent" and inserting "75 percent".

(c) WORKFARE PAYMENTS NOT INCLUDED IN EARNED INCOME.—Section 32(c)(2)(B) is amended by striking "and" at the end of clause (iii), by striking the period at the end of clause (iv) and inserting ", and", and by adding at the end the following new clause:

"(v) no amount described in subparagraph (A) received for service performed in work activities as defined in section 407(d) of the Social Security Act to which the taxpayer is assigned under any State program under part A of title IV of such Act, but only to the extent such amount is subsidized under such State program.".

(d) CERTAIN NONTAXABLE INCOME INCLUDED IN MODIFIED ADJUSTED GROSS INCOME.—Section 32(c)(5)(B) is amended—

(1) by striking "and" at the end of clause (iii),

(2) by striking the period at the end of clause (iv)(III),

(3) by inserting after clause (iv)(III) the following new clauses:

"(v) interest received or accrued during the taxable year which is exempt from tax imposed by this chapter, and

"(vi) amounts received as a pension or annuity, and any distributions or payments received from an individual retirement plan, by the taxpayer during the taxable year to the extent not included in gross income.", and

(4) by adding at the end the following new sentence: "Clause (vi) shall not include any amount which is not includible in gross income by reason of section 402(c), 403(a)(4), 403(b), 408(d) (3), (4), or (5), or 457(e)(10).".

(e) EFFECTIVE DATES.—

(1) The amendments made by subsection (a) shall apply to taxable years beginning after December 31, 1996.

(2) The amendments made by subsections (b), (c), and (d) shall apply to taxable years beginning after December 31, 1997.

SEC. 1086. LIMITATION ON PROPERTY FOR WHICH INCOME FORECAST METHOD MAY BE USED.

(a) LIMITATION.—Subsection (g) of section 167 is amended by adding at the end the following new paragraph:

"(6) LIMITATION ON PROPERTY FOR WHICH INCOME FORECAST METHOD MAY BE USED.—The depreciation deduction allowable under this section may be determined under the income forecast method or any similar method only with respect to—

"(A) property described in paragraph (3) or (4) of section 168(f),

"(B) copyrights,

"(C) books,

"(D) patents, and

"(E) other property specified in regulations.

Such methods may not be used with respect to any amortizable section 197 intangible (as defined in section 197(c)).".

(b) DEPRECIATION PERIOD FOR RENT-TO-OWN PROPERTY.—

(1) IN GENERAL.—Subparagraph (A) of section 168(e)(3) (relating to 3-year property) is amended by striking "and" at the end of clause (i), by striking the period at the end of clause (ii) and inserting ", and", and by adding at the end the following new clause:

"(iii) any qualified rent-to-own property.".

(2) 4-YEAR CLASS LIFE.—The table contained in section 168(g)(3)(B) is amended by inserting before the first item the following new item:

"(A)(iii) .... 4 ".

(3) DEFINITION OF QUALIFIED RENT-TO-OWN PROPERTY.—Subsection (i) of section 168 is amended by adding at the end the following new paragraph:

"(14) QUALIFIED RENT-TO-OWN PROPERTY.—

"(A) IN GENERAL.—The term 'qualified rent-to-own property' means property held by a rent-to-own dealer for purposes of being subject to a rent-to-own contract.

"(B) RENT-TO-OWN DEALER.—The term 'rent-to-own dealer' means a person that, in the ordinary course of business, regularly enters into rent-to-own contracts with customers for the use of consumer property, if a substantial portion of those contracts terminate and the property is returned to such person before the receipt of all payments required to transfer ownership of the property from such person to the customer.

"(C) CONSUMER PROPERTY.—The term 'consumer property' means tangible personal property of a type generally used within the home for personal use.

"(D) RENT-TO-OWN CONTRACT.—The term 'rent-to-own contract' means any lease for the use of consumer property between a rent-to-own dealer and a customer who is an individual which—

"(i) is titled 'Rent-to-Own Agreement' or 'Lease Agreement with Ownership Option,' or uses other similar language,

"(ii) provides for level (or decreasing where no payment is less than 40 percent of the largest payment), regular periodic payments (for a payment period which is a week or month),

"(iii) provides that legal title to such property remains with the rent-to-own dealer until the customer makes all the payments described in clause (ii) or early purchase payments required under the contract to acquire legal title to the item of property,

"(iv) provides a beginning date and a maximum period of time for which the contract may be in effect that does not exceed 156 weeks or 36 months from such beginning date (including renewals or options to extend),

"(v) provides for payments within the 156-week or 36-month period that, in the aggregate, generally exceed the normal retail price of the consumer property plus interest,

"(vi) provides for payments under the contract that, in the aggregate, do not exceed $10,000 per item of consumer property,

"(vii) provides that the customer does not have any legal obligation to make all the payments referred to in clause (ii) set forth under the contract, and that at the end of each payment period the customer may either continue to use the consumer property by making the payment for the next payment period or return such property to the rent-to-own dealer in good working order, in which case the customer does not incur any further obligations under the contract and is not entitled to a return of any payments previously made under the contract, and

"(viii) provides that the customer has no right to sell, sublease, mortgage, pawn, pledge, encumber, or otherwise dispose of the consumer property until all the payments stated in the contract have been made.".

(c) EFFECTIVE DATE.—The amendment made by this section shall apply to property placed in service after the date of the enactment of this Act.

SEC. 1087. EXPANSION OF REQUIREMENT THAT INVOLUNTARILY CONVERTED PROPERTY BE REPLACED WITH PROPERTY ACQUIRED FROM AN UNRELATED PERSON.

(a) IN GENERAL.—Subsection (i) of section 1033 is amended to read as follows:

"(i) REPLACEMENT PROPERTY MUST BE ACQUIRED FROM UNRELATED PERSON IN CERTAIN CASES.—

"(1) IN GENERAL.—If the property which is involuntarily converted is held by a taxpayer to which this subsection applies, subsection (a) shall not apply if the replacement property or stock is acquired from a related person. The preceding sentence shall not apply to the extent that the related person acquired the replacement property or stock from an unrelated person during the period applicable under subsection (a)(2)(B).

"(2) TAXPAYERS TO WHICH SUBSECTION APPLIES.—This subsection shall apply to—

"(A) a C corporation,

"(B) a partnership in which 1 or more C corporations own, directly or indirectly (determined in accordance with section 707(b)(3)), more than 50 percent of the capital interest, or profits interest, in such partnership at the time of the involuntary conversion, and

"(C) any other taxpayer if, with respect to property which is involuntarily converted during the taxable year, the aggregate of the amount of realized gain on such property on which there is realized gain exceeds $100,000.

In the case of a partnership, subparagraph (C) shall apply with respect to the partnership and with respect to each partner. A similar rule shall apply in the case of an S corporation and its shareholders.

"(3) RELATED PERSON.—For purposes of this subsection, a person is related to another person if the person bears a relationship to the other person described in section 267(b) or 707(b)(1).".

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to involuntary conversions occurring after June 8, 1997.

SEC. 1088. TREATMENT OF EXCEPTION FROM INSTALLMENT SALES RULES FOR SALES OF PROPERTY BY A MANUFACTURER TO A DEALER.

(a) IN GENERAL.—Paragraph (2) of section 811(c) of the Tax Reform Act of 1986 is hereby repealed.

(b) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendment made by this section shall apply to taxable years beginning more than 1 year after the date of the enactment of this Act.

(2) COORDINATION WITH SECTION 481.—In the case of any taxpayer required by this section to change its method of accounting for any taxable year—

(A) such changes shall be treated as initiated by the taxpayer,

(B) such changes shall be treated as made with the consent of the Secretary of the Treasury, and

(C) the net amount of the adjustments required to be taken into account under section 481(a) of the Internal Revenue Code of 1986 shall be taken into account ratably over the 4 taxable year period beginning with the first taxable year beginning after the date of the enactment of this Act.

SEC. 1089. LIMITATIONS ON CHARITABLE REMAINDER TRUST ELIGIBILITY FOR CERTAIN TRUSTS.

(a) LIMITATION ON NONCHARITABLE DISTRIBUTIONS.—

(1) IN GENERAL.—Paragraphs (1)(A) and (2)(A) of section 664(d) (relating to charitable remainder trusts) are each amended by inserting "nor more than 50 percent" after "not less than 5 percent".

(2) EFFECTIVE DATE.—The amendment made by paragraph (1) shall apply to transfers in trust after June 18, 1997.

(b) MINIMUM CHARITABLE BENEFIT.—

(1) CHARITABLE REMAINDER ANNUITY TRUSTS.—Paragraph (1) of section 664(d) is amended by striking "and" at the end of subparagraph (B), by striking the period at the end of subparagraph (C), and by adding at the end the following new subparagraph:

"(D) the value (determined under section 7520) of such remainder interest is at least 10 percent of the initial net fair market value of all property placed in the trust."

(2) CHARITABLE REMAINDER UNITRUSTS.—Paragraph (2) of section 664(d) is amended by striking "and" at the end of subparagraph (B), by striking the period at the end of subparagraph (C), and by adding at the end the following new subparagraph:

"(D) with respect to each contribution of property to the trust, the value (determined under section 7520) of such remainder interest in such property is at least 10 percent of the net fair market value of such property as of the date such property is contributed to the trust.".

(3) VOID OR REFORMED TRUST.—Paragraph (3) of section 2055(e) is amended by adding at the end the following new subparagraph:

"(J) VOID OR REFORMED TRUST IN CASES OF INSUFFICIENT REMAINDER INTERESTS.—In the case of a trust that would qualify (or could be reformed to qualify pursuant to subparagraph (B)) but for failure to satisfy the requirement of paragraph (1)(D) or (2)(D) of section 664(d), such trust may be—

"(i) declared null and void ab initio, or

"(ii) changed by reformation, amendment, or otherwise to meet such requirement by reducing the payout rate or the duration (or both) of any noncharitable beneficiary's interest to the extent necessary to satisfy such requirement,

pursuant to a proceeding that is commenced within the period required in subparagraph (C)(iii). In a case described in clause (i), no deduction shall be allowed under this title for any transfer to the trust and any transactions entered into by the trust prior to being declared void shall be treated as entered into by the transferor."

(4) SEVERANCE OF CERTAIN ADDITIONAL CONTRIBUTIONS.—Subsection (d) of section 664 is amended by adding at the end the following new paragraph:

"(4) SEVERANCE OF CERTAIN ADDITIONAL CONTRIBUTIONS.—If—

"(A) any contribution is made to a trust which before the contribution is a charitable remainder unitrust, and

"(B) such contribution would (but for this paragraph) result in such trust ceasing to be a charitable unitrust by reason of paragraph (2)(D), such contribution shall be treated as a transfer to a separate trust under regulations prescribed by the Secretary."

(5) CONFORMING AMENDMENT.—Section 2055(e)(3)(G) is amended by inserting "(or other proceeding pursuant to subparagraph (J)" after "reformation".

(6) EFFECTIVE DATES.—

(A) IN GENERAL.—Except as otherwise provided in this paragraph, the amendments made by this subsection shall apply to transfers in trust after July 28, 1997.

(B) SPECIAL RULE FOR CERTAIN DECEDENTS.—The amendments made by this subsection shall not apply to transfers in trust under the terms of a will (or other testamentary instrument) executed on or before July 28, 1997, if the decedent—

(i) dies before January 1, 1999, without having republished the will (or amended such instrument) by codicil or otherwise, or

(ii) was on July 28, 1997, under a mental disability to change the disposition of his property and did not regain his competence to dispose of such property before the date of his death.

SEC. 1090. EXPANDED SSA RECORDS FOR TAX ENFORCEMENT.

(a) EXPANSION OF COORDINATED ENFORCEMENT EFFORTS OF IRS AND HHS OFFICE OF CHILD SUPPORT ENFORCEMENT.—

(1) STATE REPORTING OF SSN OF CHILD.—Section 454A(e)(4)(D) of the Social Security Act (42 U.S.C. 654a(e)(4)(D)) is amended by striking "the birth date of any child" and inserting "the birth date and, beginning not later than October 1, 1999, the social security number, of any child".

(2) FEDERAL CASE REGISTRY OF CHILD SUPPORT ORDERS.—Section 453(h) of such Act (42 U.S.C. 653(h)) is amended—

(A) in paragraph (2), by adding at the end the following: "Beginning not later than October 1, 1999, the information referred to in paragraph (1) shall include the names and social security numbers of the children of such individuals."; and

(B) by adding at the end the following:

"(3) ADMINISTRATION OF FEDERAL TAX LAWS.—The Secretary of the Treasury shall have access to the information described in paragraph (2) for the purpose of administering those sections of the Internal Revenue Code of 1986 which grant tax benefits based on support or residence of children.".

(3) COORDINATION BETWEEN SECRETARIES.—The Secretary of the Treasury and the Secretary of Health and Human Services shall consult regarding the implementation issues resulting from the amendments made by this subsection, including interim deadlines for States that may be able before October 1, 1999, to provide the data required by such amendments. The Secretaries shall report to Congress on the results of such consultation.

(4) EFFECTIVE DATE.—The amendments made by this subsection shall take effect on October 1, 1998.

(b) REQUIRED SUBMISSION OF SSN'S ON APPLICATIONS.—

(1) IN GENERAL.—Section 205(c)(2) of the Social Security Act (42 U.S.C. 405(c)(2)) is amended—

(A) in subparagraph (B)(ii), by adding at the end the following new sentence: "With respect to an application for a social security account number for an individual who has not attained the age of 18 before such application, such evidence shall include the information described in subparagraph (C)(ii).",

(B) in the second sentence of subparagraph (C)(ii), insert "the Commissioner of Social Security and" after "available to", and

(C) by adding at the end the following new subparagraph:

"(H) The Commissioner of Social Security shall share with the Secretary of the Treasury the information obtained by the Commissioner pursuant to the second sentence of subparagraph (B)(ii) and to subparagraph (C)(ii) for the purpose of administering those sections of the Internal Revenue Code of 1986 which grant tax benefits based on support or residence of children.".

(2) EFFECTIVE DATES.—

(A) The amendment made by paragraph (1)(A) shall apply to applications made after the date which is 180 days after the date of the enactment of this Act.

(B) The amendments made by subparagraphs (B) and (C) of paragraph (1) shall apply to information obtained on, before, or after the date of the enactment of this Act.

SEC. 1091. MODIFICATION OF ESTIMATED TAX SAFE HARBORS.

(a) IN GENERAL.—Clause (i) of section 6654(d)(1)(C) (relating to limitation on use of preceding year's tax) is amended to read as follows:

"(i) IN GENERAL.—If the adjusted gross income shown on the return of the individual for the preceding taxable year beginning in any calendar year exceeds $150,000, clause (ii) of subparagraph (B) shall be applied by substituting the applicable percentage for '100 percent'. For purposes of the preceding sentence, the applicable percentage shall be determined in accordance with the following table:

"If the preceding taxable year begins in:	**The applicable percentage is:**
1998, 1999, or 2000	105
2001	112
2002 or thereafter	110.

This clause shall not apply in the case of a preceding taxable year beginning in calendar year 1997.".

(b) EFFECTIVE DATE.—The amendment made by this section shall apply with respect to any installment payment for taxable years beginning after December 31, 1997.

TITLE XI—SIMPLIFICATION AND OTHER FOREIGN-RELATED PROVISIONS

Subtitle A—General Provisions

SEC. 1101. CERTAIN INDIVIDUALS EXEMPT FROM FOREIGN TAX CREDIT LIMITATION.

(a) GENERAL RULE.—Section 904 (relating to limitations on foreign tax credit) is amended by redesignating subsection (j) as subsection (k) and by inserting after subsection (i) the following new subsection:

"(j) CERTAIN INDIVIDUALS EXEMPT.—

"(1) IN GENERAL.—In the case of an individual to whom this subsection applies for any taxable year—

"(A) the limitation of subsection (a) shall not apply,

"(B) no taxes paid or accrued by the individual during such taxable year may be deemed paid or accrued under subsection (c) in any other taxable year, and

"(C) no taxes paid or accrued by the individual during any other taxable year may be deemed paid or accrued under subsection (c) in such taxable year.

"(2) INDIVIDUALS TO WHOM SUBSECTION APPLIES.—This subsection shall apply to an individual for any taxable year if—

"(A) the entire amount of such individual's gross income for the taxable year from sources without the United States consists of qualified passive income,

"(B) the amount of the creditable foreign taxes paid or accrued by the individual during the taxable year does not exceed $300 ($600 in the case of a joint return), and

"(C) such individual elects to have this subsection apply for the taxable year.

"(3) DEFINITIONS.—For purposes of this subsection—

"(A) QUALIFIED PASSIVE INCOME.—The term 'qualified passive income' means any item of gross income if—

"(i) such item of income is passive income (as defined in subsection (d)(2)(A) without regard to clause (iii) thereof), and

"(ii) such item of income is shown on a payee statement furnished to the individual.

"(B) CREDITABLE FOREIGN TAXES.—The term 'creditable foreign taxes' means any taxes for which a credit is allowable under section 901; except that such term shall not include any tax unless such tax is shown on a payee statement furnished to such individual.

"(C) PAYEE STATEMENT.—The term 'payee statement' has the meaning given to such term by section 6724(d)(2).

"(D) ESTATES AND TRUSTS NOT ELIGIBLE.—This subsection shall not apply to any estate or trust.".

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to taxable years beginning after December 31, 1997.

SEC. 1102. EXCHANGE RATE USED IN TRANSLATING FOREIGN TAXES.

(a) ACCRUED TAXES TRANSLATED BY USING AVERAGE RATE FOR YEAR TO WHICH TAXES RELATE.—

(1) IN GENERAL.—Subsection (a) of section 986 (relating to translation of foreign taxes) is amended to read as follows:

"(a) FOREIGN INCOME TAXES.—

"(1) TRANSLATION OF ACCRUED TAXES.—

"(A) IN GENERAL.—For purposes of determining the amount of the foreign tax credit, in the case of a taxpayer who takes foreign income taxes into account when accrued, the amount of any foreign income taxes (and any adjustment thereto) shall be translated into dollars by using the average exchange rate for the taxable year to which such taxes relate.

"(B) EXCEPTION FOR CERTAIN TAXES.—Subparagraph (A) shall not apply to any foreign income taxes—

"(i) paid after the date 2 years after the close of the taxable year to which such taxes relate, or

"(ii) paid before the beginning of the taxable year to which such taxes relate.

"(C) EXCEPTION FOR INFLATIONARY CURRENCIES.—Subparagraph (A) shall not apply to any foreign income taxes the liability for which is denominated in any inflationary currency (as determined under regulations).

"(D) CROSS REFERENCE.—

"For adjustments where tax is not paid within 2 years, see section 905(c).

"(2) TRANSLATION OF TAXES TO WHICH PARAGRAPH (1) DOES NOT APPLY.—For purposes of determining the amount of the foreign tax credit, in the case of any foreign income taxes to which subparagraph (A) of paragraph (1) does not apply—

"(A) such taxes shall be translated into dollars using the exchange rates as of the time such taxes were paid to the foreign country or possession of the United States, and

"(B) any adjustment to the amount of such taxes shall be translated into dollars using—

"(i) except as provided in clause (ii), the exchange rate as of the time when such adjustment is paid to the foreign country or possession, or

"(ii) in the case of any refund or credit of foreign income taxes, using the exchange rate as of the time of the original payment of such foreign income taxes.

"(3) FOREIGN INCOME TAXES.—For purposes of this subsection, the term 'foreign income taxes' means any income, war profits, or excess profits taxes paid or accrued to any foreign country or to any possession of the United States.".

(2) ADJUSTMENT WHEN NOT PAID WITHIN 2 YEARS AFTER YEAR TO WHICH TAXES RELATE.—Subsection (c) of section 905 is amended to read as follows:

"(c) ADJUSTMENTS TO ACCRUED TAXES.—

"(1) IN GENERAL.—If—

"(A) accrued taxes when paid differ from the amounts claimed as credits by the taxpayer,

"(B) accrued taxes are not paid before the date 2 years after the close of the taxable year to which such taxes relate, or

"(C) any tax paid is refunded in whole or in part,

the taxpayer shall notify the Secretary, who shall redetermine the amount of the tax for the year or years affected. The Secretary may prescribe adjustments to the pools of post-1986 foreign income taxes and the pools of post-1986 undistributed earnings under sections 902 and 960 in lieu of the redetermination under the preceding sentence.

"(2) SPECIAL RULE FOR TAXES NOT PAID WITHIN 2 YEARS.—

"(A) IN GENERAL.—Except as provided in subparagraph (B), in making the redetermination under paragraph (1), no credit shall be allowed for accrued taxes not paid before the date referred to in subparagraph (B) of paragraph (1).

"(B) TAXES SUBSEQUENTLY PAID.—Any such taxes if subsequently paid—

"(i) shall be taken into account—

"(I) in the case of taxes deemed paid under section 902 or section 960, for the taxable year in *which paid (and no redetermination shall be made under this section by reason of such payment), and*

"(II) in any other case, for the taxable year to which such taxes relate, and

"(ii) shall be translated as provided in section 986(a)(2)(A).

"(3) ADJUSTMENTS.—The amount of tax (if any) due on any redetermination under paragraph (1) shall be paid by the taxpayer on notice and demand by the Secretary, and the amount of tax overpaid (if any) shall be credited or refunded to the taxpayer in accordance with subchapter B of chapter 66 (section 6511 et seq.).

"(4) BOND REQUIREMENTS.—In the case of any tax accrued but not paid, the Secretary, as a condition precedent to the allowance of the credit provided in this subpart, may require the taxpayer to give a bond, with sureties satisfactory to and approved by the Secretary, in such sum as the Secretary may require, conditioned on the payment by the taxpayer of any amount of tax found due on any such redetermination. Any such bond shall contain such further conditions as the Secretary may require.

"(5) OTHER SPECIAL RULES.—In any redetermination under paragraph (1) by the Secretary of the amount of tax due from the taxpayer for the year or years affected by a refund, the amount of the taxes refunded for which credit has been allowed under this section shall be reduced by the amount of any tax described in section 901 imposed by the foreign country or possession of the United States with respect to such refund; but no credit under this subpart, or deduction under section 164, shall be allowed for any taxable year with respect to any such tax imposed on the refund. No interest shall be assessed or collected on any amount of tax due on any redetermination by the Secretary, resulting from a refund to the taxpayer, for any period before the receipt of such refund, except to the extent interest was paid by the foreign country or possession of the United States on such refund for such period.".

(b) AUTHORITY TO USE AVERAGE RATES.—

(1) IN GENERAL.—Subsection (a) of section 986 (as amended by subsection (a)) is amended by redesignating paragraph (3) as paragraph (4) and inserting after paragraph (2) the following new paragraph:

"(3) AUTHORITY TO PERMIT USE OF AVERAGE RATES.—To the extent prescribed in regulations, the average exchange rate for the period (specified in such regulations) during which the taxes or adjustment is paid may be used instead of the exchange rate as of the time of such payment.".

(2) DETERMINATION OF AVERAGE RATES.—Subsection (c) of section 989 is amended by striking "and" at the end of paragraph (4), by striking the period at the end of paragraph (5) and inserting ", and", and by adding at the end thereof the following new paragraph:

"(6) setting forth procedures for determining the average exchange rate for any period.".

(3) CONFORMING AMENDMENTS.—Subsection (b) of section 989 is amended by striking "weighted" each place it appears.

(c) EFFECTIVE DATES.—

(1) IN GENERAL.—The amendments made by subsections (a)(1) and (b) shall apply to taxes paid or accrued in taxable years beginning after December 31, 1997.

(2) SUBSECTION (a)(2).—The amendment made by subsection (a)(2) shall apply to taxes which relate to taxable years beginning after December 31, 1997.

SEC. 1103. ELECTION TO USE SIMPLIFIED SECTION 904 LIMITATION FOR ALTERNATIVE MINIMUM TAX.

(a) GENERAL RULE.—Subsection (a) of section 59 (relating to alternative minimum tax foreign tax credit) is amended by adding at the end thereof the following new paragraph:

"(3) ELECTION TO USE SIMPLIFIED SECTION 904 LIMITATION.—

"(A) IN GENERAL.—In determining the alternative minimum tax foreign tax credit for any taxable year to which an election under this paragraph applies—

"(i) subparagraph (B) of paragraph (1) shall not apply, and

"(ii) the limitation of section 904 shall be based on the proportion which—

"(I) the taxpayer's taxable income (as determined for purposes of the regular tax) from sources without the United States (but not in excess of the taxpayer's entire alternative minimum taxable income), bears to

"(II) the taxpayer's entire alternative minimum taxable income for the taxable year.

"(B) ELECTION.—

"(i) IN GENERAL.—An election under this paragraph may be made only for the taxpayer's first taxable year which begins after December 31, 1997, and for which the taxpayer claims an alternative minimum tax foreign tax credit.

"(ii) ELECTION REVOCABLE ONLY WITH CONSENT.—An election under this paragraph, once made, shall apply to the taxable year for which made and all subsequent taxable years unless revoked with the consent of the Secretary.".

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 1997.

SEC. 1104. TREATMENT OF PERSONAL TRANSACTIONS BY INDIVIDUALS UNDER FOREIGN CURRENCY RULES.

(a) GENERAL RULE.—Subsection (e) of section 988 (relating to application to individuals) is amended to read as follows:

"(e) APPLICATION TO INDIVIDUALS.—

"(1) IN GENERAL.—The preceding provisions of this section shall not apply to any section 988 transaction entered into by an individual which is a personal transaction.

"(2) EXCLUSION FOR CERTAIN PERSONAL TRANSACTIONS.—If—

"(A) nonfunctional currency is disposed of by an individual in any transaction, and

"(B) such transaction is a personal transaction,

no gain shall be recognized for purposes of this subtitle by reason of changes in exchange rates after such currency was acquired by such individual and before such disposition. The preceding sentence shall not apply if the gain which would otherwise be recognized on the transaction exceeds $200.

"(3) PERSONAL TRANSACTIONS.—For purposes of this subsection, the term 'personal transaction' means any transaction entered into by an individual, except that such term shall not include any transaction to the extent that expenses properly allocable to such transaction meet the requirements of—

"(A) section 162 (other than traveling expenses described in subsection (a)(2) thereof), or

"(B) section 212 (other than that part of section 212 dealing with expenses incurred in connection with taxes).".

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1997.

SEC. 1105. FOREIGN TAX CREDIT TREATMENT OF DIVIDENDS FROM NONCONTROLLED SECTION 902 CORPORATIONS.

(a) SEPARATE BASKET ONLY TO APPLY TO PRE-2003 EARNINGS.—

(1) IN GENERAL.—Subparagraph (E) of section 904(d)(1) is amended to read as follows:

"(E) in the case of a corporation, dividends from noncontrolled section 902 corporations out of earnings and profits accumulated in taxable years beginning before January 1, 2003,".

(2) AGGREGATION OF NON-PFICS.—Subparagraph (E) of section 904(d)(2) (relating to noncontrolled section 902 corporations) is amended by adding at the end the following new clause:

"(iv) ALL NON-PFICS TREATED AS ONE.—All noncontrolled section 902 corporations which are not passive foreign investment companies (as defined in section 1297) shall be treated as one noncontrolled section 902 corporation for purposes of paragraph (1).".

(3) CONFORMING AMENDMENTS.—Subparagraphs (C)(iii)(II) and (D) of section 904(d)(2) are each amended by inserting "out of earnings and profits accumulated in taxable years beginning before January 1, 2003" after "corporation".

(b) APPLICATION OF LOOK-THRU RULES TO DIVIDENDS OF NONCONTROLLED SECTION 902 CORPORATIONS ATTRIBUTABLE TO POST-2002 EARNINGS.—Section 904(d) is amended by redesignating paragraphs (4) and (5) as paragraphs (5) and (6), respectively, and by inserting after paragraph (3) the following new paragraph:

"(4) LOOK-THRU APPLIES TO DIVIDENDS FROM NONCONTROLLED SECTION 902 CORPORATIONS.—

"(A) IN GENERAL.—For purposes of this subsection, any applicable dividend shall be treated as income in a separate category in proportion to the ratio of—

"(i) the portion of the earnings and profits described in subparagraph (B)(ii) attributable to income in such category, to

"(ii) the total amount of such earnings and profits.

"(B) APPLICABLE DIVIDEND.—For purposes of subparagraph (A), the term 'applicable dividend' means any dividend—

"(i) from a noncontrolled section 902 corporation with respect to the taxpayer, and

"(ii) paid out of earnings and profits accumulated in taxable years beginning after December 31, 2002.

"(C) SPECIAL RULES.—

"(i) IN GENERAL.—Rules similar to the rules of paragraph (3)(F) shall apply for purposes of this paragraph.

"(ii) EARNINGS AND PROFITS.—For purposes of this paragraph and paragraph (1)(E)—

"(I) IN GENERAL.—The rules of section 316 shall apply.

"(II) REGULATIONS.—The Secretary may prescribe regulations regarding the treatment of distributions out of earnings and profits for periods prior to the taxpayer's acquisition of such stock.".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2002.

Subtitle B—Treatment of Controlled Foreign Corporations

SEC. 1111. GAIN ON CERTAIN STOCK SALES BY CONTROLLED FOREIGN CORPORATIONS TREATED AS DIVIDENDS.

(a) GENERAL RULE.—Section 964 (relating to miscellaneous provisions) is amended by adding at the end thereof the following new subsection:

"(e) GAIN ON CERTAIN STOCK SALES BY CONTROLLED FOREIGN CORPORATIONS TREATED AS DIVIDENDS.—

"(1) IN GENERAL.—If a controlled foreign corporation sells or exchanges stock in any other foreign corporation, gain recognized on such sale or exchange shall be included in the gross income of such controlled foreign corporation as a dividend to the same extent that it would have been so included under section 1248(a) if such controlled foreign corporation were a United States person. For purposes of determining the amount which would have been so includible, the determination of whether such other foreign corporation was a controlled foreign corporation shall be made without regard to the preceding sentence.

"(2) SAME COUNTRY EXCEPTION NOT APPLICABLE.—Clause (i) of section 954(c)(3)(A) shall not apply to any amount treated as a dividend by reason of paragraph (1).

"(3) CLARIFICATION OF DEEMED SALES.—For purposes of this subsection, a controlled foreign

corporation shall be treated as having sold or exchanged any stock if, under any provision of this subtitle, such controlled foreign corporation is treated as having gain from the sale or exchange of such stock.".

(b) AMENDMENT OF SECTION 904(d).—Clause (i) of section 904(d)(2)(E) is amended by striking "and except as provided in regulations, the taxpayer was a United States shareholder in such corporation".

(c) EFFECTIVE DATES.—

(1) The amendment made by subsection (a) shall apply to gain recognized on transactions occurring after the date of the enactment of this Act.

(2) The amendment made by subsection (b) shall apply to distributions after the date of the enactment of this Act.

SEC. 1112. MISCELLANEOUS MODIFICATIONS TO SUBPART F.

(a) SECTION 1248 GAIN TAKEN INTO ACCOUNT IN DETERMINING PRO RATA SHARE.—

(1) IN GENERAL.—Paragraph (2) of section 951(a) (defining pro rata share of subpart F income) is amended by adding at the end thereof the following new sentence: "For purposes of subparagraph (B), any gain included in the gross income of any person as a dividend under section 1248 shall be treated as a distribution received by such person with respect to the stock involved.".

(2) EFFECTIVE DATE.—The amendment made by paragraph (1) shall apply to dispositions after the date of the enactment of this Act.

(b) BASIS ADJUSTMENTS IN STOCK HELD BY FOREIGN CORPORATION.—

(1) IN GENERAL.—Section 961 (relating to adjustments to basis of stock in controlled foreign corporations and of other property) is amended by adding at the end thereof the following new subsection:

"(c) BASIS ADJUSTMENTS IN STOCK HELD BY FOREIGN CORPORATION.—Under regulations prescribed by the Secretary, if a United States shareholder is treated under section 958(a)(2) as owning any stock in a controlled foreign corporation which is actually owned by another controlled foreign corporation, adjustments similar to the adjustments provided by subsections (a) and (b) shall be made to the basis of such stock in the hands of such other controlled foreign corporation, but only for the purposes of determining the amount included under section 951 in the gross income of such United States shareholder (or any other United States shareholder who acquires from any person any portion of the interest of such United States shareholder by reason of which such shareholder was treated as owning such stock, but only to the extent of such portion, and subject to such proof of identity of such interest as the Secretary may prescribe by regulations).".

(2) EFFECTIVE DATE.—The amendment made by paragraph (1) shall apply for purposes of determining inclusions for taxable years of United States shareholders beginning after December 31, 1997.

(c) CLARIFICATION OF TREATMENT OF BRANCH TAX EXEMPTIONS OR REDUCTIONS.—

(1) IN GENERAL.—Subsection (b) of section 952 is amended by adding at the end thereof the following new sentence: "For purposes of this subsection, any exemption (or reduction) with respect to the tax imposed by section 884 shall not be taken into account.".

(2) EFFECTIVE DATE.—The amendment made by paragraph (1) shall apply to taxable years beginning after December 31, 1986.

SEC. 1113. INDIRECT FOREIGN TAX CREDIT ALLOWED FOR CERTAIN LOWER TIER COMPANIES.

(a) SECTION 902 CREDIT.—

(1) IN GENERAL.—Subsection (b) of section 902 (relating to deemed taxes increased in case of certain 2nd and 3rd tier foreign corporations) is amended to read as follows:

"(b) DEEMED TAXES INCREASED IN CASE OF CERTAIN LOWER TIER CORPORATIONS.—

"(1) IN GENERAL.—If—

"(A) any foreign corporation is a member of a qualified group, and

"(B) such foreign corporation owns 10 percent or more of the voting stock of another member of such group from which it receives dividends in any taxable year,

such foreign corporation shall be deemed to have paid the same proportion of such other member's post-1986 foreign income taxes as would be determined under subsection (a) if such foreign corporation were a domestic corporation.

"(2) QUALIFIED GROUP.—For purposes of paragraph (1), the term 'qualified group' means—

"(A) the foreign corporation described in subsection (a), and

"(B) any other foreign corporation if—

"(i) the domestic corporation owns at least 5 percent of the voting stock of such other foreign corporation indirectly through a chain of foreign corporations connected through stock ownership of at least 10 percent of their voting stock,

"(ii) the foreign corporation described in subsection (a) is the first tier corporation in such chain, and

"(iii) such other corporation is not below the sixth tier in such chain.

The term 'qualified group' shall not include any foreign corporation below the third tier in the chain referred to in clause (i) unless such foreign corporation is a controlled foreign corporation (as defined in section 957) and the domestic corporation is a United States shareholder (as defined in section 951(b)) in such foreign corporation. Paragraph (1) shall apply to those taxes paid by a member of the qualified group below the third tier only with respect to periods during which it was a controlled foreign corporation.".

(2) CONFORMING AMENDMENTS.—

(A) Subparagraph (B) of section 902(c)(3) is amended by adding "or" at the end of clause (i) and by striking clauses (ii) and (iii) and inserting the following new clause:

"(ii) the requirements of subsection (b)(2) are met with respect to such foreign corporation.".

(B) Subparagraph (B) of section 902(c)(4) is amended by striking "3rd foreign corporation" and inserting "sixth tier foreign corporation".

(C) The heading for paragraph (3) of section 902(c) is amended by striking "WHERE DOMESTIC CORPORATION ACQUIRES 10 PERCENT OF FOREIGN CORPORATION" and inserting "WHERE FOREIGN CORPORATION FIRST QUALIFIES".

(D) Paragraph (3) of section 902(c) is amended by striking "ownership" each place it appears.

(b) SECTION 960 CREDIT.—Paragraph (1) of section 960(a) (relating to special rules for foreign tax credits) is amended to read as follows:

"(1) DEEMED PAID CREDIT.—For purposes of subpart A of this part, if there is included under section 951(a) in the gross income of a domestic corporation any amount attributable to earnings and profits of a foreign corporation which is a member of a qualified group (as defined in section 902(b)) with respect to the domestic corporation, then, except to the extent provided in regulations, section 902 shall be applied as if the amount so included were a dividend paid by such foreign corporation (determined by applying section 902(c) in accordance with section 904(d)(3)(B)).".

(c) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendments made by this section shall apply to taxes of foreign corporations for taxable years of such corporations beginning after the date of enactment of this Act.

(2) SPECIAL RULE.—In the case of any chain of foreign corporations described in clauses (i) and (ii) of section 902(b)(2)(B) of the Internal Revenue Code of 1986 (as amended by this section), no liquidation, reorganization, or similar transaction in a taxable year beginning after the date of the enactment of this Act shall have the effect of permitting taxes to be taken into account under section 902 of the Internal Revenue Code of 1986 which could not have been taken into account under such section but for such transaction.

Subtitle C—Treatment of Passive Foreign Investment Companies

SEC. 1121. UNITED STATES SHAREHOLDERS OF CONTROLLED FOREIGN CORPORATIONS NOT SUBJECT TO PFIC INCLUSION.

Section 1296 is amended by adding at the end the following new subsection:

"(e) EXCEPTION FOR UNITED STATES SHAREHOLDERS OF CONTROLLED FOREIGN CORPORATIONS.—

"(1) IN GENERAL.—For purposes of this part, a corporation shall not be treated with respect to a shareholder as a passive foreign investment company during the qualified portion of such shareholder's holding period with respect to stock in such corporation.

"(2) QUALIFIED PORTION.—For purposes of this subsection, the term 'qualified portion' means the portion of the shareholder's holding period—

"(A) which is after December 31, 1997, and

"(B) during which the shareholder is a United States shareholder (as defined in section 951(b)) of the corporation and the corporation is a controlled foreign corporation.

"(3) NEW HOLDING PERIOD IF QUALIFIED PORTION ENDS.—

"(A) IN GENERAL.—Except as provided in subparagraph (B), if the qualified portion of a shareholder's holding period with respect to any stock ends after December 31, 1997, solely for purposes of this part, the shareholder's holding period with respect to such stock shall be treated as beginning as of the first day following such period.

"(B) EXCEPTION.—Subparagraph (A) shall not apply if such stock was, with respect to such shareholder, stock in a passive foreign investment company at any time before the qualified portion of the shareholder's holding period with respect to such stock and no election under section 1298(b)(1) is made.".

SEC. 1122. ELECTION OF MARK TO MARKET FOR MARKETABLE STOCK IN PASSIVE FOREIGN INVESTMENT COMPANY.

(a) IN GENERAL.—Part VI of subchapter P of chapter 1 is amended by redesignating subpart C as subpart D, by redesignating sections 1296 and 1297 as sections 1297 and 1298, respectively, and by inserting after subpart B the following new subpart:

"Subpart C—Election of Mark to Market For Marketable Stock

"Sec. 1296. Election of mark to market for marketable stock.

"SEC. 1296. ELECTION OF MARK TO MARKET FOR MARKETABLE STOCK.

"(a) GENERAL RULE.—In the case of marketable stock in a passive foreign investment company which is owned (or treated under subsection (g) as owned) by a United States person at the close of any taxable year of such person, at the election of such person—

"(1) If the fair market value of such stock as of the close of such taxable year exceeds its adjusted basis, such United States person shall include in gross income for such taxable year an amount equal to the amount of such excess.

"(2) If the adjusted basis of such stock exceeds the fair market value of such stock as of the close of such taxable year, such United States

person shall be allowed a deduction for such taxable year equal to the lesser of—

"(A) the amount of such excess, or

"(B) the unreversed inclusions with respect to such stock.

"(b) BASIS ADJUSTMENTS.—

"(1) IN GENERAL.—The adjusted basis of stock in a passive foreign investment company—

"(A) shall be increased by the amount included in the gross income of the United States person under subsection (a)(1) with respect to such stock, and

"(B) shall be decreased by the amount allowed as a deduction to the United States person under subsection (a)(2) with respect to such stock.

"(2) SPECIAL RULE FOR STOCK CONSTRUCTIVELY OWNED.—In the case of stock in a passive foreign investment company which the United States person is treated as owning under subsection (g)—

"(A) the adjustments under paragraph (1) shall apply to such stock in the hands of the person actually holding such stock but only for purposes of determining the subsequent treatment under this chapter of the United States person with respect to such stock, and

"(B) similar adjustments shall be made to the adjusted basis of the property by reason of which the United States person is treated as owning such stock.

"(c) CHARACTER AND SOURCE RULES.—

"(1) ORDINARY TREATMENT.—

"(A) GAIN.—Any amount included in gross income under subsection (a)(1), and any gain on the sale or other disposition of marketable stock in a passive foreign investment company (with respect to which an election under this section is in effect), shall be treated as ordinary income.

"(B) LOSS.—Any—

"(i) amount allowed as a deduction under subsection (a)(2), and

"(ii) loss on the sale or other disposition of marketable stock in a passive foreign investment company (with respect to which an election under this section is in effect) to the extent that the amount of such loss does not exceed the unreversed inclusions with respect to such stock,

shall be treated as an ordinary loss. The amount so treated shall be treated as a deduction allowable in computing adjusted gross income.

"(2) SOURCE.—The source of any amount included in gross income under subsection (a)(1) (or allowed as a deduction under subsection (a)(2)) shall be determined in the same manner as if such amount were gain or loss (as the case may be) from the sale of stock in the passive foreign investment company.

"(d) UNREVERSED INCLUSIONS.—For purposes of this section, the term 'unreversed inclusions' means, with respect to any stock in a passive foreign investment company, the excess (if any) of—

"(1) the amount included in gross income of the taxpayer under subsection (a)(1) with respect to such stock for prior taxable years, over

"(2) the amount allowed as a deduction under subsection (a)(2) with respect to such stock for prior taxable years.

The amount referred to in paragraph (1) shall include any amount which would have been included in gross income under subsection (a)(1) with respect to such stock for any prior taxable year but for section 1291.

"(e) MARKETABLE STOCK.—For purposes of this section—

"(1) IN GENERAL.—The term 'marketable stock' means—

"(A) any stock which is regularly traded on—

"(i) a national securities exchange which is registered with the Securities and Exchange Commission or the national market system established pursuant to section 11A of the Securities and Exchange Act of 1934, or

"(ii) any exchange or other market which the Secretary determines has rules adequate to carry out the purposes of this part,

"(B) to the extent provided in regulations, stock in any foreign corporation which is comparable to a regulated investment company and which offers for sale or has outstanding any stock of which it is the issuer and which is redeemable at its net asset value, and

"(C) to the extent provided in regulations, any option on stock described in subparagraph (A) or (B).

"(2) SPECIAL RULE FOR REGULATED INVESTMENT COMPANIES.—In the case of any regulated investment company which is offering for sale or has outstanding any stock of which it is the issuer and which is redeemable at its net asset value, all stock in a passive foreign investment company which it owns directly or indirectly shall be treated as marketable stock for purposes of this section. Except as provided in regulations, similar treatment as marketable stock shall apply in the case of any other regulated investment company which publishes net asset valuations at least annually.

"(f) TREATMENT OF CONTROLLED FOREIGN CORPORATIONS WHICH ARE SHAREHOLDERS IN PASSIVE FOREIGN INVESTMENT COMPANIES.—In the case of a foreign corporation which is a controlled foreign corporation and which owns (or is treated under subsection (g) as owning) stock in a passive foreign investment company—

"(1) this section (other than subsection (c)(2)) shall apply to such foreign corporation in the same manner as if such corporation were a United States person, and

"(2) for purposes of subpart F of part III of subchapter N—

"(A) any amount included in gross income under subsection (a)(1) shall be treated as foreign personal holding company income described in section 954(c)(1)(A), and

"(B) any amount allowed as a deduction under subsection (a)(2) shall be treated as a deduction allocable to foreign personal holding company income so described.

"(g) STOCK OWNED THROUGH CERTAIN FOREIGN ENTITIES.—Except as provided in regulations—

"(1) IN GENERAL.—For purposes of this section, stock owned, directly or indirectly, by or for a foreign partnership or foreign trust or foreign estate shall be considered as being owned proportionately by its partners or beneficiaries. Stock considered to be owned by a person by reason of the application of the preceding sentence shall, for purposes of applying such sentence, be treated as actually owned by such person.

"(2) TREATMENT OF CERTAIN DISPOSITIONS.—In any case in which a United States person is treated as owning stock in a passive foreign investment company by reason of paragraph (1)—

"(A) any disposition by the United States person or by any other person which results in the United States person being treated as no longer owning such stock, and

"(B) any disposition by the person owning such stock,

shall be treated as a disposition by the United States person of the stock in the passive foreign investment company.

"(h) COORDINATION WITH SECTION 851(b).—For purposes of paragraphs (2) and (3) of section 851(b), any amount included in gross income under subsection (a) shall be treated as a dividend.

"(i) STOCK ACQUIRED FROM A DECEDENT.—In the case of stock of a passive foreign investment company which is acquired by bequest, devise, or inheritance (or by the decedent's estate) and with respect to which an election under this section was in effect as of the date of the decedent's death, notwithstanding section 1014, the basis of such stock in the hands of the person so acquiring it shall be the adjusted basis of such stock in the hands of the decedent immediately before his death (or, if lesser, the basis which would have been determined under section 1014 without regard to this subsection).

"(j) COORDINATION WITH SECTION 1291 FOR FIRST YEAR OF ELECTION.—

"(1) TAXPAYERS OTHER THAN REGULATED INVESTMENT COMPANIES.—

"(A) IN GENERAL.—If the taxpayer elects the application of this section with respect to any marketable stock in a corporation after the beginning of the taxpayer's holding period in such stock, and if the requirements of subparagraph (B) are not satisfied, section 1291 shall apply to—

"(i) any distributions with respect to, or disposition of, such stock in the first taxable year of the taxpayer for which such election is made, and

"(ii) any amount which, but for section 1291, would have been included in gross income under subsection (a) with respect to such stock for such taxable year in the same manner as if such amount were gain on the disposition of such stock.

"(B) REQUIREMENTS.—The requirements of this subparagraph are met if, with respect to each of such corporation's taxable years for which such corporation was a passive foreign investment company and which begin after December 31, 1986, and included any portion of the taxpayer's holding period in such stock, such corporation was treated as a qualified electing fund under this part with respect to the taxpayer.

"(2) SPECIAL RULES FOR REGULATED INVESTMENT COMPANIES.—

"(A) IN GENERAL.—If a regulated investment company elects the application of this section with respect to any marketable stock in a corporation after the beginning of the taxpayer's holding period in such stock, then, with respect to such company's first taxable year for which such company elects the application of this section with respect to such stock—

"(i) section 1291 shall not apply to such stock with respect to any distribution or disposition during, or amount included in gross income under this section for, such first taxable year, but

"(ii) such regulated investment company's tax under this chapter for such first taxable year shall be increased by the aggregate amount of interest which would have been determined under section 1291(c)(3) if section 1291 were applied without regard to this subparagraph.

Clause (ii) shall not apply if for the preceding taxable year the company elected to mark to market the stock held by such company as of the last day of such preceding taxable year.

"(B) DISALLOWANCE OF DEDUCTION.—No deduction shall be allowed to any regulated investment company for the increase in tax under subparagraph (A)(ii).

"(k) ELECTION.—This section shall apply to marketable stock in a passive foreign investment company which is held by a United States person only if such person elects to apply this section with respect to such stock. Such an election shall apply to the taxable year for which made and all subsequent taxable years unless—

"(1) such stock ceases to be marketable stock, or

"(2) the Secretary consents to the revocation of such election.

"(l) TRANSITION RULE FOR INDIVIDUALS BECOMING SUBJECT TO UNITED STATES TAX.—If any individual becomes a United States person in a taxable year beginning after December 31, 1997, solely for purposes of this section, the adjusted basis (before adjustments under subsection (b)) of any marketable stock in a passive

foreign investment company owned by such individual on the first day of such taxable year shall be treated as being the greater of its fair market value on such first day or its adjusted basis on such first day.".

(b) COORDINATION WITH INTEREST CHARGE, ETC.—

(1) Paragraph (1) of section 1291(d) is amended by adding at the end the following new flush sentence:

"Except as provided in section 1296(j), this section also shall not apply if an election under section 1296(k) is in effect for the taxpayer's taxable year.".

(2) The subsection heading for subsection (d) of section 1291 is amended by striking "SUBPART B" and inserting "SUBPARTS B AND C".

(3) Subparagraph (A) of section 1291(a)(3) is amended to read as follows:

"(A) HOLDING PERIOD.—The taxpayer's holding period shall be determined under section 1223; except that—

"(i) for purposes of applying this section to an excess distribution, such holding period shall be treated as ending on the date of such distribution, and

"(ii) if section 1296 applied to such stock with respect to the taxpayer for any prior taxable year, such holding period shall be treated as beginning on the first day of the first taxable year beginning after the last taxable year for which section 1296 so applied.".

(c) TREATMENT OF MARK-TO-MARKET GAIN UNDER SECTION 4982.—

(1) Subsection (e) of section 4982 is amended by adding at the end thereof the following new paragraph:

"(6) TREATMENT OF GAIN RECOGNIZED UNDER SECTION 1296.—For purposes of determining a regulated investment company's ordinary income—

"(A) notwithstanding paragraph (1)(C), section 1296 shall be applied as if such company's taxable year ended on October 31, and

"(B) any ordinary gain or loss from an actual disposition of stock in a passive foreign investment company during the portion of the calendar year after October 31 shall be taken into account in determining such regulated investment company's ordinary income for the following calendar year.

In the case of a company making an election under paragraph (4), the preceding sentence shall be applied by substituting the last day of the company's taxable year for October 31.".

(2) Subsection (b) of section 852 is amended by adding at the end thereof the following new paragraph:

"(10) SPECIAL RULE FOR CERTAIN LOSSES ON STOCK IN PASSIVE FOREIGN INVESTMENT COMPANY.—To the extent provided in regulations, the taxable income of a regulated investment company (other than a company to which an election under section 4982(e)(4) applies) shall be computed without regard to any net reduction in the value of any stock of a passive foreign investment company with respect to which an election under section 1296(k) is in effect occurring after October 31 of the taxable year, and any such reduction shall be treated as occurring on the first day of the following taxable year.".

(3) Subsection (c) of section 852 is amended by inserting after "October 31 of such year" the following: ", without regard to any net reduction in the value of any stock of a passive foreign investment company with respect to which an election under section 1296(k) is in effect occurring after October 31 of such year,".

(d) CONFORMING AMENDMENTS.—

(1) Sections 532(b)(4) and 542(c)(10) are each amended by striking "section 1296" and inserting "section 1297".

(2) Subsection (f) of section 551 is amended by striking "section 1297(b)(5)" and inserting "section 1298(b)(5)".

(3) Subsections (a)(1) and (d) of section 1293 are each amended by striking "section 1297(a)" and inserting "section 1298(a)".

(4) Paragraph (3) of section 1297(b), as redesignated by subsection (a), is hereby repealed.

(5) The table of sections for subpart D of part VI of subchapter P of chapter 1, as redesignated by subsection (a), is amended to read as follows:

"Sec. 1297. Passive foreign investment company.

"Sec. 1298. Special rules.".

(6) The table of subparts for part VI of subchapter P of chapter 1 is amended by striking the last item and inserting the following new items:

"Subpart C. Election of mark to market for marketable stock.

"Subpart D. General provisions.".

(e) CLARIFICATION OF GAIN RECOGNITION ELECTION.—The last sentence of section 1298(b)(1), as so redesignated, is amended by inserting "(determined without regard to the preceding sentence)" after "investment company".

SEC. 1123. VALUATION OF ASSETS FOR PASSIVE FOREIGN INVESTMENT COMPANY DETERMINATION.

(a) IN GENERAL.—Section 1297, as redesignated by section 1122, is amended by adding at the end the following new subsection:

"(e) METHODS FOR MEASURING ASSETS.—

"(1) DETERMINATION USING VALUE.—The determination under subsection (a)(2) shall be made on the basis of the value of the assets of a foreign corporation if—

"(A) such corporation is a publicly traded corporation for the taxable year, or

"(B) paragraph (2) does not apply to such corporation for the taxable year.

"(2) DETERMINATION USING ADJUSTED BASES.—The determination under subsection (a)(2) shall be based on the adjusted bases (as determined for the purposes of computing earnings and profits) of the assets of a foreign corporation if such corporation is not described in paragraph (1)(A) and such corporation—

"(A) is a controlled foreign corporation, or

"(B) elects the application of this paragraph.

An election under subparagraph (B), once made, may be revoked only with the consent of the Secretary.

"(3) PUBLICLY TRADED CORPORATION.—For purposes of this subsection, a foreign corporation shall be treated as a publicly traded corporation if the stock in the corporation is regularly traded on—

"(A) a national securities exchange which is registered with the Securities and Exchange Commission or the national market system established pursuant to section 11A of the Securities and Exchange Act of 1934, or

"(B) any exchange or other market which the Secretary determines has rules adequate to carry out the purposes of this subsection."

(b) CONFORMING AMENDMENTS.—Section 1297(a), as redesignated by section 1122, is amended—

(1) by striking "(by value)" and inserting "(as determined in accordance with subsection (e))", and

(2) by striking the last two sentences.

SEC. 1124. EFFECTIVE DATE.

The amendments made by this subtitle shall apply to—

(1) taxable years of United States persons beginning after December 31, 1997, and

(2) taxable years of foreign corporations ending with or within such taxable years of United States persons.

Subtitle D—Repeal of Excise Tax on Transfers to Foreign Entities

SEC. 1131. REPEAL OF EXCISE TAX ON TRANSFERS TO FOREIGN ENTITIES; RECOGNITION OF GAIN ON CERTAIN TRANSFERS TO FOREIGN TRUSTS AND ESTATES.

(a) REPEAL OF EXCISE TAX.—Chapter 5 (relating to transfers to avoid income tax) is hereby repealed.

(b) RECOGNITION OF GAIN ON CERTAIN TRANSFERS TO FOREIGN TRUSTS AND ESTATES.—Subpart F of part I of subchapter J of chapter 1 is amended by adding at the end the following new section:

"SEC. 684. RECOGNITION OF GAIN ON CERTAIN TRANSFERS TO CERTAIN FOREIGN TRUSTS AND ESTATES.

"(a) IN GENERAL.—Except as provided in regulations, in the case of any transfer of property by a United States person to a foreign estate or trust, for purposes of this subtitle, such transfer shall be treated as a sale or exchange for an amount equal to the fair market value of the property transferred, and the transferor shall recognize as gain the excess of—

"(1) the fair market value of the property so transferred, over

"(2) the adjusted basis (for purposes of determining gain) of such property in the hands of the transferor.

"(b) EXCEPTION.—Subsection (a) shall not apply to a transfer to a trust by a United States person to the extent that any person is treated as the owner of such trust under section 671.

"(c) TREATMENT OF TRUSTS WHICH BECOME FOREIGN TRUSTS.—If a trust which is not a foreign trust becomes a foreign trust, such trust shall be treated for purposes of this section as having transferred, immediately before becoming a foreign trust, all of its assets to a foreign trust.".

(b) OTHER ANTI-AVOIDANCE PROVISIONS REPLACING REPEALED EXCISE TAX.—

(1) GAIN RECOGNITION ON EXCHANGES INVOLVING FOREIGN PERSONS.—Section 1035 is amended by redesignating subsection (c) as subsection (d) and by inserting after subsection (b) the following new subsection:

"(c) EXCHANGES INVOLVING FOREIGN PERSONS.—To the extent provided in regulations, subsection (a) shall not apply to any exchange having the effect of transferring property to any person other than a United States person.".

(2) TRANSFERS TO FOREIGN CORPORATIONS.—Section 367 is amended by adding at the end the following new subsection:

"(f) OTHER TRANSFERS.—To the extent provided in regulations, if a United States person transfers property to a foreign corporation as paid-in surplus or as a contribution to capital (in a transaction not otherwise described in this section), such transfer shall be treated as a sale or exchange for an amount equal to the fair market value of the property transferred, and the transferor shall recognize as gain the excess of—

"(1) the fair market value of the property so transferred, over

"(2) the adjusted basis (for purposes of determining gain) of such property in the hands of the transferor.".

(3) CERTAIN TRANSFERS TO PARTNERSHIPS.—Section 721 is amended by adding at the end the following new subsection:

"(c) REGULATIONS RELATING TO CERTAIN TRANSFERS TO PARTNERSHIPS.—The Secretary may provide by regulations that subsection (a) shall not apply to gain realized on the transfer of property to a partnership if such gain, when recognized, will be includible in the gross income of a person other than a United States person.".

(4) REPEAL OF U.S. SOURCE TREATMENT OF DEEMED ROYALTIES.—Subparagraph (C) of section 367(d)(2) is amended to read as follows:

"(C) AMOUNTS RECEIVED TREATED AS ORDINARY INCOME.—For purposes of this chapter, any amount included in gross income by reason of this subsection shall be treated as ordinary income.".

(5) TRANSFERS OF INTANGIBLES TO PARTNERSHIPS.—

(A) Subsection (d) of section 367 is amended by adding at the end the following new paragraph:

"(3) REGULATIONS RELATING TO TRANSFERS OF INTANGIBLES TO PARTNERSHIPS.—The Secretary may provide by regulations that the rules of paragraph (2) also apply to the transfer of intangible property by a United States person to a partnership in circumstances consistent with the purposes of this subsection.".

(B) Section 721 is amended by adding at the end the following new subsection:

"(d) TRANSFERS OF INTANGIBLES.—

"For regulatory authority to treat intangibles transferred to a partnership as sold, see section 367(d)(3).".

(c) TECHNICAL AND CONFORMING AMENDMENTS.—

(1) Subsection (h) of section 814 is amended by striking "or 1491".

(2) Section 1057 (relating to election to treat transfer to foreign trust, etc., as taxable exchange) is hereby repealed.

(3) Section 6422 is amended by striking paragraph (5) and by redesignating paragraphs (6) through (13) as paragraphs (5) through (12), respectively.

(4) The table of chapters for subtitle A is amended by striking the item relating to chapter 5.

(5) The table of sections for part IV of subchapter O of chapter 1 is amended by striking the item relating to section 1057.

(6) The table of sections for subpart F of part I of subchapter J of chapter 1 is amended by adding at the end the following new item:

"Sec. 684. Recognition of gain on certain transfers to certain foreign trusts and estates.".

(d) EFFECTIVE DATE.—The amendments made by this section shall take effect on the date of the enactment of this Act.

Subtitle E—Information Reporting

SEC. 1141. CLARIFICATION OF APPLICATION OF RETURN REQUIREMENT TO FOREIGN PARTNERSHIPS.

(a) IN GENERAL.—Section 6031 (relating to return of partnership income) is amended by adding at the end the following new subsection:

"(e) FOREIGN PARTNERSHIPS.—

"(1) EXCEPTION FOR FOREIGN PARTNERSHIP.—Except as provided in paragraph (2), the preceding provisions of this section shall not apply to a foreign partnership.

"(2) CERTAIN FOREIGN PARTNERSHIPS REQUIRED TO FILE RETURN.—Except as provided in regulations prescribed by the Secretary, this section shall apply to a foreign partnership for any taxable year if for such year, such partnership has—

"(A) gross income derived from sources within the United States, or

"(B) gross income which is effectively connected with the conduct of a trade or business within the United States.

The Secretary may provide simplified filing procedures for foreign partnerships to which this section applies.".

(b) SANCTION FOR FAILURE BY FOREIGN PARTNERSHIP TO COMPLY WITH SECTION 6031 TO INCLUDE DENIAL OF DEDUCTIONS.—Subsection (f) of section 6231 is amended—

(1) by striking "LOSSES AND" in the heading and inserting "DEDUCTIONS, LOSSES, AND", and

(2) by striking "loss or" each place it appears and inserting "deduction, loss, or".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after the date of the enactment of this Act.

SEC. 1142. CONTROLLED FOREIGN PARTNERSHIPS SUBJECT TO INFORMATION REPORTING COMPARABLE TO INFORMATION REPORTING FOR CONTROLLED FOREIGN CORPORATIONS.

(a) IN GENERAL.—So much of section 6038 (relating to information with respect to certain foreign corporations) as precedes paragraph (2) of subsection (a) is amended to read as follows:

"SEC. 6038. INFORMATION REPORTING WITH RESPECT TO CERTAIN FOREIGN CORPORATIONS AND PARTNERSHIPS.

"(a) REQUIREMENT.—

"(1) IN GENERAL.—Every United States person shall furnish, with respect to any foreign business entity which such person controls, such information as the Secretary may prescribe relating to—

"(A) the name, the principal place of business, and the nature of business of such entity, and the country under whose laws such entity is incorporated (or organized in the case of a partnership);

"(B) in the case of a foreign corporation, its post-1986 undistributed earnings (as defined in section 902(c));

"(C) a balance sheet for such entity listing assets, liabilities, and capital;

"(D) transactions between such entity and—

"(i) such person,

"(ii) any corporation or partnership which such person controls, and

"(iii) any United States person owning, at the time the transaction takes place—

"(I) in the case of a foreign corporation, 10 percent or more of the value of any class of stock outstanding of such corporation, and

"(II) in the case of a foreign partnership, at least a 10-percent interest in such partnership; and

"(E)(i) in the case of a foreign corporation, a description of the various classes of stock outstanding, and a list showing the name and address of, and number of shares held by, each United States person who is a shareholder of record owning at any time during the annual accounting period 5 percent or more in value of any class of stock outstanding of such foreign corporation, and

"(ii) information comparable to the information described in clause (i) in the case of a foreign partnership.

The Secretary may also require the furnishing of any other information which is similar or related in nature to that specified in the preceding sentence or which the Secretary determines to be appropriate to carry out the provisions of this title.".

(b) DEFINITIONS.—

(1) IN GENERAL.—Subsection (e) of section 6038 (relating to definitions) is amended—

(A) by redesignating paragraphs (1) and (2) as paragraphs (2) and (4), respectively,

(B) by inserting before paragraph (2) (as so redesignated) the following new paragraph:

"(1) FOREIGN BUSINESS ENTITY.—The term 'foreign business entity' means a foreign corporation and a foreign partnership.", and

(C) by inserting after paragraph (2) (as so redesignated) the following new paragraph:

"(3) PARTNERSHIP-RELATED DEFINITIONS.—

"(A) CONTROL.—A person is in control of a partnership if such person owns directly or indirectly more than a 50 percent interest in such partnership.

"(B) 50-PERCENT INTEREST.—For purposes of subparagraph (A), a 50-percent interest in a partnership is—

"(i) an interest equal to 50 percent of the capital interest, or 50 percent of the profits interest, in such partnership, or

"(ii) to the extent provided in regulations, an interest to which 50 percent of the deductions or losses of such partnership are allocated.

For purposes of the preceding sentence, rules similar to the rules of section 267(c) (other than paragraph (3)) shall apply.

"(C) 10-PERCENT INTEREST.—A 10-percent interest in a partnership is an interest which would be described in subparagraph (B) if '10 percent' were substituted for '50 percent' each place it appears.".

(2) CLERICAL AMENDMENT.—The paragraph heading for paragraph (2) of section 6038(e) (as so redesignated) is amended by inserting "OF CORPORATION" after "CONTROL".

(c) MODIFICATION OF SANCTIONS ON PARTNERSHIPS AND CORPORATIONS FOR FAILURE TO FURNISH INFORMATION.—

(1) IN GENERAL.—Subsection (b) of section 6038 is amended—

(A) by striking "$1,000" each place it appears and inserting "$10,000", and

(B) by striking "$24,000" in paragraph (2) and inserting "$50,000".

(d) REPORTING BY 10-PERCENT PARTNERS.—Subsection (a) of section 6038 is amended by adding at the end the following new paragraph:

"(5) INFORMATION REQUIRED FROM 10-PERCENT PARTNER OF CONTROLLED FOREIGN PARTNERSHIP.—In the case of a foreign partnership which is controlled by United States persons holding at least 10-percent interests (but not by any one United States person), the Secretary may require each United States person who holds a 10-percent interest in such partnership to furnish information relating to such partnership, including information relating to such partner's ownership interests in the partnership and allocations to such partner of partnership items.".

(e) TECHNICAL AMENDMENTS.—

(1) The following provisions of section 6038 are each amended by striking "foreign corporation" each place it appears and inserting "foreign business entity":

(A) Paragraphs (2) and (3) of subsection (a).

(B) Subsection (b).

(C) Subsection (c) other than paragraph (1)(B) thereof.

(D) Subsection (d).

(E) Subsection (e)(4) (as redesignated by subsection (b)).

(2) Subparagraph (B) of section 6038(c)(1) is amended by inserting "in the case of a foreign business entity which is a foreign corporation," after "(B)".

(3) Paragraph (8) of section 318(b) is amended by striking "6038(d)(1)" and inserting "6038(d)(2)".

(4) Paragraph (4) of section 901(k) is amended by striking "foreign corporation" and inserting "foreign corporation or partnership".

(5) The table of sections for subpart A of part III of subchapter A of chapter 61 is amended by striking the item relating to section 6038 and inserting the following new item:

"Sec. 6038. Information reporting with respect to certain foreign corporations and partnerships.".

(f) EFFECTIVE DATE.—The amendments made by this section shall apply to annual accounting periods beginning after the date of the enactment of this Act.

SEC. 1143. MODIFICATIONS RELATING TO RETURNS REQUIRED TO BE FILED BY REASON OF CHANGES IN OWNERSHIP INTERESTS IN FOREIGN PARTNERSHIP.

(a) NO RETURN REQUIRED UNLESS CHANGES INVOLVE 10-PERCENT INTEREST IN PARTNERSHIP.—

(1) IN GENERAL.—Subsection (a) of section 6046A (relating to returns as to interests in foreign partnerships) is amended by adding at the

end the following new sentence: "Paragraphs (1) and (2) shall apply to any acquisition or disposition only if the United States person directly or indirectly holds at least a 10-percent interest in such partnership either before or after such acquisition or disposition, and paragraph (3) shall apply to any change only if the change is equivalent to at least a 10-percent interest in such partnership.".

(2) 10-PERCENT INTEREST.—Section 6046A is amended by redesignating subsection (d) as subsection (e) and by inserting after subsection (c) the following new subsection:

"(d) 10-PERCENT INTEREST.—For purposes of subsection (a), a 10-percent interest in a partnership is an interest described in section 6038(e)(3)(C).".

(b) MODIFICATION OF PENALTY ON FAILURE TO REPORT CHANGES IN OWNERSHIP INTERESTS IN FOREIGN CORPORATIONS AND PARTNERSHIPS.—Subsection (a) of section 6679 (relating to failure to file returns, etc., with respect to foreign corporations or foreign partnerships) is amended to read as follows:

"(a) CIVIL PENALTY.—

"(1) IN GENERAL.—In addition to any criminal penalty provided by law, any person required to file a return under section 6035, 6046, or 6046A who fails to file such return at the time provided in such section, or who files a return which does not show the information required pursuant to such section, shall pay a penalty of $10,000, unless it is shown that such failure is due to reasonable cause.

"(2) INCREASE IN PENALTY WHERE FAILURE CONTINUES AFTER NOTIFICATION.—If any failure described in paragraph (1) continues for more than 90 days after the day on which the Secretary mails notice of such failure to the United States person, such person shall pay a penalty (in addition to the amount required under paragraph (1)) of $10,000 for each 30-day period (or fraction thereof) during which such failure continues after the expiration of such 90-day period. The increase in any penalty under this paragraph shall not exceed $50,000.

"(3) REDUCED PENALTY FOR RETURNS RELATING TO FOREIGN PERSONAL HOLDING COMPANIES.—In the case of a return required under section 6035, paragraph (1) shall be applied by substituting '$1,000' for '$10,000', and paragraph (2) shall not apply.".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to transfers and changes after the date of the enactment of this Act.

SEC. 1144. TRANSFERS OF PROPERTY TO FOREIGN PARTNERSHIPS SUBJECT TO INFORMATION REPORTING COMPARABLE TO INFORMATION REPORTING FOR SUCH TRANSFERS TO FOREIGN CORPORATIONS.

(a) IN GENERAL.—Paragraph (1) of section 6038B(a) (relating to notice of certain transfers to foreign corporations) is amended to read as follows:

"(1) transfers property to—

"(A) a foreign corporation in an exchange described in section 332, 351, 354, 355, 356, or 361, or

"(B) a foreign partnership in a contribution described in section 721 or in any other contribution described in regulations prescribed by the Secretary,".

(b) EXCEPTIONS.—Section 6038B is amended by redesignating subsection (b) as subsection (c) and by inserting after subsection (a) the following new subsection:

"(b) EXCEPTIONS FOR CERTAIN TRANSFERS TO FOREIGN PARTNERSHIPS; SPECIAL RULE.—

"(1) EXCEPTIONS.—Subsection (a)(1)(B) shall apply to a transfer by a United States person to a foreign partnership only if—

"(A) the United States person holds (immediately after the transfer) directly or indirectly at least a 10-percent interest (as defined in section 6046A(d)) in the partnership, or

"(B) the value of the property transferred (when added to the value of the property transferred by such person or any related person to such partnership or a related partnership during the 12-month period ending on the date of the transfer) exceeds $100,000.

For purposes of the preceding sentence, the value of any transferred property is its fair market value at the time of its transfer.

"(2) SPECIAL RULE.—If by reason of an adjustment under section 482 or otherwise, a contribution described in subsection (a)(1) is deemed to have been made, such contribution shall be treated for purposes of this section as having been made not earlier than the date specified by the Secretary.".

(c) MODIFICATION OF PENALTY APPLICABLE TO FOREIGN CORPORATIONS AND PARTNERSHIPS.—

(1) IN GENERAL.—Paragraph (1) of section 6038B(b) is amended by striking "equal to" and all that follows and inserting "equal to 10 percent of the fair market value of the property at the time of the exchange (and, in the case of a contribution described in subsection (a)(1)(B), such person shall recognize gain as if the contributed property had been sold for such value at the time of such contribution).".

(2) LIMIT ON PENALTY.—Section 6038B(b) is amended by adding at the end the following new paragraph:

"(3) LIMIT ON PENALTY.—The penalty under paragraph (1) with respect to any exchange shall not exceed $100,000 unless the failure with respect to such exchange was due to intentional disregard.".

(d) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendments made by this section shall apply to transfers made after the date of the enactment of this Act.

(2) ELECTION OF RETROACTIVE EFFECT.—Section 1494(c) of the Internal Revenue Code of 1986 shall not apply to any transfer after August 20, 1996, if all applicable reporting requirements under section 6038B of such Code (as amended by this section) are satisfied. The Secretary of the Treasury or his delegate may prescribe simplified reporting requirements under the preceding sentence.

SEC. 1145. EXTENSION OF STATUTE OF LIMITATIONS FOR FOREIGN TRANSFERS.

(a) IN GENERAL.—Paragraph (8) of section 6501(c) (relating to failure to notify Secretary under section 6038B) is amended to read as follows:

"(8) FAILURE TO NOTIFY SECRETARY OF CERTAIN FOREIGN TRANSFERS.—In the case of any information which is required to be reported to the Secretary under section 6038, 6038A, 6038B, 6046, 6046A, or 6048, the time for assessment of any tax imposed by this title with respect to any event or period to which such information relates shall not expire before the date which is 3 years after the date on which the Secretary is furnished the information required to be reported under such section.".

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to information the due date for the reporting of which is after the date of the enactment of this Act.

SEC. 1146. INCREASE IN FILING THRESHOLDS FOR RETURNS AS TO ORGANIZATION OF FOREIGN CORPORATIONS AND ACQUISITIONS OF STOCK IN SUCH CORPORATIONS.

(a) IN GENERAL.—Subsection (a) of section 6046 (relating to returns as to organization or reorganization of foreign corporations and as to acquisitions of their stock) is amended to read as follows:

"(a) REQUIREMENT OF RETURN.—

"(1) IN GENERAL.—A return complying with the requirements of subsection (b) shall be made by—

"(A) each United States citizen or resident who becomes an officer or director of a foreign corporation if a United States person (as defined in section 7701(a)(30)) meets the stock ownership requirements of paragraph (2) with respect to such corporation,

"(B) each United States person—

"(i) who acquires stock which, when added to any stock owned on the date of such acquisition, meets the stock ownership requirements of paragraph (2) with respect to a foreign corporation, or

"(ii) who acquires stock which, without regard to stock owned on the date of such acquisition, meets the stock ownership requirements of paragraph (2) with respect to a foreign corporation,

"(C) each person (not described in subparagraph (B)) who is treated as a United States shareholder under section 953(c) with respect to a foreign corporation, and

"(D) each person who becomes a United States person while meeting the stock ownership requirements of paragraph (2) with respect to stock of a foreign corporation.

In the case of a foreign corporation with respect to which any person is treated as a United States shareholder under section 953(c), subparagraph (A) shall be treated as including a reference to each United States person who is an officer or director of such corporation.

"(2) STOCK OWNERSHIP REQUIREMENTS.—A person meets the stock ownership requirements of this paragraph with respect to any corporation if such person owns 10 percent or more of—

"(A) the total combined voting power of all classes of stock of such corporation entitled to vote, or

"(B) the total value of the stock of such corporation.".

(b) EFFECTIVE DATE.—The amendment made by this section shall take effect on January 1, 1998.

Subtitle F—Determination of Foreign or Domestic Status of Partnerships

SEC. 1151. DETERMINATION OF FOREIGN OR DOMESTIC STATUS OF PARTNERSHIPS.

(a) IN GENERAL.—Paragraph (4) of section 7701(a) is amended by inserting before the period "unless, in the case of a partnership, the Secretary provides otherwise by regulations".

(b) EFFECTIVE DATE.—Any regulations issued with respect to the amendment made by subsection (a) shall apply to partnerships created or organized after the date determined under section 7805(b) of the Internal Revenue Code of 1986 (without regard to paragraph (2) thereof) with respect to such regulations.

Subtitle G—Other Simplification Provisions

SEC. 1161. TRANSITION RULE FOR CERTAIN TRUSTS.

(a) IN GENERAL.—Paragraph (3) of section 1907(a) of the Small Business Job Protection Act of 1996 is amended by adding at the end the following flush sentence:

"To the extent prescribed in regulations by the Secretary of the Treasury or his delegate, a trust which was in existence on August 20, 1996 (other than a trust treated as owned by the grantor under subpart E of part I of subchapter J of chapter 1 of the Internal Revenue Code of 1986), and which was treated as a United States person on the day before the date of the enactment of this Act may elect to continue to be treated as a United States person notwithstanding section 7701(a)(30)(E) of such Code.".

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall take effect as if included in the amendments made by section 1907(a) of the Small Business Job Protection Act of 1996.

SEC. 1162. REPEAL OF STOCK AND SECURITIES SAFE HARBOR REQUIREMENT THAT PRINCIPAL OFFICE BE OUTSIDE THE UNITED STATES.

(a) IN GENERAL.—The last sentence of clause (ii) of section 864(b)(2)(A) (relating to stock or securities) is amended by striking ", or in the case of a corporation" and all that follows and inserting a period.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to taxable years beginning after December 31, 1997.

SEC. 1163. MISCELLANEOUS CLARIFICATIONS.

(a) ATTRIBUTION OF DEEMED PAID FOREIGN TAXES TO PRIOR DISTRIBUTIONS.—Subparagraph (B) of section 902(c)(2) is amended by striking "deemed paid with respect to" and inserting "attributable to".

(b) FINANCIAL SERVICES INCOME DETERMINED WITHOUT REGARD TO HIGH-TAXED INCOME.—Subclause (II) of section 904(d)(2)(C)(i) is amended by striking "subclause (I)" and inserting "subclauses (I) and (III)".

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect on the date of the enactment of this Act.

Subtitle H—Other Provisions

SEC. 1171. TREATMENT OF COMPUTER SOFTWARE AS FSC EXPORT PROPERTY.

(a) IN GENERAL.—Subparagraph (B) of section 927(a)(2) (relating to property excluded from eligibility as FSC export property) is amended by inserting ", and other than computer software (whether or not patented)" before ", for commercial or home use".

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to gross receipts attributable to periods after December 31, 1997, in taxable years ending after such date.

SEC. 1172. ADJUSTMENT OF DOLLAR LIMITATION ON SECTION 911 EXCLUSION.

(a) GENERAL RULE.—Paragraph (2) of section 911(b) is amended by—

(1) by striking "of $70,000" in subparagraph (A) and inserting "equal to the exclusion amount for the calendar year in which such taxable year begins", and

(2) by adding at the end the following new subparagraph:

"(D) EXCLUSION AMOUNT.—

"(i) IN GENERAL.—The exclusion amount for any calendar year is the exclusion amount determined in accordance with the following table (as adjusted by clause (ii)):

"For calendar year—	The exclusion amount is—
1998	$72,000
1999	74,000
2000	76,000
2001	78,000
2002 and thereafter	80,000.

"(ii) INFLATION ADJUSTMENT.—In the case of any taxable year beginning in a calendar year after 2007, the $80,000 amount in clause (i) shall be increased by an amount equal to the product of—

"(I) such dollar amount, and

"(II) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which the taxable year begins, determined by substituting '2006' for '1992' in subparagraph (B) thereof.

If any increase determined under the preceding sentence is not a multiple of $100, such increase shall be rounded to the next lowest multiple of $100.".

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 1997.

SEC. 1173. UNITED STATES PROPERTY NOT TO INCLUDE CERTAIN ASSETS ACQUIRED BY DEALERS IN ORDINARY COURSE OF TRADE OR BUSINESS.

(a) IN GENERAL.—Section 956(c)(2) is amended by striking "and" at the end of subparagraph (H), by striking the period at the end of subparagraph (I) and inserting a semicolon, and by adding at the end the following new subparagraphs:

"(J) deposits of cash or securities made or received on commercial terms in the ordinary course of a United States or foreign person's business as a dealer in securities or in commodities, but only to the extent such deposits are made or received as collateral or margin for (i) a securities loan, notional principal contract, options contract, forward contract, or futures contract, or (ii) any other financial transaction in which the Secretary determines that it is customary to post collateral or margin; and

"(K) an obligation of a United States person to the extent the principal amount of the obligation does not exceed the fair market value of readily marketable securities sold or purchased pursuant to a sale and repurchase agreement or otherwise posted or received as collateral for the obligation in the ordinary course of its business by a United States or foreign person which is a dealer in securities or commodities.

For purposes of subparagraphs (J) and (K), the term 'dealer in securities' has the meaning given such term by section 475(c)(1), and the term 'dealer in commodities' has the meaning given such term by section 475(e), except that such term shall include a futures commission merchant.".

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years of foreign corporations beginning after December 31, 1997, and to taxable years of United States shareholders with or within which such taxable years of foreign corporations end.

SEC. 1174. TREATMENT OF NONRESIDENT ALIENS ENGAGED IN INTERNATIONAL TRANSPORTATION SERVICES.

(a) SOURCING RULES.—

(1) IN GENERAL.—Section 861(a)(3) is amended by adding at the end the following new flush sentence:

"In addition, except for purposes of sections 79 and 105 and subchapter D, compensation for labor or services performed in the United States shall not be deemed to be income from sources within the United States if the labor or services are performed by a nonresident alien individual in connection with the individual's temporary presence in the United States as a regular member of the crew of a foreign vessel engaged in transportation between the United States and a foreign country or a possession of the United States.".

(2) TRANSPORTATION INCOME.—Subparagraph (B) of section 863(c)(2) is amended by adding at the end the following flush sentence:

"In the case of transportation income derived from, or in connection with, a vessel, this subparagraph shall only apply if the taxpayer is a citizen or resident alien.".

(b) PRESENCE IN UNITED STATES.—

(1) IN GENERAL.—Paragraph (7) of section 7701(b) is amended by adding at the end the following new subparagraph:

"(D) CREW MEMBERS TEMPORARILY PRESENT.—An individual who is temporarily present in the United States on any day as a regular member of the crew of a foreign vessel engaged in transportation between the United States and a foreign country or a possession of the United States shall not be treated as present in the United States on such day unless such individual otherwise engages in any trade or business in the United States on such day.".

(2) CONFORMING AMENDMENT.—Subparagraph (A) of section 7701(b)(7) is amended by striking "or (C)" and inserting ", (C), or (D)".

(c) EFFECTIVE DATES.—

(1) IN GENERAL.—The amendments made by this section shall apply to remuneration for services performed in taxable years beginning after December 31, 1997.

(2) PRESENCE.—The amendment made by subsection (b) shall apply to taxable years beginning after December 31, 1997.

SEC. 1175. EXEMPTION FOR ACTIVE FINANCING INCOME.

(a) EXEMPTION FROM FOREIGN PERSONAL HOLDING COMPANY INCOME.—Section 954 is amended by adding at the end the following new subsection:

"(h) SPECIAL RULE FOR INCOME DERIVED IN THE ACTIVE CONDUCT OF BANKING, FINANCING, OR SIMILAR BUSINESSES.—

"(1) IN GENERAL.—For purposes of subsection (c)(1), foreign personal holding company income shall not include income which is—

"(A) derived in the active conduct by a controlled foreign corporation of a banking, financing, or similar business, but only if the corporation is predominantly engaged in the active conduct of such business,

"(B) received from a person other than a related person (within the meaning of subsection (d)(3)) and derived from the investments made by a qualifying insurance company of its reserves or of 80 percent of its unearned premiums (as both are determined in the manner prescribed under paragraph (4)), or

"(C) received from a person other than a related person (within the meaning of subsection (d)(3)) and derived from investments made by a qualifying insurance company of an amount of its assets equal to—

"(i) in the case of contracts regulated in the country in which sold as property, casualty, or health insurance contracts, one-third of its premiums earned on such insurance contracts during the taxable year (as defined in section 832(b)(4)), and

"(ii) in the case of contracts regulated in the country in which sold as life insurance or annuity contracts, the greater of—

"(I) 10 percent of the reserves described in subparagraph (B) for such contracts, or

"(II) in the case of a qualifying insurance company which is a start-up company, $10,000,000.

"(2) PRINCIPLES FOR DETERMINING APPLICABLE INCOME.—

"(A) BANKING AND FINANCING INCOME.—The determination as to whether income is described in paragraph (1)(A) shall be made—

"(i) except as provided in clause (ii), in accordance with the applicable principles of section 904(d)(2)(C)(ii), except that such income shall include income from all leases entered into in the ordinary course of the active conduct of a banking, financing, or similar business, and

"(ii) in the case of a corporation described in paragraph (3)(B), in accordance with the applicable principles of section 1296(b) (as in effect on the day before the enactment of the Taxpayer Relief Act of 1997) for determining what is not passive income.

"(B) INSURANCE INCOME.—Under rules prescribed by the Secretary, for purposes of paragraphs (1) (B) and (C)—

"(i) in the case of contracts which are separate account-type contracts (including variable contracts not meeting the requirements of section 817), only income specifically allocable to such contracts shall be taken into account, and

"(ii) in the case of other contracts, income not allocable under clause (i) shall be allocated ratably among such contracts.

"(C) LOOK-THRU RULES.—The Secretary shall prescribe regulations consistent with the principles of section 904(d)(3) which provide that dividends, interest, income equivalent to interest, rents, or royalties received or accrued from a related person (within the meaning of subsection (d)(3)) shall be subject to look-thru treatment for purposes of this subsection.

"(3) PREDOMINANTLY ENGAGED.—For purposes of paragraph (1)(A), a corporation shall be *deemed predominantly engaged in the active conduct of a banking, financing, or similar business only if—*

"(A) more than 70 percent of its gross income is derived from such business from transactions with persons which are not related persons (as defined in subsection (d)(3)) and which are located within the country under the laws of which the controlled foreign corporation is created or organized, or

"(B) the corporation is—

"(i) engaged in the active conduct of a banking or securities business (within the meaning of section 1296(b), as in effect before the enactment of the Taxpayer Relief Act of 1997), or

"(ii) a qualified bank affiliate or a qualified securities affiliate (within the meaning of the proposed regulations under such section 1296(b)).

"(4) METHODS FOR DETERMINING UNEARNED PREMIUMS AND RESERVES.—For purposes of paragraph (1)(B)—

"(A) PROPERTY AND CASUALTY CONTRACTS.—The unearned premiums and reserves of a qualifying insurance company with respect to property, casualty, or health insurance contracts shall be determined using the same methods and interest rates which would be used if such company were subject to tax under subchapter L.

"(B) LIFE INSURANCE AND ANNUITY CONTRACTS.—The reserves of a qualifying insurance company with respect to life insurance or annuity contracts shall be determined under the method described in paragraph (5) which such company elects to apply for purposes of this paragraph. Such election shall be made at such time and in such manner as the Secretary may prescribe and, once made, shall be irrevocable without the consent of the Secretary.

"(C) LIMITATION ON RESERVES.—In no event shall the reserve determined under this paragraph for any contract as of any time exceed the amount which would be taken into account with respect to such contract as of such time in determining foreign annual statement reserves (less any catastrophe or deficiency reserves).

"(5) METHODS.—The methods described in this paragraph are as follows:

"(A) U.S. METHOD.—The method which would apply if the qualifying insurance company were subject to tax under subchapter L, except that the interest rate used shall be an interest rate determined for the foreign country in which such company is created or organized and which is calculated in the same manner as the Federal mid-term rate under section 1274(d).

"(B) FOREIGN METHOD.—A preliminary term method, except that the interest rate used shall be the interest rate determined for the foreign country in which such company is created or organized and which is calculated in the same manner as the Federal mid-term rate under section 1274(d). If a qualifying insurance company uses such a preliminary term method with respect to contracts insuring risks located in such foreign country, such method shall apply if such company elects the method under this clause.

"(C) CASH SURRENDER VALUE.—A method under which reserves are equal to the net-surrender value (as defined in section 807(e)(1)(A)) of the contract.

"(6) DEFINITIONS.—For purposes of this subsection—

"(A) TERMS RELATING TO INSURANCE COMPANIES.—

"(i) QUALIFYING INSURANCE COMPANY.—The term 'qualifying insurance company' means any entity which—

"(I) is subject to regulation as an insurance company under the laws of its country of incorporation,

"(II) realizes at least 50 percent of its net written premiums from the insurance or reinsurance of risks located within the country in which such entity is created or organized, and

"(III) is engaged in the active conduct of an insurance business and would be subject to tax under subchapter L if it were a domestic corporation.

"(ii) START-UP COMPANY.—A qualifying insurance company shall be treated as a start-up company if such company (and any predecessor) has not been engaged in the active conduct of an insurance business for more than 5 years as of the beginning of the taxable year of such company.

"(B) LOCATED.—For purposes of paragraph (3)(A)—

"(i) IN GENERAL.—A person shall be treated as located—

"(I) except as provided in subclause (II), within the country in which it maintains an office or other fixed place of business through which it engages in a trade or business and by which the transaction is effected, or

"(II) in the case of a natural person, within the country in which such person is physically located when such person enters into a transaction.

"(ii) SPECIAL RULE FOR QUALIFIED BUSINESS UNITS.—Gross income derived by a corporation's qualified business unit (within the meaning of section 989(a)) from transactions with persons which are not related persons (as defined in subsection (d)(3)) and which are located in the country in which the qualified business unit both maintains its principal office and conducts substantial business activity shall be treated as derived from transactions with persons which are not related persons (as defined in subsection (d)(3)) and which are located within the country under the laws of which the controlled foreign corporation is created or organized.

"(7) ANTI-ABUSE RULES.—For purposes of applying this subsection, there shall be disregarded any item of income, gain, loss, or deduction with respect to any transaction or series of transactions one of the principal purposes of which is qualifying income or gain for the exclusion under this section, including any change in the method of computing reserves or any other transaction or series of transactions a principal purpose of which is the acceleration or deferral of any item in order to claim the benefits of such exclusion through the application of this subsection.

"(8) COORDINATION WITH SECTION 953.—This subsection shall not apply to investment income allocable to contracts that insure related party risks or risks located in a foreign country other than the country in which the qualifying insurance comapny is created or organized.

"(9) APPLICATION.—This subsection shall apply to the first full taxable year of a foreign corporation beginning after December 31, 1997, and before January 1, 1999, and to taxable years of United States shareholders with or within which such taxable year of such foreign corporation ends.".

(b) EXEMPTION FROM FOREIGN BASE COMPANY SERVICES INCOME.—Paragraph (2) of section 954(e) is amended by striking "or" at the end of subparagraph (A), by striking the period at the end of subparagraph (B) and inserting ", or", and by adding at the end the following:

"(C) in the case of taxable years described in subsection (h)(8), the active conduct by a controlled foreign corporation of a banking, financing, insurance, or similar business, but only if the corporation is predominantly engaged in the active conduct of such business (within the meaning of subsection (h)(3)) or is a qualifying insurance company.".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to the first full taxable year of a foreign corporation beginning after December 31, 1997, and before January 1, 1999, and to taxable years of United States shareholders with or within which such taxable year of such foreign corporation ends.

TITLE XII—SIMPLIFICATION PROVISIONS RELATING TO INDIVIDUALS AND BUSINESSES

Subtitle A—Provisions Relating to Individuals

SEC. 1201. BASIC STANDARD DEDUCTION AND MINIMUM TAX EXEMPTION AMOUNT FOR CERTAIN DEPENDENTS.

(a) BASIC STANDARD DEDUCTION.—

(1) IN GENERAL.—Paragraph (5) of section 63(c) (relating to limitation on basic standard deduction in the case of certain dependents) is amended by striking "shall not exceed" and all that follows and inserting "shall not exceed the greater of—

"(A) $500, or

"(B) the sum of $250 and such individual's earned income.".

(2) CONFORMING AMENDMENT.—Paragraph (4) of section 63(c) is amended—

(A) by striking "(5)(A)" in the material preceding subparagraph (A) and inserting "(5)", and

(B) by striking "by substituting" and all that follows in subparagraph (B) and inserting "by substituting for 'calendar year 1992' in subparagraph (B) thereof—

"(i) 'calendar year 1987' in the case of the dollar amounts contained in paragraph (2) or (5)(A) or subsection (f), and

"(ii) 'calendar year 1997' in the case of the dollar amount contained in paragraph (5)(B).".

(b) MINIMUM TAX EXEMPTION AMOUNT.—

(1) IN GENERAL.—Subsection (j) of section 59 is amended to read as follows:

"(j) TREATMENT OF UNEARNED INCOME OF MINOR CHILDREN.—

"(1) IN GENERAL.—In the case of a child to whom section 1(g) applies, the exemption amount for purposes of section 55 shall not exceed the sum of—

"(A) such child's earned income (as defined in section 911(d)(2)) for the taxable year, plus

"(B) $5,000.

"(2) INFLATION ADJUSTMENT.—In the case of any taxable year beginning in a calendar year after 1998, the dollar amount in paragraph (1)(B) shall be increased by an amount equal to the product of—

"(A) such dollar amount, and

"(B) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which the taxable year begins, determined by substituting '1997' for '1992' in subparagraph (B) thereof.

If any increase determined under the preceding sentence is not a multiple of $50, such increase shall be rounded to the nearest multiple of $50.".

(2) CONFORMING AMENDMENT.—Clause (iv) of section 6103(e)(1)(A) is amended by striking "or 59(j)".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1997.

SEC. 1202. INCREASE IN AMOUNT OF TAX EXEMPT FROM ESTIMATED TAX REQUIREMENTS.

(a) IN GENERAL.—Paragraph (1) of section 6654(e) (relating to exception where tax is small amount) is amended by striking "$500" and inserting "$1,000".

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1997.

SEC. 1203. TREATMENT OF CERTAIN REIMBURSED EXPENSES OF RURAL MAIL CARRIERS.

(a) IN GENERAL.—Section 162 (relating to trade or business expenses) is amended by redesignating subsection (o) as subsection (p) and by inserting after subsection (n) the following new subsection:

"(o) TREATMENT OF CERTAIN REIMBURSED EXPENSES OF RURAL MAIL CARRIERS.—

"(1) GENERAL RULE.—In the case of any employee of the United States Postal Service who performs services involving the collection and delivery of mail on a rural route and who receives qualified reimbursements for the expenses incurred by such employee for the use of a vehicle in performing such services—

"(A) the amount allowable as a deduction under this chapter for the use of a vehicle in performing such services shall be equal to the amount of such qualified reimbursements; and

"(B) such qualified reimbursements shall be treated as paid under a reimbursement or other expense allowance arrangement for purposes of section 62(a)(2)(A) (and section 62(c) shall not apply to such qualified reimbursements).

"(2) DEFINITION OF QUALIFIED REIMBURSEMENTS.—For purposes of this subsection, the term 'qualified reimbursements' means the amounts paid by the United States Postal Service to employees as an equipment maintenance allowance under the 1991 collective bargaining agreement between the United States Postal Service and the National Rural Letter Carriers' Association. Amounts paid as an equipment maintenance allowance by such Postal Service under later collective bargaining agreements that supersede the 1991 agreement shall be considered qualified reimbursements if such amounts do not exceed the amounts that would have been paid under the 1991 agreement, adjusted for changes in the Consumer Price Index (as defined in section 1(f)(5)) since 1991.".

(b) TECHNICAL AMENDMENT.—Section 6008 of the Technical and Miscellaneous Revenue Act of 1988 is hereby repealed.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1997.

SEC. 1204. TREATMENT OF TRAVELING EXPENSES OF CERTAIN FEDERAL EMPLOYEES ENGAGED IN CRIMINAL INVESTIGATIONS.

(a) IN GENERAL.—Subsection (a) of section 162 is amended by adding at the end the following new sentence: "The preceding sentence shall not apply to any Federal employee during any period for which such employee is certified by the Attorney General (or the designee thereof) as traveling on behalf of the United States in temporary duty status to investigate, or provide support services for the investigation of, a Federal crime.".

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to amounts paid or incurred with respect to taxable years ending after the date of the enactment of this Act.

SEC. 1205. PAYMENT OF TAX BY COMMERCIALLY ACCEPTABLE MEANS.

(a) GENERAL RULE.—Section 6311 is amended to read as follows:

"SEC. 6311. PAYMENT OF TAX BY COMMERCIALLY ACCEPTABLE MEANS.

"(a) AUTHORITY TO RECEIVE.—It shall be lawful for the Secretary to receive for internal revenue taxes (or in payment for internal revenue stamps) any commercially acceptable means that the Secretary deems appropriate to the extent and under the conditions provided in regulations prescribed by the Secretary.

"(b) ULTIMATE LIABILITY.—If a check, money order, or other method of payment, including payment by credit card, debit card, or charge card so received is not duly paid, or is paid and subsequently charged back to the Secretary, the person by whom such check, or money order, or other method of payment has been tendered shall remain liable for the payment of the tax or for the stamps, and for all legal penalties and additions, to the same extent as if such check, money order, or other method of payment had not been tendered.

"(c) LIABILITY OF BANKS AND OTHERS.—If any certified, treasurer's, or cashier's check (or other guaranteed draft), or any money order, or any other means of payment that has been guaranteed by a financial institution (such as a credit card, debit card, or charge card transaction which has been guaranteed expressly by a financial institution) so received is not duly paid, the United States shall, in addition to its right to exact payment from the party originally indebted therefor, have a lien for—

"(1) the amount of such check (or draft) upon all assets of the financial institution on which drawn,

"(2) the amount of such money order upon all the assets of the issuer thereof, or

"(3) the guaranteed amount of any other transaction upon all the assets of the institution making such guarantee,

and such amount shall be paid out of such assets in preference to any other claims whatsoever against such financial institution, issuer, or guaranteeing institution, except the necessary costs and expenses of administration and the reimbursement of the United States for the amount expended in the redemption of the circulating notes of such financial institution.

"(d) PAYMENT BY OTHER MEANS.—

"(1) AUTHORITY TO PRESCRIBE REGULATIONS.—The Secretary shall prescribe such regulations as the Secretary deems necessary to receive payment by commercially acceptable means, including regulations that—

"(A) specify which methods of payment by commercially acceptable means will be acceptable,

"(B) specify when payment by such means will be considered received,

"(C) identify types of nontax matters related to payment by such means that are to be resolved by persons ultimately liable for payment and financial intermediaries, without the involvement of the Secretary, and

"(D) ensure that tax matters will be resolved by the Secretary, without the involvement of financial intermediaries.

"(2) AUTHORITY TO ENTER INTO CONTRACTS.—Notwithstanding section 3718(f) of title 31, United States Code, the Secretary is authorized to enter into contracts to obtain services related to receiving payment by other means where cost beneficial to the Government. The Secretary may not pay any fee or provide any other consideration under such contracts.

"(3) SPECIAL PROVISIONS FOR USE OF CREDIT CARDS.—If use of credit cards is accepted as a method of payment of taxes pursuant to subsection (a)—

"(A) a payment of internal revenue taxes (or a payment for internal revenue stamps) by a person by use of a credit card shall not be subject to section 161 of the Truth in Lending Act (15 U.S.C. 1666), or to any similar provisions of State law, if the error alleged by the person is an error relating to the underlying tax liability, rather than an error relating to the credit card account such as a computational error or numerical transposition in the credit card transaction or an issue as to whether the person authorized payment by use of the credit card,

"(B) a payment of internal revenue taxes (or a payment for internal revenue stamps) shall not be subject to section 170 of the Truth in Lending Act (15 U.S.C. 1666i), or to any similar provisions of State law,

"(C) a payment of internal revenue taxes (or a payment for internal revenue stamps) by a person by use of a debit card shall not be subject to section 908 of the Electronic Fund Transfer Act (15 U.S.C. 1693f), or to any similar provisions of State law, if the error alleged by the person is an error relating to the underlying tax liability, rather than an error relating to the debit card account such as a computational error or numerical transposition in the debit card transaction or an issue as to whether the person authorized payment by use of the debit card,

"(D) the term 'creditor' under section 103(f) of the Truth in Lending Act (15 U.S.C. 1602(f)) shall not include the Secretary with respect to credit card transactions in payment of internal revenue taxes (or payment for internal revenue stamps), and

"(E) notwithstanding any other provision of law to the contrary, in the case of payment made by credit card or debit card transaction of an amount owed to a person as the result of the correction of an error under section 161 of the Truth in Lending Act (15 U.S.C. 1666) or section 908 of the Electronic Fund Transfer Act (15 U.S.C. 1693f), the Secretary is authorized to provide such amount to such person as a credit to that person's credit card or debit card account through the applicable credit card or debit card system.

"(e) CONFIDENTIALITY OF INFORMATION.—

"(1) IN GENERAL.—Except as otherwise authorized by this subsection, no person may use or disclose any information relating to credit or debit card transactions obtained pursuant to section 6103(k)(8) other than for purposes directly related to the processing of such transactions, or the billing or collection of amounts charged or debited pursuant thereto.

"(2) EXCEPTIONS.—

"(A) Debit or credit card issuers or others acting on behalf of such issuers may also use and disclose such information for purposes directly related to servicing an issuer's accounts.

"(B) Debit or credit card issuers or others directly involved in the processing of credit or debit card transactions or the billing or collection of amounts charged or debited thereto may also use and disclose such information for purposes directly related to—

"(i) statistical risk and profitability assessment;

"(ii) transferring receivables, accounts, or interest therein;

"(iii) auditing the account information;

"(iv) complying with Federal, State, or local law; and

"(v) properly authorized civil, criminal, or regulatory investigation by Federal, State, or local authorities.

"(3) PROCEDURES.—Use and disclosure of information under this paragraph shall be made only to the extent authorized by written procedures promulgated by the Secretary.

"(4) CROSS REFERENCE.—

"For provision providing for civil damages for violation of paragraph (1), see section 7431.".

(b) CLERICAL AMENDMENT.—The table of sections for subchapter B of chapter 64 is amended by striking the item relating to section 6311 and inserting the following:

"Sec. 6311. Payment of tax by commercially acceptable means.".

(c) AMENDMENTS TO SECTIONS 6103 AND 7431 WITH RESPECT TO DISCLOSURE AUTHORIZATION.—

(1) Subsection (k) of section 6103 (relating to confidentiality and disclosure of returns and return information) is amended by adding at the end the following new paragraph:

"(8) DISCLOSURE OF INFORMATION TO ADMINISTER SECTION 6311.—The Secretary may disclose returns or return information to financial institutions and others to the extent the Secretary deems necessary for the administration of section 6311. Disclosures of information for purposes other than to accept payments by checks or money orders shall be made only to the extent authorized by written procedures promulgated by the Secretary.".

(2) Section 7431 (relating to civil damages for unauthorized disclosure of returns and return information) is amended by adding at the end the following new subsection:

"(g) Special Rule for Information Obtained Under Section 6103(k)(8).—For purposes of this section, any reference to section 6103 shall be treated as including a reference to section 6311(e).".

(3) Section 6103(p)(3)(A) is amended by striking "or (6)" and inserting "(6), or (8)".

(d) Effective Date.—The amendments made by this section shall take effect on the day 9 months after the date of the enactment of this Act.

Subtitle B—Provisions Relating to Businesses Generally

SEC. 1211. MODIFICATIONS TO LOOK-BACK METHOD FOR LONG-TERM CONTRACTS.

(a) Look-Back Method Not To Apply in Certain Cases.—Subsection (b) of section 460 (relating to percentage of completion method) is amended by adding at the end the following new paragraph:

"(6) Election to have look-back method not apply in de minimis cases.—

"(A) Amounts taken into account after completion of contract.—Paragraph (1)(B) shall not apply with respect to any taxable year (beginning after the taxable year in which the contract is completed) if—

"(i) the cumulative taxable income (or loss) under the contract as of the close of such taxable year, is within

"(ii) 10 percent of the cumulative look-back taxable income (or loss) under the contract as of the close of the most recent taxable year to which paragraph (1)(B) applied (or would have applied but for subparagraph (B)).

"(B) De minimis discrepancies.—Paragraph (1)(B) shall not apply in any case to which it would otherwise apply if—

"(i) the cumulative taxable income (or loss) under the contract as of the close of each prior contract year, is within

"(ii) 10 percent of the cumulative look-back income (or loss) under the contract as of the close of such prior contract year.

"(C) Definitions.—For purposes of this paragraph—

"(i) Contract year.—The term 'contract year' means any taxable year for which income is taken into account under the contract.

"(ii) Look-back income or loss.—The look-back income (or loss) is the amount which would be the taxable income (or loss) under the contract if the allocation method set forth in paragraph (2)(A) were used in determining taxable income.

"(iii) Discounting not applicable.—The amounts taken into account after the completion of the contract shall be determined without regard to any discounting under the 2nd sentence of paragraph (2).

"(D) Contracts to which paragraph applies.—This paragraph shall only apply if the taxpayer makes an election under this subparagraph. Unless revoked with the consent of the Secretary, such an election shall apply to all long-term contracts completed during the taxable year for which election is made or during any subsequent taxable year.".

(b) Modification of Interest Rate.—

(1) In general.—Subparagraph (C) of section 460(b)(2) is amended by striking "the overpayment rate established by section 6621" and inserting "the adjusted overpayment rate (as defined in paragraph (7))".

(2) Adjusted overpayment rate.—Subsection (b) of section 460 is amended by adding at the end the following new paragraph:

"(7) Adjusted overpayment rate.—

"(A) In general.—The adjusted overpayment rate for any interest accrual period is the overpayment rate in effect under section 6621 for the calendar quarter in which such interest accrual period begins.

"(B) Interest accrual period.—For purposes of subparagraph (A), the term 'interest accrual period' means the period—

"(i) beginning on the day after the return due date for any taxable year of the taxpayer, and

"(ii) ending on the return due date for the following taxable year.

For purposes of the preceding sentence, the term 'return due date' means the date prescribed for filing the return of the tax imposed by this chapter (determined without regard to extensions).".

(c) Effective Date.—

(1) In general.—Except as provided in paragraph (2), the amendments made by this section shall apply to contracts completed in taxable years ending after the date of the enactment of this Act.

(2) Subsection (b).—The amendments made by subsection (b) shall apply for purposes of section 167(g) of the Internal Revenue Code of 1986 to property placed in service after September 13, 1995.

SEC. 1212. MINIMUM TAX TREATMENT OF CERTAIN PROPERTY AND CASUALTY INSURANCE COMPANIES.

(a) In General.—Clause (i) of section 56(g)(4)(B) (relating to inclusion of items included for purposes of computing earnings and profits) is amended by adding at the end the following new sentence: "In the case of any insurance company taxable under section 831(b), this clause shall not apply to any amount not described in section 834(b).".

(b) Effective Date.—The amendment made by subsection (a) shall apply to taxable years beginning after December 31, 1997.

SEC. 1213. QUALIFIED LESSEE CONSTRUCTION ALLOWANCES FOR SHORT-TERM LEASES.

(a) In General.—Part III of subchapter B of chapter 1 is amended by inserting after section 109 the following new section:

"SEC. 110. QUALIFIED LESSEE CONSTRUCTION ALLOWANCES FOR SHORT-TERM LEASES.

"(a) In General.—Gross income of a lessee does not include any amount received in cash (or treated as a rent reduction) by a lessee from a lessor—

"(1) under a short-term lease of retail space, and

"(2) for the purpose of such lessee's constructing or improving qualified long-term real property for use in such lessee's trade or business at such retail space,

but only to the extent that such amount does not exceed the amount expended by the lessee for such construction or improvement.

"(b) Consistent Treatment by Lessor.—Qualified long-term real property constructed or improved in connection with any amount excluded from a lessee's income by reason of subsection (a) shall be treated as nonresidential real property of the lessor (including for purposes of section 168(i)(8)(B)).

"(c) Definitions.—For purposes of this section—

"(1) Qualified long-term real property.—The term 'qualified long-term real property' means nonresidential real property which is part of, or otherwise present at, the retail space referred to in subsection (a) and which reverts to the lessor at the termination of the lease.

"(2) Short-term lease.—The term 'short-term lease' means a lease (or other agreement for occupancy or use) of retail space for 15 years or less (as determined under the rules of section 168(i)(3)).

"(3) Retail space.—The term 'retail space' means real property leased, occupied, or otherwise used by a lessee in its trade or business of selling tangible personal property or services to the general public.

"(d) Information Required To Be Furnished to Secretary.—Under regulations, the lessee and lessor described in subsection (a) shall, at such times and in such manner as may be provided in such regulations, furnish to the Secretary—

"(1) information concerning the amounts received (or treated as a rent reduction) and expended as described in subsection (a), and

"(2) any other information which the Secretary deems necessary to carry out the provisions of this section.".

(b) Treatment as Information Return.—Subparagraph (A) of section 6724(d)(1)(A) is amended by striking "or" at the end of clause (vii), by adding "or" at the end of clause (viii), and by adding at the end the following new clause:

"(ix) section 110(d) (relating to qualified lessee construction allowances for short-term leases),".

(c) Cross Reference.—Paragraph (8) of section 168(i) (relating to treatment of leasehold improvements) is amended by adding at the end the following new subparagraph:

"(C) Cross reference.—

"For treatment of qualified long-term real property constructed or improved in connection with cash or rent reduction from lessor to lessee, see section 110(b).".

(d) Clerical Amendment.—The table of sections for part III of subchapter B of chapter 1 is amended by inserting after the item relating to section 109 the following new item:

"Sec. 110. Qualified lessee construction allowances for short-term leases.".

(e) Effective Date.—The amendments made by this section shall apply to leases entered into after the date of the enactment of this Act.

Subtitle C—Simplification Relating to Electing Large Partnerships

PART I—GENERAL PROVISIONS

SEC. 1221. SIMPLIFIED FLOW-THROUGH FOR ELECTING LARGE PARTNERSHIPS.

(a) General Rule.—Subchapter K (relating to partners and partnerships) is amended by adding at the end the following new part:

"PART IV—SPECIAL RULES FOR ELECTING LARGE PARTNERSHIPS

"Sec. 771. Application of subchapter to electing large partnerships.
"Sec. 772. Simplified flow-through.
"Sec. 773. Computations at partnership level.
"Sec. 774. Other modifications.
"Sec. 775. Electing large partnership defined.
"Sec. 776. Special rules for partnerships holding oil and gas properties.
"Sec. 777. Regulations.

"SEC. 771. APPLICATION OF SUBCHAPTER TO ELECTING LARGE PARTNERSHIPS.

"The preceding provisions of this subchapter to the extent inconsistent with the provisions of this part shall not apply to an electing large partnership and its partners.

"SEC. 772. SIMPLIFIED FLOW-THROUGH.

"(a) General Rule.—In determining the income tax of a partner of an electing large partnership, such partner shall take into account separately such partner's distributive share of the partnership's—

"(1) taxable income or loss from passive loss limitation activities,

"(2) taxable income or loss from other activities,

"(3) net capital gain (or net capital loss)—

"(A) to the extent allocable to passive loss limitation activities, and

"(B) to the extent allocable to other activities, *"(4) tax-exempt interest,*

"(5) applicable net AMT adjustment separately computed for—

"(A) passive loss limitation activities, and

"(B) other activities,

"(6) general credits,

"(7) low-income housing credit determined under section 42,

"(8) rehabilitation credit determined under section 47,

"(9) foreign income taxes,

"(10) the credit allowable under section 29, and

"(11) other items to the extent that the Secretary determines that the separate treatment of such items is appropriate.

"(b) SEPARATE COMPUTATIONS.—In determining the amounts required under subsection (a) to be separately taken into account by any partner, this section and section 773 shall be applied separately with respect to such partner by taking into account such partner's distributive share of the items of income, gain, loss, deduction, or credit of the partnership.

"(c) TREATMENT AT PARTNER LEVEL.—

"(1) IN GENERAL.—Except as provided in this subsection, rules similar to the rules of section 702(b) shall apply to any partner's distributive share of the amounts referred to in subsection (a).

"(2) INCOME OR LOSS FROM PASSIVE LOSS LIMITATION ACTIVITIES.—For purposes of this chapter, any partner's distributive share of any income or loss described in subsection (a)(1) shall be treated as an item of income or loss (as the case may be) from the conduct of a trade or business which is a single passive activity (as defined in section 469). A similar rule shall apply to a partner's distributive share of amounts referred to in paragraphs (3)(A) and (5)(A) of subsection (a).

"(3) INCOME OR LOSS FROM OTHER ACTIVITIES.—

"(A) IN GENERAL.—For purposes of this chapter, any partner's distributive share of any income or loss described in subsection (a)(2) shall be treated as an item of income or expense (as the case may be) with respect to property held for investment.

"(B) DEDUCTIONS FOR LOSS NOT SUBJECT TO SECTION 67.—The deduction under section 212 for any loss described in subparagraph (A) shall not be treated as a miscellaneous itemized deduction for purposes of section 67.

"(4) TREATMENT OF NET CAPITAL GAIN OR LOSS.—For purposes of this chapter, any partner's distributive share of any gain or loss described in subsection (a)(3) shall be treated as a long-term capital gain or loss, as the case may be.

"(5) MINIMUM TAX TREATMENT.—In determining the alternative minimum taxable income of any partner, such partner's distributive share of any applicable net AMT adjustment shall be taken into account in lieu of making the separate adjustments provided in sections 56, 57, and 58 with respect to the items of the partnership. Except as provided in regulations, the applicable net AMT adjustment shall be treated, for purposes of section 53, as an adjustment or item of tax preference not specified in section 53(d)(1)(B)(ii).

"(6) GENERAL CREDITS.—A partner's distributive share of the amount referred to in paragraph (6) of subsection (a) shall be taken into account as a current year business credit.

"(d) OPERATING RULES.—For purposes of this section—

"(1) PASSIVE LOSS LIMITATION ACTIVITY.—The term 'passive loss limitation activity' means—

"(A) any activity which involves the conduct of a trade or business, and

"(B) any rental activity.

For purposes of the preceding sentence, the term 'trade or business' includes any activity treated as a trade or business under paragraph (5) or (6) of section 469(c).

"(2) TAX-EXEMPT INTEREST.—The term 'tax-exempt interest' means interest excludable from gross income under section 103.

"(3) APPLICABLE NET AMT ADJUSTMENT.—

"(A) IN GENERAL.—The applicable net AMT adjustment is—

"(i) with respect to taxpayers other than corporations, the net adjustment determined by using the adjustments applicable to individuals, and

"(ii) with respect to corporations, the net adjustment determined by using the adjustments applicable to corporations.

"(B) NET ADJUSTMENT.—The term 'net adjustment' means the net adjustment in the items attributable to passive loss activities or other activities (as the case may be) which would result if such items were determined with the adjustments of sections 56, 57, and 58.

"(4) TREATMENT OF CERTAIN SEPARATELY STATED ITEMS.—

"(A) EXCLUSION FOR CERTAIN PURPOSES.—In determining the amounts referred to in paragraphs (1) and (2) of subsection (a), any net capital gain or net capital loss (as the case may be), and any item referred to in subsection (a)(11), shall be excluded.

"(B) ALLOCATION RULES.—The net capital gain shall be treated—

"(i) as allocable to passive loss limitation activities to the extent the net capital gain does not exceed the net capital gain determined by only taking into account gains and losses from sales and exchanges of property used in connection with such activities, and

"(ii) as allocable to other activities to the extent such gain exceeds the amount allocated under clause (i).

A similar rule shall apply for purposes of allocating any net capital loss.

"(C) NET CAPITAL LOSS.—The term 'net capital loss' means the excess of the losses from sales or exchanges of capital assets over the gains from sales or exchange of capital assets.

"(5) GENERAL CREDITS.—The term 'general credits' means any credit other than the low-income housing credit, the rehabilitation credit, the foreign tax credit, and the credit allowable under section 29.

"(6) FOREIGN INCOME TAXES.—The term 'foreign income taxes' means taxes described in section 901 which are paid or accrued to foreign countries and to possessions of the United States.

"(e) SPECIAL RULE FOR UNRELATED BUSINESS TAX.—In the case of a partner which is an organization subject to tax under section 511, such partner's distributive share of any items shall be taken into account separately to the extent necessary to comply with the provisions of section 512(c)(1).

"(f) SPECIAL RULES FOR APPLYING PASSIVE LOSS LIMITATIONS.—If any person holds an interest in an electing large partnership other than as a limited partner—

"(1) paragraph (2) of subsection (c) shall not apply to such partner, and

"(2) such partner's distributive share of the partnership items allocable to passive loss limitation activities shall be taken into account separately to the extent necessary to comply with the provisions of section 469.

The preceding sentence shall not apply to any items allocable to an interest held as a limited partner.

"SEC. 773. COMPUTATIONS AT PARTNERSHIP LEVEL.

"(a) GENERAL RULE.—

"(1) TAXABLE INCOME.—The taxable income of an electing large partnership shall be computed in the same manner as in the case of an individual except that—

"(A) the items described in section 772(a) shall be separately stated, and

"(B) the modifications of subsection (b) shall apply.

"(2) ELECTIONS.—All elections affecting the computation of the taxable income of an electing large partnership or the computation of any credit of an electing large partnership shall be made by the partnership; except that the election under section 901, and any election under section 108, shall be made by each partner separately.

"(3) LIMITATIONS, ETC.—

"(A) IN GENERAL.—Except as provided in subparagraph (B), all limitations and other provisions affecting the computation of the taxable income of an electing large partnership or the computation of any credit of an electing large partnership shall be applied at the partnership level (and not at the partner level).

"(B) CERTAIN LIMITATIONS APPLIED AT PARTNER LEVEL.—The following provisions shall be applied at the partner level (and not at the partnership level):

"(i) Section 68 (relating to overall limitation on itemized deductions).

"(ii) Sections 49 and 465 (relating to at risk limitations).

"(iii) Section 469 (relating to limitation on passive activity losses and credits).

"(iv) Any other provision specified in regulations.

"(4) COORDINATION WITH OTHER PROVISIONS.—Paragraphs (2) and (3) shall apply notwithstanding any other provision of this chapter other than this part.

"(b) MODIFICATIONS TO DETERMINATION OF TAXABLE INCOME.—In determining the taxable income of an electing large partnership—

"(1) CERTAIN DEDUCTIONS NOT ALLOWED.—The following deductions shall not be allowed:

"(A) The deduction for personal exemptions provided in section 151.

"(B) The net operating loss deduction provided in section 172.

"(C) The additional itemized deductions for individuals provided in part VII of subchapter B (other than section 212 thereof).

"(2) CHARITABLE DEDUCTIONS.—In determining the amount allowable under section 170, the limitation of section 170(b)(2) shall apply.

"(3) COORDINATION WITH SECTION 67.—In lieu of applying section 67, 70 percent of the amount of the miscellaneous itemized deductions shall be disallowed.

"(c) SPECIAL RULES FOR INCOME FROM DISCHARGE OF INDEBTEDNESS.—If an electing large partnership has income from the discharge of any indebtedness—

"(1) such income shall be excluded in determining the amounts referred to in section 772(a), and

"(2) in determining the income tax of any partner of such partnership—

"(A) such income shall be treated as an item required to be separately taken into account under section 772(a), and

"(B) the provisions of section 108 shall be applied without regard to this part.

"SEC. 774. OTHER MODIFICATIONS.

"(a) TREATMENT OF CERTAIN OPTIONAL ADJUSTMENTS, ETC.—In the case of an electing large partnership—

"(1) computations under section 773 shall be made without regard to any adjustment under section 743(b) or 108(b), but

"(2) a partner's distributive share of any amount referred to in section 772(a) shall be appropriately adjusted to take into account any adjustment under section 743(b) or 108(b) with respect to such partner.

"(b) CREDIT RECAPTURE DETERMINED AT PARTNERSHIP LEVEL.—

"(1) IN GENERAL.—In the case of an electing large partnership—

"(A) any credit recapture shall be taken into account by the partnership, and

"(B) the amount of such recapture shall be determined as if the credit with respect to which the recapture is made had been fully utilized to reduce tax.

"(2) Method of taking recapture into account.—An electing large partnership shall take into account a credit recapture by reducing the amount of the appropriate current year credit to the extent thereof, and if such recapture exceeds the amount of such current year credit, the partnership shall be liable to pay such excess.

"(3) Dispositions not to trigger recapture.—No credit recapture shall be required by reason of any transfer of an interest in an electing large partnership.

"(4) Credit recapture.—For purposes of this subsection, the term 'credit recapture' means any increase in tax under section 42(j) or 50(a).

"(c) Partnership Not Terminated by Reason of Change in Ownership.—Subparagraph (B) of section 708(b)(1) shall not apply to an electing large partnership.

"(d) Partnership Entitled to Certain Credits.—The following shall be allowed to an electing large partnership and shall not be taken into account by the partners of such partnership:

"(1) The credit provided by section 34.

"(2) Any credit or refund under section 852(b)(3)(D).

"(e) Treatment of REMIC Residuals.—For purposes of applying section 860E(e)(6) to any electing large partnership—

"(1) all interests in such partnership shall be treated as held by disqualified organizations,

"(2) in lieu of applying subparagraph (C) of section 860E(e)(6), the amount subject to tax under section 860E(e)(6) shall be excluded from the gross income of such partnership, and

"(3) subparagraph (D) of section 860E(e)(6) shall not apply.

"(f) Special Rules for Applying Certain Installment Sale Rules.—In the case of an electing large partnership—

"(1) the provisions of sections 453(l)(3) and 453A shall be applied at the partnership level, and

"(2) in determining the amount of interest payable under such sections, such partnership shall be treated as subject to tax under this chapter at the highest rate of tax in effect under section 1 or 11.

"SEC. 775. ELECTING LARGE PARTNERSHIP DEFINED.

"(a) General Rule.—For purposes of this part—

"(1) In general.—The term 'electing large partnership' means, with respect to any partnership taxable year, any partnership if—

"(A) the number of persons who were partners in such partnership in the preceding partnership taxable year equaled or exceeded 100, and

"(B) such partnership elects the application of this part.

To the extent provided in regulations, a partnership shall cease to be treated as an electing large partnership for any partnership taxable year if in such taxable year fewer than 100 persons were partners in such partnership.

"(2) Election.—The election under this subsection shall apply to the taxable year for which made and all subsequent taxable years unless revoked with the consent of the Secretary.

"(b) Special Rules for Certain Service Partnerships.—

"(1) Certain partners not counted.—For purposes of this section, the term 'partner' does not include any individual performing substantial services in connection with the activities of the partnership and holding an interest in such partnership, or an individual who formerly performed substantial services in connection with such activities and who held an interest in such partnership at the time the individual performed such services.

"(2) Exclusion.—For purposes of this part, an election under subsection (a) shall not be effective with respect to any partnership if substantially all the partners of such partnership—

"(A) are individuals performing substantial services in connection with the activities of such partnership or are personal service corporations (as defined in section 269A(b)) the owner-employees (as defined in section 269A(b)) of which perform such substantial services,

"(B) are retired partners who had performed such substantial services, or

"(C) are spouses of partners who are performing (or had previously performed) such substantial services.

"(3) Special rule for lower tier partnerships.—For purposes of this subsection, the activities of a partnership shall include the activities of any other partnership in which the partnership owns directly an interest in the capital and profits of at least 80 percent.

"(c) Exclusion of Commodity Pools.—For purposes of this part, an election under subsection (a) shall not be effective with respect to any partnership the principal activity of which is the buying and selling of commodities (not described in section 1221(1)), or options, futures, or forwards with respect to such commodities.

"(d) Secretary May Rely on Treatment on Return.—If, on the partnership return of any partnership, such partnership is treated as an electing large partnership, such treatment shall be binding on such partnership and all partners of such partnership but not on the Secretary.

"SEC. 776. SPECIAL RULES FOR PARTNERSHIPS HOLDING OIL AND GAS PROPERTIES.

"(a) Computation of Percentage Depletion.—In the case of an electing large partnership, except as provided in subsection (b)—

"(1) the allowance for depletion under section 611 with respect to any partnership oil or gas property shall be computed at the partnership level without regard to any provision of section 613A requiring such allowance to be computed separately by each partner,

"(2) such allowance shall be determined without regard to the provisions of section 613A(c) limiting the amount of production for which percentage depletion is allowable and without regard to paragraph (1) of section 613A(d), and

"(3) paragraph (3) of section 705(a) shall not apply.

"(b) Treatment of Certain Partners.—

"(1) In general.—In the case of a disqualified person, the treatment under this chapter of such person's distributive share of any item of income, gain, loss, deduction, or credit attributable to any partnership oil or gas property shall be determined without regard to this part. Such person's distributive share of any such items shall be excluded for purposes of making determinations under sections 772 and 773.

"(2) Disqualified person.—For purposes of paragraph (1), the term 'disqualified person' means, with respect to any partnership taxable year—

"(A) any person referred to in paragraph (2) or (4) of section 613A(d) for such person's taxable year in which such partnership taxable year ends, and

"(B) any other person if such person's average daily production of domestic crude oil and natural gas for such person's taxable year in which such partnership taxable year ends exceeds 500 barrels.

"(3) Average daily production.—For purposes of paragraph (2), a person's average daily production of domestic crude oil and natural gas for any taxable year shall be computed as provided in section 613A(c)(2)—

"(A) by taking into account all production of domestic crude oil and natural gas (including such person's proportionate share of any production of a partnership),

"(B) by treating 6,000 cubic feet of natural gas as a barrel of crude oil, and

"(C) by treating as 1 person all persons treated as 1 taxpayer under section 613A(c)(8) or among whom allocations are required under such section.

"SEC. 777. REGULATIONS.

"The Secretary shall prescribe such regulations as may be appropriate to carry out the purposes of this part.".

(b) Clerical Amendment.—The table of parts for subchapter K of chapter 1 is amended by adding at the end the following new item:

"Part IV. Special rules for electing large partnerships.".

(c) Effective Date.—The amendments made by this section shall apply to partnership taxable years beginning after December 31, 1997.

SEC. 1222. SIMPLIFIED AUDIT PROCEDURES FOR ELECTING LARGE PARTNERSHIPS.

(a) General Rule.—Chapter 63 is amended by adding at the end thereof the following new subchapter:

"Subchapter D—Treatment of electing large partnerships

"Part I. Treatment of partnership items and adjustments.

"Part II. Partnership level adjustments.

"Part III. Definitions and special rules.

"PART I—TREATMENT OF PARTNERSHIP ITEMS AND ADJUSTMENTS

"Sec. 6240. Application of subchapter.

"Sec. 6241. Partner's return must be consistent with partnership return.

"Sec. 6242. Procedures for taking partnership adjustments into account.

"SEC. 6240. APPLICATION OF SUBCHAPTER.

"(a) General Rule.—This subchapter shall only apply to electing large partnerships and partners in such partnerships.

"(b) Coordination With Other Partnership Audit Procedures.—

"(1) In general.—Subchapter C of this chapter shall not apply to any electing large partnership other than in its capacity as a partner in another partnership which is not an electing large partnership.

"(2) Treatment where partner in other partnership.—If an electing large partnership is a partner in another partnership which is not an electing large partnership—

"(A) subchapter C of this chapter shall apply to items of such electing large partnership which are partnership items with respect to such other partnership, but

"(B) any adjustment under such subchapter C shall be taken into account in the manner provided by section 6242.

"SEC. 6241. PARTNER'S RETURN MUST BE CONSISTENT WITH PARTNERSHIP RETURN.

"(a) General Rule.—A partner of any electing large partnership shall, on the partner's return, treat each partnership item attributable to such partnership in a manner which is consistent with the treatment of such partnership item on the partnership return.

"(b) Underpayment Due to Inconsistent Treatment Assessed as Math Error.—Any underpayment of tax by a partner by reason of failing to comply with the requirements of subsection (a) shall be assessed and collected in the same manner as if such underpayment were on account of a mathematical or clerical error appearing on the partner's return. Paragraph (2) of section 6213(b) shall not apply to any assessment of an underpayment referred to in the preceding sentence.

"(c) Adjustments Not To Affect Prior Year of Partners.—

"(1) In general.—Except as provided in paragraph (2), subsections (a) and (b) shall apply without regard to any adjustment to the partnership item under part II.

"(2) Certain changes in distributive share taken into account by partner.—

"(A) In general.—To the extent that any adjustment under part II involves a change under section 704 in a partner's distributive share of the amount of any partnership item shown on the partnership return, such adjustment shall be taken into account in applying this title to such partner for the partner's taxable year for which such item was required to be taken into account.

"(B) Coordination with deficiency procedures.—

"(i) In general.—Subchapter B shall not apply to the assessment or collection of any underpayment of tax attributable to an adjustment referred to in subparagraph (A).

"(ii) Adjustment not precluded.—Notwithstanding any other law or rule of law, nothing in subchapter B (or in any proceeding under subchapter B) shall preclude the assessment or collection of any underpayment of tax (or the allowance of any credit or refund of any overpayment of tax) attributable to an adjustment referred to in subparagraph (A) and such assessment or collection or allowance (or any notice thereof) shall not preclude any notice, proceeding, or determination under subchapter B.

"(C) Period of limitations.—The period for—

"(i) assessing any underpayment of tax, or

"(ii) filing a claim for credit or refund of any overpayment of tax,

attributable to an adjustment referred to in subparagraph (A) shall not expire before the close of the period prescribed by section 6248 for making adjustments with respect to the partnership taxable year involved.

"(D) Tiered structures.—If the partner referred to in subparagraph (A) is another partnership or an S corporation, the rules of this paragraph shall also apply to persons holding interests in such partnership or S corporation (as the case may be); except that, if such partner is an electing large partnership, the adjustment referred to in subparagraph (A) shall be taken into account in the manner provided by section 6242.

"(d) Addition to Tax for Failure to Comply With Section.—

"For addition to tax in case of partner's disregard of requirements of this section, see part II of subchapter A of chapter 68.

"SEC. 6242. PROCEDURES FOR TAKING PARTNERSHIP ADJUSTMENTS INTO ACCOUNT.

"(a) Adjustments Flow Through To Partners for Year in Which Adjustment Takes Effect.—

"(1) In general.—If any partnership adjustment with respect to any partnership item takes effect (within the meaning of subsection (d)(2)) during any partnership taxable year and if an election under paragraph (2) does not apply to such adjustment, such adjustment shall be taken into account in determining the amount of such item for the partnership taxable year in which such adjustment takes effect. In applying this title to any person who is (directly or indirectly) a partner in such partnership during such partnership taxable year, such adjustment shall be treated as an item actually arising during such taxable year.

"(2) Partnership liable in certain cases.—If—

"(A) a partnership elects under this paragraph to not take an adjustment into account under paragraph (1),

"(B) a partnership does not make such an election but in filing its return for any partnership taxable year fails to take fully into account any partnership adjustment as required under paragraph (1), or

"(C) any partnership adjustment involves a reduction in a credit which exceeds the amount of such credit determined for the partnership taxable year in which the adjustment takes effect,

the partnership shall pay to the Secretary an amount determined by applying the rules of subsection (b)(4) to the adjustments not so taken into account and any excess referred to in subparagraph (C).

"(3) Offsetting adjustments taken into account.—If a partnership adjustment requires another adjustment in a taxable year after the adjusted year and before the partnership taxable year in which such partnership adjustment takes effect, such other adjustment shall be taken into account under this subsection for the partnership taxable year in which such partnership adjustment takes effect.

"(4) Coordination with part II.—Amounts taken into account under this subsection for any partnership taxable year shall continue to be treated as adjustments for the adjusted year for purposes of determining whether such amounts may be readjusted under part II.

"(b) Partnership Liable for Interest and Penalties.—

"(1) In general.—If a partnership adjustment takes effect during any partnership taxable year and such adjustment results in an imputed underpayment for the adjusted year, the partnership—

"(A) shall pay to the Secretary interest computed under paragraph (2), and

"(B) shall be liable for any penalty, addition to tax, or additional amount as provided in paragraph (3).

"(2) Determination of amount of interest.—The interest computed under this paragraph with respect to any partnership adjustment is the interest which would be determined under chapter 67—

"(A) on the imputed underpayment determined under paragraph (4) with respect to such adjustment,

"(B) for the period beginning on the day after the return due date for the adjusted year and ending on the return due date for the partnership taxable year in which such adjustment takes effect (or, if earlier, in the case of any adjustment to which subsection (a)(2) applies, the date on which the payment under subsection (a)(2) is made).

Proper adjustments in the amount determined under the preceding sentence shall be made for adjustments required for partnership taxable years after the adjusted year and before the year in which the partnership adjustment takes effect by reason of such partnership adjustment.

"(3) Penalties.—A partnership shall be liable for any penalty, addition to tax, or additional amount for which it would have been liable if such partnership had been an individual subject to tax under chapter 1 for the adjusted year and the imputed underpayment determined under paragraph (4) were an actual underpayment (or understatement) for such year.

"(4) Imputed underpayment.—For purposes of this subsection, the imputed underpayment determined under this paragraph with respect to any partnership adjustment is the underpayment (if any) which would result—

"(A) by netting all adjustments to items of income, gain, loss, or deduction and by treating any net increase in income as an underpayment equal to the amount of such net increase multiplied by the highest rate of tax in effect under section 1 or 11 for the adjusted year, and

"(B) by taking adjustments to credits into account as increases or decreases (whichever is appropriate) in the amount of tax.

For purposes of the preceding sentence, any net decrease in a loss shall be treated as an increase in income and a similar rule shall apply to a net increase in a loss.

"(c) Administrative Provisions.—

"(1) In general.—Any payment required by subsection (a)(2) or (b)(1)(A)—

"(A) shall be assessed and collected in the same manner as if it were a tax imposed by subtitle C, and

"(B) shall be paid on or before the return due date for the partnership taxable year in which the partnership adjustment takes effect.

"(2) Interest.—For purposes of determining interest, any payment required by subsection (a)(2) or (b)(1)(A) shall be treated as an underpayment of tax.

"(3) Penalties.—

"(A) In general.—In the case of any failure by any partnership to pay on the date prescribed therefor any amount required by subsection (a)(2) or (b)(1)(A), there is hereby imposed on such partnership a penalty of 10 percent of the underpayment. For purposes of the preceding sentence, the term 'underpayment' means the excess of any payment required under this section over the amount (if any) paid on or before the date prescribed therefor.

"(B) Accuracy-related and fraud penalties made applicable.—For purposes of part II of subchapter A of chapter 68, any payment required by subsection (a)(2) shall be treated as an underpayment of tax.

"(d) Definitions and Special Rules.—For purposes of this section—

"(1) Partnership adjustment.—The term 'partnership adjustment' means any adjustment in the amount of any partnership item of an electing large partnership.

"(2) When adjustment takes effect.—A partnership adjustment takes effect—

"(A) in the case of an adjustment pursuant to the decision of a court in a proceeding brought under part II, when such decision becomes final,

"(B) in the case of an adjustment pursuant to any administrative adjustment request under section 6251, when such adjustment is allowed by the Secretary, or

"(C) in any other case, when such adjustment is made.

"(3) Adjusted year.—The term 'adjusted year' means the partnership taxable year to which the item being adjusted relates.

"(4) Return due date.—The term 'return due date' means, with respect to any taxable year, the date prescribed for filing the partnership return for such taxable year (determined without regard to extensions).

"(5) Adjustments involving changes in character.—Under regulations, appropriate adjustments in the application of this section shall be made for purposes of taking into account partnership adjustments which involve a change in the character of any item of income, gain, loss, or deduction.

"(e) Payments Nondeductible.—No deduction shall be allowed under subtitle A for any payment required to be made by an electing large partnership under this section.

"PART II—PARTNERSHIP LEVEL ADJUSTMENTS

"Subpart A. Adjustments by Secretary.

"Subpart B. Claims for adjustments by partnership.

"Subpart A—Adjustments by Secretary

"Sec. 6245. Secretarial authority.

"Sec. 6246. Restrictions on partnership adjustments.

"Sec. 6247. Judicial review of partnership adjustment.

"Sec. 6248. Period of limitations for making adjustments.

"SEC. 6245. SECRETARIAL AUTHORITY.

"(a) GENERAL RULE.—The Secretary is authorized and directed to make adjustments at the partnership level in any partnership item to the extent necessary to have such item be treated in the manner required.

"(b) NOTICE OF PARTNERSHIP ADJUSTMENT.—

"(1) IN GENERAL.—If the Secretary determines that a partnership adjustment is required, the Secretary is authorized to send notice of such adjustment to the partnership by certified mail or registered mail. Such notice shall be sufficient if mailed to the partnership at its last known address even if the partnership has terminated its existence.

"(2) FURTHER NOTICES RESTRICTED.—If the Secretary mails a notice of a partnership adjustment to any partnership for any partnership taxable year and the partnership files a petition under section 6247 with respect to such notice, in the absence of a showing of fraud, malfeasance, or misrepresentation of a material fact, the Secretary shall not mail another such notice to such partnership with respect to such taxable year.

"(3) AUTHORITY TO RESCIND NOTICE WITH PARTNERSHIP CONSENT.—The Secretary may, with the consent of the partnership, rescind any notice of a partnership adjustment mailed to such partnership. Any notice so rescinded shall not be treated as a notice of a partnership adjustment, for purposes of this section, section 6246, and section 6247, and the taxpayer shall have no right to bring a proceeding under section 6247 with respect to such notice. Nothing in this subsection shall affect any suspension of the running of any period of limitations during any period during which the rescinded notice was outstanding.

"SEC. 6246. RESTRICTIONS ON PARTNERSHIP ADJUSTMENTS.

"(a) GENERAL RULE.—Except as otherwise provided in this chapter, no adjustment to any partnership item may be made (and no levy or proceeding in any court for the collection of any amount resulting from such adjustment may be made, begun or prosecuted) before—

"(1) the close of the 90th day after the day on which a notice of a partnership adjustment was mailed to the partnership, and

"(2) if a petition is filed under section 6247 with respect to such notice, the decision of the court has become final.

"(b) PREMATURE ACTION MAY BE ENJOINED.—Notwithstanding section 7421(a), any action which violates subsection (a) may be enjoined in the proper court, including the Tax Court. The Tax Court shall have no jurisdiction to enjoin any action under this subsection unless a timely petition has been filed under section 6247 and then only in respect of the adjustments that are the subject of such petition.

"(c) EXCEPTIONS TO RESTRICTIONS ON ADJUSTMENTS.—

"(1) ADJUSTMENTS ARISING OUT OF MATH OR CLERICAL ERRORS.—

"(A) IN GENERAL.—If the partnership is notified that, on account of a mathematical or clerical error appearing on the partnership return, an adjustment to a partnership item is required, rules similar to the rules of paragraphs (1) and (2) of section 6213(b) shall apply to such adjustment.

"(B) SPECIAL RULE.—If an electing large partnership is a partner in another electing large partnership, any adjustment on account of such partnership's failure to comply with the requirements of section 6241(a) with respect to its interest in such other partnership shall be treated as an adjustment referred to in subparagraph (A), except that paragraph (2) of section 6213(b) shall not apply to such adjustment.

"(2) PARTNERSHIP MAY WAIVE RESTRICTIONS.—The partnership shall at any time (whether or not a notice of partnership adjustment has been issued) have the right, by a signed notice in writing filed with the Secretary, to waive the restrictions provided in subsection (a) on the making of any partnership adjustment.

"(d) LIMIT WHERE NO PROCEEDING BEGUN.—If no proceeding under section 6247 is begun with respect to any notice of a partnership adjustment during the 90-day period described in subsection (a), the amount for which the partnership is liable under section 6242 (and any increase in any partner's liability for tax under chapter 1 by reason of any adjustment under section 6242(a)) shall not exceed the amount determined in accordance with such notice.

"SEC. 6247. JUDICIAL REVIEW OF PARTNERSHIP ADJUSTMENT.

"(a) GENERAL RULE.—Within 90 days after the date on which a notice of a partnership adjustment is mailed to the partnership with respect to any partnership taxable year, the partnership may file a petition for a readjustment of the partnership items for such taxable year with—

"(1) the Tax Court,

"(2) the district court of the United States for the district in which the partnership's principal place of business is located, or

"(3) the Claims Court.

"(b) JURISDICTIONAL REQUIREMENT FOR BRINGING ACTION IN DISTRICT COURT OR CLAIMS COURT.—

"(1) IN GENERAL.—A readjustment petition under this section may be filed in a district court of the United States or the Claims Court only if the partnership filing the petition deposits with the Secretary, on or before the date the petition is filed, the amount for which the partnership would be liable under section 6242(b) (as of the date of the filing of the petition) if the partnership items were adjusted as provided by the notice of partnership adjustment. The court may by order provide that the jurisdictional requirements of this paragraph are satisfied where there has been a good faith attempt to satisfy such requirement and any shortfall of the amount required to be deposited is timely corrected.

"(2) INTEREST PAYABLE.—Any amount deposited under paragraph (1), while deposited, shall not be treated as a payment of tax for purposes of this title (other than chapter 67).

"(c) SCOPE OF JUDICIAL REVIEW.—A court with which a petition is filed in accordance with this section shall have jurisdiction to determine all partnership items of the partnership for the partnership taxable year to which the notice of partnership adjustment relates and the proper allocation of such items among the partners (and the applicability of any penalty, addition to tax, or additional amount for which the partnership may be liable under section 6242(b)).

"(d) DETERMINATION OF COURT REVIEWABLE.—Any determination by a court under this section shall have the force and effect of a decision of the Tax Court or a final judgment or decree of the district court or the Claims Court, as the case may be, and shall be reviewable as such. The date of any such determination shall be treated as being the date of the court's order entering the decision.

"(e) EFFECT OF DECISION DISMISSING ACTION.—If an action brought under this section is dismissed other than by reason of a rescission under section 6245(b)(3), the decision of the court dismissing the action shall be considered as its decision that the notice of partnership adjustment is correct, and an appropriate order shall be entered in the records of the court.

"SEC. 6248. PERIOD OF LIMITATIONS FOR MAKING ADJUSTMENTS.

"(a) GENERAL RULE.—Except as otherwise provided in this section, no adjustment under this subpart to any partnership item for any partnership taxable year may be made after the date which is 3 years after the later of—

"(1) the date on which the partnership return for such taxable year was filed, or

"(2) the last day for filing such return for such year (determined without regard to extensions).

"(b) EXTENSION BY AGREEMENT.—The period described in subsection (a) (including an extension period under this subsection) may be extended by an agreement entered into by the Secretary and the partnership before the expiration of such period.

"(c) SPECIAL RULE IN CASE OF FRAUD, ETC.—

"(1) FALSE RETURN.—In the case of a false or fraudulent partnership return with intent to evade tax, the adjustment may be made at any time.

"(2) SUBSTANTIAL OMISSION OF INCOME.—If any partnership omits from gross income an amount properly includible therein which is in excess of 25 percent of the amount of gross income stated in its return, subsection (a) shall be applied by substituting '6 years' for '3 years'.

"(3) NO RETURN.—In the case of a failure by a partnership to file a return for any taxable year, the adjustment may be made at any time.

"(4) RETURN FILED BY SECRETARY.—For purposes of this section, a return executed by the Secretary under subsection (b) of section 6020 on behalf of the partnership shall not be treated as a return of the partnership.

"(d) SUSPENSION WHEN SECRETARY MAILS NOTICE OF ADJUSTMENT.—If notice of a partnership adjustment with respect to any taxable year is mailed to the partnership, the running of the period specified in subsection (a) (as modified by the other provisions of this section) shall be suspended—

"(1) for the period during which an action may be brought under section 6247 (and, if a petition is filed under section 6247 with respect to such notice, until the decision of the court becomes final), and

"(2) for 1 year thereafter.

"Subpart B—Claims for Adjustments by Partnership

"Sec. 6251. Administrative adjustment requests.
"Sec. 6252. Judicial review where administrative adjustment request is not allowed in full.

"SEC. 6251. ADMINISTRATIVE ADJUSTMENT REQUESTS.

"(a) GENERAL RULE.—A partnership may file a request for an administrative adjustment of partnership items for any partnership taxable year at any time which is—

"(1) within 3 years after the later of—

"(A) the date on which the partnership return for such year is filed, or

"(B) the last day for filing the partnership return for such year (determined without regard to extensions), and

"(2) before the mailing to the partnership of a notice of a partnership adjustment with respect to such taxable year.

"(b) SECRETARIAL ACTION.—If a partnership files an administrative adjustment request under subsection (a), the Secretary may allow any part of the requested adjustments.

"(c) SPECIAL RULE IN CASE OF EXTENSION UNDER SECTION 6248.—If the period described in section 6248(a) is extended pursuant to an agreement under section 6248(b), the period prescribed by subsection (a)(1) shall not expire before the date 6 months after the expiration of the extension under section 6248(b).

"SEC. 6252. JUDICIAL REVIEW WHERE ADMINISTRATIVE ADJUSTMENT REQUEST IS NOT ALLOWED IN FULL.

"(a) IN GENERAL.—If any part of an administrative adjustment request filed under section 6251 is not allowed by the Secretary, the partnership may file a petition for an adjustment

with respect to the partnership items to which such part of the request relates with—

“(1) the Tax Court,

“(2) the district court of the United States for the district in which the principal place of business of the partnership is located, or

“(3) the Claims Court.

“(b) PERIOD FOR FILING PETITION.—A petition may be filed under subsection (a) with respect to partnership items for a partnership taxable year only—

“(1) after the expiration of 6 months from the date of filing of the request under section 6251, and

“(2) before the date which is 2 years after the date of such request.

The 2-year period set forth in paragraph (2) shall be extended for such period as may be agreed upon in writing by the partnership and the Secretary.

“(c) COORDINATION WITH SUBPART A.—

“(1) NOTICE OF PARTNERSHIP ADJUSTMENT BEFORE FILING OF PETITION.—No petition may be filed under this section after the Secretary mails to the partnership a notice of a partnership adjustment for the partnership taxable year to which the request under section 6251 relates.

“(2) NOTICE OF PARTNERSHIP ADJUSTMENT AFTER FILING BUT BEFORE HEARING OF PETITION.—If the Secretary mails to the partnership a notice of a partnership adjustment for the partnership taxable year to which the request under section 6251 relates after the filing of a petition under this subsection but before the hearing of such petition, such petition shall be treated as an action brought under section 6247 with respect to such notice, except that subsection (b) of section 6247 shall not apply.

“(3) NOTICE MUST BE BEFORE EXPIRATION OF STATUTE OF LIMITATIONS.—A notice of a partnership adjustment for the partnership taxable year shall be taken into account under paragraphs (1) and (2) only if such notice is mailed before the expiration of the period prescribed by section 6248 for making adjustments to partnership items for such taxable year.

“(d) SCOPE OF JUDICIAL REVIEW.—Except in the case described in paragraph (2) of subsection (c), a court with which a petition is filed in accordance with this section shall have jurisdiction to determine only those partnership items to which the part of the request under section 6251 not allowed by the Secretary relates and those items with respect to which the Secretary asserts adjustments as offsets to the adjustments requested by the partnership.

“(e) DETERMINATION OF COURT REVIEWABLE.—Any determination by a court under this section shall have the force and effect of a decision of the Tax Court or a final judgment or decree of the district court or the Claims Court, as the case may be, and shall be reviewable as such. The date of any such determination shall be treated as being the date of the court's order entering the decision.

“PART III—DEFINITIONS AND SPECIAL RULES

“Sec. 6255. Definitions and special rules.

“SEC. 6255. DEFINITIONS AND SPECIAL RULES.

“(a) DEFINITIONS.—For purposes of this subchapter—

“(1) ELECTING LARGE PARTNERSHIP.—The term ‘electing large partnership’ has the meaning given to such term by section 775.

“(2) PARTNERSHIP ITEM.—The term ‘partnership item’ has the meaning given to such term by section 6231(a)(3).

“(b) PARTNERS BOUND BY ACTIONS OF PARTNERSHIP, ETC.—

“(1) DESIGNATION OF PARTNER.—Each electing large partnership shall designate (in the manner prescribed by the Secretary) a partner (or other person) who shall have the sole authority to act on behalf of such partnership under this subchapter. In any case in which such a designation is not in effect, the Secretary may select any partner as the partner with such authority.

“(2) BINDING EFFECT.—An electing large partnership and all partners of such partnership shall be bound—

“(A) by actions taken under this subchapter by the partnership, and

“(B) by any decision in a proceeding brought under this subchapter.

“(c) PARTNERSHIPS HAVING PRINCIPAL PLACE OF BUSINESS OUTSIDE THE UNITED STATES.—For purposes of sections 6247 and 6252, a principal place of business located outside the United States shall be treated as located in the District of Columbia.

“(d) TREATMENT WHERE PARTNERSHIP CEASES TO EXIST.—If a partnership ceases to exist before a partnership adjustment under this subchapter takes effect, such adjustment shall be taken into account by the former partners of such partnership under regulations prescribed by the Secretary.

“(e) DATE DECISION BECOMES FINAL.—For purposes of this subchapter, the principles of section 7481(a) shall be applied in determining the date on which a decision of a district court or the Claims Court becomes final.

“(f) PARTNERSHIPS IN CASES UNDER TITLE 11 OF THE UNITED STATES CODE.—

“(1) SUSPENSION OF PERIOD OF LIMITATIONS ON MAKING ADJUSTMENT, ASSESSMENT, OR COLLECTION.—The running of any period of limitations provided in this subchapter on making a partnership adjustment (or provided by section 6501 or 6502 on the assessment or collection of any amount required to be paid under section 6242) shall, in a case under title 11 of the United States Code, be suspended during the period during which the Secretary is prohibited by reason of such case from making the adjustment (or assessment or collection) and—

“(A) for adjustment or assessment, 60 days thereafter, and

“(B) for collection, 6 months thereafter.

A rule similar to the rule of section 6213(f)(2) shall apply for purposes of section 6246.

“(2) SUSPENSION OF PERIOD OF LIMITATION FOR FILING FOR JUDICIAL REVIEW.—The running of the period specified in section 6247(a) or 6252(b) shall, in a case under title 11 of the United States Code, be suspended during the period during which the partnership is prohibited by reason of such case from filing a petition under section 6247 or 6252 and for 60 days thereafter.

“(g) REGULATIONS.—The Secretary shall prescribe such regulations as may be necessary to carry out the provisions of this subchapter, including regulations—

“(1) to prevent abuse through manipulation of the provisions of this subchapter, and

“(2) providing that this subchapter shall not apply to any case described in section 6231(c)(1) (or the regulations prescribed thereunder) where the application of this subchapter to such a case would interfere with the effective and efficient enforcement of this title.

In any case to which this subchapter does not apply by reason of paragraph (2), rules similar to the rules of sections 6229(f) and 6255(f) shall apply.”.

(b) CONFORMING AMENDMENTS.—

(1) Subsection (a) of section 7421 is amended by inserting “6246(b),” after “6213(a),”.

(2) Subsection (c) of section 7459 is amended by striking “or section 6228(a)” and inserting “, 6228(a), 6247, or 6252”.

(3) Subparagraph (E) of section 7482(b)(1) is amended by striking “or 6228(a)” and inserting “, 6228(a), 6247, or 6252”.

(4)(A) The text of section 7485(b) is amended by striking “or 6228(a)” and inserting “, 6228(a), 6247, or 6252”.

(B) The subsection heading for section 7485(b) is amended to read as follows:

“(b) BOND IN CASE OF APPEAL OF CERTAIN PARTNERSHIP-RELATED DECISIONS.—”.

(c) CLERICAL AMENDMENT.—The table of subchapters for chapter 63 is amended by adding at the end thereof the following new item:

“Subchapter D. Treatment of electing large partnerships.”.

SEC. 1223. DUE DATE FOR FURNISHING INFORMATION TO PARTNERS OF ELECTING LARGE PARTNERSHIPS.

(a) GENERAL RULE.—Subsection (b) of section 6031 (relating to copies to partners) is amended by adding at the end the following new sentence: “In the case of an electing large partnership (as defined in section 775), such information shall be furnished on or before the first March 15 following the close of such taxable year.”.

(b) TREATMENT AS INFORMATION RETURN.—Section 6724 is amended by adding at the end the following new subsection:

“(e) SPECIAL RULE FOR CERTAIN PARTNERSHIP RETURNS.—If any partnership return under section 6031(a) is required under section 6011(e) to be filed on magnetic media or in other machine-readable form, for purposes of this part, each schedule required to be included with such return with respect to each partner shall be treated as a separate information return.”.

SEC. 1224. RETURNS REQUIRED ON MAGNETIC MEDIA.

Paragraph (2) of section 6011(e) (relating to returns on magnetic media) is amended by adding at the end thereof the following new sentence:

“Notwithstanding the preceding sentence, the Secretary shall require partnerships having more than 100 partners to file returns on magnetic media.”.

SEC. 1225. TREATMENT OF PARTNERSHIP ITEMS OF INDIVIDUAL RETIREMENT ACCOUNTS.

Subsection (b) of section 6012 is amended by adding at the end thereof the following new paragraph:

“(6) IRA SHARE OF PARTNERSHIP INCOME.—In the case of a trust which is exempt from taxation under section 408(e), for purposes of this section, the trust's distributive share of items of gross income and gain of any partnership to which subchapter C or D of chapter 63 applies shall be treated as equal to the trust's distributive share of the taxable income of such partnership.”.

SEC. 1226. EFFECTIVE DATE.

The amendments made by this part shall apply to partnership taxable years ending on or after December 31, 1997.

PART II—PROVISIONS RELATED TO TEFRA PARTNERSHIP PROCEEDINGS

SEC. 1231. TREATMENT OF PARTNERSHIP ITEMS IN DEFICIENCY PROCEEDINGS.

(a) IN GENERAL.—Subchapter C of chapter 63 is amended by adding at the end the following new section:

“SEC. 6234. DECLARATORY JUDGMENT RELATING TO TREATMENT OF ITEMS OTHER THAN PARTNERSHIP ITEMS WITH RESPECT TO AN OVERSHELTERED RETURN.

“(a) GENERAL RULE.—If—

“(1) a taxpayer files an oversheltered return for a taxable year,

“(2) the Secretary makes a determination with respect to the treatment of items (other than partnership items) of such taxpayer for such taxable year, and

“(3) the adjustments resulting from such determination do not give rise to a deficiency (as defined in section 6211) but would give rise to a deficiency if there were no net loss from partnership items, *the Secretary is authorized to send a notice of adjustment reflecting such determination to the taxpayer by certified or registered mail.*

"(b) OVERSHELTERED RETURN.—For purposes of this section, the term 'oversheltered return' means an income tax return which—

"(1) shows no taxable income for the taxable year, and

"(2) shows a net loss from partnership items.

"(c) JUDICIAL REVIEW IN THE TAX COURT.—Within 90 days, or 150 days if the notice is addressed to a person outside the United States, after the day on which the notice of adjustment authorized in subsection (a) is mailed to the taxpayer, the taxpayer may file a petition with the Tax Court for redetermination of the adjustments. Upon the filing of such a petition, the Tax Court shall have jurisdiction to make a declaration with respect to all items (other than partnership items and affected items which require partner level determinations as described in section 6230(a)(2)(A)(i)) for the taxable year to which the notice of adjustment relates, in accordance with the principles of section 6214(a). Any such declaration shall have the force and effect of a decision of the Tax Court and shall be reviewable as such.

"(d) FAILURE TO FILE PETITION.—

"(1) IN GENERAL.—Except as provided in paragraph (2), if the taxpayer does not file a petition with the Tax Court within the time prescribed in subsection (c), the determination of the Secretary set forth in the notice of adjustment that was mailed to the taxpayer shall be deemed to be correct.

"(2) EXCEPTION.—Paragraph (1) shall not apply after the date that the taxpayer—

"(A) files a petition with the Tax Court within the time prescribed in subsection (c) with respect to a subsequent notice of adjustment relating to the same taxable year, or

"(B) files a claim for refund of an overpayment of tax under section 6511 for the taxable year involved.

If a claim for refund is filed by the taxpayer, then solely for purposes of determining (for the taxable year involved) the amount of any computational adjustment in connection with a partnership proceeding under this subchapter (other than under this section) or the amount of any deficiency attributable to affected items in a proceeding under section 6230(a)(2), the items that are the subject of the notice of adjustment shall be presumed to have been correctly reported on the taxpayer's return during the pendency of the refund claim (and, if within the time prescribed by section 6532 the taxpayer commences a civil action for refund under section 7422, until the decision in the refund action becomes final).

"(e) LIMITATIONS PERIOD.—

"(1) IN GENERAL.—Any notice to a taxpayer under subsection (a) shall be mailed before the expiration of the period prescribed by section 6501 (relating to the period of limitations on assessment).

"(2) SUSPENSION WHEN SECRETARY MAILS NOTICE OF ADJUSTMENT.—If the Secretary mails a notice of adjustment to the taxpayer for a taxable year, the period of limitations on the making of assessments shall be suspended for the period during which the Secretary is prohibited from making the assessment (and, in any event, if a proceeding in respect of the notice of adjustment is placed on the docket of the Tax Court, until the decision of the Tax Court becomes final), and for 60 days thereafter.

"(3) RESTRICTIONS ON ASSESSMENT.—Except as otherwise provided in section 6851, 6852, or 6861, no assessment of a deficiency with respect to any tax imposed by subtitle A attributable to any item (other than a partnership item or any item affected by a partnership item) shall be made—

"(A) until the expiration of the applicable 90-day or 150-day period set forth in subsection (c) for filing a petition with the Tax Court, or

"(B) if a petition has been filed with the Tax Court, until the decision of the Tax Court has become final.

"(f) FURTHER NOTICES OF ADJUSTMENT RESTRICTED.—If the Secretary mails a notice of adjustment to the taxpayer for a taxable year and the taxpayer files a petition with the Tax Court within the time prescribed in subsection (c), the Secretary may not mail another such notice to the taxpayer with respect to the same taxable year in the absence of a showing of fraud, malfeasance, or misrepresentation of a material fact.

"(g) COORDINATION WITH OTHER PROCEEDINGS UNDER THIS SUBCHAPTER.—

"(1) IN GENERAL.—The treatment of any item that has been determined pursuant to subsection (c) or (d) shall be taken into account in determining the amount of any computational adjustment that is made in connection with a partnership proceeding under this subchapter (other than under this section), or the amount of any deficiency attributable to affected items in a proceeding under section 6230(a)(2), for the taxable year involved. Notwithstanding any other law or rule of law pertaining to the period of limitations on the making of assessments, for purposes of the preceding sentence, any adjustment made in accordance with this section shall be taken into account regardless of whether any assessment has been made with respect to such adjustment.

"(2) SPECIAL RULE IN CASE OF COMPUTATIONAL ADJUSTMENT.—In the case of a computational adjustment that is made in connection with a partnership proceeding under this subchapter (other than under this section), the provisions of paragraph (1) shall apply only if the computational adjustment is made within the period prescribed by section 6229 for assessing any tax under subtitle A which is attributable to any partnership item or affected item for the taxable year involved.

"(3) CONVERSION TO DEFICIENCY PROCEEDING.—If—

"(A) after the notice referred to in subsection (a) is mailed to a taxpayer for a taxable year but before the expiration of the period for filing a petition with the Tax Court under subsection (c) (or, if a petition is filed with the Tax Court, before the Tax Court makes a declaration for that taxable year), the treatment of any partnership item for the taxable year is finally determined, or any such item ceases to be a partnership item pursuant to section 6231(b), and

"(B) as a result of that final determination or cessation, a deficiency can be determined with respect to the items that are the subject of the notice of adjustment,

the notice of adjustment shall be treated as a notice of deficiency under section 6212 and any petition filed in respect of the notice shall be treated as an action brought under section 6213.

"(4) FINALLY DETERMINED.—For purposes of this subsection, the treatment of partnership items shall be treated as finally determined if—

"(A) the Secretary enters into a settlement agreement (within the meaning of section 6224) with the taxpayer regarding such items,

"(B) a notice of final partnership administrative adjustment has been issued and—

"(i) no petition has been filed under section 6226 and the time for doing so has expired, or

"(ii) a petition has been filed under section 6226 and the decision of the court has become final, or

"(C) the period within which any tax attributable to such items may be assessed against the taxpayer has expired.

"(h) SPECIAL RULES IF SECRETARY INCORRECTLY DETERMINES APPLICABLE PROCEDURE.—

"(1) SPECIAL RULE IF SECRETARY ERRONEOUSLY MAILS NOTICE OF ADJUSTMENT.—If the Secretary erroneously determines that subchapter B does not apply to a taxable year of a taxpayer and consistent with that determination timely mails a notice of adjustment to the taxpayer pursuant to subsection (a) of this section, the notice of adjustment shall be treated as a notice of deficiency under section 6212 and any petition that is filed in respect of the notice shall be treated as an action brought under section 6213.

"(2) SPECIAL RULE IF SECRETARY ERRONEOUSLY MAILS NOTICE OF DEFICIENCY.—If the Secretary erroneously determines that subchapter B applies to a taxable year of a taxpayer and consistent with that determination timely mails a notice of deficiency to the taxpayer pursuant to section 6212, the notice of deficiency shall be treated as a notice of adjustment under subsection (a) and any petition that is filed in respect of the notice shall be treated as an action brought under subsection (c).".

(b) TREATMENT OF PARTNERSHIP ITEMS IN DEFICIENCY PROCEEDINGS.—Section 6211 (defining deficiency) is amended by adding at the end the following new subsection:

"(c) COORDINATION WITH SUBCHAPTER C.—In determining the amount of any deficiency for purposes of this subchapter, adjustments to partnership items shall be made only as provided in subchapter C.".

(c) CLERICAL AMENDMENT.—The table of sections for subchapter C of chapter 63 is amended by adding at the end the following new item:

"Sec. 6234. Declaratory judgment relating to treatment of items other than partnership items with respect to an oversheltered return.".

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to partnership taxable years ending after the date of the enactment of this Act.

SEC. 1232. PARTNERSHIP RETURN TO BE DETERMINATIVE OF AUDIT PROCEDURES TO BE FOLLOWED.

(a) IN GENERAL.—Section 6231 (relating to definitions and special rules) is amended by adding at the end the following new subsection:

"(g) PARTNERSHIP RETURN TO BE DETERMINATIVE OF WHETHER SUBCHAPTER APPLIES.—

"(1) DETERMINATION THAT SUBCHAPTER APPLIES.—If, on the basis of a partnership return for a taxable year, the Secretary reasonably determines that this subchapter applies to such partnership for such year but such determination is erroneous, then the provisions of this subchapter are hereby extended to such partnership (and its items) for such taxable year and to partners of such partnership.

"(2) DETERMINATION THAT SUBCHAPTER DOES NOT APPLY.—If, on the basis of a partnership return for a taxable year, the Secretary reasonably determines that this subchapter does not apply to such partnership for such year but such determination is erroneous, then the provisions of this subchapter shall not apply to such partnership (and its items) for such taxable year or to partners of such partnership.".

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to partnership taxable years ending after the date of the enactment of this Act.

SEC. 1233. PROVISIONS RELATING TO STATUTE OF LIMITATIONS.

(a) SUSPENSION OF STATUTE WHERE UNTIMELY PETITION FILED.—Paragraph (1) of section 6229(d) (relating to suspension where Secretary makes administrative adjustment) is amended by striking all that follows "section 6226" and inserting the following: "(and, if a petition is filed under section 6226 with respect to such administrative adjustment, until the decision of the court becomes final), and".

(b) Suspension of Statute During Bankruptcy Proceeding.—Section 6229 is amended by adding at the end the following new subsection:

"(h) Suspension During Pendency of Bankruptcy Proceeding.—If a petition is filed naming a partner as a debtor in a bankruptcy proceeding under title 11 of the United States Code, the running of the period of limitations provided in this section with respect to such partner shall be suspended—

"(1) for the period during which the Secretary is prohibited by reason of such bankruptcy proceeding from making an assessment, and

"(2) for 60 days thereafter.".

(c) Tax Matters Partner in Bankruptcy.—Section 6229(b) is amended by redesignating paragraph (2) as paragraph (3) and by inserting after paragraph (1) the following new paragraph:

"(2) Special rule with respect to debtors in title 11 cases.—Notwithstanding any other law or rule of law, if an agreement is entered into under paragraph (1)(B) and the agreement is signed by a person who would be the tax matters partner but for the fact that, at the time that the agreement is executed, the person is a debtor in a bankruptcy proceeding under title 11 of the United States Code, such agreement shall be binding on all partners in the partnership unless the Secretary has been notified of the bankruptcy proceeding in accordance with regulations prescribed by the Secretary.".

(d) Effective Dates.—

(1) Subsections (a) and (b).—The amendments made by subsections (a) and (b) shall apply to partnership taxable years with respect to which the period under section 6229 of the Internal Revenue Code of 1986 for assessing tax has not expired on or before the date of the enactment of this Act.

(2) Subsection (c).—The amendment made by subsection (c) shall apply to agreements entered into after the date of the enactment of this Act.

SEC. 1234. EXPANSION OF SMALL PARTNERSHIP EXCEPTION.

(a) In General.—Clause (i) of section 6231(a)(1)(B) (relating to exception for small partnerships) is amended to read as follows:

"(i) In general.—The term 'partnership' shall not include any partnership having 10 or fewer partners each of whom is an individual (other than a nonresident alien), a C corporation, or an estate of a deceased partner. For purposes of the preceding sentence, a husband and wife (and their estates) shall be treated as 1 partner.".

(b) Effective Date.—The amendment made by this section shall apply to partnership taxable years ending after the date of the enactment of this Act.

SEC. 1235. EXCLUSION OF PARTIAL SETTLEMENTS FROM 1-YEAR LIMITATION ON ASSESSMENT.

(a) In General.—Subsection (f) of section 6229 (relating to items becoming nonpartnership items) is amended—

(1) by striking "(f) Items Becoming Nonpartnership Items.—If" and inserting the following:

"(f) Special Rules.—

"(1) Items becoming nonpartnership items.—If",

(2) by moving the text of such subsection 2 ems to the right, and

(3) by adding at the end the following new paragraph:

"(2) Special rule for partial settlement agreements.—If a partner enters into a settlement agreement with the Secretary with respect to the treatment of some of the partnership items in dispute for a partnership taxable year but other partnership items for such year remain in dispute, the period of limitations for assessing any tax attributable to the settled items shall be determined as if such agreement had not been entered into.".

(b) Effective Date.—The amendment made by this section shall apply to settlements entered into after the date of the enactment of this Act.

SEC. 1236. EXTENSION OF TIME FOR FILING A REQUEST FOR ADMINISTRATIVE ADJUSTMENT.

(a) In General.—Section 6227 (relating to administrative adjustment requests) is amended by redesignating subsections (b) and (c) as subsections (c) and (d), respectively, and by inserting after subsection (a) the following new subsection:

"(b) Special Rule in Case of Extension of Period of Limitations Under Section 6229.—The period prescribed by subsection (a)(1) for filing of a request for an administrative adjustment shall be extended—

"(1) for the period within which an assessment may be made pursuant to an agreement (or any extension thereof) under section 6229(b), and

"(2) for 6 months thereafter.".

(b) Effective Date.—The amendment made by this section shall take effect as if included in the amendments made by section 402 of the Tax Equity and Fiscal Responsibility Act of 1982.

SEC. 1237. AVAILABILITY OF INNOCENT SPOUSE RELIEF IN CONTEXT OF PARTNERSHIP PROCEEDINGS.

(a) In General.—Subsection (a) of section 6230 is amended by adding at the end the following new paragraph:

"(3) Special rule in case of assertion by partner's spouse of innocent spouse relief.—

"(A) Notwithstanding section 6404(b), if the spouse of a partner asserts that section 6013(e) applies with respect to a liability that is attributable to any adjustment to a partnership item, then such spouse may file with the Secretary within 60 days after the notice of computational adjustment is mailed to the spouse a request for abatement of the assessment specified in such notice. Upon receipt of such request, the Secretary shall abate the assessment. Any reassessment of the tax with respect to which an abatement is made under this subparagraph shall be subject to the deficiency procedures prescribed by subchapter B. The period for making any such reassessment shall not expire before the expiration of 60 days after the date of such abatement.

"(B) If the spouse files a petition with the Tax Court pursuant to section 6213 with respect to the request for abatement described in subparagraph (A), the Tax Court shall only have jurisdiction pursuant to this section to determine whether the requirements of section 6013(e) have been satisfied. For purposes of such determination, the treatment of partnership items under the settlement, the final partnership administrative adjustment, or the decision of the court (whichever is appropriate) that gave rise to the liability in question shall be conclusive.

"(C) Rules similar to the rules contained in subparagraphs (B) and (C) of paragraph (2) shall apply for purposes of this paragraph.".

(b) Claims for Refund.—Subsection (c) of section 6230 is amended by adding at the end the following new paragraph:

"(5) Rules for seeking innocent spouse relief.—

"(A) In general.—The spouse of a partner may file a claim for refund on the ground that the Secretary failed to relieve the spouse under section 6013(e) from a liability that is attributable to an adjustment to a partnership item.

"(B) Time for filing claim.—Any claim under subparagraph (A) shall be filed within 6 months after the day on which the Secretary mails to the spouse the notice of computational adjustment referred to in subsection (a)(3)(A).

"(C) Suit if claim not allowed.—If the claim under subparagraph (B) is not allowed, the spouse may bring suit with respect to the claim within the period specified in paragraph (3).

"(D) Prior determinations are binding.—For purposes of any claim or suit under this paragraph, the treatment of partnership items under the settlement, the final partnership administrative adjustment, or the decision of the court (whichever is appropriate) that gave rise to the liability in question shall be conclusive.".

(c) Technical Amendments.—

(1) Paragraph (1) of section 6230(a) is amended by striking "paragraph (2)" and inserting "paragraph (2) or (3)".

(2) Subsection (a) of section 6503 is amended by striking "section 6230(a)(2)(A)" and inserting "paragraph (2)(A) or (3) of section 6230(a)".

(d) Effective Date.—The amendments made by this section shall take effect as if included in the amendments made by section 402 of the Tax Equity and Fiscal Responsibility Act of 1982.

SEC. 1238. DETERMINATION OF PENALTIES AT PARTNERSHIP LEVEL.

(a) In General.—Section 6221 (relating to tax treatment determined at partnership level) is amended by striking "item" and inserting "item (and the applicability of any penalty, addition to tax, or additional amount which relates to an adjustment to a partnership item)".

(b) Conforming Amendments.—

(1) Subsection (f) of section 6226 is amended—

(A) by striking "relates and" and inserting "relates,", and

(B) by inserting before the period ", and the applicability of any penalty, addition to tax, or additional amount which relates to an adjustment to a partnership item".

(2) Clause (i) of section 6230(a)(2)(A) is amended to read as follows:

"(i) affected items which require partner level determinations (other than penalties, additions to tax, and additional amounts that relate to adjustments to partnership items), or".

(3)(A) Subparagraph (A) of section 6230(a)(3), as added by section 1237, is amended by inserting "(including any liability for any penalties, additions to tax, or additional amounts relating to such adjustment)" after "partnership item".

(B) Subparagraph (B) of such section is amended by inserting "(and the applicability of any penalties, additions to tax, or additional amounts)" after "partnership items".

(C) Subparagraph (A) of section 6230(c)(5), as added by section 1237, is amended by inserting before the period "(including any liability for any penalties, additions to tax, or additional amounts relating to such adjustment)".

(D) Subparagraph (D) of section 6230(c)(5), as added by section 1237, is amended by inserting "(and the applicability of any penalties, additions to tax, or additional amounts)" after "partnership items".

(4) Paragraph (1) of section 6230(c) is amended by striking "or" at the end of subparagraph (A), by striking the period at the end of subparagraph (B) and inserting ", or", and by adding at the end the following new subparagraph:

"(C) the Secretary erroneously imposed any penalty, addition to tax, or additional amount which relates to an adjustment to a partnership item.".

(5) So much of subparagraph (A) of section 6230(c)(2) as precedes "shall be filed" is amended to read as follows:

"(A) Under paragraph (1) (A) or (C).—Any claim under subparagraph (A) or (C) of paragraph (1)".

(6) Paragraph (4) of section 6230(c) is amended by adding at the end the following: "In addition, the determination under the final partnership administrative adjustment or under the decision of the court (whichever is appropriate)

concerning the applicability of any penalty, addition to tax, or additional amount which relates to an adjustment to a partnership item shall also be conclusive. Notwithstanding the preceding sentence, the partner shall be allowed to assert any partner level defenses that may apply or to challenge the amount of the computational adjustment.".

(c) Effective Date.—The amendments made by this section shall apply to partnership taxable years ending after the date of the enactment of this Act.

SEC. 1239. PROVISIONS RELATING TO COURT JURISDICTION, ETC.

(a) Tax Court Jurisdiction To Enjoin Premature Assessments of Deficiencies Attributable to Partnership Items.—Subsection (b) of section 6225 is amended by striking "the proper court." and inserting "the proper court, including the Tax Court. The Tax Court shall have no jurisdiction to enjoin any action or proceeding under this subsection unless a timely petition for a readjustment of the partnership items for the taxable year has been filed and then only in respect of the adjustments that are the subject of such petition.".

(b) Jurisdiction To Consider Statute of Limitations With Respect to Partners.—Paragraph (1) of section 6226(d) is amended by adding at the end the following new sentence:

"Notwithstanding subparagraph (B), any person treated under subsection (c) as a party to an action shall be permitted to participate in such action (or file a readjustment petition under subsection (b) or paragraph (2) of this subsection) solely for the purpose of asserting that the period of limitations for assessing any tax attributable to partnership items has expired with respect to such person, and the court having jurisdiction of such action shall have jurisdiction to consider such assertion.".

(c) Tax Court Jurisdiction To Determine Overpayments Attributable to Affected Items.—

(1) Paragraph (6) of section 6230(d) is amended by striking "(or an affected item)".

(2) Paragraph (3) of section 6512(b) is amended by adding at the end the following new sentence:

"In the case of a credit or refund relating to an affected item (within the meaning of section 6231(a)(5)), the preceding sentence shall be applied by substituting the periods under sections 6229 and 6230(d) for the periods under section 6511(b)(2), (c), and (d).".

(d) Venue on Appeal.—

(1) Paragraph (1) of section 7482(b) is amended by striking "or" at the end of subparagraph (D), by striking the period at the end of subparagraph (E) and inserting ", or", and by inserting after subparagraph (E) the following new subparagraph:

"(F) in the case of a petition under section 6234(c)—

"(i) the legal residence of the petitioner if the petitioner is not a corporation, and

"(ii) the place or office applicable under subparagraph (B) if the petitioner is a corporation.".

(2) The last sentence of section 7482(b)(1) is amended by striking "or 6228(a)" and inserting ", 6228(a), or 6234(c)".

(e) Other Provisions.—

(1) Subsection (c) of section 7459 is amended by striking "or section 6228(a)" and inserting ", 6228(a), or 6234(c)".

(2) Subsection (o) of section 6501 is amended by adding at the end the following new paragraph:

"(3) For declaratory judgment relating to treatment of items other than partnership items with respect to an oversheltered return, see section 6234.".

(3) Subsection (a) of section 7421, as amended by section 1222, is amended by inserting "6225(b)," after "6213(a),".

(f) Effective Date.—The amendments made by this section shall apply to partnership taxable years ending after the date of the enactment of this Act.

SEC. 1240. TREATMENT OF PREMATURE PETITIONS FILED BY NOTICE PARTNERS OR 5-PERCENT GROUPS.

(a) In General.—Subsection (b) of section 6226 (relating to judicial review of final partnership administrative adjustments) is amended by redesignating paragraph (5) as paragraph (6) and by inserting after paragraph (4) the following new paragraph:

"(5) Treatment of premature petitions.—If—

"(A) a petition for a readjustment of partnership items for the taxable year involved is filed by a notice partner (or a 5-percent group) during the 90-day period described in subsection (a), and

"(B) no action is brought under paragraph (1) during the 60-day period described therein with respect to such taxable year which is not dismissed,

such petition shall be treated for purposes of paragraph (1) as filed on the last day of such 60-day period.".

(b) Effective Date.—The amendment made by this section shall apply to petitions filed after the date of the enactment of this Act.

SEC. 1241. BONDS IN CASE OF APPEALS FROM CERTAIN PROCEEDING.

(a) In General.—Subsection (b) of section 7485 (relating to bonds to stay assessment of collection) is amended—

(1) by inserting "penalties," after "any interest,", and

(2) by striking "aggregate of such deficiencies" and inserting "aggregate liability of the parties to the action".

(b) Effective Date.—The amendment made by this section shall take effect as if included in the amendments made by section 402 of the Tax Equity and Fiscal Responsibility Act of 1982.

SEC. 1242. SUSPENSION OF INTEREST WHERE DELAY IN COMPUTATIONAL ADJUSTMENT RESULTING FROM CERTAIN SETTLEMENTS.

(a) In General.—Subsection (c) of section 6601 (relating to interest on underpayment, nonpayment, or extension of time for payment, of tax) is amended by adding at the end the following new sentence: "In the case of a settlement under section 6224(c) which results in the conversion of partnership items to nonpartnership items pursuant to section 6231(b)(1)(C), the preceding sentence shall apply to a computational adjustment resulting from such settlement in the same manner as if such adjustment were a deficiency and such settlement were a waiver referred to in the preceding sentence.".

(b) Effective Date.—The amendment made by this section shall apply to adjustments with respect to partnership taxable years beginning after the date of the enactment of this Act.

SEC. 1243. SPECIAL RULES FOR ADMINISTRATIVE ADJUSTMENT REQUESTS WITH RESPECT TO BAD DEBTS OR WORTHLESS SECURITIES.

(a) General Rule.—Section 6227 (relating to administrative adjustment requests) is amended by adding at the end the following new subsection:

"(e) Requests With Respect to Bad Debts or Worthless Securities.—In the case of that portion of any request for an administrative adjustment which relates to the deductibility by the partnership under section 166 of a debt as a debt which became worthless, or under section 165(g) of a loss from worthlessness of a security, the period prescribed in subsection (a)(1) shall be 7 years from the last day for filing the partnership return for the year with respect to which such request is made (determined without regard to extensions).".

(b) Effective Date.—

(1) In general.—The amendment made by subsection (a) shall take effect as if included in the amendments made by section 402 of the Tax Equity and Fiscal Responsibility Act of 1982.

(2) Treatment of requests filed before date of enactment.—In the case of that portion of any request (filed before the date of the enactment of this Act) for an administrative adjustment which relates to the deductibility of a debt as a debt which became worthless or the deductibility of a loss from the worthlessness of a security—

(A) paragraph (2) of section 6227(a) of the Internal Revenue Code of 1986 shall not apply,

(B) the period for filing a petition under section 6228 of the Internal Revenue Code of 1986 with respect to such request shall not expire before the date 6 months after the date of the enactment of this Act, and

(C) such a petition may be filed without regard to whether there was a notice of the beginning of an administrative proceeding or a final partnership administrative adjustment.

PART III—PROVISION RELATING TO CLOSING OF PARTNERSHIP TAXABLE YEAR WITH RESPECT TO DECEASED PARTNER, ETC.

SEC. 1246. CLOSING OF PARTNERSHIP TAXABLE YEAR WITH RESPECT TO DECEASED PARTNER, ETC.

(a) General Rule.—Subparagraph (A) of section 706(c)(2) (relating to disposition of entire interest) is amended to read as follows:

"(A) Disposition of entire interest.—The taxable year of a partnership shall close with respect to a partner whose entire interest in the partnership terminates (whether by reason of death, liquidation, or otherwise).".

(b) Clerical Amendment.—The paragraph heading for paragraph (2) of section 706(c) is amended to read as follows:

"(2) Treatment of dispositions.—".

(c) Effective Date.—The amendments made by this section shall apply to partnership taxable years beginning after December 31, 1997.

Subtitle D—Provisions Relating to Real Estate Investment Trusts

SEC. 1251. CLARIFICATION OF LIMITATION ON MAXIMUM NUMBER OF SHAREHOLDERS.

(a) Rules Relating to Determination of Ownership.—

(1) Failure to issue shareholder demand letter not to disqualify REIT.—Section 857(a) (relating to requirements applicable to real estate investment trusts) is amended by striking paragraph (2) and by redesignating paragraph (3) as paragraph (2).

(2) Shareholder demand letter requirement; penalty.—Section 857 (relating to taxation of real estate investment trusts and their beneficiaries) is amended by redesignating subsection (f) as subsection (g) and by inserting after subsection (e) the following new subsection:

"(f) Real Estate Investment Trusts To Ascertain Ownership.—

"(1) In general.—Each real estate investment trust shall each taxable year comply with regulations prescribed by the Secretary for the purposes of ascertaining the actual ownership of the outstanding shares, or certificates of beneficial interest, of such trust.

"(2) Failure to comply.—

"(A) In general.—If a real estate investment trust fails to comply with the requirements of paragraph (1) for a taxable year, such trust shall pay (on notice and demand by the Secretary and in the same manner as tax) a penalty of $25,000.

"(B) Intentional disregard.—If any failure under paragraph (1) is due to intentional disregard of the requirement under paragraph (1),

the penalty under subparagraph (A) shall be $50,000.

"(C) FAILURE TO COMPLY AFTER NOTICE.—The Secretary may require a real estate investment trust to take such actions as the Secretary determines appropriate to ascertain actual ownership if the trust fails to meet the requirements of paragraph (1). If the trust fails to take such actions, the trust shall pay (on notice and demand by the Secretary and in the same manner as tax) an additional penalty equal to the penalty determined under subparagraph (A) or (B), whichever is applicable.

"(D) REASONABLE CAUSE.—No penalty shall be imposed under this paragraph with respect to any failure if it is shown that such failure is due to reasonable cause and not to willful neglect.".

(b) COMPLIANCE WITH CLOSELY HELD PROHIBITION.—

(1) IN GENERAL.—Section 856 (defining real estate investment trust) is amended by adding at the end the following new subsection:

"(k) REQUIREMENT THAT ENTITY NOT BE CLOSELY HELD TREATED AS MET IN CERTAIN CASES.—A corporation, trust, or association—

"(1) which for a taxable year meets the requirements of section 857(f)(1), and

"(2) which does not know, or exercising reasonable diligence would not have known, whether the entity failed to meet the requirement of subsection (a)(6),

shall be treated as having met the requirement of subsection (a)(6) for the taxable year.".

(2) CONFORMING AMENDMENT.—Paragraph (6) of section 856(a) is amended by inserting "subject to the provisions of subsection (k)," before "which is not".

SEC. 1252. DE MINIMIS RULE FOR TENANT SERVICES INCOME.

(a) IN GENERAL.—Paragraph (2) of section 856(d) (defining rents from real property) is amended by striking subparagraph (C) and the last sentence and inserting:

"(C) any impermissible tenant service income (as defined in paragraph (7)).".

(b) IMPERMISSIBLE TENANT SERVICE INCOME.—Section 856(d) is amended by adding at the end the following new paragraph:

"(7) IMPERMISSIBLE TENANT SERVICE INCOME.—For purposes of paragraph (2)(C)—

"(A) IN GENERAL.—The term 'impermissible tenant service income' means, with respect to any real or personal property, any amount received or accrued directly or indirectly by the real estate investment trust for—

"(i) services furnished or rendered by the trust to the tenants of such property, or

"(ii) managing or operating such property.

"(B) DISQUALIFICATION OF ALL AMOUNTS WHERE MORE THAN DE MINIMIS AMOUNT.—If the amount described in subparagraph (A) with respect to a property for any taxable year exceeds 1 percent of all amounts received or accrued during such taxable year directly or indirectly by the real estate investment trust with respect to such property, the impermissible tenant service income of the trust with respect to the property shall include all such amounts.

"(C) EXCEPTIONS.—For purposes of subparagraph (A)—

"(i) services furnished or rendered, or management or operation provided, through an independent contractor from whom the trust itself does not derive or receive any income shall not be treated as furnished, rendered, or provided by the trust, and

"(ii) there shall not be taken into account any amount which would be excluded from unrelated business taxable income under section 512(b)(3) if received by an organization described in section 511(a)(2).

"(D) AMOUNT ATTRIBUTABLE TO IMPERMISSIBLE SERVICES.—For purposes of subparagraph (A), the amount treated as received for any service (or management or operation) shall not be less than 150 percent of the direct cost of the trust in furnishing or rendering the service (or providing the management or operation).

"(E) COORDINATION WITH LIMITATIONS.—For purposes of paragraphs (2) and (3) of subsection (c), amounts described in subparagraph (A) shall be included in the gross income of the corporation, trust, or association.".

SEC. 1253. ATTRIBUTION RULES APPLICABLE TO STOCK OWNERSHIP.

Section 856(d)(5) (relating to constructive ownership of stock) is amended by striking "except that" and all that follows and inserting "except that—

"(A) '10 percent' shall be substituted for '50 percent' in subparagraph (C) of paragraphs (2) and (3) of section 318(a), and

"(B) section 318(a)(3)(A) shall be applied in the case of a partnership by taking into account only partners who own (directly or indirectly) 25 percent or more of the capital interest, or the profits interest, in the partnership.".

SEC. 1254. CREDIT FOR TAX PAID BY REIT ON RETAINED CAPITAL GAINS.

(a) GENERAL RULE.—Paragraph (3) of section 857(b) (relating to capital gains) is amended by redesignating subparagraph (D) as subparagraph (E) and by inserting after subparagraph (C) the following new subparagraph:

"(D) TREATMENT BY SHAREHOLDERS OF UNDISTRIBUTED CAPITAL GAINS.—

"(i) Every shareholder of a real estate investment trust at the close of the trust's taxable year shall include, in computing his long-term capital gains in his return for his taxable year in which the last day of the trust's taxable year falls, such amount as the trust shall designate in respect of such shares in a written notice mailed to its shareholders at any time prior to the expiration of 60 days after the close of its taxable year (or mailed to its shareholders or holders of beneficial interests with its annual report for the taxable year), but the amount so includible by any shareholder shall not exceed that part of the amount subjected to tax in subparagraph (A)(ii) which he would have received if all of such amount had been distributed as capital gain dividends by the trust to the holders of such shares at the close of its taxable year.

"(ii) For purposes of this title, every such shareholder shall be deemed to have paid, for his taxable year under clause (i), the tax imposed by subparagraph (A)(ii) on the amounts required by this subparagraph to be included in respect of such shares in computing his long-term capital gains for that year; and such shareholders shall be allowed credit or refund as the case may be, for the tax so deemed to have been paid by him.

"(iii) The adjusted basis of such shares in the hands of the holder shall be increased with respect to the amounts required by this subparagraph to be included in computing his long-term capital gains, by the difference between the amount of such includible gains and the tax deemed paid by such shareholder in respect of such shares under clause (ii).

"(iv) In the event of such designation, the tax imposed by subparagraph (A)(ii) shall be paid by the real estate investment trust within 30 days after the close of its taxable year.

"(v) The earnings and profits of such real estate investment trust, and the earnings and profits of any such shareholder which is a corporation, shall be appropriately adjusted in accordance with regulations prescribed by the Secretary.

"(vi) As used in this subparagraph, the terms 'shares' and 'shareholders' shall include beneficial interests and holders of beneficial interests, respectively.".

(b) CONFORMING AMENDMENTS.—

(1) Clause (i) of section 857(b)(7)(A) is amended by striking "subparagraph (B)" and inserting "subparagraph (B) or (D)".

(2) Clause (iii) of section 852(b)(3)(D) is amended by striking "by 65 percent" and all that follows and inserting "by the difference between the amount of such includible gains and the tax deemed paid by such shareholder in respect of such shares under clause (ii).".

SEC. 1255. REPEAL OF 30-PERCENT GROSS INCOME REQUIREMENT.

(a) GENERAL RULE.—Subsection (c) of section 856 (relating to limitations) is amended—

(1) by adding "and" at the end of paragraph (3),

(2) by striking paragraphs (4) and (8), and

(3) by redesignating paragraphs (5), (6), and (7) as paragraphs (4), (5), and (6), respectively.

(b) CONFORMING AMENDMENTS.—

(1) Subparagraph (G) of section 856(c)(5), as redesignated by subsection (a), is amended by striking "and such agreement shall be treated as a security for purposes of paragraph (4)(A)".

(2) Paragraph (5) of section 857(b) is amended by striking "section 856(c)(7)" and inserting "section 856(c)(6)".

(3) Subparagraph (C) of section 857(b)(6) is amended by striking "section 856(c)(6)(B)" and inserting "section 856(c)(5)(B)".

SEC. 1256. MODIFICATION OF EARNINGS AND PROFITS RULES FOR DETERMINING WHETHER REIT HAS EARNINGS AND PROFITS FROM NON-REIT YEAR.

Subsection (d) of section 857 is amended by adding at the end the following new paragraph:

"(3) DISTRIBUTIONS TO MEET REQUIREMENTS OF SUBSECTION (a)(2)(B).—Any distribution which is made in order to comply with the requirements of subsection (a)(2)(B)—

"(A) shall be treated for purposes of this subsection and subsection (a)(2)(B) as made from the earliest accumulated earnings and profits (other than earnings and profits to which subsection (a)(2)(A) applies) rather than the most recently accumulated earnings and profits, and

"(B) to the extent treated under subparagraph (A) as made from accumulated earnings and profits, shall not be treated as a distribution for purposes of subsection (b)(2)(B).".

SEC. 1257. TREATMENT OF FORECLOSURE PROPERTY.

(a) GRACE PERIODS.—

(1) INITIAL PERIOD.—Paragraph (2) of section 856(e) (relating to special rules for foreclosure property) is amended by striking "on the date which is 2 years after the date the trust acquired such property" and inserting "as of the close of the 3d taxable year following the taxable year in which the trust acquired such property".

(2) EXTENSION.—Paragraph (3) of section 856(e) is amended—

(A) by striking "or more extensions" and inserting "extension", and

(B) by striking the last sentence and inserting: "Any such extension shall not extend the grace period beyond the close of the 3d taxable year following the last taxable year in the period under paragraph (2).".

(b) REVOCATION OF ELECTION.—Paragraph (5) of section 856(e) is amended by striking the last sentence and inserting: "A real estate investment trust may revoke any such election for a taxable year by filing the revocation (in the manner provided by the Secretary) on or before the due date (including any extension of time) for filing its return of tax under this chapter for the taxable year. If a trust revokes an election for any property, no election may be made by the trust under this paragraph with respect to the property for any subsequent taxable year.".

(c) CERTAIN ACTIVITIES NOT TO DISQUALIFY PROPERTY.—Paragraph (4) of section 856(e) is amended by adding at the end the following new flush sentence:

"For purposes of subparagraph (C), property shall not be treated as used in a trade or business by reason of any activities of the real estate investment trust with respect to such property to the extent that such activities would not result in amounts received or accrued, directly or indirectly, with respect to such property being treated as other than rents from real property.".

SEC. 1258. PAYMENTS UNDER HEDGING INSTRUMENTS.

Section 856(c)(5)(G) (relating to treatment of certain interest rate agreements), as redesignated by section 1255, is amended to read as follows:

"(G) Treatment of certain hedging instruments.—Except to the extent provided by regulations, any—

"(i) payment to a real estate investment trust under an interest rate swap or cap agreement, option, futures contract, forward rate agreement, or any similar financial instrument, entered into by the trust in a transaction to reduce the interest rate risks with respect to any indebtedness incurred or to be incurred by the trust to acquire or carry real estate assets, and

"(ii) gain from the sale or other disposition of any such investment,

shall be treated as income qualifying under paragraph (2).".

SEC. 1259. EXCESS NONCASH INCOME.

Section 857(e)(2) (relating to determination of amount of excess noncash income) is amended—

(1) by striking subparagraph (B),

(2) by striking the period at the end of subparagraph (C) and inserting a comma,

(3) by redesignating subparagraph (C) (as amended by paragraph (2)) as subparagraph (B), and

(4) by adding at the end the following new subparagraphs:

"(C) the amount (if any) by which—

"(i) the amounts includible in gross income with respect to instruments to which section 860E(a) or 1272 applies, exceed

"(ii) the amount of money and the fair market value of other property received during the taxable year under such instruments, and

"(D) amounts includible in income by reason of cancellation of indebtedness.".

SEC. 1260. PROHIBITED TRANSACTION SAFE HARBOR.

Clause (iii) of section 857(b)(6)(C) (relating to certain sales not to constitute prohibited transactions) is amended by striking "(other than foreclosure property)" in subclauses (I) and (II) and inserting "(other than sales of foreclosure property or sales to which section 1033 applies)".

SEC. 1261. SHARED APPRECIATION MORTGAGES.

(a) Bankruptcy Safe Harbor.—Section 856(j) (relating to treatment of shared appreciation mortgages) is amended by redesignating paragraph (4) as paragraph (5) and by inserting after paragraph (3) the following new paragraph:

"(4) Coordination with 4-year holding period.—

"(A) In general.—For purposes of section 857(b)(6)(C), if a real estate investment trust is treated as having sold secured property under paragraph (3)(A), the trust shall be treated as having held such property for at least 4 years if—

"(i) the secured property is sold or otherwise disposed of pursuant to a case under title 11 of the United States Code,

"(ii) the seller is under the jurisdiction of the court in such case, and

"(iii) the disposition is required by the court or is pursuant to a plan approved by the court.

"(B) Exception.—Subparagraph (A) shall not apply if—

"(i) the secured property was acquired by the seller with the intent to evict or foreclose, or

"(ii) the trust knew or had reason to know that default on the obligation described in paragraph (5)(A) would occur.".

(b) Clarification of Definition of Shared Appreciation Provision.—Clause (ii) of section 856(j)(5)(A) is amended by inserting before the period "or appreciation in value as of any specified date".

SEC. 1262. WHOLLY OWNED SUBSIDIARIES.

Section 856(i)(2) (defining qualified REIT subsidiary) is amended by striking "at all times during the period such corporation was in existence".

SEC. 1263. EFFECTIVE DATE.

The amendments made by this part shall apply to taxable years beginning after the date of the enactment of this Act.

Subtitle E—Provisions Relating to Regulated Investment Companies

SEC. 1271. REPEAL OF 30-PERCENT GROSS INCOME LIMITATION.

(a) General Rule.—Subsection (b) of section 851 (relating to limitations) is amended by striking paragraph (3), by adding "and" at the end of paragraph (2), and by redesignating paragraph (4) as paragraph (3).

(b) Technical Amendments.—

(1) The material following paragraph (3) of section 851(b) (as redesignated by subsection (a)) is amended—

(A) by striking out "paragraphs (2) and (3)" and inserting "paragraph (2)", and

(B) by striking out the last sentence thereof.

(2) Subsection (c) of section 851 is amended by striking "subsection (b)(4)" each place it appears (including the heading) and inserting "subsection (b)(3)".

(3) Subsection (d) of section 851 is amended by striking "subsections (b)(4)" and inserting "subsections (b)(3)".

(4) Paragraph (1) of section 851(e) is amended by striking "subsection (b)(4)" and inserting "subsection (b)(3)".

(5) Paragraph (4) of section 851(e) is amended by striking "subsections (b)(4)" and inserting "subsections (b)(3)".

(6) Section 851 is amended by striking subsection (g) and redesignating subsection (h) as subsection (g).

(7) Subsection (g) of section 851 (as redesignated by paragraph (6)) is amended by striking paragraph (3).

(8) Section 817(h)(2) is amended—

(A) by striking "851(b)(4)" in subparagraph (A) and inserting "851(b)(3)", and

(B) by striking "851(b)(4)(A)(i)" in subparagraph (B) and inserting "851(b)(3)(A)(i)".

(9) Section 1092(f)(2) is amended by striking "Except for purposes of section 851(b)(3), the" and inserting "The".

(c) Effective Date.—The amendments made by this section shall apply to taxable years beginning after the date of the enactment of this Act.

Subtitle F—Taxpayer Protections

SEC. 1281. REASONABLE CAUSE EXCEPTION FOR CERTAIN PENALTIES.

(a) Information on Deductible Employee Contributions.—Subsection (g) of section 6652 (relating to information required in connection with deductible employee contributions) is amended by adding at the end the following new sentence: "No penalty shall be imposed under this subsection on any failure which is shown to be due to reasonable cause and not willful neglect.".

(b) Reports on Status as Qualified Small Business.—Subsection (k) of section 6652 (relating to failure to make reports required under section 1202) is amended by adding at the end the following new sentence: "No penalty shall be imposed under this subsection on any failure which is shown to be due to reasonable cause and not willful neglect.".

(c) Returns of Personal Holding Company Tax by Foreign Corporations.—Section 6683 (relating to failure of foreign corporation to file return of personal holding company tax) is amended by adding at the end the following new sentence: "No penalty shall be imposed under this section on any failure which is shown to be due to reasonable cause and not willful neglect.".

(d) Failure To Make Required Payments.—Subparagraph (A) of section 7519(f)(4) is amended by adding at the end the following new sentence: "No penalty shall be imposed under this subparagraph on any failure which is shown to be due to reasonable cause and not willful neglect.".

(e) Effective Date.—The amendments made by this section shall apply to taxable years beginning after the date of the enactment of this Act.

SEC. 1282. CLARIFICATION OF PERIOD FOR FILING CLAIMS FOR REFUNDS.

(a) In General.—Paragraph (3) of section 6512(b) (relating to overpayment determined by Tax Court) is amended by adding at the end the following flush sentence:

"In a case described in subparagraph (B) where the date of the mailing of the notice of deficiency is during the third year after the due date (with extensions) for filing the return of tax and no return was filed before such date, the applicable period under subsections (a) and (b)(2) of section 6511 shall be 3 years.".

(b) Effective Date.—The amendment made by subsection (a) shall apply to claims for credit or refund for taxable years ending after the date of the enactment of this Act.

SEC. 1283. REPEAL OF AUTHORITY TO DISCLOSE WHETHER PROSPECTIVE JUROR HAS BEEN AUDITED.

(a) In General.—Subsection (h) of section 6103 (relating to disclosure to certain Federal officers and employees for purposes of tax administration, etc.) is amended by striking paragraph (5) and by redesignating paragraph (6) as paragraph (5).

(b) Conforming Amendment.—Paragraph (4) of section 6103(p) is amended by striking "(h)(6)" each place it appears and inserting "(h)(5)".

(c) Effective Date.—The amendments made by this section shall apply to judicial proceedings commenced after the date of the enactment of this Act.

SEC. 1284. CLARIFICATION OF STATUTE OF LIMITATIONS.

(a) In General.—Subsection (a) of section 6501 (relating to limitations on assessment and collection) is amended by adding at the end thereof the following new sentence: "For purposes of this chapter, the term 'return' means the return required to be filed by the taxpayer (and does not include a return of any person from whom the taxpayer has received an item of income, gain, loss, deduction, or credit).".

(b) Effective Date.—The amendment made by this section shall apply to taxable years beginning after the date of the enactment of this Act.

SEC. 1285. AWARDING OF ADMINISTRATIVE COSTS.

(a) Right to Appeal Tax Court Decision.—Subsection (f) of section 7430 (relating to right of appeal) is amended by adding at the end the following new paragraph:

"(3) Appeal of tax court decision.—An order of the Tax Court disposing of a petition under paragraph (2) shall be reviewable in the same manner as a decision of the Tax Court, but only with respect to the matters determined in such order.".

(b) Period for Applying to IRS for Costs.—Subsection (b) of section 7430 (relating to limitations) is amended by adding at the end the following new paragraph:

"(5) Period for applying to IRS for administrative costs.—An award may be made under subsection (a) by the Internal Revenue Service for reasonable administrative costs only if the prevailing party files an application with the Internal Revenue Service for such costs before the 91st day after the date on which the final decision of the Internal Revenue Service as to the determination of the tax, interest, or penalty is mailed to such party.".

(c) Period for Petitioning of Tax Court for Review of Denial of Costs.—Paragraph (2) of section 7430(f) (relating to right of appeal) is amended—

(1) by striking "appeal to" and inserting "the filing of a petition for review with", and

(2) by adding at the end the following new sentence: "If the Secretary sends by certified or registered mail a notice of such decision to the petitioner, no proceeding in the Tax Court may be initiated under this paragraph unless such petition is filed before the 91st day after the date of such mailing.".

(d) Effective Date.—The amendments made by this section shall apply to civil actions or proceedings commenced after the date of the enactment of this Act.

TITLE XIII—SIMPLIFICATION PROVISIONS RELATING TO ESTATE AND GIFT TAXES

SEC. 1301. GIFTS TO CHARITIES EXEMPT FROM GIFT TAX FILING REQUIREMENTS.

(a) In General.—Section 6019 is amended by striking "or" at the end of paragraph (1), by adding "or" at the end of paragraph (2), and by inserting after paragraph (2) the following new paragraph:

"(3) a transfer with respect to which a deduction is allowed under section 2522 but only if—

"(A)(i) such transfer is of the donor's entire interest in the property transferred, and

"(ii) no other interest in such property is or has been transferred (for less than adequate and full consideration in money or money's worth) from the donor to a person, or for a use, not described in subsection (a) or (b) of section 2522, or

"(B) such transfer is described in section 2522(d),".

(b) Effective Date.—The amendment made by this section shall apply to gifts made after the date of the enactment of this Act.

SEC. 1302. CLARIFICATION OF WAIVER OF CERTAIN RIGHTS OF RECOVERY.

(a) Amendment to Section 2207A.—Paragraph (2) of section 2207A(a) (relating to right of recovery in the case of certain marital deduction property) is amended to read as follows:

"(2) Decedent may otherwise direct.—Paragraph (1) shall not apply with respect to any property to the extent that the decedent in his will (or a revocable trust) specifically indicates an intent to waive any right of recovery under this subchapter with respect to such property.".

(b) Amendment to Section 2207B.—Paragraph (2) of section 2207B(a) (relating to right of recovery where decedent retained interest) is amended to read as follows:

"(2) Decedent may otherwise direct.—Paragraph (1) shall not apply with respect to any property to the extent that the decedent in his will (or a revocable trust) specifically indicates an intent to waive any right of recovery under this subchapter with respect to such property.".

(c) Effective Date.—The amendments made by this section shall apply with respect to the estates of decedents dying after the date of the enactment of this Act.

SEC. 1303. TRANSITIONAL RULE UNDER SECTION 2056A.

(a) General Rule.—In the case of any trust created under an instrument executed before the date of the enactment of the Revenue Reconciliation Act of 1990, such trust shall be treated as meeting the requirements of paragraph (1) of section 2056A(a) of the Internal Revenue Code of 1986 if the trust instrument requires that all trustees of the trust be individual citizens of the United States or domestic corporations.

(b) Effective Date.—The provisions of subsection (a) shall take effect as if included in the provisions of section 11702(g) of the Revenue Reconciliation Act of 1990.

SEC. 1304. TREATMENT FOR ESTATE TAX PURPOSES OF SHORT-TERM OBLIGATIONS HELD BY NONRESIDENT ALIENS.

(a) In General.—Subsection (b) of section 2105 is amended by striking "and" at the end of paragraph (2), by striking the period at the end of paragraph (3) and inserting ", and", and by inserting after paragraph (3) the following new paragraph:

"(4) obligations which would be original issue discount obligations as defined in section 871(g)(1) but for subparagraph (B)(i) thereof, if any interest thereon (were such interest received by the decedent at the time of his death) would not be effectively connected with the conduct of a trade or business within the United States.".

(b) Effective Date.—The amendment made by this section shall apply to estates of decedents dying after the date of the enactment of this Act.

SEC. 1305. CERTAIN REVOCABLE TRUSTS TREATED AS PART OF ESTATE.

(a) In General.—Subpart A of part I of subchapter J (relating to estates, trusts, beneficiaries, and decedents) is amended by adding at the end the following new section:

"SEC. 646. CERTAIN REVOCABLE TRUSTS TREATED AS PART OF ESTATE.

"(a) General Rule.—For purposes of this subtitle, if both the executor (if any) of an estate and the trustee of a qualified revocable trust elect the treatment provided in this section, such trust shall be treated and taxed as part of such estate (and not as a separate trust) for all taxable years of the estate ending after the date of the decedent's death and before the applicable date.

"(b) Definitions.—For purposes of subsection (a)—

"(1) Qualified revocable trust.—The term 'qualified revocable trust' means any trust (or portion thereof) which was treated under section 676 as owned by the decedent of the estate referred to in subsection (a) by reason of a power in the grantor (determined without regard to section 672(e)).

"(2) Applicable date.—The term 'applicable date' means—

"(A) if no return of tax imposed by chapter 11 is required to be filed, the date which is 2 years after the date of the decedent's death, and

"(B) if such a return is required to be filed, the date which is 6 months after the date of the final determination of the liability for tax imposed by chapter 11.

"(c) Election.—The election under subsection (a) shall be made not later than the time prescribed for filing the return of tax imposed by this chapter for the first taxable year of the estate (determined with regard to extensions) and, once made, shall be irrevocable.".

(b) Comparable Treatment Under Generation-Skipping Tax.—Paragraph (1) of section 2652(b) is amended by adding at the end the following new sentence: "Such term shall not include any trust during any period the trust is treated as part of an estate under section 646.".

(c) Clerical Amendment.—The table of sections for such subpart A is amended by adding at the end the following new item:

"Sec. 646. Certain revocable trusts treated as part of estate.".

(d) Effective Date.—The amendments made by this section shall apply with respect to estates of decedents dying after the date of the enactment of this Act.

SEC. 1306. DISTRIBUTIONS DURING FIRST 65 DAYS OF TAXABLE YEAR OF ESTATE.

(a) In General.—Subsection (b) of section 663 (relating to distributions in first 65 days of taxable year) is amended by inserting "an estate or" before "a trust" each place it appears.

(b) Conforming Amendment.—Paragraph (2) of section 663(b) is amended by striking "the fiduciary of such trust" and inserting "the executor of such estate or the fiduciary of such trust (as the case may be)".

(c) Effective Date.—The amendments made by this section shall apply to taxable years beginning after the date of the enactment of this Act.

SEC. 1307. SEPARATE SHARE RULES AVAILABLE TO ESTATES.

(a) In General.—Subsection (c) of section 663 (relating to separate shares treated as separate trusts) is amended—

(1) by inserting before the last sentence the following new sentence: "Rules similar to the rules of the preceding provisions of this subsection shall apply to treat substantially separate and independent shares of different beneficiaries in an estate having more than 1 beneficiary as separate estates.", and

(2) by inserting "or estates" after "trusts" in the last sentence.

(b) Conforming Amendment.—The subsection heading of section 663(c) is amended by inserting "ESTATES OR" before "TRUSTS".

(c) Effective Date.—The amendments made by this section shall apply to estates of decedents dying after the date of the enactment of this Act.

SEC. 1308. EXECUTOR OF ESTATE AND BENEFICIARIES TREATED AS RELATED PERSONS FOR DISALLOWANCE OF LOSSES, ETC.

(a) Disallowance of Losses.—Subsection (b) of section 267 (relating to losses, expenses, and interest with respect to transactions between related taxpayers) is amended by striking "or" at the end of paragraph (11), by striking the period at the end of paragraph (12) and inserting "; or", and by adding at the end the following new paragraph:

"(13) Except in the case of a sale or exchange in satisfaction of a pecuniary bequest, an executor of an estate and a beneficiary of such estate.".

(b) Ordinary Income From Gain From Sale of Depreciable Property.—Subsection (b) of section 1239 is amended by striking the period at the end of paragraph (2) and inserting ", and" and by adding at the end the following new paragraph:

"(3) except in the case of a sale or exchange in satisfaction of a pecuniary bequest, an executor of an estate and a beneficiary of such estate.".

(c) Effective Date.—The amendments made by this section shall apply to taxable years beginning after the date of the enactment of this Act.

SEC. 1309. TREATMENT OF FUNERAL TRUSTS.

(a) In General.—Subpart F of part I of subchapter J of chapter 1 is amended by adding at the end the following new section:

"SEC. 685. TREATMENT OF FUNERAL TRUSTS.

"(a) In General.—In the case of a qualified funeral trust—

"(1) subparts B, C, D, and E shall not apply, and

"(2) no deduction shall be allowed by section 642(b).

"(b) Qualified Funeral Trust.—For purposes of this subsection, the term 'qualified funeral trust' means any trust (other than a foreign trust) if—

"(1) the trust arises as a result of a contract with a person engaged in the trade or business of providing funeral or burial services or property necessary to provide such services,

"(2) the sole purpose of the trust is to hold, invest, and reinvest funds in the trust and to use such funds solely to make payments for such services or property for the benefit of the beneficiaries of the trust,

"(3) the only beneficiaries of such trust are individuals with respect to whom such services or property are to be provided at their death under contracts described in paragraph (1),

"(4) the only contributions to the trust are contributions by or for the benefit of such beneficiaries,

"(5) the trustee elects the application of this subsection, and

"(6) the trust would (but for the election described in paragraph (5)) be treated as owned under subpart E by the purchasers of the contracts described in paragraph (1).

"(c) DOLLAR LIMITATION ON CONTRIBUTIONS.—

"(1) IN GENERAL.—The term 'qualified funeral trust' shall not include any trust which accepts aggregate contributions by or for the benefit of an individual in excess of $7,000.

"(2) RELATED TRUSTS.—For purposes of paragraph (1), all trusts having trustees which are related persons shall be treated as 1 trust. For purposes of the preceding sentence, persons are related if—

"(A) the relationship between such persons is described in section 267 or 707(b),

"(B) such persons are treated as a single employer under subsection (a) or (b) of section 52, or

"(C) the Secretary determines that treating such persons as related is necessary to prevent avoidance of the purposes of this section.

"(3) INFLATION ADJUSTMENT.—In the case of any contract referred to in subsection (b)(1) which is entered into during any calendar year after 1998, the dollar amount referred to paragraph (1) shall be increased by an amount equal to—

"(A) such dollar amount, multiplied by

"(B) the cost-of-living adjustment determined under section 1(f)(3) for such calendar year, by substituting 'calendar year 1997' for 'calendar year 1992' in subparagraph (B) thereof.

If any dollar amount after being increased under the preceding sentence is not a multiple of $100, such dollar amount shall be rounded to the nearest multiple of $100.

"(d) APPLICATION OF RATE SCHEDULE.—Section 1(e) shall be applied to each qualified funeral trust by treating each beneficiary's interest in each such trust as a separate trust.

"(e) TREATMENT OF AMOUNTS REFUNDED TO PURCHASER ON CANCELLATION.—No gain or loss shall be recognized to a purchaser of a contract described in subsection (b)(1) by reason of any payment from such trust to such purchaser by reason of cancellation of such contract. If any payment referred to in the preceding sentence consists of property other than money, the basis of such property in the hands of such purchaser shall be the same as the trust's basis in such property immediately before the payment.

"(f) SIMPLIFIED REPORTING.—The Secretary may prescribe rules for simplified reporting of all trusts having a single trustee.".

(b) CLERICAL AMENDMENT.—The table of sections for subpart F of part I of subchapter J of chapter 1 is amended by adding at the end the following new item:

"Sec. 685. Treatment of funeral trusts.".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years ending after the date of the enactment of this Act.

SEC. 1310. ADJUSTMENTS FOR GIFTS WITHIN 3 YEARS OF DECEDENT'S DEATH.

(a) GENERAL RULE.—Section 2035 is amended to read as follows:

"SEC. 2035. ADJUSTMENTS FOR CERTAIN GIFTS MADE WITHIN 3 YEARS OF DECEDENT'S DEATH.

"(a) INCLUSION OF CERTAIN PROPERTY IN GROSS ESTATE.—If—

"(1) the decedent made a transfer (by trust or otherwise) of an interest in any property, or relinquished a power with respect to any property, during the 3-year period ending on the date of the decedent's death, and

"(2) the value of such property (or an interest therein) would have been included in the decedent's gross estate under section 2036, 2037, 2038, or 2042 if such transferred interest or relinquished power had been retained by the decedent on the date of his death,

the value of the gross estate shall include the value of any property (or interest therein) which would have been so included.

"(b) INCLUSION OF GIFT TAX ON GIFTS MADE DURING 3 YEARS BEFORE DECEDENT'S DEATH.—The amount of the gross estate (determined without regard to this subsection) shall be increased by the amount of any tax paid under chapter 12 by the decedent or his estate on any gift made by the decedent or his spouse during the 3-year period ending on the date of the decedent's death.

"(c) OTHER RULES RELATING TO TRANSFERS WITHIN 3 YEARS OF DEATH.—

"(1) IN GENERAL.—For purposes of—

"(A) section 303(b) (relating to distributions in redemption of stock to pay death taxes),

"(B) section 2032A (relating to special valuation of certain farms, etc., real property), and

"(C) subchapter C of chapter 64 (relating to lien for taxes),

the value of the gross estate shall include the value of all property to the extent of any interest therein of which the decedent has at any time made a transfer, by trust or otherwise, during the 3-year period ending on the date of the decedent's death.

"(2) COORDINATION WITH SECTION 6166.—An estate shall be treated as meeting the 35 percent of adjusted gross estate requirement of section 6166(a)(1) only if the estate meets such requirement both with and without the application of paragraph (1).

"(3) MARITAL AND SMALL TRANSFERS.—Paragraph (1) shall not apply to any transfer (other than a transfer with respect to a life insurance policy) made during a calendar year to any donee if the decedent was not required by section 6019 (other than by reason of section 6019(2)) to file any gift tax return for such year with respect to transfers to such donee.

"(d) EXCEPTION.—Subsection (a) shall not apply to any bona fide sale for an adequate and full consideration in money or money's worth.

"(e) TREATMENT OF CERTAIN TRANSFERS FROM REVOCABLE TRUSTS.—For purposes of this section and section 2038, any transfer from any portion of a trust during any period that such portion was treated under section 676 as owned by the decedent by reason of a power in the grantor (determined without regard to section 672(e)) shall be treated as a transfer made directly by the decedent.".

(b) CLERICAL AMENDMENT.—The table of sections for part III of subchapter A of chapter 11 is amended by striking "gifts" in the item relating to section 2035 and inserting "certain gifts".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to the estates of decedents dying after the date of the enactment of this Act.

SEC. 1311. CLARIFICATION OF TREATMENT OF SURVIVOR ANNUITIES UNDER QUALIFIED TERMINABLE INTEREST RULES.

(a) IN GENERAL.—Subparagraph (C) of section 2056(b)(7) is amended by inserting "(or, in the case of an interest in an annuity arising under the community property laws of a State, included in the gross estate of the decedent under section 2033)" after "section 2039".

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to estates of decedents dying after the date of the enactment of this Act.

SEC. 1312. TREATMENT UNDER QUALIFIED DOMESTIC TRUST RULES OF FORMS OF OWNERSHIP WHICH ARE NOT TRUSTS.

(a) IN GENERAL.—Subsection (c) of section 2056A (defining qualified domestic trust) is amended by adding at the end the following new paragraph:

"(3) TRUST.—To the extent provided in regulations prescribed by the Secretary, the term 'trust' includes other arrangements which have substantially the same effect as a trust.".

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to estates of decedents dying after the date of the enactment of this Act.

SEC. 1313. OPPORTUNITY TO CORRECT CERTAIN FAILURES UNDER SECTION 2032A.

(a) GENERAL RULE.—Paragraph (3) of section 2032A(d) (relating to modification of election and agreement to be permitted) is amended to read as follows:

"(3) MODIFICATION OF ELECTION AND AGREEMENT TO BE PERMITTED.—The Secretary shall prescribe procedures which provide that in any case in which the executor makes an election under paragraph (1) (and submits the agreement referred to in paragraph (2)) within the time prescribed therefor, but—

"(A) the notice of election, as filed, does not contain all required information, or

"(B) signatures of 1 or more persons required to enter into the agreement described in paragraph (2) are not included on the agreement as filed, or the agreement does not contain all required information,

the executor will have a reasonable period of time (not exceeding 90 days) after notification of such failures to provide such information or signatures.".

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to the estates of decedents dying after the date of the enactment of this Act.

SEC. 1314. AUTHORITY TO WAIVE REQUIREMENT OF UNITED STATES TRUSTEE FOR QUALIFIED DOMESTIC TRUSTS.

(a) IN GENERAL.—Subparagraph (A) of section 2056A(a)(1) is amended by inserting "except as provided in regulations prescribed by the Secretary," before "requires".

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to estates of decedents dying after the date of the enactment of this Act.

TITLE XIV—SIMPLIFICATION PROVISIONS RELATING TO EXCISE TAXES, TAX-EXEMPT BONDS, AND OTHER MATTERS

Subtitle A—Excise Tax Simplification

PART I—EXCISE TAXES ON HEAVY TRUCKS AND LUXURY CARS

SEC. 1401. INCREASE IN DE MINIMIS LIMIT FOR AFTER-MARKET ALTERATIONS FOR HEAVY TRUCKS AND LUXURY CARS.

(a) IN GENERAL.—Sections 4003(a)(3)(C) and 4051(b)(2)(B) (relating to exceptions) are each amended by striking "$200" and inserting "$1,000".

(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall apply to installations on *vehicles sold after the date of the enactment of this Act.*

SEC. 1402. CREDIT FOR TIRE TAX IN LIEU OF EXCLUSION OF VALUE OF TIRES IN COMPUTING PRICE.

(a) IN GENERAL.—Subsection (e) of section 4051 is amended to read as follows:

"(e) CREDIT AGAINST TAX FOR TIRE TAX.—If—

"(1) tires are sold on or in connection with the sale of any article, and

"(2) tax is imposed by this subchapter on the sale of such tires,

there shall be allowed as a credit against the tax imposed by this subchapter an amount equal to the tax (if any) imposed by section 4071 on such tires.".

(b) CONFORMING AMENDMENT.—Subparagraph (B) of section 4052(b)(1) is amended by striking clause (iii), by adding "and" at the end of clause (ii), and by redesignating clause (iv) as clause (iii).

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect on January 1, 1998.

PART II—PROVISIONS RELATED TO DISTILLED SPIRITS, WINES, AND BEER

SEC. 1411. CREDIT OR REFUND FOR IMPORTED BOTTLED DISTILLED SPIRITS RETURNED TO DISTILLED SPIRITS PLANT.

(a) IN GENERAL.—Section 5008(c)(1) (relating to distilled spirits returned to bonded premises) is amended by striking "withdrawn from bonded premises on payment or determination of tax" and inserting "on which tax has been determined or paid".

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall take effect on the 1st day of the 1st calendar quarter that begins at least 180 days after the date of the enactment of this Act.

SEC. 1412. AUTHORITY TO CANCEL OR CREDIT EXPORT BONDS WITHOUT SUBMISSION OF RECORDS.

(a) IN GENERAL.—Section 5175(c) (relating to cancellation of credit of export bonds) is amended by striking "on the submission of" and all that follows and inserting "if there is such proof of exportation as the Secretary may by regulations require.".

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall take effect on the 1st day of the 1st calendar quarter that begins at least 180 days after the date of the enactment of this Act.

SEC. 1413. REPEAL OF REQUIRED MAINTENANCE OF RECORDS ON PREMISES OF DISTILLED SPIRITS PLANT.

(a) IN GENERAL.—Section 5207(c) (relating to preservation and inspection) is amended by striking "shall be kept on the premises where the operations covered by the record are carried on and".

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall take effect on the 1st day of the 1st calendar quarter that begins at least 180 days after the date of the enactment of this Act.

SEC. 1414. FERMENTED MATERIAL FROM ANY BREWERY MAY BE RECEIVED AT A DISTILLED SPIRITS PLANT.

(a) IN GENERAL.—Section 5222(b)(2) (relating to receipt) is amended to read as follows:

"(2) beer conveyed without payment of tax from brewery premises, beer which has been lawfully removed from brewery premises upon determination of tax, or".

(b) CLARIFICATION OF AUTHORITY TO PERMIT REMOVAL OF BEER WITHOUT PAYMENT OF TAX FOR USE AS DISTILLING MATERIAL.—Section 5053 (relating to exemptions) is amended by redesignating subsection (f) as subsection (i) and by inserting after subsection (e) the following new subsection:

"(f) REMOVAL FOR USE AS DISTILLING MATERIAL.—Subject to such regulations as the Secretary may prescribe, beer may be removed from a brewery without payment of tax to any distilled spirits plant for use as distilling material.".

(c) CLARIFICATION OF REFUND AND CREDIT OF TAX.—Section 5056 (relating to refund and credit of tax, or relief from liability) is amended—

(1) by redesignating subsection (c) as subsection (d) and by inserting after subsection (b) the following new subsection:

"(c) BEER RECEIVED AT A DISTILLED SPIRITS PLANT.—Any tax paid by any brewer on beer produced in the United States may be refunded or credited to the brewer, without interest, or if the tax has not been paid, the brewer may be relieved of liability therefor, under regulations as the Secretary may prescribe, if such beer is received on the bonded premises of a distilled spirits plant pursuant to the provisions of section 5222(b)(2), for use in the production of distilled spirits.", and

(2) by striking "or rendering unmerchantable" in subsection (d) (as so redesignated) and inserting "rendering unmerchantable, or receipt on the bonded premises of a distilled spirits plant".

(d) EFFECTIVE DATE.—The amendments made by this section shall take effect on the 1st day of the 1st calendar quarter that begins at least 180 days after the date of the enactment of this Act.

SEC. 1415. REPEAL OF REQUIREMENT FOR WHOLESALE DEALERS IN LIQUORS TO POST SIGN.

(a) IN GENERAL.—Section 5115 (relating to sign required on premises) is hereby repealed.

(b) CONFORMING AMENDMENTS.—

(1) Section 5681(a) is amended by striking ", and every wholesale dealer in liquors," and by striking "section 5115(a) or".

(2) Section 5681(c) is amended—

(A) by striking "or wholesale liquor establishment, on which no sign required by section 5115(a) or" and inserting "on which no sign required by", and

(B) by striking "or wholesale liquor establishment, or who" and inserting "or who".

(3) The table of sections for subpart D of part II of subchapter A of chapter 51 is amended by striking the item relating to section 5115.

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect on the date of the enactment of this Act.

SEC. 1416. REFUND OF TAX TO WINE RETURNED TO BOND NOT LIMITED TO UNMERCHANTABLE WINE.

(a) IN GENERAL.—Section 5044(a) (relating to refund of tax on unmerchantable wine) is amended by striking "as unmerchantable".

(b) CONFORMING AMENDMENTS.—

(1) Section 5361 is amended by striking "unmerchantable".

*(2) The section heading for section 5044 is amended by striking "**UNMERCHANTABLE**".*

(3) The item relating to section 5044 in the table of sections for subpart C of part I of subchapter A of chapter 51 is amended by striking "unmerchantable".

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect on the 1st day of the 1st calendar quarter that begins at least 180 days after the date of the enactment of this Act.

SEC. 1417. USE OF ADDITIONAL AMELIORATING MATERIAL IN CERTAIN WINES.

(a) IN GENERAL.—Section 5384(b)(2)(D) (relating to ameliorated fruit and berry wines) is amended by striking "loganberries, currants, or gooseberries," and inserting "any fruit or berry with a natural fixed acid of 20 parts per thousand or more (before any correction of such fruit or berry)".

(b) EFFECTIVE DATE.—The amendment made by this section shall take effect on the 1st day of the 1st calendar quarter that begins at least 180 days after the date of the enactment of this Act.

SEC. 1418. DOMESTICALLY PRODUCED BEER MAY BE WITHDRAWN FREE OF TAX FOR USE OF FOREIGN EMBASSIES, LEGATIONS, ETC.

(a) IN GENERAL.—Section 5053 (relating to exemptions), as amended by section 1414(b), is amended by inserting after subsection (f) the following new subsection:

"(g) REMOVALS FOR USE OF FOREIGN EMBASSIES, LEGATIONS, ETC.—

"(1) IN GENERAL.—Subject to such regulations as the Secretary may prescribe—

"(A) beer may be withdrawn from the brewery without payment of tax for transfer to any customs bonded warehouse for entry pending withdrawal therefrom as provided in subparagraph (B), and

"(B) beer entered into any customs bonded warehouse under subparagraph (A) may be withdrawn for consumption in the United States by, and for the official and family use of, such foreign governments, organizations, and individuals as are entitled to withdraw imported beer from such warehouses free of tax.

Beer transferred to any customs bonded warehouse under subparagraph (A) shall be entered, stored, and accounted for in such warehouse under such regulations and bonds as the Secretary may prescribe, and may be withdrawn therefrom by such governments, organizations, and individuals free of tax under the same conditions and procedures as imported beer.

"(2) OTHER RULES TO APPLY.—Rules similar to the rules of paragraphs (2) and (3) of section 5362(e) shall apply for purposes of this subsection.".

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall take effect on the 1st day of the 1st calendar quarter that begins at least 180 days after the date of the enactment of this Act.

SEC. 1419. BEER MAY BE WITHDRAWN FREE OF TAX FOR DESTRUCTION.

(a) IN GENERAL.—Section 5053 (relating to exemptions), as amended by section 1418(a), is amended by inserting after subsection (g) the following new subsection:

"(h) REMOVALS FOR DESTRUCTION.—Subject to such regulations as the Secretary may prescribe, beer may be removed from the brewery without payment of tax for destruction.".

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall take effect on the 1st day of the 1st calendar quarter that begins at least 180 days after the date of the enactment of this Act.

SEC. 1420. AUTHORITY TO ALLOW DRAWBACK ON EXPORTED BEER WITHOUT SUBMISSION OF RECORDS.

(a) IN GENERAL.—The first sentence of section 5055 (relating to drawback of tax on beer) is amended by striking "found to have been paid" and all that follows and inserting "paid on such beer if there is such proof of exportation as the Secretary may by regulations require.".

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall take effect on the 1st day of the 1st calendar quarter that begins at least 180 days after the date of the enactment of this Act.

SEC. 1421. TRANSFER TO BREWERY OF BEER IMPORTED IN BULK WITHOUT PAYMENT OF TAX.

(a) IN GENERAL.—Part II of subchapter G of chapter 51 is amended by adding at the end the following new section:

"SEC. 5418. BEER IMPORTED IN BULK.

"Beer imported or brought into the United States in bulk containers may, under such regulations as the Secretary may prescribe, be withdrawn from customs custody and transferred in

such bulk containers to the premises of a brewery without payment of the internal revenue tax imposed on such beer. The proprietor of a brewery to which such beer is transferred shall become liable for the tax on the beer withdrawn from customs custody under this section upon release of the beer from customs custody, and the importer, or the person bringing such beer into the United States, shall thereupon be relieved of the liability for such tax.".

(b) CLERICAL AMENDMENT.—The table of sections for such part II is amended by adding at the end the following new item:

"Sec. 5418. Beer imported in bulk.".

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect on the 1st day of the 1st calendar quarter that begins at least 180 days after the date of the enactment of this Act.

SEC. 1422. TRANSFER TO BONDED WINE CELLARS OF WINE IMPORTED IN BULK WITHOUT PAYMENT OF TAX.

(a) IN GENERAL.—Part II of subchapter F of chapter 51 is amended by inserting after section 5363 the following new section:

"SEC. 5364. WINE IMPORTED IN BULK.

"Wine imported or brought into the United States in bulk containers may, under such regulations as the Secretary may prescribe, be withdrawn from customs custody and transferred in such bulk containers to the premises of a bonded wine cellar without payment of the internal revenue tax imposed on such wine. The proprietor of a bonded wine cellar to which such wine is transferred shall become liable for the tax on the wine withdrawn from customs custody under this section upon release of the wine from customs custody, and the importer, or the person bringing such wine into the United States, shall thereupon be relieved of the liability for such tax.".

(b) CLERICAL AMENDMENT.—The table of sections for such part II is amended by inserting after the item relating to section 5363 the following new item:

"Sec. 5364. Wine imported in bulk.".

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect on the 1st day of the 1st calendar quarter that begins at least 180 days after the date of the enactment of this Act.

PART III—OTHER EXCISE TAX PROVISIONS

SEC. 1431. AUTHORITY TO GRANT EXEMPTIONS FROM REGISTRATION REQUIREMENTS.

(a) IN GENERAL.—Section 4222(b)(2) (relating to export) is amended—

(1) by striking "in the case of any sale or resale for export,", and

(2) by striking "EXPORT" and inserting "UNDER REGULATIONS".

(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall take effect on the date of the enactment of this Act.

SEC. 1432. REPEAL OF EXPIRED PROVISIONS.

(a) PIGGY-BACK TRAILERS.—Section 4051 (relating to imposition of tax on heavy trucks and trailers sold at retail) is amended by striking subsection (d) and by redesignating subsection (e) as subsection (d).

(b) DEEP SEABED MINING.—

(1) IN GENERAL.—Subchapter F of chapter 36 (relating to tax on removal of hard mineral resources from deep seabed) is hereby repealed.

(2) CONFORMING AMENDMENT.—The table of subchapters for chapter 36 is amended by striking the item relating to subchapter F.

(c) OZONE-DEPLETING CHEMICALS.—

(1) Paragraph (1) of section 4681(b) is amended by striking subparagraphs (B) and (C) and inserting the following new subparagraph:

"(B) BASE TAX AMOUNT.—The base tax amount for purposes of subparagraph (A) with respect to any sale or use during any calendar year after 1995 shall be $5.35 increased by 45 cents for each year after 1995.".

(2) Subsection (g) of section 4682 is amended to read as follows:

"(g) CHEMICALS USED AS PROPELLANTS IN METERED-DOSE INHALERS.—

"(1) EXEMPTION FROM TAX.—

"(A) IN GENERAL.—No tax shall be imposed by section 4681 on—

"(i) any use of any substance as a propellant in metered-dose inhalers, or

"(ii) any qualified sale by the manufacturer, producer, or importer of any substance.

"(B) QUALIFIED SALE.—For purposes of subparagraph (A), the term 'qualified sale' means any sale by the manufacturer, producer, or importer of any substance—

"(i) for use by the purchaser as a propellant in metered dose inhalers, or

"(ii) for resale by the purchaser to a 2d purchaser for such use by the 2d purchaser.

The preceding sentence shall apply only if the manufacturer, producer, and importer, and the 1st and 2d purchasers (if any) meet such registration requirements as may be prescribed by the Secretary.

"(2) OVERPAYMENTS.—If any substance on which tax was paid under this subchapter is used by any person as a propellant in metered-dose inhalers, credit or refund without interest shall be allowed to such person in an amount equal to the tax so paid. Amounts payable under the preceding sentence with respect to uses during the taxable year shall be treated as described in section 34(a) for such year unless claim thereof has been timely filed under this paragraph.".

SEC. 1433. SIMPLIFICATION OF IMPOSITION OF EXCISE TAX ON ARROWS.

(a) IN GENERAL.—Subsection (b) of section 4161 (relating to imposition of tax) is amended to read as follows:

"(b) BOWS AND ARROWS, ETC.—

"(1) BOWS.—

"(A) IN GENERAL.—There is hereby imposed on the sale by the manufacturer, producer, or importer of any bow which has a draw weight of 10 pounds or more, a tax equal to 11 percent of the price for which so sold.

"(B) PARTS AND ACCESSORIES.—There is hereby imposed upon the sale by the manufacturer, producer, or importer—

"(i) of any part of accessory suitable for inclusion in or attachment to a bow described in subparagraph (A), and

"(ii) of any quiver suitable for use with arrows described in paragraph (2), a tax equivalent to 11 percent of the price for which so sold.

"(2) ARROWS.—There is hereby imposed on the sale by the manufacturer, producer, or importer of any shaft, point, nock, or vane of a type used in the manufacture of any arrow which after its assembly—

"(A) measures 18 inches overall or more in length, or

"(B) measures less than 18 inches overall in length but is suitable for use with a bow described in paragraph (1)(A),

a tax equal to 12.4 percent of the price for which so sold.

"(3) COORDINATION WITH SUBSECTION (a).—No tax shall be imposed under this subsection with respect to any article taxable under subsection (a).".

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to articles sold by the manufacturer, producer, or importer after September 30 1997.

SEC. 1434. MODIFICATIONS TO RETAIL TAX ON HEAVY TRUCKS.

(a) CERTAIN REPAIRS AND MODIFICATIONS NOT TREATED AS MANUFACTURE.—Section 4052 is amended by redesignating the subsection defining a long-term lease as subsection (e) and by adding at the end the following new subsection:

"(f) CERTAIN REPAIRS AND MODIFICATIONS NOT TREATED AS MANUFACTURE.—

"(1) IN GENERAL.—An article described in section 4051(a)(1) shall not be treated as manufactured or produced solely by reason of repairs or modifications to the article (including any modification which changes the transportation function of the article or restores a wrecked article to a functional condition) if the cost of such repairs and modifications does not exceed 75 percent of the retail price of a comparable new article.

"(2) EXCEPTION.—Paragraph (1) shall not apply if the article (as repaired or modified) would, if new, be taxable under section 4051 and the article when new was not taxable under this section or the corresponding provision of prior law.".

(b) SIMPLIFICATION OF CERTIFICATION PROCEDURES WITH RESPECT TO SALES OF TAXABLE ARTICLES.—

(1) REPEAL OF REGISTRATION REQUIREMENT.—Subsection (d) of section 4052 is amended by striking "rules of—" and all that follows through "shall apply" and inserting "rules of subsections (c) and (d) of section 4216 (relating to partial payments) shall apply".

(2) REQUIREMENT TO MODIFY REGULATIONS.—Section 4052 is amended by adding at the end the following new subsection:

"(g) REGULATIONS.—The Secretary shall prescribe regulations which permit, in lieu of any other certification, persons who are purchasing articles taxable under this subchapter for resale or leasing in a long-term lease to execute a statement (made under penalties of perjury) on the sale invoice that such sale is for resale. The Secretary shall not impose any registration requirement as a condition of using such procedure.".

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect on January 1, 1998.

SEC. 1435. SKYDIVING FLIGHTS EXEMPT FROM TAX ON TRANSPORTATION OF PERSONS BY AIR.

(a) IN GENERAL.—Section 4261 (relating to imposition of tax on transportation of persons by air), as previously amended by this Act, is amended by redesignating subsection (h) as subsection (i) and by inserting after subsection (g) the following new subsection:

"(h) EXEMPTION FOR SKYDIVING USES.—No tax shall be imposed by this section or section 4271 on any air transportation exclusively for the purpose of skydiving.".

(b) TRANSPORTATION TREATED AS NONCOMMERCIAL AVIATION.—The last sentence of section 4041(c)(2) is amended by inserting before the period "or by reason of section 4261(h)".

(c) EFFECTIVE DATES.—

(1) SUBSECTION (a).—The amendment made by subsection (a) shall apply to amounts paid after September 30, 1997.

(2) SUBSECTION (b).—The amendment made by subsection (b) shall take effect on October 1, 1997.

SEC. 1436. ALLOWANCE OR CREDIT OF REFUND FOR TAX-PAID AVIATION FUEL PURCHASED BY REGISTERED PRODUCER OF AVIATION FUEL.

(a) IN GENERAL.—Section 4091 (relating to aviation fuel) is amended by adding at the end the following new subsection:

"(d) REFUND OF TAX-PAID AVIATION FUEL TO REGISTERED PRODUCER OF FUEL.—If—

"(1) a producer of aviation fuel is registered under section 4101, and

"(2) such producer establishes to the satisfaction of the Secretary that a prior tax was paid (and not credited or refunded) on aviation fuel held by such producer,

then an amount equal to the tax so paid shall be allowed as a refund (without interest) to such producer in the same manner as if it were an overpayment of tax imposed by this section.''.

(b) Conforming Amendment.—The last sentence of section 6416(d) is amended by inserting before the period ''or to the tax imposed by section 4091 in the case of refunds described in section 4091(d)''.

(c) Effective Date.—The amendments made by this section shall apply to fuel acquired by the producer after September 30, 1997.

Subtitle B—Tax-Exempt Bond Provisions

SEC. 1441. REPEAL OF $100,000 LIMITATION ON UNSPENT PROCEEDS UNDER 1-YEAR EXCEPTION FROM REBATE.

Subclause (I) of section 148(f)(4)(B)(ii) (relating to additional period for certain bonds) is amended by striking ''the lesser of 5 percent of the proceeds of the issue or $100,000'' and inserting ''5 percent of the proceeds of the issue''.

SEC. 1442. EXCEPTION FROM REBATE FOR EARNINGS ON BONA FIDE DEBT SERVICE FUND UNDER CONSTRUCTION BOND RULES.

Subparagraph (C) of section 148(f)(4) is amended by adding at the end the following new clause:

''(xvii) Treatment of bona fide debt service funds.—If the spending requirements of clause (ii) are met with respect to the available construction proceeds of a construction issue, then paragraph (2) shall not apply to earnings on a bona fide debt service fund for such issue.''.

SEC. 1443. REPEAL OF DEBT SERVICE-BASED LIMITATION ON INVESTMENT IN CERTAIN NONPURPOSE INVESTMENTS.

Subsection (d) of section 148 (relating to special rules for reasonably required reserve or replacement fund) is amended by striking paragraph (3).

SEC. 1444. REPEAL OF EXPIRED PROVISIONS.

(a) Paragraph (2) of section 148(c) is amended by striking subparagraph (B) and by redesignating subparagraphs (C), (D), and (E) as subparagraphs (B), (C), and (D), respectively.

(b) Paragraph (4) of section 148(f) is amended by striking subparagraph (E).

SEC. 1445. EFFECTIVE DATE.

The amendments made by this subtitle shall apply to bonds issued after the date of the enactment of this Act.

Subtitle C—Tax Court Procedures

SEC. 1451. OVERPAYMENT DETERMINATIONS OF TAX COURT.

(a) Appeal of Order.—Paragraph (2) of section 6512(b) (relating to jurisdiction to enforce) is amended by adding at the end the following new sentence: ''An order of the Tax Court disposing of a motion under this paragraph shall be reviewable in the same manner as a decision of the Tax Court, but only with respect to the matters determined in such order.''.

(b) Denial of Jurisdiction Regarding Certain Credits and Reductions.—Subsection (b) of section 6512 (relating to overpayment determined by Tax Court) is amended by adding at the end the following new paragraph:

''(4) Denial of jurisdiction regarding certain credits and reductions.—The Tax Court shall have no jurisdiction under this subsection to restrain or review any credit or reduction made by the Secretary under section 6402.''.

(c) Effective Date.—The amendments made by this section shall take effect on the date of the enactment of this Act.

SEC. 1452. REDETERMINATION OF INTEREST PURSUANT TO MOTION.

(a) In General.—Subsection (c) of section 7481 (relating to jurisdiction over interest determinations) is amended to read as follows:

''(c) Jurisdiction Over Interest Determinations.—

''(1) In general.—Notwithstanding subsection (a), if, within 1 year after the date the decision of the Tax Court becomes final under subsection (a) in a case to which this subsection applies, the taxpayer files a motion in the Tax Court for a redetermination of the amount of interest involved, then the Tax Court may reopen the case solely to determine whether the taxpayer has made an overpayment of such interest or the Secretary has made an underpayment of such interest and the amount thereof.

''(2) Cases to which this subsection applies.—This subsection shall apply where—

''(A)(i) an assessment has been made by the Secretary under section 6215 which includes interest as imposed by this title, and

''(ii) the taxpayer has paid the entire amount of the deficiency plus interest claimed by the Secretary, and

''(B) the Tax Court finds under section 6512(b) that the taxpayer has made an overpayment.

''(3) Special rules.—If the Tax Court determines under this subsection that the taxpayer has made an overpayment of interest or that the Secretary has made an underpayment of interest, then that determination shall be treated under section 6512(b)(1) as a determination of an overpayment of tax. An order of the Tax Court redetermining interest, when entered upon the records of the court, shall be reviewable in the same manner as a decision of the Tax Court.''.

(b) Effective Date.—The amendment made by this section shall take effect on the date of the enactment of this Act.

SEC. 1453. APPLICATION OF NET WORTH REQUIREMENT FOR AWARDS OF LITIGATION COSTS.

(a) In General.—Paragraph (4) of section 7430(c) (defining prevailing party) is amended by adding at the end thereof the following new subparagraph:

''(D) Special rules for applying net worth requirement.—In applying the requirements of section 2412(d)(2)(B) of title 28, United States Code, for purposes of subparagraph (A)(iii) of this paragraph—

''(i) the net worth limitation in clause (i) of such section shall apply to—

''(I) an estate but shall be determined as of the date of the decedent's death, and

''(II) a trust but shall be determined as of the last day of the taxable year involved in the proceeding, and

''(ii) individuals filing a joint return shall be treated as separate individuals for purposes of clause (i) of such section.''.

(b) Effective Date.—The amendment made by this section shall apply to proceedings commenced after the date of the enactment of this Act.

SEC. 1454. PROCEEDINGS FOR DETERMINATION OF EMPLOYMENT STATUS.

(a) In General.—Subchapter B of chapter 76 (relating to proceedings by taxpayers and third parties) is amended by redesignating section 7436 as section 7437 and by inserting after section 7435 the following new section:

''SEC. 7436. PROCEEDINGS FOR DETERMINATION OF EMPLOYMENT STATUS.

''(a) Creation of Remedy.—If, in connection with an audit of any person, there is an actual controversy involving a determination by the Secretary as part of an examination that—

''(1) one or more individuals performing services for such person are employees of such person for purposes of subtitle C, or

''(2) such person is not entitled to the treatment under subsection (a) of section 530 of the Revenue Act of 1978 with respect to such an individual,

upon the filing of an appropriate pleading, the Tax Court may determine whether such a determination by the Secretary is correct. Any such redetermination by the Tax Court shall have the force and effect of a decision of the Tax Court and shall be reviewable as such.

''(b) Limitations.—

''(1) Petitioner.—A pleading may be filed under this section only by the person for whom the services are performed.

''(2) Time for filing action.—If the Secretary sends by certified or registered mail notice to the petitioner of a determination by the Secretary described in subsection (a), no proceeding may be initiated under this section with respect to such determination unless the pleading is filed before the 91st day after the date of such mailing.

''(3) No adverse inference from treatment while action is pending.—If, during the pendency of any proceeding brought under this section, the petitioner changes his treatment for employment tax purposes of any individual whose employment status as an employee is involved in such proceeding (or of any individual holding a substantially similar position) to treatment as an employee, such change shall not be taken into account in the Tax Court's determination under this section.

''(c) Small Case Procedures.—

''(1) In general.—At the option of the petitioner, concurred in by the Tax Court or a division thereof before the hearing of the case, proceedings under this section may (notwithstanding the provisions of section 7453) be conducted subject to the rules of evidence, practice, and procedure applicable under section 7463 if the amount of employment taxes placed in dispute is $10,000 or less for each calendar quarter involved.

''(2) Finality of decisions.—A decision entered in any proceeding conducted under this subsection shall not be reviewed in any other court and shall not be treated as a precedent for any other case not involving the same petitioner and the same determinations.

''(3) Certain rules to apply.—Rules similar to the rules of the last sentence of subsection (a), and subsections (c), (d), and (e), of section 7463 shall apply to proceedings conducted under this subsection.

''(d) Special Rules.—

''(1) Restrictions on assessment and collection pending action, etc.—The principles of subsections (a), (b), (c), (d), and (f) of section 6213, section 6214(a), section 6215, section 6503(a), section 6512, and section 7481 shall apply to proceedings brought under this section in the same manner as if the Secretary's determination described in subsection (a) were a notice of deficiency.

''(2) Awarding of costs and certain fees.—Section 7430 shall apply to proceedings brought under this section.

''(e) Employment Tax.—The term 'employment tax' means any tax imposed by subtitle C.''.

(b) Conforming Amendments.—

(1) Subsection (d) of section 6511 is amended by adding at the end the following new paragraph:

''(7) Special period of limitation with respect to self-employment tax in certain cases.—If—

''(A) the claim for credit or refund relates to an overpayment of the tax imposed by chapter 2 (relating to the tax on self-employment income) attributable to Tax Court determination in a proceeding under section 7436, and

''(B) the allowance of a credit or refund of such overpayment is otherwise prevented by the operation of any law or rule of law other than section 7122 (relating to compromises),

such credit or refund may be allowed or made if claim therefor is filed on or before the last day of the second year after the calendar year in which such determination becomes final.''.

(2) Subsection (a) of section 7421 is amended by striking "and 7429(b)" and inserting "7429(b), and 7436".

(3) Sections 7453 and 7481(b) are each amended by striking "section 7463" and inserting "section 7436(c) or 7463".

(4) The table of sections for subchapter B of chapter 76 is amended by striking the last item and inserting the following:

"Sec. 7436. Proceedings for determination of employment status.
"Sec. 7437. Cross references.".

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect on the date of the enactment of this Act.

Subtitle D—Other Provisions

SEC. 1461. EXTENSION OF DUE DATE OF FIRST QUARTER ESTIMATED TAX PAYMENT BY PRIVATE FOUNDATIONS.

(a) IN GENERAL.—Paragraph (3) of section 6655(g) is amended by adding at the end the following new sentence: "In the case of a private foundation, subsection (c)(2) shall be applied by substituting 'May 15' for 'April 15'.".

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply for purposes of determining underpayments of estimated tax for taxable years beginning after the date of the enactment of this Act.

SEC. 1462. CLARIFICATION OF AUTHORITY TO WITHHOLD PUERTO RICO INCOME TAXES FROM SALARIES OF FEDERAL EMPLOYEES.

(a) IN GENERAL.—Subsection (c) of section 5517 of title 5, United States Code, is amended by striking "or territory or possession" and inserting ", territory, possession, or commonwealth".

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall take effect on January 1, 1998.

SEC. 1463. CERTAIN NOTICES DISREGARDED UNDER PROVISION INCREASING INTEREST RATE ON LARGE CORPORATE UNDERPAYMENTS.

(a) GENERAL RULE.—Subparagraph (B) of section 6621(c)(2) (defining applicable date) is amended by adding at the end the following new clause:

"(iii) EXCEPTION FOR LETTERS OR NOTICES INVOLVING SMALL AMOUNTS.—For purposes of this paragraph, any letter or notice shall be disregarded if the amount of the deficiency or proposed deficiency (or the assessment or proposed assessment) set forth in such letter or notice is not greater than $100,000 (determined by not taking into account any interest, penalties, or additions to tax).".

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply for purposes of determining interest for periods after December 31, 1997.

TITLE XV—PENSIONS AND EMPLOYEE BENEFITS

Subtitle A—Simplification

SEC. 1501. MATCHING CONTRIBUTIONS OF SELF-EMPLOYED INDIVIDUALS NOT TREATED AS ELECTIVE EMPLOYER CONTRIBUTIONS.

(a) IN GENERAL.—Section 402(g) (relating to limitation on exclusion for elective deferrals) is amended by adding at the end the following:

"(9) MATCHING CONTRIBUTIONS ON BEHALF OF SELF-EMPLOYED INDIVIDUALS NOT TREATED AS ELECTIVE EMPLOYER CONTRIBUTIONS.—Except as provided in section 401(k)(3)(D)(ii), any matching contribution described in section 401(m)(4)(A) which is made on behalf of a self-employed individual (as defined in section 401(c)) shall not be treated as an elective employer contribution under a qualified cash or deferred arrangement (as defined in section 401(k)) for purposes of this title.".

(b) CONFORMING AMENDMENT FOR SIMPLE RETIREMENT ACCOUNTS.—Section 408(p) (relating to simple retirement accounts) is amended by adding at the end the following:

"(8) MATCHING CONTRIBUTIONS ON BEHALF OF SELF-EMPLOYED INDIVIDUALS NOT TREATED AS ELECTIVE EMPLOYER CONTRIBUTIONS.—Any matching contribution described in paragraph (2)(A)(iii) which is made on behalf of a self-employed individual (as defined in section 401(c)) shall not be treated as an elective employer contribution to a simple retirement account for purposes of this title.".

(c) EFFECTIVE DATES.—

(1) ELECTIVE DEFERRALS.—The amendment made by subsection (a) shall apply to years beginning after December 31, 1997.

(2) SIMPLE RETIREMENT ACCOUNTS.—The amendment made by subsection (b) shall apply to years beginning after December 31, 1996.

SEC. 1502. MODIFICATION OF PROHIBITION OF ASSIGNMENT OR ALIENATION.

(a) AMENDMENT TO ERISA.—Section 206(d) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1056(d)) is amended by adding at the end the following:

"(4) Paragraph (1) shall not apply to any offset of a participant's benefits provided under an employee pension benefit plan against an amount that the participant is ordered or required to pay to the plan if—

"(A) the order or requirement to pay arises—

"(i) under a judgment of conviction for a crime involving such plan,

"(ii) under a civil judgment (including a consent order or decree) entered by a court in an action brought in connection with a violation (or alleged violation) of part 4 of this subtitle, or

"(iii) pursuant to a settlement agreement between the Secretary and the participant, or a settlement agreement between the Pension Benefit Guaranty Corporation and the participant, in connection with a violation (or alleged violation) of part 4 of this subtitle by a fiduciary or any other person,

"(B) the judgment, order, decree, or settlement agreement expressly provides for the offset of all or part of the amount ordered or required to be paid to the plan against the participant's benefits provided under the plan, and

"(C) in a case in which the survivor annuity requirements of section 205 apply with respect to distributions from the plan to the participant, if the participant has a spouse at the time at which the offset is to be made—

"(i) either—

"(I) such spouse has consented in writing to such offset and such consent is witnessed by a notary public or representative of the plan (or it is established to the satisfaction of a plan representative that such consent may not be obtained by reason of circumstances described in section 205(c)(2)(B)), or

"(II) an election to waive the right of the spouse to a qualified joint and survivor annuity or a qualified preretirement survivor annuity is in effect in accordance with the requirements of section 205(c),

"(ii) such spouse is ordered or required in such judgment, order, decree, or settlement to pay an amount to the plan in connection with a violation of part 4 of this subtitle, or

"(iii) in such judgment, order, decree, or settlement, such spouse retains the right to receive the survivor annuity under a qualified joint and survivor annuity provided pursuant to section 205(a)(1) and under a qualified preretirement survivor annuity provided pursuant to section 205(a)(2). determined in accordance with paragraph (5).

A plan shall not be treated as failing to meet the requirements of section 205 solely by reason of an offset under this paragraph.

"(5)(A) The survivor annuity described in paragraph (4)(C)(iii) shall be determined as if—

"(i) the participant terminated employment on the date of the offset,

"(ii) there was no offset,

"(iii) the plan permitted commencement of benefits only on or after normal retirement age,

"(iv) the plan provided only the minimum-required qualified joint and survivor annuity, and

"(v) the amount of the qualified preretirement survivor annuity under the plan is equal to the amount of the survivor annuity payable under the minimum-required qualified joint and survivor annuity.

"(B) For purposes of this paragraph, the term 'minimum-required qualified joint and survivor annuity' means the qualified joint and survivor annuity which is the actuarial equivalent of the participant's accrued benefit (within the meaning of section 3(23)) and under which the survivor annuity is 50 percent of the amount of the annuity which is payable during the joint lives of the participant and the spouse.".

(b) AMENDMENT TO 1986 CODE.—Section 401(a)(13) (relating to assignment and alienation) is amended by adding at the end the following:

"(C) SPECIAL RULE FOR CERTAIN JUDGMENTS AND SETTLEMENTS.—Subparagraph (A) shall not apply to any offset of a participant's benefits provided under a plan against an amount that the participant is ordered or required to pay to the plan if—

"(i) the order or requirement to pay arises—

"(I) under a judgment of conviction for a crime involving such plan,

"(II) under a civil judgment (including a consent order or decree) entered by a court in an action brought in connection with a violation (or alleged violation) of part 4 of subtitle B of title I of the Employee Retirement Income Security Act of 1974, or

"(III) pursuant to a settlement agreement between the Secretary of Labor and the participant, or a settlement agreement between the Pension Benefit Guaranty Corporation and the participant, in connection with a violation (or alleged violation) of part 4 of such subtitle by a fiduciary or any other person,

"(ii) the judgment, order, decree, or settlement agreement expressly provides for the offset of all or part of the amount ordered or required to be paid to the plan against the participant's benefits provided under the plan, and

"(iii) in a case in which the survivor annuity requirements of section 401(a)(11) apply with respect to distributions from the plan to the participant, if the participant has a spouse at the time at which the offset is to be made—

"(I) either such spouse has consented in writing to such offset and such consent is witnessed by a notary public or representative of the plan (or it is established to the satisfaction of a plan representative that such consent may not be obtained by reason of circumstances described in section 417(a)(2)(B)), or an election to waive the right of the spouse to either a qualified joint and survivor annuity or a qualified preretirement survivor annuity is in effect in accordance with the requirements of section 417(a),

"(II) such spouse is ordered or required in such judgment, order, decree, or settlement to pay an amount to the plan in connection with a violation of part 4 of such subtitle, or

"(III) in such judgment, order, decree, or settlement, such spouse retains the right to receive the survivor annuity under a qualified joint and survivor annuity provided pursuant to section 401(a)(11)(A)(i) and under a qualified preretirement survivor annuity provided pursuant to section 401(a)(11)(A)(ii), determined in accordance with subparagraph (D).

A plan shall not be treated as failing to meet the requirements of this subsection, subsection (k), section 403(b), or section 409(d) solely by reason of an offset described in this subparagraph.

"(D) SURVIVOR ANNUITY.—

"(i) IN GENERAL.—The survivor annuity described in subparagraph (C)(iii)(III) shall be determined as if—

"(I) the participant terminated employment on the date of the offset,

"(II) there was no offset,

"(III) the plan permitted commencement of benefits only on or after normal retirement age,

"(IV) the plan provided only the minimum-required qualified joint and survivor annuity, and

"(V) the amount of the qualified preretirement survivor annuity under the plan is equal to the amount of the survivor annuity payable under the minimum-required qualified joint and survivor annuity.

"(ii) DEFINITION.—For purposes of this subparagraph, the term 'minimum-required qualified joint and survivor annuity' means the qualified joint and survivor annuity which is the actuarial equivalent of the participant's accrued benefit (within the meaning of section 411(a)(7)) and under which the survivor annuity is 50 percent of the amount of the annuity which is payable during the joint lives of the participant and the spouse.".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to judgments, orders, and decrees issued, and settlement agreements entered into, on or after the date of the enactment of this Act.

SEC. 1503. ELIMINATION OF PAPERWORK BURDENS ON PLANS.

(a) ELIMINATION OF UNNECESSARY FILING REQUIREMENTS.—Section 101(b) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1021(b)) is amended by striking paragraphs (1), (2), and (3) and by redesignating paragraphs (4) and (5) as paragraphs (1) and (2), respectively.

(b) ELIMINATION OF PLAN DESCRIPTION.—

(1) IN GENERAL.—Section 102(a) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1022(a)) is amended—

(A) by striking paragraph (2), and

(B) by striking "(a)(1)" and inserting "(a)".

(2) CONFORMING AMENDMENTS.—

(A) Section 102(b) of such Act (29 U.S.C. 1022(b)) is amended by striking "The plan description and summary plan description shall contain" and inserting "The summary plan description shall contain".

(B) The heading for section 102 of such Act is amended by striking "PLAN DESCRIPTION AND".

(c) FURNISHING OF REPORTS.—

(1) IN GENERAL.—Section 104(a)(1) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1024(a)(1)) is amended to read as follows:

"SEC. 104. (a)(1) The administrator of any employee benefit plan subject to this part shall file with the Secretary the annual report for a plan year within 210 days after the close of such year (or within such time as may be required by regulations promulgated by the Secretary in order to reduce duplicative filing). The Secretary shall make copies of such annual reports available for inspection in the public document room of the Department of Labor.".

(2) SECRETARY MAY REQUEST DOCUMENTS.—

(A) IN GENERAL.—Section 104(a) of such Act (29 U.S.C. 1024(a)) is amended by adding at the end the following:

"(6) The administrator of any employee benefit plan subject to this part shall furnish to the Secretary, upon request, any documents relating to the employee benefit plan, including but not limited to, the latest summary plan description (including any summaries of plan changes not contained in the summary plan description), and the bargaining agreement, trust agreement, contract, or other instrument under which the plan is established or operated.".

(B) PENALTY.—Section 502(c) of such Act (29 U.S.C. 1132(c)) is amended by redesignating paragraph (6) as paragraph (7) and by inserting after paragraph (5) the following:

"(6) If, within 30 days of a request by the Secretary to a plan administrator for documents under section 104(a)(6), the plan administrator fails to furnish the material requested to the Secretary, the Secretary may assess a civil penalty against the plan administrator of up to $100 a day from the date of such failure (but in no event in excess of $1,000 per request). No penalty shall be imposed under this paragraph for any failure resulting from matters reasonably beyond the control of the plan administrator.".

(d) CONFORMING AMENDMENTS.—

(1) Section 104(b)(1) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1024(b)(1)) is amended by striking "section 102(a)(1)" each place it appears and inserting "section 102(a)".

(2) Section 104(b)(2) of such Act (29 U.S.C. 1024(b)(2)) is amended by striking "the plan description and" and inserting "the latest updated summary plan description and".

(3) Section 104(b)(4) of such Act (29 U.S.C. 1024(b)(4)) is amended by striking "plan description".

(4) Section 106(a) of such Act (29 U.S.C. 1026(a)) is amended by striking "descriptions,".

(5) Section 107 of such Act (29 U.S.C. 1027) is amended by striking "description or".

(6) Section 108(2)(B) of such Act (29 U.S.C. 1028(2)(B)) is amended by striking "plan descriptions, annual reports," and inserting "annual reports".

(7) Section 502(a)(6) of such Act (29 U.S.C. 1132(a)(6)) is amended by striking "or (5)" and inserting "(5), or (6)".

(e) TECHNICAL CORRECTION.—Section 1144(c) of the Social Security Act (42 U.S.C. 1320b–14(c)) is amended by redesignating paragraph (9) as paragraph (8).

SEC. 1504. MODIFICATION OF 403(b) EXCLUSION ALLOWANCE TO CONFORM TO 415 MODIFICATIONS.

(a) DEFINITION OF COMPENSATION.—

(1) IN GENERAL.—Section 403(b)(3) (defining includible compensation) is amended by adding at the end the following: "Such term includes—

"(A) any elective deferral (as defined in section 402(g)(3)), and

"(B) any amount which is contributed or deferred by the employer at the election of the employee and which is not includible in the gross income of the employee by reason of section 125 or 457.".

(2) EFFECTIVE DATE.—The amendment made by this subsection shall apply to years beginning after December 31, 1997.

(b) REPEAL OF RULES IN SECTION 415(e).—The Secretary of the Treasury shall modify the regulations regarding the exclusion allowance under section 403(b)(2) of the Internal Revenue Code of 1986 to reflect the amendment made by section 1452(a) of the Small Business Job Protection Act of 1996. Such modification shall take effect for years beginning after December 31, 1999.

SEC. 1505. EXTENSION OF MORATORIUM ON APPLICATION OF CERTAIN NONDISCRIMINATION RULES TO STATE AND LOCAL GOVERNMENTS.

(a) GENERAL NONDISCRIMINATION AND PARTICIPATION RULES.—

(1) NONDISCRIMINATION REQUIREMENTS.—Section 401(a)(5) (relating to qualified pension, profit-sharing, and stock bonus plans) is amended by adding at the end the following:

"(G) STATE AND LOCAL GOVERNMENTAL PLANS.—Paragraphs (3) and (4) shall not apply to a governmental plan (within the meaning of section 414(d)) maintained by a State or local government or political subdivision thereof (or agency or instrumentality thereof).".

(2) ADDITIONAL PARTICIPATION REQUIREMENTS.—Section 401(a)(26)(H) (relating to additional participation requirements) is amended to read as follows:

"(H) EXCEPTION FOR STATE AND LOCAL GOVERNMENTAL PLANS.—This paragraph shall not apply to a governmental plan (within the meaning of section 414(d)) maintained by a State or local government or political subdivision thereof (or agency or instrumentality thereof).".

(3) MINIMUM PARTICIPATION STANDARDS.—Section 410(c)(2) (relating to application of participation standards to certain plans) is amended to read as follows:

"(2) A plan described in paragraph (1) shall be treated as meeting the requirements of this section for purposes of section 401(a), except that in the case of a plan described in subparagraph (B), (C), or (D) of paragraph (1), this paragraph shall apply only if such plan meets the requirements of section 401(a)(3) (as in effect on September 1, 1974).".

(b) PARTICIPATION AND DISCRIMINATION STANDARDS FOR QUALIFIED CASH OR DEFERRED ARRANGEMENTS.—Section 401(k)(3) (relating to application of participation and discrimination standards) is amended by adding at the end the following:

"(G) A governmental plan (within the meaning of section 414(d)) maintained by a State or local government or political subdivision thereof (or agency or instrumentality thereof) shall be treated as meeting the requirements of this paragraph.".

(c) NONDISCRIMINATION RULES FOR SECTION 403(b) PLANS.—Section 403(b)(12) (relating to nondiscrimination requirements) is amended by adding at the end the following:

"(C) STATE AND LOCAL GOVERNMENTAL PLANS.—For purposes of paragraph (1)(D), the requirements of subparagraph (A)(i) (other than those relating to section 401(a)(17)) shall not apply to a governmental plan (within the meaning of section 414(d)) maintained by a State or local government or political subdivision thereof (or agency or instrumentality thereof).".

(d) EFFECTIVE DATES.—

(1) IN GENERAL.—The amendments made by this section apply to taxable years beginning on or after the date of enactment of this Act.

(2) TREATMENT FOR YEARS BEGINNING BEFORE DATE OF ENACTMENT.—A governmental plan (within the meaning of section 414(d) of the Internal Revenue Code of 1986) maintained by a State or local government or political subdivision thereof (or agency or instrumentality thereof) shall be treated as satisfying the requirements of sections 401(a)(3), 401(a)(4), 401(a)(26), 401(k), 401(m), 403 (b)(1)(D) and (b)(12), and 410 of such Code for all taxable years beginning before the date of enactment of this Act.

SEC. 1506. CLARIFICATION OF CERTAIN RULES RELATING TO EMPLOYEE STOCK OWNERSHIP PLANS OF S CORPORATIONS.

(a) CERTAIN CASH DISTRIBUTIONS PERMITTED.—

(1) Paragraph (2) of section 409(h) is amended by adding at the end the following new subparagraph:

"(B) EXCEPTION FOR CERTAIN PLANS RESTRICTED FROM DISTRIBUTING SECURITIES.—

"(i) IN GENERAL.—A plan to which this subparagraph applies shall not be treated as failing to meet the requirements of this subsection or section 401(a) merely because it does not permit a participant to exercise the right described in paragraph (1)(A) if such plan provides that the participant entitled to a distribution has a right to receive the distribution in cash, except that such plan may distribute employer securities subject to a requirement that such securities may be resold to the employer under terms which meet the requirements of paragraph (1)(B).

"(ii) APPLICABLE PLANS.—This subparagraph shall apply to a plan which otherwise meets the requirements of this subsection or section 4975(e)(7) and which is established and maintained by—

"(I) an employer whose charter or bylaws restrict the ownership of substantially all outstanding employer securities to employees or to a trust described in section 401(a), or

"(II) an S corporation."

(2) Paragraph (2) of section 409(h), as in effect before the amendment made by paragraph (1), is amended—

(A) by striking "A plan which" in the first sentence and inserting the following:

"(A) IN GENERAL.—A plan which", and

(B) by striking the last sentence.

(b) CERTAIN SHAREHOLDER-EMPLOYEES NOT TREATED AS OWNER-EMPLOYEES.—

(1) AMENDMENT TO 1986 CODE.—

(A) IN GENERAL.—Section 4975(f) is amended by adding at the end the following new paragraph:

"(6) EXEMPTIONS NOT TO APPLY TO CERTAIN TRANSACTIONS.—

"(A) IN GENERAL.—In the case of a trust described in section 401(a) which is part of a plan providing contributions or benefits for employees some or all of whom are owner-employees (as defined in section 401(c)(3)), the exemptions provided by subsection (d) (other than paragraphs (9) and (12)) shall not apply to a transaction in which the plan directly or indirectly—

"(i) lends any part of the corpus or income of the plan to,

"(ii) pays any compensation for personal services rendered to the plan to, or

"(iii) acquires for the plan any property from, or sells any property to,

any such owner-employee, a member of the family (as defined in section 267(c)(4)) of any such owner-employee, or any corporation in which any such owner-employee owns, directly or indirectly, 50 percent or more of the total combined voting power of all classes of stock entitled to vote or 50 percent or more of the total value of shares of all classes of stock of the corporation.

"(B) SPECIAL RULES FOR SHAREHOLDER-EMPLOYEES, ETC.—

"(i) IN GENERAL.—For purposes of subparagraph (A), the following shall be treated as owner-employees:

"(I) A shareholder-employee.

"(II) A participant or beneficiary of an individual retirement plan (as defined in section 7701(a)(37)).

"(III) An employer or association of employees which establishes such an individual retirement plan under section 408(c).

"(ii) EXCEPTION FOR CERTAIN TRANSACTIONS INVOLVING SHAREHOLDER-EMPLOYEES.—Subparagraph (A)(iii) shall not apply to a transaction which consists of a sale of employer securities to an employee stock ownership plan (as defined in subsection (e)(7)) by a shareholder-employee, a member of the family (as defined in section 267(c)(4)) of such shareholder-employee, or a corporation in which such a shareholder-employee owns stock representing a 50 percent or greater interest described in subparagraph (A).

"(C) SHAREHOLDER-EMPLOYEE.—For purposes of subparagraph (B), the term 'shareholder-employee' means an employee or officer of an S corporation who owns (or is considered as owning within the meaning of section 318(a)(1)) more than 5 percent of the outstanding stock of the corporation on any day during the taxable year of such corporation."

(B) CONFORMING AMENDMENTS.—Section 4975(d) is amended—

(i) by striking "The prohibitions" and inserting "Except as provided in subsection (f)(6), the prohibitions", and

(ii) by striking the last two sentences thereof.

(2) AMENDMENT TO ERISA.—Section 408(d) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1108(d)) is amended to read as follows:

"(d)(1) Section 407(b) and subsections (b), (c), and (e) of this section shall not apply to a transaction in which a plan directly or indirectly—

"(A) lends any part of the corpus or income of the plan to,

"(B) pays any compensation for personal services rendered to the plan to, or

"(C) acquires for the plan any property from, or sells any property to,

any person who is with respect to the plan an owner-employee (as defined in section 401(c)(3) of the Internal Revenue Code of 1986), a member of the family (as defined in section 267(c)(4) of such Code) of any such owner-employee, or any corporation in which any such owner-employee owns, directly or indirectly, 50 percent or more of the total combined voting power of all classes of stock entitled to vote or 50 percent or more of the total value of shares of all classes of stock of the corporation.

"(2)(A) For purposes of paragraph (1), the following shall be treated as owner-employees:

"(i) A shareholder-employee.

"(ii) A participant or beneficiary of an individual retirement plan (as defined in section 7701(a)(37) of the Internal Revenue Code of 1986).

"(iii) An employer or association of employees which establishes such an individual retirement plan under section 408(c) of such Code.

"(B) Paragraph (1)(C) shall not apply to a transaction which consists of a sale of employer securities to an employee stock ownership plan (as defined in section 407(d)(6)) by a shareholder-employee, a member of the family (as defined in section 267(c)(4) of such Code) of any such owner-employee, or a corporation in which such a shareholder-employee owns stock representing a 50 percent or greater interest described in paragraph (1).

"(3) For purposes of paragraph (2), the term 'shareholder-employee' means an employee or officer of an S corporation (as defined in section 1361(a)(1) of such Code) who owns (or is considered as owning within the meaning of section 318(a)(1) of such Code) more than 5 percent of the outstanding stock of the corporation on any day during the taxable year of such corporation."

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1997.

SEC. 1507. MODIFICATION OF 10-PERCENT TAX FOR NONDEDUCTIBLE CONTRIBUTIONS.

(a) IN GENERAL.—Section 4972(c)(6)(B) (relating to exceptions) is amended to read as follows:

"(B) so much of the contributions to 1 or more defined contribution plans which are not deductible when contributed solely because of section 404(a)(7) as does not exceed the greater of—

"(i) the amount of contributions not in excess of 6 percent of compensation (within the meaning of section 404(a)) paid or accrued (during the taxable year for which the contributions were made) to beneficiaries under the plans, or

"(ii) the sum of—

"(I) the amount of contributions described in section 401(m)(4)(A), plus

"(II) the amount of contributions described in section 402(g)(3)(A).".

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1997.

SEC. 1508. MODIFICATION OF FUNDING REQUIREMENTS FOR CERTAIN PLANS.

(a) FUNDING RULES FOR CERTAIN PLANS.—Section 769 of the Retirement Protection Act of 1994 is amended by adding at the end the following new subsection:

"(c) TRANSITION RULES FOR CERTAIN PLANS.—

"(1) IN GENERAL.—In the case of a plan that—

"(A) was not required to pay a variable rate premium for the plan year beginning in 1996;

"(B) has not, in any plan year beginning after 1995 and before 2009, merged with another plan (other than a plan sponsored by an employer that was in 1996 within the controlled group of the plan sponsor); and

"(C) is sponsored by a company that is engaged primarily in the interurban or interstate passenger bus service,

the transition rules described in paragraph (2) shall apply for any plan year beginning after 1996 and before 2010.

"(2) TRANSITION RULES.—The transition rules described in this paragraph are as follows:

"(A) For purposes of section 412(l)(9)(A) of the Internal Revenue Code of 1986 and section 302(d)(9)(A) of the Employee Retirement Income Security Act of 1974—

"(i) the funded current liability percentage for any plan year beginning after 1996 and before 2005 shall be treated as not less than 90 percent if for such plan year the funded current liability percentage is at least 85 percent, and

"(ii) the funded current liability percentage for any plan year beginning after 2004 and before 2010 shall be treated as not less than 90 percent if for such plan year the funded current liability percentage satisfies the minimum percentage determined according to the following table:

"In the case of a plan year beginning in:	***The minimum percentage is:***
2005	*86*
2006	*87*
2007	*88*
2008	*89*
2009 and thereafter	*90.*

"(B) Sections 412(c)(7)(E)(i)(I) of such Code and 302(c)(7)(E)(i)(I) of such Act shall be applied—

"(i) by substituting '85 percent' for '90 percent' for plan years beginning after 1996 and before 2005, and

"(ii) by substituting the minimum percentage specified in the table contained in subparagraph (A)(ii) for '90 percent' for plan years beginning after 2004 and before 2010.

"(C) In the event the funded current liability percentage of a plan is less than 85 percent for any plan year beginning after 1996 and before 2005, the transition rules under subparagraphs (A) and (B) shall continue to apply to the plan if contributions for such a plan year are made to the plan in an amount equal to the lesser of—

"(i) the amount necessary to result in a funded current liability percentage of 85 percent, or

"(ii) the greater of—

"(I) 2 percent of the plan's current liability as of the beginning of such plan year, or

"(II) the amount necessary to result in a funded current liability percentage of 80 percent as of the end of such plan year.

For the plan year beginning in 2005 and for each of the 3 succeeding plan years, the transition rules under subparagraphs (A) and (B) shall continue to apply to the plan for such plan year only if contributions to the plan for such plan year equal at least the expected increase in current liability due to benefits accruing during such plan year.".

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to plan years beginning after December 31, 1996.

SEC. 1509. CLARIFICATION OF DISQUALIFICATION RULES RELATING TO ACCEPTANCE OF ROLLOVER CONTRIBUTIONS.

The Secretary of the Treasury or his delegate shall clarify that, under the Internal Revenue Service regulations protecting pension plans from disqualification by reason of the receipt of invalid rollover contributions under section 402(c) of the Internal Revenue Code of 1986, in order for the administrator of the plan receiving any such contribution to reasonably conclude that the contribution is a valid rollover contribution it is not necessary for the distributing plan to have a determination letter with respect to its status as a qualified plan under section 401 of such Code.

SEC. 1510. NEW TECHNOLOGIES IN RETIREMENT PLANS.

(a) IN GENERAL.—Not later than December 31, 1998, the Secretary of the Treasury and the Secretary of Labor shall each issue guidance which is designed to—

(1) interpret the notice, election, consent, disclosure, and time requirements (and related recordkeeping requirements) under the Internal Revenue Code of 1986 and the Employee Retirement Income Security Act of 1974 relating to retirement plans as applied to the use of new technologies by plan sponsors and administrators while maintaining the protection of the rights of participants and beneficiaries, and

(2) clarify the extent to which writing requirements under the Internal Revenue Code of 1986 relating to retirement plans shall be interpreted to permit paperless transactions.

(b) APPLICABILITY OF FINAL REGULATIONS.—Final regulations applicable to the guidance regarding new technologies described in subsection (a) shall not be effective until the first plan year beginning at least 6 months after the issuance of such final regulations.

Subtitle B—Other Provisions Relating to Pensions and Employee Benefits

SEC. 1521. INCREASE IN CURRENT LIABILITY FUNDING LIMIT.

(a) AMENDMENT TO 1986 CODE.—Section 412(c)(7) (relating to full-funding limitation) is amended—

(A) by striking "150 percent" in subparagraph (A)(i)(I) and inserting "the applicable percentage", and

(B) by adding at the end the following:

"(F) APPLICABLE PERCENTAGE.—For purposes of subparagraph (A)(i)(I), the applicable percentage shall be determined in accordance with the following table:

"In the case of any plan year beginning in:	The applicable percentage is:
1999 or 2000	155
2001 or 2002	160
2003 or 2004	165
2005 and succeeding years	170.".

(b) AMENDMENT TO ERISA.—Section 302(c)(7) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1082(c)(7)) is amended—

(A) by striking "150 percent" in subparagraph (A)(i)(I) and inserting "the applicable percentage", and

(B) by adding at the end the following:

"(F) APPLICABLE PERCENTAGE.—For purposes of subparagraph (A)(i)(I), the applicable percentage shall be determined in accordance with the following table:

"In the case of any plan year beginning in:	The applicable percentage is:
1999 or 2000	155
2001 or 2002	160
2003 or 2004	165
2005 and succeeding years	170.".

(c) SPECIAL AMORTIZATION RULE.—

(1) CODE AMENDMENT.—Section 412(b)(2) is amended by striking "and" at the end of subparagraph (C), by striking the period at the end of subparagraph (D) and inserting ", and", and by inserting after subparagraph (D) the following:

"(E) the amount necessary to amortize in equal annual installments (until fully amortized) over a period of 20 years the contributions which would be required to be made under the plan but for the provisions of subsection (c)(7)(A)(i)(I).".

(2) ERISA AMENDMENT.—Section 302(b)(2) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1082(b)(2)) is amended by striking "and" at the end of subparagraph (C), by striking the period at the end of subparagraph (D) and inserting ", and", and by inserting after subparagraph (D) the following:

"(E) the amount necessary to amortize in equal annual installments (until fully amortized) over a period of 20 years the contributions which would be required to be made under the plan but for the provisions of subsection (c)(7)(A)(i)(I).".

(3) CONFORMING AMENDMENTS.—

(A) Section 412(c)(7)(D) is amended by adding "and" at the end of clause (i), by striking ", and" at the end of clause (ii) and inserting a period, and by striking clause (iii).

(B) Section 302(c)(7)(D) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1082(c)(7)(D)) is amended by adding "and" at the end of clause (i), by striking ", and" at the end of clause (ii) and inserting a period, and by striking clause (iii).

(d) EFFECTIVE DATES.—

(1) IN GENERAL.—The amendments made by this section shall apply to plan years beginning after December 31, 1998.

(2) SPECIAL RULE FOR UNAMORTIZED BALANCES UNDER EXISTING LAW.—The unamortized balance (as of the close of the plan year preceding the plan's first year beginning in 1999) of any amortization base established under section 412(c)(7)(D)(iii) of such Code and section 302(c)(7)(D)(iii) of such Act (as repealed by subsection (c)(3)) for any plan year beginning before 1999 shall be amortized in equal annual installments (until fully amortized) over a period of years equal to the excess of—

(A) 20 years, over

(B) the number of years since the amortization base was established.

SEC. 1522. SPECIAL RULES FOR CHURCH PLANS.

(a) IN GENERAL.—Section 414(e)(5) (relating to special rules for chaplains and self-employed ministers) is amended—

(1) by striking "not eligible to participate" in subparagraph (C) and inserting "not otherwise participating", and

(2) by adding at the end the following new subparagraph:

"(E) EXCLUSION.—In the case of a contribution to a church plan made on behalf of a minister described in subparagraph (A)(i)(II), such contribution shall not be included in the gross income of the minister to the extent that such contribution would not be so included if the minister was an employee of a church.".

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to years beginning after December 31, 1997.

SEC. 1523. REPEAL OF APPLICATION OF UNRELATED BUSINESS INCOME TAX TO ESOPS.

(a) IN GENERAL.—Section 512(e) is amended by adding at the end the following new paragraph:

"(3) EXCEPTION FOR ESOPS.—This subsection shall not apply to employer securities (within the meaning of section 409(l)) held by an employee stock ownership plan described in section 4975(e)(7)."

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1997.

SEC. 1524. DIVERSIFICATION OF SECTION 401(k) PLAN INVESTMENTS.

(a) LIMITATIONS ON INVESTMENT IN EMPLOYER SECURITIES AND EMPLOYER REAL PROPERTY BY CASH OR DEFERRED ARRANGEMENTS.—Section 407(b) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1107(b)) is amended by redesignating paragraph (2) as paragraph (3) and by inserting after paragraph (1) the following new paragraph:

"(2)(A) If this paragraph applies to an eligible individual account plan, the portion of such plan which consists of applicable elective deferrals (and earnings allocable thereto) shall be treated as a separate plan—

"(i) which is not an eligible individual account plan, and

"(ii) to which the requirements of this section apply.

"(B)(i) This paragraph shall apply to any eligible individual account plan if any portion of the plan's applicable elective deferrals (or earnings allocable thereto) are required to be invested in qualifying employer securities or qualifying employer real property or both—

"(I) pursuant to the terms of the plan, or

"(II) at the direction of a person other than the participant on whose behalf such elective deferrals are made to the plan (or a beneficiary).

"(ii) This paragraph shall not apply to an individual account plan for a plan year if, on the last day of the preceding plan year, the fair market value of the assets of all individual account plans maintained by the employer equals not more than 10 percent of the fair market value of the assets of all pension plans (other than multiemployer plans) maintained by the employer.

"(iii) This paragraph shall not apply to an individual account plan that is an employee stock ownership plan as defined in section 4975(e)(7) of the Internal Revenue Code of 1986.

"(iv) This paragraph shall not apply to an individual account plan if, pursuant to the terms of the plan, the portion of any employee's applicable elective deferrals which is required to be invested in qualifying employer securities and qualifying employer real property for any year may not exceed 1 percent of the employee's compensation which is taken into account under the plan in determining the maximum amount of the employee's applicable elective deferrals for such year.

"(C) For purposes of this paragraph, the term 'applicable elective deferral' means any elective deferral (as defined in section 402(g)(3)(A) of the Internal Revenue Code of 1986) which is made pursuant to a qualified cash or deferred arrangement as defined in section 401(k) of the Internal Revenue Code of 1986."

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to elective deferrals for plan years beginning after December 31, 1998.

SEC. 1525. SECTION 401(K) PLANS FOR CERTAIN IRRIGATION AND DRAINAGE ENTITIES.

(a) IN GENERAL.—Subparagraph (B) of section 401(k)(7) (relating to rural cooperative plan) is amended—

(1) by striking "and" at the end of clause (iii), by redesignating clause (iv) as clause (v), and by inserting after clause (iii) the following new clause:

"(iv) any organization which—

"(I) is a mutual irrigation or ditch company described in section 501(c)(12) (without regard to the 85 percent requirement thereof), or

"(II) is a district organized under the laws of a State as a municipal corporation for the purpose of irrigation, water conservation, or drainage, and", and

(2) in clause (v), as so redesignated, by striking "or (iii)" and inserting ", (iii), or (iv)".

(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall apply to years beginning after December 31, 1997.

SEC. 1526. PORTABILITY OF PERMISSIVE SERVICE CREDIT UNDER GOVERNMENTAL PENSION PLANS.

(a) IN GENERAL.—Section 415 (relating to limitations on benefits and contributions under qualified plans) is amended by adding at the end the following new subsection:

"(n) SPECIAL RULES RELATING TO PURCHASE OF PERMISSIVE SERVICE CREDIT.—

"(1) IN GENERAL.—If an employee makes 1 or more contributions to a defined benefit governmental plan (within the meaning of section

414(d)) to purchase permissive service credit under such plan, then the requirements of this section shall be treated as met only if—

"(A) the requirements of subsection (b) are met, determined by treating the accrued benefit derived from all such contributions as an annual benefit for purposes of subsection (b), or

"(B) the requirements of subsection (c) are met, determined by treating all such contributions as annual additions for purposes of subsection (c).

"(2) APPLICATION OF LIMIT.—For purposes of—

"(A) applying paragraph (1)(A), the plan shall not fail to meet the reduced limit under subsection (b)(2)(C) solely by reason of this subsection, and

"(B) applying paragraph (1)(B), the plan shall not fail to meet the percentage limitation under subsection (c)(1)(B) solely by reason of this subsection.

"(3) PERMISSIVE SERVICE CREDIT.—For purposes of this subsection—

"(A) IN GENERAL.—The term 'permissive service credit' means service credit—

"(i) recognized by the governmental plan for purposes of calculating a participant's benefit under the plan,

"(ii) which such participant has not received under such governmental plan, and

"(iii) which such participant may receive only by making a voluntary additional contribution, in an amount determined under such governmental plan, which does not exceed the amount necessary to fund the benefit attributable to such service credit.

"(B) LIMITATION ON NONQUALIFIED SERVICE CREDIT.—A plan shall fail to meet the requirements of this section if—

"(i) more than 5 years of permissive service credit attributable to nonqualified service are taken into account for purposes of this subsection, or

"(ii) any permissive service credit attributable to nonqualified service is taken into account under this subsection before the employee has at least 5 years of participation under the plan.

"(C) NONQUALIFIED SERVICE.—For purposes of subparagraph (B), the term 'nonqualified service' means service for which permissive service credit is allowed other than—

"(i) service (including parental, medical, sabbatical, and similar leave) as an employee of the Government of the United States, any State or political subdivision thereof, or any agency or instrumentality of any of the foregoing (other than military service or service for credit which was obtained as a result of a repayment described in subsection (k)(3)),

"(ii) service (including parental, medical, sabbatical, and similar leave) as an employee (other than as an employee described in clause (i)) of an educational organization described in section 170(b)(1)(A)(ii) which is a public, private, or sectarian school which provides elementary or secondary education (through grade 12), as determined under State law,

"(iii) service as an employee of an association of employees who are described in clause (i), or

"(iv) military service (other than qualified military service under section 414(u)) recognized by such governmental plan.

In the case of service described in clauses (i), (ii), or (iii), such service will be nonqualified service if recognition of such service would cause a participant to receive a retirement benefit for the same service under more than one plan."

(b) SPECIAL RULE FOR REPAYMENT OF CASHOUTS.—Section 415(k) (relating to special rules) is amended by adding at the end the following new paragraph:

"(3) REPAYMENTS OF CASHOUTS UNDER GOVERNMENTAL PLANS.—In the case of any repayment of contributions (including interest thereon) to the governmental plan with respect to an amount previously refunded upon a forfeiture of service credit under the plan or under another governmental plan maintained by a State or local government employer within the same State, any such repayment shall not be taken into account for purposes of this section."

(c) EFFECTIVE DATES.—

(1) IN GENERAL.—The amendments made by this section shall apply to permissive service credit contributions made in years beginning after December 31, 1997.

(2) TRANSITION RULE.—

(A) IN GENERAL.—In the case of an eligible participant in a governmental plan (within the meaning of section 414(d) of the Internal Revenue Code of 1986), the limitations of section 415(c)(1) of such Code shall not be applied to reduce the amount of permissive service credit which may be purchased to an amount less than the amount which was allowed to be purchased under the terms of the plan as in effect on the date of the enactment of this Act.

(B) ELIGIBLE PARTICIPANT.—For purposes of subparagraph (A), an eligible participant is an individual who first became a participant in the plan before the first plan year beginning after the last day of the calendar year in which the next regular session (following the date of the enactment of this Act) of the governing body with authority to amend the plan ends.

SEC. 1527. REMOVAL OF DOLLAR LIMITATION ON BENEFIT PAYMENTS FROM A DEFINED BENEFIT PLAN MAINTAINED FOR CERTAIN POLICE AND FIRE EMPLOYEES.

(a) IN GENERAL.—Subparagraph (G) of section 415(b)(2) is amended by striking "participant—" and all that follows and inserting "participant, subparagraph (C) of this paragraph shall not apply.".

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to years beginning after December 31, 1996.

SEC. 1528. SURVIVOR BENEFITS FOR PUBLIC SAFETY OFFICERS KILLED IN THE LINE OF DUTY.

(a) IN GENERAL.—Section 101 (relating to certain death benefits) is amended by adding at the end the following new subsection:

"(h) SURVIVOR BENEFITS ATTRIBUTABLE TO SERVICE BY A PUBLIC SAFETY OFFICER WHO IS KILLED IN THE LINE OF DUTY.—

"(1) IN GENERAL.—Gross income shall not include any amount paid as a survivor annuity on account of the death of a public safety officer (as such term is defined in section 1204 of the Omnibus Crime Control and Safe Streets Act of 1968) killed in the line of duty—

"(A) if such annuity is provided, under a governmental plan which meets the requirements of section 401(a), to the spouse (or a former spouse) of the public safety officer or to a child of such officer; and

"(B) to the extent such annuity is attributable to such officer's service as a public safety officer.

"(2) EXCEPTIONS.—Paragraph (1) shall not apply with respect to the death of any public safety officer if, as determined in accordance with the provisions of the Omnibus Crime Control and Safe Streets Act of 1968—

"(A) the death was caused by the intentional misconduct of the officer or by such officer's intention to bring about such officer's death;

"(B) the officer was voluntarily intoxicated (as defined in section 1204 of such Act) at the time of death;

"(C) the officer was performing such officer's duties in a grossly negligent manner at the time of death; or

"(D) the payment is to an individual whose actions were a substantial contributing factor to the death of the officer.".

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to amounts received in taxable years beginning after December 31, 1996, with respect to individuals dying after such date.

SEC. 1529. TREATMENT OF CERTAIN DISABILITY BENEFITS RECEIVED BY FORMER POLICE OFFICERS OR FIREFIGHTERS.

(a) GENERAL RULE.—For purposes of determining whether any amount to which this section applies is excludable from gross income under section 104(a)(1) of the Internal Revenue Code of 1986, the following conditions shall be treated as personal injuries or sickness in the course of employment:

(1) Heart disease.

(2) Hypertension.

(b) AMOUNTS TO WHICH SECTION APPLIES.—This section shall apply to any amount—

(1) which is payable—

(A) to an individual (or to the survivors of an individual) who was a full-time employee of any police department or fire department which is organized and operated by a State, by any political subdivision thereof, or by any agency or instrumentality of a State or political subdivision thereof, and

(B) under a State law (as amended on May 19, 1992) which irrebuttably presumed that heart disease and hypertension are work-related illnesses but only for employees separating from service before July 1, 1992; and

(2) which was received in calendar year 1989, 1990, or 1991.

(c) WAIVER OF STATUTE OF LIMITATIONS.—If, on the date of the enactment of this Act (or at any time within the 1-year period beginning on such date of enactment), credit or refund of any overpayment of tax resulting from the provisions of this section is barred by any law or rule of law (including res judicata), then credit or refund of such overpayment shall, nevertheless, be allowed or made if claim therefore is filed before the date 1 year after such date of enactment.

SEC. 1530. GRATUITOUS TRANSFERS FOR THE BENEFIT OF EMPLOYEES.

(a) IN GENERAL.—Subparagraph (C) of section 664(d)(1) and subparagraph (C) of section 664(d)(2) are each amended by striking the period at the end thereof and inserting "or, to the extent the remainder interest is in qualified employer securities (as defined in subsection (g)(4)), all or part of such securities are to be transferred to an employee stock ownership plan (as defined in section 4975(e)(7)) in a qualified gratuitous transfer (as defined by subsection (g)).".

(b) QUALIFIED GRATUITOUS TRANSFER DEFINED.—Section 664 is amended by adding at the end the following new subsection:

"(g) QUALIFIED GRATUITOUS TRANSFER OF QUALIFIED EMPLOYER SECURITIES.—

"(1) IN GENERAL.—For purposes of this section, the term 'qualified gratuitous transfer' means a transfer of qualified employer securities to an employee stock ownership plan (as defined in section 4975(e)(7)) but only to the extent that—

"(A) the securities transferred previously passed from a decedent dying before January 1, 1999, to a trust described in paragraph (1) or (2) of subsection (d),

"(B) no deduction under section 404 is allowable with respect to such transfer,

"(C) such plan contains the provisions required by paragraph (3),

"(D) such plan treats such securities as being attributable to employer contributions but without regard to the limitations otherwise applicable to such contributions under section 404, and

"(E) the employer whose employees are covered by the plan described in this paragraph files with the Secretary a verified written statement consenting to the application of sections 4978 and 4979A with respect to such employer.

"(2) EXCEPTION.—The term 'qualified gratuitous transfer' shall not include a transfer of qualified employer securities to an employee stock ownership plan unless—

"(A) such plan was in existence on August 1, 1996,

"(B) at the time of the transfer, the decedent and members of the decedent's family (within the meaning of section 2032A(e)(2)) own (directly or through the application of section 318(a)) no more than 10 percent of the value of the stock of the corporation referred to in paragraph (4), and

"(C) immediately after the transfer, such plan owns (after the application of section 318(a)(4)) at least 60 percent of the value of the outstanding stock of the corporation.

"(3) PLAN REQUIREMENTS.—A plan contains the provisions required by this paragraph if such plan provides that—

"(A) the qualified employer securities so transferred are allocated to plan participants in a manner consistent with section 401(a)(4),

"(B) plan participants are entitled to direct the plan as to the manner in which such securities which are entitled to vote and are allocated to the account of such participant are to be voted,

"(C) an independent trustee votes the securities so transferred which are not allocated to plan participants,

"(D) each participant who is entitled to a distribution from the plan has the rights described in subparagraphs (A) and (B) of section 409(h)(1),

"(E) such securities are held in a suspense account under the plan to be allocated each year, up to the limitations under section 415(c), after first allocating all other annual additions for the limitation year, up to the limitations under sections 415 (c) and (e), and

"(F) on termination of the plan, all securities so transferred which are not allocated to plan participants as of such termination are to be transferred to, or for the use of, an organization described in section 170(c).

For purposes of the preceding sentence, the term 'independent trustee' means any trustee who is not a member of the family (within the meaning of section 2032A(e)(2)) of the decedent or a 5-percent shareholder. A plan shall not fail to be treated as meeting the requirements of section 401(a) by reason of meeting the requirements of this subsection.

"(4) QUALIFIED EMPLOYER SECURITIES.—For purposes of this section, the term 'qualified employer securities' means employer securities (as defined in section 409(l)) which are issued by a domestic corporation—

"(A) which has no outstanding stock which is readily tradable on an established securities market, and

"(B) which has only 1 class of stock.

"(5) TREATMENT OF SECURITIES ALLOCATED BY EMPLOYEE STOCK OWNERSHIP PLAN TO PERSONS RELATED TO DECEDENT OR 5-PERCENT SHAREHOLDERS.—

"(A) IN GENERAL.—If any portion of the assets of the plan attributable to securities acquired by the plan in a qualified gratuitous transfer are allocated to the account of—

"(i) any person who is related to the decedent (within the meaning of section 267(b)) or a member of the decedent's family (within the meaning of section 2032A(e)(2)), or

"(ii) any person who, at the time of such allocation or at any time during the 1-year period ending on the date of the acquisition of qualified employer securities by the plan, is a 5-percent shareholder of the employer maintaining the plan,

the plan shall be treated as having distributed (at the time of such allocation) to such person or shareholder the amount so allocated.

"(B) 5-PERCENT SHAREHOLDER.—For purposes of subparagraph (A), the term '5-percent shareholder' means any person who owns (directly or through the application of section 318(a)) more than 5 percent of the outstanding stock of the corporation which issued such qualified employer securities or of any corporation which is a member of the same controlled group of corporations (within the meaning of section 409(l)(4)) as such corporation. For purposes of the preceding sentence, section 318(a) shall be applied without regard to the exception in paragraph (2)(B)(i) thereof.

"(C) CROSS REFERENCE.—

"For excise tax on allocations described in subparagraph (A), see section 4979A.

"(6) TAX ON FAILURE TO TRANSFER UNALLOCATED SECURITIES TO CHARITY ON TERMINATION OF PLAN.—If the requirements of paragraph (3)(F) are not met with respect to any securities, there is hereby imposed a tax on the employer maintaining the plan in an amount equal to the sum of—

"(A) the amount of the increase in the tax which would be imposed by chapter 11 if such securities were not transferred as described in paragraph (1), and

"(B) interest on such amount at the underpayment rate under section 6621 (and compounded daily) from the due date for filing the return of the tax imposed by chapter 11.".

(c) CONFORMING AMENDMENTS.—

(1) Section 401(a)(1) is amended by inserting "or by a charitable remainder trust pursuant to a qualified gratuitous transfer (as defined in section 664(g)(1))," after "stock bonus plans),".

(2) Section 404(a)(9) is amended by inserting after subparagraph (B) the following new subparagraph:

"(C) A qualified gratuitous transfer (as defined in section 664(g)(1)) shall have no effect on the amount or amounts otherwise deductible under paragraph (3) or (7) or under this paragraph.".

(3) Section 415(c)(6) is amended by adding at the end thereof the following new sentence:

"The amount of any qualified gratuitous transfer (as defined in section 664(g)(1)) allocated to a participant for any limitation year shall not exceed the limitations imposed by this section, but such amount shall not be taken into account in determining whether any other amount exceeds the limitations imposed by this section.".

(4) Section 415(e) is amended—

(A) by redesignating paragraph (6) as paragraph (7), and

(B) by inserting after paragraph (5) the following new paragraph:

"(6) SPECIAL RULE FOR QUALIFIED GRATUITOUS TRANSFERS.—Any qualified gratuitous transfer of qualified employer securities (as defined by section 664(g)) shall not be taken into account in calculating, and shall not be subject to, the limitations provided in this subsection.".

(5) Subparagraph (B) of section 664(d)(1) and subparagraph (B) of section 664(d)(2) are each amended by inserting "and other than qualified gratuitous transfers described in subparagraph (C)" after "subparagraph (A)".

(6) Paragraph (4) of section 674(b) is amended by inserting before the period "or to an employee stock ownership plan (as defined in section 4975(e)(7)) in a qualified gratuitous transfer (as defined in section 664(g)(1))".

(7) Section 2055(a) is amended—

(i) by striking "or" at the end of paragraph (3),

(ii) by striking the period at the end of paragraph (4) and inserting "; or", and

(iii) by inserting after paragraph (4) the following new paragraph:

"(5) to an employee stock ownership plan if such transfer qualifies as a qualified gratuitous transfer of qualified employer securities within the meaning of section 664(g).".

(8) Paragraph (8) of section 2056(b) is amended to read as follows:

"(8) SPECIAL RULE FOR CHARITABLE REMAINDER TRUSTS.—

"(A) IN GENERAL.—If the surviving spouse of the decedent is the only beneficiary of a qualified charitable remainder trust who is not a charitable beneficiary nor an ESOP beneficiary, paragraph (1) shall not apply to any interest in such trust which passes or has passed from the decedent to such surviving spouse.

"(B) DEFINITIONS.—For purposes of subparagraph (A)—

"(i) CHARITABLE BENEFICIARY.—The term 'charitable beneficiary' means any beneficiary which is an organization described in section 170(c).

"(ii) ESOP BENEFICIARY.—The term 'ESOP beneficiary' means any beneficiary which is an employee stock ownership plan (as defined in section 4975(e)(7)) that holds a remainder interest in qualified employer securities (as defined in section 664(g)(4)) to be transferred to such plan in a qualified gratuitous transfer (as defined in section 664(g)(1)).

"(iii) QUALIFIED CHARITABLE REMAINDER TRUST.—The term 'qualified charitable remainder trust' means a charitable remainder annuity trust or a charitable remainder unitrust (described in section 664).".

(9) Section 4947(b) is amended by inserting after paragraph (3) the following new paragraph:

"(4) SECTION 507.—The provisions of section 507(a) shall not apply to a trust which is described in subsection (a)(2) by reason of a distribution of qualified employer securities (as defined in section 664(g)(4)) to an employee stock ownership plan (as defined in section 4975(e)(7)) in a qualified gratuitous transfer (as defined by section 664(g)).".

(10) The last sentence of section 4975(e)(7) is amended by inserting "and section 664(g)" after "section 409(n)"

(11) Subsection (a) of section 4978 is amended—

(A) by inserting "or acquired any qualified employer securities in a qualified gratuitous transfer to which section 664(g) applied" after "section 1042 applied", and

(B) by inserting before the comma at the end of paragraph (2) "60 percent of the total value of all employer securities as of such disposition in the case of any qualified employer securities acquired in a qualified gratuitous transfer to which section 664(g) applied)".

(12) Paragraph (2) of section 4978(b) is amended—

(A) by inserting "or acquired in the qualified gratuitous transfer to which section 664(g) applied" after "section 1042 applied", and

(B) by inserting "or to which section 664(g) applied" after "section 1042 applied" in subparagraph (A) thereof.

(13) Subsection (c) of section 4978 is amended by striking "written statement" and all that follows and inserting "written statement described in section 664(g)(1)(E) or in section 1042(b)(3) (as the case may be).".

(14) Paragraph (2) of section 4978(e) is amended by striking the period and inserting "; except that such section shall be applied without regard to subparagraph (B) thereof for purposes of applying this section and section 4979A with respect to securities acquired in a qualified gratuitous transfer (as defined in section 664(g)(1)).".

(15) Subsection (a) of section 4979A is amended to read as follows:

"(a) IMPOSITION OF TAX.—If—

"(1) there is a prohibited allocation of qualified securities by any employee stock ownership plan or eligible worker-owned cooperative, or

"(2) there is an allocation described in section 664(g)(5)(A),

there is hereby imposed a tax on such allocation equal to 50 percent of the amount involved.".

(16) Subsection (c) of section 4979A is amended to read as follows:

"(c) LIABILITY FOR TAX.—The tax imposed by this section shall be paid by—

"(1) the employer sponsoring such plan, or

"(2) the eligible worker-owned cooperative,

which made the written statement described in section 664(g)(1)(E) or in section 1042(b)(3)(B) (as the case may be).".

(17) Section 4979A is amended by redesignating subsection (d) as subsection (e) and by inserting after subsection (c) the following new subsection:

"(d) SPECIAL STATUTE OF LIMITATIONS FOR TAX ATTRIBUTABLE TO CERTAIN ALLOCATIONS.—The statutory period for the assessment of any tax imposed by this section on an allocation described in subsection (a)(2) of qualified employer securities shall not expire before the date which is 3 years from the later of—

"(1) the 1st allocation of such securities in connection with a qualified gratuitous transfer (as defined in section 664(g)(1)), or

"(2) the date on which the Secretary is notified of the allocation described in subsection (a)(2).".

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to transfers made by trusts to, or for the use of, an employee stock ownership plan after the date of the enactment of this Act.

Subtitle C—Provisions Relating to Certain Health Acts

SEC. 1531. AMENDMENTS TO THE INTERNAL REVENUE CODE OF 1986 TO IMPLEMENT THE NEWBORNS' AND MOTHERS' HEALTH PROTECTION ACT OF 1996 AND THE MENTAL HEALTH PARITY ACT OF 1996.

(a) IN GENERAL.—Subtitle K is amended—

(1) by striking all that precedes section 9801 and inserting the following:

"Subtitle K—Group Health Plan Requirements

"CHAPTER 100. Group health plan requirements.

"CHAPTER 100—GROUP HEALTH PLAN REQUIREMENTS

"Subchapter A. Requirements relating to portability, access, and renewability.

"Subchapter B. Other requirements.

"Subchapter C. General provisions.

"Subchapter A—Requirements Relating to Portability, Access, and Renewability

"Sec. 9801. Increased portability through limitation on preexisting condition exclusions.

"Sec. 9802. Prohibiting discrimination against individual participants and beneficiaries based on health status.

"Sec. 9803. Guaranteed renewability in multiemployer plans and certain multiple employer welfare arrangements.",

(2) by redesignating sections 9804, 9805, and 9806 as sections 9831, 9832, and 9833, respectively,

(3) by inserting before section 9831 (as so redesignated) the following:

"Subchapter C—General Provisions

"Sec. 9831. General exceptions.

"Sec. 9832. Definitions.

"Sec. 9833. Regulations.", and

(4) by inserting after section 9803 the following:

"Subchapter B—Other Requirements

"Sec. 9811. Standards relating to benefits for mothers and newborns.

"Sec. 9812. Parity in the application of certain limits to mental health benefits.

"SEC. 9811. STANDARDS RELATING TO BENEFITS FOR MOTHERS AND NEWBORNS.

"(a) REQUIREMENTS FOR MINIMUM HOSPITAL STAY FOLLOWING BIRTH.—

"(1) IN GENERAL.—A group health plan may not—

"(A) except as provided in paragraph (2)—

"(i) restrict benefits for any hospital length of stay in connection with childbirth for the mother or newborn child, following a normal vaginal delivery, to less than 48 hours, or

"(ii) restrict benefits for any hospital length of stay in connection with childbirth for the mother or newborn child, following a caesarean section, to less than 96 hours; or

"(B) require that a provider obtain authorization from the plan or the issuer for prescribing any length of stay required under subparagraph (A) (without regard to paragraph (2)).

"(2) EXCEPTION.—Paragraph (1)(A) shall not apply in connection with any group health plan in any case in which the decision to discharge the mother or her newborn child prior to the expiration of the minimum length of stay otherwise required under paragraph (1)(A) is made by an attending provider in consultation with the mother.

"(b) PROHIBITIONS.—A group health plan may not—

"(1) deny to the mother or her newborn child eligibility, or continued eligibility, to enroll or to renew coverage under the terms of the plan, solely for the purpose of avoiding the requirements of this section;

"(2) provide monetary payments or rebates to mothers to encourage such mothers to accept less than the minimum protections available under this section;

"(3) penalize or otherwise reduce or limit the reimbursement of an attending provider because such provider provided care to an individual participant or beneficiary in accordance with this section;

"(4) provide incentives (monetary or otherwise) to an attending provider to induce such provider to provide care to an individual participant or beneficiary in a manner inconsistent with this section; or

"(5) subject to subsection (c)(3), restrict benefits for any portion of a period within a hospital length of stay required under subsection (a) in a manner which is less favorable than the benefits provided for any preceding portion of such stay.

"(c) RULES OF CONSTRUCTION.—

"(1) Nothing in this section shall be construed to require a mother who is a participant or beneficiary—

"(A) to give birth in a hospital; or

"(B) to stay in the hospital for a fixed period of time following the birth of her child.

"(2) This section shall not apply with respect to any group health plan which does not provide benefits for hospital lengths of stay in connection with childbirth for a mother or her newborn child.

"(3) Nothing in this section shall be construed as preventing a group health plan from imposing deductibles, coinsurance, or other cost-sharing in relation to benefits for hospital lengths of stay in connection with childbirth for a mother or newborn child under the plan, except that such coinsurance or other cost-sharing for any portion of a period within a hospital length of stay required under subsection (a) may not be greater than such coinsurance or cost-sharing for any preceding portion of such stay.

"(d) LEVEL AND TYPE OF REIMBURSEMENTS.—Nothing in this section shall be construed to prevent a group health plan from negotiating the level and type of reimbursement with a provider for care provided in accordance with this section.

"(f) PREEMPTION; EXCEPTION FOR HEALTH INSURANCE COVERAGE IN CERTAIN STATES.—The requirements of this section shall not apply with respect to health insurance coverage if there is a State law (including a decision, rule, regulation, or other State action having the effect of law) for a State that regulates such coverage that is described in any of the following paragraphs:

"(1) Such State law requires such coverage to provide for at least a 48-hour hospital length of stay following a normal vaginal delivery and at least a 96-hour hospital length of stay following a caesarean section.

"(2) Such State law requires such coverage to provide for maternity and pediatric care in accordance with guidelines established by the American College of Obstetricians and Gynecologists, the American Academy of Pediatrics, or other established professional medical associations.

"(3) Such State law requires, in connection with such coverage for maternity care, that the hospital length of stay for such care is left to the decision of (or required to be made by) the attending provider in consultation with the mother.

"SEC. 9812. PARITY IN THE APPLICATION OF CERTAIN LIMITS TO MENTAL HEALTH BENEFITS.

"(a) IN GENERAL.—

"(1) AGGREGATE LIFETIME LIMITS.—In the case of a group health plan that provides both medical and surgical benefits and mental health benefits—

"(A) NO LIFETIME LIMIT.—If the plan does not include an aggregate lifetime limit on substantially all medical and surgical benefits, the plan may not impose any aggregate lifetime limit on mental health benefits.

"(B) LIFETIME LIMIT.—If the plan includes an aggregate lifetime limit on substantially all medical and surgical benefits (in this paragraph referred to as the 'applicable lifetime limit'), the plan shall either—

"(i) apply the applicable lifetime limit both to the medical and surgical benefits to which it otherwise would apply and to mental health benefits and not distinguish in the application of such limit between such medical and surgical benefits and mental health benefits; or

"(ii) not include any aggregate lifetime limit on mental health benefits that is less than the applicable lifetime limit.

"(C) RULE IN CASE OF DIFFERENT LIMITS.—In the case of a plan that is not described in subparagraph (A) or (B) and that includes no or different aggregate lifetime limits on different categories of medical and surgical benefits, the Secretary shall establish rules under which subparagraph (B) is applied to such plan with respect to mental health benefits by substituting for the applicable lifetime limit an average aggregate lifetime limit that is computed taking into account the weighted average of the aggregate lifetime limits applicable to such categories.

"(2) ANNUAL LIMITS.—In the case of a group health plan that provides both medical and surgical benefits and mental health benefits—

"(A) NO ANNUAL LIMIT.—If the plan does not include an annual limit on substantially all medical and surgical benefits, the plan may not impose any annual limit on mental health benefits.

"(B) ANNUAL LIMIT.—If the plan includes an annual limit on substantially all medical and surgical benefits (in this paragraph referred to as the 'applicable annual limit'), the plan shall either—

"(i) apply the applicable annual limit both to medical and surgical benefits to which it otherwise would apply and to mental health benefits

and not distinguish in the application of such limit between such medical and surgical benefits and mental health benefits; or

"(ii) not include any annual limit on mental health benefits that is less than the applicable annual limit.

"(C) RULE IN CASE OF DIFFERENT LIMITS.—In the case of a plan that is not described in subparagraph (A) or (B) and that includes no or different annual limits on different categories of medical and surgical benefits, the Secretary shall establish rules under which subparagraph (B) is applied to such plan with respect to mental health benefits by substituting for the applicable annual limit an average annual limit that is computed taking into account the weighted average of the annual limits applicable to such categories.

"(b) CONSTRUCTION.—Nothing in this section shall be construed—

"(1) as requiring a group health plan to provide any mental health benefits; or

"(2) in the case of a group health plan that provides mental health benefits, as affecting the terms and conditions (including cost sharing, limits on numbers of visits or days of coverage, and requirements relating to medical necessity) relating to the amount, duration, or scope of mental health benefits under the plan, except as specifically provided in subsection (a) (in regard to parity in the imposition of aggregate lifetime limits and annual limits for mental health benefits).

"(c) EXEMPTIONS.—

"(1) SMALL EMPLOYER EXEMPTION.—This section shall not apply to any group health plan for any plan year of a small employer (as defined in section 4980D(d)(2)).

"(2) INCREASED COST EXEMPTION.—This section shall not apply with respect to a group health plan if the application of this section to such plan results in an increase in the cost under the plan of at least 1 percent.

"(d) SEPARATE APPLICATION TO EACH OPTION OFFERED.—In the case of a group health plan that offers a participant or beneficiary two or more benefit package options under the plan, the requirements of this section shall be applied separately with respect to each such option.

"(e) DEFINITIONS.—For purposes of this section:

"(1) AGGREGATE LIFETIME LIMIT.—The term 'aggregate lifetime limit' means, with respect to benefits under a group health plan, a dollar limitation on the total amount that may be paid with respect to such benefits under the plan with respect to an individual or other coverage unit.

"(2) ANNUAL LIMIT.—The term 'annual limit' means, with respect to benefits under a group health plan, a dollar limitation on the total amount of benefits that may be paid with respect to such benefits in a 12-month period under the plan with respect to an individual or other coverage unit.

"(3) MEDICAL OR SURGICAL BENEFITS.—The term 'medical or surgical benefits' means benefits with respect to medical or surgical services, as defined under the terms of the plan, but does not include mental health benefits.

"(4) MENTAL HEALTH BENEFITS.—The term 'mental health benefits' means benefits with respect to mental health services, as defined under the terms of the plan, but does not include benefits with respect to treatment of substance abuse or chemical dependency.

"(f) SUNSET.—This section shall not apply to benefits for services furnished on or after September 30, 2001."

(b) CONFORMING AMENDMENTS.—

(1) Chapter 100 of such Code is further amended—

(A) in the last sentence of section 9801(c)(1), by striking "section 9805(c)" and inserting "section 9832(c)";

(B) in section 9831(b), by striking "9805(c)(1)" and inserting "9832(c)(1)";

(C) in section 9831(c)(1), by striking "9805(c)(2)" and inserting "9832(c)(2)";

(D) in section 9831(c)(2), by striking "9805(c)(3)" and inserting "9832(c)(3)"; and

(E) in section 9831(c)(3), by striking "9805(c)(4)" and inserting "9832(c)(4)".

(2) Section 4980D of such Code is amended—

(A) in subsection (a), by striking "plan portability, access, and renewability" and inserting "plans";

(B) in subsection (c)(3)(B)(i)(I), by striking "9805(d)(3)" and inserting "9832(d)(3)";

(C) in subsection (d)(1), by inserting "(other than a failure attributable to section 9811)" after "on any failure";

(D) in subsection (d)(3), by striking "9805" and inserting "9832";

(E) in subsection (f)(1), by striking "9805(a)" and inserting "9832(a)".

(3) The table of subtitles for such Code is amended by striking the item relating to subtitle K and inserting the following new item:

"SUBTITLE K. Group health plan requirements."

(c) EFFECTIVE DATE.—The amendments made by this section shall apply with respect to group health plans for plan years beginning on or after January 1, 1998.

SEC. 1532. SPECIAL RULES RELATING TO CHURCH PLANS.

(a) IN GENERAL.—Section 9802 (relating to prohibiting discrimination against individual participants and beneficiaries based on health status) is amended by adding at the end the following new subsection:

"(c) SPECIAL RULES FOR CHURCH PLANS.—A church plan (as defined in section 414(e)) shall not be treated as failing to meet the requirements of this section solely because such plan requires evidence of good health for coverage of—

"(1) both any employee of an employer with 10 or less employees (determined without regard to section 414(e)(3)(C)) and any self-employed individual, or

"(2) any individual who enrolls after the first 90 days of initial eligibility under the plan.

This subsection shall apply to a plan for any year only if the plan included the provisions described in the preceding sentence on July 15, 1997, and at all times thereafter before the beginning of such year."

(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall take effect as if included in the amendments made by section 401(a) of the Health Insurance Portability and Accountability Act of 1996.

Subtitle D—Provisions Relating to Plan Amendments

SEC. 1541. PROVISIONS RELATING TO PLAN AMENDMENTS.

(a) IN GENERAL.—If this section applies to any plan or contract amendment—

(1) such plan or contract shall be treated as being operated in accordance with the terms of the plan during the period described in subsection (b)(2)(A), and

(2) such plan shall not fail to meet the requirements of section 411(d)(6) of the Internal Revenue Code of 1986 or section 204(g) of the Employee Retirement Income Security Act of 1974 by reason of such amendment.

(b) AMENDMENTS TO WHICH SECTION APPLIES.—

(1) IN GENERAL.—This section shall apply to any amendment to any plan or annuity contract which is made—

(A) pursuant to any amendment made by this title or subtitle H of title X, and

(B) before the first day of the first plan year beginning on or after January 1, 1999.

In the case of a governmental plan (as defined in section 414(d) of the Internal Revenue Code of 1986), this paragraph shall be applied by substituting "2001" for "1999".

(2) CONDITIONS.—This section shall not apply to any amendment unless—

(A) during the period—

(i) beginning on the date the legislative amendment described in paragraph (1)(A) takes effect (or in the case of a plan or contract amendment not required by such legislative amendment, the effective date specified by the plan), and

(ii) ending on the date described in paragraph (1)(B) (or, if earlier, the date the plan or contract amendment is adopted),

the plan or contract is operated as if such plan or contract amendment were in effect, and

(B) such plan or contract amendment applies retroactively for such period.

TITLE XVI—TECHNICAL AMENDMENTS RELATED TO SMALL BUSINESS JOB PROTECTION ACT OF 1996 AND OTHER LEGISLATION

SEC. 1600. COORDINATION WITH OTHER TITLES.

For purposes of applying the amendments made by any title of this Act other than this title, the provisions of this title shall be treated as having been enacted immediately before the provisions of such other titles.

SEC. 1601. AMENDMENTS RELATED TO SMALL BUSINESS JOB PROTECTION ACT OF 1996.

(a) AMENDMENTS RELATED TO SUBTITLE A.—

(1) AMENDMENT RELATED TO SECTION 1116.—Paragraph (1) of section 6050R(c) is amended by striking "name and address" and inserting "name, address, and phone number of the information contact".

(2) AMENDMENT TO SECTION 1116.—Paragraphs (1) and (2)(C) of section 1116(b) of the Small Business Job Protection Act of 1996 shall each be applied as if the reference to chapter 68 were a reference to chapter 61.

(b) AMENDMENT RELATED TO SUBTITLE B.—Subsection (c) of section 52 is amended by striking "targeted jobs credit" and inserting "work opportunity credit".

(c) AMENDMENTS RELATED TO SUBTITLE C.—

(1) AMENDMENT RELATED TO SECTION 1302.—Subparagraph (B) of section 1361(e)(1) is amended by striking "and" at the end of clause (i), striking the period at the end of clause (ii) and inserting ", and", and adding at the end the following new clause:

"(iii) any charitable remainder annuity trust or charitable remainder unitrust (as defined in section 664(d)).".

(2) EFFECTIVE DATE FOR SECTION 1307.—

(A) Notwithstanding section 1317 of the Small Business Job Protection Act of 1996, the amendments made by subsections (a) and (b) of section 1307 of such Act shall apply to determinations made after December 31, 1996.

(B) In no event shall the 120-day period referred to in section 1377(b)(1)(B) of the Internal Revenue Code of 1986 (as added by such section 1307) expire before the end of the 120-day period beginning on the date of the enactment of this Act.

(3) AMENDMENT RELATED TO SECTION 1308.—Subparagraph (A) of section 1361(b)(3) is amended by striking "For purposes of this title" and inserting "Except as provided in regulations prescribed by the Secretary, for purposes of this title".

(4) AMENDMENTS RELATED TO SECTION 1316.—

(A) Paragraph (2) of section 512(e) is amended by striking "within the meaning of section 1012" and inserting "as defined in section 1361(e)(1)(C)".

(B) Paragraph (7) of section 1361(c) is redesignated as paragraph (6).

(C) Subparagraph (B) of section 1361(b)(1) is amended by striking "subsection (c)(7)" and inserting "subsection (c)(6)".

(D) Paragraph (1) of section 512(e) is amended by striking "section 1361(c)(7)" and inserting "section 1361(c)(6)".

(d) AMENDMENTS RELATED TO SUBTITLE D.—

(1) AMENDMENTS RELATED TO SECTION 1421.—

(A) Subsection (i) of section 408 is amended in the last sentence by striking "30 days" and inserting "31 days".

(B) Subparagraph (H) of section 408(k)(6) is amended by striking "if the terms of such pension" and inserting "of an employer if the terms of simplified employee pensions of such employer".

(C)(i) Subparagraph (B) of section 408(l)(2) is amended—

(I) by inserting "and the issuer of an annuity established under such an arrangement" after "under subsection (p)", and

(II) in clause (i), by inserting "or issuer" after "trustee".

(ii) Paragraph (2) of section 6693(c) is amended—

(I) by inserting "or issuer" after "trustee", and

(II) in the heading, by inserting "AND ISSUER" after "trustee".

(D) Subsection (p) of section 408 is amended by adding at the end the following new paragraph:

"(8) COORDINATION WITH MAXIMUM LIMITATION UNDER SUBSECTION (a).—In the case of any simple retirement account, subsections (a)(1) and (b)(2) shall be applied by substituting 'the sum of the dollar amount in effect under paragraph (2)(A)(ii) of this subsection and the employer contribution required under subparagraph (A)(iii) or (B)(i) of paragraph (2) of this subsection, whichever is applicable' for '$2,000'.".

(E) Clause (i) of section 408(p)(2)(D) is amended by adding at the end the following new sentence: "If only individuals other than employees described in subparagraph (A) or (B) of section 410(b)(3) are eligible to participate in such arrangement, then the preceding sentence shall be applied without regard to any qualified plan in which only employees so described are eligible to participate.".

(F) Subparagraph (D) of section 408(p)(2) is amended by adding at the end the following new clause:

"(iii) GRACE PERIOD.—In the case of an employer who establishes and maintains a plan under this subsection for 1 or more years and who fails to meet any requirement of this subsection for any subsequent year due to any acquisition, disposition, or similar transaction involving another such employer, rules similar to the rules of section 410(b)(6)(C) shall apply for purposes of this subsection.".

(G) Paragraph (5) of section 408(p) is amended in the text preceding subparagraph (A) by striking "simplified" and inserting "simple".

(2) AMENDMENTS RELATED TO SECTION 1422.—

(A) Clause (ii) of section 401(k)(11)(D) is amended by striking the period and inserting "if such plan allows only contributions required under this paragraph.".

(B) Paragraph (11) of section 401(k) is amended by adding at the end the following new Subparagraph:

"(E) COST-OF-LIVING ADJUSTMENT.—The Secretary shall adjust the $6,000 amount under subparagraph (B)(i)(I) at the same time and in the same manner as under section 408(p)(2)(E).".

(C) Subparagraph (A) of section 404(a)(3) is amended—

(i) in clause (i), by striking "not in excess of" and all that follows and inserting the following: "not in excess of the greater of—

"(I) 15 percent of the compensation otherwise paid or accrued during the taxable year to the beneficiaries under the stock bonus or profit-sharing plan, or

"(II) the amount such employer is required to contribute to such trust under section 401(k)(11) for such year.", and

(ii) in clause (ii), by striking "15 percent" and all that follows and inserting the following "the amount described in subclause (I) or (II) of clause (i), whichever is greater, with respect to such taxable year.".

(D) Subparagraph (B) of section 401(k)(11) is amended by adding at the end the following new clause:

"(iii) ADMINISTRATIVE REQUIREMENTS.—

"(I) IN GENERAL.—Rules similar to the rules of subparagraphs (B) and (C) of section 408(p)(5) shall apply for purposes of this subparagraph.

"(II) NOTICE OF ELECTION PERIOD.—The requirements of this subparagraph shall not be treated as met with respect to any year unless the employer notifies each employee eligible to participate, within a reasonable period of time before the 60th day before the beginning of such year (and, for the first year the employee is so eligible, the 60th day before the first day such employee is so eligible), of the rules similar to the rules of section 408(p)(5)(C) which apply by reason of subclause (I).".

(3) AMENDMENT RELATED TO SECTION 1433.—The heading of paragraph (11) of section 401(m) is amended by striking "ALTERNATIVE" and inserting "ADDITIONAL ALTERNATIVE".

(4) CLARIFICATION OF SECTION 1450.—

(A) Section 403(b)(11) of the Internal Revenue Code of 1986 shall not apply with respect to a distribution from a contract described in section 1450(b)(1) of such Act to the extent that such distribution is not includible in income by reason of—

(i) in the case of distributions before January 1, 1998, section 403 (b)(8) or (b)(10) of such Code (determined after the application of section 1450(b)(2) of such Act), and

(ii) in the case of distributions on and after such date, such section 403(b)(1).

(B) This paragraph shall apply as if included in section 1450 of the Small Business Job Protection Act of 1996.

(5) AMENDMENT RELATED TO SECTION 1451.—Clause (ii) of section 205(c)(8)(A) of the Employee Retirement Income Security Act of 1974 is amended by striking "Secretary" and inserting "Secretary of the Treasury".

(6) AMENDMENTS RELATED TO SECTION 1461.—

(A) Section 414(e)(5)(A) is amended to read as follows:

"(A) CERTAIN MINISTERS MAY PARTICIPATE.—For purposes of this part—

"(i) IN GENERAL.—A duly ordained, commissioned, or licensed minister of a church is described in paragraph (3)(B) if, in connection with the exercise of their ministry, the minister—

"(I) is a self-employed individual (within the meaning of section 401(c)(1)(B), or

"(II) is employed by an organization other than an organization which is described in section 501(c)(3) and with respect to which the minister shares common religious bonds.

"(ii) TREATMENT AS EMPLOYER AND EMPLOYEE.—For purposes of sections 403(b)(1)(A) and 404(a)(10), a minister described in clause (i)(I) shall be treated as employed by the minister's own employer which is an organization described in section 501(c)(3) and exempt from tax under section 501(a).".

(B) Section 403(b)(1)(A) is amended by striking "or" at the end of clause (i), by inserting "or" at the end of clause (ii), and by adding at the end the following new clause:

"(iii) for the minister described in section 414(e)(5)(A) by the minister or by an employer,".

(7) AMENDMENT RELATED TO SECTION 1462.—The paragraph (7) of section 414(q) added by section 1462 of the Small Business Job Protection Act of 1996 is redesignated as paragraph (9).

(e) AMENDMENT RELATED TO SUBTITLE E.—Subparagraph (A) of section 956(b)(1) is amended by inserting "to the extent such amount was accumulated in prior taxable years" after "section 316(a)(1)".

(f) AMENDMENTS RELATED TO SUBTITLE F.—

(1) AMENDMENTS RELATED TO SECTION 1601.—

(A) The heading of section 30A is amended to read as follows:

"SEC. 30A. PUERTO RICO ECONOMIC ACTIVITY CREDIT.".

(B) The table of sections for subpart B of part IV of subchapter A of chapter 1 is amended in the item relating to section 30A by striking "Puerto Rican" and inserting "Puerto Rico".

(C) Paragraph (1) of section 55(c) is amended by striking "Puerto Rican" and inserting "Puerto Rico".

(2) AMENDMENTS RELATED TO SECTION 1606.—

(A) Clause (ii) of section 9503(c)(2)(A) is amended by striking "(or with respect to qualified diesel-powered highway vehicles purchased before January 1, 1999)".

(B) Subparagraph (A) of section 9503(e)(5) is amended by striking "; except that" and all that follows and inserting a period.

(3) AMENDMENTS RELATED TO SECTION 1607.—

(A) Subsection (f) of section 4001 (relating to phasedown of tax on luxury passenger automobiles) is amended—

(i) by inserting "and section 4003(a)" after "subsection (a)", and

(ii) by inserting ", each place it appears," before "the percentage".

(B) Subsection (g) of section 4001 (relating to termination) is amended by striking "tax imposed by this section" and inserting "taxes imposed by this section and section 4003" and by striking "or use" and inserting ", use, or installation".

(C) The amendments made by this paragraph shall apply to sales after the date of the enactment of this Act.

(4) AMENDMENTS RELATED TO SECTION 1609.—

(A) Subsection (l) of section 4041 is amended—

(i) by inserting "or a fixed-wing aircraft" after "helicopter", and

(ii) in the heading, by striking "HELICOPTER".

(B) The last sentence of section 4041(a)(2) is amended by striking "section 4081(a)(2)(A)" and inserting "section 4081(a)(2)(A)(i)".

(C) Subsection (b) of section 4092 is amended by striking "section 4041(c)(4)" and inserting "section 4041(c)(2)".

(D) Subsection (g) of section 4261 (as redesignated by title X) is amended by inserting "on that flight" after "dedicated".

(E) Paragraph (1) of section 1609(h) of such Act is amended by striking "paragraph (3)(A)(i)" and inserting "paragraph (3)(A)".

(F) Paragraph (4) of section 1609(h) of such Act is amended by inserting before the period "or exclusively for the use described in section 4092(b) of such Code".

(5) AMENDMENTS RELATED TO SECTION 1616.—

(A) Subparagraph (A) of section 593(e)(1) is amended by inserting "(and, in the case of an S corporation, the accumulated adjustments account, as defined in section 1368(e)(1))" after "1951,".

(B) Paragraph (7) of section 1374(d) is amended by adding at the end the following new sentence: "For purposes of applying this section to any amount includible in income by reason of section 593(e), the preceding sentence shall be applied without regard to the phrase '10-year'.".

(6) AMENDMENTS RELATED TO SECTION 1621.—

(A) Subparagraph (A) of section 860L(b)(1) is amended in the text preceding clause (i) by striking "after the startup date" and inserting "on or after the startup date".

(B) Paragraph (2) of section 860L(d) is amended by striking "section 860I(c)(2)" and inserting "section 860I(b)(2)".

(C) Subparagraph (B) of section 860L(e)(2) is amended by inserting "other than foreclosure property" after "any permitted asset".

(D) Subparagraph (A) of section 860L(e)(3) is amended by striking "if the FASIT" and all that follows and inserting the following new flush text after clause (ii):

"if the FASIT were treated as a REMIC and permitted assets (other than cash or cash equivalents) were treated as qualified mortgages.".

(E)(i) Paragraph (3) of section 860L(e) is amended by adding at the end the following new subparagraph:

"(D) INCOME FROM DISPOSITIONS OF FORMER HEDGE ASSETS.—Paragraph (2)(A) shall not apply to income derived from the disposition of—

"(i) an asset which was described in subsection (c)(1)(D) when first acquired by the FASIT but on the date of such disposition was no longer described in subsection (c)(1)(D)(ii), or

"(ii) a contract right to acquire an asset described in clause (i).".

(ii) Subparagraph (A) of section 860L(e)(2) is amended by inserting "except as provided in paragraph (3)," before "the receipt".

(g) AMENDMENTS RELATED TO SUBTITLE G.—

(1) EXTENSION OF PERIOD FOR CLAIMING REFUNDS FOR ALCOHOL FUELS.—Notwithstanding section 6427(i)(3)(C) of the Internal Revenue Code of 1986, a claim filed under section 6427(f) of such Code for any period after September 30, 1995, and before October 1, 1996, shall be treated as timely filed if filed before the 60th day after the date of the enactment of this Act.

(2) AMENDMENTS TO SECTIONS 1703 AND 1704.—Sections 1703(n)(8) and 1704(j)(4)(B) of the Small Business Job Protection Act of 1996 shall each be applied as if such sections referred to section 1702 instead of section 1602.

(h) AMENDMENTS RELATED TO SUBTITLE H.—

(1) AMENDMENTS RELATED TO SECTION 1806.—

(A) Subparagraph (B) of section 529(e)(1) is amended by striking "subsection (c)(2)(C)" and inserting "subsection (c)(3)(C)".

(B) Subparagraph (C) of section 529(e)(1) is amended by inserting "(or agency or instrumentality thereof)" after "local government".

(C) Paragraph (2) of section 1806(c) of the Small Business Job Protection Act of 1996 is amended by striking so much of the first sentence as follows subparagraph (B)(ii) and inserting the following:

"then such program (as in effect on August 20, 1996) shall be treated as a qualified State tuition program with respect to contributions (and earnings allocable thereto) pursuant to contracts entered into under such program before the first date on which such program meets such requirements (determined without regard to this paragraph) and the provisions of such program (as so in effect) shall apply in lieu of section 529(b) of the Internal Revenue Code of 1986 with respect to such contributions and earnings.".

(2) AMENDMENTS RELATED TO SECTION 1807.—

(A) Paragraph (2) of section 23(a) is amended to read as follows:

"(2) YEAR CREDIT ALLOWED.—The credit under paragraph (1) with respect to any expense shall be allowed—

"(A) in the case of any expense paid or incurred before the taxable year in which such adoption becomes final, for the taxable year following the taxable year during which such expense is paid or incurred, and

"(B) in the case of an expense paid or incurred during or after the taxable year in which such adoption becomes final, for the taxable year in which such expense is paid or incurred.".

(B) Subparagraph (B) of section 23(b)(2) is amended by striking "determined—" and all that follows and inserting the following: "determined without regard to sections 911, 931, and 933.".

(C) Paragraph (1) of section 137(b) (relating to adoption assistance programs) is amended by striking "amount excludable from gross income" and inserting "of the amounts paid or expenses incurred which may be taken into account".

(D)(i) Subparagraph (C) of section 414(n)(3) is amended by inserting "137," after "132,".

(ii) Paragraph (2) of section 414(t) is amended by inserting "137," after "132,".

(iii) Paragraph (1) of section 6039D(d) is amended by striking "or 129" and inserting "129, or 137".

(i) AMENDMENTS RELATED TO SUBTITLE I.—

(1) AMENDMENT RELATED TO SECTION 1901.—Subsection (b) of section 6048 is amended in the heading by striking "GRANTOR" and inserting "OWNER".

(2) AMENDMENTS RELATED TO SECTION 1903.—

Clauses (ii) and (iii) of section 679(a)(3)(C) are each amended by inserting ", owner," after "grantor".

(3) AMENDMENTS RELATED TO SECTION 1907.—

(A) Clause (ii) of section 7701(a)(30)(E) is amended by striking "fiduciaries" and inserting "persons".

(B) Subsection (b) of section 641 is amended by adding at the end the following new sentence: "For purposes of this subsection, a foreign trust or foreign estate shall be treated as a nonresident alien individual who is not present in the United States at any time.".

(4) EFFECTIVE DATE RELATED TO SUBTITLE I.—The Secretary of the Treasury may by regulations or other administrative guidance provide that the amendments made by section 1907(a) of the Small Business Job Protection Act of 1996 shall not apply to a trust with respect to a reasonable period beginning on the date of the enactment of such Act, if—

(A) such trust is in existence on August 20, 1996, and is a United States person for purposes of the Internal Revenue Code of 1986 on such date (determined without regard to such amendments),

(B) no election is in effect under section 1907(a)(3)(B) of such Act with respect to such trust,

(C) before the expiration of such reasonable period, such trust makes the modifications necessary to be treated as a United States person for purposes of such Code (determined with regard to such amendments), and

(D) such trust meets such other conditions as the Secretary may require.

(j) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section shall take effect as if included in the provisions of the Small Business Job Protection Act of 1996 to which they relate.

(2) CERTAIN ADMINISTRATIVE REQUIREMENTS WITH RESPECT TO CERTAIN PENSION PLANS.—The amendment made by subsection (d)(2)(D) shall apply to calendar years beginning after the date of the enactment of this Act.

SEC. 1602. AMENDMENTS RELATED TO HEALTH INSURANCE PORTABILITY AND ACCOUNTABILITY ACT OF 1996.

(a) AMENDMENTS RELATED TO SECTION 301.—

(1) Paragraph (2) of section 26(b) is amended by striking "and" at the end of subparagraph (N), by striking the period at the end of subparagraph (O) and inserting ", and", and by adding at the end the following new subparagraph:

"(P) section 220(f)(4) (relating to additional tax on medical savings account distributions not used for qualified medical expenses).".

(2) Paragraph (3) of section 220(c) is amended by striking subparagraph (A) and redesignating subparagraphs (B) through (D) as subparagraphs (A) through (C), respectively.

(3) Subparagraph (C) of section 220(d)(2) is amended by striking "an eligible individual" and inserting "described in clauses (i) and (ii) of subsection (c)(1)(A)".

(4) Subsection (a) of section 6693 is amended by adding at the end the following new sentence:

"This subsection shall not apply to any report which is an information return described in section 6724(d)(1)(C)(i) or a payee statement described in section 6724(d)(2)(X).".

(5) Paragraph (4) of section 4975(c) is amended by striking "if, with respect to such transaction" and all that follows and inserting the following: "if section 220(e)(2) applies to such transaction.".

(b) AMENDMENT RELATED TO SECTION 321.—Subparagraph (B) of section 7702B(c)(2) is amended in the last sentence by inserting "described in subparagraph (A)(i)" after "chronically ill individual".

(c) AMENDMENTS RELATED TO SECTION 322.—Subparagraph (B) of section 162(l)(2) is amended by adding at the end the following new sentence: "The preceding sentence shall be applied separately with respect to—

"(i) plans which include coverage for qualified long-term care services (as defined in section 7702B(c)) or are qualified long-term care insurance contracts (as defined in section 7702B(b)), and

"(ii) plans which do not include such coverage and are not such contracts.".

(d) AMENDMENTS RELATED TO SECTION 323.—

(1) Paragraph (1) of section 6050Q(b) is amended by inserting ", address, and phone number of the information contact" after "name".

(2)(A) Paragraph (2) of section 6724(d) is amended by striking so much as follows subparagraph (Q) and precedes the last sentence, and inserting the following new subparagraphs:

"(R) section 6050R(c) (relating to returns relating to certain purchases of fish),

"(S) section 6051 (relating to receipts for employees),

"(T) section 6052(b) (relating to returns regarding payment of wages in the form of group-term life insurance),

"(U) section 6053(b) or (c) (relating to reports of tips),

"(V) section 6048(b)(1)(B) (relating to foreign trust reporting requirements),

"(W) section 4093(c)(4)(B) (relating to certain purchasers of diesel and aviation fuels),

"(X) section 408(i) (relating to reports with respect to individual retirement plans) to any person other than the Secretary with respect to the amount of payments made to such person, or

"(Y) section 6047(d) (relating to reports by plan administrators) to any person other than the Secretary with respect to the amount of payments made to such person.".

(B) Subsection (e) of section 6652 is amended in the last sentence by striking "section 6724(d)(2)(X)" and inserting "section 6724(d)(2)(Y)".

(e) AMENDMENT RELATED TO SECTION 325.—Clauses (ii) and (iii) of section 7702B(g)(4)(B) are each amended by striking "Secretary" and inserting "appropriate State regulatory agency".

(f) AMENDMENTS RELATED TO SECTION 501.—

(1) Paragraph (4) of section 264(a) is amended by striking subparagraph (A) and all that follows through "by the taxpayer." and inserting the following:

"(A) is or was an officer or employee, or

"(B) is or was financially interested in,

any trade or business carried on (currently or formerly) by the taxpayer.".

(2) The last 2 sentences of section 264(d)(2)(B)(ii) are amended to read as follows: "For purposes of subclause (II), the term 'applicable period' means the 12-month period beginning on the date the policy is issued (and each

successive 12-month period thereafter) unless the taxpayer elects a number of months (not greater than 12) other than such 12-month period to be its applicable period. Such an election shall be made not later than the 90th day after the date of the enactment of this sentence and, if made, shall apply to the taxpayer's first taxable year ending on or after October 13, 1995, and all subsequent taxable years unless revoked with the consent of the Secretary.".

(3) Subparagraph (B) of section 264(d)(4) is amended by striking "the employer" and inserting "the taxpayer".

(4) Subsection (c) of section 501 of the Health Insurance Portability and Accountability Act of 1996 is amended by striking paragraph (3).

(5) Paragraph (2) of section 501(d) of such Act is amended by striking "no additional premiums" and all that follows and inserting the following: "a lapse occurring after October 13, 1995, by reason of no additional premiums being received under the contract.".

(g) AMENDMENTS RELATED TO SECTION 511.—

(1) Subparagraph (B) of section 877(d)(2) is amended by striking "the 10-year period described in subsection (a)" and inserting "the 10-year period beginning on the date the individual loses United States citizenship".

(2) Subparagraph (D) of section 877(d)(2) is amended by adding at the end the following new sentence: "In the case of any exchange occurring during such 5 years, any gain recognized under this subparagraph shall be recognized immediately after such loss of citizenship.".

(3) Paragraph (3) of section 877(d) is amended by inserting "and the period applicable under paragraph (2)" after "subsection (a)".

(4) Subparagraph (A) of section 877(d)(4) is amended—

(A) by inserting "during the 10-year period beginning on the date the individual loses United States citizenship" after "contributes property" in clause (i),

(B) by inserting "immediately before such contribution" after "from such property", and

(C) by striking "during the 10-year period referred to in subsection (a),".

(5) Subparagraph (C) of section 2501(a)(3) is amended by striking "decedent" and inserting "donor".

(6)(A) Clause (i) of section 2107(c)(2)(B) is amended by striking "such foreign country in respect of property included in the gross estate as the value of the property" and inserting "such foreign country as the value of the property subjected to such taxes by such foreign country and".

(B) Subparagraph (C) of section 2107(c)(2) is amended to read as follows:

"(C) PROPORTIONATE SHARE.—In the case of property which is included in the gross estate solely by reason of subsection (b), such property's proportionate share is the percentage which the value of such property bears to the total value of all property included in the gross estate solely by reason of subsection (b).".

(h) AMENDMENTS RELATED TO SECTION 512.—

(1) Subpart A of part III of subchapter A of chapter 61 is amended by redesignating the section 6039F added by section 512 of the Health Insurance Portability and Accountability Act of 1996 as section 6039G and by moving such section 6039G to immediately after the section 6039F added by section 1905 of the Small Business Job Protection Act of 1996.

(2) The table of sections for subpart A of part III of subchapter A of chapter 61 is amended by striking the item relating to the section 6039F related to information on individuals losing United States citizenship and inserting after the item relating to the section 6039F related to notice of large gifts received from foreign persons the following new item:

"Sec. 6039G. Information on individuals losing United States citizenship.".

(3) Paragraph (1) of section 877(e) is amended by striking "6039F" and inserting "6039G".

(i) EFFECTIVE DATE.—The amendments made by this section shall take effect as if included in the provisions of the Health Insurance Portability and Accountability Act of 1996 to which such amendments relate.

SEC. 1603. AMENDMENTS RELATED TO TAXPAYER BILL OF RIGHTS 2.

(a) AMENDMENT RELATED TO SECTION 1311.—Subsection (b) of section 4962 is amended by striking "subchapter A or C" and inserting "subchapter A, C, or D".

(b) AMENDMENTS RELATED TO SECTION 1312.—

(1)(A) Paragraph (10) of section 6033(b) is amended by striking all that precedes subparagraph (A) and inserting the following:

"(10) the respective amounts (if any) of the taxes imposed on the organization, or any organization manager of the organization, during the taxable year under any of the following provisions (and the respective amounts (if any) of reimbursements paid by the organization during the taxable year with respect to taxes imposed on any such organization manager under any of such provisions):".

(B) Subparagraph (C) of section 6033(b)(10) is amended by adding at the end the following: "except to the extent that, by reason of section 4962, the taxes imposed under such section are not required to be paid or are credited or refunded,".

(2) Paragraph (11) of section 6033(b) is amended to read as follows:

"(11) the respective amounts (if any) of—

"(A) the taxes imposed with respect to the organization on any organization manager, or any disqualified person, during the taxable year under section 4958 (relating to taxes on private excess benefit from certain charitable organizations), and

"(B) reimbursements paid by the organization during the taxable year with respect to taxes imposed under such section,

except to the extent that, by reason of section 4962, the taxes imposed under such section are not required to be paid or are credited or refunded,".

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect as if included in the provisions of the Taxpayer Bill of Rights 2 to which such amendments relate.

SEC. 1604. MISCELLANEOUS PROVISIONS.

(a) AMENDMENTS RELATED TO ENERGY POLICY ACT OF 1992.—

(1) Paragraph (1) of section 263(a) is amended by striking "or" at the end of subparagraph (F), by striking the period at the end of subparagraph (G) and inserting "; or", and by adding at the end the following new subparagraph:

"(H) expenditures for which a deduction is allowed under section 179A.".

(2) Subparagraph (B) of section 312(k)(3) is amended—

(A) by striking "179" in the heading and the first place it appears in the text and inserting "179 or 179A", and

(B) by striking "179" the last place it appears and inserting "179 or 179A, as the case may be".

(3) Paragraphs (2)(C) and (3)(C) of section 1245(a) are each amended by inserting "179A," after "179,".

(4) The amendments made by this subsection shall take effect as if included in the amendments made by section 1913 of the Energy Policy Act of 1992.

(b) AMENDMENTS RELATED TO URUGUAY ROUND AGREEMENTS ACT.—

(1) Paragraph (1) of section 6621(a) is amended in the last sentence by striking "subsection (c)(3))" and inserting "subsection (c)(3), applied by substituting 'overpayment' for 'underpayment')".

(2)(A) Subclause (II) of section 412(m)(5)(E)(ii) is amended by striking "clause (i)" and inserting "subclause (I)".

(B) Subclause (II) of section 302(e)(5)(E)(ii) of the Employee Retirement Income Security Act of 1974 is amended by striking "clause (i)" and inserting "subclause (I)".

(3) Subparagraph (A) of section 767(d)(3) of the Uruguay Round Agreements Act is amended in the last sentence by striking "(except that" and all that follows through "into account)".

(4) The amendments made by this subsection shall take effect as if included in the sections of the Uruguay Round Agreements Act to which they relate.

(c) AMENDMENT RELATED TO OMNIBUS BUDGET RECONCILIATION ACT OF 1993.—

(1) Paragraph (6) of section 168(j) (defining Indian reservation) is amended by adding at the end the following new flush sentence:

"For purposes of the preceding sentence, such section 3(d) shall be applied by treating the term 'former Indian reservations in Oklahoma' as including only lands which are within the jurisdictional area of an Oklahoma Indian tribe (as determined by the Secretary of the Interior) and are recognized by such Secretary as eligible for trust land status under 25 CFR Part 151 (as in effect on the date of the enactment of this sentence).".

(2) The amendment made by paragraph (1) shall apply as if included in the amendments made by section 13321 of the Omnibus Budget Reconciliation Act of 1993, except that such amendment shall not apply—

(A) with respect to property (with an applicable recovery period under section 168(j) of the Internal Revenue Code of 1986 of 6 years or less) held by the taxpayer if the taxpayer claimed the benefits of section 168(j) of such Code with respect to such property on a return filed before March 18, 1997, but only if such return is the first return of tax filed for the taxable year in which such property was placed in service, or

(B) with respect to wages for which the taxpayer claimed the benefits of section 45A of such Code for a taxable year on a return filed before March 18, 1997, but only if such return was the first return of tax filed for such taxable year.

(d) AMENDMENTS RELATED TO TAX REFORM ACT OF 1986.—

(1) Paragraph (3) of section 1059(d) is amended by striking "subsection (a)(2)" and inserting "subsection (a)".

(2)(A) Subparagraph (A) of section 833(b)(1) is amended—

(i) by inserting before the comma at the end of clause (i) "and liabilities incurred during the taxable year under cost-plus contracts", and

(ii) by inserting before the comma at the end of clause (ii) "or in connection with the administration of cost-plus contracts".

(B) The amendment made by subparagraph (A) shall take effect as if included in the amendments made by section 1012 of the Tax Reform Act of 1986.

(e) AMENDMENT RELATED TO TAX REFORM ACT OF 1984.—

(1) Section 267(f) is amended by adding at the end the following new paragraph:

"(4) DETERMINATION OF RELATIONSHIP RESULTING IN DISALLOWANCE OF LOSS, FOR PURPOSES OF OTHER PROVISIONS.—For purposes of any other section of this title which refers to a relationship which would result in a disallowance of losses under this section, deferral under paragraph (2) shall be treated as disallowance.".

(2) EFFECTIVE DATE.—The amendment made by paragraph (1) shall take effect as if included in section 174(b) of the Tax Reform Act of 1984.

(f) AMENDMENTS RELATED TO BALANCED BUDGET ACT OF 1997.—

(1) The Balanced Budget Act of 1997 is amended—

(A) in the table of contents for title IV, in the item relating to section 4921, by striking "children with";

*(B) in the heading for section 4921, by striking "**children with**"; and*

(C) in the section added by section 4921—

*(i) in the heading for such section, by striking "**children with**"; and*

(ii) by amending subsection (a) to read as follows:

"(a) In General.—The Secretary, directly or through grants, shall provide for research into the prevention and cure of Type I diabetes.".

(2)(A) Section 11201(g)(2)(B)(iii) of the Balanced Budget Act of 1997 shall apply as if the reference in such section to "December 31, 2003" were a reference to "December 31, 2001".

(B) Notwithstanding section 11104(b)(3) of the Balanced Budget Act of 1997, in carrying out any of the management reform plans under such section, the head of a department of the government of the District of Columbia shall report solely to the District of Columbia Financial Responsibility and Management Assistance Authority.

(3) Section 9302 of the Balanced Budget Act of 1997 is amended by adding at the end the following new subsection:

"(k) Coordination With Tobacco Industry Settlement Agreement.—The increase in excise taxes collected as a result of the amendments made by subsections (a), (e), and (g) of this section shall be credited against the total payments made by parties pursuant to Federal legislation implementing the tobacco industry settlement agreement of June 20, 1997.

(4) The provisions of, and amendments made by, this subsection shall take effect immediately after the sections referred to in this subsection take effect.

(g) Clerical Amendments.—

(1) Clause (iii) of section 163(j)(2)(B) is amended by striking "clause (i)" and inserting "clause (ii)".

(2) Paragraph (1) of section 665(d) is amended in the last sentence by striking "or 669(d) and (e)".

(3) Subsection (g) of section 1441 (relating to cross reference) is amended by striking "one-half" and inserting "85 percent".

(4) Paragraph (1) of section 2523(g) is amended by striking "qualified remainder trust" and inserting "qualified charitable remainder trust".

(5) Subsection (d) of section 9502 is amended by redesignating the paragraph added by section 806 of the Federal Aviation Reauthorization Act of 1996 as paragraph (6).

TITLE XVII—IDENTIFICATION OF LIMITED TAX BENEFITS SUBJECT TO LINE ITEM VETO

SEC. 1701. IDENTIFICATION OF LIMITED TAX BENEFITS SUBJECT TO LINE ITEM VETO.

Section 1021(a)(3) of the Congressional Budget and Impoundment Control Act of 1974 shall only apply to—

(1) section 101(c) (relating to high risk pools permitted to cover dependents of high risk individuals);

(2) section 222 (relating to limitation on qualified 501(c)(3) bonds other than hospital bonds);

(3) section 224 (relating to contributions of computer technology and equipment for elementary or secondary school purposes);

(4) section 312(a) (relating to treatment of remainder interests for purposes of provision relating to gain on sale of principal residence);

(5) section 501(b) (relating to indexing of alternative valuation of certain farm, etc., real property);

(6) section 504 (relating to extension of treatment of certain rents under section 2032A to lineal descendants);

(7) section 505 (relating to clarification of judicial review of eligibility for extension of time for payment of estate tax);

(8) section 508 (relating to treatment of land subject to qualified conservation easement);

(9) section 511 (relating to expansion of exception from generation-skipping transfer tax for transfers to individuals with deceased parents);

(10) section 601 (relating to the research tax credit);

(11) section 602 (relating to contributions of stock to private foundations);

(12) section 603 (relating to the work opportunity tax credit);

(13) section 604 (relating to orphan drug tax credit);

(14) section 701 (relating to incentives for revitalization of the District of Columbia) to the extent it amends the Internal Revenue Code of 1986 to create sections 1400 and 1400A (relating to tax-exempt economic development bonds);

(15) section 701 (relating to incentives for revitalization of the District of Columbia) to the extent it amends the Internal Revenue Code of 1986 to create section 1400C (relating to first-time homebuyer credit for District of Columbia);

(16) section 801 (relating to incentives for employing long-term family assistance recipients);

(17) section 904(b) (relating to uniform rate of tax on vaccines) as it relates to any vaccine containing pertussis bacteria, extracted or partial cell bacteria, or specific pertussis antigens;

(18) section 904(b) (relating to uniform rate of tax on vaccines) as it relates to any vaccine against measles;

(19) section 904(b) (relating to uniform rate of tax on vaccines) as it relates to any vaccine against mumps;

(20) section 904(b) (relating to uniform rate of tax on vaccines) as it relates to any vaccine against rubella;

(21) section 905 (relating to operators of multiple retail gasoline outlets treated as wholesale distributors for refund purposes);

(22) section 906 (relating to exemption of electric and other clean-fuel motor vehicles from luxury automobile classification);

(23) section 907(a) (relating to rate of tax on liquefied natural gas determined on basis of BTU equivalency with gasoline);

(24) section 907(b) (relating to rate of tax on methanol from natural gas determined on basis of BTU equivalency with gasoline);

(25) section 908 (relating to modification of tax treatment of hard cider);

(26) section 914 (relating to mortgage financing for residences located in disaster areas);

(27) section 962 (relating to assignment of workmen's compensation liability eligible for exclusion relating to personal injury liability assignments);

(28) section 963 (relating to tax-exempt status for certain State worker's compensation act companies);

(29) section 967 (relating to additional advance refunding of certain Virgin Island bonds);

(30) section 968 (relating to nonrecognition of gain on sale of stock to certain farmers' cooperatives);

(31) section 971 (relating to exemption of the incremental cost of a clean fuel vehicle from the limits on depreciation for vehicles);

(32) section 974 (relating to clarification of treatment of certain receivables purchased by cooperative hospital service organizations);

(33) section 975 (relating to deduction in computing adjusted gross income for expenses in connection with service performed by certain officials) with respect to taxable years beginning before 1991;

(34) section 977 (relating to elective carryback of existing carryovers of National Railroad Passenger Corporation);

(35) section 1005(b)(2)(B) (relating to transition rule for instruments described in a ruling request submitted to the Internal Revenue Service on or before June 8, 1997);

(36) section 1005(b)(2)(C) (relating to transition rule for instruments described on or before June 8, 1997, in a public announcement or in a filing with the Securities and Exchange Commission) as it relates to a public announcement;

(37) section 1005(b)(2)(C) (relating to transition rule for instruments described on or before June 8, 1997, in a public announcement or in a filing with the Securities and Exchange Commission) as it relates to a filing with the Securities and Exchange Commission;

(38) section 1011(d)(2)(B) (relating to transition rule for distributions made pursuant to the terms of a tender offer outstanding on May 3, 1995);

(39) section 1011(d)(3) (relating to transition rule for distributions made pursuant to the terms of a tender offer outstanding on September 13, 1995);

(40) section 1012(d)(3)(B) (relating to transition rule for distributions pursuant to an acquisition described in section 355(e)(2)(A)(ii) of the Internal Revenue Code of 1986 described in a ruling request submitted to the Internal Revenue Service on or before April 16, 1997);

(41) section 1012(d)(3)(C) (relating to transition rule for distributions pursuant to an acquisition described in section 355(e)(2)(A)(ii) of the Internal Revenue Code of 1986 described in a public announcement or filing with the Securities and Exchange Commission) as it relates to a public announcement;

(42) section 1012(d)(3)(C) (relating to transition rule for distributions pursuant to an acquisition described in section 355(e)(2)(A)(ii) of the Internal Revenue Code of 1986 described in a public announcement or filing with the Securities and Exchange Commission) as it relates to a filing with the Securities and Exchange Commission;

(43) section 1013(d)(2)(B) (relating to transition rule for distributions or acquisitions after June 8, 1997, described in a ruling request submitted to the Internal Revenue Service submitted on or before June 8, 1997);

(44) section 1013(d)(2)(C) (relating to transition rule for distributions or acquisitions after June 8, 1997, described in a public announcement or filing with the Securities and Exchange Commission on or before June 8, 1997) as it relates to a public announcement;

(45) section 1013(d)(2)(C) (relating to transition rule for distributions or acquisitions after June 8, 1997, described in a public announcement or filing with the Securities and Exchange Commission on or before June 8, 1997) as it relates to a filing with the Securities and Exchange Commission;

(46) section 1014(f)(2)(B) (relating to transition rule for any transaction after June 8, 1997, if such transaction is described in a ruling request submitted to the Internal Revenue Service on or before June 8, 1997);

(47) section 1014(f)(2)(C) (relating to transition rule for any transaction after June 8, 1997, if such transaction is described in a public announcement or filing with the Securities and Exchange Commission on or before June 8, 1997) as it relates to a public announcement;

(48) section 1014(f)(2)(C) (relating to transition rule for any transaction after June 8, 1997, if such transaction is described in a public announcement or filing with the Securities and Exchange Commission on or before June 8, 1997) as it relates to a filing with the Securities and Exchange Commission;

(49) section 1042(b) (relating to special rules for provision terminating certain exceptions from rules relating to exempt organizations which provide commercial-type insurance);

(50) section 1081(a) (relating to termination of suspense accounts for family corporations required to use accrual method of accounting) as

it relates to the repeal of Internal Revenue Code section 447(i)(3);

(51) section 1089(b)(3) (relating to reformations);

(52) section 1089(b)(5)(B)(i) (relating to persons under a mental disability;

(53) section 1171 (relating to treatment of computer software as FSC export property);

(54) section 1175 (relating to exemption for active financing income);

(55) section 1204 (relating to travel expenses of certain Federal employees engaged in criminal investigations);

(56) section 1236 (relating to extension of time for filing a request for administrative adjustment);

(57) section 1243 (relating to special rules for administrative adjustment request with respect to bad debts or worthless securities);

(58) section 1251 (relating to clarification of limitation on maximum number of shareholders);

(59) section 1253 (relating to attribution rules applicable to stock ownership);

(60) section 1256 (relating to modification of earnings and profits rules for determining whether REIT has earnings and profits from non-REIT year);

(61) section 1257 (relating to treatment of foreclosure property);

(62) section 1261 (relating to shared appreciation mortgages);

(63) section 1302 (relating to clarification of waiver of certain rights of recovery);

(64) section 1303 (relating to transitional rule under section 2056A);

(65) section 1304 (relating to treatment for estate tax purposes of short-term obligations held by nonresident aliens);

(66) section 1311 (relating to clarification of treatment of survivor annuities under qualified terminable interest rules);

(67) section 1312 (relating to treatment of qualified domestic trust rules of forms of ownership which are not trusts);

(68) section 1313 (relating to opportunity to correct failures under section 2032A);

(69) section 1414 (relating to fermented material from any brewery may be received at a distilled spirits plant);

(70) section 1417 (relating to use of additional ameliorating material in certain wines);

(71) section 1418 (relating to domestically produced beer may be withdrawn free of tax for use of foreign embassies, legations, etc.);

(72) section 1421 (relating to transfer to brewery of beer imported in bulk without payment of tax);

(73) section 1422 (relating to transfer to bonded wine cellars of wine imported in bulk without payment of tax);

(74) section 1506 (relating to clarification of certain rules relating to employee stock ownership plans of S corporations);

(75) section 1507 (relating to modification of 10-percent tax for nondeductible contributions);

(76) section 1523 (relating to repeal of application of unrelated business income tax to ESOPs);

(77) section 1530 (relating to gratuitous transfers for the benefit of employees);

(78) section 1532 (relating to special rules relating to church plans); and

(79) section 1604(c)(2) (relating to amendment related to Omnibus Budget Reconciliation Act of 1993).

And the Senate agree to the same.

For consideration of the House bill, and the Senate amendment, and modifications committed to conference:

John R. Kasich,
Bill Archer,
Phil Crane,
William M. Thomas,
Dick Armey,
Tom DeLay,
Charles B. Rangel,

As additional conferees from the Committee on Transportation and Infrastructure, for consideration of secs. 702 and 704 of the Senate amendment, and modifications committed to conference:

Bud Shuster,
Susan Molinari,
James L. Oberstar,

As additional conferees from the Committee on Education and the Workforce, for consideration of secs. 713–14, 717, 879, 1302, 1304–5, and 1311 of the Senate amendment, and modifications committed to conference:

Bill Goodling,
Harris W. Fawell,
Donald M. Payne,
Managers on the Part of the House.

From the Committee on Finance:

Bill Roth,
Trent Lott,
Daniel P. Moynihan,

From the Committee on the Budget:

Pete Domenici,
Don Nickles,
Frank R. Lautenberg,
Managers on the Part of the Senate.

JOINT EXPLANATORY STATEMENT OF THE COMMITTEE OF CONFERENCE

The managers on the part of the House and the Senate at the conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 2014) to provide for reconciliation pursuant to subsections (b)(2) and (d) of section 105 of the concurrent resolution on the budget for fiscal year 1998, submit the following joint statement to the House and the Senate in explanation of the effect of the action agreed upon by the managers and recommended in the accompanying conference report:

The Senate amendment struck all of the House bill after the enacting clause and inserted a substitute text.

The House recedes from its disagreement to the amendment of the Senate with an amendment that is a substitute for the House bill and the Senate amendment. The differences between the House bill, the Senate amendment, and the substitute agreed to in conference are noted below, except for clerical corrections, conforming changes made necessary by agreements reached by the conferees, and minor drafting and clerical changes.

I. CHILD AND DEPENDENT CARE TAX CREDIT; HEALTH CARE FOR CHILDREN

A. Child Tax Credit (sec. 101 (a), (c), and (d) of the House bill and sec. 101 of the Senate amendment)

Present Law

In general

Present law does not provide tax credits based solely on the taxpayer's number of dependent children. Taxpayers with dependent children, however, generally are able to claim a personal exemption for each of these dependents. The total amount of personal exemptions is subtracted (along with certain other items) from adjusted gross income ("AGI") in arriving at taxable income. The amount of each personal exemption is $2,650 for 1997, and is adjusted annually for inflation. In 1997, the amount of the personal exemption is phased out for taxpayers with AGI in excess of $121,200 for single taxpayers, $151,500 for heads of household, and $181,800 for married couples filing joint returns. These phaseout thresholds are adjusted annually for inflation.

Dependent care credit

A nonrefundable credit against income tax liability is available for up to 30 percent (phased down to 20 percent for individuals with AGI above $28,000) of a limited dollar amount of employment-related child and dependent care expenses for certain qualified individuals: (1) a dependent child under age 13; (2) a dependent physically or mentally unable to care for him or herself; or (3) a spouse who is physically or mentally unable to care for him or herself. Eligible employment-related expenses are limited to $2,400 if there is one qualifying individual and $4,800 if there are two or more qualifying individuals. Employment-related expenses are expenses for household services and the care of a qualifying individual, if incurred to enable the taxpayer to be gainfully employed. Employment-related expenses are reduced to the extent the taxpayer has employer-provided dependent care assistance that is excludable from gross income.

House Bill

Size of credit

The House bill provides a $500 ($400 for taxable year 1998) nonrefundable tax credit for each qualifying child under the age of 17.

Qualifying child

A qualifying child is defined as an individual for whom the taxpayer can claim a dependency exemption and who is a son or daughter of the taxpayer (or descendent of either), a stepson or stepdaughter of the taxpayer or an eligible foster child of the taxpayer.

Savings requirement

No provision.

Reduction for dependent care credit

After 1999, the child credit is reduced by one-half of the dependent care credit (no reduction with respect to dependents who are physically or mentally incapable of self-care). The reduction applies to married individuals with AGI above $60,000 ($30,000 for married individuals filing separately). In the case taxpayer's filing as a single or head of household, the reduction applies to AGI above $33,000.

Phaseout of credit

For taxpayers with modified AGI in excess of certain thresholds, the sum of the otherwise allowable child credit and the otherwise allowable dependent care credit is phased out. The phaseout rate is $25 for each $1,000 of modified AGI (or fraction thereof) in excess of the threshold. The reduction is applied first to the child credit and then to the dependent care credit. For married taxpayers filing joint returns, the threshold is $110,000. For taxpayers filing single or head of household returns, the threshold is $75,000. For married taxpayers filing separate returns, the threshold is $55,000. These thresholds are not indexed for inflation.

Maximum allowable child credit

The maximum amount of the child credit for each taxable year (after the reduction, if any, for the dependent care credit after 2001) could not exceed an amount equal to the excess of: (1) the taxpayer's regular income tax liability (net of applicable credits) over (2) the sum of the taxpayer's tentative minimum tax liability (determined without regard to the alternative minimum foreign tax credit) and the earned income credit allowed.

IRS notice and withholding

The House bill provides that the Secretary of the Treasury shall submit notice to all taxpayers of the passage of the child tax credit. In addition, it directs the Secretary of the Treasury to modify the withholding tables for single taxpayers claiming more than one exemption and for married taxpayers claiming more than two exemptions to take account of the effects of the child tax credit. The adjustments to the withholding tables apply to employees whose annualized wages from an employer are expected to be at least $30,000, but not more than $100,000.

Effective date

Generally, the child tax credit is effective for taxable years beginning after December 31, 1997. The provision to reduce the otherwise allowable child credit by one-half of the amount of the taxpayer's dependent care credit is effective for taxable years beginning after December 31, 2001.

Senate Amendment

Size of credit

The Senate amendment provides a $500 ($250 in 1997 for children under the age of 13) nonrefundable tax credit for each qualifying child under the age of 17. For taxable years beginning after December 31, 2002, the credit is allowed for each qualifying child under the age of 18.

Qualifying child

Same as the House bill.

Savings requirement

In the case of each child age 13 to 16 (13 to 17 for taxable years beginning after December 31, 2002), the credit generally is available only for amounts contributed to savings for education with respect to that child.

Reduction for dependent care credit

No provision.

Phaseout

Generally the same as the House bill, except the dependent care credit is not phased out.

Maximum allowable child credit

The maximum amount of the child credit for each taxable year cannot exceed an amount equal to the excess of: (1) the taxpayer's regular income tax liability (net of applicable credits) over (2) the sum of the taxpayer's tentative minimum tax liability (determined without regard to the alternative minimum foreign tax credit) and one-half of the earned income credit allowed.

IRS notice and withholding

No provision.

Effective date

The child tax credit is effective July 1, 1997, for taxable years beginning after December 31, 1996.

Conference Agreement

Size of credit

The conference agreement provides a $500 ($400 for taxable year 1998) credit for each qualifying child under the age of 17.

Qualifying child

The conference agreement follows the House bill and the Senate amendment. The conference agreement includes a requirement that the taxpayer include the name and taxpayer identification number (TIN) for each qualifying child. The conference agreement also extends the math and clerical error rule to the child tax credit.

Savings requirement

The conference agreement does not include the Senate amendment.

Reduction for dependent care credit

The conference agreement does not include the House bill provision.

Phaseout

The conference agreement follows the House bill and the Senate amendment with one modification. The modification is to increase the phaseout rate to $50 for each $1,000 of modified AGI (or fraction thereof) in excess of the threshold. The threshold amounts are unchanged from both the House bill and the Senate amendment.

Maximum allowable child credit

In general, in the case of a taxpayer with qualifying children, the amount of the child credit equals $500 times the number of qualifying children.

In the case of a taxpayer with one or two qualifying children, a portion of the child credit may be treated as a supplemental child credit amount. This amount equals the excess of (1) $500 times the number of qualifying children up to the excess of the taxpayer's income tax liability (net of applicable credits other than the earned income credit) over the taxpayer's tentative minimum tax liability (determined without regard to the alternative minimum foreign tax credit) over (2) the sum of the taxpayer's regular income tax liability (net of applicable credits other than the earned income credit) and the employee share of FICA (and one-half of the taxpayer's SECA tax liability, if applicable) reduced by any earned income credit amount. In no case will the total amount of the allowable child credit exceed the amount that would result from its calculation as a nonrefundable personal credit.

In the case of a taxpayer with three or more qualifying children, the maximum amount of the child credit for each taxable year cannot exceed the greater of: (1) the excess of the taxpayer's regular tax liability (net of applicable credits other than the earned income credit) over the taxpayer's tentative minimum tax liability (determined without regard to the alternative minimum foreign tax credit), or (2) an amount equal to the excess of the sum of the taxpayer's regular income tax liability (net of applicable credits other than the earned income credit) and the employee share of FICA (and one-half of the taxpayer's SECA tax liability, if applicable) reduced by the earned income credit. To the extent that the amount determined under (1) is greater than the amount determined under (2), the difference is treated as a supplemental child credit amount.

The conferees anticipate that the Secretary of the Treasury will determine whether a simplified method of calculating the child credit, consistent with the formula described above, can be achieved.

Refundable child credit amount

In the case of a taxpayer with three or more qualifying children, if the amount of the allowable child credit as computed under the computation described immediately above exceeds the taxpayer's regular tax liability before the computation, then the excess is a refundable tax credit.

IRS notice and withholding

The conference agreement does not include the House bill provision.

Effective date

Generally, the child tax credit is effective for taxable years beginning after December 31, 1997.

B. Expand Definition of High-Risk Individuals with Respect to Tax-Exempt State-Sponsored Organizations Providing Health Coverage (sec. 101(b) of the House bill)

Present Law

Present law provides tax-exempt status to any membership organization that is established by a State exclusively to provide coverage for medical care on a nonprofit basis to certain high-risk individuals, provided certain criteria are satisfied.[1] The organization may provide coverage for medical care either by issuing insurance itself or by entering into an arrangement with a health maintenance organization ("HMO").

High-risk individuals eligible to receive medical care coverage from the organization must be residents of the State who, due to a pre-existing medical condition, are unable to obtain health coverage for such condition through insurance or an HMO, or are able to acquire such coverage only at a rate that is substantially higher than the rate charged for such coverage by the organization. The State must determine the composition of membership in the organization. For example, a State could mandate that all organizations that are subject to insurance regulation by the State must be members of the organization.

Present law further requires the State or members of the organization to fund the liabilities of the organization to the extent that premiums charged to eligible individuals are insufficient to cover such liabilities. Finally, no part of the net earnings of the organization can inure to the benefit of any private shareholder or individual.

House Bill

The House bill expands the definition of high-risk individuals to include a child of an individual who meets the present-law definition of a high-risk individual, subject to certain requirements. The requirements are: (1) the taxpayer is allowed a deduction for a personal exemption for the child for the taxable year; (2) the child has not attained the age of 17 as of the close of the calendar year in which the taxable year of the taxpayer begins; and (3) the child is a son or daughter or the taxpayer (or a dependent of either), a stepson or stepdaughter of the taxpayer, or an eligible foster child of the taxpayer.

Effective date.—Taxable years beginning after December 31, 1997.

Senate Amendment

No provision.

Conference Agreement

The conference agreement follows the House bill, with a modification to further expand the definition of high-risk individuals to include the spouse of an individual who meets the present-law definition of a high-risk individual.

C. Indexing of the Dependent Care Credit; Phase Out for High-Income Taxpayers (sec. 102 of the House bill)

Present Law

A nonrefundable credit against income tax liability is available for up to 30 percent of a limited dollar amount of employment-related child and dependent care expenses. The credit may be claimed by an individual who maintains a household that includes one or more qualifying individuals. A qualifying individual is a dependent of the taxpayer who is under the age of 13, a physically or mentally incapacitated dependent, or a physically or mentally incapacitated spouse.

Employment-related expenses are expenses for household services and the care of a qualifying individual, if incurred to enable the taxpayer to be gainfully employed. Eligible employment-related expenses are limited to $2,400 if there is one qualifying individual, and $4,800 if there are two or more qualifying individuals.

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[1] No inference is intended as to the tax treatment of other types of State-sponsored organizations.

The 30-percent credit rate is reduced by one percentage point for each $2,000 (or fraction thereof) of adjusted gross income ("AGI") above $10,000. A married couple's combined AGI is used for purposes of this computation. Individuals with more than $28,000 of AGI are entitled to a credit equal to 20 percent of allowable employment-related expenses.

House Bill

Dollar limits

Under the House bill, the dollar limits on eligible employment-related expenses ($2,400 if there is one qualifying individual and $4,800 if there are two or more qualifying individuals) are indexed for inflation.

Phaseout

For taxpayers with modified AGI in excess of certain thresholds, the sum of the otherwise allowable child credit and the otherwise allowable dependent care credit is phased out. The phaseout rate is $25 for each $1,000 of modified AGI (or fraction thereof) in excess of the threshold. The reduction is applied first to the child credit and then to the dependent care credit. For married taxpayers filing joint returns, the threshold is $110,000. For taxpayers filing single or head of household returns, the threshold is $75,000. For married taxpayers filing separate returns, the threshold is $55,000. These thresholds are not indexed for inflation. (See above the description of the phaseout in the child tax credit.)

Effective date

The provision is effective for taxable years beginning after December 31, 1997.

Senate Amendment

No provision.

Conference Agreement

The conference agreement does not include the House bill provision.

D. Tax Credit for Employer Expenses for Child Care Facilities (sec. 103 of the Senate amendment)

Present Law

Ordinary and necessary business expenses are deductible by an employer.

House Bill

No provision.

Senate Amendment

The Senate amendment provides a tax credit equal to 50 percent of an employers' qualified child care expenses for the taxable year. The maximum credit allowable cannot exceed $150,000 per year.

Qualified child care expenses are any amounts paid or incurred: (1) to acquire, construct, rehabilitate or expand property which is to be used as part of a qualified child care facility, with respect to which a deduction for depreciation is allowable, and which is not part of the principal residence of the taxpayer or an employee of the taxpayer; (2) for the operating costs of a qualified child care facility; (3) under a contract with a qualified child care facility to provide child care services to employees of the taxpayer; (4) under a contract to provide child care resource and referral services to employees of the taxpayer; or (5) for the costs of seeking accreditation for a child care facility. A qualified child care facility is a facility the principal use of which is to provide child care assistance and which meets the requirements of all applicable laws and regulations of the State and local government in which it is located. A facility is not a qualified child care facility unless enrollment in the facility is open to employees of the taxpayer during the year, the facility is not the principal trade or business of the taxpayer (unless at least 30 percent of the enrolled are dependents of employees of the taxpayer) and the use of (or eligibility to use) the facility does not discriminate in favor of highly compensated employees.

A recapture of the credit applies if the facility ceases to operate as a qualified child care facility or the facility is disposed of.

No deduction or credit is allowed under any other provision with respect to the amount of credit determined under this provision. The taxpayer's basis in property is reduced by the amount of credit determined with respect to such property.

Effective date.—The provision is effective with respect to taxable years beginning after December 31, 1997, but before January 1, 2000.

Conference Agreement

The conference agreement does not include the Senate amendment.

E. Expansion of Coordinated Enforcement Efforts Between the Internal Revenue Service and the Health and Human Services Office of Child Support Enforcement (sec. 104 of the Senate amendment)

Present Law

The Internal Revenue Service ("IRS") and various Federal departments and agencies have information sharing agreements. The Secretary of Health and Human Services ("HHS") has been directed to create and maintain various data bases which may be used by the IRS to collect, unpaid child support amounts, to administer the earned income credit and to verify a claim with respect to employment on a tax return.

House Bill

No provision.

Senate Amendment

The Senate amendment gives the IRS expanded access to information in the National Directory of New Hires to verify any information which is required on a tax return. It also gives the IRS access to the names and social security numbers of custodial parents in the Federal Case Registry of Child Support Orders. This information is made available to administer the Internal Revenue Code provisions which grant tax benefits based on the support and residence of dependent children.

Effective date.—The provision is effective on October 1, 1997.

Conference Agreement

The conference agreement does not include the Senate amendment.

F. Penalty-Free Withdrawals from IRAs for Adoption Expenses (sec. 105 of the Senate amendment)

Present Law

Under present law, amounts held in an individual retirement arrangement ("IRA") are includible in income when withdrawn (except to the extent the withdrawal is a return of nondeductible contributions). Amounts withdrawn prior to attainment of age 59½ are subject to an additional 10-percent early withdrawal tax, unless the withdrawal is due to death or disability, is made in the form of certain periodic payments, is used to pay medical expenses in excess of 7.5 percent of AGI, or is used to purchase health insurance of an unemployed individual.

House Bill

No provision.

Senate Amendment

The Senate amendment provides that the 10-percent early withdrawal tax does not apply to distributions from IRAs that are not in excess of $2,000 if the taxpayer uses the amounts to pay qualified adoption expenses.

The penalty-free withdrawal is available for "qualified adoption expenses," meaning reasonable and necessary adoption fees, court costs, attorney fees, and other expenses which are directly related to, and the principal purpose of which is for, the legal adoption of an eligible child by the taxpayer. Qualified adoption expenses do not include expenses (1) incurred in violation of State or Federal law, (2) incurred in carrying out any surrogate parenting arrangement, (3) incurred in connection with the adoption of a child of a spouse, or (4) which are reimbursed under an employer program or otherwise.

Effective date.—The provision is effective for distributions after December 31, 1996.

Conference Agreement

The conference agreement does not include the Senate amendment.

II. EDUCATION TAX INCENTIVES

A. Tax Benefits Relating to Education Expenses

1. HOPE tax credit and Lifetime Learning tax credit for higher education tuition expenses (sec. 201 of the House bill and the Senate amendment)

Present Law

Deductibility of education expenses

Taxpayers generally may not deduct education and training expenses. However, a deduction for education expenses generally is allowed under section 162 if the education or training (1) maintains or improves a skill required in a trade or business currently engaged in by the taxpayer, or (2) meets the express requirements of the taxpayer's employer, or requirements of applicable law or regulations, imposed as a condition of continued employment (Treas. Reg. sec. 1.162-5). However, education expenses are not deductible if they relate to certain minimum educational requirements or to education or training that enables a taxpayer to begin working in a new trade or business. In the case of an employee, education expenses (if not reimbursed by the employer) may be claimed as an itemized deduction only if such expenses meet the above-described criteria for deductibility under section 162 and only to the extent that the expenses, along with other miscellaneous deductions, exceed 2 percent of the taxpayer's adjusted gross income (AGI).

Exclusion for employer-provided educational assistance

A special rule allows an employee to exclude from gross income for income tax purposes and from wages for employment tax purposes up to $5,250 annually paid by his or her employer for educational assistance (sec. 127). In order for the exclusion to apply, certain requirements must be satisfied, including a requirement that not more than 5 percent of the amounts paid or incurred by the employer during the year for educational assistance under a qualified educational assistance program can be provided for the class of individuals consisting of more than 5-percent owners of the employer and the spouses or dependents of such more than 5-percent owners. This special rule for employer-provided educational assistance expired with respect to courses beginning after June 30, 1997 (and does not apply to graduate level courses beginning after June 30, 1996).

For purposes of the special exclusion, educational assistance means the payment by an employer of expenses incurred by or on behalf of the employee for education of the employee including, but not limited to, tuition, fees, and similar payments, books, supplies, and equipment. Educational assistance also includes the provision by the employer of courses of instruction for the employee (including books, supplies, and equipment). Educational assistance does not include tools or supplies which may be retained by the employee after completion of a course or meals, lodging, or transportation. The exclusion does not apply to any education involving sports, games, or hobbies.

In the absence of the special exclusion, employer-provided educational assistance is excludable from gross income and wages as a working condition fringe benefit (sec. 132(d)) only to the extent the education expenses would be deductible under section 162.

Exclusion for interest earned on savings bonds

Another special rule (sec. 135) provides that interest earned on a qualified U.S. Series EE savings bond issued after 1989 is excludable from gross income if the proceeds of the bond upon redemption do not exceed qualified higher education expenses paid by the taxpayer during the taxable year.[2] "Qualified higher education expenses" include tuition and fees (but not room and board expenses) required for the enrollment or attendance of the taxpayer, the taxpayer's spouse, or a dependent of the taxpayer at certain colleges, universities, or vocational schools. The exclusion provided by section 135 is phased out for certain higher-income taxpayers, determined by the taxpayer's modified AGI during the year the bond is redeemed. For 1996, the exclusion was phased out for taxpayers with modified AGI between $49,450 and $64,450 ($74,200 and $104,200 for joint returns). To prevent taxpayers from effectively avoiding the income phaseout limitation through issuance of bonds directly in the child's name, section 135(c)(1)(B) provides that the interest exclusion is available only with respect to U.S. Series EE savings bonds issued to taxpayers who are at least 24 years old.

Qualified scholarships

Section 117 excludes from gross income amounts received as a qualified scholarship by an individual who is a candidate for a degree and used for tuition and fees required for the enrollment or attendance (or for fees, books, supplies, and equipment required for courses of instruction) at a primary, secondary, or post-secondary educational institution. The tax-free treatment provided by section 117 does not extend to scholarship amounts covering regular living expenses, such as room and board. There is, however, no dollar limitation for the section 117 exclusion, provided that the scholarship funds are used to pay for tuition and required fees. In addition to the exclusion for qualified scholarships, section 117 provides an exclusion from gross income for qualified tuition reductions for education below the graduate level provided to employees (and their spouses and dependents) of certain educational organizations.[3] Section 117(c) specifically provides that the exclusion for qualified scholarships and qualified tuition reductions does not apply to any amount received by a student that represents payment for teaching, research, or other services by the student required as a condition for receiving the scholarship or tuition reduction.

Student loan forgiveness

In the case of an individual, section 108(f) provides that gross income subject to Federal income tax does not include any amount from the forgiveness (in whole or in part) of certain student loans, provided that the forgiveness is contingent on the student's working for a certain period of time in certain professions for any of a broad class of employers (e.g., providing health care services to a nonprofit organization). Student loans eligible for this special rule must be made to an individual to assist the individual in attending an education institution that normally maintains a regular faculty and curriculum and normally has a regularly enrolled body of students in attendance at the place where its education activities are regularly carried on. Loan proceeds may be used not only for tuition and required fees, but also to cover room and board expenses (in contrast to tax-free scholarships under section 117, which are limited to tuition and required fees). In addition, the loan must be made by (1) the United States (or an instrumentality or agency thereof), (2) a State (or any political subdivision thereof), (3) certain tax-exempt public benefit corporations that control a State, county, or municipal hospital and whose employees have been deemed to be public employees under State law, or (4) an educational organization that originally received the funds from which the loan was made from the United States, a State, or a tax-exempt public benefit corporation. Thus, loans made with private, nongovernmental funds are not qualifying student loans for purposes of the section 108(f) exclusion. As with section 117, there is no dollar limitation for the section 108(f) exclusion.

Qualified State prepaid tuition programs

Section 529 (enacted as part of the Small Business Job Protection Act of 1996) provides tax-exempt status to "qualified State tuition programs," meaning certain programs established and maintained by a State (or agency or instrumentality thereof) under which persons may (1) purchase tuition credits or certificates on behalf of a designated beneficiary that entitle the beneficiary to a waiver or payment of qualified higher education expenses of the beneficiary, or (2) make contributions to an account that is established for the purpose of meeting qualified higher education expenses of the designated beneficiary of the account. "Qualified higher education expenses" are defined as tuition, fees, books, supplies, and equipment required for the enrollment or attendance at a college or university (or certain vocational schools). Qualified higher education expenses do not include room and board expenses. Section 529 also provides that no amount shall be included in the gross income of a contributor to, or beneficiary of, a qualified State tuition program with respect to any distribution from, or earnings under, such program, except that (1) amounts distributed or educational benefits provided to a beneficiary (e.g., when the beneficiary attends college) will be included in the beneficiary's gross income (unless excludable under another Code section) to the extent such amounts or the value of the educational benefits exceed contributions made on behalf of the beneficiary, and (2) amounts distributed to a contributor (e.g., when a parent receives a refund) will be included in the contributor's gross income to the extent such amounts exceed contributions made by that person.[4]

House Bill

In general

Individual taxpayers are allowed to claim a non-refundable HOPE credit against Federal income taxes up to $1,500 per student per year for 50 percent of qualified tuition and related expenses (but not room and board expenses) paid for the first two years of the student's post-secondary education in a degree or certificate program. The qualified tuition and related expenses must be incurred on behalf of the taxpayer, the taxpayer's spouse, or a dependent. The HOPE credit is available with respect to an individual student for two taxable years, provided that the student has not completed the first two years of post-secondary education. Beginning in 1998, the maximum credit amount of $1,500 will be indexed for inflation, rounded down to the closest multiple of $50.[5]

The HOPE credit amount that a taxpayer may otherwise claim is phased out ratably for taxpayers with modified AGI between $40,000 and $50,000 ($80,000 and $100,000 for joint returns). Modified AGI includes amounts otherwise excluded with respect to income earned abroad (or income from Puerto Rico or U.S. possessions). The income phase-out ranges will be indexed for inflation occurring after the year 1999, rounded down to the closest multiple of $5,000. The first taxable year for which the inflation adjustment could be made to increase the income phase-out ranges will be 2001.

The HOPE credit is available in the taxable year the expenses are paid, subject to the requirement that the education commence or continue during that year or during the first three months of the next year. Qualified tuition expenses paid with the proceeds of a loan generally are eligible for the HOPE credit (rather than repayment of the loan itself).[6]

Dependent students

A taxpayer may claim the HOPE credit with respect to an eligible student who is not the taxpayer or the taxpayer's spouse (e.g., in cases where the student is the taxpayer's child) only if the taxpayer claims the student as a dependent for the taxable year for which the credit is claimed. If a student is claimed as a dependent by the parent or other taxpayer, the eligible student him- or herself is *not* entitled to claim a HOPE credit for that taxable year on the student's own tax return. If a parent (or other taxpayer) claims a student as a dependent, any qualified tuition and related expenses paid by the student are treated as paid by the parent (or other taxpayer) for purposes of the provision.

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[2] If the aggregate redemption amount (i.e., principal plus interest) of all Series EE bonds redeemed by the taxpayer during the taxable year exceeds the qualified education expenses incurred, then the excludable portion of interest income is based on the ratio that the education expenses bears to the aggregate redemption amount (sec. 135(b)).

[3] A special rule provides that qualified tuition reductions under section 117(d) may be provided for graduate-level courses in cases of graduate students who are engaged in teaching or research activities for the educational organization (sec. 117(d)(5)).

[4] Specifically, section 529(c)(3)(A) provides that any distribution under a qualified State tuition program shall be includible in the gross income of the distributee in the same manner as provided under present-law section 72 to the extent not excluded from gross income under any other provision of the Code.

[5] The HOPE credit may not be claimed against a taxpayer's alternative minimum tax (AMT) liability.

[6] The Treasury Department is granted authority to issue regulations providing that the HOPE credit will be recaptured in cases where the student or taxpayer receives a refund of tuition and related expenses with respect to which a credit was claimed in a prior year.

Election of HOPE credit or proposed deduction for qualified higher education expenses

For each taxable year, a taxpayer may elect with respect to an eligible student *either* the HOPE credit *or* the proposed deduction for qualified higher education expenses (described below). Thus, for example, if a parent claims a child as a dependent for a taxable year, then all qualified tuition expenses paid by *both* the parent and child are deemed paid by the parent, and the parent may claim the HOPE credit (assuming that the AGI phaseout does not apply) on the parent's return. As an alternative, the parent may elect for that taxable year the deduction for qualified higher education expenses with respect to the dependent child (as described below).[7] On the other hand, if a child is *not* claimed as a dependent by the parent (or by any other taxpayer) for the taxable year, then the child him- or herself has the option of electing either the HOPE credit or deduction for qualified higher education expenses paid during that year.

Qualified tuition and related expenses

The HOPE credit is available for "qualified tuition and related expenses," meaning tuition, fees, and books required for the enrollment or attendance of an eligible student at an eligible educational institution. Charges and fees associated with meals, lodging, student activities, athletics, insurance, transportation, and similar personal, living or family expenses are not included. The expenses of education involving sports, games, or hobbies are not qualified tuition expenses unless this education is part of the student's degree program.

Qualified tuition and related expenses generally include only out-of-pocket expenses. Qualified tuition and related expenses do not include expenses covered by educational assistance that is not required to be included in the gross income of either the student or the taxpayer claiming the credit. Thus, total qualified tuition and related expenses are reduced by any scholarship or fellowship grants excludable from gross income under present-law section 117 and any other taxfree educational benefits received by the student during the taxable year. No reduction of qualified tuition and related expenses is required for a gift, bequest, devise, or inheritance within the meaning of section 102(a). Under the provision, a HOPE credit is not allowed with respect to any education expense for which a deduction is claimed under section 162 or any other section of the Code.[8]

Eligible students

An eligible student for purposes of the HOPE credit is an individual who is enrolled in a degree, certificate, or other program (including a program of study abroad approved for credit by the institution at which such student is enrolled) leading to a recognized educational credential at an eligible educational institution. The student must pursue a course of study on at least a half-time basis. (In other words, for at least one academic period which begins during the taxable year, the student must carry at least one-half the normal full-time work load for the course of study the student is pursuing.) An eligible student may not have been convicted of a Federal or State felony consisting of the possession or distribution of a controlled substance.

Eligible educational institutions

Eligible educational institutions are defined by reference to section 481 of the Higher Education Act of 1965. Such institutions generally are accredited post-secondary educational institutions offering credit toward a bachelor's degree, an associate's degree, or another recognized post-secondary credential. Certain proprietary institutions and post-secondary vocational institutions also are eligible educational institutions. The institution must be eligible to participate in Department of Education student aid programs.

Regulations

The Secretary of the Treasury (in consultation with the Secretary of Education) is granted authority to issue regulations to implement the provision. The Secretary of the Treasury will have authority to issue regulations providing appropriate rules for recordkeeping and information reporting. These regulations may address the information reports that eligible educational institutions will be required to file to assist students and the IRS in calculating the amount of the HOPE credit potentially available.

Effective date

The provision is effective for expenses paid after December 31, 1997, for education furnished in academic periods beginning after such date.

Senate Amendment

The Senate amendment is the same as the House bill, except: (1) the credit rate is 75 percent (rather than 50 percent) for students attending two-year community colleges and vocational schools;[9] (2) an eligible student must have earned a high-school diploma (or equivalent degree) prior to attending any post-secondary classes with respect to which the HOPE credit is claimed, with the exception of students who did not receive a high-school degree by reason of enrollment in an early admission program at a post-secondary institution; and (3) for a taxable year, a taxpayer may elect with respect to an eligible student either the HOPE credit or the proposed exclusion from gross income for certain distributions from a qualified tuition program or education IRA provided for by the Senate amendment.

Conference Agreement

In general

The conference agreement follows the House bill, except: (1) the HOPE credit rate is 100 percent on the first $1,000 of qualified tuition and fees, and 50 percent on the next $1,000 of qualified tuition and fees;[10] (2) the HOPE credit is available only for tuition and fees required for the enrollment or attendance of an eligible student at an eligible institution, and is *not* available for expenses incurred to purchase books; and (3) for a taxable year, a taxpayer may elect with respect to an eligible student the HOPE credit, the 20-percent "Lifetime Learning" credit (as described below), or the exclusion from gross income for certain distributions from an education IRA (as provided by the conference agreement).

Lifetime Learning credit for qualified tuition and fees

Allowance of credit.—The conference agreement provides that individual taxpayers are allowed to claim a nonrefundable "Lifetime Learning" credit against Federal income taxes equal to 20 percent of qualified tuition and fees incurred during the taxable year on behalf of the taxpayer, the taxpayer's spouse, or any dependents. For expenses paid after June 30, 1998, and prior to January 1, 2003, up to $5,000 of qualified tuition and fees per taxpayer return will be eligible for the 20-percent Lifetime Learning credit (i.e., the maximum credit per taxpayer return will be $1,000). For expenses paid after December 31, 2002, up to $10,000 of qualified tuition and fees per taxpayer return will be eligible for the 20-percent Lifetime Learning credit (i.e., the maximum credit per taxpayer return will be $2,000).

In contrast to the HOPE credit, a taxpayer may claim the Lifetime Learning credit for an unlimited number of taxable years. Also in contrast to the HOPE credit, the maximum amount of the Lifetime Learning credit that may be claimed on a taxpayer's return will not vary based on the number of students in the taxpayer's family.

The Lifetime Learning credit is phased out ratably over the same phaseout range that applies for purposes of the HOPE credit—i.e., taxpayers with modified AGI between $40,000 and $50,000 ($80,000 and $100,000 for joint returns). The income phase-out ranges will be indexed for inflation occurring after the year 2000, rounded down to the closest multiple of $1,000. The first taxable year for which the inflation adjustment could be made to increase the income phase-out ranges will be 2002.

The Lifetime Learning credit is available in the taxable year the expenses are paid, subject to the requirement that the education commence or continue during that year or during the first three months of the next year. Qualified tuition and fees paid with the proceeds of a loan generally are eligible for the Lifetime Learning credit (rather than repayment of the loan itself).

Dependent students.—As with the HOPE credit, a taxpayer may claim the Lifetime Learning credit with respect to a student who is not the taxpayer or the taxpayer's spouse (e.g., in cases where the student is the taxpayer's child) only if the taxpayer claims the student as a dependent for the taxable year for which the credit is claimed. If a student is claimed as a dependent by the parent or other taxpayer, the student him- or herself is *not* entitled to claim the Lifetime Learning credit for that taxable year on the student's own tax return. If a parent (or other taxpayer) claims a student as a dependent, any qualified tuition and related expenses paid by the student are treated as paid by the parent (or other taxpayer) for purposes of the provision.

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[7] For any taxable year, a taxpayer may claim the HOPE credit for qualified tuition and related expenses paid with respect to one student and also claim the proposed deduction (described below) for higher education expenses paid with respect to one or more other students. If the HOPE credit is claimed with respect to one student for one or two taxable years, then the proposed deduction for higher education expenses may be available with respect to that student for subsequent taxable years.

[8] In addition, the bill amends present-law section 135 to provide that the amount of qualified higher education expenses taken into account for purposes of that section is reduced by the amount of such expenses taken into account in determining the HOPE credit claimed by any taxpayer with respect to the student for the taxable year.

[9] Thus, under the Senate amendment, students attending two-year community colleges or vocational schools may be eligible for the $1,500 maximum HOPE credit if they incur $2,000 of qualified tuition and related expenses. In contrast, students attending other institutions (e.g., four-year colleges) may be eligible for the $1,500 maximum HOPE credit if they incur $3,000 of qualified tuition and related expenses.

[10] Thus, an eligible student who incurs $1,000 of qualified tuition and fees is eligible (subject to the AGI phaseout) for a $1,000 HOPE credit; and if such a student incurs $2,000 of qualified tuition and fees, then he or she is eligible for a $1,500 HOPE credit.

The maximum HOPE credit amount will be indexed for inflation occurring after the year 2000, by increasing the cap on qualified tuition and fees subject to the 100-percent credit rate and the cap on such tuition and fees subject to the 50-percent credit rate (both caps rounded down to the closest multiple of $100). The first taxable year for which the inflation adjustment could be made to increase the cap on qualified tuition and fees will be 2002. In addition, under the conference agreement, the income phase-out ranges for the HOPE credit will be indexed for inflation occurring after the year 2000, rounded down to the closest multiple of $1,000. The first taxable year for which the inflation adjustment could be made to increase the income phase-out ranges will be 2002.

Election of Lifetime Learning credit, HOPE credit, or exclusion from gross income for certain distributions from education IRAs.—A taxpayer may claim the Lifetime Learning credit for a taxable year with respect to one or more students, even though the taxpayer also claims a HOPE credit (or claims an exclusion from gross income for certain distributions from qualified State tuition programs or education IRAs) for that same taxable year with respect to *other* students. If, for a taxable year, a taxpayer claims a HOPE credit with respect to a student (or claims an exclusion for certain distributions from an education IRA with respect to a student), then the Lifetime Learning credit will *not* be available with respect to that same student for that year (although the Lifetime Learning credit may be available with respect to that same student for other taxable years).

Qualified tuition and fees.—The Lifetime Learning credit is available for "qualified tuition and fees," meaning tuition and fees required for the enrollment or attendance of the eligible student at an eligible institution. Charges and fees associated with meals, lodging, student activities, athletics, insurance, transportation, and similar personal, living or family expenses are not included. The 20-percent credit is not available for expenses incurred to purchase books. The expenses of education involving sports, games, or hobbies are not qualified tuition expenses unless this education is part of the student's degree program.

In contrast to the HOPE credit, qualified tuition and fees for purposes of the Lifetime Learning credit include tuition and fees incurred with respect to undergraduate or graduate-level (and professional degree) courses.[11] In addition to allowing a credit for the tuition and fees of a student who attends classes on at least a half-time basis as part of a degree or certificate program, the Lifetime Learning credit also is available with respect to any course of instruction at an eligible educational institution (whether enrolled in by the student on a full-time, half-time, or less than half-time basis) to acquire or improve job skills of the student.

Qualified tuition and fees are defined in the same manner as under the HOPE credit provisions. Thus, qualified tuition and fees generally include only out-of-pocket expenses. Qualified tuition and fees do not include expenses covered by educational assistance that is not required to be included in the gross income of either the student or the taxpayer claiming the credit. Thus, total qualified tuition and fees are reduced by any scholarship or fellowship grants excludable from gross income under present-law section 117 and any other tax-free educational benefits received by the student during the taxable year (such as employer-provided educational assistance excludable under section 127). No reduction of qualified tuition and fees is required for a gift, bequest, devise, or inheritance within the meaning of section 102(a). Under the provision, a Lifetime Learning credit is not allowed with respect to any education expense for which a deduction is claimed under section 162 or any other section of the Code.[12]

Eligible educational institutions.—Eligible educational institutions are (as with the HOPE credit) defined by reference to section 481 of the Higher Education Act of 1965. Such institutions generally are accredited post-secondary educational institutions offering credit toward a bachelor's degree, an associate's degree, graduate-level or professional degree, or another recognized post-secondary credential. Certain proprietary institutions and post-secondary vocational institutions also are eligible educational institutions. The institution must be eligible to participate in Department of Education student aid programs.

Regulations.—The Secretary of the Treasury (in consultation with the Secretary of Education) is granted authority to issue regulations to implement the provision. The Secretary of the Treasury will have authority to issue regulations providing appropriate rules for recordkeeping and information reporting. These regulations may address the information reports that eligible educational institutions will be required to file to assist students and the IRS in calculating the amount of the Lifetime Learning credit potentially available.

Effective date.—The provision is effective for expenses paid after June 30, 1998, for education furnished in academic periods beginning after such date.

2. Tax treatment of qualified State tuition programs and education IRAs; exclusion for certain distributions from education IRAs used to pay qualified higher education expenses (secs. 202(a), (b), and (d) and 211-212 of the House bill and secs. 211-213 of the Senate amendment)

Present Law

Deductibility of education expenses

Taxpayers generally may not deduct education and training expenses. However, a deduction for education expenses generally is allowed under section 162 if the education or training (1) maintains or improves a skill required in a trade or business currently engaged in by the taxpayer, or (2) meets the express requirements of the taxpayer's employer, or requirements of applicable law or regulations, imposed as a condition of continued employment (Treas. Reg. sec. 1.162-5). However, education expenses are not deductible if they relate to certain minimum educational requirements or to education or training that enables a taxpayer to begin working in a new trade or business. In the case of an employee, education expenses (if not reimbursed by the employer) may be claimed as an itemized deduction only if such expenses meet the above- described criteria for deductibility under section 162 and only to the extent that the expenses, along with other miscellaneous deductions, exceed 2 percent of the taxpayer's adjusted gross income (AGI).

Exclusion for employer-provided educational assistance

A special rule allows an employee to exclude from gross income for income tax purposes and from wages for employment tax purposes up to $5,250 annually paid by his or her employer for educational assistance (sec. 127). In order for the exclusion to apply, certain requirements must be satisfied, including a requirement that not more than 5 percent of the amounts paid or incurred by the employer during the year for educational assistance under a qualified educational assistance program can be provided for the class of individuals consisting of more than 5-percent owners of the employer and the spouses or dependents of such more than 5-percent owners. This special rule for employer-provided educational assistance expired with respect to courses beginning after June 30, 1997 (and does not apply to graduate level courses beginning after June 30, 1996).

For purposes of the special exclusion, educational assistance means the payment by an employer of expenses incurred by or on behalf of the employee for education of the employee including, but not limited to, tuition, fees, and similar payments, books, supplies, and equipment. Educational assistance also includes the provision by the employer of courses of instruction for the employee (including books, supplies, and equipment). Educational assistance does not include tools or supplies which may be retained by the employee after completion of a course or meals, lodging, or transportation. The exclusion does not apply to any education involving sports, games, or hobbies.

In the absence of the special exclusion, employer-provided educational assistance is excludable from gross income and wages as a working condition fringe benefit (sec. 132(d)) only to the extent the education expenses would be deductible under section 162.

Exclusion for interest earned on savings bonds

Another special rule (sec. 135) provides that interest earned on a qualified U.S. Series EE savings bond issued after 1989 is excludable from gross income if the proceeds of the bond upon redemption do not exceed qualified higher education expenses paid by the taxpayer during the taxable year.[13] "Qualified higher education expenses" include tuition and fees (but not room and board expenses) required for the enrollment or attendance of the taxpayer, the taxpayer's spouse, or a dependent of the taxpayer at certain colleges, universities, or vocational schools. The exclusion provided by section 135 is phased out for certain higher-income taxpayers, determined by the taxpayer's modified AGI during the year the bond is redeemed. For 1996, the exclusion was phased out for taxpayers with modified AGI between $49,450 and $64,450 ($74,200 and $104,200 for joint returns). To prevent taxpayers from effectively avoiding the income phaseout limitation through issuance of bonds directly in the child's name, section 135(c)(1)(B) provides that the interest exclusion is available only with respect to U.S. Series EE savings bonds issued to taxpayers who are at least 24 years old.

Qualified scholarships

Section 117 excludes from gross income amounts received as a qualified scholarship by an individual who is a candidate for a degree and used for tuition and fees required for the enrollment or attendance (or for fees, books, supplies, and equipment required for courses of instruction) at a primary, secondary, or post-secondary educational institution. The tax-free treatment provided by section 117 does not extend to scholarship amounts covering regular living expenses, such as room and board. There is, however, no dollar limitation for the section 117 exclusion, provided that the scholarship funds are used to pay for tuition and required fees. In addition to the exclusion for qualified scholarships, section 117 provides an exclusion from gross income for qualified tuition reductions for education below the graduate level provided to employees (and their spouses and dependents) of certain educational organizations.[14] Section 117(c) specifically provides that the exclusion for qualified scholarships and qualified tuition reductions does not apply to any amount received by a student that represents payment for teaching, research, or other services by the student required as a condition for receiving the scholarship or tuition reduction.

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[11] The HOPE credit is available only with respect to the first two years of a student's undergraduate education.

[12] In addition, the conference agreement amends present-law section 135 to provide that the amount of qualified higher education expenses taken into account for purposes of that section is reduced by the amount of such expenses taken into account in determining the Lifetime Learning credit claimed by any taxpayer with respect to the student for the taxable year.

[13] If the aggregate redemption amount (i.e., principal plus interest) of all Series EE bonds redeemed by the taxpayer during the taxable year exceeds the qualified education expenses incurred, then the excludable portion of interest income is based on the ratio that the education expenses bears to the aggregate redemption amount (sec. 135(b)).

Student loan forgiveness

In the case of an individual, section 108(f) provides that gross income subject to Federal income tax does not include any amount from the forgiveness (in whole or in part) of certain student loans, provided that the forgiveness is contingent on the student's working for a certain period of time in certain professions for any of a broad class of employers (e.g., providing health care services to a nonprofit organization). Student loans eligible for this special rule must be made to an individual to assist the individual in attending an education institution that normally maintains a regular faculty and curriculum and normally has a regularly enrolled body of students in attendance at the place where its education activities are regularly carried on. Loan proceeds may be used not only for tuition and required fees, but also to cover room and board expenses (in contrast to tax-free scholarships under section 117, which are limited to tuition and required fees). In addition, the loan must be made by (1) the United States (or an instrumentality or agency thereof), (2) a State (or any political subdivision thereof), (3) certain tax-exempt public benefit corporations that control a State, county, or municipal hospital and whose employees have been deemed to be public employees under State law, or (4) an educational organization that originally received the funds from which the loan was made from the United States, a State, or a tax-exempt public benefit corporation. Thus, loans made with private, nongovernmental funds are not qualifying student loans for purposes of the section 108(f) exclusion. As with section 117, there is no dollar limitation for the section 108(f) exclusion.

Qualified State prepaid tuition programs

Section 529 (enacted as part of the Small Business Job Protection Act of 1996) provides tax-exempt status to "qualified State tuition programs," meaning certain programs established and maintained by a State (or agency or instrumentality thereof) under which persons may (1) purchase tuition credits or certificates on behalf of a designated beneficiary that entitle the beneficiary to a waiver or payment of qualified higher education expenses of the beneficiary, or (2) make contributions to an account that is established for the purpose of meeting qualified higher education expenses of the designated beneficiary of the account. "Qualified higher education expenses" are defined as tuition, fees, books, supplies, and equipment required for the enrollment or attendance at a college or university (or certain vocational schools). Qualified higher education expenses do not include room and board expenses. Section 529 also provides that no amount shall be included in the gross income of a contributor to, or beneficiary of, a qualified State tuition program with respect to any distribution from, or earnings under, such program, except that (1) amounts distributed or educational benefits provided to a beneficiary (e.g., when the beneficiary attends college) will be included in the beneficiary's gross income (unless excludable under another Code section) to the extent such amounts or the value of the educational benefits exceed contributions made on behalf of the beneficiary, and (2) amounts distributed to a contributor (e.g., when a parent receives a refund) will be included in the contributor's gross income to the extent such amounts exceed contributions made by that person.[15]

Estate and gift tax rules

In general, a taxpayer may exclude $10,000 of gifts made by an individual ($20,000 in the case of a married couple that elects to split their gifts) to any one donee during a calendar year (sec. 2503(b)). This annual exclusion does not apply to gifts of future interests, and thus may not be applicable to contributions made to a State tuition program.

Contributions made to a qualified State tuition program are treated as incomplete gifts for Federal gift tax purposes (sec. 529(c)(2)). Thus, any Federal gift tax consequences are determined at the time that a distribution is made from an account under the program. The waiver (or payment) of qualified higher education expenses of a designated beneficiary by (or to) an educational institution under a qualified State tuition program is treated as a qualified transfer for purposes of present-law section 2503(e). Amounts contributed to a qualified State tuition program (and earnings thereon) are includible in the contributor's estate for Federal estate tax purposes in the event that the contributor dies before such amounts are distributed under the program (sec. 529(c)(4)).

Individual retirement arrangements ("IRAs")

An individual may make deductible contributions to an individual retirement arrangement ("IRA") for each taxable year up to the lesser of $2,000 or the amount of the individual's compensation for the year if the individual is not an active participant in an employer-sponsored qualified retirement plan (and, if married, the individual's spouse also is not an active participant). Contributions may be made to an IRA for a taxable year up to April 15th of the following year. An individual who makes excess contributions to an IRA, i.e., contributions in excess of $2,000, is subject to an excise tax on such excess contributions unless they are distributed from the IRA before the due date for filing the individual's tax return for the year (including extensions). If the individual (or his or her spouse, if married) is an active participant, the $2,000 limit is phased out between $40,000 and $50,000 of adjusted gross income ("AGI") for married couples and between $25,000 and $35,000 of AGI for single individuals.

Present law permits individuals to make nondeductible contributions (up to $2,000 per year) to an IRA to the extent an individual is not permitted to (or does not) make deductible contributions. Earnings on such contributions are includible in gross income when withdrawn.

An individual generally is not subject to income tax on amounts held in an IRA, including earnings on contributions, until the amounts are withdrawn from the IRA. Amounts withdrawn from an IRA are includible in gross income (except to the extent of nondeductible contributions). In addition, a 10-percent additional tax generally applies to distributions from IRAs made before age 59½, unless the distribution is made (1) on account of death or disability, (2) in the form of annuity payments, (3) for medical expenses of the individual and his or her spouse and dependents that exceed 7.5 percent of AGI, or (4) for medical insurance of the individual and his or her spouse and dependents (without regard to the 7.5 percent of AGI floor) if the individual has received unemployment compensation for at least 12 weeks, and the withdrawal is made in the year such unemployment compensation is received or the following year.

House Bill

In general

Individual taxpayers are allowed a deduction of up to $10,000 per student per year for qualified higher education expenses paid by the taxpayer during the taxable year for education furnished to the taxpayer, the taxpayer's spouse, or a dependent. The deduction is allowed regardless of whether the taxpayer otherwise itemizes deductions or claims the standard deduction.[16] A deduction is not allowed under the House bill with respect to an otherwise eligible student if the HOPE credit (as described previously) is claimed with respect to that student for the same taxable year.[17]

The deduction is allowed only to the extent that the taxpayer is required to include in gross income for the taxable year amounts distributed from a "qualified tuition program" or "education investment account." In other words, amounts distributed from a qualified tuition program or education investment account that are includible in the taxpayer's gross income (i.e., earnings) and that are used to pay for qualified higher education expenses during the taxable year will be deductible under the provision (subject to a $10,000 annual limit per student). Amounts distributed from qualified tuition programs or education investment accounts generally will be includible in the gross income of the distributee in the same manner as provided under present-law section 72 (to the extent not excluded under any other section, such as section 117).

Under the House bill, the deduction is limited to $10,000 per student for each taxable year. Aggregate deductions under the bill with respect to any one student may not exceed $40,000 for all taxable years. A deduction is not permitted with respect to a student after he or she completes the equivalent of the first four years of post-secondary education at an eligible educational institution.

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[14] A special rule provides that qualified tuition reductions under section 117(d) may be provided for graduate-level courses in cases of graduate students who are engaged in teaching or research activities for the educational organization (sec. 117(d)(5)).

[15] Specifically, section 529(c)(3)(A) provides that any distribution under a qualified State tuition program shall be includible in the gross income of the distributee in the same manner as provided under present-law section 72 to the extent not excluded from gross income under any other provision of the Code.

[16] The deduction will be claimed after a taxpayer computes adjusted gross income (AGI). The deduction is not a preference item for alternative minimum tax (AMT) purposes.

[17] If a HOPE credit was claimed with respect to a student for an earlier taxable year (i.e., the student's first or second year of post-secondary education), the deduction provided for by the House bill may be claimed with respect to that student for a subsequent taxable year.

Dependent students

If a parent (or other taxpayer) claims a student as a dependent for a taxable year, then only the parent (or other taxpayer)—and not the student—may claim the deduction for qualified higher education expenses for that taxable year. In such a case where the parent claims the proposed deduction for qualified higher education expenses, amounts includible in gross income by reason of a distribution from a qualified tuition program or education investment account will be includible in the parent's (or other taxpayer's) gross income for that taxable year.[18] If a parent (or other taxpayer) claims a student as a dependent for a taxable year, then all qualified higher education expenses paid that year by both the parent (or other taxpayer) and the student are deemed to be paid by the parent (or other taxpayer). If the student is not claimed as a dependent by another taxpayer, then only the student him- or herself may claim the deduction provided for by the bill (or, as an alternative, the HOPE credit described above) on the student's own tax return for the taxable year.[19]

Qualified higher education expenses

Under the House bill, the term "qualified higher education expenses" means tuition, fees, books, supplies, and equipment required for the enrollment or attendance of a student at an eligible education institution, as well as room and board expenses (meaning the minimum room and board allowance applicable to the student as determined by the institution in calculating costs of attendance for Federal financial aid programs under sec. 472 of the Higher Education Act of 1965). Qualified higher education expenses do not include expenses for any graduate level course of a kind normally taken by an individual pursuing a program leading to a law, business, medical, or other advanced academic or professional degree.

Qualified higher education expenses generally include only out-of-pocket expenses. Qualified higher education expenses do not include expenses covered by educational assistance that is not required to be included in the gross income of either the student or the taxpayer claiming the credit. Thus, total qualified higher education expenses are reduced by any scholarship or fellowship grants excludable from gross income under present-law section 117 and any other tax-free educational benefits received by the student during the taxable year. In addition, no deduction is allowed under the bill for expenses paid with amounts that are excludible under section 135. No reduction of qualified tuition expenses is required for a gift, bequest, devise, or inheritance within the meaning of section 102(a). If a student's education expenses for a taxable year are deducted under section 162 or any other section of the Code, then no deduction is available for such expenses under the bill.

Eligible students

To be eligible for the deduction provided for by the bill, a student must be at least a half-time student in a degree or certificate program at an eligible educational institution. For this purpose, a student is at least a half-time student if, during at least one academic period which begins during the taxable year, he or she is carrying at least one-half the normal full-time work load for the course of study the student is pursuing. A student will no longer be an eligible student once he or she has completed the equivalent of the first four years of post-secondary education at an eligible educational institution. An eligible student may not have been convicted of a Federal or State felony consisting of the possession or distribution of a controlled substance.

Eligible educational institution

Eligible educational institutions are defined by reference to section 481 of the Higher Education Act of 1965. Such institutions generally are accredited post-secondary educational institutions offering credit toward a bachelor's degree, an associate's degree, or another recognized post-secondary credential. Certain proprietary institutions and post-secondary vocational institutions also are eligible educational institutions. The institution must be eligible to participate in Department of Education student aid programs.

Qualified tuition programs and education investment accounts

Under the House bill, a "qualified tuition program" means any qualified State tuition program, generally as defined under present-law section 529, as well as any program established and maintained by one or more eligible educational institutions (which may be private institutions that are not State-owned) that satisfy the requirements under section 529 (other than present-law, State ownership rule). An "education investment account" means a trust which is created or organized in the United States exclusively for the purpose of paying the qualified higher education expenses of the account holder and which satisfies certain other requirements.

Contributions to qualified tuition programs or education investment accounts may be made only in cash.[20] Such contributions may not be made after the designated beneficiary or account holder reaches age 18. Any balance remaining in a qualified tuition program or education investment account must be distributed within 30 days after the earlier of the date that the beneficiary or account holder becomes 30 years old (or dies) or the date that the beneficiary or account holder completes the equivalent of the first four years of post-secondary education at one or more eligible institutions. Transfers or rollovers of credits or account balances from one account benefiting one beneficiary to another account benefiting another beneficiary will not be considered a distribution from a qualified tuition program or education investment account (nor will a change in the designated beneficiary or account holder) if the new beneficiary is a member of the family of the old beneficiary.[21] In the case of an education investment account or qualified tuition program maintained by one or more private educational institutions, contributions to an account established on behalf of a particular beneficiary (or to a program on behalf of a named beneficiary) may not exceed $5,000 per year, with an aggregate limit of $50,000 for contributions on behalf of that beneficiary for all years. The $50,000 aggregate contribution limit per beneficiary is applied by taking into account all amounts contributed to all education investment accounts for the beneficiary for the current taxable year and all prior taxable years, as well as all amounts contributed to all qualified tuition programs on behalf of such beneficiary for the current taxable year and all prior taxable years.[22]

Qualified tuition programs and education investment accounts (as separate legal entities) will be exempt from Federal income tax, other than taxes imposed under the present-law unrelated business income tax (UBIT) rules.[23]

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[18] Such an income inclusion is required on the parent's return only if the parent both claims the student as a dependent and elects the deduction provided for by the bill. In contrast, if the parent claims the student as a dependent but elects the HOPE credit, then, if there is any distribution from a qualified tuition program or education investment account during that year, the earnings portion of such distributions will be includible in the student's (or other distributee's) gross income, as provided for by present-law section 529(c)(3).

[19] For example, assume an education investment account (or qualified tuition program account) has a balance of $20,000, of which $12,000 represents contributions of principal and $8,000 represents accumulated earnings. If the student has expenses of $10,000 consisting of $7,000 tuition and related expenses and $3,000 in room and board, a distribution of $10,000 from such account to pay these expenses will, under present-law section 72, be deemed to consist of the pro-rata share of principal and accumulated earnings in the account—in this case, $6,000 in principal and $4,000 in accumulated earnings. If the parent claims the student as a dependent and elects the proposed deduction for qualified higher education expenses, the parent will include the $4,000 of accumulated earnings in the parent's gross income and then is allowed to claim an offsetting deduction for the same $4,000, thus resulting in no tax liability for the $4,000 in earnings. Under no circumstances will the principal portion of any distribution from the account be includible in gross income, nor will a deduction be allowed under the bill for education expenses paid with such principal. Alternatively, the parent may elect to claim the HOPE credit (assuming that the AGI phaseout does not apply and the student is claimed as a dependent and has not yet completed the first two years of post-secondary education), and the $4,000 in accumulated earnings will be includible in the distributee's (i.e., the student's) gross income and an offsetting deduction will not be available. Additionally, the qualified expenses for purposes of the HOPE credit will not include room and board expenses, so only $7,000 in expenses will qualify for the HOPE credit. The 50-percent HOPE credit rate will then be applied to this amount, which indicates a credit amount of $3,500, but the credit that could be claimed will be limited to the statutory maximum of $1,500 per student. As a final alternative, if the parent does not claim the student as a dependent, then the student may elect to claim either the HOPE credit or the deduction as described above.

[20] The House bill allows taxpayers to redeem U.S. Savings Bonds and be eligible for the exclusion under section 135 (as if the proceeds were used to pay qualified higher education expenses) if the proceeds from the redemption are contributed to a qualified tuition program or education investment account on behalf of the taxpayer, the taxpayer's spouse, or a dependent. In such a case, the beneficiary's or account holder's basis in the bond proceeds contributed on his or her behalf to the qualified tuition program or education investment will be the contributor's basis in the bonds (i.e., the original purchase price paid by the contributor for such bonds).

The House bill also provides that funds from an education investment account are deemed to be distributed to pay qualified higher education expenses if the funds are used to purchase tuition credits from, or to make contributions to, a qualified tuition program for the benefit of the account holder.

[21] For this purpose, a "member of the family" means persons described in paragraphs (1) through (8) of section 152(a), and any spouse of such persons.

[22] To the extent contributions exceed the $50,000 aggregate limit, an excise tax penalty may be imposed on the contributor under present-law section 4973, unless the excess contributions (and any earnings thereon) are returned to the contributor before the due date for the return for the taxable year during which the excess contribution is made.

State-sponsored qualified tuition programs will continue to be governed by the rule contained in present-law section 529(b)(7) that such programs provide adequate safeguards to prevent contributions on behalf of a designated beneficiary in excess of those necessary to provide for the qualified higher education expenses of the beneficiary. State-sponsored qualified tuition programs will not be subject to a specific dollar cap under section 529 on annual (or aggregate) contributions that can be made under the program on behalf of a named beneficiary.

Under the House bill, an additional tax of 10 percent will be imposed on distributions from qualified tuition programs or education investment account to the extent the distribution exceeds qualified higher education expenses paid by the taxpayer (and is not made on account of the death, disability, or scholarship received by the designated beneficiary or account holder).

Estate and gift tax treatment

For Federal estate and gift tax purposes, any contribution to a qualified tuition program or education investment account will be treated as a completed gift of a present interest from the contributor to the beneficiary at the time of the contribution. Thus, annual contributions—which cannot exceed $5,000 per year in the case of an education investment account or qualified tuition program maintained by one or more private education institutions—will be eligible for the present-law gift tax exclusion provided by Code section 2503(b) and also will be excludable for purposes of the generation-skipping transfer tax (provided that the contribution, when combined with any other contributions made by the donor to that same beneficiary, does not exceed the annual $10,000 gift-tax exclusion limit). Similar gift tax and generation-skipping tax treatment will apply to contributions of up to $10,000 per donor per beneficiary made to a State-sponsored qualified tuition program. Contributions to a qualified tuition program (either a State-sponsored program or one maintained by a private education institution) or to an education investment account will not, however, be eligible for the educational expense exclusion provided by Code section 2503(e). In no event will a distribution from a qualified tuition program or education investment account be treated as a taxable gift.

Transfers or rollovers of credits or account balances from an account benefiting one beneficiary to an account benefiting another beneficiary (or a change in the designated beneficiary) will not be treated as a taxable gift to the extent that the new beneficiary is: (1) a member of the family of the old beneficiary (as defined above), and (2) assigned to the same generation as the old beneficiary (within the meaning of Code section 2651). In all other cases, a transfer from one beneficiary to another beneficiary (or a change in the designated beneficiary) will be treated as a taxable gift from the old beneficiary to the new beneficiary to the extent it exceeds the $10,000 present-law gift tax exclusion. Thus, a transfer of an account from a brother to his sister will not be treated as a taxable gift, whereas a transfer from a father to his son will be treated as a taxable gift (to the extent it exceeds the $10,000 present-law gift tax exclusion).

For estate tax purposes, the value of any interest in a qualified tuition program or education investment account will be includible in the estate of the designated beneficiary. In no event will such interests be includible in the estate of the contributor.

Effective date

The deduction for qualified higher education expenses, and the expansion of the definition of qualified higher education expenses under section 529 to cover room and board expenses, are effective for expenses paid after December 31, 1997, for education furnished in academic periods beginning after such date. The provisions governing the tax-exempt status of qualified tuition plans and education investment accounts generally are effective after December 31, 1997. The gift tax provisions are effective for contributions (or transfers) made after the date of enactment, and the estate tax provisions are effective for decedents dying after June 8, 1997.

Senate Amendment

In general

Under the Senate amendment, amounts distributed from qualified tuition programs and certain education investment accounts (referred to as "education IRAs") are excludable from gross income to the extent that the amounts distributed do not exceed qualified higher education expenses of an eligible student incurred during the year the distribution is made.[24] In addition, distributions from education IRAs (but not qualified tuition programs) in taxable years beginning in 2001 or later will be excludable from gross income to the extent that the amounts distributed do not exceed certain qualified elementary and secondary education expenses. An exclusion is not allowed under the bill with respect to an otherwise eligible student if the HOPE credit (as described previously) is claimed with respect to that student for the taxable year the distribution is made.[25]

Distributions from a qualified tuition program or education IRA generally will be deemed to consist of distributions of principal (which, under all circumstances, are excludable from gross income) and earnings (which may be excludable from gross income under the Senate amendment) by applying the ratio that the aggregate amount of contributions to the program or account for the beneficiary bears to the total balance (or value) of the program or account for the beneficiary at the time the distribution is made.[26] If the qualified higher education expenses of the student for the year are at least equal to the total amount of the distribution (i.e., principal and earnings combined) from a qualified tuition program or education IRA, then the earnings in their entirety will be excludable from gross income. If, on the other hand, the qualified higher education expenses of the student for the year are less than the total amount of the distribution (i.e., principal and earnings combined) from a qualified tuition program or education IRA, then the qualified higher education expenses will be deemed to be paid from a pro-rata share of both the principal and earnings components of the distribution. Thus, in such a case, only a portion of the earnings will be excludable under the bill (i.e., a portion of the earnings based on the ratio that the qualified higher education expenses bear to the total amount of the distribution) and the remaining portion of the earnings will be includible in the gross income of the distributee.[27]

Eligible students

To be an eligible student, an individual must be at least a half-time student in a degree or certificate undergraduate or graduate program at an eligible educational institution. For this purpose, a student is at least a half-time student if he or she is carrying at least one-half the normal full-time work load for the course of study the student is pursuing. An eligible student may not have been convicted of a Federal or State felony consisting of the possession or distribution of a controlled substance.

Eligible educational institution

Eligible educational institutions are defined by reference to section 481 of the Higher Education Act of 1965. Such institutions generally are accredited post-secondary educational institutions offering credit toward a bachelor's degree, an associate's degree, a graduate-level or professional degree, or another recognized post-secondary credential. Certain proprietary institutions and post-secondary vocational institutions also are eligible institutions. The institution must be eligible to participate in Department of Education student aid programs.

Qualified education expenses

"Qualified higher education expenses" include tuition, fees, books, supplies, and equipment required for the enrollment or attendance of a student at an eligible education institution, as well as room and board expenses (meaning the minimum room and board allowance applicable to the student as determined by the institution in calculating costs of attendance for Federal financial aid programs under sec. 472 of the Higher Education Act of 1965) for any period during which the student is at least a half-time student. Qualified higher education expenses include expenses with respect to undergraduate or graduate-level courses.

In addition, in taxable years beginning after December 31, 2000, the exclusion is available to the extent that distributions from an education IRA (but not a qualified tuition program) do not exceed "qualified elementary and secondary education expenses," meaning tuition, fees, tutoring, special needs services, books, supplies, equipment, transportation, and supplementary expenses (including homeschooling expenses if the requirements of State or local law are satisfied with respect to such homeschooling) required for the enrollment or attendance of a dependent of the taxpayer at a public, private, or sectarian elementary or secondary school (through grade 12).

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[23] An interest in a qualified tuition program is not treated as debt for purposes of the debt-financed property UBIT rules of section 514.

[24] The exclusion will not be a preference item for alternative minimum tax (AMT) purposes.

[25] If a HOPE credit was claimed with respect to a student for an earlier taxable year (i.e., the student's first or second year of post-secondary education), the exclusion provided for by the bill may be claimed with respect to that student for a subsequent taxable year.

[26] Specifically, the Senate amendment provides as a general rule that distributions from a qualified tuition program or education IRA are includible in gross income to the extent allocable to income on the program or account and are not includible in gross income to the extent allocable to the investment (i.e., contributions) in the program or account. However, the Senate amendment further provides that, if the HOPE credit is not claimed with respect to the student for the taxable year, then a distribution from a qualified tuition program or education IRA will not be includible in gross income to the extent that the distribution does not exceed the qualified higher expenses of the student for the year. If a distribution consists of providing in-kind education benefits to the student which, if paid for by the student, would constitute payment of qualified higher education expenses, then no portion of such distribution will be includible in gross income.

At the time that a final distribution is made from a qualified tuition program or education IRA, the distribution will be deemed to include the full amount of any basis remaining with respect to the program or account.

[27] For example, if a $1,000 distribution from a qualified tuition program or education IRA consists of $600 of principal (i.e., contributions) and $400 of earnings, and if the student incurs $750 of qualified higher education expenses during the year, then $300 of the earnings will be excludable from gross income under the bill (i.e., an exclusion will be provided for the pro-rata portion of the earnings, based on the ratio that the $750 of qualified expenses bears to the $1,000 total distribution) and the remaining $100 of earnings will be includible in the distributee's gross income.

Qualified higher education expenses (and qualified elementary and secondary education expenses) generally include only out-of-pocket expenses. Such qualified education expenses do not include expenses covered by educational assistance that is not required to be included in the gross income of either the student or the taxpayer claiming the credit. Thus, total qualified education expenses are reduced by scholarship or fellowship grants excludable from gross income under present-law section 117, as well as any other tax-free educational benefits, such as employer-provided educational assistance that is excludable from the employee's gross income under section 127. In addition, qualified education expenses do not include expenses paid with amounts that are excludible under section 135. No reduction of qualified education expenses is required for a gift, bequest, devise, or inheritance within the meaning of section 102(a). If education expenses for a taxable year are deducted under section 162 or any other section of the Code, then such expenses are not qualified education expenses under the Senate amendment.

Qualified tuition programs and education IRAs

Under the Senate amendment, a "qualified tuition program" means any qualified State-sponsored tuition program, defined under section 529 (as modified by the bill), as well as any program established and maintained by one or more eligible educational institutions (which could be private institutions) that satisfy the requirements under section 529 (other than present-law State ownership rule). An "education IRA" means a trust (or custodial account) which is created or organized in the United States exclusively for the purpose of paying the qualified higher education expenses (and qualified elementary and secondary education expenses) of the account holder and which satisfies certain other requirements.

Contributions to qualified tuition programs or education IRAs may be made only in cash.[28] Such contributions may not be made after the designated beneficiary or account holder reaches age 18. Annual contributions to a qualified tuition program not maintained by a State (i.e., a qualified tuition program operated by one or more private schools) or to an education IRA are limited to $2,000 per beneficiary or account holder, plus the amount of any child credit (as provided for by the Senate amendment) that is allowed for the taxable year with respect to the beneficiary or account holder.[29] Thus, in the case of any child with respect to whom the maximum $500 child credit is allowed for the taxable year, the contribution limit with respect to such child for the year will be $2,500.[30] Trustees of qualified tuition programs not maintained by a State and trustees of education IRAs are prohibited from accepting contributions to any account on behalf of a beneficiary in excess of $2,500 for any year (except in cases involving certain tax-free rollovers, as described below).[31]

If any balance remaining in an education IRA is not distributed by the time that the account holder becomes 30 years old, then the account will be deemed to be an IRA Plus account (as provided for by the bill and described below) established on behalf of the same account holder.[32] The Senate amendment allows (but does not require) tax-free transfers or rollovers of account balances from a qualified tuition program to an IRA Plus account when the beneficiary becomes 30 years old, provided that the funds from the qualified tuition program account are deposited in the IRA Plus account within 60 days after being distributed from the qualified tuition program.[33] In addition, the Senate amendment allows tax-free transfers or rollovers of credits or account balances from one qualified tuition program or education IRA account benefiting one beneficiary to another program or account benefiting another beneficiary (as well as redesignations of the named beneficiary), provided that the new beneficiary is a member of the family of the old beneficiary.[34]

Qualified tuition programs and education IRAs (as separate legal entities) will be exempt from Federal income tax, other than taxes imposed under the present-law unrelated business income tax (UBIT) rules.[35]

Under the Senate amendment, an additional 10-percent penalty tax will be imposed on any distribution from a qualified tuition program not maintained by a State or from an education IRA to the extent that the distribution exceeds qualified higher education expenses (or, in the case of an education IRA, qualified elementary and secondary education expenses) incurred by the taxpayer (and is not made on account of the death, disability, or scholarship received by the designated beneficiary or account holder).[36]

Estate and gift tax treatment

Contributions to qualified tuition programs and education IRAs will not be considered taxable gifts for Federal gift tax purposes, and in no event will distributions from a qualified tuition programs or education IRAs be treated as taxable gifts.[37] For estate tax purposes, the value of any interest in a qualified tuition program or education IRA will be includible in the estate of the designated beneficiary. In no event will such an interest be includible in the estate of the contributor.

Effective date

The provision applies to distributions made, and qualified higher education expenses paid, after December 31, 1997, for education furnished in academic periods beginning after such date. In addition, in the case of education IRAs, the provision applies to qualified elementary and secondary expenses paid in taxable years beginning after December 31, 2000. The provisions governing contributions to, and the tax-exempt status of, qualified tuition plans and education IRAs generally apply after December 31, 1997. The gift tax provisions are effective for contributions (or transfers) made after the date of enactment, and the estate tax provisions are effective for decedents dying after June 8, 1997.

Conference Agreement

Qualified State tuition programs

The conference agreement makes the following modifications to present-law section 529, which governs the tax treatment of qualified State tuition programs.

Room and board expenses.—The conference agreement expands the definition of "qualified higher education expenses" under section 529(e)(3) to include room and board expenses (meaning the minimum room and board allowance applicable to the student as determined by the institution in calculating costs of attendance for Federal financial aid programs under sec. 472 of the Higher Education Act of 1965) for any period during which the student is at least a half-time student.

Eligible educational institution.—The conference agreement expands the definition of "eligible educational institution" for purposes of section 529 by defining such term by reference to section 481 of the Higher Education Act of 1965. Such institutions generally are accredited post-secondary educational institutions offering credit toward a bachelor's degree, an associate's degree, a graduate-level or professional degree, or another recognized post-secondary credential. Certain proprietary institutions and post-secondary vocational institutions also are eligible institutions. The institution must be eligible to participate in Department of Education student aid programs.

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[28] The Senate amendment allows taxpayers to redeem U.S. Savings Bonds and be eligible for the exclusion under section 135 (as if the proceeds were used to pay qualified higher education expenses) if the proceeds from the redemption are contributed to a qualified tuition program or education IRA on behalf of the taxpayer, the taxpayer's spouse, or a dependent. In such a case, the beneficiary's or account holder's basis in the bond proceeds contributed on his or her behalf to the qualified tuition program or education IRA will be the contributor's basis in the bonds (i.e., the original purchase price paid by the contributor for such bonds).

The Senate amendment also provides that funds from an education IRA are deemed to be distributed to pay qualified higher education expenses if the funds are used to make contributions to (or purchase tuition credits from) a qualified tuition program for the benefit of the account holder.

[29] State-sponsored qualified tuition programs will continue to be governed by the rule contained in present-law section 529(b)(7) that such programs provide adequate safeguards to prevent contributions on behalf of a designated beneficiary in excess of those necessary to provide for the qualified higher education expenses of the beneficiary. State-sponsored qualified tuition programs will not be subject to a specific dollar limit on annual contributions that can be made under the program on behalf of a designated beneficiary.

[30] The maximum contribution limit for the year is increased even if the child is younger than age 13—that is, even in cases where the parent is not required (under the provision described previously) but may elect to deposit an amount equal to the child credit into a qualified tuition program or education IRA on behalf of the child.

[31] The annual $2,000 to $2,500 contribution limit is applied by taking into account all contributions made to any qualified tuition program not maintained by a State and any education IRA on behalf of a designated individual (but not any contributions made to State-sponsored qualified tuition programs). To the extent contributions exceed the annual contribution limit, an excise tax penalty may be imposed on the contributor under present-law section 4973, unless the excess contributions (and any earnings thereon) are returned to the contributor before the due date for the return for the taxable year during which the excess contribution is made.

[32] In such cases, the 5-year holding period applicable to IRA Plus accounts begins with the taxable year in which the education IRA is deemed to be an IRA Plus account.

[33] In the event of such a rollover, the 5-year holding period applicable to IRA Plus accounts begins with the taxable year in which the rollover occurs.

[34] For this purpose, a "member of the family" means persons described in paragraphs (1) through (8) of section 152(a), and any spouse of such persons.

[35] An interest in a qualified tuition program is not treated as debt for purposes of the debt-financed property UBIT rules of section 514.

[36] Distributions from State-sponsored qualified tuition programs will *not* be subject to this 10-percent additional penalty tax, but will continue to be governed by the present-law section 529(b)(3) rule that the State-sponsored programs themselves are required to impose a "more than de minimis penalty" on any refund of earnings not used for qualified higher education expenses (other than in cases where the refund is made on account of death or disability of, or receipt of a scholarship by, the beneficiary).

[37] Contributions to only one State-sponsored qualified tuition program per beneficiary will be excluded from the gift tax by reason of the bill (although a contributor may also make contributions excluded from the gift tax on behalf of *other* beneficiaries to the same State-sponsored program or any other State-sponsored program).

Definition of "member of family".—The conference agreement expands the definition of the term "member of the family" for purposes of allowing tax-free transfers or rollovers of credits or account balances in qualified State tuition programs (and redesignations of named beneficiaries), so that the term means persons described in paragraphs (1) through (8) of section 152(a)—e.g., sons, daughters, brothers, sisters, nephews and nieces, certain in-laws, etc.—and any spouse of such persons.[38]

Prohibition against investment direction.—The conference clarifies the present-law rule contained in section 529(b)(5) that qualified State tuition programs may not allow contributors or designated beneficiaries to direct the investment of contributions to the program (or earnings thereon) by specifically providing that contributors and beneficiaries may not "directly or indirectly" direct the investment of contributions to the program (or earnings thereon).

Interaction with HOPE credit and Lifetime Learning credit.—Under the conference agreement (as under present law), no amount will be includible in the gross income of a contributor to, or beneficiary of, a qualified State tuition program with respect to any contribution to or earnings on such a program until a distribution is made from the program, at which time the earnings portion of the distribution (whether made in cash or in-kind) will be includible in the gross income of the distributee. However, to the extent that a distribution from a qualified State tuition program is used to pay for qualified tuition and fees, the distributee (or another taxpayer claiming the distributee as a dependent) will be able to claim the HOPE credit or Lifetime Learning credit provided for by the conference agreement with respect to such tuition and fees (assuming that the other requirements for claiming the HOPE credit or Lifetime Learning credit are satisfied and the modified AGI phaseout for those credits does not apply).[39]

Effective date.—The modifications to section 529 generally are effective after December 31, 1997. The expansion of the term "qualified higher education expenses" to cover certain room and board expenses is effective as if included in the Small Business Job Protection Act of 1996 (enacted on August 20, 1996).

Education IRAs

The conference agreement generally follows the Senate amendment with respect to the treatment of education IRAs, with the following modifications.

Contribution limit.—Under the conference agreement, annual contributions to education IRAs are limited to $500 per beneficiary. This $500 annual contribution limit for education IRAs is phased out ratably for contributors with modified AGI between $95,000 and $110,000 ($150,000 and $160,000 for joint returns). Individuals with modified AGI above the phase-out range are not allowed to make contributions to an education IRA established on behalf of any other individual.[40]

Qualified expenses.—Education IRAs must be created exclusively for the purpose of paying qualified higher education expenses, meaning post-secondary tuition, fees, books, supplies, equipment, and certain room and board expenses, and *not* including elementary or secondary school expenses.

Expansion of exclusion for part-time students.—The conference agreement provides that distributions from an education IRA are excludable from gross income to the extent that the distribution does not exceed qualified higher education expenses incurred by the beneficiary during the year the distribution is made, regardless of whether the beneficiary is enrolled at an eligible educational institution on a full-time, half-time, or less than half-time basis. However, room and board expenses (meaning the minimum room and board allowance applicable to the student as determined by the institution in calculating costs of attendance for Federal financial aid programs under sec. 472 of the Higher Education Act of 1965) are qualified higher education expenses only if the student incurring such expenses is enrolled at an eligible educational institution on at least a half-time basis.

Termination of education IRAs.—Under the conference agreement, any balance remaining in an education IRA at the time a beneficiary becomes 30 years old must be distributed, and the earnings portion of such a distribution will be includible in gross income of the beneficiary and subject to an additional 10-percent penalty tax because the distribution was not for educational purposes. However, as under the Senate amendment, prior to the beneficiary reaching age 30, the conference agreement allows tax-free (and penalty-free) transfers and rollovers of account balances from one education IRA benefiting one beneficiary to another education IRA benefiting a different beneficiary (as well as redesignations of the named beneficiary), provided that the new beneficiary is a member of the family of the old beneficiary.[41]

Interaction with qualified State tuition programs.—The conference agreement provides that no contribution may be made by any person to an education IRA established on behalf of a beneficiary during any taxable year in which any contributions are made by anyone to a qualified State tuition program (defined under sec. 529) on behalf of the same beneficiary.

Interaction with HOPE credit and Lifetime Learning credit.—The conference agreement provides that, in any taxable year in which an exclusion from gross income is claimed with respect to a distribution from an education IRA on behalf of a beneficiary, neither a HOPE credit nor a Lifetime Learning credit may be claimed with respect to educational expenses incurred during that year on behalf of the same beneficiary. The HOPE credit or Lifetime Learning credit will be available in other taxable years with respect to that beneficiary (provided that no exclusion is claimed in such other taxable years for distributions from an education IRA on behalf of the beneficiary and provided that the requirements of the HOPE credit or Lifetime Learning credit are satisfied in such other taxable years).

Effective date.—The provisions governing education IRAs apply to taxable years beginning after December 31, 1997.

Estate and gift tax treatment

The conference agreement follows the House bill with respect to the estate and gift tax treatment of contributions to qualified State tuition programs and education IRAs, except that a special rule is provided in the case of contributions that exceed the annual gift tax exclusion limit (presently $10,000 in the case of an individual or $20,000 in the case of a married couple that splits their gifts, but this amount is scheduled to increase under other provisions of the conference agreement). For such contributions, the contributor may elect to have the contribution treated as if made ratably over a five-year period.

Thus, for Federal estate and gift tax purposes, any contribution to a qualified tuition program or education IRA will be treated as a completed gift of a present interest from the contributor to the beneficiary at the time of the contribution. Annual contributions are eligible for the present-law gift tax exclusion provided by Code section 2503(b) and also are excludable for purposes of the generation-skipping transfer tax (provided that the contribution, when combined with any other contributions made by the donor to that same beneficiary, does not exceed the annual gift-tax exclusion limit of $10,000, or $20,000 in the case of a married couple).

If a contribution in excess of $10,000 ($20,000 in the case of a married couple) is made in one year—which, under the conference agreement, can occur only in the case of a qualified State tuition program and not an education IRA (which cannot receive contributions in excess of $500 per year)—the contributor may elect to have the contribution treated as if made ratably over five years beginning in the year the contribution is made. For example, a $30,000 contribution to a qualified State tuition program would be treated as five annual contributions of $6,000, and the donor could therefore make up to $4,000 in other transfers to the beneficiary each year without payment of gift tax. Under this rule, a donor may contribute up to $50,000 every five years ($100,000 in the case of a married couple) with no gift tax consequences, assuming no other gifts are made from the donor to the beneficiary in the five-year period. A gift tax return must be filed with respect to any contribution in excess of the annual gift-tax exclusion limit, and the election for five-year averaging must be made on the contributor's gift tax return.

If a donor making an over-$10,000 contribution dies during the five-year averaging period, the portion of the contribution that has not been allocated to the years prior to death is includible in the donor's estate. For example, if a donor makes a $40,000 contribution, elects to treat the transfer as being made over a five-year period, and dies the following year, $8,000 would be allocated to the year of contribution, another $8,000 would be allocated to the year of death, and the remaining $24,000 would be includible in the estate.

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[38] The conference agreement also provides a special rule that, in the case of any contract issued prior to August 20, 1996 (i.e., the date of enactment of section 529), section 529(c)(3)(C) will be applied without regard to the requirement that a distribution be transferred to a member of the family or the requirement that a change in beneficiaries may be made only to a member of the family.

[39] In cases where in-kind benefits are provided to a beneficiary under a qualified State prepaid tuition program, present-law section 529(c)(3)(B) provides that the provision of such benefits is treated as a distribution to the beneficiary. Thus, to the extent such in-kind benefits, if paid for by the beneficiary, would constitute payment of qualified tuition and fees for purposes of the HOPE credit or Lifetime Learning credit, the beneficiary (or another taxpayer claiming the beneficiary as a dependent) may be able to claim the HOPE credit or Lifetime Learning credit with respect to payments that are deemed to be made by the beneficiary with respect to the in-kind benefit.

[40] The conference agreement clarifies that no amount is includible in the gross income of a beneficiary of an education IRA with respect to any contribution to or earnings on such account.

[41] For this purpose, a "member of the family" means—as under the conference agreement modifications to section 529—persons described in paragraphs (1) through (8) of section 152(a), and any spouse of such persons.

If a beneficiary's interest is rolled over to another beneficiary, there are no transfer tax consequences if the two beneficiaries are in the same generation. If a beneficiary's interest is rolled over to a beneficiary in a lower generation (e.g., parent to child or uncle to niece), the five-year averaging rule described above may be applied to exempt up to $50,000 of the transfer from gift tax.

The Federal estate and gift tax treatment of educational accounts has no effect on the actual rights and obligations of the parties pursuant to the terms of the contracts under State law.

Effective date.—The gift tax provisions are effective for contributions (or transfers) made after the date of enactment, and the estate tax provisions are effective for decedents dying after June 8, 1997.

3. Phase out qualified tuition reduction exclusion (sec. 202(c) of the House bill)

Present Law

Under present law, a "qualified tuition reduction" is excluded from gross income (sec. 117(d)). A "qualified tuition reduction" means any reduction in tuition provided to an employee of an educational organization for the education of the employee,[42] the employee's spouse, and dependent children at that organization or another such organization. For this purpose, qualifying educational organizations are those that normally maintain a regular faculty and curriculum and normally have a regularly enrolled body of pupils or students in attendance at the place where the educational activities are regularly carried out. In general, the qualified tuition reduction is limited to education below the graduate level; however, this limitation does not apply to graduate students engaged in teaching or research activities. The exclusion does not apply to any amount that represents payment for teaching, research, or other services rendered by the student in exchange for receiving the tuition reduction.

House Bill

The House bill phases out the special rule contained in section 117(d) that excludes qualified tuition reductions from gross income. For 1998, 80 percent of a qualified tuition reduction is excludable from gross income. For 1999, the excludable percentage is 60 percent; for 2000, the excludable percentage is 40 percent; and for 2001, the excludable percentage is 20 percent. No exclusion for a qualified tuition reduction is permitted after 2001.

Effective date.—The provision is effective for qualified tuition reductions with respect to courses of instruction beginning after December 31, 1997 (subject to the phaseout described above).

Senate Amendment

No provision.

Conference Agreement

The conference agreement does not include the House bill provision.

4. Deduction for student loan interest (sec. 202 of the Senate amendment)

Present Law

The Tax Reform Act of 1986 repealed the deduction for personal interest. Student loan interest generally is treated as personal interest and thus is not allowable as an itemized deduction from income.

Taxpayers generally may not deduct education and training expenses. However, a deduction for education expenses generally is allowed under section 162 if the education or training (1) maintains or improves a skill required in a trade or business currently engaged in by the taxpayer, or (2) meets the express requirements of the taxpayer's employer, or requirements of applicable law or regulations, imposed as a condition of continued employment (Treas. Reg. sec. 1.162-5). Education expenses are not deductible if they relate to certain minimum educational requirements or to education or training that enables a taxpayer to begin working in a new trade or business. In the case of an employee, education expenses (if not reimbursed by the employer) may be claimed as an itemized deduction only if such expenses relate to the employee's current job and only to the extent that the expenses, along with other miscellaneous deductions, exceed 2 percent of the taxpayer's adjusted gross income (AGI).

House Bill

No provision.

Senate Amendment

Under the Senate amendment, certain individuals who have paid interest on qualified education loans may claim an above-the-line deduction for such interest expenses, up to a maximum deduction of $2,500 per year. The deduction is allowed only with respect to interest paid on a qualified education loan during the first 60 months in which interest payments are required. Months during which the qualified education loan is in deferral or forbearance do not count against the 60-month period. No deduction is allowed to an individual if that individual is claimed as a dependent on another taxpayer's return for the taxable year. Beginning in 1999, the maximum deduction of $2,500 is indexed for inflation, rounded down to the closest multiple of $50.

A qualified education loan generally is defined as any indebtedness incurred to pay for the qualified higher education expenses of the taxpayer, the taxpayer's spouse, or any dependent of the taxpayer as of the time the indebtedness was incurred in attending (1) post-secondary educational institutions and certain vocational schools defined by reference to section 481 of the Higher Education Act of 1965, or (2) institutions conducting internship or residency programs leading to a degree or certificate from an institution of higher education, a hospital, or a health care facility conducting postgraduate training. Qualified higher education expenses are defined as the student's cost of attendance as defined in section 472 of the Higher Education Act of 1965 (generally, tuition, fees, room and board, and related expenses), reduced by (1) any amount excluded from gross income under section 135 (i.e., United States savings bonds used to pay higher education tuition and fees), (2) any amount distributed from a qualified tuition program or education investment account and excluded from gross income (under the provision described above), and (3) the amount of any scholarship or fellowship grants excludable from gross income under present-law section 117, as well as any other tax-free educational benefits, such as employer-provided educational assistance that is excludable from the employee's gross income under section 127. Such expenses must be paid or incurred within a reasonable period before or after the indebtedness is incurred, and must be attributable to a period when the student is at least a half-time student.

The deduction is phased out ratably for taxpayers with modified adjusted gross income (AGI) between $40,000 and $50,000 ($80,000 and $100,000 for joint returns). Modified AGI includes amounts otherwise excluded with respect to income earned abroad (or income from Puerto Rico or U.S. possessions), and is calculated after application of section 86 (income inclusion of certain Social Security benefits), section 219 (deductible IRA contributions), and section 469 (limitation on passive activity losses and credits).[43] Beginning in 2001, the income phase-out ranges are indexed for inflation, rounded down to the closest multiple of $5,000.

Any person in a trade or business or any governmental agency that receives $600 or more in qualified education loan interest from an individual during a calendar year must provide an information report on such interest to the IRS and to the payor.

Effective date.—The provision is effective for payments of interest due after December 31, 1996, on any qualified education loan. Thus, in the case of already existing qualified education loans, interest payments qualify for the deduction to the extent that the 60-month period has not expired. For purposes of counting the 60 months, any qualified education loan and all refinancing (that is treated as a qualified education loan) of such loan are treated as a single loan.

Conference Agreement

The conference agreement follows the Senate amendment, except that the maximum deduction is phased in over 4 years, with a $1,000 maximum deduction in 1998, $1,500 in 1999, $2,000 in 2000, and $2,500 in 2001. The maximum deduction amount is not indexed for inflation. In addition, the deduction is phased out ratably for individual taxpayers with modified AGI of $40,000-$55,000 ($60,000-$75,000 for joint returns); such income ranges will be indexed for inflation occurring after the year 2002, rounded down to the closest multiple of $5,000. Thus, the first taxable year for which the inflation adjustment could be made will be 2003. For purposes of the deduction, modified AGI includes amounts excludable from gross income under section 137 (qualified adoption expenses).[44]

Qualified higher education expenses are defined as the student's cost of attendance as defined in section 472 of the Higher Education Act of 1965 (generally, tuition, fees, room and board, and related expenses), reduced by (1) any amount excluded from gross income under section 135, (2) any amount distributed from an education IRA and excluded from gross income, and (3) the amount of any scholarship or fellowship grants excludable from gross income under present-law section 117, as well as any other tax-free educational benefits, such as employer-provided educational assistance that is excludable from the employee's gross income under section 127.

The conferees expect that the Secretary of Treasury will issue regulations setting forth reporting procedures that will facilitate the administration of this provision. Specifically, such regulations should require lenders separately to report to borrowers the amount of interest that constitutes deductible student loan interest (i.e., interest on a qualified education loan during the first 60 months in which interest payments are required). In this regard, the regulations should include a method for borrower certification to a lender that the loan proceeds are being used to pay for qualified higher education expenses.

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[42] Eligible beneficiaries also include retired and disabled employees, surviving spouses of retired or disabled employees, and children of deceased employees if the children are under the age of 25.

[43] For purposes of sections 86, 135, 219, and 469, adjusted gross income is determined without regard to the deduction for student loan interest.

[44] For purposes of section 137, adjusted gross income is determined without regard to the deduction for student loan interest.

The provision is effective for interest payments due and paid after December 31, 1997, on any qualified education loan.

5. Penalty-free withdrawals from IRAs for higher education expenses (sec. 203 of the House bill and Senate amendment)

Present Law

Under present law, amounts held in an individual retirement arrangement ("IRA") are includible in income when withdrawn (except to the extent the withdrawal is a return of nondeductible contributions). Amounts withdrawn prior to attainment of age 59½ are subject to an additional 10-percent early withdrawal tax, unless the withdrawal is due to death or disability, is made in the form of certain periodic payments, is used to pay medical expenses in excess of 7.5 percent of AGI, or is used to purchase health insurance of an unemployed individual.

House Bill

The House bill provides that the 10-percent early withdrawal tax does not apply to distributions from IRAs if the taxpayer used the amounts to pay qualified higher education expenses (including those related to graduate level courses) of the taxpayer, the taxpayer's spouse, or any child, or grandchild of the individual or the individual's spouse.

The penalty-free withdrawal is available for "qualified higher education expenses," meaning tuition, fees, books, supplies, equipment required for enrollment or attendance, and room and board at a post-secondary educational institution (defined by reference to sec 481 of the Higher Education Act of 1965). Qualified higher education expenses are reduced by any amount excludable from gross income under section 135 relating to the redemption of a qualified U.S. savings bond and certain scholarships and veterans benefits.

Effective date.—The provision is effective for distributions made after December 31, 1997, which respect to expenses paid after such date for education furnished in academic periods beginning after such date.

Senate Amendment

The Senate amendment is the same as the House bill.

Conference Agreement

The conference agreement follows the House bill and the Senate amendment.

6. Tax credit for expenses for education which supplements elementary and secondary education (sec. 204 of the House bill)

Present Law

In general, taxpayers may not deduct education and training expenses that relate to basic elementary or secondary education. (Treas. reg. sec. 1.162-5). Students who are employed may be eligible for the special exclusion for employer-provided educational assistance under section 127. In addition, qualified scholarships received by such students are excluded from gross income under section 117, and such students may be eligible for the special rules for student loan forgiveness under section 108(f). No tax credit is available under present law for expenses incurred with respect to elementary or secondary education.

House Bill

The House bill provides a nonrefundable tax credit equal to the lesser of (1) $150 or (2) 50 percent of qualified educational assistance expenses paid with respect to an eligible student.

Eligible students are children under age 18 enrolled full-time in elementary or secondary school. Qualified educational assistance expenses are costs of supplementary education (e.g., tutoring). Such supplementary education must be provided with respect to a student's current classes by a supplementary education service provider that is accredited by an accreditation organization recognized by the Secretary of Education. Qualified expenses do not include the cost of courses that prepare students for college entrance exams.

The credit is phased out for taxpayers with adjusted gross income between $80,000–$92,000 for joint filers and between $50,000–$62,000 for individual filers.

Effective date.—The credit is available for taxable years beginning after December 31, 1997.

Senate Amendment

No provision.

Conference Agreement

The conference agreement does not include the House bill provision.

7. Certain teacher education expenses not subject to 2-percent floor on miscellaneous itemized deductions (sec. 224 of the Senate amendment)

Present Law

In general, taxpayers are not permitted to deduct education expenses. However, employees may deduct the cost of certain work-related education. For costs to be deductible, the education must either be required by the taxpayer's employer or by law to retain taxpayer's current job or be necessary to maintain or improve skills required in the taxpayer's current job. Expenses incurred for education that is necessary to meet minimum education requirements of an employee's present trade or business or that can qualify an employee for a new trade or business are not deductible.

An employee is allowed to deduct work-related education and other business expenses only to the extent such expenses (together with other miscellaneous itemized deductions) exceed 2 percent of the taxpayer's adjusted gross income.

House Bill

No provision.

Senate Amendment

Under the Senate amendment, qualified professional development expenses incurred by an elementary or secondary school teacher[45] with respect to certain courses of instruction are not subject to the 2-percent floor on miscellaneous itemized deductions. Qualified professional development expenses mean expenses for tuition, fees, books, supplies, equipment and transportation required for enrollment or attendance in a qualified course, *provided* that such expenses are otherwise deductible under present law section 162. A qualified course of instruction means a course at an institution of higher education (as defined in sec. 481 of the Higher Education Act of 1965) which is part of a program of professional development that is approved and certified by the appropriate local educational agency as furthering the individual's teaching skills.

Effective date.—The provision is effective for taxable years beginning after December 31, 1997.

Conference Agreement

The conference agreement does not include the Senate amendment.

B. Other Education-Related Tax Provisions

1. Extension of exclusion for employer-provided educational assistance (sec. 221 of the House bill and sec. 221 of the Senate amendment)

Present Law

Under present law, an employee's gross income and wages do not include amounts paid or incurred by the employer for educational assistance provided to the employee if such amounts are paid or incurred pursuant to an educational assistance program that meets certain requirements. This exclusion is limited to $5,250 of educational assistance with respect to an individual during a calendar year. The exclusion does not apply to graduate-level courses beginning after June 30, 1996. The exclusion expires with respect to courses of instruction beginning after June 30, 1997.[46] In the absence of the exclusion, educational assistance is excludable from income only if it is related to the employee's current job.

House Bill

The exclusion for employer-provided educational assistance is extended through courses beginning on or before December 31, 1997.

Effective date.—The provision is effective with respect to taxable years beginning after December 31, 1996.

Senate Amendment

The exclusion for employer-provided educational assistance is extended permanently. Beginning in 1997, the exclusion applies to graduate-level courses.

Effective date.—The extension of the exclusion with respect to undergraduate courses applies with respect to taxable years beginning after December 31, 1996. The extension of the exclusion with respect to graduate-level courses applies to courses beginning after December 31, 1996.

Conference Agreement

The conference agreement follows the House bill, with modifications. Under the conference agreement, the exclusion for undergraduate education is extended with respect to courses beginning before June 1, 2000. As under the House bill, the exclusion does not apply with respect to graduate-level courses.

2. Modification of $150 million limit on qualified 501(c)(3) bonds other than hospital bonds (sec. 222 of the House bill and sec. 222 of the Senate amendment)

Present Law

Interest on State and local government bonds generally is excluded from income if the bonds are issued to finance activities carried out and paid for with revenues of these governments. Interest on bonds issued by these governments to finance activities of other persons, e.g., private activity bonds, is taxable unless a specific exception is included in the Code. One such exception is for private activity bonds issued to finance activities of private, charitable organizations described in Code section 501(c)(3) ("section

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[45] To be eligible, a teacher must have completed at least two academic years as a K–12 teacher in an elementary or secondary school before the qualified professional development expenses are incurred.

[46] The legislative history reflects congressional intent that the provision expire with respect to courses beginning after May 31, 1997.

501(c)(3) organizations") when the activities do not constitute an unrelated trade or business.

Present law treats section 501(c)(3) organizations as private persons; thus, bonds for their use may only be issued as private activity "qualified 501(1)(3) bonds," subject to the restrictions of Code section 145. The most significant of these restrictions limits the amount of outstanding bonds from which a section 501(c)(3) organization may benefit to $150 million. In applying this "$150 million limit," all section 501(c)(3) organizations under common management or control are treated as a single organization. The limit does not apply to bonds for hospital facilities, defined to include only acute care, primarily inpatient, organizations.

House Bill

Under the House bill, the $150 million limit is increased annually in $10 million increments until it is $200 million. Specifically, the limitation is $160 million in 1998, $170 million in 1999, $180 million in 2000, $190 million in 2001, and $200 million in 2002 and thereafter.

Effective date.—The provision is effective on January 1, 1998.

Senate Amendment

The Senate amendment repeals the $150 million limit for bonds issued after the date of enactment to finance capital expenditures incurred after the date of enactment.

Effective date.—The provision is effective for bonds issued after the date of enactment to finance capital expenditures incurred after such date.

Conference Agreement

The conference agreement follows the Senate amendment.

Effective date.—The provision is effective for bonds issued after the date of enactment. Because this provision of the conference agreement applies only to bonds issued with respect to capital expenditures incurred after the date of enactment, the $150 million limit will continue to govern issuance of other non-hospital qualified 501(c)(3) bonds (e.g., refunding bonds or new-money bonds for capital expenditures incurred before the date of enactment). Thus, the conferees understand that bond issuers will continue to need Treasury Department guidance on the application of this limit in the future and expect that the Treasury will continue to provide interpretative rules on this limit.

3. Enhanced deduction for corporate contributions of computer technology and equipment (sec. 223 of the House bill)

Present Law

In computing taxable income, a taxpayer who itemizes deductions generally is allowed to deduct the fair market value of property contributed to a charitable organization.[47] However, in the case of a charitable contribution of inventory or other ordinary-income property, short-term capital gain property, or certain gifts to private foundations, the amount of the deduction is limited to the taxpayer's basis in the property. In the case of a charitable contribution of tangible personal property, a taxpayer's deduction is limited to the adjusted basis in such property if the use by the recipient charitable organization is unrelated to the organization's tax-exempt purpose (sec. 170(e)(1)(B)(I)).

Special rules in the Code provide augmented deductions for certain corporate[48] contributions of inventory property for the care of the ill, the needy, or infants (sec. 170(e)(3)), and certain corporate contributions of scientific equipment constructed by the taxpayer, provided the original use of such donated equipment is by the donee for research or research training in the United States in physical or biological sciences (sec. 170(e)(4)).[49] Under these special rules, the amount of the augmented deduction available to a corporation making a qualified contribution is equal to its basis in the donated property plus one-half of the amount of ordinary income that would have been realized if the property had been sold. However, the augmented deduction cannot exceed twice the basis of the donated property.

House Bill

The House bill expands the list of qualified contributions that would qualify for the augmented deduction currently available under Code section 170(e)(3) and 170(e)(4). Under the House bill, qualified contributions mean gifts of computer technology and equipment (i.e., computer software, computer or peripheral equipment, and fiber optic cable related to computer use) to be used within the United States for educational purposes in any of grades K–12.

Eligible donees are: (1) any educational organization that normally maintains a regular faculty and curriculum and has a regularly enrolled body of pupils in attendance at the place where its educational activities are regularly carried on; and (2) Code section 501(c)(3) entities that are organized primarily for purposes of supporting elementary and secondary education. A private foundation also is an eligible donee, provided that, within 30 days after receipt of the contribution, the private foundation contributes the property to an eligible donee described above.

Qualified contributions are limited to gifts made no later than two years after the date the taxpayer acquired or substantially completed the construction of the donated property. Such donated property could be computer technology or equipment that is inventory or depreciable trade or business property in the hands of the donor. The House bill permits payment by the donee organization of shipping, transfer, and installation costs.[50] The special treatment applies only to donations made by C corporations; as under present law section 170(e)(4), S corporations, personal holding companies, and service organizations are not eligible donors.

Effective date.—The provision is effective for contributions made in taxable years beginning after 1997.

Senate Amendment

No provision.

Conference Agreement

The conference agreement follows the House bill, except that the provision is sunset after three years. Thus, the provision is effective for contributions made in taxable years beginning after 1997 and before January 1, 2001. In addition, the conference agreement clarifies that the original use of the donated property must commence with the donor or the donee. Accordingly, qualified contributions generally are limited to property that is no more than two years old.

4. Expansion of arbitrage rebate exception for certain bonds (sec. 223 of the Senate amendment)

Present Law

Generally, all arbitrage profits earned on investments unrelated to the purpose of the borrowing ("nonpurpose investments") when such earnings are permitted must be rebated to the Federal Government.

An exception is provided for bonds issued by governmental units having general taxing powers if the governmental unit (and all subordinate units) issue $5 million or less of governmental bonds during the calendar year ("the small-issuer exception'). This exception does not apply to private activity bonds.

House Bill

No provision.

Senate Amendment

The Senate amendment provides that up to $5 million of bonds used to finance public school capital expenditures incurred after December 31, 1997, are excluded from application of the present-law $5 million limit. Thus, small issuers will continue to benefit from the small issue exception from arbitrage rebate if they issue no more than $10 million in governmental bonds per calendar year and no more than $5 million of the bonds is used to finance expenditures other than for public school capital expenditures.

Effective date.—The provision is effective for bonds issued after December 31, 1997.

Conference Agreement

The conference agreement follows the Senate amendment.

5. Treatment of cancellation of certain student loans (sec. 224 of the House bill and sec. 225 of the Senate amendment)

Present Law

In the case of an individual, gross income subject to Federal income tax does not include any amount from the forgiveness (in whole or in part) of certain student loans, provided that the forgiveness is contingent on the student's working for a certain period of time in certain professions for any of a broad class of employers (sec. 108(f)).

Student loans eligible for this special rule must be made to an individual to assist the individual in attending an educational institution that normally maintains a regular faculty and curriculum and normally has a regularly enrolled body of students in attendance at the place where its education activities are regularly carried on. Loan proceeds may be used not only for tuition and required fees, but also to cover room and board expenses (in contrast to tax-free scholarships under section 117, which are limited to tuition and required fees). In addition, the loan must be made by (1) the United States (or an instrumentality or agency thereof), (2) a State (or any political subdivision thereof), (3) certain tax-exempt public benefit corporations that control a State, county, or municipal hospital and whose employees have been deemed to be public employees under State law, or (4) an educational organization that originally received the funds from which the loan was made from the United States, a State, or a tax-exempt public benefit corporation. Thus, loans made with private, nongovernmental funds are not qualifying student loans for purposes of the section 108(f) exclusion.

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[47] The amount of the deduction allowable for a taxable year with respect to a charitable contribution may be reduced depending on the type of property contributed, the type of charitable organization to which the property is contributed, and the income of the taxpayer (secs. 170(b) and 170(e)). Corporations are entitled to claim a deduction for charitable contributions, generally limited to 10 percent of their taxable income (computed without regard to the contributions) for the taxable year.

[48] S corporations are not eligible donors for purposes of section 170(e)(3) or section 170(e)(4).

[49] Eligible donees under section 170(e)(4) are limited to post-secondary educational institutions, scientific research organizations, and certain other organizations that support scientific research.

[50] In the case of contributions made through private foundations, the bill permits the payment by the private foundation of shipping, transfer, and installation costs.

House Bill

The House bill expands section 108(f) so that an individual's gross income does not include forgiveness of loans made by tax-exempt charitable organizations (e.g., educational organizations or private foundations) if the proceeds of such loans are used to pay costs of attendance at an educational institution or to refinance outstanding student loans and the student is not employed by the lender organization. As under present law, the section 108(f) exclusion applies only if the forgiveness is contingent on the student's working for a certain period of time in certain professions for any of a broad class of employers. In addition, in the case of loans made by tax-exempt charitable organizations, the student's work must fulfill a public service requirement. The student must work in an occupation or area with unmet needs and such work must be performed for or under the direction of a tax-exempt charitable organization or a governmental entity.

The exclusion also is expanded to cover forgiveness of direct student loans made through the William D. Ford Federal Direct Loan Program where loan repayment and forgiveness are contingent on the borrower's income level and any unpaid amounts are forgiven in full by the Secretary of Education at the end of a 25-year period. Thus, Federal Direct Loan borrowers who have elected the income-contingent repayment option and who have not repaid their loans in full at the end of a 25-year period would not be required to include the outstanding loan balance in income as a result of the forgiveness of the loan.

Effective date.—The provision applies to discharges of indebtedness after the date of enactment.

Senate Amendment

The Senate amendment is the same as the House bill.

Conference Agreement

The conference agreement follows the House bill and the Senate amendment, except that the conference agreement does not include the provision expanding the exclusion to cover forgiveness of direct student loans made through the William D. Ford Federal Direct Loan Program where loan repayment and forgiveness are contingent on the borrower's income level and any unpaid amounts are forgiven in full by the Secretary of Education at the end of a 25-year period.

6. Tax credit for holders of qualified zone academy bonds

Present Law

Under present law, interest on bonds issued for general governmental purposes, including public schools, is exempt from Federal income tax.

House Bill

No provision.

Senate Amendment

No provision.

Conference Agreement

Under the conference agreement, certain financial institutions (i.e., banks, insurance companies, and corporations actively engaged in the business of lending money) that hold "qualified zone academy bonds" are entitled to a nonrefundable tax credit in an amount equal to a credit rate (set by the Treasury Department) multiplied by the face amount of the bond. The credit rate applies to all such bonds purchased in each month. A taxpayer holding a qualified zone academy bond is entitled to a credit for each year the taxpayer holds the bond. The credit is includible in gross income, but may be claimed against regular income tax and AMT liability.

The Treasury Department will set the credit rate each month so that such bonds can be issued without discount and without any interest cost to the issuer. The maximum term of the bond issued in a given month also is determined by the Treasury Department so that the present value of the obligation to repay the bond is 50 percent of the face value of the bond. Such present value will be determined using as a discount rate the average annual interest rate of tax-exempt obligations with a term of 10 years or more issued during the month.

"Qualified zone academy bonds" are defined as any bond issued by a State or local government, provided that (1) 95 percent of the proceeds are used for the purpose of renovating, providing equipment to, developing course materials for use at, or training teachers and other school personnel in a "qualified zone academy" and (2) private entities have promised to contribute to the qualified zone academy certain equipment, technical assistance or training, employee services, or other property or services with a value equal to at least 10 percent of the bond proceeds.

A school is a "qualified zone academy" if (1) the school is a public school that provides education and training below the college level, (2) the school operates a special academic program in cooperation with businesses to enhance the academic curriculum and increase graduation and employment rates, and (3) either (a) the school is located in an empowerment zone or enterprise community (including empowerment zones designated or authorized to be designated under the conference agreement), or (b) it is reasonably expected that at least 35 percent of the students at the school will be eligible for free or reduced-cost lunches under the school lunch program established under the National School Lunch Act.

A total of $400 million of "qualified zone academy bonds" may be issued in each of 1998 and 1999. The $800 million aggregate bond cap will be allocated to the States according to their respective populations of individuals below the poverty line. A State may carry over any unused allocation into subsequent years. Each State, in turn, will allocate the credit to qualified zone academies within such State.

Effective date.—The provision is effective for bonds issued after 1997.

III. SAVINGS AND INVESTMENT TAX INCENTIVES

A. Individual Retirement Arrangements

1. Increase deductible IRA phase-out range and modify active participant rule (sec. 301 of the Senate amendment)

Present Law

If an individual (or, if married, the individual's spouse) is an active participant in an employer-sponsored retirement plan, the $2,000 IRA deduction limit is phased out over the following levels of adjusted gross income ("AGI"): $25,000 to $35,000 in the case of a single taxpayer and $40,000 to $50,000 in the case of married taxpayers.

House Bill

No provision.

Senate Amendment

An individual is not considered to be an active participant in an employer-sponsored retirement plan merely because the individual's spouse is such an active participant.

The income phase-out range for single individuals is increased as follows: for 1998 and 1999, the phase-out range is $30,000 to $40,000; for 2000 and 2001, $35,000 to $45,000; for 2002 and 2003, $40,000 to $50,000; and for 2004 and thereafter, $50,000 to $60,000.

The income phase-out range for married individuals is increased as follows: for 1998 and 1999, the phase-out range is $50,000 to $60,000; for 2000 and 2001, $60,000 to $70,000; for 2002 and 2003, $70,000 to $80,000; and 2004 and thereafter, $80,000 to $100,000.

Effective date.—The provisions are effective for taxable years beginning after December 31, 1997.

Conference Agreement

The conference agreement follows the Senate amendment, with modifications.

Under the conference agreement, as under the Senate amendment, an individual is not considered an active participant in an employer-sponsored retirement plan merely because the individual's spouse is an active participant. However, under the conference agreement, the maximum deductible IRA contribution for an individual who is not an active participant, but whose spouse is, is phased out for taxpayers with AGI between $150,000 and $160,000.

Under the conference agreement, the deductible IRA income phase-out limits are increased as follows:

	Phase-out range
Joint Returns	
Taxable years beginning in:	
1998	$50,000—$60,000
1999	$51,000—$61,000
2000	$52,000—$62,000
2001	$53,000—$63,000
2002	$54,000—$64,000
2003	$60,000—$70,000
2004	$65,000—$75,000
2005	$70,000—$80,000
2006	$75,000—$85,000
2007 and thereafter	$80,000—$100,000
Single Taxpayers	
Taxable years beginning in:	
1998	$30,000—$40,000
1999	$31,000—$41,000
2000	$32,000—$42,000
2001	$33,000—$43,000
2002	$34,000—$44,000
2003	$40,000—$50,000
2004	$45,000—$55,000
2005 and thereafter	$50,000—$60,000

The following examples illustrate the income phase-out rules.

Example 1.—Suppose for a year W is an active participant in an employer-sponsored retirement plan, and W's husband, H, is not. Further assume that the combined AGI of H and W for the year is $200,000. Neither W nor H is entitled to make deductible contributions to an IRA for the year.

Example 2.—Same as example 1, except that the combined AGI of W and H is $125,000. H can make deductible contributions to an IRA. However, a deductible contribution could not be made for W.

2. Tax-free nondeductible IRAs (sec. 301 of the House bill and sec. 302 of the Senate amendment)

Present Law

No provision. However, present law provides that an individual can make nondeductible contributions to an IRA to the extent the individual cannot or does not make deductible contributions. Earnings on nondeductible contributions are includible in income when withdrawn.

House Bill

In general

The House bill replaces present-law nondeductible IRAs with new American Dream IRAs ("AD IRAs") to which individuals may make nondeductible contributions of up to $2,000 annually. No income limits apply to AD IRAs, and contributions to AD IRAs are in addition to other IRA contributions. The $2,000 contribution limit is indexed for inflation in $50 increments.

Taxation of distributions

Qualified distributions from an AD IRA are not includible in income. Qualified distributions are distributions (1) made after the 5-taxable year period beginning with the first taxable year for which a contribution was made to an AD IRA and (2) which are (a) made on or after the date on which the individual attains age 59½, (b) made to a beneficiary on or after the death of the individual, (c) attributable to the individual's being disabled, or (d) for a qualified special purpose distribution. A qualified special purpose distribution is a distribution for first-time homebuyer expenses.

Conversions of IRAs to AD IRAs

An IRA may be converted to an AD IRA before January 1, 1999. Amounts that would have been includible in income had the amounts converted been withdrawn are includible in income ratably over 4 years. The additional tax on early withdrawals does not apply to conversions of IRAs to AD IRAs.

Effective date

Taxable years beginning after December 31, 1997.

Senate Amendment

In general

Same as the House bill, except that: (1) the new IRAs are called IRA Plus accounts and (2) no more than $2,000 of annual contributions can be made to all an individual's IRAs.

Taxation of distributions

Same as the House bill, except that special purpose distributions also include distributions to long-term unemployed individuals.

Conversions of IRAs to AD IRAs

Same as the House bill, except that conversions of an IRA to an IRA Plus can be made at any time. If the conversion is made before January 1, 1999, the amounts that would have been includible in income had the amounts converted been withdrawn are includible in income ratably over 4 years. In any case, the 10-percent tax on early withdrawals does not apply.

Effective date

Same as the House bill.

Conference Agreement

The conference agreement follows the Senate amendment, with modifications. Under the conference agreement, the new IRA is called the "Roth IRA" rather than the IRA Plus. The maximum contribution that can be made to a Roth IRA is phased out for individuals with AGI between $95,000 and $110,000 and for joint filers with AGI between $150,000 and $160,000. Under the conference agreement, distributions to long-term unemployed individuals do not qualify as special purpose distributions. Thus, only first-time homebuyer expenses (as defined under the Senate amendment) qualify as special purpose distributions.

Under the conference agreement, only taxpayers with AGI of less than $100,000[51] are eligible to roll over or convert an IRA into a Roth IRA.

The conference agreement retains present-law nondeductible IRAs. Thus, an individual who cannot (or does not) make contributions to a deductible IRA or a Roth IRA can make contributions to a nondeductible IRA. In no case can contributions to all an individual's IRAs for a taxable year exceed $2,000.

3. Modifications to early withdrawal tax (sec. 301 of the House bill and sec. 303 of the Senate amendment)

Present Law

Under present law, a 10-percent additional tax applies to distributions from an IRA prior to age 59½, unless an exception applies.

House Bill

The House bill adds an additional exception to the early withdrawal tax for AD IRAs only. The early withdrawal tax does not apply to distributions from an AD IRA for first-time homebuyer expenses, subject to a $10,000 life-time cap.

Effective date.—Taxable years beginning after December 31, 1997.

Senate Amendment

The early withdrawal tax does not apply to distributions from any IRA for first-time homebuyer expenses or for long-term unemployed individuals.

Effective date.—Same as the House bill.

Conference Agreement

The conference agreement follows the Senate amendment but does not include the provision relating to long-term unemployed individuals.[52]

4. IRA investments in coins and bullion (sec. 304 of the Senate amendment)

Present Law

IRA assets may not be invested in collectibles. This prohibition does not apply to certain gold and silver coins or to coins issued by a State.

House Bill

No provision.

Senate Amendment

IRA assets may be invested in certain platinum coins and in certain gold, silver, platinum or palladium bullion.

Effective date.—The provision is effective for taxable years beginning after December 31, 1997.

Conference Agreement

The conference agreement follows the Senate amendment.

B. Capital Gains Provisions

1. Maximum rate of tax on net capital gain of individuals (sec. 311 of the House bill and sec. 311 of the Senate amendment)

Present Law

In general, gain or loss reflected in the value of an asset is not recognized for income tax purposes until a taxpayer disposes of the asset. On the sale or exchange of capital assets, the net capital gain is taxed at the same rate as ordinary income, except that individuals are subject to a maximum marginal rate of 28 percent of the net capital gain. Net capital gain is the excess of the net long-term capital gain for the taxable year over the net short-term capital loss for the year. Gain or loss is treated as long-term if the asset is held for more than one year.

A capital asset generally means any property except (1) inventory, stock in trade, or property held primarily for sale to customers in the ordinary course of the taxpayer's trade or business, (2) depreciable or real property used in the taxpayer's trade or business, (3) specified literary or artistic property, (4) business accounts or notes receivable, or (5) certain U.S. publications. In addition, the net gain from the disposition of certain property used in the taxpayer's trade or business is treated as long-term capital gain. Gain from the disposition of depreciable personal property is not treated as capital gain to the extent of all previous depreciation allowances. Gain from the disposition of depreciable real property is generally not treated as capital gain to the extent of the depreciation allowances in excess of the allowances that would have been available under the straight-line method of depreciation.

House Bill

Under the House bill, the maximum rate of tax on the net capital gain of an individual is reduced from 28 percent to 20 percent. In addition, any net capital gain which otherwise would be taxed at a 15-percent rate is taxed at a rate of 10 percent. These rates apply for purposes of both the regular tax and the minimum tax.

The tax on the net capital gain attributable to any long-term capital gain from the sale or exchange of collectibles will remain at a maximum rate of 28 percent; any long-term capital gain from the sale or exchange of section 1250 property (i.e., depreciable real estate) to the extent the gain would have been treated as ordinary income if the property had been section 1245 property will be taxed at a maximum rate of 26 percent. Gain from the disposition of a collectible which is an indexed asset (described below) will not be eligible for the 28-percent rate unless the taxpayer elects to forgo indexing.

Effective date.—The provision generally applies to sales and exchanges (and installment payments received) after May 6, 1997.

Senate Amendment

The Senate amendment is the same as the House bill except the maximum rate on gain attributable to the depreciation of section 1250 property is 24 percent (rather than 26 percent). (Differences in the provisions relating to indexing and small business stock are described below.)

Effective date.—The effective date is the same as the House bill.

Conference Agreement

The conference agreement generally follows the House bill and the Senate amendment. The maximum rate of tax on gain attributable to the depreciation of section 1250 property will be 25 percent.

In addition, for taxable years beginning after December 31, 2000, the maximum capital gains rates for assets which are held more than 5 years, are 8 percent and 18 percent (rather than 10 percent and 20 percent). The 18-percent rate only applies to assets the holding period for which begins after December 31, 2000. A taxpayer holding a capital asset or asset used in the taxpayer's trade or business on January 1, 2001, may elect to treat the asset as having been sold on such date for an amount equal to its fair market value, and as having been reacquired for an amount equal to such value. If the election is made, any gain is recognized (and any loss disallowed). The conference agreement allows the Treasury Department to issue regulations coordinating the capital gain provisions with other rules involving the treatment of sales and exchanges by pass-thru entities and of interests therein.

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[51] For this purpose, AGI is determined before any amount includible in income as a result of the rollover or conversion.

[52] As under the House bill and Senate amendment, the conference agreement includes a penalty-free withdrawal provision for education expenses.

Under the conference agreement, the lower capital gains rates do not apply to the sale or exchange of assets held for 18 months or less, effective for amounts properly taken into account after July 28, 1997. The 28-percent maximum rate will continue to apply to the sale or exchange of capital assets held more than 1 year but not more than 18 months.

2. Small business stock (sec. 311 of the House bill and secs. 312 and 313 of the Senate amendment)

Present Law

The Revenue Reconciliation Act of 1993 provided individuals a 50-percent exclusion for the sale of certain small business stock acquired at original issue and held for at least five years. One-half of the excluded gain is a minimum tax preference.

The amount of gain eligible for the 50-percent exclusion by an individual with respect to any corporation is the greater of (1) 10 times the taxpayer's basis in the stock or (2) $10 million.

In order to qualify as a small business, when the stock is issued, the gross assets of the corporation may not exceed $50 million. The corporation also must meet an active trade or business requirement.

House Bill

Under the House bill, the lower capital gains rates do not apply to the includible portion of the gain from the qualifying sale of small business stock. Thus, the maximum rate of regular tax on the sale of small business stock remains at 14 percent.

Senate Amendment

Under the Senate amendment, the 50-percent exclusion will apply to small business stock (other than stock of a subsidiary corporation) held by a corporation. The minimum tax preference is repealed. Under the provision, in the case of a qualifying sale of small business stock by an individual, the maximum rate of tax, will be 10 percent.

The Senate amendment increases the size of an eligible corporation from gross assets of $50 million to gross assets of $100 million. The Senate amendment also repeals the limitation on the amount of gain a taxpayer can exclude with respect to the stock of any corporation.

The Senate amendment provides that certain working capital must be expended within five years (rather than two years) in order to be treated as used in the active conduct of a trade or business. No limit on the percent of the corporation's assets that are working capital is imposed.

The Senate amendment provides that if the corporation establishes a business purpose for a redemption of its stock, that redemption is disregarded in determining whether other newly issued stock could qualify as eligible stock.

The Senate amendment allows a taxpayer to roll over gain from the sale or exchange of small business stock held more than five years where the taxpayer uses the proceeds to purchase other small business stock within 60 days of the sale of the original stock. If the taxpayer sells the replacement stock, any gain attributable to the original stock is treated as gain from the sale or exchange of small business stock held more than five years, and any remaining gain will be so treated after the replacement stock is held for at least five years. In addition, any gain that otherwise would be recognized from the sale of the replacement stock can be rolled over to other small business stock purchased within 60 days.

Effective date.—The increase in the size of corporations whose stock is eligible for the exclusion applies to stock issued after the date of the enactment of the proposal. The remaining provisions apply to stock issued after August 10, 1993 (the original effective date of the small business stock provision).

Conference Agreement

The conference agreement follows the provisions in the House bill. The conference agreement reduces the minimum tax preference from one-half of the excluded gain to 42 percent of such gain.

In addition, the conference agreement allows an individual to roll over tax-free gain from the sale or exchange of qualified small business stock held more than 6 months where the taxpayer uses the proceeds to purchase other qualified small business stock within 60 days of the sale. For purposes of the rollover provision, the replacement stock must meet the active business requirement for the 6-month period following the purchase. Generally, the holding period of the stock purchased will include the holding period of the stock sold, except for purposes of determining whether the 6-month holding period is met. The provision applies to sales after the date of enactment of this Act.

3. Indexing of basis of certain assets for purposes of determining gain (sec. 312 of the House bill)

Present Law

Under present law, gain or loss from the disposition of any asset generally is the sales price of the asset is reduced by the taxpayer's adjusted basis in that asset. The taxpayer's adjusted basis generally is the taxpayer's cost in the asset adjusted for depreciation, depletion, and certain other amounts. No adjustment is allowed for inflation.

House Bill

The House bill generally provides for an inflation adjustment to (i.e., indexing of) the adjusted basis of certain assets (called "indexed assets") held more than three years for purposes of determining gain (but not loss) upon a sale or other disposition of such assets by a taxpayer other than a C corporation.

Assets eligible for the inflation adjustment generally include common (but not preferred) stock of C corporations and tangible property that are capital assets or property used in a trade or business. A personal residence is not eligible for indexing. To be eligible for indexing, an asset must be held by the taxpayer for more than three years.

The inflation adjustment under the provision is computed by multiplying the taxpayer's adjusted basis in the indexed asset by an inflation adjustment percentage, based on the chain- type price index for GDP ("Gross Domestic Product').

Special rules apply to RICS, REITS, partnerships, S corporations and common trust funds.

Effective date.—The provision applies to property the holding period of which begins after December 31, 2000. A taxpayer holding any indexed asset on January 1, 2001, may elect to treat the indexed asset as having been sold on such date for an amount equal to its fair market value, and as having been reacquired for an amount equal to such value. If the election is made, any gain is recognized (and any loss is disallowed).

Senate Amendment

No provision.

Conference Agreement

The conference agreement does not include the House bill provision.

4. Exclusion of gain on sale of principal residence (sec. 313 of the House bill and sec. 314 of the Senate amendment)

Present Law

Under present law, no gain is recognized on the sale of a principal residence if a new residence at least equal in cost to the sales price of the old residence is purchased and used by the taxpayer as his or her principal residence within a specified period of time (sec. 1034). This replacement period generally begins two years before and ends two years after the date of sale of the old residence. The basis of the replacement residence is reduced by the amount of any gain not recognized on the sale of the old residence by reason of this gain rollover rule.

Also, under present law, in general, an individual, on a one-time basis, may exclude from gross income up to $125,000 of gain from the sale or exchange of a principal residence if the taxpayer (1) has attained age 55 before the sale, and (2) has owned the property and used it as a principal residence for three or more of the five years preceding the sale (sec. 121).

House Bill

Under the House bill, a taxpayer generally is able to exclude up to $250,000 ($500,000 if married filing a joint return) of gain realized on the sale or exchange of a principal residence. The exclusion is allowed each time a taxpayer selling or exchanging a principal residence meets the eligibility requirements, but generally no more frequently than once every two years. The House bill provides that gain would be recognized to the extent of any depreciation allowable with respect to the rental or business use of such principal residence for periods after May 6, 1997.

To be eligible for the exclusion, a taxpayer must have owned the residence and occupied it as a principal residence for at least two of the five years prior to the sale or exchange. A taxpayer who fails to meet these requirements by reason of a change of place of employment, health, or other unforseen circumstances is able to exclude the fraction of the $250,000 ($500,000 if married filing a joint return) equal to the fraction of two years that these requirements are met.

In the case of joint filers not sharing a principal residence, an exclusion of $250,000 is available on a qualifying sale or exchange of the principal residence of one of the spouses. Similarly, if a single taxpayer who is otherwise eligible for an exclusion marries someone who has used the exclusion within the two years prior to the marriage, the bill would allow the newly married taxpayer a maximum exclusion of $250,000. Once both spouses satisfy the eligibility rules and two years have passed since the last exclusion was allowed to either of them, the taxpayers may exclude $500,000 of gain on their joint return.

Under the bill, the gain from the sale or exchange of the remainder interest in the taxpayer's principal residence may qualify for the otherwise allowable exclusion.

Effective date.—The provision is available for all sales or exchanges of a principal residence occurring after May 6, 1997, and replaces the present-law rollover and one-time exclusion provisions applicable to principal residences.

A taxpayer may elect to apply present law (rather than the new exclusion) to a sale or exchange (1) made before the date of enactment of the Act, (2) made after the date of enactment pursuant to a binding contract in effect on such date or (3) where the replacement residence was acquired on or before the date of enactment (or pursuant to a binding contract in effect of the date of enactment) and the rollover provision would apply. If a taxpayer acquired his or her current residence in a rollover transaction, periods of ownership and use of the prior residence would be taken into account in determining ownership and use of the current residence.

Senate Amendment

The Senate amendment is the same as the House bill with technical modifications.

Conference Agreement

The conference agreement generally follows the House bill and the Senate amendment.

The conferees wish to clarify that the provision limiting the exclusion to only one sale every two years by the taxpayer does not prevent a husband and wife filing a joint return from each excluding up to $250,000 of gain from the sale or exchange of each spouse's principal residence provided that each spouse would be permitted to exclude up to $250,000 of gain if they filed separate returns.

5. Corporate capital gains (sec. 321 of the House bill)

Present Law

Under present law, the net capital gain of a corporation is taxed at the same rate as ordinary income, and subject to tax at graduated rates up to 35 percent.

House Bill

The House bill provides an maximum rate of tax on the net capital gain of a corporation to the extent the gain is attributable to the sale or exchange of property held more than 8 years. The alternative tax is 32 percent on gain attributable to calendar year 1998; 31 percent on gain attributable to calendar year 1999; and 30 percent on gain attributable to calendar years after 1999. The House bill also modifies the application of the corporate alternative capital gains tax so that the alternative capital gains tax applies to the lesser of 8-year gain or taxable income. Gain from the disposition of a collectible or attributable to the depreciation of section 1250 property is not eligible for the lower rate.

Effective date.—The provision applies to taxable years ending after December 31, 1997. However, the lower rate does not apply to amounts properly taken into account before January 1, 1998. For fiscal years beginning in 1998 and 1999, the tax is computed by applying the applicable percentage to the 8-year gain for the first portion of the year (or, if less, the 8-year gain for the entire year), but in an amount not to exceed the taxable income for the entire year and then by applying the applicable percentage to an amount equal to the 8-year gain for the entire year (or, if less, taxable income) reduced by the amount taxed at the applicable percentage for the first portion of the year.

Senate Amendment

No provision.

Conference Agreement

The conference agreement does not include the House bill provision.

The conference agreement provides that the amount of gain subject to the alternative rate of tax under section 1201(a)(2) may not exceed the corporation's taxable income. Because the section 1201 alternative tax does not presently apply, this change has no effect under the rate structure of present law.

IV. ALTERNATIVE MINIMUM TAX PROVISIONS

A. Increase Exemption Amount Applicable to Individual Alternative Minimum Tax (sec. 401 of the House bill and sec. 102 of the Senate amendment)

Present Law

Present law imposes a minimum tax on an individual to the extent the taxpayer's minimum tax liability exceeds his or her regular tax liability. This alternative minimum tax is imposed upon individuals at rates of (1) 26 percent on the first $175,000 of alternative minimum taxable income in excess of a phased-out exemption amount and (2) 28 percent on the amount in excess of $175,000. The exemptions amounts are $45,000 in the case of married individuals filing a joint return and surviving spouses; $33,750 in the case of other unmarried individuals; and $22,500 in the case of married individuals filing a separate return. These exemption amounts are phased-out by an amount equal to 25 percent of the amount that the individual's alternative minimum taxable income exceeds a threshold amount. These threshold amounts are $150,000 in the case of married individuals filing a joint return and surviving spouses; $112,500 in the case of other unmarried individuals; and $75,000 in the case of married individuals filing a separate return, estates, and trusts. The exemption amounts, the threshold phase-out amounts, and the $175,000 break-point amount are not indexed for inflation.

House Bill

For taxable years beginning in 1999, 2001, 2003, 2005 and 2007, the exemption amounts of the individual alternative minimum tax are increased as follows for each such year: (1) by $1,000 in the case of married individuals filing a joint return and surviving spouses; (2) by $750 in the case of other unmarried individuals; and (3) by $500 in the case of married individuals filing a separate return. For taxable years beginning after 2007, the exemption amounts are indexed for inflation.

Effective date.—The provision is effective for taxable years beginning after December 31, 1998.

Senate Amendment

For taxable years beginning after 2000 and before 2003, the exemption amounts of the individual alternative minimum tax are increased as follows in each year: (1) by $600 in the case of married individuals filing a joint return and surviving spouses; (2) by $450 in the case of other unmarried individuals; and (3) by $300 in the case of married individuals filing separate returns. For taxable years beginning after 2003, the exemption amounts of the individual alternative minimum tax are increased as follows in each year: (1) by $950 in the case of married individuals filing a joint return and surviving spouses; (2) by $700 in the case of other unmarried individuals; and (3) by $475 in the case of married individuals filing separate returns.

Effective date.—The provision is effective for taxable years beginning after December 31, 2000.

Conference Agreement

The conference agreement contains neither the House bill nor the Senate amendment.

B. Repeal Alternative Minimum Tax for Small Businesses and Repeal the Depreciation Adjustment (secs. 402 and 403 of the House bill)

Present Law

Present law imposes a minimum tax on an individual or a corporation to the extent the taxpayer's minimum tax liability exceeds its regular tax liability. The individual minimum tax is imposed at rates of 26 and 28 percent on alternative minimum taxable income in excess of a phased-out exemption amount; the corporate minimum tax is imposed at a rate of 20 percent on alternative minimum taxable income in excess of a phased-out $40,000 exemption amount. Alternative minimum taxable income ("AMTI") is the taxpayer's taxable income increased by certain preference items and adjusted by determining the tax treatment of certain items in a manner that negates the deferral of income resulting from the regular tax treatment of those items. In the case of a corporation, in addition to the regular set of adjustments and preferences, there is a second set of adjustments known as the "adjusted current earnings" adjustment.

The most significant alternative minimum tax adjustment relates to depreciation. In computing AMTI, depreciation on property placed in service after 1986 must be computed by using the class lives prescribed by the alternative depreciation system of section 168(g) and either (1) the straight-line method in the case of property subject to the straight-line method under the regular tax or (2) the 150-percent declining balance method in the case of other property. For regular tax purposes, depreciation on tangible personal property generally is computed using shorter recovery periods and more accelerated methods than are allowed for alternative minimum tax purposes.

House Bill

Repeal of the corporate alternative minimum tax for small businesses

The corporate alternative minimum tax is repealed for small business corporations for taxable years beginning after December 31, 1997. A corporation that had average gross receipts of less than $5 million for the three-year period beginning after December 31, 1994, is a small business corporation for any taxable year beginning after December 31, 1997. A corporation that meets the $5 million gross receipts test will continue to be treated as small business corporation exempt from the alternative minimum tax so long as its average gross receipts do not exceed $7.5 million. A corporation that fails to meet the $7.5 million gross receipts test will become subject to corporate alternative minimum tax only with respect to preferences and adjustments that relate to transactions and investments entered into after the corporation loses its status as a small business corporation.

In addition, the alternative minimum tax credit allowable to a small business corporation is limited to the amount by which corporation's regular tax liability (reduced by other credits) exceeds 25 percent of the excess (if any) of the corporation's regular tax (reduced by other credits) over $25,000.

Repeal of the depreciation adjustment

The alternative minimum tax adjustment relating to depreciation is repealed for all taxpayers for property placed in service after December 31, 1998.

Effective date

Except as provided above, the provision is effective for taxable years beginning after December 31, 1997.

Senate Amendment

No provision.

Conference Agreement

The conference agreement generally follows the House bill with respect to the repeal of the corporate alternative minimum tax for small businesses. In addition, for property (including pollution control facilities) placed in service after December 31, 1998, the conference agreement conforms the recovery periods used for purposes of the alternative minimum tax depreciation adjustment to the recovery periods used for purposes of the regular tax under present law.

C. Repeal AMT Installment Method Adjustment for Farmers (sec. 404 of the House bill and sec. 732 of the Senate amendment)

Present Law

The installment method allows gain on the sale of property to be recognized as payments are received. Under the regular tax, dealers in personal property are not allowed to defer the recognition of income by use of the installment method on the installment sale of such property. For this purpose, dealer dispositions do not include sales of any property used or produced in the trade or business of farming. For alternative minimum tax purposes, the installment method is not available with respect to the disposition of any property that is the stock in trade of the taxpayer or any other property of a kind which would be properly included in the inventory of the taxpayer if held at year end, or property held by the taxpayer primarily for sale to customers. No explicit exception is provided for installment sales of farm property under the alternative minimum tax.

House Bill

The House bill generally provides that for purposes of the alternative minimum tax, farmers may use the installment method of accounting.

Effective date.—The provision generally is effective for dispositions in taxable years beginning after December 31, 1987, with a special rule for dispositions occurring in 1987.

Senate Amendment

The Senate amendment is the same as the House bill.

Conference Agreement

The conference agreement follows the House bill and the Senate amendment.

V. ESTATE, GIFT, AND GENERATION-SKIPPING TAX PROVISIONS

A. Estate and Gift Tax Provisions

1. Increase in estate and gift tax unified credit (sec. 501(a) of the House bill and sec. 401(a) of the Senate amendment)

Present Law

A gift tax is imposed on lifetime transfers by gift and an estate tax is imposed on transfers at death. Since 1976, the gift tax and the estate tax have been unified so that a single graduated rate schedule applies to cumulative taxable transfers made by a taxpayer during his or her lifetime and at death.[53] A unified credit of $192,800 is provided against the estate and gift tax, which effectively exempts the first $600,000 in cumulative taxable transfers from tax (sec. 2010). For transfers in excess of $600,000, estate and gift tax rates begin at 37 percent and reach 55 percent on cumulative taxable transfers over $3 million (sec. 2001(c)). In addition, a 5-percent surtax is imposed upon cumulative taxable transfers between $10 million and $21,040,000, to phase out the benefits of the graduated rates and the unified credit (sec. 2001(c)(2)).[54]

House Bill

The House bill increases the present-law unified credit beginning in 1998, from an effective exemption of $600,000 to an effective exemption of $1,000,000 in 2007. The increase in the effective exemption is phased in according to the following schedule: the effective exemption is $650,000 for decedents dying and gifts made in 1998; $750,000 in 1999; $765,000 in 2000; $775,000 in 2001 through 2004; $800,000 in 2005; $825,000 in 2006; $1 million in 2007. After 2007, the effective exemption is indexed annually for inflation. The indexed exemption amount is rounded to the next lowest multiple of $10,000.

Conforming amendments to reflect the increased unified credit are made (1) to the 5-percent surtax to conform the phase out of the increased unified credit and graduated rates, (2) to the general filing requirements for an estate tax return under section 6018(a), and (3) to the amount of the unified credit allowed under section 2102(c)(3) with respect to nonresident aliens with U.S. situs property who are residents of certain treaty countries.

Effective date.—The provision is effective for decedents dying, and gifts made, after December 31, 1997.

Senate Amendment

The Senate amendment increases the present-law unified credit beginning in 1998, from an effective exemption of $600,000 to an effective exemption of $1,000,000 in 2006. The increase in the effective exemption is phased in according to the following schedule: the effective exemption is $625,000 for decedents dying and gifts made in 1998; $640,000 in 1999; $660,000 in 2000; $675,000 in 2001; $725,000 in 2002; $750,000 in 2003; $800,000 in 2004; $900,000 in 2005; and $1 million in 2006. After 2006, the effective exemption is indexed annually for inflation. The indexed exemption amount is rounded to the next lowest multiple of $10,000.

The Senate amendment includes the same conforming amendments as were made in the House bill.

Effective date.—The provision is effective for decedents dying, and gifts made, after December 31, 1997.

Conference Agreement

The conference agreement increases the present-law unified credit beginning in 1998, from an effective exemption of $600,000 to an effective exemption of $1,000,000 in 2006. The increase in the effective exemption is phased in according to the following schedule: the effective exemption is $625,000 for decedents dying and gifts made in 1998; $650,000 in 1999; $675,000 in 2000 and 2001; $700,000 in 2002 and 2003; $850,000 in 2004; $950,000 in 2005; and $1 million in 2006 and thereafter. The conference does not index the effective exemption for inflation.

The conference agreement includes the conforming amendments made in the House bill and the Senate amendment.

Effective date.—The provision is effective for decedents dying, and gifts made, after December 31, 1997.

2. Indexing of certain other estate and gift tax provisions (sec. 501(b)–(e) of the House bill and sec. 401(b)–(e) of the Senate amendment)

Present Law

Annual exclusion for gifts.—A taxpayer may exclude $10,000 of gifts of present interests in property made by an individual ($20,000 per married couple) to each donee during a calendar year (sec. 2503).

Special use valuation.—An executor may elect for estate tax purposes to value certain qualified real property used in farming or a closely-held trade or business at its current use value, rather than its "highest and best use" value (sec. 2032A). The maximum reduction in value under such an election is $750,000.

Generation-skipping transfer ("GST") tax.—An individual is allowed an exemption from the GST tax of up to $1,000,000 for generation-skipping transfers made during life or at death (sec. 2631).

Installment payment of estate tax.—An executor may elect to pay the Federal estate tax attributable to an interest in a closely held business in installments over, at most, a 14-year period (sec. 6166). The tax on the first $1,000,000 in value of a closely-held business is eligible for a special 4-percent interest rate (sec. 6601(j)).

House Bill

The House bill provides that, after 1998, the $10,000 annual exclusion for gifts, the $750,000 ceiling on special use valuation, the $1,000,000 generation-skipping transfer tax exemption, and the $1,000,000 ceiling on the value of a closely-held business eligible for the special low interest rate (as modified below), are indexed annually for inflation. Indexing of the annual exclusion is rounded to the next lowest multiple of $1,000 and indexing of the other amounts is rounded to the next lowest multiple of $10,000.

Effective date.—The proposal is effective for decedents dying, and gifts made, after December 31, 1998.

Senate Amendment

The Senate amendment is the same as the House bill.

Conference Agreement

The conference agreement follows the House bill and the Senate amendment.

3. Estate tax exclusion for qualified family-owned businesses (sec. 402 of the Senate amendment)

Present Law

There are no special estate tax rules for qualified family-owned businesses. All taxpayers are allowed a unified credit in computing the taxpayer's estate and gift tax, which effectively exempts a total of $600,000 in cumulative taxable transfers from the estate and gift tax (sec. 2010). An executor also may elect, under section 2032A, to value certain qualified real property used in farming or another qualifying closely-held trade or business at its current use value, rather than its highest and best use value (up to a maximum reduction of $750,000). In addition, an executor may elect to pay the Federal estate tax attributable to a qualified closely-held business in installments over, at most, a 14-year period (sec. 6166). The tax attributable to the first $1,000,000 in value of a closely-held business is eligible for a special 4-percent interest rate (sec. 6601(j)).

House Bill

No provision.

Senate Amendment

The Senate amendment allows an executor to elect special estate tax treatment for qualified "family-owned business interests" if such interests comprise more than 50 percent of a decedent's estate and certain other requirements are met. In general, the provision excludes the first $1 million of value in qualified family-owned business interests from a decedent's taxable estate.

This new exclusion for qualified family-owned business interests is provided in addition to the unified credit (which currently effectively exempts $600,000 of taxable transfers from the estate and gift tax, and will be increased to an effective exemption of $1,000,000 of taxable transfers under other provisions of the Senate amendment), the special-use provisions of section 2032A (which permit the exclusion of up to $750,000 in value of a qualifying farm or other closely-held business from a decedent's estate), and the provisions of section 6166 (which provide for the installment payment of estate taxes attributable to closely held businesses).

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[53] Prior to 1976, separate tax rate schedules applied to the gift tax and the estate tax.

[54] Thus, if a taxpayer has made cumulative taxable transfers equaling $21,040,000 or more, his or her average transfer tax rate is 55 percent. The phaseout has the effect of creating a 60-percent marginal transfer tax rate on transfers in the phaseout range.

Qualified family-owned business interests

For purposes of the provision, a qualified family-owned business interest is defined as any interest in a trade or business (regardless of the form in which it is held) with a principal place of business in the United States if ownership of the trade or business is held at least 50 percent by one family, 70 percent by two families, or 90 percent by three families, as long as the decedent's family owns at least 30 percent of the trade or business. Under the provision, members of an individual's family are defined using the same definition as is used for the special-use valuation rules of section 2032A, and thus include (1) the individual's spouse, (2) the individual's ancestors, (3) lineal descendants of the individual, of the individual's spouse, or of the individual's parents, and (4) the spouses of any such lineal descendants. For purposes of applying the ownership tests in the case of a corporation, the decedent and members of the decedent's family are required to own the requisite percentage of the total combined voting power of all classes of stock entitled to vote and the requisite percentage of the total value of all shares of all classes of stock of the corporation. In the case of a partnership, the decedent and members of the decedent's family are required to own the requisite percentage of the capital interest, and the requisite percentage of the profits interest, in the partnership.

In the case of a trade or business that owns an interest in another trade or business (i.e., "tiered entities"), special look-through rules apply. Each trade or business owned (directly or indirectly) by the decedent and members of the decedent's family is separately tested to determine whether that trade or business meets the requirements of a qualified family-owned business interest. In applying these tests, any interest that a trade or business owns in another trade or business is disregarded in determining whether the first trade or business is a qualified family-owned business interest. The value of any qualified family-owned business interest held by an entity is treated as being proportionately owned by or for the entity's partners, shareholders, or beneficiaries. In the case of a multi-tiered entity, such rules are sequentially applied to look through each separate tier of the entity.

For example, if a holding company owns interests in two other companies, each of the three entities will be separately tested under the qualified family-owned business interest rules. In determining whether the holding company is a qualified family-owned business interest, its ownership interest in the other two companies is disregarded. Even if the holding company itself does not qualify as a family-owned business interest, the other two companies still may qualify if the direct and indirect interests held by the decedent and his or her family members satisfy the requisite ownership percentages and other requirements of a qualified family-owned business interest. If either (or both) of the lower-tier entities qualify, the value of the qualified family-owned business interests owned by the holding company are treated as proportionately owned by the holding company's shareholders.

An interest in a trade or business does not qualify if the business's (or a related entity's) stock or securities were publicly-traded at any time within three years of the decedent's death. An interest in a trade or business also does not qualify if more than 35 percent of the adjusted ordinary gross income of the business for the year of the decedent's death was personal holding company income (as defined in section 543). This personal holding company restriction does not apply to banks or domestic building and loan associations.

The value of a trade or business qualifying as a family-owned business interest is reduced to the extent the business holds passive assets or excess cash or marketable securities. Under the provision, the value of qualified family-owned business interests does not include any cash or marketable securities in excess of the reasonably expected day-to-day working capital needs of the trade or business. For this purpose, it is intended that day-to-day working capital needs be determined based on a historical average of the business's working capital needs in the past, using an analysis similar to that set forth in *Bardahl Mfg. Corp.*, 24 T.C.M. 1030 (1965). It is further intended that accumulations for capital acquisitions not be considered "working capital" for this purpose. The value of the qualified family-owned business interests also does not include certain other passive assets. For this purpose, passive assets include any assets that: (1) produce dividends, interest, rents, royalties, annuities and certain other types of passive income (as described in sec. 543(a)); (2) are an interest in a trust, partnership or REMIC (as described in sec. 954(c)(1)(B)(ii)); (3) produce no income (as described in sec. 954(c)(1)(B)(iii)); (4) give rise to income from commodities transactions or foreign currency gains (as described in sec. 954(c)(1)(C) and (D)); (5) produce income equivalent to interest (as described in sec. 954(c)(1)(E)); or (6) produce income from notional principal contracts or payments in lieu of dividends (as described in new secs. 954(c)(1)(F) and (G), added elsewhere in the Senate amendment). In the case of a regular dealer in property, such property is not considered to produce passive income under these rules, and thus, is not considered to be a passive asset.

Qualifying estates

A decedent's estate qualifies for the special treatment only if the decedent was a U.S. citizen or resident at the time of death, and the aggregate value of the decedent's qualified family-owned business interests that are passed to qualified heirs exceeds 50 percent of the decedent's adjusted gross estate (the "50-percent liquidity test"). For this purpose, qualified heirs include any individual who has been actively employed by the trade or business for at least 10 years prior to the date of the decedent's death, and members of the decedent's family. If a qualified heir is not a citizen of the United States, any qualified family-owned business interest acquired by that heir must be held in a trust meeting requirements similar to those imposed on qualified domestic trusts (under present-law sec. 2056A(a)), or through certain other security arrangements that meet the satisfaction of the Treasury Secretary. The 50-percent liquidity test generally is applied by adding all transfers of qualified family-owned business interests made by the decedent to qualified heirs at the time of the decedent's death, plus certain lifetime gifts of qualified family-owned business interests made to members of the decedent's family, and comparing this total to the decedent's adjusted gross estate. To the extent that a decedent held qualified family-owned business interests in more than one trade or business, all such interests are aggregated for purposes of applying the 50-percent liquidity test.

The 50-percent liquidity test is calculated using a ratio, the numerator and denominator of which are described below.

The numerator is determined by aggregating the value of all qualified family-owned business interests that are includible in the decedent's gross estate and are passed from the decedent to a qualified heir, plus any lifetime transfers of qualified business interests that are made by the decedent to members of the decedent's family (other than the decedent's spouse), provided such interests have been continuously held by members of the decedent's family and were not otherwise includible in the decedent's gross estate. For this purpose, qualified business interests transferred to members of the decedent's family during the decedent's lifetime are valued as of the date of such transfer. This amount is then reduced by all indebtedness of the estate, except for the following: (1) indebtedness on a qualified residence of the decedent (determined in accordance with the requirements for deductibility of mortgage interest set forth in section 163(h)(3)); (2) indebtedness incurred to pay the educational or medical expenses of the decedent, the decedent's spouse or the decedent's dependents; and (3) other indebtedness of up to $10,000.

The denominator is equal to the decedent's gross estate, reduced by any indebtedness of the estate, and increased by the amount of the following transfers, to the extent not already included in the decedent's gross estate: (1) any lifetime transfers of qualified business interests that were made by the decedent to members of the decedent's family (other than the decedent's spouse), provided such interests have been continuously held by members of the decedent's family, plus (2) any other transfers from the decedent to the decedent's spouse that were made within 10 years of the date of the decedent's death, plus (3) any other transfers made by the decedent within three years of the decedent's death, except non-taxable transfers made to members of the decedent's family. The Secretary of Treasury is granted authority to disregard de minimis gifts. In determining the amount of gifts made by the decedent, any gift that the donor and the donor's spouse elected to have treated as a split gift (pursuant to sec. 2513) is treated as made one-half by each spouse for purposes of this provision.

Participation requirements

To qualify for the beneficial treatment provided under the Senate amendment, the decedent (or a member of the decedent's family) must have owned and materially participated in the trade or business for at least five of the eight years preceding the decedent's date of death. In addition, each qualified heir (or a member of the qualified heir's family) is required to materially participate in the trade or business for at least five years of any eight-year period within 10 years following the decedent's death. For this purpose, "material participation" is defined as under present-law section 2032A (special use valuation) and the regulations promulgated thereunder. See, e.g., Treas. Reg. sec. 20.2032A-3. Under such regulations, no one factor is determinative of the presence of material participation and the uniqueness of the particular industry (e.g., timber, farming, manufacturing, etc.) must be considered. Physical work and participation in management decisions are the principal factors to be considered. For example, an individual generally is considered to be materially participating in the business if he or she personally manages the business fully, regardless of the number of hours worked, as long as any necessary functions are performed.

If a qualified heir rents qualifying property to a member of the qualified heir's family on a net cash basis, and that family member materially participates in the business, the material participation requirement will be considered to have been met with respect to the qualified heir for purposes of this provision.

Recapture provisions

The benefit of the exclusions for qualified family-owned business interests are subject to recapture if, within 10 years of the decedent's death and before the qualified heir's death, one of the following "recapture events" occurs: (1) the qualified heir ceases to meet the material participation requirements (i.e., if neither the qualified heir nor any member of his or her family has materially participated in the trade or business for at least five years of any eight-year period); (2) the qualified heir disposes of any portion of his or her interest in the family-owned business, other than by a disposition to a member of the qualified heir's family or through a conservation contribution under section 170(h); (3) the principal place of business of the trade or business ceases to be located in the United States; or (4) the qualified heir loses U.S. citizenship. A qualified heir who loses U.S. citizenship may avoid such recapture by placing the qualified family-owned business assets into a trust meeting requirements similar to a qualified domestic trust (as described in present law sec. 2056A(a)), or through certain other security arrangements.

If one of the above recapture events occurs, an additional tax is imposed on the date of such event. As under section 2032A, each qualified heir is personally liable for the portion of the recapture tax that is imposed with respect to his or her interest in the qualified family-owned business. Thus, for example, if a brother and sister inherit a qualified family-owned business from their father, and only the sister materially participates in the business, her participation will cause both her and her brother to meet the material participation test. If she ceases to materially participate in the business within 10 years after her father's death (and the brother still does not materially participate), the sister and brother would both be liable for the recapture tax; that is, each would be liable for the recapture tax attributable to his or her interest.

The portion of the reduction in estate taxes that is recaptured would be dependent upon the number of years that the qualified heir (or members of the qualified heir's family) materially participated in the trade or business after the decedent's death. If the qualified heir (or his or her family members) materially participated in the trade or business after the decedent's death for less than six years, 100 percent of the reduction in estate taxes attributable to that heir's interest is recaptured; if the participation was for at least six years but less than seven years, 80 percent of the reduction in estate taxes is recaptured; if the participation was for at least seven years but less than eight years, 60 percent is recaptured; if the participation was for at least eight years but less than nine years, 40 percent is recaptured; and if the participation was for at least nine years but less than 10 years, 20 percent of the reduction in estate taxes is recaptured. In general, there is no requirement that the qualified heir (or members of his or her family) continue to hold or participate in the trade or business more than 10 years after the decedent's death. As under present-law section 2032A, however, the 10-year recapture period may be extended for a period of up to two years if the qualified heir does not begin to use the property for a period of up to two years after the decedent's death.

If a recapture event occurs with respect to any qualified family-owned business interest (or portion thereof), the amount of reduction in estate taxes attributable to that interest is determined on a proportionate basis. For example, if the decedent's estate included $2 million in qualified family-owned business interests and $1 million of such interests received beneficial treatment under this proposal, one-half of the value of the interest disposed of is deemed to have received the benefits provided under this proposal.

Effective date

The provision is effective with respect to the estates of decedents dying after December 31, 1997.

Conference Agreement

The conference agreement follows the Senate amendment, except that the exclusion for family-owned business interests may be taken only to the extent that the exclusion for family-owned business interests, plus the amount effectively exempted by the unified credit, does not exceed $1.3 million.

The conferees clarify that a sale or disposition, in the ordinary course of business, of assets such as inventory or a piece of equipment used in the business (e.g., the sale of crops or a tractor) would not result in recapture of the benefits of the qualified family-owned business exclusion.

4. Reduction in estate tax for certain land subject to permanent conservation easement (sec. 403 of the Senate amendment)

Present Law

A deduction is allowed for estate and gift tax purposes for a contribution of a qualified real property interest to a charity (or other qualified organization) exclusively for conservation purposes (secs. 2055(f), 2522(d)). For this purpose, a qualified real property interest means the entire interest of the transferor in real property (other than certain mineral interests), a remainder interest in real property, or a perpetual restriction on the use of real property (sec. 170(h)). A "conservation purpose" is (1) preservation of land for outdoor recreation by, or the education of, the general public, (2) preservation of natural habitat, (3) preservation of open space for scenic enjoyment of the general public or pursuant to a governmental conservation policy, and (4) preservation of historically important land or certified historic structures. Also, a contribution will be treated as "exclusively for conservation purposes" only if the conservation purpose is protected in perpetuity.

A donor making a qualified conservation contribution generally is not allowed to retain an interest in minerals which may be extracted or removed by any surface mining method. However, deductions for contributions of conservation interests satisfying all of the above requirements will be permitted if two conditions are satisfied. First, the surface and mineral estates in the property with respect to which the contribution is made must have been separated before June 13, 1976 (and remain so separated) and, second, the probability of surface mining on the property with respect to which a contribution is made must be so remote as to be negligible (sec. 170(h)(5)(B)).

The same definition of qualified conservation contributions also applies for purposes of determining whether such contributions qualify as charitable deductions for income tax purposes.

House Bill

No provision.

Senate Amendment

Reduction in estate taxes for certain land subject to permanent conservation easement

The Senate amendment allows an executor to elect to exclude from the taxable estate 40 percent of the value of any land subject to a qualified conservation easement that meets the following requirements: (1) the land is located within 25 miles of a metropolitan area (as defined by the Office of Management and Budget) or a national park or wilderness area, or within 10 miles of an Urban National Forest (as designated by the Forest Service of the U.S. Department of Agriculture); (2) the land has been owned by the decedent or a member of the decedent's family at all times during the three-year period ending on the date of the decedent's death; and (3) a qualified conservation contribution (within the meaning of sec. 170(h)) of a qualified real property interest (as generally defined in sec. 170(h)(2)(C)) was granted by the decedent or a member of his or her family. For purposes of the provision, preservation of a historically important land area or a certified historic structure does not qualify as a conservation purpose. To the extent that the value of such land is excluded from the taxable estate, the basis of such land acquired at death is a carryover basis (i.e., the basis is not stepped-up to its fair market value at death). Debt-financed property is not eligible for the exclusion.

The exclusion amount is calculated based on the value of the property after the conservation easement has been placed on the property. The exclusion from estate taxes does not extend to the value of any development rights retained by the decedent or donor, although payment for estate taxes on retained development rights may be deferred for up to two years, or until the disposition of the property, whichever is earlier. For this purpose, retained development rights are any rights retained to use the land for any commercial purpose which is not subordinate to and directly supportive of farming purposes, as defined in section 6420 (e.g., tree farming, ranching, viticulture, and the raising of other agricultural or horticultural commodities).

Maximum benefit allowed

The 40-percent estate tax exclusion for land subject to a qualified conservation easement (described above) may be taken only to the extent that the total exclusion for qualified conservation easements, plus the exclusion for qualified family-owned business interests (described in V.A.3., above), does not exceed $1 million. The executor of an estate holding land subject to a qualified conservation easement and/or qualified family-owned business interests is required to designate which of the two benefits is being claimed with respect to each property on which a benefit is claimed.

If the value of the conservation easement is less than 30 percent of (1) the value of the land without the easement, reduced by (2) the value of any retained development rights, then the exclusion percentage is reduced. The reduction in the exclusion percentage is equal to two percentage points for each point that the above ratio falls below 30 percent. Thus, for example, if the value of the easement is 25 percent of the value of the land before the easement less the value of the retained development rights, the exclusion percentage is 30 percent (i.e., the 40 percent amount is reduced by twice the difference between 30 percent and 25 percent). Under this calculation, if the value of the easement is 10 percent or less of the value of the land before the easement less the value of the retained development rights, the exclusion percentage is equal to zero.

Treatment of land subject to a conservation easement for purposes of special-use valuation

The granting of a qualified conservation easement (as defined above) is not treated as a disposition triggering the recapture provisions of section 2032A. In addition, the existence of a qualified conservation easement does not prevent such property from subsequently qualifying for special-use valuation treatment under section 2032A.

Retained mineral interests

The Senate amendment also allows a charitable deduction (for income tax purposes or estate tax purposes) to taxpayers making a contribution of a permanent conservation easement on property where a mineral interest has been retained and surface mining is possible, but its probability is "so remote as to be negligible." Present law provides for a charitable deduction in such a case if the mineral interests have been separated from the land prior to June 13, 1976. The provision allows such a charitable deduction to be taken regardless of when the mineral interests had been separated.

Effective date

The estate tax exclusion applies to decedents dying after December 31, 1997. The rules with respect to the treatment of conservation easements under section 2032A and with respect to retained mineral interests are effective for easements granted after December 31, 1997.

Conference Agreement

The conference agreement follows the Senate amendment, except that the maximum exclusion for land subject to a qualified conservation easement is limited to $100,000 in 1998, $200,000 in 1999, $300,000 in 2000, $400,000 in 2001, and $500,000 in 2002 and thereafter. The exclusion for land subject to a qualified conservation easement may be taken in addition to the maximum exclusion for qualified family-owned business interests (i.e., there is no coordination between the two provisions).

The conference agreement provides that de minimis commercial recreational activity that is consistent with the conservation purpose, such as the granting of hunting and fishing licenses, will not cause the property to fail to qualify under this provision. It is anticipated that the Secretary of the Treasury will provide guidance as to the definition of "de minimis" activities. In addition, the conference agreement makes technical modifications (a) to provide that the definition of farming for purposes of this provision is the same as the definition set forth in section 2032A(e)(5), and (b) to clarify that a post-mortem conservation easement may be placed on the property, as long as the easement has been made no later than the date of the election.

The conferees clarify that debt-financed property is eligible for this provision to the extent of the net equity in the property. For example, if a $1 million property is subject to an outstanding debt balance of $100,000, it is treated in the same manner as a $900,000 property that is not debt-financed.

5. Installment payments of estate tax attributable to closely held businesses (secs. 502-503 of the House bill and secs. 404-405 of the Senate amendment)

Present Law

In general, the Federal estate tax is due within nine months of a decedent's death. Under Code section 6166, an executor generally may elect to pay the estate tax attributable to an interest in a closely held business in installments over, at most, a 14-year period. If the election is made, the estate may pay only interest for the first four years, followed by up to 10 annual installments of principal and interest. Interest generally is imposed at the rate applicable to underpayments of tax under section 6621 (i.e., the Federal short-term rate plus 3 percentage points). Under section 6601(j), however, a special 4-percent interest rate applies to the amount of deferred estate tax attributable to the first $1,000,000 in value of the closely-held business.

To qualify for the installment payment election, the business must be an active trade or business and the value of the decedent's interest in the closely held business must exceed 35 percent of the decedent's adjusted gross estate. An interest in a closely held business includes: (1) any interest as a proprietor in a business carried on as a proprietorship; (2) any interest in a partnership carrying on a trade or business if the partnership has 15 or fewer partners, or if at least 20 percent of the partnership's assets are included in determining the decedent's gross estate; or (3) stock in a corporation if the corporation has 15 or fewer shareholders, or if at least 20 percent of the value of the voting stock is included in determining the decedent's gross estate.

House Bill

The House bill extends the period for which Federal estate tax installments can be made under section 6166 to a maximum period of 24 years. If the election is made, the estate pays only interest for the first four years, followed by up to 20 annual installments of principal and interest.

In addition, the House bill provides that no interest is imposed on the amount of deferred estate tax attributable to the first $1,000,000 in taxable value of the closely held business (i.e., the first $1,000,000 in value in excess of the effective exemption provided by the unified credit).

The interest rate imposed on the amount of deferred estate tax attributable to the taxable value of the closely held business in excess of $1,000,000 is reduced to an amount equal to 45 percent of the rate applicable to underpayments of tax. The interest paid on estate taxes deferred under section 6166 is not deductible for estate or income tax purposes.

Effective date.—The provision is effective for decedents dying after December 31, 1997.

Senate Amendment

The Senate amendment is the same as the House bill.

Conference Agreement

The conference agreement reduces the 4-percent interest rate to 2 percent, and makes the interest paid on estate taxes deferred under section 6166 non-deductible for estate or income tax purposes. The 2-percent interest rate is imposed on the amount of deferred estate tax attributable to the first $1,000,000 in *taxable* value of the closely held business (i.e., the first $1,000,000 in value in excess of the effective exemption provided by the unified credit and any other exclusions).[55] The interest rate imposed on the amount of deferred estate tax attributable to the taxable value of the closely held business in excess of $1,000,000 is reduced to an amount equal to 45 percent of the rate applicable to underpayments of tax.

The conference agreement does not include the provision that extends the repayment period to a maximum period of 24 years or the provision that provides a zero-percent interest rate for a portion of the deferred estate tax attributable to closely held businesses.

Effective date.—The provision is effective for decedents dying after December 31, 1997. Estates deferring estate tax under current law may make a one-time election to use the lower interest rates and forego the interest deduction for installments due after the date of the election (but such estates do not receive the benefit of the increase in the amount eligible for the 6601(j) interest rate—i.e., only the amount that was previously eligible for the 4-percent rate would be eligible for the 2-percent rate).

6. Estate tax recapture from cash leases of specially-valued property (sec. 504 of the House bill and sec. 406 of the Senate amendment)

Present Law

A Federal estate tax is imposed on the value of property passing at death. Generally, such property is included in the decedent's estate at its fair market value. Under section 2032A, the executor may elect to value certain "qualified real property" used in farming or other qualifying trade or business at its current use value rather than its highest and best use. If, after the special-use valuation election is made, the heir who acquired the real property ceases to use it in its qualified use within 10 years (15 years for individuals dying before 1982) of the decedent's death, an additional estate tax is imposed in order to "recapture" the benefit of the special-use valuation (sec. 2032A(c)).

Some courts have held that cash rental of specially-valued property after the death of the decedent is not a qualified use under section 2032A because the heirs no longer bear the financial risk of working the property, and, therefore, results in the imposition of the additional estate tax under section 2032A(c). See *Martin* v. *Commissioner*, 783 F.2d 81 (7th Cir. 1986) (cash lease to unrelated party not qualified use); *Williamson* v. *Commissioner*, 93 T.C. 242 (1989), *aff'd*, 974 F.2d 1525 (9th Cir. 1992) (cash lease to family member not a qualified use); *Fisher* v. *Commissioner*, 65 T.C.M. 2284 (1993) (cash lease to family member not a qualified use); cf. *Minter* v. *U.S.*, 19 F.3d 426 (8th Cir. 1994) (cash lease to family's farming corporation is qualified use); Estate of *Gavin* v. *U.S.*, 1997 U.S. App. Lexis 10383 (8th Cir. 1997) (heir's option to pay cash rent or 50 percent crop share is qualified use).

With respect to a decedent's surviving spouse, a special rule provides that the surviving spouse will not be treated as failing to use the property in a qualified use solely because the spouse rents the property to a member of the spouse's family on a net cash basis. (sec. 2032A(b)(5)). Under section 2032A, members of an individual's family include (1) the individual's spouse, (2) the individual's ancestors, (3) lineal descendants of the individual, of the individual's spouse, or of the individual's parents, and (4) the spouses of any such lineal descendants.

House Bill

The House bill provides that the cash lease of specially-valued real property by a lineal descendant of the decedent to a member of the lineal descendant's family, who continues to operate the farm or closely held business, does not cause the qualified use of such property to cease for purposes of imposing the additional estate tax under section 2032A(c).

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[55] The $1,000,000 threshold is indexed under other provisions of the bill.

Effective date.—The provision is effective for cash rentals occurring after December 31, 1976.

Senate Amendment

The Senate amendment is the same as the House bill.

Conference Agreement

The conference agreement follows the House bill and the Senate amendment.

7. Clarify eligibility for extension of time for payment of estate tax (sec. 505 of the House bill)

Present Law

In general, the Federal estate tax is due within nine months of a decedent's death. Under Code section 6166, an executor generally may elect to pay the estate tax attributable to an interest in a closely held business in installments over, at most, a 14-year period. If the election is made, the estate may pay only interest for the first four years, followed by up to 10 annual installments of principal and interest. To qualify for the installment payment election, the business must meet certain requirements. If certain events occur during the repayment period (e.g., the closely held business is sold), full payment of all deferred estate taxes is required at that time.

Under present law, there is limited access to judicial review of disputes regarding initial or continuing eligibility for the deferral and installment election under section 6166. If the Commissioner determines that an estate was not initially eligible for deferral under section 6166, or has lost its eligibility for such deferral, the estate is required to pay the full amount of estate taxes asserted by the Commissioner as being owed in order to obtain judicial review of the Commissioner's determination.

House Bill

The House bill authorizes the U.S. Tax Court to provide declaratory judgments regarding initial or continuing eligibility for deferral under section 6166.

Effective date.—The provision applies to decedents dying after date of enactment.

Senate Amendment

No provision.

Conference Agreement

The conference agreement follows the House bill.

8. Gifts may not be revalued for estate tax purposes after expiration of statute of limitations (sec. 506 of the House bill)

Present Law

The Federal estate and gift taxes are unified so that a single progressive rate schedule is applied to an individual's cumulative gifts and bequests. The tax on gifts made in a particular year is computed by determining the tax on the sum of the taxable gifts made that year and all prior years and then subtracting the tax on the prior years taxable gifts and the unified credit. Similarly, the estate tax is computed by determining the tax on the sum of the taxable estate and prior taxable gifts and then subtracting the tax on taxable gifts and the unified credit. Under a special rule applicable to the computation of the gift tax (sec. 2504(c)), the value of gifts made in prior years is the value that was used to determine the prior year's gift tax. There is no comparable rule in the case of the computation of the estate tax.

Generally, any estate or gift tax must be assessed within three years after the filing of the return. No proceeding in a court for the collection of an estate or gift tax can be begun without an assessment within the three-year period. If no return is filed, the tax may be assessed, or a suit commenced to collect the tax without assessment, at any time. If an estate or gift tax return is filed, and the amount of unreported items exceeds 25 percent of the amount of the reported items, the tax may be assessed or a suit commenced to collect the tax without assessment, within six years after the return was filed (sec. 6501).

Commencement of the statute of limitations generally does not require that a particular gift be disclosed. A special rule, however, applies to certain gifts that are valued under the special valuation rules of Chapter 14. The gift tax statute of limitations runs for such a gift only if it is disclosed on a gift tax return in a manner adequate to apprise the Secretary of the Treasury of the nature of the item.

Most courts have permitted the Commissioner to redetermine the value of a gift for which the statute of limitations period for the gift tax has expired in order to determine the appropriate tax rate bracket and unified credit for the estate tax. See, e.g., *Evanson* v. *United States*, 30 F.3d 960 (9th Cir. 1994); *Stalcup* v. *United States*, 946 F. 2d 1125 (5th Cir. 1991); *Estate of Levin*, 1991 T.C. Memo 1991-208, aff'd 986 F. 2d 91 (4th Cir. 1993); *Estate of Smith* v. *Commissioner*, 94 T.C. 872 (1990). But see *Boatman's First National Bank* v. *United States*, 705 F. Supp. 1407 (W.D. Mo. 1988) (Commissioner not permitted to revalue gifts).

House Bill

The House bill provides that a gift for which the limitations period has passed cannot be revalued for purposes of determining the applicable estate tax bracket and available unified credit. For gifts made in calendar years after the date of enactment, the House bill also extends the special rule governing gifts valued under Chapter 14 to all gifts. Thus, the statute of limitations will not run on an inadequately disclosed transfer in calendar years after the date of enactment, regardless of whether a gift tax return was filed for other transfers in that same year.

It is intended that, in order to revalue a gift that has been adequately disclosed on a gift tax return, the IRS must issue a final notice of redetermination of value (a "final notice") within the statute of limitations applicable to the gift for gift tax purposes (generally, three years). This rule is applicable even where the value of the gift as shown on the return does not result in any gift tax being owed (e.g., through use of the unified credit). It also is anticipated that the IRS will develop an administrative appeals process whereby a taxpayer can challenge a redetermination of value by the IRS prior to issuance of a final notice.

A taxpayer who is mailed a final notice may challenge the redetermined value of the gift (as contained in the final notice) by filing a motion for a declaratory judgment with the Tax Court. The motion must be filed on or before 90 days from the date that the final notice was mailed. The statute of limitations is tolled during the pendency of the Tax Court proceeding.

Effective date.—The provision generally applies to gifts made after the date of enactment. The extension of the special rule under chapter 14 to all gifts applies to gifts made in calendar years after the date of enactment.

Senate Amendment

No provision.

Conference Agreement

The conference agreement follows the House bill.

9. Repeal of throwback rules applicable to domestic trusts (sec. 507 of the House bill)

Present Law

A nongrantor trust is treated as a separate taxpayer for Federal income tax purposes. Such a trust generally is treated as a conduit with respect to amounts distributed currently[56] and taxed with respect to any income which is accumulated in the trust rather than distributed. A separate graduated tax rate structure applies to trusts which historically has permitted accumulated trust income to be taxed at lower rates than the rates applicable to trust beneficiaries. This benefit often was compounded through the creation of multiple trusts.

The Internal Revenue Code has several rules intended to limit the benefit that would otherwise occur from using the lower rates applicable to one or more trusts. Under the so-called "throwback" rules, the distribution of previously accumulated trust income to a beneficiary will be subject to tax (in addition to any tax paid by the trust on that income) where the beneficiary's average top marginal rate in the previous five years is higher than those of the trust.

Under section 643(f), two or more trusts are treated as one trust if (1) the trusts have substantially the same grantor or grantors and substantially the same primary beneficiary or beneficiaries, and (2) a principal purpose for the existence of the trusts is to avoid Federal income tax. For trusts that were irrevocable as of March 1, 1984, section 643(f) applies only to contributions to corpus after that date.

Under section 644, if property is sold within two years of its contribution to a trust, the gain that would have been recognized had the contributor sold the property is taxed at the contributor's marginal tax rates. In effect, section 644 treats such gains as if the contributor had realized the gain and then transferred the net after-tax proceeds from the sale to the trust as corpus.

Sections 665 through 668 apply different rules to distributions of previously accumulated trust income from a foreign trust than to distributions of such income from domestic trusts. If a foreign trust accumulates income, changes its situs so as to become a domestic trust, and then makes a distribution that is deemed to have been made in a year in which the trust was a foreign trust, the distribution is treated as a distribution from a foreign trust for purposes of the accumulation distribution rules. Rev. Rul. 91-6, 1991-1 C.B. 89.

House Bill

The House bill exempts from the throwback rules amounts distributed by a domestic trust after the date of enactment. The House bill also provides that precontribution gain on property sold by a domestic trust no longer is subject to section 644 (i.e., taxed at the contributor's marginal tax rates).

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[56] The conduit treatment is achieved by allowing the trust a deduction for amounts distributed to beneficiaries during the taxable year to the extent of distributable net income and by including such distributions in the beneficiaries' income.

The treatment of foreign trusts, including the treatment of foreign trusts that become domestic trusts,[57] remains unchanged.

Effective date.—The provision with respect to the throwback rules is effective for distributions made in taxable years beginning after the date of enactment. The modification to section 644 applies to sales or exchanges after the date of enactment.

Senate Amendment

No provision.

Conference Agreement

The conference agreement follows the House bill, except that the throwback rules continue to apply with respect to (a) foreign trusts, (b) domestic trusts that were once treated as foreign trusts (except as provided in Treasury regulations), and (c) domestic trusts created before March 1, 1984, that would be treated as multiple trusts under sec. 643(f) of the Code.

10. Unified credit of decedent increased by unified credit of spouse used on split gift included in decedent's gross estate (sec. 508 of the House bill)

Present Law

A gift tax is imposed on transfers by gift during life and an estate tax is imposed on transfers at death. The gift and estate taxes are a unified transfer tax system in that one progressive tax is imposed on the cumulative transfers during lifetime and at death. The first $10,000 of gifts of present interests to each donee during any one calendar year are excluded from Federal gift tax. Under section 2513, one spouse can elect to treat a gift made by the other spouse to a third person as made one-half by each spouse (i.e., "gift-splitting").

The amount of estate tax payable generally is determined by multiplying the applicable tax rate (from the unified rate schedule) by the cumulative post-1976 taxable transfers made by the taxpayer and then subtracting any transfer taxes payable for prior taxable periods. This amount is reduced by any remaining available unified credit (and other applicable credits) to determine the estate tax liability. The estate tax is imposed on all of the assets held by the decedent at his death, including the value of certain property previously transferred by the decedent in which the decedent had certain retained powers or interests. In such circumstances, property that has been treated as a gift made one-half by each spouse may be includible in both spouses' estates.

House Bill

With respect to any split-gift property that is subsequently includible in both spouses' estates, the House bill increases the unified credit allowable to the decedent's estate by the amount of the unified credit previously allowed to the decedent's spouse with respect to the split gift.

Effective date.—The provision applies to gifts made after the date of enactment.

Senate Amendment

No provision.

Conference Agreement

The conference agreement does not include the House bill provision.

11. Reformation of defective bequests to spouse of decedent (sec. 509 of the House bill)

Present Law

A "marital deduction" generally is allowed for estate and gift tax purposes for the value of property passing to a spouse. However, "terminable interest" property (i.e., an interest in property that will terminate or fail) transferred to a spouse generally will only qualify for the marital deduction under certain special rules designed to ensure that there will be an estate or gift tax to the transferee spouse on unspent transferred proceeds. Thus, the effect of a marital deduction with the terminable interest rule is to provide only a method of deferral of the estate or gift tax, not exemption. One of the special terminable interest rules (Code sec. 2056(b)(5)) provides that the marital deduction is allowed where the decedent transfers property to a trust that is required to pay income to the surviving spouse and the surviving spouse has a general power of appointment at that spouse's death (under this so-called "power of appointment trust," the power of appointment both provides the surviving spouse with power to control the ultimate disposition of the trust assets and assures that the trust assets will be subject to estate or gift tax). Another special terminable interest rule called the "qualified terminable interest property" rule ("QTIP") generally permits a marital deduction for transfers by the decedent to a trust that is required to distribute all of the income to the surviving spouse at least annually and an election is made to subject the transferee spouse to transfer tax on the trust property. To qualify for the marital deduction, a power of appointment trust or QTIP trust must meet certain specific requirements. If there is a technical defect in meeting those requirements, the marital deduction may be lost.

House Bill

The House bill allows the marital deduction with respect to a defective power of appointment or QTIP trust if there is a "qualified reformation" of the trust that corrects the defect. In order to qualify, the reformation must change the governing instrument in a manner that cures the defects to qualification of the trust for the marital deduction. In addition, where a reformation proceeding is commenced after the due date for the estate tax return (including extensions), the reformation would qualify only if, prior to reformation, the governing instrument provides (1) that the surviving spouse is entitled to all of the income from the property for life, and (2) no person other than the surviving spouse is entitled to any distributions during the surviving spouse's life. With respect to QTIP, an election to qualify must be made by the executor on the estate tax return as required by section 2056(b)(7)(B)(v).

The determination of whether a marital deduction should be allowed (i.e., the reformation has cured the defects to qualification and otherwise qualifies under this provision) is made either as of the due date for filing the estate or gift tax return (including any extensions) or the time that changes are completed pursuant to a reformation proceeding. The statute of limitations is extended with respect to the estate or gift tax attributable to the trust property until one year after the date the Treasury Department is notified that a qualified reformation has been completed or that the reformation proceeding has otherwise terminated.

Effective date.—The provision applies to decedents dying after the date of enactment.

Senate Amendment

No provision.

Conference Agreement

The conference agreement does not include the House bill provision.

B. Generation-Skipping Tax Provisions

1. Severing of trusts holding property having an inclusion ratio of greater than zero (sec. 511 of the House bill)

Present Law

A generation-skipping transfer tax ("GST" tax) generally is imposed on transfers, either directly or through a trust or similar arrangement, to a skip person (i.e., a beneficiary in more than one generation below that of the transferor). Transfers subject to the GST tax include direct skips, taxable terminations and taxable distributions. An exemption of $1 million is provided for each person making generation-skipping transfers. The exemption may be allocated by a transferor (or his or her executor) to transferred property.

If the value of the transferred property exceeds the amount of the GST exemption allocated to that property, the GST tax generally is determined by multiplying a flat tax rate equal to the highest estate tax rate (i.e., currently 55 percent) by the "inclusion percentage" and the value of the taxable property at the time of the taxable event. The "inclusion percentage" is the number one minus the "exclusion percentage". The exclusion percentage generally is calculated by dividing the amount of the GST exemption allocated to the property by the value of the property.

Under Treasury regulations, trusts that are included in the transferor's gross estate or created under the transferor's will may be validly severed only if (1) the trust is severed according to a direction in the governing instrument; or (2) the trust is severed pursuant to the trustee's discretionary powers, but only if certain other conditions are satisfied (e.g., the severance occurs or a reformation proceeding begins before the estate tax return is due). Treas. Reg. 26.2654–1(b).

House Bill

If a trust with an inclusion ratio of greater than zero is severed into two separate trusts, the House bill allows the trustee to elect to treat one of the separate trusts as having an inclusion ratio of zero and the other separate trust as having an inclusion ratio of one. To qualify for this treatment, the separate trust with the inclusion ratio of one must receive an interest in each property held by the single trust (prior to severance) equal to the single trust's inclusion ratio, except to the extent otherwise provided by regulation. The remaining interests in each property will be transferred to the separate trust with the inclusion ratio of zero. The election must be irrevocable, and must be made at a time and in a manner prescribed by the Treasury Department.

Effective date.—The provision is effective for severances of trusts occurring after the date of enactment.

Senate Amendment

No provision.

Conference Agreement

The conference agreement does not include the House bill provision.

2. Modification of generation-skipping transfer tax for transfers to individuals with deceased parents (sec. 512 of the House bill and sec. 407 of the Senate amendment)

Present Law

Under the "predeceased parent exception", a direct skip transfer to a transferor's grandchild is not subject to the generation-skipping transfer ("GST") tax if the child of the transferor who was the grandchild's parent is deceased at the time of the transfer (sec. 2612(c)(2)). This "predeceased parent exception" to the GST tax is not applicable to (1) transfers to collateral heirs, e.g., grandnieces or grandnephews, or (2) taxable terminations or taxable distributions.

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[57] Rev. Rul. 91-6, 1991-1 C.B. 89.

House Bill

The House bill extends the predeceased parent exception to transfers to collateral heirs, provided that the decedent has no living lineal descendants at the time of the transfer. For example, the exception would apply to a transfer made by an individual (with no living lineal heirs) to a grandniece where the transferor's nephew or niece who is the parent of the grandniece is deceased at the time of the transfer.

In addition, the House bill extends the predeceased parent exception (as modified by the change in the preceding paragraph) to taxable terminations and taxable distributions, provided that the parent of the relevant beneficiary was dead at the earliest time that the transfer (from which the beneficiary's interest in the property was established) was subject to estate or gift tax. For example, where a trust was established to pay an annuity to a charity for a term for years with a remainder interest granted to a grandson, the termination of the term for years would not be a taxable termination subject to the GST tax if the grandson's parent (who is the son or daughter of the transferor) is deceased at the time the trust was created and the transfer creating the trust was subject to estate or gift tax.

Effective date.—The provision is effective for generation skipping transfers occurring after December 31, 1997.

Senate Amendment

The Senate amendment is the same as the House bill.

Conference Agreement

The conference agreement follows the House bill and the Senate amendment.

VI. EXTENSION OF CERTAIN EXPIRING TAX PROVISIONS

A. Research Tax Credit (sec. 601 of the House bill and sec. 501 of the Senate amendment)

Present Law

General rule

Section 41 provides for a research tax credit equal to 20 percent of the amount by which a taxpayer's qualified research expenditures for a taxable year exceeded its base amount for that year. The research tax credit expired and generally will not apply to amounts paid or incurred after May 31, 1997.[1]

A 20-percent research tax credit also applied to the excess of (1) 100 percent of corporate cash expenditures (including grants or contributions) paid for basic research conducted by universities (and certain nonprofit scientific research organizations) over (2) the sum of (a) the greater of two minimum basic research floors plus (b) an amount reflecting any decrease in nonresearch giving to universities by the corporation as compared to such giving during a fixed-base period, as adjusted for inflation. This separate credit computation is commonly referred to as the "university basic research credit" (see sec. 41(e)).

Computation of allowable credit

Except for certain university basic research payments made by corporations, the research tax credit applies only to the extent that the taxpayer's qualified research expenditures for the current taxable year exceed its base amount. The base amount for the current year generally is computed by multiplying the taxpayer's "fixed-base percentage" by the average amount of the taxpayer's gross receipts for the four preceding years. If a taxpayer both incurred qualified research expenditures and had gross receipts during each of at least three years from 1984 through 1988, then its "fixed-base percentage" is the ratio that its total qualified research expenditures for the 1984-1988 period bears to its total gross receipts for that period (subject to a maximum ratio of .16). All other taxpayers (so-called "start-up firms") are assigned a fixed-base percentage of 3 percent.[2]

In computing the credit, a taxpayer's base amount may not be less than 50 percent of its current-year qualified research expenditures.

To prevent artificial increases in research expenditures by shifting expenditures among commonly controlled or otherwise related entities, a special aggregation rule provides that all members of the same controlled group of corporations are treated as a single taxpayer (sec. 41(f)(1)). Special rules apply for computing the credit when a major portion of a business changes hands, under which qualified research expenditures and gross receipts for periods prior to the change of ownership of a trade or business are treated as transferred with the trade or business that gave rise to those expenditures and receipts for purposes of recomputing a taxpayer's fixed-base percentage (sec. 41(f)(3)).

Alternative incremental research credit regime

As part of the Small Business Job Protection Act of 1996, taxpayers are allowed to elect an alternative incremental research credit regime. If a taxpayer elects to be subject to this alternative regime, the taxpayer is assigned a three-tiered fixed-base percentage (that is lower than the fixed-base percentage otherwise applicable under present law) and the credit rate likewise is reduced. Under the alternative credit regime, a credit rate of 1.65 percent applies to the extent that a taxpayer's current-year research expenses exceed a base amount computed by using a fixed-base percentage of 1 percent (i.e., the base amount equals 1 percent of the taxpayer's average gross receipts for the four preceding years) but do not exceed a base amount computed by using a fixed-base percentage of 1.5 percent. A credit rate of 2.2 percent applies to the extent that a taxpayer's current-year research expenses exceed a base amount computed by using a fixed-base percentage of 1.5 percent but do not exceed a base amount computed by using a fixed-base percentage of 2 percent. A credit rate of 2.75 percent applies to the extent that a taxpayer's current-year research expenses exceed a base amount computed by using a fixed-base percentage of 2 percent. An election to be subject to this alternative incremental credit regime may be made only for a taxpayer's first taxable year beginning after June 30, 1996, and before July 1, 1997, and such an election applies to that taxable year and all subsequent years (in the event that the credit subsequently is extended by Congress) unless revoked with the consent of the Secretary of the Treasury. If a taxpayer elects the alternative incremental research credit regime for its first taxable year beginning after June 30, 1996, and before July 1, 1997, then all qualified research expenses paid or incurred during the first 11 months of such taxable year are treated as qualified research expenses for purposes of computing the taxpayer's credit.

Eligible expenditures

Qualified research expenditures eligible for the research tax credit consist of: (1) "in-house" expenses of the taxpayer for wages and supplies attributable to qualified research; (2) certain time-sharing costs for computer use in qualified research; and (3) 65 percent of amounts paid by the taxpayer for qualified research conducted on the taxpayer's behalf (so-called "contract research expenses").[3]

To be eligible for the credit, the research must not only satisfy the requirements of present-law section 174 (described below) but must be undertaken for the purpose of discovering information that is technological in nature, the application of which is intended to be useful in the development of a new or improved business component of the taxpayer, and must pertain to functional aspects, performance, reliability, or quality of a business component. Research does not qualify for the credit if substantially all of the activities relate to style, taste, cosmetic, or seasonal design factors (sec. 41(d)(3)). In addition, research does not qualify for the credit if conducted after the beginning of commercial production of the business component, if related to the adaptation of an existing business component to a particular customer's requirements, if related to the duplication of an existing business component from a physical examination of the component itself or certain other information, or if related to certain efficiency surveys, market research or development, or routine quality control (sec. 41(d)(4)).

Expenditures attributable to research that is conducted outside the United States do not enter into the credit computation. In addition, the credit is not available for research in the social sciences, arts, or humanities, nor is it available for research to the extent funded by any grant, contract, or otherwise by another person (or governmental entity).

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[1] When originally enacted, the research tax credit applied to qualified expenses incurred after June 30, 1981. The credit was modified several times and was extended through June 30, 1995. The credit later was extended for the period July 1, 1996, through May 31, 1997 (with a special 11-month extension for taxpayers that elect to be subject to the alternative incremental research credit regime).

[2] The Small Business Job Protection Act of 1996 expanded the definition of "start-up firms" under section 41(c)(3)(B)(I) to include any firm if the first taxable year in which such firm had both gross receipts and qualified research expenses began after 1983.

A special rule (enacted in 1993) is designed to gradually recompute a start-up firm's fixed-base percentage based on its actual research experience. Under this special rule, a start-up firm will be assigned a fixed-base percentage of 3 percent for each of its first five taxable years after 1993 in which it incurs qualified research expenditures. In the event that the research credit is extended beyond the scheduled expiration date, a start-up firm's fixed-base percentage for its sixth through tenth taxable years after 1993 in which it incurs qualified research expenditures will be a phased-in ratio based on its actual research experience. For all subsequent taxable years, the taxpayer's fixed-base percentage will be its actual ratio of qualified research expenditures to gross receipts for any five years selected by the taxpayer from its fifth through tenth taxable years after 1993 (sec. 41(c)(3)(B)).

[3] Under a special rule enacted as part of the Small Business Job Protection Act of 1996, 75 percent of amounts paid to a research consortium for qualified research is treated as qualified research expenses eligible for the research credit (rather than 65 percent under the general rule under section 41(b)(3) governing contract research expenses) if (1) such research consortium is a tax-exempt organization that is described in section 501(c)(3) (other than a private foundation) or section 501(c)(6) and is organized and operated primarily to conduct scientific research, and (2) such qualified research is conducted by the consortium on behalf of the taxpayer and one or more persons not related to the taxpayer.

Relation to deduction

Under section 174, taxpayers may elect to deduct currently the amount of certain research or experimental expenditures incurred in connection with a trade or business, notwithstanding the general rule that business expenses to develop or create an asset that has a useful life extending beyond the current year must be capitalized. However, deductions allowed to a taxpayer under section 174 (or any other section) are reduced by an amount equal to 100 percent of the taxpayer's research tax credit determined for the taxable year. Taxpayers may alternatively elect to claim a reduced research tax credit amount under section 41 in lieu of reducing deductions otherwise allowed (sec. 280C(c)(3)).

House Bill

The research tax credit is extended for 19 months—i.e., generally for the period June 1, 1997, through December 31, 1998.

Under the House bill, taxpayers are permitted to elect the alternative incremental research credit regime under section 41(c)(4) for any taxable year beginning after June 30, 1996, and such election will apply to that taxable year and all subsequent taxable years unless revoked with the consent of the Secretary of the Treasury.

Effective date.—The provision generally is effective for qualified research expenditures paid or incurred during the period June 1, 1997, through December 31, 1998. A special rule provides that, notwithstanding the general termination date for the research credit of December 31, 1998, if a taxpayer elects to be subject to the alternative incremental research credit regime for its first taxable year beginning after June 30, 1996, and before July 1, 1997, the alternative incremental research credit will be available during the entire 30-month period beginning with the first month of such taxable year—i.e., the equivalent of the 11-month extension provided for by the Small Business Job Protection Act of 1996 plus an additional 19-month extension provided for by this bill. However, to prevent taxpayers from effectively obtaining more than 30-months of research credits from the Small Business Job Protection Act of 1996 and this bill, the 30-month period for taxpayers electing the alternative incremental research credit regime is reduced by the number of months (if any) after June 1996 with respect to which the taxpayer claimed research credit amounts under the regular, 20-percent research credit rules.

Senate Amendment

The research tax credit is extended for 24 months—i.e., generally for the period June 1, 1997, through May 31, 1999.

Under the Senate amendment, taxpayers are permitted to elect the alternative incremental research credit regime under section 41(c)(4) for any taxable year beginning after June 30, 1996, and such election will apply to that taxable year and all subsequent taxable years unless revoked with the consent of the Secretary of the Treasury.

Effective date.—The provision generally is effective for qualified research expenditures paid or incurred during the period June 1, 1997, through December 31, 1999. A special rule provides that, notwithstanding the general termination date for the research credit of December 31, 1999, if a taxpayer elects to be subject to the alternative incremental research credit regime for its first taxable year beginning after June 30, 1996, and before July 1, 1997, the alternative incremental research credit will be available during the entire 35-month period beginning with the first month of such taxable year—i.e., the equivalent of the 11-month extension provided for by the Small Business Job Protection Act of 1996 plus an additional 24-month extension provided for by the Senate amendment. However, to prevent taxpayers from effectively obtaining more than 35-months of research credits from the Small Business Job Protection Act of 1996 and this bill, the 35-month period for taxpayers electing the alternative incremental research credit regime is reduced by the number of months (if any) after June 1996 with respect to which the taxpayer claimed research credit amounts under the regular, 20-percent research credit rules.

Conference Agreement

Under the conference agreement, the research tax credit is extended for 13 months—i.e., generally for the period June 1, 1997, through June 30, 1998.

Under the provision, taxpayers are permitted to elect the alternative incremental research credit regime under section 41(c)(4) for any taxable year beginning after June 30, 1996, and such election will apply to that taxable year and all subsequent taxable years unless revoked with the consent of the Secretary of the Treasury.

Effective date.—The provision generally is effective for qualified research expenditures paid or incurred during the period June 1, 1997, through June 30, 1998. A special rule provides that, notwithstanding the general termination date for the research credit of June 30, 1998, if a taxpayer elects to be subject to the alternative incremental research credit regime for its first taxable year beginning after June 30, 1996, and before July 1, 1997, the alternative incremental research credit will be available during the entire 24-month period beginning with the first month of such taxable year—i.e., the equivalent of the 11-month extension provided for by the Small Business Job Protection Act of 1996 plus an additional 13-month extension provided for by the conference agreement. However, to prevent taxpayers from effectively obtaining more than 24- months of research credits from the Small Business Job Protection Act of 1996 and this bill, the 24-month period for taxpayers electing the alternative incremental research credit regime is reduced by the number of months (if any) after June 1996 with respect to which the taxpayer claimed research credit amounts under the regular, 20-percent research credit rules.

B. Contributions of Stock to Private Foundations (sec. 602 of the House bill and sec. 502 of the Senate amendment)

Present Law

In computing taxable income, a taxpayer who itemizes deductions generally is allowed to deduct the fair market value of property contributed to a charitable organization.[4] However, in the case of a charitable contribution of short-term gain, inventory, or other ordinary income property, the amount of the deduction generally is limited to the taxpayer's basis in the property. In the case of a charitable contribution of tangible personal property, the deduction is limited to the taxpayer's basis in such property if the use by the recipient charitable organization is unrelated to the organization's tax-exempt purpose.[5]

In cases involving contributions to a private foundation (other than certain private operating foundations), the amount of the deduction is limited to the taxpayer's basis in the property. However, under a special rule contained in section 170(e)(5), taxpayers are allowed a deduction equal to the fair market value of "qualified appreciated stock" contributed to a private foundation prior to May 31, 1997.[6] Qualified appreciated stock is defined as publicly traded stock which is capital gain property. The fair-market-value deduction for qualified appreciated stock donations applies only to the extent that total donations made by the donor to private foundations of stock in a particular corporation did not exceed 10 percent of the outstanding stock of that corporation. For this purpose, an individual is treated as making all contributions that were made by any member of the individual's family.

House Bill

The House bill extends the special rule contained in section 170(e)(5) for contributions of qualified appreciated stock made to private foundations during the period June 1, 1997, through December 31, 1998.

Effective date.—The provision is effective for contributions of qualified appreciated stock to private foundations made during the period June 1, 1997, through December 31, 1998.

Senate Amendment

The Senate amendment extends the special rule contained in section 170(e)(5) for contributions of qualified appreciated stock made to private foundations during the period June 1, 1997, through May 31, 1999.

Effective date.—The provision is effective for contributions of qualified appreciated stock to private foundations made during the period June 1, 1997, through May 31, 1999.

Conference Agreement

The conference agreement provides that the special rule contained in section 170(e)(5) is extended for the period June 1, 1997, through June 30, 1998. The provision is effective for contributions of qualified appreciated stock to private foundations made during the period June 1, 1997, through June 30, 1998.

C. Work Opportunity Tax Credit (sec. 603 of the House bill and sec. 503 of the Senate amendment)

Present Law

In general

The work opportunity tax credit is available on an elective basis for employers hiring individuals from one or more of seven targeted groups. The credit generally is equal to 35 percent of qualified wages. Generally, qualified wages consist of wages attributable to service rendered by a member of a targeted group during the one-year period beginning with the day the individual begins work for the employer.

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[4] The amount of the deduction allowable for a taxable year with respect to a charitable contribution may be reduced depending on the type of property contributed, the type of charitable organization to which the property is contributed, and the income of the taxpayer (secs. 170(b) and 170(e)).

[5] As part of the Omnibus Budget Reconciliation Act of 1993, Congress eliminated the treatment of contributions of appreciated property (real, personal, and intangible) as a tax preference for alternative minimum tax (AMT) purposes. Thus, if a taxpayer makes a gift to charity of property (other than short-term gain, inventory, or other ordinary income property, or gifts to private foundations) that is real property, intangible property, or tangible personal property the use of which is related to the donee's tax-exempt purpose, the taxpayer is allowed to claim the same fair-market-value deduction for both regular tax and AMT purposes (subject to present-law percentage limitations).

[6] The special rule contained in section 170(e)(5), which was originally enacted in 1984, expired January 1, 1995. The Small Business Job Protection Act of 1996 reinstated the rule for 11 months—for contributions of qualified appreciated stock made to private foundations during the period July 1, 1996, through May 31, 1997.

Generally, no more than $6,000 of wages during the first year of employment is permitted to be taken into account with respect to any individual. Thus, the maximum credit per individual is $2,100. With respect to qualified summer youth employees, the maximum credit is 35 percent of up to $3,000 of qualified first-year wages, for a maximum credit of $1,050.

The deduction for wages is reduced by the amount of the credit.

Targeted groups eligible for the credit

(1) Families receiving AFDC

An eligible recipient is an individual certified by the designated local employment agency as being a member of a family eligible to receive benefits under AFDC or its successor program for a period of at least nine months part of which is during the 9-month period ending on the hiring date. For these purposes, members of the family are defined to include only those individuals taken into account for purposes of determining eligibility for the AFDC or its successor program.

(2) Qualified ex-felon

A qualified ex-felon is an individual certified as: (1) having been convicted of a felony under any State or Federal law, (2) being a member of a family that had an income during the six months before the earlier of the date of determination or the hiring date which on an annual basis is 70 percent or less of the Bureau of Labor Statistics lower living standard, and (3) having a hiring date within one year of release from prison or date of conviction.

(3) High-risk-youth

A high-risk youth is an individual certified as being at least 18 but not yet 25 on the hiring date and as having a principal place of abode within an empowerment zone or enterprise community (as defined under Subchapter U of the Internal Revenue Code). Qualified wages will not include wages paid or incurred for services performed after the individual moves outside an empowerment zone or enterprise community.

(4) Vocational rehabilitation referral

Vocational rehabilitation referrals are those individuals who have a physical or mental disability that constitutes a substantial handicap to employment and who have been referred to the employer while receiving, or after completing, vocational rehabilitation services under an individualized, written rehabilitation plan under a State plan approved under the Rehabilitation Act of 1973 or under a rehabilitation plan for veterans carried out under Chapter 31 of Title 38, U.S. Code. Certification will be provided by the designated local employment agency upon assurances from the vocational rehabilitation agency that the employee has met the above conditions.

(5) Qualified summer youth employee

Qualified summer youth employees are individuals: (1) who perform services during any 90-day period between May 1 and September 15, (2) who are certified by the designated local agency as being 16 or 17 years of age on the hiring date, (3) who have not been an employee of that employer before, and (4) who are certified by the designated local agency as having a principal place of abode within an empowerment zone or enterprise community (as defined under Subchapter U of the Internal Revenue Code). As with high-risk youths, no credit is available on wages paid or incurred for service performed after the qualified summer youth moves outside of an empowerment zone or enterprise community. If, after the end of the 90-day period, the employer continues to employ a youth who was certified during the 90-day period as a member of another targeted group, the limit on qualified first-year wages will take into account wages paid to the youth while a qualified summer youth employee.

(6) Qualified veteran

A qualified veteran is a veteran who is a member of a family certified as receiving assistance under: (1) AFDC for a period of at least nine months part of which is during the 12-month period ending on the hiring date, or (2) a food stamp program under the Food Stamp Act of 1977 for a period of at least three months part of which is during the 12-month period ending on the hiring date. For these purposes, members of a family are defined to include only those individuals taken into account for purposes of determining eligibility for: (I) the AFDC or its successor program, and (ii) a food stamp program under the Food Stamp Act of 1977, respectively.

Further, a qualified veteran is an individual who has served on active duty (other than for training) in the Armed Forces for more than 180 days or who has been discharged or released from active duty in the Armed Forces for a service-connected disability. However, any individual who has served for a period of more than 90 days during which the individual was on active duty (other than for training) is not an eligible employee if any of this active duty occurred during the 60-day period ending on the date the individual was hired by the employer. This latter rule is intended to prevent employers who hire current members of the armed services (or those departed from service within the last 60 days) from receiving the credit.

(7) Families receiving food stamps

An eligible recipient is an individual aged 18 but not yet 25 certified by a designated local employment agency as being a member of a family receiving assistance under a food stamp program under the Food Stamp Act of 1977 for a period of at least six months ending on the hiring date. In the case of families that cease to be eligible for food stamps under section 6(o) of the Food Stamp Act of 1977, the six-month requirement is replaced with a requirement that the family has been receiving food stamps for at least three of the five months ending on the date of hire. For these purposes, members of the family are defined to include only those individuals taken into account for purposes of determining eligibility for a food stamp program under the Food Stamp Act of 1977.

Minimum employment period

No credit is allowed for wages paid unless the eligible individual is employed by the employer for at least 180 days (20 days in the case of a qualified summer youth employee) or 400 hours (120 hours in the case of a qualified summer youth employee).

Expiration date

The credit is effective for wages paid or incurred to a qualified individual who begins work for an employer after September 30, 1996, and before October 1, 1997.

House Bill

Extension

The House bill provides a one-year extension of the work opportunity tax credit.

Targeted categories

The bill extends eligibility to members of families receiving AFDC benefits for any nine months during the eighteen month period ending on the hiring date.

Minimum employment period

The minimum employment period is reduced from 400 to 120 hours.

Credit percentage

The House bill provides a credit percentage of 25 percent for employment of less than 400 hours of employment and 40 percent for employment of 400 or more hours.

Alternative minimum tax (AMT)

The House bill allows the credit against the AMT.

Effective date

Generally, the provision is effective for wages paid or incurred to qualified individuals who begin work for the employer after September 30, 1997, and before October 1, 1998. The provision allowing the credit against the AMT is effective for taxable years beginning after December 31, 1997.

Senate Amendment

Extension

The Senate amendment provides a 20-month extension of the work opportunity tax credit.

Targeted categories

Same as the House bill, except the Senate amendment adds SSI beneficiaries as a new category of workers for which the credit is available.

Minimum employment period

Same as the House bill.

Credit percentage

Same as the House bill.

Alternative minimum tax (AMT)

No provision.

Effective date

The provision is effective for wages paid or incurred to qualified individuals who begin work for the employer after September 30, 1997, and before June 1, 1999.

Conference Agreement

Extension

The conference agreement provides for a 9-month extension of the work opportunity tax credit.

Targeted categories

The conference agreement follows the Senate amendment.

Minimum employment period

The conference agreement follows the House bill and the Senate amendment.

Credit percentage

The conference agreement follows the House bill and the Senate amendment.

Alternative minimum tax (AMT)

The conference agreement does not include the House bill provision.

Effective date

The conference agreement is generally effective for wages paid to qualified individuals who begin work for an employer after September 30, 1997, and before July 1, 1998.

D. Orphan Drug Tax Credit (sec. 604 of the House bill and sec. 504 of the Senate amendment)

Present Law

A 50-percent nonrefundable tax credit is allowed for qualified clinical testing expenses incurred in testing of certain drugs for rare diseases or conditions, generally referred to as "orphan drugs." Qualified testing expenses are costs incurred to test an orphan drug after the drug has been approved for human testing by the Food and Drug Administration ("FDA") but before the drug has been approved for sale by the FDA. A rare disease or condition is defined as one that (1) affects less than 200,000 persons in the United States, or (2) affects more than 200,000 persons, but for which there is no reasonable expectation that businesses could recoup the costs of developing a drug for such disease or condition from U.S. sales of the drug. These rare diseases and conditions include Huntington's disease, myoclonus, ALS (Lou Gehrig's disease), Tourette's syndrome, and Duchenne's dystrophy (a form of muscular dystrophy).

As with other general business credits (sec. 38), taxpayers are allowed to carry back unused credits to three years preceding the year the credit is earned (but not to a taxable year ending before July 1, 1996) and to carry forward unused credits to 15 years following the year the credit is earned. The credit cannot be used to offset a taxpayer's alternative minimum tax liability.

The orphan drug tax credit expired and does not apply to expenses paid or incurred after May 31, 1997.[7]

House Bill

The orphan drug tax credit provided for by section 45C is permanently extended.

Effective date.—The provision is effective for qualified clinical testing expenses paid or incurred after May 31, 1997.

Senate Amendment

The Senate amendment is the same as the House bill.

Conference Agreement

The conference agreement follows the House bill and Senate amendment—i.e., the orphan drug tax credit is permanently extended.

VII. DISTRICT OF COLUMBIA TAX INCENTIVES (secs. 701-702 of the House bill and sec. 601 of the Senate amendment)

Present Law

Empowerment zones and enterprise communities

In general

Pursuant to the Omnibus Budget Reconciliation Act of 1993 (OBRA 1993), the Secretaries of the Department of Housing and Urban Development (HUD) and the Department of Agriculture designated a total of nine empowerment zones and 95 enterprise communities on December 21, 1994. As required by law, six empowerment zones are located in urban areas (with aggregate population for the six designated urban empowerment zones limited to 750,000) and three empowerment zones are located in rural areas.[8] Of the enterprise communities, 65 are located in urban areas and 30 are located in rural areas (sec. 1391). Designated empowerment zones and enterprise communities were required to satisfy certain eligibility criteria, including specified poverty rates and population and geographic size limitations (sec. 1392). Portions of the District of Columbia were designated as an enterprise community.

The following tax incentives are available for certain businesses located in empowerment zones: (1) an annual 20-percent wage credit for the first $15,000 of wages paid to a zone resident who works in the zone; (2) an additional $20,000 of expensing under Code section 179 for "qualified zone property" placed in service by an "enterprise zone business" (accordingly, certain businesses operating in empowerment zones are allowed up to $38,000 of expensing for 1997; the allowable amount will increase to $38,500 for 1998); and (3) special tax-exempt financing for certain zone facilities (described in more detail below).

The 95 enterprise communities are eligible for the special tax-exempt financing benefits but not the other tax incentives available in the nine empowerment zones. In addition to these tax incentives, OBRA 1993 provided that Federal grants would be made to designated empowerment zones and enterprise communities.

The tax incentives for empowerment zones and enterprise communities generally will be available during the period that the designation remains in effect, i.e., a 10-year period.

Definition of "qualified zone property"

Present-law section 1397C defines "qualified zone property" as depreciable tangible property (including buildings), provided that: (1) the property is acquired by the taxpayer (from an unrelated party) after the zone or community designation took effect; (2) the original use of the property in the zone or community commences with the taxpayer; and (3) substantially all of the use of the property is in the zone or community in the active conduct of a trade or business by the taxpayer in the zone or community. In the case of property which is substantially renovated by the taxpayer, however, the property need not be acquired by the taxpayer after zone or community designation or originally used by the taxpayer within the zone or community if, during any 24-month period after zone or community designation, the additions to the taxpayer's basis in the property exceed the greater of 100 percent of the taxpayer's basis in the property at the beginning of the period, or $5,000.

Definition of "enterprise zone business"

Present-law section 1397B defines the term "enterprise zone business" as a corporation or partnership (or proprietorship) if for the taxable year: (1) the sole trade or business of the corporation or partnership is the active conduct of a qualified business within an empowerment zone or enterprise community; (2) at least 80 percent of the total gross income is derived from the active conduct of a "qualified business" within a zone or community; (3) substantially all of the business's tangible property is used within a zone or community; (4) substantially all of the business's intangible property is used in, and exclusively related to, the active conduct of such business; (5) substantially all of the services performed by employees are performed within a zone or community; (6) at least 35 percent of the employees are residents of the zone or community; and (7) no more than 5 percent of the average of the aggregate unadjusted bases of the property owned by the business is attributable to (a) certain financial property, or (b) collectibles not held primarily for sale to customers in the ordinary course of an active trade or business.

A "qualified business" is defined as any trade or business other than a trade or business that consists predominantly of the development or holding of intangibles for sale or license.[9] In addition, the leasing of real property that is located within the empowerment zone or community to others is treated as a qualified business only if (1) the leased property is not residential property, and (2) at least 50 percent of the gross rental income from the real property is from enterprise zone businesses. The rental of tangible personal property to others is not a qualified business unless substantially all of the rental of such property is by enterprise zone businesses or by residents of an empowerment zone or enterprise community.

Tax-exempt financing rules

Tax-exempt private activity bonds may be issued to finance certain facilities in empowerment zones and enterprise communities. These bonds, along with most private activity bonds, are subject to an annual private activity bond State volume cap equal to $50 per resident of each State, or (if greater) $150 million per State.

Qualified enterprise zone facility bonds are bonds 95 percent or more of the net proceeds of which are used to finance (1) "qualified zone property" (as defined above) the principal user of which is an "enterprise zone business" (also defined above[10]), or (2) functionally related and subordinate land located in the empowerment zone or enterprise community. These bonds may only be issued while an empowerment zone or enterprise community designation is in effect.

The aggregate face amount of all qualified enterprise zone bonds for each qualified enterprise zone business may not exceed $3 million per zone or community. In addition, total qualified enterprise zone bond financing for each principal user of these bonds may not exceed $20 million for all zones and communities.

Taxation of capital gains

In general, gain or loss reflected in the value of an asset is not recognized for income tax purposes until a taxpayer disposes of the asset. On the sale or exchange of capital assets, the net capital gain generally is taxed at the same rate as ordinary income, except that the maximum rate of tax is limited to 28 percent of the net capital gain.[11] Net capital gain is the excess of the net long-term capital gain for the taxable year over the net short-term capital loss for the year. Gain or loss is treated as long-term if the asset is held for more than one year.

Capital losses generally are deductible in full against capital gains. In addition, individual taxpayers may deduct capital losses against up to $3,000 of ordinary income in each year. Any remaining unused capital losses may be carried forward indefinitely to another taxable year.

A capital asset generally means any property except (1) inventory, stock in trade, or property held primarily for sale to customers in the ordinary course of the taxpayer's trade or business, (2) depreciable or real property used in the taxpayer's trade or business, (3) specified literary or artistic property, (4) business accounts or notes receivable, and (5) certain publications of the Federal Government.

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[7] The orphan drug tax credit originally was enacted in 1983 and was extended on several occasions. The credit expired on December 31, 1994, and later was reinstated for the period July 1, 1996, through May 31, 1997.

[8] The six designated urban empowerment zones are located in New York City, Chicago, Atlanta, Detroit, Baltimore, and Philadelphia-Camden (New Jersey). The three designated rural empowerment zones are located in Kentucky Highlands (Clinton, Jackson, and Wayne counties, Kentucky), Mid-Delta Mississippi (Bolivar, Holmes, Humphreys, Leflore counties, Mississippi), and Rio Grande Valley Texas (Cameron, Hidalgo, Starr, and Willacy counties, Texas).

[9] Also, a qualified business does not include certain facilities described in section 144(c)(6)(B) (e.g., massage parlor, hot tub facility, or liquor store) or certain large farms.

[10] For purposes of the tax-exempt financing rules, an "enterprise zone business" also includes a business located in a zone or community which would qualify as an enterprise zone business if it were separately incorporated.

[11] The Revenue Reconciliation Act of 1993 added Code section 1202, which provides a 50-percent exclusion for gain from the sale of certain small business stock acquired at original issue and held for at least five years.

In addition, the net gain from the disposition of certain property used in the taxpayer's trade or business is treated as long-term capital gain. Gain from the disposition of depreciable personal property is not treated as capital gain to the extent of all previous depreciation allowances. Gain from the disposition of depreciable real property generally is not treated as capital gain to the extent of the depreciation allowances in excess of the allowances that would have been available under the straight-line method.

Individual tax rates

To determine tax liability, an individual taxpayer generally must apply the tax rate schedules (or the tax tables) to his or her taxable income. The rate schedules are broken into several ranges of income, known as income brackets, and the marginal tax rate increases as a taxpayer's income increases. Separate rate schedules apply based on an individual's filing status. For 1997, the individual income tax rate schedules are as follows:

If taxable income is—	Then income tax equals
Single individuals	
$0 to $24,650	15 percent of taxable income
$24,651 to $59,750 ...	$3,698, plus 28% of the amount over $24,650
$59,751 to $124,650 ..	$13,526, plus 31% of the amount over $59,750
$124,651 to $271,050	$33,645, plus 36% of the amount over $124,650
Over $271,050	$86,349, plus 39.6% of the amount over $271,050
Heads of households	
$0 to $33,050	15 percent of taxable income
$33,051 to $85,350 ...	$4,958, plus 28% of the amount over $33,050
$85,351 to $138,200 ..	$19,602 plus 31% of the amount over $85,350
$138,201 to $271,050	$35,985, plus 36% of the amount over $138,200
Over $271,050	$83,811, plus 39.6% of the amount over $271,050
Married individuals filing joint returns	
$0 to $41,200	15 percent of taxable income
$41,201 to $99,600 ...	$6,180, plus 28% of the amount over $41,200
$99,601 to $151,750 ..	$22,532, plus 31% of the amount over $99,600
$151,751 to $271,050	$38,698, plus 36% of the amount over $151,750
Over $271,050	$81,646, plus 39.6% of the amount over $271,050
Married individuals filing separate returns	
$0 to $20,600	15 percent of taxable income
$20,601 to $49,800 ...	$3,090, plus 28% of the amount over $20,600
$49,801 to $75,875 ...	$11,266, plus 31% of the amount over $49,800
$75,876 to $135,525 ..	$19,349, plus 36% of the amount over $75,875
Over $135,525	$40,823 plus 39.6% of the amount over $135,525

House Bill

Designation of D.C. Enterprise Zone

Certain economically depressed census tracts within the District of Columbia are designated as the "D.C. Enterprise Zone," within which businesses and individual residents are eligible for special tax incentives. The census tracts that compose the D.C. Enterprise Zone are (1) all census tracts that presently are part of the D.C. enterprise community designated under section 1391 (i.e., portions of Anacostia, Mt. Pleasant, Chinatown, and the easternmost part of the District) and (2) all additional census tracts within the District of Columbia where the poverty rate is at least 35 percent. The D.C. Enterprise Zone designation generally will remain in effect for five years for the period from January 1, 1998, through December 31, 2002.[12]

The following tax incentives will take effect only if, prior to January 1, 1998, a Federal law is enacted creating a District of Columbia economic development corporation that is an instrumentality of the District of Columbia government.[13]

Business development incentives

Empowerment zone wage credit, expensing, and tax-exempt financing

The following tax incentives that are available under present law in empowerment zones would be available in the D.C. Enterprise Zone (modified as described below): (1) a 20-percent wage credit for the first $15,000 of wages paid to D.C. Enterprise Zone residents who work in the D.C. Enterprise Zone; (2) an additional $20,000 of expensing under Code section 179 for qualified zone property; and (3) special tax-exempt financing for certain zone facilities.

In general, the wage credit for certain D.C. Enterprise Zone residents who work in the D.C. Enterprise Zone is the same as is available in empowerment zones under present law. However, the wage credit rate remains at 20 percent for the D.C. Enterprise Zone for the period 1998 through 2002 (and does not phase down to 15 percent in the year 2002 as under present-law section 1396). The wage credit is effective for wages paid (or incurred) to a qualified individual after December 31, 1997, and before January 1, 2003.

The increased expensing under Code section 179 is effective for property placed in service in taxable years beginning after December 31, 1997, and before January 1, 2003. Thus, qualified D.C. Zone property placed in service in taxable years beginning in 1998 is eligible for up to $38,500 of expensing.

A qualified D.C. Zone business (defined as under present law section 1394(b)(3)) is permitted to borrow proceeds from the issuance of qualified enterprise zone facility bonds. Such bonds can be issued only by a newly created economic development corporation and are subject to the requirements applicable under present law to enterprise zone facility bonds, except that the amount of outstanding bond proceeds that can be borrowed by any qualified District business cannot exceed $15 million (rather than $3 million). The special tax-exempt bond provisions apply to bonds issued after December 31, 1997, and prior to January 1, 2003.

Tax credits for equity investments in and loans to businesses located in the District of Columbia

A newly created economic development corporation is authorized to allocate $75 million in tax credits to taxpayers that make certain equity investments in, or loans to, businesses (either corporations or partnerships) engaged in an active trade or business in the District of Columbia. The business need not be located in the D.C. Enterprise Zone, although factors to be considered in the allocation of credits include whether the project would provide job opportunities for low and moderate income residents of the D.C. Enterprise Zone and whether the business is located in the D.C. Enterprise Zone. Eligible businesses are not be required to satisfy the criteria of a qualified D.C. Zone business, described above. Such credits are nonrefundable and can be used to offset a taxpayer's alternative minimum tax (AMT) liability.

Under the House bill, the amount of credit cannot exceed 25 percent of the amount invested (or loaned) by the taxpayer. Thus, the economic development corporation may allocate the full $75 million in tax credits to no less than $300 million in equity investments in, or loans, to eligible businesses.

Under the House bill, credits may be allocated to loans made to an eligible business only if the business uses the loan proceeds to purchase depreciable tangible property and any functionally related and subordinate land. Credits may be allocated to equity investments only if the equity interest was acquired for cash. Any credits allocated to a taxpayer making an equity investment are subject to recapture if the equity interest is disposed of by the taxpayer within five years. A taxpayer's basis in an equity investment is reduced by the amount of the credit.

The House bill applies to credit amounts allocated for taxable years beginning after December 31, 1997, and before January 1, 2003.[14]

Zero-percent capital gains rate

The House bill provides a zero-percent capital gains rate for capital gains from the sale of certain qualified "D.C. Zone assets" held for more than five years. In general, qualified "D.C. Zone assets" mean stock or partnership interests held in or tangible property held by a D.C. Zone business. For this purpose, a qualified D.C. Zone business is defined as an enterprise zone business under present-law section 1397B.

"D.C. Zone business stock" is stock in a domestic corporation originally issued after December 31, 1997, that, at the time of issuance[15] and during substantially all of the taxpayer's holding period, was a qualified D.C. Zone business, provided that such stock was acquired by the taxpayer on original issue from the corporation solely in exchange for cash before January 1, 2003.[16] A "D.C. Zone partnership interest" is a domestic partnership interest originally issued after December 31, 1997, that is acquired by the taxpayer from the partnership solely in exchange for cash before January 1, 2003, provided that, at the time such interest was acquired[17] and during substantially all of the taxpayer's holding period, the partnership was a qualified D.C. Zone business. Finally, "D.C. Zone business property" is tangible property acquired by the taxpayer by purchase (within the meaning of present law section 179(d)(2)) after December 31, 1997, and before January 1, 2003, provided that the original use of such property in the D.C. Enterprise Zone commences with the taxpayer and substantially all of the use of such property during substantially all of the taxpayer's holding period was in a qualified D.C. Zone business of the taxpayer.

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[12] The status of certain census tracts within the District as an enterprise community designated under section 1391 also terminates on December 31, 2002.

[13] In addition, the House bill assumes the enactment of certain modifications to Federal law (other than Federal tax laws contained in the Internal Revenue Code) similar to those proposed by the Administration that would clarify and expand the District's authority to issue revenue bonds.

[14] As a general business credit, the credit can be carried back three years (but not before January 1, 1998) and forward for 15 years.

[15] In the case of a new corporation, it is sufficient if the corporation is being organized for purposes of being a qualified D.C. Zone business.

[16] D.C. Zone business stock does not include any stock acquired from a corporation which made a substantial stock redemption or distribution (without a bona fide business purpose therefore) in an attempt to avoid the purposes of the provision. A similar rule applies with respect to D.C. Zone partnership interests.

[17] In the case of a new partnership, it is sufficient if the partnership is being formed for purposes of being a qualified D.C. Zone business.

A special rule provides that, in the case of business property that is "substantially renovated," such property need not be acquired by the taxpayer after December 31, 1997, nor need the original use of such property in the D.C. Enterprise Zone commence with the taxpayer. For these purposes, property is treated as "substantially renovated" if, prior to January 1, 2003, additions to basis with respect to such property in the hands of the taxpayer during any 24-month period beginning after December 31, 1997, exceed the greater of (1) an amount equal to the adjusted basis at the beginning of such 24-month period in the hands of the taxpayer, or (2) $5,000. Thus, substantially renovated real estate located in the D.C. Enterprise Zone may constitute D.C. Zone business property. However, the House bill specifically excludes land that is not an integral part of a qualified D.C. Zone business from the definition of D.C. Zone business property.

In addition, qualified D.C. Zone assets include property that was a qualified D.C. Zone asset in the hands of a prior owner, provided that at the time of acquisition, and during substantially all of the subsequent purchaser's holding period, either (1) substantially all of the use of the property is in a qualified D.C. Zone business, or (2) the property is an ownership interest in a qualified D.C. Zone business.[18]

In general, gain eligible for the zero-percent tax rate means gain from the sale or exchange of a qualified D.C. Zone asset that is (1) a capital asset or (2) property used in the trade or business as defined in section 1231(b). Gain attributable to periods before December 31, 1997, and after December 31, 2007, is not qualified capital gain. No gain attributable to real property, or an intangible asset, which is not an integral part of a qualified D.C. Zone business qualifies for the zero-percent rate.

The House bill provides that property that ceases to be a qualified D.C. Zone asset because the property is no longer used in (or no longer represents an ownership interest in) a qualified D.C. Zone business after the five-year period beginning on the date the taxpayer acquired such property would continue to be treated as a qualified D.C. Zone asset. Under this rule, the amount of gain eligible for the zero-percent capital gains rate cannot exceed the amount which would be qualified capital gain had the property been sold on the date of such cessation.

Special rules are provided for pass-through entities (i.e., partnerships, S corporations, regulated investment companies, and common trust funds). In the case of a sale or exchange of an interest in a pass-through entity that was not a qualified D.C. Zone business during substantially all of the period that the taxpayer held the interest, the zero-percent capital gains rate applies to the extent that the gain is attributable to amounts that would have been qualified capital gain had the assets been sold for their fair market value on the date of the sale or exchange of the interest in the pass-through entity. This rule applies only if the interest in the pass-through entity were held by the taxpayer for more than five years. In addition, the rule applies only to qualified D.C. Zone assets that were held by the pass-through entity for more than five years, and throughout the period that the taxpayer held the interest in the pass-through entity.

The House bill also provides that in the case of a transfer of a qualified D.C. Zone asset by gift, at death, or from a partnership to a partner that held an interest in the partnership at the time that the qualified D.C. Zone asset was acquired, (1) the transferee is to be treated as having acquired the asset in the same manner as the transferor, and (2) the transferee's holding period includes that of the transferor. In addition, rules similar to those contained in section 1202(i)(2) regarding treatment of contributions to capital after the original issuance date and section 1202(j) regarding treatment of certain short positions apply.

Individual resident tax rate reduction

Individuals who have their principal place of abode in any census tract that is part of the D.C. Enterprise Zone are entitled to a 10-percent tax rate on all taxable income that currently is subject to a 15-percent Federal income tax rate. Thus, using the 1997 tax rate schedule, a single taxpayer who resides in the D.C. Enterprise Zone with $24,650 or more of taxable income will receive a Federal income tax reduction of $1,233 under the House bill. Married taxpayers who reside in the D.C. Enterprise Zone and file a joint return with taxable income of $41,200 or more of taxable income will receive a Federal income tax reduction of $2,060 under the House bill.

The special 10-percent rate provision is in effect for the period 1998–2007.

Effective date

The D.C. tax incentives generally are effective January 1, 1998, and remain in effect for five years until the termination of the D.C. Enterprise Zone designation on December 31, 2002. However, the zero-percent tax rate for capital gains and the special 10-percent rate bracket are effective for the period 1998–2007. All of the D.C. tax incentives are contingent upon the enactment of a Federal law, prior to January 1, 1998, creating a District of Columbia economic development corporation that is an instrumentality of the District of Columbia government.

Senate Amendment

First-time homebuyer credit

The Senate amendment provides first-time homebuyers of a principal residence in the District a tax credit of up to $5,000 of the amount of the purchase price. The $5,000 maximum credit amount applies both to individuals and married couples. Married individuals filing separately can claim a maximum credit of $2,500 each. The Secretary of Treasury is directed to prescribe regulations allocating the credit among unmarried purchasers of a residence.[19]

To qualify as a "first-time homebuyer," neither the individual (nor the individual's spouse, if married) can have had a present ownership interest in a principal residence in the District for the one-year period prior to the date of acquisition of the principal residence.[20]

A taxpayer will be treated as a first-time homebuyer with respect to only one residence—i.e., the credit may be claimed one time only. The date of acquisition is the date on which a binding contract to purchase the principal residence is entered into or the date on which construction or reconstruction of such residence commences.

The credit applies to purchases after the date of enactment and before January 1, 2002. Any excess credit may be carried forward indefinitely to succeeding taxable years.

Tax credits for equity investments in and loans to businesses located in the District of Columbia

The Senate amendment is the same as the House bill, except that the economic development corporation is authorized to allocate $60 million (rather than $75 million) in credits.

Zero-percent capital gains rate

Like the House bill, the Senate amendment provides a zero-percent capital gains rate for capital gains from the sale of certain qualified D.C. assets held for more than five years. In general, qualified D.C. assets mean stock or partnership interests held in, or tangible property held by, a qualified D.C. business. However; the Senate amendment provides that capital gain from the sale of any D.C. asset acquired during calendar year 1998 shall be subject to tax at a 10 percent rate. A special rule provides that if the basis of any D.C. asset is determined in whole or part by reference to a D.C. asset acquired in 1998, all gain from the sale or exchange of such asset is taxed at the 10 percent rate.

Qualified D.C. business

A "qualified D.C. business" generally is required to satisfy the requirements of an "enterprise zone business" under present law, applied as if the District (in its entirety) were an empowerment zone. Thus, a corporation or partnership is a qualified D.C. business if: (1) its sole trade or business is the active conduct of a "qualified business" within the District; (2) at least 80 percent of the total gross income is derived from the active conduct of a "qualified business" within the District; (3) substantially all of the business's tangible property is used within the District; (4) substantially all of the business's intangible property is used in, and exclusively related to, the active conduct of such business; (5) substantially all of the services performed by employees are performed within the District; and (6) no more than 5 percent of the average of the aggregate unadjusted bases of the property owned by the business is attributable to (a) certain financial property, or (b) collectibles not held primarily for sale to customers in the ordinary course of an active trade or business.[21] A "qualified business" means any trade or business other than a trade or business that consists predominantly of the development or holding of intangibles for sale or license.[22] In addition, the leasing of real property that is located within the District to others is treated as a qualified business only if (1) the leased property is not residential property, and (2) at least 50 percent of the gross rental income from the real property is from qualified D.C. businesses. The rental of tangible personal property to others is not a qualified business unless substantially all of the rental of such property is by qualified D.C. businesses or by residents of the District.

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[18] The termination of the D.C. Zone designation will not, by itself, result in property failing to be treated as a qualified D.C. Zone asset. However, capital gain eligible for the zero-percent capital gains rate does not include any gain attributable to periods after December 31, 2007.

[19] The provision of the Senate amendment that excludes sales of certain personal residences from the real estate transaction reporting requirement would not apply to sales of personal residences in the District of Columbia. In addition, the Senate amendment anticipates that the Secretary of Treasury will require such information as may be necessary to verify eligibility for the D.C. first-time homebuyer credit.

[20] Special rules apply to members of the Armed Forces and certain individuals with tax homes outside the United States with respect to whom the rollover period available under section 1034 (as in effect prior to the enactment of the bill) is suspended pursuant to sections 1034(h) or (k).

[21] The requirement under present-law section 1397B(b)(6) that at least 35 percent of the employees of the business be zone residents does not apply

Qualified D.C. assets

For purposes of the Senate amendment, qualified "D.C. assets" include (1) D.C. business stock, (2) D.C. partnership interests, and (3) D.C. business property.

"D.C. business stock" means stock in a domestic corporation originally issued after December 31, 1997, that, at the time of issuance[23] and during substantially all of the taxpayer's holding period, was a qualified D.C. business, provided that such stock was acquired by the taxpayer on original issue from the corporation solely in exchange for cash before January 1, 2003.[24] A "D.C. partnership interest" means a domestic partnership interest originally issued after December 31, 1997, that is acquired by the taxpayer from the partnership solely in exchange for cash before January 1, 2003, provided that, at the time such interest was acquired[25] and during substantially all of the taxpayer's holding period, the partnership was a qualified D.C. business. Finally, "D.C. business property" means tangible property acquired by the taxpayer by purchase (within the meaning of present law section 179(d)(2)) after December 31, 1997, and before January 1, 2003, provided that the original use of such property in the District commences with the taxpayer and substantially all of the use of such property during substantially all of the taxpayer's holding period was in a qualified D.C. business of the taxpayer.

A special rule provides that, in the case of business property that is "substantially renovated," such property need not be acquired by the taxpayer after December 31, 1997, nor need the original use of such property in the District commence with the taxpayer. For these purposes, property is treated as "substantially renovated" if, prior to January 1, 2003, additions to basis with respect to such property in the hands of the taxpayer during any 24-month period beginning after December 31, 1997, exceed the greater of (1) an amount equal to the adjusted basis at the beginning of such 24-month period in the hands of the taxpayer, or (2) $5,000. Thus, substantially renovated real estate located in the District can constitute D.C. business property. However, the bill specifically excludes land that is not an integral part of a qualified D.C. business from the definition of D.C. business property.

In addition, qualified D.C. assets include property that was a qualified D.C. asset in the hands of a prior owner, provided that at the time of acquisition, and during substantially all of the subsequent purchaser's holding period, either (1) substantially all of the use of the property is in a qualified D.C. business, or (2) the property is an ownership interest in a qualified D.C. business.

In general, gain eligible for the zero-percent tax rate means gain from the sale or exchange of a qualified D.C. asset that is (1) a capital asset or (2) property used in the trade or business as defined in section 1231(b). Gain attributable to periods before December 31, 1997, is not qualified capital gain. No gain attributable to real property, or an intangible asset, which is not an integral part of a qualified D.C. business qualifies for the zero-percent rate.

The Senate amendment provides that property that ceases to be a qualified D.C. asset because the property is no longer used in (or no longer represents an ownership interest in) a qualified D.C. business after the five-year period beginning on the date the taxpayer acquired such property continues to be treated as a qualified D.C. asset. Under this rule, the amount of gain eligible for the zero-percent capital gains rate cannot exceed the amount which would be qualified capital gain had the property been sold on the date of such cessation.

Special rules are provided for pass-through entities (i.e., partnerships, S corporations, regulated investment companies, and common trust funds). In the case of a sale or exchange of an interest in a pass-through entity that was not a qualified D.C. business during substantially all of the period that the taxpayer held the interest, the zero-percent capital gains rate applies to the extent that the gain is attributable to amounts that would have been qualified capital gain had the underlying assets been sold for their fair market value on the date of the sale or exchange of the interest in the pass-through entity. This rule applies only if the interest in the pass-through entity were held by the taxpayer for more than five years. In addition, the rule applies only to qualified D.C. assets that were held by the pass-through entity for more than five years, and throughout the period that the taxpayer held the interest in the pass-through entity.

The Senate amendment also provides that, in the case of a transfer of a qualified D.C. asset by gift, at death, or from a partnership to a partner that held an interest in the partnership at the time that the qualified D.C. asset was acquired, (1) the transferee is to be treated as having acquired the asset in the same manner as the transferor, and (2) the transferee's holding period includes that of the transferor. In addition, rules similar to those contained in section 1202(i)(2) regarding treatment of contributions to capital after the original issuance date and section 1202(j) regarding treatment of certain short positions apply.

Trust fund for D.C. schools

The Senate amendment provides for a total of $50 million ($5 million for each year 1998 through 2007) to be transferred from Federal income taxes paid by District individual residents to a Trust Fund for D.C. schools. Amounts in the Trust Fund are to be used to pay debt service on qualified D.C. school bonds, which are taxable bonds issued after March 31, 1998, by the District to finance the rehabilitation and repair of District schools.

Effective dates

The D.C. first-time homebuyer credit is effective for purchases after the date of enactment and before January 1, 2002. The tax credit for equity investments and loans applies to credit amounts allocated for taxable years beginning after December 31, 1997, and before January 1, 2003. The zero-percent tax rate for capital gains is effective for qualified D.C. assets purchased (or substantially renovated) during the period January 1, 1998, through December 31, 2002, for any gain accruing with respect to such assets after the date or purchase (or substantial renovation). The Trust Fund for D.C. schools will be funded $5 million per year for 1998 through 2007.

Conference Agreement

The conference agreement follows the House bill in part and the Senate amendment in part.

Designation of D.C Enterprise Zone

The conference agreement includes the House bill provision that designates certain economically depressed census tracts within the District of Columbia as the "D.C. Enterprise Zone," within which businesses and individual residents are eligible for special tax incentives. Under the conference agreement, however, the census tracts that compose the D.C. Enterprise Zone for purposes of the wage credit, expensing, and tax-exempt financing incentives are expanded to include census tracts within the District of Columbia where the poverty rate is not less than 20 percent. Thus, the D.C. Enterprise Zone consists of (1) all census tracts that presently are part of the D.C. enterprise community designated under Code section 1391 (i.e., portions of Anacostia, Mt. Pleasant, Chinatown, and the easternmost part of the District) and (2) all additional census tracts within the District of Columbia where the poverty rate is not less than 20 percent. As under the House bill, the D.C. Enterprise Zone designation generally will remain in effect for five years for the period from January 1, 1998, through December 31, 2002.

Empowerment zone wage credit, expensing, and tax-exempt financing

The conference agreement includes the House bill provision with respect to the tax incentives that are available in the D.C. Enterprise Zone, modified to provide that the wage credit is available with respect to all residents of the District and is not limited to residents of the D.C. Enterprise Zone and to eliminate the requirement that 35 percent of the employees of a qualified "D.C. Zone business" must be residents of the D.C. Enterprise Zone.[26] Thus, the following tax incentives that are available under present law in empowerment zones generally will be available in the D.C. Enterprise Zone: (1) a 20-percent wage credit for the first $15,000 of wages paid to D.C. residents who work in the D.C. Enterprise Zone; (2) an additional $20,000 of

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when determining whether an entity is a qualified D.C. business.

[22] Also, as under present law, a qualified business does not include certain facilities described in section 144(c)(6)(B) (e.g., massage parlor, hot tub facility, or liquor store) or certain large farms.

[23] In the case of a new corporation, it is sufficient if the corporation is being organized for purposes of being a qualified D.C. business.

[24] As under section 1202(c)(3), D.C. business stock does not include any stock acquired from a corporation which made a substantial stock redemption or distribution (without a bona fide business purpose therefore) in an attempt to avoid the purposes of the provision. A similar rule applies with respect to D.C. partnership interests.

[25] In the case of a new partnership, it is sufficient if the partnership is being formed for purposes of being a qualified D.C. business.

[26] The provision of the conference agreement that authorizes the designation of additional empowerment zones also modifies the definition of an enterprise zone business to provide that, in addition to satisfying the other requirements of section 1397B, at least 50 percent (as opposed to 80 percent under present law) of the total gross income of a qualified enterprise zone business must be derived from the active conduct of a "qualified business" within a zone or community. The conference agreement makes certain other modifications to the definition of an enterprise zone business as well. This modified definition of enterprise zone business, determined without regard to the 35-percent zone resident employee requirement, generally applies for purposes of the increased expensing and tax-exempt financing available in the D.C. Enterprise Zone.

expensing under Code section 179 for qualified zone property; and (3) special tax-exempt financing for certain zone facilities.[27] The conference agreement does not include the provision limiting the special tax-exempt financing benefits to bonds issued by the Economic Development Corporation.

Zero-percent capital gains rate

The conference agreement includes the House bill provision that provides a zero-percent capital gains rate for capital gains from the sale of certain qualified D.C Zone assets held for more than five years. For purposes of the zero-percent capital gains rate, the D.C. Enterprise Zone is defined to include all census tracts within the District of Columbia where the poverty rate is not less than 10 percent.

For purposes of the zero-percent capital gains rate, the definition of qualified "D.C. Zone business" generally is the same as the definition applicable for purposes of the increased expensing described above. However, solely for purposes of the zero-percent capital gains rate, a qualified "D.C. Zone business" must derive at least 80 percent (as opposed to 50 percent) of its total gross income from the active conduct of a "qualified business" within the D.C. Enterprise Zone.

First-time homebuyer tax credit

The conference agreement includes the Senate amendment provision that allows first-time homebuyers of a principal residence in the District a tax credit of up to $5,000 of the amount of the purchase price, except that the credit phases out for individual taxpayers with adjusted gross income between $70,000 and $90,000 ($110,000-$130,000 for joint filers). The conference agreement clarifies that the credit is available with respect to purchases of existing property as well as new construction, and specifies that a taxpayer's basis in a property is reduced by the amount of any homebuyer tax credit claimed with respect to such property. In addition, the conference agreement sunsets the credit after December 31, 2000. Thus, the credit is available with respect to property purchased after the date of enactment and before January 1, 2001.

VIII. WELFARE-TO-WORK TAX CREDIT

(sec. 801 of the House bill)

Present Law

The work opportunity tax credit is available on an elective basis for employers hiring individuals from one or more of seven targeted groups. The credit generally is equal to 35 percent of qualified wages. Generally, qualified wages consist of wages attributable to service rendered by a member of a targeted group during the one-year period beginning with the day the individual begins work for the employer.

For purposes of the work opportunity tax credit, the targeted groups for which the credit is available include: (1) families receiving Aid to Families with Dependent Children ("AFDC"); (2) qualified ex-felons; (3) high-risk youth; (4) vocational rehabilitation referrals; (5) qualified summer youth employees; (6) qualified veterans; and (7) families receiving food stamps.

Generally, no more than $6,000 of wages during the first year of employment is permitted to be taken into account with respect to any individual. Thus, the maximum credit per individual is $2,100. With respect to qualified summer youth employees, the maximum credit is 35 percent of up to $3,000 of qualified first-year wages, for a maximum credit of $1,050.

The deduction for wages is reduced by the amount of the credit.

The work opportunity tax credit is effective for wages paid or incurred to a qualified individual who begins work for an employer after September 30, 1996, and before October 1, 1997.

House Bill

The House bill provides to employers a tax credit on the first $20,000 of eligible wages paid to qualified long-term family assistance (AFDC or its successor program) recipients during the first two years of employment. The credit is 35 percent of the first $10,000 of eligible wages in the first year of employment and 50 percent of the first $10,000 of eligible wages in the second year of employment. The maximum credit is $8,500 per qualified employee.

Qualified long-term family assistance recipients are: (1) members of a family that has received family assistance for at least 18 consecutive months ending on the hiring date; (2) members of a family that has received family assistance for a total of at least 18 months (whether or not consecutive) after the date of enactment of this credit if they are hired within 2 years after the date that the 18-month total is reached; and (3) members of a family who are no longer eligible for family assistance because of either Federal or State time limits, if they are hired within 2 years after the Federal or State time limits made the family ineligible for family assistance.

Eligible wages include cash wages paid to an employee plus amounts paid by the employer for the following: (1) educational assistance excludable under a section 127 program (or that would be excludable but for the expiration of sec. 127); (2) health plan coverage for the employee, but not more than the applicable premium defined under section 4980B(f)(4); and (3) dependent care assistance excludable under section 129.

Effective date.—The provision is effective for wages paid or incurred to a qualified individual who begins work for an employer on or after January 1, 1998 and before May 1, 1999.

Senate Amendment

No provision.

Conference Agreement

The conference agreement follows the House bill.

IX. MISCELLANEOUS PROVISIONS

A. Excise Tax Provisions

1. Repeal excise tax on diesel fuel used in recreational motorboats (sec. 901 of the House bill and sec. 701 of the Senate amendment)

Present Law

Before a temporary suspension through December 31, 1997 was enacted in 1996, diesel fuel used in recreational motorboats was subject to the 24.3-cents-per-gallon diesel fuel excise tax. Revenues from this tax were retained in the General Fund.

House Bill

The House bill repeals the application of the diesel fuel tax to fuel used in recreational motorboats.

Effective date.—The provision is effective for fuel sold after December 31, 1997.

Senate Amendment

The Senate amendment is the same as the House bill.

Conference Agreement

The conference agreement follows the House bill and the Senate amendment.

2. Continued application of tax on imported recycled halon-1211 (sec. 902 of the House bill)

Present Law

An excise tax is imposed on the sale or use by the manufacturer or importer of certain ozone-depleting chemicals (Code sec. 4681). The amount of tax generally is determined by multiplying the base tax amount applicable for the calendar year by an ozone-depleting factor assigned to each taxable chemical. The base tax amount is $6.25 per pound in 1997, and is scheduled to increase by 45 cents per pound per year thereafter. The ozone-depleting factors for taxable halons are 3 for halon-1211, 10 for halon-1301, and 6 for halon-2402.

Taxable chemicals that are recovered and recycled within the United States are exempt from tax. In addition, exemption is provided for imported recycled halon-1301 and halon-2402 if such chemicals are imported from countries that are signatories to the Montreal Protocol on Substances that Deplete the Ozone Layer. Present law further provides that exemption is to be provided for imported recycled halon-1211, for such chemicals imported from countries that are signatories to the Montreal Protocol on Substances that Deplete the Ozone Layer after December 31, 1997.

House Bill

The House bill repeals the present-law exemption for imported recycled halon-1211.

Effective date.—The provision is effective on the date of enactment.

Senate Amendment

No provision.

Conference Agreement

The conference agreement follows the House bill.

3. Transfer of General Fund highway fuels tax revenues to the Highway Trust Fund (sec. 704 of the Senate amendment)

Present Law

The Highway Trust Fund receives revenues from taxes on gasoline and special motor fuels (14 cents per gallon) and diesel fuel (20 cents per gallon) used in highway vehicles, through September 30, 1999. These fuels also are subject to an additional, permanent 4.3-cents-per-gallon rate. Revenues from the 4.3-cents-per-gallon rate are retained in the General Fund.

Excise taxes imposed on these three motor fuels (gasoline, diesel fuel, and special motor fuels) generally must be paid to the Treasury in semi-monthly deposits, which are credited to tax liability that is reported on quarterly returns. Subject to special rules for deposits attributable to taxes for the period September 16–26, deposits generally must be made 9 days after the end of each semi-monthly period (14 days in the case of gasoline and diesel fuel taxes deposited electronically).

House Bill

No provision.

Senate Amendment

Transfer of revenues to Highway Trust Fund.—Revenues from the General Fund 4.3-cents-per-gallon tax (net of 0.5-cent-per-gallon transferred to a new Intercity Passenger Rail Fund under sec. 702 of the Senate amendment for the period, October 1, 1997–April 15, 2001) are transferred to the Highway Trust Fund. Of such amounts transferred to the Highway Trust Fund, 20 percent are to be credited to the Mass Transit Account and 80 percent to the Highway Account.

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[27] The provision of the conference agreement that authorizes the designation of additional empowerment zones contains certain modifications to the rules applicable to present-law empowerment zone facility bonds. Such modifications (not including the exception to the volume cap) will apply in the D.C. Enterprise Zone as well.

Conforming amendments ensure that no direct spending increases will occur as a result of the provision.

Deposit rules for highway motor fuels taxes.—No provision.

Effective date.—October 1, 1997.

Conference Agreement

Transfer of revenues to Highway Trust Fund.—The conference agreement follows the Senate amendment with a modification to reflect deletion from the agreement of the Senate amendment provision transferring 0.5 cents per gallon of these revenues to a new Intercity Passenger Rail Fund. As under the Senate amendment, revenues from the 4.3-cents-per-gallon tax will be divided between the Highway Trust Fund's Highway Account (3.45 cents per gallon) and Mass Transit Account (0.85 cents per gallon).

Deposit rules for highway motor fuels taxes.—The conference agreement provides that the excise taxes imposed on gasoline (sec. 4081), diesel fuel (sec. 4081), special motor fuels (sec. 4041), and kerosene (sec. 4081) that otherwise would be required to be deposited with the Treasury after July 31, 1998, and before September 30, 1998, are not required to be deposited until October 5, 1998.

4. Tax certain alternative fuels based on energy equivalency to gasoline (sec. 705 of the Senate amendment)

Present Law

Special motor fuels are subject to an 18.3-cents-per-gallon excise tax: 14 cents per gallon of the tax is dedicated to the Highway Trust Fund, and the remaining 4.3 cents per gallon is retained in the General Fund. Special motor fuels include propane, methanol derived from natural gas, liquefied natural gas, and compressed natural gas. Reduced tax rates apply to methanol from natural gas and compressed natural gas.

House Bill

No provision.

Senate Amendment

The Senate amendment adjusts the aggregate tax rates imposed on propane, liquefied natural gas, and methanol derived from natural gas to reflect the energy content of these fuels relative to gasoline. The revised tax rates per gallon (through September 30, 1999) are—

Propane	13.6 cents.
Methanol	9.15 cents.
Liquified natural gas	11.9 cents.

After September 30, 1999, these three fuels will be taxed based on Btu equivalency to gasoline's 4.3-cents-per-gallon rate. No change is made to the current reduced tax rate on compressed natural gas.

Effective date.—October 1, 1997.

Conference Agreement

The conference agreement follows the Senate amendment.

5. Extend and modify tax benefits for ethanol (sec. 605 of the House bill and sec. 707 of the Senate amendment)

Present Law

Ethanol used as a fuel is eligible for a 54-cents-per gallon tax benefit. The benefit may be claimed either as an income tax credit, through reduced excise tax on sales of gasoline that is blended with ethanol, or by expedited refunds of tax paid on such gasoline. This benefit is scheduled to expire after September 30, 1999. However, provisions relating to excise taxes dedicated to trust funds generally are assumed to be permanent for budget scorekeeping purposes.

House Bill

The House bill provides that preferential excise tax rates (and associated credits and refunds) that statutorily are scheduled to expire are not assumed to be permanent for budget scorekeeping purposes.

Senate Amendment

The Senate amendment extends the ethanol tax benefit through 2007, and modifies the benefit rate per gallon of alcohol, as follows: 2001 and 2002—53 cents; 2003 and 2004—52 cents; and 2005, 2006, and 2007—51 cents.

Effective date.—Date of enactment.

Conference Agreement

No provision (i.e., the conference agreement does not include either the House bill or the Senate amendment provision).

6. Treat certain gasoline "chain retailers" as wholesale distributors under the gasoline excise tax refund rules (sec. 904 of the House bill)

Present Law

Gasoline is taxed at 18.3 cents per gallon upon removal from a registered pipeline or barge terminal facility. The position holder in the terminal at the time of removal is liable for payment of the tax. Certain uses of gasoline, including use by States and local governments, are exempt from tax. In general, these exemptions are realized by refunds to the exempt users of tax paid by the party that removed the gasoline from a terminal facility. Present law includes an exception to the general rule that refunds are made to consumers in the case of gasoline sold to States and local governments and certain other exempt users. In those cases, wholesale distributors sell the gasoline net of tax previously paid and receive the refunds. The term wholesale distributor includes only persons that sell gasoline to producers, retailers, or to users in bulk quantities. Retailers that are not also wholesale distributors do not qualify, regardless of their size.

House Bill

The definition of wholesale distributor is expanded to include certain "chain retailers"—retailers who own and make retail sales from 10 or more retail gasoline outlets. This modification conforms the definition of wholesale distributor to that which existed before 1987 when the point of collection of the gasoline tax was moved from the wholesale distribution level to removal from a terminal facility.

Effective date.—The provision is effective after September 30, 1997.

Senate Amendment

No provision.

Conference Agreement

The conference agreement follows the House bill.

7. Exemption of electric and other clean-fuel motor vehicles from luxury automobile classification (sec. 905 of the House bill)

Present Law

Present law imposes an excise tax on the sale of automobiles whose price exceeds a designated threshold, currently $36,000. The excise tax is imposed at a rate of 8 percent for 1997 on the excess of the sales price above the designated threshold. The 8-percent rate declines by one percentage point per year until reaching 3 percent in 2002, and no tax thereafter. The $36,000 threshold is indexed for inflation. The present-law indexed threshold of $36,000 is the result of adjusting a $30,000 threshold specified in the Code for inflation occurring after 1990 (sec. 4001(e)).

The tax generally applies only to the first retail sale after manufacture, production, or importation of an automobile. It does not apply to subsequent sales of taxable automobiles. A 10-percent tax is imposed on the separate purchase of parts and accessories for a vehicle within six months of the first retail sale when the sum of the separate purchases of the vehicle, parts, and accessories exceeds the luxury tax threshold (sec. 4003).[28]

The tax under section 4001 applies to sales before January 1, 2003. The tax under section 4003 has no termination date.[29]

House Bill

The House bill modifies the threshold above which the luxury excise tax on automobiles will apply for each of two identified classes of automobiles both in the case of a purchase of a vehicle and in the case of the separate purchase of a vehicle and parts and accessories therefor. First, for an automobile that is not a clean-burning fuel vehicle to which retrofit parts and components are installed to make the vehicle a clean-burning vehicle, the threshold would be $30,000, as adjusted for inflation under present law, plus an amount equal to the increment to the retail value of the automobile attributable to the retrofit parts and components installed.

In the case of a passenger vehicle designed to be propelled primarily by electricity and built by an original equipment manufacturer, the threshold applicable for any year is modified to equal 150 percent of $30,000, with the result increased for inflation occurring after 1990 and rounded to the next lowest multiple of $2,000.

Effective date.—The provision is effective for sales and installations occurring on or after the date of enactment.

Senate Amendment

No provision.

Conference Agreement

The conference agreement follows the House bill, with a modification to the effective date that provides that the provision is effective for sales and installations occurring after the date of enactment.

8. Reduce rate of alcohol excise tax on certain hard ciders (sec. 703 of the Senate amendment)

Present Law

Distilled spirits are taxed at a rate of $13.50 per proof gallon; beer is taxed at a rate of $18 per barrel (approximately 58 cents per gallon); and still wines of 14 percent alcohol or less are taxed at a rate of $1.07 per wine gallon. Higher rates of tax are applied to wines with greater alcohol content and to sparkling wines (champagne).

Certain small wineries may claim a credit against the excise tax on wine of 90 cents per wine gallon on the first 100,000 gallons of wine produced annually (i.e., net tax rate of 17 cents per wine gallon). Certain small breweries pay a reduced tax of $7.00 per barrel (approximately 22.6 cents per gallon) on the first 60,000 barrels of beer produced annually.

Apple cider containing alcohol ("hard cider") is classified and taxed as wine.

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[28] The rate of tax under section 4003 is not determined by reference to section 4001. However, a technical correction under the bill (Title XV) conforms the tax rate applicable under section 4003 to that applicable under section 4001.

[29] A technical correction under both the House bill (Title XV) and the Senate amendment (Title XIV) conforms the expiration date of the tax under section 4003 to the expiration date under section 4001.

House Bill

No provision.

Senate Amendment

The Senate amendment adjusts the tax rate on apple cider having an alcohol content of no more than 7 percent to 22.6 cents per gallon for those persons who produce more than 100,000 gallons of "hard cider" during a calendar year. The tax rate applicable to hard cider produced by persons who produce 100,000 gallons or less in a calendar year will remain as under present law and those persons may continue to claim the 90 cents per wine gallon credit permitted for small wineries. Hard cider production will continue to be counted in determining whether other production of a producer qualifies for the tax credit for small producers. The Senate amendment does not change the classification of qualifying hard cider as wine.

Effective date.—The provision is effective for hard cider removed after September 30, 1997.

Conference Agreement

The conference agreement follows the Senate amendment.

9. Study feasibility of moving collection point for distilled spirits excise tax (sec. 706 of the Senate amendment)

Present Law

Distilled spirits are subject to tax at $13.50 per proof gallon. (A proof gallon is a liquid gallon consisting of 50 percent alcohol.) In the case of domestically produced distilled spirits and distilled spirits imported into the United States in bulk containers for domestic bottling, the tax is imposed on removal of the beverage from the distillery (without regard to whether a sale occurs at that time). Bottled distilled spirits that are imported into the United States comprise approximately 15 percent of the current market for these beverages; tax is imposed on these imports when the distilled spirits are removed from the first customs bonded warehouse in which they are deposited upon entry into the United States.

In the case of certain distilled spirits products, a tax credit for alcohol derived from fruit is allowed. This credit reduces the effective tax paid on those beverages. The credit is determined when the tax is paid (i.e., at the distillery or on importation).

House Bill

No provision.

Senate Amendment

The Treasury Department is directed to study options for changing the point at which the distilled spirits excise tax is collected. One of the options evaluated should be collecting the tax at the point at which the distilled spirits are removed from registered wholesale warehouses. As part of this study, the Treasury is to focus on administrative issues associated with the identified options, including the effects on tax compliance. For example, the Treasury is to evaluate the actual compliance record of wholesale dealers that currently pay the excise tax on imported bottled distilled spirits, and the compliance effects of allowing additional wholesale dealers to be distilled spirts taxpayers. The study also is to address the number of taxpayers involved, the types of financial responsibility requirements that might be needed, and any special requirements regarding segregation of non-tax-paid distilled spirits from other products carried by the potential new taxpayers. The study further is to review the effects of the options on Treasury staffing and other budgetary resources as well as projections of the time between when tax currently is collected and the time when tax otherwise would be collected.

The study is required to be completed and transmitted to the Senate Committee on Finance and the House Committee on Ways and Means no later than January 31, 1998.

Conference Agreement

The conference agreement follows the Senate amendment with a modification delaying the due date of the study to March 31, 1998.

10. Codify Treasury Department regulations regulating wine labels (sec. 708 of the Senate amendment)

Present Law

The Code includes provisions regulating the labeling of wine when it is removed from a winery for marketing. In general, the regulations under these provisions allow the use of semi-generic names for wine that reflect geographic identifications understood in the industry, provided that the labels include clear indication of any deviation from that which is generally understood in the source of the grapes or the process by which the wine is produced.

House Bill

No provision.

Senate Amendment

The current Treasury Department regulations governing the use of semi-generic wine designations which reflect geographic origin are codified into the Code's wine labeling provisions.

Effective date.—The provision is effective on the date of enactment.

Conference Agreement

The conference agreement follows the Senate amendment with a modification deleting the Secretary of the Treasury's discretion to eliminate currently listed semi-generic names.

11. Uniform rate of excise tax on vaccines (sec. 903 of the House bill and sec. 844 of the Senate amendment)

Present Law

A manufacturer's excise tax is imposed on the following vaccines routinely recommended for administration to children: DPT (diphtheria, pertussis, tetanus,), $4.56 per dose; DT (diphtheria, tetanus), $0.06 per dose; MMR (measles, mumps, or rubella), $4.44 per dose; and polio, $0.29 per dose. In general, if any vaccine is administered by combining more than one of the listed taxable vaccines, the amount of tax imposed is the sum of the amounts of tax imposed for each taxable vaccine. However, in the case of MMR and its components, any component vaccine of MMR is taxed at the same rate as the MMR-combined vaccine.

Amounts equal to net revenues from this excise tax are deposited in the Vaccine Injury Compensation Trust Fund to finance compensation awards under the Federal Vaccine Injury Compensation Program for individuals who suffer certain injuries following administration of the taxable vaccines.

House Bill

The House bill replaces the present-law excise tax rates, that differ by vaccine, with a single rate tax of $0.84 per dose on any listed vaccine component. Thus, the House bill provides that the tax applied to any vaccine that is a combination of vaccine components is 84 cents times the number of components in the combined vaccine. For example, the MMR vaccine is to be taxed at a rate of $2.52 per dose and the DT vaccine is to be taxed at rate of $1.68 per dose.

In addition, the House bill adds three new taxable vaccines to the present-law taxable vaccines: (1) HIB (haemophilus influenza type B); (2) Hepatitis B; and (3) varicella (chickenpox). The three newly listed vaccines also are subject to the 84-cents per dose excise tax.

Effective date.—The provision is effective for vaccine purchases after September 30, 1997. No tax is to be collected or refunds permitted for amounts held for sale on October 1, 1997.

Senate Amendment

The Senate amendment is the same as the House bill regarding rates of tax and taxable vaccines. In addition, the committee report on the Senate amendment directs the Secretary of the Treasury to undertake a study of the efficacy of the new flat-rate vaccine tax system as a means to finance the Vaccine Injury Compensation Trust Fund. Results of the Treasury study are to be submitted to the Senate Committee on Finance and the House Committee on Ways and Means by September 30, 1999.

Effective date.—The provision is effective for vaccine purchases after September 30, 1997. No floor stocks tax is to be collected or refunds permitted for amounts held for sale on October 1, 1997. Returns to the manufacturer occurring on or after October 1, 1997, are assumed to be returns of vaccines to which the new rates of tax apply.

Conference Agreement

The conference agreement generally follows the House bill and the Senate amendment by imposing a uniform rate of tax, but at a rate of $0.75 per dose on any listed vaccine component. The conference agreement also adds the HIB (haemophilus influenza type B), Hepatitis B, and varicella (chickenpox) vaccines to the list of taxable vaccines.

The conference agreement does not require the Secretary to study the new vaccine tax structure.

Effective date.—The provision is effective for sales after the date of enactment. No floor stocks tax is to be collected, or floor stocks refunds permitted, for vaccines held on the effective date. For the purpose of determining the amount of refund of tax on a vaccine returned to the manufacturer or importer, for vaccines returned after the date of enactment and before January 1, 1999, the amount of tax assumed to have been paid on the initial purchase of the returned vaccine shall not exceed $0.75 per dose.

B. Disaster Relief Provisions

1. Authority to postpone certain tax-related deadlines by reason of presidentially declared disaster (sec. 921 of the House bill)

Present Law

In the case of a Presidentially declared disaster, the Secretary of the Treasury has the authority to postpone some (but not all) tax-related deadlines.

House Bill

The House bill provides that, in the case of a taxpayer determined to be affected by a Presidentially declared disaster, the Secretary may specify that, for a period of up to 90 days, certain taxpayer deadlines are postponed. The deadlines that may be postponed are the same as are postponed by reason of service in a combat zone. The provision does not apply for purposes of determining interest on any overpayment or underpayment.

Effective date.—The provision is effective for any period for performing an act that has not expired before the date of enactment.

Senate Amendment

No provision.

Conference Agreement

The conference agreement follows the House bill, except that it is applicable to all deadlines (not just taxpayer deadlines).

2. Use of certain appraisals to establish amount of disaster loss (sec. 922 of the House bill)

Present Law

In order to claim a disaster loss, a taxpayer must establish the amount of the loss. This may, for example, be done through the use of an appraisal.

House Bill

The House bill provides that nothing in the Code should be construed to prohibit Treasury from issuing guidance providing that an appraisal for the purpose of obtaining a Federal loan or Federal loan guarantee as the result of a Presidentially declared disaster may be used to establish the amount of a disaster loss.

Effective date.—The provision is effective on the date of enactment.

Senate Amendment

No provision.

Conference Agreement

The conference agreement follows the House bill.

3. Treatment of livestock sold on account of weather-related conditions (sec. 923 of the House bill and sec. 721 of the Senate amendment)

Present Law

In general, cash-method taxpayers report income in the year it is actually or constructively received. However, present law contains two special rules applicable to livestock sold on account of drought conditions. Code section 451(e) provides that a cash-method taxpayer whose principal trade or business is farming who is forced to sell livestock due to drought conditions may elect to include income from the sale of the livestock in the taxable year following the taxable year of the sale. This elective deferral of income is available only if the taxpayer establishes that, under the taxpayer's usual business practices, the sale would not have occurred but for drought conditions that resulted in the area being designated as eligible for Federal assistance. This exception is generally intended to put taxpayers who receive an unusually high amount of income in one year in the position they would have been in absent the drought.

In addition, the sale of livestock (other than poultry) that is held for draft, breeding, or dairy purposes in excess of the number of livestock that would have been sold but for drought conditions is treated as an involuntary conversion under section 1033(e). Consequently, gain from the sale of such livestock could be deferred by reinvesting the proceeds of the sale in similar property within a two-year period.

House Bill

The House bill amends Code section 451(e) to provide that a cash-method taxpayer whose principal trade or business is farming and who is forced to sell livestock due not only to drought (as under present law), but also to floods or other weather-related conditions, may elect to include income from the sale of the livestock in the taxable year following the taxable year of the sale. This elective deferral of income is available only if the taxpayer establishes that, under the taxpayer's usual business practices, the sale would not have occurred but for the drought, flood or other weather-related conditions that resulted in the area being designated as eligible for Federal assistance.

In addition, the bill amends Code section 1033(e) to provide that the sale of livestock (other than poultry) that are held for draft, breeding, or dairy purposes in excess of the number of livestock that would have been sold but for drought (as under present law), flood or other weather-related conditions is treated as an involuntary conversion.

Effective date.—The provision applies to sales and exchanges after December 31, 1996.

Senate Amendment

The Senate amendment is the same as the House bill.

Conference Agreement

The conference agreement follows the House bill and the Senate amendment.

4. Mortgage bond financing for residences located in Presidentially declared disaster areas (sec. 924 of the House bill and sec. 723 of the Senate amendment)

Present Law

Qualified mortgage bonds are private activity tax-exempt bonds issued by States and local governments acting as conduits to provide mortgage loans to first-time home buyers who satisfy specified income limits and who purchase homes that cost less than statutory maximums.

Present law waives the three buyer targeting requirements for a portion of the loans made with proceeds of a qualified mortgage bond issue if the loans are made to finance homes in statutorily prescribed economically distressed areas.

House Bill

The House bill waives the first-time homebuyer requirement, the income limits, and the purchase price limits for loans to finance homes in certain Presidentially declared disaster areas. The waiver applies only during the one-year period following the date of the disaster declaration.

Effective date.—The provision applies to loans financed with bonds issued after December 31, 1996, and before January 1, 2000.

Senate Amendment

The Senate amendment is the same as the House bill except for the effective date.

Effective date.—The provision applies to loans financed with bonds issued after December 31, 1996, and before January 1, 1999.

Conference Agreement

The conference agreement allows the waivers of the first-time homebuyer requirement, the income limits, and the purchase price limits for loans to finance homes in certain Presidentially declared disaster areas. The waiver applies only during the two-year period following the date of disaster declaration.

Effective date.—The provision applies to loans financed with bonds issued after December 31, 1996 and before January 1, 1999 (i.e., is the same as the Senate amendment).

5. Rules relating to denial of earned income credit on basis of disqualified income (sec. 722 of the Senate amendment)

Present Law

For taxable years beginning after December 31, 1995, an individual is not eligible for the earned income credit if the aggregate amount of "disqualified income" of the taxpayer for the taxable year exceeds $2,200. This threshold is indexed for inflation. Disqualified income is the sum of:

(1) interest (taxable and tax-exempt);

(2) dividends;

(3) net rent and royalty income (if greater than zero);

(4) capital gain net income and;

(5) net passive income (if greater than zero) that is not self-employment income.

House Bill

No provision.

Senate Amendment

The Senate amendment clarifies that gain or loss from the sale of livestock (as defined under sec.1231(b)(3) of the Code) is disregarded for purposes of the calculation of capital gain net income under the disqualified income test of the earned income credit.

Effective date.—The provision is effective for taxable years beginning after December 31, 1995.

Conference Agreement

The conference agreement does not include the Senate amendment.

6. Penalty-free withdrawals from IRAs for disaster-related expenses (sec. 724 of the Senate amendment)

Present Law

Under present law, amounts held in an individual retirement arrangement ("IRA") are includible in income when withdrawn (except to the extent the withdrawal is a return of nondeductible contributions). Amounts withdrawn prior to attainment of age 59-1/2 are subject to an additional 10-percent early withdrawal tax, unless the withdrawal is due to death or disability, is made in the form of certain periodic payments, is used to pay medical expenses in excess of 7.5 percent of AGI, or is used to purchase health insurance of an unemployed individual.

House Bill

No provision.

Senate Amendment

The Senate amendment provides that the 10-percent early withdrawal tax does not apply to distributions from IRAs made to a taxpayer for qualified disaster-related expenses.

The penalty-free withdrawal is available for "qualified disaster-related distributions" meaning distributions made to pay for the repair or replacement of tangible property which was located in a disaster area and was destroyed or substantially damaged as a result of the disaster. The term "disaster area" means an area determined by the President of the United States during 1997 to warrant assistance by the Federal Government under the Robert T. Stafford Disaster Relief and Emergency Assistance Act.

The penalty-free withdrawal rule only applies to qualified disaster distributions that (1) are made within the 2-year period beginning on the date the determination is made that the area is a disaster area, (2) are used by the taxpayer within 60 days of the payment or distribution to pay for the disaster-related expenses, and (3) do on exceed $10,000 during the 2-year period.

Effective date.—The provision is effective for distributions after December 31, 1996, with respect to disasters occurring after such date.

Conference Agreement

The conference agreement does not include the Senate amendment.

7. Elimination of 10-percent floor for casualty losses resulting from Presidentially declared disaster (sec. 725 of the Senate amendment)

Present Law

Non-business casualty and theft losses are deductible as an itemized deduction only to the extent each loss is more than $100 and the total of all losses during the year is more than 10 percent of adjusted gross income ("AGI").

House Bill

No provision.

Senate Amendment

The Senate amendment eliminates the 10-percent of AGI floor for casualty losses resulting from a Presidentially declared disaster that occurs in 1997.

Effective date.—Disasters occurring in 1997.

Conference Agreement

The conference agreement does not include the Senate amendment.

8. Requirement to abate interest by reason of Presidentially declared disaster (sec. 726 of the Senate amendment)

Present Law

In the case of a Presidentially declared disaster, the Secretary of the Treasury has the authority to postpone some tax-related deadlines, but there is no authority to abate interest.

House Bill

No provision.

Senate Amendment

The Senate amendment requires the IRS to abate interest for the same period of time for which the IRS has provided an extension of time to file tax returns and pay taxes for individuals located in Presidentially declared disaster areas during 1997.

Effective date.—Disasters occurring in 1997.

Conference Agreement

The conference agreement follows the Senate amendment.

C. Provisions Relating to Employment Taxes

1. Employment tax status of distributors of bakery products (sec. 931 of the House bill)

Present Law

Under a special statutory rule, bakery distributors are treated as employees for Social Security payroll tax purposes (even if they are independent contractors for income tax purposes) if: (1) their services are part of a continuing relationship with the person for whom they are performed; (2) the distributor's service contract contemplates that he or she will perform substantially all of the services personally; and (3) the distributor does not have a substantial investment in facilities used in the performance of services, excluding facilities used for transportation. Bakery drivers generally take the position that they are not employees under the statutory rule.

House Bill

The House bill deletes distributors of bakery products from the list of product and service distributors treated as statutory employees for Social Security payroll tax purposes. Thus, the status of such workers is determined under the generally applicable rules.

Effective date.—The provision is effective for services performed after December 31, 1997.

Senate Amendment

No provision.

Conference Agreement

The conference agreement does not include the House bill provision.

2. Clarification of standard to be used in determining tax status of retail securities brokers (sec. 932 of the House bill and sec. 779 of the Senate amendment)

Present Law

Under present law, whether a worker is an employee or independent contractor generally is determined under a common-law facts and circumstances test. An employer-employee relationship is generally found to exist if the service recipient has not only the right to control the result to be accomplished by the work, but also the means by which the result is to be accomplished. Whether such control exists is determined based on the relevant facts and circumstances. The IRS training manual provides that if a business requires its workers to comply with rules established by a third party (e.g., municipal building codes related to construction), the fact that such rules are imposed should be given little weight in determining the worker's status.

House Bill

Under the House bill, in determining the status of a registered representative of a broker-dealer for Federal tax purposes, no weight is to be given to instructions from the service recipient which are imposed only in compliance with governmental investor protection standards or investor protection standards imposed by a governing body pursuant to a delegation by a Federal or State agency.

Effective date.—Services performed after December 31, 1997. No inference is intended that the provision is not present law.

Senate Amendment

Same as the House bill, except that the provision applies only for Federal income tax purposes.

Effective date.—Same as the House bill.

Conference Agreement

The conference agreement follows the House bill.

3. Clarification of exemption from self-employment tax for certain termination payments received by former insurance salesmen (sec. 933 of the House bill)

Present Law

Under the self-employment contributions act ("SECA"), taxes are imposed on an individual's net earnings from self employment. In general, net earnings from self employment means the gross income derived by an individual from any trade or business carried on by such individual, less the deductions allowed which are attributable to such trade or business. The SECA tax rate is the same as the combined employer and employee FICA rates (i.e., 12.4 percent for old age, survivors, and disability income (OASDI) and 2.9 percent for Medicare Hospital Insurance taxes) and the maximum amount of earnings subject to the OASDI portion of SECA taxes is coordinated with and is set at the same level as the maximum level of wages and salaries subject to the OASDI portion of FICA taxes ($65,400 for 1997). There is no limit on the amount of self-employment income subject to the HI portion of the tax.

Certain insurance salesmen are independent contractors and therefore subject to tax under SECA. Under case law, certain payments received by a former insurance salesmen who had sold insurance as an independent contractor are not net earnings from self employment and therefore are not subject to SECA. See, e.g., *Jackson* v. *Comm'r*, 108 TC No. 10 (1997); *Gump* v. *U.S.*, 86 F. 3d 1126 (CA FC 1996); *Milligan* v. *Comm'r*, 38 F. 3d 1094 (9th Cir. 1994).

House Bill

The House bill codifies case law by providing that net earnings from self employment do not include any amount received during the taxable year from an insurance company on account of services performed by such individual as an insurance salesman for such company if (1) such amount is received after termination of the individual's agreement to perform services for the company, (2) the individual performs no services for the company after such termination and before the close of the taxable year, (3) the amount of the payment depends solely on policies sold by the individual during the last year of the agreement and the extent to which such policies remain in force for some period after such termination, and does not depend on the length of service or overall earnings from services performed for the company, and (4) the payments are conditioned upon the salesman agreeing not to compete with the company for at least one year following such termination.

The House bill also amends the Social Security Act to provide that such termination payments are not treated as earnings for purposes of determining social security benefits.

No inference is intended with respect to the SECA tax treatment of payments that are not described in the proposal.

Effective date.—The provision is effective with respect to payments after December 31, 1997. No inference is intended that the proposal is not present law.

Senate Amendment

No provision.

Conference Agreement

The conference agreement follows the House bill, with clarifications with respect to the requirement as to the amount of the payments. The conference agreement clarifies that the provision applies if the amount of the payment depends primarily on policies sold by or credited to the account of the individual during the last year of the service agreement and/or the extent to which such policies remain in force for some period after such termination and does not depend on length of service or overall earnings. The conference agreement clarifies that the eligibility for the payment can be based on length of service or overall earnings.

4. Safe harbor for independent contractors (sec. 934 of the House bill)

Present Law

Under present law, whether a worker is an employee or independent contractor is generally determined under a common-law facts and circumstances test. An employer-employee relationship is generally found to exist if the service recipient has not only the right to control the result to be accomplished by the work, but also the means by which the result is to be accomplished. The Internal Revenue Service ("IRS") has developed a set of 20 factors for use in applying the common-law test.

Under a special safe harbor rule (section 530 of the Revenue Act of 1978), a service recipient may treat a worker as an independent contractor for employment tax purposes even though the worker is in fact an employee if the service recipient has a reasonable basis for treating the worker as an independent contractor and certain other requirements are met. Section 530 does not apply to the worker and does not apply for income tax purposes. Section 530 does not apply to technical services personnel.

House Bill

In general

The House bill provides a statutory safe harbor for determining worker classification for Federal tax purposes. If the standards set forth in the bill are met, the worker is not treated as an employee and the service recipient (or payor) is not treated as an employer. If the safe harbor is not satisfied, the determination of the worker's status is made under the present-law rules.

Standards for determining whether individuals are not employees

Under the House bill, the following three sets of requirements have to be satisfied in order for a worker not to be treated as an employee: (1) worker requirements regarding the service recipient; (2) worker requirements regarding others; and (3) documentation requirements. The requirements regarding the worker are satisfied if, in connection with performing the services, the worker: (1) has a significant investment in assets and/or training; (2) incurs significant unreimbursed expenses; (3) agrees to perform the services for a particular amount of time or to complete a specific result and is liable for damages for early termination without cause; (4) is paid primarily on a commissioned basis; or (5) purchases products for resale.

The requirements regarding others are satisfied if one of the following two requirements is met: (1) a place of business requirement; or (2) a services available to the public requirement. The place of business requirement is satisfied if the worker: (1) has a principal place of business; (2) does not primarily perform services in the service recipient's place of business; or (3) pays a fair market rent for use of the service recipient's place of business. The services available to the public requirement is satisfied if the worker is not required to perform services exclusively for the service recipient, and during the year (or the preceding or subsequent year) the worker: (1) has performed a significant amount of services for other persons; (2) has offered to perform services for other persons through advertising, individual written or oral solicitations, listings with agencies, brokers, or other organizations that provide referrals, or other similar activities; or (3) provides service under a business name that is registered with (or licensed by) a State or a political subdivision (or an agency or instrumentality of a State or political subdivision).

The documentation requirement is satisfied if the services performed by the worker are performed pursuant to a written contract between the worker and the service recipient (or payor) and the contract provides that the worker will not be treated as an employee.

If the service recipient (or payor) fails to file the appropriate Federal tax returns (including information returns) with respect to a worker for a taxable year, the safe harbor is not available for such year.

Effective date

The provision is effective with respect to services performed after December 31, 1997.

Senate Amendment

No provision.

Conference Agreement

The conference agreement does not include the House bill provision.

5. Combined employment tax reporting demonstration project (sec. 769 of the Senate amendment)

Present Law

Traditionally, Federal tax forms are filed with the Federal Government and State tax forms are filed with individual states. This necessitates duplication of items common to both returns. Some States have recently been working with the IRS to implement combined State and Federal reporting of certain types of items on one form as a way of reducing the burdens on taxpayers. The State of Montana and the IRS have cooperatively developed a system to combine State and Federal employment tax reporting on one form. The one form would contain exclusively Federal data, exclusively State data, and information common to both: the taxpayer's name, address, TIN, and signature.

The Internal Revenue Code prohibits disclosure of tax returns and return information, except to the extent specifically authorized by the Internal Revenue Code (sec. 6103). Unauthorized disclosure is a felony punishable by a fine not exceeding $5,000 or imprisonment of not more than five years, or both (sec. 7213). An action for civil damages also may be brought for unauthorized disclosure (sec. 7431). No tax information may be furnished by the Internal Revenue Service ("IRS") to another agency unless the other agency establishes procedures satisfactory to the IRS for safeguarding the tax information it receives (sec. 6103(p)).

Implementation of the combined Montana-Federal employment tax reporting project has been hindered because the IRS interprets section 6103 to apply that provision's restrictions on disclosure to information common to both the State and Federal portions of the combined form, although these restrictions would not apply to the State with respect to the State's use of State-requested information if that information were supplied separately to both the State and the IRS.

House Bill

No provision.

Senate Amendment

The Senate amendment permits implementation of a demonstration project to assess the feasibility and desirability of expanding combined reporting in the future. There are several limitations on the demonstration project. First, it is limited to the State of Montana and the IRS. Second, it is limited to employment tax reporting. Third, it is limited to disclosure of the name, address, TIN, and signature of the taxpayer, which is information common to both the Montana and Federal portions of the combined form. Fourth, it is limited to a period of five years.

Effective date.—The provision is effective on the date of enactment, and will expire on the date five years after the date of enactment.

Conference Agreement

The conference agreement follows the Senate amendment, with a technical modification providing a cross-reference to the provision in section 6103 of the Code.

D. Provisions Relating to Small Business

1. Delay imposition of penalties for failure to make payments electronically through EFTPS (sec. 941 of the House bill and sec. 731 of the Senate amendment)

Present Law

Employers are required to withhold income taxes and FICA taxes from wages paid to their employees. Employers also are liable for their portion of FICA taxes, excise taxes, and estimated payments of their corporate income tax liability.

The Code requires the development and implementation of an electronic fund transfer system to remit these taxes and convey deposit information directly to the Treasury (Code sec. 6302(h)[30]). The Electronic Federal Tax Payment System ("EFTPS") was developed by Treasury in response to this requirement.[31] Employers must enroll with one of two private contractors hired by the Treasury. After enrollment, employers generally initiate deposits either by telephone or by computer.

The new system is phased in over a period of years by increasing each year the percentage of total taxes subject to the new EFTPS system. For fiscal year 1994, 3 percent of the total taxes are required to be made by electronic fund transfer. These percentages increased gradually for fiscal years 1995 and 1996. For fiscal year 1996, the percentage was 20.1 percent (30 percent for excise taxes and corporate estimated tax payments). For fiscal year 1997, these percentages increased significantly, to 58.3 percent (60 percent for excise taxes and corporate estimated tax payments). The specific implementation method required to achieve the target percentages is set forth in Treasury regulations. Implementation began with the largest depositors.

Treasury had originally implemented the 1997 percentages by requiring that all employers who deposit more than $50,000 in 1995 must begin using EFTPS by January 1, 1997. The Small Business Job Protection Act of 1996 provided that the increase in the required percentages for fiscal year 1997 (which, pursuant to Treasury regulations, was to take effect on January 1, 1997) will not take effect until July 1, 1997.[32] This was done to provide additional time prior to implementation of the 1997 requirements so that employers could be better informed about their responsibilities.

On June 2, 1997, the IRS announced[33] that it will not impose penalties through December 31, 1997, on businesses that make timely deposits using paper Federal tax deposit coupons while converting to the EFTPS system.

House Bill

The House bill provides that no penalty shall be imposed solely by reason of a failure to use EFTPS prior to January 1, 1999, if the taxpayer was first required to use the EFTPS system on or after July 1, 1997.

Effective date.—The provision is effective on the date of enactment.

Senate Amendment

The Senate amendment is the same as the House bill, except it applies to penalties for failures to use EFTPS prior to July 1, 1998.

Conference Agreement

The conference agreement follows the Senate amendment.

2. Home office deduction: clarification of definition of principal place of business (sec. 942 of the House bill)

Present Law

A taxpayer's business use of his or her home may give rise to a deduction for the business portion of expenses related to operating the home (e.g., a portion of rent or depreciation and repairs). Code section 280A(c)(1) provides, however, that business deductions generally are allowed only with respect to a portion of a home that is used exclusively and regularly in one of the following ways: (1) as the principal place of business for a trade or business; (2) as a place of business used to meet with patients, clients, or customers in the normal course of the taxpayer's trade or business; or (3) in connection with the taxpayer's trade or business, if the portion so used constitutes a separate structure not attached to the dwelling unit. In the case of an employee, the Code further requires that the business use of the home must be for the convenience of the employer (sec. 280A(c)(1)).[34] These rules apply to houses, apartments, condominiums, mobile homes, boats, and other similar property used as the taxpayer's home (sec. 280A(f)(1)). Under Internal Revenue Service (IRS) rulings, the deductibility of expenses incurred for local transportation between a taxpayer's home and a work location sometimes depends on whether the taxpayer's home office qualifies under section 280A(c)(1) as a principal place of business (see Rev. Rul. 94-47, 1994-29 I.R.B. 6).

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[30] This requirement was enacted in 1993 (sec. 523 of P.L. 103-182).

[31] Treasury had earlier developed TAXLINK as the prototype for EFTPS. TAXLINK has been operational for several years; EFTPS is currently operational. Employers currently using TAXLINK will ultimately be required to participate in EFTPS.

[32] Sec. 1809 of P.L. 104-188.

[33] IR-97-32.

Prior to 1976, expenses attributable to the business use of a residence were deductible whenever they were "appropriate and helpful" to the taxpayer's business. In 1976, Congress adopted section 280A, in order to provide a narrower scope for the home office deduction, but did not define the term "principal place of business." *In Commissioner* v. *Soliman*, 113 S.Ct. 701 (1993), the Supreme Court reversed lower court rulings and upheld an IRS interpretation of section 280A that disallowed a home office deduction for a self-employed anesthesiologist who practiced at several hospitals but was not provided office space at the hospitals. Although the anesthesiologist used a room in his home exclusively to perform administrative and management activities for his profession (i.e., he spent two or three hours a day in his home office on bookkeeping, correspondence, reading medical journals, and communicating with surgeons, patients, and insurance companies), the Supreme Court upheld the IRS position that the "principal place of business" for the taxpayer was not the home office, because the taxpayer performed the "essence of the professional service" at the hospitals.[35] Because the taxpayer did not meet with patients at his home office and the room was not a separate structure, a deduction was not available under the second or third exception under section 280A(c)(1) (described above).

Section 280A(c)(2) contains a special rule that allows a home office deduction for business expenses related to a space within a home that is used on a regular (even if not exclusive) basis as a storage unit for the inventory or product samples of the taxpayer's trade or business of selling products at retail or wholesale, but only if the home is the sole fixed location of such trade or business.

Home office deductions may not be claimed if they create (or increase) a net loss from a business activity, although such deductions may be carried over to subsequent taxable years (sec. 280A(c)(5)).

House Bill

Section 280A is amended to specifically provide that a home office qualifies as the "principal place of business" if (1) the office is used by the taxpayer to conduct administrative or management activities of a trade or business and (2) there is no other fixed location of the trade or business where the taxpayer conducts substantial administrative or management activities of the trade or business. As under present law, deductions will be allowed for a home office meeting the above two-part test only if the office is exclusively used on a regular basis as a place of business by the taxpayer and, in the case of an employee, only if such exclusive use is for the convenience of the employer.

Thus, under the House bill, a home office deduction is allowed (subject to the present-law "convenience of the employer" rule governing employees) if a portion of a taxpayer's home is exclusively and regularly used to conduct administrative or management activities for a trade or business of the taxpayer, who does not conduct substantial administrative or management activities at any other fixed location of the trade or business, regardless of whether administrative or management activities connected with his trade or business (e.g., billing activities) are performed by others at other locations. The fact that a taxpayer also carries out administrative or management activities at sites that are not fixed locations of the business, such as a car or hotel room, will not affect the taxpayer's ability to claim a home office deduction under the bill. Moreover, if a taxpayer conducts some administrative or management activities at a fixed location of the business outside the home, the taxpayer still is eligible to claim a deduction so long as the administrative or management activities conducted at any fixed location of the business outside the home are not substantial (e.g., the taxpayer occasionally does minimal paperwork at another fixed location of the business). In addition, a taxpayer's eligibility to claim a home office deduction under the bill will not be affected by the fact that the taxpayer conducts substantial non-administrative or non-management business activities at a fixed location of the business outside the home (e.g., meeting with, or providing services to, customers, clients, or patients at a fixed location of the business away from home).

If a taxpayer in fact does not perform substantial administrative or management activities at any fixed location of the business away from home, then the second part of the test will be satisfied, regardless of whether or not the taxpayer opted not to use an office away from home that was available for the conduct of such activities. However, in the case of an employee, the question whether an employee chose not to use suitable space made available by the employer for administrative activities is relevant to determining whether the present-law "convenience of the employer" test is satisfied. In cases where a taxpayer's use of a home office does not satisfy the provision's two-part test, the taxpayer nonetheless may be able to claim a home office deduction under the present-law "principal place of business" exception or any other provision of section 280A.

Effective date.—The provision applies to taxable years beginning after December 31, 1997.

Senate Amendment

No provision.

Conference Agreement

The conference agreement follows the House bill, except that the provision is effective for taxable years beginning after December 31, 1998.

3. Increase deduction for health insurance costs of self-employed individuals (sec. 733 of the Senate amendment)

Present Law

Under present law, self-employed individuals are entitled to deduct the amount paid for health insurance for the self-employed individual and the individual's spouse and dependents as follows: the deduction is 40 percent in 1997; 45 percent in 1998 through 2002; 50 percent in 2003; 60 percent in 2004; 70 percent in 2005; and 80 percent in 2006 and thereafter. The deduction for health insurance expenses of self-employed individuals is not available for any month in which the taxpayer is eligible to participate in a subsidized health plan maintained by the employer of the taxpayer or the taxpayer's spouse.

Under present law employees can exclude from income 100 percent of employee-provided health insurance.

House Bill

No provision.

Senate Amendment

The Senate amendment permits self-employed individuals to deduct a higher percentage of the amount paid for health insurance as follows: the deduction is 50 percent in 1997 and 1998; 60 percent in 1999 through 2002; 70 percent in 2003; 80 percent in 2004; 85 percent in 2005; 90 percent in 2006; and 100 percent in 2007 and all years thereafter.

Effective date.—The provision is effective for taxable years beginning after December 31, 1996.

Conference Agreement

The conference agreement follows the Senate amendment, with modifications. Under the conference agreement, the self-employed health deduction is phased up as follows: the deduction is 40 percent in 1997, 45 percent in 1998 and 1999, 50 percent in 2000 and 2001, 60 percent in 2002, 80 percent in 2003 through 2005, 90 percent in 2006, and 100 percent in 2007 and thereafter.

E. Other Provisions

1. Shrinkage estimates for inventory accounting (sec. 951 of the House bill and sec. 1013 of the Senate amendment)

Present Law

Section 471(a) provides that "(w)henever in the opinion of the Secretary the use of inventories is necessary in order clearly to determine the income of any taxpayer, inventories shall be taken by such taxpayer on such basis as the Secretary may prescribe as conforming as nearly as may be to the best accounting practice in the trade or business and as most clearly reflecting income." Where a taxpayer maintains book inventories in accordance with a sound accounting system, the net value of the inventory will be deemed to be the cost basis of the inventory, provided that such book inventories are verified by physical inventories at reasonable intervals and adjusted to conform therewith.[36] The physical count is used to determine and adjust for certain items; such as undetected theft, breakage, and bookkeeping errors; collectively referred to as "shrinkage".

Some taxpayers verify and adjust their book inventories by a physical count taken on the last day of the taxable year. Other taxpayers may verify and adjust their inventories by physical counts taken at other times during the year. Still other taxpayers take physical counts at different locations at different times during the taxable year (cycle counting).

If a physical inventory is taken at year-end, the amount of shrinkage for the year is known. If a physical inventory is not taken at year-end, shrinkage through year-end will have to be based on an estimate, or not taken into account until the following year. In the first decision in *Dayton Hudson* v. *Commissioner*,[37] the U.S. Tax Court held that a taxpayer's method of accounting may include the use of an estimate of shrinkage occurring through year-end, provided the method is sound and clearly reflects income. In the second decision in *Dayton Hudson* v. *Commissioner*,[38] the U.S. Tax Court adhered to this holding. However, the U.S. Tax Court in the second decision determined that this taxpayer had not established that its method of accounting clearly reflected income. Other cases decided by the U.S. Tax Court[39] have held that taxpayers' methods of accounting that included shrinkage estimates do clearly reflect income.

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[34] If an employer provides access to suitable space on the employer's premises for the conduct by an employee of particular duties, then, if the employee opts to conduct such duties at home as a matter of personal preference, the employee's use of the home office is not "for the convenience of the employer." See, e.g., *W. Michael Mathes*, (1990) T.C. Memo 1990-483.

[35] In response to the Supreme Court's decision in *Soliman*, the IRS revised its Publication 587, Business Use of Your Home, to more closely follow the comparative analysis used in *Soliman* by focusing on the following two primary factors in determining whether a home office is a taxpayer's principal place of business: (1) the relative importance of the activities performed at each business location; and (2) the amount of time spent at each location.

[36] Treas. reg. sec. 1.471-2(d).

The U.S. Tax Court in the second *Dayton Hudson* opinion noted that "(I)n most cases, generally accepted accounting principles (GAAP), consistently applied, will pass muster for tax purposes. The Supreme Court has made clear, however, that GAAP does not enjoy a presumption of accuracy that must be rebutted by the Commissioner."

House Bill

The House bill provides that a method of keeping inventories will not be considered unsound, or to fail to clearly reflect income, solely because it includes an adjustment for the shrinkage estimated to occur through year-end, based on inventories taken other than at year-end. Such an estimate must be based on actual physical counts. Where such an estimate is used in determining ending inventory balances, the taxpayer is required to take a physical count of inventories at each location on a regular and consistent basis. A taxpayer is required to adjust its ending inventory to take into account all physical counts performed through the end of its taxable year.

Effective date.—The provision is effective for taxable years ending after the date of enactment.

A taxpayer is permitted to change its method of accounting by this section if the taxpayer is currently using a method that does not utilize estimates of inventory shrinkage and wishes to change to a method for inventories that includes shrinkage estimates based on physical inventories taken other than at year-end. Such a change is treated as a voluntary change in method of accounting, initiated by the taxpayer with the consent of the Secretary of the Treasury, provided the taxpayer changes to a permissible method of accounting. The period for taking into account any adjustment required under section 481 as a result of such a change in method is 4 years.

No inference is intended by the adoption of this provision with regard to whether any particular method of accounting for inventories is permissible under present law.

Senate Amendment

The Senate amendment is the same as the House bill.

Conference Agreement

The conference agreement follows the House bill and the Senate amendment, with the following clarifications regarding safe harbor methods for the estimation of inventory shrinkage.

In general.—The conferees expect that the Secretary of the Treasury will issue guidance establishing one or more safe harbor methods for the estimation of inventory shrinkage that will be deemed to result in a clear reflection of income, provided such safe harbor method is consistently applied and the taxpayer's inventory methods otherwise satisfy the clear reflection of income standard.

Safe harbors applicable to retail trade.—In the case of taxpayers primarily engaged in retail trade (the resale of personal property to the general public), where physical inventories are normally taken at each location at least annually, the conferees anticipate that a safe harbor method will be established that will use a historical ratio of shrinkage to sales, multiplied by total sales between the date of the last physical inventory and year-end. This historical ratio is based on the actual shrinkage established by all physical inventories taken during the most recent three taxable years and the sales for related periods. The historical ratio should be separately determined for each store or department in a store of the taxpayer. The historical ratio, or estimated shrinkage determined using the historical ratio, cannot be adjusted by judgmental or other factors (e.g., floors or caps). The conferees expect that estimated shrinkage determined in accordance with the consistent application of the safe harbor method will not be required to be recalculated, through a lookback adjustment or otherwise, to reflect the results of physical inventories taken after year-end.

In the case of a new store or department in a store that has not verified shrinkage by a physical inventory in each of the most recent three taxable years, the historical ratio is the average of the historical ratios of the retailer's other stores or departments. Retailers using last in, first out (LIFO) methods of inventory are expected to be required to allocate shrinkage among their various inventory pools in a reasonable and consistent manner.

The conferees expect that procedures will be provided allowing an automatic election of such method of accounting for a taxpayer's first taxable year ending after the date of enactment. Any adjustment required by section 481 as a result of the change in method of accounting generally will be taken into account over a period of four years.

2. Treatment of workmen's compensation liability under rules for certain personal injury liability assignments (sec. 952 of the House bill)

Present Law

Under present law, an exclusion from gross income is provided for amounts received for agreeing to a qualified assignment to the extent that the amount received does not exceed the aggregate cost of any qualified funding asset (sec. 130). A qualified assignment means any assignment of a liability to make periodic payments as damages (whether by suit or agreement) on account of a personal injury or sickness (in a case involving physical injury or physical sickness), provided the liability is assumed from a person who is a party to the suit or agreement, and the terms of the assignment satisfy certain requirements. Generally, these requirements are that: (1) the periodic payments are fixed as to amount and time; (2) the payments cannot be accelerated, deferred, increased, or decreased by the recipient; (3) the assignee's obligation is no greater than that of the assignor; and (4) the payments are excludable by the recipient under section 104(a)(2) as damages on account of personal injuries or sickness. Present law provides a separate exclusion under section 104(a)(1) for the recipient of amounts received under workmen's compensation acts as compensation for personal injuries or sickness, but a qualified assignment under section 130 does not include the assignment of a liability to make such payments.

House Bill

The House bill extends the exclusion for qualified assignments under Code section 130 to amounts assigned for assuming a liability to pay compensation under any workmen's compensation act. The provision requires that the assignee assume the liability from a person who is a party to the workmen's compensation claim, and requires that the periodic payment be excludable from the recipient's gross income under section 104(a)(1), in addition to the requirements of present law.

Effective date.—Effective for workmen's compensation claims filed after the date of enactment.

Senate Amendment

No provision.

Conference Agreement

The conference agreement follows the House bill.

3. Tax-exempt status for certain State workmen's compensation act companies (sec. 953 of the House bill and sec. 761 of the Senate amendment)

Present Law

In general, the Internal Revenue Service ("IRS") takes the position that organizations that provide insurance for their members or other individuals are not considered to be engaged in a tax-exempt activity. The IRS maintains that such insurance activity is either (1) a regular business of a kind ordinarily carried on for profit, or (2) an economy or convenience in the conduct of members' businesses because it relieves the members from obtaining insurance on an individual basis.

Certain insurance risk pools have qualified for tax exemption under Code section 501(c)(6). In general, these organizations (1) assign any insurance policies and administrative functions to their member organizations (although they may reimburse their members for amounts paid and expenses), (2) serve an important common business interest of their members, and (3) must be membership organizations financed, at least in part, by membership dues.

State insurance risk pools may also qualify for tax exempt status under section 501(c)(4) as a social welfare organizations or under section 115 as serving an essential governmental function of a State. In seeking qualification under section 501(c)(4), insurance organizations generally are constrained by the restrictions on the provision of "commercial-type insurance" contained in section 501(m). Section 115 generally provides that gross income does not include income derived from the exercise of any essential governmental function and accruing to a State or any political subdivision thereof.

House Bill

The House bill clarifies the tax-exempt status of any organization that is created by State law, and organized and operated exclusively to provide workmen's compensation insurance and related coverage that is incidental to workmen's compensation insurance,[40] and that meets certain additional requirements. The workmen's compensation insurance must be required by State law, or be insurance with respect to which State law provides significant disincentives if it is not purchased by an employer (such as loss of exclusive remedy or forfeiture of affirmative defenses such as contributory negligence). The organization must provide workmen's compensation to any employer in the State (for employees in the State or temporarily assigned out-of-State) seeking such insurance and meeting other reasonable requirements. The State must either extend its full faith and credit to debt of the organization or provide the initial operating capital of such organization. For this purpose, the initial operating capital can be provided by providing the proceeds of bonds issued by a State authority; the bonds may be repaid through exercise of the State's taxing authority, for example. For periods after the date of enactment, the assets of the organization must revert to the State upon dissolution. Finally, the majority of the board of directors (or comparable oversight body) of the organization must be appointed by an official of the executive branch of the State or by the State legislature, or by both.

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[37] 101 T.C. 462 (1993).

[38] T.C. Memo 1997-260.

[39] *Wal-Mart* v. *Commissioner*, T.C. Memo 1997-1 and *Kroger* v. *Commissioner*, T.C. Memo 1997-2.

[40] Related coverage that is incidental to workmen's compensation insurance includes liability under Federal workmen's compensation laws, for example.

Effective date.—Taxable years beginning after December 31, 1997. No inference is intended as to the status of such organizations under present law.

Senate Amendment

The Senate amendment is the same as the House bill. The Senate Finance committee report clarifies that related coverage that is incidental to workmen's compensation insurance includes liability under Federal workmen's compensation laws, the Jones Act, and the Longshore and Harbor Workers Compensation Act, for example. The Senate Finance committee report also clarifies that many organizations described in the provision have been operating as tax-exempt organizations. No inference is intended that organizations described in the provision are not tax-exempt under present law.

Conference Agreement

The conference agreement follows the House bill and the Senate amendment with modifications.

The conference agreement modifies the full-faith-and-credit portion of the requirement that the State must extend its full faith and credit to debt of the organization (or provide the initial operating capital of such organization). Under the conference agreement, the State must extend its full faith and credit to the initial debt of the organization.

The conference agreement also modifies the requirement relating to reversion of assets to the State upon dissolution. The conference agreement requires that, in the case of periods after the date of enactment, either the assets of the organization must revert to the State upon dissolution, or State law must not permit the dissolution of the organization, absent an act of the State legislature. Should dissolution of the organization become permissible under applicable State law, then the requirement that the assets of the organization revert to the State upon dissolution applies.

Many organizations described in the provision have been operating as organizations that are exempt from tax (e.g., as an organization that is exempt from tax because it is serving an essential governmental function of a State). No inference is intended that organizations described in the provision are not exempt from tax under present law. In addition, no inference is intended that the benefit plans of such organizations are not properly maintained by the organization. It is anticipated that Federal regulatory agencies will take appropriate action to address transition issues faced by organizations to conform to their benefit plans under the provision. For example, it is intended that an organization that has been maintaining a section 457 plan as an agency or instrumentality of a State could (without creating any inference with respect to present-law treatment) freeze future contributions to the section 457 plan and establish a retirement arrangement (e.g., a section 401(k) plan) that is consistent with the treatment of the organization as a tax-exempt employer under the provision.

4. Election for 1987 partnerships to continue exception from treatment of publicly traded partnerships as corporations (sec. 954 of the House bill and sec. 762 of the Senate amendment)

Present Law

A publicly traded partnership generally is treated as a corporation for Federal tax purposes (sec. 7704). An exception to the rule treating the partnership as a corporation applies if 90 percent of the partnership's gross income consists of "passive-type income," which includes (1) interest (other than interest derived in a financial or insurance business, or certain amounts determined on the basis of income or profits), (2) dividends, (3) real property rents (as defined for purposes of the provision), (4) gain from the sale or other disposition of real property, (5) income and gains relating to minerals and natural resources (as defined for purposes of the provision), and (6) gain from the sale or disposition of a capital asset (or certain trade or business property) held for the production of income of the foregoing types (subject to an exception for certain commodities income).

The exception for publicly traded partnerships with "passive-type income" does not apply to any partnership that would be described in section 851(a) of the Code (relating to regulated investment companies, or "RICs"), if that partnership were a domestic corporation. Thus, a publicly traded partnership that is registered under the Investment Company Act of 1940 generally is treated as a corporation under the provision. Nevertheless, if a principal activity of the partnership consists of buying and selling of commodities (other than inventory or property held primarily for sale to customers) or futures, forwards and options with respect to commodities, and 90 percent of the partnership's income is such income, then the partnership is not treated as a corporation.

A publicly traded partnership is a partnership whose interests are (1) traded on an established securities market, or (2) readily tradable on a secondary market (or the substantial equivalent thereof).

Treasury regulations provide detailed guidance as to when an interest is treated as readily tradable on a secondary market or the substantial equivalent. Generally, an interest is so treated "if, taking into account all of the facts and circumstances, the partners are readily able to buy, sell, or exchange their partnership interests in a manner that is comparable, economically, to trading on an established securities market" (Treas. Reg. sec. 1.7704-1(c)(1)).

When the publicly traded partnership rules were enacted in 1987, a 10-year grandfather rule provided that the provisions apply to certain existing publicly traded partnerships only for taxable years beginning after December 31, 1997.[41] An existing publicly traded partnership is any partnership, if (1) it was a publicly traded partnership on December 17, 1987, (2) a registration statement indicating that the partnership was to be a publicly traded partnership was filed with the Securities and Exchange Commission with respect to the partnership on or before December 17, 1987, or (3) with respect to the partnership, an application was filed with a State regulatory commission on or before December 17, 1987, seeking permission to restructure a portion of a corporation as a publicly traded partnership. A partnership that otherwise would be treated as an existing publicly traded partnership ceases to be so treated as of the first day after December 17, 1987, on which there has been an addition of a substantial new line of business with respect to such partnership. A rule is provided to coordinate this grandfather rule with the exception to the rule treating the partnership as a corporation applies if 90 percent of the partnership's gross income consists of passive-type income. The coordination rule provides that passive-type income exception applies only after the grandfather rule ceases to apply (whether by passage of time or because the partnership ceases to qualify for the grandfather rule).

House Bill

Under the House bill, in the case of an existing publicly traded partnership that elects under the provision to be subject to a tax on gross income from the active conduct of a trade or business, the rule of present law treating a publicly traded partnership as a corporation does not apply. An existing publicly traded partnership is any publicly traded partnership that is not treated as a corporation, so long as such treatment is not determined under the passive-type income exception of Code section 7704(c)(1). The election to be subject to the tax on gross trade or business income, once made, remains in effect until revoked by the partnership, and cannot be reinstated.

The tax is 15 percent of the partnership's gross income from the active conduct of a trade or business. The partnership's gross trade or business income includes its share of gross trade or business income of any lower-tier partnership. The tax imposed under the provision may not be offset by tax credits.

Effective date.—Taxable years beginning after December 31, 1997.

Senate Amendment

The Senate amendment is the same as the House bill, except that the tax is 3.5 percent of the partnership's gross income from the active conduct of a trade or business.

Conference Agreement

The conference agreement follows the Senate amendment, with technical modifications. The conference agreement clarifies that the provision applies to any electing 1987 partnership, which means any publicly traded partnership, if (1) it is an existing partnership within the meaning of section 10211(c)(2) of the 1987 Act, (2) it has not been treated as a corporation for taxable years beginning after December 31, 1987, and before January 1, 1998 (and would not have been treated as a corporation even without regard to section 7704(c), the exception for partnerships with "passive-type" income), and (3) the partnership elects under the provision to be subject to a tax on gross income from the active conduct of a trade or business. An electing 1987 partnership ceases to be treated as such as of the first day after December 31, 1997, on which there has been the addition of a substantial new line of business with respect to the partnership.

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[41] Omnibus Budget Reconciliation Act of 1987 (P.L. 100-203) (the "1987 Act"), sec. 10211(c).

5. Exclusion from UBIT for certain corporate sponsorship payments (sec. 955 of the House bill and sec. 763 of the Senate amendment)

Present Law

Although generally exempt from Federal income tax, tax-exempt organizations are subject to the unrelated business income tax ("UBIT") on income derived from a trade or business regularly carried on that is not substantially related to the performance of the organization's tax-exempt functions (secs. 511–514). Contributions or gifts received by tax-exempt organizations generally are not subject to the UBIT. However, present-law section 513(c) provides that an activity (such as advertising) does not lose its identity as a separate trade or business merely because it is carried on within a larger complex of other endeavors.[42] If a tax-exempt organization receives sponsorship payments in connection with an event or other activity, the solicitation and receipt of such sponsorship payments may be treated as a separate activity. The Internal Revenue Service (IRS) has taken the position that, under some circumstances, such sponsorship payments are subject to the UBIT.[43]

House Bill

Under the House bill, qualified sponsorship payments received by a tax-exempt organization (or State college or university described in section 511(a)(2)(B)) are exempt from the UBIT.

"Qualified sponsorship payments" are defined as any payment made by a person engaged in a trade or business with respect to which the person will receive no substantial return benefit other than the use or acknowledgment of the name or logo (or product lines) of the person's trade or business in connection with the organization's activities.[44] Such a use or acknowledgment does not include advertising of such person's products or services—meaning qualitative or comparative language, price information or other indications of savings or value, or an endorsement or other inducement to purchase, sell, or use such products or services. Thus, for example, if, in return for receiving a sponsorship payment, an organization promises to use the sponsor's name or logo in acknowledging the sponsor's support for an educational or fundraising event conducted by the organization, such payment will not be subject to the UBIT. In contrast, if the organization provides advertising of a sponsor's products, the payment made to the organization by the sponsor in order to receive such advertising will be subject to the UBIT (provided that the other, present-law requirements for UBIT liability are satisfied).

The House bill specifically provides that a qualified sponsorship payment does not include any payment where the amount of such payment is contingent, by contract or otherwise, upon the level of attendance at an event, broadcast ratings, or other factors indicating the degree of public exposure to an activity. However, the fact that a sponsorship payment is contingent upon an event actually taking place or being broadcast, in and of itself, will not cause the payment to fail to be a qualified sponsorship payment. Moreover, mere distribution or display of a sponsor's products by the sponsor or the tax-exempt organization to the general public at a sponsored event, whether for free or for remuneration, will be considered to be "use or acknowledgment" of the sponsor's product lines (as opposed to advertising), and thus will not affect the determination of whether a payment made by the sponsor is a qualified sponsorship payment.

The provision does not apply to the sale of advertising or acknowledgments in tax-exempt organization periodicals. For this purpose, the term "periodical" means regularly scheduled and printed material published by (or on behalf of) the payee organization that is not related to and primarily distributed in connection with a specific event conducted by the payee organization. For example, the provision will not apply to payments that lead to acknowledgments in a monthly journal, but will apply if a sponsor receives an acknowledgment in a program or brochure distributed at a sponsored event.

The provision specifically provides that, to the extent that a portion of a payment would (if made as a separate payment) be a qualified sponsorship payment, such portion of the payment will be treated as a separate payment. Thus, if a sponsorship payment made to a tax-exempt organization entitles the sponsor to both product advertising *and* use or acknowledgment of the sponsor's name or logo by the organization, then the UBIT will not apply to the amount of such payment that exceeds the fair market value of the product advertising provided to the sponsor. Moreover, the provision of facilities, services or other privileges by an exempt organization to a sponsor or the sponsor's designees (e.g., complimentary tickets, pro-am playing spots in golf tournaments, or receptions for major donors) in connection with a sponsorship payment will not affect the determination of whether the payment is a qualified sponsorship payment. Rather, the provision of such goods or services will be evaluated as a separate transaction in determining whether the organization has unrelated business taxable income from the event. In general, if such services or facilities do not constitute a substantial return benefit or if the provision of such services or facilities is a related business activity, then the payments attributable to such services or facilities will not be subject to the UBIT. Moreover, just as the provision of facilities, services or other privileges by a tax-exempt organization to a sponsor or the sponsor's designees (complimentary tickets, pro-am playing spots in golf tournaments, or receptions for major donors) will be treated as a separate transaction that does not affect the determination of whether a sponsorship payment is a qualified sponsorship payment, a sponsor's receipt of a license to use an intangible asset (e.g., trademark, logo, or designation) of the tax-exempt organization likewise will be treated as separate from the qualified sponsorship transaction in determining whether the organization has unrelated business taxable income.

The exemption provided by the provision will be in addition to other present-law exceptions from the UBIT (e.g., the exceptions for activities substantially all the work for which is performed by volunteers and for activities not regularly carried on). No inference is intended as to whether any sponsorship payment received prior to 1998 was subject to the UBIT.

Effective date.—The provision applies to qualified sponsorship payments solicited or received after December 31, 1997.

Senate Amendment

The Senate amendment is the same as the House bill.

Conference Agreement

The conference agreement follows the House bill and Senate amendment, except that the conference agreement clarifies that the qualified sponsorship payment provision does not apply to payments that entitle the payor to the use or acknowledgment of the payor's trade or business name or logo (or product lines) in tax-exempt organization periodicals. Similarly, the qualified sponsorship payment provision does not apply to payments made in connection with "qualified convention or trade show activities," as defined in present-law section 513(d)(3). Such payments are outside the qualified sponsorship payment provision's safe-harbor exclusion, and, therefore, will be governed by present-law rules that determine whether the payment is subject to the UBIT. Thus, for example, payments that entitle the payor to a depiction of the payor's name or logo in a tax-exempt organization periodical may or may not be subject to the UBIT depending on the application of present-law rules regarding periodical advertising and nontaxable donor recognition.[45]

As a further clarification, the conferees intend that, as provided under Prop. Treas. Reg. sec. 1.513-4, the use of promotional logos or slogans that are an established part of the sponsor's identity would not, by itself, constitute advertising for purposes of determining whether a payment is a qualified sponsorship payment.

6. Timeshare associations (sec. 956 of the House bill and sec. 764 of the Senate amendment)

Present Law

Taxation of homeowners associations making the section 528 election.—Under present law (sec. 528), condominium management associations and residential real estate management associations may elect to be taxable at a 30-percent rate on their "homeowners association income" if they meet certain income, expenditure, and organizational requirements.

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[42] See *United States* v. *American College of Physicians*, 475 U.S. 834 (1986)(holding that activity of selling advertising in medical journal was not substantially related to the organization's exempt purposes and, as a separate business under section 513(c), was subject to tax).

[43] See Prop.Treas. Reg. sec. 1.513–4 (issued January 19, 1993, EE–74–92, IRB 1993–7, 71). These proposed regulations generally exclude from the UBIT financial arrangements under which the tax-exempt organization provides so-called "institutional" or "good will" advertising to a sponsor (i.e., arrangements under which a sponsor's name, logo, or product line is acknowledged by the tax-exempt organization). However, specific product advertising (e.g., "comparative or qualitative descriptions of the sponsor's products") provided by a tax-exempt organization on behalf of a sponsor is not shielded from the UBIT under the proposed regulations.

[44] In determining whether a payment is a qualified sponsorship payment, it is irrelevant whether the sponsored activity is related or unrelated to the organization's exempt purpose.

[45] For guidance regarding the treatment of periodical advertising under the UBIT, see section 513(c); *United States* v. *American College of Physicians*, 475 U.S. 834 (1986); Treas. Reg. 1.513–1(d)(4)(iv), Example 7; Rev. Rul. 82–139, 1982–2 C.B. 108; Rev. Rul. 74–38, 1974–1 C.B. 144; PLR 9137049; and PLR 9234002. For guidance regarding the treatment of donor acknowledgments under the UBIT, see Rev. Rul. 76–93, 1976–1 C.B. 170; PLR 8749085; and PLR 9044071. In the interest of administrative convenience, the conferees encourage the Treasury Department to permit tax-exempt entities to provide combined reporting of payments that are both qualified sponsorship payments and nontaxable payments made in exchange for donor acknowledgments in a periodical or in connection with a qualified convention or trade show. In addition, to the extent tax-exempt entities are required to allocate portions of payments, the conferees encourage the Treasury Department to minimize the reporting burden associated with any such allocation.

"Homeowners association income" is the excess of the association's gross income, excluding "exempt function income," over allowable deductions directly connected with nonexempt function gross income. "Exempt function income" includes membership dues, fees, and assessments for a common activity undertaken by association members or owners of residential units in the condominium or subdivision. Homeowners association income includes passive income (e.g., interest and dividends) earned on reserves and fees for use of association property (e.g., swimming pools, meeting rooms, etc.).

For an association to qualify for this treatment: (1) at least 60 percent of the association's gross income must consist of membership dues, fees, or assessments on owners; (2) at least 90 percent of its expenditures must be for the acquisition, management, maintenance, or care of "association property;" and (3) no part of its net earnings can inure to the benefit of any private shareholder. "Association property" means: (1) property held by the association; (2) property commonly held by association members; (3) property within the association privately held by association members; and (4) property held by a governmental unit for the benefit of association members. In addition to these statutory requirements, Treasury regulations require that the units of the association be used for residential purposes. Use is not a residential use if the unit is occupied by a person or series of persons less than 30 days for more than half of the association's taxable year. Treas. Reg. sec. 1.528-4(d).

Taxation of homeowners associations not making the section 528 election.—Homeowners associations that do not (or cannot) make the section 528 election are taxed either as a tax-exempt social welfare organization under section 501(c)(4) or as a regular C corporation. In order for an organization to qualify as a tax-exempt social welfare organization, the organization must meet the following three requirements: (1) the association must serve a "community" which bears a reasonable, recognizable relationship to an area ordinarily identified as a governmental subdivision or unit; (2) the association may not conduct activities directed to exterior maintenance of any private residence, and (3) common areas of association facilities must be for the use and enjoyment of the general public (Rev. Rul. 74-99, 1974-1 C.B. 131).

Non-exempt homeowners associations are taxed as C corporations, except that: (1) the association may exclude excess assessments that it refunds to its members or applies to the subsequent year's assessments (Rev. Rul. 70-604, 1970-2 C.B. 9); (2) gross income does not include special assessments held in a special bank account (Rev. Rul. 75-370, 75-2 C.B. 25); and (3) assessments for capital improvements are treated as non-taxable contributions to capital (Rev. Rul. 75-370, 1975-2 C.B. 25).

Taxation of timeshare associations.—Under present law, timeshare associations are taxed as regular C corporations because (1) they cannot meet the requirement of the Treasury regulations for the section 528 election that the units be used for residential purposes (i.e., the 30-day rule) and they have relatively large amount of services performed for its owners (e.g., maid and janitorial services) and (2) they cannot meet any of requirements of Rev. Rul. 74-99 for tax-exempt status under section 501(c)(4).

House Bill

In general.—The House bill amends section 528 to permit timeshare associations to qualify for taxation under that section. Timeshare associations will have to meet the requirements of section 528 (e.g., the 60-percent gross income, 90-percent expenditure, and the non-profit organizational and operational requirements). Timeshare associations electing to be taxed under section 528 are subject to a tax on their "timeshare association income" at a rate of 32 percent.

60-percent test.—A qualified timeshare association must receive at least 60 percent of its income from membership dues, fees and assessments from owners of either (a) timeshare rights to use of, or (b) timeshare ownership in, property the timeshare association.

90-percent test.—At least 90 percent of the expenditures of the timeshare association must be for the acquisition, management, maintenance, or care of "association property," and activities provided by the association to, or on behalf of, members of the timeshare association. "Activities provided to or on behalf of members of the [timeshare] association" includes events located on association property (e.g., member's meetings at the association's meeting room, parties at the association's swimming pool, golf lessons on association's golf range, transportation to and from association property, etc.).

Organizational and operational tests.—No part of the net earnings of the timeshare association can inure to the benefit (other than by acquiring, constructing, or providing management, maintenance, and care of property of the timeshare association or rebate of excess membership dues, fees, or assessments) of any private shareholder or individual. A member of a qualified timeshare association must hold a timeshare right to use (or timeshare ownership in) real property of the association. A qualified timeshare association cannot be a condominium management association. Lastly, the timeshare association must elect to be taxed under section 528.

Effective date.—The provision is effective for taxable years beginning after December 31, 1996.

Senate Amendment

The Senate amendment is the same as the House bill, except that the Senate amendment provides that association property includes property in which a timeshare association or members of the association have rights arising out of recorded easements, covenants, and other recorded instruments to use property related to the timeshare project.

Effective date.—The provision applies to taxable years beginning after December 31, 1996.

Conference Agreement

The conference agreement follows the Senate amendment.

7. Deferral of gain on certain sales of farm product refiners and processors (sec. 958 of the House bill)

Present Law

Under present law, if certain requirements are satisfied, a taxpayer may defer recognition of gain on the sale of qualified securities to an employee stock ownership plan ("ESOP") or an eligible worker-owned cooperative to the extent that the taxpayer reinvests the proceeds in qualified replacement property (sec. 1042). Gain is recognized when the taxpayer disposes of the qualified replacement property. One of the requirements that must be satisfied for deferral to apply is that, immediately after the sale, the ESOP must own at least 30 percent of the stock of the corporation issuing the qualified securities. In general, qualified securities are securities issued by a domestic C corporation that has no stock outstanding that is readily tradeable on an established securities market. Deferral treatment does not apply to gain on the sale of qualified securities by a C corporation.

House Bill

The House bill extends the deferral provided under section 1042 to the sale of stock of a qualified refiner or processor to an eligible farmer's cooperative. A qualified refiner or processor is a domestic corporation substantially all of the activities of which consist of the active conduct of the trade or business of refining or processing agricultural or horticultural products and which purchases more than one-half of such products to be refined or processed from farmers who make up the cooperative which is purchasing the stock of the cooperative. An eligible farmers' cooperative is an organization which is treated as a cooperative for Federal income tax purposes and which is engaged in the marketing of agricultural or horticultural products.

The deferral of gain is available only if, immediately after the sale, the eligible farmers' cooperative owns 100 percent of the qualified refiner or processor. The provision applies even if the stock of the qualified refiner or processor is publicly traded. In addition, the House bill applies to gain on the sale of stock by a C corporation.

Effective date.—The provision applies to sales after December 31, 1997.

Senate Amendment

No provision.

Conference Agreement

The conference agreement follows the House bill, with the modification that the requirement that the refiner or processor purchase more than one-half of the products to be refined or processed from farmers who make up the cooperative which is purchasing the stock or the cooperative must be satisfied for at least one year prior to the sale.

8. Exception from real estate reporting requirements for certain sales of principal residences (sec. 959 of the House bill and secs. 314(c) and 601 of the Senate amendment)

Present Law

Persons who close real estate transactions are required to file information returns with the IRS. These returns, filed on Form 1099S, are required to show the name and address of the seller of the real estate, details with regard to the gross proceeds of the sale, and the portion of any real property tax which is treated as a tax imposed on the purchaser. Code section 6045(e) also provides for reporting whether any financing of the seller was federally-subsidized indebtedness, but Treasury regulations do not currently require the reporting of this information.

House Bill

The House bill excludes sales of personal residences with a gross sales price of $500,000 or less ($250,000 or less in the case of a seller who is not married) from the real estate transaction reporting requirement. In order to be eligible for this exclusion, the person who would otherwise be required to file the information return must obtain written assurances from the seller of the real estate, in a form acceptable to the Secretary of the Treasury, that any gain will be exempt from Federal income tax under section 121(a) and that no financing of the seller was federally-subsidized indebtedness.

Effective date.—The provision is effective with regard to sales or exchanges occurring after the date of enactment.

Senate Amendment

The Senate amendment follows the House bill, with two modifications.

First, the requirement that the person who would otherwise be required to file the information return obtain written assurances that no financing of the seller was federally-subsidized indebtedness does not apply until such time as the Secretary of the Treasury requires this information to be included in information returns reporting real estate transactions.

Second, the Senate amendment does not exclude from the information reporting requirement any sale of a personal residence in the District of Columbia, if such sale is required to be reported for the purpose of verifying eligibility for the D.C. first-time homeowner credit. The Senate amendment separately establishes a credit of $5,000 for first-time home buyers in the District of Columbia. The Senate amendment anticipates that the Secretary of the Treasury will require such information as is necessary to verify eligibility for the D.C. first-time home buyer credit.

Effective date.—Same as the House bill.

Conference Agreement

The conference agreement follows the Senate amendment with one modification, allowing the Secretary of the Treasury the discretion to increase the dollar thresholds if he determines that such an increase will not materially reduce revenues to the Treasury.

9. Increased deduction for business meals for individuals operating under Department of Transportation hours of service limitations (sec. 960 of the House bill and sec. 765 of the Senate amendment)

Present Law

Ordinary and necessary business expenses, as well as expenses incurred for the production of income, are generally deductible, subject to a number of restrictions and limitations. Generally, the amount allowable as a deduction for food and beverage is limited to 50 percent of the otherwise deductible amount. Exceptions to this 50 percent rule are provided for food and beverages provided to crew members of certain vessels and offshore oil or gas platforms or drilling rigs.

House Bill

The House bill increases to 80 percent the deductible percentage of the cost of food and beverages consumed while away from home by an individual during, or incident to, a period of duty subject to the hours of service limitations of the Department of Transportation.

Individuals subject to the hours of service limitations of the Department of Transportation include:

(1) certain air transportation employees such as pilots, crew, dispatchers, mechanics, and control tower operators pursuant to Federal Aviation Administration regulations,

(2) interstate truck operators and interstate bus drivers pursuant to Department of Transportation regulations,

(3) certain railroad employees such as engineers, conductors, train crews, dispatchers and control operations personnel pursuant to Federal Railroad Administration regulations, and

(4) certain merchant mariners pursuant to Coast Guard regulations.

The increase in the deductible percentage is phased in according to the following schedule:

Taxable years beginning in—	*Deductible percentage*
1998, 1999	55
2000, 2001	60
2002, 2003	65
2004, 2005	70
2006, 2007	75
2008 and thereafter	80

Effective date.—The provision is effective for taxable years beginning after 1997.

Senate Amendment

The Senate amendment is the same as the House bill.

Conference Agreement

The conference agreement follows the House bill and the Senate amendment.

10. Deductibility of meals provided for the convenience of the employer and provided by remote seafood processors (secs. 765 and 778 of the Senate amendment)

Present Law

In general, subject to several exceptions, only 50 percent of business meal and entertainment expenses are allowed as a deduction (sec. 274(n)). Under one exception, the value of meals that are excludable from employees' incomes as a de minimis fringe benefit (sec. 132) are fully deductible by the employer.

In addition, the courts that have considered the issue have held that if meals are provided for the convenience of the employer pursuant to section 119 they are fully deductible pursuant to section 274(n)(2)(B) provided they satisfy the relevant section 132 requirements. (*Boyd Gaming Corp.* v. *Commissioner*[46] and *Gold Coast Hotel & Casino v. I.R.S.*[47]).

Exceptions to this 50-percent rule are also provided for food and beverages provided to crew members of certain vessels and offshore oil or gas platforms or drilling rigs.

House Bill

No provision.

Senate Amendment

The Senate amendment provides that meals that are excludable from employees' incomes because they are provided for the convenience of the employer pursuant to section 119 of the Code are excludable as a de minimis fringe benefit and therefore are fully deductible by the employer, provided they satisfy the relevant section 132 requirements. No inference is intended as to whether such meals are fully deductible under present law.

The Senate amendment also increases to 80 percent the deductible percentage of the cost of food and beverages consumed by workers at remote seafood processing facilities located in the United States north of 53 degrees north latitude. A seafood processing facility is remote when there are insufficient eating facilities in the vicinity of the employer's premises.[48]

The increase in the deductible percentage is phased in according to the following schedule:

Taxable years beginning in—	*Deductible percentage*
1998, 1999	55
2000, 2001	60
2002, 2003	65
2004, 2005	70
2006, 2007	75
2008 and thereafter	80

Effective dates.—The provisions are effective for taxable years beginning after 1997.

Conference Agreement

The conference agreement follows the Senate amendment as to meals provided pursuant to section 119. Because food and beverages consumed by workers at these specified remote seafood processing facilities are provided for the convenience of the employer pursuant to section 119 and therefore will be deductible under the Senate amendment provision as to meals provided pursuant to section 119 (provided they satisfy the relevant section 132 requirements), the conference agreement does not include the Senate amendment provision relating to remote seafood processors because it is subsumed by the section 119 provision.

11. Deduction of traveling expenses while working away from home on qualified construction projects (sec. 775 of the Senate amendment)

Present Law

A taxpayer is allowed, subject to limitations, to deduct the ordinary and necessary expenses of carrying on a trade or business, including the trade or business of being an employee. Expenses of carrying on the trade or business of being an employee are miscellaneous itemized deductions, deductible only to the extent they exceed 2 percent of adjusted gross income.

Deductible expenses include travel expenses (including amounts expended for meals and lodging) while temporarily away from home in pursuit of a trade or business. In the absence of facts and circumstances indicating otherwise, a taxpayer is considered to be temporarily away from home if the period of employment away from home does not exceed one year. If the period of employment away from home exceeds one year, the taxpayer is considered to be on an indefinite or permanent work assignment, and travel expenses (including amounts expended for meals and lodging) are not deductible.

House Bill

No provision.

Senate Amendment

The Senate amendment provides that, in the absence of facts and circumstances indicating otherwise, taxpayers employed on qualified construction projects will be considered to be temporarily away from home if the period of their employment away from home does not exceed 18 months (24 months if the qualified construction project is in a remote location), rather than one year as under present law. A qualified construction project is one that is identifiable and that has a completion date that is reasonably expected to occur within five years of its starting date. A qualified construction project is considered to be in a remote location if it is located in an area which lacks adequate housing, educational, medical or other facilities necessary for families.

These revised standards for workers on qualified construction projects apply only to taxpayers who continue to maintain a household, and therefore incur duplicative expenses, at their place of principal residence.

Effective date.—The provision is effective for amounts paid or incurred in taxable years beginning after December 31, 1997.

Conference Agreement

The conference agreement does not include the Senate amendment.

12. Provide above-the-line deduction for certain business expenses (sec. 766 of the Senate amendment)

Present Law

Under present law, individuals may generally deduct ordinary and necessary business expenses in determining adjusted gross income ("AGI"). This deduction does not apply in the case of an individual performing services as an employee. Employee business expenses are generally deductible only as a miscellaneous itemized deduction, i.e., only to the extent all the taxpayer's miscellaneous itemized deductions exceed 2 percent of the taxpayer's AGI. Employee business expenses are not allowed as a deduction for alternative minimum tax purposes.

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[46] 106 T.C. No. 19 (May 23, 1996).

[47] U.S. D.C. Nev. CV-5-94-1146-HDM(LRL) (September 26, 1996).

[48] See Treas. Reg. Sec. 1.119-1(a)(2)(ii)(c) and 1.119-1(f) (Example 7).

House Bill

No provision.

Senate Amendment

Employee business expenses relating to service as an official of a State or local government (or political subdivision thereof) are deductible in computing AGI ("above the line"), provided the official is compensated in whole or in part on a fee basis. Consequently, such expenses are also deductible for minimum tax purposes.

Effective date.—The provision applies to expenses paid or incurred in taxable years beginning after December 31, 1997.

Conference Agreement

The conference agreement follows the Senate amendment.

Effective date.—The conference agreement is effective with respect to expenses paid or incurred in taxable years beginning after December 31, 1986.

13. Increase in standard mileage rate for purposes of computing charitable deduction (sec. 767 of the Senate amendment)

Present Law

In general, individuals who itemize their deductions may deduct charitable contributions. For purposes of computing the charitable deduction for the use of a passenger automobile, the standard mileage rate is 12 cents per mile (sec. 170(i)).

House Bill

No provision.

Senate Amendment

The Senate amendment increases this mileage rate to 15 cents per mile. This rate is indexed for inflation, rounded down to the nearest whole cent.

Effective date.—The increase to 15 cents is effective for taxable years beginning after December 31, 1997. The indexation is effective for inflation occurring after 1997. Accordingly, the first adjustment for indexing will occur in 1999 to reflect inflation in 1998.

Conference Agreement

The conference agreement increases this mileage rate to 14 cents per mile (not indexed for inflation), effective for taxable years beginning after December 31, 1997.

14. Expensing of environmental remediation costs ("brownfields") (sec. 768 of the Senate amendment)

Present Law

Code section 162 allows a deduction for ordinary and necessary expenses paid or incurred in carrying on any trade or business. Treasury Regulations provide that the cost of incidental repairs which neither materially add to the value of property nor appreciably prolong its life, but keep it in an ordinarily efficient operating condition, may be deducted currently as a business expense. Section 263(a)(1) limits the scope of section 162 by prohibiting a current deduction for certain capital expenditures. Treasury Regulations define "capital expenditures" as amounts paid or incurred to materially add to the value, or substantially prolong the useful life, of property owned by the taxpayer, or to adapt property to a new or different use. Amounts paid for repairs and maintenance do not constitute capital expenditures. The determination of whether an expense is deductible or capitalizable is based on the facts and circumstances of each case.

Treasury regulations provide that capital expenditures include the costs of acquiring or substantially improving buildings, machinery, equipment, furniture, fixtures and similar property having a useful life substantially beyond the current year. In *INDOPCO, Inc.* v. *Commissioner*, 112 S. Ct. 1039 (1992), the Supreme Court required the capitalization of legal fees incurred by a taxpayer in connection with a friendly takeover by one of its customers on the grounds that the merger would produce significant economic benefits to the taxpayer extending beyond the current year; capitalization of the costs thus would match the expenditures with the income produced. Similarly, the amount paid for the construction of a filtration plant, with a life extending beyond the year of completion, and as a permanent addition to the taxpayer's mill property, was a capital expenditure rather than an ordinary and necessary current business expense. *Woolrich Woolen Mills* v. *United States*, 289 F.2d 444 (3d Cir. 1961).

Although Treasury regulations provide that expenditures that materially increase the value of property must be capitalized, they do not set forth a method of determining how and when value has been increased. In *Plainfield-Union Water Co.* v. *Commissioner*, 39 T.C. 333 (1962), nonacq., 1964-2 C.B. 8, the U.S. Tax Court held that increased value was determined by comparing the value of an asset after the expenditure with its value before the condition necessitating the expenditure. The Tax Court stated that "an expenditure which returns property to the state it was in before the situation prompting the expenditure arose, and which does not make the relevant property more valuable, more useful, or longer-lived, is usually deemed a deductible repair."

In several Technical Advice Memoranda (TAM), the Internal Revenue Service (IRS) declined to apply the *Plainfield Union* valuation analysis, indicating that the analysis represents just one of several alternative methods of determining increases in the value of an asset. In TAM 9240004 (June 29, 1992), the IRS required certain asbestos removal costs to be capitalized rather than expensed. In that instance, the taxpayer owned equipment that was manufactured with insulation containing asbestos; the taxpayer replaced the asbestos insulation with less thermally efficient, non-asbestos insulation. The IRS concluded that the expenditures resulted in a material increase in the value of the equipment because the asbestos removal eliminated human health risks, reduced the risk of liability to employees resulting from the contamination, and made the property more marketable. Similarly, in TAM 9411002 (November 19, 1993), the IRS required the capitalization of expenditures to remove and replace asbestos in connection with the conversion of a boiler room to garage and office space. However, the IRS permitted deduction of costs of encapsulating exposed asbestos in an adjacent warehouse.

In 1994, the IRS issued Rev. Rul. 94-38, 1994-1 C.B. 35, holding that soil remediation expenditures and ongoing water treatment expenditures incurred to clean up land and water that a taxpayer contaminated with hazardous waste are deductible. In this ruling, the IRS explicitly accepted the *Plainfield Union* valuation analysis.[49] However, the IRS also held that costs allocable to constructing a groundwater treatment facility are capital expenditures.

In 1995, the IRS issued TAM 9541005 (October 13, 1995) requiring a taxpayer to capitalize certain environmental study costs, as well as associated consulting and legal fees. The taxpayer acquired the land and conducted activities causing hazardous waste contamination. After the contamination, but before it was discovered, the company donated the land to the county to be developed into a recreational park. After the county discovered the contamination, it reconveyed the land to the company for $1. The company incurred the costs in developing a remediation strategy. The IRS held that the costs were not deductible under section 162 because the company acquired the land in a contaminated state when it purchased the land from the county. In January, 1996, the IRS revoked and superseded TAM 9541005 (PLR 9627002). Noting that the company's contamination of the land and liability for remediation were unchanged during the break in ownership by the county, the IRS concluded that the break in ownership should not, in and of itself, operate to disallow a deduction under section 162.

House Bill

No provision.

Senate Amendment

The Senate amendment provides that taxpayers could elect to treat certain environmental remediation expenditures that would otherwise be chargeable to capital account as deductible in the year paid or incurred. The deduction applies for both regular and alternative minimum tax purposes. The expenditure must be incurred in connection with the abatement or control of hazardous substances at a qualified contaminated site. In general, any expenditure for the acquisition of depreciable property used in connection with the abatement or control of hazardous substances at a qualified contaminated site does not constitute a qualified environmental remediation expenditure. However, depreciation deductions allowable for such property which would otherwise be allocated to the site under the principles set forth in *Comm'r* v. *Idaho Power Co.*[50] and section 263A are treated as qualified environmental remediation expenditures.

A "qualified contaminated site" generally is any property that (1) is held for use in a trade or business, for the production of income, or as inventory; (2) is certified by the appropriate State environmental agency to be located within a targeted area; and (3) contains (or potentially contains) a hazardous substance (so-called "brownfields"). Targeted areas would mean (1) empowerment zones and enterprise communities (as designated under present law, including any supplemental zone designated on December 21, 1994); and (2) sites announced before February, 1997, as being subject to one of the 76 Environmental Protection Agency (EPA) Brownfields Pilots.

Both urban and rural sites qualify. However, sites that are identified on the national priorities list under the Comprehensive Environmental Response, Compensation, and

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[49] Rev. Rul. 94-38 generally rendered moot the holding in TAM 9315004 (December 17, 1992) requiring a taxpayer to capitalize certain costs associated with the remediation of soil contaminated with polychlorinated biphenyls (PCBs).

[50] *Comm'r* v. *Idaho Power Co.*, 418 U.S. 1 (1974) (holding that equipment depreciation allocable to the taxpayer's construction of capital facilities must be capitalized under section 263(a)(1)).

Liability Act of 1980 (CERCLA) cannot be targeted areas. Appropriate State environmental agencies are designated by the EPA; if no State agency is designated, the EPA is responsible for providing the certification. Hazardous substances generally are defined by reference to sections 101(14) and 102 of CERCLA, subject to additional limitations applicable to asbestos and similar substances within buildings, certain naturally occurring substances such as radon, and certain other substances released into drinking water supplies due to deterioration through ordinary use.

The Senate amendment further provides that, in the case of property to which a qualified environmental remediation expenditure otherwise would have been capitalized, any deduction allowed under the bill would be treated as a depreciation deduction and the property would be treated as subject to section 1245. Thus, deductions for qualified environmental remediation expenditures would be subject to recapture as ordinary income upon sale or other disposition of the property.

Effective date.—The provision applies to eligible expenditures incurred after the date of enactment.

Conference Agreement

The conference agreement follows the Senate amendment, except that the definition of "targeted areas" is expanded to include population census tracts with a poverty rate of 20 percent or more and certain industrial and commercial areas that are adjacent to such census tracts. Thus, targeted areas generally would include: (1) empowerment zones and enterprise communities as designated under present law and under the conference agreement[51] (including any supplemental empowerment zone designated on December 21, 1994); (2) sites announced before February 1997, as being subject to one of the 76 Environmental Protection Agency (EPA) Brownfields Pilots; (3) any population census tract with a poverty rate of 20 percent or more; and (4) certain industrial and commercial areas that are adjacent to tracts described in (3) above.

With respect to certification of targeted areas, the conference agreement provides that the chief executive officer of a State may, in consultation with the Administrator of the EPA, designate an appropriate State environmental agency. If no State environmental agency is so designated within 60 days of the date of enactment, the appropriate environmental agency for such State shall be designated by the Administrator of the EPA.

In addition, the conference agreement sunsets the provision after three years. Thus, the provision applies only to eligible expenditures incurred in taxable years ending after date of enactment and before January 1, 2001.

Finally, the conferees wish to clarify that providing current deductions for certain environmental remediation expenditures under the conference agreement creates no inference as to the proper treatment of other remediation expenditures not described in the agreement.

15. Treatment of consolidation of certain mutual savings bank life insurance departments (sec. 962 of the House bill)

Present Law

Special rules for mutual savings banks with life insurance business

Present law provides for special treatment of a mutual savings bank conducting a life insurance business in a separate life insurance department (Code sec. 594). Under the special rule, the insurance and noninsurance businesses of such banks are bifurcated, and the tax imposed is the sum of the partial taxes computed on (a) the taxable income of the mutual savings bank determined without regard to items properly allocable to the life insurance business, and (b) the income of the life insurance department, calculated in accordance with the rules applicable to life insurance companies (subchapter L of the Code). This special treatment applies so long as the mutual savings bank is authorized under State law to engage in the business of issuing life insurance contracts, the life insurance business is conducted in a separate department the accounts of which are maintained separately from the other accounts of the mutual savings bank, and the life insurance department would qualify as a life insurance company under Code section 816 if it were treated as a separate corporation.

Rules for corporate reorganizations

Present law provides that certain corporate reorganization transactions, including recapitalizations, generally are treated as tax-free transactions (sec. 368(a)(1)(E)). No gain or loss is recognized if stock or securities in a corporation that is a party to a reorganization are (in pursuance of the plan of reorganization) exchanged solely for stock or securities in that corporation or in another corporation that is a party to the reorganization, except that gain (if any) to the recipient is recognized to the extent the principal amount of securities received exceeds the principal amount of the securities surrendered (secs. 354, 356(a)(1)). If such an exchange has the effect of distribution of a dividend, then the portion of the distributee's gain that does not exceed his ratable share of the corporation's earnings and profits is treated as a dividend (sec. 356(a)(2)).

Rules for life insurance companies

A life insurance company generally is permitted to deduct the amount of policyholder dividends paid or accrued during the taxable year (sec. 808). In the case of a mutual life insurance company, the amount of the deduction for policyholder dividends is reduced (but not below zero) by the differential earnings amount (sec. 809). The term policyholder dividend includes (1) any amount paid or credited (including as an increase in benefits) if the amount is not fixed in the contract but depends on the experience of the company or the discretion of the management; (2) excess interest; (3) premium adjustments; and (4) experience-rated refunds.

House Bill

The House bill provides that the consolidation of two or more life insurance departments of mutual savings banks into a single life insurance company by requirement of State law is treated as a tax-free reorganization described in section 368(a)(1)(E) (i.e., a recapitalization). Any payments required to be made to policyholders in connection with the consolidation are treated as policyholder dividends deductible by the company under section 808, provided that certain requirements are met. The requirements are: (1) the payments are only with respect to policies in effect immediately before the consolidation; (2) the payments are only with respect to policies that are participating (i.e., on which policyholder dividends are paid) before and after the consolidation; (3) the payments cease with respect to any policy if the policy lapses after the consolidation; (4) the policyholders before the consolidation had no divisible right to the surplus of any life insurance department and had no right to vote; and (5) the approval of the policyholders was not required for the consolidation. No inference is intended as to the tax treatment of (1) consolidation, demutualization or other transactions involving, or (2) payments to policyholders of, any insurer or financial institution other than the life insurance departments of mutual savings banks.

Effective date.—The provision takes effect on December 31, 1991.

Senate Amendment

No provision.

Conference Agreement

The conference agreement does not include the House bill provision.

16. Offset of past-due, legally enforceable State tax obligations against Federal overpayments (sec. 963 of the House bill)

Present Law

Overpayments of Federal tax are credited against any liability in respect of an internal revenue tax on the part of the person who made the overpayment. Any overpayment not so credited may be offset against any past-due support payments and past-due legally enforceable debts owed to Federal agencies of the person making the overpayment. Any remaining overpayment is refunded to the person making the overpayment.

House Bill

The House bill provides that an overpayment of Federal tax could be offset by the amount of any past-due, legally enforceable State tax obligation, provided the person making the overpayment has shown on the return establishing the overpayment an address that is within the State seeking the offset. For this purpose, a past-due, legally enforceable State tax obligation is a debt which resulted from a judgement rendered by a court of competent jurisdiction, or a determination after an administrative hearing, which determined an amount of State tax to be due and which is no longer subject to judicial review, as well as from an assessment the time for which redetermination has expired that has not been delinquent for more than 10 years. A State tax obligation includes any local tax administered by the chief tax administration agency of the State.

The offset for a past-due, legally enforceable State tax obligation of a State resident will apply after the offsets provided in present law for internal revenue tax liabilities, past-due support, and past-due, legally enforceable obligations owed a Federal agency.

The Secretary of the Treasury is authorized to issue regulations establishing procedures for the implementation of this proposal, including regulations prescribing the time and manner in which States may submit notices of past-due, legally enforceable State tax obligations. The Secretary of the Treasury may require States to pay a fee to reimburse the Secretary for the cost of applying the offset procedure.

Effective date.—The provision is effective for refunds payable after December 31, 1998.

Senate Amendment

No provision.

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[51] Thus, the 20 additional empowerment zones authorized to be designated under the conference agreement as well as the D.C. Enterprise Zone established under the conference agreement are "targeted areas" for purposes of this provision.

Conference Agreement

The conference agreement does not include the House bill provision.

17. Modify limits on depreciation of luxury automobiles for certain clean-burning fuel and electric vehicles (sec. 964 of the House bill)

Present Law

The amount the taxpayer may claim as a depreciation deduction for any passenger automobile is limited to: $2,560 for the first taxable year in the recovery period; $4,100 for the second taxable year in the recovery period; $2,450 for the third taxable year in the recovery period; and $1,475 for each succeeding taxable year in the recovery period. Each of the dollar limitations is indexed for inflation after October 1987 by automobile component of the Consumer Price Index. Consequently, the limitations applicable for 1997 are $3,160, $5,000, $3,050, and $1,775.

House Bill

The House bill modifies the present-law limitation on depreciation in the case of qualified clean-burning fuel vehicles and certain electric vehicles. With respect to qualified clean-burning fuel vehicles, those that are modified to permit such vehicle to be propelled by a clean burning fuel, the bill generally modifies present-law by applying the current limitation to that portion of the vehicles cost not represented by the installed qualified clean-burning fuel property. The taxpayer may claim an amount otherwise allowable as a depreciation deduction on the installed qualified clean-burning fuel, without regard to the present-law limitation. Generally, this has the same effect as only subjecting the cost of the vehicle before modification to the present-law limitations.

In the case of a passenger vehicle designed to be propelled primarily by electricity and built by an original equipment manufacturer, the base-year limitation amounts of $2,560 for the first taxable year in the recovery period, $4,100 for the second taxable year in the recovery period, $2,450 for the third taxable year in the recovery period, and $1,475 for each succeeding taxable year in the recovery period are tripled to $7,680, $12,300, $7,350, and $4,425, respectively, and then adjusted for inflation after October 1987 by the automobile component of the Consumer Price Index.

Effective date.—The provision is effective for property placed in service on or after the date of enactment and before January 1, 2005.

Senate Amendment

No provision.

Conference Agreement

The conference agreement follows the House bill, with a modification to the effective date that provides that the provision is effective for property placed in service after the date of enactment and before January 1, 2005.

18. Survivor benefits of public safety officers killed in the line of duty (sec. 965 of the House bill and sec. 784 of the Senate amendment)

Present Law

Survivors of military service personnel (such as those killed in combat) are generally entitled to survivor benefits (38 U.S.C. sec. 1310). These survivor benefits are generally exempt from income taxation (38 U.S.C. sec. 5301). "Survivor" means the surviving spouse or surviving dependent child of the military service personnel.

Survivor annuity benefits paid under a governmental retirement plan to a survivor of a law enforcement officer killed in the line of duty are generally includible in income except to the extent the benefits are a return of after-tax employee contributions. Survivor benefits paid under a government plan only to survivors of officers who died as a result of injuries sustained in the line of duty are in the nature of workers' compensation and are generally excludable from income.

House Bill

The House bill generally provides that an amount paid as a survivor annuity on account of the death of a law enforcement officer who is killed in the line of duty is excludable from income to the extent the survivor annuity is attributable to the officer's service as a law enforcement officer. The survivor annuity must be provided under a governmental plan to the surviving spouse (or former spouse) of the law enforcement officer or to a child of the officer.

Effective date.—The provision applies to amounts received in taxable years beginning after December 31, 1996, with respect to individuals dying after that date.

Senate Amendment

The Senate amendment is the same as the House bill except that the provision applies to public safety officers killed in the line of duty. Public safety officers include law enforcement officers, firefighters, rescue squad or ambulance crew.

Conference Agreement

The conference agreement follows the Senate amendment. The conference agreement clarifies that the provision does not apply with respect to the death of a public safety officer if it is determined by the appropriate supervising authority that (1) the death was caused by the intentional misconduct of the officer or by the officers intention to bring about the death, (2) the officer was voluntarily intoxicated at the time of death, (3) the officer was performing his or her duties in a grossly negligent manner at the time of death, or (4) the actions of the individual to whom payment is to be made were a substantial contributing factor to the death of the officer.

19. Temporary suspension of income limitations on percentage depletion for production from marginal wells (sec. 966 of the House bill and sec. 772 of the Senate amendment)

Present Law

The Code permits taxpayers to recover their investments in oil and gas wells through depletion deductions. In the case of certain properties, the deductions may be determined using the percentage depletion method. Certain limitations apply in calculating percentage depletion deductions. One limitation is a restriction that these deductions may not exceed 65 percent of the taxpayer's taxable income. Another limitation is a restriction that the amount deducted may not exceed 100 percent of the net income from that property in any year.

Specific percentage depletion rules apply to oil and gas production from "marginal" properties. Marginal production is defined as domestic crude oil and natural gas production from stripper well property or from property from which substantially all of the production during the calendar year is heavy oil. Stripper well property is property from which the average daily production is 15 barrel equivalents or less, determined by dividing the average daily production of domestic crude oil and domestic natural gas from producing wells on the property for the calendar year by the number of wells.

House Bill

The 65-percent-of-net-income limitation is suspended for domestic oil and gas production from marginal properties during taxable years beginning after December 31, 1997, and before January 1, 2000.

Effective date.—The provision is effective on the date of enactment.

Senate Amendment

The 100-percent-of-net-income property limitation with respect to oil and gas produced from marginal properties does not apply for any taxable year beginning in a calendar year in which the annual average wellhead price for crude oil (within the meaning of section 29(d)(2)(C)) is below $14 per barrel.

Effective date.—The provision is effective for taxable years beginning after December 31, 1997.

Conference Agreement

The 100-percent-of-net-income property limitation is suspended for domestic oil and gas production from marginal properties during taxable years beginning after December 31, 1997, and before January 1, 2000.

Effective date.—The provision is effective on the date of enactment.

20. Extend production credit for electricity produced from wind and "closed loop" biomass (sec. 771 of the Senate amendment)

Present Law

An income tax credit is allowed for the production of electricity from either qualified wind energy or qualified "closed-loop" biomass facilities. The credit is equal to 1.5 cents (plus adjustments for inflation since 1992) per kilowatt hour of electricity produced from these qualified sources during the 10-year period after the facility is placed in service.

The credit applies to electricity produced by qualified wind or closed-loop biomass facilities placed in service before July 1, 1999. In order to claim the credit, a taxpayer must own the facility and sell the electricity produced by the facility to an unrelated party.

House Bill

No provision.

Senate Amendment

The Senate amendment extends the income tax credit for electricity produced from wind and closed-loop biomass for two years. Thus, the credit is available for qualifying electricity produced from facilities placed in service before July 1, 2001. As under present law, the credit is allowable for a period of 10 years after the facility is placed in service.

Effective date.—The provision is effective as of the date of enactment.

Conference Agreement

The conference agreement does not include the provision in the Senate amendment.

21. Modification of advance refunding rules for certain tax-exempt bonds issued by the Virgin Islands (sec. 957 of the House bill)

Present Law

Advance refundings

Generally, a governmental bond originally issued after December 31, 1985, may be advance refunded one time. An advance refunding is any refunding where all of the refunded bonds are not redeemed within 90 days after the refunding bonds are issued.

Virgin Island bonds

Under present law, the Virgin Islands is required to secure its bonds with a priority first lien claim on specified revenue streams rather than being permitted to issue multiple bond issues secured on a parity basis by a common pool of revenues. Under a proposed non-tax law change, the priority lien requirement would be repealed.

House Bill

Under the House bill, one additional advance refunding would be allowed for governmental bonds issued by the Virgin Islands that were advance refunded before June 9, 1997, if the Virgin Islands debt provisions are changed to repeal the current priority first lien requirement.

Effective date.—The provision is effective on the date of enactment.

Senate Amendment

No provision.

Conference Agreement

The conference agreement follows the House bill.

22. Qualified small-issue bonds (sec. 770 of the Senate amendment)

Present Law

Interest on certain small issues of private activity bonds issued by State or local governments ("qualified small-issue bonds") is excluded from gross income if certain conditions are met. First, at least 95 percent of the bond proceeds must be used to finance manufacturing facilities or certain agricultural land or equipment. Second, the bond issue must have an aggregate face amount of $1 million or less, or alternatively, the aggregate face amount of the issue, together with the aggregate amount of certain related capital expenditures during the six-year period beginning three years before the date of the issue and ending three years after that date, must not exceed $10 million. (The maximum face amount of bonds would not be increased over present-law amounts.)

Issuance of qualified small-issue bonds, like most other private activity bonds, is subject to annual State volume limitations and to other rules.

House Bill

No provision.

Senate Amendment

The Senate amendment increases the maximum capital expenditure limit under present law from $10 million to $20 million. The maximum amount of bonds is not increased over present-law amounts.

Effective date.—The provision is effective for bonds issued after December 31, 1997.

Conference Agreement

The conference agreement does not include the Senate amendment.

23. Treatment of bonds issued by the Federal Home Loan Bank Board under the Federal guarantee rules (sec. 774 of the Senate amendment)

Present Law

Generally, interest on bonds which are Federally guaranteed do not qualify for tax-exemption for Federal income tax purposes. Certain exceptions are provided including otherwise qualifying bonds guaranteed by the Federal Housing Administration, the Veterans" Administration, the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, and the Government National Mortgage Association.

House Bill

No provision.

Senate Amendment

Under the Senate amendment, bonds guaranteed by the Federal Home Loan Bank Board are not treated as Federally guaranteed for purposes of the Federal guarantee prohibition generally applicable to tax-exempt bonds.

Effective date.—The provision is effective for bonds issued after the date of enactment.

Conference Agreement

The conference agreement does not include the Senate amendment.

24. Current refundings of certain bonds issued by Indian tribal governments (sec. 789 of the Senate amendment)

Present Law

Indian tribal governments are permitted to issue tax-exempt bonds for essential government functions. Since 1987, this term has been defined to include only those activities that traditionally are carried out as governmental functions by State governments.

Before 1987, some Indian tribes issued tax-exempt bonds to acquire existing businesses as investments. Under present law, tax-exempt bonds may not be issued for this purpose, and outstanding pre-1987 bonds issued for such acquisitions may not be refunded.

House Bill

No provision.

Senate Amendment

The Senate amendment allows pre-1987 tax-exempt bonds issued by Indian tribal governments for business acquisitions to be refunded if:

(1) the refunded bonds are redeemed within 90 days after the refunding bonds are issued;

(2) the outstanding principal amount of the bonds is not increased; and

(3) the maturity date of the bonds is not extended.

Effective date.—The provision applies to bonds issued after the date of enactment.

Conference Agreement

The conference agreement does not include the Senate amendment.

25. Purchasing of receivables by tax-exempt hospital cooperative service organizations (sec. 773 of the Senate amendment)

Present Law

Section 501(e) provides that an organization organized on a cooperative basis by tax-exempt hospitals will itself be tax-exempt if the organization is operated solely to perform, on a centralized basis, one or more of certain enumerated services for its members. These services are: data processing, purchasing (including the purchase of insurance on a group basis), warehousing, billing and collection , food, clinical, industrial engineering, laboratory, printing, communications, record center, and personnel services. An organization does not qualify under section 501(e) if it performs services other than the enumerated services. (Treas. reg. sec. 1.501(e)(-1(c)).

House Bill

No provision.

Senate Amendment

The Senate amendment clarifies that, for purposes of section 501(e), billing and collection services include the purchase of patron accounts receivable on a recourse basis. Thus, hospital cooperative service organizations are permitted to advance cash on the basis of member accounts receivable, provided that each member hospital retains the risk of non-payment with respect to its accounts receivable.

Effective date.—The provision is effective for taxable years beginning after December 31, 1996. No inference is intended with respect to taxable years prior to the effective date.

Conference Agreement

The conference agreement follows the Senate amendment.

26. Charitable contribution deduction for certain expenses incurred in support of Native Alaskan subsistence whaling (sec. 776 of the Senate amendment)

Present Law

In computing taxable income, individuals who do not elect the standard deduction may claim itemized deductions, including a deduction (subject to certain limitations) for charitable contributions or gifts made during the taxable year to a qualified charitable organization or governmental entity (sec. 170). Individuals who elect the standard deduction may not claim a deduction for charitable contributions made during the taxable year.

No charitable contribution deduction is allowed for a contribution of services. However, unreimbursed expenditures made incident to the rendition of services to an organization, contributions to which are deductible, may constitute a deductible contribution (Treas. Reg. sec. 1.170A-1(g)). Specifically, section 170(j) provides that no charitable contribution deduction is allowed for traveling expenses (including amounts expended for meals and lodging) while away from home, whether paid directly or by reimbursement, unless there is no significant element of personal pleasure, recreation, or vacation in such travel.

House Bill

No provision.

Senate Amendment

The Senate amendment allows individuals to claim a deduction under section 170 not exceeding $7,500 per taxable year for certain expenses incurred in carrying out sanctioned whaling activities. The deduction is available only to an individual who is recognized by the Alaska Eskimo Whaling Commission as a whaling captain charged with the responsibility of maintaining and carrying out sanctioned whaling activities. The deduction is available for reasonable and necessary expenses paid by the taxpayer during the taxable year for (1) the acquisition and maintenance of whaling boats, weapons, and gear used in sanctioned whaling activities, (2) the supplying of food for the crew and other provisions for carrying out such activities, and (3) storage and distribution of the catch from such activities.

For purposes of the provision, the term "sanctioned whaling activities" means subsistence bowhead whale hunting activities conducted pursuant to the management plan of the Alaska Eskimo Whaling Commission. No inference is intended regarding the deductibility of any whaling expenses incurred in a taxable year ending before the date of enactment.

Effective date.—The provision is effective for taxable years ending after the date of enactment.

Conference Agreement

The conference agreement does not include the Senate amendment.

27. Designation of additional empowerment zones; modification of empowerment zone and enterprise community criteria (sec. 777 of the Senate amendment)

Present Law

In general

Pursuant to the Omnibus Budget Reconciliation Act of 1993 (OBRA 1993), the Secretaries of the Department of Housing and Urban Development (HUD) and the Department of Agriculture designated a total of nine empowerment zones and 95 enterprise communities on December 21, 1994. As required by law, six empowerment zones are located in urban areas (with aggregate population for the six designated urban empowerment zones limited to 750,000) and three empowerment zones are located in rural areas.[52] Of the enterprise communities, 65 are located in urban areas and 30 are located in rural areas (sec. 1391). Designated empowerment zones and enterprise communities were required to satisfy certain eligibility criteria, including specified poverty rates and population and geographic size limitations (sec. 1392).

The following tax incentives are available for certain businesses located in empowerment zones: (1) A 20-percent wage credit for the first $15,000 of wages paid to a zone resident who works in the zone; (2) an additional $20,000 of section 179 expensing for "qualified zone property" placed in service by an "enterprise zone business" (accordingly, certain businesses operating in empowerment zones are allowed up to $38,000 of expensing for 1997); and (3) special tax-exempt financing for certain zone facilities (described in more detail below).

The 95 enterprise communities are eligible for the special tax-exempt financing benefits but not the other tax incentives available in the nine empowerment zones. In addition to these tax incentives, OBRA 1993 provided that Federal grants would be made to designated empowerment zones and enterprise communities.

The tax incentives for empowerment zones and enterprise communities generally will be available during the period that the designation remains in effect, i.e., a 10-year period.

Definition of "Qualified Zone Property"

Present-law section 1397C defines "qualified zone property" as depreciable tangible property (including buildings), provided that: (1) The property is acquired by the taxpayer (from an unrelated party) after the zone or community designation took effect; (2) the original use of the property in the zone or community commences with the taxpayer; and (3) substantially all of the use of the property is in the zone or community in the active conduct of a trade or business by the taxpayer in the zone or community. In the case of property which is substantially renovated by the taxpayer, however, the property need not be acquired by the taxpayer after zone or community designation or originally used by the taxpayer within the zone or community if, during any 24-month period after zone or community designation, the additions to the taxpayer's basis in the property exceed 100 percent of the taxpayer's basis in the property at the beginning of the period, or $5,000 (whichever is greater).

Definition of "Enterprise Zone Business"

Present-law section 1397B defines the term "enterprise zone business" as a corporation or partnership (or proprietorship) if for the taxable year: (1) The sole trade or business of the corporation or partnership is the active conduct of a qualified business within an empowerment zone or enterprise community; (2) at least 80 percent of the total gross income is derived from the active conduct of a "qualified business" within a zone or community; (3) substantially all of the business's tangible property is used within a zone or community; (4) substantially all of the business's intangible property is used in, and exclusively related to, the active conduct of such business; (5) substantially all of the services performed by employees are performed within a zone or community; (6) at least 35 percent of the employees are residents of the zone or community; and (7) no more than five percent of the average of the aggregate unadjusted bases of the property owned by the business is attributable to (a) certain financial property, or (b) collectibles not held primarily for sale to customers in the ordinary course of an active trade or business.

A "qualified business" is defined as any trade or business other than a trade or business that consists predominantly of the development or holding of intangibles for sale or license.[53] In addition, the leasing of real property that is located within the empowerment zone or community to others is treated as a qualified business only if (1) the leased property is not residential property, and (2) at least 50 percent of the gross rental income from the real property is from enterprise zone businesses. The rental of tangible personal property to others is not a qualified business unless substantially all of the rental of such property is by enterprise zone businesses or by residents of an empowerment zone or enterprise community.

Tax-Exempt Financing Rules

Tax-exempt private activity bonds may be issued to finance certain facilities in empowerment zones and enterprise communities. These bonds, along with most private activity bonds, are subject to an annual private activity bond State volume cap equal to $50 per resident of each State, or (if greater) $150 million per State.

Qualified enterprise zone facility bonds are bonds 95 percent or more of the net proceeds of which are used to finance (1) "qualified zone property" (as defined above) the principal user of which is an "enterprise zone business" (also defined above[54]), or (2) functionally related and subordinate land located in the empowerment zone or enterprise community. These bonds may only be issued while an empowerment zone or enterprise community designation is in effect.

The aggregate face amount of all qualified enterprise zone bonds for each qualified enterprise zone business may not exceed $3 million per zone or community. In addition, total qualified enterprise zone bond financing for each principal user of these bonds may not exceed $20 million for all zones and communities.

House Bill

No provision.

Senate Amendment

The Senate amendment modifies the present-law empowerment zone and enterprise community designation criteria under section 1392 so that, in the event that additional empowerment zones or enterprise communities are authorized to be designated in the future, any zones or communities designated in the States of Alaska or Hawaii will not be subject to the general size limitations under section 1392(a)(3), nor will such zones or communities be subject to the general poverty-rate criteria under section 1392(a)(4). Instead, nominated areas in either State will be eligible for designation as an empowerment zone or enterprise community if, for each census tract or block group within such area, at least 20 percent of the families have incomes which are 50 percent or less of the State-wide median family income. Such zones and communities will be subject to the population limitations under present-law section 1392(a)(1).

Effective date.—The provision is effective on the date of enactment.

Conference Agreement

The conference agreement follows the Senate amendment. In addition, the conference agreement provides for the designation of 20 additional empowerment zones pursuant to slightly expanded eligibility criteria, and includes certain modifications to the definition of an enterprise zone business and the tax-exempt financing rules.

Two additional empowerment zones with same tax incentives as previously designated empowerment zones

Under the conference agreement, the Secretary of HUD is authorized to designate two additional empowerment zones located in urban areas (thereby increasing to eight the total number of empowerment zones located in urban areas) with respect to which generally apply the same tax incentives (i.e., the wage credit, additional expensing, and special tax-exempt financing) as are available within the empowerment zones authorized by the Omnibus Budget Reconciliation Act of 1993 (OBRA 1993). The wage credit available in the two new urban empowerment zones is modified slightly to provide that the percentage of wages taken into account for purposes of determining the wage credit is 20 percent for 2000–2004, 15 percent for 2005, 10 percent for 2006, and 5 percent for 2007. No wage credit is available in the two new urban empowerment zones after 2007.

The two additional empowerment zones are subject to the same eligibility criteria under present-law section 1392 that applies to the original six urban empowerment zones. In order to permit designation of these two additional empowerment zones, the conference agreement increases the present-law 750,000 aggregate population cap applicable to empowerment zones located in urban areas to a cap of 1,000,000 aggregate population for the eight urban empowerment zones.

The two empowerment zones must be designated within 180 days after the date of enactment. However, the designations will not take effect before January 1, 2000, and generally will remain in effect for 10 years.

Designation of additional empowerment zones

The conference agreement authorizes the Secretaries of HUD and Agriculture to designate an additional 20 empowerment zones (no more than 15 in urban areas and no more than five in rural areas).[55] With respect to these additional empowerment zones, the present-law eligibility criteria are expanded slightly. First, the square mileage limitations of present law (i.e., 20 square miles for urban areas and 1,000 for rural areas) are expanded to allow the empowerment zones to include an additional 2,000 acres. This additional acreage, which could be developed for commercial or industrial purposes, is not subject to the poverty rate criteria and could be divided among up to three noncontiguous parcels. In addition, the present-law requirement that at least half of the nominated area consist of census tracts with poverty rates of 35 percent or more does not apply. Thus, under present-law section 1392(a)(4), at least 90 percent of the census tracts within a nominated area must have a poverty rate of 25 percent or more, and the remaining census tracts must have a poverty rate of 20 percent or more.[56] For this purpose, census tracts with populations under 2,000 are treated as satisfying the 25-percent poverty rate criteria if (1) at least 75 percent of the tract is zoned for commercial or industrial use and (2) the tract is contiguous to one or more other tracts that actually have a poverty rate of 25 percent or more.

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[52] The six designated urban empowerment zones are located in New York City, Chicago, Atlanta, Detroit, Baltimore, and Philadelphia-Camden (New Jersey). The three designated rural empowerment zones are located in Kentucky Highlands (Clinton, Jackson, and Wayne counties, Kentucky), Mid-Delta Mississippi (Bolivar, Holmes, Humphreys, Leflore counties, Mississippi), and Rio Grande Valley Texas (Cameron, Hidalgo, Starr, and Willacy counties, Texas).

[53] Also, a qualified business does not include certain facilities described in section 144(c)(6)(B)(e.g., massage parlor, hot tub facility, or liquor store) or certain large farms.

[54] For purposes of the tax-exempt financing rules, an "enterprise zone business" also includes a business located in a zone or community which would qualify as an enterprise zone business if it were separately incorporated.

[55] Under the conference agreement, areas located within Indian reservations are eligible for designation as empowerment zones.

Within the 20 additional empowerment zones, qualified "enterprise zone businesses" are eligible to receive up to $20,000 of additional section 179 expensing[57] and to utilize special tax-exempt financing benefits. The "brownfields" tax incentive provided under the conference agreement also is available within all designated empowerment zones. Businesses within the 20 additional empowerment zones are *not*, however, eligible to receive the present-law wage credit available within the 11 other designated empowerment zones (i.e., the wage credit would be available only in the nine present-law zones and two new urban empowerment zones designated under the conference agreement).

The 20 additional empowerment zones are required to be designated before 1999, and the designations generally will remain in effect for 10 years.

Modification of definition of enterprise zone business

The conference agreement modifies the present-law requirement of section 1397B that an entity may qualify as an "enterprise zone business" only if (in addition to the other present-law criteria) at least 80 percent of the total gross income of such entity is derived from the active conduct of a qualified business within an empowerment zone or enterprise community. The conference agreement liberalizes this present-law requirement by reducing the percentage threshold so that an entity could qualify as an enterprise zone business if at least 50 percent of the total gross income of such entity is derived from the active conduct of a qualified business within an empowerment zone or enterprise community (assuming that the other criteria of section 1397B are satisfied).

In addition, section 1397B is modified so that rather than requiring that "substantially all" tangible and intangible property (and employee services) of an enterprise zone business be used (and performed) within a designated zone or community, a "substantial portion" of tangible and intangible property (and employee services) of an enterprise zone business would be required to be used (and performed) within a designated zone or community. Moreover, the conference agreement further amends the section 1397B rule governing intangible assets so that a substantial portion of an entity's intangible property must be used in the active conduct of a qualified business within a zone or community, but there is no need (as under present law) to determine whether the use of such assets is "exclusively related to" such business. However, the present-law rule of section 1397B(d)(4) continues to apply, such that a "qualified business" would not include any trade or business consisting predominantly of the development or holding or intangibles for sale or license. The conference agreement also clarifies that an enterprise zone business that leases to others commercial property within a zone or community may rely on a lessee's certification that the lessee is an enterprise zone business. Finally, the conference agreement provides that the rental to others of tangible personal property shall be treated as a qualified business if and only if at least 50 percent of the rental of such property is by enterprise zone businesses or by residents of a zone or community (rather than the present-law requirement that "substantially all" tangible personal property rentals of an enterprise zone business satisfy this test).

This modified "enterprise zone business" definition applies to all previously designated empowerment zones and enterprise communities, the two urban empowerment zones designated under the conference agreement, as well as to the 20 additional empowerment zones authorized to be designated pursuant to the conference agreement.[58]

Tax-exempt financing rules

Exceptions to volume cap

The conference agreement allows "new empowerment zone facility bonds" to be issued for qualified enterprise zone businesses in the 20 additional empowerment zones. These bonds are not subject to the State private activity bond volume caps or the special limits on issue size applicable to qualified enterprise zone facility bonds under present law. The maximum amount of these bonds that can be issued is limited to $60 million per rural zone, $130 million per urban zone with a population of less than 100,000, and $230 million per urban zone with a population of 100,000 or more.

Changes to certain rules applicable to both empowerment zone facility bonds and qualified enterprise community facility bonds

Qualified enterprise zone businesses located in newly designated empowerment zones, as well as those located in previously designated empowerment zones and enterprise communities, would be eligible for special tax-exempt bond financing under present-law rules, subject to the modifications described below (and the exception to the volume cap described above for newly designated empowerment zones).

The conference agreement waives until the end of a "startup period" the requirement that 95 percent or more of the proceeds of bond issue be used by a qualified enterprise zone business. With respect to each property, the startup period ends at the beginning of the first taxable year beginning more than two years after the later of (1) the date of the bond issue financing such property, or (2) the date the property was placed in service (but in no event more than three years after the date of bond issuance). This waiver is only available if, at the beginning of the startup period, there is a reasonable expectation that the use by a qualified enterprise zone business would be satisfied at the end of the startup period and the business makes bona fide efforts to satisfy the enterprise zone business definition.

The conference agreement also waives the requirements of an enterprise zone business (other than the requirement that at least 35 percent of the business' employees be residents of the zone or community) for all years after a prescribed testing period equal to first three taxable years after the startup period.

Finally, the conference agreement relaxes the rehabilitation requirement for financing existing property with qualified enterprise zone facility bonds. In the case of property which is substantially renovated by the taxpayer, the property need not be acquired by the taxpayer after zone or community designation or originally used by the taxpayer within the zone if, during any 24-month period after zone or community designation, the additions to the taxpayer's basis in the property exceeded 15 percent of the taxpayer's basis at the beginning of the period, or $5,000 (whichever is greater).

Effective date

The two additional urban empowerment zones (within which generally are available the same tax incentives as are available in the empowerment zones designated pursuant to OBRA 1993) must be designated within 180 days after enactment, but the designation will not take effect before January 1, 2000. The 20 additional empowerment zones (within which the wage credit is not available) are to be designated after enactment but prior to January 1, 1999. For purposes of the additional section 179 expensing available within empowerment zones, the modifications to the definition of "enterprise zone business" are effective for taxable years beginning on or after the date of enactment.

The changes to the tax-exempt financing rules are effective for qualified enterprise zone facility bonds and the new empowerment zone facility bonds issued after the date of enactment.

28. Conducting of certain games of chance not treated as unrelated trade or business (sec. 783 of the Senate amendment)

Present Law

Although generally exempt from Federal income tax, tax-exempt organizations are subject to the unrelated business income tax (UBIT) on income derived from a trade or business regularly carried on that is not substantially related to the performance of the organization's tax-exempt functions (secs. 511-514).[59] Certain income, however, is exempted from the UBIT (such as interest, dividends, royalties, and certain rents), unless derived from debt-financed property (sec. 512(b)). Other exemptions from the UBIT are provided for activities in which substantially all the work is performed by volunteers and for income from the sale of donated goods (sec. 513(a)).

A specific exemption from the UBIT is provided for certain bingo games[60] conducted by

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[56] In lieu of the poverty criteria, outmigration may be taken into account in designating one rural empowerment zone.

[57] However, the additional section 179 expensing is not available within the additional 2,000 acres allowed to be included under the conference agreement within an empowerment zone.

[58] In addition, the modifications to the enterprise zone business definition will apply for purposes of defining a "D.C. Zone business" under certain provisions of the conference agreement that provide certain tax incentives for the District of Columbia.

[59] The UBIT applies not only to private, tax-exempt entities but also to colleges and universities that are agencies or instrumentalities of (or are owned or operated by) a State or local government or Indian tribal government (secs. 511(a)(2)(B) and 7871(a)(5)). In the case of such a college or university, the "substantially related" test is applied by determining whether the trade or business activity at issue is substantially related to the exercise or performance of any purpose or function described in section 501(c)(3) (see sec. 513(a)).

[60] For purposes of this exemption, the term "bingo game" is defined as any game of bingo of a type in

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tax-exempt organizations, provided that the conducting of the bingo games is not an activity ordinarily carried out on a commercial basis and the conducting of which does not violate any State or local law (sec. 513(f)).[61] In addition, a specific exemption from the UBIT is provided for qualified public entertainment activities (meaning entertainment or recreation activities of a kind traditionally conducted at fairs or expositions promoting agricultural and educational purposes) conducted by an organization described in section 501(c)(3), (c)(4), or (c)(5) which regularly conducts an agricultural and educational fair or exposition as one of its substantial exempt purposes (sec. 513(d)).[62]

In *South End Italian Independent Club, Inc. v. Commissioner*, 87 T.C. 168 (1986), *acq.* 1987-2 C.B. 1, the Tax Court held that gambling profits of a social club described in section 501(c)(7) that were required by State law to be used for charitable purposes were fully deductible under section 162 in computing the UBIT liability of the social club. The effect of this decision was to exempt gambling income of that social club from UBIT. The IRS has indicated that, until further guidance is available with respect to this issue, the issue of the deductibility of amounts required under State law to be used for charitable or other so-called "lawful" purposes should be resolved consistent with the *South End* case, regardless of whether the gaming proceeds are donated to other charitable organizations or spent internally on the organization's own charitable activities.[63]

House Bill

No provision.

Senate Amendment

The Senate amendment provides that the UBIT will not apply to income from a "qualified game of chance," meaning any game of chance (other than a bingo game exempt under present-law sec. 513(f)) conducted by a tax-exempt organization if (1) such organization is licensed pursuant to State law to conduct such game, (2) only organizations which are organized as nonprofit corporations or are exempt from Federal income tax under section 501(a) may be so licensed to conduct such game within the State, and (3) the conduct of such game does not violate State or local law.

No inference is intended regarding the treatment for purposes of the UBIT of games of chance conducted by tax-exempt organizations prior to the date of enactment.

Effective date.—The provision is effective on the date of enactment.

Conference Agreement

The conference agreement does not include the Senate amendment.

29. Exclusion from income of certain severance payments (sec. 788(a) of the Senate amendment)

Present Law

Severance payments are includible in income.

House Bill

No provision.

Senate Amendment

Under the Senate amendment, certain severance payments are excludable from income. The provision applies to payments of up to $2,000 received by an individual who was separated from service in connection with a reduction in the work force of the employer and who does not attain employment within 6 months of the separation from service at a compensation level that is at least 95 percent of the compensation the individual was receiving before the separation from service. The exclusion does not apply if the total separation payments received by the individual exceed $125,000.

Effective date.—The provision applies to taxable years beginning after December 31, 1997, and before July 1, 2002.

Conference Agreement

The conference agreement does not include the Senate amendment.

30. Special rule for thrift institutions that became large banks (sec. 790 of the Senate amendment)

Present Law

A provision of the Small Business Job Protection Act of 1996 repealed the percentage-of-taxable-income method of determining bad debt deductions of thrift institutions for taxable years beginning after 1995. A large bank (i.e., one with assets in excess of $500 million as of the end of its 1995 taxable year) that was required to change its method of accounting by reason of the provision generally is required to recapture its post-1987 bad debt reserve over a 6-year period. The amount of recapture for a small bank generally is reduced to the extent the bank's reserve for bad debts determined under the experience method applicable to such institutions exceeded its pre-1988 reserve.

House Bill

No provision.

Senate Amendment

The Senate amendment allows a thrift institution that first became a large bank in its first taxable year beginning after 1994 to be treated as a small bank for purposes of the Small Business Job Protection Act provision. In addition, such institutions may apply the required change in accounting method on a cut-off basis.

Effective date.—The provision is effective as if included in the Small Business Job Protection Act of 1996.

Conference Agreement

The conference agreement does not include the Senate amendment.

31. Income averaging for farmers (sec. 792 of the Senate amendment)

Present Law

The ability for an individual taxpayer to reduce his or her tax liability by averaging his or her income over a number of years was repealed by the Tax Reform Act of 1986.

House Bill

No provision.

Senate Amendment

An individual taxpayer is allowed to elect to compute his or her current year tax liability by averaging, over the prior three-year period, all or a portion of his or her taxable income from the trade of business of farming.

Effective date.—The provision is effective for taxable years beginning after the date of enactment and before January 1, 2001.

Conference Agreement

The conference agreement includes the Senate amendment with modifications. The conference agreement clarifies that the provision operates such that an electing eligible taxpayer (1) designates all or a portion of his or her taxable income from the trade or business of farming from the current year as "elected farm income;" (2) allocates one-third of such "elected farm income" to each of the prior three taxable years; and (3) determines his or her current year section 1 tax liability by determining the sum of (a) his or her current year section 1 liability without the elected farm income allocated to the three prior taxable years plus (b) the increases in the section 1 tax for each of the three prior taxable years by taking into account the allocable share of the elected farm income for such years. If a taxpayer elects the operation the provision for a taxable year, the allocation of elected farm income among taxable years pursuant to the election shall apply for purposes of any election in a subsequent taxable year.

The provision does not apply for employment tax purposes, or to an estate or a trust. Further, the provision does not apply for purposes of the alternative minimum tax under section 55. Finally, the provision does not require the recalculation of the tax liability of any other taxpayer, including a minor child required to use the tax rates of his or her parents under section 1(g).

The election shall be made in the manner prescribed by the Secretary of the Treasury and, except as provided by the Secretary, shall be irrevocable. In addition, the Secretary of the Treasury shall prescribe such regulations as are necessary to carry out the purposes of the provision, including regulations regarding the order and manner in which items of income, gain, deduction, loss, and credits (and any limitations thereon) are to be taken into account for purposes of the provision and the application of the provision to any short taxable year. It is expected that such regulations will deny the multiple application of items that carryover from one taxable year to the next (e.g., net operating loss or tax credit carryovers).

The provision applies to taxable years beginning after December 31, 1997, and before January 1, 2001.

32. Intercity Passenger Rail Fund; Elective carryback of existing net operating losses of the National Railroad Passenger Corporation (Amtrak) (sec. 702 of the Senate amendment)

Present Law

In addition to current transportation-related trust fund fuels excise taxes, there is a permanent 4.3-cents-per-gallon General Fund excise tax on transportation fuels.

Generally, net operating losses may be carried back to the three taxable years preceding the year of loss (10 taxable years preceding the year of loss in certain circumstances).

House Bill

No provision.

Senate Amendment

The Senate amendment dedicates net revenues from 0.5 cent per gallon of the 4.3-cents-

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which usually (1) the wagers are placed, (2) the winners are determined, and (3) the distribution of prizes or other property is made in the presence of all persons placing wagers in such game (sec. 513(f)(2)). See *Julius M. Israel Lodge of B'nai B'rith v. Comm'r*, No. 96-60087 (Fifth Cir., October 25, 1996) (holding that "instant bingo" game did not fall within sec. 513(f) exemption, because each player's participation in the game is wholly independent of any other's and requires only that the player remove a pull-tab to determine whether he or she has a winning card).

[61] In 1978, at the same time that Congress enacted section 513(f), section 527 was modified to provide that bingo income of political organizations is to be treated as "exempt function income" and, thus, not subject to Federal income tax if such income is used for certain political purposes (sec. 527(c)(3)(D)).

[62] In addition, section 311 of the Deficit Reduction Act of 1984 (as modified by the Tax Reform Act of 1986) provides a special, off-Code exemption from the UBIT for games of chance conducted by nonprofit organizations in the State of North Dakota.

[63] See IRS, *Exempt Organizations: Technical Instruction Program for FY 1996* (Training 4277-048 (7-95)) at page 96.

per gallon transportation motor fuels excise tax to a new Intercity Passenger Rail Fund ("Rail Fund") to finance capital improvements of National Railroad Passenger Corporation (Amtrak) and certain transportation activities in States not receiving Amtrak service. Dedicated revenues are those from fuels taxes imposed from October 1, 1997 through April 15, 2001.

The Senate amendment also expands the purposes for which non-Amtrak States may use Rail Fund monies to include: (1) local transit needs such as transportation for the elderly and handicapped; (2) rail/highway crossing safety projects (generally financed through the Highway Trust Fund); (3) certain capital expenditures of smaller freight railroads; and (4) certain rural airport capital expenditures.

Amounts received from the Rail Fund are not included in income. No tax deduction or addition to basis is allowed by the recipient with respect to expenditure of the amount.

Rail Fund spending is subject to appropriation, and is provided for under provisions of the Fiscal Year 1998 Budget Resolution.

Effective date.—The provision is effective on the date of enactment.

Conference Agreement

The conference agreement follows the approach of the Senate amendment with modifications. The conference agreement provides elective procedures that allows Amtrak to consider the tax attributes of its predecessors, those railroads that were relieved of their responsibility to provide intercity rail passenger service as a result of the Rail Passenger Service Act of 1970, in the use of its net operating losses. The benefit allowable under these procedures is limited to the least of: (1) 35 percent of Amtrak's existing qualified carryovers, (2) the net tax liability for the carryback period, or (3) $2,323,000,000. One half of the amount so calculated will be treated as a payment of the tax imposed by chapter 1 of the Internal Revenue Code of 1986 for each of the first two taxable years ending after the date of enactment.

The existing qualified carryovers are the net operating loss carryovers that are available under section 172(b) in Amtrak's first taxable year ending after September 30, 1997. The net tax liability for the carryback period is the aggregate of the net tax liability of Amtrak's railroad predecessors for all taxable years beginning before January 1, 1971, for which there is a net Federal tax liability. Amtrak's railroad predecessors are those railroads that were relieved of their responsibility to provide intercity rail passenger service as a result of the Rail Passenger Service Act of 1970, and their predecessors. In the case of a railroad predecessor who joined in the filing of a consolidated tax return, the net tax liability of the predecessor will be the net tax liability of the consolidated group.

The net operating losses of Amtrak are required to be reduced by an amount equal to the amount obtained by Amtrak under this provision, divided by 0.35. The Secretary of the Treasury is to adjust, as he deems appropriate, the tax account of each predecessor railroad for the carryback period to reflect the utilization of the net operating losses. The amount of the adjustment is equal to the amount of the benefit and is to be taken into consideration on the tax accounts of the predecessor railroads on a first-in, first-out basis, starting with balances for the earliest year for which any predecessor railroad has a net tax liability. No additional refund to any taxpayer other than Amtrak is to be allowed as a result of these adjustments.

The availability of the elective procedures is conditioned on Amtrak (1) agreeing to make payments of one percent (1%) of the amount it receives to each of the non-Amtrak States to offset certain transportation related expenditures and (2) using the balance for certain qualified expenses. Non-Amtrak States are those States that are not receiving Amtrak service at any time during the period beginning on the date of enactment and ending on the date of payment.

No deduction is allowed with respect to any qualified expense whose payment is attributable to the proceeds made available as a result of this provision. The basis of any property must be reduced by the portion of its cost that is attributable to such proceeds. An item of cost or expense is attributable to such proceeds if it is (1) paid from the proceeds of the refund or (2) to the extent the principal and interest of any borrowings are paid from the proceeds of the refund, from the proceeds of such borrowings.

Amtrak's earnings and profits will be increased by the amount of the refund. However, the conferees expect that this amount will not be included in adjusted current earnings for alternative minimum tax purposes, consistent with Treas. Reg. sec. 1.56(g)–1(c)(4)(ii).

Effective date.—The provision is effective on the date of enactment. However, no refund shall be made as a result of this provision earlier than the date of enactment of Federal legislation which authorizes reforms of Amtrak. No interest shall accrue with respect to the payment of any refund until 45 days after the later of (1) the enactment of such reform legislation, or (2) the filing by Amtrak of a Federal income tax return which includes the election to use the procedures described in this provision.

X. REVENUE-INCREASE PROVISIONS

A. Financial Products

1. Require recognition of gain on certain appreciated financial positions in personal property (sec. 1001(a) of the House bill and sec. 801(a) of the Senate amendment)

Present Law

In general, gain or loss is taken into account for tax purposes when realized. Gain or loss generally is realized with respect to a capital asset at the time the asset is sold, exchanged. or otherwise disposed of. Special rules under the Code can defer or accelerate recognition in certain circumstances. Transactions designed to reduce or eliminate risk of loss, such as a "short sale against the box," or an "equity swap," generally do not cause realization.

House Bill

The House bill requires recognition of gain (but not loss) upon a constructive sale of any "appreciated financial position" in stock, a partnership interest or debt other than certain "straight" debt instruments (as defined in sec. 1361(c)(5)(B)). A constructive sale occurs when the taxpayer enters into one of the following transactions with respect to the same or substantially identical property: (1) a short sale, (2) an offsetting notional principal contract, or (3) a futures or forward contact. For a taxpayer who has one of these transactions, a constructive sale occurs when it acquires the related long position. Other transactions will be treated as constructive sales to the extent provided in Treasury regulations.

The House bill provides an exception for transactions that are closed before the end of the 30th day after the close of the taxable year. This exception does not apply to transactions closed during the 90-day period ending on such day unless, for the 60 days after closing, (1) the taxpayer holds the appreciated financial position and (2) at no time is the taxpayer's risk of loss reduced by holding certain other positions.

Effective date.—The constructive sale provision is effective for constructive sales entered into after June 8, 1997. In the case of a decedent dying after June 8, 1997, if (1) a constructive sale occurred before such date, (2) the transaction remains open for not less than two years, and (3) the transaction is not closed in a taxable transaction within 30 days after the date of enactment, all positions comprising the constructive sale will be treated as property constituting rights to receive income in respect of a decedent under section 691. A special rule is also provided for transactions entered into before June 8, 1997, that in some circumstances prevents such transactions from resulting in constructive sales after the effective date.

Senate Amendment

The Senate amendment is the same as the House bill with two modifications. Under the Senate amendment, the types of debt instruments excluded from the definition of "appreciated financial position" are instruments that are not convertible and the interest on which is either fixed, payable at certain variable rates or based on certain interest payments on a pool of mortgages. In addition, the Senate amendment provides an exception for transactions closed during the 90-day period ending on the 30th day after the close of the taxable year that are reestablished during such period, so long as the normal requirements for positions closed within such 90-day period are met by the reestablished position.

Conference Agreement

The conference agreement follows the Senate amendment with the following modifications..

A trust instrument that is actively traded is generally treated as stock for purposes of determining whether the instrument is an appreciated financial position. The conference agreement provides that a trust instrument will not be treated as stock if substantially all (by value) of the property held by the trust is debt that qualifies for the exception to the definition of appreciated financial position for certain debt instruments. In addition, the conference agreement clarifies that only debt instruments that entitle the holder to receive an unconditional principal amount qualify for the exception.

The conference agreement modifies the exception to constructive sale treatment for transactions that are closed in the 90-day period ending with the 30th day after the close of the taxable year by applying similar requirements to all transactions closed prior to such day. Under the conference agreement, the exception is available only if, for the 60 days after closing a transaction, (1) the taxpayer holds the appreciated financial position and (2) at no time is the taxpayer's risk of loss reduced by holding certain other positions. If a transaction that is closed is reestablished in a substantially similar position, the exception applies provided that the reestablished position is closed prior to the end of the 30th day after the close of the taxable year and the above two requirements are met after such closing.

The conferees also wish to clarify some aspects of the application of the provision. The conferees do not intend that an agreement that is not a contract for purposes of applicable contract law will be treated as a forward contract. Thus, contingencies to which the contract is subject will generally be taken into account.

The conferees intend that the constructive sale provision generally will apply to transactions that are identified hedging or straddle transactions under other Code provisions (secs. 1092(a)(2), (b)(2) and (e), 1221 and 1256(e)). Where either position in such an identified transaction is an appreciated financial position and a constructive sale of such position results from the other position, the conferees intend that the constructive sale will be treated as having occurred immediately before the identified transaction. The constructive sale will not, however, prevent qualification of the transaction as an identified hedging or straddle transaction. Where, after the establishment of such an identified transaction, there is a constructive sale of either position in the transaction, gain will generally be recognized and accounted for under the relevant hedging or straddle provision. However, the conferees intend that future Treasury regulations may except certain transactions from the constructive sale provision where the gain recognized would be deferred under an identified hedging or straddle provision (e.g. Treas. reg. sec. 1.446-4(b)).

The conferees wish to clarify certain other aspects of the Treasury's regulatory authority under the provision. The conferees urge that the Treasury issue prompt guidance, including safe harbors, with respect to common transactions entered into by taxpayers.

The legislative history to both the House bill and the Senate amendment describe "collar" transactions and recommend that Treasury regulations provide standards for determining which collar transactions result in constructive sales. The conferees expect that these Treasury regulations with respect to collars will be applied prospectively, except in cases to prevent abuse.

The legislative history states that, under the regulations to be issued by the Treasury, either a taxpayer's appreciated financial position or an offsetting transaction may in certain circumstances be considered on a disaggregated basis for purposes of the constructive sale determination. The conferees wish to clarify that this authority is intended to be used only where such disaggregated treatment reflects the economic reality of the transaction and is administratively feasible. For example, one transaction for which disaggregated treatment might be appropriate is an equity swap that references a small group of stocks, where the transaction is entered into by a taxpayer owning only one of the stocks.[1]

Effective date.—The conference agreement modifies the special rule for decedents dying after June 8, 1997, to require that a position be open at some time during the three-year period ending on the decedent's death. Thus, no amount will be treated as income in respect of a decedent under the rule unless this requirement is met, as well as the requirements that the transaction remains open for not less than two years and that the transaction is not closed within 30 days after the date of enactment. Finally, the conference agreement modifies the special rule to provide that gain with respect to a position that accrues after the transaction is closed will not be included in income in respect of a decedent.

2. Election of mark-to-market for securities traders and for traders and dealers in commodities (sec. 1001(b) of the House bill and sec. 801(b) of the Senate amendment)

Present Law

A dealer in securities must compute its income pursuant to the mark-to-market method of accounting. Mark-to-market treatment does not apply to traders in securities or dealers in other property.

House Bill

The House bill allows securities traders and commodities traders and dealers to elect mark-to-market accounting similar to that currently required for securities dealers. All securities held by an electing taxpayer in connection with a trade or business as a securities trader, and all commodities held by an electing taxpayer in connection with a trade or business as a commodities dealer or trader, are subject to mark-to-market treatment. Property not held in connection with its trade or business is not subject to the election provided that it is identified by the taxpayer under rules similar to the present law rules for securities dealers. Gain or loss recognized by an electing taxpayer under the provision is ordinary gain or loss.

Under the House bill, commodities for purposes of the provision would include only commodities of a kind customarily dealt in on an organized commodities exchange.

Effective date.—The election applies to taxable years ending after the date of enactment.

Senate Amendment

The Senate amendment is the same as the House bill.

Conference Agreement

The conference agreement follows the House bill and Senate amendment with the following modifications.

The conference agreement clarifies that if a securities trader elects application of the provision, all securities held in connection with its trade or business will generally be subject to mark-to-market accounting. An exception is provided for securities that have no connection with activities as a trader and that are identified on the day acquired (or at such other times as provided in Treasury regulations). The conferees do not intend that an electing taxpayer can mark-to-market loans made to customers or receivables or debt instruments acquired from customers that are not received or acquired in connection with a trade or business as a securities trader. Because the conferees are concerned about issues of taxpayer selectivity, the conferees intend that an electing taxpayer must be able to demonstrate by clear and convincing evidence that a security bears no relation to activities as a trader in order to be identified as not subject to the mark-to-market regime. Any security that hedges another security that is held in connection with the taxpayer's trade or business as a trader will be treated as so held. Any position that is properly subject to the mark-to-market regime will not be taken into account for purposes of the constructive sale rules of section 1259. Similar rules apply to commodities traders.

The conference agreement expands the definition of a commodity for purposes of the provision to include any commodity that is actively traded (within the meaning of section 1092(d)(1)), any option, forward contract, futures contract, short position, notional principal contract or derivative instrument that references such a commodity, and any other evidence of an interest in such a commodity. Also included are positions that hedge the listed items and that are identified by the taxpayer under rules similar to the rules for securities.

The conferees anticipate that Treasury regulations applying section 475(b)(4), which prevents a dealer from treating certain notional principal contracts and other derivative financial instruments as held for investment, will in the case of a commodities trader or dealer apply only to contracts and instruments referenced to commodities.

Effective date.—The conferees wish to clarify that the special rule with respect to the section 481 adjustment applies only to taxpayers making the election for the taxable year which includes the date of enactment. Any elections made thereafter will be governed by rules and procedures established by the Secretary of the Treasury.

3. Limitation on exception for investment companies under section 351 (sec. 1002 of the House bill and sec. 802 of the Senate amendment)

Present Law

Gain or loss is recognized upon a contribution by a shareholder to a corporation that is an investment company. Gain, but not loss, is recognized upon a contribution by a partner to a partnership that would be treated as an investment company. Under Treasury regulations, a contribution of property is treated as made to an investment company only if (1) the contribution results, directly or indirectly, in a diversification of the transferor's interest and (2) the transferee is (a) a regulated investment company ("RIC"), (b) a real estate investment trust ("REIT") or (c) a corporation more than 80 percent of the assets of which by value (excluding cash and non- convertible debt instruments) are readily marketable stocks or securities or interests in RICs or REITs that are held for investment

House Bill

The House bill modifies the definition of an investment company by requiring that the following assets also be taken into account for purposes of the 80-percent test: money, financial instruments, foreign currency, and interests in RICs, REITs, common trust funds, publicly-traded partnerships and precious metals. The House bill provides an exception for precious metals that are produced, used or held in an active trade or business by a partnership. The House bill also provides "look through" rules for certain entities that hold the above-listed items.

Effective date.—The provision is effective for transfers after June 8, 1997, in taxable years ending after such date, with an exception for transfers pursuant to certain binding written contracts in effect on that date.

Senate Amendment

The Senate amendment follows the House bill, but clarifies that equity interests in non-corporate entities will be taken into account for purposes of the investment company determination only if (1) the entity is a REIT, publicly-traded partnership or common trust fund, (2) the interest is convertible into or exchangeable for one of the other listed assets or (3) the entity holds listed assets and is subject to the "look-through" rules. The Senate amendment also clarifies that the exception for precious metals used or held in an active trade or business applies to both corporations and partnerships. The Senate amendment deletes the exception for precious metals that are produced by a partnership. The Senate amendment also provides the Treasury with regulatory authority to remove items from the list in appropriate circumstances.

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[1] A standard similar to that of Treas. reg. sec. 1.246-5 would be appropriate for determining whether the relationship between the stock held and the group of stocks shorted is sufficient for constructive sale purposes.

Conference Agreement

The conference agreement is the same as the Senate amendment.

4. Disallowance of interest on indebtedness allocable to tax-exempt obligations (sec. 1003 of the House bill)

Present Law

In general

Present law disallows a deduction for interest on indebtedness incurred or continued to purchase or carry obligations the interest on which is not subject to tax (tax-exempt obligations) (sec. 265). This rule applies to tax-exempt obligations held by individual and corporate taxpayers. The rule also applies to certain cases in which a taxpayer incurs or continues indebtedness and a related person acquires or holds tax-exempt obligations.[2]

Application to non-financial corporations

General guidelines.—In Rev. Proc. 72-18, 1972-1 C.B. 740, the IRS provided guidelines for application of the disallowance provision to individuals, dealers in tax-exempt obligations, other business enterprises, and banks in certain situations. Under Rev. Proc. 72-18, a deduction is disallowed only when indebtedness is incurred or continued for the purpose of purchasing or carrying tax-exempt obligations.

This purpose may be established either by direct or circumstantial evidence. Direct evidence of a purpose to purchase tax-exempt obligations exists when the proceeds of indebtedness are directly traceable to the purchase of tax-exempt obligations or when such obligations are used as collateral for indebtedness. In the absence of direct evidence, a deduction is disallowed only if the totality of facts and circumstances establishes a sufficiently direct relationship between the borrowing and the investment in tax-exempt obligations.

Two-percent de minimis exception.—In the case of an individual, interest on indebtedness generally is not disallowed if during the taxable year the average adjusted basis of the tax-exempt obligations does not exceed 2 percent of the average adjusted basis of the individual's portfolio investments and trade or business assets. In the case of a corporation other than a financial institution or a dealer in tax-exempt obligations, interest on indebtedness generally is not disallowed if during the taxable year the average adjusted basis of the tax-exempt obligations does not exceed 2 percent of the average adjusted basis of all assets held in the active conduct of the trade or business. These safe harbors are inapplicable to financial institutions and dealers in tax-exempt obligations.

Interest on installment sales to State and local governments.—If a taxpayer sells property to a State or local government in exchange for an installment obligation, interest on the obligation may be exempt from tax. Present law has been interpreted to not disallow interest on a taxpayer's indebtedness if the taxpayer acquires nonsalable tax-exempt obligations in the ordinary course of business in payment for services performed for, or goods supplied to, State or local governments.[3]

Application to financial corporations and dealers in tax-exempt obligations

In the case of a financial institution, the allocation of the interest expense of the financial institution (which is not otherwise allocable to tax-exempt obligations) is based on the ratio of the average adjusted basis of the tax-exempt obligations acquired after August 7, 1987, to the average adjusted basis of all assets of the taxpayer (sec. 265). In the case of an obligation of an issuer which reasonably anticipates to issue not more than $10 million of tax-exempt obligations (other than certain private activity bonds) within a calendar year (the "small issuer exception"), only 20 percent of the interest allocable to such tax-exempt obligations is disallowed (sec. 291(a)(3)). A similar pro rata rule applies to dealers in tax-exempt obligations, but there is no small issuer exception, and the 20-percent disallowance rule does not apply (Rev. Proc. 72-18).

Treatment of insurance companies

Present law provides that a life insurance company's deduction for additions to reserves is reduced by a portion of the company's income that is not subject to tax (generally, tax-exempt interest and deductible intercorporate dividends) (secs. 807 and 812). The portion by which the life insurance company's reserve deduction is reduced is related to its earnings rate. Similarly, in the case of property and casualty insurance companies, the deduction for losses incurred is reduced by a percentage (15 percent) of (1) the insurer's tax-exempt interest and (2) the deductible portion of dividends received (with special rules for dividends from affiliates) (sec. 832(b)(5)(B)). If the amount of this reduction exceeds the amount otherwise deductible as losses incurred, the excess is includible in the property and casualty insurer's income.

House Bill

General rule

The House bill extends to all corporations (other than insurance companies) the rule that applies to financial institutions that disallows interest deductions of a taxpayer (that are not otherwise disallowed as allocable under present law to tax-exempt obligations) in the same proportion as the average basis of its tax-exempt obligations bears to the average basis of all of the taxpayer's assets. However, the House bill does not extend the small-issuer exception to taxpayers which are not financial institutions.

Exceptions

The House bill does not apply to nonsalable tax-exempt debt acquired by a corporation in the ordinary course of business in payment for goods or services sold to a State or local government. In addition, the House bill provides a de minimis exception under which the disallowance rule does not apply to corporations, other than financial institutions and dealers in tax-exempt obligations, if the average adjusted basis of tax-exempt obligations acquired after August 7, 1986, is less than the lesser of $1 million or 2 percent of the basis of all of the corporation's assets. Under the House bill, insurance companies are not subject to the pro rata rule but would continue to be subject to present law.

Holdings by related persons

The House bill applies the interest disallowance provision to all related persons that are members of the same consolidated group as if all the members of the group were a single taxpayer. The consolidated group rule is to be applied without regard to any member that is an insurance company. In the case of affiliated corporations that are not members of the same consolidated group, tracing rules apply as if all of the related persons are a single entity.

In the case of a corporation (other than a financial institution) that is a partner in a partnership, the corporate partners are treated as holding their allocable shares of all of the assets of the partnership.

The provision is not intended to affect the application of section 265 to related parties under present law.

Effective date.—The provision is effective for taxable years beginning after the date of enactment with respect to obligations acquired after June 8, 1997.

Senate Amendment

No provision.

Conference Agreement

The conference agreement does not include the provision of the House bill.

5. Gains and losses from certain terminations with respect to property (sec. 1004 of the House bill and sec. 803 of the Senate amendment)

Present Law

Extinguishment treated as sale or exchange.—The definition of capital gains and losses in section 1222 requires that there be a "sale or exchange" of a capital asset. Court decisions interpreted this requirement to mean that when a disposition is not a sale or exchange of a capital asset, for example, a lapse, cancellation, or abandonment, the disposition produces ordinary income or loss.[4] Under a special provision, gains and losses attributable to the cancellation, lapse, expiration, or other termination of a right or obligation with respect to certain personal property are treated as gains or losses from the sale of a capital asset (sec. 1234A). Personal property subject to this rule is (1) personal property (other than stock that is not part of straddle or of a corporation that is not formed or availed of to take positions which offset positions in personal property of its shareholders) of a type which is actively traded and which is, or would be on acquisition, a capital asset in the hands of the taxpayer and (2) a "section 1256 contract"[5] which is capital asset in the hands of the taxpayer. Section 1234A does not apply to the retirement of a debt instrument.

Character of gain on retirement of debt obligations.—Amounts received on the retirement of any debt instrument are treated as amounts received in exchange therefor (sec. 1271(a)(1)). In addition, gain on the sale or exchange of a debt instrument with OID[6] generally is treated as ordinary income to the

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[2] Code section 7701(f) (as enacted in the Deficit Reduction Act of 1984 (sec. 53(c) of P.L. 98-369)) provides that the Treasury Secretary shall prescribe such regulations as may be necessary or appropriate to prevent the avoidance of any income tax rules which deal with linking of borrowing to investment or diminish risk through the use of related persons, pass-through entities, or other intermediaries.

[3] *R.B. George Machinery Co.*, 26 B.T.A. 594 (1932) acq. C.B. XI-2, 4; Rev. Proc. 72-18, as modified by Rev. Proc. 87-53, 1987-2 C.B. 669.

[4] See *Fairbanks* v. *U.S.*, 306 U.S. 436 (1039); *Comm'r* v. *Pittston Co.*, 252 F. 2d 344 (2nd Cir.), cert. denied, 357 U.S. 919 (1958).

[5] A "section 1256 contract" means (1) any regulated futures contract, (2) foreign currency contract, (3) nonequity option, or (4) dealer equity option.

[6] The issuer of a debt instrument with OID generally accrues and deducts the discount, as interest, over the life of the obligation even though the amount of such interest is not paid until the debt matures. The holder of such a debt instrument also generally includes the OID in income as it accrues as interest. The mandatory inclusion of OID in income does not apply, among other exceptions, to

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extent of its OID if there was an intention at the time of its issuance to call the debt instrument before maturity (sec. 1271(a)(2)). These rules do not apply to (1) debt issued by a natural person or (2) debt issued before July 2, 1982, by a noncorporate or nongovernment issuer.

House Bill

Extension of relinquishment rule to all types of property.—The House bill extends the rule which treats gain or loss from the cancellation, lapse, expiration, or other termination of a right or obligation which is (or on acquisition would be) a capital asset in the hands of the taxpayer to all types of property.

Character of gain on retirement of debt obligations issued by natural persons.—The House bill repeals the provision that exempts debt obligations issued by natural persons from the rule which treats gain realized on retirement of the debt as exchanges. Thus, under the House bill, gain or loss on the retirement of such debt will be capital gain or loss if the debt is a capital asset. The House bill retains the present-law exceptions for debt issued before July 2, 1982, by noncorporations or nongovernments.

Effective date.—The extension of the extinguishment rule applies to property acquired or positions established 30 days after the date of enactment. The repeal of the exception to the character of gain on retirement of debt instruments issued by natural persons or obligations issued before July 2, 1982, applies to debt issued or purchased after June 8, 1997.

Senate Amendment

The Senate amendment is the same as the House bill, except for the effective date.

Effective date.—The extension of the extinguishment rule applies to property acquired or positions established 30 days after the date of enactment. The repeal of the exception to the character of gain on retirement of debt instruments issued by natural persons or obligations issued before July 2, 1982, applies to debt issued or purchased (within the meaning of section 1272(d)(1)) after June 8, 1997. Thus, the repeal of the exception to the character of gain on retirement of debt instruments issued by natural persons or obligations issued before July 2, 1982, does not apply to transfers after June 8, 1997, where the basis of the debt instrument to the transferee is determined in whole or in part by reference to the adjusted basis of that instrument in the hands of the transferor (i.e., the basis to the transferee is a carryover basis). However, the repeal of the except to the character of gain on retirement of debt instruments issued by natural person applies to any debt instruments issued after June 8, 1997.

Conference Agreement

The conference agreement generally follows the Senate amendment.

In addition, the conference agreement provides that if a taxpayer enters into a short sale of property and such property becomes substantially worthless, the taxpayer shall recognize gain as if the short sale were closed when the property becomes substantially worthless. The conference agreement also extends the statute of limitations with respect to such gain recognition to the earlier of: (1) three years after the Treasury Secretary is notified that the position has become substantially worthless; or (2) six years after the date of filing of the income tax return for the taxable year during which the position became substantially worthless. To the extent provided in Treasury regulations, similar gain recognition rules shall apply to any option with respect to property, any offsetting notional principal contract with respect to property, any futures or forward contract to deliver property, or with respect to any similar transaction or position that becomes substantially worthless. The provision applies to property that becomes substantially worthless after the date of enactment of the Act. No inference is intended as to the proper treatment of these or similar transactions or positions under present law.

6. Determination of original issue discount where pooled debt obligations subject to acceleration (sec. 1005 of the House bill)

Present Law

Inclusion of interest income, in general

A taxpayer generally must include in gross income the amount of interest received or accrued within the taxable year on indebtedness held by the taxpayer. If the principal amount of an indebtedness may be paid without interest by a specified date (as is the case with certain credit card balances), under present law, the holder of the indebtedness is not required to accrue interest until after the specified date has passed.

Original issue discount

The holder of a debt instrument with original issue discount ("OID") generally accrues and incudes in gross income, as interest, the OID over the life of the obligation, even though the amount of the interest may not be received until the maturity of the instrument.

Special rules for determining the amount of OID allocated to a period apply to certain instruments that may be subject to prepayment. First, if a borrower can reduce the yield on a debt by exercising a prepayment option, the OID rules assume that the borrower will prepay the debt. In addition, in the case of (1) any regular interest in a REMIC, (2) qualified mortgages held by a REMIC, or (3) any other debt instrument if payments under the instrument may be accelerated by reason of prepayments of other obligations securing the instrument, the daily portions of the OID on such debt instruments are determined by taking into account an assumption regarding the prepayment of principal for such instruments.

House Bill

The bill applies the special OID rule applicable to any regular interest in a REMIC, qualified mortgages held by a REMIC, or certain other debt instruments to any pool of debt instruments the yield on which may be reduced by reason of prepayments. Thus, under the bill, if a taxpayer holds a pool of credit card receivables that require interest to be paid if the borrowers do not pay their accounts by a specified date, the taxpayer would be required to accrue interest or OID on such pool based upon a reasonable assumption regarding the timing of the payments of the accounts in the pool. In addition, the Secretary of the Treasury is authorized to provide appropriate exemptions from the provision, including exemptions for taxpayers that hold a limited amount of debt instruments, such as small retailers.

Effective date.—The provision is effective for taxable years beginning after the date of enactment. If a taxpayer is required to change its method of accounting under the bill, such change would be treated as initiated by the taxpayer with the consent of the Secretary of the Treasury and any section 481 adjustment would be included in income ratably over a four-year period. It is understood that some taxpayers presently use a method of accounting similar to the method required to be used under the bill and have asked the Secretary of the Treasury for permission to change to a different method for pre-effective date years. So as not to require taxpayers to change methods of accounting multiple times, it is expected that the Secretary would not grant these pending requests.

Senate Amendment

No provision.

Conference Agreement

The conference agreement generally follows the House bill, with modifications. The conference agreement applies to any pool of debt instruments the yield on which may be affected by reason of prepayments. In addition, the conferees wish to clarify that it is within the discretion of the Secretary of the Treasury to grant changes of methods of accounting that are pending for pre-effective date years.

7. Deny interest deduction on certain debt instruments (sec. 1006 of the House bill)

Present Law

Whether an instrument qualifies for tax purposes as debt or equity is determined under all the facts and circumstances based on principles developed in case law. If an instrument qualifies as equity, the issuer generally does not receive a deduction for dividends paid and the holder generally includes such dividends in income (although corporate holders generally may obtain a dividends-received deduction of at least 70 percent of the amount of the dividend). If an instrument qualifies as debt, the issuer may receive a deduction for accrued interest and the holder generally includes interest in income, subject to certain limitations.

Original issue discount ("OID") on a debt instrument is the excess of the stated redemption price at maturity over the issue price of the instrument. An issuer of a debt instrument with OID generally accrues and deducts the discount as interest over the life of the instrument even though interest may not be paid until the instrument matures. The holder of such a debt instrument also generally includes the OID in income on an accrual basis.

House Bill

Under the House bill, no deduction is allowed for interest or OID on an instrument issued by a corporation (or issued by a partnership to the extent of its corporate partners) that is payable in stock of the issuer or a related party (within the meaning of sections 267(b) and 707(b)), including an instrument a substantial portion of which is mandatorily convertible or convertible at the issuer's option into stock of the issuer or a related party. In addition, an instrument is to be treated as payable in stock if a substantial portion of the principal or interest is required to be determined, or may be determined at the option of the issuer or related party, by reference to the value of stock of the issuer or related party. An instrument also is treated as payable in stock if it is part of an arrangement designed to result in such payment of the instrument with or by reference to such stock, such as in the case of certain issuances of a forward contract in connection with the issuance of debt, nonrecourse debt that is secured principally by such stock, or certain debt instruments that are convertible at the holder's

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debt obligations issued by natural persons before March 2, 1984, and loans of less than $10,000 between natural persons if such loan is not made in the ordinary course of business of the lender (secs. 1272(a)(2)(D) and (E)).

option when it is substantially certain that the right will be exercised. For example, it is not expected that the provision will affect debt with a conversion feature where the conversion price is significantly higher than the market price of the stock on the issue date of the debt. The House bill does not affect the treatment of a holder of an instrument.

The House bill is not intended to affect the characterization of instruments as debt or equity under present law; and no inference is intended as to the treatment of any instrument under present law.

Effective date.—The provision is effective for instruments issued after June 8, 1997, but will not apply to such instruments (1) issued pursuant to a written agreement which was binding on such date and at all times thereafter, (2) described in a ruling request submitted to the Internal Revenue Service on or before such date, or (3) described in a public announcement or filing with the Securities and Exchange Commission on or before such date.

Senate Amendment

No provision.

Conference Agreement

The conference agreement follows the House bill. The conference agreement clarifies that for purposes of the provision, principal or interest shall be treated as required to be paid in, converted to, or determined with reference to the value of equity if it may be so required at the option of the holder or a related party and there is a substantial certainty that the option will be exercised.

B. Corporate Organizations and Reorganizations

1. Require gain recognition for certain extraordinary dividends (sec. 1011 of the House bill and sec. 811 of the Senate amendment)

Present Law

A corporate shareholder generally can deduct at least 70 percent of a dividend received from another corporation. This dividends received deduction is 80 percent if the corporate shareholder owns at least 20 percent of the distributing corporation and generally 100 percent if the shareholder owns at least 80 percent of the distributing corporation.

Section 1059 of the Code requires a corporate shareholder that receives an "extraordinary dividend" to reduce the basis of the stock with respect to which the dividend was received by the nontaxed portion of the dividend. Whether a dividend is "extraordinary" is determined, among other things, by reference to the size of the dividend in relation to the adjusted basis of the shareholder's stock. Also, a dividend resulting from a non pro rata redemption or a partial liquidation is an extraordinary dividend. If the reduction in basis of stock exceeds the basis in the stock with respect to which an extraordinary dividend is received, the excess is taxed as gain on the sale or disposition of such stock, but not until that time (sec. 1059(a)(2)). The reduction in basis for this purpose occurs immediately before any sale or disposition of the stock (sec. 1059(d)(1)(A)). The Treasury Department has general regulatory authority to carry out the purposes of the section.

Except as provided in regulations, the extraordinary dividend provisions do not apply to result in a double reduction in basis in the case of distributions between members of an affiliated group filing consolidated returns, where the dividend is eliminated or excluded under the consolidated return regulations. Double inclusion of earnings and profits (i.e., from both the dividend and from gain on the disposition of stock with a reduced basis) also should generally be prevented.[7] Treasury regulations provide for application of the provision when a corporation is a partner in a partnership that receives a distribution.[8]

In general, a distribution in redemption of stock is treated as a dividend, rather than as a sale of the stock, if it is essentially equivalent to a dividend (sec. 302). A redemption of the stock of a shareholder generally is essentially equivalent to a dividend if it does not result in a meaningful reduction in the shareholder's proportionate interest in the distributing corporation. Section 302(b) also contains several specific tests (e.g., a substantial reduction computation and a termination test) to identify redemptions that are not essentially equivalent to dividends. The determination whether a redemption is essentially equivalent to a dividend includes reference to the constructive ownership rules of section 318, including the option attribution rules of section 318(a)(4). The rules relating to treatment of cash or other property received in a reorganization contain a similar reference (sec. 356(a)(2)).

House Bill

Under the House bill, except as provided in regulations, a corporate shareholder recognizes gain immediately with respect to any redemption treated as a dividend (in whole or in part) when the nontaxed portion of the dividend exceeds the basis of the shares surrendered, if the redemption is treated as a dividend due to options being counted as stock ownership.[9]

In addition, the House bill requires immediate gain recognition whenever the basis of stock with respect to which any extraordinary dividend was received is reduced below zero. The reduction in basis of stock would be treated as occurring at the beginning of the ex-dividend date of the extraordinary dividend to which the reduction relates.

Reorganizations or other exchanges involving amounts that are treated as dividends under section 356 of the Code are treated as redemptions for purposes of applying the rules relating to redemptions under section 1059(e). For example, if a recapitalization or other transaction that involves a dividend under section 356 has the effect of a non pro rata redemption or is treated as a dividend due to options being counted as stock, the rules of section 1059 apply. Redemptions of shares, or other extraordinary dividends on shares, held by a partnership will be subject to section 1059 to the extent there are corporate partners (e.g., appropriate adjustments to the basis of the shares held by the partnership and to the basis of the corporate partner's partnership interest will be required).

Under continuing section 1059(g) of present law, the Treasury Department is authorized to issue regulations where necessary to carry out the purposes and prevent the avoidance of the provision.

Effective date.—The provision generally is effective for distributions after May 3, 1995, unless made pursuant to the terms of a written binding contract in effect on May 3, 1995 and at all times thereafter before such distribution, or a tender offer outstanding on May 3, 1995.[10] However, in applying the new gain recognition rules to any distribution that is not a partial liquidation, a non pro rata redemption, or a redemption that is treated as a dividend by reason of options, September 13, 1995 is substituted for May 3, 1995 in applying the transition rules.

No inference is intended regarding the tax treatment under present law of any transaction within the scope of the provision, including transactions utilizing options.

In addition, no inference is intended regarding the rules under present law (or in any case where the treatment is not specified in the provision) for determining the shares of stock with respect to which a dividend is received or that experience a basis reduction.

Senate Amendment

The Senate amendment is the same as the House bill.

Conference Agreement

The conference agreement follows the House bill and the Senate amendment.

2. Require gain recognition on certain distributions of controlled corporation stock (sec. 1012 of the House bill and sec. 812 of the Senate amendment)

Present Law

A corporation generally is required to recognize gain on the distribution of property (including stock of a subsidiary) as if such property had been sold for its fair market value. The shareholders generally treat the receipt of property as a taxable event as well. Section 355 of the Internal Revenue Code provides an exception to this rule for certain "spin-off" type distributions of stock of a controlled corporation, provided that various requirements are met, including certain restrictions relating to acquisitions and dispositions of stock of the distributing corporation ("distributing") or the controlled corporation ("controlled") prior and subsequent to a distribution.

In cases where the form of the transaction involves a contribution of assets to the particular controlled corporation that is distributed in connection with the distribution, there are specific Code requirements that distributing corporation's shareholders own "control" of the distributed corporation immediately after the distribution. Control is defined for this purpose as 80 percent of the voting power of all classes of stock entitled to vote and 80 percent of each other class of stock. (secs. 368(a)(1)(D), 368(c), and 351(a) and (c)). In addition, it is a requirement for qualification of any section 355 distribution that the distributing corporation distribute control of the controlled corporation (defined by reference to the same 80-percent test).[11] Present law has the effect of imposing more restrictive requirements on certain

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[7] See H. Rept. 99-841, II-166, 99th Cong. 2d Sess. (September 18, 1986).

[8] See Treas. reg. sec. 1.701-2(f), Example (2).

[9] Thus, for example, where a portion of such a distribution would not have been treated as a dividend due to insufficient earnings and profits, the rule applies to the portion treated as a dividend.

[10] Thus, for example, in the case of a distribution prior to the effective date, the provisions of present law would continue to apply, including the provisions of present-law sections 1059(a) and 1059(d)(1), requiring reduction in basis immediately before any sale or disposition of the stock, and requiring recognition of gain at the time of such sale or disposition.

[11] If a controlled corporation is acquired after a distribution, an issue may arise whether the acquisition can be viewed under step-transaction concepts as having occurred before the distribution, with the result that the distributing corporation would not be viewed as having distributed the necessary 80 percent control. The Internal Revenue Service has indicated that it will not rule on requests for section 355

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types of acquisitions or other transfers following a distribution if the company involved is the controlled corporation rather than the distributing corporation.

After a spin-off transaction, the amount of a stockholder's basis in the stock of the distributing corporation is generally allocated between the stock of distributing and controlled received by that shareholder, in proportion to their relative fair market values. (sec. 358(c); see Treas. reg. sec. 1.358–2). In the case of an affiliated group of corporations filing a consolidated return, this basis allocation rule generally eliminates any excess loss account in the stock of a controlled corporation that is distributed within the group, and its basis is generally determined with reference to the basis of the distributing corporation.[12]

The treatment of basis of the distributing and controlled corporations in a section 355 distribution differs from a distribution of stock that is not a qualified section 355 spin-off. In a non-qualified distribution within an affiliated group of corporations filing a consolidated return, not only is gain generally recognized (though deferred) on the excess of value over basis at the distributing corporation level, the basis of the distributing corporation's stock is increased by any gain recognized in the distribution (when that gain is taken into account under the relevant regulations), and reduced by the fair market value of the distribution if the distribution is within an affiliated group filing a consolidated return. The basis of the stock of the distributed corporation within the group is a fair market value basis. In the case of a distribution between members of an affiliated group that is not filing a consolidated return, the distribution causes a reduction of basis of the distributing corporation only to the extent it exceeds the earnings and profits of the distributing corporation or it is an extraordinary dividend.

House Bill

The House bill adopts additional restrictions under section 355 on acquisitions and dispositions of the stock of the distributing or controlled corporation.

Under the House bill, if, pursuant to a plan or arrangement in existence on the date of distribution, either the controlled or distributing corporation is acquired, gain is recognized by the other corporation as of the date of the distribution.

In the case of an acquisition of a controlled corporation, the amount of gain recognized by the distributing corporation is the amount of gain that the distributing corporation would have recognized had stock of the controlled corporation been sold for fair market value on the date of distribution. In the case of an acquisition of the distributing corporation, the amount of gain recognized by the controlled corporation is the amount of net gain that the distributing corporation would have recognized had it sold its assets for fair market value immediately after the distribution. This gain is treated as long-term capital gain. No adjustment to the basis of the stock or assets of either corporation is allowed by reason of the recognition of the gain.

Whether a corporation is acquired is determined under rules similar to those of present law section 355(d), except that acquisitions would not be restricted to "purchase" transactions. Thus, an acquisition occurs if one or more persons acquire 50 percent or more of the vote or value of the stock of the controlled or distributing corporation pursuant to a plan or arrangement. For example, assume a corporation ("P") distributes the stock of its wholly owned subsidiary ("S") to its shareholders. If, pursuant to a plan or arrangement, 50 percent or more of the vote or value of either P or S is acquired by one or more persons, the bill proposal requires gain recognition by the corporation not acquired. Except as provided in Treasury regulations, if the assets of the distributing or controlled corporation are acquired by a successor in a merger or other transaction under section 368(a)(1)(A), (C) or (D) of the Code, the shareholders (immediately before the acquisition) of the corporation acquiring such assets are treated as acquiring stock in the corporation from which the assets were acquired. Under Treasury regulations, other asset transfers also could be subject to this rule. However, in any transaction, stock received directly or indirectly by former shareholders of distributing or controlled, in a successor or new controlling corporation of either, is not be treated as acquired stock if it is attributable to such shareholders' stock in distributing or controlled that was not acquired as part of a plan or arrangement to acquire 50 percent or more of such successor or other corporation.

Acquisitions occurring within the four-year period beginning two years before the date of distribution are presumed to have occurred pursuant to a plan or arrangement. Taxpayers can avoid gain recognition by showing that an acquisition occurring during this four-year period was unrelated to the distribution.

The House bill does not apply to distributions that would otherwise be subject to section 355(d) of present law, which imposes corporate level tax on certain disqualified distributions.

The House bill does not apply to a distribution pursuant to a title 11 or similar case.

The Treasury Department is authorized to prescribe regulations as necessary to carry out the purposes of the proposal, including regulations to provide for the application of the proposal in the case of multiple transactions.

Except as provided in regulations, in the case of distributions of stock within an affiliated group of corporations filing a consolidated return, section 355 does not apply to any distribution of the stock of one member of the group to another member. In the case of such a distribution of stock, the Secretary of the Treasury is to provide appropriate rules for the treatment of the distribution, including rules governing adjustments to the adjusted basis of the stock and the earnings and profits of the members of the group.

The House bill also modifies certain rules for determining control immediately after a distribution in the case of certain divisive transactions in which a controlled corporation is distributed and the transaction meets the requirements of section 355. In such cases, under section 351 and modified section 368(a)(2)(H) with respect to certain reorganizations under section 368(a)(1)(D), those shareholders receiving stock in the distributed corporation are treated as in control of the distributed corporation immediately after the distribution if they hold stock representing a 50 percent or greater interest in the vote and value of stock of the distributed corporation.

The House bill does not change the present-law requirement under section 355 that the distributing corporation must distribute 80 percent of the voting power and 80 percent of each other class of stock of the controlled corporation. It is expected that this requirement will be applied by the Internal Revenue Service taking account of the provisions of the proposal regarding plans that permit certain types of planned restructuring of the distributing corporation following the distribution, and to treat similar restructurings of the controlled corporation in a similar manner. Thus, the 80-percent control requirement is expected to be administered in a manner that would prevent the tax-free spin-off of a less-than-80-percent controlled subsidiary, but would not generally impose additional restrictions on post-distribution restructurings of the controlled corporation if such restrictions would not apply to the distributing corporation.

Effective date.—The provision is generally effective for distributions after April 16, 1997. However, the part of the provision that provides a 50-percent control requirement immediately after certain section 351 and 368(a)(1)(D) distributions governed by section 355 is effective for transfers after the date of enactment.

No part of the provision will apply to a distribution (or transfer, as the case may be) after April 16, 1997, if such distribution or transfer is: (1) made pursuant to a written agreement which was binding on such date and at all times thereafter; (2) described in a ruling request submitted to the Internal Revenue Service on or before such date; or (3) described on or before such date in a public announcement or in a filing with the Securities and Exchange Commission ("SEC") required solely by reason of the distribution. Any written agreement, ruling request, or public announcement is not within the scope of these transition provisions unless it identifies the unrelated acquiror of the distributing corporation or of any controlled corporation, whichever is applicable.

Senate Amendment

The Senate amendment generally follows the House bill with a number of modifications.

The Senate amendment modifies the House bill denial of section 355 treatment to certain distributions within an affiliated group of corporations. Under the Senate amendment, except as provided in Treasury regulations, in the case of distributions of stock within an affiliated group of corporations (as defined in section 1504(a), and whether or not filing a consolidated return), section 355 does not apply to any distribution of the stock of one member of the group to another member if the distribution is part of a transaction that results in an acquisition that would be taxable to either the distributing or the controlled corporation under the provision.

In addition, in the case of any distribution of stock of one member of an affiliated group

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treatment in cases in which there have been negotiations, agreements, or arrangements with respect to transactions or events which, if consummated before the distribution, would result in the distribution of stock or securities of a corporation which is not "controlled" by the distributing corporation. Rev. Proc. 96-39, 1996-33 I.R.B. 11; see also Rev. Rul. 96-30, 1996-1 C.B. 36; Rev. Rul. 70-225, 1970-1 C.B. 80.

[12] Excess loss accounts in consolidation generally are created when a subsidiary corporation makes a distribution (or has a loss that is used by other members of the group) that exceeds the parent's basis in the stock of the subsidiary. In general, such excess loss accounts in consolidation are permitted to be deferred rather than causing immediate taxable gain. Nevertheless, they are recaptured when a subsidiary leaves the group or in certain other situations. However, such excess loss accounts are not recaptured in certain cases where there is an internal spin-off prior to the subsidiary leaving the group. See, Treas. reg. sec. 1.1502–19(g). In addition, an excess loss account may not be created at all in certain cases that are similar economically to a distribution that would reduce the stock basis of the distributing subsidiary corporation, if the distribution from the subsidiary is structured to meet the form of a section 355 distribution.

of corporations to another member, the Secretary of the Treasury is authorized under section 358(c) to provide adjustments to the basis of any stock in a corporation which is a member of such group, to reflect appropriately the proper treatment of such distribution. As one example, the Secretary of the Treasury may consider providing rules that require a carryover basis within the group for the stock of the distributed corporation (including a carryover of an excess loss account, if any, in a consolidated return) and that also provide a reduction in the basis of the stock of the distributing corporation to reflect the change in the value and basis of the distributing corporation's assets. The Treasury Department may determine that the aggregate stock basis of distributing and controlled after the distribution may be adjusted to an amount that is less than the aggregate basis of the stock of the distributing corporation before the distribution, to prevent inappropriate potential for artificial losses or diminishment of gain on disposition of any of the corporations involved in the spin off.

The Senate amendment modifies the House bill rules for determining control immediately after a distribution in the case of certain divisive transactions in which a controlled corporation is distributed and the transaction meets the requirements of section 355. In such cases, under section 351 and modified section 368(a)(2)(H) with respect to certain reorganizations under section 368(a)(1)(D), those shareholders receiving stock in the distributed corporation are treated as in control of the distributed corporation immediately after the distribution if they hold stock representing a greater than 50 percent interest (rather than a 50-percent or greater interest, as under the House bill) in the vote and value of stock of the distributed corporation.

Effective date.—The provision is generally effective for distributions after April 16, 1997. However, the part of the amendment providing a greater-than-50-percent control requirement immediately after certain section 351 and 368(a)(1)(D) distributions governed by section 355 is effective for transfers after the date of enactment.

The provision will not apply to a distribution after April 16, 1997 that is part of an acquisition that would otherwise cause gain recognition to the distributing or controlled corporation under the bill, if such acquisition is: (1) made pursuant to a written agreement which was binding on April 16, 1997 and at all times thereafter; (2) described in a ruling request submitted to the Internal Revenue Service on or before such date; or (3) described on or before such date in a public announcement or in a filing with the Securities and Exchange Commission ("SEC") required solely by reason of the distribution or acquisition. Any written agreement, ruling request, or public announcement or SEC filing is not within the scope of these transition provisions unless it identifies the acquiror of the distributing corporation or of any controlled corporation, whichever is applicable.

The part of the provision that provides a greater-than-50-percent control provision for certain transfers after the date of enactment will not apply if such transfer meets the requirements of (1), (2), or (3) of the preceding paragraph.

Conference Agreement

The conference agreement follows the Senate amendment with additional modifications.

Amount and timing of gain recognition under section 355(e)

Under the conference agreement, in the case of an acquisition of either the distributing corporation or the controlled corporation, the amount of gain recognized is the amount that the distributing corporation would have recognized had the stock of the controlled corporation been sold for fair market value on the date of the distribution. Such gain is recognized immediately before the distribution. As under the House bill and Senate amendment, no adjustment to the basis of the stock or assets of either corporation is allowed by reason of the recognition of the gain.[13]

Acquisitions resulting in gain recognition

Under the conference agreement, as under the House bill and Senate amendment, the gain recognition provisions of section 355(e) apply when one or more persons acquire 50 percent or more of the voting power or value of the stock of either the distributing corporation or the controlled corporation, pursuant to a plan or series of related transactions.

The conference agreement provides certain additions and clarifications to identify cases that do not cause gain recognition under the provisions of section 355(e).

Single affiliated group

Under the conference agreement, a plan (or series of related transactions) is not one that will cause gain recognition if, immediately after the completion of such plan or transactions, the distributing corporation and all controlled corporations are members of a single affiliated group of corporations (as defined in section 1504 without regard to subsection (b) thereof).

Example 1: P corporation is a member of an affiliated group of corporations that includes subsidiary corporation S and subsidiary corporation S1. P owns all the stock of S. S owns all the stock of S1. P corporation is merged into unrelated X corporation in a transaction in which the former shareholders of X corporation will own 50 percent or more of the vote or value of the stock of surviving X corporation after the merger. As part of the plan of merger, S1 will be distributed by S to X, in a transaction that otherwise qualifies under section 355. After this distribution, S, S1, and X will remain members of a single affiliated group of corporations under section 1504 (without regard to whether any of the corporations is a foreign corporation, an insurance company, a tax exempt organization, or an electing section 936 company). Even though there has been an acquisition of P, S, and S1 by X, and a distribution of S1 by S that is part of a plan or series of related transactions, the plan is not treated as one that requires gain recognition on the distribution of S1 to X. This is because the distributing corporation S and the controlled corporation S1 remain within a single affiliated group after the distribution (even though the P group has changed ownership).

Continuing direct or indirect ownership

The conference agreement clarifies that an acquisition does not require gain recognition if the same persons own 50 percent or more of both corporations, directly or indirectly (rather than merely indirectly, as in the House bill and Senate amendment), before and after the acquisition and distribution, provided the stock owned before the acquisition was not acquired as part of a plan (or series of related transactions) to acquire a 50-percent or greater interest in either distributing or controlled.

Example 2: Individual A owns all the stock of P corporation. P owns all the stock of a subsidiary corporation, S. Subsidiary S is distributed to individual A in a transaction that otherwise qualifies under section 355. As part of a plan, P then merges with corporation X, also owned entirely by individual A. There is not an acquisition that requires gain recognition under the provision, because individual A owns directly or indirectly 100 percent of all the stock of both X, the successor to P, and S before and after the transaction.[14] The same result would occur if P were contributed to a holding company, all the stock of which is owned by A.

The conference agreement, following the House bill and Senate amendment, continues to provide that except as provided in Treasury regulations, certain other acquisitions are not taken into account. For example, under section 355(e)(3)(A), the following other types of acquisitions of stock are not subject to the provision, provided that the stock owned before the acquisition was not acquired pursuant to a plan or series of related transactions to acquire a 50-percent or greater ownership interest in either distributing or controlled:

First, the acquisition of stock in the controlled corporation by the distributing corporation (as one example, in the case of a drop-down of property by the distributing corporation to the corporation to be distributed in exchange for the stock of the controlled corporation);

Second, the acquisition by a person of stock in any controlled corporation by reason of holding stock or securities in the distributing corporation (as one example, the receipt by a distributing corporation shareholder of controlled corporation stock in a distribution—including a split-off distribution in which a shareholder that did not own 50 percent of the stock of distributing owns 50 percent or more of the stock of controlled); and

Third, the acquisition by a person of stock in any successor corporation of the distributing corporation or any controlled corporation by reason of holding stock or securities in such distributing or controlled corporation (for example, the receipt by former shareholders of distributing of 50 percent or more of the stock of a successor corporation in a merger of distributing).

As under the House bill and Senate amendment, a public offering of sufficient size can result in an acquisition that causes gain recognition under the provision.

Attribution

The conference agreement also modifies the attribution rule for determining when an acquisition has occurred. Rather than apply section 355(d)(8)(A), which attributes stock owned by a corporation to a corporate shareholder only if that shareholder owns 10 percent of the corporation, the conference agreement provides that, except as provided in regulations, section 318(a)(2)(C) applies without regard to the amount of stock ownership of the corporation.

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[13] There is no intention to limit the otherwise applicable Treasury regulatory authority under section 336(e) of the Code. There is also no intention to limit the otherwise applicable provisions of section 1367 with respect to the effect on shareholder stock basis of gain recognized by an S corporation under this provision.

[14] The example assumes that A did not acquire his or her stock in P as part of a plan or series of related transactions that results in the direct or indirect ownership of 50 percent or more of S or P separately by A. If A's stock in P was acquired as part of such a plan, the transaction would be one requiring gain recognition on the spin-off of S.

Example 3: Assume the facts are the same as in the immediately preceding example except that corporations P and X are each owned by the same 20 individual 5-percent shareholders (rather than wholly by individual A). The transaction described in the previous example, in which S is spun off by P to P's shareholders and P is acquired by X, would not cause gain recognition, because the same shareholders would own directly or indirectly 50 percent or more of the stock of each corporation both before and after the transaction.

Section 355(f)

The conference agreement follows the Senate amendment in providing that, except as provided in Treasury regulations, section 355 (or so much of section 356 as relates to section 355) shall not apply to the distribution of stock from one member of an affiliated group of corporations (as defined in section 1504(a)) to another member of such group (an "intragroup spin-off") if such distribution is part of a plan (or series of related transactions) described in subsection (e)(2)(A)(ii), pursuant to which one or more persons acquire directly or indirectly stock representing a 50-percent or greater interest in the distributing corporation or any controlled corporation.

Example 4: P corporation owns all the stock of subsidiary corporation S. S owns all the stock of subsidiary corporation T. S distributes the stock of T corporation to P as part of a plan or series of related transactions in which P then distributes S to its shareholders and then P is merged into unrelated X corporation. After the merger, former shareholders of X corporation own 50 percent or more of the voting power or value of the stock of the merged corporation. Because the distribution of T by S is part of a plan or series of related transactions in which S is distributed by P outside the P affiliated group and P is then acquired under section 355(e), section 355 in its entirety does not apply to the intragroup spin-off of T to P, under section 355(f). Also, the distribution of S by P is subject to section 355(e).

The conference agreement clarifies that, in determining whether an acquisition described in subsection (e)(2)(A)(ii) occurs, all the provisions of new subsection 355(e) are applied. For example, an intragroup spin-off in connection with an overall transaction that does not cause gain recognition under section 355(e) because it is described in section 355(e)(2)(C), or because of section 355(e)(3), is not subject to the rule of section 355(f).

The Treasury Department has regulatory authority to vary the result that the intragroup distribution under section 355(f) does not qualify for section 355 treatment. In this connection, the Treasury Department could by regulation eliminate some or all of the gain recognition required under section 355(f) in connection with the issuance of regulations that would cause appropriate basis results with respect to the stock of S and T in the above example so that concerns regarding present law section 355 basis rules (described below in connection with section 358(c)) would be eliminated.[15]

Treasury regulatory authority under section 358(c)

As under the Senate amendment, the conference agreement provides that in the case of any distribution of stock of one member of an affiliated group of corporations to another member under section 355 ("intragroup spin-off"), the Secretary of the Treasury is authorized under section 358(c) to provide adjustments to the basis of any stock in a corporation which is a member of such group, to reflect appropriately the proper treatment of such distribution. It is understood that the approach of any such regulations applied to intragroup spin-offs that do not involve an acquisition may also be applied under the Treasury regulatory authority to modify the rule of section 355(f) as may be appropriate.

The conferees believe that the concerns relating to basis adjustments in the case of intragroup spin offs are essentially similar, whether or not an acquisition is currently intended as part of a plan or series of related transactions. The concerns include the following. First, under present law consolidated return regulations, it is possible that an excess loss account of a lower tier subsidiary may be eliminated. This creates the potential for the subsidiary to leave the group without recapture of the excess loss account, even though the group has benefitted from the losses or distributions in excess of basis that led to the existence of the excess loss account.

Second, under present law, a shareholder's stock basis in its stock of the distributing corporation is allocated after a spin-off between the stock of the distributing and controlled corporations, in proportion to the relative fair market values of the stock of those companies. If a disproportionate amount of asset basis (as compared to value) is in one of the companies (including but not limited to a shift of value and basis through a borrowing by one company and contribution of the borrowed cash to the other), present law rules under section 358(c) can produce an increase in stock basis relative to asset basis in one corporation, and a corresponding decrease in stock basis relative to asset basis in the other company. Because the spin-off has occurred within the corporate group, the group can continue to benefit from high inside asset basis either for purposes of sale or depreciation, while also choosing to benefit from the disproportionately high stock basis in the other corporation. If, for example, both corporations were sold at a later date, a prior distribution can result in a significant decrease in the amount of gain recognized than would have occurred if the two corporations had been sold together without a prior spin off (or separately, without a prior spin-off).

Example 5: P owns all the stock of S1 and S1 owns all the stock of S2. P's basis in the stock of S1 is 50; the inside asset basis of S1's assets is 50; and the total value of S1's stock and assets (including the value of S2) is 150. S1's basis in the stock of S2 is 0; the inside basis of S2's assets is 0; and the value of S2's stock and assets is 100. If S1 were sold, holding S2, the total gain would be 100. S1 distributes S2 to P in a section 355 transaction. After this spin-off, under present law, P's basis in the stock of S1 is approximately 17 (50/150 times the total 50 stock basis in S1 prior to the spin-off) and the inside asset basis of S1 is 50. P's basis in the stock of S2 is 33 (100/150 times the total 50 stock basis in S1 prior to the spin-off) and the inside asset basis of S2 is 0. After a period of time, S2 can be sold for its value of 100, with a gain of 67 rather than 100. Also, since S1 remains in the corporate group, the full 50 inside asset basis can continue to be used. S1's assets could be sold for 50 with no gain or loss. Thus, S1 and S2 can be sold later at a total gain of 67, rather than the total gain of 100 that would have occurred had they been sold without the spin-off.

As one variation on the foregoing concern, taxpayers have attempted to utilize spin-offs to extract significant amounts of asset value and basis, (including but not limited to transactions in which one corporation decreases its value by incurring debt, and increases the asset basis and value of the other corporation by contributing the proceeds of the debt to the other corporation) without creation of an excess loss account or triggering of gain, even when the extraction is in excess of the basis in the distributing corporation's stock.

The Treasury Department may promulgate any regulations necessary to address these concerns and other collateral issues. As one example, the Treasury Department may consider providing rules that require a carryover basis within the group (or stock basis conforming to asset basis as appropriate) for the distributed corporation (including a carryover of an excess loss account, if any, in a consolidated return). Similarly, the Treasury Department may provide a reduction in the basis of the stock of the distributing corporation to reflect the change in the value and basis of the distributing corporation's assets. The Treasury Department may determine that the aggregate stock basis of distributing and controlled after the distribution may be adjusted to an amount that is less than the aggregate basis of the stock of the distributing corporation before the distribution, to prevent inappropriate potential for artificial losses or diminishment of gain on disposition of any of the corporations involved in the spin-off. The Treasury Department may provide separate regulations for corporations in affiliated groups filing a consolidated return and for affiliated groups not filing a consolidated return, as appropriate to each situation.

Effective date

The conferees wish to clarify certain aspects of the effective date and transitional relief under the provision.

First, the conference agreement clarifies that an acquisition of stock that occurs on or before April 16, 1997 will not cause gain recognition under the provision, even if there is a distribution after that date that is part of a plan or series of related transactions that would otherwise be subject to the provision.

Second, any contract that is in fact binding under State law as of April 16, 1997, even though not written, is eligible for transition relief. It would be expected, in such a case, that some form of contemporaneous written evidence of such contract would be in existence. As one example, if under State law acceptance of the terms and conditions of a contract by a corporate board of directors creates a binding contract with an acquiror, then such contract, and the terms and conditions presented to the board, could satisfy the requirement for binding contract transitional relief under the conference agreement. If there was such an offer and acceptance on or before April 16, 1997 and a ruling request filed on or before April 16, 1997, with respect to a proposed spin-off and acquisition, which identifies the acquiror as one of a list of prospective acquirors, then the transaction may be eligible for relief under the transition rules.

Finally, with respect to the Treasury Department regulatory authority under section 358(c) as applied to intragroup spin-off transactions that are not part of a plan or series of related transactions under new section

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[15] Examples of approaches that the Treasury Department may consider are discussed in connection with section 358(c), *infra*.)

355(f), the conferees expect that any Treasury regulations will be applied prospectively, except in cases to prevent abuse.

3. Reform tax treatment of certain corporate stock transfers (sec. 1013 of the House bill and sec. 813 of the Senate amendment)

Present Law

Under section 304, if one corporation purchases stock of a related corporation, the transaction generally is recharacterized as a redemption. In determining whether a transaction so recharacterized is treated as a sale or a dividend, reference is made to the changes in the selling corporation's ownership of stock in the issuing corporation (applying the constructive ownership rules of section 318(a) with modifications under section 304(c)). Sales proceeds received by a corporate transferor that are characterized as a dividend may qualify for the dividends received deduction under section 243, and such dividend may bring with it foreign tax credits under section 902. Section 304 does not apply to transfers of stock between members of a consolidated group.

Section 1059 applies to "extraordinary dividends," including certain redemption transactions treated as dividends qualifying for the dividends received deduction. If a redemption results in an extraordinary dividend, section 1059 generally requires the shareholder to reduce its basis in the stock of the redeeming corporation by the nontaxed portion of such dividend.

House Bill

Under the House bill, to the extent that a section 304 transaction is treated as a distribution under section 301, the transferor and the acquiring corporation are treated as if (1) the transferor had transferred the stock involved in the transaction to the acquiring corporation in exchange for stock of the acquiring corporation in a transaction to which section 351(a) applies, and (2) the acquiring corporation had then redeemed the stock it is treated as having issued. Thus, the acquiring corporation is treated for all purposes as having redeemed the stock it is treated as having issued to the transferor. In addition, the bill amends section 1059 so that, if the section 304 transaction is treated as a dividend to which the dividends received deduction applies, the dividend is treated as an extraordinary dividend in which only the basis of the transferred shares would be taken into account under section 1059.

Under the House bill, a special rule applies to section 304 transactions involving acquisitions by foreign corporations. The bill limits the earnings and profits of the acquiring foreign corporation that are taken into account in applying section 304. The earnings and profits of the acquiring foreign corporation to be taken into account will not exceed the portion of such earnings and profits that (1) is attributable to stock of such acquiring corporation held by a corporation or individual who is the transferor (or a person related thereto) and who is a U.S. shareholder (within the meaning of sec, 951(b)) of such corporation, and (2) was accumulated during periods in which such stock was owned by such person while such acquiring corporation was a controlled foreign corporation. For purposes of this rule, except as otherwise provided by the Secretary of the Treasury, the rules of section 1248(d) (relating to certain exclusions from earnings and profits) would apply. The Secretary of the Treasury is to prescribe regulations as appropriate, including regulations determining the earnings and profits that are attributable to particular stock of the acquiring corporation.

No inference is intended as to the treatment of any transaction under present law.

Effective date.—The provision is effective for distributions or acquisitions after June 8, 1997 except that the provision will not apply to any such distribution or acquisition (1) made pursuant to a written agreement which was binding on such date and at all times thereafter, (2) described in a ruling request submitted to the Internal Revenue Service on or before such date, or (3) described in a public announcement or filing with the Securities and Exchange Commission on or before such date.

Senate Amendment

The Senate amendment is the same as the House bill.

Conference Agreement

The conference agreement follows the House Bill and the Senate amendment.

4. Modify holding period for dividends-received deduction (sec. 1014 of the House bill and sec. 814 of the Senate amendment)

Present Law

If an instrument issued by a U.S. corporation is classified for tax purposes as stock, a corporate holder of the instrument generally is entitled to a dividends received deduction for dividends received on that instrument. This deduction is 70 percent of dividends received if the recipient owns less than 20 percent (by vote and value) of stock of the payor. If the recipient owns more than 20 percent of the stock the deduction is increased to 80 percent. If the recipient owns more than 80 percent of the payor's stock, the deduction is further increased to 100 percent for qualifying dividends.

The dividends-received deduction is allowed to a corporate shareholder only if the shareholder satisfies a 46-day holding period for the dividend-paying stock (or a 91-day period for certain dividends on preferred stock). The 46- or 91-day holding period generally does not include any time in which the shareholder is protected from the risk of loss otherwise inherent in the ownership of an equity interest. The holding period must be satisfied only once, rather than with respect to each dividend received.

House Bill

The House bill provides that a taxpayer is not entitled to a dividends-received deduction if the taxpayer's holding period for the dividend-paying stock is not satisfied over a period immediately before or immediately after the taxpayer becomes entitled to receive the dividend.

Effective date.—The provision is effective for dividends paid or accrued after the 30th day after the date of the enactment.

Senate Amendment

The Senate amendment is the same as the House bill except for the effective date.

Effective date.— The Senate amendment is generally effective for dividends paid or accrued after the 30th day after the date of enactment. However, the provision will not apply to dividends received within two years of the date of enactment if: (1) the dividend is paid with respect to stock held on June 8, 1997, and all times thereafter until the dividend is received; (2) the stock is continuously subject to a position described in section 246(c)(4) on June 8, 1997, and all times thereafter until the dividend is received; and (3) such stock and related position is identified by the taxpayer within 30 days after enactment of this Act. A stock will not be considered to be continuously subject to a position if such position is sold, closed or otherwise terminated and is reestablished.

Conference Agreement

The conference agreement follows the Senate amendment.

C. Other Corporate Provisions

1. Registration of confidential corporate tax shelters and substantial understatement penalty (sec. 1021 of the House bill and sec. 821 of the Senate amendment)

Present Law

Tax shelter registration

An organizer of a tax shelter is required to register the shelter with the Internal Revenue Service (IRS) (sec. 6111). If the principal organizer does not do so, the duty may fall upon any other participant in the organization of the shelter or any person participating in its sale or management. The shelter's identification number must be furnished to each investor who purchases or acquires an interest in the shelter. Failure to furnish this number to the tax shelter investors will subject the organizer to a $100 penalty for each such failure (sec. 6707(b)).

A penalty may be imposed against an organizer who fails without reasonable cause to timely register the shelter or who provides false or incomplete information with respect to it. The penalty is the greater of one percent of the aggregate amount invested in the shelter or $500. Any person claiming any tax benefit with respect to a shelter must report its registration number on her return. Failure to do so without reasonable cause will subject that person to a $250 penalty (sec. 6707(b)(2)).

A person who organizes or sells an interest in a tax shelter subject to the registration rule or in any other potentially abusive plan or arrangement must maintain a list of the investors (sec. 6112). A $50 penalty may be assessed for each name omitted from the list. The maximum penalty per year is $100,000 (sec. 6708).

For this purpose, a tax shelter is defined as any investment that meets two requirements. First, the investment must be (1) required to be registered under a Federal or state law regulating securities, (2) sold pursuant to an exemption from registration requiring the filing of a notice with a Federal or state agency regulating the offering or sale of securities, or (3) a substantial investment. Second, it must be reasonable to infer that the ratio of deductions and 350 percent of credits to investment for any investor (i.e., the tax shelter ratio) may be greater than two to one as of the close of any of the first five years ending after the date on which the investment is offered for sale. An investment that meets these requirements will be considered a tax shelter regardless of whether it is marketed or customarily designated as a tax shelter (sec. 6111(c)(1)).

Accuracy-related penalty

The accuracy-related penalty, which is imposed at a rate of 20 percent, applies to the portion of any underpayment that is attributable to (1) negligence, (2) any substantial understatement of income tax, (3) any substantial valuation misstatement, (4) any substantial overstatement of pension liabilities, or (5) any substantial estate or gift tax valuation understatement.

The substantial understatement penalty applies in the following manner. If the correct income tax liability of a taxpayer for a taxable year exceeds that reported by the taxpayer by the greater of 10 percent of the correct tax or $5,000 ($10,000 in the case of most corporations), then a substantial understatement exists and a penalty may be imposed equal to 20 percent of the underpayment of tax attributable to the understatement. In determining whether a substantial understatement exists, the amount of the understatement is reduced by any portion attributable to an item if (1) the treatment of the item on the return is or was supported by substantial authority, or (2) facts relevant to the tax treatment of the item were adequately disclosed on the return or on a statement attached to the return and there was a reasonable basis for the tax treatment of the item. Special rules apply to tax shelters.

With respect to tax shelter items of noncorporate taxpayers, the penalty may be avoided only if the taxpayer establishes that, in addition to having substantial authority for his position, he reasonably believed that the treatment claimed was more likely than not the proper treatment of the item. This reduction in the penalty is unavailable to corporate tax shelters. The reduction in the understatement for items disclosed on the return is inapplicable to both corporate and non-corporate tax shelters. For this purpose, a tax shelter is a partnership or other entity, plan, or arrangement the principal purpose of which is the avoidance or evasion of Federal income tax.

The Secretary may waive the penalty with respect to any item if the taxpayer establishes reasonable cause for his treatment of the item and that he acted in good faith.

House Bill

Tax shelter registration

The House bill requires a promoter of a corporate tax shelter to register the shelter with the Secretary. Registration is required not later than the next business day after the day when the tax shelter is first offered to potential users. If the promoter is not a U.S. person, or if a required registration is not otherwise made, then any U.S. participant is required to register the shelter. An exception to this special rule provides that registration would not be required if the U.S. participant notifies the promoter in writing not later than 90 days after discussions began that the U.S. participant will not participate in the shelter and the U.S. person does not in fact participate in the shelter.

A corporate tax shelter is any investment, plan, arrangement or transaction (1) a significant purpose of the structure of which is tax avoidance or evasion by a corporate participant, (2) that is offered to any potential participant under conditions of confidentiality, and (3) for which the tax shelter promoters may receive total fees in excess of $100,000.

A transaction is offered under conditions of confidentiality if: (1) an offeree (or any person acting on its behalf) has an understanding or agreement with or for the benefit of any promoter to restrict or limit its disclosure of the transaction or any significant tax features of the transaction; or (2) the promoter claims, knows or has reason to know (or the promoter causes another person to claim or otherwise knows or has reason to know that a party other than the potential offeree claims) that the transaction (or one or more aspects of its structure) is proprietary to the promoter or any party other than the offeree, or is otherwise protected from disclosure or use. The promoter includes specified related parties.

Registration will require the submission of information identifying and describing the tax shelter and the tax benefits of the tax shelter, as well as such other information as the Treasury Department may require.

Tax shelter promoters are required to maintain lists of those who have signed confidentiality agreements, or otherwise have been subjected to nondisclosure requirements, with respect to particular tax shelters. In addition, promoters must retain lists of those paying fees with respect to plans or arrangements that have previously been registered (even though the particular party may not have been subject to confidentiality restrictions).

All registrations will be treated as taxpayer information under the provisions of section 6103 and will therefore not be subject to any public disclosure.

The penalty for failing to timely register a corporate tax shelter is the greater of $10,000 or 50 percent of the fees payable to any promoter with respect to offerings prior to the date of late registration (i.e., this part of the penalty does not apply to fee payments with respect to offerings after late registration). A similar penalty is applicable to actual participants in any corporate tax shelter who were required to register the tax shelter but did not. With respect to participants, however, the 50-percent penalty is based only on fees paid by that participant. Intentional disregard of the requirement to register by either a promoter or a participant increases the 50-percent penalty to 75 percent of the applicable fees.

Substantial understatement penalty

The House bill makes two modifications to the substantial understatement penalty. The first modification affects the reduction in the amount of the understatement which is attributable to an item if there is a reasonable basis for the treatment of the item. The House bill provides that in no event would a corporation have a reasonable basis for its tax treatment of an item attributable to a multi-party financing transaction if such treatment does not clearly reflect the income of the corporation. No inference is intended that such a multi-party financing transaction could not also be a tax shelter as defined under the modification described below or under present law.

The second modification affects the special tax shelter rules, which define a tax shelter as an entity the principal purpose of which is the avoidance or evasion of Federal income tax. The House bill instead provides that a significant purpose (rather than the principal purpose) of the entity must be the avoidance or evasion of Federal income tax for the entity to be considered a tax shelter. This modification conforms the definition of tax shelter for purposes of the substantial understatement penalty to the definition of tax shelter for purposes of these new confidential corporate tax shelter registration requirements.

Treasury report

The House bill also directs the Treasury Department, in consultation with the Department of Justice, to issue a report to the tax-writing committees on the following tax shelter issues: (1) a description of enforcement efforts under section 7408 of the Code (relating to actions to enjoin promoters of abusive tax shelters) with respect to corporate tax shelters and the lawyers, accountants, and others who provide opinions (whether or not directly addressed to the taxpayer) regarding aspects of corporate tax shelters; (2) an evaluation of whether the penalties regarding corporate tax shelters are generally sufficient; and (3) an evaluation of whether confidential tax shelter registration should be extended to transactions where the investor (or potential investor) is not a corporation. The report is due one year after the date of enactment.

Effective date

The tax shelter registration provision applies to any tax shelter offered to potential participants after the date the Treasury Department issues guidance with respect to the filing requirements. The modifications to the substantial understatement penalty apply to items with respect to transactions entered into after the date of enactment.

Senate Amendment

The Senate amendment is the same as the House bill.

Conference Agreement

The conference agreement follows the House bill and the Senate amendment.

2. Treat certain preferred stock as "boot" (sec. 1022 of the House bill and sec. 822 of the Senate amendment)

Present Law

In reorganization transactions within the meaning of section 368 and certain other restructurings, no gain or loss is recognized except to the extent "other property" (often called "boot") is received, that is, property other than certain stock, including preferred stock. Thus, preferred stock can be received tax-free in a reorganization. Upon the receipt of "other property," gain but not loss can be recognized. A special rule permits debt securities to be received tax-free, but only to the extent debt securities of no lesser principal amount are surrendered in the exchange. Other than this debt-for-debt rule, similar rules generally apply to transactions under section 351.

House Bill

The House bill amends the relevant provisions (secs. 351, 354, 355, 356 and 1036) to treat certain preferred stock as "other property" (i.e., "boot") subject to certain exceptions. Thus, when a taxpayer exchanges property for this preferred stock in a transaction that qualifies under either section 351, 355, 368, or 1036, gain but not loss is recognized.

The House bill applies to preferred stock (i.e., stock that is limited and preferred as to dividends and does not participate, including through a conversion privilege, in corporate growth to any significant extent), where (1) the holder has the right to require the issuer or a related person (within the meaning of secs. 267(b) and 707(b)) to redeem or purchase the stock, (2) the issuer or a related person is required to redeem or purchase the stock, (3) the issuer (or a related person) has the right to redeem or purchase the stock and, as of the issue date, it is more likely than not that such right will be exercised, or (4) the dividend rate on the stock varies in whole or in part (directly or indirectly) with reference to interest rates, commodity prices, or other similar indices, regardless of whether such varying rate is provided as an express term of the stock (for example, in the case of an adjustable rate stock) or as a practical result of other aspects of the stock (for example, in the case of auction rate stock). For this purpose, the rules of (1), (2), and (3) apply if the right or obligation may be exercised within 20 years of the date the instrument is issued and such right or obligation is not subject to a contingency which, as of the issue date, makes remote the likelihood of the redemption or purchase. In addition, if neither the stock surrendered nor the stock received in the exchange is stock of a corporation any class of stock of which (or of a related corporation) is publicly traded, a right or obligation is disregarded if it may be exercised only upon the death, disability, or mental incompetency of the holder. Also, a right or obligation is disregarded in the case of stock transferred in connection with the performance of services if it may be exercised only upon the holder's separation from service.

The following exchanges are excluded from this gain recognition: (1) certain exchanges of preferred stock for comparable preferred stock of the same or lesser value; (2) an exchange of preferred stock for common stock; (3) certain exchanges of debt securities for preferred stock of the same or lesser value; and (4) exchanges of stock in certain recapitalization of family-owned corporations. For this purpose, a family-owned corporation is defined as any corporation if at least 50 percent of the total voting power and value of the stock of such corporation is owned by members of the same family for five years preceding the recapitalization. In addition, a recapitalization does not qualify for the exception if the same family does not own 50 percent of the total voting power and value of the stock throughout the three-year period following the recapitalization. Members of the same family are defined by reference to the definition in section 447(e). Thus, a family includes children, parents, brothers, sisters, and spouses, with a limited attribution for directly and indirectly owned stock of the corporation. Shares held by a family member are treated as not held by a family member to the extent a non-family member had a right, option or agreement to acquire the shares (directly or indirectly, for example, through redemptions by the issuer), or with respect to shares as to which a family member has reduced its risk of loss with respect to the share, for example, through an equity swap. Even though the provision excepts certain family recapitalizations, the special valuation rules of section 2701 for estate and gift tax consequences continue to apply.

An exchange of nonqualified preferred stock for nonqualified preferred stock in an acquiring corporation may qualify for tax-free treatment under section 354, but not section 351. In cases in which both sections 354 and 351 may apply to a transaction, section 354 generally will apply for purposes of this proposal. Thus, in that situation, the exchange would be tax free.

The Treasury Secretary has regulatory authority to (1) apply installment sale-type rules to preferred stock that is subject to this proposal in appropriate cases and (2) prescribe treatment of preferred stock subject to this provision under other provisions of the Code (e.g., secs. 304, 306, 318, and 368(c)). Until regulations are issued, preferred stock that is subject to the proposal shall continue to be treated as stock under other provisions of the Code.

Effective date.—The provision is effective for transactions after June 8, 1997, but will not apply to such transactions (1) made pursuant to a written agreement which was binding on such date and at all times thereafter, (2) described in a ruling request submitted to the Internal Revenue Service on or before such date, or (3) described in a public announcement or filing with the Securities and Exchange Commission on or before such date.

Senate Amendment

The Senate amendment is the same as the House bill.

Conference Agreement

The conference agreement follows the House bill and the Senate amendment with certain clarifications.

The conference agreement clarifies that nonqualified preferred stock is treated as "boot" under section 351(b). The transferor receiving such stock thus is not treated as receiving nonrecognition treatment under section 351(a). However, the nonqualified preferred stock continues to be treated as stock received by a transferor for purposes of qualification of a transaction under section 351(a), unless and until regulations may provide otherwise.

Thus, for example, if A contributes appreciated property to new corporation X for all the common stock (representing 90 percent of the value and all the voting power) of X stock and B contributes cash for nonqualified preferred stock representing 10 percent of the value of X stock, B has received "boot," but the preferred stock is still treated as stock for purposes of sections 351(a) and 368(c), unless and until Treasury Regulations are issued requiring a different result. Thus, the transaction qualifies for nonrecognition under section 351. If B had received other stock in addition to nonqualified preferred stock, B would be required to recognize gain only to the extent of the fair market value of the nonqualified preferred stock B receives.

The conference agreement also clarifies the treatment of certain conversion or exchange rights, by deleting any statutory reference to the existence of a "conversion privilege." The conferees wish to clarify that in no event will a conversion privilege into stock of the issuer automatically be considered to constitute participation in corporate growth to any significant extent. The conferees also wish to clarify that stock that is convertible or exchangeable into stock of a corporation other than the issuer (including, for example, stock of a parent corporation or other related corporation) is not considered to be stock that participates in corporate growth to any significant extent for purposes of the provision.

D. Administrative Provisions

1. Reporting of certain payments made to attorneys (sec. 1031 of the House bill)

Present Law

Information reporting is required by persons engaged in a trade or business and making payments in the course of that trade or business of "rent, salaries, wages, . . . or other fixed or determinable gains, profits, and income" (Code sec. 6041(a)). Treas. reg. sec. 1.6041-1(d)(2) provides that attorney's fees are required to be reported if they are paid by a person in a trade or business in the course of a trade or business. Reporting is required to be done on Form 1099-Misc. If, on the other hand, the payment is a gross amount and it is not known what portion is the attorney's fee, no reporting is required on any portion of the payment.

House Bill

The House bill requires gross proceeds reporting on all payments to attorneys made by a trade or business in the course of that trade or business. It is anticipated that gross proceeds reporting would be required on Form 1099-B (currently used by brokers to report gross proceeds). The only exception to this new reporting requirement would be for any payments reported on either Form 1099-Misc under section 6041 (reports of payment of income) or on Form W-2 under section 6051 (payments of wages).

In addition, the present exception in the regulations exempting from reporting any payments made to corporations will not apply to payments made to attorneys. Treasury regulation section 1.6041-3(c) exempts payments to corporations generally (although payments to most corporations providing medical services must be reported). Reporting will be required under both Code sections 6041 and 6045 (as proposed) for payments to corporations that provide legal services. The exception of Treasury regulation section 1.6041-3(g) exempting from reporting payments of salaries or profits paid or distributed by a partnership to the individual partners would continue to apply to both sections (since these amounts are required to be reported on Form K-1).

First, the provision applies to payments made to attorneys regardless of whether the attorney is the exclusive payee. Second, payments to law firms are payments to attorneys, and therefore are subject to this reporting provision. Third, attorneys are required to promptly supply their TINs to persons required to file these information reports, pursuant to section 6109. Failure to do so could result in the attorney being subject to penalty under section 6723 and the payments being subject to backup withholding under section 3406. Fourth, the IRS should administer this provision so that there is no overlap between reporting under section 6041 and reporting under section 6045. For example, if two payments are simultaneously made to an attorney, one of which represents the attorney's fee and the second of which represents the settlement with the attorney's client, the first payment would be reported under section 6041 and the second payment would not be reported under either section 6041 or section 6045, since it is known that the entire payment represents the settlement with the client (and therefore no portion of it represents income to the attorney).

Effective date.—The provision is effective for payments made after December 31, 1997. Consequently, the first information reports will be filed with the IRS (and copies will be provided to recipients of the payments) in 1999, with respect to payments made in 1998.

Senate Amendment

No provision.

Conference Agreement

The conference agreement follows the House bill.

2. Information reporting on persons receiving contract payments from certain Federal agencies (sec. 1032 of the House bill and sec. 831 of the Senate amendment)

Present Law

A service recipient (i.e., a person for whom services are performed) engaged in a trade or business who makes payments of remuneration in the course of that trade or business to any person for services performed must file with the IRS an information return reporting such payments (and the name, address, and taxpayer identification number of the recipient) if the remuneration paid to the person during the calendar year is $600 or more (sec. 6041A(a)). A similar statement must also be furnished to the person to whom such payments were made (sec. 6041A(e)). Treasury regulations explicitly exempt from this reporting requirement payments made to a corporation (Treas. reg. sec. 1.6041A-1(d)(2)).

The head of each Federal executive agency must file an information return indicating the name, address, and taxpayer identification number (TIN) of each person (including corporations) with which the agency enters into a contract (sec. 6050M). The Secretary of the Treasury has the authority to require that the returns be in such form and be made at such time as is necessary to make the returns useful as a source of information for collection purposes. The Secretary is given the authority both to establish minimum amounts for which no reporting is necessary as well as to extend the reporting requirements to Federal license grantors and subcontractors of Federal contracts. Treasury regulations provide that no reporting is required if the contract is for $25,000 or less (Treas. reg. sec. 1.6050M-1(c)(1)(i)).

House Bill

The House bill requires reporting of all payments of $600 or more made by a Federal executive agency to any person (including a corporation) for services. In addition, the provision requires that a copy of the information return be sent by the Federal agency to the recipient of the payment. An exception is provided for certain classified or confidential contracts.

Effective date.—The provision is effective for returns the due date for which (without regard to extensions) is more than 90 days after the date of enactment.

Senate Amendment

The Senate amendment is the same as the House bill.

Conference Agreement

The conference agreement follows the House bill and the Senate amendment.

3. Disclosure of tax return information for administration of certain veterans programs (sec. 1033 of the House bill and sec. 832 of the Senate amendment)

Present Law

The Internal Revenue Code prohibits disclosure of tax returns and return information, except to the extent specifically authorized by the Internal Revenue Code (sec. 6103). Unauthorized disclosure is a felony punishable by a fine not exceeding $5,000 or imprisonment of not more than five years, or both (sec. 7213). An action for civil damages also may be brought for unauthorized disclosure (sec. 7431). No tax information may be furnished by the Internal Revenue Service ("IRS") to another agency unless the other agency establishes procedures satisfactory to the IRS for safeguarding the tax information it receives (sec. 6103(p)).

Among the disclosures permitted under the Code is disclosure to the Department of Veterans Affairs ("DVA") of self-employment tax information and certain tax information supplied to the Internal Revenue Service and Social Security Administration by third parties. Disclosure is permitted to assist DVA in determining eligibility for, and establishing correct benefit amounts under, certain of its needs-based pension, health care, and other programs (sec. 6103(l)(7)(D)(viii)). The income tax returns filed by the veterans themselves are not disclosed to DVA.

The DVA is required to comply with the safeguards currently contained in the Code and in section 1137(c) of the Social Security Act (governing the use of disclosed tax information). These safeguards include independent verification of tax data, notification to the individual concerned, and the opportunity to contest agency findings based on such information.

The DVA disclosure provision is scheduled to expire after September 30, 1998.

House Bill

The House bill permanently extends the DVA disclosure provision.

Effective date.—The provision is effective on the date of enactment.

Senate Amendment

The Senate amendment is the same as the House bill.

Conference Agreement

The conference agreement extends the DVA disclosure provision through September 30, 2003.

4. Establish IRS continuous levy and improve debt collection (secs. 1034, 1035, and 1036 of the House bill and secs. 834, 835, and 836 of the Senate amendment)

A. Continuous levy

Present Law

If any person is liable for any internal revenue tax and does not pay it within 10 days after notice and demand[16] by the IRS, the IRS may then collect the tax by levy upon all property and rights to property belonging to the person,[17] unless there is an explicit statutory restriction on doing so. A levy is the seizure of the person's property or rights to property. Property that is not cash is sold pursuant to statutory requirements.[18]

In general, a levy does not apply to property acquired after the date of the levy,[19] regardless of whether the property is held by the taxpayer or by a third party (such as a bank) on behalf of a taxpayer. Successive seizures may be necessary if the initial seizure is insufficient to satisfy the liability.[20] The only exception to this rule is for salary and wages.[21] A levy on salary and wages is continuous from the date it is first made until the date it is fully paid or becomes unenforceable.

A minimum exemption is provided for salary and wages.[22] It is computed on a weekly basis by adding the value of the standard deduction plus the aggregate value of personal exemptions to which the taxpayer is entitled, divided by 52.[23] For a family of four for taxable year 1996, the weekly minimum exemption is $325.[24]

House Bill

The House bill amends the Code to provide that a continuous levy is also applicable to non-means tested recurring Federal payments. This is defined as a Federal payment for which eligibility is not based on the income and/or assets of a payee. For example, Social Security payments, which are subject to levy under present law, would become subject to continuous levy.

In addition, the House bill provides that this levy would attach up to 15 percent of any specified payment due the taxpayer. This rule explicitly replaces the other specifically enumerated exemptions from levy in the Code. A continuous levy of up to 15 percent would also apply to unemployment benefits and means-tested public assistance.

The House bill also permits the disclosure of otherwise confidential tax return information to the Treasury Department's Financial Management Service only for the purpose of, and to the extent necessary in, implementing these levy provisions.

Effective date.—The provision is effective for levies issued after the date of enactment.

Senate Amendment

The Senate amendment is the same as the House bill.

Conference Agreement

The conference agreement follows the House bill and the Senate amendment.

B. Modifications of levy exemptions

Present Law

The Code exempts from levy workmen's compensation payments[25] and annuity or pension payments under the Railroad Retirement Act and benefits under the Railroad Unemployment Insurance Act,[26] unemployment benefits[27] and means-tested public assistance.[28]

House Bill

The House bill provides that the following property is not exempt from continuous levy if the Secretary of the Treasury (or his delegate) approves the levy of such property:

(1) workmen's compensation payments;

(2) annuity or pension payments under the Railroad Retirement Act and benefits under the Railroad Unemployment Insurance Act;

(3) unemployment benefits; and

(4) means-tested public assistance.

Effective date.—The provision applies to levies issued after the date of enactment.

Senate Amendment

The Senate amendment is the same as the House bill, except that it does not apply to annuity or pension payments under the Railroad Retirement Act and benefits under the Railroad Unemployment Insurance Act.

Conference Agreement

The conference agreement follows the House bill.

5. Consistency rule for beneficiaries of trusts and estates (sec. 1037 of the House bill and sec. 833 of the Senate amendment)

Present Law

An S corporation is required to file a return for the taxable year and is required to furnish to its shareholders a copy of certain information shown on such return. The shareholder is required to file its return in a manner that is consistent with the information received from the S corporation, unless the shareholder files with the Secretary of the Treasury a notification of inconsistent treatment (sec. 6037(c)). Similar rules apply in the case of partnerships and their partners (sec. 6222).

The fiduciary of an estate or trust that is required to file a return for any taxable year is required to furnish to beneficiaries certain information shown on such return (generally via a Schedule K-1) (sec. 6034A). In addition, a U.S. person that is treated as the owner of any portion of a foreign trust is required to ensure that the trust files a return for the taxable year and furnishes certain required information to each U.S. person who is treated as an owner of a portion of the trust or who receives any distribution from the trust (sec. 6048(b)). However, rules comparable to the consistency rules that apply to S corporation shareholders and partners in partnerships are not specified in the case of beneficiaries of estates and trusts.

House Bill

Under the House bill, a beneficiary of an estate or trust is required to file its return in a manner that is consistent with the information received from the estate or trust, unless the beneficiary files with its return a notification of inconsistent treatment identifying the inconsistency.

Effective date.—The provision is effective for returns filed after date of enactment.

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[16] Notice and demand is the notice given to a person liable for tax stating that the tax has been assessed and demanding that payment be made. The notice and demand must be mailed to the person's last known address or left at the person's dwelling or usual place of business (Code sec. 6303).

[17] Code sec. 6331.

[18] Code secs. 6335–6343.

[19] Code sec. 6331(b).

[20] Code sec. 6331(c).

[21] Code sec. 6331(e).

[22] Code sec. 6334(a)(9).

[23] Code sec. 6334(d).

[24] Standard deduction of $6,700 plus four personal exemptions at $2,550 each equals $16,900, which when divided by 52 equals $325.

[25] Code sec. 6334(a)(7).

[26] Code sec. 6334(a)(6).

[27] Sec. 6334(a)(4).

[28] Sec. 6334(a)(11).

Senate Amendment

The Senate amendment is the same as the House bill.

Conference Agreement

The conference agreement follows the House bill and the Senate amendment.

E. Excise Tax Provisions

1. Extension and modification of Airport and Airway Trust Fund excise taxes (sec. 1041 of the House bill and sec. 841 of the Senate amendment)

Present Law

In general.—Excise taxes imposed on commercial air transportation of passengers (10 percent of fare) and cargo (6.25 percent of shipping charge) and on noncommercial aviation fuels (15 cents per gallon on aviation gasoline and 17.5 cents per gallon on jet fuel) are transferred to the Airport and Airway Trust Fund to finance a portion of the cost of programs administered by the Federal Aviation Administration. The Airport and Airway Trust Fund excise taxes are scheduled to expire after September 30, 1997.

Commercial passenger tax.—Domestic passenger transportation is taxed at 10 percent of the fare. There is no special tax rate for flight segments to or from small, rural airports. Application of the 10-percent tax to transportation sold through credit card frequent flyer award and similar arrangements is unclear.

Passengers traveling on domestic flights that connect to or from international flights are not subject to tax. International departures are taxed at $6 per passenger; no tax is imposed on international arrivals.

Travel between the 48 contiguous States and Alaska or Hawaii (and between those two States) is taxed at 10 percent of the fare attributable to U.S.-territorial miles plus a $6 per passenger international departure tax.

Passengers are liable for the tax; air carrier liability is only for collection and remittance to the government. Air carriers deposit collected taxes semimonthly, generally no later than the 10th day of the second semimonthly period after the transportation is deemed sold.

Advertising.—Airlines are required to advertise their fares either tax-inclusive or, if separately stated, to state the pre-tax fare, tax, and total in equal sized type.

General Fund fuels tax.—In addition to the Airport and Airway Trust fuel taxes, aviation fuels used in both commercial and noncommercial aviation are subject to a 4.3-cents-per-gallon excise tax. Revenues from this tax are retained in the General Fund.

House Bill

Extension.—Subject to the modifications described below, the House bill extends the present-law Airport and Airway Trust Fund excise taxes for 10 years, through September 30, 2007.

Commercial passenger tax modifications.—Domestic passenger transportation is taxed at 7.5 percent of the fare *plus* $2 per flight segment. (A flight segment is a flight involving one take-off). The $2 rate increases to $3 in four equal annual increments (1999–2002), and is indexed to the consumer price index ("CPI") thereafter. The House bill specifies that payments for the right to award frequent flyer-type points and similar price reductions through credit card and other arrangements are subject to the 7.5-percent tax rate.

The House bill retains the present-law exemption for passengers traveling on domestic flights that connect to or from international flights. Both international departures and arrivals are taxed at $15.50 per passenger. The $15.50-per-passenger rate is indexed to the CPI after 1998.

Travel between the 48 contiguous States and Alaska or Hawaii (or between those States) is taxed at 7.5 percent of the fare attributable to U.S. territorial miles, plus $2 per flight segment, plus the $15.50 per passenger rate international departure tax.

The House bill imposes secondary liability for tax on air carriers. The House bill also provides two special delays in deposits: (1) taxes otherwise due in the period August 15–September 30, 1997, are due October 10, 1997; and (2) taxes otherwise due in the period July 1–September 30, 1998, are due October 13, 1998.

Advertising.—The House bill requires airlines to state separately pre-tax fare and tax, with tax being stated in print at least 50 percent the size of print in which fare is stated.

Transfer of General Fund fuels tax revenues.—The House bill transfers revenues from the 4.3-cents-per-gallon fuels tax to the Airport and Airway Trust Fund for taxes received in the Treasury on or after October 1, 1997.

Effective date.—The provisions apply generally to transportation beginning after September 30, 1997, with special rules for (1) prepayments between related parties under credit card and similar arrangements after June 11, 1997, that are related to rights to transportation to be awarded or otherwise distributed after September 30, 1997, and (2) tickets sold after date of enactment and before October 1, 1997 for transportation beginning after September 30, 1997.

Senate Amendment

Extension.—Subject to the modifications described below, the Senate amendment extends the present-law Airport and Airway excise taxes for 10 years, the same period as in the House bill.

Commercial passenger tax modifications.—Domestic passenger transportation is taxed at 10 percent (the same rate as under present law). The Senate amendment also includes a 7.5-percent rate for flight segments to or from airports that enplaned no more than 100,000 passengers in the second preceding calendar year and that either (1) are at least 75 miles from a airport that had more than 100,000 passenger enplanements in that year, or (2) qualify for essential air service subsidies as of the date of the amendment's enactment. The Senate amendment specifies that payments for frequent-flyer-type awards or similar price reductions through credit card and other arrangements are subject to the 10-percent tax.

The Senate amendment taxes passengers traveling on domestic flights that connect to or from international flights the same as other domestic passengers (i.e., at 10 percent of fare, or 7.5 percent for certain rural airport flight segments, for the domestic flight). Both international departures and arrivals are taxed at $8 per passenger. Unlike under the comparable House bill provision, the $8 per passenger rate is not indexed.

Travel between the 48 contiguous States and Alaska or Hawaii (or between those two States) is taxed the same as under present law.

The Senate amendment is the same as the House bill on liability for tax. The Senate amendment provides two special delays in deposits: (1) taxes otherwise due in the period August 15–September 30, 1997, are due October 10, 1997; and (2) taxes otherwise due in the period July 1–September 30, 2001, are due October 10, 2001.

Advertising.—No provision.

Transfer of General Fund fuels tax.—No provision.

Effective date.—The Senate amendment is the same as the House bill, except the credit card prepayment rule applies to payments after June 16, 1997.

Conference Agreement

Extension.—The conference agreement follows the House bill and the Senate amendment (i.e., extends the present-law Airport and Airway Trust Fund excise taxes for 10 years, subject to the modifications described below).

Commercial passenger tax modifications.—The conference agreement follows the House bill's domestic passenger tax structure with the following modifications to the rates:

October 1, 1997–September 30, 1998.	9 percent of the fare, plus $1 per domestic flight segment.
October 1, 1998–September 30, 1999.	8 percent of the fare, plus $2 per domestic flight segment.
September 30, 1999–December 31, 1999.	7.5 percent of the fare, plus $2.25 per domestic flight segment.

After December 31, 1999, the *ad valorem* rate will remain at 7.5 percent. The domestic flight segment component of the tax will increase to $2.50 (January 1, 2000–December 31, 2000), to $2.75 (January 1, 2001–December 31, 2001), and to $3 (January 1, 2002–December 31, 2002). Beginning on January 1, 2003, the $3 rate will be indexed to the CPI as under the House bill.[29]

The conference agreement follows the Senate amendment on the treatment of certain domestic flight segments to and from qualified rural airports, with a modification. Under the conference agreement, the tax rate on these flight segments will be 7.5 percent of fare, with no flight segment rate being imposed on eligible flight segments.

The conference agreement follows the House bill and the Senate amendment provisions extending the tax on international departures and expanding that tax to include international arrivals, with a modification setting the tax rate on both international departures and arrivals at $12 per passenger (indexed to the CPI beginning on January 1, 1999, as under the House bill). The conferees believe this increased tax level is consistent with the user tax principles of the Airport and Airway Trust Fund taxes which include the recovery from international passengers of a greater percentage of the costs those passengers impose on FAA-programs than are collected by the present-law international departure tax, so that purely domestic passengers and the General Fund will not be required to subsidize the costs imposed by international travelers to the extent occurring under present law.

The conference agreement does not include the provision of the Senate amendment extending tax to domestic flights that connect to or from international flights. Rather, those flights will continue to be tax-free when the flights constitute segments of uninterrupted international transportation (i.e., the scheduled interval at any intermediate stop does not exceed 12 hours). If an

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[29] Similar to a provision of the House bill, the conference agreement includes a rule of administrative convenience that there is no change in the number of segment taxes imposed if a passenger's route between two locations is changed (with a resulting change in the number of domestic segments) if there is no change in the fare charged (including no imposition of any additional administrative or other fee associated with the route change).

intermediate stop exceeds 12 hours, subsequent domestic segments are taxed as domestic transportation.

The conference agreement follows the Senate amendment provision retaining the $6 per passenger rate applicable to the international airspace component of flights between the 48 contiguous States and Alaska or Hawaii (or to flights between Alaska and Hawaii).[30] For example, a passenger traveling from Los Angeles to Honolulu in December 1997 would be taxed at 9 percent of the fare applicable to U.S. territorial miles plus $1 per flight segment plus $6. As with the general $12 international arrival and departure rate, this $6-per-passenger rate will be indexed to the CPI beginning on January 1, 1999.

The conference agreement follows the House bill and Senate amendment provisions clarifying that the air passenger excise tax applies to payments to air carriers (and related parties) for the right to award air travel benefits. The tax rate is 7.5 percent. Examples of such taxable payments include (1) payments for frequent flyer miles (including other rights to air transportation) purchased by credit card companies, telephone companies, rental car companies, television networks, restaurants and hotels, air carriers and related parties, and other businesses, and (2) amounts received by air carriers (or related parties) pursuant to joint venture credit card or other marketing arrangements. The conference agreement includes an exception to this general rule in the case of payments for air transportation rights between corporations that are members of a 100 percent commonly owned controlled group (e.g., transportation purchased from an air carrier by a 100 percent commonly owned corporation operating a frequent flyer award program for the air carrier).

The conferees are aware that consumers accrue mileage awards from numerous sources, including actual air travel as well as programs giving rise to taxable payments under this provision of the conference agreement. Once awarded to consumers, these miles are commingled in the consumer's account such that any miles used for a specific purpose may not be traceable to the source which gave rise to them. The conference agreement authorizes the Treasury Department to develop regulations excluding from the tax base a portion of otherwise taxable payments, if any, with respect to awarded frequent flyer miles if the Treasury determines that a portion properly can be allocated (traced) to miles which are used by consumers for purposes other than air transportation. Miles that are unused should not be treated as used for purposes other than air transportation. As part of any rulemaking process it undertakes, the Treasury is authorized to review airline frequent flyer programs and other information from all available sources, including industry and third-party data, in determining whether mileage awards can be adequately traced to support tax-base allocations based on the ultimate use of the awards. The conferees intend that an adjustment to the tax base will be prescribed only if the Treasury finds a consistent pattern of non-air transportation usage by consumers at levels indicating that significant mileage awarded pursuant to payments taxable under this provision is being used for purposes other than air transportation. In making any such adjustment, the Treasury Department should treat mileage used for non-air transportation purposes as coming first from mileage awarded to consumers from actual air travel (and other sources not subject to tax under this provision).

The conference agreement follows the House bill and the Senate amendment provisions extending secondary liability for the passenger taxes to air carriers.

The conference agreement includes the provision of the House bill changing certain commercial air passenger excise tax deposit dates for taxes otherwise due after August 14, 1997, and before October 1, 1997, to October 10, 1997. Additionally, the conference agreement provides that deposits of commercial air passenger taxes that otherwise would be required after August 14, 1998, and before October 1, 1998, will be due on October 5, 1998. Deposits of the commercial air cargo and aviation fuels taxes that otherwise would be required to be made after July 31, 1998, and before October 1, 1998, will be due on October 5, 1998.

Advertising.—The conference agreement does not include the House bill provision changing the rules governing airline fare advertising.

Transfer of General Fund fuels tax revenues.—The conference agreement includes the House bill provision transferring gross receipts from the 4.3-cents-per-gallon general fund tax on aviation fuels to the Airport and Airway Trust Fund.

Effective date.—The conference agreement follows the House bill.

2. Extend diesel fuel excise tax rules to kerosene (sec. 1042 of the House bill)

Present Law

Diesel fuel is taxed at 24.3 cents per gallon when the fuel is removed from a registered terminal storage facility *unless* the fuel is dyed and is destined for a nontaxable use.

Kerosene is taxed at the wholesale level if it is sold as an aviation fuel. If kerosene is blended with diesel fuel, tax is due from the blender unless the kerosene, and the diesel fuel with which it is blended, are dyed and destined for a nontaxable use.

House Bill

The diesel fuel tax rules are extended to kerosene, with the following modifications:

(1) Undyed kerosene can be removed from terminals without tax by registered aviation wholesalers;

(2) Undyed kerosene can be removed from terminals by pipeline without tax for use as an industrial feedstock (and other than by pipeline as permitted in Treasury Department rules for such a use); and

(3) Expedited refunds to ultimate vendors are allowed for tax-paid kerosene sold for use in space heaters.

Effective date.—July 1, 1998.

Senate Amendment

No provision.

Conference Agreement

The conference agreement follows the House bill with modifications. First, registration as a terminal facility eligible to handle non-tax-paid diesel fuel and kerosene is conditional on the facility offering its customers dyeing for nontaxable sales of diesel fuel and kerosene. Second, the minimum amount for vendor refunds of tax paid on kerosene is reduced from $200 to $100. Third, the Treasury Department is given regulatory authority to allow tax-free sales of kerosene to wholesale dealers that (a) satisfy such registration and other compliance measures as Treasury may prescribe and (b) sell kerosene exclusively to retailers eligible for refunds with respect to undyed kerosene sold by them for a nontaxable use.

3. Reinstate Leaking Underground Storage Tank Trust Fund excise tax (sec. 1043 of the House bill and sec. 842 of the Senate amendment)

Present Law

Before January 1, 1996, a 0.1-cent-per-gallon excise tax was imposed on gasoline, diesel fuel, special motor fuels, aviation fuels, and inland waterway fuels. Revenues were transferred to a Leaking Underground Storage Tank Trust Fund to finance cleanup of damage from leaking underground storage tanks.

House Bill

The House bill reinstates the tax for approximately five years, from the date of enactment through September 30, 2002.

Effective date.—Date of enactment.

Senate Amendment

The Senate amendment reinstates the tax for 10 years, from October 1, 1997, through September 30, 2007.

Effective date.—Date of enactment.

Conference Agreement

The conference agreement follows the House bill and Senate amendment with a modification to the reinstatement period. The modified period is October 1, 1997, through March 31, 2005.

4. Application of communications excise tax to prepaid telephone cards (sec. 1044 of the House bill and sec. 843 of the Senate amendment)

Present Law

A 3-percent excise tax is imposed on amounts paid for local and toll (long-distance) telephone service and teletypewriter exchange service. The tax is collected by the provider of the service from the consumer (business and personal service).

House Bill

Under the House bill, any amounts paid to communications service providers (in cash or in kind) for the right to award or otherwise distribute free or reduced-rate long-distance telephone service are treated as amounts paid for taxable communication services, subject to the 3-percent ad valorem tax rate. Examples of such taxable amounts include (1) prepaid telephone cards offered through service stations, convenience stores and other businesses to their customers and others and (2) amounts received by communication service providers pursuant to joint venture credit card or other marketing arrangements. The Treasury Department is authorized specifically to disregard accounting allocations or other arrangements which have the effect of reducing artificially the base to which the 3-percent tax is applied. No inference is intended from this provision as to the proper treatment of these payments under present law.

Effective date.—The provision is effective for amounts paid on or after the date of enactment.

Senate Amendment

The Senate amendment is the same as the House bill.

Conference Agreement

The conference agreement follows the House bill and the Senate amendment with technical modifications. The conference agreement clarifies that any amounts paid to communications service providers (in cash or in kind) for the right to award or otherwise distribute free or reduced-rate telephone service (i.e., local or toll telephone service) are treated as amounts paid for taxable communication services, subject to the 3-percent ad valorem tax rate.

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[30] In contrast, transportation between Alaska or Hawaii and foreign countries (including U.S. possessions) is taxed exclusively as international travel, subject to the $12 per passenger arrival and departure tax.

The conference agreement also clarifies that the base to which the communications tax applies in the case of prepaid telephone cards and similar arrangements is the retail value of the service provided by the use of the card or arrangement. The conferees understand that prepaid telephone cards are offered to the public in two forms. The first type of prepaid telephone card can be called a "dollar value card." In this case, the final customer purchases a card or account which allows him to utilize $X worth of telephone service provided by an underlying telecommunications carrier. In this case, following the House bill and the Senate amendment, the conference agreement provides that the 3-percent communications excise tax apply to the value X at the time the prepaid telephone card is sold by a telecommunications carrier to a person who is not a telecommunications carrier.

The second type of prepaid telephone card can be called a "unit card" or a "minute card." In this case the final customer purchases a card or account which allows him to use Y number of units or minutes of telephone service provided by an underlying telecommunications carrier. The conferees intend that the tax applicable to such cards be based on the retail value of the telephone service offered to a consumer and the conference agreement grants the Treasury Department regulatory authority to determine the appropriate retail value. Presently, the Federal Communications Commission generally requires telecommunications carriers to file a tariff listing the prices of their various service offerings including the price of units or minutes offered via prepaid telephone cards. In this case, following the House bill and the Senate amendment, the conference agreement provides that the 3-percent communications excise tax will apply to Y (the number of units or minutes) multiplied by the tariffed price of those units or minutes at the time the prepaid telephone card is sold by a telecommunications carrier to a person who is not a telecommunications carrier. The conferees recognize that such a tariffed value may not in all cases correspond to the over-the-counter price that a final customer may pay for the card. However, the conferees believe that looking to the tariffed price, at present, is the best way to achieve neutral treatment of "dollar cards" and "unit" or "minute cards." The conferees understand that not all prepaid telephone cards may have an underlying tariff that applies to that particular card. In such cases, the conferees intend that tariffs for comparable telephone service be applied if applicable. The conferees believe that tariffs should continue to be filed for service offered via prepaid telephone cards, but if, in the future, tariff filings are not generally filed the conference agreement authorizes the Treasury Department to determine the appropriate retail value of the units or minutes of service offered on such cards.

The conferees understand that sometimes a communications service provider may require certain customers to prepay for their service as assurance that payment is made by the customer for services to be provided. The conferees do not consider such arrangements to constitute payment for communications services for the purposes of this provision if the customer is entitled to a full refund, in cash, for the value of any unused service. The conferees consider such arrangements to be deposits to assure payment of service to be provided in the future.

No inference is intended from this provision as to the proper treatment of payments received by communications service providers for prepaid telephone cards and amounts received by communication service providers pursuant to joint venture credit card or other marketing arrangements under present law.

Effective date.—The conference agreement modifies the effective date so that the provision is effective for cards sold on or after the first day of the month which commences more than 60 days after the date of enactment.

5. Modify treatment of tires under the heavy highway vehicle retail excise tax (sec. 1402 of the House bill and sec. 845 of the Senate amendment)

Present Law

A 12-percent retail excise tax is imposed on certain heavy highway trucks and trailers, and on highway tractors. A separate manufacturers' excise tax is imposed on tires weighing more than 40 pounds. This tire tax is imposed as a fixed dollar amount which varies based on the weight of the tire. Because tires are taxed separately, the value of tires installed on a highway vehicle is excluded from the 12-percent excise tax on heavy highway vehicles. The determination of value is factual and has given rise to numerous tax audit challenges.

House Bill

The current exclusion of the value of tires installed on a taxable highway vehicle is repealed. Instead, a credit for the amount of manufacturers' excise tax actually paid on the tires is allowed.

Effective date.—The provision is effective after December 31, 1997.

Senate Amendment

The Senate amendment is the same as the House bill.

Conference Agreement

The conference agreement follows the House bill and the Senate amendment.

6. Increase tobacco excise taxes (sec. 846 of the Senate amendment)

Present Law

The following excise taxes are imposed on tobacco products:

Cigarettes—
  Small cigarettes—24 cents/pack of 20
  Large cigarettes—$25.20/1000
Cigars—
  Large cigars—12.75% of mfgr. price, up to $30/1000
  Small cigars—$1.125/1000
Cigarette papers—$0.0075/50 papers
Cigarette tubes—$0.15/50 tubes
Chewing tobacco—$0.12/lb.
Snuff—$0.36/lb.
Pipe tobacco—$0.675/lb.

House Bill

No provision.

Senate Amendment

The Senate amendment increases the small cigarette tax rate by 20 cents per pack of 20 (i.e., to 44 cents per pack), and increases the tax rates on other tobacco products proportionately. The Senate amendment also extends the tax to "roll-your-own" cigarette tobacco at $0.66/lb., and includes compliance provisions for untaxed cigarettes destined for export.

Floor stocks taxes are imposed on cigarettes and other currently taxed tobacco products held for sale on October 1, 1997 (including articles held in foreign trade zones).

Effective date.—October 1, 1997.

Conference Agreement

The conference agreement on H.R. 2014 does not include the Senate amendment. However, the conference agreement on H.R. 2015 follows the Senate amendment, with modifications. First, the tax rate on small cigarettes is increased by $5 per thousand (10 cents per pack of 20 cigarettes) and the tax rates on other currently taxed tobacco products are increased proportionately beginning on January 1, 2000. On January 1, 2002, the small cigarette tax rate is increased by an additional $2.50 per thousand (5 cents per pack) with the tax rates on other currently taxed tobacco products also being increased proportionately at that time. Thus, the aggregate tax increase on small cigarettes is 15 cents per pack of 20 cigarettes. The conference agreement imposes tax on "roll-your-own" tobacco at the same rate as pipe tobacco.

The conference agreement includes a technical amendment to H.R. 2015, which provides that an amount equal to the increase in tobacco excise taxes included in H.R. 2015 will be credited against total payments made by parties pursuant to future Federal legislation implementing the proposed tobacco industry settlement agreement of June 20, 1997.

Effective date.—The conference agreement on H.R. 2015 is effective on the date of enactment for tobacco products removed after December 31, 1999, and December 31, 2001, respectively. Appropriate floor stocks taxes are imposed on January 1, 2000, and on January 1, 2002.

F. Provisions Relating to Tax-Exempt Organizations

1. Extend UBIT rules to second-tier subsidiaries and amend control test (sec. 1051 of the House bill and sec. 851 of the Senate amendment)

Present Law

In general, interest, rents, royalties and annuities are excluded from unrelated taxable business income (UBTI) of tax-exempt organizations. However, section 512(b)(13) treats otherwise excluded rent, royalty, annuity, and interest income as UBTI if such income is received from a taxable or tax-exempt subsidiary that is 80 percent controlled by the parent tax-exempt organization.[31] In the case of a stock subsidiary, the 80 percent control test is met if the parent organization owns 80 percent or more of the voting stock and all other classes of stock of the subsidiary.[32] In the case of a non-stock subsidiary, the applicable Treasury regulations look to factors such as the representation of the parent corporation on the board of directors of the nonstock subsidiary, or the power of the parent corporation to appoint or remove the board of directors of the subsidiary.[33]

The control test under section 512(b)(13) does not, however, incorporate any indirect ownership rules.[34] Consequently, rents, royalties, annuities and interest derived from

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[31] For this purpose, a "controlled organization" is defined under section 368(c). Under present law, rent, royalty, annuity, and interest payments are treated as UBTI when received by the parent organization based on the percentage of the subsidiary's income that is UBTI (either in the hands of the subsidiary if the subsidiary is tax-exempt, or in the hands of the parent organization if the subsidiary is taxable).

[32] Treas. reg. sec. 1.512(b)-1(l)(4)(I)(a).

[33] Treas. reg. sec. 1.512(b)-1(l)(4)(I)(b).

[34] See PLR 9338003 (June 16, 1993) (holding that because no indirect ownership rules are applicable

Continued

second-tier subsidiaries generally do not constitute UBTI to the tax-exempt parent organization.[35]

House Bill

The House bill modifies the test for determining control for purposes of section 512(b)(13). Under the House bill, "control" means (in the case of a stock corporation) ownership by vote or value of more than 50 percent of the stock. In the case of a partnership or other entity, control means ownership of more than 50 percent of the profits, capital or beneficial interests.

In addition, the House bill applies the constructive ownership rules of section 318 for purposes of section 512(b)(13). Thus, a parent exempt organization is deemed to control any subsidiary in which it holds more than 50 percent of the voting power or value, directly (as in the case of a first-tier subsidiary) or indirectly (as in the case of a second-tier subsidiary).

The House bill also makes technical modifications to the method provided in section 512(b)(13) for determining how much of an interest, rent, annuity, or royalty payment made by a controlled entity to a tax-exempt organization is includible in the latter organization's UBTI. Such payments are subject to the unrelated business income tax to the extent the payment reduces the net unrelated income (or increases any net unrelated loss) of the controlled entity.

Effective date.—The modification of the control test to one based on vote or value, the application of the constructive ownership rules of section 318, and the technical modifications to the flow-through method apply to taxable years beginning after the date of enactment. The reduction of the ownership threshold for purposes of the control test from 80 percent to more than 50 percent applies to taxable years beginning after December 31, 1998.

Senate Amendment

The Senate amendment is the same as the House bill.

Conference Agreement

The conference agreement follows the House bill and the Senate amendment, except that the effective date is modified to provide temporary transition relief for certain payments. The provision does not apply to payments made during the first two taxable years beginning on or after the date of enactment if such payments are made pursuant to a binding written contract in effect as of June 8, 1997, and at all times thereafter before such payment. In addition, the conference agreement does not include the delayed application of the reduction of the ownership threshold for purposes of the control test from 80 percent to more than 50 percent.

2. Limitation on increase in basis of property resulting from sale by tax-exempt entity to related person (sec. 1052 of the House bill and sec. 852 of the Senate amendment)

Present law

If a tax-exempt entity transfers assets to a controlled taxable entity in a transaction that is treated as a sale, the transferee taxable entity obtains a fair market value basis in the assets. Because the transferor is tax-exempt, no gain is recognized on the transfer except to the extent of certain unrelated business taxable income, if any.

Other provisions of the Code deny certain tax benefits when a transferor and transferee are related parties. For example, losses on sales between related parties are not recognized (sec. 267). As another example, ordinary income treatment, rather than capital gain treatment, is required on a sale of depreciable property between related parties.(sec.1239).

House Bill

In the case of a sale or exchange of property directly or indirectly between a tax-exempt entity and a related person, the basis of the related person in the property will not exceed the adjusted basis of such property immediately before the sale in the hands of the tax-exempt entity, increased by the amount of any gain recognized to the tax-exempt entity under the unrelated business taxable income rules of section 511.

A related person means any person having a relationship to the tax-exempt entity described in section 267(b) or 707(b)(1) (generally, certain more-than-50-percent relationships, with specified attribution rules). For purposes of applying section 267(b)(2), such an entity is treated as if it were an individual.

Effective date.—The provision applies to sales or exchanges after June 8, 1997, except that it will not apply to a sale or exchange made pursuant to a written agreement which was binding on such date and at all times thereafter.

Senate Amendment

The Senate amendment is the same as the House bill, except that it is clarified that the term "tax-exempt entity" for purposes of the provision is defined as in section 168(h)(2)(A), without regard to section 168(h)(2)(A)(iii).

Conference Agreement

The conference agreement does not include the House bill provision or the Senate amendment.

3. Reporting and proxy tax requirements for political and lobbying expenditures of certain tax-exempt organizations (sec. 1053 of the House bill)

Present Law

Section 162(e) denies deductions as a trade or business expense for certain lobbying and political expenditures. Section 162(e)(3) provides a flow-through rule to disallow a deduction for a portion of membership dues or similar payments paid to a tax-exempt organization if the organization notifies the member under section 6033(e) that such portion of the membership dues is allocable to political or lobbying activities engaged in by the organization.

Under section 6033(e), tax-exempt organizations (other than charities described in section 501(c)(3)) that engage in lobbying or political campaign activities must disclose the amount of members' dues allocable to lobbying or political campaign expenditures to their members and to the Internal Revenue Service (IRS), except for certain in-house, de minimis expenses[36] If an organization fails to meet the disclosure requirement under section 6033(e), then the organization generally is subject to a so-called "proxy tax" equal to 35 percent of the amount of members' dues allowable to lobbying or political campaign expenditures. However, under section 6033(e)(3), organizations are exempt from the disclosure requirements and proxy tax if they can establish to the satisfaction of the Secretary of the Treasury that substantially all dues or other similar amounts received by the organization are not deductible without regard to whether or not the organization conducts lobbying or political campaign activities. In Rev. Proc. 95–35, the IRS announced that all tax-exempt organizations—other than (1) organizations described in section 501(c)(4) that are not veterans organizations, (2) agricultural and horticultural organizations described in section 501(c)(5), and (3) trade associations and other organizations described in section 501(c)(6)—are deemed automatically to qualify for the section 6033(e)(3) exemption from the general disclosure requirements and proxy tax. Rev. Proc. 95–35 further provides that an organization described in section 501(c)(4) or an agricultural or horticultural organization described in section 501(c)(5) qualified for the section 6033(e)(3) exemption if the organization receives at least 90 percent of its dues from (1) members with annual dues of less than $50 or (2) other tax-exempt organizations. Under Rev. Proc. 95–35, a trade association or other organization described in section 501(c)(6) qualifies for the section 6033(e)(3) exemption if the organization receives at least 90 percent of its dues from other tax-exempt organizations.[37]

House Bill

Section 6033(e)(3) is amended to provide that an exemption from the general disclosure requirements and proxy tax of section 6033(e) is available to a tax-exempt organization if more than 90 percent of the amount of aggregate annual dues (or similar payments) received by the organization are paid by (1) individuals or families whose annual dues (or similar amounts) are less than $100,[38] or (2) tax-exempt entities. For purposes of the provision, all organizations sharing a name, charter, historic affiliation, or similar characteristics and coordinating their activities would be treated as a single entity. As under present law, charities described in section 501(c)(3) are not subject to the section 6033(e) disclosure requirements and proxy tax.

Effective date.—The provision is effective for taxable years beginning after December 31, 1997.

Senate Amendment

No provision.

Conference Agreement

The conference agreement does not include the House bill provision.

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under section 512(b)(13), rents paid by a second-tier taxable subsidiary are not UBTI to a tax-exempt parent organization). In contrast, an example of an indirect ownership rule can be found in Code section 318. Section 318(a)(2)(C) provides that if 50 percent or more in value of the stock in a corporation is owned, directly or indirectly, by or for any person, such person shall be considered as owning the stock owned, directly or indirectly by or for such corporation, in the proportion the value of the person's stock ownership bears to the total value of all stock in the corporation.

[35] See PLR 9542045 (July 28, 1995) (holding that first-tier holding company and second- tier operating subsidiary were organized with bona fide business functions and were not agents of the tax-exempt parent organization; therefore, rents, royalties, and interest received by tax-exempt parent organization from second-tier subsidiary were not UBTI).

[36] Such disclosure is not required, however with respect to political expenditures if tax is imposed on the organization with respect to such expenditures under section 527(f) (see sec. 6033(e)(1)(B)(iii)).

[37] In addition, Rev. Proc. 95–35 provides that any organization may establish that it satisfies the section 6033(e)(3) exemption by (1) maintaining records establishing that 90 percent or more of the annual dues paid to the organization are not deductible without regard to whether or not the organization conducts lobbying or political campaign activities, and (2) notifying the IRS that it is described in section 6033(e)(3) on any Form 990 (i.e., annual information return) that it is required to file. Additionally, an organization may request a private letter ruling that the organization is eligible for the section 6033(e)(3) exemption.

[38] The $100 amount will be indexed for inflation after December 31, 1997 (rounded to the nearest multiple of $5).

4. Repeal grandfather rule with respect to pension business of certain insurers (sec. 1054 of the bill and sec. 853 of the Senate amendment)

Present Law

Present law provides that an organization described in sections 501(c)(3) or (4) of the Code is exempt from tax only if no substantial part of its activities consists of providing commercial-type insurance. When this rule was enacted in 1986, certain treatment (described below) applied to Blue Cross and Blue Shield organizations providing health insurance that (1) were in existence on August 16, 1986; (2) were determined at any time to be tax-exempt under a determination that had not been revoked; and (3) were tax-exempt for the last taxable year beginning before January 1, 1987 (when the present-law rule became effective), provided that no material change occurred in the structure or operations of the organizations after August 16, 1986, and before the close of 1986 or any subsequent taxable year.

The treatment applicable to such organizations, which became taxable organizations under the provision, is as follows. A special deduction applies with respect to health business equal to 25 percent of the claims and expenses incurred during the taxable year less the adjusted surplus at the beginning of the year. An exception is provided for such organizations from the application of the 20-percent reduction in the deduction for increases in unearned premiums that applies generally to property and casualty insurance companies. A fresh start was provided with respect to changes in accounting methods resulting from the change from tax-exempt to taxable status. Thus, no adjustment was made under section 481 on account of an accounting method change. Such an organization was required to compute its ending 1986 loss reserves without artificial changes that would reduce 1987 income. Thus, any reserve weakening after August 16, 1986 was treated as occurring in the organization's first taxable year beginning after December 31, 1986. The basis of such an organization's assets was deemed to be equal to the amount of the assets' fair market value on the first day of the organization's taxable year beginning after December 31, 1986, for purposes of determining gain or loss (but not for determining depreciation or for other purposes).

Grandfather rules were provided in the 1986 Act relating to the provision. It was provided that the provision does not apply to that portion of the business of the Teachers Insurance Annuity Association-College Retirement Equities Fund which is attributable to pension business, nor does the provision apply with respect to that portion of the business of Mutual of America which is attributable to pension business. Pension business means the administration of any plan described in section 401(a) of the Code which includes a trust exempt from tax under section 501(a), and plan under which amounts are contributed by an individual's employer for an annuity contract described in section 403(b) of the Code, any individual retirement plan described in section 408 of the Code, and any eligible deferred compensation plan to which section 457(a) of the Code applies.

House Bill

The House bill repeals the grandfather rules applicable to that portion of the business of the Teachers Insurance Annuity Association-College Retirement Equities Fund which is attributable to pension business and to that portion of the business of Mutual of America which is attributable to pension business. The Teachers Insurance Annuity Association and College Retirement Equities Fund and Mutual of America are to be treated for Federal tax purposes as life insurance companies.

A fresh start is provided with respect to changes in accounting methods resulting from the change from tax-exempt to taxable status. Thus, no adjustment is made under section 481 on account of an accounting method change. The Teachers Insurance Annuity Association and College Retirement Equities Fund and Mutual of America are required to compute ending 1997 loss reserves without artificial changes that would reduce 1998 income. Thus, any reserve weakening after June 8, 1997, is treated as occurring in the organization's first taxable year beginning after December 31, 1997. The basis of assets of Teachers Insurance Annuity Association and College Retirement Equities Fund and Mutual of America is deemed to be equal to the amount of the assets' fair market value on the first day of the organization's taxable year beginning after December 31, 1997, for purposes of determining gain or loss (but not for determining depreciation or for other purposes).

Effective date.—Taxable years beginning after December 31, 1997.

Senate Amendment

The Senate amendment is the same as the House bill, except that the Senate amendment repeals only the grandfather rule applicable to that portion of the business of Mutual of America which is attributable to pension business.

Effective date.—Same as the House bill.

Conference Agreement

The conference agreement follows the House bill.

G. Foreign Provisions

1. Inclusion of income from notional principal contracts and stock lending transactions under subpart F (sec. 1171 of the House bill and sec. 861 of the Senate amendment)

Present Law

Under the subpart F rules, the U.S. 10-percent shareholders of a controlled foreign corporation ("CFC") are subject to U.S. tax currently on certain income earned by the CFC, whether or not such income is distributed to the shareholders. The income subject to current inclusion under the subpart F rules includes, among other things, "foreign personal holding company income."

Foreign personal holding company income generally consists of the following: dividends, interest, royalties, rents and annuities; net gains from sales or exchanges of (1) property that gives rise to the foregoing types of income, (2) property that does not give rise to income, and (3) interests in trusts, partnerships, and REMICs; net gains from commodities transactions; net gains from foreign currency transactions; and income that is equivalent to interest. Income from notional principal contracts referenced to commodities, foreign currency, interest rates, or indices thereon is treated as foreign personal holding company income; income from equity swaps or other types of notional principal contracts is not treated as foreign personal holding company income. Income derived from transfers of debt securities (but not equity securities) pursuant to the rules governing securities lending transactions (sec. 1058) is treated as foreign personal holding company income.

Income earned by a CFC that is a regular dealer in the property sold or exchanged generally is excluded from the definition of foreign personal holding company income. However, no exception is available for a CFC that is a regular dealer in financial instruments referenced to commodities.

A U.S. shareholder of a passive foreign investment company ("PFIC") is subject to U.S. tax and an interest charge with respect to certain distributions from the PFIC and gains on dispositions of the stock of the PFIC, unless the shareholder elects to include in income currently for U.S. tax purposes its share of the earnings of the PFIC. A foreign corporation is a PFIC if it satisfies either a passive income test or a passive assets test. For this purpose, passive income is defined by reference to foreign personal holding company income.

House Bill

The House bill treats net income from all types of notional principal contracts as a new category of foreign personal holding company income. However, income, gain, deduction or loss from a notional principal contract entered into to hedge an item of income in another category of foreign personal holding company income is included in that other category.

The House bill treats payments in lieu of dividends derived from equity securities lending transactions pursuant to section 1058 as another new category of foreign personal holding company income.

The House bill provides an exception from foreign personal holding company income for certain income, gain, deduction, or loss from transactions (including hedging transactions) entered into in the ordinary course of a CFC's business as a regular dealer in property, forward contracts, options, notional principal contracts, or similar financial instruments (including instruments referenced to commodities).

These modifications to the definition of foreign personal holding company income apply for purposes of determining a foreign corporation's status as a PFIC.

Effective date.—The provision applies to taxable years beginning after the date of enactment.

Senate Amendment

The Senate amendment is the same as the House bill.

Conference Agreement

The conference agreement follows the House bill and the Senate amendment. The conferees wish to clarify the treatment of notional principal contracts under the provision. Although net income from notional principal contracts is added as a new category of foreign personal holding company income, amounts with respect to a notional principal contract entered into to hedge an item described in another category of foreign personal holding company income are taken into account under the rules of such other category. In this regard, gains and losses from transactions in inventory property are covered by an exclusion from the category of personal holding company income for net gains from property transactions; income from a notional principal contract entered into to hedge inventory property is taken into account under such category and thus similarly is excluded from foreign personal holding company income.

2. Restrict like-kind exchange rules for certain personal property (sec. 1172 of the House bill and sec. 862 of the Senate amendment)

Present Law

An exchange of property, like a sale, generally is a taxable event. However, no gain or loss is recognized if property held for productive use in a trade or business or for investment is exchanged for property of a "like-kind" which is to be held for productive use in a trade or business or for investment (sec. 1031). In general, any kind of real estate is treated as of a like-kind with other real property as long as the properties are both located either within or both outside the United States. In addition, certain types of property, such as inventory, stocks and bonds, and partnership interests, are not eligible for nonrecognition treatment under section 1031.

If section 1031 applies to an exchange of properties, the basis of the property received in the exchange is equal to the basis of the property transferred, decreased by any money received by the taxpayer, and further adjusted for any gain or loss recognized on the exchange.

House Bill

The House bill provides that personal property predominantly used within the United States and personal property predominantly used outside the United States are not "like-kind" properties. For this purpose, the use of the property surrendered in the exchange will be determined based upon the use during the 24 months immediately prior to the exchange. Similarly, for section 1031 to apply, property received in the exchange must continue in the same use (i.e., foreign or domestic) for the 24 months immediately after the exchange.

The 24-month period is reduced to such lesser time as the taxpayer held the property, unless such shorter holding period is a result of a transaction (or series of transactions) structured to avoid the purposes of the provision. Property described in section 168(g)(4) (generally, property used both within and without the United States that is eligible for accelerated depreciation as if used in the United States) will be treated as property predominantly used in the United States.

Effective date.—The provision is effective for exchanges after June 8, 1997, unless the exchange is pursuant to a binding contract in effect on such date and all times thereafter. A contract will not fail to be considered to be binding solely because (1) it provides for a sale in lieu of an exchange or (2) either the property to be disposed of as relinquished property or the property to be acquired as replacement property (whichever is applicable) was not identified under the contract before June 9, 1997.

Senate Amendment

The Senate amendment is the same as the House bill.

Conference Agreement

The conference agreement follows the House bill and the Senate amendment.

3. Impose holding period requirement for claiming foreign tax credits with respect to dividends (sec. 1173 of the House bill and sec. 863 of the Senate amendment)

Present Law

A U.S. person that receives a dividend from a foreign corporation generally is entitled to a credit for foreign income taxes paid on the dividend, regardless of the shareholder's holding period for the stock. If a regulated investment company ("RIC") elects, U.S. persons that receive dividends from the RIC generally are entitled to an indirect credit for foreign taxes paid by the RIC, regardless of the shareholder's holding period for the RIC stock. A U.S. corporation that receives a dividend from a foreign corporation in which it has a 10-percent or greater voting interest generally is entitled to an indirect credit for foreign taxes paid by the foreign corporation, also regardless of the shareholder's holding period.

House Bill

The House bill disallows the foreign tax credits normally available with respect to a dividend from a corporation or RIC if the shareholder has not held the stock for 16 days in the case of common stock and 46 days in the case of preferred stock. The disallowance applies both to foreign tax credits for foreign withholding taxes that are paid on the dividend where the dividend-paying stock is held for less than these holding periods and to indirect foreign tax credits for taxes paid by a lower-tier foreign corporation or a RIC where any of the required stock in the chain of ownership is held for less than these holding periods. Periods during which a taxpayer is protected from risk of loss generally are not counted toward the holding period requirement. In the case of a bona fide contract to sell stock, a special rule applies for purposes of indirect foreign tax credits. The House bill also provides an exception for foreign active securities dealers.

Effective date.—The provision is effective for dividends paid or accrued more than 30 days after the date of enactment.

Senate Amendment

The Senate amendment is the same as the House bill with one modification. Under the Senate amendment, the special rule for contracts to sell stock does not apply to indirect foreign tax credits of a RIC shareholder.

Conference Agreement

The conference agreement generally follows the Senate amendment with one modification. The conference agreement grants regulatory authority to the Secretary of the Treasury to treat certain foreign taxes as not subject to the provision. The conferees anticipate that this authority may be used to address internal withholding taxes imposed by a foreign country on persons that do business in the foreign country.

4. Penalties for failure to file disclosure of exemption for income from the international operation of ships or aircraft by foreign persons (sec. 1174 of the House bill)

Present Law

The United States generally imposes a 4-percent tax on the U.S.-source gross transportation income of foreign persons that is not effectively connected with the foreign person's conduct of a U.S. trade or business (sec. 887). Foreign persons generally are subject to U.S. tax at regular graduated rates on net income, including transportation income, that is effectively connected with a U.S. trade or business (secs. 871(b) and 882).

Transportation income is any income derived from, or in connection with, the use (or hiring or leasing for use) of a vessel or aircraft (or a container used in connection therewith) or the performance of services directly related to such use (sec. 863(c)(3)). Income attributable to transportation that begins and ends in the United States is treated as derived from sources in the United States (sec. 863(c)(1)). In the case of transportation that either begins or ends in the United States, generally 50 percent of such income is treated as U.S. source and 50 percent is treated as foreign source (sec. 863(c)(2)). U.S.-source transportation income is treated as effectively connected with a foreign person's conduct of U.S. trade or business only if the foreign person has a fixed place of business in the United States that is involved in the earning of such income and substantially all of such income of the foreign person is attributable to regularly scheduled transportation (sec. 887(b)(4)).

An exemption from U.S. tax is provided for income derived by a nonresident alien individual or foreign corporation from the international operation of a ship or aircraft, provided that the foreign country in which such individual is resident or such corporation is organized grants an equivalent exemption to individual residents of the United States or corporations organized in the United States (secs. 872(b) (1) and (2) and 883(a) (1) and (2)).

Pursuant to guidance published by the Internal Revenue Service, a nonresident alien individual or foreign corporation that is entitled to an exemption from U.S. tax for its income from the international operation of ships or aircraft must file a U.S. income tax return and must attach to such return a statement claiming the exemption (Rev. Proc. 91–12, 1991–1 C.B. 473). If the foreign person is claiming an exemption based on an applicable income tax treaty, the foreign person must disclose that fact as required by the Secretary of the Treasury (sec. 6114). The penalty for failure to make disclosure of a treaty-based position as required under section 6114 is $1,000 for an individual and $10,000 for a corporation (sec. 6712).

House Bill

Under the House bill, a foreign person that claims exemption from U.S. tax for income from the international operation of ships or aircraft, but does not satisfy the filing requirements for claiming such exemption, is subject to the penalty of the denial of such exemption and any deductions or credits otherwise allowable in determining the U.S. tax liability with respect to such income. If a foreign person that has a fixed placed of business in the United States fails to satisfy the filing requirements for claiming an exemption from U.S. tax for its income from the international operation of ships or aircraft, such person is subject to the additional penalty that foreign source income from the international operation of ships or aircraft would be treated as effectively connected with the conduct of a U.S. trade or business, but only to the extent that such income is attributable to such fixed place of business in the United States. Income so treated as effectively connected with a U.S. business is subject to U.S. tax at graduated rates (and is subject to the disallowance of deductions and credits described above). These penalties do not apply in the case of a failure to disclose that is due to reasonable cause. The provision would not apply to the extent the application would be contrary to any treaty obligation of the United States.

The House bill also provides for the provision of information by the U.S. Customs Service to the Secretary of the Treasury regarding foreign-flag ships engaged in shipping to or from the United States.

Effective date.—The provision is effective for taxable years beginning after December 31, 1997.

Senate Amendment

No provision.

Conference Agreement

The conference agreement does not include the provision in the House bill.

5. Limitation on treaty benefits for payments to hybrid entities (sec. 1175 of the House bill and sec. 742 of the Senate amendment)

Present Law

Nonresident alien individuals and foreign corporations (collectively, foreign persons) that are engaged in business in the United States are subject to U.S. tax on the income from such business in the same manner as a U.S. person. In addition, the United States imposes tax on certain types of U.S.-source income, including interest, dividends and royalties, of foreign persons not engaged in business in the United States. Such tax is imposed on a gross basis and is collected through withholding. The statutory rate of this withholding tax is 30 percent. However, most U.S. income tax treaties provide for a reduction in rate, or elimination, of this withholding tax. Treaties generally provide for different applicable withholding tax rates for different types of income. Moreover, the applicable withholding tax rates differ among treaties. The specific withholding tax rates pursuant to a treaty are the result of negotiations between the United States and the treaty partner.

The application of the withholding tax is more complicated in the case of income derived through an entity, such as a limited liability company, that is treated as a partnership for U.S. tax purposes but may be treated as a corporation for purposes of the tax laws of a treaty partner. The Treasury regulations include specific rules that apply in the case of income derived through an entity that is treated as a partnership for U.S. tax purposes. In the case of a payment of an item of U.S. source income to a U.S. partnership, the partnership is required to impose the withholding tax to the extent the item of income is includible in the distributive share of a partner who is a foreign person. Tax-avoidance opportunities may arise in applying the reduced rates of withholding tax provided under a treaty to cases involving income derived through a limited liability company or other hybrid entity (e.g., an entity that is treated as a partnership for U.S. tax purposes but as a corporation for purposes of the treaty partner's tax laws).

Following the passage of the House bill and the Senate amendment, proposed and temporary regulations were issued addressing the application of the reduced rates of withholding tax provided under a treaty in cases involving a hybrid entity. Temp. Treas. reg. sec. 1.894–1T.

House Bill

The House bill limits the availability of a reduced rate of withholding tax pursuant to an income tax treaty in order to prevent tax avoidance. Under the House bill, a foreign person is entitled to a reduced rate of withholding tax under a treaty with a foreign country on an item of income derived through an entity that is a partnership (or is otherwise treated as transparent) for U.S. tax purposes only if such item is treated for purposes of the taxation laws of such foreign country as an item of income of such person. This rule does not apply if the treaty itself contains a provision addressing the applicability of the treaty in the case of income derived through a partnership. Moreover, the rule does not apply if the foreign country imposes tax on an actual distribution of such item of income from such partnership to such person. In this regard, the foreign country will be considered to impose tax on a distribution even though such tax may be reduced or eliminated by reason of deductions or credits otherwise available to the taxpayer.

The House bill addresses a potential tax-avoidance opportunity for Canadian corporations with U.S. subsidiaries that arises because of the interaction between the U.S. tax law, the Canadian tax law, and the income tax treaty between the United States and Canada. Through the use of a U.S. limited liability company, which is treated as a partnership for U.S. tax purposes but as a corporation for Canadian tax purposes, a payment of interest (which is deductible for U.S. tax purposes) may be converted into a dividend (which is excludable for Canadian tax purposes). Accordingly, interest paid by a U.S. subsidiary through a U.S. limited liability company to a Canadian parent corporation would be deducted by the U.S. subsidiary for U.S. tax purposes and would be excluded by the Canadian parent corporation for Canadian tax purposes; the only tax on such interest would be a U.S. withholding tax, which may be imposed at a reduced rate of 10 percent (rather than the full statutory rate of 30 percent) pursuant to the income tax treaty between the United States and Canada. Under the House bill, withholding tax is imposed at the full statutory rate of 30 percent in such case. The provision would not apply if the U.S.-Canadian income tax treaty is amended to include a provision reaching a similar result. In this regard, the United States and Canada recently negotiated a proposed protocol that would amend the provision in the treaty governing cross-border social security payments and this issue could be addressed in the context of that protocol or an additional protocol. Moreover, the provision would not apply if Canada were to impose tax on the Canadian parent on dividends received from the U.S. limited liability company.

It is believed that the provision generally is consistent with U.S. treaty obligations, including the U.S.-Canada treaty. The United States has recognized authority to implement its tax treaties so as to avoid abuses.

Effective date.—The provision is effective upon date of enactment.

Senate Amendment

The Senate amendment provides that the Secretary of the Treasury shall prescribe regulations to determine the extent to which a taxpayer shall be denied benefits under an income tax treaty of the United States with respect to any payment received by, or income attributable to activities of, an entity that is treated as a partnership for U.S. federal income tax purposes (or is otherwise treated as fiscally transparent for such purposes) but is treated as fiscally non-transparent for purposes of the tax laws of the jurisdiction of residence of the taxpayer.

The Senate amendment addresses the potential tax-avoidance opportunity that may arise in applying the reduced rates of withholding tax provided under a treaty to cases involving income derived through a limited liability company or other hybrid entity (e.g., an entity that is treated as a partnership for U.S. tax purposes but as a corporation for purposes of the treaty partner's tax laws). Such a tax-avoidance opportunity may arise, for example, for Canadian corporations with U.S. subsidiaries because of the interaction between the U.S. tax law, the Canadian tax law, and the income tax treaty between the United States and Canada. Through the use of a U.S. limited liability company, which is treated as a partnership for U.S. tax purposes but as a corporation for Canadian tax purposes, a payment of interest (which is deductible for U.S. tax purposes) may be converted into a dividend (which is excludable for Canadian tax purposes). Accordingly, interest paid by a U.S. subsidiary through a U.S. limited liability company to a Canadian parent corporation would be deducted by the U.S. subsidiary for U.S. tax purposes and would be excluded by the Canadian parent corporation for Canadian tax purposes; the only tax on such interest would be a U.S. withholding tax, which may be imposed at a reduced rate of 10 percent (rather than the full statutory rate of 30 percent) pursuant to the income tax treaty between the United States and Canada. It is expected that the regulations will impose withholding tax at the full statutory rate of 30 percent in such case.

Effective date.—The provision is effective upon date of enactment.

Conference Agreement

The conference agreement generally follows the House bill with a modification to provide regulatory authority to address the availability of treaty benefits in situations that involve hybrid entities but that are not covered by the denial of benefits specifically provided by the provision.

Under the conference agreement, a foreign person is not entitled to a reduced rate of withholding tax under a treaty with a foreign country on an item of income derived through an entity that is treated as a partnership (or is otherwise treated as fiscally transparent) for U.S. tax purposes if (i) such item is not treated for purposes of the taxation laws of such foreign country as an item of income of such person, (ii) the foreign country does not impose tax on an actual distribution of such item of income from such entity to such person, and (iii) the treaty itself does not contain a provision addressing the applicability of the treaty in the case of income derived through a partnership or other fiscally transparent entity. In addition, the conference agreement grants the Secretary of the Treasury authority to prescribe regulations to determine, in situations other than the situation specifically described in the statutory provision, the extent to which a taxpayer shall not be entitled to benefits under an income tax treaty of the United States with respect to any payment received by, or income attributable to activities of, an entity that is treated as a partnership for U.S. federal income tax purposes (or is otherwise treated as fiscally transparent for such purposes) but is treated as fiscally non-transparent for purposes of the tax laws of the jurisdiction of residence of the taxpayer.

The conferees note that on June 30, 1997 the Secretary issued proposed and temporary regulations addressing the availability of treaty benefits in cases involving hybrid entities. The conferees believe that these regulations are consistent with the provision in the conference agreement. The conferees also believe that the provision in the conference agreement and the temporary and proposed regulations are consistent with U.S. treaty obligations. Such provision and such regulations represent interpretations of U.S. treaties clarifying those situations involving hybrid entities in which taxpayers are entitled to treaty benefits and those situations in which they are not.

6. Interest on underpayments that are reduced by foreign tax credit carrybacks (sec. 1176 of the House bill and sec. 865 of the Senate amendment)

Present Law

U.S. persons may credit foreign taxes against U.S. tax on foreign source income.

The amount of foreign tax credits that can be claimed in a year is subject to a limitation that prevents taxpayers from using foreign tax credits to offset U.S. tax on U.S. source income. Separate limitations are applied to specific categories of income. The amount of creditable taxes paid or accrued in any taxable year which exceeds the foreign tax credit limitation is permitted to be carried back two years and carried forward five years.

For purposes of the computation of interest on overpayments of tax, if an overpayment for a taxable year results from a foreign tax credit carryback from a subsequent taxable year, the overpayment is deemed not to arise prior to the filing date for the subsequent taxable year in which the foreign taxes were paid or accrued (sec. 6611(g)). Accordingly, interest does not accrue on the overpayment prior to the filing date for the year of the carryback that effectively created such overpayment. In *Fluor Corp.* v. *United States*, 35 Fed. Cl. 520 (1996), the court held that in the case of an underpayment of tax (rather than an overpayment) for a taxable year that is eliminated by a foreign tax credit carryback from a subsequent taxable year, interest does not accrue on the underpayment that is eliminated by the foreign tax credit carryback. The Government has filed an appeal in the *Fluor* case.

House Bill

Under the House bill, if an underpayment for a taxable year is reduced or eliminated by a foreign tax credit carryback from a subsequent taxable year, such carryback does not affect the computation of interest on the underpayment for the period ending with the filing date for such subsequent taxable year in which the foreign taxes were paid or accrued. The House bill also clarifies the application of the interest rules of both section 6601 and section 6611 in the case of a foreign tax credit carryback that is triggered by a net operating loss or net capital loss carryback; in such a case, a deficiency is not considered to have been reduced, and an overpayment is not considered to have been created, until the filing date for the subsequent year in which the loss carryback arose. No inference is intended regarding the computation of interest under present law in the case of a foreign tax credit carryback (including a foreign tax credit carryback that is triggered by a net operating loss or net capital loss carryback).

Effective date.—The provision is effective for foreign taxes actually paid or accrued in taxable years beginning after date of enactment.

Senate Amendment

The Senate amendment is the same as the House bill.

Conference Agreement

The conference agreement follows the House bill and the Senate amendment.

7. Determination of period of limitations relating to foreign tax credits (sec. 1177 of the House bill and sec. 866 of the Senate amendment)

Present Law

U.S. persons may credit foreign taxes against U.S. tax on foreign source income. The amount of foreign tax credits that can be claimed in a year is subject to a limitation that prevents taxpayers from using foreign tax credits to offset U.S. tax on U.S. source income. Separate limitations are applied to specific categories of income. The amount of creditable taxes paid or accrued in any taxable year which exceeds the foreign tax credit limitation is permitted to be carried back two years and carried forward five years.

For purposes of the period of limitations on filing claims for credit or refund, in the case of a claim relating to an overpayment attributable to foreign tax credits, the limitations period is ten years from the filing date for the taxable year with respect to which the claim is made. The Internal Revenue Service has taken the position that, in the case of a foreign tax credit carryforward, the period of limitations is determined by reference to the year in which the foreign taxes were paid or accrued (and not the year to which the foreign tax credits are carried) (Rev. Rul. 84-125, 1984-2 C.B. 125). However, the court in *Ampex Corp.* v. *United States*, 620 F.2d 853 (1980), held that, in the case of a foreign tax credit carryforward, the period of limitations is determined by reference to the year to which the foreign tax credits are carried (and not the year in which the foreign taxes were paid or accrued).

House Bill

Under the House bill, in the case of a claim relating to an overpayment attributable to foreign tax credits, the limitations period is determined by reference to the year in which the foreign taxes were paid or accrued (and not the year to which the foreign tax credits are carried). No inference is intended regarding the determination of such limitations period under present law.

Effective date.—The provision is effective for foreign taxes paid or accrued in taxable years beginning after date of enactment.

Senate Amendment

The Senate amendment is the same as the House bill.

Conference Agreement

The conference agreement follows the House bill and the Senate amendment.

8. Treatment of income from certain sales of inventory as U.S. source (sec. 864 of the Senate amendment)

Present Law

U.S. persons are subject to U.S. tax on their worldwide income. A credit against U.S. tax on foreign source income is allowed for foreign taxes. The amount of foreign tax credits that can be claimed in a year is subject to a limitation that prevents taxpayers from using foreign tax credits to offset U.S. tax on U.S. source income. Specific rules apply in determining whether income is from U.S. or foreign sources. Income from the sale or exchange of inventory property generally is sourced where the sale occurs. In *Liggett Group, Inc.* v. *Commissioner*, 58 T.C.M. 1167 (1990), the court concluded that a sale of inventory property by a U.S. corporation to U.S. customers gave rise to foreign source income because the sale occurred outside the United States.

House Bill

No provision.

Senate Amendment

Under the Senate amendment, income from a sale of inventory property by a U.S. resident to another U.S. resident for use, consumption, or disposition in the United States is treated as U.S. source income, if the sale is not attributable to an office or other fixed place of business maintained by the seller outside the United States.

Effective date.—The provision is effective for taxable years beginning after date of enactment.

Conference Agreement

The conference agreement does not include the provision in the Senate amendment.

9. Modify foreign tax credit carryover rules (sec. 867 of the Senate amendment)

Present Law

U.S. persons may credit foreign taxes against U.S. tax on foreign source income. The amount of foreign tax credits that can be claimed in a year is subject to a limitation that prevents taxpayers from using foreign tax credits to offset U.S. tax on U.S. source income. Separate foreign tax credit limitations are applied to specific categories of income.

The amount of creditable taxes paid or accrued (or deemed paid) in any taxable year which exceeds the foreign tax credit limitation is permitted to be carried back two years and forward five years. The amount carried over may be used as a credit in a carryover year to the extent the taxpayer otherwise has excess foreign tax credit limitation for such year. The separate foreign tax credit limitations apply for purposes of the carryover rules.

House Bill

No provision.

Senate Amendment

The Senate amendment reduces the carryback period for excess foreign tax credits from two years to one year. The amendment also extends the excess foreign tax credit carryforward period from five years to seven years.

Effective date.—The provision applies to foreign tax credits arising in taxable years beginning after December 31, 1997.

Conference Agreement

The conference agreement does not include the provision in the Senate amendment.

10. Repeal special exception to foreign tax credit limitation for alternative minimum tax purposes (sec. 868 of the Senate amendment)

Present Law

Present law imposes a minimum tax on a corporation to the extent the taxpayer's minimum tax liability exceeds its regular tax liability. The corporate minimum tax is imposed at a rate of 20 percent on alternative minimum taxable income in excess of a phased-out $40,000 exemption amount.

The combination of the taxpayer's net operating loss carryover and foreign tax credits cannot reduce the taxpayer's alternative minimum tax liability by more than 90 percent of the amount determined without these items.

The Omnibus Budget Reconciliation Act of 1989 ("1989 Act") provided a special exception to the limitation on the use of the foreign tax credit against the tentative minimum tax. In order to qualify for this exception, a corporation must meet four requirements. First, more than 50 percent of both the voting power and value of the stock of the corporation must be owned by U.S. persons who are not members of an affiliated group which includes such corporation. Second, all of the activities of the corporation must be conducted in one foreign country with which the United States has an income tax treaty in effect and such treaty must provide for the exchange of information between such country and the United States. Third, the corporation generally must distribute to its shareholders all current earnings and profits (except for certain amounts utilized for normal maintenance or capital expenditures related to its existing business). Fourth, all of such distributions which are received by U.S. persons must be utilized by such persons in a U.S. trade or business. This exception applies to taxable years beginning after March 31, 1990 (with a proration rule effective for certain taxable years which include March 31, 1990).

House Bill

No provision.

Senate Amendment

The special exception regarding the use of foreign tax credits for purposes of the alternative minimum tax, as provided by the 1989 Act, is repealed. *Effective date.*—The provision is effective for taxable years beginning after the date of enactment.

Conference Agreement

The conference agreement follows the Senate amendment.

H. Pension and Employee Benefit Provisions

1. Cashout of certain accrued benefits (sec. 917 of the House bill and sec. 879 of the Senate amendment)

Present Law

Under present law, in the case of an employee whose plan participation terminates, a qualified plan may involuntarily "cash out" the benefit (i.e., pay out the balance to the credit of a plan participant without the participant's consent, and, if applicable, the consent of the participant's spouse) if the present value of the benefit does not exceed $3,500. If a benefit is cashed out under this rule and the participant subsequently returns to employment covered by the plan, then service taken into account in computing benefits payable under the plan after the return need not include service with respect to which benefits were cashed out unless the employee "buys back" the benefit.

Generally, a cash-out distribution from a qualified plan to a plan participant can be rolled over, tax free, to an IRA or to another qualified plan.

House Bill

The House bill increases the limit on involuntary cash outs from $3,500 to $5,000. The $5,000 amount is adjusted for inflation beginning after 1998 in $50 increments.

Effective date.—The provision is effective for plan years beginning after the date of enactment.

Senate Amendment

The Senate amendment is the same as the House bill, except the Senate amendment also makes a corresponding change to title I of ERISA and provides that the $5,000 amount is adjusted for inflation beginning after 1997 in $50 increments.

Conference Agreement

The conference agreement follows the House bill and the Senate amendment, except that the conference agreement does not increase the $5,000 limit for inflation.

2. Election to receive taxable cash compensation in lieu of nontaxable parking benefits (sec. 880 of the Senate amendment)

Present Law

Under present law, up to $165 per month of employer-provided parking is excludable from gross income. In order for the exclusion to apply, the parking must be provided in addition to and not in lieu of any compensation that is otherwise payable to the employee. Employer-provided parking cannot be provided as part of a cafeteria plan.

House Bill

No provision.

Senate Amendment

Under the Senate amendment, no amount is includible in the income of an employee merely because the employer offers the employee a choice between cash and employer-provided parking. The amount of cash offered is includible in income only if the employee chooses the cash instead of parking.

Effective date.—The provision is effective with respect to taxable years beginning after December 31, 1997.

Conference Agreement

The conference agreement follows the Senate amendment.

3. Repeal of excess distribution and excess retirement accumulation taxes (sec. 882 of the Senate amendment)

Present Law

Under present law, a 15-percent excise tax is imposed on excess distributions from qualified retirement plans, tax-sheltered annuities, and individual retirement arrangements ("IRAs"). Excess distributions are generally the aggregate amount of retirement distributions from such plans during any calendar year in excess of $160,000 (for 1997) or 5 times that amount in the case of a lump-sum distribution. The 15-percent excise tax does not apply to distributions received in 1997, 1998, and 1999.

An additional 15-percent estate tax is imposed on an individual's excess retirement accumulations. Excess retirement accumulations are generally the balance in retirement plans in excess of the present value of a benefit that would not be subject to the 15-percent tax on excess distributions.

House Bill

No provision.

Senate Amendment

The Senate amendment repeals both the 15-percent excise tax on excess distributions and the 15-percent estate tax on excess retirement accumulations.

Effective date.—The provision repealing the excess distribution tax is effective with respect to excess distributions received after December 31, 1996. The repeal of the excess accumulation tax is effective with respect to decedents dying after December 31, 1996.

Conference Agreement

The conference agreement follows the Senate amendment.

4. Tax on prohibited transactions (sec. 884 of the Senate amendment)

Present Law

Present law prohibits certain transactions (prohibited transactions) between a qualified plan and a disqualified person in order to prevent persons with a close relationship to the qualified plan from using that relationship to the detriment of plan participants and beneficiaries. A two-tier excise tax is imposed on prohibited transactions. The initial level tax is equal to 10- percent of the amount involved with respect to the transaction. If the transaction is not corrected within a certain period, a tax equal to 100 percent of the amount involved may be imposed.

House Bill

No provision.

Senate Amendment

The Senate amendment increases the initial-level prohibited transaction tax from 10 percent to 15 percent.

Effective date.—The provision is effective with respect to prohibited transactions occurring after the date of enactment.

Conference Agreement

The conference agreement follows the Senate amendment.

5. Basis recovery rules (sec. 885 of the Senate amendment)

Present Law

Under present law, amounts received as an annuity under a tax-qualified pension plan generally are includible in income in the year received, except to the extent the amount received represents return of the recipient's investment in the contract (i.e., basis). The portion of each annuity payment that represents a return of basis generally is determined by a simplified method. Under this method, the portion of each annuity payment that is a return to basis is equal to the employee's total basis as of the annuity starting date, divided by the number of anticipated payments under a specified table. The number of anticipated payments listed in the table is based on the age of the primary annuitant on the annuity starting date.

House Bill

No provision.

Senate Amendment

Under the Senate amendment, the present-law table applies to benefits based on the life of one annuitant. A separate table applies to benefits based on the life of more than one annuitant.

Effective date.—The provision is effective with respect to annuity starting dates after December 31, 1997.

Conference Agreement

The conference agreement follows the Senate amendment. As under the Senate amendment, a separate table applies to benefits based on the life of more than one annuitant, as follows:

Combined age of annuitants	*Number of payments*
Not more than 110	410
More than 110 but not more than 120	360
More than 120 but not more than 130	310
More than 130 but not more than 140	260
More than 140	210

The conference agreement clarifies that the new table applies to benefits based on the life of more than one annuitant, even if the amount of the annuity varies by annuitant. Thus, for example, the new table applies to a 50-percent joint and survivor annuity. The new table does not apply to an annuity paid on a single life merely because it has additional features, e.g., a term certain.

Effective date.—Same as the Senate amendment.

I. Other Revenue-Increase Provisions

1. Phase out suspense accounts for certain large farm corporations (sec. 1061 of the House bill and sec. 871 of the Senate amendment)

Present Law

A corporation (or a partnership with a corporate partner) engaged in the trade or business of farming must use an accrual method of accounting for such activities unless such corporation (or partnership), for each prior taxable year beginning after December 31, 1975, did not have gross receipts exceeding $1 million. If a farm corporation is required to change its method of accounting, the section 481 adjustment resulting from such change is included in gross income ratably over a 10-year period, beginning with the year of change. This rule does not apply to a family farm corporation.

A provision of the Revenue Act of 1987 ("1987 Act") requires a family corporation (or a partnership with a family corporation as a partner) to use an accrual method of accounting for its farming business unless, for each prior taxable year beginning after December 31, 1985, such corporation (and any predecessor corporation) did not have gross receipts exceeding $25 million. A family corporation is one where at least 50 percent of the stock of the corporation is held by one, or in some limited cases, two or three, families.

A family farm corporation that must change to an accrual method of accounting as a result of the 1987 Act provision is required to establish a suspense account in lieu of including the entire amount of the section 481 adjustment in gross income. The initial balance of the suspense account equals the lesser of (1) the section 481 adjustment otherwise required for the year of change, or (2) the section 481 adjustment computed as if the change in method of accounting had occurred as of the beginning of the taxable year preceding the year of change.

The amount of the suspense account is required to be included in gross income if the corporation ceases to be a family corporation. In addition, if the gross receipts of the corporation attributable to farming for any taxable year decline to an amount below the lesser of (1) the gross receipts attributable to farming for the last taxable year for which an accrual method of accounting was not required, or (2) the gross receipts attributable to farming for the most recent taxable year for which a portion of the suspense account was required to be included in income, a portion of the suspense account is required to be included in gross income.

House Bill

The House bill repeals the ability of a family farm corporation to establish a suspense account when it is required to change to an accrual method of accounting. Thus, under the provision, any family farm corporation required to change to an accrual method of accounting would restore the section 481 adjustment applicable to the change in gross income ratably over a 10-year period beginning with the year of change.

In addition, any taxpayer with an existing suspense account is required to restore the account into income ratably over a 20-year period beginning in the first taxable year beginning after June 8, 1997, subject to the present-law requirements to restore such accounts more rapidly. The amount required to be restored to income for a taxable year pursuant to the 20-year spread period shall not exceed the net operating loss of the corporation for the year (in the case of a corporation with a net operating loss) or 50 percent of the net income of the taxpayer for the year (for corporations with taxable income). For this purpose, a net operating loss or taxable income is determined without regard to the amount restored to income under the provision. Any reduction in the amount required to be restored to income is taken into account ratably over the remaining years in the 20-year period or, if applicable, after the end of the 20-year period. Amounts that extend beyond the 20-year period remain subject to the net operating loss and 50-percent-of-taxable income rules. The net operating loss and 50-percent-of-taxable income rules do not apply to restorations of suspense accounts pursuant to present law.

Effective date.—The provision is effective for taxable years ending after June 8, 1997.

Senate Amendment

The Senate amendment is the same as the House bill.

In addition, the Senate amendment repeals the present-law requirement to accelerate the recovery of suspense accounts when the gross receipts of the taxpayer decreases.

Conference Agreement

The conference agreement follows the Senate amendment. In addition, the conferees wish to clarify that in the case of a family farm corporation that elects to be an S corporation for a taxable year, the net operating loss and 50 percent of taxable income limitations shall be determined by taking into account all the items of income, gain, deduction and loss of the corporation, whether or not such items are separately stated under section 1366.

2. Modify net operating loss carryback and carryforward rules (sec. 1062 of the House bill, and sec. 872 of the Senate amendment)

Present Law

The net operating loss ("NOL") of a taxpayer (generally, the amount by which the business deductions of a taxpayer exceeds its gross income) may be carried back three years and carried forward 15 years to offset taxable income in such years. A taxpayer may elect to forgo the carryback of an NOL. Special rules apply to real estate investment trusts ("REITs") (no carrybacks), specified liability losses (10-year carryback), and excess interest losses (no carrybacks).

House Bill

The House bill limits the NOL carryback period to two years and extends the NOL carryforward period to 20 years. The House bill does not apply to the carryback rules relating to REITs, specified liability losses, excess interest losses, and corporate capital losses. In addition, the House bill does not apply to NOLs arising from casualty losses of individual taxpayers.

Effective date.—The provision is effective for NOLs arising in taxable years beginning after the date of enactment.

Senate Amendment

The Senate amendment follows the House bill. In addition, the Senate amendment preserves the 3-year carryback for NOLs of farmers and small businesses attributable to losses incurred in Presidentially declared disaster areas.

Conference Agreement

The conference agreement follows the Senate amendment.

3. Expand the limitations on deductibility of premiums and interest with respect to life insurance, endowment and annuity contracts (sec. 1063 of the House bill and sec. 873 of the Senate amendment)

Present Law

Exclusion of inside buildup and amounts received by reason of death

No Federal income tax generally is imposed on a policyholder with respect to the earnings under a life insurance contract ("inside buildup").[39] Further, an exclusion from Federal income tax is provided for amounts received under a life insurance contract paid by reason of the death of the insured (sec. 101(a)).

Premium deduction limitation

No deduction is permitted for premiums paid on any life insurance policy covering the life of any officer or employee, or of any person financially interested in any trade or business carried on by the taxpayer, when the taxpayer is directly or indirectly a beneficiary under such policy (sec. 264(a)(1)).

Interest deduction disallowance with respect to life insurance

Present law provides generally that no deduction is allowed for interest paid or accrued on any indebtedness with respect to one or more life insurance contracts or annuity or endowment contracts owned by the taxpayer covering any individual who is or was (1) an officer or employee of, or (2) financially interested in, any trade or business currently or formerly carried on by the taxpayer (the "COLI" rules).

This interest deduction disallowance rule generally does not apply to interest on debt with respect to contracts purchased on or before June 20, 1986; rather, an interest deduction limit based on Moody's Corporate Bond Yield Average—Monthly Average Corporates applies in the case of such contracts.[40]

An exception to this interest disallowance rule is provided for interest on indebtedness with respect to life insurance policies covering up to 20 key persons. A key person is an individual who is either an officer or a 20-percent owner of the taxpayer. The number of individuals that can be treated as key persons may not exceed the greater of (1) 5 individuals, or (2) the lesser of 5 percent of the total number of officers and employees of the taxpayer, or 20 individuals. For determining who is a 20-percent owner, all members of a controlled group are treated as one taxpayer. Interest paid or accrued on debt with respect to a contract covering a key person is deductible only to the extent the rate of interest does not exceed Moody's Corporate Bond Yield Average—Monthly Average Corporates for each month beginning after December 31, 1995, that interest is paid or accrued.

The foregoing interest deduction limitation was added in 1996 to existing interest deduction limitations with respect to life insurance and similar contracts.[41]

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[39] This favorable tax treatment is available only if the policyholder has an insurable interest in the insured when the contract is issued and if the life insurance contract meets certain requirements designed to limit the investment character of the contract (sec. 7702). Distributions from a life insurance contract (other than a modified endowment contract) that are made prior to the death of the insured generally are includible in income, to the extent that the amounts distributed exceed the taxpayer's basis in the contract; such distributions generally are treated first as a tax-free recovery of basis, and then as income (sec. 72(e)). In the case of a modified endowment contract, however, in general, distributions are treated as income first, loans are treated as distributions (i.e., income rather than basis recovery first), and an additional 10 percent tax is imposed on the income portion of distributions made before age 59-½ and in certain other circumstances (secs. 72(e) and (v)). A modified endowment contract is a life insurance contract that does not meet a statutory "7-pay" test, i.e., generally is funded more rapidly than 7 annual level premiums (sec. 7702A). Certain amounts received under a life insurance contract on the life of a terminally or chronically ill individual, and certain amounts paid by a viatical settlement provider for the sale or assignment of a life insurance contract on the life of a terminally ill or chronically ill individual, are treated as excludable as if paid of the death of the insured (sec. 101(g)).

[40] Phase-in rules apply generally with respect to otherwise deductible interest paid or accrued after December 31, 1995, and before January 1, 1999, in the case of debt incurred before January 1, 1996. In addition, transition rules apply.

[41] Since 1942, a limitation has applied to the deductibility of interest with respect to single premium contracts (sec. 264(a)(2)). For this purpose, a contract is treated as a single premium contract if (1) substantially all the premiums on the contract are paid within a period of 4 years from the date on which the contract is purchased, or (2) an amount is deposited with the insurer for payment of a substantial number of future premiums on the contract. Further, under a limitation added in 1964, no deduction is allowed for any amount paid or accrued on debt incurred or continued to purchase or carry a life insurance, endowment, or annuity contract pursuant to a plan of purchase that contemplates the systematic direct or indirect borrowing of part or all of the increases in the cash value of the contract (sec. 264(a)(3)). An exception to the latter rule is provided, permitting deductibility of interest on bona

Interest deduction limitation with respect to tax-exempt interest income

Present law provides that no deduction is allowed for interest on debt incurred or continued to purchase or carry obligations the interest on which is wholly exempt from Federal income tax (sec. 265(a)(2)). In addition, in the case a financial institution, a proration rule provides that no deduction is allowed for that portion of the taxpayer's interest that is allocable to tax-exempt interest (sec. 265(b)). The portion of the interest deduction that is disallowed under this rule generally is the portion determined by the ratio of the taxpayer's (1) average adjusted bases of tax-exempt obligations acquired after August 7, 1986, to (2) the average adjusted bases for all of the taxpayer's assets (sec. 265(b)(2)).[42]

House Bill

Expansion of premium deduction limitation to individuals in whom taxpayer has an insurable interest

Under the House bill, the present-law premium deduction limitation is modified to provide that no deduction is permitted for premiums paid on any life insurance, annuity or endowment contract, if the taxpayer is directly or indirectly a beneficiary under the contract.

Expansion of interest disallowance to individuals in whom taxpayer has insurable interest

Under the House bill, no deduction is allowed for interest paid or accrued on any indebtedness with respect to life insurance policy, or endowment or annuity contract, covering the life of any individual. Thus, the provision limits interest deductibility in the case of such a contract covering any individual in whom the taxpayer has an insurable interest when the contract is first issued under applicable State law, except as otherwise provided under present law with respect to key persons and pre-1986 contracts.

Pro rata disallowance of interest on debt to fund life insurance

In the case of a taxpayer other than a natural person, no deduction is allowed for the portion of the taxpayer's interest expense that is allocable to unborrowed policy cash surrender values with respect to any life insurance policy or annuity or endowment contract issued after June 8, 1997. Interest expense is so allocable based on the ratio of (1) the taxpayer's average unborrowed policy cash values of life insurance policies, and annuity and endowment contracts, issued after June 8, 1997, to (2) the average adjusted bases for all assets of the taxpayer. This rule does not apply to any policy or contract owned by an entity engaged in a trade or business, covering any individual who is an employee, officer or director of the trade or business at the time first covered by the policy or contract. Such a policy or contract is not taken into account in determining unborrowed policy cash values.

The unborrowed policy cash values means the cash surrender value of the policy or contract determined without regard to any surrender charge, reduced by the amount of any loan with respect to the policy or contract. The cash surrender value is to be determined without regard to any other contractual or noncontractual arrangement that artificially depresses the cash value of a contract.

If a trade or business (other than a sole proprietorship or a trade or business of performing services as an employee) is directly or indirectly the beneficiary under any policy or contract, then the policy or contract is treated as held by the trade or business. For this purpose, the amount of the unborrowed cash value is treated as not exceeding the amount of the benefit payable to the trade or business. In the case of a partnership or S corporation, the provision applies at the partnership or corporate level. The amount of the benefit is intended to take into account the amount payable to the business under the contract (e.g., as a death benefit) or pursuant to another agreement (e.g., under a split dollar agreement). The amount of the benefit is intended also to include any amount by which liabilities of the business would be reduced by payments under the policy or contract (e.g., when payments under the policy reduce the principal or interest on a liability owed to or by the business).

As provided in regulations, the issuer or policyholder of the life insurance policy or endowment or annuity contract is required to report the amount of the amount of the unborrowed cash value in order to carry out this rule.

If interest expense is disallowed under other provisions of section 264 (limiting interest deductions with respect to life insurance policies or endowment or annuity contracts) or under section 265 (relating to tax-exempt interest), then the disallowed interest expense is not taken into account under this provision, and the average adjusted bases of assets is reduced by the amount of debt, interest on which is so disallowed. The provision is applied before present-law rules relating to capitalization of certain expenses where the taxpayer produces property (sec. 263A).

An aggregation rule is provided, treating related persons as one for purposes of the provision.

The provision does not apply to any insurance company subject to tax under subchapter L of the Code. Rather, the rules reducing certain deductions for losses incurred, in the case of property and casualty companies, and reducing reserve deductions or dividends received deductions of life insurance companies, are modified to take into account the increase in cash values of life insurance policies or annuity or endowment contracts held by insurance companies.

Effective date

The provisions apply with respect to contracts issued after June 8, 1997. For this purpose, a material increase in the death benefit or other material change in the contract causes the contract to be treated as a new contract. To the extent of additional covered lives under a contract after June 8, 1997, the contract is treated as a new contract. In the case of an increase in the death benefit of a contract that is converted to extended term insurance pursuant to nonforfeiture provisions, in a transaction to which section 501(d)(2) of the Health Insurance Portability and Accountability Act of 1996 applies, the contract is not treated as a new contract.

Senate Amendment

The Senate amendment is the same as the House bill.

Conference Agreement

The conference agreement follows the House bill and the Senate amendment, with modifications.

Expansion of premium deduction limitation to individuals in whom taxpayer has an insurable interest

The conference agreement provides that the premium deduction limitation does not apply to premiums with respect to any annuity contract described in section 72(s)(5) (relating to certain qualified pension plans, certain retirement annuities, individual retirement annuities, and qualified funding assets), nor to premiums with respect to any annuity to which section 72(u) applies (relating to current taxation of income on the contract in the case of an annuity contract held by a person who is not a natural person).

Expansion of interest disallowance to individuals in whom taxpayer has insurable interest

The conference agreement specifies the treatment of certain interest to which the provision of the bill providing for expansion of interest disallowance to individuals in whom taxpayer has insurable interest otherwise would apply. The conference agreement provides that in the case of a transfer for valuable consideration of a life insurance contract or any interest therein described in section 101(a)(2), the amount of the death benefit excluded from gross income under section 101(a) may not exceed an amount equal to the sum of the actual value of the consideration, premiums, interest disallowed as a deduction under new section 264(a)(4), and other amounts subsequently paid by the transferee. Thus, under the provision, in the case of the transfer for value of a life insurance contract, the interest with respect to the contract that otherwise would be disallowed under new section 264(a)(4) is capitalized, reducing the amount included in income by the transferee upon receipt by the transferee of the amounts paid by reason of the death of the insured.

Pro rata disallowance of interest on debt to fund life insurance

Under the pro rata interest disallowance provision of the bill, the conference agreement provides that interest expense is allocable to unborrowed policy cash values based on the ratio of (1) the taxpayer's average unborrowed policy cash values of life insurance policies, and annuity and endowment contracts, issued after June 8, 1997, to (2) the sum of (a) in the case of assets that are life insurance policies or annuity or endowment contracts, the average unborrowed policy cash values, and (b) in the case of other assets, the average adjusted bases for all such other assets of the taxpayer.

Under the pro rata interest disallowance rule, the conference agreement expands the exception for any policy or contract owned by an entity engaged in a trade or business, covering an individual who is an employee, officer or director of the trade or business at the time first covered. Under the conference agreement, the exception applies to any policy or contract owned by an entity engaged in a trade or business, which covers one individual who (at the time first insured under the policy or contract) is (1) a 20-percent owner of the entity, or (2) an individual (who is not a 20-percent owner) who is an officer, director or employee of the trade or business. The exception also applies in the case of a joint-life policy or contract under which the sole insureds are a 20-percent owner and the spouse of the 20-percent owner. A joint-life contract under which the sole insureds are a 20-percent owner and his or her spouse is the only type of policy or contract with more than one insured that comes within the exception. Thus, for example, if the insureds

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fide debt that is part of such a plan, if no part of 4 of the annual premiums due during the first 7 years is paid by means of debt (the "4-out-of-7 rule") (sec. 264(c)(1)). In addition to the specific disallowance rules of section 264, generally applicable principles of tax law apply.

[42] Special rules apply for certain tax-exempt obligations of small issuers (sec. 265(b)(3)).

under a contract include an individual described in the exception (e.g., an employee, officer, director, or 20-percent owner) and any individual who is not described in the exception (e.g., a debtor of the entity), then the exception does not apply to the policy or contract. For purposes of this exception, a 20-percent owner has the same meaning as under present-law section 264(d)(4). In addition, the conference agreement provides that the pro rata interest disallowance rule does not apply to any annuity contract to which section 72(u) applies (relating to current taxation of income on the contract in the case of an annuity contract held by a person who is not a natural person). The conference agreement provides that any policy or contract that is not subject to the pro rata interest disallowance rule by reason of this exception (for 20-percent owners, their spouses, employees, officers and directors, and in the case of an annuity contract to which section 72(u) applies) is not taken into account in the applying the ratio to determine the portion of the taxpayer's interest expense that is allocable to unborrowed policy cash values.

The conferees wish to clarify that the aggregation rule (treating related persons as one for purposes of the provision) is intended to prevent taxpayers from avoiding the pro rata interest limitation by owning life insurance, endowment or annuity contracts, while incurring interest expense through a related person.

Treatment of insurance companies

The conference agreement modifies the rules of the provision relating to the reduction of certain deductions of insurance companies. For purposes of those rules, an increase in the policy cash value for any policy or contract is (1) the amount of the increase in the adjusted cash value, reduced by (2) the gross premiums received with respect to the policy or contract during the taxable year, and increased by (3) distributions under the policy or contract to which section 72(e) apply (other than amounts includable in the policyholder's gross income). For this purpose, the adjusted cash value means the cash surrender value of the policy or contract, increased by (1) commissions payable with respect to the policy or contract for the taxable year, and (2) asset management fees, surrender and mortality charges, and any other fees or charges, specified in regulations, which are imposed (or would be imposed if the policy or contract were surrendered or canceled) with respect to the policy or contract for the taxable year.

Effective date

The conferees wish to clarify the rule under the effective date providing that the addition of covered lives is treated as a new contract only with respect to such additional covered lives. It is intended that this rule apply with respect to a master or group policy or contract, not with respect to a joint-life policy or contract (i.e., a policy or contract that insures more than one individual).

4. Allocation of basis of properties distributed to a partner by a partnership (sec. 1064 of the House bill and sec. 874 of the Senate amendment)

Present Law

In general

The partnership provisions of present law generally permit partners to receive distributions of partnership property without recognition of gain or loss (sec. 731).[43] Rules are provided for determining the basis of the distributed property in the hands of the distributee, and for allocating basis among multiple properties distributed, as well as for determining adjustments to the distributee partner's basis in its partnership interest. Property distributions are tax-free to a partnership. Adjustments to the basis of the partnership's remaining undistributed assets are not required unless the partnership has made an election that requires basis adjustments both upon partnership distributions and upon transfers of partnership interests (sec. 754).

Partner's basis in distributed properties and partnership interest

Present law provides two different rules for determining a partner's basis in distributed property, depending on whether or not the distribution is in liquidation of the partner's interest in the partnership. Generally, a substituted basis rule applies to property distributed to a partner in liquidation. Thus, the basis of property distributed in liquidation of a partner's interest is equal to the partner's adjusted basis in its partnership interest (reduced by any money distributed in the same transaction) (sec. 732(b)).

By contrast, generally, a carryover basis rule applies to property distributed to a partner other than in liquidation of its partnership interest, subject to a cap (sec. 732(a)). Thus, in a non-liquidating distribution, the distributee partner's basis in the property is equal to the partnership's adjusted basis in the property immediately before the distribution, but not to exceed the partner's adjusted basis in its partnership interest (reduced by any money distributed in the same transaction). In a non-liquidating distribution, the partner's basis in its partnership interest is reduced by the amount of the basis to the distributee partner of the property distributed and is reduced by the amount of any money distributed (sec. 733).

Allocating basis among distributed properties

In the event that multiple properties are distributed by a partnership, present law provides allocation rules for determining their bases in the distributee partner's hands. An allocation rule is needed when the substituted basis rule for liquidating distributions applies, in order to assign a portion of the partner's basis in its partnership interest to each distributed asset. An allocation rule is also needed in a non-liquidating distribution of multiple assets when the total carryover basis would exceed the partner's basis in its partnership interest, so a portion of the partner's basis in its partnership interest is assigned to each distributed asset.

Present law provides for allocation in proportion to the partnership's adjusted basis. The rule allocates basis first to unrealized receivables and inventory items in an amount equal to the partnership's adjusted basis (or if the allocated basis is less than partnership basis, then in proportion to the partnership's basis), and then among other properties in proportion to their adjusted bases to the partnership (sec. 732(c)).[44] Under this allocation rule, in the case of a liquidating distribution, the distributee partner can have a basis in the distributed property that exceeds the partnership's basis in the property.

House Bill

The House bill modifies the basis allocation rules for distributee partners. It allocates a distributee partner's basis adjustment among distributed assets first to unrealized receivables and inventory items in an amount equal to the partnership's basis in each such property (as under present law).

Under the provision, basis is allocated first to the extent of each distributed property's adjusted basis to the partnership. Any remaining basis adjustment, if an increase, is allocated among properties with unrealized appreciation in proportion to their respective amounts of unrealized appreciation (to the extent of each property's appreciation), and then in proportion to their respective fair market values. For example, assume that a partnership with two assets, A and B, distributes them both in liquidation to a partner whose basis in its interest is 55. Neither asset consists of inventory or unrealized receivables. Asset A has a basis to the partnership of 5 and a fair market value of 40, and asset B has a basis to the partnership of 10 and a fair market value of 10. Under the provision, basis is first allocated to asset A in the amount of 5 and to asset B in the amount of 10 (their adjusted bases to the partnership). The remaining basis adjustment is an increase totaling 40 (the partner's 55 basis minus the partnership's total basis in distributed assets of 15). Basis is then allocated to asset A in the amount of 35, its unrealized appreciation, with no allocation to asset B attributable to unrealized appreciation because its fair market value equals the partnership's adjusted basis. The remaining basis adjustment of 5 is allocated in the ratio of the assets' fair market values, i.e., 4 to asset A (for a total basis of 44) and 1 to asset B (for a total basis of 11).

If the remaining basis adjustment is a decrease, it is allocated among properties with unrealized depreciation in proportion to their respective amounts of unrealized depreciation (to the extent of each property's depreciation), and then in proportion to their respective adjusted bases (taking into account the adjustments already made). A remaining basis adjustment that is a decrease arises under the provision when the partnership's total adjusted basis in the distributed properties exceeds the amount of the partner's basis in its partnership interest, and the latter amount is the basis to be allocated among the distributed properties. For example, assume that a partnership with two assets, C and D, distributes them both in liquidation to a partner whose basis in its partnership interest is 20. Neither asset consists of inventory or unrealized receivables. Asset

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[43] Exceptions to this nonrecognition rule apply: (1) when money (and the fair market value of marketable securities) received exceeds a partner's adjusted basis in the partnership (sec. 731(a)(1)); (2) when only money, inventory and unrealized receivables are received in liquidation of a partner's interest and loss is realized (sec. 731(a)(2)); (3) to certain disproportionate distributions involving inventory and unrealized receivables (sec. 751(b)); and (4) to certain distributions relating to contributed property (secs. 704(c) and 737). In addition, if a partner engages in a transaction with a partnership other than in its capacity as a member of the partnership, the transaction generally is considered as occurring between the partnership and one who is not a partner (sec. 707).

[44] A special rule allows a partner that acquired a partnership interest by transfer within two years of a distribution to elect to allocate the basis of property received in the distribution as if the partnership had a section 754 election in effect (sec. 732(d)). The special rule also allows the Service to require such an allocation where the value at the time of transfer of the property received exceeds 110 percent of its adjusted basis to the partnership (sec. 732(d)). Treas. Reg. sec. 1.732-1(d)(4) generally requires the application of section 732(d) where the allocation of basis under section 732(c) upon a liquidation of the partner's interest would have resulted in a shift of basis from non-depreciable property to depreciable property.

C has a basis to the partnership of 15 and a fair market value of 15, and asset D has a basis to the partnership of 15 and a fair market value of 5. Under the provision, basis is first allocated to the extent of the partnership's basis in each distributed property, or 15 to each distributed property, for a total of 30. Because the partner's basis in its interest is only 20, a downward adjustment of 10 (30 minus 20) is required. The entire amount of the 10 downward adjustment is allocated to the property D, reducing its basis to 5. Thus, the basis of property C is 15 in the hands of the distributee partner, and the basis of property D is 5 in the hands of the distributee partner.

Effective date.—The provision applies to partnership distributions after the date of enactment.

Senate Amendment

The Senate amendment is the same as the House bill.

Conference Agreement

The conference agreement follows the House bill and the Senate amendment.

5. Treatment of inventory items of a partnership (sec. 1065 of the House bill and sec. 875 of the Senate amendment)

Present Law

Under present law, upon the sale or exchange of a partnership interest, any amount received that is attributable to unrealized receivables, or to inventory that has substantially appreciated, is treated as an amount realized from the sale or exchange of property that is not a capital asset (sec. 751(a)).

Present law provides a similar rule to the extent that a distribution is treated as a sale or exchange of a partnership interest. A distribution by a partnership in which a partner receives substantially appreciated inventory or unrealized receivables in exchange for its interest in certain other partnership property (or receives certain other property in exchange for its interest in substantially appreciated inventory or unrealized receivables) is treated as a taxable sale or exchange of property, rather than as a nontaxable distribution (sec. 751(b)).

For purposes of these rules, inventory of a partnership generally is treated as substantially appreciated if the fair market value of the inventory exceeds 120 percent of adjusted basis of the inventory to the partnership (sec. 751(d)(1)(A)). In applying this rule, inventory property is excluded from the calculation if a principal purpose for acquiring the inventory property was to avoid the rules relating to inventory (sec. 751(d)(1)(B)).

House Bill

The House bill eliminates the requirement that inventory be substantially appreciated in order to give rise to ordinary income under the rules relating to sales and exchanges of partnership interests and certain partnership distributions. This conforms the treatment of inventory to the treatment of unrealized receivables under these rules.

Effective date.—The provision is effective for sales, exchanges, and distributions after the date of enactment.

Senate Amendment

The Senate amendment is the same as the House bill.

Conference Agreement

The conference agreement follows the House bill and the Senate amendment, with modifications. The conference agreement repeals the requirement that inventory be substantially appreciated only with respect to sales or exchanges of partnership interests under section 751 (a) of the Code, but not with respect to distributions under section 751(b) of the Code. Thus, present law is retained with respect to distributions governed by section 751(b).

Effective date.—The conference agreement follows the House bill and the Senate amendment, with a modification. The conference agreement provides that the provision is effective for sales, exchanges, and distributions after the date of enactment, except that the provision does not apply to any sale or exchange pursuant to a written binding contract in effect on June 8, 1997, and at all times thereafter before such sale or exchange.

6. Treatment of appreciated property contributed to a partnership (sec. 1066 of the House bill)

Present Law

Under present law, if a partner contributes appreciated property to a partnership, no gain is recognized to the contributing partner at the time of the contribution. The contributing partner's basis in its partnership interest is increased by the basis of the contributed property at the time of the contribution. The pre-contribution gain is reflected in the difference between the partner's capital account and its basis in its partnership interest ("book/tax differential"). Income, gain, loss, and deduction with respect to the contributed property must be shared among the partners so as to take account of the variation between the basis of the property to the partnership and its fair market value at the time of contribution (sec. 704(c)(1)(A)).

If the property is subsequently distributed to another partner within 5 years of the contribution, the contributing partner generally recognizes gain as if the property had been sold for its fair market value at the time of the distribution (sec. 704(c)(1)(B)). Similarly, the contributing partner generally includes pre-contribution gain in income to the extent that the value of other property distributed by the partnership to that partner exceeds its adjusted basis in its partnership interest, if the distribution by the partnership is made within 5 years after the contribution of the appreciated property (sec. 737).

House Bill

The House bill extends to 10 years the period in which a partner recognizes pre-contribution gain with respect to property contributed to a partnership. Thus, under the provision, a partner that contributes appreciated property to a partnership generally recognizes pre-contribution gain in the event that the partnership distributes the contributed property to another partner, or distributes to the contributing partner other property whose value exceeds that partner's basis in its partnership interest, if the distribution occurs within 10 years after the contribution to the partnership.

Effective date.—Effective for property contributed to a partnership after June 8, 1997.

Senate Amendment

No provision.

Conference Agreement

The conference agreement follows the House bill, with a modification. The conference agreement extends to 7 years the period in which a partner recognizes pre-contribution gain with respect to property contributed to a partnership. Thus, under the conference agreement, a partner that contributes appreciated property to a partnership generally recognizes pre-contribution gain in the event that the partnership distributes the contributed property to another partner, or distributes to the contributing partner other property whose value exceeds that partner's basis in its partnership interest, if the distribution occurs within 7 years after the contribution to the partnership.

Effective date.—The effective date is the same as the House bill, with a modification. The conference agreement is effective for property contributed to a partnership after June 8, 1997, except that the provision does not apply to any property contributed to a partnership pursuant to a written binding contract in effect on June 8, 1997, and at all times thereafter before such contribution, if the contract provides for the contribution of a fixed amount of property.

7. Earned income credit compliance provisions (sec. 1067 of the House bill and sec. 5851 of the Senate amendment to H.R. 2015 ("the Balanced Budget Act of 1997"))

Overview

Certain eligible low-income workers are entitled to claim a refundable earned income credit on their income tax return. A refundable credit is a credit that not only reduces an individual's tax liability but allows refunds to the individual in excess of income tax liability. The amount of the credit an eligible individual may claim depends upon whether the individual has one, more than one, or no qualifying children, and is determined by multiplying the credit rate by the individual's[45] earned income up to an earned income amount. The maximum amount of the credit is the product of the credit rate and the earned income amount. The credit is reduced by the amount of the alternative minimum tax ("AMT") the taxpayer owes for the year. The credit is phased out above certain income levels.

For individuals with earned income (or AGI, if greater) in excess of the beginning of the phaseout range, the maximum credit amount is reduced by the phaseout rate multiplied by the amount of earned income (or AGI, if greater) in excess of the beginning of the phaseout range. For individuals with earned income (or AGI, if greater) in excess of the end of the phaseout range, no credit is allowed. The definition of AGI used for phasing out the earned income credit disregards certain losses. The losses disregarded are: (1) net capital losses (if greater than zero); (2) net losses from trusts and estates; (3) net losses from nonbusiness rents and royalties; and (4) 50 percent of the net losses from business, computed separately with respect to sole proprietorships (other than in farming), sole proprietorships in farming, and other businesses. Also, an individual is not eligible for the earned income credit if the aggregate amount of "disqualified income" of the taxpayer for the taxable year exceeds $2,250. Disqualified income is the sum of: (1) interest (taxable and tax-exempt); (2) dividends; (3) net rent and royalty income (if greater than zero); (4) capital gain net income; and (5) net passive income (if greater than zero) that is not self-employment income. The earned income amount, the phaseout amount and the disqualified income amount are indexed for inflation.

The parameters for the credit depend upon the number of qualifying children the individual claims. For 1997, the parameters are given in the following table:

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[45] In the case of a married individual who files a joint return with his or her spouse, the income for purposes of these tests is the combined income of the couple.

PRESENT-LAW EARNED INCOME CREDIT PARAMETERS

	Two or more qualifying children	One qualifying child	No qualifying children
Credit rate (percent)	40.00	34.00	7.65
Earned income amount	$9,140	$6,500	$4,340
Maximum credit	$3,656	$2,210	$332
Phaseout begins	$11,930	$11,930	$5,430
Phaseout rate (percent)	21.06	15.98	7.65
Phaseout ends	$29,290	$25,760	$9,770

In order to claim the credit, an individual must either have a qualifying child or meet other requirements. A qualifying child must meet a relationship test, an age test, an identification test, and a residence test. In order to claim the credit without a qualifying child, an individual must not be a dependent and must be over age 24 and under age 65.

a. Deny EIC eligibility for prior acts of recklessness or fraud (sec. 1067 of the House bill and sec. 5851 of the Senate amendment to H.R. 2015)

Present Law

The accuracy-related penalty, which is imposed at a rate of 20 percent, applies to the portion of any underpayment that is attributable to (1) negligence, (2) any substantial understatement of income tax, (3) any substantial valuation overstatement, (4) any substantial overstatement of pension liabilities, or (5) any substantial estate or gift tax valuation understatement (sec. 6662). Negligence includes any careless, reckless, or intentional disregard of rules or regulations, as well as any failure to make a reasonable attempt to comply with the provisions of the Code.

The fraud penalty, which is imposed at a rate of 75 percent, applies to the portion of any underpayment that is attributable to fraud (sec. 6663).

Neither the accuracy-related penalty nor the fraud penalty is imposed with respect to any portion of an underpayment if it is shown that there was a reasonable cause for that portion and that the taxpayer acted in good faith with respect to that portion.

House Bill

Under the House bill, a taxpayer who fraudulently claims the earned income credit (EIC) is ineligible to claim the EIC for a subsequent period of 10 years. In addition, a taxpayer who erroneously claims the EIC due to reckless or intentional disregard of rules or regulations is ineligible to claim the EIC for a subsequent period of two years. These sanctions are in addition to any other penalty imposed under present law. The determination of fraud or of reckless or intentional disregard of rules or regulations are made in a deficiency proceeding (which provides for judicial review).

Effective date.—The provision is effective for taxable years beginning after December 31, 1996.

Senate Amendment

The Senate amendment is the same as the House bill.

Conference Agreement

The conference agreement follows the House bill and the Senate amendment.

b. Recertification required when taxpayer found to be ineligible for EIC in past (sec. 1067 of the House bill and sec. 5851 of the Senate amendment to H.R. 2015)

Present law

If an individual fails to provide a correct TIN and claims the EIC, such omission is treated as a mathematical or clerical error. Also, if an individual who claims the EIC with respect to net earnings from self employment fails to pay the proper amount of self-employment tax on such net earnings, the failure is treated as a mathematical or clerical error for purposes of the amount of EIC claimed. Generally, taxpayers have 60 days in which they can either provide a correct TIN or request that the IRS follow the current-law deficiency procedures. If a taxpayer fails to respond within this period, he or she must file an amended return with a correct TIN or clarify that any self-employment tax has been paid in order to obtain the EIC originally claimed.

The IRS must follow deficiency procedures when investigating other types of questionable EIC claims. Under these procedures, contact letters are first sent to the taxpayer. If the necessary information is not provided by the taxpayer, a statutory notice of deficiency is sent by certified mail, notifying the taxpayer that the adjustment will be assessed unless the taxpayer files a petition in Tax Court within 90 days. If a petition is not filed within that time and there is no other response to the statutory notice, the assessment is made and the EIC is denied.

House Bill

Under the House bill, a taxpayer who has been denied the EIC as a result of deficiency procedures is ineligible to claim the EIC in subsequent years unless evidence of eligibility for the credit is provided by the taxpayer. To demonstrate current eligibility, the taxpayer is required to meet evidentiary requirements established by the Secretary of the Treasury. Failure to provide this information when claiming the EIC is treated as a mathematical or clerical error. If a taxpayer is recertified as eligible for the credit, the taxpayer is not required to provide this information in the future unless the IRS again denies the EIC as a result of a deficiency procedure. Ineligibility for the EIC under the provision is subject to review by the courts.

Effective date.—The provision is effective for taxable years beginning after December 31, 1996.

Senate Amendment

The Senate amendment is the same as the House bill.

Conference Agreement

The conference agreement follows the House bill and the Senate amendment.

c. Due diligence requirements for paid preparers (sec. 1067 of the House bill and sec. 5851 of the Senate amendment to H.R. 2015)

Present Law

Several penalties apply in the case of an understatement of tax that is caused by an income tax return preparer. First, if any part of an understatement of tax on a return or claim for refund is attributable to a position for which there was not a realistic possibility of being sustained on its merits and if any person who is an income tax return preparer with respect to such return or claim for refund knew (or reasonably should have known) of such position and such position was not disclosed or was frivolous, then that return preparer is subject to a penalty of $250 with respect to that return or claim (sec. 6694(a)). The penalty is not imposed if there is reasonable cause for the understatement and the return preparer acted in good faith.

In addition, if any part of an understatement of tax on a return or claim for refund is attributable to a willful attempt by an income tax return preparer to understate the tax liability of another person or to any reckless or intentional disregard of rules or regulations by an income tax return preparer, then the income tax return preparer is subject to a penalty of $1,000 with respect to that return or claim (sec. 6694(b)).

Also, a penalty for aiding and abetting the understatement of tax liability is imposed in cases where any person aids, assists in, procures, or advises with respect to the preparation or presentation of any portion of a return or other document if (1) the person knows or has reason to believe that the return or other document will be used in connection with any material matter arising under the tax laws, and (2) the person knows that if the portion of the return or other document were so used, an understatement of the tax liability of another person would result (sec. 6701).

Additional penalties are imposed on return preparers with respect to each failure to (1) furnish a copy of a return or claim for refund to the taxpayer, (2) sign the return or claim for refund, (3) furnish his or her identifying number, (4) retain a copy or list of the returns prepared, and (5) file a correct information return (sec. 6695). The penalty is $50 for each failure and the total penalties imposed for any single type of failure for any calendar year are limited to $25,000.

House Bill

Under the House bill, return preparers are required to fulfill certain due diligence requirements with respect to returns they prepare claiming the EIC. The penalty for failure to meet these requirements is $100. This penalty is in addition to any other penalty imposed under present law.

Effective date.—The provision is effective for taxable years beginning after December 31, 1996.

Senate Amendment

The Senate amendment is the same as the House bill.

Conference Agreement

The conference agreement follows the House bill and the Senate amendment.

d. Modify the definition of AGI used to phaseout the EIC

Present Law

The EIC is phased out above certain income levels. For individuals with earned income (or AGI, if greater) in excess of the beginning of the phaseout range, the maximum credit amount is reduced by the phaseout rate multiplied by the amount of earned income (or AGI, if greater) in excess of the beginning of the phaseout range. For individuals with earned income (or AGI, if greater) in excess of the end of the phaseout range, no credit is allowed. The definition of AGI used for the phase out of the earned income credit disregards certain losses. The losses disregarded are: (1) net capital losses (if greater than zero); (2) net losses from trusts and estates; (3) net losses from nonbusiness rents and royalties; and (4) 50 percent of the net losses from business, computed separately with respect to sole proprietorships (other than in farming), sole proprietorships in farming, and other businesses.

House Bill

No provision.

Senate Amendment

No provision.

Conference Agreement

The conference agreement modifies the definition of AGI used for phasing out the credit by adding two items of nontaxable income and changing the percentage of certain losses disregarded. The two items added are: (1) tax-exempt interest, and (2) nontaxable distributions from pensions, annuities; and individual retirement arrangements (but only if not rolled over into similar vehicles during the applicable rollover period). The conference agreement also increases the amount of net losses from businesses, computed separately with respect to sole proprietorships (other than farming), sole proprietorships in farming, and other businesses disregarded from 50 percent to 75 percent.

Effective date.—The provision is effective for taxable years beginning after December 31, 1997.

8. Eligibility for income forecast method (sec. 1068 of the House bill and sec. 876 of the Senate amendment)

Present Law

A taxpayer generally recovers the cost of property used in a trade or business through depreciation or amortization deductions over time. Tangible property generally is depreciated under the modified Accelerated Cost Recovery System ("MACRS") of section 168, which applies specific recovery periods and depreciation methods to the cost of various types of depreciable property. MACRS does not apply to certain property, including any motion picture film, video tape, or sound recording or to other any property if the taxpayer elects to exclude such property from MACRS and the taxpayer applies a unit-of-production method or other method of depreciation not expressed in a term of years. The cost of such property may be depreciated under the "income forecast" method.

The income forecast method is considered to be a method of depreciation not expressed in a term of years. Under the income forecast method, the depreciation deduction for a taxable year for a property is determined by multiplying the cost of the property (less estimated salvage value) by a fraction, the numerator of which is the income generated by the property during the year and the denominator of which is the total forecasted or estimated income to be derived from the property during its useful life. The income forecast method is available to any property if (1) the taxpayer elects to exclude such property from MACRS and (2) for the first taxable year for which depreciation is allowable, the property is properly depreciated under such method. The income forecast method has been held to be applicable for computing depreciation deductions for motion picture films, television films and taped shows, books, patents, master sound recordings and video games. Most recently, the income forecast method has been held applicable to consumer durable property subject to short-term "rent-to-own" leases.

House Bill

The House bill clarifies the types of property to which the income forecast method may be applied. Under the House bill, the income forecast method is available to motion picture films, television films and taped shows, books, patents, master sound recordings, copyrights, and other such property as designated by the Secretary of the Treasury.

In addition, consumer durables subject to rent-to-own contracts are provided a three-year recovery period and a four-year class life for MACRS purposes (and are not eligible for the income forecast method). Such property generally is described in Rev. Proc. 95-38, 1995-34 I.R.B. 25.

Effective date.—The provision is effective for property placed in service after the date of enactment.

Senate Amendment

The Senate amendment is the same as the House bill.

Conference Agreement

The conference agreement generally follows the House bill and the Senate amendment, with modifications to depreciation applicable to qualified rent-to-own property. First, the conference agreement provides that the special 3-year recovery period may apply to any property generally used in the home for personal, but not business, use. The conferees understand that certain rent-to-own property, including computer and peripheral equipment, may be used in the home for either personal or business purposes, and the taxpayer may not be aware of how its customers may use the property. So as not to increase the administrative burdens of taxpayers, the conferees intend that if such dual-use property does not represent a significant portion of a taxpayer's leasing property and if such other leasing property predominantly is qualified rent-to-own property, then such dual-use property generally also would be qualified rent-to-own property. However, if such dual-use property represents a significant portion of the taxpayer's leasing property, the conferees intend that the burden of proof be placed on the taxpayer to show that such property is qualified rent-to-own property.

In addition, the conference agreement modifies the definition of "rent-to-own contract" to include leases that provide for decreasing regular periodic payments.

Finally, the conferees wish to clarify that the 3-year recovery period provided under the provision only applies to property subject to leases and no inference is intended as to whether any arrangement constitutes a lease for tax purposes.

9. Require taxpayers to include rental value of residence in income without regard to period of rental (sec. 1069 of the House bill)

Present Law

Gross income for purposes of the Internal Revenue Code generally includes all income from whatever source derived, including rents. The Code (sec. 280A(g)) provides a *de minimis* exception to this rule where a dwelling unit is used during the taxable year by the taxpayer as a residence and such dwelling unit is actually rented for less than 15 days during the taxable year. In this case, the income from such rental is not included in gross income and no deductions arising from such rental use are allowed as a deduction.

House Bill

The House bill repeals the 15-day rules of section 280A(g). The House bill also provides that no reduction in basis is required if the taxpayer (1) rented the dwelling unit for less than 15 days during the taxable year and (2) did not claim depreciation on the dwelling unit for the period of rental.

Effective date.—The provision applies to taxable years beginning after December 31, 1997.

Senate Amendment

No provision.

Conference Agreement

The conference agreement does not include the House bill provision.

10. Modify the exception to the related party rule of section 1033 for individuals to only provide an exception for de minimis amounts (sec. 1070 of the House bill and sec. 877 of the Senate amendment)

Present Law

Under section 1033, gain realized by a taxpayer from certain involuntary conversions of property is deferred to the extent the taxpayer purchases property similar or related in service or use to the converted property within a specified replacement period of time. Pursuant to a provision of Public Law 104-7, subchapter C corporations (and certain partnerships with corporate partners) are not entitled to defer gain under section 1033 if the replacement property or stock is purchased from a related person. A person is treated as related to another person if the person bears a relationship to the other person described in section 267(b) or 707(b)(1). An exception to this related party rule provides that a taxpayer could purchase replacement property or stock from a related person and defer gain under section 1033 to the extent the related person acquired the replacement property or stock from an unrelated person within the replacement period.

House Bill

The House bill expands the present-law denial of the application of section 1033 to any other taxpayer (including an individual) that acquires replacement property from a related party (as defined by secs. 267(b) and 707(b)(1)) unless the taxpayer has aggregate realized gain of $100,000 or less for the taxable year with respect to converted property with aggregate realized gains. In the case of a partnership (or S corporation), the annual $100,000 limitation applies to both the partnership (or S corporation) and each partner (or shareholder).

Effective date.—The provision applies to involuntary conversions occurring after June 8, 1997.

Senate Amendment

The Senate amendment is the same as the House bill.

Conference Agreement

The conference agreement follows the House bill and the Senate amendment.

11. Repeal of exception for certain sales by manufacturers to dealers (sec. 1071 of the House bill and sec. 878 of the Senate amendment)

Present Law

In general, the installment sales method of accounting may not be used by dealers in personal property. Present law provides an exception which permits the use of the installment method for installment obligations arising from the sale of tangible personal property by a manufacturer of the property (or an affiliate of the manufacturer) to a dealer,[46] but only if the dealer is obligated to make payments of principal only when the dealer resells (or rents) the property, the manufacturer has the right to repurchase the property at a fixed (or ascertainable) price after no longer than a 9-month period following the sale to the dealer, and certain other conditions are met. In order to meet the other conditions, the aggregate face amount of the installment obligations that otherwise qualify for the exception must equal at least 50 percent of the total sales to dealers that gave rise to such receivables (the "50-percent test") in both the taxable year and the preceding taxable year, except that, if the taxpayer met all of the requirements for the exception in the preceding taxable year, the taxpayer would not be treated as failing to meet the 50-percent test before the second consecutive year in which the taxpayer did not actually meet the test. In addition, these requirements must be met by the taxpayer in its first taxable year beginning after October 22, 1986, except that obligations issued before that date are treated as meeting the applicable requirements if such obligations were conformed to the requirements of the provision within 60 days of that date.

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[46] I.e., the sale of the property must be intended to be for resale or leasing by the dealer.

House Bill

The House bill repeals the exception that permits the use of the installment method of accounting for certain sales by manufacturers to dealers.

Effective date.—The provision is effective for taxable years beginning after the date of enactment. Any resulting adjustment from a required change in accounting will be includible ratably over the 4 taxable years beginning after that date.

Senate Amendment

The Senate amendment is the same as the House bill, except for the effective date.

Effective date.—The provision is effective for taxable years beginning one year after the date of enactment. Any resulting adjustment from a required change in accounting will be includible ratably over the 4 taxable years beginning after that date.

Conference Agreement

The conference agreement follows the Senate amendment.

12. Extension of Federal unemployment surtax (sec. 881 of the Senate amendment)

Present Law

The Federal Unemployment Tax Act (FUTA) imposes a 6.2-percent gross tax rate on the first $7,000 paid annually by covered employers to each employee. Employers in States with programs approved by the Federal Government and with no delinquent Federal loans may credit 5.4-percentage points against the 6.2-percent tax rate, making the minimum, net Federal unemployment tax rate 0.8 percent. Since all States have approved programs, 0.8 percent is the Federal tax rate that generally applies. This Federal revenue finances administration of the system, half of the Federal-State extended benefits program, and a Federal account for State loans. The States use the revenue turned back to them by the 5.4-percent credit to finance their regular State programs and half of the Federal-State extended benefits program.

In 1976, Congress passed a temporary surtax of 0.2 percent of taxable wages to be added to the permanent FUTA tax rate. Thus, the current 0.8-percent FUTA tax rate has two components: a permanent tax rate of 0.6 percent, and a temporary surtax rate of 0.2 percent. The temporary surtax subsequently has been extended through 1998.

House Bill

No provision.

Senate Amendment

The Senate amendment extends the temporary surtax rate through December 31, 2007. It also increases the limit from 0.25 percent to 0.50 percent of covered wages on the Federal Unemployment Account (FUA) in the Unemployment Trust Fund.

Effective date.—The provision is effective for labor performed on or after January 1, 1999.

Conference Agreement

The conference agreement follows the Senate amendment.

13. Treatment of charitable remainder trusts (sec. 883 of the Senate amendment)

Present Law

In general

Sections 170(f), 2055(e)(2) and 2522(c)(2) disallow a charitable deduction for income, estate or gift tax purposes, respectively, where the donor transfers an interest in property to a charity (e.g., a remainder) while also either retaining an interest in that property (e.g., an income interest) or transferring an interest in that property to a noncharity for less than full and adequate consideration. Exceptions to this general rule are provided for: (1) remainder interests in charitable remainder annuity trusts, charitable remainder unitrusts, pooled income funds, farms, and personal residences; (2) present interests in the form of a guaranteed annuity or a fixed percentage of the annual value of the property; (3) an undivided portion of the donor's entire interest in the property; and (4) a qualified conservation easement.

Charitable remainder annuity trusts and charitable remainder unitrusts

A charitable remainder annuity trust is a trust which is required to pay a fixed dollar amount, not less often than annually, of at least 5 percent of the initial value of the trust to a non-charity for the life of an individual or a period of years not to exceed 20 years, with the remainder passing to charity. A charitable remainder unitrust is a trust which generally is required to pay, at least annually, a fixed percentage of the fair market value of the trust's assets determined at least annually to a noncharity for the life of an individual or a period of years not to exceed 20 years, with the remainder passing to charity (sec. 664(d)).

Distributions from a charitable remainder annuity trust or charitable remainder unitrust are treated first as ordinary income to the extent of the trust's current and previously undistributed ordinary income for the trust's year in which the distribution occurred; second, as capital gains to the extent of the trust's current capital gain and previously undistributed capital gain for the trust's year in which the distribution occurred; third, as other income (e.g., tax-exempt income) to the extent of the trust's current and previously undistributed other income for the trust's year in which the distribution occurred; and, fourth, as corpus (sec. 664(b)).

Distributions are includible in the income of the beneficiary for the year that the annuity or unitrust amount is required to be distributed even though the annuity or unitrust amount is not distributed until after the close of the trust's taxable year. Treas. reg. sec. 1.664-1(d)(4).

On April 18, 1997, the Treasury Department proposed regulations providing additional rules under sections 664 and 2702 to address perceived abuses involving distributions from charitable remainder trusts. One of those proposed rules would require that payment of any required annuity or unitrust amount by a charitable remainder trust (other than an "income only" unitrust) be made by the close of the trust's taxable year in which such payments are due. See Prop. Treas. reg. secs. 1.664-2(a)(1)(i) and 1.664-3(a)(1)(i).

House Bill

No provision.

Senate Amendment

Under the Senate amendment, a trust cannot be a charitable remainder annuity trust if the annuity for any year is greater than 50 percent of the initial fair market value of the trust's assets or be a charitable remainder unitrust if the percentage of assets that are required to be distributed at least annually is greater than 50 percent. Any trust that fails this 50-percent rule will not be a charitable remainder trust whose taxation is governed under section 664, but will be treated as a complex trust and, accordingly, all its income will be taxed to its beneficiaries or to the trust.

Effective date.—The provision applies to transfers to a trust made after June 18, 1997.

Conference Agreement

The conference agreement follows the Senate amendment with a modification that requires that the value of the charitable remainder with respect to any transfer to a qualified charitable remainder annuity trust or charitable remainder unitrust be at least 10 percent of the net fair market value of such property transferred in trust on the date of the contribution to the trust. The 10-percent test is measured on each transfer to the charitable remainder trust and, consequently, a charitable remainder trust which meets the 10-percent test on the date of transfer will not subsequently fail to meet that test if interest rates have declined between the trust's creation and the death of a measuring life. Similarly, where a charitable remainder trust is created for the joint lives of two individuals with a remainder to charity, the trust will not cease to qualify as a charitable remainder trust because the value of the charitable remainder was less than 10 percent of the trust's assets at the first death of those two individuals. The conference agreement provides several additional rules in order to provide relief for trusts that do not meet the 10-percent rule.

First, where a transfer is made after July 28, 1997, to a charitable remainder trust that fails the 10-percent test, the trust is treated as meeting the 10-percent requirement if the governing instrument of the trust is changed by reformation, amendment, construction, or otherwise to meet such requirement by reducing the payout rate or duration (or both) of any noncharitable beneficiary's interest to the extent necessary to satisfy such requirement so long as the reformation is commenced within the period permitted for reformations of charitable remainder trusts under section 2055(e)(3). The statute of limitations applicable to a deficiency of any tax resulting from reformation of the trust shall not expire before the date one year after the Treasury Department is notified that the trust has been reformed. In substance, this rule relaxes the requirements of section 2055(e)(3)(B) to the extent necessary for the reformation for the trust to meet the 10-percent requirement.

Second, a transfer to a trust will be treated as if the transfer never had been made where a court having jurisdiction over the trust subsequently declares the trust void (because, e.g., the application of the 10 percent rule frustrates the purposes for which the trust was created) and judicial proceedings to revoke the trust are commenced within the period permitted for reformations of charitable remainder trusts under section 2055(e)(3). Under this provision, the effect of "unwinding" the trust is that any transactions made by the trust with respect to the property transferred (e.g., income earned on the assets transferred to the trust and capital gains generated by the sales of the property transferred) would be income and capital gain of the donor (or the donor's estate if the trust was testamentary), and the donor (or the donor's estate if the trust was testamentary) would not be permitted a charitable deduction with respect to the transfer. The statute of limitations applicable to a deficiency of any tax resulting from "unwinding" the trust shall not expire before the date one year after the Treasury Department is notified that the trust has been revoked.

Third, where an additional contribution is made after July 28, 1997, to a charitable remainder unitrust created before July 29, 1997, and that unitrust would not meet the 10-percent requirement with respect to the additional contribution, the conference agreement provides that such additional contribution will be treated, under regulations to be issued by the Secretary of the Treasury, as if it had been made to a new trust that does not meet the 10-percent requirement, but which does not affect the status of the original unitrust as a charitable remainder trust.

The conferees intend that this provision of the conference agreement not limit or alter the validity of regulations proposed by the Treasury Department on April 18, 1997, or the Treasury Department's authority to address abuses of the rules governing the taxation of charitable remainder trusts or their beneficiaries.

Effective date.—The requirement that the payout rate not exceed 50 percent applies to transfers to a trust made after June 18, 1997.

The requirement that the value of the charitable remainder with respect to any transfer to a qualified remainder trust be at least 10 percent of the fair market value of the assets transferred in trust applies to transfers to a trust made after July 28, 1997. However, the 10-percent requirement does not apply to a charitable remainder trust created by a testamentary instrument (e.g., a will or revocable trust) executed before July 29, 1997, if the instrument is not modified after that date and the settlor dies before January 1, 1999, or could not be modified after July 28, 1997, because the settlor was under a mental disability on that date (i.e., July 28, 1997) and all times thereafter.

14. Modify general business credit carryback and carryforward rules (sec. 788(b) of the Senate amendment)

Present Law

A qualified taxpayer is allowed to claim the rehabilitation credit, the energy credit, the reforestation credit, the work opportunity credit, the alcohol fuels credit, the research credit, the low-income housing credit, the enhanced oil recovery credit, the disabled access credit, the renewable electricity production credit, the empowerment zone employment credit, the Indian employment credit, the employer social security credit, and the orphan drug credit (collectively, known as the general business credit), subject to certain limitations based on tax liability for the year. Unused general business credits generally may be carried back three years and carried forward 15 years to offset tax liability of such years, subject to the same limitations.

House Bill

No provision.

Senate Amendment

The Senate amendment limits the carryback period for the general business credit to one year and extends the carryforward period to 20 years.

Effective date.—The provision is effective for taxable years beginning after December 31, 1997.

Conference Agreement

The conference agreement includes the Senate amendment with a clarification that the provision is effective for credits arising in taxable years beginning after December 31, 1997.

15. Using Federal case registry of child support orders for tax enforcement purposes

Present Law

The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 mandated the creation of a Federal Case Registry of Child Support Orders (the FCR) by October 1, 1998. Although HHS has not yet issued final regulations, the FCR is required to include the names, and the State case identification numbers of individuals who are owed or who owe child support or for whom paternity is being established. It may also include the social security numbers (SSNs) of these individuals.

House Bill

No provision.

Senate Amendment

No provision.

Conference Agreement

Not later than October 1, 1999, the Secretary of the Treasury will have access to the Federal Case Registry of Child Support Orders. Also, by October 1, 1999, the data elements on the State Case Registry will include the SSNs of children covered by cases in the Registry, and the States will provide the SSNs of these children to the FCR.

Effective date.— The provision is effective on October 1, 1999.

16. Expanded SSA records for tax enforcement

Present Law

Under the Family Support Act of 1988, States must require each parent to furnish their social security number (SSN) for birth records. Parents can apply directly to the Social Security Administration (SSA) for an SSN for their child; or, in most states, they may apply for the child's SSN when obtaining a birth certificate. On an individual's SSN application, the SSA currently requires the mother's maiden name but not her SSN.

House Bill

No provision.

Senate Amendment

No provision.

Conference Agreement

SSA is required to obtain social security numbers (SSNs) of both parents on minor children's applications for SSNs. The SSA will provide this information to the IRS as part of the Data Master File ("DM-1 file"). The conferees anticipate that the IRS will use the information to identify questionable claims for the earned income credit, the dependent exemption, and other tax benefits, before tax refunds are paid out.

Effective date.—The provision is effective on the date of enactment.

17. Treatment of amounts received under the work requirements of the Personal Responsibility and Work Opportunity Act of 1996

Present Law

Workfare payments

Generally under the Personal Responsibility and Work Opportunity Act of 1996, the receipt of certain government assistance payments is denied unless the recipient meets certain work requirements. The tax treatment of payments received with respect to these work requirements ("workfare payments") was not specified in that legislation.

Earned income credit

Certain eligible low-income workers are entitled to claim a refundable earned income credit on their income tax return. The amount of the credit an eligible individual may claim depends upon whether the individual has one, more than one, or no qualifying children, and is generally determined by multiplying the credit rate by the individual's earned income up to an earned income amount. The maximum amount of the credit is the product of the credit rate and the earned income amount. The credit is reduced by the amount of the alternative minimum tax ("AMT") the taxpayer owes for the year. The credit is phased out above certain income levels. For individuals with earned income (or AGI, if greater) in excess of the beginning of the phaseout range, the maximum credit amount is reduced by the phaseout rate multiplied by the amount of earned income (or AGI, if greater) in excess of the beginning of the phaseout range. For individuals with earned income (or AGI, if greater) in excess of the end of the phaseout range, no credit is allowed. For these purposes, both earned income and AGI are defined to include wages. There is no explicit provision whether workfare payments are wages for purposes of the earned income credit.

House Bill

No provision.

Senate Amendment

No provision.

Conference Agreement

The conference agreement provides that workfare payments are not wages for purposes of the earned income credit. There is no inference intended with respect to whether workfare payments otherwise qualify as wages for purposes of income and employment taxes or as wages for purposes of an employer's eligibility for the work opportunity tax credit and the welfare-to-work tax credit. Also, there is no inference intended with respect to whether workfare payments are wages for purposes of the earned income credit before enactment of this provision.

Effective date.—The provision is effective on the date of enactment.

XI. FOREIGN TAX PROVISIONS

A. General Provisions

1. Simplify foreign tax credit limitation for individuals (sec. 1103 of the House bill and sec. 901 of the Senate amendment)

Present Law

In order to compute the foreign tax credit, a taxpayer computes foreign source taxable income and foreign taxes paid in each of the applicable separate foreign tax credit limitation categories. In the case of an individual, this requires the filing of IRS Form 1116.

In many cases, individual taxpayers who are eligible to credit foreign taxes may have only a modest amount of foreign source gross income, all of which is income from investments. Taxable income of this type ordinarily is includible in the single foreign tax credit limitation category for passive income. However, under certain circumstances, the Code treats investment-type income (e.g., dividends and interest) as income in one of several other separate limitation categories (e.g., high withholding tax interest income or general limitation income). For this reason, any taxpayer with foreign source gross income is required to provide sufficient detail on Form 1116 to ensure that foreign source taxable income from investments, as well as all other foreign source taxable income, is allocated to the correct limitation category.

House Bill

The House bill allows individuals with no more than $300 ($600 in the case of married persons filing jointly) of creditable foreign taxes, and no foreign source income other than passive income, an exemption from the foreign tax credit limitation rules. (It is intended that an individual electing this exemption will not be required to file Form

1116 in order to obtain the benefit of the foreign tax credit.) An individual making this election is not entitled to any carryover of excess foreign taxes to or from a taxable year to which the election applies.

For purposes of this election, passive income generally is defined to include all types of income that is foreign personal holding company income under the subpart F rules, plus income inclusions from foreign personal holding companies and passive foreign investment companies, provided that the income is shown on a payee statement furnished to the individual. For purposes of this election, creditable foreign taxes include only foreign taxes that are shown on a payee statement furnished to the individual.

Effective date.—The provision applies to taxable years beginning after December 31, 1997.

Senate Amendment

The Senate amendment is the same as the House bill.

Conference Agreement

The conference agreement follows the House bill and the Senate amendment.

2. Simplify translation of foreign taxes (sec. 1104 of the House bill and sec. 902 of the Senate amendment)

Present Law

Translation of foreign taxes

Foreign income taxes paid in foreign currencies are required to be translated into U.S. dollar amounts using the exchange rate as of the time such taxes are paid to the foreign country or U.S. possession. This rule applies to foreign taxes paid directly by U.S. taxpayers, which taxes are creditable in the year paid or accrued, and to foreign taxes paid by foreign corporations that are deemed paid by a U.S. corporation that is a shareholder of the foreign corporation, and hence creditable, in the year that the U.S. corporation receives a dividend or has an income inclusion from the foreign corporation.

Redetermination of foreign taxes

For taxpayers that utilize the accrual basis of accounting for determining creditable foreign taxes, accrued and unpaid foreign tax liabilities denominated in foreign currencies are translated at the exchange rate as of the last day of the taxable year of accrual. If a difference exists between the dollar value of accrued foreign taxes and the dollar value of those taxes when paid, a redetermination of foreign taxes arises. A foreign tax redetermination may occur in the case of a refund of foreign taxes. A foreign tax redetermination also may arise because the amount of foreign currency units actually paid differs from the amount of foreign currency units accrued. In addition, a redetermination may arise due to fluctuations in the value of the foreign currency relative to the dollar between the date of accrual and the date of payment.

As a general matter, a redetermination of foreign tax paid or accrued directly by a U.S. person requires notification of the Internal Revenue Service and a redetermination of U.S. tax liability for the taxable year for which the foreign tax was claimed as a credit. The Treasury regulations provide exceptions to this rule for de minimis cases. In the case of a redetermination of foreign taxes that qualify for the indirect (or "deemed-paid") foreign tax credit under sections 902 and 960, the Treasury regulations generally require taxpayers to make appropriate adjustments to the payor foreign corporation's pools of earnings and profits and foreign taxes.

House Bill

Translation of foreign taxes

Translation of certain accrued foreign taxes

With respect to taxpayers that take foreign income taxes into account when accrued, the House bill generally provides for foreign taxes to be translated at the average exchange rate for the taxable year to which such taxes relate. This rule does not apply (1) to any foreign income tax paid after the date two years after the close of the taxable year to which such taxes relate, (2) with respect to taxes of an accrual-basis taxpayer that are actually paid in a taxable year prior to the year to which they relate, or (3) to tax payments that are denominated in an inflationary currency (as defined by regulations).

Translation of all other foreign taxes

Under the House bill, foreign taxes not eligible for application of the preceding rule generally are translated into U.S. dollars using the exchange rates as of the time such taxes are paid. The House bill provides the Secretary of the Treasury with authority to issue regulations that would allow foreign tax payments to be translated into U.S. dollar amounts using an average exchange rate for a specified period.

Redetermination of foreign taxes

Under the House bill, a redetermination is required if (1) accrued taxes when paid differ from the amounts claimed as credits by the taxpayer; (2) accrued taxes are not paid before the date two years after the close of the taxable year to which such taxes relate; or (3) any tax paid is refunded in whole or in part. Thus, for example, the House bill provides that if at the close of the second taxable year after the taxable year to which an accrued tax relates, any portion of the tax so accrued has not yet been paid, a foreign tax redetermination under section 905(c) is required for the amount representing the unpaid portion of that accrued tax. In other words, the previous accrual of any tax that is unpaid as of that date is denied. In cases where a redetermination is required, as under present law, the bill specifies that the taxpayer must notify the Secretary, who will redetermine the amount of the tax for the year or years affected. In the case of indirect foreign tax credits, regulatory authority is granted to prescribe appropriate adjustments to the foreign tax credit pools in lieu of such a redetermination.

The House bill provides that in the case of accrued taxes not paid within the date two years after the close of the taxable year to which such taxes relate, any such taxes if subsequently paid are taken into account for the taxable year to which such taxes relate. These taxes are translated into U.S. dollar amounts using the exchange rates in effect as of the time such taxes are paid.

For example, assume that in year 1 a taxpayer accrues 1,000 units of foreign tax that relate to year 1 and that the currency involved is not inflationary . Further assume that as of the end of year 1 the tax is unpaid. In this case, the House bill provides that the taxpayer translates 1,000 units of accrued foreign tax into U.S. dollars at the average exchange rate for year 1. If the 1,000 units of tax are paid by the taxpayer in either year 2 or year 3, no redetermination of foreign tax is required. If any portion of the tax so accrued remains unpaid as of the end of year 3, however, the taxpayer is required to redetermine its foreign tax accrued in year 1 to eliminate the accrued but unpaid tax, thereby reducing its foreign tax credit for such year. If the taxpayer pays the disallowed taxes in year 4, the taxpayer again redetermines its foreign taxes (and foreign tax credit) for year 1, but the taxes paid in year 4 are translated into U.S. dollars at the exchange rate for year 4.

Effective date

The provision generally is effective for foreign taxes paid (in the case of taxpayers using the cash basis for determining the foreign tax credit) or accrued (in the case of taxpayers using the accrual basis for determining the foreign tax credit) in taxable years beginning after December 31, 1997. The provision's changes to the foreign tax redetermination rules apply to foreign taxes which relate to taxable years beginning after December 31, 1997.

Senate Amendment

The Senate amendment is the same as the House bill with one modification with respect to the treatment of accrued taxes that are paid more than two years after the close of the taxable year to which such taxes relate. In the case of the indirect foreign tax credit, any such taxes are taken into account for the taxable year in which paid, and are translated into U.S. dollar amounts using the exchange rates as of the time such taxes are paid. In the case of the direct foreign tax credit, as under the House bill, any such taxes are taken into account for the taxable year to which such taxes relate, but are translated into U.S. dollar amounts using the exchange rates in effect as of the time such taxes are paid.

Conference Agreement

The conference agreement follows the Senate amendment with one modification. The conference agreement clarifies that the regulatory authority applicable in the case of indirect foreign tax credits allows, in lieu of a redetermination of taxes, appropriate adjustments to the pools of post-1986 foreign income taxes and the pools of post-1986 undistributed earnings.

3. Election to use simplified foreign tax credit limitation for alternative minimum tax purposes (sec. 1105 of the House bill and sec. 903 of the Senate amendment)

Present Law

Computing foreign tax credit limitations requires the allocation and apportionment of deductions between items of foreign source income and items of U.S. source income. Foreign tax credit limitations must be computed both for regular tax purposes and for purposes of the alternative minimum tax (AMT). Consequently, the allocation and apportionment of deductions must be done separately for regular tax foreign tax credit limitation purposes and AMT foreign tax credit limitation purposes.

House Bill

The House bill permits taxpayers to elect to use as their AMT foreign tax credit limitation fraction the ratio of foreign source regular taxable income to entire alternative minimum taxable income, rather than the ratio of foreign source alternative minimum taxable income to entire alternative minimum taxable income. Under this election, foreign source regular taxable income is used, however, only to the extent it does not exceed entire alternative minimum taxable income. In the event that foreign source regular taxable income does exceed entire alternative minimum taxable income, and the taxpayer has income in more than one foreign tax credit limitation category, it is intended that the foreign source taxable income in each such category generally would be reduced by a pro rata portion of that excess.

The election is available only in the first taxable year beginning after December 31, 1997 for which the taxpayer claims an AMT foreign tax credit. It is intended that a taxpayer will be treated, for this purpose, as claiming an AMT foreign tax credit for any taxable year for which the taxpayer chooses to have the benefits of the foreign tax credit and in which the taxpayer is subject to the alternative minimum tax or would be subject to the alternative minimum tax but for the availability of the AMT foreign tax credit. The election, once made, will apply to all subsequent taxable years, and may be revoked only with the consent of the Secretary of the Treasury.

Effective date.—The provision applies to taxable years beginning after December 31, 1997.

Senate Amendment

The Senate amendment is the same as the House bill.

Conference Agreement

The conference agreement follows the House bill and the Senate amendment.

4. Simplify treatment of personal transactions in foreign currency (sec. 1106 of the House bill and sec. 904 of the Senate amendment)

Present Law

When a U.S. taxpayer makes a payment in a foreign currency, gain or loss (referred to as "exchange gain or loss") generally arises from any change in the value of the foreign currency relative to the U.S. dollar between the time the currency was acquired (or the obligation to pay was incurred) and the time that the payment is made. Gain or loss results because foreign currency, unlike the U.S. dollar, is treated as property for Federal income tax purposes.

Exchange gain or loss can arise in the course of a trade or business or in connection with an investment transaction. Exchange gain or loss also can arise where foreign currency was acquired for personal use.

House Bill

If an individual acquires foreign currency and disposes of it in a personal transaction and the exchange rate changes between the acquisition and disposition of such currency, the House bill applies nonrecognition treatment to any resulting exchange gain, provided that such gain does not exceed $200. The provision does not change the treatment of resulting exchange losses.

Effective date.—The provision applies to taxable years beginning after December 31, 1997.

Senate Amendment

The Senate amendment is the same as the House bill.

Conference Agreement

The conference agreement follows the House bill and the Senate amendment with one modification. The conference agreement clarifies that transactions entered into in connection with a business trip constitute personal transactions for purposes of this provision. Exchange gain resulting from such transactions is eligible for nonrecognition treatment under this provision.

5. Simplify foreign tax credit limitation for dividends from 10/50 companies (sec. 1107 of the House bill)

Present Law

U.S. persons may credit foreign taxes against U.S. tax on foreign source income. The amount of foreign tax credits that can be claimed in a year is subject to a limitation that prevents taxpayers from using foreign tax credits to offset U.S. tax on U.S. source income. Separate limitations are applied to specific categories of income.

Special foreign tax credit limitation rules apply in the case of dividends received from a foreign corporation in which the taxpayer owns at least 10 percent of the stock by vote and which is not a controlled foreign corporation (a so-called "10/50 company"). Dividends received by the taxpayer from each 10/50 company are subject to a separate foreign tax credit limitation.

House Bill

Under the House bill, a single foreign tax credit limitation generally applies to dividends received by the taxpayer from all 10/50 companies. However, separate foreign tax credit limitations continue to apply to dividends received by the taxpayer from each 10/50 company that qualifies as a passive foreign investment company. Regulatory authority is granted to provide rules regarding the treatment of distributions out of earnings and profits for periods prior to the taxpayer's acquisition of such stock. To the extent the regulations treat distributions from a foreign corporation out of earnings and profits for pre-acquisition periods as subject to a separate foreign tax credit limitation, it is expected that the regulations would allow the taxpayer to elect to apply that separate foreign tax credit limitation (rather than the limitation applicable to dividends from all 10/50 companies) also to distributions out of post-acquisition earnings and profits of such corporation.

Effective date.—The provision is effective for taxable years beginning after December 31, 2001.

Senate Amendment

No provision.

Conference Agreement

The conference agreement generally provides for look-through treatment to apply in characterizing dividends from 10/50 companies for foreign tax credit limitation purposes. Under the conference agreement, any dividend from a 10/50 company paid out of earnings and profits accumulated in a taxable year beginning after December 31, 2002 is treated as income in a foreign tax credit limitation category in proportion to the ratio of the earnings and profits attributable to income in such foreign tax credit limitation category to the total earnings and profits. Regulatory authority is granted to provide rules regarding the treatment of distributions out of earning and profits for periods prior to the taxpayer's acquisition of such stock.

In the case of dividends from a 10/50 company paid out of earnings and profits accumulated in a taxable year beginning before January 1, 2003, the conference agreement provides that a single foreign tax credit limitation generally applies to *all* such dividends from all 10/50 companies. However, separate foreign tax credit limitations continue to apply to any such dividends received by the taxpayer from each 10/50 company that qualifies as a passive foreign investment company. Regulatory authority is granted to provide rules regarding the treatment of distributions out of earning and profits for periods prior to the taxpayer's acquisition of such stock.

Effective date.—The provision is effective for taxable years beginning after December 31, 2002.

B. General Provisions Affecting Treatment of Controlled Foreign Corporations (secs. 1111–1113 of the House bill and secs. 911–913 of the Senate amendment)

Present Law

If an upper-tier controlled foreign corporation ("CFC") sells stock of a lower-tier CFC, the gain generally is included in the income of U.S. 10-percent shareholders as subpart F income and such U.S. shareholder's basis in the stock of the first-tier CFC is increased to account for the inclusion. The inclusion is not characterized for foreign tax credit limitation purposes by reference to the nature of the income of the lower-tier CFC; instead it generally is characterized as passive income.

For purposes of the foreign tax credit limitations applicable to so-called 10/50 companies, a CFC is not treated as a 10/50 company with respect to any distribution out of its earnings and profits for periods during which it was a CFC and, except as provided in regulations, the recipient of the distribution was a U.S. 10-percent shareholder in such corporation.

If subpart F income of a lower-tier CFC is included in the gross income of a U.S. 10-percent shareholder, no provision of present law allows adjustment of the basis of the upper-tier CFC's stock in the lower-tier CFC.

The subpart F income earned by a foreign corporation during its taxable year is taxed to the persons who are U.S. 10-percent shareholders of the corporation on the last day, in that year, on which the corporation is a CFC. In the case of a U.S. 10-percent shareholder who acquired stock in a CFC during the year, such inclusions are reduced by all or a portion of the amount of dividends paid in that year by the foreign corporation to any person other than the acquiror with respect to that stock.

As a general rule, subpart F income does not include income earned from sources within the United States if the income is effectively connected with the conduct of a U.S. trade or business by the CFC. This general rule does not apply, however, if the income is exempt from, or subject to a reduced rate of, U.S. tax pursuant to a provision of a U.S. treaty.

A U.S. corporation that owns at least 10 percent of the voting stock of a foreign corporation is treated as if it had paid a share of the foreign income taxes paid by the foreign corporation in the year in which the foreign corporation's earnings and profits become subject to U.S. tax as dividend income of the U.S. shareholder. A U.S. corporation also may be deemed to have paid taxes paid by a second- or third-tier foreign corporation if certain conditions are satisfied.

House Bill

Lower-tier CFCs

Characterization of gain on stock disposition

Under the House bill, if a CFC is treated as having gain from the sale or exchange of stock in a foreign corporation, the gain is treated as a dividend to the same extent that it would have been so treated under section 1248 if the CFC were a U.S. person. This provision, however, does not affect the determination of whether the corporation whose stock is sold or exchanged is a CFC.

Thus, for example, if a U.S. corporation owns 100 percent of the stock of a foreign corporation, which owns 100 percent of the stock of a second foreign corporation, then under the House bill, any gain of the first corporation upon a sale or exchange of stock of the second corporation is treated as a dividend for purposes of subpart F income inclusions to the U.S. shareholder, to the extent of earnings and profits of the second corporation attributable to periods in which the first foreign corporation owned the stock of the second foreign corporation while the latter was a CFC with respect to the U.S. shareholder.

Gain on disposition of stock in a related corporation created or organized under the laws of, and having a substantial part of its assets in a trade or business in, the same foreign country as the gain recipient, even if recharacterized as a dividend under the House bill provision, is not excluded from foreign personal holding company income under the same-country exception that applies to actual dividends.

Under the House bill, for purposes of this rule, a CFC is treated as having sold or exchanged stock if, under any provision of subtitle A of the Code, the CFC is treated as having gain from the sale or exchange of such stock. Thus, for example, if a CFC distributes to its shareholder stock in a foreign corporation, and the distribution results in gain being recognized by the CFC under section 311(b) as if the stock were sold to the shareholder for fair market value, the House bill makes clear that, for purposes of this rule, the CFC is treated as having sold or exchanged the stock.

The House bill also repeals a provision added to the Code by the Technical and Miscellaneous Revenue Act of 1988 that, except as provided by regulations, requires a recipient of a distribution from a CFC to have been a U.S. 10-percent shareholder of that CFC for the period during which the earnings and profits which gave rise to the distribution were generated in order to avoid treating the distribution as one coming from a 10/50 company. Thus, under the House bill, a CFC is not treated as a 10/50 company with respect to any distribution out of its earnings and profits for periods during which it was a CFC, whether or not the recipient of the distribution was a U.S. 10-percent shareholder of the corporation when the earnings and profits giving rise to the distribution were generated.

Adjustments to basis of stock

Under the House bill, when a lower-tier CFC earns subpart F income, and stock in that corporation is later disposed of by an upper-tier CFC, the resulting income inclusion of the U.S. 10-percent shareholders, under regulations, is to be adjusted to account for previous inclusions, in a manner similar to the adjustments provided to the basis of stock in a first-tier CFC. Thus, just as the basis of a U.S. 10-percent shareholder in a first-tier CFC rises when subpart F income is earned and falls when previously taxed income is distributed, so as to avoid double taxation of the income on a later disposition of the stock of that company, the subpart F income from gain on the disposition of a lower-tier CFC generally is reduced by income inclusions of earnings that were not subsequently distributed by the lower-tier CFC.

For example, assume that a U.S. person is the owner of all of the stock of a first-tier CFC which, in turn, is the sole shareholder of a second-tier CFC. In year 1, the second-tier CFC earns $100 of subpart F income which is included in the U.S. person's gross income for that year. In year 2, the first-tier CFC disposes of the second-tier CFC's stock and recognizes $300 of income with respect to the disposition. All of that income constitutes subpart F foreign personal holding company income. Under the House bill, the Secretary is granted regulatory authority to reduce the U.S. person's year 2 subpart F inclusion by $100—the amount of year 1 subpart F income of the second-tier CFC that was included, in that year, in the U.S. person's gross income. Such an adjustment, in effect, allows for a step-up in the basis of the stock of the second-tier CFC to the extent of its subpart F income previously included in the U.S. person's gross income.

Subpart F inclusions in year of acquisition

If a U.S. 10-percent shareholder acquires the stock of a CFC from another U.S. 10-percent shareholder during a taxable year of the CFC in which it earns subpart F income, the House bill provision reduces the acquiror's subpart F income inclusion for that year by a portion of the amount of the dividend deemed (under sec. 1248) to be received by the transferor. The portion by which the inclusion is reduced (as is the case if a dividend was paid to the previous owner of the stock) does not exceed the lesser of the amount of dividends with respect to such stock deemed received (under sec. 1248) by other persons during the year or the amount determined by multiplying the subpart F income for the year by the proportion of the year during which the acquiring shareholder did not own the stock.

Treatment of U.S. income earned by a CFC

Under the House bill, an exemption or reduction by treaty of the branch profits tax that would be imposed under section 884 on a CFC does not affect the general statutory exemption from subpart F income that is granted for U.S. source effectively connected income. For example, assume a CFC earns income of a type that generally would be subpart F income, and that income is earned from sources within the United States in connection with business operations therein. Further assume that repatriation of that income is exempted from the U.S. branch profits tax under a provision of an applicable U.S. income tax treaty. The House bill provides that, notwithstanding the treaty's effect on the branch tax, the income is not treated as subpart F income as long as it is not exempt from U.S. taxation (or subject to a reduced rate of tax) under any other treaty provision.

Extension of indirect foreign tax credit

The House bill extends the application of the indirect foreign tax credit (secs. 902 and 960) to taxes paid or accrued by certain fourth-, fifth-, and sixth-tier foreign corporations. In general, three requirements are required to be satisfied by a foreign company at any of these tiers to qualify for the credit. First, the company must be a CFC. Second, the U.S. corporation claiming the credit under section 902(a) must be a U.S. shareholder (as defined in sec. 951(b)) with respect to the foreign company. Third, the product of the percentage ownership of voting stock at each level from the U.S. corporation down must equal at least 5 percent. The House bill limits the application of the indirect foreign tax credit below the third tier to taxes paid or incurred in taxable years during which the payor is a CFC. Foreign taxes paid below the sixth tier of foreign corporations remain ineligible for the indirect foreign tax credit.

Effective dates

Lower-tier CFCs.—The provision that treats gains on dispositions of stock in lower-tier CFCs as dividends under section 1248 principles applies to gains recognized on transactions occurring after the date of enactment.

The provision that expands look-through treatment, for foreign tax credit limitation purposes, of dividends from CFCs is effective for distributions after the date of enactment.

The provision that provides for regulatory adjustments to U.S. shareholder inclusions, with respect to gains of CFCs from dispositions of stock in lower-tier CFCs is effective for determining inclusions for taxable years of U.S. shareholders beginning after December 31, 1997. Thus, the House bill permits regulatory adjustments to an inclusion occurring after the effective date to account for income that was previously taxed under the subpart F provisions either prior to or subsequent to the effective date.

Subpart F inclusions in year of acquisition.—The provision that permits dispositions of stock to be taken into consideration in determining a U.S. shareholder's subpart F inclusion for a taxable year is effective with respect to dispositions occurring after the date of enactment.

Treatment of U.S. source income earned by a CFC.—The provision concerning the effect of treaty exemptions from, or reductions of, the branch profits tax on the determination of subpart F income is effective for taxable years beginning after December 31, 1986.

Extension of indirect foreign tax credit.—The provision that extends application of the indirect foreign tax credit to certain CFCs below the third tier is effective for foreign taxes paid or incurred by CFCs for taxable years of such corporations beginning after the date of enactment.

In the case of any chain of foreign corporations, the taxes of which would be eligible for the indirect foreign tax credit, under present law or under the House bill, but for the denial of indirect credits below the third or sixth tier, as the case may be, no liquidation, reorganization, or similar transaction in a taxable year beginning after the date of enactment will have the effect of permitting taxes to be taken into account under the indirect foreign tax credit provisions of the Code which could not have been taken into account under those provisions but for such transaction.

Senate Amendment

The Senate amendment is the same as the House bill.

Conference Agreement

The conference agreement follows the House bill and the Senate amendment.

C. Modification of Passive Foreign Investment Company Provisions to Eliminate Overlap with Subpart F, to Allow Mark-to-Market Election, and to Require Measurement Based on Value for PFIC Asset Test (secs. 1121–1123 of the House bill and secs. 751–753 of the Senate amendment)

Present Law

Overview

U.S. citizens and residents and U.S. corporations (collectively, "U.S. persons") are taxed currently by the United States on their worldwide income, subject to a credit against U.S. tax on foreign income based on foreign income taxes paid with respect to such income. A foreign corporation generally is not subject to U.S. tax on its income from operations outside the United States.

Income of a foreign corporation generally is taxed by the United States when it is repatriated to the United States through payment to the corporation's U.S. shareholders, subject to a foreign tax credit. However, a variety of regimes imposing current U.S. tax on income earned through a foreign corporation have been reflected in the Code. Today the principal anti-deferral regimes set forth in the Code are the controlled foreign corporation rules of subpart F (secs. 951-964) and the passive foreign investment company rules (secs. 1291–1297). Additional anti-deferral regimes set forth in the Code are the foreign personal holding company rules (secs. 551–558); the personal holding company rules (secs. 541–547); the accumulated earnings tax (secs. 531–537); and the foreign investment company and electing foreign investment company rules (secs. 1246–1247). The anti-deferral regimes included in the Code overlap such that a given taxpayer may be subject to multiple sets of anti-deferral rules.

Controlled foreign corporations

A controlled foreign corporation (CFC) is defined generally as any foreign corporation if U.S. persons own more than 50 percent of the corporation's stock (measured by vote or value), taking into account only those U.S. persons that own at least 10 percent of the stock (measured by vote only) (sec. 957). Stock ownership includes not only stock owned directly, but also stock owned indirectly or constructively (sec. 958).

Certain income of a CFC (referred to as "subpart F income") is subject to current U.S. tax. The United States generally taxes the U.S. 10-percent shareholders of a CFC currently on their pro rata shares of the subpart F income of the CFC. In effect, the Code treats those U.S. shareholders as having received a current distribution out of the CFC's subpart F income. Such shareholders also are subject to current U.S. tax on their pro rata shares of the CFC's earnings invested in U.S. property. The foreign tax credit may reduce the U.S. tax on these amounts.

Passive foreign investment companies

The Tax Reform Act of 1986 established an anti-deferral regime for passive foreign investment companies (PFICs). A PFIC is any foreign corporation if (1) 75 percent or more of its gross income for the taxable year consists of passive income, or (2) 50 percent or more of the average fair market value of its assets consists of assets that produce, or are held for the production of, passive income. For purposes of applying the PFIC asset test, the assets of a CFC are required to be measured using adjusted basis; the assets of a foreign corporation that is not a CFC are measured using fair market value unless the corporation elects to use adjusted basis.

Two alternative sets of income inclusion rules apply to U.S. persons that are shareholders in a PFIC. One set of rules applies to PFICs that are "qualified electing funds," under which electing U.S. shareholders include currently in gross income their respective shares of the PFIC's total earnings, with a separate election to defer payment of tax, subject to an interest charge, on income not currently received. The second set of rules applies to PFICs that are not qualified electing funds ("nonqualified funds"), under which the U.S. shareholders pay tax on income realized from the PFIC and an interest charge that is attributable to the value of deferral.

Overlap between subpart F and the PFIC provisions

A foreign corporation that is a CFC is also a PFIC if it meets the passive income test or the passive asset test described above. In such a case, the 10-percent U.S. shareholders are subject both to the subpart F provisions (which require current inclusion of certain earnings of the corporation) and to the PFIC provisions (which impose an interest charge on amounts distributed from the corporation and gains recognized upon the disposition of the corporation's stock, unless an election is made to include currently all of the corporation's earnings).

House Bill

Elimination of overlap between subpart F and the PFIC provisions

In the case of a PFIC that is also a CFC, the House bill generally treats the corporation as not a PFIC with respect to certain 10-percent shareholders. This rule applies if the corporation is a CFC (within the meaning of section 957(a)) and the shareholder is a U.S. shareholder (within the meaning of section 951(b)) of such corporation (i.e., if the shareholder is subject to the current inclusion rules of subpart F with respect to such corporation). Moreover, the rule applies for that portion of the shareholder's holding period with respect to the corporation's stock which is after December 31, 1997 and during which the corporation is a CFC and the shareholder is a U.S. shareholder. Accordingly, a shareholder that is subject to current inclusion under the subpart F rules with respect to stock of a PFIC that is also a CFC generally is not subject also to the PFIC provisions with respect to the same stock. The PFIC provisions continue to apply in the case of a PFIC that is also a CFC to shareholders that are not subject to subpart F (i.e., to shareholders that are U.S. persons and that own (directly, indirectly, or constructively) less than 10 percent of the corporation's stock by vote).

If a shareholder of a PFIC is subject to the rules applicable to nonqualified funds before becoming eligible for the special rules provided under the proposal for shareholders that are subject to subpart F, the stock held by such shareholder continues to be treated as PFIC stock unless the shareholder makes an election to pay tax and an interest charge with respect to the unrealized appreciation in the stock or the accumulated earnings of the corporation.

If, under the House bill, a shareholder is not subject to the PFIC provisions because the shareholder is subject to subpart F and the shareholder subsequently ceases to be subject to subpart F with respect to the corporation, for purposes of the PFIC provisions, the shareholder's holding period for such stock is treated as beginning immediately after such cessation. Accordingly, in applying the rules applicable to PFICs that are not qualified electing funds, the earnings of the corporation are not attributed to the period during which the shareholder was subject to subpart F with respect to the corporation and was not subject to the PFIC provisions.

Mark-to-market election

The House bill allows a shareholder of a PFIC to make a mark-to-market election with respect to the stock of the PFIC, provided that such stock is marketable (as defined below). Under such an election, the shareholder includes in income each year an amount equal to the excess, if any, of the fair market value of the PFIC stock as of the close of the taxable year over the shareholder's adjusted basis in such stock. The shareholder is allowed a deduction for the excess, if any, of the adjusted basis of the PFIC stock over its fair market value as of the close of the taxable year. However, deductions are allowable under this rule only to the extent of any net mark-to-market gains with respect to the stock included by the shareholder for prior taxable years.

Under the House bill, this mark-to-market election is available only for PFIC stock that is "marketable." For this purpose, PFIC stock is considered marketable if it is regularly traded on a national securities exchange that is registered with the Securities and Exchange Commission or on the national market system established pursuant to section 11A of the Securities and Exchange Act of 1934. In addition, PFIC stock is considered marketable if it is regularly traded on any exchange or market that the Secretary of the Treasury determines has rules sufficient to ensure that the market price represents a legitimate and sound fair market value. Any option on stock that is considered marketable under the foregoing rules is treated as marketable, to the extent provided in regulations. PFIC stock also is treated as marketable, to the extent provided in regulations, if the PFIC offers for sale (or has outstanding) stock of which it is the issuer and which is redeemable at its net asset value in a manner comparable to a U.S. regulated investment company (RIC).

In addition, the House bill treats as marketable any PFIC stock owned by a RIC that offers for sale (or has outstanding) any stock of which it is the issuer and which is redeemable at its net asset value. The House bill treats as marketable any PFIC stock held by any other RIC that otherwise publishes net asset valuations at least annually, except to the extent provided in regulations. It is believed that even for RICs that do not make a market in their own stock, but that do regularly report their net asset values in compliance with the securities laws, inaccurate valuation may bring exposure to legal liabilities, and this exposure may ensure the reliability of the values such RICs assign to the PFIC stock they hold.

The shareholder's adjusted basis in the PFIC stock is adjusted to reflect the amounts included or deducted under this election. In the case of stock owned indirectly by a U.S. person through a foreign entity (as discussed below), the basis adjustments for mark-to-market gains and losses apply to the basis of the PFIC in the hands of the intermediary owner, but only for purposes of the subsequent application of the PFIC rules to the tax treatment of the indirect U.S. owner. In addition, similar basis adjustments are made to the adjusted basis of the property actually held by the U.S. person by reason of which the U.S. person is treated as owning PFIC stock.

Amounts included in income pursuant to a mark-to-market election, as well as gain on the actual sale or other disposition of the PFIC stock, is treated as ordinary income. Ordinary loss treatment also applies to the deductible portion of any mark-to-market loss on PFIC stock, as well as to any loss realized on the actual sale or other disposition of PFIC stock to the extent that the amount of such loss does not exceed the net mark-to-market gains previously included with respect to such stock. The source of amounts with respect to a mark-to-market election generally is determined in the same manner as if such amounts were gain or loss from the sale of stock in the PFIC.

An election to mark to market applies to the taxable year for which made and all subsequent taxable years, unless the PFIC stock ceases to be marketable or the Secretary of the Treasury consents to the revocation of such election.

Under constructive ownership rules, U.S. persons that own PFIC stock through certain foreign entities may make this election with respect to the PFIC. These constructive ownership rules apply to treat PFIC stock owned directly or indirectly by or for a foreign partnership, trust, or estate as owned proportionately by the partners or beneficiaries, except as provided in regulations. Stock in a

PFIC that is thus treated as owned by a person is treated as actually owned by that person for purposes of again applying the constructive ownership rules. In the case of a U.S. person that is treated as owning PFIC stock by application of this constructive ownership rule, any disposition by the U.S. person or by any other person that results in the U.S. person being treated as no longer owning the PFIC stock, as well as any disposition by the person actually owning the PFIC stock, is treated as a disposition by the U.S. person of the PFIC stock.

In addition, a CFC that owns stock in a PFIC is treated as a U.S. person that may make the election with respect to such PFIC stock. Any amount includible (or deductible) in the CFC's gross income pursuant to this mark-to-market election is treated as foreign personal holding company income (or a deduction allocable to foreign personal holding company income). The source of such amounts, however, is determined by reference to the actual residence of the CFC.

In the case of a taxpayer that makes the mark-to-market election with respect to stock in a PFIC that is a nonqualified fund after the beginning of the taxpayer's holding period with respect to such stock, a coordination rule applies to ensure that the taxpayer does not avoid the interest charge with respect to amounts attributable to periods before such election. A similar rule applies to RICs that make the mark-to-market election under the House bill after the beginning of their holding period with respect to PFIC stock (to the extent that the RIC had not previously marked to market the stock of the PFIC).

Except as provided in the coordination rules described above, the rules of section 1291 (with respect to nonqualified funds) do not apply to a shareholder of a PFIC if a mark-to-market election is in effect for the shareholder's taxable year. Moreover, in applying section 1291 in a case where a mark-to-market election was in effect for any prior taxable year, the shareholder's holding period for the PFIC stock is treated as beginning immediately after the last taxable year for which such election applied.

A special rule applicable in the case of a PFIC shareholder that becomes a U.S. person treats the adjusted basis of any PFIC stock held by such person on the first day of the year in which such shareholder becomes a U.S. person as equal to the greater of its fair market value on such date or its adjusted basis on such date. Such rule applies only for purposes of the mark-to-market election.

Effective date

The provision is effective for taxable years of U.S. persons beginning after December 31, 1997, and taxable years of foreign corporations ending with or within such taxable years of U.S. persons.

Senate Amendment

The Senate amendment is the same as the House bill.

Conference Agreement

The conference agreement follows the House bill and the Senate amendment with one modification to the rules regarding the measurement of assets for purposes of applying the PFIC asset test. Under the conference agreement, if the stock of a foreign corporation is publicly traded for the taxable year, the PFIC asset test is applied using fair market value for purposes of measuring the PFIC's assets. For this purpose, the stock of a foreign corporation is treated as publicly traded if such stock is readily tradeable on a national securities exchange that is registered with the Securities and Exchange Commission, the national market system established pursuant to section 11A of the Securities and Exchange Act of 1934, or any other exchange or market that the Secretary of the Treasury determines has rules sufficient to ensure that the market price represents a sound fair market value. Because the PFIC asset test is applied based on quarterly measurements of the corporation's assets, it is intended that a corporation the stock of which is publicly traded on each such quarterly measurement date during the taxable year will be eligible for this asset measurement rule for such taxable year. In applying the PFIC asset test, it is intended that the total value of a publicly-traded foreign corporation's assets generally will be treated as equal to the sum of the aggregate value of its outstanding stock plus its liabilities.

The conference agreement does not change the rules applicable to non-publicly-traded foreign corporations for purposes of the measurement of assets in applying the PFIC asset test. Accordingly, CFCs that are not publicly traded continue to be required to measure their assets using adjusted basis, and any other foreign corporations that are not publicly traded continue to measure their assets using fair market value unless they elect to use adjusted basis.

D. Simplify Formation and Operation of International Joint Ventures (secs. 1131, 1141–1145, and 1151 of the House bill and secs. 921, 931–935, and 941 of the Senate amendment)

Present Law

Under section 1491, an excise tax generally is imposed on transfers of property by a U.S. person to a foreign corporation as paid-in surplus or as a contribution to capital or to a foreign partnership, estate or trust. The tax is 35 percent of the amount of gain inherent in the property transferred but not recognized for income tax purposes at the time of the transfer. However, several exceptions to the section 1491 excise tax are available. Under section 1494(c), a substantial penalty applies in the case of a failure to report a transfer described in section 1491.

Section 367 applies to require gain recognition upon certain transfers by U.S. persons to foreign corporations. Under section 367(d), a U.S. person that contributes intangible property to a foreign corporation is treated as having sold the property to the corporation and is treated as receiving deemed royalty payments from the corporation. These deemed royalty payments are treated as U.S. source income. A U.S. person may elect to apply similar rules to a transfer of intangible property to a foreign partnership that otherwise would be subject to the section 1491 excise tax.

A foreign partnership may be required to file a partnership return. If a foreign partnership fails to file a required return, losses and credits with respect to the partnership may be disallowed to the partnership. A U.S. person that acquires or disposes of an interest in a foreign partnership, or whose proportional interest in the partnership changes substantially, may be required to file an information return with respect to such event.

A partnership generally is considered to be a domestic partnership if it is created or organized in the United States or under the laws of the United States or any State. A foreign partnership generally is any partnership that is not a domestic partnership.

House Bill

Transfers of foreign entities

The House bill repeals the sections 1491–1494 excise tax and information reporting rules that apply to certain transfers of appreciated property by a U.S. person to a foreign entity. Instead of the excise tax that applies under present law to transfers to a foreign estate or trust, gain recognition is required upon a transfer of appreciated property by a U.S. person to a foreign estate or trust. Instead of the excise tax that applies under present law to certain transfers to foreign corporations, regulatory authority is granted under section 367 to deny nonrecognition treatment to such a transfer in a transaction that is not otherwise described in section 367. Instead of the excise tax that applies under present law to transfers to foreign partnerships, regulatory authority is granted to provide for gain recognition on a transfer of appreciated property to a partnership in cases where such gain otherwise would be transferred to a foreign partner. In addition, regulatory authority is granted to deny the nonrecognition treatment that is provided under section 1035 to certain exchanges of insurance policies, where the transfer is to a foreign person.

The House bill repeals the rule that treats as U.S. source income any deemed royalty arising under section 367(d). Under the House bill, in the case of a transfer of intangible property to a foreign corporation, the deemed royalty payments under section 367(d) are treated as foreign source income to the same extent that an actual royalty payment would be considered to be foreign source income. Regulatory authority is granted to provide similar treatment in the case of a transfer of intangible property to a foreign partnership.

Information reporting

The House bill provides detailed information reporting rules in the case of foreign partnerships. A foreign partnership generally is required to file a partnership return for a taxable year if the partnership has U.S. source income or is engaged in a U.S. trade or business, except to the extent provided in regulations.

Under the House bill, reporting rules similar to those applicable under present law in the case of controlled foreign corporations apply in the case of foreign partnerships. A U.S. partner that controls a foreign partnership is required to file an annual information return with respect to such partnership. For this purpose, a U.S. partner is considered to control a foreign partnership if the partner holds a more than 50 percent interest in the capital, profits, or, to the extent provided in regulations, losses, of the partnership. Similar information reporting also will be required from a U.S. 10-percent partner of a foreign partnership that is controlled by U.S. 10-percent partners. A $10,000 penalty applies to a failure to comply with these reporting requirements; additional penalties of up to $50,000 apply in the case of continued noncompliance after notification by the Secretary of the Treasury. The penalties for failure to report information with respect to a controlled foreign corporation are conformed with these penalties.

Under the House bill, reporting by a U.S. person of an acquisition or disposition of an interest in a foreign partnership, or a change in the person's proportional interest in the partnership, is required only in the case of acquisitions, dispositions, or changes involving at least a 10-percent interest. A $10,000 penalty applies to a failure to comply with these reporting requirements; additional penalties of up to $50,000 apply in the case of continued noncompliance after notification by the Secretary. The penalties for failure to report information with respect to a foreign corporation are conformed with these penalties.

Under the House bill, reporting rules similar to those applicable under present law in the case of transfers by U.S. persons to foreign corporations apply in the case of transfers to foreign partnerships. These reporting rules apply in the case of a transfer to a foreign partnership only if the U.S. person holds at least a 10-percent interest in the partnership or the value of the property transferred by such person to the partnership during a 12-month period exceeded $100,000. A penalty equal to 10 percent of the value of the property transferred applies to a failure to comply with these reporting requirements. The penalty under present law for failure to report transfers to a foreign corporation is conformed with this penalty. In the case of a transfer to a foreign partnership, failure to comply also results in gain recognition with respect to the property transferred.

Under the House bill, in the case of a failure to report required information with respect to a foreign corporation, partnership, or trust, the statute of limitations with respect to any event or period to which such information relates does not expire before the date that is three years after the date on which such information is provided.

Foreign or domestic partnership determination

Under the House bill, regulatory authority is granted to provide rules treating a partnership as a foreign partnership where such treatment is more appropriate. It is expected that a recharacterization of a partnership as foreign rather than domestic under such regulations will be based only on material factors such as the residence of the partners and the extent to which the partnership is engaged in business in the United States or earns U.S. source income. It also is expected that such regulations will provide guidance regarding the determination of whether an entity that is a partnership for Federal income tax purposes is to be considered to be created or organized in the United States or under the law of the United States or any State.

Effective date

The provisions with respect to the repeal of sections 1491–1494 are effective upon date of enactment. The provisions with respect to the source of a deemed royalty under section 367(d) also are effective for transfers made and royalties deemed received after date of enactment.

The provisions regarding information reporting with respect to foreign partnerships generally are effective for partnership taxable years beginning after date of enactment. The provisions regarding information reporting with respect to interests in, and transfers to, foreign partnerships are effective for transfers to, and changes in interest in, foreign partnerships after date of enactment. Taxpayers may elect to apply these rules to transfers made after August 20, 1996 (and thereby avoid a penalty under section 1494(c)) and the Secretary may prescribe simplified reporting requirements for these cases. The provision with respect to the statute of limitations in the case of noncompliance with reporting requirements is effective for information returns due after date of enactment.

The provision granting regulatory authority with respect to the treatment of partnerships as foreign or domestic is effective for partnership taxable years beginning after date of enactment.

Senate Amendment

The Senate amendment generally follows the House bill with several modifications.

Under the Senate amendment, gain recognition is required upon a transfer of appreciated property by a U.S. person to a foreign estate or trust, except as provided in regulations. This rule does not apply to a transfer to a trust to the extent that any person is treated as the owner of the trust under section 679.

Under the Senate amendment, the penalty equal to 10 percent of the value of the transferred property that applies to a failure to comply with the information reporting requirements with respect to a transfer of property to a foreign corporation or partnership may not exceed $100,000 except in cases of intentional disregard for such reporting requirements.

Under the Senate amendment, regulatory authority is granted to provide rules treating a partnership as a domestic or foreign partnership, where such treatment is more appropriate, without regard to where the partnership is created or organized. It is expected that a recharacterization of a partnership under such regulations will be based only on material factors such as the residence of the partners and the extent to which the partnership is engaged in business in the United States or earns U.S. source income. It also is expected that such regulations will provide guidance regarding the determination of whether an entity that is a partnership for Federal income tax purposes is to be considered to be created or organized in the United States or under the law of the United States or any State.

Conference Agreement

The conference agreement generally follows the Senate amendment with modifications.

The conference agreement clarifies that, for purposes of the requirement of gain recognition upon a transfer of appreciated property by a U.S. person to a foreign estate or trust, a U.S. trust that becomes a foreign trust is treated as having transferred all of its assets to a foreign trust.

The conference agreement further clarifies that, in the case of a transfer by a U.S. person to a foreign corporation as paid-in surplus or as a contribution to capital in a transaction not otherwise described in section 367 (e.g., a capital contribution by a non-shareholder), regulatory authority is granted under section 367 to treat such transfer as a fair market value sale and to require gain recognition thereon.

For purposes of the information reporting rules applicable to a U.S. partner that controls a foreign partnership, the conference agreement clarifies that a partner's interest in a partnership is determined with application of constructive ownership rules similar to those provided in section 267(c) (other than paragraph (3)).

Finally, the conference agreement provides that regulations issued under the grant of regulatory authority to provide rules treating a partnership as a domestic or foreign partnership will apply only to partnerships created or organized after the date such regulations are filed with the Federal Register (or, if earlier, the date of a public notice substantially describing the expected contents of the regulations). Accordingly, regulations issued under this grant of regulatory authority will not be applied to reclassify pre-existing partnerships. In connection with this regulatory authority, the conferees wish to make clear that it is intended that the general rule for classifying a partnership as domestic or foreign will continue to be the place where the partnership is created or organized (or the laws under which it is created or organized), and that the regulations are expected to provide a different classification result only in unusual cases. The conferees also expect that any regulations will avoid period-by-period reclassifications of partnerships.

E. Modification of Reporting Threshold for Stock Ownership of a Foreign Corporation (sec. 1146 of the House bill and sec. 936 of the Senate amendment)

Present Law

Several provisions of the Code require U.S. persons to report information with respect to a foreign corporation in which they are shareholders or officers or directors. Sections 6038 and 6035 generally require every U.S. citizen or resident who is an officer, or director, or who owns at least 10 percent of the stock, of a foreign corporation that is a controlled foreign corporation or a foreign personal holding company to file Form 5471 annually.

Section 6046 mandates the filing of information returns by certain U.S. persons with respect to a foreign corporation upon the occurrence of certain events. U.S. persons required to file these information returns are those who acquire 5 percent or more of the value of the stock of a foreign corporation, others who become U.S. persons while owning that percentage of the stock of a foreign corporation, and U.S. citizens and residents who are officers or directors of foreign corporations with such U.S. ownership.

A failure to file the required information return under section 6038 may result in monetary penalties or reduction of foreign tax credit benefits. A failure to file the required information returns under sections 6035 or 6046 may result in monetary penalties.

House Bill

The House bill increases the threshold for stock ownership of a foreign corporation that results in information reporting obligations under section 6046 from 5 percent (based on value) to 10 percent (based on vote or value).

Effective date.—The provision is effective for reportable transactions occurring after December 31, 1997.

Senate Amendment

The Senate amendment is the same as the House bill.

Conference Agreement

The conference agreement follows the House bill and the Senate amendment.

F. Other Foreign Simplification Provisions

1. Transition rule for certain trusts (sec. 1161 of the House bill and sec. 951 of the Senate amendment)

Present Law

Under rules enacted with the Small Business Job Protection Act of 1996, a trust is considered to be a U.S. trust if two criteria are met. First, a court within the United States must be able to exercise primary supervision over the administration of the trust. Second, U.S. fiduciaries of the trust must have the authority to control all substantial decisions of the trust. A trust that does not satisfy both of these criteria is considered to be a foreign trust. These rules for defining a U.S. trust generally are effective for taxable years of a trust that begin after December 31, 1996. A trust that qualified as a U.S. trust under prior law could fail to qualify as a U.S. trust under these new criteria.

House Bill

Under the House bill, the Secretary of the Treasury is granted authority to allow nongrantor trusts that had been treated as U.S. trusts under prior law to elect to continue to be treated as U.S. trusts, notwithstanding the new criteria for qualification as a U.S. trust.

Effective date.—The provision is effective for taxable years beginning after December 31, 1996.

Senate Amendment

The Senate amendment is the same as the House bill.

Conference Agreement

The conference agreement follows the House bill and the Senate amendment.

2. Simplify stock and securities trading safe harbor (sec. 1162 of the House bill and sec. 952 of the Senate amendment)

Present Law

A nonresident alien individual or foreign corporation that is engaged in a trade or business within the United States is subject to U.S. taxation on its net income that is effectively connected with the trade or business, at graduated rates of tax. Under a "safe harbor" rule, foreign persons that trade in stocks or securities for their own accounts are not treated as engaged in a U.S. trade or business for this purpose.

For a foreign corporation to qualify for the safe harbor, it must not be a dealer in stock or securities. In addition, if the principal business of the foreign corporation is trading in stock or securities for its own account, the safe harbor generally does not apply if the principal office of the corporation is in the United States.

For foreign persons who invest in securities trading partnerships, the safe harbor applies only if the partnership is not a dealer in stock and securities. In addition, if the principal business of the partnership is trading stock or securities for its own account, the safe harbor generally does not apply if the principal office of the partnership is in the United States.

Under Treasury regulations that apply to both corporations and partnerships, the determination of the location of the entity's principal office turns on the location of various functions relating to operation of the entity, including communication with investors and the general public, solicitation and acceptance of sales of interests, and maintenance and audits of its books of account (Treas. reg. sec. 1.864-2(c)(2)(ii) and (iii)). Under the regulations, the location of the entity's principal office does not depend on the location of the entity's management or where investment decisions are made.

House Bill

The House bill modifies the stock and securities trading safe harbor by eliminating the requirement for both partnerships and foreign corporations that trade stock or securities for their own accounts that the entity's principal office not be within the United States.

Effective date.—The provision is effective for taxable years beginning after December 31, 1997.

Senate Amendment

The Senate amendment is the same as the House bill.

Conference Agreement

The conference agreement follows the House bill and the Senate amendment.

3. Clarification of determination of foreign taxes deemed paid (sec. 1178(a) of the House bill and sec. 953(a) of the Senate amendment)

Present Law

Under section 902, a domestic corporation that receives a dividend from a foreign corporation in which it owns 10 percent or more of the voting stock is deemed to have paid a portion of the foreign taxes paid by such foreign corporation. The domestic corporation that receives a dividend is deemed to have paid a portion of the foreign corporation's post-1986 foreign income taxes based on the ratio of the amount of such dividend to the foreign corporation's post-1986 undistributed earnings. The foreign corporation's post-1986 foreign income taxes is the sum of the foreign income taxes with respect to the taxable year in which the dividend is distributed plus certain foreign income taxes with respect to prior taxable years (beginning after December 31, 1986).

House Bill

The House bill clarifies that, for purposes of the deemed paid credit under section 902 for a taxable year, a foreign corporation's post-1986 foreign income taxes includes foreign income taxes with respect to prior taxable years (beginning after December 31, 1986) only to the extent such taxes are not attributable to dividends distributed by the foreign corporation in prior taxable years. No inference is intended regarding the determination of foreign taxes deemed paid under present law.

Effective date.—The provision is effective on date of enactment.

Senate Amendment

The Senate amendment is the same as the House bill.

Conference Agreement

The conference agreement follows the House bill and the Senate amendment.

4. Clarification of foreign tax credit limitation for financial services income (sec. 1178(b) of the House bill and sec. 953(b) of the Senate amendment)

Present Law

Under section 904, separate foreign tax credit limitations apply to various categories of income. Two of these separate limitation categories are passive income and financial services income. For purposes of the separate foreign tax credit limitation applicable to passive income, certain income that is treated as high-taxed income is excluded from the definition of passive income. For purposes of the separate foreign tax credit limitation applicable to financial services income, the definition of financial services income generally incorporates passive income as defined for purposes of the separate limitation applicable to passive income.

House Bill

The House bill clarifies that the exclusion of income that is treated as high-taxed income does not apply for purposes of the separate foreign tax credit limitation applicable to financial services income. No inference is intended regarding the treatment of high-taxed income for purposes of the separate foreign tax credit limitation applicable to financial services income under present law.

Effective date.—The provision is effective on date of enactment.

Senate Amendment

The Senate amendment is the same as the House bill.

Conference Agreement

The conference agreement follows the House bill and the Senate amendment.

G. Other Foreign Provisions

1. Eligibility of licenses of computer software for foreign sales corporation benefits (sec. 1101 of the House bill and sec. 741 of the Senate amendment)

Present law

Under special tax provisions that provide an export benefit, a portion of the foreign trade income of an eligible foreign sales corporation ("FSC") is exempt from Federal income tax. Foreign trade income is defined as the gross income of a FSC that is attributable to foreign trading gross receipts. The term "foreign trading gross receipts" includes the gross receipts of a FSC from the sale, lease, or rental of export property and from services related and subsidiary to such sales, leases, or rentals.

For purposes of the FSC rules, export property is defined as property (1) which is manufactured, produced, grown, or extracted in the United States by a person other than a FSC; (2) which is held primarily for sale, lease, or rental in the ordinary conduct of a trade or business by or to a FSC for direct use, consumption, or disposition outside the United States; and (3) not more than 50 percent of the fair market value of which is attributable to articles imported into the United States. Intangible property generally is excluded from the definition of export property for purposes of the FSC rules; this exclusion applies to copyrights other than films, tapes, records, or similar reproductions for commercial or home use. The temporary Treasury regulations provide that a license of a master recording tape for reproduction outside the United States is not excluded from the definition of export property (Treas. Reg. sec. 1.927(a)-1T(f)(3)). The statutory exclusion for intangible property does not contain any specific reference to computer software. However, the temporary Treasury regulations provide that a copyright on computer software does not constitute export property, and that standardized, mass marketed computer software constitutes export property if such software is not accompanied by a right to reproduce for external use (Treas. Reg. sec. 1.927(a)-1T(f)(3)).

House Bill

The House bill provides that computer software licensed for reproduction abroad is not excluded from the definition of export property for purposes of the FSC provisions. Accordingly, computer software that is exported with a right to reproduce is eligible for the benefits of the FSC provisions. In light of the rapid innovations in the computer and software industries, the Committee intends that the term "computer software" be construed broadly to accommodate technological changes in the products produced by both industries. No inference is intended regarding the qualification as export property of computer software licensed for reproduction abroad under present law.

Effective date.—The provision generally applies to gross receipts from computer software licenses attributable to periods after December 31, 1997. Accordingly, in the case of a multi-year license, the provision applies to gross receipts attributable to the period of such license that is after December 31, 1997. In the case of gross receipts attributable to 1998, the provision applies to only one-third of such gross receipts. In the case of gross receipts attributable to 1999, the provision applies to only two-thirds of such gross receipts.

Senate Amendment

The Senate amendment is the same as the House bill, with a modification to the effective date.

Effective date.—The provision applies to gross receipts from computer software licenses attributable to periods after December 31, 1997. Accordingly, in the case of a multi-year license, the provision applies to gross receipts attributable to the period of such license that is after December 31, 1997.

Conference Agreement

The conference agreement follows the Senate amendment.

2. Increase dollar limitation on section 911 exclusion (sec. 1102 of the House bill)

Present Law

U.S. citizens generally are subject to U.S. income tax on all their income, whether derived in the United States or elsewhere. A U.S. citizen who earns income in a foreign country also may be taxed on such income by that foreign country. A credit against the U.S. income tax imposed on foreign source income is allowed for foreign taxes paid on such income.

U.S. citizens living abroad may be eligible to exclude from their income for U.S. tax purposes certain foreign earned income and foreign housing costs. In order to qualify for these exclusions, a U.S. citizen must be either (1) a bona fide resident of a foreign country for an uninterrupted period that includes an entire taxable year or (2) present overseas for 330 days out of any 12 consecutive month period. In addition, the taxpayer must have his or her tax home in a foreign country.

The exclusion for foreign earned income generally applies to income earned from sources outside the United States as compensation for personal services actually rendered by the taxpayer. The maximum exclusion for foreign earned income for a taxable year is $70,000.

The exclusion for housing costs applies to reasonable expenses, other than deductible interest and taxes, paid or incurred by or on behalf of the taxpayer for housing for the taxpayer and his or her spouse and dependents in a foreign country. The exclusion amount for housing costs for a taxable year is equal to the excess of such housing costs for the taxable year over an amount computed pursuant to a specified formula.

The combined earned income exclusion and housing cost exclusion may not exceed the taxpayer's total foreign earned income. The taxpayer's foreign tax credit is reduced by the amount the credit that is attributable to excluded income.

House Bill

Under the House bill, the $70,000 limitation on the exclusion for foreign earned income is increased to $80,000, in increments of $2,000 each year beginning in 1998. The $80,000 limitation on the exclusion for foreign earned income is indexed for inflation beginning in 2008 (for inflation after 2006).

Effective date.—The provision is effective for taxable years beginning after December 31, 1997.

Senate Amendment

No provision.

Conference Agreement

The conference agreement follows the House bill.

3. Treatment of certain securities positions under the subpart F investment in U.S. property rules (sec. 743 of the Senate amendment)

Present Law

Under the rules of subpart F (secs. 951-964), the U.S. 10-percent shareholders of a controlled foreign corporation (CFC) are required to include in income currently for U.S. tax purposes certain earnings of the CFC, whether or not such earnings are distributed currently to the shareholders. The U.S. 10-percent shareholders of a CFC are subject to current U.S. tax on their shares of certain income earned by the CFC (referred to as "subpart F income"). The U.S. 10-percent shareholders also are subject to current U.S. tax on their shares of the CFC's earnings to the extent invested by the CFC in certain U.S. property.

A shareholder's current income inclusion with respect to a CFC's investment in U.S. property for a taxable year is based on the CFC's average investment in U.S. property for such year. For this purpose, the U.S. property held by the CFC must be measured as of the close of each quarter in the taxable year. U.S. property generally is defined to include tangible property located in the United States, stock of a U.S. corporation, obligations of a U.S. person, and the right to use certain intellectual property in the United States. Exceptions are provided for, among other things, obligations of the United States, U.S. bank deposits, certain trade or business obligations, and stock or debts of certain unrelated U.S. corporations.

House Bill

No provision.

Senate Amendment

The Senate amendment provides two additional exceptions from the definition of U.S. property for purposes of the subpart F rules. Both exceptions relate to transactions entered into by a securities or commodities dealer in the ordinary course of its business as a securities or commodities dealer.

The first exception covers the deposit of collateral or margin by a securities or commodities dealer, or the receipt of such a deposit by a securities or commodities dealer, if such deposit is made or received on commercial terms in the ordinary course of the dealer's business as a securities or commodities dealer. This exception applies to deposits of margin or collateral for securities loans, notional principal contracts, options contracts, forward contracts, futures contracts, and any other financial transaction with respect to which the Secretary of the Treasury determines that the posting of collateral or margin is customary.

The second exception covers repurchase agreement transactions and reverse repurchase agreement transactions entered into by or with a securities or commodities dealer in the ordinary course of its business as a securities or commodities dealer. The exception applies only to the extent that the obligation under the transaction does not exceed the fair market value of readily marketable securities transferred or otherwise posted as collateral.

Effective date.—The provision is effective for taxable years of foreign corporations beginning after December 31, 1997, and taxable years of U.S. shareholders with or within which such taxable years of foreign corporations end.

Conference Agreement

The conference agreement generally follows the Senate amendment. Under the conference agreement, for purposes of these two additional exceptions under section 956, the term "dealer in commodities" means futures commission merchants and dealers in commodities within the meaning of the new definition that is added to section 475 by the conference agreement. In addition, the conferees wish to clarify that the addition of these two exceptions under section 956 is not intended to create any inference regarding the treatment of an obligation of a U.S. person to return stock that is borrowed pursuant to a securities loan.

4. Exception from foreign personal holding company income under subpart F for active financing income (sec. 744 of the Senate amendment)

Present Law

Under the subpart F rules, certain U.S. shareholders of a controlled foreign corporation ("CFC") are subject to U.S. tax currently on certain income earned by the CFC, whether or not such income is distributed to the shareholders. The income subject to current inclusion under the subpart F rules includes, among other things, "foreign personal holding company income" and insurance income. The U.S. 10-percent shareholders of a CFC also are subject to current inclusion with respect to their shares of the CFC's foreign base company services income (i.e., income derived from services performed for a related person outside the country in which the CFC is organized).

Foreign personal holding company income generally consists of the following: dividends, interest, royalties, rents and annuities; net gains from sales or exchanges of (1) property that gives rise to the preceding types of income, (2) property that does not give rise to income, and (3) interests in trusts, partnerships, and REMICs; net gains from commodities transactions; net gains from foreign currency transactions; and income that is equivalent to interest.

Insurance income subject to current inclusion under the subpart F rules includes any income of a CFC attributable to the issuing or reinsuring of any insurance or annuity contract in connection with risks located in a country other than the CFC's country of organization and related person insurance income. Subpart F insurance income also includes income attributable to an insurance contract in connection with risks located within the CFC's country of organization, as the result of an arrangement under which another corporation receives a substantially equal amount of consideration for insurance of other-country risks. Investment income of a CFC that is allocable to any insurance or annuity contract related to risks located outside the CFC's country of organization is taxable as subpart F insurance income (Prop. Treas. reg. sec. 1.953-1(a)). Investment income allocable to risks located within the CFC's country of organization generally is taxable as foreign personal holding company income.

House Bill

No provision.

Senate Amendment

The Senate amendment provides a temporary exception from foreign personal holding company income for subpart F purposes for certain income that is derived in the active conduct of an insurance, banking, financing or similar business. Such exception is applicable only for taxable years beginning in 1998.

Under the Senate amendment, foreign personal holding company income does not include income that is derived in or incident to the active conduct of a banking, financing or similar business by a CFC that is predominantly engaged in the active conduct of such business. For this purpose, income derived in the active conduct of a banking, financing, or similar business generally is determined under the principles applicable in determining financial services income for foreign tax credit limitation purposes. Moreover, the Secretary of the Treasury shall prescribe regulations applying look-through treatment in characterizing for this purpose dividends, interest, income equivalent to interest, rents, and royalties from related persons. A CFC is considered to be predominantly engaged in the active conduct of a banking, financing, or similar business if (1) more than 70 percent of its gross income is derived from transactions with unrelated persons and more than 20 percent of its gross income from that business is derived from transactions with unrelated persons located within the country in which the CFC is organized or incorporated, or (2) the CFC is predominantly engaged in the active conduct of a banking or securities business, or is a qualified bank or securities affiliate, as defined for purposes of the passive foreign investment company provisions.

Under the Senate amendment, foreign personal holding company income also does not include certain investment income of a qualifying insurance company with respect to risks located within the CFC's country of organization. These exceptions apply to income derived from investments of assets equal to the total of (1) unearned premiums and reserves ordinary and necessary for the proper conduct of the CFC's insurance business, (2) one-third of premiums earned during the taxable year on insurance contracts regulated in the country in which sold as property, casualty, or health insurance contracts, and (3) the greater of $10 million or 10 percent of reserves for insurance contracts regulated in the country in which sold as life insurance or annuity contracts. For this purpose, a qualifying insurance company is an entity that is subject to regulation as an insurance company under the laws of its country of incorporation and that realizes at least 50 percent of its gross income (other than income from investments) from premiums related to risks located within such country. These exceptions for insurance investment income do not apply to investment income which is received by the CFC from a related person. Similarly, the exceptions do not apply to investment income that is attributable directly or indirectly to the insurance or reinsurance of risks of related persons. The Senate amendment does not change the rule of present law that investment income of a CFC that is attributable to the issuing or reinsuring of any insurance or annuity contract related to risks outside of its country of organization is taxable as Subpart F insurance income.

The Senate amendment also provides an exception from foreign base company services income for income derived from services performed in connection with the active conduct of a banking, financing, insurance or similar business by a CFC that is predominantly engaged in the active conduct of such business.

Effective date.—The provision applies only to taxable years of foreign corporations beginning in 1998, and to taxable years of United States shareholders with or within which such taxable years of foreign corporations end.

Conference Agreement

The conference agreement generally follows the Senate amendment with modifications.

Under the conference agreement, the temporary exception from foreign personal holding company income applies to income that is derived in the active conduct of a banking, financing or similar business by a CFC that is predominantly engaged in the active conduct of such business. For this purpose, income derived in the active conduct of a banking, financing, or similar business generally is determined under the principles applicable in determining financial services income for foreign tax credit limitation purposes. However, in the case of a corporation that is engaged in the active conduct of a banking or securities business, the income that is eligible for this exception is determined under the principles applicable in determining the income which is treated as nonpassive income for purposes of the passive foreign investment company provisions. The conferees generally intend that the income of a corporation engaged in the active conduct of a banking or securities business that is eligible for this exception is the income that is treated as nonpassive under the regulations proposed under section 1296(b). See Prop. Treas. Reg. secs. 1.1296-4 and 1.1296-6. In this regard, the conferees intend that eligible income will include income or gains with respect to foreclosed property which is incident to the active conduct of a banking business.

For purposes of the temporary exception, a corporation is considered to be predominantly engaged in the active conduct of a banking, financing, or similar business if it is engaged in the active conduct of a banking or securities business or is a qualified bank affiliate or qualified securities affiliate. In this regard, the conferees intend that a corporation will be considered to be engaged in the active conduct of a banking or securities business if the corporation would be treated as so engaged under the regulations proposed under section 1296(b); the conferees further intend that qualified bank affiliates and qualified securities affiliates will be as determined under such proposed regulations. See Prop. Treas. Reg. secs. 1.1296-4 and 1.1296-6.

Alternatively, a corporation is considered to be engaged in the active conduct of a banking, financing or similar business if more than 70 percent of its gross income is derived from such business from transactions with unrelated persons located within the country under the laws of which the corporation is created or organized. For this purpose, income derived by a qualified business unit of a corporation from transactions with unrelated persons located in the country in which the qualified business unit maintains its principal office and conducts substantial business activity is treated as derived by the corporation from transactions with unrelated persons located within the country in which the corporation is created or organized. A person other than a natural person is considered to be located within the country in which it maintains an office through which it engages in a trade or business and by which the transaction is effected. A natural person is treated as located within the country in which such person is physically located when such person enters into the transaction.

The conference agreement provides a temporary exception from foreign personal holding company income for certain investment income of a qualifying insurance company with respect to risks located within the CFC's country of creation or organization. The rules of this provision of the conference agreement differ from the rules of present-law section 953 of the Code, which determines the subpart F inclusions of a U.S. shareholder relating to insurance income of a CFC. Such insurance income under section 953 generally is computed in accordance with the rules of subchapter L of the Code. The conferees believe that review of the rules of this provision would be appropriate when final guidance under section 953 is published by the Treasury Department.

The conference agreement provides a temporary exception for income (received from a person other than a related person) from investments made by a qualifying insurance company of its reserves or 80 percent of its unearned premiums (as defined for purposes of the provision). For this purpose, in the case of contracts regulated in the country in which sold as property, casualty, or health insurance contracts, unearned premiums and reserves mean unearned premiums and reserves for losses incurred determined using the methods and interest rates that would be used if the qualifying insurance company were subject to tax under subchapter L of the Code. Thus, for this purpose, unearned premiums are determined in accordance with section 832(b)(4), and reserves for losses incurred are determined in accordance with section 832(b)(5) and 846 of the Code (as well as any other rules applicable to a U.S. property and casualty insurance company with respect to such amounts).

In the case of a contract regulated in the country in which sold as a life insurance or annuity contract, the following three alternative rules for determining reserves are provided under the conference agreement. It is intended that any one of the three rules may be elected with respect to a particular line of business.

First, reserves for such contracts may be determined generally under the rules applicable to domestic life insurance companies under subchapter L of the Code, using the methods there specified, but substituting for the interest rates in Code section 807(d)(2)(B) an interest rate determined for the country in which the qualifying insurance company was created or organized, calculated in the same manner as the mid-term applicable Federal interest rate ("AFR") (within the meaning of section 1274(d)).

Second, the reserves for such contracts may be determined generally using a preliminary term foreign reserve method, except that the interest rate to be used is the interest rate determined for the country in which the qualifying insurance company was created or organized, calculated in the same manner as the mid-term AFR. If a qualifying insurance company uses such a preliminary term method with respect to contracts insuring risks located in the country in which the company is created or organized, then such method is the method that applies for purposes of this election.

Third, reserves for such contracts may be determined to be equal to the net surrender value of the contract (as defined in section 807(e)(1)(A)).

In no event may the reserve for any contract at any time exceed the foreign statement reserve for the contract, reduced by any catastrophe or deficiency reserve. This rule applies whether the contract is regulated as a property, casualty, health, life insurance, annuity, or any other type of contract.

The conference agreement also provides a temporary exception for income from investment of assets equal to (1) one-third of premiums earned during the taxable year on insurance contracts regulated in the country in which sold as property, casualty, or health insurance contracts, and (2) the greater of 10 percent of reserves, or, in the case of a qualifying insurance company that is a startup company, $10 million. For this purpose, a startup company is a company (including any predecessor) that has not been engaged in the active conduct of an insurance business for more than 5 years. It is intended that the 5-year period commences when the foreign company first is engaged in the active conduct of an insurance business. If the foreign company was formed before being acquired by the U.S. shareholder, the 5-year period commences when the acquired company first was engaged in the active conduct of an insurance business. The conferees intend that in the event of the acquisition of a book of business from another company through an assumption or indemnity reinsurance transaction, the period commences when the acquiring company first engaged in the active conduct of an insurance business, except that if more than a substantial part (e.g., 80 percent) of the business of the ceding company is acquired, then the 5-year period commences when the ceding company first engaged in the active conduct of an insurance business. In addition, it is not intended that reinsurance transactions among related persons be used to multiply the number of 5-year periods.

To prevent the shifting of relatively high-yielding assets to generate investment income that qualifies under this temporary exception, the conference agreement provides that, under rules prescribed by the Secretary, income is allocated to contracts as follows. In the case of contracts that are separate-account-type contracts (including variable contracts not meeting the requirements of section 817), only the income specifically allocable to such contracts is taken into account. In the case of other contracts, income not specifically allocable is allocated ratably among such contracts.

The conference agreement modifies the definition of a qualifying insurance company. Under the conference agreement, a qualifying insurance company means any entity which: (1) is regulated as an insurance company under the laws of the country in which it is incorporated; (2) derives at least 50 percent of its net written premiums from the insurance or reinsurance of risks situated within its country of incorporation; and (3) is engaged in the active conduct of an insurance business and would be subject to tax under subchapter L if it were a domestic corporation.

The conference agreement clarifies that this provision does not apply to investment income (includable in the income of a U.S. shareholder of a CFC pursuant to section 953) allocable to contracts that insure related party risks or risks located in a country other than the country in which the qualifying insurance company is created or organized.

Finally, the conference agreement provides an anti-abuse rule applicable for purposes of these temporary exceptions from foreign personal holding company income. For purposes of applying these exceptions, items with respect to a transaction or series of transactions shall be disregarded if one of the principal purposes of the transaction or transactions is to qualify income or gain for these exceptions, including any change in the method of computing reserves or any other transaction or transactions one of the principal purposes of which is the acceleration or deferral of any item in order to claim the benefits of these exceptions.

The conferees recognize that insurance, banking, financing, and similar businesses are businesses the active conduct of which involves the generation of income, such as interest and dividends, of a type that generally is treated as passive for purposes of subpart F. For purposes of this temporary provision, the conferees intend to delineate the income derived in the active conduct of such businesses, while retaining the present-law anti-deferral rules of subpart F with respect to income not derived in the active conduct of these financial services businesses. However, the conferees recognize that the line between income derived in the active conduct of such businesses and income otherwise derived by entities so engaged can be difficult to draw. The conferees believe that the issues of the determination of income derived in the active conduct of such businesses and the potential mobility of the business activity and income recognition of insurance, banking, financing, and similar businesses require further study. In the event that it becomes necessary to consider a possible extension of the provision in the future, the conferees would invite the comments of taxpayers and the Treasury Department regarding these issues.

5. Treat service income of nonresident alien individuals earned on foreign ships as foreign source income and disregard the U.S. presence of such individuals (sec. 745 of the Senate amendment)

Present Law

Nonresident alien individuals generally are subject to U.S. taxation and withholding on their U.S. source income. Compensation for labor and personal services performed within the United States is considered U.S. source unless such income qualifies for a de minimis exception. To qualify for the exception, the compensation paid to a nonresident alien individual must not exceed $3,000, the compensation must reflect services performed on behalf of a foreign employer, and the individual must be present in the United Sates for not more than 90 days during the taxable year. Special rules apply to exclude certain items from the gross income of a nonresident alien. An exclusion applies to gross income derived by a nonresident alien individual from the international operation of a ship if the country in which such individual is resident provides a reciprocal exemption for U.S. residents. However, this exclusion does not apply to income from personal services performed by an individual crew member on board a ship. Consequently, wages exceeding $3,000 in a taxable year that are earned by nonresident alien individual crew members of a foreign ship while the vessel is within U.S. territory are subject to income taxation by the United States.

U.S. residents are subject to U.S. tax on their worldwide income. In general, a non-U.S. citizen is considered to be a resident of the United States if the individual (1) has entered the United States as a lawful permanent U.S. resident or (2) is present in the United States for 31 or more days during the current calendar year and has been present in the United States for a substantial period of time—183 or more days—during a three-year period computed by weighting toward the present year (the "substantial presence test"). An individual generally is treated as present in the United States on any day if such individual is physically present in the United States at any time during the day. Certain categories of individuals (e.g., foreign government employees and certain students) are not treated as U.S. residents even if they are present in the United States for the requisite period of time. Crew members of a foreign vessel who are on board the vessel while it is stationed within U.S. territorial waters are treated as present in the United States.

House Bill

No provision.

Senate Amendment

The Senate amendment treats gross income of a nonresident alien individual, who is present in the United States as a member of the regular crew of a foreign vessel, from the performance of personal services in connection with the international operation of a ship as income from foreign sources. Thus, such income is exempt from U.S. income and withholding tax. However, such persons are not excluded for purposes of applying the minimum participation standards of section 410 to a plan of the employer. In addition, for purposes of determining whether an individual is a U.S. resident under the substantial presence test, the Senate amendment provides that the days that such individual is present as a member of the regular crew of a foreign vessel are disregarded.

Effective date.—The provision is effective for taxable years beginning after December 31, 1997.

Conference Agreement

The conference agreement generally follows the Senate amendment with modifications. The conference agreement provides that the treatment of income of a nonresident alien crew member of a foreign vessel as foreign source income will not apply for purposes of the pension rules and certain employee benefit provisions. The conference agreement further provides that, for purposes of determining whether an individual is a U.S. resident under the substantial presence test, any day that such individual is present as a member of the regular crew of a foreign vessel is disregarded only if the individual does not otherwise engage in trade or business within the United States on such day.

XII. SIMPLIFICATION PROVISIONS RELATING TO INDIVIDUALS AND BUSINESSES

A. Provisions Relating to Individuals

1. Modifications to standard deduction of dependents; AMT treatment of certain minor children (sec. 1201 of the House bill and sec. 1001 of the Senate amendment)

Present Law

Standard deduction of dependents.—The standard deduction of a taxpayer for whom a dependency exemption is allowed on another taxpayer's return can not exceed the lesser of (1) the standard deduction for an individual taxpayer (projected to be $4,250 for 1998) or (2) the greater of $500 (indexed)[1] or the dependent's earned income (sec. 63(c)(5)).

Taxation of unearned income of children under age 14.—The tax on a portion of the unearned income (e.g., interest and dividends) of a child under age 14 is the additional tax that the child's custodial parent would pay if the child's unearned income were included in that parent's income. The portion of the child's unearned income which is taxed at the parent's top marginal rate is the amount by which the child's unearned income is more than the sum of (1) $500[2] (indexed) plus (2) the greater of (a) $500[3] (indexed) or (b) the child's itemized deductions directly connected with the production of the unearned income (sec. 1(g)).

Alternative minimum tax ("AMT") exemption for children under age 14.—Single taxpayers are entitled to an exemption from the alternative minimum tax ("AMT") of $33,750. However, in the case of a child under age 14, his exemption from the AMT, in substance, is the unused alternative minimum tax exemption of the child's custodial parent, limited to sum of earned income and $1,400 (sec. 59(j)).

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[1] The indexed amount is projected to be $700 for 1998.

[2] Projected to be $700 for 1998.

[3] Projected to be $700 for 1998.

House Bill

Standard deduction of dependents.—The House bill increases the standard deduction for a taxpayer with respect to whom a dependency exemption is allowed on another taxpayer's return to the lesser of (1) the standard deduction for individual taxpayers or (2) the greater of: (a) $500[4] (indexed for inflation as under present law), or (b) the individual's earned income plus $250. The $250 amount is indexed for inflation after 1998.

Alternative minimum tax exemption for children under age 14.—The House bill increases the AMT exemption amount for a child under age 14 to the lesser of (1) $33,750 or (2) the sum of the child's earned income plus $5,000. The $5,000 amount is indexed for inflation after 1998.

Effective date.—The provision is effective for taxable years beginning after December 31, 1997.

Senate Amendment

The Senate amendment is the same as the House bill.

Conference Agreement

The conference agreement follows the House bill and the Senate amendment.

2. Increase de minimis threshold for estimated tax to $1,000 for individuals (sec. 1202 of the House bill and sec. 1002 of the Senate amendment)

Present Law

An individual taxpayer generally is subject to an addition to tax for any underpayment of estimated tax (sec. 6654). An individual generally does not have an underpayment of estimated tax if he or she makes timely estimated tax payments at least equal to: (1) 100 percent of the tax shown on the return of the individual for the preceding year (the "100 percent of last year's liability safe harbor") or (2) 90 percent of the tax shown on the return for the current year. The 100 percent of last year's liability safe harbor is modified to be a 110 percent of last year's liability safe harbor for any individual with an AGI of more than $150,000 as shown on the return for the preceding taxable year. Income tax withholding from wages is considered to be a payment of estimated taxes. In general, payment of estimated taxes must be made quarterly. The addition to tax is not imposed where the total tax liability for the year, reduced by any withheld tax and estimated tax payments, is less than $500.

House Bill

The House bill increases the $500 individual estimated tax de minimis threshold to $1,000.

Effective date.—The provision is effective for taxable years beginning after December 31, 1997.

Senate Amendment

The Senate amendment is the same as the House bill.

Conference Agreement

The conference agreement follows the House bill and the Senate amendment.

3. Optional methods for computing SECA tax combined (sec. 1203 of the House bill)

Present Law

The Self-Employment Contributions Act ("SECA") imposes taxes on net earnings from self-employment to provide social security coverage to self-employed workers. The maximum amount of earnings subject to the SECA tax is coordinated with, and is set at the same level as, the maximum level of wages and salaries subject to FICA taxes ($65,000 for OASDI taxes in 1997 and indexed annually, and without limit for the Hospital Insurance tax). Special rules allow certain self-employed individuals to continue to maintain social security coverage during a period of low income. The method applicable to farmers is slightly more favorable than the method applicable to other self-employed persons.

A farmer may increase his or her self-employment income, for purposes of obtaining social security coverage, by reporting two-thirds of the first $2,400 of gross income as net earnings from self-employment, i.e., the optional amount of net earnings from self-employment would not exceed $1,600. There is no limit on the number of times a farmer may use this method. The optional method for non farm income is similar, also permitting two-thirds of the first $2,400 of gross income to be treated as self-employment income. However, the optional non farm method may not be used more than five times by any individual, and may only be used if the taxpayer had net earnings from self-employment of $400 or more in at least two of the three years immediately preceding the year in which the optional method is elected.

In general, to receive benefits, including Disability Insurance Benefits, under the Social Security Act, a worker must have a minimum number of quarters of coverage. A minimum amount of wages or self-employment income must be reported to obtain a quarter of coverage. A maximum of four quarters of coverage may be obtained each year. In 1978, the amount of earnings required to obtain a quarter of coverage began increasing each year. Starting in 1994, a farmer could obtain only two quarters of coverage under the optional method applicable to farmers.

House Bill

The House bill combines the farm and non farm optional methods into a single combined optional method applicable to all self-employed workers. A self-employed worker may elect to use the optional method an unlimited number of times. If it is used, it must be applied to all self- employment earnings for the year, both farm and non farm.

The $2,400 amount is increased to an amount which would provide four quarters of coverage in 1998 (the "lower limit'). Such amount increases each year based on the earnings requirements under the Social Security Act.

The optional method in this provision is elected on a year-by-year basis. An election for a taxable year must be filed with the original Federal income tax return for the year, and may not be made retroactively by filing an amended return.

Effective date: The provision is effective for taxable years beginning after January 1, 1998.

Senate Amendment

No provision.

CONFERENCE AGREEMENT

The conference agreement does not include the House bill provision.

4. Treatment of certain reimbursed expenses of rural letter carriers' vehicles (sec. 1204 of the House bill and sec. 1003 of the Senate amendment)

Present Law

A taxpayer who uses his or her automobile for business purposes may deduct the business portion of the actual operation and maintenance expenses of the vehicle, plus depreciation (subject to the limitations of sec. 280F). Alternatively, the taxpayer may elect to utilize a standard mileage rate in computing the deduction allowable for business use of an automobile that has not been fully depreciated. Under this election, the taxpayer's deduction equals the applicable rate multiplied by the number of miles driven for business purposes and is taken in lieu of deductions for depreciation and actual operation and maintenance expenses.

An employee of the U.S. Postal Service may compute his deduction for business use of an automobile in performing services involving the collection and delivery of mail on a rural route by using, for all business use mileage, 150 percent of the standard mileage rate.

Rural letter carriers are paid an equipment maintenance allowance (EMA) to compensate them for the use of their personal automobiles in delivering the mail. The tax consequences of the EMA are determined by comparing it with the automobile expense deductions that each carrier is allowed to claim (using either the actual expenses method or the 150 percent of the standard mileage rate). If the EMA exceeds the allowable automobile expense deductions, the excess generally is subject to tax. If the EMA falls short of the allowable automobile expense deductions, a deduction is allowed only to the extent that the sum of this shortfall and all other miscellaneous itemized deductions exceeds two percent of the taxpayer's adjusted gross income.

House Bill

The House bill repeals the special rate for Postal Service employees of 150 percent of the standard mileage rate. In its place, the House bill requires that the rate of reimbursement provided by the Postal Service to rural letter carriers be considered to be equivalent to their expenses. The rate of reimbursement that is considered to be equivalent to their expenses is the rate of reimbursement contained in the 1991 collective bargaining agreement, which may be increased by no more than the rate of inflation.

Effective date.—The provision is effective for taxable years beginning after December 31, 1997.

Senate Amendment

The Senate amendment is the same as the House bill.

Conference Agreement

The conference agreement follows the House bill and the Senate amendment.

5. Travel expenses of Federal employees participating in a Federal criminal investigation (sec. 1205 of the House bill and sec. 1004 of the Senate amendment)

Present Law

Unreimbursed ordinary and necessary travel expenses paid or incurred by an individual in connection with temporary employment away from home (e.g., transportation costs and the cost of meals and lodging) are generally deductible, subject to the two-percent floor on miscellaneous itemized deductions. Travel expenses paid or incurred in connection with indefinite employment away from home, however, are not deductible. A taxpayer's employment away from home in a single location is indefinite rather than temporary if it lasts for one year or more; thus, no deduction is permitted for travel expenses paid or incurred in connection with such employment (sec. 162(a)). If a taxpayer's employment away from home in a single location lasts for less than one year, whether such employment is temporary or indefinite is determined on the basis of the facts and circumstances.

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[4] Projected to be $700 for 1998.

House Bill

The one-year limitation with respect to deductibility of expenses while temporarily away from home does not include any period during which a Federal employee is certified by the Attorney General (or the Attorney General's designee) as traveling on behalf of the Federal Government in a temporary duty status to investigate or provide support services to the investigation of a Federal crime. Thus, expenses for these individuals during these periods are fully deductible, regardless of the length of the period for which certification is given (provided that the other requirements for deductibility are satisfied).

Effective date.—The provision is effective for amounts paid or incurred with respect to taxable years ending after the date of enactment.

Senate Amendment

The Senate amendment is the same as the House bill.

Conference Agreement

The conference agreement follows the House bill and the Senate amendment.

6. Payment of taxes by commercially acceptable means (sec. 1206 of the House bill)

Present Law

Payment of taxes may be made by checks or money orders, to the extent and under the conditions provided by Treasury regulations (sec. 6311).

House Bill

In general

The Internal Revenue Service (IRS) is engaged in a long-term modernization of its information systems, the Tax Systems Modernization (TSM) Program. This modernization is intended to address deficiencies in the current IRS information systems and to plan effectively for future information system needs and requirements. The systems changes are designed to reduce the burden on taxpayers, generate additional revenue through improved voluntary compliance, and achieve productivity gains throughout the IRS. One key element of this program is electronic filing of tax returns.

At the present time, increasing reliance is being placed upon electronic funds transfers for payment of obligations. In light of this, the IRS seeks to integrate these payment methods in its TSM program, including electronic filing of returns, as well as into its traditional collection functions. The House bill allows the IRS to accept payment by any commercially acceptable means that the Secretary deems appropriate, to the extent and under the conditions provided in Treasury regulations. This will include, for example, electronic funds transfers, including those arising from credit cards, debit cards, and charge cards.

The IRS contemplates that it will proceed to negotiate contracts to implement this provision with one or more private sector credit and debit card systems. The House bill provides that the Federal Government may pay fees with respect to any such contracts only out of amounts specifically appropriated for that purpose.

Billing error resolution

In the course of processing these transactions, it will be necessary to resolve billing errors and other disputes. The Internal Revenue Code contains mechanisms for the determination of tax liability, defenses and other taxpayer protections, and the resolution of disputes with respect to those liabilities. The Truth-in-Lending Act contains provisions for determination of credit card liabilities, defenses and other consumer protections, and the resolution of disputes with respect to these liabilities.

The House bill excludes credit card, debit card, and charge card issuers and processing mechanisms from the resolution (such as through the "billing error" resolution process) of tax liability, but makes IRS subject to the Truth-in-Lending provisions insofar as those provisions impose obligations and responsibilities with regard to the "billing error" resolution process. It is not intended that consumers obtain additional ways to dispute their tax liabilities under the Truth-in-Lending provisions.

The House bill also specifically includes the use of debit cards in this provision and provides that the corresponding defenses and "billing error" provisions of the Electronic Fund Transfer Act will apply in a similar manner.

The House bill adds new section 6311(d)(3) to the Code. This section describes the circumstances under which section 161 of the Truth-in-Lending Act ("TILA") and section 908 of the Electronic Fund Transfer Act ("EFTA") apply to disputes that may arise in connection with payments of taxes made by credit card or debit card. Subsections (A) through (C) recognize that "billing errors" relating to the credit card account, such as an error arising from a credit card transaction posted to a cardholder's account without the cardholder's authorization, an amount posted to the wrong cardholder's account, or an incorrect amount posted to a cardholder's account as a result of a computational error or numerical transposition, are governed by the billing error provisions of section 161 of TILA. Similarly, subsections 6311(d)(3)(A)–(C) provide that errors such as those described above which arise in connection with payments of internal revenue taxes made by debit card, are governed by section 908 of EFTA.

The Internal Revenue Code provides that refunds are only authorized to be paid to the person who made the overpayment (generally the taxpayer). Subsection 6311(d)(3)(E), however, provides that where a taxpayer is entitled to receive funds as a result of the correction of a billing error made under section 161 of TILA in connection with a credit card transaction, or under section 908 of EFTA in connection with a debit card transaction, the IRS is authorized to utilize the appropriate credit card or debit card system to initiate a credit to the taxpayer's credit card or debit card account. The IRS may, therefore, provide such funds through the taxpayer's credit card or debit card account rather than directly to the taxpayer.

On the other hand, subsections 6311(d)(3)(A)–(C) provide that any alleged error or dispute asserted by a taxpayer concerning the merits of the taxpayer's underlying tax liability or tax return is governed solely by existing tax laws, and is not subject to section 161 or section 170 of TILA, section 908 of EFTA, or any similar provisions of State law. Absent the exclusion from section 170 of TILA, in a collection action brought against the cardholder by the card issuer the cardholder might otherwise assert as a defense that the IRS had incorrectly computed his tax liability. A collection action initiated by a credit card issuer against the taxpayer/cardholder will be an inappropriate vehicle for the determination of a taxpayer's tax liability, especially since the United States will not be a party to such an action.

Similarly, without the exclusion from section 161 of TILA and section 908 of EFTA, a taxpayer could contest the merits of his tax liability by putting the charge which appears on the credit card bill in dispute. Pursuant to TILA or EFTA, the taxpayer's card issuer will have to investigate the dispute, thereby finding itself in the middle of a dispute between the IRS and the taxpayer. It is believed that it is improper to attempt to resolve tax disputes through the billing process. It is also noted that the taxpayer retains the traditional, existing remedies for resolving tax disputes, such as resolving the dispute administratively with the IRS, filing a petition with the Tax Court after receiving a statutory notice of deficiency, or paying the disputed tax and filing a claim for refund (and subsequently filing a refund suit if the claim is denied or not acted upon).

Creditor status

The TILA imposes various responsibilities and obligations on creditors. Although the definition of the term "creditor" set forth in 15 U.S.C. sec. 1602 is limited, and will generally not include the IRS, in the case of an open-end credit plan involving a credit card, the card issuer and any person who honors the credit card are, pursuant to 15 U.S.C. sec. 1602(f), creditors.

In addition, 12 CFR sec. 226.12(e) provides that the creditor must transmit a credit statement to the card issuer within 7 business days from accepting the return or forgiving the debt. There is a concern that the response deadlines otherwise imposed by 12 CFR sec. 226.12(e), if applicable, will be difficult for the IRS to comply with (given the volume of payments the IRS is likely to receive in peak periods). This could subject the IRS to unwarranted damage actions. Consequently, the House bill generally provides an exception to creditor status for the IRS.

Privacy protections

The House bill also addresses privacy questions that arise from the IRS' participation in credit card processing systems. It is believed that taxpayers expect that the maximum possible protection of privacy will be accorded any transactions they have with the IRS. Accordingly, the House bill provides the greatest possible protection of taxpayers' privacy that is consistent with developing and operating an efficient tax administration system. It is expected that the principle will be fully observed in the implementation of this provision.

A key privacy issue is the use and redisclosure of tax information by financial institutions for purposes unrelated to the processing of credit card charges, i.e., marketing and related uses. To accept credit card charges by taxpayers, the IRS will have to disclose tax information to financial institutions to obtain payment and to resolve billing disputes. To obtain payment, the IRS will have to disclose, at a minimum, information on the "credit slip," i.e., the dollar amount of the payment and the taxpayer's credit card number.

The resolution of billing disputes may require the disclosure of additional tax information to financial institutions. In most cases, providing a copy of the credit slip and verifying the transaction amount will be sufficient. Conceivably, financial institutions could require some information regarding the underlying liability even where the dispute concerns a "billing dispute" matter. This additional information will not necessarily be shared as widely as the initial payment data. In lieu of disclosing further information, the IRS may elect to allow disputed amounts to be charged back to the IRS and to reinstate the corresponding tax liability.

Despite the language in most cardholder agreements that permits redisclosure of credit card transaction information, the public may be largely unaware of how widely that information is shared. For example, some financial institutions may share credit, payment, and purchase information with private credit bureaus, who, in turn, may sell this information to direct mail marketers, and others. Without use and redisclosure restrictions, taxpayers may discover that some traditionally confidential tax information might be widely disseminated to direct mail marketers and others.

It is intended that credit or debit card transaction information will generally be restricted to those uses necessary to process payments and resolve billing errors, as well as other purposes that are specified in the statute. The House bill directs the Secretary to issue published procedures on what constitutes authorized uses and disclosures. It is anticipated that the Secretary's published procedures will prohibit the use of transaction information for marketing tax-related services by the issuer or any marketing that targets only those who use their credit card to pay their taxes. It is also anticipated that the published procedures will prohibit the sale of transaction information to a third party.

Effective date.—The provision is effective nine months after the date of enactment. The IRS may, in this interim period, conduct internal tests and negotiate with card issuers, but may not accept credit or debit cards for payment of tax liability.

Senate Amendment

No provision.

Conference Agreement

The conference agreement follows the House bill, except that the requirement that a separate appropriation be made for payment by the IRS of credit card fees is deleted, and a prohibition on the payment by the IRS of any fee or the provision of any other consideration is added.

B. Provisions Relating to Businesses Generally

1. Modifications to look-back method for long-term contracts (sec. 1211 of the House bill, and sec. 1011 of the Senate amendment)

Present Law

Taxpayers engaged in the production of property under a long-term contract generally must compute income from the contract under the percentage of completion method. Under the percentage of completion method, a taxpayer must include in gross income for any taxable year an amount that is based on the product of (1) the gross contract price and (2) the percentage of the contract completed as of the end of the year. The percentage of the contract completed as of the end of the year is determined by comparing costs incurred with respect to the contract as of the end of the year with estimated total contract costs.

Because the percentage of completion method relies upon estimated, rather than actual, contract price and costs to determine gross income for any taxable year, a "look-back method" is applied in the year a contract is completed in order to compensate the taxpayer (or the Internal Revenue Service) for the acceleration (or deferral) of taxes paid over the contract term. The first step of the look-back method is to reapply the percentage of completion method using actual contract price and costs rather than estimated contract price and costs. The second step generally requires the taxpayer to recompute its tax liability for each year of the contract using gross income as reallocated under the look-back method. If there is any difference between the recomputed tax liability and the tax liability as previously determined for a year, such difference is treated as a hypothetical underpayment or overpayment of tax to which the taxpayer applies a rate of interest equal to the overpayment rate, compounded daily.[5] The taxpayer receives (or pays) interest if the net amount of interest applicable to hypothetical overpayments exceeds (or is less than) the amount of interest applicable to hypothetical underpayments.

House Bill

Election not to apply the look-back method for de minimis amounts

The House bill provides that a taxpayer may elect not to apply the look-back method with respect to a long-term contract if for each prior contract year, the cumulative taxable income (or loss) under the contract as determined using estimated contract price and costs is within 10 percent of the cumulative taxable income (or loss) as determined using actual contract price and costs.

The House bill also provides that a taxpayer may elect not to reapply the look-back method with respect to a contract if, as of the close of any taxable year after the year the contract is completed, the cumulative taxable income (or loss) under the contract is within 10 percent of the cumulative look-back income (or loss) as of the close of the most recent year in which the look-back method was applied (or would have applied but for the other de minimis exception described above).

Further, the House bill provides that for purposes of the look-back method, only one rate of interest is to apply for each accrual period. An accrual period with respect to a taxable year begins on the day after the return due date (determined without regard to extensions) for the taxable year and ends on such return due date for the following taxable year. The applicable rate of interest is the overpayment rate in effect for the calendar quarter in which the accrual period begins.

Effective date

The provision applies to contracts completed in taxable years ending after the date of enactment. The change in the interest rate calculation also applies for purposes of the look-back method applicable to the income forecast method of depreciation for property placed in service after September 13, 1995.

Senate Amendment

The Senate amendment is the same as the House bill.

Conference Agreement

The conference agreement follows the House bill and the Senate amendment.

2. Minimum tax treatment of certain property and casualty insurance companies (sec. 1212 of the House bill and sec. 1012 of the Senate amendment)

Present Law

Present law provides that certain property and casualty insurance companies may elect to be taxed only on taxable investment income for regular tax purposes (sec. 831(b)). Eligible property and casualty insurance companies are those whose net written premiums (or if greater, direct written premiums) for the taxable year exceed $350,000 but do not exceed $1,200,000.

Under present law, all corporations including insurance companies are subject to an alternative minimum tax. Alternative minimum taxable income is increased by 75 percent of the excess of adjusted current earnings over alternative minimum taxable income (determined without regard to this adjustment and without regard to net operating losses).

House Bill

The House bill provides that a property and casualty insurance company that elects for regular tax purposes to be taxed only on taxable investment income determines its adjusted current earnings under the alternative minimum tax without regard to any amount not taken into account in determining its gross investment income under section 834(b). Thus, adjusted current earnings of an electing company is determined without regard to underwriting income (or underwriting expense, as provided in sec. 56(g)(4)(B)(i)(II)).

Effective date.—Taxable years beginning after December 31, 1997.

Senate Amendment

The Senate amendment is the same as the House bill.

Conference Agreement

The conference agreement follows the House bill and the Senate amendment.

3. Treatment of construction allowances provided to lessees (sec. 961 of the House bill and sec. 1014 of the Senate amendment)

Present Law

Issues have arisen as to the proper treatment of amounts provided to a lessee by a lessor for property to be constructed and used by the lessee pursuant to the lease ("construction allowances"). In general, incentive payments are includible in income as accessions to wealth.[6] A coordinated issue paper issued by the Internal Revenue Service ("IRS") on October 7, 1996, states the IRS position that construction allowances should generally be included in income in the year received. However, the paper does recognize that amounts received by a lessee from a lessor and expended by the lessee on assets owned by the lessor were not includible in the lessee's income. The issue paper provides that tax ownership is determined by applying a "benefits and burdens of ownership" test that includes an examination of several factors.

House Bill

The House bill provides that the gross income of a lessee does not include amounts received in cash (or treated as a rent reduction) from a lessor under a short-term lease of retail space for the purpose of the lessee's construction or improvement of qualified long-term real property for use in the lessee's trade or business at such retail space. The exclusion only applies to the extent the allowance does not exceed the amount expended by the lessee on the construction or improvement of qualified long-term real property.

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[5] The overpayment rate equals the applicable Federal short-term rate plus two percentage points. This rate is adjusted quarterly by the IRS. Thus, in applying the look-back method for a contract year, a taxpayer may be required to use five different interest rates.

[6] *John B. White, Inc.* v. *Comm.*, 55 T.C. 729 (1971), aff'd per curiam 458 F. 2d 989 (3d Cir.), cert. denied, 409 U.S. 876 (1972). However, see, e.g., *Federated Department Stores* v. *Comm.*, 51 T.C. 500 (1968) aff'd 426 F. 2d 417 (6th Cir. 1970) and *The May Department Stores Co.* v. *Comm.*, 33 TCM 1128 (1974), aff'd 519 F. 2d 1154 (8th Cir. 1975) with respect to the application of section 118 to certain payments.

The House bill provides that the lessor must treat the amounts expended on the construction allowance as nonresidential real property owned by the lessor.

The House bill contains reporting requirements to ensure that both the lessor and lessee treat such amounts in accordance with the provision. Under regulations, the lessor and the lessee shall, at such times and in such manner as provided by the regulations, furnish to the Secretary of the Treasury information concerning the amounts received (or treated as a rent reduction), the amounts expended on qualified long-term real property, and such other information as the Secretary deems necessary to carry out the provision.

Effective date.—The provision applies to leases entered into after the date of enactment. No inference is intended as to the treatment of amounts that are not subject to the provision.

Senate Amendment

The Senate amendment is the same as the House bill.

Conference Agreement

The conference agreement generally follows the House bill and the Senate amendment, with a clarification of the coordination of the provision and present-law rule that allows lessors to take losses with respect to certain leasehold improvements abandoned at the end of the term of the lease (sec. 168(i)(8)). In addition, the conferees wish to emphasize that no inference is intended as to the treatment of amounts that are not subject to the provision, and that the provisions of the IRS issue paper and present law (including case law) will continue to apply where applicable.

C. Partnership Simplification Provisions

1. General provisions

a. Simplified flow-through for electing large partnerships (sec. 1221 of the House bill and sec. 1021 of the Senate amendment)

Present Law

Treatment of partnerships in general

A partnership generally is treated as a conduit for Federal income tax purposes. Each partner takes into account separately his distributive share of the partnership's items of income, gain, loss, deduction or credit. The character of an item is the same as if it had been directly realized or incurred by the partner. Limitations affecting the computation of taxable income generally apply at the partner level.

The taxable income of a partnership is computed in the same manner as that of an individual, except that no deduction is permitted for personal exemptions, foreign taxes, charitable contributions, net operating losses, certain itemized deductions, or depletion. Elections affecting the computation of taxable income derived from a partnership are made by the partnership, except for certain elections such as those relating to discharge of indebtedness income and the foreign tax credit.

Capital gains

The net capital gain of an individual is taxed generally at the same rates applicable to ordinary income, subject to a maximum marginal rate of 28 percent. Net capital gain is the excess of net long-term capital gain over net short-term capital loss. Individuals with a net capital loss generally may deduct up to $3,000 of the loss each year against ordinary income. Net capital losses in excess of the $3,000 limit may be carried forward indefinitely.

A special rule applies to gains and losses on the sale, exchange or involuntary conversion of certain trade or business assets (sec. 1231). In general, net gains from such assets are treated as long-term capital gains but net losses are treated as ordinary losses.

A partner's share of a partnership's net short-term capital gain or loss and net long-term capital gain or loss from portfolio investments is separately reported to the partner. A partner's share of a partnership's net gain or loss under section 1231 generally is also separately reported.

Deductions and credits

Miscellaneous itemized deductions (e.g., certain investment expenses) are deductible only to the extent that, in the aggregate, they exceed two percent of the individual's adjusted gross income.

In general, taxpayers are allowed a deduction for charitable contributions, subject to certain limitations. The deduction allowed an individual generally cannot exceed 50 percent of the individual's adjusted gross income for the taxable year. The deduction allowed a corporation generally cannot exceed 10 percent of the corporation's taxable income. Excess contributions are carried forward for five years.

A partner's distributive share of a partnership's miscellaneous itemized deductions and charitable contributions is separately reported to the partner.

Each partner is allowed his distributive share of credits against his taxable income.

Foreign taxes

The foreign tax credit generally allows U.S. taxpayers to reduce U.S. income tax on foreign income by the amount of foreign income taxes paid or accrued with respect to that income. In lieu of electing the foreign tax credit, a taxpayer may deduct foreign taxes. The total amount of the credit may not exceed the same proportion of the taxpayer's U.S. tax which the taxpayer's foreign source taxable income bears to the taxpayer's worldwide taxable income for the taxable year.

Unrelated business taxable income

Tax-exempt organizations are subject to tax on income from unrelated businesses. Certain types of income (such as dividends, interest and certain rental income) are not treated as unrelated business taxable income. Thus, for a partner that is an exempt organization, whether partnership income is unrelated business taxable income depends on the character of the underlying income. Income from a publicly traded partnership, however, is treated as unrelated business taxable income regardless of the character of the underlying income.

Special rules related to oil and gas activities

Taxpayers involved in the search for and extraction of crude oil and natural gas are subject to certain special tax rules. As a result, in the case of partnerships engaged in such activities, certain specific information is separately reported to partners.

A taxpayer who owns an economic interest in a producing deposit of natural resources (including crude oil and natural gas) is permitted to claim a deduction for depletion of the deposit as the minerals are extracted. In the case of oil and gas produced in the United States, a taxpayer generally is permitted to claim the greater of a deduction for cost depletion or percentage depletion. Cost depletion is computed by multiplying a taxpayer's adjusted basis in the depletable property by a fraction, the numerator of which is the amount of current year production from the property and the denominator of which is the property's estimated reserves as of the beginning of that year. Percentage depletion is equal to a specified percentage (generally, 15 percent in the case of oil and gas) of gross income from production. Cost depletion is limited to the taxpayer's basis in the depletable property; percentage depletion is not so limited. Once a taxpayer has exhausted its basis in the depletable property, it may continue to claim percentage depletion deductions (generally referred to as "excess percentage depletion").

Certain limitations apply to the deduction for oil and gas percentage depletion. First, percentage depletion is not available to oil and gas producers who also engage (directly or indirectly) in significant levels of oil and gas retailing or refining activities (so-called "integrated producers" of oil and gas). Second, the deduction for percentage depletion may be claimed by a taxpayer only with respect to up to 1,000 barrels-per-day of production. Third, the percentage depletion deduction may not exceed 100 percent of the taxpayer's net income for the taxable year from the depletable oil and gas property. Fourth, a percentage depletion deduction may not be claimed to the extent that it exceeds 65 percent of the taxpayer's pre-percentage depletion taxable income.

In the case of a partnership that owns depletable oil and gas properties, the depletion allowance is computed separately by the partners and not by the partnership. In computing a partner's basis in his partnership interest, basis is increased by the partner's share of any partnership-related excess percentage depletion deductions and is decreased (but not below zero) by the partner's total amount of depletion deductions attributable to partnership property.

Intangible drilling and development costs ("IDCs") incurred with respect to domestic oil and gas wells generally may be deducted at the election of the taxpayer. In the case of integrated producers, no more than 70 percent of IDCs incurred during a taxable year may be deducted. IDCs not deducted are capitalized and generally are either added to the property's basis and recovered through depletion deductions or amortized on a straight-line basis over a 60-month period.

The special treatment granted to IDCs incurred in the pursuit of oil and gas may give rise to an item of tax preference or (in the case of corporate taxpayers) an adjusted current earnings ("ACE") adjustment for the alternative minimum tax. The tax preference item is based on a concept of "excess IDCs." In general, excess IDCs are the excess of IDCs deducted for the taxable year over the amount of those IDCs that would have been deducted had they been capitalized and amortized on a straight-line basis over 120 months commencing with the month production begins from the related well. The amount of tax preference is then computed as the difference between the excess IDC amount and 65 percent of the taxpayer's net income from oil and gas (computed without a deduction for excess IDCs). For IDCs incurred in taxable years beginning after 1992, the ACE adjustment related to IDCs is repealed for taxpayers other than integrated producers. Moreover, beginning in 1993, the IDC tax preference generally is repealed for taxpayers other than integrated producers. In this case, however, the repeal of the excess IDC preference may not result in more than a 40 percent reduction (30 percent for taxable years beginning in 1993) in the amount of the taxpayer's alternative minimum taxable income computed as if that preference had not been repealed.

Passive losses

The passive loss rules generally disallow deductions and credits from passive activities to the extent they exceed income from passive activities. Losses not allowed in a taxable year are suspended and treated as current deductions from passive activities in the next taxable year. These losses are allowed in full when a taxpayer disposes of the entire interest in the passive activity to an unrelated person in a taxable transaction. Passive activities include trade or business activities in which the taxpayer does not materially participate. (Limited partners generally do not materially participate in the activities of a partnership.) Passive activities also include rental activities (regardless of the taxpayer's material participation)[7]. Portfolio income (such as interest and dividends), and expenses allocable to such income, are not treated as income or loss from a passive activity.

The $25,000 allowance also applies to low-income housing and rehabilitation credits (on a deduction equivalent basis), regardless of whether the taxpayer claiming the credit actively participates in the rental real estate activity generating the credit. In addition, the income phaseout range for the $25,000 allowance for rehabilitation credits is $200,000 to $250,000 (rather than $100,000 to $150,000). For interests acquired after December 31, 1989 in partnerships holding property placed in service after that date, the $25,000 deduction-equivalent allowance is permitted for the low-income housing credit without regard to the taxpayer's income.

A partnership's operations may be treated as multiple activities for purposes of the passive loss rules. In such case, the partnership must separately report items of income and deductions from each of its activities.

Income, loss and other items from a publicly traded partnership are treated as separate from income and loss from any other publicly traded partnership, and also as separate from any income or loss from passive activities.

The Omnibus Budget Reconciliation Act of 1993 added a rule, effective for taxable years beginning after December 31, 1993, treating a taxpayer's rental real estate activities in which he materially participates as not subject to limitation under the passive loss rules if the taxpayer meets eligibility requirements relating to real property trades or businesses in which he performs services (sec. 469(c)(7)). Real property trade or business means any real property development, redevelopment, construction, reconstruction, acquisition, conversion, rental, operation, management, leasing, or brokerage trade or business. An individual taxpayer generally meets the eligibility requirements if (1) more than half of the personal services the taxpayer performs in trades or business during the taxable year are performed in real property trades or businesses in which the taxpayer materially participates, and (2) such taxpayer performs more than 750 hours of services during the taxable year in real property trades or businesses in which the taxpayer materially participates.

REMICs

A tax is imposed on partnerships holding a residual interest in a real estate mortgage investment conduit ("REMIC"). The amount of the tax is the amount of excess inclusions allocable to partnership interests owned by certain tax-exempt organizations ("disqualified organizations") multiplied by the highest corporate tax rate.

Contribution of property to a partnership

In general, a partner recognizes no gain or loss upon the contribution of property to a partnership. However, income, gain, loss and deduction with respect to property contributed to a partnership by a partner must be allocated among the partners so as to take into account the difference between the basis of the property to the partnership and its fair market value at the time of contribution. In addition, the contributing partner must recognize gain or loss equal to such difference if the property is distributed to another partner within five years of its contribution (sec. 704(c)), or if other property is distributed to the contributor within the five year period (sec. 737).

Election of optional basis adjustments

In general, the transfer of a partnership interest or a distribution of partnership property does not affect the basis of partnership assets. A partnership, however, may elect to make certain adjustments in the basis of partnership property (sec. 754). Under a section 754 election, the transfer of a partnership interest generally results in an adjustment in the partnership's basis in its property for the benefit of the transferee partner only, to reflect the difference between that partner's basis for his interest and his proportionate share of the adjusted basis of partnership property (sec. 743(b)). Also under the election, a distribution of property to a partner in certain cases results in an adjustment in the basis of other partnership property (sec. 734(b)).

Terminations

A partnership terminates if either (1) all partners cease carrying on the business, financial operation or venture of the partnership, or (2) within a 12-month period 50 percent or more of the total partnership interests are sold or exchanged (sec. 708).

House Bill

In general

The House bill modifies the tax treatment of an electing large partnership (generally, any partnership that elects under the provision, if the number of partners in the preceding taxable year is 100 or more) and its partners. The provision provides that each partner takes into account separately the partner's distributive share of the following items, which are determined at the partnership level: (1) taxable income or loss from passive loss limitation activities; (2) taxable income or loss from other activities (e.g., portfolio income or loss); (3) net capital gain or loss to the extent allocable to passive loss limitation activities and other activities; (4) tax-exempt interest; (5) net alternative minimum tax adjustment separately computed for passive loss limitation activities and other activities; (6) general credits; (7) low-income housing credit; (8) rehabilitation credit; (9) credit for producing fuel from a nonconventional source; (10) creditable foreign taxes and foreign source items; and (11) any other items to the extent that the Secretary determines that separate treatment of such items is appropriate.[8] Separate treatment may be appropriate, for example, should changes in the law necessitate such treatment for any items.

Under the House bill, the taxable income of an electing large partnership is computed in the same manner as that of an individual, except that the items described above are separately stated and certain modifications are made. These modifications include disallowing the deduction for personal exemptions, the net operating loss deduction and certain itemized deductions.[9] All limitations and other provisions affecting the computation of taxable income or any credit (except for the at risk, passive loss and itemized deduction limitations, and any other provision specified in regulations) are applied at the partnership (and not the partner) level.

All elections affecting the computation of taxable income or any credit generally are made by the partnership.

Capital gains

Under the House bill, netting of capital gains and losses occurs at the partnership level. A partner in a large partnership takes into account separately his distributive share of the partnership's net capital gain or net capital loss.[10] Such net capital gain or loss is treated as long-term capital gain or loss.

Any excess of net short-term capital gain over net long-term capital loss is consolidated with the partnership's other taxable income and is not separately reported.

A partner's distributive share of the partnership's net capital gain is allocated between passive loss limitation activities and other activities. The net capital gain is allocated to passive loss limitation activities to the extent of net capital gain from sales and exchanges of property used in connection with such activities, and any excess is allocated to other activities. A similar rule applies for purposes of allocating any net capital loss.

Any gains and losses of the partnership under section 1231 are netted at the partnership level. Net gain is treated as long-term capital gain and is subject to the rules described above. Net loss is treated as ordinary loss and consolidated with the partnership's other taxable income.

Deductions

The House bill contains two special rules for deductions. First, miscellaneous itemized deductions are not separately reported to partners. Instead, 70 percent of the amount of such deductions is disallowed at the partnership level;[11] the remaining 30 percent is allowed at the partnership level in determining taxable income, and is not subject to the two-percent floor at the partner level.

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[7] An individual who actively participates in a rental real estate activity and holds at least a 10-percent interest may deduct up to $25,000 of passive losses. The $25,000 amount phases out as the individual's income increases from $100,000 to $150,000.

[8] In determining the amounts required to be separately taken into account by a partner, those provisions of the large partnership rules governing computations of taxable income are applied separately with respect to that partner by taking into account that partner's distributive share of the partnership's items of income, gain, loss, deduction or credit. This rule permits partnerships to make otherwise valid special allocations of partnership items to partners.

[9] An electing large partnership is allowed a deduction under section 212 for expenses incurred for the production of income, subject to 70-percent disallowance. No income from an electing large partnership is treated as fishing or farming income.

[10] The term "net capital gain" has the same meaning as in section 1222(11). The term "net capital loss" means the excess of the losses from sales or exchanges of capital assets over the gains from sales or exchanges of capital assets. Thus, the partnership cannot offset any portion of capital losses against ordinary income.

[11] The 70-percent figure is intended to approximate the amount of such deductions that would be denied at the partner level as a result of the 2-percent floor.

Second, charitable contributions are not separately reported to partners under the bill. Instead, the charitable contribution deduction is allowed at the partnership level in determining taxable income, subject to the limitations that apply to corporate donors.

Credits in general

Under the House bill, general credits are separately reported to partners as a single item. General credits are any credits other than the low-income housing credit, the rehabilitation credit and the credit for producing fuel from a nonconventional source. A partner's distributive share of general credits is taken into account as a current year general business credit. Thus, for example, the credit for clinical testing expenses is subject to the present law limitations on the general business credit. The refundable credit for gasoline used for exempt purposes and the refund or credit for undistributed capital gains of a regulated investment company are allowed to the partnership, and thus are not separately reported to partners.

In recognition of their special treatment under the passive loss rules, the low-income housing and rehabilitation credits are separately reported.[12] In addition, the credit for producing fuel from a nonconventional source is separately reported.

The House bill imposes credit recapture at the partnership level and determines the amount of recapture by assuming that the credit fully reduced taxes. Such recapture is applied first to reduce the partnership's current year credit, if any; the partnership is liable for any excess over that amount. Under the House bill, the transfer of an interest in an electing large partnership does not trigger recapture.

Foreign taxes

The House bill retains present-law treatment of foreign taxes. The partnership reports to the partner creditable foreign taxes and the source of any income, gain, loss or deduction taken into account by the partnership. Elections, computations and limitations are made by the partner.

Tax-exempt interest

The House bill retains present-law treatment of tax-exempt interest. Interest on a State or local bond is separately reported to each partner.

Unrelated business taxable income

The House bill retains present-law treatment of unrelated business taxable income. Thus, a tax-exempt partner's distributive share of partnership items is taken into account separately to the extent necessary to comply with the rules governing such income.

Passive losses

Under the House bill, a partner in an electing large partnership takes in an electing to account separately his distributive share of the partnership's taxable income or loss from passive loss limitation activities. The term "passive loss limitation activity" means any activity involving the conduct of a trade or business (including any activity treated as a trade or business under sec. 469(c)(5) or (6)) and any rental activity. A partner's share of an electing large partnership's taxable income or loss from passive loss limitation activities is treated as an item of income or loss from the conduct of a trade or business which is a single passive activity, as defined in the passive loss rules. Thus, an electing large partnership generally is not required to separately report items from multiple activities.

A partner in an electing large partnership also takes into account separately his distributive share of the partnership's taxable income or loss from activities other than passive loss limitation activities. Such distributive share is treated as an item of income or expense with respect to property held for investment. Thus, portfolio income (e.g., interest and dividends) is reported separately and is reduced by portfolio deductions and allocable investment interest expense.

In the case of a partner holding an interest in an electing large partnership which is not a limited partnership interest, such partner's distributive share of any items are taken into account separately to the extent necessary to comply with the passive loss rules. Thus, for example, income of an electing large partnership is not treated as passive income with respect to the general partnership interest of a partner who materially participates in the partnership's trade or business.

Under the House bill, the requirement that the passive loss rule be separately applied to each publicly traded partnership (sec. 469(k) of the Code) continues to apply.

Alternative minimum tax

Under the House bill, alternative minimum tax ("AMT") adjustments and preferences are combined at the partnership level. An electing large partnership would report to partners a net AMT adjustment separately computed for passive loss limitation activities and other activities. In determining a partner's alternative minimum taxable income, a partner's distributive share of any net AMT adjustment is taken into account instead of making separate AMT adjustments with respect to partnership items. The net AMT adjustment is determined by using the adjustments applicable to individuals (in the case of partners other than corporations), and by using the adjustments applicable to corporations (in the case of corporate partners). Except as provided in regulations, the net AMT adjustment is treated as a deferral preference for purposes of the section 53 minimum tax credit.

Discharge of indebtedness income

If an electing large partnership has income from the discharge of any indebtedness, such income is separately reported to each partner. In addition, the rules governing such income (sec. 108) are applied without regard to the large partnership rules. Partner-level elections under section 108 are made by each partner separately. Thus, for example, the large partnership provisions do not affect section 108(d)(6), which provides that certain section 108 rules apply at the partner level, or section 108(b)(5), which provides for an election to reduce the basis of depreciable property. The large partnership provisions also do not affect the election under 108(c) (added by the Omnibus Budget Reconciliation Act of 1993) to exclude discharge of indebtedness income with respect to qualified real property business indebtedness.

REMICs

For purposes of the tax on partnerships holding residual interests in REMICs, all interests in an electing large partnership are treated as held by disqualified organizations. Thus, an electing large partnership holding a residual interest in a REMIC is subject to a tax equal to the excess inclusions multiplied by the highest corporate rate. The amount subject to tax is excluded from partnership income.

Election of optional basis adjustments

Under the House bill, an electing large partnership may still elect to adjust the basis of partnership assets with respect to transferee partners. The computation of an electing large partnership's taxable income is made without regard to the section 743(b) adjustment. As under present law, the section 743(b) adjustment is made only with respect to the transferee partner. In addition, an electing large partnership is permitted to adjust the basis of partnership property under section 734(b) if property is distributed to a partner, as under present law.

Terminations

The House bill provides that an electing large partnership does not terminate for tax purposes solely because 50 percent of its interests are sold or exchanged within a 12-month period.

Partnerships and partners subject to large partnership rules

Definition of electing large partnership

An "electing large partnership" is any partnership that elects under the provision, if the number of partners in the preceding taxable year is 100 or more. The number of partners is determined by counting only persons directly holding partnership interests in the taxable year, including persons holding through nominees; persons holding indirectly (e.g., through another partnership) are not counted. Regulations may provide, however, that if the number of partners in any taxable year falls below 100, the partnership may not be treated as an electing large partnership. The election applies to the year for which made and all subsequent years and cannot be revoked without the Secretary's consent.

Special rules for certain service partnerships

An election under this provision is not effective for any partnership if substantially all the partners are: (1) individuals performing substantial services in connection with the partnership's activities, or personal service corporations the owner-employees of which perform such services; (2) retired partners who had performed such services; or (3) spouses of partners who had performed such services. In addition, the term "partner" does not include any individual performing substantial services in connection with the partnership's activities and holding a partnership interest, or an individual who formerly performed such services and who held a partnership interest at the time the individual performed such services.

Exclusion for commodity partnerships

An election under this provision is not effective for any partnership the principal activity of which is the buying and selling of commodities (not described in sec. 1221(1)), or options, futures or forwards with respect to commodities.

Special rules for partnerships holding oil and gas properties

Simplified reporting treatment of electing large partnerships with oil and gas activities

The House bill provides special rules for electing large partnerships with oil and gas activities that operate under the simplified reporting regime. These partnerships are collectively referred to herein as "oil and gas large partnerships." Generally, the House bill provides that an oil and gas large partnership reports information to its partners under the general simplified large partnership reporting regime described above. To prevent the extension of percentage depletion deductions to persons excluded therefrom under present law, however, certain partners are treated as disqualified persons under the House bill.

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[12] It is understood that the rehabilitation and low-income housing credits which are subject to the same passive loss rules (i.e., in the case of the low-income housing credit, where the partnership interest was acquired or the property was placed in service before 1990) could be reported together on the same line.

The treatment of a disqualified person's distributive share of any item of income, gain, loss, deduction, or credit attributable to any partnership oil or gas property is determined under the bill without regard to the special rules applicable to large partnerships. Thus, an oil and gas large partnership reports information related to oil and gas activities to a partner who is a disqualified person in the same manner and to the same extent that it reports such information to that partner under present law. The simplified reporting rules of the bill, however, apply with respect to reporting such a partner's share of items not related to oil and gas activities.

The House bill defines two categories of taxpayers as disqualified persons. The first category encompasses taxpayers who do not qualify for the deduction for percentage depletion under section 613A (i.e., integrated producers of oil and gas). The second category includes any person whose average daily production of oil and gas (for purposes of determining the depletable oil and natural gas quantity under section 613A(c)(2)) is at least 500 barrels for its taxable year in which (or with which) the partnership's taxable year ends. In making this computation, all production of domestic crude oil and natural gas attributable to the partner is taken into account, including such partner's proportionate share of any production of the large partnership.

A taxpayer that falls within a category of disqualified person has the responsibility of notifying any large partnership in which it holds a direct or indirect interest (e.g., through a pass-through entity) of its status as such. Thus, for example, if an integrated producer owns an interest in a partnership which in turn owns an interest in an oil and gas large partnership, it is responsible for providing the management of the electing large partnership information regarding its status as a disqualified person and details regarding its indirect interest in the electing large partnership.

Under the House bill, an oil and gas large partnership computes its deduction for oil and gas depletion under the general statutory rules (subject to certain exceptions described below) under the assumptions that the partnership is the taxpayer and that it qualifies for the percentage depletion deduction. The amount of the depletion deduction, as well as other oil and gas related items, generally are reported to each partner (other than to partners who are disqualified persons) as components of that partner's distributive share of taxable income or loss from passive loss limitation activities. The House bill provides that in computing the partnership's oil and gas percentage depletion deduction, the 1,000-barrel-per-day limitation does not apply. In addition, an oil and gas large partnership is allowed to compute percentage depletion under the bill without applying the 65-percent-of-taxable-income limitation under section 613A(d)(1).

As under present law, an election to deduct IDCs under section 263(c) is made at the partnership level. Since the House bill treats those taxpayers required by the Code (sec. 291) to capitalize 30 percent of IDCs as disqualified persons, an oil and gas large partnership may pass through a full deduction of IDCs to its partners who are not disqualified persons. In contrast to present law, an oil and gas large partnership also has the responsibility with respect to its partners who are not disqualified persons for making an election under section 59(e) to capitalize and amortize certain specified IDCs. Partners who are disqualified persons are permitted to make their own separate section 59(e) elections under the House bill.

Consistent with the general reporting regime for electing large partnerships, the House bill provides that a single AMT adjustment (under either corporate or non-corporate principles, as the case may be) is made and reported to the partners (other than disqualified persons) of an oil and gas large partnership as a separate item. This separately-reported item is affected by the limitation on the repeal of the tax preference for excess IDCs. For purposes of computing this limitation, the bill treats an oil and gas large partnership as the taxpayer. Thus, the limitation on repeal of the IDC preference is applied at the partnership level and is based on the cumulative reduction in the partnership's alternative minimum taxable income resulting from repeal of that preference.

The House bill provides that in making partnership-level computations, any item of income, gain, loss, deduction, or credit attributable to a partner who is a disqualified person is disregarded. For example, in computing the partnership's net income from oil and gas for purposes of determining the IDC preference (if any) to be reported to partners who are not disqualified persons as part of the AMT adjustment, disqualified persons' distributive shares of the partnership's net income from oil and gas are not to be taken into account.

Regulatory authority

The Secretary of the Treasury is granted authority to prescribe such regulations as may be appropriate to carry out the purposes of the provisions.

Effective date

The provisions generally apply to partnership taxable years beginning after December 31, 1997.

Senate Amendment

The Senate amendment is the same as the House bill.

Conference Agreement

The conference agreement follows the House bill and the Senate amendment.

b. Simplified audit procedures for electing large partnerships (sec. 1222 of the House bill and sec. 1022 of the Senate amendment)

Present Law

In general

Prior to 1982, regardless of the size of a partnership, adjustments to a partnership's items of income, gain, loss, deduction, or credit had to be made in separate proceedings with respect to each partner individually. Because a large partnership sometimes had many partners located in different audit districts, adjustments to items of income, gains, losses, deductions, or credits of the partnership had to be made in numerous actions in several jurisdictions, sometimes with conflicting outcomes.

The Tax Equity and Fiscal Responsibility Act of 1982 ("TEFRA") established unified audit rules applicable to all but certain small (10 or fewer partners) partnerships. These rules require the tax treatment of all "partnership items" to be determined at the partnership, rather than the partner, level. Partnership items are those items that are more appropriately determined at the partnership level than at the partner level, as provided by regulations.

Under the TEFRA rules, a partner must report all partnership items consistently with the partnership return or must notify the IRS of any inconsistency. If a partner fails to report any partnership item consistently with the partnership return, the IRS may make a computational adjustment and immediately assess any additional tax that results.

Administrative proceedings

Under the TEFRA rules, a partner must report all partnership items consistently with the partnership return or must notify the IRS of any inconsistency. If a partner fails to report any partnership item consistently with the partnership return, the IRS may make a computational adjustment and immediately assess any additional tax that results.

The IRS may challenge the reporting position of a partnership by conducting a single administrative proceeding to resolve the issue with respect to all partners. But the IRS must still assess any resulting deficiency against each of the taxpayers who were partners in the year in which the understatement of tax liability arose.

Any partner of a partnership can request an administrative adjustment or a refund for his own separate tax liability. Any partner also has the right to participate in partnership-level administrative proceedings. A settlement agreement with respect to partnership items binds all parties to the settlement.

Tax Matters Partner

The TEFRA rules establish the "Tax Matters Partner" as the primary representative of a partnership in dealings with the IRS. The Tax Matters Partner is a general partner designated by the partnership or, in the absence of designation, the general partner with the largest profits interest at the close of the taxable year. If no Tax Matters Partner is designated, and it is impractical to apply the largest profits interest rule, the IRS may select any partner as the Tax Matters Partner.

Notice requirements

The IRS generally is required to give notice of the beginning of partnership-level administrative proceedings and any resulting administrative adjustment to all partners whose names and addresses are furnished to the IRS. For partnerships with more than 100 partners, however, the IRS generally is not required to give notice to any partner whose profits interest is less than one percent.

Adjudication of disputes concerning partnership items

After the IRS makes an administrative adjustment, the Tax Matters Partner (and, in limited circumstances, certain other partners) may file a petition for readjustment of partnership items in the Tax Court, the district court in which the partnership's principal place of business is located, or the Claims Court.

Statute of limitations

The IRS generally cannot adjust a partnership item for a partnership taxable year if more than 3 years have elapsed since the later of the filing of the partnership return or the last day for the filing of the partnership return.

House Bill

The House bill creates a new audit system for electing large partnerships. The provision defines "electing large partnership" the same way for audit and reporting purposes (generally, any partnership that elects under the reporting provisions, if the number of partners in the preceding taxable year is 100 or more).

As under present law, electing large partnerships and their partners are subject to unified audit rules. Thus, the tax treatment of "partnership items" are determined at the partnership, rather than the partner, level. The term "partnership items" is defined as under present law.

Unlike present law, however, partnership adjustments generally will flow through to the partners for the year in which the adjustment takes effect. Thus, the current-year partners' share of current-year partnership items of income, gains, losses, deductions, or credits will be adjusted to reflect partnership adjustments that take effect in that year. The adjustments generally will not affect prior-year returns of any partners (except in the case of changes to any partner's distributive shares).

In lieu of flowing an adjustment through to its partners, the partnership may elect to pay an imputed underpayment. The imputed underpayment generally is calculated by netting the adjustments to the income and loss items of the partnership and multiplying that amount by the highest tax rate (whether individual or corporate; currently, the top individual rate of 39.6 percent). A partner may not file a claim for credit or refund of his allocable share of the payment. A partnership may make this election only if it meets requirements set forth in Treasury regulations designed to ensure payment (for example, in the case of a foreign partnership).

Regardless of whether a partnership adjustment flows through to the partners, an adjustment must be offset if it requires another adjustment in a year after the adjusted year and before the year the offsetted adjustment takes effect. For example, if a partnership expensed a $1,000 item in year 1, and it was determined in year 4 that the item should have been capitalized and amortized ratably over 10 years, the adjustment in year 4 would be $700, apart from any interest or penalty. (The $900 adjustment for the improper deduction would be offset by $200 of adjustments for amortization deductions.) The year 4 partners would be required to include an additional $700 in income for that year. The partnership may ratably amortize the remaining $700 of expenses in years 4–10.

In addition, the partnership, rather than the partners individually, generally is liable for any interest and penalties that result from a partnership adjustment. Interest is computed for the period beginning on the return due date for the adjusted year and ending on the earlier of the return due date for the partnership taxable year in which the adjustment takes effect or the date the partnership pays the imputed underpayment. Thus, in the above example, the partnership would be liable for 4 years' worth of interest (on a declining principal amount).

Penalties (such as the accuracy and fraud penalties) are determined on a year-by-year basis (without offsets) based on an imputed underpayment. All accuracy penalty criteria and waiver criteria (such as reasonable cause, substantial authority, etc.) are determined as if the partnership were a taxable individual. Accuracy and fraud penalties are assessed and accrue interest in the same manner as if asserted against a taxable individual.

Any payment (for Federal income taxes, interest, or penalties) that an electing large partnership is required to make is non-deductible.

If a partnership ceases to exist before a partnership adjustment takes effect, the former partners are required to take the adjustment into account, as provided by regulations. Regulations are also authorized to prevent abuse and to enforce efficiently the audit rules in circumstances that present special enforcement considerations (such as partnership bankruptcy).

Administrative proceedings

Under the electing large partnership audit rules, a partner is not permitted to report any partnership items inconsistently with the partnership return, even if the partner notifies the IRS of the inconsistency. The IRS may treat a partnership item that was reported inconsistently by a partner as a mathematical or clerical error and immediately assess any additional tax against that partner.

As under present law, the IRS may challenge the reporting position of a partnership by conducting a single administrative proceeding to resolve the issue with respect to all partners. Unlike under present law, however, partners will have no right individually to participate in settlement conferences or to request a refund.

Partnership representative

The House bill requires each electing large partnership to designate a partner or other person to act on its behalf. If an electing large partnership fails to designate such a person, the IRS is permitted to designate any one of the partners as the person authorized to act on the partnership's behalf. After the IRS's designation, an electing large partnership could still designate a replacement for the IRS-designated partner.

Notice requirements

Unlike under present law, the IRS is not required to give notice to individual partners of the commencement of an administrative proceeding or of a final adjustment. Instead, the IRS is authorized to send notice of a partnership adjustment to the partnership itself by certified or registered mail. The IRS could give proper notice by mailing the notice to the last known address of the partnership, even if the partnership had terminated its existence.

Adjudication of disputes concerning partnership items

As under present law, an administrative adjustment could be challenged in the Tax Court, the district court in which the partnership's principal place of business is located, or the Claims Court. However, only the partnership, and not partners individually, can petition for a readjustment of partnership items.

If a petition for readjustment of partnership items is filed by the partnership, the court with which the petition is filed will have jurisdiction to determine the tax treatment of all partnership items of the partnership for the partnership taxable year to which the notice of partnership adjustment relates, and the proper allocation of such items among the partners. Thus, the court's jurisdiction is not limited to the items adjusted in the notice.

Statute of limitations

Absent an agreement to extend the statute of limitations, the IRS generally could not adjust a partnership item of an electing large partnership more than 3 years after the later of the filing of the partnership return or the last day for the filing of the partnership return. Special rules apply to false or fraudulent returns, a substantial omission of income, or the failure to file a return. The IRS would assess and collect any deficiency of a partner that arises from any adjustment to a partnership item subject to the limitations period on assessments and collection applicable to the year the adjustment takes effect (secs. 6248, 6501 and 6502).

Regulatory authority

The Secretary of the Treasury is granted authority to prescribe regulations as may be necessary to carry out the simplified audit procedure provisions, including regulations to prevent abuse of the provisions through manipulation. The regulations may include rules that address transfers of partnership interests, in anticipation of a partnership adjustment, to persons who are tax-favored (e.g., corporations with net operating losses, tax-exempt organizations, and foreign partners) or persons who are expected to be unable to pay tax (e.g., shell corporations). For example, if prior to the time a partnership adjustment takes effect, a taxable partner transfers a partnership interest to a nonresident alien to avoid the tax effect of the partnership adjustment, the rules may provide, among other things, that income related to the partnership adjustment is treated as effectively connected taxable income, that the partnership adjustment is treated as taking effect before the partnership interest was transferred, or that the former partner is treated as a current partner to whom the partnership adjustment is allocated.

Effective date

The provision applies to partnership taxable years beginning after December 31, 1997.

Senate Amendment

The Senate amendment is the same as the House bill.

Conference Agreement

The conference agreement follows the House bill and the Senate amendment, with technical modifications.

c. Due date for furnishing information to partners of electing large partnerships (sec. 1223 of the House bill and sec. 1023 of the Senate amendment)

Present Law

A partnership required to file an income tax return with the Internal Revenue Service must also furnish an information return to each of its partners on or before the day on which the income tax return for the year is required to be filed, including extensions. Under regulations, a partnership must file its income tax return on or before the fifteenth day of the fourth month following the end of the partnership's taxable year (on or before April 15, for calendar year partnerships). This is the same deadline by which most individual partners must file their tax returns.

House Bill

The House bill provides that an electing large partnership must furnish information returns to partners by the first March 15 following the close of the partnership's taxable year. Electing large partnerships are those partnerships subject to the simplified reporting and audit rules (generally, any partnership that elects under the reporting provision, if the number of partners in the preceding taxable year is 100 or more).

The House bill also provides that, if the partnership is required to provide copies of the information returns to the Internal Revenue Service on magnetic media, each schedule (such as each Schedule K–1) with respect to each partner is treated as a separate information return with respect to the corrective periods and penalties that are generally applicable to all information returns.

Effective date.—The provision is effective for partnership taxable years beginning after December 31, 1997.

Senate Amendment

The Senate amendment is the same as the House bill.

Conference Agreement

The conference agreement follows the House bill and the Senate amendment.

d. Partnership returns required on magnetic media (sec. 1224 of the House bill and sec. 1024 of the Senate amendment)

Present Law

Partnerships are permitted, but not required, to provide the tax return of the partnership (Form 1065), as well as copies of the schedules sent to each partner (Form K–1), to the Internal Revenue Service on magnetic media.

House Bill

The House bill provides generally that any partnership is required to provide the tax return of the partnership (Form 1065), as well as copies of the schedule sent to each partner (Form K–1), to the Internal Revenue Service on magnetic media. An exception is provided for partnerships with 100 or fewer partners.

Effective date.—The provision is effective for partnership taxable years beginning after December 31, 1997.

Senate Amendment

The Senate amendment is the same as the House bill.

Conference Agreement

The conference agreement follows the House bill and the Senate amendment.

e. Treatment of partnership items of individual retirement arrangements (sec. 1225 of the House bill and sec. 1025 of the Senate amendment)

Present Law

Return filing requirements

An individual retirement account ("IRA") is a trust which generally is exempt from taxation except for the taxes imposed on income from an unrelated trade or business. A fiduciary of a trust that is exempt from taxation (but subject to the taxes imposed on income from an unrelated trade or business) generally is required to file a return on behalf of the trust for a taxable year if the trust has gross income of $1,000 or more included in computing unrelated business taxable income for that year (Treas. Reg. sec. 1.6012–3(a)(5)).

Unrelated business taxable income is the gross income (including gross income from a partnership) derived by an exempt organization from an unrelated trade or business, less certain deductions which are directly connected with the carrying on of such trade or business (sec. 512(a)(1). In calculating unrelated business taxable income, exempt organizations (including IRAs) generally also are permitted a specific deduction of $1,000 (sec. 512(b)(12)).

Unified audits of partnerships

All but certain small partnerships are subject to unified audit rules established by the Tax Equity and Fiscal Responsibility Act of 1982. These rules require the tax treatment of all "partnership items" to be determined at the partnership, rather than the partner, level. Partnership items are those items that are more appropriately determined at the partnership level than at the partner level, including such items as gross income and deductions of the partnership.

House Bill

The House bill modifies the filing threshold for an IRA with an interest in a partnership that is subject to the partnership-level audit rules. A fiduciary of such an IRA could treat the trust's share of partnership taxable income as gross income, for purposes of determining whether the trust meets the $1,000 gross income filing threshold. A fiduciary of an IRA that receives taxable income from a partnership that is subject to partnership-level audit rules of less than $1,000 (before the $1,000 specific deduction) is not required to file an income tax return if the IRA does not have any other income from an unrelated trade or business.

Effective date.—The provision applies to taxable years beginning after December 31, 1997.

Senate Amendment

The Senate amendment is the same as the House bill.

Conference Agreement

The conference agreement follows the House bill and the Senate amendment.

2. Other partnership audit rules

a. Treatment of partnership items in deficiency proceedings (sec. 1231 of the House bill and sec. 1031 of the Senate amendment)

Present Law

Partnership proceedings under rules enacted in TEFRA[13] must be kept separate from deficiency proceedings involving the partners in their individual capacities. Prior to the Tax Court's opinion in *Munro* v. *Commissioner*, 92 T.C. 71 (1989), the IRS computed deficiencies by assuming that all items that were subject to the TEFRA partnership procedures were correctly reported on the taxpayer's return. However, where the losses claimed from TEFRA partnerships were so large that they offset any proposed adjustments to nonpartnership items, no deficiency could arise from a non-TEFRA proceeding, and if the partnership losses were subsequently disallowed in a partnership proceeding, the non-TEFRA adjustments might be uncollectible because of the expiration of the statute of limitations with respect to nonpartnership items.

Faced with this situation in *Munro*, the IRS issued a notice of deficiency to the taxpayer that presumptively disallowed the taxpayer's TEFRA partnership losses for computational purposes only. Although the Tax Court ruled that a deficiency existed and that the court had jurisdiction to hear the case, the court disapproved of the methodology used by the IRS to compute the deficiency. Specifically, the court held that partnership items (whether income, loss, deduction, or credit) included on a taxpayer's return must be completely ignored in determining whether a deficiency exists that is attributable to nonpartnership items.

House Bill

The House bill overrules *Munro* and allow the IRS to return to its prior practice of computing deficiencies by assuming that all TEFRA items whose treatment has not been finally determined had been correctly reported on the taxpayer's return. This eliminates the need to do special computations that involve the removal of TEFRA items from a taxpayer's return, and will restore to taxpayers a prepayment forum with respect to the TEFRA items. In addition, the provision provides a special rule to address the factual situation presented in *Munro*.

Specifically, the House bill provides a declaratory judgment procedure in the Tax Court for adjustments to an oversheltered return. An oversheltered return is a return that shows no taxable income and a net loss from TEFRA partnerships. In such a case, the IRS is authorized to issue a notice of adjustment with respect to non-TEFRA items, notwithstanding that no deficiency would result from the adjustment. However, the IRS could only issue such a notice if a deficiency would have arisen in the absence of the net loss from TEFRA partnerships.

The Tax Court is granted jurisdiction to determine the correctness of such an adjustment as well as to make a declaration with respect to any other item for the taxable year to which the notice of adjustment relates, except for partnership items and affected items which require partner-level determinations. No tax is due upon such a determination, but a decision of the Tax Court is treated as a final decision, permitting an appeal of the decision by either the taxpayer or the IRS. An adjustment determined to be correct would thus have the effect of increasing the taxable income that is deemed to have been reported on the taxpayer's return. If the taxpayer's partnership items were then adjusted in a subsequent proceeding, the IRS has preserved its ability to collect tax on any increased deficiency attributable to the nonpartnership items.

Alternatively, if the taxpayer chooses not to contest the notice of adjustment within the 90-day period, the bill provides that when the taxpayer's partnership items are finally determined, the taxpayer has the right to file a refund claim for tax attributable to the items adjusted by the earlier notice of adjustment for the taxable year. Although a refund claim is not generally permitted with respect to a deficiency arising from a TEFRA proceeding, such a rule is appropriate with respect to a defaulted notice of adjustment because taxpayers may not challenge such a notice when issued since it does not require the payment of additional tax.

In addition, the House bill incorporates a number of provisions intended to clarify the coordination between TEFRA audit proceedings and individual deficiency proceedings. Under these provisions, any adjustment with respect to a non-partnership item that caused an increase in tax liability with respect to a partnership item would be treated as a computational adjustment and assessed after the conclusion of the TEFRA proceeding. Accordingly, deficiency procedures do not apply with respect to this increase in tax liability, and the statute of limitations applicable to TEFRA proceedings are controlling.

Effective date.—The provision is effective for partnership taxable years ending after the date of enactment.

Senate Amendment

The Senate amendment is the same as the House bill.

Conference Agreement

The conference agreement follows the House bill and the Senate amendment.

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[13] Tax Equity and Fiscal Responsibility Act of 1982.

b. Partnership return to be determinative of audit procedures to be followed (sec. 1232 of the House bill and sec. 1032 of the Senate amendment)

Present Law

TEFRA established unified audit rules applicable to all partnerships, except for partnerships with 10 or fewer partners, each of whom is a natural person (other than a nonresident alien) or an estate, and for which each partner's share of each partnership item is the same as that partner's share of every other partnership item. Partners in the exempted partnerships are subject to regular deficiency procedures.

House Bill

The House bill permits the IRS to apply the TEFRA audit procedures if, based on the partnership's return for the year, the IRS reasonably determines that those procedures should apply. Similarly, the provision permits the IRS to apply the normal deficiency procedures if, based on the partnership's return for the year, the IRS reasonably determines that those procedures should apply.

Effective date.—The provision is effective for partnership taxable years ending after the date of enactment.

Senate Amendment

The Senate amendment is the same as the House bill.

Conference Agreement

The conference agreement follows the House bill and the Senate amendment.

c. Provisions relating to statute of limitations

i. Suspend statute when an untimely petition is filed (sec. 1233(a) of the House bill and sec. 1033(a) of the Senate amendment)

Present Law

In a deficiency case, section 6503(a) provides that if a proceeding in respect of the deficiency is placed on the docket of the Tax Court, the period of limitations on assessment and collection is suspended until the decision of the Tax Court becomes final, and for 60 days thereafter. The counterpart to this provision with respect to TEFRA cases is contained in section 6229(d). That section provides that the period of limitations is suspended for the period during which an action may be brought under section 6226 and, if an action is brought during such period, until the decision of the court becomes final, and for 1 year thereafter. As a result of this difference in language, the running of the statute of limitations in a TEFRA case will only be tolled by the filing of a timely petition whereas in a deficiency case, the statute of limitations is tolled by the filing of any petition, regardless of whether the petition is timely.

House Bill

The House bill conforms the suspension rule for the filing of petitions in TEFRA cases with the rule under section 6503(a) pertaining to deficiency cases. Under the provision, the statute of limitations in TEFRA cases is suspended by the filing of any petition under section 6226, regardless of whether the petition is timely or valid, and the suspension will remain in effect until the decision of the court becomes final, and for one year thereafter. Hence, if the statute of limitations is open at the time that an untimely petition is filed, the limitations period would no longer continue to run and possibly expire while the action is pending before the court.

Effective date.—The provision is effective with respect to all cases in which the period of limitations has not expired under present law as of the date of enactment.

Senate Amendment

The Senate amendment is the same as the House bill.

Conference Agreement

The conference agreement follows the House bill and the Senate amendment.

ii. Suspend statute of limitations during bankruptcy proceedings (sec. 1233(b) of the House bill and sec. 1033(b) of the Senate amendment)

Present Law

The period for assessing tax with respect to partnership items generally is the longer of the periods provided by section 6229 or section 6501. For partnership items that convert to nonpartnership items, section 6229(f) provides that the period for assessing tax shall not expire before the date which is 1 year after the date that the items become nonpartnership items. Section 6503(h) provides for the suspension of the limitations period during the pendency of a bankruptcy proceeding. However, this provision only applies to the limitations periods provided in sections 6501 and 6502.

Under present law, because the suspension provision in section 6503(h) applies only to the limitations periods provided in section 6501 and 6502, some uncertainty exists as to whether section 6503(h) applies to suspend the limitations period pertaining to converted items provided in section 6229(f) when a petition naming a partner as a debtor in a bankruptcy proceeding is filed. As a result, the limitations period provided in section 6229(f) may continue to run during the pendency of the bankruptcy proceeding, notwithstanding that the IRS is prohibited from making an assessment against the debtor because of the automatic stay provisions of the Bankruptcy Code.

House Bill

The House bill clarifies that the statute of limitations is suspended for a partner who is named in a bankruptcy petition. The suspension period is for the entire period during which the IRS is prohibited by reason of the bankruptcy proceeding from making an assessment, and for 60 days thereafter. The provision does not purport to create any inference as to the proper interpretation of present law.

Effective date.—The provision is effective with respect to all cases in which the period of limitations has not expired under present law as of the date of enactment.

Senate Amendment

The Senate amendment is the same as the House bill.

Conference Agreement

The conference agreement follows the House bill and the Senate amendment.

iii. Extend statute of limitations for bankrupt TMPs (sec. 1233(c) of the House bill and sec. 1033(c) of the Senate amendment)

Present Law

Section 6229(b)(1)(B) provides that the statute of limitations is extended with respect to all partners in the partnership by an agreement entered into between the tax matters partner (TMP) and the IRS. However, Temp. Treas. Reg. secs. 301.6231(a)(7)–1T(1)(4) and 301.6231(c)–7T(a) provide that upon the filing of a petition naming a partner as a debtor in a bankruptcy proceeding, that partner's partnership items convert to nonpartnership items, and if the debtor was the tax matters partner, such status terminates. These rules are necessary because of the automatic stay provision contained in 11 U.S.C. sec. 362(a)(8). As a result, if a consent to extend the statute of limitations is signed by a person who would be the TMP but for the fact that at the time that the agreement is executed the person was a debtor in a bankruptcy proceeding, the consent would not be binding on the other partners because the person signing the agreement was no longer the TMP at the time that the agreement was executed.

House Bill

The House bill provides that unless the IRS is notified of a bankruptcy proceeding in accordance with regulations, the IRS can rely on a statute extension signed by a person who is the tax matters partner but for the fact that said person was in bankruptcy at the time that the person signed the agreement. Statute extensions granted by a bankrupt TMP in these cases are binding on all of the partners in the partnership. The provision is not intended to create any inference as to the proper interpretation of present law.

Effective date.—The provision is effective for extension agreements entered into after the date of enactment.

Senate Amendment

The Senate amendment is the same as the House bill.

Conference Agreement

The conference agreement follows the House bill and the Senate amendment.

d. Expansion of small partnership exception (sec. 1234 of the House bill and sec. 1034 of the Senate amendment)

Present Law

TEFRA established unified audit rules applicable to all partnerships, except for partnerships with 10 or fewer partners, each of whom is a natural person (other than a nonresident alien) or an estate, and for which each partner's share of each partnership item is the same as that partner's share of every other partnership item. Partners in the exempted partnerships are subject to regular deficiency procedures.

House Bill

The House bill permits a small partnership to have a C corporation as a partner or to specially allocate items without jeopardizing its exception from the TEFRA rules. However, the provision retains the prohibition of present law against having a flow-through entity (other than an estate of a deceased partner) as a partner for purposes of qualifying for the small partnership exception.

Effective date.—The provision is effective for partnership taxable years ending after the date of enactment.

Senate Amendment

The Senate amendment is the same as the House bill.

Conference Agreement

The conference agreement follows the House bill and the Senate amendment.

e. Exclusion of partial settlements from 1-year limitation on assessment (sec. 1235 of the House bill and sec. 1035 of the Senate amendment)

Present Law

The period for assessing tax with respect to partnership items generally is the longer of the periods provided by section 6229 or section 6501. For partnership items that convert to nonpartnership items, section 6229(f) provides that the period for assessing tax shall not expire before the date which is 1 year after the date that the items become nonpartnership items. Section 6231(b)(1)(C) provides that the partnership items of a partner for a partnership taxable year become nonpartnership items as of the date the partner enters into a settlement agreement with the IRS with respect to such items.

House Bill

The House bill provides that if a partner and the IRS enter into a settlement agreement with respect to some but not all of the partnership items in dispute for a partnership taxable year and other partnership items remain in dispute, the period for assessing any tax attributable to the settled items is determined as if such agreement had not been entered into. Consequently, the limitations period that is applicable to the last item to be resolved for the partnership taxable year is controlling with respect to all disputed partnership items for the partnership taxable year. The provision does not purport to create any inference as to the proper interpretation of present law.

Effective date.—The provision is effective for settlements entered into after the date of enactment.

Senate Amendment

The Senate amendment is the same as the House bill.

Conference Agreement

The conference agreement follows the House bill and the Senate amendment.

F. Extension of time for filing a request for administrative adjustment (sec. 1236 of the House bill and sec. 1036 of the Senate amendment)

Present Law

If an agreement extending the statute is entered into with respect to a non-TEFRA statute of limitations, that agreement also extends the statute of limitations for filing refund claims (sec. 6511(c)). There is no comparable provision for extending the time for filing refund claims with respect to partnership items subject to the TEFRA partnership rules.

House Bill

The House bill provides that if a TEFRA statute extension agreement is entered into, that agreement also extends the statute of limitations for filing refund claims attributable to partnership items or affected items until 6 months after the expiration of the limitations period for assessments.

Effective date.—The provision is effective as if included in the amendments made by section 402 of the Tax Equity and Fiscal Responsibility Act of 1982.

Senate Amendment

The Senate amendment is the same as the House bill.

Conference Agreement

The conference agreement follows the House bill and the Senate amendment.

G. Availability of innocent spouse relief in context of partnership proceedings (sec. 1237 of the House bill and sec. 1037 of the Senate amendment)

Present Law

In general, an innocent spouse may be relieved of liability for tax, penalties and interest if certain conditions are met (sec. 6013(e)). However, existing law does not provide the spouse of a partner in a TEFRA partnership with a judicial forum to raise the innocent spouse defense with respect to any tax or interest that relates to an investment in a TEFRA partnership.

House Bill

The House bill provides both a prepayment forum and a refund forum for raising the innocent spouse defense in TEFRA cases.

With respect to a prepayment forum, the provision provides that within 60 days of the date that a notice of computational adjustment relating to partnership items is mailed to the spouse of a partner, the spouse could request that the assessment be abated. Upon receipt of such a request, the assessment is abated and any reassessment will be subject to the deficiency procedures. If an abatement is requested, the statute of limitations does not expire before the date which is 60 days after the date of the abatement. If the spouse files a petition with the Tax Court, the Tax Court only has jurisdiction to determine whether the requirements of section 6013(e) have been satisfied. In making this determination, the treatment of the partnership items that gave rise to the liability in question is conclusive.

Alternatively, the House bill provides that the spouse of a partner could file a claim for refund to raise the innocent spouse defense. The claim has to be filed within 6 months from the date that the notice of computational adjustment is mailed to the spouse. If the claim is not allowed, the spouse could file a refund action. For purposes of any claim or suit under this provision, the treatment of the partnership items that gave rise to the liability in question is conclusive.

Effective date.—The provision is effective as if included in the amendments made by section 402 of the Tax Equity and Fiscal Responsibility Act of 1982.

Senate Amendment

The Senate amendment is the same as the House bill.

Conference Agreement

The conference agreement follows the House bill and the Senate amendment.

H. Determination of penalties at partnership level (sec. 1238 of the House bill and sec. 1038 of the Senate amendment)

Present Law

Partnership items include only items that are required to be taken into account under the income tax subtitle. Penalties are not partnership items since they are contained in the procedure and administration subtitle. As a result, penalties may only be asserted against a partner through the application of the deficiency procedures following the completion of the partnership-level proceeding.

House Bill

The House bill provides that the partnership-level proceeding is to include a determination of the applicability of penalties at the partnership level. However, the provision allows partners to raise any partner-level defenses in a refund forum.

Effective date.—The provision is effective for partnership taxable years ending after the date of enactment.

Senate Amendment

The Senate amendment is the same as the House bill.

Conference Agreement

The conference agreement follows the House bill and the Senate amendment, with technical modifications.

I. Provisions relating to Tax Court jurisdiction (sec. 1239 of the House bill and sec. 1039 of the Senate amendment)

Present Law

Improper assessment and collection activities by the IRS during the 150-day period for filing a petition or during the pendency of any Tax Court proceeding, "may be enjoined in the proper court." Present law may be unclear as to whether this includes the Tax Court.

For a partner other than the Tax Matters Partner to be eligible to file a petition for redetermination of partnership items in any court or to participate in an existing case, the period for assessing any tax attributable to the partnership items of that partner must not have expired. Since such a partner would only be treated as a party to the action if the statute of limitations with respect to them was still open, the law is unclear whether the partner would have standing to assert that the statute of limitations had expired with respect to them.

House Bill

The House bill clarifies that an action to enjoin premature assessments of deficiencies attributable to partnership items may be brought in the Tax Court. The provision also permits a partner to participate in an action or file a petition for the sole purpose of asserting that the period of limitations for assessing any tax attributable to partnership items has expired for that person. Additionally, the provision clarifies that the Tax Court has overpayment jurisdiction with respect to affected items.

Effective date.—The provision is effective for partnership taxable years ending after the date of enactment.

Senate Amendment

The Senate amendment is the same as the House bill.

Conference Agreement

The conference agreement follows the House bill and the Senate amendment, with technical modifications.

J. Treatment of premature petitions filed by notice partners or 5-percent groups (sec. 1240 of the House bill and sec. 1040 of the Senate amendment)

Present Law

The Tax Matters Partner is given the exclusive right to file a petition for a readjustment of partnership items within the 90-day period after the issuance of the notice of a final partnership administrative adjustment (FPAA). If the Tax Matters Partner does not file a petition within the 90-day period, certain other partners are permitted to file a petition within the 60-day period after the close of the 90-day period. There are ordering rules for determining which action goes forward and for dismissing other actions.

House Bill

The House bill treats premature petitions filed by certain partners within the 90-day period as being filed on the last day of the following 60-day period under specified circumstances, thus affording the partnership with an opportunity for judicial review that is not available under present law.

Effective date.—The provision is effective with respect to petitions filed after the date of enactment.

Senate Amendment

The Senate amendment is the same as the House bill.

Conference Agreement

The conference agreement follows the House bill and the Senate amendment.

K. Bonds in case of appeals from certain proceedings (sec. 1241 of the House bill and sec. 1041 of the Senate amendment)

Present Law

A bond must be filed to stay the collection of deficiencies pending the appeal of the Tax

Court's decision in a TEFRA proceeding. The amount of the bond must be based on the court's estimate of the aggregate deficiencies of the partners.

House Bill

The House bill clarifies that the amount of the bond should be based on the Tax Court's estimate of the aggregate liability of the parties to the action (and not all of the partners in the partnership). For purposes of this provision, the amount of the bond could be estimated by applying the highest individual rate to the total adjustments determined by the Tax Court and doubling that amount to take into account interest and penalties.

Effective date.—The provision is effective as if included in the amendments made by section 402 of the Tax Equity and Fiscal Responsibility Act of 1982.

Senate Amendment

The Senate amendment is the same as the House bill.

Conference Agreement

The conference agreement follows the House bill and the Senate amendment.

L. Suspension of interest where delay in computational adjustment resulting from certain settlements (sec. 1242 of the House bill and sec. 1042 of the Senate amendment)

Present Law

Interest on a deficiency generally is suspended when a taxpayer executes a settlement agreement with the IRS and waives the restrictions on assessments and collections, and the IRS does not issue a notice and demand for payment of such deficiency within 30 days. Interest on a deficiency that results from an adjustment of partnership items in TEFRA proceedings, however, is not suspended.

House Bill

The House bill suspends interest where there is a delay in making a computational adjustment relating to a TEFRA settlement.

Effective date.—The provision is effective with respect to adjustments relating to taxable years beginning after the date of enactment.

Senate Amendment

The Senate amendment is the same as the House bill.

Conference Agreement

The conference agreement follows the House bill and the Senate amendment.

M. Special rules for administrative adjustment requests with respect to bad debts or worthless securities (sec. 1243 of the House bill and sec. 1043 of the Senate amendment)

Present Law

The non-TEFRA statute of limitations for filing a claim for credit or refund generally is the later of (1) three years from the date the return in question was filed or (2) two years from the date the claimed tax was paid, whichever is later (sec. 6511(b)). However, an extended period of time, seven years from the date the return was due, is provided for filing a claim for refund of an overpayment resulting from a deduction for a worthless security or bad debt (sec. 6511(d)).

Under the TEFRA partnership rules, a request for administrative adjustment ("RAA") must be filed within three years after the later of (1) the date the partnership return was filed or (2) the due date of the partnership return (determined without regard to extensions) (sec. 6227(a)(1)). In addition, the request must be filed before a final partnership administrative adjustment ("FPAA") is mailed for the taxable year (sec. 6227(a)(2)). There is no special provision for extending the time for filing an RAA that relates to a deduction for a worthless security or an entirely worthless bad debt.

House Bill

The House bill extends the time for the filing of an RAA relating to the deduction by a partnership for a worthless security or bad debt. In these circumstances, in lieu of the three-year period provided in sec. 6227(a)(1), the period for filing an RAA is seven years from the date the partnership return was due with respect to which the request is made (determined without regard to extensions). The RAA is still required to be filed before the FPAA is mailed for the taxable year.

Effective date.—The provision is effective as if included in the amendments made by section 402 of the Tax Equity and Fiscal Responsibility Act of 1982.

Senate Amendment

The Senate amendment is the same as the House bill.

Conference Agreement

The conference agreement follows the House bill and the Senate amendment.

3. Closing of partnership taxable year with respect to deceased partner (sec. 1246 of the House bill and sec. 1046 of the Senate amendment)

Present Law

The partnership taxable year closes with respect to a partner whose entire interest is sold, exchanged, or liquidated. Such year, however, generally does not close upon the death of a partner. Thus, a decedent's entire share of items of income, gain, loss, deduction and credit for the partnership year in which death occurs is taxed to the estate or successor in interest rather than to the decedent on his or her final income tax return. See *Estate of Hesse* v. *Commissioner*, 74 T.C. 1307, 1311 (1980).

House Bill

The House bill provides that the taxable year of a partnership closes with respect to a partner whose entire interest in the partnership terminates, whether by death, liquidation or otherwise. The provision does not change present law with respect to the effect upon the partnership taxable year of a transfer of a partnership interest by a debtor to the debtor's estate (under Chapters 7 or 11 of Title 11, relating to bankruptcy).

Effective date.—Partnership taxable years beginning after December 31, 1997.

Senate Amendment

The Senate amendment is the same as the House bill.

Conference Agreement

The conference agreement follows the House bill and the Senate amendment.

D. Modifications of Rules for Real Estate Investment Trusts (secs. 1251–1263 of the House bill and secs. 1051–1063 of the Senate amendment)

Present Law

Overview

In general, a real estate investment trust ("REIT") is an entity that receives most of its income from passive real estate related investments and that receives conduit treatment for income that is distributed to shareholders. If an entity meets the qualifications for REIT status, the portion of its income that is distributed to the investors each year generally is taxed to the investors without being subjected to a tax at the REIT level; the REIT generally is subject to a corporate tax only on the income that it retains and on certain income from property that qualifies as foreclosure property.

Election to be treated as a REIT

In order to qualify as a REIT, and thereby receive conduit treatment, an entity must elect REIT status. A newly-electing entity generally cannot have earnings and profits accumulated from any year in which the entity was in existence and not treated as a REIT (sec. 857(a)(3)). To satisfy this requirement, the entity must distribute, during its first REIT taxable year, any earnings and profits that were accumulated in non-REIT years. For this purpose, distributions by the entity generally are treated as being made from the most recently accumulated earnings and profits.

Taxation of REITs

Overview

In general, if an entity qualifies as a REIT by satisfying the various requirements described below, the entity is taxable as a corporation on its "real estate investment trust taxable income" ("REITTI"), and also is taxable on certain other amounts (sec. 857). REITTI is the taxable income of the REIT with certain adjustments (sec. 857(b)(2)). The most significant adjustment is a deduction for dividends paid. The allowance of this deduction is the mechanism by which the REIT becomes a conduit for income tax purposes.

Capital gains

A REIT that has a net capital gain for a taxable year generally is subject to tax on such capital gain under the capital gains tax regime generally applicable to corporations (sec. 857(b)(3)). However, a REIT may diminish or eliminate its tax liability attributable to such capital gain by paying a "capital gain dividend" to its shareholders (sec. 857(b)(3)(C)). A capital gain dividend is any dividend or part of a dividend that is designated by the payor REIT as a capital gain dividend in a written notice mailed to shareholders. Shareholders who receive capital gain dividends treat the amount of such dividends as long-term capital gain regardless of the holding period of their stock (sec. 857(b)(3)(C)).

A regulated investment company ("RIC"), but not a REIT, may elect to retain and pay income tax on net long-term capital gains it received during the tax year. If a RIC makes this election, the RIC shareholders must include in their income as long-term capital gains their proportionate share of these undistributed long-term capital gains as designated by the RIC. The shareholder is deemed to have paid the shareholder's share of the tax, which can be credited or refunded to the shareholder. Also, the basis of the shareholder's shares is increased by the amount of the undistributed long-term capital gains (less the amount of capital gains tax paid by the RIC) included in the shareholder's long-term capital gains.

Income from foreclosure property

In addition to tax on its REITTI, a REIT is subject to tax at the highest rate of tax paid by corporations on its net income from foreclosure property (sec. 857(b)(4)). Net income from foreclosure property is the excess of the sum of gains from foreclosure property that is held for sale to customers in the ordinary course of a trade or business and gross income from foreclosure property (other than income that otherwise would qualify under the 75-percent income test described below) over all allowable deductions directly connected with the production of such income.

Foreclosure property is any real property or personal property incident to such real property that is acquired by a REIT as a result of default or imminent default on a lease of such property or indebtedness secured by such property, provided that (unless acquired as foreclosure property), such property was not held by the REIT for sale to customers (sec. 856(e)). A property generally may be treated as foreclosure property for a period of two years after the date the property is acquired by the REIT. The IRS may grant extensions of the period for treating the property as foreclosure property if the REIT establishes that an extension of the grace period is necessary for the orderly liquidation of the REIT's interest in the property. The grace period cannot be extended beyond six years from the date the property is acquired by the REIT.

Property will cease to be treated as foreclosure property if, after 90 days after the date of acquisition, the REIT operates the foreclosure property in a trade or business other than through an independent contractor from whom the REIT does not derive or receive any income (sec. 856(e)(4)(C)).

Income or loss from prohibited transactions

In general, a REIT must derive its income from passive sources and not engage in any active trade or business. Accordingly, in addition to the tax on its REITTI and on its net income from foreclosure property, a 100 percent tax is imposed on the net income of a REIT from "prohibited transactions" (sec. 857(b)(6)). A prohibited transaction is the sale or other disposition of property described in section 1221(1) of the Code (property held for sale in the ordinary course of a trade or business) other than foreclosure property. Thus, the 100 percent tax on prohibited transactions helps to ensure that the REIT is a passive entity and may not engage in ordinary retailing activities such as sales to customers of condominium units or subdivided lots in a development project. A safe harbor is provided for certain sales that otherwise might be considered prohibited transactions (sec. 857(b)(6)(C)). The safe harbor is limited to seven or fewer sales a year or, alternatively, any number of sales provided that the aggregate adjusted basis of the property sold does not exceed 10 percent of the aggregate basis of all the REIT's assets at the beginning of the REIT's taxable year.

Requirements for REIT status

A REIT must satisfy four tests on a year-by-year basis: organizational structure, source of income, nature of assets, and distribution of income. These tests are intended to allow conduit treatment in circumstances in which a corporate tax otherwise would be imposed, only if there really is a pooling of investment arrangement that is evidenced by its organizational structure, if its investments are basically in real estate assets, and if its income is passive income from real estate investment, as contrasted with income from the operation of business involving real estate. In addition, substantially all of the entity's income must be passed through to its shareholders on a current basis.

Organizational structure requirements

To qualify as a REIT, an entity must be for its entire taxable year a corporation or an unincorporated trust or association that would be taxable as a domestic corporation but for the REIT provisions, and must be managed by one or more trustees (sec. 856(a)). The beneficial ownership of the entity must be evidenced by transferable shares or certificates of ownership. Except for the first taxable year for which an entity elects to be a REIT, the beneficial ownership of the entity must be held by 100 or more persons, and the entity may not be so closely held by individuals that it would be treated as a personal holding company if all its adjusted gross income constituted personal holding company income. A REIT is disqualified for any year in which it does not comply with regulations to ascertain the actual ownership of the REIT's outstanding shares. Treasury regulations require that the entity request information from certain shareholders regarding shares directly or indirectly owned by them.

Income requirements

Overview

In order for an entity to qualify as a REIT, at least 95 percent of its gross income generally must be derived from certain passive sources (the "95-percent test"). In addition, at least 75 percent of its income generally must be from certain real estate sources (the "75-percent test"), including rents from real property.

In addition, less than 30 percent of the entity's gross income may be derived from gain from the sale or other disposition of stock or securities held for less than one year, real property held less than four years (other than foreclosure property, or property subject to an involuntary conversion within the meaning of sec. 1033), and property that is sold or disposed of in a prohibited transaction (sec. 856(c)(4)).

Definition of rents from real property

For purposes of the income requirements, rents from real property generally include: (1) rents from interests in real property; (2) charges for services customarily rendered or furnished in connection with the rental of real property, whether or not such charges are separately stated; and (3) rent attributable to personal property that is leased under or in connection with a lease of real property, but only if the rent attributable to such personal property does not exceed 15 percent of the total rent for the year under the lease (sec. 856(d)(1)).

Services provided to tenants are regarded as customary if, in the geographic market within which the building is located, tenants in buildings that are of a similar class (for example, luxury apartment buildings) are customarily provided with the service. The furnishing of water, heat, light, and air conditioning, the cleaning of windows, public entrances, exits, and lobbies, the performance of general maintenance, and of janitorial and cleaning services, the collection of trash, the furnishing of elevator services, telephone answering services, incidental storage space, laundry equipment, watchman or guard service, parking facilities and swimming pool facilities are examples of services that are customarily furnished to tenants of a particular class of buildings in many geographical marketing areas (Treas. Reg. sec. 1.856-4(b)).

Exclusion of rents from related tenants

Amounts are not treated as qualified rent if they are received from corporate or noncorporate tenants in which the REIT, directly or indirectly, has an ownership interest of 10 percent or more (sec. 856(d)(2)(B)).

Exclusion of rents where services to tenants are performed by related contractors

Where a REIT furnishes or renders services to the tenants, amounts received or accrued with respect to such property generally are not treated as qualifying rents unless the services are furnished through an independent contractor (sec. 856(d)(2)(C)). A REIT may furnish or render a service directly, however, if the service would not generate unrelated business taxable income under section 512(b)(3) if provided by an organization described in section 511(a)(2). In general, an independent contractor is a person who does not own more than a 35 percent interest in the REIT (sec. 856(d)(3)(A)), and in which no more than a 35 percent interest is held by persons with a 35 percent or greater interest in the REIT (sec. 856(d)(3)(B)).

Constructive ownership rules involving corporations

For purposes of determining the REIT's ownership interest in a tenant and whether a contractor is independent, the attribution rules of section 318 apply, except that 10 percent is substituted for 50 percent where it appears in subparagraph (C) of section 318(a)(2) and 318(a)(3) (sec. 856(d)(5)). Thus, under section 318(a)(2)(C) (as so modified), if 10 or more percent of a REIT or other corporation is owned, directly or indirectly, by or for a person, that person is treated as owning that person's proportionate share of any stock owned directly or indirectly by that corporation.

Constructive ownership rules involving partnerships

Under section 318, stock owned, directly or indirectly, by or for a partnership is considered owned proportionately by its partners (sec. 318(a)(2)(A)). In addition, stock owned, directly or indirectly, by or for a partner is considered owned by the partnership (sec. 318(a)(3)(A)). However, stock constructively owned by a partnership is not considered as owned for purposes of being constructively owned by partners (sec. 318(a)(5)(C)). The following examples illustrate the application of these provisions for purposes of the related tenant and independent contractor rules.

Constructive ownership of tenant

If a REIT owns a 10 percent or greater interest in a person that is a tenant of the REIT, rents paid by that person to the REIT are not qualifying rents to the REIT (sec. 856(d)(2)(B)). Example #1.—If 10 percent or more of a REIT's shares are owned by a partnership and a partner owning a one-percent interest in that partnership also owns a 10-percent or greater interest in a person that is a tenant of the REIT, rents paid by the tenant to the REIT are not qualifying rents to the REIT; the 10-percent or greater interest in the tenant is considered owned by the partnership (sec. 318(a)(3)(A)) and in turn by the REIT (secs. 318(a)(3)(C) and 856(d)(5)). Example #2.—If a REIT owns a 30-percent interest in a partnership that in turn owns a 40-percent interest in a person that is a tenant of the REIT, rents paid by that person to the REIT are not qualifying rents to the REIT because the REIT is considered to own more than 10 percent of the tenant (sec. 318(a)(2)(A)). Example #3.—If 10 percent or more of a REIT's shares are owned by persons who are 50-percent partners in a partnership whose other partners own the entirety of the interests in a tenant of the REIT, none of the interests in the tenant are considered owned by the partners who own interests in the REIT (sec. 318(a)(5)(C)).

Constructive ownership of contractor

If a person providing services to tenants of the REIT owns a greater-than-35-percent interest in the REIT, or if another person owns a greater-than-35-percent interest in both the REIT and a person providing services, amounts received or accrued by the REIT with respect to the property are not qualifying rents because the service provider does not qualify as an independent contractor (sec. 856(d)(3)). Example #4.—If more than 35 percent of a REIT's shares are owned by a partnership and a partner owning a one-percent interest in that partnership also owns a greater-than-35-percent interest in a contractor, that person will not be considered an independent contractor because the partnership owns more than 35 percent of the REIT's shares and will also be considered to own a greater-than-35-percent interest in the contractor (sec. 318(a)(3)A)). Example #5.—If more than 35 percent of a REIT's shares are owned by a person who owns a one-percent interest in a partnership and another one-percent partner in that partnership owns more than 35 percent of the interests in a contractor, the independent contractor definition will not be met because the partnership will be considered to own more than 35 percent interests in both the REIT and the contractor (sec. 318 (a)(3)(A)).

Hedging instruments

Interest rate swaps or cap agreements that protect a REIT from interest rate fluctuations on variable rate debt incurred to acquire or carry real property are treated as securities under the 30-percent test and payments under these agreements are treated as qualifying under the 95-percent test (sec. 856(c)(6)(G)).

Treatment of shared appreciation mortgages

For purposes of the income requirements for qualification as a REIT, and for purposes of the prohibited transaction provisions, any income derived from a "shared appreciation provision" is treated as gain recognized on the sale of the "secured property." For these purposes, a shared appreciation provision is any provision that is in connection with an obligation that is held by the REIT and secured by an interest in real property, which provision entitles the REIT to receive a specified portion of any gain realized on the sale or exchange of such real property (or of any gain that would be realized if the property were sold on a specified date). Secured property for these purposes means the real property that secures the obligation that has the shared appreciation provision.

In addition, for purposes of the income requirements for qualification as a REIT, and for purposes of the prohibited transactions provisions, the REIT is treated as holding the secured property for the period during which it held the shared appreciation provision (or, if shorter, the period during which the secured property was held by the person holding such property), and the secured property is treated as property described in section 1221(1) if it is such property in the hands of the obligor on the obligation to which the shared appreciation provision relates (or if it would be such property if held by the REIT). For purposes of the prohibited transaction safe harbor, the REIT is treated as having sold the secured property at the time that it recognizes income on account of the shared appreciation provision, and any expenditures made by the holder of the secured property are treated as made by the REIT.

Asset requirements

To satisfy the asset requirements to qualify for treatment as a REIT, at the close of each quarter of its taxable year, an entity must have at least 75 percent of the value of its assets invested in real estate assets, cash and cash items, and government securities (sec. 856(c)(5)(A)). Moreover, not more than 25 percent of the value of the entity's assets can be invested in securities of any one issuer (other than government securities and other securities described in the preceding sentence). Further, these securities may not comprise more than five percent of the entity's assets or more than 10 percent of the outstanding voting securities of such issuer (sec. 856(c)(5)(B)). The term real estate assets is defined to mean real property (including interests in real property and mortgages on real property) and interests in REITs (sec. 856(c)(6)(B)).

REIT subsidiaries

Under present law, all the assets, liabilities, and items of income, deduction, and credit of a "qualified REIT subsidiary" are treated as the assets, liabilities, and respective items of the REIT that owns the stock of the qualified REIT subsidiary. A subsidiary of a REIT is a qualified REIT subsidiary if and only if 100 percent of the subsidiary's stock is owned by the REIT at all times that the subsidiary is in existence. If at any time the REIT ceases to own 100 percent of the stock of the subsidiary, or if the REIT ceases to qualify for (or revokes an election of) REIT status, such subsidiary is treated as a new corporation that acquired all of its assets in exchange for its stock (and assumption of liabilities) immediately before the time that the REIT ceased to own 100 percent of the subsidiary's stock, or ceased to be a REIT as the case may be.

Distribution requirements

To satisfy the distribution requirement, a REIT must distribute as dividends to its shareholders during the taxable year an amount equal to or exceeding (i) the sum of 95 percent of its REITTI other than net capital gain income and 95 percent of the excess of its net income from foreclosure property over the tax imposed on that income minus (ii) certain excess noncash income. Excess noncash items include (1) the excess of the amounts that the REIT is required to include in income under section 467 with respect to certain rental agreements involving deferred rents, over the amounts that the REIT otherwise would recognize under its regular method of accounting, (2) in the case of a REIT using the cash method of accounting, the excess of the amount of original issue discount and coupon interest that the REIT is required to take into account with respect to a loan to which section 1274 applies, over the amount of money and fair market value of other property received with respect to the loan, and (3) income arising from the disposition of a real estate asset in certain transactions that failed to qualify as like-kind exchanges under section 1031.

House Bill

Overview

The House bill modifies many of the provisions relating to the requirements for qualification as, and the taxation of, a REIT. In particular, the modifications relate to the general requirements for qualification as a REIT, the taxation of a REIT, the income requirements for qualification as a REIT, and certain other provisions.

Alterative penalty for failure to make requests of shareholders (sec. 1251 of the House bill)

The House bill replaces the rule that disqualifies a REIT for any year in which the REIT failed to comply with Treasury regulations to ascertain its ownership, with an intermediate penalty for failing to do so. The penalty is $25,000 ($50,000 for intentional violations) for any year in which the REIT did not comply with the ownership regulations. The REIT also is required, when requested by the IRS, to send curative demand letters.

In addition, a REIT that complied with the Treasury regulations for ascertaining its ownership, and which did not know, or have reason to know, that it was so closely held as to be classified as a personal holding company, is treated as meeting the requirement that it not be a personal holding company.

De minimis rule for tenant service income (sec. 1252 of the House bill)

The House bill permits a REIT to render a de minimis amount of impermissible services to tenants, or in connection with the management of property, and still treat amounts received with respect to that property as rent. The value of the impermissible services may not exceed one percent of the gross income from the property. For these purposes, the services may not be valued at less than 150 percent of the REIT's direct cost of the services.

Attribution rules applicable to tenant ownership (sec. 1253 of the House bill)

The House bill modifies the application the rule attributing ownership from partners to partnerships (sec. 318(a)(3)(A)) for purposes of defining non-qualifying rent from related persons (sec. 856(d)(2)), so that attribution occurs only when a partner owns directly or indirectly a 25-percent or greater interest in the partnership. Thus, a REIT and a tenant will not be treated as related (and, therefore, rents paid by the tenant to the REIT will not be treated as non-qualifying rents) if the REIT's shares are owned by a partnership and a partner owning a directly and indirectly less-than-25-percent interest in that partnership also owns an interest in the tenant. The related tenant rule (sec. 856(d)(2)(B)) also will not be violated where owners of the REIT and owners of the tenant are partners in a partnership and either the owners of the REIT or the owners of the tenant are directly and indirectly less-than-25-percent partners in the partnership.

Credit for tax paid by REIT on retained capital gains (sec. 1254 of the House bill)

The House bill permits a REIT to elect to retain and pay income tax on net long-term capital gains it received during the tax year, just as a RIC is permitted under present law. Thus, if a REIT made this election, the REIT shareholders would include in their income as long-term capital gains their proportionate share of the undistributed long-term capital gains as designated by the REIT. The shareholder would be deemed to have paid the shareholder's share of the tax, which would be credited or refunded to the shareholder. Also, the basis of the shareholder's shares would be increased by the amount of the undistributed long-term capital gains (less the amount of capital gains tax paid by the REIT) included in the shareholder's long-term capital gains.

Repeal of 30-percent gross income requirement (sec. 1255 of the House bill)

The House bill repeals the rule that requires less than 30 percent of a REIT's gross income be derived from gain from the sale or other disposition of stock or securities held for less than one year, certain real property held less than four years, and property that is sold or disposed of in a prohibited transaction.

Modification of earnings and profits for determining whether REIT has earnings and profits from non-REIT year (sec. 1256 of the House bill)

The House bill changes the ordering rule for purposes of the requirement that newly-electing REITs distribute earnings and profits that were accumulated in non-REIT years. Distributions of accumulated earnings and profits generally are treated as made from the entity's earliest accumulated earnings and profits, rather than the most recently accumulated earnings and profits.

These distributions are not treated as distributions for purposes of calculating the dividends paid deduction.

Treatment of foreclosure property (sec. 1257 of the House bill)

The House bill lengthens the original grace period for foreclosure property until the last day of the third full taxable year following the election. The grace period also could be extended for an additional three years by filing a request to the IRS. A REIT could revoke an election to treat property as foreclosure property for any taxable year by filing a revocation on or before its due date for filing its tax return.

In addition, the House bill conforms the definition of independent contractor for purposes of the foreclosure property rule (sec. 856(e)(4)(C)) to the definition of independent contractor for purposes of the general rules (sec. 856(d)(2)(C)).

Payments under hedging instruments (sec. 1258 of the House bill)

The House bill treats income from all hedges that reduce the interest rate risk of REIT liabilities, not just from interest rate swaps and caps, as qualifying income under the 95-percent test. Thus, payments to a REIT under an interest rate swap, cap agreement, option, futures contract, forward rate agreement or any similar financial instrument entered into by the REIT to hedge its indebtedness incurred or to be incurred (and any gain from the sale or other disposition of these instruments) are treated as qualifying income for purposes of the 95-percent test.

Excess noncash income (sec. 1259 of the House bill)

The House bill (1) expands the class of excess noncash items that are not subject to the distribution requirement to include income from the cancellation of indebtedness and (2) extends the treatment of original issue discount and coupon interest as excess noncash items to REITs that use an accrual method of taxation.

Prohibited transaction safe harbor (sec. 1260 of the House bill)

The House bill excludes from the prohibited sales rules property that was involuntarily converted.

Shared appreciation mortgages (sec. 1261 of the House bill)

The House bill provides that interest received on a shared appreciation mortgage is not subject to the tax on prohibited transactions where the property subject to the mortgage is sold within four years of the REIT's acquisition of the mortgage pursuant to a bankruptcy plan of the mortgagor unless the REIT acquired the mortgage knew or had reason to know that the property subject to the mortgage would be sold in a bankruptcy proceeding.

Wholly-owned REIT subsidiaries (sec. 1262 of the House bill)

The House bill permits any corporation wholly-owned by a REIT to be treated as a qualified subsidiary, regardless of whether the corporation had always been owned by the REIT. Where the REIT acquired an existing corporation, any such corporation is treated as being liquidated as of the time of acquisition by the REIT and then reincorporated (thus, any of the subsidiary's pre-REIT built-in gain would be subject to tax under the normal rules of sec. 337). In addition, any pre-REIT earnings and profits of the subsidiary must be distributed before the end of the REIT's taxable year.

Effective date

The House bill is effective for taxable years beginning after the date of enactment.

Senate Amendment

The Senate amendment is identical to the House bill.

Conference Agreement

The conference agreement follows the House bill and the Senate amendment. In addition, the conference agreement extends, to the definition of an independent contractor under section 856(d)(3), the modification to the attribution to partnerships of section 318(a)(3)(A) so that attribution occurs only when a partner owns a 25-percent or greater interest in the partnership. Thus, a person providing services will not fail to be an independent contractor (and, therefore, amounts received or accrued by the REIT with respect to the property will not be treated as nonqualifying rents) where the REIT's shares are owned by a partnership and a partner owning a directly and indirectly a less-than-25-percent interest in the partnership also owns an interest in a contractor. Similarly, a contractor will not fail to be an independent contractor where owners of the REIT and owners of the contractor are partners in a partnership and either the owners of the REIT or owners of the tenant are directly and indirectly less-than-25-percent partners in the partnership.

Effective date.—The conference agreement is effective for taxable years beginning after the date of enactment.

E. Repeal the "Short-Short" Test for Regulated Investment Companies (sec. 1271 of the House bill and sec. 1071 of the Senate amendment)

Present Law

To qualify as a regulated investment company ("RIC"), a company must derive less than 30 percent of its gross income from the sale or other disposition of stock or securities held for less than 3 months (the "30-percent test" or "short-short rule").

House Bill

The 30-percent test (or short-short rule) is repealed effective for taxable years ending after the date of enactment.

Senate Amendment

The 30-percent test (or short-short rule) is repealed effective for taxable years beginning after the December 31, 1997.

Conference Agreement

The conference agreement follows the House bill and the Senate amendment effective for taxable years beginning after the date of enactment.

F. Taxpayer Protections

1. Provide reasonable cause exception for additional penalties (sec. 1281 of the House bill and sec. 1081 of the Senate amendment)

Present Law

Many penalties in the Code may be waived if the taxpayer establishes reasonable cause. For example, the accuracy-related penalty (sec. 6662) may be waived with respect to any item if the taxpayer establishes reasonable cause for his treatment of the item and that he acted in good faith (sec. 6664(c)).

House Bill

The House bill provides that the following penalties may be waived if the failure is shown to be due to reasonable cause and not willful neglect:

(1) the penalty for failure to make a report in connection with deductible employee contributions to a retirement savings plan (sec. 6652(g));

(2) the penalty for failure to make a report as to certain small business stock (sec. 6652(k));

(3) the penalty for failure of a foreign corporation to file a return of personal holding company tax (sec. 6683); and

(4) the penalty for failure to make required payments for entities electing not to have the required taxable year (sec. 7519).

Effective date.—The provision is effective for taxable years beginning after the date of enactment.

Senate Amendment

The Senate amendment is the same as the House bill.

Conference Agreement

The conference agreement follows the House bill and the Senate amendment.

2. Clarification of period for filing claims for refunds (sec. 1282 of the House bill and sec. 1082 of the Senate amendment)

Present Law

The Code contains a series of limitations on tax refunds. Section 6511 of the Code provides both a limitation on the time period in which a claim for refund can be made (section 6511(a)) and a limitation on the amount that can be allowed as a refund (section 6511(b)). Section 6511(a) provides the general rule that a claim for refund must be filed within 3 years of the date of the return or 2 years of the date of payment of the taxes at issue, whichever is later. Section 6511(b) limits the refund amount that can be covered: if a return was filed, a taxpayer can recover amounts paid within 2 years before the claim. Section 6512(b)(3) incorporates these rules where taxpayers who challenge deficiency notices in Tax Court are found to be entitled to refunds.

In *Commissioner* v. *Lundy*, 116 S. Ct. 647 (1996), the taxpayer had not filed a return, but received a notice of deficiency within 3 years after the date the return was due and challenged the proposed deficiency in Tax Court. The Supreme Court held that the taxpayer could not recover overpayments attributable to withholding during the tax year, because no return was filed and the 2-year "look back" rule applied. Since overwithheld amounts are deemed paid as of the date the taxpayer's return was first due (i.e., more than 2 years before the notice of deficiency was issued), such overpayments could not be recovered. By contrast, if the same taxpayer had filed a return on the date the notice of deficiency was issued, and then claimed a refund, the 3-year "look back" rule would apply, and the taxpayer could have obtained a refund of the overwithheld amounts.

House Bill

The House bill permits taxpayers who initially fail to file a return, but who receive a notice of deficiency and file suit to contest it in Tax Court during the third year after the return due date, to obtain a refund of excessive amounts paid within the 3-year period prior to the date of the deficiency notice.

Effective date.—The provision applies to claims for refund with respect to tax years ending after the date of enactment.

Senate Amendment

The Senate amendment is the same as the House bill.

Conference Agreement

The conference agreement follows the House bill and the Senate amendment.

3. Repeal of authority to disclose whether a prospective juror has been audited (sec. 1283 of the House bill and sec. 1083 of the Senate amendment)

Present Law

In connection with a civil or criminal tax proceeding to which the United States is a party, the Secretary must disclose, upon the written request of either party to the lawsuit, whether an individual who is a prospective juror has or has not been the subject of an audit or other tax investigation by the Internal Revenue Service (sec. 6103(h)(5)).

This disclosure requirement, as it has been interpreted by several recent court decisions, has created significant difficulties in the civil and criminal tax litigation process. First, the litigation process can be substantially slowed. It can take the Secretary a considerable period of time to compile the information necessary for a response (some courts have required searches going back as far as 25 years). Second, providing early release of the list of potential jurors to defendants (which several recent court decisions have required, to permit defendants to obtain disclosure of the information from the Secretary) can provide an opportunity for harassment and intimidation of potential jurors in organized crime, drug, and some tax protester cases. Third, significant judicial resources have been expended in interpreting this procedural requirement that might better be spent resolving substantive disputes. Fourth, differing judicial interpretations of this provision have caused confusion. In some instances, defendants convicted of criminal tax offenses have obtained reversals of those convictions because of failures to comply fully with this provision.

House Bill

The House bill repeals the requirement that the Secretary disclose, upon the written request of either party to the lawsuit, whether an individual who is a prospective juror has or has not been the subject of an audit or other tax investigation by the Internal Revenue Service.

Effective date.—The provision is effective for judicial proceedings commenced after the date of enactment.

Senate Amendment

The Senate amendment is the same as the House bill.

Conference Agreement

The conference agreement follows the House bill and the Senate amendment.

4. Clarify statute of limitations for items from pass-through entities (sec. 1284 of the House bill and sec. 1084 of the Senate amendment)

Present Law

Pass-through entities (such as S corporations, partnerships, and certain trusts) generally are not subject to income tax on their taxable income. Instead, these entities file information returns and the entities' shareholders (or beneficial owners) report their pro rata share of the gross income and are liable for any taxes due.

Some believe that, prior to 1993, it may have been unclear as to whether the statute of limitations for adjustments that arise from distributions from pass-through entities should be applied at the entity or individual level (i.e., whether the 3-year statute of limitations for assessments runs from the time that the entity files its information return or from the time that a shareholder timely files his or her income tax return). In 1993, the Supreme Court held that the limitations period for assessing the income tax liability of an S corporation shareholder runs from the date the shareholder's return is filed (*Bufferd* v. *Comm.*, 113 S. Ct. 927 (1993)).

House Bill

The House bill clarifies that the return that starts the running of the statute of limitations for a taxpayer is the return of the taxpayer and not the return of another person from whom the taxpayer has received an item of income, gain, loss, deduction, or credit.

Effective date.—The provision is effective for taxable years beginning after the date of enactment.

Senate Amendment

The Senate amendment is the same as the House bill.

Conference Agreement

The conference agreement follows the House bill and the Senate amendment.

5. Awarding of administrative costs and attorneys fees (sec. 1285 of the House bill)

Present Law

Any person who substantially prevails in any action brought by or against the United States in connection with the determination, collection, or refund of any tax, interest, or penalty may be awarded reasonable administrative costs incurred before the IRS and reasonable litigation costs incurred in connection with any court proceeding.

No time limit is specified for the taxpayer to apply to the IRS for an award of administrative costs. In addition, no time limit is specified for a taxpayer to appeal to the Tax Court an IRS decision denying an award of administrative costs. Finally, the procedural rules for adjudicating a denial of administrative costs are unclear.

House Bill

The House bill provides that a taxpayer who seeks an award of administrative costs must apply for such costs within 90 days of the date on which the taxpayer was determined to be a prevailing party. The House bill also provides that a taxpayer who seeks to appeal an IRS denial of an administrative cost award must petition the Tax Court within 90 days after the date that the IRS mails the denial notice.

The House bill clarifies that dispositions by the Tax Court of petitions relating only to administrative costs are to be reviewed in the same manner as other decisions of the Tax Court.

Effective date.—The provision is effective with respect to costs incurred in civil actions or proceedings commenced after the date of enactment.

Senate Amendment

No provision.

Conference Agreement

The conference agreement follows the House bill.

6. Prohibition on browsing (secs. 1286 and 1287 of the House bill and secs. 1085 and 1086 of the Senate amendment)

Present Law

The Internal Revenue Code prohibits disclosure of tax returns and return information, except to the extent specifically authorized by the Internal Revenue Code (sec. 6103). Unauthorized willful disclosure is a felony punishable by a fine not exceeding $5,000 or imprisonment of not more than five years, or both (sec. 7213). An action for civil damages also may be brought for unauthorized disclosure (sec. 7431).

There is no explicit criminal penalty in the Internal Revenue Code for unauthorized inspection (absent subsequent disclosure) of tax returns and return information. Such inspection is, however, explicitly prohibited by the Internal Revenue Service ("IRS").[14] In a recent case, an individual was convicted of violating the Federal wire fraud statute (18 U.S.C. 1343 and 1346) and a Federal computer fraud statute (18 U.S.C. 1030) for unauthorized inspection. However, the U.S. First Circuit Court of Appeals overturned this conviction.[15] Unauthorized inspection of information of any department or agency of the United States (including the IRS) via computer was made a crime under 18 U.S.C. 1030 by the Economic Espionage Act of 1996.[16] This provision does not apply to unauthorized inspection of paper documents.

House Bill

Criminal penalties

The House bill creates a new criminal penalty in the Internal Revenue Code. The penalty is imposed for willful inspection (except as authorized by the Code) of any tax return or return information by any Federal employee or IRS contractor. The penalty also applies to willful inspection (except as authorized) by any State employee or other person who acquired the tax return or return information under specific provisions of section 6103. Upon conviction, the penalty is a fine in any amount not exceeding $1,000,[17] or imprisonment of not more than 1 year, or both, together with the costs of prosecution. In addition, upon conviction, an officer or employee of the United States would be dismissed from office or discharged from employment.

The Congress views any unauthorized inspection of tax returns or return information as a very serious offense; this new criminal penalty reflects that view. The Congress also believes that unauthorized inspection warrants very serious personnel sanctions against IRS employees who engage in unauthorized inspection, and that it is appropriate to fire employees who do this.

Civil damages

The House bill amends the provision providing for civil damages for unauthorized disclosure by also providing for civil damages for unauthorized inspection. Damages are available for unauthorized inspection that occurs either knowingly or by reason of negligence. Accidental or inadvertent inspection that may occur (such as, for example, by making an error in typing in a TIN) would not be subject to damages because it would not meet this standard. The House bill also provides that no damages are available to a taxpayer if that taxpayer requested the inspection or disclosure.

The House bill also requires that, if any person is criminally charged by indictment or information with inspection or disclosure of a taxpayer's return or return information in violation of section 7213(a) or (b), section 7213A (as added by the bill), or 18 USC section 1030(a)(2)(B), the Secretary notify that taxpayer as soon as practicable of the inspection or disclosure.

Effective date.—The provision is effective for violations occurring on or after the date of enactment.

Senate Amendment

The Senate amendment is the same as the House bill.

Conference Agreement

The conference agreement does not include these provisions, because they are identical to the provisions of H.R. 1226, which passed the House on April 15, 1997, and which passed the Senate on July 23, 1997, clearing the measure for the President's signature.

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[14] IRS Declaration of Privacy Principles, May 9, 1994.

[15] *U.S.* v. *Czubinski*, DTR 2/25/97, p. K-2.

[16] P.L. 104-294, sec. 201 (October 11, 1996).

[17] Pursuant to 18 U.S.C. sec. 3571 (added by the Sentencing Reform Act of 1984), the amount of the fine is not more than the greater of the amount specified in this new Code section or $100,000.

XIII. ESTATE, GIFT, AND TRUST SIMPLIFICATION PROVISIONS

1. Eliminate gift tax filing requirements for gifts to charities (sec. 1301 of the House bill and sec. 1101 of the Senate amendment)

Present Law

A gift tax generally is imposed on lifetime transfers of property by gift (sec. 2501). In computing the amount of taxable gifts made during a calendar year, a taxpayer generally may deduct the amount of any gifts made to a charity (sec. 2522). Generally, this charitable gift deduction is available for outright gifts to charity, as well as gifts of certain partial interests in property (such as a remainder interest). A gift of a partial interest in property must be in a prescribed form in order to qualify for the deduction.

Individuals who make gifts in excess of $10,000 to any one donee during the calendar year generally are required to file a gift tax return (sec. 6019). This filing requirement applies to all gifts, whether charitable or noncharitable, and whether or not the gift qualifies for a gift tax charitable deduction. Thus, under current law, a gift tax return is required to be filed for gifts to charity in excess of $10,000, even though no gift tax is payable on the transfer.

House Bill

The House bill provides that gifts to charity are not subject to the gift tax filing requirements of section 6019, as long as the entire value of the transferred property qualifies for the gift tax charitable deduction under section 2522. The filing requirements for gifts of partial interests in property remain unchanged.

Effective date.—The provision is effective for gifts made after the date of enactment.

Senate Amendment

The Senate amendment is the same as the House bill.

Conference Agreement

The conference agreement follows the House bill and the Senate amendment, with a technical clarification that the property given to charity must be the donor's entire interest in the property.

2. Clarification of waiver of certain rights of recovery (sec. 1302 of the House bill and sec. 1102 of the Senate amendment)

Present Law

For estate and gift tax purposes, a marital deduction is allowed for qualified terminable interest property (QTIP). Such property generally is included in the surviving spouse's gross estate upon his or her death. The surviving spouse's estate is entitled to recover the portion of the estate tax attributable to inclusion of QTIP from the person receiving the property, unless the spouse directs otherwise by will (sec. 2207A). For this purpose, a will provision specifying that all taxes shall be paid by the estate is sufficient to waive the right of recovery.

A decedent's gross estate includes the value of previously transferred property in which the decedent retains enjoyment or the right to income (sec. 2036). The estate is entitled to recover from the person receiving the property a portion of the estate tax attributable to the inclusion (sec. 2207B). This right may be waived only by a provision in the will (or revocable trust) specifically referring to section 2207B.

House Bill

The House bill provides that the right of recovery with respect to QTIP is waived only to the extent that language in the decedent's will or revocable trust specifically so indicates (e.g., by a specific reference to QTIP, the QTIP trust, section 2044, or section 2207A). Thus, a general provision specifying that all taxes be paid by the estate is no longer sufficient to waive the right of recovery.

The House bill also provides that the right of contribution for property over which the decedent retained enjoyment or the right to income is waived by a specific indication in the decedent's will or revocable trust, but specific reference to section 2207B is no longer required.

Effective date.—The provision applies to decedents dying after the date of enactment.

Senate Amendment

The Senate amendment is the same as the House bill.

Conference Agreement

The conference agreement follows the House bill and the Senate amendment.

3. Transitional rule under section 2056A (sec. 1303 of the House bill and sec. 1103 of the Senate amendment)

Present Law

A "marital deduction" generally is allowed for estate and gift tax purposes for the value of property passing to a spouse. The Technical and Miscellaneous Revenue Act of 1988 ("TAMRA") denied the marital deduction for property passing to an alien spouse outside a qualified domestic trust ("QDT"). An estate tax generally is imposed on corpus distributions from a QDT.

TAMRA defined a QDT as a trust that, among other things, required all trustees be U.S. citizens or domestic corporations. This provision was modified in the Omnibus Budget Reconciliation Acts of 1989 and 1990 to require that at least one trustee be a U.S. citizen or domestic corporation and that no corpus distribution be made unless such trustee has the right to withhold any estate tax imposed on the distribution (the "withholding requirement").

House Bill

The House bill provides that certain trusts created before the enactment of the Omnibus Budget Reconciliation Act of 1990 are treated as satisfying the withholding requirement if the governing instruments require that all trustees be U.S. citizens or domestic corporations.

Effective date.—The provision applies as if included in the Omnibus Budget Reconciliation Act of 1990.

Senate Amendment

The Senate amendment is the same as the House bill.

Conference Agreement

The conference agreement follows the House bill and the Senate amendment.

4. Clarifications relating to disclaimers (sec. 1304 of the House bill)

Present Law

Historically, there must be acceptance of a gift in order for the gift to be completed under State law and there is no taxable gift for Federal gift tax purposes unless there is a completed gift. Most States have rules that provide that, where there is a disclaimer of a gift, the property passes to the person who is entitled to the property had the disclaiming party died before the purported transfer.

In the Tax Reform Act of 1976, Congress provided a uniform disclaimer rule (sec. 2518) that specified how and when a disclaimer under State law must be made in order to be effective for Federal transfer tax purposes. Under section 2518, a State law type disclaimer is effective for Federal transfer tax purposes if it is an irrevocable and unqualified refusal to accept an interest in property and certain other requirements are satisfied. One of these other requirements is that the disclaimer generally must be made in writing not later than nine months after the transfer creating the interest occurs. Section 2518 is not currently effective for Federal tax purposes other than transfer taxes.

In 1981, Congress added a rule to section 2518 that allowed certain transfers of property to be treated as a qualified disclaimer. In order to qualify, these transfer-type disclaimers must be a written transfer of the disclaimant's "entire interest in the property" to persons who would have received the property had there been a valid disclaimer under State law (sec. 2518(c)(3)). Like other disclaimers, the transfer-type disclaimer generally must be made within nine months of the transfer creating the interest.

House Bill

The House bill allows a transfer-type disclaimer of an "undivided portion" of the disclaimant transferor's interest in property to qualify under section 2518. Also, the House bill allows a spouse to make a qualified transfer-type disclaimer where the disclaimed property is transferred to a trust in which the disclaimant spouse has an interest (e.g., a credit shelter trust). Further, the House bill provides that a qualified disclaimer for transfer tax purposes under section 2518 also is effective for Federal income tax purposes (e.g., disclaimers of interests in annuities and income in respect of a decedent).

None of the foregoing provisions are intended to create an inference regarding the Federal tax treatment of disclaimers under present law.

Effective date.—The provision applies to disclaimers made after the date of enactment.

Senate Amendment

No provision.

Conference Agreement

The conference agreement does not include the House bill provision.

5. Amend "5 or 5 power" (sec. 1305 of the House bill)

Present Law

The exercise or release of a general power of appointment generally is considered a gift by the person holding the power (sec. 2514(b)). A special rule, however, provides that the lapse of a power of appointment during the life of the person holding the power is considered a release (and thus a taxable gift) only to the extent that the value of the property over which the power lapsed exceeds the greater of $5,000 or five percent ("5 or 5 power") of the value of the assets of the trust (sec. 2514(e)). A similar provision applies for purposes of estate taxation (sec. 2041(b)(2)).

House Bill

The House bill increases the limitations in sections 2514(e) and 2041(b)(2) to the greater of $10,000 or 5 percent.

Effective date.—The provision applies to lapses occurring in taxable years beginning after the date of enactment.

Senate Amendment

No provision.

Conference Agreement

The conference agreement does not include the House bill provision.

6. Treatment for estate tax purposes of short-term obligations held by nonresident aliens (sec. 1306 of the House bill and sec. 1104 of the Senate amendment)

Present Law

The United States imposes estate tax on assets of noncitizen nondomiciliaries that were situated in the United States at the time of the individual's death. Debt obligations of a U.S. person, the United States, a political subdivision of a State, or the District of Columbia are considered property located within the United States if held by a nonresident not a citizen of the United States (sec. 2014(c)).

Special rules apply to treat certain bank deposits and debt instruments the income from which qualifies for the bank deposit interest exemption and the portfolio interest exemption as property from without the United States despite the fact that such items are obligations of a U.S. person, the United States, a political subdivision of a State, or the District of Columbia (sec. 2105(b)). Income from such items is exempt from U.S. income tax in the hands of the nonresident recipient (secs. 871(h) and 871(i)(2)(A)). The effect of these special rules is to exclude these items from the U.S. gross estate of a nonresident not a citizen of the United States. However, because of an amendment to section 871(h) made by the Tax Reform Act of 1986, these special rules no longer cover obligations that generate short-term OID income despite the fact that such income is exempt from U.S. income tax in the hands of the nonresident recipient (sec. 871(g)(1)(B)(i)).

House Bill

The House bill provides that any debt obligation, the income from which would be eligible for the exemption for short-term OID under section 871(g)(1)(B)(i) if such income were received by the decedent on the date of his death, is treated as property located outside of the United States in determining the U.S. estate tax liability of a nonresident not a U.S. citizen. No inference is intended with respect to the estate tax treatment of such obligations under present law.

Effective date.—The provision is effective for estates of decedents dying after the date of enactment.

Senate Amendment

The Senate amendment is the same as the House bill.

Conference Agreement

The conference agreement follows the House bill and the Senate amendment.

7. Certain revocable trusts treated as part of estate (sec. 1307 of the House bill)

Present Law

Both estates and revocable inter vivos trusts can function to settle the affairs of a decedent and distribute assets to heirs. In the case of revocable inter vivos trusts, the grantor transfers property into a trust which is revocable during his or her lifetime. Upon the grantor's death, the power to revoke ceases and the trustee then performs the settlement functions typically performed by the executor of an estate. While both estates and revocable trusts perform essentially the same function after the testator or grantor's death, there are a number of ways in which an estate and a revocable trust operate differently. First, there can be only one estate per decedent while there can be more than one revocable trust. Second, estates are in existence only for a reasonable period of administration; revocable trusts can perform the same settlement functions as an estate, but may continue in existence thereafter as testamentary trusts.

Numerous differences presently exist between the income tax treatment of estates and revocable trusts, including: (1) estates are allowed a charitable deduction for amounts permanently set aside for charitable purposes while post death revocable trusts are allowed a charitable deduction only for amounts paid to charities; (2) the active participation requirement the passive loss rules under section 469 is waived in the case of estates (but not revocable trusts) for two years after the owner's death; and (3) estates (but not revocable trusts) can qualify for section 194 amortization of reforestation expenditures.

House Bill

The House bill provides an irrevocable election to treat a qualified revocable trust as part of the decedent's estate for Federal income tax purposes. This elective treatment is effective from the date of the decedent's death until two years after his or her death (if no estate tax return is required) or, if later, six months after the final determination of estate tax liability (if an estate tax return is required). The election must be made by both the executor of the decedent's estate (if any) and the trustee of the revocable trust no later than the time required for filing the income tax return of the estate for its first taxable year, taking into account any extensions. A conforming change is made to section 2652(b) for generation-skipping transfer tax purposes.

For this purpose, a qualified revocable trust is any trust (or portion thereof) which was treated under section 676 as owned by the decedent with respect to whom the election is being made, by reason of a power in the grantor (i.e., trusts that are treated as owned by the decedent solely by reason of a power in a nonadverse party would not qualify).

The separate share rule (described below) generally will apply when a qualified revocable trust is treated as part of the decedent's estate.

Effective date.—The provision applies to decedents dying after the date of enactment.

Senate Amendment

No provision.

Conference Agreement

The conference agreement follows the House bill.

8. Distributions during first 65 days of taxable year of estate (sec. 1308 of the House bill and sec. 1105 of the Senate amendment)

Present Law

In general, trusts and estates are treated as conduits for Federal income tax purposes; income received by a trust or estate that is distributed to a beneficiary in the trust or estate's taxable year "ending with or within" the taxable year of the beneficiary is taxable to the beneficiary in that year; income that is retained by the trust or estate is initially taxable to the trust or estate. In the case of distributions of previously accumulated income by trusts (but not estates), there may be additional tax under the so-called "throwback" rules if the beneficiary to whom the distributions were made has marginal rates higher than those of the trust. Under the "65-day rule," a trust may elect to treat distributions paid within 65 days after the close of its taxable year as paid on the last day of its taxable year. The 65-day rule is not applicable to estates.

House Bill

The House bill extends application of the 65-day rule to distributions by estates. Thus, an executor can elect to treat distributions paid by the estate within 65 days after the close of the estate's taxable year as having been paid on the last day of such taxable year.

Effective date.—The provision applies to taxable years beginning after the date of enactment.

Senate Amendment

The Senate amendment is the same as the House bill.

Conference Agreement

The conference agreement follows the House bill and the Senate amendment.

9. Separate share rules available to estates (sec. 1309 of the House bill and sec. 1106 of the Senate amendment)

Present Law

Trusts with more than one beneficiary must use the "separate share" rule in order to provide different tax treatment of distributions to different beneficiaries to reflect the income earned by different shares of the trust's corpus.[18] Treasury regulations provide that "[t]he application of the separate share rule * * * will generally depend upon whether distributions of the trust are to be made in substantially the same manner as if separate trusts had been created. * * * Separate share treatment will not be applied to a trust or portion of a trust subject to a power to distribute, apportion, or accumulate income or distribute corpus to or for the use of one or more beneficiaries within a group or class of beneficiaries, unless the payment of income, accumulated income, or corpus of a share of one beneficiary cannot affect the proportionate share of income, accumulated income, or corpus of any shares of the other beneficiaries, or unless substantially proper adjustment must thereafter be made under the governing instrument so that substantially separate and independent shares exist." (Treas. Reg. sec. 1.663(c)-3). The separate share rule presently does not apply to estates.

House Bill

The House bill extends the application of the separate share rule to estates. There are separate shares in an estate when the governing instrument of the estate (e.g., the will and applicable local law) creates separate economic interests in one beneficiary or class of beneficiaries such that the economic interests of those beneficiaries (e.g., rights to income or gains from specified items of property) are not affected by economic interests accruing to another separate beneficiary or class of beneficiaries. For example, a separate share in an estate would exist where the decedent's will provides that all of the shares of a closely-held corporation are devised to one beneficiary and that any dividends paid to the estate by that corporation should be paid only to that beneficiary and any such dividends would not affect any other amounts which that beneficiary would receive under the will. As in the case of trusts, the application of the separate share rule is mandatory where separate shares exist.

Effective date.—The provision applies to decedents dying after the date of enactment.

Senate Amendment

The Senate amendment is the same as the House bill.

Conference Agreement

The conference agreement follows the House bill and the Senate amendment.

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[18] Application of the separate share rule is not elective; it is mandatory if there are separate shares in the trust.

10. Executor of estate and beneficiaries treated as related persons for disallowance of losses (sec. 1310 of the House bill and sec. 1107 of the Senate amendment)

Present Law

Section 267 disallows a deduction for any loss on the sale of an asset to a person related to the taxpayer. For the purposes of section 267, the following parties are related persons: (1) a trust and the trust's grantor, (2) two trusts with the same grantor, (3) a trust and a beneficiary of the trust, (4) a trust and a beneficiary of another trust, if both trusts have the same grantor, and (5) a trust and a corporation the stock of which is more than 50 percent owned by the trust or the trust's grantor.

Section 1239 disallows capital gain treatment on the sale of depreciable property to a related person. For purposes of section 1239, a trust and any beneficiary of the trust are treated as related persons, unless the beneficiary's interest is a remote contingent interest.

Neither section 267 or section 1239 presently treat an estate and a beneficiary of the estate as related persons.

House Bill

Under the House bill, an estate and a beneficiary of that estate are treated as related persons for purposes of sections 267 and 1239, except in the case of a sale or exchange in satisfaction of a pecuniary bequest.

Effective date.—The provision applies to taxable years beginning after the date of enactment.

Senate Amendment

The Senate amendment is the same as the House bill.

Conference Agreement

The conference agreement follows the House bill and the Senate amendment.

11. Limitation on taxable year of estates (sec. 1311 of the House bill)

Present Law

The taxability of distributions from a trust or estate is based on the amount of income received by the trust or estate in the trust or estate's taxable year "ending with or within" the taxable year of the beneficiary (typically a calendar year). Trusts are required to use a calendar year and, consequently, income of a trust that is distributed to a calendar-year beneficiary in the year earned is taxed to the beneficiary in the year earned. Estates, on the other hand, are allowed to use any fiscal year. Consequently, in the case of estates, the taxation of distributions to a calendar-year beneficiary in up to the last 11 months of the calendar year can be deferred until the next taxable year depending upon the fiscal year selected.

House Bill

The House bill limits the taxable year of an estate to a year ending on October 31, November 30, or December 31.[19] Thus, the maximum deferral allowable to a calendar-year beneficiary is with respect to distributions made in the last two months of the calendar year.

Effective date.—The provision applies to decedents dying after the date of enactment.

Senate Amendment

No provision.

Conference Agreement

The conference agreement does not include the House bill provision.

12. Simplified taxation of earnings of pre-need funeral trusts (sec. 1312 of the House bill and sec. 1108 of the Senate amendment)

Present Law

A pre-need funeral trust is an arrangement where an individual purchases funeral services or merchandise from a funeral home for the benefit of a specified person in advance of that person's death. (The beneficiary may be either the purchaser or another person.) The purchaser enters into a contract with the provider of such services or merchandise whereby the purchaser selects the services or merchandise to be provided upon the death of the beneficiary, and agrees to pay for them in advance of the beneficiary's death. Such amounts (or a portion thereof) are held in trust during the beneficiary's lifetime and are paid to the seller upon the beneficiary's death.

Under present law, pre-need funeral trusts generally are treated as grantor trusts, and the annual income earned by such trusts is taxed to the purchaser/grantor of the trust. Rev. Rul. 87-127. Any amount received from the trust by the seller (as payment for services or merchandise) is includible in the gross income of the seller.

House Bill

The House bill allows the trustee of a pre-need funeral trust to elect special tax treatment for such a trust, to the extent the trust would otherwise be treated as a grantor trust. A qualified funeral trust is defined as one which meets the following requirements: (1) the trust arises as the result of a contract between a person engaged in the trade or business of providing funeral or burial services or merchandise and one or more individuals to have such services or property provided upon such individuals' death; (2) the only beneficiaries of the trust are individuals who have entered into contracts to have such services or merchandise provided upon their death; (3) the only contributions to the trust are contributions by or for the benefit of the trust beneficiaries; (4) the trust's only purpose is to hold and invest funds that will be used to make payments for funeral or burial services or merchandise for the trust beneficiaries; and (5) the trust has not accepted contributions totaling more than $7,000 by or for the benefit of any individual. For this purpose, "contributions" include all amounts transferred to the trust, regardless of how denominated in the contract. Contributions do not, however, include income or gain earned with respect to property in the trust. For purposes of applying the $7,000 limit, if a purchaser has more than one contract with a single trustee (or related trustees), all such trusts are treated as one trust. Similarly, if the Secretary of Treasury determines that a purchaser has entered into separate contracts with unrelated trustees to avoid the $7,000 limit described above, the Secretary may require that such trusts be treated as one trust. For contracts entered into after 1998, the $7,000 limit is indexed annually for inflation.

The trustee's election to have this provision apply to a qualified funeral trust is to be made separately with respect to each purchaser's trust. It is anticipated that the Department of Treasury will issue prompt guidance with respect to the simplified reporting requirements so that if the election is made, a single annual trust return may be filed by the trustee, separately listing the amount of income earned with respect to each purchaser. If the election is made, the trust is not treated as a grantor trust and the amount of tax paid with respect to each purchaser's trust is determined in accordance with the income tax rate schedule generally applicable to estates and trusts (Code sec. 1(e)), but no deduction is allowed under section 642(b). The tax on the annual earnings of the trust is payable by the trustee.

As under present law, amounts received from the trust by the seller are treated as payments for services and merchandise and are includible in the gross income of the seller. No gain or loss is recognized to the beneficiary of the trust for payments from the trust to the beneficiary upon cancellation of the contract, and the beneficiary takes a carryover basis in any assets received from the trust upon cancellation.

Effective date.—The provision is effective for taxable years beginning after the date of enactment.

Senate Agreement

The Senate amendment is the same as the House bill.

Conference Agreement

The conference agreement follows the House bill and the Senate amendment with modifications that would (1) allow the provision to be applied to contracts purchased by one individual to have funeral or burial services or merchandise provided for another individual upon that individual's death (to the extent that such arrangements would otherwise be treated as grantor trusts), and (2) allow the election to be made for taxable years ending after the date of enactment.

Effective date.—The provision is effective for taxable years ending after the date of enactment.

13. Adjustments for gifts within 3 years of decedent's death (sec. 1313 of the House bill and sec. 1109 of the Senate amendment)

Present Law

The first $10,000 of gifts of present interests to each donee during any one calendar year are excluded from Federal gift tax.

The value of the gross estate includes the value of any previously transferred property if the decedent retained the power to revoke the transfer (sec. 2038). The gross estate also includes the value of any property with respect to which such power is relinquished during the three years before death (sec. 2035). There has been significant litigation as to whether these rules require that certain transfers made from a revocable trust within three years of death be includible in the gross estate. See, e.g., *Jalkut Estate* v. *Commissioner*, 96 T.C. 675 (1991) (transfers from revocable trust includible in gross estate); *McNeely* v. *Commissioner*, 16 F.3d 303 (8th Cir. 1994) (transfers from revocable trust not includible in gross estate); *Kisling* v. *Commissioner*, 32 F.3d 1222 (8th Cir. 1994) (acq.) (transfers from revocable trust not includible in gross estate).

House Bill

The House bill codifies the rule set forth in the *McNeely* and *Kisling* cases to provide that a transfer from a revocable trust (i.e., a trust described under section 676) is treated as if made directly by the grantor. Thus, an annual exclusion gift from such a trust is not included in the gross estate.

The House bill also revises section 2035 to improve its clarity.

Effective date.—The provision applies to decedents dying after the date of enactment.

Senate Amendment

The Senate amendment is the same as the House bill.

Conference Agreement

The conference agreement follows the House bill and the Senate amendment. The provision is not intended to modify the result reached in the *Kisling* case.

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[19] If an election is made to treat a revocable trust as part of the estate under section 14601 of the bill, such trust would switch to the taxable year of the estate during the period that the election was effective.

14. Clarify relationship between community property rights and retirement benefits (sec. 1314 of the House bill and sec. 1110 of the Senate amendment)

Present Law

Community property

Under State community property laws, each spouse owns an undivided one-half interest in each community property asset. In community property jurisdictions, a nonparticipant spouse may be treated as having a vested community property interest in either his or her spouse's qualified plan, individual retirement arrangement ("IRA"), or simplified employee pension ("SEP") plan.

Transfer tax treatment of qualified plans

In the Retirement Equity Act of 1984 ("REA"), qualified retirement plans were required to provide automatic survivor benefits (1) in the case of a participant who retires under the plan, in the form of a qualified joint and survivor annuity, and (2) in the case of a vested participant who dies before the annuity starting date and who has a surviving spouse, in the form of a preretirement survivor annuity. A participant generally is permitted to waive such annuities, provided he or she obtains the written consent of his or her spouse.

The Tax Reform Act of 1986 repealed the estate tax exclusion, formerly contained in sections 2039(c) and 2039(d), for certain interests in qualified plans owned by a nonparticipant spouse attributable to community property laws and made certain other changes to conform the transfer tax treatment of qualified and nonqualified plans.

As a result of these changes made by REA and the Tax Reform Act of 1986, the transfer tax treatment of married couples residing in a community property State is unclear where either spouse is covered by a qualified plan.

House Bill

The House bill clarifies that the marital deduction is available with respect to a nonparticipant spouse's interest in an annuity attributable to community property laws where he or she predeceases the participant spouse. Under the House bill, the nonparticipant spouse's interest in an annuity arising under the community property laws of a State that passes to the surviving participant spouse may qualify for treatment as QTIP under section 2056(b)(7).

The provision is not intended to create an inference regarding the treatment under present law of a transfer to a surviving spouse of the decedent spouse's interest in an annuity arising under community property laws.

Effective date.—The provision applies to decedents dying, or waivers, transfers and disclaimers made, after the date of enactment.

Senate Amendment

The Senate amendment is the same as the House bill.

Conference Agreement

The conference agreement follows the House bill and the Senate amendment. The provision is not intended to modify the result of the Supreme Court's decision in *Boggs* v. *Boggs*, 117 S.Ct. 1754 (1997).

15. Treatment under qualified domestic trust rules of forms of ownership which are not trusts (sec. 1315 of the House bill and sec. 1111 of the Senate amendment)

Present Law

A marital deduction generally is allowed for estate and gift tax purposes for the value of property passing to a spouse. The marital deduction is not available for property passing to an alien spouse outside a qualified domestic trust ("QDT"). An estate tax generally is imposed on corpus distributions from a QDT.

Trusts are not permitted in some countries (e.g., many civil law countries).[20] As a result, it is not possible to create a QDT in those countries.

House Bill

The House bill provides the Treasury Department with regulatory authority to treat as trusts legal arrangements that have substantially the same effect as a trust. It is anticipated that such regulations, if any, would only permit a marital deduction with respect to non-trust arrangements under which the U.S. would retain jurisdiction and adequate security to impose U.S. transfer tax on transfers by the surviving spouse of the property transferred by the decedent. Possible arrangements could include the adoption of a bilateral treaty that provides for the collection of U.S. transfer tax from the noncitizen surviving spouse or a closing agreement process under which the surviving spouse waives treaty benefits, allows the U.S. to retain taxing jurisdiction and provides adequate security with respect to such transfer taxes.

Effective date.—The provision applies to decedents dying after the date of enactment.

Senate Amendment

The Senate amendment is the same as the House bill.

Conference Agreement

The conference agreement follows the House bill and the Senate amendment.

16. Opportunity to correct certain failures under section 2032A (sec. 1316 of the House bill and sec. 1112 of the Senate amendment)

Present Law

For estate tax purposes, an executor may elect to value certain real property used in farming or other closely held business operations at its current use value rather than its highest and best use (sec. 2032A). A written agreement signed by each person with an interest in the property must be filed with the election.

In 1984, section 2032A was amended to provide that if an executor makes a timely election that substantially complies with Treasury regulations, but fails to provide all required information or the signatures of all persons required to enter into the agreement, the executor may supply the missing information within a reasonable period of time (not exceeding 90 days) after notification by the Treasury Department.

Treasury regulations require that a notice of election and certain information be filed with the Federal estate tax return (Treas. Reg. sec. 20.2032A–8). The administrative policy of the Treasury Department is to disallow current use valuation elections unless the required information is supplied.

House Bill

The House bill extends the procedures allowing subsequent submission of information to any executor who makes the election and submits the recapture agreement, without regard to compliance with the Treasury regulations. Thus, the House bill allows the current use valuation election if the executor supplies the required information within a reasonable period of time (not exceeding 90 days) after notification by the IRS. During that time period, the House bill also allows the addition of signatures to a previously filed agreement.

The Committee report on the House bill indicates that the Treasury Department has taken an unnecessarily restrictive view of the 1984 amendment to section 2032A and intends no inference that the Treasury Department lacks the power, under the law in effect prior to the date of enactment, to correct the situation addressed by this provision. The House bill intends that, with respect to technically defective 2032A elections made prior to the date of enactment, prior law should be applied in a manner consistent with the provision.

Effective date.—The provision applies to decedents dying after the date of enactment.

Senate Amendment

The Senate amendment is the same as the House bill.

Conference Agreement

The conference agreement follows the House bill and the Senate amendment.

17. Authority to waive requirement of U.S. trustee for qualified domestic trusts (sec. 1317 of the House bill and sec. 1113 of the Senate amendment)

Present Law

In order for a trust to be a QDT, a U.S. trustee must have the power to approve all corpus distributions from the trust. In some countries, trusts cannot have any U.S. trustees. As a result, trusts established in those countries cannot qualify as a QDT.

House Bill

In order to permit the establishment of a QDT in those situations where a country prohibits a trust from having a U.S. trustee, the House bill provides the Treasury Department with regulatory authority to waive the requirement that a QDT have a U.S. trustee. It is anticipated that such regulations, if any, provide an alternative mechanism under which the U.S. would retain jurisdiction and adequate security to impose U.S. transfer tax on transfers by the surviving spouse of the property transferred by the decedent.

Effective date.—The provision applies to decedents dying after the date of enactment.

Senate Amendment

The Senate amendment is the same as the House bill.

Conference Agreement

The conference agreement follows the House bill and the Senate amendment.

XIV. EXCISE TAX AND OTHER SIMPLIFICATION PROVISIONS

A. Excise Tax Simplification Provisions

1. Increase de minimis limit for after-market alterations subject to heavy truck and luxury automobile excise taxes (sec. 1401 of the House bill and sec. 1201 of the Senate amendment)

Present Law

An excise tax is imposed on retail sales of truck chassis and truck bodies suitable for use in a vehicle with a gross vehicle weight of over 33,000 pounds. The tax is equal to 12 percent of the retail sales price. An excise tax also is imposed on retail sales of luxury automobiles. The tax currently is equal to 8 percent of the amount by which the retail sales price exceeds an inflation-adjusted base. (The rate is reduced by 1 percentage point per year through 2002, and the tax is not imposed after 2002.) Anti-abuse rules prevent the avoidance of these taxes through separate purchases of major component parts. With certain exceptions, tax at the rate applicable to the vehicle is imposed on the subsequent installation of parts and accessories within six months after purchase of a taxable vehicle. The exceptions include a *de minimis* exception for parts and accessories with an aggregate price that does not exceed $200 (or such other amount as Treasury may by regulation prescribe).

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[20] Note that in some civil law States (e.g., Louisiana), an entity similar to a trust, called a usufruct, exists.

House Bill

The tax on subsequent installation of parts and accessories does not apply to parts and accessories with an aggregate price that does not exceed $1,000. Parts and accessories installed on a vehicle on or before that date are taken into account in determining whether the $1,000 threshold is exceeded. If the aggregate price of the pre-effective date parts and accessories does not exceed $200, they are not to be subject to tax unless the aggregate price of all additions exceeds $1,000.

Effective date.—The increase in the threshold for taxing after-market additions under the heavy truck and luxury car excise taxes is effective on January 1, 1998.

Senate Amendment

The Senate amendment is the same as the House bill.

Conference Agreement

The conference agreement follows the House bill and the Senate amendment.

2. Simplification of excise taxes on distilled spirits, wine, and beer (secs. 1411–1422 of the House bill and secs. 1211–1222 of the Senate amendment)

Present Law

Imported distilled spirits returned to plant.—Excise tax that has been paid on domestic distilled spirits is credited or refunded if the spirits are later returned to bonded premises. Tax is imposed on imported bottled spirits when they are withdrawn from customs custody, but the tax is not refunded or credited if the spirits are later returned to bonded premises.

Cancellation of export bonds.—An exporter that withdraws distilled spirits from bonded warehouses for export or transportation to a customs bonded warehouse without the payment of tax must furnish a bond to cover the withdrawal. The required bonds are canceled "on the submission of such evidence, records, and certification indicating exportation as the Secretary may by regulations prescribe."

Location of records of distilled spirits plant.—Proprietors of distilled spirits plants are required to maintain records and reports relating to their production, storage, denaturation, and processing activities on the premises where the operations covered by the record are carried on.

Transfers from brewery to distilled spirits plant.—A distilled spirits plant may receive on its bonded premises beer to be used in the production of distilled spirits only if the beer is produced on contiguous brewery premises.

Sign not required for wholesale dealers.—Wholesale liquor dealers are required to post a sign identifying the firm as such. Failure to do so may subject the wholesaler dealer to a penalty.

Refund on returns of merchantable wine.—Excise tax paid on domestic wine that is returned to bond as unmerchantable is refunded or credited, and the wine is once again treated as wine in bond on the premises of a bonded wine cellar.

Increased sugar limits for certain wine.—Natural wines may be sweetened to correct high acid content. For most wines, however, sugar cannot constitute more than 35 percent (by volume) of the combined sugar and juice used to produce the wine. Up to 60 percent sugar may be used in wine made from loganberries, currants, and gooseberries. If the amount of sugar used exceeds the applicable limitation, the wine must be labeled "substandard."

Beer withdrawn for embassy use.—Imported beer to be used for the family and official use of representatives of foreign governments or public international organizations may be withdrawn from customs bonded warehouses without payment of excise tax. No similar exemption applies to domestic beer withdrawn from a brewery or entered into a bonded customs warehouse for the same authorized use.

Beer withdrawn for destruction.—Removals of beer from a brewery are exempt from tax if the removal is for export, because the beer is unfit for beverage use, for laboratory analysis, research, development and testing, for the brewer's personal or family use, or as supplies for certain vessels and aircraft.

Drawback on exported beer.—A domestic producer that exports beer may recover the tax (receive a "drawback") found to have been paid on the exported beer upon the "submission of such evidence, records and certificates indicating exportation" required by regulations.

Imported beer transferred in bulk to brewery and imported wine transferred in bulk to wineries.—Imported beer and wine are subject to tax when removed from customs custody.

House Bill

Imported distilled spirits returned to plant.—Refunds or credits of the tax are available for imported bottled spirits that are returned to distilled spirits plants.

Cancellation of export bonds.—The certification requirement are relaxed to allow the bonds to be canceled if there is such proof of exportation as the Secretary may require.

Location of records of distilled spirits plant.—Records and reports are permitted to be maintained elsewhere other than on the plant premises

Transfers from brewery to distilled spirits plant.—Beer may be brought from any brewery for use in the production of spirits. Such beer is exempt from excise tax, subject to Treasury regulations.

Sign not required for wholesale dealers.—The requirement that a sign be posted is repealed.

Refund on returns of merchantable wine.—A refund or credit is available in the case of all domestic wine returned to bond, whether or not unmerchantable.

Increased sugar limits for certain wine.—Up to 60 percent sugar is permitted in any wine made from juice, such as cranberry or plum juice, with an acid content of 20 or more parts per thousand.

Beer withdrawn for embassy use.—Subject to Treasury's regulatory authority, an exemption similar to that currently available for imported beer is provided for domestic beer.

Beer withdrawn for destruction.—An exemption from tax is added for removals for destruction, subject to Treasury regulations.

Drawback on exported beer.—The certification requirement is relaxed to allow a drawback of tax paid if there is such proof of exportation as the Secretary may be regulations require.

Imported beer transferred in bulk to brewery and imported wine transferred in bulk to wineries.—Subject to Treasury regulations, beer and wine imported in bulk may be withdrawn from customs custody and transferred in bulk to a brewery (beer) or a winery (wine) without payment of tax. The proprietor of the brewery to which the beer is transferred or of the winery to which the wine is transferred is liable for the tax imposed on the withdrawal from customs custody and the importer is relieved of liability.

Effective date.—The provision to repeal the requirement that wholesale liquor dealers post a sign outside their place of business takes effect on the date of enactment. The other provisions take effect on the first day of the calendar quarter that begins at least 90 days after the date of enactment.

Senate Amendment

The Senate amendment is the same as the House bill.

Conference Agreement

The conference agreement follows the House bill and the Senate amendment, with a modification delaying the effective date of certain provisions from the first day of the calendar quarter that begins at least 90 days after the date of enactment to the first day of the quarter beginning at least 180 days after such date.

3. Authority for Internal Revenue Service to grant exemptions from excise tax registration requirements (sec. 1431 of the House bill and sec. 1231 of the Senate amendment)

Present Law

The Code exempts certain types of sales (e.g., sales for use in further manufacture, sales for export, and sales for use by a State or local government or a nonprofit educational organization) from excise taxes imposed on manufacturers and retailers. These exemptions generally apply only if the seller, the purchaser, and any person to whom the article is resold by the purchaser (the second purchaser) are registered with the Internal Revenue Service. The IRS can waive the registration requirement for the purchaser and second purchaser in some but not all cases.

House Bill

The IRS is authorized to waive the registration requirement for purchasers and second purchasers in all cases.

Effective date.—The provision applies to sales made pursuant to waivers issued after the date of enactment.

Senate Amendment

The Senate amendment is the same as the House bill.

Conference Agreement

The conference agreement follows the House bill and the Senate amendment.

4. Repeal of expired excise tax provisions (sec. 1432 of the House bill and sec. 1232 of the Senate amendment)

Present Law

The Code includes a provision relating to a temporary reduction in the tax on piggyback trailers sold before July 18, 1985, and provisions relating to the tax on the removal of hard minerals from the deep seabed before June 28, 1990.

An excise tax is imposed on the sale or use by the manufacturer or importer of certain ozone-depleting chemicals (sec. 4681). The amount of the tax generally is determined by multiplying the base tax amount applicable for the calendar year by an ozone-depleting factor assigned to each taxable chemical. The base tax amount was $5.80 per pound in 1996 and will increase by 45 cents per pound per year thereafter. The Code contains provisions for special rates of tax applicable to years before 1996 (e.g., sec. 4282(g)(1), (2), (3), and (5)).

House Bill

These provisions are repealed, as "deadwood".

Effective date.—The provisions are effective on the date of enactment.

Senate Amendment

The Senate amendment is the same as the House bill.

Conference Agreement

The conference agreement follows the House bill and the Senate amendment.

5. Modifications to excise tax on certain arrows (sec. 1233 of the Senate amendment)

Present Law

An 11-percent manufacturer's excise tax is imposed on bows having a draw weight of more than 10 pounds and on arrows that either are greater than 18 inches in length or are suitable for use with a taxable bow. The tax is imposed on the manufacturer's sales price of the completed arrow.

House Bill

No provision.

Senate Amendment

The current excise tax on arrows tax is replaced with a manufacturer's excise tax on the four component parts of the arrow: shafts, points, nocks, and vanes. The tax rate is increased to 12.4 percent of the value of each of these four components to offset the reduction in aggregate value subjected to tax compared to present-law valuation of the completed arrow.

Effective date.—The provision is to be effective for arrow components sold after September 30, 1997.

Conference Agreement

The conference agreement follows the Senate amendment.

6. Modifications to heavy highway vehicle retail excise tax (sec. 1234 of the Senate amendment)

Present Law

A 12-percent retail excise tax is imposed on certain heavy highway trucks and trailers, and on highway tractors. Small trucks (those with a gross vehicle weight not over 33,000 pounds) and lighter trailers (those with a gross vehicle weight not over 26,000 pounds) are exempt from the tax. The tax applies to the first retail sale of a new or remanufactured vehicle. The determination under present law of whether a particular modification to an existing vehicle constitutes remanufacture (taxable) or a repair (nontaxable) is factual and generally is based on whether the function of the vehicle is changed or, in the case of worn vehicles, whether the cost of the modification exceeds 75 percent of the value of the modified vehicle.

No tax is imposed on trucks, tractors, and trailers when they are sold for resale or long-term lease, if the purchaser is registered with the Treasury Department. In such cases, purchasers are liable for the tax when the vehicle is sold or leased. The tax is based on the sales price in the transaction to which it applies.

House Bill

No provision.

Senate Amendment

The Senate amendment makes two changes to the heavy vehicle excise tax:

(1) Clarification is provided that the 75-percent-of-value threshold applies in determining whether repairs to a wrecked vehicle constitute remanufacture; and

(2) The registration requirement currently applicable to certain sales of trucks, tractors, and trailers for resale is replaced with a certification requirement.

Effective date.—The provision is effective after December 31, 1997.

Conference Agreement

The conference agreement follows the Senate amendment.

7. Treatment of skydiving flights as noncommercial aviation (sec. 1235 of the Senate amendment)

Present Law

Commercial passenger aviation, or air transportation for which a fare is charged, is subject to a 10-percent ad valorem excise tax for the Airport and Airway Trust Fund. Noncommercial aviation, or air transportation which is not "for hire," is subject to a fuels tax for the Trust Fund. In the case of skydiving flights, questions have arisen as to when the flight is commercial aviation subject to the ticket tax and when it is noncommercial aviation subject to the fuels tax. In general, if instruction is offered, the flight is noncommercial aviation. Otherwise, the flight is treated as commercial aviation. Many skydiving flights carry both persons receiving instruction and others not receiving instruction.

House Bill

No provision.

Senate Amendment

The Senate amendment specifies that flights which are exclusively dedicated to skydiving are taxed as noncommercial aviation flights, regardless of whether instruction is offered to any of the passengers.

Effective date.—The provision is effective for flights beginning after September 30, 1997.

Conference Agreement

The conference agreement follows the Senate amendment.

8. Eliminate double taxation of certain aviation fuels sold to producers by "fixed base operators" (sec. 1236 of the Senate amendment)

Present Law

Section 4091 imposes a tax on the sale of aviation fuel by any producer (defined to include a wholesale distributor). Fuel sold at many rural airports is sold by retail dealers who do not qualify as wholesale distributors. This fuel is purchased by the retailers tax-paid. In certain instances, fuel which has been purchased tax-paid by a retailer will be re-sold to a producer, e.g., to enable the producer to serve one of its customers at the airport. When this fuel is resold at retail by the producer, a second tax is imposed. The Code contains no provision allowing a refund of the first tax in such cases.

House Bill

No provision.

Senate Amendment

The Senate amendment permits a refund of the tax previously paid on aviation fuel when a registered producer acquires the fuel.

Effective date.—The provision is effective for fuel sold after September 30, 1997.

Conference Agreement

The conference agreement follows the Senate amendment, with a clarification that the provision applies to tax-paid fuel purchased by registered producers after September 30, 1997.

B. Tax-Exempt Bond Provisions

Overview

Interest on State and local government bonds generally is excluded from gross income for purposes of the regular individual and corporate income taxes if the proceeds of the bonds are used to finance direct activities of these governmental units (Code sec. 103).

Unlike the interest on governmental bonds, described above, interest on private activity bonds generally is taxable. A private activity bond is a bond issued by a State or local governmental unit acting as a conduit to provide financing for private parties in a manner violating either (1) a private business use and payment test or (2) a private loan restriction. However, interest on private activity bonds is not taxable if (1) the financed activity is specified in the Code and (2) at least 95 percent of the net proceeds of the bond issue is used to finance the specified activity.

Issuers of State and local government bonds must satisfy numerous other requirements, including arbitrage restrictions (for all such bonds) and annual State volume limitations (for most private activity bonds) for the interest on these bonds to be excluded from gross income.

1. Repeal of $100,000 limitation on unspent proceeds under 1-year exception from rebate (sec. 1441 of the House bill and sec. 1241 of the Senate amendment)

Present Law

Subject to limited exceptions, arbitrage profits from investing bond proceeds in investments unrelated to the governmental purpose of the borrowing must be rebated to the Federal Government. No rebate is required if the gross proceeds of an issue are spent for the governmental purpose of the borrowing within six months after issuance.

This six-month exception is deemed to be satisfied by issuers of governmental bonds (other than tax and revenue anticipation notes) and qualified 501(c)(3) bonds if (1) all proceeds other than an amount not exceeding the lesser of 5 percent or $100,000 are so spent within six months and (2) the remaining proceeds are spent within one year after the bonds are issued.

House Bill

Under the House bill, the $100,000 limit on proceeds that may remain unspent after six months for certain governmental and qualified 501(c)(3) bonds otherwise exempt from the rebate requirement is deleted. Thus, if at least 95 percent of the proceeds of these bonds is spent within six months after their issuance, and the remainder is spent within one year, the six-month exception is deemed to be satisfied.

Effective date.—The provision applies to bonds issued after the date of enactment.

Senate Amendment

The Senate amendment is the same as the House bill.

Conference Agreement

The conference agreement follows the House bill and the Senate amendment.

2. Exception from rebate for earnings on bona fide debt service fund under construction bond rules (sec. 1442 of the House bill and sec. 1242 of the Senate amendment)

Present Law

In general, arbitrage profits from investing bond proceeds in investments unrelated to the governmental purpose of the borrowing must be rebated to the Federal Government. An exception is provided for certain construction bond issues if the bonds are governmental bonds, qualified 501(c)(3) bonds, or exempt-facility private activity bonds for governmentally-owned property.

This exception is satisfied only if the available construction proceeds of the issue are spent at minimum specified rates during the 24-month period after the bonds are issued. The exception does not apply to bond proceeds invested after the 24-month expenditure period as part of a reasonably required reserve or replacement fund, a bona fide debt service fund, or to certain other investments (e.g., sinking funds). Issuers of these construction bonds also may elect to comply with a penalty regime in lieu of rebating arbitrage profits if they fail to satisfy the exception's spending requirements.

House Bill

The House bill exempts earnings on bond proceeds invested in bona fide debt service funds from the arbitrage rebate requirement and the penalty requirement of the 24-month exception if the spending requirements of that exception are otherwise satisfied.

Effective date.—The provision applies to bonds issued after the date of enactment.

Senate Amendment

The Senate amendment is the same as the House bill.

Conference Agreement

The conference agreement follows the House bill and the Senate amendment.

3. Repeal of debt service-based limitation on investment in certain nonpurpose investments (sec. 1443 of the House bill and sec. 1243 of the Senate amendment)

Present Law

Issuers of all tax-exempt bonds generally are subject to two sets of restrictions on investment of their bond proceeds to limit arbitrage profits. The first set requires that tax-exempt bond proceeds be invested at a yield that is not materially higher (generally defined as 0.125 percentage points) than the bond yield ("yield restrictions"). Exceptions are provided to this restriction for investments during any of several "temporary periods" pending use of the proceeds and, throughout the term of the issue, for proceeds invested as part of a reasonably required reserve or replacement fund or a "minor" portion of the issue proceeds.

Except for temporary periods and amounts held pending use to pay current debt service, present law also limits the amount of the proceeds of private activity bonds (other than qualified 501(c)(3) bonds) that may be invested at materially higher yields at any time during a bond year to 150 percent of the debt service for that bond year. This restriction affects primarily investments in reasonably required reserve or replacement funds. Present law further restricts the amount of proceeds from the sale of bonds that may be invested in these reserve funds to ten percent of such proceeds.

The second set of restrictions requires generally that all arbitrage profits earned on investments unrelated to the governmental purpose of the borrowing be rebated to the Federal Government ("arbitrage rebate"). Arbitrage profits include all earnings (in excess of bond yield) derived from the investment of bond proceeds (and subsequent earnings on any such earnings).

House Bill

The House bill repeals the 150-percent of debt service yield restriction.

Effective date.— The provision applies to bonds issued after the date of enactment.

Senate Amendment

The Senate amendment is the same as the House bill.

Conference Agreement

The conference agreement follows the House bill and the Senate amendment.

4. Repeal of expired provisions relating to student loan bonds (sec. 1444 of the House bill and sec. 1244 of the Senate amendment)

Present Law

Present law includes two special exceptions to the arbitrage rebate and pooled financing temporary period rules for certain qualified student loan bonds. These exceptions applied only to bonds issued before January 1, 1989.

House Bill

These special exceptions are deleted as "deadwood."

Effective date.—The provision applies to bonds issued after the date of enactment.

Senate Amendment

The Senate amendment is the same as the House bill.

Conference Agreement

The conference agreement follows the House bill and the Senate amendment.

C. Tax Court Procedures

1. Overpayment determinations of Tax Court (sec. 1451 of the House bill and sec. 1251 of the Senate amendment)

Present Law

The Tax Court may order the refund of an overpayment determined by the Court, plus interest, if the IRS fails to refund such overpayment and interest within 120 days after the Court's decision becomes final. Whether such an order is appealable is uncertain.

In addition, it is unclear whether the Tax Court has jurisdiction over the validity or merits of certain credits or offsets (e.g., providing for collection of student loans, child support, etc.) made by the IRS that reduce or eliminate the refund to which the taxpayer was otherwise entitled.

House Bill

The House bill clarifies that an order to refund an overpayment is appealable in the same manner as a decision of the Tax Court. The House bill also clarifies that the Tax Court does not have jurisdiction over the validity or merits of the credits or offsets that reduce or eliminate the refund to which the taxpayer was otherwise entitled.

Effective date.—The provision is effective on the date of enactment.

Senate Amendment

The Senate amendment is the same as the House bill.

Conference Agreement

The conference agreement follows the House bill and the Senate amendment.

2. Redetermination of interest pursuant to motion (sec. 1452 of the House bill and sec. 1252 of the Senate amendment)

Present Law

A taxpayer may seek a redetermination of interest after certain decisions of the Tax Court have become final by filing a petition with the Tax Court. It would be beneficial to taxpayers if a proceeding for a redetermination of interest supplemented the original deficiency action brought by the taxpayer to redetermine the deficiency determination of the IRS. A motion, rather than a petition, is a more appropriate pleading for relief in these cases.

House Bill

The House bill provides that a taxpayer must file a "motion" (rather than a "petition") to seek a redetermination of interest in the Tax Court. The House bill also clarifies that the Tax Court's jurisdiction to redetermine the amount of interest under section 7481(c) does not depend on whether the interest is underpayment interest or overpayment interest.

Effective date.—The provision is effective on the date of enactment.

Senate Amendment

The Senate amendment is the same as the House bill.

Conference Agreement

The conference agreement follows the House bill and the Senate amendment. In clarifying the Tax Court's jurisdiction over interest determinations, the conferees do not intend to limit any other remedies that taxpayers may currently have with respect to such determinations, including in particular refund proceedings relating solely to the amount of interest due.

3. Application of net worth requirement for awards of litigation costs (sec. 1453 of the House bill and sec. 1253 of the Senate amendment)

Present Law

Any person who substantially prevails in any action brought by or against the United States in connection with the determination, collection, or refund of any tax, interest, or penalty may be awarded reasonable administrative costs incurred before the IRS and reasonable litigation costs incurred in connection with any court proceeding. A person who substantially prevails must meet certain net worth requirements to be eligible for an award of administrative or litigation costs. In general, only an individual whose net worth does not exceed $2,000,000 is eligible for an award, and only a corporation or partnership whose net worth does not exceed $7,000,000 is eligible for an award. (The net worth determination with respect to a partnership or S corporation applies to all actions that are in substance partnership actions or S corporation actions, including unified entity-level proceedings under sections 6226 or 6228, that are nominally brought in the name of a partner or a shareholder.)

House Bill

The House bill provides that the net worth limitations currently applicable to individuals also apply to estates and trusts. The House bill also provides that individuals who file a joint tax return shall be treated as one individual for purposes of computing the net worth limitations. Consequently, the net worth of both spouses is aggregated for purposes of this computation. An exception to this rule is provided in the case of a spouse otherwise qualifying for innocent spouse relief.

Effective date.—The provision applies to proceedings commenced after the date of enactment.

Senate Amendment

The Senate amendment is the same as the House bill with respect to estates and trusts. The Senate amendment provides that individuals who file a joint return are treated as separate individuals (resulting in a net worth limitation of $4,000,000 for individuals who file a joint return).

Conference Agreement

The conference agreement follows the House bill and the Senate amendment with respect to estates and trusts. The conference agreement follows the Senate amendment with respect to individuals.

4. Tax Court jurisdiction for determination of employment status (sec. 1454 of the House bill and sec. 1254 of the Senate amendment)

Present Law

The Tax Court is a court of limited jurisdiction, established under Article I of the

Constitution. The Tax Court only has the jurisdiction that is expressly conferred on it by statute (sec. 7442).

House Bill

The House bill provides that, in connection with the audit of any person, if there is an actual controversy involving a determination by the IRS as part of an examination that (1) one or more individuals performing services for that person are employees of that person or (2) that person is not entitled to relief under section 530 of the Revenue Act of 1978, the Tax Court would have jurisdiction to determine whether the IRS is correct. For example, one way the IRS could make the required determination is through a mechanism similar to the employment tax early referral procedures.[21]

The House bill provides for de novo review (rather than review of the administrative record). Assessment and collection of the tax would be suspended while the matter is pending in the Tax Court. Any determination by the Tax Court would have the force and effect of a decision of the Tax Court and would be reviewable as such; accordingly, it would be binding on the parties. Awards of costs and certain fees (pursuant to sec. 7430) would be available to eligible taxpayers with respect to Tax Court determinations pursuant to this proposal. The House bill also provides a number of procedural rules to incorporate this new jurisdiction within the existing procedures applicable in the Tax Court.

Effective date.—The provision is effective on the date of enactment.

Senate Amendment

The Senate amendment is the same as the House bill, with technical modifications.

Conference Agreement

The conference agreement follows the House bill and the Senate amendment, with additional technical modifications.

D. Other Provisions

1. Due date for first quarter estimated tax payments by private foundations (sec. 1461 of the House bill and sec. 1261 of the Senate amendment)

Present Law

Under section 4940, tax-exempt private foundations generally are required to pay an excise tax equal to two percent of their net investment income for the taxable year. Under section 6655(g)(3), private foundations are required to pay estimated tax with respect to their excise tax liability under section 4940 (as well as any unrelated business income tax (UBIT) liability under section 511).[22] Section 6655(c) provides that this estimated tax is payable in quarterly installments and that, for calendar-year foundations, the first quarterly installment is due on April 15th. Under section 6655(I), foundations with taxable years other than the calendar year must make their quarterly estimated tax payments no later than the dates in their fiscal years that correspond to the dates applicable to calendar-year foundations.

House Bill

The House bill amends section 6655(g)(3) to provide that a calendar-year foundation's first-quarter estimated tax payment is due on May 15th (which is the same day that its annual return, Form 990-PF, for the preceding year is due). As a result of the operation of present-law section 6655(I), fiscal-year foundations will be required to make their first-quarter estimated tax payment no later than the 15th day of the fifth month of their taxable year.

Effective date.—The provision applies to taxable years beginning after the date of enactment.

Senate Amendment

The Senate amendment is the same as the House bill.

Conference Agreement

The conference agreement follows the House bill and the Senate amendment.

2. Withholding of Commonwealth income taxes from the wages of Federal employees (sec. 1462 of the House bill and sec. 1262 of the Senate amendment)

Present Law

If State law provides generally for the withholding of State income taxes from the wages of employees in a State, the Secretary of the Treasury shall (upon the request of the State) enter into an agreement with the State providing for the withholding of State income taxes from the wages of Federal employees in the State. For this purpose, a State is a State, territory, or possession of the United States. The Court of Appeals for the Federal Circuit recently held in *Romero* v. *United States* (38 F.3d 1204 (1994)) that Puerto Rico was not encompassed within this definition; consequently, the court invalidated an agreement between the Secretary of the Treasury and Puerto Rico that provided for the withholding of Puerto Rico income taxes from the wages of Federal employees.

House Bill

The House bill makes any Commonwealth eligible to enter into an agreement with the Secretary of the Treasury that would provide for income tax withholding from the wages of Federal employees.

Effective date.—The provision is effective January 1, 1998.

Senate Amendment

The Senate amendment is the same as the House bill.

Conference Agreement

The conference agreement follows the House bill and the Senate amendment.

3. Certain notices disregarded under provision increasing interest rate on large corporate underpayments (sec. 1463 of the House bill and sec. 1263 of the Senate amendment)

Present Law

The interest rate on a large corporate underpayment of tax is the Federal short-term rate plus five percentage points. A large corporate underpayment is any underpayment by a subchapter C corporation of any tax imposed for any taxable period, if the amount of such underpayment for such period exceeds $100,000. The large corporate underpayment rate generally applies to periods beginning 30 days after the earlier of the date on which the first letter of proposed deficiency, a statutory notice of deficiency, or a nondeficiency letter or notice of assessment or proposed assessment is sent. For this purpose, a letter or notice is disregarded if the taxpayer makes a payment equal to the amount shown on the letter or notice within that 30 day period.

House Bill

The House bill provides that, for purposes of determining the period to which the large corporate underpayment rate applies, any letter or notice is disregarded if the amount of the deficiency, proposed deficiency, assessment, or proposed assessment set forth in the letter or notice is not greater than $100,000 (determined by not taking into account any interest, penalties, or additions to tax).

Effective date.—The provision is effective for purposes of determining interest for periods after December 31, 1997.

Senate Amendment

The Senate amendment is the same as the House bill.

Conference Agreement

The conference agreement follows the House bill and the Senate amendment.

XV. PENSION AND EMPLOYEE BENEFIT PROVISIONS

A. Miscellaneous Provisions Relating to Pensions and Other Benefits

1. Cash or deferred arrangements for irrigation and drainage entities (sec. 911 of the House bill)

Present Law

Under present law, taxable and tax-exempt employers may maintain qualified cash or deferred arrangements. State and local government organizations generally are prohibited from establishing qualified cash or deferred arrangements ("section 401(k) plans"). This prohibition does not apply to qualified cash or deferred arrangements adopted by a State or local government before May 6, 1986.

Mutual irrigation or ditch companies are exempt from tax if at least 85 percent of the income of the company consists of amounts collected from members for the sole purpose of meeting losses and expenses.

House Bill

Under the House bill, mutual irrigation or ditch companies and districts organized under the laws of a State as a municipal corporation for the purpose of irrigation, water conservation or drainage (or a national association of such organizations) are permitted to maintain qualified cash or deferred arrangements, even if the company or district is a State or local government organization.

Effective date.—The provision is effective with respect to years beginning after December 31, 1997.

Senate Amendment

No provision.

Conference Agreement

The conference agreement follows the House bill.

2. Permanent moratorium on application of nondiscrimination rules to State and local governmental plans (sec. 912 of the House bill and sec. 1308 of the Senate amendment)

Present Law

Under present law, the rules applicable to governmental plans require that such plans satisfy certain nondiscrimination and minimum participation rules. In general, the rules require that a plan not discriminate in favor of highly compensated employees with regard to the contribution and benefits provided under the plan, participation in the plan, coverage under the plan, and compensation taken into account under the plan. Nondiscrimination rules apply to all governmental plans, qualified retirement plans (including cash or deferred arrangements (sec. 401(k) plans) in effect before May 6, 1986), and annuity plans (sec. 403(b) plans). Elective deferrals under section 401(k) plans are required to satisfy a special nondiscrimination test called the average deferral percentage ("ADP") test. Employer matching and after-tax employee contributions are subject to a similar test called the average contribution percentage ("ACP") test.

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[21] See Announcement 96-13 and Announcement 97-52.

[22] Generally, the amount of the first quarter payment must be at least 25 percent of the lesser of (1) the preceding year's tax liability, as shown on the foundation's Form 990-PF, or (2) 95 percent of the foundation's current-year tax liability.

For purposes of satisfying the nondiscrimination rules, the Internal Revenue Service has issued several Notices which extended the effective date for compliance for governmental plans. Governmental plans will be required to comply with the nondiscrimination rules beginning with plan years beginning on or after the later of January 1, 1999, or 90 days after the opening of the first legislative session beginning on or after January 1, 1999, of the governing body with authority to amend the plan, if that body does not meet continuously. For plan years beginning before the extended effective date, governmental plans are deemed to satisfy the nondiscrimination requirements.

House Bill

The House bill provides that State and local governmental plans are exempt from the nondiscrimination and minimum participation rules.

Effective date.—Taxable years beginning on or after the date of enactment. A governmental plan is treated as satisfying the coverage and nondiscrimination tests for taxable years beginning before the date of enactment.

Senate Amendment

The Senate amendment is the same as the House bill.

Conference Agreement

The conference agreement follows the House bill and the Senate amendment and clarifies that the exemption from the nondiscrimination and participation rules includes exemption from the ACP and ADP tests. The conference agreement provides that a cash or deferred arrangement under a governmental plan is treated as a qualified cash or deferred arrangement even though the ADP test is not in fact satisfied. Thus, for example, elective contributions made by a government employer on behalf of an employee are not treated as distributed or made available to the employee (in accordance with section 402(e)(3) of the Code).

Effective date.—Same as the House bill and Senate amendment.

3. Treatment of certain disability payments to public safety employees (sec. 913 of the House bill and sec. 785 of the Senate amendment)

Present Law

Under present law, amounts received under a workmen's compensation act as compensation for personal injuries or sickness incurred in the course of employment are excluded from gross income. Compensation received under a workmen's compensation act by the survivors of a deceased employee also are excluded from gross income. Nonoccupational death and disability benefits are not excludable from income as workmen's compensation benefits.

House Bill

Under the House bill, certain payments made on behalf of full-time employees of any police or fire department organized and operated by a State (or any political subdivision, agency, or instrumentality thereof) are excludable from income. The House bill applies to payments made on account of heart disease or hypertension of the employee and that were received in 1989, 1990, 1991 pursuant to a State law as amended on May 19, 1992, which irrebuttably presumed that heart disease and hypertension are work-related illnesses, but only for employees separating from service before July 1, 1992. Claims for refund or credit for overpayment of tax resulting from the provision may be filed up to 1 year after the date of enactment, without regard to the otherwise applicable statute of limitations.

Effective date.—The provision is effective on the date of enactment.

Senate Amendment

The Senate amendment is the same as the House bill, except that the provision applies to amounts payable under a State law (as in existence on July 1, 1992) which irrebuttably presumed that heart disease and hypertension are work-related illnesses, but only for employees separating from service before such date.

Effective date.—Same as the House bill.

Conference Agreement

The conference agreement follows the House bill.

4. Portability of permissive service credit under governmental pension plans (sec. 914 of the House bill)

Present Law

Under present law, limits are imposed on the contributions and benefits under qualified pension plans (Code sec. 415). Certain special rules apply in the case of State and local governmental plans.

In the case of a defined contribution plan, the limit on annual additions is the lesser of $30,000 or 25 percent of compensation. Annual additions include employer contributions, as well as after-tax employee contributions. In the case of a defined benefit pension plan, the limit on the annual retirement benefit is the lesser of (1) 100 percent of compensation or (2) $125,000 (indexed for inflation). The 100 percent of compensation limitation does not apply in the case of State and local governmental pension plans.

Amounts contributed by employees to a State or local governmental plan are treated as made by the employer if the employer "picks up" the contribution.

House Bill

Under the House bill, in applying the defined benefit pension plan limit, the annual benefit under a State or local governmental plan includes the accrued benefit derived from contributions to purchase permissive service credit. Such contributions are not taken into account in determining annual additions.

Permissive service credit means credit for a period of service recognized by the governmental plan if the employee contributes to the plan an amount (as determined by the plan) which does not exceed the amount necessary to fund the accrued benefit attributable to such period of service.

The House bill does not affect the treatment of "pick up" contributions.

Effective date.—The provision is effective with respect to years beginning after December 31, 1997.

Senate Amendment

No provision.

Conference Agreement

The conference agreement follows the House bill, with modifications. Under the conference agreement, contributions by a participant in a State or local governmental plan to purchase permissive service credits are subject to one of two limits. Either (1) the accrued benefit derived from all contributions to purchase permissive service credit must be taken into account in determining whether the defined benefit pension plan limit is satisfied, or (2) all such contributions must be taken into account in determining whether the $30,000 limit on annual additions is met for the year (taking into account any other annual additions of the participant). Under the first alternative, a plan will not fail to satisfy the reduced defined benefit pension plan limit that applies in the case of early retirement due to the accrued benefit derived from the purchase of permissive service credits. These limits may be applied on a participant-by-participant basis. That is, contributions to purchase permissive service credits by all participants in the same plan do not have to satisfy the same limit.

Under the conference agreement, permissive service credit is defined as under the House bill. Thus, it is credit for a period of service that is recognized by the governmental plan only if the employee voluntarily contributes to the plan an amount (as determined by the plan) which does not exceed the amount necessary to fund the benefit attributable to the period of service and which is in addition to the regular employee contributions, if any, under the plan. Section 415 is violated if more than 5 years of permissive service credit is purchased for "nonqualified service". In addition, section 415 is violated if nonqualified service is taken into account for an employee who has less than 5 years of participation under the plan. Nonqualified service is service other than service (1) as a Federal, State, or local government employee, (2) as an employee of an association representing Federal, State or local government employees, (3) as an employee of an educational institution which provides elementary or secondary education, or (4) for military service. Service under (1), (2) or (3) is not qualified if it enables a participant to receive a retirement benefit for the same service under more than one plan.

The conference agreement provides that in the case of any repayment of contributions and earnings to a governmental plan with respect to an amount previously refunded upon a forfeiture of service credit under the plan (or another plan maintained by a State or local government employer within the same State) any such repayment shall not be taken into account for purposes of section 415 and service credit obtained as a result of the repayment shall not be considered permissive service credit.

The provision is not intended to affect the application of "pick up" contributions to purchase permissive service credit or the treatment of pick up contributions under section 415. The provision does not apply to purchases of service credit for qualified military service under the rules relating to veterans" reemployment rights (sec. 414(u)).

Effective date.—In general, the conference agreement is effective with respect to contributions to purchase permissive service credits made in years beginning after December 31, 1997.

The conference agreement provides a transition rule for plans that provided for the purchase of permissive service credit prior to enactment of this Act. Under this rule, the defined contribution limits will not reduce the amount of permissive service credit of an eligible participant allowed under the terms of the plan as in effect on the date of enactment. For this purpose an eligible participant is an individual who first became a participant in the plan before the first plan year beginning after the last day of the calendar year in which the next regular session (following the date of the enactment of this Act) of the governing body with authority to amend the plan ends.

5. Gratuitous transfers for the benefit of employees (sec. 915 of the House bill)

Present Law

An employee stock ownership plan ("ESOP") is a qualified stock bonus plan or a combination stock bonus and money purchase pension plan under which employer securities are held for the benefit of employees.

A deduction is allowed for Federal estate tax purposes for transfers by a decedent to charitable, religious, scientific, etc. organizations. In the case of a transfer of a remainder interest to a charity, the remainder interest must be in a charitable remainder trust. A charitable remainder trust generally is a trust that is required to pay, no less often than annually, a fixed dollar amount (charitable remainder annuity trust) or a fixed percentage of the fair market value of the trust's assets determined at least annually (charitable remainder unitrust) to noncharitable beneficiaries, and the remainder of the trust (i.e., after termination of the annuity or unitrust amounts) to a charitable, religious, scientific, etc. organization.

House Bill

The House bill permits certain limited transfers of qualified employer securities by charitable remainder trusts to ESOPs without adversely affecting the status of the charitable remainder trusts. As a result, the bill provides that a qualified gratuitous transfer of employer securities to an ESOP is deductible from the gross estate of a decedent under Code section 2055 to the extent of the present value of the remainder interest. In addition, an ESOP will not fail to be a qualified plan because it complies with the requirements with respect to a qualified gratuitous transfer.

In order for a transfer of securities to be a qualified gratuitous transfer, a number of requirements must be satisfied, including the following: (1) the securities transferred to the ESOP must previously have passed from the decedent to a charitable remainder trust; (2) at the time of the transfer to the ESOP, family members of the decedent own (directly or indirectly) no more than 10 percent of the value of the outstanding stock of the company; (3) immediately after the transfer to the ESOP, the ESOP owns at least 60 percent of the value of outstanding stock of the company; and (4) the plan meets certain requirements. The provision applies in cases in which the ESOPs was in existence on August 1, 1996 and the decedent dies on or before December 31, 1998.

Effective date.—The provision is effective with respect to transfers to an ESOP after the date of enactment.

Senate Amendment

No provision.

Conference Agreement

The conference agreement follows the House bill.

6. Treatment of certain transportation on noncommercially operated aircraft as a fringe benefit (sec. 916 of the House bill)

Present Law

Under present law, the value of an employer-provided flight taken for personal purposes is generally includible in income. However, under a special rule in regulations, the value of a personal flight is deemed to be zero (and, therefore, there is no income inclusion) if at least 50 percent of the regular passenger seating capacity of the aircraft is occupied by individuals whose flights are primarily for the employer's business (and therefore, excludable from income).

House Bill

Under the House bill, the value of air transportation for personal purposes is excludable from income if the flight is made in the ordinary course of the trade or business of an employer and the flight would have been made whether or not the employee was transported on the flight, and the employer incurs no substantial additional cost (including foregone revenue) in providing the flight to the employee.

Effective date.—The provision is effective for transportation services provided after December 31, 1997.

Senate Amendment

No provision.

Conference Agreement

The conference agreement does not include the House bill provision.

7. Clarification of certain rules relating to ESOPs of S corporations (sec. 918 of the House bill and sec. 1309 of the Senate amendment)

Present Law

Under present law, an S corporation can have no more than 75 shareholders. For taxable years beginning after December 31, 1997, certain tax-exempt organizations, including employee stock ownership plans ("ESOPs") can be a shareholder of an S corporation.

ESOPs are generally required to make distributions in the form of employer securities. If the employer securities are not readily tradable, the employee has a right to require the employer to buy the securities. In the case of an employer whose bylaws or charter restricts ownership of substantially all employer securities to employees or a pension plan, the plan may provide that benefits are distributed in the form of cash. Such a plan may distribute employer securities, if the employee has a right to require the employer to purchase the securities.

ESOPs are subject to certain prohibited transaction rules under the Internal Revenue Code and title I of the Employee Retirement Income Security Act ("ERISA") which are designed to prohibit certain transactions between the plan and certain persons close to the plan. A number of statutory exceptions are provided to the prohibited transaction rules. These statutory exceptions do not apply to any transaction in which a plan (directly or indirectly) (1) lends any part of the assets of the plan to, (2) pays any compensation for personal services rendered to the plan to, or (3) acquires for the plan any property from or sells any property to a shareholder employee of an S corporation, a member of the family of such a shareholder employee, or a corporation controlled by the shareholder employee. An administrative exception from the prohibited transactions rules may be obtained from the Secretary of Labor, even if a statutory exception does not apply.

House Bill

The House bill provides that ESOPs of S corporations may distribute cash to plan participants as long as the employee has a right to require the employer to purchase employer securities (as under the present-law rules). In addition, the House bill extends the Code's statutory exceptions to certain prohibited transactions rules to shareholder employees of S corporations.

Effective date.—The provision is effective for taxable years beginning after December 31, 1997.

Senate Amendment

The Senate amendment is the same as the House bill with respect to the provision that permits ESOPs of S corporations to distribute stock in certain cases.

The Senate amendment provides that the sale of stock by a shareholder employee of an S corporation is not a prohibited transaction under the Code or ERISA.

Effective date.—Same as the House bill.

Conference Agreement

The conference agreement follows the House bill and the Senate amendment with respect to the provision permitting ESOPs maintained by S corporations to distribute employer securities in certain circumstances.

The conference agreement follows the Senate amendment with respect to the provision relating to prohibited transaction rules, as modified. Under the conference agreement, the statutory exceptions do not fail to apply merely because a transaction involves the sale of employer securities to an ESOP maintained by an S corporation by a shareholder employee, a family member of the shareholder employee, or a corporation controlled by the shareholder employee. Thus, the statutory exemptions for such a transaction (including the exemption for a loan to the ESOP to acquire employer securities in connection with such a sale or a guarantee of such a loan) apply.

Effective date.—Same as the House bill and the Senate amendment.

8. Repeal application of UBIT to ESOPs of S corporations (sec. 716 of the Senate amendment)

Present Law

Under present law, for taxable years beginning after December 31, 1997, certain tax-exempt organizations, including employee stock ownership plans ("ESOPs") can be a shareholder of an S corporation. Items of income or loss of the S corporation will flow through to qualified tax-exempt shareholders as unrelated business taxable income ("UBTI"), regardless of the source of the income.

House Bill

No provision.

Senate Amendment

The Senate amendment repeals the provision treating items of income or loss of an S corporation as unrelated business taxable income in the case of an employee stock ownership plan that is an S corporation shareholder.

Effective date.—Taxable years beginning after December 31, 1997.

Conference Agreement

The conference agreement follows the Senate amendment, and clarifies that the repeal of the provision treating items of income or loss of an S corporation as unrelated business taxable income applies only with respect to employer securities held by an employee stock ownership plan (as defined in section 4975(e)(7) of the Code) maintained by an S corporation.

9. Treatment of multiemployer plans under section 415 (sec. 711 of the Senate amendment)

Present Law

Present law imposes limits on contributions and benefits under qualified plans based on the type of plan. In the case of defined benefit pension plans, the limit on the annual retirement benefit is the lesser of (1) 100 percent of compensation or (2) $125,000 (indexed for inflation).

House Bill

No provision.

Senate Amendment

The Senate amendment eliminates the application of the 100 percent of compensation limitation for multiemployer defined benefit pension plans. Such plans would only be subject to the dollar limitation.

Effective date.—The provision is effective for years beginning after December 31, 1997.

Conference Agreement

The conference agreement does not include the Senate amendment.

10. Modification of partial termination rules (sec. 712 of the Senate amendment)

Present Law

Under the Internal Revenue Code, pension plan benefits are required to become fully vested upon termination or partial termination of the plan. The plan document is required to contain a provision reflecting this rule. Under section 552 of the Deficit Reduction Act of 1984 ("DEFRA"), for purposes of this rule, a partial termination is treated as not occurring if (1) the partial termination is a result of a decline in plan participation which occurs by reason of the completion of the Trans-Alaska Oil Pipeline construction project and occurred after December 31, 1975, and before January 1, 1980, with respect to participants employed in Alaska; (2) no discrimination occurred with respect to the partial termination; and (3) it is established to the satisfaction of the Secretary of the Treasury that the benefits of the provision will not accrue to the employers under the plan.

House Bill

No provision.

Senate Amendment

The Senate amendment clarifies that section 552 of DEFRA applies for the Code, any other provision of law, and any plan or trust provision.

Effective date.—The provision is effective as if included in section 552 of DEFRA.

Conference Agreement

The conference agreement does not include the Senate amendment.

11. Increase in full funding limit (sec. 713 of the Senate amendment)

Present Law

Under present law, defined benefit pension plans are subject to minimum funding requirements. In addition, there is a maximum limit on contributions that can be made to a plan, called the full funding limit. The full funding limit is the lesser of a plan's accrued liability and 150 percent of current liability. In general, current liability is all liabilities to plan participants and beneficiaries. Current liability represents benefits accrued to date, whereas the accrued liability full funding limit is based on projected benefits. Under IRS rules, amounts that cannot be contributed because of the current liability full funding limit are amortized over 10 years.

House Bill

No provision.

Senate Amendment

The Senate amendment increases the 150-percent of full funding limit as follows: 155 percent for plan years beginning in 1999 or 2000, 160 percent for plan years beginning in 2001 or 2002, 165 percent for plan years beginning in 2003 and 2004, and 170 percent for plan years beginning in 2005 and thereafter.

In addition, under the provision, amounts that cannot be contributed due to the current liability full funding limit are amortized over 20 years. Amounts that could not be contributed because of such full funding limit and that have not been amortized as of the last day of the plan year beginning in 1998 are amortized over this 20-year period.

Effective date.—Plan years beginning after December 31, 1998.

Conference Agreement

The conference agreement follows the Senate amendment, with the modification that, with respect to amortization bases remaining at the end of the 1998 plan year, the 20-year amortization period is reduced by the number of years since the amortization base had been established. The conference agreement also clarifies that no amortization is required with respect to funding methods that do not provide for amortization bases.

12. Spousal consent required for distributions from section 401(k) plans (sec. 714 of the Senate amendment)

Present Law

Under present law, pension plans that provide automatic survivor benefits (i.e., joint and survivor annuities and preretirement survivor annuities) require spousal consent to the payment of a participant's benefit in a form other than a survivor annuity. A qualified cash or deferred arrangement (a "section 401(k) plan") is not subject to the automatic survivor benefit rules if the plan provides that the spouse of a participant is the beneficiary of the participant's entire account under the plan, the participant's benefit is not paid in the form of an annuity, and the participant's account does not include amounts transferred from another plan that was subject to the automatic survivor benefit rules. In general, spousal consent is not required for an involuntary cash-out of a participant's benefit or distributions made to satisfy the minimum distribution rules.

House Bill

No provision.

Senate Amendment

The Senate amendment provides that written spousal consent is required for all distributions, including plan loans, from plans containing a qualified cash or deferred arrangement. As under present law, spousal consent is not required for an involuntary cash-out or a participant's benefit or for the payment of distributions required under the minimum distribution rules. If spousal consent is not obtained, the benefit must be distributed in equal periodic payments over the life (or life expectancy) of the participant, the lives (or life expectancies) of the participant and beneficiary, or over a period of 10 years or more. A plan which complies with the spousal consent requirement will not be treated as failing to satisfy the anti-cutback rules related to optional forms of benefit.

Effective date.—The provision is effective for plan years beginning after December 31, 1998.

Conference Agreement

The conference agreement does not include the Senate amendment.

13. Contributions on behalf of a minister to a church plan (sec. 715 of the Senate amendment)

Present Law

Under present law, contributions made to retirement plans by ministers who are self-employed are deductible to the extent such contributions do no exceed certain limitations applicable to retirement plans. These limitations include the limit on elective deferrals, the exclusion allowance, and the limit on annual additions to a retirement plan.

House Bill

No provision.

Senate Amendment

The Senate amendment provides that in the case of a contribution made on behalf of a minister who is self-employed to a church plan, the contribution is excludable from the income of the minister to the extent that the contribution would be excludable if the minister were an employee of a church and the contribution were made to the plan.

Effective date.—The provision is effective for years beginning after December 31, 1997.

Conference Agreement

The conference agreement follows the Senate amendment. The provision does not alter present law under which amounts contributed for a minister in connection with section 403(b), either by the minister's actual employer or by any church or convention or association of churches that is treated as the minister's employer under section 414(e), are excluded from the minister's income, and amounts contributed in accordance with section 403(b) by the minister (whether the minister is an employee or is self employed) are deductible by the minister as provided in section 404 taking into account the other special rules of section 414(e).

14. Exclusion of ministers from discrimination testing of certain non-church retirement plans (sec. 715 of the Senate amendment)

Present Law

Under present law, ministers who are employed by an organization other than a church are treated as if employed by the church and may participate in the retirement plan sponsored by the church. If the organization also sponsors a retirement plan, such plan does not have to include the ministers as employees for purposes of satisfying the nondiscrimination rules applicable to qualified plans provided the organization is not eligible to participate in the church plan.

House Bill

No provision.

Senate Amendment

The Senate amendment provides that if a minister is employed by an organization other than a church and the organization is not otherwise participating in the church plan, then the minister does not have to be included as an employee under the retirement plan of the organization for purposes of the nondiscrimination rules.

Effective date.—The provision is effective for years beginning after December 31, 1997.

Conference Agreement

The conference agreement follows the Senate amendment.

15. Diversification in section 401(k) plan investments (sec. 717 of the Senate amendment)

Present Law

The Employee Retirement Income Security Act of 1974, as amended ("ERISA") prohibits certain employee benefit plans from investing more than 10 percent of the plan's assets in the securities and real property of the employer who sponsors the plan. The 10 percent limitation does not apply to "eligible individual account plans" that specifically authorize such investments. Generally, eligible individual account plans are defined contribution plans, including plans containing a cash or deferred arrangement ("401(k) plans"). The assets of such plans may be invested in employer securities and real property without regard to the 10-percent limitation.

House Bill

No provision.

Senate Amendment

The Senate amendment provides that the term "eligible individual account plan" does not include the portion of a plan that consists of elective deferrals (and earnings on the elective deferrals) made under section 401(k) if elective deferrals equal to more than 1 percent of a participant's compensation are required to be invested in employer securities at the direction of a person other than the participant. Such portion of the plan is treated as a separate plan subject to the 10-percent limitation on investment in employer securities and real property.

The Senate amendment does not apply to an individual account plan if the value of the assets of all individual account plans maintained by the employer does not exceed 10 percent of the value of the assets of all pension plans maintained by the employer. The Senate amendment does not apply to an employee stock ownership plan as defined in sections 409(a) and 4975(e)(7) of the Internal Revenue Code.

Effective date.—The provision is effective with respect to employer securities and employer real property acquired after the beginning of the first plan year beginning after the 90th day after the date of enactment. The provision does not apply to employer securities and real property acquired pursuant to a binding written contract to acquire such securities or real property in effect on the date of enactment and at all times thereafter.

Conference Agreement

The conference agreement follows the Senate amendment, with modifications. The conference agreement clarifies that the provision applies if elective deferrals equal to more than 1 percent of an employee's eligible compensation are required to be invested in employer securities and employer real property. Eligible compensation is compensation that is eligible to be deferred. As under the Senate amendment, if the 1 percent threshold is exceeded, then the portion of the plan that consists of elective deferrals (and earnings thereon) is still treated as an individual account plan as long as elective deferrals (and earnings thereon) are not required to be invested in employer securities and employer real property.

The conference agreement provides that multiemployer plans are not taken into account in determining whether the value of the assets of all individual account plans maintained by the employer does not exceed 10 percent of the value of the assets of all pension plans maintained by the employer. The conference agreement provides that the provision does not apply to an employee stock ownership plan as defined in section 4975(e)(7) of the Internal Revenue Code.

Effective date.—Under the conference agreement, the provision is effective with respect to elective deferrals in plan years beginning after December 31, 1998 (and earnings thereon). The provision does not apply with respect to earnings on elective deferrals for years beginning before January 1, 1999.

16. Removal of dollar limitation on benefit payments from a defined benefit plan for police and fire employees (sec. 786 of the Senate amendment)

Present Law

Under present law, limits are imposed on the contributions and benefits under qualified pension plans. Certain special rules apply in the case of State and local governmental plans.

In the case of a defined benefit pension plan, the limit on the annual retirement benefit is the lesser of (1) 100 percent of compensation or (2) $125,000 (for 1997, indexed for inflation). The 100 percent of compensation limitation does not apply in the case of State and local governmental pension plans. In general, the dollar limit is reduced if benefits begin before social security retirement age and increased if benefits begin after social security retirement age. In the case of State and local government plans, the dollar limit is not reduced unless benefits begin before age 62 and in any case is not less than $75,000, and the dollar limit is increased if benefits begin after age 65. In the case of certain police and fire department employees, the dollar limit cannot be reduced below $50,000 (indexed), regardless of the age at which benefits commence.[1]

House Bill

No provision.

Senate Amendment

The dollar limit on defined benefit plans does not apply to individuals who receive the special rule for certain police and fire department employees under present law.

Effective date.—Years beginning after December 31, 1996.

Conference Agreement

The conference agreement follows the Senate amendment, with the clarification that the exception from the dollar limit for police and fire department employees only applies to the reduction for early retirement benefits. Thus, the defined benefit plan dollar limit continues to apply, but is not reduced in the case of early retirement. As under present law, the dollar limit is increased for such employees if benefits begin after age 65.

Effective date.—Same as the Senate amendment.

17. Church plan exception to prohibition on discrimination against individuals based on health status

Present Law

Under the Health Insurance Portability and Accountability Act ("HIPAA"), group health plans generally may not establish rules for eligibility based on any of the following factors relating to an individual or a dependent of the individual: (1) health status, (2) medical condition, (3) claims experience, (4) receipt of health care, (5) medical history, (6) genetic information, (7) evidence of insurability, or (8) disability. In addition, a group health plan may not charge an individual a greater premium based on any of such factors.

A excise tax is imposed on the failure of a group plan to satisfy the nondiscrimination rule. In general, the excise tax is imposed on the employer sponsoring the plan and is equal to $100 per day per individual as long as the plan is not in compliance.

House Bill

No provision.

Senate Amendment

No provision.

Conference Agreement

The conference agreement provides that certain church plans are not treated as violating the nondiscrimination requirement merely because the plan requires evidence of good health in order for an individual to enroll in the plan for (1) individuals who are employees of employers with 10 or fewer and for self-employed individuals or (2) any individual who enrolls after the first 90 days of eligibility under the plan. The provision applies to a church plan for a year if the plan included such provisions requiring evidence of good health on July 15, 1997, and at all times thereafter before the beginning of the year.

Effective date.—The provision is effective as if included in HIPAA.

18. Newborns' and mothers' health protection; mental health parity

Present Law

The Newborns' and Mothers' Health Protection Act of 1996 amended the Employee Retirement Income Security Act ("ERISA") and the Public Health Service Act to impose certain requirements on group health plans with respect to coverage of newborns and mothers, including a requirement that a group health plan cannot restrict benefits for a hospital stay in connection with childbirth for the mother or newborn to less than 48 hours following a normal vaginal delivery or less than 96 hours following a cesarean section. These provisions are effective with respect to plan years beginning on or after January 1, 1998.

The Mental Health Parity Act of 1996 amended ERISA and the Public Health Service Act to provide that group health plans that provide both medical and surgical benefits and mental health benefits cannot impose limits on mental health benefits that are not imposed on substantially all medical and surgical benefits. The provisions of the Mental Health Parity Act are effective with respect to plan years beginning on or after January 1, 1998, but do not apply to benefits for services furnished on or after September 30, 2001.

The Internal Revenue Code requires that group health plans meet certain requirements with respect to limitations on exclusions of preexisting conditions and that group health plans not discriminate against individuals based on health status. An excise tax of $100 per day during the period of noncompliance is imposed on the employer sponsoring the plan if the plan fails to meet these requirements. The maximum tax that can be imposed during a taxable year cannot exceed the lesser of 10 percent of the employer's group health plan expenses for the prior year or $500,000. No tax is imposed if the Secretary determines that the employer did not know, and exercising reasonable diligence would not have known, that the failure existed.

House Bill

No provision.

Senate Amendment

No provision.

Conference Agreement

The conference agreement incorporates into the Internal Revenue Code the provisions of the Newborns' and Mothers' Health Protection Act of 1996 and the Mental Health Parity Act of 1996 relating to group health plans. Failures to comply with such provisions are subject to the present-law excise tax applicable to failures to comply with present-law group health plan requirements.

Effective date.—The provisions are effective with respect to plan years beginning on or after January 1, 1998.

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[1] This special rule applies to participants (1) in a defined benefit plan of a State or local government plan, and (2) with respect to whom the period of service taken into account in determining the amount of the benefit under such plan includes at least 15 years of service of the participant as (a) a full-time employee of a police or fire department organized by a State or political subdivision to provide police protection, firefighting services, or emergency medical services or (b) as a member of the Armed Services of the United States.

B. Pension Simplification Provisions

1. Matching contributions of self-employed individuals not treated as elective deferrals (sec. 1301 of the Senate amendment)

Present Law

A qualified cash or deferred arrangement (a "section 401(k) plan") is a type of tax-qualified pension plan under which employees can elect to make pre-tax contributions. An employee's annual elective contributions are subject to a dollar limit ($9,500 for 1997). Employers may make matching contributions based on employees' elective contributions. In the case of employees, such matching contributions are not subject to the $9,500 limit on elective contributions. Elective contributions are subject to a special nondiscrimination test called the average deferral percentage ("ADP") test. Matching contributions are subject to a similar nondiscrimination test called the average contributions percentage ("ACP") test. The employer may elect to treat certain matching contributions as elective contributions for purposes of the ACP test.

Under present law, matching contributions made for a self-employed individual are generally treated as additional elective contributions by the self-employed individual who receives the matching contribution. Accordingly, matching contributions for a self-employed individual are subject to the dollar limit on elective contributions (along with the individual's other elective deferrals) and are subject to the ACP test.

House Bill

No provision.

Senate Amendment

The Senate amendment provides that matching contributions for self-employed individuals are treated the same as matching contributions for employees, i.e., they are not treated as elective contributions and are not subject to the elective contribution limits.

Effective date.—The provision is effective for years beginning after December 31, 1997.

Conference Agreement

The conference agreement follows the Senate amendment, and clarifies that the provision does not apply to qualified matching contributions that are treated as elective contributions for purposes of satisfying the ADP test.

Effective date.—Same as the Senate amendment, except that the conference agreement provides that the provision is effective for years beginning after December 31, 1996, in the case of SIMPLE retirement plans.

2. Contributions to IRAs through payroll deductions (sec. 1302 of the Senate amendment)

Present Law

Under present law, employer involvement in the establishment or maintenance of individual retirement arrangements ("IRAs") of its employees can result in the employer being considered to maintain a retirement plan for purposes of title I of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), thus subjecting the employer to ERISA's fiduciary rules.

House Bill

No provision.

Senate Amendment

The Senate amendment provides that an employer that facilitates IRA contributions by its employees by establishing a system under which employees, through employer payroll deductions, may make contributions to IRAs will not be considered to sponsor a retirement plan subject to ERISA. Under the system, employees would be required to provide their employer with a contribution certificate which establishes the IRA and specifies the contribution amount to be deducted from the employee's wages and remitted to the employee's IRA. As under present law, the amount contributed through payroll deduction would be includible in the employee's gross income and wages for employment tax purposes, and deductible by the employee in accordance with the rules relating to IRAs.

The provision does not apply to an employee employed by an employer who maintains a tax-qualified retirement plan.

Effective date.—The Senate amendment is effective for taxable years beginning after December 31, 1997.

Conference Agreement

The conference agreement does not include the Senate amendment. The conference agreement provides that employers that choose not to sponsor a retirement plan should be encouraged to set up a payroll deduction system to help employees save for retirement by making payroll deduction contributions to their IRAs. The Secretary of Treasury is encouraged to continue his efforts to publicize the availability of these payroll deduction IRAs.

3. Plans not disqualified merely by accepting rollover contributions (sec. 1303 of the Senate amendment)

Present Law

Under present law, a qualified retirement plan that accepts rollover contributions from other plans will not be disqualified because the plan making the distribution is, in fact, not qualified at the time of the distribution, if, prior to accepting the rollover, the receiving plan reasonably concluded that the distributing plan was qualified. The receiving plan can reasonably conclude that the distributing plan was qualified if, for example, prior to accepting the rollover, the distributing plan provided a statement that the distributing plan had a favorable determination letter issued by the Internal Revenue Service ("IRS"). The receiving plan is not required to verify this information.

House Bill

No provision.

Senate Amendment

The Senate amendment clarifies the circumstances under which a qualified plan could accept rollover contributions without jeopardizing its qualified status. Under the provision, if the trustee of the plan making the distribution verifies that the distributing plan is intended to be a qualified plan, the plan receiving the rollover will not be disqualified if the distributing plan was not in fact a qualified plan.

Effective date.—The Senate amendment is effective for rollover contributions made after December 31, 1997.

Conference Agreement

The conference agreement follows the Senate amendment, as modified. Under the conference agreement, the Secretary of the Treasury is directed to clarify that, under its regulations protecting plans from disqualification because they receive invalid rollover contributions, it is not necessary for a distributing plan to have a determination letter in order for the administrator of the receiving plan to reasonably conclude that a contribution is a valid rollover.

4. Modification of prohibition on assignment or alienation (sec. 1304 of the Senate amendment)

Present Law

Under present law, amounts held in a qualified retirement plan for the benefit of a participant are not, except in very limited circumstances, assignable or available to personal creditors of the participant. A plan may permit a participant, at such time as benefits under the plan are in pay status, to make a voluntary revocable assignment of an amount not in excess of 10-percent of any benefit payment, provided the purpose is not to defray plan administration costs. In addition, a plan may comply with a qualified domestic relations order issued by a state court requiring benefit payments to former spouses or other "alternate payees" even if the participant is not in pay status.

There is no specific exception from the Employee Retirement Income Security Act of 1974, as amended ("ERISA") or the Internal Revenue Code which would permit the offset of a participant's benefit against the amount owed to a plan by the participant as a result of a breach of fiduciary duty to the plan or criminality involving the plan. Courts have been divided in their interpretation of the prohibition on assignment or alienation in these cases. Some courts have ruled that there is no exception in ERISA for the offset of a participant's benefit to make a plan whole in the case of a fiduciary breach. Other courts have reached a different result and permitted an offset of a participant's benefit for breach of fiduciary duties.

House Bill

No provision.

Senate Amendment

The Senate amendment permits a participant's benefit in a qualified plan to be reduced to satisfy liabilities of the participant to the plan due to (1) the participant is being convicted of committing a crime involving the plan, (2) a civil judgment (or consent order or decree) entered by a court in an action brought in connection with a violation of the fiduciary provisions of title I of ERISA, or (3) a settlement agreement between the Secretary of Labor or the Pension Benefit Guaranty Corporation and the participant in connection with a violation of the fiduciary provisions of ERISA. The court order establishing such liability must require that the participant's benefit in the plan be applied to satisfy the liability. If the participant is married at the time his or her benefit under the plan is offset to satisfy the liability, spousal consent to such offset would be required unless the spouse is also required to pay an amount to the plan in the judgment, order, decree or settlement or the judgment, order, decree or settlement provides a 50-percent survivor annuity for the spouse.

Effective date.—The Senate amendment is effective for judgments, orders, and decrees issued, and settlement agreements entered into, on or after the date of enactment.

Conference Agreement

The conference agreement follows the Senate amendment. The conference agreement clarifies that an offset is includible in income on the date of the offset.

5. Elimination of paperwork burdens on plans (sec. 1305 of the Senate amendment)

Present Law

Under present law, employers are required to prepare summary plan descriptions of employee benefit plans ("SPDs"), and summaries of material modifications to such plans ("SMMs"). The SPDs and SMMs generally provide information concerning the benefits provided by the plan and the participants' rights and obligations under the plan. The SPDs and SMMs must be furnished to plan participants and beneficiaries and filed with the Secretary of Labor.

House Bill

No provision.

Senate Amendment

The Senate amendment eliminates the requirement that SPDs and SMMs be filed with the Secretary of Labor. Employers would be required to furnish these documents to the Secretary of Labor upon request. A civil penalty could be imposed by the Secretary of Labor on the plan administrator for failure to comply with such requests. The penalty would be up to $100 per day of failure, up to a maximum of $1,000 per request. No penalty would be imposed if the failure was due to matters reasonably outside the control of the plan administrator.

Effective date.—The provision is effective on the date of enactment.

Conference Agreement

The conference agreement follows the Senate amendment.

6. Modification of section 403(b) exclusion allowance to conform to section 415 modifications (sec. 1306 of the Senate amendment)

Present Law

Under present law, annual contributions to a section 403(b) annuity cannot exceed the exclusion allowance. In general, the exclusion allowance for a taxable year is the excess, if any, of (1) 20 percent of the employee's includible compensation multiplied by his or her years of service, over (2) the aggregate employer contributions for an annuity excludable for any prior taxable years.

Alternatively, an employee may elect to have the exclusion allowance determined under the rules relating to tax-qualified defined contribution plans (sec. 415). Tax-qualified defined contributions plans are subject to limitations on annual additions. In addition, for years beginning before January 1, 2000, an overall limit applies if an employee is a participant in both a defined contribution plan and defined benefit plan of the same employer (sec. 415(e)).

House Bill

No provision.

Senate Amendment

The provision conforms the section 403(b) exclusion allowance to the section 415 limits by providing that includible compensation includes elective deferrals (and similar pretax contributions) of the employee.

The Secretary of the Treasury is directed to revise the regulations regarding the exclusion allowance to reflect the fact that the overall limit on benefits and contributions is repealed (sec. 415(e)). The revised regulations are to be effective for limitation years beginning after December 31, 1999.

Effective date.—The modification to the definition of includible compensation is effective for years beginning after December 31, 1997. The direction to the Secretary is effective on the date of enactment.

Conference Agreement

The conference agreement follows the Senate amendment, with the clarification that the revised Treasury regulations are to be effective for years (rather than limitation years) beginning after December 31, 1999. In addition, the conference agreement clarifies that the revised regulations are to relate to the election to have the exclusion allowance determined under section 415.

7. New technologies in retirement plans (sec. 1307 of the Senate amendment)

Present Law

Under present law, it is not clear if sponsors of employee benefit plans may use new technologies (telephonic response systems, computers, E-mail) to satisfy the various ERISA requirements for notice, election, consent, recordkeeping, and participant disclosure.

House Bill

No provision.

Senate Amendment

The Senate amendment directs the Secretaries of the Treasury and Labor to issue guidance facilitating the use of new technology for plan purposes. The guidance is to be designed to (1) interpret the notice, election, consent, disclosure, and time requirements (and related recordkeeping requirements) under the Internal Revenue Code of 1986 ("IRC") and the Employee Retirement Income Security Act of 1974, as amended ("ERISA") relating to retirement plans as applied to the use of new technologies by plan sponsors and administrators while maintaining the protection of the rights of participants and beneficiaries, and (2) clarify the extent to which writing requirements under the IRC shall be interpreted to permit paperless transactions.

Effective date.—The provision is effective on the date of enactment and requires that the guidance be issued not later than December 31, 1998.

Conference Agreement

The conference agreement follows the Senate amendment.

8. Modification of 10-percent tax on nondeductible contributions (sec. 1310 of the Senate amendment)

Present Law

Under present law, if an employer sponsors both a defined benefit plan and a defined contribution plan that covers some of the same employees, the total deduction for all plans for a plan year is generally limited to the greater of (1) 25 percent of compensation or (2) the contribution necessary to meet the minimum funding requirements of the defined benefit plan for the year.

A 10-percent nondeductible excise tax is imposed on contributions that are not deductible. This excise tax does not apply to contributions to one or more defined contribution plans that are nondeductible because they exceed the combined plan deduction limit to the extent such contributions do not exceed 6 percent of compensation in the year for which the contribution is made.

House Bill

No provision.

Senate Amendment

The Senate amendment adds an additional exception to the 10-percent excise tax on nondeductible contributions. Under the provision, the excise tax does not apply to contributions to one or more defined contribution plans that are not deductible because they exceed the combined plan deduction limit to the extent such contributions do not exceed the amount of the employer's matching contributions plus the elective deferral contributions to a section 401(k) plan.

Effective date.—The provision is effective with respect to taxable years beginning after December 31, 1997.

Conference Agreement

The conference agreement follows the Senate amendment.

9. Modify funding requirements for certain plans (sec. 1311 of the Senate amendment)

Present Law

Under present law, defined benefit pension plans are required to meet certain minimum funding rules. Underfunded plans are required to satisfy certain faster funding requirements. In general, these additional requirements do not apply in the case of plans with a funded current liability percentage of at least 90 percent.

The Pension Benefit Guaranty Corporation ("PBGC") insures benefits under most defined benefit pension plans in the event the plan is terminated with insufficient assets to pay for plan benefits. The PBGC is funded in part by a flat-rate premium per plan participant, and a variable rate premium based on plan underfunding.

House Bill

No provision.

Senate Amendment

The Senate amendment modifies the minimum funding requirements in the case of certain plans. The provision applies in the case of plans that (1) were not required to pay a variable rate PBGC premium for the plan year beginning in 1996, (2) do not, in plan years beginning after 1995 and before 2009, merge with another plan (other than a plan sponsored by an employer that was a member of the controlled group of the employer in 1996), and (3) are sponsored by a company that is engaged primarily in the interurban or interstate passenger bus service.

The provision treats a plan to which it applies as having a funded current liability percentage of at least 90 percent for plan years beginning after 1996 and before 2005. For plan years beginning after 2004, the funded current liability percentage will be deemed to be at least 90 percent if the actual funded current liability percentage is at least at certain specified levels.

The relief from the minimum funding requirements applies for the plan year beginning in 2005, 2006, 2007, and 2008 only if contributions to the plan equal at least the expected increase in current liability due to benefits accruing during the plan year.

Effective date.—The provision is effective with respect to contributions due after December 31, 1997.

Conference Agreement

The conference agreement follows the Senate amendment.

Effective date.—The provision is effective with respect to plan years beginning after December 31, 1996.

10. Date for adoption of plan amendments

Present Law

Plan amendments to reflect amendments to the law generally must be made by the time prescribed by law for filing the income tax return of the employer for the employer's taxable year in which the change in law occurs.

House Bill

No provision.

Senate Amendment

No provision.

Conference Agreement

The conference agreement provides that any amendments to a plan or annuity contract required to be made by the Act are not required to be made before the first day of the first plan year beginning on or after January 1, 1999. In the case of a governmental plan, the date for amendments is extended to the first plan year beginning on or after January 1, 2001. The conference agreement also provides that if an amendment is made pursuant to the Act (whether or not the amendment is required) before the date for required plan amendments, the plan or contract is operated in a manner consistent with the amendment during a period and the amendment is effective retroactively to such period (1) the plan or contract will not fail to be treated as operated in accordance with its terms for such period merely because it is operated in a manner consistent with the amendment, and (2) the plan will not fail to meet the anti-cutback provisions applicable to qualified retirement plans by reason of such a plan amendment.

XVI. SENSE OF THE SENATE RESOLUTIONS

A. Sense of the Senate Regarding Reform of the Internal Revenue Code of 1986 (sec. 780 of the Senate amendment)

Present Law

The Federal Government imposes an individual income tax, a corporate income tax, a payroll tax collected from both employees and employers, certain excise taxes, and transfer taxes on certain transfers of wealth by gift or from an estate.

House Bill

No provision.

Senate Amendment

The Senate amendment provides a Sense of the Senate resolution that the Internal Revenue Code of 1986 needs broad-based reform, and that the President should submit a comprehensive proposal for reform.

Conference Agreement

The conference agreement does not include the Senate amendment.

B. Sense of the Senate Regarding Tax Treatment of Stock Options (sec. 781 of the Senate amendment)

Present Law

Under present law, an employer is generally entitled to a deduction with respect to stock options when the options are exercised by the employee. The deduction is generally the difference between the option price and the fair market value of the stock when the option is exercised.

House Bill

No provision.

Senate Amendment

The Senate amendment includes a Sense of the Senate resolution that finds that businesses can deduct the value of stock options as a business expense even though the options are not treated as an expense on the books of the business. It is the sense of the Senate that the Committee on Finance should hold hearings on the tax treatment of stock options.

Conference Agreement

The conference agreement does not include the Senate amendment.

C. Sense of the Senate Resolution Regarding Estate Taxes (sec. 782 of the Senate amendment)

Present Law

A gift tax is imposed on lifetime transfers by gift and an estate tax is imposed on transfers at death under a single unified graduated rate schedule that effectively begins at 37 percent and reaches 55 percent on cumulative taxable transfers over $3 million. A unified credit effectively exempts the first $600,000 in cumulative taxable transfers from estate and gift tax (sec. 2010).

An executor may elect to value certain qualified real property used in farming or another qualifying closely-held trade or business at its current use value, rather than its highest and best use value (up to a maximum reduction of $750,000). In addition, an executor may elect to pay the Federal estate tax attributable to a qualified closely-held business in installments over, at most, a 14-year period with a portion bearing 4-percent interest.

House Bill

No provision.

Senate Amendment

The Senate amendment provides a Sense of the Senate resolution that (1) estate tax relief provided by this bill is an important step that will enable more family-owned farms and small businesses to survive and continue to provide economic security and job creation in American communities and (2) Congress should eliminate the Federal estate tax liability for family-owned businesses by the end of 2002 on a deficit-neutral basis.

Conference Agreement

The conference agreement does not include the Senate amendment.

D. Sense of the Senate Regarding Who Should Benefit from Tax Cuts (sec. 791 of the Senate amendment)

Present Law

No provision.

House Bill

No provision.

Senate Amendment

The Senate amendment includes a Sense of the Senate resolution that only those who pay Federal income taxes should benefit from the tax reduction provisions of the Act.

Conference Agreement

The conference agreement does not include the Senate amendment.

E. Sense of the Senate Regarding Self-Employment Taxes of Limited Partners (sec. 734 of the Senate amendment)

Present Law

Under the Self-Employment Contributions Act, taxes are imposed on an individual's net earnings from self employment. A limited partner's net earnings from self employment include guaranteed payments made to the individual for services actually rendered and do not include a limited partner's distributive share of the income or loss of the partnership. The Department of the Treasury has issued proposed regulations defining a limited partner for this purpose. These regulations provide, among other things, that an individual is not a limited partner if the individual participates in the partnership business for more than 500 hours during the taxable year. The regulations are proposed to be effective beginning with the individual's first taxable year beginning on or after the date the regulations are published as final regulations in the Federal Register.

House Bill

No provision.

Senate Amendment

It is the Sense of the Senate that the Department of the Treasury should withdraw the proposed regulations defining limited partner, and that the Congress should determine the tax law governing self-employment income.

Conference Agreement

The conference agreement provides that any regulations relating to the definition of a limited partner for self-employment tax purposes shall not be issued or effective before July 1, 1998.

XVII. TECHNICAL CORRECTIONS PROVISIONS

House Bill

The House bill contains technical, clerical, and conforming amendments to the Small Business Job Protection Act of 1996, the Health Insurance Portability and Accountability Act of 1996, the Taxpayer Bill of Rights 2, and other recently enacted tax legislation.

Senate Amendment

The Senate amendment is the same as the House bill, except that the Senate amendment (1) does not contain the provision that defines the term "former reservations in Oklahoma" for purposes of section 168(j)(6) (relating to certain tax benefits provided with reference to activities occurring on Indian reservations) and (2) makes certain clarifications to the provisions relating to church plans included in the Small Business Job Protection Act of 1996.

Conference Agreement

The conference agreement follows the House bill and the Senate amendment. Thus, the conference agreement contains both the provision in the House bill relating to the definition of the term "former reservations in Oklahoma" and the provisions in the Senate amendment relating to church plans.

In addition, the conference agreement makes the following additions, modifications, and clarifications relating to technical correction provisions.

(1) The conference agreement amends section 205(c) of the Employee Retirement Income Security Act (as amended by the Small Business Job Protection Act of 1996) to clarify that the reference to "the Secretary" is to the Secretary of the Treasury.

(2) The conference agreement clarifies that, for purposes of the section 833 deduction, liabilities incurred during the taxable year under cost-plus contracts are added to claims incurred under section 833(b)(1)(A)(i). Similarly, for purposes of the section 833 deduction, expenses incurred during the taxable year in connection with cost-plus contracts are added to expenses incurred under section 833(b)(1)(A)(ii). The provision is effective as if included in the Tax Reform Act of 1986.

(3) The conference agreement provides that the technical correction provisions clarifying the phased reduction in luxury excise tax rates for automobiles will be effective for sales after the date of enactment of this Act.

(4) The conference agreement clarifies that, under the transition relief provided under the company-owned life insurance rule, the 4-out-of-7 rule and the single premium rule of present law are not to apply solely by reason of a lapse occurring after October 13, 1995, by reason of no additional premiums being received under the contract.

XVIII. OTHER TAX PROVISION

A. Estimated Tax Requirements of Individuals (sec. 311(d) of the House bill)

Under present law, an individual taxpayer generally is subject to an addition to tax for any underpayment of estimated tax. An individual generally does not have an underpayment of estimated tax if he or she makes timely estimated tax payments at least equal to: (1) 100 percent of the tax shown on the return of the individual for the preceding year (the "100 percent of last year's liability safe harbor") or (2) 90 percent of the tax shown on the return for the current year.

The 100 percent of last year's liability safe harbor is modified to be a 110 percent of last year's liability safe harbor for any individual with an AGI of more than $150,000 as shown on the return for the preceding taxable year.

House Bill

The House bill changes the 110 percent of last year's liability safe harbor to be a 109 percent of last year's liability safe harbor for taxable years beginning in 1997 and a 105 percent of last year's liability safe harbor for taxable years beginning in 1998.

Senate Amendment

No provision.

Conference Agreement

The conference agreement changes the 110 percent of last year's liability safe harbor to be a 100 percent of last year's liability safe harbor for taxable years beginning in 1998, a 105 percent of last year's liability safe harbor for taxable years beginning in 1990, 2000, and 2001, and a 112 percent of last year's liability safe harbor for taxable years beginning in 2002. In addition, no estimated tax penalties will be imposed under section 6654 or 6655 for any period before January 1, 1998, for any payment the due date of which is before January 16, 1998, with respect to an underpayment to the extent the underpayment is created or increased by a provision of the Act.

XIX. TRADE PROVISIONS

A. Extension of Duty-Free Treatment Under the Generalized System of Preferences (sec. 971 of the House bill)

Present Law

Title V of the Trade Act of 1974, as amended (Generalized System of Preferences ("GSP")), grants authority to the President to provide duty-free treatment on imports of eligible articles from designated beneficiary developing countries, subject to specific conditions and limitations. To qualify for GSP privileges, each beneficiary country is subject to various mandatory and discretionary eligibility criteria. Import sensitive products are ineligible for GSP. The President's authority to grant GSP benefits expired on May 31, 1997.

House Bill

Under the House bill, the GSP program is reauthorized for two years, to expire on May 31, 1999. Refunds of any duty paid between May 31, 1997 and the date of enactment are provided upon request of the importer.

Effective date.—The provision is effective upon date of enactment.

Senate Amendment

No provision.

Conference Agreement

The conference agreement follows the House bill, with a modification to extend the GSP reauthorization through June 30, 1998.

B. Temporary Suspension of Vessel Repair Duty (sec. 972 of the House bill)

Present Law

Section 466 of the Tariff Act of 1930 establishes a 50-percent duty on repairs made outside the United States to U.S. flag vessels.

House Bill

The current 50-percent duty on repairs to U.S. flag vessels made in countries that are signatories to the OECD Shipbuilding Agreement is suspended for a one-year period.

Effective date.—The provision is effective with respect to repair activities occurring for a one-year period beginning on the date of enactment.

Senate Amendment

No provision.

Conference Agreement

The conference agreement does not include the House bill provision.

C. United States-Caribbean Basin Trade Partnership Act (secs. 981-988 of the House bill)

Present Law

The Caribbean Basin Initiative ("CBI") program was established by the Caribbean Basin Economic Recovery Act ("CBERA"), which was enacted on August 5, 1983. This legislation authorized the President to grant duty-free treatment to the imports of eligible articles from designated countries in the Caribbean Basin region. Certain products (textiles, apparel, canned tuna, petroleum and petroleum products, footwear, handbags, luggage, flatgoods, work gloves, leather wearing apparel, watches and watch parts) were excluded under the statute from eligibility for duty-free treatment.

CBI trade benefits were made permanent in 1990.

House Bill

The House bill amends the Caribbean Basin Economic Recovery Act to provide additional temporary transitional trade benefits to products that are excluded from eligibility for duty-free treatment under CBI. These products are provided tariff and quota treatment which is comparable to treatment accorded to like articles imported from Mexico under the North American Free Trade Agreement ("NAFTA") subject to certain rule-of-origin and customs requirements and other limitations. The President must review periodically country adherence to eligibility criteria, and consult with beneficiary countries about free trade agreement negotiations.

Effective date.—The provision is effective for one year beginning January 1, 1998.

Senate Amendment

No provision.

Conference Agreement

The conference agreement does not include the House bill provision.

XX. LIMITED TAX BENEFITS SUBJECT TO THE LINE ITEM VETO ACT

The Line Item Veto Act amended the Congressional Budget and Impoundment Act of 1974 to grant the President the limited authority to cancel specific dollar amounts of discretionary budget authority, certain new direct spending, and limited tax benefits. The Line Item Veto Act provides that the Joint Committee on Taxation is required to examine any revenue or reconciliation bill or joint resolution that amends the Internal Revenue Code of 1986 prior to its filing by a conference committee in order to determine whether or not the bill or joint resolution contains any limited tax benefits and to provide a statement to the conference committee that either (1) identifies each limited tax benefit contained in the bill or resolution, or (2) states that the bill or resolution contains no limited tax benefits. The conferees determine whether or not to include the Joint Committee's statement in the conference report. If the conference report includes the information from the Joint Committee on Taxation identifying provisions that are limited tax benefits, then the President may cancel one or more of those, but only those, provisions that have been identified. If such a conference report contains a statement from the Joint Committee on Taxation that none of the provisions in the conference report are limited tax benefits, then the President has no authority to cancel any of the specific tax provisions, because there are no tax provisions that are eligible for cancellation under the Line Item Veto Act.

The conference report contains a list of provisions that have been identified by the Joint Committee on Taxation as limited tax benefits within the meaning of the Line Item Veto Act. These provisions are listed below

(1) Sec. 101(c) (relating to high risk pools permitted to cover dependents of high risk individuals)

(2) Sec. 222 (relating to limitation on qualified 501(c)(3) bonds other than hospital bonds)

(3) Sec. 224 (relating to contributions of computer technology and equipment for elementary or secondary school purposes)

(4) Sec. 312(a) (relating to treatment of remainder interests for purposes of provision relating to gain from sale of principal residence)

(5) Sec. 501(b) (relating to indexing of alternative valuation of certain farm, etc., real property)

(6) Sec. 504 (relating to extension of treatment of certain rents under section 2032A to lineal descendants)

(7) Sec. 505 (relating to clarification of judicial review of eligibility for extension of time for payment of estate tax)

(8) Sec. 508 (relating to treatment of land subject to qualified conservation easement)

(9) Sec. 511 (relating to expansion of exception from generation-skipping transfer tax for transfers to individuals with deceased parents)

(10) Sec. 601 (relating to the research tax credit)

(11) Sec. 602 (relating to contributions of stock to private foundations)

(12) Sec. 603 (relating to the work opportunity tax credit)

(13) Sec. 604 (relating to orphan drug tax credit)

(14) Sec. 701 (relating to incentives for revitalization of the District of Columbia) to the extent it amends the Internal Revenue Code of 1986 to create sections 1400 and 1400A (relating to tax-exempt economic development bonds)

(15) Sec. 701 (relating to incentives for revitalization of the District of Columbia) to the extent it amends the Internal Revenue Code of 1986 to create section 1400C (relating to first-time homebuyer credit for District of Columbia)

(16) Sec. 801 (relating to incentives for employing long-term family assistance recipients)

(17) Sec. 904(b) (relating to uniform rate of tax on vaccines) as it relates to any vaccine containing pertussis bacteria, extracted or partial cell bacteria, or specific pertussis antigens

(18) Sec. 904(b) (relating to uniform rate of tax on vaccines) as it relates to any vaccine against measles

(19) Sec. 904(b) (relating to uniform rate of tax on vaccines) as it relates to any vaccine against mumps

(20) Sec. 904(b) (relating to uniform rate of tax on vaccines) as it relates to any vaccine against rubella

(21) Sec. 905 (relating to operators of multiple retail gasoline outlets treated as wholesale distributors for refund purposes)

(22) Sec. 906 (relating to exemption of electric and other clean-fuel motor vehicles from luxury automobile classification)

(23) Sec. 907(a) (relating to rate of tax on liquified natural gas determined on basis of BTU equivalency with gasoline)

(24) Sec. 907(b) (relating to rate of tax on methanol from natural gas determined on basis of BTU equivalency with gasoline)

(25) Sec. 908 (relating to modification of tax treatment of hard cider)

(26) Sec. 914 (relating to mortgage financing for residences located in disaster areas)

(27) Sec. 962 (relating to assignment of workmen's compensation liability eligible for exclusion relating to personal injury liability assignments)

(28) Sec. 963 (relating to tax-exempt status for certain State worker's compensation act companies)

(29) Sec. 967 (relating to additional advance refunding of certain Virgin Island bonds)

(30) Sec. 968 (relating to nonrecognition of gain on sale of stock to certain farmers'' cooperatives)

(31) Sec. 971 (relating to exemption of the incremental cost of a clean fuel vehicle from the limits on depreciation for vehicles)

(32) Sec. 974 (relating to clarification of treatment of certain receivables purchased by cooperative hospital service organizations)

(33) Sec. 975 (relating to deduction in computing adjusted gross income for expenses in connection with service performed by certain officials) with respect to taxable years beginning before 1991

(34) Sec. 977 (relating to elective carryback of existing carryovers of National Railroad Passenger Corporation)

(35) Sec. 1005(b)(2)(B) (relating to transition rule for instruments described in a ruling request submitted to the Internal Revenue Service on or before June 8, 1997)

(36) Sec. 1005(b)(2)(C) (relating to transition rule for instruments described on or before June 8, 1997, in a public announcement or in a filing with the Securities and Exchange Commission) as it relates to a public announcement

(37) Sec. 1005(b)(2)(C) (relating to transition rule for instruments described on or before June 8, 1997, in a public announcement or in a filing with the Securities and Exchange Commission) as it relates to a filing with the Securities and Exchange Commission

(38) Sec. 1011(d)(2)(B) (relating to transition rule for distributions made pursuant to the terms of a tender offer outstanding on May 3, 1995)

(39) Sec. 1011(d)(3) (relating to transition rule for distributions made pursuant to the terms of a tender offer outstanding on September 13, 1995)

(40) Sec. 1012(d)(3)(B) (relating to transition rule for distributions pursuant to an acquisition described in section 355(e)(2)(A)(ii) of the Internal Revenue Code of 1986 described in a ruling request submitted to the Internal Revenue Service on or before April 16, 1997)

(41) Sec. 1012(d)(3)(C) (relating to transition rule for distributions pursuant to an acquisition described in section 355(e)(2)(A)(ii) of the Internal Revenue Code of 1986 described in a public announcement or filing with the Securities and Exchange Commission) as it relates to a public announcement

(42) Sec. 1012(d)(3)(C) (relating to transition rule for distributions pursuant to an acquisition described in section 355(e)(2)(A)(ii) of the Internal Revenue Code of 1986 described in a public announcement or filing with the Securities and Exchange Commission) as it relates to a filing with the Securities and Exchange Commission

(43) Sec. 1013(d)(2)(B) (relating to transition rule for distributions or acquisitions after June 8, 1997, described in a ruling request submitted to the Internal Revenue Service submitted on or before June 8, 1997)

(44) Sec. 1013(d)(2)(C) (relating to transition rule for distributions or acquisitions after June 8, 1997, described in a public announcement or filing with the Securities and Exchange Commission on or before June 8, 1997) as it relates to a public announcement

(45) Sec. 1013(d)(2)(C) (relating to transition rule for distributions or acquisitions after June 8, 1997, described in a public announcement or filing with the Securities and Exchange Commission on or before June 8, 1997) as it relates to a filing with the Securities and Exchange Commission

(46) Sec. 1014(f)(2)(B) (relating to transition rule for any transaction after June 8, 1997, if such transaction is described in a ruling request submitted to the Internal Revenue Service on or before June 8, 1997)

(47) Sec. 1014(f)(2)(C) (relating to transition rule for any transaction after June 8, 1997, if such transaction is described in a public announcement or filing with the Securities and Exchange Commission on or before June 8, 1997) as it relates to a public announcement

(48) Sec. 1014(f)(2)(C) (relating to transition rule for any transaction after June 8, 1997, if such transaction is described in a public announcement or filing with the Securities and Exchange Commission on or before June 8, 1997) as it relates to a filing with the Securities and Exchange Commission

(49) Sec. 1042(b) (relating to special rules for provision terminating certain exceptions from rules relating to exempt organizations which provide commercial-type insurance)

(50) Sec. 1081(a) (relating to termination of suspense accounts for family corporations required to use accrual accounting) as it relates to the repeal of Internal Revenue Code section 447(i)(3)

(51) Sec. 1089(b)(3) (relating to reformations)

(52) Sec. 1089(b)(5)(B)(i) (relating to persons under a mental disability)

(53) Sec.1171 (relating to treatment of computer software as FSC export property)

(54) Sec. 1175 (relating to exemption for active financing income)

(55) Sec. 1204 (relating to travel expenses of Federal employees doing criminal investigations)

(56) Sec. 1236 (relating to extension of time for filing a request for administrative adjustment)

(57) Sec. 1243 (relating to special rules for administrative adjustment request with respect to bad debts or worthless securities)

(58) Sec. 1251 (relating to clarification on limitation on maximum number of shareholders)

(59) Sec. 1253 (relating to attribution rules applicable to tenant ownership)

(60) Sec. 1256 relating to modification of earnings and profits rules for determining whether REIT has earnings and profits from non-REIT years)

(61) Sec. 1257 (relating to treatment of foreclosure property)

(62) Sec. 1261 (relating to shared appreciation mortgages)

(63) Sec. 1302 (relating to clarification of waiver of certain rights of recovery)

(64) Sec. 1303 (relating to transitional rule under section 2056A)

(65) Sec. 1304 (relating to treatment for estate tax purposes of short-term obligations held by nonresident alien)

(66) Sec. 1311 (relating to clarification of treatment of survivor annuities under qualified terminable interest rules)

(67) Sec. 1312 (relating to treatment of qualified domestic trust rules of forms of ownership which are not trusts)

(68) Sec. 1313 (relating to opportunity to correct failures under section 2032A)

(69) Sec. 1414 (relating to fermented material from any brewery may be received at a distilled spirits plant)

(70) Sec. 1417 (relating to use of additional ameliorating material in certain wines)

(71) Sec. 1418 (relating to domestically produced beer may be withdrawn free of tax for use of foreign embassies, legations, etc.)

(72) Sec. 1421 (relating to transfer to brewery of beer imported in bulk without payment of tax)

(73) Sec. 1422 (relating to transfer to bonded wine cellars of wine imported in bulk without payment of tax)

(74) Sec. 1506 (relating to clarification of certain rules relating to employee stock ownership plans of S corporations)

(75) Sec. 1507 (relating to modification of 10 percent tax for nondeductible contributions)

(76) Sec. 1523 (relating to repeal of application of unrelated business income tax to ESOPs)

(77) Sec. 1530 (relating to gratuitous transfers for the benefit of employees)

(78) Sec. 1532 (relating to special rules relating to church plans)

(79) Sec. 1604(c)(2) (relating to amendment related to Omnibus Budget Reconciliation Act of 1993)

ESTIMATED BUDGET EFFECTS OF THE CONFERENCE AGREEMENT ON THE REVENUE PROVISIONS OF H.R. 2014, THE "TAXPAYER RELIEF ACT OF 1997"

[Fiscal Years 1997–2007, in millions of dollars]

Provision	Effective	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	1997–2002	1997–2007
I. Child and Dependent Care Tax Credits; Health Care for Children														
1. Tax credit for children under age 17 ($400 in 1998, and $500 thereafter; $75,000/$110,000 AGI phaseout for credit; nonrefundable for small families, refundable and limited to tax plus employee FICA minus EIC for large families[1][2].	1/1/98	....	−2,710	−18,119	−21,549	−21,401	−21,258	−20,901	−20,430	−19,702	−18,997	−18,317	−85,037	−183,384
2. Expand State high-risk pools to include spouses and children of high-risk individuals.	tyba 12/31/97	....	−1	−2	−2	−2	−2	−2	−2	−2	−2	−2	−8	−17
Subtotal of Child and Dependent Care Tax Credits; Health Care for Children.	....	....	**2,711**	**−18,121**	**−21,551**	**−21,403**	**−21,260**	**−20,903**	**−20,432**	**−19,704**	**−18,999**	**−18,319**	**−85,045**	**−183,401**

ESTIMATED BUDGET EFFECTS OF THE CONFERENCE AGREEMENT ON THE REVENUE PROVISIONS OF H.R. 2014, THE "TAXPAYER RELIEF ACT OF 1997"—Continued

[Fiscal Years 1997–2007, in millions of dollars]

Provision	Effective	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	1997–2002	1997–2007
II. Education Tax Incentives														
A. Tax Benefits Relating to Education Expenses:														
1. Administration's HOPE credit for first 2 years; 100% credit for first $1,000 of eligible expenses; 50% credit for next $1,000; 20% credit for third and fourth year students for up to $5,000 of expenses; for years after 2002, expenses are increased to $10,000 (effective date of the 20% credit is 7/1/98); eligible expenses for HOPE credit are indexed in 2001; income limits for both credits indexed in 2001.	pma & tyba 12/31/97	....	−2,083	−6,469	−7,393	−7,907	−7,707	−8,620	−8,754	−8,893	−9,035	−9,180	−31,559	−76,041
2. Expand State-sponsored prepaid tuition and State savings programs to include room and board[3].	tyba 12/31/97	....	−36	−107	−118	−130	−143	−157	−173	−190	−209	−230	−533	−1,491
3. Student loan interest deduction: $1,000 above-the-line deduction in 1998, $1,500 in 1999, $2,000 in 2000, $2,500 in 2001 and thereafter; phaseout $40,000–$55,000 single filers ($60,000–$75,000 joint filers); income limits indexed beginning in 2003.	poida 12/31/97	....	−18	−69	−122	−204	−277	−308	−326	−346	−368	−391	−690	−2,429
4. Penalty-free withdrawals from all IRAs for undergraduate, post-secondary vocational, and graduate education expenses.	tyba 12/31/97	....	−78	−201	−181	−175	−177	−179	−182	−184	−186	−189	−812	−1,732
5. Education IRA—permit contributions to Education IRA for a child under age 18; annual contributions limited to $500 per child; impose phaseout range of $95,000–$110,000 for single filers and $150,000–$160,000 for joint filers[4].	tyba 12/31/97	....	−156	−644	−912	−1,060	−1,126	−1,448	−1,752	−2,054	−2,360	−2,680	−3,899	−14,193
B. Other Education-Related Tax Provisions:														
1. Extend employer-provided education assistance for undergraduates through 5/31/00 [1].	tyba 12/31/96	....	−534	−369	−250	....	....	....	....	....	....	....	−1,153	−1,153
2. Repeal $150 million limit on tax-exempt section 501(c)(3) bonds for new capital expenditures.	1/1/98	....	−6	−45	−75	−89	−99	−106	−115	−125	−138	−162	−315	−962
3. Enhanced deduction for corporate contributions of computer technology and equipment for grades K–12; sunset after 3 years.	tyba 12/31/97	....	−46	−48	−77	−49	−5	−1	....	....	....	....	−225	−227
4. Raise small issuer arbitrage rebate exception for governmental bonds used to finance education facilities from $5 million to $10 million.	bia 12/31/97	....	−1	−4	−7	−11	−14	−27	−30	−33	−36	−38	−36	−199
5. Treatment of cancellation of certain student loans; with modification.	Da DOE	....						Negligible Revenue Effect						
6. Tax credit for holders of qualified education bonds (limited to $400 million per year in loans; 2-year sunset.	oia 12/31/97	....	−8	−27	−43	−47	−47	−47	−47	−47	−47	−47	−172	−408
Subtotal of Education Tax Incentives	....	....	**−2,966**	**−7,983**	**−9,178**	**−9,672**	**−9,595**	**−10,893**	**−11,379**	**−11,872**	**−12,379**	**−12,917**	**−39,394**	**−98,835**
III. Savings and Investment Tax Incentives														
A. Individual Retirement Arrangements:														
1. IRA—Increase deductible IRA income limits by $10,000 for joint filers in 1998 ($5,000 for single filers in 1998) and by $1,000 per year through 2002; in 2003 increase to $40,000 for single filers and $60,000 for joint filers and by $5,000 per year thereafter until limits are $50,000–$60,000 for single filers and $80,000–$100,000 for joint filers (phase out range increases to $20,000 when lower limit reaches $100,000); penalty-free withdrawals for educational purposes and first-time home purchase only; create IRA PLUS; impose phase-out range of $95,000–$110,000 for single filers and $150,000–$160,000 for joint filers; impose $150,000–$160,000 income phase-out for spousal IRAs; provide that aggregate contributions to deductible and nondeductible retirement IRAs may not exceed $2,000.	tyba 12/31/97	....	−367	−345	86	−346	−860	−1,830	−3,292	−3,842	−4,424	−5,004	−1,832	−20,225
B. Capital Gains Provisions:														
1. Capital gains: (a) 20%/10% rate structure; (b) retain maximum 28% for collectibles; (c) section 1250 recapture at maximum of 25%; (d) symmetric AMT treatment; (e) exclusion for gain on personal residence (including remainder interests); (f) capital gains rate structure of 18%/8% for assets held more than 5 years after 2000, with mark-to-market in 2001; assets qualify for 8% in 2001 if held for 5 years regardless of when asset was acquired; (g) permit rollover of qualified small business stock if rolled over into another qualified small business stock within 60 days; and (h) retain 28%/15% rate structure for capital assets held more than 12 months but less than 18 months.	various	1,254	6,371	171	−2,954	−2,934	−1,785	−3,742	−3,981	−4,179	−4,424	−4,958	123	−21,161
Subtotal of Savings and Investment Tax Incentives	....	**1,254**	**6,004**	**−174**	**−2,868**	**−3,280**	**−2,645**	**−5,572**	**−7,273**	**−8,021**	**−8,848**	**−9,962**	**−1,709**	**−41,386**

ESTIMATED BUDGET EFFECTS OF THE CONFERENCE AGREEMENT ON THE REVENUE PROVISIONS OF H.R. 2014, THE "TAXPAYER RELIEF ACT OF 1997"—Continued

[Fiscal Years 1997–2007, in millions of dollars]

Provision	Effective	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	1997–2002	1997–2007
IV. Alternative Minimum Tax Provisions														
1. Exemption from alternative minimum tax for small corporations.	tyba 12/31/97	....	−97	−171	−131	−100	−77	−59	−45	−34	−26	−20	−577	−762
2. Conform AMT depreciation lives to the regular tax.	ppisa 12/31/98	....	....	−580	−1,653	−2,230	−2,358	−2,561	−2,622	−2,350	−2,044	−1,920	−6,821	−18,317
3. Reverse IRS position on AMT treatment of certain installment sales by farmers.	di tyba 12/31/87	−8	−157	−158	−167	−164	−157	−148	22	22	21	21	−811	−872
Subtotal of Alternative Minimum Tax Provisions.	....	−8	−254	−909	−1,951	−2,494	−2,592	−2,768	−2,645	−2,362	−2,049	−1,919	−8,209	−19,951
V. Estate, Gift and Generation-Skipping Tax Provisions														
A. Estate and Gift Tax Provisions:														
1. Increase unified estate and gift tax credit to $625,000 in 1998; $650,000 in 1999; $675,000 in 2000 and 2001; $700,000 in 2002 and 2003, $850,000 in 2004, $950,000 in 2005; $1 million in 2006 and thereafter; and index other provisions beginning in 1999; cap family owned business exclusion with unified credit at $1.3 million annually (exclude $675,000 in 1998, $650,000 in 1999, $625,000 in 2000, $625,000 in 2001, $600,000 in 2002 and 2003, $450,000 in 2004, $350,000 in 2005; $300,000 in 2006 and thereafter).	dda 12/31/97	....	....	−843	−1,259	−1,816	−2,013	−2,596	−2,997	−5,656	−7,279	−8,638	−5,931	−33,097
2. Reduce section 6601(j) interest rate to 2% for first $1 million of taxable closely-held business interests, remainder subject to tax at 45% of present-law interest rates, and all interest under section 6166 made nondeductible.	dda 12/31/97	....	....	−9	−17	−25	−33	−41	−47	−53	−58	−65	−84	−349
3. Provide up to $500,000 estate tax exclusion (phasein by $100,000 annually beginning in 1998) for treatment of land subject to a qualified conservation easement coordinated with exclusion of family farms (expanded treatment of land with severed mineral rights) and business relief used.	dda 12/31/97	....	....	−7	−15	−25	−35	−48	−51	−56	−60	−64	−82	−361
4. Extension of treatment of certain rents under section 2032A to lineal descendants.	roa 12/31/76	....	−25	−2	−2	−2	−2	−2	−2	−2	−2	−2	−33	−43
5. Clarification of judicial review of eligibility for extension of time for payment of estate tax.	dda DOE	....	....	−15	−15	−15	−15	−15	−15	−14	−12	−11	−60	−127
6. Gifts may not be revalued for estate tax purposes after expiration of statute of limitations.	gma DOE	....	....	−16	−18	−21	−26	−32	−38	−45	−53	−61	−81	−310
7. Repeal certain throwback rules applicable to domestic trusts; exclude pre-1984 multiple trusts from repeal.	tyba 12/31/97	....	....	−11	−11	−11	−11	−11	−11	−11	−11	−11	−44	−99
8. Estate tax relief for money going to ESOPs in existence on 8/1/96 and decedents dying before 1/1/99.	DOE	....	−8	−15	....	....	....	....	....	....	....	....	−23	−23
B. Generation-Skipping Tax Provision:														
1. Expand exception from generation-skipping transfer tax for transfers to individuals with deceased parents.	gsta 12/31/97	....	....	−4	−4	−4	−4	−4	−5	−5	−5	−6	−16	−41
Subtotal of Estate, Gift and Generation-Skipping Tax Provisions.	....	....	**−33**	**−922**	**−1341**	**−1919**	**−2139**	**−2749**	**−3166**	**−5842**	**−7480**	**−8858**	**−6354**	**−34450**
VI. Expiring Tax Provisions														
1. Research tax credit through 6/30/98.	6/1/97	−161	−820	−639	−294	−204	−123	−33	....	....	....	....	−2,241	−2,274
2. Contributions of appreciated stock to private foundations through 6/30/98.	6/1/97	....	−99	−9	−4	....	....	....	....	....	....	....	−112	−112
3. Extend a modified work opportunity tax credit through 6/30/98 [5]; include SSI recipients.	wpoifhma 9/30/97	....	−140	−131	−73	−28	−11	−2	....	....	....	....	−383	−385
4. Orphan drug tax credit (permanent)	6/1/97	....	−29	−28	−30	−32	−34	−35	−37	−39	−40	−42	−152	−346
Subtotal of Expiring Tax Provisions	....	**−161**	**−1,088**	**−807**	**−401**	**−264**	**−168**	**−70**	**−37**	**−39**	**−40**	**−42**	**−2,888**	**−3,117**
VII. District of Columbia Tax Incentives														
1. Designate existing D.C. enterprise community and census tracts with greater than 20% poverty (with revised residency requirement) as the D.C. Enterprise Zone, eligible for modified present-law empowerment zone incentives (20% wage credit, increased 179 expensing, and expanded tax-exempt financing); sunset 12/31/02.	1/1/98	....	−71	−110	−113	−118	−127	−45	3	2	(6)	−2	−539	−582
2. Provide 0% capital gains rate on enterprise zone business property in D.C. census tracts with greater than 10% poverty held for at least 5 years; sunset 12/31/02.	1/1/98	....	−1	−5	−12	−21	−33	−48	−85	−90	−99	−107	−73	−502
3. $5,000 tax credit for first-time homebuyer in D.C., with phaseout of $110,000–$130,000 for joint filers ($70,000–$90,000 for single filers), and sunset 12/31/00.	po/a DOE	....	−10	−21	−27	−16	(6)	(6)	(6)	(6)	(6)	(6)	−74	−74
Subtotal of District of Columbia Tax Incentives.	....	....	**−82**	**−136**	**−152**	**−155**	**−160**	**−93**	**−82**	**−88**	**−99**	**−109**	**−686**	**−1,158**

ESTIMATED BUDGET EFFECTS OF THE CONFERENCE AGREEMENT ON THE REVENUE PROVISIONS OF H.R. 2014, THE "TAXPAYER RELIEF ACT OF 1997"—Continued

[Fiscal Years 1997–2007, in millions of dollars]

Provision	Effective	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	1997–2002	1997–2007
VIII. Welfare-to-Work Tax Credit														
Administration's welfare-to-work tax credit, as modified: (a) wage credit is 35% on first $10,000 of wages in the first year of employment, and 50% on $10,000 of wages in the second year of employment; (b) effective for hires made through 4/30/99.	**wpoifhma 12/31/97**		**–13**	**–31**	**–29**	**–15**	**–10**	**–4**	**–2**	**–1**			**–98**	**–106**
IX. Miscellaneous Provisions														
A. Excise Tax Provisions:														
1. Repeal excise tax on recreational motorboat diesel fuel.	1/1/98		–4	–5	–5	–1	–1	–1	–1	–1	–1	–1	–16	–22
2. Modify excise tax on imported halons	DOE	(7)	(7)	(7)	(7)	(7)	(7)	(7)	(7)	(7)	(7)	(7)	1	1
3. Transfer the 4.3 cents/gallon transportation motor fuels tax on highway motor fuels to the Highway Trust Fund.	10/1/97	No Revenue Effect												
4. Modify excise tax deposit rules for gasoline and special motor fuels, diesel fuel and kerosene, aviation fuels, and air cargo taxes to suspend deposits due 8/1/98 to 9/30/98 until 10/5/98.	DOE		–6,359	6,359										
5. Equalize the excise tax rates among alternative motor fuels except CNG.	DOE	–2	–15	–16	–16	–17	–18	–19	–20	–21	–22	–23	–82	–186
6. Treat certain gasoline retailers as wholesale distributors under gasoline tax refund rules.	DOE	Negligible Revenue Effect												
7. Reduce excise tax rate on draft cider to the small producer beer rate.	10/1/97		–1	–1	–1	–1	–1	–1	–1	–1	–1	–1	–3	–7
8. Require study on simplified collection of distilled spirits taxes.		No Revenue Effect												
9. Codify Bureau of Alcohol, Tobacco, and Firearms regulations on wine labeling; with modification.	DOE	No Revenue Effect												
10. Uniform excise tax on vaccines; add 3 new vaccines ($0.75 per dose).	10/1/97		–16	–15	–15	–15	–14	–14	–14	–14	–14	–14	–74	–146
B. Disaster Relief Provisions:														
1. Disaster losses—postponement of IRS deadlines and loss valuation; permit extension of statute of limitations.	aoty	Negligible Revenue Effect												
2. Modify tax treatment of livestock sold on account of certain weather-related conditions.	sea 12/31/96		–12	–2	–2	–2	–1	–1	–1	–1	–1	–1	–18	–23
3. Loosen mortgage revenue bond requirements in Presidentially declared disaster areas for 2 years; permit 2-year period to place mortgages.	(8)		–3	–7	–8	–8	–7	–6	–6	–5	–4	–4	–33	–58
4. Abatement of interest on underpayments by taxpayers in Presidentially declared disaster areas (1997 disaster areas only).	1/1/97	–5											–5	–5
C. Provisions Relating to Employment Taxes:														
1. Worker classification of securities brokers for income and employment tax purposes.	spa 12/31/97	Negligible Revenue Effect												
2. Impose moratorium on issuance of Treasury regulation relating to self-employment tax (SECA) thhrough 6/30/98.	DOE	No Revenue Effect												
3. SECA for insurance agents	pa 12/31/97	Negligible Revenue Effect												
D. Provisions Relating to Small Businesses:														
1. Delay penalties for failure to make payments through EFTPS until after 6/30/98.	DOE	No Revenue Effect												
2. Definition of principal place of business for home office deduction.	tyba 12/31/98			–119	–244	–253	–263	–274	–285	–295	–306	–318	–880	–2,358
3. Increase deduction for health insurance expenses of self-employed individuals: 50% in 2000 and 2001, 60% in 2002, 80% in 2003 through 2005; 90% in 2006, and 100% in 2007 and thereafter.	tyba 12/31/96				–39	–120	–224	–605	–882	–601	–404	–604	–383	–3,479
E. Other Provisions:														
1. Shrinkage allowance for inventory account.			–7	–21	–23	–25	–27	–29	–31	–33	–35	–37	–103	–268
2. Include liability to pay compensation under workmen's compensation acts within rules relating to certain personal liability assignments.	cfa DOE		–1	–2	–5	–8	–12	–17	–23	–29	–32	–36	–27	–164
3. Clarify tax-exempt status of certain State workmen's compensation funds.	tyba 12/31/97		(6)	(6)	–1	–1	–1	–1	–1	–1	–1	–1	–2	–6
4. Allow grandfathered publicly traded partnerships to elect to pay a publicly traded partnership tax; with technical modifications.	tyba 12/31/97	Revenue Neutral												
5. Exclusion from UBTI for certain corporate sponsorship payments, with technical clarification.	psora 12/31/97	Negligible Revenue Effect												
6. Allow timeshare associations to elect to be taxed as homeowner associations at 32% rate and modify definition of property for timeshares.	tyba 12/31/96		–1	–1	–1	–1	–2	–2	–2	–2	–2	–2	–7	–17
7. Deferral of gain on sales of stock in farm product refining firms to farm coops which supply the firm with raw farm products for refining.	sea 12/31/97		–2	–68	–5	–5	–4	–4	–4	–4	–4	–4	–84	–104
8. No information reporting on sales of principal residences less than $250,000 or $500,000 (married filing joint return).	DOE	Negligible Revenue Effect												

ESTIMATED BUDGET EFFECTS OF THE CONFERENCE AGREEMENT ON THE REVENUE PROVISIONS OF H.R. 2014, THE "TAXPAYER RELIEF ACT OF 1997"—Continued

[Fiscal Years 1997–2007, in millions of dollars]

Provision	Effective	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	1997–2002	1997–2007
9. Increase the business meals deduction to 80% in 5% increments every other year for persons subject to Federal hours of service limitation, with clarification of section 119 meals.	tyba 12/31/97	....	−8	−17	−27	−37	−49	−62	−76	−91	−108	−125	−138	−600
10. Provide an above-the-line deduction for certain State and local official's expenses.	1/1/87	....	−10	−4	−4	−4	−5	−5	−6	−6	−7	−7	−27	−58
11. Raise the charitable mileage rate from 12 cents/mile to 14 cents/mile; no indexing.	tyba 12/31/97	....	−8	−56	−58	−61	−64	−68	−71	−75	−78	−82	−247	−621
12. Expense "Brownfields" redevelopment costs in empowerment zones, enterprise communities and EPA demonstration sites; add census tracts with greater than 20% poverty, 3-year sunset.	(9)	....	−57	−132	−165	−63	(7)	2	9	17	19	18	−417	−352
13. Administration's proposal to add 20 urban empowerment zones with modified incentives (including interaction with Conference Brownfields proposal.	DOE	....	−82	−121	−121	−99	−79	−56	−44	−41	−38	−25	−502	−706
14. Designate 2 supplemental empowerment zones as regular empowerment zones, with present-law incentives (phaseout of wage credit beginning in 2004).	1/1/00	....	....	....	−38	−86	−92	−98	−78	−53	−26	−13	−215	−483
15. Exemption for incremental cost of clean-fuel vehicle from luxury tax and limits on depreciation.	DOE	(6)	−1	−1	(6)	(6)	(6)	(6)	(6)	(6)	(6)	(6)	−2	−2
16. Exclude from gross income certain survivor benefits attributable to a public safety officer who is killed in the line of duty.	(10)	....	(6)	−1	−1	−1	−1	−1	−1	−1	−2	−2	−4	−12
17. Suspend 100% net income limitation with respect to percentage depletion on oil and gas property for marginal producers for 2 years.	tyba DOE	....	−21	−35	−14	....	....	....	....	....	....	....	−70	−70
18. Allow refunding of certain tax-exempt Virgin Islands bonds.	bia DOE	....	−2	−4	−5	−5	−5	−3	−1	−3	−4	−4	−21	−37
19. Purchasing of receivables by tax-exempt hospital cooperative service organizations.	tyba 12/31/96	Negligible Revenue Effect												
20. Modification of empowerment zone and enterprise community criteria in the event of future designations of additional zones and communities.	DOE	No Revenue Effect												
21. 3-year income averaging for farmers	tyba DOE ab 1/1/01	−1	−10	−53	−54	−50	....	....	....	....	....	....	−168	−168
22. Prior year estimated tax safe harbor (100% in 1998, 105% in 1999 through 2001, and 112% in 2002).	....	....	−7,400	4,000	....	....	4,400	−1,000	....	....	....	....	1,000	....
23. Montana simplified tax and wage reporting system (5-year demonstration).		No Revenue Effect												
24. National Passenger Rail (Amtrak) NOL provision.	DOE	....	−1,162	−1,162	....	....	....	....	....	....	....	....	−2,323	−2,323
SUBTOTAL OF MISCELLANEOUS PROVISIONS.	....	**−8**	**−15,182**	**8,516**	**−852**	**−863**	**3,530**	**−2,265**	**−1,539**	**−1,261**	**−1,071**	**−1,286**	**−4,850**	**−12,274**
X. Revenue-Increase Provisions														
A. Financial Products:														
1. Require recognition of gain on certain appreciated positions in personal property, with technical modifications.	csa 6/8/97	....	367	121	68	73	79	85	94	111	118	127	708	1,243
2. Gains or losses from certain terminations with respect to property; with technical modification and effective date with modifications.	30da DOE	....	15	27	25	25	25	25	25	25	25	25	117	242
3. Determination of original issue discount where pooled debt obligations subject to acceleration..	tyba DOE	....	76	275	358	319	283	100	105	109	114	118	1,311	1,857
4. Denial of interest deduction on certain debt instruments.	iia 6/8/97	....	5	16	29	43	55	62	63	64	65	67	148	469
B. Corporate Organizations and Reorganizations:														
1. Tax treatment of certain extraordinary dividends.	da 9/13/95	....	44	−93	−54	−10	45	77	81	89	95	101	−68	375
2. Require gain recognition on certain distributions of controlled corporation stock (with modifications for intragroup distributions); with binding contract modification.	da 4/16/97	....	301	243	216	187	158	130	101	73	46	10	1,105	1,465
3. Tax treatment of redemptions involving related corporations.	da/a 6/8/97	....	10	10	5	5	5	5	5	5	5	5	35	60
4. Modify holding period for dividends-received deduction with 2-year transition period.	droaa 30da DOE	....	11	13	15	16	16	16	17	17	17	18	71	156
C. Other Corporate Provisions:														
1. Registration and other provisions relating to confidential corporate tax shelters.	tsoaiTg	....	15	37	38	39	41	42	43	44	46	47	170	392
2. Certain preferred stock treated as "boot," with clarification.	ta 6/8/97	....	35	37	39	41	43	10	10	11	11	12	194	248
D. Administrative Provisions:														
1. Reporting of certain payments made to attorneys.	pma 12/31/97	....	....	3	3	3	3	3	4	4	4	4	12	31
2. Decrease of threshold for reporting payments to corporations performing services for Federal agencies.	rd 90da DOE	....	....	7	8	9	10	11	11	12	12	13	34	93
3. Extend disclosure of tax return information for administration of certain Veterans' programs[12].	dma 9/30/98	....	....	22	27	31	36	36	....	....	....	....	116	152
4. Modify levy exemption and provide continuous levy on certain payments.	lia DOE	....	332	327	256	213	157	117	102	86	82	78	1,285	1,750
5. Consistency requirement for returns of beneficiaries of estates and trusts.	rfa DOE	....	3	3	3	3	3	3	4	4	4	4	15	34

ESTIMATED BUDGET EFFECTS OF THE CONFERENCE AGREEMENT ON THE REVENUE PROVISIONS OF H.R. 2014, THE "TAXPAYER RELIEF ACT OF 1997"—Continued

[Fiscal Years 1997–2007, in millions of dollars]

Provision	Effective	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	1997–2002	1997–2007
E. Excise Tax Provisions:														
1. Extend and modify Airport Trust Fund excise taxes:.														
a. Extend domestic air passenger ticket tax: reduce tax rate from 10% to 9% of ticket price and impose an additional tax of $1.00 per flight segment for 10/1/97 through 9/30/98; 8% and $2.00/segment for 10/1/98 through 9/30/99; and 7.5% after 9/30/99 with additional tax of $2.25/segment for 10/1/99 through 12/31/99, $2.50/segment in 2000, $2.75/segment in 2001, and $3.00/segment in 2002, and in years thereafter index the $3.00/segment tax to changes in the CPI (first indexing adjustment on 1/1/03).	10/1/97	....	4,633	4,859	5,031	5,433	5,870	6,275	6,684	7,117	7,580	8,059	25,826	61,542
b. Modify airline ticket tax deposit rule to suspend deposits due 8/15/97 to 9/30/97 until 10/10/97, and suspend deposits due 8/15/98 to 9/30/98 until 10/5/98.	DOE	−1,017	−199	1,216	....	....	....	....	....	....	....	....	....	....
c. Reduce air passenger ticket tax to 7.5% of ticket price (and omit segment tax) for flight segments to/ from certain rural airports[13].	10/1/97	....	−26	−27	−26	−27	−27	−28	−30	−31	−32	−33	−133	−289
d. Extend international departure tax: increase tax from $6.00 to $12/passenger, tax arrivals at the same rate, and index the $12 tax to changes in the CPI (first indexing adjustment on 1/1/99), but retain present-law $6.00/passenger departure tax for domestic flights to/from Alaska and Hawaii, and index the $6.00 departure tax to changes in the CPI (first indexing adjustment on 1/1/99).	10/1/97	....	788	879	948	1,026	1,114	1,209	1,307	1,411	1,526	1,653	4,754	11,859
e. Impose 7.5% tax rate on cash payments to airlines for air travel under credit card and similar programs.	10/1/97	....	65	73	77	82	87	92	98	104	110	116	384	904
f. Extend current air cargo excise tax.	10/1/97	....	304	347	377	409	443	481	522	567	615	667	1,880	4,732
g. Extend current taxes on noncommercial aviation gasoline and noncommercial jet fuel.	10/1/97	....	84	87	89	91	93	95	97	99	102	104	446	943
h. Dedicate 4.3 cents/gallon of tax on aviation fuel to the Airport and Airway Trust Fund.	10/1/97	....						No Revenue Effect						
2. Tax kerosene in the same manner as diesel fuel; modify to address home heating in Alaska.	7/1/98	....	44	43	49	46	44	43	44	47	49	52	226	461
3. Reinstate LUST excise tax and extend through 3/31/05.	10/1/97	....	129	129	128	129	131	134	136	67	....	....	645	983
4. Apply 3% telephone excise tax to certain prepaid phone cards, with technical modification.	DOE	....	19	28	38	49	60	71	83	101	113	124	193	684
5. Replace truck excise tax deduction for tire value with tax credit for excise tax paid on tires.	Sa 12/31/97	....	66	94	96	97	99	101	102	105	108	110	452	979
F. Provisions Relating to Tax-Exempt Organizations:														
1. Modify control test and include attribution rules to determine UBIT consequences of certain payments from subsidiaries of tax-exempt organizations.	tyba 12/31/98 & tyba 2ya DOE.	....	(7)	(7)	(7)	3	5	5	4	4	4	4	8	29
2. Repeal 1986 Act grandfather rules for pension business of TIAA-CREF and Mutual of America.	tyba 12/31/97	....	(7)	82	116	124	128	133	140	149	160	174	450	1,208
G. Foreign Provisions:														
1. Inclusion of income from notional principal contracts and stock lending transactions under subpart F.	tyba DOE	....	9	20	21	21	21	21	22	22	22	23	92	202
2. Further restrict like-kind exchanges involving foreign personal property.	Ta dofca	....	4	8	11	13	15	17	19	21	23	25	51	156
3. Impose holding period requirement for claiming foreign tax credits with respect to dividends.	dpoaa 30da DOE	....	23	48	50	53	56	58	61	64	68	71	230	552
4. Limitation on treaty benefits for payments to hybrid entities.	DOE	....	1	1	1	1	1	1	1	1	1	1	5	10
5. Interest on underpayment reduced by foreign tax credit carryback.	ftpoa tyba DOE	....	8	10	2	1	1	1	1	1	1	1	22	27
6. Determination of period of limitations relating to foreign tax credits.	ftpoa tyba DOE	....	1	2	1	1	1	1	1	1	1	1	6	11
7. Repeal special rule which permits certain companies to eliminate their AMT liability.	tyba DOE	....	2	5	5	5	5	5	5	5	5	5	22	47
H. Pension and Employee Benefit Provisions:														
1. Provide employers the option to offer tax-free employee parking or taxable cash compensation (14).	tyba 12/31/97	....	3	8	11	12	12	13	14	14	15	16	46	118
2. Repeal of 15% excess distribution and excess accumulation taxes.	tyba & dda 12/31/96	....	−18	−19	−7	18	18	16	16	14	13	11	−8	62
3. Increase in prohibited transactions excise tax.	ptoa DOE	....	2	4	4	4	4	4	4	4	4	4	14	34
4. Basis recovery method	aba 12/31/97	....	1	3	6	9	11	15	18	21	24	27	30	133

ESTIMATED BUDGET EFFECTS OF THE CONFERENCE AGREEMENT ON THE REVENUE PROVISIONS OF H.R. 2014, THE "TAXPAYER RELIEF ACT OF 1997"—Continued

[Fiscal Years 1997–2007, in millions of dollars]

Provision	Effective	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	1997–2002	1997–2007
I. Other Revenue-Increase Provisions:														
1. Termination of suspense accounts for family farm corporations required to use accrual method of accounting (15).	(16)		29	33	35	36	37	39	40	41	43	44	170	377
2. 2-year carryback and 20-year carryforward for net operating losses with an exception related to Presidentially declared disaster areas.	NOLgi tyba DOE		42	303	361	256	179	136	112	100	93	90	1,141	1,672
3. Modification of treatment of company-owned life insurance—pro rata disallowance of interest on debt to fund life insurance.	cia 6/8/97		20	53	93	140	193	247	299	349	399	447	500	2,240
4. Modify the basis allocation rules for distributee partners, with technical modifications.	pda DOE		26	52	55	57	59	61	64	66	69	72	249	581
5. Eliminate the substantial appreciation requirement for inventory of a partnership, with technical modification and binding contract exception.	sepda DOE & efbcieo 6/8/97.		30	66	69	73	77	80	84	89	93	98	316	760
6. Earned income credit compliance provisions: deny eligibility for prior acts of recklessness; recertification required when EIC denied in past; and due diligence requirement for paid preparers.	tyba 12/31/96		(7)	18	25	24	21	21	21	21	21	21	88	193
7. For the purpose of the Earned Income Credit (EIC) phaseout, include in AGI nontaxable distributions of IRA, pensions, and annuities, and tax-exempt interest; and addback 75% of business losses (17).	tyba 12/31/97		(7)	72	75	79	85	89	92	94	99	102	312	788
8. Provide that workfare payments do not qualify as earned income for the purposes of the earned income credit.	DOE							Negligible Revenue Effect						
9. New EIC compliance proposals (18):														
a. Federal case register data	10/1/99					10	20	30	40	60	85	105	30	350
b. SSA parent SSNs	180da DOE			10	10	10	10	10	10	10	10	10	40	90
c. Additional appropriation for EIC enforcement.	DOE							No Revenue Effect						
10. Restrict income forecast method and allow 3-year MACRS for rent-to-own property; with clarification for home computers and cellular phones.	tyba DOE		29	41	62	78	38	27	25	17	17	18	248	352
11. Extend FUTA surtax and increase the statutory limit on the FUA Trust Fund from .25% of covered wages to .50% (12).	lpo/a 1/1/99			1,063	1,763	1,797	1,733	661	−73	−71	−74	−73	6,356	6,726
12. Limitation on charitable remainder trust annual payouts; require charitable remainders to have a minimum value of 10% of trust.	Ta 6/18/97		6	6	6	6	6	6	6	6	6	6	30	60
13. Limit carryback period for general business credits to 1 year; extend carryforward period to 20 years.	cai tyba 12/31		182	300	81	−60	−32	−9	5	15	21	25	471	527
14. Extend the 5-year time limit for taxing pre-contribution gain to 7 years and grandfather binding contracts in effect on 6/8/97.	pcpa dofca						2	10	11	11	12	12	2	58
15. Expansion of requirement that involuntarily converted property be replaced with property acquired from an unrelated person.	icoa dofca		1	4	6	8	11	13	15	17	19	21	30	115
16. Repeal installment sales grandfather rule tyb1ya DOE.				44	97	106	106	64	21	22	23	24	353	507
Subtotal of Revenue-Increase Provisions.			7,522	11,013	10,802	11,217	11,696	10,970	10,78	611,409	12,092	12,866	51,230	109,350
XI. Foreign Tax Provisions														
A. General Provisions:														
1. Simplify foreign tax credit limitation for individuals.	tyba 12/31/97		(19)	−1	−1	−1	−1	−1	−1	−1	−1	−1	−4	−9
2. Simplify translation of foreign taxes			(19)	(19)	(19)	(19)	(19)	(19)	(19)	(19)	(19)	(19)	(19)	(19)
3. Election to use simplified foreign tax credit limitation for alternative minimum tax purposes.	tyba 12/31/97		(19)	(19)	(19)	(19)	(19)	(19)	(19)	(19)	(19)	(19)	−1	−2
4. Simplify treatment of personal transactions in foreign currency.	tyba 12/31/97		(19)	(19)	(19)	(19)	(19)	(19)	(19)	(19)	(19)	(19)	−1	−2
5. Simplify foreign tax credit limitation for dividends from 10/50 companies to provide look-through starting in 2003.	tyba 12/31/02							−57	−241	−215	−227	−242		−982
B. General Provisions Affecting Treatment of Controlled Foreign Corporations.	**various**		**−2**	**−5**	**−7**	**−9**	**−10**	**−10**	**−11**	**−12**	**−13**	**−14**	**−33**	**−93**
C. Modification of Passive Foreign Investment Company Provisions to Eliminate Overlap With Subpart F and to Allow Mark-to-Market Election, and to Modify Asset Measurement Rule.	**tyba 12/31/97**		**−24**	**−23**	**−24**	**−26**	**−27**	**−28**	**−29**	**−31**	**−33**	**−35**	**−124**	**−280**
D. Simplify Formation and Operation of International Joint Ventures, with Technical Modifications.	**various**		**(6)**	**(6)**	**−1**	**−1**	**−1**	**−1**	**−1**	**−1**	**−1**	**−2**	**−3**	**−9**
E. Modification of Reporting Threshold for Stock Ownership of a Foreign Corporation.	**1/1/98**		**(19)**	**−1**	**−2**	**−2**	**−2**	**−2**	**−2**	**−3**	**−3**	**−3**	**−7**	**−20**
F. Other Foreign Simplification Provisions:														
1. Transition rule for certain trusts	aiii SBJPA		−1	−3	−5	−5	−5	−5	−5	−5	−5	−5	−19	−44
2. Simplify application of the stock and securities trading safe harbor.	tyba 12/31/97		(6)	(6)	(6)	(6)	(6)	(6)	(6)	(6)	(6)	(6)	(6)	(6)
3. Clarification of determination of foreign taxes deemed paid.	DOE		(6)	(6)	(6)	(6)	(6)	(6)	(6)	(6)	(6)	(6)	(6)	(6)
4. Clarification of foreign tax credit limitation for financial services income.	DOE		(6)	(6)	(6)	(6)	(6)	(6)	(6)	(6)	(6)	(6)	(6)	(6)
G. Other Foreign Provisions:														
1. Foreign sales corporation benefits for computer software.	gra 12/31/97		−27	−42	−146	−173	−180	−191	−202	−227	−252	−277	−568	−1,717

ESTIMATED BUDGET EFFECTS OF THE CONFERENCE AGREEMENT ON THE REVENUE PROVISIONS OF H.R. 2014, THE "TAXPAYER RELIEF ACT OF 1997"—Continued

[Fiscal Years 1997–2007, in millions of dollars]

Provision	Effective	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	1997–2002	1997–2007
2. Increase dollar limitation on section 911 exclusion and index after 2007.	1/1/98		−15	−30	−50	−67	−82	−97	−103	−111	−119	−127	−244	−801
3. Exception from U.S. property definition under subpart F for certain securities positions.	tyba 12/31/97		−1	−2	−2	−2	−2	−2	−2	−2	−2	−2	−9	−19
4. Exemption from subpart F for active financing income.	tybi 1998		−23	−68	−3								−94	−94
5. Treat service income of nonresident alien individuals earned on foreign ships as foreign source income and disregard the U.S. presence of such individuals; with amendment to rule disregarding U.S. presence.	tyba 12/31/97		−2	−4	−3	−3	−3	−3	−3	−3	−3	−3	−15	−30
Subtotal of Foreign Tax Provisions			**−95**	**−179**	**−244**	**−289**	**−313**	**−397**	**−608**	**−611**	**−659**	**−711**	**−1,122**	**−4,102**
XII Simplification Provisions Relating to Individuals and Businesses														
A. Provisions Relating to Individuals:														
1. Deduction attributable to unearned income of dependent filers: greater of (a) present law; or (b) earned income plus $250; delink dependent AMT from parent's AMT position.	1/1/98		−2	−38	−35	−35	−35	−35	−35	−38	−37	−36	−146	−327
2. Increase de minimis threshold for estimated tax to $1,000.	tyba 12/31/97		−134	−17	−18	−19	−20	−21	−22	−24	−25	−26	−208	−326
3. Treatment of certain reimbursed expenses of rural mail carriers.	tyba 12/31/97		(6)	−1	−1	−1	−1	−1	−1	−1	−1	−1	−5	−11
4. Treatment of travel expenses of certain Federal employees engaged in criminal investigations.	eii tyea DOE		(6)	(6)	(6)	(6)	(6)	(6)	(6)	(6)	(6)	(6)	−1	−2
5. Permit payment of taxes by any commercially acceptable means; and prohibit payment of fees by Treasury.	DOE							Negligible Revenue Effect						
B. Provisions Relating to Businesses Generally:														
1. Modify look-back method for long-term contracts.	cci tyea DOE		−1	−2	−3	−4	−4	−4	−4	−5	−5	−5	−14	−37
2. Minimum tax treatment of certain property and casualty insurance companies.	tyba 12/31/97		−1	−2	−3	−3	−3	−3	−3	−3	−3	−3	−12	−27
3. Provide for exclusion for construction allowances provided to lessees, with technical modification.	leia DOE							Negligible Revenue Effect						
C. Partnership Simplification Provisions:														
1. Simplified reporting to partners	tyba 12/31/97		6	8	8	8	8	9	9	9	9	9	38	83
2. Simplified audit procedure for large part.	tyba 12/31/97		(7)	(7)	(7)	1	1	1	1	1	1	1	2	8
3. Due date for furnishing information to partners of large partnerships.	tyba 12/31/97							No Revenue Effect						
4. Returns required on magnetic media for partnerships with 100 partners or more.	tyba 12/31/97							Negligible Revenue Effect						
5. Other partnership audit rules	tyba 12/31/97		−2	(6)	(6)	(6)	(6)	(6)	(6)	(6)	(6)	(6)	−3	−5
6. Closing partnership taxable year with respect to deceased partner	tyba 12/31/97		(6)	(6)	(6)	(6)	(6)	(6)	(6)	(6)	(6)	(6)	−1	−1
D. Provisions Relating to Real Estate Investment Trusts:														
1. Alternative penalty for failure to request information from shareholders.	tyba DOE							Negligible Revenue Effect						
2. De minimis rule for tenant services income.	tyba DOE							Negligible Revenue Effect						
3. Attribution rules applicable to tenant services.	tyba DOE							Negligible Revenue Effect						
4. Credit for tax paid by REIT on retained capital gains.	tyba DOE							Negligible Revenue Effect						
5. Repeal 30% gross income requirement.	tyba DOE		−4	−5	−5	−6n	−7	−7	−8	−9	−10	−11	−26	−72
6. Modification of earnings and profits rules for determining whether REIT has earnings and profits from non-REIT year.	tyba DOE							Negligible Revenue Effect						
7. Treatment of foreclosure property	tyba DOE							Negligible Revenue Effect						
8. Payments under hedging instruments	tyba DOE							Negligible Revenue Effect						
9. Excess noncash income	tyba DOE							Negligible Revenue Effect						
10. Prohibited transaction safe harbor	tyba DOE							Negligible Revenue Effect						
11. Shared appreciation mortgages	tyba DOE							Negligible Revenue Effect						
12. Wholly owned subsidiaries	tyba DOE							Negligible Revenue Effect						
E. Provision Relating to Regulated Investment Companies:														
1. Repeal 30% gross income limitation for regulated investment companies.	tyba DOE		−17	−23	−27	−33	−38	−45	−53	−61	−71	−82	−138	−450
F. Taxpayer Protections:														
1. Provide "reasonable cause" exception for filing claims for refunds.	tyba DOE							Negligible Revenue Effect						
2. Clarification of period for filing claims for refunds.	tyea DOE							Negligible Revenue Effect						
3. Repeal authority to disclose whether a prospective juror has been audited.	pca DOE							No Revenue Effect						
4. Clarify statute of limitations for pass-through entities.	tyba DOE							No Revenue Effect						
5. Clarify procedure for administrative cost awards.	aca DOE							No Revenue Effect						
Subtotal of Simplification Provisions Relating to Individuals and Businesses.			**−155**	**−80**	**−84**	**−92**	**−99**	**−106**	**−116**	**−131**	**−142**	**−154**	**−514**	**−1,167**
XIII. Estate, Gift and Trust Simplification Provisions														
1. Gifts to charities of over $10,000 exempt from gift tax filing requirements.	gma DOE							Negligible Revenue Effect						
2. Clarification of waiver of certain rights of recovery of estate tax from QTIP trust.	dda DOE							Negligible Revenue Effect						

ESTIMATED BUDGET EFFECTS OF THE CONFERENCE AGREEMENT ON THE REVENUE PROVISIONS OF H.R. 2014, THE "TAXPAYER RELIEF ACT OF 1997"—Continued

[Fiscal Years 1997–2007, in millions of dollars]

Provision	Effective	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	1997–2002	1997–2007
3. Transitional rules under section 2056A.	aiii OBRA'90	....	Negligible Revenue Effect											
4. Estate and gift tax treatment of short-term OID instruments.	dda DOE	....	Negligible Revenue Effect											
5. Certain revocable trusts treated as part of estate.	dda DOE	....	−3	−3	−3	−3	−3	−3	−3	−3	−3	−3	−15	−30
6. Distributions during first 65 days of taxable year of estate.	tyba DOE	....	Negligible Revenue Effect											
7. Separate share rules available to estates.	dda DOE	....	Negligible Revenue Effect											
8. Executor of estate and beneficiaries treated as related persons for disallowance of losses.	tyba DOE	....	Negligible Revenue Effect											
9. Treatment of funeral trusts	tyea DOE	....	2	2	2	2	2	2	2	2	2	2	10	20
10. Adjustments for certain gifts within 3 years of decedent's death.	dda DOE	....	No Revenue Effect											
11. Clarification of treatment of survivor annuities under qualified terminable interest rules.	dda DOE	....	Negligible Revenue Effect											
12. Treatment under qualified domestic trust rules of forms of ownership which are not trusts.	dda DOE	....	Negligible Revenue Effect											
13. Opportunity to correct certain failures under section 2032A.	DOE	....	Negligible Revenue Effect											
14. Authority to waive requirement of United States trustee for qualified domestic trusts.	dda DOE	....	No Revenue Effect											
Subtotal of Estate, Gift and Trust Simplification Provisions.		....	−1	−1	−1	−1	−1	−1	−1	−1	−1	−1	−5	−10
XIV. Excise Tax and Other Simplification Provisions														
A. Excise Tax Simplification:														
1. Increase de minimis limit for aftermarket alterations for heavy truck and luxury car excises.	DOE	....	Negligible Revenue Effect											
2. Credit or refund for imported bottled distilled spirits returned to distilled spirits plant.	fcq DOE+180 days	....	Negligible Revenue Effect											
3. Authority to cancel or credit export bonds without submission of records.	fcq DOE+180 days	....	No Revenue Effect											
4. Repeal of required maintenance of records on premises of distilled spirits plant.	fcq DOE+180 days	....	No Revenue Effect											
5. Fermented material from any brewery may be received at a distilled spirits plant.	fcq DOE+180 days	....	Negligible Revenue Effect											
6. Repeal of requirement for wholesale dealers in liquors to post sign.	DOE	....	No Revenue Effect											
7. Refund of tax to wine returned to bond not limited to unmerchantable wine.	fcq DOE+180 days	....	Negligible Revenue Effect											
8. Use of additional ameliorating material in certain wines.	fcq DOE+180 days	....	No Revenue Effect											
9. Domestically produced beer may be withdrawn free of tax for use of foreign embassies, legations, etc.	fcq DOE+180 days	....	Negligible Revenue Effect											
10. Beer may be withdrawn free of tax for destruction.	fcq DOE+180 days	....	Negligible Revenue Effect											
11. Authority to allow drawback on exported beer without submission of records.	fcq DOE+180 days	....	No Revenue Effect											
12. Imported beer or wine transferred in bulk to brewery or winery without payment of tax.	fcq DOE+180 days	....	Negligible Revenue Effect											
13. Authority for IRS to grant exemption from excise tax registration requirements.	DOE	....	No Revenue Effect											
14. Exemption from truck excise tax for certain wrecked truck fixups and truck modifications.	1/1/98	....	−5	−8	−8	−8	−9	−9	−10	−10	−11	−11	−38	−89
15. Repeal registration requirement for tax-free sales of trucks for resale.	1/1/98	....	Negligible Revenue Effect											
16. Repeal of excise tax "deadwood" provision.	DOE	....	No Revenue Effect											
17. Move taxation of arrows from tax on assembled arrows to tax on component parts of 12.4%.	1/1/98	....	Negligible Revenue Effect											
18. Clarify tax treatment of skydiving flights as noncommercial aviation; with technical modifications.	10/1/97	....	Negligible Revenue Effect											
19. Eliminate double taxation for certain purchases of aviation fuel from fixed-based operators; with technical modifications.	10/1/97	....	Negligible Revenue Effect											
B. Tax Exempt Bond Provisions:														
1. Repeal $100,000 limitation on unspent proceeds from tax-exempt bond issues under year exception from rebate.	bia DOE	....	(6)	−2	−3	−5	−6	−8	−9	−10	−11	−12	−17	−65
2. Exclusion from arbitrage rebate for earnings on bona fide debt service fund under construction.	bia DOE	....	(6)	−1	−2	−3	−3	−4	−5	−6	−6	−7	−9	−37
3. Repeal of debt service based limitation on investment in certain nonpurpose investments.	bia DOE	....	Negligible Revenue Effect											
4. Repeal of expired student loan bond arbitrage rebate provisions.	DOE	....	No Revenue Effect											
C. Tax Court Procedures:														
1. Clarify jurisdiction of Tax Court with respect to overpayment determinations.	DOE	....	−3	−3	−3	−3	−3	−3	−3	−3	−3	−3	−15	−30
2. Clarify Tax Court jurisdiction over interest determinations.	DOE	....	No Revenue Effect											

ESTIMATED BUDGET EFFECTS OF THE CONFERENCE AGREEMENT ON THE REVENUE PROVISIONS OF H.R. 2014, THE "TAXPAYER RELIEF ACT OF 1997"—Continued

[Fiscal Years 1997–2007, in millions of dollars]

Provision	Effective	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	1997–2002	1997–2007
3. Clarify net worth requirements for awards of administrative or litigation costs; $4 million for joint returns.	DOE	....	−1	−2	−2	−2	−2	−2	−2	−2	−2	−2	−9	−19
4. Clarify Tax Court jurisdiction for independent contractors with technical modification.	DOE	....						Negligible Revenue Effect						
D. Other Provisions:														
1. Extend due date for first quarter estimated tax by private foundations.	tyba DOE	....	−2	(6)	(6)	(6)	(6)	(6)	(6)	(6)	(6)	(6)	−2	−3
2. Clarification of authority to withhold Puerto Rico income taxes from salaries of Federal employees..	1/1/98	....	−2	−3	−1	−1	−1	−1	−1	−1	−1	−1	−8	−13
3. Certain notices disregarded under provision increasing interest rate on large corporate underpayments.	1/1/98	....	−1	−1	−1	−1	−1	−1	−1	−1	−1	−1	−5	−10
Subtotal of Excise Tax and Other Simplification Provisions.	....	....	**−14**	**−20**	**−20**	**−23**	**−25**	**−28**	**−31**	**−33**	**−35**	**−37**	**−103**	**−266**
XV. Pension Simplification Provisions														
A. Miscellaneous Provisions Relating to Pensions and Other Provisions:														
1. Water districts made eligible for 401(k) plans even if State or local entity.	1/1/98	....	(19)	−1	−1	−1	−2	−2	−2	−2	−2	−3	−6	−15
2. Extend moratorium on nondiscrimination rules for public pension plans (permanent), with technical.	DOE	....												
(12) Negligible Revenue Effect.														
3. Treatment of certain disability benefits received by former police officers or firefighters.	DOE	....	....	−10	−1	....	....	....	....	....	....	....	−11	−11
4. ESOP provision Modify prohibited transaction rules relating to employee stock ownership plans of S corporation; with modifications.	tyba 12/31/97	....						Negligible Revenue Effect						
5. Repeal UBIT on income from an S corporation to an ESOP; with technical modification.	tyba 12/31/97	....	−8	−23	−34	−41	−44	−46	−48	−50	−52	−54	−149	−400
6. Pension provision—increase in full funding limit with 20-year amortization; with technical modification.	pyba 12/31/98	....	....	−4	−12	−14	−18	−19	−23	−23	−25	−25	−48	−164
7. Deduction for contributions made by ministers to retirement plans.	tyba 12/31/97	....	....											
(11)Negligible Revenue Effect.														
8. Exclusion of ministers from discrimination testing of nondenominational retirement plans.	tyba 12/31/97	....	....					Negligible Revenue Effect						
9. Diversification of 401(k) investments; with 1-year delay of effective date.	DOE	....	....					Negligible Revenue Effect						
10. Exempt police and firefighters from section 415 dollar limitation; with clarification.	yba 12/31/96	....	....					Negligible Revenue Effect						
11. Modify section 415 limits for State and local plans; with modifications.	tyba 12/31/97	....	−9	−25	−25	−26	−26	−26	−27	−27	−27	−28	−111	−246
12. ESOP provision—permit cash distributions in lieu of stock in the S corporation.	tyba 12/31/97	....						Negligible Revenue Effect						
13. Increase the amount from $3,500 to $5,000 on involuntary cash out from pension plans with no indexing of dollar amount.	dma DOE (7)	2	6	7	7	7	8	8	9	9	10	29	73	
14. Treatment for partnership items of individual retirement accounts.	tyba 12/31/97	....						No Revenue Effect						
15. Church plan exception to prohibition on discrimination against individuals based on health status.	DOE	....						Negligible Revenue Effect						
16. Excise tax penalties for failure of group health plan to provide certain maternity and mental health benefits.	pybo/a 1/1/98	....						Negligible Revenue Effect						
17. Date for adoption of plan amendments.	DOE	....						No Revenue Effect						
B. Pension Simplification Provisions:														
1. Matching contributions for self-employed individuals not treated as elective deferrals.	tyba 12/31/97	....	(19)	(19)	(19)	(19)	(19)	(19)	(19)	(19)	(19)	(19)	(20)	(21)
2. Contributions to IRAs through payroll deductions.	tyba 12/31/97	....						No Revenue Effect						
3. Plans not disqualified merely by accepting rollover contributions; with modification.	tyba 12/31/97	....						Negligible Revenue Effect						
4. Modification of prohibition on assignment or alienation.	DOE	....						Negligible Revenue Effect						
5. Eliminate paperwork burdens on plans	tyba DOE	....	....											
(12)No Revenue Effect.														
6. Modifications to section 403(b) exclusion allowance to conform to section 415 modifications.	tyba 12/31/98	....	....	(19)	(19)	(19)	(19)	(19)	(19)	(19)	(19)	(19)	(20)	(21)
7. New technologies in retirement plans	DOE	....						No Revenue Effect						
8. Modification of 10% tax on nondeductible.	tyba 12/31/97	....	−2	−3	−3	−3	−3	−3	−3	−3	−3	−3	−14	−29
9. Modify funding rules for certain plans	cda 12/31/97	....						Negligible Revenue Effect						
Subtotal of Pension Simplification Provisions.	....	−27	−51	−68	−78	−86	−88	−95	−96	−100	−103	−310	−792	
XVI. Technical Corrections Provisions														
1. Oklahoma technical on Indian wage credits and development incentives for property with 10-year lives or less, with modification.	dwcorfpt 3/18/97	....	−10	−2	1	2	2	1	1	1	1	1	−8	−2
Subtotal of Technical Corrections Provisions.	....	−10	−2	1	2	2	1	1	1	1	1	−8	−2	

ESTIMATED BUDGET EFFECTS OF THE CONFERENCE AGREEMENT ON THE REVENUE PROVISIONS OF H.R. 2014, THE "TAXPAYER RELIEF ACT OF 1997"—Continued

[Fiscal Years 1997–2007, in millions of dollars]

Provision	Effective	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	1997–2002	1997–2007
XVII. TRADE PROVISION—GSP extension through 6/30/98 [12]	6/1/97		−378										−378	−378
Total Revenue Effect of H.R. 2014		60	−9,483	−9,887	−27,937	−29,329	−23,865	−34,966	−36,611	−38,652	−39,809	−41,551	−100,444	−292,045
XVIII. REVENUE PROVISIONS IN H.R. 2015														
1. Increase small cigarettes tax by $0.10 per pack in 2000 and 2001, and $0.15 per pack in 2002 and thereafter with proportionate increase in other tobacco products excise taxes.	10/1/97				1,175	1,720	2,272	2,280	2,290	2,300	2,310	2,320	5,167	16,667
2. Miscellaneous FUTA provisions [12]	various		3	(6)	(6)	(6)	(6)	(6)	(6)	(6)	(6)	(6)	1	
3. Medicare Plus MSAs	tyba 12/31/97		Negligible Revenue Effect											
Total Revenue Effect of H.R. 2015			3	[6]	1,175	1,720	2,272	2,280	2,290	2,300	2,310	2,320	5,168	16,667
Grand Total: Reconciliation Revenue Provisions.		60	−9,480	−9,887	−26,762	−27,609	−21,593	−32,686	−34,321	−36,352	−37,499	−39,231	−95,276	−275,378

[1] Estimate considers interaction with HOPE tax credit proposal.

[2] The refundable portion of the child credit is equal to $4,281 million for fiscal years 1998–2002 and $10,022 million for fiscal years 1998–2007.

[3] Estimate includes interaction with estate and gift taxes.

[4] Considers interaction with IRA PLUS proposal.

[5] Estimate includes interaction with welfare-to-work tax credit.

[6] Loss of less than $500,000.

[7] Gain of less than $500,000.

[8] Effective for bonds issued after 12/31/96 and bonds issued before 1/1/99.

[9] Effective for expenses in taxable years ending after date of enactment and before 1/1/01.

[10] Effective for payments received in taxable years beginning after 12/31/96 with respect to individuals dying after such date.

[11] Assumes prior or concurrent passage of legislation to allow Virgin Island financing on parity basis.

[12] Estimate provided by the Congressional Budget Office.

[13] Rural airports would be defined as (1) airports receiving "essential air service" assistance on date of enactment and having fewer than 100,000 enplanements in the previous calendar year, and (2) other airports having fewer than 100,000 passenger enplanements in the previous calendar year, excluding those within 75 miles of airports having more than 100,000 passenger enplanements in the previous year.

[14] Estimate does not include increase in receipts to Social Security trust fund ($21 million for fiscal years 1997–2002; $51 million for fiscal years 1997–2007).

[15] The provision would eliminate the present-law requirement that a portion of the suspense account be restored to income whenever the gross receipts of the corporation decline.

[16] Provision would be effective for taxable years ending after 6/8/97 for new suspense accounts, and taxable years beginning after that date for existing accounts. Balances in new accounts would be included in income over a 10-year period, and balances in existing accounts over a 20-year period. For existing accounts, the amounts included in income in any year would not exceed 50% of the taxable income of the taxpayer before the inclusion.

[17] Estimate includes outlay reductions of $254 million for 1997–2002 and $650 million for 1997–2007.

[18] Estimate does not include effect on outlays. Outlays will be provided by the Congressional Budget Office.

[19] Loss of less than $1 million.

[20] Loss of less than $5 million.

[21] Loss of less than $10 million.

Legend for "Effective" column: ab=and before; aba=annuities beginning after; aca=actions commenced after; aiii OBRA'90=as if included in the Omnibus Budget Reconciliation Act of 1990; aiii SBJPA=as if included in the Small Business Job Protection Act of 1996; aoty=all open taxable years; bia=bonds issued after; cai=credits arising in; cci=contracts completed in; cda=contributions due after; cfa=claims filed after; cia=contracts issued after; csa=constructive sales after; da=distributions after; Da=discharges after; da/a=distributions and acquisitions after; dda=decedents dying after; di=dispositions in; dma=disclosures made after; DOE=date of enactment; dofca=date of first committee action; dpoaa=dividends paid or accrued after; droaa=dividends received or accrued after; dwcorfpt=depreciation and wages claimed on returns filed prior to; efbcieo=exception for binding contracts in effect on; eia=expenses incurred after; eii=expenses incurred in; fcq DOE + 180 days=first day of the calendar quarter that begins at least 180 days after date of enactment; ftpoa=foreign taxes paid or accrued in; gma=gifts made after; gra=gross receipts after; gsta=generation skipping transfers after; icoa=involuntary conversions occurring after; iia=instruments issued after; leia=leases entered into after; lia=levies issued after; lpo/a=labor performed on or after; NOLgi=net operating lossess generated in; oia=obligations issued after; pca=proceedings commenced after; pcpa=property contributed to partnership after; pda=partnership distributions after; pma=payments made after; po/a=purchases on or after; poida=payments of interest due after; ppisa=property placed in service after; psora=payments solicited or received after; ptoa=prohibited transactions occurring after; pyba=plans years beginning after; phybo/a=plans years beginning on or after; rd=returns due; rfa=returns filed after; roa=rentals occurring after (for returns open on date of first committee action); Sa=sales after; sea=sales or exchanges after; sepda=sales and exchanges, and certain partnership distributions after; spa=services performed after; ta=transactions after; Ta=transfers after; tyba=taxable years beginning after; Tybo/a=Taxable years beginning on or after; tyb1ya=taxable years beginning 1 year after; tybi=taxable years beginning in; tyea=tax years ending after; tsoaiTg=tax shelters offered after issuance of Treasury guidance; wpoifhma=wages paid or incurred for hires made after; yba=years beginning after; 30da=30 days after; 90da=90 days after; 180da=180 days after; 2ya=2 years after.

Note.—Details may not add to totals due to rounding. Enactment date is assumed to be August 15, 1997.

Source: Joint Committee on Taxation.

For consideration of the House bill, and the Senate amendment, and modifications committed to conference:

JOHN R. KASICH,
BILL ARCHER,
PHIL CRANE,
WILLIAM M. THOMAS,
DICK ARMEY,
TOM DELAY,
CHARLES B. RANGEL,

As additional conferees from the Committee on Transportation and Infrastructure, for consideration of secs. 702 and 704 of the Senate amendment, and modifications committed to conference:

BUD SHUSTER,
SUSAN MOLINARI,
JAMES L. OBERSTAR,
BILL GOODLING,
HARRIS W. FAWELL,
DONALD M. PAYNE,
Managers on the Part of the House.

From the Committee on Finance:

BILL ROTH,
TRENT LOTT,
DANIEL P. MOYNIHAN,

From the Committee on the Budget:

PETE DOMENICI,
DON NICKLES,
FRANK R. LAUTENBERG,
Managers on the Part of the Senate.]

☐ 1830

ANNOUNCEMENT OF AVAILABILITY OF H.R. 2014, TAXPAYER RELIEF ACT OF 1997, ON THE INTERNET

(Mr. ARCHER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. ARCHER. Mr. Speaker, I rise to alert all Members that this evening this entire bill will be on the Internet so that any Member who wishes to peruse it and to learn its entire contents will be able to do so tonight before it comes out on the floor tomorrow.

FOREIGN OPERATIONS, EXPORT FINANCING, AND RELATED PROGRAMS APPROPRIATIONS ACT, 1998

The SPEAKER. Pursuant to the order of the House of Thursday, July 24, 1997, and rule XXIII, the Chair declares the House in the Committee of the Whole House on the State of the Union for the further consideration of the bill, H.R. 2159.

☐ 1831

IN THE COMMITTEE OF THE WHOLE

Accordingly, the House resolved itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill (H.R. 2159) making appropriations for foreign operations, export financing and related programs for the fiscal year ending September 30, 1998, and for other purposes, with Mr. THORNBERRY in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. When the Committee of the Whole rose earlier today, the bill had been read through page 4, line 24.

For what purpose does the gentleman from California [Mr. ROYCE] rise?

AMENDMENT NO. 13 OFFERED BY MR. ROYCE

Mr. ROYCE. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment No. 13 offered by Mr. ROYCE: IN TITLE I, UNDER THE HEADING "OVERSEAS PRIVATE INVESTMENT CORPORATION NONCREDIT ACCOUNT" AFTER "$32,000,000" INSERT "(REDUCED BY $11,200,000)".

Mr. CALLAHAN. Mr. Chairman, I ask unanimous consent that all debate on this amendment and all amendments thereto close in 40 minutes and that the time be equally divided.

The CHAIRMAN. Is there objection to the request of the gentleman from Alabama?

There was no objection.

The CHAIRMAN. The gentleman from California [Mr. ROYCE] will control 20 minutes. Does the gentleman from Alabama [Mr. CALLAHAN] seek time in opposition?

Mr. CALLAHAN. Yes, Mr. Chairman, I seek time in opposition.

The CHAIRMAN. The gentleman from Alabama [Mr. CALLAHAN] will control 20 minutes, and the gentleman California [Mr. ROYCE] is recognized for 20 minutes in support of his amendment.

Mr. ROYCE. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, the Royce-Andrews-Kasich amendment cuts the operating expenses of the Overseas Private Investment Corporation. It puts it to a level that is more in keeping with the level of business this House has authorized for OPIC. Specifically, this amendment reduces the administrative appropriations by $11.2 million, from $32 million to $20.8 million.

This amendment is supported by a diverse coalition of 12 organizations, organizations who come at it from differing perspectives but groups united by the view that the U.S. Government should not be in the business of insuring American corporations to invest abroad and making loans to American corporations to encourage them to invest abroad.

Now, there are many in this body who would like to see OPIC closed. That is the position of the 12 groups. Many of us fundamentally question why the American taxpayer should be supporting a government agency that makes loans and issues risk insurance when these services are available privately. And despite what OPIC and its supporters say, there are companies that would do this business. Maybe not at the rates that OPIC offers, but that is the point. OPIC is a business subsidy.

So let me ask my colleagues, many of whom have worked hard to give to the private sector what government services can better be done by the private sector, let me ask them to ask themselves why should OPIC be an exception to this rule? Why do we have a government agency competing with the private sector? That is the American financial services sector that they compete with, the most efficient in the world. And also ask why the American taxpayers should be liable to potentially multi-billion dollar losses, and that is what we are talking about.

Do Members in this body recall the S&L crisis? It was not that long ago. Yes, OPIC has not had large losses, but the problem is there. Remember, we were given assurances that there would be no S&L problem.

So I want to point out OPIC's risky loans. Members, look at how many are rated D or D-minus or F or F-minus and FF-minus. Common sense should tell us something is not right here.

And many of us wonder why some of our largest businesses should benefit from OPIC subsidies. Do Coca-Cola and AT&T and McDonald's really need OPIC to make a profit abroad?

Let us not show so little faith in the power of American businesses and the American economy, which year after year ranks as the most competitive in the world, and please do not tell me that Coca-Cola, which just announced an 88 percent increase in earnings for the second quarter, is not a world class company because of the Overseas Private Investment Corporation.

Do not get me wrong, these are great companies, the backbone of the American economy, but they do not need OPIC, and we hear that OPIC does not cost the American taxpayers a dime. That is a mantra of OPIC supporters, yet the Congressional Research Service has reported that OPIC has cost a minimum of $73 million over the last few years, and the Congressional Budget Office tells us that we would save $296 billion if we ended the program.

Last, we hear that OPIC creates jobs. I ask my colleagues that logic. Members come down to the floor every day and praise the American economy. They say how dynamic it is, and they are right. We have the most dynamic economy in the world. That is not because we have OPIC creating jobs. Consider that the Congressional Research Service has reported there is little theoretical support or empirical evidence which supports claims that subsidizing exports or overseas investment offers a positive net gain in jobs in the U.S. economy.

There is simply no justification for appropriating $32 million to OPIC today. This is a 50 percent increase in appropriations from 1994, and no more business is being authorized than was authorized then.

I ask my colleagues why does OPIC need this additional money? Let us cut it back.

Mr. Chairman, I reserve the balance of my time.

Mr. CALLAHAN. Mr. Chairman, I ask unanimous consent that one-half of my time be yielded to the gentlewoman from California [Ms. PELOSI] and that she be allowed to further yield time.

The CHAIRMAN. Is there objection to the request of the gentleman from Alabama?

There was no objection.

Mr. CALLAHAN. Mr. Chairman, I rise in opposition to the amendment, and in staunch opposition, but I first yield 3 minutes to the gentleman from Nebraska [Mr. BEREUTER], who is chairman of the Committee on International Relations' Subcommittee on Asia and the Pacific.

Mr. BEREUTER. Mr. Chairman, I do rise in strong opposition to the Royce amendment.

Mr. Chairman, they are laughing and gloating in Germany, France and Japan over this amendment to gut the Overseas Private Investment Corporation. Those three countries, among others, will be fighting over the hundreds of thousands of jobs and trillions of dollars in infrastructure projects if the House votes to pass the Royce amendment and gut OPIC, United States foreign policy and investment insurance agencies. The Japanese Government already out-subsidizes our investment insurance 6 times to 1 as a percentage of GDP. Germany spends 5 times more, and France 4 times more than the United States to help their companies win lucrative infrastructure projects in the developing world, and those infrastructure projects lead to a whole series of other American job creating activities.

Mr. Chairman, this Member finds it truly amazing that some of our well-intended colleagues would thus hurt our Nation in so shortsighted an effort to eliminate funding for an agency of the Federal Government which runs at no net cost and helps make our companies competitive in the global marketplace.

At a time when the U.S. trade deficit is hitting record highs, supporters of the Royce amendment feel compelled to remain in those isolated, academic, ivory towers chastising government involved in overseas investments. Well, Mr. Chairman, in a perfect world governments would not have to be involved in subsidizing overseas investments.

In fact, I have added an amendment to an OPIC authorizing bill moving through the House Committee on International Relations which requires U.S. officials to negotiate with foreign competitors and put an end to these subsidies, and that is what we try to do through the OECD. We are making progress, but we are nowhere close. But until that time, therefore, our workers, our exporters, our businesses cannot afford to have the U.S. House of Representatives vote like a bunch of isolationists in ivory towers. The fact remains that foreign governments will fight and spend money to rustle jobs away from hard-working Americans.

Mr. Chairman, this Member urges his colleagues to vote for American workers and vote against the Royce amendment.

Let me bring, finally, a few facts to the attention of my colleagues. OPIC makes a profit every year since its creation. Here is what the net, net annual income was for OPIC. Starting in 1971, $25.9 million. Today, last year, that particular year, 1996, $208 million, nearly $209 million. Here is the cumulative impact of U.S. exports generated, I hope, by OPIC. It has increased from $687 million the first year, and we believe this, $52,823,000,000 this last year.

That is how much U.S. exports cumulatively was generated by OPIC.

Finally, take a look at the cumulative U.S. jobs created and generated by OPIC, and I mean directly, despite what we heard a minute ago. It has increased from a relatively small amount, 4,800 the first year; this year, 225,000 plus. That is how many additional American jobs were created by OPIC.

I urge my friends to oppose the Royce amendment.

Mr. ROYCE. Mr. Chairman, I yield 1 minute to the gentleman from Ohio [Mr. KASICH].

Mr. KASICH. Mr. Chairman, let me get the attention of my colleagues in the House on both sides of the aisle. We were just able to pass a bill that started to dramatically reform the operation of the Federal Government and get us to a balanced budget.

What is this vote about? This vote is about reforming corporate welfare.

Couple years ago we passed a bill that reformed welfare for people who did not have lobbyists. Now we have a family friendly bill that is on the House floor, and the reason why I say it is a family friendly bill is there have been more lobbyists hired to defend this big giveaway of the Federal Government, put more food on the plates of more people who were hired to represent the special interests in this regard. The fact is this program does not make any money. This program only gets money because of transfers of interest payments, intergovernment. It would be like arguing that the Department of Education makes money on their student loan program. It makes no money.

It also says to all of my colleagues back in their districts, when you have a woman, when you have a man come up to you and tell you they want to start a small business and they would like a loan to open up a small business, they do not get these kind of sweetheart deals that the most profitable large multinational corporations get. Our operations in the amount of business we do with China does not involve one dime of any of these guarantees.

The fact is, if these business agreements make sense, let them get loans like everybody else does in this country. We do not need sweetheart deals, loan guarantees and direct loans from the Federal Government to help big business. Big business can compete and win, small business can compete and win by having an aggressive strategy to market their products, by balancing the budget and having an element of fairness.

So what I would suggest to Republicans as well as Democrats, if they marched to this floor and they voted for welfare reform bill that reformed the welfare programs for people who do not have lobbyists, it is time to come to the floor and cast a giant vote against corporate welfare and for the people who live next door.

Ms. PELOSI. Mr. Chairman, I yield 2½ minutes to the distinguished gentleman from Connecticut [Mr. GEJDENSON], a senior member of the Committee on International Relations.

Mr. GEJDENSON. Mr. Chairman, if the fact that there was a lobbyist in this town working on a bill was a reason to vote against it, then I guess everybody is going to vote against the tax cut tomorrow because the reality is on the merits we cannot beat OPIC. It makes money for the Treasury, it pays its own way, and it has created in the range of a quarter of a million high paying jobs in America. Where OPIC is rightfully prohibited from participating in places like China, when an American company goes after a contract, it gets a German Government insurance program and has to use German subsidiaries to provide much of the working product. The American private sector that is in financial instruments of this nature supports OPIC. They are not for its closure.

This is taking a great racehorse that has won race after race, tying up a leg or two and say, gee, it does not run so well any more. If we cut the money out of OPIC; it is its own money, it is not taxpayer money, it is money that is made in profit on its operations; we will end up with an agency that will not adequately be able to monitor its own operations. Kill it rather than vote for this amendment; $2.7 billion in reserves in the Treasury, $52 billion generated in exports, a quarter of a million jobs; if this is welfare, where is the welfare in this? This is a place where the private sector will not go, it is a place the private sector supports our Government's actions. It puts American families to work, it keeps us competitive internationally.

□ 1845

Some people around here talk, posing for holy pictures. This may be one: Members stand up and pose that they want to end a Government program; but do they not look at the facts if they are going to try to do that? Because the facts say this program is good for America, it is good for taxpayers, it is good for families that depend on the jobs from this very program.

Reject the amendment. It hobbles a great racehorse that does well for our economy.

Mr. Chairman, I urge Members to defeat this amendment and support a program that organizations and men and women in unions and nonunions alike benefit from the contracts American corporations get. This is an ill-advised amendment that will harm American workers.

Mr. ROYCE. Mr. Chairman, I yield 4 minutes to the gentleman from New Jersey [Mr. ANDREWS].

Mr. ANDREWS. Mr. Chairman, I would like to thank my friend, the gentleman from California, for yielding time to me.

I urge my colleagues to vote in favor of this amendment. Mr. Chairman, I think the American people ought to know tonight where their money is going. Some of it is going to provide a loan guarantee for McDonald's to open restaurants in Brazil. Some of it is going to help subsidize the operation of a luxury hotel in Bermuda; or Jamaica, excuse me. Some of it is going to help General Electric Co. build a light bulb factory in Hungary.

Mr. Chairman, that is where the American people's money is going tonight, courtesy of OPIC. Where we should go tonight is a yes vote in favor of this amendment.

We are going to hear the arguments about the miraculous and wonderful things OPIC does. OPIC makes money because they invest in profitable deals. Mr. Chairman, if the deals are so profitable, then let OPIC proceed as a private firm with private risk and private capital and put their money at risk, not the money of the men and women that we represent.

We will hear that OPIC does not cost the taxpayers any money because what OPIC brings in is greater than what it puts out every year. The Congressional Budget Office disagrees. Its analysis is that if we terminated OPIC, over a 5-year period we would save $296 million.

Mr. Chairman, OPIC also makes money the way another Federal agency used to make money. In 1987 the head of that Federal agency said that times are bright, good times are ahead, the revenues are rolling in. The head of that agency was the head of the Federal Home Loan Bank Board. He was talking about the savings and loan institutions. The good times ended, our money rolled out, and that agency lost money, the same way OPIC would if its deals go sour.

We will hear that OPIC creates lots of jobs. But then we will hear the Congressional Research Service say that there is little or no empirical evidence to support that claim.

We will hear that exports for our country will dry up, that we will be unilaterally disarming in the war for exports if we get rid of OPIC. Here is the evidence. In countries that were eligible for OPIC treatment, U.S. firms exported $3.6 billion last year. But in the Peoples Republic of China, ineligible for OPIC treatment, without one nickel of assistance from OPIC, exports were $52 billion without OPIC. Mexico, which is also ineligible for OPIC subsidy, United States exports, $28 billion, without a shred of help from OPIC. The evidence shows the exports do not increase.

Finally, we will hear that OPIC is a valuable tool to pursue the foreign policy goals of our country. Mr. Chairman, the foreign policy goals of our country should be decided and executed by us as the duly elected Representatives of the people, and by those who work for the President and the State Department, not by a quasi-public taxpayer-subsidized corporation, which, by the way, has been using its public subsidy this week to lobby us against cutting off its funding.

The letters have arrived, the doors have been knocked on, the advertising campaign has begun. For no other reason, for no other reason, our colleagues should support this amendment because we do not like the idea of people we are funding using that funding to lobby us on how to vote.

Do the American taxpayer a favor. Support our amendment.

Ms. PELOSI. Mr. Chairman, I am pleased to yield 2 minutes to the gentleman from New York [Mr. RANGEL], the distinguished ranking member of the Committee on Ways and Means, who is working on the tax bill.

Mr. RANGEL. Mr. Chairman, let me tell Members why I oppose this amendment and support OPIC. There is no question that this great democracy of ours has been responsible for taking a lot of dictatorships, a lot of military governments, and trying to make democracies out of them. We have had tremendous success in Africa, tremendous success in South America, and the one thing that makes democracies work is not just a good feeling, but that people are eating and people have jobs and people are doing things. That is what is necessary in order to have a democracy.

What is it that really makes a country not look for aid but is willing to be looking for trade? That is where we are looking for economic expansion. It is not just love and affection. We want markets there to sell our goods. If there is no disposable income, if they are only asking for assistance, they cannot buy American goods.

Take Africa. The President of the United States finally recognized that here was a continent that was rich with resources that have not been developed. There are people that are skeptical about investing in Africa because they think these new young governments are unstable. Now comes OPIC and says, we will be there with you. We will give the guarantees. Just the President recognizing for trade purposes Africa has more than doubled the investments that are there.

What I am suggesting: Why would we shoot ourselves in the feet where the investments have increased when we started having OPIC in Asia, it has done well in Latin America, and now comes Africa's chance at bat to say we, too, need investment.

I do not know why when something is working and not losing money, and when the American people go and invest that money, and we know we get our return because our investors normally are buying American-made goods, and if we enrich the people that know that it was America, not France and not Germany that was there for them, for God's sake, do not tell Africa they have the opportunity to enjoy free trade with us and then we encourage American firms not to be there when they need them.

I oppose the amendment. The thing is working. Let us continue to support it.

Mr. ROYCE. Mr. Chairman, I yield 2¼ minutes to the gentleman from Illinois [Mr. JACKSON].

Mr. JACKSON of Illinois. Mr. Chairman, if we are serious about Africa, we should give direct loan guarantees to the country that we are serious about, just like we do for Egypt or for Israel. Direct loan guarantees is the way to be serious about investments in these countries.

OPIC, however, is not the vehicle by which we should make these investments. The amendment reduces the administrative appropriation for the Overseas Private Investment Corporation from $32 to $20.8 million. OPIC uses taxpayer money to provide direct loans and risk insurance to Fortune 500 companies, who are in turn firing American workers.

One year ago, the President and this Congress put an end to a six-decade minimum floor of entitlements for poor people, Aid to Families with Dependent Children, or AFDC. In my judgment, that minimal entitlement was justified on the basis of simple humanity and basic morality. But that view was defeated, and the minimum floor was pulled from underneath the poor.

Yet, the corporations, many of whom have been lobbying us all week long, want to continue their AFDC program, or aid for dependent corporations, with their record profits and management salaries and benefits. They have no such humanitarian claim or moral claim to this particular subsidy. The cost to American taxpayers and workers simply cannot be justified.

OPIC bestows upon these corporations welfare through direct loans, subsidized loan guarantees, and political risk insurance. Imagine that, a Fortune 500 company needing political risk insurance in a Third World country.

With the full faith and credit of the U.S. Government and backing of business ventures, OPIC's corporate clients have eliminated thousands of American jobs. With the destabilizing effects of corporate downsizing on American workers and their families, we should not be providing these incentives for America's corporate giants to invest abroad, taking advantage of low-wage costs, lower standards, and often exploitive working conditions of the Third World.

Mr. Chairman, in the final analysis, we must raise their standards, the standards of people in the Third World, not lower ours to meet theirs in an increasingly global economy. Mr. Chairman, if we are serious about Africa and serious about the Third World, let us give the same kinds of loan guarantees to African nations that we also give to Israel and to Egypt. That is fair. Vote in support of the Royce-Andrews-Kasich amendment.

Mr. CALLAHAN. Mr. Chairman, I yield 2½ minutes to the gentleman from Illinois [Mr. MANZULLO].

Mr. MANZULLO. Mr. Chairman, OPIC provides a unique service to this country. It provides political risk insurance. That does three things: currency and convertibility, political violence, and seizure of assets. That is pretty unusual.

There is a statement made that OPIC, if it is really great, can be privatized. The answer is no. I have a letter here from Zurich Insurance Group that is addressed to me in direct response to a Dear Colleague letter sent around by the gentleman from California [Mr. ROYCE] and the gentleman from Ohio [Mr. KASICH] asking if Zurich America intends to enter the same market as that of OPIC, if OPIC is eliminated. The answer to that is no.

Sean Cassidy, the vice president of Federal Affairs, said that Zurich does not intend to compete directly with OPIC, but rather, complement OPIC's coverage. So, therefore, there is no company that is ready to pick up OPIC should it be privatized.

Second of all, here is how OPIC makes money. This is Price Waterhouse's statement for the past year. OPIC takes in $299,000, and here it comes, through political risk insurance premiums, that is $81 million, investment financing, $52 million, interest on U.S. Treasury securities, $166 million. Even if we take out the interest on the U.S. Treasury securities, it still comes up making about $45 million a year. It actually makes money. OPIC makes money and it provides an insurance service that nobody else can provide in this country.

What amazes me is the fact that OPIC steps into very unique situations and makes projects nobody else can do. Look what is going on just in Africa alone: In Uganda, Agro Management; in Tanzania, NBS Card Service in Africa; in Ethiopia, the Louisiana-Baton Rouge Schaffer & Associates; in Tanzania, a small business with ACG Co.; with Tanzania suppliers, ADCO.

All over Africa we see OPIC stepping into the gap, so we have small, emerging companies that are getting a foothold, and then after a while, such as in Hungary, OPIC backs out because it is no longer necessary to have political risk insurance, because when a country becomes a member of OECD it no longer is eligible for political risk insurance under OPIC.

So we have an organization here that actually makes money; not on paper, it actually makes money. We would urge the defeat of that amendment.

Mr. ROYCE. Mr. Chairman, I yield 2 minutes to the gentleman from Texas [Mr. PAUL].

Mr. PAUL. Mr. Chairman, I thank the gentleman for yielding time to me. This is a form of welfare that should be stopped. We have poor man's welfare, foreign welfare, and corporate welfare. This is an example of foreign and corporate welfare. The program really ought to be abolished.

If it is true that this program pays its own way, then there is no need for us to be here. Why are they asking for $32 million? It is a good program. Some insurance company will take it over.

□ 1900

Obviously, they need the $32 million that is in here. But there is something else involved here that is very, very important. On the very chart that was standing here a minute ago, it was showing that they do fabulously, this tremendous income of $299 million in 1996, which is true. But in looking at this Price Waterhouse balance sheet, financial report for 1996, it shows that OPIC owns $2.47 billion worth of bonds. Right above it, as a matter of fact, the line went through it, so you could not read it, it said that the income from these treasuries was $166 million. That is what it is costing the taxpayers.

We are giving a subsidy to OPIC in the back door by paying interest. It appears on the budget as an interest payment. I mean this is really close to outright deception on the part of many here in the Congress as well as the American people. So it is not paying its own way.

The other argument, we heard it expressed several times now, is that this is a very necessary program because it goes where the private market will not go. That is precisely the reason we should not be there, because there is a risk. The businessman will not go there because it is too risky.

So what do we do? We ask the American taxpayers to back it up. What to do? To take our businesses from this country, export the business and export the jobs. Most of this money goes to big companies. If we look at their record over the past 6 years, these big companies have had a significant shrinkage of employment. These jobs are going overseas. Programs like this serve to export jobs, and this amendment should be passed.

Ms. PELOSI. Mr. Chairman, I yield 10 seconds to the gentleman from Nebraska [Mr. BEREUTER].

Mr. BEREUTER. Mr. Chairman, we are allowing OPIC to spend money that they have earned. This is not a new appropriation.

Ms. PELOSI. Mr. Chairman, we have had considerable interest on our side on this issue. Members were not aware that there was going to be a time limitation on this. I ask unanimous consent for 10 additional minutes on this side in opposition to the OPIC amendment.

The CHAIRMAN. The Chair is only able to entertain such a request if it is 10 additional minutes for the proponents and opponents. Is that the gentlewoman's request?

Ms. PELOSI. Yes, Mr. Chairman.

The CHAIRMAN. The Chair's understanding of the request is 10 additional minutes for the opponents and 10 additional minutes for the gentleman from California [Mr. ROYCE].

Is there objection to the request of the gentlewoman from California?

There was no objection.

Ms. PELOSI. Mr. Chairman, I yield 2 minutes to the gentleman from Ohio (Mr. TRAFICANT).

Mr. TRAFICANT. Mr. Chairman, I want to talk about a different aspect. After encouragement from the White House themselves, a company in my district, Buchite International, is the only American company to agree to be a model company for investment in Gaza. Mr. Chairman, they have been ripped off big time, and we cannot allow this to happen.

In their dealings with the Cairo Amman Bank of Gaza, the corporate accounts were opened without proper documentation. Corporate checks denominated in dollars were endorsed and cashed by individuals without first being deposited into the account.

Canceled checks were not returned. Corporate funds in excess of $100,000 were used to guarantee an overdraft facility of a private individual without authorization. The company had no knowledge or approval of this. A letter of guarantee was written by a bank without notifying the company, in strict violation of company instructions. Four point four million was invested, forcing them to default on a $2 million loan.

Tomorrow I will be bringing an amendment and there may be some technicalities to that amendment. I want the Congress to allow that amendment to go forward because the PLO and Palestinian authorities cannot rip off American companies. We cannot tolerate that. Vote your conscience on any of these amendments.

Mr. ROYCE. Mr. Chairman, I yield 2 minutes and 15 seconds to the gentleman from New Hampshire [Mr. BASS].

Mr. BASS. Mr. Chairman, I rise in strong support of the pending amendment which would reduce the OPIC account by 11.2 million. Let me emphasize this is not abolition of OPIC. This is a reduction in the administrative account. If I may quote from a letter from my distinguished colleague from California, he states here that OPIC uses taxpayers fund to provide loans, and the amendment would bring OPIC's administrative appropriation in line with its stated administrative cost.

According to OPIC, administrative expenses were 20.2 million in 1994. Even though OPIC has the same insurance and loan caps as it had in 1994, it has requested a 50 percent increase in appropriations from what administrative costs were in 1994.

It is a simple question of whether or not this corporation can operate with the same workload as it did in 1994, with the same administrative overhead.

We have heard about the fact that the loans are going to Fortune 500 companies that only 3 percent or three loans went to small businesses and 41 went to the Fortune 500 companies. But aside from subsidizing these megacorporations, OPIC has risked over $8.7 billion in U.S. taxpayers money by underwriting risky investments in unstable regions of the world. Let me remind my friends that, should political unrest and turmoil upset these foreign markets, American taxpayers will be liable for the losses of OPIC insured corporations.

I heard one of my colleagues mention earlier, remember that the FDIC and the FSLIC could never go wrong. They always would make money and we know what happened in the savings and loan fiasco.

Mr. Chairman, OPIC is not contributing to reducing the deficit. The resources that come from the OPIC premiums that are received do not go into the Treasury. They go, as they should, to income, to a capital account to reduce the probability or possibility that there will be a default.

Mr. Chairman, I urge my colleagues to join the Americans for Tax Reform, Capital Watch, Citizens Against Government Waste, Citizens for a Sound Economy, Competitive Enterprise Institute, Friends of the Earth, National Taxpayers Union, Public Citizens and USPIRG in supporting this amendment.

Mr. CALLAHAN. Mr. Chairman, I yield 2 minutes and 30 seconds to the gentleman from New York [Mr. GILMAN], chairman of the Committee on International Relations.

Mr. GILMAN. Mr. Chairman, I rise in opposition to the amendment being offered by the gentleman from California [Mr. ROYCE] making a 35 percent cut in the operating budget of the Overseas Private Investment Corporation. The funds in OPIC's $32 million administrative budget are fully offset revenues from those companies utilizing OPIC services.

I might add that the revenue has been increasing each and every year. In short, the cutting amendment does not save $1 of taxpayer funds.

My colleagues should be aware that each year for the past two decades the premium and fee income from OPIC's programs have covered all of its operating costs. The adoption of this amendment would simply reduce the use of OPIC's own revenues. This amendment prevents OPIC from properly managing its $23 billion portfolio of insurance policies, of loan guarantees and loans to American businesses.

While OPIC has some $2.7 billion in reserve to protect the U.S. taxpayer, this amendment would not allow OPIC to use enough of its reserve funds to support its portfolio. In short, it is penny-wise and pound-foolish and will put the American taxpayer at risk.

By depriving the agency of administrative funds for next year, it will put thousands of jobs at risk and will stop any effort to develop new trade and investment initiatives in sub-Saharan Africa. OPIC does not cost a single taxpayer dollar. OPIC is required by law to operate on a self-sustaining basis. And since 1971, OPIC has reimbursed the government for every dollar of actual outlays it has received. Every objective review of OPIC's operations undertaken over the past two years by the CRS, J. P. Morgan and independent accounting firms and the General Accounting Office concluded that risky markets still exist where the private sector is reluctant to operate without public guarantees and insurance, such as those provided by OPIC.

This agency has a proven track record of experiencing few claims losses and recovering a large portion of its claims. All of our major trading partners have insurance and export financing agencies like OPIC. Taking us out of the export and investment assistance business is tantamount to unilateral disarmament of our American investment overseas. I urge defeat of the measure before us.

Mr. CALLAHAN. Mr. Chairman, I yield 1 minute to the gentleman from Nebraska [Mr. BEREUTER].

Mr. BEREUTER. Mr. Chairman, both the gentleman from New Hampshire and the gentleman from New York have talked about the administrative cost increases. Let me point out that the size of the loan portfolio has grown dramatically because of the mandate of Congress in 1994.

Take a look at the green bar chart. This shows the escalation of administrative costs from $19 to $32 over this period of time. But look at the loan portfolio they are managing: $160 up to $260, $310. Actually they have been very, very conservative in the amount of money they have spent for administrative costs. They have done that despite having an authorization to manage this well. They have managed it well. They are doing a good job. We ought to continue to support them, to implement the congressional mandate.

Mr. ROYCE. Mr. Chairman, I yield 2 minutes to the gentleman from California [Mr. CAMPBELL].

Mr. CAMPBELL. Mr. Chairman, equity in our approach to welfare, safety for the American taxpayer, and sending the right signal to those countries that have not yet provided a reliable place for investment in the world, these are the three arguments that compel support for this amendment.

Equity. We have with difficulty struck down welfare program after welfare program or restricted it. We must be prepared to do the same when it comes to an aspect of corporate welfare, an aspect of favoritism for those companies who cannot stand on their own.

A question of risk. The chart that I have to my left is prepared by the Congressional Budget Office. That does a risk rating of the loans which are being insured by OPIC. It should not surprise us when we look at it to see such a concentration of these loans at the risky end of the spectrum, D, D minus, E, F, F minus. Why should it not surprise us? Because by definition OPIC is offering insurance for loans that were not otherwise able to be insured in the market.

Finally, sending the correct signal. There is something important that the market tells us when the market says it will not insure an investment in a country. It tells us that that country has not yet established its economic or governmental structure in such a way as to attract investment. And by affording insurance anyway, which the United States does through OPIC, we are sending a message and actually deterring, retarding the progress that that country might otherwise make. Driven by the necessity of coming into the world standard so that it would attract the type of insurance that would be available in the private market, fairness to all welfare recipients, safety for the American taxpayer, and sending the right signal to countries that have far to go, all compel a "yes" on the Royce amendment.

Ms. PELOSI. Mr. Chairman, I yield 1 minute to the gentleman from Illinois [Mr. DAVIS].

Mr. DAVIS of Illinois. Mr. Chairman, not very often will my colleagues find me taking a position that is contrary to that of my colleague from Chicago. But I rise in opposition to the amendment to cut OPIC.

I do so because we are a pace setter. We are a Nation that is known as a leader. We have been a leader in business and industry all over the world. I have been told that you cannot lead where you do not go, just as you cannot teach what you do not know.

If I know one thing, I know that if our corporations, if our companies, if our businesses are not there in the marketplace, then I know that they cannot do business.

□ 1915

And so that I urge that we oppose this amendment and let OPIC do its job, do its work, do its business.

Mr. ROYCE. Mr. Chairman, I yield 2 minutes to the gentleman from Connecticut [Mr. SHAYS].

Mr. SHAYS. Mr. Chairman, this Congress in the last 2½ years has sought to balance the Federal budget and get our country's financial house in order. We have sought to save our trust funds for not just future generations but present generations. And, thirdly, we have attempted as hard as we can to transform our caretaking, social, corporate and agricultural welfare state into a caring opportunity society.

We have worked hard to help mothers get work, a opportunity for employment and training to be free from welfare. We have seen an agricultural bill, the Freedom to Farm, wean farmers off welfare. And yet when it comes to corporate welfare, we seem to find every defense possible to continue it.

This amendment is not going to eliminate OPIC, it is going to reduce its administrative costs. There are some of us who would sincerely want to eliminate OPIC, totally privatize this operation. But, Mr. Chairman, this is a modest amendment. I support it. It is in line with everything we have attempted to do in transforming our caretaking, social, corporate and agricultural welfare state into what must become a caring opportunity society.

Ms. PELOSI. Mr. Chairman, I yield 1 minute to the gentleman from California, Mr. BRAD SHERMAN.

Mr. SHERMAN. Mr. Chairman, I wish to address those who call OPIC corporate welfare.

We should remember who creates the risk in the first place. When the terrorists take the plane, they do not shoot the Norwegians first. They go after Americans because we play a prominent role in the world. And when rogue countries think of nationalizing assets, they do so because of American foreign policy and they threaten American assets first. We have an opportunity to insure our companies from risks that we as a government create.

There are those who say that OPIC is the next S&L mess. This amendment is an opportunity to make that a self-fulfilling prophecy. If we cut the administrative costs, if we cut the safeguards, if we cut those who are watching to make sure that sound loans and guarantees are made, then we can sit back and laugh as mistakes are made, and sit back and say, "We told you they would make mistakes."

Mr. ROYCE. Mr. Chairman, I yield 2¼ minutes to the gentleman from Florida [Mr. MILLER].

Mr. MILLER of Florida. Mr. Chairman, I thank the gentleman for yielding me this time and I rise in support of this amendment.

I wish to reiterate an important point. The amendment does not eliminate OPIC. It merely reduces OPIC's administrative expenses down to a fiscally responsible level.

I am speaking on behalf of this amendment today because I believe subsidizing large corporations represents corporate welfare. Large multinational companies simply should not receive special treatment from the Federal Government.

I ran for Congress with the hope of reducing the size and scope of the Federal Government. But how can we ask one sector to accept cuts in Federal subsidies if we are not applying this practice fairly? Like the special interest groups, big business has to wean itself off the Federal dole as well.

In order to successfully reduce the size of government, every single line item that the Federal Government funds needs to be reviewed. These items need to meet three criteria: First, is the Federal program achieving its goal? Second, does it represent a true Federal priority? And, third, does it duplicate other existing Federal or private initiatives?

The Overseas Private Investment Corporation does not meet these criteria. To begin with, the program is not meeting its intended goals. Originally developed to help small domestic businesses compete internationally, OPIC funds are instead diverted towards multinational corporations that do not need special subsidies.

Second, this program does not represent a true Federal priority. Funding biomedical research to save people from life-threatening disease is a vital priority. Supplying weaponry and soldiers to keep this country safe is a Federal priority. However, providing corporate giveaways to large multinational companies in no way represents a Federal priority.

And finally, OPIC competes with and effectively crowds out private sector initiatives. Companies such as Exporters Insurance Company Limited, Zurich American Insurance Group, both provide risk insurance at competitive rates and terms without using hard-earned taxpayer financing.

For these reasons I encourage support of this amendment. This is not a needed Federal responsibility. There is a private sector alternative. We should support this amendment.

Mr. CALLAHAN. Mr. Chairman, I yield 1 minute to the gentleman from Illinois [Mr. MANZULLO].

Mr. MANZULLO. Mr. Chairman, I just heard my colleague from Florida say that Zurich American is ready to take over OPIC, and I put into testimony a letter from Zurich American. They are not interested in taking over OPIC. Zurich American does not want to take over OPIC. We cannot privatize it because no one wants to go into that market, period. That should settle that argument.

Second of all, this is the rate of loss. It is 1 percent. It is one of the smallest rates of loss that any company can have. And it is not corporate welfare because American companies, multinational corporations, if they do business in more than one country they are multinational, they have to pay very high premiums to buy this insurance. It is the premium risk insurance that accounts for most of the profits that OPIC turns back.

Fourthly, today we are here not to get any new money from the government treasury for OPIC but to use the money that OPIC has made in terms of profits.

Mr. BEREUTER. Mr. Chairman, will the gentleman yield?

Mr. MANZULLO. I yield to the gentleman from Nebraska.

Mr. BEREUTER. Mr. Chairman, I wanted to say, with all that risk assessment we had from the gentleman from California [Mr. CAMPBELL], that the recovery rate is 98 percent. Ninety-eight percent recovery rate.

Mr. ROYCE. Mr. Chairman, I yield 2 minutes to the gentleman from Maryland [Mr. EHRLICH].

Mr. EHRLICH. Mr. Chairman, I thank the gentleman for yielding this time to me.

Mr. Chairman, a lot of us came to Congress to stop the endless growth in government, and we talk an awful lot about it, restoring a sense of common sense to what we do in this town. As an effort to accomplish those objectives, a lot of us have focused on flawed and nonsensical programs such as OPIC.

At the risk of being redundant, we have heard a lot of reasons to eliminate OPIC here today. It is risky, its portfolio has grown dramatically over the last several years, it is biased towards large Fortune 500 companies, it crowds out other entities in the market, it duplicates the products of private lenders and insurers. For those interested in the market, I should add. And it is unnecessary.

Emerging markets attracted $243 billion in private investment in 1996. OPIC financed $2.2 billion. These are sufficient reasons to eliminate OPIC, but what we are debating here today is simply the increase of administrative costs, and I rise in support of this more limited objective, in support of the Royce-Kasich amendment.

Make no mistake about it, there is no reason to increase OPIC's administrative budget. In fiscal year 1994, as has been stated, OPIC's current insurance and loan caps were established. OPIC's administrative expenses were $20.2 million. Even though OPIC has the same insurance and loan caps today as it had in 1994, it requested a 50 percent increase in appropriations above that 1994 level.

Since OPIC is not authorized to increase higher levels of insurance or loans and is a self-financed agency, there is no need to increase appropriations for OPIC's administrative expenses.

Mr. Chairman, at a time when Americans, in fact we are celebrating the fact that the government has been asked to do less and cut wasteful government spending, OPIC should not ask this Congress to do more. It makes no sense. Support the amendment.

Ms. PELOSI. Mr. Chairman, I yield 1 minute to the gentlewoman from Texas [Ms. JACKSON-LEE].

Ms. JACKSON-LEE of Texas. Mr. Chairman, I thank the gentlewoman from California for yielding this time to me, and I am saddened that I have to disagree with my other friend from California.

But let me say this in rebuttal to all I have heard about OPIC. It does creates jobs. In fact, if we look right over here, we will see that a single project has created some 260 suppliers across the Nation. It creates small business opportunities and it does create jobs. At the same time, we will see this whole list of small business owners who are working because of OPIC.

How much can we realize that this is actually an opportunity for American businesses to do international business? Why would we shackle the hands of business to go across the Nation, to go across internationally, to go into Africa and India and China and result in dollars that come back to this country, where those who are in small businesses and elsewhere pay the taxes that make this government run?

Do not shackle the hands of those who are working internationally. Let us stand proud and make sure that we continue to create job opportunities and jobs for the citizens of America through small business.

Ms. PELOSI. Mr. Chairman, I yield 1½ minutes to the gentleman from Texas [Mr. BENTSEN].

Mr. BENTSEN. Mr. Chairman, this is a penny-wise and pound-foolish amendment that is based on a flawed understanding of classical economics, and it actually has some tinges of mercantilism. It believes in a perfect world, and the fact is it is not a perfect world.

When we look at the facts we will find that the United States provides export subsidies amounting to about 3 percent of our exports, but the rest of the world, or many of our trading competitors, provide anywhere from 20 to 40 percent subsidization. So we are already dealing at a disadvantage in that case.

Second of all, this theory that this is somehow where the private sector would go is, I think, very flawed as well. Because what we are talking about is lending the credit of the United States under a very controlled program, with losses that the gentleman from Nebraska pointed out are lower than most American mortgage pools are, and the recovery rate better.

The fact is the private sector will not go into these areas. If we are going to start believing in this theory, let us not stop here. Let us go after student loans and FHA, because that is the same theory as we are applying in that case.

Do we really want to walk away from emerging markets and have U.S. businesses walk away from that? There is no proof whatsoever, no proof provided by Americans for Tax Reform, or any other group that we have asked for, that there is crowding out of the market. That in and of itself is a flawed theory, that somehow we have reached our full capacity utilization, when we know that we have not.

So this is a bad amendment, it is a bad idea, it is bad for the American economy, and I hope our colleagues will vote it down.

Mr. ROYCE. Mr. Chairman, I yield 2 minutes to the gentleman from California [Mr. ROHRABACHER].

Mr. ROHRABACHER. Mr. Chairman, this idea that OPIC is creating jobs in the United States is so much nonsense I can hardly contain myself. We are talking about taxing the hardworking people of the United States in order to provide loan guarantees and subsidies for people who, not that they want to sell products overseas, but so that they can build manufacturing units overseas.

For people that want to know what that means, that means we are building companies that will compete with Americans and put Americans out of work and we are taxing the American people to do it. This is absurd. This is a sin against average American working people.

Furthermore, what kind of countries are we talking about? These are not struggling democracies we are trying to encourage investment in. These are dictatorships. These are bloody gangster regimes that cannot get private sector financing because it is too risky.

Now, of course, by getting the American taxpayers to pony up the money, to take all the risk, are we encouraging those gangster regimes to liberalize? Not only are we putting our people out of work, we are telling the gangsters to go ahead and suppress their unions, go ahead and suppress freedom of speech, go ahead and suppress competition, let our businessmen in, because we are going to subsidize them.

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This is horrendous. We are taking away the incentive for dictatorships to liberalize and become free. We are taking jobs away from our people. The only thing wrong with the Royce amendment is that it does not go far enough, it does not eliminate this abomination from the budget altogether, this attack on the well-being of the American people.

I am with the gentleman from California [Mr. ROYCE]. Let us cut it down if not eliminate it.

Ms. PELOSI. Mr. Chairman, I am pleased to yield 1 minute to the gentleman from Oregon [Mr. BLUMENAUER].

Mr. BLUMENAUER. Mr. Chairman, I thank the gentlewoman from California [Ms. PELOSI] for yielding me the time.

It is disingenuous at best to suggest that a vote for this amendment is going to save one dime of taxpayer money. There is a big difference between subsidy and public guarantee. There are some things that are desirable that no individual company is going to take on themselves.

Other countries have similar tools because they work. And in fact, there are a number of countries that invest far more proportionately than we do. Cutting this administrative program off could in fact have a perverse effect by putting more of this loan portfolio at risk.

This amendment betrays a fundamental lack of understanding about how the program works. In terms of the notion of crippling our ability to oversee and manage this larger portfolio, it could have the perverse effect of losing taxpayer money and have these guarantees kick in. And last, but not least, it would make it impossible to enable this agency to move into some of the riskier markets where we need the power of the free market to help transform this society.

Mr. ROYCE. Mr. Chairman, I yield 1 minute to the gentleman from Illinois [Mr. JACKSON].

Mr. JACKSON of Illinois. Mr. Chairman, let me once again rise to challenge a couple of arguments that I heard in support of this amendment and certainly congratulate the gentleman from California [Mr. ROHRABACHER] for an outstanding speech that he just gave. No truer words could have ever been spoken in support of this particular amendment.

I want to go back to Africa for a moment, because several of my colleagues since I spoke initially indicated that these corporations subsequently invest in Africa. In the final analysis, Mr. Chairman, if we really trust African leaders, again, we should do for Africa what we do for Israel and what we do for Egypt, give them direct loan guarantees.

Nothing could be more paternalistic than to say that the only way we are going to invest in Africa is through a U.S. corporation in an undemocratic, un-American regime, and put the U.S. taxpayer dollars at high risk if in fact that government is toppled and we find ourselves on the wrong side of the human rights equation.

Once again, Mr. Chairman, I rise in support of the Royce-Andrews-Kasich amendment. I would encourage my colleagues, particularly those colleagues who voted in support of reducing this program in the last Congress, an opportunity to vote again on behalf of the side of the working people in our own country.

Ms. PELOSI. Mr. Chairman, I am pleased to yield 2 minutes to the gentlewoman from North Carolina [Mrs. CLAYTON].

Mrs. CLAYTON. Mr. Chairman, I rise against this amendment. OPIC has, since its creation, really protected the U.S. investment it has made overseas. Argument can be made, and persuasive arguments have been made, as to why perhaps this should not be considered. But that persuasive argument, I suggest to my colleagues, can be appropriately argued somewhere else other than OPIC.

Consider these facts: Not one dollar has been used, been lost, as a result of the taxpayers' money making administrative costs. In fact, OPIC is mandated by Congress to be self-sustaining. It is self-sustaining, paying for its administrative costs. This amendment would deny OPIC the ability to fulfill its 1994 mandate that says raise its portfolio from $11.5 billion to $23 billion. The Royce amendment would undercut that ability to fulfill that.

It is not unreasonable to assume that the Government would provide risk insurance to allow for countries that do not have the economic stability to have jobs in development. That also creates investment back here in America, if not jobs, certainly investment that goes back into applying for economic development for American jobs and American citizens here.

Mr. Chairman, OPIC supports more than 10,000 new American jobs here as a result of that investment. Yes, I was one of those congresspersons that my colleague, the gentleman from Illinois [Mr. JACKSON] referred to, because I know of a company, indeed, that has participated in OPIC, will not only take their monies but borrow from OPIC and add more monies to make sure their investment is a sound investment in South Africa.

It is working, it is working in countries, not only in South Africa, but other countries that want to remove themselves from a dictatorship and embrace democracy and have opportunity for economic development. This is the right way for America to go. We should be leaders on this. Vote no on the Royce amendment.

The CHAIRMAN. The Chair would inform Members that the gentlewoman from California [Ms. PELOSI] has 1 minute remaining, the gentleman from California [Mr. ROYCE] has 2 minutes remaining, and the gentleman from Alabama [Mr. CALLAHAN] has 5¼ minutes remaining.

The gentleman from Alabama has the right to close, preceded by the gentleman from California [Mr. ROYCE].

Mr. ROYCE. Mr. Chairman, I yield 1 minute to the gentleman from New Jersey [Mr. ANDREWS].

Mr. ANDREWS. Mr. Chairman, I want to thank the gentleman from California [Mr. ROYCE], my friend and colleague, and also the gentleman from Ohio [Mr. KASICH], the chairman, for their work on this amendment.

This week, our constituents are going to have taxes taken out of their paycheck. And each week we go home for the weekend they ask us, "Congressman, what did you spend my money on this week?

If my colleagues are prepared to tell their constituents that this week they spent their money to help the McDonald's Corp. in Brazil, then oppose our amendment. If my colleagues are prepared to tell their constituents that this week they spent their money to help the General Electric Corp. in Hungary, then oppose our amendment. But if my colleagues believe, as we do, that the time has come to have equity in the way we disperse welfare and to stop corporate welfare, then support our amendment, as so many did in voting to limit OPIC last year.

Ms. PELOSI. Mr. Chairman, I yield myself the remaining 1 minute.

Mr. Speaker, I commend and applaud our colleague from California [Mr. ROYCE], whom we all hold in such high regard, for his work in fighting corporate welfare. I applaud him and the gentleman from Ohio [Mr. KASICH] in their fight against corporate welfare. Indeed, I join them in their fight against corporate welfare. But, Mr. Chairman, OPIC is not corporate welfare. OPIC does not cost the taxpayer a single dollar.

Some of the points our colleagues have made in the course of fighting this amendment this evening bear repeating. OPIC is required by law to operate on a self-sustaining basis. Since 1971, OPIC has reimbursed the Government for every dollar of actual outlays it has received. OPIC produces a positive cash-flow for the Government because the fees it charges clients, companies exceed its total cost.

OPIC creates American jobs by promoting exports. OPIC has a unique foreign policy role, and OPIC levels the playing field in the global competition. All of America's major economic competitors have OPIC-like agencies to bridge commercial gaps in emerging markets. Let us not tie the hands of our companies in the international market. I urge my colleagues to vote against the Royce amendment.

The CHAIRMAN. The gentleman from California [Mr. ROYCE] has 1 minute remaining.

Mr. ROYCE. Mr. Chairman, I yield myself the balance of my time.

Mr. Chairman, claims have been made that OPIC is a large benefactor of small business; 97.6 percent of the beneficiaries are corporations with revenues that exceed $1 million. In fact, only one beneficiary had annual revenues less than $2 million.

Private political risk insurance is regularly advertised in publications like The Economist. Recently Exporters Insurance Co. offered to reinsure much of OPIC's insurance portfolio at all existing terms and conditions.

Last, we have got $23 billion at risk, taxpayers' dollars at risk. CRS says that there are savings if we cut this back. There is a cost, according to the CBO, $73 million. There is simply no justification for appropriating $32 million to OPIC today. This is a 50-percent increase in appropriations from 1994, and no more business being authorized.

This amendment is about stopping the train. It is about saying that the House wants to stay in the future of OPIC, this should not be a deal cut in conference committee. This may be the only say this body has on the future of OPIC. Vote to hold the train. We are talking about a modest reduction.

Mr. CALLAHAN. Mr. Chairman, I yield myself the balance of my time.

Mr. PACKARD. Mr. Chairman, will the gentleman yield?

Mr. CALLAHAN. I yield to the gentleman from California.

Mr. PACKARD. Mr. Chairman, I appreciate the chairman yielding, and I reluctantly speak out against my dear friend, the gentleman from California [Mr. CALLAHAN], from my own county, Orange County, where he represents. I wanted to speak to that in just a moment.

But the simple truth is, and I certainly agree with the gentlewoman from California that spoke earlier, OPIC is a self-supporting and self-financed program. It is not a corporate welfare program. It has recorded a positive net income for every year it has operated, and it operates at no net cost to the American taxpayers. In fact, OPIC actually contributes to the Treasury. It provides for these services by charging a user fee that completely covers the operation of OPIC.

In my own home State of California, OPIC has provided support for over 40 projects, generating $3 billion in American exports and over 9,000 jobs. In Orange County, CA, the county where the author of this amendment resides and represents, one company alone has provided $1 billion of American-made services and goods exported and over 3,000 American jobs just because OPIC has helped them.

I implore the Members to stand above the political rhetoric and see that this amendment is voted for what it is, that is that it is not corporate welfare. I urge a no vote on the amendment.

Mr. CALLAHAN. Mr. Chairman, reclaiming my time, I insert for the RECORD at this point a letter from the Vice President to the Speaker of the House.

The letter referred to follows:

THE VICE PRESIDENT,
Washington, DC, July 30, 1997.

Hon. NEWT GINGRICH,
Speaker, U.S. House of Representative,
Washington, DC.

DEAR MR. SPEAKER: I write to express my strong opposition to the Royce-Andrews-Kasich amendment that is scheduled for House floor action Thursday, July 31.

The Administration believes it is very important to reauthorize Overseas Private Investment Corporation this year. The Royce Amendment would make it impossible to perform its valuable role in supporting American foreign policy and its equally important mission of promoting the competitiveness of American firms in international markets.

Since it was established in 1971, OPIC has supported over $53 billion in U.S. exports. As Vice President, I have personally witnessed what OPIC can accomplish in countries like Russia to open opportunities for American companies and create jobs for American workers.

I had meetings this week with Deputy President Mbeki of South Africa which included OPIC participants. OPIC has provided critical support for many foreign policy and developmental initiatives around the world from South Africa to Russia and the Newly Independent States. Most recently, OPIC has been tapped to play an important part in a new Africa initiative sponsored by both the Administration and Members of Congress.

The Royce Amendment would undermine OPIC's capacity not only to support foreign policy and create American jobs, but also hinder prudent financial management of the existing portfolio and harm OPIC's capacity to level the international playing field while promoting American standards on human rights and workers rights.

I urge you to oppose this amendment.

Sincerely,

AL GORE.

Mr. Speaker, the Royce amendment is an extremely harmful amendment, which is just a back-door attempt to try to kill OPIC in the name of corporate welfare. While I know the gentleman from California believes very strongly in his crusade against corporate welfare, in the case of OPIC he is tilting against the wrong windmill.

OPIC is not corporate welfare. If anything, OPIC is workfare. The truth is that OPIC enables American workers to work hard to take home a living wage and to make first-rate products which can be sold to the developing world. OPIC creates a market for American products. Sure, that helps American companies. But most importantly, it helps over 30,000 American workers each year who benefit from the OPIC-supported projects.

I have listened to the testimony this afternoon of my colleagues, and they are eloquent, and I know their passion and I know where they are coming from. I listened to the gentleman from Ohio [Mr. KASICH] talking about the fact that this is corporate welfare. Let us save this few tens of millions of dollars. Yet, he, just a few hours ago, agreed with the President to give $4 billion more than what this bill gives.

So I think that the gentleman from Ohio [Mr. KASICH] is saving $10 million while agreeing, on the other hand, to give the President $4 billion more. And I do not fault him. I voted for his budget resolution. And he certainly is doing everything he can to ensure that some day we reap a balanced budget, and that is my goal as well. But this is not the way to do it.

This is not an authorization bill to allow OPIC to increase the debt. What they are saying is shut down the collection window, that we have billions of dollars out here in loans and, therefore, we are going to cut their ability to even collect the moneys. And that is absolutely wrong. And it is not, I am sure, the intent of the gentleman from California [Mr. ROYCE], but that would be the result of this legislation.

A few years ago, the gentleman from Ohio [Mr. KASICH] came to me and said, "Sonny, there is something wrong with OPIC." So I had a study made about privatization of OPIC. I pleaded with the gentleman from Ohio [Mr. KASICH] to meet with me to discuss the results of that study. And 2 years later, he still has not had time to look at the survey that we made at his request.

On the other hand, he has been very busy, he is cutting taxes, he is cutting spending, he is doing all of these good things, and I want him to continue to do those good things. But I wish some of my colleagues would take the time to read the report that we commissioned that justifies every dime that is spent at OPIC.

And speaking of spending moneys, OPIC returns money. What other agency of Government do we have that returns money to us every single year?

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They are bringing in each year, according to the Treasury reports, more than enough money to offset this allocation that we are giving to them. They bring in $251 million in profit and they are asking for $92 million of its own collections to continue their operations. So while I certainly respect what the gentlemen are doing, recognize that this is not helping General Electric; this is helping the employees of General Electric. There is a big, big difference. The French do it. The Japanese do it. The Germans do it. So why should we do it is what the gentleman is saying. Let me encourage Members to vote against this misguided amendment and let us continue the operation of OPIC.

Mr. ORTIZ. Mr. Chairman, I rise today in support of the Overseas Private Investment Corporation and to express my opposition to the amendments offered by Mr. ROYCE and Mr. PAUL to H.R. 2159, the FY 1998 Foreign Operations Appropriations Act. These amendments would do nothing but hurt American businesses and American workers.

Mr. Chairman, at a time when American businesses are facing increased competition in the global marketplace, it is inconceivable to me that we, the very government charged with helping our businesses, would obstruct the most important means to this end. To those who support the elimination of OPIC, I implore them to give up the isolationist belief that if we ignore foreign trade deficits, they will simply go away. Nothing could be farther from the truth! We must engage our competitors in the global marketplace or we will become a second place economic power.

Mr. Chairman, there is a reason we have trade deficits with some foreign nations—they actively support their businesses to a much greater extent than we do. If we cut OPIC, we tie the hands of American businesses just as they are poised to step into the ring. My colleagues have to understand this essential fact: the global marketplace is not going to go away. If we stick our heads in the sand and let foreign businesses get the upper hand in the global marketplace, then we are turning our backs on our own people and our own future. Let us make no mistake, Mr. Chairman, we need OPIC.

Mrs. KENNELLY of Connecticut. Mr. Chairman, I rise in strong opposition to the Royce amendment to cut the Overseas Private Investment Corporation. OPIC has been crucial in promoting U.S. investment abroad and continued support for the Overseas private Investment Corporation is not only smart foreign policy it is sound fiscal policy.

OPIC plays a critical role in our Nation's export strategy, and supports important foreign policy initiatives across the globe. A cut in OPIC's administrative fees will hamper crucial new investment work in Africa and the Caribbean. This new investment will create U.S. jobs, and improve stability in developing nations.

Mr. Chairman, OPIC operates on a self-sustaining basis paid for by its program users. In fact, throughout its 26 year history, OPIC has supported projects worth $107 billion and has created 225,000 new U.S. jobs and $52 billion in exports.

OPIC is a major vehicle for promoting U.S. foreign and economic policy without cost to the taxpayer and I urge mu colleagues to reject the Royce-Kasich amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from California [Mr. ROYCE].

The question was taken; and the Chairman announced that the noes appeared to have it.

Mr. ROYCE. Mr. Chairman, I demand a recorded vote.

The CHAIRMAN. Pursuant to the order of the House of Thursday, July 24, 1997, further proceedings on the amendment offered by the gentleman from California [Mr. ROYCE] will be postponed.

The Clerk will read.

The Clerk read as follows:

FUNDS APPROPRIATED TO THE PRESIDENT

TRADE AND DEVELOPMENT AGENCY

For necessary expenses to carry out the provisions of section 661 of the Foreign Assistance Act of 1961, $40,000,000: *Provided*, That the Trade and Development Agency may receive reimbursements from corporations and other entities for the costs of grants for feasibility studies and other project planning services, to be deposited as an offsetting collection to this account and to be available for obligation until September 30, 1999, for necessary expenses under this paragraph: *Provided further*, That such reimbursements shall not cover, or be allocated against, direct or indirect administrative costs of the agency.

AMENDMENT NO. 36 OFFERED BY MR. PAUL

Mr. PAUL. Mr. Chairman, I offer an amendment.

The CHAIRMAN. Was the amendment printed in the RECORD?

Mr. PAUL. Yes, Mr. Chairman, it was.

The Clerk read as follows:

Amendment No. 36 offered by Mr. PAUL: At the end of title I (page 5, after line 14), insert the following new paragraph:

REDUCTION IN AMOUNTS

Each amount otherwise provided in this title is hereby reduced to $0.

Mr. PAUL. Mr. Chairman, earlier in the debate on the previous amendment, the gentleman from California [Mr. ROHRABACHER] suggested that there was one problem with the Royce amendment. He said it just does not go far enough.

I have an amendment that will go far enough to deal with this entire problem of corporate welfare. My amendment strikes all the funding from title I. This means that the $632 million that goes to the Export-Import Bank, the $32 million that goes to OPIC and the $40 million that goes to the Trade and Development Agency would be struck. This would not close these agencies down. We have heard on numerous occasions already today that OPIC and other agencies like OPIC are obviously self-supporting. If they are self-supporting, they need no more appropriations. They can use the current funding, they can be privatized. This whole idea that they come with the argument that they are self-supporting and self-sustaining and that they make a profit, there is no purpose in being here. Why do they come to the American people and ask in this particular bill for export subsidies of $704 million? My amendment would strike the $704 million. These three agencies have liabilities of well over $100 billion and this would be eliminated.

One of the reasons the argument is made that these agencies are self-sustaining is that they hold Treasury bills, which means that they receive huge sums of money through the back door through interest payments. This money is not appropriated for the specific purpose, but as long as they hold Treasury bills they get the interest payments. For instance, I mentioned earlier that OPIC in 1996 received $166 million in this manner. Self-sustaining, it is not.

We should really ask if this is good economic policy. Quite frankly, it is not good economic policy. It encourages businesspeople to do the wrong things at the taxpayers' risk.

It is mentioned that these programs are available in the private sector but they will not go into the risky areas. Obviously not. OPIC, for instance, goes into countries, and what the American people have to assume is the risk against political risk and economic risk. So if these companies go bust, the American taxpayers have to stand behind them. We have a misdirection of the economy and the misdirection of investment because we get companies to do things more risky than they would have otherwise. If they want to go into a more risky area, the private insurance would obviously be higher, so therefore this is a subsidy to corporations.

There is no reason why we should support this type of welfare. There are several kinds of welfare. We have welfare for the poor, we have welfare for the foreigners and we have welfare for the corporations. I do not think the correct place to try to solve our problem on welfare is to go after the poor man's welfare, but we can go after foreign welfare and we can go after corporate welfare, and this is an example of corporate and foreign welfare.

It is said that with these programs there is never any loss to the taxpayers. That is a bit of a fallacy, because the loss to the taxpayers is when we take the money from the taxpayer, so they are losing all the time. Most little people never get benefits from this. It is the large corporations that lobby us so heavily to endorse these programs. There are not that many loans that default.

But there is another reason why we do not have that many loan defaults, because they quickly renew these loans at different terms. There is a lot of generous renewing of loans and therefore the default level is very, very low, if we see it at all. But the risk is there. The real risk to the American taxpayer is when we tax the Americans to go and encourage programs like this. The assumption is made that if we do not do it, it will not happen. Maybe not, maybe it will. If it does not happen, maybe it is too risky. But most of it still would happen; it would be insured in the private sector and many of these programs would occur.

To get up and say A, B, and C company would not have existed and could not have done this is not correct because we do not know. The other thing we do not know is who suffered from this credit allocation. When the Government gets involved in credit allocation, in saying this credit is guaranteed and should go in this direction, every time there is $10 billion going in that direction, it comes out of the private sector and some little guy lost his credit. So obviously the banks are going to loan to the people that have a guarantee.

Another area that we should address here is the subject of who gets these loans. For instance, one of the biggest beneficiaries is China. Red China gets over $4 billion. That in itself is enough reason to vote for this amendment and reject corporate welfare on principle.

Mr. CALLAHAN. Mr. Chairman, I rise in opposition to the amendment.

Once again, Mr. Chairman, this amendment is intended to destroy the Eximbank which might sound good and might look good on the back of a bumper sticker, but it would be a tremendous mistake for literally tens of thousands of working American people who are working today as a result of the fact that we are doing business in some overseas countries. If indeed my colleagues believe that we are not in a global economy, then my colleagues ought to do exactly what the gentleman from Texas said: build a wall around the United States of America. Let us not let anybody in and let us not let anybody out, let us not ship any of our equipment overseas.

Let us talk about General Electric. What kind of generators do Members think they use if GE builds a plant in a foreign country? They use a GE generator built by American workers, built by American workers who take that money home and support their families and support my colleagues through their taxes that they pay.

So if my colleagues want to close down America, if they do not want to do business overseas, if they really in their heart believe that a global economy is not the future of this country, then my colleagues ought to abolish the Eximbank and they ought to abolish OPIC as well.

But unfortunately, if the gentleman will read the newspapers, watch television, look at world affairs, attend some of the committee hearings that we have, when we hear the testimony of the Eximbank and these various agencies, he will learn that we are exporting our jobs overseas by letting them work in Texas, by letting them work in Alabama, in California. They are taking that money to their homes and we are shipping our generators and our products to them overseas simply because we have provided for our businesspeople the same thing that the French, the British, the Germans, the Japanese have provided to theirs. Not as much, I grant the gentleman. They still give them much more. They subsidize theirs. We do not subsidize these.

So, yes, if the gentleman wants to shut the world down as far as the United States is concerned and abolish all these; but it would be very, very unwise to do that. I would encourage my colleagues to recognize that and to vote against the gentleman's amendment.

Mr. PAUL. Mr. Chairman, will the gentleman yield?

Mr. CALLAHAN. I yield to the gentleman from Texas.

Mr. PAUL. Japan subsidizes 32 percent of their exports and we only subsidize a small amount, only 2 percent. So I guess I would be complaining a lot more if I lived in Japan because they do so much more; but if we look at the economic growth of Japan, now it is less than 1 percent and we are doing better. We have economic growth of 4 percent.

Mr. CALLAHAN. If I may reclaim my time, that is because they are doing too much. We are not doing too much. We are trying to facilitate our businesspeople in this country the opportunity to make them competitive doing business in foreign countries. If that is wrong, then I am wrong. But I am not wrong. The gentleman is wrong in trying to abolish this agency.

Ms. PELOSI. Mr. Chairman, I move to strike the last word, and I rise in opposition to the amendment of our distinguished colleague from Texas.

Mr. Chairman, this is a most unfortunate amendment, because it strikes right to the heart of eliminating title I of our bill, which is an important part of our foreign operations legislation. Eximbank, Overseas Private Investment Corporation, Trade and Development Agency programs help create more and better-paying U.S. jobs through exports. Each of these agencies has a distinct role in the administration's effort to increase U.S. exports. Increasing U.S. exports is a major pillar of our foreign policy and these agencies help do that. Every one of our major industrial competitors have publicly supported counterparts to Exim, OPIC and TDA. Virtually all of our competitors fund their trade and investment finance agencies at a higher level than we do. Failure to fully fund Exim, OPIC and TDA would severely handicap our exporters as they battle for market share in the key fast-growing markets. Exports create more and higher-paying jobs, support the creation of American jobs by promoting exports. Vote against this amendment.

Mr. PAUL. Mr. Chairman, will the gentlewoman yield?

Ms. PELOSI. I yield to the gentleman from Texas.

Mr. PAUL. Could the gentlewoman cite the constitutional authority for programs like this? Where did we get this authority? When did we get involved in doing this? I am confused on that constitutional issue.

Ms. PELOSI. I would not be able to cite the constitutional authority. I know the gentleman is well known for his opposition to any spending bills, but I think the question that he asks is an appropriate one to ask every Member who speaks on the floor, because these agencies of government create jobs and return revenue to our Treasury.

I would like to address one of the points the gentleman made in his remarks. He said if they are so self-sustaining, why are they not privatized, or words to that effect.

I think it is very important that this is part of our national export program, that we be able to participate in the program level and have a control on the operating expenses so that all of the funds that are put to this end are well spent and that they promote the most exports, create the most jobs and increase the vitality and dynamism of our own economy.

Mr. PAUL. If the gentlewoman will continue to yield, I think that is a noble gesture to mix business and government, but some people are hesitant to do that, to supervise what businesses are doing.

Ms. PELOSI. Reclaiming my time, the point was not to mix business and government. The point was to promote U.S. exports abroad and to recognize the realities of the global economy, where all of the countries, the developed countries of the world and the developing countries, are very competitive for the market share out there. It is very important for us in those particular instances where, for example, OPIC would be necessary, assessing the risk very carefully so as not to put the U.S. taxpayers' dollars at an extraordinary risk, but where the calibration is such that we need OPIC's participation, or Eximbank's participation or TDA's promotion, that we give some opportunity to U.S. business to make the playing field more level. As I have said in my remarks, we do not come close to what many countries do to help promote exports, but at least we can participate in promoting exports.

Mr. PAUL. If the gentlewoman will yield further, I think earlier she said that it would be an appropriate question to ask for constitutional authority and suggested that this is a good idea, and I would like to emphasize that we do it more often.

Mr. FOGLIETTA. Mr. Chairman, will the gentlewoman yield?

Ms. PELOSI. I yield to the gentleman from Pennsylvania.

Mr. FOGLIETTA. I think if the gentleman reads the question, he will find that the Constitution calls upon the Congress to promote the general welfare of this Nation. I think by increasing trade and creating jobs, we are promoting the general welfare of our Nation.

Mr. PAUL. If the gentlewoman will yield further, this is frequently cited as a constitutional authority to do almost anything. But let me be specific to point out to the gentleman that we are not dealing with the general welfare. We are dealing with the very specific welfare of General Electric and other big companies at the expense of the general welfare of the taxpayers who are paying the money.

Ms. PELOSI. Reclaiming my time, I would like to say to the gentleman, I keep a very close eye on these agencies. To the extent that I believe that they are not promoting the general welfare and that special interest is served rather than the public interest, I would be certain to join with the gentleman in criticism of those aspects.

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But that is not what the point is here tonight.

I urge my colleagues to oppose the Paul amendment.

Mr. BEREUTER. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise in strongest opposition to the gentleman's amendment, offered for ideological reasons no doubt. It is devastating. It would do draconian levels of damage to the American economy, American exporters, American business and American workers. It needs to be rejected.

Mr. Chairman, I yield to the gentleman from Illinois [Mr. MANZULLO].

Mr. MANZULLO. Mr. Chairman, I would cite with authority Article I, section 8, clause 3 of the United States Constitution that it is within the powers of this body to regulate commerce with foreign nations, and if I could make my point, then I would be glad to yield for a question from my constitutional friend.

In what we are doing here with these 3 bodies, Ex-Im, OPIC and TDA, are we regulating commerce? You bet we are. We are involved in an international global war. If the amendment offered by the gentleman from Texas [Mr. PAUL] were presented somehow in an international body, and I would dread that because we would have a one-world government, then I would say let us go ahead and do what he is doing because there are 73 export credit agencies, there are 36 international equivalents of OPICs. So what that means is that if we get rid of these specialty types of credit agencies, where are we? What we have done is we have effectively thrown up our hands and we have left it to the Finns and Germans to take over.

Let me give my colleagues an example that is in my backyard, Beloit Corporation. There is one of 3 manufacturers of paper making machines, 3 worldwide manufacturers of paper making machines, engaged in trying to get a contract in Indonesia. The only other 2 manufacturers are in Europe. One are the Finns and the other one are the Germans, and the Finns and the Germans go through extraordinary lengths in order to, if my colleagues want to use that word, subsidize, grant favorable financing so that these sales can take place.

So what happened was Beloit Corporation applied to Ex-Im in working with Members on both sides of the aisle, including the gentleman from Wisconsin [Mr. BARRETT] over here from Milwaukee. We were able to see Ex-Im grant a $275 million loan guarantee which has to be paid back with interest at a good premium for the purpose of making sure that Beloit Corporation was put in a level playing field to sell those machines. Those were 2 machines that cost over $150 million a piece, and there are several more in the lot. Let me finish my thought here.

Now what is going on here dynamically is this. Worldwide there is an effort, there is an effort to eliminate OPIC and Ex-Im types of financing. For example the OECD met and said that what we will do is we will have an agreement that a Nation can only subsidize the spread; that is, the actual amount of interest as charged worldwide on the open market with what a Nation wants to pay to a certain extent, and they continue to narrow that gap so that nations will be involved in less core subsidizing of the loans for the exports.

Mr. PAUL. Mr. Chairman, will the gentleman yield?

Mr. BEREUTER. I yield to the gentleman from Texas.

Mr. PAUL. Let me address the subject of regulation. The Constitution does give us the authority to regulate commerce, but it never mentions that we should subsidize special interests at the expense of the average American taxpayers. Yes, we can put on tariffs and we can regulate what comes and goes across our borders, but in the wildest dreams of the Founders of this country they never intended that we would have programs like this. We have to think this is a concoction of the latter part of the 20th century, the past 20 or 30 years. This is when this stuff; when welfare-ism has blossomed, it has been these type of programs. It was never intended by our Constitution to do these programs.

Mr. BEREUTER. Reclaiming my time, Mr. Chairman, I would say that the authorization appropriations are funds that are very much in the American taxpayers' benefit. They come out positive as a result directly of these jobs.

Mr. MANZULLO. Mr. Chairman, will the gentleman yield?

Mr. BEREUTER. I yield to the gentleman from Illinois.

Mr. MANZULLO. Mr. Chairman, back in those days the main income for the United States was international tariffs. We have these incredible tariff barriers, and that is how we supported the economy of the Nation before the income tax.

I mean nobody wants those tariffs. I know the gentleman is a libertarian and does not like the tariffs, but that is what was going on 200 some years ago when the Nation was founded, and I think when this was put into the Constitution it says to regulate, meaning this body, the United States Congress, is given the power to make sure that we can operate internationally.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Texas [Mr. PAUL].

The question was taken; and the Chairman announced that the noes appeared to have it.

Mr. PAUL. Mr. Chairman, I demand a recorded vote.

The CHAIRMAN. Pursuant to the order of the House of Thursday, July 24, 1997, further proceedings on the amendment offered by the gentleman from Texas [Mr. PAUL] will be postponed.

POINT OF ORDER

Mr. BARR of Georgia. Mr. Chairman, I rise to a point of order.

The CHAIRMAN. The gentleman will state his point of order.

Mr. BARR of Georgia. Mr. Chairman, I make the point of order that the language beginning with "provided" on page 24, line 8 through "justice" on line 16 violates clause 2(b) of rule XXI of the rules of the House of Representatives.

The CHAIRMAN. The gentleman from Georgia will suspend. The Clerk has not yet read to that portion of the bill, and the gentleman's point of order is not in order at this point.

The Clerk will read.

The Clerk read as follows:

TITLE II—BILATERAL ECONOMIC ASSISTANCE

FUNDS APPROPRIATED TO THE PRESIDENT

For expenses necessary to enable the President to carry out the provisions of the Foreign Assistance Act of 1961, and for other purposes, to remain available until September 30, 1998, unless otherwise specified herein, as follows:

AGENCY FOR INTERNATIONAL DEVELOPMENT

CHILD SURVIVAL AND DISEASE PROGRAMS FUND

For necessary expenses to carry out the provisions of part I and chapter 4 of part II of the Foreign Assistance Act of 1961, for child survival, basic education, assistance to combat tropical and other diseases, and related activities, in addition to funds otherwise available for such purposes, $650,000,000, to remain available until expended: *Provided*, That this amount shall be made available for such activities as (1) immunization programs, (2) oral rehydration programs, (3) health and nutrition programs, and related education programs, which address the needs of mothers and children, (4) water and sanitation programs, (5) assistance for displaced and orphaned children, (6) programs for the prevention, treatment, and control of, and research on, tuberculosis, HIV/AIDS, polio, malaria and other diseases, (7) not to exceed $98,000,000 for basic education programs for children, and (8) a contribution on a grant basis to the United Nations Children's Fund (UNICEF) pursuant to section 301 of the Foreign Assistance Act of 1961.

DEVELOPMENT ASSISTANCE

For necessary expenses to carry out the provisions of sections 103 through 106 and chapter 10 of part I of the Foreign Assistance Act of 1961, title V of the International Security and Development Cooperation Act of 1980 (Public Law 96–533) and the provisions of section 401 of the Foreign Assistance Act of 1969, $1,167,000,000, to remain available until September 30, 1999: *Provided*, That of the amount appropriated under this heading, up to $2,000,000 may be made available for the Inter-American Foundation: *Provided further*, That of the amount appropriated under this heading, up to $2,500,000 may be made available for the African Development Foundation: *Provided further*, That none of the funds made available in this Act nor any unobligated balances from prior appropriations may be made available to any organization or program which, as determined by the President of the United States, supports or participates in the management of a program of coercive abortion or involuntary sterilization: *Provided further*, That none of the funds made available under this heading may be used to pay for the performance of abortion as a method of family planning or to motivate or coerce any person to practice abortions; and that in order to reduce reliance on abortion in developing nations, funds shall be available only to voluntary family planning projects which offer, either directly or through referral to, or information about access to, a broad range of family planning methods and services: *Provided further*, That in awarding grants for natural family planning under section 104 of the Foreign Assistance Act of 1961 no applicant shall be discriminated against because of such applicant's religious or conscientious commitment to offer only natural family planning; and, additionally, all such applicants shall comply with the requirements of the previous proviso: *Provided further*, That for purposes of this or any other Act authorizing or appropriating funds for foreign operations, export financing, and related programs, the term "motivate", as it relates to family planning assistance, shall not be construed to prohibit the provision, consistent with local law, of information or counseling about all pregnancy options: *Provided further*, That nothing in this paragraph shall be construed to alter any existing statutory prohibitions against abortion under section 104 of the Foreign Assistance Act of 1961: *Provided further*, That none of the funds made available under this heading may be used for any activity which is in contravention to the Convention on International Trade in Endangered Species of Flora and Fauna (CITES).

AMENDMENT OFFERED BY MR. PITTS

Mr. PITTS. Mr. Chairman, I offer an amendment.

The CHAIRMAN. Has the amendment been printed in the RECORD?

Mr. PITTS. Yes.

The CHAIRMAN. Does the gentleman ask unanimous consent to have his amendment considered?

Mr. PITTS. Yes, Mr. Chairman.

The CHAIRMAN. Is there objection to the consideration of the en bloc amendments?

Mr. CALLAHAN. There is objection here.

The CHAIRMAN. Objection is heard.

The Clerk will read.

The Clerk read as follows:

PRIVATE AND VOLUNTARY ORGANIZATIONS

None of the funds appropriated or otherwise made available by this Act for development assistance may be made available to any United States private and voluntary organization, except any cooperative development organization, which obtains less than 20 per centum of its total annual funding for international activities from sources other than the United States Government: *Provided*, That the requirements of the provisions of section 123(g) of the Foreign Assistance Act of 1961 and the provisions on private and voluntary organizations in title II of the "Foreign Assistance and Related Programs Appropriations Act, 1985" (as enacted in Public Law 98–473) shall be superseded by the provisions of this section, except that the authority contained in the last sentence of section 123(g) may be exercised by the Administrator with regard to the requirements of this paragraph.

Funds appropriated or otherwise made available under title II of this Act should be made available to private and voluntary organizations at a level which is equivalent to the level provided in fiscal year 1995. Such private and voluntary organizations shall include those which operate on a not-for-profit basis, receive contributions from private sources, receive voluntary support from the public and are deemed to be among the most cost-effective and successful providers of development assistance.

INTERNATIONAL DISASTER ASSISTANCE

For necessary expenses for international disaster relief, rehabilitation, and reconstruction assistance pursuant to section 491 of the Foreign Assistance Act of 1961, as amended, $190,000,000, to remain available until expended.

DEBT RESTRUCTURING

For the cost, as defined in section 502 of the Congressional Budget Act of 1974, of modifying direct loans and loan guarantees, as the President may determine, for which funds have been appropriated or otherwise made available for programs within the International Affairs Budget Function 150, including the cost of selling, reducing, or canceling amounts, through debt buybacks and swaps, owed to the United States as a result of concessional loans made to eligible Latin American and Caribbean countries, pursuant to part IV of the Foreign Assistance Act of 1961; and of modifying concessional loans authorized under title I of the Agricultural Trade Development and Assistance Act of 1954, as amended, as authorized under subsection (a) under the heading "Debt Reduction for Jordan" in title VI of Public Law 103–306; $27,000,000, to remain available until expended.

MICRO AND SMALL ENTERPRISE DEVELOPMENT PROGRAM ACCOUNT

For the cost of direct loans and loan guarantees, $1,500,000, as authorized by section 108 of the Foreign Assistance Act of 1961, as amended: *Provided*, That such costs shall be as defined in section 502 of the Congressional Budget Act of 1974: *Provided further*, That guarantees of loans made under this heading in support of microenterprise activities may guarantee up to 70 percent of the principal amount of any such loans notwithstanding section 108 of the Foreign Assistance Act of 1961. In addition, for administrative expenses to carry out programs under this heading, $500,000, all of which may be transferred to and merged with the appropriation for Operating Expenses of the Agency for International Development: *Provided further*, That funds made available under this heading shall remain available until September 30, 1999.

URBAN AND ENVIRONMENTAL CREDIT PROGRAM ACCOUNT

For the cost, as defined in section 502 of the Congressional Budget Act of 1974, of guaranteed loans authorized by sections 221 and 222 of the Foreign Assistance Act of 1961, including the cost of guaranteed loans designed to promote the urban and environmental policies and objectives of part I of such Act, $3,000,000, to remain available until September 30, 1999: *Provided*, That these funds are available to subsidize loan principal, 100 percent of which shall be guaranteed, pursuant to the authority of such sections. In addition, for administrative expenses to carry out guaranteed loan programs, $6,000,000, all of which may be transferred to and merged with the appropriation for Operating Expenses of the Agency for International Development: *Provided further*, That commitments to guarantee loans under this heading may be entered into notwithstanding the second and third sentences of section 222(a) and, with regard to programs for Central and Eastern Europe and programs for the benefit of South Africans disadvantaged by apartheid, section 223(j) of the Foreign Assistance Act of 1961.

PAYMENT TO THE FOREIGN SERVICE RETIREMENT AND DISABILITY FUND

For payment to the "Foreign Service Retirement and Disability Fund", as authorized by the Foreign Service Act of 1980, $44,208,000.

OPERATING EXPENSES OF THE AGENCY FOR INTERNATIONAL DEVELOPMENT

For necessary expenses to carry out the provisions of section 667, $468,750,000: *Provided*, That none of the funds appropriated by this Act for programs administered by the Agency for International Development may be used to finance printing costs of any report or study (except feasibility, design, or evaluation reports or studies) in excess of $25,000 without the approval of the Administrator of the Agency or the Administrator's designee.

OPERATING EXPENSES OF THE AGENCY FOR INTERNATIONAL DEVELOPMENT OFFICE OF INSPECTOR GENERAL

For necessary expenses to carry out the provisions of section 667, $29,047,000, to remain available until September 30, 1999, which sums shall be available for the Office of the Inspector General of the Agency for International Development.

OTHER BILATERAL ECONOMIC ASSISTANCE

ECONOMIC SUPPORT FUND

For necessary expenses to carry out the provisions of chapter 4 of part II, $2,400,000,000, to remain available until September 30, 1999 *Provided*, That any funds appropriated under this heading that are made available for Israel shall be available on a grant basis as a cash transfer and shall be disbursed within thirty days of enactment of this Act or by October 31, 1997, whichever is later: *Provided*, That in exercising the authority to provide cash transfer assistance for Israel and Egypt, the President shall ensure that the level of such assistance does not cause an adverse impact on the total level of nonmilitary exports from the United States to each such country.

INTERNATIONAL FUND FOR IRELAND

For necessary expenses to carry out the provisions of chapter 4 of part II of the Foreign Assistance Act of 1961, $19,600,000, which shall be available for the United States contribution to the International Fund for Ireland and shall be made available in accordance with the provisions of the Anglo-Irish Agreement Support Act of 1986 (Public Law 99–415): *Provided*, That such amount shall be expended at the minimum rate necessary to make timely payment for projects and activities: *Provided further*, That funds made available under this heading shall remain available until September 30, 1999.

ASSISTANCE FOR EASTERN EUROPE AND THE BALTIC STATES

(a) For necessary expenses to carry out the provisions of the Foreign Assistance Act of 1961 and the Support for East European Democracy (SEED) Act of 1989, $470,000,000, to remain available until September 30, 1999, which shall be available, notwithstanding any other provision of law, for economic assistance and for related programs for Eastern Europe and the Baltic States.

(b) Funds appropriated under this heading or in prior appropriations Acts that are or have been made available for an Enterprise Fund may be deposited by such Fund in interest-bearing accounts prior to the Fund's disbursement of such funds for program purposes. The Fund may retain for such program purposes any interest earned on such deposits without returning such interest to the Treasury of the United States and without further appropriation by the Congress. Funds made available for Enterprise Funds shall be expended at the minimum rate necessary to make timely payment for projects and activities.

(c) Funds appropriated under this heading shall be considered to be economic assistance under the Foreign Assistance Act of 111961 for purposes of making available the administrative authorities contained in that Act for the use of economic assistance.

(d) None of the funds appropriated under this heading may be made available for new housing construction or repair or reconstruction of existing housing in Bosnia and Herzegovina unless directly related to the efforts of United States troops to promote peace in said country.

AMENDMENT OFFERED BY MR. CAMPBELL

Mr. CAMPBELL. Mr. Chairman, I have an amendment, No. 27, which I believe is germane to the second title of the bill at page 13.

The CHAIRMAN. Does the gentleman ask unanimous consent to offer the amendment at this time?

Mr. CAMPBELL. That is my request, yes, Mr. Chairman.

The CHAIRMAN. Is there objection to the request of the gentleman from California?

Mr. CALLAHAN. Yes, Mr. Chairman, I object.

The CHAIRMAN. Objection is heard.

PARLIAMENTARY INQUIRY

Mr. CAMPBELL. Parliamentary inquiry, Mr. Chairman.

The CHAIRMAN. The gentleman will state his parliamentary inquiry.

Mr. CAMPBELL. Mr. Chairman, I simply wish to know about the amendment, page 13, line 4, whereby I am inserting $25 million in the Amendment No. 27: my parliamentary inquiry is whether that is in order at this time without a unanimous consent request.

The CHAIRMAN. The Chair would inform the gentleman that the Clerk had passed that point in reading the bill and it requires unanimous consent to go back to that paragraph.

Mr. CAMPBELL. Mr. Chairman, I move to strike the last word.

Mr. Chairman, at the conclusion of striking the last word I am going to ask an indulgence of the chairman of the subcommittee, and so I rise to speak to this request.

I was here, I was talking at the desk. It is appropriate at page 13, line 4. The members of the Congressional Black Caucus I have summoned to be on the floor at this moment. There is every record that I intended and had, except for the discussion at this desk, would have been able to present it at this moment.

I ask; it is a favor, I understand, but I have a very specific reason for asking for that favor, it is an unusual circumstance. I was here, there was discussion, and I could not get to the microphone because we were worried that the amendment of the gentleman from Pennsylvania [Mr. PITTS] might have had precedence to mine.

It is for that reason, which is really not a common situation, that I would ask a very great favor, but a favor of the chairman of the subcommittee that if I renew my unanimous consent request that I might now offer the amendment, No. 27, that it might be offered without an objection.

Mr. Chairman, with that I renew my unanimous consent request that Amendment No. 27 might be allowed at this time.

The CHAIRMAN. Is there objection to the request of the gentleman from California?

Mr. CALLAHAN. Yes, Mr. Chairman.

I recognize the gentleman's plight. Nevertheless, we cannot continue to go back because if we go back for him, we have to do the same thing for every Member of this body. So I reluctantly still object.

The CHAIRMAN. Objection is heard.

The Clerk will read.

The Clerk read as follows:

(e) With regard to funds appropriated or otherwise made available under this heading for the economic revitalization program in Bosnia and Herzegovina, and local currencies generated by such funds (including the conversion of funds appropriated under this heading into currency used by Bosnia and Herzegovina as local currency and local currency returned or repaid under such program)—

(1) the Administrator of the Agency for International Development shall provide written approval for grants and loans prior to the obligation and expenditure of funds for such purposes, and prior to the use of funds that have been returned or repaid to any lending facility or grantee; and

(2) the provisions of section 531 of this Act shall apply.

(f) With regard to funds appropriated under this heading that are made available for economic revitalization programs in Bosnia and Herzegovina, 50 percent of such funds shall not be available for obligation unless the President determines and certifies to the Committee on Appropriations that the Federation of Bosnia and Herzegovina has complied with article III of annex 1–A of the General Framework Agreement for Peace in Bosnia and Herzegovina concerning the withdrawal of foreign forces, and that intelligence cooperation on training, investigations, and related activities between Iranian officials and Bosnian officials has been terminated.

(g) Not to exceed $200,000,000 of the funds appropriated under this heading may be made available for Bosnia and Herzegovina.

(h) Not to exceed $7,000,000 of the funds made available for Bosnia and Herzegovina may be made available for the cost, as defined in section 502 of the Congressional Budget Act of 1974, of modifying direct loans and loan guarantees for said country.

Mr. FOLEY. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I would like to enter into a colloquy with the distinguished gentleman from Alabama [Mr. CALLAHAN].

Mr. Chairman, I recently traveled to Haiti in order to get a firsthand look at the political and economic conditions there. It is my concern that if the current political and economic impasse in that country continues, there could be a social explosion that leads to a mass immigration of Haitian refugees to Florida. As certain factions inside Haiti are blocking reforms to further their own political agenda, vital measures are being stalled that could lead to more private investment in Haiti and ultimately to stabilization of this country. Economic reform in Haiti, particularly in the privatization of state-owned enterprises, is a necessary step in the improvement of Haiti's economy.

During my trip I took particular note of the inaccurate and antiquated power and telecommunication systems in Haiti. Without a modern infrastructure it is ludicrous to expect that Haiti will attract significant private investment. Therefore, the Haitian government must privatize these industries.

It is my understanding, Mr. Chairman, that the Subcommittee on Foreign Operations this year has inserted language which emphasizes that aid for Haiti is being provided with the clear understanding that it will only be provided if the Haitian government is actually implementing a meaningful restructuring of the Haitian public sector.

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Am I correct in that assumption?

Mr. CALLAHAN. Mr. Chairman, will the gentleman yield?

Mr. FOLEY. I yield to the gentleman from Alabama.

Mr. CALLAHAN. Mr. Chairman, the gentleman from Florida is absolutely correct. The privatization of parastatal companies and strict accountability for the effective use of donor resources are core reforms which were promised but not accomplished in prior years.

The committee recommends that assistance to the government of Haiti provided in this act be made contingent upon the privatization of at least three parastatal enterprises. I might add that the subcommittee, traveled to Haiti and that we shared the gentleman's concern, and we also expressed a strong concern to President Preval.

Mr. FOLEY. Mr. Chairman, let me thank the chairman for the clarification, and commend him on his efforts to ensure that the United States aid to Haiti is being properly utilized.

As I witnessed the strength of the people of Haiti and their desire to have economic opportunity, it became clear to me that the government needs to lead by example. I suggested to President Preval that he take a stronger stand in forcing the privatization of the utilities and other areas.

Even if the United States could provide the Haitian government with all the money in the world, it would come to no avail without reform of the Haitian economy. So I would suggest this Congress and this committee has a strong responsibility to work closely with the current government in Haiti and try and see that these economic reforms become reality, so those people in Haiti can have jobs, opportunity, growth and prosperity.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

ASSISTANCE FOR THE NEW INDEPENDENT STATES OF THE FORMER SOVIET UNION

(a) For necessary expenses to carry out the provisions of chapter 11 of part I of the Foreign Assistance Act of 1961 and the FREEDOM Support Act, for assistance for the new independent states of the former Soviet Union and for related programs, $625,000,000, to remain available until September 30, 1999: *Provided*, That the provisions of such chapter shall apply to funds appropriated by this paragraph.

(b) None of the funds appropriated under this heading shall be transferred to the Government of Russia—

(1) unless that Government is making progress in implementing comprehensive economic reforms based on market principles, private ownership, negotiating repayment of commercial debt, respect for commercial contracts, and equitable treatment of foreign private investment; and

(2) if that Government applies or transfers United States assistance to any entity for the purpose of expropriating or seizing ownership or control of assets, investments, or ventures.

(c) Funds may be furnished without regard to subsection (b) if the President determines that to do so is in the national interest.

(d) None of the funds appropriated under this heading shall be made available to any government of the new independent states of the former Soviet Union if that government directs any action in violation of the territorial integrity or national sovereignty of any other new independent state, such as those violations included in the Helsinki Final Act: *Provided*, That such funds may be made available without regard to the restriction in this subsection if the President determines that to do so is in the national security interest of the United States: *Provided further*, That the restriction of this subsection shall not apply to the use of such funds for the provision of assistance for purposes of humanitarian, disaster and refugee relief.

(e) None of the funds appropriated under this heading for the new independent states of the former Soviet Union shall be made available for any state to enhance its military capability: *Provided*, That this restriction does not apply to demilitarization or nonproliferation programs.

(f) Funds appropriated under this heading shall be subject to the regular notification procedures of the Committees on Appropriations.

(g) Funds made available in this Act for assistance to the new independent states of the former Soviet Union shall be subject to the provisions of section 117 (relating to environment and natural resources) of the Foreign Assistance Act of 1961.

(h) In issuing new task orders, entering into contracts, or making grants, with funds appropriated under this heading or in prior appropriations Acts, for projects or activities that have as one of their primary purposes the fostering of private sector development, the Coordinator for United States Assistance to the New Independent States and the implementing agency shall encourage the participation of and give significant weight to contractors and grantees who propose investing a significant amount of their own resources (including volunteer services and in-kind contributions) in such projects and activities.

(i) Funds appropriated under this heading or in prior appropriations Acts that are or have been made available for an Enterprise Fund may be deposited by such Fund in interest-bearing accounts prior to the disbursement of such funds by the Fund for program purposes. The Fund may retain for such program purposes any interest earned on such deposits without returning such interest to the Treasury of the United States and without further appropriation by the Congress. Funds made available for Enterprise Funds shall be expended at the minimum rate necessary to make timely payment for projects and activities.

(j)(1) None of the funds appropriated under this heading may be made available for Russia unless the President determines and certifies in writing to the Committees on Appropriations that the Government of Russia has terminated implementation of arrangements to provide Iran with technical expertise, training, technology, or equipment necessary to develop a nuclear reactor, related nuclear research facilities or programs, or ballistic missile capability.

(2) Fifty percent of the funds appropriated under this heading that are allocated for Russia may be made available notwithstanding paragraph (1) if the President determines that making such funds available is vital to the national security interest of the United States. Any such determination shall cease to be effective six months after being made unless the President determines that its continuation is vital to the national security interest of the United States.

(k)(1) Funds appropriated under this heading may not be made available for the Government of Ukraine if the President determines and reports to the Committees on Appropriations that the Government of Ukraine is engaged in military cooperation with the Government of Libya.

(2) Paragraph (1) shall not apply if the President determines that making such funds available is vital to the national security interest of the United States. Any such determination shall cease to be effective six months after being made unless the President determines that its continuation is vital to the national security interest of the United States.

(l) Funds made available under this Act or any other Act may not be provided for assistance to the Government of Azerbaijan until the President determines, and so reports to the Congress, that the Government of Azerbaijan is taking demonstrable steps to cease all blockades and other offensive uses of force against Armenia and Nagorno-Karabakh: *Provided*, That the restriction of this subsection and section 907 of the FREEDOM Support Act shall not apply to activities promoting democracy or assistance under title V of the FREEDOM Support Act and section 1424 of Public Law 104–201: *Provided further*, That none of the funds appropriated or otherwise made available under this Act may be utilized by the Export-Import Bank of the United States, the Overseas Private Investment Corporation, or the Trade and Development Agency to provide financing (including direct loans, loan guarantees, and insurance) or other assistance contrary to the provisions of section 907 of the FREEDOM Support Act.

(m) Funds appropriated under this heading shall be made available for humanitarian assistance through nongovernmental organizations for refugees, displaced persons, and needy civilians in conflictive zones throughout the Trans-Caucasus, including Nagorno-Karabagh, notwithstanding any other provision of this or any other Act.

(n) Of the funds appropriated under this heading that are allocated for Ukraine, 50 percent shall be withheld from obligation and expenditure until the Secretary of State certifies to the Committees on Appropriations that the Government of Ukraine: (1) is enforcing the April 10, 1997 Anti-Corruption decree of President Kuchma; (2) has substantially completed the privatization of state owned agricultural storage, distribution, equipment and supply monopolies; and (3) has fully resolved most of the commercial disputes involving complaints by United States investors to the Embassy in Kiev as of April 30, 1997 and established a permanent legal mechanism for commercial dispute resolution.

INDEPENDENT AGENCIES

INTER-AMERICAN FOUNDATION

For necessary expenses to carry out the functions of the Inter-American Foundation in accordance with section 401 of the Foreign Assistance Act of 1969, and to make such contracts and commitments without regard to fiscal year limitations, as provided by 31 U.S.C. 9014, $20,000,000.

AFRICAN DEVELOPMENT FOUNDATION

For necessary expenses to carry out title V of the International Security and Development Cooperation Act of 1980, Public Law 96-533, and to make such contracts and commitments without regard to fiscal year limitations as provided by 31 U.S.C. 9104, $11,500,000: *Provided*, That funds made available to grantees may be invested pending expenditure for project purposes when authorized by the President of the Foundation: *Provided further*, That interest earned shall be used only for the purposes for which the grant was made: *Provided further*, That this authority applies to interest earned both prior to and following enactment of this provision: *Provided further*, That notwithstanding section 505(a)(2) of the African Development Foundation Act, in exceptional circumstances the board of directors of the Foundation may waive the $250,000 limitation contained in that section with respect to a project: *Provided further*, That the Foundation shall provide a report to the Committee on Appropriations after each time such waiver authority is exercised.

PEACE CORPS

For expenses necessary to carry out the provisions of the Peace Corps Act (75 Stat. 612), $222,000,000, including the purchase of not to exceed five passenger motor vehicles for administrative purposes for use outside of the United States: *Provided*, That none of the funds appropriated under this heading shall be used to pay for abortions: *Provided further*, That funds appropriated under this heading shall remain available until September 30, 1999.

Mr. MICA. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I had planned to offer an amendment in this title, and I am not going to do that at this time. I think I would be remiss as a Member of Congress and someone who has spoken out about some of the funding for one of the agencies funded in this appropriations measure if I did not personally address what I consider a program that has room for improvement.

I do not mean to distract or to in any way denounce the work of this Committee on Appropriations subcommittee. I know they have an important task, and trying to come up with a foreign ops appropriations measure is a difficult task.

But I had proposed to offer an amendment here and had the support of many colleagues to reduce AID's administrative costs by about 5 percent, or $19 million. That is just a small, token amount, really, but that money would have been put in the child survival and disease program fund, which would establish further protection of children throughout the world, and eradication of diseases.

Most people do not realize it, but 33,000 children die every day across the world, and an estimated 12 million children die under 5 years of age across the world every year from various diseases.

Mr. Chairman, I have been around the world and worked in international trade, and I would not be critical of AID if I had not seen firsthand some of the problems that we have with that agency. Again, I know this committee is trying to do its utmost to get this operation in order. But let me give the Members also my perspective as chairman of the Subcommittee on Civil Service of the Committee on Government Reform and Oversight, just an idea of how personnel in AID are stratified.

If Members think we are spending all of our money and funds in helping children and the needy in foreign countries where there is need of our assistance for those individuals, just listen to this. AID staffing has 2,916 employees. Overseas there are 1,096. In Washington, D.C., or this immediate area, there are 1,717 AID employees.

So those Members who are compassionate, those who are interested in trying to get our AID dollars going to where they can help the children, where they can help the truly needy, this budget appropriates again and will fund 1,717 positions just in the Washington, D.C. area for this agency.

Overall, AID has almost 8,000 employees, if we count in contract and foreign nationals that are hired. The entire Department of Education only has 5,000 employees.

Mr. Chairman, I will not get into all the issues of waste and mismanagement in AID, but I had met sometime ago overseas with the president of the U.S. Chamber of Commerce in an eastern bloc country. This is an American. He said Americans in AID, their AID program is the laughingstock of some of the eastern bloc and emerging nations, because the United States spends $100 to give away $1. That is my concern, that we put money where it can do the most good.

When we have 33,000 children dying every day, we can choose as to how this money is appropriated. My amendment would not have taken a penny out of what we are putting into the program, but it would redirect it as a national policy for these funds to go into child survival programs that are beneficial. That was the proposal that I had.

I will not offer it because I want the process to move forward. But Mr. Chairman, I ask the chairman and my colleagues and members of this panel to look very closely at how these funds are being spent and the policy that we are establishing: Does the money go where it should go? Do we take care of folks and children around the world that need help, or is it going to spend a tremendous amount of money in overhead on a bureaucracy in Washington, D.C.?

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

DEPARTMENT OF STATE

INTERNATIONAL NARCOTICS CONTROL

For necessary expenses to carry out section 481 of the Foreign Assistance Act of 1961, $230,000,000: *Provided*, That during fiscal year 1998, the Department of State may also use the authority of section 608 of the Act, without regard to its restrictions, to receive non-lethal excess property from an agency of the United States Government for the purpose of providing it to a foreign country under chapter 8 of part I of that Act subject to the regular notification procedures of the Committees on Appropriations: *Provided further*, That none of the funds made available under this heading may be provided to any unit of the security forces of a foreign country if the Secretary of State has credible evidence to believe such unit has committed gross violations of human rights unless the Secretary determines and reports to the Committees on Appropriations that the government of such country is taking steps to bring the responsible members of the security forces unit to justice.

POINT OF ORDER

Mr. BARR of Georgia. Mr. Chairman, I rise to a point of order.

The CHAIRMAN. The gentleman will state his point of order.

Mr. BARR of Georgia. Mr. Chairman, I make a point of order that the language beginning with "provided" on page 24, line 8, through "justice" on line 16 violates clause 2(b) of rule XXI of the rules of the House of Representatives.

Clause 2(b) of rule XXI states that in general, no provision changing existing law shall be reported in any general appropriations bill.

Mr. Chairman, I respectfully submit that the language reported in this general appropriations bill changes existing law in that it imposes duties such as the duty to make determinations or decisions on the Secretary of State, and that these are new duties not required in existing law.

Although the language is part of the relevant appropriations act for the current fiscal year, that act would not apply in the fiscal year covered by the pending bill, and under the precedents of this House, it is not considered as being "existing law" for the purpose of the relevant rule.

The CHAIRMAN. Does any other Member wish to be heard on the point of order?

Mr. CALLAHAN. Mr. Chairman, I concede the point of order.

The CHAIRMAN. The point of order is conceded.

That portion of the bill is stricken.

Mr. TORRES. Mr. Chairman, I want to speak in opposition to the point of order raised against the important counternarcotics human rights provision in this bill.

The CHAIRMAN. The Chair had ruled on the point of order since it was conceded by the Chairman.

Does the gentleman wish to be heard further on the point of order?

Mr. TORRES. Mr. Chairman, I was standing on my feet in opposition to the point of order.

PARLIAMENTARY INQUIRY

Mr. BARR of Georgia. Parliamentary inquiry, Mr. Chairman.

The CHAIRMAN. The gentleman will state his parliamentary inquiry.

Mr. BARR of Georgia. Mr. Chairman, is it proper to entertain further remarks on a point of order after the point of order has been sustained by the Chair?

The CHAIRMAN. Argument on a point of order is at the discretion of the Chair. The Chair will entertain the comments of the gentleman from California [Mr. TORRES] and withhold his ruling.

The Chair recognizes the gentleman from California [Mr. TORRES].

Mr. TORRES. Mr. Chairman, the bill currently contains the so-called Leahy provision which was enacted last year. The Leahy amendment stipulates that if the Secretary of State finds credible evidence implicating a foreign military unit of gross human rights violations, and no steps have been taken to bring those responsible to justice, then the unit, not the whole country, would be cut off from some form of U.S. counternarcotics aid.

I supported the effort to have this provision included in last year's bill. U.S. taxpayer dollars must not be spent on murderers. The situation today in Colombia is severe. Colombia has the worst human rights record in the Western Hemisphere, with an average of 10 Colombians murdered every day for political or ideological reasons. Approximately 65 percent of those killings are attributed to the military and their paramilitary allies.

Colombian units, military units, responsible for some of the worst human rights violations and atrocities in recent years were also those that received U.S. assistance. Joint army paramilitary operations have displaced thousands of civilians, mostly peasant farmers. Earlier this year inhabitants of more than 15 municipalities or communities in the municipality of Choco were forced to leave their communities by paramilitary groups. They were told they had 5 days, 5 days to abandon their homes. Otherwise, they would be killed. Several communities were bombed by military forces. Many people have fled to other regions, to neighboring Panama. There is reason to believe, and to be seriously concerned about the safety of the civilian population as these operations continue.

Mr. Chairman, I ask my colleagues, the Leahy provisions are the very minimum standards we utilize before releasing $1 million of military aid to combat narco-trafficking. Using this procedure, making a point of order to strike the Leahy provision is a backdoor attempt to do away with a critical component of counternarcotics assistance accountability, and we must not allow that to happen.

Mr. BARRETT of Wisconsin. Mr. Chairman, will the gentleman yield?

The CHAIRMAN. The Chair controls the time. The Chair has recognized the gentleman from California [Mr. TORRES] briefly to talk on the point of order.

Is the gentleman from California [Mr. TORRES] finished on his comments?

Mr. TORRES. I yield to the gentleman from Wisconsin.

The CHAIRMAN. The gentleman is not able to yield.

□ 2030

Mr. BARRETT of Wisconsin. Mr. Chairman, I rise in opposition to the point of order.

The CHAIRMAN. The Chair will entertain further brief comments on the point of order.

Mr. BARRETT of Wisconsin. Mr. Chairman, I also rise in opposition to the point of order. This provision, which was first authored by Senator LEAHY, prevents foreign security forces from using our aid to commit gross violations of human rights. That is the language. Gross violations of human rights.

I think we would all agree, Democrats and Republicans, that our foreign aid should not be used by foreign security forces to kill, kidnap, or torture their own citizens. That is a principle which I would think would go unchallenged here today. The bill in its current form provides that no international narcotics control funds can be used to provide any aid to any unit of a security force of a foreign country if the Secretary of State has credible evidence to believe that unit has committed gross violations of human rights.

It has been suggested, and wrongly so, that any nongovernmental organization can hamstring our international narcotics assistance by bringing unfounded allegations of human rights. This is simply not true. The Leahy provision gives the Secretary of State the right to determine whether an allegation of gross human rights abuses is credible. Even if the Secretary of State concludes that such an allegation is credible, she can allow assistance to flow if she determines that the foreign government is taking steps to bring the responsible members of the security forces unit to justice.

Mr. Chairman, where is the problem? This is a carefully, narrowly drawn provision which gives the Secretary of State the discretion to assess reports of human rights abuses and to assess the efforts of foreign governments to control their security forces. Mr. Chairman, this does not provide or does not place any additional obligations on this use of money because this use of money or the use of Federal dollars is also controlled in other forms of Federal dollars.

In other words, we have the Leahy amendment in other types of assistance so the same type of analysis would be put on this type of assistance. I find it ironic that the gentleman from Georgia who has raised this point of order argued in committee that this is an issue that we should be debating, that Congress should be acting on this issue. Yet when we come to the floor he wants to completely stymie debate. This is an issue that should be debated on this floor because the basic issue, the basic issue again, Mr. Chairman, is whether we should be giving aid to units of government that commit gross violations of human rights.

Mr. FARR of California. Mr. Chairman, I rise to speak on the point of order.

The CHAIRMAN. The Chair will entertain further brief comments on the point of order.

Mr. FARR of California. Mr. Chairman, I concur with the gentleman that has just spoken. It makes no sense to give money or weapons to militaries without making sure that they are used for the right purposes. This provision just does that. It is a one sentence provision. It is totally permissive. It ensures that our resources are not misused by human rights violators.

I rise as a former member of the U.S. Peace Corps serving in Colombia. I know that there are human rights violations because a lot of the paramilitary down there we have no jurisdiction over have been using the military equipment that we have sent to Colombia. We need to make sure that we do not throw money at the problem of drugs if it puts human rights and innocent people at risk because, if we do that, we do not stand for anything. The credibility of America is gone. The provision is responsible and fair and should be kept in the final bill.

I urge the Chair to rule against the points of order because this is made in one sentence that is permissive and does not mandate that expenditure has to be done as such.

Ms. PELOSI. Mr. Chairman, I rise to speak briefly in opposition to the point of order.

The CHAIRMAN. The Chair recognizes the gentlewoman from California [Ms. PELOSI].

Ms. PELOSI. Mr. Chairman, I rise in opposition to the point of order and would like to make two points in regard to it.

First, it is unfortunate that this rule came to the floor this way not protecting this language as was requested by our committee. Let our membership debate this issue and vote one way or another. But to leave this issue exposed this way is, I think, a disservice to the Members of this House because the actual point of order that the gentleman makes, I believe, is based on a mistake, the mistaken impression that has been circulating here that we have been withholding funds from the Colombian national police. That is not true.

We have been withholding funds from the military but the United States has been assisting the Colombian national police in the battle against narcotics. Therefore, we would welcome the debate on the language that is in the bill which withholds funds from the units of the military which have committed gross human rights violations. I wish that the rule would have allowed our colleagues to hear the debate. Vote it up or down. I urge the Chair to reject the point of order.

The CHAIRMAN. The Chair is prepared to rule.

The provision requires the Secretary of State to evaluate "credible" evidence and to make reports not required by existing law. The point of order has been conceded by the gentleman from Alabama and the Chair sustains the point of order. The provision is in violation of clause 2 of rule XXI and is stricken from the bill.

The Clerk will read:

The Clerk read as follows:

MIGRATION AND REFUGEE ASSISTANCE

For expenses, not otherwise provided for, necessary to enable the Secretary of State to provide, as authorized by law, a contribution to the International Committee of the Red Cross, assistance to refugees, including contributions to the International Organization for Migration and the United Nations High Commissioner for Refugees, and other activities to meet refugee and migration needs; salaries and expenses of personnel and dependents as authorized by the Foreign Service Act of 1980; allowances as authorized by sections 5921 through 5925 of title 5, United States Code; purchase and hire of passenger motor vehicles; and services as authorized by section 3109 of title 5, United States Code, $650,000,000: *Provided*, That not more than $12,000,000 shall be available for administrative expenses.

REFUGEE RESETTLEMENT ASSISTANCE

For necessary expenses for the targeted assistance program authorized by title IV of the Immigration and Nationality Act and section 501 of the Refugee Education Assistance Act of 1980 and administered by the Office of Refugee Resettlement of the Department of Health and Human Services, in addition to amounts otherwise available for such purposes, $5,000,000.

UNITED STATES EMERGENCY REFUGEE AND MIGRATION ASSISTANCE FUND

For necessary expenses to carry out the provisions of section 2(c) of the Migration and Refugee Assistance Act of 1962, as amended (22 U.S.C. 260(c)), $50,000,000, to remain available until expended: *Provided*, That the funds made available under this heading are appropriated notwithstanding the provisions contained in section 2(c)(2) of the Migration and Refugee Assistance Act of 1962 which would limit the amount of funds which could be appropriated for this purpose.

NONPROLIFERATION, ANTI-TERRORISM, DEMINING AND RELATED PROGRAMS

For necessary expenses for nonproliferation, anti-terrorism and related programs and activities, $118,000,000, to carry out the provisions of chapter 8 of part II of the Foreign Assistance Act of 1961 for anti-terrorism assistance, section 504 of the FREEDOM Support Act for the Nonproliferation and Disarmament Fund, section 23 of the Arms Export Control Act for demining activities, notwithstanding any other provision of law, including activities implemented through nongovernmental and international organizations, section 301 of the Foreign Assistance Act of 1961 for a voluntary contribution to the International Atomic Energy Agency (IAEA) and a voluntary contribution to the Korean Peninsula Energy Development Organization (KEDO): *Provided*, That of this amount not to exceed $15,000,000, to remain available until expended, may be made available for the Nonproliferation and Disarmament Fund, notwithstanding any other provision of law, to promote bilateral and multilateral activities relating to nonproliferation and disarmament: *Provided further*, That such funds may also be used for such countries other than the new independent states of the former Soviet Union and international organizations when it is in the national security interest of the United States to do so: *Provided further*, That such funds shall be subject to the regular notification procedures of the Committees on Appropriations: *Provided further*, That funds appropriated under this heading may be made available for the International Atomic Energy Agency only if the Secretary of State determines (and so reports to the Congress) that Israel is not being denied its right to participate in the activities of that Agency: *Provided further*, That not to exceed $25,000,000 may be made available to the Korean Peninsula Energy Development Organization (KEDO) only for administrative expenses and heavy fuel oil costs associated with the Agreed Framework: *Provided further*, That such funds may be obligated to KEDO only if, thirty days prior to such obligation of funds, the President certifies and so reports to Congress that (1)(A) the parties to the Agreed Framework are taking steps to assure that progress is made on the implementation of the January 1, 1992, Joint Declaration on the Denuclearization of the Korean Peninsula and the implementation of the North-South dialogue, and (B) North Korea is complying with the other provisions of the Agreed Framework between North Korea and the United States and with the Confidential Minute; (2) North Korea is cooperating fully in the canning and safe storage of all spent fuel from its graphite-moderated nuclear reactors and that such canning and safe storage is scheduled to be completed by the end of fiscal year 1998; and (3) North Korea has not significantly diverted assistance provided by the United States for purposes for which it was not intended: *Provided further*, That the President may waive the certification requirements of the preceding proviso if the President determines that it is vital to the national security interests of the United States: *Provided further*, That no funds may be obligated for KEDO until 30 calendar days after submission to Congress of the waiver permitted under the preceding proviso: *Provided further*, That the obligation of any funds for KEDO shall be subject to the regular notification procedures of the Committees on Appropriations: *Provided further*, That the Secretary of State shall submit to the appropriate congressional committees an annual report (to be submitted with the annual presentation for appropriations) providing a full and detailed accounting of the fiscal year request for the United States contribution to KEDO, the expected operating budget of the Korean Peninsula Energy Development Organization, to include unpaid debt, proposed annual costs associated with heavy fuel oil purchases, the amount of funds pledged by other donor nations and organizations to support KEDO activities on a per country basis, and other related activities.

TITLE III—MILITARY ASSISTANCE

FUNDS APPROPRIATED TO THE PRESIDENT

INTERNATIONAL MILITARY EDUCATION AND TRAINING

For necessary expenses to carry out the provisions of section 541 of the Foreign Assistance Act of 1961, $50,000,000: *Provided*, That funds appropriated under this heading for grant financed military education and training for Indonesia and Guatemala may only be available for expanded international military education and training: *Provided further*, That none of the funds appropriated under this heading may be made available to support grant financed military education and training at the School of the Americas unless (1) the Secretary of Defense certifies that the instruction and training provided by the School of the Americas is fully consistent with training and doctrine, particularly with respect to the observance of human rights, provided by the Department of Defense to United States military students at Department of Defense institutions whose primary purpose is to train United States military personnel, (2) the Secretary of Defense certifies that the Secretary of State, in consultation with the Secretary of Defense, has developed and issued specific guidelines governing the selection and screening of candidates for instruction at the School of the Americas, and (3) the Secretary of Defense submits to the Committees on Appropriations a report detailing the training activities of the School of the Americas and a general assessment regarding the performance of its graduates during 1996.

SEQUENTIAL VOTES POSTPONED IN COMMITTEE OF THE WHOLE

The CHAIRMAN. Pursuant to the order of the House of Thursday, July 24, 1997, proceedings will now resume on those amendments on which further proceedings were postponed in the following order:

Amendment No. 13 offered by the gentleman from California [Mr. ROYCE]; and amendment No. 36 offered by the gentleman from Texas [Mr. PAUL].

The Chair will reduce to 5 minutes the time for any electronic vote after the first vote in this series.

AMENDMENT NO. 13 OFFERED BY MR. ROYCE

The CHAIRMAN. The pending business is the demand for a recorded vote on the amendment offered by the gentleman from California [Mr. ROYCE] on which further proceedings were postponed and on which the noes prevailed by voice vote.

The Clerk will designate the amendment.

The Clerk designated the amendment.

RECORDED VOTE

The CHAIRMAN. A recorded vote has been demanded.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 156, noes 272, not voting 6, as follows:

[Roll No. 346]

AYES—156

Andrews
Armey
Bachus
Barr
Barrett (WI)
Bartlett
Bass
Blagojevich
Bonior
Boswell
Burr
Burton
Buyer
Campbell
Canady
Chabot
Chambliss
Chenoweth
Coble
Coburn
Collins
Condit
Conyers
Cook
Costello
Cox
Crane
Crapo
Cubin
Cunningham
Deal
DeFazio
Dellums
Diaz-Balart
Dickey
Doyle
Duncan
Ehrlich
Ensign
Eshoo
Farr
Fawell
Foley
Fowler
Fox
Franks (NJ)
Ganske
Gibbons
Gillmor
Goodlatte
Goodling
Goss
Graham
Greenwood
Gutknecht
Hastert
Hayworth
Hefley
Hilleary
Hobson
Hoekstra
Horn
Hostettler
Hulshof
Hunter
Hutchinson
Istook
Jackson (IL)
Jones
Kanjorski
Kaptur
Kasich
Kingston
Klug
Kucinich
Largent
LaTourette
Leach
Lewis (GA)
Linder
Lipinski
LoBiondo
Luther
Markey
McHale
McHugh
McInnis
McIntosh
McIntyre
McKeon
McKinney
Meehan
Mica
Miller (FL)
Molinari
Myrick
Nethercutt
Neumann
Ney
Norwood
Obey
Pallone
Pappas
Pascrell
Paul
Paxon
Pease
Peterson (MN)
Petri
Pitts
Portman
Poshard
Pryce (OH)
Radanovich
Ramstad
Riggs
Rivers
Roemer
Rogan
Rohrabacher
Ros-Lehtinen
Royce
Ryun
Salmon
Sanders
Sanford
Scarborough
Schaefer, Dan
Schaffer, Bob
Sensenbrenner
Shadegg
Shaw
Shays
Shuster
Smith (MI)
Smith (NJ)
Smith (TX)
Smith, Linda
Solomon
Souder
Stearns
Strickland
Sununu
Talent
Taylor (MS)
Thune
Tiahrt
Tierney
Traficant
Visclosky
Wamp
Watkins
Watts (OK)
Weldon (PA)
Whitfield
Woolsey

NOES—272

Abercrombie
Ackerman
Aderholt
Allen
Archer
Baesler
Baker
Baldacci
Ballenger
Barcia
Barrett (NE)
Barton
Bateman
Becerra
Bentsen
Bereuter
Berman
Berry
Bilbray
Bilirakis
Bishop
Bliley
Blumenauer
Blunt
Boehlert
Boehner
Bonilla
Bono
Borski
Boucher
Boyd
Brady
Brown (CA)
Brown (FL)
Brown (OH)
Bryant
Bunning
Callahan
Calvert
Camp
Cannon
Capps
Cardin
Carson
Castle
Christensen
Clay
Clayton
Clement
Clyburn
Combest
Cooksey
Coyne
Cramer
Cummings
Danner
Davis (FL)
Davis (IL)
Davis (VA)
DeGette
Delahunt
DeLauro
DeLay
Deutsch
Dicks
Dingell
Dixon
Doggett
Dooley
Doolittle
Dreier
Dunn
Edwards
Ehlers
Emerson
Engel
English
Etheridge
Evans
Everett
Ewing
Fattah
Fazio
Filner
Flake
Foglietta
Ford
Frank (MA)
Frelinghuysen
Frost
Furse
Gallegly
Gejdenson
Gekas
Gephardt
Gilchrest
Gilman
Goode
Gordon
Granger
Green
Gutierrez
Hall (OH)
Hall (TX)
Hamilton
Hansen
Harman
Hastings (FL)
Hastings (WA)
Hefner
Herger
Hill
Hilliard
Hinchey
Hinojosa
Holden
Hooley
Houghton
Hoyer
Hyde
Inglis
Jackson-Lee (TX)
Jefferson
Jenkins
John
Johnson (CT)
Johnson (WI)
Johnson, E. B.
Johnson, Sam
Kelly
Kennedy (MA)
Kennedy (RI)
Kennelly
Kildee
Kilpatrick
Kim
Kind (WI)
King (NY)
Kleczka
Klink
Knollenberg
Kolbe
LaFalce
LaHood
Lampson
Lantos
Latham
Lazio
Levin
Lewis (CA)
Lewis (KY)
Livingston
Lofgren
Lowey
Lucas
Maloney (CT)
Maloney (NY)
Manton
Manzullo
Martinez
Mascara
Matsui
McCarthy (MO)
McCarthy (NY)
McCollum
McCrery
McDade
McDermott
McGovern
McNulty
Meek
Menendez
Metcalf
Millender-McDonald
Miller (CA)
Minge
Mink
Moakley
Mollohan
Moran (KS)
Moran (VA)
Morella
Murtha
Nadler
Neal
Northup
Nussle
Oberstar
Olver
Ortiz
Owens
Oxley
Packard
Parker
Pastor
Payne
Pelosi
Peterson (PA)
Pickering
Pickett
Pombo
Pomeroy
Porter
Price (NC)
Quinn
Rahall
Rangel
Redmond
Regula
Reyes
Riley
Rodriguez
Rogers
Rothman
Roukema
Roybal-Allard
Rush
Sabo
Sánchez
Sandlin
Sawyer
Saxton
Schumer
Scott
Serrano
Sessions
Sherman
Shimkus
Sisisky
Skaggs
Skeen
Skelton
Slaughter
Smith (OR)
Smith, Adam
Snowbarger
Snyder
Spence
Spratt
Stabenow
Stenholm
Stokes
Stump
Stupak
Tanner
Tauscher
Tauzin
Thomas
Thompson
Thornberry
Thurman
Torres
Towns
Turner
Upton
Velázquez
Vento
Walsh
Waters
Watt (NC)
Waxman
Weldon (FL)
Weller
Wexler
Weygand
White
Wicker
Wise
Wolf
Wynn
Yates
Young (FL)

NOT VOTING—6

Forbes
Gonzalez
Schiff
Stark
Taylor (NC)
Young (AK)

□ 2057

Ms. DEGETTE, Mr. DOOLITTLE, Ms. SLAUGHTER, and Messrs. CUMMINGS, SESSIONS and SAXTON, and Mrs. MCCARTHY of New York changed their vote from "aye" to "no."

Messrs. CONYERS, BUYER and GILLMOR changed their vote from "no" to "aye."

So the amendment was rejected.

The result of the vote was announced as above recorded.

AMENDMENT NO. 36 OFFERED BY MR. PAUL

The CHAIRMAN. The pending business is the demand for a recorded voted on the amendment offered by the gentleman from Texas [Mr. PAUL] on which further proceedings were postponed and on which the noes prevailed by voice vote.

The Clerk will designate the amendment.

The Clerk designated the amendment.

RECORDED VOTE

The CHAIRMAN. A recorded vote has been demanded.

A recorded vote was ordered.

The CHAIRMAN. This is a 5-minute vote.

The vote was taken by electronic device, and there were—ayes 40, noes 387, not voting 7, as follows:

[Roll No. 347]

AYES—40

Bachus
Barr
Bartlett
Burton
Campbell
Chabot
Chenoweth
Coble
Coburn
Crapo
Deal
DeLay
Doolittle
Duncan
Ensign
Hayworth
Hilleary
Hoekstra
Hostettler
Hunter
Istook
Markey
McIntosh
Paul
Pease
Petri
Pombo
Rohrabacher
Royce
Ryun
Sanford
Scarborough
Sensenbrenner
Shadegg
Smith (MI)
Smith, Linda
Stearns
Taylor (MS)
Traficant
Wamp

NOES—387

Abercrombie
Ackerman
Aderholt
Allen
Andrews
Archer
Armey
Baesler
Baker
Baldacci
Ballenger
Barcia
Barrett (NE)
Barrett (WI)
Barton
Bass
Bateman
Becerra
Bentsen
Bereuter
Berman
Berry
Bilbray
Bilirakis
Bishop
Blagojevich
Bliley
Blumenauer
Blunt
Boehlert
Boehner
Bonilla
Bonior
Bono
Borski
Boswell
Boucher
Boyd
Brady
Brown (CA)
Brown (FL)
Brown (OH)
Bryant
Bunning
Burr
Buyer
Callahan
Calvert
Camp
Canady
Cannon
Capps
Cardin
Carson
Castle
Chambliss
Christensen
Clay
Clayton
Clement
Clyburn
Collins
Combest
Condit
Conyers
Cook
Cooksey
Costello
Cox
Coyne
Cramer
Crane
Cubin
Cummings
Cunningham
Danner
Davis (FL)
Davis (IL)
Davis (VA)
DeFazio
DeGette
Delahunt
DeLauro
Dellums
Deutsch
Diaz-Balart
Dickey
Dicks
Dingell
Dixon
Doggett
Dooley
Doyle
Dreier
Dunn
Edwards
Ehlers
Ehrlich
Emerson
Engel
English
Eshoo
Etheridge
Evans
Everett
Ewing
Farr
Fattah
Fawell
Fazio
Filner
Flake
Foglietta
Foley
Ford
Fowler
Fox
Frank (MA)
Franks (NJ)
Frelinghuysen
Frost
Furse
Gallegly
Ganske
Gejdenson
Gekas
Gephardt
Gibbons
Gilchrest
Gillmor
Gilman
Goode
Goodlatte
Goodling
Gordon
Goss
Graham
Granger
Green
Greenwood
Gutierrez
Gutknecht
Hall (OH)
Hall (TX)
Hamilton
Hansen
Harman
Hastert
Hastings (FL)
Hastings (WA)
Hefley
Hefner
Herger
Hill
Hilliard
Hinchey
Hinojosa
Hobson
Holden

Hooley
Horn
Houghton
Hoyer
Hulshof
Hutchinson
Hyde
Inglis
Jackson (IL)
Jackson-Lee (TX)
Jefferson
Jenkins
John
Johnson (CT)
Johnson (WI)
Johnson, E. B.
Johnson, Sam
Jones
Kanjorski
Kaptur
Kasich
Kelly
Kennedy (MA)
Kennedy (RI)
Kennelly
Kildee
Kilpatrick
Kim
Kind (WI)
King (NY)
Kingston
Kleczka
Klink
Klug
Knollenberg
Kolbe
Kucinich
LaFalce
LaHood
Lampson
Lantos
Largent
Latham
LaTourette
Lazio
Leach
Levin
Lewis (CA)
Lewis (GA)
Lewis (KY)
Linder
Lipinski
Livingston
LoBiondo
Lofgren
Lowey
Lucas
Luther
Maloney (CT)
Maloney (NY)
Manton
Manzullo
Martinez
Mascara
Matsui
McCarthy (MO)
McCarthy (NY)
McCollum
McCrery
McDade
McDermott
McGovern
McHale
McHugh
McInnis
McIntyre

McKeon
McKinney
McNulty
Meehan
Meek
Menendez
Metcalf
Mica
Millender-McDonald
Miller (CA)
Miller (FL)
Minge
Mink
Moakley
Molinari
Mollohan
Moran (KS)
Moran (VA)
Morella
Murtha
Myrick
Nadler
Neal
Nethercutt
Neumann
Ney
Northup
Norwood
Nussle
Oberstar
Obey
Olver
Ortiz
Owens
Oxley
Packard
Pallone
Pappas
Parker
Pascrell
Pastor
Paxon
Payne
Pelosi
Peterson (MN)
Peterson (PA)
Pickering
Pickett
Pitts
Pomeroy
Porter
Portman
Poshard
Price (NC)
Pryce (OH)
Quinn
Radanovich
Rahall
Ramstad
Rangel
Redmond
Regula
Reyes
Riggs
Riley
Rivers
Rodriguez
Roemer
Rogan
Rogers
Ros-Lehtinen
Rothman
Roukema
Roybal-Allard
Rush
Sabo

Salmon
Sanchez
Sanders
Sandlin
Sawyer
Saxton
Schaefer, Dan
Schaffer, Bob
Schumer
Scott
Serrano
Sessions
Shaw
Shays
Sherman
Shimkus
Shuster
Sisisky
Skaggs
Skeen
Skelton
Slaughter
Smith (NJ)
Smith (OR)
Smith (TX)
Smith, Adam
Snowbarger
Snyder
Souder
Spence
Spratt
Stabenow
Stenholm
Stokes
Strickland
Stump
Stupak
Sununu
Talent
Tanner
Tauscher
Tauzin
Thomas
Thompson
Thornberry
Thune
Thurman
Tiahrt
Tierney
Torres
Towns
Turner
Upton
Velázquez
Vento
Visclosky
Walsh
Waters
Watkins
Watt (NC)
Watts (OK)
Waxman
Weldon (FL)
Weldon (PA)
Weller
Wexler
Weygand
White
Whitfield
Wicker
Wise
Wolf
Woolsey
Wynn
Yates
Young (FL)

NOT VOTING—7

Forbes
Gonzalez
Schiff

Solomon
Stark
Taylor (NC)

Young (AK)

☐ 2107

Messrs. SANFORD, BACHUS and RYUN changed their vote from "no" to "aye."

So the amendment was rejected.

The result of the vote was announced as above recorded.

Mr. CALLAHAN. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly, the Committee rose; and the Speaker pro tempore (Mr. HASTINGS of Washington) having assumed the chair, Mr. THORNBERRY, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 2159), making appropriations for foreign operations, export financing, and related programs for the fiscal year ending September 30, 1998, and for other purposes, had come to no resolution thereon.

REMOVAL OF NAME OF MEMBER AS COSPONSOR OF H.R. 695

Mr. BUNNING. Mr. Speaker, I ask unanimous consent that my name be removed as a cosponsor of H.R. 695.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Kentucky?

There was no objection.

REMOVAL OF NAME OF MEMBER AS COSPONSOR OF H.R. 695

Mr. HEFLEY. Mr. Speaker, I ask unanimous consent that my name be removed as a cosponsor of H.R. 695.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Colorado?

There was no objection.

EXPRESSING SENSE OF CONGRESS REGARDING TERRORIST BOMBING IN JERUSALEM

The SPEAKER pro tempore. The pending business is the question of suspending the rules and agreeing to the concurrent resolution, House Concurrent Resolution 133.

The Clerk read the title of the concurrent resolution.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from New York [Mr. GILMAN] that the House suspend the rules and agree to the concurrent resolution, House Concurrent Resolution 133, on which the yeas and nays are ordered.

The vote was taken by electronic device, and there were— yeas 427, nays 1, not voting 6, as follows:

[Roll No. 348]

YEAS—427

Abercrombie
Ackerman
Aderholt
Allen
Andrews
Archer
Armey
Bachus
Baesler
Baker
Baldacci
Ballenger
Barcia
Barr
Barrett (NE)
Barrett (WI)

Bartlett
Barton
Bass
Bateman
Becerra
Bentsen
Bereuter
Berman
Berry
Bilbray
Bilirakis
Bishop
Blagojevich
Bliley
Blumenauer
Blunt

Boehlert
Boehner
Bonilla
Bonior
Bono
Borski
Boswell
Boucher
Boyd
Brady
Brown (CA)
Brown (FL)
Brown (OH)
Bryant
Bunning
Burr

Burton
Buyer
Callahan
Calvert
Camp
Campbell
Canady
Cannon
Capps
Cardin
Carson
Castle
Chabot
Chambliss
Chenoweth
Christensen
Clay
Clayton
Clement
Clyburn
Coble
Coburn
Collins
Combest
Condit
Conyers
Cook
Cooksey
Costello
Cox
Coyne
Cramer
Crane
Crapo
Cubin
Cummings
Cunningham
Danner
Davis (FL)
Davis (IL)
Davis (VA)
Deal
DeFazio
DeGette
Delahunt
DeLauro
DeLay
Dellums
Deutsch
Diaz-Balart
Dickey
Dicks
Dingell
Dixon
Doggett
Dooley
Doolittle
Doyle
Dreier
Duncan
Dunn
Edwards
Ehlers
Ehrlich
Emerson
Engel
English
Ensign
Eshoo
Etheridge
Evans
Everett
Ewing
Farr
Fattah
Fawell
Fazio
Filner
Flake
Foglietta
Foley
Ford
Fowler
Fox
Frank (MA)
Franks (NJ)
Frelinghuysen
Frost
Furse
Gallegly
Ganske
Gejdenson
Gekas
Gephardt
Gibbons
Gilchrest

Gillmor
Gilman
Goode
Goodlatte
Goodling
Gordon
Goss
Graham
Granger
Green
Greenwood
Gutierrez
Gutknecht
Hall (OH)
Hall (TX)
Hamilton
Hansen
Harman
Hastert
Hastings (FL)
Hastings (WA)
Hayworth
Hefley
Hefner
Herger
Hill
Hilleary
Hilliard
Hinchey
Hinojosa
Hobson
Hoekstra
Holden
Hooley
Horn
Hostettler
Houghton
Hoyer
Hulshof
Hunter
Hutchinson
Hyde
Inglis
Istook
Jackson (IL)
Jackson-Lee (TX)
Jefferson
Jenkins
John
Johnson (CT)
Johnson (WI)
Johnson, E. B.
Johnson, Sam
Jones
Kanjorski
Kaptur
Kasich
Kelly
Kennedy (MA)
Kennedy (RI)
Kennelly
Kildee
Kilpatrick
Kim
Kind (WI)
King (NY)
Kingston
Kleczka
Klink
Klug
Knollenberg
Kolbe
Kucinich
LaFalce
LaHood
Lampson
Lantos
Largent
Latham
LaTourette
Lazio
Leach
Levin
Lewis (CA)
Lewis (GA)
Lewis (KY)
Linder
Lipinski
Livingston
LoBiondo
Lofgren
Lowey
Lucas
Luther
Maloney (CT)

Maloney (NY)
Manton
Manzullo
Markey
Martinez
Mascara
Matsui
McCarthy (MO)
McCarthy (NY)
McCollum
McCrery
McDade
McDermott
McGovern
McHale
McHugh
McInnis
McIntosh
McIntyre
McKeon
McKinney
McNulty
Meehan
Meek
Menendez
Metcalf
Mica
Millender-McDonald
Miller (CA)
Miller (FL)
Minge
Mink
Moakley
Molinari
Mollohan
Moran (KS)
Moran (VA)
Morella
Murtha
Myrick
Nadler
Neal
Neumann
Ney
Northup
Norwood
Nussle
Oberstar
Obey
Olver
Ortiz
Owens
Oxley
Packard
Pallone
Pappas
Parker
Pascrell
Pastor
Paxon
Payne
Pease
Pelosi
Peterson (MN)
Peterson (PA)
Petri
Pickering
Pickett
Pitts
Pombo
Pomeroy
Porter
Portman
Poshard
Price (NC)
Pryce (OH)
Quinn
Radanovich
Rahall
Ramstad
Rangel
Redmond
Regula
Reyes
Riggs
Riley
Rivers
Rodriguez
Roemer
Rogan
Rogers
Rohrabacher
Ros-Lehtinen
Rothman
Roukema

Roybal-Allard
Royce
Rush
Ryun
Sabo
Salmon
Sanchez
Sanders
Sandlin
Sanford
Sawyer
Saxton
Scarborough
Schaefer, Dan
Schaffer, Bob
Schumer
Scott
Sensenbrenner
Serrano
Sessions
Shadegg
Shaw
Shays
Sherman
Shimkus
Shuster
Sisisky
Skaggs
Skeen
Skelton
Slaughter
Smith (MI)
Smith (NJ)
Smith (OR)
Smith (TX)
Smith, Adam
Smith, Linda
Snowbarger
Snyder
Solomon
Souder
Spence
Spratt
Stabenow
Stearns
Stenholm
Stokes
Strickland
Stump
Stupak
Sununu
Talent
Tanner
Tauscher
Tauzin
Taylor (MS)
Taylor (NC)
Thomas
Thompson
Thornberry
Thune
Thurman
Tiahrt
Tierney
Torres
Towns
Traficant
Turner
Upton
Velaquez
Vento
Visclosky
Walsh
Wamp
Waters
Watkins
Watt (NC)
Watts (OK)
Waxman
Weldon (FL)
Weldon (PA)
Weller
Wexler
Weygand
White
Whitfield
Wicker
Wise
Wolf
Woolsey
Wynn
Yates
Young (FL)

NAYS—1

Paul

NOT VOTING—6

Forbes
Gonzalez
Nethercutt
Schiff
Stark
Young (AK)

□ 2126

So the concurrent resolution was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

REMOVAL OF NAME OF MEMBER AS COSPONSOR OF H.R. 695

Mr. EVERETT. Mr. Speaker, I ask unanimous consent to have my name removed as a cosponsor of H.R. 695.

The SPEAKER pro tempore (Mr. HASTINGS of Washington). Is there objection to the request of the gentleman from Alabama?

There was no objection.

REMOVAL OF NAME OF MEMBER AS COSPONSOR OF H.R. 1577

Mr. HILL. Mr. Speaker, I ask unanimous consent to have my name removed as a cosponsor of H.R. 1577.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Montana?

There was no objection.

FOREIGN OPERATIONS, EXPORT FINANCING, AND RELATED PROGRAMS APPROPRIATIONS ACT, 1998

The SPEAKER pro tempore. Pursuant to the order of the House of Thursday, July 24, 1997, and rule XXIII, the Chair declares the House in the Committee of the Whole House on the State of the Union for the further consideration of the bill, H.R. 2159.

□ 2130

IN THE COMMITTEE OF THE WHOLE

Accordingly, the House resolved itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill (H.R. 2159) making appropriations for foreign operations, export financing, and related programs for the fiscal year ending September 30, 1998, and for other purposes, with Mr. THORNBERRY in the chair.

The Clerk read the title of the bill.

□ 2130

The CHAIRMAN. When the Committee of the Whole rose earlier today, the amendment offered by the gentleman from Texas [Mr. PAUL] had been disposed of and the bill has been read through Page 30, Line 3.

Mr. CALLAHAN. Mr. Chairman, I ask unanimous consent that the Amendment No. 1 by the gentleman from New Jersey [Mr. SMITH] provided for under the rule and debatable for 40 minutes and Amendment No. 2 by the gentleman from New York [Mr. GILMAN] provided for by the order of the House of July 24 and debatable for 40 minutes, to title V, and Amendment No. 19 by the gentleman from California [Mr. TORRES], Amendment No. 1 by the gentleman from Massachusetts [Mr. KENNEDY], Amendment No. 30 by the gentleman from Massachusetts [Mr. KENNEDY], and Amendment Nos. 17 and 18 by the gentleman from California [Mr. TORRES] will be in order at a later time during the reading of the bill notwithstanding that title V may be closed.

The CHAIRMAN. Is there objection to the request of the gentleman from Alabama?

There was no objection.

Mr. CALLAHAN. Mr. Chairman, I move to strike the last word.

Mr. Chairman, there will be no more recorded votes tonight. We will set aside all amendments dealing with Population Planning and the School of Americas until tomorrow. We will continue to offer amendments tonight and debate them and roll votes on all amendments that require a vote until tomorrow.

I expect we will be working tonight on this bill until about 10:30 or so, and I urge the Members to stay and offer amendments that were not included in the unanimous-consent request tonight.

Ms. HARMAN. Mr. Chairman, I move to strike the last word, and I rise for the purpose of engaging in a colloquy with my friend and colleague the gentleman from Alabama [Mr. CALLAHAN], chairman of the Subcommittee on Foreign Operations, Export Financing and Related Programs.

I want to commend the committee for including in the foreign operations appropriations bill language conditioning the availability of the funds appropriated for Russia on the certification that Russia has ceased providing assistance to Iran's nuclear and ballistic missile programs.

As my colleague is aware, in the very fluid Russian environment of today certain entities may be engaging in proliferation of ballistic missile technology without the consent of the Russian Government. The bill, as currently formulated, sends a strong message to the Russian Government about its own transactions with Iran, but it is vague on what the United States reaction will be if nongovernmental entities engage in proliferation.

I seek to ensure that in further deliberations in conference and in committee my colleague will explore effective means to prevent Russian entities from engaging in further missile technology trade with Iran, whether they operate with the authorization of the Russian Government or without.

For this purpose as well, Senator KYL and I have introduced a bipartisan concurrent resolution expressing the sense of Congress that proliferation by Russian Governmental and nongovernmental entities must stop. Our resolution calls on the President to impose sanctions if Russia does not halt these activities and to take further action regarding our cooperation with Russia.

Let me clarify finally that the resolution offered by Senator KYL and me is not intended to affect the Cooperative Threat Reduction program, which I fully support, but we need to be clear that those individuals who proliferate will be penalized with the tools the U.S. has available.

Mr. CALLAHAN. Mr. Chairman, will the gentlewoman yield?

Ms. HARMAN. I yield to the gentleman from Alabama.

Mr. CALLAHAN. Mr. Chairman, I fully agree with the gentlewoman from California's concerns regarding media reports of Russian missile transfers to Iran. This is an extremely serious issue, and she is right to draw attention to it. Her earlier discussions with the committee on this issue were greatly appreciated. The committee has focused on this issue under the leadership of the gentleman from California [Mr. PACKARD], and the bill before us contains very tough language on this subject. Last year's public law contained language prohibiting aid to the Government of Russia unless it terminated nuclear transfers to Iran, along with an "important to the national security interest" waiver which the administration has regularly used. This year the committee bill prohibits aid to the Government of Russia if it cooperates with Iran in the nuclear and missile areas. The waiver was raised to vital national security interests, which is a very high standard. If the President does use it, only 50 percent of the funds can be made available. This is very tough language, which reflects the House view, and this is an extremely serious problem.

Mr. Chairman, I appreciate the gentlewoman's leadership and her attention to this issue.

Ms. HARMAN. Mr. Chairman, I thank the gentleman from Alabama for his support and pledge to work with him, the committee and the full House and the other body to ensure that this activity is corrected.

Mr. EWING. Mr. Chairman, I move to strike the last word. I would like to engage in a colloquy with the gentleman from Alabama [Mr. CALLAHAN].

Mr. Chairman, I have filed an amendment to H.R. 2159 to cut funding for Peru under the international military education and training program unless the President reports to Congress that the Government of Peru is working to provide timely, open and fair legal proceedings against American citizens held in jail in Peru. This is done as a result of the unconscionable treatment of Jennifer Davis who has been held for 8 months in a Peruvian prison without any of her proper due process rights.

I will not offer that amendment because it is my understanding it would be ruled in violation of legislating on appropriations rule. However, this amendment was adopted in the Senate, and I strongly encourage the chairman to agree to this amendment during conference with the Senate.

I would like to thank the gentleman for including report language in H.R. 2159 at my request, which expresses the concern of the committee about the fate of American citizens being imprisoned in Peru. This language, coupled with the amendment I just mentioned, should send a strong message to Peru that the United States Congress is finding it more and more difficult to justify sending foreign aid to Peru when that country fails to respect the basic human rights to timely and fair legal actions.

Mr. CALLAHAN. Mr. Chairman, will the gentleman yield?

Mr. EWING. I yield to the gentleman from Alabama.

Mr. CALLAHAN. Mr. Chairman, I share the gentleman's concerns on this very important issue, and I appreciate the gentleman drawing it to the committee's attention. Because of his concerns and concerns voiced by other Members, we have included specific language on this issue in our report. I can assure the gentleman we will consider this issue in conference and we will work closely with the gentleman in conveying our concerns to the State Department and to the government of Peru.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

FOREIGN MILITARY FINANCING PROGRAM

For expenses necessary for grants to enable the President to carry out the provisions of section 23 of the Arms Export Control Act, $3,259,250,000: *Provided*, That funds appropriated by this paragraph that are made available for Israel and Egypt shall be made available only as grants: *Provided further*, That the funds appropriated by this paragraph for Israel shall be disbursed within thirty days of enactment of this Act or by October 31, 1997, whichever is later: *Provided further*, That to the extent that the Government of Israel requests that funds be used for such purposes, grants made available for Israel by this paragraph shall, as agreed by Israel and the United States, be available for advanced weapons systems, of which not less than $475,000,000 shall be available for the procurement in Israel of defense articles and defense services, including research and development: *Provided further*, That funds made available under this paragraph shall be nonrepayable notwithstanding any requirement in section 23 of the Arms Export Control Act: *Provided further*, That none of the funds made available under this heading shall be available for any non-NATO country participating in the Partnership for Peace Program except through the regular notification procedures of the Committees on Appropriations.

For the cost, as defined in section 502 of the Congressional Budget Act of 1974, of direct loans authorized by section 23 of the Arms Export Control Act as follows: cost of direct loans, $60,000,000: *Provided*, That these funds are available to subsidize gross obligations for the principal amount of direct loans of not to exceed $657,000,000: *Provided further*, That the rate of interest charged on such loans shall be not less than the current average market yield on outstanding marketable obligations of the United States of comparable maturities: *Provided further*, That funds appropriated under this heading shall be made available for Greece and Turkey only on a loan basis, and the principal amount of direct loans for each country shall not exceed the following: $105,000,000 only for Greece and $150,000,000 only for Turkey.

None of the funds made available under this heading shall be available to finance the procurement of defense articles, defense services, or design and construction services that are not sold by the United States Government under the Arms Export Control Act unless the foreign country proposing to make such procurements has first signed an agreement with the United States Government specifying the conditions under which such procurements may be financed with such funds: *Provided*, That all country and funding level increases in allocations shall be submitted through the regular notification procedures of section 515 of this Act: *Provided further*, That funds made available under this heading shall be obligated upon apportionment in accordance with paragraph (5)(C) of title 31, United States Code, section 1501(a): *Provided further*, That none of the funds appropriated under this heading shall be available for Sudan and Liberia: *Provided further*, That funds made available under this heading may be used, notwitstanding any other provision of law, for activities related to the clearance of landmines and unexploded ordnance, and may include activities implemented through nongovernmental and international organizations: *Provided further*, That only those countries for which assistance was justified for the "Foreign Military Sales Financing Program" in the fiscal year 1989 congressional presentation for security assistance programs may utilize funds made available under this heading for procurement of defense articles, defense services or design and construction services that are not sold by the United States Government under the Arms Export Control Act: *Provided further*, That, subject to the regular notification procedures of the Committees on Appropriations, funds made available under this heading for the cost of direct loans may also be used to supplement the funds available under this heading for grants, and funds made available under this heading for grants may also be used to supplement the funds available under this heading for the cost of direct loans: *Provided further*, That funds appropriated under this heading shall be expended at the minimum rate necessary to make timely payment for defense articles and services: *Provided further*, That not more than $23,250,000 of the funds appropriated under this heading may be obligated for necessary expenses, including the purchase of passenger motor vehicles for replacement only for use outside of the United States, for the general costs of administering military assistance and sales: *Provided further*, That none of the funds appropriated under this heading shall be available for Guatemala: *Provided further*, That not more than $350,000,000 of funds realized pursuant to section 21(e)(1)(A) of the Arms Export Control Act may be obligated for expenses incurred by the Department of Defense during fiscal year 1998 pursuant to section 43(b) of the Arms Export Control Act, except that this limitation may be exceeded only through the regular notification procedures of the Committees on Appropriations.

PEACEKEEPING OPERATIONS

For necessary expenses to carry out the provisions of section 551 of the Foreign Assistance Act of 1961, $77,500,000: *Provided*, That none of the funds appropriated under this paragraph shall be obligated or expended except as provided through the regular notification procedures of the Committees on Appropriations.

TITLE IV—MULTILATERAL ECONOMIC ASSISTANCE

FUNDS APPROPRIATED TO THE PRESIDENT

INTERNATIONAL FINANCIAL INSTITUTIONS

CONTRIBUTION TO THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

For payment to the International Bank for Reconstruction and Development by the Secretary of the Treasury, for the United States contribution to the Global Environment Facility (GEF), $35,000,000, to remain available until September 30, 1999.

CONTRIBUTION TO THE INTERNATIONAL DEVELOPMENT ASSOCIATION

For payment to the International Development Association by the Secretary of the Treasury, $606,000,000, for the United States contribution to the eleventh replenishment, to remain available until expended: *Provided*, That none of the funds may be obligated until the Secretary of the Treasury certifies to the Committees on Appropriations that procurement restrictions applicable to the United States under the terms of the Interim Trust Fund have been lifted and that the total unobligated balance available for open competition has been released.

CONTRIBUTION TO THE INTER-AMERICAN DEVELOPMENT BANK

For payment to the Inter-American Development Bank by the Secretary of the Treasury, for the United States share of the paid-in share portion of the increase in capital stock, $25,610,667, and for the United States share of the increase in the resources of the Fund for Special Operations, $20,835,000, to remain available until expended.

LIMITATION ON CALLABLE CAPITAL SUBSCRIPTIONS

The United States Governor of the Inter-American Development Bank may subscribe without fiscal year limitation to the callable capital portion of the United States share of such capital stock in an amount not to exceed $1,503,718,910.

CONTRIBUTION TO THE ASIAN DEVELOPMENT BANK

For payment to the Asian Development Bank by the Secretary of the Treasury for the United States share of the paid-in portion of the increase in capital stock, $13,221,596, to remain available until expended.

LIMITATION ON CALLABLE CAPITAL SUBSCRIPTIONS

The United States Governor of the Asian Development Bank may subscribe without fiscal year limitation to the callable capital portion of the United States share of such capital stock in an amount not to exceed $647,858,204.

CONTRIBUTION TO THE ASIAN DEVELOPMENT FUND

For the United States contribution by the Secretary of the Treasury to the increases in resources of the Asian Development Fund, as authorized by the Asian Development Bank Act, as amended (Public Law 89-369), $100,000,000, to remain available until expended.

CONTRIBUTION TO THE AFRICAN DEVELOPMENT FUND

For the United States contribution by the Secretary of the Treasury to the increase in resources of the African Development Fund, $25,000,000, to remain available until expended.

CONTRIBUTION TO THE EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT

For payment to the European Bank for Reconstruction and Development by the Secretary of the Treasury, $35,778,717, for the United States share of the paid-in portion of the increase in capital stock, to remain available until expended.

LIMITATION ON CALLABLE CAPITAL SUBSCRIPTIONS

The United States Governor of the European Bank for Reconstruction and Development may subscribe without fiscal year limitation to the callable capital portion of the United States share of such capital stock in an amount not to exceed $123,237,803.

NORTH AMERICAN DEVELOPMENT BANK

For payment to the North American Development Bank by the Secretary of the Treasury, for the United States share of the paid-in portion of the capital stock, $56,500,000, to remain available until expended.

LIMITATION ON CALLABLE CAPITAL SUBSCRIPTIONS

The United States Governor of the North American Development Bank may subscribe without fiscal year limitation to the callable capital portion of the United States share of the capital stock of the North American Development Bank in an amount not to exceed $318,750,000.

INTERNATIONAL ORGANIZATIONS AND PROGRAMS

For necessary expenses to carry out the provisions of section 301 of the Foreign Assistance Act of 1961, and of section 2 of the United Nations Environment Program Participation Act of 1973, $194,000,000: *Provided*, That none of the funds appropriated under this heading shall be made available for the United Nations Fund for Science and Technology: *Provided further*, That none of the funds appropriated under this heading that are made available to the United Nations Population Fund (UNFPA) shall be made available for activities in the People's Republic of China: *Provided further*, That not more than $25,000,000 of the funds appropriated under this heading may be made available to the UNFPA: *Provided further*, That not more than one-half of this amount may be provided to UNFPA before March 1, 1998, and that no later than February 15, 1998, the Secretary of State shall submit a report to the Committees on Appropriations indicating the amount UNFPA is budgeting for the People's Republic of China in 1998: *Provided further*, That any amount UNFPA plans to spend in the People's Republic of China in 1998 shall be deducted from the amount of funds provided to UNFPA after March 1, 1998, pursuant to the previous provisos: *Provided further*, That with respect to any funds appropriated under this heading that are made available to UNFPA, UNFPA shall be required to maintain such funds in a separate account and not commingle them with any other funds: *Provided further*, That none of the funds appropriated under this heading may be made available to the Korean Peninsula Energy Development Organization (KEDO) or the International Atomic Energy Agency (IAEA): *Provided further*, That none of the funds appropriated under this heading may be made available to the United Nations development group or any similar organization.

TITLE V—GENERAL PROVISIONS

OBLIGATIONS DURING LAST MONTH OF AVAILABILITY

SEC. 501. Except for the appropriations entitled "International Disaster Assistance", and "United States Emergency Refugee and Migration Assistance Fund", not more than 15 per centum of any appropriation item made available by this Act shall be obligated during the last month of availability.

PROHIBITION OF BILATERAL FUNDING FOR INTERNATIONAL FINANCIAL INSTITUTIONS

SEC. 502. Notwithstanding section 614 of the Foreign Assistance Act of 1961, as amended, none of the funds contained in title II of this Act may be used to carry out the provisions of section 209(d) of the Foreign Assistance Act of 1961.

LIMITATION ON RESIDENCE EXPENSES

SEC. 503. Of the funds appropriated or made available pursuant to this Act, not to exceed $126,500 shall be for official residence expenses of the Agency for International Development during the current fiscal year: *Provided*, That appropriate steps shall be taken to assure that, to the maximum extent possible, United States-owned foreign currencies are utilized in lieu of dollars.

LIMITATION ON EXPENSES

SEC. 504. Of the funds appropriated or made available pursuant to this Act, not to exceed $5,000 shall be for entertainment expenses of the Agency for International Development during the current fiscal year.

LIMITATION ON REPRESENTATIONAL ALLOWANCES

SEC. 505. Of the funds appropriated or made available pursuant to this Act, not to exceed $95,000 shall be available for representation allowances for the Agency for International Development during the current fiscal year: *Provided*, That appropriate steps shall be taken to assure that, to the maximum extent possible, United States-owned foreign currencies are utilized in lieu of dollars: *Provided further*, That of the funds made available by this Act for general costs of administering military assistance and sales under the heading "Foreign Military Financing Program", not to exceed $2,000 shall be available for entertainment expenses and not to exceed $50,000 shall be available for representation allowances: *Provided further*, That of the funds made available by this Act under the heading "International Military Education and Training", not to exceed $50,000 shall be available for entertainment allowances: *Provided further*, That of the funds made available by this Act for the Inter-American Foundation, not to exceed $2,000 shall be available for entertainment and representation allowances: *Provided further*, That of the funds made available by this Act for the Peace Corps, not to exceed a total of $4,000 shall be available for entertainment expenses: *Provided further*, That of the funds made available by this Act under the heading "Trade and Development Agency", not to exceed $2,000 shall be available for representation and entertainment allowances.

PROHIBITION ON FINANCING NUCLEAR GOODS

SEC. 506. None of the funds appropriated or made available (other than funds for "Nonproliferation, Anti-terrorism, Demining and Related Programs") pursuant to this Act, for carrying out the Foreign Assistance Act of 1961, may be used, except for purposes of nuclear safety, to finance the export of nuclear equipment, fuel, or technology.

PROHIBITION AGAINST DIRECT FUNDING FOR CERTAIN COUNTRIES

SEC. 507. None of the funds appropriated or otherwise made available pursuant to this Act shall be obligated or expended to finance directly any assistance or reparations to Cuba, Iraq, Libya, North Korea, Iran, Sudan, or Syria: *Provided*, That for purposes of this section, the prohibition on obligations or expenditures shall include direct loans, credits, insurance and guarantees of the Export-Import Bank or its agents.

MILITARY COUPS

SEC. 508. None of the funds appropriated or otherwise made available pursuant to this Act shall be obligated or expended to finance directly any assistance to any country whose duly elected Head of Government is deposed by military coup or decree: *Provided*, That assistance may be resumed to such country if the President determines and reports to the Committees on Appropriations that subsequent to the termination of assistance a democratically elected government has taken office.

PARLIAMENTARY INQUIRY

Mr. BEREUTER. Mr. Chairman, I have a parliamentary inquiry.

The CHAIRMAN. The gentleman will state his parliamentary inquiry.

Mr. BEREUTER. Mr. Chairman, would it be appropriate now for the gentleman to offer an amendment to title V?

The CHAIRMAN. Only to the section being read within title V.

Mr. CALLAHAN. Mr. Chairman, I ask unanimous consent that the remainder of title V of the bill through page 93, line 15 be considered as read and printed in the RECORD and open to amendment at any point.

The CHAIRMAN. Is there objection to the request of the gentleman from Alabama?

Mr. DINGELL. Reserving the right to object, Mr. Chairman, what is the request?

The CHAIRMAN. The request by the gentleman from Alabama is that the remainder of title V of the bill through page 93, line 15 be considered as read, printed in the RECORD and open to amendment at any point.

Is there objection to the request of the gentleman from Alabama?

Mr. DINGELL. Further reserving the right to object, Mr. Chairman, as I understood, it opens up the bill through page 93, line 15; is that correct?

Mr. CALLAHAN. Mr. Chairman, will the gentleman yield?

Mr. DINGELL. I yield to the gentleman from Alabama.

Mr. CALLAHAN. On page 93 through line 15, yes.

Mr. DINGELL. Mr. Chairman, I withdraw my reservation of objection.

The CHAIRMAN. Is there objection to the request of the gentleman from Alabama?

There was no objection.

The text of the bill from page 42, line 3 through page 93, line 15 is as follows:

TRANSFERS BETWEEN ACCOUNTS

SEC. 509. None of the funds made available by this Act may be obligated under an appropriation account to which they were not appropriated, except for transfers specifically provided for in this Act, unless the President, prior to the exercise of any authority contained in the Foreign Assistance Act of 1961 to transfer funds, consults with and provides a written policy justification to the Committees on Appropriations of the House of Representatives and the Senate: *Provided*, That the exercise of such authority shall be subject to the regular notification procedures of the Committees on Appropriations.

DEOBLIGATION/REOBLIGATION AUTHORITY

SEC. 510. (a) Amounts certified pursuant to section 1311 of the Supplemental Appropriations Act, 1955, as having been obligated against appropriations heretofore made under the authority of the Foreign Assistance Act of 1961 for the same general purpose as any of the headings under title II of this Act are, if deobligated, hereby continued available for the same period as the respective appropriations under such headings or until September 30, 1998, whichever is later, and for the same general purpose, and for countries within the same region as originally obligated: *Provided*, That the Appropriations Committees of both Houses of the Congress are notified fifteen days in advance of the reobligation of such funds in accordance with regular notification procedures of the Committees on Appropriations.

(b) Obligated balances of funds appropriated to carry out section 23 of the Arms Export Control Act as of the end of the fiscal year immediately preceding the current fiscal year are, if deobligated, hereby continued available during the current fiscal year for the same purpose under any authority applicable to such appropriations under this Act: *Provided*, That the authority of this subsection may not be used in fiscal year 1998.

AVAILABILITY OF FUNDS

SEC. 511. No part of any appropriation contained in this Act shall remain available for obligation after the expiration of the current fiscal year unless expressly so provided in this Act: *Provided*, That funds appropriated for the purposes of chapters 1, 8, and 11 of part I, section 667, and chapter 4 of part II of the Foreign Assistance Act of 1961, as amended, and funds provided under the heading "Assistance for Eastern Europe and the Baltic States", shall remain available until expended if such funds are initially obligated before the expiration of their respective periods of availability contained in this Act: *Provided further*, That, notwithstanding any other provision of this Act, any funds made available for the purposes of chapter 1 of part I and chapter 4 of part II of the Foreign Assistance Act of 1961 which are allocated for cash disbursements in order to address balance of payments or economic policy reform objectives, shall remain available until expended: *Provided further*, That the report required by section 653(a) of the Foreign Assistance Act of 1961 shall designate for each country, to the extent known at the time of submission of such report, those funds allocated for cash disbursement for balance of payment and economic policy reform purposes.

LIMITATION ON ASSISTANCE TO COUNTRIES IN DEFAULT

SEC. 512. No part of any appropriation contained in this Act shall be used to furnish assistance to any country which is in default during a period in excess of one calendar year in payment to the United States of principal or interest on any loan made to such country by the United States pursuant to a program for which funds are appropriated under this Act: *Provided*, That this section and section 620(q) of the Foreign Assistance Act of 1961 shall not apply to funds made available in this Act or during the current fiscal year for Nicaragua and Liberia, and for any narcotics-related assistance for Colombia, Bolivia, and Peru authorized by the Foreign Assistance Act of 1961 or the Arms Export Control Act.

COMMERCE AND TRADE

SEC. 513. (a) None of the funds appropriated or made available pursuant to this Act for direct assistance and none of the funds otherwise made available pursuant to this Act to the Export-Import Bank and the Overseas Private Investment Corporation shall be obligated or expended to finance any loan, any assistance or any other financial commitments for establishing or expanding production of any commodity for export by any country other than the United States, if the commodity is likely to be in surplus on world markets at the time the resulting productive capacity is expected to become operative and if the assistance will cause substantial injury to United States producers of the same, similar, or competing commodity: *Provided*, That such prohibition shall not apply to the Export-Import Bank if in the judgment of its Board of Directors the benefits to industry and employment in the United States are likely to outweigh the injury to United States producers of the same, similar, or competing commodity, and the Chairman of the Board so notifies the Committees on Appropriations.

(b) None of the funds appropriated by this or any other Act to carry out chapter 1 of part I of the Foreign Assistance Act of 1961 shall be available for any testing or breeding feasibility study, variety improvement or introduction, consultancy, publication, conference, or training in connection with the growth or production in a foreign country of an agricultural commodity for export which would compete with a similar commodity grown or produced in the United States: *Provided*, That this subsection shall not prohibit—

(1) activities designed to increase food security in developing countries where such activities will not have a significant impact in the export of agricultural commodities of the United States; or

(2) research activities intended primarily to benefit American producers.

SURPLUS COMMODITIES

SEC. 514. The Secretary of the Treasury shall instruct the United States Executive Directors of the International Bank for Reconstruction and Development, the International Development Association, the International Finance Corporation, the Inter-American Development Bank, the International Monetary Fund, the Asian Development Bank, the Inter-American Investment Corporation, the North American Development Bank, the European Bank for Reconstruction and Development, the African Development Bank, and the African Development Fund to use the voice and vote of the United States to oppose any assistance by these institutions, using funds appropriated or made available pursuant to this Act, for the production or extraction of any commodity or mineral for export, if it is in surplus on world markets and if the assistance will cause substantial injury to United States producers of the same, similar, or competing commodity.

NOTIFICATION REQUIREMENTS

SEC. 515. For the purposes of providing the Executive Branch with the necessary administrative flexibility, none of the funds made available under this Act for "Child Survival and Disease Programs Fund", "Development Assistance", "International organizations and programs", "Trade and Development Agency", "International narcotics control", "Assistance for Eastern Europe and the Baltic States", "Assistance for the New Independent States of the Former Soviet Union", "Economic Support Fund", "Peacekeeping operations", "Operating expenses of the Agency for International Development", "Operating expenses of the Agency for International Development Office of Inspector General", "Nonproliferation, anti-terrorism, demining and related programs", "Foreign Military Financing Program", "International military education and training", "Inter-American Foundation", "African Development Foundation", "Peace Corps", "Migration and refugee assistance", shall be available for obligation for activities, programs, projects, type of materiel assistance, countries, or other operations not justified or in excess of the amount justified to the Appropriations Committees for obligation under any of these specific headings unless the Appropriations Committees of both Houses of Congress are previously notified fifteen days in advance: *Provided*, That the President shall not enter into any commitment of funds appropriated for the purposes of section 23 of the Arms Export Control Act for the provision of major defense equipment, other than conventional ammunition, or other major defense items defined to be aircraft, ships, missiles, or combat vehicles, not previously justified to Congress or 20 per centum in excess of the quantities justified to Congress unless the Committees on Appropriations are notified fifteen days in advance of such commitment: *Provided further*, That this section shall not apply to any reprogramming for an activity, program, or project under chapter 1 of part I of the Foreign Assistance Act of 1961 of less than 10 per centum of the amount previously justified to the Congress for obligation for such activity, program, or project for the current fiscal year: *Provided further*, That the requirements of this section or any similar provision of this Act or any other Act, including any prior Act requiring notification in accordance with the regular notification procedures of the Committees on Appropriations, may be waived if failure to do so would pose a substantial risk to human health or welfare: *Provided further*, That in case of any such waiver, notification to the Congress, or the appropriate congressional committees, shall be provided as early as practicable, but in no event later than three days after taking the action to which such notification requirement was applicable, in the context of the circumstances necessitating such waiver: *Provided further*, That any notification provided pursuant to such a waiver shall contain an explanation of the emergency circumstances.

Drawdowns made pursuant to section 506(a)(2) of the Foreign Assistance Act of 1961 shall be subject to the regular notification procedures of the Committees on Appropriations.

LIMITATION ON AVAILABILITY OF FUNDS FOR INTERNATIONAL ORGANIZATIONS AND PROGRAMS

SEC. 516. Notwithstanding any other provision of law or of this Act, none of the funds provided for "International Organizations and Programs" shall be available for the United States proportionate share, in accordance with section 307(c) of the Foreign Assistance Act of 1961, for any programs identified in section 307, or for Libya, Iran, or, at the discretion of the President, Communist countries listed in section 620(f) of the Foreign Assistance Act of 1961, as amended: *Provided*, That, subject to the regular notification procedures of the Committees on Appropriations, funds appropriated under this Act or any previously enacted Act making appropriations for foreign operations, export financing, and related programs, which are returned or not made available for organizations and programs because of the implementation of this section or any similar provision of law, shall remain available for obligation through September 30, 1999.

ECONOMIC SUPPORT FUND ASSISTANCE FOR ISRAEL

SEC. 517. The Congress finds that progress on the peace process in the Middle East is vitally important to United States security interests in the region. The Congress recognizes that, in fulfilling its obligations under the Treaty of Peace Between the Arab Republic of Egypt and the State of Israel, done at Washington on March 26, 1979, Israel incurred severe economic burdens. Furthermore, the Congress recognizes that an economically and militarily secure Israel serves the security interests of the United States, for a secure Israel is an Israel which has the incentive and confidence to continue pursuing the peace process. Therefore, the Congress declares that, subject to the availability of appropriations, it is the policy and the intention of the United States that the funds provided in annual appropriations for the Economic Support Fund which are allocated to Israel shall not be less than the annual debt repayment (interest and principal) from Israel to the United States Government in recognition that such a principle serves United States interests in the region.

PROHIBITION ON FUNDING FOR ABORTIONS AND INVOLUNTARY STERILIZATION

SEC. 518. None of the funds made available to carry out part I of the Foreign Assistance Act of 1961, as amended, may be used to pay for the performance of abortions as a method of family planning or to motivate or coerce any person to practice abortions. None of the funds made available to carry out part I of the Foreign Assistance Act of 1961, as amended, may be used to pay for the performance of involuntary sterilization as a method of family planning or to coerce or provide any financial incentive to any person to undergo sterilizations. None of the funds made available to carry out part I of the Foreign Assistance Act of 1961, as amended, may be used to pay for any biomedical research which relates in whole or in part, to methods of, or the performance of, abortions or involuntary sterilization as a means of family planning. None of the funds made available to carry out part I of the Foreign Assistance Act of 1961, as amended, may be obligated or expended for any country or organization if the President certifies that the use of these funds by any such country or organization would violate any of the above provisions related to abortions and involuntary sterilizations: *Provided*, That none of the funds made available under this Act may be used to lobby for or against abortion.

AUTHORIZATION FOR POPULATION PLANNING

SEC. 518A. Not to exceed $385,000,000 of the funds appropriated in title II of this Act may be made available for population planning activities or other population assistance.

REPORTING REQUIREMENT

SEC. 519. The President shall submit to the Committees on Appropriations the reports required by section 25(a)(1) of the Arms Export Control Act.

SPECIAL NOTIFICATION REQUIREMENTS

SEC. 520. None of the funds appropriated in this Act shall be obligated or expended for Colombia, Haiti, Liberia, Pakistan, Panama, Peru, Russia, Serbia, Sudan, or the Democratic Republic of Congo except as provided through the regular notification procedures of the Committees on Appropriations.

DEFINITION OF PROGRAM, PROJECT, AND ACTIVITY

SEC. 521. For the purpose of this Act, "program, project, and activity" shall be defined at the Appropriations Act account level and shall include all Appropriations and Authorizations Acts earmarks, ceilings, and limitations with the exception that for the following accounts: Economic Support Fund and Foreign Military Financing Program, "program, project, and activity" shall also be considered to include country, regional, and central program level funding within each such account; for the development assistance accounts of the Agency for International Development "program, project, and activity" shall also be considered to include central program level funding, either as (1) justified to the Congress, or (2) allocated by the executive branch in accordance with a report, to be provided to the Committees on Appropriations within thirty days of enactment of this Act, as required by section 653(a) of the Foreign Assistance Act of 1961.

CHILD SURVIVAL AND AIDS ACTIVITIES

SEC. 522. Up to $8,000,000 of the funds made available by this Act for assistance for family planning, health, child survival, and AIDS, may be used to reimburse United States Government agencies, agencies of State governments, institutions of higher learning, and private and voluntary organizations for the full cost of individuals (including for the personal services of such individuals) detailed or assigned to, or contracted by, as the case may be, the Agency for International Development for the purpose of carrying out family planning activities, child survival activities, and activities relating to research on, and the treatment and control of acquired immune deficiency syndrome in developing countries: *Provided*, That funds appropriated by this Act that are made available for child survival activities or activities relating to research on, and the treatment and control of, acquired immune deficiency syndrome may be made available notwithstanding any provision of law that restricts assistance to foreign countries: *Provided further*, That funds appropriated by this Act that are made available for family planning activities may be made available notwithstanding section 512 of this Act and section 620(q) of the Foreign Assistance Act of 1961.

PROHIBITION AGAINST INDIRECT FUNDING TO CERTAIN COUNTRIES

SEC. 523. None of the funds appropriated or otherwise made available pursuant to this Act shall be obligated to finance indirectly any assistance or reparations to Cuba, Iraq, Libya, Iran, Syria, North Korea, or the People's Republic of China, unless the President of the United States certifies that the withholding of these funds is contrary to the national interest of the United States.

RECIPROCAL LEASING

SEC. 524. Section 61(a) of the Arms Export Control Act is amended by striking out "1997" and inserting in lieu thereof "1998".

NOTIFICATION ON EXCESS DEFENSE EQUIPMENT

SEC. 525. Prior to providing excess Department of Defense articles in accordance with section 516(a) of the Foreign Assistance Act of 1961, the Department of Defense shall notify the Committees on Appropriations to the same extent and under the same conditions as are other committees pursuant to subsection (c) of that section: *Provided*, That before issuing a letter of offer to sell excess defense articles under the Arms Export Control Act, the Department of Defense shall notify the Committees on Appropriations in accordance with the regular notification procedures of such Committees: *Provided further*, That such Committees shall also be informed of the original acquisition cost of such defense articles.

AUTHORIZATION REQUIREMENT

SEC. 526. Funds appropriated by this Act may be obligated and expended subject to section 10 of Public Law 91–672 and section 15 of the State Department Basic Authorities Act of 1956.

PROHIBITION ON BILATERAL ASSISTANCE TO TERRORIST COUNTRIES

SEC. 527. (a) Notwithstanding any other provision of law, funds appropriated for bilateral assistance under any heading of this Act and funds appropriated under any such heading in a provision of law enacted prior to enactment of this Act, shall not be made available to any country which the President determines—

(1) grants sanctuary from prosecution to any individual or group which has committed an act of international terrorism, or

(2) otherwise supports international terrorism.

(b) The President may waive the application of subsection (a) to a country if the President determines that national security or humanitarian reasons justify such waiver. The President shall publish each waiver in the Federal Register and, at least fifteen days before the waiver takes effect, shall notify the Committees on Appropriations of the waiver (including the justification for the waiver) in accordance with the regular notification procedures of the Committees on Appropriations.

COMMERCIAL LEASING OF DEFENSE ARTICLES

SEC. 528. Notwithstanding any other provision of law, and subject to the regular notification procedures of the Committees on Appropriations, the authority of section 23(a) of the Arms Export Control Act may be used to provide financing to Israel, Egypt and NATO and major non-NATO allies for the procurement by leasing (including leasing with an option to purchase) of defense articles from United States commercial suppliers, not including Major Defense Equipment (other than helicopters and other types of aircraft having possible civilian application), if the President determines that there are compelling foreign policy or national security reasons for those defense articles being provided by commercial lease rather than by government-to-government sale under such Act.

COMPETITIVE INSURANCE

SEC. 528A. All Agency for International Development contracts and solicitations, and subcontracts entered into under such contracts, shall include a clause requiring that United States insurance companies have a fair opportunity to bid for insurance when such insurance is necessary or appropriate.

STINGERS IN THE PERSIAN GULF REGION

SEC. 529. Except as provided in section 581 of the Foreign Operations, Export Financing, and Related Programs Appropriations Act, 1990, the United States may not sell or otherwise make available any Stingers to any country bordering the Persian Gulf under the Arms Export Control Act or chapter 2 of part II of the Foreign Assistance Act of 1961.

DEBT-FOR-DEVELOPMENT

SEC. 530. In order to enhance the continued participation of nongovernmental organizations in economic assistance activities under the Foreign Assistance Act of 1961, including endowments, debt-for-development and debt-for-nature exchanges, a nongovernmental organization which is a grantee or contractor of the Agency for International Development may place in interest bearing accounts funds made available under this Act or prior Acts or local currencies which accrue to that organization as a result of economic assistance provided under title II of this Act and any interest earned on such investment shall be used for the purpose for which the assistance was provided to that organization.

SEPARATE ACCOUNTS

SEC. 531. (a) SEPARATE ACCOUNTS FOR LOCAL CURRENCIES.—(1) If assistance is furnished to the government of a foreign country under chapters 1 and 10 of part I or chapter 4 of part II of the Foreign Assistance Act of 1961 under agreements which result in the generation of local currencies of that country, the Administrator of the Agency for International Development shall—

(A) require that local currencies be deposited in a separate account established by that government;

(B) enter into an agreement with that government which sets forth—

(i) the amount of the local currencies to be generated, and

(ii) the terms and conditions under which the currencies so deposited may be utilized, consistent with this section; and

(C) establish by agreement with that government the responsibilities of the Agency for International Development and that government to monitor and account for deposits into and disbursements from the separate account.

(2) USES OF LOCAL CURRENCIES.—As may be agreed upon with the foreign government, local currencies deposited in a separate account pursuant to subsection (a), or an equivalent amount of local currencies, shall be used only—

(A) to carry out chapters 1 or 10 of part I or chapter 4 of part II (as the case may be), for such purposes as—

(i) project and sector assistance activities, or

(ii) debt and deficit financing; or

(B) for the administrative requirements of the United States Government.

(3) PROGRAMMING ACCOUNTABILITY.—The Agency for International Development shall take all necessary steps to ensure that the equivalent of the local currencies disbursed pursuant to subsection (a)(2)(A) from the separate account established pursuant to subsection (a)(1) are used for the purposes agreed upon pursuant to subsection (a)(2).

(4) TERMINATION OF ASSISTANCE PROGRAMS.—Upon termination of assistance to a country under chapters 1 or 10 of part I or chapter 4 of part II (as the case may be), any unencumbered balances of funds which remain in a separate account established pursuant to subsection (a) shall be disposed of for such purposes as may be agreed to by the government of that country and the United States Government.

(5) CONFORMING AMENDMENTS.—The provisions of this subsection shall supersede the tenth and eleventh provisos contained under the heading "Sub-Saharan Africa, Development Assistance" as included in the Foreign Operations, Export Financing, and Related Programs Appropriations Act, 1989 and sections 531(d) and 609 of the Foreign Assistance Act of 1961.

(6) REPORTING REQUIREMENT.—The Administrator of the Agency for International Development shall report on an annual basis as part of the justification documents submitted to the Committees on Appropriations on the use of local currencies for the administrative requirements of the United States Government as authorized in subsection (a)(2)(B), and such report shall include the amount of local currency (and United States dollar equivalent) used and/or to be used for such purpose in each applicable country.

(b) SEPARATE ACCOUNTS FOR CASH TRANSFERS.—(1) If assistance is made available to the government of a foreign country, under chapters 1 or 10 of part I or chapter 4 of part II of the Foreign Assistance Act of 1961, as cash transfer assistance or as nonproject sector assistance, that country shall be required to maintain such funds in a separate account and not commingle them with any other funds.

(2) APPLICABILITY OF OTHER PROVISIONS OF LAW.—Such funds may be obligated and expended notwithstanding provisions of law which are inconsistent with the nature of this assistance including provisions which are referenced in the Joint Explanatory Statement of the Committee of Conference accompanying House Joint Resolution 648 (H. Report No. 98–1159).

(3) NOTIFICATION.—At least fifteen days prior to obligating any such cash transfer or nonproject sector assistance, the President shall submit a notification through the regular notification procedures of the Committees on Appropriations, which shall include a detailed description of how the funds proposed to be made available will be used, with a discussion of the United States interests that will be served by the assistance (including, as appropriate, a description of the economic policy reforms that will be promoted by such assistance).

(4) EXEMPTION.—Nonproject sector assistance funds may be exempt from the requirements of subsection (b)(1) only through the notification procedures of the Committees on Appropriations.

COMPENSATION FOR UNITED STATES EXECUTIVE DIRECTORS TO INTERNATIONAL FINANCIAL INSTITUTIONS

SEC. 532. (a) No funds appropriated by this Act may be made as payment to any international financial institution while the United States Executive Director to such institution is compensated by the institution at a rate which, together with whatever compensation such Director receives from the United States, is in excess of the rate provided for an individual occupying a position at level IV of the Executive Schedule under section 5315 of title 5, United States Code, or while any alternate United States Director to such institution is compensated by the institution at a rate in excess of the rate provided for an individual occupying a position at level V of the Executive Schedule under section 5316 of title 5, United States Code.

(b) For purposes of this section, "international financial institutions" are: the International Bank for Reconstruction and Development, the Inter-American Development Bank, the Asian Development Bank, the Asian Development Fund, the African Development Bank, the African Development Fund, the International Monetary Fund, the North American Development Bank, and the European Bank for Reconstruction and Development.

COMPLIANCE WITH UNITED NATIONS SANCTIONS AGAINST IRAQ

SEC. 533. None of the funds appropriated or otherwise made available pursuant to this Act to carry out the Foreign Assistance Act of 1961 (including title IV of chapter 2 of part I, relating to the Overseas Private Investment Corporation) or the Arms Export Control Act may be used to provide assistance to any country that is not in compliance with the United Nations Security Council sanctions against Iraq unless the President determines and so certifies to the Congress that—

(1) such assistance is in the national interest of the United States;

(2) such assistance will directly benefit the needy people in that country; or

(3) the assistance to be provided will be humanitarian assistance for foreign nationals who have fled Iraq and Kuwait.

COMPETITIVE PRICING FOR SALES OF DEFENSE ARTICLES

SEC. 534. Direct costs associated with meeting a foreign customer's additional or unique requirements will continue to be allowable under contracts under section 22(d) of the Arms Export Control Act. Loadings applicable to such direct costs shall be permitted at the same rates applicable to procurement of like items purchased by the Department of Defense for its own use.

EXTENSION OF AUTHORITY TO OBLIGATE FUNDS TO CLOSE THE SPECIAL DEFENSE ACQUISITION FUND

SEC. 535. Title III of Public Law 103–306 is amended under the heading "Special Defense Acquisition Fund" by striking "1998" and inserting "2000".

CASH FLOW FINANCING

SEC. 536. For each country that has been approved for cash flow financing (as defined in section 25(d) of the Arms Export Control Act, as added by section 112(b) of Public Law 99–83) under the Foreign Military Financing Program, any Letter of Offer and Acceptance or other purchase agreement, or any amendment thereto, for a procurement in excess of $100,000,000 that is to be financed in whole or in part with funds made available under this Act shall be submitted through the regular notification procedures to the Committees on Appropriations.

AUTHORITIES FOR THE PEACE CORPS, THE INTER-AMERICAN FOUNDATION AND THE AFRICAN DEVELOPMENT FOUNDATION

SEC. 537. Unless expressly provided to the contrary, provisions of this or any other Act, including provisions contained in prior Acts authorizing or making appropriations for foreign operations, export financing, and related programs, shall not be construed to prohibit activities authorized by or conducted under the Peace Corps Act, the Inter-American Foundation Act, or the African Development Foundation Act. The appropriate agency shall promptly report to the Committees on Appropriations whenever it is conducting activities or is proposing to conduct activities in a country for which assistance is prohibited.

IMPACT ON JOBS IN THE UNITED STATES

SEC. 538. None of the funds appropriated by this Act may be obligated or expended to provide—

(a) any financial incentive to a business enterprise currently located in the United States for the purpose of inducing such an enterprise to relocate outside the United States if such incentive or inducement is likely to reduce the number of employees of such business enterprise in the United States because United States production is being replaced by such enterprise outside the United States;

(b) assistance for the purpose of establishing or developing in a foreign country any export processing zone or designated area in which the tax, tariff, labor, environment, and safety laws of that country do not apply, in part or in whole, to activities carried out within that zone or area, unless the President determines and certifies that such assistance is not likely to cause a loss of jobs within the United States; or

(c) assistance for any project or activity that contributes to the violation of internationally recognized workers rights, as defined in section 502(a)(4) of the Trade Act of 1974, of workers in the recipient country, including any designated zone or area in that country: *Provided*, That in recognition that the application of this subsection should be commensurate with the level of development of the recipient country and sector, the provisions of this subsection shall not preclude assistance for the informal sector in such country, micro and small-scale enterprise, and smallholder agriculture.

RESTRICTIONS ON THE TERMINATION OF SANCTIONS AGAINST SERBIA AND MONTENEGRO

SEC. 539. (a) RESTRICTIONS.—Notwithstanding any other provision of law, no sanction, prohibition, or requirement described in section 1511 of the National Defense Authorization Act for Fiscal Year 1994 (Public Law 103–160), with respect to Serbia or Montenegro, may cease to be effective, unless—

(1) the President first submits to the Congress a certification described in subsection (b); and

(2) the requirements of section 1511 of that Act are met.

(b) CERTIFICATION.—A certification described in this subsection is a certification that—

(1) there is substantial progress toward—

(A) the realization of a separate identity for Kosova and the right of the people of Kosova to govern themselves; or

(B) the creation of an international protectorate for Kosova;

(2) there is substantial improvement in the human rights situation in Kosova;

(3) international human rights observers are allowed to return to Kosova; and

(4) the elected government of Kosova is permitted to meet and carry out its legitimate mandate as elected representatives of the people of Kosova.

(c) WAIVER AUTHORITY.—The President may waive the application in whole or in part, of subsection (a) if the President certifies to the Congress that the President has determined that the waiver is necessary to meet emergency humanitarian needs or to achieve a negotiated settlement of the conflict in Bosnia and Herzegovina that is acceptable to the parties.

SPECIAL AUTHORITIES

SEC. 540. (a) Funds appropriated in title II of this Act that are made available for Afghanistan, Lebanon, and Cambodia, and for victims of war, displaced children, displaced Burmese, humanitarian assistance for Romania, and humanitarian assistance for the peoples of Bosnia and Herzegovina, Croatia, and Kosova, may be made available notwithstanding any other provision of law: *Provided*, That any such funds that are made available for Cambodia shall be subject to the provisions of section 531(e) of the Foreign Assistance Act of 1961 and section 906 of the International Security and Development Cooperation Act of 1985.

(b) Funds appropriated by this Act to carry out the provisions of sections 103 through 106 of the Foreign Assistance Act of 1961 may be used, notwithstanding any other provision of law, for the purpose of supporting tropical forestry and energy programs aimed at reducing emissions of greenhouse gases, and for the purpose of supporting biodiversity conservation activities: *Provided*, That such assistance shall be subject to sections 116, 502B, and 620A of the Foreign Assistance Act of 1961.

(c) The Agency for International Development may employ personal services contractors, notwithstanding any other provision of law, for the purpose of administering programs for the West Bank and Gaza.

POLICY ON TERMINATING THE ARAB LEAGUE BOYCOTT OF ISRAEL

SEC. 541. It is the sense of the Congress that—

(1) the Arab League countries should immediately and publicly renounce the primary boycott of Israel and the secondary and tertiary boycott of American firms that have commercial ties with Israel; and

(2) the decision by the Arab League in 1997 to reinstate the boycott against Israel was deeply troubling and disappointing; and

(3) the Arab League should immediately rescind its decision on the boycott and its members should develop normal relations with their neighbor Israel; and

(4) the President should—

(A) take more concrete steps to encourage vigorously Arab League countries to renounce publicly the primary boycotts of Israel and the secondary and tertiary boycotts of American firms that have commercial relations with Israel as a confidence-building measure;

(B) take into consideration the participation of any recipient country in the primary boycott of Israel and the secondary and tertiary boycotts of American firms that have commercial relations with Israel when determining whether to sell weapons to said country;

(C) report to Congress on the specific steps being taken by the President to bring about a public renunciation of the Arab primary boycott of Israel and the secondary and tertiary boycotts of American firms that have commercial relations with Israel and to expand the process of normalizing ties between Arab League countries and Israel; and

(D) encourage the allies and trading partners of the United States to enact laws prohibiting businesses from complying with the boycott and penalizing businesses that do comply.

ANTI-NARCOTICS ACTIVITIES

SEC. 542. (a) Of the funds appropriated or otherwise made available by this Act for "Economic Support Fund", assistance may be provided to strengthen the administration of justice in countries in Latin America and the Caribbean and in other regions consistent with the provisions of section 534(b) of the Foreign Assistance Act of 1961, except that programs to enhance protection of participants in judicial cases may be conducted notwithstanding section 660 of that Act.

(b) Funds made available pursuant to this section may be made available notwithstanding section 534(c) and the second and third sentences of section 534(e) of the Foreign Assistance Act of 1961. Funds made available pursuant to subsection (a) for Bolivia, Colombia and Peru may be made available notwithstanding section 534(c) and the second sentence of section 534(e) of the Foreign Assistance Act of 1961.

ELIGIBILITY FOR ASSISTANCE

SEC. 543. (a) ASSISTANCE THROUGH NONGOVERNMENTAL ORGANIZATIONS.—Restrictions contained in this or any other Act with respect to assistance for a country shall not be construed to restrict assistance in support of programs of nongovernmental organizations from funds appropriated by this Act to carry out the provisions of chapters 1 and 10 and 11 of part I, and chapter 4 of part II, of the Foreign Assistance Act of 1961: *Provided*, That the President shall take into consideration, in any case in which a restriction on assistance would be applicable but for this subsection, whether assistance in support of programs of nongovernmental organizations is in the national interest of the United States: *Provided further*, That before using the authority of this subsection to furnish assistance in support of programs of nongovernmental organizations, the President shall notify the Committees on Appropriations under the regular notification procedures of those committees, including a description of the program to be assisted, the assistance to be provided, and the reasons for furnishing such assistance: *Provided further*, That nothing in this subsection shall be construed to alter any existing statutory prohibitions against abortion or involuntary sterilizations contained in this or any other Act.

(b) PUBLIC LAW 480.—During fiscal year 1998, restrictions contained in this or any other Act with respect to assistance for a country shall not be construed to restrict assistance under the Agricultural Trade Development and Assistance Act of 1954: *Provided*, That none of the funds appropriated to carry out title I of such Act and made available pursuant to this subsection may be obligated or expended except as provided through the regular notification procedures of the Committees on Appropriations.

(c) EXCEPTION.—This section shall not apply—

(1) with respect to section 620A of the Foreign Assistance Act or any comparable provision of law prohibiting assistance to countries that support international terrorism; or

(2) with respect to section 116 of the Foreign Assistance Act of 1961 or any comparable provision of law prohibiting assistance to countries that violate internationally recognized human rights.

EARMARKS

SEC. 544. (a) Funds appropriated by this Act which are earmarked may be reprogrammed for other programs within the same account notwithstanding the earmark if compliance with the earmark is made impossible by operation of any provision of this or any other Act or, with respect to a country with which the United States has an agreement providing the United States with base rights or base access in that country, if the President determines that the recipient for which funds are earmarked has significantly reduced its military or economic cooperation with the United States since enactment of the Foreign Operations, Export Financing, and Related Programs Appropriations Act, 1991; however, before exercising the authority of this subsection with regard to a base rights or base access country which has significantly reduced its military or economic cooperation with the United States, the President shall consult with, and shall provide a written policy justification to the Committees on Appropriations: *Provided*, That any such reprogramming shall be subject to the regular-notification procedures of the Committees on Appropriations: *Provided further*, That assistance that is reprogrammed pursuant to this subsection shall be made available under the same terms and conditions as originally provided.

(b) In addition to the authority contained in subsection (a), the original period of availability of funds appropriated by this Act and administered by the Agency for International Development that are earmarked for particular programs or activities by this or any other Act shall be extended for an additional fiscal year if the Administrator of such agency determines and reports promptly to the Committees on Appropriations that the termination of assistance to a country or a significant change in circumstances makes it unlikely that such earmarked funds can be obligated during the original period of availability: *Provided*, That such earmarked funds that are continued available for an additional fiscal year shall be obligated only for the purpose of such earmark.

CEILINGS AND EARMARKS

SEC. 545. Ceilings and earmarks contained in this Act shall not be applicable to funds or authorities appropriated or otherwise made available by any subsequent Act unless such Act specifically so directs.

PROHIBITION ON PUBLICITY OR PROPAGANDA

SEC. 546. No part of any appropriation contained in this Act shall be used for publicity or propaganda purposes within the United States not authorized before the date of enactment of this Act by the Congress: *Provided*, That not to exceed $500,000 may be made available to carry out the provisions of section 316 of Public Law 96–533.

USE OF AMERICAN RESOURCES

SEC. 547. To the maximum extent possible, assistance provided under this Act should make full use of American resources, including commodities, products, and services.

PROHIBITION OF PAYMENTS TO UNITED NATIONS MEMBERS

SEC. 548. None of the funds appropriated or made available pursuant to this Act for carrying out the Foreign Assistance Act of 1961, may be used to pay in whole or in part any assessments, arrearages, or dues of any member of the United Nations.

CONSULTING SERVICES

SEC. 549. The expenditure of any appropriation under this Act for any consulting service through procurement contract, pursuant to section 3109 of title 5, United States Code, shall be limited to those contracts where such expenditures are a matter of public record and available for public inspection, except where otherwise provided under existing law, or under existing Executive order pursuant to existing law.

PRIVATE VOLUNTARY ORGANIZATIONS—DOCUMENTATION

SEC. 550. None of the funds appropriated or made available pursuant to this Act shall be available to a private voluntary organization which fails to provide upon timely request any document, file, or record necessary to the auditing requirements of the Agency for International Development.

PROHIBITION ON ASSISTANCE TO FOREIGN GOVERNMENTS THAT EXPORT LETHAL MILITARY EQUIPMENT TO COUNTRIES SUPPORTING INTERNATIONAL TERRORISM

SEC. 551. (a) None of the funds appropriated or otherwise made available by this Act may be available to any foreign government which provides lethal military equipment to a country the government of which the Secretary of State has determined is a terrorist government for purposes of section 40(d) of the Arms Export Control Act. The prohibition under this section with respect to a foreign government shall terminate 12 months after that government ceases to provide such military equipment. This section applies with respect to lethal military equipment provided under a contract entered into after April 24, 1996.

(b) Assistance restricted by subsection (a) or any other similar provision of law, may be furnished if the President determines that furnishing such assistance is important to the national interests of the United States.

(c) Whenever the waiver of subsection (b) is exercised, the President shall submit to the appropriate congressional committees a report with respect to the furnishing of such assistance. Any such report shall include a detailed explanation of the assistance estimated to be provided, including the estimated dollar amount of such assistance, and an explanation of how the assistance furthers United States national interests.

WITHHOLDING OF ASSISTANCE FOR PARKING FINES OWED BY FOREIGN COUNTRIES

SEC. 552. (a) IN GENERAL.—Of the funds made available for a foreign country under part I of the Foreign Assistance Act of 1961, an amount equivalent to 110 percent of the total unpaid fully adjudicated parking fines and penalties owed to the District of Columbia by such country as of the date of enactment of this Act shall be withheld from obligation for such country until the Secretary of State certifies and reports in writing to the appropriate congressional committees that such fines and penalties are fully paid to the government of the District of Columbia.

(b) DEFINITION.—For purposes of this section, the term "appropriate congressional committees" means the Committee on Foreign Relations and the Committee on Appropriations of the Senate and the Committee on International Relations and the Committee on Appropriations of the House of Representatives.

LIMITATION ON ASSISTANCE FOR THE PLO FOR THE WEST BANK AND GAZA

SEC. 553. None of the funds appropriated by this Act may be obligated for assistance for the Palestine Liberation Organization for the West Bank and Gaza unless the President has exercised the authority under section 604(a) of the Middle East Peace Facilitation Act of 1995 (title VI of Public Law 104–107) or any other legislation to suspend or make inapplicable section 307 of the Foreign Assistance Act of 1961 and that suspension is still in effect: *Provided*, That if the President fails to make the certification under section 604(b)(2) of the Middle East Peace Facilitation Act of 1995 or to suspend the prohibition under other legislation, funds appropriated by this Act may not be obligated for assistance for the Palestine Liberation Organization for the West Bank and Gaza.

EXPORT FINANCING TRANSFER AUTHORITIES

SEC. 554. Not to exceed 5 percent of any appropriation other than for administrative expenses made available for fiscal year 1998 for programs under title I of this Act may be transferred between such appropriations for use for any of the purposes, programs and activities for which the funds in such receiving account may be used, but no such appropriation, except as otherwise specifically provided, shall be increased by more than 25 percent by any such transfer: *Provided*, That the exercise of such authority shall be subject to the regular notification procedures of the Committees on Appropriations.

WAR CRIMES TRIBUNALS

SEC. 555. If the President determines that doing so will contribute to a just resolution of charges regarding genocide or other violations of international humanitarian law, the President may direct a drawdown pursuant to section 552(c) of the Foreign Assistance Act of 1961, as amended, of up to $25,000,000 of commodities and services for the United Nations War Crimes Tribunal established with regard to the former Yugoslavia by the United Nations Security Council or such other tribunals or commissions as the Council may establish to deal with such violations, without regard to the ceiling limitation contained in paragraph (2) thereof: *Provided*, That the determination required under this section shall be in lieu of any determinations otherwise required under section 552(c): *Provided further*, That 60 days after the date of enactment of this Act, and every 180 days thereafter, the Secretary of State shall submit a report to the Committees on Appropriations describing the steps the United States Government is taking to collect information regarding allegations of genocide or other violations of international law in the former Yugoslavia and to furnish that information to the United Nations War Crimes Tribunal for the former Yugoslavia.

LANDMINES

SEC. 556. Notwithstanding any other provision of law, demining equipment available to the Agency for International Development and the Department of State and used in support of the clearing of landmines and unexploded ordnance for humanitarian purposes may be disposed of on a grant basis in foreign countries, subject to such terms and conditions as the President may prescribe.

RESTRICTIONS CONCERNING THE PALESTINIAN AUTHORITY

SEC. 557. None of the funds appropriated by this Act may be obligated or expended to create in any part of Jerusalem a new office of any department or agency of the United States Government for the purpose of conducting official United States Government business with the Palestinian Authority over Gaza and Jericho or any successor Palestinian governing entity provided for in the Israel-PLO Declaration of Principles: *Provided*, That this restriction shall not apply to the acquisition of additional space for the existing Consulate General in Jerusalem: *Provided further*, That meetings between officers and employees of the United States and officials of the Palestinian Authority, or any successor Palestinian governing entity provided for in the Israel-PLO Declaration of

Principles, for the purpose of conducting official United States Government business with such authority should continue to take place in locations other than Jerusalem. As has been true in the past, officers and employees of the United States Government may continue to meet in Jerusalem on other subjects with Palestinians (including those who now occupy positions in the Palestinian Authority), have social contacts, and have incidental discussions.

PROHIBITION OF PAYMENT OF CERTAIN EXPENSES

SEC. 558. None of the funds appropriated or otherwise made available by this Act under the heading "INTERNATIONAL MILITARY EDUCATION AND TRAINING" or "FOREIGN MILITARY FINANCING PROGRAM" for Informational Program activities may be obligated or expended to pay for—

(1) alcoholic beverages;

(2) food (other than food provided at a military installation) not provided in conjunction with Informational Program trips where students do not stay at a military installation; or

(3) entertainment expenses for activities that are substantially of a recreational character, including entrance fees at sporting events and amusement parks.

EQUITABLE ALLOCATION OF FUNDS

SEC. 559. Not more than 18 percent of the funds appropriated by this Act to carry out the provisions of sections 103 through 106 and chapter 4 of part II of the Foreign Assistance Act of 1961, that are made available for Latin America and the Caribbean region may be made available, through bilateral and Latin America and the Caribbean regional programs, to provide assistance for any country in such region.

PURCHASE OF AMERICAN-MADE EQUIPMENT AND PRODUCTS

SEC. 560. (a) SENSE OF CONGRESS.—It is the sense of the Congress that, to the greatest extent practicable, all equipment and products purchased with funds made available in this Act should be American-made.

(b) NOTICE REQUIREMENT.—In providing financial assistance to, or entering into any contract with, any entity using funds made available in this Act, the head of each Federal agency, to the greatest extent practicable, shall provide to such entity a notice describing the statement made in subsection (a) by the Congress.

LIMITATION OF FUNDS FOR NORTH AMERICAN DEVELOPMENT BANK

SEC. 561. None of the Funds appropriated in this Act under the heading "North American Development Bank" and made available for the Community Adjustment and Investment Program shall be used for purposes other than those set out in the binational agreement establishing the Bank.

INTERNATIONAL DEVELOPMENT ASSOCIATION

SEC. 562. In order to pay for the United States contribution to the eleventh replenishment of the resources of the International Development Association, there are authorized to be appropriated, without fiscal year limitation, $606,000,000 for payment by the Secretary of the Treasury.

SPECIAL DEBT RELIEF FOR THE POOREST

SEC. 563. (a) AUTHORITY TO REDUCE DEBT.—The President may reduce amounts owed to the United States (or any agency of the United States) by an eligible country as a result of—

(1) guarantees issued under sections 221 and 222 of the Foreign Assistance Act of 1961; or

(2) credits extended or guarantees issued under the Arms Export Control Act.

(b) LIMITATIONS.—

(1) The authority provided by subsection (a) may be exercised only to implement multilateral official debt relief and referendum agreements, commonly referred to as "Paris Club Agreed Minutes".

(2) The authority provided by subsection (a) may be exercised only in such amounts or to such extent as is provided in advance by appropriations Acts.

(3) The authority provided by subsection (a) may be exercised only with respect to countries with heavy debt burdens that are eligible to borrow from the International Development Association, but not from the International Bank for Reconstruction and Development, commonly referred to as "IDA-only" countries.

(c) CONDITIONS.—The authority provided by subsection (a) may be exercised only with respect to a country whose government—

(1) does not have an excessive level of military expenditures;

(2) has not repeatedly provided support for acts of international terrorism;

(3) is not failing to cooperate on international narcotics control matters;

(4) (including its military or other security forces) does not engage in a consistent pattern of gross violations of internationally recognized human rights; and

(5) is not ineligible for assistance because of the application of section 527 of the Foreign Relations Authorization Act, fiscal years 1994 and 1995.

(d) AVAILABILITY OF FUNDS.—The authority provided by subsection (a) may be used only with regard to funds appropriated by this Act under the heading "Debt restructuring".

(e) CERTAIN PROHIBITIONS INAPPLICABLE.—A reduction of debt pursuant to subsection (a) shall not be considered assistance for purposes of any provision of law limiting assistance to a country. The authority provided by subsection (a) may be exercised notwithstanding section 620(r) of the Foreign Assistance Act of 1961.

AUTHORITY TO ENGAGE IN DEBT BUYBACKS OR SALES

SEC. 564. (a) LOANS ELIGIBLE FOR SALE, REDUCTION, OR CANCELLATION.—

(1) AUTHORITY TO SELL, REDUCE, OR CANCEL CERTAIN LOANS.—Notwithstanding any other provision of law, the President may, in accordance with this section, sell to any eligible purchaser any concessional loan or portion thereof made before January 1, 1995, pursuant to the Foreign Assistance Act of 1961, to the government of any eligible country as defined in section 702(6) of that Act or on receipt of payment from an eligible purchaser, reduce or cancel such loan or portion thereof, only for the purpose of facilitating—

(A) debt-for-equity swaps, debt-for-development swaps, or debt-for-nature swaps; or

(B) a debt buyback by an eligible country of its own qualified debt, only if the eligible country uses an additional amount of the local currency of the eligible country, equal to not less than 40 percent of the price paid for such debt by such eligible country, or the difference between the price paid for such debt and the face value of such debt, to support activities that link conservation and sustainable use of natural resources with local community development, and child survival and other child development, in a manner consistent with sections 707 through 710 of the Foreign Assistance Act of 1961, if the sale, reduction, or cancellation would not contravene any term or condition of any prior agreement relating to such loan.

(2) TERMS AND CONDITIONS.—Notwithstanding any other provision of law, the President shall, in accordance with this section, establish the terms and conditions under which loans may be sold, reduced, or canceled pursuant to this section.

(3) ADMINISTRATION.—The Facility, as defined in section 702(8) of the Foreign Assistance Act of 1961, shall notify the administrator of the agency primarily responsible for administering part I of the Foreign Assistance Act of 1961 of purchasers that the President has determined to be eligible, and shall direct such agency to carry out the sale, reduction, or cancellation of a loan pursuant to this section. Such agency shall make an adjustment in its accounts to reflect the sale, reduction, or cancellation.

(4) LIMITATION.—The authorities of this subsection shall be available only to the extent that appropriations for the cost of the modification, as defined in section 502 of the Congressional Budget Act of 1974, are made in advance.

(b) DEPOSIT OF PROCEEDS.—The proceeds from the sale, reduction, or cancellation of any loan sold, reduced, or canceled pursuant to this section shall be deposited in the United States Government account or accounts established for the repayment of such loan.

(c) ELIGIBLE PURCHASERS.—A loan may be sold pursuant to subsection (a)(1)(A) only to a purchaser who presents plans satisfactory to the President for using the loan for the purpose of engaging in debt-for-equity swaps, debt-for-development swaps, or debt-for-nature swaps.

(d) DEBTOR CONSULTATIONS.—Before the sale to any eligible purchaser, or any reduction or cancellation pursuant to this section, of any loan made to an eligible country, the President should consult with the country concerning the amount of loans to be sold, reduced, or canceled and their uses for debt-for-equity swaps, debt-for-development swaps, or debt-for-nature swaps.

(e) AVAILABILITY OF FUNDS.—The authority provided by subsection (a) may be used only with regard to funds appropriated by this Act under the heading "Debt restructuring".

GUATEMALA

SEC. 565. (a) Funds provided in this Act may be made available for the Guatemalan military forces, and the restriction on Guatemala under the heading "Foreign Military Financing Program" shall not apply, only if the President determines and certifies to the Congress that the Guatemalan military is cooperating fully with efforts to resolve human rights abuses which elements of the Guatemalan military forces are alleged to have committed, ordered or attempted to thwart the investigation of, and to implement the peace settlement.

(b) The prohibition contained in subsection (a) shall not apply to funds made available to implement a ceasefire or peace agreement.

(c) Any funds made available pursuant to subsections (a) or (b) shall be subject to the regular notification procedures of the Committees on Appropriations.

SANCTIONS AGAINST COUNTRIES HARBORING WAR CRIMINALS

SEC. 566. (a) BILATERAL ASSISTANCE.—The President is authorized to withhold funds appropriated by this Act under the Foreign Assistance Act of 1961 or the Arms Export Control Act for any country described in subsection (c).

(b) MULTILATERAL ASSISTANCE.—The Secretary of the Treasury should instruct the United States executive directors of the international financial institutions to work in opposition to, and vote against, any extension by such institutions of financing or financial or technical assistance to any country described in subsection (c).

(c) SANCTIONED COUNTRIES.—A country described in this subsection is a country the government of which knowingly grants sanctuary to persons in its territory for the purpose of evading prosecution, where such persons—

(1) have been indicted by the International Criminal Tribunal for the former Yugoslavia, the International Criminal Tribunal for Rwanda, or any other international tribunal with similar standing under international law, or

(2) have been indicted for war crimes or crimes against humanity committed during the period beginning March 23, 1933 and ending on May 8, 1945 under the direction of, or in association with—

(A) the Nazi government of Germany;

(B) any government in any area occupied by the military forces of the Nazi government of Germany;

(C) any government which was established with the assistance or cooperation of the Nazi government; or

(D) any government which was an ally of the Nazi government of Germany.

LIMITATION ON ASSISTANCE FOR HAITI

SEC. 567. (a) LIMITATION.—None of the funds appropriated or otherwise made available by this Act, may be provided to the Government of Haiti until the President reports to Congress that—

(1) the Government is conducting thorough investigations of extrajudicial and political killings that have taken place in Haiti since February 12, 1996; and

(2) the Government has completed privatization of (or placed under long-term private management contract) at least three major public enterprises.

(b) Nothing in this section shall be construed to restrict the provision of humanitarian, law enforcement, antinarcotics, or electoral assistance.

(c) The President may waive the requirements of this section on a semiannual basis if he determines and certifies to the appropriate committees of Congress that it is in the national interest of the United States.

REQUIREMENT FOR DISCLOSURE OF FOREIGN AID IN REPORT OF SECRETARY OF STATE

SEC. 568. (a) FOREIGN AID REPORTING REQUIREMENT.—In addition to the voting practices of a foreign country, the report required to be submitted to Congress under section 406(a) of the Foreign Relations Authorization Act, fiscal years 1990 and 1991 (22 U.S.C. 2414a), shall include a side-by-side comparison of individual countries' overall support for the United States at the United Nations and the amount of United States assistance provided to such country in fiscal year 1997.

(b) UNITED STATES ASSISTANCE.—For purposes of this section, the term "United States assistance" has the meaning given the term in section 481(e)(4) of the Foreign Assistance Act of 1961 (22 U.S.C. 2291(e)(4)).

RESTRICTIONS ON VOLUNTARY CONTRIBUTIONS TO UNITED NATIONS AGENCIES

SEC. 569. (a) PROHIBITION ON VOLUNTARY CONTRIBUTIONS FOR THE UNITED NATIONS.—None of the funds appropriated or otherwise made available by this Act may be made available to pay any voluntary contribution of the United States to the United Nations (including the United Nations Development Program) if the United Nations implements or imposes any taxation on any United States persons.

(b) CERTIFICATION REQUIRED FOR DISBURSEMENT OF FUNDS.—None of the funds appropriated or otherwise made available under this Act may be made available to pay any voluntary contribution of the United States to the United Nations (including the United Nations Development Program) unless the President certifies to the Congress 15 days in advance of such payment that the United Nations is not engaged in any effort to implement or impose any taxation on United States persons in order to raise revenue for the United Nations or any of its specialized agencies.

(c) DEFINITIONS.—As used in this section the term "United States person" refers to—

(1) a natural person who is a citizen or national of the United States; or

(2) a corporation, partnership, or other legal entity organized under the United States or any State, territory, possession, or district of the United States.

NORTH KOREA

SEC. 570. Ninety days after the date of enactment of this Act, and every 180 days thereafter, the Secretary of State, in consultation with the Secretary of Defense, shall provide a report in a classified or unclassified form to the Committee on Appropriations including the following information:

(a) a best estimate on fuel used by the military forces of the Democratic People's Republic of Korea (DPRK);

(b) the deployment position and military training and activities of the DPRK forces and best estimate of the associated costs of these activities;

(c) steps taken to reduce the DPRK level of forces; and

(d) cooperation, training, or exchanges of information, technology or personnel between the DPRK and any other nation supporting the development or deployment of a ballistic missile capability.

The CHAIRMAN. Are there amendments to this portion of the bill?

AMENDMENT NO. 53 OFFERED BY MR. BEREUTER

Mr. BEREUTER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment No. 53 offered by Mr. BEREUTER:

At the end of the bill, insert after the last section—preceding the short title—the following new section:

SEC. . (a). None of the funds appropriated in this Act may be made available directly to the Government of Cambodia.

Mr. BEREUTER. Mr. Chairman, this Member rises today as the chairman of the Subcommittee on Asia and the Pacific to offer an amendment to this legislation concerning provision of United States assistance to the Government of Cambodia. This Member's amendment would terminate United States foreign assistance to the Government of Cambodia, but is designed to allow continued humanitarian assistance to flow to humanitarian nongovernmental organizations and pro-democracy funds to flow through the National Endowment for Democracy. It would, however, prevent development assistance from going to the tyrants who have seized power in Phnom Penh.

Mr. Chairman, the 4-year-old experiment with democracy in Cambodia is in dire straits, and a tyrant has seized power through the force of arms, intimidation, terror, and summary executions. Few people have experienced as much pain, suffering, and terror as the people of Cambodia have over the last 30 years. Ravaged by the war in Indochina, bled white by the genocidal regime of Pol Pot and the Khmer Rouge, and subjugated by a Communist government fronted by the leader of the coup d'etat, Hen Sen, a former member of the Khmer Rouge himself, Cambodia and the United States find themselves on all too familiar ground.

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After nearly $3 billion in aid and assistance in the first democratic elections in the history of this country, Cambodians are again facing the domination of a ruthless tyrant who murders his opponents, terrorizes the population, and profits from narco-trafficking and corruption. Yet, Hun Sen claims that he respects the rule of law and the wishes of the people, who roundly rejected him and his party at the polls, and tells the international community that supplies over 40 percent of the Cambodian budget to mind its own business and to stay out of Cambodian affairs.

Mr. Chairman, the United States continually urges other nations to respect the rule of law, but in the case of Cambodia the Clinton administration is demonstrating that it will ignore a law that is inconvenient. Section 508 of the Foreign Operations Export Financing and Related Programs Appropriations Act of 1997 terminates U.S. assistance to any country whose duly-elected head of government is deposed by a military coup until such time that the President determines that a democratically-elected government has taken office.

The Clinton administration has refused to observe this law regarding Cambodia, claiming that what has happened earlier this month was not really a coup. This Member regrets to say that our articulate, plain-speaking Secretary of State does not at this point seem to have the word "coup" in her vocabulary when it comes to Cambodia.

At a hearing of the Subcommittee on Asia and the Pacific 2 weeks ago on the Cambodian crisis, the State Department witness stated that if the administration actually obeyed the law it would close off too many options for U.S. foreign policy. This Member submits that the administration does not have the option to ignore the provisions of Section 508.

Mr. Chairman, this amendment seeks to cut off all direct U.S. assistance to the Government of Cambodia. The U.S. cannot give any support, political, material, or otherwise, to the illegal regime of Hun Sen. This Member would also like to commend the efforts of the chairman of the Committee on International Relations, the gentleman from New York [Mr. GILMAN] and the ranking member of that committee, the gentleman from Indiana [Mr. HAMILTON] for joining this Member in leading the effort in the House to address the Cambodian crisis.

This Member would also like to commend the gentleman from California [Mr. ROHRABACHER], the gentleman from Iowa [Mr. LEACH], and the ranking minority member of the Subcomittee on Asia and the Pacific, the gentleman from California [Mr. BERMAN] for their efforts on this issue.

With their support, this Chamber passed House Resolution 195 on Cambodia on Monday, which, among other things, expressed the sense of the House that such aid should be cut off to Hun Sen's regime by the invocation of Section 508. Therefore, this amendment is appropriate.

Mr. Chairman, I urge support of this amendment which prohibits aid to the Government of Cambodia.

Mr. GILMAN. Mr. Chairman, will the gentleman yield?

Mr. BEREUTER. I yield to the gentleman from New York..

Mr. GILMAN. I thank the gentleman for yielding to me, Mr. Chairman.

Mr. Chairman, I rise in strong support of this amendment to end aid to the Government of Cambodia offered by our distinguished chairman of the Subcommittee on Asia and the Pacific, the gentleman from Nebraska [Mr. BEREUTER].

This timely amendment rightfully cuts off direct aid to the Cambodian Government, which just underwent a violent coup d'tat at the hands of the former Khmer Rouge tyrant, Hun Sen. This unconstitutional act by Hun Sen and his cronies has resulted in the murder of tens of opposition leaders, the arrest of hundreds, and the fleeing of thousands, all of this at a time when the future of Cambodia looked bright.

The United States and this body must show the kind of leadership the world expects of us, and take decisive actions against this illegal and unacceptable forcible removal of the democratically elected Government in Cambodia. Cutting off aid to an assistance-hungry government like Cambodia is an appropriate response and the amendment of the gentleman from Nebraska [Mr. BEREUTER] does just that.

Accordingly, I urge my colleagues to support the amendment of the distinguished gentleman from Nebraska.

Ms. LOFGREN. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I share the concern that has just been expressed by the chairman of the subcommittee and the chairman of the full committee about the outrages that are currently going on in Cambodia. Just this week, we read in the Washington Post accounts of what has gone on. These were confirmed by numerous reports of torture, Hun Sen's forces capturing individuals, gouging out the eyes of people who they were interrogating, and then killing them; cases of bodies found with hands tied behind their backs, bullets in the head, fingernails pulled out, tongues yanked from mouths with pliers before the murder was done.

This is the kind of outrage that occurred during the regime of Pol Pot. I hope that our country can act with a great deal of strength this time to prevent the Holocaust from growing.

Mr. Chairman, I feel a personal stake in this in a sense because of the number of individuals I have met in this country, Cambodian Government officials, who have since been murdered. I think of those young individuals who were democrats with a small d, and they have now given their lives for democracy. We need to stand up for them.

I appreciate the amendment being offered by the chairman of the subcommittee. However, I am mindful, I do not know if the gentleman from California [Mr. ROHRABACHER] intends to offer his amendment.

Mr. ROHRABACHER. Mr. Chairman, will the gentlewoman yield?

Ms. LOFGREN. I yield to the gentleman from California.

Mr. ROHRABACHER. Mr. Chairman, I do plan to offer my amendment when given the opportunity. It is very similar to that of the gentleman from Nebraska [Mr. BEREUTER], but it goes a little further. I am supporting the amendment offered by the gentleman from Nebraska, but I will be offering mine as well.

Ms. LOFGREN. Reclaiming my time, Mr. Chairman, I understand what the gentleman is doing, but in this case I think that the amendment offered by the gentleman from California [Mr. ROHRABACHER] to the amendment which takes this step a little farther really merits our attention.

Mr. BEREUTER. Mr. Chairman, will the gentlewoman yield?

Ms. LOFGREN. I yield to the gentleman from Nebraska.

Mr. BEREUTER. Mr. Chairman, I like the intent of what the gentleman is attempting to do, but I would like to tell the gentlewoman that we cannot cut off aid through the multilateral development organizations. All we can do is direct our executive director to those multilateral development organizations what he or she should do in attempting to cause those organizations to stop aiding Cambodia.

I do not, therefore, think that the gentleman's amendment is implementable when it comes to the multilateral development banks. That is why I believe, while well-intended, what he attempts to do, at least with the MDBs, is not possible. I thank the gentlewoman for yielding.

Ms. LOFGREN. Certainly. Mr. Chairman, I will let the gentleman defend his own amendment, rather than doing it for him. But I would just say that opinions differ.

I really feel in this case, given the dependency that Cambodia has on the international community, including the United States, for their very survival, that the opportunity to greatly influence events there is present, and it may not always be present.

I would like to further state that as we move forward in this effort, we must make sure that our partners, our international partners throughout the world who have also provided aid, stand with us in isolating this lawless government from funds.

I would further say, as we move forward hoping for elections that I would strongly urge must be supervised once again by the United Nations or the international community, we must gain a guarantee that the winner of the election actually gets to take power this time. I think it was a very serious mistake that we failed to do that last time that has helped create this problem.

Mr. Chairman, with that, I do not know if the gentleman from California [Mr. ROHRABACHER] would like to defend his amendment for the comments made that this is beyond our jurisdiction.

Mr. CALLAHAN. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, the pending amendment would cut off funds for Cambodia. Normally I would oppose such an amendment as an infringement upon the President's prerogatives to conduct foreign policy. However, in Cambodia, we have in effect a military coup.

Section 508 of our bill is a longstanding provision that prohibits assistance to a country if a duly-elected head of government is deposed by a military coup or decree. Normally this would be automatically invoked for a situation like Cambodia. However, in Cambodia, we have had one Prime Minister deposing another Prime Minister. Although technically this is not a coup, it has had the same effect.

The United States has a sizable assistance program to Cambodia. I would not support any assistance to the government of a country whose new leader has had at least 40 of his political opponents executed. Clearly, despite our best efforts and those of the international community, democracy does not exist in Cambodia. So I support the gentleman's amendment and ask that it be adopted.

Ms. PELOSI. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise in support of the gentleman's amendment. I will not take the full 5 minutes. Mr. Chairman, for the information of our colleagues who may have just tuned in, the United States has cut off all assistance for

Cambodia for 30 days following the July 5 incident in Cambodia. All assistance programs that have any connection to the government of Cambodia have been suspended.

Decisions on resumption or reconfiguring of aid are yet to be made, and depend on many factors. Indeed, as reports of atrocities continue to come in, it becomes more difficult to resume support for the current government for reasons that have been mentioned.

I particularly want to commend my colleague, the gentlewoman from California [Ms. LOFGREN], for her interest and leadership on this issue. She and I are both blessed with a Cambodian-American population, are familiar with the situation in Cambodia, and there is a great deal of interest there. I am so pleased she was here to add her support to the amendment offered by the gentleman from Nebraska [Mr. BEREUTER].

It is indeed tragic that the enormous international effort to lift Cambodia from its misery has apparently been usurped, and I therefore recommend that we accept the amendment offered by the gentleman from Nebraska [Mr. BEREUTER].

However, I do think we should continue to assess the situation, because the gentleman's amendment specifically prohibits assistance to the Government of Cambodia. I assume that other forms of assistance through nongovernmental organizations engaged in humanitarian or democracy-building programs would not be prohibited.

The Cambodian people have endured years of suffering under a repressive regime, and they voted in 1993 to bring non-Communist parties to power. As our colleague pointed out, we did not have a clear winner, maybe that was part of the problem, a clear resolution of the election.

We should continue to assess the situation as we move forward on the bill. I, too, will be supporting the Rohrabacher amendment but urge my colleagues now to support the Bereuter amendment.

Mr. ROHRABACHER. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I do have an amendment that I will be offering after we hopefully get done with the amendment offered by the gentleman from Nebraska [Mr. BEREUTER]. I certainly appreciate the sincerity of the attempt of the gentleman from Nebraska. I sometimes am known as somebody who tries to push things a little bit further, and I think that my amendment, while better, while pushing things a little bit further, should be adopted, but that does not mean that I am opposing the amendment offered by the gentleman from Nebraska [Mr. BEREUTER].

I, in fact, support the amendment, but I would say it needs to be strengthened, because in the gentleman's amendment we have a situation where the amendment states that funds, it says, "None of the funds appropriated in this act shall be made available directly to the Government of Cambodia."

That use of the word "directly" weakens the bill considerably as compared to what I would do. When we are sending a message to the Government of Cambodia, we want to make sure they know that even if they are trying to get money through the back door, we are not supportive of money going through the back door to this murderous regime.

Also it has been argued by the gentleman from Nebraska [Mr. BEREUTER] that my bill would affect the money or would not affect the money, although we are attempting to, that will be going to Cambodia through the International Development Association and the IMF and the Asian Development Bank, and other lending and financial institutions that are supported by American taxpayers.

We may not be able to mandate that money, but we are making our case as the elected representatives of the United States Government to those agencies through this legislation. We are making a statement to those individuals who are making those decisions in these financial institutions that they should not be using that money to provide loans or guarantees for loans to this murderous regime in Cambodia.

So I would ask my fellow colleagues to support the Bereuter amendment, but I would also ask them to support my amendment, which makes that statement, we do not want people investing in Cambodia until democracy is restored. We certainly do not want to guarantee the loans of American businesses doing that.

Ms. LOFGREN. Mr. Chairman, will the gentleman yield?

Mr. ROHRABACHER. I yield to the gentlewoman from California.

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Ms. LOFGREN. Mr. Chairman, I wanted to ask a clarification question. It is my understanding that the gentleman's amendment would, while doing all that he says, still permit the standard humanitarian aid; is that correct?

Mr. ROHRABACHER. Mr. Chairman, that is correct. My amendment does not prevent us from giving money to the nongovernmental organizations and to other humanitarian efforts. It just prevents us from giving any money to the government directly or indirectly. While, as I say, the Bereuter amendment does make a statement in a positive direction, I think we should go a lot further.

The fact is the Government of Cambodia now is controlled by a murderous man named Hun Sen who is in alliance with drug lords, a man who has got blood all the way up to his elbows, who was a Khmer Rouge trigger man, who overthrew an elected government that we struggled so long and hard to put in place back in 1993.

Many Members of this body have visited Cambodia and supported the United Nations operation back in 1993 and now we have this dictator, this gangster trying to undo what was done. We need to send a strong message immediately. This is the vehicle to do so. The Bereuter amendment sends a message. It is a positive message. It is a message we need to send. I think it needs to be a little stronger, so I support the Bereuter amendment but will also be offering by own amendment shortly.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Nebraska [Mr. BEREUTER].

The question was taken; and the Chairman announced that the ayes appeared to have it.

Mr. BEREUTER. Mr. Chairman, I demand a recorded vote.

The CHAIRMAN. Pursuant to the order of the House of Thursday, July 24, 1997, further proceedings on the amendment offered by the gentleman from Nebraska [Mr. BEREUTER] will be postponed.

AMENDMENT OFFERED BY MR. SAXTON

Mr. SAXTON. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment No. 4 printed in House Report 105–184 offered by Mr. SAXTON:

At the end of the bill, insert after the last section (preceding the short title) the following new section:

LIMITATION ON ASSISTANCE TO THE P.L.O. AND THE PALESTINIAN AUTHORITY

SEC. 572. (a) SENSE OF THE CONGRESS.—It is the sense of the Congress that the Palestine Liberation Organization (hereafter the "P.L.O.") should do far more to demonstrate an irrevocable denunciation of terrorism and to ensure a peaceful settlement of the Middle East dispute, and in particular it should—

(1) submit to the Palestinian Council for formal approval the necessary changes to those specific articles of the Palestinian National Charter which deny Israel's right to exist or support the use of violence;

(2) to the maximum extent possible, preempt acts of terror, discipline violators, publicly condemn all terrorist acts, actively work to dismantle other terrorist organizations, and contribute to stemming the violence that has resulted in the deaths of over 230 Israeli and United States citizens since the signing of the Declaration of Principles on Interim Self-Government Arrangements (hereafter the "Declaration of Principles") on September 13, 1993, at the White House;

(3) prohibit participation in the P.L.O. or the Palestinian Authority or its successors of any groups or individuals which promote or commit acts of terrorism;

(4) cease all anti-Israel rhetoric, which potentially undermines the peace process;

(5) confiscate all unlicensed weapons and restrict the issuance of licenses to those with legitimate need;

(6) transfer and cooperate in transfer proceedings relating to any person accused by

Israel or the United States of having committed acts of terrorism against Israeli or United States nationals; and

(7) respect civil liberties, human rights and democratic norms as applied equally to all persons regardless of ethnic, religious, or national origin.

(b) LIMITATION ON ASSISTANCE.—

(1) IN GENERAL.—Notwithstanding any other provision of law, funds appropriated or otherwise made available by this Act may be obligated for assistance to the P.L.O. or the Palestinian Authority only for the period beginning 3 months after the date of the enactment of this Act and for 6 months thereafter, and only if—

(A) the President has exercised the authority under section 604(a) of the Middle East Peace Facilitation Act of 1995 (title VI of Public Law 104–107) or any other legislation to suspend or make inapplicable section 307 of the Foreign Assistance Act of 1961 and that suspension is still in effect; and

(B) in addition to the requirements contained in such Act or other legislation, the President prepares and transmits to the Congress a report described in paragraph (2).

(2) REPORT.—A report described in this paragraph is a report containing the following:

(A) A description of all efforts being made to apprehend, prosecute, or have extradited to the United States Mohammad Deif (allegedly responsible for the death of Nachshon Wachsman, a United States citizen), Amjad Hinawi (allegedly responsible for the death of David Boim, a United States citizen), Abu Abbas (responsible for the death of Leon Klinghoffer, a United States citizen), Amid al-Iindi (allegedly responsible for death of David Berger, a United States citizen), and Nafez Mahmoud Sabih (who helped plan the February 1996 attack on a Jerusalem bus in which Jewish Theological Seminary students Sara Duker and Matthew Eisenfeld, both United States citizens, were murdered).

(B) An official, updated, and revised copy of the Palestinian National Charter (Covenant) showing which specific articles have been rescinded by the decision taken on April 24, 1996 by the P.L.O. Executive Committee.

(C) A description of all actions being taken by the Palestinian Authority to eradicate and prevent the use of the map of Israel to represent "Palestine".

(D) A certification that the Palestinian Authority has established a court system that respects due process requirements, including the right to a lawyer, the right to confront witnesses, the right to be informed of the charges under which one is accused, and the right to a jury trial.

(E) A certification that the Palestinian Authority has established humane prison conditions.

(F) A certification that the Palestinian Authority has taken all measures to rescind the death penalty imposed for the sale of land to Jews, has eliminated the practice of incarcerating real estate agents for the sale of land to Jews or Israelis, and has actively sought the perpetrators of such actions.

The CHAIRMAN. Pursuant to the order of House of Thursday, July 24, 1997, the gentleman from New Jersey [Mr. SAXTON] and a Member opposed, the gentleman from Alabama [Mr. CALLAHAN], each will control 5 minutes.

Mr. CALLAHAN. Mr. Chairman, I ask unanimous consent that 3½ minutes of my time be yielded to the gentlewoman from California [Ms. PELOSI] and that she been allowed to further yield time.

The CHAIRMAN. Is there objection to the request of the gentleman from Alabama?

There was no objection.

The CHAIRMAN. The Chair recognizes the gentleman from New Jersey [Mr. SAXTON].

Mr. SAXTON. Mr. Chairman, I yield such time as he may consume to the gentleman from New York [Mr. GILMAN], chairman of the authorization committee.

Mr. GILMAN. Mr. Chairman, I rise in support of the Saxton amendment and wish to thank the gentleman from New Jersey for his steadfast support and commitment for true peace in the Middle East.

Mr. Chairman, I rise in support of the Saxton amendment, and wish to thank the gentleman from New Jersey for his steadfast support and commitment for true peace in the Middle East.

Mr. SAXTON's amendment comes on a tragic, but ironically, auspicious day, when as we have seen, the lack of PLO security cooperation with Israel has cost the lives and limbs of many innocent Israelis.

The amendment expresses the sense of the Congress that the PLO/PA would have to take action on the covenant, truly fight against terrorism, truly confiscate weapons, and follow through on commitments to transfer prisoners to Israel, according to the Oslo Accords.

The sense of the Congress language also insists that Arafat and the PA cease incitement toward violence, and improve the abysmal human rights situation in the areas under Palestinian control.

According to Mr. SAXTON's amendment, assistance would be available only for the period beginning 3 months after enactment and for 6 months thereafter only if the President certifies the PLO on critical issues of concern to all Americans.

Once the certification is made, Congress would have to approve the report by joint resolution. The report must describe all efforts taken by the Palestinian Authority to arrest, prosecute or extradite Palestinian killers of American citizens; specify which articles of the covenant have indeed been rescinded; and describe all actions taken by PLO/PA to eradicate and cease usage of a map of all Israel (from 1948 to the present) shown as the State of Palestine. The report must also certify that a Palestinian court system respectful of human rights has been established and due process upheld, that humane prison conditions exist, and that the PA has taken all measures to rescind the death penalty for land sales to Jews or Israelis.

Mr. Chairman, earlier today I noted during consideration of House Concurrent Resolution 133 that the explosions in Jerusalem today are the culmination of a lack of Palestinian security cooperation that goes back a long way. Mr. SAXTON's amendment is the correct response at this time .

Accordingly, I urge support for the Saxton amendment.

Mr. SAXTON. Mr. Chairman, I yield myself such time as I may consume.

This is an amendment which suspends aid, direct aid to the Palestinian Authority. It has been drafted with cooperation of the gentleman from New York [Mr. GILMAN], the gentleman from New York [Mr. ENGEL], the gentleman from Pennsylvania [Mr. FOX], the gentleman from New York [Mr. NADLER], and the gentleman from New York [Mr. FORBES], which obviously makes it a bipartisan amendment.

At the conclusion of the 90-day suspension period, if certain conditions are met and attested to by the United States administration, then aid could resume. I believe this is an absolutely necessary amendment given the events of the past 6 months or so. I know there are others who wish to speak on this.

Mr. Chairman, I reserve the balance of my time.

Ms. PELOSI. Mr. Chairman, I yield such time as he may consume to the gentleman from Michigan [Mr. DINGELL].

Mr. DINGELL. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I rise to speak for peace in the Middle East. Lasting viable peace, with justice for all the people in the area, Jew, Arab, Christian, or of whatever race or religion.

Mr. Chairman, I oppose the amendment offered by the gentleman from New Jersey [Mr. SAXTON], because I do not believe it serves the interests of the Israelis, the Palestinians, or the United States.

Since 1993, our Government has tried mightily to achieve a lasting peace which will allow Israelis, Palestinians, and all Arabs to live with greater security and dignity. In almost 4 years, the Middle East peace process has had many positive developments. Unfortunately, most of the progress has slowed in the past 18 months, the result of provocations, charges and countercharges issued on both sides of the negotiating table. The situation has degenerated so much that not only has the Oslo schedule fallen behind; discussions have virtually stopped, and the United States is being thwarted in its effort to serve as mediator in concert with European and Middle Eastern allies.

The Saxon amendment implicitly lays blame for the recent difficulties squarely upon the Palestinians. Does the Palestinian Authority have some serious problems with civil administration, human rights, and controlling extremism? It certainly does. However, these problems are not unique to Mr. Arafat's government, and American policy has been predicated on the assumption that tightly controlled foreign assistance should be a tool that helps solve these problems while promoting a final accord with the Israelis.

The administration strongly opposes this amendment. In addition to finding it counterproductive to achieving peace, the State Department has concluded that it would go well beyond reasonable limits in imposing new restrictions on Palestinian assistance without meeting the minimal criteria of reason and fair play.

Over the past 10 days, there has been a quiet resumption of talks aimed at jumpstarting the peace process. The amendment offered by the gentleman from New Jersey would place these efforts in jeopardy, as well as risk another flareup of passions and violence in Israeli and Palestinian neighborhoods.

There are several problems with the amendment. First, it is not balanced. If signed into law, our Government would be unable to provide financial assistance to the Palestinian people for 3 months. Worse yet, United States aid could resume assistance to the Palestinians only if Congress votes to approve a report on the Palestinians which would be submitted by the administration. Unlike other limitations on aid this body has approved in the past, this amendment allows no Presidential waiver, even if the President finds it to be in our national security interest.

No disruption in aid to Israel is contemplated, and there should not be a disruption. However, it is not fair or consistent to tie the State Department's hands on only one side of a very sensitive negotiation. If foreign aid is going to be used as a bargaining chip to achieve our goals on foreign policy, human rights, judicial process, or prison conditions, we must apply a single fair standard to all. This amendment would do just the opposite.

Mr. Chairman, I also am very concerned about the other standards this amendment would apply only to the Palestinian Authority. These provisions include:

A prohibition on any speech which could be somehow deemed anti-Israel if it is believed that such speech undermines the peace process. It is not clear how a violation would be handled, by whom the violation would be judged, or just what constitutes a statement which is anti-Israel. What if Palestinians were to say in negotiations that they question Israel's right to hold all of Jerusalem? What if a Palestinian were to make allegations of unfair treatment under Israeli law? The lack of a clear definition is very troublesome. If such a provision was ever imposed upon our citizens, it would be swiftly condemned as unconstitutional.

A requirement that our Government to certify the viability and fairness of the Palestinian court system. There is no doubt that the nascent Palestinian Authority must continue to pursue a more consistent application of justice. But in the interest of balance, the 1996 State Department Human Rights Report mentions many abuses within the Israeli justice system. The Saxton amendment would not seek a review of these problems.

Rather than turn our backs on the Middle East peace process, Congress should be providing additional tools to the State Department to provide the elusive breakthrough.

The United States has acted boldly in the pursuit of Middle East peace. The Middle East Peace Facilitation Act of 1993, which allows our Government to recognize the Palestinians, work with them, and provide them the help they need to establish security and work for a peaceful existence with Israel, will expire on August 12. Rather than completely obstructing our administration at this most crucial stage by punishing only the Palestinians, I believe it is in our own best interest to extend the Middle East Peace Facilitation Act [MEPFA] for another 180 days so we do not risk the loss of peace—or worse yet—the resumption of war. I am therefore, introducing a bill with the Gentleman from West Virginia [Mr. RAHALL] to extend MEPFA. I urge my colleagues to cosponsor this bill, and if at all possible, for this body to extend MEPFA before we leave for the August recess.

Have no doubt, there are many in Middle East who are paying attention to us this evening. Almost two months ago, this House approved a resolution, House Concurrent Resolution 60, which reasserted the view of this body that Jerusalem should be the exclusive territory of Israel. That action was viewed in the Middle East as a preemptive strike against the successful completion of final status negotiations laid out in the Oslo accords. The result was to spark additional violence and bloodshed, placing in further jeopardy even the modest level of trust which is necessary for an agreement.

A vote for this amendment not only will hurt the Palestinians; it will send the message that this Government no longer cares whether or not a secure peace is achieved. I urge the Palestinian and Israeli people to try to show additional restraint, and know that they still have many friends in America who care more about peace and security for both races.

Let us not jeopardize the peace, let us not jeopardize the long and hard efforts of the United States to bring the parties together in negotiations leading to a peaceful resolution of a long and terrible struggle which has cost thousands of lives.

The events of today, the bombing are terrible, they deserve condemnation of all right thinking human beings. The events of today must not be repeated, but the Saxton amendment rather than reducing the incentives for this kind of terrible action, provides more pressure for violence and terrorism. It provides the kind of frustration, anger and outrage that invites violence and murder.

Do not remove the tools this nation needs to bring about peaceful negotiations, leading to peace in the Middle East which will bless all the people there.

I urge the House to reject the Saxton amendment. Its adoption leads us away from peace and hope.

Ms. PELOSI. Mr. Chairman, I yield 30 seconds to the gentleman from New York [Mr. NADLER].

Mr. NADLER. Mr. Chairman, there can be no peace in the Middle East unless both sides show through both words and deeds that they are sincere in their quest for peace. Israel has shown that sincerity. The Palestinian Authority has not. They sentence Palestinians to death for doing business with Jews. They turn a blind eye or give a green light to acts of terrorism. They think they have a right to play the violence card whenever negotiations are not proceeding to their liking. That is not the path to peace. It is the path of Munich and Ma'alot. We should not stand for it, and I support this amendment.

Mr. Chairman, I rise in support of the Saxton amendment which will cut off direct funds for the Palestinian Authority for 90 days until the PA begins meeting its obligations under the Oslo Peace Accords.

Let there be no question in anyone's mind, the purpose of this amendment is to advance the cause of peace. But, there can be no peace in the Middle East unless both sides show through both words and deeds that they are sincere in this quest for peace.

Israel has more than shown her sincerity and commitment to peace.

Unfortunately, the leaders of the Palestinian Authority have yet to truly commit to peace. They sentence Palestinians to death for doing business with Jews. They turn a blind eye, or even give a green light, to acts of vicious terrorism. They think they have a right to play the violence card whenever the negotiations aren't proceeding to their liking.

Well that's not the path of peace. It's the path of Munich and Ma'alot, and we shouldn't stand for it.

Just yesterday, the 25th of Tammuz, another bomb went off in Jerusalem's Mahaneh Yehuda market, killing 13 innocent civilians and wounding 168.

If the PLO is serious about peace, let them demonstrate their sincerity. Peace means cracking down on the murderers in their midst. Peace means an end to stirring up hatred against their Jewish neighbors with blood libels. Peace means a halt to death sentences against Palestinians who do business with Jews.

Mr. Chairman, I share the heartfelt yearning of the Israeli people for a lasting peace in the Middle East. But the Israelis can't make peace alone. The PLO must join in, or there will be no peace.

We should send Arafat a message. We should vote resoundingly for the Saxton amendment.

Mr. SAXTON. Mr. Chairman, I yield 30 seconds to the gentleman from New York [Mr. ENGEL].

Mr. ENGEL. Mr. Chairman, I rise in strong support of the amendment. Certainly the events of today have shown us that we need to have an amendment. What this simply does is it suspends aid to the Palestinian Authority for 90 days at which point the President has to certify that certain compliance is being met. I think it is fair and it is reasonable. If peace is going to exist, both sides have to fulfill commitments. Mr. Arafat and the Palestinian Authority cannot turn a blind eye to terrorism. They must make sure that terrorism is controlled by cooperation with the Israelis. This is a good step in that direction.

Ms. PELOSI. Mr. Chairman, I yield 3 minutes to the distinguished gentleman from West Virginia [Mr. RAHALL].

Mr. RAHALL. Mr. Chairman, I thank the distinguished ranking member for yielding me the time.

I do rise in opposition to the pending Saxton amendment. I have no illusions as to what the outcome of this vote would be, if such were called, especially in the climate that we exist today and after the most horrendous and stupid acts of the last 24 hours. But, Mr. Chairman, it is important to realize that the Middle East Peace Facilitation Act is a tool which the President uses to conduct foreign policy. We have one Commander in Chief, one individual in charge of this foreign policy.

In this case it is a means the President uses to stay in touch with both chairman Arafat and the Palestinian people so that he can make the appropriate timely reports to Congress. The collapse of peace talks 4 months ago was because of mutual distrust, recriminations, and provocations. The Saxton amendment will only add to this distrust, recriminations, and provocations.

It continues to be imperative that the U.S. role is allowed to be even-handed, as an honest broker's role should be. Placing additional restrictions only on aid to the Palestinian Authority, only on such aid, fails the test of balance and fairness, because we all know that as the Secretary of State has said, failure to comply with stipulations in the Oslo accords is not confined to just Palestinians.

Press reports indicate that there is documentation that Israel has been found in violation of the Oslo accords as well, a total number of 34 times. And I have such a list of Israeli violations of the Oslo accords as well.

So there have been violations on both sides.

It is not necessary for the Congress to point fingers only at one side.

The White House is strongly opposed to this amendment because it goes way beyond reasonable limits. It imposes new restrictions on Palestinian aid and new requirements on the President. A vote today to cut off aid will stamp out what little economic progress the Palestinians have achieved for a majority of their impoverished and innocent citizens. Even Prime Minister Netanyahu knows this is true. He is quoted as saying this, and it is quoted in a letter to Members of Congress by Americans for Peace Now, and I quote, it is necessary for PLO aid to continue. That is the current Prime Minister Benjamin Netanyahu, urging that aid to the Palestinians continue. His predecessors, Prime Minister Peres and Prime Minister Rabin both are on record as urging continuation of this aid as well.

While there are certainly practices and acts by the Palestinian Authority which are reprehensible and there are serious problems and they should cease, this amendment is not the way to go about it nor to get such a cessation. We can either bolster our government's efforts to achieve a lasting peace in a balanced manner or we can extinguish that hope perhaps for all time by adoption of this amendment.

If we were to extinguish that hope at this most precarious time, then only escalating violence, bloodshed and death may rise from the passage of the Saxton amendment. Given the remarks of our Secretary of State, Madeleine Albright, who I commend for her courageous decisions, not only in regard to Lebanon recently but in the region as a whole, it should be perfectly clear to Members of this House that passage of the Saxton amendment is dangerous and liable to cause further violence in both neighborhoods in the Middle East.

I rise and urge my colleagues to defeat the Saxton amendment.

Mr. SAXTON. Mr. Chairman, I yield myself such time as I may consume.

I would like to respond to the gentleman from West Virginia by saying that to me at least and I think to most other Members of the House, the status quo in Israel and in the Middle East is unacceptable. And inasmuch as we have the responsibility to oversee at least the expenditure of American taxpayers' dollars, it seems to me that what we ought to be doing is to try to find a way to change the dynamic that exists currently in the Middle East to make peace a possibility.

Obviously not only the events of the last 24 hours but the events of the last several months have borne out full well that peace is not at hand in the Middle East. And to the extent that we can affect that, I think we should do that. To me the status quo is not acceptable and I believe that this is a step in the right direction.

I will include for the RECORD, Mr. Chairman, today's article from the Washington Post, Palestinian panel charges widespread corruption by Arafat's entire cabinet, as well as an article from the Washington Times, Arafat's cabinet should be dissolved, lawmakers from Palestine report.

Up to $340 million, half of the Palestinian Authority budget, is estimated to have been misspent or embezzled. Obviously these are very serious charges and during this 90-day period these matters can be looked into as well.

The essence of this amendment, Mr. Chairman, is to provide for an opportunity for our administration to submit various information to this House relative to the Palestinian Council which changes those specific articles of the Palestinian national charter which deny Israel's right to exist or support violence. We also ask to the maximum extent possible to preempt acts of terror, discipline violators, publicly condemn acts of terror and dismantle terrorist organizations.

All of these things were agreed to in the Oslo accords and, of course, agreed to on the lawn of the White House between the Israeli leader and Yasser Arafat. So to the extent that we can effect change in the Middle East, to the extent that we can promote peace by changing the dynamic of the situation there, which obviously is unacceptable to the great majority of the Members of this House, I believe that we should do so. I also believe, Mr. Chairman, that that is a primary reason that agreement has been reached on this amendment.

Mr. Chairman, I include for the RECORD the articles to which I referred:

[From the Washington Post, July 30, 1997]

PALESTINIAN PANEL CHARGES WIDESPREAD CORRUPTION BY ARAFAT'S ENTIRE CABINET

(By Said Ghazali)

RAMALLAH, WEST BANK.—A Palestinian legislative panel today reported wide-ranging corruption—including diversion of foreign aid donations—in all 18 Palestinian ministries. It urged Palestinian leader Yasser Arafat to fire his entire cabinet and called for three ministers to be put on trial.

The panel was formed in response to an official comptroller's report that found $326 million of the Palestinian self-rule administration's $800 million annual budget had been squandered through corruption or mismanagement. While the panel has no legal authority, its report puts Arafat on the spot—compelling him either to repudiate his political allies or face rising public anger over financial abuses.

The Palestinian leader quickly sought to cast the report in a positive light. His spokesman, Marwan Kanafani, praised it and said it provides "a strong basis" for cabinet revisions that Arafat was already planning.

Legislators and some members of Arafat's own administration, however, faulted the panel for failing to investigate whether Arafat played a role in any wrongdoing. "The mismanagement starts from the top—way up on top," declared Husam Khader, a legislator from Nablus.

The five-member investigating panel was made up of members of Arafat's Fatah party and independent members of the legislative council, which has been locked in a power struggle with Arafat over its role as an elected lawmaking body.

Although the report does not fault Arafat personally, analysts say it could jeopardize his standing should he fail to act on it. The panel's findings come at a time of increased anger among Palestinians over brazen shows of wealth by government officials, including the purchase of huge villas and numerous expensive cars.

The report declared that the cabinet had failed to follow up reports of mismanagement, and it urged Arafat to replace it with one "made up of technocrats and qualified people." It also recommended criminal trials for three cabinet ministers, including Nabil Shaath, the chief negotiator in peace talks with Israel, who is accused of charging his home telephone and electric bills to the government.

Among other allegations in the report are: Information Minister Yasser Abed Rabbo used $7,500 in ministry funds to pay for central heating at his home; Transportation Minister Ali Qawasmeh accepted bribes to license cars that did not meet road standards; Civil Affairs Minister Jamal Tarifi allowed illegal exemptions from customs duties for more than 4,300 cars, including a Jaguar for his father; Tarifi's Civil Affairs Ministry and Shaath's Planning Ministry misappropriated funds from unnamed foreign donors.

Besides Shaath, the panel called for putting Tarifi and Qawasmeh on trial. Both strongly denied wrongdoing. Shaath accused the panel of being "out of touch with reality" and said it never approached his ministry for information.

Agriculture Minister Jawad Saleh criticized investigators for stopping short of Arafat's office. "The report is important because it is a first attempt by the legislative council to look into offenses by officials," Saleh said. "But it is not comprehensive and . . .

does not deal with sensitive issues like security organizations and the office of the president. I blame the president."

Arafat's administration has been buffeted by other recent allegations of corruption and mismanagement. In June, attorney general Khaled Kidrah stepped down after being accused of pocketing bail money and taking bribes from prisoners.

Internaitonal donors have pledged $1.5 billion to Arafat's three-year-old administration, including $225 million from the United States. But far less has actually been delivered, in part because of concerns about lack of accountability.

ARAFAT'S CABINET SHOULD BE DISSOLVED, LAWMAKERS REPORT—INQUIRY PANEL FINDS RAMPANT CORRUPTION

(By Julian Borger)

JERUSALEM.—Yasser Arafat's Cabinet is so riddled with corruption that it should be dissolved and some of its ministers put on trial, a Palestinian parliamentary inquiry reported yesterday.

The report was the latest in a series to lambaste the Palestinian leadership for the flaunting of luxury cars and villas, nepotism and bribe-taking amid the poverty of the West Bank and Gaza.

Up to $340 million, half the Palestinian Authority's budget, is estimated to have been misspent or embezzled.

Sa'di al-Krunz, one of the report's authors, said half of the Palestinian Cabinet was implicated in misappropriation of funds. "There are others who do nothing wrong, but on the other hand they do nothing good," he said. "They are old or they do not know about the ministries they are in charge of."

The allegations come at a time when the confidence of major donors is wearing thin and Mr. Arafat desperately needs Western support in his negotiations with the Israelis, due to restart in the next few days.

The latest report was read at an open session of the Palestinian Legislative Council (PLC) by members of a special investigative committee. It called on Mr. Arafat to "dissolve the Cabinet and form a new Cabinet made up of technocrats and qualified people."

"The president of the authority should issue his instructions to punish violators against whom there has been proof of guilt and to punish them immediately and to take them to court in order to restore confidence between the Palestinian Authority and its people," the report said.

The committee's findings singled out Civil Affairs Minister Jamil al-Tarifi, Planning Minister Nabil Shaath and Transport Minister Ali Kawasmeh as the worst offenders. Mr. Shaath is the Palestinians' leading negotiator in talks with the Israeli government.

Mr. Al-Krunz said his committee had come across several cases in which foreign aid had been misappropriated by ministers or senior officials to buy themselves cars or expand and decorate their houses.

"When they knew we have discovered these things, they have tried to give the money back," he said.

Another report earlier this month, commissioned by Mr. Arafat himself, came to similar conclusions and called on the Palestinian leader to "put his house in order."

In May, a 600-page audit of the Palestinian Authority found more than $340 million had been "mismanaged or squandered" in 1996. At the time, Mr. Arafat promised to take stern action against culprits but warned that he would not allow anyone to "kill the embryonic dream, our Palestinian Authority, our last step towards an embryonic state."

The PLC's report is not legally binding on Mr. Arafat, who frequently ignores the council's proceedings and resolutions. However, he is reportedly planning a Cabinet shakeup, which may take recent allegations into account.

Since its creation in 1994, Mr. Arafat's Palestinian Authority has received about $1.5 billion in foreign aid.

Mr. Chairman, I yield 10 seconds to the gentleman from New Jersey [Mr. PAPPAS].

Mr. PAPPAS. Mr. Chairman, I want to commend the gentleman from New Jersey for offering this amendment and stand in strong support of it.

Mr. SAXTON. Mr. Chairman, I yield myself the balance of my time.

I would just like to say in closing my part of the debate that there are many Americans who have watched and prayed about the peace process in the Middle East. Everyone that I know wants it to work. The fact of the matter is, it is not working.

For the concerns of those of us who believe that the agreements are not being lived up to, in spite of everyone's best intentions, this amendment will provide an opportunity during a 90-day period for the President of the United States to take a close look at whatever violations have been alleged and then certify as to whether or not these in fact have been violations and then if necessary and if appropriate and if the House decides further that it is appropriate, then obviously aid to the PA will begin.

Mr. CALLAHAN. Mr. Chairman, I yield back the balance of my time.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New Jersey [Mr. SAXTON].

The amendment was agreed to.

□ 2215

Mr. HASTERT. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I ask the gentleman from Alabama if he would join with me in a colloquy.

Mr. Chairman, the gentleman from Indiana [Mr. SOUDER] had a proposal to earmark $50 million of INL moneys to purchase four Blackhawk utility helicopters for the Colombian National Police as well as provide a maintenance and support package in order to further the war against drugs, in this case specifically heroin.

Without this added lift capacity the UH–60's will provide the Colombian National Police, they cannot eradicate opium at the high elevation of the Andes Mountains. Colombian heroin is killing our kids. It does not require precursor chemicals, it does not require big labs, and it is nearly impossible to interdict since it comes in deadly one-kilo packages, one at a time and one carrier at a time.

Mr. Chairman, the Colombian National Police have been awarded the Human Rights Watch seal of approval for their respect for human rights and I would ask if the chairman would give me the assurance that he will work with me and others to ensure that this issue is raised in conference; and we are looking for an earmark of $50 million, if that is possible, made available for this purpose.

Mr. CALLAHAN. Mr. Chairman, will the gentleman yield?

Mr. HASTERT. I yield to the gentleman from Alabama.

Mr. CALLAHAN. Mr. Chairman, I will be happy to work with the gentleman on this important issue, and I will personally raise this issue in conference and press for support of the acquisition of these helicopters for the government of Colombia's national police to fight narcotics.

Mr. GILMAN. Mr. Chairman, will the gentleman yield?

Mr. HASTERT. I yield to the gentleman from New York.

Mr. GILMAN. Mr. Chairman, I thank the gentleman for yielding to me, and I wanted to associate myself with the remarks of the gentleman from Illinois [Mr. HASTERT], a dedicated drug fighter. I cannot think of a more appropriate use of State INL money than for utility helicopters for the courageous, dedicated Colombian National Police.

They are professional law enforcement officers who sorely need this equipment to fight drugs at their source, especially the opium crops in the Andes, opium from which heroin is derived and which is nearly impossible to interdict in small quantities, for example, one kilo at a time in which it is trafficked.

Eradicating it in the high Andes in the opium stage is the key to combating the new heroin crisis which we are facing from Colombia today, and I urge my colleagues to support the gentleman's proposal.

Ms. PELOSI. Mr. Chairman, will the gentleman yield?

Mr. HASTERT. I yield to the gentlewoman from California.

Ms. PELOSI. Mr. Chairman, I am pleased that the gentleman will yield. However, he may not be happy when he hears what I say.

The distinguished chief deputy majority whip knows the high esteem in which I hold him, so I very regretfully oppose the provision for an additional $50 million for the Blackhawk helicopters. Despite the chairman's remarks, I would not be supportive of that in conference.

I very strongly opposed the rule that left the language on human rights unprotected with respect to narcotics-related assistance, and have serious concerns about that entire issue, and regretfully oppose the $50 million for the Blackhawks.

Mr. HASTERT. Mr. Chairman, reclaiming my time, I thank the gentlewoman for her comments, but I disagree with her.

And, Mr. Chairman, I submit for the RECORD the endorsement of the Human Rights Watch for the Colombian National Police and the work that they do, and would just remind the gentlewoman from California that heroin, which these helicopters would be used to eradicate, is in the high Andes. There is no other way to get there. They cannot get in there with the Huey helicopters the Colombia police use today, and this, in fact, is their only egress to get into that area.

I would certainly think that this is a credible thing, and appreciate the chairman engaging in this colloquy.

Ms. PELOSI. Mr. Chairman, will the gentleman yield?

Mr. HASTERT. I yield to the gentlewoman from California.

Ms. PELOSI. Mr. Chairman, I want to associate myself with the remarks of the gentleman. When I spoke earlier on the point of order on removing the language from the bill, I made the distinction between the Colombian military and the national police. Indeed, I do not oppose the support that we give to the Colombian police in the fight against narcotics.

Mr. HASTERT. Mr. Chairman, reclaiming my time, I would just remind the gentlewoman from California that this is the Colombian National Police.

Ms. PELOSI. Mr. Chairman, if the gentleman will continue to yield, I understand that. That is why I was saying that I agree with the gentleman on the characterization he made about the police. It was not about them, it was about the Blackhawks.

Mr. HASTERT. Mr. Chairman, the extraneous materials I referred to are submitted for the RECORD in support of this colloquy, as follows:

Date: 07/16/97.
Time: 02:28:07 pm
To: International Relations, John Mackey.
Fax No: 2022252035.

DEAR JOHN: This is a statement we made today in Colombia regarding US military aid to fight drugs. In it, we state very clearly that we are not opposing aid to the Anti-Narcotics Police because of their good human rights record, but continue to oppose aid to the Army (point 7).

Mark can probably parse out the Spanish for a quick read, but I'd be happy to give you the exact wording in English if you need it.

You're fully welcome to refer to this as the HRW "Seal of Approval" for police aid, if you wish. Hang onto it—it doesn't come often!

Best,

ROBIN KIRK,
Research Associate.

The UH-60L Blackhawk "Utility" Helicopter will provide the Colombian National Police with:

1. Increased range.
2. Increased speed.
3. Increased lift capability.
4. Increased operational hours.
5. A demonstrated capability to operate in the higher altitudes of the Andean mountain range to eradicate opium poppies.
6. Improved crew survivability in high threat environments.

The overall superiority of the UH-60L Blackhawk helicopter vs. the UH-1H 'Huey' helicopter is without question. The 'Huey' is today an almost obsolete airframe in comparison to the "Blackhawk".

H.R. 2159

OFFERED BY: MR. SOUDER

AMENDMENT NO. 74: Page 16, line 25, after "$625,000,000" insert "(decreased by $50,000,000)".

Page 23, line 26, after "$230,000,000" insert "(increased by $50,000,000)".

H.R. 2159

OFFERED BY: MR. SOUDER

AMENDMENT NO. 75: Page 24, line 16, insert before the period the following: ": *Provided further*, That not less than $50,000,000 shall be available only for the procurement in the United States of four UH-60 Blackhawk utility helicopters, including maintenance and support for such helicopter, to be made available to the DANTI anti-narcotics unit of the Colombian National Police for the purpose of carrying out counternarcotics activities".

AMENDMENT OFFERED BY MR. MCGOVERN

Mr. McGOVERN. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment No. 5 printed in House Report 105–184 offered by Mr. MCGOVERN:

At the end of the bill, insert after the last section (preceding the short title) the following new section:

SENSE OF THE CONGRESS RELATING TO INTERNATIONAL ADOPTION LAWS AND PRACTICES OF PARAGUAY

SEC. 572. It is the sense of the Congress that the President and the Secretary of State should use all opportunities and means to express directly to all appropriate officials of the Government of Paraguay that—

(1) the United States respects and supports the commitment of the Government of Paraguay to reform its laws and practices regarding international adoptions;

(2) the pending international adoption cases filed by United States families at or prior to the establishment by the Government of Paraguay of a moratorium on international adoptions, including the 11 adoption cases commonly referred to as the "window of opportunity" adoption cases, should be allowed to continue and complete the adoption process in a fair, unbiased, and timely fashion;

(3) such United States adoption cases should be determined on the basis of the two key tenets for international adoption in Paraguay, namely the fitness of the petitioning family to be parents and what is in the best interests and welfare of the child; and

(4) any international adoption reform legislation approved by the Government of Paraguay should allow such United States adoption cases to complete the adoption process.

The CHAIRMAN. Pursuant to the order of the House of Thursday, July 24, 1997, the gentleman from Massachusetts [Mr. MCGOVERN] and a Member opposed each will control 5 minutes.

The Chair recognizes the gentleman from Massachusetts [Mr. MCGOVERN].

Mr. McGOVERN. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, an urgent situation confronts American families attempting to adopt children from Paraguay. In September 1995 the Government of Paraguay imposed a moratorium on all international adoptions so that it might reform its laws and regulations and clean up the corruption that had so plagued the system.

Many U.S. families were caught in various stages of the adoption process at the time the moratorium was imposed. It has been 23 months since the moratorium was imposed, and over three dozen American families still find their petitions for international adoptions pending.

While our Embassy personnel in Paraguay have been sympathetic to these families, not once has the Paraguayan Government heard from our highest officials about the right of these United States families to receive fair, timely due process. Not once have they expressed concern for the welfare of these children. This amendment seeks to ensure that such communication take place.

Let me be very clear, Mr. Chairman. This amendment means no disrespect for Paraguay and, indeed, expresses support for its reform process. This amendment is aimed at moving the highest officials of our own Government to speak out on behalf of these families and to do it quickly, before all hope is lost.

One of these families caught in the moratorium, Donald and Elaine Berube, live in Seekonk, MA, and hope to adopt a little girl. Three years ago they successfully adopted a little boy from Paraguay. They want to provide him with a baby sister of similar heritage.

Since they were familiar with the Paraguayan adoption process, and had already been approved once as desirable parents by the Paraguayan courts, they chose to return to Paraguay in 1995 and file for the adoption of a little girl. A few months later the moratorium was imposed, and for the Berubes, the judicial process in Paraguay turned into an emotional nightmare.

Like all the American families, the Berubes have struggled to have their case proceed through the Paraguayan courts in a fair and unbiased manner. They have always acted in a manner respectful of the Paraguayan system, and in return they have been subjected to delays, arbitrary rulings, appeals and what often appears to be anti-American bias and prejudice on the part of the Paraguayan press, courts, and some of the judges.

After reviewing their case and others, it appears to me that the Berubes and all of these families have been subjected to special scrutiny, with government attorneys and judges searching for every and any reason to deny these cases the possibility of proceeding.

For nearly 2 years the Berubes have bonded with the little girl they hope to adopt. They are deeply concerned about her health and her welfare. At 20 months she weighs less than 17 pounds, a victim of neglect she has experienced at the hands of the Paraguayan state and agencies. I firmly believe that without the direct involvement of United States officials at the very highest levels, these cases will proceed no further and all these children will be doomed to lives of neglect.

Mr. Chairman, these children need families, they need love, and they need a healthy environment where they will be well-nourished physically, emotionally, and spiritually.

I hope this amendment will be viewed by all Members of the House as noncontroversial. I urge my colleagues to support it, and I would also like to thank the chairman, the gentleman from Alabama [Mr. CALLAHAN] for his support and generosity in allowing this issue to come forward for debate.

Mr. Chairman, I yield the balance of my time to the gentleman from Wisconsin, Mr. JAY JOHNSON.

Mr. JOHNSON of Wisconsin. Mr. Chairman, I rise tonight in support of the McGovern amendment, in support of the children of Paraguay and the families in my district and across the United States, like those in Mr. McGovern's district, like those in my district and many other places who are trying to adopt these children.

The Jandourek and Pappas families in my district have experienced firsthand similar trials and hardships in trying to adopt children from Paraguay.

The Pappas family has been trying to adopt a young girl from Paraguay since May 1995. They have faced roadblocks from agents, lawyers, and the courts, claiming irregularities in the case. They may not be able to adopt. I am told the young girl they are trying to adopt has just turned 3 years old. Almost 3 years of waiting, not knowing about her future.

The Jandourek family has experienced similar difficulties. They are just beginning their efforts.

Mr. Chairman, I urge my colleagues to support this amendment and help address some of the difficulties that not only families in Wisconsin are having, but the difficulties families across the United States are experiencing in trying to adopt children from Paraguay. These families have waited long enough. I ask for my colleagues' support of adopting families and the children of Paraguay. Adopt the McGovern amendment.

Mr. MATSUI. Mr. Chairman, I rise in strong support of the McGovern amendment. I believe it is critical that the Congress make its voice heard on the difficult situation facing a number of American families attempting to adopt children in Paraguay.

Among these families are Richard and Donna Moser, who reside in my district. some 26 months ago, in May 1995, the Mosers began their efforts to adopt a Paraguayan child. On September 18 of that year, the Government of Paraguay imposed a moratorium on international adoptions in order to reform its laws in this area. Like other families with adoption cases pending when the moratorium took effect, the Mosers have since faced a seemingly endless series of hurdles and delays in their efforts to complete the adoption process.

The language of this amendment makes it quite clear that no Member of this body is questioning the absolutely legitimate efforts of the Paraguayan Government to reform its laws governing international adoptions. The supporters of this amendment are merely asking that cases initiated prior to the moratorium, including the so-called window of opportunity cases, will be allowed to proceed without delay under the current legal situation and within the provisions of any forthcoming new adoption law in Paraguay.

As my colleagues can imagine, the families who have persevered through the very halting and uncertain process since the moratorium was announced have made tremendous commitments of their time and emotional energies. They have a right to expect a reasonable, comprehensible adoption process. The children these families seek to adopt face great hardships in Paraguay. They too deserve to have fairness prevail here.

By passing this amendment, the Congress is making a plea to the Government of Paraguay on behalf of this very limited group of families seeking the right to finish a process that they could not possibly have anticipated would be so terribly arbitrary when they chose this path. I believe we are also sending a message to the U.S. State Department that this issue merits and requires the highest level of attention. I urge my colleagues to join in making this greatly needed statement.

Mr. SAXTON. Mr. Chairman, I rise in strong support of the amendment offered today by my colleague from Massachusetts, Mr. McGOVERN. I would like to thank Mr. McGOVERN for offering this amendment and I would like to thank Chairman CALLAHAN for his strong support for allowing this amendment to come to the floor.

This amendment will help families in America who have sought international adoptions from Paraguay.

Let me take a quick moment to express how important this is, especially to the children waiting to be adopted. A family from Berlin, NJ, Lori and Ira Bussison have been working to adopt a child named Alex since his birth almost 3 years ago.

Despite the fact that Alex's biological father abandoned his mother during her pregnancy and his biological mother placed the child up for adoption immediately after giving birth, the Paraguayan court system refuses to let this adoption to become finalized.

While Lori and Ira remain hopeful, each time it seems like Alex will be allowed to come to America with his new parents, the family is told of another unknown technicality preventing this adoption from becoming finalized.

Recently, Lori spend 3 months living with young Alex in a hotel, thinking the adoption case would soon be finalized. Heartbreakingly, when it became apparent that the court system would continue to stall, Lori, financially drained, had to return to America without Alex yet again.

We must look at the best interest of the family and especially the children. A boy like Alex deserves loving parents like Lori and Ira. Passage of this amendment will show that the U.S. Congress cares about these families and is willing to do its part in finalizing these adoption cases.

I strongly support the McGovern amendment.

Mr. PAPPAS. Mr. Chairman, I rise in support of the McGovern amendment. In my own district, a physician and his wife, fully qualified to love and support a child, having been waiting for almost 2 years for the process to be finalized so they can bring their adopted son home to New Jersey. During this time, one or the other of these parents has been in Paraguay with the child to nurture and care for him, causing great disruption and expense to their family in New Jersey.

Inappropriate and frustrating delays coupled with procrastination by officials in Paraguay have turned the joyful and rewarding experience of adopting a child into a problem of enormous and unnecessary proportions. I would hope that the Government of the United States, and the Government of Paraguay working together will be able to quickly work through the maze of regulations and make it possible for all the children waiting to finally be welcomed by loving families. Let's stop being bystanders, and become an active part of the process which will help these adoptions be complete.

I would like to thank the gentleman from Massachusetts on his leadership on this issue and I urge every Member to support this amendment. Let's prove we are a family-friendly Congress and Nation and support adoption of children in Paraguay.

I thank the chairman and I yield back the balance of my time.

Mr. TIERNEY. Mr. Chairman, I thank my good friend and colleague from Massachusetts for offering this amendment. Mr. Chairman, I have tremendous respect for countries such as Paraguay that make significant efforts to improve their government. I understand that Paraguay is making strong efforts to reform its adoption laws.

However, there are instances when their judicial system seems not to be providing objective due process to international adoptions despite the fact that applicants are doing everything in their power to pursue these applications legally.

Mr. Chairman, I have a constituent named Maria Saiz who has been trying desperately for 2 years to adopt a little girl named Sara. She has done everything possible and legal in her control and still receives unfounded excuses for why the process has not gone forward favorably.

I am happy to report now that the case has been re-routed to the lower courts for further processing, but we have no guarantee of how that will result.

Mr. Chairman, this amendment strongly articulates the respect that the United States has for Paraguay's efforts to reform its laws, but at the same time, it sends a clear message that the courts should fairly determine these United States adoption cases based on the fitness of the petitioners as parents and the best interest of the child only.

We must participate in these efforts with the hope that soon these children can be adopted by loving parents. I urge my colleagues to vote for the McGovern amendment and I yield back the balance of my time.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Massachusetts [Mr. McGOVERN].

The amendment was agreed to.

Mr. LAZIO of New York. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I had prepared an amendment to reduce foreign aid to Egypt, but I will suspend that for a moment.

I have serious concern about the objectives and the part Egypt has been playing in terms of its constructive role in the peace process in the Middle East. Egypt, as we know, has been historically a partner in the pursuit of peace in the Middle East, but its recent actions have run contrary to our interests.

First, Egypt openly advocated for Libya, a well-known terrorist state. It urged the U.N. Security Council to accept Lybia's request to try the Pan Am 103 bombing suspects in front of an international tribunal. That is opposed to the United States policy.

Second, Egypt is openly encouraging cutbacks to the economic and trade sanctions imposed on Libya in 1992. Egypt permitted Colonel Qaddafi to fly into Egypt and attend an Arab League summit in Cairo, in open violation of the United Nations ban on Libyan air travel. Terrorists will never respond to sanctions such as isolation if our allies assist Colonel Qaddafi in participating in such a pivotal meeting.

Third, Egypt acted as host of the June 1996 Arab League summit. That meeting provided a platform for Arab leaders opposed to peace to threaten the halt of normalization of relations between Israel and the Arab countries wanting peace.

Fourth, Egypt, as the leading Arab country, has taken an inappropriately active role in lobbying other Arab States to slow the normalization of their ties with Israel. Over the last few years, Cairo has hosted several meetings with one common aim: The isolation of Israel. Egypt even supported the renewal of the boycott of Israel at the April 1997 meeting of the Arab League.

Fifth, in March of this year, Egypt was the only country to block an important United States proposal. We were trying to bypass the U.N. Security Council condemnation of Israel's construction of a Jewish neighborhood in Har Homa. Once again, Egypt's position directly conflicted with our Nation's policy.

And, finally, earlier this month Egypt led an effort to propose a U.N. resolution that threatened Israel's participation in the U.N. General Assembly. This is one of a series of resolutions introduced this year which attempts to isolate Israel and slow the peace process in the Middle East.

To say the least, Egypt's efforts to create momentum and revitalize negotiations between Israel and the Palestinians have not been consistent. Egyptian public statements that call into question the peace process encourage radical Palestinians to harden their Hebron negotiating position.

For example, last October, when violence erupted in the West Bank, President Mubarak was the only leader to decline the President's invitation to attend a summit in Washington. That summit put the peace process back on track and reduced the violence in Israel.

While Egypt has been, and certainly may remain a strong ally in the Middle East, recent actions undercutting their support for peace are alarming. Reducing foreign aid to them will emphasize that the United States Congress expects Egypt to play a constructive and positive role in the Middle East, a role which ensures security for Israel and durable peace and prosperity for the entire region.

Mr. GILMAN. Mr. Chairman, will the gentleman yield?

Mr. LAZIO of New York. I yield to the gentleman from New York.

Mr. GILMAN. Mr. Chairman, I thank the gentleman for yielding to me, and I want to take the opportunity to thank the gentleman from New York for expressing his concern about Egypt and its relationship with our Nation and with Israel, and its involvement in the Middle East peace process and other regional concerns of critical United States interest.

During consideration of our foreign aid bill, our House Committee on International Relations included language which spoke to the growing disappointment among Members of Congress regarding Egypt's activities in a broadening spectrum of issue areas, some of which the gentleman has already recited here tonight.

That language reiterated that Egypt's assistance, of which $1.3 billion is military assistance and $850 million is economic assistance, is based upon its implementation of the Camp David Accords, notably establishing relationships with Israel that are normal to states at peace with each other, and found Egypt's fulfillment of these obligations disappointing.

□ 2230

Many Members of Congress believe that future assistance to Egypt should, therefore, be predicated on Egypt's full implementation of its campaign obligations and promotion of peace with Israel and other critical United States interests.

And while I have been informed that the gentleman from New York [Mr. LAZIO] may consider withdrawing his amendment, he can be certain that we share many of his concerns that our Committee on International Relations will continue to closely monitor Egypt's performance on a wide variety of issues that he raised. And I thank the gentleman from New York [Mr. LAZIO] for raising these issues before us this evening.

Mr. LAZIO of New York. Mr. Chairman, reclaiming my time, I thank the gentleman from New York [Mr. GILMAN], the distinguished chairman of the Committee on International Relations, and based on the gentleman's representations, I will not offer this amendment.

But I do want to reiterate the strong concerns that many Members of Congress have, including this Member, about Egypt's actions and the lack of engaging in a constructive role in the Middle East and that the foreign aid account should not be considered sancrosanct when it comes to considering this issue.

AMENDMENT NO. 73 OFFERED BY MR. MENENDEZ

Mr. MENENDEZ. Mr. Speaker, I offer an amendment.

The CHAIRMAN. Is the amendment printed in the RECORD?

Mr. MENENDEZ. Yes, Mr. Chairman, it is.

The Clerk read as follows:

Amendment No. 73 offered by Mr. MENENDEZ:

At the end of the bill, insert after the last section (preceding the short title) the following new section:

SEC. 572. None of the funds appropriated or otherwise made available by this Act under the heading "NONPROLIFERATION, ANTI-TERRORISM, DEMINING AND RELATED PROGRAMS" that are made available for the International Atomic Energy Agency shall be made available for programs and projects of such Agency in Cuba.

Mr. MENENDEZ (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

Mr. MENENDEZ. Mr. Chairman, my amendment seeks to limit the use of U.S. taxpayer dollars to the International Atomic Energy Agency for programs and projects in Cuba. Over the next 3 years, Cuba will receive more than $1.7 million from the IAEA, even though Cuba has continuously refused to sign the Treaty on Non-Proliferation of Nuclear Weapons, ratify the Treaty of Tlatelolco, negotiate full-scope safeguards or incorporate internationally accepted nuclear safety standards.

In addition to those glaring aberrations, the Castro dictatorship has decided that a dangerous Soviet-era nuclear plant in Juragua, near Cienfuegos, Cuba, should be completed and operated. Already the IAEA has provided nearly $700,000 to Cuba to support the Juragua Nuclear Power Plant.

A letter to me from President Clinton stated that:

> The United States opposes the construction of the Juragua nuclear power plant because of our concerns about Cuba's ability to ensure the safe operation of the facility and because of Cuba's refusal to sign the Nuclear Non-proliferation Treaty or ratify the Treaty of Tlatelolco.

The State Department, the Nuclear Regulatory Commission, and the Department of Energy have also expressed concerns about the construction and operation of Cuba's proposed nuclear reactors.

Dr. Edward Purvis, who headed the United States Department of Energy's investigation of Cuba's reactors has this to say:

> An accident in the Cuban VVER-440 is probable. It is just a question of when. I don't know if they are the most dangerous reactors in the world, but they are the most dangerous reactors anywhere close to the United States.

In a report to Congress, the General Accounting Office outlined concerns among nuclear energy experts about deficiencies in the Cienfuegos nuclear plant project. They included: A lack in Cuba both of a nuclear regulatory scheme and an adequate infrastructure to ensure the plant's safe operation, maintenance, and adequate training of program operators.

Reports by a former technician from Cuba who, by examining with x rays, weld sites believed to be part of the auxiliary plumbing system for the plant, found that 10 to 15 percent of those were defective. This technician, Mr. Jose Oro, was quoted as saying, "The operation of this reactor will be criminal. The construction was being performed in a completely negligent manner."

According to the U.S. Geological Survey, the Caribbean plate, where this reactor sits, is in fact subject to seismic risks to Cuba in the reactor cite and may produce large to moderate earthquakes and in fact may produce large to moderate earthquakes. In fact, on May 25, 1992, the Caribbean plate produced an earthquake numbering 7 on the Richter scale.

Finally, I would like members who are from the State of Texas, Louisiana, Arkansas, Mississippi, Alabama, Florida, Georgia, Tennessee, South Carolina, North Carolina, Maryland, Virginia, and here in Washington, DC, to consider the following: We are talking about in those States over 80 million Americans, Mr. Chairman, almost one in three Americans to my right on this chart.

According to a study by the National Oceanic and Atmospheric Administration, summer winds could carry radioactive pollutants from a nuclear accident at the power plant throughout all of Florida and parts of the States on the gulf coast as far as Texas and northern winds could carry the pollutants as far northeast as Virginia and Washington, DC. Many more states would be affect in the time.

So we should point out that this is not a question of nuclear safety where we might be interested in supporting the IAEA here, because there is at present no nuclear material at the Juragua power plant. But what the IAEA is doing is preserving the plant so that construction can be renewed at a point in time in which Cuba acquires sufficient financing a plant that we have said that we do not want a plant, that the President has said he is concerned about a plant, that the GAO says that does not make any sense and is a risk and that the National Oceanic and Atmospheric Administration says is a risk.

So the question is whether or not you believe that the United States taxpayer dollars should be supporting the preservation of this dangerous plant with our tax dollars, particularly whether Cuba will likely never have the resources to complete it and if it did would pose a very serious national security threat to the United States.

I believe it is in our national interest not to be having resources go in this way. If there was a plant that was up and running and a plant that we said did not pose a threat to us, yes, let us have the IAEA produce the opportunity for oversight but let us not give them money to mothball a plant that we never want to see take place in the first place.

I hope that the committee will accept the amendment, and certainly I ask my colleagues to support it.

Ms. PELOSI. Mr. Chairman, I move to strike the last word.

Mr. Chairman, our distinguished colleague, the gentleman from New Jersey [Mr. MENENDEZ] said at the end of his remarks that he understands that the committee will accept the amendment, and that is my understanding as well. But I would like to just take a moment to put a couple of observations on the RECORD without commenting on the Committee's rule.

My colleagues, I understand your preference to shut down the IAEA's activity in Cuba. As we know, that is not necessarily achieveable by simply cutting off U.S. participation. The IAEA functions as an international body with contributions from many sources, and consequently its program decisions are not made by the United States alone.

I do not necessarily disagree with the gentleman from New Jersey [Mr. MENENDEZ] on the issue of renewing the construction of the power plant in Cuba. I oppose that in fact, and the U.S. opposes that. In fact, the United States has regularly pleaded with our allies not to help Cuba revive this project. So far, that effort has succeeded.

Unilateral efforts such as this pose a problem for us in achieving our credibility in achieving our goal in these multilateral, multinational bodies. I am concerned, therefore, how this action would affect our credibility with the IAEA on other matters. For years the United States, at the urging of Congress, fought with other nations who were attempting to exclude Israel from IAEA.

Our point was that an international organization was unfair to single out one country for discriminatory treatment. This amendment puts us in a position of doing that. We are presently depending on the work of the IAEA to be the eyes and ears of the world when it comes to monitoring the activities of North Korea, Iraq, and other countries that we might not consider to be within the realm of countries that are operating in a way with respect for their citizens. We are counting on the IAEA to be the eyes and ears, as I said, with respect to nuclear programs.

The U.S. has a vital stake in this ongoing work, and we should not jeopardize that. That is why I want to put on the RECORD my concern for passing unilateral prohibitions such as this one. It puts us in an uncomfortable position when comes to influencing IAEA or countries like North Korea, where vital U.S. interests are also at stake.

So, as I say, I am not disagreeing with the gentleman from New Jersey [Mr. MENENDEZ] on the substance of his amendment, but I do in terms of my responsibilities to the subcommittee and our other activities want to put some of these concerns on the RECORD.

Mr. MENENDEZ. Mr. Chairman, will the gentlewoman yield?

Ms. PELOSI. I yield to the gentleman from New Jersey.

Mr. MENENDEZ. Mr. Chairman, I appreciate the statements of the gentlewoman from California [Ms. PELOSI] and I appreciate her support, notwithstanding her concerns. I just want to address her concerns and say that it is my understanding that in all years except one, actually this was written into the law up to 1994, and subsequently to that, we have sought through amendments to do what in fact we are doing here again tonight; and that has not in any way created a difficulty for us as a country with the IAEA.

As a matter of fact, we made contributions to what they call a special account that in fact is directly for this purpose. So I think that we will continue to have a good relationship with the IAEA, we will continue to make sure that they provide for nuclear safeguards and in many places throughout the world in which they do excellent work, but still send a very clear message that we do not want this power plant.

I appreciate the concerns of the gentlewoman from California [Ms. PELOSI].

The CHAIRMAN. The question is on the amendment offered by the gentleman from New Jersey [Mr. MENENDEZ].

The amendment was agreed to.

AMENDMENT NO. 12 OFFERED BY MR. ROHRABACHER

Mr. ROHRABACHER. Mr. Chairman, I offer an amendment.

The CHAIRMAN. Has the amendment been printed in the RECORD?

Mr. ROHRABACHER. Yes, Mr. Chairman, it has.

The Clerk read as follows:

Amendment No. 12 offered by Mr. ROHRABACHER:

At the end of the bill, insert after the last section (preceding the short title) the following new section:

PROHIBITION OF ASSISTANCE TO CAMBODIA

SEC. . (a) None of the funds appropriated in this Act may be made available to the Government of Cambodia.

(b) None of the funds appropriated in this Act for the International Development Association, the International Monetary Fund, or the Asian Development Bank may be used for any loan to the Government of Cambodia.

Mr. ROHRABACHER (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. ROHRABACHER. Mr. Chairman, the amendment that I am offering is a second amendment we have had tonight on Cambodia. It is a bit tougher than the last amendment. Although I appreciate the efforts of the gentleman from Nebraska [Mr. BEREUTER] in the last amendment.

The reason why my amendment is a bit tougher than the last one is that it puts the United States Congress on record as supporting the denial of any funds that are appropriated by this act for international lending institutions, such as International Monetary Fund and Asian Development Bank.

This measure is essential. Because, while direct United States foreign aid is a small portion of the Cambodian regimes, and we are now talking about a rogue Cambodian regime, international donations account for half of that government's revenues. It is essential that the dictator, the strongman there, Hun Sen, realize that American representatives to these lending institutions are being directed by Congress to press for withholding of these funds. Even if the prohibition of these funds is not immediately possible, at least our people will be making the case. And if abuses in Cambodia continues, the U.S. position will be strengthened.

Thus, I would ask my colleagues to join me in supporting this amendment, which, as I say, is a bit tougher and sends a message that we are not going to permit aid to come through the back door to this gangster that shot his way into power and who has brutally murdered his opposition. We are taking a tough stand on Cambodia, and that is exactly what we should do, to send a message that we want a return to democracy and we are not going to be supportive of that regime until the regime goes back on track toward a Democratic election in May.

Ms. LOFGREN. Mr. Chairman, will the gentleman yield?

Mr. ROHRABACHER. I yield to the gentlewoman from California.

Ms. LOFGREN. Mr. Chairman, I thank the gentleman from California [Mr. ROHRABACHER] for yielding.

Mr. Chairman, I rise in support of the Rohrabacher amendment. I really believe that on both sides of the aisle we are of one mind on the outrage that is going on in Cambodia. We want to take a strong stand. I appreciate the Bereuter amendment, and I support this further step.

I understand, I am not a member of this committee, that the Bereuter amendment, comments on it might be technically correct. But I think this takes a stand, as my colleague has noted, the international community, in addition to this Congress, needs to stand up for human rights and for democracy and against a repeat of the killing fields in Cambodia.

In addition to this, I hope that our administration is listening tonight so that they may take those steps necessary to rally around the international community, our allies that are also contributing that half of revenue into Cambodia. We need to act internationally to prevent an even greater disaster that has yet occurred and to insist that civility be returned to Cambodia, that democracy exist in that country, and that we will stand by those Cambodians who have risked their lives and their families and the lives of their families in behalf of freedom.

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Mr. ROHRABACHER. Reclaiming my time, I appreciate the efforts of the gentleman from Nebraska [Mr. BEREUTER], I appreciate the support of others on the committee. This is a truly bipartisan effort as are most of the human rights efforts made in this Congress, and ever increasingly made in this Congress.

My bill is a bit tougher than the other amendment that has been offered regarding American support to Cambodia. It is tougher because it puts Congress on record of supporting the denial of U.S. funds appropriated in this act for international lending institutions, such as the International Monetary Fund and the Asian Development Bank. This measure is essential because while direct United States foreign aid is a small portion of the regime's funding, international donations account for half of the Government of Cambodia's revenues. It is essential that Hun Sen realize that American representatives to these lending institutions will press for withholding of these funds, even if the prohibition of these funds is not immediately possible. If abuses in Cambodia continue the United States position will be strengthened.

This provision was requested by exiled members of the elected Cambodian Government, by many members of the Cambodian-American community and in consultation with Steven Solarz, the Clinton administration's special envoy for Cambodia.

It is my intention that funding be restored after a democratic government constituted through the framework of the 1991 Paris accords is restored, including: the return of all elected members of government and leaders of democratic opposition parties currently in exile to safely campaign for a free and fair election; the disbanding of all private armies and militias; the creation of national election laws and an independent judiciary system; and certification by the President that adequate safeguards are in place to assure free and fair elections, including penalty provisions for any further abuses.

Ms. PELOSI. Mr. Chairman, will the gentleman yield?

Mr. ROHRABACHER. I yield to the gentlewoman from California.

Ms. PELOSI. Because the hour is late, I thank the gentleman for yielding, and I thank him for his leadership on this important issue. I once again reiterate my support for the gentleman's amendment. I thank the gentlewoman from California for her leadership as well.

The CHAIRMAN. The question is on the amendment offered by the gentleman from California [Mr. ROHRABACHER].

The amendment was agreed to.

Mr. FOX of Pennsylvania. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I would like to engage the chairman's assistance for NATO expansion. It is my understanding that this bill contains funds for new countries to join NATO at the invitation of the organization this summer in Madrid.

Mr. CALLAHAN. Mr. Chairman, will the gentleman yield?

Mr. FOX of Pennsylvania. I yield to the gentleman from Alabama.

Mr. CALLAHAN. The answer is yes.

Mr. FOX of Pennsylvania. Under this provision, Mr. Chairman, are the funding levels adequate for these new countries to join NATO and to maintain NATO standards, in the gentleman's opinion?

Mr. CALLAHAN. The answer is once again yes.

Mr. FOX of Pennsylvania. Further, Mr. Chairman, do we have the chairman's assurance that he will support and protect this provision in conference and do everything in his power to follow through from the Madrid conference and make sure that these same new countries will be asked to join and will be helped in maintaining complete NATO standards?

Mr. CALLAHAN. Yes.

Mr. FOX of Pennsylvania. Mr. Chairman, I thank the gentleman from Alabama [Mr. CALLAHAN] very much. As the chairman of the committee, I want to thank the gentleman for his leadership, for the time and assistance he has given to this and other issues important to our country in our international relations. I would like to add that I wholeheartedly support this program and will take all measures necessary to see that we do invite the nations chosen in Madrid to join NATO at the earliest possible date and that we continue to invite new NATO members in the future.

Mr. COX of California. Mr. Chairman, I move to strike the last word.

Mr. Chairman, the administration's stated intention in funding KEDO was to gain international monitoring and supervision of North Korea's nuclear program and specifically to assist in preventing North Korea from developing nuclear weapons. A further goal of the Clinton administration's support for KEDO was to require North Korea to submit to third-party inspection of its nuclear facilities, to provide an accounting for its plutonium stocks, particularly any highly enriched weapons-grade plutonium, and to minimize the future production of weapons-grade plutonium from its nuclear power plants. I would ask the chairman whether that is the committee's understanding.

Mr. CALLAHAN. Mr. Chairman, will the gentleman yield?

Mr. COX of California. I yield to the gentleman from Alabama.

Mr. CALLAHAN. Yes, that is my understanding, and I think the committee as well, that these were the stated intentions of the administration when they requested funding for KEDO.

Mr. COX of California. I thank the chairman. I wonder if I might inquire whether it is the chairman's further understanding that KEDO is assuming substantial debts with some estimates that these debts total over $40 million?

Mr. CALLAHAN. Yes, I am very much concerned about the reports that KEDO has been accruing large debts to support the purchase of heavy fuel oil for North Korea which are well above the funds made available by appropriations by the Congress for this purpose. The information that the gentleman has furnished me is very disturbing to me.

Mr. COX of California. I thank the chairman once again.

Mr. Chairman, an amendment to strike the funding in the bill for KEDO was made in order. My amendment was prompted by reports that North Korea has in fact developed nuclear weapons, that it has thus far failed to permit third-party inspections of its nuclear facilities adequate to account for its stocks of highly enriched weapons-grade plutonium and that KEDO has sought to borrow funds in excess of its direct international funding. Since the committee's inclusion of KEDO funding is premised on the administration's representations about these very matters, I once again inquire, will the chairman be willing to revisit the provision of this bill at a future date if the reports to which I have referred prove to be true?

Mr. CALLAHAN. The committee's understanding is that the administration's intention in funding KEDO is to deter North Korea's production of nuclear weapons. If it is confirmed that North Korea has in fact developed nuclear weapons and is continuing to do so, or that North Korea has failed to account to the international community for its plutonium stocks, or that KEDO is engaged in borrowings not anticipated by our original agreement to provide financial support, then yes, I think the committee would indeed wish to revisit our support, because the United States should not provide even indirect support for North Korea's energy programs under such circumstances.

Mr. COX of California. Mr. Chairman, in light of the committee's intention to terminate U.S. funding of KEDO if the original premises are no longer valid, my amendment is rendered unnecessary, and I would withdraw it.

Mr. BEREUTER. Mr. Chairman, will the gentleman yield?

Mr. COX of California. I yield to the gentleman from Nebraska.

Mr. BEREUTER. I thank the gentleman for yielding. I want to compliment him and the chairman on the understanding they have reached. As the chairman of the authorizing subcommittee, I certainly agree with the premises of the gentleman's comments and colloquy from the chairman. I commend the gentleman on it.

Mr. COX of California. I wish in turn to recognize the efforts of the chairman on this very subject and I look forward to working with the gentleman.

Mr. GILMAN. Mr. Chairman, will the gentleman yield?

Mr. COX of California. I yield to the gentleman from New York.

Mr. GILMAN. I thank the gentleman from California for bringing this matter to our attention. While I certainly support food aid to North Korea that the gentleman initially was concerned about, and as long as it is adequately monitored I share the gentleman's concerns about KEDO and will raise this in our Committee on International Relations. I would not support an amendment cutting off food aid but would support the gentleman's concerns about KEDO. I commend the gentleman for raising the issue.

Ms. JACKSON-LEE of Texas. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I would like to enter into a colloquy with the gentleman from Alabama [Mr. CALLAHAN] and the gentlewoman from California [Ms. PELOSI]. I would like to thank the gentleman from Alabama [Mr. CALLAHAN] and the distinguished ranking member for engaging me in this very important colloquy. According to the State Department, Ethiopia's government limits freedom of association and refuses to register several nongovernmental organizations. Societal discriminations and violence against women and abuse of children remain problems. The apparent act of female genital mutilation is nearly universal. Domestic violence including wife beating and rape are pervasive social problems. Nationwide, thousands of criminal suspects remain in detention without charge or trial at the close of 1996. Most often these detentions resulted from the severe shortage and limited training of judges, prosecutors and attorneys.

Mr. CALLAHAN. Mr. Chairman, will the gentlewoman yield?

Ms. JACKSON-LEE of Texas. I yield to the gentleman from Alabama.

Mr. CALLAHAN. Mr. Chairman, I would like to thank the gentlewoman from Texas for once again bringing this very important matter to the attention of the Subcommittee on Foreign Operations, Export Financing and Related Programs of the Committee on Appropriations.

Human rights is important around the world, but it is especially important in Africa. We need to closely monitor Ethiopia's human rights record. I would be very happy to work closely with the gentlewoman to make certain the State Department pursues this issue aggressively and the Government of Ethiopia responds to your concerns.

Ms. JACKSON-LEE of Texas. I thank the gentleman for his kindness and recognizing the very important issue that this is.

Ms. PELOSI. Mr. Chairman, will the gentlewoman yield?

Ms. JACKSON-LEE of Texas. I yield to the gentlewoman from California, the ranking member who has a distinguished record on human rights.

Ms. PELOSI. Mr. Chairman, I thank the gentlewoman for yielding. I want to join our distinguished chairman in thanking the gentlewoman from Texas for her leadership in bringing this matter to the subcommittee's attention and will join our chairman in working with her to monitor the State Department's actions on this. I again commend the gentlewoman for her leadership on this issue.

Mr. GILMAN. Mr. Chairman, will the gentlewoman yield?

Ms. JACKSON-LEE of Texas. I yield to the gentleman from New York and thank the gentleman because we worked so closely together during the authorization period. I thank him for his leadership.

Mr. GILMAN. I thank the gentlewoman from Texas for her longtime interest in Ethiopia and African issues in general. Africa receives far less attention from this body than it deserves. However, I wanted to make certain that we recognize the gentlewoman's efforts on behalf of Ethiopia. The Agency for International Development does take into account human rights issues when it decides on the level of assistance for Ethiopia as it does for other nations in Africa and elsewhere. Ethiopia, of course, does not have a perfect record on human rights issues, but many of its neighbors in Africa and other regions have far worse records and we are not singling them out.

The gentlewoman's raising this issue before this body is worthy of our attention. I want to assure the gentlewoman our committee will continue to monitor the events in Ethiopia. I thank the gentlewoman for her concern.

Ms. JACKSON-LEE of Texas. I thank the gentleman very much. He is very right. Africa must rise very high on our barometer screen and we must recognize the importance of improving their human rights position.

Again I would like to thank both the chairman and the distinguished ranking member. I bring this to the attention of the Subcommittee on Foreign Operations, Export Financing and Related Programs of the Committee on Appropriations and the whole House because I think we must be concerned about how countries treat their citizens if we are doling out the public's money every year. The American people need to know that the maternal mortality rate is extremely high, due in part to food taboos for pregnant women, early marriage, and birth complications related to female genital mutilation. For example, I am particularly interested and concerned about Ethiopia's treatment toward women. It is true that clitoridectomies are typically performed 7 days after birth and excision of the labia and the infibulation are the most dangerous and extreme.

Again I would like to urge the Congress to monitor the human rights record of Ethiopia as it relates to obligating funds for fiscal years 1998 and 1999, and I think collectively we can improve all conditions in Africa and particularly improve conditions in Ethiopia.

Mr. BEREUTER. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I want to thank the chairman, the ranking member and all the staff here this evening for their indulgence. I would like to engage the chairman in a colloquy on two issues.

Mr. Chairman, I would like to thank first of all the gentleman from Alabama [Mr. CALLAHAN] and the subcommittee for its recommendations with respect to international agricultural assistance. This Member is pleased that the committee report recommends continued support for a number of collaborative research support programs and calls for increased support for the agricultural development assistance in USAID's budget. However this Member would request that the chairman of the Appropriations Subcommittee enter into a colloquy to further clarify this matter.

Mr. Chairman, the committee report specifically mentions support for six collaborative research support programs. Certainly all of the CRSP programs make major contributions in helping agrarian-based nations develop their economies and increase their readiness for private investment through their contributions in human resource development, education, training, health and nutrition and in improving the human capital capacity of agricultural research and development institutions.

Mr. Chairman, in addition to the six CRSPs specifically mentioned in the committee report, is it also the committee's intention to support the sorghum millet CRSP and the integrated pest management CRSP in their efforts to promote sustainable agricultural practices in the developing world?

Mr. CALLAHAN. Mr. Chairman, will the gentleman yield?

Mr. BEREUTER. I yield to the gentleman from Alabama.

Mr. CALLAHAN. The response is yes, it is our intention.

Mr. BEREUTER. I thank the gentleman very much. I want to thank the gentleman for his clarification.

On the second matter, Mr. Chairman, I would like to comment on the report of the distinguished Commission on International Trade Development and Cooperation which calls for a funding level of at least $500 million for international agriculture and rural development programs in the USAID appropriation for fiscal year 1998. It seems like a reasonable goal to me, given the importance of the programs to the development of future markets for our U.S. farmers and the need to reverse the decline in these programs at USAID in recent years.

Does the gentleman agree that there has been a relative decline in funds for this important program and that a target of $500 million or a relevant percentage increase in funding would be appropriate over the next several years?

Mr. CALLAHAN. Yes, I do agree that agricultural decline has been too much and that we should work together to establish an appropriate goal consistent with other priorities.

Mr. BEREUTER. Mr. Chairman, that is all I can ask. I do appreciate the distinguished gentleman for his cooperation on this effort and for his effort tonight in general.

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Mr. CALLAHAN. Mr. Chairman, I am sure you will be pleased to hear that we are going to rise.

We thank our entire staff for their patience and their understanding and cooperation that we have received, and I move that the Committee do now rise.

The motion was agreed to.

Accordingly, the Committee rose; and the Speaker pro tempore [Mr. PEASE] having assumed the chair, Mr. THORNBERRY, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 2159), making appropriations for foreign operations, export financing, and related programs for the fiscal year ending September 30, 1998, and for other purposes, had come to no resolution thereon.

EXTENDING ORDER OF THE HOUSE OF MAY 7, 1997, THROUGH SEPTEMBER 10, 1997

Mr. FOX of Pennsylvania. Mr. Speaker, I ask unanimous consent that the order of the House of May 7, 1997, as extended on July 15, 1997, be further extended through Wednesday, September 10, 1997.

The SPEAKER pro tempre. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

SPECIAL ORDERS

The SPEAKER pro tempore. Under the Speaker's announced policy of January 7, 1997, and under a previous order of the House, the following Members will be recognized for 5 minutes each.

THE LAST TIME THERE WAS A BALANCED FEDERAL BUDGET

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Connecticut [Mr. SHAYS] is recognized for 5 minutes.

Mr. SHAYS. Mr. Speaker, I want to kind of catch my breath and to say to you after the budget agreement was passed in this Chamber I went back to my office, and on the back of my chair was this statement. It was from any staff, and I would like to read it.

It said:

> The last time there was a balanced federal budget only four members of your staff were alive. You and your wife Betsy were teaching in the Peace Corps in the Fiji Islands. Your press secretary still had training wheels. Your chief of staff was drinking out of a bottle. Your scheduler had just graduated from high school. Your assistant manager was still using a typewriter. Half a million people were enjoying Woodstock, and John Kasich was probably one them. Richard Nixon was President. Neil Armstrong became the first man to walk on the moon. The Academy Award winner was Midnight Cowboy. The song of the year was Jesus Is Coming Soon. And Newt was getting his Ph.D. We have a lot to look forward to, and we will all benefit from the good work of this House.

Mr. Speaker, this was a momentous day for so many people, and I just want to thank all the staffs throughout this Congress working here in this Chamber, the staffs that work for Members' personal offices, the staffs that work on all our committees for the tremendous work they have done year in and year out to help us get to this day.

TRIBUTE TO TERESA B. STAERK

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Pennsylvania [Mr. FOX] is recognized for 5 minutes.

Mr. FOX of Pennsylvania. Mr. Speaker, I rise tonight to salute a young lady from my district Teresa Staerk who was a very special person and for me a role model. She died suddenly and tragically at 41 this past Saturday. She had great courage and strength. Her honesty and forthright manner were a model for others, her loyalty and generosity, her skill and desire to overcome her own disability to reach out to others in need. She was wheelchair bound, but she did not think of herself as having a disability. She worked for those who were disabled, and she was the pioneer in Pennsylvania for making sure that we had opportunities for transportation and mass transit for those who were in wheelchairs permanently. She worked on making sure that at our train stations we had ramps, that we had bridge plates to get individuals from the ramp into the train. She worked to make sure that our transit systems had chair lifts for especially equipped buses so those who wanted to maintain their mobility and independence could do so. She testified to our State capital in Harrisburg, Pennsylvania to make sure that she was a strong voice for others who could not speak or were not as committed or did not really have the will that she had. She was a very special person. Then she came to Washington do the same thing, to speak out on transit opportunities for the disabled.

She helped everyone, and she really was a trailblazer. Not only did she work to improve mass transit and to help inspire those who have some disabilities, but overcome them like she has, but she worked to organize our Toys for Tots program at our marine base. She worked to help support the Rosalyn Boys and Girls Club in our home county. She also worked to support the Girls and Boy Scouts programs.

She took every stumbling block that life gave her and turned into a stepping stone to help her community but not to help herself. She had a thirst of life that was unquenchable, and she accomplished more in her short 41 years than most people do that are lucky enough to live twice at long.

So I am hoping that those who hear about Terry Staerk and those who have the opportunity to meet her and who will later hopefully read about her life who want to be like her, a cross between Eleanor Roosevelt and Mother Theresa, who had a compassion and a vision, someone who was as selfless as can be and only was happy when we kept on trying.

She did not understand the word no. She used to say to people what part of no do you not understand because she knew that things that were difficult just took longer but never gave up.

So am hoping that her indomitable spirit, which is in the great historic dreams of America, will be lived on by others.

Her mother said at the funeral last night:

> Teresa lived her life day by day, moment by moment. For her each day, each moment, was rich and full despite the obstacles she encountered. This was due not only to her own determination, courage and zest for life, but also to you, those of her family friends. She was a vibrant, beautiful women who was like the wind, free to travel, to learn and to see all that there is to see, and for her dreams that were unfulfilled, I hope that we can continue her dream.

I yield to the gentleman from Connecticut.

Mr. SHAYS. I appreciate the gentleman yielding. Just as I finished my statement on something my staff had written about what was life was like 20 years ago, the staff member said I just returned last night from visiting the wall where there are over 50,000 American soldiers who lost their life in Vietnam, and I could have added that 20 years ago we had soldiers in Vietnam who answered their country's call when the last time we had a balanced budget, and a number of those men who were sent to Vietnam never came back to see the day we have today where we are once again going to have a balance budget, and I thank the gentleman for allowing me that opportunity.

Mr. FOX of Pennsylvania. Mr. Speaker, I appreciate the comments of the very sensitive from the Congressman from Connecticut because we would not have the opportunity to be here in Congress to serve in a great privilege as it is if those people who had not fought in Vietnam and in other wars for this country to give us the right to serve here in peace. So to each of them I salute them and join the gentleman from Connecticut [Mr. SHAYS] in that additional tribute which is very fitting for today and this historic setting.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Members (at the request of Ms. JACKSON-LEE of Texas) to revise and extend their remarks and include extraneous material:)

Mr. DEFAZIO, for 5 minutes, today.

Mr. JEFFERSON, for 5 minutes, today.

Mr. STRICKLAND, for 5 minutes, today.

(The following Members (at the request of Mr. FOX of Pennsylvania) to revise and extend their remarks and include extraneous material:)

Ms. ROS-LEHTINEN, for 5 minutes, on August 1.

Mr. METCALF, for 5 minutes, today.

Mr. SHAYS, for 5 minutes, today.

Mr. FOX of Pennsylvania, for 5 minutes, today.

EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

(The following Members (at the request of Mr. FOX of Pennsylvania) to revise and extend their remarks and include extraneous matter:)

Mr. DAVIS.
Mr. CALLAHAN.
Mr. SKEEN.
Mr. FORBES.
Mr. WELLER.
Mr. QUINN.
Mr. HILL.
Mr. BARRETT of Nebraska.
Ms. ROS-LEHTINEN.
Mrs. ROUKEMA.
Mr. SMITH of New Jersey.

(The following Members (at the request of Ms. JACKSON-LEE of Texas) to revise and extend their remarks and include extraneous matter:)

Mr. HAMILTON.
Mr. FARR of California.
Mr. WAXMAN.
Ms. NORTON.
Mr. MCHALE.
Mr. KUCINICH.
Mr. SABO.
Ms. KAPTUR.
Mr. KENNEDY of Rhode Island.
Mr. BLUMENAUER.
Mr. BAESLER.
Mr. POSHARD.
Mr. BORSKI.
Mrs. MALONEY of New York.
Ms. JACKSON-LEE of Texas.

SENATE ENROLLED BILLS SIGNED

The SPEAKER announced his signature to enrolled bills of the Senate of the following titles:

S. 430. An act of June 20, 1910, to protect the permanent trust funds of the State of New Mexico from erosion due to inflation and modify the basis on which distributions are made from those funds.

S. 670. An act to amend the Immigration and Nationality Technical Corrections Act of 1994 to eliminate the special transition rule for issuance of a certificate of citizenship for certain children born outside the United States.

ADJOURNMENT

Mr. FOX. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 11 o'clock and 10 minutes p.m.), the House adjourned until tomorrow, Thursday, July 31, 1997, at 10 a.m.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

4433. A letter from the President and Chairman, Export-Import Bank of the United States, transmitting a report involving U.S. exports to Morocco, pursuant to 12 U.S.C. 635(b)(3)(i); to the Committee on Banking and Financial Services.

4434. A letter from the AMD—Performance Evaluation and Records Management, Federal Communications Commission, transmitting the Commission's final rule—Access Charge Reform; Price Cap Performance Review for Local Exchange Carriers; Transport Rate Structure and Pricing; End User Common Line Charges [CC Docket No. 96–262; 94–1; 91–213; 95–72] received July 29, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Commerce.

4435. A letter from the Director, Regulations Policy Management Staff, Office of Policy, Food and Drug Administration, transmitting the Administration's final rule—Indirect Food Additives: Adhesives and Components of Coatings [Docket No. 96F–0384] received July 30, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Commerce.

4436. A letter from the Director, Regulations Policy Management Staff, Office of Policy, Food and Drug Administration, transmitting the Administration's final rule—Indirect Food Additives: Paper and Paperboard Components [Docket No. 93F–0428] received July 30, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Commerce.

4437. A letter from the Director, Regulations Policy Management Staff, Office of Policy, Food and Drug Administration, transmitting the Administration's final rule—Indirect Food Additives: Paper and Paperboard Components [Docket No. 96F–0291] received July 30, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Commerce.

4438. A letter from the Director, Regulations Policy Management Staff, Office of Policy, Food and Drug Administration, transmitting the Administration's final rule—Changes to an Approved Application [Docket No. 95N–0329] (RIN: 0910–AA57) received July 30, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Commerce.

4439. A letter from the Director, Defense Security Assistance Agency, transmitting a copy of Transmittal No. 12–97 constituting a Request for Final Authority (RFA) to conclude a Memorandum of Understanding (MOU) with the United Kingdom related to the TRIMARAN Demonstrator Project, pursuant to 22 U.S.C. 2767(f); to the Committee on International Relations.

4440. A letter from the Acting Chairman, Council of the District of Columbia, transmitting a copy of D.C. Act 12–113, "Health Insurance Portability and Accountability Federal Law Conformity Temporary Act of 1997" received July 29, 1997, pursuant to D.C. Code section 1—233(c)(1); to the Committee on Government Reform and Oversight.

4441. A letter from the Acting Chairman, Council of the District of Columbia, transmitting a copy of Council Resolution 12–202, "Sense of the Council of the District of Columbia in Opposition to the Death Penalty Emergency Resolution of 1997" received July 29, 1997, pursuant to D.C. Code section 1—233(c)(1); to the Committee on Government Reform and Oversight.

4442. A letter from the Acting Chairman, Council of the District of Columbia, transmitting a copy of D.C. Act 12–109, "Business Improvement Districts Amendment Act of 1997" received July 29, 1997, pursuant to D.C. Code section 1—233(c)(1); to the Committee on Government Reform and Oversight.

4443. A letter from the Acting Chairman, Council of the District of Columbia, transmitting a copy of D.C. Act 12–108, "Closing of a Public Alley in Square 484 S.O. 90–272, Reinstatement Act of 1997" received July 29, 1997, pursuant to D.C. Code section 1—233(c)(1); to the Committee on Government Reform and Oversight.

4444. A letter from the Acting Chairman, Council of the District of Columbia, transmitting a copy of D.C. Act 12–107, "Closing of a Public Alley in Square 253, S.O. 88–107, Reinstatement Act of 1997" received July 29, 1997, pursuant to D.C. Code section 1—233(c)(1); to the Committee on Government Reform and Oversight.

4445. A letter from the Employee Benefits Manager, AgFirst Farm Credit Bank, transmitting the annual report of the AgFirst Farm Credit Bank for the year ending December 31, 1996, pursuant to 31 U.S.C. 9503(a)(1)(B); to the Committee on Government Reform and Oversight.

4446. A letter from the Administrator, National Oceanic and Atmospheric Administration, transmitting the Administration's final rule—Atlantic Tuna Fisheries; Regulatory Adjustments [Docket No. 960816226–7144–04; I.D. 060597A] (RIN: 0648–AJ04) received July 1, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Resources.

4447. A letter from the Acting Director, Office of Surface Mining Reclamation and Enforcement, transmitting the Office's final rule—Missouri Regulatory Program [SPATS No. MO–032–FOR] received July 30, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Resources.

4448. A letter from the Acting Director, Office of Surface Mining Reclamation and Enforcement, transmitting the Office's final rule—Utah Regulatory Program and Utah Abandoned Mine Land Reclamation Plan [UT–035–FOR] received July 30, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Resources.

4449. A letter from the General Counsel, Department of Transportation, transmitting the Department's final rule—Revised Structural Loads Requirements for Transport Category Airplanes (Federal Aviation Administration) [Docket No. 28312; Amdt. No. 25–91] (RIN: 2120–AF70) received July 28, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

4450. A letter from the General Counsel, Department of Transportation, transmitting the Department's final rule—Amendment to Class D Airspace; Miami Opa Locka Airport, FL, and Hollywood North Perry Airport, FL (Federal Aviation Administration) [Airspace Docket No. 97–ASO–7] (RIN: 2120–AA66) received July 28, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

4451. A letter from the General Counsel, Department of Transportation, transmitting the Department's final rule—Revision of Class E Airspace; Silver City, NM (Federal Aviation Administration) [Airspace Docket No. 96–ASW–21] received July 28, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

4452. A letter from the General Counsel, Department of Transportation, transmitting the Department's final rule—Modification of Class D Airspace and Establishment and Modification of Class E Airspace; Grand Forks, ND, Grand Forks International Airport (Federal Aviation Administration) [Airspace Docket No. 97–AGL–17] (RIN: 2120–AA66) received July 28, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

4453. A letter from the General Counsel, Department of Transportation, transmitting the Department's final rule—Modification of Class E Airspace; Mitchell, SD, Mitchell Municipal Airport (Federal Aviation Administration) [Airspace Docket No. 97–AGL–13] (RIN: 2120–AA66) received July 28, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

4454. A letter from the General Counsel, Department of Transportation, transmitting the Department's final rule—Establishment of Class E Airspace; Bismarck, ND, Bismarck Municipal Airport (Federal Aviation Administration) [Airspace Docket No. 97–AGL–14] (RIN: 2120–AA66) received July 28, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

4455. A letter from the General Counsel, Department of Transportation, transmitting the Department's final rule—Modification of Class E Airspace; Medford, WI, Medford, Taylor County Airport (Federal Aviation Administration) [Airspace Docket No. 97–AGL–15] (RIN: 2120–AA66) received July 28, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

4456. A letter from the General Counsel, Department of Transportation, transmitting the Department's final rule—Establishment and Modification of Class E Airspace; Ironwood, MI, Ironwood Gogebic County Airport (Federal Aviation Administration) [Airspace Docket No. 97–AGL–16] (RIN: 2120–AA66) received July 28, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

4457. A letter from the General Counsel, Department of Transportation, transmitting the Department's final rule—Establishment of Class E Airspace; St. Cloud, MN (Federal Aviation Administration) [Airspace Docket No. 96–AGL–34] (RIN: 2120–AA66) received July 28, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

4458. A letter from the General Counsel, Department of Transportation, transmitting the Department's final rule—Establishment of Class E Airspace; Perham, MN, Perham Municipal Airport (Federal Aviation Administration) [Airspace Docket No. 97–AGL–8] (RIN: 2120–AA66) received July 28, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

4459. A letter from the General Counsel, Department of Transportation, transmitting the Department's final rule—Establishment of Class E Airspace; Harvey, ND, Harvey Municipal Airport (Federal Aviation Administration) [Airspace Docket No. 97–AGL–10] (RIN: 2120–AA66) received July 28, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

4460. A letter from the General Counsel, Department of Transportation, transmitting the Department's final rule—Revision of Class D Airspace; Little Rock, AFB, AR (Federal Aviation Administration) [Airspace Docket No. 97–ASW–02] (RIN: 2120–AA66) received July 28, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

4461. A letter from the General Counsel, Department of Transportation, transmitting the Department's final rule—Revision of Class E Airspace; Clarksville, AR (Federal Aviation Administration) [Airspace Docket No. 96–ASW–43] (RIN: 2120–AA66) received July 28, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

4462. A letter from the General Counsel, Department of Transportation, transmitting the Department's final rule—Revision of Class E Airspace; Olney, TX (Federal Aviation Administration) [Airspace Docket No. 96–ASW–42] (RIN: 2120–AA66) received July 28, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

4463. A letter from the General Counsel, Department of Transportation, transmitting the Department's final rule—Revision of Class E Airspace; Reserve, LA (Federal Aviation Administration) [Airspace Docket No. 96–ASW–38] (RIN: 2120–AA66) received July 28, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

4464. A letter from the General Counsel, Department of Transportation, transmitting the Department's final rule—Revision of Class E Airspace; Paragould, Ar (Federal Aviation Administration) [Airspace Docket No. 96–ASW–39] (RIN: 2120–AA66) received July 28, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

4465. A letter from the General Counsel, Department of Transportation, transmitting the Department's final rule—Establishment of Class E Airspace; Grants, NM (Federal Aviation Administration) [Airspace Docket No. 96–ASW–41] (RIN: 2120–AA66) received July 28, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

4466. A letter from the General Counsel, Department of Transportation, transmitting the Department's final rule—Revision of Class E Airspace; DeQueen, AR (Federal Aviation Administration) [Airspace Docket No. 96–ASW–37] (RIN: 2120–AA66) received July 28, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

4467. A letter from the General Counsel, Department of Transportation, transmitting the Department's final rule—Revision of Class E Airspace; Weslaco, TX (Federal Aviation Administration) [Airspace Docket No. 96–ASW–36] (RIN: 2120–AA66) received July 28, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

4468. A letter from the General Counsel, Department of Transportation, transmitting the Department's final rule—Revision of Class E Airspace; Killeen, TX (Federal Aviation Administration) [Airspace Docket No. 96–ASW–35] (RIN: 2120–AA66) received July 28, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

4469. A letter from the General Counsel, Department of Transportation, transmitting the Department's final rule—Airworthiness Directives; Louis L'Hotellier, S.A., Ball and Swivel Joint Quick Connectors (Federal Aviation Administration) [Docket No. 92–CE–41–AD; AD 97–08–06 R1] (RIN: 2120–AA64) received July 28, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

4470. A letter from the General Counsel, Department of Transportation, transmitting the Department's final rule—Airworthiness Directives; Raytheon Aircraft Company (formerly known as Beech Aircraft Corporation) Models E33, F33, G33, E33A, F33A, E33C, F33C, C35, D35, E35, F35, G35, H35, J35, K35, M35, N35, P35, S35, V35, V35A, V35B, V35TC, V35ATC. V35BTC, 36, A36, A36TC, B36TC, 50, B50, C50. 95–55, 95A55, 95B55, 95C55, D55, E55, 56TC, A56TC, 58, 58TC, 95, B95, B95A, D95A, and E95 Airplanes (Federal Aviation Administration) [Docket No. 96–CE–34–AD; Amdt. 39–10073; AD 97–14–15] (RIN: 2120–AA64) Received July 28, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

4471. A letter from the General Counsel, Department of Transportation, transmitting the Department's final rule—Airworthiness Directives; AlliedSignal Inc. TPE331 Series Turboprop Engines (Federal Aviation Administration) [Docket No. 96–ANE–13; Amdt. 39–10084; AD 97–15–10] (RIN: 2120–AA64) received July 28, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

4472. A letter from the General Counsel, Department of Transportation, transmitting the Department's final rule—Airworthiness Directives; Burkhart Grob, Luft- und Raumfahrt, Model G 109 Sailplanes (Federal Aviation Administration) [Docket No. 95–CE–03–AD; Amdt. 39–10086; AD 97–15–12] (RIN: 2120–AA64) received July 28, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

4473. A letter from the General Counsel, Department of Transportation, transmitting the Department's final rule—Standard Instrument Approach Procedures; Miscellaneous Amendments (Federal Aviation Administration) [Docket No. 28957; Amdt. No. 1806] (RIN: 2120–AA65) received July 28, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

4474. A letter from the General Counsel, Department of Transportation, transmitting the Department's final rule—Airworthiness Directives; Raytheon Aircraft Company (formerly Beech Aircraft Corporation) Models 1900, 1900C, and 1900D Airplanes (Federal Aviation Administration) [Docket No. 96–CE–60–AD; Amdt. 39–10087; AD 97–15–13] (RIN: 2120–AA64) received July 28, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

4475. A letter from the General Counsel, Department of Transportation, transmitting the Department's final rule—Standard Instrument Approach Procedures; Miscellaneous Amendments (Federal Aviation Administration) [Docket No. 28958; Amdt. No. 1807] (RIN: 2120–AA65) received July 28, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

4476. A letter from the General Counsel, Department of Transportation, transmitting the Department's final rule—Pilot, Flight Instructor, Ground Instructor, and Pilot School Certification Rules; Correction (Federal Aviation Administration) [Docket No. 25910; Amdt. Nos. 61–103 and 141–9] (RIN: 2120–AE71) received July 28, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

4477. A letter from the Chief, Regulations Unit, Internal Revenue Service, transmitting the Service's final rule—Requirements for Tax Exempt Section 501(c)(5) Organizations [TD 8726] (RIN: 1545–AT95) received July 28, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Ways and Means.

4478. A letter from the Acting Comptroller General, General Accounting Office, transmitting a report entitled, "FINANCIAL AUDIT: Capitol Preservation Fund's Fiscal Years 1996 and 1995 Financial Statements" (GAO/AIMD–97–99), pursuant to Public Law 101—576, section 305 (104 Stat. 2853); jointly to the Committees on House Oversight and Government Reform and Oversight.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. SOLOMON: Committee on Rules. House Resolution 202. Resolution waiving points of order against the conference report to accompany the bill (H.R. 2015) to provide for reconciliation pursuant to subsections (b)(1) and (c) of section 105 of the concurrent resolution on the budget for fiscal year 1998 (Rept. 105–218). Referred to the House Calendar.

Mr. DIAZ-BALART: Committee on Rules. House Resolution 203. Resolution providing for consideration of a joint resolution waiving certain enrollment requirements with respect to two specified bills of the 105th Congress (Rept. 105–219). Referred to the House Calendar.

Mr. ARCHER: Committee of conference. Conference report on H.R. 2014. A bill to provide for reconciliation pursuant to subsections (b)(2) and (d) of section 105 of the concurrent resolution on the budget for fiscal year 1998 (Rept. 105–220). Ordered to be printed.

PUBLIC BILLS AND RESOLUTIONS

Under clause 5 of rule X and clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. PORTMAN (for himself and Mr. Cardin):

H.R. 2292. A bill to restructure the Internal Revenue Service, and for other purposes; to the Committee on Ways and Means, and in addition to the Committees on Government Reform and Oversight, the Budget, and Rules, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.

By Mr. TAYLOR of North Carolina:

H.R. 2293. A bill to eliminate attorney fee awards and limit relief available in suits against certain public entities; to the Committee on Transportation and Infrastructure.

By Mr. COBLE (by request):

H.R. 2294. A bill to make improvements in the operation and administration of the Federal courts, and for other purposes; to the Committee on the Judiciary.

By Mr. HASTERT (for himself, Mr. Souder, Mr. Portman, Mr. Sessions, Mr. Mica, and Mr. LaTourette):

H.R. 2295. A bill to amend the National Narcotics Leadership Act of 1988 to extend the authorization for the Office of National

Drug Control Policy until September 30, 1998; to the Committee on Government Reform and Oversight.

By Ms. ROS-LEHTINEN (for herself, Mr. Diaz-Balart, Mr. Smith of New Jersey, Mr. McCollum, Mr. Deutsch, and Mr. Burton of Indiana):

H.R. 2296. A bill to withhold foreign assistance to Caribbean Basin Initiative countries that support membership for the Government of Cuba into the Caribbean Community [CARICOM] or the Central American Common Market [CACM], and for other purposes; to the Committee on International Relations, and in addition to the Committee on Ways and Means, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.

By Mr. BAKER:

H.R. 2297. A bill to amend the Fair Housing Act, and for other purposes; to the Committee on the Judiciary.

By Mr. COBURN (for himself, Mr. Burr of North Carolina, Mr. Stupak, Ms. DeGette, and Mr. Deutsch):

H.R. 2298. A bill to improve the regulation of radiopharmaceuticals; to the Committee on Commerce.

By Mr. COBURN:

H.R. 2299. A bill to direct the Secretary of the Army to convey lands acquired for the Candy Lake project, Osage County, OK; to the Committee on Transportation and Infrastructure.

H.R. 2300. A bill to direct the Secretary of the Army to convey lands acquired for the Sallisaw Creek project, Sequoyah County, OK; to the Committee on Transportation and Infrastructure.

By Ms. DANNER:

H.R. 2301. A bill to establish a program to improve the control of fraud and abuse in the Medicare Program, to increase the amount of civil monetary penalties which may be assessed against individuals and entities committing fraud against the Medicare Program, and for other purposes; to the Committee on Ways and Means, and in addition to the Committee on Commerce, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.

By Mr. DIAZ-BALART (for himself, Ms. Ros-Lehtinen, Mr. Gilman, Mr. Smith of New Jersey, Mr. McIntosh, Mr. Souder, Mr. King of New York, Mr. Gutierrez, Mr. Menendez, Mrs. Meek of Florida, Mr. Deutsch, Mr. Pastor, and Mr. Berman):

H.R. 2302. A bill to amend the Immigration and Nationality Act to clarify the relief available under current law, and to provide additional relief and procedural rights for certain aliens who would otherwise be ineligible for such procedural rights; to the Committee on the Judiciary.

By Mr. GALLEGLY:

H.R. 2303. A bill to establish voluntary national guidelines for the safety and training of State correctional officers; to the Committee on the Judiciary.

By Mr. GOSS:

H.R. 2304. A bill to direct the Secretary of the Interior to make technical corrections to a map relating to the Coastal Barrier Resources System; to the Committee on Resources.

By Mr. HALL of Ohio (for himself and Mr. Jones):

H.R. 2305. A bill to establish a commission to assist in commemoration of the centennial of powered flight and the achievements of the Wright brothers; to the Committee on Government Reform and Oversight.

By Mr. HILL:

H.R. 2306. A bill to authorize construction of the Fort Peck Reservation Rural Water System in the State of Montana, and for other purposes; to the Committee on Resources.

By Mr. KENNEDY of Massachusetts (by request):

H.R. 2307. A bill to facilitate the effective and efficient management of the homeless assistance programs of the Department of Housing and Urban Development, including the merger of such programs into one performance fund, and for other purposes; to the Committee on Banking and Financial Services.

By Mr. McDADE:

H.R. 2308. A bill to amend the Fair Housing Act to assure the power of States and localities to limit group homes for recovering drug and alcohol abusers; to the Committee on the Judiciary.

By Mr. POMEROY:

H.R. 2309. A bill to permit the leasing of mineral rights, in any case in which the Indian owners of an allotment that is located within the boundaries of the Fort Berthold Indian Reservation and held in trust by the United States have executed leases to more than 50 percent of the mineral estate of that allotment; to the Committee on Resources.

By Mr. PORTER:

H.R. 2310. A bill to amend the Internal Revenue Code of 1986 to exclude from income capital gain from the sale of a principal residence; to the Committee on Ways and Means.

By Mr. BOB SCHAFFER (for himself, Mr. Cunningham, Ms. DeGette, Mr. Hefley, Mr. McInnis, Mr. Dan Schaefer of Colorado, and Mr. Skaggs):

H.R. 2311. A bill to amend section 435(d)(1)(A)(ii) of the Higher Education Act of 1965 with respect to the definition of an eligible lender; to the Committee on Education and the Workforce.

By Mr. SCHUMER:

H.R. 2312. A bill to amend section 1584 of title 18, United States Code, to clarify that forcing immigrants into slave labor by withholding immigration documents, or by threatening to involve immigration authorities, is a violation of such section; to the Committee on the Judiciary.

By Mr. SOLOMON:

H.R. 2313. A bill to prohibit the construction of any monument, memorial, or other structure at the site of the Iwo Jima Memorial in Arlington, VA, and for other purposes; to the Committee on Resources.

By Mr. WATKINS:

H.R. 2314. A bill to restore Federal Indian services to members of the Kickapoo Tribe of Oklahoma residing in Maverick County, TX, to clarify U.S. citizenship status of such members, to provide trust land for the benefit of the Tribe, and for other purposes; to the Committee on Resources, and in addition to the Committee on the Judiciary, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.

By Mr. KENNEDY of Rhode Island (for himself, Mr. Leach, Mr. Delahunt, Mr. Stark, Mr. McNulty, Mr. Evans, and Ms. Woolsey):

H.J. Res. 89. Joint resolution calling on the President to continue to support and fully participate in negotiations at the United Nations to conclude an international agreement to establish an international criminal court; to the Committee on International Relations.

By Mr. LANTOS (for himself, Mr. Gilman, Mr. Gephardt, Mr. Hamilton, Mr. Ackerman, Mr. Berman, Mr. Cardin, Ms. DeLauro, Mr. Deutsch, Mr. Engel, Mr. Fox of Pennsylvania, Mr. Filner, Mr. Frank of Massachusetts, Mr. Frost, Mr. Gejdenson, Mr. Kennedy of Massachusetts, Mrs. Lowey, Mr. Martinez, Mr. Nadler, Mr. Rothman, Mr. Sanders, Mr. Schumer, Mr. Weller, Mr. Wexler, Mr. Yates, Mr. Waxman, Mr. Horn, Mr. Faleomavaega, and Mr. Sherman):

H. Con. Res. 133. Concurrent resolution expressing the sense of the Congress regarding the terrorist bombing in the Jerusalem market on July 30, 1997; to the Committee on International Relations, discharged; considered and agreed to.

By Mr. BILIRAKIS (for himself, Mr. Gilman, Mr. Pappas, Mrs. Maloney of New York, Mr. Klink, Mr. Visclosky, Mr. LoBiondo, Ms. Ros-Lehtinen, Mr. Diaz-Balart, Mrs. Myrick, Mr. Pallone, Mr. Blagojevich, Mr. LaFalce, Mr. Ackerman, Mr. Brown of Ohio, Mr. Bateman, Mr. Capps, Mr. Filner, Mr. Coyne, Mr. Deutsch, Mr. Doyle, Mr. Evans, Mr. Franks of New Jersey, Mr. Green, Ms. Harman, Mr. Holden, Mr. Horn, Mrs. Kelly, Mr. Kennedy of Massachusetts, Mr. Kennedy of Rhode Island, Mr. Lantos, Mr. Levin, Mrs. Lowey, Mr. Manton, Mr. Matsui, Mr. McGovern, Mr. McNulty, Mr. Meehan, Mr. Menendez, Ms. Pelosi, Mr. Sherman, Mr. Weldon of Pennsylvania, and Mr. Bonior):

H. Con. Res. 134. Concurrent resolution authorizing the use of the rotunda of the Capitol to allow Members of Congress to greet and receive His All Holiness Patriarch Bartholomew; to the Committee on House Oversight.

By Mr. PAYNE (for himself, Ms. Pelosi, and Mr. Owens):

H. Con. Res. 135. Concurrent resolution congratulating the people of the Republic of Liberia for holding multiparty elections; to the Committee on International Relations.

By Mr. BALDACCI:

H. Res. 204. Resolution expressing the sense of the House of Representatives that a postage stamp should be issued in honor of Samantha Smith; to the Committee on Government Reform and Oversight.

By Mr. LAMPSON:

H. Res. 205. Resolution calling for the prosecution of Pol Pot for crimes against humanity; to the Committee on International Relations.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of Rule XXII.

Mr. LEWIS of Georgia introduced a bill (H.R. 2315) for the relief of John Edward Armstrong Denney; which was referred to the Committee on the Judiciary.

ADDITIONAL SPONSORS

Under clause 4 of rule XXII, sponsors were added to public bills and resolutions as follows:

H.R. 15: Mrs. Mink of Hawaii.

H.R. 54: Mr. Bob Schaffer.

H.R. 80: Mr. McHale.

H.R. 127: Mr. Paul.

H.R. 164: Ms. Danner, Mr. Rangel, Mr. Burr of North Carolina, Ms. Christian-Green, Mr. Neal of Massachusetts, Mr. Clement, Mr. Dingell, Mrs. Myrick, Mr. Allen, Mr. Jackson, Mr. Deutsch, Mr. Jefferson, Mr. Sanders, Mr. Andrews, Mr. Schumer, Mr. Bentsen, Mr. Kleczka, and Mrs. Chenoweth.

H.R. 195: Mr. Capps.

H.R. 292: Mr. Salmon.

H.R. 312: Mr. Peterson of Pennsylvania.

H.R. 347: Mr. Peterson of Minnesota.

H.R. 599: Mr. Farr of California, Mr. Clay, Ms. Kaptur, and Mr. Barrett of Wisconsin.

H.R. 620: Mr. Rahall.

H.R. 631: Mrs. Kelly.

H.R. 632: Mr. Graham.

H.R. 695: Mr. Taylor of North Carolina, Mr. Walsh, and Mr. Nussle.

H.R. 705: Mr. Traficant.

H.R. 815: Mr. McDade, Mr. Graham, and Mr. Camp.

H.R. 875: Mr. Graham.

H.R. 878: Mrs. Maloney of New York, Mr. Markey, and Ms. Woolsey.

H.R. 928: Mr. Gibbons.

H.R. 959: Mr. Sabo, Mr. Capps, and Ms. Slaughter.

H.R. 974: Mr. Lazio of New York.

H.R. 977: Mr. Costello.

H.R. 986: Mr. Stump, Mr. Cunningham, and Mr. Calvert.

H.R. 1002: Mr. Pascrell and Mr. Bonior.

H.R. 1010: Mr. Radanovich and Mr. Dan Schaefer of Colorado.

H.R. 1023: Mr. McDade, Mr. Ballenger, and Mr. Tauzin.

H.R. 1060: Mr. Ewing.

H.R. 1061: Mr. Spence, Mr. Menendez, Mrs. Morella, and Mr. Graham.

H.R. 1075: Mr. Walsh and Mr. Sanders.

H.R. 1129: Mr. Bilbray, Mr. Nethercutt, and Mr. Bonior.

H.R. 1140: Mr. Strickland.

H.R. 1151: Ms. Jackson-Lee, Mr. Fazio of California, Ms. Kilpatrick, and Ms. Eddie Bernice Johnson of Texas.

H.R. 1154: Mr. Filner, Ms. Lofgren, and Mr. Martinez.

H.R. 1165: Mr. Kucinich.

H.R. 1334: Mr. Faleomavaega.

H.R. 1355: Mr. Wise.

H.R. 1362: Mr. Bentsen and Mr. Stenholm.

H.R. 1378: Mr. Mica.

H.R. 1424: Mr. Redmond.

H.R. 1534: Mr. Underwood, Mr. Inglis of South Carolina, Mr. Skeen, Mr. Chambliss, Mr. Wicker, Mr. Schiff, Mr. Ehrlich, Mr. Shadegg, Mr. Gibbons, Mr. Parker, Mr. Foley, Mr. Ballenger, Mr. Upton, Mr. Watkins, Mr. Smith of New Jersey, Mr. Hunter, Mr. Tauzin, Mr. Hastert, Mr. Jones, Mr. Callahan, Mr. Kingston, Mr. LoBiondo, Mr. Martinez, Mr. Cook, Mr. Metcalf, Mr. Ortiz, Mr. Spence, Mr. Wamp, Mr. Regula, Ms. Granger, Mrs. Roukema, Mr. Thomas, Mr. Saxton, Mr. Knollenberg, Mr. Dickey, Mr. Coble, Mr. Bono, Mr. Pombo, Mr. McCrery, Mr. Rohrabacher, Mr. Sam Johnson, Mr. Burton of Indiana, and Mr. Baker.

H.R. 1574: Mr. Snowbarger.

H.R. 1614: Mr. Yates.

H.R. 1624: Mr. Farr of California and Mr. Kleczka.

H.R. 1689: Mr. Shaw and Mr. Upton.

H.R. 1704: Mr. Graham.

H.R. 1711: Mr. Camp, Mr. Hastings of Washington, and Mr. Graham.

H.R. 1719: Mr. Radanovich.

H.R. 1726: Mr. Owens.

H.R. 1733: Mr. Bonior.

H.R. 1743: Mr. Snowbarger.

H.R. 1761: Mr. Wexler and Mr. Sherman.

H.R. 1767: Mr. Brown of California, Mr. Thornberry, and Mr. Sabo.

H.R. 1786: Mr. Dellums, Mr. Frank of Massachusetts, and Mr. Cummings.

H.R. 1816: Mr. Graham.

H.R. 1839: Mr. Kleczka.

H.R. 1843: Mr. Radanovich.

H.R. 1854: Mr. Rush and Mr. Davis of Illinois.

H.R. 1904: Mr. Boyd, Mrs. Emerson, and Mr. Kucinich.

H.R. 1951: Mr. Hinchey, Mr. Dooley of California, Ms. Pelosi, and Mr. Price of North Carolina.

H.R. 1984: Mr. Barrett of Nebraska, Mr. Duncan, Mr. LaTourette, Mr. Radanovich, Mr. Bishop, Mr. Coburn, and Mr. Pombo.

H.R. 2004: Mr. Frost.

H.R. 2025: Mr. Engel.

H.R. 2038: Mr. Ehlers, Mr. Stearns, Mr. Lewis of Kentucky, Mrs. Chenoweth, and Mr. Bunning of Kentucky.

H.R. 2040: Mr. Dan Schaefer of Colorado.

H.R. 2064: Mr. Sawyer.

H.R. 2120: Mr. Regula.

H.R. 2129: Mr. Oxley, Ms. Norton, Mr. Spence, and Mrs. Thurman.

H.R. 2140: Mr. Coburn and Mr. Klug.

H.R. 2196: Mr. Hunter.

H.R. 2200: Mr. Dellums.

H.R. 2202: Mr. Goss, Mr. Klug, Mr. Young of Alaska, Mrs. Fowler, Mr. Burton of Indiana, Mr. Rangel, Mr. King of New York, Mr. Visclosky, Mr. Owens, Mr. McKeon, Mr. Evans, Mr. Taylor of Mississippi, Ms. DeGette, Ms. Rivers, Mrs. Morella, and Ms. Lofgren.

H.R. 2222: Mr. Stark.

H. Con. Res. 65: Ms. McKinney, Mr. Mica, Mr. Pappas, Mr. Cardin, Mr. Brown of California, and Mr. Sanders.

H. Con. Res. 100: Mr. Hobson, Mr. Miller of Florida, Mr. Watts of Oklahoma, Mr. Price of North Carolina, Mr. Stark, Ms. Pryce of Ohio, Mr. Portman, Mr. Talent, Mr. McNulty, and Mr. Canady of Florida.

H. Res. 37: Mr. Dooley of California, Mrs. Meek of Florida, and Mr. McNulty.

H. Res. 139: Mr. Radanovich.

H. Res. 183: Mr. Watt of North Carolina and Mrs. McCarthy of New York.

DELETIONS OF SPONSORS FROM PUBLIC BILLS AND RESOLUTIONS

Under clause 4 of rule XXII, sponsors were deleted from public bills and resolutions as follows:

H.R. 695: Mr. Bunning of Kentucky, Mr. Everett, and Mr. Hefley.

H.R. 1577: Mr. Hill.

AMENDMENTS

Under clause 6 of rule XXIII, proposed amendments were submitted as follows:

H.R. 2159

Offered By: Mr. Campbell of California

Amendment No. 76: At the end of the bill, insert after the last section (preceding the short title) the following new section:

Sec. 572. The amounts otherwise provided by this Act are revised by reducing the amount made available for "ECONOMIC SUPPORT FUND", and increasing the amount made available for "CONTRIBUTION TO THE AFRICAN DEVELOPMENT FUND" (as authorized by Section 526(c) Public Law 103-306; 108 Stat. 1632), by $25,000,000.

H.R. 2159

Offered By: Mr. Pitts

Amendment No. 77: Add a new section at the end of the bill:

CHILD SURVIVAL ENHANCEMENT

(a) Notwithstanding the provisions of Title II and section 518A, not more than $1,067,000,000 is appropriated for Development Assistance, of which not more than $285,000,000 may be made available for population planning activities or other population assistance.

(b) In addition to the amounts appropriated in Title II under the heading "CHILD SURVIVAL AND DISEASE PROGRAMS FUND," $100,000,000 is appropriated for child survival activities pursuant to Section 104(c)(2) of Public Law 87-195, the Foreign Assistance Act of 1961.

H.R. 2159

Offered By: Mr. Saxton

(Substitute Amendment to Amendment No. 64)

Amendment No. 78: Strike out the text of the amendment and insert instead:

"Page 1, strike line 1 and all that follows and insert the following:

'Sec. 572. None of the funds made available under the heading "DEVELOPMENT ASSISTANCE" may be used to support or promote illegal hunting or the illegal trade in elephant ivory, elephant hides, or rhinoceros horns,' ".

H.R. 2159

Offered By: Mr. Traficant

Amendment No. 79: At the end of the bill, insert the following new section:

Sec. . None of the funds in this Act may be used to pay for NATO Expansion not authorized by law.

H.R. 2159

Offered By: Mr. Traficant

Amendment No. 80: At the end of the bill, insert after the last section (preceding the short title) the following new section:

Sec. 572. None of the funds appropriated or otherwise made available by this Act may be made available for the Palestine Liberation Organization (P.L.O.), the Palestinian Authority, or successor entities until the President reports to the Congress that an agreement has been concluded among the Palestinian Authority, the Cairo Amman Bank of Gaza, the Overseas Private Investment Corporation, and any and all American companies that provides for any repayment of claims made by the Overseas Private Investment Corporation.

H.R. 2159

Offered By: Mr. Traficant

Amendment No. 81: At the end of the bill, insert after the last section (preceding the short title) the following new section:

Sec. 572. Not more than $73,000,000 of the funds appropriated or otherwise made available by this Act may be made available for the Palestine Liberation Organization (P.L.O.), the Palestinian Authority, or successor entities until the President reports to the Congress that an agreement has been concluded among the Palestinian Authority, the Cairo Amman Bank of Gaza, the Overseas Private Investment Corporation, and any and all American companies that provides for any repayment of claims made by the Overseas Private Investment Corporation.

H.R. 2264

Offered By: Ms. Jackson-Lee of Texas

Amendment No. 24: In the item relating to "National Institutes of Health—national

LIBRARY OF MEDICINE", insert after the first dollar amount (before the comma) "(reduced by $2,500,000)".

In the item relating to "OFFICE OF THE SECRETARY—GENERAL DEPARTMENTAL MANAGEMENT", insert after the first dollar amount (before the comma) "(increased by $2,000,000)".

EXTENSIONS OF REMARKS

R.J. REYNOLDS STILL TARGETS OUR YOUTH AND YOUNG ADULTS

HON. HENRY A. WAXMAN

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 30, 1997

Mr. WAXMAN. Mr. Speaker, I rise today to share with the Members of this House an article that appeared in the May 28, 1997, edition of the Cleveland Free Times concerning R.J. Reynolds' new strategy to lure young people to smoke Camel cigarettes.

Given the retirement of Joe Camel, you may have thought that RJR was going to put an end to its promotional campaign aimed at our kids. But this Cleveland Free Times article discloses that R.J. Reynolds has developed a multimillion-dollar cigarette marketing campaign that targets bars and clubs frequented by youth and young adults. The goal of the program is to create an alternative marketing campaign and cigarette distribution network that operates under the radar. The campaign's targets include clubs—some of which are all-age concert clubs—and coffee houses. In exchange for cash, these bars and clubs give RJR exclusive rights to promote and sell Camel cigarettes in their establishment. As part of this promotion strategy, RJR-paid personnel mingle in the clubs to associate Camel cigarettes with what is cool.

This insightful Cleveland Free Times article gives us fair warning that the tobacco industry will continue to use its own particular marketing genius to target our kids. This must be foremost in our mind as we begin to consider tobacco legislation and how we can best achieve our goal of reducing the deadly toll exacted by tobacco on the people of our country.

Mr. Speaker, I ask that the full text of the article be printed in the RECORD so that my colleagues may have an opportunity to read about RJR's club marketing strategy.

CAMEL CLUBBING

(By Mark Naymik)

They do not wait in lines, show IDs, pay cover charges or purchase concert tickets to gain access to Cleveland's most popular bars and clubs. Once inside these venues, they are treated like low-budget celebrities, sometimes drawing a small crowd, several handshakes, and admiring nods from bar and club staff members.

They are Cleveland's Camel Club kids, a small group of twenty-something clubgoers, including Twig, Sheff, Ma-Ma, Frankie Boy and Don Vega, as they are known.

On most nights, these fashionable men and woman, each armed with a black canvas bag filled with Camel cigarettes, slip in and out of more than thirty area bars and clubs, from the Grog Shop, a small East side concert club, to the Phantasy, Lakewood's industrial-music dance club, to Ufia, Cleveland's largest gay club located on the West Side. Their job: blend in with the bar and club patrons, make friends with the bar staff and offer smokers free Camel cigarettes, R.J. Reynolds' premium brand.

These Camel Club kids should not be compared to those candy-striped cigarette girls or miniskirt-clad alcohol peddlers, who attract a lot of attention but can be more annoying than effective in enticing bar patrons to try their product. Camel Club kids look like they belong. They are R.J. Reynolds' ambassadors of cool. And they are the front-line workers in a relatively new, multi-million-dollar cigarette marketing campaign known as the Camel Club Program.

The goal of the Camel Club Program—beyond the obvious aim to increase sales of Camel cigarettes—is to create an altenative marketing campaign and cigarette distribution network, one that will not be affected by changing federal regulations or the scores of tobacco-related lawsuits clogging the courts. In other words, R.J. Reynolds wants to create a sales program that no longer relies on Joe Camel, obnoxious givaways and promotions, or even vending machines to move its smokes.

Cleveland is only one of about a dozen cities in which R.J. Reynolds has begun to market its cigarettes through bars and clubs frequented by the twentysomething smoking crowd.

A Free Times examination of the Camel Club Program in Cleveland reveals that R.J. Reynolds already has a near monopoly on the sale of cigarettes in most of Cleveland's bars and clubs that cater to young crowds. R.J. Reynolds created this monopoly by spending more than $120,000 on marketing agreements with club owners, who, in turn, give Camel Club kids exclusive access to their establishments. R.J. Reynolds also has targeted coffeehouses—havens for young smokers—and concert clubs that feature all-ages shows.

MONEY FOR NOTHING

Several months ago, representatives from R.J. Reynolds and KBA Marketing, the young and progressive Chicago-based marketing firm that manages the Camel Club Program, came to Cleveland in search of trendy bars, restaurants, coffeehouses and concert clubs. About forty area nightspots made the scouting team's hit list.

Next, KBA hired two Cleveland clubgoers with a knowledge of the city's nightlife scene and rented for them an office in the Bradley Building in Cleveland's Warehouse District. These clubgoers became KBA's Cleveland "city managers." Their job was to contact club owners on the hit list and sign them to a one-year contract giving R.J. Reynolds exclusive rights to promote and sell Camel cigarettes in their establishments.

By mid-February, the city managers easily signed thirty bars and clubs to the program. Bar and club owners would have been foolish not to sign. First, R.J. Reynolds offered them cash, between $1,000 and $18,000, depending on the club's size and traffic flow. For instance, the Drip Stick, a sleepy coffeehouse in the Warehouse District, received $1,000, while the Odeon, a concert club that features local and national rock and alternative acts, received $17,800, according to club industry insiders. R.J. Reynolds puts no restrictions on how the money can be used.

On top of the cash, R.J. Reynolds agrees to supply the bar owners with Camel beverage napkins, ashtrays, personalized matchbooks and bar paraphernalia like neon lights, a marketing tactic similar to promotions traditionally done with beer and liquor products through local distributors. R.J. Reynolds also buys regular full-page advertisements in an entertainment publication in each city to collectively promote the clubs and helps in the printing of expensive glossy flyers featuring their concerts and special events.

After the city managers signed the Cleveland bar and club owners to a contract, they arranged a meeting with staff members of each venue to outline what they would get out of the program.

Every bar or club staff member who smokes receives free Camel cigarettes, usually a couple of packs, each time a Camel Club kid visits. The staff receives Camel promotional items like Zippo lighters, MagLite flashlights, T-shirts and hats. In return, R.J. Reynolds expects these bar staffers to promote Camel cigarettes by smoking Camel products while they work, and by displaying individual Camel cigarettes behind the bar. "You notice more people asking to purchase cigarettes from you, increasing your tips." the city managers are supposed to tell the bar staff at their orientation meeting, according to KBA marketing materials.

DEATH OF VENDING MACHINES

Another goal of the Camel Club Program is the elimination of vending machines, which display competitors' cigarettes, such as Philip Morris' Marlboro brands. To do this, KBA's city managers encourage bar and club owners to discontinue selling cigarettes in vending machines, and instead, exclusively sell Camel cigarettes displayed in small lighted kiosks placed behind their bars. Nearly all of the bars and clubs in the program have placed Camel kiosks, which hold forty packs of cigarettes, behind their bars. Here, too, R.J. Reynolds' sales pitch was hard to refuse: Eliminate the cigarette and vending machine distributors—the middle men—and pocket more cash.

Using vending machines, bars and clubs earn roughly between 25 and fifty cents on a pack of cigarettes that retails in the machine for about $2.75. R.J. Reynolds charges the clubs $1.52 per pack. So clubs that sign on with R.J. Reynolds can earn 97.5 percent profit on a pack of cigarettes that retails for $3 behind the bar. That's $60 profit every time they empty a kiosk. R.J. Reynolds also offers better service than traditional vendors. The Camel Club kids are on call to service the kiosk at all hours. If, for example, the club runs out of cigarettes in the middle of a concert, the bar manager can call one of the club kids, who will deliver fresh packs immediately.

If a bar owner has a pre-existing contract with other cigarette companies and vending machine distributors, R.J. Reynolds expects the bar's owner to request from the vending machine operator that it "convert the top 11 columns" of the machine to Camel brands.

New FDA regulations that will take effect later this summer prohibit all bars, clubs

● This "bullet" symbol identifies statements or insertions which are not spoken by a Member of the Senate on the floor.

Matter set in this typeface indicates words inserted or appended, rather than spoken, by a Member of the House on the floor.

and restaurants that serve patrons under 21 from selling cigarettes in vending machines. By getting club owners to agree now to sell Camel exclusively, R.J. Reynolds is effectively locking out other cigarette makers from entering the bar when the regulations take effect.

THE "UNDER THE RADAR APPROACH"

KBA launched the Camel Club Program in late 1994 in Chicago, and quickly introduced it into New York, Dallas and Los Angeles. The Camel Club Program's style has a lot to do with KBA and its founder, Kevin Berg, a former club owner.

Berg does not hire "suit and tie" corporate types; he hires men and women who have nightclub experience and who are on the cutting-edge of fashion and pop culture. People with such experience and style are easily accepted into the club scene and carry far more "credibility" than the often stiff corporate cigarette representative.

Twig, for instance, on a recent visit to the Odeon concert club, wore thick, black-rim, retro-styled glasses, a leather coat that hung below his waist, wide-leg blue jeans, and red shoes. His demeanor was relaxed, as he made little effort to distribute the cigarettes. He gave a few packs of Camel cigarettes to Odeon staff, laughing with them as if he were an old fraternity buddy. He then took a seat for the show. During a recent visit to the Brillo Pad, a dimly lighted lounge with a soothing beat, Camel Club kid Don Vega walked behind the bar and served himself an orange juice, passed a few packs of cigarettes to friends and the bartender, played a game of chess with the owner, and left.

Being associated with a "cool" scene is the image R.J. Reynolds wants to build. "By operating in the nightlife scene, the objective is to directly reach trend influencers, the people that start and maintain trends. Our association with trend influencers * * * will have a lasting impact on clubgoers who will begin to associate Camel with what is 'cool' " reads KBA's marketing material.

KBA believes by using the Camel Club kids and "interacting with the club patrons using a low-key, under the radar approach, is our best way to establish that we understand and are a part of the scene."

Once in the scene, Camel Club kids, who are paid hourly and typically work 4 to 6 hours a night, try to convert smokers to Camel by offering smokers fresh, full packs of Camels in exchange for their remaining non-Camel cigarettes. In return, the smokers are supposed to fill out an address card, known as the "name generation" card, which is passed back to R.J. Reynolds.

According to KBA's marketing plan. "This personal approach to selling is designed to, if executed effectively, convert the smoker to Camel and show the adult smoker that Camel is 'cool' by the way we establish this subtle interchange."

KBA declined to comment for this story and instead, asked R.J. Reynolds to respond to the *Free Times*. R.J. Reynolds did not contact the paper before deadline.

BIG HAIR AND BUBBLE GUM

If R.J. Reynolds' stated goal is to influence trendsetters and be associated with "cool," one has to wonder why KBA city managers targeted and signed Club 1148, a discotheque in the Flats.

Club 1148 is anything but hip, the only trendsetters that hang out here are those left over from the '80s. On a recent Saturday night, for example, hairsprayed women in tight frosted jeans flounced around the dance floor as bare-chested men in vests watched form the sidelines. Many of the club's smokers chewed gum while they took long, rehearsed drags on Camel cigarettes.

So why is R.J. Reynolds paying Club 1148 $5,000 for the right to distribute its cigarettes? The answer may lie in the club's demographics. The club is open to 19-year-olds. And while KBA marketing materials state its goal is to "convert adult smokers at least 21-years-old," R.J. Reynolds needs to influence existing young smokers because they are less brand loyal, and therefore, more willing to try and then possibly stay with Camel cigarettes.

Reaching young smokers is perhaps the same reason R.J. Reynolds is interested in coffeehouses, which attract young smokers. Coffeehouses are far more trendy than Club 1148.

The clubs that receive the most money from R.J. Reynolds are the concert clubs, including the Agora, Peabody's DownUnder, Grog Shop and the Odeon, which often feature all-ages shows. It also invests heavily in promoting bands on behalf of these venues. Club tie-ins and joint sponsorship of bands are the cornerstones of the Camel Club Program. This is R.J. Reynolds' way of reinforcing the message that it is supporting the "scene."

"Camel events are the single most important way that we leverage our relationship with [Camel Club Program] venues," says the KBA marketing plan.

Dan Kemer, senior director of advertising and marketing for Belkin Productions, the concert promotion company that owns the Odeon, says the Camel Club Program helps promote artists he wants to showcase. "It's another good marketing tool . . . the biggest bonus to us is the program helps get the word out on the street," says Kemer about the additional advertising dollars and printed flyers he receives through the program.

Asked if he thought R.J. Reynolds could reach minors by promoting all age-shows, Kemer says he uses the program to tie into events that appeal to an older population, like the recent Me'shell Ndege'ocello concert.

"It's a great program for us," says Kathy Simkoff, who runs the Grog Shop on Coventry and received $7000 from R.J. Reynolds. She says the Camel Club Program's primary goal is to help clubs with promotion, not distribute cigarettes to patrons. Simkoff says the Camel Club kids have been "very careful" not to distribute cigarettes to minors attending concerts and she often does not know they are in the club.

"They don't get in your face like the Jagermeister girls," she says, referring to hired models who troll Cleveland bars, pushing the sweet alcoholic Jagermeister shooter.

Similarly, John Michalek of Peabody's DownUnder, an all-ages concert club in the Flats which reportedly received $9,000 from R.J. Reynolds, says the program helps him promote shows and he "has not seen any problems" with the distribution of cigarettes to minors.

But anti-smoking groups see the Camel Club Program as a campaign to attract underage smokers.

"R.J. Nabisco's Camel Club Program is just another strategy to seduce young people both over and under the age of 18 to use their deadly product, and is another indication as to why independent oversight of tobacco industry advertising and promotion is essential," says Lucinda Wykle-Rosenberg, research director for INFACT, a national corporate watchdog organization. INFACT is currently sponsoring a boycott of products made by R.J. Reynolds—which owns Nabisco foods—because of its cigarette marketing campaigns. Wykle-Rosenberg says the Camel Club Program is a campaign to get around anticipated regulations.

What has long upset this group and other dedicated anti-tobacco groups are the alarming death rates associated with smoking and the rate of addiction among teenagers. The Centers For Disease Control says 400,000 Americans die every year from tobacco-related diseases, and has reported that smoking rates for students in grades 9–12 increased from 27.5 percent in 1991 to 34.8 percent in 1995. A 1996 University of Michigan study released in 1996 showed smoking among high school seniors has increased to the highest level in 17 years. And it is the demographic group, anti-tobacco advocates worry, that is attracted to such campaigns as the Camel Club Program.

"It's the Camel blitz," says one local bartender and Camel Club Program participant, who does not smoke. "The Camel kiosks are everywhere."

Editors' note: In the spirit of full disclosure, we want to point out that the Free Times has run cigarette ads periodically. But as Mark Naymik's piece demonstrates, our business policy to accept such ads has had no impact on our editorial policy.

Area bars and clubs participating in the Camel Club program include: Agora, Euclid Tavern, Grog Shop, Peabody's DownUnder, U4iA, Odeon, Phantasy Complex, Club Visions, Whisky, Wilbert's, 6th Street Under, Galaxy Lounge, Brillo Pad, Club 1148, Edison's Pub, Lincoln Park Pub, Treehouse, Market Avenue Wine Bar, Red Star Cafe, Literary Cafe, Firehouse Brewery, Uptowne Grille, Hi & Dry, The Last Drop, La Cave du Vin, The Humidor, The Drip Stick, Rhythm Room.

SOCIAL SECURITY

HON. LEE H. HAMILTON

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 30, 1997

Mr. HAMILTON. Mr. Speaker, I am inserting my Washington Report for Wednesday, July 30, 1997 into the CONGRESSIONAL RECORD:

THE OUTLOOK FOR SOCIAL SECURITY

The aging of America is a significant factor in the growth of federal spending. Not only do we have more people in the population over 65, we also have a slowdown in the growth of the workforce. The proportion of the U.S. population that is elderly will increase dramatically in the second and third decades of the next century, as the baby boomers—those born between 1946 and 1964—retire. As these population shifts occur, the federal budget increases automatically because it is the principal source of income support and medical care for older people.

Federal programs that serve older people—Social Security, Medicare, and parts of Medicaid—have replaced national defense as the dominant category of federal spending, with the federal government now spending well over twice as much on older Americans as we spend on national defense. Social Security now constitutes the major source of income for most retirees. Covering more than 95% of the labor force, Social Security is an immensely popular program.

The Social Security program is currently in good financial shape, but the long-term changes in the workforce will place a major strain on its ability to pay full benefits for the baby boomers' retirement. So fundamental questions are being asked about whether the Social Security system should be sustained, reduced, or even replaced.

DIFFERENT APPROACHES

There are four broad approaches for bringing financial balance to the future of Social Security.

One approach is to have some combination of benefit cuts and tax increases that would restore long-run financial balance without changing the system in fundamental ways. Benefits can be cut by lowering the amounts paid each year or by raising the normal retirement age. For example, under current law the normal Social Security retirement age will be raised from 65 to 67 by the year 2027; some are suggesting that this transition be accelerated while others suggest raising it to 70. Benefits can also be cut back by reducing the size of the automatic cost-of-living adjustments. Taxes can be increased by increasing the payroll tax, increasing the average covered wages, and broadening the tax base to include some currently tax-exempt benefits. Although benefit cuts or tax increases could help shore up the program, they are not politically popular, and passage would be difficult.

A second approach is to means test Social Security—reducing benefits to relatively well-to-do beneficiaries. For example, one proposal is to make wealthier retirees ineligible for Social Security cost-of-living adjustments. Proponents of means testing point out that currently some 1.5 million Social Security recipients have annual incomes over $100,000. This approach has some appeal, but it is subject to the criticism that it would discourage savings because those who saved during their working years would find income from those savings indirectly taxed through reduced Social Security benefits. It also raises difficult administrative problems, encouraging potential beneficiaries to conceal assets by moving them abroad, placing them in trusts, or shifting them to children.

The third approach is to privatize the existing Social Security system. The main proposal is that we move to a system of mandatory Individual Retirement Accounts, allowing workers to invest the savings directly in higher yielding assets than government securities. Most privatization proposals would not be pure—the system would still protect workers with low earnings and those who become disabled. The Individual Retirement Accounts would be combined with a low-level uniform benefit and disability insurance.

The privatization approach prompts some criticism. It requires a sizable Social Security payroll tax increase over a long transition period to function. These taxes are necessary because it would not be good policy or politically feasible to cut benefits sharply for current retirees or to change the rules for those about to retire. There are also concerns that a privatized program would not provide sufficient support for workers with low lifetime earnings and that less-skilled workers will have difficulty making informed investment decisions. Privatization approaches attract political support especially among high earners.

How Social Security invests its reserves also affects the program's outlook. Under current law, Social Security reserves are invested in special Treasury securities that yield a return of about 2-3% greater than inflation. Some propose investing part of the Social Security reserves in a broad index of private securities. Critics fear that Social Security benefits could be threatened if the stock market goes down and also worry that this approach would enable the federal government to exercise inordinate control over private companies as a dominant shareholder. It is possible that arrangements could be established to prevent such control of companies whose shares would be represented in the broad portfolio.

A fourth main approach to shoring up the Social Security system recognizes the need to go beyond specific program changes to consider the broader economic environment. Since Social Security depends on payroll tax revenues to support it, it is very sensitive to changes in the economy and workforce productivity. That means we need to continue to implement strong growth-oriented policies for the economy that include balancing the budget and keeping it balanced.

CONCLUSION

My view is that the existing Social Security system has many advantages. The system is progressive in offering larger benefits relative to lifetime earnings for lower earners than for higher earners. It protects virtually all of the retired population. Its administrative costs are low and its benefits are indexed for inflation. Most Americans now rely on it heavily, so we must be very cautious about any major changes. The projected costs of Social Security in the future are high, but if carefully planned and handled, these costs are manageable.

(Material taken from "Setting National Priorities" by the Brookings Institution)

LEGISLATION IN SUPPORT OF RELIABLE WATER SUPPLY

HON. RICK HILL

OF MONTANA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 30, 1997

Mr. HILL. Mr. Speaker, I rise today to introduce legislation that will ensure the Assiniboine and Sioux people of the Fort Peck Reservation and the surrounding communities in my home State of Montana a safe and reliable water supply. The Fort Peck Reservation, with a population of over 10,000, is one of the largest reservations in the United States. This reservation suffers from a 52-percent unemployment rate and many of its residents suffer from high incidents of heart disease, high blood pressure, and diabetes. A safe source of water is needed to improve the health status of the residents and encourage economic self-sufficiency.

This legislation delivers those needs for the residents of the reservation and the nearby communities. Building upon a consensus-based water compact, this legislation authorizes a municipal, rural, and industrial water system for the Fort Peck Reservation and the surrounding communities off the reservation. This project will benefit the entire region of northeast Montana and, accordingly, has the support of the residents of the Fort Peck Reservation and the Tribal Council of the Assiniborne and Sioux Tribes, and a member of the conservation districts surrounding the reservation.

The people in this region are plagued with major drinking water problems. In one community, the sulfate levels in the water are four times the standard for safe drinking water. In four of the communities the iron levels are five times the standard. In all of the communities throughout the reservation the groundwater exceeds the standards for total dissolved solids, iron, sulfates, nitrates. In some instances, minerals such as selenium, manganese, and fluorine are found in high concentrations.

Several local water systems have had occurrences of biological contamination. As a result, the Indian Health Service has issued several public health alerts. In most of the reservation communities, the residents are forced to buy bottled water at a cost of at least $75 a month. Those who cannot afford to buy bottled water must continue to use the existing water sources, at great risk to their health. This is true although an ideal source of safe water, the Missouri River, flows near their homes every day. In short, Mr. Speaker, the very health of the residents depends on construction of this project.

Besides the need for drinking water, a new source of water is needed to protect the livestock operations. A major constraint on the ranching industry at Fort Peck has been a lack of available watering sites for the cattle. This water system would provide the needed pasture taps for livestock watering which would boost the local economy. In addition, distributing livestock water to pasture taps at different locations throughout the range would be an effective measure for soil conservation and range management.

Finally, the future water needs of the region are expanding. Current census data show the reservation population as increasing over 30 percent in the next 20 years. The people of the reservation and surrounding communities are clearly in desperate need of a safe and good source of drinking water.

The solution to this need for an adequate and safer water supply is a water system that will deliver a safe and adequate source of water to the residents of the region by using a small amount of the water in the Missouri River to meet these needs. The same type of system has been successfully used throughout the Dakotas.

The people of the Fort Peck Indian Reservation and the region only ask for a necessity of life: good, clean, safe drinking water. Mr. Speaker, I am proud to say that this bill delivers those basic necessities and helps foster much needed economic benefits.

TRIBUTE TO GORDON HEIGHTS

HON. MICHAEL P. FORBES

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 30, 1997

Mr. FORBES. Mr. Speaker, I rise today to pay tribute to Gordon Heights, Long Island as its residents mark the 70th anniversary of this community's creation this year. I ask all of my colleagues in the House of Representatives to join me in honoring my friends and neighbors in Gordon Heights, as they celebrate their community's historic anniversary on August 16, 1997.

A community of caring, friendly people, Gordon Heights is a place where neighbors help neighbors and all residents share in the pride of their hometown. So much of that pride is generated by the great work of the Greater Gordon Heights Civic Association, who through their kind and caring acts have come to truly personify the selfless attitude that is the hallmark of small town America. Students, working mothers, senior citizens, children, veterans and so many others in the Gordon Heights community have benefited from the civic association's charitable efforts and educational programs.

As the Greater Gordon Heights Civic Association has shown, a community's collective civic pride is manifested through the actions of its residents. This evidenced once again by the members of the Gordon Heights Volunteer Fire Department, who are celebrating the 50th anniversary of dedicated service to this Long Island community. Concerned only with saving the lives and property of their neighbors, and compensated only by the gratitude of those they protect, these volunteer firefighters answer the call for help in the dead of night, on brutally cold mornings and in the face of grave danger. The Bible teaches us that we can show no greater love than to lay down our life for a brother. Clearly, the members of the Gordon Heights Volunteer Fire Department have demonstrated the greatest love for their neighbors and community.

One of the truest tests of a community's character is reflected in the way its children assume the responsibilities of adulthood. To gauge the depth of the character of this community, one need look no further than Gordon Heights resident Michelle Teachey, the first African-American student to earn the privilege of being the valedictorian of her graduating class at Longwood High School. A volunteer with the Greater Gordon Heights Civic Association, Michelle Teachey has achieved so much through the love and guidance of her family and friends. Realizing her responsibilities as a role model, Michelle returns that support by volunteering for critical community anti-drug programs that provide the children of Gordon Heights with meaningful alternatives to the ruination of substance abuse.

Mr. Speaker, every Gordon Heights resident, past and present, is part of the proud legacy of this Long Island treasure. That is why I ask my colleagues in the U.S. House of Representatives to join me in saluting the people of Gordon Heights as they mark this historic anniversary. Congratulations.

SENATE COMMITTEE MEETINGS

Title IV of Senate Resolution 4, agreed to by the Senate on February 4, 1977, calls for establishment of a system for a computerized schedule of all meetings and hearings of Senate committees, subcommittees, joint committees, and committees of conference. This title requires all such committees to notify the Office of the Senate Daily Digest—designated by the Rules Committee—of the time, place, and purpose of the meetings, when scheduled, and any cancellations or changes in the meetings as they occur.

As an additional procedure along with the computerization of this information, the Office of the Senate Daily Digest will prepare this information for printing in the Extensions of Remarks section of the CONGRESSIONAL RECORD on Monday and Wednesday of each week.

Meetings scheduled for Thursday, July 31, 1997, may be found in the Daily Digest of today's RECORD.

MEETINGS SCHEDULED

AUGUST 1

9:30 a.m.
Rules and Administration
Business meeting, to consider the status of the investigation into the contested Senate election in Louisiana.
SR–301
Joint Economic
To hold hearings to examine the employment-unemployment situation for July.
1334 Longworth Building

2:00 p.m.
Judiciary
Administrative Oversight and the Courts Subcommittee
To hold hearings to examine the negative impact of bankruptcy on local education funding.
SD–226

SEPTEMBER 4

9:00 a.m.
Agriculture, Nutrition, and Forestry
To hold hearings to examine rural and agricultural credit issues.
SR–332

POSTPONEMENTS

AUGUST 1

10:00 a.m.
Judiciary
Administrative Oversight and the Courts Subcommittee
To hold hearings to review the operation of the FBI crime laboratory.
SD–226

HOUSE OF REPRESENTATIVES—*Thursday, July 31, 1997*

The House met at 10 a.m.

The Reverend Don Bowen, Downtown Baptist Church, Alexandria, VA, offered the following prayer:

Our Father who art in heaven, we seek to hallow Your name as we pause at the beginning of this day's proceedings to ask Your forgiveness for past wrongs and to seek Your guidance for the days before us. We need You, Lord, for we are prone at times to depend too much upon our own wisdom and too little upon Yours.

We pause this day to pray for those who have suffered loss of life and home in these recent days. We pray also for those who have left family and home to defend the freedoms which all of us enjoy.

We pray, God, for all who carry upon their shoulders the burden of leadership, for theirs is a great responsibility. Help all of us to remember that You require one thing above all else from each of us, that we do justly, have mercy, and walk humbly with You. May we do so as we walk in the footsteps of the One who so clearly personified this for us, even Jesus Your Son. Amen.

THE JOURNAL

The SPEAKER. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Pursuant to clause 1, rule I, the Journal stands approved.

PLEDGE OF ALLEGIANCE

The SPEAKER. Will the gentleman from Alabama [Mr. EVERETT] come forward and lead the House in the Pledge of Allegiance.

Mr. EVERETT led the Pledge of Allegiance as follows:

> I pledge allegiance to the Flag of the United States of America, and to the Republic for which it stands, one nation under God, indivisible, with liberty and justice for all.

MESSAGE FROM THE SENATE

A message from the Senate by Ms. McDevitt, one of its clerks, announced that the Senate had passed without amendment a concurrent resolution of the House of the following title:

> H. Con. Res. 98. Concurrent resolution authorizing the use of the Capitol Grounds for the SAFE KIDS Buckle Up Car Seat Safety Check.

The message also announced that the Senate had passed with amendments in which the concurrence of the House is requested, bills of the House of the following titles:

> H.R. 1866. An act to continue favorable treatment for need-based educational aid under the antitrust laws.
>
> H.R. 2169. An act making appropriations for the Department of Transportation and related agencies for the fiscal year ending September 30, 1998, and for other purposes.

The message also announced that the Senate insists upon its amendment to the bill (H.R. 2169) "An Act making appropriations for the Department of Transportation and related agencies for the fiscal year ending September 30, 1998, and for other purposes," requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. SHELBY, Mr. DOMENICI, Mr. SPECTER, Mr. BOND, Mr. GORTON, Mr. BENNETT, Mr. FAIRCLOTH, Mr. STEVENS, Mr. LAUTENBERG, Mr. BYRD, Ms. MIKULSKI, Mr. REID, Mr. KOHL, Mrs. MURRAY, and Mr. INOUYE, to be the conferees on the part of the Senate.

WELCOME TO REV. DON BOWEN

(Mr. MORAN of Virginia asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. MORAN of Virginia. Mr. Speaker, today's invocation was given by the Reverend Don Bowen who has been the Pastor at the Downtown Baptist Church in Alexandria VA, for 30 years. He is retiring at the end of this month, and it is our privilege and honor that he has an opportunity to address this body.

He has done a tremendous service to the entire Washington metropolitan area, in mission outreach, in serving our youth, in so many areas. He has been the president of the ministers conference and the president of the Mount Vernon Baptist Association. He has been the chairman of the Committee to Study Baptist Priorities of the 1980's and beyond. He has achieved any number of credentials, but most important he is a man of God who has served his community in an exemplary fashion. He has also preached revivals around the country, in Virginia, North Carolina, Georgia, Maryland, West Virginia, and particularly, in Mississippi.

Mr. Speaker, that will be my segue to yield to the gentleman from Mississippi [Mr. WICKER], who attends the Downtown Baptist Church and would like to say a few words as well.

Mr. WICKER. Mr. Speaker, I thank the gentleman for yielding to me.

Although I have not heard Reverend Bowen preach a revival in Mississippi, I have had the opportunity to visit Downtown Baptist Church and to hear the sermons of Rev. Don Bowen on numerous occasions when I found myself in Alexandria. I would observe that it takes good oratory and skills of persuasion to be a successful preacher. But there is something even more special about the people skills and spiritual gifts necessary to lead a congregation and to become a great pastor.

Mr. Speaker, it occurs to me that Rev. Don Bowen during his 30 years at Downtown Baptist Church in Alexandria has exhibited all of these qualities. I could congratulate Don Bowen on 30 years of service, and I wish him Godspeed upon his retirement.

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore (Mr. LAHOOD). The Chair announces that there will be ten 1-minutes on each side.

TAX RELIEF

(Mr. TIAHRT asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. TIAHRT. Mr. Speaker, it has been 16 years since Americans have had tax relief. Since that time they have talked about and dreamed about keeping a little more of their hard-earned money. In those past 16 years, not once but twice has this Government raised their taxes, taking more of what they worked so hard to keep.

With the Federal taxes and the State taxes and the hidden taxes like the 28 cents and a dollar loaf of bread that goes back to our governments, we worked nearly half of a year just to pay the governments' taxes. So it is appropriate that today this body will vote to give tax relief to Americans like those working Americans in Wichita, KS, who work so hard and will now be able to keep more of their own money.

MOLLIFYING BOB DORNAN

(Mr. PALLONE asked and was given permission to address the House for 1 minute.)

Mr. PALLONE. Mr. Speaker, how much will it cost the American taxpayers to mollify Bob Dornan? So far

☐This symbol represents the time of day during the House proceedings, e.g., ☐1407 is 2:07 p.m.

Matter set in this typeface indicates words inserted or appended, rather than spoken, by a Member of the House on the floor.

the Republican leadership has allowed the House Committee on House Oversight to waste hundreds of thousands of dollars on an investigation that has produced nothing.

The victory of the gentlewoman from California [Ms. SAKINCHEZ] over Bob Dornan was certified by the Republican secretary of State of California. It is valid. However, Bob Dornan cannot get over the fact that he lost to a Hispanic woman, and for some unknown reason he can command the Republican leadership to jump to attention and harass the gentlewoman from California [Ms. SÁNCHEZ] for over 9 months now.

Mr. Speaker, it is not in the public interest to spend hundreds of thousands of dollars to hold a kangaroo court aimed at nothing other than political payback. The people of the 46th District of California have chosen their Representative, and we should respect their choice.

105TH CONGRESS MAKES HISTORY WITH TAX CUTS FOR WORKING AMERICAN FAMILIES

(Mr. CHABOT asked and was given permission to address the House for 1 minute.)

Mr. CHABOT. Mr. Speaker, for the first time in 16 years, the American people are finally going to get a tax cut. To my friends on this side of the aisle who voted no in 1993, when President Clinton and the then-liberal Democratic majority engineered the largest peacetime tax increase in American history, I commend you for your hard work and your perseverance. To my colleagues who came here with me in 1995, pledging to cut taxes, I share in your excitement. We have delivered on our promise.

Finally, to the liberals in this House, I offer my condolences. I know how difficult this must be for you. After years and years of taxing and spending, the tide has finally turned. The American people are going to get to keep more of the money that they earn, and Washington bureaucrats are going to have to learn to do with a little less. That is the way it ought to be.

Mr. Speaker, the liberal minority has ranted and raved for the last several weeks about tax cuts for the rich, totally bogus. Next year when tax time comes, millions of working class Americans are going to realize that what they heard from the liberals was not true. Let us cut taxes.

☐ 1015

U.S. HEALTH POLICY DENIES EQUAL FUNDING FOR U.S. CITIZENS OF PUERTO RICO

(Mr. ROMERO-BARCELÓ asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. ROMERO-BARCELÓ. Mr. Speaker, I rise to speak to the $24 billion children's health initiative contained in the budget reconciliation agreement. The President has stated that this is a victory for every child in a poor household who needs health care. Unfortunately, there is no victory celebration by the children in Puerto Rico and the other territories.

This initiative extends to the children living in the territories an egregious United States national policy which views the lives and health of United States citizens in Puerto Rico and the other territories as far less valuable than the lives and health of those residing in the States.

Puerto Rico's participation in the children's health care program is less than one-seventh of what it would receive under the standards established for the States. There is one and only one reason for this treatment: The United States citizens residing in the territories have no voting representation in Washington, DC, and, therefore, no viable means of defending themselves against such unjust treatment.

It is already unjust that U.S. national health policies deny equal funding for adult United States citizens of Puerto Rico and other territories. However, it is absolutely outrageous that the United States would endorse a discriminatory policy denying equal health care to the children of the United States citizens residing in Puerto Rico and the other territories.

STEP 21 FOUNDATION BASED ON GREED, NOT FAIRNESS

(Mr. WALSH asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. WALSH. Mr. Speaker, in the debate over the future of transportation in this country, STEP 21's continuing refrain that ISTEA is unfair because some States receive less Federal transportation money than they collect in Federal gasoline taxes is an invalid, misleading comparison.

If the STEP 21 States believe that fairness in these matters is best defined by the amount of money a State sends to Washington, then such logic should be used on all moneys that pass between the Federal Government and the States.

According to a study prepared by a major university, ISTEA works States send over $1,000 per person to Washington more than the STEP 21 States. The average amount of taxes STEP 21 States send to Washington is $4,400 per capita, while the average ISTEA State sends $5,400 per capita. Where is the fairness in that?

The study done annually on the balance of payments to the States clearly shows that when all funds are considered, most STEP 21 States are receiver States while ISTEA works States are the real donor States.

FBI LEAKS TO PRESS ARE NO MISTAKE

(Mr. TRAFICANT asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. TRAFICANT. Mr. Speaker, Louis Freeh said the FBI did not leak the name of Richard Jewell as the Atlanta bomber to the press. Who is kidding whom? Every policeman in America knows it is a common practice of the FBI to leak information to the press.

Let us tell it like it is. The FBI is once again lying through their teeth. They lied about Ruby Ridge, they lied about Waco, they are lying about Richard Jewell. Lies, lies, lies, and they say they are mistakes.

Let there be no mistake, Congress, these are not mistakes, these are crimes and it is time for FBI criminals to be prosecuted. Stand up, Congress.

A DAY FOR CELEBRATION

(Mr. WHITFIELD asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. WHITFIELD. Mr. Speaker, today is a day of celebration. This House will take up an agreement reached between the Congress and the White House on a tax reduction package.

The last time Congress and the White House reached an agreement on a tax package was in 1993, and at that time taxpayers were not celebrating. They were not celebrating because that tax package was the largest tax increase in U.S. history.

So today marks a much different kind of agreement. We are going to allow working men and women to keep more of their money and we are going to give less money to the U.S. Government.

A GENUINE COMMITMENT TO EDUCATION

(Mr. BLAGOJEVICH asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. BLAGOJEVICH. Mr. Speaker, it was Abraham Lincoln who said, "Upon the subject of education, I can only say that I view it as the most important subject which we as a people may be engaged in."

Mr. Speaker, most of us, if not all of us, agree that education is essential for the next generation of Americans to compete in the global economy. But education is not only about multinational competition. At root, providing educational opportunities is a moral issue, for it is our obligation to the next generation and our obligation to the future of this country.

This budget is a step toward honoring Abraham Lincoln's commitment to education. It calls for a $31 billion investment in our Nation's schools. It contains a $500-per-child tax credit that will make it easier for more families to send their children to college. It increases funding for Pell grants, offers tax relief for new college students, and takes several other steps at lightening the increasingly heavy burden of college tuition costs on working families.

For the millions of American children who will now be able to make it to college, this budget offers a step toward providing new opportunities for them.

TAX REDUCTIONS BENEFIT FARMERS, SMALL BUSINESSMEN

(Mr. GANSKE asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. GANSKE. Mr. Speaker, a week ago I participated, for a day, in the annual bike ride across Iowa. And as I rode my bike through those rolling hills of corn and beans, I could not help but think about how today Iowa farmers are going to be smiling.

Why? Well, we are going to raise the exemption for death taxes to $1.3 million. Something important for family farmers. We are going to allow them to pay those death taxes in installments and extend that. We are going to allow family farmers to income average in order to smooth out the rough edges of lean years.

We are going to increase the deductibility of health insurance for the self-employed farmers, small businessmen, to 100 percent. We are going to cut capital gains taxes, something very important to a farmer who defers his income to the day that he retires.

We are going to provide favorable tax treatment for livestock sold when they have to get rid of their herd because of bad weather. We are going to retain current provisions on ethanol. And we are going to, for businesses that are small, reduce the AMT.

Mr. Speaker, this is a good day for farmers and small businesses in small towns all across rural Iowa and America.

CONGRESS SHOULD VOTE TO END SOFT MONEY FOR NEXT ELECTION

(Mr. MILLER of California asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. MILLER of California. Mr. Speaker, over 2 years ago the gentleman from Georgia, Speaker GINGRICH, and President Clinton shook hands saying they wanted to reform the campaign finance system in this country. A bipartisan group of Members of Congress wrote the President the beginning of this session and asked that we do campaign finance reform in the first 100 days. Just this last week, 25 Members of Congress asked the Speaker to schedule campaign finance reform in September.

We have heard nothing from the Speaker since he shook hands with the President of the United States over 2 years ago. We have received no response from the Speaker, and campaign finance reform is not scheduled.

This leaves us only one alternative. Those of us who believe that this is a critical matter on the agenda of Congress, and that we should have a right to vote on ending soft money for the next election, will use all of the authority given to us by our constituents to make sure that this is on the agenda in September. If the only alternative we have is a showdown in September to end soft money, we will take that offer, Mr. Speaker. Members should come early and plan to stay late.

FAMILY FINANCE QUESTIONS SHOULD COME FIRST

(Mr. HAYWORTH asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. HAYWORTH. Mr. Speaker, to be certain, campaign finance questions are important, but family finance questions should come first.

Mr. Speaker, today on the floor of this House we will take an important step to ensure that American families keep more of their hard-earned money and send less of it here to Washington.

Mr. Speaker, I hold in my hand just the "fax", F-A-X, a letter sent to me via facsimile from the Wilkins family in Casa Grande, AZ. The Wilkins family, Barney and Margie, are school teachers. Their kids are B.J., Megan, and Molly.

The letter reads, Mr. Speaker, "Thanks for such a nice 19th wedding anniversary gift." They are talking about the tax cuts we will pass later today. "We appreciate your hard work." And the P.S. says this: "Please continue to cut taxes so we don't have to work three jobs."

This is what it is all about. Why should working families sacrifice so that Washington can waste money? The contrary should be true. Washington should sacrifice so that working families can keep more of their own money, and we make that start today.

TIME TO BRING THE INVESTIGATION OF CALIFORNIA'S 46TH DISTRICT ELECTION TO AN END

(Ms. KILPATRICK asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Ms. KILPATRICK. Mr. Speaker, I rise in support of the gentlewoman from California, Ms. LORETTA SÁNCHEZ, duly elected to the 46th District in California 10 months ago, certified by the Republican Secretary of State 10 months ago.

It is important that we bring this to a close. The Committee on House Oversight has been hearing in special session all the evidence. It is now, Mr. Speaker, that we call for a close. The gentlewoman from California won over a 900 vote plurality and has been duly elected. Let us bring this to a close, let the gentlewoman serve her people in that district and get down to the work of the American people.

CONGRESS IS GIVING CHILDREN OF AMERICA THE GIFT OF ECONOMIC SECURITY

(Mr. ROGAN asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. ROGAN. Mr. Speaker, today my family celebrates the fifth birthday of my twin daughters, Dana and Claire. But long after the presents that they open today are put away and forgotten, this Congress will have given them, and given to the children of this country a much greater present. It is because today marks the end of a historic week in our Nation's economic history.

For the first time in almost 30 years, Congress will pass a balanced budget and tax relief for working Americans, so that families who earn the money will be able to keep more of the money they earn. The day where Washington and the IRS have first claim on family income is over.

This Republican Congress, working with our friends on the other side of the aisle, are giving my children and the children of every working parent in this country the greatest gift of all: the gift of economic security for their future, and for future generations of Americans.

DEMOCRATS STOOD UP AND FOUGHT FOR HARD-WORKING FAMILIES

(Ms. DELAURO asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Ms. DELAURO. Mr. Speaker, I rise today to remind my Democratic colleagues of what we can accomplish when we stand up and fight for what we believe in.

Last week our Republican colleagues were calling a tax cut for hard-working police officers and kindergarten teachers welfare. But Democrats stood tall and fought hard for tax relief for all Americans who work for a living, who pay taxes, even though they may not make a lot of money.

Today, this House will vote on a tax bill that includes a $500 tax credit for all of America's working families. This bill also provides a $1,500 HOPE scholarship to make college more affordable for middle-class families, and $24 billion for children's health care, the single largest investment in health care since 1965.

All of these priorities the Democrats in the last several weeks have fought and stood tall on and have won. The Democrats said, in fact, that what they did not want to do was to provide tax breaks for the richest and the wealthiest in this country. It is middle-class families who have won the benefit of the Democrats' hard work in these last several weeks.

TODAY MARKS A START IN REVISING TAX SYSTEM AND TAX PHILOSOPHY IN UNITED STATES

(Mr. BLUNT asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. BLUNT. Mr. Speaker, we are here today taking a step toward revising the tax system and revising the tax philosophy that has too long been headed in the other direction. We are here today to decide that American families can spend their money better than the Government can spend their money.

The only bad news in the bill for working families today is it is going to be 6 months before they begin to see what really happens when they have their money back instead of the Government having that money.

A $500-per-child tax credit means to a family of three, a working family of three, $125 every month that the Government has been spending that they can now start spending next year. It is going to make a difference.

This bill will make a difference as we work to make education more affordable. Vocational education, college education, $5,000 in tax credits over 4 years of college; tax savings accounts, education savings accounts that are going to be tax free, that allow families to save for college. We will not be taxing the interest on student loans any more.

This is a great day for American families, Mr. Speaker.

DEMOCRATS MADE TAX BILL BETTER FOR WORKING FAMILIES

(Ms. JACKSON-LEE of Texas asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Ms. JACKSON-LEE of Texas. Mr. Speaker, I think all of us have a recollection of gathering at the family home and knowing that in the kitchen a stew is brewing. But that stew does not begin to get good until it gets stirred. Today we vote on a bill that the Democrats stirred and made well.

I want to speak to those individuals that may be in fact not where our voice can be heard. Maybe they have a black and white television set, maybe they do not have access to the C-SPAN, but let me tell them, as they go to their jobs and make $20,000 a year, the Democrats have put together a tax bill that will help them.

Or maybe they make $25,000. The Democrats have stirred the pot to help them, because they get a $500-a-year child tax credit, and we respect the fact that they are out working for a living. The Democrats also gave them $1,500 so they can start that college education in the Houston Community College, which I represent, or any community college around the Nation.

The Democrats recognize that these working families they may not be somewhere advocating and lobbying, but we recognize that they make America work. And to the small businesses, we say we count on them too, because the Democrats give them a $1 million tax exemption that starts next year!

The Democrats stirred the pot on this tax bill, and made it fair.

□ 1030

THREAT TO FREEDOM, TOO MUCH POWER IN HANDS OF GOVERNMENT

(Mr. BOB SCHAFFER of Colorado asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. BOB SCHAFFER of Colorado. Mr. Speaker, when the Founders were debating the Constitution in Philadelphia in 1787, one of the most important subjects of debate concerned what they considered to be threats to freedom.

Some thought that too much government power was the greatest threat to freedom. Some thought that too much power in the hands of the majority would be a threat to the freedom of minorities.

Men like Thomas Jefferson and James Madison wrote extensively about these threats to freedom, and they were right. Today I would like to call special attention to the threat to freedom that Thomas Jefferson feared the most, too much power in the hands of government. When the government takes nearly one-half of a family's income, government has too much power.

Today we consider whether to take a cue from President Jefferson and reduce the power of government by passing the tax relief package currently before Congress, before us now, and to return the authority to the very families that sent us here to do the job.

TAXPAYER RELIEF ACT

(Mrs. TAUSCHER asked and was given permission to address the House for 1 minute.)

Mrs. TAUSCHER. Mr. Speaker, I rise in support of the Taxpayer Relief Act and to celebrate the balanced budget agreement.

The balanced budget agreement that we are voting on to implement this week will eliminate the deficit and strengthen the foundation of our economy. It will also put more money in the hands of the American taxpayers through the child tax credit, the HOPE scholarship plan, and reductions in the capital gains tax rates and greater protection from estate taxes.

Most importantly, this agreement provides tax relief in a fair and equitable manner. Working families in America who deserve the child tax credit will be eligible to receive it. Middle-class families struggling to save enough money to put their children through college will qualify for the HOPE scholarship plan, and increased protection from estate taxes will protect more families from unaffordable tax bills when they inherit a small family business or farm.

At the same time, reckless and unaffordable tax cuts have been dropped in this agreement, protecting the budget from exploding deficits in the future. The balanced budget agreement provides a sensible path toward eliminating the deficit and providing tax relief.

Mr. Speaker, I strongly support the balanced budget agreement, and I encourage my colleagues to support it as well.

GREAT DAY FOR EVERY AMERICAN

(Mr. DREIER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. DREIER. Mr. Speaker, what an incredible difference the Republican Congress makes. Just a few short years ago, we saw the largest tax increase in history proposed by President Clinton. We are going to be repealing large parts of that today, and we saw a plan for nationalized health insurance, much of which is going to be addressed successfully with our private sector approach that is included in this bill.

Today we celebrate the first balanced budget in nearly three decades, we celebrate the first tax cut in 16 years, and we mark the transformation of Bill Clinton from a tax-and-spend liberal to custodian of the Republican legacy of lower taxes and less government. It is a great day for every American.

TAXPAYER RELIEF ACT

(Mr. McDERMOTT asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. McDERMOTT. Mr. Speaker, the last speaker and I probably are bookends for this Congress. Yesterday and today, 44 million people without health insurance in this country; maybe we gave health insurance to 2 million children. The other 42 million, we could not seem to address that issue, while we can give a $95 billion tax break this afternoon.

Now, in my view, this is payday for people who pay for campaigns. There are a few bones for people who have kids and a little bit for education, but the long-term effects of this bill are for those people who contribute to campaigns.

The New York Times says the deal's long-term effects has economists uneasy because they look at what happens in the long run. I believe that we have to deal with the issue of soft money in campaigns when we come back in September. The Members of this House have to be prepared to sit and deal with that issue if we are going to change the way this country's economics go.

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States was communicated to the House by Mr. Sherman Williams, one of his secretaries.

MESSAGE FROM THE SENATE

A further message from the Senate by Mr. Lundregan, one of its clerks, announced that the Senate has passed a bill of the following title in which the concurrence of the House is requested.

S. 871. An act to establish the Oklahoma City National Memorial as a unit of the National Park System; to designate the Oklahoma City Memorial Trust, and for other purposes.

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 2015) "An Act to provide for reconciliation pursuant to subsections (b)(1) and (c) of section 105 of the concurrent resolution on the budget for fiscal year 1998.".

CONFERENCE REPORT ON H.R. 2014, TAXPAYER RELIEF ACT OF 1997

Mr. DREIER, from the Committee on Rules, submitted a privileged report (Rept. No. 105–221) on the resolution (H. Res. 206) waiving points of order against the conference report to accompany the bill (H.R. 2014) to provide for reconciliation pursuant to subsections (b)(2) and (d) of section 105 of the concurrent resolution on the budget for fiscal year 1998, which was referred to the House Calendar and ordered printed.

Mr. DREIER. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 206 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 206

Resolved, That upon adoption of this resolution it shall be in order to consider the conference report to accompany the bill (H.R. 2014) to provide for reconciliation pursuant to subsections (b)(2) and (d) of section 105 of the concurrent resolution on the budget for fiscal year 1998. All points of order against the conference report and against its consideration are waived. The conference report shall be considered as read. The conference report shall be debatable for two and one half hours equally divided and controlled by the chairman and ranking minority member of the Committee on Ways and Means.

Mr. DREIER. Mr. Speaker, for purposes of debate only, I yield the customary 30 minutes to the gentleman from Texas [Mr. FROST]. All time yielded is for the purpose of debate only. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, if I were to address the American people, I would say, Today, you can finally believe that you will get a tax cut. We will pass it. The President will sign it. You can take this tax cut to the bank.

This rule provides for consideration of the conference report on H.R. 2014, the long-awaited Archer tax cut bill. The rule waives all points of order against the conference report to accompany H.R. 2014 and against its consideration. The rule provides that the conference report be considered as read. The rule also provides for 2½ hours of debate equally divided and controlled between the chairman and ranking minority member of the Committee on Ways and Means.

Mr. Speaker, I want to point out at the beginning that a balanced budget, even with this tax relief, will not solve all of our Nation's problems. However, the Archer bill is a major victory for American workers who pay the taxation that run the Government.

The American family has not seen tax relief from their excessive Federal tax burden since 1981. Taxes eat up too much of the average family budget. I am honored to represent many working families who, unfortunately, pay more in taxes then they spend on food, clothing, and housing combined. Hard working people who save for retirement or struggle to build a small business or family farm see Federal taxes eat up far too much of their savings and investments. The Archer bill will help to address those problems.

Last November, the American people gave Congress and the President a mandate to balance the Federal budget, provide tax relief for working families, create incentives for private sector job creation, preserve the Medicare program, and promote quality educational opportunities for all children.

Let us face it, Mr. Speaker, many Americans did not believe that we would deliver. Commitments from elected officials mean little or nothing to those disillusioned by broken promises of big government and high taxes.

A Washington Post columnist, David Broder, once described the President's trust deficit with the American people as even more damaging than the budget deficit. Congress is helping to eliminate both.

In November of 1994, American voters made Republicans the majority in Congress for the first time in four decades. They wanted a change, and the new Congress vowed to succeed where previous Congresses had failed. That change in leadership sent us down the path that we are on today.

Mr. Speaker, the Republican majority believed that keeping promises was as important a goal as balancing the budget, cutting taxes and reducing the size and scope of the overly intrusive Federal Government. Now, there is no doubt that this zeal did not always adapt well to the political realities of divided government. The American people have watched Washington's rocky moments with some understandable frustration, but they have also witnessed some momentous accomplishments, and from my perspective, the Archer tax relief legislation is at the top of that list.

As the sponsor of the bipartisan, job creating and investment encouraging capital gains tax relief bill, which I join with my colleague, the gentlewoman from Kansas City, MO [Ms. MCCARTHY] and other Democrats and Republicans, we put together the largest number of cosponsors, I want to thank the gentleman from Texas [Mr. ARCHER], the chairman, for the tremendous work that he did in the face of the outdated class warfare rhetoric that came from some of our colleagues on the other side of the aisle. Reducing the job killing, investment stifling capital gains tax is the single best way to promote wage growth, spur real economic growth, and ensure that we will balance the budget by the year 2002. I applaud the effort of our negotiators because they share the commitment to raise the wages of American workers and ensure that strong growth balances the budget.

At the end of the day, when the dust clears, we must look back over the past 3 years with some amazement and pride. We have enacted a balanced budget, cut taxes on families and job creators, reformed welfare, controlled illegal immigration, saved Medicare, and made private sector health insurance more available and affordable.

Combine the achievement of those bedrock Republican Party goals with the expansion of free trade through the North American Free Trade Agreement and the GATT Uruguay Round of the General Agreement on Tariffs and

Trade in the 103d Congress and the election and historic reelection of the Republican Congress, and we can make the case that President Clinton has compiled one of the most impressive Republican legacies of any President in this century.

Mr. Speaker, the Republican-led Congress has put policy ahead of blind partisanship. I congratulate the President for working with us to make Government a more cost-effective vehicle, for improving the standard of living of the American people.

Mr. Speaker, I reserve the balance of my time.

Mr. FROST. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, at the end of the day, when this tax package is taken apart, it will be apparent that House Democrats, who have throughout this debate insisted on fairness, have been successful. What started out as a bill cutting taxes solely for the benefit of the wealthiest among us, while denying any sort of tax relief to those who really need it the most, has been modified to meet the fairness test.

My Republican colleagues have for months insisted that working families who make less than $30,000 a year do not pay taxes and should not get a tax break. But House Democrats have stood fast and insisted that young families with children, those families just starting out in life who are trying to make ends meet, perhaps pay a mortgage, take the kids to McDonald's and maybe see a movie every once in a while need a tax break also.

Why, we wondered, should a family making $29,000 a year be denied tax credits? Who says they do not pay taxes? Not the Democratic Members of the House, that is for certain. We know that everyone that works pays taxes. We all pay income tax, but we also pay Social Security and Medicare taxes, State income taxes, and unemployment taxes. Those taxes count every bit as much for the family making $29,000 a year as they do for a family making twice or three times as much. Maybe they count even more.

And so, in the end, Mr. Speaker, Democrats have prevailed in our position. This bill will provide the tax credit for every family with children under the age of 17 who make $18,000 or more a year. That is what Democrats stood for, and that is what Democrats achieved.

Democrats have stood firm in our insistence that education be a top priority in this bill and we joined with the President in insisting that the HOPE scholarship program be instituted to make the first 2 years of college as universally available as a high school diploma is today.

We need more opportunities for our young people to advance their education, and Democrats insisted that this package provide a way for everyone to continue education. And this package does that. We have components of this package which will go a long way toward ensuring that our work force in the 21st century is productive and globally competitive.

Democrats stand for things like penalty-free IRA withdrawals for undergraduate, post-secondary vocational, and graduate education expenses. Democrats stand for tuition tax credits for juniors, seniors, undergraduate students, and for working Americans who are seeking to enhance or upgrade their skills. Democrats stand for things like education savings accounts and for extending the exclusion of employer-provided undergraduate educational benefits.

Mr. Speaker, since those things are in this tax bill, Democrats achieved what they stand for. Mr. Speaker, the fact that this tax bill provides for families and for those Americans who want to pursue an education make this bill much more palatable to Democrats. But I should point out that in spite of the infusion of fairness in this package, our Republican colleagues have managed to ensure that the upper end of the income scale has been taken care of.

□ 1045

I wonder how many of us really understand that the child tax credit is available in some form for couples with adjusted gross incomes up to $150,000 a year. Democrats are, of course, in the minority in the House and we cannot win on every point, but I do find it interesting that a party that was so willing to deny this tax credit to families making less than $30,000 a year is now so willing to extend it to families making five times that much.

However, Mr. Speaker, that we are in a position to be able to discuss a balanced budget and tax cuts simultaneously is because 4 years ago, this House, or should I say the Democrats in this House, passed a deficit reduction package that has now produced an economy that is so healthy and so productive that our deficit has fallen by 75 percent since 1993. When the House passed that package, Mr. Speaker, it was done without a single Republican vote. It was done, Mr. Speaker, while the current Republican leaders lamented loudly that it would send the economy straight down the tubes.

Yes, as my Republican colleagues are so fond of pointing out, that deficit reduction package did contain some tax increases, but I would like to remind my colleagues that those increases were aimed primarily at the upper end of the economic scale, at those people who are doing so well today that the stock market has soared in value, so much so that it has increased in value by 50 percent in the past 2 years.

That deficit reduction package which the Republicans opposed unanimously set the stage for the action of the Congress this week. That package created an economy which this year has the lowest unemployment rate in 24 years and has created 12.5 million new jobs. I voted for that package in 1993, just as I voted for the spending cuts on Wednesday. I voted to bring Federal spending under control and to balance the Federal budget for future generations.

Mr. Speaker, my Republican colleagues now crow and claim credit for balancing the budget, but more importantly, Democrats can claim credit for ensuring that the proposals of the Republican majority are tempered and made much more fair for working men and women, their children, our seniors and for our vulnerable groups in society. Democrats stand for fairness and equity as do the American people. I think we won on these basic points in this debate.

Mr. Speaker, I reserve the balance of my time.

Mr. DREIER. Mr. Speaker, I was very privileged to come to the Congress in 1981 and vote for the Economic Recovery Tax Act of Ronald Reagan. I did so along with my very dear friend from Glens Falls, NY, the distinguished chairman of the Committee on Rules.

Mr. Speaker, I yield such time as he may consume to the gentleman from New York [Mr. SOLOMON].

Mr. SOLOMON. Mr. Speaker, I thank very much the gentleman from California, the vice chairman of the Committee on Rules, for yielding me this time.

Yes, Mr. Speaker, the gentleman from California [Mr. DREIER] is right. I had been here for a couple of years before he and Ronald Reagan arrived. With the gentleman and Ronald Reagan and the gentleman from Texas [Mr. ARCHER] in the back here, and the rest of us Republicans, we began to change the philosophy of this Government, we began to cut taxes, meaningful tax cuts and shrink the size and the power of the Federal Government to go along with it; and yes, Ronald Reagan's legacy lives on and is being carried out today.

Mr. Speaker, I hope the former President, one of the greatest Presidents this country has ever known, is able to watch part of this debate today because it is devoted to him.

Yes, back in 1981, President Reagan signed into law the historic 25 percent across-the-board tax cut for all working Americans, a package that liberated our economy and our Nation from the fiscal straitjacket of stagflation, and the rising unemployment of the 1970's. President Reagan's foresight paved the way for the longest peacetime economic expansion in our Nation's history, that created 17 million new jobs, an increase in real average family income from the richest to the poorest income groups and a steady and sustained growth in real GDP and productivity throughout the entire 1980's. This was one of the most successful decades of the history of this great country of ours.

Today, 16 years later, the Republican Congress and President Clinton, stand on the threshold of delivering America's working families and America's businesses a long-awaited second installment of that tax cut, an installment that Ronald Reagan tried for years to get after the initial tax cut in 1981 but was deprived of by the Democrats in this House.

In 1994, when the American people gave Republicans control of the people's House, we promised to cut taxes. Today Republicans deliver on that promise. Yesterday we delivered on the promise of a balanced budget. Today on tax cuts. It makes me proud to be a Republican today. Both are real, both are consistent and both, Mr. Speaker, are sustainable.

Four years ago this same Congress under a Democrat majority passed the largest tax increase in American history. Today the Republican Congress will roll back our Nation's tax burden by at least $95 billion. And you have not seen nothing yet. Wait until next year and the year after, because we are going to come back to eliminate capital gains taxes and we are going to further cut taxes off the American people.

Mr. Speaker, this permanent tax relief takes many forms and will assist many sectors of our economy. A sharp cut in the capital gains tax cut will, without question, stimulate job growth, and investment, and the real incomes of all working American families.

According to the Congressional Budget Office, and this is so terribly important because it goes back to this business of class warfare. According to the Congressional Budget Office, three-quarters of America's families own assets such as stocks, bonds, homes, real estate and businesses. NASDAQ reports that 47 percent of all investors are women. The Treasury Department, and this is perhaps the most important of all, the Treasury Department reports that nearly two-thirds of all tax returns reporting capital gains income are filed by people whose incomes are under $50,000. Fifty percent of two-thirds of all of these people are senior citizens living on fixed incomes with a few returns of the stocks and bonds from their investments. Clearly these figures show that a capital gains tax cut benefits middle-class American families and older Americans.

In addition, family-owned small businesses and family farms are provided further relief through cuts in the estate tax. Educational and retirement opportunities are enhanced. And, Mr. Speaker, middle-class parents are allowed to keep more of their income to take care of their families with child tax credits. How terribly important that is to the average American in this country.

Mr. Speaker, contrary to what we are going to hear from the other side of the aisle, the majority of this tax relief, more than 72 percent of it, will go to middle-income wage earners, families making between $20,000 and $70,000 a year. This will better enable all American families to care for their children, to improve their communities, and represents a good first step in rolling back the high level of Government interference which has grown out of all proportion over the last 20 to 30 years.

Mr. Speaker, while this tax cut may represent a major victory for the Republican Party and the American people, it is also the product of bipartisanship. In the same spirit, let me repeat a quote I stated yesterday. In introducing his tax cut plan to the American people in 1962, President John F. Kennedy, a Democrat, and I was a John F. Kennedy Democrat back in those days, stated that, quote, "prosperity is the real way to balance the budget. By lowering tax rates, by increasing jobs and incomes, we can expand tax revenues and finally bring our budget into balance."

President Kennedy was right then and this bill before us today is right now. Over the past 16 years, this Congress has raised our Nation's taxes over five times and by hundreds of billions of dollars, taking money out of the pockets of the American people. Today we reverse that trend and we pass the first tax cut in 16 years and make good on another promise to the American people. Yes, Republicans. Promises made, promises kept. Come over here and vote for this great bill and let us keep this economy moving.

Mr. FROST. Mr. Speaker, I yield 5 minutes to the gentlewoman from Texas [Ms. JACKSON-LEE].

Ms. JACKSON-LEE of Texas. Mr. Speaker, it gives me a great deal of pleasure to come and simply add to setting the record straight and clearly speaking to those who least of all have an ability to come to this House and lobby for their causes.

Let me say, Mr. Speaker, that any legislation that is passed in this body does nothing unless it gets to those who are at home and on the front line. Democrats are known for confronting the hard issues and working to get legislation that practically addresses those who every day are turning the engine of this Nation, to ensure that those who are running the engine of this Nation by working every day are appropriately protected and defended.

That is why I can rise with maybe a troubled heart but a sure mind that we are making the right decision today and I am making the right decision today to vote not only for this rule but for this tax agreement. It allows me to thank those who were around the negotiating table but it has also allowed me to thank those who finally listened to my constant agitation and advocation for ensuring that those who did make under $30,000 a year were treated as American citizens and respected for what they have given to this Nation, by giving them tax relief.

This agreement cuts Federal taxes $95.2 billion over 5 years, nearly $10 billion more than the House-passed bill. Why did that happen? Because it was the Democratic caucus that forced that increase so that tax cuts could come to those lower-income families who earn the earned income tax credit. They too can get a child tax credit. This effort stands and represents those who are least vocal and most vulnerable. It gradually raises the amount exempt from Federal estate taxes to $1 million, and it makes IRA's more widely available, so to encourage Americans to save.

What does that say? Mr. Speaker, what that says is to the many small businesses around this Nation who have cropped up over the last 20 years, who pay their taxes, who work either in their homes or small offices, who employ only one or two persons or maybe a little bit more, it says that Democrats understand that small businesses have become the business of America.

Then we go to the HOPE scholarships, something that was confused under the Republican plan, did not respect those who might be moving from welfare to work, looking for opportunities at less expensive community colleges or junior colleges or 4-year colleges. We give the HOPE scholarship with no strings attached. You can get 100 percent of $1,000 the first year. You can get your foot in the door. We did not hear from large businesses and advocates of large tax cuts on this issue. However, Democrats realize that education is the great equalizer, so along with President Clinton we fought for this change.

To my family farmers, let me say we heard your voices. I am from an urban district, however most of my constituents have come in from the rural areas and their families are still harvesting the crop on small family farms. How gratified I am to be able to give them a $1.3 million unified tax credit, something that will start not 7 years down, not the year 2000-and-something, but January 1, 1998.

Democrats, realizing who drives this Nation, fought hard in conference and before in strategies on the floor of this House to say that we must stand up for working people, the most vulnerable on welfare, and family farmers and small businesses. Yet I have supported tax incentives to help large businesses invest in job creation.

And then we understand that there are some of us that can save a few more pennies. We can save a few more pennies, those of us who do that, by a deduction of up to $2,500 on interest for qualified student loans.

Mr. Speaker, I realize that we cannot come to this floor and abdicate our responsibilities, and so I say to Members that I am going to be a diligent student of this tax plan. I am going to be watching whether there is a potential of exploding the deficit in the outyears and be at the fight to correct and fix what may damage the most vulnerable of this Nation.

□ 1100

Nevertheless, at the same time I am going to be able to go to my community and get to working on cleaning up inner-city areas because we have got a 3-year brownfield tax incentive that allows economically distressed areas to clean up environmentally damaged areas.

And yes, this tax bill follows an amendment that I made as a freshman in this House to give tax incentives to employers who hire welfare recipients. We are going to do that now because Democrats recognize that we want to boost up the opportunity for those moving from welfare to work.

This is a bill that needs to be supported, it needs to be watched, it needs to be monitored, the Tax Code must be simplified, and we need to stand ready to fix anything that hurts Americans as this bill moves forward to drive the economic engine of this Nation in order to create more jobs for all Americans.

Mr. DREIER. Mr. Speaker, I yield myself such time as I may consume.

What a fascinating debate. The American people know that the words "tax cutting" and "Democrat" heretofore would clearly be an oxymoron. It is wonderful now to hear the great statements emerging from the other side of the aisle. I have to say that one of the fighters for meaningful tax reduction is my very good friend from Guilford County, NC.

Mr. Speaker, I yield 2 minutes to the gentleman from Greensboro, NC [Mr. COBLE].

Mr. COBLE. Mr. Speaker, I thank the gentleman from California for yielding this time to me.

How far down this road we have advanced. Now a balanced budget is within our grasp. The White House, Republicans, Democrats are all taking credit for it, and that is fine. But these tax reductions, Mr. Speaker, would not be before us were it not for a Republican Congress, and if there are those who do not believe this, see me after work and I will sell you a used bridge. Capital gains tax reduction, educational tax benefits, estate tax exemption threshold increased.

I could recall just a few recent years ago when some of our Democrat friends were daring to lower the threshold of the estate taxes from $600,000 down to $200,000. That sent a shock wave throughout America, throughout rural America particularly, and now family farms and residents and estates will now be exempt from that heavy hand of the death tax. It has been a long time coming, but it is here.

These matters, Mr. Speaker, constitute the Republican agenda. Everyone knows that unless they have been residing in a cave. The President has embraced our agenda and, some say, is receiving more credit for it than are the Republicans. That is OK. It has been said, "Anything can be accomplished if you don't care who gets the credit for it."

This is a day, Mr. Speaker, when empowerment is being returned to hard-working Americans, and that is where it belongs. I commend everybody who had a hand in it, Democrats, Republicans alike, but most particularly I say to the gentleman from Texas [Mr. ARCHER], chairman of the Committee on Ways and Means, Well done.

Mr. FROST. Mr. Speaker, I yield 4 minutes to the gentleman from Ohio [Mr. TRAFICANT].

Mr. TRAFICANT. Mr. Speaker, when the President first took office, he invited 5 groups of 13, 65 total, to the Cabinet room. I was in the last group. He told us that he caught that Greyhound and it is different than what he thought it was and he was going to have to raise taxes. I was later told by the Vice President that 64 of the Members there said they agreed with him and they would support him. They said I was the only one that disagreed with him and told him not only would I not support a Btu tax, I would work to defeat a Btu tax.

I also reminded the President when he campaigned in my district, the biggest crowd he ever had in his political life, he made a promise to cut taxes. Not only was he not going to cut taxes, he was going to have the biggest tax increase in our history, and he also said, "Don't worry about it, we're also going to hit the rich."

I told the President then that I thought that type of strategy and politics was very bad, "We've already chased jobs, Mr. President," exactly what I told him, "in factories overseas. Be careful you don't chase our money overseas."

Vice President come to me, he said, "I can't believe, Jim, you take this position."

I said, "It's very simple, Mr. Vice President. I come from a poor family. My dad never worked for a poor guy."

This politics of class warfare is very bad. I disagreed with it then, I disagreed with it throughout this whole debate, and I want to now commend the Democrats for taking a look at the facts, and I want to give credit to the Republican Party. The Republicans have kept the President's feet to the fire on the campaign promise to cut taxes for people in America. That is the truth of it.

I support tax cuts. I supported them all along. I knew that some of those provisions would be removed, but I am a Democrat, and Democrats were the very first to cut taxes with JFK, and by God, as a party, how did we give the Republicans the patent on it in the first place?

But I want to say this, I hope this bill is the end of this class warfare. We, they; they, we; rich, poor; old, young; politics of division, politics of fear, politics that are bad for America, politics that are wrong for America, politics that are dangerous for America.

I voted for this tax bill all the way through, I am going to vote for it today, and I want to close with commending now Democrat leaders who have taken out some of the provisions that I did not like either, but the Republican Party kept the President's feet to the fire. That is the bottom line, and I think it is good for our country.

Our Government is working.

Mr. DREIER. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I thank my friend from Youngstown, OH [Mr. TRAFICANT] for telling it like it is.

Mr. Speaker, I yield 3 minutes to the gentleman from Florida [Mr. GOSS], distinguished chairman of the House Permanent Select Committee on Intelligence and chairman of the Subcommittee on Legislative and Budget Process.

Mr. GOSS. Mr. Speaker, I thank my friend from downtown San Dimas, CA, Mr. DREIER, vice chairman of the Committee on Rules and chairman of the Subcommittee on Rules and Organization of the House. I commend him for his very hard work to eliminate the punitive and the self-defeating taxation on capital gains, and I know he feels there is a great step forward here today and even more to do down the road.

Two years ago a new Republican-led majority pledged to balance the budget, to save Medicare, and provide overdue tax relief to the American people. Republican after Republican and some Democrats joined us here in the well and said we would do those things, and we are doing them. The naysayers and the big spenders said it cannot be done, cannot be done, country cannot afford it, we have to keep raising taxes. Well, my colleagues, they were wrong. Here we are today to prove it.

Today on this House floor we are going to complete the pledge that we made by providing Americans with the first relief from taxation in 16 years, almost a generation. The good news is there is something in this package for just about everyone in America, across the land, in all different pursuits and in all different situations.

For families trying to pay bills, that is most of us, we have provided a $500 per child tax credit. That is $500 more that you can use for things like school clothes or taking the kids for a summer vacation, some have not been able to do that, or anything else that they choose to do, because the bottom line here is that the people are going to decide what they are going to do with their money, not the folks here in Washington who may have a different idea about how to spend it.

For senior citizens about to embark on their retirement, and many of those come to Florida and my district, we have cut the capital gains tax so they can sell some assets without Washington confiscating, "confiscating" is the word I choose, nearly one-third of the gain.

But most importantly, as we look to the future of our children, we have made it easier for young Americans to get a college education, and I see lots of young Americans around this building this time of year.

Our package is going to allow Americans to withdraw tax free from new super IRA's to pay for college education expenses. This commonsense provision was part of our Contract With America, many will remember, and I am pleased that these new American dream savings accounts are soon going to be an option for all Americans.

We have also created the HOPE scholarship, which will provide $5,000 in credits for individuals who wish to go to college or get a graduate degree.

Mr. Speaker, these are the right kind of incentives, and I hope that Americans will take advantage of them, and I know they will take advantage of them because I talk to Americans every day who are looking for these things.

As my friend from California [Mr. DREIER] knows, though, we are far from done. We need to come back next year to zero out the capital gains tax and eliminate the marriage penalty as well, send the right incentive about our family values. We need to repeal the Clinton tax hike on Social Security benefits, particularly of doctors. This is such an onerous benefit on senior citizens who are on fixed income, and I have again a great many in southwest Florida, where I represent, have the honor to represent, and these folks get taxed who cannot afford to pay the tax. They are on fixed income, they are beyond their earning years, what do they do? This is a tax that needs to be repealed. We have not got it done here today. It is a target for tomorrow. The Clinton administration was wrong on that tax, and they should help us in that effort to repeal it. But most of all, we need to have comprehensive reform to simplify and flatten our convoluted, incomprehensible, and unfair Tax Code, and that lies ahead for us to do as well.

I know that when I return to my district in southwest Florida and other colleagues return to their districts around the country we can now look constituents in the eye after we pass this bill and say "Look, next year Uncle Sam's tax bite isn't going to be quite as bad because we're listening to you and doing the job you asked us to do." I think we are going to be able to let them know that more of their money and decision making is going to stay with them, their own individual responsibility, and I think that is a great trend and a great sign for America. That is what we are great at doing so well together, is making the decisions.

I urge support of this rule and the very important tax cuts that it makes in order.

Mr. FROST. Mr. Speaker, I yield 3 minutes to the gentleman from Oregon [Mr. DEFAZIO].

Mr. DEFAZIO. Mr. Speaker, I thank the gentleman for yielding this time to me.

Mr. Speaker, here we are today on the last day of this session of the Congress before the big recess engaged in the big lie, the big lie. This is a balanced budget agreement. Well, after we voted yesterday, the Congressional Budget Office came up with an analysis, and the analysis is, guess what? Deficits have gone down for the last 5 years, but next year for the first time in 5 years they will go up and we will double the deficit by 1999.

The American people know we cannot give away huge tax breaks, increase spending, and balance the budget. Congress did this once before in the early 1980's, and guess what. Three years later they came back and they had to repeal substantial portions of what they did.

This bill today will reduce revenues to the Federal Government by $275 billion over 10 years, and it is going to balance the budget. This is great. We are going to have zero tax on capital gains, the Republicans tell us now by next year, and that will balance the budget. We will not tax capital gains, but all those little people who work for wages will pay taxes, and that is how we will balance the budget.

What an absurd and very, very cynical assertion on their side of the aisle. Listen to a few things in here:

Simplify foreign tax credit limitation for dividends from 1,050 companies to provide look-throughs starting in 2003. Now all the middle-class Americans out there looking for that foreign deduction for the look-through starting in 2003, that is a billion dollar gift. Well, I am sure that a lot of my constituents, average working Americans, are looking forward to that.

Then we have the capital gains provisions, $21 billion, and now they say they want to repeal the tax.

Had a young woman in my office yesterday. She wants to become a neurosurgeon. We talked a little bit. She said, "What does this mean?"

I said, "It means if you become a neurosurgeon, you earn $250,000 a year, you'll pay 40 percent of your income in taxes. But the rich kid who went to college with you who has not worked a day in his or her life who then just invests for a living will pay taxes at half that rate.

She was outraged. She said, "How can that be fair?"

Well, they are saying it is not fair, the rich kid who inherits the money tax free should pay zero income tax his or her entire life; that is the Republican position. That is absurd.

Then we have the alternative minimum tax. It was so embarrassing in the 1980's when the largest, most profitable corporations in America not only did not pay taxes, they got tax refunds paid for by the rest of us for taxes they did not pay, that Ronald Reagan supported putting in place an alternative minimum tax for corporations. They are repealing that here today. That will cost $20 billion, a nice gift to the large corporations. Oh, that is for middle-income America.

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That is for middle-income America. Sure it is, Mr. Speaker.

Then we have the subtotal here for gift and generation-skipping tax provisions, which they call estate tax relief, $35 billion. So the sum total here today is $275 billion in tax rates; crumbs for the middle class, and just wonderful bounty for the wealthiest in America.

Mr. DREIER. Mr. Speaker, I am happy to yield 3 minutes to the gentlewoman from Columbus, OH [Ms. PRYCE], the hardworking Secretary of the Republican Conference and a member of the Committee on Rules.

Ms. PRYCE of Ohio. Mr. Speaker, I thank the hardworking gentleman from California [Mr. DREIER], who has fought so hard over the last several years for tax fairness, for yielding me this time.

Mr. Speaker, I rise in strong support of the rule for the Taxpayer Relief Act. Just as history shows tax increases hamper economic growth, it will also show that the proper path to creating new jobs in growth is by lowering taxes. That is what we are about to do today with this historic conference report. We are going to put America back on track to growth and prosperity.

For years Republicans have wanted individuals and families to control their own economic destinies. We fought for changes in the Tax Code to allow them to keep more of their hard-earned dollars, and we have pushed for commonsense changes to encourage savings and investment.

Today, Mr. Speaker, I am absolutely elated that we are taking another historic step, indeed, a giant leap in fact, toward a new era of growth and opportunity that will touch the lives of all of those who still believe in the American dream.

This conference agreement is a balanced plan to unite our country behind a new economic strategy that will expand opportunities for so many Americans. I implore my colleagues who might oppose this bipartisan effort to put away the tired refrains of class warfare. As my Democratic colleague, the gentleman from Youngstown, OH [Mr. TRAFICANT], earlier so rightly stated, this is not good for America, it is not right for America, and it is actually very, very dangerous for America.

It is time to recognize that an economic system that allows individuals and families to create opportunities for themselves and their communities is infinitely more preferable than government barriers to entrepreneurship and innovation.

Mr. Speaker, it is hard to find someone this Taxpayer Relief Act does not help. To ease the financial burden on families with children, this plan includes a $500-per-child tax credit. There is capital gains relief. There is estate tax or death tax relief, as it should be called. There is an equally important provision to make higher education more affordable, to expands IRA's and to increase tax deductions for the self-employed.

Mr. Speaker, these are just a few of the items in this package that I believe will change this Nation's economic destiny for the better. When all is said and done, I am confident that we will look back at what we began here this week and say that we curbed the size of government, we lowered taxes, and we revived the economic potential of the American people. Better than that, there will be more to come next year.

Most important, Mr. Speaker, we will be able to say that we gave the taxpayers the tools they needed and they completed the job. Mr. Speaker, I urge my colleagues to restore the economic hope across the country. Vote for this fair rule. Support the Taxpayer Relief Act.

Mr. FROST. Mr. Speaker, I yield 2 minutes to the gentleman from Washington [Mr. MCDERMOTT].

Mr. MCDERMOTT. Mr. Speaker, the political vote today is yes, but I intend to vote no because of the issue of fairness. This country was founded on a battle about taxation without representation with the British Government. We have had rebellions in this country, Shay's Rebellion, the Whiskey Rebellion, when people felt the taxation was unfair.

We rely in this country on taxpayers, voluntarily collecting from people. We have a basis in this country of fairness. This bill is unfair. It is unfair to give somebody making $30,000 with two kids and trying to deal with all that is involved in raising a family $1,000 for their kid credit, while somebody making $109,000 gets an average of a $16,000 tax break on their capital gains.

The lowering of the capital gains rate benefits the wealthy in this country, and it is clear that what will happen when we get the rate down to 18 percent, which is almost the lowest tax rate on regular income, that this will have thrown gasoline on the whole class warfare issue.

If I am making $500,000 or $600,000 or $800,000 and I can get my pay given to me in stock options, I will pay 18 percent. That is exactly what people making $30,000 in this country are paying. We have brought the tax rate for the richest in this country all the way down to 18 percent. I do not see how anybody can call that fair.

When I look at it, I hear it being made worse by the gentleman from New York [Mr. SOLOMON] and the Speaker, who are publicly saying they are going to reduce the tax rate on capital gains to zero in the next Congress. That means if you are out there working as an aerospace mechanic for the Boeing Co. and you make $35,000 or $40,000, you will be paying somewhere between 15 or 20 percent of your income in taxes. But if you are making all your money in capital gains, you will pay nothing. That is unfair, and this bill ought to be defeated.

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore (Mr. LAHOOD). The Chair will remind all persons in the Gallery that they are guests of the House, and that any manifestation of approval or disapproval of proceedings is a violation of the rules of the House.

Mr. DREIER. Mr. Speaker, I am happy to yield 2 minutes to my good friend, the gentleman from Iowa [Mr. GANSKE], an able member of the Committee on Commerce.

Mr. GANSKE. Mr. Speaker, I want to talk briefly about two important items in the tax bill. One is the tax bill does close loopholes. People have been concerned about the Tax Code providing special breaks. In a bulletin put out yesterday by the Joint Committee on Taxation, there are four pages of fine print provisions on closing tax loopholes, one of the most important being the so-called Morris Trust structure used by several companies to sell subsidiaries on a tax-free basis. That is closed. The bill also eliminates hedging techniques such as shorting against the box and equity swaps.

I realize these are technical terms and technical provisions, but a real attempt was made in this bill to close tax loopholes. In return, we get an expansion of individual retirement accounts.

This bill basically makes for three types of IRA's. The first would be similar to the current model, but it would greatly expand the number of people who can be in an IRA, and particularly housewives or household members who are not working outside the home will be included in this.

The second choice will be a new account called IRA Plus, whose contributions would not be tax deductible, but withdrawals from the account would be tax-free if the IRA is held for 5 years and the holder is now over 59 years old.

The third expansion of IRA's would be an IRA that would allow you to roll over savings from your current IRA into an account that would feature tax relief distributions.

Mr. Speaker, we need to have more savings in our country. Savings will generate capital investment. Capital investment will generate new jobs. We have as a nation one of the lowest savings rates in the world. These tax provisions will encourage average-income citizens to take advantage of savings in the form of IRA's, and at the same time we are closing some corporation loopholes, tax loopholes, that we have needed to do.

Mr. Speaker, this is a good tax bill. I am in favor of this. I encourage all of my colleagues on both sides of the aisle to do the same.

Mr. FROST. Mr. Speaker, I yield myself such time as I may consume.

When the vote occurs later in the day, Mr. Speaker, on this conference report, a significant number of Democrats will vote in favor of it. I would point out to those watching this proceeding on television that no Democrats who are going to vote in favor of it have asked for time during this debate. The only Members who have asked for time are the ones who are opposed. The Committee on Rules grants the time to the Members who come to the Chamber and ask for time.

Mr. Speaker, I yield 3 minutes to the gentleman from Rhode Island [Mr. KENNEDY].

Mr. KENNEDY of Rhode Island. Mr. Speaker, I thank my colleague from Texas for yielding time to me.

Mr. Speaker, the reason I am going to be voting against this tax cut is that I do not think it is good public policy for this country. I came in in the 104th Congress and I heard a lot from my Republican colleagues how they wanted to balance the budget, reduce deficit spending, preserve prosperity for the future of this country. Guess what? Two years into the leadership, guess what they do? They go back to the voodoo economics that got us into this deficit dilemma to begin with.

Just understand what this rule is saying. It puts in order a tax bill that will basically lock in a tax cut to the tune of $290 billion over 10 years. As the gentleman before me from my side of the aisle, the gentleman from Washington [Mr. MCDERMOTT] said repeatedly, four times, the top 20 percent of the income filers get four times the tax benefit as the bottom 60 percent. So it locks this tax cut in.

Guess what else it locks in? It locks in spending reductions, we are not hearing about that, Mr. Speaker, spending reductions like a 23-percent cut in the Social Security Administration. Guess what that means? Elderly citizens in my district who are trying to arbitrate to get their Social Security check, who are already waiting 3 months right now, are going to have to wait an additional year.

Why are they going to have to wait an additional year to get their measly $435 a month? Because we want to give a $16,000-a-year tax break to the wealthiest 1 percent in this country. Does that sound fair to the Members? I do not think it does. But do Members know what this rule does? It shoves this tax bill down the throats of the American people, because they do not know what is in it. They do not know what is in it.

If we had enough time to debate this issue, which our majority is not giving us, if we had enough time to debate this, I could make sure my constituents in Rhode Island know what the true facts are about the distribution tables in this tax cut. But we are going to rush this thing through because we have to get out on vacation. We have to wrap business up by tomorrow, because we have to get out of town.

Everyone loves this tax break, because in the words of my colleague, the gentlewoman from Ohio [Ms. DEBORAH PRYCE], there is something in this for everybody. Guess what, Mr. Speaker? This is going to cost us. When future Congresses which have to pay for these tax cuts want to cut Social Security, want to cut veterans affairs, want to cut Medicare $115 billion, guess what, they are not going to do it. Guess what is going to happen? We are going to end up borrowing again.

So the same crowd that told us that they were all anxious about deficit spending, guess what, not so. If we need proof of it, read this tax bill. It is Ronald Reagan trickle-down economics all over again. They give $500 to a middle-income family. Mr. Speaker, $500 for a middle-class family, while they give $16,000 tax cuts to the richest 1 percent, can Members answer that, is that fair?

Mr. DREIER. Mr. Speaker, I yield myself such time as I may consume. It is obvious from the debate on the other side of the aisle that the Democrats continue to be the tax-and-spend party.

Mr. KENNEDY of Rhode Island. Mr. Speaker, will the gentleman yield?

Mr. DREIER. I yield to my friend, the gentleman from Rhode Island.

Mr. KENNEDY of Rhode Island. Mr. Speaker, I hate that label because you know what, we are having to tax in 1993 to pay for all the deficit spending. What the gentleman's party is all about is borrow and spend.

Mr. DREIER. Mr. Speaker, reclaiming my time, if one looks at the pattern of the 1980's, it is very, very clear, we doubled the flow of revenues. We saw an increase in social spending and, yes, we did increase the national defense so that we could bring about an end to the Soviet Union and the cold war.

Mr. Speaker, I reserve the balance of my time.

Mr. FROST. Mr. Speaker, I yield 4 minutes to the gentleman from Vermont [Mr. SANDERS].

Mr. SANDERS. Mr. Speaker, yes, I also am opposed to this absurd bill. I think that millions of Americans will wonder why many leaders in the Democratic Party and the Republican Party have come together on such an unfair piece of legislation which primarily benefits the very rich at the expense of millions and millions of other people.

Let us take a hard look at the two proposals that this Congress dealt with yesterday and today. First, in order to cut spending, the Congress yesterday voted to cut $115 billion from Medicare over a 5-year period and $385 billion over 10 years. That means that elderly people all over this country will see a lower quality of health care at a time when many of them cannot even afford their prescription drugs.

Furthermore, Congress yesterday voted to cut the administration of Social Security by 23 percent, or a billion dollars, which means that when the elderly people and others want information or want to get on Social Security, it will take them longer to do that. Further, Congress voted a $13 billion cut in Medicaid over 5 years. That money goes to hospitals that are primarily serving low income people, exactly the hospitals that are having financial difficulties today.

Congress voted to cut veterans benefits. Thank you, veterans, for putting your life on the line. Voted to cut discretionary health programs by 16 percent, voted to cut community and regional development by 29 percent. The result of those cuts means that for senior citizens and for others, life will be harder.

Were there positive programs passed yesterday? Yes, there were. I support those positive programs. But today let us look at why we have to cut Medicare and Medicaid and Social Security administration and the veterans. What are we going to do? Why did we cut? Well, it looks like today we are going to be dealing with a tax package. What is in that tax package? Well, under this tax package the wealthiest 5 percent of Americans will receive almost half of the tax cuts. The upper 20 percent will receive over 70 percent of the benefits.

What is going on in America today? Everybody in the world except the leadership of Congress understands. The rich are getting richer. The middle class is being squeezed. Low income people are working for lower wages than was the case 20 years ago. Last year our friend Bill Gates, having a tough time, his income, his wealth went from $18 billion to $42 billion, a $24 billion increase for one man's wealth, $24 billion.

Bill Gates will do very well by this tax bill. Good luck, Bill, maybe you will make even more than 24 billion next year. But if you are a single working person or you are a family that does not have any kids, guess what? You are not going to do very well by this tax bill.

The fact of the matter is that the average tax break for middle-income families will be about $200. But, this is the Congress after all, we know where the money comes from to elect people. If you are among the richest 1 percent, you are not going to get a $200 tax break, you are going to get a $16,000 tax break. The wealthiest 1 percent will receive more in tax breaks than the bottom 80 percent. Vote "no."

Mr. DREIER. Mr. Speaker, I yield myself such time as I may consume.

It is fascinating to listen to the attack by my friend from Vermont on Bill Gates. I do not stand here as a defender of any particular individual. But I would say that Alan Greenspan, chairman of the Federal Reserve Board, has made it very clear, the reason the United States of America is so productive today and we have the highest standard of living is there are more Americans with computers on their desks who are working hard to make sure that the level of productivity increases more than any country on the face of the Earth.

AMENDMENT OFFERED BY MR. DREIER

Mr. DREIER. Mr. Speaker, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. DREIER:

After "debatable for" insert "two and one half hours" and "three hours".

Mr. DREIER. Mr. Speaker, I ask unanimous consent that the amendment to the resolution I have placed at the desk be considered as adopted.

The SPEAKER pro tempore (Mr. LAHOOD). Is there objection to the request of the gentleman from California?

There was no objection.

The SPEAKER pro tempore. The amendment is agreed to.

Mr. FROST. Mr. Speaker, I yield 1 minute to the gentleman from Vermont [Mr. SANDERS].

Mr. SANDERS. Mr. Speaker, I thank the gentleman for yielding me the time.

Does my friend from California, and I will have to ask him to use his own time to answer the question, really feel that it is appropriate that when last year the average American worker saw a 2.8 percent increase in his income, which means that millions of workers in the so-called boom saw a decline in their real wages, do you really think there is something appropriate or right about our economic system when one man saw a $24 billion increase in his income while millions of working people saw a decline in their real wages? This, I should tell my friends, is in the midst of an economic boom.

Do we think it is appropriate that the United States continues to have by far the most unfair distribution of wealth and income in the industrialized world, with the richest 1 percent owning more wealth than the bottom 90 percent? Is this something we are proud of? The fact that we have the highest rate of childhood poverty while millionaires and billionaires in the country proliferate and that this tax bill would only make that gap between the rich and the poor even wider?

Mr. DREIER. Mr. Speaker, I yield myself such time as I may consume.

I would say in response to the gentleman that socialism is a failed economic system and one single individual has been on the cutting edge of ensuring that the level of productivity in the United States of America has enhanced to the level that it is, increasing the take-home pay for many, many people. Computers have played a role in doing that. Chairman Greenspan has pointed that out. I happen to believe that it is great. I just want to see more people in a position where they can enjoy the kind of success that Bill Gates has enjoyed.

Mr. Speaker, I reserve the balance of my time.

Mr. FROST. Mr. Speaker, I yield myself the balance of my time.

Mr. Speaker, there are strong feelings on this particular piece of legislation. There are a number of Democrats who will support it. There are some Democrats who will oppose it. Each group has its own valid reasons which will be developed during the general debate. I would only point out to the gentleman from California, and I intend to support this legislation, but I would only point out to the gentleman from California that his side chooses selectively to ignore the fact that the largest deficits in this country were run up under Republican Presidents during the 1980's and the early 1990's.

It was the decisive action, decisive action of the Democrats in this Congress in 1993 by passing a deficit reduction package that brought us to the point today where we can entertain a tax cut and we can make a fair tax cut for the American public.

Mr. Speaker, I yield back the balance of my time.

Mr. DREIER. Mr. Speaker, I yield myself the balance of my time.

Mr. Speaker, my friend referred to Republican reign over these deficits. I recommend that he look at the U.S. Constitution. Article I, section 7 makes it very clear, the responsibility for all taxing and spending lies right here in the House of Representatives. This is the first tax cut that we have had in 16 years. For 13 of those 16 years, this place was controlled by the Democrats. When President Clinton ran for office in 1992, he promised a tax cut for middle income Americans. The last Democratic Congress worked with him to bring about the largest tax increase in history.

Many Members like to claim that that tax increase is somehow responsible for the economic growth we are enjoying today. Why is it then that with the measure that we will be voting on within the next 3 hours we are repealing large parts of that tax increase?

The best thing that ever happened to Bill Clinton was the election of a Republican Congress. If Members look at the fact that in 1993 and 1994 we saw an increase in interest rates, we saw a stock market that was not taking off, November 1994 saw the election of the first Republican Congress in 40 years and in 1996, the reelection of the first Republican Congress in 68 years; if we look at election day 1994, we can draw a line.

We have seen interest rates on a downward slope since we began to focus on balancing the budget, reducing the size and scope of Government and cutting the tax burden on working Americans. In November 1994, the Dow Jones industrial average was at 3,900. Now it is right around 8,000. The fact is, we as Republicans have helped to improve this economy and it would not have happened had we not been in the majority.

I am very pleased that we are working in a bipartisan way to address this issue of the tax burden on working Americans. I look forward to seeing this Archer bill pass today and to have it signed by the President of the United States.

Mr. Speaker, I yield back the balance of my time, and I move the previous question on the resolution, as amended.

The previous question was ordered.

The resolution, as amended, was agreed to.

A motion to reconsider was laid on the table.

Mr. ARCHER. Mr. Speaker, pursuant to House Resolution 206, I call up the conference report on the bill (H.R. 2014) to provide for reconciliation pursuant to subsections (b)(2) and (d) of section 105 of the concurrent resolution on the budget for fiscal year 1998.

The Clerk read the title of the bill.

The SPEAKER pro tempore. Pursuant to House Resolution 206, the conference report is considered as having been read.

(For conference report and statement, see proceedings of the House of Wednesday, July 30, 1997.)

The SPEAKER pro tempore. The gentleman from Texas [Mr. ARCHER] and the gentleman from New York [Mr. RANGEL] each will control 1 hour and 30 minutes.

The Chair recognizes the gentleman from Texas [Mr. ARCHER].

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GENERAL LEAVE

Mr. ARCHER. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks and include extraneous material on the conference report on H.R. 2014.

The SPEAKER pro tempore (Mr. LAHOOD). Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. ARCHER. Mr. Speaker, I yield 2½ minutes to the gentleman from California [Mr. DREIER], a respected member of the Committee on Rules.

Mr. DREIER. Mr. Speaker, I thank the distinguished chairman of the Committee on Ways and Means, the author of the Archer bill, which it is now very appropriately called, for yielding me this time.

I rise, Mr. Speaker, to simply talk about what I think is one of the single most important provisions in this measure, and that is the reduction of the top rate on capital gains.

Back in 1993, several of our colleagues came together and worked on this issue of capital gains. We established what we called the Zero Capital Gains Tax Caucus. We recognized that capital gains tax rates, in fact, are some of the most confiscatory that we have of all. Why? Because people already pay a tax on that income that they are investing.

So what is it that we need to look at? We need to look at what it is that the capital gains tax rate reduction is going to do for this economy. Clearly, we are going to stimulate a dramatic increase in economic growth.

Every shred of evidence that we have throughout this century has proven that, going all the way back to Andrew Mellon's stint as Treasury Secretary under President Warren G. Harding, to the Kennedy tax cuts of the 1960's and, yes, the much-maligned Reagan tax cuts of 1981, which I was telling the gentleman from Texas [Mr. ARCHER] earlier today, I am very proud that that is the one tax bill that I voted for, the Economic Recovery Tax Act of Ronald Reagan back in 1981.

As we look at decreasing the capital gains tax rate, I am convinced that we will do more to help working class Americans than virtually anything else we could do. There was a lot of talk about family tax cuts, but the studies we have conducted found that by reducing that top rate on capital gains, we will, in fact, Mr. Speaker, increase the take-home pay for the average working American family by $1,500 per year.

Now, if we look at those facts, it is going to improve the opportunity for many. We also, Mr. Speaker, are going to be able to increase the flow of revenues to the Federal Treasury. When the Steiger capital gains tax cut went into place in 1978, we saw a revenue flow of about $9 billion. During the next several years, before the 1986 Tax Reform Act, we saw the flow of revenues to the Treasury increase by 500 percent, from $9 billion to $50 billion.

We had H.R. 14. I wanted it to go first to 14 percent then to zero. Democrats and Republicans joined me on that. We have ended up with a decent compromise, and I am very proud to support it.

Mr. RANGEL. Mr. Speaker, I yield 30 minutes to the gentleman from California [Mr. STARK] and I ask unanimous consent that he be allowed to control that time.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. RANGEL. Mr. Speaker, I yield myself such time as I may consume, and I want to thank the gentleman from California [Mr. DREIER] for expressing the need for capital gains tax cuts for the working people in America, because I think his statement proves that even though this is a bipartisan bill, there are basic differences between Democrats and Republicans.

Mr. Speaker, I yield 2 minutes to the gentleman from Tennessee [Mr. TANNER].

Mr. TANNER. Mr. Speaker, I want to thank the gentleman from New York [Mr. RANGEL] for yielding this time to me.

This bill before us today is not what I would have written. It is not what the group I am associated with, called the Blue Dog Democrats, would have written. There is one gaping hole in all of this discussion today, unfortunately, and that is entitlement reform.

But, nonetheless, I think that democracy is an inconvenience sometimes for those of us who serve in the legislative branch of government because there are people of good will who have intellectually honest differences of opinion as to what should be done for our great land. And so democracy is an inconvenience because none of us get our way all the time on every issue.

As I look at this bill, I am reminded of what Winston Churchill said one time when someone asked how his wife was; and he said, compared to what? Well, we look at this today and say to ourselves, would the country be better off with the passage of this Balanced Budget Act and this tax bill than it would be if we defeated it? I have concluded, Mr. Speaker, that the country will be better off with the passage of this tax bill today, notwithstanding the fact that there is much work to be done.

We will hear a lot of rhetoric, Mr. Speaker, about whose fault it was that we got where we are, and I would suggest that it is probably like a lot of other things: Both sides are about half right and both sides are about half wrong. And those who claim that they have the truth and those who claim that they are the only ones who have the right answer, I would suggest, ought to grant to others who disagree the same degree of intellectual honesty they claim for themselves.

I think, on balance, this is a reasonable bill. It will balance the budget in the year 2002 or before. I am convinced of that, and that is why I am supporting, as I did yesterday, the spending side, the tax bill today, and I would urge our colleagues to do likewise.

Mr. ARCHER. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I want to tell the House that this is truly a monumental bill. It has taken months to produce and it is before us today not without an awful lot of effort on the part of many, many people.

Before we get too far into the debate, I express my thanks to the tax staffs of the Committee on Ways and Means, the Joint Committee on Taxation, and especially, especially the office of the House Legislative Counsel, who worked around the clock in drafting to put this bill together. These staffs have given of themselves and taken time away from their families in order to make this moment available to all of us, and they deserve our heartfelt thanks.

Mr. Speaker, I yield 1 minute to the gentleman from Michigan [Mr. SMITH].

Mr. SMITH of Michigan. Mr. Speaker, this tax legislation is monumental, and I thank the chairman very much for yielding me this time.

What is exciting is that we are starting to let the American people keep a few more dollars of what they earn in their own pockets instead of sending it to Washington.

It seems that we have been under the philosophy that the American people should sacrifice in order to send more money to Washington so that politicians can spend those dollars. Now at last we are starting to acknowledge that it should be Washington who should sacrifice; cut down the size of government, find the best, most efficient ways to spend less money so that the people who earn that money can keep it in their pockets and spend it or save it as they decide.

As a farmer, I am especially pleased that we have strengthened the chances of the survival of the American agricultural industry by including several provisions in this tax bill that helps us keep a strong, viable agricultural industry; lets farm families keep and preserve their farming operations.

So my thanks to the chairman and all those involved in moving us to this new beginning for America and Americans.

Mr. RANGEL. Mr. Speaker, I yield myself such time as I may consume to join with the Chair in congratulating not only the staff of both sides for working together on this bill, but also including an uncustomary third party that has made this bipartisan effort work, and that is the President of the United States.

I think the President made it abundantly clear, and both sides of the aisle agreed, that the American people were fed up with the political fights. So we join together in thanking the staffs of both sides and the President of the United States for making certain that we could get this bill passed.

Mr. Speaker, I yield 1 minute to the gentlewoman from Texas, Ms. EDDIE BERNICE JOHNSON.

Ms. EDDIE BERNICE JOHNSON of Texas. Mr. Speaker, I want to stand here and applaud the leadership, especially the gentleman from New York [Mr. RANGEL], for what we have been able to achieve in this bill.

Clearly, as it left the House originally I would not have been able to support it because we had left the real backbone of this economy out, the middle income and lower income earners who did not get a break. But as we stand here today, there is indeed some equalization and fairness in this tax bill that I can truly support.

It is clear that when people make less money, and they are employees primarily, they pay a much more assured leverage of taxes. When we can make sure that they get a break, then I know we have accomplished something.

I am not against the wealthy. They really do give a lot to this Nation. But all of us know that they have the greatest advantage when it comes to paying taxes and they did not just deserve a tax break unto themselves. All of America's workers deserved a tax break. And in this bill, Mr. Speaker, they get it.

I appreciate this leadership and the White House and I am willing to support this bill today.

Mr. STARK. Mr. Speaker, I yield 5 minutes to the gentleman from Missouri [Mr. GEPHARDT], the leader of the Democrats in the House of Representatives.

Mr. GEPHARDT. Mr. Speaker, first I rise today to congratulate all who were involved in this negotiation. I especially want to congratulate my President and my party for standing for very important principles in how this tax cut bill was put together. I am very proud, Mr. Speaker, of what my party stands for and, because of it, this bill has been improved.

The child credit will go to hard-working families who desperately need this help. The education credit and deductions will go to help more young people go to school. There will be in this bill help for children in health care. So I am very, very proud of what my party stands for and what we have achieved.

I believe that the bill that came out of the House gave about 55 percent of its benefits to families who earn over $110,000 a year. I think that has been brought down to about 44 percent. In my view, it is not where it should be, but it is clearly better. So this agreement is better because we stood on principle.

I respect the motives of everyone who is here today to argue about this bill, Mr. Speaker. Everyone is voting for what in their heart and mind is the best thing for their constituents and the best thing for the country. So it is in that spirit of humility about my own decisions and my own votes and respect for the views of others that I say my decision today is to not vote for this bill, because I think it could be better and I think it should be better.

Back in 1981, I remember sitting right here after we had lost our effort to pass what I thought was a better Democratic tax bill and wondering what I would do. I voted for the Republican bill. In retrospect, I believe it was one of the worst votes I have ever cast because of what it did to the economy and what it did to the deficit. So my views today are tempered by that experience.

But let me spend the rest of my time, Mr. Speaker, explaining to really my friends in the Republican Party why I feel this bill and this budget has a deficit of fairness, a deficit of investment and a deficit of dollars.

□ 1200

Let me explain to my colleagues why we Democrats feel so strongly about where the lion's share of this bill should be focused. Last weekend I went door to door in my district. The median household income in my district is $34,000. When I talked to my constituents in South St. Louis city and county, in Jefferson County, what person after person said to me is, "I am struggling. I am just getting by. I am just surviving. I am up to my eyeballs in credit card debt."

This is the first tax cut that we have been able to legislate in 16 years. Let us remember the context in which we are talking today. Over those last 16 years, people at the top have seen their incomes go up by 90 percent. Those constituents that I talked to over the weekend have been stuck in place or they are falling behind. They have seen no increase in their income, and they are working harder and longer to overcome that problem, more hours, more jobs. People said to me, "I am working two and three jobs in order to pay my bills."

So we in the Democratic Party feel strongly that people in the middle, people stuck on the bottom are the people that we need to be dealing with, with the majority of this tax cut.

Now, understand our friends on the other side say, "well, let us give the tax cut to the people who pay taxes." That is what they always say. The truth is people in the middle and at the bottom pay a lot of taxes. And we have always had a progressive tax system. That is, you pay proportionate to your ability to pay taxes.

This bill will make the Tax Code, unfortunately, less progressive. But let us talk about the economics of it for a moment. And this is where we must part. I am a Democrat. I am a supply-sider, but I am as much a demand-sider. Why is it smart to have a progressive tax system? Why is it smart to give the bulk of the tax relief to people at the middle and stuck on the bottom? Because they need the help, it is fair, but because they need the money to spend in the economy.

What do the economists always talk about when they talk if we can keep the economy growing? It is because, they say, if we can keep retail demand going. What do we think people in the middle and at the bottom do with the money they earn? They go to Wal-Mart. They go to K-Mart. They go to Sears. They spend their money. And because they spend their money, if they have more money, all the boats can rise. People at the top can rise in their income. People in the middle. People in the bottom.

I am a Democrat. I believe in building this economy from the bottom up, not the top down. I believe our work over the last years in making the Code more progressive has helped produce an economy where we are surging forward and jobs are being created and unemployment is down.

Finally, let me say this: I am a tax reformer. I believe we ought to get less deductions and exemptions and special treatment. I think we need to get to lower rates for everybody. This bill today will add the greatest loophole. We will now take the rate for people that can figure out how to get their income in capital rather than in earnings, or earned income salary, to half the rate of other people. We are moving in the opposite direction of what we tried to accomplish in 1986. We should not be doing that.

Let me end with this: As I get it, this debate will go forward. Our friends on the other side have said a tax cut next year and a tax cut the year after that and the year after that. I welcome this debate. I welcome this debate. This is a good debate for our country. They will stand for what they believe in. We will stand for what we believe in. And the country will do better because of it.

I respect my friends on the other side and their views. I strongly disagree with their views, with all of the best intentions. I think they are trying to do what is right for the country and the people. But let me say to them that, in this debate which goes forward, Democrats are for cutting taxes for middle-income people and people trying to get in the middle class.

I have heard the Christian Coalition in parts of their party that are raising that issue within their party. They are right to do it. Let us go forward with this debate. Let us make this Tax Code fair. But, most important, let us invest our money in the hard-working, middle-income families of this country and help them succeed and help move this country and lift all the boats of this country to higher and higher levels.

Mr. COLLINS. Mr. Speaker, I yield 2 minutes to the gentleman from Illinois [Mr. WELLER], a member of the Committee on Ways and Means.

Mr. WELLER. Mr. Speaker, I want to take just a brief moment at the beginning of my remarks just to commend the gentleman from Texas [Mr. ARCHER], chairman of the House Committee on Ways and Means, for his leadership in managing this very important component of the Contract with America and also very important component for bipartisan agreement to balance the budget for the first time in 28 years.

This is a great victory for the middle class. It is a great victory for those who work hard and play by the rules and pay taxes, because this legislation we are voting on today is the first real tax relief for the middle class in 16 years.

For the people that I represent in the South Side of Chicago and south suburbs of Chicago and rural areas to the south and southwest if they have children, for the average family with children in the district that I represent, it means an extra $1,000 in take-home pay. Over 110,000 children are eligible for the child tax credit that is in this legislation. It is important to families, and because we, as Republicans, believe that if you work hard and play by the rules, you should be able to keep more of what you earn.

Because we believe, if you work hard and you keep what you earn, it is because we believe that you should be able to spend those dollars better back home, meeting the needs of your families better than we politicians can here in Washington. This bill is a victory for the working middle class, and I am proud to support this legislation.

I also want to note that there are three key components in this legislation that are initiatives that are strongly embraced by the people I represent in the south suburbs, part of a south suburban revitalization strategy, legislation designed to provide incentives to revitalize and clean up environmental cleanup of old industrial sites in old industrial communities, initiative to encourage the private sector to hire welfare recipients and give them a chance and give them a job, and also initiative to strengthen the opportunity for homeownership with homeownership IRA's.

The work opportunity tax credit works as a way of attracting the private sector to give welfare recipients an opportunity to have a job. And I am proud this bipartisan initiative is included in this bill.

My colleagues of the House, I again commend the chairman. I again commend the bipartisan effort. I urge support of this important legislation that helps the middle class.

Mr. RANGEL. Mr. Speaker, I yield 2 minutes to the gentleman from Maryland [Mr. CARDIN], a member of the Committee on Ways and Means.

Mr. CARDIN. Mr. Speaker, I want to congratulate the gentleman from New York [Mr. RANGEL] for his work on the conference report. The bill that we are going to vote on today is far different than the partisan Republican bill that passed this House just a few months ago. Let me give my colleagues five changes, and there are many more, why this bill is a much better bill than we had when it passed the House originally.

First: In regard to the child credit, we have changed the child credit so that now working families that make $30,000 a year can benefit from the child credit. That was not the case when the bill left this House.

Reason No. 2: The estate tax provisions are targeted to give most of the relief to families that have small businesses or farmers. That is a major improvement that I congratulate my colleague on.

Third: the education relief. When the bill left this House, it provided relief for the first and second year of a college education, but no more. We have now provided relief for college education beyond just the first 2 years and have provided relief for interest costs to those who had to borrow money to send their children to college. And we protected the tuition waiver program so employers can provide education help to families. Major improvement from when this bill left the House.

Fourth reason: The initiatives for the brownfield that will help our cities, empowerment zone that the gentleman from New York [Mr. RANGEL] was responsible initially to get through this House have now been incorporated into the bill that we will vote on today. Major improvement.

Fifth reason: The gentleman has modified the IRA proposals, got rid of indexing of capital gains so that we do not have exploding deficits in the future.

We now have a bipartisan bill that, with the bill that we passed yesterday, will balance the budget and protect the priorities that are important for the future growth of our Nation. I congratulate the gentleman from New York [Mr. RANGEL] because we now have a bipartisan bill that deserves the support of this House. I intend to support it.

Mr. COLLINS. Mr. Speaker, I yield 2 minutes to the gentleman from Arizona [Mr. HAYWORTH], another member of the Committee on Ways and Means.

Mr. HAYWORTH. Mr. Speaker, I thank my colleague from Georgia, Mr. COLLINS, for the time.

Mr. Speaker, I know it is difficult for professional politicians to do this, but I would challenge Members on both sides who are career office holders to leave the spin cycle in the laundry room.

The fact is it is time, Mr. Speaker, for straight talk with the American people. And the fact is that we have made an important first step with this legislation. Is it perfect? No. Does everybody get everything they want? Absolutely not. But to try and keep scores, as if this were the partisan baseball game the other night, I just think is something we should leave alone.

Because this is not a game; this is about living, breathing, working people. Like the working couple from Casa Grande, AZ, who sent me a letter via fax, the Wilkins family, Barney and Margie. They are schoolteachers. Their kids are B.J., Megan, and Molly.

Barney and Margie work hard at teaching school. They are not rich although some people have estimates that say that their combined income would make them rich. In fact, they have a third job. They supply auto parts for vintage cars and go to vintage and classic car shows on the weekend.

They write me and they say, "Congressman, thanks for this 19th wedding anniversary gift." I do not mean to pick at their sentiment here, but this is not really a gift to them or a gift to the American people. Because the money that the American people earn is their money. They ought to keep more of it and send less of it to Washington.

The challenge is, and this is where we differ in good faith is this notion, why should families sacrifice to send more of their money to Washington? Why not let families keep more of their money and let Washington make the sacrifice? The P.S. is the most important thing. "P.S., please continue to cut taxes more so we do not have to work three jobs."

Mr. Speaker, we are making that first step today to cut taxes, to reward Americans who work hard. That is the key to this debate, and that is why I urge passage of this legislation.

Mr. STARK. Mr. Speaker, I yield 4 minutes to the gentleman from Wisconsin [Mr. OBEY].

Mr. OBEY. Mr. Speaker, this is not a fight about whether there should be a tax cut. It is a fight about who gets it. There is much in this bill I support. It is a far better bill than the House originally passed.

I was an original sponsor of the child tax credit, which is contained in this bill. I support the education tax credits and child health provisions. But I would remind my colleagues that the fundamental test of any democracy is to fund its activities through a tax system which is fair to each and every one of our citizens. Because this is, after all, a volunteer compliance tax system.

We fought a revolution over the principle of fair taxes. This bill, I am sorry to say, fails that test.

The most well-off 5 percent of families in the country who make over $110,000 will get seven times as much relief as all of the 60 percent of Americans who make less than $37,000. That is simply not fair.

In fact, the wealthiest 1 percent of our citizens, who make more than $250,000 a year, will get more in tax relief than 80 percent of all Americans who make $60,000 or less. That is simply not fair. We can do better.

Then if we take a look at the dollar relief in the bill, we see that the top 1 percent, whose average income is $650,000, will get a $16,000 tax break under this bill. But if you are in the middle bracket, if you are in the middle bracket, you will get about $3 a week and you lose half of that because of what it costs you to get a tax preparer.

If you are among the poorest 20 percent, you will lose $39. You will actually have a tax increase of $39.

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Mr. STARK. Mr. Speaker, will the gentleman yield?

Mr. OBEY. I yield to the gentleman from California.

Mr. STARK. Mr. Speaker, I do not have anybody in my district that makes $645,000 a year, but could the gentleman tell me, do they work a lot harder in the gentleman's district than say that group of people down a couple who only make $70,000? Is that what happens in Wisconsin to those folks in the gentleman's district?

Mr. OBEY. Not in mine.

Mr. STARK. Does the gentleman suppose they inherited most of their money, what they are getting, $645,000?

Mr. OBEY. I have no idea. All I know is that this distribution is not fair. We can do better.

Mr. Speaker, the other problem with this proposal is that it is based upon promises that in the next 5 years we are going to cut the Social Security Administration by 25 percent, that we are going to cut community development by 30 percent, that we are going to cut veterans' benefits by 20 percent over the next 5 years. I do not believe that Members of either party will vote for those kind of reductions when those budgets come to the floor. That is why the claim that this budget is going to produce a balanced budget is built on a false promise.

In short, in terms of a fair distribution of tax benefits to our people, in terms of an honest description of how they are paid for, this bill I regret to say fails both tests. We can do better. I urge a vote against this bill until we do.

Mr. COLLINS. Mr. Speaker, I yield 2 minutes to the gentleman from Ohio [Mr. BOEHNER], the chairman of the Republican Conference.

Mr. BOEHNER. Mr. Speaker, it is really happening: the first time in 30 years we are actually going to balance the Federal budget. The first time in a few years we are going to save Medicare and extend the life of the trust fund for 10 years. We took those votes yesterday.

Today we are going to provide tax relief for the American people, the first tax cut from Washington in 16 years. We all know that reducing taxes is going to mean lower interest rates for the American people, it is going to mean more jobs for the American people and, most importantly, it is going to mean higher wages for American families.

These are the kind of values that we have been fighting for for years, trying to bring real relief to middle class American families. When we talk about lower interest rates, more jobs, higher wages, sometimes people think these are terms that economists use. Let us think for a moment about what these bills that we passed yesterday and today really mean.

A balanced budget and tax cuts mean that it is going to be easier for families to go out and buy a home. It is going to be easier for families to send their kids on to college. A balanced budget and tax cuts mean that it is going to be easier for people to go out, who want to start a new business, to get that first start. It is going to be easier for every American to have a shot at the American dream.

That is really what we are trying to do here today and over the last couple of years, is to renew the American dream for our kids and theirs. Over these last 2½ years, it is not what we have done just yesterday and today, balancing the budget, cutting taxes, saving Medicare, it has been issues like ending entitlements for farmers and allowing the market to take place, allowing farmers to decide what they are going to plant on their land.

It is welfare reform, allowing the States to help those at the bottom of the economic ladder to become productive members of our society. It is illegal immigration reform. It has been health care reform. It has been eliminating 300 wasteful Washington programs, saving $53 billion. And, Mr. Speaker, this is just a good start.

Mr. RANGEL. Mr. Speaker, I yield 2 minutes to the distinguished gentlewoman from Connecticut [Mrs. KENNELLY], a member of the Committee on Ways and Means.

Mrs. KENNELLY of Connecticut. I thank the gentleman from New York [Mr. RANGEL] for yielding this time and for his hard work.

Mr. Speaker, I rise as a proud member of the Committee on Ways and Means. As a long time member of that committee, I have taken some very tough votes. In fact, in 1990 I took two tough votes for the 1990 budget. In 1993 I really did not like a lot of things in that budget but I knew when the President became the President, President Clinton, because there was a $290 billion deficit, I had to vote for that bill if we were going to reduce that deficit. So it is a great pleasure to vote this week to finish the job and balance the budget for the first time in this generation.

But I also want to thank the conferees on both sides of the aisle for listening to those of us who have worked on the Tax Code for a number of years. When the Ways and Means bill first appeared, there were many of us who were very, very concerned. We had worked for many, many years on the earned income tax credit. We had worked for years working to get a dependent day care credit for men and women who work and have families, and for the first time, all of a sudden we were going to see some of that day care credit we had worked so hard for disappear if they took the child credit.

We found out that we could convince conferees that this would not be fair because most people go to work because they want that house or they want that education, and they need that help, even if they have got two salaries, in paying for good affordable quality day care.

Millions of families, as we well know because we had a battle royal for the last month over the earned income tax credit, and I do want to commend the conferees for realizing that if they pay Federal payroll tax, it is paying to the Federal Government and it is just as good and just as hard as if they pay income tax. I really feel good about that piece.

Unfortunately, we were not able to fix the AMT child credit problem, and I just said to Ken Kies, "You've got a lifetime of work because you're the only one that's going to understand exactly what we did do." In fact, we have added a lot of complexity to that bill, and we will all be back hopefully next fall trying to fix this bill.

But we should celebrate what we have right now where two groups came together, capital gains yes, indexing no, earned income tax credit yes, and yes for almost everybody. I vote for this bill and hope a lot of other Members will, and I know they will.

Mr. COLLINS. Mr. Speaker, I yield 2 minutes to the gentleman from Pennsylvania [Mr. ENGLISH], another distinguished member of the Committee on Ways and Means.

Mr. ENGLISH of Pennsylvania. Mr. Speaker, I rise in strong support of this tax relief package. In most respects this package is similar to what the Committee on Ways and Means passed last month. It provides significant relief to working taxpayers and middle class taxpayers who are facing the highest tax burden in American history.

Many of us who were elected in 1994 came to Congress pledged to reduce the tax burden on middle class taxpayers and people who work for a living. Today we stand on the brink finally of fulfilling that pledge. This will be the first tax cut for the middle class since 1981, and not a moment too soon.

This is not as large a tax cut as many of us on the Republican side had originally argued for, but the net tax cut of $94 billion is more than the White House was originally willing to subscribe to. That we have it here today is a tribute to the persistence of a pro-growth, antitax majority in this House which I am proud to be associated with.

Our tax cut includes a child tax credit to provide tax relief to families with incomes as low as $18,000; tuition tax relief which makes college more affordable for a lot of middle class families; an expanded IRA to encourage retirement savings; a capital gains tax cut to stimulate growth and opportunity by providing more seed corn for the economy; and I think this is a tribute to the persistence of the gentleman from California [Mr. DREIER] as well, small business tax relief and also tax incentives for home ownership.

Mr. Speaker, in summary, this tax package for working families in places like Erie, PA means restoring the American dream and making it a little more achievable. This is a big win for the middle class. Today we are going to hear from the left wing in Congress that this bill is inadequate. They do not want tax cuts. But watch your tax return. If you are a middle class taxpayer, this tax cut is for you.

Mr. STARK. Mr. Speaker, I yield 3 minutes to the gentleman from Oregon [Mr. DEFAZIO].

Mr. DEFAZIO. Are you confused? Mr. Speaker, I think a lot of people listening to this debate over the last 2 days are. They should be. In fact this legislation is designed to confuse the process, rushing this through before Congress's month-long vacation, is designed to obscure the truth.

The truth is yesterday Congress adopted very substantial cuts in Medicare, cuts in reimbursements, cuts that will drive up premiums for seniors, cuts that will deprive seniors of home health oxygen benefits, and today they are using the proceeds of those cuts to fund huge tax breaks, $275 billion in tax breaks over the next 10 years, tax breaks that will double the deficit by the year 1999. Yes, that is right. The balanced budget agreement before us today will double the deficit over the next 2 years, and that is from the Republican-controlled Congressional Budget Office. It will probably more than double the deficit over the next 2 years. A strange path to fiscal responsibility.

What underlays this whole thing? Tax cuts slanted toward the very wealthy, repeal of the corporate alternative minimum tax; an embarrassing time in the mid-1980's when Ronald Reagan supported imposing a corporate alternative minimum tax, as the largest corporations of this country were getting refunds for taxes they did not pay. We are going back to that. We will all pay taxes so corporations can get refunds for taxes they do not pay.

Capital gains. Look at the distribution right here. The largest amount of money, 44 percent of the benefits, go to the top 5 percent, those earning over $112,000. If you are in over $112,000, cheer, right now, OK. If are in the bottom 60 percent, families making less than $36,000 a year, that is most of my constituents, those are the people who most need tax relief, look at what that large number of people, 60 percent of the population are going to rake in: 7 percent of the benefits. What a great day for middle income America. Forty-four percent for those privileged few at the top and 7 percent for the rest.

Mr. Speaker, this point cannot be made too many times in this debate. This is being rushed through unnecessarily so people will not understand the facts. They will say that 75 percent of the benefits are going to people who earn under $75,000 a year. That is simply not true. We are engaged here in the big lie.

The big lie is that this is going to balance the budget. It will not. We have statistics now that show it will double the deficit in the next 2 years. What they are saying is magically in 2001 Congress will come here and decide to cut $61 billion out of discretionary programs. That means cut the entire Department of Veterans Affairs, Department of Energy, Department of Housing, Social Security Administration, and the Justice Department.

Mr. STARK. Mr. Speaker, will the gentleman yield?

Mr. DEFAZIO. I yield to the gentleman from California.

Mr. STARK. Mr. Speaker, can the gentleman tell me, are we still going to build the B–2 bomber and is defense going to go up?

Mr. DEFAZIO. We cannot cut a penny out of the Pentagon and we are going to build 20 B–2 bombers.

Mr. STARK. We are still going to take money out of people's pockets and spend it here in Washington.

Mr. DEFAZIO. The gentleman is correct.

Mr. STARK. Just not on things that help people.

Mr. DEFAZIO. But in a way to enrich contractors, not to enrich those people at the bottom.

Mr. COLLINS. Mr. Speaker, I yield 2 minutes to the gentlewoman from Connecticut [Mrs. JOHNSON], another member of the Committee on Ways and Means and a strong advocate for working families.

Mrs. JOHNSON of Connecticut. Mr. Speaker, I rise in strong support of the taxpayer relief act of 1997. This bill provides much-needed tax relief for hardworking American families.

After 28 years of chronic deficit spending, we are finally getting our fiscal house in order. The bill before us today, coupled with yesterday's entitlement reforms, proves that it is possible to balance the budget, cut taxes, and meet critical needs of our people like the needs of uninsured children for health insurance.

In this bill we are taking giant strides to help families afford college educations through education savings accounts, HOPE scholarships, reduced taxes for families paying for tuition in advance, and a student loan interest deduction for all those young people who are struggling to repay the high cost of going to college. We have taken a giant step forward toward making post-high school education affordable for all: young people straight out of high school, mothers going back to work after being out of the workforce for a number of years, and workers whose employers pay for their education. Today's economy demands that young people learn well and that working people keep their skills and knowledge up to date. This bill goes a long way in helping each of us realize our greatest potential, and so our dreams.

For families this bill offers a $500 tax credit for each child 16 and under, health care for kids whose parents work for small businesses unable to provide health insurance to their employees, educational opportunity, greater retirement security for our teachers and others who work for public employers. It also offers a shot in the arm to our economy, to build the base for continued long-term growth, making machinery and equipment more affordable, encouraging the research and development that can keep our companies product leaders in the market, relief for small businesses, and hope for family-owned businesses that they can survive mom and dad's passing.

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This is a good bill for people, a good bill for the economy, and I urge my colleagues' support.

Mr. Speaker, I rise in strong support of the Taxpayer Relief Act of 1997, providing much-needed relief for hard-working American families.

After 28 years of chronic deficit spending, we are finally getting our fiscal house in order. The bill before us today, coupled with yesterday's entitlement reforms, proves that it is possible to balance the budget and provide tax cuts to America's families and meet critical needs of our people, like health care for uninsured children.

In this bill we are taking great strides forward to help families to afford college educations—through education savings accounts, HOPE scholarships, reduced taxes for families paying for tuition advance, and student loan interest deduction for all these young people struggling to repay the high cost of going to college.

We have taken a giant step toward making a post-high school education affordable for all, young people straight out of high school, mothers going back to school after being out of the work force for a number of years and workers whose employers pay for their educations. Today's economy demands that young people learn well and working people keep their skills and knowledge up-to-date. This bill goes a long way in helping each of us realize our greatest potential—and so, our dreams.

For families, this bill offers a $500 tax credit for children 16 and under, health care for kids whose parents work for small businesses unable to provide health insurance to their employees, educational opportunity, greater retirement security for teachers and others who work for public employers.

It also offers a shot in the arm to our economy to build the base for continued, long-term growth—making machinery and equipment more affordable, encouraging the research and development that can keep our companies product leaders in the market, relief for small business, and hope for the family owned business that they can survive Dad or Mom's passing. For the first time, this bill recognizes the special role of family farms and businesses by creating separate, higher exemption for those estates. This will enable more family farms and businesses to be passed down to the next generation successfully.

This is a good bill for people, for families, and for our economy. It's good tax policy and I urge a "yes" vote.

Mr. RANGEL. Mr. Speaker, I yield 2 minutes to the gentleman from Michigan [Mr. LEVIN], a member of the committee.

Mr. LEVIN. Mr. Speaker, the Democratic Party has stood for economic growth with equity. The 1993 Deficit Reduction Act worked in both respects, promoting the dramatic deficit reduction that has been a major source of our sustained economic growth and providing a tax cut for low- and middle-income families through expansion of the ITC, and the predictions of economic doom from those who opposed the 1993 act came from many of the same people who voted for the 1981 legislation that led to the deep deficits of the 1980's. Time has proved them as wrong as to 1993 as it did for 1981.

The tax bill now before us shows that today it does indeed take two to tango, but that does not mean the two partners have always been dancing in the same direction. Democrats have focused on responding to the pressures on middle- and low-income families whose income stagnated amidst the general boom of the last 5 years, while many of the majority have been dancing too often to the tune of the very wealthy, and Democrats have been resisting proposals that would bust budget in later years while the majority has been pushing some of the same approaches that engendered the deficits of the 1980's.

So we Democrats worked with President Clinton to target the child tax credit to middle-income families, to provide help for families with escalating costs to educate their kids after high school and to provide the child credit for hard-working families making $18 to $15,000 as well as those making $25 to $100,000.

In this strenuous effort on the tax bill we have lost some battles, but we have also won some vital ones. As a result, today I am voting for this tax bill.

Mr. COLLINS. Mr. Speaker, I yield myself 2 minutes.

Mr. Speaker, I was sent to Congress in 1993 by the people of the Third District of Georgia with a very specific list of legislative goals. The budget agreement negotiated between the Congress and the President includes many of those goals. With the passage of the Tax Relief Act, we will successfully have achieved many reforms on behalf of all Americans.

Mr. Speaker, today's vote is the result of months and months of diligent work in an effort to assemble a budget that the American people deserve. It is the product of a grassroots campaign where input, ideas, and priorities have been gathered not only from Georgia, but from people all across the country.

This measure will put in law their priorities, which include balancing the Federal budget, providing tax relief to working families, and creating incentives for people to invest. It returns physical responsibility to Government by balancing the Federal budget just as families must balance their budget. Most important, this bill will leave $94 billion in the private sector, where working people will be able to keep more of their hard-earned dollars and small business owners will have the chance to invest and create jobs.

Today success is not a victory that can be solely claimed by the Congress or the President. It is instead a victory for the people of this country who sent their representatives to Congress to cut taxes, reduce the size of the bureaucracy, and return fiscal responsibility to the Federal Government. The $500 per child tax credit, capital gains tax relief, reduction of the estate tax, tax incentives that reduce the cost of education, preservation of the Medicare commitments we made to our seniors and relief from the alternative minimum tax all are reform ideas that clearly reflect the priorities of the citizens all across this country.

Mr. Speaker, I am humbled by the opportunity and proud to support this Tax Relief Act and believe it is a victory for the hard-working people of this country.

Mr. RANGEL. Mr. Speaker, I yield 3 minutes to the gentleman from South Carolina [Mr. SPRATT], a great American, someone that has been so helpful in making certain that we got here on the floor today, and the ranking Democrat on the Committee on the Budget.

Mr. SPRATT. Mr. Speaker, I thank the gentleman for yielding this time to me and for his compliment, and, Mr. Speaker, I would like to note, as I did yesterday, the reason we are here near the passage of a major tax cut bill.

In 1993, we dealt with the deficit and dealt with it squarely on both sides of the ledger, revenues and spending, and today we reap the benefits of what we sowed. Because of what we did in 1993 the deficit has come down 5 years in a row; it is down to at least less than $40 billion this year, and that is phenomenal. It happened because we capped discretionary spending, we applied a pay-as-you-go rule to entitlements and tax cuts, and we restored the revenue base of the Federal Government. Corporate tax revenues, for example, were up last year by $72 billion, more than 70 percent over 1992.

The reason we were able to pull together yesterday's spending bill and today's tax bill is that on May 1 CBO finally agreed with OMB that the Government's revenue tax increases are not episodic, not 1-year phenomena, they are permanent. These are permanent phenomena, such that over the next 5 years CBO was willing to add $225 billion, all together, to its revenue estimates. That made today possible and yesterday as well.

And having come this far, our goal is clear. We want to balance the budget and finish what we have started. We want to do tax cuts, sure we do, but we want to do them in a way that we achieve a balanced budget in 2002 and thereafter. That is why we decided in the balanced budget agreement to keep our tax cuts within strict limits, $85 billion in net revenue losses over the next 5 years, $250 billion in net revenue losses over the next 10.

When this bill left the House it was outside those limits, and in the outyears it threatened revenue losses that would have undermined a balanced budget for the long run. It was also tilted to top bracket taxpayers. It made room for a double-barrelled capital gains tax cut with both a low rate and indexing, but it could not find room for a child tax credit for families with 2 or 3 children making less than $30,000.

I voted against that bill, but I will vote for this one, and I do not agree with everything in it, but I think it comes from conference to us in far better shape than it left the House, and let me give my colleagues just three examples.

First of all, the children's tax credit which we all supported now goes to families who need it the most, families with 2 children or 3 children or more who work hard but earn less than $18,000 a year. It would have been unconscionable to pass something called a child tax credit and leave those families and 9.5 million children out. Democrats fought to get them in, we prevailed, and we should be proud of that.

The tuition tax credit which the President made the centerpiece of his tax cuts, which we as Democrats all of us heartily support, now it will not stop in midstream after the first 2 years in college as it did in the House bill. Once again we prevailed. This bill has a credit that will apply to the third year and fourth year and graduate education, a 20-percent tax credit of tuition expenses.

And the capital gains tax which the Republicans wanted is their piece of the pie. It is in this bill too, but unlike the House bill, this bill does not stack one preference on top of another. A lower capital gains rate is in, but indexation is out, and by taking it out we have taken out a time bomb that would have caused revenue losses to explode in the outyears, undercutting our whole objective, which was to balance the budget in 2002.

Mr. Speaker, frankly I would have held off the tax cuts until we had our bird in hand, a balanced budget. But I believe this tax bill is consistent with our objective of balancing the budget by 2002, and I know this, it is much fairer than the tax bill that we passed in the House just a few weeks ago. It is fairer for hard-working Americans who need tax relief and deserve it, much fairer than the first bill. That is why I intend to vote for it.

Mr. COLLINS. Mr. Speaker, I yield 2 minutes to the gentleman from Michigan [Mr. CAMP], a member of the Committee on Ways and Means.

Mr. CAMP. Mr. Speaker, I thank the gentleman for yielding this time to me.

Today we celebrate an important achievement by the Congress and the White House. But most importantly, we celebrate a victory for the American people. Yesterday in the spending bill we celebrated balancing the budget for the first time in 30 years, saving Medicare, which is so important for health care for our seniors. But today we celebrate with the American people receiving tax relief for the first time in 16 years. Working families in mid-Michigan and across America who are raising children and saving for their education will receive not only a $500-per-child credit, but also tax relief to help pay for the rising costs of tuition.

I represent a primarily rural district in the middle part of Michigan, and for millions of farmers across the country and many farmers in my district this tax relief bill means a better chance of continuing to do what they love to do, and that is feed our Nation and the world. It also provides the opportunity to pass on the farm to the next generation, and many farmers in my district are second and third generation farmers. With this bill farmers will get tax relief from capital gains tax, and farming is heavily capital intensive, and also relief from death taxes that often force families to give up family farms in order to pay the IRS. We are providing family farmers with relief by providing income averaging to try to level the peaks and valleys that often come with unreliable weather and crop years, and that will help with their tax bills.

Mr. Speaker, family farmers in mid-Michigan are tired of knowing the IRS is waiting to claim a huge share of their efforts. With this bill we deliver real tax relief that will lead to the opportunity for greater prosperity and a higher quality of life on the family farm and in the homes of all Americans.

Mr. STARK. Mr. Speaker, I yield 5 minutes to the distinguished gentleman from Washington [Mr. McDERMOTT].

Mr. McDERMOTT. Mr. Speaker, we are today dealing with a tax bill that I think if people are watching this they would have trouble figuring out where everybody is coming from. Some people, the majority, believe that this is the best tax bill since sliced bread. Some of the Democrats say, well, we took a bad tax bill and made it a little bit better. But there are some of us who think that this bill is so bad that it ought to go down because it is not fair, it is not fair enough.

Mr. Speaker, I would like to associate myself with the remarks of both the gentleman from Missouri [Mr. GEPHARDT], the minority leader, and the gentleman from Wisconsin [Mr. OBEY], but I will give my colleagues a couple specifics. Let us take a woman who has two kids who makes $35,000 and teaches school.

Now she pays 15 percent of her income in FICA taxes and then is taxed at the 15 percent rate beyond that. Somewhere around $7,500 to $10,000 of her income goes in taxes out of a $35,000 income.

Now let us take and contrast somebody who makes $200,000 in unearned income; that is, they invest in the stock market and they make $200,000. Under this bill they will be taxed at a 20-percent rate; the schoolteacher at a 30-percent rate; the unearned income at a 20-percent rate because the person earning their income in capital gains pays no FICA tax, no FICA tax.

Now in my view that is unfair. The person making $200,000, taxed at a 20-percent rate under this bill will pay $40,000 in taxes.

Now let us get to the tax breaks. Here is the woman. She has paid $10,000 in taxes. She gets $1,000 back, $500 for each one of her kids. The person making $200,000 and paying 20 percent has two kids, so he gets $1,000 back.

Is that fair to a woman raising two kids, making $35,000, paying 30 percent of her income in taxes and getting $1,000 back and somebody who makes $200,000 worth of unearned income, and they get $1,000?

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That is not fair. Mr. Speaker, the unfairness of this I think is only one of the problems. As I listen to people speak here, I continually believe that the Contract With America's idea of term limits is buried under all of this.

An awful lot of people who are voting for this today are voting politically correct when they vote yes, but they are not thinking long term. They do not expect to be here in 2005 or 2006 when the real impact of this bill comes to rest on the American people.

Today's New York Times on the editorial page, page 21, says "The deal's long-term effect has economists uneasy." When these capital gains cuts and these estate tax and all the other cuts come to full pressure on the economy, we will be facing the baby boomers going into their senior years with no capacity, because we have dug a hole in the revenue side. We will not be able to deal with their problems.

Mr. STARK. Mr. Speaker, will the gentleman yield?

Mr. McDERMOTT. I yield to the gentleman from California.

Mr. STARK. Mr. Speaker, I would ask the gentleman, is it not true that we are not really going to have the budget balanced for 3 or 4 years, 3 or 4 years from now when it finally comes to balance, and if we had no bill yesterday and did not do this tax bill today, we would balance this year or next?

Mr. McDERMOTT. Mr. Speaker, the gentleman is absolutely correct.

Mr. STARK. And then after that, under the Republican bill, do we not have deficits that just zoom right down to below zero?

Mr. McDERMOTT. There is no question, Mr. Speaker, that ultimately the deficit will go back up again because of these tax breaks. If we had let the situation alone, the situation that was created in 1993 by the tax bill which we passed, and incidentally, people stand out here and say we are making all these great tax cuts. They have not changed in this bill one single provision from 1993. The bill that set us on the path that has gotten us in the good situation we are in today so we can talk about tax breaks, not a single provision of that has been repealed.

Mr. STARK. Mr. Speaker, do not higher deficits that the Republicans are giving us with these bills lead to higher interest rates?

Mr. McDERMOTT. That is what Mr. Greenspan says.

Mr. STARK. So if this family around $30,000, $40,000, savings $200, and a family at $150,000 to $600,000 saves $10,000 or $15,000, that $200 is going to be eaten up in higher interest rates, and the people with capital gains in the stock market are going to have all the profit out of this bill?

Mr. McDERMOTT. There is no question, their credit card debt is going to go up.

Mr. COLLINS. Mr. Speaker I yield 2 minutes to the gentleman from Ohio [Mr. PORTMAN], a member of the Committee on Ways and Means.

Mr. PORTMAN. Mr. Speaker, I thank my friend, the gentleman from Georgia, for yielding time to me.

I want to start by commending the gentleman from Texas, [Mr. BILL ARCHER], because he held firm and worked in a bipartisan way with the gentleman from New York [Mr. CHARLIE RANGEL], and others to ensure that hard-working Americans are going to get their first tax break in 16 years. They deserve it.

What is truly remarkable about this, of course, is we are doing it despite what we might hear from the other side in the context of a balanced budget. A lot of these tax relief provisions are going to help us get to that balanced budget, because they will help grow the economy.

It is a sound package overall. I certainly support it. What does concern me about the package is that we did not do more in it to simplify the Tax Code for taxpayers and for the already troubled Internal Revenue Service that is supposed to administer all the things we have passed here on the Hill.

Let me be clear, there are some simplification provisions in this bill. We need to talk about those. One is it that most people do not have to worry about capital gains when they sell their homes. That is an enormous benefit for taxpayers and a great simplification.

We also get rid of some of the worst aspects of the corporate alternative minimum tax. That is important for tax simplification. AMT relief will help create jobs in this country.

Finally, we take away a lot of unnecessary and costly regulations in the State and local pension plans. That is also in this bill. That is a good simplification measure.

To be fair, there are a number of things here that add to the complexity; last-minute revisions in the child tax credit, for instance that makes it refundable and in various ways adds enormous complexity. We would have to face up to it, too, that some of the IRA proposals cannot be deemed simplification. But again, I support reducing the tax burden.

This is a good package. I commend particularly the chairman for standing firm and making sure we got real relief. But I do think we missed an opportunity. We missed an opportunity to simplify the Tax Code. Now I think the next step should be as a Congress to make this code fairer, flatter, and simpler. That is the next thing we need to do for America, for all of the taxpayers, for the Internal Revenue Service, and for the tax system generally.

Mr. RANGEL. Mr. Speaker, I yield such time as he may consume to the gentleman from Virginia [Mr. SCOTT].

Mr. SCOTT. Mr. Speaker, I rise to address a colloquy with my colleague, the gentleman from New York [Mr. RANGEL], ranking member of the Committee on Ways and Means.

It is my understanding that the number of empowerment zones will be expanded through the passage of this legislation. As we know, HUD has found 2 empowerment zones and 11 enterprise communities, including Norfolk, VA in my district, to be the most successful in meeting the performance milestones. Those milestones include initiating and implementing job training programs, recruiting unemployed individuals into both job training and education programs, increasing the number of new businesses in the region, and creating new jobs.

In order to reward communities for these efforts, should these successful enterprise communities be given priority consideration for designation as empowerment zones?

Mr. RANGEL. Mr. Speaker, will the gentleman yield?

Mr. SCOTT. I yield to the gentleman from New York.

Mr. RANGEL. Mr. Speaker, I say this to the gentleman from Virginia; I was the original sponsor of the initial enterprise and empowerment zones, and also the latest bill which expands them. While it was not included in the Republican bill, it is in the bipartisan bill.

As the gentleman well knows, communities have to file and show their proposals before they are selected by HUD. It makes a lot of sense that those enterprise communities who have done more than have a plan, but demonstrated a success with those plans, should be given priority as we move forward in the next round of selecting the new empowerment zones and the additional enterprise communities.

Mr. SCOTT. Mr. Speaker, I thank the gentleman for that comment, and look forward to Norfolk being given that consideration, because it has done such a good job through Norfolk Works and other programs such as that.

Mr. STARK. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise in opposition to the bill before us today. Mr. Speaker, H.R. 2014 cuts taxes by over $100 billion in 5 years and almost $300 billion over 10 years. Those are massive cuts, and if this Congress had the gumption to legislate with long-term interests in mind, we might have scrapped these cuts entirely and used the so-called savings to balance the Medicare trust fund, which we have not done. We could have made Medicare solvent well past 2020 had we not entertained this amazing tax bill.

Who gets the cuts? Half the cuts go the richest 5 percent of Americans, those with over $150,000 in income. The richest 20 percent gets 75 percent of the benefit, the top 35 percent get huge benefits, the bottom 60 percent get 7 percent of the benefits.

Compare that with the richest 1 percent with average incomes of $645,000. They are getting $16,000 every year in benefits out of this. The lowest 20 percent of the people in the low-income class are going to pay $39 a year more taxes. Those are the very people that the Republicans and the President and his welfare bill have cut off the rolls. Those are the people they are dumping on. That is not Christianity, that is greed. That is awful, to take the poorest Americans, deny them the assistance we have all tried to give them, and then increase their taxes, on top of it.

There is no magic in projecting who benefits from this bill. When we target $35 billion of estate tax relief, we end up helping those 2 percent or 3 percent of Americans who have huge estates and obviously incompetent children who cannot afford the business, and to pay it off with the generous terms we already give them. When we cut capital gains from a maximum of 28 to 20 percent or even 18 percent, we help the most affluent Americans.

We should not be reluctant to question whether it is fair to give massive tax breaks to the wealthiest Americans while those at the bottom pay an increase in excise taxes. The rich make out better than everyone else.

Special interests are also making out like the Beltway bandits who represent them. According to the Joint Committee, this bill contains 80 items which are highlighted as required by the line-item veto law because they give tax benefits to 100 taxpayers or less, and create a special transition relief for 10 taxpayers or less in any particular year. This ought to be embarrassing, to have this list appear in a bill that is rushed to the floor so quickly.

Members of Congress have not had time to examine those items. I am not saying that all these provisions are bad. I am saying that this list should have been a red light for this Congress to delay the bill until our reservations could be addressed.

For instance, it gives Amtrak a $2.3 billion tax break, which no other company enjoys. I support Amtrak, but I am troubled that we tucked away a provision to give a $2.3 billion relief to Amtrak without having discussed it in Appropriations.

Another provision gives Amway a break for two of their Asian affiliates. According to yesterday's Wall Street Journal, Richard DeVos, Amway's founder, donated $500,000 to the Republican Party. Now, in July, his company gets a tax break thrown into the conference report that neither the House nor Senate approved. This is the tax fairy who appeared in the middle of the night, giving Amway this huge benefit after they contributed $500,000 in contributions to the Republican Party. That is payoff, big time. That is giving away Americans' tax dollars in exchange for contributions solicited by the Republican Party from their rich benefactors.

There is a special benefit in here for Simmons Enterprises, a rifle shot in the estate tax area, and another favor from the tax fairies for Harold Simmons, a Dallas investor and baron of the sugar beet businesses.

Mr. Speaker, I do not like what I know about this bill. It is unfair. It discriminates against the average American. It gives only to the rich. But I like even less what I suspect is in this bill, and it is unfair. It deserves to be defeated. I urge a "no" vote.

Mr. Speaker, I reserve the balance of my time.

Mr. COLLINS. Mr. Speaker, I yield 2 minutes to the gentleman from California [Mr. HERGER], another member of the Committee on Ways and Means.

Mr. HERGER. Mr. Speaker, I thank the gentleman for yielding time to me.

Mr. Speaker, this tax bill is why I came to Congress. I have been in the House of Representatives since 1987, and ever since I have been fighting to help the American people keep more of their own hard-earned money. This country has not had large-scale tax relief like the kind we are voting on today since 1981, 16 long years. Of course, under a different Congress, they have been dealt their share of tax increases, including the largest tax hike in American history just 4 short years ago.

What a difference 4 years can make, and what a difference a Republican Congress can make. Today, instead of voting to push Uncle Sam's hands deeper into the American people's wallets, we will be voting to tighten Uncle Sam's belt. Today we will be providing a $500-per-child tax credit to America's families. We will be providing significant tax incentives for education. We will be expanding IRAs to help Americans save for their own retirements.

We will be making major cuts in capital gains taxes to help keep our economy growing, and we will be providing a major relief from the death tax, so our Nation's family farms and small businesses can be passed on from generation to generation.

Mr. Speaker, today finally we are giving the American people the tax relief they deserve. Sixteen years is long enough. I salute the chairman, the gentleman from Texas, [Mr. BILL ARCHER] on this historic achievement, and I urge all my colleagues on both sides of the aisle to vote for this historic conference report.

Mr. RANGEL. Mr. Speaker, I yield 1½ minutes to the gentleman from North Carolina [Mr. ETHERIDGE], and I would point out the great support that his task force on education has given to improve the quality of the bill we will be voting for.

Mr. ETHERIDGE. Mr. Speaker, I thank the ranking member for this time, and also for his hard work.

Mr. Speaker, I rise in support of this middle-class tax relief bill. I sought this office to fight for North Carolina values, to look out for our farmers, and to help our families and provide quality education for all of our children. This bill makes significant strides in each of these goals.

The first bill I introduced as a Member of this people's House provides estate tax relief for our family farmers and small businesses. I am very pleased that this bill contains immediate relief for our family farmers and small businesses from the heavy burden of estate taxes. This bill is good news for North Carolina farmers.

In addition to the $500-per-child tax credit, this bill will help families in North Carolina and throughout this country to obtain educational opportunities for their children.

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As a former two-term superintendent of my State's public schools, I know that education is the key to a brighter future for all Americans. For middle-class families and for those families struggling to make it into the middle class, education is the pathway to the American dream. This bipartisan budget agreement represents the most significant investment in education in a generation.

We have more to do, Mr. Speaker. We must raise education standards. We must rebuild our crumbling schools. We must help put more police on the street and make our communities safer. We have more work to do, but this is a day to celebrate for the American people. On behalf of the North Carolina farmers, small business people and families struggling to provide a decent education for our children and who want to achieve the American dream, I urge my colleagues to support this bill.

Mr. STARK. Mr. Speaker, I yield 2 minutes to the gentleman from Vermont [Mr. SANDERS].

Mr. SANDERS. Mr. Speaker, I thank the gentleman for yielding me this time.

Let me give my colleagues several reasons why we should defeat this tax proposal, bring it back to the drawing board and come up with something new. No. 1, if we are interested in a balanced budget as quickly as possible, vote "no." Without this tax proposal, economists tell us that in 1 year or 2 years, we will move toward a balanced budget. With this proposal, the deficit will go up in the next several years and it will take us 5 years to move toward a balanced budget. So vote no if you want to get toward a balanced budget as quickly as possible.

The second issue, and that is what this chart deals with, is that, if you are interested in helping middle income and working families rather than the rich and the superrich, you should also oppose this legislation. Last year Bill Gates had a good year, a very good year. His personal wealth went from $18 billion to $42 billion, an increase in wealth of $24 billion in 1 year. Putting that into perspective, if you are an average American worker and you saw a 3-percent increase in your compensation, that would mean that you earned $1,000 more last year. That means that 24 million American middle-class workers saw an increase in 1 year equal to what Bill Gates saw an increase in his income last year; 24 million workers, middle-class workers, not low wage workers, end up seeing an increase collectively compared to one man.

The issue we are debating is who do we want to help with this tax proposal. If you want to help Bill Gates and his friends, vote "yes". But if you want to help middle-income and working families, vote "no." It is wrong that the upper 1 percent receive more in tax breaks than do the bottom 80 percent. Vote "no".

Mr. COLLINS. Mr. Speaker, I yield 2 minutes and 30 seconds to the distinguished gentleman from Florida [Mr. SHAW], chairman of the Subcommittee on Human Resources of the Committee on Ways and Means, a gentleman who has had a lot to do with legislation dealing with families.

Mr. SHAW. Mr. Speaker, I thank the gentleman for yielding me this time.

Mr. Speaker, we have heard a number of Members come to the House floor and come in with some figures as to who is getting the basic advantage of this tax cut. We know that well over 70 percent, well over 70, I think it is 76 percent goes to middle income and below of the tax cut that we are looking at. So let us quit playing this game. This is a well-balanced bill.

I think that when we are determining who is getting the advantage, I think it is also important that when we define somebody's income that we come to the floor and be really forthright with how we come up with the percentages that we do as to the amount of income that somebody has. As we know, the Treasury came out with some of these figures by actually imputing the rental value of somebody's home that they own and putting that on top of their income as well as other things, which they did not actually enjoy in the form of cash coming in or any type of recognizable income.

The imputed income is a very unfair way of defining somebody's income so that we skew the figures.

I think when we are talking about who is getting what, that it is very important that we be very factual and that we be very out front with the people.

If some of the speakers that have come to the floor are suggesting that we in the Congress or that they in the Congress want to tax the imputed value of somebody's home, I would suggest that that is a very foolish thing and a very foolish position for somebody to have; but I think they should make that point and go forth with it without trying to come up with some phony baloney type of figures here in order to make a point that they want to make that simply is not true and is not acceptable by the vast majority of the American people.

I think it is important that we get back on course and we look at the tax breaks and that we look at exactly what we are doing. We are giving the child tax credit, which is a direct cash payment off, directly off the income tax to middle- and lower-income people. The capital gains is something that is enjoyed by people whether they have $30,000 income and a mutual fund or whether they, their income is over $100,000 and they make stock transactions or investing in companies which produce jobs. The American people win with this bill. I would urge all of my colleagues to support it.

Mr. RANGEL. Mr. Speaker, I yield myself such time as I may consume. I would like to respond to the gentleman from Florida in saying that we are going through a period of trying to learn to be bipartisan, and the gentleman and I have a whole lot of learning to do. I think he will agree that the Republicans wanted a tax cut bill and the President did. The question was who wanted one the most.

When the priorities came, they sought to make capital gains tax cuts the priority. They sought to make estate tax relief a priority. They sought to make the individual retirement funds a priority. These were the things that people in higher incomes enjoyed.

That is why so many Democrats are disturbed. We sought to stay with those for college educations, for those kids that come from working families. We did not call it welfare. We said, if you work hard and you pay taxes, you should get help. So there is still a major difference between the gentleman's side and ours.

We join together in saying, the President and the people of the United States want a bill. But it does not mean that we swallow their principles. But it does mean, when we supported our President, we said we are with you, Mr. President, but there has to be some basic Democratic principles there. So the priorities were there.

Mr. Speaker, I yield 2 minutes to the gentleman from Georgia [Mr. LEWIS], our distinguished deputy leader.

Mr. LEWIS of Georgia. Mr. Speaker, this bill is a good bill. It is a good bill because President Clinton and Democrats stood up for working Americans and demanded tax relief for working families.

In 1993, Democrats made hard budget choices, hard choices that have brought millions of jobs and economic prosperity to our Nation. Because of those hard choices, we are close to balancing our budget. Because of those hard choices, we can give tax cuts to the American people.

Today again, Democrats have succeeded. President Clinton and Democrats in Congress have turned a Republican tax bill targeted to Wall Street into a tax cut benefiting Main Street.

Because of Democrats, families earning between $20,000 and $30,000 a year will get a $500 per child tax cut. Because of Democrats, there is a HOPE scholarship to make college more affordable to our children. Because of Democrats, there are tax cuts for people inheriting farms and small businesses. Tax relief for working families, tax relief for education, tax relief for owners of farms and small businesses, these are Democratic values. These are the ideas President Clinton and the Democrats fought for and won.

Mr. Speaker, thanks to President Clinton and the Democrats, we have a growing, vibrant economy, a shrinking deficit and now a tax cut for working families.

Mr. Speaker, I urge all of my colleagues to support this tax cut bill.

Mr. COLLINS. Mr. Speaker, I yield 2 minutes to the gentleman from Louisiana [Mr. MCCRERY], another member of the Committee on Ways and Means.

Mr. MCCRERY. Mr. Speaker, I had the good fortune a little while ago to hear the minority leader address the House, and I want to compliment him on the tenor of his remarks. He addressed the House and the Members of my side of the aisle with respect and engaged in an honest debate about tax policy in this country and what it ought to get us.

The minority leader spoke about the consumption side of the ledger and how tax cuts ought to go into the pockets of Americans so that they can consume, because after all, he said, consumption is what drives economic growth. And while that is technically true, an economist would say that, I think an economist would also say if you do not have production in society, you are not going to have too many people consuming much, because it is the production side of the economy that creates the good paying jobs with good benefits that allows people to consume.

We have tried in this tax bill to balance those concerns. Yes, we want to put more money in the pockets of people so that they might consume more, maybe even they will save a little bit for their children's education or their own retirement. But we also wanted to increase the incentives in the Tax Code for production. We want to help keep good paying jobs here in the United States. We want to encourage people to save their money, invest their money in productive investments; thus, the capital gains tax relief and the alternative minimum tax relief. That will help keep good paying jobs here in the United States and even help create more good paying jobs. We think that is important.

This is a well-balanced tax bill that deserves the support of Democrats and Republicans alike.

Mr. RANGEL. Mr. Speaker, I yield 1 minute to the gentleman from Indiana [Mr. ROEMER].

Mr. ROEMER. Mr. Speaker, I rise in strong support of this bill for what it provides for the average family for a lifetime of education benefits. Let us say you are an average family from South Bend, IN, and you have three children. We now have an education IRA that if you struggle and save $500 a year, that $500 a year is tax deductible and the money you make on that IRA years later for college, you can withdraw tax free.

Let us say that you then send your children to Indiana University at South Bend. They may be eligible for a $1,500 HOPE scholarship. Finally, after graduating with your associate's degree from Indiana University and you work for Ameritech, Ameritech then pays to finish your undergraduate degree. They get your bachelor's degree for you. That is then tax deductible for you. You would not pay any taxes on Ameritech paying for your education. That is fair to the average midwestern family. That is a good bill for education. That is a strong bill for America. I hope my colleagues will support it.

Mr. RANGEL. Mr. Speaker, I yield such time as he may consume to gentleman from Texas [Mr. EDWARDS].

Mr. EDWARDS. Mr. Speaker, I rise in support of this legislation.

Mr. Speaker, I will support the bipartisan budget agreement because it will do four primary things: balance the budget, reduce taxes for working families, extend the solvency of the Medicare Trust Fund and make a college education more affordable for all Americans.

The tax and spending reduction legislation translates into the first balanced budget in a generation and much needed tax relief for working families, students, and small businesses.

In addition, the package will help provide health insurance for millions of uninsured children whose parents are working but cannot afford the premiums.

I am pleased to see the estate tax, also known as the death tax, reformed and the exemption for family owned farms and businesses increased to $1.3 million. Protecting family owned farms and small businesses is an issue that I have fought for and supported.

The estate tax has ended the lives of many family owned farms and businesses. Increasing the exemption will help keep the farm or business in the family.

I am also proud of the effort by Democrats to improve this bill. If it wasn't for Democrats demanding fairness, many families making under $30,000 a year would not have been eligible for the child tax credit. We also would not see child health care, higher education scholarships, and tuition tax credits included in this legislation if Democrats had not fought for them.

This tax relief bill will not explode the deficit in future years as the original House Republican bill would have.

This is not a perfect legislative package and it does not solve all of our long-term fiscal issues. It will reduce the deficit by $700 billion over 10 years and bring the Federal budget into balance by 2002.

It is the product of genuine bipartisan efforts. The Congress and President did what the American people have been demadning—put aside politics and balance the budget in a fair and responsible manner.

My hope is that Congress will followup this successful effort by passing a balanced budget amendment to the Constitution to ensure that we will have a balanced budget not just for 1 year but for all future generations.

Mr. RANGEL. Mr. Speaker, I yield 1 minute to the gentleman from California [Mr. CAPPS].

□ 1315

Mr. CAPPS. Mr. Speaker, I rise in strong support of this legislation. This bill will cut taxes for millions of Americans while balancing the budget and protecting our critical investments in education and health care.

In particular, I am in strong support of the immediate increase in the exemption from estate taxes for family farmers and small business owners. In my district on the central coast of California farm and ranch families face the triple threat of high estate taxes, rising land values and suburban development. This combination threatens a special way of life and a matchless environment. Our action today will help us keep family farms and businesses where they belong, in the family and not on the auction block.

I also support the education tax credits in this bill and commend the President in particular for his leadership on this issue. As a teacher, I know firsthand the priceless value of education. The HOPE scholarships will open the door of education to families on the central coast where we have the great universities and excellent 2-year colleges.

It is no secret that education benefits the entire economy, but it also uplifts the spirit and creates a more civil society, and I urge my colleagues to support this legislation.

Mr. STARK. Mr. Speaker, I yield myself such time as I may consume.

I just wanted to repeat for a few of my colleagues who were not here before that, in addition to the patent unfairness of this bill, which is obvious from the charts, that the top 5 percent are getting 44 percent of the breaks. And when my colleagues on the other side suggest that the middle class is getting most of the breaks, they are just taking the first 5 years, they are not looking at the whole 10 years.

The fact is that the poorest people in this country are getting nothing out of this and the richest are getting an average of $16,000. But then there are the owners of Amway Corporation, and I was wrong, I misspoke, they gave two $500,000 checks to the Republican Party, and there is a tax break in here totaling $280 million for their Asian subsidiaries.

So if one invests a million bucks in the Republicans, they can get $280 million back in special hidden tax breaks.

In this bill Sammon Enterprises in Texas, at the last hour, in the Speaker's office, $23 million to one company in Texas. Twenty-three million bucks. That is more than all the people in my district make in a year, Mr. Speaker. Ten times more going to one Texan. I wonder how much money old man Sammon kicked into the Republican Party. It will be interesting to find out.

The beet king in Texas, Simmons, I did not realize what he got. He is getting $104 million, a gift from the Republicans in this tax bill, which is hidden here in the documents which never were explained to any of us.

This borders on the criminal. And when we talk about investigations as to whether the Vice President was in some Ashram someplace and got money, what went on in the Speaker's office when the chairman of the Committee on Ways and Means and the Speaker and the high-knockers in the Republican leadership were cutting deals to pay back big contributors? That is what we ought to find out that is going on in this bill.

I have a page here that lists all of the rifle shots. My goodness, here, "relating to transition rule for instruments described in a ruling request submitted to the Internal Revenue Service on or before June 8, 1997." Does not tell us the name, does not tell us the money, but I will bet it is somebody's buddy who kicked in big to the Republicans.

Here it is, section 1005(b). We will make this part of the RECORD, Mr. Speaker. Here is "relating to transition rule for instruments described on or before June 8, 1997, in a public announcement or in a filing."

I want to tell my colleagues, those are provisions, page after page, for individuals who are getting special slush out of this tax bill while lower income Americans are going to pay $40 more a year.

Mr. Speaker, the material I quoted from above is submitted herewith:

Memorandum

To: Honorable Bill Archer, Honorable John Kasich, Honorable Philip M. Crane, Honorable William M. Thomas, Honorable Richard K. Armey, Honorable Tom DeLay, Honorable Charles B. Rangel, Honorable Jim McDermott, Honorable Fortney Pete Stark, Senator William V. Roth, Jr., Senator Pete V. Domenici, Senator Trent Lott, Senator Charles E. Grassley, Senator Kent Conrad, Senator Don Nickles, Senator Daniel Patrick Moynihan, Senator Frank R. Lautenberg, Honorable Robert T. Matsui.

From: Kenneth J. Kies.

Subject: Provisions in H.R. 2014 which are subject to the line item veto.

The Line Item Veto Act (Pub. Law 104–130) (the "Act"), amended the Congressional Budget and Impoundment Act of 1974 to grant the President the limited authority to cancel specific dollar amounts of discretionary budget authority, certain new direct spending, and limited tax benefits. The Act provides that the Joint Committee on Taxation (the "Joint Committee") is required to examine any revenue or reconciliation bill or joint resolution that amends the Internal Revenue Code of 1986 prior to its filing by a conference committee in order to determine whether or not the bill or joint resolution contains any limited tax benefits. The Act also requires the Joint Committee to provide a statement to the conference committee that either (1) identifies each limited tax benefit contained in the bill or resolution, or (2) declares that the bill or resolution contains no limited tax benefits. The Act provides that the statement provided to the conferees must be made available to any Member of Congress by the Joint Committee on Taxation immediately upon request.

The Act provides that the conferees determine whether or not to include the Joint Committee's statement in the conference report. If the conference report includes the information from the Joint Committee on Taxation identifying provisions that are limited tax benefits, then the President may cancel one or more of those, but only those, provisions that have been identified. If a conference report contains a statement from the Joint Committee that none of the provisions in the conference report are limited tax benefits, then the President has no authority to cancel any of the specific tax provisions, because there are no tax provisions that are eligible for cancellation under the Act. If the conference report does not include a statement from the Joint Committee regarding limited tax benefits, then the President determines which provisions are subject to cancellation under the Act.

Pursuant to section 1027(a) of the Congressional Budget and Impoundment Act of 1974 (as amended by the Line Item Veto Act), attached is the statement of the Joint Committee on Taxation regarding limited tax benefits contained in the conference agreement on H.R. 2014.

SEC.—. IDENTIFICATION OF LIMITED TAX BENEFITS SUBJECT TO LINE ITEM VETO

Section 1021(a)(3) of the Congressional Budget and Impoundment Control Act of 1974 shall only apply to:

(1) Sec. 101(b) (relating to high risk pools permitted to cover dependents of high risk individuals)

(2) Sec. 222 (relating to limitation on qualified 501(c)(3) bonds other than hospital bonds)

(3) Sec. 224 (relating to contributions of computer technology and equipment for elementary or secondary school purposes)

(4) Sec. (relating to treatment of remainder interests for purposes of provision relating to gain from sale of principal residence)

(5) Sec. 501(b) (relating to indexing of alternative valuation of certain farm, etc., real property)

(6) Sec. 503 (relating to modifications to rate of interest on portion of estate tax extended under section 6166)

(7) Sec. 504 (relating to extension of treatment of certain rents under section 2032A to lineal descendants)

(8) Sec. 508 (relating to treatment of land subject to qualified conservation easement)

(9) Sec. 511 (relating to expansion of exception from generation-skipping transfer tax for transfers to individuals with deceased parents)

(10) Sec. 601 (relating to the research tax credit)

(11) Sec. 602 (relating to contributions of stock to private foundations)

(12) Sec. 603 (relating to the work opportunity tax credit)

(13) Sec. 604 (relating to orphan drug tax credit)

(14) Sec. 701 (relating to incentives for revitalization of the District of Columbia) to the extent it amends the Internal Revenue Code of 1986 to create sections 1400 and 1400A (relating to tax-exempt economic development bonds)

(15) Sec. 701 (relating to incentives for revitalization of the District of Columbia) to the extent it amends the Internal Revenue Code of 1986 to create section 1400C (relating to first-time homebuyer credit for District of Columbia)

(16) Sec. 801 (relating to incentives for employing long-term family assistance recipients)

(17) Sec. 904(b) (relating to uniform rate of tax on vaccines) as it relates to any vaccine containing pertussis bacteria, extracted or partial cell bacteria, or specific pertussis antigens

(18) Sec. 904(b) (relating to uniform rate of tax on vaccines) as it relates to any vaccine against measles

(19) Sec. 904(b) (relating to uniform rate of tax on vaccines) as it relates to any vaccine against mumps

(20) Sec. 904(b) (relating to uniform rate of tax on vaccines) as it relates to any vaccine against rubella

(21) Sec. 905 (relating to operators of multiple retail gasoline outlets treated as wholesale distributors for refund purposes)

(22) Sec. 906 (relating to exemption of electric and other clean-fuel motor vehicles from luxury automobile classification)

(23) Sec. 907(a) (relating to rate of tax on liquefied natural gas determined on basis of BTU equivalency with gasoline)

(24) Sec. 907(b) (relating to rate of tax on methanol from natural gas determined on basis of BTU equivalency with gasoline)

(25) Sec. 908 (relating to modification of tax treatment of hard cider)

(26) Sec. 914 (relating to mortgage financing for residences located in disaster areas)

(27) Sec. 952 (relating to assignment of workmen's compensation liability eligible for exclusion relating to personal injury liability assignments)

(28) Sec. 953 (relating to tax-exempt status for certain State worker's compensation act companies)

(29) Sec. 957 (relating to additional advance refunding of certain Virgin Island bonds)

(30) Sec. 958 (relating to nonrecognition of gain on sale of stock to certain farmers' cooperatives)

(31) Sec. 961 (relating to exemption of the incremental cost of a clean fuel vehicle from the limits on depreciation for vehicles)

(32) Sec. 964 (relating to clarification of treatment of certain receivables purchased by cooperative hospital service organizations)

(33) Sec. 966 (relating to deduction in computing adjusted gross income for expenses in connection with service performed by certain officials) with respect to taxable years beginning before 1991

(34) Sec. 968 (relating to elective carryback of existing carryovers of National Railroad Passenger Corporation)

(35) Sec. 1005(b)(2)(B) (relating to transition rule for instruments described in a ruling request submitted to the Internal Revenue Service on or before June 8, 1997)

(36) Sec. 1005(b)(2)(C) (relating to transition rule for instruments described on or before June 8, 1997, in a public announcement or in a filing with the Securities and Exchange Commission) as it relates to a public announcement

(37) Sec. 1005(b)(2)(C) (relating to transition rule for instruments described on or before June 8, 1997, in a public announcement or in filing with the Securities and Exchange Commission) as it relates to a filing with the Securities and Exchange Commission

(38) Sec. 1011(d)(2)(B) (relating to transition rule for distributions made pursuant to the terms of a tender offer outstanding on May 3, 1995)

(39) Sec. 1011(d)(3) (relating to transition rule for distributions made pursuant to the terms of a tender offer outstanding on September 13, 1995)

(40) Sec. 1012(d)(3)(B) (relating to transition rule for distributions pursuant to an acquisition described in section 355(e)(2)(A)(ii) of the Internal Revenue Code of 1986 described in a ruling request submitted to the Internal Revenue Service on or before April 16, 1997)

(41) Sec. 1012(d)(3)(C) (relating to transition rule for distributions pursuant to an acquisition described in section 355(e)(2)(A)(ii) of the Internal Revenue Code of 1986 described in a public announcement or filing with the Securities and Exchange Commission) as it relates to a public announcement

(42) Sec. 1012(d)(3)(C) (relating to transition rule for distributions pursuant to an acquisition described in section 355(e)(2)(A)(ii) of the Internal Revenue Code of 1986 described in a public announcement or filing with the Securities and Exchange Commission) as it relates to a filing with the Securities and Exchange Commission

(43) Sec. 1013(d)(2)(B) (relating to transition rule for distributions or acquisitions after June 8, 1997, described in a ruling request submitted to the Internal Revenue Service submitted on or before June 8, 1997)

(44) Sec. 1013(d)(2)(C) (relating to transition rule for distributions or acquisitions after June 8, 1997, described in a public announcement or filing with the Securities and Exchange Commission on or before June 8, 1997) as it relates to a public announcement

(45) Sec. 1013(d)(2)(C) (relating to transition rule for distributions or acquisitions after June 8, 1997, described in a public announcement or filing with the Securities and Exchange Commission on or before June 8, 1997) as it relates to a filing with the Securities and Exchange Commission

(46) Sec. 1014(f)(2)(B) (relating to transition rule for any transaction after June 8, 1997, if such transaction is described in a ruling request submitted to the Internal Revenue Service on or before June 8, 1997)

(47) Sec. 1014(f)(2)(C) (relating to transition rule for any transaction after June 8, 1997, if such transaction is described in a public announcement or filing with the Securities and Exchange Commission on or before June 8, 1997) as it relates to a public announcement

(48) Sec. 1014(f)(2)(C) (relating to transition rule for any transaction after June 8, 1997, if such transaction is described in a public announcement or filing with the Securities and Exchange Commission on or before June 8, 1997) as it relates to a filing with the Securities and Exchange Commission

(49) Sec. 1044(b) (relating to special rules for provision terminating certain exceptions from rules relating to exempt organizations which provide commercial-type insurance)

(50) Sec. 1091(a) (relating to termination of suspense accounts for family. corporations required to use accrual accounting) as it relates to the repeal of Internal Revenue Code section 447(i)(3)

(51) Sec. 1089(b)(3)(B) (relating to special rule for decedents dying before January 1, 1999)

(52) Sec. 1089(b)(3)(C) (relating to reformations)

(53) Sec. 1171 (relating to treatment of computer software as FSC export property)

(54) Sec. 1175 (relating to exemption for active financing income)

(55) Sec. 1204 (relating to travel expenses of Federal employees doing criminal investigations)

(56) Sec. 1236 (relating to extension of time for filing a request for administrative adjustment)

(57) Sec. 1243 (relating to special rules for administrative adjustment request with respect to bad debts or worthless securities)

(58) Sec. 1251 (relating to clarification on limitation on maximum number of shareholders)

(59) Sec. 1253 (relating to attribution rules applicable to tenant ownership)

(60) Sec. 1256 (relating to modification of earnings and profits rules for determining whether REIT has earnings and profits from non-REIT years)

(61) Sec. 1257 (relating to treatment of foreclosure property)

(62) Sec. 1261 (relating to shared appreciation mortgages)

(63) Sec. 1302 (relating to clarification of waiver of certain rights of recovery)

(64) Sec. 1303 (relating to transitional rule under section 2056A)

(65) Sec. 1304 (relating to treatment for estate tax purposes of short-term obligations held by nonresident alien)

(66) Sec. 1311 (relating to clarification of treatment of survivor annuities under qualified terminable interest rules)

(67) Sec. 1312 (relating to treatment of qualified domestic trust rules of forms of ownership which are not trusts)

(68) Sec. 1313 (relating to opportunity to correct failures under section 2032A)

(69) Sec. 1414 (relating to fermented material from any brewery may be received at a distilled spirits plant)

(70) Sec. 1417 (relating to use of additional ameliorating material in certain wines)

(71) Sec. 1418 (relating to domestically produced beer may be withdrawn free of tax for use of foreign embassies, legations, etc.)

(72) Sec. 1421 (relating to transfer to brewery of beer imported in bulk without payment of tax)

(73) Sec. 1422 (relating to transfer to bonded wine cellars of wine imported in bulk without payment of tax)

(74) Sec. 1506 (relating to clarification of certain rules relating to employee stock ownership plans of S corporations)

(75) Sec. 1507 (relating to modification of 10 percent tax for nondeductible contributions)

(76) Sec. 1523 (relating to repeal of application of unrelated business income tax to ESOPs)

(77) Sec. (relating to gratuitous transfer for the benefit of employees)

(78) Sec. 1532 (relating to special rules relating to church plans)

(79) Sec. 1604(c)(2) (relating to amendment related to Omnibus Budget Reconciliation Act of 1993)

SPENDING BILL PROVISION

(1) Sec. (FUTA exemption for prisoners)

Mr. COLLINS. Mr. Speaker, I yield 1 minute to the gentleman from Florida [Mr. WELDON].

Mr. WELDON of Florida. Mr. Speaker, I thank the gentleman for yielding me this time, and I congratulate the chairman of the committee for the good work he did in this tax cut.

I would like to talk a little bit about reality, who is going to benefit from this tax cut. This is a family in my district, the Auger family. We have here Jim and Donna. He is a plumber, she cuts hair. Here are their three kids: Christopher, the oldest, Anthony, and Danae, the young girl. They are going to get $1,500 of reduction in their taxes for the $500-per-child tax credit times three.

When this young man is in college in about 3 years, they will get $1,500 of tax reduction. They will still get the $500 per child tax credit for these two. This is flesh and blood. These are real middle class families.

Do not believe the lies that this is a tax cut for the rich. This is a tax cut for the middle class. It is a Republican tax cut. It would have never happened if it were not for the election in 1994 and the persistence of the gentleman from Georgia, Mr. NEWT GINGRICH, and the gentleman from Texas Mr. BILL ARCHER. I encourage all my colleagues on both sides of the aisle to vote for it.

Mr. COLLINS. Mr. Speaker, I yield 1 minute to the gentleman from Pennsylvania [Mr. GEKAS].

Mr. GEKAS. Mr. Speaker, I thank the gentleman for yielding me this time.

In 1986 many of us voted against the then tax reform bill because it swept away, with one bill, capital gains and some other attractive features of that code.

One of them has been restored in this bill, and it makes my farmers and other colleagues' farmers rejoice. Earned income averaging, which was a part of the 1986, but swept away, is now restored.

This means our farmers, who experience a drought in 1 year and have minimal profits can balance that loss against a bumper crop that might happen the next year. This was an excellent feature on which our farmers relied prior to 1986. Now we can be happy to report that it has been restored in the current tax bill.

Mr. RANGEL. Mr. Speaker, I yield 1 minute to the gentleman from Maine [Mr. BALDACCI].

Mr. BALDACCI. Mr. Speaker, first of all, before the time begins, I would like to thank the ranking member, the gentleman from New York [Mr. RANGEL], for his leadership, and the gentleman from South Carolina [Mr. SPRATT].

Mr. Speaker, in 1993 a major piece of legislation was passed, and at that time it was being criticized roundly in both Chambers of this Congress. In fact, one senior Member, in leadership now in the other body, had referred to the fact that if he was wrong about what was going to happen, that he would be the first one to take the hammer and chisel and put President Clinton's face on Mt. Rushmore.

Since 1993, Mr. Speaker, we have had 5 years in a row of deficit reductions. With reinventing and streamlining the Federal Government, we are at the lowest number of Federal employees since the 1960's. Because of the hard work done by President Clinton and Vice President GORE and the Democrats in Congress, we are at a point where we are going to be able to build a bridge to the 21st century, where we are going to focus on children's health, on working families and we will reward "work" and not "not work". We are going to make sure that families, family businesses, and farms have the breaks that they deserve.

All the hard work that has gone on to get to this particular point is a credit to those that have served and passed that legislation.

Mr. COLLINS. Mr. Speaker, I yield 1 minute to the gentleman from South Dakota [Mr. THUNE].

Mr. THUNE. Mr. Speaker, I thank the gentleman from Georgia [Mr. COLLINS] for yielding me this time.

I want to point out today that I believe what we are hearing on the floor today is liberalism's last gasp. It is no wonder we are seeing some of our friends on the other side of the aisle having a hard time containing their disappointment, because liberals always look at things in terms of winners and losers. But we have a bill here where the American people are the winners.

The people of this country, Democrats and Republicans, who have come together to do something that is very much in the best interest for the future of this country, because it gives people more control over their economic future, that is really what this is about.

The State I come from, the State of South Dakota, there are so many things in here that will help rural areas of this country. Look at agriculture, estate taxes, capital gains, the family tax credit, income averaging, and deductibility of health insurance premiums. These are all things that will benefit rural areas of this country.

So it is a project that I give credit to the gentleman from Texas [Mr. ARCHER] and the members of the House Committee on Ways and Means for something that was very difficult, and that is trying to drive a Mack truck through a car wash; to get a lot of tax relief out of a little bit of revenue. I think they have done a wonderful job, and I hope my colleagues will support this bill today.

Mr. RANGEL. Mr. Speaker, I yield 2 minutes to the gentleman from California [Mr. FAZIO], the Chair of the Democratic Caucus.

Mr. FAZIO of California. Mr. Speaker, those of us who are fighting tooth and nail for working families are fortunate that with the strong backing of Democrats in this House, who stood up and opposed the Archer bill, President Clinton, as PHIL GRAMM has said, cleaned the clock of Republicans in these negotiations.

The President and House Democrats fought for and won for families like that of Debbie and John Ellis, who live in my district in Woodland, CA. Debbie will make $29,000 this year as an office manager for the California Highway Patrol. She is the mother of two boys. Her 21-year-old is working this summer to save enough money to attend Sacramento City College this fall. Her 10-year-old, Joshua, is a fourth-grader at the Woodland Christian School.

The Ellises will receive the college tax credit so their son can get his degree, and they will be eligible for the new child tax credit, which they say will be used to help them get their car repaired.

The Republicans would have denied this family and millions of others just like them tax relief this year. In fact, providing tax relief for these hard working families was called, and I quote, welfare. What an insult.

Mr. Speaker, I want to thank the gentleman from New York, Mr. CHARLIE RANGEL, and President Clinton for hanging tough in these budget negotiations and for fighting for working families. Because of this debate, the American people know who is on their side, and I think they will remember that.

Mr. COLLINS. Mr. Speaker, I yield 1 minute to the gentlewoman from Texas, [Ms. GRANGER].

Ms. GRANGER. Mr. Speaker, as President, one of Ronald Reagan's favorite things to do everyday was to read the mail. Sometimes he would write out personal responses, but usually he just liked to read what the American people were saying.

One Friday afternoon, as Mr. Reagan was leaving for Camp David, his director of correspondence, Anne Higgins, gave him a stack of letters to read. Included in the stack was a very angry letter from an extremely upset Democrat in New Jersey.

Next Monday morning, when Anne returned to her office, she noticed Mr. Reagan had returned this particular letter to her desk. Attached was a note from the President which read, "Dear Anne, don't worry about writing this lady back. I called her on the phone. We are friends now."

Mr. Speaker, is it not amazing what can happen when honest people engage in an honest discussion on the issues? Fear gives way to faith and fiction is replaced with the facts.

In the past few days, the Congress and the White House have been able to look for common ground and listen to common sense, and the American people are going to be very pleased with the results.

The facts are this tax bill opens doors of opportunity by closing loopholes and exemptions. The facts are this tax bill raises hope everywhere by lowering taxes for everyone. And the facts are our tax bill is not designed to help folks with a corner on the market, it is designed to help folks with a market on the corner, a market not on Wall Street, New York, but on main streets across America.

Mr. RANGEL. Mr. Speaker, I yield 1 minute to the gentleman from Maryland [Mr. WYNN].

☐ 1300

Mr. WYNN. Mr. Speaker, I thank the gentleman from New York [Mr. RANGEL] for yielding and for his leadership during this process, as well as I would like to take this opportunity to thank the gentleman from South Carolina [Mr. SPRATT], our ranking member on the Committee on the Budget. They did a good job.

This is a good bill, and I intend to support it. It is not a perfect bill. There are legitimate criticisms. The rich still get richer. But the fact of the matter is, we cannot let the perfect be the enemy of the good, and this is a good bill. It provides tax relief that my constituents in Maryland can use. They can use a child tax credit because they are trying to put young people through college so they can get better jobs. They can certainly use a child tax credit so that they can buy necessities, perhaps fix a car, perhaps buy clothes for a child, perhaps simply buy groceries.

This is not going to solve all the problems of the world, but it is an important movement in the right direction. We can remain here and bicker and try to make this a better bill, or we could pass this bill and begin sending child tax relief to needy families, sending education tax credits to people who want to get higher education, and also giving a break to those people who invest in our people through a capital-gains break. It is a balanced bill. It is a good bill. I hope my colleagues will support it.

Mr. COLLINS. Mr. Speaker, I yield 1 minute to the gentleman from Virginia [Mr. BLILEY].

Mr. BLILEY. Mr. Speaker, I thank the gentleman from Georgia [Mr. COLLINS] for yielding me the time.

Mr. Speaker, I am proud today to rise in support of the Taxpayer Relief Act.

Just a few years ago, the concept of balancing the budget while cutting taxes was thought to be impossible. The truth was, though, that this concept was nothing more than a myth propagated by the extreme left, who had more faith in the decisions of Government bureaucrats than in the American people. Today I rise in support of the first comprehensive tax cut in more than 15 years.

I want to touch on two important provisions in this tax bill which are very important to my constituents, death tax relief and capital gains relief. Did my colleagues know that the IRS considers the death taxes a tax on the privilege of leaving the fruits of their labors to their children? Something is wrong in America when a tax collecting agency thinks that giving our children the family farm is a privilege. Let me be the first to tell the IRS that in America giving our children what we earn should be a right, not a privilege.

While I support doing away with death taxes entirely, this bill makes an important first step.

Mr. RANGEL. Mr. Speaker, I think that, if the time is correct, my colleagues have double the time that we have. It might be better if we tried two-to-one at this time.

The SPEAKER pro tempore [Mr. LaHood]. The gentleman from Georgia [Mr. Collins] has 58 minutes remaining. The gentleman from New York [Mr. Rangel] has 34½ minutes remaining. The gentleman from California [Mr. Stark] has 2½ minutes remaining.

So the gentleman from New York [Mr. Rangel] is correct.

Mr. COLLINS. Mr. Speaker, I yield 1 minute to the gentleman from New York [Mr. Forbes].

Mr. FORBES. Mr. Speaker, only in political Washington would a mom and dad, or both, working and earning about $40,000 in their family, be considered wealthy.

I want to congratulate the Republican chairman of the Committee on Ways and Means and all the members of the Committee on Ways and Means for helping to put together a responsible bill. For the first time in 15 years, we are going to enjoy some tax relief.

For the American people saying "What is the big deal? You should have been here years ago?" but to give $500 per child tax relief, to provide educational incentives, to make sure that the largest investment to most families, their family residence, they do not get taxed by Uncle Sam, they will get the relief of up to $500,000, that is good. To provide for job-creating capital gains relief and small business exemptions, up to 100-percent exemption for small businesses paying health care premiums, protection from estate taxes of $1.3 million, for family farms and for small businesses, this is the right thing to do.

Some $600 billion the Democrat Congress took away from the American people in the early 1990's. To give $94 billion back is not only the right thing, it is long overdue. I commend my colleagues for their hard work.

Mr. COLLINS. Mr. Speaker, I yield 3 minutes to the gentleman from Kentucky [Mr. Bunning], the distinguished member of the Committee on Ways and Means and chairman of the Subcommittee on Social Security.

Mr. BUNNING. Mr. Speaker, I rise in strong support of H.R. 2014, the Taxpayer Relief Act. What a difference a few years makes. Just 4 years ago, without a single vote, the Democrat Congress passed a $260-billion tax increase as part of the 1993 Clinton tax bill, the largest tax increase in dollars in our history.

Today we vote to cut taxes by about $275 billion over a 10-year period. I think it is fantastic that we have been able to turn around the thinking that goes on in Washington, DC. We absolutely believe that there is going to be an awful lot of people on both sides of the aisle that will support this bill. Because it is good for America, it is good for the ordinary taxpaying person, it is good for kids, it has got so many things that we have worked so hard on that I think America prospers because of this bill.

Let us just talk about people that have gone to schools, gone to college and are paying off their student loans. For those, this bill allows those who are paying off student loans to deduct up to $2500 annually in interest expenses. I do not think anybody has talked about that before.

This provision is estimated to provide $2.4 billion in tax relief over the next 10 years. A second provision of the bill that makes it easier for students to enroll in Kentucky's prepaid college tuition program, to pay for room and board, as well as tuition. Over 2600 Kentucky students have already set up savings accounts and accrue about $500,000 to help pay for college. This bill allows them to use that for tuition and room and board.

I am a little disappointed that the final bill does not provide as much tax relief for withdrawal from these plans as proposed. But we do not get everything in every tax bill. This tax bill has all kinds of relief for the average American taxpayer, the taxpayer between $20,000 and $75,000. Those are the people that want relief. The tax credit for children, the estate tax, or death tax, whatever you want to call it, we give relief there. For anybody who has a family farm or a small business, we have an extra special tax relief, up to $1.3 million. But the $500 tax credit is the key to this bill.

Mr. RANGEL. Mr. Speaker, I yield 1 minute to the gentleman from North Carolina [Mr. Price].

Mr. PRICE of North Carolina. Mr. Speaker, the bill before us has many positive features for working and middle-class families. But I am personally proudest of the inclusion of the main provisions of the Education Affordability Act, introduced by the gentleman from North Carolina [Mr. Etheridge] and myself and cosponsored by a bipartisan group of 56 colleagues. These provisions will restore income tax deductibility of interest on student loans and permit penalty-free withdrawals of IRA savings for educational expenses—common sense ideas to make higher education more accessible for American families.

Today is the culmination of an effort former Representative Martin Lancaster and I began some 10 years ago, soon after we first came to the Congress. We said then that if you can deduct the interest on your home mortgage or even on a second home at the beach, you surely ought to be able to deduct interest on something as basic as a student loan. That is still true today, and I am proud to see it recognized in this tax bill.

There is more good news in this bill for Americans seeking to get the training the modern workplace requires, especially the Hope Scholarship which will provide a $1,500 tax credit for the first 2 years past high school and a 20-percent credit for succeeding years.

I am also pleased that this conference agreement removes the notorious tax on the tuition waivers earned by graduate students that was included in the House-passed bill. Students in my district and across the country raised their voices in justified protest, and this bill shows that their voices have been heard.

Mr. Speaker, this bill will expand opportunity for America's young people and workers upgrading their skills. It will help give our country the trained workforce the global economy demands.

Through supporting this conference report, we are putting our fiscal house in order, we are investing in our people, and we are affording tax relief for hard-pressed working families. That is a winning formula for our country, and I urge my colleagues to vote "aye."

Mr. COLLINS. Mr. Speaker, I yield 2 minutes to the gentleman from Illinois [Mr. Hastert].

Mr. HASTERT. Mr. Speaker, I thank the gentleman from Georgia [Mr. Collins] for yielding me the time.

What a wonderful victory for the American people, the working American family, people who have children, people who have to try to move around this country and find the best job and the best way they can provide for their families. They get to take a $400 tax credit next year. They begin to take the deductions next January on that tax credit per child.

My colleagues, they also can start to say, "If I have to move and I have to sell my house, I do not have to calculate not to carry forward until I am

55 years of age, but I can take that capital gains now." What a wonderful opportunity for people to find the best job, the best venue to raise their children.

What this really means is that American families can start to make the decisions how they can spend extra dollars in their pocket. That $500 tax credit per child is in their pocket now. They will decide how to spend that instead of some Federal bureaucrat.

What does that mean? Well, when we spend our own money, we get to grow the economy, we do not have to decide on some Federal executive or Federal bureaucrat on how they are going to grow government, bigger government, bigger cost, bigger spending. This is a double win for the American family.

Is this bill perfect? Oh, I do not think it is perfect. But is it good? Yes, it is a good bill. And does it mean that we are not going to be back here next year with another bill and try to improve the climate, the economic climate for our American families and American workers? I think we can do that.

But my colleagues, I have to commend the chairman of the Committee on Ways and Means, I have to commend the people who worked in the leadership in this body, and the President. This is a wonderful first step.

Mr. COLLINS. Mr. Speaker, I yield 2½ minutes to the gentleman from California [Mr. RIGGS].

Mr. RIGGS. Mr. Speaker, I thank the gentleman from Georgia [Mr. COLLINS] for yielding, and I want to congratulate him and the other members of the Committee on Ways and Means and the budget negotiators for crafting a much needed, long overdue bipartisan bill to provide tax relief to hard-pressed American families and businesses.

However, I do take exception to one aspect of these negotiations, and that is the last-minute decision by the President to threaten to veto the bill if education individual retirement accounts stayed in the bill. The President issued a last-minute veto threat unless these provisions were stripped out of the bill we will be voting on later today.

This is good, sound policy put forward by the other body, a provision that would allow parents to set up education retirement accounts, or education IRAs, which could be contributed to with the contributions earning interest tax-free as long as the deductions from the account were used for educational expenses like tuition, fees, tutoring, books, supplies, home computers, and any other qualified expense.

The idea behind it, of course, is to allow parents to set aside money for their children's education at any school, any school, public, private, parochial, or home, from kindergarten through college.

But what does the President say in his veto threat? He says that "I would veto any tax package that would undermine public education by providing tax benefits for private and parochial school expenses."

It is a sad day to see the President side with the opponents of real educational reform and the defenders of the status quo. School choice, colleagues, parental choice in education, is working. We are getting testimony. I chair the education subcommittee in the House. We are hearing from people who want, we are hearing from parents who want the ability, the choice to send their children to the school that is best for their child.

Here is an article from the Washington Times from this week, July 28. Black support. Support in the African-American community. Risers for school vouchers. Here is Paul Peterson up at Harvard, one of the first people to study parental choice in public education today, looking at the low-income school choice demonstration projects in Milwaukee and Cleveland and concluding that the results, and I quote now, "indicate that Congress should approve legislation initiating additional experiments in other cities, including Washington, to determine whether this school reform, parental choice in public education, should be introduced nationally."

So my colleagues, I am real disappointed to see this provision stripped out in the face of the President's veto threat. Parents should have the right to send their children to the school of their choice, the school that is best for their children. After all, it is their money, it is their children, and it is their future.

□ 1345

Mr. RANGEL. The gentleman should be reminded that it was the Republicans that agreed to drop that provision.

Mr. Speaker, I yield 2 minutes to the gentlewoman from Florida [Mrs. THURMAN] a member of the Committee on Ways and Means.

Mrs. THURMAN. Mr. Speaker, I thank the gentleman from New York [Mr. RANGEL] for yielding me this time. I rise today in strong support of this conference agreement. I would like to point out that many of its best provisions were conceived, I believe, in 1996 as part of the Democratic families first agenda. Democrats said we had to finish what we began in 1993 with the largest deficit reduction package ever enacted and the only one that has worked. This bill will balance the budget once and for all.

We committed ourselves to expanding health care for children; 5 million children will get health insurance because of this bill.

We said hard-working families must get help with the cost of college education. Millions of families will be able to afford college because of this HOPE scholarship and other initiatives in this bill.

In Florida's Fifth District, the average median household income is about $21,000 a year. The capital gains provision in this bill will help thousands of seniors in my district who have their nesteggs invested in mutual funds.

The farming families and small business owners will be able to hold onto their farms and businesses after the death of a loved one because of the estate tax relief contained in this bill.

And families of public safety officers slain in the line of duty will receive their survivor benefits tax free for the first time.

This is a family bill. Hardworking middle class families will enjoy the benefit of the child tax credit and the largest education initiative in a generation. But most of all, we all will enjoy the benefit of a balanced budget by the year 2002.

Mr. COLLINS. Mr. Speaker, I yield 3 minutes to the distinguished gentleman from Iowa [Mr. LEACH].

Mr. LEACH. Mr. Speaker, I would like to offer a perspective from my State of Iowa on the important work of the House today.

It is my belief that few tax changes ever contemplated by Congress fit the rural economy as well as this one. Of particular import is the $500-per-child tax credit; the Archer capital gains cut, 20-year deferred payment contracts for family farms and small businesses for estates; 100 percent deductibility for self-employed individuals for health care cost; 3-year income averaging for farmers; and an increase in the inheritance exemption from $600,000 to $1 million and to $1.3 million for closely-held businesses and family farms, which is a potential total inheritance deduction of $2.6 million if both spouses are able to participate. The effect of all of this is that for the first time in the last half century, many Iowa farmers will be allowed to transfer their farms to their children virtually inheritance tax free.

On the education front, with the exception of the revocation of tax-exempt status for TIAA-CREF, this legislation is a strong step forward for the education community. For the first time in over 10 years, students will be able to deduct a major part of interest accumulated on their student loans. In addition, the tax exemption for employer-provided undergraduate education assistance is extended for 3 years, and a HOPE tax credit is created to assist students and their families with out-of-pocket expenses associated with college attendance.

This economic package is beneficial for the rural economy, good for higher education and is put in place within the context of balancing the budget by 2002 if conservative economic growth principles are assumed, and perhaps sooner if the economy continues to grow at or near its current rate.

Mr. ARCHER. Mr. Speaker, I yield such time as he may consume to the gentleman from Oklahoma [Mr. WATKINS].

Mr. WATKINS. Mr. Speaker, I rise for two reasons, one to express my support and how great a day I think this is for the American people, to realize that we finally have worked to where we are all in agreement in a bipartisan way to have a balanced budget for the first time in nearly 30 years and also to have tax cuts for the first time in 16 years. I am excited about it because I am very much a pro-growth economic development type of person. I know we have got a lot to do in order to prepare an economy for the 21st century, the global competitive economy that our children and grandchildren will have to compete. I want to make sure that no one is left behind.

Mr. Speaker, in the bill, as the chairman of the committee well knows, the Senate receded to the House provision in conference dealing with Native Americans in Oklahoma. However, I believe it is essential we clarify the congressional intent. After meeting with the gentleman from Texas, along with Senator NICKLES and the staff of the Committee on Ways and Means and the Senate Committee on Finance and the Joint Committee on Taxation and the Senate Committee on Indian Affairs, the Department of Interior, the Bureau of Indian Affairs and many others, it was concluded it was necessary to create kind of a "bright-line" test for determining which Oklahoma lands qualify for section 168(j) to avoid first costly litigation, and also to clearly define the language that is in the House bill which says the "lands in Oklahoma within the judicial area of an Oklahoma Indian tribe," to make sure it means for purposes of this legislation "lands within boundaries of the last treaties with the Oklahoma tribes." This definition narrows the land area compared with the current law by eliminating the unassigned lands.

Because I believe it is important that we clarify this matter, I would ask if the chairman of the Committee on Ways and Means concurs with this explanation.

Mr. ARCHER. Mr. Speaker, will the gentleman yield?

Mr. WATKINS. I yield to the gentleman from Texas.

Mr. ARCHER. The gentleman from Oklahoma is correct. The Oklahoma Indian lands clarification in this bill does narrow the scope of section 168(j) in Oklahoma compared to current law by eliminating the unassigned lands. I thank the gentleman for his cooperation on this issue.

Mr. WATKINS. I appreciate the cooperation of the chairman and also the cooperation of the ranking member. I have worked with the gentleman from New York also on many occasions in the past, and it is always great to be working in a bipartisan spirit to help all of our people. I thank the gentleman from Texas [Mr. ARCHER] and the gentleman from New York [Mr. RANGEL] and ask that the total text of my statement be added for the RECORD.

Mr. Speaker, the chairman of the House Ways and Means Committee and his staff have worked closely with me on a provision in this bill to clarify the application of section 168(j) of the Internal Revenue Code to Indian lands in Oklahoma.

Section 168(j) was enacted in 1993 to provide accelerated depreciation for property placed in service on Indian reservations, including former Indian reservations in Oklahoma. The House of Representatives included a provision in this tax bill that provides that lands in Oklahoma within the jurisdictional area of an Oklahoma Indian tribe and eligible for trust-land status would qualify for section 168(j).

As the chairman knows, the Senate receded to the House provision in conference. However, since the House leaves the interpretation of the provision to the U.S. Department of the Interior, I believe it is essential we clarify congressional intent.

After my meetings with you, Mr. Chairman, and meetings with Senator NICKLES, Ways and Means and Finance Committee staff, Joint Tax Committee, Senate Indian Affairs Committee, Department of the Interior, and the Bureau of Indian Affairs on this issue, it was concluded necessary to create a bright-line test for determining which Oklahoma lands qualify for section 168(j). This bright-line test is needed to avoid costly litigation and clearly define the language "lands in Oklahoma within the jurisdictional area of an Oklahoma Indian tribe" to mean for the purposes of this legislation "lands within boundaries of the last treaties with the Oklahoma tribes." This definition narrows the land area compared with current law by eliminating the unassigned lands.

Because I believe it is important that we clarify this matter, does the chairman of the House Ways and Means Committee concur with my explanation?

Mr. RANGEL. Mr. Speaker, I yield 2 minutes to the gentleman from Texas [Mr. STENHOLM] who has been so helpful in bringing this all together.

Mr. STENHOLM. Mr. Speaker, I want to first begin by commending the gentleman from Texas [Mr. ARCHER], the chairman, the gentleman from New York [Mr. RANGEL], the ranking member, and the President of the United States for their work in putting together this conference report which I urge everyone to support today. As so often happens in the legislative process, it is not a perfect document but certainly when we compare this bill with that which originally passed the House of Representatives, there are many significant improvements, one of which is in the area of the child tax credit, a debate that occurred that was truly amazing to many, that those who were earning $25,000 a year and also working were not to be entitled to a tax credit; amazing that the debate occurred, but it has been resolved in a very favorable way which pleases 50 percent of the constituents of the 17th District of Texas who find themselves in that income category.

In the area of the capital gains tax cut, one thing that was recognized that I think will prove to be hopefully a goal for the future is to recognize longer held investments should be entitled to capital gains reductions, not necessarily the short term that provides for speculation and quarterly report syndrome.

The estate tax relief, something that we advocated, the Blue Dogs and others, glad to see now a $1.3 million estate tax relief for family held businesses, as my colleague from Iowa a moment ago so eloquently put.

Also when we look at the backloading, something that was very concerning to those of us who are called deficit hawks, the concern of the original House bill with indexation of capital gains, with backend loading of IRA's, has been satisfactorily dealt with in a compromise way, so much of our concerns there have been eliminated.

Some other very positive features. Moving to 100 percent deduction of health insurance for self-employed, something that will be of tremendous importance in our continued quest for a fair health system for this country. Income averaging for farmers. Glad to see that is in because that is something so important. And also the Hulshof-Stenholm bill providing preferential tax treatment for farmer cooperatives that purchase processing facilities, something that is a very good sign for the future of agriculture.

Mr. ARCHER. Mr. Speaker, I yield 2 minutes to the gentleman from New York [Mr. SOLOMON] the highly regarded, highly influential chairman of the Committee on Rules.

Mr. SOLOMON. Mr. Speaker, I am embarrassed after that introduction by the gentleman from Texas [Mr. ARCHER], but I am not embarrassed to stand up here and hand out accolades to the gentleman from Texas [Mr. ARCHER], the chairman. When the Speaker pro tempore and I were here way back in the late 1970's, or I was and then he came in 1980 with Ronald Reagan and the gentleman from Texas [Mr. ARCHER] was still here, this country was on hard times. I was a businessman just before that, back home, a small businessman. I recall having to make a corporate loan for my company in which we paid 2 percent above the prime rate and that was 23.5 percent, to borrow money to expand our business.

23.5 percent. That was almost impossible. Inflation was running at 13.5 percent. It was really hard for people who were living on fixed incomes. They just could not make it.

Then along came Ronald Reagan and he did what John F. Kennedy did many years before that in 1962, and the gentleman and I and Chairman ARCHER cut taxes, we stimulated the economy, and we had a roaring economy for 8 years that created 17 million new jobs.

That is how important this bill is today. When we think about people today and the very fact that two-thirds of the American people today filing income taxes take some capital gains and of those two-thirds, 50 percent are older Americans living on fixed incomes, with incomes of less than $40,000. In other words, $25,000, $35,000. That is how important this is. Because that is bread and butter on the table of those people who have worked all their lives but finally now have to dip into their savings in order to make it, in order to maintain a decent standard of living. That is how important this bill is today.

I just cannot tell Members how thrilled I am and how proud I am to be a Republican, to be here today, to carry on that Ronald Reagan legacy that we are going to establish here today, reestablish and carry on for the next 10 years. I thank the chairman and the Speaker pro tempore for all they have done in bringing this bill to the floor.

Mr. RANGEL. Mr. Speaker, I yield 1 minute to the gentleman from Hawaii [Mr. ABERCROMBIE].

Mr. ABERCROMBIE. Mr. Speaker, today I will support H.R. 2014, the Taxpayer Relief Act.

Yet I cannot rise without sharing my greatest concern with the tax bill, the airline ticket tax. The changes proposed in the airline ticket tax will have an adverse effect on Hawaii's people and on our economy. The segment portion of the domestic ticket tax is unfair. It is particularly unfair to Hawaii where Aloha, Hawaiian, and Mahalo, our local inter-island carriers, provide short-haul trips between the islands. Our unique geography as an island chain makes air travel a necessity. Unlike other areas of the country, we do not have a choice. If individuals want to travel from island to island, we have to fly. In order to make it economical for our people, Aloha, Hawaiian, and Mahalo island hop. The domestic airline ticket tax shifts the burden to low-cost, short-haul carriers. These are our local carriers and this will hurt Hawaii.

The ticket tax increase on international flights from $6 to $24 is another concern. Tourism is Hawaii's largest industry. It is a large industry for many States of the Union. International visitors are a vital part of our tourism industry.

Mr. Speaker, I will not dwell any further on the ticket tax except to say that I will work with all my energy to repeal these provisions in the future as we proceed to a tax bill next year.

Mr. Speaker, I rise today in support of H.R. 2014. The conference report we are voting on today is an improvement over the version that initially passed the House in June. I voted against that measure for a number of reasons: It denied the full benefits of the child deduction to hard-working, low-income taxpayers who avail themselves of the earned income tax credit; it opened up enormous loopholes that would have fully or partially excluded millions of American workers from the protection of labor laws and fundamental benefits like Social Security and worker compensation; and it short changed low- and middle-income taxpayers, denying them a fair share of its tax cuts.

The bill before us today remedies those deficiencies in whole or large measure.

Yesterday, the House passed the spending bill that sets our Nation on a path to have a balanced budget by 2002. The bill we are voting on today provides tax relief for our citizens—tax relief that is paid for.

We have arrived at this point because of the courageous vote taken in 1993. The 1993 budget agreement was a 5-year deficit reduction package. It was a fiscally sound decision. As a result of the deficit reduction package our Nation has a healthy economy.

Unfortunately, my constituents in Hawaii have not benefited from the economic upswing to the same extent as the rest of the Nation. Hawaii needs an economic stimulus. The balanced budget tax relief agreement we are voting on today will help us. It is not a silver bullet, but it will benefit a great many hard-pressed people and small businesses in Hawaii.

I am voting for this bill not because it is perfect, but because on the balance it helps working families and the middle class. It helps the people of Hawaii.

The bill helps Hawaii families. It provides a child tax credit of $400 a child in 1998 and increases to $500 a child thereafter for children age 16 and under. The credit phases out for couples with adjusted gross incomes of $110,000 and individuals with incomes of $75,000.

The bill helps Hawaii college students. It provides a tax credit of up to $1,500 a year for the first 2 years of college and a tax credit of up to $1,000 for later years. Eligibility phases out for couples with incomes between $80,000 and $100,000 and individuals with incomes of between $50,000 and $60,000.

The bill helps Hawaii homeowners. Married couples may exclude up to $500,000—single individuals may exclude up to $250,000—of capital gains from the sale of a primary residence. In Hawaii, this provision will be particularly helpful to residents whose principal investment is their home.

The bill provides Hawaii with broad based capital gains reduction. Capital gains come from the owning of assets such as stock, bonds, homes, real estate, and businesses. The top capital gains tax rate drops from 28 percent to 20 percent. This rate will drop further to 18 percent, effective in 2001, for individuals who hold assets for 5 years or longer. For married couples with incomes less than $41,200 the capital gains tax rate drops from 15 percent to 10 percent. The rate will drop further to 8 percent, effective in 2001, for married couples who currently earn less than $41,200 and who hold assets for 5 years or longer.

The bill provides Hawaii with estate tax relief. The estate tax will increase from the current $600,000 to $1 million. It will be phased in over a 10-year period.

The bill provides Hawaii with expanded IRA—Individual Retirement Account—opportunities. It creates new IRA Plus accounts. Contributions are not deductible, but interest, dividends, and capital gains accumulate tax free. Allows penalty free withdrawals for first time home purchases. Further, withdrawals are tax free if the account is held for at least 5 years and the account holder is at least 59½. Income limits on traditional IRA's are raised.

The bill helps Hawaii small business. Self-employed small business people will be able to deduct 100 percent of their health and insurance costs—the current deduction is 40 percent, reinstates the home office business deduction, and provides an immediate jump in the estate tax threshold to $1.3 million—$2.6 million for couples—for small family farms and businesses. This provision is important, because it enables continued family ownership of small farms and businesses from one generation to the next.

Yet, I cannot rise without sharing my greatest concern with the tax bill: the airline ticket tax. The changes proposed in the airline ticket tax will have an adverse affect on Hawaii's people and our economy. The segment portion of the domestic ticket tax is unfair. It is particularly unfair to Hawaii where Aloha, Hawaiian, and Mahalo, our local interisland carriers, provide short-haul trips between the islands. Our unique geography as an island chain makes air travel a necessity. Unlike other areas of the country we do not have a choice. If individuals want to travel from Island to island we have to fly. In order to make it economical for our people Aloha, Hawaiian, and Mahalo island hop. The domestic airline ticket tax shifts the burden to low-cost short haul carriers. These are our local carriers. This will hurt Hawaii.

The ticket tax increase on international flights from $6 to $24 is another concern. Tourism is Hawaii's largest industry. International visitors are a vital part of our tourism industry. The change in the ticket tax on international flights puts a greater tax burden on international visitors. International tourism is a major foreign exchange earner for the United States. It is one of the bright spots in our balance of payments picture. It generates millions of American jobs. Why do we create a disincentive to travel to the United States.

Mr. Speaker, I will not dwell on the airline ticket tax any further, except to say that I will work with all my energy to repeal these provisions in the future.

This is an important day for the people of Hawaii and our Nation. H.R. 2014 provides the people of Hawaii and our Nation with tax relief. I urge my colleagues to support this measure.

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Mr. RANGEL. Mr. Speaker, I yield 1 minute to the gentleman from Florida [Mr. BOYD].

Mr. BOYD. Mr. Speaker, I first want to congratulate the gentleman from Texas [Mr. ARCHER] for his work over the many, many years and also my friend, the gentleman from New York [Mr. RANGEL], the ranking member.

As my colleagues know, we are going to pass today and I am going to vote for a tax cut bill which is on balance a very good bill, and it is a much better bill than it was when it left this House of Representatives earlier because it had many provisions in it at that point in time which caused many of us, including myself, to vote against it. But the conference has chosen to take those provisions out, and that makes me very happy.

However, there is one very obscure provision which is very onerous which I want to tell my colleagues about, and that is a tax exemption repeal for a Teachers Insurance Annuity Association—College Retirement Equity Fund, better known as TIAA-CREF. TIAA-CREF was created in 1918 by Carnegie Foundation to provide a portable pension fund for university employees. It has had tax exempt status for 79 years, and, my colleagues, we are going to repeal that tax exempt status in this piece of legislation that we are going to pass today, and that is wrong.

I would ask my colleagues to work with me because the repealing of this tax exempt status will mean that there will be a 5-percent reduction on average of the average university employee retiree over the next few years, and I would ask that Members will work with me to repeal this provision in the future.

Mr. RANGEL. Mr. Speaker, I yield 1 minute to the gentleman from New Jersey [Mr. ROTHMAN].

Mr. ROTHMAN. Mr. Speaker, I believe that promises made should be promises kept, and that is why I am proud to support this historic bipartisan balanced budget agreement.

Among the most important provisions in this bill, the basic concepts of my Lifetime Learning Affordability Act are very much prominent. For the first time we will be giving American families up to $2,000 in tax relief for their children's college tuition and allowing them to save in IRA-like savings accounts for their own lifetime of learning. It also increases the Pell grants to a historic high and restores the tax deduction on the interest on student loans.

Seven months ago, when I took office, I promised the people of the Ninth Congressional District of New Jersey that I would fight for a balanced budget. I promised to help bring about a smarter, more effective, more cost-efficient government that invested in our people, that kept our Nation's historic commitment to seniors, our children and the environment.

This balanced budget agreement delivers for the hard-working men and women of Bergen and Hudson Counties, NJ, and that is why I am proud to support this historic balanced budget agreement. Promises that were made have now been promises kept.

Mr. RANGEL. Mr. Speaker, I yield 1 minute to the gentleman from New Jersey [Mr. MENENDEZ], the deputy minority whip.

Mr. MENENDEZ. Mr. Speaker, what will morning in America look like after we pass this bill? What will be the American vision of the future? We delivered the balanced budget based on tough choices and sacrifices made by Democrats in 1993, but the Democratic vision for America did not stop with a tax cut for corporations and the wealthy. Democrats fought for and delivered a far greater vision for all Americans and a more inclusive tax cut.

Tomorrow morning in America, because of Democrats, 24 million more children will wake up with health care, millions more than under the Republican plan. Tomorrow morning in America, because of Democrats, every student with a talent and ambition will awaken to the opportunity to attend a 4-year college and get a degree, millions more than under the Republican plan. Tomorrow morning in America a hard-working farmer or small business person will be able to keep the family business in the family. Families will more easily sell and buy better homes. Hundreds of neighborhoods will awaken knowing that the local scourge of a nearby polluted brownfield will be cleaned up. Tomorrow morning in America twice the families in my own home State of New Jersey will receive a tax credit for their children because Democrats fought for a better vision of the future.

Mr. RANGEL. Mr. Speaker, I yield 1 minute to the gentleman from Minnesota [Mr. VENTO].

Mr. VENTO. Mr. Speaker, I rise in support of this Clinton tax package. It is build on the hard work of the 1993 vote. Quite frankly, voting for tax breaks is one of the more pleasant tasks or the easier tasks that Members of Congress have to perform. Everyone likes to vote for a tax break, many of our constituents want them and are most often pleased with the tax breaks.

But the fact is there would be no tax break legislation today available, without a bigger deficit but for the actions the 10 past years. Congress is not going to do what was done in the riverboat gamble of 1981. Congress is not going to do that. Today we are pursuing a much different policy path. The Federal Government fiscal policy actions have earned this tax break by making tough votes such as the vote on the 1993 budget. Today this mostly positive tax breaks. Eighty-four percent of this bill the next 5 years goes for a child credit and education credit. Investing in people; that is the type of tax breaks the American families need. There is some other provisions in here, but that is reflection of political symmetry of the Federal Government.

This action is no Ronald Reagan riverboat gamble, rather it is a good bill and not savaging the basic programs that we came here and pledged to support, not the policy path of 2 years ago when, in fact, programs, like Social Security and others were the sacrifice for lavish budget busting tax breaks, this tax policy is a policy earned by solid fiscal discipline. We may be a little bit ahead of the curve in hoping to reduce the deficit and being certain that the deficit is under control but the fact is this is a sound tax break, a result of deliberate policy it eliminates the indexing, it eliminates the automatic pilot type of provisions that were in the initial bills. It is a measure that will get a big vote today, but it is built, as I said, on hard work of 1990. I might say the budget of President Bush and Congress, and the 1993 budget of Clinton and Congress. Congress has not since the early 1980's been able to vote for additional substantial tax breaks or cuts, because the policy path of excessive tax giveaways and uncontrolled Pentagon spending dug the deficit hold so deep that the emphasis has been on correcting and rehabilitation of the consequence of the Reagan riverboat gamble tax policies.

Finally, today in a measured manner and on a reasonable basis maintaining the programs that the American families need to care for themselves and one another, we can return and focus on tax breaks which help families and invest in people.

Certainly the price of this has been some tax breaks for special groups that are not needed nor justified, but the Democrats led by President Clinton turned the GOP Congress product of 2 years ago and turned it inside out to principally help families and balance the budget without blowing up the budget for the future. A positive bill for which I can vote and urge others to support.

Mr. ARCHER. Mr. Speaker, I yield 3 minutes to the gentlewoman from Washington [Ms. DUNN], a highly respected member of the Committee on Ways and Means.

Ms. DUNN. Mr. Speaker, because of the Republican majority in Congress, for the first time in 16 years women across America are getting a tax cut. The truth is the Republican tax relief bill helps women throughout their lives both at home and the job market. The only people who think this tax relief bill is not good for women are those who do not believe we women can manage our own money, and that, Mr. Speaker, is passe.

So let us talk first about tax relief at home. With our bill the mothers of 41 million American children will be able to keep more of their own money. The $500 per child tax credit that will begin in 1998 is money mothers surely can use to make ends meet, money that can be used to pay for school clothes or for groceries or for all the unexpected expenses that come with raising a child.

Women and their families will also receive help in sending children to college. The cost of higher education is overwhelming these days. I just finished paying for two children to go to college, and truly believe me, I know how expensive it can be.

Women are provided additional options to save for their retirement through expanded IRA's. The fact is that we women live longer than men. Yes, we generally have less savings set aside. I do not believe our society wants to force a woman into buying shoes for her 8-year-old child as opposed to saving for her retirement, and expanded IRA's will help provide the savings that will work toward those worrisome retirement years.

And now let us talk about the workplace. Women are starting businesses today at twice the rate of men. A lower capital gains tax leaves more critical capital in hands of women business people, women investors, and women entrepreneurs. Why is this so important to women? Because the 1995 survey of women-owned businesses tells us that 84 percent of women use personal savings to start their businesses.

Mr. Speaker, the American dream for everyone, including women, is to make life better for our children and for our loved ones. Yet the current death tax is such an onerous burden that when the owner of a family farm or business dies, the children often must sell their inheritance just to pay the taxes. That is what this bill is about, providing women with options and time to balance the demands of today's world. No longer should women feel they are being pulled in 10,000 different directions, often sacrificing themselves and their children's interest just to pay Uncle Sam.

Mr. Speaker, helping American families and especially America's women is all part of the Republican agenda. The truth is this tax relief never would have happened if it had not been for our majority, and we are proud of our work on behalf of American families, and we look forward to making Government more and more efficient while keeping that safety net out there for those Americans who truly need it.

Mr. RANGEL. Mr. Speaker, I yield such time as she may consume to the gentlewoman from California [Ms. SANCHEZ].

Ms. SANCHEZ. Mr. Speaker, I rise today in support of the balanced budget agreement. Today we will have the opportunity to provide hard working Americans with the first balanced budget in a generation.

We have accomplished an amazing feat today. The President and Congress have come together for a truly bipartisan budget agreement.

A budget that is balanced, that provides fair tax relief, that provides coverage for children's health care, and that truly expands education opportunity.

Congressional leaders and the President have worked to draft a bill that helps middle class parents. These Americans have funded the deficits of the last decade and deserve a return on their investment.

This historic investment in education includes the HOPE Scholarship Program that truly will give hope for a college education to working-class American families.

It includes the largest Pell grant increase in two decades. As a former Pell grant recipient, I know how much we need this funding.

This agreement provides the first tax cut for Americans in 16 years. This budget gives a $500 per child tax credit to every family in America. It also allows parents to save for their child's higher education with the education IRA.

We have finally recognized what our parents and community leaders already knew, that when we cut taxes to families, when we provide children's health care, and when we invest in education—when we balance the Nation's budget—our cities, our States, and our Nation will prosper.

Mr. RANGEL. Mr. Speaker, I yield 1 minute to the gentleman from Illinois [Mr. DAVIS].

Mr. DAVIS of Illinois. Mr. Speaker, I want to first of all commend and congratulate all of those who have worked to reach this accord. But when I viewed the balanced budget agreement I asked two fundamental questions:

Is it fair and does it go far enough to lift the boats of all Americans, including the poorest among the poor?

And while I agree that there has been serious movement toward the inclusion of more families and more children, I still must ask the question, is it good for all of America?

This agreement provides tax relief for the richest of Americans to the tune of over 70 percent. Is that fair? Under the current agreement corporate welfare continues to be protected, and so I agree that it is movement, but I do not believe that it goes far enough to really touch the poorest of the poor.

I believe that we can do better. We provide serious breaks for the rich, a few breaks for the middle class, practically no breaks and little hope for the poor.

Mr. RANGEL. Mr. Speaker, I yield 1 minute to the gentleman from Tennessee [Mr. CLEMENT].

Mr. CLEMENT. Mr. Speaker, several days ago I had the opportunity to participate in a news conference at the White House, and it was a true love-in, it was a true commitment that we are going to balance the budget, and it is historic. We are on track toward a first balanced budget since 1996. We are on pace toward our first tax cut that we have really had since 1981. A couple of years ago, how many of us in this Chamber could have predicted such far-reaching and much needed reform?

As a former college president, I am proud of the commitment that we have made on education, a $1,500 tax credit for college, $2,500 tax deductions for interest paid on college loans and $500 tax free contributions into education IRA's.

And it is a pro-family reform as well, $500 per child credit, approximately doubling the tax exemption on real estate for both individuals and couples.

Let us keep the budget process moving, let us cast a "yes" vote, and let us balance the budget once and for all for all Americans.

Mr. RANGEL. Mr. Speaker, I yield 2 minutes to the gentlewoman from California [Ms. WATERS], the chairperson of the Congressional Black Caucus.

Ms. WATERS. Mr. Speaker, I would like to thank the gentleman from New York [Mr. RANGEL] and the gentleman from Texas [Mr. ARCHER], the chair of the Committee on Appropriations, for their work, and I know how hard he struggled. However, this Congress is about to pass the most profound and drastic tax cut this Nation will experience in many years to come. This is a true redistribution of the wealth, and let me tell my colleagues why.

The top 1 percent in our Nation will get a tax cut of about $16,000. That is people who make over $645,000. The next 4 percent, people who make about $150,000 will get a tax cut of $1,492. But let us take a look at the lowest 20 percent, the lowest 20 percent in our Nation, people who make $6,500 will have to pay $39 more. The next 20 percent, people who make $15,000, will only get about $114, and the next 20 percent, people who make $27,000, will get about $194 in tax cuts.

Well, let me just show my colleagues this. In capital gains, this means the CEO's of major corporations like Donald Trump and over at Nike, they will be able to take their pay in stock options and the stock options will only be taxed at 18 percent which means they will be paying about half of what the average working person will be paying in taxes.

So who is getting the short end of this deal? Not only are the poor in inner cities, where the economy is not performing, still no jobs, low paying jobs, jobs that have been exported to Third World countries for labor, let me tell my colleagues about districts like the district of the gentlewoman from Idaho [Mrs. CHENOWETH], in her State's panhandle with the median income of less than $25,000 per year and a per capita income of $11,530.

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These are working and poor people in districts like that of the gentleman from Florida, Mr. CHARLES CANADY, Poke County, FL, with a median household income of $25,315 per capita and personal income of about $12,277.

I want to tell the Members, this is not the right way to go. It is going to pass. Republicans are going to take credit, Democrats are going to take credit. Nobody knows what is in the details. But I want to tell the Members, the American people will find out. They will know in the final analysis.

This is no deal for the average Americans. Rich people will make out again. They will be partying on Wall Street tonight.

Mr. ARCHER. I yield myself such time as I may consume, Mr. Speaker.

Mr. Speaker, I would just briefly respond to the gentlewoman from California [Ms. WATERS] and say that every Member has had an opportunity to know every detail on this bill because every detail has been on the Internet beginning at 7 o'clock last night.

I know Members diligently have wanted to peruse this bill and to learn the details. I am sure that last night they have stayed with their staff and have had the opportunity to learn all of the details that are in this bill.

Mr. Speaker, I yield 2 minutes to the gentleman from Texas [Mr. DELAY], my neighbor and my friend.

Mr. DELAY. Mr. Speaker, I want to commend the chairman of the Committee on Ways and Means for all the hard work he has done to bring this to the floor. I have to tell the Members, I rise in support of the Archer tax cut. I urge my colleagues on both sides of the aisle to support it.

Mr. Speaker, sometimes history is made by bold strokes and sometimes history is made with small steps. Today we are taking a small step toward a smaller and a smarter Government. This tax cut legislation represents only the beginning of our agenda that will give the American taxpayer real relief from an oppresive Tax Code. A Government that takes over 50 percent of the average family's income threatens liberty and needs serious reform.

But in our system of government, reform is best achieved through bite-sized bits that are easily digested, I believe, by the voters and easily understood by popular opinion. This is the first bite of a seven-course tax-cut meal. Some of my colleagues will say that this tax cut is not enough to tide them over. I agree. But I promise the Members that this first tax cut in 16 years will not be the last tax cut in 16 years.

This bill is a good start. It contains necessary relief for families with children. It will spur economic growth by lowering taxes on investments, savings, and job creation. It starts the process of phasing out that punitive death tax.

To those liberals who complain that this tax cut goes too far, let me just simply say that in my view we can never go too far in allowing the American family to hold on to more of its hard-earned money. I urge my colleagues to start the process to cut taxes for all Americans and vote for this sensible bill.

Mr. ARCHER. Mr. Speaker, I yield 1½ minutes to the gentleman from New Jersey [Mr. PAPPAS].

Mr. PAPPAS. Mr. Speaker, today is a great step forward, a new beginning down the path of ending the era of big government. For the first time in 16 years, the American people are getting real, permanent tax relief, the Archer tax cut of 1997. Every American is a winner today. We have sent a message that Washington has to make do with less, so people can keep more of what they earn. I think too often in Washington bureaucrats forget it is not their money to waste. People of America work hard for the money and it is theirs.

This is real tax relief. People in every stage of life will receive something, families with children to pay for schooling, for home ownership, for home-based businesses, or to save and invest for retirement. From the family farm to the small business, everyone benefits. Families deserve the freedom our tax relief plan will bring.

The $500-per-child tax credit will give parents more freedom in raising their children to be healthy, well-educated, productive adults. I want to commend the Republican leadership and Chairman ARCHER for an excellent job and a tremendous first step.

Mr. ARCHER. Mr. Speaker, I yield 2 minutes to the respected member of the Committee on Ways and Means, the gentleman from Minnesota [Mr. RAMSTAD].

Mr. RAMSTAD. Mr. Speaker, I thank my distinguished chairman for yielding time to me, and for his outstanding leadership. I daresay, without the gentleman from Texas, Mr. BILL ARCHER, we would not be here with this tax relief bill, the most substantial tax relief for the American people since 1981.

Mr. Speaker, in addition to the more publicized provisions of this bill, the child tax credit, the higher education relief, the capital gains cuts, and the death tax relief, I would like to point out several provisions that I have worked on for many months with several of my colleagues to help victims of the recent flooding in the Red River Valley of Minnesota and the Dakotas. I want to thank Chairman ARCHER for his help as well in getting these provisions in this bill.

We include special mortgage revenue bond rules for those people to rebuild their homes in the flood areas. We extend the IRS deadlines in the flood areas. We provide interest abatement for delayed filings, and special IRS rules for the forced sales of livestock that were caused by the horrible, horrible floods.

I am also gratified that several other reforms I have worked on are included. We changed the rules governing employee stock ownership plans [ESOP's] to make it easier for small businesses to give ownership to employees of the company. We prevent the taxation of survivors benefits. We stop, no more taxation for survivors benefits for police officers or firefighters killed in the line of duty.

We make the administration of church pension and benefit plans much more workable. We include language to clarify the tax-exempt status of State health insurance risk pools that provide coverage for high-risk people and their children and spouses.

Mr. Speaker, this bill will provide important relief to real people right now. I urge my colleagues to support this important legislation.

Mr. ARCHER. Mr. Speaker, I yield 1 minute to the gentleman from California [Mr. CALVERT].

Mr. CALVERT. Mr. Speaker, I stand in favor of this bill. I also want to commend the chairman of the Committee on Ways and Means for an excellent job.

It certainly is an historic week. For the first time in a generation, we will balance the budget and provide tax relief to working families across the Nation. This Congress will leave the legacy of a smaller, less invasive government to our children. At the same time, we will ensure that middle-class Americans keep more of their money.

Today we will refund to the American people one-third of President Clinton's tax increase, the largest in history. Back in my congressional district, the per-child tax credit will mean families with children can save $47 million next year. California has had some tough years, as the Speaker knows. We are looking forward to having better years. This is going to help, Mr. Speaker.

Some said this day would never happen. Thanks to the Republican Congress, it has. But the real winners this week are my constituents and the rest of the American people. We look forward to future days like this.

Mr. RANGEL. Mr. Speaker, I yield 2 minutes to the gentleman from California [Mr. BECERRA], a member of the Committee on Ways and Means.

Mr. BECERRA. Mr. Speaker, I thank the gentleman from New York, especially for all the work he has done on this particular balanced budget agreement.

Mr. Speaker, if 535 Members of both the House and Senate got together to try to draft a bill, we would have 535 different versions of a balanced budget agreement. That is why in a democracy and in politics compromise is what must rule. If we do have that type of compromise, we have leadership and we will have progress.

We have to accept some bad with the good. Democrats, I know for example, fought for about 5 million children to be included within the child tax credit because they happen to fall within families that earn between $18,000 and $30,000. Republicans were able to achieve victory for families earning $75,000 to about $160,000, and including them within the child tax credit as well.

Democrats fought hard to get another $8 billion more for child health care, to try to help cover some 5 million of the 10 million uninsured children in this Nation. Republicans fought very hard and succeeded in getting the corporate tax rate dropped on capital gains tax rates.

Democrats fought very hard to make sure that empowerment zones and brownfields were included in the legislation, which would allow for economically depressed areas, those areas that had contamination in the soil, to be reached by new entrepreneurs who are willing to take a little bit of a risk, and they will get some incentives and tax breaks if they establish a business in these areas.

Republicans, on the other hand, fought very hard to get IRA's, individual retirement accounts, that will now go to those who can put up to about $2,000. If they happen to have incomes up to about $160,000, now they will not have to pay taxes on those particular IRAs. They benefit.

Democrats made sure that the education package would give someone who is going to community college and pays $2,000 a year at least $1,200 of tax breaks. The Republicans wanted to give $750. We won on that. The Republicans were able to get more breaks for the 1½ percent of people who die and have to pay an estate tax.

We all win and we all lose. Ultimately we try to compromise. I think we can all say that whether one lives on Main Street or Wall Street, we all won.

Mr. RANGEL. Mr. Speaker, I yield 2 minutes to the gentlewoman from Texas [Ms. JACKSON-LEE].

Ms. JACKSON-LEE of Texas. Mr. Speaker, allow me to say to the gentleman from Texas [Mr. ARCHER], a friend and someone who I know has worked so very hard on this bill, I thank him very much. I rise today to support this legislation and this effort.

However, I would say to the gentleman from Texas, BILL, if I might call you that, if we acknowledge the sincere distinctions that we have in this House, let me now commend my good friend and the ranking member of the Ways and Means Committee, the gentleman from New York, Mr. CHARLIE RANGEL. CHARLIE RANGEL is a Korean war veteran who went to school on the GI bill.

It so happens that his history may track a little more where I came from, where the earned income tax credit might have helped my parents who did not have a college education; who struggled every day, and may not have known sometimes how the bills would be paid.

I represent a district that looks like that of the gentleman from New York, Mr. CHARLIE RANGEL, and with poor people and working people, and great ethnic diversity, so I also stand in the well of this House acknowledging that there are some stumbling blocks in this tax bill. Nevertheless, I cannot thank CHARLIE enough for staying in there in the fight, never forgetting where he came from.

So we now have in place for those people making $30,000 a year tax relief. The HOPE scholarship has been made better. In fact, now you do not have to worry about whether you are going to Yale or Harvard to get tax relief, you can go to your local community college and you can get $1,500 a year free and clear and you can go and get an education.

I do not like that most Americans do not save a lot. This may change because of this tax bill. It gives incentives for savings. That is a positive. England is No. 3 in this world on assets because their people save. Yes, I do not like total airline taxation system, but we have made it better, and we are going to stay on it and make it much better. To my airline constituents those on short domestic routes and those on international routes, I will continue to monitor the impact on this bill.

To the Members, there is something else we can work on. We can work on tax simplification, so all of us can understand how to file our taxes, because we are a nation that believes in carrying its weight. Further, in the outyears, if this deficit explodes, I am committing to be diligent in making sure this Congress fixes this bill so we do not have the deficit that we had before, which hurts the economic health of this Nation.

There are some stumbling blocks here, but to that I quote Shakespeare's words "that unto each of us is given a book of rules and a bag of tools, and each must make, ere life is flown, a stepping stone or stumbling block. Stumbling blocks are in this bill, but there are enough stepping stones that we should vote for this bill. This is a bill for America. I am proud to vote for this tax bill, because people like me and people I represent will be able to count a few more dollars in their pockets and get real tax relief. At the same time America's business is freer to reinvest in America's economy and create jobs! jobs! jobs!

Mr. Speaker, I rise today to join my Democratic colleagues in raising the flag for the Americans who truly need the tax cuts in this bill. Let's not kid ourselves here, this will mean an increase in the paychecks for working people that Democrats represent. This bill may mean a decrease of Republicans on lines 13 and 14 of their Schedule D's after they confer with their lawyers and accountants, But, today Democrats can raise the flag for working Americans who bring home a paycheck that will see an increase as a result of work on this side of the aisle.

Let's make no mistake about it, Mr. Speaker, the economic engine that is driving our expanding economy is being oiled and maintained by Americans who carry lunch boxes to work and really do something or make something for the paychecks they receive. They don't clip coupons, they work for a living. They don't have lobbyists up here on Capitol Hill making campaign pledges to us. They are the ones who really deserve the break today that this bill is delivering.

Democrats fought Republicans and won the $500 child tax credit for families who need it, families making under $30,000 a year and may have depended on the earned income tax credit in the past, the American wage earners that the Republican leader characterized as getting welfare if they got the child tax credit.

Mr. Speaker, Democrats fought for and won this credit for 15 million taxpaying, working families that the Members on the other side of the aisle argued vehemently were less deserving than families making over $100,000 a year. Republicans failed the fairness test even though they originally promised in their Contract With Americans back in 1994 that those 15 million would be included in their targeted tax breaks. Thanks to our work, the work of Democrats, those working class Americans are included today.

Mr. Speaker, the American public knows who stood up for the families who send their children to our community colleges, to our great land grant universities, our venerable State colleges and universities and our Historically Black Colleges and Universities. Americans know that they will be able to contribute tax-free to State run prepaid tuition plans because of the work of Democrats. They know that the HOPE Scholarships that give students a tax credit for the first 2 years of college worth 100 percent of the first $1,000 of their tuition and 50 percent of their second $1,000 of tuition has a Democratic stamp on it. They know that in the third and fourth years of their college education they will get a tax credit worth 20 percent of $5,000 of tuition expenses for each year because of the Democrats on Capitol Hill.

Mr. Speaker, there can be no doubt about which Members of Congress expanded the welfare-to-work tax credit in order to help those Americans and their employers who are making the transition from welfare to work. This bill gives employers who hire those who may have been less fortunate than others and have been on welfare for an extended period of time a tax credit equal to 35 percent of the first $10,000 in wages in the first year of employment and 50 percent of the first $10,000 in the second year. I offered this very same amendment in the 104th Congress, I am glad today it passed. The targeted urban communities that this part of the bill will help includes the city of Houston and the people there and in other urban areas who are making the effort to turn their lives around. These are the people for whom government can truly make a difference. These are the people who may not have anybody in their lives to give them boosts and incentives to help them make a better life for themselves.

Mr. Speaker, I am also mindful of the consumers who fly on our airlines like Southwest and Continental. America's airlines, both big and small, as well as their passengers are winners under this bill, although we can do better. The financial reform that begins with this bill will insure airline safety in the future, and airline industry prosperity.

Mr. Speaker, I am proud to be a Democrat and vote for this bill. It is good for our country and Democrats have helped those who really need our help.

Mr. ARCHER. Mr. Speaker, I yield 1½ minutes to the gentleman from South Carolina [Mr. GRAHAM].

Mr. GRAHAM. Mr. Speaker, I do not think I can pick up with the passion we just saw, but that is good news. This is an amazing day.

Mr. Speaker, the firmness and fairness of the gentleman from Texas [Mr. ARCHER] brought this deal about. I hope the American people understand that. Our Republican leadership team has done a good job, but the best decision they ever made was to let the gentleman negotiate for us. It has really helped a lot.

The gentleman from New York [Mr. RANGEL] is going to vote for this bill, I understand. I know this is difficult. I congratulate him for making what has to be a difficult compromise, but I think the Nation is better off.

I am not going to talk about the details for the next few seconds. The important thing to me is that we are taxed from the time we get up in the morning and drink our first cup of coffee to the time we go to bed and watch a show on television and pay cable taxes. We are taxed from the time we are born until the time we die. Today we get just a little bit of our money back, and a little money and power flows out of Washington today. We do not need to worry about the details.

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The most important thing that you need to understand about today is that, when President Clinton moved to the middle and agreed that money and power need to come home in a fair way and said giving money and power back to families, businesses, and local government is a good thing, the public has rewarded him, and they should, and the Democratic Party. But let it be said, as a member of the Contract with America class, that our legacy to this country is that new people came to Congress and sang a different song, and that tune has been picked up by people who have never sung it before and it is music to the American public's ears.

Mr. RANGEL. Mr. Speaker, I yield 1 minute to the gentleman from Texas [Mr. BENTSEN].

Mr. BENTSEN. Mr. Speaker, I thank my colleague from New York for yielding me this time. I am going to vote for this tax bill for a couple of reasons. First of all, I want to thank the gentleman from New York [Mr. RANGEL] and the President for making the child tax credit refundable. Somebody making down to $18,000 a year is not on welfare. They should share in this tax cut.

Second of all, the education investment is probably the most important investment vehicle that we have in this tax bill to move the economy forward. With respect to the capital gains proposal, the final proposal actually, I think, is far better than we started because it addresses holding periods. I think that is much more efficient economically. It allows us to not reward churning of accounts but to reward long-term investments that are more productive. With respect to some issues in it, I am pleased that you dropped the difficult minimum provisions that have been requested by the administration. That is very important to State and local governments.

I regret that we still have the $3 head tax in it that will affect short haul carriers such as Southwest Airlines in my State. I think that belies the fact that these carriers pay the same capital cost as long haul carriers through State and local landing right agreements. Overall it is a good bill. Let us just hope that it works.

Mr. Speaker, I rise in support of this legislation, which is much more fair and fiscally responsible than the legislation approved by the House on June 26. This conference agreement improves upon the original legislation in several significant ways: it provides more tax relief to low and moderate-income taxpayers most in need of this assistance; it provides more extensive tuition tax credits to help families afford a college education; it better targets capital gains tax relief to reward economically productive long-term investments; and it eliminates or limits provisions that would have caused the cost of this legislation to explode over time, resulting in new deficits.

The child tax credit in this conference report is much more fair than in the original House bill. This legislation extends the child tax credit to working parents making as little as $18,000 annually who would have been denied this assistance under the earlier bill. My Republican colleagues claimed giving a child tax credit to families earning less than $30,000 per year was the same as welfare. Mr. Speaker, this is not welfare. These are working, taxpaying, wage-earning families who would have been denied tax relief simply because they do not earn enough to pay income taxes, although they still have to pay substantial and regressive payroll taxes. These are people working harder than ever to stay off welfare. Because of strong Democratic support led by President Clinton and Ways and Means Ranking Member CHARLES RANGEL, we now have a bill that helps these families too. As a result, 5.5 million more children from these working families will benefit from this tax credit. This is the right thing to do to strengthen our families and reward their hard work.

This legislation also improves substantially on the tuition tax credit. The original House bill would have cut the value of the proposed $1,500 tax credit in half and provide only 50 percent of tuition expenses for millions of students attending community colleges. This agreement provides the full tax credit for the first $1,000 of tuition costs and a 50-percent credit for the second $1,000 of tuition for each of the first 2 years of college. And it provides a tax credit worth 20 percent of $5,000 of tuition expenses for the third and fourth years. In addition, it allows an income tax deduction of up to $2,500 a year for interest paid on student loans, which I have long supported, and creates a new individual retirement account specifically for education expenses. These are the right investments to make because higher levels of education are necessary than ever to succeed in today's global, high technology economy. Just last week, we heard testimony from Federal Reserve Chairman Alan Greenspan and numerous respected economists that, in order to ensure American workers' earning power, we must increase their level of education. This bill provides for that need.

I am also pleased that this legislation rewards long-term investment by reducing the maximum capital gains rate to 20 percent for investments held for at least 18 months and 18 percent for those assets purchased after 2000 and held for more than 5 years. The capital gains rate would be reduced to 8 percent for such long-term investments for taxpayers in the 15-percent tax bracket. This provision moves in the direction of legislation I have introduced to reduce the capital gains tax on a sliding scale based on how long an asset is held, which I believe is both economically productive and fiscally responsible. In this way, we will reward patient capital that is so vital to starting and expanding businesses and creating jobs.

I regret that the bill continues to impose a per segment head tax of $3.00 under the airline ticket tax. This is unfair to short haul, low cost air carriers such as Southwest Airlines based in Texas. It belies the fact that both short and long haul carriers pay an equal amount of the majority of capital costs of the Nation's airports through landing and gate agreements at the local level.

Finally, I believe this legislation is more fiscally responsible than the earlier bill approved by the House. That bill included provisions, such as capital gains indexing, that would have caused the size of the net tax cuts to grow rapidly after the first 5 years. The result would have been new and larger deficits and increased pressures to cut vital programs such as Medicare, Medicaid, education, and environmental protection. I remain concerned that this conference report still poses that risk. As I stated yesterday during the debate on the spending cut bill, there are no guarantees that this plan will work. We must carefully track the revenue stream and ensure that the next tax cuts remain within the projected cost. And we must be willing to make corrections if they do not.

But on balance I believe this is a good bill that will provide tax relief to our families, help more young Americans get the college education they need, and reward long-term investment that creates businesses and jobs. I urge support for this legislation.

Mr. ARCHER. Mr. Speaker, I yield 2 minutes to the gentleman from Texas, Mr. SAM JOHNSON, a highly respected, great patriot member of the Committee on Ways and Means.

Mr. SAM JOHNSON of Texas. Mr. Speaker, Republicans have done what some called impossible. We have balanced the budget, provided the most significant tax relief in 16 years. Not since Ronald Reagan gave us 7 years of unprecedented economic growth have we given so much relief to the millions of families, small business owners, farmers, and other hard-working Americans who deserve to keep more of the money they earn.

This bill is going to free up dollars, free up money, taxpayer dollars, I might add, which previously had been used for wasteful government spending. It returns this money to the rightful owners, to the people of the United States of America, to those who create jobs, economic growth, and wealth. It is going to provide more people with the opportunity to achieve the American dream of owning their own home, seeing their children go to college, and having enough money to retire and just enjoy their grandchildren.

Mr. Speaker, I wanted to thank the chairman of the Committee on Ways and Means, the gentleman from Texas [Mr. ARCHER], my good friend, a super Texan and a great American for his hard work and determination in making sure that Americans get what they so richly deserve, a big tax cut. It is long overdue. It is finally time that this Congress has done something good for America. God really has blessed America.

Mr. RANGEL. Mr. Speaker, I yield 2 minutes to the gentleman from Wisconsin [Mr. KLECZKA], a member of the committee.

Mr. KLECZKA. Mr. Speaker, let me start out by indicating not only my strong support for the legislation, but also my pleasure in working with the gentleman from Texas [Mr. ARCHER]. Not only is the gentleman from Texas [Mr. ARCHER] very knowledgeable about the Tax Code, but in his dealings not only with myself but other Members, he always was very, very fair. He uses a saying in the committee, it is called rifle shot. He does not want any rifle shots as it relates to tax policy.

I cannot agree with the chairman more. I think if we are going to put in the tax bill relief or fairness or help to a group, it should be a broad group, not one specific corporation, not one group of individuals but it should be a broad array of individuals. This bill, I believe, reflects that.

I also want to thank the ranking member, the gentleman from New York [Mr. RANGEL], who kept us all honest, especially the Republican majority not only in items as it dealt with the education portion but also with the EITC and other areas that are so important to his constituents, my constituents, and all our constituents.

The first time the bill came before this body, I could not vote for it. There was a very onerous position included in it, the independent contractors section, which would have the effect of reclassifying hundreds of thousands of current employees who get benefits such as unemployment compensation and workmen's compensation. They would be denied these by reclassifying them. This bill does not have that provision. It was taken out in the conference committee. That is probably the major reason why I stand here today in strong support of the bill.

Also, I think one of the criticisms we have all had from time to time on the existing Tax Code is that it does not promote savings. With the inclusion of three new types of IRA's, we are changing the course of this Nation wherein we are going to reward savings and not reward spending. I think that is an important feature.

Another area which I think should be highlighted, which is of vast importance to millions of homeowners in the country, is the exclusion of sale of your primary residence. Right now you have to save a whole ton of receipts to prove you are not making any money on the sale. This bill eliminates that.

Last, since my tax legislative assistant is leaving today to go on to school, let me thank Win Boerckel for years of service in helping me with my Ways and Means Committee duties.

Mr. Speaker, I rise in support of the tax bill before us today. The Taxpayer Relief Act brings us to a balanced budget while also providing tax relief to many Americans.

On balance, I would have liked to have seen across-the-board tax relief for everyone, not just those with children, or those selling a house or securities. However, this was not to be since my committee amendment to increase the personal exemption for all taxpayers was defeated.

Mr. Speaker, this legislation may not be perfect, but it is much improved over the version that came before us in the House 1 month ago. The changes made in conference have earned my support for this measure.

The House bill contained a provision that could have had a devastating impact on workers and their benefits. The measure, innocently labeled as a safe harbor for independent contractors, would have permitted many employers to reclassify their workers as independent contractors and thus deny those workers employee benefits and worker protections. This was not only bad policy, it did not belong in this tax bill in the first place. Fortunately, the conferees wisely removed this language from the conference report before us today.

Likewise, this conference report provides reasonable capital gains relief without triggering massive outyear revenue losses. The original House bill contained not only the capital gains cuts, but also a measure which would have allowed indexing the value of assets for inflation. The final bill leaves out the indexing which could have led to large revenue losses 10, 15, or 20 years from now, but includes the rate cuts that will provide significant relief to taxpayers today.

The bill contains relief for parents raising children, small businesses being passed on to family members, workers saving for their retirement, and people saving to buy their first home.

In order to help parents make ends meet, taxpayers with children 16 and under will receive a $400 tax credit next year, and a full $500 tax credit in 1999 and thereafter. This credit will be available to single parents making up to $75,000 and couples making up to $110,000.

The bill also provides much-needed help to families with students going on to college. The HOPE scholarship will give students up to $1,500 a year for the first 2 years of college, and up to $1,000 a year for their third and fourth years.

The agreement allows individuals to contribute tax-free to State-run prepaid tuition plans, like the one we have in our State of Wisconsin.

The legislation also creates education individual retirement accounts to which families can contribute up to $500 per year toward college expenses. Single parents making up to $95,000 and couples making $150,000 can open and contribute to such education accounts. In addition, taxpayers will be allowed to withdraw up to 10 percent from a regular retirement IRA to pay for the education expenses of a child, grandchild, or spouse.

Starting next year, taxpayers will be able to deduct a portion of the interest on their student loans. The allowed deduction will be $1,000 in 1998, gradually increased to $2,500 in 2001 and thereafter.

The bill provides significant estate tax relief, increasing the amount of an estate exempt from tax from $600,000 to $1 million over the next 10 years. In addition, small business gets more immediate relief beginning next year when family-owned businesses and farms will be eligible for a $1.3 million exemption.

Under this legislation, more and more Americans will be able to take advantage of individual retirement accounts [IRA's] to save for their old age, purchase a home, or save for their children's education.

Single taxpayers making up to $95,000 and couples making up to $150,000 will now be able to contribute up to $2,000 a year to new back-loaded IRA's. The contributions will not be deductible from income, but the withdrawals will be completely tax-free. Withdrawals can be made penalty-free not just for retirement, but also for the purchase of a first home.

More taxpayers will be able to contribute to regular IRA's as well. Over the next several years, the income limits restricting use of regular IRA's will be gradually increased. Those single individuals with incomes up to $50,000 and those couples making up to $80,000 will eventually be able to make tax-deductible contributions to regular IRA's.

Mr. Speaker, I am pleased that objectionable provisions have been removed so that I can support this legislation bringing tax relief to many people across this country and in the Fourth Congressional District of Wisconsin. I urge my colleagues to support the bill.

Mr. RANGEL. Mr. Speaker, I yield 1 minute to the gentlewoman from Connecticut [Ms. DELAURO].

Ms. DELAURO. Mr. Speaker, I rise today to support this tax cut proposal and to remind my Democratic colleagues that we can accomplish what we can accomplish when we stand up and fight for what we believe in.

I want to say thank you to President Clinton and the gentleman from New York [Mr. RANGEL] for standing firm for Democratic priorities. Just last week our Republican colleagues were on the floor of this House calling a tax cut for hard working police officers and kindergarten teachers welfare. They stood up and defended a tax bill that included only a fraction of the needed funds for children's health care coverage and they promoted a proposal which would have raised taxes on graduate students and provided nothing at all in the way of relief for college juniors and seniors.

Democrats stood up. We fought for middle class Americans, and we won. Democrats fought for tax relief for all Americans who work for a living and pay taxes, even if they do not make a lot of money. Democrats fought for the full $24 billion to provide health insurance for uninsured children and Democrats fought to improve the education tax package to give every family in this Nation the chance to send their kids to college. What they did not fight for were tax breaks for the wealthiest Americans.

Mr. ARCHER. Mr. Speaker, I yield 1 minute to the gentleman from Illinois [Mr. MANZULLO].

Mr. MANZULLO. Mr. Speaker, I received a letter from Gary Hall, dated July 4, 1997.

Dear Congressman, I am sitting here at my dad's grave, missing him so much. He was not only my father, financial adviser, supervisor, the best farm adviser I know. He was my best friend. Now the family attorney says time is getting short. You have to decide what is being sold to pay all these taxes.

The family farm, 1,900 acres, appraised at $5.5 million, estate taxes, $4.26 million. He says, why does the Government deserve to squander or blow dad's hard work away? The Federal Government taking 80 percent, 80 percent of the family farm. It is unconscionable.

But the good news is, we have passed a bill. It will save him a little bit of money. But we have a long way to go so America's farmers can pass land on to their children without the Government squandering it away.

Mr. ARCHER. Mr. Speaker, I yield 2 minutes to the gentleman from New York [Mr. PAXON].

Mr. PAXON. Mr. Speaker, before I begin let me tip my hat to the gentleman from Texas [Mr. ARCHER]. I know this is an amazingly important day for him and his great team. They have worked so hard for so long and labored in the minority. And today we have this happen, and we just tip our hats and say, thank you for your perseverance and your dedication.

Mr. Speaker, what a difference a Republican Congress makes. Four years ago this very month the other body, the other party was enacting another celebrated budget. That budget increased taxes on Social Security, on gasoline, on income, even Democrats called it the largest tax increase in the history of the world.

It gave us deficits as far as the eye could see and did nothing to save Medicare. Today we are prepared to pass another kind of budget. There is a difference. Today we are cutting taxes for children, for college, for farms and for homeowners.

We eliminate the deficit and save the Medicare system which saved the lives of both of my parents. But you ain't seen nothing yet.

This Congress intends, under the leadership of the gentleman from Texas [Mr. ARCHER], to come back again next year and to work harder to cut even more taxes for the American people. For example, next year I believe we could cut payroll taxes, eliminate the marriage penalty, and give a break to families who care for their elderly parents or we could do as my hero, Ronald Reagan, wanted to do, which is have even larger across-the-board income tax cuts for all American taxpayers.

Of course, our ultimate goal is nothing short of eliminating the entire Tax Code and replacing it with either a flat tax or a national sales tax, a debate this country needs and is long overdue.

Mr. Speaker, this is not the final battle in the war to cut America's taxes. This is but the opening shot. What a difference, truly, a Republican Congress and leaders like the gentleman from Texas [Mr. ARCHER] have made and are making for us every day.

Mr. RANGEL. Mr. Speaker, I yield 5 minutes to the gentleman from Michigan [Mr. BONIOR], a leader of our Democratic Party and our whip.

Mr. BONIOR. Mr. Speaker, I am voting for this tax bill because it helps working families. In the Republican bill you almost had to be wealthy or work on Wall Street or own a big corporation to get a tax cut. We said no to that. Democrats said that tax relief should go to the teachers, the police officers, the nurses, the family farmers, the construction workers. These are the people who make America work. They put in a hard day's work, day in and day out, and they needed the relief.

I will never forget the debate we had on this floor over the last 45 to 60 days. We talked about that police officer in Atlanta, GA making $23,000 a year, putting his life on the line every day, has two children. And we said in our proposal we wanted him and his wife to share with their children and that child tax credit.

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And they said it would be like giving welfare to that police officer. Well, they were wrong. We fought them on it and we won.

Under today's tax bill, 27 million working families will get a child tax credit. Homeowners will be able to keep more of their gains when they sell their home. Students from working families and people who have lost their jobs or want to upgrade their skills will be able to get a $1,500 tax credit from their community college, job retraining, or a 4-year degree. That will all be supplemented in this bill.

Now, these are the people that the Democrats fought for, and we won. But I must tell my colleagues this afternoon and concede that we have paid a price for all of this. This bill is indeed a compromise. In exchange for extending the child credit for working families, Republicans demanded huge tax breaks for the wealthiest 5 percent, and they got them. In exchange for education tax credits, Republicans demanded huge tax breaks for America's largest and biggest corporations, and they got them.

I am talking about tax breaks like rolling back the corporate minimum tax. So we are now going to go back to the days when some of the biggest corporations in America will not pay any taxes at all. It is an outrage; a $19 billion outrage.

So we will be watching and we will be fighting. The gentleman from New York [Mr. PAXON] comes to the floor and says there will be another tax bill next year. We will fight with every ounce that we have against this $19 billion giveaway to the biggest corporations. We will be fighting to make sure that the tax breaks now going to the wealthy do not come out of the pockets of working families in the future.

We will be fighting for fairness, because working families will not stand for it if our Tax Code turns into a picnic basket of corporate giveaways. They will not stand for it if the Fortune 500 companies reaping huge profits pay no taxes at all. They will not stand for it if the CEO's, making 200 times the salary of the average worker, squander their capital gains on corporate jets and luxury limousines instead of investing in jobs in our communities. And they will not stand for it if stock market speculators run off with all the benefits while the people who work with their hands pay all the bills.

Today I am voting for that person. I am voting for that mother who will be able to take that $500 credit and buy her daughter books and school supplies. I will be voting for that police officer and his wife who will be able to get $1,000 for their children. I think of that fellow who wants to become a welder who can take a $1500 education credit and sign up for a course and land a good job and a good wage. I will be voting for him.

So, no, this bill is not perfect, but my friend, the gentleman from New York [Mr. RANGEL], and all those who worked on this bill to bring it to some sense of equity, we have a long ways to go, but we brought it from where they started at $245 billion with the Contract With America, we brought it home to where at least some of the benefits will go to working people in this country who need them so badly.

No, this bill is not perfect, Mr. Speaker, but these people that we fought for cannot wait and I am voting "yes" for their future.

Mr. STARK. Mr. Speaker, I yield myself such time as I may consume.

I oppose this bill and suggest to my colleagues and the American people that it is unfair and unnecessary. The Congress is lying to the American people because this does not balance the budget. It cannot balance the budget until 2002 unless we make more cuts, and we are not going to make those cuts. We have not now and we will not then.

If we did nothing, the budget would balance this year or next year by itself. Government, again led by the Republicans in Congress, is mucking up the economy by bringing forward an unnecessary bill.

These unfair tax cuts, 75 percent of these tax cuts go to families with over $150,000 in income. Simmons, the beet king in Texas, gets $104 million individually. Sammon Enterprises in Texas gets $23 million, negotiated in the dead of night in the Republican leadership offices, where they probably got those two $500,000 campaign checks from the Amway Co., and they gave Amway $200 million in tax deductions for their Republican contributions.

And in the secret of night it harms poor families who will have a $40 tax increase. And what my colleagues do not know is that it eliminates abortion for poor young women. That is buried in this bill. It hurts cancer victims. Unknown to any of us here, the tobacco settlement, which is not even agreed to yet, $50 billion of the money that should come out of the tobacco settlement is being credited because of the tobacco tax. That money was supposed to go to cancer victims. The Republicans are stealing the money that is supposed to go to cancer victims from an unfinished tobacco settlement and using it to fund this turkey.

My fellow colleagues, this is an unnecessary bill with a political purpose and it is economic nonsense. It harms the American public and only helps 1 or 2 percent of the very richest Americans who make their money either through inheritance, not a heavy-lifting job, or through stock market activities.

There are secrets buried in this bill which are undetermined at this point and were decided last night in the dead of night. I urge my colleagues, in the sense of parity and economic justice to vote "no" on this tax bill.

Mr. ARCHER. Mr. Speaker, I yield myself such time as I may consume to very briefly refute the statements that my friend on the Committee on Ways and Means, the gentleman from California [Mr. STARK], just put before the Congress.

I do not know where his figures come from, but the Joint Committee on Taxation, which distributes and scores this bill, has distributed the benefit of this bill so that 76 percent goes to people under $75,000 of income. Now, with the addition of the change in the child credit and other things that were done, it is even more that goes to people who are under $75,000, and primarily between $20,000 and $75,000 of income.

What has added more regressivity to this bill is the fact that those who favored the cigarette tax have put in place a tax that is the most regressive tax in the bill. Irrespective of how one feels about cigarette taxes, when the scoring is done on regressivity, that pushes more of the burden onto the very, very low-income people.

So I wish we would just get the facts before the Congress and before the people.

Mr. MATSUI. Mr. Speaker, I rise today in opposition to this tax package which moves us away from the paramount goal of this Congress—bringing the budget into balance. This bill also moves us away from two other very important goals—tax simplification and tax fairness.

DEFICIT REDUCTION

The historic budget agreement between the President and the Congress called for net tax cuts of $85 billion over 5 years and $250 billion over 10 years. If we did not pass these tax cuts economists predict that we could reach a balanced budget in 2 to 3 years. This agreement will push that goal out to the year 2002.

In addition, the bill before us includes an even bigger net tax cut of $95 billion over 5 years and $275 over 10 years. Over 5 years the tax cut exceeds the agreement by $10 billion and over 10 years it is $25 billion over the line. There is no reason to enact such a large tax cut package in excess of the budget agreement. In the 10 years beyond 2006, the size of the tax cuts will continue to increase. The cumulative cost by the year 2017 could go as high as $500 to $600 billion. It is folly to enact a plan, which will put additional pressure on the Federal budget, when we know that the pressures on the budget from the growth in Medicare and Social Security will greatly intensify over the same period of time. We are in a time of very strong economic growth. We should use this opportunity to get our fiscal house in order so that we can better deal with the fiscal pressures we know are coming.

TAX SIMPLIFICATION

This legislation will introduce a new and unwelcome magnitude of complexity in the lives of ordinary Americans. This at a time when the public confidence in the IRS is at an all time low and budget cuts for taxpayer services are sure to come. In 1986, we enacted legislation to greatly simplify the Code; achieving lower rates and a simplified structure. This legislation regrettably moves us in the wrong direction and requires that we pay attention to the Tax Code before we made basic decisions. In 1996, about half of all tax returns filed were completed by paid preparers. The child credit, education, and IRA provisions will result in tax relief but at a cost of increased paperwork for those who will have to interpret and plan to benefit from these provisions.

A former Treasury official was quoted as saying, "Who really wins from the tax bill? The tax-return preparers and the manufacturers of tax-preparation computer software." These provisions could have been simplified had there not been so much focus on blessing some behavior and striking political compromises. The current Code is already very burdensome, this legislation will certainly increase that burden for many people.

TAX FAIRNESS

We must have a fair tax system. Many at the top of the income scale have benefited greatly over the last several years. That is commendable but we should not enact policies which will accelerate the divergence between those at the top and the bottom of our economy. This bill will do that at a time when we can least afford it. A recent analysis of the bill shows that the average tax cut for middle-income families and individuals will be less than $200 under this bill. Top income earners will pay over $16,000 less in taxes each year under this bill. Families who are in the lowest 20 percent of income are the only group which will face a tax hike under the bill.

Mrs. MINK of Hawaii. Mr. Speaker, I must register my objections to H.R. 2014's airline tax provisions which levy a $2 per stop fee which will be borne mainly by our local short-haul air carriers and their passengers.

I represent the Second Congressional District of Hawaii, which includes all of Hawaii's eight major islands. Obviously, the only way to travel between the islands is by air. Passengers of Hawaii's inter-island air carriers—Hawaiian Airlines, Aloha Airlines, and Mahalo Airlines—will be adversely affected by the new $2 per stop charges under H.R. 2014. A typical round trip ticket from Honolulu to Maui costs under $100. Now there will be added a new $4 tax. That flight is less than 20 minutes! A 5,000 mile round trip flight from Washington DC to San Francisco will also have a $4 stop fee.

These airline tax provisions are clearly unfair to Hawaii's people.

I urge this House to quickly revise this matter and allow Hawaii's people to be treated equitably.

Ms. McCARTHY of Missouri. Mr. Speaker, I rise today in support of the Tax Payer Relief Act of 1997 (H.R. 2014). This historic legislation provides for needed relief for working families. It achieves a goal of mine to balance the budget. reduce the deficit, and invest in our future.

This initiative invests in our children and our future hopes for them through greater access to health care and educational opportunities. The education tax provisions will also benefit their parents who seek to improve and expand their own skills to meet new career challenges in our global economy. In my community, the metropolitan community colleges have excelled in connecting our employers with qualified employees through extensive business and community partnership. The Vice President visited the business and technology center in my district last year to highlight their success as a model for our Nation. This initiative will only enhance the potential of elevating our work force to the level of competitiveness needed.

One aspect of the legislation important to the people of the fifth district is the brownfield tax credit. Qualified companies would be allowed to deduct the costs associated with remediation of contaminated sites in order to promote development in these areas. In my district both the Westside Industrial Park conversion of an old train yard into a useable property, as well as the rejuvenation of the Union Station project are now closer to reality. In eastern Jackson County these tax credits will allow for completion of the Jackson County Expressway. The economic boom created with this new freeway will generate job growth and economic expansion.

One of the major victories which was accomplished with this legislation was the rightful return of the dedicated 4.3 cents gasoline tax to the Transportation Trust Fund. The previous diversion of these funds unfairly masked the true amount of the deficit. The availability of these funds for projects in the metropolitan Kansas City area will afford the opportunity to improve the safety and efficiency of the highway system and complete critical infrastructure projects such as the Chouteau Bridge, and the completion of the Bruce R. Watkins Freeway, which has been 25 years in the making.

Reduction of the capital gains tax for middle class Americans will keep our economy strong by increasing the capital available to continue to grow our economy. Reduction in the inheritance taxes will enable small businesses to stay within families.

We must be vigilant in Congress to ensure that the systems in place to guarantee the budget is balanced by the year 2002 remain. Similarly, Congress will have to continue to reduce the deficit through setting smart spending priorities. Balancing the budget and reducing the deficit will yield further rewards for our country; deviating from those worthy goals will threaten to erode value which this tax package provides for our constituents. Mr. Speaker, I support this bill and urge its adoption. Thank you.

Mr. KOLBE. Mr. Speaker, I rise in strong support of H.R. 2014, the Tax Payer Relief Act of 1997.

This is a proud moment for me—to be able to tell the citizens of Arizona that the U.S. Congress has heard their plea to reduce their taxes and to balance the budget. In my 13 years here in the House, how many times have I made that plea on this floor? And today it is really going to happen.

In terms of the future of this country, the tax incentives for higher education may be the most important thing we do here today. As we continue to engage in the global marketplace, education is the factor that makes our workers more productive and creative. Education is the key to higher wages and a better standard of living. Reducing the financial burden on families who want to provide that future for their children is a step to insuring the viability of our economy for years to come. A college tuition tax credit, deductible interest on student loans, a credit for continuing education, extension of employer provided education assistance—these incentives will be incredibly valuable in assuring the educated work force we need for the future.

As important as the education incentives are, I don't want to downplay the $500/child tax credit. An extra $500, $1,000, or $1,500 or even more in the pockets of families with children up through the age of 16 will make the lives of those families so much richer. We aren't giving these parents anything. We are just allowing them to keep that much more of the money they work so hard to earn for their families—for clothes, for piano lessons, for braces, for camp, or vacations. And as pleased as I am that we are letting them keep more, I am troubled by the fact that I even say those words. Who are we as the Federal Government to say that people can keep their own money? How did we get to this place? We must get back to having the people tell us how much they are willing to give the Federal Government.

Mr. Speaker, at a time when we know we are facing a looming crisis in payroll taxes and funding Social Security payments, I am especially pleased that we're letting people keep more of their investments. If they are thrifty and invest for the future, we are taking less of the earnings on those investments. We are dropping the top capital gains tax from 28 percent to 20 percent and eventually there will be an 18-percent top rate for those investments held for 5 years or more. We are providing more ways, especially for middle income families, to save for those retirement years ahead through expanded IRA's. That will make a tremendous difference for our citizens who want to provide for themselves after retirement.

We are helping small business with this tax bill. In addition to the capital gains tax relief, we are exempting them from the alternative minimum tax. We are phasing in full deductibility for health insurance premiums for self-employed persons. And there is an immediate jump in the death tax threshold to $1.3 million for small family farms and businesses.

There are many, many other excellent provisions in this bill, but I won't take more time now to itemize what many of my colleagues already have. I might also say there are a few of the loophole closing provisions that I don't like—provisions that actually will create tax burdens where none existed before. And there are some provisions that will greatly complicate the Tax Code and create still more confusion in the IRS administration of the tax law. Such complications are bound to create more dissatisfaction with an already controversial agency.

But, I am pleased that we are taking less in taxes from the American people. Some on this floor have decried giving back this money. They are treating it as if it belongs to the Government. It doesn't. It belongs to the people who pay the taxes and if we think otherwise, it's time for us to be replaced.

Yesterday's accomplishment, passage of the Balanced Budget Act, will balance the Federal budget by 2002; save Medicare from bankruptcy, and shrink the size and scope of Government. It addresses the short-term financing problem of the Medicare trust fund, and establishes a national commission to study and make recommendations to ensure the long-term viability of the important program.

It gives seniors choices in the Medicare Program rather than locking them into the one-size-fits-all system. Seniors will have the opportunity to choose from the traditional Medicare Program, or from the alphabet soup of managed care, or take complete control over their health and decide what type of medical services best suits their individual needs through a medical savings account. And most important, this reform attacks waste, fraud, and abuse in the Medicare Program. The anti-fraud initiative includes a "three strikes you're out" penalty for the worst abusers of the system.

Also, this historic reform increase health care coverage for children who are uninsured, and gives the States the flexibility to administer a child health initiatives which work best at the State and local level.

The Balanced Budget Act of 1997 and Taxpayer Relief Act are not victories of the President or the Congress, they are victories for the American people.

Mr. CRANE. Mr. Speaker, as vice chairman of the Ways and Means Committee and as one of the House conferees on the tax bill, it is with great pleasure that I rise today on the floor of the House of Representatives to speak in strong support of legislation which will provide substantial tax relief for the American people. Most importantly, it appears that this bill, the Taxpayer Relief Act of 1997, will be signed into law and will become the first major tax relief package the American taxpayer has seen enacted since 1981. Although it was in 1994 that Republicans gained the majority in the House of Representatives and started pushing in earnest for a tax cut, it took us nearly 3 years to finally convince this President that the American people were in need of real tax relief. Mr. Speaker, on behalf of the taxpayers of the Eighth Congressional District of Illinois, I'm glad the President finally got the message.

By now everyone should know the story of the middle class taxpayer. Today, the typical family devotes more of their family budget to combined Federal, State, and local taxes than they do to food, clothing, and housing. Considering this statement, it should come as no surprise that it is also a fact that Americans are being taxed today at record high levels. The time to reverse these trends is long overdue, and the legislation before us today is, I hope, only the first significant step toward relieving family tax burdens.

What is in the bill before us today? While time does not permit me to discuss every aspect of this bill in detail, let me start by saying that families with children will be the big winners. The $500 per child credit provided in this bill will begin to rebuild the foundation of take home pay for families with children which has been seriously eroded over the past few decades. Indeed, had the current dependent deduction been indexed for inflation from its inception, the per child deduction would be over $8,000 rather than in the $2,500 range that we find today. We needed to do something, whether it be to dramatically increase the deduction—as I have long advocated—or provide a credit—as I introduced at the start of the 104th Congress. Relief is provided in this bill.

What else can taxpayers look forward to? The bill will expand opportunities for Individual Retirement Accounts [IRA's] and provide for penalty free withdrawals for education and first time homebuyers, legislation I have cosponsored for years. And the bill provides substantial education tax incentives.

In addition, the bill substantially provides relief from the death tax, raising the exempt amount from $600,000 to $1 million by 2007 and providing, in 1998, an exemption of $1.3 million for small businesses and family farms. As I have said before, the death tax is an extremely punitive tax as it penalizes those who have saved, invested, and paid taxes throughout their lives in the hopes of leaving something for their loved ones. I look forward to the day when I will never again hear the story of the family farm being sold to pay the estate tax, and that is why I will continue with my legislative efforts to eliminate the death tax entirely.

While allowing the American taxpayer keep more of their hard earned money will help spur economic growth indirectly, there are several provisions in this bill which will very directly encourage economic growth and job creation. The Taxpayer Relief Act reduces the capital gains tax rate substantially. Encouraging investment in capital will increase the pool of capital which will in turn increase access and thus stimulate job growth. another little discussed provision of the bill will reduce the burden placed on businesses by the alternative minimum tax [AMT]. This legislation exempts 95 percent of businesses from having to pay the AMT and it is my hope that members of this Congress are finally realizing that when they excessively tax businesses, they are simply increasing the price of products to consumers, killing jobs and hurting the ability of our businesses to compete internationally. As with death taxes, my goal is to eventually eliminate capital gains taxes and the AMT altogether; however, this bill is a good start in that direction.

Because of the provisions I have just mentioned, this is a bill well worth passing, despite any further improvements or changes that I might personally wish to make. While we have certainly heard such rhetoric in the weeks leading up to this day, I find it refreshing that the class warfare rhetoric that once dominated floor debate on tax cuts has at least been toned down to some degree. I would hope that we can finally put behind us once and for all the divisive class warfare rhetoric that has resonated all too frequently in this House chamber. The politics of envy, the politics of division, is simply crass politics that does far more harm than good. Following my statement I have included in the RECORD a copy of an article by Thomas Sowell which further exposes the shortcomings of the arguments used by those who engage in the class warfare debate. Again, the time has come to end class warfare demagoguery once and for all.

Finally, as vice chairman of the Ways and Means Committee, and as one of the House conferees on the tax bill, I can tell my colleagues that there is no one, not one person in either the House or the Senate, that has worked harder or deserves more credit for making this day happen than my friend, and Chairman of the Ways and Means Committee, BILL ARCHER. My Chairman, BILL ARCHER, has worked tirelessly in these past months—late nights and weekends—with one goal in mind—to deliver this tax relief package to the American people. He never lost sight of the goal and he delivered.

Mr. Speaker, I urge my colleagues to help make BILL ARCHER's hard work pay off and deliver this tax bill to the American people with an overwhelming majority of the vote.

[From the Chicago Sun-Times, July 26, 1997]

LIBERALS ARE MIGHTY GENEROUS WITH DEFINITION OF 'THE RICH'

(By Thomas Sowell)

Every year Forbes magazine devotes an issue to the rich—a listing of the millionaires and billionaires who have the most money. Liberals in Congress also talk about "the rich" whenever anyone wants to lower taxes. Big taxers and big spenders always like to say that there are "tax cuts for the rich."

The problem is that these two kinds of rich people are almost entirely different. Most of the people whom politicians and the media call rich don't have even a tenth of what it takes to make the Forbes list.

Millions of Americans who never would dream of considering themselves rich are included in the inflated statistics used by the liberals who claim that tax cuts are for the rich.

According to a Heritage Foundation study, there are more than 4 million mechanics, repairmen and construction workers who must meet the Clinton administration's definition of rich. So do more than 8 million government employees at federal, state or local levels.

How do people who are making modest middle-class incomes suddenly become rich? Let me count the ways.

First of all, the statistics used include money that these people never receive. These estimates assume that income is being underreported and add 20 percent to whatever income is reported. The value of your life insurance and pension fund also is counted as income.

Anybody can be rich if you add enough fictitious money to his actual income. As a result, anybody in Congress can be a demagogue who says that most of the tax cuts are for the rich. Let's go back to square one. The only people whose taxes can be cut are people who are paying them. Mostly, that is the middle class. When these middle-class people are renamed "the rich," of course there will be "tax cuts for the rich."

The misrepresentation does not stop there. The Clinton administration's insistence that the tax cuts should also apply to "the working poor" is a classic piece of disinformation.

Most very low-income families are not paying federal income taxes in the first place. Extending a "tax cut" to them would mean nothing if the words were being used honestly. Used politically, however, what these words mean is that more federal money must be given to them anyway a handout renamed a tax cut.

None of this addresses the larger question of whether people making middle-class incomes today have always made middle-class incomes. Many of those who are called rich not only are not, they have not even had middle-class incomes all their lives. They just happen to be in the peak earning years of their lives—as many younger people currently in the lower income brackets will be in later years.

The wife of a prosperous doctor hit the nail on the head when she said she resented people who complained about all the money that doctors make. She asked: "Where were they when we had three children and $85 in the bank?"

Most Americans do not start off in a high income bracket. They work up to it over the years and reach a peak somewhere in their 50s or 60s. That is where most of the high income and wealth in the country is. Census statistics for 1990 show families headed by someone in the 45- to 64-year-old bracket earning nearly double the income of families headed by someone in the 25- to 34-year-old bracket.

When it comes to wealth, the disparity is even greater. Census data show the net worth of households headed by someone in the 55- to 64-year-old bracket to be several times that of households headed by someone under 35.

Most of the people who are called rich could more accurately be called middle-aged or elderly. They are not a class. They are an age bracket. When they were younger, they were usually in a lower income bracket.

The facts are fairly simple. It is the demagoguery that gets complicated.

Mr. BOEHLERT. Mr. Speaker, I rise in strong support of the tax relief and balanced budget legislation which we have long promised and have finally achieved. Today we are going to follow through on our promises to balance the Federal budget for the first time since 1969 while providing the first major tax cut since the early 1980's.

I realize that the budget agreement is not perfect, but on balance its benefits enormously outweigh any flaws.

First and foremost, the budget accord goes a long way in helping working families make ends meet. Families with young children, under 17, will be able to take advantage of a $500 child tax credit. As these children get older and enter college, we are going to continue helping these families with a package of college tax credits, deductions and other tax incentives to help pay for tuition and pay back school loans.

Should this family own a small business or family farm, we are going to help them pass along their livelihood to their children. Currently, many children cannot afford to continue their family business or farm because they must sell all or part of their family business to pay the enormous Federal estate tax. To help individuals keep farms and small businesses in their families, we are raising the estate tax exemption on family-owned farms and businesses immediately from $600,000 to $1.3 million.

If this family plans on selling their home or some investments they have made we are going to help them as well. The tax provisions slash capital gains taxes and creates a major exclusion for the sale of their principal residence.

Far too many Americans work their entire lives and struggle to make ends meet as they retire. So, we are helping families save for their retirement, purchase a home or pay for college through expanded individual retirement accounts [IRA's].

Millions of seniors depend upon Medicare for their health care. However, medical inflation and a growing elderly population has threatened the solvency of the Medicare trust fund. With this threat hanging over us, the budget agreement takes immediate and decisive action to save Medicare while expanding seniors health coverage—both noble and essential actions. Seniors will benefit from new services which will cover more preventative screenings and diagnostic tests. Furthermore, seniors will be able to choose from an array of plans including medical savings accounts and private unrationed fee for service plans.

When all is said and done, the American people are the biggest winners today. We are ensuring that they will continue to enjoy a strong economy, that we will no longer burden future generations with our debt, and that in doing so they are going to be able to keep more of their hard-earned income. Today is a great new beginning for America.

Mr. COYNE. Mr. Speaker, I rise today in support of H.R. 2014, the Taxpayer Relief Act of 1997. It is a pleasure to be able to vote for this legislation today.

First, let me point out that passage of this legislation today has only been made possible by the deficit reduction packages of 1990 and 1993—bills that together reduced deficits by over $1 trillion. Those were the real budget balancing votes—they raised taxes and cut spending. It was not easy to pass those bills, but it was absolutely necessary to produce a healthy economy and promote economic growth. The upbeat economic conditions that we are enjoying today are due in no small part to those bills, and the tax breaks provided in this balanced budget package are the fruits of the seeds that were sown in 1990 and 1993 by Democratic Congresses.

As a result of the 1990 and 1993 bills, we can provide tax relief today to millions of working families in districts like mine—hard-working families with incomes of $20,000 and $30,000, families that have been struggling with stagnant incomes to make ends meet and give their children the educational opportunities that will allow them to have a better life. This legislation will help those families to live the American dream.

This bill is a substantial improvement over the bill that was passed by the House last month. Many of the worst provisions in the House version of this bill have been eliminated or moderated. This legislation will, for example, provide the full $500 per child family tax credit to millions of moderate-income households that would not have received it under the House version of this bill. Students attending low cost institutions would receive the full $1,500 HOPE scholarship tax credit under the conference report—unlike the House bill, where many such students would not have received the full credit. The conference report also stripped out the antiworker provisions in the House bill that would have imposed burdensome new responsibilities on labor unions and allowed companies to classify more employees as independent contractors.

These improvements are the direct results of the unceasing efforts of President Clinton and the Democrats in Congress to make this a better bill. Democratic efforts made the family tax credit available to millions of moderate income families. As a result of Democratic persistence and perseverance, the education tax provisions in the bill will help mainstream Americans, not just the wealthiest families. In short, Democrats are responsible for shifting the benefits of this bill from the wealthy to middle-class American families. Likewise, it was Democratic insistence that eliminated unwise House provisions like the indexing of capital gains—provisions that would have increased deficits dramatically in the years after 2002. And Democratic insistence eliminated the antilabor provisions in the House bill. In short, President Clinton and the Democrats in Congress made certain that this legislation contained provisions that will benefit middle-class Americans.

The bill contains other important benefits for American taxpayers as well. It allows taxpayers to deduct the interest on their student loans. It allows parents to deduct their contributions to State-run prepaid college tuition programs like the one run by the Commonwealth of Pennsylvania. It allows most homeowners to avoid paying capital gains on the sale of their homes. In order to help economically distressed communities, the bill contains tax incentives for private parties to clean up and redevelop brownfields sites, and it increases the number of empowerment zones and enterprise communities.

No bill is perfect. Budget reconciliation bills typically contain scores of provisions, and it would be unrealistic to expect anyone to be satisfied with each and every provision. I still have concerns about specific provisions of this bill. But I believe that, taken as a whole, this legislation will benefit the Nation. Consequently, I intend to vote in support of this legislation, and I urge my colleagues to do so as well.

Mr. HOUGHTON. Mr. Speaker, I am very pleased that the conference report on H.R. 2014 includes a provision to add an exception to the definition of foreign personal holding company income which would apply to income derived in or incident to the active conduct by a controlled foreign corporation of "a banking, financing, or similar business," provided the CFC was predominately engaged in the active conduct of such business. I am also pleased to note that this provision, section 1175, is based on H.R. 1783, "The International Tax Simplification for American Competitiveness Act," of which I was the lead sponsor.

The growing interdependence of world financial markets has highlighted the urgent need to rationalize U.S. tax rules that undermine the ability of our financial services industry—such as banks, insurance companies, insurance brokers, and securities firms—to compete in the international arena. Yet the ability of our companies to compete is impeded by U.S. tax rules that subject financial services income derived from the active conduct of a business to antideferral rules that were originally enacted to reach, and would be more appropriately limited to, passive investment activities. Section 1175, like the provision of H.R. 1783 upon which it is based, will remove that impediment.

I readily acknowledge that this battle is not mine alone, and I gratefully acknowledge the support of many colleagues from both sides of the aisle. Section 1175 is a result of the efforts of many members of the Ways and Means Committee. On May 14, 1997, 23 Ways and Means members—a clear majority of the committee—wrote to Chairman ARCHER stating:

> The inequitable treatment of the financial services industry under current law jeopardizes the international expansion and competitiveness of all U.S.-based financial services companies, including commercial banks, securities firms, insurance companies, insurance brokers, and finance and credit entities.

By amending the definition of "foreign personal holding company income," section 1175 helps each of those types of entities to compete in international markets.

Section 1175 is set to expire after 1 year. I note, however, that the sunset is a function of revenue concerns, not doubts as to its substantive merit. I look forward to working next year with the Chairman of the Ways and Means Committee and my committee colleagues to make this provision permanent.

Mr. DAVIS of Florida. Mr. Speaker, I rise today in strong support of H.R. 2014, the Taxpayer Relief Act of 1997. This bill, combined with the Balanced Budget Act which we passed yesterday, is a major step toward fulfilling our promise to the American people to put our Nation's fiscal house in order while providing modest tax relief targeted toward the middle class.

First, let me make clear that this bill is a vast improvement to the version of the bill the House passed last month. This conference agreement ensures that these tax cuts are targeted to hard-working middle-class Americans and will not explode in the outyears.

My opposition to the original bill was based partially on the fact that the child credit would have been denied to millions of Americans who earn under $30,000. These Americans are struggling to make ends meet and deserve tax relief just like everyone else. Fortunately, after the insistence of both the Democratic Caucus and the President, the conference agreement provides these Americans with a child tax credit.

Furthermore, I was extremely concerned that the original version would have exploded the deficit in the outyears, unraveling all of our hard work in balancing the budget. While I continue to have concerns over the lack of enforcement included in this package, I believe the bill we have before us today is more fiscally responsible and, if we are vigilant in our efforts to ensure that current estimates translate into reality, will not only balance the budget in the near term, but maintain that balance for years to come.

Undoubtedly, the crowning achievement of this tax package is the unprecedented commitment it makes to education. We all recognize that in order to compete for high-wage jobs in this era of increased global competition, our students need more than just a high school diploma. This bill takes a solid step toward reaching the President's goal of making the first 2 years of college more accessible.

This bill includes nearly $40 billion of tax credits for hard-working middle-income Americans to help offset the tremendous costs of higher education. The bill establishes the HOPE scholarship for the first 2 years of college providing a 100-percent credit for the first $1,000 of costs for tuition, fees, and books and an additional 50 percent for the next $1,000. The bill also provides a tax credit worth 20 percent of $5,000 in tuition expenses for the third and fourth years of college. These credits will expand access to higher education for millions of Americans and provide relief for American families struggling to equip their children with the education necessary to compete in today's economy.

In addition to these tax credits for college, this bill recognizes that learning is a lifelong endeavor and with the continuing changes in the job market, many Americans are going back to school to enhance their chances for achievement. This bill extends section 127 of the Tax Code, allowing workers to exclude from their taxable income up to $5,250 of employer-provided educational assistance.

These tax provisions, combined with the increase for Pell grants and the protection of funding for Head Start we passed yesterday, represent a massive reallocation of our limited resources to education, an investment that will pay dividends for everyone in our country. Clearly, this bill, together with the Balanced Budget Act, proves that we can both balance the budget and invest in our future.

Mr. Speaker, I urge all of my colleagues to support this package of tax cuts because it represents a reasonable compromise on many issues and provides relief to millions of hard-working Americans. Including targeted estate tax relief, an expanded exclusion on the sale of a home, reinstatement of the home office deduction, and an overall capital gains tax cut, this package embodies the principles of basic fairness and will help continue the economic growth which is essential to balancing the budget.

Mr. PAYNE. Mr. Speaker, I would like to bring attention to the fact that low-income families in search of tuition assistance benefit very little from this bill. On the other hand, we have provided substantial education tax cuts and credits for middle-income and higher income families. One section of this bill provides a 3-year extension of a tax exclusion for undergraduate students who are fortunate enough to have their employers provide them with educational aid. This type of tax break positively affects the students who are struggling to get a postsecondary degree and working to pay the bills at the same time. The bill I introduced in May would have permanently extended this section and permitted both undergraduate and graduate students to take advantage of this tax exclusion. I still believe it is important to include graduate students in this section because they are far more likely to have employers pay for their education than undergraduates. It is also imperative to permanently extend this exclusion because our Nation's students who have their tuition paid for by their employers need the security that they will not ever be taxed on their education. It is indeed unfortunate we have not included more education tax breaks to low-income Americans in this bill who are in just as much, if not more, need of a tax break as middle- and upper-income Americans.

Mr. COSTELLO. Mr. Speaker, in June, I voted against the Republican budget reconciliation bill in the House because I had several concerns about how the legislation would negatively impact many American citizens. I was especially concerned about the impact on children, seniors, the poor and hard-working Americans who have difficulty making ends meet each month or who worry about health care for their families. The House-passed bill proposed to cut Medicare by $115 billion and Medicaid by nearly $14 billion over 5 years. I could not in good conscience support such cuts knowing that the burden would fall disproportionately on those least able to afford it.

However, I voted for the budget reconciliation conference report because I believe it represents a far more fair and rational plan to balance our Federal budget by the year 2002. While I am not pleased with the level of cuts retained in the agreement for Medicare and Medicaid, I consider this bill a significant improvement. This agreement restructures and preserves the Medicare program. It improves the original plan for Medicare and extends the life of the part A trust fund for at least 10 years. The agreement provides $1.5 billion to ease the impact of increased Medicare premiums on low-income seniors. Negotiators also agreed to eliminate several controversial provisions from the original bill, including increasing the eligibility age from 65 to 67 and a copay for home health care.

Medicare benefits are also expanded to include mammography coverage, prostate cancer screening, bone density screening to identify and prevent osteoporosis, and diabetes management care. In addition, the conference agreement expands the types of health plans under Medicare seniors may choose which ensures that seniors have the same health care choices that other Americans do. It protects Medicare's future by allowing the kind of choice and competition that has brought down health care costs in the private sector. Such modernization of Medicare will help ensure its long-term solvency.

The agreement is also an improvement for Medicaid. Under the original plan in the House, hospitals in our distinct would have faced serious threats to their ability to operate efficiently. In fact, at least one rural hospital in the 12th District of Illinois indicated it may have been forced to close its doors due to the substantial cuts included in the reconciliation bill. Many of the hospitals in southern Illinois are classified as disproportionate share hospitals [DSH] meaning they receive compensation because a majority of their patients are Medicare and Medicaid beneficiaries. The Medicare and Medicaid cuts included in the House version of the budget would have endangered these hospitals. However, the agreement provides that no State will lose more than 3.5 percent of its DSH payments. In subsequent years the reduction will be less than 2 percent.

The conference agreement continues Medicaid coverage as an entitlement for disabled children who are losing their Supplemental Income benefits as a result of the stricter definition of disability in the new welfare law. Unlike the House bill which made coverage optional for States, the conference agreement requires States to continue Medicaid coverage for these disabled children.

It is a tragedy that 10 million children in this country are without health coverage. One in three children in Illinois goes without any health insurance—the majority of these children are from two-income families. This bill creates a $24 billion program to expand health insurance coverage for children. Under this initiative 5 million more children will have access to health care.

The agreement also provides a $500-a-child nonrefundable tax credit for each child under age 17. Single parents with incomes up to $75,000 and couples with incomes up to $110,000 would be eligible for this tax credit.

Children and families will also have more educational opportunities under this agreement as students could receive a tax credit worth 100 percent of the first $1,000 of their college tuition costs, and a credit worth 50 percent of the second $1,000 of tuition. In the third and fourth years of college, the student would receive a tax credit worth 20 percent of $5,000 of tuition expenses.

Children will also benefit from the reduction in estate taxes included in the tax portion of the reconciliation agreement. I support this provision because it allows small business owners and farmers $1.3 million in tax-free assets to their heirs. This means family farms and family businesses can be passed from generation to generation without heavy tax burdens.

For families and retirees, the agreement lowers the top capital gains tax rate from 28 percent to 20 percent, and lowers it further to 18 percent for assets held for 5 years after 2000. This is important as more and more Americans from all income brackets invest their retirement savings in 401(k) plans or other stock market investment plans.

In summary, I believe this spending and tax plan will help American families prosper. As a supporter of a Balanced Budget Amendment, I also believe this agreement will put our Nation firmly on the path to a fiscally sound future. A balanced budget by the year 2002 will enable us to focus on protecting and educating our children and ensuring the health and retirement of our Nation's seniors and aging baby boomers. Sound national fiscal policy will also allow our Nation to continue to be competitive in a growing international marketplace. The initiatives included in this agreement will help us reach these goals.

Mr. FORBES. Mr. Speaker, when I came to this House in January 1995, my single most important objective was to obtain real Federal tax relief for working families in Long Island, and across this great Nation. Today I will vote to reduce America's tax burden by $94 billion over the next 5 years. Mr. Speaker, $94 billion may seem like a large tax reduction, but it pales in comparison to the $600 billion in tax increases that Americans suffered during the first 4 years of the 1990's. Mr. Speaker, the Taxpayer Relief Act of 1997 is simply a modest step in the right direction.

Three years ago, when I asked the people of Brookhaven, Smithtown, Riverhead, Southold, Shelter Island, East Hampton, and Southampton for the privilege of representing them in the House of Representatives, I promised them I would work to cut taxes. Indeed, many Members of this House were elected because of that promise. With this historic, bipartisan agreement to cut taxes for America's working parents, students, and senior citizens, we are keeping our promise to the American people.

This legislation provides tax relief for more than 40 million middle-income taxpayers with children; cuts capital gains taxes to promote economic growth; and helps America's children realize their dreams by making education more affordable. These tax cuts for America's working families were made possible because the Balanced Budget Act restrains Federal spending by about $1 trillion over the next 10 years. This bipartisan tax cut package is a good start in that direction, reducing the tax burden on working families.

Mr. Speaker, the parents of 102,096 children in my district in eastern Long Island will save a total of $46,050,924 thanks to this legislation. Parents earning up to $110,000 will feel the benefit of this bill almost immediately. This agreement includes a child tax credit that will reduce their total tax bill by $400 for each of their children under 17 in 1998, increasing to $500 per child in 1999. To make higher education more affordable for America's families, this legislation creates a $1,500 HOPE Scholarship for all students who attend the first 2 years of a college or other postsecondary institution. Also included is a 20-percent tuition tax credit for college juniors, seniors, graduate students, and all Americans who take college classes to enhance their skills and advance their careers.

With the newly created Education Savings Accounts [ESA's], parents can save for their children's education by making $500 tax-free annual contributions to an ESA; increasing to $1,000 in 2000. Interest on the ESA's will accumulate tax-free, and funds may be withdrawn for any K–12, undergraduate, post-secondary vocational, or graduate education expense. Finally, there is a student loan interest deduction for up to $2,500 per year of interest on higher education loans.

Capital gains tax relief is an important victory for many Long Island homeowners. The budget agreement provides married couples with a $500,000 capital gains exemption when they sell their homes, with single-filers eligible for a $250,000 exemption. Many Long Island homeowners have seen inflation increase the value of their homes over the years. This much-needed increase in the exemption for home sales will protect the value of the most important increase that most Long Islanders will ever make. The budget deal also provides help for Americans just starting out, by allowing them to make penalty-free withdrawals from their Individual Retirement Accounts [IRA's] to purchase their first home.

Mr. Speaker, as a former Regional Director of the Small Business Administration, I can appreciate the benefits this legislation contains for the more than 82,000 small businesses on Long Island. An immediate $1.3 million estate tax exclusion is provided for the heirs of family-owned small businesses and farms; and the general inheritance tax exclusion is gradually raised from $600,000 to $1 million over 10 years. On top of the increased exclusion from inheritance taxes and capital gains tax relief, self-employed small business owners will be able to deduct 100 percent of their health insurance costs, where they were able to deduct only 40 percent in the past. We also expanded the income tax deduction for home offices.

According to the Congressional Budget Office, three-quarters of American families own assets such as stocks, bonds, homes, real estate, and businesses that realize capital gains. Last year, nearly two-thirds of all tax returns that reported capital gains were filed by taxpayers with incomes less than $50,000 a year. The agreement provides overall capital gains tax relief by reducing the top rate from 28 percent to 20 percent, with the rate dropping to 10 percent for couples with taxable incomes under $41,200. After the year 2000, investors who hold their assets for at least 5 years, will see their rate drop to 18 percent.

Mr. Speaker, I would prefer that these tax cuts were all delivered to the people immediately, rather than being phased in. We can celebrate today, but tomorrow we cannot rest. Mr. Speaker, I support this step in the right direction, but we still have alot of work ahead of us.

Mr. BEREUTER. Mr. Speaker, this Member is extremely pleased with the recently-agreed-to historic budget agreement which provides the first Federal tax relief in 16 years in a balanced and fair manner. The taxpayer Relief Act, which we are considering today, is part of a very important budget agreement that provides major tax cuts to middle-income Americans, just as we have always said it would. It is a balanced, equitable measure that will give direct, immediate tax relief to low-middle and middle-income Americans.

This Member is especially pleased that H.R. 2014 includes the capital gains provisions in a balanced tax relief package that will benefit low-middle and middle-income American families. Also, the $500-per-child tax credit, a variety of education-related benefits, and significant increase in inheritance or "death" tax exemptions mean that low- and middle-income families are direct beneficiaries of the legislation before us. Furthermore, the tax relief package provides for expanded IRA's which remove some of the barriers imposed by the Tax Code to private savings, thus encouraging financial planning for education and first-time home purchases.

This Member would also like to thank his colleagues who assisted in ensuring that efforts to repeal the ethanol tax exemption have been defeated. We have stopped the assault on ethanol, and we have kept our promise to farmers and ethanol producers.

Finally, Mr. Speaker, this Member's only regret is that the Taxpayer Relief Act does not include prospective indexing of capital gains for inflation. This provision would have allowed middle-income Americans in the future to invest with confidence that inflation would not devour the return on their investments. However, prospective indexing of capital gains could be accomplished in subsequent legislation and this Member will support such efforts.

Mr. Speaker, this Member supports the Taxpayer Relief Act and urges his colleagues to join him in voting "yes."

Mr. PACKARD. Mr. Speaker, we surely have come a long way. After 2½ years, the Republican Congress and the Democratic administration have finally agreed on a plan to balance the budget and provide for America's future. But it was neither the Democrats nor the Republicans who emerged the victors in the budget battle. It was the American people. Hard-working, tax-paying citizens have finally won a major victory. Tax relief has become a reality because the American people have spoken loudly and we have listened.

Last year, both Republicans and the President made campaign promises which included tax relief for working Americans and a balanced budget for America's future. After 2½ years, we can be proud to say that together we have fulfilled our promises to the people. A balanced budget which includes significant tax relief is in hand. This is the first balanced budget in a generation and the first tax relief in 16 years.

Mr. Speaker, today, we can all rest easy knowing that the President and the Congress were able to work together to provide a brighter future for all Americans. Partisan politics were pushed aside; the people emerged as the big winners.

The specifics of our budget agreement will put more money in your pockets. Reductions in the capital gains tax, a child tax credit, educational tax credits, and a decrease in the estate tax rate will help all Americans live out the American dream. In fact, our plan will refund to you one-third of the largest peacetime tax hike ever—the President's 1993 tax increase.

Mr. Speaker, by the end of the 104th Congress, the scorecard on the Contract With America was impressive: two-thirds of the contract had become law. Tax relief for families was the crown jewel of the Contract With America. It didn't happen until this week. But it was well worth the wait.

Mr. BALLENGER. Mr. Speaker, I rise in support of the conference report onthe Taxpayer Relief Act which will reduce significantly the Federal tax burden for the first time in 16 years. Although the balanced budget agreement promised net tax relief of $85 billion, the final compromise bill provides for $94 billion in net relief over 5 years and more than $260 billion over 10 years. I applaud Ways and Means Chairman BILL ARCHER and ranking member CHARLIE RANGEL for their leadership and hard work, and the heavy lifting of the entire committee's staff, I making the tax package a reality.

It is important to remember that there virtually has been no tax relief since 1981, when President Ronald Reagan lived up to his campaign promise and delivered a tax cut measure that led us to one of the biggest economic expansions in our history. In contrast, just 4 years ago, President Clinton gave us the largest tax increase ever, reversing the progress former President Reagan worked so hard to deliver. After assuming control of the House and Senate in 1995, the Republican-led Congress rolled up its sleeves and began the difficult work of bringing real tax relief to the American people. I like to think of it as returning to the taxpayers their own hard-earned dollars.

As has been reported widely, the major benefits of this tax package will go to families with children. Although it has been a number of years since my wife and I had children in our home, I see through the experiences of my daughters the financial challengers of today's young families. I am pleased that the conference report on the Taxpayer Relief Act gives parents a $500-per-child tax credit beginning in 1998. Under this provision, parents with children under the age of 17 will be eligible for this benefit, providing help to 11 million more children than what the President wanted since his tax package only provided this benefit to parents with children 12 years old and under. The second largest benefit to most families will be the tax-free education savings accounts which will help them with college or other post-secondary education for their children.

The conference report on the Taxpayer Relief Act also reduces the capital gains tax rate from 18 percent to 20 percent for those with incomes above $41,500 per year and from 15 percent to 10 percent for those earning below that amount. This measure would benefit three-quarters of American families who own homes, property, or other capital goods.

Equally important, it would greatly benefit those people who have worked hard and invested in retirement accounts because their money now will be taxed at a lower rate.

I also am pleased by the conference report's many contributions to the owners and employees of America's small businesses. As one who many years ago started a small business, I can attest to the hard work, sacrifice, and risks involved in earning a living this way and creating jobs for others in the community. Today, small business men and women face more regulatory challenges that I did when I started out. As such, I believe it is all the more important to minimize the negative effect of the Tax Code on this engine of the economy of my district and the entire country. I wish to acknowledge the work of Small Business Chairman JIM TALENT in promoting the important small business tax relief which was advocated by the delegates to the most recent White House Conference on Small Business. I joined in signing Chairman TALENT's letter to the conferees in support of: the home office deduction; accelerated phase-in to 100 percent of the health insurance deduction for the self-employed; and estate, capital gains and alternative minimum tax [AMT] relief for small businesses. Many of my constituents also will welcome the additional delay in penalties for electronic filing under the electronic Federal tax payment system.

Finally, I am especially grateful for the ways in which this tax package clarifies certain of the important pension reforms in last year's Small Business Job Protection Act. In particular, I was supportive of provisions in the House and Senate versions of this measure which were needed to enable subchapter S corporations to establish employee stock ownership plans [ESOP's], giving the employees of these small businesses another retirement option. As a long-time cheerleader for ESOP's, I am enthusiastic over these positive steps to boost employee ownership which have been taken by the 105th Congress.

Clearly, the Taxpayer Relief Act for 1997 is not a ploy to give a tax break to the rich, as some of my colleagues would have us believe. It is a long overdue effort to ease the ever growing tax burden that falls primarily on middle class taxpayers, robbing these families of their freedom. While I view this measure as a great start, I will continue to work with my colleagues to deliver more tax relief and a leaner and more responsive Federal Government in the future.

Mr. GILMAN. Mr. Speaker, I rise in support of the conference report to H.R. 2014, the Taxpayers Relief Act. This measure provides a tax reduction for our Nation's working families, including a $500-per-child tax credit, $1,500 education tax credit, and a reduction in the capital gains tax.

I commend my friend and colleague the gentleman from Texas, the distinguished chairman of our Ways and Means Committee, Mr. ARCHER, as well as our leadership for producing this bipartisan tax measure.

I would like to highlight a provision of the bill which will benefit our Nation's police officers and firefighters. Title XV, section 1527 includes a measure, H.R. 1795, which I introduced earlier this session to rescind the dollar limitation on police and firefighter benefit plans—allowing these employees to collect the money that they have rightfully earned by contributing to their pension fund.

Currently, under section 415 of the Tax Code, police officers and firefighters are not eligible to collect the funds that they have earned and instead are required to retire with benefits that force officers to work past their general retirement age in order to afford the high cost of living on the East Coast and other large metropolitan and suburban areas throughout the country.

I urge my colleagues to support this bill. Let's be fair to middle American working families, and to those, who day in and day out, place their lives on the line for our protection.

Mr. DINGELL. Mr. Speaker, I intend to vote in favor of H.R. 2014 albeit with some reservations. This legislation is the product of great compromise by both sides. I am pleased that my Republican colleagues recognized the need to include some tax relief for middle-class Americans in the final version of the tax plan. However, I am deeply concerned that this may still explode the deficit in the out years.

The $500-per-child tax credit will be available to low-income families and the education tax breaks will be fully implemented. We, as Democrats, fought hard to ensure all families will receive some benefit from this tax package. Low-income American families deserve the $500-per-child tax credit just as much as a family whose earnings exceed $110,000. The HOPE scholarship and the student loan interest deduction will make higher education more affordable and accessible for all Americans.

I am still troubled by the distribution of the tax cuts. The capital gains reductions will allow CEO's to cash in their stock options and pay less in taxes than a family earning $30,000. It is the unfortunate nature of compromise that we must cede these generous capital gains tax breaks to the Republicans to provide some relief for hard working low-income Americans.

We should defer the self-congratulations until such time as the budget is actually in balance. The conference agreement is imperfect and there is a definite possibility that it will destroy the Democrats work on deficit reduction which began with the 1993 budget agreement. Nevertheless, I will not stand in the way of the good to reach the perfect. Insomuch as hard working lower-income American families stand to benefit through the $500-per-child tax credit and the $31 billion in education tax cuts, this tax package is good.

Mr. CUNNINGHAM. Mr. Speaker, we are today proudly returning to Americans more of their hard earned money. I am honored to help provide the people of San Diego County some long-overdue tax relief, through my enthusiastic vote for H.R. 2014.

For families with children, we provide relief through a $400-per-child tax credit next year, and $500 per child in the following years, and relief to save for college and education and a better future.

For homeowners, we exempt the sale of couples' homes up to $500,000 from the capital gains tax. This will help spur home sales, and simplify recordkeeping for thousands of San Diego County homeowners.

And for families who save and invest, we have expanded the availability of IRA's and slashed the capital gains tax. Together, these initiatives spur more savings and more economic growth.

Together with the bill we passed yesterday, saving Medicare and controlling Government spending, we are balancing the budget after years of debts and deficits. What a difference it has made for America to have a fiscally responsible Republican Congress. Back in 1993, President Clinton enacted the largest tax increase in American history. This Republican Congress has brought sense to the Federal budget by restoring respect for the budgets of the families and businesses that make America strong and free. And America wins.

As I did when this measure passed the House in June, I want to draw attention to one particular provision of this package: the 21st Century Classrooms Act. This provision provides expanded tax incentives for companies to donate computers and technology to K–12 education. I want to address why this is so important to our children and our future.

By the year 2000, some 60 percent of U.S. jobs will require technical skills, twice as many as today. But, as the GAO has reported, our classrooms lack the technology our children need to succeed. This measure will spur private enterprise to get involved with local schools, and to provide them a new source of up-to-date computers and technology. It ensures that companies have an incentive to donate to schools, to private foundations involved in education, and to organizations that refurbish computers for schools so that they are ready for educational uses.

Just as computers and technology have transformed private enterprise, they can transform our schools and the education of our children. With the click of a mouse, a child can go anywhere in the world. With computer proficiency, a young person can transform a wide variety of information into a multimedia presentation. With the technology available today—to say nothing of the technology available tomorrow—a student can compose music, write and illustrate a short story, study images of distant worlds, and help dream bigger dreams and build a better world for the next generation of Americans.

I am optimistic that the 21st Century Classrooms Act can help transform American education. It will help prepare our young people for tomorrow. And when this House votes for this tax relief today, it will help bring new opportunity to the classrooms of America's young people.

We are indebted to the men and women who assembled this package of tax relief for the American people, including Speaker GINGRICH and the Republican House leadership, Chairmen ARCHER and KASICH and their staffs. But we are most indebted to the Americans who pay the way of this Government. For them, we are providing a tax cut.

Mr. DOYLE. Mr. Speaker, I rise in support of the conference report on the Taxpayer Relief Act, and I commend the conferees for making substantial improvements to H.R. 2014, the original bill that was considered by the House.

I was unable to support H.R. 2014 because it did not provide ample benefits for the middle class and it would have exploded the deficit in the outyears. But this conference report is truly a fiscally and socially responsible tax cut plan. Its costs are controlled in the coming years because the capital gains indexing has been stripped, and the Individual Retirement Account benefits have been targeted to middle-class savers. It is more equitable than H.R. 2014, as it extends the child tax credit to more families earning under $30,000 a year, protects the employment status of workers, and provides more help to families working to pay for their kids' education.

I am particularly pleased that this tax bill contains brownfields tax incentives and an expansion of the Empowerment Zone program. In addition, I am grateful to the bipartisan group of over 60 Members of the House who joined me in urging the conferees to adopt these initiatives. Although these provisions were not in the House or Senate tax bill, I applaud the conferees and the administration for agreeing to include them. Both the brownfields incentive and the Empowerment Zone expansion will help to spur economic growth and spark the redevelopment of distressed communities across the country.

Washington has been home to partisan sniping for decades, and in recent years it has been consumed in a political war of attrition. In the winter of 1995/1996, when the Government was shut down and it felt like animosity and distrust were the only things that the political parties had in common, it seemed unthinkable that we could come up with a budget that would be supported by the President and nearly three quarters of Congress. But this week we have.

No one will find this to be a perfect agreement, and everyone will agree that there are various changes which we will need to work for later. For example, I would like to revisit some of the education provisions, notably the tax increase on TIAA–CREFF pensioners and the failure to extend employer provided education assistance to graduate students.

Despite some flaws, I am proud of this budget reconciliation legislation. This is the most significant accomplishment we have made since I came to Congress almost 3 years ago. In fact, it is the most significant accomplishment that Congress has made since most of the Members of this body have served here. However, it is crucial that we all recognize that this is not the time for us to sit back and congratulate ourselves. We have shown what can be accomplished when we recognize that our shared interests outweigh our political differences. Now we must push ahead with the momentum we have built with this budget agreement. There are many great challenges ahead of us, and we are in a perfect position to work in a bipartisan manner to overcome them.

I urge everyone to look at this not as the end of the game, but as the beginning. I look forward to continuing to work with colleagues on both sides of the aisle, and I invite all Members to make this only the first of many bipartisan achievements.

Mr. SMITH of Texas. Mr. Speaker, the tax bill before the House, the first in 16 years to cut taxes, is one small step for America's families, one historic leap for freedom.

It reverses the Nation's direction and points us down a path toward restoring individual responsibility and accountability.

Can there remain any doubt that individual citizens and their families are far more capable of making effective decisions for themselves than can a distant bureaucracy?

Freedom begins with us, with each individual citizen, each family.

On behalf of the people who have sent us here, we today reclaim their right to decide, to control more of their lives, to direct more of their children's development and their own futures.

Today we celebrate another step on what remains a long, historic journey for mankind.

Mrs. FOWLER. Mr. Speaker, I rise in strong support of the Taxpayer Relief Act.

When I first ran for Congress 4½ years ago, the goals of providing long overdue relief to the American taxpayer and balancing the Federal budget were my paramount priorities. It gives me great satisfaction to know that, with the action this Congress is taking this week, we are accomplishing these goals.

With passage of the bill before us today, for the first time in 16 years the American people will be getting the tax relief that they deserve. This legislation will provide families with a $500-per-child tax credit; give the economy a boost through capital gains tax reductions; offer tax credits and other means to help Americans meet the costs of higher education for themselves and their children; expand home office deductions; increase contribution limits for Individual Retirement Accounts; and establish new IRA's that Americans can use to save more for retirement, education costs, medical expenses, or the purchase of a first home. It also will provide long awaited death tax relief, which will help preserve family businesses and farms.

Mr. Speaker, this bipartisan bill is the product of much work on the part of our leadership, the chairman and members of the House Ways and Means Committee, their counterparts in the Senate, and the White House, which came to this effort belatedly but in the end accepted that the needs of the American people were paramount. First and foremost, however, I believe it springs from the renewed commitment to fiscal responsibility and relief for the overburdened American taxpayer that the Republican majority has championed. I am proud to be a part of the Congress that has finally brought about this outcome, and urge my colleagues to support this historic legislation.

Mr. HASTERT. Mr. Speaker, I rise today in support of this landmark piece of legislation to reduce the taxes of hard-working Americans. Just as yesterday, I was proud to vote for a balanced budget and a program to save Medicare, today we continue to fulfill our promise to the American people.

Congressional Republicans have kept their word. For the first time in a generation, the Congress has passed and will have signed into law a balanced Federal budget. More important, this historic agreement extends well beyond the Washington beltway; it truly will benefit our Nation's children, working families, and senior citizens. It provides middle-class tax relief and saves Medicare while giving seniors choice. The American people are the real winners in this budget accord.

We've saved Medicare through the early part of the 21st Century. As one of the budget negotiators on Medicare, I'm particularly pleased that we've been able to preserve the health care system relied upon by nearly 40 million older Americans. We do so without raising the retirement age or cutting benefits. Instead, our plan increased services and benefits so seniors can choose the best health care plan to fit their own personal needs. No more one-size-fits-all Washington approach. And, this is just one of the positive changes in this budget agreement.

We've following through on our commitment of tax relief for hard-working Americans. Not sine 1981 has the Congress passed and the President signed into law tax relief for working families. And, why not? Families can decide how to spend their money better than Uncle Sam. By standing up to the tax man, we're standing up for hard-working American families.

Mr. Speaker, I'd like to take a few moments to point out the particular features of this comprehensive tax relief package which will help all folks get ahead in their pursuit of the American dream.

Families will benefit through the child tax credit—the cornerstone of our tax relief package. This helps young folks like the working mother in Dixon who called my office this week. She explained how she desperately needs the child tax credit to help pay for food, clothing, and health insurance for her four kids. With a $400 child tax credit in the first year, she'll be able to write off $1,600 from the family tax bill. In the second year, the kid credit bumps up to $500 per child which means her family can then write off a whopping $2,000 from their tax bill. Now that's much-needed and much-deserved tax relief as the conservative Congress continues to change Washington.

Farmers and small businesses also will benefit from this balanced budget. By reducing the death tax and providing capital gains relief, we'll end triple taxation, expand economic opportunities, and bring new jobs and stable prosperity to working folks around the country.

Finally, I simply want to point out how far we've come in a few short years. Since Republicans took the majority in 1994, we've been able to cut Federal spending by $100 billion in 3 short years. We've also reformed the Nation's welfare system by giving a handup as opposed to a handout to our neediest citizens. We've also encouraged personal responsibility on the able-bodied by placing time limitations and work requirements on any future benefits.

Now, we take another giant leap for smarter government and conservative, common sense solutions. Instead of talking about balancing the budget, saving Medicare, and providing tax relief, we've turned the discussion into how to do it. This is a significant development and conservative achievement, but there's still a long way to go. We must continue to ensure the long-term solvency of Medicare and Social Security. We must ensure continued tax relief for America's families and employers. We must continue to ensure that the budget stays balanced and that we begin to pay off our enormous national debt. I look forward to continuing my commitment to get the job done right as I was elected to do because this is the people's agenda and much work remains.

Mr. Speaker, I yield 5 minutes to the majority leader of the House, the gentleman from Texas [Mr. ARMEY].

Mr. ARMEY. Mr. Speaker, I thank the gentleman for yielding me this time.

Let me begin by paying my compliments to all the Members of the House, particularly those on the Committee on Ways and Means that worked so long and hard on this bill. Let me appreciate what they have done.

Mr. Speaker, this is a day when this Congress has an opportunity to stand up and say, "Mr. and Mrs. America, we know who you are, we understand your goodness and we respect your decency. And, Mr. and Mrs. America, we know who we are. We are not the ones who govern you but, instead, we are those who represent you. In short, Mr. and Mrs. America, we are you. It is our job to know who you are, to understand your hopes and dreams, to share with you your hopes for this great Nation, and to care with you your hopes for your children."

It is our job to appreciate all that this great Nation does to not only build itself into a great Nation but to support a great government that is determined to act on behalf of these great people. And today we do that with this bill.

We start off by saying to all the working men and women of this country, "We understand it is your money. You let us use your money on your behalf. We hope that we do with your money things that you understand must need be done and should be done, as a reflection of your compassion, your generosity, your sharing and your caring for your neighbors and for the greatness of your Nation."

And we have done these things. But now we find ourselves at a time where we can say it is time to let the American people keep more of their money and for us to take less of it.

It is time for Mr. and Mrs. America, as they struggle with the needs of their family which they desire and hope and must put first, that they would have a $500-per-child tax credit so that they can do the things for their children that they know must be done, whether it is buying the diapers; whether it is, in fact, paying for some kindergarten, some preschooling; whether it is that day when they are 13 and the Department of Agriculture says the cost goes up by $1,000; when they take them for their braces. Whatever they decide they must do with their money, they should have $500 more back for themselves and their children.

It is time that we recognize that they truly do want to save for and provide for their own children's education, and they should be rewarded and encouraged in the effort that they make with the expansion of IRAs. It is time that we understand that their dream is in fact to own their own house, and they should be facilitated in that with this tax law.

More importantly, their dream is the day when their youngsters come home and say, "Mom, Dad, I got the job, and I am going to have my own house and I will have my own life."

And it is time, then, that we realize they need an economy with the vitality, the generosity, the creativity and the energy to give their children a chance to work out, in their own lives, their hopes and dreams in accordance with the training, the education that we have been so generously giving them.

We pass today a tax bill that says to the men and women of this country who work hard, who play by the rules, "It is your money. You keep more of it, you know better what to do with it," and we honor and respect that.

This is a bill that we must vote "yes" for. We must take pride in our willingness to do that. To vote any other vote than "yes" is to say to the men and women of this country, "We do not know you, we do not appreciate you, we do not respect you." And nobody given the privilege to represent the good people of this Nation, in good conscience, can vote "no" and make that statement.

CALL OF THE HOUSE

Mr. ARMEY. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The call was taken by electronic device, and the following Members responded to their names:

[Roll No. 349]

Abercrombie
Ackerman
Aderholt
Allen
Andrews
Archer
Armey
Bachus
Baesler
Baker
Baldacci
Barcia
Barr
Barrett (NE)
Barrett (WI)
Bartlett
Barton
Bass
Bateman
Becerra
Bentsen
Bereuter
Berry
Bilbray
Bilirakis
Bishop
Blagojevich
Bliley
Blumenauer
Blunt
Boehlert
Boehner
Bonilla
Bonior
Bono
Borski
Boswell
Boucher
Boyd
Brady
Brown (CA)
Brown (FL)
Brown (OH)
Bryant
Bunning
Burton
Buyer
Callahan
Calvert
Camp
Campbell
Canady
Cannon
Capps
Cardin
Carson
Castle
Chabot
Chambliss
Chenoweth
Christensen
Clay
Clayton
Clement
Clyburn
Coble
Coburn
Collins
Combest
Condit
Conyers
Cook
Cooksey
Costello
Cox
Coyne
Cramer
Crane
Crapo
Cubin
Cummings
Cunningham
Danner
Davis (FL)
Davis (IL)
Davis (VA)
Deal
DeFazio
DeGette
Delahunt
DeLauro
Dellums
Deutsch
Diaz-Balart
Dickey
Dicks
Dingell
Dixon
Doggett
Dooley
Doolittle
Doyle
Dreier
Duncan
Dunn
Edwards
Ehlers
Ehrlich
Emerson
Engel
English
Ensign
Eshoo
Etheridge
Evans
Everett
Ewing
Farr
Fattah
Fazio
Filner
Flake
Foley
Forbes
Ford
Fowler
Fox
Franks (NJ)
Frelinghuysen
Frost
Furse
Gallegly
Ganske
Gejdenson
Gephardt
Gibbons
Gilchrest
Gillmor
Gilman
Goode
Goodlatte
Goodling
Gordon
Goss
Graham
Granger
Green
Greenwood
Gutierrez
Gutknecht
Hall (OH)
Hall (TX)
Hamilton
Hansen
Harman
Hastings (FL)
Hastings (WA)
Hayworth
Hefley
Hefner
Herger
Hill
Hilleary
Hilliard
Hinchey
Hinojosa
Hobson
Hoekstra
Holden
Hooley
Horn
Hostettler
Houghton
Hoyer
Hulshof
Hunter
Hutchinson
Hyde
Inglis
Istook
Jackson (IL)
Jackson-Lee (TX)
Jefferson
Jenkins
John
Johnson (CT)
Johnson (WI)
Johnson, E. B.
Jones
Kanjorski
Kaptur
Kasich
Kelly
Kennedy (MA)
Kennedy (RI)
Kennelly
Kildee
Kilpatrick
Kim
Kind (WI)
King (NY)
Kingston
Kleczka
Klink
Klug
Knollenberg
Kolbe
Kucinich
LaFalce
LaHood
Lampson
Lantos
Largent
Latham
LaTourette
Lazio
Leach
Levin
Lewis (CA)
Lewis (GA)
Lewis (KY)
Linder
Lipinski
Livingston
LoBiondo
Lofgren
Lowey
Lucas
Luther
Maloney (CT)
Maloney (NY)
Manton
Manzullo
Markey
Martinez
Mascara
Matsui
McCarthy (MO)
McCarthy (NY)
McCollum
McCrery
McDade
McDermott
McGovern
McHale
McHugh
McInnis
McIntosh
McIntyre
McKeon
McKinney
McNulty
Meehan
Meek
Menendez
Metcalf
Mica
Millender-McDonald
Miller (CA)
Miller (FL)
Minge
Mink
Moakley
Molinari
Mollohan
Moran (KS)
Moran (VA)
Morella
Murtha
Myrick
Nadler
Neal
Nethercutt
Neumann
Ney
Northup
Norwood
Nussle
Oberstar
Obey
Olver
Ortiz
Oxley
Packard
Pallone
Pappas
Parker
Pascrell
Pastor
Paul
Paxon
Payne
Pease
Pelosi
Peterson (MN)
Peterson (PA)
Petri
Pickering
Pickett
Pitts
Pombo
Porter
Portman
Poshard
Price (NC)
Pryce (OH)
Quinn
Radanovich
Rahall
Ramstad
Rangel
Redmond
Regula
Reyes
Riley
Rivers
Rodriguez
Roemer
Rogan
Rogers
Rohrabacher
Ros-Lehtinen
Rothman
Roukema
Roybal-Allard
Royce
Rush
Ryun
Sabo
Salmon
Sanchez
Sanders
Sandlin
Sanford
Sawyer
Saxton
Scarborough
Schaefer, Dan
Schaffer, Bob
Schumer
Scott
Sensenbrenner
Serrano
Sessions
Shadegg
Shaw
Shays
Sherman
Shimkus
Sisisky
Skaggs
Skeen
Skelton
Slaughter
Smith (MI)
Smith (NJ)
Smith (OR)
Smith (TX)
Smith, Adam
Smith, Linda
Snowbarger
Snyder
Solomon
Souder
Spence
Spratt
Stabenow
Stearns
Stenholm
Stokes
Strickland
Stump
Stupak
Sununu
Talent
Tanner
Tauscher
Tauzin
Taylor (MS)
Taylor (NC)
Thomas
Thompson
Thornberry
Thune
Thurman
Tiahrt
Torres
Towns
Traficant
Turner
Upton
Velázquez
Vento
Visclosky
Walsh
Wamp
Waters
Watkins
Watt (NC)
Watts (OK)
Weldon (FL)
Weldon (PA)
Weller

Wexler
Weygand
White
Whitfield
Wicker
Wise
Wolf
Woolsey
Wynn
Yates
Young (FL)

□ 1519

The SPEAKER. On this rollcall, 414 Members have recorded their presence by electronic device, a quorum.

Under the rule, further proceedings under the call are dispensed with

CONFERENCE REPORT ON H.R. 2014, TAXPAYER RELIEF ACT OF 1997

Mr. RANGEL. Mr. Speaker, I yield myself the balance of my time.

Mr. Speaker, first let me thank you for interceding in the conference to make certain that a provision was inserted that allows kids who dream about college to get there. The President's proposal finally was given to him in an approved way by the House of Representatives. While all of us appreciate how important education is at the higher level, some of us would not have been able to get to college if it was not that we had the GI bill to get to high school first, and because of the cooperation of the gentleman from Texas [Mr. ARCHER] and the Speaker and the President, we do have that there.

Let me say this, that being bipartisan in my opinion really does not mean that we have given up the principles of our party. It does mean that it was this President that decided that the American people in the middle-income group was entitled to a tax cut. It means that this President thought the people of the United States of America should keep up their education and their technology in order to be a part of this growing international trade which we have been a leader in. It was this President who thought that as we have cut back in the budget, it was the working people that he wanted to give some type of credit for their children, that the ever increasing cost of living was there and it had not been reflected in the tax cut.

When we leave here, I know that some of you would say, well, the whole idea started with Ronald Reagan and even though we voted against the 1993 budget, we are in this condition today that we are able to give it because the economy is robust and Ronald did it. Let me tell you, from the bottom of my heart, do and say what makes you feel good.

Because when you think about it, some of us truly believe that we are here today because the President had a veto and you want a bill to take home. We are here today because some of us really did not think that we should have a tax cut at all. Some of us were thinking about rebuilding our cities. Some of us were thinking about having an educational system that would be superior to any country in the world. Some of us were really thinking that we should have jobs so that anybody who wants to work could participate in rebuilding America so that we never would be in the position we were in before. But when our President speaks and he calls for bipartisanship, maybe we do not understand it, but the American people understood it, that they are sick and tired of listening to our differences and they wanted economic relief.

And so our leadership decided, on both sides, "Let's go for our principles and make certain we come out with a bill that everyone can live with." It is absolutely amazing to see the number of Democrats that find the final worksheet something that they cannot live with. Thank God most all of them are in districts that are secure. But the most important thing is that what they are trying to say is that if we were in the majority, we would be more than happy than we are today. But we can count, and you are in the majority, and we have to yield to some of your priorities. But because there was principle involved, we did not just say no to you. We went to work and said, "If we're going to do it, let's do it in the way that people can go home with pride and dignity" and say that we reached an agreement that we would take care of everybody that we think is deserving.

I do not know your districts as well as I know my own. But really people do not run inside my clubhouse asking, How did you do on indexing? And, for God's sake, did you reduce capital gains? I know that many of you have to deal with it and so you are stuck with your priorities. I know that when it comes to providing for child care, where do you find the middle class? It depends on where you come from. You can go up to $100,000, $200,000 and feel good and we do not mind that at all, except you are not going to do it at the expense of hard-working people that have got kids that pay taxes every day. And there is one thing we are going to do, is that when people get up every morning, take care of their kids, get out there and work, and just because they are in lower income brackets and just because we want to give everybody a hand in meeting their responsibility, we are not going to call them any longer welfare recipients because you are with us.

When we go back home, we are able to say as a Congress that we did not determine employer-employee relationships the way employers would want it. We are not going to be the people that says that a boss can determine that his payroll taxes are too high, that he does not want to pay Social Security, that he or she does not want to pay for health care, that they do not determine who is an independent contractor. We have a law on the books to determine it. But to broaden it so that those people who do not want the burden of being employers and taking care of the responsibility of their employees, no, independent contracts are out, and we all feel better for it because it was a give-and-take on our principles.

□ 1530

We know, we know that whenever we want someone to write a piece of honest literature, to give us a poll or to give us a graph, that the one who pays for that poll and graph that they will get what they want. I just never thought the Republicans could be so creative with their distribution tables.

My God, when I looked at that, I said "How could they even make it up?" But see, if we forget the last 5 years and just deal with their first years, it is amazing.

Capital gains cuts makes money. But stop there because when we get into the next 5 years, all of America are losers.

So what we have to do is this, is to be prepared to say to our constituents the President of the United States has spoken. He has demanded, and the American people have supported him in saying that they want a tax cut, they want to end the fighting and they want bipartisanship.

We have agreed that we have done it. A lot of people swallowed hard on their side; I regret that they were not given an opportunity to express it, but a lot of people on our side had problems, and they were able to express it.

Let us all say it is not a Republican victory, it is not a Democratic victory, but the people of the United States, under the leadership of the President of the United States, with all due respect to President Reagan, are the winners of this battle.

Mr. ARCHER. Mr. Speaker, I yield myself the balance of my time.

Mr. Speaker, today truly is a day for the coming together of the people of this Nation. Yes, some have spoken vibrantly against this bill, and it is their right because the rights of the minority are always accorded in the United States of America. But for those who are in the mainstream majority, we can all revel at what we are about to do for the American people.

I could cite the differences, the things that I wanted in the bill, the things that perphaps got in here that I thought were not good policy, but this is not the day for that. This is a day for coming together.

On June 9, when I announced this tax plan to the public, I said that the American people wanted a Democrat President and a Republican Congress to work together on behalf of our Nation, and today I say to the American people, "We heard you, we did it, and this bill is a product of that effort."

It is an excellent agreement. It provides tax relief to the American people throughout their lives from the childhood years to the education years, from the savings years to the retirement years; yes, and even provides tax relief at death. It is a victory for all Americans, who believe that Washington should change its ways so the American people will not have to change theirs. It says Congress will no longer solve problems by raising taxes, that instead we solve problems by restoring hope, power and opportunity to the people who earn and pay those taxes.

Over 40 million children will benefit from the $500 child credit. Families will be able to have more money to spend or to save, as they see fit, at their discretion. It is their money, they made it, and they should be able to keep it.

The education relief tells young people that education is not only the right thing to do, but it is going to be more affordable from here on. The capital gains and the individual retirement account are all incentives to send Americans a message:

"Work hard, save, and you will be able to keep more of the fruits of your labor."

Just because taxpayers invest money wisely does not mean that Uncle Sam has a hunting license to take it away from them.

And finally the death tax, the cruelest tax of all. No one should have to visit the IRS and the undertaker on the same day. It is wrong for family farms and small businesses to be broken up just because widows and widowers and children cannot afford the money to pay the Federal taxes. The death tax should be repealed, and this is the beginning of that effort.

But, Mr. Speaker, on this bill we do much more. We make the Orphan Drug Tax Credit permanent so that people with rare diseases that do not generate enough volume in the development of drugs will be able to live when they would not otherwise be able to live and be able to see their health improved when it would otherwise deteriorate.

And yes, yes, we cut the alternative minimum tax on businesses so that businesses will be able to invest in job producing equipment and get a deduction for the depreciation that the law allows to them instead of making them pay tax at the end of the year on the depreciation that the law said is taken to buy the equipment to create jobs.

And what does that do? Yes, Charlie, a lot of us have been thinking about how do we create more jobs for Americans. That means greater work opportunity for greater jobs for working Americans in a competitive world marketplace.

And last but not least, more than 1 dozen tax loopholes are closed because no one, no matter who they are, should receive special tax treatment simply because they are politically powerful.

This plan and a balanced budget are what the American people sent us here to do, and we have delivered, and I am proud that this agreement continues a remarkably productive record for the Congress. Yesterday we saved Medicare from bankruptcy. Last year we fixed the failed welfare state so that the poor and the needy will receive a helping hand instead of a handout, a right to be independent instead of dependent. We protected people who were sick by letting them change jobs without losing their health insurance. We modernized telecommunications, creating millions of new jobs for this country, high paying jobs, and we cut the cost of operating this very body, the Congress of the United States, by $200 million a year.

We reduced the deficit from $203 billion in November of 1994 to $50 billion or less today, and now, with this bill this year, it will be eliminated. And with the legislative results of this week that deficit will be completely eliminated.

Many have heard me talk about my grandson who was born last year, the twelfth grandchild, and how I looked down upon him in the incubator in the preemie ward and I thought when he grows up, and he will grow up, thanks to the technology of modern medicine beyond anything anywhere in the world, his pro rata responsibility of interest on the national debt during his lifetime will be $189,000 if he is an average wage earner. That is unconscionable for us to leave to our children and to their grandchildren, and this week we said no, we will not do that.

Mr. Speaker, 6.4 million new jobs have been created since 1994, interest rates have dropped from 8 percent to 6 percent, helping people pay their bills and buy their homes, and the stock market has advanced from 3900 on the Dow Jones to 8200 just since the elections in 1994.

Mark my words. Mark my words. We are just warming up. There are more taxes to be cut, there are more taxes to be cut, and there is more unnecessary wasteful spending to be cut.

But remember above all, balancing the budget and cutting taxes are not merely matters of accounting. They are about our values, they are about our convictions, they are about downsizing the power and the scope of Washington and upsizing the power and the opportunity of people.

That is why we are going to fight for more tax relief next year, because we need to keep the budget in balance while putting big government on a diet. We need to look the IRS in the eye and say "It's not your money, it is the people's money." The politicians and the IRS must stop reaching into the pockets of people and taking what is their money because they need it for themselves, and that, my colleagues, is what today is all about. It is about a new beginning for a limited government, but it is also a return to America that knows no limits.

That is my dream. What a great new beginning it is, what a great unlimited future the people of this country face. We have pulled America together, Democrats, Independents, Republicans, and what a difference a Republican Congress has made.

Mr. Speaker, I yield back the balance of my time, and I move the previous question on the conference report.

The previous question was ordered.

The SPEAKER. The question is the conference report.

The question was taken; and the Speaker announced that the ayes appeared to have it.

Mr. ARCHER. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The vote was taken by electronic device, and there were— yeas 389, nays 43, not voting 3, as follows:

[Roll No. 350]

YEAS—389

Abercrombie
Ackerman
Aderholt
Allen
Andrews
Archer
Armey
Bachus
Baesler
Baker
Baldacci
Ballenger
Barcia
Barr
Barrett (NE)
Barrett (WI)
Bartlett
Barton
Bass
Bateman
Becerra
Bentsen
Bereuter
Berman
Berry
Bilbray
Bilirakis
Bishop
Blagojevich
Bliley
Blunt
Boehlert
Boehner
Bonilla
Bonior
Bono
Boswell
Boucher
Boyd
Brady
Brown (CA)
Brown (FL)
Brown (OH)
Bryant
Bunning
Burr
Burton
Buyer
Callahan
Calvert
Camp
Canady
Cannon
Capps
Cardin
Carson
Castle
Chabot
Chambliss
Chenoweth
Christensen
Clayton
Clement
Clyburn
Coble
Coburn
Collins
Combest
Condit
Cook
Cooksey
Costello
Cox
Coyne
Cramer
Crane
Crapo
Cubin
Cunningham
Danner
Davis (FL)
Davis (VA)
Deal
DeGette
DeLauro
DeLay
Deutsch
Diaz-Balart
Dickey
Dicks
Dingell
Dixon
Doggett
Dooley
Doolittle
Doyle
Dreier
Duncan
Dunn
Edwards
Ehlers
Ehrlich
Emerson
Engel
English
Ensign
Eshoo
Etheridge
Evans
Everett
Ewing
Farr
Fattah
Fawell
Fazio
Flake
Foglietta
Foley
Forbes
Ford
Fowler
Fox
Franks (NJ)
Frelinghuysen
Frost
Furse
Gallegly
Ganske
Gejdenson
Gekas
Gibbons
Gilchrest
Gillmor
Gilman
Gingrich
Goode
Goodlatte
Goodling
Gordon
Goss
Graham
Granger
Green
Greenwood
Gutknecht
Hall (OH)
Hall (TX)
Hamilton
Hansen
Harman
Hastert
Hastings (WA)
Hayworth
Hefley
Hefner
Herger
Hill
Hilleary
Hinchey
Hinojosa
Hobson
Hoekstra
Holden
Hooley
Horn
Hostettler
Houghton
Hoyer
Hulshof
Hunter
Hutchinson
Hyde
Inglis
Istook
Jackson-Lee (TX)
Jefferson
Jenkins
John
Johnson (CT)
Johnson (WI)
Johnson, E. B.
Johnson, Sam
Jones
Kanjorski
Kasich
Kelly
Kennelly
Kildee
Kim
Kind (WI)
King (NY)

Kingston
Kleczka
Klink
Klug
Knollenberg
Kolbe
LaFalce
LaHood
Lampson
Lantos
Largent
Latham
LaTourette
Lazio
Leach
Levin
Lewis (CA)
Lewis (GA)
Lewis (KY)
Linder
Lipinski
Livingston
LoBiondo
Lofgren
Lowey
Lucas
Luther
Maloney (CT)
Maloney (NY)
Manton
Manzullo
Martinez
Mascara
McCarthy (MO)
McCarthy (NY)
McCollum
McCrery
McDade
McGovern
McHale
McHugh
McInnis
McIntosh
McIntyre
McKeon
McKinney
Meehan
Meek
Menendez
Metcalf
Mica
Millender-McDonald
Miller (CA)
Miller (FL)
Minge
Mink
Moakley
Molinari
Mollohan
Moran (KS)
Moran (VA)
Morella
Murtha
Myrick
Nadler
Neal
Nethercutt
Neumann
Ney
Northup
Norwood
Nussle
Olver
Ortiz
Owens
Oxley
Packard
Pallone
Pappas
Parker
Pascrell
Pastor
Paul
Paxon
Pease
Pelosi
Peterson (MN)
Peterson (PA)
Petri
Pickering
Pickett
Pitts
Pombo
Pomeroy
Porter
Portman
Poshard
Price (NC)
Pryce (OH)
Quinn
Radanovich
Ramstad
Rangel
Redmond
Regula
Reyes
Riggs
Riley
Rivers
Rodriguez
Roemer
Rogan
Rogers
Rohrabacher
Ros-Lehtinen
Rothman
Roukema
Roybal-Allard
Royce
Ryun
Sabo
Salmon
Sanchez
Sandlin
Sanford
Sawyer
Saxton
Scarborough
Schaefer, Dan
Schaffer, Bob
Schumer
Sensenbrenner
Sessions
Shadegg
Shaw
Shays
Sherman
Shimkus
Shuster
Sisisky
Skaggs
Skeen
Skelton
Slaughter
Smith (MI)
Smith (NJ)
Smith (OR)
Smith (TX)
Smith, Adam
Smith, Linda
Snowbarger
Snyder
Solomon
Souder
Spence
Spratt
Stabenow
Stearns
Stenholm
Strickland
Stump
Stupak
Sununu
Talent
Tanner
Tauscher
Tauzin
Taylor (MS)
Taylor (NC)
Thomas
Thompson
Thornberry
Thune
Thurman
Tiahrt
Tierney
Torres
Traficant
Turner
Upton
Vento
Walsh
Wamp
Watkins
Watts (OK)
Weldon (FL)
Weldon (PA)
Weller
Wexler
Weygand
White
Whitfield
Wicker
Wise
Wolf
Woolsey
Wynn
Young (FL)

NAYS—43

Blumenauer
Borski
Campbell
Clay
Conyers
Cummings
Davis (IL)
DeFazio
Delahunt
Dellums
Filner
Frank (MA)
Gephardt
Gutierrez
Hastings (FL)
Hilliard
Jackson (IL)
Kaptur
Kennedy (MA)
Kennedy (RI)
Kilpatrick
Kucinich
Markey
Matsui
McDermott
McNulty
Oberstar
Obey
Payne
Rahall
Rush
Sanders
Scott
Serrano
Stark
Stokes
Towns
Velázquez
Visclosky
Waters
Watt (NC)
Waxman
Yates

NOT VOTING—3

Gonzalez
Schiff
Young (AK)

□ 1602

Mr. RUSH changed his vote from "yea" to "nay."

So the conference report was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

FAREWELL AND GOOD LUCK TO THE HONORABLE SUSAN MOLINARI

(Mr. QUINN asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. QUINN. Mr. Speaker, after a momentous moment like today, when we have had an opportunity to vote in a bipartisan way for very important legislation for the people across this country, we are reminded that we can only act as a body with the same fairness, conviction, and determination that we exhibit as individual Members of the body. Today probably, as we know, one of our Members will leave the body. Her last day of service here in the House will be today, and it might very well be her last vote that we all just cast with each other.

I would like to ask the Members on both sides of the aisle to join me in saying farewell and good luck to one of ours as she leaves the House of Representatives today. We wish good luck to the gentlewoman from New York, Ms. SUSAN MOLINARI.

Mr. GINGRICH. Mr. Speaker, will the gentleman yield?

Mr. QUINN. I yield to the Speaker, the gentleman from Georgia.

Mr. GINGRICH. Mr. Speaker, let me just say on behalf of the entire House that as a historian, there are few people who can claim that they met their husband here, that their dad used to bring them here, and that they left here for even greater fame and even greater achievement.

I just want to say that, SUSAN, I believe for all of us, we will miss you. We will not promise to watch every Saturday, but we will all watch carefully, and we cherish your friendship forever. You are a part of this family.

Mr. PAXON. Mr. Speaker, will the gentleman yield?

Mr. QUINN. I yield to the gentleman from New York.

Mr. PAXON. Mr. Speaker, this is a very momentous day for us all. We have once again made legislative history. I could not help, in listening to the Speaker's words and the words of my good friend, the gentleman from New York, Mr. JACK QUINN, I could not help but think what a great, important piece of personal history this floor and this body has been in our lives.

SUSAN and I met literally in these Chambers, got to know each other here, through the encouragement of a lot of you, and I think of Ray McGrath, who performed wedding ceremonies before we were even dating. He said, you guys have got to get married. Our friends got us together, they lived with us through that dating period, and up in that corner one day when we got engaged, and then, of course, thanks to the gentleman from Pennsylvania, Mr. JIM GREENWOOD, we found a priest in a church in Pennsylvania that would marry us on neutral ground.

Then, of course, the Members have lived with us through our married life, and are now helping us raise our daughter. We need help all the time. This is the kind of family that we can never replace. Members have witnessed our lives together and helped us in so many ways on this floor. My colleagues are losing a colleague today, and I am losing my legislative partner. Every single day we come to this floor and we share our lives. We are going to miss that. We think we are going to have a little more interesting dinner conversation, having two different jobs to bring to the dinner table.

But while I am losing my pal on a day-to-day basis on the floor, I want to say this to you, SUSAN; every day that I come to this floor I am going to think of you, every moment, you and our beautiful daughter. While you are out in that other job, I wish you the best. I really thought I would never get to the point in my life where I would say this, that I love a Member of the press. I love you, SUSAN.

Ms. ROS-LEHTINEN. Mr. Speaker, will the gentleman yield?

Mr. QUINN. I yield to the gentlewoman from Florida.

Ms. ROS-LEHTINEN. Thank you, you hunk.

Mr. Speaker, Emerson said: What is civilization?

I answer: The power of a good woman.

I agree with this American philosopher. That is why the departure of our friend, the gentlewoman from New York, Ms. SUE MOLINARI from Congress saddens us all.

SUE always brightened up any committee room when she walked in because she was prepared, because she was witty, and ready for battle for her constituents and for our country. She never took these fierce battles personally if you disagreed with her, and she built strong bonds of friendship with many of us here in Congress.

All of us, especially the women Members of Congress, felt as if we were part of SUE's life as we rejoiced in her union with BILL and the arrival of Susan Ruby. SUSAN will excel at CBS in the same way that she has climbed to the leadership ranks in the House, through her intelligence, through her hard work, perseverance, and a terrific personality. The civilization of this House will be diminished by SUE'S departure, but we know it is the right decision for SUE, for BILL, and most especially for Susan Ruby.

We wish you the best, Mama SUE.

A TRIBUTE TO THE HONORABLE SUSAN MOLINARI

(Mrs. LOWEY asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Mrs. LOWEY. Mr. Speaker, I am delighted to join with my colleagues; and not really delighted, I would say to the gentlewoman from New York, Ms. SUSAN MOLINARI, but we want to wish the gentlewoman lots of good luck and success. I am not sure who I am going to miss more, SUSAN MOLINARI or Susan Ruby, because she clearly cheers up all our days. From one mother to another mother, I can tell you we are going to miss you both.

SUSAN and I have been fighting together on so many issues for the years I have been here, whether it is fighting to keep those planes in New Jersey away from New York, and I am going to have to call you, SUSAN, for some reinforcement. We just keep sending these planes back and forth, but we are going to make sure that they are not flying over Staten Island while you are away. We are going to make sure we continue to fight to make sure that our transportation in New York serves all the people of all of our districts.

The gentlewoman has been right there on the front line. Whether it is fighting together on Ellis Island, one thing after another, SUSAN is there to fight for New York. I know we are going to work very hard, SUSAN, to make sure that the battles continue in support of all the issues that we care about.

So we wish you good luck, with lots of love and admiration and support. You have always stood up for the right things, and I have been honored to be there with you.

BEST OF LUCK AND GODSPEED TO THE HONORABLE SUSAN MOLINARI

(Mr. SCHUMER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. SCHUMER. Mr. Speaker, I just want to add my wishes of good luck to SUSAN. I know she does not need them. She is one of the most talented people that I have come up against. We debated each other every week on channel 2 in New York, and let me tell the Members, Mr. Speaker, she is one tough adversary, but underneath it all she is a very decent and honorable person.

I know this has been her wish for many, many years, to go where she is going to; and with a wonderful family, a great child, and a great new career ahead of her, I think I speak for all of us when I say we wish her the best of luck and Godspeed.

FAREWELL TO A TOUGH DEBATER

(Mr. RANGEL asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. RANGEL. Mr. Speaker, let me say on behalf of the New York congressional delegation that we probably have less problems after we leave this floor than any other delegation, because we have learned to work with each other, to respect each other, and to understand each other.

The gentlewoman from New York, Ms. SUE MOLINARI, is one of the champions on the Republican side, and yet we do not see it in the elevators, we do not see it when we have our meetings, we do not see it when we get back to New York, we are just people fighting for our great city and our great State.

Unlike the gentleman from New York [Mr. SCHUMER], she was one of the people that I least liked debating with, not because she was always that tough, but she was always smiling, always charming. It is difficult to fire your best shot when somebody is looking at you lovingly.

So I will not miss her on the television debates, and I am so glad that she will be moderating, rather than explaining those rough Republican views in such a soft, tender, loving way.

MOON OVER KOSOVO

(MR. ENGEL asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. ENGEL. Mr. Speaker, I want to add my voice to say good-bye, not really good-bye, but of course good-bye from Washington, to someone that I have worked very, very closely with. The gentlewoman from New York, Ms. SUSAN MOLINARI and I cochaired the Albanian Issues Caucus. We worked very closely together on a number of things. The gentleman from New York, Mr. BILL PAXON and I came to Congress together after serving in the New York State Assembly together. In fact, I served in the Assembly with Guy Molinari as well.

We know Susan is a very, very special person. When we went to Kosovo together that first time, it was the gentlemen from New York, Mr. BILL PAXON, and Mr. PETER KING, the gentlewoman from New York, Ms. SUSAN MOLINARI, and myself.

When SUE and BILL said they were getting married, I wondered if it was the Moon over Kosovo that brought them together, or the time we were in that hotel and there was no heat or hot water, we figured that might have had something to do with bringing the two of them together.

□ 1615

We are going to miss you, but we know we are still going to see you. I want to remind you, SUSAN and BILL, that when you announced that you were getting married, I said the Bible says be fruitful and multiply and that I wished you a number of children.

I just want to remind everybody that I said my wish for BILL and SUSAN was that they would have many, many children and that their children would all grow up to be good Democrats.

GOODBYE TO THE HONORABLE SUSAN MOLINARI

(Ms. PRYCE of Ohio asked and was given permission to address the House for 1 minute.)

Mr. PRYCE of Ohio. Mr. Speaker, at the risk of losing it on C–SPAN, at the risk of having Members miss their planes, I would just like to close this by saying how much this body will miss you, SUSAN, and how much I will miss you, too. Your wit and your charm and your grace and your grit and everything that I tried to learn from you, I hope we can sustain even in your absence.

You were the first Member that I met outside of Ohio. You taught me so much. I hope that you will still be around to keep us going. So do not be a stranger. Godspeed, SUSAN MOLINARI.

CLOSING REMARKS OF THE HONORABLE SUSAN MOLINARI

(Ms. MOLINARI asked and was given permission to address the House for 1 minute.)

Ms. MOLINARI. Mr. Speaker, I will be very brief, at the risk of losing it.

To all my colleagues, it is a little difficult to put into words the feeling that I felt growing up on this floor. It has been 17 years since my dad took his oath of office and worked hard during that time to gain and sustain the trust of the men and women of the 14th and now the 13th Congressional District.

In my family, as in many of your families, this is a place of honor. It is a place where we are reminded every day that people trust us to make some of the most important decisions in their lives. It is an honor to walk in and out those doors every day and every night.

I do not leave here easily, because I believe very much in our cause. I believe very much in this Institution. I believe very much in the men and women who have gone before us on both sides of the aisle. I cherish the model that my dad has been for me in public service. As has been said, I met my husband, the love of my life, my best friend in this Institution, because when the cameras are off, oftentimes, between Members, between the aisle, good feelings and understanding and friendships do grow.

And so to all my colleagues let me just say, to my girlfriends in particular, I love you all. I have developed some of the best friends I have ever made in my life and will continue to see them as friends for the rest of my life.

To all of you and to those of you in the press gallery, let me admit it and let me get it out there, I will have a bias in my reporting career. But it is this, when I report, it will be with the full knowledge and understanding in my heart and soul that the men and women on both sides of the aisle that serve in this Institution are some of the most honorable Members that have ever served this Nation. I thank them for that.

PROVIDING FOR ADJOURNMENT OF THE HOUSE FROM AUGUST 1, OR AUGUST 2, 1997, TO SEPTEMBER 3, 1997, AND ADJOURNMENT OR RECESS OF THE SENATE FROM JULY 31, AUGUST 1, OR AUGUST 2, 1997, TO SEPTEMBER 2, 1997

Mr. GOSS. Mr. Speaker, I offer a privileged concurrent resolution (H. Con. Res. 136) and I ask for its immediate consideration.

The Clerk read the concurrent resolution, as follows:

H. CON. RES. 136

Resolved by the House of Representatives (the Senate concurring), That, in consonance with section 132(a) of the Legislative Reorganization Act of 1946, when the House adjourns on the legislative day of Friday, August 1, 1997 or Saturday, August 2, 1997, pursuant to a motion made by the majority leader or his designee, it stand adjourned until noon on Wednesday, September 3, 1997, or until noon on the second day after members are notified to reassemble pursuant to section 2 of this concurrent resolution, whichever occurs first; and that when the Senate recesses or adjourns at the close of business on Thursday, July 31, 1997, Friday, August 1, 1997, or Saturday, August 2, 1997, pursuant to a motion made by the majority leader or his designee in accordance with this concurrent resolution, it stand recessed or adjourned until noon on Tuesday, September 2, 1997, or until such time on that day as may be specified by the majority leader or his designee in the motion to recess or adjourn, or until noon on the second day after Members are notified to reassemble pursuant to section 2 of this concurrent resolution, whichever occurs first.

SEC. 2. The Speaker of the House and the majority leader of the Senate, acting jointly after consultation with the minority leader of the House and the minority leader of the Senate, shall notify the Members of the House and Senate, respectively, to reassemble whenever, in their opinion, the public interest shall warrant it.

The SPEAKER pro tempore (Mr. LAHOOD). Pursuant to section 132 of the Legislative Reorganization Act of 1946, as amended, the yeas and nays are ordered.

The vote was taken by electronic device, and there were—yeas 403, nays 16, not voting 15, as follows:

[Roll No. 351]

YEAS—403

Abercrombie
Aderholt
Allen
Andrews
Archer
Armey
Bachus
Baesler
Baker
Baldacci
Ballenger
Barcia
Barr
Barrett (NE)
Barrett (WI)
Bartlett
Barton
Bass
Bateman
Becerra
Bereuter
Berman
Berry
Bilbray
Bilirakis
Bishop
Blagojevich
Bliley
Blumenauer
Blunt
Boehlert
Boehner
Bonilla
Bonior
Bono
Borski
Boswell
Boucher
Boyd
Brady
Brown (CA)
Brown (FL)
Brown (OH)
Bryant
Bunning
Burr
Burton
Buyer
Callahan
Calvert
Camp
Campbell
Canady
Cannon
Capps
Cardin
Carson
Castle
Chabot
Chambliss
Chenoweth
Christensen
Clay
Clayton
Clement
Clyburn
Coble
Coburn
Collins
Combest
Condit
Conyers
Cook
Cooksey
Costello
Cox
Coyne
Cramer
Crane
Crapo
Cummings
Danner
Davis (FL)
Davis (IL)
Davis (VA)
Deal
DeGette
Delahunt
DeLauro
DeLay
Dellums
Deutsch
Diaz-Balart
Dickey
Dicks
Dingell
Dixon
Doggett
Dooley
Doolittle
Doyle
Dreier
Duncan
Dunn
Ehlers
Ehrlich
Emerson
Engel
English
Ensign
Eshoo
Etheridge
Evans
Everett
Ewing
Farr
Fattah
Fawell
Fazio
Filner
Flake
Foglietta
Foley
Forbes
Ford
Fowler
Fox
Frank (MA)
Franks (NJ)
Frelinghuysen
Frost
Furse
Gallegly
Ganske
Gejdenson
Gekas
Gephardt
Gibbons
Gilchrest
Gillmor
Gilman
Goodlatte
Goodling
Gordon
Goss
Graham
Granger
Greenwood
Gutierrez
Hall (OH)
Hall (TX)
Hamilton
Hansen
Harman
Hastert
Hayworth
Hefley
Hefner
Herger
Hill
Hilleary
Hilliard
Hinchey
Hinojosa
Hobson
Hoekstra
Holden
Horn
Hostettler
Houghton
Hoyer
Hulshof
Hunter
Hutchinson
Hyde
Inglis
Istook
Jackson (IL)
Jefferson
Jenkins
John
Johnson (CT)
Johnson (WI)
Johnson, E. B.
Johnson, Sam
Jones
Kanjorski
Kaptur
Kasich
Kelly
Kennedy (MA)
Kennedy (RI)
Kennelly
Kildee
Kilpatrick
Kim
Kind (WI)
King (NY)
Kingston
Kleczka
Klink
Klug
Knollenberg
Kolbe
LaFalce
LaHood
Lampson
Lantos
Largent
Latham
LaTourette
Lazio
Leach
Levin
Lewis (CA)
Lewis (GA)
Lewis (KY)
Linder
Lipinski
Livingston
LoBiondo
Lowey
Lucas
Luther
Maloney (NY)
Manton
Manzullo
Markey
Martinez
Mascara
Matsui
McCarthy (MO)
McCarthy (NY)
McCollum
McCrery
McDermott
McGovern
McHale
McHugh
McInnis
McIntosh
McIntyre
McKeon
McKinney
McNulty
Meek
Menendez
Metcalf
Mica
Millender-McDonald
Miller (FL)
Mink
Moakley
Molinari
Mollohan
Moran (KS)
Moran (VA)
Morella
Murtha
Myrick
Nadler
Neal
Nethercutt
Neumann
Ney
Northup
Norwood
Nussle
Oberstar
Ortiz
Owens
Oxley
Packard
Pallone
Pappas
Parker
Pascrell
Pastor
Paul
Paxon
Payne
Pease
Pelosi
Peterson (MN)
Peterson (PA)
Petri
Pickering
Pickett
Pitts
Pombo
Pomeroy
Porter
Portman
Poshard
Price (NC)
Pryce (OH)
Quinn
Radanovich
Rahall
Ramstad
Rangel
Redmond
Regula
Reyes
Riggs
Riley
Rivers
Rodriguez
Roemer
Rogan
Rogers
Rohrabacher
Ros-Lehtinen
Rothman
Roukema
Roybal-Allard
Royce
Rush
Ryun
Sabo
Salmon
Sandlin
Sanford
Sawyer
Saxton
Scarborough
Schaefer, Dan
Schumer
Scott
Sensenbrenner
Serrano
Sessions
Shadegg
Shaw
Shays
Shimkus
Shuster
Sisisky
Skaggs
Skeen
Skelton
Slaughter
Smith (MI)
Smith (NJ)
Smith (OR)
Smith (TX)
Smith, Linda
Snowbarger
Snyder
Solomon
Souder
Spence
Spratt
Stabenow
Stark
Stearns
Stenholm
Stokes
Strickland
Stump
Stupak
Sununu
Talent
Tanner
Tauscher
Tauzin
Taylor (NC)
Thomas
Thompson
Thornberry
Thune
Thurman
Tiahrt
Tierney
Torres
Towns
Traficant
Turner
Upton
Velázquez
Vento
Visclosky
Walsh
Wamp
Waters
Watkins
Watt (NC)
Watts (OK)
Waxman
Weldon (FL)
Weldon (PA)
Weller
Wexler
Weygand
White
Whitfield
Wicker
Wise
Wolf
Woolsey
Wynn
Yates
Young (FL)

NAYS—16

Cunningham
DeFazio
Goode
Green
Hastings (FL)
Hooley
Jackson-Lee (TX)
Kucinich
Lofgren
Minge
Obey
Olver
Sanchez
Schaffer, Bob
Sherman
Taylor (MS)

NOT VOTING—15

Ackerman
Bentsen
Cubin
Edwards
Gonzalez
Gutknecht
Hastings (WA)
Maloney (CT)
McDade
Meehan
Miller (CA)
Sanders
Schiff
Smith, Adam
Young (AK)

□ 1639

Mrs. NORTHUP changed her vote from "nay" to "yea."

So the concurrent resolution was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

REMOVAL OF NAMES OF MEMBERS AS COSPONSORS OF H.R. 303

Mr. BILIRAKIS. Mr. Speaker, I ask unanimous consent to remove the names of the gentleman from Florida [Mr. CANADY], the gentleman from Massachusetts [Mr. OLVER] and the gentleman from Oklahoma [Mr. WATTS] as cosponsors of my bill, H.R. 303.

The SPEAKER pro tempore (Mr. LAHOOD). Is there objection to the request of the gentleman from Florida?

There was no objection.

WAIVING ENROLLMENT REQUIREMENTS WITH RESPECT TO TWO BILLS OF THE 105TH CONGRESS

Mr. DIAZ-BALART. Mr. Speaker, I offer a joint resolution (H.J. Res. 90) waiving certain enrollment requirements with respect to two specified bills of the 105th Congress, and I ask unanimous consent for its immediate consideration.

The Clerk read the title of the joint resolution.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Florida?

Ms. SLAUGHTER. Mr. Speaker, reserving the right to object, I would like to yield to the manager for a discussion.

Mr. DIAZ-BALART. Mr. Speaker, the rule is self-explanatory. For Members who may not be aware, sections 106 and 107 of title 1 of the United States Code require that enrolled bills, measures that have been passed by the House and the Senate in the same form and require the President's signature to become law, that they be sent to the President on parchment.

So the joint resolution that I am seeking unanimous consent for, Mr. Speaker, waives that requirement.

Ms. SLAUGHTER. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Florida?

There was no objection.

The Clerk read the joint resolution as follows:

H.J. RES. 90

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the provisions of sections 106 and 107 of title 1, United States Code, are waived with respect to the printing (on parchment or otherwise) of the enrollment of H.R. 2014 and of H.R. 2015 of the One Hundred Fifth Congress. The enrollment of each of those bills shall be in such form as the Committee on House Oversight of the House of Representatives certifies to be a true enrollment.

The joint resolution was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

Mr. DIAZ-BALART. Mr. Speaker, I ask unanimous consent to lay House Resolution 203 on the table.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Florida?

There was no objection.

REQUEST FOR ORDER OF CONSIDERATION OF H.R. 2264, DEPARTMENTS OF LABOR, HEALTH AND HUMAN SERVICES, AND EDUCATION, AND RELATED AGENCIES APPROPRIATIONS ACT, 1998

Mr. SOLOMON. Mr. Speaker, I ask unanimous consent that consideration of the bill (H.R. 2264) making appropriations for the Departments of Labor, Health and Human Services, and Education, and related agencies for the fiscal year ending September 30, 1998, and for other purposes, may proceed according to the order that I have placed at the desk.

The SPEAKER pro tempore. The Clerk will report the order.

The Clerk read as follows:

Mr. Solomon asks unanimous consent that consideration of H.R. 2264 proceed according to the following order:

(1) The Speaker may at any time, as though pursuant to clause 1(b) of rule XXIII, declare the House resolved into the Committee of the Whole House on the state of the Union for consideration of the bill (H.R. 2264) making appropriations for the Departments of Labor, Health and Human Services, and Education, and related agencies, for the fiscal year ending September 30, 1998, and for other purposes.

(2) The first reading of the bill shall be dispensed with. All points of order against consideration of the bill are waived. General debate shall be confined to the bill and shall not exceed one hour equally divided and controlled by the chairman and ranking minority member of the Committee on Appropriations. After general debate the bill shall be considered for amendment under the five-minute rule.

(3) Points of order against provisions in the bill for failure to comply with clause 2 or 6 of rule XXI are waived except as follows: beginning with ": Provided" on page 41, line 26, through "$2,245,000,000" on page 42, line 3. Where points of order are waived against part of a paragraph, points of order against a provision in another part of such paragraph may be made only against such provision and not against the entire paragraph.

(4) The amendments printed in House Report 105–214 may be offered only by a Member designated in the report and only at the appropriate point in the reading of the bill, shall be considered as read, shall not be subject to amendment except pro forma amendments offered for the purpose of debate, and shall not be subject to a demand for division of the question in the House or in the Committee of the Whole. All points of order against the amendments printed in the report are waived.

(5) During consideration of the bill for amendment, the Chairman of the Committee of the Whole may accord priority in recognition on the basis of whether the Member offering an amendment has caused it to be printed in the portion of the Congressional Record designated for that purpose in clause 6 of rule XXIII. Amendments so printed shall be considered as read.

(6) The Chairman of the Committee of the Whole may: (1) postpone until a time during further consideration in the Committee of the Whole a request for a recorded vote on any amendment; and (2) reduce to five minutes the minimum time for electronic voting on any postponed question that follows another electronic vote without intervening business, provided that the minimum time for electronic voting on the first in any series of questions shall be 15 minutes.

(7) During consideration of the bill, points of order against amendments for failure to comply with clause 2(e) of rule XXI are waived.

(8) At the conclusion of consideration of the bill for amendment the Committee shall rise and report the bill to the House with such amendments as may have been adopted. The bill and amendments thereto to final passage without intervening motion except one motion to recommit with or without instructions.

(9) Notwithstanding any other provision of this order, it shall be in order to consider in lieu of amendments numbered 1 and 2 in House Report 105–214 the amendment I have placed at the desk. That amendment shall otherwise be considered as though printed as the amendment numbered 1 in House Report 105–214.

(10) House Resolution 199 is laid on the table.

□ 1645

The SPEAKER pro tempore. The Clerk will report the amendment.

The Clerk read as follows:

Page 94, strike lines 16 through 21 and insert the following (and redesignate the succeeding sections accordingly):

SEC. 508. (a) None of the funds appropriated under this Act shall be expended for any abortion.

(b) None of the funds appropriated under this Act shall be expended for health benefits coverage that includes coverage of abortion.

(c) The term "health benefits coverage" means the package of services covered by a managed care provider or organization pursuant to a contract or other arrangement

SEC. 509. (a) The limitations established in the preceding section shall not apply to an abortion—

(1) if the pregnancy is the result of an act of rape or incest; or

(2) in the case where a woman suffers from a physical disorder, physical injury, or physical illness, including a life-endangering physical condition caused by or arising from the pregnancy itself, that would, as certified by a physician, place the woman in danger of death unless an abortion is performed.

(b) Nothing in the preceding section shall be construed as prohibiting the expenditure by a State locality, entity, or private person of State, local, or private funds (other than a State's or locality's contribution of Medicaid matching funds) for abortion services or coverage of abortion by contract or other arrangement.

(c) Nothing in the preceding section shall be construed as restricting the ability of any managed care provider or organization from offering abortion coverage or the ability of a state or locality to contract separately with such a provider for such coverage with state funds (other that a State's or locality's contribution of Medicaid matching funds).

Mr. SOLOMON (during the reading). Mr. Speaker, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The SPEAKER pro tempore [Mr. LAHOOD]. Is there objection to the request of the gentleman from New York?

Mr. OBEY. Mr. Speaker, reserving the right to object, I think it would be helpful if the resolution was read.

Mr. SOLOMON. Mr. Speaker, I withdraw the unanimous consent that the amendment be considered as read and leave the original unanimous consent standing.

The SPEAKER pro tempore. The Clerk will re-report paragraph 8.

The Clerk read as follows:

(8) At the conclusion of consideration of the bill for amendment the Committee shall

rise and report the bill to the House with such amendments as may have been adopted. The previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit with or without instructions.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

Mr. McINTOSH. Mr. Speaker, reserving the right to object, if I may ask of the chairman, does this rule provide for a chairman's amendment that could be brought to the floor when the bill comes for debate?

Mr. SOLOMON. Mr. Speaker, will the gentleman yield?

Mr. McINTOSH. I yield to the gentleman from New York.

Mr. SOLOMON. Mr. Speaker, no, it does not.

This rule that we would adopt by unanimous consent would bring to the floor under regular rules of order, regular rules of the House so that any amendment, any cutting amendment, any offsetting amendment, or any limitation amendment ordinarily allowed under normal rules of the House should the bill have come directly to the floor instead of through the Committee on Rules, those amendments would be made in order.

Mr. McINTOSH. Mr. Speaker, I object to this unanimous consent.

The SPEAKER pro tempore. Objection is heard.

HONORING THE LIFE OF BETTY SHABAZZ

Mr. RANGEL. Mr. Speaker, I ask unanimous consent that the Committee on Government Reform and Oversight be discharged from further consideration of the resolution (H. Res. 183) honoring the life of Betty Shabazz, and ask for its immediate consideration in the House.

The Clerk read the title of the resolution.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

Mr. CUNNINGHAM. Mr. Speaker, reserving the right to object, I yield to the gentleman from New York [Mr. RANGEL].

Mr. RANGEL. Mr. Speaker, I thank the gentleman from California so much for giving me the opportunity to explain that seldom in the United States do we get a chance to pay tribute to the life of those people who live an ordinary life and yet have done extraordinary things.

When the late Betty Shabazz died, having known her husband and her for so many years, I almost thought that she belonged to Harlem and she belonged to African-Americans, and I was so pleasantly surprised when she passed away, as a result of a sad and cruel act of her grandson, that so many Republicans and Democrats came over and offered sympathy to me because we had lost in this country a great American.

And so, in August, there will be communities all over the country attempting to say, thank you, Betty Shabazz, for the life that you led, that you lost your husband, he was assassinated, but instead of just weeping and crying, which she did do, was pick your life up, go to school, educate 6 children, and become a role model for Americans, whether they are white or black or Jewish or Christian.

And so, as we leave and America pays tribute to this great woman, I would like to have the Congress join in in just honoring a great life who serves as a model for all Americans and people throughout the world.

Mrs. LOWEY. Mr. Speaker, will the gentleman yield?

Mr. CUNNINGHAM. Mr. Speaker, further reserving the right to object, I yield to the gentlewoman from New York.

Mrs. LOWEY. Mr. Speaker, I strongly support this resolution and my good friend, the gentleman from New York [Mr. RANGEL] in honor of an outstanding constituent from Yonkers, New York, Betty Shabazz.

We have worked on so many issues, fighting for families, fighting for women, fighting for children. Just recently, I served on a panel with Betty Shabazz, could not have been more than probably a couple months ago. So I thank my good friend from New York, [Mr. RANGEL] for introducing this resolution which I support.

Mr. CUNNINGHAM. Further reserving the right to object, Mr. Speaker, there were some other reservations for other bills that were made under all of these unanimous consent requests. And although I support the initiative of the gentleman from New York [Mr. RANGEL] and his bill, I would have to object until these reservations can be worked out by the leadership.

We were told these UC's were worked out and, at the last moment someone from his side of the aisle was going to object to one of these UC's. If that is the case, I will object until that can be worked out.

Mr. RANGEL. If the gentleman will yield further, I understand the concern of the gentleman. But I would just like to share with him that I knew about this problem before I dealt with the Republican leadership; and because so many Members of Congress felt that strongly about it, what we did was went to the leadership and asked our side not to go through these extraordinary parliamentary procedures that they could have gone through in order to show their deep concern about it.

When you think about it, yes, there has to be ways that our concerns are met and we have to be able to use the parliamentary procedure to do it. But I ask my friend to really consider what we are doing when communities throughout this country are going to commemorate a life anyway, with or without this resolution.

It would seem to me that, even when we have to use the parliamentary cause to emphasize how deep we feel about an issue, that we are sensitive to the communities that are affected, we are sensitive to the daughters that we pay tribute to, and that we just do not use the parliamentary procedures when we have just lost a great American.

I would ask the gentleman to reconsider using the life of Betty Shabazz and the memories that are held by so many Americans and the memories held by her children and family as they go through life.

Mr. CUNNINGHAM. Further reserving the right to object, I would say to my friend, and I would reiterate that I fully support the words that he just spoke and would associate, but unfortunately, we have the same kind of concerns on another UC request that affects the lives of many of the people on the West Coast, thousands of people, as a matter of fact. And it is not the loss of someone, but this is the loss of jobs, the loss of livelihood.

There was an agreement made under these UC's, and evidently the agreement has been broken. I would still be willing to work this out in a matter of a few minutes. If this is not the case and this is worked out, if the gentleman from New York [Mr. RANGEL] would bring up the same UC a few moments later and we can work this out among us, I think I would support the gentleman.

Mr. RANGEL. I would just hope that, with all the good work that my colleague has done for this country throughout his life, that he would not want to be recorded in the CONGRESSIONAL RECORD as having been the person that, for whatever reason, has caused this Congress not to commemorate the life of this great American.

Mr. CUNNINGHAM. I would say to my friend that I will support the gentleman in commemorating it in a few minutes if this can be worked out. After the agreement is made, I will be very happy and I will not object. But until that is made, the lives and livelihood of many of my constituents are at stake.

And I would say to the same gentleman, someone on his side of the aisle was just about ready to make that decision, which would affect adversely and in which a vote in the Senate was 99-to-0, and because there is an objection to the UC, would affect negatively many of the lives. And until that point, I am going to be forced to object.

The SPEAKER pro tempore. Objection is heard.

PROVIDING FOR ORDER OF CONSIDERATION OF H.R. 2264, DEPARTMENTS OF LABOR, HEALTH AND HUMAN SERVICES, AND EDUCATION, AND RELATED AGENCIES APPROPRIATIONS ACT, 1998

Mr. SOLOMON. Mr. Speaker, I again ask unanimous consent that the consideration of the bill (H.R. 2264) making appropriations for the Departments of Labor, Health and Human Services, and Education, and related agencies for the fiscal year ending September 30, 1998, and for other purposes, may proceed according to the order that I have placed at the desk and that the explanation be considered as read, but that the Clerk be directed to read the amendment.

□ 1700

(For text of the unanimous-consent request, see prior proceedings of the House of today.)

The SPEAKER pro tempore (Mr. LAHOOD). The Clerk will report the amendment.

The Clerk read as follows:

The amendment to be offered by Representative HYDE of Illinois or a designee:

Page 94, strike lines 16 through 21 and insert the following (and redesignate the succeeding sections accordingly):

SEC. 508(a) None of the funds appropriated under this Act shall be expended for any abortion.

(b) None of the funds appropriated under this Act shall be expended for health benefits coverage that includes coverage of abortion.

(c) The term "health benefits coverage" means the package of services covered by a managed care provider or organization pursuant to a contract or other arrangement.

SEC. 509(a) The limitations established in the preceding section shall not apply to an abortion—

(1) if the pregnancy is the result of an act of rape or incest; or

(2) in the case where a woman suffers from a physical disorder, physical injury, or physical illness, including a life-endangering physical condition caused by or arising from the pregnancy itself, that would, as certified by a physician, place the woman in danger of death unless an abortion is performed.

(b) Nothing in the preceding section shall be construed as prohibiting the expenditure by a State, locality, entity, or private person of State, local, or private funds (other than a State's or locality's contribution of Medicaid matching funds) for abortion services or coverage of abortion by contract or other arrangement.

(c) Nothing in the preceding section shall be construed as restricting the ability of any managed care provider or organization from offering abortion coverage or the ability of a state or locality to contract separately with such a provider for such coverage with state funds (other that a State's or locality's contribution of Medicaid matching funds).

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

ELECTION OF CHIEF ADMINISTRATIVE OFFICER

Mr. BOEHNER. Mr. Speaker, I offer a privileged resolution (H. Res. 207) and ask for its immediate consideration.

The SPEAKER pro tempore. The resolution constitutes a question of priviledge.

The Clerk will report the resolution.

The Clerk read as follows:

H. RES. 207

Resolved, That James M. Eagen, III, of the Commonwealth of Pennsylvania, be, and he is hereby, chosen Chief Administrative Officer of the House of Representatives.

The SPEAKER pro tempore. The gentleman from Ohio [Mr. BOEHNER] and the gentleman from Maryland [Mr. HOYER] each will control 30 minutes.

The Chair recognizes the gentleman from Ohio [Mr. BOEHNER].

Mr. BOEHNER. Mr. Speaker, I yield myself such time as I may consume.

I have known and worked with Jay since I came to Congress in 1990 and have grown to admire and respect his professionalism and his work product. I am honored today to be able to stand on the floor and introduce this resolution to make him the chief administrative officer of the House of Representatives.

Jay has worked on the Hill since 1982. He started out in Congressman Steve Gunderson's office and moved over to work for the gentleman from Pennsylvania [Mr. GOODLING] in 1985. He then went to work for the Committee on Education and the Workforce in 1991 as the Republican chief of staff and is currently in that same position.

I know Jay to be an excellent leader, a meticulous organizer, a fabulous administrator and a well-respected manager. I also know Jay on a personal level and know of his deep commitment to his work and to this institution. He will be a wonderful chief administrative officer to this House and I cannot think of anyone else I would rather recommend for this job than Jay Egan.

Mr. HOYER. Mr. Speaker, I yield such time as he may consume to the gentleman from California [Mr. FAZIO], the former ranking member of the Committee on House Oversight and the chairman of the Democratic Caucus.

Mr. FAZIO of California. Mr. Speaker, I thank the gentleman for yielding me this time.

Mr. Speaker, I just want to indicate that I was privileged to serve on a small panel headed by the gentleman from California [Mr. THOMAS] to select the individual who would be the chief administrative officer. Not having known Jay earlier, I came to conclude that he was in the finest tradition of the development of our staff, people who stay with this process and learn it and broaden their skills, developing administrative strength as well as substantive knowledge. I want to say to my friend, the chairman of the Republican Conference, that people like the gentleman from Michigan [Mr. KILDEE], our colleague here, and other members of the Committee on Education and the Workforce felt very good about this appointment on the premise that he was fair-minded and objective and treated the minority with the kind of respect that it is due. As a consequence, I am pleased to endorse this selection and indicate that I think it is in keeping with what I hope will be a trend toward the management of the institution in a manner which will be most acceptable to all Members. Hopefully quite a contrast with the experience that we had during the first 2 years of the new majority's tenure here.

I want to thank the gentleman from California [Mr. THOMAS] for the process he put in place and indicate that I look forward to working with Mr. Egan, as I am sure others do, in a way that will hopefully make this institution proud of the way in which it is managed.

Mr. BOEHNER. Mr. Speaker, I yield such time as he may consume to the gentleman from California [Mr. THOMAS], chairman of the Committee on House Oversight.

Mr. THOMAS. Mr. Speaker, I thank the gentleman for yielding this time. I want to thank my colleague from California for his comments. Obviously Jay Egan was the choice of a professional search team, an extensive review by staff and then a review by a panel of Members consisting of two Democrats and two Republicans: the gentleman from California [Mr. FAZIO], the gentleman from South Carolina [Mr. CLYBURN], the gentleman from Ohio [Mr. NEY], and myself.

I believe that we obviously got the pick of the lot, and the professional organization that did the searching brought us a number of people who had been in public administration positions and, as a matter of fact, in the private sector across a broad region of the United States. It is not in my opinion accidental that we have found what we believe to be the highest caliber person laboring here in the House. It was important, I think, to look outside to give a comfort level for us in making the decision that we made. It was an open, fair competition. And Jay won. He won by unanimous vote of the panel. That tells you a lot about the qualities that he is going to bring to this job.

But I also want to say that I enjoy very much the working relationship with the gentleman from California. This could have been a process which could have deteriorated fairly rapidly if in attempting to hold confidences, discussions that were had in private were leaked to the press or announced prematurely. I do want to say, the gentleman from California over the two Congresses that I have enjoyed working with him in a distinctively reversed role from previous Congresses, has been absolutely honorable in all of the commitments that he has made as we made some very, very difficult decisions.

This was not a difficult decision. The process whereby we arrived at the requirement to make this decision was at times very difficult. But the decision to pick Jay Egan as the chief administrative officer of the House was a pleasure.

Mr. BOEHNER. Mr. Speaker, I yield such time as he may consume to the gentleman from Pennsylvania [Mr. GOODLING], the chairman of the Committee on Education and the Workforce and the current employer of our soon-to-be chief administrative officer.

Mr. GOODLING. I thank the gentleman for yielding me this time.

Mr. Speaker, today I am losing my left arm, I am losing my right arm, but I can afford to lose both for the benefit of an institution I love, the House of Representatives. Where I am totally unorganized, your new administrator is totally organized. Where I do not pay much attention to deadline, your new administrator pays specific attention to deadline. Where I do not think much about planning for the future, your administrator constantly thinks about the next move. So I in losing after 14 years someone who has served our committee very well, has served my constituents very well, and I can guarantee you he will serve this institution very, very well.

Mr. HOYER. Mr. Speaker, I yield myself such time as I may consume. I do not rise to oppose this nomination. I do want to make, however, some observations.

This process has been ongoing for a long period of time. Frankly, the Democratic leadership was severely criticized in the 102d and the 103d Congress for the administration of the House of Representatives. In fact, in Congresses before that.

The fact of the matter is in the 102d Congress, there was a discussion about reform. The present Secretary of Agriculture made a very strong recommendation that we adopt a position of administrative officer for the House of Representatives. He made that recommendation to Speaker Foley. In bipartisan meetings between the Republican leadership and the Democratic leadership, there was a discussion of how that would be formatted. Sequent those discussions in the next Congress, we did establish in fact a position of administrative officer for the ministerial duties, that is, the nonpolicymaking, nonlegislative duties of the House. That was the appropriate and correct step in my opinion to take.

At the urging of the Republican minority in the 103rd Congress, and in the 102d, the selection of that administrative officer was established in a bipartisan fashion, so much so that the minority leader in effect had a veto over the selection of the administrative officer. The committee selecting that administrative officer was made up of the Speaker, the majority leader and the minority leader and it had to be a unanimous choice, thereby giving the minority leader essentially a veto. That was done to assure that we would have a bipartisan agreement on an administrator for the business of this House.

All of us love this House and want it to be respected by the American public. I think all of us want to have this House run in as effective, businesslike fashion as we can accomplish. That benefits everybody in this House and it benefits all of America. Our differences should not be on how we efficiently operate the House, it should be on the policies that we adopt, that we contend for both in elections and on this floor.

In the 104th Congress, that policy that was adopted was changed and the administrative officer was created as a partisan officer. I frankly did not necessarily disagree with that, as I said in committee, as the gentleman from Ohio will recall. Because effectively what the new majority said was that the Speaker was responsible for the administration of the House. I think that is basically correct. Frankly, on our side I had argued that proposition in the 102d and 103d Congress but I had lost and we had created the bipartisan mechanism for selecting the administrator.

In the 104th Congress, though, the change resulted in a committee being established with the gentleman from Iowa [Mr. NUSSLE], I believe, as the transition officer, I suppose. And an administrative officer was selected, in my opinion not in a bipartisan fashion, not with input from the minority, and in my opinion frankly without much discussion perhaps in the majority party as well. We have a report pending on that, on the performance of the administrative officer in the last Congress and for the first few months of this Congress. We will be discussing that at some time in the future.

The selection of this administrative officer, I think, was done in a proper fashion to the extent that it was done in a bipartisan fashion with input from the chairman of the Democratic Caucus, who has been at the administration of the House for many, many years because he has been in the leadership for over a decade. I have had the pleasure of serving with him in the leadership for over a decade.

□ 1715

I do not know Mr. Eagen. The gentleman from California [Mr. FAZIO] has indicated that he is a man of ability and integrity, and the gentleman from Michigan [Mr. KILDEE], for whom I have great respect indicates a man of fairness. That is the kind of administrative officer this House needs.

So, as I said, I have no intention of opposing the selection of this administrative officer. Suffice it to say, however, that the gentleman from California [Mr. THOMAS] has indicated that there was a national search for an officer. I think that was appropriate because what this House needs in a bipartisan and effectively nonpartisan way, to assure ourselves and the American public that the business of the House, the paying of our bills, the managing of our information system, all of that which has nothing to do with the formulation of policy but everything to do with the effective management of the people's House is being done in a proper fashion. I would hope and expect that that will be the result from this appointment.

With those few words, Mr. Speaker, unless there is anybody who wants additional time, I yield back the balance of my time.

Mr. BOEHNER. Mr. Speaker, I yield such time as he may consume once again to my colleague from California, Mr. THOMAS, the chairman of the Committee on House Oversight.

Mr. THOMAS. Mr. Speaker, I thank the gentleman for yielding this time to me.

I do not wish to revisit the distant past, a time when there were no independent audits, and the first ever chief financial officer on the first decision he made was not backed up and, therefore, resigned because he could not be independent. I wish to revisit the recent past, the past between the resignation of the first CAO and today because frankly someone who has not yet been recognized has performed yeoman service for the House. Jeff Trandahl, who has been the acting CAO for a period longer than he had anticipated, I believe now has a high comfort level as he leaves this temporary office and moves back to the Clerk's office where he is the Clerk's right arm. I just think it is appropriate, as Jay Eagen comes in as the new CAO, for the House to recognize the extraordinary service of someone who was asked to help and who has never said no, and for, as I said, a longer period than anticipated has helped and helped willingly in making sure that the transition to the new CAO is as smooth as it has been, and I want the House to recognize the contribution made by Jeff Trandahl.

Mr. FAZIO of California. Mr. Speaker, will the gentleman yield?

Mr. BOEHNER. I yield such time as he may consume to the gentleman from California [Mr. FAZIO], my colleague and the chairman of the Democrat Caucus and former ranking member on the Committee on House Oversight.

Mr. FAZIO of California. Mr. Speaker, I also wanted to indicate to Jeff Trandahl the support that he has generated on the minority side. Because of the way he has conducted himself, he has been a tribute not only to his employer, the Clerk, Robin Carle, but also to his former employer, one of the more delightful Members to ever have served in the House, the Senator from Kansas, Mr. ROBERTS. He set the right tone in the job that he has performed over the last 6 months and I think has shown the way in which the job can be performed to those who succeed in it, and I want to congratulate him on the performance and indicate that those on this side of the aisle wish him well in his future, short term and long term.

Mr. BOEHNER. Reclaiming my time, Mr. Speaker, let me close this discussion by also congratulating the Acting CAO, Jeff Trandahl. Jeff is a valued employee of the House, and he worked for PAT ROBERTS for many years, and he worked for the Committee on Agriculture and then worked in the Clerk's office over the last 2 years before taking over this temporary assignment. And I think the best tribute to Jeff over the last 6 months, 7 months or so, is that we have not heard one word about the Acting CAO for this period of time that he has been there, and he has done, I think, a marvelous job running the organization, and with that I look forward to the dawning of our new CAO, Jay Eagen.

Mr. Speaker, I yield back the balance of my time, and I move the previous question on the resolution.

The previous question was ordered.

The resolution was agreed to.

A motion to reconsider was laid on the table.

INTERNATIONAL DOLPHIN CONSERVATION PROGRAM ACT

Mr. SAXTON. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H.R. 408] to amend the Marine Mammal Protection Act of 1972 to support the International Dolphin Conservation Program in the eastern tropical Pacific Ocean, and for other purposes, with a Senate amendment thereto and concur in the Senate amendment.

The Clerk read the title of the bill.

The Clerk read the Senate amendment, as follows:

Senate amendment:

Strike out all after the enacting clause and insert:

SECTION 1. SHORT TITLE; REFERENCES.

(a) SHORT TITLE.—This Act may be cited as the "International Dolphin Conservation Program Act".

(b) REFERENCES TO MARINE MAMMAL PROTECTION ACT.—Except as otherwise expressly provided, whenever in this Act an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Marine Mammal Protection Act of 1972 (16 U.S.C. 1361 et seq.).

SEC. 2. PURPOSES AND FINDINGS.

(a) PURPOSES.—The purposes of this Act are—

(1) to give effect to the Declaration of Panama, signed October 4, 1995, by the Governments of Belize, Colombia, Costa Rica, Ecuador, France, Honduras, Mexico, Panama, Spain, the United States of America, Vanuatu, and Venezuela, including the establishment of the International Dolphin Conservation Program, relating to the protection of dolphins and other species, and the conservation and management of tuna in the eastern tropical Pacific Ocean;

(2) to recognize that nations fishing for tuna in the eastern tropical Pacific Ocean have achieved significant reductions in dolphin mortality associated with that fishery; and

(3) to eliminate the ban on imports of tuna from those nations that are in compliance with the International Dolphin Conservation Program.

(b) FINDINGS.—The Congress finds that—

(1) the nations that fish for tuna in the eastern tropical Pacific Ocean have achieved significant reductions in dolphin mortality associated with the purse seine fishery from hundreds of thousands annually to fewer than 5,000 annually;

(2) the provisions of the Marine Mammal Protection Act of 1972 that impose a ban on imports from nations that fish for tuna in the eastern tropical Pacific Ocean have served as an incentive to reduce dolphin mortalities;

(3) tuna canners and processors of the United States have led the canning and processing industry in promoting a dolphin-safe tuna market; and

(4) 12 signatory nations to the Declaration of Panama, including the United States, agreed under that Declaration to require that the total annual dolphin mortality in the purse seine fishery for yellowfin tuna in the eastern tropical Pacific Ocean not exceed 5,000 animals, with the objective of progressively reducing dolphin mortality to a level approaching zero through the setting of annual limits and with the goal of eliminating dolphin mortality.

SEC. 3. DEFINITIONS.

Section 3 (16 U.S.C. 1362) is amended by adding at the end the following new paragraphs:

"(28) The term 'International Dolphin Conservation Program' means the international program established by the agreement signed in LaJolla, California, in June, 1992, as formalized, modified, and enhanced in accordance with the Declaration of Panama.

"(29) The term 'Declaration of Panama' means the declaration signed in Panama City, Republic of Panama, on October 4, 1995.".

SEC. 4. AMENDMENTS TO TITLE I.

(a) EXCEPTIONS TO MORATORIUM.—Section 101(a)(2) (16 U.S.C. 1371(a)(2)) is amended—

(1) by inserting after the first sentence "Such authorizations may be granted under title III with respect to purse seine fishing for yellowfin tuna in the eastern tropical Pacific Ocean, subject to regulations prescribed under that title by the Secretary without regard to section 103."; and

(2) by striking the semicolon in the second sentence and all that follows through "practicable".

(b) DOCUMENTATION REQUIRED.—Section 101(a)(2) (16 U.S.C. 1371(a)(2)) is further amended—

(1) by striking subparagraph (B) and inserting the following:

"(B) in the case of yellowfin tuna harvested with purse seine nets in the eastern tropical Pacific Ocean, and products therefrom, to be exported to the United States, shall require that the government of the exporting nation provide documentary evidence that—

"(i)(I) the tuna or products therefrom were not banned from importation under this paragraph before the effective date of section 4 of the International Dolphin Conservation Program Act; or

"(II) the tuna or products therefrom were harvested after the effective date of section 4 of the International Dolphin Conservation Program Act by vessels of a nation which participates in the International Dolphin Conservation Program, and such harvesting nation is either a member of the Inter-American Tropical Tuna Commission or has initiated (and within 6 months thereafter completed) all steps required of applicant nations, in accordance with article V, paragraph 3 of the Convention establishing the Inter-American Tropical Tuna Commission, to become a member of that organization;

"(ii) such nation is meeting the obligations of the International Dolphin Conservation Program and the obligations of membership in the Inter-American Tropical Tuna Commission, including all financial obligations; and

"(iii) the total dolphin mortality limits, and per-stock per-year dolphin mortality limits permitted for that nation's vessels under the International Dolphin Conservation Program do not exceed the limits determined for 1997, or for any year thereafter, consistent with the objective of progressively reducing dolphin mortality to a level approaching zero through the setting of annual limits and the goal of eliminating dolphin mortality, and requirements of the International Dolphin Conservation Program;";

(2) by redesignating subparagraphs (C), (D), and (E) as subparagraphs (D), (E), and (F), respectively;

(3) by inserting after subparagraph (B) the following:

"(C) shall not accept such documentary evidence if—

"(i) the government of the harvesting nation does not provide directly or authorize the Inter-American Tropical Tuna Commission to release complete and accurate information to the Secretary in a timely manner—

"(I) to allow determination of compliance with the International Dolphin Conservation Program; and

"(II) for the purposes of tracking and verifying compliance with the minimum requirements established by the Secretary in regulations promulgated under subsection (f) of the Dolphin Protection Consumer Information Act (16 U.S.C. 1385(f)); or

"(ii) after taking into consideration such information, findings of the Inter-American Tropical Tuna Commission, and any other relevant information, including information that a nation is consistently failing to take enforcement actions on violations which diminish the effectiveness of the International Dolphin Conservation Program, the Secretary, in consultation with the Secretary of State, finds that the harvesting nation is not in compliance with the International Dolphin Conservation Program."; and

(4) by striking "subparagraph (E)" in the matter after subparagraph (F), as redesignated by paragraph (2) of this subsection, and inserting "subparagraph (F)".

(c) CERTAIN INCIDENTAL TAKINGS.—Section 101 (16 U.S.C. 1371) is further amended by adding at the end the following new subsection:

"(e) ACT NOT TO APPLY TO INCIDENTAL TAKINGS BY UNITED STATES CITIZENS EMPLOYED ON FOREIGN VESSELS OUTSIDE THE UNITED STATES EEZ.—The provisions of this Act shall not apply to a citizen of the United States who incidentally takes any marine mammal during fishing operations outside the United States exclusive economic zone (as defined in section 3 of the Magnuson-Stevens Fishery Conservation and Management Act (16 U.S.C. 1802)) when employed on a foreign fishing vessel of a harvesting nation which is in compliance with the International Dolphin Conservation Program.".

(d) PERMITS.—Section 104(h) (16 U.S.C. 1374(h)) is amended to read as follows:

"(h) GENERAL PERMITS.—

"(1) Consistent with the regulations prescribed pursuant to section 103 of this title and

to the requirements of section 101 of this title, the Secretary may issue an annual permit to a United States purse seine fishing vessel for the taking of such marine mammals, and shall issue regulations to cover the use of any such annual permits.

"(2) Such annual permits for the incidental taking of marine mammals in the course of commercial purse seine fishing for yellowfin tuna in the eastern tropical Pacific Ocean shall be governed by section 306 of this Act, subject to the regulations issued pursuant to section 303 of this Act.".

(e) INTERNATIONAL NEGOTIATIONS.—Section 108(a)(2) (16 U.S.C. 1378(a)(2)) is amended—

(1) by striking "and" at the end of subparagraph (A);

(2) by inserting after subparagraph (B) the following:

"(C) negotiations to revise the Convention for the Establishment of an Inter-American Tropical Tuna Commission (1 U.S.T. 230; TIAS 2044) which will incorporate—

"(i) the conservation and management provisions agreed to by the nations which have signed the Declaration of Panama and in the Straddling Fish Stocks and Highly Migratory Fish Stocks Agreement, as opened for signature on December 4, 1995; and

"(ii) a revised schedule of annual contributions to the expenses of the Inter-American Tropical Tuna Commission that is equitable to participating nations; and

"(D) discussions with those countries participating, or likely to participate, in the International Dolphin Conservation Program, for the purpose of identifying sources of funds needed for research and other measures promoting effective protection of dolphins, other marine species, and the marine ecosystem;".

(f) RESEARCH GRANTS.—Section 110(a) (16 U.S.C. 1380(a)) is amended—

(1) by striking "(1)" in paragraph (1); and

(2) by striking paragraph (2).

SEC. 5. AMENDMENTS TO DOLPHIN PROTECTION CONSUMER INFORMATION ACT.

(a) LABELING STANDARD.— Subsection (d) of the Dolphin Protection Consumer Information Act (16 U.S.C. 1385(d)) is amended to read as follows:

"(d) LABELING STANDARD.—

"(1) It is a violation of section 5 of the Federal Trade Commission Act (15 U.S.C. 45) for any producer, importer, exporter, distributor, or seller of any tuna product that is exported from or offered for sale in the United States to include on the label of that product the term 'dolphin safe' or any other term or symbol that falsely claims or suggests that the tuna contained in the product were harvested using a method of fishing that is not harmful to dolphins if the product contains tuna harvested—

"(A) on the high seas by a vessel engaged in driftnet fishing;

"(B) outside the eastern tropical Pacific Ocean by a vessel using purse seine nets—

"(i) in a fishery in which the Secretary has determined that a regular and significant association occurs between dolphins and tuna (similar to the association between dolphins and tuna in the eastern tropical Pacific Ocean), unless such product is accompanied by a written statement, executed by the captain of the vessel and an observer participating in a national or international program acceptable to the Secretary, certifying that no purse seine net was intentionally deployed on or used to encircle dolphins during the particular voyage on which the tuna were caught and no dolphins were killed or seriously injured in the sets in which the tuna were caught; or

"(ii) in any other fishery (other than a fishery described in subparagraph (D)) unless the product is accompanied by a written statement executed by the captain of the vessel certifying that no purse seine net was intentionally deployed on or used to encircle dolphins during the particular voyage on which the tuna was harvested;

"(C) in the eastern tropical Pacific Ocean by a vessel using a purse seine net unless the tuna meet the requirements for being considered dolphin safe under paragraph (2); or

"(D) by a vessel in a fishery other than one described in subparagraph (A), (B), or (C) that is identified by the Secretary as having a regular and significant mortality or serious injury of dolphins, unless such product is accompanied by a written statement executed by the captain of the vessel and an observer participating in a national or international program acceptable to the Secretary that no dolphins were killed or seriously injured in the sets or other gear deployments in which the tuna were caught, provided that the Secretary determines that such an observer statement is necessary.

"(2) For purposes of paragraph (1)(C), a tuna product that contains tuna harvested in the eastern tropical Pacific Ocean by a vessel using purse seine nets is dolphin safe if—

"(A) the vessel is of a type and size that the Secretary has determined, consistent with the International Dolphin Conservation Program, is not capable of deploying its purse seine nets on or to encircle dolphins; or

"(B)(i) the product is accompanied by a written statement executed by the captain providing the certification required under subsection (h);

"(ii) the product is accompanied by a written statement executed by—

"(I) the Secretary or the Secretary's designee;

"(II) a representative of the Inter-American Tropical Tuna Commission; or

"(III) an authorized representative of a participating nation whose national program meets the requirements of the International Dolphin Conservation Program,

which states that there was an observer approved by the International Dolphin Conservation Program on board the vessel during the entire trip and that such observer provided the certification required under subsection (h); and

"(iii) the statements referred to in clauses (i) and (ii) are endorsed in writing by each exporter, importer, and processor of the product; and

"(C) the written statements and endorsements referred to in subparagraph (B) comply with regulations promulgated by the Secretary which provide for the verification of tuna products as dolphin safe.

"(3)(A) The Secretary of Commerce shall develop an official mark that may be used to label tuna products as dolphin safe in accordance with this Act.

"(B) A tuna product that bears the dolphin safe mark developed under subparagraph (A) shall not bear any other label or mark that refers to dolphins, porpoises, or marine mammals.

"(C) It is a violation of section 5 of the Federal Trade Commission Act (15 U.S.C. 45) to label a tuna product with any label or mark that refers to dolphins, porpoises, or marine mammals other than the mark developed under subparagraph (A) unless—

"(i) no dolphins were killed or seriously injured in the sets or other gear deployments in which the tuna were caught;

"(ii) the label is supported by a tracking and verification program which is comparable in effectiveness to the program established under subsection (f); and

"(iii) the label complies with all applicable labeling, marketing, and advertising laws and regulations of the Federal Trade Commission, including any guidelines for environmental labeling.

"(D) If the Secretary determines that the use of a label referred to in subparagraph (C) is substantially undermining the conservation goals of the International Dolphin Conservation Program, the Secretary shall report that determination to the United States Senate Committee on Commerce, Science, and Transportation and the United States House of Representatives Committees on Resources and on Commerce, along with recommendations to correct such problems.

"(E) It is a violation of section 5 of the Federal Trade Commission Act (15 U.S.C. 45) willingly and knowingly to use a label referred to in subparagraph (C) in a campaign or effort to mislead or deceive consumers about the level of protection afforded dolphins under the International Dolphin Conservation Program.".

(b) TRACKING REGULATIONS.—Subsection (f) of the Dolphin Protection Consumer Information Act (16 U.S.C. 1385(f)) is amended to read as follows:

"(f) REGULATIONS.—The Secretary, in consultation with the Secretary of the Treasury, shall issue regulations to implement this Act, including regulations to establish a domestic tracking and verification program that provides for the effective tracking of tuna labeled under subsection (d). In the development of these regulations, the Secretary shall establish appropriate procedures for ensuring the confidentiality of proprietary information the submission of which is voluntary or mandatory. The regulations shall address each of the following items:

"(1) The use of weight calculation for purposes of tracking tuna caught, landed, processed, and exported.

"(2) Additional measures to enhance current observer coverage, including the establishment of criteria for training, and for improving monitoring and reporting capabilities and procedures.

"(3) The designation of well location, procedures for sealing holds, procedures for monitoring and certifying both above and below deck, or through equally effective methods, the tracking and verification of tuna labeled under subsection (d).

"(4) The reporting, receipt, and database storage of radio and facsimile transmittals from fishing vessels containing information related to the tracking and verification of tuna, and the definition of set.

"(5) The shore-based verification and tracking throughout the fishing, transshipment, and canning process by means of Inter-American Tropical Tuna Commission trip records or otherwise.

"(6) The use of periodic audits and spot checks for caught, landed, and processed tuna products labeled in accordance with subsection (d).

"(7) The provision of timely access to data required under this subsection by the Secretary from harvesting nations to undertake the actions required in paragraph (6) of this paragraph.

The Secretary may make such adjustments as may be appropriate to the regulations promulgated under this subsection to implement an international tracking and verification program that meets or exceeds the minimum requirements established by the Secretary under this subsection.".

(c) FINDINGS CONCERNING IMPACT ON DEPLETED STOCKS.—The Dolphin Protection Consumer Information Act (16 U.S.C. 1385) is amended by striking subsections (g), (h), and (i) and inserting the following:

"(g) SECRETARIAL FINDINGS.—(1) Between March 1, 1999, and March 31, 1999, the Secretary shall, on the basis of the research conducted before March 1, 1999, under section 304(a) of the Marine Mammal Protection Act of 1972, information obtained under the International Dolphin Conservation Program, and any other relevant information, make an initial finding regarding whether the intentional deployment on or encirclement of dolphins with *purse seine nets is having a significant adverse impact on any depleted dolphin stock in the eastern tropical Pacific Ocean. The initial finding shall be published immediately in the Federal Register and shall become effective upon a subsequent date determined by the Secretary.*

"(2) Between July 1, 2001, and December 31, 2002, the Secretary shall, on the basis of the completed study conducted under section 304(a) of the Marine Mammal Protection Act of 1972, information obtained under the International Dolphin Conservation Program, and any other relevant information, make a finding regarding whether the intentional deployment on or encirclement of dolphins with purse seine nets is having a significant adverse impact on any depleted dolphin stock in the eastern tropical Pacific Ocean. The finding shall be published immediately in the Federal Register and shall become effective upon a subsequent date determined by the Secretary.

"(h) CERTIFICATION BY CAPTAIN AND OBSERVER.—

"(1) Unless otherwise required by paragraph (2), the certification by the captain under subsection (d)(2)(B)(i) and the certification provided by the observer as specified in subsection (d)(2)(B)(ii) shall be that no dolphins were killed or seriously injured during the sets in which the tuna were caught.

"(2) The certification by the captain under subsection (d)(2)(B)(i) and the certification provided by the observer as specified under subsection (d)(2)(B)(ii) shall be that no tuna were caught on the trip in which such tuna were harvested using a purse seine net intentionally deployed on or to encircle dolphins, and that no dolphins were killed or seriously injured during the sets in which the tuna were caught, if the tuna were caught on a trip commencing—

"(A) before the effective date of the initial finding by the Secretary under subsection (g)(1);

"(B) after the effective date of such initial finding and before the effective date of the finding of the Secretary under subsection (g)(2), where the initial finding is that the intentional deployment on or encirclement of dolphins is having a significant adverse impact on any depleted dolphin stock; or

"(C) after the effective date of the finding under subsection (g)(2), where such finding is that the intentional deployment on or encirclement of dolphins is having a significant adverse impact on any such depleted stock.".

SEC. 6. AMENDMENTS TO TITLE III.

(a) CHANGE OF TITLE HEADING.—The heading of title III is amended to read as follows:

"TITLE III—INTERNATIONAL DOLPHIN CONSERVATION PROGRAM".

(b) ADDITIONAL FINDINGS.—Section 301 (16 U.S.C. 1411) is amended—

(1) by striking paragraph (4) of subsection (a) and inserting the following:

"(4) Nations harvesting yellowfin tuna in the eastern tropical Pacific Ocean have demonstrated their willingness to participate in appropriate multilateral agreements to reduce dolphin mortality progressively to a level approaching zero through the setting of annual limits, with the goal of eliminating dolphin mortality in that fishery. Recognition of the International Dolphin Conservation Program will assure that the existing trend of reduced dolphin mortality continues; that individual stocks of dolphins are adequately protected; and that the goal of eliminating all dolphin mortality continues to be a priority."; and

(2) by striking paragraphs (2) and (3) of subsection (b) and inserting the following:

"(2) support the International Dolphin Conservation Program and efforts within the Program to reduce, with the goal of eliminating, the mortality referred to in paragraph (1);

"(3) ensure that the market of the United States does not act as an incentive to the harvest of tuna caught with driftnets or caught by purse seine vessels in the eastern tropical Pacific Ocean not operating in compliance with the International Dolphin Conservation Program;".

(c) Title III (16 U.S.C. 1411 et seq.) is amended by striking sections 302 through 306 (16 U.S.C. 1412 through 1416) and inserting the following:

"SEC. 302. INTERNATIONAL DOLPHIN CONSERVATION PROGRAM.

"The Secretary of State, in consultation with the Secretary, shall seek to secure a binding international agreement to establish an International Dolphin Conservation Program that requires—

"(1) that the total annual dolphin mortality in the purse seine fishery for yellowfin tuna in the eastern tropical Pacific Ocean shall not exceed 5,000 animals with a commitment and objective to progressively reduce dolphin mortality to a level approaching zero through the setting of annual limits;

"(2) the establishment of a per-stock per-year dolphin mortality limit, to be in effect through calendar year 2000, at a level between 0.2 percent and 0.1 percent of the minimum population estimate, as calculated, revised, or approved by the Secretary;

"(3) the establishment of a per-stock per-year dolphin mortality limit, beginning with the calendar year 2001, at a level less than or equal to 0.1 percent of the minimum population estimate as calculated, revised, or approved by the Secretary;

"(4) that if a dolphin mortality limit is exceeded under—

"(A) paragraph (1), all sets on dolphins shall cease for the applicable fishing year; and

"(B) paragraph (2) or (3), all sets on the stocks covered under paragraph (2) or (3) and any mixed schools that contain any of those stocks shall cease for the applicable fishing year;

"(5) a scientific review and assessment to be conducted in calendar year 1998 to—

"(A) assess progress in meeting the objectives set for calendar year 2000 under paragraph (2); and

"(B) as appropriate, consider recommendations for meeting these objectives;

"(6) a scientific review and assessment to be conducted in calendar year 2000—

"(A) to review the stocks covered under paragraph (3); and

"(B) as appropriate to consider recommendations to further the objectives set under that paragraph;

"(7) the establishment of a per vessel maximum annual dolphin mortality limit consistent with the established per-year mortality limits, as determined under paragraphs (1) through (3); and

"(8) the provision of a system of incentives to vessel captains to continue to reduce dolphin mortality, with the goal of eliminating dolphin mortality.

"SEC. 303. REGULATORY AUTHORITY OF THE SECRETARY.

"(a) REGULATIONS.—

"(1) The Secretary shall issue regulations, and revise those regulations as may be appropriate, to implement the International Dolphin Conservation Program.

"(2)(A) The Secretary shall issue regulations to authorize and govern the taking of marine mammals in the eastern tropical Pacific Ocean, including any species of marine mammal designated as depleted under this Act but not listed as endangered or threatened under the Endangered Species Act (16 U.S.C. 1531 et seq.), by vessels of the United States participating in the International Dolphin Conservation Program.

"(B) Regulations issued under this section shall include provisions—

"(i) requiring observers on each vessel;

"(ii) requiring use of the backdown procedure or other procedures equally or more effective in avoiding mortality of, or serious injury to, marine mammals in fishing operations;

"(iii) prohibiting intentional sets on stocks and schools in accordance with the International Dolphin Conservation Program;

"(iv) requiring the use of special equipment, including dolphin safety panels in nets, monitoring devices as identified by the International Dolphin Conservation Program to detect unsafe fishing conditions that may cause high incidental dolphin mortality before nets are deployed by a tuna vessel, operable rafts, speedboats with towing bridles, floodlights in operable condition, and diving masks and snorkels;

"(v) ensuring that the backdown procedure during sets of purse seine net on marine mammals is completed and rolling of the net to sack up has begun no later than 30 minutes before sundown;

"(vi) banning the use of explosive devices in all purse seine operations;

"(vii) establishing per vessel maximum annual dolphin mortality limits, total dolphin mortality limits and per-stock per-year mortality limits in accordance with the International Dolphin Conservation Program;

"(viii) preventing the making of intentional sets on dolphins after reaching either the vessel maximum annual dolphin mortality limits, total dolphin mortality limits, or per-stock per-year mortality limits;

"(ix) preventing the fishing on dolphins by a vessel without an assigned vessel dolphin mortality limit;

"(x) allowing for the authorization and conduct of experimental fishing operations, under such terms and conditions as the Secretary may prescribe, for the purpose of testing proposed improvements in fishing techniques and equipment that may reduce or eliminate dolphin mortality or serious injury do not require the encirclement of dolphins in the course of commercial yellowfin tuna fishing;

"(xi) authorizing fishing within the area covered by the International Dolphin Conservation Program by vessels of the United States without the use of special equipment or nets if the vessel takes an observer and does not intentionally deploy nets on, or encircle, dolphins, under such terms and conditions as the Secretary may prescribe; and

"(xii) containing such other restrictions and requirements as the Secretary determines are necessary to implement the International Dolphin Conservation Program with respect to vessels of the United States.

"(C) ADJUSTMENTS TO REQUIREMENTS.—The Secretary may make such adjustments as may be appropriate to requirements of subparagraph (B) that pertain to fishing gear, vessel equipment, and fishing practices to the extent the adjustments are consistent with the International Dolphin Conservation Program.

"(b) CONSULTATION.—In developing any regulation under this section, the Secretary shall consult with the Secretary of State, the Marine Mammal Commission, and the United States Commissioners to the Inter-American Tropical Tuna Commission appointed under section 3 of the Tuna Conventions Act of 1950 (16 U.S.C. 952).

"(c) EMERGENCY REGULATIONS.—

"(1) If the Secretary determines, on the basis of the best scientific information available (including research conducted under section 304 and information obtained under the International Dolphin Conservation Program) that the incidental mortality and serious injury of marine mammals authorized under this title is having, or is likely to have, a significant adverse impact on a marine mammal stock or species, the Secretary shall—

"(A) notify the Inter-American Tropical Tuna Commission of his or her determination, along with recommendations to the Commission as to actions necessary to reduce incidental mortality and serious injury and mitigate such adverse impact; and

"(B) prescribe emergency regulations to reduce incidental mortality and serious injury and mitigate such adverse impact.

"(2) Before taking action under subparagraph (A) or (B) of paragraph (1), the Secretary shall consult with the Secretary of State, the Marine Mammal Commission, and the United States Commissioners to the Inter-American Tropical Tuna Commission.

"(3) Emergency regulations prescribed under this subsection—

"(A) shall be published in the Federal Register, together with an explanation thereof;

"(B) shall remain in effect for the duration of the applicable fishing year; and

"(C) may be terminated by the Secretary at an earlier date by publication in the Federal Register of a notice of termination if the Secretary determines that the reasons for the emergency action no longer exist.

"(4) If the Secretary finds that the incidental mortality and serious injury of marine mammals in the yellowfin tuna fishery in the eastern tropical Pacific Ocean is continuing to have a significant adverse impact on a stock or species, the Secretary may extend the emergency regulations for such additional periods as may be necessary.

"(5) Within 120 days after the Secretary notifies the United States Commissioners to the Inter-American Tropical Tuna Commission of the Secretary's determination under paragraph (1)(A), the United States Commissioners shall call for a special meeting of the Commission to address the actions necessary to reduce incidental mortality and serious injury and mitigate the adverse impact which resulted in the determination. The Commissioners shall report the results of the special meeting in writing to the Secretary and to the Secretary of State. In their report, the Commissioners shall—

"(A) include a description of the actions taken by the harvesting nations or under the International Dolphin Conservation Program to reduce the incidental mortality and serious injury and measures to mitigate the adverse impact on the marine mammal species or stock;

"(B) indicate whether, in their judgment, the actions taken address the problem adequately; and

"(C) if they indicate that the actions taken do not address the problem adequately, include recommendations of such additional action to be taken as may be necessary.

"SEC. 304. RESEARCH.

"(a) REQUIRED RESEARCH.—

"(1) IN GENERAL.—The Secretary shall, in consultation with the Marine Mammal Commission and the Inter-American Tropical Tuna Commission, conduct a study of the effect of intentional encirclement (including chase) on dolphins and dolphin stocks incidentally taken in the course of purse seine fishing for yellowfin tuna in the eastern tropical Pacific Ocean. The study, which shall commence on October 1, 1997, shall consist of abundance surveys as described in paragraph (2) and stress studies as described in paragraph (3), and shall address the question of whether such encirclement is having a significant adverse impact on any depleted dolphin stock in the eastern tropical Pacific Ocean.

"(2) POPULATION ABUNDANCE SURVEYS.—The abundance surveys under this subsection shall survey the abundance of such depleted stocks and shall be conducted during each of the calendar years 1998, 1999, and 2000.

"(3) STRESS STUDIES.—The stress studies under this subsection shall include—

"(A) a review of relevant stress-related research and a 3-year series of necropsy samples from dolphins obtained by commercial vessels;

"(B) a 1-year review of relevant historical demographic and biological data related to dolphins and dolphin stocks referred to in paragraph (1); and

"(C) an experiment involving the repeated chasing and capturing of dolphins by means of intentional encirclement.

"(4) REPORT.—No later than 90 days after publishing the finding under subsection (g)(2) of the Dolphin Protection Consumer Information Act, the Secretary shall complete and submit a report containing the results of the research described in this subsection to the United States Senate Committee on Commerce, Science, and Transportation and the United States House of Representatives Committees on Resources and on Commerce, and to the Inter-American Tropical Tuna Commission.

"(b) OTHER RESEARCH.—

"(1) IN GENERAL.—In addition to conducting the research described in subsection (a), the Secretary shall, in consultation with the Marine Mammal Commission and in cooperation with the nations participating in the International Dolphin Conservation Program and the Inter-American Tropical Tuna Commission, undertake or support appropriate scientific research to further the goals of the International Dolphin Conservation Program.

"(2) SPECIFIC AREAS OF RESEARCH.—Research carried out under paragraph (1) may include—

"(A) projects to devise cost-effective fishing methods and gear so as to reduce, with the goal of eliminating, the incidental mortality and serious injury of marine mammals in connection with commercial purse seine fishing in the eastern tropical Pacific Ocean;

"(B) projects to develop cost-effective methods of fishing for mature yellowfin tuna without setting nets on dolphins or other marine mammals;

"(C) projects to carry out stock assessments for those marine mammal species and marine mammal stocks taken in the purse seine fishery for yellowfin tuna in the eastern tropical Pacific Ocean, including species or stocks not within waters under the jurisdiction of the United States; and

"(D) projects to determine the extent to which the incidental take of nontarget species, including juvenile tuna, occurs in the course of purse seine fishing for yellowfin tuna in the eastern tropical Pacific Ocean, the geographic location of the incidental take, and the impact of that incidental take on tuna stocks and nontarget species.

"(c) AUTHORIZATION OF APPROPRIATIONS.—

"(1) There are authorized to be appropriated to the Secretary the following amounts, to be used by the Secretary to carry out the research described in subsection (a):

"(A) $4,000,000 for fiscal year 1998.

"(B) $3,000,000 for fiscal year 1999.

"(C) $4,000,000 for fiscal year 2000.

"(D) $1,000,000 for fiscal year 2001.

"(2) In addition to the amount authorized to be appropriated under paragraph (1), there are authorized to be appropriated to the Secretary for carrying out this section $3,000,000 for each of the fiscal years 1998, 1999, 2000, and 2001.

"SEC. 305. REPORTS BY THE SECRETARY.

"Notwithstanding section 103(f), the Secretary shall submit annual reports to the Congress which include—

"(1) results of research conducted pursuant to section 304;

"(2) a description of the status and trends of stocks of tuna;

"(3) a description of the efforts to assess, avoid, reduce, and minimize the bycatch of juvenile yellowfin tuna and bycatch of nontarget species;

"(4) a description of the activities of the International Dolphin Conservation Program and of the efforts of the United States in support of the Program's goals and objectives, including the protection of dolphin stocks in the eastern tropical Pacific Ocean, and an assessment of the effectiveness of the Program;

"(5) actions taken by the Secretary under section 101(a)(2)(B) and section 101(d);

"(6) copies of any relevant resolutions and decisions of the Inter-American Tropical Tuna Commission, and any regulations promulgated by the Secretary under this title; and

"(7) any other information deemed relevant by the Secretary.

"SEC. 306. PERMITS.

"(a) IN GENERAL.—

"(1) Consistent with the regulations issued pursuant to section 303, the Secretary shall issue a permit to a vessel of the United States authorizing participation in the International Dolphin Conservation Program and may require a permit for the person actually in charge of and controlling the fishing operation of the vessel. The Secretary shall prescribe such procedures as are necessary to carry out this subsection, including requiring the submission of—

"(A) the name and official number or other identification of each fishing vessel for which a permit is sought, together with the name and address of the owner thereof; and

"(B) the tonnage, hold capacity, speed, processing equipment, and type and quantity of gear, including an inventory of special equipment required under section 303, with respect to each vessel.

"(2) The Secretary is authorized to charge a fee for granting an authorization and issuing a permit under this section. The level of fees charged under this paragraph may not exceed the administrative cost incurred in granting an authorization and issuing a permit. Fees collected under this paragraph shall be available to the Under Secretary of Commerce for Oceans and Atmosphere for expenses incurred in granting authorizations and issuing permits under this section.

"(3) After the effective date of the International Dolphin Conservation Program Act, no vessel of the United States shall operate in the yellowfin tuna fishery in the eastern tropical Pacific Ocean without a valid permit issued under this section.

"(b) PERMIT SANCTIONS.—

"(1) In any case in which—

"(A) a vessel for which a permit has been issued under this section has been used in the commission of an act prohibited under section 307;

"(B) the owner or operator of any such vessel or any other person who has applied for or been issued a permit under this section has acted in violation of section 307; or

"(C) any civil penalty or criminal fine imposed on a vessel, owner or operator of a vessel, or other person who has applied for or been issued a permit under this section has not been paid or is overdue,

the Secretary may—

"(i) revoke any permit with respect to such vessel, with or without prejudice to the issuance of subsequent permits;

"(ii) suspend such permit for a period of time considered by the Secretary to be appropriate;

"(iii) deny such permit; or

"(iv) impose additional conditions or restrictions on any permit issued to, or applied for by, any such vessel or person under this section.

"(2) In imposing a sanction under this subsection, the Secretary shall take into account—

"(A) the nature, circumstances, extent, and gravity of the prohibited acts for which the sanction is imposed; and

"(B) with respect to the violator, the degree of culpability, any history of prior offenses, and other such matters as justice requires.

"(3) Transfer of ownership of a vessel, by sale or otherwise, shall not extinguish any permit sanction that is in effect or is pending at the time of transfer of ownership. Before executing the transfer of ownership of a vessel, by sale or otherwise, the owner shall disclose in writing to the prospective transferee the existence of any permit sanction that will be in effect or pending with respect to the vessel at the time of transfer.

"(4) In the case of any permit that is suspended for the failure to pay a civil penalty or criminal fine, the Secretary shall reinstate the permit upon payment of the penalty or fine and interest thereon at the prevailing rate.

"(5) No sanctions shall be imposed under this section unless there has been a prior opportunity for a hearing on the facts underlying the violation for which the sanction is imposed, either in conjunction with a civil penalty proceeding under this title or otherwise.".

(d) Section 307 (16 U.S.C. 1417) is amended—

(1) by striking paragraphs (1), (2), and (3) of subsection (a) and inserting the following:

"(1) for any person to sell, purchase, offer for sale, transport, or ship, in the United States, any tuna or tuna product unless the tuna or tuna product is either dolphin safe or has been harvested in compliance with the International Dolphin Conservation Program by a country that is a member of the Inter-American Tropical Tuna Commission or has initiated and within 6 months thereafter completed all steps required of applicant nations in accordance with Article V, paragraph 3 of the Convention establishing the Inter-American Tropical Tuna Commission, to become a member of that organization;

"(2) except as provided for in subsection 101(d), for any person or vessel subject to the jurisdiction of the United States intentionally to set a purse seine net on or to encircle any marine mammal in the course of tuna fishing operations in the eastern tropical Pacific Ocean except in accordance with this title and regulations issued pursuant to this title; and

"(3) for any person to import any yellowfin tuna or yellowfin tuna product or any other fish or fish product in violation of a ban on importation imposed under section 101(a)(2);";

(2) by inserting "(a)(5) or" before "(a)(6)" in subsection (b)(2); and

(3) by striking subsection (d).

(e) Section 308 (16 U.S.C. 1418) is repealed.

(f) CLERICAL AMENDMENTS.—The table of contents in the first section of the Marine Mammal Protection Act of 1972 is amended by striking the items relating to title III and inserting in lieu thereof the following:

"TITLE III—INTERNATIONAL DOLPHIN CONSERVATION PROGRAM

"Sec. 301. Findings and policy.
"Sec. 302. International Dolphin Conservation Program.
"Sec. 303. Regulatory authority of the Secretary.
"Sec. 304. Research.
"Sec. 305. Reports by the Secretary.
"Sec. 306. Permits.
"Sec. 307. Prohibitions.".

SEC. 7. AMENDMENTS TO THE TUNA CONVENTIONS ACT.

(a) Section 3(c) of the Tuna Conventions Act (16 U.S.C. 952(c)) is amended to read as follows:

"(c) at least one shall be either the Administrator, or an appropriate officer, of the National Marine Fisheries Service; and".

(b) Section 4 of the Tuna Conventions Act (16 U.S.C. 953) is amended to read as follows:

"SEC. 4. GENERAL ADVISORY COMMITTEE AND SCIENTIFIC ADVISORY SUBCOMMITTEE.

"(a) APPOINTMENTS; PUBLIC PARTICIPATION; COMPENSATION.—The Secretary, in consultation with the United States Commissioners, shall—

"(1) appoint a General Advisory Committee which shall be composed of not less than 5 nor more than 15 persons with balanced representation from the various groups participating in the fisheries included under the conventions, and from nongovernmental conservation organizations;

"(2) appoint a Scientific Advisory Subcommittee which shall be composed of not less than 5 nor more than 15 qualified scientists with balanced representation from the public and private sectors, including nongovernmental conservation organizations;

"(3) establish procedures to provide for appropriate public participation and public meetings and to provide for the confidentiality of confidential business data; and

"(4) fix the terms of office of the members of the General Advisory Committee and Scientific Advisory Subcommittee, who shall receive no compensation for their services as such members.

"(b) FUNCTIONS.—

"(1) GENERAL ADVISORY COMMITTEE.—The General Advisory Committee shall be invited to have representatives attend all nonexecutive meetings of the United States sections and shall be given full opportunity to examine and to be heard on all proposed programs of investigations, reports, recommendations, and regulations of the Commission. The General Advisory Committee may attend all meetings of the international commissions to which they are invited by such commissions.

"(2) SCIENTIFIC ADVISORY SUBCOMMITTEE.—

"(A) ADVICE.—The Scientific Advisory Subcommittee shall advise the General Advisory Committee and the Commissioners on matters including—

"(i) the conservation of ecosystems;

"(ii) the sustainable uses of living marine resources related to the tuna fishery in the eastern Pacific Ocean; and

"(iii) the long-term conservation and management of stocks of living marine resources in the eastern tropical Pacific Ocean.

"(B) OTHER FUNCTIONS AND ASSISTANCE.—The Scientific Advisory Subcommittee shall, as requested by the General Advisory Committee, the United States Commissioners, or the Secretary, perform functions and provide assistance required by formal agreements entered into by the United States for this fishery, including the International Dolphin Conservation Program. These functions may include—

"(i) the review of data from the Program, including data received from the Inter-American Tropical Tuna Commission;

"(ii) recommendations on research needs, including ecosystems, fishing practices, and gear technology research, including the development and use of selective, environmentally safe and cost-effective fishing gear, and on the coordination and facilitation of such research;

"(iii) recommendations concerning scientific reviews and assessments required under the Program and engaging, as appropriate, in such reviews and assessments;

"(iv) consulting with other experts as needed; and

"(v) recommending measures to assure the regular and timely full exchange of data among the parties to the Program and each nation's National Scientific Advisory Committee (or its equivalent).

"(3) ATTENDANCE AT MEETINGS.—The Scientific Advisory Subcommittee shall be invited to have representatives attend all nonexecutive meetings of the United States sections and the General Advisory Subcommittee and shall be given full opportunity to examine and to be heard on all proposed programs of scientific investigation, scientific reports, and scientific recommendations of the commission. Representatives of the Scientific Advisory Subcommittee may attend meetings of the Inter-American Tropical Tuna Commission in accordance with the rules of such Commission.".

(c) BYCATCH REDUCTION.—The Tuna Conventions Act (16 U.S.C. 951 et seq.) is amended by adding at the end thereof the following:

"SEC. 15. REDUCTION OF BYCATCH IN THE EASTERN TROPICAL PACIFIC OCEAN.

"The Secretary of State, in consultation with the Secretary of Commerce and acting through the United States Commissioners, shall seek, in cooperation with other nations whose vessel fish for tuna in the eastern tropical Pacific Ocean, to establish standards and measures for a bycatch reduction program for vessels fishing for yellowfin tuna in the eastern tropical Pacific Ocean. The bycatch reduction program shall include measures—

"(1) to require, to the maximum extent practicable, that sea turtles and other threatened species and endangered species are released alive;

"(2) to reduce, to the maximum extent practicable, the harvest of nontarget species;

"(3) to reduce, to the maximum extent practicable, the mortality of nontarget species; and

"(4) to reduce, to the maximum extent practicable, the mortality of juveniles of the target species.".

SEC. 8. EFFECTIVE DATES.

(a) AMENDMENTS TO TAKE EFFECT WHEN IDCP IN FORCE.—Sections 3 through 7 of this Act (except for section 304 of the Marine Mammal Protection Act of 1972 as added by section 6 of this Act) shall become effective upon—

(1) certification by the Secretary of Commerce that—

(A) sufficient funding is available to complete the first year of the study required under section 304(a) of the Marine Mammal Protection Act of 1972, as so added; and

(B) the study has commenced; and

(2) certification by the Secretary of State to Congress that a binding resolution of the Inter-American Tropical Tuna Commission or other legally binding instrument establishing the International Dolphin Conservation Program has been adopted and is in force.

(b) SPECIAL EFFECTIVE DATE.—Notwithstanding subsection (a), the Secretary of Commerce may issue regulations under—

(1) subsection (f)(2) of the Dolphin Protection Consumer Information Act (16 U.S.C. 1385(f)(2)), as added by section 5(b) of this Act;

(2) section 303(a) of the Marine Mammal Protection Act of 1972 (16 U.S.C. 1413(a)), as added by section 6(c) of this Act,

at any time after the date of enactment of this Act.

The SPEAKER pro tempore (during the reading). Without objection, the Senate amendment will be considered as read and printed in the RECORD.

There was no objection.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New Jersey?

Mr. ABERCROMBIE. Mr. Speaker, reserving the right to object, I will ask the gentleman from New Jersey to explain his request.

Mr. SAXTON. Mr. Speaker, will the gentleman yield?

Mr. ABERCROMBIE. I yield to the gentleman from New Jersey.

Mr. SAXTON. Mr. Speaker, I appreciate the gentleman's reservation in order that we may discuss the history and the provisions of this bill. Both the gentleman from Maryland [Mr. GILCHREST] and the gentleman from California [Mr. CUNNINGHAM] have worked exceedingly hard both in the House and in the Senate. That effort culminated just a few days ago with a 99 to 0 vote in favor of this bill in the Senate. It simply implements most of the provisions which we provided through the Subcommittee on Fisheries Conservation, Wildlife and Oceans.

Subsequently, the Committee on Resources in this House in passage on the floor here, it also implements the Panama Declaration to protect dolphins and sea life. It is a conservation measure which is extremely important to fishermen on the west coast. It is a compromise that was reached with opponents of the bill, and although it is not perfect, I believe it is a good bill and a bill that should be supported by everyone in the Chamber this afternoon.

Mr. ABERCROMBIE. Further reserving the right to object, Mr. Speaker, might I ask? I noticed that the gentleman from California [Mr. CUNNINGHAM], who has been associated with this bill from the beginning is on the floor and at the podium, and I would like to yield to him for remarks he might make while I consider this reservation.

Mr. CUNNINGHAM. Mr. Speaker, will the gentleman yield?

Mr. ABERCROMBIE. I yield to the gentleman from California.

Mr. CUNNINGHAM. Mr. Speaker, I thank my friend from Hawaii, and we have been friends for a long time, and what I would say is under the same circumstances I probably would have objected also, just receiving the information, not knowing what the bill was. The gentleman from Maryland [Mr. GILCHREST] and myself have been following this thing day by day, working with the senators from my State on the bill who had objection to it originally. There were some agreements made on the Senate side that I would have not wanted in the bill, but were placed there. I, like the gentleman from New Jersey [Mr. SAXTON] and my colleague from Maryland, agree that in the best interests of the country and of the safety of the tuna dolphin that it would be good to pass and push on this bill.

After all, it was supported last Congress. It did not make it to the Senate, it has gone through here, it has gone through the Senate, and I believe the President has lobbied strongly for this bill and will sign it, that we go forth and do that. And I thank my friend for not only his patience, but for his consideration.

Mr. ABERCROMBIE. Mr. Speaker, in order for me to be able to completely understand the situation and to have it on the record, may I ask the gentleman from Maryland, under the bill as it is before us, the conference bill as before us, does the dolphin-safe label change now?

Mr. GILCHREST. Mr. Speaker, will the gentleman yield?

Mr. ABERCROMBIE. I yield to the gentleman from Maryland.

Mr. GILCHREST. Mr. Speaker, the dolphin-safe label does not change now from the way it is.

Mr. ABERCROMBIE. And what would be the earliest date that the label could change? Would that be March of 1999?

Mr. GILCHREST. It will be 18 months after October 1997, whatever that might be, March of 1999.

Mr. ABERCROMBIE. 18 months?

Mr. GILCHREST. Yes.

Mr. ABERCROMBIE. And could the gentleman explain the rationale for those two answers?

Mr. GILCHREST. Mr. Speaker, the reason the label does not change until March of 1999 is a compromise worked out on the Senate side to pursue a very scientific study of what the dolphins go through under this new regime.

Now if the scientific study shows that there is no stress as a result of encirclement and other problems with the dolphins do not arise and one can catch tuna fish by encircling them and releasing the dolphins, if everything scientifically proves out within this 18-month period, then the label will reflect that dolphins can be released without harm in the process of encircling tuna fish and then the label will reflect that.

Mr. ABERCROMBIE. So we will revisit the issue in 18 months at the conclusion of the circumstances the gentleman from Maryland just outlined?

Mr. GILCHREST. Mr. Speaker, I can assure the gentleman from Hawaii that we will not only revisit this in 18 months, but that the gentleman from California (Mr. Cunningham) and myself will visit this issue on a very regular basis during the course of this study.

Mr. ABERCROMBIE. Mr. Speaker, I thank the gentleman from Maryland very much.

Considering the answers, Mr. Speaker, I want to thank the gentleman from California [Mr. CUNNINGHAM] and the gentleman from Maryland [Mr. GILCHREST] and the gentleman from New Jersey [Mr. SAXTON] for the enumeration of the conditions and circumstances of the bill.

Mr. Speaker, as a result of the information I have received, I am going to withdraw my reservation of objection.

Mr. GILCHREST. Mr. Speaker, will the gentleman yield just for a second?

Mr. ABERCROMBIE. I yield to the gentleman from Maryland.

Mr. GILCHREST. Mr. Speaker, I would like to say that I have enjoyed working this bill with the gentleman from New Jersey [Mr. SAXTON], the gentleman from California [Mr. CUNNINGHAM], certainly the Members of the Senate, but I hold the gentleman from Hawaii in high esteem for his seriousness in legislation that comes out of this body.

Mr. MILLER of California. Mr. Speaker, the bill we are considering today—H.R. 408, the International Dolphin Conservation Program Act, as amended by S. 39—is a compromise. Normally, we would consider compromise to be the backbone of the way the congressional process works: Members with various viewpoints, representing very different constituencies from Maine to California, working to find the common ground that is necessary to national legislation.

Unfortunately, this compromise represents something very different. We are brought to this point by pressure from a foreign government, and that is not the way this institution should function.

This is not a bill to which I can lend enthusiastic support, although I will vote for it. I believe that, overall, this compromise represents a far better deal for dolphins than they would have received under the bill originally passed by the House, and that is due primarily to the untiring efforts and the commitment of Senator BARBARA BOXER of California, who wrote the original dolphin protection law in 1990 and who has stood up to those on both sides of the Rio Grande who have sought to weaken that law.

We vigorously opposed an immediate change in the Dolphin-safe label, as was sought by Mexico and by the Administration, because there is a great deal of concern within the scientific community that the kind of fishing sanctioned by this bill will cause serious harm to dolphins. We insisted that an impartial scientific study be conducted to determine whether, as asserted, it is now possible to fish with purse seine nets and not harm dolphins.

I am therefore pleased to see that on this key point, we have been successful by requiring a three-year study on the impacts of chasing and netting on dolphin populations. Neither I nor the scientists I have consulted are comfortable with an automatic change in the meaning of "dolphin safe" after only 1 year of study unless the Secretary determines that chasing and netting dolphins has a significant adverse impact on the animals.

The scientists tell us that these dolphin populations should be growing at 4–6 percent annually, and that anything else should be considered a significant adverse impact. I assume the Secretary will base his decision on objective, independent scientific advice and not succumb to political pressure.

However, this bill now contains new language—not previously reviewed by the House and not subject to any hearings in either House or Senate—which, in my view, sets a dangerous precedent for the future of eco-labeling.

The language of this bill appears to exempt the government-defined "dolphin safe" label from FTC standards on truth in labeling. This language prohibits American citizens from suing the federal government over the accuracy and truthfulness of the label that purports to signify "dolphin safe" tuna.

The bill technically allows the use of labels other than the government label, which I support, but then contains a plethora of provisions and restrictions designed to ensure that competing labels will be all but impossible to use.

This bill requires the Secretary to make a determination on whether the use of other labels is "substantially undermining the conservation goals of the International Dolphin

Conservation Program," and to then recommend to the Congress how to "correct such problems". It also contains a provision—added to the last minute at the insistence of tuna companies—making it a violation of the Federal Trade Commission Act to "use a label in a campaign or effort to mislead or deceive consumers about the level of protection afforded to dolphins under the International Dolphin Conservation Program Act."

To my knowledge, no other provision of law contains such extensive limitations on the right of the American consumer to know the impacts of their purchases on the environment or anything else, and I am extremely uncomfortable about setting this precedent at a time when eco-labeling or other labeling efforts are under tremendous fire from global big business, without hearings or time to determine the exact extent of these limitations.

I intend to remain very engaged over the next 18 months as we undertake the study to determine the safety of purse seine nets on dolphins, and I know there are many outside Congress who will be watching this study, too. I expect that those who will engage in the study will utilize scrupulous scientific standards, and that the recommendations that result from the study will be scientifically sound rather than motivated by political or trade considerations.

Lastly, let me say that those of us who will be called upon to cast votes in the near future on fast track trade authority or on the expansion of NAFTA and other trade agreements would do well to study the history of this legislation. If there ever was a question that environmental and labor standards should be included as integral components of such agreements, not as side agreement afterthoughts, this legislation provides a clear example of why such provisions should be incorporated.

This legislation is the result of foreign governments telling American consumers and the U.S. Congress that we—and only we—must weaken our domestic product labeling laws because of this international agreement—an agreement, I might add, that not one person in this Congress had any role in drafting or approving. Trade and foreign demands are the engines of this legislation; sound science, mammal protection, consumer information all are being sacrificed on the almighty altar of free trade.

This goes far beyond the issue of tuna and dolphins. It goes to the issue of who makes the laws and the rules that govern this country and our constituents. Do we make decisions based on fact and science, or on the demands of foreign economic competitors?

The best reason to vote for this legislation is that, should this shaky compromise fail, a far worse version is waiting in the wings and undoubtedly will pass. In fact, there is some indication that the Mexican Government is already looking to weaken even this compromise.

So, I thank Senator BOXER and Senators BIDEN and SMITH for their efforts to make this bill less onerous, and I pledge to work with them in the coming year and a half to monitor the study that will determine how the label is to be written in the future.

Mr. ABERCROMBIE. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New Jersey.

There was no objection.

A motion to reconsider was laid on the table.

HONORING THE LIFE OF BETTY SHABAZZ

Mr. RANGEL. Mr. Speaker, I ask unanimous consent that the Committee on Government Reform and Oversight be discharged from further consideration of the resolution (H.Res. 183) honoring the life of Betty Shabazz, and ask for its immediate consideration.

The Clerk read the title of the resolution.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

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Mr. CUNNINGHAM. Mr. Speaker, reserving the right to object, and I will not object, I would like to say to my friend from New York, sometimes at 700 knots you have to make a split second decision, and in this case, I think it has worked out for the best.

As I was standing before, I learned of a problem that existed and made a decision. As a matter of fact, I had rose at the other time with the reservation to allow the gentleman and the gentlewoman from New York to make their talk in support of the issue. The issue at hand had nothing to do with Betty Shabazz, and I rise in full and strong support of the gentleman from New York and the gentlewoman from New York and for what they are trying to do in this.

Mr. Speaker, under my reservation, I yield to the gentleman from New York [Mr. RANGEL].

Mr. RANGEL. Mr. Speaker, I thank the gentleman from California [Mr. CUNNINGHAM] for allowing his name to be included among the Members of Congress that take this time before we adjourn to pay great tribute to a great American. I recognize that the gentleman's objections had nothing to do with the life of this great woman, and I appreciate the fact that the gentleman is removing that objection.

Mr. CUNNINGHAM. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

The Clerk read the resolution, as follows:

H. RES. 183

Whereas the Nation honors Betty Shabazz as a wife, mother, educator, and advocate for civil and human rights, women, and the poor;

Whereas Betty Shabazz, through her life and deeds, has been an inspiration to people around the world;

Whereas Betty Shabazz was a woman of strength, resilience, perseverance, and grace who overcame the greatest of challenges;

Whereas Betty Shabazz was born Betty Sanders in Detroit, Michigan, on May 28, 1936;

Whereas Betty Shabazz met and married the controversial activist and leader El-Hajj Malik El-Shabazz (Malcolm X) in New York in 1958;

Whereas on February 21, 1965, while pregnant with twins, Betty Shabazz and their four daughters witnessed Malcolm X's assassination;

Whereas Betty Shabazz exhibited her resiliency and determination as a single mother, raising and educating her six daughters, Attallah, Qubilah, Ilyasah, Gamilah, and twins Malikah and Malaak;

Whereas Betty Shabazz found the time to become certified as a registered nurse, and to later earn bachelor's and master's degrees and, finally, a doctorate in education administration from the University of Massachusetts;

Whereas Betty Shabazz joined the administrative staff of Medgar Evers College in Brooklyn, New York, rising to high positions;

Whereas, while preserving the public memory of her late husband, Betty Shabazz earned a reputation of her own, as an educator, public speaker, and advocate for women, education, and civil and human rights;

Whereas on June 23, 1997, Betty Shabazz succumbed to injuries suffered in a tragic fire;

Whereas Betty Shabazz personified the roles of wife, mother, and professional woman; and

Whereas Betty Shabazz will be forever remembered for her love of family, her commitment to humankind, and for the joy and laughter she brought to all those who knew her: Now, therefore, be it

Resolved, That the House of Representatives honors the life of Betty Shabazz.

The resolution was agreed to.

A motion to reconsider was laid on the table.

RESIGNATION AS MEMBER OF COMMITTEE ON SMALL BUSINESS

The SPEAKER pro tempore laid before the House the following resignation as a member of the Committee on Small Business:

U.S. HOUSE OF REPRESENTATIVES
Washington, DC, July 30, 1997.

Hon. NEWT GINGRICH,
Speaker of the House of Representatives, Washington, DC.

DEAR MR. SPEAKER: As of today's date, I will be taking a leave of absence from the Small Business Committee so that I can continue serving on the Budget Committee.

Sincerely,

BOB WEYGAND,
Member of Congress.

The SPEAKER pro tempore. Without objection, the resignation is accepted.

There was no objection.

RESIGNATION AS MEMBER OF COMMITTEE ON BANKING AND FINANCIAL SERVICES

The SPEAKER pro tempore laid before the House the following resignation as a member of the Committee on Banking and Financial Services:

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES,
Washington, DC, July 30, 1997.
Hon. NEWT GINGRICH,
Speaker of the House of Representatives, Washington, DC.

DEAR MR. SPEAKER: I would like to inform you that I am resigning from my assignment on the House Committee of Banking and Financial Services.

Thank you very much.

Sincerely,

CYNTHIA MCKINNEY,
Member of Congress.

The SPEAKER pro tempore. Without objection, the resignation is accepted.

There was no objection.

ELECTION OF MEMBERS TO CERTAIN STANDING COMMITTEES OF THE HOUSE

Mr. FAZIO of California. Mr. Speaker, I offer a resolution (H. Res. 208), and I ask unanimous consent for its immediate consideration in the House.

The SPEAKER pro tempore. The Clerk will report the resolution.

The Clerk read as follows:

HOUSE RESOLUTION 208

Resolved, That the following named Members be, and that they are hereby, elected to the following standing committees of the House of Representatives:

To the Committee on Banking and Financial Services: Robert Weygand of Rhode Island.

To the Committee on National Security: Cynthia McKinney of Georgia.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

Mr. ENGEL. Mr. Speaker, reserving the right to object, and I will not object, but I was here on the floor before and wanted to add just a couple of words to the tribute to Betty Shabazz.

Betty Shabazz was my constituent for many years in Mount Vernon, NY, and was truly a friend and a great lady, and I stood up before, but I was not seen, and so I wanted to just very briefly say a few words on her behalf and ask that my words be put into the RECORD behind Mr. RANGEL's remarks.

I last saw Betty Shabazz in my district at a church in a celebration, a ceremony, dealing with United States and African relations and investment in Africa. I have known Betty for many years, am familiar with her work and education and caring about young people and caring about the future of this country.

I want to say that Betty Shabazz was truly a woman of valor, truly a woman who was color-blind and cared about all Americans, regardless of race, creed, color, or religious origin. Her life personified, I think, what makes this country great, how someone can take adversity in their own personal lives and just move themselves forward, going to school and getting her doctorate and sharing what she knew with the community.

I remember sitting next to her last year at the Democratic National Convention, and we chatted about all the things that she cared about, and I just wanted to add my voice to say that we truly miss her already. She was a great woman, but her legacy will live on. She cared not only about the people in my district again, but about all people, and I represent the communities of Mount Vernon, NY and Yonkers, NY in which she lived, and she really made us all proud.

Ms. JACKSON-LEE of Texas. Mr. Speaker, will the gentleman yield?

Mr. ENGEL. Further reserving the right to object, I yield to the gentlewoman from Texas.

Ms. JACKSON-LEE of Texas. Mr. Speaker, if I might just ask the indulgence of the Speaker on behalf of the constituents of the 18th Congressional District of Texas, we admire the fact that New York claimed Dr. Betty Shabazz, but she is truly a national treasure, and for those of us in Texas, we acknowledge that Betty Shabazz was a symbol of motherhood in the fact that she rose as a single mother to raise six daughters and steadfastly continued her work on behalf of all children in this Nation. So those of us in Texas benefitted from her love of education and children as well as her great work at the Medgar Evers College and her great work with Coretta Scott King and Merlie Evers, of course widows who lost their husbands to tragedy, but as well to the cause of civil rights, like her husband, Malcolm X.

So I just wanted to join my colleague from New York [Mr. ENGEL], and on behalf of my constituents. We acknowledge her as a national treasure, and I am very proud to be able to stand here and salute the Honorable Dr. Betty Shabazz through her death. She has helped to consolidate those of us who would support children and be able to continue her fight for equality and justice.

Mr. GILMAN. Mr. Speaker, will the gentleman yield?

Mr. ENGEL. Further reserving the right to object, I yield to the gentleman from New York.

Mr. GILMAN. Mr. Speaker, I want to join the gentlewoman from Texas [Ms. JACKSON-LEE] and the gentleman from New York [Mr. ENGEL] for their work on behalf of Betty Shabazz, who has become a mother figure for our entire land, the tragedies she suffered in the loss of her husband, the tragedy in her own life, and yet was able to go through so many wonderful things in her life. She will long be missed, and she has left her mark on our society.

Mr. ENGEL. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

There was no objection.

The resolution was agreed to.

A motion to reconsider was laid on the table.

LIMITING AMENDMENTS DURING FURTHER CONSIDERATION OF H.R. 2159, FOREIGN OPERATIONS, EXPORT FINANCING, AND RELATED PROGRAMS APPROPRIATIONS ACT, 1998

Mr. CALLAHAN. Mr. Speaker, I ask unanimous consent that during further consideration of the bill (H.R. 2159) making appropriations for foreign operations, export financing, and related programs for the fiscal year ending September 30, 1998, and for other purposes, pursuant to the order of the House of July 24, 1997, no other amendment shall be in order (except pro forma amendments offered for the purpose of debate) unless printed before August 1, 1997 in the portion of the CONGRESSIONAL RECORD designated for that purpose in clause 6 of rule XXIII.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Alabama?

There was no objection.

PERMISSION FOR COMMITTEE ON APPROPRIATIONS TO HAVE UNTIL MIDNIGHT, TUESDAY, AUGUST 5, 1997 TO FILE PRIVILEGED REPORT ON TREASURY, POSTAL SERVICE, AND GENERAL GOVERNMENT APPROPRIATIONS ACT, 1998

Mr. CALLAHAN. Mr. Speaker, I ask unanimous consent that the Committee on Appropriations may have until midnight Tuesday, August 5, 1997 to file a privileged report on a bill making appropriations for the Treasury Department, the United States Postal Service, the Executive Office of the President, and certain independent agencies for the fiscal year ending September 30, 1998, and for other purposes.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Alabama?

There was no objection.

The SPEAKER pro tempore. All points of order are reserved on the bill.

CONGRATULATING INDIA AND PAKISTAN ON 50TH ANNIVERSARY OF INDEPENDENCE

Mr. GILMAN. Mr. Speaker, I ask unanimous consent that the Committee on International Relations be discharged from further consideration of the resolution (H. Res. 157) congratulating the people of India and Pakistan on the occasion of the 50th anniversary of their nations' independence, and ask for its immediate consideration in the House.

The Clerk read the title of the resolution.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

Mr. BEREUTER. Mr. Speaker, reserving the right to object, and I do not intend to object, but under my reservation I yield to the gentleman from New York to explain the resolution.

Mr. GILMAN. Mr. Speaker, I thank the gentleman from Nebraska for yielding.

Mr. Speaker, the gentleman from Nebraska [Mr. BEREUTER], the distinguished chairman of the Subcommittee on Asia and the Pacific, has sponsored this timely resolution, and I welcome his support at this very timely moment.

It is indeed a matter to celebrate when two of the largest democracies in the world, both India and Pakistan, reach their 50th anniversary of independence. In particular, India has had a continuous 50-year tradition of democracy and rule of law and great respect for religious freedom. We very much agree that we look forward to broadening and deepening the United States cooperation and friendship with both nations in the years to come.

Finally, one of the clauses of this resolution notes that the House plans to send a delegation to attend the independence celebrations. It is going to be my honor to lead such a delegation, and I look forward to being able to call to the attention of the House the fact that this resolution was fully agreed to in the House in such a timely manner.

We congratulate both India and Pakistan on their 50th anniversaries of their independence, and I thank the gentleman from Nebraska [Mr. BEREUTER] for bringing this matter before us at this time.

Mr. BEREUTER. Mr. Speaker, I thank the chairman.

Under my reservation, I yield to the gentlewoman from Texas [Ms. JACKSON-LEE].

Ms. JACKSON-LEE of Texas. Mr. Speaker, I thank the gentleman from Nebraska as well. I thank him for his kindness.

Mr. Speaker, sometimes we tend to give credit to the youth, to what is young. I think it is so very important to acknowledge Pakistan and India for 50 years of democracy. I know the gentleman from New York Chairman GILMAN has been a strong stalwart around this Nation in advocating the understanding of world affairs and applauding our neighbors for them upholding democracy.

Here we have two very fine nations that will celebrate 50 years. I want my colleagues to know that I may not be in India or Pakistan, I am not sure, but I will be celebrating with those citizens of that origin here in this Nation if I am not, and I will be gratified to be with them, because they set a very fine example for what can be, no matter how large a country you might be, that every individual is valued and democracy is valued.

I am proud to be of this Nation, that for the longest period of time has claimed itself as a free and democratic Nation, and I am very happy today to be able to extend my hand of friendship, applause, to both of these gentlemen for raising up this honor of these two very fine nations. They have been democratic, they continue to work for democracy, and they continue to work to have a free society for their people.

Mr. BEREUTER. Mr. Speaker, I thank the gentlewoman for her comments. Under my reservation, I would like to continue very briefly.

America's relations with India are strong and are improving, and has in recent years experienced extraordinarily successful elections. The social and economic progress it has achieved in the last five decades is truly remarkable, and it has laid a foundation, a strong one, for India's future. The United States and India have developed into important trading partners. Indian-Americans are making enormous contributions to both countries.

Similarly, Pakistan is an extremely important friend to the United States. Pakistan's commitment to democracy was most recently evidenced in the February 1997 elections, which brought about a change of government. Pakistani-Americans have also made major contributions to American society, and our relationship has proven mutually beneficial.

It is this Member's understanding that the distinguished gentleman from New York [Mr. GILMAN], the chairman of the Committee on International Relations, will be leading a delegation to India and Pakistan in the coming month, in part to celebrate this momentous occasion. Such a delegation is appropriate and timely, and this Member certainly congratulates the chairman on his decision to lead such an important delegation.

The resolution itself calls for an official appointed House delegation to visit the two countries within the next anniversary year.

Mr. Speaker, House Resolution 157 is a bipartisan effort sponsored by this Member, the distinguished ranking Democrat on the Subcommittee on Asia and the Pacific, the gentleman from California, Mr. BERMAN, the distinguished chairman of the Committee on International Relations, Mr. GILMAN, and the ranking Democrat of the Committee on International Relations, Mr. HAMILTON, as well as distinguished members from the House leadership, the gentleman from Georgia, Mr. GINGRICH, House Speaker; and the gentleman from Michigan, Mr. BONIOR, the Democratic whip.

I would urge and expect to have support for this resolution.

Mr. GILMAN. Mr. Speaker, if the gentleman will continue to yield under his reservation, I just want to thank the gentleman from Nebraska [Mr. BEREUTER] for his supporting remarks and for sponsoring this measure. I also thank the gentlewoman from Texas [Ms. JACKSON-LEE] for her support of this measure and for her kind remarks.

Mr. BEREUTER. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

The Clerk read the resolution, as follows:

H. RES. 157

Whereas in August 1947 the people of Pakistan and India gained their independence from the British;

Whereas the people of India, Pakistan, and the United States have a common interest in the promotion and preservation of democratic systems of government;

Whereas since independence in 1947 the people of India have maintained the world's largest democracy, one that serves as an inspiration for people throughout the world;

Whereas in recent years the people of Pakistan have reasserted their own strong commitment to building and sustaining a democratic system of government;

Whereas, in addition to democracy, the people of Pakistan, India, and the United States have had many shared values and interests over the past fifty years, including the desire to promote the peaceful development of the South Asian region;

Whereas Indian and Pakistani citizens, who have visited or lived in the United States, and United States citizens, who have visited or lived in India and Pakistan, have done much to improve mutual understanding and build friendship over the past fifty years;

Whereas United States citizens of Pakistani or Indian origin have contributed greatly to the advancement of knowledge, the development of the United States economy, and the enrichment of cultural life in the United States;

Whereas the ties of trade and investment among the United States, India, and Pakistan have grown over fifty years to the great benefit of the people of all three countries; and

Whereas the fiftieth anniversary of the independence of Pakistan and India offers an opportunity for India, Pakistan, and the United States to renew their commitment to international cooperation on issues of mutual interest and concern: Now, therefore, be it

Resolved, That the House of Representatives—

(1) congratulates the people of India and Pakistan on the occasion of the fiftieth anniversary of their nations' independence;

(2) looks forward to broadening and deepening United States cooperation and friendship with Pakistan and India in the years ahead for the benefit of the people of all three countries; and

(3) intends to send a delegation to India and Pakistan during this 50th anniversary year of independence to further enhance the mutual understanding among the United States, Pakistan, and India and among the United States Congress and the parliaments of those countries.

The resolution was agreed to.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. GILMAN. Mr. Speaker, I ask that all Members may have 5 legislative days within which to revise and extend their remarks on House Resolution 157.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

CORRECTING ERRORS IN ENROLLMENT OF H.R. 2014, TAXPAYER RELIEF ACT OF 1997

Mr. ARCHER. Mr. Speaker, I offer a concurrent resolution (H. Con. Res. 138) to correct technical errors in the enrollment of the bill H.R. 2014, and I ask unanimous consent for its immediate consideration.

The SPEAKER pro tempore. The Clerk will report the concurrent resolution.

The Clerk read as follows:

H. CON. RES. 138

Resolved by the House of Representatives (the Senate concurring), That, in the enrollment of the bill (H.R. 2014), to provide for reconciliation pursuant to subsections (b)(2) and (d) of section 105 of the concurrent resolution on the budget for fiscal year 1998, the Clerk of the House of Representatives shall make the following corrections:

(1) In the amendment proposed to be added by section 1085(c), strike "section 407(d)" and insert "paragraph (4) or (7) of section 407(d)".

(2) Strike subparagraph (B) of section 1031(e)(2) and insert the following:

"(B) TREATMENT OF AMOUNTS PAID FOR TICKETS PURCHASED BEFORE OCTOBER 1, 1997.—The amendments made by subsection (c) shall not apply to amounts paid before October 1, 1997; except that—

"(i) the amendment made to section 4261(c) of the Internal Revenue Code of 1986 shall apply to amounts paid more than 7 days after the date of the enactment of this Act for transportation beginning on or after October 1, 1997, and

"(ii) the amendment made to section 4263(c) of such Code shall apply to the extent related to taxes imposed under the amendment made to such section 4261(c) on the amounts described in clause (i).".

Mr. ARCHER (during the reading). Mr. Speaker, I ask unanimous consent that the concurrent resolution be considered as read and printed in the RECORD.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas?

There was no objection.

The SPEAKER pro tempore. The gentleman from Texas [Mr. ARCHER] is recognized for 1 hour.

Mr. ARCHER. Mr. Speaker, I yield myself such time as I may consume.

This enrolling resolution would make two corrections in the tax bill which just passed the House of Representatives, and that is H.R. 2014. The first correction would revise section 1085(c) to cover work experience and community service employment, but not subsidize private sector jobs.

Let me explain why this correction is necessary. The conference agreement intended to prohibit the payment of the earned income tax credit to TANF recipients who were participating in workfare or community service jobs. However, the bill language denies the EITC to individuals in subsidized private employment or on-the-job training where the employer receives wage subsidy funds from the State that are financed by the TAIF funds, as well as to individuals in welfare or community service jobs. This problem appears to have stemmed from the fact that the drafters did not find a definition of the term "workfare," in title IV–A. So they swept in a wide array of work activities, including subsidized private sector employment, and this concurrent resolution would put in place the intent of what Congress was acting to do.

□ 1745

The second correction would revise section 1031 of H.R. 2014 to delay the effective date of certain advance ticket purchases for air transportation beginning after September 30, 1997. The correction is needed to allow the airlines enough time to reprogram their computers for the new ticket pricing system as contained in H.R. 2014.

Mr. KILDEE. Mr. Speaker, will the gentleman yield?

Mr. ARCHER. I yield to the gentleman from Michigan.

Mr. KILDEE. Mr. Speaker, I would ask the gentleman, I assume these corrections have been cleared with the ranking member of the Committee on Ways and Means?

Mr. ARCHER. I understand that they have. The gentleman from New York [Mr. RANGEL] has approved these corrections.

Mr. Speaker, I yield back the balance of my time.

The SPEAKER pro tempore (Mr. LAHOOD). The question is on the concurrent resolution.

The concurrent resolution was agreed to.

A motion to reconsider was laid on the table.

EXPRESSING THE SENSE OF CONGRESS REGARDING MEXICO'S ANTIDUMPING DUTIES

Mr. CRANE. Mr. Speaker, I ask unanimous consent that the Committee on Ways and Means be discharged from further consideration of the Senate concurrent resolution (S. Con. Res. 43) urging the United States Trade Representative immediately to take all appropriate action with regards to Mexico's imposition of antidumping duties on United States high fructose corn syrup, and ask for its immediate consideration.

The Clerk read the title of the Senate concurrent resolution.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Illinois?

Mr. EWING. Reserving the right to object, Mr. Speaker, I yield to the gentleman from Illinois [Mr. CRANE].

Mr. CRANE. Mr. Speaker, Senate Concurrent Resolution 43 expresses the sense of Congress that the government of Mexico should review carefully whether it initiated an anti-dumping investigation against United States exports of high fructose corn syrup in conformity with WTO standards. It urges the United States Trade Representative to take all appropriate measures with regard to the imposition of preliminary anti-dumping duties on U.S. exports of high fructose corn syrup.

These duties, which range from 61 percent to 102 percent, were imposed on June 25 as the result of a petition filed by the Mexican sugar industry. There is a question as to whether the Mexican Government adequately investigated if domestic producers of HFCS in Mexico are supportive of the petition. In light of the fact that United States corn growers and refiners, including many in my State of Illinois, are suffering the serious disruption of potentially prohibitive tariffs on their sales in Mexico, I urge my colleagues to support this resolution.

I also want to pay tribute to my distinguished colleague from down state, he is more corn country than I am, because of his active involvement in getting Senate Concurrent Resolution 43 reported over to the House.

Mr. EWING. Mr. Speaker, I am not going to object, of course, to this resolution being brought, but I want to thank the distinguished gentleman from Illinois [Mr. CRANE], the chairman of the Subcommittee on Trade of the Committee on Ways and Means.

Our colleague, the gentleman from Illinois, GLEN POSHARD, and myself have been most interested in seeing this resolution brought to the floor. I would just rise in strong support of the concurrent resolution, which talks about Mexico's recent decision to impose antidumping duties.

Prior to our adoption of the NAFTA treaty, duties on high fructose corn syrup were 15 percent. This year, under a negotiated agreement, they should have dropped to 9.5 percent. Duties now in effect because of this decision are as much as four to five times greater and above the pre-NAFTA level.

Mr. Speaker, this case involves both important matters of international trade policy and vital trade interests of the U.S. agricultural producers.

I would just like do elaborate for a moment. First, the preliminary findings of the Mexican Government were reached in what I believe is in violation of the World Trade Organization code on dumping investigation. The code requires that the government fully investigate allegations brought by private parties before opening government investigations.

In this case, it is my opinion that the Mexican sugar industry presented an inaccurate allegation and that there was no production of high fructose corn syrup in Mexico. I believe this to be wrong, and that the Mexican authorities should have known, if they did not, that it was wrong, and ignored their evidence that might have been available to them.

By itself this is grounds for dismissal of the case. Simply put, the Mexican sugar industry does not have standing under the WTO code to file this case, and the Government of Mexico chose to ignore that fact, for whatever reasons may have been expedient to them.

There is a second flaw. The Mexican authorities have failed to demonstrate that the high fructose corn syrup and the Mexican sugar are like products under the internationally accepted anti-dumping code. Beyond both the technical and the procedural flaws raised in the case, which should require its immediate dismissal, this action raises serious political and economic problems.

Mr. Speaker, I represent one of the four largest corn-producing districts in the U.S. Corn refining adds another $100 million to the value of the corn crop in my district, and I cannot stand idly by and allow others with whom we are trading to deny us access to their important markets. I hope that the Members will join me in supporting our corn farmers and processors, and send a strong message to the Mexican Government that we intend to defend the trading rights we have negotiated. I would ask for the adoption of this amendment.

I withdraw my reservation of objection, Mr. Speaker.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Illinois?

Mr. POSHARD. Mr. Speaker, reserving the right to object, I rise today in strong support of this concurrent resolution, which criticizes Mexico's recent decision to impose antidumping duties against U.S. exports of high fructose corn syrup.

Prior to NAFTA, duties on high fructose corn syrup were 15 percent and were to be phased out over 10 years. Duties now in effect as a result of the Mexican Government's recent decision are 4 to 5 times the pre-Nafta levels.

Mexico would like us to believe that their small sugar mills are being overrun by large U.S. corporations. In reality, however, a small number of individuals own a very large share of the Mexican sugar mills. It is interesting to note that these same individuals rely heavily upon U.S. financial markets to fund their goals in expanding markets. I would suggest to my colleagues that perhaps it is time for Congress to review whether or not we want our financial markets open to those who refuse to compete against U.S. products.

Mr. Speaker, Mexico's action against fructose violates the standards of the World Trade Agreement, of which Mexico and the United States are Members. Important issues of standing and injury have been ignored and the Mexican Government has failed to investigate allegations known to be false.

On procedural grounds alone, this case should be dismissed. However, in addition to its procedural and technical flaws, Mexico's action raises serious economic concerns for this Nation and for my southeastern Illinois district. The 1996 farm bill eliminated traditional price supports available to U.S. corn farmers and replaced them with a phased-down market transition payment. Farmers were told that they must generate their income from the market, particularly the growing international market.

Mexico's decision to impose antidumping duties on U.S. exports of high fructose corn syrup, if left unchallenged, represents in my judgment a breach of faith with Illinois corn farmers, who were assured of their right to pursue markets around the world.

My district is home to several large corn refining plants which provide direct employment for over 2,000 of my constituents. It is estimated that corn refining adds over $70 million to the value of the corn crop in my district. Last year, consumption of high fructose corn syrup represented a market for about 500 million bushels of U.S. corn.

Mr. Speaker, I cannot allow competitive U.S. products to be shut out of this critical market. I hope my colleagues will join me and the other gentlemen from Illinois, Mr. CRANE, and Mr. EWING, in supporting our corn farmers and processors, and send a strong message to the Mexican Government that we intend to defend the trading rights that we have negotiated.

Most importantly, I hope all Members will join us in sending a message to our farmers that we have not forgotten the promises of the 1996 farm bill and that the U.S. Congress will defend their right to export.

Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Illinois?

There was no objection.

The Clerk read the Senate concurrent resolution, as follows:

Whereas the North American Free Trade Agreement (in this resolution, referred to as "the NAFTA") was intended to reduce trade barriers between Canada, Mexico and the United States;

Whereas the NAFTA represented an opportunity for corn farmers and refiners to increase exports of highly competitive United States corn and corn products;

Whereas corn is the number one United States cash crop with a value of $25,000,000,000;

Whereas United States corn refiners are highly efficient, provide over 10,000 nonfarm jobs, and add over $2,000,000 of value to the United States corn crop;

Whereas the Government of Mexico has initiated an antidumping investigation into imports of high fructose corn syrup from the United States which may violate the antidumping standards of the World Trade Organization;

Whereas on June 25, 1997, the Government of Mexico published a Preliminary Determination imposing very high antidumping duties on imports of United States high fructose corn syrup;

Whereas there has been concern that Mexico's initiation of the antidumping investigation was motivated by political pressure from the Mexican sugar industry rather than the merits of Mexico's antidumping law: Now, therefore, be it

Resolved by the Senate (the House of Representatives concurring), That it is the sense of Congress that—

(1) the Government of Mexico should review carefully whether it properly initiated this antidumping investigation in conformity with the standards set forth in the World Trade Organization Agreement on Antidumping, and should terminate this investigation immediately;

(2) if the United States Trade Representative considers that Mexico initiated this antidumping investigation in violation of World Trade Organization standards, and if the Government of Mexico does not terminate the antidumping investigation, then the United States Trade Representative should immediately undertake appropriate measures, including actions pursuant to the dispute settlement provisions of the World Trade Organization.

The Senate concurrent resolution was concurred in.

A motion to reconsider was laid on the table.

APPOINTMENT AS CHIEF ADMINISTRATIVE OFFICER OF THE HOUSE OF REPRESENTATIVES

The SPEAKER. The Chair requests that Mr. Eagen come forward and take the oath of office as Chief Administrative Officer.

Mr. Eagen appeared at the bar of the House and took the oath of office, as follows:

Do you solemnly swear that you will support and defend the Constitution of the United States against all enemies, foreign and domestic; that you will bear true faith and allegiance to the same; that you take this obligation freely, without any mental reservation or purpose of evasion, and that you will well and faithfully discharge the duties of the office on which you are about to enter. So help you God.

The SPEAKER. Congratulations. You are now the Chief Administrative Officer of the House of Representatives.

RESIGNATION AS LEGISLATIVE COUNSEL AND APPOINTMENT AS LEGISLATIVE COUNSEL OF THE HOUSE OF REPRESENTATIVES

The Speaker laid before the House the following resignation as Legislative Counsel of the House of Representatives:

U.S. HOUSE OF REPRESENTATIVES,
OFFICE OF THE LEGISLATIVE COUNSEL,
Washington, DC, July 8, 1997.
Hon. NEWT GINGRICH,
Speaker, U.S. House of Representatives, U.S. Capitol, Washington, DC.

DEAR MR. SPEAKER: I would like to resign from my position as the Legislative Counsel of the House of Representatives effective July 31, 1997. I would like to continue my service in the Office of the Legislative Counsel as a Senior Counsel.

I will leave my position knowing that my Office is finally fully enabled to provide needed services to the House.

As you know the primary function of the Office is to draft legislation (including amendments and conference reports) which will carry out the policy of the Members involved. Ideally, there would be time for conferences to develop the policy and the persons responsible for the policy would be available. If that can be done it is very satisfactory work to participate in the process. I have taken a real interest in seeing that the Office is able to effectively do its work.

When I joined the Office in 1962 it had 11 attorneys and did not provide services to all the Committees. A good working relationship had been established with only the Ways and Means Committee and the Committee on Commerce. However, through time and the changes in the Committees, the Office has been able to establish good working relationships with all the Committees. Without a doubt, your actions and those taken by your leadership have facilitated the Office in providing services to the Committees and the Leadership. I think it can be said that the House does not act on significant legislation which has not been a responsibility of an attorney in the Office.

The morale in the Office is quite high because of the action you took on the pay comparability with the Senate and also on account of the Committee responsibilities.

The tutorial process the Office follows with new attorneys allows the new attorney to begin Committee work with a fellow attorney in about a year. When the new attorney graduates to Committee work they feel they have been given a special responsibility.

Now an attorney doing Committee work can readily feel that he or she is making a significant contribution to a public measure.

I am encouraged about continuing in the Office. The Office undertook an extensive audit of its work and the problems presented to it in carrying out its work. As a result of the audit some very interesting work has been developed in communicating our services to the Members. The Office has a web site which provides information about the Office and the services it provides. In addition, we will soon have the capacity to fax material directly from our personal computers. That will relieve us of the time needed to make copies and deliver the work. In addition, the Office has developed a team to mediate differences in the Office. Finally, work has been done in improving the working conditions of the clerical/administrative staff. Consequently, I think we are doing well and we know what our difficulties are and we are prepared to deal with them.

I have particularly enjoyed serving as the Legislative Counsel under your Speakership.

Sincerely yours,
DAVID E. MEADE,
Legislative Counsel.

The SPEAKER. Pursuant to the provisions of section 521 of the Legislative Reorganization Act of 1970 (2 U.S.C. 282), the Chair appoints Mr. M. Pope Barrow as Legislative Counsel of the United States House of Representatives, effective August 1, 1997.

The Chair would also like to thank Mr. Meade for his service to the House, and to remind all Members that the work done by the legislative counsels is absolutely essential to the job we do, and without the dedication and hard work and long hours of the legislative counsels, it would be literally impossible to have the legislative process that we now engage in.

□ 1800

CONTINUATION OF NATIONAL EMERGENCY WITH RESPECT TO IRAQ—MESSAGE FROM THE PRESIDENT OF THE UNITED STATES (H. DOC. NO. 105–113)

The SPEAKER pro tempore (Mr. LAHOOD) laid before the House the following message from the President of the United States; which was read and, together with the accompanying papers, without objection, referred to the Committee on International Relations and ordered to be printed:

To the Congress of the United States:

Section 202(d) of the National Emergencies Act (50 U.S.C. 1622(d)) provides for the automatic termination of a national emergency unless, prior to the anniversary date of its declaration, the President publishes in the Federal Register and transmits to the Congress a notice stating that the emergency is to continue in effect beyond the anniversary date. In accordance with this provision, I have sent the enclosed notice, stating that the Iraqi emergency is to continue in effect beyond August 2, 1997, to the Federal Register for publication.

The crisis between the United States and Iraq that led to the declaration on August 2, 1990, of a national emergency has not been resolved. The Government of Iraq continues to engage in activities inimical to the stability in the Middle East and hostile to United States interests in the region. Such Iraqi actions pose a continuing unusual and extraordinary threat to the national security and vital foreign policy interests of the United States. For these reasons, I have determined that it is necessary to maintain in force the broad authorities necessary to apply economic pressure on the Government of Iraq.

WILLIAM J. CLINTON.
THE WHITE HOUSE, *July 31, 1997.*

DEVELOPMENTS CONCERNING NATIONAL EMERGENCY WITH RESPECT TO IRAQ—MESSAGE FROM THE PRESIDENT OF THE UNITED STATES (H. DOC. NO. 105–114)

The SPEAKER pro tempore laid before the House the following message from the President of the United States; which was read and, together with the accompanying papers, without objection, referred to the Committee on International Relations and ordered to be printed:

To the Congress of the United States:

I hereby report to the Congress on the developments since my last report of February 10, 1997, concerning the national emergency with respect to Iraq that was declared in Executive Order 12722 of August 2, 1990. This report is submitted pursuant to section 401(c) of the National Emergencies Act, 50 U.S.C. 1641(c), and section 204(c) of the International Emergency Economic Powers Act, 50 U.S.C. 1703(c).

This report discusses only matters concerning the national emergency with respect to Iraq that was declared in Executive Order 12722 and matters relating to Executive Orders 12724 and 12817 (the "Executive Orders"). The report covers events from February 2 through August 1, 1997.

Executive Order 12722 ordered the immediate blocking of all property and interests in property of the Government of Iraq (including the Central Bank of Iraq) then or thereafter located in the United States or within the possession or control of a United States person. That order also prohibited the importation into the United States of goods and services of Iraqi origin, as well as the exportation of goods, services, and technology from the United States to Iraq. The order prohibited travel-related transactions to or from Iraq and the performance of any contracting support of any industrial, commercial, or governmental project in Iraq. United States persons were also prohibited from granting or extending credit or loans to the Government of Iraq.

The foregoing prohibitions (as well as the blocking of Government of Iraq property) were continued and augmented on August 9, 1990, by Executive Order 12724, which was issued in order to align the sanctions imposed by the United States with United Nations Security Council Resolution (UNSCR) 661 of August 6, 1990.

1. In April 1995, the U.N. Security Council adopted UNSCR 986 authorizing Iraq to export up to $1 billion in petroleum and petroleum products every 90 days for a total of 180 days under U.N. supervision in order to finance the purchase of food, medicine, and other humanitarian supplies. UNSCR 986 includes arrangements to ensure equitable distribution of humanitarian goods purchased with UNSCR 986 oil revenues to all the people of Iraq. The resolution also provides for the payment of compensation to victims of Iraqi aggression and for the funding of other U.N. activities with respect to Iraq. On May 20, 1996, a memorandum of understanding was concluded between the Secretariat of the United Nations and the Government of Iraq agreeing on terms for implementing UNSCR 986. On August 8, 1996, the UNSC committee established

pursuant to UNSCR 661 ("the 661 Committee") adopted procedures to be employed by the 661 Committee in implementation of UNSCR 986. On December 9, 1996, the Secretary General released the report requested by paragraph 13 of UNSCR 986, making UNSCR 986 effective as of 12:01 a.m. December 10.

On June 4, 1997, the U.N. Security Council adopted UNSCR 1111, renewing for another 180 days the authorization for Iraqi petroleum sales contained in UNSCR 986 of April 14, 1995. The Resolution became effective on June 8, 1997. During the reporting period, imports into the United States under this program totaled approximately 9.5 million barrels.

2. There have been no amendments to the Iraqi Sanctions Regulations, 31 C.F.R. Part 575 (the "ISR" or the "Regulations") administered by the Office of Foreign Assets Control (OFAC) of the Department of the Treasury during the reporting period.

As previously reported, the Regulations were amended on December 10, 1996, to provide a statement of licensing policy regarding specific licensing of United States persons seeking to purchase Iraqi-origin petroleum and petroleum products from Iraq (61 Fed. Reg. 65312, December 11, 1996). Statements of licensing policy were also provided regarding sales of essential parts and equipment for the Kirkuk-Yumurtalik pipeline systems, and sales of humanitarian goods to Iraq, pursuant to United Nations approval. A general license was also added to authorize dealings in Iraqi-origin petroleum and petroleum products that have been exported from Iraq with the United Nations and United States Government approval.

All executory contracts must contain terms requiring that all proceeds of the oil purchases from the Government of Iraq, including the State Oil Marketing Organization, must be placed in the U.N. escrow account at Banque National de Paris, New York (the "986 escrow account"), and all Iraqi payments for authorized sales of pipeline parts and equipment, humanitarian goods, and incidental transaction costs borne by Iraq will, upon arrival by the 661 Committee, be paid or payable out of the 986 escrow account.

3. Investigations of possible violations of the Iraqi sanctions continue to be pursued and appropriate enforcement actions taken. Several cases from prior reporting periods are continuing and recent additional allegations have been referred by the Office of Foreign Assets Control (OFAC) to the U.S. Customs Service for investigation.

On July 10, 1995, an indictment was brought against three U.S. citizens in the Eastern District of New York for conspiracy in a case involving the attempted exportation and transshipment to Iraq of zirconium ingots in violation of the IEEPA and the ISR. The intended use of the merchandise was the manufacture of cladding for radioactive materials to be used in nuclear reactors. The case was the culmination of a successful undercover operation conducted by agents of the U.S. Customs Service in New York in cooperation with OFAC and the U.S. Attorney's Office for the Eastern District of New York. On February 6, 1997, one of the defendants plead guilty to a 10-count criminal indictment including conspiracy to violate the Iraqi Sanctions and the IEEPA. The trial of the remaining defendants is ongoing.

Investigation also continues into the roles played by various individuals and firms outside Iraq in the Iraqi government procurement network. These investigations may lead to additions to OFAC's listing of individuals and organizations determined to be Specially Designated Nationals (SDNs) of the Government of Iraq.

Since my last report, OFAC collected four civil monetary penalties totaling more than $470,000 for violations of IEEPA and the ISR. The violations involved brokerage firms' failure to block assets of an Iraqi SDN and effecting certain securities trades with respect thereto. Additional administrative proceedings have been initiated and others await commencement.

4. The Office of Foreign Assets Control has issued a total of 700 specific licenses regarding transactions pertaining to Iraq or Iraqi assets since August 1990. Licenses have been issued for transactions such as the filing of legal action against Iraqi governmental entitites, legal representation of Iraq, and the exportation to Iraq of donated medicine, medical supplies, and food intended for humanitarian relief purposes, executory contracts pursuant to UNSCR 986, sales of humanitarian supplies to Iraq under UNSCR 986, the execution of powers of attorney relating to the administration of personal assets and decedent's estates in Iraq and the protection of preexistent intellectual property rights in Iraq. Since my last report, 47 specific licenses have been issued.

5. The expense incurred by the Federal Government in the 6-month period from February 2 through August 1, 1997, that are directly attributable to the exercise of powers and authorities conferred by the declaration of a national emergency with respect to Iraq are reported to be about $1.2 million, most of which represents wage and salary costs for Federal personnel. Personnel costs were largely centered in the Department of the Treasury (particularly in the Office of Foreign Assets Control, the U.S. Customs Service, the Office of the Under Secretary for Enforcement, and the Office of the General Counsel), the Department of State (particularly the Bureau of Economic and Business Affairs, the Bureau of Near Eastern Affairs, the Bureau of International Organization Affairs, the Bureau of Political-Military Affairs, the Bureau of Intelligence and Research, the U.S. Mission to the United Nations, and the Office of the Legal Advisor), and the Department of Transportation (particularly the U.S. Coast Guard).

6. The United States imposed economic sanctions on Iraq in response to Iraq's illegal invasion and occupation of Kuwait, a clear act of brutal aggression. The United States, together with the international community, is maintaining economic sanctions against Iraq because the Iraqi regime has failed to comply fully with relevant United Nations Security Council resolutions. Security Council resolutions on Iraq call for the elimination of Iraqi weapons of mass destruction, Iraqi recognition of Kuwait and the inviolability of the Iraq-Kuwait boundary, the release of Kuwaiti and other third-country nationals, compensation for victims of Iraqi aggression, long-term monitoring of weapons of mass destruction capabilities, the return of Kuwaiti assets stolen during Iraq's illegal occupation of Kuwait, renunciation of terrorism, an end to internal Iraqi repression of its own civilian population, and the facilitation of access of international relief organizations to all those in need in all parts of Iraq. Seven years after the invasion, a pattern of defiance persists: a refusal to account for missing Kuwaiti detainees; failure to return Kuwaiti property worth millions of dollars, including military equipment that was used by Iraq in its movement of troops to the Kuwaiti border in October 1994; sponsorship of assassinations in Lebanon and in northern Iraq; incomplete declarations to weapons instructors and refusal of unimpeded access by these inspectors; and ongoing widespread human rights violations. As a result, the U.N. sanctions remain in place; the United States will continue to enforce those sanctions under domestic authority.

The Baghdad government continues to violate basic human rights of its own citizens through the systematic repression of minorities and denial of humanitarian assistance. The Government of Iraq has repeatedly said it will not be bound by UNSCR 668. The Iraqi military routinely harasses residents of the north, and has attempted to "Arabize" the Kurdish, Turcomen, and Assyrian areas in the north. Iraq has not relented in its artillery attacks against civilian population centers in the south, or in its burning and draining operations in the southern marshes, which have forced thousands to flee to neighboring states.

The policies and actions of the Saddam Hussein regime continue to pose an unusual and extraordinary threat to the national security and foreign policy of the United States, as well as to regional peace and security. The U.N. resolutions affirm that the Security Council must be assured of Iraq's peaceful intentions in judging its compliance with sanctions. Because of Iraq's failure to comply fully with these resolutions, the United States will continue to apply economic sanctions to deter it from threatening peace and stability in the region.

WILLIAM J. CLINTON.

THE WHITE HOUSE, *July 31, 1997.*

GENERAL LEAVE

Mr. HOEKSTRA. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the adoption of the Senate amendments to H.R. 408.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Michigan?

There was no objection.

AUTHORIZING THE SPEAKER, THE MAJORITY LEADER, AND THE MINORITY LEADER TO ACCEPT RESIGNATIONS AND MAKE APPOINTMENTS AUTHORIZED BY LAW OR THE HOUSE, NOTWITHSTANDING ADJOURNMENT

Mr. HOEKSTRA. Mr. Speaker, I ask unanimous consent that notwithstanding any adjournment of the House until Wednesday, September 3, 1997, the Speaker, majority leader, and minority leader be authorized to accept resignations and to make appointments authorized by law or by the House.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Michigan?

There was no objection.

GRANTING MEMBERS OF HOUSE PRIVILEGE TO EXTEND REMARKS AND INCLUDE EXTRANEOUS MATERIAL IN CONGRESSIONAL RECORD

Mr. HOEKSTRA. Mr. Speaker, I ask unanimous consent that today and tomorrow all Members be permitted to extend their remarks and to include extraneous material in that section of the RECORD entitled "Extensions of Remarks."

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Michigan?

There was no objection.

DISPENSING WITH CALENDAR WEDNESDAY BUSINESS ON WEDNESDAY, SEPTEMBER 3, 1997

Mr. HOEKSTRA. Mr. Speaker, I ask unanimous consent that business in order under the Calendar Wednesday rule be dispensed with on Wednesday, September 3, 1997.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Michigan?

There was no objection.

FURTHER MESSAGE FROM THE SENATE

A further message from the Senate by Mr. Lundregan, one of its clerks, announced that the Senate had passed without amendment a joint resolution and a concurrent resolution of the House of the following titles:

H. J. Res. 90. Joint resolution waiving certain enrollment requirements with respect to two specified bills of the One Hundred Fifth Congress; and

H. Con. Res. 136. Concurrent resolution providing for an adjournment of the two Houses.

SPECIAL ORDERS

The SPEAKER pro tempore. Under the Speaker's announced policy of January 7, 1997, and under a previous order of the House, the following Members will be recognized for 5 minutes each.

CONTESTED ELECTION IN CALIFORNIA 46TH DISTRICT

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from California [Mr. HUNTER] is recognized for 5 minutes.

Mr. HUNTER. Mr. Speaker, a contested election is a very difficult thing. It strains friendships, often friendships between Republicans and Democrats because we all have our political alliances and those are legitimate alliances, and we have our friends and we have our party loyalties and it makes sometimes for a difficult time when we have to decide who won a particular election. Sometimes these things become bitter and sometimes things are said that Members wish later they could have been left unsaid or have been retracted.

The contest between former Congressman, my friend, Bob Dornan and our gentlewoman from California [Ms. SANCHEZ] is not about those two individuals. It is not about Bob Dornan. It is not about LORETTA SANCHEZ. It is about something that is very near and dear to our Nation, to the basis for our democracy, and that is the principle of free and fair elections. Unfortunately in this election, as newspaper reporters uncovered, one organization registered to vote over 300 people. That one organization registered to vote over 300 people who did not have the legal right to vote. Those people who voted did not realize they were committing a felony when they voted. They were urged by political activists to do that, to vote.

I would submit to my friends on both sides of the aisle, Democrat and Republican, including our leadership, Hispanic American leadership in this country, that the real victims of this fraud in that particular part of Orange County were the people who were urged to vote, who were not yet citizens of the United States and who believed these proctors who came around and handed out ballot registration forms to them and said, it is your duty if you want to become an American citizen.

I am citing, I am paraphrasing what they gave back to investigators when asked why they registered to vote when it was illegal to vote. I would offer to my colleagues that they were the victims of this. They were exploited. They were demeaned. Everybody, every community in America should have an interest in having free and fair elections where fraud does not occur.

What happened following that was that a criminal investigation was started, is under way by criminal, by law enforcement authorities in California. A challenge was filed by Mr. Dornan. I want to go over very briefly what the litany of the chronology of actions by this House has been.

On May 14, the Committee on House Oversight subpoenaed the Immigration and Naturalization Service after months of failed attempts to receive information. House oversight asked the INS to perform a match between INS databases and the Orange County voter list. May 21, the Committee on House Oversight receives the INS computer matches. This constitutes a partial compliance with the committee subpoena.

June 13, the Committee on House Oversight receives a list of 4,119 potential matches identified by a computer review by the INS. June 23, the Committee on House Oversight requests that INS check an additional 1,349 persons identified by a manual review by House Oversight staff of INS documents.

June 24, the INS delivers to the committee 3,257 of 4,119 worksheets, summarizing their files. July 3, the INS delivers to the committee 503 more worksheets. July 9, House Oversight receives a list of over 3,000 potential matches between individuals who voted in the 46th Congressional District and individuals that declared that they were not citizens when summoned for jury duty. That means these people said, made written statements saying I am not a U.S. citizen and it appears that they voted. It appears that they voted in the election, and we are checking on that. I think that is a legitimate question.

July 18, INS delivers 500 more of the 4,119 worksheets; 100 remain outstanding.

July 30, INS produces 300 of the 1,349 worksheets. This investigation is ongoing. It is going to be completed hopefully over the break.

Everybody wants to see it end so we can figure out what happened in that congressional district. But one thing is very clear, enough of a criminal investigation has been done and enough good reporting has been done to show us that there has been some fraud in that district and at least enough to warrant an analysis of who won that election.

Only one thing should dominate our thoughts in this Chamber: That the person who got the most votes in this election from legal voters should win the election and should be seated in the House of Representatives.

The gentlewoman from California [Ms. SANCHEZ] wants to see this thing over and done with. I talked with Mr. Dornan a few days ago. He is tired of seeing himself smeared in the newspapers regularly by people who have brought the race card into this. He wants to see it over with. I think we can handle this in an evenhanded manner and make a term determination within a few weeks. Let us calm down this rhetoric. Let us do the analysis. Let us see who won the election.

SPECIAL TRIBUTE TO MERE BETHAM

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from American Samoa [Mr. FALEOMAVAEGA] is recognized for 5 minutes.

Mr. FALEOMAVAEGA. Mr. Speaker, I rise to honor the memory of a distinguished Pacific educator and judge the late Seuvaai "Mere" Tuiasosopo Betham, former director of education of American Samoa and an associate judge on the High Court of American Samoa, who passed away recently. A dedicated public servant, educator and administrator with more than 43 years of public service, Judge Betham was our first American Samoan woman judge on the High Court, a true pioneer who was also the first woman of Samoan American ancestry to be appointed as Director of Education. It is these and other firsts for which she will always be remembered by the Samoan people.

Judge Betham was someone who cared very much about each and every person she encountered in her personal and professional life. She was someone for whom I had tremendous respect. She was always courteous and helpful to me, firm and helpful to her students and fair and just with those who appeared before her in court. She always extended the hand of friendship. Although our careers never crossed paths, we nevertheless shared many similar concerns, and chief among these concerns was the issue of education in the American Samoa.

I learned from her how to make every person you encounter feel important, how to make every person feel that he or she, too, had something important to contribute to the process. She was the kind of individual who could put a hostile student or any other person at ease by making that person feel important and included in the process. Perhaps this is why she was so successful as a public servant.

Mr. Speaker, Judge Betham exemplified all of the traits of a true Samoan leader. She was decisive yet compassionate, firm and yet not inflexible, and she was a woman of wisdom. Most important of all, she was a humble person who remained close to the people. She served even after she was appointed to high government posts.

Mrs. Betham was born in 1932 in American Samoa. She received her elementary school education in the islands, graduated from the high school in 1950, where she was the only female to graduate with her first class. Shortly after high school, she left American Samoa to attend college in California. She enrolled at the Pomona College in Claremont and later transferred to Geneva College in Beaver Falls, PA, where she went on to receive her bachelor's degree in the field of economics in 1954.

After graduating from college, Judge Betham returned to the islands to begin her career as a secondary schoolteacher. She taught at a high school from 1954 until 1961, the year she was appointed assistant principal. Later on in 1968, she was appointed principal of the only high school then in the territory. Two years after becoming principal, Judge Betham was transferred to the Department of Education in which years later she became the first woman to earn the rank of the director of education. Judge Betham held this position for more than 11 years. In 1985 she retired from the department of education and Samoa's education system underwent major changes in teaching practices, philosophies during her tenure and bringing television as a tool or a means of assisting the educational system in the territory.

Even after she retired from the Department of Education, Judge Betham continued to be active in the field of education. As an educator, Mr. Speaker, Judge Betham touched many lives and she found such joy and pleasure in following the successes of her former students. As a judge, she touched equally as many lives as she found much satisfaction and comfort in making sure the result reached by the court was just and fair.

In closing, Mr. Speaker, I would like to offer my condolences to Judge Betham's husband, James Rusty Betham and her children. I am sure that the proud legacy which she left will live on in their hearts and in the hearts of all the people of American Samoa.

Mr. Speaker, I rise to honor the memory of a distinguished Pacific educator and judge, the late Seuvaai "Mere" Tuiasosopo Betham, former director of education of American Samoa and an associate judge on the High Court of American Samoa, who passed away recently. A dedicated public servant, educator, and administrator with more than 43 years of public service, Judge Betham was our first American Samoan female judge on the High Court, a true pioneer who was also the first woman of Samoan American ancestry to be appointed Director of Education. It is these and other "firsts" for which she will always be remembered by the Samoan people.

Judge Betham was someone who cared very much about each and every person she encountered in her personal and professional life, and she was someone for whom I had tremendous respect. She was always courteous and helpful to me, firm and helpful to her students, and fair and just with those who appeared before her in court. She always extended the hand of friendship. Although our careers never crossed paths, we nevertheless shared many similar concerns, and chief among these concerns was the issue of education in American Samoa.

I learned from her how to make every person you encounter feel important, and how to make every person feel that he or she, too, had something important to contribute to the process. She was the kind of individual who could put a hostile student or any other person at ease by making that person feel important and included in the process. Perhaps this is why she was so successful as a public servant.

Mr. Speaker, Judge Betham exemplified all of the traits of a true Samoan leader. She was decisive yet compassionate, firm yet not inflexible, and she was a woman of wisdom. Most important of all, she was a humble person who remained close to the people she served even after she was appointed to high government posts.

Seuvaai Mere Tuiasosopo Betham was born on April 3, 1932, in Pago Pago, American Samoa. She received her elementary school education in Tutuila and graduated from the High School of American Samoa in 1950, where she was the only female to graduate with that class. Shortly after high school, she left American Samoa to attend college in California. She enrolled at Pomona College in Claremont, CA. She later transferred to Geneva College in Beaverfalls, PA where she went on to receive her Bachelor's Degree in the field of economics in 1954.

After graduating from Geneva College, Judge Betham returned to American Samoa to begin her career as a secondary school teacher. She taught at Samoana High School from 1954 until 1961, the year in which she was appointed assistant principal. Even after she was appointed assistant principal, Judge Betham continued to teach because she wanted to remain close to her students. Seven years later, in 1968, she was appointed principal of Samoana High School.

Two years after becoming principal, in 1970, Judge Betham was transferred to the Department of Education's central office as an education program administrator, where a year later, in 1971, she was again promoted by the DOE to the post of deputy director. Just four short years after being promoted to the post of deputy director, in 1974, Judge Betham was again tapped by the DOE for another promotion, this time to the post of Director of Education. This appointment made her the first Samoan woman to earn this rank and the second Samoan American to undertake this tremendous challenge.

Judge Betham held this post for more than 11 years. In 1985, she retired from the Department of Education. Samoa's educational system underwent major changes in teaching practices and philosophies during her tenure, and local educators today credit Judge Betham for having revolutionized "teaching" in American Samoa.

Even after she retired from the Department of Education, Judge Betham continued to be active in the field of education. A short time after retiring from the DOE, she was appointed director of Catholic Schools. She served as director for several years until she was again called on by the government to serve as an associate judge on the High Court of American Samoa. Judge Betham was sworn in on April 17, 1991, a day which is very significant and special to the people of American Samoa. April 17 marks the date on which the United States first raised its flag over the Islands of American Samoa. The people of American Samoa celebrate the anniversary of this relationship every year on April 17, and it is the biggest holiday of the year.

As an educator, Mr. Speaker, Judge Betham touched many lives and she found much joy and pleasure in following the successes of her former students. As a judge, she touched equally as many lives and she found much satisfaction and comfort in making sure that the result reached by the court was just and fair.

In closing, Mr. Speaker, I would like to offer my condolences to Judge Betham's husband, James "Rusty" Betham, and her children. I am sure that the proud legacy which she left them will live on in their hearts and in the hearts of all the people of American Samoa.

□ 1815

SUPPORT HOUSE CONCURRENT RESOLUTION 121, REGARDING PROLIFERATION OF MISSILE TECHNOLOGY FROM RUSSIA TO IRAN

The SPEAKER pro tempore (Mr. LAHOOD). Under a previous order of the House, the gentleman from Ohio [Mr. STRICKLAND] is recognized for 5 minutes.

Mr. STRICKLAND. Mr. Speaker, I rise today to address a very serious issue related to the well-being of our Nation. Recently it has come to the attention of the Central Intelligence Agency that nongovernmental entities within Russia have participated in the proliferation of weapons of mass destruction to the country of Iran.

This specific trade practice threatens the security of the United States and our allies and, quite simply, it endangers our ability to maintain world peace. Furthermore, the advancement of weapons of mass destruction to Iran happens to be in violation of the Missile Technology Control Regime.

For these reasons alone, this trade between Iran and Russia must stop. As history illustrates, Iran has nurtured a reputation for terrorism and has consistently displayed open hostility toward United States' interests.

Although Russia has acknowledged previous weapons trade with Iran, the most extreme action they have taken to end the current proliferation of weapons of mass destruction is to initiate an investigation. As I see it, Mr. Speaker, an investigation does not adequately address this critical situation.

Nevertheless, Russia continues to enjoy foreign aid from the United States and the financial profits of trade with Iran. Russia is enjoying the best of both worlds at the expense of the safety of innocent victims who all too often fall prey to the hostilities instigated from Iran's terrorist regime.

We now have reached a point where agreements and investigations are simply not enough. It is time to eradicate the proliferation of weapons of mass destruction between Russia and Iran. Congress and the President should demand that the Russian government take steps necessary to stop all involvement, including the involvement of nongovernmental entities, in the disbursement of weapons of mass destruction, especially when the country of Iran is involved.

Furthermore, should Russia ignore our request, we must not simply disregard their failure to succumb to peacekeeping efforts, but rather, we must take the most serious and effective steps to end this dangerous activity and impose sanctions on the responsible parties.

House Concurrent Resolution 121 expresses congressional concern regarding the proliferation of missile technology from Russia to Iran, and I strongly urge my colleagues in this House to give their support to this worthy resolution.

TRIBUTE TO IRA POTTARD

(Mr. REDMOND asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. REDMOND. Mr. Speaker, I rise tonight to pay tribute to a distinguished individual in New Mexico, Mr. Ira Pottard. He lives in Clovis, NM, and he is one of the last living Buffalo Soldiers of the U.S. Army. Coincidentally, he is celebrating his 75th birthday.

Mr. Pottard has reason to be proud of his accomplishments and his contribution to military history. The Buffalo Soldier horse cavalry units played an important but often forgotten role in our national defense.

Buffalo Soldiers attained their name while fighting in the Cheyenne War from 1867 to 1869. Native American warriors referred to the African-American horse soldier troops as Buffalo Soldiers because of their dark-colored dusty coats and the fearlessness which they showed in battle.

Until they were disbanded in 1945, Buffalo Soldiers fought to maintain law and order by guarding the western front of our Nation and pursuing outlaws and cattle thieves. They also played an important role in both World War I and World War II.

During World War II Mr. Pottard served in the Ninth Cavalry stationed in the Burma-India-China Theater. He later served the unit until it was decommissioned, which resulted in the end of a significant era.

At this time I ask my fellow Americans to join me and New Mexico in thanking Mr. Ira Pottard for his years of dedicated military service as a Buffalo Soldier.

ORDER OF BUSINESS

Mr. PALLONE. Mr. Speaker, I ask unanimous consent to proceed out of order with my special order now.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

INDIA'S INDEPENDENCE

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New Jersey [Mr. PALLONE] is recognized for 5 minutes.

Mr. PALLONE. Mr. Speaker, I would like to speak in support of House Resolution 157, which was passed by unanimous consent just a few minutes ago this evening.

It is a great pleasure for me to join with the people of India and the Indian-American community in paying tribute to the 50th anniversary of India's independence, which is one of the things that is mentioned in the House Resolution.

After years of determined and dignified struggle, the people of India finally gained their independence at midnight on August 14, 1947. That midnight hour, evoked by India's first Prime Minister Nehru in a stirring speech to the parliament, marked the beginning of an inspiring effort by the people of India to establish a republic devoted to the principles of democracy and secularism.

In the five decades since then, despite the challenges of sustaining economic development while reconciling her many ethnic, religious and linguistic communities, India has stuck to the path of free and fair elections, a multiparty political system, and the orderly transfer of power from one government to a successor.

Anyone who doubted India's lasting commitment to these values would have had to be converted into a believer in Indian democracy after witnessing the elections of the spring of last year in 1996. In what proved to be the largest exercise in democracy in world history, half a billion people voted to shape their country's direction heading into a new century.

The coalition governments that followed that election in the spring of 1996 have shown their commitment basically not only to democracy but also to representing the broad spectrum of the Indian population and continuing on the path of economic reform.

Although many Americans may not necessarily recognize it, there is a rich tradition of shared values between the United States and India. Just as the United States proclaimed its independence from the British colonial order, so was India born of the struggle for freedom and self-determination. India derived key aspects of its constitution, particularly its statement of fundamental rights, from our own Bill of Rights; and the Indian independence movement, under the inspired leadership of Mahatma Gandhi, had strong moral support from American intellectuals, political leaders and journalists.

In turn, Dr. Martin Luther King, in his struggle to make the promise of American democracy a reality for all of our citizens, derived many of his ideas of nonviolent resistance to injustice from the teachings of Gandhi. Thus, we see a clear pattern of Indian and American democracy inspiring and enriching one another at almost every historical turn.

I happen to be, Mr. Speaker, the founder and also now the cochairman of the Congressional Caucus on India, and I represent in my district in New Jersey one of the largest Indian-American communities in our country. I want to continue to work for stronger ties of friendship and cooperation between the United States and India, in part because we have such a legacy and we are the two greatest democracies.

It is an honor for me to pay tribute to India for 50 years of independence. I know there will be a number of events celebrating the 50th anniversary as we lead up to it in August over the next couple of weeks, some of them in Washington, some of them in almost every major city and a lot of other places in this country. So as we adjourn today in the House of Representatives, I think it is particularly fitting that we pay tribute to the 50th anniversary. Many of us will be joining in these celebrations over the next 2 weeks.

THE CONCLUSION OF A MOMENTOUS PROCESS

The SPEAKER pro tempore (Mr. HUTCHINSON). Under a previous order of the House, the gentleman from South Dakota [Mr. Thune] is recognized for 5 minutes.

Mr. THUNE. Mr. Speaker, it is a great privilege to be here this evening at the conclusion of such a momentous process. For the first time in 30 years we have balanced this country's budget. For the first time in 16 years we are bringing tax relief to the hard-working men and women and families of this country, and we are saving Medicare for the next generation.

These things are so inseparable from my whole objective in being a part of this process and my desire to seek this position in the first place. It was on a fundamental level, because I believe in those values.

And what a difference a Republican Congress can make. These are our values. When we start talking about balancing the budget and lowering taxes and saving Medicare and reforming welfare, those are the things for which we have stood.

The reason we have succeeded today in a bipartisan way, with the support of a lot of Democrats in balancing the budget and lowering taxes and saving Medicare, is because the other side has also figured out that these things are consistent with the values that the American people hold. The reason we were able to succeed in doing this is because the American people, very clearly, sent a message that they believe in a balanced budget, that they want lower taxes, that they want smaller government, that they want more freedom at home. And for the first time in a generation, we are sending more power and control back to the people of this country.

So this is an historic day, and it is a privilege to be a part of this process and be here when all this happens. It is the fulfillment of a goal that many of us have had. And as we look at the progress that we have made in achieving those goals, this has to be the cap stone.

Think about what we have accomplished and what we did today for the first time in a long time. We can talk about the intricacies of tax law, but it is really about people and it is about giving them more control of their economic future. In this Congress we have committed ourselves to doing just that.

When we look at the tax cut and the relief that will go back, and I have likened this in many respects to trying to drive a MACK truck through a car wash, because the gentleman from Texas, Mr. BILL ARCHER, the chairman of the House Committee on Ways and Means, and his colleagues on that committee, had an enormous and daunting challenge, and that is how to find some tax relief, how to take a small amount of revenue and make it go as far as we can in terms of bringing relief to the largest number of people in this country. I think they did that.

We could not afford to build a bigger car wash so we had to come up with a smaller vehicle, and yet the vehicle that we have has a tremendous number of things that will be important to the people in my State of South Dakota. I look at what this bill contains and I am delighted to be a part of this.

I think rural America will fare very, very well in the final analysis. There is death tax relief. My State of South Dakota consists primarily of small businesses and family farms, and we want to encourage people who are on the farm, people who are in those businesses to be able to pass those on to the next generation. This is an important first step.

There will be a health care deduction, deductibility for insurance premiums paid by self-employed people. That also is something that is very pro small business, very pro family farm. And a home office deduction for people who work out of their homes.

The capital gains tax relief. If someone sells a steer or a stock or a home, they will pay a lower rate. In fact, when they sell their home, and it fits within the criteria in this bill, they will not pay any capital gains tax. What a wonderful thing for the homeowners and the families of this country who are trying to pursue the American dream.

And of course education tax relief, the tax incentives that are in here to encourage young people, families, to get the higher education they need that will make us competitive and prepare us as we approach the 21st Century.

These are all things that help enable people to make the decisions that affect their daily lives, and it puts more freedom and more control, and it is a shift of power out of Washington, DC and back home. That is something for which I am, indeed, very, very proud.

If we look at where we have to go, this is an important first step. We have a long road ahead of us, but for the first time in a long time we have recognized how important it is that we take a portion of that which Washington takes from the hard-working people in this country and give it back.

I think there will be a lot of people taking credit for the way this bill has played out. We have heard a lot of discussion on the floor today about various components and parts of that, but take, for example, the family tax credit. The other side has claimed some amount of credit for that, but look at where that originated.

That was in the Contract With America in 1994 that the Republicans, before they were elected to Congress, signed on to. It is an important part of this final package, and it is something that will benefit a whole lot of families in this country, and I am glad that we were able to retain it in there.

We have started down a road on which we have a long ways to go before we reach completion in this battle, and one of the things that I hope to be a part of, as we continue that fight, is simplification of the Tax Code.

□ 1830

One thing that we have done, if nothing else, we have, hopefully, at least started to lower the revenues and made Government smaller, the values that we believe in. But we still have an inordinately complex Tax Code which is in desperate need for simplification. And we have not done anything in this bill that in any way lessens the complexity in the tax bill.

So I hope that as we continue down the road that one of the priorities for this Congress, as we come back here in September, is to continue to bring additional tax relief, but also to come up with a Tax Code that makes sense to the American people who have to comply with that Tax Code. I am looking forward to being a part of that process.

Again, I want to thank my many colleagues who supported this bill today because it is an important first step and it is a critical step for the future of this country.

GRAND JURY PROCEEDINGS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Michigan [Mr. CONYERS] is recognized for 5 minutes.

Mr. CONYERS. Mr. Speaker, Members of the House, earlier this week the gentleman from Tennessee [Mr. DUNCAN], a good friend and distinguished Member of the Congress, on the floor of this body, charged that the ongoing Federal grand jury investigation of the gentleman from Indiana [Mr. BURTON], chairman of the House Committee on Government Reform and Oversight, was a political prosecution and was brought because the chairman was trying to do his job. My colleague from

Tennessee further accused the Attorney General of politicizing our system of justice.

I would like to examine those remarks for a few minutes to determine whether there is any foundation in these remarks. As the senior member of the Committee on the Judiciary, I have tried to follow the activities of the Department of Justice as carefully as I can, and I am trying to find where the Justice Department is politicized or whether it prefers, as has been alleged, to investigate and prosecute Republicans or in particular the chairman of the Committee on Government Reform and Oversight, the gentleman from Indiana Mr. BURTON.

The first thing I would bring to the attention of Members of the House of Representatives is that this Justice Department has prosecuted numerous Democratic Members, including Messrs. Rostenkowski, Reynolds, Bustamante, and Fauntroy.

And so, I am not sure whether it is fair or not to characterize the Department of Justice's conduct as politicized in the sense that the administration has acted in disregard of its legal obligation when the record to date is that the Attorney General has repeatedly exercised her discretion with very due diligence and has appointed repeatedly independent counsels to investigate prima facie allegations against this administration, its Cabinet officials, and others.

Now what kind of job the chairman of the Committee on Government Reform and Oversight is doing is not in my province this evening. But we are well aware of the objections that the campaign finances and investigation, that the chairman of that committee is conducting has had some problems. I refer particularly to the fact that the general counsel of the committee, who submitted his resignation earlier this month, has indicated that his resignation was based on the fact that he was unable to implement the standards of professional conduct he was accustomed to at the U.S. attorney's office.

In any case, it is not important how well or poorly the chairman may be doing his job. Right now I am concerned about the allegations being raised in his defense, which challenge the integrity of the Department of Justice in this instance. And I would suggest that it is a leap of faith to believe that the coincidence of the chairman's investigation followed by a subpoena of his records mean that the subpoena is a consequence of his investigation.

I do not know the scope of the grand jury that it is alleged concerns itself with his conduct, nor may I be privileged to know the scope. And I would refer the gentleman from Indiana and the gentleman from Tennessee to the Federal Rules of Criminal Procedure, rule 6(e), which quite carefully says no attorney for the Government can disclose what the grand jury is doing. It is at page 36 of the 1997 edition of the Federal criminal code and rules.

For the same reason, I do not know what evidence, if any, prompted any subpoena the grand jury may issue of the grand jury matters are secret in order to protect the person under investigation. For that reason, the Department of Justice may not comment on the scope of its investigation, nor may it publicly justify the legitimacy of the subpoena or its scope.

But the chairman has a remedy, or his counsel. They may challenge the scope and appropriateness of the subpoena.

I would close by pointing out that the gentleman can file a motion to quash or modify the subpoena and indeed he can challenge the entire grand jury proceeding in the Federal district court in which these grand jury proceedings is brought.

WELFARE REFORM

The SPEAKER pro tempore. Under a previous order of the House, the gentlewoman from Texas [Ms. JACKSON-LEE] is recognized for 5 minutes.

Ms. JACKSON-LEE of Texas. Mr. Speaker, this has been quite a day. Sometimes in the heat of debate the clarity of what has been done has become more confused and a little less evident. So I think it is important today to clarify for the American people and for those who have worked so hard to drive the economic engine of this Nation to clarify for them that this legislation, this tax bill, this tax bill that was truly a creature of a bipartisan effort led by a President who never shies away from the Democratic principles that helped to elect him orchestrated.

It is a time, as well, to be able to applaud those who sat at the negotiating table and to recognize those of us who were soldiers on this floor who said that we would maintain the battle line to ensure that dignity would be given to those citizens who worked every day making $25,000 a year, $30,000 a year, $50,000 a year, and $75,000 a year.

It is important, however, that those of us who advocated that position, those Democratic principles for working men and women not be labeled as not understanding that it is business that adds to the economic engine, it is business which we foster under the capitalistic system that those around the world applaud and admire and try to emulate and imitate.

So it is important in this discussion to say a few things. One, it is valuable to acknowledge, as my colleagues have heard over and over again, the tax credit that will be given to families no matter what their income if it falls under, for example, $75,000. So a $20,000-a-year family making $8,000 maybe the spouse and $14,000 the other spouse, $22,000 they can get the tax credit for their children. The children of the working poor and working families are no less valuable than those making thousands and thousands and thousands of dollars. I am gratified for that.

We stayed on the battle line for that issue and it is very, very important. Then I would like to mention that I voted against the Republican welfare reform bill. Oh, not because I was not the advocate of all of those who want to raise themselves up, all the constituents in any district whose homes did not look as attractive as someone else, when I went to their homes and they were on welfare and they were dependent on public assistance. They said, "I really want a job. I want to get out of this." But I was not going to vote for a bill that did not give child care, give job training.

And yet, now we have a tax bill that gives $3 billion to cities. We bypassed all the bureaucracy to help move people from welfare to work to help create jobs and yes an amendment that I offered in the 104th Congress to give tax incentives to those good employers who will take those people off the rolls and give them jobs, working mothers like I spent 30 minutes on the phone late at night. A mother who was on crack said, "I simply want to work and show my daughter it can be done." She is going to benefit and the person who hires her is going to be benefit as well by this tax credit that will begin to those who hire former welfare recipients moving from welfare to work and the $3 billion to our cities will help them provide training and help them along.

My airline friends were in controversy, small airliners versus large airliners. There are thousands of employees. The airline industries over the years have become more and more prosperous. I am gratified that we tried to work something out, decreasing the ticket tax, and then sort of working with our international airlines.

But we are not finished yet. I will promise them that I will monitor this so that airlines like Southwest Airlines, that has been so good to Texas, can keep strong, and Continental Airlines and others can work together to keep this industry functioning. We did what we could in this bill, but I think the industry should recognize that we have got to work together on this.

I have studied England, a very small nation that has a No. 3 place in the world in terms of its economy based mostly on the transfer of money over the last couple of years. The reason they have that value in their nation with such a small number of population is because the English have learned to save.

I know America is a country of bounty and we have tended over years not to save. I am gratified that we can clearly point to now real incentives for

Americans to save their money, to create savings accounts, to have IRA's, to ensure that those who are frugal and work and save will be able to handle their business well.

Mr. Speaker, as I close, let me simply say that this tax bill is good for small businesses, and Democrats made it good for them, and family farmers by $1,300,000 incentive on the family farms when they are passed on to families.

And lastly, let me commit myself to watching this tax bill so there is not an out explosion on the deficit, because we brought it down as Democrats by voting in 1993 for a budget bill. And as well, I commit myself to simplifying this process of filing your taxes so that Americans can continue to support this system that is based on capitalization and support a system that supports all of America.

DEFICIT AND THE BUDGET

The SPEAKER pro tempore. Under the Speaker's announced policy of January 7, 1997, the gentleman from Michigan [Mr. HOEKSTRA] is recognized for 60 minutes as the designee of the majority leader.

Mr. HOEKSTRA. Mr. Speaker, tonight I come to the floor to celebrate the accomplishments that this House, in a bipartisan way, working along with the other body and working with the President, have accomplished really working over a period of the last 6 months, but really beginning the dialog after the last election, recognizing that we wanted to work together, that we wanted to make progress, that we wanted to address some major problems facing this country, and that we also wanted to get the deficit under control.

Today we passed the second piece of our major legislative package, the tax portion, which, combined with the spending portion, has moved us now, hopefully, the final steps towards getting to a surplus budget when the numbers come out. In the middle of August, I think we will see good news that the deficit for 1997 is going to be somewhere less than $50 billion, which is still a very large number.

As we start taking the look out at where we are going to be in 1998, the real possibility that we will move to a surplus budget in 1998, maybe 1999, but perhaps much sooner than the year 2002, which the bipartisan agreement set as its outside target.

□ 1845

We have made significant progress. The exciting thing about reaching these milestones, saving Medicare, reducing taxes, moving forward, getting to a surplus budget, is that it really now does open us up to consider a number of other issues that we can talk about and we can talk about in the context of saying we have got a surplus budget, now let us talk about some longer range perspectives. We have gotten rid of that nagging problem.

We have shown to the American people that we are serious about getting our House in order, we are serious about making the tough decisions that this country needs to make and hopefully tomorrow, we were supposed to have it ready today to share with Members, we have compiled what we call a journal of ideas. I put this together and I developed this with my former colleague here in the House, Mr. BROWNBACK, but this is a journal of ideas.

It is intended to be a thought-provoking document, a journal that raises some of the issues and some of the topics that I believe we can now talk about in a very constructive way, talking about we have reduced taxes but we have not really done what we want to do with taxes which is, sure, more tax reductions, but we want to move forward now with an overhaul of the tax system. We need tax reform. I do not know whether it is a flat tax, whether it is a national sales tax, but we need something that is fairer and less complex and less intrusive on the American people than the current Tax Code and the current IRS.

This provides us with an opportunity to think about Social Security in new and different ways, to make sure that Social Security is solvent much longer than 2029 which it is currently projected at. We now have the opportunity to go back and take a look at ending corporate welfare. We can now make attempts to have serious discussions about real budget process reform, regulatory reform, campaign finance reform.

The journal of ideas also has some documents in here for some things that I really want to talk about and that I can have the opportunity to work on, which are education reform and workplace reform. These two items are tied very, very closely together. But as I take a look at education, earlier this year we began a process which we call Education at a Crossroads. We have really in that process agreed with our President, when the President said in 1996 that we cannot ask the American people to spend more on education until we do a better job with the money that we have got now or the money that we are spending now.

We have had a number of hearings around the country. We have been in New York, we have been in Milwaukee, Chicago, L.A., Phoenix, Louisville, Cincinnati, Little Rock. We have been around the country, along with hearings in Washington to ask some basic questions:

What is working in education today? What is not working? What Federal programs are working in education? Which ones are not? Our Federal education initiatives, are they fostering the type of change and creativity that we need at the local level, or are they barriers to helping our children get the kind of education that they need? The dollars that we send to Washington, are they helping our kids get the education that they need or are they being sucked up by a bureaucracy in Washington?

We know that as a Nation we are not achieving the kind of results that we would like to be getting. Some of our first hearings that we had in California in January of this year highlighted some of the problems.

We met with some college educators. People are interested in the young people who are graduating from our K through 12 system because they are receiving these children into higher education. When we met with them, the first thing they said to us is, "Make sure you don't reduce or cut your remedial education dollars, your remedial education programs, the dollars that you are sending to higher education."

And we kind of sat back and said, well, this is kind of interesting. These are kids who are getting into college, they have graduated from high school, and they are signing up for remedial education? In California it was 26 percent. We went to Arizona the next day and I said well, that is not bad, in Arizona it is 27 percent. These are kids getting into college.

We say, why do we need remedial education? These kids have been accepted and they are going to college. Twenty-six percent, 27 percent of them are functionally illiterate. What does functionally illiterate mean? It means that they cannot read and write at an eighth grade level.

I think we may be asking the wrong kind of question here, or perhaps proposing the wrong kind of solution. The solution here is not to provide more dollars for remedial education in high school or in college. The issue here is finding out what is going on in K through 12, why these kids are not getting the kind of education that they should be. Why are they not learning in K through 12?

Let us not put a Band-Aid on the system. As a matter of fact, let us not give an incentive to the colleges by saying the more remedial students they get, the more money they get. Let us go back and fix the problem.

Sixty-four percent of 12th graders do not read at a proficient level. SAT scores have dropped nearly 60 points in the past 3 decades. What other things do we see going on? Almost 20 percent of Americans, this is including adults, almost 20 percent of Americans are considered functionally illiterate. Thirteen percent are considered totally illiterate, reading and writing below the fourth grade level.

Between 1992 and 1994 our NAPE reading scores have not improved by more than 2 points. In 1992 United States 14-year-olds scored an average of 535 on a reading literacy test. Eight other countries achieved higher scores. Sixty percent of our 12th graders cannot read at a proficient level. The same thing for math, science and history. These are real problems and real issues that we are facing.

We have had hearings on literacy. As the experts come in and talk about the impact of Federal programs, and there is debate about what works and what does not work, there is one consistent message that comes out. If we do not improve our educational system, if we do not improve what we are doing and how we educate our children, we will face a crisis because we have too many of our children who cannot read, who cannot write. We do know that in today's workplace, in today's environment, if you cannot read, if you cannot write, if you are functionally illiterate, we will lose you as an individual, which is a tragic situation for the individual, but we will also lose you as a contributor to helping America be a better place.

That is what we are here to talk about. That is what we have been working on in our subcommittee. We want to talk about education, we want to talk about education at a crossroads, because we have to pick a path on which way we are going to go.

We are also going to talk about a new project which our oversight subcommittee is beginning, which is talking about the relationship between, if this is what is happening in education, how does that impact our future workforce, a workforce at an opportunity in the global economy where we should be more excited about the opportunities for American workers to maintain and achieve the highest standard of living of any workers in the world. But how do we face that, and what issues do we need to address? And how do we take the changes, the changes in technology, the changes in the type of skilled workers we need, the labor law that we have in place, Federal spending on job training and other job programs, how do we address that to make sure that we will continue to be and have the most productive workers in the world?

Our purpose in education, our purpose in the workforce is to really find out what is going on, where we are, where we are going, and outline a perspective of the types of policy changes that we need to have. This is an ongoing process. We are in the middle of the education process and we are in the beginning phases of the workforce project.

Let me outline some of the lessons we have already learned as we have gone through this process, and have gone around the country and have heard from parents and teachers and administrators at the local level. Some of this, much of it, is not that complex. As some of people listen to this, they will say, "Wow, we know that," and it is kind of like, "Yeah, I thought everybody here in Washington would understand that as well," but I am not sure. Just today in one of our committee hearings on literacy, we heard the need for more Washington involvement, more Federal Government involvement, perhaps even more Washington rules and regulations.

So there is a real contrast and a real conflict and a real contest of ideas here in Washington about how to improve education, whether we move forward in one way by increasing the control that Washington has on our local schools, or by saying perhaps that system does not work and we need a child-centered, I call it a child-centered approach versus a Washington bureaucracy approach. I think there are certain things that lead us to a child-centered approach.

Lesson one that we have learned from our site visits, not complex, parents care the most about their children's education. But there are those here in Washington that would argue with that point. We heard it today. They would say, no, it is more important, they may not say it that clearly, but they are implying that it is more important and that a bureaucrat perhaps cares more about a child's education than what a parent would. Parents care the most about their children's education.

In Los Angeles, we traveled to the Vaughn Learning Center where Dr. Yvonne Chan has blazed a bold new charter school. Here is a woman who was a principal in a public school, and she was frustrated by the process.

"As a public school principal," she said, "I had to worry about the 3 Bs." In the hearing we asked, what are the 3 Bs? We know about the 3 Rs, but what are the 3 Bs? She said, "As a public school principal, I had to worry about busing, budgets and buts."

We understood the busing part, we understood the importance of meeting budgets, but we did not know what she meant by the buts. She said, "Well, whenever I focus on my kids in my school and I see something that I think my kids need, and my kids may be a little bit different than the school down the street and my needs may be a little bit different, but I would go to the L.A. unified school district and I would say this is what I would like to do for my kids," because I am focused on my kids and I am focused on my kids learning. She said, "Sometimes I would get the response that it is a good idea, Ms. Chan, but page 15, paragraph C, section 3 says you cannot do that, we cannot let you do it."

Or it would be, "That is a good idea, but if we let you do it, we would have to let everybody else do it. And then what would happen?"

And it was clear that when she was talking about educating and focusing on her children, the children in the school and what was best for them, she ran into another approach which was the bureaucratic approach, which was not focused on the kids but was focused on the rules and the regulations.

We saw the same kind of thing when we went to Phoenix. We saw the ATOP Academy, it is another charter school, serves mostly African-American students in an inner city area. It focuses on college prep courses, personal discipline. How do they go into this in a very tough environment and how do they make a difference with these kids?

For the kids to get into this school, parents are asked to agree to the following basic 5 points: Curtail the children's television viewing during the week. Secondly, spend 15 to 20 minutes on school nights reading to their children. Attend all parent-teacher conferences. Attend parental involvement monthly committee meetings. Participate in their children's classroom activities. The parents are required to have an up-front commitment and involvement in their children's education.

It is not only in Los Angeles, it is not only in Phoenix, but we have gone around and we have seen great programs in so many different cities, and it is very interesting what we hear when we ask teachers, parents, students, what is making this school successful? I have yet to hear it is Program "A" from Washington, or that what really made this school excel is when Washington came out with this program and told us what to do.

□ 1900

Now it is when parents and administrators and teachers were given the freedom, the opportunity, to put kids first and not bureaucracy.

Awhile back we saw another initiative come forward from the White House. Lesson two is that good intentions do not equal good policies. Too often we see a problem, we create a program, put a nice name on it, give it some money and say, yes, we have fixed the problem. No, we have not. All we have done is created a program, gave it some money, gave it a nice name, and we have not necessarily fixed anything.

The Washington approach of good intentions not equaling good policies; this is the chart of good intentions. This is also the chart that demonstrates that we probably are not going to get results. What is this chart? This chart is the Washington response of good intentions trying to solve a very complex problem. What do all these lines and boxes and circles and different colors symbolize in these little boxes in here with numbers? Twenty-one programs, 3, 17, 2, 42, 15. What this is, is a compilation of the 760 Washington programs designed to help education.

And you say, boy, am I glad that we have an Education Department because when we have an Education Department, we can take these 760 programs and we know that they are going through one agency and they are going to be streamlined and coordinated, compliment each other, streamlined to the school districts and the States so that very easily this money flows from Washington, flows to the schools, flows to the classroom, and we really leverage where we need the money to be, which is in the classroom and with the teacher.

Wrong. We do not have one agency where 760 programs go through. We do not have 10 agencies. We have 39 different agencies that develop education programs, that develop criteria, they develop ideas, not always coordinated; most of the time they are not. As a matter of fact, as we had hearings in the Committee on the Budget, we asked different people in the administration as to where is the focal point for bringing these 760 programs together, to bring these 39 agencies together, and by the way, $100 billion? Where is the focal point for this? Is it Secretary Riley at the Education Department? Is it somebody else at another agency? And the answer came back, well, the focal point for 39 different agencies is exactly where you would think it would be. It would be at the President, the presidential level.

Now I think the President is a pretty bright guy, but I do not believe that with all of his responsibilities that he in the Executive Branch at that level can coordinate 760 different programs, and I do not necessarily think that we should ask him at that level to coordinate those programs.

So good intentions do not always equal good policies. I would argue, in fact, that too often good intentions in Washington equal bad policy. We have had so many good intentions, we have got a hundred programs in here that are not even funded. So we keep passing good ideas, we do not have the money or do not know how to get the money down to a classroom, but this is a bureaucracy that has gone out of whack. It just is not working.

As we take a look at this, the Washington mentality now says we know that we are not getting the kind of results that we want to get in the classroom, we need to fix this. If you believe the lesson of good intentions does not necessarily equal good policy, but that is the myth in Washington, that if we have got a problem, create another program, our kids are not learning, we are not satisfied with the results, what would you expect the response to be? The response would be, well, we must need more. If our kids are not learning, let us have a few more literacy programs.

We talk about the literacy issue. We now have some more suggestions about how to have literacy, spending perhaps up to $1 billion more for tutors. So let us put another agency in place, Corporation for National Service, put another program in place so we got 761, 40 different agencies, and put another billion dollars with it, and we got $101 billion. We have not asked the basic question as to why this $100 billion is not enabling our kids to read and learn what they should learn in the classroom, we will just say we will put tutors out there to help them after school.

And think about this process. Kids are not learning, so we need another program, we need another bureaucracy, we need to come up with another set of rules and regulations about what to happen in the classroom. Of course, we need $100 billion. So the taxpayers are going to have to work a little harder to send a little bit more money to Washington and to get a little bit more money and to keep their heads above water. Maybe we are going to have some more parents and some more families that are going to say, wow, we are getting stretched here, Washington needs some more money, maybe one of us ought to take a second job or ought to work a little bit longer, meaning that instead of a parent tutoring their child this parent is going to take a second job so that a tutor can come and take care of their child after school. More is not always better.

The fourth lesson that we have learned so far is education must be child centered. Too often we find that the education and the process is not focused on the child, but it is focused on the bureaucracy and the bureaucrats.

I shared with you this story about Mrs. Chan worrying about the "buts," trying to do what she wanted and thought was necessary for the children and her school, but constantly running into the bureaucracy that said no, a bureaucracy that was not focused on the children and what needed to be done and recognize that for understanding what needed to go on in that school and what needed to happen with these children probably was best understood by the principal, by the teachers and by the parents associated with the kids in that school.

Fifth lesson, new spending equals new tax burden. Just talked about that a little bit. Every time we come up with a new program it equals new tax burden. The disappointing thing about our tax burden is I would love to believe that when we send, and tell you, that when we send a dollar to Washington for taxes that 98, 95, 93 cents made it back to the classroom, made it back to the teacher, made it back to the student. But that is not where it goes. The dollar goes through a whole series of different cycles. To get that dollar local school districts need to spend money to get that dollar back. We estimate that when you send a dollar to Washington, in that process of actually getting it back into a classroom and getting it back to a student, we probably lose about 30 to 40 cents. We do not know the exact number, but somewhere in the neighborhood of 30 to 40 cents of every dollar that comes to Washington, only about 60 to 70 cents of it ever makes it back into a classroom.

We think that is a problem. We think that that whole system, the whole system of 760 programs, 39 different agencies and a hundred billion dollars of spending means that when we walk across the street and we walk back to our offices we like to think that we are walking and crossing Independence Avenue. But when you have got 39 agencies involved in educating our children, 39 education agencies that are based in Washington, that really do not know the difference between what the needs are in my congressional district back in west Michigan versus the differences in New York City versus the differences in Miami, and when you have got 39 agencies in Washington doling out money, when you have got 39 agencies in Washington that are sending out rules and regulations, when you have got 39 agencies that are requiring paperwork and accountability back from local schools, that really what we have done is the street that we cross is called Independence Avenue.

But more appropriately, as we are talking about education, it is Dependence Avenue, that local school districts, local parents, State agencies are dependent on what happens in Washington rather than being independent to create and develop and solve the problems locally, learning from what other people are doing, understanding their needs and their own area and developing the solutions that work best for them.

Too often at the local level people who are involved in educating our children have been reduced to filling out paperwork, being and reporting back to Washington rather than back to parents. It is a problem that we need to work on, and you know, it really does get to be this is another which we prepared; we call it the Tale of Two Visions, and it very much applies to this issue of education. Is our vision a vision of Washington; we call it the vision of bureaucracy, or are we more attuned to what we believe is most appropriate, which is called a Vision of Opportunity?

We have gone around the country, and we have seen schools that are excelling, and it is not because of the bureaucratic vision, the bureaucratic vision that is symbolized by this photo of Washington, DC, but the vision of opportunity which we see as we have gone around the country, the vision of opportunity of parents, of teachers and administrators at the local level saying give me the opportunity and the freedom to educate these kids. I know their names, I know their needs, and I care more about them than anybody else in this country. I want them to excel. Give me the resources, but also give me the freedom to enable me to achieve the kind of results that every American child is entitled to. Do not take the money from my community, do not send the money to the IRS, do not send it into a bureaucracy that is going to suck up 35 to 40 cents of every precious dollar, taking it away from my children and feeding it into a bureaucracy.

That approach puts the Washington bureaucracy first and puts the child second. We need to flip that equation. We need the child Senate approach first asking why are not children learning before we propose new Washington solutions.

Recognize that perhaps some of the Washington solutions are part of the problem. Parents I do not think want to hear about a million new tutors. I think parents want to ask that basic question: if my kids in school 5½–6½ hours every day, why are they not learning in the classroom? Do not put an overlay Band-Aid on there. Help us solve the problem in the classroom. Take a look at why your Federal programs are not working, and take a look at what we need to do to make the local system work and not the bureaucratic system.

Mr. Speaker, what we need and what we know in education is that it is time to act more wisely. We need to be smart. We cannot afford to lose our kids, we cannot afford to spend or send a dollar to Washington and only get 60 cents back to our children.

□ 1915

I was with the Speaker last night and taking a look at a picture he has of Eisenhower looking at Utah Beach, and in 1945 we mobilized, we mobilized and we retook Europe.

What we need to do now is we need to put a major emphasis on saving our educational system, because we need to go out and we need to take and ensure that every child has the opportunity to learn and that we as a Nation cannot afford to lose a single child, which means we have to go back and we have to rethink some of the Washington assumptions.

We really have to rethink the issue about who cares most about our kids. Is it bureaucrats, or is it parents? If it is bureaucrats that care the most about our children, then let us empower bureaucrats. If it is parents, let us empower parents. Let us evaluate the assumption of good intentions. We have 20 years or more of good intentions in Washington and we have not seen improvement. We need to take a look at whether 760 programs going through 39 different agencies, spending $100 billion based in Washington is the best way to help our kids learn. We have to take a look at that assumption, and when we do that, we are going to have to make the decision.

If we believe this works and we still have problems, then the answer is very clear. If this is the way we go, we need more. We need more money, we need more programs and we need more agencies. Or, if we believe that maybe this does not work, we need to streamline this process and move power and authority and responsibility back to the local level, back to parents, and back to the States. We need to analyze the assumption as to whether education, to be successful, can be developed in a manual that says, here is the how-to; we can develop a bureaucratic approach, a bureaucratic how-to manual to help our kids, and if we go to the manual and if we understand the manual and if we follow the rules and the regulations of the manual, we will be able to teach our kids and our kids will learn. This manual will apply to Johnny and Sara and Billy and Brian and Aaron. Or, does every child need a personal development plan, recognizing that they have their own individual needs, individual skills, and there has to be a level of flexibility around that child about how the teachers and the parents and the administrators meet the needs of that child.

We spend more almost than any other industrialized country and we are getting disappointing results. We need to reevaluate this model of education.

What are the implications as we move forward? As we talked about this as a committee, we said, we have responsibility for education; we also have responsibility for work force development. What are the implications as we move forward and we recognize we have this growing group of people, kids coming through the system, who do not have the necessary basic skills perhaps to function in our economy. As a matter of fact, let us take a look at what the economy is, and that is what we said. We need to now go take a look at what the work force requirements are going to be in the year 2000 and beyond. What kind of economy are we moving into? Do we have an economy where kids who are functionally illiterate that they can move into and they can get good paying jobs, where they will be successful. We need to really examine that. The answer, as I think we all know, is no. Take a look at it.

Technology. We are in a rapidly changing environment where technology is just growing. That should be an opportunity for this country. We should not view that as a problem. It is an opportunity that we need to get our young people ready for; it should not be, well, we have these unskilled kids coming in, we better find a way so that they can deal with technology. No, it is a huge opportunity for them and for us as a Nation.

We need to take a look at what happens in terms of global competition. What is the impact of unskilled workers coming in? Will we have the ability to compete on a global basis? I sure hope so. Because the opportunities are tremendous. Markets are opening up around the world, and our workers right now are the most productive in the world, and that is where we want to keep them. So the new project which we have is we call it the American Worker at a Crossroad, building off of education at a crossroads, because we want to take a look at what their skill level needs to be, what the world market opportunities are going to be. Some of the labor law that we have today was developed in the 1930's and the 1940's. Is it still the appropriate model for labor law in the year 2000 and beyond.

We need to take a look at the Federal spending. We give the Labor Department $30 billion to $40 billion each year. We need to take a look at how they spend their money. How do Federal programs on job training work? Federal job training dollars work in such a way that we give people dollars after they lose their job. That might be okay when people are in one job for a long period of time, perhaps only one job their entire career, but in the new economy where perhaps people are going to be going through two, three, four job changes, significant career changes, where their skills need to change, it does not make sense anymore to have a Federal job training system in place that empowers people to learn after they lose a job. I think we maybe need to step back and take a look at how do we encourage and help people continually upgrade their skill levels as they are working so that they can move and evolve into new jobs.

We want education and workplace policies which will create the environment where the American workers can be the most productive, highest paid, and enjoy the highest standard of living of any worker in the world. I am excited about being able to combine the education with the work force project, because even though on education we need to be making changes soon, the work force project allows us a little bit of time to step back and to really take a longer range perspective on this and say, where do we want to be by the year 2010, and what types of changes do we need to be putting in place over the next 2, 4, 6 years, so that we can gracefully move to the changes and the environment that we want to have.

We know that the American education system is not the benchmark; we know that we need to improve that. We are creating a generation of American workers who are not equipped. We need to fix that problem. What we do know is that if we do not fix that, we are going to have some severe problems. But we are going to work on that and we are going to reassess all of these assumptions.

This also leads us to consider where we are going to go on the work force policy side. The changes need to be made. I flew here a couple of weeks ago and picked up a Detroit Free Press. The front page: Detroit is going to create, over the next 5 to 7 years, 133,000 new jobs, high tech, high quality jobs. Being from the State of Michigan, that is exciting. That should be a great story. It should be a great lead. It should be a great close: 133,000 Michiganites getting high pay, high quality jobs.

There is one problem. The thrust of the story was that we may not have the workers with the skills to fill those jobs. If we do not get those workers and develop their skills to be able to fill those jobs, what happens? That work will have to be done, and there is a good potential that those jobs will move somewhere else. They may not move somewhere else in Michigan; they may not move somewhere else in America, they may move somewhere else.

The job opportunities that we see evolving and developing in Detroit may not be filled by people from Detroit, they may not be filled by people from Michigan, they may not be filled by people from this country. If we do not develop the skills, we do not develop the people, those jobs may move and they may move overseas, and that is a problem.

So we need to create a climate where our young people are learning and where our workers who are working are upgrading their skills and are provided with the opportunity to constantly upgrade their skills.

I also want to talk just a little bit about what I think the new workplace may evolve into and what it may look like. I think we have to look very positively at the future for the American worker. We have to have an optimistic view and a vision of an empowered American worker. They are knowledge workers. They are going to have a great amount of skill and knowledge. They are going to be knowledgeable, responsive, and I think capable of helping their companies compete in a global economy. They will have unprecedented opportunities for personal growth. They will increasingly understand their responsibilities to their jobs, their corporations, to themselves and to their families, and I think they will have and recognize the need to constantly be upgrading their skills to take advantage of the opportunities of an ever-growing economy.

The empowered American worker will see global markets and global competition as an opportunity and a threat, recognizing that in 1997 the American workers are the most productive workers in the world, and that by the year 2010, rather than seeing that gap closing, we should see that gap widening. As we bring in technology, as we increase the knowledge and education of the American workers, as we invest capital and bring the appropriate equipment and machinery into place, as we invest in capital and human capital, we can increase the difference in productivity. As we increase that differential in productivity, it means that our workers will be more valuable and we can pay them more and they will have a higher standard of living.

I think the empowered worker who takes care of and sees responsibility for increasing their knowledge, who sees responsibility and opportunity and helping their companies grow and to meet the challenges of foreign competition, who sees global markets as an opportunity rather than global competition as a threat also need to create an opportunity where workers and management can come together.

As we have taken a look, those roles are very much less defined in 1997 than they were in 1947. There has been a coming together of management and employees and so often it is difficult now to tell the differences, so that we have to evolve and change labor law that enables them to work in a partnership and enables them to work in tame environments to meet the objectives of the corporations and of the individuals that are part of those corporations.

□ 1930

We need to empower employees in very different working environments and work styles, some who are part time, some working at home, some where both parents or both individuals in the family are working, to recognize that they ought to have a whole series of opportunities to choose the work arrangements that they would like to have, the benefits that they would like to have so they can tailor their benefits and their work times and their work schedules to meet their needs and their family needs and their personal needs rather than the needs of the corporation.

It is one of the interesting things in today's society, today's work force, one of the most important ingredients and one of the things that they now measure leisure by, and one of the most important commodities to workers is the amount of leisure time that they get; how much time do they need to spend working to be able to meet their needs, to meet the requirements for their families.

What we have seen, we have seen that increasing. Families are under tremendous stress. Individuals are under tremendous stress because of the work requirements we put on them. We need to increase their skills and give them more flexibility and allow them to change their job arrangements so they have the opportunity to get more leisure time and spend more time with their families.

There is one other way to do that, which is what we did today. We lowered their taxes, which says rather than now spending some of your time to work for the Government, or actually spending a lot of time to work for the Government, we are going to lessen the amount of time that you work for the Government, and you can then decide to take that as perhaps more personal income. Or you can say rather than spending this time working for the Government, I am just going to have some more leisure time.

These are the kinds of issues that we are going to be studying and taking a look at over the coming months, continuing to aggressively pursue the education agenda, continuing to aggressively pursue an agenda which empowers parents, not bureaucracies; which drives toward focusing on the child; which gets dollars into the classroom, not into bureaucrats; focuses on the basics, the reading, the writing, and the math, not all the other extraneous things that go on in education today, but giving the kids the basic skills in K through 12; really putting them into a safe school, dealing with the basics.

We are going to challenge some of the Washington assumptions about what is good for education and what is good for kids. But it is a struggle, it is a debate. It is a wonderful debate, because as we go on through this process, whether we are in Little Rock, whether we are in Cincinnati, whether we are in the Bronx, we have seen kids in every part of society be able to learn. That is exciting. We see kids everywhere over this country who are empowered and are having the opportunity to learn.

It is kind of like when adults and when the bureaucrats and when Washington gets out of the way, man, watch these kids go. Watch these parents and watch these schools excel. When Washington gets in the way, whoa, watch out and see how things start to change focus.

We are going to focus on education. We are also going to do the same kind of thing in the work force, examining where we are, what the changes are, what opportunities the changes in our economy are going to bring, are going to appear, and how Washington at that point in many cases needs to step back and get out of the way so American workers, American companies can employ the skills and the energies that make America such a wonderful place, perhaps the most creative people on the globe, willing to take more risks, willing to take that creativity and that risk and to work hard. That is why we are the most productive.

So in some of these areas, we need to remove the barriers and let American workers and American companies excel. We are setting the standard today. We need to make sure that we recognize what our skills are, what makes us different, so we can step out of the way and let those skills and those differences bloom, so we can continue to lead the world because of the quality of American workers.

Those are the kinds of challenges we will take up when we come back in September. Those are the kinds of challenges that we can now get our hands around and have a constructive dialogue and debate, as we have kind of changed the shift. We are moving power back to the American people with the bills we have passed today, the bills from today and yesterday, by reducing taxes, by getting the deficit under control and hopefully being at a surplus budget within the next year or two.

We have turned the ship around by saying we are not going to keep moving more power to Washington and getting in the way. We recognize that there is a limit to the kinds of solutions and the extent of the solutions that Washington can bring, and we have come back to recognize the real beauty of America, which is individuals and freedom and opportunity and creativity and entrepreneurship.

We are going to get Washington out of the way, and we are going to go after some of these chronic problems. We are going to move forward. We are going to reassess some of the assumptions that we have had for the last 30 years of moving power to Washington as the way to solve the problems and saying maybe we have gone too far, and it is time to continue to move some of that power back to parents, to school districts, to move it back to workers and management at a local level, providing some wonderful opportunities.

That is why I think that the balance of this Congress and future Congresses, because we have that monkey off our back of the deficit, perhaps we have the monkey off our back of partisan politics, that we have now found a way to work in a bipartisan way, that we are going to have some great days in front of us. We are going to be able to pass some legislation and some new initiatives that really will start to address some serious, nagging problems.

If we do not address them, it will create some huge problems for us in the future. But if we address them, and we no longer have 30 percent of our kids going into college needing remedial education, just think, in 4 years if we went down from 30 percent needing remedial education, think about it; I do not even know how we as a society accept that today, K through 12 turning out 30 to 40 percent of our kids who are illiterate. How do we accept that? Just think, if in 5 years and 8 years we move that down to 5 percent, it is still too high, but boy, we will have come a long way.

Think of the energy, the positive energy and the positive influence that that will bring into our whole economy and our whole society if we raise the threshold from 70 percent literacy to 95, 98 percent literacy, and the positive benefits that we will all receive from those kinds of changes.

FURTHER MESSAGE FROM THE SENATE

A further message from the Senate by Mr. Lundregan, one of its clerks, announced that the Senate had passed without amendment a concurrent resolution of the House of the following title:

H. Con. Res. 138. Concurrent resolution to correct technical errors in the enrollment of the bill H.R. 2014.

The message further announced that the Senate agrees to the report of the Committee of Conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 2014) "An Act to provide for reconciliation pursuant to subsections (b)(2) and (d) of section 105 of the concurrent resolution on the budget for fiscal year 1998.".

IMPROVING CIVIL-MILITARY RELATIONS

The SPEAKER pro tempore. Under the Speaker's announced policy of January 7, 1997, the gentleman from Missouri [Mr. SKELTON]) is recognized for 60 minutes as the designee of the minority leader.

Mr. SKELTON. Mr. Speaker, when he was chairman of the Joint Chiefs of Staff, General Colin Powell often described the men and women he led as an exquisite military force. I do not believe he was overstating the situation. Soldier for soldier, sailor for sailor, airman for airman, marine for marine, the U.S. military today is as fine a fighting force as has ever been assembled, perhaps the best ever.

It is a force that is well trained and well led. It is equipped with modern weapons. It has worked hard to devise and implement a body of military doctrine that multiplies its effectiveness.

The military services are more and more able to work jointly to carry out their missions. It is, above all, a high quality force made up of well-educated, carefully selected, disciplined volunteers. When called upon, the members of this force have served with as much bravery and distinction as American soldiers ever have.

A large part of the reason for this exquisite character of this force is that it is comprised of professionals. As virtually all senior military officers now acknowledge, the all volunteer force, or AVF, that was instituted in 1973 has been a remarkable success.

The all volunteer force, to be sure, took some time to fulfill its promise. In its early years the all volunteer force was plagued by a host of difficulties. Like the country as the whole, the military had to recover from the fissures of the Vietnam era, and adjust to sweeping cultural changes as the baby boom generation grew up.

Both the country and the volunteer force got through it. Nurtured by a cadre of military leaders that matured after the war in Vietnam, the all volunteer force today has shown, first, that a high-quality personal military force can be recruited and sustained by a democratic Nation, and second, that a professional force can exploit modern technology and carry out an extraordinarily broad range of military missions with great loyalty and dedication.

One of the concerns that people had when the all volunteer force was instituted, however, seems to me to deserve some additional attention today, especially as the country makes a transition from the Cold War era to a new period in world affairs. This is the issue of civil-military relations, by which I mean the relationship between the professional military force and the broader society from which it is drawn and which it serves.

Let me be clear at the outset that I am not worried about a loss of civilian control over the military. On the contrary, it is built into the very fabric of the U.S. military to be dedicated to the defense of democratic institutions.

I am only slightly more concerned about the supposed politicization of the military, a situation in which many members of the Armed Forces feel themselves at odds with their elected and appointed leaders in the executive branch. Though this could become a problem, it is incumbent on senior officials in the executive branch and on senior officers in the military to prevent a serious rift from growing.

What I am mainly concerned about is that the professional military may be becoming more and more isolated from the rest of society, to the detriment of popular understanding of the needs of defense. The result will not be the evolution of a rogue military force, but rather, the loss of public support for necessary military preparedness.

Indeed, for most Americans, the military is an institution, as a rule, simply off the screen, unless an international crisis develops, or some military scandal gets on the front pages. Because the military is off the screen for most Americans, it is also increasingly off the screen for Congress.

The solution to this problem, it seems to me, has to be addressed mainly by the military itself. Above all, the military has to try harder to establish and maintain better ties to the communities in which it works.

Mr. Speaker, the reasons for a gap between the professional military and the rest of society are deep-rooted. For most of American history the peacetime standing army was very small, and sometimes quite isolated. After World War II and the Korean conflict, that changed. For the first time in peacetime, the United States maintained a large standing army, with the bulk of its personnel provided through conscription. As a result, a large part of the male population had direct experience in the military, and, in almost every American family, someone had served.

□ 1945

Moreover, millions of Americans continued their direct involvement with the military after active duty by serving in the National Guard and Reserves.

At least until the war in Vietnam, the large standing force and the draft enjoyed widespread public support. Indeed following World War II, our sense of identity as a Nation involved pride in the global role that our military played in preserving peace. Service in the military was accordingly also a matter of pride. It was a way of serving the Nation as a whole. Pride in the military was a fundamental element of our social and political makeup. Moreover, a key result of the draft was that the service in the military cut across cultural, socioeconomic and regional lines. It was, therefore, an important source of national unity.

Perhaps the most lasting damage caused by the war in Vietnam was that it reversed the unifying effects of military service and aggravated social divisions. The children of the economically and educationally better off often avoided service in the military during the Vietnam War while the children of less privileged families were called up and sent to fight. This left a social and cultural gash across the country which has never completely healed.

The decision to abandon conscription after Vietnam was necessary and ultimately good for the military. The all-volunteer force has been a success, but it has come at a price in civil-military relations. Now the number of people with military service has declined steadily over the time. Many, both within and outside the military, regard the professional military force as something different from the rest of society. As a Nation, we have slowly lost our sense of the military's global role and of service in the military as a key part of our national identity.

In the meantime, public attitudes toward the military have evolved over the years, largely for the better but also in a way that is more difficult to discern, partly for the worst.

After Vietnam many Americans looked on the military in a negative way, even many who supported a strong defense were disdainful, wrongly, I think, of the military's performance in the war while others distrusted anyone in uniform. During the 1970's, military leaders, to their ever lasting great credit, resolved to fix what was broken and to make the new all-volunteer force work. But it was a task made all the more difficult by budget constraints and by hurdles to recruiting top-notch people.

A turning point in public attitudes, I think, came in 1980, with the failure of the Iran hostage rescue mission in Desert One. After that many Americans resolved never again to allow the Nation to be in such a position of apparent weakness. Public support for the military grew dramatically stronger and with public support a rejuvenated officer corps was able to bring to fruition the developments in doctrine, education and training, weapons technology and jointness that had been initiated in the darkest days after Vietnam. The result was a string of military successes, though not without some shortfalls along the way, culminating in the American led victory of coalition forces in the Persian Gulf War. The outpouring of popular enthusiasm following the war was heartening, especially to those who had worked to rebuild the military after Vietnam. General Schwartzkopf said for him that the public reaction to the Persian Gulf War finally healed the psychic wounds he had suffered with ever since Vietnam. It was a moment of national unity that recalled for me the closeness between the military and the public that those of us in the post-World War II generation grew up with. But it is not quite the same.

The difference, I think, lies in the lack of deeper understanding between the professionals who serve in the military and the public that admires the military but does not fully identify with it. The danger is not that any significant part of the public distrusts or disdains the military, as was the case after Vietnam, but that the public does not really know what it is like to serve in the military and therefore neglects things that are necessary to keep the military focused and strong and effective.

Many symptoms of the civil-military gap are apparent. Recently Tom Ricks, an outstanding military affairs reporter for the Wall Street Journal, wrote an excellent article in the Atlantic Monthly entitled The Widening Gap Between the Military and Society. He began by relating interviews with young men and women who had recently begun military service. Overwhelmingly their reaction on returning home for visits was a sense that the military was in many ways different from and, most importantly, better than the civilian world that they had left behind. Repeatedly his respondents cited public disorder, lack of discipline, drug and alcohol use, sloppy appearance, a lack of direction among former peers and a score of other flaws in civilian society.

Ricks acknowledged that the results were due in part to the fact that the military services trained new recruits to have a sense of uniqueness as an aspect of pride in their service.

He sees something deeper in the sentiments of these military recruits, and I agree with his conclusion, that the military increasingly sees itself as apart from and in many respects better than the society it protects. For my part, however, I have been concerned less with the implications of military perceptions of civilian society than with the implications for civilian perceptions of military society.

One implication is this, in the long run a military that sees itself as a cultural elite will at best foster misunderstanding and at worst create public resentment. At the very least, the public will begin to regard unique features of military life as somehow peculiar. Consider the recent public reaction to cases of adultery in the military. From the military's perspective, rules against adultery are not simply a puritanical anachronism. Rather, they follow from the critical requirement that members of the services refrain from activities that undermine good order and discipline. Good order and discipline are essential to a system of command that must be effective when matters of life and death are at stake. That rules against adultery are enforced in some cases and not in others is not necessarily a result of preferential treatment. Rather, the rules are enforced when good order and discipline are threatened.

To many civilians however, these notions are entirely alien. The military for its part has not done a good job of diffusing the sensationalism of much reporting about the issue in part, I believe, because it has not thought it necessary to explain why and how its rules must be unique. For many in the military, it was sufficient to say simply that we have a higher and better standard.

Another symptom of the civil-military gap lies in the sense of grievance that some members of the military services harbor about various issues that affect them. As those who served in the military in the past always knew, it is a deep rooted and innate feature of military life to gripe about almost everything. The old comedy series Mash is as much about the apparent arbitrariness of life in the military and constant griping about it as anything else.

Today, however, there is often something deeper in the complaints in the ranks. Often people in the military today feel that they are being made objects of social experimentation because of sexual integration, rules against sexual and racial harassment or even changes in health care for military dependents and other measures. In fact, the military has done an excellent job over the years in responding to changes in social norms.

Witness the relatively successful racial integration of the military compared to the rest of society. For good or ill, the military is never going to be insulated from battles over changes in social relations, including relations between the sexes. These changes will necessarily create frictions. But if the military feels itself as somehow unique, as if it should be insulated from these social changes, then the battles themselves will be unnecessarily destructive both within the military and between civilians and the military.

To be sure, there is much for service members to feel aggravated, if not aggrieved about. For my part, I believe the current pace of military operation is putting too much of a strain on military families. I think the solution is to be more selective in committing forces abroad and to maintain an adequate force structure. But legitimate complaints from within the ranks will be unnecessarily divisive if the civil-military gap does not narrow.

Solutions to some of these problems cannot be found solely within the military. For their part senior civilian officials in the executive branch must constantly be aware of the need to prevent the gap from growing wider. For its part, the Clinton administration deserves some credit for working so hard at this when its relations with the military could easily have soured.

Early in the administration, the conflict over gays in the military, apparent disrespect for military officers among some younger White House staff members and I believe, most importantly, a failure to be clear on the military role in Somalia, all created a potentially disastrous lack of trust to develop within the military.

Secretary of Defense Perry, especially, did much to reduce the tension, above all with his focus on the quality of life of people in the service. Moreover the administration has learned that the use of military force abroad must be thought through carefully. In Haiti, in Bosnia, whether one agrees with the mission or not, it is clear that the administration worked to define the goals of the military actions carefully. I am still concerned that the administration is asking too much of people in uniform but at least it is not lightly taking risks with the lives of military service members.

Congress also has a role to play in keeping the civil-military gap in check. Perhaps most importantly it is incumbent upon Members of Congress to seek consensus on social and political issues that might otherwise have a polarizing effect within the military. I think we have done a good job of that in recent years.

For the most part, however, I do not believe the military can look elsewhere to narrow the civil-military gap. Instead it is incumbent on the military leadership to work at reducing this civil-military gap as assiduously as it has worked at leadership development, recruit training, doctrinal improvements, jointness or other key aspects of organizational management. The public is not going to become more understanding of military concerns and the military requirements on its own, rather, the military itself must reach out to the public to create better understanding, even among those who have never served in the military. In carrying out this responsibility, there are several things the military should continue doing and some things it should do much better.

One thing it must continue doing is to educate its own leadership in civilian affairs. One thing that is especially striking to me is the growing portion of the military, both officer and civilian, that comes from military families. According to Professor Eliot Cohen of the Johns Hopkins School of Advanced International Studies, roughly 25 percent of the current force comes from families of service members. This is a startling figure which suggests that the professional military could in time become almost a separate caste unless measures are taken to broaden the experience of military service members to include educational, cultural and social contacts within the civilian community.

I am also struck by the fact that an increasing proportion of the officer corps is being drawn from the military service academies relative to the proportion from ROTC or officer candidate schools. According to a recent Congressional Research Service report, if we exclude officers serving in the health care professions, chaplains and some other categories, about 22 percent of the officer corps in 1995, was comprised of graduates of the military academies, a dramatically higher portion than in the past, when ROTC and OCS sources were relatively greater sources of officers.

Among general and flag officers the proportion from the service academies is even greater, about 36 percent in 1995. I would not suggest because of this that we close or significantly reduce the size of the academies. I do think, however, that it becomes more and more imperative that as a military officer advances, he or she receive education in nonmilitary institutions and that military training institutions make it a point of broadening the intellectual and cultural perspectives of their students.

□ 2000

Most importantly of all, I believe that the military must take steps to ensure that the military commanders are held accountable for building much better relations with the civilian community.

In my own experience representing a congressional district with large military bases, I know that some military officers are excellent at community relations and others are not. Increasingly there is no substitute for having commanders who are good at it. Even the most mundane community activities are profoundly effective in building public identification with an understanding of the military.

Participation in Lion's Clubs, sponsorship of Little Leagues, and of Boy and Girl Scout Troops, involvement on school and other similar affairs are essential. Community relations should be made a prominent factor in officer efficiency report ratings that determine whether an officer will be promoted.

Military leaders should also vastly expand programs to educate civilians about the military. There should be many more opportunities for civilian community leaders to visit military facilities and interact with military personnel.

One final step is also critically important, and that is for the active duty Army and the National Guard relations to improve. National Guard and Reserve troops are truly a national treasure for the simple reason that they remain true citizen soldiers.

Relations between the active duty force and the National Guard and the Army, however, are laden with distrust. This rift must be healed. The active Army leadership must work on ways to integrate the Guard forces into military plans, and must genuinely rely on the Guard as a key element of the force.

Mr. Speaker, the professional U.S. military force of today is by every measure the best in the world and perhaps the best in history. It is, however, a difficult matter for democracy to maintain a large professional military establishment. To make it work requires that military leaders pay serious attention to the social and political issues that arise.

Both the military and the society as a whole will greatly benefit from the military leadership if the military leadership works more assiduously to prevent a widening rift from developing between civilian and military societies.

A LOOK BACKWARD, A LOOK FORWARD

The SPEAKER pro tempore (Mr. HUTCHINSON). Under the Speaker's announced policy of January 7, 1997, the gentleman from California [Mr. SHERMAN] is recognized for 60 minutes.

Mr. SHERMAN. Mr. Speaker, as probably the last Speaker of this session, at least that portion of the session before we go back to our districts for the summer, I am grateful to have this opportunity to speak tonight.

I know we are all anxious to go back to our districts, and yet we ought to reflect a little bit on some of the things that have gone on in this House over the last 6 months. I am especially grateful for a sufficient amount of time to review these events, because during more hectic parts of our legislative business we are recognized for 1 minute or for 2 minutes, which is often not enough time to go even into one topic, and I have several topics I would like to address.

I know that very few of my colleagues are here in the Chamber. I expect that many are back in their offices finishing things up, perhaps watching these remarks on C-SPAN or cable, and I really have not had a chance to introduce myself to all of my colleagues, only most of them, so I would like to take a minute to do that.

I represent proudly the 24th Congressional District in California, which goes from Northridge on the north to Malibu on the south. That is why FEMA is my favorite Government agency. From the Northridge earthquakes to the other problems that we have had, certainly we have had more than our share of disasters, we have experienced superb help from that agency.

In addition, my district goes on the west from the city of Thousand Oaks in the Conejo Valley into the east to the city of Los Angeles, as far east as America's best named town, Sherman Oaks, CA.

I never expected to be in this House, and for those of my colleagues I have yet to meet and explain my story, I will take a minute to do that.

I began my career over 20 years ago as a CPA. And after a while, my friends got together and said, "Brad, you need to find an occupation held in lower public esteem," so I went to law school. After 3 years of Harvard Law School and 10 years of practicing business law, these same friends got together and they said, "Brad, for anyone else we know, law would be low enough, but you must find an occupation held in even lower public esteem."

They spent some time trying to think of what it might be, and they decided that I had to find some unique combination of occupations held in low esteem. In my State we have an elected tax commission called the State Board of Equalization. With their help, I ran for that board, and for 6 years I was simultaneously a politician and a tax collector.

Those of my friends in California who are already lawyers and aspire to be held in even lower esteem might examine the opportunity of running for the Board of Equalization next year.

These same friends gathered together last year, when our Congressman was retiring, and perhaps they thought that coming to this House would be an occupation held in even lower public esteem than being simultaneously a politician and a tax collector. This year we have proved them wrong.

This year my occupational self-esteem is on the rebound, because while last Congress was noted for deadlock and division, so far in this Congress we are noted for working together, sometimes with some acrimony, sometimes with some division, but eventually coming together in a bipartisan spirit, in a spirit that gives America the government that America voted for last year, a government of the vital center; government not catering to a right wing or to a left wing, but rather balancing those wings with policies that make sense.

It is in that spirit that I would like to review our last 6 months and take a look at the next several months of Congress that will be reconvened this September. I would like to look first at one bill that I have introduced, that I hope people around the country will bring to the attention of their Members of Congress and their Senators, because when people come back in September I would like to have hearings on this bill and I would like to see it pass.

After I review that bill, I would like to review my own efforts on the Committee on the Budget and the Committee on International Relations. But first I would like to address that one piece of legislation, and that is the Child Protection Act of 1997.

There were 425,000 children sexually abused last year. It is time for the Federal Government to do everything possible to protect our children from sexual predators. A good idea came out of California that I would like to see adopted on a national basis, and that is the idea of providing parents with the information they need about adults who may be coming in contact with their children because of their proximity or occupation.

In California there is a 900 number that parents can call, and if they have very specific information about an individual, can ask whether this individual has been convicted, not merely arrested but convicted of a sexual predatory offense. Making use of the data base required by Megan's law, officials of the California attorney general will advise parents whether that person has been convicted.

In fact, there have been 11,000 inquiries to this line and on over 1,000 occasions parents, those who administer day care programs and others with a legitimate interest have been advised, told on over 1,000 occasions that the individual that they were concerned about had, in fact, been convicted of a sexual predatory offense.

For example, there was an amusement park that noticed that an individual would show up by himself every day, would often be talking to children and striking up what appeared to be friendships, and that this individual had purchased a year-long pass, but never came with a child to this amusement park that catered to children.

They checked on this individual and found that the person who had purchased a year-long pass to the amusement park had, in fact, been convicted of a sexual offense involving a child under 14 years of age.

In another circumstance, a parent was concerned about someone who wanted to serve as the new Little League coach, and discovered that that person had been convicted in 1990 and again in 1992 of child molestation.

This system in California works well, but it suffers from two limitations: The data base is statewide and only parents in the State can use it. This line and database should be nationwide. Parents in California who call should be able to get information about convictions that occurred anywhere in the United States. And, likewise, this service ought to be available to parents from Maine to Arizona, not just to those in California.

So I ask my colleagues who may be listening to consider cosponsoring the Child Protection Act of 1997. Already 28 of my colleagues from both sides of the aisle and from all parts of the country, have cosponsored this legislation.

And to those who are watching at home, the next month will be an outstanding opportunity to interact with your own Senators and your own Representatives and, I hope, urge them to support the Child Protection Act of 1997.

With that, Mr. Speaker, I would like to address the work of the various committees that I have been privileged to serve on. The first of these is the Committee on the Budget.

First, I would like to review how it is that well before the deadline and surprising all the skeptics, first the Committee on the Budget and then the House overwhelmingly adopted a bipartisan budget plan for this Nation which balances the budget by the year 2002 and makes sure it remains balanced for at least 5 years thereafter.

Credit must go to prior Congresses because they adopted a fiscal policy for this country and supported the Federal Reserve Board in a monetary policy that has given us unparalleled economic growth, an economic recovery that is the longest in the post-World War II era.

☐ 2015

They did their job. As a result, just a few months ago, in predicting the future economic developments of this country, the Congressional Budget Office was able to tell us that they expected $45 billion of additional unexpected tax revenue not only in this year, but in each of the next 5 years.

Our reaction to that news was calm. And we deserve credit, both Democrats and Republicans, and I am particularly impressed by my colleagues, in the mature reaction that we had to that wonderful discovery. Because all around the world, developed countries are running huge deficits because they are slashing taxes on the one hand and coming up with very expensive government programs on the other.

The European Union is trying to create its own European currency, but they decided to do that only when the countries involved are able to reduce their deficit to 3 percent of gross domestic product. We in the United States, even before this budget deal, reduced our deficit to well less than 1 percent of our gross domestic product.

In fact, looking around the world at the developed countries, the only countries that meet the European Union's standards for a new currency are Luxembourg and the United States and arguably Cyprus. Perhaps the United States and Luxembourg should create our own currency, because the rest of the developed world has not mastered the fiscal discipline displayed in this House. The most important thing we did this week is that we did not foul it up. Prior Congresses, when confronted with good news, would have responded with $100 million spending programs, $200 million tax cuts, attempts to buy votes from this constituency or that, paying a price that the country could not afford. Instead, we acted with restraint.

Yes, we adopted some additional spending programs, more than offset by the spending reductions that we achieved. And yes, we provided tax reductions. But tax reductions that were moderate tax reductions this country could afford, tax reductions that were far less than had been proposed just 2 years ago.

Another area where we did not foul things up is that of the Social Security. Earlier this year we were urged by many to artificially adjust the Consumer Price Index, to tell those who are dependent on Social Security that if the Consumer Price Index said prices had gone up by 3 percent, we were only going to count 1½ percent. That would have been a breach of faith with America's seniors, and this Congress said no. Yes, we are going to balance the budget, but no we are not going to do so by artificially tinkering with the promise that we have made to our seniors to maintain their purchasing power.

Instead, we adopted a spending bill that will extend the Medicare trust fund and its solvency to the year 2007, and that will allow us to provide insurance to children who do not currently have medical insurance. Five million children who now must worry and whose parents must worry about whether they can afford to see a doctor, or if they can get medical care, will be told yes, you can, the door of the clinic is open.

We also adopted very important tax reductions. The most important one for my district is a virtual elimination of the tax on the gain on the sale of a home. We in Los Angeles are blessed with high property values or high housing costs, however you choose to view it. And so many southern Californians are faced with a situation where they are thinking of selling their home now that their children have moved. They have a 3-bedroom, a 4-bedroom, a 6-bedroom home and are still living in it, not because they need the space and not because they want to invite their 20-something children to move back into their old bedrooms, but because they are concerned about the huge tax that they would pay if they sold their home and moved into a smaller one. Today we said yes, people can sell their homes and do not have to pay taxes on the first $500,000 of gain.

And for those in other parts of the country where the gains are smaller, please reflect on the fact that your interest payments are lower, your mortgage payments are lower. We in California spend far more for housing than people in most of the rest of the country.

Just as important, we adopted a $500 tax credit per child so that parents would have some help with the high cost of raising their own children. And we provided tax relief for college students and their parents, a HOPE scholarship that provides a $1,500 tax credit for those who spend $2,000 on tuition during the first 2 years of college. Dollar for dollar, this is not a mere deduction but a credit dollar for dollar on the first $1,000 and a 50-percent credit on the next $1,000 spent during the first 2 years of college. And for those who have gone beyond their first 2 years of college, we have provided a tax credit of 20 percent on the first $5,000 that they spend on college tuition.

America needs to invest in education. Our colleges and universities are still the envy of the world. And if we are to maintain the high living standards that we enjoy compared to the rest of the world, we must encourage people to pursue a college education in their post high school years.

The country benefits. The revenue people benefit. We in the Federal Government are all too happy to benefit when someone gets a college education, earns more, and therefore pays higher taxes. We should be there on the front end providing tax breaks and incentives to encourage people to get that college education. If we are partners in the profits of education, we should be partners in the expense.

Another element that is very important to me in the budget resolution revolves around the Land and Water Conservation Fund. Most people at home and, frankly, some of my colleagues have not focused on the Land and Water Conservation Fund. This is a special fund in the U.S. Treasury, is funded with money received by the Federal Government from royalties on offshore oil drilling. I have always opposed offshore drilling, especially off the coast of California. But wherever there is already oil being produced off our coast and royalties being paid to the Federal Government, those funds should be used to mitigate environmental degradation by providing us with the funding we need to acquire new Federal lands for our national parks and forests.

This year, for the first time in nearly a decade, we are going to live more or less in conformity with the law that established the Land and Water Conservation Fund. I am particularly proud of the work I did in the Committee on the Budget, because in that committee we reviewed a White House-negotiated deal which provided that there should be $700 million of new funds to acquire lands around the country, environmentally sensitive lands, but that that $700 million of new funds should be spread out over the next 5 years. I could see it happen, could see the problem. The problem is that we traditionally spend about $150 million every year, which is not nearly enough, on acquiring environmentally sensitive lands. If we provided for $700 million spread out over 5 years, the new money could simply displace the old money. The $700 million spread out over 5 years could then be the excuse to discontinue the $150 million that we have spent year after year for the last several years.

Instead, in the Committee on the Budget, I proposed an amendment, the only substantive amendment that we were able to get adopted in the Committee on the Budget of this House, which provided first documentation and inescapable documentation, no wiggle room documentation, that $700 million of additional funds should be spent in the next 5 years on acquiring environmentally sensitive land.

Beyond that, the amendment provided that all of those funds should be spent in 1998. That is important for several reasons. The first is that the $700 million will have the greatest purchasing power if spent now before land prices go up. But second, spending the money in 1998 assures that what was supposed to be extra money is in fact extra, that we spend the $700 million extra in 1998, and come 1999, with the support of my colleagues, we should go back to spending at least $150 million year in and year out. And I would urge this House to spend far more.

So we have a budget resolution that is very clear, that has been passed by both Houses of Congress, and that is supposed to be binding on both Houses, providing that an additional $700 million be spent during 1998 on acquiring environmentally sensitive lands.

Unfortunately, the Committee on Appropriations of the House of Representatives did not follow that instruction and adopted an Interior Committee appropriations bill which did not include the expenditure of that $700 million.

The other body, the Senate, did follow the budget resolution, did follow the amendment that I had offered for that resolution, and provided for the $700 million to be spent. I am confident that we will spend that money and that we will acquire environmentally sensitive lands before they are doomed to development and degradation.

I acquire this confidence for one reason. My colleagues are going home. The ladies and gentlemen watching us in this House will have a chance to talk to them about the priorities of this country. We are very close to the end of this millenia. What greater gift could we make to the next millenia than to preserve forever the Headwaters Forest, to preserve forever the Yellow Stone area, and to preserve forever the Santa Monica Mountains National Recreation Area?

I am confident that as the people of America interface with their Representatives, they will say, you have a balanced budget resolution. It provides for $700 million of additional funds to acquire these lands, you have told us that that resolution will give us a balanced budget and fiscal responsibility. If we can protect the lands and be fiscally responsible, we should do it and do it now. And I am confident that when my colleagues return and go into that conference committee that they will be strong advocates for the environment and strong advocates for protecting lands and adding to our national parks.

I would especially hope that there is attention to the Santa Monica Mountains National Recreation Area. This is the last great chance to have a national park and a great national park just on the fringes of one of America's great metropolitan areas. We are close to being able to acquire the last parcels we need to acquire to complete the backbone trail and provide a 65-mile hike that starts in Santa Monica and continues through unabated wilderness and through nationally-owned and State-owned lands.

□ 2030

We have a chance to preserve for posterity a park that already generates 30 million visitors a year. There are far more visitors to the mountains and beaches of the Santa Monica National Recreation Area than to Yellowstone or Yosemite or any of the other units of the National Park System. We have a chance to complete the construction and acquisition of a park that is already, even in its current form, the most popular element of our National Park System.

And so, if you happen to see my colleagues back in your districts, please tell them now is the time to protect our national treasures.

This completes what I would like to say about the Committee on the Budget. I would like to turn my attention now to my work on and the work in general of the Committee on International Relations. I especially want to turn my attention to the tragic events in Jerusalem of just a few days ago, for these events remind us that the Middle East has not yet achieved peace, that Israel remains surrounded by those who would destroy her and that Israel is not yet secure, and it reminds us of the importance of the eternal city of Jerusalem.

It was not covered much by the press, but a few months ago there was a resolution in the Committee on International Relations to cut aid to Israel. The proponent pointed out that the living standards in Israel are somewhat higher, considerably higher than many of the other countries that receive our aid, and wondered why Israel needed economic aid from the United States.

The answer of the committee was overwhelming. The answer of the committee was clear. As long as Israel must confront hostile neighbors in so many directions, as long as Iran and Iraq swear every day that they will push Israel into the sea, Israel needs both the military aid that it gets from the United States and the economic aid that is necessary so that Israel can afford to spend its own money on dealing with the greatest security threat of any country in the world.

There is only one country in the world where there are millions of people, or at least governments governing millions of people, who question its right to exist and plot its extermination. No other country faces that kind of security threat, and no country has a closer relationship with the United States than the State of Israel which has supported us. Israel has supported us again and again and again when we needed a friend in a very dangerous and very important region of the country.

Particularly I want to point to the fact that this latest terrorist act occurred in Jerusalem, and it was probably committed by those who were trying to destroy the peace process. But it was allowed to occur, or at least not prevented, by a Palestinian Authority that is still trying to negotiate about the status of Jerusalem and has again and again signaled that terrorism, or at least turning a blind eye to terrorism, is a negotiating tactic that it is willing to employ.

We must tell the Palestinian Authority that terror is not an appropriate or tolerable method for negotiation, and we must tell the entire world that the United States recognizes Jerusalem, an undivided and indivisible Jerusalem, as the capital of the land of Israel.

Up until now there has been some question as to American policy. Congress has always been clear. Congress has directed the United States to move our embassy to Jerusalem to signal for the entire world that Jerusalem is the capital of Israel and always will be. So far that embassy has not been moved, but congressional enactment after congressional enactment has instructed the State Department to do just that, and when it comes to the American Embassy, we must say, "Next year in Jerusalem."

I do want to talk about several other points that arose involving international relations and the Committee on International Relations. One of those was an idea, a rather bad idea, to transfer free, three Perry class frigates to the Navy of the Republic of Turkey.

Now Turkey does face significant security threats facing Iran and Iraq on its eastern borders, but my question for the Defense Department is: In efforts against Iran and Iraq, how do you deploy the frigates? Obviously, these frigates would be deployed in the Aegean where they would threaten Cyprus and Greece. They should not be transferred, and it is certainly an insult to American taxpayers to think of transferring them to Turkey for free. When you think of the idea of frigates being used to combat the threat of Iran and Iraq, we should reflect that the last oceangoing ships seen in eastern Anatolia, the last such ship was Noah's ark.

The idea of strengthening the Turkish Navy, a Navy whose work in Cyprus and the Aegean we are not overly happy with, is an incredibly bad idea. I am very gratified that Richard Holbrooke, arguably our most accomplished ambassador has been appointed to try to deal with the problem of Cyprus. We look forward to the unification of Nicosia, not the division of Jerusalem. We look forward to peace in Cyprus and a united federal Cyprus joining the European Union.

I also would like to address the unfortunate visit to the United States of the President of Azerbaijan Mr. Aliyev. We met with this individual yesterday. He tried to convince us that Nogornokarabagh was a natural part of Azerbaijan. He was wrong. The only individual who had a hand in transferring that territory to Azeri sovereignty even for a while was Joseph Stalin. The idea that Azerbaijan would claim a territory populated by Armenians and their only claim to it is Joseph Stalin gave it to us; I think that is a rather weak claim. President Aliyev urged us to repeal Section 907 which prohibits aid to a country that is receiving aid and is blockading another country to which we would like to send aid. The blockade of Armenia must end, and it is time for Turkey and Azerbaijan to provide humanitarian corridors so that food and medicine can reach the people of Armenia and so that Armenia can trade with the world.

Mr. Speaker, this is the 50th anniversary of the reemergence as an independent democracy of the Nation of India, and I would like to take this opportunity as the sun sets on this Congress until September to urge the

President, and if that is impossible, then the Vice President or the Secretary of State to go to India to celebrate its independence.

We have more in common with India than is commonly acknowledged. They are the world's largest democracy, we are the worlds greatest democracy. It is time to celebrate Indian independence.

I am particularly proud of the role I played in the Committee on International Relations when one of my colleagues put forward an amendment that was a hidden attack against India, which said that we would end all aid to countries that did not vote with us all the time in the General Assembly of the United Nations. This was a ill considered amendment. Counting votes is not a way to see whether a country shares our values. Many of us here in the Chamber cast votes on a variety of things that are inconsequential, and those who try to judge our values by tabulating votes and producing scores, particularly if they look at every vote as being equivalent and of equal importance will be misled.

Just one example. Every day we vote on whether to approve the Journal. The Journal for the CONGRESSIONAL RECORD I think is professionally prepared, and so I vote to prepare it, to approve the Journal, to say, yes, there are no typos in it that I have been able to find. The Republican leadership votes to approve the Journal in every recorded vote. The Democratic leadership, many of them, vote against approving the Journal. Perhaps they have a keener eye for typos than I do. It would be rather absurd to decide that I shared more values with the Republican leadership than the Democratic leadership on the basis of such an inconsequential vote, and likewise our Committee on International Relations knows that you cannot judge whether America and other countries share values by tabulating of votes in the General Assembly of the United Nations.

Now on the Committee on International Relations I serve on the trade subcommittee, and again and again my voice is there to say it is time for America to get tough on trade. Unfortunately on trade issues there appear to be only 2 voices, one a protectionist voice that says build a wall around America. That is impossible. The other a, quote, free trade voice that says open America to every import regardless of how that country treats our trade. That is absurd, but unfortunately it is treated as a serious policy by the trade establishment and by the foreign policy establishment of the United States.

We even had a distinguished gentleman testify before our subcommittee that trade deficits do not matter. That is as absurd as the people who 10 years ago told us that budget deficits do not matter.

America runs a huge trade deficit with the world year in and year out every year and it is time for us to focus on that deficit with the same intensity that we focused on the Federal budget deficit.

For all too long our foreign policy around the world could best be described by one sentence uttered by an American diplomat to a diplomat from any of the other countries. America's position was that we would like the honor of defending Europe and Japan for free, defending their territory, their trade routes and their interests, and in return for that honor we were prepared to make trade concession after trade concession.

No country in the history of the world has ever exercised our responsibility or our power around the world. But no great country has survived with such unmitigated generosity. We cannot simultaneously open our markets to Japan and Europe and China while their markets remain closed to us.

Now at least this year we voted in favor of Most Favored Nation status for China, and it is good that we retain a trade relationship with China. But it is time for us to demand that they give Most Favored Nation status to the United States. Perhaps the least audible part of the debate on Most Favored Nation status was the fact that China sends $45 billion of goods to the United States every year and accepts only $11 billion of our exports.

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We must restore balance to this relationship. We must insist on parity. We must insist that a country like China, which, whether we like it or not, is a Communist State with a government in control of major economic decisions, make those economic decisions in a way that opens their markets to American goods.

Mr. Speaker, this weekend many of us will get a chance to see a movie, and we should reflect that at least for the area I represent, the movie business is the biggest business and the television business is included in that. We have tolerated for no ascertainable reason a policy that discriminates explicitly, repeatedly and consistently against American television programs and against American movies when we seek to exhibit them in France and other European countries. The French explicitly discriminate and say that one-third of all TV shows, one-third of all movie screens are available only for domestic content. I am not sure of that standard of one-third; it might even be higher.

They say it is not a matter of trade; they say it is a matter of culture. Well, I am from California, where in the south of California culture is Hollywood, but in the north of California culture is exemplified by our fine wines. If the French can tell us that we cannot have our movies and our TV programs in their country because it corrupts their culture, then why are we drinking French wines? Are they not having an equivalent effect on our culture?

Certainly, we should be as aggressive in trade negotiations with the French and we should use every device, including exaggerated cultural sensitivity if that is what we need to get access to their markets, and to deny access to the French where they deny access to us.

Mr. Speaker, in a few weeks I will get a chance to go to Israel with a delegation of our colleagues, and I will have a chance to see for myself what can be done to maintain a strong relationship between the United States and Israel. Our group will meet with Prime Minister Netanyahu and we will also meet with the head of the Palestinian Authority Chairman Yasser Arafat. We will have, I believe, some very pointed questions for Mr. Arafat, for it is his government that announced a death warrant for those people whose crime it was to sell land to Jews.

Mr. Speaker, I have a lot of realtors in my district. Now and then they face some danger in their business, maybe a flat tire on the way to show a house, but the idea that one would assassinate people for engaging in the real estate business strikes me as an all-time low in human rights and human dignity, and an all-time low in an effort to create peace in the Middle East. Likewise, it is the Palestinian Authority which time and again has arrested terrorists, known terrorists, Hezbollah, Islamic Jihad, arrested them and then released them.

Certainly one must take responsibility for the actions of those one facilitates. One must take responsibility for the actions one was obligated to prevent and chose not to prevent. The deal in the Middle East is land for peace, and again and again and again Israel has conceded and provided land.

Lands that Israel came to occupy by defending itself in a war of aggression it returned, not by force of arms of its adversaries, but by a genuine and sincere wish for peace. The land is there, the Sinai has been returned. Gaza is now under the Palestinian Authority. Huge areas of the West Bank have been turned over to Mr. Arafat's government. The land is there. Where is the peace?

We must remember that turnovers of land are permanent, or relatively so. They are ascertainable. Each acre turned over to an Arab government or to the Palestinian Authority can be measured, ascertained and protected. In contrast, the peace which is supposed to be delivered to Israel is ephemeral. There can be peace today and a terrorist incident tomorrow, and then peace the next day.

It is time to insist that peace be delivered, and it is not just peace with the fathers of the Middle East that Israel deserves, because what good is it to have peace with all of those in their 40s and 50s and 60s in positions of power in various Arab States, if the children are educated for hatred and war? It is time for the Middle East peace treaty to reach into every textbook in every Arab land and to begin to teach Arab children the truth: that Israel is a legitimate, permanent, unerasable part of the Middle East; that its presence in the Middle East may well lead to prosperity and enlightenment for much of that region; that lands have been returned because of a pledge of peace.

But instead, Arab children are taught lies. They are taught hatred. There are still textbooks that teach math by asking what happens when you add two dead Jews to three dead Jews.

The answer is that they do not have peace, and it is time for Arab states to deliver the ephemeral by looking at every aspect of their society and saying, have we complied with the peace agreement? Have we provided Israel with the security of knowing that the next generation and the generation after that will accept the borders that Israel has voluntarily retreated to?

So while we take a minute to reflect on those who died in Israel and in Jerusalem just a few days ago, we must reflect on what needs to happen: the reinternment of those that were wrongfully released by the Palestinian Authority, and education for peace among all the Arab States who once were at war. From Morocco to Tehran, Arab and Islamic children should be educated for peace. And until that happens, Israel will have conceded land and will have received only a temporary peace, a peace that may die with the fathers, a war that may be born with the sons.

Mr. Speaker, I want to thank my colleagues for their patience and indulgence, for I have spoken longer than I had imagined, but it has been a long session of Congress, and we all look forward to returning to our districts.

I look forward to returning to Woodland Hills, where I am available to my constituents at 818–999–1990, and I especially look forward to seeing hundreds of people at a new home-buyer fair, a fair designed to give people, particularly first time buyers, information about buying a new home. We will also have information about the new tax law and how it affects those selling a home. We will convene on Saturday, August 9 at 9 a.m. through 1 p.m. If my constituents cannot be there the whole time, we will have information for people for part of the time. We will be at the Coast Federal Bank in Canoga Park.

I know that all of my colleagues are smiling today. We all get to go home, but none of them deserve to smile more than me. I get to go back to the San Fernando, the Conejo and the Las Virgenes Valleys, and I am looking forward to it.

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore (Mr. HUTCHINSON). The Chair will remind all Members to address their remarks to the Chair and not to the viewing audience.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Members (at the request of Mr. HOEKSTRA) to revise and extend their remarks and include extraneous material:)

Mr. FALEOMAVAEGA, for 5 minutes, today.

Mr. STRICKLAND, for 5 minutes, today.

Mrs. MINK of Hawaii, for 5 minutes, today.

Mr. CONYERS, for 5 minutes, today.

Ms. JACKSON-LEE of Texas, for 5 minutes, today.

Mr. PALLONE, for 5 minutes, today.

(The following Members (at the request of Mr. POSHARD) to revise and extend their remarks and to include extraneous material:)

Mr. HUNTER, for 5 minutes, today.

Mr. SOLOMON, for 5 minutes, today.

Mr. QUINN, for 5 minutes, today.

Mr. BOEHLERT, for 5 minutes, on July 23.

Mr. HOUGHTON, for 5 minutes, today.

Mr. THUNE, for 5 minutes, today.

Mr. FOLEY, for 5 minutes, on August 1.

ENROLLED JOINT RESOLUTION SIGNED

Mr. THOMAS, from the Committee on House Oversight, reported that that committee had examined and found truly enrolled a joint resolution of the House of the following title, which was thereupon signed by the Speaker:

H.J. Res. 90. Joint resolution waiving certain enrollment requirements with respect to two specified bills of the One Hundred Fifth Congress.

JOINT RESOLUTION PRESENTED TO THE PRESIDENT

Mr. THOMAS, from the Committee on House Oversight, reported that that committee did on this day present to the President, for his approval, a joint resolution of the House of the following title:

H.J. Res. 90. Joint resolution waiving certain enrollment requirements with respect to two specified bills of the One Hundred Fifth Congress.

ADJOURNMENT

Mr. SHERMAN. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 8 o'clock and 55 minutes p.m.), the House adjourned until tomorrow, Friday, August 1, 1997, at 9 a.m.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

4479. A letter from the Administrator, Agricultural Marketing Service, transmitting the Service's final rule—Fresh Cut Flowers and Fresh Cut Greens Promotion and Information Order [FV–97–703] received July 28, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Agriculture.

4480. A letter from the Administrator, Agricultural Marketing Service, transmitting the Service's final rule—Regulations Governing the Fresh Irish Potato Diversion Program, 1996 Crop [Docket No. FV–97–80–02] (RIN:0581–AA93) received July 31, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Agriculture.

4481. A letter from the Director, Office of Regulatory Management and Information, Environmental Protection Agency, transmitting the Agency's final rule—Buprofezin; Pesticide Tolerances for Emergency Exemptions [OPP–300519; FRL–5732–1] (RIN: 2070–AB78) received July 28, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Agriculture.

4482. A letter from the Assistant Secretary for Legislative Affairs, Department of State, transmitting on behalf of the President, the Annual Report on the Panama Canal Treaties, Fiscal Year 1996, pursuant to 22 U.S.C. 3871; to the Committee on National Security.

4483. A letter from the Director, Office of the Secretary, Department of Defense, transmitting the Department's final rule—Compensation of Certain Former Operatives Incarcerated by the Democratic Republic of Vietnam (RIN: 0790–AG43) received July 28, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on National Security.

4484. A letter from the Assistant Secretary, Department of Defense, transmitting a letter concerning the mobilization income insurance program for activated Reservists, pursuant to Public Law 104—201, section 1233; to the Committee on National Security.

4485. A letter from the Acting General Counsel, Department of Housing and Urban Development, transmitting the Department's final rule—Base Closure Community Redevelopment and Homeless Assistance [FR–3820] received July 24, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on National Security.

4486. A letter from the Secretary of Defense, transmitting a report on the Demonstration Program to Train Military Medical Personnel in Civilian Shock Trauma Units, pursuant to Public Law 104—201, section 744; to the Committee on National Security.

4487. A letter from the Secretary of Defense, transmitting a report on Dual Use Application Program Investment Strategy for Fiscal Years 1998 through 2000, pursuant to Public Law 104—201, section 203(g); to the Committee on National Security.

4488. A letter from the Deputy Under Secretary for International and Commercial Programs, Department of Defense, transmitting the annual report to Congress describing the activities of the Defense Production

Act Fund, pursuant to 50 U.S.C. app. 2094; to the Committee on Banking and Financial Services.

4489. A letter from the Acting General Counsel, Department of Housing and Urban Development, transmitting the Department's final rule—Homeownership of Single Family Homes Program (HOPE 3); Streamlining Rule [FR-3857] received July 24, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Banking and Financial Services.

4490. A letter from the Managing Director, Federal Housing Finance Board, transmitting the Board's final rule—Amendment of Affordable Housing Program Regulation [No. 97-44] (RIN: 3069-AA28) received July 31, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Banking and Financial Services.

4491. A letter from the General Counsel, National Credit Union Administration, transmitting the Administration's final rule—Investment and Deposit Activities (RIN: 3133-AB73) received July 30, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Banking and Financial Services.

4492. A letter from the AMD—Performance Evaluation and Records Management, Federal Communications Commission, transmitting the Commission's final rule—Amendment of Section 73.202(b), Table of Allotments, FM Broadcast Stations (Glenrock, Wyoming) [MM Docket No. 96-227, RM-8910] received July 31, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Commerce.

4493. A letter from the AMD—Performance Evaluation and Records Management, Federal Communications Commission, transmitting the Commission's final rule—Amendment of Section 73.202(b), Table of Allotments, FM Broadcast Stations (Mt. Juliet and Belle Meade, Tennessee) [MM Docket No. 97-97, RM-9047] received July 31, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Commerce.

4494. A letter from the AMD—Performance Evaluation and Records Management, Federal Communications Commission, transmitting the Commission's final rule—Amendment of Section 73.202(b), Table of Allotments, FM Broadcast Stations (Fife Lake, Michigan) [MM Docket No. 97-25, RM-8981] received July 31, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Commerce.

4495. A letter from the AMD—Performance Evaluation and Records Management, Federal Communications Commission, transmitting the Commission's final rule—Amendment of Section 73.202(b), Table of Allotments, FM Broadcast Stations (Bear Creek and Pocono Pines, Pennsylvania) [MM Docket No. 96-151, RM-8808, RM-8891] received July 31, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Commerce.

4496. A letter from the AMD—Performance Evaluation and Records Management, Federal Communications Commission, transmitting the Commission's final rule—Amendment of Section 73.606(b), Table of Allotments, TV Broadcast Stations (Johnstown and Jeannette, Pennsylvania) [MM Docket No. 97-96, RM-8756] received July 31, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Commerce.

4497. A letter from the AMD—Performance Evaluation and Records Management, Federal Communications Commission, transmitting the Commission's final rule—Amendment of Section 73.202(b), Table of Allotments, FM Broadcast Stations (Centennial, Wyoming) [MM DOcket No. 97-88, RM-9031] received July 31, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Commerce.

4498. A letter from the AMD—Performance Evaluation and Records Management, Federal Communications Commission, transmitting the Commission's final rule—Amendment of Section 73.202(b), Table of Allotments, FM Broadcast Stations (Smith and Reno, Nevada, Susanville and Truckee, California) [MM Docket No. 96-103, RM-8794, RM-8839] received July 31, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Commerce.

4499. A letter from the AMD—Performance Evaluation and Records Management, Federal Communications Commission, transmitting the Commission's final rule—Amendment of Section 73.202(b), Table of Allotments, FM Broadcast Stations (Atlanta, Louisiana) [MM Docket No. 97-105, RM-9046] received July 31, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Commerce.

4500. A letter from the AMD—Performance Evaluation and Records Management, Federal Communications Commission, transmitting the Commission's final rule—Amendment of Section 73.202(b), Table of Allotments, FM Broadcast Stations (Parker, Arizona) [MM Docket No. 96-164, RM-8847] received July 31, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Commerce.

4501. A letter from the AMD—Performance Evaluation and Records Management, Federal Communications Commission, transmitting the Commission's final rule—Amendment of Section 73.202(b), Table of Allotments, FM Broadcast Stations (Earlville, Illinois) [MM Docket No. 97-48, RM-8994] received July 31, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Commerce.

4502. A letter from the Director, Regulations Policy Management Staff, Office of Policy, Food and Drug Administration, transmitting the Administration's final rule—Indirect Food Additives: Adjuvants, Production Aids, and Sanitizers [Docket No. 96F-0051] received July 28, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Commerce.

4503. A letter from the Director, Office of Congressional Affairs, Nuclear Regulatory Commission, transmitting the Commission's final rule—Compliance with Small Business Regulatory Enforcement Fairness Act [EGM 97-015] received July 28, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Commerce.

4504. A letter from the Assistant Secretary for Legislative Affairs, Department of State, transmitting the forty-fifth report on the extent and disposition of United States contributions to international organizations for fiscal year 1996, pursuant to 22 U.S.C. 262a; to the Committee on International Relations.

4505. A letter from the Director, Office of the Secretary, Department of Defense, transmitting the Department's final rule—Privacy Program [32 CFR Part 311] received July 30, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Government Reform and Oversight.

4506. A letter from the Chairman and Chief Executive Officer, Farm Credit Administration, transmitting the Administration's final rule—Releasing Information (RIN: 3052-AB77) received July 29, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Government Reform and Oversight.

4507. A letter from the Office of Special Counsel, transmitting the Annual Report of the Office of the Special Counsel (OSC) for Fiscal Year (FY) 1996, pursuant to Public Law 101—12, section 3(a)(11) (103 Stat. 29); to the Committee on Government Reform and Oversight.

4508. A letter from the Secretary of Commerce, transmitting a report on the Plan for Census 2000, pursuant to Public Law 105—18, title VIII (111 stat. 217); to the Committee on Government Reform and Oversight.

4509. A letter from the the Acting Chief Administrative Officer, the U.S. House of Representatives, transmitting the quarterly report of receipts and expenditures of appropriations and other funds for the period October 1, 1996, through December 31, 1996 as compiled by the Chief Administrative Officer, pursuant to 2 U.S.C. 104a; (H. Doc. No. 105—112); to the Committee on House Oversight and ordered to be printed.

4510. A letter from the Assistant Secretary, Land and Minerals Management, Department of the Interior, transmitting notice on leasing systems for the Western Gulf of Mexico, Sale 168, scheduled to be held in August 1997, pursuant to 43 U.S.C. 1337(a)(8); to the Committee on Resources.

4511. A letter from the Director, Office of Sustainable Fisheries, National Oceanic and Atmospheric Administration, transmitting the Administration's final rule—Fisheries of the Exclusive Economic Zone Off Alaska; Greenland Turbot in the Bering Sea Subarea [Docket No. 961107312-7021-02; I.D. 072297D] received July 28, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Resources.

4512. A letter from the Deputy Assistant Administrator for Fisheries, National Oceanic and Atmospheric Administration, transmitting the Administration's final rule—Fisheries Off West Coast States and in the Western Pacific; West Coast Salmon Fisheries; Amendment 12 [Docket No. 970318059-7148-02; I.D. 022197B] (RIN: 0648-AI82) received July 28, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Resources.

4513. A letter from the Secretary of Agriculture, transmitting a draft of proposed legislation to amend the Wild and Scenic Rivers Act to designate a segment of the Upper White Salmon River in the State of Washington as a component of the National Wild and Scenic Rivers System; to the Committee on Resources.

4514. A letter from the Deputy Executive Director, Reserve Officers Association, transmitting the Association's financial audit for the period ending March 31, 1997, pursuant to 36 U.S.C. 1101(41) and 1103; to the Committee on the Judiciary.

4515. A letter from the Secretary of Commerce, transmitting a draft of proposed legislation to amend Title 17 to implement the WIPO Copyright Treaty and the WIPO Performances and Phonograms Treaty; to the Committee on the Judiciary.

4516. A letter from the Treasurer, The Congressional Medal of Honor Society of the United States of America, transmitting the annual financial report of the Society for calendar year 1996, pursuant to 36 U.S.C. 1101(19) and 1103; to the Committee on the Judiciary.

4517. A letter from the Chairman, United States Sentencing Commission, transmitting the 1996 annual report of the activities of the Commission, pursuant to 28 U.S.C. 997; to the Committee on the Judiciary.

4518. A letter from the Secretary of Health and Human Services, transmitting the Twentieth Annual Report on the Child Support Enforcement Program, pursuant to 42 U.S.C. 652(a)(10); to the Committee on Ways and Means.

4519. A letter from the Administrator, Environmental Protection Agency, transmitting a report on the implementation of the Waste Isolation Pilot Plant Land Withdrawal Act, pursuant to Public Law 102—579, section 23(a)(2); jointly to the Committees on National Security and Commerce.

4520. A letter from the Board of Governors, Federal Reserve System, transmitting the

Board's mid-year Monetary Policy Report to the Congress, pursuant to 12 U.S.C. 225a; jointly to the Committees on Banking and Financial Services and Education and the Workforce.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. DREIER: Committee on Rules. House Resolution 206. Resolution waiving points of order against the conference report to accompany the bill (H.R. 2014) to provide for reconciliation pursuant to subsections (b)(2) and (d) of section 105 of the concurrent resolution on the budget for fiscal year 1998 (Rept. 105–221). Referred to the House Calendar.

Mr. SMITH of Texas: Committee on the Judiciary. H.R. 1211. A bill for the relief of Global Exploration and Development Corp., Kerr-McGee Corp., and Kerr-McGee Chemical Corp.; with an amendment (Rept. 105–222). Ordered to be printed.

Mr. LEACH: Committee on Banking and Financial Services. H.R. 1370. A bill to reauthorize the Export-Import Bank of the United States; with an amendment (Rept. 105–224). Referred to the Committee of the Whole House on the State of the Union.

Mr. SHUSTER: Committee on Transportation and Infrastructure. H.R. 1502. A bill to designate the U.S. courthouse located at 301 West Main Street in Benton, IL, as the "James L. Foreman United States Courthouse" (Rept. 105–225). Referred to the House Calendar.

Mr. SHUSTER: Committee on Transportation and Infrastructure. H.R. 1484. A bill to redesignate the Dublin Federal courthouse building located in Dublin, GA, as the J. Roy Rowland Federal Courthouse; with amendments (Rept. 105–226). Referred to the House Calendar.

Mr. SHUSTER: Committee on Transportation and Infrastructure. H.R. 1479. A bill to designate the Federal building and U.S. courthouse located at 300 Northeast First Avenue in Miami, FL, as the "David W. Dyer Federal Courthouse"; with amendments (Rept. 105–227). Referred to the House Calendar.

Mr. SHUSTER: Committee on Transportation and Infrastructure. H.R. 994. A bill to designate the U.S. border station located in Pharr, TX, as the "Kika de la Garza United States Border Station" (Rept. 105–228). Referred to the House Calendar.

Mr. SHUSTER: Committee on Transportation and Infrastructure. H.R. 962. A bill to redesignate a Federal building in Suitland, MD, as the "W. Edwards Deming Federal Building" (Rept. 105–229). Referred to the House Calendar.

Mr. SHUSTER: Committee on Transportation and Infrastructure. H.R. 892. A bill to redesignate the Federal building located at 223 Sharkey Street in Clarksdale, MS, as the "Aaron Henry United States Post Office"; with amendments (Rept. 105–230). Referred to the House Calendar.

Mr. SHUSTER: Committee on Transportation and Infrastructure. H.R. 643. A bill to designate the U.S. courthouse to be constructed at the corner of Superior and Huron Roads, in Cleveland, OH, as the "Carl B. Stokes United States Courthouse" (Rept. 105–231). Referred to the House Calendar.

Mr. SHUSTER: Committee on Transportation and Infrastructure. H.R. 613. A bill to designate the Federal building located at 100 Alabama Street NW, in Atlanta, GA, as the "Sam Nunn Federal Center"; with amendments (Rept. 105–232). Referred to the House Calendar.

Mr. SHUSTER: Committee on Transportation and Infrastructure. H.R. 595. A bill to designate the Federal building and U.S. courthouse located at 475 Mulberry Street in Macon, GA, as the "William Augustus Bootle Federal Building and United States Courthouse" (Rept. 105–233). Referred to the House Calendar.

Mr. SHUSTER: Committee on Transportation and Infrastructure. H.R. 548. A bill to designate the U.S. courthouse located at 500 Pearl Street in New York City, NY, as the "Ted Weiss United States Courthouse" (Rept. 105–234). Referred to the House Calendar.

Mr. SHUSTER: Committee on Transportation and Infrastructure. H.R. 81. A bill to designate the U.S. courthouse located at 401 South Michigan Street in South Bend, IN, as the "Robert K. Rodibaugh United States Bankruptcy Courthouse" (Rept. 105–235). Referred to the House Calendar.

Mr. SHUSTER: Committee on Transportation and Infrastructure. H.R. 2204. A bill to authorize appropriations for fiscal years 1998 and 1999 for the Coast Guard, and for other purposes; with amendments (Rept. 105–236). Referred to the Committee of the Whole House on the State of the Union.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. SMITH of Texas: Committee on the Judiciary. H.R. 998. A bill for the relief of Lloyd B. Gamble (Rept. 105–223). Ordered to be printed.

PUBLIC BILLS AND RESOLUTIONS

Under clause 5 of Rule X and clause 4 of Rule XXII, public bills and resolutions were introduced and severally referred, as follows:

By Mr. CRANE (for himself, Mr. ARCHER, Mr. THOMAS, Mr. RAMSTAD, Ms. DUNN of Washington, Mr. HAMILTON, Mr. BEREUTER, Mr. DREIER, Mr. KOLBE, and Mr. CAPPS):

H.R. 2316. A bill to amend trade laws and related provisions to clarify the designation of normal trade relations; to the Committee on Ways and Means.

By Mr. ABERCROMBIE (for himself, Mr. EVANS, Mr. FILNER, Mr. FALEOMAVAEGA, Mr. UNDERWOOD, Mr. FROST, Mr. MILLER of California, Mrs. MINK of Hawaii, Mr. MCDERMOTT, Mr. BONIOR, and Mr. RANGEL):

H.R. 2317. A bill to amend title 38, United States Code, to make permanent the Native American Veteran Housing Loan Pilot Program; to the Committee on Veterans' Affairs.

By Mr. ABERCROMBIE (for himself, Mr. YOUNG of Alaska, and Mrs. MINK of Hawaii):

H.R. 2318. A bill to repeal the provisions of the Taxpayer Relief Act of 1997 which change the rates of the airline ticket taxes and impose a separate tax on domestic segments of air transportation; to the Committee on Ways and Means.

By Mr. BARRETT of Wisconsin (for himself, Mr. FRANK of Massachusetts, Mr. VENTO, Mr. LAFALCE, Mr. GUTIERREZ, Mr. HINCHEY, Ms. CARSON, Mr. KIND of Wisconsin, Mr. KLECZKA, Mr. MCHUGH, Mr. TRAFICANT, and Mr. MCHALE):

H.R. 2319. A bill to amend the Electronic Fund Transfer Act to safeguard consumers in connection with utilization of certain debit credit cards; to the Committee on Banking and Financial Services.

By Mr. BROWN of California (for himself and Mrs. MORELLA):

H.R. 2320. A bill to establish an education satellite loan guarantee program to facilitate the development of an integrated, national and global telecommunications system dedicated to instruction and used soley for communications among Federal, State, and local instructional institutions and agencies and instructional resource providers; to the Committee on Education and the Workforce.

By Mr. BURTON of Indiana (for himself, Mr. FALEOMAVAEGA, Mr. BUYER, Mr. GILCHREST, Mr. BARTLETT of Maryland, Mr. NORWOOD, Mr. BOEHLERT, Mr. KING of New York, Mr. MCHUGH, Mr. KASICH, Mr. SESSIONS, Mr. PACKARD, Mr. CASTLE, Mr. OXLEY, Mr. CLEMENT, Mrs. MORELLA, and Mr. QUINN):

H.R. 2321. A bill to amend the Internal Revenue Code of 1986 regarding the treatment of golf caddies for employment tax purposes; to the Committee on Ways and Means.

By Mr. CASTLE:

H.R. 2322. A bill to suspend the duty on the organo-phosphorus compound ACM until January 1, 2000; to the Committee on Ways and Means.

By Mr. METCALF (for himself, Mr. LAZIO of New York, and Mr. KANJORSKI):

H.R. 2323. A bill to allow depository institutions to offer negotiable order of withdrawal accounts to all businesses, to repeal the prohibition on the payment of interest on demand deposits, to require the Board of Governors of the Fedeal Reserve System to pay interest on certain reserves, and for other purposes; to the Committee on Banking and Financial Services.

By Mr. CASTLE:

H.R. 2324. A bill to suspend the duty on the synthetic organic coloring matter C.I. Pigment Yellow 109 until January 1, 2000; to the Committee on Ways and Means.

H.R. 2325. A bill to suspend the duty on the synthetic organic coloring matter C.I. Pigment Yellow 110 until January 1, 2000; to the Committee on Ways and Means.

H.R. 2326. A bill to suspend the duty on the organic chemical parachlorobenzonitrile until January 1, 2000; to the Committee on Ways and Means.

By Mr. COMBEST (for himself, Mr. GREEN, and Mr. MARTINEZ):

H.R. 2327. A bill to provide for a change in the exemption from the child labor provisions of the Fair Labor Standards Act of 1938 for minors between 16 and 18 years of age who engage in the operation of automobiles and trucks; to the Committee on Education and the Workforce.

By Mr. CONDIT (for himself, Mr. CRAMER, Mr. SISISKY, Mr. PETERSON of Minnesota, Mr. TURNER, Mr. BILBRAY, Mr. DOOLEY of California, Mr. DOOLITTLE, Mr. FILNER, Mr. GOODE, Mr. POMBO, and Mr. RADANOVICH):

H.R. 2328. A bill to amend the Clean Air Act to impose certain requirements on areas upwind of ozone nonattainment areas, and for other purposes; to the Committee on Commerce.

By Mr. CRANE:

H.R. 2329. A bill to establish the National Dividend Plan by reforming the budget process, and by amending the Internal Revenue Code of 1986 to eliminate the double tax on dividends, to allocate corporate income tax revenues for payments to qualified registered voters, and for other purposes; to the Committee on Ways and Means, and in addition to the Committee on Rules, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.

By Ms. DELAURO (for herself, Mr. GREEN, Mr. KENNEDY of Rhode Island, Mr. FORD, Mr. BONIOR, Mr. FROST, Mr. OLVER, Ms. CHRISTIAN-GREEN, Mr. MCGOVERN, and Ms. PELOSI):

H.R. 2330. A bill to authorize the Secretary of Transportation to make direct loans and provide lines of credit to finance surface transportation projects, and for other purposes; to the Committee on Transportation and Infrastructure.

By Mr. EVANS (for himself, Mrs. MEEK of Florida, Mr. HASTINGS of Florida, Mr. KIND of Wisconsin, Ms. RIVERS, Mr. FROST, Mr. PETRI, Mr. BONIOR, Mr. HINCHEY, Mr. MCGOVERN, Mr. FOGLIETTA, Mr. BARRETT of Wisconsin, Mr. MASCARA, Mr. DOYLE, Mr. OLVER, and Mr. LEWIS of Georgia):

H.R. 2331. A bill to amend title 5, United States Code, to provide that civilian employees of the National Guard may not be required to wear military uniforms while performing civilian service; to the Committee on Government Reform and Oversight, and in addition to the Committee on National Security, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.

By Mr. EVERETT (for himself, Mr. ADERHOLT, Mr. BARCIA of Michigan, Mr. BOEHNER, Mr. BONO, Mr. BOYD, Mr. CALLAHAN, Mr. CAMPBELL, Mr. CRAMER, Mr. DEAL of Georgia, Ms. DEGETTE, Mr. DELLUMS, Mr. DUNCAN, Mr. FARR of California, Mr. FILNER, Mr. FOLEY, Mr. HINCHEY, Mr. HUNTER, Ms. KAPTUR, Mr. KUCINICH, Mr. MCHUGH, Mr. MCNULTY, Mrs. MEEK of Florida, Mr. MILLER of California, Mr. NEY, Mr. POSHARD, Mr. RILEY, Ms. RIVERS, Mr. ROHRABACHER, Mr. SOUDER, Mr. SPRATT, Mr. STUMP, Mr. TANNER, and Mrs. THURMAN):

H.R. 2332. A bill to amend section 304 of the Tariff Act of 1930 to require the marking of frozen produce with the country of origin on the front panel of the package for retail sale; to the Committee on Ways and Means.

By Mr. FOX of Pennsylvania:

H.R. 2333. A bill to provide improvements for the financial and emotional security of seniors; to the Committee on Ways and Means, and in addition to the Committees on the Judiciary, Banking and Financial Services, and the Budget, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.

By Mr. FRELINGHUYSEN:

H.R. 2334. A bill to suspend temporarily the duty on ferroboron; to the Committee on Ways and Means.

By Mr. GOODE (for himself, Mr. GOODLATTE, Mr. BOUCHER, Mr. PICKETT, and Mr. DAVIS of Virginia):

H.R. 2335. A bill to amend the Internal Revenue Code of 1986 to repeal the 1993 Federal income tax rate increases on trusts established for the benefit of individuals with disabilities; to the Committee on Ways and Means.

By Mr. HEFLEY:

H.R. 2336. A bill to temporarily decrease the duty on certain industrial nylon fabrics; to the Committee on Ways and Means.

By Mr. HILL:

H.R. 2337. A bill to authorize funds to further the strong Federal interest in the improvement of highways and transportation, and for other purposes; to the Committee on Transportation and Infrastructure.

By Mr. HINCHEY (for himself, Mr. GILMAN, and Mrs. KELLY):

H.R. 2338. A bill to amend title 38, United States Code, to require that health-care professionals of the Department of Veterans Affairs be assigned to facilities of the Department only in States in which they are licensed to practice, and to require that the Secretary of Veterans Affairs follow State requirements concerning the filing of death certificates; to the Committee on Veterans' Affairs.

By Mrs. JOHNSON of Connecticut (for herself and Mrs. KENNELLY of Connecticut):

H.R. 2339. A bill relating to the tariff treatment of nuclear fuel assemblies; to the Committee on Ways and Means.

By Mrs. KELLY (for herself and Mr. CUNNINGHAM):

H.R. 2340. A bill to provide for mandatory prison terms for possessing, brandishing, or discharging a firearm or destructive device during a Federal crime that is a crime of violence or a drug trafficking crime; to the Committee on the Judiciary.

By Mr. KIM (for himself, Mr. GILCHREST, Mr. GILMAN, and Mr. CARDIN):

H.R. 2341. A bill to amend title 23, United States Code, to authorize Federal participation in financing of projects to demonstrate the feasibility of deployment of magnetic levitation transportation technology, and for other purposes; to the Committee on Transportation and Infrastructure, and in addition to the Committees on Science, and Ways and Means, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.

By Mr. KLECZKA:

H.R. 2342. A bill to amend title 18, United States Code, to permit gunsmiths to obtain a Federal firearms license without having to comply with State or local laws relating to zoning of firearms businesses; to the Committee on the Judiciary.

By Mr. LEACH:

H.R. 2343. A bill to abolish the Thrift Depositor Protection Oversight Board, and for other purposes; to the Committee on Banking and Financial Services.

By Mrs. LOWEY:

H.R. 2344. A bill to expand the enforcement options under the Federal Meat Inspection Act and the Poultry Products Inspection Act to include the imposition of civil money penalties; to the Committee on Agriculture.

By Mrs. LOWEY (for herself, Mr. FOGLIETTA, Mr. BARRETT of Wisconsin, Mr. BROWN of Ohio, Mr. DEFAZIO, Ms. FURSE, Mr. KENNEDY of Massachusetts, Mrs. MALONEY of New York, Mr. MCGOVERN, Mr. MILLER of California, Mr. MINGE, Mrs. MINK of Hawaii, Mrs. MORELLA, Mr. OBERSTAR, Mr. OLVER, Mr. RANGEL, Mr. SABO, Mr. STRICKLAND, Mrs. TAUSCHER, Mr. TORRES, Mr. TOWNS, Ms. WOOLSEY, and Mr. YATES):

H.R. 2345. A bill to prohibit the sale, lease, or other transfer of attack, bomber, or fighter aircraft to Latin American countries; to the Committee on International Relations.

By Mrs. LOWEY:

H.R. 2346. A bill to amend title 18, United States Code, to prohibit desecration of veterans' memorials; to the Committee on the Judiciary.

By Mrs. MALONEY of New York (for herself and Mr. HORN):

H.R. 2347. A bill to ensure the accuracy of information regarding the eligibility of applicants for benefits under Federal benefit programs; to the Committee on Government Reform and Oversight.

By Ms. MILLENDER-MCDONALD (for herself, Mr. DELLUMS, Mr. HASTINGS of Florida, Mr. JACKSON, Mr. MARTINEZ, Mrs. MEEK of Florida, Mr. WYNN, Mr. DIXON, Ms. CHRISTIAN-GREEN, Mr. FORD, Mr. FLAKE, Mr. JEFFERSON, Mr. CLYBURN, Ms. KILPATRICK, Mr. OWENS, Mr. MILLER of California, Ms. HARMAN, Mr. FAZIO of California, Ms. BROWN of Florida, Ms. WATERS, Mr. SCOTT, Ms. EDDIE BERNICE JOHNSON of Texas, Mr. WATT of North Carolina, Mr. TOWNS, Mr. RANGEL, Mr. THOMPSON, Mr. CLAY, Mr. DAVIS of Illinois, Mr. FARR of California, Mr. BERMAN, Mr. RUSH, Mrs. CLAYTON, Mr. WAXMAN, Ms. CARSON, Mr. CUMMINGS, Mr. HILLIARD, Ms. JACKSON-LEE, Mr. LEWIS of Georgia, Mr. CONYERS, Mr. TORRES, Ms. LOFGREN, Mr. CONDIT, Ms. WOOLSEY, Ms. ROYBAL-ALLARD, Ms. PELOSI, and Mr. FILNER):

H.R. 2348. A bill to redesignate the Federal building located at 701 South Santa Fe Avenue in Compton, CA, and known as the Compton Main Post Office, as the "Mervyn Dymally Post Office Building"; to the Committee on Government Reform and Oversight.

By Ms. MILLENDER-MCDONALD (for herself, Mr. DIXON, Ms. ROYBAL-ALLARD, Mr. FAZIO of California, Ms. PELOSI, Ms. WOOLSEY, Ms. LOFGREN, Mr. CONDIT, Mrs. MEEK of Florida, Mr. WYNN, Ms. NORTON, Mr. WATTS of Oklahoma, Mr. BROWN of California, Ms. BROWN of Florida, Mr. LANTOS, Mr. MILLER of California, Ms. KILPATRICK, Mr. DELLUMS, Mr. OWENS, Mr. FILNER, Mr. JACKSON, Mr. MARTINEZ, Mr. FLAKE, Mr. FORD, Mr. WAXMAN, Mr. TORRES, Mr. CLYBURN, Ms. EDDIE BERNICE JOHNSON of Texas, Ms. HARMAN, Mr. JEFFERSON, Ms. CHRISTIAN-GREEN, Mr. SCOTT, Mr. WATT of North Carolina, Mr. TOWNS, Mr. RANGEL, Mr. THOMPSON, Mr. CLAY, Mr. DAVIS of Illinois, Mr. RUSH, Mrs. CLAYTON, Mr. FARR of California, Mr. BERMAN, Ms. CARSON, Mr. CUMMINGS, Mr. HILLIARD, Ms. JACKSON-LEE, Mr. LEWIS of Georgia, and Mr. CONYERS):

H.R. 2349. A bill to redesignate the Federal building located at 10301 South Compton Avenue, in Los Angeles, CA, and known as the Watts Finance Office, as the "Augustus F. Hawkins Post Office Building"; to the Committee on Transportation and Infrastructure.

By Mr. MILLER of California:

H.R. 2350. A bill to authorize certain uses of water from the Solano Project, California; to the Committee on Resources.

By Mr. MILLER of California (for himself, Mr. VENTO, Mr. OLVER, Mr. FARR of California, Ms. JACKSON-LEE, Mr. HINCHEY, Mr. BLUMENAUER, Mr. SANDERS, Mr. LEWIS of Georgia, Mr. MCDERMOTT, Mrs. MORELLA, Ms. PELOSI, Mrs. MALONEY of New York, Mr. SHAYS, Mr. FRANK of Massachusetts, Mr. WAXMAN, Mr. STARK, Mr. MARKEY, Ms. CHRISTIAN-GREEN, Mr. YATES, Mrs. LOWEY, Mr. DICKS, Mr. DELAHUNT, Mr. LANTOS, Ms. RIVERS, Mr. GEJDENSON, Mr. SERRANO, Mr. SKAGGS, Mr. SHERMAN, Ms. KILPATRICK, Mr. BERMAN, Mr. FALEOMAVAEGA, Ms. FURSE, Mr. THOMPSON, Mr. BONIOR, Ms. DEGETTE, Mr. NEAL of Massachusetts, Mr. BARRETT of Wisconsin, Mr. DELLUMS, Mrs. MEEK of Florida, Mr. WEXLER, Ms. SLAUGHTER, Mr. MORAN of Virginia, Mr. ADAM SMITH of Washington, Mr. CARDIN, Mr. TIERNEY, Mr. MCNULTY, Mr. HASTINGS of Florida, Mr. MEEHAN, Mr. MCGOVERN, Ms. WATERS, Mr. ENGEL, Ms. CARSON, and Mr. PALLONE):

H.R. 2351. A bill to amend the Endangered Species Act of 1973 to ensure the recovery of our Nation's declining biological diversity; to reaffirm and strengthen this Nation's commitment to protect wildlife; to safeguard our children's economic and ecological future; and to provide assurances to local governments, communities, and individuals in their planning and economic develpoment efforts; to the Committee on Resources, and in addition to the Committee on Ways and Means, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.

By Mr. MORAN of Kansas (for himself, Mr. RYUN, Mr. HUTCHINSON, and Mr. BOB SCHAFFER):

H.R. 2352. A bill to amend the National Trails System Act to require local approval of designations of railroad rights-of-way for interim use as trails; to the Committee on Resources.

By Mr. NADLER:

H.R. 2353. A bill to amend title 18, United States Code, to prohibit certain conduct relating to civil disorders; to the Committee on the Judiciary.

By Ms. NORTON (for herself, Mr. MANTON, and Mr. ENSIGN):

H.R. 2354. A bill to amend the Professional Boxing Safety Act of 1996 to provide an additional safety provision; to the Committee on Commerce, and in addition to the Committee on Education and the Workforce, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.

By Mr. ORTIZ:

H.R. 2355. A bill to extend the repayment periods for the repayment for Nueces River reclamation project; to the Committee on Resources.

By Mr. PORTER (for himself, Mr. ARCHER, Mr. BAKER, Mr. BARR of Georgia, Mr. BARTLETT of Maryland, Mr. BEREUTER, Mr. BILBRAY, Mr. CALLAHAN, Mr. CANNON, Mrs. CHENOWETH, Mrs. CUBIN, Mr. CUNNINGHAM, Mr. DOOLITTLE, Mr. GOODLATTE, Mr. GOSS, Mr. HERGER, Mr. HILLEARY, Mr. HORN, Mr. HUNTER, Mr. KIM, Mr. KING of New York, Mr. KNOLLENBERG, Mr. LATHAM, Mr. LAHOOD, Mr. LIVINGSTON, Mr. LIPINSKI, Mr. MCCOLLUM, Mr. MCKEON, Mr. NEY, Mr. NORWOOD, Mr. PACKARD, Mr. PETRI, Mr. ROHRABACHER, Mrs. ROUKEMA, Mr. SENSENBRENNER, Mr. SHAYS, Mr. TAYLOR of North Carolina, and Mr. WELDON of Florida):

H.R. 2356. A bill to amend the Voting Rights Act of 1965 to eliminate certain provisions relating to bilingual voting requirements; to the Committee on the Judiciary.

By Mr. RIGGS (for himself, Mr. RAMSTAD, Mr. CUNNINGHAM, Mr. MCKEON, Mr. CAMPBELL, and Mr. BILBRAY):

H.R. 2357. A bill to amend the Fair Labor Standards Act of 1938 to provide that a State or local government may not, in their minimum wage laws, ordinances, regulations, or orders, preclude a tip credit or require a certain tip credit; to the Committee on Education and the Workforce.

By Ms. ROS-LEHTINEN (for herself, Mr. KING of New York, Mr. ROYCE, Mr. COX of California, Mr. GIBBONS, Mr. GILMAN, Mr. HUNTER, Mr. SAM JOHNSON, Mr. MCINTOSH, Mr. ROHRABACHER, Mr. SHADEGG, Mr. SMITH of New Jersey, Mr. SOLOMON, and Mr. SPENCE):

H.R. 2358. A bill to provide for improved monitoring of human rights violations in the People's Republic of China; to the Committee on International Relations.

By Mr. ROTHMAN (for himself, Mrs. LOWEY, Mrs. ROUKEMA, Mr. YATES, Mr. DELLUMS, Mr. STARK, Mr. FILNER, and Mr. WEXLER):

H.R. 2359. A bill to require the Secretary of the Treasury, acting through the Director of the Bureau of Alcohol, Tobacco, and Firearms, to issue minimum safety and security standards for dealers of firearms; to the Committee on the Judiciary.

By Mr. SAXTON:

H.R. 2360. A bill to mandate price stability as the primary goal of the monetary policy of the Board of Governors of the Federal Reserve System and the Federal Open Market Committee; to the Committee on Banking and Financial Services.

By Mr. SCHIFF (for himself, Mr. MCCOLLUM, Ms. DUNN of Washington, Mr. CALVERT, Mr. BEREUTER, and Mr. REDMOND):

H.R. 2361. A bill to amend title 18, United States Code, with respect to the "three strikes" life sentence; to the Committee on the Judiciary.

By Mr. SCHUMER (for himself, Mr. CONDIT, Mr. CONYERS, Ms. LOFGREN, and Ms. SLAUGHTER):

H.R. 2362. A bill to guarantee a republican form of government to the States by preventing paramilitary violence; to the Committee on the Judiciary.

By Mr. SESSIONS (for himself, Mr. BARTLETT of Maryland, Mr. COMBEST, Mr. NORWOOD, Mr. SMITH of Texas, Ms. GRANGER, Mr. DELAY, Mr. BONILLA, Mr. ADERHOLT, Mr. SALMON, Mr. HALL of Texas, Mr. PAPPAS, Mr. CRANE, Mr. THOMAS, Mr. PETERSON of Pennsylvania, Mr. CALVERT, Mr. BURTON of Indiana, Mr. FOX of Pennsylvania, Mr. MCCRERY, Mr. TRAFICANT, Mr. LATOURETTE, Mr. HULSHOF, Mr. LAZIO of New York, Mrs. EMERSON, Mr. LARGENT, Mr. NUSSLE, Mr. GIBBONS, Mr. SCARBOROUGH, Mr. HUNTER, Mr. CALLAHAN, Mr. PORTMAN, Mr. MICA, Mr. BOEHNER, Mr. BOB SCHAFFER, Mr. COLLINS, Mr. SHADEGG, Mr. ROGAN, Mr. MCINTOSH, Mr. BARR of Georgia, Mr. BAKER, Mr. HASTERT, and Mr. COOKSEY):

H.R. 2363. A bill to amend the Controlled Substances Act to provide a mandatory life penalty for certain offenses involving methamphetamine; to the Committee on the Judiciary, and in addition to the Committee on Commerce, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.

By Mr. SHAYS:

H.R. 2364. A bill to reduce Federal spending in several programs; to the Committee on National Security, and in addition to the Committees on International Relations, Science, Agriculture, Transportation and Infrastructure, Resources, Education and the Workforce, Veterans' Affairs, and Commerce, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.

By Mr. SOLOMON (for himself and Mr. MCHUGH):

H.R. 2365. A bill to reduce acid deposition under the Clean Air Act, and for other purposes; to the Committee on Commerce.

By Mr. STENHOLM (for himself, Mr. SKEEN, Mr. WISE, Mr. COMBEST, Mr. LUCAS of Oklahoma, Mr. GOODE, Mr. PICKERING, Mr. EWING, Mr. CANADY of Florida, Mr. ETHERIDGE, Mr. BALDACCI, Mr. FARR of California, Mr. BERRY, Mr. MORAN of Kansas, and Mr. POMEROY):

H.R. 2366. A bill to transfer to the Secretary of Agriculture the authority to conduct the census of agriculture, and for other purposes; to the Committee on Government Reform and Oversight, and in addition to the Committee on Agriculture, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.

By Mr. STUMP (for himself, Mr. EVANS, Mr. QUINN, and Mr. FILNER):

H.R. 2367. A bill to increase, effective as of December 1, 1997, the rates of compensation for veterans with service-connected disabilities and the rates of dependency and indemnity compensation for the survivors of certain disabled veterans; to the Committee on Veterans' Affairs.

By Mr. TAUZIN (for himself and Mr. GILLMOR):

H.R. 2368. A bill to promote the privacy of interactive computer service users through self-regulation by the providers of such services, and for other purposes; to the Committee on Commerce.

By Mr. TAUZIN (for himself, Mr. MARKEY, Mr. OXLEY, Mr. GILLMOR, Ms. ESHOO, and Ms. MCCARTHY of Missouri):

H.R. 2369. A bill to amend the Communications Act of 1934 to strengthen and clarify prohibitions on electronic eavesdropping, and for other purposes; to the Committee on Commerce.

By Mr. UNDERWOOD (for himself, Mr. MILLER of California, and Mr. ABERCROMBIE):

H.R. 2370. A bill to amend the Organic Act of Guam for the purposes of clarifying the local judicial structure and the office of Attorney General; to the Committee on Resources.

By Mr. VENTO:

H.R. 2371. A bill to amend title II of the Social Security Act to require that contracts entered into by the Commissioner of Social Security and the States and local governments providing for furnishing the Commissioner with death certificate information require that such information be furnished within 30 days after the death involved; to the Committee on Ways and Means.

By Mr. WHITE (for himself, Mr. Boucher, Mr. Tauzin, Mr. Oxley, Mr. Cox of California, and Mr. Lazio of New York):

H.R. 2372. A bill to ensure that the development of the Internet and interactive computer services is unfettered by Federal and State regulation; to the Committee on Commerce.

By Mr. DIAZ-BALART:

H.J. Res. 90. Joint resolution waiving certain enrollment requirements with respect to two specified bills of the 105th Congress; considered and agreed to.

By Mr. BARR of Georgia (for himself, Mr. Callahan, Mr. Boyd, Mr. Aderholt, Mr. Bachus, Mr. Bishop, Ms. Brown of Florida, Mr. Canady of Florida, Mr. Chambliss, Mr. Collins, Mr. Cramer, Mr. Davis of Florida, Mr. Deal of Georgia, Mr. Deutsch, Mr. Everett, Mr. Foley, Mrs. Fowler, Mr. Gingrich, Mr. Goss, Mr. Hilliard, Mr. Kingston, Mr. Lewis of Georgia, Mr. Linder, Mr. McCollum, Mrs. Meek of Florida, Mr. Norwood, Mr. Riley, Mrs. Thurman, and Mr. Wexler):

H.J. Res. 91. Joint resolution granting the consent of Congress to the Apalachicola-Chattahoochee-Flint River Basin Compact; to the Committee on the Judiciary.

By Mr. CALLAHAN (for himself, Mr. Barr of Georgia, Mr. Aderholt, Mr. Bachus, Mr. Bishop, Mr. Chambliss, Mr. Collins, Mr. Cramer, Mr. Deal of Georgia, Mr. Everett, Mr. Hilliard, Mr. Gingrich, Mr. Kingston, Mr. Lewis of Georgia, Mr. Linder, Mr. Norwood, and Mr. Riley):

H.J. Res. 92. Joint resolution granting the consent of Congress to the Alabama-Coosa-Tallapoosa River Basin Compact; to the Committee on the Judiciary.

By Mr. GOODE:

H.J. Res. 93. Joint resolution proposing an amendment to the Constitution of the United States relating to the power of the several States to propose amendments to the Constitution; to the Committee on the Judiciary.

By Mr. GOSS:

H. Con. Res. 136. Concurrent resolution providing for an adjournment of the two Houses; considered and agreed to

By Mr. GILMAN (for himself and Mr. Porter):

H. Con. Res. 137. Concurrent resolution expressing the sense of the House of Representatives concerning the urgent need for an international criminal tribunal to try members of the Iraqi regime for crimes against humanity; to the Committee on International Relations.

By Mr. ARCHER:

H. Con. Res. 138. Concurrent resolution to correct technical errors in the enrollment of the bill H.R. 2014; which was considered and agreed to.

By Mr. BEREUTER (for himself, Mr. Oxley, Mr. Pickett, and Mr. Hamilton):

H. Con. Res. 139. Concurrent resolution expressing the sense of Congress that the United States Government should fully participate in EXPO 2000 in the year 2000, in Hannover, Germany, and should encourage the academic community and the private sector in the United States to support this worthwhile undertaking; to the Committee on International Relations.

By Mr. McINNIS:

H. Con. Res. 140. Concurrent resolution expressing the sense of Congress that before the consideration of any legislation regarding the comprehensive tobacco settlement each plaintiff attorney shall fully disclose the attorney's anticipated fees as a result of such settlement agreement; to the Committee on the Judiciary.

By Mr. BOEHNER:

H. Res. 207. Resolution electing the Chief Administrative Officer of the U.S. House of Representatives; considered and agreed to.

By Mr. FAZIO of California:

H. Res. 208. Resolution designating minority membership on certain standing committees of the House; considered and agreed to.

By Mr. FOX of Pennsylvania:

H. Res. 209. Resolution amending the rules of the House of Representatives to take away the power of the Committee on Rules to report rules or orders waiving the germaneness requirement; to the Committee on Rules.

By Ms. KAPTUR:

H. Res. 210. Resolution to express the sense of the House of Representatives on consideration of comprehensive campaign finance reform; to the Committee on House Oversight.

By Mr. KNOLLENBERG:

H. Res. 211. Resolution expressing the sense of the House of Representatives regarding the conditions for the United States becoming a signatory to any international agreement on greenhouse gas emissions under the U.N. Framework Convention on Climate Change; to the Committee on International Relations.

By Mr. LEWIS of Georgia (for himself, Mr. Boehlert, Mr. Brown of Ohio, Mr. Berry, Mr. Capps, Ms. Christian-Green, Mr. Clement, Mr. Evans, Mr. Flake, Ms. Jackson-Lee, Mr. Matsui, Mrs. Meek of Florida, Ms. Norton, Mr. Payne, Mr. Ramstad, Mr. Rothman, Mr. Sanders, Ms. Slaughter, Mr. Tierney, Mr. Traficant, Mr. Vento, Mr. Wexler, and Mr. Wynn):

H. Res. 212. Resolution recognizing suicide as a national problem, and for other purposes; to the Committee on Commerce.

MEMORIALS

Under clause 4 of rule XXII, memorials were presented and referred as follows:

159. The SPEAKER presented a memorial of the General Assembly of the State of California, relative to Assembly Joint Resolution No. 19 memorializing the President and Congress of the United States to endorse and support the Southwest Defense Complex, and the efforts of the Southwest Defense Alliance in furtherance of the Southwest Defense Complex; to the Committee on National Security.

160. Also, a memorial of the Legislature of the State of Alaska, relative to Legislative Resolve No. 36 requesting the President of the United States to take all actions necessary, within the considerable limits of the resources of the United States, to protect on an equal basis all peoples and resources of this great Union from threat of missile attack regardless of the physical location of the member state; to the Committee on National Security.

161. Also, a memorial of the House of Representatives of the State of New Hampshire, relative to House Joint Resolution 5 urging the United States Congress and the United States Environmental Protection Agency to make certain changes in the Clean Air Act which would result in more cost effective air pollutant emission reductions; to the Committee on Commerce.

162. Also, a memorial of the Legislature of the State of Alaska, relative to Legislative Resolve No. 40 requesting the United States Congress to amend the Federal Food, Drug, and Cosmetic Act; to the Committee on Commerce.

163. Also, a memorial of the Legislature of the State of Alaska, relative to Legislative Resolve No. 30 urging the United States Congress to amend the Social Security Act so that the higher cost of living in Alaska is reflected when the per capita income of the state is used as a factor in determining the federal share of Medicaid costs; to the Committee on Commerce.

164. Also, a memorial of the House of Representatives of the State of Maine, relative to a Joint Resolution memorializing the United States Postal Service to issue a stamp commemorating Joshua Lawrence Chamberlain; to the Committee on Government Reform and Oversight.

165. Also, a memorial of the Legislature of the State of Texas, relative to House Concurrent Resolution 168 requesting the Congress of the United States to conduct thorough oversight hearings of the Office of the Inspector General audit process sufficient to ensure that the rights and protections inherent in the nation's legal code are maintained and upheld in the process; to the Committee on Government Reform and Oversight.

166. Also, a memorial of the General Assembly of the State of California, relative to Assembly Joint Resolution No. 12 memorializing the President and the Congress to appropriate federal funds to be used to preserve and protect the Bolinas Lagoon; to the Committee on Resources.

167. Also, a memorial of the Legislature of the State of Alaska, relative to Legislative Resolve No. 26 supporting enhancement of visitors access to Denali National Park and Preserve through development of a northern railroad route corridor access to the vicinity of Wonder Lake; to the Committee on Resources.

168. Also, a memorial of the Legislature of the State of Alaska, relative to Legislative Resolve No. 20 urging the legislature of each state of the nation to ratify a balanced budget amendment that is passed by the United States Congress; to the Committee on the Judiciary.

169. Also, a memorial of the General Assembly of the State of Tennessee, relative to House Joint Resolution No. 32 post-ratifying Amendment 15 to the Constitution of the United States of America guaranteeing the right of citizens to vote regardless of race, color, or previous condition of servitude; to the Committee on the Judiciary.

170. Also, a memorial of the Legislature of the State of Alaska, relative to Legislative Resolve No. 27 relating to the creation of a new United States Court of Appeals for the Twelfth Circuit; to the Committee on the Judiciary.

171. Also, a memorial of the Legislature of the State of Alaska, relative to Legislative Resolve No. 19 requesting the United States Congress to accommodate Alaska's unique wetlands circumstances by amending the Clean Water Act to modify the wetlands regulatory program and to recognize Alaska's outstanding history of wetlands conservation; to the Committee on Transportation and Infrastructure.

172. Also, a memorial of the Legislature of the State of Texas, relative to House Concurrent Resolution 137 urging the United States Congress to create a NAFTA Trade Impact Fund under the Intermodal Surface Transportation Efficiency Act to provide border

states and communities with funding for transportation infrastructure for the facilitation of free trade and NAFTA-generated passenger and commercial traffic; to the Committee on Transportation and Infrastructure.

173. Also, a memorial of the General Assembly of the State of California, relative to Assembly Joint Resolution No. 5 memorializing the President and Congress of the United States to continue efforts to ensure that veterans of the Gulf War are appropriately cared for, to do everything possible to understand and explain Gulf War illnesses, to put into place those military doctrines, personnel, and medical policies, procedures, and equipment that will minimize any future problems from exposure to biological or chemical agents or other environmental hazards, and to use all means necessary to ensure that Gulf War veterans who placed themselves in harm's way on behalf of all Americans, are provided the assistance, support, and care they deserve; to the Committee on Veterans' Affairs.

ADDITIONAL SPONSORS

Under clause 4 of rule XXII, sponsors were added to public bills and resolutions as follows:

H.R. 12: Mr. MCGOVERN.

H.R. 38: Mr. STENHOLM.

H.R. 56: Mr. LAZIO of New York.

H.R. 96: Mr. KINGSTON.

H.R. 123: Mr. GIBBONS and Mr. RADANOVICH.

H.R. 135: Mr. KIND of Wisconsin.

H.R. 192: Mr. STENHOLM.

H.R. 216: Mr. MANTON.

H.R. 218: Mr. GOODLATTE and Mr. GOSS.

H.R. 234: Ms. CHRISTIAN-GREEN and Mr. BONIOR.

H.R. 282: Mr. SOLOMON.

H.R. 306: Mr. KANJORSKI and Mr. WISE.

H.R. 371: Mr. GILMAN and Ms. FURSE.

H.R. 399: Mr. ENGEL.

H.R. 414: Mr. STENHOLM.

H.R. 458: Mr. SCHIFF.

H.R. 526: Mr. STUMP.

H.R. 543: Mr. BOUCHER, Mr. FILNER, Mr. CHRISTENSN, Mr. CAMPBELL, and Mr. HALL of Texas.

H.R. 559: Mr. WATTS of Oklahoma.

H.R. 598: Mr. FARR of California.

H.R. 610: Mr. BARR of Georgia.

H.R. 612: Mr. ROEMER.

H.R. 628: Mr. PASTOR.

H.R. 634: Mr. HERGER, Mr. SESSIONS, and Mr. NETHERCUTT.

H.R. 674: Mr. EHLERS, Mr. CAMP, Mr. UPTON, Mr. SMITH of Michigan, Mr. HOEKSTRA, and Mr. KNOLLENBERG.

H.R. 678: Mr. BAESLER, Mr. BLAGOJEVICH, Mr. BOUCHER, MR. CLAY, Mr. CLEMENT, Mr. CLYBURN, Mr. COSTELLO, Mr. ENGEL, Ms. ESHOO, Mr. FORD, Ms. FURSE, Mr. GREEN, Mr. HALL of Texas, Mr. HASTINGS of Florida, Mr. HILLIARD, Mr. HINOJOSA, Mr. JACKSON, Ms. EDDIE BERNICE JOHNSON of Texas, Mr. LEWIS of Georgia, Mrs. MCCARTHY of New York, Mrs. MINK of Hawaii, Mr. OWENS, Mr. PASTOR, Mr. RAHALL, Mr. ROEMER, Mr. ROMERO-BARCELÓ, Ms. SANCHEZ, Mr. SCOTT, Mr. SKELTON, Mr. THOMPSON, Mr. WATT of North Carolina, Ms. WOOLSEY, Mr. WYNN, Mr. YATES, Mr. BALLENGER, Mr. BARRETT of Nebraska, Mr. BARTLETT of Maryland, Mr. BEREUTER, Mr. BUYER, Mr. CAMP, Mr. COBLE, Mr. COBURN, Mr. COLLINS, Mr. COX of California, Mrs. CUBIN, Mr. DUNCAN, Mrs. EMERSON, Mr. EWING, Mr. FAWELL, Mr. GANSKE, Mr. GILCHREST, Mr. GOODLING, Mr. GREENWOOD, Mr. HAMILTON, Mr. HILL, Mr. HOUGHTON, Mr. HYDE, MR. JENKINS, Mr. KLUG, Mr. LAZIO of New York, Mr. LINDER, Mr. LIVINGSTON, Mr. NEUMANN, Mr. NORWOOD, Mr. ROGAN, Mr. ROHRABACHER, Mr. DAN SCHAEFER of Colorado, Mr. BOB SCHAFFER, Mr. SESSIONS, Mr. SHAW, Mr. SHIMKUS, Mr. SMITH of New Jersey, Mr. SPENCE, Mr. SOUDER, Mr. TALENT, Mr. WHITFIELD, Mr. WHITE, Mr. WOLF, Mr. BOEHLERT, Mr. FRELINGHUYSEN, Mr. GORDON, Mr. MCDADE, Mr. REDMOND, Mr. FOLEY, Mr. WELDON of Florida, Mr. WALSH, Ms. DANNER, Mr. GONZALEZ, Mrs. MALONEY of New York, Mr. MANTON, Mr. MENENDEZ, Mr. OBERSTAR, Mr. SISISKY, and Mr. MCHALE.

H.R. 690: Mr. KUCINICH.

H.R. 715: Mr. FORD.

H.R. 725: Mr. BISHOP, Mr. BEREUTER, Mr. PICKERING, and Mr. WHITFIELD.

H.R. 755: Ms. WOOLSEY, Mr. GANSKE, and Ms. DEGETTE.

H.R. 789: Ms. DANNER.

H.R. 793: Ms. FURSE.

H.R. 805: Mr. PETERSON of Minnesota.

H.R. 836: Mr. HUNTER.

H.R. 859: Mr. BARR of Georgia and Mr. CALVERT.

H.R. 890: Mr. MARTINEZ, Mr. STEARNS, and Mrs. LOWEY.

H.R. 900: Ms. CARSON.

H.R. 974: Mr. ACKERMAN.

H.R. 991: Mr. KING of New York, Mr. FROST, Mr. COYNE, Mr. MCNULTY, Mr. KENNEDY of Massachusetts, and Mr. BERMAN.

H.R. 1010: Mrs. EMERSON, Mr. PARKER, and Mr. PICKERING.

H.R. 1060: Mr. BEREUTER.

H.R. 1062: Mr. WOLF.

H.R. 1070: Mr. KENNEDY of Rhode Island.

H.R. 1100: Mr. GIBBONS.

H.R. 1114: Mr. TOWNS and Mr. FAWELL.

H.R. 1126: Mr. FAZIO of California, Mr. PARKER, and Ms. FURSE.

H.R. 1129: Mr. WEXLER.

H.R. 1153: Ms. STABENOW.

H.R. 1165: Mr. HEFLEY.

H.R. 1215: Mr. FAZIO of California, Mr. PAYNE, Mr. ENGEL, and Mr. MCHUGH.

H.R. 1246: Ms. FURSE.

H.R. 1290: Mr. GILCHREST.

H.R. 1302: Ms. FURSE.

H.R. 1318: Mr. RAMSTAD, Mr. FOLEY, and Mr. BOSWELL.

H.R. 1320: Mr. KUCINICH.

H.R. 1371: Mr. TURNER.

H.R. 1373: Ms. CHRISTIAN-GREEN and Mr. KUCINICH.

H.R. 1391: Mr. ABERCROMBIE.

H.R. 1398: Mr. HILL.

H.R. 1404: Ms. MALONEY of Connecticut, Mr. MEEHAN, Mr. MATSUI, Mr. OWENS, Ms. WATERS, Mr. FORD and Mr. CAPPS.

H.R. 1427: Ms. ROYBAL-ALLARD.

H.R. 1450: Mr. MCINTYRE and Mr. BROWN of California.

H.R. 1453: Mr. LEWIS of Georgia and Mr. KUCINICH.

H.R. 1456: Mr. BARTON of Texas.

H.R. 1493: Mr. STUMP, Mr. HAYWORTH, and Mr. COOK.

H.R. 1497: Mr. FURSE.

H.R. 1507: Mr. MURTHA and Mr. ENGEL.

H.R. 1514: Mr. LEWIS of Georgia.

H.R. 1521: Mr. BROWN of California and Mr. PACKARD.

H.R. 1524: Mr. PICKETT and Mr. SCOTT.

H.R. 1526: Mr. CASTLE.

H.R. 1529: Ms. BROWN of Florida.

H.R. 1531: Ms. WOOLSEY.

H.R. 1534: Mr. STUMP, Mrs. LINDA SMITH of Washington, Mr. LIVINGSTON, Mr. BARR of Georgia, Mr. SMITH of Texas, Mr. PETERSON of Minnesota, Mr. LATHAM, Mr. GRAHAM, Mr. RADANOVICH, Mrs. FOWLER, Mr. BROWN of California, Mr. WELDON of Pennsylvania, Mr. STENHOLM, Mr. CHABOT, Mr. WATTS of Oklahoma, Mr. EDWARDS, Mr. FRANKS of New Jersey, and Mr. CRAPO.

H.R. 1542: Mr. SHADEGG, Mr. RADANOVICH, and Mr. MCKEON.

H.R. 1544: Mr. SANDERS.

H.R. 1573: Mr. STRICKLAND, Mr. FALEOMAVAEGA, and Mr. ENGEL.

H.R. 1574: Mr. GIBBONS.

H.R. 1583: Mr. KUCINICH and Mr. BLUMENAUER.

H.R. 1595: Mr. MCINTOSH, Mr. GRAHAM, and Mr. WICKER.

H.R. 1619: Mr. PICKERING.

H.R. 1625: Mr. PARKER, Mr. COOKSEY, Mr. DICKEY, Mr. CUNNINGHAM, Mr. MCCOLLUM, Mr. CALVERT, Mr. CAMPBELL, Mr. CANADY of Florida, Mr. BEREUTER, Mr. BOB SCHAFFER, Mr. HUNTER, Mr. MANZULLO, Mr. PACKARD, and Ms. GRANGER.

H.R. 1636: Mr. ABERCROMBIE, Ms. MILLENDER-MCDONALD, Mr. STOKES, and Mr. GREEN.

H.R. 1683: Mr. NORWOOD.

H.R. 1685: Mr. NEUMANN, Mr. ABERCROMBIE, Mr. TIAHRT, Mr. STARK, Mr. PASTOR, Mr. BARTON of Texas, Mr. BUNNING of Kentucky, Mr. UNDERWOOD, Mrs. CUBIN, Mr. HEFLEY, Mr. STUPAK, Mr. TORRES, Mr. ACKERMAN, Mr. HALL of Texas, Mr. PICKERING, Mr. KNOLLENBERG, Mr. SOLOMON, Mr. WICKER, Mr. LAHOOD, Mr. KUCINICH, Mr. GREEN, and Mr. MCKEON.

H.R. 1710: Mr. KIM, Mr. FRELINGHUYSEN, Mr. REYES, Ms. SANCHEZ, Mr. CAPPS, and Mrs. CHENOWETH.

H.R. 1711: Mr. SESSIONS.

H.R. 1712: Mr. MINGE and Mr. BOB SCHAFFER.

H.R. 1719: Mr. PARKER.

H.R. 1748: Mr. UNDERWOOD and Ms. RIVERS.

H.R. 1799: Mr. DEFAZIO.

H.R. 1806: Mr. EHLERS.

H.R. 1815: Mr. EVANS, Ms. EDDIE BERNICE JOHNSON of Texas, and Mr. KUCINICH.

H.R. 1824: Mr. ACKERMAN and Mr. ENGEL.

H.R. 1839: Mr. SNYDER, Mr. PICKERING, Mr. DUNCAN, and Mr. ROEMER.

H.R. 1842: Mr. BARTON of Texas.

H.R. 1872: Mr. WHITE, Ms. ESHOO, and Mr. CANADY of Florida.

H.R. 1891: Mr. RAMSTAD.

H.R. 1903: Ms. RIVERS, Mr. ROHRABACHER, and Mr. ROEMER.

H.R. 1909: Mr. SAM JOHNSON and Mr. GRAHAM.

H.R. 1913: Mr. RODRIGUEZ and Mr. LOFGREN.

H.R. 1951: Ms. RIVERS.

H.R. 1975: Mr. BORSKI, Mr. DELAHUNT, Mr. DELLUMS, Mr. EVANS, Mr. FILNER, Mr. GEJDENSON, Mr. KUCINICH, Ms. ROYBAL-ALLARD, and Mr. STARK.

H.R. 1984: Mr. DOOLITTLE, Mr. BOSWELL, Mr. BOB SCHAFFER, Mr. DEAL of Georgia, Mr. MCCRERY, Mr. HUTCHINSON, Mr. WATKINS, Mr. LARGENT, and Mr. PARKER.

H.R. 1991: Mr. MORAN of Kansas.

H.R. 2004: Mr. PARKER and Ms. EDDIE BERNICE JOHNSON of Texas.

H.R. 2009: Mr. CONDIT, Mr. LEWIS of Georgia, Ms. ESHOO, Mr. GUTIERREZ, Mr. DUNCAN, Mr. EVANS, Mr. FROST, Mr. DELLUMS, Mr. MCDADE, and Mr. ROTHMAN.

H.R. 2011: Mrs. EMERSON.

H.R. 2064: Mrs. KELLY.

H.R. 2070: Mr. COBURN.

H.R. 2090: Mr. SMITH of New Jersey, Mr. LANTOS, Mrs. ROUKEMA, Mr. BONIOR, Mrs. THURMAN, Mr. OWENS, and Mr. FLAKE.

H.R. 2094: Mr. DELAHUNT.

H.R. 2095: Mrs. EMERSON, Mr. UNDERWOOD, Mr. BENTSEN, and Mr. SNOWBARGER.

H.R. 2112: Mr. KUCINICH.

H.R. 2113: Mr. GRAHAM and Mr. BONIOR.

H.R. 2121: Ms. DeLauro, Mr. Cummings, Ms. Furse, Mr. Nadler, and Mr. Smith of New Jersey.

H.R. 2122: Ms. Furse and Mr. Parker.

H.R. 2124: Mrs. Myrick, Mr. Camp, and Mr. Sam Johnson.

H.R. 2129: Mr. Kasich.

H.R. 2139: Mr. McDade, Mr. Boyd, Mr. Martinez, and Mr. Boswell.

H.R. 2167: Mr. Olver, Mr. Manton, Mr. Gejdenson, Mr. Frost, and Mr. Ackerman.

H.R. 2168: Mr. Whitfield.

H.R. 2183: Mr. Cambell, Mr. Dickey, Ms. Stabenow, and Mr. Goode.

H.R. 2185: Mr. Becerra, Mr. Farr of California, Mrs. Kennelly of Connecticut, Mr. Pastor, Ms. Furse, Ms. Slaughter, Ms. Woolsey, Ms. Velázquez, Ms. Eshoo, Ms. Lofgren, Mr. Payne, Mr. Cummings, Mr. Davis of Illinois, Mr. Ford, Mr. Jefferson, Ms. Millender-McDonald, Mr. Rush, Mr. Flake, Mr. Rangel, and Mr. Stokes.

H.R. 2191: Mr. Deal of Georgia, Mr. Riggs, Mr. Hall of Texas, and Mr. Norwood.

H.R. 2198: Mr. LoBiondo.

H.R. 2206: Mr. Cooksey.

H.R. 2211: Mr. Davis of Illinois.

H.R. 2221: Mr. Fox of Pennsylvania, Mr. Traficant, and Mrs. Myrick.

H.R. 2234: Mr. Stark, Mr. Hastings of Florida, and Mr. Kennedy of Massachusetts.

H.R. 2248: Mr. Klink, Mr. Blagojevich, Mr. Capps, Mr. Weygand, Mrs. Morella, Mr. Hamilton, Mr. Gilman, Mr. Lantos, Mr. Wolf, Mr. Bliley, Mrs. Kelly, Ms. Ros-Lehtinen, Mr. Engel, Mr. Young of Florida, Mr. Spence, Mr. Ackerman, Mr. McGovern, Mr. Kennedy of Massachusetts, Mr. LoBiondo, Mr. Frank of Massachusetts, Mr. Dellums, Mr. Pappas, Mr. Tierney, Mr. Evans, Mr. Levin, Mr. Pallone, Mr. Boyd, Mr. LaFalce, Mr. Kennedy of Rhode Island, Mr. Hastings of Florida, and Mr. Dingell.

H.R. 2253: Ms. Furse.

H.R. 2272: Mr. Barrett of Wisconsin and Ms. Lofgren.

H.R. 2283: Mr. Faleomavaega, Mr. Hayworth, and Mr. Aderholt.

H. Con. Res. 19: Mr. Ackerman, Mr. Brown of California, Mr. King of New York, Mr. Frank of Massachusetts, Mr. Porter, Mrs. Maloney of New York, and Mr. Dellums.

H. Con. Res. 38: Ms. Kaptur.

H. Con. Res. 65: Mr. Menendez, Mr. Coyne, Mr. Parker, Ms. Hooley of Oregon, Mr. McHale, Mr. Kennedy of Massachusetts, and Mr. Ortiz.

H. Con. Res. 68: Ms. Furse.

H. Con. Res. 80: Mr. Gibbons, Mr. Sherman, Mr. Stark, Mrs. McCarthy of New York, Mr. Sanders, Mr. Kucinich, Mr. Kind of Wisconsin, Mr. Coyne, Mr. Jenkins, and Ms. Sanchez.

H. Con. Res. 83: Mr. Dellums and Mr. Frost.

H. Con. Res. 91: Mr. Kucinich and Mr. Baldacci.

H. Con. Res. 96: Mr. Engel.

H. Con. Res. 106: Mr. Torres and Mr. Campbell.

H. Con. Res. 109: Mr. Stenholm, Mr. Paul, and Mr. Shuster.

H. Con. Res. 112: Mrs. Morella, Mr. Owens, Mr. Boyd, Mr. Dellums, and Mr. Calvert.

H. Con. Res. 114: Mr. Talent, Mr. Stark, Ms. Brown of Florida, Mr. Dellums, Mr. Faleomavaega, and Mr. Clement.

H. Con. Res. 120: Mr. Klink, Mr. Blagojevich, Mr. Frank of Massachusetts, Mrs. Morella, and Mr. Bilirakis.

H. Con. Res. 121: Mr. Packard, Mr. Skelton, Mr. Spence, Mr. Gejdenson, Mr. Solomon, Mr. Ackerman, Mr. Neal of Massachusetts, Mr. Dooley of California, Mr. Strickland, Mr. Hall of Ohio, Mr. Frank of Massachusetts, Mr. Blagojevich, Mr. Menendez, Mr. DeFazio, Mr. Frelinghuysen, Mr. Hutchinson, Mr. Hayworth, Mr. Canady of Florida, Mr. Rohrabacher, Mr. Hunter, and Ms. Dunn.

H. Con. Res. 126: Mr. Smith of New Jersey.

H. Con. Res. 129: Mr. Cummings, Mr. Mica, and Ms. Furse.

H. Con. Res. 134: Mr. Ney and Mr. Porter.

H. Con. Res. 37: Ms. Eddie Bernice Johnson of Texas, Mr. Boucher, Mr. Lampson, and Mr. Pascrell.

H. Res. 110: Ms. Furse, Mr. Oberstar, and Mr. Neal of Massachusetts.

H. Res. 119: Mr. Reyes and Mr. Vento.

H. Res. 173: Mr. Kennedy of Massachusetts, Mr. Olver, Mrs. Clayton, Mr. Davis of Illinois, Mr. Pastor, Mr. Torres, Ms. Lofgren, Mr. Weldon of Pennsylvania, Mr. Ney, Ms. Eshoo, Mrs. Kennelly of Connecticut, Mr. Towns, Mr. Quinn, Mr. Abercrombie, Mr. Clement, Ms. Hooley of Oregon, Mr. Thompson, Mr. Kleczka, Mr. McNulty, Ms. Furse, and Mr. Engel.

H. Res. 200: Mr. Sawyer, Mr. Green, Mr. Boucher, Mr. Klink, and Mr. Gutierrez.

DELETIONS OF SPONSORS FROM PUBLIC BILLS AND RESOLUTIONS

Under clause 4 of rule XXII, sponsors were deleted from public bills and resolutions as follows:

H.R. 303: Mr. Canady of Florida, Mr. Watts of Oklahoma, and Mr. Olver.

PETITIONS, ETC.

Under clause 1 of rule XXII,

20. The SPEAKER presented a petition of the City and County of Honolulu, relative to Resolution 97–150 urging the United States Congress to proceed with the funding of the new aircraft carrier known as CVN–77 and to designate Pearl Harbor as the Home Port of the new carrier or one of its sister carriers; which was referred to the Committee on National Security.

AMENDMENTS

Under clause 6 of rule XXIII, proposed amendments were submitted as follows:

Treasury and Postal Service, FY 1998

Offered By: Mr. Moran of Virginia

Amendment No. 1: Strike Title IV, Section 413, and replace with the following:

SEC. 413. REPEAL OF COOPERATIVE PURCHASING BY STATE AND LOCAL UNITS OF GOVERNMENT; AUTHORIZATION FOR SUCH PURCHASING FOR INFORMATION TECHNOLOGY ONLY.

(a) Repeal of Cooperative Purchasing Authority.—(1) Effective on the date of the enactment of this Act—

(A) paragraph (2) of section 201(b) of the Federal Property and Administrative Services Act of 1949 (40 U.S.C. 481(b)(2)) is repealed; and

(B) section 4309 of the Clinger-Cohen Act of 1996 (Public Law 104–106; 110 Stat. 670; 40 U.S.C. 481 note) is repealed.

(2) Section 201(b) of the Federal Property and Administrative Services Act of 1949 (40 U.S.C. 481(b)) is further amended by redesignating paragraph (3) as paragraph (2).

(b) Authority for Use of Federal Supply Schedules for Information Technology.—Section 201(b) of the Federal Property and Administrative Services Act of 1949 (40 U.S.C. 481(b)(2)), as amended by subsection (a), is further amended by adding at the end the following new paragraph:

"(3)(A) The Administrator may provide for the use of the Federal supply schedules described in subparagraph (B) by any of the following entities upon request:

"(i) A State, any department or agency of a State, and any political subdivision of a State, including a local government.

"(ii) The Commonwealth of Puerto Rico.

"(iii) The government of an Indian tribe (as defined in section 4(e) of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450b(e))).

"(B) Subparagraph (A) applies only to the Federal supply schedules of the General Services Administration for general purpose automated data processing equipment (including firmware), software, supplies, and support equipment (as listed in Federal supply classification code group 70, as contained in the December 1993 product and service codes list of the Federal Procurement Data System).

"(C) Subparagraph (A) may not be construed to authorize an entity referred to in that subparagraph to order existing stock or inventory from federally owned and operated, or federally owned and contractor operated, supply depots, warehouses, or similar facilities.

"(D) In any case in which an entity listed in subparagraph (A) uses a Federal supply schedule, the Administrator may require the entity to reimburse the General Services Administration for any administrative costs of using the schedule.".

(c) Report.—

(a) In general.—Not later than one year after the date of the enactment of this Act, the Administrator of General Services shall submit to Congress and publish for public comment a report on the implementation of section 201(b)(3) of the Federal Property and Administrative Services Act of 1949 (40 U.S.C. 481(b)), as added by subsection (b). The report shall include the following:

(A) An assessment of the effect on industry, including small businesses and local dealers, of providing for the use of Federal supply schedules by the entities described in section 201(b)(3)(A) of that Act.

(B) An assessment of the effect on such entities of providing for the use of Federal supply schedules by those entities.

(2) Submission of comments to Congress.—Not later than 60 days after submitting the report under paragraph (1), the Administrator of General Services shall submit to Congress all public comments received on the report.

H.R. 2264

Offered By: Mr. Hefley

Amendment No. 25: Page 79, line 13, after the dollar amount, insert after "(reduced by $50,000,000)".

H.R. 2264

Offered By: Mr. Peterson of Pennsylvania

Amendment No. 26: At the end of title II, insert after the last section (preceding the short title) the following section:

Sec. 213. Of the amounts made available in this title for Federal Administration under the account "Health Care Financing Administration—program management", $2,296,000 is transferred from such account and made available, under the account "Health Resources and Services Administration—health resources and services", for the program under section 330A of the Public Health Service Act (relating to rural outreach grants).

H.R. 2264

OFFERED BY: MR. PETERSON OF PENNSYLVANIA

AMENDMENT NO. 27: Page 69, line 26, after the first dollar amount, insert the following: "(increased by $85,000,000)".

Page 69, line 26, after the second dollar amount, insert the following: "(increased by $85,000,000)".

Page 73, line 15, after the first dollar amount, insert the following: "(decreased by $85,000,000)".

H.R. 2267

OFFERED BY: MR. BASS

AMENDMENT NO. 9: Page 49, strike lines 7 through 13.

H.R. 2267

OFFERED BY: MR. SCOTT

AMENDMENT NO. 10: Page 29, line 10, insert after the amount "(reduced by $258,750,000)" and on page 34, insert after the amount in line 13 the following: "(increased by $258,750,000)".

H.R. 2267

OFFERED BY: MR. SCOTT

AMENDMENT NO. 11: Page 117, insert after line 2 the following:

SEC. 617. DEATH REPORTING.—Any person who receives any funds appropriated under this Act or any subsequent appropriation for the Department of Justice shall report to the Attorney General the occurrence of the death of any individual who has been placed in custody in connection with an arrest. Such a report shall include—

(1) the name, gender, ethnicity, and age of the deceased;

(2) the date, time, and location of death; and

(3) the circumstances surrounding the death.

The Attorney General shall make an annual report to the Congress giving a statistical report of the information provided in the reports to the Attorney General.

SENATE—*Thursday, July 31, 1997*

The Senate met at 9:15 a.m., and was called to order by the President pro tempore [Mr. THURMOND].

The PRESIDENT pro tempore. Today's prayer will be offered by our guest Chaplain, the Rabbi Daniel Cohen, Temple Sharey Tefilo-Israel, South Orange, NJ. We are pleased to have you with us.

PRAYER

The guest Chaplain, Rabbi Daniel M. Cohen, offered the following prayer:

You who are the Source of all goodness and guidance, we give You thanks for the blessing of our great Nation and for all it stands. We acknowledge this day that You are the moral force in our lives and in our world.

Great and gracious God, You are the Source of all blessing showered upon us as individuals and as one national family. Help us to recognize that our greatest strength lies in using the powers You have given us for the good of all humanity. Help us to know daily Your presence in all the world—in each and every moment we live and in each and every individual we meet.

We thank You this day, especially, for those individuals whose commitments and caring have brought them into positions of leadership. Gracious God, give them continued wisdom and insight to lead our sovereign Nation toward fulfilling Your vision of a nation and a world guided by Your righteousness and Your justice. We commit this day to bringing honor and glory to Your great name through our words and through our deeds. Amen.

Mr. LAUTENBERG addressed the Chair.

The PRESIDENT pro tempore. The Senator from New Jersey is recognized.

WELCOMING RABBI DANIEL M. COHEN

Mr. LAUTENBERG. Mr. President, I thank all of you here. I thank our Chaplain, Dr. Ogilvie, and I thank you, Mr. President, for the opportunity to present my rabbi. Youthful though he is, he is wise. I think the Presiding Officer knows one does not have to have age to have wisdom. And we credit Rabbi Daniel Cohen with having wisdom.

This is an honor that I so much wanted to have bestowed upon him because he has earned the respect and the admiration of so many in our congregation. I think about 800 families worship and have their children taught by Rabbi Cohen.

He is a native of New Jersey, as I am. And it is just an honor to have him and Mrs. Cohen, who is witnessing this from the balcony, join us this morning.

Thank you, Mr. President, for the opportunity to hear from Rabbi Cohen.

I am pleased and proud to have Rabbi Daniel Cohen from my own Temple Sharey Tefilo-Israel in South Orange, NJ here today to convene this session of the Senate.

The fact that Rabbi Cohen is here to give this invocation means a great deal to me. It speaks to the diversity of religions and races that make up this body, and this great Nation.

As Rabbi Cohen said, we are all privileged to live in this country. And it benefits us to work together and to use our individual talents to make this place as great as it can possibly be. I couldn't agree more.

Rabbi Cohen and I have similar family backgrounds and share many values.

He and I are respectively the grandson and son of immigrants. We have gotten to where we are today by taking advantage of the opportunities that were given to us, and we are both committed to giving back to the communities that treated us so well.

We both believe in the right and ability of all people to be accepted and get ahead. It is symbolic that the name of our synagogue, "Sharey Tefilo," means the "Gates of Prayer." These gates of prayer to me represent open gates through which people of all faiths and backgrounds should be able to pass in order to succeed, find refuge from persecution, or simply start a better life.

I want to add some quick words about Rabbi Cohen himself:

He grew up in Berkeley Heights, NJ.

He did his undergraduate work at Duke University, getting his degree in anthropology and religion. Some of that time he spent abroad studying in Israel.

He went on to receive his masters in Hebrew letters from the Hebrew Union College-Jewish Institute of Religion, and received his rabbinic ordination in 1993.

He has been with my temple in New Jersey since his ordination, first as a rabbinic intern and then as the assistant rabbi. He currently serves as the associate rabbi of our congregation, enjoying a great deal of respect from members of the temple.

He does a great deal of work in our synagogue with youth groups and educational programming, but has an exceptional ability to reach everybody in the congregation, both young and old.

I want to thank Rabbi Cohen for coming today, and I am proud to have been able to share a bit of my heritage and home State with my colleagues in the Senate.

RECOGNITION OF THE ACTING MAJORITY LEADER

The PRESIDENT pro tempore. The acting majority leader, the distinguished Senator from New Mexico, is recognized.

Mr. DOMENICI. Thank you, Mr. President.

I also extend my gratitude to the rabbi, and to you, I say to Senator LAUTENBERG, for having him with us today so he could share with us.

SCHEDULE

Mr. DOMENICI. Mr. President, on behalf of the leader, I will make the following statement.

This morning the Senate will immediately resume consideration of the conference report to accompany the Balanced Budget Act, with 1 hour equally divided between the chairman and the ranking member of the Budget Committee. Following the conclusion of debate on the conference report, at approximately 10:15 a.m., the Senate will proceed to vote on the adoption of the conference report.

Following that vote, it is the intention of the majority leader that the Senate begin debate on the conference report to the Taxpayer Fairness Act. As Members are aware, there are also 10 hours of statutory debate time in order for this conference report. Therefore, Members can anticipate additional rollcall votes following the 10:15 a.m. vote. As always, Members will be notified as to when those rollcall votes will be ordered.

Mr. President, I yield the floor.

THE BALANCED BUDGET ACT OF 1997—CONFERENCE REPORT

The PRESIDING OFFICER (Mr. BROWNBACK). Under the previous order, the Senate will now resume consideration of the conference report accompanying H.R. 2015, which the clerk will report.

The assistant legislative clerk read as follows:

> Conference report to accompany H.R. 2015, an act to provide for reconciliation pursuant to subsections (b)(1) and (c) of section 105 of the concurrent resolution on the budget for fiscal year 1998.

The Senate resumed consideration of the conference report.

The PRESIDING OFFICER. There will now be 1 hour remaining equally divided between the chairman and the ranking minority member of the Budget Committee.

Who seeks recognition?

Mr. DOMENICI. Mr. President, if my friend from New Jersey has no objection, why don't we just agree that time will expire promptly at 10:15 so everybody will know the vote will start at 10:15.

Mr. LAUTENBERG. No objection.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. LAUTENBERG addressed the Chair.

The PRESIDING OFFICER. The Senator from New Jersey.

Mr. LAUTENBERG. I will speak for a couple minutes.

There is a sense of the historical significance of what it is that we are about to do. It is not simply the accomplishment of having put in place a balanced budget. It goes further than that; that is, to note that this agreement has been developed, if I might use the word "hammered" out, by bipartisan cooperation. My friend and colleague, the chairman of the Budget Committee, Senator DOMENICI, and I and others, of course, labored long and hard to help present the views of all of our colleagues into an understanding and a package that would be acceptable as a consensus product.

So we are here at this moment, and within 1 hour it is believed that we will have passed this reconciliation bill and will embark upon the work of passing the second reconciliation bill which will complete the task.

I think we have set some records here this year, not only because we will have achieved a balanced budget, which is the best belief of all Members here who will be supporting this, but I took a moment, I say to Senator DOMENICI, to check on where we stand with our appropriations bills. There were 9, I believe, that have been completed, and perhaps a 10th one ready. That is quite fantastic, not yet August and having done those.

I want to say to all of my colleagues, I am proud that we were able to get this job done under fairly stringent conditions. We do not have as much money as we were accustomed to having in the past, but with what we had we made it do very well. We have covered lots of things that needed attention, child health care, assurance of the solvency of Medicare, an opportunity for kids to get an education, to be investing in research in our society, a number of things that are very positive outcomes, again, within the context of the resources we had available.

All Members of both parties deserve to be proud of our accomplishment. We have shown America something, that we can work together for the common good, and at the same time we can be fiscally responsible and we can help prepare for the next century, which is around the corner.

This agreement will lead us, I think, to a positive path as we prepare to enter the 21st century, investing in all kinds of good things, as I have said, and education, particularly, I think as the cornerstone for the development of our society.

The agreement shows that it is not inconsistent to be both fiscally responsible and progressive. There is now broad consensus that we simply have to live within our means, but there is also appreciation that the future will not simply take care of itself. It takes work. We have to prepare for it, investing to make sure that our people are ready for it.

That is what we are doing in this legislation: getting our fiscal house in order. We are investing in our children. We are extending the educational opportunities for millions of Americans. In short, we are getting ready, and our children and grandchildren will reap the rewards in decades ahead.

So, Mr. President, I am proud to be here as this balanced budget legislation is approved. We want to see it get to the White House. It is a moment in history, and I hope it will be regarded as a very positive moment in the record books years from now. I am grateful and proud to have been a part of the process.

I yield the floor.

Mr. DOMENICI addressed the Chair.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. DOMENICI. Mr. President, the distinguished Senator, Senator THURMOND, has asked me if he might speak as in morning business for 3 minutes. I ask unanimous consent that he be permitted to do that and it come out of my time on the bill.

The PRESIDING OFFICER. Without objection, it is so ordered.

(The remarks of Mr. THURMOND pertaining to the submission of S. Res. 111 are located in today's RECORD under "Submission of Concurrent and Senate Resolutions.")

Mr. DOMENICI addressed the Chair.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. DOMENICI. Mr. President, I will save a few remarks until just before the vote. Certainly, if anybody else on our side wants to speak, they are welcome. Nobody is bound to speak, but if they would like to, we have 15, 20 minutes on our side.

I would like to make just a few comments about some of the processes we have been involved in and thank a few people.

Mr. President, I do not believe 15 years ago that anybody assumed the Budget Act could be used to balance a budget as we are doing it here today. The reconciliation instruction and then the reconciliation bill are strange-sounding words and a strange-sounding name for a bill. But essentially we have, by evolution and development and some changes in the law, permitted a budget resolution which does not involve the President; it involves just a majority vote in both Houses. We permitted it to be used to force the passage of reform legislation or tax bills such as the one we have before us.

I think everybody should recognize a couple of very interesting historic evolutions as this process developed. One is the adoption of the Byrd rule by the U.S. Congress as part of the law that applies to the Senate of the United States. And, obviously, one need not search as to where that came from. It came from Senator ROBERT BYRD.

Essentially, one of the Parliamentarians has praised it this way, that the Byrd rule limits our ability to ride the budget horse into passing all kinds of legislation that have little to do with the budget.

I am very pleased to say, and I was able to say to the distinguished Senator BYRD yesterday, that when you put a bill together as large as this, with as many committees and as many innovative minds, you cannot help but try to ride the budget horse beyond what it ought to be used for. There were many, many, I would say scores of legislative language that violated this rule as this process was evolving and these bills were getting developed, because the rule is a tough rule and it has great, great impact in that those provisions are stripped from the bill if they are subject to a Byrd rule. Then we were able to bring down the scope and numbers to a very, very small number that remained as of yesterday, and I am very pleased, working together, everybody has come up with the conclusion, from what I can tell, that whatever Byrd rule language or violation of Byrd rule language is in this bill has been thought by almost everyone to be necessary and something that we can leave in the bill. I am very pleased with that. I must make sure everybody knows that there were many, many more before we exerted the power and pressure of the Byrd rule. And I think that bodes well in terms of not abusing the process.

Having said that, Mr. President, again, I yield the floor. If anyone else on our side would like to speak, time is available to them. I suggest that if no one is speaking, the time be charged equally, and I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. DOMENICI. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

LIMITED TAX BENEFITS IN RECONCILIATION

Mr. DOMENICI. Mr. President, as required by the Line-Item Veto Act, the

Joint Committee on Taxation has informed the conferees that the conference report on H.R. 2015, the Balanced Budget Act of 1997, contains one limited tax benefit. It can be found in section 5406 and concerns the treatment of services performed by certain inmates. As required by the Line-Item Veto Act, section 9304 of the conference report specifically designates section 5406 as a limited tax benefit and as such, it is therefore subject to the President's cancellation authority under the Line-Item Veto Act.

Mr. FRIST. Mr. President, today represents an enormous accomplishment for me and for the Republican Party. The budget agreement now before us is the culmination of years of hard work and concerted effort. I want to especially commend Chairmen DOMENICI and ROTH for their hard work and diligence. I have thoroughly enjoyed working with Chairman DOMENICI on the Senate Budget Committee and commend him for his extraordinary efforts to broker this agreement. My staff affectionately calls him "the legislative warrior" and I agree. He has fought a major battle for the Republican Party and the American people this year—a battle to balance our Federal budget and to eliminate our Federal deficit.

Three years ago, as I campaigned across the State of Tennessee, I listened to the concerns of the people that I met and I made some promises to them. These men and women were concerned about the amount of money they were able to bring home after Uncle Sam had taken his share. They were outraged by a government that was unable to live within its means. They were worried about their retirement and the continued existence of Medicare and Social Security.

I promised the people of Tennessee that we would do something about these concerns. I promised them that we would give them tax relief, so that they would be able to keep more of what they make and decide for themselves how to spend, save, or invest their hard-earned money. I promised them that we would pass a balanced budget—the first since 1969—and eliminate our Federal deficit. And I promised them that we would protect, preserve, and strengthen Medicare and Social Security to ensure that these programs would still be around for their children and their children's children.

I am proud to be able to return to Tennessee and tell my friends, relatives, and neighbors that we have made good on two of these promises and have taken the first steps toward fulfilling the third. The bills that we will pass over the next couple of days will give hard-working Americans the largest tax cut that they have seen in 16 years—over $90 billion. This tax relief will benefit Americans of all ages and in all tax brackets. We have included tax credits for children and for education and capital gains and estate relief. Almost 80 percent of these benefits go to families earning less than $75,000 a year.

Over 43 million parents will owe $500 per child less in taxes. Taxpaying students and nearly 5 million parents of kids in college will owe $1,500 less per student in taxes as a result of the college tuition credit.

Last year, 2.4 million Tennesseans filed tax returns with the Internal Revenue Service. Over the last 16 years, these taxpayers have not seen one tax reduction—only increases. As the cost of raising a family and sending kids to college has become increasingly expensive, the value of the personal exemption has dropped dramatically. In 1948, the average American family paid about 3 percent of its total income to the Federal Government in taxes. Today, that family is paying closer to 25 percent.

The Federal Government claims approximately 19 percent of every paycheck that an employee in Knoxville, TN who makes $22,000 a year takes home. That $22,000 figure doesn't mean much to her—she sees only $17,820—and that's before State and local taxes take their bite. The time has certainly come to give these hard-working people some much-needed tax relief.

In addition to the $500 per child tax credit and the $1,500 college tuition tax credit, the tax package will cut the capital gains tax rate from 28 to 20 percent for the highest bracket and from 15 to 10 for the lowest. It will raise the exemption for taxable estates and family-owned businesses and farms. And it will expand the options for individual retirement accounts.

Despite the belief that a capital gains tax cut is only for the rich, in 1995, more than 226,000 Tennesseans paid capital gains taxes to the tune of $2.65 million. More than half of these—160,786 to be exact—had incomes of $75,000 or less. And 40,000 of those who paid tax on capital gains actually had an income of less than $15,000.

This budget package will also balance the budget by 2002 and restore fiscal responsibility to our Federal Government. For years, Republicans have called for a balanced budget and an end to the reckless spending for which Washington to famous—or rather infamous. A balanced budget will lower interest rates, and generate higher economic growth—including more jobs and lower inflation. An article in this week's Washington Post touted that the "Deficit Effort Really is 'a Big Deal'." Benjamin Friedman, a Harvard University economist, noted:

> For every dollar that the government doesn't have to borrow, there's an extra 50 cents invested in new plant and equipment by American businesses.. And experience shows that investment eventually raises profits, wages and the U.S. standard of living.

The challenge before us now is to keep the Federal budget in balance—and I am committed to ensuring that we do that.

The third promise was one to protect Medicare and Social Security. We have made a first step toward strengthening Medicare by cutting $115 billion to health care providers and extending the life of the Medicare trust fund for 10 years. But I remain deeply disappointed that the Senate-passed provisions that would have enacted structural changes in the Medicare Program were excluded from this conference agreement. I have spoken many times about the need for entitlement reform. And unfortunately, this budget does nothing to address it. If we do nothing, entitlement spending and interest on the national debt will consume all Federal revenues by 2012—leaving not a single dollar for important Government priorities like roads, education, national defense, and medical research.

The Medicare trust fund will become insolvent in 10 years. Real, structural reforms are absolutely necessary to preserve Medicare for our children and our children's children. In 2010, the cash flow of the Social Security trust fund turns negative and by 2029, the Social Security trust fund will be bankrupt. This must be the next priority of the U.S. Senate.

For years, our focus has been to balance the budget. Today, we have achieved that goal. I join with my colleagues to congratulate the Congress and the White House on working together, in a bipartisan fashion, to bring real fiscal responsibility back to Washington.

But we must look ahead to tomorrow and pay close attention to the impending fiscal disaster that lies ahead if we do not make some hard choices to reform our entitlement spending. Today, 200,000 Americans turn 65 every year. By 2011, 1.5 million Americans will turn 65 every year. Today, 3.3 workers pay for the benefits that every retiree receives from Medicare and Social Security. By 2025, there will be only two workers to pay for each beneficiary. It is clear that something must be done.

Mr. President, I am delighted that we have made a considerable downpayment on our promises to the American people with this budget package and I look forward to the challenges ahead.

CLARIFICATION OF TWO PROVISIONS IN THE BUDGET AGREEMENT

MR. KENNEDY. Mr. President, I would like to clarify two items of concern in the budget agreement.

Last year, when Congress passed the welfare reform bill, it granted States the authority to deny State and local public benefits to certain immigrants. Included in that bill was a provision that exempts nonprofit charitable organizations from verifying immigration status.

The conference report on the budget bill explicitly grants the States authority to require immigrants to provide proof of eligibility for State and local public benefits. This new provision allows States to "require an applicant for State and local public benefits (as defined in section 411(c)) to provide proof of eligibility". Section 411(c) refers to the definition of State and local benefits in title IV of the welfare bill.

It is my understanding that this provision does not grant the States authority to require charities to conduct immigration verification for State and local public benefits. The nonprofit exemption in section 432 of the welfare bill explains that a nonprofit charity, in providing "any State or local public benefit (as defined in Section 411(c)) * * * is not required under this title to determine, verify, or otherwise require proof of eligibility * * *." As Congress has plenary power in the immigration arena, it seems that States may not add a requirement for charities to verify immigration status without express authority from Congress. States were not granted that authority in last year's welfare bill, and States are not granted that authority in this budget bill.

Since the clarification of State verification authority is being inserted into title IV of the welfare reform law, the nonprofit exemption applies. Authority, if any, to require charities to conduct immigration verification would have to be found in a distinct, express grant of Federal authority outside title IV of the welfare bill.

I would also like to clarify that under the conference report on the budget bill, refugees, asylees, and certain other immigrants currently receiving SSI will not lose their eligibility for SSI.

Section 402 of last year's welfare law instituted a bar on SSI for certain qualified aliens. Section 402(a)(2)(A) created an exception to this bar for refugees. Refugees can receive SSI benefits for five years from the date they are admitted into the United States.

The conference report on the budget bill modifies these provisions in two ways. First, the conference report extends the refugee exception from 5 years to 7 years. An additional, separate provision of the conference report, section 402(a)(2)(E), creates a new exception to the bar on SSI benefits which reinstates SSI benefits for qualified aliens receiving benefits on August 22, 1996.

For refugees, these are two independent sources of SSI eligibility. It is my understanding that refugees not receiving SSI benefits on August 22, 1996 will qualify for SSI through section 402(a)(2)(A) for a period of 7 years. Refugees already receiving SSI benefits on August 22, 1996 will be eligible to keep those benefits, even after their 7 years has expired, under section 402(a)(2)(E) without regard to the 7 year cutoff.

Thank you for letting me briefly clarify those two points, Mr. President.

TITLE XI OF H.R. 2015

Mr. HATCH. Mr. President, I would like to commend the chairman of the Budget Committee, and the distinguished majority leader, on the inclusion of a little noticed provision in this conference report. I am referring to the National Capital Revitalization Act. This provision is, in my view, an important step in cleaning up the District of Columbia and making our Nation's Capital City once again the safe and beautiful place we all expect it to be.

Among other important changes, this bill completely overhauls the District of Columbia's broken criminal justice system. If implemented properly, I am certain that this legislation will result in a criminal justice system for the District of Columbia that is fairer for the victims of crime, that appropriately punishes criminals, and that incarcerates criminals in a secure, appropriate environment.

I see that my colleagues from Kansas and Florida are on the floor, and I would like to commend them for their hard work on this issue, as well. They have worked tirelessly to see these provisions included in the budget reconciliation conference report.

Mr. President, I am committed, as I know my colleagues are, to ensuring that these provisions are implemented in the most effective manner. A number of the provisions in the National Capital Revitalization Act, particularly as they relate to, among other things, the transfer of District of Columbia corrections functions to the Federal Bureau of Prisons and the assumption by the U.S. Parole Commission of parole functions of the District government are issues within the authorizing jurisdiction of the Judiciary Committee. I would like to ask my colleagues, the Senator from Kansas and the Senator from Florida, if this is their understanding, as well.

Mr. BROWNBACK. I thank the Senator from Utah for his kind remarks, and note that I agree with his assessment. I look forward to working with him and the Judiciary Committee on the important work of ensuring effective implementation of the National Capital Revitalization Act.

Mr. MACK. I also appreciate the comments of the chairman of the Judiciary Committee, and agree with him that the Judiciary Committee has jurisdiction over a number of these matters. I share Senator HATCH's commitment to a safe and beautiful national capital, and look forward to working with him to implement this important act.

Mr. HATCH. Mr. President, I thank my colleagues for their comments, and look forward to working with them as implementation of the National Capital Revitalization Act goes forward.

Mr. FAIRCLOTH. Mr. President, I am compelled to vote against H.R. 2015. This legislation will put us on a track to reduce the deficit. It will save us more than $1 trillion over the next 10 years. It puts binding caps on spending increases, so that a super majority will have to vote to increase spending. The bill continues the pay-as-you-go provisions of past budget deals, so that any new spending has to be offset by other spending reductions. It seeks to make Medicare solvent for the next 10 years and creates a National Bipartisan Commission on the Future of Medicare to address the long term solvency of Medicare.

Regrettably, while all of the aforementioned is positive, there are significant drawbacks in this bill.

First and foremost, the legislation raises taxes on tobacco by 15 cents a pack. When I was elected, I said I would never vote for a tax increase and I never have. This is a clear and punitive tax increase on tobacco. If we needed this revenue to reduce the deficit, rather than raising taxes, we could have cut more wasteful and unnecessary spending. We should have done that.

Second, while the bill puts us on a path to deficit reduction, it raises the debt ceiling which allows the Treasury to go $450 billion deeper in debt than we already are. I think that being $5 trillion in debt is shameful enough. We do not need to raise the debt ceiling.

Third, Mr. President, this legislation weakens last year's welfare law. When I ran for the Senate, I said that I wanted workfare, not welfare. Last year, we passed landmark legislation to end the welfare system as we know it in the United States. But it became clear soon after the bill was signed into law that the President was not committed to welfare reform. Just weeks after the bill was signed by the President, he went to the Democratic Convention in Chicago and promised to undo it next year. This bill weakens the work requirements. It builds in more flexibility to the work program. In Washington, flexibility is a code word for weakening, and that is what we have done to the work requirements for food stamp recipients.

Not only have we weakened the welfare law, but we have restored $11 billion in welfare benefits for noncitizens. We seemed to have forgotten that welfare was and is a failure. Putting more people on welfare doesn't help society. But that is what we have done in this bill. We have increased the welfare roles, and we have added people who are not even American citizens. The very fact that non-citizens are receiving welfare is testimony to a system that has gotten out of control. Welfare is also prone to great fraud. Why else would we have to clarify that a noncitizen who is receiving welfare from the U.S. Government must actually be residing in the United States. Can you imagine that we would be paying welfare to people who are not even living in the United States.

Mr. President, we have also created a new program regarding welfare. We are spending $3 billion to put welfare recipients to work. Welfare reform was supposed to save money and now we are spending money to reform welfare. Again, this kind of backward logic only seems to work in Washington. I am supportive of helping move welfare recipients to work—but another Government jobs program is not what we need.

Mr. President, as I said, there are many good aspects to the bill, but it violates the fundamental promises I made to the people of North Carolina when I ran for the Senate regarding welfare and taxes. I will not break my word to the people that supported me in 1992, and I will not vote for this bill.

Ms. MIKULSKI. Mr. President, I am pleased to be able to support the conference reports on the Balanced Budget Act and the Taxpayer Relief Act. Together, these bills will bring us to a balanced budget by the year 2002, while providing vitally important investments in education, in children's health, and in economic development.

I believe that my job as the Senator from Maryland and the Senator for Maryland is to save jobs, save lives, and save communities. I believe these bills will help us to do all three.

These bills address the day-to-day needs of America's families, and they keep faith with America's seniors. They open the doors to opportunity and give help to those who practice self help.

Mr. President, I am particularly pleased that the conferees rejected the unnecessary and harmful structural changes in the Medicare Program. As my colleagues know, I adamantly opposed the means testing of the Medicare program, and the change in the age of eligibility for Medicare from 65 to 67. Such major changes should not be considered without Presidential leadership and a national discussion. I am pleased that these changes were not included in the final budget package. I believe the commission established by this agreement is a better way of addressing the long-term solvency concerns of Medicare.

There is much good news for senior citizens in the Medicare portions of this budget. We have ensured the solvency of the Medicare Program for at least the next 10 years. We have provided funds for critical new preventive care benefits, by expanding coverage for mammography and colerectal screening, and by improving self-management of diseases like diabetes. These are investments that will pay off, improving the health of Medicare beneficiaries and saving lives.

Having said that, however, I am disappointed with other cuts that these bills make in the Medicare Program. It is disturbing that the Federal guarantee of adequate reimbursement rates to nursing homes has been abandoned. I believe this will put nursing homes in a budget squeeze and will have a negative effect on the quality of care that we provide to our most fragile elderly. I am also disappointed with the excessive cuts in the reimbursement rates for such key services as home oxygen therapy. I believe seniors will be hurt by this change. I hope that we will have an opportunity to revisit these issues in the future.

This legislation also will provide a tremendous investment in the health of America's children. The $24 billion provided for health care for uninsured children in this bill is the single largest increase for children's health efforts in over 30 years.

Mr. President, there are 10 million uninsured children in this country; 1 in 8 of the children in my own State of Maryland have no health insurance coverage. It is really shameful that we have allowed so many children to be at risk.

I believe we have to do all we can to ensure that no child goes without adequate health care. I wish we could have reached every uninsured child with this bill. I pledge to do all I can to work toward that goal. While it does not reach 100 percent coverage for our children, I do believe that this bill makes tremendous strides in the right direction.

Over 5 million children who currently have no health care will now get their immunizations, early screening, and other health care services. We have taken a great step in ensuring healthy children who are ready to learn and ready to succeed.

I like this budget package because it also opens the doors to education for young people and to people seeking to further their education. The $1,500 HOPE scholarship contained in this bill will help to make available to every student the first 2 years of college. The tuition tax credit the bill provides for juniors, seniors, and graduate students will enable thousands more young people and returning students to get the education and skills they'll need to succeed in the 21st century.

The tax provisions of this package will provide much needed tax relief for working families, for family-owned businesses and farms, and for those who have invested in their homes and communities. This bill is good for those who work hard, play by the rules, and pay their taxes.

The child tax credit will provide relief to some 27 million families. When the credit is fully phased in, families with children under 17 years of age will be able to claim a $500 per child credit. We ensure that working families who qualify for the earned income tax credit—who may not pay income taxes but who do pay payroll taxes—will also benefit from the child tax credit. That means we will provide help to families with incomes below $30,000—from the firefighters in Baltimore County to the watermen on the Chesapeake Bay. They work hard, they contribute to our economy and our communities, and they deserve our help.

This bill rewards investment and thrift. It will allow Americans who have invested in their communities by the purchase of a home to be able to recoup their investment when they sell that home, without being subject to onerous capital gains taxes. It ensures that people who have built a family farm or a small business with a lifetime of hard work can pass that enterprise on to the next generation.

It encourages savings. The bill's new IRA provisions will reward those who practice self help, by increasing access to IRA's, and by allowing withdrawals from IRA's for the first-time home buyers and for educational purposes.

Mr. President, this budget package does not provide everything I would like, and I do not like every provision of this package. But I believe overall, this is an agreement well worth supporting.

These conference reports finish the job the Congress began in 1993, when the President and congressional Democrats passed the deficit reduction bill. In 1992, our deficit was $290 billion. This year, it will be less than $45 billion. This historic economic plan started us on the road to elimination of our deficit. The bills we are passing this week will finish the job we began in 1993.

This is a victory for fiscal responsibility. It is a victory for America's families. It keeps faith with our seniors, opens the doors of opportunity to those seeking an education, protects children's healthy and rewards those who save and who invest. I am proud to support it.

DUOPOLY AND NEWSPAPER-TV CROSS OWNERSHIP

Mr. KERREY. Mr. President, I share Senator HOLLINGS' concern that the provisions in the reconciliation bill on the duopoly and newspaper-TV cross ownership rules which affect television broadcast license ownership violate the Byrd rule.

The duopoly rule limits the number of television stations a single person can own in a market and the newspaper/broadcast cross ownership rule makes it difficult for newspapers to own a television station in the same market where it publishes a paper to assure that there is not a monopoly on information.

The conference provisions violate the Byrd rule because they make substantive changes in policy which have no budgetary effect.

At a time when the Congress and the American people are concerned about the growing concentration in the broadcast industry, this is not the time or place to consider these changes.

The Congress ordered the Federal Communications Commission to review the duopoly rule in 1996. The budget agreement should not pre-empt that review.

I join my colleagues in observing that a point of order would lie on the broadcast provisions of this bill.

Mr. CAMPBELL. Mr. President, back in May of this year, the leadership and the administration reached a historic agreement. That agreement was then supported overwhelmingly by the House and the Senate when the concurrent resolution on the budget for fiscal year 1998 came before the two bodies for consideration, putting forth the blueprint by which the Federal Government could reach a balanced budget by the year 2002.

This week the Congress and the administration have reached yet another monumental agreement, ensuring passage of the Balanced Budget Act of 1997 and its companion, the Taxpayer Fairness Act. These two bills, together, put forth the spending and revenue changes for the next 5 years. And, the passage of these measures and their subsequent enactment into law will signify the first balanced budget since 1969. For 28 years, the Federal Government has run a deficit and has talked about the need to balance the budget. Finally, due to the extraordinary leadership of the House and Senate, as well as the incredible amount of bipartisanship and cooperation, Americans are witnessing the Federal Government take the necessary action to get its fiscal house in order.

The tax portion of this agreement will provide Americans with the first major tax cut in 16 years. This bill provides for a net tax cut of more than $90 billion over the next 5 years. This is slightly more than the $85 billion agreed upon in the budget agreement of earlier this year, and I am delighted that the budget negotiators were able to provide a little extra for this country's hard-working families and individuals.

Specifically, this bill is an investment in our children. After years of trying to get a child tax credit enacted, the Taxpayer Fairness Act will provide families with a $500 per child tax credit for children under the age of 17. Over the years I have received many a letter from Coloradans who are supportive of this tax credit, and finally, they are going to be able to take advantage of it. Imagine what a family of four can do with a $1,000 credit. They can use the money to invest in their two children's education. They can put the money toward a downpayment on a house or simply use the money to ease their financial burdens. This child tax credit will mean different things to each of the millions of families that is eligible for it. But what it means to me is that this Government cares enough about this country's children and the hard-working parents struggling to raise their children to offer them some much-needed and well-deserved tax relief.

And the benefits for families and their children do not stop there. Once a child is ready to go on to higher education, millions of taxpayers will benefit from the tuition tax credit and millions more will benefit from the student loan interest deductions.

Equally important to my home State of Colorado are the benefits from capital gains and estate tax relief. I cannot begin to quantify how many Coloradans—homeowners, small business owners, farmers, ranchers—have written or spoken with me over the years urging the Federal Government to ease the burden from these taxes, and while I would have liked to see these provisions go a little farther, I am pleased about the benefits this bill will bring to the many farmers, ranchers, and small business owners in my State. Capital gains and estate tax relief, in combination with other tax provisions in this bill including IRA expansion, will contribute to economic growth and create jobs, thereby once again assisting America's families.

In all, the tax bill represents a major step forward for the economy as a whole and for the pocketbooks of taxpayers. Out of every dollar earned by an individual today, roughly 25 cents of that goes toward the individual's Federal tax burden—this is just the Federal taxes. And, today, we are going to do some truly significant by passing a bill which will provide major tax cuts, benefiting Americans at every stage of life.

While the accompanying spending bill is more contentious by nature, it provides for several important and necessary reforms to our Nation's largest entitlement programs. The Medicare Program, which was facing certain insolvency within the next 5-year span of the balanced budget agreement, is now actuarially sound for the next decade. Most importantly, the savings achieved in the program are not unfairly achieved on the backs of beneficiaries, but rather through expanded choice, competition and a curbing of the rampant fraud and abuse. The Department of Health and Human Services cites $23 billion in fraud and waste under the current Medicare structure. This bill finally provides us with a mechanism to protect those taxpayer dollars.

Further reforms in Medicaid, the section 8 assisted housing program, and improvements to the welfare to work legislation of last year have resulted in a historic starting point for meaningful and fair reform. I make no bones about my dissatisfaction with certain provisions included in the bill, as well as the exclusion of others, and I look forward to working with my colleagues to address these concerns. However, the benefits and the great need for the reforms this legislation precipitates have won it my support.

On a larger scale, this tax bill and the Balanced Budget Act, taken together, will finally get the budget balanced. Since first coming to Congress in 1987 as a Member of the House of Representatives, I have been a proponent of a balanced budget and have supported efforts to achieve this goal. And, I am pleased to be here today to be a part of this historic moment. I would be completely remiss if I did not acknowledge the hard work of the House and Senate leadership, including the chairmen and ranking members of the Budget and Ways and Means committees. In 10 years in Congress, I have never before witnessed a budget bill, and a balanced one at that, which has passed with such ease and cooperation. With that, Mr. President, I will vote for these two bills, and I yield the floor.

Mr. FEINGOLD. Mr. President, I want to offer a few comments on the recently negotiated bipartisan budget agreement. The past few months have been truly historic. We have seen both parties come to the table in good faith and negotiate a budget agreement that puts us on the track toward a balanced unified budget. And all of that has been done without a constitutional amendment to balance the budget. Indeed, as I have noted before, I am convinced the presence of such an amendment would only have delayed such an agreement, perhaps by a decade or more.

Mr. President, balancing our budget has been my highest priority as a Member of this body. I ran on that issue in 1992, and I am pleased that we will enact a budget package that puts us on track to achieve that goal.

As we congratulate ourselves on fashioning this agreement, however, we should recall that this agreement would not have been possible without the President's deficit reduction package enacted in 1993, a package some now estimate will achieve approximately $2 trillion in deficit reduction between 1993 and 2002. The heavy lifting needed to balance the budget was done in that package, and while this budget agreement puts the finishing touches on the work of eliminating the deficit, it was that 1993 budget package that made it much easier to reach an agreement.

But Mr. President, though I am pleased we are on track to balancing the unified budget, I have mixed feelings with regard to the specifics of the tax cutting aspects of the bipartisan agreement. As the headline of the editorial in yesterday's Milwaukee Journal Sentinel stated, this budget deal is well-intentioned, but flawed. I am particularly concerned at what appears to be backsliding on our commitment to fiscal prudence and responsible budgeting by passing a tax cut before we have eliminated our budget deficit. As the editorial stated, "any balanced budget strategy that also cuts tax revenue is inherently risky."

The tax-cut package in this agreement has the strong odor of business as usual about it, a return to the 1980's when politicians stumbled over themselves to promise newer and bigger tax cuts without regard to our budget deficit. The result was an explosion of deficits and debt which has taken years to contain. Even now, we are still coping with the legacy of fiscally irresponsible tax cuts.

I was the first Member of either body to oppose the tax cut proposals of both parties nearly 3 years ago, and I am disappointed to see that some of the concerns I expressed then have been realized. Instead of remaining focused on how to balance the budget in the near term and how to address the fiscal pressures facing the budget in the long term, much of the discussion between the negotiators of both parties amounted to a tax cut auction, with each side bidding up their own favorite tax cuts in an appeal for political credit.

As I noted almost 3 years ago, a tax cut bidding war will only serve to undercut the efforts we have already made and the work which remains to get our budget under control. Aside from the fiscal hole tax cuts produce, they divert us from the tough and unpleasant task of finding needed spending cuts.

Mr. President, who wouldn't rather talk about cutting taxes than cutting programs that people like? Unfortunately, to some extent, this is what has happened in the budget agreement, with the result that the goal of a balanced budget may be taking a back seat to the more politically appealing debate of how to cut taxes.

The evidence is fairly compelling in this regard, Mr. President, and both political parties are at fault. The movement of any tax-cut bill while we are still experiencing budget deficits is the most obvious sign. Moreover, that tax cut measure has grown over the past few weeks. In order to accommodate all their constituencies, negotiators for both parties produced a tax cut package even bigger than the plan agreed to this spring.

And, there is reason to believe that in order to accommodate this expanded tax-cut package, the budget negotiators resorted to what some would describe as accounting gimmicks.

Mr. President, these signs all indicate a potentially troubling trend. The desire of the negotiators for an even larger tax cut was such they were willing to resort to cooking the budget books. It is fair to conclude the national priority of fiscal prudence and a balanced budget are in danger of being pushed aside by politically motivated tax-cut proposals.

Mr. President, let me be clear. I very much want to support a significant tax cut, but I won't support one until we balance the books. We do a disservice to those who elect us if we help shift the focus away from fiscally sound budgeting and instead promote self-serving but fiscally irresponsible tax cuts.

At the time we passed the budget resolution, I expressed my concern that while the tax cut agreement might be sustainable as part of the shorter-term budget resolution, it could become unsustainable in the long run, and I am concerned that this is just what happened.

The tax-cut package which passed the Senate was heavily backloaded with an annual cost of $54 billion. The negotiated tax-cut package produced by the conferees is even worse, and while accounting gimmicks and timing shifts might help achieve technical balance in 2002, they do not alleviate the problems we will face when the retiring baby boomer generation will put increased pressure on the budget. According to analysis done by the tax watchdog group Citizens for Tax Justice, the actual annual cost of this tax measure will be $64 billion, even larger than the cost of the bill as it left the Senate, and over twice the annual cost of the President's proposed tax cut.

Mr. President, as I noted before, I very much want to support a tax cut, but it simply isn't fiscally responsible to enact a tax measure with an annual cost of $64 billion before we have balanced our budget.

Balancing the budget must be our first priority, and this tax measure is inconsistent with that goal.

Having noted my concerns about the tax package, however, let me conclude by expressing my support for the reconciliation measure which cuts spending. As I noted earlier, the bipartisan package is truly historic, and I applaud the work done by the negotiators from both parties who helped craft that measure.

Certainly more needs to be done. The Medicare Program needs to be further strengthened and modernized, as does the Medicaid Program. As I have stated frequently, one of our highest priorities must be to reform our current long-term care system which is largely funded through Medicaid. I have introduced legislation which would implement reforms in this area, and I very much hope we can begin that absolutely critical task soon.

We also need to continue to cut spending in Federal programs. Though we may be on track to achieve balance in the unified budget by 2002, we must dedicate ourselves to achieving the next goal of ridding the Federal budget of its dependence on the surpluses generated by the Social Security trust fund. Those surpluses mask our true budget condition, and if we are to ensure retirees will receive the benefits to which they are entitled, we need to pursue further spending cuts now.

We must cut spending also to begin to pay down the massive national debt, the bulk of which was generated between 1980 and 1992, and which continue to require increasingly large interest payments—payments that account for a growing portion of our annual budget.

We must cut spending also so we can enact a fiscally responsible tax cut, one whose benefits are distributed equitably to families at all income levels.

Finally, we need to cut spending to ensure Government works more efficiently and effectively and to bolster the credibility and national confidence in our Government.

The work of cutting spending and reducing the deficit which was accomplished by the 1993 budget package, and to a lesser extent by the bipartisan budget plan negotiated this week, must continue. I very much hope the bipartisan efforts which led to this year's agreement can continue as we pursue those further spending cuts.

I congratulate the negotiators from both parties for their efforts on the reconciliation measure which does the real work, the spending reduction measure, and look forward to working with them in taking the next steps toward further spending cuts to balance the budget without using Social Security trust funds, begin to pay down the national debt, fund a fiscally fair and responsible tax cut, and to make Government programs more efficient and more effective.

Mr. President, I ask unanimous consent that the text of the editorial titled "Budget Deal Well-Intentioned, But Flawed" from the Wednesday, July 30, 1997 Milwaukee Journal Sentinel be printed in the RECORD.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

[From the Milwaukee (WI) Journal Sentinel, July 30, 1997]

BUDGET DEAL WELL-INTENTIONED, BUT FLAWED

Americans deserve a tax cut, but even more they deserve relief from the $5 trillion debt that is burdening them with yearly interest payments of more than $200 billion. The budget deal agreed to Monday by Republicans and Democrats won't ease that burden, which is the chief reason this plan isn't as good as it may seem.

The historic agreement ostensibly would balance the budget for the first time in nearly 30 years and cut taxes significantly for the first time since 1981. Among other things, the measure would grant tax credits for children and reduce the tax on capital gains.

The measure will be popular, which helps explain why GOP and Democratic leaders were telling each other how cooperative and constructive they were. Why is such cooperation missing, however, in reforming scandalous campaign finance practices by both parties?

Negotiators deserve credit for writing a blueprint to balance the books in five years. But any balanced-budget strategy that also cuts tax revenue is inherently risky. If spending increases threaten to produce red ink—and they do— so do tax cuts. Reducing revenue is premature.

It's true that the health of the national economy makes tax cuts less risky than they would have been three or four years ago. But if history is any guide, the boom won't last forever. The stresses on the economy will become more intense after five years have elapsed, when large numbers of working men and women will retire. Unless more is done to curb the growth of entitlement programs such as Social Security, the deficit—and, thus, the national debt—will begin to soar again.

Wisely, the negotiators agreed to raise cigarette taxes to help provide health care for poor children. They also abandoned a proposal—it would have made tax-filing even more mind-numbing than it is now—that would have allowed investors to subtract the effects of inflation when calculating their capital gains.

The package as a whole, however, contains dangers that could have been avoided. The time for tax cuts comes after, not before, the mountain of debt has been reduced to a saner, safer level.

Mrs. MURRAY. Mr. President, this is a good day for regular people. Today, we are putting our differences aside, making smart compromises, and getting the peoples' work done. After 3 years of strife, partisanship, and government shutdowns, I am glad to see that this Congress is finally coming together for the good of the people.

As I listen to the debate on the historic balanced budget reconciliation bill, I can't help but remember the first budget that I helped draft as a new Member of the Budget Committee, the 1993 Omnibus Budget Reconciliation Act. It was a 5-year deficit reduction plan that reduced the deficit from nearly $300 billion in 1993 to about $60 billion for 1997.

The 1993 plan had deep spending reductions and ambitious goals for reducing the deficit. But it also contained important new investments in our economy, our work force, and our children. That plan passed without one vote from the other side, which I think is unfortunate. I stood on the floor of the Senate and listened to speech after speech from my colleagues on the other side claiming the plan would force the economy into recession and explode the deficit.

I am proud to stand here today and say that the exact opposite happened. Our economy is strong and growing at a steady rate, and the deficit has declined each year since. Balancing the budget is no longer an insurmountable goal. The 1993 plan brought us within reach. A lot of Members had the courage to make the tough calls back then. Some of them are no longer here in the Senate. But the state of the Nation today—the low deficit and the booming economy—has vindicated the 1993 plan.

The Balanced Budget Reconciliation Act before us today finishes the job. We will balance the budget by 2002; we have protected the solvency of the Medicare Program without draconian cuts; we have expanded our investment in education; and we have created a new children's health insurance program to cover an additional 5 million children who have no health security; and we have provided moderate tax relief. This is a balanced and fair plan.

The real winners today are our working families; senior citizens; and our children. Not only do they benefit from the largest investment in education since 1965; the largest investment in children's health since 1965; and the fiscal soundness of the Medicare Program, but we all win when we reduce the deficit and balance the budget. We are already seeing the fiscal and economic dividends from reducing the deficit, and this will only continue.

Let me say now I was deeply concerned when this legislation originally passed the Senate. So concerned, in fact, that I had to vote no on the Senate bill. The changes in the Medicare Program that were included would have seriously altered the program and threatened the health care security for millions of senior citizens.

Immediately following that vote, I began working to ensure that these changes were removed from the final conference agreement. I could not and would not support anything that would result in more individuals being uninsured. Increasing the Medicare eligibility age from 65 to 67 would have only added to the 47 million Americans with no health insurance. The means testing of the part B premium was not just an administrative nightmare, but a short-term solution that would have only forced higher premiums on all seniors regardless of income. The $5 copayment for home health care would have fallen disproportionately on low-income women. Well over two-thirds of women over 65 earn less than $13,000 a year. A $5 copayment for each home health care visit could have added hundreds of dollars a year to the cost of health care for millions of low-income senior citizens.

I could not have supported the final agreement if these provisions had remained. Because I was committed to a balanced budget, I knew I had to work hard to ensure that these provisions were dropped. I spoke with the White House, with the conferees, and with many of my colleagues and constituents about this, and I am pleased our hard work paid off. The final agreement slows the growth of Medicare without forcing more seniors into poverty and does not jeopardize the level of care that we have guaranteed to our senior citizens.

I know many families in Washington State who are struggling to pay for college or who are worried about the financial burden of a college education for their child. Included in today's agreement are real tax incentives to help families invest in their child's education and to provide relief to today's students who are struggling under a huge burden of debt. As I said earlier, families are the winners today. This agreement will help those families who are struggling to help their child and will keep a college education within reach.

In 1993, I worked with many of my colleagues in Congress and with the Clinton administration in an effort to enact comprehensive health care reform that would guarantee health care coverage for all Americans. Lack of affordable, quality health insurance coverage was and still is a major problem for many individuals. Unfortunately, our plan was too ambitious and the American people told us that they wanted smaller, targeted reforms. In 1996 we enacted the Health Insurance Portability and Accountability Act Kennedy/Kassebaum, which expands health care access for workers between jobs and provides protections for those with pre-existing conditions. This legislation was an important step in improving health care access for all Americans.

Today's agreement takes another big step by providing $24 billion to improve access to health insurance for the 10½ million children who lack any direct access to quality, comprehensive health care. This new health insurance program that will improve the quality of life for millions of children and families, is the real crown jewel of this agreement.

I have spent a great deal of time and energy pushing for expanded health care coverage for children. I have always considered this to be one of my top priorities and feel some relief today knowing that we have succeeded. In Washington State, we made a similar commitment to our children back in 1993, today's agreement will give us the opportunity to build on this commitment and reach out to more children.

While I feel a great sense of accomplishment today, there is one group of individuals who will not be celebrating. Despite the fact that my family violence option clarification amendment was adopted on three separate occasions, the budget conferees chose to once again try and sweep domestic violence under the rug. Victims of domestic violence were forgotten in this agreement. My amendment, adopted three times by the U.S. Senate, would have given States the ability to waive victims of domestic violence from the work requirements and time limitations called for in the new welfare reform law. It was not a secret way to allow women to stay on welfare, as many claim, but rather a way to protect victims of domestic violence and help them get out of poverty. There is no good reason—no excuse whatsoever—why this provision should have been taken out of the agreement. This is perhaps the greatest disappointment for me in this whole process.

I am committed to moving this amendment again and again until my colleagues understand how violence and abuse can be life threatening barriers to work. I will keep making my colleagues vote on this amendment until we have succeeded. Those who oppose this amendment need to understand that when they vote "no" they will be voting against victims of domestic violence and abuse.

Looking back over the past 4 years, I am amazed at the progress we have made on reducing the deficit and yet I know that it was not an easy task. I always believed we could balance the budget and still maintain important investment programs, but it does take a great deal of work and many, many tough decisions. As a member of the Senate Budget Committee I have had to make those decisions and choices. But, I always knew that it could be done. Today's agreement is my proof.

Mr. LEVIN. Mr. President, I will support the Balance Budget Act of 1997 which takes us the final step in a process begun in 1993. It reflects a considerable bipartisan accomplishment. While I don't agree with it in every specific, it gives a significant boost to education, provides for the largest investment in health care for children in 30 years, protects Medicare and Medicaid, and it reaches a balanced budget by the year 2002.

In 1992, the deficit in the federal budget was $290 billion which represented 4.7 percent of the gross domestic product. The most recent estimate of the deficit for fiscal year 1997 is $67 billion, approximately eight-tenths of 1 percent of the gross domestic product. Over the 5 years from 1993 to 1998, the deficit has been reduced by about $1 trillion from the deficit for those 5 years projected at the time. This remarkable progress has come about in large part as a result of the deficit reduction package which President Clinton presented in 1993, and which this Senate passed, without a single Republican vote, by a margin of one vote, the Vice President's.

The economy has responded to the steady reduction of the deficit. The economy grew for the first quarter of 1997 at a 5.9 percent rate, with an inflation rate of 2.7 percent. The unemployment rate is now 5 percent, the lowest in 24 years. This compares to an unemployment rate in 1992 of 7.5 percent. More than 12 million new jobs have been created since President Clinton took office. Now, this bill holds the promise of bringing us even closer to finishing the job.

I opposed this bill when it originally passed the Senate in part because it included a provision to increase the eligibility age for Medicare, and a second provision to require a $5 per visit copayment for home health care. I am pleased that both provision were deleted from the legislation by the conference committee.

I am also pleased that this bill restores benefits for legal immigrants who are currently receiving assistance or who become disabled and protects the minimum wage and other protections for welfare recipients moving from welfare to work.

Mr. President, this bill will secure the Medicare trust fund for at least the next decade, and provides for additional preventive benefits. It represents hard work and compromise and demonstrates that when the Congress moves in a bipartisan way, much can be accomplished.

Mr. KERRY. Mr. President, I come to the chamber today to support this balanced budget. We have worked for many years, making hard choices, fighting for our priorities, managing this country's budget process—all in order to be able to stand in the Chamber as members of both political parties in support of a balanced budget.

It is not the bill I would have written, but there is a large degree of foolhardiness in rejecting the good in favor of the perfect. A great debt is owed to the chairman and ranking member of the Finance Committee and their counterparts on the Budget Committee as well as their staffs who have worked with us over the course of these many months in crafting this plan.

And, there is no question in my mind, Mr. President, that this legislation is better than the deal the Senate passed last month—a plan I opposed because it did not do enough for hardworking American families and largely ignored America's children. This legislation before us now incorporates many of the provisions I and others on this side of the aisle fought to have included.

For that reason, this is a day of vindication for Americans who believe, as Democrats have proven, that it is vital to balance the Federal budget and extend health care to children, provide broader educational opportunities, ensure the future for our senior citizens and safeguard our environment.

Since 1993, we have moved in this direction. In 1993, when the first Democrat in a generation was elected President and Democrats formed the majority in both Houses of Congress, we have worked arduously to break the spiraling deficits which plagued our Nation for a decade and provide a solid economic foundation for our Nation as we move into the 21st century. And, Mr. President, we've succeeded. We have waited for the day when the benefits of our hard work would be as obvious as they are today.

Even the possibility of the legislation before us now—a conceptually balanced budget with tax breaks— is testament to the application of Democratic ideals to fiscal policy. In 5 years, we cut the deficit from $290 billion to the current level of perhaps less than $50 billion. Interest rates are subdued. We are seeing the lowest unemployment and inflation rates and the largest drop in poverty rates in a generation. Consumer confidence has shown the best improvement since the Eisenhower administration and the value of the stock market has doubled since 1993—the Dow break records every day—and the market itself is experiencing the fastest growth since the Second World War.

We have been successful, because, since the Great Depression, our party has stuck by the fundamental belief that sound economic and social policy go hand-in-glove, that our Nation is stronger when all Americans have equal economic opportunity.

Thomas Jefferson taught us that ours is a Nation of the common man and enshrined this belief in one of our most treasured documents when he wrote of the self-evident truth that all men are created equal.

Andrew Jackson echoed this creed when he restated the party's commitment to the humble members of our society—the farmers, mechanics and laborers. That commitment, that core set of beliefs, is in fact, Mr. President, the essence of the American dream and the foundation of what has become the greatest contribution this Nation has provided to the world's social economic history—the growth of a vibrant middle class. Universal economic opportunity, sound fiscal policy based on equitable distribution of benefits and assistance to those most in need—those are the fundaments of Democratic economic policy. That is the goal of the program we put in place in 1993, and that is the end to which our fiscal policies are directed. Franklin Roosevelt reminded us of our commitment to expanding opportunity when he said: "the spirit of opportunity is the kind of spirit that has led us as a Nation—not as a small group but as a Nation—to meet very great problems."

Mr. President, as Democrats, we believe that deficit reduction is a means to an end. We believe that tax breaks are a means to an end. But, unlike the Republicans, we do not subscribe to the callow notion that deficit reduction is an economic policy in and of itself or that tax breaks are an end which justify any means. We do not believe that cutting vital programs is a courageous or visionary act. We believe that courage lies in advancing economic opportunity: this requires wisdom, innovation and prescience. It is chilling that this dichotomy of political and economic philosophy remains as obviously demarcated today as it was 100 years ago. I re-read the cogent description by William Jennings Bryan of the two opposing ideas of government: he separated the parties into those who "legislate to make the well-to-do prosperous and wait for their prosperity to leak through on those below, or those who legislate to make the masses prosperous and ensuring that their prosperity will find its way up through every class which rests upon them."

Mr. President, as a U.S. Senator, I have an obligation to the constituents who elected me to represent their interests, to act on their behalf and to present their views to this body. At times here, there is often a temptation to acquiesce ones core set of beliefs to the majority. It is easier to be hidden by the crowd than to stand alone and dissent, simpler to obey the tenets of a deal than the core of ones belief, more politic to do what is possible than do what is right, and more efficient to save time by agreeing. But remember the words of Harry Truman, Mr. President, when he said that "whenever you have an efficient government, you have a dictatorship."

I am pleased that our provocation, our urging, our insistence in crafting this compromise that helps working class Americans was successful. I cannot turn away from the long history which has shaped my essence sense of fairness, my overarching insistence on making government work for the common good and the needs of my constituents. Mr. President, for that reason, I voted against the tax portion of the reconciliation bill as I voted against the spending portion when they passed the Senate the first time, and because these bills were dramatically improved, I am able to support the conference report today.

Mr. President, I am grateful for the work of the Senator from Delaware, Senator ROTH who chairs the Finance Committee and my friend from New York, Senator MOYNIHAN, who serves as that committee's ranking member. They have improved a gravely flawed piece of legislation passed by the House of Representatives and the Senate the first time.

During the course of the initial debate, I attempted to shape the legislation so it would do more for more average citizens, but time and again we were rebuffed. I said at the time, Mr. President, that before I could approve it when it returns from conference, this legislation needed significant improvement, especially as regards the treatment of children and hard-working American families.

In the original Senate package, nearly 43 percent of the breaks went to the wealthiest 10 percent of Americans—those who earn more than $120,000. In the original plan, Mr. President, 60 percent of hard-working poor and middle class Americans got only 12.7 percent of the tax breaks, while the richest 1 percent of Americans get 13 percent of the benefits. In the original Finance Committee proposal, the poorest 60 percent got as much as the richest 1 percent. This was a new standard of unfairness. This was anathema to the party of Jefferson and Jackson and Truman and Roosevelt. I tried to change it; I was unsuccessful and I rejected it.

I am pleased the conference report has a more equitable distribution by allowing more working class Americans to take advantage of the child-tax credit, for example. By most measures, Mr. President, this proposal has moved closer to our ideals and is unquestionably more equitable.

There is no more obvious improvement in this bill, Mr. President, from the original Finance Committee plan than the treatment of hard-working middle class families raising children. During the initial debate, I attempted to give more help to the American families on the lower end of the economic spectrum—young families with young children—who will be doing the most for our country in the future.

Mr. President, I attempted to correct this basic inequity by offering an amendment which would have improved the bill by granting a refundable child tax credit to all working families. Most Americans pay more in payroll taxes than income taxes. Income taxes have remained stable for most Americans in the past 10 years while payroll taxes have increased 17 percent.

My distinguished colleague from Louisiana, Senator LANDRIEU, attempted to amend the original plan so families who receive the earned income credit would not be penalized. She is a new member of this body, Mr. President, but she has already made an enormous contribution. She is a young mother and as such speaks with a clear voice on the difficulties of raising children today, and Mr. President, because this proposal incorporates her vision and my vision, it is a better deal for all Americans.

I am pleased also that this conference report allows Americans to offset the credit against these payroll taxes. Now, it applies to all Americans even those receiving the earned income credit. This is in distinct contrast with the original Finance Committee plan under which nearly 40 percent of America's children were excluded from the tax credit. Those 40 percent are the children of working class Americans, children of young teachers, police officers, farmers and nurses who work hard and are the backbone of this country.

Now, Mr. President, the Democrat proposal—more measured and fair—has prevailed. And, more Americans will be afforded a share of the great economic success this country has enjoyed since 1993. I could tell you that this bill provides a tax break for 5.9 million more American families with children than the Senate bill and 7.5 million more families than the House bill, but instead of relying dry statistical analyses and distributional tables, let me take a moment to show you some real people and compare how the different plans affect them.

The Richards family from Sioux Falls, SD, Charlie and Karen and their two children, will receive $975 from the child tax credit and both their children will be covered by health insurance. Under the House plan, the family would have received no child tax break; under the Senate plan, $418. This legislation, incorporating my amendment, will give them twice as much in the child tax break.

Under this plan, the Ussinger family from Albuquerque, NM will receive $1500 in child tax breaks. The House plan would have given them $6 and the original Finance Committee plan would have provided $458. This plan, incorporating my amendment, will give the Ussingers three times as much.

The Buckman family from Washington, DC, will now receive $594 in the child tax break. Under the House bill, the Buckmans would have gotten nothing and the Senate version would have given them only $143. So, this plan, incorporating my amendment, will give the Buckmans here in our Nation's Capital four times as much in child tax breaks.

All of those children, Mr. President, every one of them, and 5 million more, will have health insurance thanks to our insistence and the leadership of Senator KENNEDY that we deliver the largest investment in the health of our children since the enactment of Medicaid, a generation ago.

This plan invests an unprecedented $24 billion for uninsured children, and since it is funded by a tax on cigarettes, it is, in fact, a double health benefit. This plan serves as a financial barrier—a powerful disincentive for children to start smoking in the first place. It supplements, not supplants, current health care coverage. Our plan requires that States maintain their current Medicaid eligibility levels of spending to access Federal dollars to ensure that this investment is not used to replace public or private money that already covers children.

Mr. President, simply put, this is the embodiment of the Democratic principles I mentioned earlier. This victory for America's children and middle-income families is a victory for America itself. We will all benefit from a healthier generation of children.

Mr. President, there are some elements of this package about which I am unsure. I would have preferred the approach to capital gains reduction for which Senator BUMPERS and I have fought for a decade—a measured, targeted approach instead of the broad-based cut this bill contains. I would have rejected the large back-loaded expensive IRA provision. But, at the end of the day, we must ask ourselves if this legislation meets the basic standards of fairness to which we attest; does it help average, hard-working American families? The answer is yes. Does it provide assistance for America's children and the young families struggling to raise them—those who have as yet not enjoyed the fruits of the economic boom? The answer is yes.

I am pleased to be able to join the majority of our colleagues, Mr. President, in supporting this plan.

Mr. KEMPTHORNE. I strongly support, and will be proud to vote for, the Balance Budget Act and the Taxpayer Relief Act. With these two bills, Congress has finally kept the promises made to Americans to balance the budget and to cut their taxes.

When I talk to folks back home in Idaho, they always ask the same question: When is Congress going to get its act together and balance the budget and reduce our taxes?

These folks aren't asking for much. They just want the Federal Government to stop spending so much of their hard earned money and leave more at home so they can pay their bills and raise their families.

Now, when these two bills become law, I can go home I can look them in the eye and say. "We heard you and we took action."

I am proud to be a member of the Congress that had the discipline and the courage to balance the budget and cut taxes. This is a historic time in Congress. We have stopped the out of control spending frenzy in Washington, DC and have reestablished fiscal responsibility to the Federal Government.

We balance the budget by 2002, the first time in nearly 30 years. I was in high school when the budget was last balanced. My daughter just graduated from high school. An entire generation of budget deficit. We must stop accumulating debt for our children and their children to pay. With a national debt of more than $5 trillion its time we balanced the budget.

We also provide the first tax cut in 16 years—$96 billion over the next 5 years. We didn't balance the budget by raising their taxes. We let folks keep more of what they earn.

Three-quarters of the tax cuts from this bill go to those making less than $75,000 a year. Taxes for a family with two kids making $30,000 a year will see their taxes cut 50 percent. In a State like Idaho, where the median household income is about $20,000, this is significant relief to those who deserve and need it most.

This tax cut empowers American families with choices which allow them to better plan their future and the future of their children. This tax cut bill provides a permanent $500 per child tax credit for families with children under the age of 17. Families can spend and invest this money in ways they think best, and families will do that better than government ever will.

We also encourage the education of future generations. This bill creates HOPE scholarship tax credits for families already paying for higher education. We create tax free education investment accounts so families can save for future education expenses. Families can also make penalty-free withdrawals from existing IRA's for educational purposes. We've brought the dream of affording college to more American families.

We also reward the financial success of current generations, not penalize it, by reducing capital gains taxes from 28 percent to 20 percent. We increase the death tax exemption from the current $600,000 to $1,000,000 over the next 10 years. We allow families not to pay tax on money they receive from the sale of their homes. We raise the death tax exemption on small businesses and farms up to $1.3 million effective January 1, 1998. No longer will we tax out of existence businesses that have been in families for generations by forcing the heirs to sell the business just to pay the estate taxes.

Last week an Idaho couple, Chuck and Sarah Johnson, came in to see me about the death tax and the threat it poses to their families' future. The Johnsons, who own and operate a dairy farm in Meridian, ID, told me that unless Congress changes the current confiscatory estate tax laws on small businesses they will not be able to pass on their lives' work to their sons.

The Johnsons' assets, like most family businesses, are in the land and equipment used to run the operation. They don't have nonproductive cash laying around to pay taxes. Small business is the economic life blood of Idaho and the nation, and this legislation recognizes and rewards families like the Johnsons for their hard work.

I am proud to vote in favor of the Balanced Budget Act and the Taxpayer Relief Act. In 1992, when I submitted my name for election to the U.S. Senate, I promised to expand tax credits for parents with children, to cut capital gains taxes, to reduce death taxes, to expand individual retirement accounts to pay for education expenses. With passage of these bills the Congress has accomplished these important goals.

Promises made, promises kept; taxes cut and the budget balanced.

COLORECTAL CANCER SCREENING BENEFITS

Mr. D'AMATO. Mr. President, I would like to commend the conferees for the provisions of this legislation that establish new preventive care benefits within the Medicare Program. There has been some criticism of these provisions by those who do not see the wisdom of adding new Medicare benefits at a time when we are cutting over $110 billion from the program. However, at a time when we are forced to reduce program spending, our goal should be to make the overall program as cost-effective as possible. These new preventive benefits, particularly colorectal cancer screening, are both medically wise and economically smart. I am proud to have the opportunity to be in the Senate at a time when we enact these new benefits into law.

I am pleased that the conference report provides that the determination by the Secretary of Health and Human Services [HHS] regarding the coverage of the barium examination as a colorectal cancer screening provision will be made by January 1, 1998 or within 90 days of enactment, whichever is earlier. Given the recent recommendations of the American Cancer Society and reports by the Agency for Health Care Policy and Research and other groups, I see no reason that HHS cannot meet this deadline. Medicare coverage of colorectal cancer screening takes effect on January 1, 1998. This deadline assures that the determination on Medicare coverage of the barium examination and other screening procedures will be made as the program goes into effect.

I also note that the conference report incorporates language from the Senate provision directing the Secretary of HHS to consult with appropriate organizations in making the determination with regard to coverage of the barium examination and other new screening technology. The American Cancer Society is one of the organizations that HHS should consult with because that group, more than any other, represents the interests of cancer patients and their families. The new ACS guidelines, which I understand are based upon the results of a 2-year study by a panel of 16 experts on colorectal cancer, should be of great assistance to HHS in establishing the best possible colorectal cancer screening program for Medicare recipients.

Mr. President, this budget agreement represents a major accomplishment for our Government, our economy, and our Nation as a whole. It also represents a major step forward for elderly Americans across this country. These new preventive benefits will help our senior citizens and save thousands of lives. I am glad to have had the opportunity to work on this legislation. Thank you, Mr. President.

Mr. HOLLINGS. Mr. President, I submit the following views in dissent to the provisions contained in title III, Communications and Spectrum Allocation Provisions of the Budget Reconciliation Act of 1997. As a subconferee on title III, I stand in opposition to the provisions adopted by the subconference, and ultimately, the Congress. These provisions are a classic example of the charade that is being perpetuated on the American public under the guise of balancing the budget. The administration and the congressional leadership have devised a plan that turns sound communications policy on its head.

The final product actually represents the first time the Administration and Budget Committees admit that their original assessments on spectrum auctions were unrealistic. Their admission is reflected in the fact that, also for the first time, universal service funds will be used to make up the shortfall in the auctions in order to balance the budget. Unfortunately, the price that we will pay for their recognizing the error of their ways, will result in higher phone rates for rural America.

Title III contains dramatic changes to long-standing communications policy. There were many policy changes made that I do not support and deserve greater discussion. But for purposes of this statement, I will only discuss the following three issues:

First, for the first time, the U.S. budget will be balanced by raiding the universal service fund. This is one of the most blatant budget gimmicks to plug a shortfall as I have ever seen. The bill language as provided to the Budget Committee actually had a blank line for the dollar amount to be filled in at some later point. In the end, the universal service plug was $3 billion. It is not quite clear how the language will actually work—if it works at all. It clearly imposes a financial burden on the telephone companies in an effort to float an interest free loan to the Government. In essence, we are asking small telephone companies to make do without the financial support they rely on every month and may force these companies to raise rates.

Second, the deal struck by the administration and the congressional leadership requires the Federal Communications Commission [FCC] to auction broadcast licenses. This is a fundamental change to our long-held policy that broadcasters are licensed to serve the public interest. The Congress and the FCC impose special public interest obligations on broadcasters and that is why broadcasters were exempted from auctions under the original auction authority. But now we need money to pay the bills and so the conference has selectively targeted a group of pending broadcast licenses to be assigned by competitive bidding, not by comparative hearings. These applicants had no notice and no opportunity to challenge this change in policy. All of the pending applicants sought these licenses with the expectancy of comparative hearings. Now we have budget folks coming in here and telling us that budget policy is more important than communications policy.

Along these same lines, the deal eliminates the FCC's ability to use lotteries as an assignment process, except in the case of assigning public broadcast licenses. Here, we preserved the FCC's authority to use comparative hearings to assign these licenses. I urge the FCC to develop appropriate criteria to assign these licenses. The local communities deserve the right to have qualified public broadcast licensees. Public broadcasting is too important to leave to random chance.

Third, the last point I want to make relates to the change made to the local ownership rules under the guise of increasing the pool of bidders for the analog auction. The deal waives the FCC's rules on duopoly and newspaper-broadcast cross-ownership for the purpose of allowing these parties to bid on the analog return spectrum in 2001. Subsection 3003(D) of the reconciliation conference report violates Section 313(b)(1)(D) of the Budget Act, also known as the "Byrd Rule."

These provisions are in violation of the Byrd Rule because: First, the inclusion of these provisions has no revenue impact as indicated by CBO letter dated July 14, 1997; Second these provisions fail to qualify as a necessary term and condition for the purposes of conducting the auction; third these provisions selectively benefit one competitor over another by maintaining other ownership limitations; and fourth these provisions represent substantive policy changes to the Communications Act of 1934, as amended, and can be achieved by the free-standing pieces of legislation already introduced in the House and Senate.

Here, subsection 3003(D) is applicable only in cities with populations greater than 400,000 as measured by the 1990 decennial census. For purposes of determining cities with populations in excess of 400,000, the FCC should refer to the April 1, 1990 Decennial Census, as referenced in PPL–27 Table 3, Resident Population for Cities with Population Greater than 100,000 Sorted by Population Rank. The FCC should take note that this is the first time the Congress has directed the FCC to issue a blanket waiver of these two rules and established a statutory threshold that relief is only permissible in these specified markets; and furthermore, the relief is only justified when there is an increase in the number of broadcast outlets in the large markets.

The legislative history supports this position. The House provision established a blanket waiver of these provisions for all markets. The final provision provides for relief only in cities with populations greater than 400,000. In contrast to the general review of the duopoly rule required under the Telecommunications Act of 1996, the Congress here has spoken clearly that media concentration is not warranted at this time, particularly in cities with populations less than 400,000, and should only be allowed when there is a possible increase in the number of broadcast outlets. Here that increase in the number of broadcast outlets is anticipated at the end of the digital TV transition when the FCC will auction off the returned analog spectrum.

It is important to note that repeal of these two rules represents a drastic change in policy. For years, the policy has been to preserve diversity and sources of information. In particular, a merger between a daily newspaper and a broadcast station will reduce the independent sources of news in the community. The budget deal's elimination of the newspaper-broadcast cross-ownership rule exacerbates the growing recent problem of media concentration because even in large metropolitan areas there is often only one major daily newspaper. In such a community, that newspaper may be the only major source of non-broadcast local news and information. With a city's only newspaper aligned with major broadcast stations, a great deal of power and influence is held by a few individuals at the expense of the needs of the community.

For example, the October 23, 1995, edition of Electronic Media reports examples of newspaper/broadcast cross ownership situations where critical information for the community was stifled because of the lack of independence by the news outlets. For example, during a particularly contentious strike at the major newspaper in Detroit, the cross-owned tv and radio stations were forbidden to air stories about the strike. In addition, a broadcast story about cheating by automotive repair shops was canceled because of potential loss of advertising revenues at the cross-owned newspaper. A company that owns a broadcast station and a newspaper would likely combine its news departments in order to achieve economies of scale. The problem though is not an economic one, but one of information and diversity of views. Such combinations reduce the diversity of sources of local news and public affairs in that community.

I ask unanimous consent that the letters to which I referred be printed in the RECORD.

There being no objection, the letters were ordered to be printed in the RECORD, as follows:

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, July 14, 1997.

HON. ERNEST F. HOLLINGS,
Ranking Democrat, Committee on Commerce, Science, and Transportation, U.S. Senate, Washington, DC.

DEAR SENATOR: As you requested, I am pleased to provide you with additional information regarding CBO's estimates of the receipts from auctioning licenses to use the spectrum that is currently allocated for broadcasting analog television signals. As you indicated in your letter, CBO estimated that the analog spectrum provisions in the House-passed version of the reconciliation bill would increase receipts by $500 million more than those in the Senate-passed version of the bill.

The difference between these two estimates is attributable to language included in the Senate-passed version of the bill that would direct the Federal Communications Commission (FCC) to extend analog broadcast licenses beyond 2006 under certain conditions. Both versions would provide for the extension of analog broadcast licenses under certain circumstances but under the Senate version such an extension would be more likely. CBO believes that the possibility of any extension of the existing licenses would make the returned analog spectrum less desirable to potential bidders because they would be uncertain as to when they would be able to use the spectrum. As a result, we have discounted our estimates of auction receipts to reflect the probability of such an extension.

The provisions in the House version of the bill waiving the duopoly and cross-ownership rules for newspapers and broadcast stations did not contribute to the difference between the cost estimates of the two versions of the bill.

If you wish further details, we will be pleased to provide them. The CBO staff contacts are Rachel Forward, David Moore, and Perry Beider.

Sincerely,

JUNE E. O'NEILL,
Director.

U.S. SENATE, COMMITTEE ON COMMERCE, SCIENCE, AND TRANSPORTATION,
Washington, DC, July 9, 1997.

Hon. JUNE O'NEILL,
Director, Congressional Budget Office, Ford House Office Building, Washington, DC.

DEAR DIRECTOR O'NEILL: In its June 27, 1997 cost estimate of H.R. 2015, the Congressional Budget Office (CBO) scored the revenues generated from the auction of returned analog spectrum at $3.2 billion. (*See* CBO June 27, 1997 Cost Estimate at Table 5.) However, in its July 2, 1997 cost estimate of S. 947, CBO scored the revenues generated from the auction of returned analog spectrum at $2.7 billion. (*See* CBO July 2, 1997 Cost Estimate at Table 4.)

My understanding is that the $500 million difference in the CBO scores results from the discretion granted to the Federal Communications Commission (FCC) to extend a license beyond 2006. Is my understanding correct? Therefore, based on that assumption, is it not the case that the House provisions waiving the duopoly and newspaper-broadcast cross-ownership rules do not have a revenue impact on the House score given by CBO?

Due to the fact that the Reconciliation Conference will begin tomorrow, I would appreciate a response by noon tomorrow. Thank you in advance for your assistance with this matter.

With kindest regards, I am

Sincerely,

ERNEST F. HOLLINGS,
Ranking Democrat.

Mr. KYL. Mr. President, when the budget agreement was announced in May, I expressed a great deal of skepticism about whether it would provide adequate tax relief to hard-working American families, whether Medicare's solvency would be assured, and whether the savings necessary to achieve a balanced federal budget would really be obtained.

After reviewing the two bills that are before the Senate today—bills intended to implement the budget agreement—I must still conclude that they are, by themselves, inadequate. Too little tax relief is provided to Americans—with or without children—who go to work every day, play by the rules, and struggle to make ends meet. Too little is invested in creating jobs and making our country more competitive.

The legislation does extend Medicare solvency, but only for a decade. It is disappointing, to say the least, that President Clinton failed to step up to the plate and fight for the significant reforms that an overwhelming, bipartisan majority of the Senate supported to put Medicare on a more stable footing for our children and grandchildren in the decades to come.

Nevertheless, Mr. President, the bills represent steps in the right direction. They provide at least some tax relief to millions of families who are trying to do right by their children, to young Americans who are striving to get a higher education and make our communities better and more productive places for us to live, and for seniors who need relief from capital gains or estate taxes to make ends meet in their retirement years.

They will extend Medicare solvency, while expanding the health-care choices available to seniors. There are tough, new antifraud provisions designed to weed out and punish those who would steal Medicare dollars from older Americans. Hundreds of thousands of Americans will be able to save money tax-free to pay for health care in new medical savings accounts, and seniors will no longer be denied the right to purchase health services from a doctor of their choosing.

In addition to Medicare reform, the bill reforms Medicaid, and achieves savings in the Student Loan Program, Federal retirement, and housing. It raises money from the auctioning of broadcast spectrum. In all, the legislation achieves about $130 billion in savings over a 5-year period.

Should we have done more? Yes. While many people will benefit from the tax-relief bill, many others will be left out. But with President Clinton opposed to a broader tax-relief package, and without the votes to pass a bill over his objection, it is clear that a more far-reaching measure has no chance of passage in the near term. So we are faced with the choice of either providing at least a limited amount of tax relief this year, or denying relief to everyone.

For me, that is an easy choice. We ought to do what we can now and keep fighting for more. This is by no means the end of the fight. Just as the tax relief provided to small businesses last year was not the end of the road, this is not the end, either. It is one more step in the direction of providing the tax relief that the American people so badly need and deserve.

The amendment I offered to the budget agreement back in May makes clear that the door is open for additional tax relief next year, and I intend to be back fighting for more. And in any event, interim tax relief, which really adds a great deal of complexity to the Tax Code, is no substitute for permanent structural reforms that will move us toward a fairer, flatter tax that will provide relief for everyone.

Mr. President, the cornerstone of the tax bill before the Senate today is the $500-per-child tax credit that Senators GRAMS, COATS, HUTCHINSON, NICKLES, and I introduced on the day Congress reconvened this year. It is an idea that many of us have pursued for a number of years, and it has been a top goal of the Republican Congress since 1994. With the idea finally on the verge of becoming law, others are now claiming credit. As President Kennedy put it, "victory has a thousand fathers." So be it.

Mr. President, just think what $500 per child will mean to a married couple with two children and an income of $35,000 a year. That family will see a 40 percent reduction in its tax bill. Think what that will mean in terms of helping to pay for child care, health or dental care, clothes, or a trip to summer camp. Obviously, $500 is no panacea—anyone who has raised a child knows how expensive a proposition that can be—but it will help.

Think what a single mom in the inner city could do with an extra $500 per child. It might help provide after-school care to keep a son or daughter off the streets, safe, and out of trouble. Maybe it would help her send her child to a better, safer school, or just put food on the table.

We are talking here about letting hard-working, tax-paying families keep more of what they earn to do what they know is best for themselves and their children. We put our faith and trust in families.

We also create new opportunities in this bill for people to save for their retirement in enhanced individual retirement accounts. Nonworking spouses will be able to save a full $2,000 annually in an IRA regardless of the working spouses' access to a pension plan. Penalty-free early withdrawals would be allowed for first-time home purchases to make the dream of home ownership a reality for more Americans. For those trying to sell their homes, we provide a meaningful capital-gains exclusion.

This legislation provides significant new incentives to help people save for a college education. And what better way to ensure that the next generation is prepared to lead us to a brighter future than to ensure greater access to higher learning: new opportunities to save tax-free in education savings accounts, an extension of the tax exclusion for employer-provided educational assistance, and a $2,500-per-year student-loan interest deduction.

Mr. President, the family and education credits are probably the most popular parts of this tax-relief package, but there are other important provisions included as well.

I know that not as many people are concerned about capital-gains and estate-tax relief compared to the education tax credits in particular, but I would suggest that unless good paying jobs are available for young people when they graduate, education tax credits will amount to little more than empty promises. We need to do more, and that is why the capital-gains and estate-tax provisions are in this bill.

Three decades ago, the Nation's bipartisan leadership joined together in calling for a deep reduction in the capital-gains tax rate. In fact, it was President John F. Kennedy who recommended a plan that would have taxed only 30 percent of long-term gains. In other words, President Kennedy would have excluded 70 percent of gains—a far greater reduction than is contained here.

There was a reason that he called for a significant cut in the capital-gains tax. "The present tax treatment of capital gains and losses is both inequitable and a barrier to economic growth," the President said. "The tax on capital gains directly affects investment decisions, the mobility and flow of risk capital from static to more dynamic situations, the ease or difficulty experienced by new ventures in obtaining capital, and thereby the strength and potential for growth of the economy."

In other words, if we are concerned about whether new jobs are being created, whether new technology is developed, whether workers have the tools they need to do a more efficient job, we should support measures that reduce the cost of capital to facilitate the achievement of all of these things. Remember, for every employee, there was an employer who took risks, made investments, and created jobs. But that employer needed capital to start.

President Kennedy recognized that. He recognized that our country is stronger and more prosperous when our people are united in support of a common goal—and alternatively, that we are weaker and more vulnerable when Americans are divided among lines of race, gender, and income.

While some politicians may employ divisive class warfare to their political advantage today, President Kennedy simply put good policy ahead of good politics. And I am with him.

The capital-gains reductions in this bill will help keep the economy on track, producing new jobs and new opportunities for all Americans to get ahead. It will free up resources locked up in old technology and old investments, and make them available to update equipment and factories, and put Americans in a more competitive position in the global marketplace.

The estate-tax reductions, too, will help create new jobs. According to the Heritage Foundation, outright repeal would create as many as 150,000 new jobs a year. But this bill does not repeal the death tax. It effectively adjusts the tax for inflation over a 9-year period, and that is all it does. While it provides an additional exemption for family owned businesses and farms, the rules are so complex that I predict few, if any, will actually benefit from them.

There is something unseemly, though, about a tax that forces grieving families to visit the funeral home and the tax collector at the same time. There is something wrong with a tax that takes more than half of whatever someone has managed to acquire over his or her lifetime with after-tax dollars. The death tax ought to be repealed outright, and I intend to continue to fight for that objective.

Mr. President, what a difference a Republican majority in Congress has made. In 1993, President Clinton and the Democrat-controlled Congress passed the largest tax increase in history, increased spending and left a budget in deficit for as far as the eye could see.

This week, Congress will send to the President a budget that aims for balance, limits government spending, extends the solvency of Medicare, and provides badly needed tax relief to millions of Americans. It is safe to say that none of these things could have been achieved without a Republican majority.

These bills will not accomplish everything we set out to do, but with President Clinton in office, it is unlikely that we can do much more right now.

I intend to support these bills as steps in the right direction, but I intend to keep pushing next year for the kinds of entitlement reforms that will protect the next generation, and expand on the tax relief that today's generation needs and deserves.

Mr. DODD. Mr. President, I rise today to express my views on this historic moment as we offer the American people a balanced budget for the first time in almost 30 years. Mr. President, this agreement is truly a remarkable accomplishment for both President Clinton and Members of Congress, and it is a well-deserved victory for the American people. This means less debt for our children's generation, lower interest rates for families seeking to buy a car or a home, and a more vibrant economy for businesses to expand and create jobs.

This moment must not be viewed in isolation because, in many respects, the victory we claim today stands on the shoulders of the progress we have made to reduce the deficit over the past few years.

Let's give credit where credit is due. In 1990, President Bush put this country above his party and above his own political ambitions by endorsing a plan that lowered the deficit by $500 billion. It was wildly unpopular in his own party because it raised taxes on affluent Americans. But it was the right thing to do. President Bush's efforts on behalf of his country should be remembered and commended.

When President Clinton came into office, he, too, stepped up to the challenge of combating the deficit. He proposed a far-reaching economic plan in 1993—more appropriately called the balanced budget plan of 1993—and it was enacted into law without a single Republican vote.

President Clinton's balanced budget plan, which I supported, has reduced the deficit by more than 75 percent from $290 billion in 1992 to an estimated $67 billion this year. That $67 billion represents less than 1 percent of gross domestic product in 1997, the best we've seen since Harry Truman's presidency. We have now seen four consecutive years of deficit reduction, something that has not occurred since before the Civil War.

And our economy is only getting stronger as a result of what we did in 1993. The unemployment rate is at 5 percent, representing the lowest level in 24 years. There have been 12.5 million new jobs created in these past 4½ years of the Clinton administration. That's more than any prior administration. Home ownership has increased from 63.7 to 65.4 percent—the highest percentage on record. Median family income is up $1,600 since 1993, representing the fastest growth since the Johnson administration. And the stock market continues to break records, growing from 3,200 to 8,000, the fastest growth rate since World War II. The list goes on and on.

Clearly, Mr. President, we no longer hear the voices that predicted that President Clinton's plan in 1993 would not balance the budget, but instead would cause a recession, raise interest rates, and put American families out of work. Those voices of opposition have been drowned out by our overwhelming record of successes.

And without this tremendous record of progress, we could never have what we have today—the first time in a generation that our government will not run a deficit.

The underlying bill represents the first tax cut in 16 years. It provides much-needed tax relief for working American families. The 1981 and 1986 tax cuts, which I voted against and which set the Reagan economic program in motion, blew a hole in the deficit and left us with an astronomical national debt. By contrast, this bill promotes fiscal responsibility, sustains balance, and is the most progressive economic package since the Lyndon Johnson package in the 1960's.

Mr. President, I am particularly pleased with the child tax credit included in this budget agreement. Because of the efforts of President Clinton and a number of my colleagues in Congress, the child tax credit will be expanded to cover 7.5 million more children from lower income working families than would have been covered under the congressional leadership's original plan. In my State alone, upwards of 692,000 families will be eligible for this credit—almost 80 percent of families in my State.

We succeeded in making this credit largely refundable against income and payroll taxes, benefiting 27 million families with 45 million children. Clearly, Mr. President, this is great news for the millions of families in America who, although they work very hard, still struggle just to make ends meet.

Mr. President, this bill clearly reflects our commitment to expanding educational opportunity, as it is the largest investment in higher education since the GI bill in 1945.

There are few issues more critical to American families than education. I think we can all agree that unless we tap and nurture the talents and energies of all our people, we won't be able to meet the challenges of the 21st century. This budget agreement recognizes this by providing American families with more than $35 billion in tax relief for education.

The bill before us today provides increased funding for Head Start, provides the largest Pell grant increase in two decades, includes community service loan forgiveness, and allows students to deduct the interest on their college loans. Further, this bill includes a $1,500 HOPE scholarship credit for the first 2 years of college, and provides a credit for the second 2 years of college and for life-long learning, as well. For Connecticut, this package means that as many as 149,000 students will benefit—85,000 more Connecticut students than under the Republican proposal.

This bill also provides targeted tax relief to middle class investors, small businesses and family farms.

It reduces the capital gains tax rate in a way that encourages longer term investments and in a way that provides relief to a growing percentage of middle-class Americans reporting capital gains income on their tax return. And we provide measured relief without indexing these gains for inflation, a provision originally contained in the congressional leadership's proposal, which surely would have threatened to throw our budget out of balance.

Further, if you've worked to own a home, and that home has increased in value, we exempt up to half a million dollars of that increase from capital gains taxes. This provision allows homeowners to reap the rewards of home ownership, and encourage more people to buy homes. This part of the tax package is particularly meaningful to homeowners in my State of Connecticut who were hurt disproportionately during the recession of 1991.

And, if you're a farmer of a small business owner, we exempt the first $1.3 million of the value of your estate from taxation, so you can pass on the fruits of your labor to your children.

Clearly, Mr. President, the bill before us today, makes a difference to small investors, small businesses, and hard-working Americans. It is reasonable and responsible, and recognizes the value of providing measured relief to American families, small businesses, and family farms. But fundamentally, this bill isn't about statistics. It's about meeting vital family needs and providing additional resources to meet the many challenges our working families face. This bill strengthens families and puts working families first.

And yet, the underlying bill is not a perfect bill. In the midst of providing tax relief that is fair and equitable, I believe it is imperative that we not lose sight of our obligation to enact legislation that is fiscally responsible. We should be enacting legislation that will allow us to maintain the fiscal discipline we have worked so hard to achieve in recent years, dating back to the wise decisions we made in 1993.

That is way I offered an amendment during the budget reconciliation negotiations which demanded we adhere to our budget agreement in which we agreed to a net tax cut of $85 billion through 2002, and not more than $250 billion through 2007. And that is why, today, I have serious concerns about Joint Committee on Taxation reports estimating that these tax cuts will cost $95 billion through 2002 and upwards of $275 billion by 2007.

Nevertheless, this bill takes several steps to ensure that the cost of the tax cuts will not spiral in later years. Most significantly, it drops the proposal to index capital gains. In addition, it puts income limits on individual retirement accounts.

Mr. President, we must be committed to preserving the integrity of the balanced budget agreement. The American people will not be served by a budget that reaches balance briefly in 2002 and then veers back out of balance afterward.

Mr. President, on the whole, this agreement is more fair and more disciplined than any in recent history. The bill before us today does more for working families, more for small businesses, and more for family farms. We have stimulated jobs and growth, and encouraged investment, and most importantly, we have put America's families and their children first. I am proud of these accomplishments, Mr. President, and, let us not forget that we did it all while balancing the budget, benefiting Americans today and in the future.

Mr. DOMENICI. Mr. President, I would like to discuss an issue that relates to Medicare's diabetes self-management benefit.

As my colleagues know, the reforms we have under consideration include a provision which would extend Medicare coverage of blood glucose monitors and testing strips to type II diabetics. This seems to make abundant good sense.

The provision would also reduce the national payment limit for testing strips used by diabetics by 10 percent beginning in 1998.

I have some concern about these policies especially since the incidence of diabetes is growing and people are being afflicted at earlier ages. For example, it is an epidemic among Indians.

It could also impact diabetic patients. This 10 percent reduction in payment for diabetes test strips could prove harmful to many durable medical equipment [DME] suppliers.

I call to my colleagues attention, a study that is currently being conducted for the Health Care Financing Administration by AFYA to consider the reasonableness of Medicare payments for approximately 100 specific DME items, including diabetic test strips.

Once that study is completed, Congress may want to revisit this issue.

By itself, the 10 percent reduction may cause some DME suppliers, particularly the smaller operations, to sustain financial losses such that they no longer supply test strips. Also, some suppliers may stop taking assignment of diabetic test strips because they cannot afford to furnish Medicare products under the reduced pricing scheme. This could, in turn, lead to a situation whereby the Medicare diabetic patient will pay the difference and may have to pay the full amount up front and wait for Medicare to reimburse the reduced share.

Finally, another issue which I think is worth mentioning relates to home oxygen. I have received many calls and letters from constituents who oppose a reduction in the monthly payment amount for home oxygen. This bill reduces reimbursements for home oxygen by 25 percent in 1998 and then an additional 5 percent in 1999.

I would hope that my colleagues would take these matters under consideration, and that they join me at some future point in giving these matters further consideration.

Mr. JEFFORDS. Mr. President, the impending passage of this balanced budget agreement is a historic moment for our nation. This legislation represents a real victory for all Americans. Children, students, families and senior citizens will all benefit from our actions today. This budget not only puts us on a financially responsible path but also protects the Federal social safety net.

This legislation is built on consensus, and no plan built on compromise can make everyone happy. There are certain provisions that I wish were in this bill and there are other provisions that I feel could have been changed. Overall, though this budget package provides benefits that will strengthen our economy, reduce the tax burden on individuals and families, and eliminate spiraling deficits.

The measure provides tax relief to families and children, with a permanent $500 per child tax credit under the age of 17. The bill creates incentives for savings and investment with expanded individual retirement accounts, reducing capital gains and increased deductions for small business. But most importantly, this legislation furthers our efforts to provide health care and education for all children.

This conference report will establish a new $24 billion health care coverage program for as many as 5 million uninsured children. I would like to express my special appreciation to Senator ROTH and Senator LOTT for including in the children's health initiative a provision that will allow States, like Vermont, whose Medicaid coverage for children already extends beyond 200 percent of poverty, to cover children with incomes 50 percentage points higher than their Medicaid cutoff. I feel this section will give these pioneering States the necessary flexibility and resources to continue moving forward toward the goal of ensuring that all children have access to quality health care.

With $35 billion in education tax incentives, the bill will ease the burden on students and families paying for higher education. These tax incentives will help families save for college, pay tuition costs while students are in college, and repay funds borrowed to pay for college. The bill's education tax incentives are not limited to college expenses. The bill has a life-long education tax credit to help workers who want to brush-up on their job skills or learn new employment skills.

In addition, the children's tax credit in this bill will result in meaningful savings for families. For a family with two children, this bill will result in a 1999 tax bill that's $1,000 less than they would have otherwise owed.

This agreement also recognizes the critical relationship between education and our national economic well-being. In a day and age beset by downsizing, when job skills are constantly becoming outmoded by technological advances and break-throughs in learning, education will be a lifetime endeavor. I am happy that the bill recognizes this, and makes lifetime learning more easily affordable. Aid to education is not limited to tax incentives; the tax incentives are supplemented by meaningful spending increases for scholarship grants and literacy programs. Throughout my years in the Congress, first on the Education and Labor Committee in the House, and now as chairman of the Senate Labor and Human Resources Committee, I have worked to make education more readily affordable and more easily accessible. This bill represents an important step in that direction.

During my tenure in Congress I have tried hard to put our fiscal house in order while protecting programs that are important to the nation. I am pleased to cast my vote in favor of this agreement, which I believe does just that. Today, this body is taking a giant step closer to insure the future economic security of our children and the next generation.

Mr. SPECTER. Mr. President, I have sought recognition to comment on the historic legislation we are considering today, which will have profound effects throughout our Nation as we near the first balanced Federal budget since 1969. As a longtime supporter of the balanced budget constitutional amendment and the line-item veto, I am particularly pleased to have this opportunity to reflect on the significance of this occasion.

I think the 5-year glide path to a balanced budget is very important for America. I think the two big priorities for America today are education and health care. I like what is being done here and in the tax reconciliation bill we will be considering, but I remain a little worried about our seniors. We might have to make some modifications for their benefit in the future after we see how some of these changes are implemented. I will be keeping a close eye on this issue as I travel in Pennsylvania's 67 counties, where we have more than 2 million senior citizens.

From the beginning, I have said that a balanced budget could only become reality with support from the center. There is now a feeling around Congress that the American people are sick of all the bickering and they have asked us for action on the issues that mean the most to them, chief among them balancing our Nation's budget. Since 1995, I have worked with the Chafee-Breaux centrist coalition to try to reconcile the differences between the two parties on the major entitlement and tax issues which we needed to address if we were going to achieve a balanced budget. I was proud of my association with this group of 22 Senators, which got 46 votes for its substitute budget resolution in 1996 and showed that there was bipartisan support for a centrist-oriented plan.

The Balanced Budget Act of 1997 represents what I have been saying for several years, that the budget can be balanced without leaving a bad taste in the minds of the public toward Republicans. It can be done without appearing insensitive toward the poor, elderly, children, and without appearing unconcerned with education, health care, and the environment. The budget agreement reflected in this legislation represents the traditional Republican objective of balancing spending and revenues and reflects my approach of moderation within fiscal conservatism, or what has been termed compassionate conservatism.

I would not further that this legislation reflects my preference for cutting with a scalpel, not a meat ax. As chairman and ranking member of the Labor, Health and Human Services and Education Appropriations Subcommittee, in the past 2 years Senator HARKIN and I have succeeded in terminating 126 programs totaling $1.4 billion using this scalpel approach. The patience that has been demonstrated by our Budget Committee chairman, Senator PETE DOMENICI and the other key budget negotiators reflects their action to achieve the level of savings needed to bring the budget into balance.

Throughout the budget process, I have sought to work with my colleagues to protect programs and funding which was particularly important to groups of Americans least able to fend for themselves. In particular, I am pleased to note that the Conference Report includes the $1.5 billion in Medicare premium subsidies which are essential for the estimated 3.2 million American seniors who earn in the area of $9,000 to $12,000 annually. I initiated an effort with several of my Republican colleagues to restore these funds when they were initially left out of this bill as reported out of the Finance Committee. After five of us wrote Majority Leader TRENT LOTT to urge that the funds be restored to the bill, the leadership accepted our request and added the $1.5 billion. Once the funds were restored, however, I still had some concerns about the allocation of these funds and whether the subsidies would continue as long as the premium increases. During Senate floor consideration of the bill, I was pleased to offer an amendment cosponsored by Senator ROCKEFELLER, SANTORUM, SNOWE, COLLINS, and CAMPBELL to make the premium subsidies permanent as is the premium increase. Although a majority of Senators voted with us, the amendment only received 52 of the 60 votes needed to meet certain Budget Act procedural requirements and thus failed to be accepted.

Among the reforms I supported in the Medicare Program is the expanded array of choices from which beneficiaries can obtain coverage. These new Medicare Plus plans will include traditional fee-for-service, provider sponsored organizations, medical savings accounts, private plan/health maintenance organizations, and preferred provider organizations. Beneficiaries will be given the freedom to choose the option which best meets their health care needs. I have also supported the addition of $4 billion in preventive health services to the Medicare benefit package, such as coverage of annual screening for breast, prostate, and colorectal cancer, bone density screening, and diabetes self-management services that would include nutrition therapy and blood testing strips.

This legislation is designed to protect the solvency of Medicare for 10 more years. I view this program as part of our social contract with our senior and believe that we must keep our noses to the grindstone to develop a means of permanently protecting Medicare so that it remains available to provide adequate health care for future generations of American seniors.

Another group of Americans I have sought to help in the budget process are children who do not have access to adequate health care. I am quite pleased that the $24 billion child health program included in this legislation has the potential to cover over 5 million children of the working poor who currently lack health insurance. My Healthy Children's Pilot Program Act of 1997 [S. 435] was the first Republican bill introduced in the 105th Congress which sought to bridge this glaring gap in the Nation's health care system. Although I believe that we could have provided such coverage through a discretionary spending program that relied on the States to implement creative new programs, I fully support the program established under the Balanced Budget Act, which will direct $24 billion over 5 years to States for the purpose of providing health care to children in low income families who earn too much for Medicaid, but too little to be able to purchase health insurance. One specific concern of mine as Congress crafted this legislation centered around ensuring that Pennsylvania's vanguard Caring and BlueCHIP children's health programs were protected rather than superseded by a new Federal bureaucracy. I am pleased to see that this bill specifically grandfathers Pennsylvania's programs, recognizing them as examples of success and innovation.

During consideration of the Senate version of this legislation, there were several provisions I could not support and I am pleased that the Balanced Budget Act of 1997 does not contain them. In particular, these were the provisions to extend the Medicare age of eligibility from 65 to 67, to impose new copayments on Medicare beneficiaries receiving home health services, and to means-test Medicare premiums. As the final compromise legislation demonstrates, it is possible to reach the goal of a balanced budget while also protecting access to quality health care, affordability, and choice in the Medicare program. This bill will also begin what I hope is a bipartisan process to address the long term implications of the baby boom generation for the Medicare program by establishing a Medicare Commission which will report to Congress with recommendations on how to ensure Medicare program solvency well into the 21st Century.

Another issue which I have worked on is preserving funding for Pennsylvania under the Medicaid Disproportionate Share Hospital Program, which reimburses States for their payments to hospitals for medical treatment for low income Americans. Of particular importance to Pennsylvania were the proposed restrictions on the use of funds by States to reimburse Institutes of Mental Disease [IMD's]. While we were able to convince Chairman ROTH to delay the restrictions by 1 year during Senate floor consideration of the bill, I continue to be troubled that this legislation unfairly penalizes Pennsylvania by limiting its ability to spend Federal resources on IMD's. I have worked with Gov. Tom Ridge and Senator RICK SANTORUM to seek modifications to these legislative provisions and would note that Pennsylvania faced losses of as much as $1.7 billion under an early draft of the Medicaid reform proposal and will instead face reductions in the area of $131 million. I am not satisfied with the proposed reforms in this program and, since the IMD restrictions do not go into effect until fiscal year 2000, I will work closely with Governor Ridge and Senator SANTORUM to see what we can do to ensure that Pennsylvania receives its fair share of Medicaid DSH funds in the outyears.

In closing, I would note that as with any comprehensive reform legislation, it will take some time to determine what, if any, modifications will be needed to ensure that we protect seniors, children, and others who rely on the Federal and State programs that constitute our social safety net. However, on the whole, this is a good piece of legislation which moves us toward the goal of balancing the Federal budget by 2002.

Mr. BRYAN. Mr. President, the balanced budget agreement before us is an historic document. The agreement puts us on the path to a balanced budget in 2002, the first balanced budget since 1969.

The agreement contains significant changes for Medicare, Medicaid, and welfare. The Children's Health Insurance Initiative is also a momentous move toward ensuring all children in this country will not want for lack of health care.

This was my first year as a new member of the Senate Finance Committee. The committee spent many hours debating and considering the myriad of issues involved in developing the Medicare and other health areas of this budget bill. These issues were complex, the debate long, and decisions very difficult to make. As with any far-reaching legislation, no one, including myself, agrees with every provision included.

NEW MEDICARE CHOICES AND BENEFITS

New choices are provided for Medicare beneficiaries to choose how they would like to receive their health care. These choices include: continuing the traditional fee-for-service Medicare; provider sponsored organizations which are similar to HMO's, except they are operated by medical providers rather than insurance companies; private fee-for-service; preferred provider organizations which allow beneficiaries to choose doctors outside their HMO network; continuing current private plan HMO's that generally provide more benefits, including prescription drug coverage, than traditional Medicare, at a lower cost. A medical savings account combined with a $6,000 high-deductible policy option will be tested as a demonstration project limited to 390,000 participants. This $6,000 deductible is nearly three times as high as the maximum deductible allowed in last year's health care reform law. I supported the Senate version which would have limited the demonstration to 100,000 participants, and established a cap on out-of-pocket expenses of $3,000, which were not accepted in the final budget agreement. With the bill's high deductible, there is serious concern regarding whether any but the most affluent Medicare beneficiaries will be able to choose this option, and if they do, what the impact of the loss of those generally healthier and younger beneficiaries will be on the traditional Medicare fee-for-service option expenses.

Medicare beneficiaries' future health will be improved with the inclusion of new preventive health care services. These new services include mammography, PAP smears, diabetes, prostate and colorectal screening, bone density measurement, and vaccines.

MEDICARE FRAUD AND ABUSE PREVENTION

This budget bill also builds on efforts to reduce Medicare fraud and abuse efforts included in last year's Health Insurance Portability and Accountability Act. A new toll-free telephone number is established to allow Medicare beneficiaries to report fraud and billing irregularities directly to the Inspector General of the Department of Health and Human Services. It is hoped the toll-free hotline will encourage beneficiaries to be even more diligent in reviewing their Medicare bills, and reporting any discrepancies. Additionally, Medicare beneficiaries will be given the right to request an itemized billing statement for their Medicare services.

Suppliers of durable medical equipment must provide information as to persons with an ownership or control interest in the company. These suppliers, and home health agencies, comprehensive outpatient rehabilitation facilities and rehabilitation agencies are all required to post a surety bond of $50,000. These are efforts to ensure only legitimate Medicare providers are certified, and to reduce the incidences of fraud and abuse in these services.

The Secretary of Health and Human Services will be able to refuse to enter into, or renew a Medicare agreement with a provider, either an individual or an entity, who has been convicted of a felony under Federal or State law for an offense which would be inconsistent with the best interests of Medicare beneficiaries. If a provider has been mandatorily excluded from participating in Federal and State health care programs because of a conviction involving Medicare or Medicaid program-related crimes, patient abuse, or felonies related to health care fraud or controlled substances, the exclusion shall be for a period of 10 years if the provider has been convicted on only one occasion, and permanently excluded if the provider has been convicted on two or more occasions. Its the old three strikes and you are out reapplied.

LONG-TERM MEDICARE REFORMS

As a member of the senate Finance Committee, I supported efforts that would have begun to make long-term Medicare reforms. I am disappointed none of these proposals were included in this final budget.

Over the past 2 years, the rapidly rising costs of the Medicare program, and its future solvency, have been major concerns. The 1997 Medicare Trustees Report concluded the Medicare part A trust fund, providing hospital service coverage, is likely to become insolvent as early as 2001. This balanced budget does buy us approximately 10 more years of trust fund solvency. But unless we promptly address the solvency of Medicare, we will still face a medical and fiscal crisis as the baby boomers retire, and begin to rely upon Medicare.

The Congressional Budget Office estimates that Medicare costs in 1997 will be $212 billion. In 2007, the costs are estimated to total over $467 billion—well over a 100 percent increase.

In the year 2011 alone, the year the baby boom generation begins to reach 65 years of age, more than two and a half million individuals will become Medicare eligible. Medicare cannot come close to covering these future retirees, as well as those already retired, unless changes are made. This is the harsh reality we should have dealt with in this budget.

I firmly believe a reduction in Medicare benefits for eligible beneficiaries should not occur. Yet, to ensure these health care benefits continue, changes must be made elsewhere in the Medicare program.

Raising the Medicare eligibility age to coincide with the Social Security eligibility age, and increasing the costs of the Medicare Part B—the physician and outpatient services coverage—monthly premium of the most affluent 4 percent of all Medicare recipients are two ways to ensure our Medicare program remains solvent past 2001—and that benefits are not reduced for all older Americans.

In fact, in 1983, during the Reagan administration, similar age eligibility requirement changes were made for Social Security beneficiaries to help prolong the solvency of that program as well.

The Senate bill would have increased the age of eligibility for Medicare from 65 years to 67 years of age. Yet this shift would have taken place during a span of 25 years—from 2003 to 2027—and would not have affected anyone who is currently receiving Medicare benefits.

One of the major criticisms of the Medicare age increase proposal was that it could leave many seniors without adequate health care coverage if they choose to retire earlier. Currently, if an individual wants to retire earlier than the Social Security retirement age of 65 years, the individual takes a reduction in his or her Social Security benefit. We could allow early retirees, who are Social Security eligible, to buy in to Medicare coverage earlier. This may, however, require higher costs for such beneficiaries, until they reached the age of full eligibility for Social Security and Medicare benefits.

This final budget bill has bought us some time to deal responsibly with preserving Medicare. A national bipartisan commission will be established to recommend long-term Medicare reforms to ensure this vital health care program can meet the challenge of providing coverage for the baby boom generations. When this commission reports its recommendations, Congress must act upon its reform recommendations immediately. And it would be irresponsible of Congress not to make the tough, often unpopular, decisions that are going to be necessary to preserve this vital program. The sooner these reforms are made, the sooner we can ensure future Medicare beneficiaries will not face a reduction in covered medical services, and that Medicare survives into the 21st century.

CHILD HEALTH CARE

This budget agreement is also a pivotal effort to address the needs of the 10 million uninsured children in this country. An unprecedented $24 billion will be flowing to States to provide health care to these children. This new child health program will be paid for, in part, by a 10-cent-per-pack increase in the cigarette tax for the years 2000 and 2001, and another 5-cent-per-pack increase in 2002, for a total of 15 cents. Although I would have preferred the full 20-cent increase in the cigarette tax that the Senate included in its version of the budget bill, this increase will still provide a substantial increase in the number of children receiving health care coverage.

I am, however, concerned with these final child health provisions. The Senate child health proposal would have ensured children had a comprehensive benefits package. Children's health care coverage would have specifically included such services as vision and hearing, prescription drugs, and mental health care. Instead, States will decide what benefits to offer.

The importance of a comprehensive benefit package, tailored to the specific health care needs of children, is key to ensuring that these new health care funds are used as to benefit children. This final bill provides States a number of options to determine a benefits package.

As a former Governor, I understand the desires of State Governors who want freedom to determine how to use the Federal child health funds. However, the goal, first and foremost, is to provide children throughout this country the health care services they need. Given the amount of Federal child health funds going out to the States, and the creativity shown in the past by some States in skirting restrictions placed on Federal funding, I am concerned some of these vital funds could find their way to other areas.

Such a diversion of funds occurred several years ago, when Congress appropriated money for the States to begin receiving Medicaid DSH—disproportionate share hospital—Federal funds. This money was to help hospitals providing care to the poorest and most vulnerable people cover their increased expenses. Some States' money found its way into State road construction budgets among other uses. Congress had to step in and take corrective action.

This budget bill will allow States to use 10 percent of the child health initiative funds for noncoverage purposes, which are defined as administration and health care outreach. That 10 percent is $2.4 billion of the total Child Health Care Initiative—and that is significant money. Congress must ensure States use all of the child health funds for the purpose for which they are intended—to provide the children of this country comprehensive health care coverage period.

CONCLUSION

As historic as this balanced budget may be, it marks a first step toward what must be done to assure the millions of Americans who are current and future Medicare beneficiaries that their health care benefits will continue. There is much work yet to be done to honor the commitment this country has made to Medicare to assure not only that these health care services continue, but the quality and scope of care are sustained, and the rampant fraud and abuse of the program is brought to a halt. Necessary reforms are required. The sooner they are implemented, the sooner Medicare can be assured of continuing into the 21st century. We are taking a major step toward this goal today, but many steps are yet to be taken.

Mr. JEFFORDS. Mr. President, the impending passage of this balanced budget agreement is a historic moment of our Nation. The vote that my colleagues and I are making in support of this balanced budget agreement is a vote that each American should take pride in. This legislation represents a real victory for all Americans. Children, students, senior citizens, and families will all benefit from our actions today. This conference report will put this country on a financially responsible path while also taking the necessary steps to protect Medicare and provide health care coverage to our Nation's uninsured children.

This legislation is built on consensus, and no plan built on compromise can make everyone happy. There are certain provisions that I wish were in this bill and there are other provisions that I feel could have been changed. However, it is more important that we move the process forward instead of shutting down the system. Overall, though this budget package provides benefits that will strengthen our economy, reduce the tax burden on individuals and families and eliminate spiraling deficits.

The measure provides tax relief to families by providing a permanent $500-per-child tax credit for children under the age of 17. The bill creates incentives for savings and investment with expanded individual retirement accounts, reducing capital gains and increased deductions for small business. The legislation provides for estate tax relief which will affect many residents of my home state of Vermont. The bill will impose roughly $297 billion in savings over the next 5 years and $900 billion over the next 10 years while still protecting programs that are vital to the interest of all Americans. But most importantly, this legislation furthers our efforts to provide health care and education for children.

Mr. President, there is no resource more precious than the children who are right now playing in the school yards from Vermont to California. I worked closely with my colleagues Senator HATCH, Senator KENNEDY, Senator CHAFEE, and Senator ROCKEFELLER to develop legislation that would provide health care coverage for our Nation's uninsured children. This conference report will establish a new $24 billion health care coverage program for as many as 5 million uninsured children. The establishment of this coverage is not the end but only the beginning to ensure that every child born in this country will have a healthy start in order for them to fulfill their own personal American dream.

I would like to express my special appreciation to Senator ROTH and Senator LOTT for including in the Children's Health Initiative a provision that will allow States like Vermont whose Medicaid coverage for children already extends beyond 200 percent of poverty to cover children with incomes 50 percentage points higher than their Medicaid cutoff. I feel this section will give these pioneering States the necessary flexibility and resources to continue moving forward toward the goal of ensuring that all children have access to quality health care. In addition, the children's tax credit in this bill will result in meaningful savings for families. For a family with two children, this bill will result in a 1999 tax bill that's $1,000 less than they would have otherwise owed.

The children's tax credits in this bill will result in meaningful savings for families with children. For a family with two children, this bill will result in a 1999 tax bill that's $1,000 less than they would have otherwise owed. In addition, the bill recognizes the critical relationship between education and our national economic well-being. With $39 billion in education tax incentives, the bill will ease the burden on families paying for higher education. These tax incentives will help families save for college, pay tuition costs while students are in college, and repay funds borrowed to pay for college. And the bill's education tax incentives are not limited to college expenses. The bill has a life-long education tax credit to help workers who want to brush up on their job skills or learn new employment skills.

This agreement also recognizes the critical relationship between education and our national economic well-being. In a day and age beset by downsizing, when job skills are constantly becoming outmoded by technological advances and breakthrough in learning, education will be a lifetime endeavor. I am happy that the bill recognizes this, and makes lifetime learning more easily affordable. Aid to education is not limited to tax incentives; the tax incentives are supplemented by meaningful spending increases for scholarship grants and literacy programs. Throughout my years in the Congress, first on the Education and Labor Committee in the House of Representatives, and now as chairman of the Senate Labor and Human Resources Committee, I have worked to make education more readily affordable and more easily accessible. This bill represents important steps in that direction.

During my tenure in Congress, I have tried hard to put our fiscal house in order while protecting programs that are important to the Nation. I am pleased to cast my vote in favor of this agreement, which I believe does just that. This plan finally puts four walls and a roof on a foundation toward a balanced budget that this Congress has been building over the last 15 years. Today, this body is taking giant steps closer to ensure the future economic security of our children and the next generation.

Mr. BINGAMAN. Mr. President, a little over two weeks ago, I sat down with several Albuquerque families who are working hard to pay the bills, put food on the table, and give their children a good home. Among those gathered at the meeting, there was Carol Howell, who is struggling with the help of her husband to make ends meet and raise four children. And there was Jan Usinger, a divorced mother with a Masters degree in French, working three jobs to build a decent life for her three children.

Each of the families I met were perfect examples of who should reap the benefits of any tax relief package produced by Congress. And yet, what brought us together that day was the sad fact that none of these families would be able to claim the highly-touted $500 per child tax credit in the bill passed by the Senate —not because they earned too much money, but because they earned too little. In the eyes of some in Congress, these families were not rich enough to deserve the full child tax credit. Some even argued that to give hard-working families making about $25,000 a year a tax break was like giving them welfare.

I'm pleased to say that in the heated debate that took place in Washington over who should be allowed to claim the child tax credit, these families finally won—and they won big. Jan Usinger, who would have seen only $6 in tax relief from the child credit under the House bill, will now get a tax break of $1,500 in the final bill negotiated between the President and Congress. That's no small change when you consider the cost of clothing, school supplies and child care.

The final tax relief compromise enacted last week is a significant victory for the Usingers, and for the millions of working and middle-income families like them across the country. Some of the more helpful provisions in the bill will help offset the cost of raising children, make college more affordable, and even help adults go back to school for more training. There is also a $24 billion set-aside to provide health insurance to more children from working families now unable to afford it.

The child tax credit tops the list of provisions New Mexico families will find most helpful. This new child credit will be available to families earning between $15,000 and $30,000, as well as those making between $30,000 to $150,000 a year. The size of the credit will vary according to the number of children and parents in the family, along with other factors.

Best of all, the credit can be used to reduce a family's total federal tax burden—whether it's income taxes or federal payroll taxes. This is a key change from earlier versions of the bill, and it will make a big difference for the nearly three-quarters of lower-income working Americans who pay more payroll taxes than income taxes. Furthermore, employers will be instructed to make adjustments on withholding forms so that families can see the benefit of this credit as soon as possible.

While the economic benefits of a college-educated workforce have increased tremendously over recent years, the financial obstacles have increased even faster. To help make higher education more accessible, the tax bill now includes a $1,500 tax credit for the first two years of college, and a credit of up to $1,000 for students after their first two years of college. Together, these credits would cover nearly all the costs of the average public college in the U.S. Workers can also receive up to $5,250 in employer-provided training each year, without having to count the benefit as taxable income. At a time when workers must continually update their skills, this break will help them get the training they need to make it in today's job market.

Finally, a major source of economic anxiety for working families is the cost of medical care. Almost 150,000 New Mexico children are without health insurance, and many of them come from working families who earn too much to qualify for Medicaid, but not enough to afford health insurance for their children. The provision setting aside $24 billion for expanding children's health insurance was designed with these working families in mind. It will provide states like New Mexico the resources to cover these children, giving them access to everything from routine checkups and antibiotics to emergency medical care. This provision will help more kids develop into healthy adults, and it will do so without imposing unworkable new federal mandates.

It's important to note that this tax relief would not be possible or responsible, were we not on the brink of balancing the federal budget. In 1992, our nation ran a whopping $290 billion budget deficit, which has been shaved down to an estimated $45 billion this year. I think it is fair to say that if our country had not tightened its belt in the 1993 budget package to achieve this deficit reduction, interest rates would probably be higher, unemployment higher, and our economic growth slower. Now the people who helped sacrifice to get us to the point where we are today—like the 70 percent of New Mexicans earning under $30,000 a year—are getting some deserved tax relief.

This tax deal is not perfect, and it certainly hasn't done much to make the tax code any simpler. But this final compromise does deliver where it matters. It provides relief not just to upper-income families but to the many new, young families in New Mexico who are working hard to deliver a decent quality of life to their children and to provide the educational opportunities and health care support that will lay a strong foundation for their success. In the end, this bill helps us invest in all of our children—and for this reason I think we have actually achieved something worthwhile this week in Washington.

Mr. President, I do need to make references as well about certain provisions in this tax bill which are very good for small businesses in New Mexico as well as around the nation.

First, the bill reinstates the home office business deduction, which I know is a very important issue for many self-employed people in our state and many other small business owners.

This legislation also includes an important provision phasing in an increase in the self-employed health insurance deduction. The percentage of the deduction in 1997 is now at 40%, but it rises to 100% by the year 2007.

Also, many businesses benefit by investing in continuing education programs for their employees, and this tax bill extends for three more years the tax exclusion for employer-provided educational assistance.

It also provides an enhanced deduction which businesses can claim for the donation of computers and technology to schools.

Also, very importantly, a provision has been included that I have been working with a number of Senators over the last year. This provision builds on a small business initiative included in the 1993 budget plan. The original legislation stated that gains from stock held more than five years in publicly traded firms with assets less than $50 million would be taxed after the sale of stock at 50% of the capital gains tax rate. The new provision allows this gain to be rolled over into other small businesses of the same size on a fully tax-deferred basis.

This will hopefully keep more capital in the small business sector. Overcoming venture capital deficiencies in New Mexico is one of the major hurdles that our state constantly faces. Hopefully, this provision will do some good for our state.

Furthermore, small businesses with average gross receipts of less than $5 million will be exempt from the corporate alternative minimum tax. This covers a great majority of New Mexico companies.

Also in the estate tax area, owners of qualified family owned businesses and farms will be able to exclude—starting next year—up to $1.3 million of their estate from inheritance tax. This is a very big provision—particularly as the general estate tax will be incrementally increased from $600,000 to $1 million by the year 2006. This family-owned estate tax relief puts the entire exclusion in place next year. The requirements are that the family owned business or farm must be at least 50% of the estate and heirs must participate in the business for 10 years after descendent's death. This provision will help a great number of small firms, farms, and ranches pass on to their heirs estates which often have a vast majority of their value tied up in the business. The failure to provide this exclusion in the past has unfortunately forced some families to liquidate businesses after the principal owner died.

Also on the farm front, farmers who often face years of boom and bust are provided the option of 3-year income averaging for the next two years. I suppose we are going to see if this provides relief to farmers and consider whether to extend this option in the years that follow.

Finally, the tax deal also includes extension of the research and experimentation credit for another year as well as it extends the Generalized System of Preferences (GSP) through June, 1998. This provision is particularly important to our state's jewelry firms that import some of their stones and materials from lesser-developed countries.

These are some of the items that I feel that small businesses should know about. If you download the actual bill from the World Wide Web, Mr. President (the address is http://speakernews.house.gov/taxfull.htm), you'll be printing 304 pages. My staff had to do this, in fact. Hopefully, by highlighting these items, some small businesses won't be completely dependent on H&R Block and the various computer tax packages that sort out this material.

I recognize that if the standard of living is going to increase for citizens of this state, small business is going to be the primary engine in that effort. In any case, I am happy to report and restate that I think we have actually achieved something worthwhile this week in Washington.

WAIVING THE RULES REGARDING MEDIA CONCENTRATION

Mr. GORTON. Mr. President, I rise today to address a provision in the reconciliation bill that deals with spectrum. In an ill-advised concession, the Senate accepted a partial waiver of the duopoly and newspaper-broadcast cross-ownership restrictions that will allow broadcasters and newspaper owners in cities with populations over 400,000 to bid for the returned "analog" spectrum in those markets. I believe this simply is bad policy. As plainly explained in the report, the Senate, like the House—that originally sought an even broader waiver—put revenue concerns first. First, and ahead of what I believe to be graver concerns for the intellectual wealth and benefits that accrue from a diversity of voices and opinions in a marketplace.

Fortunately, although we have, in my view, compromised unacceptably, we have not done so unqualifiedly. The final bill provides for a waiver of the duopoly and newspaper-broadcaster cross ownership ban only in cases of cities of over 400,000. Moreover, the bill provides only a one-time waiver, only in large markets, which are likely to have more (and more diverse) media, and only under circumstances (the auction of "duplicate" spectrum) in which the number of broadcast voices could double.

BALANCED BUDGET ACT OF 1997

Mr. DODD. Mr. President, with today's passage of the Balanced Budget Act of 1997, the Senate has taken a historic step toward ensuring the long-term solvency of the Medicare program.

I am pleased that many of the provisions that I found to be so objectionable when this bill first came to the floor of the Senate one month ago, have since been removed. In stating my reasons for originally opposing the bill, I shared my deep concern over the proposal to raise the age at which individuals are eligible to receive Medicare from 65 to 67. The likelihood of these seniors finding affordable private insurance would have been slim—many would have been forced to forego coverage. It was a wise decision on the part of my colleagues serving as conferees on this bill that they did not decide to exacerbate the current problem of lack of health coverage for early retirees further with this measure.

I am also pleased that a provision that would have required the poorest and sickest seniors to pay up to $700 a year in home health costs has also been dropped. Looking to the most vulnerable Medicare beneficiaries to shoulder this level of cost under the guise of addressing the long-term financial challenges of this program would have been indefensible.

In addition to the removal of these onerous provisions, this legislation has been improved since the vote in the Senate by the commitment to continue Medicaid coverage for the 30,000 disabled children who will lose their Supplemental Security Income benefits as a result of eligibility changes in the welfare reform bill enacted last year. This provision, which was highlighted as a priority in the original budget agreement between President Clinton and Congress, was noticeably absent in both the House and Senate bills. Along with Senator CONRAD, I offered an amendment to continue health insurance for these children and was disappointed to see it fail by only nine votes. However, I am grateful to the conferees that protection for these children of working poor families was achieved in the conference negotiations.

This legislation will also significantly increase health coverage for children who currently lack insurance. We certainly have come a long way on this issue since the debates of earlier years. Even as recently as last year, the question was still whether or not to provide health insurance to our nation's children, rather than how we might accomplish this admirable goal. By adopting the Senate provision, which calls for $24 billion for this new initiative, we can now offer the hope to more than seven million children that cost will not be a barrier to securing health care.

Of course, I am disappointed that the important and courageous attempt to ask those Americans who can afford to contribute a little more for their health care to do so was dropped. It is important to remember that only the wealthiest 8% of seniors would have seen a rise in their premiums. I maintain my conviction that the adoption of means testing of Medicare premiums was a step in the right direction toward the long-term solvency of the critically important safety net that Medicare provides to millions of senior citizens.

I also continue to have significant concerns about the reductions in Medicare and Medicaid payments to hospitals and managed care organizations. In order to ensure that our nation's seniors and lower-income citizens receive the affordable and high-quality care they need, health care providers must continue to be adequately funded. I am particularly concerned about the reduction in payments to teaching and disproportionate share hospitals. These hospitals serve a population that is sicker and poorer than most hospitals. Reduction in payments of this magnitude threaten the ability of these hospitals to continue to serve as a safety net for the most vulnerable in our society.

In addition, I am concerned about the impact of the new HMO payment structure on low-income seniors who selected managed care plans because they truly need the additional benefits and low out-of-pocket costs that these plans can offer. These seniors cannot afford the high deductibles and copayments of Medicare fee-for-service, nor can they afford to purchase expensive Medigap coverage. While I am pleased that Congress has attempted to provide more health care choices for Medicare beneficiaries, I believe that without adequate funding, these choices will not be viable ones.

Despite these concerns, this legislation goes a long way toward providing many of our nation's citizens with the care they need and expect from Medicare. I view it as an important step toward ensuring that Medicare is here to serve future generations of Americans. It is for this reason, Mr. President, that I am pleased to support the Balanced Budget Act of 1997.

Mr. SMITH of New Hampshire. Mr. President, earlier this week, the White House and the Congress reached a historic agreement that will balance the budget by 2002. Today, I rise in support of the portion of the deal that provides tax cuts to American families and small businesses: the Taxpayer Relief Act, H.R. 2014. After enduring sixteen years without any tax relief, Americans will finally benefit from tax cuts that will affect many aspects of their lives. Under our tax package, not only will taxpayers immediately see their tax bill go down, but saving for retirement, paying for college, and investing for the future will be much easier. I am encouraged and pleased that the Republican-led Taxpayer Relief Act provides $95 billion in tax cuts over five years and represents an improved standard of living for taxpayers at every stage of life.

This tax relief comes at a time when the nation's tax burden is at an all time high. Partly due to President Clinton's tax hike back in 1993, today's taxpayers face a combined federal, state, and local tax burden of nearly 50% of their income—more than the cost of food, clothing, and shelter combined. In fact, for every eight hours of work, the average taxpayer spends about three hours just to pay the tax collector. And too many families could not survive without two incomes just to make ends meet. We cannot let this situation continue. By letting hard-working Americans keep more of their own money, we allow them to preserve their family, prepare for their own future, and invest in the nation's economy.

The future of the family. I can no longer stand by while families in New Hampshire lose more and more time together because they have to work longer and harder to send their pay to Washington. The Taxpayer Relief Act addresses this growing problem in several different ways. First, taxpayers with young children will get a $500 tax credit for every child. In 1999, a middle-income family in New Hampshire with two young children will save $1,000 with this credit! Second, the tax relief measure reduces the capital gains rate for taxpayers who invest for their future. If the same New Hampshire family realizes $2,000 in capital gains to help pay for college or buy a home, they will save an additional $100. It would also be easier for this family to sell their home, as the tax package exempts $500,000 of capital gains on the sale of a principal residence. Equally important, this tax cut benefits their grandparents since many senior citizens depend on capital gains as a primary source of retirement income. Since 56% of taxpayers with gains have incomes of less than $50,000, and the percentage of families who own stock has increased from 32% in 1989 to over 41% today, many Americans will welcome this revision.

Our plan also offers relief to parents who face higher expenses as their children grow older. Families can save for higher education by taking advantage of the plan's education accounts, penalty-free withdrawals for education, or popular tax-free prepaid state tuition plans. When the student reaches college, parents receive a HOPE tax credit for tuition and related expenses for four years of college. In the first two years, for example, parents can receive a tax credit up to $1,500 to help pay for their child's education. These provisions help parents in New Hampshire face the challenge of saving and paying for higher education in order to invest in a brighter future for their children.

Preparing for the future. Our savings rate is one of the lowest of all industrialized nations partly because too many Americans find it difficult to save for retirement and pay high taxes. Under our Taxpayer Relief Act, individuals planning for retirement will benefit from expanded Individual Retirement Accounts (IRAs). Specifically, we created a new "back-loaded" IRA—contributions are not tax-deductible, but withdrawals upon retirement are tax-free if the account is held for at least five years. Once the IRA is established, penalty-free withdrawals are allowed for a first-time home purchase or for higher education expenses. In addition, thanks to the efforts of Senator JUDD GREGG, the bill allows non-working spouses to contribute to an IRA whether or not the working spouse is already in an employer-sponsored retirement plan. As a result, a New Hampshire couple can make a yearly tax-deductible IRA contribution of $4,000, rather than just $2,000. After 35 years at a 7.5% rate of return, they will have saved a nice retirement nest egg totaling $617,000!

Investing in the future. Fortunately, small businesses will finally get a well-deserved break under the Taxpayer Relief Act. Under the bill, the home office deduction is expanded to help people who work at home. In addition, the increase in the health insurance premium deduction for self-employed individuals is phased in more quickly, rising from 40% this year to 80% in 2006. And by 2007, the premium is fully deductible. Most important to many New Hampshire families I talk to, the estate tax changes also help small businesses. Now, parents who wish to pass on their small, family-owned business or farm to their children can do so knowing that the first $1.3 million will be excluded from the extremely high inheritance tax.

Finally, the tax package addresses the need to encourage saving and investment by cutting the capital gains rate from 28% to 20% (and from 15% to 10% in the lower bracket) for sales after May 6, 1997. The current high rates discourage the risk taking and creativity necessary to achieve increased productivity and prosperity. A lower capital gains rate, however, will make it easier to free up capital to invest in research, technology and equipment; increase worker productivity; and ultimately create higher paying jobs. Without a doubt, this pro-growth initiative will enhance U.S. competitiveness.

I wish I could report the same degree of satisfaction with the final version of the social spending component of this effort. When I voted for an earlier version of this portion of the package, I did so with the hope that the conference negotiations would result in its improvement. I regret that the social spending provisions produced as a result of negotiations with President Clinton failed to live up to that hope.

The conference report on H.R. 2015 contained many valuable provisions. I am pleased that Medicare beneficiaries will have more choice about the type of health care delivery plan in which they will be enrolled, including—for 390,000 seniors—the option to open Medical Savings Accounts. I welcome the creation of a bipartisan commission to address Medicare's long-term problems. And I believe that the effort to reform Medicaid undertaken in H.R. 2015 is overdue.

Unfortunately, however, H.R. 2015 fails sufficiently to move toward the fundamental, structural reforms in Medicare we all know will be required to ensure the retirement security of future generations. Furthermore, I had serious concerns about the fiscal and social damage we risk doing by retreating from welfare reform and by creating new entitlement, particularly a flawed child health entitlement which some—inside and outside of government—plan to use as the foundation of a government-run national health care system. Ultimately, these reservations dictated a vote against this portion of the legislation.

I have been a strong advocate for a balanced budget, tax relief, and entitlement reform for the past thirteen years and I am elated that we have finally made it here. I support the tax cut portion of the Balanced Budget Act, which provides $95 billion in tax cuts for American families including a $500 per child tax credit, tuition tax credits, IRA expansion to include non-working spouses, a capital gains reduction to create jobs, and reductions in the inheritance tax. These initiatives are long overdue, and I am proud to be an early and vocal supporter of tax relief. However, I am concerned that the spending portion of the budget deal creates a new entitlement program, threatens to move us toward government-run health care, and significantly increases social spending which could negatively impact the Balanced Budget Agreement.

Given that President Clinton submitted a budget earlier this year which would have added $200 billion to the deficit, the Republican-led Congress can take pride in this final agreement that implements the tax cuts fought for by our party for so long. The Tax Relief Act will help American families keep more of what they earn, save for their retirement, and promote job creation and economic growth. I support a balanced budget and look forward to voting to give New Hampshire families their first tax cut in sixteen years.

DISTRICT OF COLUMBIA REVITALIZATION ACT

Mr. THOMPSON. Mr. President, I would like to comment on Title XI of this legislation, the District of Columbia Revitalization Act. This is a major piece of legislation, and in many ways a major accomplishment, given that it was hammered out by a broad group of interested parties, including members and staff from the Governmental Affairs Committee, over a relatively short period of time. Agreement on this package was preceded earlier this year by considerable work in the Governmental Affairs Subcommittee chaired by Senator BROWNBACK. Similar efforts were undertaken by the House Subcommittee on the District of Columbia. This Revitalization package was put together quickly, in a combined effort by all concerned parties, because of a mutual recognition that the District of Columbia's problems had become untenable. The broad recognition of the magnitude of the problem plus the possibly unique opportunity to come to agreement and enact reforms was what led so many people to agree on a package that virtually everyone regards as less than their ideal.

One significant concern I have about this package is the major financial responsibility the Federal taxpayer is undertaking in the years to come. Technically, the D.C. Revitalization package meets the scoring requirements of this Balanced Budget Act, but the out-year costs are enormous and have not been dealt with. We are still evaluating the full impact of this package, but Members should be aware that the $4.8 billion in pension liability the Federal Government will be assuming is actually closer to $48 billion over time. I do believe it may be possible for these potential out-year costs to be reduced. The Revitalization package includes a provision which I requested requiring the Secretary of the Treasury to conduct a study of the D.C. pension assets and report back within a year on how the Federal Government might put them to best use. The Governmental Affairs Committee will then have the opportunity to consider whether additional legislation in this area could improve the financial outlook. The Administration has indicated a willingness to work further on this issue with the Committee, and I certainly look forward to that. We should be working together to institute reforms that make the District work independently, not simply encouraging a Federal Government takeover of all of its problems. There are assets currently in the

D.C. pension fund, and rather than simply spending down those assets, we should build upon the assets so the funds are available to make payments in the future.

Another area in which I question estimates of future costs is with the transfer of D.C. Corrections to the Federal Bureau of Prisons. I know the pressure was intense to close the Lorton Correctional Complex in Virginia, but here again this bill makes the federal bureaucracy responsible for absorbing the District's prison population. While the bill incorporates provisions for privatization, I believe the record will show that the Bureau of Prisons has consistently stood in the way of increased privatization in the Federal prison system. I have no reason to believe they will have a different response with regard to the Lorton prisoners.

Many may not know that the District of Columbia was already engaged in a program to privatize the corrections function and has already entered into private contracts for housing 2,400 prisoners. I know well from my experience in Tennessee that private corrections facilities are a cost-effective, efficient and safe alternative to publicly-operated facilities. I am disturbed that Congress has substituted its judgment for the District's in this instance without evaluating whether the District's privatization initiative for corrections would work.

Privatization can save valuable taxpayer dollars. In this instance, it is conceivable that the Federal Government could save the entire $885 million estimated for construction of new facilities if the District were allowed to continue on its current course. Because I believe these cost savings are important—and because this agreement was reached without sufficient debate—I want my colleagues to be aware that I, and other of my colleagues, want to work on follow-up legislation in this area as well. I think we can do better and I want to work toward that end.

In conclusion, while this D.C. Revitalization Act is the result of a major, almost unprecedented effort by many with the best interest of the citizens of the District in mind, the reforms will require some additional thought and work to make the package live up to its full potential.

Mr. DOMENICI. Mr. President, how much time do we have on each side equally?

The PRESIDING OFFICER. The Senator from New Mexico has 10 minutes remaining, and the Senator from New Jersey has 12 minutes remaining.

Mr. DOMENICI. Mr. President, I yield myself 5 of our 10 minutes.

First, Mr. President, usually we thank a lot of people. There are so many staff people that I am not going to thank them all, but I will put all of their names in the RECORD. There are so many heroes.

But I do want to pay tribute to a staff member from the House. His name is Rick May. He has been staff director of the Budget Committee in the House. He is a graduate of Ohio State. He works for Representative JOHN KASICH. He has been their budget overseer for 10 years, working on budget issues since 1983. He helped put together the alternative that JOHN KASICH offered in 1989. It started with just 30 votes. JOHN KASICH's leadership has grown. And right at his right hand has been Rick May. He is going to join a firm here in town, and I wish him well, and want the Senate RECORD to reflect that we appreciate what he has done.

Mr. President, before I begin my remarks, I would like to take a moment to thank all of my colleagues, on both sides of the aisle, who have seen me stand in this well time and time again, and have listened to me speak about a balanced Federal budget. I want to thank you all—from the bottom of my heart—for your patience and your support.

Mr. President, I would like to thank the ranking member of the Budget Committee, Senator LAUTENBERG. I turn to him and just say thank you.

You have been an active member of the Senate Budget Committee for many years, but in your first year as ranking member you have represented the interests of your party and your constituents in an honest and forthright manner. I have enjoyed working with you.

I would like to thank the chairman of the Finance Committee, Senator ROTH. Few have worked harder or longer to ease the tax burden on American families. But the package that you helped fashion, Senator ROTH, of lowering taxes is a significant step forward. It addressed a need that has been there for almost 16 years as far as middle-income America is concerned.

The package that you helped fashion in the Finance Committee was not only a significant step in support of lower taxes, but also boldly addressed the need to reform Medicare and protect it for those who depend upon it today, and those who will need it in the future. Unfortunately, we were not able to hold those reforms in our conference but I believe your action has put us on the road to reform. Thank you and your staff for your support.

In addition to that, we praise the Finance Committee and its leader Senator ROTH for reforms in Medicare. The protection of that will depend upon whether these reforms work and whether we are successful in the future in a major reform package for Medicare.

Finally, to our leader, Senator TRENT LOTT. In short, Mr. President, we would not be standing here today, about to pass this historic balanced budget package, if not for the leadership, the support, and the efforts of TRENT LOTT. As majority leader I don't believe a day has gone by when he didn't take some action aimed at producing a balanced budget for the American people. He has been direct, he has been focused, and he has done everything you could ask a leader to do to get us to this point. The American people should know, that this bipartisan budget and tax relief package is due, in no small part, to his determination, his drive, and his commitment. Mr. Leader, I thank you for your leadership and your support.

I thank him for the support he has given me. I hope that I have been of support and help to him as we move down this course of very complicated negotiations as evidenced by the size of the bills we have and the scope of what we are accomplishing.

Mr. President, I began this debate by quoting from a newspaper that this agreement is a big deal. And, I believe it is. Because while it has taken us 7 months to put this specific balanced budget and tax relief package together, the pathway to this point has been years in the making.

This legislation is a big deal because we have followed through on our bipartisan commitment to implement the bipartisan budget agreement reached in May. It is a big deal because it will balance the Federal budget for the first time in 30 years. It is, in short, a great victory for the American people who are entitled to expect of their adult leaders that they work together in the best interests of our country.

For the past 2 years, many of my colleagues and I have insisted that any budget passed through Congress be a balanced budget, one which is fiscally responsible, reduces the deficit, protects our children, provides much-needed tax relief for working American families, while preserving and strengthening Medicare and encouraging economic growth. The Balanced Budget Act of 1997 does just that.

It covers hundreds of Government programs; it has taken thousands of man-hours to put together; it will help millions of our citizens; and save billions and billions of dollars.

The budget we will vote on today is a big deal because it offers America hope. But not only is this package a big deal it is also a good deal.

It is a good deal because it is a budget designed to help American families, to make them more secure—in their homes, in their communities, in their jobs.

It offers them a more efficient government—one dedicated to economic growth and security, support for our children, and lower taxes on America's workers.

This budget is a good deal because it recognizes the simple notion that our Government cannot simply go on borrowing and spending our children's money. It will finally drive a stake through the heart of the Deficit Dragon, and put an end to mounting Federal debt, a Medicare system that will go bankrupt and a crushing tax burden on those just starting out in life.

The budget is a good deal because it will strengthen America. It will change the way our Government works—to make it more efficient, more responsive, and less expensive. And, most importantly, it will ensure a better future for our children and our Nation.

This budget is a good deal because it reflects our commitment to fiscal responsibility, generating economic growth, creating good jobs with a future, and protecting the American dream for all our citizens—young and old alike.

This budget is a good deal because it will restore America's fiscal equilibrium. It will reverse the tide of 50 years of power flowing for the rest of the country to Washington. We want to provide more freedom and opportunity to people at the local level so they might have more control over the decisions on programs that effect their lives, their children, and their communities.

This budget is a good deal because it recognizes the need to ease the tax burden on America's middle-class working parents, to give them a $500-per-child tax credit. This credit will help more than 50 million American children in nearly 30 million families. Under this plan a family with two children under age 17 would receive $1,000 in permanent tax relief.

It's also a good deal for family farmers and small business men and women; for homeowners who will someday sell their home; and for all those who want to create incentives for economic growth and job creation.

And, this budget is a good deal because while we are working toward balance and tax relief, we continue to support programs which provide needed services to our citizens and we have been painstakingly careful to preserve a safety net for those in need.

To provide health care for poor children who have none. To strengthen Medicare and provide more health care options for our seniors. To improve access to higher education and help parents and our young people pay for college.

We support programs aimed at keeping Americans safe—in their home, schools, and neighborhoods—by funding needed crime programs.

> The question whether one generation has the right to bind another by the deficit it imposes is a question of such consequence as to place it among the fundamental principles of government. We should consider ourselves unauthorized to saddle posterity with our debts and morally bound to pay them ourselves.

Mr. President, we might wonder where that came from. Was that just a statement here lately when our deficit and debt grew? No, it wasn't. It was made by Thomas Jefferson. Thomas Jefferson was a wise man. He wrote the Constitution. And he understood that if you pass on to the next generation, and the next generation—as he calls it, posterity—the debts of your generation, you take the chance that their life being reasonable, good, prosperous, and successful is limited. It limits their freedom. That is why we have been so worried about the debt, and the annual deficit that contributes to it.

Today we will cast a vote of great significance to the future of America. It is the vote so many of us have said we wanted—a vote to finally balance the Federal budget.

One of freedoms great leaders Winston Churchill told us the "price of greatness is responsibility." We in government shoulder that responsibility. We actively seek it by running for public office. I believe the time has come to shoulder our responsibility and enact a balanced Federal budget.

In doing so, we are casting a vote in support of America's future. You may serve here for years and never cast a more important vote. Because you now have a chance to vote to protect America, to strengthen it, and improve it.

Today we can begin writing a new chapter in American history. That is why this is a big deal and that is why it is a good deal.

Mr. President, I ask unanimous consent that a compilation of extraneous provisions of the Balanced Budget Act of 1997 be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

EXTRANEOUS PROVISIONS—H.R. 2015—BALANCED BUDGET ACT OF 1997

Conference	
Provision	Comments/violation
Title III—Communications and Spectrum Allocation	
Section 3002(a)(1)(C)(iii) ...	Requires FCC to set a reserve price or minimum bid for auctions, unless not in public interest. Byrd rule(b)(1)(A): Produces no change in outlays or revenues.
Section 3004-adds "Sec. 337(e)(2)" and "(f)(2)".	Directs FCC to consider needs of low-power television stations in conducting transition to digital TV, which the FCC is already doing under current law. Byrd rule(b)(1)(A): Produces no change in outlays or revenues.
Title IV—Medicare, Medicaid, and Children's Health Provisions	
Sec. 4021	Medicare Commission. Byrd rule(b)(1)(A): Produces no change in outlays or revenues.
Sec. 4022	Authorization of the Medicare Payment Advisory Commission. Byrd rule(b)(1)(A): Produces no change in outlays or revenues.
Sec.	Study on Definition of Homebound. Byrd rule(b)(1)(A): Produces no change in outlays or revenues.
Sec.	Study and Report on the Boren Amendment. Byrd rule(b)(1)(A): Produces no change in outlays or revenues.
Title V—Welfare and Related Provision	
Sec. 5001(f)	Evaluations. Byrd rule(b)(1)(A): Produces no change in outlays or revenues.
Sec. 5001(h)	Clarification that sanctions against recipients under TANF Program are not wage reductions. Byrd rule(b)(1)(A): Produces no change in outlays or revenues.
Ser. 5001(i)	GAO Study of effect of Family Violence on Need for Public Assistance. Byrd rule(b)(1)(A): Produces no change in outlays or revenues.
Sec. 5002	Limitation on amount of Federal Funds transferable to title XX programs. Byrd rule(b)(1)(A): Produces no change in outlays or revenues.
Sec. 5003	Limitation on number of persons who may be engaged in work by reason of participation. Byrd rule(b)(1)(A): Produces no change in outlays or revenues.
Sec. 5201	Clarification of authority to permit certain redisclosures of wage and claim information. Byrd rule(b)(1)(A): Produces no change in outlays or revenues.
Sec. 5408	State Program Integrity Activities for Unemployment Compensation. Byrd rule(b)(1)(A): Produces no change in outlays or revenues.
Sec. 5702	Authorization of appropriations for enforcement initiatives related to the earned income credit. Byrd rule(b)(1)(A): Produces no change in outlays or revenues.
Title VIII—Veterans and Related Provisions	
Sec. 8023(a) 1729A(e)	Report to Congress. Byrd rule(b)(1)(A): Produces no change in outlays or revenues.
Title X—Budget Enforcement and Process Provisions	
Title X	Budget Enforcement and Process Provisions. Byrd rule(b)(1)(A): Produces no change in outlays or revenues.
Title XI—District of Columbia Revitalization	
Under Review.	

Mr. DOMENICI. Mr. President, I note the presence of our distinguished majority leader. I wanted to reserve the remainder of the time for him.

I yield the floor.

I understand the minority party has about 10 minutes and we have about 5 minutes for you, Mr. Leader.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. DOMENICI. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOMENICI. Senator LAUTENBERG, is it your desire to yield the remaining time to the majority leader?

Mr. LAUTENBERG. I will in just a couple minutes because I want us to be able to hear from the leadership. I did not know whether or not Senator DASCHLE had some remarks that he wanted to make, but I would certainly be delighted to yield the time so that we apportion it with the time remaining on the majority side, so that the distinguished majority leader has the time that he needs to make his remarks. For the moment, I would just say that we are not done yet, in the words of the distinguished New Jersey philosopher Yogi Berra, who said, "It's not over 'til it's over." We are getting ever closer. I don't yet feel the attention that comes with championship bouts or things of that nature; we have another 10 hours' worth of debate on the second part of the reconciliation bill.

At this point, I would be happy to yield the time back that we have, if the Parliamentarian could tell us how much time is remaining on our side.

The PRESIDING OFFICER. The Senator has 8 minutes remaining.

Mr. LAUTENBERG. Eight minutes. If I were to give up 5 minutes of that time, how much combined time would the majority leader have?

The PRESIDING OFFICER. A total of 8 minutes. The majority has 5 minutes.

Mr. LAUTENBERG. We will yield 5 and you have 5 so that the majority leader can have 10 minutes.

Senator DASCHLE is on his way, and I know he would like to have a couple words, so we can extend the time if we need for just a couple of minutes.

I yield the floor.

Mr. LOTT. Mr. President, I indicated last Saturday on a radio show that if we could get this answer to the American people's prayers this week, I would whistle "Hail to the Chief" in the Senate.

Well, the rules do not allow that. I am afraid that Senator BYRD would come down and chastise me if I whistle, but let me tell you I am humming "Hail to the Chief" to the American people today because we have accomplished an awful lot in reaching the agreement on these two major bills.

I was reading an article last night entitled, "O Ye of Little Faith," and it made me think about what we have gone through the last few weeks. I just have to ask the Senate this morning, how many of us really, really thought we were going to get this done and that we were going to get it done this week? Even 1 week ago there were those who were saying, "Oh, no, you can't get that done before we go out for the August recess. Wait until September; we will do it then."

But we persisted. We just kept saying we can get through this. We can do this together. We can do the right thing for the American people, and we can do it now, because it has been a long time coming.

I think it is appropriate that on both sides of the aisle and both ends of Pennsylvania Avenue, Republicans and Democrats, House and Senate, and, yes, the President, all are saying this is good for America.

It is not utopia. It does not solve all the problems. There are some things in here I do not like. There are some things in here that the Senator from New Jersey does not like. But it is a major step forward—maybe not a leap but a major step forward. We are doing some things we promised the American people, things that really matter. It matters that we are going to get to a balanced budget, and this time it is with honest numbers. We are really going to do it. And for a lot of reasons we may do it before the year 2002. This is the type of commitment that I have not seen in the Congress in a bipartisan way in the 25 years that I have had the honor of serving the people of Mississippi. So I think we should declare this is a very important step forward. It is worth having.

I was doing an interview yesterday and somebody said: Well, not enough in the tax bill, not enough tax relief. Why wasn't there more? Why didn't you insist on this? Why didn't you insist on that?

I have a simple question. Is some tax relief better than no tax relief? There are those who would rather have nothing if they cannot get everything. Ladies and gentlemen, my colleagues in the Senate, these bills are worth having. I am proud to say that I worked on it for 8 months of my life. This past Saturday night and Sunday morning, I thought we had lost it. I was boiling inside. I was disturbed. I was hurt that we were going to let this moment get away from us. But I guess maybe after a Sunday morning of reflection and prayer, we said, no, we are going to do this. And so we did. The President made a commitment. He wanted to get it done. The leadership in the Congress, House and Senate, Republican and Democrat, wanted to get it done, and that is why we just did it. We went ahead and did it.

Let me say to my colleagues here today, there are so many I want to thank and congratulate for this step forward, but I have to begin with the distinguished Senator from New Mexico. None of us has worked longer, none of us has contributed more, none of us knows more about what is in this bill than Senator PETE DOMENICI of New Mexico. He has been my confidante. He has been my trusted ally. He has done this when, in his own personal life, he has had problems to worry about. And so I know that the President, the Democrats and Republicans on both sides of the aisle, want to say thanks a lot, PETE. You did a great job for your country.

His colleague on the other side of the aisle, Senator LAUTENBERG, could have walked away from this. Even at the last moment, something he cares about tremendously, guaranteeing we get the Amtrak funds—it is in there, but with a condition—he could have said, if I can't get what I want, I am not going to do this.

He is not going to do that. He is going to do what is right for his State and the country.

My colleague, TOM DASCHLE, from South Dakota, yesterday said some very nice things about my efforts, and I have to say the same about him. He was reliable. He was honest with me. He stayed the course. He came to the meetings. There were some meetings he didn't get to come to. A lot of people had an opportunity to get their egos hurt, but everybody rose above it.

PAT MOYNIHAN, Finance Committee, bipartisan effort. We reported one of these bills, I think it was 18 to 2, the other one 20 to nothing, out of the Finance Committee, but it began with BILL ROTH, the chairman of the Finance Committee, and the Senator from New York. They made up their minds they were going to get it done, and they were going to do it together, and the rest of us could come along if we wanted. Our scholar Senator helped lead the way.

I have to say again about BILL ROTH, patience, tenacity, he was not going to relent on getting this job done. And the Finance Committee had both of these bills. No other committee in Congress had to do it that way. In the House, it was Ways and Means and Commerce Committee as well as Budget. Over here, it was just Budget and Finance. He did a great job. We would not have what we have in the tax bill on IRA's; we would not have what we have on Amtrak; we would not have what we were able to get on a myriad of issues in this legislation. He did a fantastic job.

I could go on down the list, but it truly is a bipartisan effort, and I am proud of that. Some people say, "Why don't you draw the line and fight?" I have done that. Sometimes it is fun, but it doesn't produce anything but a fight most of the time.

So there will be another day to differentiate between the parties, but today we are going to do what is right for the country. This bill is rightly called the Balanced Budget Act of 1997. It contains literally hundreds of positions that will get us to that balanced budget. But the bottom line is, it is something the American people have been waiting to hear for many years. We will have a balanced budget by the year 2002 and thereafter.

How is that accomplished? Well, it does have spending reductions of approximately $270 billion over 5 years. It has $140 billion in restraint on appropriated accounts. It has $132 billion in entitlements and net interest savings. It does provide help for children's health, and that is a bipartisan effort.

Most of us are parents. Most of us have children in our States who are not covered. We disagree about how much we should pay for it, how much should be done, but it is something we care about and we should do. And we get it done in this bill.

Now, we give as much flexibility as we can to the States, and that is the way it should be. I have faith in my own Governor and my own legislature. I want these decisions to be made as close to the people that need this help, as close to the children as possible. What they need in West Virginia may be different from what they need in Arizona. Give that flexibility so that the decisions are close to the people and so it is provided in a way that will really provide the help it should.

I want to make this important point about Medicare. We are going to improve Medicare. We are going to save Medicare from going insolvent for another several years at way out to, I believe, close to the year 2007 probably, and we are going to do it with flexibility. We are going to give the seniors a chance to choose. They can go with the old system; they can go with an HMO; they can go with a professional services organization; they can have medical savings accounts.

We have done what we have been arguing about for 4 years. We are actually doing it. We are doing what we said we were going to do in Medicare and that alone, what we are doing in Medicare alone is worth voting for this legislation. What other problems you may have with this bill—some of the changes in welfare, I think, go the wrong direction; we really want to get people from welfare to work. This bill has some problems, but just the Medicare provision makes it worthwhile.

We have some savings in Medicaid. The States will have a greater ability to deliver health services more efficiently for poor persons. When you look through the list of things that we have done here, in instance after instance, I think we should be very proud.

I am here today to tell you that I am going to vote for this legislation with pride, not with fear and trepidation, not with reservations or grumpiness because I didn't get everything I wanted, but because the process worked. Our system of Government worked here like I think our forefathers intended for it to work, and we are going to produce genuine results that will be of benefit. In this bill and in the other bill we will pass for our children our educational system in America, child health care, the guarantee of the important programs that we want for our seniors. From the day we are born to the day we die, there will be benefits coming out of this legislation.

So I urge my colleagues, let us make this an overwhelming vote. I think we will have as near to a unanimous vote as you will ever get in the Senate on a bill of this magnitude, a bill of this size. I think when we vote on it, it is going to pass overwhelmingly. Then we are going to go to the tax relief package, which I am tremendously excited about.

I am glad to have been a part of this effort. It has been worthwhile. It has been long. It has been tedious. It has tried my patience. I lost my temper a few times, along with others, and for those occasions I apologize. But we got it done, and we will have more decisions made by the people at the State level; we will have genuine tax relief; we will have security for our seniors, and now and then we can move on and address other problems that we need to take up for the future of our country.

I thank the Chair and I thank all Senators for what you have done on this.

Mr. DOMENICI. Will the Senator yield for 30 seconds?

Mr. LOTT. I yield to the great senior Senator from New Mexico.

Mr. DOMENICI. Mr. President, I believe we have an opportunity to write a new chapter in American history, and I am very proud to be part of it, and I thank the Senator for his kind words.

Mr. LOTT. It would not have happened without the Senator from New Mexico, and I thank him once again for all of his long hours and great leadership.

(Mr. SMITH of Oregon assumed the Chair.)

Mr. MOYNIHAN. Will the leader yield for 30 seconds?

Mr. LOTT. I will yield to the Senator from New York.

Mr. MOYNIHAN. Might I thank him on behalf of Senator ROTH, who is not present at the moment, for his very generous remarks about the Finance Committee, of which he is a member—not hardly the least of us. It is true that the overwhelming portion of both these measures fell to the Finance Committee, and we voted nearly, in one case, a unanimous measure, on one bill we are about to vote on, 18 to 2, the bill we are going to take up.

I think that has contributed considerably to the momentum that has surrounded us and brought us to this moment. I thank the distinguished majority leader for his generous remarks.

Mr. LOTT. I thank the Senator from New York.

Mr. LAUTENBERG. Mr. President, do we have any time left here?

The PRESIDING OFFICER. The Senator has 3 minutes.

Mr. LAUTENBERG. If the majority leader will yield?

Mr. LOTT. Mr. President, I am glad to yield the floor to the Senator from New Jersey.

Mr. LAUTENBERG. We will try to split the time. I want to say, also, to the majority leader, thank you for the accolades and for the encouragement that you gave Senator DOMENICI and me throughout the process and for the comments about our other colleagues, all of whom worked diligently, worked honestly on getting the mission accomplished. At times, I can tell you that Senator DOMENICI—it's no secret—would kind of lay down the book and say, "We have to check this upstairs." I don't think he meant all the way up. I think he meant only as far as the majority leader's office. Or, "We have to turn to the leadership." I would do the same thing.

But persistence was the keynote, persistence and patience. I want to say this about the majority leader and about the way he has conducted things. Serving in the minority, it's easy to find fault with the majority leader. But one has to give credit where due. The fact is that this majority leader has, with diligence and persistence, moved legislation through this place. He has come up to me, and I am sure other colleagues, and said, "Frank, let's try to make sense out of this. What is it that you are trying to accomplish? Can it be done this time? Well, I don't think so. I think we can get halfway there, I think we can get three-quarters of the way." Or he'll say, "That's not a bad idea and I do want to help you with that." And he made a commitment with me on trying to make sure our national passenger rail system keeps on functioning. He reaffirmed his commitment to help find a way to get that done.

So I want to say, relatively, as we say around here—looking around here, looking at my white hair, I can say it comfortably—the new kid on the block, the majority leader, has done a good job. It's particularly evident when we look at the accomplishment of this piece of legislation, the one we are about to pass. And he is right; it's going to pass overwhelmingly. We want to have as many people on both sides say yes as we can, to indicate to the American people that we believe in this assignment that we took on.

So, I thank the majority leader for his skill, his patience, and his persistence. I think he helped calm the waters a little bit. Because I don't remember, throughout the 7 or 8 months of discussion, often late at night, often without lunch, munchies, or otherwise, that the patience—the tempers never really got real hot. Am I right? Pete, once in a while, you know, would stamp on the floor or something like that, but he would come right back, bouncing up. We pushed our way through.

So I thank everybody involved in the effort, and I am delighted to be here, to serve in this place and serve at a time like this when we have accomplished something.

Mr. DOMENICI. Would the Senator yield for a minute?

Mr. LAUTENBERG. Yes.

Mr. DOMENICI. You know that little hideaway, the Domenici hideaway with that great view? I think when we are finished, we are going to put a plaque in there; right? It's not mine anymore. But it's going to say, "In this little room this budget agreement was hatched and completed."

Mr. LAUTENBERG. May I add a word of poetry?

We stood and looked away,
Hoping for some accomplishment at the end of this day.

The PRESIDING OFFICER. All time has expired. The question is on the conference report.

Mr. DOMENICI. We don't have the yeas and nays yet. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on the conference report. The yeas and nays have been ordered. The clerk will call the roll.

The legislative clerk called the roll.

The result was announced, yeas 85, nays 15, as follows:

[Rollcall Vote No. 209 Leg.]

YEAS—85

Abraham
Akaka
Baucus
Bennett
Biden
Bingaman
Bond
Boxer
Breaux
Brownback
Bryan
Bumpers
Burns
Byrd
Campbell
Chafee
Cleland
Cochran
Collins
Conrad
Coverdell
Craig
D'Amato
Daschle
DeWine
Dodd
Domenici
Dorgan
Durbin
Feingold
Feinstein
Frist
Glenn
Gorton
Graham
Grassley
Gregg
Hagel
Harkin
Hatch
Hutchinson
Hutchison
Inouye
Jeffords
Johnson
Kempthorne
Kennedy
Kerrey
Kerry
Kohl
Kyl
Landrieu
Lautenberg
Leahy
Levin
Lieberman
Lott
Lugar
Mack
McCain
McConnell
Mikulski
Moseley-Braun
Moynihan
Murkowski
Murray
Nickles
Reed
Reid
Robb
Roberts
Rockefeller
Roth
Santorum
Sarbanes
Shelby
Smith (OR)
Snowe
Specter
Stevens
Thomas
Thurmond
Torricelli
Warner
Wyden

NAYS—15

Allard
Ashcroft
Coats
Enzi
Faircloth
Ford
Gramm
Grams
Helms
Hollings
Inhofe
Sessions
Smith (NH)
Thompson
Wellstone

The conference report was agreed to.

Mr. LAUTENBERG. I move to reconsider the vote.

Mr. COATS. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. BUMPERS addressed the Chair.

The VICE PRESIDENT. The Senator from Arkansas is recognized.

UNANIMOUS CONSENT AGREEMENT—CONFERENCE REPORT TO ACCOMPANY H.R. 2014

Mr. BUMPERS. Mr. President, this is a unanimous consent agreement that I have cleared with the minority leader.

I ask unanimous consent that the time controlled by the Democratic leader with respect to H.R. 2014, the revenue reconciliation conference report, that 90 minutes be under my control or my designee's.

The VICE PRESIDENT. Is there objection? Hearing none, without objection, it is so ordered.

Mr. LOTT addressed the Chair.

The VICE PRESIDENT. The majority leader is recognized.

Mr. LOTT. Mr. President, we are glad to have you in this Chamber today.

TAXPAYER RELIEF ACT OF 1997—CONFERENCE REPORT

Mr. LOTT. Mr. President, I ask unanimous consent that the Senate now turn to consideration of the tax fairness conference report regardless of receipt of the papers from the House.

The VICE PRESIDENT. Without objection, it is so ordered.

The clerk will report.

The legislative clerk read as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill H.R. 2014, to provide for reconciliation pursuant to subsections (b)(2) and (d) of section 105 of the concurrent resolution on the budget for fiscal year 1998, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses this report, signed by a majority of the conferees.

The Senate proceeded to consider the conference report.

(The conference report is printed in the House proceedings of the RECORD of July 30, 1997.)

Mr. NICKLES addressed the Chair.

The VICE PRESIDENT. The Senator from Oklahoma.

OKLAHOMA CITY NATIONAL MEMORIAL ACT OF 1997

Mr. NICKLES. Mr. President, I ask unanimous consent that the Senate now proceed to the consideration of Calendar No. 134, Senate bill 871.

The VICE PRESIDENT. The clerk will report.

The legislative clerk read as follows:

A bill (S. 871) to establish the Oklahoma City National Memorial as a unit of the National Park System; to designate the Oklahoma City Memorial Trust, and for other purposes.

The Senate proceeded to consider the bill.

Mr. NICKLES. Mr. President, today, the Senate is considering S. 871, the Oklahoma City National Memorial Act of 1997. This important legislation will establish the Oklahoma City National Memorial as a unit of the National Park Service and create the Oklahoma City Memorial Trust. The memorial will commemorate the national tragedy ingrained in all of our minds that occurred in downtown Oklahoma City at 9:02 a.m. on April 19, 1995, in which 168 Americans lost their lives and countless thousands more lost family members and friends.

The Oklahoma City National Memorial will serve as a monument to those whose lives were taken and others who will bear the physical and mental scars for the rest of their days. The memorial will stand as a symbol to the hope, generosity, and courage shown by Oklahomans and fellow Americans across the country following the Oklahoma City bombing. This will be a place of remembrance, peace, spirituality, comfort, and learning.

Under this legislation, the National Park Service Memorial site will encompass the footprint of the Alfred P. Murrah Federal Building, 5th Street between Robinson and Harvey, the site of the Water Resources Building, and the Journal Record Building. An international competition was held to determine the design of the Oklahoma City National Memorial, and the winning design was announced on Tuesday, July 1. I commend the Oklahoma City Memorial Foundation for an excellent selection of the winning design.

In addition to designating the memorial site as a unit of the National Park Service, this bill also establishes a wholly owned government corporation to be known as the Oklahoma City National Memorial Trust. The trust, consisting of a chairman and an eight-member board, will be charged with administering the operation, maintenance, management, and interpretation of the memorial site.

Further, the legislation authorizes a one-time $5 million Federal donation for construction and maintenance of the memorial. The Federal appropriation will be matched by $5 million from the Oklahoma State Legislature and $14 million in private donations.

While the thousands of family members and friends of those killed in the bombing will forever bear scars of having their loved ones taken away, the Oklahoma City National Memorial will revere the memory of the survivors and those lost, and venerate the bonds that drew us all closer together as a result.

Mr. President, while it is impossible to recognize everyone whose hard work and effort made this memorial possible, I will submit for the RECORD a list of individuals who formed the core of the memorial design foundation. In addition, I would like to extend particular appreciation to Gov. Frank Keating; Oklahoma City mayor, Ron Norick; Mr. Bob Johnson, director of the Oklahoma City Memorial Foundation charged with selecting the design for the Memorial; Vice Chairman Karen Luke; Mr. Tom McDaniel; Mrs. Polly Nichols; Mr. Don Ferrell; and Mr. Richard Williams. Our country is proud of you, and I am confident our country will be proud of the Oklahoma City National Memorial.

I ask unanimous consent that the list of individuals who formed the core of the memorial design foundation be printed in the RECORD.

There being no objection, the list was ordered to be printed in the RECORD, as follows:

OKLAHOMA CITY MEMORIAL BOARD OF DIRECTORS

Ann Alspaugh; Anita Arnold; Clark Bailey; Dr. Edward Brandt; Ron Bradshaw; Terry Childers; John Cole; Richard Denman; Tiana Douglas; Jeanette Gamba; Gerald L. Gamble; Dr. Kay Goebel; Kathi Goebel; Kevin Gotshall; Jean Gumerson; Frank D. Hill; LeAnn Jenkins; Kirk Jewell; Robert M. Johnson; Doris Jones; Kim Jones-Shelton; Jackie L. Jones; Barbara Kerrick; Linda Lambert; Sam Armstrong-Lopez; Karen Luke; Deborah Ferrell-Lynn; Thomas J. McDaniel; Sunni Mercer; Leslie Nance; Polly Nichols; Tim O'Connor; Dr. Betty Pfefferbaum; H.E. (Gene) Rainbolt; John Rex; Florence Rogers; Chris Salyer; Lee Allan Smith; Phyllis Stough; Zach D. Taylor; Phillip Thompson; Toby Thompson; Beth Tolbert; Tom Toperzer, III; Kathleen Treanor; Be V Tu; Cheryl Vaught; Bud Welch; G. Rainey Williams; Richard Williams; Kathy Wyche; Sydney W. Dobson.

Mr. NICKLES. Mr. President, I am also proud to be joined by my colleague and friend in the Senate, Senator INHOFE.

Mr. INHOFE. I thank the senior Senator from Oklahoma.

Mr. President, I am pleased to join Senator NICKLES in support of S. 871, the Oklahoma City National Memorial Act of 1997. I think it is a compassionate piece of legislation that deserves and will receive support for immediate passage.

I thank, not just my colleague, Senator NICKLES, for being the driving force behind this, but also express my appreciation to my colleagues on the Energy and Natural Resources Committee for acting so quickly to bring this matter before us.

Mr. President, it is very easy for us to stand here and for people who were not out there at the time to be compassionate, to be sensitive to the needs of Oklahoma. But I can tell you, after having been there when it happened, it is indescribable when you go through a building that has parts of human bodies stuck to the walls and you see things that are crumbling.

My son is an orthopedic surgeon. One of his partners actually had to go in during this thing and amputate a lady's leg, with no anesthetic, to extract her from that.

Good friends, my closest friends, Don and Sally Ferrell lost their daughter. She was an attorney for HUD. Polly Nichols was not even in the building and came within a quarter of an inch of dying from flying glass.

This is an opportunity for us to say to these people how much we love them. The 168 individuals who were killed during this cowardly attack and those who were fortunate to survive deserve our honor and respect. It is a fitting memorial that has been designed to honor not just the individuals who lost their lives, but the families of those who lost their lives and those who are survivors.

Beyond the immediate victims of the bombing, we also recognize law enforcement officers and emergency people. I can remember on the first night, as I was walking toward the building, hearing this thundering cadence behind me. I turned to see several hundred firemen, all dressed up with their emergency equipment. They were not just from Oklahoma; they were from all over America, from as far away as right here, from Maryland. They were going in there, each one of them taking 30-minute spells. They were volunteers. They did not have to do this. They went in knowing they could very well lose their lives crawling through the rubble of a building still crumbling to save lives.

So there are many, many heroes in this thing. And this is certainly a fitting tribute.

I can only say, on behalf of all Oklahomans, we thank you for your generosity, your promptness, and your compassion.

Mr. MURKOWSKI. Mr. President, with the passage of this legislation we are embarking on a new road. We will establish a new park area operated by the private sector rather than the traditional park operated by park service personnel that we are accustomed to visiting.

Upon visiting the Oklahoma City National Memorial you will still observe the traditional park ranger in his flat hat, but behind the scenes things will be a little different.

The legislation establishes a trust composed of civic leaders who will manage the park in accordance with Park Service standards, rules and regulations. I anticipate these leaders will maintain and operate the facilities at this memorial at the highest standard ever achieved by any NPS unit.

I do not believe we will ever have to revisit this issue in the appropriations process. I expect the leaders of the trust will maintain their facilities with proper preventative maintenance programs so America's investment will be more than properly protected without the deferred maintenance programs which currently plague the NPS and the Congress.

I expect that the programs and operations at the memorial will be above and beyond anything we have ever experienced in a park unit to date.

Is this road risky ? The answer is yes. We are now facing $8.6 billion in unfunded NPS programs. The private sector has the answers, and it may teach us a few lessons on how to avoid the situation that we are currently facing in the National Park Service.

The passage of this legislation will begin to show us how to achieve a National Park Service unit that will be a model for the future.

In the absence of a report, that will follow shortly, I have included information in my statement for the benefit of my colleagues that explains the background and the provisions of the legislation.

BACKGROUND

One hundred and sixty-eight Americans lost their lives and many more were injured on April 19, 1995, when a bomb was detonated at the Alfred P. Murrah Federal Building in Oklahoma City, OK. This tragedy constitutes the worst terrorist incident in American history.

This legislation would create a memorial at the site of the Murrah Federal Building in Oklahoma City on 5th Street, between Robinson and Harvey Streets, and would also include the sites of the Water Resources Building and the Journal RECORD Building.

Concepts for the Memorial were solicited through a design competition. We received 624 design submissions from 50 States and 23 foreign countries. The design selected was created by Hans-Ekkehard Butzer, Torrey Butzer and Sven Berg, a German-based design team. The design includes 168 chairs in the Murrah Building footprint, a water element designed to reflect a spirit of change, a survivor tree, envisioned to reflect hope, and "gates of time" on each end of Fifth Street that focus the visitor's attention on memorial inscriptions and the other elements of the Memorial. Torrey Butzer of the German team states, "We watched Oklahomans and the world respond to this tragedy from afar. This is our way of giving something to honor the Victims, survivors and the heros. This design will tell the story of all of us changed forever."

The Memorial established by this Act would serve not only as a monument to those who died and were injured in the bombing on April 19, but as a symbol of the courage and goodwill shown by local citizens and Americans across the country following the incident. The Oklahoma City National Memorial will be designated a unit of the National Park Service. It will be placed under the charge of a wholly-owned government corporation, to be known as the Oklahoma City National Trust (Trust). The Trust will be governed by a nine-member Board of Directors (Board) which will have the authority to appoint an executive director and other key staff. Interim staff are authorized for 2 years to assist in the development of the Memorial. Permanent National Park service staff and the ability to retain staff from other Federal agencies are also provided by this measure on a reimbursable basis.

The act authorizes $5 million of Federal funds for construction and maintenance, but stipulates that any Federal expenditures must be matched by non-Federal funds, dollar for dollar. It is expected that matching funding sources will include the Oklahoma State legislature and private donations.

LEGISLATIVE HISTORY

S. 871 was introduced by Senator NICKLES and Senator INHOFE on June 12, 1997 and was referred to the Senate Committee on Energy and Natural Resources. The Subcommittee on National Parks, Historic Preservation and Recreation held a field hearing on the bill in Oklahoma City on July 3, 1997. An additional hearing was held by the Subcommittee in Washington on July 17, 1997.

SECTION BY SECTION ANALYSIS

Section 4(a) establishes the Oklahoma City National Memorial (Memorial) and further establishes the Memorial as a unit of the National Park Service.

Section 4(b) directs that the lands, facilities and structures of the memorial shall be depicted upon an official map and that the official map shall be on file and available for inspection in the appropriate offices of the National

Park Service and Oklahoma City Memorial Trust (Trust). The Section also allows minor boundary adjustments as necessary with publication of such adjustments by drawing or description within the Federal Register.

Section 5(a) establishes a wholly-owned government corporation to be known as the Oklahoma City National Memorial Trust.

Section 5(b)(1) directs that there will exist a Board of Directors (Board) for the Trust consisting of 9 members. The Section directs that the Board shall consist of the Secretary of the Interior (Secretary) or his designee and 8 additional members appointed by the President, but selected from lists of nominees submitted by the Governor of Oklahoma, the Mayor of Oklahoma City and the Oklahoma delegations from the United States House of Representatives and Senate. This section also directs that the President appoint the Board within 90 days of passage of this Act.

Section 5(b)(2) sets the terms of Board members at 4 years and limits consecutive terms to 8 years. The section also stipulates that in the first series of appointments, two members will serve for only 2 years and two initial members will serve a term of 3 years.

Section 5(b)(3) directs that 5 members shall constitute a quorum for purposes of conducting Board business.

Section 5(b)(4) directs that the Board shall organize itself in a manner it deems most appropriate and that members shall not receive compensation, but may be reimbursed for actual and necessary travel and subsistence associated with Trust duties.

Section 5(b)(5) establishes that Board members will not be considered federal employees except for purposes of the Federal Tort Claims Act, the Ethics in Government Act and provisions of Titles 11 and 18 of the United States Code.

Section 5(b)(6) directs the Board to meet at least 3 times per year in Oklahoma City, with at least two of those meetings open to the public. The Section also allows the Board to hold additional meetings and the authority to determine if those meetings are open or closed to the public by majority vote. The Section also authorizes the Board the ability to establish procedures for providing public information and soliciting public comment regarding operations, maintenance and management of the Memorial as well as input on policy, planning and design issues.

Section 5(b)(7) authorizes the Trust to appoint and fix compensation and duties of an executive director of the Memorial and other officers it deems necessary without regard to provisions of Title 5 of the United States Code. The Section also authorizes the Secretary of the Interior (at the request of the Trust) to provide interim employees as necessary for appointments not to exceed 2 years; to provide uniformed personnel on a reimbursable basis to carry out day to day duties; and at the request of the Trust, the Director of any other federal agency may provide personnel on a reimbursable basis to carry out day to day visitor services programs.

Section 5(b)(8) establishes that the Trust shall have all powers necessary and proper to exercise the authorities vested in it.

Section 5(b)(9) establishes that the Trust and all properties administered by the Trust shall be exempt from all city, state and local taxes.

Section 5(b)(10) establishes that the Trust shall be treated as a wholly-owned government corporation, subject to 31 U.S.C. Government Corporations Act and that Trust financial statements shall be audited annually. The Section also directs the Trust to submit a comprehensive report of operations, activities and accomplishments for the prior fiscal year to the Senate Committee on Energy and Natural Resources and the House Committee on Resources—as well as a report, in general terms, of goals for the current fiscal year.

Section 6(a) directs that the Trust shall administer the operation, maintenance, management and interpretation of the Memorial, including, but not limited to leasing, rehabilitation, repair and improvement of Memorial property in accordance with existing Federal law including: provisions of law generally applicable to the National Park Service (16 U.S.C. 1, 2–4); 49 Stat. 666; the general objectives set forth in the "Memorial Mission Statement", adopted March 26, 1996 and the Oklahoma Memorial Foundation Intergovernmental Letter of Understanding, dated, October 28, 1996.

Section 6(b)(1) authorizes the Trust to participate in the development of programs and activities at the Memorial and to negotiate and enter into agreements, leases, and contracts with persons, firms, organizations including Federal, State, and local government entities, as necessary to carry out its authorized activities. Such agreements may be entered into without regard to Section 301, 40 U.S.C. 303(b).

Section 6(b)(2) directs the Trust to establish procedures for lease agreements for use and occupancy of Memorial facilities, including a requirement that in entering such agreements, the Trust shall obtain reasonable competition.

Section 6(b)(3) prohibits the Trust from disposing of or reconveying title to any real property transferred to the Trust under this Act.

Section 6(b)(4) directs that Federal laws and regulations governing procurement shall not apply to the Trust with the exception of those related to Federal contracts governing working conditions and any applicable civil rights provisions which are otherwise applicable.

Section 6(b)(5) directs the Trust, in consultation with the Administrator of Federal Procurement Policy to establish and promulgate procedures enabling the Trust's procurement of goods and services, including, but not limited to the award of contracts on the basis of price, reasonable buying practices, competition and qualifications.

Section 6(c) directs that the Trust shall, within one year of passage of the Act, develop in consultation with the Secretary, a comprehensive program for management of those lands, operations, and facilities associated with the Memorial.

Section 6(d) authorizes the Trust to solicit and accept donations for the purposes of carrying out its duties.

Section 6(e) authorizes that all proceeds received by the Trust may be retained and used by the Trust without further appropriation for uses in the administration, operation, preservation, restoration, maintenance, repair and improvement of the Memorial, and that the Secretary of the Treasury, at the request of the Trust, shall invest excess monies in public debt securities.

Section 6(f) establishes that the trust may sue and be sued to the same extent as the Federal Government and that litigation shall be conducted by the Attorney General, with the provision that the trust may retain private attorneys for advice and council and that the District Court of the Western District of Oklahoma shall have exclusive jurisdiction over suits filed against the Trust.

Section 6(g) authorizes the Trust to adopt, amend, repeal and enforce bylaws, rules and regulations governing the way it conducts its business and the way by which its powers may be exercised. The Section also authorizes the Trust, in consultation with the Secretary to adopt and enforce those National Park Service regulations necessary and appropriate to carry out its duties and requires that the Trust shall give notice of its adoption of any such rules or regulations through the Federal Register.

Section 6(h) directs the trust to require any contractors or leaseholders to procure insurance, as is reasonable and customary, against any loss connected with properties under lease or contract or from related activities.

Section 7 authorizes $5 million for the furtherance of the Act and stipulates that expenditure of any federally appropriated money must be matched, one to one, with non-Federal monies and that donated monies will be construed, for purposes of this Section, as non-Federal matching monies.

Section 8 establishes that prior to the construction of the Memorial, the General Services Administration shall exchange, sell, lease, donate or otherwise dispose of the Alfred P. Murrah

Federal Building to the Trust and that such transfer shall not be subject to the Public Building Act of 1959; the Federal Property and Administration Services Act of 1949 or any other Federal law establishing requirements or procedures for the disposal of Federal property.

Section 9 directs that 6 years after the first meeting of the Board, the General Accounting Office will conduct an interim study on the activities of the Trust (and how it is meeting its obligations under this Act), and report the results of that study to the Senate Committee on Energy and Natural Resources and to the Senate Committee on Appropriations along with the House Committee on Resources and the Committee on Appropriations of the House of Representatives.

Costs—S. 871 authorizes a one-time $5,000,000 appropiation for the development and construction of the Memorial.

Mr. President, this act of terrorism horrified all Americans. It must never be forgotten. May the victims of this tragedy rest in peace, may the survivors be comforted and may such an evil act never be perpetrated upon innocent men, women, and children again.

The PRESIDING OFFICER (Mr. SMITH of Oregon). Is there further debate on the bill? If not, the question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed for a third reading and was read the third time.

The PRESIDING OFFICER. The bill having been read the third time, the question is, Shall the bill pass?

The bill (S. 871) was passed, as follows:

S. 871

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE

This Act may be cited as the "Oklahoma City National Memorial Act of 1997".

SEC. 2. FINDINGS AND PURPOSES.

(a) FINDINGS.—Congress finds that—

(1) Few events in the past quarter-century have rocked Americans' perception of themselves and their institutions, and brought together the people of our nation with greater intensity than the April 19, 1995, bombing of the Alfred P. Murrah Federal Building in downtown Oklahoma City;

(2) the resulting deaths of 168 people, some of whom were children, immediately touched thousands of family members whose lives will forever bear scars of having those precious to them taken away so brutally;

(3) suffering with such families are countless survivors, including children, who struggle not only with the suffering around them, but their own physical and emotional injuries and with shaping a life beyond April 19;

(4) such losses and struggles are personal and, since they resulted from so public an attack, they are also shared with a community, a nation, and the world;

(5) the story of the bombing does not stop with the attack itself or with the many losses it caused. The responses of Oklahoma's public servants and private citizens, and those from throughout the nation, remain as a testament to the sense of unity, compassion, even heroism, that characterized the rescue and recovery following the bombing;

(6) During the days immediately following the Oklahoma City bombing, Americans and people from around the world of all races, political philosophies, religions and walks of life responded with unprecedented solidarity and selflessness; and

(7) Given the national and international impact and reaction, the federal character of the site of the bombing, and the significant percentage of the victims and survivors who were federal employees the Oklahoma City Memorial will be established, designed, managed and maintained to educate present and future generations, through an public/private partnership, to work together efficiently and respectfully in developing a National Memorial relating to all aspects of the April 19, 1995, bombing in Oklahoma City.

SEC. 3. DEFINITIONS.

In this Act:

(1) MEMORIAL.—The term "memorial" means the Oklahoma City National Memorial designated under section 4(a).

(2) SECRETARY.—The term "Secretary" means the Secretary of the Interior.

(3) TRUST.—The term "trust" means the Oklahoma City National Memorial Trust designated under section 5(a).

SEC. 4. OKLAHOMA CITY NATIONAL MEMORIAL.

(a) ESTABLISHMENT.—In order to preserve for the benefit and inspiration of the people of the United States and the World, as a National Memorial certain lands located in Oklahoma City, Oklahoma, there is established as a unit of the National Park System the Oklahoma City National Memorial.

(b) The memorial area shall be comprised of the lands, facilities and structures generally depicted on the map entitled "Oklahoma City National Memorial", numbered OCNM 001, and dated May 1997 (hereinafter referred to in this Act as the "map").

(1) Such map shall be on file and available for public inspection in the appropriate offices of the National Park Service and the Trust.

(2) After advising the Committee on Energy and Natural Resources of the Senate and the Committee on Resources of the House of Representatives, in writing, the Trust, as established by section 5 of this Act, may take minor revisions of the boundaries of the memorial when necessary by publication of a revised drawing or other boundary description in the Federal Register.

SEC. 5. OKLAHOMA CITY NATIONAL MEMORIAL TRUST.

(a) ESTABLISHMENT.—There is established a wholly owned government corporation to be known as the Oklahoma City National Memorial Trust.

(b) BOARD OF DIRECTORS.—

(1) IN GENERAL.—The powers and management of the Trust shall be vested in a Board of Directors (hereinafter referred to as the "Board") consisting of the following 9 members:

(A) The Secretary or the Secretary's designee.

(B) 8 individuals, appointed by the President, from a list of recommendations submitted by the Governor of the State of Oklahoma; and a list of recommendations submitted by the Mayor of Oklahoma City, Oklahoma; and a list of recommendations submitted by the United States Senators from Oklahoma; and a list of recommendations submitted by United States Representatives from Oklahoma. The President shall make the appointments referred to in this subparagraph within 90 days after the enactment of this Act.

(2) TERMS.—Members of the Board appointed under paragraph (1)(B) shall each serve for a term of 4 years, except that of the members first appointed, 2 shall serve for a term of 3 years, and 2 shall serve a term of 2 years. Any vacancy in the Board shall be filled in the same manner in which the original appointment was made, and any member appointed to fill a vacancy shall serve for the remainder of that term for which his or her predecessor was appointed. No appointed member may serve more than 8 years in consecutive terms.

(3) QUORUM.—Five members of the Board shall constitute a quorum for the conduct of business by the Board.

(4) ORGANIZATION AND COMPENSATION.—The Board shall organize itself in such a manner as it deems most appropriate to effectively carry out the authorized activities of the Trust. Board members shall serve without pay, but may be reimbursed for the actual and necessary travel and subsistence expenses incurred by them in the performance of the duties of the Trust.

(5) LIABILITY OF DIRECTORS.—Members of the Board of Directors shall not be considered Federal employees by virtue of their membership on the Board, except for purposes of the Federal Tort Claims Act and the Ethics in Government Act, and the provisions of chapter 11 of title 18, United States Code.

(6) MEETINGS.—The Board shall meet at least three times per year in Oklahoma City, Oklahoma and at least two of those meetings shall be opened to the public. Upon a majority vote, the Board may close any other meetings to the public. The Board shall establish procedures for providing public information and opportunities for public comment regarding operations maintenance and management of the Memorial; as well as, policy, planning and design issues.

(7) STAFF.—

(A) NON-NATIONAL PARK SERVICE STAFF.—The Trust is authorized to appoint and fix the compensation and duties of an executive director and such other officers and employees as it deems necessary without regard to the provisions of title 5, United States Code, governing appointments in the competitive service, and may pay them without regard to the provisions of chapter 51, and subchapter III of chapter 53, title 5, United States Code, relating to classification and General Schedule pay rates.

(B) INTERIM PARK SERVICE STAFF.—At the request of the Trust, the Secretary shall provide for a period not to exceed 2 years, such personnel and technical expertise, as necessary, to provide assistance in the implementation of the provisions of this Act.

(C) PARK SERVICE STAFF.—At the request of the Trust, the Secretary shall provide such uniform personnel, on a reimbursable basis, to carry out day to day visitor service programs.

(D) OTHER FEDERAL EMPLOYEES.—At the request of the Trust, the Director of any other Federal agency may provide such personnel, on a reimbursable basis, to carry out day to day visitor service programs.

(8) NECESSARY POWERS.—The Trust shall have all necessary and proper powers for the exercise of the authorities vested in it.

(9) TAXES.—The Trust and all properties administered by the Trust shall be exempt from all taxes and special assessments of

every kind by the State of Oklahoma, and its political subdivisions including the County of Oklahoma and the City of Oklahoma City.

(10) GOVERNMENT CORPORATION.—

(A) The Trust shall be treated as a wholly owned Government corporation subject to chapter 91 of title 31, United States Code (commonly referred to as the Government Corporation Control Act). Financial statements of the Trust shall be audited annually in accordance with section 9105 of title 31 of the United States Code.

(B) At the end of each calendar year, the Trust shall submit to the Committee on Energy and Natural Resources of the United States Senate and the Committee on Resources of the House of Representatives a comprehensive and detailed report of its operations, activities, and accomplishments for the prior fiscal year. The report also shall include a section that describes in general terms the Trust's goals for the current fiscal year.

SEC. 6. DUTIES AND AUTHORITIES OF THE TRUST.

(a) OVERALL REQUIREMENTS OF THE TRUST.—The Trust shall administer the operation, maintenance, management and interpretation of the Memorial including, but not limited to, leasing, rehabilitation, repair and improvement of property within the Memorial under its administrative jurisdiction using the authorities provided in this section, which shall be exercised in accordance with—

(1) the provisions of law generally applicable to units of the National Park Service, including: "An Act to establish a National Park Service, and for other purposes" approved August 25, 1916 (39 Stat. 535; 16 U.S.C. 1, 2-4);

(2) the Act of August 21, 1935 (49 Stat. 666: U.S.C. 461–467);

(3) the general objectives of the "Memorial Mission Statement", adopted March 26, 1996, by the Oklahoma City Memorial Foundation; and

(4) the "Oklahoma Memorial Foundation Intergovernmental Letter of Understanding", dated, October 28, 1996.

(b) AUTHORITIES.—

(1) The Trust may participate in the development of programs and activities at the properties designated by the map, and the Trust shall have the authority to negotiate and enter into such agreements, leases, contracts and other arrangements with any person, firm, association, organization, corporation or governmental entity, including, without limitation, entities of Federal, State and local governments as are necessary and appropriate to carry out its authorized activities. Any such agreements may be entered into without regard to section 321 of the Act of June 30, 1932 (40 U.S.C. 303b).

(2) The Trust shall establish procedures for lease agreements and other agreements for use and occupancy of Memorial facilities, including a requirement that in entering into such agreements the Trust shall obtain reasonable competition.

(3) The Trust may not dispose of or convey fee title to any real property transferred to it under this Act.

(4) Federal laws and regulations governing procurement by Federal Agencies shall not apply to the Trust, with the exception of laws and regulations related to Federal government contracts governing working conditions, and any civil rights provisions otherwise applicable thereto.

(5) The Trust, in consultation with the Administrator of Federal Procurement Policy, shall establish and promulgate procedures applicable to the Trust's procurement of goods and services including, but not limited to, the award of contracts on the basis of contractor qualifications, price, commercially reasonable buying practices, and reasonable competition.

(c) MANAGEMENT PROGRAM.—Within one year after the enactment of this Act, the Trust, in consultation with the Secretary, shall develop a comprehensive program for management of those lands, operations and facilities within the Memorial established by this Act.

(d) DONATIONS.—The Trust may solicit and accept donations of funds, property, supplies, or services from individuals,. foundations, corporations, and other private or public entities for the purposes of carrying out its duties.

(e) PROCEEDS.—Notwithstanding section 1341 of title 31 of the United States Code, all proceeds received by the Trust shall be retained by the Trust, and such proceeds shall be available, without further appropriation, for the administration, operation, preservation, restoration, operation and maintenance, improvement, repair and related expenses incurred with respect to Memorial properties under its administrative jurisdiction. The Secretary of the Treasury, at the option of the Trust shall invest excess monies of the Trust in public debt securities which shall bear interest at rates determined by the Secretary of the Treasury taking into consideration the current average market yield on outstanding marketable obligations of the United States of comparable maturity.

(f) SUITS.—The Trust may sue and be sued in its own name to the same extent as the Federal Government. Litigation arising out of the activities of the Trust shall be conducted by the Attorney General; except that the Trust may retain private attorneys to provide advice and council. The District Court for the Western District of Oklahoma shall have exclusive jurisdiction over any suit filed against the Trust.

(g) BYLAWS, RULES AND REGULATIONS.—The Trust may adopt, amend, repeal, and enforce bylaws, rules and regulations governing the manner in which its business may be conducted and the powers vested in it may be exercised. The Trust is authorized, in consultation with the Secretary, to adopt and to enforce those rules and regulations that are applicable to the operation of the National Park System and that may be necessary and appropriate to carry out its duties and responsibilities under this Act. The Trust shall give notice of the adoption of such rules and regulations by publication in the Federal Register.

(h) INSURANCE.—The Trust shall require that all leaseholders and contractors procure proper insurance against any loss in connection with properties under lease or contract, or the authorized activities granted in such lease or contract, as is reasonable and customary.

SEC. 7. LIMITATIONS ON FUNDING.

(a) AUTHORIZATION OF APPROPRIATIONS.—

(1) IN GENERAL.—In furtherance of the purposes of this Act, there is hereby authorized the sum of $5,000,000 to remain available until expended.

(2) MATCHING REQUIREMENT.—Amounts appropriated in any fiscal year to carry out the provisions of this Act may only be expended on a matching basis in a ratio of at least one non-Federal dollar to every Federal dollar. For the purposes of this provision, each non-Federal dollar donated to the Trust or to the Oklahoma City Memorial Foundation for the creation, maintenance, or operation of the Memorial shall satisfy the matching dollar requirement without regard to the fiscal year in which such donation is made.

SEC. 8. ALFRED P. MURRAH FEDERAL BUILDING

(a) Prior to the construction of the memorial the Administrator of the General Services Administration shall, among other actions, exchange, sell, lease, donate, or otherwise dispose of the site of the Alfred P. Murrah Federal Building, or a portion thereof, to the Trust. Any such disposal shall not be subject to—

(1) the Public Buildings Act of 1959 (40 U.S.C. 601 et seq.);

(2) the Federal Property and Administrative Services Act of 1949 (40 U.S.C. et seq.); or

(3) any other Federal law establishing requirements or procedures for the disposal of Federal property.

SEC. 9. GENERAL ACCOUNTING OFFICE STUDY.

(a) Six years after the first meeting of the Board of Directors of the Trust, the General Accounting Office shall conduct an interim study of the activities of the Trust and shall report the results of the study to the Committee on Energy and Natural Resources and the Committee on Appropriations of the United States Senate, and the Committee on Resources and Committee on Appropriations of the House of Representatives. The study shall include, but shall not be limited to, details of how the Trust is meeting its obligations under this Act.

Mr. NICKLES. Mr. President, I move to reconsider the vote.

Mr. MOYNIHAN. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. NICKLES. Mr. President, I wish to thank my colleagues for their cooperation, particularly the chairman of the Finance Committee and the Senator from New York for their patience. I know they have a challenge before them today. I wish to compliment them, incidentally, on the work that they have done in the last 3 months putting both bills together, both the Balanced Budget Act and the Tax Relief Act that we will be passing later today. They worked unbelievable hours. I compliment them for their very fine work. I thank all of my colleagues for their cooperation in allowing us to pass this bill so quickly this morning.

I thank my colleagues, and I yield the floor.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. ROTH. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

TAXPAYER RELIEF ACT OF 1997—CONFERENCE REPORT

The Senate continued with the consideration of the conference report.

Mr. ROTH. Mr. President, I yield such time as he may consume to the junior Senator from Utah.

The PRESIDING OFFICER. The Senator from Utah is recognized.

Mr. BENNETT. Thank you, Mr. President.

I thank the Senator from Delaware for his courtesy and consideration in allowing me to take this time. I also congratulate both the Senator from Delaware and the Senator from New York for their ability in crafting this particular piece of legislation.

When I ran for the Senate in 1992, I made tax reform one of my primary goals. I must confess that this bill does not meet all of my expectations and promises as I ran in the campaign, because one of the things that I was most devoted to was a determination to make the Tax Code less complex, easier to understand, and tax returns, perhaps, filed that are the size of a postcard.

This bill does not accomplish that, and I still hold that out as a goal for the future. But if this bill does not make the Tax Code less complex, it at least makes the Tax Code less burdensome —less burdensome for middle Americans, middle-class Americans who have not received a significant tax break for a long, long time. There have been tax breaks at the other ends of the Tax Code, yes, at the bottom end for people who received the earned income tax credit and, some would argue, too much at the top end. But there has not been the kind of middle-class tax relief talked about in the 1992 campaign until this bill.

So while it is not everything that I would want—and there is still much unfinished business to be taken care of in terms of tax simplification—it is a step in the right direction that we should apply. I intend to vote for it enthusiastically and urge all of my colleagues to do the same.

When I came here in January 1993, the atmosphere was completely different than the one we find on the floor today. At that time, there was a determination to see that spending would grow and that taxing would grow. I am delighted to have been able to be a part of an effort that has brought us to a case where spending is going down, at least in percentage terms, and taxes are going down, in terms of the burden that they are placing on the American people.

So I congratulate all connected with this effort, including, yes, Mr. President, the President of the United States. I know it is not common for people on my side of the aisle to stand up and say nice things about this President, and I have said my share of unkind things in areas where I feel he has done things that I think are inappropriate. But as I have said to the President when I have been to the White House on occasions, "When you are right, Mr. President, I will back you. When I think you are wrong, I will oppose you." I owe it to him and to those in his administration who have worked with him on this agreement to publicly acknowledge that this time I think he has been right. I congratulate him and those who work with him for their willingness to do this. I must say that I still had hoped that Senator Dole would be elected President. I think if he had been, we would be here discussing the tax simplification that I believe in as well as some tax reduction. We had our opportunity to make that case in the campaign. For one reason or another, it didn't fly, and it will have to wait for another day. But I congratulate all those who have put partisanship aside and worked together for the good of the people and made a compromise with which perhaps none fully agree, but for which the American people, overall, will ultimately be grateful.

For that reason, Mr. President, I am grateful to the two Senators for allowing me to take this brief time to make these expressions. I conclude as I began, with my congratulations to them and to their colleagues on the Finance Committee, to the leadership of both Houses in both parties, for their ability on the legislative side to work out an agreement with the President and his associates in the executive branch to give us at least this first step in the direction of making the Tax Code less burdensome and less onerous on the American people.

I yield the floor.

Mr. ROTH addressed the Chair.

The PRESIDING OFFICER. The Senator from Delaware is recognized.

Mr. ROTH. Mr. President, I yield myself such time as I may use.

Mr. President, when the 105th Congress began, a promise was made to the American people. They were concerned about Washington's addiction to spending, and the high deficits that were a consequence of that spending. We promised to give them a balanced budget. They were overburdened by rising taxes. They had been shackled with a record-setting increase in 1992, and were paying more to government than they were for their own food, shelter, and clothing. We promised them relief. Our American families were concerned about the education of their children—about the rising costs of post-secondary schools, and their ability to help their children enter our colleges and universities to learn and to prepare for productive futures. We promised to make education more accessible.

Young Americans, just out of school—many of them starting families—were finding it increasingly more difficult to buy a home. As a proportion of their income, they discovered that a mortgage today is twice as much as it was for their parents. Valiant small businessmen and -women were finding it increasingly more difficult to build successful companies. They had lost their home office deductions, the deductibility of their health insurance, and then—when their company, despite these and other challenges, proved successful—they had to fear losing it to death taxes. Again, we promised relief. We promised peace of mind to senior Americans who were worried about Medicare and its future. We promised to provide future generations the opportunity to become more self-sufficient through enhanced individual retirement accounts, and less dependent on government for their support in the years to come. And we promised that we would do something to increase health care coverage for America's children—for America's future.

These, of course, Mr. President, were bold promises. For years, the Republican Party had advocated these measures, but in a city built on promises—the majority of which unfortunately go unfulfilled—it was reasonable that Americans felt that these, too, would remain empty. But today, Mr. President—today, we can say that these promises made, are promises kept.

For the first time since 1969, Americans have a balanced budget—a balanced budget that will be realized within 5 years. For the first time in 16 years, Americans have real and meaningful tax relief. For the first time ever, our families will have tax-free education savings accounts, and for the first time in a decade, we are bringing back the student loan interest deduction. And these, Mr. President, are not our only firsts. We are allowing penalty-free withdrawals from IRA plans to make first-time home purchases.

We are eliminating the capital gains taxes on $500,000 of gain for a couple that sells their home. We are strengthening and preserving Medicare by introducing choice and competition to that program. We are giving States greater flexibility and authority to administer Medicaid, and we are increasing health care coverage for millions of children.

These are all firsts, Mr. President, but there is another first—one that is more philosophic in nature. For the first time since President Johnson's Great Society exploded the size and costs of Federal programs, Americans have a government that is focused on doing more with less.

When historians look at what has been accomplished here these past few months, I believe our work will mark the beginning of a new era—an era which the Republicans have long promised and which President Clinton articulated when he said that the days of big government are behind us.

This budget reconciliation package is a strong first step toward realizing that promise. It is a bipartisan effort—one that could not have been accomplished without a spirit of cooperation between Republicans and Democrats, between the Senate and the House, and between Congress and the President. I'm proud of what we've accomplished. Members in both Houses of Congress, and on both sides of the aisle, have reason to be proud, as does Bill Clinton.

Certainly, there are differences between the parties—those differences can be valuable in the battle of ideas. But this package represents a collective effort, an effort that is a far cry from the acrimony, Government shutdowns and the vetoes that attended past budget debates. I believe our work here demonstrates a coming together on fundamental issues. Taxes have been too high.

They are still too high. In fact, as a percentage of our GNP, they haven't been higher than they are right now since 1960. Government has grown too big, become too inefficient, too overbearing and costly. Too much power has been taken from our people—from our States—and it's been centralized here in Washington.

Yesterday we addressed the changes that will take place in Government programs—especially in entitlements like Medicare and Medicaid. We explained how this reconciliation package will deliver greater flexibility to the States for them to administer Medicaid in a more cost-effective, a more efficient manner.

Today, we focus on the major tax provisions included in our plan, and how those provisions will provide relief for Americans of all ages—for our youth, going away to college, for our young families looking to buy their first home and raise their children, for older families running small businesses and preparing for retirement, and for those Americans who are already retired and looking to find comfort and security on fixed incomes.

This reconciliation package provides relief for all of these. It includes a $500-per-child tax credit for families with children under the age of 17. The credit will be available to the working poor through an enhanced earned income credit. It will cover middle-class families, couples earning up to $110,000 a year. At $110,000 it will begin to phase out. And this tax relief will begin next year with a $400 per child credit in 1998, and the full $500 credit in 1999 and thereafter.

We also provide relief to hard-working, middle-class Americans by enhancing the individual retirement account. We raise the income limits on traditional IRA's and create a new back-loaded IRA. In this back-loaded IRA, the contributions are not tax deductible, but the build-up and withdrawals are tax-free if the account is held for 5 years and the account holder is at least 59½. The income limits for the new back-loaded IRA will be $95,000 for singles and $150,000 for married couples. Our new IRA will allow penalty-free withdrawals for first-time home purchases. Another very important change to the IRA is that we allow homemakers—below certain family income—to save a full $2,000 annually in an account, regardless of their spouse's pension plan.

Mr. President, I have worked for years to strengthen individual retirement accounts for working Americans. These changes will go a long way toward helping Americans prepare for retirement. They will encourage self-reliance and provide incentive for saving.

This is, indeed, an idea whose time has come. It will be a blessing to countless Americans as they prepare for the future. And beyond helping individual families, these expanded IRS's will promote investment, capital formation and economic growth.

Another important provision of this reconciliation package—one that will not only provide tax relief, but will, along with our IRA's, promote investment and jobs, is our capital gains tax cut.

Here, we drop the top rate to 20 percent on investments that are held for at least 18 months. The rate will drop to 18 percent for assets purchased after 2000 and held for at least 5 years. For joint filers with incomes less than $41,200, the top capital gains rate will be 10 percent of assets held for at least 18 months, and 8 percent for assets held for at least 5 years. Our package does away with capital gains taxes on the sale of a home, as long as the home is $500,000 or less for joint filers and $250,000 or less for single filers.

The benefit of capital gains tax relief will be felt not only by our families, but by America at large. According to economist Lawrence Kudlow, in a recent Wall Street Journal editorial,

> The budget's lower capital gains tax rate will help maintain U.S. global economic leadership in the 21st century. This is especially important in relation to the fast-growing economies of the Pacific rim, with China looming not far behind. Most of the Asian tigers have lower tax burdens on capital formation that the U.S.

America, Mr. President, needs this capital gains tax relief. It is long overdue.

However, the tax relief contained in this package does not end here. Families will also benefit by the way that this bill offers relief from the estate tax—the tax that can rob a family of its farm or business when a father or mother passes away.

To help these families, we raise the unified credit to $1,000,000 per estate by 2006; and we provide tax-free treatment for family-owned farms and small businesses for up to $1.3 million. I can't overstate how important this estate tax relief will be to our families and small businesses. In 1995, delegates to a convention on small business survival, ranked killing the estate tax among the top five priorities on a list of 60 recommendations to the President. This is because many small business men and women fear the enterprises they have worked their lives to create won't be around to pass on to their children. The estate tax relief provided in this package offers a strong first step toward allaying that fear and providing families the protection they deserve.

Beyond offering relief for estate taxes, this package also benefits America's small businesses by accelerating the phase in of the self-employed health insurance deduction, raising that deduction all the way to 100 percent, and by clarifying the deductibility of the home office business deduction. These, Mr. President, are important provisions. They will promote economic growth, jobs, and family security. They naturally complement the overarching objective of this legislation to provide immediate tax relief and to create conditions that will prepare America and Americans for a bright and prosperous future.

Just how important this objective is can be seen by the fact that a full 80 percent of the tax relief we offer in this package is directed at the $500 credit for children and provisions that will promote education. These education-related measures will go a long way toward assisting students and their parents in affording the cost of post-secondary education.

They include the Hope scholarship tax credit, a $2,500-per-year student loan interest deduction, and penalty-free withdrawal from IRA's. We can't overstate just how important these measures will be to American families, to America's students, and to our future. I had hoped that we could have gone even further in promoting the educational aspects of this bill. For example, I wanted to maintain a provision that would offer tax-free treatment for State-sponsored prepaid tuition plans, a permanent extension of employer provided education assistance, and a comprehensive education IRA, but in these areas the White House was unwilling to compromise.

And this brings up a point I would like to make—a point I touched upon yesterday. No one received everything they wanted with this package. That, Mr. President, is the nature of compromise. Another lesson we learn from compromise is that it tends to add complexity to the package under consideration.

We learned how when you have three parties involved in the process—the Senate, the House, and the administration—each compromise made in negotiations rendered the final product that much more complex.

Having said this, let me be clear that I am generally pleased by the outcome. Certainly, I could be more pleased. But the bipartisan effort that produced this reconciliation package is something to be appreciated. We accomplished what we set out to do. We provided tax relief for middle-income families; we provided tax relief to promote education;

and, we provided tax relief that will stimulate economic growth, opportunity, and jobs.

Let me show just how that relief will affect typical American families. When I first brought the Senate Finance Committee tax relief package to the floor—about 6 weeks ago—I introduced three hypothetical families from Delaware: a single mother named Judy Smith, a farming family—the Wilsons—and a young professional couple, John and Susan Jones. Let me show you how this package—in its final form—will benefit them:

Let's begin with Judy. She has two young children and works as a legal secretary in Wilmington, making $35,000 a year. Currently she pays over $3,000 in Federal income taxes—over $3,000. When President Clinton signs this bill, Judy's taxes will be cut by $800 next year and by $1,000 the year after. Why? Because of the child tax credit. Judy will be able to spend that savings as she wants, or she can put it in an enhanced individual retirement account for her future.

Jim and Julie Wilson, our farming family with three children and an income of $55,000, now pay over $5,500 in Federal income taxes. When President Clinton signs this bill, their taxes will be cut by $1,200 in 1998, and by $1,500 in 1999 and beyond, as they will receive $500 for each child. Julie Wilson will be able to set up a homemaker IRA to save for her retirement. Looking far ahead, if the farm prospers, Jim and Julie will be able to pass it on to their children free of the burden of the estate tax—all because of the middle-income tax relief contained in this bill.

Finally, Mr. President, let's look at John and Susan Jones. They live and work in Dover, DE. College graduates, John is a veterinarian and Susan is a physical therapist. They make $75,000 and have one young child. Under current law, the Jones family pays about $11,500 in Federal income taxes. Because of this legislation, they will receive a $400 tax credit next year, and $500 each year thereafter.

Susan will be able to take the home office business deduction, as her practice is located within their home, and she will be able to accelerate the phase-in of the self-employed health insurance deduction. John and Susan will also be able to deduct a portion of the interest on their student loans, and they'll be able to set up new back-loaded IRA accounts for their retirement.

This is how our work will affect these three families, Mr. President. It will provide relief—much needed relief. As I have said, today the taxes paid by our families are higher as a percentage of GNP than they've been since 1960. This bipartisan tax relief effort will do something about that. It will provide relief as part of a budget reconciliation package that will lead our Nation to a balanced budget in 2002. Having said that, however, I want to add that I consider this only a beginning. Americans not only need tax relief; they need tax reform. They need tax reform that really does simplify the Tax Code.

They need reform that focuses on fairness. They need reform that maintains and promotes strong economic growth—growth that will lead to continued job creation. And they need reform that promotes American exports and our competitiveness in the global economy.

This is what we will turn our attention to next. And it is my hope that the same level of cooperation that sustained us in this debate will attend us as we move from tax relief to tax reform. I appreciate my colleagues on both sides of the aisle who have been active, involved, and given to a spirit of willingness throughout this process. I am particularly grateful to Senator MOYNIHAN—my friend and a thoughtful, well-esteemed leader.

And again, Mr. President—as I did yesterday—I thank the professional, capable staff of the Senate Finance Committee for their countless hours and lost sleep. This was, indeed, a heroic effort.

I yield the floor.

Mr. MOYNIHAN addressed the Chair.

The PRESIDING OFFICER (Mr. BURNS). The Senator from New York.

Mr. MOYNIHAN. Mr. President, I have the honor now to respond to my revered chairman, who brought this extraordinary legislation to the floor and in a very few hours from now will see it sent to the President to become law.

By day's end, the U.S. Senate will have voted overwhelmingly to reduce Federal taxes by a net total of $95 billion over 5 years and $275 billion over 10 years. Whatever one's view of this legislation as a matter of tax policy, there can be absolutely no doubt that without the dominant influence of the chairman of the Committee on Finance, we would not be here today. Absent Senator ROTH, we would not be here today. This conference agreement is a singular achievement for him, and we congratulate him.

Among other provisions in the legislation, the Roth IRA will soon be as well-known as the Pell grant. It is a fitting tribute to Senator ROTH's long, persistent, indomitable commitment to encourage savings by Americans.

For those interested, this is in section 302, Individual Retirement Accounts, section 408(a), Roth IRAs. It is there in what I think others across the park in the Supreme Court call black letter law. There, sir, it is.

There is another aspect of this legislation which has not been commented on and, I hope, might be. Without perhaps entirely intending it, and not quite in the mode of how others have done it, after a half century of discussion, we are, in fact, establishing a children's allowance in our social policies.

I have had occasion to write about this over the years. We are the only industrial democracy in the world that does not have a children's allowance—just a routine thing, a feature of social policy that goes back to the beginnings of the century. It had various motivations in Sweden. There was a time when the Swedes thought they were dying out as a race and needed to encourage more children. So they gave family allowances. Sometimes called a family allowance. The French much the same. In places like Canada, just a good social policy.

During World War II, the late Senator Neuberger was working on the Alaska-Canada highway—ALCAN highway, as we knew it in those days—and interested in what the Canadians were doing, came upon the family allowance, the children's allowance, and introduced legislation when he became Senator after the war. And John F. Kennedy was much interested in this and cosponsored the legislation. And I can say from the days of the early Kennedy administration there was an active interest in this possibility—the elemental proposition that if you have children, it is going to cost money, and a family raising children needs a little support. We are giving it. Instead of a direct grant, we are providing a direct tax credit. The end result will be the same, and a rather extraordinary bit of social policy is before us which has never been debated as such, but as I get on in years I begin to think the more you debate social policy, the less social policy you get, and so we could perhaps count our blessings in this regard.

But now my friend from Delaware has heard his ranking member say on many occasions that if it were up to this Senator, we would have no tax cuts at this time, given the extraordinary condition of our economy just now, a condition for which many believe the deficit reduction law enacted in 1993, OBRA 1993, is largely responsible.

I continue to be concerned about whether cutting taxes might undo the astonishing progress we have made over the last 4 years, because OBRA 93 took hold when we did it. It was, indeed, the largest tax increase in history, and it has produced extraordinary increases in wealth in our Nation because it sent a signal to the economy that this Government was going to get hold of its financing, pay its bills in sound dollars, not monetize the debt, as the phrase is among economists, inflate the currency and get rid of your debt in that mode. Those are profoundly important signals to the markets, and we have seen, I believe, the result.

The deficit for fiscal year 1992 was $290 billion and growing. It was strangling us. We had no prospect whatever of getting out of it. What earlier on, President Reagan's Director of OMB, David Stockman, had said, $100 billion deficits as far as the eye can see, had become $300 billion deficits as far as the eye could see. And we turned it around. We stopped it.

As a result of this aggressive deficit reduction program put in place by a Democratic Congress in 1993, the deficit for the current fiscal year could be less than $30 billion, which is about one-third of 1 percent of gross domestic product, a matter of no consequence in the large sphere of things. The Federal budget is on the verge of balance at this very moment and for the first time in three decades, and it would get there without any changes in law. I would estimate that we might have a balanced budget in the fourth quarter of the next fiscal year, a year from now. We would have it without change in law. Now we are putting the date off until the year 2002. I hope that does not become a fateful mistake. I am not here to alarm anyone, but I think it needs to be said for the record if the time comes when we have to make changes. Given the previous success of our action 4 years ago, we may come to regret what we have done today, but there is not a majority for that view. There is a very small minority for that view. The congressional leadership and the President have agreed that there will be tax cuts this year, and so, given that reality, I joined with the other Democratic members of the Finance Committee in working with Chairman ROTH in a bipartisan mode.

He has been generous enough to point out, as did earlier in the day the majority leader, that the Finance Committee was unanimous in reporting out the measure that we voted on just an hour ago on spending, and there was an 18 to 2 vote in our Committee on the bill before us now.

Yesterday, Senator DOMENICI, the distinguished chairman of the Budget Committee, said it was the bipartisan solidarity of the Finance Committee which gave the real impetus to getting the budget agreement put in place, and I think that is so and nothing, no further tribute is possible to Senator ROTH for having presided over that event.

It is a phenomenon which I hope, and I know he hopes, we might see in the future. We found that we could do things on a bipartisan basis that could amaze you. We could raise taxes on tobacco. We could provide the largest incremental initiative in health care since Medicare and Medicaid were enacted in 1965—just like that, just in 2 days. Again, perhaps because it was not debated for a year, we were able to get it done in an afternoon. I would like to explore that possibility sometime. Is there an inverse ratio between the amount of debate and the legislation that emerges? I think you have seen some of that in the past many years.

I would take the time of the Senate to point to several measures in the bill which are surely praiseworthy and equally important. One that has not been commented on anywhere that I have seen in the press is that the bill before us removes the present $150 million cap on the issuance of tax-exempt bonds by universities, colleges and nonhospital health facilities. It sounds like an esoteric matter. What could this mean? Well, it goes to something that is as important to American life as anything I know, and it is as characteristic of American democracy as anything I know.

We are the only democratic nation in the world that has a private sector in its higher education—not just a few Jesuit colleges here or every so often a special arrangement in the north of Sweden or the south of France, and so forth. No, our system of higher education began as private denominational matters, and we continue to have just about an equal balance between the great private institutions and the great public institutions. You could go out to California, in the San Francisco Bay area, and you would see it is exemplary of Stanford University, named for a great railroad magnate who gave his money in the name of his son who died prematurely, and Berkeley, the University of California at Berkeley, a great State institution.

Now, we have earlier on enabled the private universities, colleges, and nonmedical health facilities to borrow money on a tax-exempt basis, which puts them partially on an equal footing with the State institutions which obtain money directly from the taxpayers, from tax revenue, and can issue tax-exempt bonds because they are public institutions.

We capped that amount, and more and more of our institutions have reached it. And having done that, they are no longer in a position to build what you could call the capital-intensive science facilities and suchlike facilities that you need in the area of research on the edges of knowledge in this country today. And we are the center of such research. You could hypothesize, if you like, a future where if we did not do what we are doing, there would come a time when the finest law school on the west coast would be at Stanford—law schools are not expensive; you have to add 50 books a year in the library—but all the physics would be done at Berkeley. Physics is expensive. All the chemistry, all the great research in astronomy, the outer edges of the universe to the very core of the Earth itself, all that would be in public institutions. And the competitive urges and the range of variety of the private institutions—the University of Chicago, Rice University, go right down the list of them—that would be lost. The University of Pennsylvania, New York University, Columbia and, as I say, across the Nation, those institutions are precious. There is no reason why Americans should know that the universities and colleges in the United Kingdom are all public institutions, but it is important to know that we are singular in this regard, and this legislation responds to that need. It may just be that no one is interested enough to care, to take note, but I can assure you the universities involved are very attentive and are very pleased.

We also extend for 3 years the provision for exclusion from income of employer-provided educational assistance, which is section 127 of the Internal Revenue Code. This is a wonderfully unintrusive piece of social policy. It is probably the single-most successful tax incentive for education we have. In a world of continuing education, of continuing developments in science and technology, we have arrangements whereby an employer can send an employee to school to learn something special being taught—at night or weekends, whatever—get a degree, bring the skills back into the workplace. They will be paid more money, and they will get more income. We will get more revenue. Everyone wins all around. We in the Finance Committee made this absolutely easy, workable, a successful program. We made it permanent.

For reasons I cannot understand, and I don't think the chairman could possibly understand either, the Finance Committee language, which made it permanent and applied it to graduate school, was dropped in conference. We had legislation in the Senate to do just this, Senator ROTH and I, with 50 cosponsors. What is the matter with people who can't see what elemental good sense this makes? The firm that wants to send a chemist to do postgraduate work in a new field that is just opening up so he can come back and do it in the private sector of the economy is just so elemental. That it was not done is disturbing. Perhaps we will get back to it. I can't imagine why it was not accepted, but we had no success.

The conferees included another salutary measure by extending for 1 year the deductibility, at fair market value, of charitable gifts of appreciated stock to private foundations. Absent this, we would have seen a needless dropoff in charitable giving. And, again, we are trying to encourage the private sector, that private sector of education we try to support, the private sector of employer-provided educational assistance, into giving to private charities.

Now, to another matter of concern—of large concern—just beginning to be noted. I observed in the Washington Post this morning a comment on it, and also in the New York Times.

The Senate-passed bill included a measure written by our chairman and supported by this Senator and others to provide $2.3 billion in critically needed funding for Amtrak, the National Railroad Passenger Corporation, the last hope of rail passenger service in America. The distinguished CEO of the corporation, Mr. Tom Downs, said to me, as he would say to anyone who called and asked, that if he did not get this $2.3 billion, the corporation would be bankrupt in February or March.

I say to you, Mr. President, that's what this period will be remembered for, that we did not do this. We had it in the bill. The Senate voted 80 to 18 for the provision that the chairman provided. And it was dropped. It was dropped owing to a dispute over other matters altogether—job protections and outside contracting by Amtrak. It is provided in this bill that $2.3 billion is there, but it is not available to Amtrak until some very controversial legislation is adopted making job protection and such like matters subject to collective bargaining.

I will be blunt. This could mean the end of Amtrak, the National Railroad Passenger Corporation. Bankruptcy for Amtrak is an outcome we should surely do everything in our power to prevent. It would be a national calamity. I wish to be emphatic in saying that the possibility is now real, and I hope the administration will join in the effort to bring about a resolution.

I was surprised, in the often intense debates of this last week on this matter, that nowhere did we hear from the Secretary of Labor. Nowhere did we hear from the Secretary of Transportation. What do we have Cabinet officers for? I don't mean to be critical of any individual. It occurs to me that they were not invited in. I'll tell you, I was once an assistant to Secretary Arthur J. Goldberg when he was Secretary of Labor during the Kennedy administration. We had rail strikes and soon thereafter, in the Johnson administration, disputes in the steel industry. Arthur J. Goldberg would have been right in the middle of it, seeing that workers were protected and that the public was protected.

This remains to be done. I hope I have sounded an alarm. If I sound alarmist, Mr. President, may I put it in the RECORD that I am and I intend to be alarmist.

Another matter on which we have made an error, in my view, was the hurtful provision revoking the tax-exempt status of the Teachers Insurance and Annuity Association and the College Retirement Equities Fund, known as the TIAA-CREF, a 2-million-member retirement system that serves 6,100 American colleges, universities, teaching hospitals, museums, libraries and other nonprofit educational and research institutions. TIAA was founded by Andrew Carnegie in 1918. It has been tax exempt ever since. It is a nonprofit charity, and properly not taxed.

In 1937 it was incorporated under the laws of the State of New York to "forward the cause of education and promote the welfare of the teaching profession"—"forward the cause of education and promote the welfare of the teaching profession." The law further states that the purpose of TIAA—this is the New York statute—is "to aid and strengthen non-proprietary and non-profit-making colleges, universities and other institutions engaged primarily in education or research." And it has done just that. It has long been recognized as a model of such programs.

As a somewhat unanticipated result, it brought to American higher education portability of pensions. You did not have to start out in one institution and after a certain point stay the rest of your life because you had to have some retirement benefit. It has a great value to our educational system for the simple reason that it enables a young person at, say, a 2-year college or a local college, who shows great promise, does good work, to end up at Chicago or Stanford or Duke, because they can move. This is part of the agility of American higher education. There is no reason to tax this, and the Finance Committee said don't tax it. We never have. The Senate said don't tax it. But somehow or other we have decided to do so.

Revoking TIAA-CREF's 79-year-old tax exemption will cost the average retiree who receives $12,000 a year about $600 in income. You know, librarians are not highly paid. Perhaps that is not widely known. A $12,000 pension would be quite normal. A $600 reduction would be 5 percent right away. Future retirees currently accumulating benefits are likely to face reductions of 10 to 15 percent.

Why make the lives of librarians and assistant professors and teachers in community colleges harder? Why do we do this? Why wasn't this something that people said no to? The Finance Committee said no to it. But we were not successful.

Two closing points. In an era in which the most recent Presidential campaign was captivated—at least sectors of it—by the idea of a flat tax, it deserves pointing out that this 820-page piece of legislation will add hugely to the stupefying complexity and mass of the Internal Revenue Code and its accompanying regulations.

Mr. President, this is not an exercise here in physical therapy. For as long as I can, I would like to hold it up to show it to you. I dare not hold it up any longer. If I should drop it, there would go my right ankle. Did that thump on the desk make itself heard?

In 1986, in the Tax Reform Act of that year, we moved toward the idea of simplicity in the Tax Code by a broader base and lower rates. Just an anecdote, the late beloved Erwin Griswold, sometime dean of the Harvard Law School, sometime Solicitor General of the United States, was a friend. He used to write me each April describing how long it took him to complete his tax returns, which he persisted in preparing himself. Now, mind you, Dean Griswold was perhaps the Nation's foremost authority on the subject of tax law. He almost began the subject. He wrote the first text. He describes himself as being a young attorney, graduate of Harvard Law in the 1920s, in the Solicitor General's office, and some matters concerning taxation came to him. He, as he put it in a wonderful address to the bar association tax section, said, "I thought of going to the Solicitor General to tell him I didn't know anything about tax law, but I decided to go to the library instead." And he wrote the text.

In his last letter to me, dated April 12, 1994, 7 months before he died, he wrote that his 1993 tax return took him almost 100 hours to complete—100 hours for Erwin Griswold to prepare his not very complicated financial affairs. He was a teacher and a lawyer, Government employee, and he knew all these matters—yet it took him 100 hours. It would be 110 were he alive into the next tax season.

Let me say, just as an example, a family with three children, two in college and one under age 17, could be required to calculate the new child tax credit, a Hope scholarship tax credit for one college student, and a separate lifelong learning credit for the older child. Each of these different provisions will have different eligibility rules and complicated income phase-outs that will have to be calculated on different worksheets and reported to the Internal Revenue Service on a variety of forms.

It is no exaggeration, sir—I don't believe it is an exaggeration—to say that anybody who could fill out the forms necessary to qualify for these tax benefits would already be an accountant of advanced experience and achievement and would have no need for the benefits.

I do want to point out that in the statement of the managers accompanying this conference report, it says, "The conferees anticipate that the Secretary of the Treasury will determine whether a simplified method of calculating the child credit, consistent with the formula described above, can be achieved." So there is hope. But I wouldn't hope too much.

President Ronald Reagan, our much-loved President Ronald Reagan, liked to say the Republicans are the party of the Fourth of July and Democrats are the party of April 15th. With the passage of this legislation, I think Democrats can no longer take all the credit for April 15th.

A second and final point. This will be the first-ever tax bill subject to the line-item veto, which gives the President, "limited authority to cancel specific dollar amounts of discretionary budget authority, certain new direct spending, and limited tax benefits."

Limited tax benefits are those that provide, a Federal tax deduction, credit, exclusion, or preference to 100 or fewer beneficiaries.

In January of this year, I joined Senators BYRD, LEVIN and former Senator Hatfield in a legal challenge to the line-item veto on grounds that it violates the presentment clause in article I, section 7, of the Constitution. The U.S. District Court for the District of Columbia agreed and promptly declared the statute unconstitutional.

But later, on June 26, the Justice Department took the matter to the Supreme Court itself, and the Court held that we, as legislators, had no standing to challenge the law, clearing the way for the President to exercise his new authority.

Now, just 2 days ago, on July 29, the Joint Committee on Taxation met to consider the list of limited tax benefits in this bill, a list prepared by the committee staff, that would be subject to the line-item veto. It was the first time we had done this under the new law, and I am pleased to report, upon being presented with the 6-page list totaling 79 separate provisions in this bill subject to the line-item veto, some members of the joint committee began to display a visible lessening of enthusiasm for the concept itself.

I have a list here, Mr. President, and take the liberty of asking unanimous consent that it be printed in the RECORD, so the administration will have an opportunity to look up the items, veto them and then the injured parties can arrive across the park at the Supreme Court with standing and the Constitution will be preserved.

There being no objection, the list was ordered to be printed in the RECORD, as follows:

TITLE XVII—IDENTIFICATION OF LIMITED TAX BENEFITS SUBJECT TO LINE ITEM VETO

SEC. 1701. IDENTIFICATION OF LIMITED TAX BENEFITS SUBJECT TO LINE ITEM VETO.

Section 1021(a)(3) of the Congressional Budget and Impoundment Control Act of 1974 shall only apply to—

(1) section 101(c) (relating to high risk pools permitted to cover dependents of high risk individuals);

(2) section 222 (relating to limitation on qualified 501(c)(3) bonds other than hospital bonds);

(3) section 224 (relating to contributions of computer technology and equipment for elementary or secondary school purposes);

(4) section 312(a) (relating to treatment of remainder interests for purposes of provision relating to gain on sale of principal residence);

(5) section 501(b) (relating to indexing of alternative valuation of certain farm, etc., real property);

(6) section 504 (relating to extension of treatment of certain rents under section 2032A to lineal descendants);

(7) section 505 (relating to clarification of judicial review of eligibility for extension of time for payment of estate tax);

(8) section 508 (relating to treatment of land subject to qualified conservation easement);

(9) section 511 (relating to expansion of exception from generation-skipping transfer tax for transfers to individuals with deceased parents);

(10) section 601 (relating to the research tax credit);

(11) section 602 (relating to contributions of stock to private foundations);

(12) section 603 (relating to the work opportunity tax credit);

(13) section 604 (relating to orphan drug tax credit);

(14) section 701 (relating to incentives for revitalization of the District of Columbia) to the extent it amends the Internal Revenue Code of 1986 to create sections 1400 and 1400A (relating to tax-exempt economic development bonds);

(15) section 701 (relating to incentives for revitalization of the District of Columbia) to the extent it amends the Internal Revenue Code of 1986 to create section 1400C (relating to first-time homebuyer credit for District of Columbia);

(16) section 801 (relating to incentives for employing long-term family assistance recipients);

(17) section 904(b) (relating to uniform rate of tax on vaccines) as it relates to any vaccine containing pertussis bacteria, extracted or partial cell bacteria, or specific pertussis antigens;

(18) section 904(b) (relating to uniform rate of tax on vaccines) as it relates to any vaccine against measles;

(19) section 904(b) (relating to uniform rate of tax on vaccines) as it relates to any vaccine against mumps;

(20) section 904(b) (relating to uniform rate of tax on vaccines) as it relates to any vaccine against rubella;

(21) section 905 (relating to operators of multiple retail gasoline outlets treated as wholesale distributors for refund purposes);

(22) section 906 (relating to exemption of electric and other clean-fuel motor vehicles from luxury automobile classification);

(23) section 907(a) (relating to rate of tax on liquefied natural gas determined on basis of BTU equivalency with gasoline);

(24) section 907(b) (relating to rate of tax on methanol from natural gas determined on basis of BTU equivalency with gasoline);

(25) section 908 (relating to modification of tax treatment of hard cider);

(26) section 914 (relating to mortgage financing for residences located in disaster areas);

(27) section 962 (relating to assignment of workmen's compensation liability eligible for exclusion relating to personal injury liability assignments);

(28) section 963 (relating to tax-exempt status for certain State worker's compensation act companies);

(29) section 967 (relating to additional advance refunding of certain Virgin Island bonds);

(30) section 968 (relating to nonrecognition of gain on sale of stock to certain farmers' cooperatives);

(31) section 971 (relating to exemption of the incremental cost of a clean fuel vehicle from the limits on depreciation for vehicles);

(32) section 974 (relating to clarification of treatment of certain receivables purchased by cooperative hospital service organizations);

(33) section 975 (relating to deduction in computing adjusted gross income for expenses in connection with service performed by certain officials) with respect to taxable years beginning before 1991;

(34) section 977 (relating to elective carryback of existing carryovers of National Railroad Passenger Corporation);

(35) section 1005(b)(2)(B) (relating to transition rule for instruments described in a ruling request submitted to the Internal Revenue Service on or before June 8, 1997);

(36) section 1005(b)(2)(C) (relating to transition rule for instruments described on or before June 8, 1997, in a public announcement or in a filing with the Securities and Exchange Commission) as it relates to a public announcement;

(37) section 1005(b)(2)(C) (relating to transition rule for instruments described on or before June 8, 1997, in a public announcement or in a filing with the Securities and Exchange Commission) as it relates to a filing with the Securities and Exchange Commission;

(38) section 1011(d)(2)(B) (relating to transition rule for distributions made pursuant to the terms of a tender offer outstanding on May 3, 1995);

(39) section 1011(d)(3) (relating to transition rule for distributions made pursuant to the terms of a tender offer outstanding on September 13, 1995);

(40) section 1012(d)(3)(B) (relating to transition rule for distributions pursuant to an acquisition described in section 355(e)(2)(A)(ii) of the Internal Revenue Code of 1986 described in a ruling request submitted to the Internal Revenue Service on or before April 16, 1997);

(41) section 1012(d)(3)(C) (relating to transition rule for distributions pursuant to an acquisition described in section 355(e)(2)(A)(ii) of the Internal Revenue Code of 1986 described in a public announcement or filing with the Securities and Exchange Commission) as it relates to a public announcement;

(42) section 1012(d)(3)(C) (relating to transition rule for distributions pursuant to an acquisition described in section 355(e)(2)(A)(ii) of the Internal Revenue Code of 1986 described in a public announcement or filing with the Securities and Exchange Commission) as it relates to a filing with the Securities and Exchange Commission;

(43) section 1013(d)(2)(B) (relating to transition rule for distributions or acquisitions after June 8, 1997, described in a ruling request submitted to the Internal Revenue Service submitted on or before June 8, 1997);

(44) section 1013(d)(2)(C) (relating to transition rule for distributions or acquisitions after June 8, 1997, described in a public announcement or filing with the Securities and Exchange Commission on or before June 8, 1997) as it relates to a public announcement;

(45) section 1013(d)(2)(C) (relating to transition rule for distributions or acquisitions after June 8, 1997, described in a public announcement or filing with the Securities and Exchange Commission on or before June 8, 1997) as it relates to a filing with the Securities and Exchange Commission;

(46) section 1014(f)(2)(B) (relating to transition rule for any transaction after June 8, 1997, if such transaction is described in a ruling request submitted to the Internal Revenue Service on or before June 8, 1997);

(47) section 1014(f)(2)(C) (relating to transition rule for any transaction after June 8, 1997, if such transaction is described in a public announcement or filing with the Securities and Exchange Commission on or before June 8, 1997) as it relates to a public announcement;

(48) section 1014(f)(2)(C) (relating to transition rule for any transaction after June 8, 1997, if such transaction is described in a public announcement or filing with the Securities and Exchange Commission on or before June 8, 1997) as it relates to a filing with the Securities and Exchange Commission;

(49) section 1042(b) (relating to special rules for provision terminating certain exceptions from rules relating to exempt organizations which provide commercial-type insurance);

(50) section 1081(a) (relating to termination of suspense accounts for family corporations required to use accrual method of accounting) as it relates to the repeal of Internal Revenue Code section 447(i)(3);

(51) section 1089(b)(3) (relating to reformations);

(52) section 1089(b)(5)(B)(i) (relating to persons under a mental disability;

(53) section 1171 (relating to treatment of computer software as FSC export property);

(54) section 1175 (relating to exemption for active financing income);

(55) section 1204 (relating to travel expenses of certain Federal employees engaged in criminal investigations);

(56) section 1236 (relating to extension of time for filing a request for administrative adjustment);

(57) section 1243 (relating to special rules for administrative adjustment request with respect to bad debts or worthless securities);

(58) section 1251 (relating to clarification of limitation on maximum number of shareholders);

(59) section 1253 (relating to attribution rules applicable to stock ownership);

(60) section 1256 (relating to modification of earnings and profits rules for determining whether REIT has earnings and profits from non-REIT year);

(61) section 1257 (relating to treatment of foreclosure property);

(62) section 1261 (relating to shared appreciation mortgages);

(63) section 1302 (relating to clarification of waiver of certain rights of recovery);

(64) section 1303 (relating to transitional rule under section 2056A);

(65) section 1304 (relating to treatment for estate tax purposes of short-term obligations held by nonresident aliens);

(66) section 1311 (relating to clarification of treatment of survivor annuities under qualified terminable interest rules);

(67) section 1312 (relating to treatment of qualified domestic trust rules of forms of ownership which are not trusts);

(68) section 1313 (relating to opportunity to correct failures under section 2032A);

(69) section 1414 (relating to fermented material from any brewery may be received at a distilled spirits plant);

(70) section 1417 (relating to use of additional ameliorating material in certain wines);

(71) section 1418 (relating to domestically produced beer may be withdrawn free of tax for use of foreign embassies, legations, etc.);

(72) section 1421 (relating to transfer to brewery of beer imported in bulk without payment of tax);

(73) section 1422 (relating to transfer to bonded wine cellars of wine imported in bulk without payment of tax);

(74) section 1506 (relating to clarification of certain rules relating to employee stock ownership plans of S corporations);

(75) section 1507 (relating to modification of 10-percent tax for nondeductible contributions);

(76) section 1523 (relating to repeal of application of unrelated business income tax to ESOPs);

(77) section 1530 (relating to gratuitous transfers for the benefit of employees);

(78) section 1532 (relating to special rules relating to church plans); and

(79) section 1604(c)(2) (relating to amendment related to Omnibus Budget Reconciliation Act of 1993).

Mr. MOYNIHAN. I thank the President, and particularly thank him for affording that the Constitution be preserved.

Finally, as I have said, I would have preferred the Senate-passed bill, in many respects, but committees of conference work by compromise, and we have a compromise before us which I will support, again with great thanks to the chairman, to Lindy Paull and to Frank Polk, and to Mark Patterson and Nick Giordano. I yield the floor.

Several Senators addressed the Chair.

The PRESIDING OFFICER (Mr. ROBERTS). Who yields time?

Mr. WELLSTONE. Mr. President, I defer to the chairman. I am hoping to get a chance to speak.

Mr. MOYNIHAN. Mr. President, I believe the chairman would like to make a comment in response.

Mr. ROTH. Yes, I will be very brief. First of all, I just want to publicly recognize and thank Senator MOYNIHAN for the role he has played. I think his statement today is another example of his towering intellect. We are very fortunate to have an individual who is renowned throughout this country for his ability to analyze, to study, and come up with constructive proposals. Certainly, we have all benefited from his rare intellect.

I would just like to comment on two or three things that he spoke about in his opening remarks. First of all, I share the pride and satisfaction in our higher educational system. I have often thought there are few countries that have anything like ours. They may have one or two outstanding schools—Oxford and Cambridge in the British Isles; in Japan they have the University of Tokyo. But we have so many outstanding schools. My only criticism of what Senator MOYNIHAN said is he failed to mention the University of Delaware which, I must confess, is really a hidden jewel. But I share the pride, and I think it is important that we do everything that we can to strengthen this, both the private and public sector, in these days where knowledge and technology is of even greater importance than any other time.

I would also like to speak very briefly about Amtrak, because it seems to me we have our last clear chance to do something about it. I have to tell you that for the last several months, I have fought tooth and nail to try to bring about a solution. Mr. President, I cannot imagine the leading industrial nation of the world, the only superpower not having a modern passenger rail system. It is just unconscionable for that to happen, particularly in these times when we are running out of—I don't know about the State of New York, but I can tell you, in my little State of Delaware, we are running out of land. How many highways can we build? How many planes can fly over? What are we going to do about the environment? This is a critical matter, not only to the Northeast but to the entire country.

I couldn't agree more with Senator MOYNIHAN than when he calls upon the Secretary of Transportation and the Secretary of Labor to provide some leadership. This can still be salvaged, it still can be saved, but it means that the parties that are involved and interested are going to have to get together and bring about the kind of reform that assures a sound future for our rail system.

This, again I say, is our last clear chance. We have the funds in there. They are available. Now it is up to those who have the voice on reform to get together and compromise and work together, just as we did in our committee.

I again express my appreciation to the distinguished Senator for his contributions and cooperation.

Mr. MOYNIHAN. Mr. President, can I just say thanks once again to the chairman, and add that there is every reason to think that Amtrak is on the verge of financial stability, with a new rail system, fast rail system, and just when we are about to succeed, we can thwart the whole enterprise. I hope we will not do that.

Mr. President, I yield the floor. I find my friend has been waiting so very patiently. The floor is now his.

Mr. WELLSTONE. I thank both colleagues. Mr. President, I ask unanimous consent to take 15 minutes off the time that has been given to Senator BUMPERS, and I ask Senator MOYNIHAN whether I might get 10 minutes from his time, if that would be OK.

Mr. MOYNIHAN. Mr. President, the Senator most surely can. I wish he would.

Mr. WELLSTONE. I thank him.

The PRESIDING OFFICER. The Senator from Minnesota is recognized.

Mr. WELLSTONE. Mr. President, let me, first of all, say to Senator ROTH and Senator MOYNIHAN, since my comments will be in disagreement, that I have tremendous respect for all the work that they have done. Both of them represent the very best of public service. But I can't, as a matter of principle, vote for this budget agreement. I support balancing the budget through a process which observes basic principles of economic and social justice and embodies the notion of shared sacrifice in pursuit of the common good, the common interest, the people's interest. But despite the cheers of its supporters, this deal fails miserably those tests.

In the midst of all the cheering over this deal, we face a quiet crisis. It is not a war, it is not a broad economic calamity, but it is a crisis, nonetheless. This is, by the averages and the indicators, a prosperous time for our country. It is a time of sustained economic growth and low inflation, of a booming stock market and low unemployment. There is no blare of bugles, no moan of universal distress, no loud hordes of protesters clamoring in our streets. But averages are misleading. They tell nothing of the end of the curve, the height at the top or the depth at the bottom, and that is where our crisis resides. It is a quiet crisis of money, power, and injustice. It is the crisis of a nation in danger of abandoning the principles of equality and justice that are so fundamental to our resilience and to our future together.

The principle of economic justice in this bill has been eclipsed. I fear it will accelerate growing inequalities in our country that we all should be committed to combat. We have moved in recent years back to a darker time. It is a more stratified America. It is really two Americas: one America with mounting access to the things that make life richer in possibility; the other caught in a constant struggle to make ends meet.

One able to purchase the security of gated communities and private schools; the other beset by the dangers of a decaying social fabric.

One America swiftly navigating the information superhighway, the other lacking the rudimentary skills needed to navigate an ever-more complex society.

One enriched by a rising stock market; the other at the uncertain mercies of the job market.

One wondering when to take a vacation to Europe or Asia; the other hoping to save enough to take a family to a ball game.

This other America, this second America is not inhabited by just the poor or neglected minority. It is, in fact, the residence of the American majority. It is the homeland of most of our workers, most of our families, most of our children, and it is precisely this America that the budget agreement fails to serve fully and fairly.

I would support a deal that required truly shared sacrifice while investing in our future, but shared sacrifice is not what this package is all about. Instead, it is about working families sacrificing and Wall Street investors and big companies garnering the lion's share of the benefits.

Balancing the short-term budget fairly is a responsible and it is a worthwhile goal, made easier by our recent economic boom. But building a strong economy, preserving a shared prosperity, ensuring social and economic stability for the next generation by investing in their health and their skills and their character, our children, this is a far loftier and far more difficult goal for which we should have been striving in this budget agreement, and this agreement falls short of those goals.

First, the agreement is unfair. At times, it is grossly unfair, I say to my colleagues, to the vast majority of working Americans who deserve real tax relief but will not get it in this bill, because most of the benefits go to the wealthiest 3 to 4 percent of the taxpayers and the profitable companies.

Second, this agreement is shortsighted, starving our Nation's investment needs, investments critical to our future economic and social prosperity, in order to pay for large, unfair, and unwarranted tax cuts.

Third, and perhaps most ironically, since its ostensible purpose is to balance the budget, it is fiscally irresponsible. By locking into place hundreds of billions of dollars in tax cuts for the wealthy, as far as the eye can see, many of which will grow larger and larger over time, it will cause the deficit to explode just as the baby boomers are expected to retire and begin to draw on programs like Social Security and Medicare.

While this agreement has been hailed by some Democrats because it partially preserves funding for certain health care, education, and other programs that Republicans have been trying to slash for almost 3 years, and it is hailed by Republicans because it contains the huge tax cuts for the wealthy for which they have so long fought and sought, a closer look is called for in the midst of all this cheerleading.

As a legislator, I have discovered that too often if the deal appears to give all things to all parties, as this one does, something is not quite right.

Americans should take a closer look at the details of this package. When they do, they will be very troubled by what they see. Even with the marginal improvements which were forced by the President and the Democratic colleagues in the Congress, it still is a deeply flawed agreement which mortgages the economic futures of our children for the short-term political benefit which some will derive by claiming to have balanced the budget.

Unless we revisit this deal soon, it will lock us into a program of huge tax cuts, mainly going to the wealthiest of people, funded by equally large spending cuts in virtually every single basic function of Government—environmental protection, airline safety, crime control, science and health and technology research, health care for the frail and the elderly and the poor.

And, Mr. President, it will do so while continuing the Republican Congress tradition of stuffing more money into the Pentagon than even the Pentagon has requested, more B–2 bombers and ships and fighters than we need, mostly to preserve jobs in key congressional districts.

As one of my colleagues observed, this bill sacrifices tomorrow's hopes for today's headlines. That is a mistake for which we will all pay for years to come, just as we did for the mistakes of the early 1980's and its exploding deficits.

Mr. President, the President of the United States said, among other things, he would only sign on to a deal that was fair, fiscally responsible, with no exploding deficits in the next 10 years or so. These were the basic tests that he said he would apply to any final agreement. But this agreement clearly fails the fairness test. The sad fact is that low-income families get virtually nothing—nothing—from this tax cut bill, working families get very little, and the wealthy are the big winners in this tax bill.

While the ink is barely dry on the deal—and so we do not have any official information about its actual distributional impact—we are asked to vote on this without getting any official information about who exactly is going to benefit and who is going to be asked to sacrifice.

Preliminary analysis suggests a disastrously lopsided approach skewed to the very rich, those making over $200,000 a year annually. That is not the middle class in America. The nonpartisan group, Citizens for Tax Justice, has run the numbers through a fairly sophisticated distributional model. And they found that the tax package delivers about half of its benefits to the top 5 percent of the taxpayers.

Half of the benefits go to the top 5 percent of the taxpayers. The average tax cut for middle-class working families and individuals, when you figure in all the tax hikes and cuts together, is about $200. For the richest 1 percent, it is about $16,000. I had hoped for substantial tax relief for working families. This bill only offers about one-fourth of its overall relief to those making under $100,000 a year. I think working families should not have to settle for scraps from the tax cut table. They should have been the first in line for relief. But that is not the case.

But just a few examples.

The alternative minimum tax was passed in 1986. With tax fairness, large companies ought to pay, large profitable companies ought to pay at least some tax. That has essentially been gutted. The Treasury Department estimates that these changes would take 76,000 profitable corporations completely off the tax rolls, and to the tune of $18 billion over the next 10 years.

Another example. While this budget provides little or no relief for working families, it gives wealthy Americans huge capital gains tax cuts. The vast majority of these benefits from the cuts in capital gains go to big investors, people making $200,000, $300,000, and $400,000 annually. Hardly tax fairness.

Mr. President, not only is this deal unfair, it is shortsighted, it ignores our most critical needs as a nation, including repairing and rebuilding our crumbling schools. Not one penny is invested in our crumbling schools, including dealing with our crumbling inner cities, our underdeveloped rural areas.

Through its spending controls, it provides for huge and still unspecified cuts in Federal investments that my colleagues apparently do not like to talk about much, an estimated $272 billion in such nondefense cuts over the next 10 years while it claims to "protect" some priority programs.

I am very skeptical. There is not a penny here for crumbling schools to secure educational opportunities for children. How come that was not a priority program? There is too little for job training for dislocated workers, for workers struggling to move off welfare into good jobs, and there is too little by way of reinvesting in our inner cities, the environmental protection, in basic key investments critical to our Nation's future.

Mr. President, I voted against the spending bill. And I will vote against this tax bill. I do not understand how my colleagues can basically view these matters separately. They are part of one package and one deal. And I will just give some examples.

We now have huge, significant cuts in Medicare and Medicaid. And they are being used to pay for the tax cuts in this deal, which disproportionately go to the top 1, 2, 3 percent of the population that need the assistance the least. That is part of the tradeoff.

Mr. President, Medicare will be cut by $115 billion over the next 5 years. And the proposal assumes $385 billion in cuts over 10 years. In Medicaid, we will be cutting $13 billion over the next 5 years.

Mr. President, in rural Minnesota, where the hospitals and the clinics are not greedy—a small profit margin—60, 70, 80 percent of the patient payment mix is Medicare and Medicaid. Please, do not have any illusions about this. The cuts to the providers will make it difficult for some of these hospitals and clinics to go on. When they no longer exist, that hurts our rural communities.

Mr. President, the cuts in medical assistance disproportionately hurt our children's hospitals and disproportionately hurt our inner-city hospitals which are safety net hospitals for the poorest Americans—including children—in America.

My colleagues say to me, "Well, but this overall agreement, it's not that bad, after all." And I say, "Compared to what?" To the earlier Republican bills, which the huge majority of American people rejected, this is an improvement. We did not go forward with a $5 copay, even though it passed in the Senate, for elderly people for home health care visits.

We have done better by way of graduate medical education. And, yes, Mr. President, we have $24 billion more in children's health care. And it includes also some additional parity, nondiscrimination for children and families struggling with mental illness. I thank my colleague, Senator DOMENICI. It is a labor of love to work with him on this.

But, Mr. President, we still do not know at the State level how much of this will reach the children. We hope it does. There are 10 million children without coverage. I have seen projections anywhere from 1½ million to 5 million will be covered, though it is block granted to the States. And we do not have the ironclad guarantees that we need. We need to fulfill our goal of providing adequate and complete care for all children in America.

But, Mr. President, irony built upon ironies. My colleagues say it is not that bad, we are doing better for children. I give credit where credit is due. But last Congress we cut $25 billion in the major food nutrition program for children. It ultimately will be a 20-percent cut in food stamps, and about 70 percent of the recipients are children. Almost all of them are in working families, usually families with incomes under $7,000 a year. This directly affects the quality of their health care. I did not see any restoration of any funding for the major child nutrition program in the United States of America.

Mr. President, my colleagues say we did better for legal immigrants. We restored some of the supplemental security income for those immigrants that have been in this country, but, Mr. President, we eliminated all of the food nutrition assistance. So if you have an elderly Hmong woman in Saint Paul, and she has $450 of SSI and another $75 in food stamps, and that is her total monthly income—and that is exactly the figure for many people —we did not restore any, we did not restore one penny of food nutrition assistance. It is not that bad but, Mr. President, this piece of legislation is also not that good.

Mr. President, I do not understand exactly what the concept of justice is here. I do not know what happened to the principle of justice and fairness. Not only do we have the tax cuts going disproportionately to the top 5 percent of the population, but even when we say we are going to help children and families, we decide that we will do nothing for the poorest.

The child tax credit is refundable. And now we say it is refundable to families with incomes over $100,000 a year. But if you are a family with an income of under $18,000 a year, you are not eligible at all. We decided that families with over $100,000 a year needed the assistance. But since we have the earned-income tax credits, we decided that families with incomes under $18,000 a year would not be eligible for a child credit at all. What kind of standard of justice is that?

I spent a lot of time with those families. I see their struggles. Don't tell me that those families, families in America with incomes under $18,000 a year, could not also have benefited from the tax credit so they could have provided their children with a little bit more. Don't tell me they would not have benefited. What concept of justice justifies a tax credit for families with incomes over $100,000 a year, but zero, no assistance, for families earning under $18,000 a year?

Mr. President, on higher education, we have seen a great deal of discussion. I find it difficult to say this, but I am going to because 20 years of my life was devoted to higher education. Some of this is a bit hyped. Some of it is a bit hyped. Some of it is a bit of hype.

Mr. President, I am grateful for the tax deductions. I am grateful for the tax credits which are nonrefundable, but every single financial aid officer you want to talk to, everyone involved in financial aid will tell you we should have expanded the Pell grants. The statistic that is unconscionable is that a flat 8 percent, since 1979, of those families with incomes under $20,000 a year, only a flat 8 percent have been able to graduate, men and women from those families, with affordability being a key problem. There are other problems but that is the major problem. There is really nothing in this piece of legislation for them.

We expanded the Pell grant by $300, but the Pell grant is now meeting at best about 16 percent of the student's overall need. We could have expanded the Pell grant program up to $5,000 a year. It would have reached middle income as well for the same price tag as to what we did here with the tax deduction and the tax credits.

But, Mr. President, the tax credits are nonrefundable. The tax credits are not refundable. I will just tell you that if you spend any time at the community colleges, you will find that most of the students are older and going back to school, and they have incomes of around $25,000, $26,000 a year. They are ineligible because they do not have the tax liability. And we are making the claim that this is essentially 2 years more of free education? It does not hold up. It does not hold up.

Mr. President, we say we protected priority programs. We have hundreds of billions of dollars in tax cuts, which will increase with every year, disproportionately going to the top 5 percent of the population, and altogether, Mr. President, we came up with not $5 billion that we were going to leverage for some investment in rebuilding crumbling schools, but we threw in $10 million at the end, $10 million for all of America. Mr. President, what kind of priorities are these? How could the administration have bargained this away?

I was down in Delta City, MS, in Tunica, MS. I visited a school. This was an all-black school. The ceiling was kind of crumbling in. The toilets were decrepit. If you had wanted to wash your hands after going to the bathroom, you would not have been able to.

But, Mr. President, I was in Chicago on Monday visiting with some of the housing projects, and I saw the same kind of schools. You look at these schools, they are so uninviting. They are crumbling. And we tell our children we put no value on them when we send children to such schools. The General Accounting Office tells us it costs $110 billion if we want to invest in rebuilding these crumbling schools. We have not invested anything in rebuilding crumbling schools—not really—just $10 million for the whole Nation. That is a joke, and it is a cruel joke. How can we say that we have protected our major priority programs when we don't invest anything in rebuilding crumbling schools in America?

Mr. President, it is not just Chicago and Mississippi; it is North, East, South, and West. I say to my colleagues, if you say you are committed to education, we can have a debate about educational standards. Maybe they are good, maybe they are not. We can debate about how you measure academic performance. We can have all those debates. But this is simple: Don't send children to schools where the ceilings are falling in and the stench of urine is in the hallways and the buildings are decrepit and expect those children to do well. We say that this budget agreement protects our major priorities. What about these children? Aren't they our major priority?

Mr. President, I was in Chicago on Monday in the Pilsen neighborhood with Congressmen GUTIERREZ and BOBBY RUSH at the Robert Taylor Home Housing Project. St. Augustine had a wonderful Head Start Program. It was a great program. I was inspired by their work. But, Mr. President, they could take 30-some children at the site we visited, and they have 335 children who want to participate—335 children who could be given a head start if we fully funded this program.

Altogether we have added $324 million. We have 4 million children in the United States of America, from birth to age 5, who were not served by the Head Start Program, and we have invested a measly $324 million, which we claim—and it doesn't hold up under scrutiny—will lead to an additional 1 million children. Why don't we fully fund Head Start? If the program does what it says it does, which is to give children a head start, why give the tax benefits to the wealthiest of people and, at the same time, not the investment in rebuilding crumbling schools and not an investment in Head Start? Everywhere I go, all across the United States of America, whether it is rural or urban, I see the successes with kids, I see men and women who work with these children. They should be famous. They make too little money as Head Start teachers or as teacher assistants. We say these are the critical years, and we say the very early part of children's lives is the most critical time, and we invest $324 million, and that is it.

Mr. President, many of my colleagues support this bill and they call it, on balance, a good piece of work. I simply cannot join them in their enthusiasm because I am too painfully aware of the people this bill leaves behind. Mr. President, the benefits are skewed toward America's very wealthy, and when working families find this out, they will not be pleased.

Mr. President, this piece of legislation, this budget deal, leaves too many Americans behind. We can and we should balance the budget fairly and responsibly, observing the principle of shared sacrifice and economic justice, making the Tax Code fairer, simpler, and flatter in the process, and investing in our Nation's future. We could have done that because the economy is booming and it is much easier to do it now than a few years ago. But with this bill, Mr. President, we have failed in that effort at fairness.

If this balanced budget agreement is to be the great accomplishment of 8 years of Democratic Presidency, then history will judge us harshly. With a budget that we already have, that is essentially in substantial balance because of the policies of the past 4 years, this agreement today is really a triumph of the past rather than a bridge to the century to come.

Mr. President, I yield the floor.

The PRESIDING OFFICER. Who yields time?

Mr. ROTH. Mr. President, I yield 10 minutes to the distinguished Senator from New Hampshire.

The PRESIDING OFFICER. The Senator from New Hampshire is recognized.

Mr. GREGG. Mr. President, let me begin by congratulating the Senator from Delaware for the extraordinary job he has done in putting together this tax reduction package, which is directed primarily to assisting American families, working families of middle-income means, to make it easier on them to meet the day-to-day expenses of raising a family. It takes giant strides in assisting especially the American middle-income family in dealing with the cost of education, which is absolutely critical. The effort that was put into this by the Senator from Delaware in leading this initiative and pulling this together and getting it passed is nothing short of extraordinary. It will go down as one of the finest hours, I think, in this body and certainly in this Congress. I congratulate him for it.

I wanted to speak briefly about a couple of areas in the bill that I think are especially positive and for which I thank the Senator from Delaware for working so hard on them.

First is the area of estate tax reform. We have heard a lot about how this bill greatly helps especially the small businessperson and farmer in being able to retain their business and pass it on to their heirs—their children, in most instances—so they can continue to run the business, so that all the years of sweat equity put in on building a family farm or a small business won't be lost or confiscated on the death of the primary owner of the estate, but rather will be passed on to his or her family, and the tax burden on that small businessman or farmer is dramatically reduced.

But there is another item in this bill that has not been talked about at all, which I think is especially important in places like New Hampshire, and that is the conservation tax—a tax break for people who leave their land or keep their land in conservation, or in the silviculture activities, upon the death of the primary owner of the estate. This section of the bill, which was initiated by myself and Senator CHAFEE from Rhode Island, is basically directed at addressing a problem which we see especially in New England. There is tremendous pressure on our forest areas to convert those areas to development. Many people in New England—especially in New Hampshire—run very small tree farms, or operate a lumber business, or a logging business, or a business that in some way uses the forest lands. In addition, there are a lot of people who, just for the purposes of being good citizens, keep their lands open. They don't develop them. They keep their lands in a natural, or fairly close to natural, state, and their lands in many instances are used for recreation or are used for hunting and used, obviously, to maintain the environment.

Unfortunately, when these folks pass on, because of the nature of New England today and the heavy populations that we have and the expansion of population that we have, in most instances these pieces of land aren't valued for the purposes of running a tree farm or maintaining wood lots. They usually are valued for some higher use, defined by the terms of cost, such as a mall or, in many instances, a housing development of some nature. The result of that is that the property in the estate ends up being valued at an extraordinarily high level. The heirs who receive the land have no option but to sell the land, develop the land, and as a result, convert the land from forestry use into some sort of commercial or construction use, which has two events. First, it obviously ends the ability of the forestry industry to use that land for the purposes of maintaining forest and silviculture activity. Second, it ends up developing land. That changes the character of the State in many ways.

There are a lot of people who would rather not develop the lands. A lot of heirs are willing to keep the land as a production for forestry activities, or as a conservation area, but they can't afford to do that because the taxes are so high. So in this bill, as a result of the efforts of the chairman of the committee, myself, and Senator CHAFEE, there is now a new deduction that allows people, who agree to do it, to retain their land as a conservation easement when they receive it from an estate and, thus, keep it as land that is protected for the purposes of keeping it in a fairly natural state—using it for timbering if they desire to do so. There will be a deduction relative to the value of that land of about 40 percent, which is a major plus. It is a major commitment to the community, a major commitment, obviously, to the individuals who will be receiving the land, that the Federal Government isn't going to force people to sell their land in order to pay their taxes by putting a value on the land that is so high that they have no option but to sell their land. That is good news.

Now, this only applies to certain types of land. It applies to land which lies within a certain distance of a national forest or an urban forest. So it doesn't apply to all of the land in New England or all of the land in the country. It does apply to land which is basically in the same area as the area which has already been protected for the purposes of maintaining its pristine qualities. That only makes sense that that type of land should be the land that we are targeting, so that we don't end up with large commercial developments surrounding our national forests and urban forests.

As a result of this language being put in the bill and the way it was put in, it will actually apply to about 90 percent of New Hampshire because so much of it is a national forest. We have the largest national forest, I believe, east of the Mississippi. Certainly, we have the largest national forest in the Northeast, or the most visited in the Northeast, the White Mountain National Forest, which takes up about 17 percent of the State, I believe. Therefore, it has a very significant land mass within the State. So this is good news for those of us who believe very strongly that maintaining the character of the land, in the State of New Hampshire especially, is critical. This will allow those folks who receive land coming out of an estate to keep that land as forest land, if they desire to do so, and not be forced to sell in order to pay taxes. That is a very big plus.

The second element I want to congratulate Senator ROTH for deals with retirement provisions in this bill. There is a very positive expansion of the ability of people to save for retirement in this bill. Of course, there is the famous Roth IRA accounts, which we heard a fair amount about, which are a series of expansions of IRA accounts. More important, this is a whole series of initiatives which came out of a working group I chair, the leadership task force on retirement reform. Thirteen of those items are in this bill. They give the small businesspeople in this country much more flexibility in putting in place retirement accounts and gives individuals much more flexibility in the area of being able to participate in saving for their retirement, and they are very strong initiatives.

I will say a few words about what this tax bill will mean to American families and to their ability to save for retirement.

Earlier this year I was named to chair a Republican Retirement Security Task Force. We introduced a series of reforms as S. 883.

Senator ROTH's contribution to the task force's work was vital. I also appreciate his willingness to work in favor of many of these provisions in this tax legislation.

This Nation faces a dire need to expand retirement saving to meet the retirement needs of an aging 21st century population.

But behind this general national picture are the real-life concerns of millions of hard-working American families, who are concerned about their prospects for retirement. This bill will significantly increase their chances to achieve a dignified and secure retirement.

I would like to describe some of these provisions and the effect that they would have for families.

Consider a family, John and Mary Smith, where John is a full-time paid employee, and Mary is working within the home. Or, perhaps Mary is working full time, and John is working within the home. Between them, they earn $50,000. And suppose that John, but not Mary, is able to participate in a pension plan at work.

Under the old law, this couple could not make a deductible contribution to an IRA. But under this bill, now Mary can make a fully tax-deductible $2,000 contribution to an IRA.

And the same is true whether this family earns $50,000 or $60,000 or $70,000—on up to $150,000. Because of this tax legislation, a huge number of families will now be able to participate in tax-deferred IRA accounts.

An article in the Washington Post this morning indicated that fully 7 million new IRA accounts will be opened because of this measure alone. Think of what that will do for a couple's retirement security—if they are able to put away $2,000, tax-deferred, every year.

Consider another couple: Michael and Susan Jones. Suppose they have a family farm. And because of the fortunes of farming, their income goes up and down from year to year. Perhaps one year they earn $50,000—and the next year they only earn $30,000.

Under current law, this couple is going to be very concerned about whether they can save in an IRA. They don't know whether their contributions will be tax-deductible or not. One year it is, the next year it isn't. It's very difficult for them to know, as the year progresses, whether they can afford to put the money in.

Under this legislation, we have created something new for them—the back-loaded IRA. Now Michael and Susan can make contributions to an IRA without worrying about whether they will get the tax benefits—because those tax benefits will come at the end of the road. They don't get the tax deduction now, when they contribute to the IRA, but they know that at the end of the game, they will have tax-advantaged earnings through the IRA. This legislation gives them a new way to gain tax advantages from savings.

And, this legislation also vastly expands traditional IRA accounts—doubling the income limits for tax deductibility over the next 5 years. As a result, millions of Americans will find it easier to save for retirement.

This legislation also contains many of the pension reform provisions which we worked so hard to create in S. 883.

This legislation increase the security of employer-provided pensions—by increasing the amount of employer funding to meet those pension liabilities.

Under current law, Mr. President, most employers do not have enough funding in these pension plans to meet eventual liabilities. Not because the employers won't do it—but rather because the Government won't let hem. We had sharply limited the amount of funding that employers may put in these pension plans.

So when Frank Williams goes to work, there is often only enough funding in his pension plan to support benefits that he would receive if he and everyone else in the company retired today. Frank hopes to work longer, to accrue a larger pension benefit someday, as does everyone in the company. And the liabilities of the pension plan will eventually be much larger, because everyone working there will someday be entitled to much higher benefits than are accounted for in current measures of liability.

Under this legislation, we will raise the limits on employer funding of pensions—from 150 percent of current liability to 170 percent. Employers will be permitted to fund at a level that is closer to their projected liability. This means greater retirement security for all Americans. It means that there will be more funds in Frank Williams' pension plan.

Now consider the case of another hard-working American, Walter Taylor, an aspiring entrepreneur, starting his or her own business. Under the old law, if he started a pension plan, and he was therefore paying both the employer match and the employee contribution for his own pension benefits, he would not get the same tax treatment that other employers get. This legislation will create a level playing field for the self-employed, and says that they too will receive the same tax treatment of their matching contributions that other employers receive.

This will be a tremendous benefit to small businesses, which is where we most need to expand pension coverage.

This legislation will also make it easier and more convenient for families to save through IRA's—by facilitating automatic payroll deductions into IRA's.

This legislation will also make it easier for State and local government plans to operate, by exempting them from the cumbersome nondiscrimination rules that were not intended for Government plans.

This legislation will streamline and simplify paperwork and reporting requirements. It will eliminate the need for obsolete and unnecessary forms, and will also facilitate the use of electronic technology to replace old paperwork.

Finally, the legislation will make a number of technical corrections to the law, straightening out inconsistencies between tax and regulatory treatment of pension contributions, inconsistencies that have frustrated employers and pension administrators alike.

I am pleased to have been the principal sponsor of these provisions, and I commend and thank those who have worked to bring us closer to enacting them into law.

Mr. President, I thank the Senator from Maine for allowing me to precede her. I thank the Senator from Delaware for allowing me to speak and for his extraordinary effort.

Mr. ROTH. Mr. President, I want to thank the distinguished Senator from New Hampshire for his very gracious remarks.

PRIVILEGE OF THE FLOOR

Mr. ROTH. Mr. President, I ask unanimous consent that the Joint Committee on Taxation staff members named on the list I send to the desk be granted floor privileges for the duration of the consideration of the conference report on H.R. 2014.

The PRESIDING OFFICER. Without objection, it is so ordered.

The list is as follows:

STAFF MEMBERS—JOINT COMMITTEE ON TAXATION

Angus, Barbara M., Business Tax Counsel.
Arkin, Steven D., Legislation Counsel.
Barthold, Thomas A., Senior Economist.
Hartley, H. Benjamin, Senior Legislation Counsel.
Kies, Kenneth J., Chief of Staff.
Killelea, Kent L., Legislation Counsel.
Mann, Roberta F., Legislation Counsel.
Matthews, Lauralee A., Senior Legislation Counsel.
McDaniel, Alysa M., Legislation Counsel.
Mikrut, Joseph M., Associate Deputy Chief of Staff.
Navratil, John F., Economist.
Nega, Joseph W., Legislation Counsel.
Owens, Judy K., Legislation Counsel.
Rock, Cecily W., Senior Legislation Counsel.
Schmitt, Mary M., Deputy Chief of Staff/Law.
Schwarz, Melbert E., Accountant.
Smith, Carolyn E., Associate Deputy Chief of Staff.
Wold, Barry L., Legislation Counsel.
Terry, Maxine, Legislation Counsel.

Mr. ROTH. Mr. President, I am now pleased to yield 15 minutes to the distinguished Senator from Maine.

The PRESIDING OFFICER. The Senator from Maine is recognized.

Ms. COLLINS. Thank you, Mr. President. I thank the chairman, Senator ROTH, for the extraordinary work he has done to bring this before us today for passage.

Mr. President, I rise today in strong support of the conference report on the Taxpayer Relief Act of 1997, the first major tax cut for the middle class that the Congress has passed since 1981.

This historic tax cut bill, along with the companion Balanced Budget Act, represents very good news for the American people. These measures put the Federal Government on the road to a balanced budget, and will provide much-needed tax relief for middle-class families in Maine and across the Nation.

There are several small business and education provisions that I am particularly pleased to see included in the legislation before us today. These proposals have been among my highest priorities since coming to the Senate.

In fact, the very first bill I introduced as a Senator was designed to provide tax relief for family-owned businesses and farms. I am, therefore, delighted that the Taxpayer Relief Act will provide substantial estate or death tax relief for family-owned businesses and farms, the backbone of our economy in Maine. Effective in January of next year, these businesses and farms will be eligible for a $1.3 million exemption from Federal estate taxes, more than double the current $600,000 exemption.

Mr. President, I cannot tell you how strongly I feel about providing this relief. Time and again family business owners in Maine have told me of their painful decisions to dismember their companies, to sell them to large out-of-State corporations, in order to avoid saddling their children with enormous debt to pay the estate tax. The tax is wrong. It is simply unfair. We ought to be encouraging family businesses to prosper and to continue from generation to generation.

Given that family businesses will create two-thirds of the new jobs in the future, our Tax Code should encourage their creation, expansion, and continuation. The current estate tax structure penalizes job creation and, according to several studies, has actually cost our Nation as many as 220,000 jobs—220,000 jobs lost because of this onerous tax. Passing the estate tax relief provisions of this bill will allow family business owners to invest in their companies, rather than in a platoon of attorneys, accountants, and insurance agents attempting to alleviate the estate tax bite.

Adopting this proposal will mean that these businesses and farms can stay in the family, and be passed from generation to generation, from parents to their children, instead of being sold in order to pay taxes as happens all too frequently under the current estate tax laws. These reforms will help keep the family in our family businesses and good jobs in our communities.

In addition, the tax package contains some very important reforms that will help make a college education more affordable for middle-income families, another of my top priorities.

Mr. President, prior to serving in the Senate, I worked at Husson College, a small college in Bangor, ME, whose students primarily come from lower and middle-income families. Most Husson students are the first members of their family to attend college.

At Husson, I came to appreciate the critical role that Pell grants and student loan programs play in making college available to many students, but I also learned that our current programs do far too little to help many middle-class families who have to carry the heavy burden of college costs for their children largely by themselves.

This is a very serious problem. I am pleased that this legislation contains several provisions that are specifically designed to make it easier for middle-income families to save for their children's education and to help graduates pay back their student loans.

For example, families will be allowed to establish tax-deferred education IRA's that reward them for planning and saving for their children's college education.

Especially important, this legislation allows students to deduct up to $2,500 annually in interest on their student loans. Many college graduates are faced with daunting debts that will strain their finances for years. We currently do not do enough for those for whom the road to college ends not with a pot of gold but with a pile of debt. Many college graduates are faced with daunting debts from their student loans that will strain their finances for years.

Many students in my home State of Maine, when confronted with this dilemma, either decide not to pursue a college education at all, or decide to drop out of college. That is one important reason why Maine ranks a dismal 49th out of the 50 States in the number of high school graduates going on to college. That is why this student loan interest deduction is so critical to bringing college within reach of many middle-income families.

Mr. President, these proposals—the education savings account and the tax deduction for student loan interest—were included in legislation I introduced earlier this year, the College Access and Affordability Act of 1997. I am very pleased to see that they were included in the conference report. Making higher education more accessible and affordable is essential if we are to have a high-quality work force able to compete in a global marketplace in the 21st century.

Finally, Mr. President, I want to note several other important provisions that will help our small businesses—the job creators in this country. This legislation will make health insurance more affordable for the 82,000 people in Maine who are self-employed. They include our lobstermen, our hairdressers, our electricians, our plumbers, and many owners of our small mom-and-pop stores that dot the communities throughout our State.

Under this package, self-employed workers will be able to deduct 100 percent of their health insurance premiums by the year 2007. Establishing parity of health insurance costs between the self-employed and those working for large businesses is a matter of basic equity, and it will also help to reduce the number of uninsured, but working, Americans.

Finally, another important provision for small businesses is the restoration of the home office tax deduction, which was nullified by a Supreme Court ruling several years ago. Home-based businesses are exploding all over Maine. This bill will enable many entrepreneurs in Maine and throughout the Nation to once again deduct the very legitimate expenses associated with working out of their homes.

Mr. President, in closing, I want to once again commend the distinguished chairman of the Finance Committee, Senator ROTH, the distinguished majority leader, Senator LOTT, and Senator NICKLES, Senator MOYNIHAN, the ranking minority member, and all of those who have played such a vital role in crafting such historic legislation. It will provide tax relief to our families, to our small businesses, to our family farms, and to our students—to our entrepreneurs.

It is a terrific bill that deserves broad bipartisan support. This legislation has my enthusiastic support, and I appreciate very much being able to speak to my colleagues on this issue.

Thank you. I yield the floor.

Several Senators addressed the Chair.

The PRESIDING OFFICER. Who yields time?

Mr. CONRAD. Mr. President, I yield myself such time as I might consume off Senator MOYNIHAN's time.

The PRESIDING OFFICER. The Senator is recognized.

Mr. CONRAD. I thank the Chair.

I say to my colleague, Senator HAGEL, that I think they are under an informal understanding of going back and forth. I would be glad to hold off, if the Senator has another responsibility elsewhere. I would be happy to stand down and allow him to proceed.

Mr. HAGEL. My friend and colleague is very generous. My only other responsibility, after just a couple of brief comments, would be to preside over your insightful commentary on the floor of the Senate. If I might take advantage of the Senator's generosity, I would not need more than 5 minutes at the most.

Mr. ROTH. Mr. President, I yield 5 minutes to the distinguished Senator from Nebraska.

Mr. HAGEL. I thank the chairman, and to my friend and colleague from North Dakota, I thank him.

The PRESIDING OFFICER. The Senator from Nebraska is recognized.

Mr. HAGEL. Thank you, Mr. President.

Mr. President, I would like to take a couple of minutes to give some perspective about what this body has been doing the last few months, culminating in a vote shortly today or tomorrow on the Tax Relief Act, and what we have just done this morning in the balanced budget amendment.

Four years ago almost exactly, the Congress of the United States passed the largest tax increase in the history of America. I bring that point to the front because, Mr. President, the agenda has changed. The issues have changed. We are now talking about cutting spending, cutting taxes, balancing the budget, and actually stepping up to the short-term and long-term challenges in our entitlement programs. I might add as well that this is a bipartisan effort. The vote that we just held this morning on the balanced budget amendment was 85 to 15 with strong bipartisan support—Democrats and Republicans working together.

As we approach a new century—a hopeful, dynamic, energetic, new century full of great promise for our next generation—it is very appropriate that we take in this body the responsibility to focus on fiscal change and infrastructure change to prepare us as we go into this next century. We cannot hope to compete in a global economy when we overtax, overspend, and overregulate. I believe that all of us in this body have come to that conclusion.

The House overwhelmingly last night passed the balanced budget amendment. They, too, will vote on the tax act, as we will shortly. But sometimes in the rush of the activity and the heat of the moment and the passion of the politics, we tend to forget what has been accomplished here. This has been a remarkable accomplishment. Imperfect? Of course. Tax cuts—not deep enough. Spending cuts—not deep enough. This body is on record in going further on dealing with some of the tough, tough issues that we are going to have to deal with in Medicare and entitlements. But what is important is that we have made a beginning—a very strong, substantive beginning. It is due to the efforts of both sides of the aisle and all in this body who have helped to make this happen.

I listened to my colleagues this morning walk through some of the specifics of the tax bill. I think they are worthy of what we have done because, as you frame it up and understand it, what we have done is, for the first time in 16 years, we are about to bring real tax relief to Americans. By our vote this morning we have started to begin to harness the energy and the resources that we have in this country with showing some fiscal responsibility—balance the budget and, again, in a bipartisan way. Those are elements that should not be forgotten or dismissed easily when both sides of this debate talk about what we have done and what we have not done.

So I, Mr. President, appreciate the opportunity to bring some general perspective to this, because occasionally we don't step back enough and understand what really has happened here and how this will strengthen this country and the opportunities for our young people as we go into the next century.

Again, imperfect, more to do, strong beginning. And I, for one, Mr. President, as a new Senator to this body, am proud to have voted for the balanced budget amendment this morning, and I intend to vote for the Tax Relief Act when it comes to this floor.

I appreciate the time which my distinguished colleague from North Dakota and the chairman of the Finance Committee have given me.

I yield the floor.

The PRESIDING OFFICER. Who yields time?

Mr. CONRAD addressed the Chair.

The PRESIDING OFFICER (Mr. HAGEL). The Senator from North Dakota is recognized.

Mr. CONRAD. I yield myself such time as I might consume off the ranking member's time.

I thank the Chair.

Mr. President, first of all, I want to acknowledge the efforts of the chairman of the Budget Committee, Senator DOMENICI, and the very great contribution of the ranking member of the Budget Committee, Senator LAUTENBERG. In addition, I want to recognize the exceptional efforts with respect to the tax bill of the chairman of the Senate Finance Committee, Senator ROTH, and Senator MOYNIHAN, the ranking member.

First, let me say with respect to Senator ROTH, that he conducted the Finance Committee as I hope all committees of Congress would be conducted. He was absolutely fair. He conducted that committee with a bipartisan spirit. I think it made a great difference in bringing us to this point.

I think for too long in Congress on both sides there have been those who conducted themselves in a very partisan way. Senator ROTH chose to conduct himself in a bipartisan way. That did not mean Senator ROTH gave up his long-held views on taxes and spending. He certainly did not, nor did others of us who may disagree. We had a full and fair debate, and all of us took principled positions that were ones we deeply hold. But there is no reason we cannot have full and fair debate and treat each other with respect. That occurred in the Finance Committee, and Senator ROTH and Senator MOYNIHAN deserve great credit. I want to say that at the outset. I hope that serves as a pattern of how we conduct ourselves going forward in the Senate. I think that is the model of how people in this country would like to see us conduct our business. So I want to say to Senator ROTH, thank you for being a gentleman and conducting yourself with grace.

Mr. President, I, too, am proud to have voted for the provisions that we passed this morning that will finish the job of balancing the unified budget. I am also going to be proud to vote for the tax bill. While it is not precisely as I would have written it if I were given a free hand, none of us can be given a free hand. We are part of a legislative body, 100 on this side, 435 in the House and, of course, we have the White House to consider because the President can exercise a veto.

We worked together to fashion a result that is a compromise. I think it is a very principled compromise. I think it is a fair result. Frankly, I would have done more by way of deficit reduction. I wish we had been more ambitious. I wish we would have done more in long-term reform of entitlement programs. But that was not to be. That is for another day.

Mr. President, we have made progress. This package in total does not reduce the deficit as much as I would have liked. But nonetheless there is solid deficit reduction here, about $175 billion of net deficit reduction over the 5 years.

I have been part of a group of centrists, a group of 25 Senators evenly divided between Democrats and Republicans. We had a more ambitious package of deficit reduction, I would say perhaps twice as much. I would like to have seen that package passed. We also supported in the Finance Committee on a bipartisan basis more far-reaching entitlement reforms, especially with respect to Medicare, but others in the House would not vote for those changes. Notwithstanding the fact that I would like to have seen a different package, a more ambitious package, the fact is this package is worthy of support. It does further reduce the deficit. It does bring us to unified balance. I want to make certain we all understand the difference between unified balance and what I would consider a true balanced budget. But it also provides expanded educational opportunity for our children. There is provided in the previous legislation we passed this morning a broader coverage for children in health care. It provides for tax relief. There are a whole series of provisions that I think are going to be useful, including child tax credits and educational credits. There is also tax reform in a number of other areas, including estate taxes. Estate tax relief will be especially important in a State like mine where we have many small businessmen and farmers. We have a package of increased savings opportunities. Nobody is more responsible for those than Senator ROTH of Delaware. He has had a passion for expanding IRA's and they will provide an incentive, I believe, for further savings and investment.

There are also capital gains changes that will be welcome in many circles. I personally would not have favored the extent of capital gains changes passed here. I would have favored a more targeted approach. But nonetheless, we did reach an agreement, and as I said earlier, this agreement is worthy of support.

I, too, want to put this in perspective. I may have a different perspective than the occupant of the Chair as he expressed it a few moments ago. I remember 1993 very well. The deficit was $290 billion, and every projection that we had said the deficit was going higher. The Democrats at that time had just been elected to the White House. Democrats had control of the Senate and the House. We had to produce an economic plan, a 5-year plan, and we did. We passed that plan without any votes from the other side of the aisle, not one.

In that plan, it is true, we raised taxes. I would not agree that it was the largest tax increase ever. I believe the tax increases that were passed in the early 1980's were larger in terms of relationship to the size of our economy. But nonetheless, we did raise taxes, raised income taxes on the wealthiest 1 percent in this country. We also cut spending—$250 billion of spending cuts—over 5 years.

That package worked. Some on the other side said that if we passed that package it would crater the economy, that it would increase unemployment, that it would increase the deficit, that it would reduce economic growth. Well, the record is now in. The record is clear. Our friends on the other side of the aisle were simply wrong. That package did not increase unemployment. Precisely the opposite occurred. We had the creation of 12½ million new jobs in the last 5 years. Inflation is at a 31-year low. Unemployment is at a 24-year low. We have had remarkable economic growth. We have had business investment expanding at a rate of 10.5 percent a year. We have had the largest reduction in poverty in our history. This has been an economic plan that has worked remarkably well. So that is my perspective on how we get to where we are today.

I will just show this chart. It shows the 1997 budget agreement is only possible because of the savings generated by the 1993 plan. Interestingly enough, if you look at the years from 1994 to 2002, the 1993 plan generated over $2 trillion of deficit reduction—$2 trillion. The plan we are talking about today will further reduce the deficit, but it will produce less than $200 billion of net deficit reduction through 2002. So most of the heavy lifting was done by the 1993 plan.

I am extremely proud to have been part of that plan because it took courage to pass that plan. It was controversial and it was difficult, but it worked.

Mr. President, today we are talking about a tax plan that, as I indicated, has many important elements. One of the elements that I think is very important in this debate is we are able to extend the child credit to people who are paying payroll taxes that do not have further income tax obligation.

Some said it would be welfare to give a child tax credit to those who do not have an additional income tax obligation but are paying payroll taxes. I am very pleased that we were able to prevail in that debate because the reality is we have tens of millions of people in this country who are paying more in payroll taxes than they are paying in income taxes. In fact, 73 percent of the people in this country pay more in payroll taxes than they pay in income taxes. Those payroll taxes are not just being used to finance Social Security and Medicare. They are also being used to finance the ongoing operations of Government, because every year we are taking the Social Security surpluses and spending them. We are spending the Social Security surpluses to support the ongoing operations of Government.

I will display this chart because it shows what has happened with payroll taxes. They have increased dramatically. They now make up about 35 percent of the revenue of this Government; and, again, 73 percent of the people in this country are paying more in payroll taxes than they are paying in income taxes. So I think it is entirely appropriate that we extended the child credit to offset payroll taxes for those folks who earn less than $30,000 a year.

I might say, in my State, that is very nearly a majority of the taxpayers.

The other provisions of this tax bill are also critically important. I am especially pleased with the education component because we have made an enormous investment in American families being able to send their kids on to higher education. That is good news for American families. The good news does not stop there. We have also expanded the incentives for people to save and invest. Again, I want to acknowledge the role of Senator ROTH in that regard.

In my State of North Dakota, we have tens of thousands of small businessmen and farmers who have looked at the estate tax provisions of current law and said, Senator, these have not been adjusted for decades. We are still stuck at $600,000, and it is time for an adjustment. I am especially pleased that in this legislation small businessmen and farmers next year are going to see that basic estate tax provision raised to $1.3 million. That is going to make a real difference in the ability of small business people in my State and the State of the occupant of the Chair to pass on their businesses or their farms to family members.

I think that is what we want to do in this country. We do not want to break up a small family business or a small family farm. Someone may be listening and thinking, is a small family farm, 1.3 million? Given what's happened to land values in parts of our State and other parts of the country, as urban pressures have grown, absolutely that can be a small family farm. You can have a land value of $1.3 million and have people who are cash poor. I have friends who are in farming. If you went to their homes, you would find them living very modestly, very modestly, indeed—driving old cars, living in homes that have not had much done to them in maybe 20 years. Yet they have a land value of $1.5 million. But they have very little in the way of cash income. Yet the current estate tax works to break up those family operations. That is not what we want to be doing. These estate tax changes are going to be very positive.

Mr. President, I want to end as I began by saying this has been a bipartisan effort, it has been a constructive effort, and it has brought us to this result. It is a good result. I also want to say that we have more work to be done. When we talk about balancing the unified budget, what that means is that we are taking Social Security surpluses and counting those in order to achieve balance. It is not my idea of a real balanced budget. I will really celebrate the day that we are no longer counting Social Security trust fund surpluses in order to say that we have balanced the budget.

Let me just show this last chart, because this shows what has happened to the so-called unified deficit. It is the blue line. It shows back in 1992 we had a deficit of $290 billion. It has gone down every single year since the 5-year plan that we put in place in 1993.

This year the projection is $67 billion. I think when the new figures come out in the next couple of weeks they will show that the deficit this year, instead of being $67 billion, as is the current projection, will be down even substantially from that, perhaps as low as $45 billion. Some are even now saying the deficit this year will be as little as $30 billion.

We have had a cumulative deficit of only $11 billion in the first 9 months of this year. That is a remarkable success, from a deficit of $290 billion in 1992 to a deficit this year that may be as little as $45 billion. Then, under this plan we bump up next year. We don't know what the new projections will show. Then we are on a steady, declining path to unified balance in 2002.

But the red line shows something else. It shows that while the deficit is in fact declining each and every year, we will still be left with a $109 billion deficit in 2002, when one includes the Social Security trust fund surpluses. So I think it is fair to say that this plan does balance the unified budget, it does provide tax relief, it does do other things that are very helpful to the American people. But I think it is also important to remind ourselves we still have progress that needs to be made. Because in 2002 we will still have a real deficit, when we consider those Social Security trust fund surpluses that are being thrown in the pot to claim balance.

Even with that said, the fact is this package does represent progress at further reducing the deficit. It does represent tax relief. It does represent the other things that I referenced earlier, like expansion of educational opportunity for our families. It also provides, in the earlier legislation passed, a dramatic expansion of health care coverage for kids in this country who need it.

With that, I yield the floor. I again thank my colleagues who have worked on a bipartisan basis to achieve this result.

The PRESIDING OFFICER. The Senator from Delaware.

Mr. ROTH. Mr. President, before yielding time to the distinguished Senator from Ohio, I would like to thank my good friend and colleague from North Dakota for his knowledge, his background, and contributions to this effort. No one has, I think, greater expertise in such matters as these than this distinguished Senator. I just wanted it to be publicly known that I appreciate his contribution and look forward to continuing in a bipartisan spirit.

I am now pleased to yield 10 minutes to the distinguished Senator from Ohio.

The PRESIDING OFFICER. The Senator from Ohio.

Mr. DeWINE. Mr. President, I thank the chairman of the committee, Senator ROTH, for the fantastic job that he has done. I congratulate also our majority leader, the chairman of the Budget Committee, Senator DOMENICI, as well as the Chairman of the House Budget Committee, JOHN KASICH, and the Chairman of the House Ways and Means Committee, BILL ARCHER—all of the people who have been involved in this really historic piece of legislation. I rise today in strong support of this conference report, the Taxpayer Relief Act. This historic budget agreement is an important step forward for fiscal responsibility, fiscal responsibility that will balance the budget for the first time in 30 years. And it will provide much-needed tax relief for working families.

When we implement this budget agreement, the result will be the first balanced budget since 1969. That is great news for the U.S. economy as well as for the working families who will see a decline in the interest payments they have to carry. This bill will give working families some long-needed, much-needed, much-deserved tax relief—$90 billion of tax relief over the next 5 years. Today, the working families of Ohio and the rest of America are paying record-high taxes. All across America, total taxes eat up 38 percent of the typical family's budget—38 percent. That is more than the typical family spends on food, clothing and shelter combined. On these family necessities they only spend 28 percent of their income.

The people who are particularly helped by this are the lower middle class, the middle class, the working American. A family of four, two children, two adults, with an income of $30,000, will see tax savings of 53 percent—53 percent. A family with a $40,000 income, that same family, would receive a 30 percent tax savings. That same family, at $50,000, would still receive a 21-percent tax savings. That is real money. That is very, very significant.

The education tax incentives will also help the next generation. It will help Ohio families, it will help American families. We all know education is getting more and more important as we move to a skill-based economy. We also know it is very expensive. This tax relief bill will help Ohio's families save and pay for their children's education. It will expand the IRA's available for education and create tax-free prepaid tuition plans. It makes interest on student loans deductible from Federal taxes. It also encourages employers to invest in the education of their workers by giving them a tax deduction for employee training and employee education.

This historic tax bill will help families make ends meet over the short term, and will help them educate their children over the long term. In my view, this is a modest bill, but it is a very important bill. It is a historic bill. It is important because it helps America as a nation reverse course. Mr. President, 50 years ago Americans paid 2 cents out of every dollar they earned to the Federal Government. Today they are sending 25 cents to Washington alone, and that is not counting all the other State and local taxes. That's going in the wrong direction. What we do with this bill is change course and begin to go in the right direction. The $500 per child tax credit, in particular, will help ease the burden of working families who need to hold down two or more jobs to make ends meet.

The tax relief in the agreement will also do a great deal for small business men and women. The capital gains cuts and the lowering of the estate tax will help promote economic growth and help preserve family owned and operated businesses. All of these policy changes in my view are extremely positive. They represent substantial progress over where we are today.

I hope that we soon will address the long-term problem, though, of runaway entitlement spending. We begin to make progress with this bill. Clearly we have to go further. To balance the budget by the year 2002, as the budget agreement would in fact do, is very, very important. In fact, it's a prerequisite for any other progress we intend to make in economic policy. However, while it is essential, it is only a first step. We need to view what we are doing today, really, as just that, a first step. Our next necessary step is to prepare the Federal budget for the fiscal tidal wave that will occur when the baby boomers start to retire and become eligible for Social Security and for Medicare. In my view, we have to start reforming the entitlements in a responsible and bipartisan way. Congress has been talking about this for years. It is essential that we make it happen and we make it happen as soon as possible.

But, for today, this bill and its companion measure are an excellent step forward, a first step. I am proud to vote yes on both of these historic conference reports.

Mr. DORGAN addressed the Chair.

The PRESIDING OFFICER. The Senator from North Dakota.

Mr. DORGAN. Mr. President, I yield myself as much time as I may consume of the time allocated to our side.

I come to the floor today to say I intend to vote for this conference report and am pleased with the work that has been done in the Congress, and especially the work that has been done by so many people who invested so many hours to try to do the right thing.

The Senator from Delaware, Senator ROTH, who heads the Senate Finance Committee, has disproved the old adage about what a committee is, which is: A group of the unwilling chosen from the unfit to do the unnecessary. This committee, under this chairman's leadership, and the men and women from the Republican and Democratic caucus who were assigned to that committee, I think have done some very substantial work that will engender a substantial vote in the U.S. Senate, a bipartisan vote. I am glad to stand on the floor in this circumstance and say, finally, we have reached a point where both parties have come together to say that we fashioned something that we think will work for this country.

We have a very different view of how we got here. I heard some remarks earlier. Some of that is probably typical and traditional rhetorical comments from both sides about where we have been and where we are going. I can remember 4 years ago on the floor of this Chamber when the deficit was going up, up, up and out of control, following a decade in which the description by the new economic guru to previous administrations was, "Well, let's double defense, cut taxes and things will be just peachy." Defense spending doubled, taxes were cut, and we nearly choked on deficits in this country.

We came to an intersection in 1993, 4 years ago, with a new President and a Congress, and this President said, "Let's take a hunk out of that deficit and tackle that Federal deficit," and we voted for it and did it by one vote—one vote.

I can recall the cries of alarm on the floor of the Senate:

"You're going to throw this country into a recession."

"You're going to ruin this country's economy."

No, we didn't do that. We were willing to stand up and vote for harsh medicine to say this fiscal policy has been out of control, we need to get it back into control and play no more games. We cut some spending, we increased some taxes, yes, and we cut this deficit down, down, down and down, and guess what happened as a result of it? Unemployment plummeted. More people are working, inflation is down, the deficit is down, the economy is growing, and it is a better place because of it, and only because we are standing on the shoulders of those in 1993 who cast that vote, some of whom are not here, because we took a clobbering for that medicine in 1993. Only because of that tough decision are we now able to do the rest of the work and say to the American people, this country is moving ahead, moving in the right direction, and economic growth is sufficient so that now we can provide some tax cuts, as well as some spending cuts, and not only tackle the rest of the budget deficit problem, but also provide some much-needed relief to overburdened American families.

Carl Sandburg said once:

> I see America not in the setting Sun of a black night of despair ahead of us, I see America in the crimson light of a rising Sun, fresh from the burning creative hand of God. I see great days ahead, great days possible to men and women of will and vision.

My attitude about where we are in this country is we are headed in the right direction. As I said, unemployment is down, jobs are up, crime is down, the country is growing. Is everything perfect? No, not at all. We have a lot of changes ahead of us. Is everything in this bill perfect? No. If I had written it, I would have made some changes. But have we come together at this juncture, together with a Democratic and Republican Party, a Democratic President, a Republican Congress, men and women of both parties to do something that is good? Yes, I think so.

In this legislation, today we say to the American people we think education is critically important and we are going to not only invest in education in the bill we passed yesterday, we are going to provide significant new tax cuts to relieve the tax burden on families who are sending their kids to college. The effort that is made in this piece of legislation to value education is critically important because this country's future is in educating its kids.

Yesterday, we talked about expanding Head Start to a million new American children. That is a significant achievement.

Today, we say that families—45 million children in this country—will receive ultimately a $500-per-child tax credit, which I think will be a significant benefit to American families.

In addition to the significant achievements in education and the significant achievements in investing in jobs and other things, inducing savings and the things that, I think, have great merit for the future of this country, this legislation provides some specific things I want to mention just very briefly.

One, there has been a lot of controversy about estate tax reform. People say if you provide estate tax reform, that affects a small slice of people with an enormous amount of income. I come from a part of the country that is sparsely populated and losing population. My home county has 3,000 people living in an area the size of the State of Rhode Island. It used to be 5,000, but people are moving and leaving many rural areas. I want to do everything I can to encourage every family business and every family farm to be passed from parents to children, to keep operating and keep open and stay there in rural America, and this estate tax provision is going to be enormously helpful in doing that.

I might say that one other piece of good news in this legislation is parochial, but important, to people of South Dakota and North Dakota, Minnesota, and other disaster victims around the country. There is in this legislation several provisions that I had asked be put in that are going to be helpful to disaster victims. There are a number of provisions that say, because of disasters you are unable to file your tax return, and the IRS extends the time in which you are able to file a return—the IRS said, "We'll do that, but we still must charge interest"—this waives the interest for taxpayers who were not able to file a tax return because their house and all their records are down the river someplace in a massive flood. That is a tiny little issue, but important, and I am very pleased that it was put in this piece of legislation.

The folks who were victims of blizzard after blizzard after blizzard in the Dakotas, Montana, in our part of the country, who had to sell cattle because they had no feed and now are going to restore their herd, this piece of legislation says you are not going to have to pay capital gains tax on the herd that you sold.

This piece of legislation has a very important benefit to livestock producers who were victims of the disaster in our part of the country. It overturns an IRS ruling, a tiny little thing, but it is going to affect tens of thousands of farmers. The IRS took a position a while back on what are called deferred contract sales that farmers have made routinely for years and years at the country elevator, that they were going to be taxable under certain circumstances. We have no idea where the IRS came up with that interpretation. It is completely wrong. They had no basis for doing that.

This legislation says to the IRS that you can't do that. Senator GRASSLEY and I, and nearly 60 of our colleagues in the Senate, joined and said to the IRS, "Look, everybody in America has a right to be wrong, it is a democracy, but when the IRS is wrong, America pays. In this case, you're wrong, and we're going to change the law so you can't misinterpret what we write."

Those are the kind of things in this piece of legislation that have great merit. Those are some of the smaller things I wanted to mention.

Finally, in closing, because I know other colleagues have things they want to talk about, I think this piece of legislation represents an awfully good instinct of the political system to get together and see if we can't do things together that represents a consensus that will be good for the future of this country.

We so often fight among the political parties to prevent the other side from winning that, instead of getting the best of what each has to offer, we get the worst of what both can offer. That makes no sense for this country. This piece of legislation is a credit, yes, to this President and the White House who worked so hard for it and proposed so much of this; it is a credit to Senator ROTH, Senator MOYNIHAN and so many others on the House and Senate side from both political parties who I think have done a commendable job. Would I have written it differently? Yes. Am I concerned about the outyears a bit? Yes. We need to put up fences to make sure we don't go back into a deficit situation.

We haven't finished dealing with the deficit. As my colleague from North Dakota, Senator CONRAD, pointed out, this is a unified deficit. We still have a Social Security problem we must deal with. I probably would have preferred to take even more benefits in this piece of legislation and provided it to working families, but I didn't write every piece of it, and this is a compromise. I also would have preferred to have some limit on the issue of capital gains. I support the capital gains tax treatment that exists, but I would have had some limit on it.

Having said all that, I am pleased to come to the floor today to say I can vote for a piece of legislation that I think advances this country's interest, and it rests on a bed of good news that comes from our colleagues who, in 1993, stood up and said, "Count me in, let me vote for the first giant step in tackling this Federal deficit." And this next step, a bipartisan step which is good for this country, is one which I hope will give the American people a good feeling about their future.

Mr. President, I yield the floor.

The PRESIDING OFFICER. Who seeks recognition?

Mr. JOHNSON addressed the Chair.

The PRESIDING OFFICER. The Senator from South Dakota.

Mr. JOHNSON. I yield myself such time as I may consume.

Mr. President, I rise to express my support for this legislation. I want to commend Chairman ROTH and the ranking member, Senator MOYNIHAN, and Senators LOTT and DASCHLE for their leadership. A great deal of good has come from the bipartisan cooperation put together to produce this legislation. I certainly will vote for it.

Much has been said by some about the historic nature of this legislation. Perhaps that is true. But I have to say, in following the comments of my colleague from North Dakota about the historic context of how we arrived at this point, that some observation needs to be made that the truly historic legislation that was passed was the 1993 Budget Act.

President Clinton inherited a hemorrhaging pool of $290 billion of red ink that was projected to grow annually when he came to the White House. His first step was to work with Congress to pass a 5-year budget plan that passed without a single Republican vote. At that time, I served in the other body. I remember the immense political pressure that was brought to bear at that time. I remember the 30-second television spots that followed, accusing every Democratic Member of having cast the deciding vote on something that would be catastrophic.

What happened? The $290 billion of red ink has now plummeted this year to an estimated $67 billion, perhaps as low as $30 billion. We now have the smallest Federal budget deficit relative to the size of our economy of any Western industrialized nation on Earth. We have a vibrant economy, high employment, low unemployment, low inflation, and we find ourselves now in the midst of a remarkable era.

This legislation is important legislation, but it will finish what we began in 1993 when we had a $290 billion deficit and brought it down to as low as $30 billion. This will get us from $30 billion to the finish line by the year 2002, a good thing to do, a positive thing to do. But the historic step, the politically courageous step, was taken 4 years ago.

Is this legislation perfect? No. No, it isn't. That is the nature of any legislation, particularly, I suppose, of a piece of legislation that is a product of compromise between very different approaches. I think some of the high-fiving that has gone on around town may be a bit unwarranted. I would say, however, that this bill has been made much better during the course of the debate. The initial legislation, the reconciliation legislation that we dealt with in both the House and the Senate, provided very little tax relief, essentially no tax relief, for families making less than $30,000 per year. There was certainly no child tax credit for these families.

Now, as I see it, this problem has been corrected, thanks to the leadership, particularly of the President of the United States, but also of Senator MOYNIHAN and Senator DASCHLE, and others who worked very hard on this. Take a family, for example, with an income of $23,000 per year, perhaps a teacher, a firefighter, a policeman, a farmer, a store clerk, any number of people across our country who get up every morning—they play by the rules, they try to raise their kids with decent values, they try to keep jeans and tennis shoes on their kids, they are doing the right thing, they are not on welfare, they are working hard, oftentimes with two jobs.

But wages, particularly in my State of South Dakota, are not always what we would like them to be. Farm prices are sometimes low. And these people, who are working their hearts out, oftentimes are living on very modest wages. And that family, with a father, in this case, who is earning $23,000 a year, and mom who is staying home with two kids, under the original bill and under the original Republican plan, would have gotten zero in child tax credit. Under the Clinton plan, they would have gotten $767.

Well, the dust has now settled, and under the conference committee bill that we are voting on today, that family will get a $675 tax credit, a very useful sum for those families. People can make a car payment, a house payment, they can get their kids started with clothes for school, they can do some positive things. And I think we need to reward work, particularly at a time when we are reforming welfare and essentially ending the guarantee of federal support of families. We need to focus on what more can we do, then, to make work pay. Certainly this improved child tax credit, along with augmenting the funds in this legislation relative to health insurance for kids, is a positive step forward.

It is true that this bill still has some unevenness to it. I have noticed that a group called Citizens for Tax Justice has an analysis out that indicates that the wealthiest 1 percent of American families will benefit by about a $16,000 tax cut because of this legislation. The average middle-class family will benefit by something less than $200. That isn't the kind of division that I would have made if it were up to me exclusively.

But nonetheless, I do see the need to balance the budget by 2002, provide some key relief, not only with the child tax credit, but certainly, in the case of education assistance, to provide a $1,500 tax credit for tuition, tax-deductibility of interest on student loans, and to expand Pell grants, not only the numbers who are eligible but also the size of the grants. That is investing in kids, and investing in the brain power of this country. That is really where we must make a commitment if we are going to compete in a global economy, not just now but for generations into the future.

I see positive things relative to agriculture. My colleague, Senator DORGAN of North Dakota, has gone into much of that. Capital gains relief for small businesses and family farmers will be helpful. There is also estate tax relief. Certainly, there are some targeted kinds of aid for those who have had to liquidate their herds. There is restoration of income averaging. There are a number of provisions that will be of great help. That I have to applaud.

I am concerned about the backloading of some of the tax reductions which has the potential consequence of making balancing the budget post-2007 more difficult. It would be disastrous for us to have gone through all of this and then find ourselves the year after balancing the budget, or only shortly thereafter, going back into red ink again because of backloaded or phased-in tax cuts that had negative consequences in the outyears.

That is something we are going to have to be very conscious of in the future. This is not a matter of turning the Federal budget over to automatic pilot and now we are home free. It is going to involve difficult, contentious, but hopefully bipartisan, annual debates about how to maintain equilibrium between our revenue and our expenditures while still using our budget for the correct priorities.

I think one of the key political issues in America over these last several years has been, how do we balance the budget? There is bipartisan agreement we need to do that. But how, at the same time, do we protect Medicare, do we continue to invest in education and protect the environment? How do we do it in a way that reflects the best of our values and our priorities in this country? Can that be done?

Some of us remember only a couple years ago when there was a proposal that would have arguably balanced the budget, but it would have decimated Medicare, it would have taken investment away from education, it would have been destructive to the environment, and certainly to rural Americans. Thankfully President Clinton vetoed that legislation. He said we can do better, we can do better with our priorities and still get to a zero deficit.

Thankfully, this legislation, for all of its warts and all of its shortcomings, does in fact get us that remaining $30 billion to $60 billion that we need to balance the budget, and it expands the number of kids who have access to health insurance. It will be helpful to small businesses and farms. This bill will increase the tax-deductibility of health insurance premiums for the self-employed to 100 percent, something long overdue. And it will, I think, help continue the economic growth that we have seen over these last 5 years where we have had 5 consecutive years now of deficit reduction and economic growth.

And so, Mr. President, I think that this is a positive piece of legislation. It is the product of bipartisan agreement. Thankfully, the President has used his leverage to make sure that we do in fact live up to these priorities and to bring some common sense back into this bill. The truly historic legislation was that of 1993, but this is important legislation. I support it.

I voted earlier for the budget portion of reconciliation. I will vote for this tax portion of reconciliation. I am proud of what our colleagues on both the Republican and Democratic sides have been able to do to pull together, to set aside some of the anger and some of the hostility that too often has characterized political debate in this country, and to spend a little less time being Republicans and Democrats and a little more time being Americans.

I think that is what the American people really want. And they want to see an end result that reflects the best of our cooperative efforts. This legislation does, I think, take us down that road.

So, Mr. President, while there are things I would have done differently, and while we do need to understand the historic context of how we arrived here, this is good legislation, and I yield the floor expressing my support for this bill.

Mr. CHAFEE. Mr. President, under our order, we are now going back and forth. Senator HUTCHISON was next, and she was here just a minute ago. And I believe she is coming on the floor now. So I ask Senator HUTCHISON, are you ready to go?

Mrs. HUTCHISON. I would be happy to yield to my colleague from Minnesota who I think was here first, and then if I could follow after the next Democrat.

Mr. CHAFEE. It would then go back over to this side— Senator BAUCUS has been waiting—and then back to you.

Mrs. HUTCHISON. That would be fine.

Mr. CHAFEE. I yield to the Senator from Minnesota.

The PRESIDING OFFICER. The Senator from Minnesota.

Mr. GRAMS. Thank you very much. I want to thank my colleague from Texas for yielding.

Mr. President, I came to the floor yesterday to discuss in detail my strong support for the Taxpayer Relief Act of 1997. I do not intend to repeat the arguments I made then, but I do have just a couple of other points I think need to be made.

When my good friends, Senator HUTCHINSON of Arkansas and Senator DAN COATS of Indiana, and I first proposed the $500-per-child tax credit back in 1993, we were not doing it to grab headlines and it was not a piece of cheap political theater. We pursued the $500-per-child tax credit because we believed that working families are horribly overtaxed. And how did we know that? Because the American people told us so.

Americans are by nature a very giving and generous people. For a long time, they did not complain—at least too loudly—that their tax burden seemed to be rising every year even though they were not seeing any improvements in Government services. If anything, their tax dollars seemed to be buying less and less. But when taxes reached the point where working Americans were spending more of their hard-earned money feeding the Government than they were spending to feed, clothe, and shelter their families, well then, the taxpayers started feeling as though their generosity was being taken advantage of. They began demanding that the Government stop spending their dollars so recklessly. They began asking for tax relief, so they could start meeting the needs of their own families, instead of feeding Washington's mixed-up priorities.

So what do working families want from their Government? Well, let me first tell you what they do not want.

America's working families do not want handouts.

They do not want more government agencies or programs.

They do not want their tax dollars feeding bigger government.

They do not want the Government to intrude unjustly into their daily lives.

They just want to go to work to make a good living, have a decent place to call home, and to have the opportunity to provide for their children. And they want to keep a little bit more of their own money at the end of the day. That is what this package of tax relief will deliver. For my home State of Minnesota, the $500-per-child tax credit at the heart of our legislation adds up to at least $300 million that will stay in the hands of families every year. More than 700,000 middle-class children will benefit. That is what families have told me they want, and that is what we are on the verge of delivering.

It should not be an occasion to celebrate when politicians actually keep their promises. That is how the process ought to work. But we all know that Washington has gotten pretty good at making promises, but too often fails miserably when it comes time to keep some of those promises. But, today, Congress is delivering on what I consider to be an irrevocable promise we made to the taxpayers 2½ years ago. Send us to Washington, we said, and we will cut your taxes. That is not a political slogan—that was a promise.

Now, let us not kid ourselves—our package of tax relief is not going to make anybody rich. As tax cuts go, it is pretty paltry. The net tax relief amounts to less than 1 percent of all the tax revenue collected by the Federal Government over the next 5 years. It begins to roll back the President's 1993 tax increase, but we would have to pass a bill three times bigger than the one before us today to wipe out the 1993 increase completely. It is an important start, however, in moving the Government in a new direction.

Relying on a radical philosophy of faster, better, cheaper, NASA launched the Pathfinder probe and successfully—and dramatically—opened a new era of exploration on Mars. The return on that investment has gone far beyond anything that can be totaled up on a balance sheet. I would like to see the same philosophy of faster, better, cheaper, applied to the rest of Washington as well, for a payback I believe can be equally as impressive. A faster government has fewer layers of bureaucracy, so that it can more quickly meet the needs of the people. A better government is responsive to its citizens and responsible to its taxpayers. A cheaper government needs fewer dollars to carry out its work, opening the door to future tax cuts that leave even more money in the hands of the taxpayers.

Faster, better, cheaper, is an idea that worked on Mars. It is an idea that ought to work just as well here on Earth.

To paraphrase a favorite quote of mine, Mr. President, politics are temporary—but the American family is permanent. Enactment of the $500-per-child tax credit is a great victory for families, one I believe will help bring them together, and hopefully keep them together. I am proud that I can go back home this weekend and tell the working families of my State—who for years have watched their taxes rise and their take-home pay shrink—that Washington finally got the message. We are at last going to cut their taxes, not because it is the politically easy thing to do, but because it is the right thing to do.

Again, I want to thank and commend the majority leader and my colleagues, the chairmen of the Finance and Budget committees, for having the determination to bring the Taxpayer Relief Act to the floor. This is a great day in the history of the Senate, and it is also a day that I am proud to be a part of.

Thank you, Mr. President.

I yield the floor.

Mr. BAUCUS addressed the Chair.

The PRESIDING OFFICER. The Senator from Montana.

Mr. BAUCUS. Mr. President, I yield myself such time as my side is allowed to consume.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BAUCUS. Mr. President, I think that the American people essentially want us to do the right thing. They care less whether it is the Democratic policy or the Republican policy. They care less whether it is conservative or liberal. Essentially, they say, "You folks back there in Washington, come together, do what's basically right, what's within the realm of reasonableness. Just get your job done. If you do that, you're doing a pretty good job."

Mr. President, I think that is what happened here. We Democrats like to claim lots of credit for this legislation. A lot of us talk about the 1993 Deficit Reduction Act, which I do think is the cornerstone which led to declining deficits and allowed the American economy to begin to prosper, interest rates dropped, with inflation rates lower, unemployment rates lower, et cetera. Republicans like to claim that, oh, no, they are the ones that basically did all this. After all, they are the majority party in the Congress right now.

But the truth of the matter is that it is the combination of both sides working together to reach this agreement. And even more truthful, we have a big assist, and that is the national economy. The economy is doing very well. We all know that. And that enables President Clinton to negotiate with the Republican majority in the Congress, and with all Congress for that matter, an agreement which makes most people pretty happy. That is, it cuts taxes. When the economy is doing very, very well, the U.S. Government is bringing in more revenue than it usually does, and it is easier to cut taxes. That is what we have done here. We all like to have our taxes cut.

Second, there are additional spending programs in here. One big one is education, which is very needed in America. We must invest more in education. All of us know that. If we are going to compete with countries around the world and we are going to increase the quality of living for all of our people, it is critical that our young people get a better start and a better education. We spend quite a bit of money in this bill on education, whether it is direct spending or tax credits.

So the economy has helped us very much. I wonder where we would be today, Mr. President, if the economy were not doing well today. Would we be balancing the budget as quickly? Would we be working as well together? Would there be as much peace and harmony on both ends of Pennsylvania Avenue? I see the occupant of the Chair shaking his head in the negative, and I agree; we would not be doing as well. The economy gave us a big boost. We are here, in some respects, because of that.

I, like most Members of this body, support this conference report. It does do basic things which are important. No. 1, it moves us toward a balanced budget. We are going to have a balanced budget at least by the year 2002. My guess, Mr. President, is that we will probably reach a balanced budget before the year 2002. In fact, the projected budget deficit for this year is to be as low as $50 billion. So we will balance the budget. We will be living within our means. That is no small matter.

We also have tax cuts which help small businesses and help families around our country and help the country generally. That is good. This bill also keeps hospitals and clinics open in rural America. I mention rural America because my State tends to be rural, and we have been working for many years to be sure that we have quality health care in our part of the country, as well as in the cities.

This will also help make sure America's children have health insurance. Not too long ago, we passed the Kennedy-Kassebaum bill, which would disallow preexisting medical conditions as a condition for denying insurance to insureds. That helped to buy more health insurance for programs. We also allow for something called portability; that is, if a person has health insurance, he can carry it to his next job. We Americans don't have the world's best health insurance program. Other countries insure their people a little bit better than we do. But the one area this bill addresses is health insurance for kids, which is very important and critical. All of us here are very happy for that.

The bill has some drawbacks and I will address a couple of them later on. By and large, the benefits far outweigh those drawbacks. Let's start with the good news.

As work on this agreement began earlier this year, I set a few basic priorities for myself by which to judge the final result of this bill. One was that this bill must balance the budget, it must help small businesses, and it must promote education—those were all priorities of mine—and, finally, it must be fair; that is, the distribution effect of this bill must be fair to all Americans. On the whole, I think this agreement reaches those criteria.

First, we will see a balanced budget by the year 2002. It might even be earlier. But to be realistic, this bill deserves only a bit of the credit. I believe that the 1993 budget bill made the real tough choices, and that was the bill that began us on a glide slope toward a balanced budget. It was a tough bill. We took some tough medicine back in 1993. But that laid the foundation for where we are today. It brought us from a deficit of $290 billion in 1992 to a deficit of perhaps just $35 billion this year. So we started this effort with most of the work already done. This is just a small finishing-up effort on that 1993 bill. I must say, a booming economy is helping us as well.

Second, this bill goes in the right direction on taxes. That is, it lowers taxes. Overall, it will cut taxes by $90 billion over 5 years. That is not a revolutionary change, but it is significant, and it is going to help make a difference to some people. Particularly, the $30 billion in education tax credits is going to help families send their children to college. That is going to help.

By cutting the estate and gift tax, we will help farm families, small business owners, and ranchers all across our country keep their land and their businesses and their operations in the family. That is very, very important to the people in the State of Montana. We have a lot of farmers and ranchers who have virtually no return on their investment, virtually no cash flow, but their land values are accelerating because some people are moving to Montana—wealthier people—which are pushing up land values.

Relief in Federal estate and gift tax is critical. We phase in 100 percent health insurance for the self-employed, and that means a lot to small business people, self-employed people who can't take nearly the same deduction in taxes and health insurance they pay compared to people who work for big companies. Generally, in America, the more you work for a large corporation, the better your health insurance policy, because your employer takes the full deduction for the health insurance policy. If you are self-employed, you don't get that; you have to pay for it all yourself. We began a couple of years ago to phase in a deduction for the self-employed. This legislation will bring that to a full 100 percent, albeit over the next 7 years.

A capital gains tax reduction is very important. That should help savings and investment in our country.

With respect to health care, this agreement also means significant accomplishments, essentially by providing $24 billion for health insurance and services for working children. This is $8 billion more than the original plan, and it is paid for with a cigarette tax that will create its own health benefits by reducing smoking.

We also set up a new limited-service hospital program, modeled on the Montana Medical Assistance Facility, or MAF's, which allows hospitals to keep their doors open in small towns. The MAF is a proven success in many communities like, in my State, Circle, Culbertson, Big Timber, and Ekalaka, and this agreement will make those MAF's permanent. This will also slow a two-decade-long trend that has closed nearly 10 percent of all rural hospitals.

We also allow rural family practice residency programs that are just getting started to expand. That is very important. Montana's two residency programs, one in Billings and other in Glasgow, are critical to attracting doctors to our State's rural communities. It makes sure that rural areas get fairer managed care payments from Medicare compared to the big urban areas.

And not least, we objected to proposals in the last Congress to make large cuts in Medicare and abolish Medicaid's guarantee of health insurance for poor people.

But the agreement is not perfect. I would like to note four areas where I think it falls short.

First, it contains many special interest tax provisions. This means a much more complicated Tax Code and more tax advantage to wealthy people and big companies who can hire large numbers of lawyers and accountants. This tax bill makes our Tax Code much more complicated, unfortunately. We should return to this issue in the future and work to simplify the Tax Code and eliminate loopholes.

Second, it includes unreasonably tough cuts in Medicare and Medicaid reimbursements to health care providers. These reimbursements make up an average of 55 percent of Montana hospital revenue. And the smaller facilities, with under 30 beds, already are collecting, on average, over 4 percent less in revenue than their costs. It is tough to squeeze these facilities any further.

Third, it misses a chance to improve our national transportation infrastructure. I, with Senator WARNER, and 80 other Senators, requested extra money for highway and transit construction. That money would have meant safer travel and a more productive economy. But this agreement does not have that.

It does move the 4.3-cents-per-gallon motor fuel revenues from the Treasury to the highway trust fund. But for accounting reasons—that is, the lack of an offset—that is only phantom money. It will not mean any real change in the highway and transit budget, and I regret that. I alert my colleagues that when we take up the transportation bill after the August recess, we are going to realize how much we regret that.

Finally, this bill ducks some of our long-term fiscal challenges. As we look 15 or 20 years ahead, we know Americans will live longer. So the bills we pay for health care and pensions for older men and women will be much higher than they are today.

With the healthy economy and a good fiscal situation we have today, we could have taken some steps now to ease the problems this situation will cause the next generation. This agreement doesn't take those steps. It is a missed opportunity. I wish we had taken this opportunity.

But on the whole, this is a reasonably good effort. It does balance the budget. It helps small business and families. It makes sure America's children have health insurance, more than today. Those are very important things for our country, and we ought to get them done. So I support the agreement, and I urge my colleagues to do the same.

I might say at this point, Mr. President, how much I appreciate the bipartisan efforts, particularly of the chairman of our committee, Chairman BILL ROTH, who worked very, very diligently to help make sure that both sides of the political aisle worked well together. That doesn't always happen in this body. There are some committees where that doesn't happen much at all. But Chairman ROTH, chairman of the Finance Committee, did work very hard to bring both sides together, and I think that is one reason we are here today finally with this bill.

I yield the floor.

Mrs. HUTCHISON addressed the Chair.

The PRESIDING OFFICER (Mr. GORTON). Who yields time?

Mr. CHAFEE. We yield such time as the Senator from Texas requires.

The PRESIDING OFFICER. The Senator from Texas is recognized.

Mrs. HUTCHISON. I thank the Chair. Today is a historic day. We will vote and pass the first substantial tax cut in 16 years, giving much-needed, long-overdue tax relief to working American families. We have been working for tax cuts for 3 years now, and we are making a downpayment on that commitment.

I view the bill that we are debating today as the second half of an entire economic package. We passed the first half this morning. I was a somewhat reluctant supporter because, while it does take steps toward a balanced budget, we missed the opportunity for historic Medicare reform that would have created real consumer choice and preserved the program for the next generation. The Senate spoke on this issue. But the President's opposition to real Medicare reform prevailed in the final version.

He also walked away from some very important decisions we made last year on welfare reform. We have hampered the ability of States to implement the welfare-to-work law. The President has already denied States, including Texas, the ability to privatize and consolidate welfare services. In Texas alone, such consolidation would yield annual savings of some $200 million. The President's continued opposition to true welfare reform carried the day.

Mr. President, I did support the bill this morning because it is linked to the tax cuts we are now discussing, and it does bring us closer to a balanced budget. The tax bill is long overdue relief for hard-working American families. Republicans took the majority of Congress with a very clear mandate to make Government smaller, control spending, and let hard-working Americans keep more of the money they earn.

We are trying to live up to that promise. We passed a budget plan that will lead to a balanced budget, and now we are succeeding in providing substantial tax relief for all Americans.

Who will benefit from this plan? It is the mothers and fathers who will get help raising their children with a $500 per child tax credit; homemakers who want to build retirement systems through an IRA; young couples who are trying to buy a first home, pay for college for their children, or retirement for themselves; small business owners and farmers who have spent their lives building a business or farm and want to pass it to their children; investors who have provided the capital to start new businesses and create jobs.

A $500-per-child tax credit will mean over 3.5 million families will no longer pay taxes at all. Instead of writing a $500 check to the IRS, families will get to keep the money they earn and spend it as they decide to spend it. Americans really do not need the U.S. Government to tell them how to spend their money. I think they should be able to choose for themselves. American families know best whether they need to spend money on their children, or save it for retirement, or enjoy a vacation. The Government shouldn't take that money and make their choices for them. In fact, with this tax cut, roughly 28 million families will pay fewer taxes. In my home State of Texas the child tax credit alone will benefit almost 2 million American families.

With the passage of this bill, we will cut the capital gains rate to 20 percent. This will encourage and reward investment and create new businesses and new jobs. A low capital gains rate is important to our future and our Nation's ability to save and invest. Our current Tax Code punishes people for saving and investing. This is wrong. We are trying to change it.

Lowering the taxation of capital gains will do more than release hundreds of billions of dollars of tied-up capital. It will bring immediate relief to investors, small businesses, workers, farmers, homeowners, and the elderly. We need to encourage investment so that we can generate the technology, the market, and the jobs of tomorrow.

Today, more than 41 percent of American families own stock. Fifty-six percent of capital gains are reported by families who earn under $50,000. Two-thirds of mutual fund shareholders today in America have household incomes under $75,000. Fifty percent of those who claim capital gains are senior citizens, many of whom need this money to improve their quality of life.

In the livestock industry in Texas, over 60 percent of those polled recently admitted to holding onto assets because they couldn't afford to give Uncle Sam 28 percent of a capital gains tax.

We cut death taxes so that years of hard work and success won't be wiped out in one generation. According to a recent survey, 51 percent of family-owned businesses would have significant difficulty surviving in the event of a principal owner's death, due to the death tax. The death tax brings little revenue into the Federal Government—only 1.1 percent in 1997 of all of the Federal revenue. But it does affect hundreds of thousands of small business owners, family farmers, and ordinary Americans who work, save, and invest for a lifetime, just to turn more than half of their hard-earned dollars over to the Federal Government when they die.

Mr. President, this is walking away from the American dream. What we have said for over 200 years to people all over the world is, if you come to America and you work hard, you will be able to keep the fruits of your labors and give them to your children to give them a little better start in life than you probably had.

So walking away from that American dream is what we are trying to prevent today by having some relief in the death taxes that people have been paying.

What does this mean for homemakers? We build on the progress that we made last year in giving for the first time the homemakers of our country the ability to save for their retirement security. This time we are adding to that by allowing the full deductibility of that $2,000 regardless of what the spouse earns or has in a pension.

How big are these few changes? Let me just give you an example.

Under the old law, a single-income, married couple saving $2,250 a year—which was their maximum—would have, over 40 years, starting at the age of 25, when they are 65 approximately $629,000 in their retirement nest egg. But today, because of the bill we passed last year, and this bill combined, after 40 years of setting aside the $4,000 that they will be able to earn tax free, this couple will have $1.119 million in their nest egg, an increase in savings of almost $500,000.

So, Mr. President, when you put this together with the death tax relief we are giving, you can really see that we are making a difference for ordinary Americans. Economic growth does result from lower tax breaks. History shows us that expanded opportunity and prosperity flourishes under such conditions.

These are the foundations for our democracy. As a result of the passage of this historic bill, Americans will be keeping more of the money they earn in their pockets.

Sometimes I hear debate on this floor when people are talking about these tax dollars as if it is Federal dollars. Federal tax dollars belong to the Americans who earn them. We want Americans to keep the money they earn rather than having to send it to Washington for someone here to make a decision for their families.

We are going to create new jobs, new investments, lower interest rates, lower home mortgage payments, lower car payments, lower student loan payments, and higher income for working Americans.

Mr. President, it is not everything we hoped it would be. But it is a significant downpayment for the hard-working American families. That is something that I hope we can add to as we look toward the future going into the 21st century. Hard-working Americans should be able to realize the American dream of working hard, doing better for their family, and being able to give their children a start that maybe they didn't have.

That is what this bill will start the process of doing for American families. I hope we can continue to work even harder for them in the future.

Thank you, Mr. President.

I yield the floor.

The PRESIDING OFFICER. Who yields time?

Mr. BREAUX addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Rhode Island yield to the Senator?

Mr. BREAUX. Mr. President, under the previous agreement, I guess on the Democratic side, I yield myself 5 minutes.

The PRESIDING OFFICER. The Senator from Louisiana.

Mr. BREAUX. Mr. President, my colleagues, it has been interesting to hear all of the various Members of the Senate come to this floor and talk about the product that is before us. We have had a few people who have expressed concerns to the extent that they cannot support the agreement that is now before the Senate. I think that is unfortunate.

I remember, when I first came to the House of Representatives, I read a book that was written by Lawrence O'Brien, who had been in the service of both President Kennedy and President Johnson as the head of congressional relations. The title of that book was "No Final Victories." The gist of the story that he was trying to convey was simply that in this business of governing, in this business of politics, there are never really any final victories. There are a whole series of small steps that are taken, small accomplishments and small achievements that are reached. But there is really never any final victory because the job is really and truly never done.

When I look at the package of spending cuts and the package of tax reductions that we have before the Senate this week, I am really reminded of that whole theme and thesis of Lawrence O'Brien in "No Final Victories." Because if you ask a question, Is this a perfect package? the answer, obviously, is no. If you ask the question, Should we have done more? the answer is obviously yes. If you ask the question, Are you disappointed and discouraged that things that you worked on are not in this package? I would say, absolutely. Discouraged and disappointed in some areas, yes. But defeated, no. Because I think on balance these agreements that are now before the Senate are major achievements. They are major steps in the right direction. The work is not yet finished. There is a great deal more that needs to be done. But we have, I think, set this country on a course and moving in a direction which is the correct one for all of us.

One of the things that I am so encouraged by is the fact that we were able to do it in a bipartisan fashion. The vote in the Senate of 80 to 18 and the vote in the Senate of 72 to 27, I think, on spending cuts and tax reductions is in fact a major accomplishment. These problems are too difficult and too serious for one party to be able to do by themselves. The only way we are ever going to be able to reach these agreements that put us on the path of really reforming the Government is to do it together. I think that where we worked best was when we worked with both sides trying to meet in the center and trying to cooperate in a fashion that could really bring true reform to this institution.

The disappointment that I see in the bill is that we missed, for one, an opportunity to really reform Medicare. I think that what we essentially did was to follow what I call the SOS premise —same old, same old. We essentially looked at Medicare and said, "Well, we have a lot of problems with it and we all know it is going to go bankrupt and insolvent at the end of the year 2001. So let's appoint a commission to try to recommend to Congress what we already know needs to be done."

I stand here with a great degree of pride and am so pleased that our colleague from Rhode Island, Senator CHAFEE, is on the floor with us today because some of the things that we all know need to be done we already did when we worked together in the Centrist Coalition in the last Congress and recommended some real strong, difficult things that needed to be done with regard to the Medicare Program—which was offered by our group, a bipartisan group equally divided in the last Congress, when we took on the tough recommendation of means testing for wealthier seniors to help contribute more to ensure that the program is going to be there for their children, for their grandchildren, and for their great grandchildren.

We needed to recognize that people live longer. So we took the position of recommending a gradual increase, I might add over the next 30 years, in the eligibility age for Medicare recipients merely reflecting the increase in life expectancy of all of our citizens, which is a very good thing to do. We also made tough recommendations, I think, in trying to bring about more competition in the Medicare System. But basically those ideas and those concepts, which got 46 votes on the U.S. Senate floor in the last Congress, were dumped in the conference, dumped not really on the merits but because we needed more political cover.

What is the political cover that we have decided upon? Well, it is "same old, same old," let us appoint a commission. I would love to serve on the commission, quite frankly. I would love to try to make the recommendations that are needed for us to be able to take the action that is necessary. Unfortunately, while the commission will prepare a report by March 1999, Congress does not have to act on any of their recommendations. We can just say: Thank you. It's been a wonderful opportunity to hear what you have to say, but we don't have to do anything about it.

I think my colleague from Nebraska said: Wait a minute; we already had a commission. I served as a cochair of it. We have already made these recommendations. Why do we need another commission? Why do we need a commission at all? Why doesn't Congress act as a commission?

You know what. Maybe the answer is that we can designate ourselves a commission, and instead of calling ourselves the U.S. Senate, we will call ourselves the U.S. Commission and then we can make the same recommendations that we have already made and act on it and say, well, the commission made the recommendation to get the job done that way.

But I think we have missed an opportunity, and that is unfortunate. If we can't do it this year, it is going to be difficult to do it in an election year. I am always amazed that everybody tells us to fix it. How many times have we heard seniors and others tell us to fix Medicare. They say fix it but don't increase the premium; fix it but don't increase the age of eligibility. I have said several times before, if not now, when? When are we going to do it? And if not this, what? And if not us, who? Someone has to take the actions to do the things that are difficult and make the tough decisions needed to fix the problem.

What is going to happen when we wake up on December 31 in the year 2007 and we still haven't acted on the recommendations of the commission and we need to do something to fix a program on the brink of insolvency again? What kind of an answer are we going to come up with in an emergency? It is far better to try to do this at a time when the economy is good and people are working together in a bipartisan spirit.

So the fact we have another commission which succeeds the last commission which succeeds previous commissions is certainly not an act of courage. It will not make a chapter in the next Profiles in Courage book that is written about what we have done in the Congress, and that is unfortunate. But I say that because we should not let the perfect be the enemy of the good in the sense that we will never be for anything unless it is perfect. While this is not a perfect package by any stretch of the imagination, it is a good package. It is one that merits our support. As long as we know that this package, the tax cut and the spending cuts and what we have done in Medicare is not the final answer but just a beginning, I think I would say this to our colleagues who have worked together on this: At least we have paved the road to make it easier for future Congresses to reach tough conclusions and make tough decisions that are really necessary to save Medicare.

So I support the tax package and commend Senator ROTH and Senator MOYNIHAN for doing something that has not been done in a long time, maybe since the days of my predecessor, Senator Russell Long, on the committee, when both sides were able to say, all right, we are different parties but we are all Americans and we need to ultimately work together if anything is going to be done.

I always take the position that in politics it is better to get something done and then fight over who got it done, rather than to get nothing done and then blame the other side for failure. I am glad that the Finance Committee was truly able to work together and get something done in a bipartisan way. Now we can go fight about who got it done. But at least we got something done for the American people. We did that in this Congress. We did that with these bills. We made tough decisions both in taxes and in spending. I hope that one day in the not too distant future the rest of the Congress will be able to act in an equally bipartisan fashion and get the rest of the job done.

I yield the floor.

The PRESIDING OFFICER (Mr. SMITH of Oregon). Who yields time?

Mr. CHAFEE addressed the Chair.

The PRESIDING OFFICER. The Senator from Rhode Island.

Mr. CHAFEE. I would like to take this opportunity to publicly thank and acknowledge the tremendous work of the Senator from Louisiana in connection with the Medicare reforms that we undertook. No one was a stouter soul in that effort to face up to what had to be done if we are going to continue to have Medicare. It was the Senator from Louisiana who joined in leading the effort, in having the means testing in the part B premium and raising the eligibility age to 67 and having a copayment, a payment for the home health care visits, of 7 percent.

I share the disappointment that the Senator from Louisiana has voiced in that these elements we worked on did not survive. But I see others here. The distinguished Senator from New York was right in the lead in these efforts. All I can say is, disappointed though we were, despite the overwhelming vote that took place on the floor of the Senate on both the means testing and the raising of the eligibility age, up or down votes—one got 70 votes, the means testing, 70 to 30, and the other got something like 62 to 38, in that neighborhood, over 60 votes, in raising the age to 67—they didn't survive the conference because of objections from the other body.

But this is what I want to say, Mr. President. Disappointing as that was, nonetheless it showed that it could be done, and now it is an accepted fact in this Senate that all three of those elements are necessary, and the votes are there to sustain them and make them part of any further legislation.

So now we have a commission, and as was pointed out, there is no reporting date for the commission. There is no fast track consideration for the commission. I may be wrong in the reporting date.

March 1, 1999, I am informed. Well, it is not exactly tomorrow. However, there is no fast-track procedure; in other words, that it has to be considered, has to be voted on up or down, one way or another. It could be like so many other commissions we have had in this body.

Mr. President, disappointed though we might be in those particular facts, those particular undertakings, nonetheless we have made some substantial achievements in having them so accepted here.

Mr. MOYNIHAN addressed the Chair.

The PRESIDING OFFICER. The Senator from New York.

Mr. MOYNIHAN. Might I simply join my friend and old colleague on the Finance Committee in his remarks commending the Senator from Louisiana. Typically, he did not mention his own work, his own role in this—it was indispensable—to have a unanimous Finance Committee in these matters and to make a point. It had been assumed there would be a storm of disapproval for what we did. There was none. There was none. The usual interest groups wrote the usual letters and the usual people took them too seriously. But a day will come when we have learned from this experience because it was an event.

I thank the Senator.

Mr. CHAFEE. I thank the Senator.

The PRESIDING OFFICER. The Senator from Rhode Island.

Mr. CHAFEE. I yield to the Senator from Indiana such time as he requires.

Mr. COATS. I thank the Senator.

The PRESIDING OFFICER. The Senator from Indiana.

Mr. COATS. First of all, I wish to associate myself strongly with the remarks of the Senator from Louisiana and Rhode Island and the Senator from New York relative to entitlement reform. I spoke at length on it yesterday, and I will not repeat all those remarks. It was with great sadness and disappointment we came what I think is as close as we have ever come in this Congress to addressing the fundamental reforms, structural reforms that need to take place in our entitlement programs, particularly Medicare, if we are going to ensure the long-term viability of that program, which I think we are all committed to do, and if we are going to prevent a crisis situation in which we will not act perhaps in a rational, reasonable manner but address it under the threat of massive underpayment or massive deficit in that program.

It is interesting to me that in the Chamber just a moment ago were two Republicans and two Democrats, probably covering the ideological spectrum within our respective parties, all speaking in favor of entitlement reform. So I am hopeful that we are at least moving in the right direction. The Senator from New York said that even though we expected a firestorm of political opposition, it wasn't heard. It wasn't heard because the American people need to be given more credit for understanding the nature of the problem and the solutions to the problem than we give them credit for.

There might have been a time politically when retribution would have been rendered across the spectrum for anybody who even breathed the idea that we ought to change Medicare. But today even senior citizens understand that this very important program cannot maintain its viability unless some reasonable changes are made, structural changes are made, in the current program in the way it is currently operated. Younger people understand, and if you ask them today whether or not they think there will be a viable Medicare Program for them when they retire, an alarmingly high percentage say, no, I don't; I think the payroll taxes that are being extracted from my paycheck are going into a fund and I will never see the benefits.

So I share the disappointment of our Members in terms of coming so close and yet not succeeding at this important time. I made the point yesterday that during difficult economic times, when unemployment is high and deficits are running high, we say we can't make these changes now because it will result in too much economic dislocation. Here we have the best of times. We have never had a more favorable time economically and politically in which to address these questions. Our economy is humming along at a rate that none of us anticipated, pouring revenues into Washington—which we are giving some back with this tax cut—which were reducing the deficit, which is what we need to do. We are balancing the budget. We are the recipients of very good economic fortunes. And we have in place politically an administration that doesn't have to stand for reelection, a Congress that has already gone on record in support of entitlement reform. It just seems as if all the political stars and economic stars are lined up and that this is the moment.

I hope these good times last. I hope these good political stars continue to line up in a way that we can accomplish this. But I think those who have experienced some years of history understand that the good times do not always last, that we will be facing different circumstances in the future, and we may not have the pieces in place to accomplish this. We do not need another commission. The Senator from Louisiana is absolutely correct. We have had commissions. We have had studies. We have more information than we know what to do with. We have educated the American people. The seniors understand. The young people understand. Everybody seems to understand. Unfortunately, we always come down to the point of not now; let's do it after the next election. Let's get past this next period of time. That is, indeed, unfortunate.

Today I want to focus the remainder of my remarks, and they will be brief, on the continuing effort to bring tax equity to families. This is a process that began in the 1980's. I was pleased to be a part of that, leading the effort in the House of Representatives along with my colleague Jack Kemp in pushing for family tax relief. We were able to double the personal exemption, the first major adjustment in the amount of tax relief that families get for raising children since the inception of the dependents deduction in 1948. We continue that now with this bill. I introduced the child tax credit in the Senate in 1992 as part of my families first legislation. I was joined by then Congressman ROD GRAMS, now Senator GRAMS from Minnesota. As he was my compatriot in this in the House of Representatives, he has continued that leadership in the Senate. I am pleased to have worked with him in that effort. This is a culmination of a long effort to readdress the imbalance that exists within the Tax Code in terms of family tax relief.

Many people have fought for it, and I commend those who have worked so hard to achieve this. A disproportionate share of the tax burden on families has been a problem in both good economic times and bad economic times. It has increased over the decades even as the cost of raising children has increased. The Tax Code has been a symbol in the past of public indifference to the challenge to families, and this tax measure today is a symbol that our thinking and our actions are finally changing. Clearly we are beginning to understand that a dollar spent by families is far more helpful to children and compassionate than any dollar spent by the Federal Government.

In 1997, Americans will work until the middle of May just to earn enough to pay their tax bill. Most families must have both parents working, one to provide for the family, one to pay taxes to the Government. In fact, families today spend more in taxes than they do on food, clothing, and shelter combined. The evidence is overwhelming. The facts are no longer contestable.

The answer is to return public funds to the people and not to funnel them through the Government. The child tax credit is a tangible achievement for the people of every State. In my State of Indiana, the $500 child tax credit will give over 850,000 Hoosier families representing 1.1 million Hoosier children an average of over $80 a month extra money for family income. I am as proud, I think, as anything else that I have done in this body, to be a part of this effort to restore equity to families, to give them the ability to retain more of their hard-earned dollars to help raise their children and pay for the costs of raising those children. It is the most immediate practical form of compassion I can imagine, allowing them to spend their own money on their own needs.

Mr. President, I have walked the Halls of Congress for nearly 20 years, and I have watched the high-powered lobbyists gain funds for special interests and for powerful groups. There have been those who have stood up over the years for the interests of families. But, thankfully, over time, those numbers have changed. Today they include the leadership of Congress in both parties. The largest portion of relief in this tax bill, 56.2 percent, goes to families, and that is an achievement in which we can all take pride.

I yield the floor.

The PRESIDING OFFICER. The Senator from New York.

Mr. MOYNIHAN. Mr. President I believe the distinguished Senator from Louisiana would like to speak at this point. She can have as much time as she would like from our time.

The PRESIDING OFFICER. The Senator from Louisiana.

Ms. LANDRIEU. Mr. President, I appreciate the opportunity to share just a few remarks about this important budget reconciliation and adoption. I first thank and congratulate the leaders on both sides of the aisle, to the chairman and to our ranking member of the Finance Committee and the Budget Committee, for all of their hard work and leadership. Nothing of this magnitude is accomplished without good, strong, well informed leadership. I think we have it in our leaders here.

This bill is not everything that I hoped for. It is not everything that any one individual Member would have wanted. And it is not perfect. But it is a good bill. It is a good start to getting our fiscal house in order. Getting our fiscal house in order and making sure we are spending our money wisely, saving where we can and giving tax relief, is something that I personally feel is supported by the vast majority of Americans, regardless of party, and so many people in Louisiana feel this way. On these difficult problems, such as balancing the budget, neither party can get the job done by themselves. It is going to take both parties to get the job done in the right way for the American people.

I am very proud, though, of a couple of points in this bill. Again, I show the Meyers family from Shreveport. Because of the good work that we did here in the Senate, and with the leadership of the President—and I will say many of the Democrats supported the expansion of this $500 child tax credit to hard-working, not welfare but hard-working middle-class and moderate-income families—this family, Lois and Scott Meyers, of Shreveport, will be able to take part in the $500 tax credit. Families with earnings up to $110,000 will be able to benefit, which, in Louisiana, covers just about all of our families. The household incomes of 95 percent of our families are under $75,000. So the work that we did, and the fight to make this child credit available to working families like this, I think is something we can all be very proud of.

Mr. President, 46 percent of Louisiana taxpayers earn less than $20,000 a year—not get less than $20,000, they work hard and only get $20,000 a year. This will really help almost 50 percent of the families in my State and that of Senator BREAUX, and we are happy for that victory.

I also want to say how pleased I am to see our first step, but I hope not our last step, in providing health care to uninsured children. Again, these are children who are of working families, whose parents have jobs—sometimes not just one, sometimes not two, but three jobs—and are still without health insurance for their children. We could, as a country, make no better investment than providing critical health care to zero to 3, zero to 6—helping children to develop in ways that will save us all, as taxpayers, millions and millions of dollars down the line for other expenses like criminal justice or special education. I am looking forward to working with my State leaders to design the kind of health care program for them that is cost-effective, quality oriented, child centered and family centered. I am looking forward to that.

I also want to say how thrilled I am about the investment in education. Because, really, with President Clinton's lead, we have now invested more money in education than since President Johnson was in the White House. Why is that important? It's important because our country doesn't have a future if our children and our workers are not well educated and well trained, to take advantage of the jobs and challenges that the next century will hold. So the Hope scholarships, the Pell grant expansions, and the student loan deductions, I think, are excellent provisions, to say we believe in education. It is the foundation of our economic development plan for the Nation and we are going to put our money where our mouth is.

Let me also say to my senior colleague from Louisiana, who worked so hard on expanding the IRA, I have heard many of our colleagues say that giving people money to spend is what it's about. I do believe people can make good choices about the way they spend their money. But I think the real need is to encourage people to save their money. Our savings rate in this country is much lower than it needs to be. If we can encourage people to save for the right things—to purchase a home, for catastrophic health care needs, for education to improve their productivity and to give hope to their children—that is really what this is about.

I thank the members of the committee for fighting hard for expanding IRAs. It is important to people everywhere, and very important to people in Louisiana.

Finally, just a word on the estate tax and small business and farmers. We believe, on this side of the aisle, and there are many on the other side who thought it was important, if a grandmother, grandfather, great-grandfather built a farm on the sweat of their brow, invested in their land, invested in their equipment, they should be able to pass that farm down to the next generation without having to sell off the land or sell off the equipment to pay the taxes to our Government. We heard that. We have responded, and we have now given a tax incentive to be able to pass those small businesses and farms on, to people in our country.

Mr. President, I thank you for the opportunity to address the body, to say this is not a perfect bill but it is a very good step toward getting our fiscal house in order, to providing much-needed tax relief to hard-working, middle-class families in our country and to making the kind of investments that are going to make our country even stronger and more productive in the future.

On behalf of the Meyers family, to the 236,000 children that will be able to benefit from health care, and to the almost 400,000 children that will be able to benefit from this tax credit, and for others, I thank you so much and I yield the floor.

Mr. GORTON addressed the Chair.

The PRESIDING OFFICER. The Senator from Washington.

Mr. GORTON. Mr. President, in the absence of the Senator from Delaware I believe I am entitled to yield myself 6 minutes from his time.

Mr. MOYNIHAN. Of course, Mr. President.

The PRESIDING OFFICER. The Senator from Washington is recognized.

Mr. GORTON. Mr. President, on all too many occasions in this body, we have been a part of debates, pointing fingers over failure, over a failure to balance the budget, over a failure to meet the needs of the American people. We are in a competition again here today, but it is a far more pleasant competition. It is competition for credit for a success. It is my view that there is plenty of praise to go around for that success, from the Republicans and Democrats to the leadership of the Congress and to the President of the United States.

I believe we have heeded the counsel of the people of the United States who were not willing to trust either party last November with full control over the Federal Government, and demanded that we work together and craft solutions to the challenges facing the American people. So we have passed a bill that will lead us to a balanced budget. And so we are about to pass a bill that will: Give needed and overdue tax relief to the American people; a credit to most hard-working American families of $500 for each of their children 16 years old and under; credit and relief for the expenses of higher education to those same hard-working middle-class American citizens; relief from the savage impacts of the death tax on small businesses and on farms; help for the self-employed, in paying for the rising cost of health care insurance; relief from burdensome taxation on the sale of homes or the sale of other assets that will lead to more investment and to better jobs and opportunities for the future; encouragements to save.

Mr. President, is this the last answer to each of these challenges, to all of our challenges? It is not. I share with the Senator from New York, the Senator from Louisiana, the Senator from Rhode Island, disappointment that we missed this opportunity, an opportunity granted by the courage of Members of both parties in this Senate, to deal with the underlying challenges to Medicare and to an aging population. But we did find that we could debate those issues and vote on those issues constructively and positively in this Senate. I believe we have built a base on which that debate will be renewed next year, one hopes with real opportunities for success.

We did not simplify the Tax Code in this bill by any stretch of the imagination, but I believe we built a foundation upon which we can debate next year over whether or not we ought to dramatically simplify and make more fair and easy to understand and easy to comply with, our tax system. But the fact that we didn't do everything should not detract from the fact that we did something. We have moved dramatically forward toward a balanced budget, and dramatically forward toward tax relief for the American people.

This is a partnership program for which much credit is due very widely and across both parties. I trust that partnership will be recognized by an overwhelming vote of approval tomorrow morning.

Mr. MOYNIHAN. Mr. President, if the Senator from New Mexico wishes to speak, I will yield the floor, of course, but the Senator from Arkansas would be the next?

Mr. DOMENICI. Senator BUMPERS, do you want to go next? You are entitled to.

Mr. BUMPERS. No, I am willing to let you go and I'll follow you.

Mr. DOMENICI. Thank you very much.

The PRESIDING OFFICER. The Senator from New Mexico is recognized.

Mr. DOMENICI. Mr. President, we are on the threshold of passing the largest tax cut in 16 years. It's a package that benefits Americans of all ages and in all tax brackets. Mr. President, 82 percent of the benefits in this bill go to families earning less than $110,000, during the first 5 years.

I commend the chairman once again, and the entire Finance Committee and certainly the ranking member, Senator MOYNIHAN, for their fine bipartisan work. The hard-working parents of 45 million children will pay $500 less per child in taxes as a result of this tax credit for children—45 million children. At least 5 million parents with kids in college and taxpaying students will have $1,500 per student more to spend at college, as a result of the tuition credit, and 7.2 million recent entrants into the job market will be able to deduct their student loan interest. This package will mean that the American families will get to keep more of their hard-earned money, instead of sending it to Washington. This is a very large number of American families. I have just given you the numbers in millions, and they are very, very significant in all our towns, all our cities in all areas of our respective States, be it yours, Mr. President, or mine.

Let me quickly outline the major components of this package, because I think they are very exciting. Some have said it is a very small tax cut and, yes, in terms of our gross domestic product, or even our total tax, it is not a very big tax cut. But I believe we prove here that we can help many, many Americans, especially those most entitled to help in areas where we most want to encourage achievement.

The $500 child credit to help the working poor and middle class, the value of the personal exemption has been eroded over time, and the cost of raising a family has become more expensive. We all know in our youth that the deduction that our parents got to take because they had a child they were raising was a very, very significant economic advance to that family. We let it erode. The credit in this bill will totally eliminate the Federal income tax burden for more than 30,000 families in New Mexico and 300,000 New Mexican children's families will be able to take credit to reduce their taxes. I am particularly pleased that the Finance Committee decided to design the credit so that the working poor would also see the benefit of the $500 credit.

In New Mexico, there are 175,087 claimants of the earned-income tax credit. I applaud the final bill's approach. It is a logical sequel to the new welfare reform laws we have passed, because it, too, emphasizes moving from welfare to work.

The $500 child credit will save New Mexico families $461 million over the next 5 years. For a small State and a poor State, that is a lot of money that will stay home in the pockets of people and stay in our States. This is money that they can choose to spend, or they can save it to meet their needs. A family with two children eligible for two $500 credits would have an extra $1,000 a year in the family budget.

Some think that is not much, but this would pay the mortgage for 1½ months, or pay half of a year's worth of car payments, or buy gas for the family car for 8 months or groceries for 3 months.

In New Mexico, while 78 babies are born each day, Congress is passing this bill so that these children and their families will have a brighter future, more opportunity and keep more of their money.

This tax cut is overdue. Let me repeat, in 1948, the typical American family sent 3 percent of its income to Washington in the form of taxes—3 percent. Today, the number is closer to 25 percent with the Federal tax. Prior to the passage of this bill, most working mothers were working to pay taxes instead of improving the standard of living for their families, and that isn't right. Lowering the tax burden will let moms' paychecks go toward family expenses instead. It is not as much as everyone would like, but certainly better than doing nothing. As I see it, the entire package is a giant step in the right direction.

Most people's vision of America and the American dream includes a college education for their children. This bill helps fund that dream. It is a big expense and tuition costs have risen far more than inflation. Parents have told me that they have nightmares about financing college for their children. In New Mexico, tuition ranges from $18,700 at St. John's College, to $2,080 at the University of New Mexico or New Mexico State. Community and technical college tuition is about half that.

This bill provides a number of separate provisions that help finance college, but the most significant of them is a $1,500 tax credit that reduces taxes dollar per dollar for the first $1,000 worth of tuition paid and 50 percent for the next $1,000 of tuition paid for the first 2 years of college, community college or technical school. A good idea.

During the junior and senior years of college, the tax credit is 20 percent of the first $5,000 in tuition paid. Over time, these tax credits get bigger so that by the year 2002, the tuition tax credit is $10,000.

I am pleased that the technical colleges and community colleges qualify. They are needed. They are filling an ever-more important role in our changing educational needs.

Student loans are one of the broadest based forms of financial aid for graduate students. They are instrumental in financing undergraduate study as well.

The deductibility of student loan interest automatically shifts the benefit of the provision toward children of low- and middle-income families. The deduction of student loan interest is well designed to provide annual tax relief, and can provide a powerful incentive for more citizens to pursue and push hard for graduate and advanced degrees.

The deduction is phased in: $1,000 in 1998; $1,500 in 1999; $2,000 in 2000, and $2,500 in 2001.

Mr. President, this bill has a number of IRA's that our distinguished chairman has been the advocate of. He has adequately explained them and I won't go into them in detail.

This bill also allows penalty-free withdrawals from all IRA's for undergraduate, post-secondary vocational and graduate education expenses.

The bill also makes the exclusion of $5,525 worth of education assistance paid for by employers permanent. This provision has helped millions of workers maintain their state-of-the-art skills. As we move into the 21st century life-long learning will be a way of life.

The great educator Horace Mann said, "Education is the great equalizer."

In our technological society the reverse is also true, lack of education can leave people behind. For example, while in 1980, a student graduating from college could expect to earn about 45 percent more than a high school graduate, today the differential has almost doubled.

This bill provides $207 million in tax relief over the next 5 years for New Mexicans to better educate themselves and their families.

Actions have consequences and tax policy has mammoth consequences. The United States has one of the highest capital gains tax rates and one of the lowest savings rates among the seventh wealthiest countries in the world. If we cut the capital gains rate, our economy could create 150,000, as much as 280,000, new jobs next year. Besides being good for the economy, this capital gains tax will benefit everyone. Over a 10-year period, about one-third of all taxpayers sell at least one capital gains asset. Over a 10-year period, one-third of our population can take advantage of capital gains. It is not for one small group; it is for one-third of Americans.

We need to update our image of who benefits from a capital gains tax cut. In 1990, the typical mutual fund owner is someone in the $35,000 to $75,000 income bracket. The average portfolio is $14,000. Half of these investors do not have a college degree. This is a very different image from the wealthy widow toting a pampered poodle down Fifth Avenue in New York and being the one who can take advantage of capital gains. But I don't know anyone in New Mexico who has a numeral after his last name. I do know that New Mexicans pay $638 million in capital gains in 1995. Under this bill, that tax would be considerably reduced.

When the investor invests in companies, the result is capital formation. Dale Jorgenson of Harvard has noted that almost half of the economic growth between 1948 and 1980 was due to increased capital formation and influx into American businesses. Greater economic growth results as more and better paying jobs arrive on the scene.

I am also pleased that the bill expands IRA's and allows penalty-free withdrawals for the first-time home buyer and, obviously, we have other provisions that help homeowners because they, too, get a very significant capital gains differential when they sell their homes.

As baby boomers age it is very important that they save more for retirement. The IRA provisions encourages everyone to save more. I see this as a step toward enacting the U.S.A. tax reform plan that I have been working on the last few years. Under that plan families would be given an unlimited savings allowance so that the tax rate on any amounts saved or invested would be zero until the funds are consumed.

The other major provision in this bill provides death tax relief. The estate tax is often referred to as the most confiscatory tax of all. Some call it a tax on success. A recent Tax Foundation study found that today's estate tax rates—ranging from 18 to 55 percent—have the same disincentive effect on entrepreneurs as doubling the current income tax rates.

The unified credit has not been increased since 1987. This bill slowly increases it to $1 million by the year 2007.

The philosophy behind the estate tax was imported from Europe, for example, that the accumulation of too much wealth in too few families is bad. Today, however, that estate tax philosophy is fundamentally flawed. When applied to closely held business assets, ironically, the tax produces just the opposite result—often forcing family owned businesses to sell off to larger public corporations. It raises roughly 1 percent of annual revenues. At that rate, it is hardly worth the devastation it causes to family businesses and farms, and entrepreneurship.

Starting a small business is part of the American dream that allows any American with a good idea to follow it to prosperity and independence. In my State I have seen a number of welfare mothers start successful businesses. The ultimate American dream is to be able to leave that successful family business to one's children. Too often current estate taxes force heirs to liquidate the business or family farm to pay the estate taxes.

The death tax takes its toll. Only 13 percent of family businesses are passed on to a third generation. The National Federation of Independent Business testified before the Ways and Means Committee that "the Federal estate tax represents perhaps the greatest burden today on our Nation's most successful small businesses." This bill helps lighten that burden.

The death tax changes are timely changes for ranchers. The average age of America's cattlemen is 55 years old. Some 80 percent of the beef cattle operations have remained in one family for 25 years or more with 42 percent in the family for over 50 years. Interestingly, 12 percent of the ranches have been in the same family for 100 years. This bill will contribute to preserving the great American legacy by helping keep ranches in the family by providing $25 million in tax relief to New Mexicans over the next 5 years.

The bill also allows people to sell a house tax free. This is a good real estate provision. One provision I am not totally satisfied with is the treatment of investment real estate. The conference report sets the capital gains rate at 25 percent, I truly believe that equity demands that the capital gains rate on investment real estate be the same as the capital gains rate. I hope the Congress will revisit this issue in the near future.

I am pleased that the bill makes it easier for small business entrepreneurs to claim the home office deduction. I am also glad that this bill accelerates the phase-in of the self-employed health insurance deduction.

The biggest winners under this tax bill are middle-income families with children, particularly those families earning between $20,000 and $50,000 per year. Families earning between $50,000 and $100,000 are given tax relief too, provided they have children or kids in college.

A married couple with household income of $35,000 and two children under age 17 would see their tax bill fall by $2,000, a 38-percent decline from what they'd owe under current law.

The education incentive mean that families with children in college are helped even more. A married couple with income of $35,000 and two children, one in college and one still at home, would see their tax bill fall by $2,000, a 76-percent decline from what they'd owe under current law.

What these families save on taxes represents cash in your pocket; it represents how much of their own money they get to keep. Think about how much of a raise a taxpayer would have to get from their boss in order to be able to increase their take-home pay by that much.

Mr. President, today is a banner day. We finished a bill that balanced the budget yesterday, and within that framework, today, we are passing a net tax reduction of $96 billion over 5 years. This makes it the largest tax reduction bill since President Reagan's tax reduction in 1981, and the first tax relief bill since President Reagan signed the 1986 tax reform.

Let me say, for those who are disappointed, I am not the least bit disappointed. We can always look at this as half-full or half-empty. I believe, when you look at Congress and the Presidency and the different philosophies, to be here today with the second of two major bills of this proportion, moving toward balance and a significant and very well tailored tax cut, I believe it is a real achievement, and for those who want more and think we should do more, let me suggest, we have been trying for a long time to do just this much and have been unable to do it. So I am very pleased and think the American people will be, too, when they start to feel its impact in their communities, in what they pay for taxes and what they keep.

I thank the Senate, and I yield the floor.

Mr. BUMPERS addressed the Chair.

The PRESIDING OFFICER. The Senator from Arkansas is recognized.

Mr. BUMPERS. Mr. President, several years ago, there was a magnificent book that came out by a great historian, Barbara Tuchman, called the "March of Folly: From Troy to Vietnam." The book cataloged how in moments of history, terrible tragedies, terrible mistakes could have been avoided because there was always some lone voice saying, "Don't do that." Almost invariably, the politics of the moment dictated otherwise.

The book "From Troy to Vietnam," starts out with the Trojan horse. Every schoolchild knows the story of how the Greeks went to rescue Helen from the Trojans. Finally, after many, many months of not being able to break into the Trojan fortress, the Greeks designed this Trojan horse, a wooden horse, a fabric horse, as the Aeneid describes it, and they place this horse outside the Trojan fortress. The Trojans are afraid that the gods have placed the horse there, and it would be a terrible tragedy for them if they didn't let the horse into the fortress. One person, named Laocoon, said, "Don't let that horse in. What more than madness has possessed your brains?" he said. "What have the Greeks ever done for us?" But he was the sole voice of dissent. So they opened the gates. They let the horse in, and 50 of the Greeks' finest soldiers poured out of the belly of the horse and took the fortress.

In World War II, when the debate was going on with the German high command about whether to get involved in the war, whether to antagonize the United States or not, the commander of all the German submarines was consulted. "If you can sink so much allied shipping," they said, "the United States won't be a threat." And the German U-boat commander said, "You're silly; you're foolish. We can do a lot of damage, but we can't come close to sinking that much allied shipping." And his voice was drowned out as if he had never spoken.

When the warlords of Japan sat around plotting the attack on Pearl Harbor, the great Japanese admiral, Yamamoto, stood up and said, "I've gone to school there. I know the Americans, I know their industrial output, I know their tenacity, and I know their love of country. This will not work." He went ahead to say, "I am at the Japanese Emperor's beck and call, and I will do anything I am called on to do." The rest of that is history. Yamamoto's voice was drowned out.

Today, we have this reconciliation bill before us. And there were few lone souls in the U.S. Senate who voted against the great tax cut of 1981, Mr. President. Only 11 people stood up in the U.S. Senate and said, "I'm not voting for a concept of doubling defense spending and cutting taxes and presuming to balance the budget." Eleven souls said, "No, let's not do this. It is the height of folly."

Our voices were drowned out. At that moment, the national debt was $1 trillion and the interest on that debt in 1981 was $60 billion. Our voices were drowned out. And 16 years later, because our voices were drowned out, today's national debt is $5.3 trillion, and the interest on that debt has gone from $60 billion a year to $359 billion a year. That is the interest we are paying on the national debt in this year of our Lord, 1997. You know how much of that $359 billion is as a result of the craziness of this place in 1981? Approximately three-hundred billion dollars.

The pages who sit in front of me will not live long enough to see that figure even reduced very much. You want to do something for the children? You say, let us give the middle-class children of this country a tax break. How about tomorrow's children and the children in the next generation and the next generation? What are you doing for them? You are saddling them with an incredible debt. When I think about what we could do if we would not pass this bill. With the economic growth we have enjoyed for the past six or seven years, and as we anticipate it will be for the immediate future, would almost certainly balance the budget in 1998, and we could even run a surplus in 1999. Balancing the budget is within our grasp, an eyelash away. And this bill thwarts it in the name of a middle-class tax cut.

About the only distributional analysis that has been done on this bill is a study by the Citizens for Tax Justice. And what do they say? Just look at this chart.

Look at this middle-class tax cut, Mr. President. The bottom 20 percent, people who make less than $12,000 a year do not get a tax cut. They get virtually no benefit from the child credit and capital gains and the other major tax cuts. So with the increase in cigarette taxes and airline ticket taxes, the bill is going to cost them $39 a year. So much for the poorest of the poor in this country. They not only don't get a cut, they pay more.

Go to the next 20 percent, the people who make up to $22,000 a year. What do they get? Why, they get a whopping $8-a-year cut in their taxes—a few cents a week.

If you combine these two bottom groups, you will see that the bottom 40 percent on average will see their taxes go up by $31 a year.

Then go to the next 20 percent. The next 20 percent, the people who make $22,000 to $39,000 a year, they are going to wind up with a $171-a-year tax cut—less than 50 cents a day.

So where is all the money going?

Look at this chart for just one moment. The next 15 percent that, they get $1,163 a year. What does the next 4 percent get? The people who make $109,000 to $246,000 get $1,772 a year in tax cuts. And the top 1 percent, the people who make $246,000 or more, get $16,227 a year.

So seventy-six percent of all the benefits of this bill go to the top 20 percent of the people in this country. That is a middle-class tax cut? That is to help the middle-class families of this country?

This bill has had more public relations, more ballyhoo under the name of a middle-class tax cut. No wonder 54 percent of the people of the country say they favor this bill. And you know why? Because the question is asked, "Do you favor the balanced budget resolution that Congress is considering?" Well, of course they favor a balanced budget resolution. Who doesn't? What a travesty. Mr. President, I have been divinely hoping that negotiations between the President and the Republicans would reach an impasse, breakdown, with gridlock, because if we did nothing the budget would be balanced in 1998, 1 year from this moment. If somebody had said in 1993, "You vote for this omnibus budget reconciliation bill and we'll balance the budget in 1998," we would have insisted they take a saliva test.

When I think of all the good men and women who used to sit in the House and the Senate, and they are gone only because they had the courage to vote for that bill in 1993, which raised taxes on the top 1.3 percent of the richest people in America—1.3 percent—because a few courageous people in this body—Jim Sasser, Harris Wofford, two of the finest men ever to serve in the U.S. Senate, who are no longer with us. And a lot more people in the House are no longer with us—they had the courage to face up to something that was very unpopular at the time. But even on the outside they can take solace in the fact that they honored what they believed was a nonnegotiable demand by the people of this country for a balanced budget.

Do you know what we did as a result of that 1993 vote? I am always reluctant to talk about this because I have so many good friends on the other side of the aisle, but truth has to be told. Not one single Republican in the U.S. Congress, in the Senate or the House, not one voted for that bill. And the Democratic party suffered at the polls as a result of that vote.

A lot of people stood on the Senate floor and said the 1993 bill is going to bring about a terrible recession. So what really happened? Before we passed that bill, the deficit for 1993 was estimated to be $290 billion. And as a result of passing the deficit reduction bill, it turned out to be only $255 billion. In 1994, it dropped to $203 billion. In 1995, it was $154 billion. In 1996, it was $107 billion. For 1997, it is now calculated at around $45 billion, and many economists say it could be less. From almost $300 billion, in 4 short years, to $45 billion because a few people in this body had the spine to vote for something that was politically unpopular. Those people who lost their seats as a result of that vote are undoubtedly watching their hard-won victory being sacrificed on the altar of political expedience. The balanced budget of 1998 that is just about to elude us.

You know, the economy, if it stays as good as it is right now through all of 1998, despite the foolishness of this bill, we still might balance the budget in 1998 if the economy stays good, but only for a nanosecond. Under the calculations of the bill, we are going to spend almost $300 billion more in deficit spending over the next 5 years, and the interest on that will be $15 billion—forever. That $300 billion goes right on top of the $5.3 trillion you see here. At the end of 5 years, instead of $5.3 trillion, that will be $5.6 trillion. At the end of 5 years, instead of $359 billion in annual interest, it could well be $375 billion.

You want to do something for children? Don't saddle them with that kind of debt.

The Senator from New Mexico pointed out some very cogent points a while ago with which I do not disagree. I favor the educational benefits in this bill. I favor the child health care provision which we are paying for with a cigarette tax. It isn't all bad. But it isn't all critical, not as necessary as a balanced budget.

We are today going to grab defeat from the jaws of victory. The only gratifying thing to me about this whole exercise is it shows the hypocrisy of the constitutional amendment to balance the budget. I always knew that was political, but it is a very effective political tool. It took a lot of courage because it was portrayed that if you did not vote for the constitutional amendment, you were portrayed as being against a balanced budget. The fact that we are about to pass a bill which will supposedly balance the budget by 2002 reveals the hypocrisy of those people who said, "You have to have a constitutional amendment to balance the budget."

And those of us who voted for the 1993 bill to cut spending by $250 billion and increase taxes by $250 billion have something to be proud of because that act instilled so much confidence in Wall Street and the people of this Nation, the economy has been on fire ever since. The Nation thought the people here in Washington had finally stiffened their spines to do something that was right.

I cannot believe we are in the process of postponing balancing the budget for 5 years—the very people who said, you must put it in the Constitution and who said they wanted a balanced budget more than anything in the world. Here it is within our grasp. And what is their solution? Postpone it for 5 years, spend another $300 billion in deficit spending.

Mr. President, the needs in this Nation are truly great. We are the greatest Nation economically on Earth. We certainly are the oldest living democracy. We have the oldest Constitution in the world.

Militarily, we are certainly the strongest on Earth, and well we should be the way we spend money on defense. But when I think about the needs of this country, if you absolutely have to spend this money, there are better things to spend it on. We asked the Department of Education what it would cost to provide every child in America with a college education—every one who would get a college education if it were within their financial means. It is very interesting, this tax cut is roughly $135 billion, and it would take $1 billion less—$134 billion—to provide a college education for every youngster in America that would want one.

So the next time you talk to the most conservative groups in your hometown—the chamber of commerce or the Rotary Club—you ask them, do you think this country would be stronger if we educated with a college education every kid in America, or if we give a $135 billion tax cut to the wealthiest people in America? I can promise you that if you were debating that on national television, it would be 90–10 in favor of educating our children.

So, Mr. President, I divinely hope that everything I say today turns out quite differently from the way I am predicting it. But I don't believe that is going to happen. If Barbara Tuchman were alive, she would certainly include this vote as one of the top follies in our Nation's history. Once again, we have managed because of political expediency to finesse the real problem.

Mr. President, I yield the floor.

Mr. ROTH. Mr. President, it's time to move beyond the tax and spend ways that for far too long have marked business-as-usual in Washington. The Taxpayer Relief Act of 1997, as part of the budget reconciliation package, signals a new beginning for Congress—the beginning of a trend that puts Americans first.

To argue that the tax relief contained in this package is too high—or that the cuts are too big—is to argue that government simply doesn't tax

American families enough. This is absurd. Today, Americans are paying higher taxes, as a percentage of our gross national product, than they have since 1960. Today, American families are paying more in taxes than they are for food, clothing, and shelter combined. High taxes are forcing parents who would rather be at home with their children to work longer, or to hold down a second job.

Many, who would rather be homemakers, are forced by high taxes to enter the labor market, as Americans are finding it impossible to support their families and the government on one salary.

Despite all of this, we're hearing now that taxes aren't high enough. Well my question, Mr. President, is just how high is high enough? How much more would satisfy my colleagues? I'm afraid that Congress could tax 100 percent of all the wealth in America, and it still wouldn't be enough for those who refuse to change their tax and spend ways.

You see, I come from another school of thought. I believe that the money Americans earn belongs to them. I believe our families know best what to do with their checkbooks. I believe that money earned by an individual belongs to the individual—that it does not belong to government—and that government is arrogant to assume that it can decide how much a hard-working man or woman can keep.

You see, Mr. President, unlike my distinguished colleagues, my disagreement with this bill is exactly the opposite. My disagreement with this bill is that the tax relief contained within it doesn't go far enough. The tax cuts aren't deep enough. That's why I can assure those who are listening that we will be on this floor again, some time in the near future. We will be here addressing real tax reform—tax reform that is structured from the taxpayer's point of view.

But for now, I'm willing to accept this compromise. It was crafted in a spirit of bipartisanship, with willing and cooperative leaders on both sides of the aisle. I will vote for this tax relief. But again, I assure you—I assure the American people—that this relief is only a first step in an effort that will continue—a bipartisan effort that will deliver the kind of tax reform Americans deserve.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. BUMPERS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

PRIVILEGE OF THE FLOOR

Mr. BUMPERS. Mr. President, I ask unanimous consent that the privilege of the floor be granted to the following members of my staff during the pendency of this measure: Barry Becton, Catherine Dolan, and Tom Walls.

The PRESIDING OFFICER. Without objection, it is so ordered.

The PRESIDING OFFICER. Who seeks time?

Mr. ROTH. Mr. President, I would like to take a moment to express my gratitude to the many staff members who helped us draft this historic tax relief legislation. These dedicated men and women worked tirelessly over the last several months. They worked early mornings, they worked late nights and many times almost all night, as well as weekends, to help us succeed. I, for one, am deeply appreciative of the staff's effort. I know that my colleagues are as well.

So, Mr. President, I ask unanimous consent to have the names of the staff printed in the RECORD.

There being no objection, the list was ordered to be printed in the RECORD, as follows:

MR. ROTH'S PERSONAL OFFICE

John Duncan.
Ashley Miller.

SENATE FINANCE COMMITTEE

Lindy Paull.
Frank Polk.
Mark Prater.
Rosemary Becchi.
Doug Fisher.
Brig Gulya.
Sam Olchyk.
Tom Roesser.
Joan Woodward.
Myrtle Agent.
Mark Patterson.
David Podoff.
Nick Giordano.
Maury Passman.
Bill Fant.
Ramon Camacho.
Ginny Flynn.
Christina Pearson.

SENATE LEGISLATIVE COUNSEL

Jim Fransen.
Mark Matheson.

HOUSE LEGISLATIVE COUNSEL

Stan Grimm.

Mr. ROTH. I'd also like to thank the staff of the Joint Committee on Taxation for their hard work and effort on this legislation, including Ken Kies, Bernie Schmitt, Mary Schmitt, Barbara Angus, Steve Arkin, Tom Barthold, Pat Driessen, Chris Giosa, Ben Hartley, Rob Harvey, Harold Hirsch, Melani Houser, Allison Ivory, Ron Jeremias, Kent Killelea, Leon Klud, Gary Koenig, Tom Koerner, Roberta Mann, Laurie Matthews, Alysa McDaniel, Joe Mikrut, Pam Moomau, John Navratil, Joe Nega, Judy Owens, Barbara Robles, Cecily Rock, Mel Schwarz, Carolyn Smith, Bill Sutton, Maxine Terry, Mel Thomas, Mike Udell, Barry Wold, and Judy Xanthopoulos. In addition, I'd like to recognize particularly the assistance of the support staff of the Joint Committee on Taxation. Without their efforts, this bill could not have been completed in a timely manner.

Mr. MOYNIHAN. Mr. President, if there are additions from our side, I know the Senator wishes them to be added also.

Mr. ROTH. Absolutely.

Mr. MOYNIHAN. Mr. President, I ask what time remains on the bill.

The PRESIDING OFFICER. The Senator from Delaware has 3 hours 4 minutes. The Senator from New York has 1 hour 29 minutes. The Senator from Arkansas has 50 minutes.

Mr. MOYNIHAN. Mr. President, I don't want to introduce any partisan wrangling, but this side of the aisle has done much better in using up time than that side. Perhaps we could think of yielding back some time.

Mr. ROTH. Well, I say to my distinguished cochairman that I——

Mr. MOYNIHAN. We talk more than you do.

Mr. ROTH. It takes you longer to make a point.

Mr. MOYNIHAN. I see. I think I will withdraw from this exchange.

Mr. ROTH. Mr. President, I suggest the absence of a quorum and ask that the time be equally divided between the two sides.

The PRESIDING OFFICER. Without objection, it is so ordered.

The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. ROTH. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ROTH. Mr. President, I yield 10 minutes to the distinguished Senator from Georgia.

The PRESIDING OFFICER. The Senator from Georgia is recognized for 10 minutes.

Mr. COVERDELL. Mr. President, first, I want to thank the chairman and ranking member for the hours and hours of deliberation and work to bring us to this point. You are both to be highly commended, along with several others of our colleagues. But I think all of us in the Senate are indebted to the hours of commitment, not only to this distinguished body, but to our country, and we thank you both.

Mr. President, I rise in support of the Tax Relief Act, and I was most pleased to be able to cast a vote earlier today for the Balanced Budget Act. I know many have said so, but it is worthy of repeating. We have waited 28 years to finally have the Congress produce a balanced budget act that will be signed by the President. That is a massive accomplishment. Now we are on the verge of passing, I think by even a greater margin, a tax relief act, which is a significant step. It falls short, in my judgment, of what is truly needed for the American worker and family, but I applaud the significance of it, the direction of it, and even the amount of it.

I do think it is worth remembering that, in 1990, about this same time of the year, American workers and families were given a $250 billion tax increase. At that time, it was the largest increase in American history. It was followed by a promise, in 1992, of a reduction, which never occurred. In fact, what happened was that another $250 or $260 billion tax increase was given to the American worker and family—meaning that from 1990 to 1993, taxes were raised by over a half trillion dollars, leaving the American worker and American family with the largest tax levy in our history.

Put in that context, this tax relief is only a 20 percent refund of the tax increases in the early part of this decade. That is why I say it falls short of what I think really ought to occur, and I know I am joined by many colleagues who feel this is a first step and we must come back and find additional relief for the American worker.

Now, I have said many times on the floor, Mr. President, that I think it is better to try to bring this down to what it really means to an average family. In my State, that family makes about $40,000 a year. When that family pays its current tax burden and when that family pays its share of the cost of Government and when that family pays its share of higher interest rates, they are left with about 47 percent of their paycheck. In other words, this year, they worked from January 1 to July 3 for the Government, which meant that July 4 this year took on a new meaning. It was not only Independence Day; it was the first day they got to keep the first dime of their paycheck. Or, in other terms, it means, in my judgment, if you could conclude that an American family ought to keep, at a minimum, two-thirds of their paycheck—it ought to be more—but if you concluded, at a minimum, that American workers ought to keep two-thirds of their paycheck, that means they are falling $8,000 short—this average family I am talking about—every year. Just think of what that kind of resource would do for that average family's checking account and the kinds of things they could do.

You know, we are always hearing, and we are told over and over that American families have no savings. Why would we be surprised that they have no savings, Mr. President, if the Government has been marching through their checking account taking over half of what they have? The disposable income that is left can barely deal with the essentials. Why are we surprised that consumer debt is at an all-time high or that individual bankruptcies are at an all-time high or why, in the face of a reasonably good economy, there is still so much anxiety in middle America? It is because we have left them with so few resources to do the job we have always asked of the American family.

As somebody said the other day on the floor, the best department of health and human services is our own American family. But they have to have the resources, instead of the Department of Health and Human Services.

So, Mr. President, the fact that we are refunding about $100 billion of the $500 billion in new taxes is a laudable step and a meaningful step that will help every generation of Americans—children through the child tax credits, students through the savings accounts for education and the tax credit, small businesses and owners of stock and people in retirement or who are about to go into retirement because of the capital gains tax reduction and the estate tax improvements. We are going to move a flood of capital to the newest ideas because we are going to unlock billions of dollars when we lower the tax burden on capital.

So, Mr. President, I applaud our leadership. I applaud the members of the Finance and Budget Committees. I applaud the President for finally agreeing to sign meaningful tax relief and a balanced budget act. I believe this is good for America.

I have one disappointment. Mr. President, after agreeing to the tax proposal, the President sent a late-night letter to our leadership and said that he would veto all the tax relief for America if we include an amendment which we passed in the Senate which would have granted a savings account for families to use for elementary education and high school education. That is where the problem with American education exists. This amendment would have allowed average families the ability to remove from the savings account, without being taxed, money to buy equipment, like computers, to hire tutors for special education needs, for special transportation costs, and, yes, for tuition, if they chose another school to go to. I think it is a severe loss that that amendment had to be removed. I am here to say to the Senate and to the House and to the President that the millions of Americans who want assistance at the elementary and secondary level are not going to go away. We will come back. We will author new legislation to achieve these goals focusing on elementary and secondary education. It is going to be a requirement if we are going to produce the knowledge in our youth that will be able to lead us into the new century.

So, Mr. President, with that, I conclude my remarks and yield back my time to the leader.

(Disturbance in the visitors' galleries)

Mr. MOYNIHAN addressed the Chair.

The PRESIDING OFFICER. The Senator from New York.

Mr. MOYNIHAN. Mr. President, I yield the distinguished Senator from West Virginia, the former President pro tempore, such time as he may require.

The PRESIDING OFFICER. The Senator from West Virginia is recognized.

Mr. BYRD. Mr. President, I hope that the galleries will be cautious. They are our guests, and they should understand that the Senate rules do not allow demonstrations of approval or disapproval.

Mr. MOYNIHAN. Might I just restate that fact, sir?

The PRESIDING OFFICER. The Chair reminds the visitors in the galleries to refrain from demonstrations.

The Senator from West Virginia.

Mr. BYRD. Mr. President, I rise to oppose this reconciliation bill. It hands out tax cuts much like adults dole out candy to pacify rowdy children. The American people are not children, and I believe that we underestimate both the public's eagerness for these cuts and our people's comprehension of our Nation's fiscal situation.

Mr. President, this is no criticism of those Senators who worked for the tax cut. I accord to every Senator the right to express his own convictions and his own beliefs. And I respect every Senator's convictions and beliefs. I happen to differ with many of my colleagues in this instance. I just do not think that it is wise to have this tax cut. I differ with this administration in that regard. The American people are not children. I have been in politics more than 51 years, and the easiest vote for me ever to cast is a vote to cut taxes. That doesn't take courage. It doesn't take a brave man to do that. That is easy.

Let us first note that the past actions of the Congress in approving the tough deficit reduction measure called OBRA in 1993 is largely responsible for all but erasing the bloated and damaging deficits of the 1980s. That piece of legislation and the steady economic growth we have experienced over the past several years have all but brought us into budget balance. The legislation we passed called OBRA in 1993 and the steady economic growth that we have experienced and are still experiencing are what have brought us into budget balance, almost. Passed without a single Republican vote—not one Senator on that side of the aisle, not one Republican Member of that body on the other side of the Capitol, not one voted for that legislation. Not one. That passed, as I say, only by Democratic vote. Without a single Republican vote, that politically unpopular measure—OBRA 1993—was the castor oil that has mostly cured this Nation's serious bout with red ink disease, and set us on a straight course to budget balance. May I add that this cure has been achieved without the arsenic-laced medication of a balanced budget amendment, which so many in this body had prescribed as the only cure for the ailing patient. They were wrong, and we have turned the corner on our budget woes while at the same time preserving, at least for the moment, the checks and balances so vital to our continued life as a viable republic. But this legislation pending on the Senate floor today threatens to negate our progress and throw the body politic back on the critically ill list.

The outyear losses from the tax cuts contained in this bill could propel us backward in time to the irresponsible 1980's. May I note that we are voting on this reconciliation bill without the benefit of the administration's economic assessment of the outyear impact of these tax cuts. We shouldn't have to do that. We are rushing to approve these tax cuts in the misguided belief that the people are clamoring for tax relief, regardless of the consequences for the deficit in future years.

Although I applaud the sincerity of those who differ with me, realizing that a tax cut would be part of any deal, who have tried to make those cuts more fair in their distribution, I cannot fathom the justification for supporting this whole package based on the meager benefit that might accrue to the nonwealthy. In my view, those of us charged with the responsibility to govern must take a larger view of our total fiscal policies and remember the lessons of the past two decades.

I am one of the miserable few who retains the miserable memory of having voted for the tax cut that Mr. Reagan espoused when he first went into office. I voted for that tax cut, and I have been kicking myself in the rear ever since. I was wrong. That and the massive buildup in national defense and the massive growth of entitlements. These are the things that have brought upon us the ills of today, in large measure.

We are only now emerging from the crippling restrictions of a massive deficit, debt which hampered our ability to invest in our Nation's physical infrastructure, to repair roads and bridges, maintain the treasures of our national parks, and provide basic amenities to our people like clean, safe water. There are people in West Virginia who are lacking in that treasure of safe, clean drinking water. There are people in other rural States all over this Nation who need clean, safe water. They don't have it. That same deficit has also prevented investment in our people's abilities through education, training, and health policies. Before we have even paused to experience the sweet liberty of freedom from that crushing burden, we are eagerly engaged in digging our way right back into debt through these massive back-loaded tax cuts.

Back loaded. Ah, how sweet it is, to tell the American people, "We have cut your taxes!" Nobody likes to vote for a tax increase. I don't like to do that. And there are times when we really need to cut taxes, but this is not the time.

Since the budget has not been balanced since 1969, I guess nobody in this town can bear the thought of being in balance. Without the hot breath of the deficit master on our necks each and every working day, we might actually be able to return to a time when we could address some of our real problems in this country. We might even see a little creativity and common sense come out of this city. We might have to learn to plan and to be proactive about our Nation's problems instead of slapping on the green eyeshades every morning and focusing on the comforting familiarity of the deficit devil which has become an all-purpose collective excuse for doing nothing much at all.

Before we all break out the champagne bottles and congratulate ourselves on helping the poor, beleaguered population by making the easiest, no-brainer vote in all of politics—the easiest, no-brainer vote in all of politics, a tax cut; how easy; how easy it is—let us sober up for 1 minute and contemplate the obvious fact that one fairly severe recession in the next several years coupled with the impact of these back-loaded tax cuts will throw us right back into the deficit canyon. That is all it will take.

Let us further jog our all-too-short memories and recall that the national debt as of July 25 is a whopping $5.28 trillion. Yes. Let's reduce the deficit. But let us put that money on that national debt. Further, I am told that the latest estimate by the Congressional Budget Office and the interest due on that debt for fiscal year 1997 is $358 billion. That is just the interest due on the debt—$358 billion. That is $358 for every minute since the Lord and Savior Jesus Christ was born—$358 for every minute since Jesus Christ was born. This is not small change, my colleagues. And it seems to me that even using the new, new, new, new math, and without benefit of a hand-held calculator, anyone can see that we cannot prudently afford this tax cut.

So I am critical—yes—of the Republican Party for advocating this tax cut. I am critical—yes—of this administration and this White House, of my own political party, for advocating a tax cut at this time. It is pandering to the American people. It is pure political demagoguery. That is what it is, pure and simple.

Additionally, any informed observer of our Nation's demographic trends can easily see that a low birth rate in our Nation's large and aging baby-boom generation are fusing a fiscal time bomb steadily ticking along on its inevitable course which will detonate in the second decade of the next century. The second decade of the next century. But who cares? Many of those of us who vote for this tax cut today will not be here. We will not be around. Some of us will be in our rocking chairs, enjoying retirement.

Do not count me in that crowd. We will not be to blame. Who will be around to blame us?

That time bomb could lead to a mushroom cloud, a mushroom cloud that spreads over the country, a cloud of returned budget deficits if we do not think of ways to responsibly sap its destructive potential.

Mr. President, simply put, our Nation does not need and can ill-afford tax cuts at this time—not the tax cuts that are included in this reconciliation bill, not the tax cuts promulgated in recent years as a result of the so-called Contract With America.

I did not sign on to that contract, the Contract With America. We do not hear much about that contract these days, not much anymore. I never signed on to that contract. Here is my "Contract with America," the Constitution of the United States. Hallelujah! No signed contract for me. I signed the oath to uphold and defend this Constitution of the United States against all enemies, foreign and domestic. That is my contract.

But not any tax cut. Such tax cuts threaten to enlarge the deficit right at the time we are close to erasing it. Then we are going to bloat it again, going to blow it up again. More importantly, tax cuts of the sort being considered today could mushroom the deficit in the outyears, precisely at the time when our Nation will be graying.

See, I once upon a time had black hair, black as a raven's wing. Not anymore. I went through a graying process. And today my hair has turned not to silver but to the 79th wintry snow—I should say 80 in November. But precisely at the time when our Nation will be graying, and slowly moving closer to the detonation of that time bomb, the explosion of retiring baby boomers that threatens to implode our Nation's fiscal house.

There can be no argument, as there was in the early 1980's, that these cuts are needed for economic growth. That was the argument they used back in the early 1980's. We had a new President. His name was Ronald Reagan. My people said, "Give him a chance." They wrote me letters and postcards and said, "Give him a chance." Well, against my own better judgment, I voted for his tax cut. In those days, we could argue that the cuts were needed for economic growth. That is one of the arguments Mr. Reagan so well used.

We are currently in our sixth consecutive year of economic growth, the stock market continues to reach record high after record high after record high. They wonder how much higher it can go. It became 4,000, and then it became 5,000, and then it became 6,000, then it became 7,000, then it became 8,000. How much higher can it go? I could have become a rich man, perhaps, if I had known how to play the stock market. But I am one who remembers the stock market crash in 1929, so I have been afraid, afraid of that market ever since. Unemployment recently dipped below 5 percent. Think of it! And inflation has remained in check. The stock market has risen into the stratosphere, beyond the opening in the ozone layer.

Does this sound like an economy that needs a jump-start through a tax cut? We were on the right track in 1993. That was the right track. We don't need this tax cut now. To provide a tax cut now is like encouraging someone who has just paid off a huge credit card debt, complete with whopping interest payments to go on a wild and uncontrollable shopping spree. Where is the learning curve? Where is the learning curve?

Mr. President, it appears to this Senator that the justifications for the tax cuts contained in the pending legislation do not extend beyond the realm of pure unadulterated politics, pure unadulterated politics. Tax cuts are now, as they have been in the past, the easiest vote a Member of this body could ever make—easiest vote. Tax cuts sell well on the campaign trail. They make even rubber chicken taste good. They seem to magnetically draw checkbooks out of our coat pockets, but in our current fiscal situation they do not represent sound fiscal policy.

Tax cuts are not in the best interests of our Nation at this time. I cannot state that strongly enough. To fully prepare for the budget pressures of the next century, we will need fiscal discipline as never before envisaged. We will need budget surpluses, not a teetering see-saw of a balance weakened by looming, back-loaded tax cuts whose costs continue to escalate and whose effect will be to tilt the see-saw back toward deficit spending. We will need to make many difficult decisions with regard to Federal entitlement spending.

In short, Mr. President, we will need compromise on many fronts of our budget debate. However, if we are to be truly faithful to the principles of fiscal order and balanced budgets, and if we are going to be mindful of the America that we leave to our children—we hear so much about our children—if we are truly mindful of the America that we leave to our children and to our grandchildren, there is no place, no place for tax cuts in any compromise proposal at this time.

Mr. President, I yield the floor.

Mr. ROTH. Mr. President, my colleague's argument brings to mind a letter from a fellow Delawarean who reminded me of the wisdom of President Abraham Lincoln.

Quoting our 16th President, Mr. Robert Hall, of Hockessin, DE, reminded me that:

> You cannot bring about prosperity by discouraging thrift. You cannot strengthen the weak by weakening the strong. You cannot help the wage earner by pulling down the wage payer. * * * You cannot establish sound security by spending more than you earn. You cannot build character and courage by taking away man's initiative and independence.

Only by keeping the economy strong can we balance the budget. And one certain way to strengthen the economy is to keep our burden of taxation reasonable, keep it at a level that provides initiative and incentives for risk-taking and thrift. History has proven that tax cuts stimulate economic growth.

The Mellon tax cuts at the turn of the century created incredible prosperity for America. President Kennedy's cuts stimulated the economy in the 1960's, and in the 1980's, Kemp-Roth led to the longest peacetime economic expansion in history. Eighteen million new jobs were created, along with 4 million new businesses. Family income rose and homeownership boomed as interest rates and inflation fell. At the same time, Treasury revenues more than doubled, not because Americans were paying a higher percentage of their income to taxes, but because Americans had higher incomes.

The truth is, Mr. President, that had Congress held the line on spending, the windfall to Treasury created by the Kemp-Roth tax cuts would have put a stake in the heart of the deficit. However, instead of controlling its appetite to spend—something we're trying earnestly to do, now, Congress shackled America with the 1990 tax increase. Then, 2 years later, President Clinton imposed the largest tax increase in history on Americans.

With this package, we begin to reverse these trends, and history is on our side. A responsible tax cut will strengthen the power of an expanding economy for our families and Nation.

At the moment, the average American family pays 40 percent of its income to taxes, and the current Federal system is counterproductive to economic growth. It double-taxes savings, thwarts investment, hinders productivity, increases prices, stifles wages, and hurts exports. It is complex and places disincentives on work.

As chairman of the Finance Committee, I intend, to see this reconciliation package through, and then, in coming months, I intend to turn our attention to comprehensive tax reform. We will work for a fairer, simpler plan that does away with the negative consequences of the current system—a plan that encourages savings and promotes American exports. But first we must keep our promise of the tax cuts we've proposed for the American people.

This legislation keeps that promise.

Mr. HATCH addressed the Chair.

The PRESIDING OFFICER (Mr. THOMAS). The Senator from Utah.

Mr. ROTH. Mr. President, I yield 10 minutes to the distinguished Senator from Utah.

The PRESIDING OFFICER. The Senator from Utah is recognized.

Mr. HATCH. Mr. President, in a different vein than my colleague from West Virginia, I rise to speak in strong support of this historic balanced budget and tax relief agreement. On many occasions I have come to the floor of the Senate arguing the importance of curbing Federal spending and balancing the Federal budget. It is equally, if not more, important that we pass on the benefits of a balanced budget in the form of tax relief to the American people.

Mr. President, I have long been an ardent supporter of tax cuts for the American people. This bill marks a very decided shift, a dramatic shift from the tax increases that have been prevalent over the past decade. The bill before us represents the first real tax cut in 16 years. It was not easy to get here. We can all remember the partisan budget debates we have had in the past few years. The difference between those bills and the one before us today is the bipartisan cooperation that went into this year's legislation. It is because of unceasing bipartisan effort to end big government and the benefit of a strong and vibrant economy that we can stand here today debating such historic legislation.

I maintain, Mr. President, that this bipartisanship developed because the American people insisted on it. They reelected President Clinton, but they also reelected a Republican majority in the House and Senate. And I have to say we would not even be debating a balanced budget bill, we would not be debating a tax cut bill if it was not for the Republican majorities in both the House and the Senate. The people who we each have pledged to serve decided that both points of view were necessary to get a balanced Federal budget. Congress and the President finally got the message, and the American people are the beneficiaries.

The package before us contains a variety of tax cuts that will bring much-needed relief. These tax cuts allow the taxpayers in my home State of Utah and across the Nation to keep more of their hard-earned dollars. This bill provides significant relief through: First, a tax credit for families with children; second, lower capital gains tax rates; third, tax incentives for education; fourth, small business incentives; fifth, increased savings through enhanced IRA's; and sixth, higher death tax exemptions.

The child tax credit is especially important for America's working families. Raising children in today's world becomes more expensive each year.

This family tax credit will put the tax relief where it is needed most, in the pockets of parents with small children.

This bill also contains a number of proposals to ease the burden for paying for college. I hear again and again from parents in Utah and throughout the country struggling to keep up with the high costs of college for their children. Mr. President, having put six children through college myself, I know exactly what they are going through. This bill will help these families by providing a tax credit for tuition expenses, a deduction for student loan interest and a new education IRA to promote saving for education. There aren't many things in this world that mean as much to us parents as giving our kids an opportunity that perhaps we didn't have or helping them to get along with good education.

The bill also contains important tax cuts to stimulate economic growth and create new jobs. In the past two Congresses, I have introduced legislation to cut capital gains rates in half. I am extremely pleased that this tax package lowers the capital gains tax rate in half to almost 20 percent. This historical and important change will not only ease the current double taxation of capital income, it will encourage more capital investment and help maintain the strong economic growth that this country has experienced over the past number of years. In fact, ever since the original recession during the Reagan years, we basically have had a good economy. We had a couple of downturns during the Bush years, but the fact is, we are all still benefiting from having cut the marginal tax rates from 70 percent down to 28 percent.

I might also add that a great deal of the credit should go to the distinguished chairman of the Senate Finance Committee, Senator ROTH. I remember in those early days in the late 1970's and early 1980's there were a number of us who banded together under the leadership of BILL ROTH and Jack Kemp to advance supply-side tax cuts which have proven to be successful. We are still benefiting from the cuts in those marginal tax rates from 70 percent down to 28 percent, still benefiting today, and this administration is benefiting from that. And to blame all of those deficits on Reagan kind of ignores the Great Society programs, kind of ignores the fact that during those years Reagan got his marginal tax cuts but Tip O'Neill got his great spending increases, and, of course, we had to increase spending on the military. Ultimately, because of Reagan and his spending, we actually ended the cold war. And we have saved trillions of dollars because of that.

I want to pay particular tribute to my colleague from Delaware. Without his leadership, we would not have this bill. We would not have these tax cuts. And I have to say he has been a strong, firm, solid, steady leader in these matters.

This capital gains tax rate reduction alone is going to prove to be very beneficial to our economy. There are trillions of dollars locked up in capital assets in this economy because people just don't want to pay a 28-percent top capital gains tax rate and corporations don't want to pay a 36-percent rate. Unfortunately, we couldn't do much for the corporations this year because of the limited amount of tax cuts we have negotiated with the President. But we have done a lot for the millions and millions of people, now, many in the middle class—50 percent of whom are in the middle class—who now are getting robbed because of inflated values of their capital assets, which if they sell they are paying taxes on the inflated value rather than the actual value. It wouldn't have happened but for our distinguished chairman of this committee, the distinguished chairman of the Ways and Means Committee, BILL ARCHER, and of course my friend—both friends—BILL ROTH, as well.

This is important. For a long time we have made the case if we cut capital gains tax rates we are actually going to get an increase in tax revenues. I believe over the next 5 years that will prove to be true. Instead of losing actual tax revenues we ought to increase tax revenues. But if all we do is break even or even slightly below breaking even, it's worth it because it's the type of thing that will benefit so many millions of Americans, especially those of us in the middle class who put our hard-earned savings into mutual funds or into other areas of the stock market or into capital assets that literally will receive some benefit in the future from what is being done here today.

Some of my colleagues from the other side of the aisle have categorized the capital gains tax cut as being for the rich. This is just not true. The capital gains tax cuts will help any American investing in a mutual fund, owning a home, or with an IRA which invests in stock. These are not the rich. These are hard-working middle-class families saving for their future and struggling to own a piece of the American dream.

In addition, this bill provides much needed relief from the estate and gift tax. This so-called death tax is nothing more than a punishment for success. This tax has the damaging effect of forcing families to sell a business or a family farm just to pay their tax liability. Many farms in my State of Utah have been passed on from generation to generation. Under the current estate tax, it is inevitable that at sometime in the future these families may be forced to sell these farms unless this tax is eliminated. This is one area of unfinished business. I hope that we can continue the process we have begun here and work together in the future to further reduce this onerous tax on American family farms and businesses.

This bill also contains a number of proposals that will help small businesses. Since 1993, I have attempted to clearly define what is a principal place of business for purposes of the home office deduction. This bill would clarify that definition and allow thousands of small business men and women deduct their legitimate home office expenses.

In addition, this bill makes important changes to allow self-employed individuals to fully deduct the cost of health insurance. The bill also modifies the employee stock ownership plan rules and other pension provisions that will allow more small businesses to provide employees with savings and retirement benefits.

Mr. President, I would like to commend the conferees for including provisions contained in the International Tax Simplification for American Competitiveness Act which I introduced earlier this year with Senator BAUCUS. This bill will extend the same export benefits to software products that are available to films and other recordings. It will also provide relief to U.S. financial services companies, including banks, security firms, insurance companies and brokers, and other finance and credit entities. The simplification and other changes to the most complex area of our Tax Code will enhance the global competitiveness of American products and companies.

Mr. President, while this bill does, in some ways, create more complexity in the Tax Code, there are a few sections that simplify various areas of our tax system. One such provision is a provision that I have worked hard on—exempting State and local government pension plans from the cumbersome pension nondiscrimination rules. This provision reinforces the right that State and local governments have to determine the compensation of their employees without Federal Government intrusion.

Mr. President, the passage of this tax relief bill is truly historic. The taxpayers in my State of Utah and across this country are deserving of this tax cut. They are overtaxed and over regulated. This bill provides broad tax relief in many important areas.

The budget conference report also contains provisions to restructure and preserve the Medicare Program for a decade. These changes are nothing less than historic in nature and will help insure that Medicare remains solvent well beyond 2001—the date for financial insolvency for the Medicare part A hospital trust fund.

Elderly Utahns can rest assured tonight that the Federal Government's health care commitment to them remains strong and undeterred. And, while work remains to be done, all future Medicare beneficiaries can rest assured that Medicare will be there as they become eligible early in the next century.

I join my colleagues in the Senate and particularly those Senators on the Finance Committee, on which I serve, where this legislation was originally developed and drafted.

We all have worked tirelessly over the past 7 months through numerous committee hearings and through countless committee meetings. We worked in a bipartisan fashion, resolved our differences on policy, and ultimately developed a consensus approach to Medicare reform.

The effort has paid off, and the American people are the recipients of this great and historic dividend.

Nevertheless, we must also recognize—and the American people must realize—that there still remains considerable work to be done with respect to long-term reforms of the Medicare Program.

This is why I am delighted the conference report contains legislation I sponsored earlier this year to establish a National Bipartisan Commission on the Future of Medicare.

This Commission will be comprised of 17 members who will be charged to develop recommendations to ensure the long-term fiscal health of the Medicare Program. Those recommendations will be completed and sent to Congress by March 1, 1999.

I have spent a great deal of time talking with my constituents in Utah, and I have found that one thing which matters very much to them is the ability to choose the health care which suits them the best.

Clearly, one of the most significant and dramatic changes to Medicare will be the new Medicare Choice Program. Under this new program, Medicare beneficiaries will have the opportunity to choose from a variety of private health care plan options that best suits their needs and preferences.

Such plans could include newly created provider sponsored organizations operated by health care providers as well as medical savings accounts combined with a qualified high-deductible policy. Utah providers have urged for several years that we change the law to allow them the ability to band together and form provider networks, locally based linkages of physicians and hospitals who will treat Medicare patients. That change will finally be made.

As a strong supporter of MSA's, I am delighted the bill contains this provision even though it is a demonstration that is capped at 390,000 enrollees and sunsets on December 31, 2002. Nevertheless, it is an important first step that I believe will be a resounding success and reauthorized beyond the 2002 deadline.

This is an important change in Medicare which, since its inception in 1965, has traditionally been structured as a fee-for-service plan.

The Senate recognizes that beneficiaries want more choice in the manner in which they receive health care. With the introduction of managed care into the private sector, seniors are increasingly interested in participating in managed care plans which offer greater benefits such as prescription drugs and eye and hearing care.

The conference report we are passing today will give seniors that choice. But it will do so without jeopardizing anyone's right or desire to remain in the traditional fee-for-service program.

Moreover, we have incorporated protections and safeguards to ensure that those seniors who choose to participate in a managed care plan will have the necessary consumer protections such as access to emergency services 24 hours a day as well as appropriate appeals and grievance procedures.

Another key interest of Utahns is the necessity of providing cost-effective, high-quality care for our seniors and disabled who must avail themselves of either nursing home care or home health services. I am particularly delighted the report contains important and necessary changes in the manner in which the Federal Government finances skilled nursing home and home health care services.

I have long advocated for the establishment of a prospective payment system, or PPS as it is referred to, for home health and skilled nursing care. I have introduced legislation—S. 913, the Home Health Care Prospective Payment Act of 1997 and S. 914, the Skilled Nursing Facility Prospective Payment Act of 1997—to accomplish this objective. The major components of that legislation are contained in the conference agreement we will approve today.

The implementation of a PPS will help address the extraordinary escalation in program costs associated with home health and nursing care. These two programs are the fastest growing components of Medicare and efforts are necessary to address program growth without jeopardizing quality or access to care.

Accordingly, I am delighted the report before us today incorporates many of the provisions in my bills including the implementation of a prospective payment system.

With respect to the $5 copayment for home health care services originally contained in the Senate bill, I am pleased the final conference report does not contain this provision. While I recognize the need to place controls on utilization, I believe the most cost-effective approach is through a prospective payment system which we now have in place.

The legislation will also provide Medicare beneficiaries with new and enhanced health care benefits.

I am particularly pleased that annual mammography screening, screening for prostate and colorectal cancer, diabetes self-management, and expansion of immunizations will be phased in and available to beneficiaries.

In this regard, I am especially pleased that the conference report contains a provision I raised in the Finance Committee to eliminate the x-ray requirement as a condition of Medicare coverage for chiropractic services.

Affording seniors greater access to chiropractic services will not only result in reduced Medicare expenditures, in the context of total program costs, but will also reduce needless back surgery for countless senior citizens.

Mr. President, I would like to turn now to another provision, the need for which was brought to my attention by Ms. Michelle Newport, a Christian Scientist in Salt Lake City, UT.

Under several provisions of Medicare and Medicaid law, reimbursement has been authorized for literally decades for nonmedical hospital and skilled nursing facility services provided in sanitoria operated by the First Church of Christ, Scientist.

The need for reexamination of these statutory provisions was pointed out when the current law was challenged successfully last year in the case of Children's Healthcare Is a Legal Duty (CHILD) versus Vladeck. In this case, a Minnesota district court held that the law and their accompanying regulations violate the establishment clause of the Constitution as an inpermissible sectarian preference. Pursuant to that court decision, the Secretary was enjoined from further implementation; however through the efforts of a number of Members of Congress who disagreed with this ruling, including House Judiciary Committee Chairman HYDE, Senator KENNEDY, and myself, the court's injunction has been stayed until August 1997.

The provision included in the bill we are considering today is intended to address our concern over that ruling. It has been drafted to be sect neutral. It replaces existing law by providing for reimbursement of nursing services to individuals who decline conventional coverage due to sincerely held religious beliefs. The provision sets up conditions for coverage of religious nonmedical health care institutions under the Medicare and Medicaid Programs, with new mechanisms to ensure cost-control of the benefit.

I want to thank Senator ROTH and Chairman ARCHER, and especially their staffs, for their hard work in crafting a provision which meets the twin concerns of cost-control and constitutionality. I would also like to pay special recognition to Gioia Bonmartini of the Finance Committee staff, and Dean Rosen of the Ways and Means Committee staff, who worked so hard to make certain an acceptable provision was included in the conference agreement.

With respect to the delivery of health care in rural America, I am pleased the report contains provisions I sponsored in the Senate to increase the level of Medicare managed care payments for rural areas of the country. The report provides a minimum payment amount of $367 in 1998 that will be updated annually by the growth in Medicare fee-for-service payments.

Implementation of this provision, although extremely technical in nature, has been a key objective of Utah's managed care community, which will now have the incentives to develop and offer managed care plans in more rural communities.

Before I close my discussion of the health care provisions contained within this legislation, I want to take a few moments to address one of the most important components of the conference agreement, the new child health initiative.

As my colleagues are aware, Senator KENNEDY and I introduced the Child Health Insurance and Lower Deficit Act [CHILD] on April 8. Now, only 114 days later, we are giving final approval to a substantial new program which is very similar to the Hatch/Kennedy bill.

The CHILD bills, S. 525 and S. 526, proposed a program which is extremely similar to that which is contained in the conference agreement we are considering today. The CHILD bills, as with the conference agreement, proposed a State-run block grant program to provide health insurance services to low-income children. The program was to be financed by a cigarette excise tax. Eligibility is to be determined by the States, cost-sharing is limited for the lowest income, and coverage cannot be provided to those who are currently eligible for Medicaid, all provisions contained within our legislation.

It is no secret to Members of this body that the United States has a deplorable record in making certain that our Nation's most vulnerable, our children, have access to health care services. By many estimates, over 10 million of our children are uninsured. That is a situation which must be corrected, and I am pleased, indeed thrilled, that the conference agreement contains this new program.

At this point, I would like to insert a summary of the new provisions for the edification of my colleagues.

Funding level: Provides $24 billion in the first 5 years, and $24 billion in the next 5 years. Note: the funding levels add up to $39.65 billion over the next 10 years because certain Medicaid costs have been taken off the top.

Tobacco tax: Program starts in fiscal year 1998. It is financed in part through a tobacco excise tax increase. There is no increase in the first 2 years. For the next 2 years, there is a 10 cents/pack increase. In the fifth year, fiscal year 2002, and thereafter, the tax is increased by 15 cents/pack.

Use of funds: Funds can be used for State block grants, or expanded Medicaid, or both. Funding can be provided for community-based health delivery systems, such as Community Health Centers. The funds cannot be used for any other purpose than those enunciated in the bill.

Funding distribution: Funds are distributed by a formula which is initially based on the number of low-income uninsured children in the State and in subsequent years blended with the number of children in the State. There is a geographical adjustment for the costs of providing services. No State will get less than $2 million/year. Funds are made available for 3 years, and unused funds can be redistributed among other States.

Medicaid: If a State chooses to insure new children not now eligible for Medicaid under Medicaid, they may receive increased Federal matching equal to 30 percent of the State share, with an 85 percent cap on the Federal contribution.

Secretarial approval of plan: A detailed process is laid out for submission of the State plan, or amendments thereto. Secretarial approval is deemed unless she notifies the State within 90 days that it is disapproved.

Eligibility: States determine eligibility. Generally, children can be covered up to age 19 and at 200 percent of Federal poverty level. However, States which currently are at that coverage level may expand their programs up to 250 percent of FPL. Covered children cannot be eligible for Medicaid now and cannot be covered now under group health plans.

State responsibility: States must show they are: (1) trying to cover Medicaid eligibles first; (2) not substituting the new plan for current group health plan coverage; (3) covering Indian eligibles. States will be required to enunciate strategic objectives and performance goals, submit an annual report, and be subject to regular evaluations as to effectiveness of the plan.

Benefits package: States must provide coverage which is either equivalent to a benchmark package or a equivalent to a benchmark-equivalent package, and they can provide even more from a long list of services, which includes transportation costs, mental health, home care and dental. The benchmark package is either: (1) FEHBP-equivalent coverage, which is Blue Cross/Blue Shield standard option for a preferred provider organization; or (2) a plan generally made available to State employees; or (3) the largest commercial, non-Medicaid HMO in the State. The benchmark equivalent package: (1) Is actuarially equivalent to one of the benchmark plans; and (2) covers the following basic services: Inpatient/outpatient; Physicians surgical and medical; Lab and x ray; Well-baby and well-child care; including immunizations. The State may also get approval from the Secretary to offer other coverage. Current non-Medicaid State plans in New York, Florida and Pennsylvania are grandfathered in.

Cost-sharing: The amounts must be published in the State plan, and imposed under a public schedule. Variations based on family income should not disadvantage lower income families. No cost-sharing for preventive services. If the child has income below 150 percent of Federal poverty level [FPL], the State may not impose a premium above that which would have been charged under Medicaid, and any deductible or other cost-sharing must be nominal, as in Medicaid.

Maintenance of effort: States cannot change their Medicaid eligibility standards in effect as of June 1, 1997.

Abortion: Abortion coverage is specifically precluded, except for rape, incest or life of the mother cases.

Mr. President, I am extremely proud of this legislation. I think that a number of important modifications have been made to the final conference agreement, changes which improve the measure and which will give the States the flexibility they need to operate the program in a most efficient manner.

I will say, though, that I am disappointed at the Congressional Budget Office's estimates that the bill will only cover 3.4 million children, 1.38 million of whom were previously insured. It is no secret that I have been critical of the CBO's earlier estimates which I felt were too low in terms of children covered. I still believe this is the case, and am hopeful that with the flexibility provisions added for the Governors we will be able to cover even more children.

As many have noted, this will be the most important new program to help our Nation's children since enactment of the Medicaid Program over 30 years ago. I am extremely proud to have played a role in its development.

For not only will the bill help provide children with the health insurance they need, it will play the dual role of discouraging them from smoking or using other tobacco products, by increasing the tobacco excise tax.

During this debate, which was often contentious, I asked my colleagues, "Who do you want to help, Joe camel or Joey?" Sometimes it didn't seem clear. But at long last, the camel is losing, and that is a tremendous benefit for public health.

I do want to take this opportunity to thank those who united behind this effort, and especially the six Republicans who joined me in drafting the original child health legislation: Senators JEFFORDS, STEVENS, SNOWE, COLLINS, CAMPBELL, and SMITH. I also want to pay especial tribute to two Senators who were extremely supportive along the way, Senators DEWINE and D'AMATO, who played a crucial role in supporting this legislation when support was sorely needed.

It is important to note the tremendous leadership role that Senator LOTT played in making certain this provision was incorporated in the final agreement. He is a true friend of our Nation's children. Finance Committee Chairman ROTH must also be praised for his dedication to children's health and toward working out a compromise with the House, and his capable staff Dennis Smith and Julie James deserve especial recognition, as does Howard Cohen of the House Commerce Committee staff.

Of course, no list would be complete without mentioning Senator CHAFEE, who did so much to advance this debate by pointing out the need to maintain a strong Medicaid Program and make certain it is enhanced as we expand children's health funding.

Strong partners in this cause are Senator DASCHLE, who stood up for children's health when his national leaders would not, and Senator MOYNIHAN, who played a crucial role on the Finance Committee. Senator ROCKEFELLER, again, must be noted for his dedication to this cause, and for assuming a strong voice of reason role when cooler heads did not prevail.

And finally, I must pay tribute to my partner in this legislation, Senator KENNEDY. He is the most aggressive and successful legislator I know. And I am proud that when we can unite on a bill, everyone knows it will be a very good bill. Because the products of our legislative liaison always represent the center.

Mr. President, in adopting this legislation today, we are representing our constituents, the large majority of which time and time again have signaled they want to do more for children's health. That day is here.

Mr. President, I am pleased to have the opportunity to vote for this important tax bill.

I, again, want to express my appreciation, love, and respect for the distinguished chairman of this committee and the distinguished ranking member, Senator ROTH and Senator MOYNIHAN, and the concomitant leaders in the Ways and Means Committee in the House.

The PRESIDING OFFICER. The Senator from Delaware.

Mr. ROTH. Mr. President, I want to express my appreciation for the generous comments the distinguished Senator from Utah had about me. I have enjoyed working with him on this most important matter.

At this time I would like to make a point of order that a quorum is not present.

Mr. DURBIN. Mr. President, if I might seek recognition before the Senator from Delaware makes that point?

Mr. ROTH. I am looking for my Democratic counterpart.

The PRESIDING OFFICER. Who yields time?

Mr. ROTH. The Senator can yield to himself whatever time he needs.

The PRESIDING OFFICER. The Senator from Illinois.

Mr. DURBIN. Mr. President, we have reached a historic juncture. Our Nation has not had a balanced budget since fiscal year 1969, the last budget year of President Lyndon Johnson's tenure. The budget deficit began to grow under President Nixon, rose to $74 billion during the recession we faced under President Ford, dipped and then steadied under President Carter, until recession hit again and pushed the deficit to nearly $80 billion. Then it ballooned to more than $200 billion after the Reagan tax cuts in the early 1980's. It declined to around $150 billion, then skyrocketed during the recession under President Bush. Quite a roller coaster ride; all of it in red ink.

Many of us believed we could meet our responsibility to live within our means while helping our economy to move forward. What we needed was leadership, not only in the White House but on Capitol Hill. When President Clinton arrived, the deficit stood at an all-time high of $290 billion. The economy was in stall. It was not mere luck which has given us 7 years of economic growth and a declining deficit. Many circumstances are beyond the control of any political leader, but leaders can make a difference.

President Clinton set a course for economic growth and spending reduction and invited the Nation to follow. It was difficult medicine: Tax increases for those who had benefited most from the tax breaks of the 1980s, spending reductions in programs most Americans support, targeted tax relief for working families, and targeted investments in programs that would strengthen the Nation.

Congress took the decisive and difficult step of passing President Clinton's deficit reduction and economic growth package. It was a politically costly step. It cost many Members their political lives. Unfortunately, not a single Republican supported the President's plan and it passed in this Chamber only when Vice President GORE cast the tie-breaking vote. But it laid the groundwork for the budget package before us.

The difficult votes some of us cast in 1993 helped to produce a strong, growing economy with a Federal budget deficit that has declined steadily. The deficit was $290 billion when the President took office. It is conservatively estimated to be $67 billion this year, and could end up below $40 billion. Deficit reduction and targeted investment stimulated economic expansion, which created more revenue and produced more deficit reduction, so that now some people really anticipate the possibility that we will achieve a balanced budget as early as next year. When we considered President Clinton's plan, it was called a deficit reduction plan. No one dreamed that it would end up being a balanced budget plan. To the surprise of most economists, that possibility is within our grasp, even this year.

All of this occurred because of President Clinton's leadership and the support of the Democrats in Congress in 1993. We can be proud of these achievements. We can take some satisfaction in knowing that our hard work in 1993 made it possible for another exercise of leadership in 1997, to produce this balanced budget resolution. We can also take some satisfaction in knowing the economy is strong. Look at the report card. Unemployment and inflation, the combined rate, 8.7 percent, the best since President Lyndon Johnson.

Mr. DASCHLE. Mr. President, will the Senator from Illinois yield for just a moment?

Mr. DURBIN. I will be happy to yield to the minority leader.

Mr. DASCHLE. I wonder, and I apologize again and thank him for yielding, I wonder if I might make a unanimous consent—or just note the absence of a quorum in order to consult with the distinguished Senator?

I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. DURBIN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DURBIN. Thank you, Mr. President.

I was speaking before the call of the quorum about the economic report card that we can point to with pride that we have 2.8 percent annual average inflation, the best since President Kennedy; 12.1 million new jobs in this period of time, the best ever; 1.1 million new construction jobs, the best since President Harry Truman; a 14-percent increase in consumer confidence, the best since President Eisenhower. The list goes on and on.

This budget agreement that we consider today continues the fiscal responsibility that we have shown since 1993. It includes the spending cuts we need to balance the budget by 2002 and sets the stage for continued balanced budgets beyond 2002.

What this budget package shows is that the two parties can work together to make the necessary choices to balance the budget and address the needs of the American people.

Is this the budget that I would have written? No, I would have changed a lot of the provisions. This is probably not the budget that any single Member of this body would have written, but it is a credible effort, a reasonable compromise. It is worthy of our support. No compromise is perfect, but this package will give many Illinois working families much-needed help in paying for the cost of raising kids and sending them to college. It addresses today's economic needs and realities, whether it is paying for day care, braces, health insurance, for kids or college tuition.

In addition to providing fairness for working families, it provides fairness for seniors, extending the Medicare Program with reforms that protect the most vulnerable. It eliminates some provisions adopted on the Senate floor which would have raised, for example, the Medicare eligibility age from 65 to 67 over a 20-year period of time, and it addresses the concern that farmers and small businessowners should be able to pass on their business and their farm to their children without a great estate tax responsibility.

The spending bill that we consider preserves the budget and strengthens the Medicare Program. The Republican

Contract With America, which was considered several years ago by Speaker GINGRICH and many Republicans Senators supported, would have cut $270 billion out of Medicare over 7 years, a massive cutback in Medicare that would have imposed excessive new burdens on our Nation's seniors. This budget package cuts $115 billion over 5 years, without excessive new burdens on seniors.

It extends the solvency of Medicare for 10 years, keeping our word to seniors to keep this program strong. It limits the increased burdens on our elderly seniors who live on limited incomes and are already paying a large portion of their incomes in medical costs.

It allows for increased numbers of Medicare health plan choices for our seniors, especially in rural areas. It includes a new package of preventive benefits, including annual mammograms, diabetes self-management, and prostate colorectal cancer screening.

It also includes nearly $1 billion in new spending for rural health initiatives.

When it comes to Medicaid, this is also a good agreement. The Republican proposal in 1995 would have cut $163 billion from the Medicaid Program over 7 years. That would have risked the health of seniors, children, and pregnant women who count on Medicaid for basic health care and for many seniors' long-term care. This budget cuts only $13 billion from Medicaid over 5 years. We have balanced the budget without jeopardizing the safety net for Americans who lack health insurance.

This agreement marks a historic commitment to our Nation's children. The package sets aside $24 billion for children's health insurance. Over 10 million of our children are currently uninsured. This bill could help up to 7 million of these children become insured. I am certain that in so doing, it will take a great burden off the minds of many working families who don't earn enough money to be able to pay for health insurance today or don't have a benefits package at work that provides health insurance for their families.

The one thing this budget package does, which I think is long overdue, is it provides funding to restore the unfair welfare reform provisions that would otherwise cut off SSI legal immigrants who are playing by the rules and paying their taxes but have become disabled or may become disabled in the future. Without this budget agreement, over 22,000 elderly or disabled legal immigrants in my State of Illinois would face the loss of their SSI in October. For many of them, this is their only form of support. I supported the welfare reform bill, but I agreed with President Clinton that this was one provision that needed to be corrected. This agreement, this bill, will correct it.

This agreement also commits $3 billion to assist welfare recipients to move into work slots. The basic principle of welfare reform was that able-bodied adults should be put back to work. This assistance helps the States accomplish that goal. The Republican budget in 1995 would have imposed devastating spending cuts in education, environmental protection and crime prevention, but this budget protects the President's priorities in those areas, and the agreement on which this is based calls for a substantial increase in education funding.

The tax-cut bill offers valuable tax relief to millions of working families, with a net tax cut of around $95 billion over the next 5 years, tax cuts that are direct dividends of the 1993 budget bill.

This package includes a $500-per-child tax credit for children under the age of 17, beginning in 1999, with a $400 credit in 1998. The credit will be calculated before the earned-income tax credit to maintain the valuable work incentives associated with that credit, and it would be refundable against the payroll tax for larger families that face the great expense of raising the next generation.

This credit, which costs $85 billion over 5 years, is the largest tax cut in this package and one of its most important investments. An estimated 13 million children in families earning less than $30,000 will receive this valuable assistance which they can use to pay for day care, braces, or any other expenses the family faces, or to save for the future. This child credit begins to phase out for individuals earning $75,000 and couples making $110,000, higher than the President sought. More importantly, some families earning as little as $18,000 who pay payroll taxes but little or no taxes would also qualify, which Republicans have resisted.

Education tax credits: This tax cut package also includes the President's education tax credit proposal, which I strongly supported. With a value of $40 billion over 5 years, it constitutes the largest increase in Federal education assistance since the GI bill after World War II.

This package contains everything President Clinton asked for in educational tax benefits. If we as a society want to show our youth the value we place on education, we need to invest in education. This package does that, with tax relief for college tuition costs and increases in spending for scholarship grants, literacy programs, and student loans.

This measure includes $31 billion over 5 years that will allow middle-income families to receive up to $1,500 in tax credits to offset the cost of the first 2 years of college. Families will be able to take the credit against the first $1,000 of costs, plus half of the next $1,000 of costs. Juniors, seniors, and part-time students can take a credit of 20 percent of the first $5,000 of costs, to help families afford the continuing costs of higher education.

In addition, there are $9 billion of other education tax incentives, including an extension of the exemption for employer-paid undergraduate tuition, which allows companies to help their employees improve their skills and knowledge.

Estate tax: The estate tax exemption for farmers and small businesses will be increased to $1.3 billion next year. This would allow family farmers and family-owned businesses to pass down the fruits of their hard work to their children and grandchildren. The estate tax will also be raised gradually for all other Americans, to $1 million over the next 10 years, which recognizes the effects of inflation on the existing exemption.

Capital gains from home sales: For many families without children or whose children have grown, the most important tax break in this bill may be the capital gains exclusion for up to $500,000 in profits on the sale of a home. This will help retirees who want to move to a smaller home without adverse tax consequences.

Improvements: There are a number of improvements in this bill over the original Republican plans: The extension of the airline ticket tax has been improved. Capital gains will not be indexed for inflation, a GOP proposal that would have mainly benefited the most wealthy of Americans and would have created enormous pressure on the budget in future years. Also gone is a GOP demand to pay less than the minimum wage to people who move from welfare to subsidized public and nonprofit jobs, and to deny coverage under worker-protection laws.

Flaws: Unfortunately, the tax cut bill has a number of flaws.

The bill waits far too long to increase the tax deduction for health insurance for self-employed people to 100 percent. I have worked to give farmers and small businessowners parity with the corporations they compete with. Corporations can take a 100-percent deduction for health insurance premiums. The self-employed should be able to do the same. This bill does not move the deduction to 50 percent until the year 2000 and waits until 2007 to provide a 100-percent deduction. We can do better than that.

The conferees also dropped the extension of the ethanol excise tax incentive. I will continue to work for this important measure as part of the highway reauthorization bill.

The cigarette tax increase—which would discourage our young people from beginning a lifelong tobacco addiction—was reduced and delayed to the year 2000.

And we must be vigilant in monitoring the impact of some of the tax cuts in future years beyond 2002, because some of the provisions that primarily benefit investors and the wealthy could explode in costs in the coming decade. We could have better used that money for provisions like the self-employed health insurance deduction and the ethanol incentive.

CONCLUSION

On balance, both the spending cut package and the tax cut package are worthy of support. They will balance the budget without putting an undue burden on our most vulnerable people, take some important steps to address problems such as the lack of health insurance among our children, and give tax relief to working families who need it most. I am pleased to support this package.

POINT OF ORDER

Mr. President, at this point, I raise a point of order that section 1604(f)(3) of the bill, H.R. 2014, contains provisions that produce no change in outlays or revenues during the required period of time and, therefore, violates section 313(b)(1)(A) of the Congressional Budget Act of 1974.

The provision which I make reference to would automatically assume that the tobacco tax increase, which is part of this bill, would be credited on behalf of the tobacco companies as part of any settlement that might be reached by Congress at a later date. This is a $50 billion windfall for the tobacco companies, which would absolve them from responsibilities which they have publicly said that they will assume.

This $50 billion would be taken out of programs that we think are necessary for public health, including enforcement of the agreement, public information campaign, smoking cessation clinics and the like.

So, Mr. President, I raise my point of order at this time.

Mr. ROTH addressed the Chair.

The PRESIDING OFFICER. The Senator from Delaware.

Mr. ROTH. Mr. President, I move to waive all points of order against the bill that lie under section 313 of the Budget Act. I do so because I rise in opposition to this point of order. The provision in question was agreed to at the leadership level in the context of the budget negotiations, and I have to point out that if this point of order succeeds, it will delay the bill and, once again, Congress and the Senate, in particular, would send the wrong message to the American people.

By delaying the action, if this point of order were to succeed, it would mean the legislation would have to be returned to the U.S. House of Representatives, acted upon there, before it could return here. I think that is a delay that the Senate does not seek to choose.

I do not believe that we should delay this historic opportunity that is within our grasp and, for procedural reasons, I intend to vote against this point of order and urge my colleagues to do the same.

Several Senators addressed the Chair.

The PRESIDING OFFICER. The Senator from New York.

Mr. MOYNIHAN. Mr. President, might I say that in the judgment of this Senator, the section that the distinguished Senator from Illinois wishes to remove is a meaningless provision, with no binding effect. I point out that the administration has agreed to it, and I offer the counsel, unsolicited but certainly well meaning, to my friend from Illinois, that if he feels he has an important issue here, may I suggest to him the issue would be a lot more salient in the months and years to come if it is in a statute. It can emerge and we can discuss it at that time. So I join the Senator from Delaware.

Mr. KENNEDY. Mr. President, I support Senator DURBIN's point of order under the Byrd Rule, which would strike from the tax legislation what should be called the "Joe Camel Tobacco Loophole."

This loophole will allow the tobacco industry to credit the new 15-cent cigarette tax against the $368 billion it must pay in injury claims and other health expenses under the so-called "global settlement."

Over the next ten years, the loophole would add a $16 billion tax break for the tobacco industry, which peddles in deadly products that already addict 50 million Americans, and cost society $100 billion annually in medical expenses and lost productivity.

The tobacco industry was also able to water down the 20-cent increase in the cigarette tax to fund children's health, despite the fact that it had overwhelming public support and passed the Senate last month by a vote of 80 to 19.

The lesson is clear. Joe Camel still prowls the halls of Congress. When tobacco issues are discussed in the light of day, the American people win. When the debate moves into the back rooms, the tobacco industry's interests come first, and the public interest comes last.

It's time that Congress stood up to the tobacco industry and said "no" to Joe Camel and the Marlboro Man. This tobacco loophole has no place in this bill, and I urge my colleagues to support the Durbin point of order.

Mr. LAUTENBERG. Mr. President, I rise in strong opposition to this motion to waive the Byrd rule.

Mr. President, this has been a long budget process and we are near completion of these important bills. However we are still in the midst of a battle to save our kids from the health hazards and addiction of tobacco. This battle has just started. However, there are some in Congress who are hijacking this budget reconciliation process in an attempt to give the tobacco industry the upper hand in legislation implementing a global settlement of claims against the tobacco industry.

We cannot allow this to happen. That is why I am opposing this motion to waive the Byrd rule. Mr. President, the distinguished Senator from Illinois has raised a point of order to a provision in the tax bill conference report that would credit the tobacco industry toward payments due on any legislative settlement with the revenue raised by the tobacco tax. This is ridiculous. This revenue is targeted toward children's health in this package. You can't have two uses for one revenue source.

This is simply a nonsensical device designed to give yet another break to the tobacco lobby. Well, I will do everything I can to prevent this from happening in a global settlement.

Mr. DURBIN addressed the Chair.

Mr. ROTH. Mr. President, once again, I urge Members of the Senate to support my waiver. If my colleague is ready, I yield back the remainder of my time.

Mr. MOYNIHAN. I yield back the remainder of my time.

Mr. DURBIN addressed the Chair.

The PRESIDING OFFICER. All time has been yielded back.

Mr. DURBIN. Parliamentary inquiry, Mr. President.

The PRESIDING OFFICER. State your inquiry.

Mr. DURBIN. Mr. President, could the Chair inform whether this motion is debatable?

The PRESIDING OFFICER. It was debatable, but time has been yielded back.

Mr. DURBIN. Mr. President, I was seeking recognition during the course of debate. Does that give me——

The PRESIDING OFFICER. The Senator from Illinois does not control the time. The time is under the control of the two bill managers.

Mr. DURBIN. Thank you, Mr. President.

Mr. MOYNIHAN. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There appears to be a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the motion to waive all points of order with respect to the conference report on H.R. 2014. The yeas and nays have been ordered. The clerk will call the roll.

The legislative clerk called the roll.

The PRESIDING OFFICER. Are there any other Senators in the Chamber desiring to vote?

The yeas and nays resulted—yeas 78, nays 22, as follows:

[Rollcall Vote No. 210 Leg.]

YEAS—78

Abraham
Allard
Ashcroft
Baucus
Bennett
Biden
Bond
Breaux
Brownback
Burns
Campbell
Chafee
Cleland
Coats
Cochran
Collins
Conrad
Coverdell
Craig
D'Amato
Daschle
DeWine
Dodd
Domenici
Enzi
Faircloth
Feinstein
Ford
Frist
Gorton
Graham
Gramm
Grams
Grassley
Gregg
Hagel
Hatch
Helms
Hollings
Hutchinson
Hutchison
Inhofe
Inouye
Jeffords
Johnson
Kempthorne
Kerrey
Kerry
Kohl
Kyl
Landrieu
Levin
Lieberman
Lott
Lugar
Mack
McCain
McConnell
Mikulski
Moynihan
Murkowski
Nickles
Robb
Roberts
Rockefeller
Roth
Santorum
Sessions
Shelby
Smith (NH)
Smith (OR)
Snowe
Specter
Stevens
Thomas
Thompson
Thurmond
Warner

NAYS—22

Akaka
Bingaman
Boxer
Bryan
Bumpers
Byrd
Dorgan
Durbin
Feingold
Glenn
Harkin
Kennedy
Lautenberg
Leahy
Moseley-Braun
Murray
Reed
Reid
Sarbanes
Torricelli
Wellstone
Wyden

The PRESIDING OFFICER (Mr. ABRAHAM). On this vote the yeas are 78, the nays are 22. Three-fifths of the Senators duly chosen and sworn having voted in the affirmative, the motion is agreed to, and the point of order falls.

Mr. MOYNIHAN. Mr. President, I move to reconsider the vote.

Mr. ROTH. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. CHAFEE. Mr. President, I applaud the Republican leadership as well as the administration for putting together this tax bill, which is an integral component of the overall plan to balance the Federal budget. While I have not been an enthusiastic supporter of tax cuts at this time, there are provisions in this bill that I have vigorously sought to have enacted, and which will significantly help the people in my home State of Rhode Island, as well as the entire country.

The centerpiece of the tax bill is the $500 per child tax credit. For a married couple with two children that's an extra $1,000 for them to spend as they see fit.

The bill also includes several provisions that help families meet the cost of sending their children to college. Under the bill, low- and middle-income families can qualify for income tax credits of up to $1,500 to offset the cost of college tuition. To help families save for education expenses, the bill establishes education savings accounts. Contributions to these accounts are not tax deductible, but distributions are tax-free if used for tuition, room and board expenses.

I am also pleased that the conferees chose to include an extension of the tax break afforded to employer-provided education. Under current law, an employee is not taxed on amounts paid by an employer for educational assistance. The exclusion is limited to $5,250 annually. The anecdotal evidence indicates that this fringe benefit is most often utilized by lower income workers as a way to develop the skills necessary to land better paying jobs.

This budget agreement includes several provisions that will encourage savings and investment. The most important of those provisions is the reduction in the tax rate on capital gains. The bill lowers the top rate on capital gains from 28 to 20 percent. For lower income individuals the rate on capital gains is reduced to 10 percent. At the turn of the century, the capital gains tax rate will be reduced further to 18 and 8 percent, respectively, for investors willing to hold their investments for at least 5 years.

Last year, Congress created the work opportunity tax credit [WOTC] as a way to encourage employers to hire economically disadvantaged individuals. These are individuals who have little or no job skills and as a result are not attractive candidates for employment. The WOTC Program provides employers an income tax credit for a portion of the first year's wages paid to these individuals. The bill before us extends this program through June of next year.

More importantly, this bill makes two improvements to the WOTC Program. First, the bill creates a two-tiered credit to make it easier for employers to utilize the program. This is necessary because many employers were finding it difficult to retain these employees for the full work requirement period, namely 400 hours, and as a result were losing the benefits of the tax credit. In many cases the employers were spending the money to train the employees only to have them leave shortly thereafter for higher paying jobs. Without some reward for their efforts, employers were simply dropping their programs.

Under the new structure, employers would be eligible for a reduced credit if the employee works for at least 120 hours, even if the employee fails to meet the full 400 work hour requirement.

The second change makes the work opportunity tax credit available to disabled individuals receiving SSI payments. These individuals were inexplicably excluded from participation when the WOTC Program was created last year, and I am glad this bill corrects that error.

The agreement also includes two important provisions for small business men and women. It delays the implementation of the electronic funds tax payment system for 6 months to give businesses more time to get used to this new manner of paying their tax bills.

The legislation also makes it easier for self-employed individuals who work at home to take an income tax deduction for that portion of the home used exclusively for business purposes.

The bill also includes the repeal of the excise tax imposed upon boat diesel fuel. This tax, and the dyeing regime imposed by Treasury, has wreaked havoc with boaters across the country. It caused many retailers to choose between selling to recreational or selling to commercial boat owners, with the recreational boaters usually being left without service. This led to shortages in many parts of the country and numerous cases wee reported in which recreational boaters had to go far out of their way or travel many additional hours to obtain fuel legally.

Finally, I am very pleased that this bill includes a version of legislation I authored that creates a powerful new tax incentive to encourage individuals to preserve open space. A serious environmental problem facing the country today is the loss of open space to development. All across the country, farms, ranches, forests, and wetlands are forced to give way to the pressures for new office buildings, shopping malls and housing developments.

America is losing over 4 square miles of land to development every day. In Rhode Island, over 11,000 acres of farmland have been lost to development since 1974. These open spaces improve the quality of life for Americans throughout this great Nation and provide important habitat for fish and wildlife.

In many instances, the loss of open space is simply the natural outgrowth of urbanization of our society. Other times it is the direct result of improper planning at the State and local levels.

But frequently, the problem is created by the Federal estate tax. For those families where undeveloped land represents a significant portion of the estate's total value, the need to pay the tax creates powerful pressure to develop or sell off part or all of the land or to liquidate the timber resources on the land. Because land is appraised by the Internal Revenue Service according to its highest and best use, and such use is often its development value, the effect of the tax is to make retention of undeveloped land nearly impossible.

The bill begins to address the problem caused by the estate tax. The bill includes a proposal that is modeled after legislation I introduced earlier this year along with Senators BAUCUS and GREGG. It excludes 40 percent of the value of land subject to a conservation easement from the estate and gift taxes.

In order to target the incentives under this bill to those areas that are truly at risk for development, the bill is limited to land that falls within a 25-mile radius of a metropolitan area, a national park or a national wilderness area, or within 10 miles of an urban national forest.

Of course, as is the case with all major bills, there are a few provisions in this agreement that I do not support. One such provision is the restructured aviation trust fund taxes.

As my colleagues know, currently the aviation trust fund is principally financed by a 10 percent ticket tax. High-cost airlines—the so-called big seven—have been lobbying Congress for the past 2 years to restructure the aviation trust fund revenues. The big seven argue that they want to restructure the fees so that the burdens of funding the Federal Aviation Administration are more fairly allocated. But this proposal does not do that. In reality, it is a thinly veiled attempt to shift a portion of their costs to other airlines—principally low-fare airlines.

Let me expose the folly of this new system. The big seven would have us believe that their system—which is more or less the proposal adopted by the conferees—is grounded in fairness. Yet, this new system does nothing to address the huge loophole under which they avoid paying the tax on their international flights.

Let me explain. If Continental Airlines flies from Los Angeles to New York, stops for less than 12 hours, and then continues on to London, the new fee structure does not apply to that flight. In other words, the passengers on that flight do not pay the 7.5 percent ticket tax, nor do they pay the new head tax, notwithstanding the fact that this flight clearly utilizes the services of the Federal Aviation Administration as it flies completely across the country.

It is particularly regrettable that the conferees have chosen to implement this new fee structure prior to the issuance of the report from the commission Congress established to study this matter. In October 1996 Congress directed that a commission be formed to assess the FAA's funding needs and the costs imposed on the system by each segment of the aviation industry. This report was originally scheduled for completion in April 1997, but its issuance was delayed until September. It is incomprehensible to me that the conferees would agree to take the unusual step of changing the makeup of the ticket tax before the commission's report was received.

Mr. President, this is one aspect of this budget agreement that I hope we will revisit once the commission's report is received and can be reviewed.

I also oppose the agreement's provision extending the diesel dyeing requirements to kerosene. Since 1995, there has been substantial debate about the proper tax treatment for kerosene. More than 90 percent of kerosene consumed in the United States is used for aviation purpose; accordingly, the fuel is currently classified and taxed as an aviation fuel.

Kerosene is also blended during cold weather with diesel fuel and home heating oil to prevent those fuels from congealing; and it is treated, for tax purposes, as the fuel into which it is blended. Thus, if kerosene is blended with undyed diesel fuel, it is taxed as diesel fuel; if it is blended with dyed home heating oil, it is exempt from tax.

This bill imposes a 24.3 cents-per-gallon excise tax on kerosene when it is removed from the terminal, classifying it as diesel and subjecting it to the same tax and dye program.

Because tankage in the Northeast is limited, terminals are likely to have space only for undyed kerosene. Such fuel is subject to tax when it is pulled from the rack; and, dealers who sell it directly as a heating fuel or as a blandstock for distillate, and farmers blending it as an off-highway fuel will be forced to apply for refunds of taxes paid.

This proposal also raises safety concerns. The New England Association of Fire Marshals and the Consumer Product Safety Commission have raised health and safety concerns about the use of dyed fuels in unvented heaters. Most kerosene heaters have been certified by the United Laboratories and similar organizations as safe only if they burn clear, undyed fuel. Accordingly, there is little information available about the effects of dyed fuel on these heaters, and it would take several years to have them retested and recertified to burn dyed fuel.

In closing, I would like to express my appreciation and admiration to the chairman of the Finance Committee, Senator ROTH, who did a wonderful job of guiding this legislation to this point. Without his willingness to work with all members of the committee, and indeed the entire Senate, this bill would have had little chance of success.

Mr. KERREY. Mr. President, I support this tax bill as a way to give working families tax relief and continue our economic growth.

I'm delighted that the tax cuts for working families in this agreement were made more progressive by Democrats.

I support estate tax relief targeted at family farms and small businesses as well as a phase-up in the self-employed health deduction to 100 percent.

And I am pleased this agreement left out attempts by the other body to raise taxes on ethanol and make it too easy for employers to reclassify their employees as independent contractors. I would have been hard-pressed to support this agreement had the language on independent contractors survived knowing that having this provision in law would have had significant and harmful effects on the health and financial well-being of American workers. Consider that under current law, only 2 percent of independent contractors have health and retirement benefits, while 50 percent of private employees have those benefits—adopting the language proposed by the other body would surely have had harmful health and financial consequences for the American worker.

Mr. President, I am pleased that a number of savings and investment incentives like expanded IRA's and education IRA's are included in this agreement. These provisions are good for what they are. However, I fear that the people who most need to generate wealth for their families—middle- and lower-income people—will have the toughest time taking advantage of these provisions. That is why I am so sorely disappointed that the conferees chose not to include a robust form of KidSave in their final agreement. Indeed, given the option I would go further than KidSave by allowing taxpayers to keep a portion of their payroll taxes in personal savings.

And I support the emphasis on education contained in this bill although I am not convinced the money we will spend on some of these initiatives is the most efficient or effective way to make sure more kids have access to higher education.

Mr. President, in many ways voting for this bill is a close call for me. Much of what was good in the Senate Finance bill has been thrown overboard. And that bill, while complex, pales in comparison to the complexity of this bill.

Still, I believe this bill will provide tax relief that working families need. I am especially pleased with the improvements Democrats secured to make this bill more progressive and in making this bill reach more working families. I'm also pleased by the emphasis on education in this agreement, if not by the details of that emphasis.

So, Mr. President, while I intend to vote for this tax package, I am decidedly unenthusiastic about what we have not done in this tax package and in this balanced budget package overall: we have not taken the first steps toward long-term entitlement reform that recognizes the seismic impact the retirement of the Baby Boom generation will have on the budget, both in terms of its fiscal balance, the solvency of the programs that comprise our retirement safety net and the balance between mandatory and discretionary spending.

Specifically, I am disappointed in two aspects of the tax bill.

First, I am disappointed that the bill does not address what I believe is the most pressing challenge families face in a global economy: the need to build wealth.

Mr. President, I ask my colleagues to take a step back from the rhetoric on this issue and consider the fact that increased income—which is the object of these tax cuts—and increased wealth are very different things, and they are particularly different today because, in my analysis, the global economy is devaluing one—income—while enhancing the value of the other: wealth.

Let me start with a set of definitions: Income is the regular inflow of resources on which we depend to pay our bills and live our lives. Wealth is the ownership of assets that gain in value.

Anyone who's played the old board game Monopoly knows this difference. Most 10-year-old children who have played this game will tell you that you don't win by going around and around the board, collecting $200 every time you pass Go." You win by carving out some of that income to buy properties that grow in value. It seems to me, Mr. President, that focusing on working families' income—which is certainly important—while ignoring whether they have wealth is like trapping them in a game of Monopoly in which all we care about is sending them around and around the board, passing Go" and collecting $200, while ignoring the fact that they don't have enough income left over to build a stake of ownership and get ahead.

The difference may be best illustrated by the recent stock market boom and, just as important, who has benefited from it. Let me open with the simple proposition that those who own wealth in the stock market own more than a few shares in a mutual fund—they own a piece of our economy. They own a stake in it. When the economy succeeds, they succeed. And what they own—capital, and a stake of ownership in the means of production—is the asset that this economy is rewarding.

Families need a stake of ownership, Mr. President, because I believe it is the principal factor that will determine whether the global economy works for them—because it rewards ownership of capital, the scarce factor of production that is in wide demand all over the globe—or against them, because the expanding global labor pool means those who earn their income exclusively from work are facing more and more competition that is bidding the value of their services down.

Wealth is also important in a global economy because it provides the security—for rainy days, for retirement—that a global economy requires. I do not believe that ownership of the means of production and ownership of a stake in our economy should be limited to the privileged few. I want every American to have access to it.

I must say that therein lies my ambivalence toward the capital gains and estate tax provisions of this bill. I supported both, but I note for my colleagues' consideration that the estate tax only impacts 2 percent of Americans who die each year. The other 98 percent do not have estates worth $600,000. I'd be willing to bet that a lot people in this country have only a fuzzy notion of what a capital gain is because they do not own capital. And I fear that we may have gone too far in rewarding people who generate income from capital to the detriment of those who generate income from getting up at 6 every morning and putting in an 8 or 10 hour day.

And while I supported both of these provisions, I deeply regret that this budget does not address the ability of the other 98 percent of Americans to build estates and ownership of capital.

Even as the importance of wealth is growing, the gap in who owns it and who does not is growing too.

The question, Mr. President, is: Where does wealth come from and why do working families not have it? The answer is that wealth is built by saving and investing over a long period of time, which requires disposable income that many families lack.

I had hoped we would target tax relief toward freeing the disposable income that working families need. I have proposed doing so by cutting the biggest tax working families face: the payroll tax. I call this tax "The Forgotten Tax." I had lobbyists knocking on my door to discuss every arcana of tax law, but not once did someone knock on my door to talk about this tax. I hope we'll take a close look at it and talk about how this tax can be cut to give the working families on whom it imposes its greatest burden a way to generate wealth through personal savings.

We missed another important opportunity to help families build wealth. KidSave, a term that is being bandied about to describe policies that are foreign to its purpose, would have converted the $500-per-child tax credit from one that increases consumption by $10 a week to one that allowed families to build a stake of ownership in the economy, which, as I have said, I believe is more important than increasing their income, as much as I support that goal. I believe this one provision, which was dropped, could have laid down the savings infrastructure that our children will need in the 21st century to build a stake of ownership in the economy.

I am pleased that this bill would expand IRA's and allow parents to open higher education IRA for their children which would become IRAs in the child's name at age 30 if the child did not use them for higher education. However, the savings initiatives contained in this bill are voluntary and for most people they will probably not be "sweet" enough get the people who most need to build wealth, to do so.

Second, I also fear this bill will come to be known as the Tax Complication Act of 1997. This tax bill is going to be a bear to administer and a bear for taxpayers to understand. As the Washington Post noted earlier this week, Conceivably an individual reaching retirement age could have an IRA with deductible contributions, nondeductible contributions, one rolled over from an employer plan and one of the new backloaded ones. As the Post dryly notes, calculating the required withdrawals and taxes would be "an adventure."

As I am sure everyone in this chamber knows, not only are there different income phaseouts for the front and back-loaded IRA's in this bill, there is still yet another phaseout for rollovers from front to back loaded IRAs.

I don't mean to single out any one provision for its complexity factor. Here is yet another: Your capital gains rate. Just what is the rate under this bill you might ask? That seems like a pretty straightforward question but not so fast.

Assets held for zero to twelve months will be taxed under this bill at ordinary income rates—a top rate of 39.6 in other words. Assets held for 12–18 months and sold will be taxed at the current maximum capital gains rate of 28 percent. Assets held for eighteen months or more will get either a 20 percent, or ten percent rate. Assets disposed of between May 7 and July 29 and held for 12 months will get a 20 percent rate.

But wait, there is more. We have a new 5 year holding period rate. People paying taxes at the 15 percent rate would get an 8 percent capital gains rate on assets held for 5 years beginning now. People above the 15 percent rate would have to wait until the year 2001 to get the 5 year holding period going, could even take old assets and bring them up to current value without disposing of them, hold them for 5 years, and get an 18 percent rate in the year 2006.

Oh, and if you own commercial real estate, the rules are different as well. Under this bill, the depreciated portion of your real estate is taxed at 25 percent, the amount above that amount is at 20.

If you are working, but not wealthy, and you have more than two children, you'll probably need to spend some of your child credit hiring someone to figure out your child credit. Under this bill, someone with one or two kids would get the child credit before their earned income tax credit. But if you have three or more kids, you would have the option of figuring your tax two ways: either take the credit before the EITC or take the credit up to your employee FICA and income taxes minus your EITC. At this point, as I understand it, you are no longer even receiving a child credit. If you get the child credit this way, you are getting a supplemental child credit, not, presumably and actual child credit.

Just one more example. The education initiatives. Believe me, in order to figure them out, you are going to need a degree in accounting before you are able to do your own taxes. Under this agreement, the HOPE credit gives you a 100 percent credit up to $1,000 the first 2 years, and 50 percent of $1,000 the second 2 years for "eligible expenses." That is on a per student basis and it begins in January of 1998. In addition, this agreement has a lifetime learning component which provides a 20 percent credit for up to $5,000 in expenses on a per family basis which in 2002 becomes a 20 percent credit against $10,000. That provision begins on July 1, 1998. The HOPE credit is indexed in 2001, the lifetime learning piece is not. Income limits for both are indexed in 2001.

Having expressed those concerns, I do not want to underestimate the magnitude of the achievement. Continuing the job of balancing the budget will advance the goal of economic growth. The expanded reach of the $500-per-child tax credit means real relief for real families. The great American institution called the family farm will have a greater opportunity to stay in families. I repeat: I vote yes for what we have done here, for what we achieved, but with regret for the challenges we chose not to tackle. We have thrown a first down pass, and the cheers from the crowd are deserved. But a long distance remains to the goal line: a federal budget that can cope with the demographic challenges we face while still preserving our priorities as Americans.

Mr. ROBERTS. Mr. President, I rise today to support—and reflect—on the Taxpayer Relief Act, which will be passed by the Senate tomorrow. I am pleased that at long last we are providing tax relief to our Nation's family farms and businesses and to many individual Americans. My philosophy long has been that if we can allow any American to keep one extra dollar of his or her hard-earned income, we have achieved a measure of victory.

At the same time, I have serious concerns about major parts of this legislation.

First, let me review some victories. As former Chairman of the House Committee on Agriculture, I helped steer Freedom to Farm legislation through Congress. It was an important step in returning agriculture to the free-market and removing the Government from the operation of family farms. However, that historic farm legislation will be successful only if we take steps on the other side of the ledger that give farmers the tools they need to compete. High on that list are capital gains and estate tax relief, which are included in this tax bill.

I have received numerous letters and phone calls from constituents who purchased their farms and businesses 40, 50, or 60 years ago. These people want to pass their family farms and businesses to their children, but cannot because of burdensome capital gains and estate taxes. I have long argued that it is unfair to tax a family's income three times—once as income, once as capital gains, and once as an inheritance. Although this bill does not eliminate capital gains and estate taxes, the increased exemption for estate taxes and reduced capital gains rate will make it possible for numerous parents to pass their farms and businesses on to their children.

I am also pleased we have achieved repeal of the AMT for deferred payment commodity contracts and income averaging. A farmer must deal with drought, floods, freezes, and insects, any of which can destroy or severely harm their crops. Thus, farmers often experience large fluctuations in income from year to year. These provisions provide important tools for managing these income fluctuations. While something is always better than nothing, I am disappointed that income averaging will only apply to the 1998 and 1999 crop years and not the full remaining 6 years of the farm bill.

I am also pleased that the bill does not include the onerous House provisions that would have taxed the tuition waivers received by graduate teaching and research assistants at universities throughout the country. Acceptance of these provisions would have sharply cut access to graduate school for many students, created teaching shortages, and greatly increased the cost of continuing important research projects.

Mr. President, while I am happy to see these provisions included in the Taxpayer Relief Act, I also have serious concerns with several provisions of this bill.

First, at a time when Americans have asked us to lower their tax burden and make the tax code less complex, this bill actually increases the complexity of the tax code. We have obtained a reduction in the capital gains rate. At the same time we have set up six different capital gains rates: 28 percent for collectibles; 25 percent for recaptured depreciation on investment real estate; 20 percent for all other capital gains, falling to 18 percent beginning in 2001 for assets held longer than 5 years; A 10 percent rate for those earning less than $41,200/year, falling to a rate of 8 percent in 2001 on assets held longer than 5 years.

If you include the corporate capital gains rate, we now have seven capital gains tax rates. Only in Washington is an expansion from 3 to 7 tax brackets called simplification.

There are numerous examples where this bill will make the tax code more complex.

High on that list is the incomprehensible maze of individual retirement accounts set up by the bill. There is no escaping the fact American families may need a tax lawyer to establish an IRA—but they most certainly will need a lawyer to sort through withdrawal of money from their IRA's.

Additionally, this bill tells Americans: "The Federal Government will reward you for having children. The Federal Government will reward you for limiting your income."

Have a child, get a $500 credit on your taxes. But if you are a family making over $110,000 per year you get none of the benefits. Nearly all of the bill's rewards, in fact, are subject to income limits.

That is a clear message.

That is more social engineering than tax policy.

Could we achieve the same goal of tax reduction by spreading the cuts across the board to help every American taxpayer? You bet we could.

Mr. President, we all agree with the goal of assisting families send their children to college. This bill provides several tax incentives to do that. But I must ask: "Have we looked hard at these provisions to ensure they will not quickly inflate the cost of higher education so that any benefits to students and families are lost?"

Finally Mr. President, I ask what is in this tax bill for those individuals who are not rich, who do not have large investments and savings, and who do not have children?

I received a call this week from a constituent who works on the assembly line at Boeing Military Aircraft Co. in Wichita, KS. He labors side-by-side with another worker who earns a salary identical to his. However, his coworker is married, has two children, and paid $4,200 less in taxes this past year than the single worker. This constituent commented that his coworker is now getting an additional tax break, while his taxes will not be lowered one penny by this tax bill. He was angry, upset, and wanted to know why his Government penalizes him for being single. Mr. President, I am not sure I have an answer.

I received another call from a father of three college graduates. This man and his wife used most of their savings to put their children through college. He has heard about the $500 per-child-credit, tuition credits, and capital gains reductions. Yet, he had one very important question. How was this tax bill going to benefit him and his wife, since none of these benefits apply to them? These constituents are not unique. They speak for a large segment of decent, hard-working Americans who have been forgotten in this tax bill.

These constituents have a particularly difficult time understanding why they are receiving no tax breaks under this bill, but someone who pays no income taxes can still receive the $500 per-child-credit as a refund toward their payroll taxes. My constituents want to know why these people are receiving a refund on their Medicare and

Social Security taxes, but will still receive the same benefits when they retire, as those Americans who are working hard to make a living but who receive few benefits under this bill. Why are we failing to give tax breaks to people who pay taxes, while giving refunds to those who pay nothing? Why are we using a tax cut bill to develop and expand a new form of welfare?

I do not argue that families with children do not deserve tax breaks. Everyone in America deserves a break from their onerous tax burden. Unfortunately, in our hurry to give tax breaks to families and people who do not even pay income taxes, we forgot about those middle-income Americans who are single, or married with no children, and who work just as hard to make ends meet as their counterparts with children.

Mr. President, I will vote for the Taxpayer Relief Act because it contains many tax relief provisions long needed by American taxpayers.

However, I would urge my colleagues to begin thinking seriously about the need to return to these issues as soon as next year and make new attempts to simplify our tax laws and make them fair to all classes of taxpayers.

This tax bill is far from the best we can do.

A good tax bill should not promote disparity between economic classes, it should not promote social policies, it should not expand welfare, and it should not create additional employment for CPA's and tax lawyers.

Mr. LEVIN. Mr. President, I will support this bipartisan tax reduction bill. This package has the right priorities, emphasizing education for young people, health coverage for children, and tax relief for working families. It represents a significant improvement over the bill originally passed by the Senate, which I opposed.

The improvements in the bill over the Senate bill are numerous. For instance, the $500-per-child tax credit has been greatly expanded to include more working families with children. Last week, I highlighted several Michigan families that would receive significant benefits under the $500-per-child tax credit in the President's plan but would receive no benefit under the House or the Senate bills. The compromise agreement grants those Michigan families substantially the same benefits that the President's plan would. One of those working families is the Ginn family from Saginaw, MI, with an income of $25,000 per year, who would receive no benefit under the $500-per-child credit in the Senate bill but would receive more than $1,200 in tax credits under the compromise version. Another family is the Shannon family, from Livonia, MI, with an income of $18,460 a year, that has a 1½-year-old son. They too would receive nothing under the child credit in the Senate bill but would receive the full $500 under the compromise version.

Mr. President, I ask unanimous consent that a summary of the tax benefits for six families from Michigan illustrating the improvements in this bill be included in the RECORD following my statement.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. LEVIN. The education tax cuts that will make college more affordable for millions of families have been increased by nearly $7 billion over the Senate bill under the compromise agreement. The legislation includes the $1,500 HOPE Scholarship tax credit which is available for students in their first 2 years of college. It also includes a provision that was not included in the Senate bill to give a 20-percent tuition deduction for a student's junior, senior, and graduate educations. There is an extension of the tax exclusion for employer-provided education assistance for 3 years and a welcome reinstatement of the student loan interest deduction which allows those paying back their loans to deduct up to $2,500 per year.

I am also pleased that the President insisted that the Empowerment Zone concept that has helped revitalize Detroit and other Michigan communities be added to the bill.

While there is much to applaud about this legislation, it's not the tax bill I would have written. While the Treasury Department and the Joint Tax Committee have been unable to supply an analysis of the distribution of the benefits of these tax cuts in time for this vote, I believe that more of the benefit of this bill is directed to those who need it least. I would have preferred a tax bill which targeted even more of its benefits to working families.

The Corporate Alternative Minimum Tax [AMT] has been significantly weakened in this bill and a significant number of profitable companies will pay no tax as a result of this change. The AMT was added to the Tax Code to ensure that profitable companies pay some tax. While the capital gains holding period was lengthened by 6 months, I would have preferred a tax bill which more narrowly targeted the capital gains tax cut.

There is one more area of this bill which could use some improvement. While many of the tax provisions that I have already mentioned I fully support, this bill as a whole does not do anything to simplify the Tax Code. In fact, it is likely to add a significant number of pages to the code and add a significant amount of time to the time it takes for taxpayers to prepare their return. I hope that in the near future we can improve the Tax Code and make it and the IRS easier to deal with.

However, Mr. President, even with its imperfections, this bill is an improvement over both the House and Senate passed bills, includes more of the President's and Democrats' priorities emphasizing education for young people, health coverage for children, and tax relief for working families. For those reasons, I will support it.

EXHIBIT 1

MICHIGAN FAMILIES GAIN CHILD TAX CREDIT UNDER BUDGET AGREEMENT

(Source: Office of Senator Carl Levin)

MELISSA SHANNON, LIVONIA, MI

Melissa Shannon is a full-time flight attendant for American Trans Air at Detroit Metro Airport, currently earning $18,460. She has one son, age 1½.

Value of child credit: House proposal: $0; Senate proposal: $0; Clinton proposal: $500; Budget Agreement: $467.

CHERYL CAMPBELL, FLINT, MI

Cheryl Campbell works at Compensatory Education center as a parents' assistant, currently earning $20,000. She is a single parent with two children, ages 10 and 12.

Value of child credit: House proposal: $0; Senate proposal: $0; Clinton proposal: $900; Budget Agreement: $900.

KIRT AND CORA HAROLD, GRAND RAPIDS, MI

Kirt Harold is a cosmetologist and Cora Harold does accounting for a shipping company in Grand Rapids. Their combined family income is $21,000. The Harolds have 2 children, ages 3 and 4.

Value of child credit: House proposal: $0; Senate proposal: $0; Clinton proposal: $525; Budget Agreement: $525.

CATHY SMITH, ESCANABA, MI

Cathy Smith is a computer operator in Escanaba who currently earns $18,512. She is divorced with two children, ages 9 an 10.

Value of child credit: House proposal: $0; Senate proposal: $0; Clinton proposal: $677; Budget Agreement: $677.

VALLEY GINN, SAGINAW, MI

Valley Ginn works as a secretary at the Saginaw Fire Department. She has three children, ages 17 months, 28 months, and 7 years.

Value of child credit: House proposal: $0; Senate proposal: $0; Clinton proposal: $1,207; Budget Agreement: $1,207.

LIANE HAGERMAN, BOYNE CITY, MI

Liane Hagerman works as a public health technician at the Northwest Michigan Community Health Agency, currently earning $21,000 annually. She has three children, ages 10, 15, and 18.

Value of child credit: House proposal: $0; Senate proposal: $0; Clinton proposal: $653; Budget Agreement: $653.

Mr. GRASSLEY. Mr. President, I am privileged to be in the Senate today to support passage of this historic legislation. In my career as a Senator, a Congressman, and a State legislator, I have participated in thousands of bills. Posterity will probably remember only a select few of them. Of all, I expect, and hope, those who keep apprised of Congress will remember this tax freedom reconciliation bill among those remembered most fondly and most often.

This bill is not only about the Government living within the Nation's means, but about the Constitution itself. Two years ago, the Congress proved that it could pass a balanced budget. It also learned that the Constitution anticipates a third participant in the legislative process, the executive branch. So, we arrive here today not only having anticipated the needs of the President, we have included the executive branch as an active participant throughout the legislative process.

The words of the Constitution do not proscribe that Congress and the President should enter into an agreement defining legislation before it is actually written. Furthermore, the Constitution does not proscribe that the Congress should advance legislation with the continued advice of the Office of the President, the Treasury Department, and the Office of Management and Budget. The words themselves simply allow the President the express authority to either enact or veto the bills that we in the Congress produce.

However, the partnership forged between the President and Congress prove that the President can, and should, make his intentions known throughout the legislative process. Since the President can veto any bill that is sent to him, the process should allow that their contents of bills should not come as a surprise. But, it is not the President's reaction that should be avoided. It is the surprise of taxpayers. As the legislative process has evolved, too much progress occurs behind the closed doors of committees and caucuses. The people of the Nation have come to think of the legislative process as a black box. The good intentions go in one side, but something wholly unknown can come out the other. The President has always had the authority to veto and the Congress the power to reconsider.

But, in modern times, our legislative processes have become so cumbersome that Congress leaves itself without the days necessary to reconsider huge reconciliation bills. Therefore, we have effectively revamped the legislative process by allowing the President to play an earlier role.

Some might say that this is a significant change. Since the Constitution does not direct such a partnership, it must be implied therein. Our Constitution intends that we pass laws, not only bills.

Therefore, I turn to the product of this new process: The tax freedom reconciliation bill of 1997. Earlier today, we passed the balanced budget reconciliation bill. The latter is the first spending bill that anticipates a balance in almost 30 years of gridlock. The former is the first tax bill in 16 years that actually cuts taxes. Together, they are the first omnibus reconciliation legislation in 4 years that will become law.

Presently we are considering the tax freedom reconciliation bill. I am particularly proud of several provisions contained in this bill. Some of these sections have national perspectives like both the renewed income tax deduction for interest on student loans and estate tax relief. Others have a more regional effect such as the law turning back the unauthorized IRS expansion of the alternative minimum tax against farmers. All, however, provide relief to hard-working families in the areas of education and income security.

For education, this tax-relief bill renews the deductibility of interest incurred on student loans. I have introduced that particular bill in every Congress since it was repealed in 1986. In the last two Congresses I was accompanied by my friend from Illinois, Senator MOSELEY-BRAUN. Today, I am happy to announce our success.

When Americans think of investing money, we think of investing in things—machines, natural resources or businesses. This student loan provision is an investment in human capabilities and talents. I would like to do even more than what is offered in this provision. But restoring the deductibility on the interest paid on student loans sends a message to college students across the country. Their talents are worth the investment of dollars.

Students need to know the Federal Government and the Nation value their contributions. Understanding this, I believe they will have a greater appreciation of the effort necessary to successfully complete a higher education. We are clearly sending the message that the Congress recognizes the financial responsibility students undertake, and we are willing to do what we can to ease that burden.

For farmers, I am pleased to announce that another of these new laws will forever repeal the unauthorized IRS advancement of the alternative minimum tax against traditional farmer deferred commodity contracts. The President may offer his views on legislation, but the IRS does not have unilateral power to legislate on its own. This is good news for family farmers and rural America. It reaffirms the intent of Congress that family farmers should be able to continue receiving the use of the cash method of accounting not limited by the AMT. The IRS decision last fall to unilaterally change a 16-year-old tax policy for these deferred payments. The IRS was dead-wrong. Sixty-three of my colleagues joined my legislation with Senator DORGAN as solid proof.

In addition to setting the record straight, turning back the AMT for farmers highlights the larger problem we face when the IRS disregards the intent and the will of Congress. Here, we had a tax policy in place for 16 years, and suddenly, the IRS decides to make a 180 degree turn, which caused a great deal of havoc and concern for thousands of taxpayers. But, in order to return the law to its original intent, we had to come up with hundreds of millions of dollars as an offset, because of the upside-down way we do revenue estimates around here. So, I hope the Joint Committee on Taxation will be addressing the revenue estimation problem in the near future.

I am also proud of the future for estate tax relief for families. When thinking about estate taxes, you have to always keep your eye on the ball. Estates do not pay estate taxes, surviving families pay estate taxes. In this bill we do a number of things for death tax reform. All of these new laws are based on legislation that I introduced with my friend from Montana, Senator BAUCUS. Twenty cosponsors joined in our bill S. 479, the Estate Tax Relief for the American Family Act. It became the estate tax relief legislation embodied in this reconciliation bill providing over $675,000 of new relief.

In current law, the general estate tax exemption is $600,000, but that number is more than $200,000 behind the rate of inflation. In nearly every area of my State and the Nation, we saw in the past decade estate tax ultimately confiscate many family farms. Estate tax reform is simply about fairness and equity for families.

We've heard some make the faulty argument that the estate tax only affects a small percentage of taxpayers. Well, the point they leave out is that many other thousands of taxpayers have to waste a great deal of money in order to plan their estate so it will remain operational and in the family.

In addition, without the relief under this bill, the number of those affected by the estate tax would increase substantially in the next 5 to 10 years.

Let me also add that I strongly support estate tax relief because it directly helps preserve our natural land. Our estate tax relief is very pro-environment simply because it helps keep family farms operational and defers the danger of over-development by urban activities.

In this bill, capital gains tax relief is the partner of estate tax reform. Capital gains tax relief is similarly vital to my State of Iowa. A disproportionate amount of farmland is held by older landowners. To illustrate, studies in my state of Iowa show that 42 percent of farmland is held by taxpayers over the age of 65. Last year, Iowa State University conducted its annual farm life survey. It found that in the next 5 years, 21 percent of Iowa farmers are planning to retire. This high rate of those leaving farming raises important questions about who will be the next generation of Iowa farmers.

Some of those farmers who retire will want to hold onto the land and maybe rent it out. Many others want to sell the land, move to town, and be fully retired. Unfortunately, the capital gains tax has locked them on the farm. I support an even larger reduction in the capital gains rate. But, the reduction in the bill is certainly a very positive step in the right direction.

Finally, I want to talk about the expanded availability of tax supported individual retirement accounts. With the constraints of the Tax Code reduced, we will have more people saving for their retirements. Homemakers will be able to save $2000 per year tax-free regardless of the tax free retirement program offered to the working spouse. These new pro-saving laws will reduce the strain on the Social Security system.

This Congress produced all of this relief for families by using bipartisanship and cooperation with the executive branch. This cooperation was not expressed in so many words of the Constitution, but it must certainly have been implied.

Thank you Mr. President. I yield the floor.

Mr. ROCKEFELLER. Mr. President, before casting my vote for this tax portion of the budget plan, I want to comment on the aspects that are of most concern to me.

The basic point I want to emphasize is that my vote for both the spending bill and this tax bill that make up the balanced budget and tax plan is the result of weighing its merits against its flaws. The fundamental job for Congress this year has been to agree on a plan to balance the budget, which is the main objective of the bills we are approving this week. Unlike the Republican budgets that I opposed over the last 2 years, this plan is the result of bipartisan negotiations and contains real benefits and important compromises in the interest of West Virginians and all Americans.

At the same time, it has been clear that the only way we could finish the job some of us started in 1993, to balance the budget and start dealing with future priorities, was to find middle ground. I recognize that I cannot write or cause the passage of the budget plan that reflects exactly how I would chart Medicare's course, design the childrens' health insurance program, target tax relief, or address other priorities for West Virginians. Instead, I have worked hard in the recent months to influence these parts of the budget and make the best possible case for the approach I think is fair and balanced.

The spending plan approved this morning and the tax bill before us today are improvements over the extreme Republican budgets that were rejected in the past 2 years and over the earlier versions of these very bills. With the many aspects that will benefit West Virginians and address national priorities, I made the decision to vote for both bills.

The crucial part of the bill before us is the fact that it will provide tax relief to 27 million hardworking American families who are responsible for raising over 45 million children under the age of 17. Today, Congress joins the President to give those families a per-child tax credit much like the one that the bipartisan Children's Commission unanimously recommended when I chaired that commission 7 years ago. We are delivering real tax relief to American families so that they can share in the benefits of our sharply declined, and soon to be completely eliminated, deficit. That is an achievement I think we can be proud of, particularly because this tax conference report will benefit 5.9 million lower income families who were left out of the Senate-passed tax bill. The fight to make the child tax credit fairer was won by the President and Democrats who refused to ignore the millions of families struggling the hardest to provide for their families. Winning, improving the child credit so it is extended to more American families is important because it means we will more fairly distribute the benefits of the tax cuts in this bill than under the initial tax plans passed in Congress.

I am pleased that I can report that 25,000 more West Virginia families will benefit from the child tax credit as a result of the changes in the conference report—changing the stacking order of the child credit, now placed before the EITC, and its partial refundability for families with three or more children. It is predominantly for that reason that I will cast my vote in favor of this tax package. Improving the child credit so it reaches more families, the families who need the most help to buy their children shoes, pay the mortgage, or deal with an unexpected medical expense, is a major victory in this tax bill. With this important improvement, I can support this tax package. The substantial dedication of funds to provide health insurance to about 3.4 million of the 10 million uninsured children in our country—totaling $24 billion in new dollars for kids' health—is another major reason to vote for this bill. The additional financing for kids' health comes from a hike in the tobacco tax. I think that is a smart way to pay for this new spending on children's health. I am deeply disappointed that we did not insist on a meaningful benefit package for those children, but I will be back another day to fight to improve that provision.

But I don't want to cast my vote in favor of this 5-year budget bill without making it perfectly plain that I have serious worries about the long-term costs of some of the tax cuts in this bill. Certain provisions could be a potential tax timebomb because of how their costs explode in the 5 years following the 5 years in this budget, sometime after 2002. The explosion of costs in what we refer to as the outyears—years after the first 5 years of the budget—of the provisions that benefit the wealthiest Americans are very worrisome to me. I have to honestly wonder whether or not we will realistically be able to retain them. The long-term costs of providing such generous reductions in tax rates for estates and gifts, capital gains, and the expansion of individual retirement accounts [IRA's] may prove too expensive to sustain. I cite these particular provisions because they are the ones that score as relatively small costs in the first 5 years of this budget, but are projected to multiply 10- and 20-fold in the second 5 years, according to the scoring of both the Joint Committee on Taxation and the Treasury Department.

Consider these numbers—estate tax relief costs $5.9 billion in the first 5 years and jumps to $33 billion in the second 5 years; capital gains relief scores as if it saves $123 million in the first 5 years but the cost of that relief increases to $20.2 billion in the second 5 years; and the IRA expansions cost $1.8 billion in the beginning of this agreement, but rise precipitously to $21.1 billion in the next 5 years. Those are enormous increases, and I worry that we cannot afford to include such narrowly targeted tax relief over the long term when we don't know how healthy our economy will be in the year 2002. We may well have to revisit these benefits and reconsider whether they are worth retaining. I would be thrilled if our economic growth and expansion continued at such a pace that we do not have to revisit this work, but I want my colleagues to know that this is one of my worries about enacting this tax bill.

I remain very confident that over the next few years we have a unique opportunity to provide some tax relief to many Americans —and well understand the promise of that relief helps us deliver an agreement to balance the budget. At the same time, we are plowing $40 billion into education tax credits to help 5 million students with a $1,500 HOPE scholarship to make the first 2 years of college universally available and a 20 percent tuition tax credit for college juniors, seniors, and graduate students, along with working Americans to pursue lifetime learning and get the skill upgrades they need to compete in a changing economy. This level of tax support for education will help us prepare our children and our workforce for the new century. I congratulate the President for holding firm to his commitment.

I am hopeful that both budget bills headed for the President's signature will make the steps forward that are being promised and celebrated today. I know that many provisions will directly benefit West Virginians in key areas. But I also urge everyone in Congress to keep a careful watch on the results of both bills, and maintain a commitment to correcting anything that may go wrong and budgetary effects that may go awry. Let's do our best to achieve the good promised in these bills, and work to make sure that the legacy of this legislation will be something we can continue to praise in future years.

AIR PASSENGER TAX FORMULA

Mr. MURKOWSKI. Mr. President, there are many elements of the tax package that I strongly support including the children's tax credit, the reduction in capital gains, and the first step in estate tax relief. For those reasons, I will vote for the tax package.

However, I want to take a moment to discuss with my colleagues what I believe is a fundamental inequity in the structure of the package. What I am referring to is the new air passenger tax formula. The conferees rejected the Senate's approach, which would have maintained the current flat 10-percent tax and instead adopted a dual tax structure that imposes both a flat tax and per-segment, per-passenger tax.

This new formula fundamentally discriminates against low-fare carriers, especially those who fly smaller aircraft that make multiple intermediate stops. The new formula will have an especially detrimental effect on flights to and from the lower 48 from Alaska and Hawaii.

For several years, Congress has recognized the unique travel circumstances faced by citizens of these two noncontiguous States. In reality, the only way to get to Alaska and Hawaii is by air. And once you arrive in Alaska or Hawaii, air travel is often the only suitable way to get around.

Unfortunately, the new passenger tax formula fails to recognize our States' strong reliance on the airplane. Passengers in small communities like Ketchikan could see their air tax bill jump by 30 to 40 percent when the new formula is fully phased in. That is simply unfair to Alaskans, who already must endure close to the highest cost of living of any State.

Moreover, the new structure has a hidden timebomb that would explode if we see a spike in inflation. Not only is the head tax indexed for inflation, but the special $6 departure fee that is only imposed on flights to and from Alaska and Hawaii is also indexed. What this means is that every year, flights to Alaska and Hawaii are guaranteed to see a double tax hike, whereas flights within the lower 48 will only see a tax rise on the per-passenger fee.

I think that is fundamentally unfair and it is my intention to introduce legislation that will reinstate the current air tax structure for flights to Alaska and Hawaii.

Mr. AKAKA. Mr. President, I echo the sentiments of my colleague from Alaska. The aviation provisions in this tax bill are unfair to residents of and visitors to Hawaii and Alaska and will have a disproportionate impact on carriers that serve our States.

The bill fails to recognize that the 49th and 50th States are fundamentally different from the rest of the Union in our heavy reliance on air transportation. As the only noncontiguous States, Hawaii and Alaska are, for all practicable purposes, accessible from the continental United States only by air. Furthermore, for different reasons, travel within Hawaii and Alaska is feasible only by commuter airline. In effect, Alaska's and Hawaii's air routes serve the same purpose as other States' highway systems.

The pending measure would abrogate a long history of congressional support for our States' special aviation needs—needs which are embodied in current law—by imposing a per segment charge on flights to, from, and within Hawaii and Alaska. This new tax discriminates against the low-fare, short-haul carriers that serve the people of our States as well as the larger carriers that maintain our communications links with other States.

Carriers that serve Hawaii can ill afford this additional tax burden; the impact is especially heavy on our local commuter airlines. The taxes of Hawaiian Airlines and Aloha Airlines alone will rise by as much as $7.5 million and $6 million, respectively, in the next year as a result of the new segment fee.

Mr. President, I appreciate the conferees' desire to make excise taxes reflect usage of the air traffic system. But I do not believe that the conferees fully understood the implications of the segment tax with respect to states whose residents and visitors are wholly reliant on air service for intrastate and interstate travel.

This is clearly an issue that deserves further study. Certainly this is an appropriate topic of review for the Mineta Airline Commission. Should the tax bill pass, I hope that Members of this body would agree to revisit this issue at the earliest opportunity. In any case, I will join Senator MURKOWSKI and my other colleagues from Hawaii and Alaska in supporting legislation to restore the current tax treatment of our two States.

Mr. STEVENS. I also share the concern expressed by my colleagues about the new air travel segment fee in this bill. I regret that the Senate was not able to sustain its position of a simple extension of the 10 percent ticket tax in the conference committee.

We had a vigorous debate last year over financing the Federal Aviation Administration in the Senate Commerce Committee on another congressional committees. We decided to establish the National Civil Aviation Review Commission to examine FAA's true funding needs and various mechanisms for raising the revenues to meet those needs.

The Senate and the administration proposed extending the ticket tax during this budget debate to allow the commission to do its work.

The new fee undercuts the work of the commission by prejudging their decision. This is not the way public policy should be made, especially on a matter of such direct importance to the pocketbooks and the safety of the American public.

Mr. INOUYE. Mr. President, I share the concerns of my colleagues from Alaska and Hawaii regarding the new airline ticket tax formula. I, like Senators MURKOWSKI, STEVENS, and AKAKA, am distressed that a bill that has so many important provisions that will benefit the Nation and citizens of Hawaii, badly misjudges the need for and importance of air transportation in both Alaska and Hawaii.

Hawaii, unlike any other State in the Union, is completely isolated from any other landmass. In terms of interisland/intrastate travel, my State is totally dependent on air transportation. Maintaining the stable, low-fare air transportation system we currently have is essential to the State of Hawaii. Similarly, we must also maintain a low-fare environment to stimulate the influx of tourists. Tourism is Hawaii's No. 1 industry. Given this utterly unique feature of our State, I am most disappointed that this bill imposes not only a segment tax on our citizens who must travel between the islands to conduct daily business and to visit family members, but also imposes the segment tax, an excise tax and a departure tax on passengers coming from any other State in the Union to Hawaii. According to the local carriers in the State of Hawaii, in 1998, interisland customers would pay an additional 16 percent in taxes, increasing to 54 percent in 2003. No other State, other than Alaska, will face fare increases as significant as those which the new legislation will impose on the residents and tourists of Hawaii. We must recognize that Alaska and Hawaii are unique and must accommodate these States' dependence on air travel in legislation that impacts the primary means of commerce on our States.

I am pleased that Senator MURKOWSKI plans to introduce legislation to rectify this situation and I will strongly support him in those efforts.

TIAA/CREF

Mr. MOYNIHAN. Mr. President, under the Taxpayer's Relief Act of 1997, the Teachers Insurance and Annuity Association [TIAA] and the College Retirement Equities Fund [CREF] are taxed under the same regime as life insurance companies. However, TIAA and CREF are separate companies with different structures and operations.

TIAA is a nonprofit, legal reserve life insurance and annuity company. CREF, on the other hand, is a management investment company registered with the SEC under the 1940 act. CREF was organized in 1952 under a special act of the New York Legislature. CREF predates the existence of separate accounts and in fact served as the model for the variable annuity products offered today by life insurance companies through separate accounts. No portion of a participant's pension contribution to CREF pays for guarantees or the maintenance of reserves.

In light of the differences between TIAA and CREF, I would like to ask Chairman ROTH, the distinguished chairman of the Finance Committee if he would be so kind as to comment on the intent of the bill as it applies to the taxation of CREF.

Mr. D'AMATO. Mr. President, 2 million college faculty participants—260,000 in my State of New York—rely on TIAA and CREF pensions to provide retirement security. Participants know when they choose CREF, every contribution dollar goes to the retirement annuity accumulations, or payout company, CREF offers no guarantees nor does it maintain contingency reserves. Yet CREF performs functions similar to a separate account of a life insurance company by allowing retirees to receive variable annuity payouts.

I would like to join Senator MOYNIHAN and ask Senator ROTH, the distinguished chairman of the Finance Committee, to comment on the intent of the bill concerning the taxation of CREF?

Mr. ROTH. First, I would like to say that I joined my distinguished colleagues, Senators MOYNIHAN and D'AMATO in opposing the repeal of the tax exemption for TIAA and CREF in conference. However, the Senate did not prevail.

In light of this unfortunate result, I believe the intent of the bill is that CREF should be taxed consistent with its unique structure and apart from TIAA.

Mr. REED. Mr. President, I rise in support of the conference report on the tax relief package. I believe the conference report represents significant progress from previous efforts to provide tax relief for hard-working American families that are struggling to pay their bills, educate their children, and save for retirement. As one who voted against the previous Senate version of the tax cut bill, I commend the conferees and the administration negotiators who worked to address some of the concerns that I and others expressed with the previous legislation to develop this compromise.

However, I must also express strong concern with several provisions that remain in the bill. I believe that the provisions related to capital gains taxes, IRA's, and estate taxes unfairly benefit the wealthiest Americans, and threaten to upset the fiscally responsible decisions, such as passage of the 1993 deficit reduction package, that enabled us to reduce the deficit to its lowest point as a percentage of GDP since 1974. However, when considered in the context of the larger effort at bipartisan compromise and the willingness to expand healthcare coverage to millions of children, I believe this legislation presents a good deal for many working American families.

In particular, the tax cuts contained in the conference report provide a greater amount of tax relief to middle income Americans than previous versions of this bill. For example, under the bill passed by the Finance Committee, the second lowest 20 percent of income earners would have experienced a tax increase, whereas under the conference report, these Americans would enjoy a tax cut. Although I still have concerns that a substantial share of the tax cuts will go to the highest income Americans, these concerns are counterbalanced by the fact that middle-income Americans will enjoy significant tax reductions and expanded educational incentives which were not as prominent in prior versions of this bill.

As I have stated throughout the debate on this bill, I have reservations about provisions in the bill related to the capital gains tax, new backloaded IRA's, and the estate tax. Particularly disturbing is the fact that these tax reductions, which come at a significant cost after 2002, will almost exclusively benefit the wealthiest Americans. For example, the Joint Tax Committee has estimated that three-quarters of Americans receiving capital gains income are households that earn over $100,000 annually. Similarly, only 1.6 percent of estates are valued high enough to qualify for capital gains increases. Meanwhile, these tax cuts will cost $75 billion over 10 years.

Beyond favoring the wealthy, I am concerned that the cost of these tax cuts, many of which are backloaded, will explode in the years after 2002 and ultimately upset the progress we have made on deficit reduction. These concerns are supported by the 10-year revenue estimates recently released by the Joint Tax Committee which suggests that the cost of this tax bill will be $275 billion over 10 years. This level of revenue loss may prove difficult to sustain, and I would hope my colleagues will protect vital investments like education and infrastructure if difficult economic times arise.

At the same time, I believe that the conferees have made significant progress on the education tax provisions included in the bill. Of particular note is the decision to extend education tax reductions for the third and fourth years of a college education. The Finance Committee-passed tax bill did not extend benefits to years three and four, and I believed this was a major shortcoming of that legislation. By providing benefits for the duration of the average college education, I believe the provisions included in the conference report better reflect the realities facing many individuals desiring to get a college education. Indeed, this compromise before us today provides $41 billion in education tax incentives for those looking to invest in their education.

I also support the changes that have been made to the child tax credit that will enable a greater number of middle- and lower-income Americans to utilize the credit. By making the credit partially refundable against payroll taxes, the legislation reflects the reality that the most significant tax burden of many low-income Americans is that of the payroll tax. The Senate bill provided no tax credit to many families making under $30,000. This compromise does.

I would also like to express my support for the decision to keep provisions in the bill that will expand the use of IRA's to allow withdrawals for first-time home buyers. Perhaps the greatest hurdle faced by many first-time home buyers is the inability to get the necessary funds for a downpayment on a home. Provisions in the tax bill will lower this hurdle and enable us to continue to increase home ownership, which is currently at a 17-year high.

In conclusion, I believe the tax bill will provide tax relief to hard-working American families who have faced stagnating wages and tough employment prospects. I am pleased that we in Congress have made the difficult budget decisions which laid the foundation for the tax cuts we are able to provide today. I would caution, however, that we must be ever-vigilant in ensuring that the tax cuts will not overheat the economy or lead to an explosion of the deficit. Indeed, we must be prepared to make the tough decisions that we will be called upon to make in the event that the revenue projections in this agreement do not come to fruition. As we prepare to vote on this legislation, I would encourage my colleagues to celebrate our success, but to consider the concerns that I have set forth.

Mr. President, I will support this bill with reservations, but I also recognize as should we all, that this agreement is a compromise between a President and a Congressional majority of different political parties. As such, it embodies the often conflicting demands and ideals of each group. It is in this spirit that I will vote for the package.

Mrs. MURRAY. Mr. President, I rise today in strong support of the conference report on H.R. 2014, The Revenue Reconciliation Act of 1997. This legislation represents the second part of the historic balanced budget agreement.

As a member of the Budget Committee, I was originally concerned about enacting major tax changes which would jeopardize our deficit reduction progress. I did not want to repeat the mistakes of the 1980's. Back then, Congress did the easy thing in dramatically cutting taxes, but put off the tough decisions on spending cuts. As a result, the National debt increased from $1 to $4 trillion, and we've been digging the country out of that hole ever since.

I also had to be sure that, if we did any kind of tax cut, it would be targeted, to working families who desperately need relief and that it was responsible. I had to be sure that it did not add to the deficit and would truly serve as an investment in our economic productivity.

After months of working with the White House and Republicans, we have produced a tax relief package that is responsible, targeted, and will provide significant investment in our economy. It does not add to the deficit—we borrow nothing to offset these cuts.

The tax relief package includes a $500-per-child tax credit that will go to every family earning less than $110,000 per year. This tax credit alone will be available for approximately 27 million families with 45 million children, with 13 million of these children coming from families with incomes below $30,000 a year. This includes children who's parents are teachers, farmers, factory workers, police officers, and nurses—the real working families of this country.

When I first came to the U.S. Senate, I made a commitment to the many small, family owned businesses and farms in the State, that I would work to reduce the estate tax. I had talked to many people with concerns that their business or farm would have to be sold if they died, rather than being passed on to their children. Because the estate tax is so high, younger generations cannot afford to keep the business or farm in the family.

I introduced legislation to reform the inheritance tax last Congress for two simple reasons. First, the current tax code hits my home State of Washington very hard, because we have a very high percentage of family farms, and tree farms in particular, as well as many entrepreneurial small, high tech businesses. Second, the impact of the current structure of the estate tax had to be changed in order to allow family owned businesses to stay family owned. I am pleased the bill included estate tax relief that is similar to my legislation.

I am also pleased that included within this tax relief package is the accelerated phase-in of self-employed health insurance deduction from 40 percent up to 80 percent. This is a major victory for small business, farms, and their families. It will also allow more small business owners to purchase quality health care for their children. I have long argued that small businesses should be given the same tax allowance for health insurance as afforded large corporations. This accelerated phase-in will provide this equity and expand access to health insurance coverage for many children who's parents are self-employed.

Perhaps the greatest expense facing many families is that of a college education. I know many middle-class families in Washington State who are struggling to pay for their children's college education. I have also heard from many hard-working adults who cannot afford to upgrade their skills or further their education. We all know the value of investing in the education of our children and investing in our own skills and education. Yet, for many families a college education was becoming unreachable. The tax relief package before us today will give middle-class families that extra help to meet the ever escalating cost of a post secondary education.

The legislation calls for a total of $35 billion in education tax credits and incentives. This represents the biggest single investment in the education of our children since 1965. It will give those families who are struggling to pay for a college education the help that they need. As we move in to the next century, it means our children have the skills and education to meet the challenges of tomorrow. Our work force will need to be one of the most technologically advanced in the world in order to maintain our competitive edge and our high standard of living. Investing in today's children is not just an investment in their future, but it is an investment that will maintain our position as a global, economic power.

This bill also contains reductions in the capital gains tax. I am pleased that we have been able to craft this part of the bill so that it targets regular, middle-class families. Many middle-class families have been burdened with heavy capital gains when they sold a home or even sold stocks for retirement savings. In addition, the legislation drops the capital gains tax from the 20 percent called for in the bill to 10 percent for joint filers with incomes less than $41,200 who sell or transfer an asset held for at least 18 months. For higher income earners the top rate will be 20 percent for investments held for at least 18 months. Carefully crafted and targeted, a capital gains tax cut will encourage economic expansion and will provide equal relief to the middle class. This legislation meets this test.

In 1993 our deficit was close to $300 billion annually. New estimates for 1997 by the Congressional Budget Office indicate that the deficit for this year could be as low as $67 billion. We have far exceeded even my expectations for deficit reduction. The spending plan just adopted by this body will eliminate this deficit by 2002. Now is the time to give working families their share of the deficit reduction dividend. This legislation will guarantee that middle class, working families benefit equally from the economic gains we have seen as a result of the Democratic deficit reduction plan of 1993.

I know that this tax relief package and the balanced budget spending plan would not have been possible without a honest, bipartisan approach. While I know that many on the other side do not think that this tax relief package is big enough, any further attempt to cut taxes would have all but wiped out the $223 billion in deficit reduction that we witnessed since 1993. This legislation is fair and equitable, but fiscally responsible as well. For the sake of our grandchildren and continued economic growth, we cannot enact deep tax cuts that force us to only borrow more to pay for these cuts. Balancing the budget must remain our No. 1 goal and priority.

I urge my colleagues to support this conference report and I yield back the balance of my time.

Thank you, Mr. President.

RAILROAD DEFICIT REDUCTION FUEL TAXES

Mr. CHAFEE. Unfortunately, I understand the conference agreement on H.R. 2014 takes no action to equalize the rate of deficit reduction fuel taxes paid by the various modes of transportation. As the distinguished chairman of the Finance Committee and I have discussed, an obvious inequity currently exists which requires that railroads pay a 5.55 cents-per-gallon fuel excise tax, while all other modes of transportation pay no more than 4.3 cents-per-gallon for this purpose. In fact, by transferring deficit reduction taxes paid by other transportation users, including truckers which compete with the railroads, into trust funds for infrastructure improvements, we exacerbate the current inequity. Railroads continue to contribute to deficit reduction, while their competitors instead contribute to their own infrastructure.

If transportation is to be singled out for deficit reduction, the burden of contributing to a balanced budget should be shared equally among all modes. While I regret that no solution to this problem was possible in this legislation, I hope you share my belief that the fuel tax inequity imposed on the Nation's railroads must be remedied at the earliest opportunity.

Mr. ROTH. As the Senator from Rhode Island knows, I am deeply concerned about the unfair situation faced by railroads. While we were unable to include a solution to this problem in H.R. 2014, it is my hope that we will have the opportunity to pursue such a remedy as quickly as possible, perhaps in the upcoming ISTEA reauthorization legislation.

Mr. CHAFEE. Let me express my appreciation to the Chairman, Senator ROTH, for his interest in this important issue. I look forward to working with him on this matter during the upcoming ISTEA legislation.

Mr. FAIRCLOTH. Mr. President, I rise in strong support of the tax bill, H.R. 2014.

Mr. President, this is a major tax cut for the American people—more than $90 billion in tax relief.

This is the largest tax cut for the American people since 1981.

In terms of education, the provisions are very significant. My legislative priority for this year has been a tax credit for community college students of any age to improve their job skills. On the first day of this Congress, I introduced S. 50, a bill to provide a $1,500 tax credit for community college students. Technology has brought about rapid change in the workplace, and the need to update one's skills on a daily basis is critical. I think the community college system is the best job training program we have in this country. North Carolina has been a leader in education and in job growth. There is a strong link between the two. The tax bill will provide a 100-percent tax credit for the first $1,000 of expenses for attending a community college or the first 2 years of college. It will provide a 50-percent credit for of the next $1,000. In sum, it's a $1,500 tax credit for all of America's community college students. I was a strong supporter of this provision, and I am pleased it has been retained and improved.

The legislation also provides an interest deduction for student loans. Under the bill, State prepaid tuition plans will receive tax-free treatment. And, the bill permits penalty free withdrawals from IRA's for education expenses. All of these provisions will improve our education system without spending more money on bureaucrats or Government programs.

For families, the bill has significant tax relief. We have provided a $500 tax credit for children under the age of 17. For a family of four making $30,000—this is a 50-percent tax cut. For a family of four making $50,000, this is a 21-percent tax cut.

Mr. President, this is major tax relief for America's working families. For too many years, these families, working men and women have been the backbone of America, going to work every day, paying the mortgage, raising families, and paying their taxes and their debts. The Government has put a greater and greater tax burden on them every year. This tax relief is long overdue. In fact, it's 16 years overdue. Their last tax cut was 1981. There have been plenty of tax increases in the intervening years.

Mr. President, there are a number of other positive items in this tax bill. For example, the bill: Cuts capital gains taxes; cuts the capital gains on the sale of one's home; provides greater estate tax relief, particularly for small family-owned businesses and farms; accelerates the phasein of self-employed health insurance tax deduction; and provides a more generous IRA for athome spouses.

Mr. President, we should not lose sight of the fact that the Republicans have now controlled Congress for 3 years. We have finally overcome the President's opposition and cut taxes. In 1993, President Clinton passed the largest tax increase in American history. To me, this is a stark contrast in philosophy. If the Senate was not in Republican hands, we would be debating the size of the tax hike, not the tax cut. Although the White House has at times tried to blur the differences, it should not be lost on the American public that wasteful Government spending is going down, and taxes are being cut for the first time in years.

The battle for greater tax relief does not end here. The Tax Code has to be simplified dramatically. Overall tax rates are too high. Americans are working until May just to pay taxes. We need to set a protection into law that not more than 25 percent of one's wages can be taken in taxes.

I can assure the Senate and my constituents in North Carolina that I will continue my work for greater tax relief.

Thank you, Mr. President, I am pleased to support this bill.

Mr. LAUTENBERG. Mr. President, I rise in support of the conference report on the tax reconciliation bill.

Mr. President, before I begin to discuss this legislation, let me take a moment to again congratulate the chairman and ranking member of the Finance Committee, Senator ROTH and Senator MOYNIHAN, for their leadership on this legislation. Both these distinguished Senators reached out to Members on the other side of the aisle to make this happen, and they deserve enormous credit for their leadership.

Mr. President, I am supporting this legislation for four primary reasons. First, it will help ordinary, middle-class families and especially their children. Second, it will promote education. Third, it will help clean up our environment and promote economic development. And, fourth, it's part of a broader bipartisan agreement that will balance the budget and prepare our Nation for the 21st century.

First, Mr. President, this legislation would provide valuable assistance to middle-class families in the form of a $500 tax credit for children under the age of 17. This credit will help millions of ordinary people who are raising their children, working hard, and struggling to pay their bills. For these Americans, an extra $500 or $1,000 per year can go a long way. And, so long as our Nation can afford to provide this relief in the context of a balanced budget, I think it's the right thing to do.

Mr. President, I am especially pleased that the child tax credit included in this legislation will be available to lower income families who also qualify for the earned income tax credit, or EITC. This proved to be one of the most contentious issues in the conference, much to my surprise. Yet some around here argued that providing direct tax relief to police officers, nurses, and teachers somehow amounted to welfare. I never understood the logic of that. But, fortunately, Democrats made this a top priority. And, in the end, these hard-working Americans will be able to benefit from the child tax credit.

Mr. President, the second major element of this legislation is the section that promotes education. The bill includes a $1,500 tax credit to help students afford the first 2 years of college. In addition, there's a tax credit worth up to $1,000 for those who want to pursue additional education beyond that.

This latter benefit will be available to adults of all ages. And it's especially important. In an increasingly technological age, education must be a lifelong process. And it's something that we should encourage and support.

Mr. President, the third major reason why I'm supporting this legislation is that it includes new incentives to clean up thousands of contaminated, abandoned sites in economically distressed areas. That not only will improve the environment, but it will help encourage redevelopment of these areas, known as brownfields. It's a win-win approach that will make a real difference for communities around our Nation.

Mr. President, the final reason I am supporting this legislation is that it's part of the broad bipartisan budget agreement that I helped negotiate with leaders from both parties and the President. That agreement will provide several benefits outside the tax area that we never could have achieved without this broader compromise.

We're getting $24 billion to provide health care coverage for uninsured children. We're restoring disability benefits for legal immigrants. We're ensuring that 30,000 disabled children don't lose their Medicaid coverage. We're investing $3 billion to move people from welfare to work. And the list goes on.

None of these important advances would have been possible without a broad bipartisan agreement. And to get that agreement, Democrats had to accept some significant new tax breaks that we otherwise would have resisted.

Mr. President, I, for one, do not share the faith of my Republican friends that cutting taxes for rich Americans is the ticket to economic growth. We've tried trickle-down economics in the past. And it's proved not only unfair, but ineffective in promoting the economy.

Most Democrats have a different approach, Mr. President. We like to focus on tax cuts for ordinary Americans. The people who work hard, raise their kids, and who often have a hard time keeping their heads above water.

In other words, Mr. President, rather than showering tax breaks on the rich and having that money trickle down, we'd rather provide relief to ordinary Americans, and allow those funds to flow back up.

Fortunately, Mr. President, while this bill does contain some new tax breaks for the very wealthy, the bulk of its benefits are focused on the middle class. The most expensive element in the package is the child tax credit. The next most expensive area is education. Both of these types of tax relief are targeted on people who really could use the help.

Having said that, Mr. President, there clearly are other provisions, such as the capital gains rate cut and the backloaded IRA, I'm concerned about the costs of these new tax breaks, especially in the future. If it were up to me, I would have done much more to constrain those costs.

But, Mr. President, these provisions were necessary to reach the broader agreement. There simply would not have been a deal without them. And so, on the whole, many on this side of the aisle felt that this was the price we had to pay to get the other benefits in the budget agreement.

At least, Mr. President, the legislation before us does not include some of the more egregious proposals that would have exploded the deficit in the future.

But the bottom line, Mr. President, is that, though it has real flaws, I am going to support this legislation. And I would encourage my colleagues to do likewise.

No, it's not perfect legislation. But it's part of a compromise that will do a lot of good. It provides significant tax relief to middle-class families. It will help millions of Americans afford college. It will encourage millions of others to pursue their educations throughout their lives. It will lead to the cleanup and redevelopment of many abandoned sites around our nation. And it's part of a bipartisan plan that will balance the budget and prepare our Nation for the next century.

Mr. SPECTER. Mr. President, I am pleased to vote in favor of the Taxpayer Relief Act, which will provide the first significant tax cut to working Americans in 16 years.

Although I still believe that we ought to move to a system of a fairer, flatter tax without myriad exemptions and deductions, this bill represents an important first step toward relieving the tax burden on working Americans and families. This tax bill provides a net tax reduction of $96 billion over 5 years while remaining on a glide path toward a balanced budget.

Specifically, I am pleased that the final package includes a $500 per child tax credit, tax incentives for education, including education IRA's, a modified Hope Scholarship and tax free treatment of State prepaid tuition plans. It also takes important steps toward expanding participation in IRA's, a reduction in the capital gains tax and AMT, and incentives for small business by reinstatement of the home office business deduction and an acceleration in the phase in of the self-employed health insurance deduction.

On estate taxes, an area where I have long believed that we must have relief, this bill would help family farmers and small businesses by increasing the exclusion to $1.3 million. It would also increase the exclusion for families to $1 million over 10 years.

In conclusion, Mr. President when combined with the budget savings bill passed earlier today, we have made real progress on putting our financial house in order and providing necessary tax relief to millions of Americans.

REPEAL OF LIMIT ON SEC. 501(C)(3) BONDS

Mr. MOYNIHAN. Mr. President, one provision of H.R. 2014 would repeal the $150 million limit on section 501(C)(3) bonds. This is a change I have long sought, and I am grateful for my chairman's support for this change. It is my understanding that the intention of the provision is that bonds that meet the requirements of the bill will be eligible for tax-exempt treatment without being subject to the $150 million limitation. Furthermore, these bonds will not be taken into account with respect to other qualified section 501(C)(3) bonds that are subject to the $150 million limitation, which bonds may continue to be issued on a tax-exempt basis to finance and refinance expenditures as permitted under existing law.

Mr. ROTH. I agree with the Senator's interpretation of this provision of the bill.

Mr. ALLARD. Mr. President, I must admit that I was less than pleased with the spending portion of the budget reconciliation package. I regret that I was unable to give that section my support. Unfortunately, we failed to address the problem of growth in entitlement spending. We passed on making some needed reforms to the Medicare system. We owe our children and grandchildren much more, Mr. President. I am much more pleased with the tax portion of the budget reconciliation package. One of my primary goals has always been to reduce the tax burden on hard-working Americans. I am proud to say that we will take a step toward this goal today. For the first time in 16 years, we give the American people a measure of tax relief. I am especially pleased that we are taking steps to reduce two of the most onerous and economically harmful taxes—the capital gains tax and the death tax.

Mr. President, with this act today, we will move in the direction of protecting family farms and businesses from Uncle Sam's grasping arms. Under current law, many family farms and small businesses have to be sold off just to pay the taxes on the founder's estate. This is tragic and irresponsible. But today, we will change that law to allow estates containing small businesses and family farms to deduct the first $1.3 million of the value of the estate. This change in death tax law is a good step in the right direction, although I must emphasize that it is only a first step. No family owned business or farm should have to be sold to pay death taxes. I will continue to fight to see that no family owned business is ever again the victim of the Federal Government's insatiable appetite for more money.

We also make some good progress in the area of capital gains tax relief in this bill. Under current law, the U.S. has one of the highest capital gains tax rates in the world. These high rates have the perverse effect of punishing those who help our economy to grow by saving and investing and they raise the cost of capital, thereby lowering growth in productivity. With this bill today, we will reduce this economically harmful tax.

Although we did not get the indexing provisions that I championed, most investors will get a reduced rate of 18 percent if they hold an asset purchased after 2000 for more than 5 years. Low-income investors will be charged an even lower rate of 8 percent for long-term investments. In addition, we are reducing the rate on all capital. Most taxpayers will now be charged a 20 percent rate and those in the lowest income bracket will only have to pay 10 percent. The 43 percent of Americans that now invest in stocks in one form or another will benefit from these provisions.

Mr. President, I am pleased with these steps that we are taking today to reduce these economically harmful and unfair taxes, and I am proud to say that I will support this portion of the budget reconciliation package. I look forward to working with my colleagues in the future to enact further tax reduction measures that will help our family farms and small businesses.

Mr. HUTCHINSON. Mr. President, the United Kingdom deregulated its electric utilities in 1990. There is now a central power pool. Power stations with capacities of over 10 megawatts are ordinarily required to sell all electricity generated into the pool. Consumers buy from the pool or from regional electric companies that buy from the pool

Thus, for example, if an independent generator wanted to build a power station to supply electricity to an oil refinery in England, it might lease land from the refinery and build the power station. However, a direct sale of electricity to the refinery would not be permitted. The generator would sell electricity to the pool, and the refinery would buy from that pool. The pool prices change each half hour based on demand and supply and, therefore, fluctuate frequently.

The refinery will want protection against price fluctuations. Consequently, it will enter into a contract for differences with the generator. The parties will agree on a schedule of fixed prices that the generator would have charged had the generator been free to make a direct sale. When the pool price exceeds the agreed price in the schedule, the generator will pay the refinery the difference. The refinery will pay the generator the difference when the pool price is less. Thus, the differences contract is a way for both parties to buy certainty. The generator is certain of his revenue stream. The refinery is certain of how much electricity will cost over an extended period. It is a hedging agreement.

It my understanding that the relevant provision in the bill does not turn payments under such differences contracts into subpart F income. Would the Chairman clarify this understanding?

Mr. ROTH. The legislation is not intended to affect arrangements which do not constitute notional principal contracts under present law. In addition, the legislation is not intended to change the treatment of notional principal contracts entered into as part of a hedging arrangement referred to elsewhere in section 954.

Mr. HUTCHINSON. I thank the Chairman.

AMTRAK

Mr. McCAIN. Mr. President, the conference agreement to H.R. 2014 includes a provision to provide Amtrak up to $2.3 billion during the next 2 years. This funding provision would be provided in the form of tax credits. While I have already made my concerns known regarding this provision, I note that it would require enactment of reform legislation prior to the Treasury providing these credits to Amtrak.

As Chairman of the Senate Committee on Commerce, Science, and Transportation, which has jurisdiction over Amtrak, I would like to ascertain for the record what the authors of this tax credit provision envision would constitute reforms. Since I was not a conferee, I would appreciate the majority leader clarifying this matter and explaining the conferees intent.

Mr. LOTT. I would be happy to offer clarification to the Chairman of the Amtrak authorizing Committee. As members know, we have spent significant congressional time working to develop comprehensive Amtrak reform and reauthorization legislation. As Members further know, I worked for 2 years on a bipartisan reform package in the 104th Congress. Senator HUTCHISON has picked up this legislation effort and has worked diligently to advance the process. However, we cannot justify new Federal subsidies for Amtrak unless we also fix the many impediments imposed by statute which prevent Amtrak from operating like a business. Comprehensive reforms in the areas of Amtrak operations, labor, and liability must be enacted if we are serious about addressing Amtrak's financial crisis. Amtrak cannot survive without these fundamental changes. Money alone will not address Amtrak's systemic problems.

Mr. McCAIN. I thank the majority leader for his comments. From your description, the reforms you envision to release this new funding for Amtrak are the type of reforms included for in S. 738, the Amtrak Reform and Accountability Act of 1997. That bill, sponsored by the Chairwoman of the Surface Transportation and Merchant Marine Subcommittee, Senator HUTCHISON, was approved by the Commerce Committee on June 26, 1997. I note that the sponsor of S. 738 is on the floor. I would like to ask what her intentions are for moving that bill.

Mrs. HUTCHISON. Thank you. I had hoped we would be able to accomplish the necessary Amtrak reforms within the context of this tax bill. I believe that Members of the Senate from both parties were prepared to do that. Given that Amtrak has warned us it could reach bankruptcy by the spring of 1998, the reforms embodied in S. 738, which include labor reforms and limits on liability, are simply critical. I am committed to moving S. 738 as soon as possible after the August recess. The Chairman of the House Transportation and Infrastructure Committee shares my commitment to provide honest legislative reforms in order to release the tax credits to Amtrak. I hope the majority leader will work with me to assure timely floor action.

Mr. LOTT. I look forward to having the full Senate consider the authorization legislation reported by the Senate Commerce Committee and will be happy to work with the Senator.

Mr. McCAIN. I thank the majority leader and Senator HUTCHISON for clarifying this issue. The reform language in this tax bill linked to the release of tax credits clearly means comprehensive, substantive, meaningful reforms to ensure Amtrak operates more efficiently and to set up a process that will protect taxpayers if Amtrak does not meet its financial goals. Let there be no misunderstanding. There will be no new funding provided to Amtrak until we first enact legislation providing operational, labor and liability reforms. The hard working men and women whose tax dollars are subsidizing Amtrak deserve to have their contributions invested as responsibly as possible. I stand ready to work with the majority leader and the subcommittee chairman to bring this reform measure before the full Senate.

Mr. THURMOND. Mr. President, I rise to support the Tax Relief Act of 1997. I commend the Finance Committee and the leadership, along with the Budget Committee, for their hard work.

This bill, along with the Balanced Budget Act of 1997, fulfills our promise to the American people—to restrain Government spending, and to bring Tax Relief to the American people.

This tax reduction act has some tax relief for all Americans, at all stages of life. The child tax credit will boost the family budget for parents with children.

Homeowners, and others with capital assets will benefit from the capital gains tax reduction. The education provisions will encourage savings and assist all students. The bill has provisions for savings and investment, and for businesses. This will encourage economic growth and promote employment. Finally, there are estate tax reforms which will help preserve family businesses and farms.

Mr. President, this Nation has waited too long for a balanced budget—nearly 30 years; and it has been 16 years since we have delivered any significant tax relief. These measures passed today keep us on the track of smaller government and a strong economy.

I am proud to support this measure, because it is good for the people of South Carolina and good for the Nation. It is a good down payment toward a simpler, fairer, and less burdensome tax system.

Finally, Mr. President, these two bills put us on course to fiscal responsibility. We must continue to keep spending within the limits of our resources, and begin to reduce the national debt. We owe no less to our children and grandchildren.

Mr. ENZI. Mr. President, I rise in support of H.R. 2014, the conference report on tax relief. Through this tax package, we can give the American people the first serious tax reduction package in 16 years. This legislation provides tax relief to families with children, it offers greatly needed relief for small business, and it encourages education and investment. Finally this legislation gives some relief to individuals and small businesses from the punitive Federal death tax. I commend the Chairmen of the Finance and Budget Committees and the other conferees for their hard work on this package. We must realize that we still have a long journey ahead in relieving the tax burden on American taxpayers and in simplifying the cumbersome tax code.

Mr. President, our tax burden in this country is overwhelming. We tax income, we tax investment, and we tax savings. In fact, we have pretty well figured out a way of taxing a person from the time he gets up in the morning to the time he goes to bed. From the time you wake up in the morning and have your first cup of coffee, you are paying sales tax. When you get in your car and drive to work, you are paying gasoline tax. As you work all day to support your family, you are also supporting the Government by paying income tax. When you go home and spend time with your family and finally go to bed, you are paying property tax. If you decide to make a telephone call or turn on the light switch, you get taxed for that too. This taxation on almost all your daily activities goes on your entire life and to add insult to injury, we even tax you when you die. It is a tragic situation in this country when most people spend more money on taxes than they spend on food, clothing, and shelter combined. It is time that we relieve this tax burden on our Americans.

Just as our tax burden is too high, our Tax Code is frustratingly complex. Like a critically-ill patient, the Internal Revenue Code is in desperate need of surgery. We have continued to operate our Tax Code with layer after layer of bandages while ignoring the gasps of the dying patient beneath. This complexity has often left even the professional tax preparers in a quandary about the meaning of the myriad of code provisions and revenue regulations. When even the experts cannot understand our Tax Code, it is time for meaningful reform.

I had the pleasure of conducting a small business committee field hearing in Casper, WY, this past April in order to find out the concerns facing many of our small businesses. One of the consistent messages I received from the hearing was that the complexity of our Tax Code is strangling small businesses. Even the representatives from the accounting profession testified that our Tax Code is in desperate need of simplification. They are concerned about their own liability because they cannot even count on representatives of the Internal Revenue Service to understand the Tax Code they attempt to enforce. I have found that many of these accountants are reluctant to simplify the code, however, because every time we've attempted to simplify the Tax Code, we have ended up raising taxes. We in Congress must begin by reevaluating our tax policy. We will be able to accurately chart our course only if we know where we are going.

This conference report takes an important step in lessening the tax burden on individuals and small businesses alike. This tax package provides broad-based tax relief for America's families. The $500-per-child tax credit would provide over $70 billion in tax relief for families over the next 5 years. The child credit has long been championed by the Republican Party as a means of helping in the evergrowing cost of raising families. Our Tax Code has failed miserably to keep up with the evergrowing demands of raising children. The current exemption for dependent children is less than one-half what it should be to keep pace with inflation. Many of America's families have two parents working with one working to pay the bills and the other working to pay the taxes. We should be working to strengthen our families in any way we can, and this credit will help in that effort.

Mr. President, this package moves us a step closer to the eventual repeal of the punitive death tax. This is an area I have taken a special interest in since the Federal death tax adversely impacts a large number of small businesses and farms in Wyoming. The death tax punishes people who work hard their entire lives in order to pass something on to their children. This bill increase the exemption for individuals and provides for a $700,000 exclusion for family owned businesses. This exclusion was an important priority for me. I joined several of my colleagues in urging the conferees to include a provision which excludes the death tax for family businesses and farms. We need to build on this foundation and work toward an eventual repeal of the Federal death tax.

Mr. President, this bill gets us closer to leveling the playing field between small businesses and their larger competitors. Most notably, it accelerates the phase in for the deduction of health insurance for the self-employed and it reinstates the home office business deduction. As a small businessman myself, I was pleased to see some tax relief going to those who form the backbone of our economy.

This legislation also encourages education by providing tax credits for tuition and expenses for college and technical school training as well as tax deductions for the interest on student loans. These tuition tax credits will provide the means for many students to pursue a college education or receive technical training. The tax deduction for individuals who have already invested in college or graduate education provide tax relief for one of the largest investments many people will make in their lifetime.

Mr. President, this package makes important strides toward encouraging Americans to save and to invest for their future. We currently have a dangerously low savings rate in this country, and this is due in large part to our current tax structure which not only taxes income but it taxes savings. This bill expands the availability of tax-free Individual Retirement Accounts to include nonworking spouses and it creates a new "super IRA" the proceeds of which can be withdrawn tax-free for purposes such as first time home purchases.

We also provide relief for investment by providing for long-overdue capital gains relief. This bill cuts the top capital gains rate from 28 percent to 20 percent and reduces the 15 percent rate to 10 percent for assets held longer than 18 months. This reduction of the capital gains rate will benefit millions of Americans. A news report just this week showed that nearly one-half of Americans have some current investment in the stock market. Many companies have allowed their employees to invest in their future by buying stock in the company. Many of these employees have counted on this investment for retirement. This package provides relief for people who have planned wisely for their future.

Mr. President, I support his tax relief proposal because I believe we need to return some of the Americans' money back to them this year. This legislation will return over $90 million to those who have paid the taxes. It has been far too long since Congress has passed a tax relief package for the American families and small business, and I applaud this effort. We must not, however, believe that our work is done. Rather, it has just begun. We must now focus our attention and effort on the reducing the enormous complexity of the Internal Revenue Code. We need to set our sights on the clearly defining our Nation's tax policy, and then muster the reserve to implement our goals with simplicity and fairness. As the only accountant in the U.S. Senate, I fully realize the need of reforming a tax code so that it strengthens families, encourages enterprise and thrift, and rewards savings. I look forward to working with my colleagues in this most important endeavor.

I thank the Chair and yield the floor.

TAX INCENTIVES THAT PROMOTE FORESTLAND CONSERVATION

Mr. GREGG. Mr. President, I am very pleased that the Senator from Delaware [Mr. ROTH], included language in this tax bill, H.R. 2014, the Revenue Reconciliation Act, which promotes land conservation through the use of conservation easements and allowing the postmortem election of these easements. Still, I believe that more must be done in the future to ensure that forestland, especially in the Northeast, is preserved. This issue is of particular importance in the Northeast, where 85 percent of our forestland is in private ownership.

Mr. LEAHY. Mr. President, I agree with the Senator from New Hampshire, and I intend to work with him in a bipartisan manner to promote land conservation by pushing forward the recommendations made by the Northern Forest Lands Council in 1994. As highlighted in S. 552, the Forestland Preservation Tax Act, certain tax polices work against the long-term ownership and management of forestland and instead force landowners to sell or change the use of their land. H.R. 2014 begins to address this program with the provisions for conservation easements and estate tax relief for small businesses and family farms. In the Northeast, the timber production is part of our agriculture and faces many of the same challenges as family farms.

Mr. ROTH. I agree with both Senators and look forward to working with both of you on these issues in the future.

CHILD HEALTH PROVISIONS

Mr. MOYNIHAN. Mr. President, I would like to enter into a colloquy with Chairman ROTH to clarify the conference agreement as it relates to the children's health initiative. First, the issue of what benefits must be provided to children has been very important to us in this Chamber, on both sides of the aisle. Under the conference report, a State covering children under the new title XXI must offer at least the coverage listed under the options specified in section 2103(a). Do these options establish floors or ceilings?

Mr. ROTH. These four options are floors. States are given flexibility to design their programs, while meeting the standards of section 2103(a). States may also build upon the benchmark packages. With grant funds, States, if they wish, may provide additional benefit coverage, but they must provide at least the coverage described in section 2103(a). For example, a State may supplement the benchmark-equivalent package of the standard Blue Cross/Blue Shield plan for Federal employees by expanding vision, dental, and hearing services benefits.

Mr. MOYNIHAN. Another benchmark is the coverage for State employees. It is my understanding that this benchmark coverage is equivalent to the health benefit plans in which State employees are enrolled. Is that correct?

Mr. ROTH. Yes, this benchmark allows States to provide children with coverage benefits equivalent to the health benefit plans that enroll State employees.

Mr. MOYNIHAN. Another clarification. Is it intended that children, including those with special needs, receive quality care?

Mr. ROTH. The conferees expect State programs to provide access to appropriate treatment for special needs children. In addition, the new legislation is clear that children who are eligible for Medicaid under current law may not be shifted to the new program under title XXI. Medicaid coverage may not be rolled back and replaced by new insurance programs. For example, the new program cannot replace an existing medically needy program for children or existing Medicaid eligibility through waivers for children receiving home and community based care.

Mr. MOYNIHAN. I thank the distinguished chairman of the Finance Committee for his helpful remarks. I would also emphasize that, in the Finance Committee, members on both sides of the aisle strongly agreed that these child health grants should not supplant current State spending, and instead would supplement and enhance current State child health insurance programs. The conference report included such maintenance of effort provisions. To ensure a cost-effective grant program, Federal funds should not replace existing State spending.

Mr. NICKLES. Mr. President, the chairman of the Senate Finance Committee has worked closely with me on a provision in this bill to clarify the application of section 168(j) of the Internal Revenue Code to Indian lands in Oklahoma.

Section 168(j) was enacted in 1993 to provide accelerated depreciation for property placed in service on Indian reservations. Since Oklahoma has no formal reservations, the House of Representatives included a provision in their tax bill to clarify that lands in Oklahoma within the jurisdictional area of an Oklahoma Indian tribe and eligible for trust-land status would qualify for section 168(j).

As the chairman knows, the Senate receded to the House provision in conference. However, since the House leaves the interpretation of the provisions to the U.S. Department of the Interior, I believe it is essential that we clarify congressional intent.

There needs to be a "bright-line" test for determining which Oklahoma lands qualify for section 168(j) in order to treat Oklahoma fairly compared to other States and to avoid costly litigation. The Department of the Interior has indicated that "lands in Oklahoma within the jurisdictional area of an Oklahoma Indian tribe" would be defined as lands within boundaries of the last treaties with the Oklahoma tribes. This definition narrows the land area compared with current law by eliminating the unassigned lands.

Because I believe it is important that we clarify this matter, does the chairman of the Senate Finance Committee concur with my explanation?

Mr. ROTH. The Senator from Oklahoma is correct. I thank the Senator for his cooperation on this issue.

Mr. DOMENICI. Mr. President, pursuant to section 313(c) of the Budget Act I submit the following list of extraneous material for H.R. 2014, the Taxpayer Relief Act of 1997.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

EXTRANEOUS PROVISIONS—CONFERENCE REPORT ON H.R. 2014—TAXPAYER RELIEF ACT OF 1997

Provision	Comments/Violation
Sec. 901	Deposit general revenue portion of highway motor fuels taxes into highway trust fund. Byrd rule (b)(1)(A): Produces no change in outlays or revenues.
Sec. 909	Require study of feasibility of moving collection point for distilled spirits excise tax. Byrd rule (b)(1)(A): Produces no change in outlays or revenues.
Sec. 910	Codify BATF regulations on wine labeling. Byrd rule (b)(1)(A): Produces no change in outlays or revenues.
Sec. 931	Delay penalties for failure to make payments through EFTPS until after 6/30/98. Byrd rule (b)(1)(A): Produces no change in outlays or revenues.
Sec. 954	Modification of empowerment zones and enterprise communities criteria in the event of future designations of additional zones and communities. Byrd rule (b)(1)(A): Produces no change in outlays or revenues.
Sec. 976	Combined employment tax reporting five-year demonstration project for Montana. Byrd rule (b)(1)(A): Produces no change in outlays or revenues.
Sec. 1031(d)	Dedicate 4.3 cents/gallon tax on aviation fuel to the Airport and Airway Trust Fund. Byrd rule (b)(1)(A): Produces no change in outlays or revenues.
Following provisions are from the Simplification section of H.R. 2014	
Sec. 1223	Due date for furnishing information to partners of large partnerships. Byrd rule (b)(1)(A): Produces no change in outlays or revenues.
Sec. 1283	Repeal of authority to disclose whether prospective juror has been audited. Byrd rule (b)(1)(A): Produces no change in outlays or revenues.
Sec. 1284	Clarification of statute of limitations. Byrd rule (b)(1)(A): Produces no change in outlays or revenues.
Sec. 1285	Clarify procedures for administrative cost awards. Byrd rule (b)(1)(A): Produces no change in outlays or revenues.
Sec. 1310	Adjustments for certain gifts made within three years of decedent's death. Byrd rule (b)(1)(A): Produces no change in outlays or revenues.
Sec. 1314	Authority to waive requirement of United States trustee for qualified domestic trusts. Byrd rule (b)(1)(A): Produces no change in outlays or revenues.
Sec. 1412	Authority to cancel or credit export bonds without submission of records. Byrd rule (b)(1)(A): Produces no change in outlays or revenues.
Sec. 1413	Repeal of required maintenance of records on premises of distilled spirits plant. Byrd rule (b)(1)(A): Produces no change in outlays or revenues.
Sec. 1415	Repeal of requirement for wholesale dealers in liquor to post sign. Byrd rule (b)(1)(A): Produces no change in outlays or revenues.
Sec. 1417	Use of additional ameliorating material in certain wines. Byrd rule (b)(1)(A): Produces no change in outlays or revenues.
Sec. 1420	Authority to allow drawback on exported beer without submission of records. Byrd rule (b)(1)(A): Produces no change in outlays or revenues.
Sec. 1431	Authority for IRS to grant exemptions from excise tax registration requirements. Byrd rule (b)(1)(A): Produces no change in outlays or revenues.
Sec. 1432	Repeal of expired provisions. Byrd rule (b)(1)(A): Produces no change in outlays or revenues.
Sec. 1444	Repeal of expired provisions. Byrd rule (b)(1)(A): Produces no change in outlays or revenues.
Sec. 1451	Clarify Tax Court jurisdiction over interest determinations. Byrd rule (b)(1)(A): Produces no change in outlays or revenues.
Sec. 1503	Elimination of paperwork burdens on plans. Byrd rule (b)(1)(A): Produces no change in outlays or revenues.
Sec. 1510	New technologies in retirement plans. Byrd rule (b)(1)(A): Produces no change in outlays or revenues.
Sec. 1604(f)(3)	Coordination with tobacco industry settlement agreement. Byrd rule (b)(1)(A): Produces no change in outlays or revenues.

RAILROAD DEFICIT REDUCTION FUEL TAXES

Mr. CHAFEE. Unfortunately, I understand the Conference Agreement on H.R. 2014 takes no action to equalize the rate of deficit reduction fuel taxes paid by the various modes of transportation. As the distinguished Chairman of the Finance Committee and I have discussed, an obvious inequity currently exists which requires that railroads pay a 5.55 cents-per-gallon fuel excise tax, while all other modes of transportation pay no more than 4.3 cents-per-gallon for this purpose. In fact, by transferring deficit reduction taxes paid by other transportation users, including truckers which compete with the railroads, into trust funds for infrastructure improvements, we exacerbate the current inequity. Railroads continue to contribute to deficit reduction, while their competitors instead contribute to their own infrastructure.

If transportation is to be singled out for deficit reduction, the burden of contributing to a balanced budget should be shared equally among all modes. While I regret that no solution to this problem was possible in this legislation, I hope you share my belief that the fuel tax inequity imposed on the Nation's railroads must be remedied at the earliest opportunity.

Mr. ROTH. As the Senator from Rhode Island knows, I am deeply concerned about the unfair situation faced by railroads. While we were unable to include a solution to this problem in H.R. 2014, it is my hope that we will have the opportunity to pursue such a remedy as quickly as possible, perhaps in the upcoming ISTEA reauthorization legislation.

Mr. CHAFEE. Let me express my appreciation to the Chairman, Senator ROTH, for his interest in this important issue. I look forward to working with him on this matter during the upcoming ISTEA legislation.

PUERTO RICO TAX INCENTIVES

Mr. D'AMATO. Mr. President, I joined with Senators MOYNIHAN, Chafee, HATCH, GRAHAM, and BREAUX recently in introducing S. 906, which would provide job creation incentives for our fellow 3.8 million American citizens in Puerto Rico. I am disappointed that these incentives were not included in the bill before us today, H.R. 2014, the Taxpayers Relief Act.

S. 906 had the unified support of the public and private sectors in Puerto Rico, was endorsed by the President, and has received bipartisan support in Congress. It was my goal to include this job creation incentive in today's legislation. But because of extreme economic constraints on available resources, this was not possible.

As a result of the changes made to tax incentives affecting Puerto Rico in 1993 and 1996, Puerto Rico has no Federal economic incentives to attract new businesses or jobs. Further, existing U.S. companies operating on the island have little incentive to make new investments or replace depreciating plant and equipment. This is inequitable and should be changed. Our fellow citizens in Puerto Rico, where there is an unemployment rate more than twice the national average, and well over 50 percent of its population living below the poverty line, can least afford to suffer economic setbacks.

Mr. President, I urge the Senate to consider S. 906, or other incentives for economic growth in Puerto Rico at the first available opportunity. This legislation provides a wage-based tax credit that encourages U.S. companies to stay and expand on the island.

We cannot wait until the damage is done. Puerto Rican Americans, no less than Americans living in the States, should be receiving the benefits of economic growth and job creation that the Taxpayer Relief Act provides to so many others.

Mr. BROWNBACK. Mr. President, I rise to make a few remarks on the tax cut package being considered before us today.

Not since 1981 have we been able to offer the American people as comprehensive a tax relief package as we are offering in this tax bill. Through this historic tax bill we will offer American families much needed tax relief in the form of $500 per child tax credit, capital gains tax rate cuts, as well as an increase in the unified credit exemption for death taxes. Families will also be able to save through tax relief for education expenses.

But this is just the beginning.

Cutting taxes and shrinking government spending are two things that will help to remove the obstacles that impede the progress of our economy. We must continue to cut taxes even more.

Current estimates by the Congressional Budget Office place our deficit this year around $45 billion. With a robust economy and continually declining deficits we could easily reach a balanced budget next year—we might even go into surplus for the first time in well over a generation—something that would truly make this budget deal historic.

In the spending portion of the budget deal the Administration has stated that the amounts agreed to are enough for the operation of the federal government. Although I believe that we need to reduce the size of the federal government even further.

We have a deal that limits government, we cannot and should not let government grow beyond what we have agreed to here today when revenues exceed the costs of the operation of the federal government.

The question is now upon us as to what we should do next—what we should do after having achieved the goals so boldly outlined just three short years ago. The debate is no longer about whether we should balance the budget or not—it's not about whether we should cut taxes or not—we have done those things. The debate before us is now in terms of a more limited government with lower taxes. The next question is now that we have agreed on the acceptable size of government what should we do next.

The short answer is we must continue to cut taxes.

Surpluses that are generalized either next year or five years from now must be used for further tax reduction. We must make it clear that our priority is to provide Americans with as much tax relief as possible—and using surpluses to provide additional tax relief makes that priority clear. Cutting taxes will continue to fuel the economy and will further unleash the potential of our economy to perform at full speed. For too long the Congress has worked to hinder the functioning of our economy by imposing a multilayered tax system that punishes success more than it rewards it.

We must continue to cut taxes and to make that our priority as we move into the next century.

Currently, whenever revenues come into the Treasury higher than estimated the revenues automatically go to deficit reduction and will eventually contribute to paying down the Federal debt once we are running a surplus.

I believe that it is critical that we continue to eliminate the deficit and pay down the debt—but we must do that in the context of lower taxes for the American people. We can do both—we can provide the American taxpayers with much needed tax relief and pay down the debt by allocating excess revenues to both tax reduction and debt reduction. But we must be vigilant in ensuring that excess revenues do not go to more Government spending; they must go to tax cuts and debt reduction alone.

We must continue to limit the size, scope, and intrusiveness of the Federal Government. We must further limit Government and force its shrinkage through a continuing effort to cut taxes.

And when we cut the size of Government further we must return the money to the taxpayers who have been forced to subsidize its woefully inefficient operations for much of this century. The taxpayers deserve a break.

Now, however, we must reject any notions of relaxing at having completed this historic budget deal. Rather, we must pick up again, and begin again, fighting for more tax relief, more tax cuts, and a smaller, less intrusive Federal Government.

The American people have said they want these things—now we must bind ourselves to provide those things—it would be irresponsible to do otherwise.

Thank you Mr. President, I yield the floor.

Mr. BOND. Mr. President, I rise today in support of H.R. 2014, the Revenue Reconciliation Act of 1997. This conference report is the product of months of effort by Members of the Senate as well as our colleagues in the other body and representatives of the administration. This legislation also represents the first real tax cut for the American people in over a decade. Today, Americans are bearing an enormous burden when it comes to income taxes. According to a recent study by the Tax Foundation, the per capita Federal tax burden has increased 36.5 percent since 1992 and 57.5 percent since 1988, largely because of the severity of the administration's 1993 tax increase.

In simple terms, the tax burden on Americans today is too high. Many Americans now pay more in taxes than they do for food, clothing, and housing combined. This bill takes a positive step toward easing that burden in an effort to let the hard-working men and women in this country keep more of the money they earn.

While the provisions of this bill reduces taxes in a variety of ways, I want to focus on two important groups who will benefit the most from this legislation—our American families and the millions of small businesses across the Nation.

FAMILY TAX RELIEF

Family tax relief is a critical part of the conference report that we consider today. The child tax credit has long been a Republican priority, and as a result of this bill, it is now a reality. Beginning in 1998, families will be able to claim a $400 credit per child, which will increase to $500 beginning in 1999. In addition, by making the credit available for children under age 17, we help many families when they need it the most. As a parent, I can attest to the fact that the costs of raising a child explode during the teenage years, and through this bill millions of parents will not have to struggle so much to meet those higher expenses.

The availability of this credit will benefit more than 43 million children and their families. In fact, the Joint Economic Committee estimates that a married couple in my State of Missouri who earn $30,000 a year and have two children will see their Federal tax burden cut in half. That means that those families will be able to keep significantly more of their hard-earned income and use it to put food on the table rather than subsidizing the huge Federal bureaucracy.

On the education front, the Revenue Reconciliation Act provides relief for millions of students seeking to better themselves and learn a trade or other profession. The bill establishes the Hope Scholarship and the Lifetime Learning tax credits, which will offset some of the high costs that families must bear to continue their children's education after high school.

In addition, this legislation will benefit nearly 5 million students through tuition tax relief in the form of State-sponsored prepaid tuition programs and new educational IRA's. These programs will allow parents to contribute to education savings accounts for a child beginning at an early age. As those contributions grow tax-free, a fund will be created to pay for tuition, room and board, and related expenses when the child goes to a qualifying college or vocational school.

For many students, however, higher education is only possible if they finance all or part of the expense through student loans. Unfortunately, after accumulating 4 years of such loans, these students often graduate into starting positions and large monthly loan payments. I am very pleased that this bill will assist over 7 million students in this situation by restoring a tax deduction for interest paid on student loans. This provision will help today's student who will not have had the benefit of the long-term educational savings accounts created under the bill, and it will recognize the responsibility and commitment that they undertook to achieve their higher education goals.

While this bill provides important tax relief for families with children and for young adults expanding their education, it also helps those planning for their retirement years. The bill reduces the limitations on individual retirement accounts and will enable more Americans to use IRA's to save for their retirement. The legislation will also encourage both spouses to save for retirement by permitting a nonworking spouse to contribute to an IRA regardless of whether the working spouse participates in a pension plan. These changes will not only ensure greater retirement security, but will also bolster our national savings rate, which is now one of the lowest among industrialized nations.

SMALL BUSINESS TAX RELIEF

Mr. President, as the chairman of the Committee on Small Business, I am very pleased that this legislation makes great strides for reducing the enormous tax burdens on the small businesses in this country. According to the Small Business Administration, small firms in this country employ 53 percent of the private work force, contribute 47 percent of all sales in the country, and are responsible for 50 percent of the private gross domestic product. In addition, industries dominated by small businesses produced an estimated 75 percent of the 2.5 million new jobs created in 1995.

In recognition of the important role that small entrepreneurs play in this country today, the Revenue Reconciliation Act contains several provisions that will help level the playing field for small businesses and encourage their continued growth and development. First and most important, the bill increases the deductibility of health insurance for the self-employed to 100 percent. This is truly a landmark victory for small entrepreneurs. For the first time, this legislation recognizes that self-employed business owners are entitled to the same tax treatment with respect to the deductibility of their health insurance costs as their large competitors have received for many years.

Earlier this year, I introduced legislation that would provide full deductibility of health insurance for the self-employed beginning this year. While I am disappointed that it will take 10 years under this bill to reach full deductibility, we are finally on the right path. Now we can turn our attention to realizing that 100 percent level at the earliest possible date. Greater deductibility will help the 5.1 million uninsured self-employed individuals and their 1.4 million children to have greater access to health insurance. It will also help the self-employed who are already insured to maintain the cost of a single person health-insurance policy, which in most cases is substantially more expensive than a group insurance policy.

A second major victory for home-based businesses is the restoration of the home-office deduction, which is a major goal of the Home-Based Business Act that I introduced earlier this year. For too long home-based businesses have borne the inequality created by the Soliman decision, which radically limited the home-based businesses that could claim the deduction. Even more troubling is the fact that many home-based businesses that would arguably meet the current criteria for the deduction never claim it for fear of triggering an IRS audit. This bill puts home-based businesses on an equal footing with their larger competitors and clears the way for the continued success of these important entrepreneurs.

I am also pleased that we are able to provide a significant reduction in the estate tax for family owned businesses and farms. With less than one-third of family owned businesses currently being passed on to a second generation, and only about one-eighth passed to a third generation, estate tax reform for family owned businesses and farms is urgently needed. This legislation will provide a $1.3 million exclusion from estate tax for these family owned enterprises. In addition, the bill will increase the individual estate tax credit to $1 million by 2006. The result will not only be the preservation of many successful family owned businesses and farms that would otherwise have to be sold in order to pay the Federal Government, but it will also preserve the millions of jobs that these enterprises contribute to our local communities.

Small businesses will also benefit from the capital gains provisions in the bill. My committee has heard on many occasions that small businesses need greater access to capital. I can think of no better way to address that need than by opening up the billions of dollars of built-in gains that currently exists in our economy, which the capital gains tax reduction is expected to unleash. Small companies will also have greater capital access through the provisions in the bill that will allow tax-free rollover of gains from an investment in qualified small business stock into an investment in another qualified small business. This provision will foster investments in small businesses and encourage existing investors to repeat their success stories by rolling over their gains into new start-up companies.

Additionally, millions of limited partners, many of whom work in small limited partnerships and limited liability companies, can rest easy as a result of the moratorium included in the bill that will prevent the IRS from finalizing its proposed stealth tax regulation before July 1, 1998. This proposed regulation purports merely to define who is a limited partner. But in reality, the rule will raise taxes on millions of limited partners by regulatory fiat. The Constitution vests the power to impose taxes in Congress, and Congress alone. The moratorium included in this bill will stop the IRS from usurping that power and give Congress an opportunity to exercise its authority to find a statutory solution.

Finally, small business will have extended protection from IRS penalties under this legislation as a result of the 6-month extension of the penalty-free period for small businesses subject to the Electronic Federal Tax Payment System [EFTPS]. This past June, the IRS agreed to waive penalties through December 31, 1997, on small businesses who are required to pay their taxes electronically starting on July 1, 1997. The bill extends the penalty-free period through June 30, 1998, and will ensure that small firms will not be penalized if errors or problems occur. In addition, it will give Congress time to enact the legislation, which Senator NICKLES introduced and I have cosponsored, that would make EFTPS voluntary for most small businesses.

Mr. President, despite the many positive provisions in this bill for small business, there is one glaring omission—a safe harbor for independent contractors. The need for such a provisions was made clear by the 2,000 delegates to the 1995 White House Conference on Small Business who named it the most important issue for the President and the Congress to address. For too long millions of entrepreneurs and businesses that hire them have lived in constant fear that the IRS will use its now infamous 20-factor test to find that a worker was misclassified to the tune of thousands of dollars in back taxes, interest, and penalties, not to mention the enormous costs of accountants and attorneys necessary to fight the IRS.

No one disputes that the IRS has a duty to collect Federal revenues and to enforce the tax laws. The problem in this case is that the IRS is using a procedure that is patently unfair and is doing so on an increasingly frequent basis. It is time for companies, workers, and most especially the IRS, to have clear rules for determining the status of workers.

The legislation that I introduced earlier this year reaches that goal through a general safe harbor based on clear, objective criteria and a bar against retroactive reclassification of workers by the IRS. I remain committed to working with those on all sides of this issue to find an answer to this critical problem, and I call on my colleagues on both sides of the aisle to join with me in that endeavor. Let's end the environment of fear in which small businesses and self-employed individuals now must live. They should be able to spend less time looking over their shoulder for an IRS audit, and more time doing what they do best—contributing to the growth and strength of our economy and creating much-needed jobs.

Mr. President, the Revenue Reconciliation Act that we consider today will help Americans in so many ways, from raising children and educating them to helping small businesses continue to be the economic engine of this country. In addition, it is the culmination of so many of the efforts that we began more than 2 years ago to bring meaningful tax relief to hard-working Americans across this country. I urge all of my colleagues to support this important legislation.

Mr. ROTH. Mr. President, I ask unanimous consent that the distribution tables for 1998–2002 on the conference report to H.R. 2014, the Taxpayer Relief Act of 1997, as prepared by the Joint Committee on Taxation be printed in the RECORD.

The distribution tables show that the Taxpayer Relief Act of 1997 is a substantial tax cut for America's overtaxed middle-income families.

There being no objection, the tables were ordered to be printed in the RECORD, as follows:

DISTRIBUTIONAL EFFECTS OF THE CONFERENCE AGREEMENT ON THE REVENUE PROVISIONS[1] OF H.R. 2014

[Calendar year 1998]

Income category[2]	Change in federal taxes[3]		Federal taxes[3] under present law		Federal taxes[3] under proposal		Effective tax rate (percent)[4]	
	Millions	Percent	Billions	Percent	Billions	Percent	Present law	Proposal
Less than $10,000	−$26	−0.5	$5	0.4	$5	0.4	5.4	5.4
10,000 to 20,000	−1,870	−5.9	31	2.5	30	2.4	8.5	7.9
20,000 to 30,000	−3,477	−4.9	70	5.6	67	5.4	13.7	13.0
30,000 to 40,000	−4,244	−4.3	98	7.8	93	7.6	16.5	15.8
40,000 to 50,000	−3,372	−3.3	103	8.2	99	8.1	17.7	17.1
50,000 to 75,000	−6,628	−2.6	251	20.0	244	19.9	20.2	19.6
75,000 to 100,000	−3,242	−1.7	193	15.4	189	15.4	23.1	22.6
100,000 to 200,000	−178	−0.1	251	20.0	251	20.4	25.1	24.8
200,000 and over	1,076	0.4	251	20.0	252	20.5	30.2	28.6
Total, all taxpayers	−21,961	−1.8	1,253	100.0	1,231	100.0	20.7	20.1

(1) Includes child credit, capital gains reform, education incentives, IRA expansion, self-employed health deduction increase, EIC reduction, individual AMT depreciation conformity and relief for farmers, and air travel taxes attributable to personal travel. Does not include increases in the cigarette excise tax.

(2) The income concept used to place tax returns into income categories is adjusted gross income (AGI) plus: [1] tax-exempt interest, [2] employer contributions for health plans and life insurance, [3] employer share of FICA tax, [4] worker's compensation, [5] nontaxable social security benefits, [6] insurance value of Medicare benefits, [7] alternative minimum tax preference items, and [8] excluded income of U.S. citizens living abroad. Categories are measured at 1997 levels.

(3) Federal taxes are equal to individual income tax (including the outlay portion of the EIC), employment tax (attributed to employees), and excise taxes (attributed to consumers). Corporate income tax is not included due to uncertainty concerning the incidence of the tax. Individuals who are dependents of other taxpayers and taxpayers with negative income are excluded from the analysis.

(4) The effective tax rate is equal to Federal taxes described in footnote (3) divided by: income described in footnote (2) plus additional income attributable to the proposal.

Source: Joint Committee on Taxation.

Detail may not add to total due to rounding.

DISTRIBUTIONAL EFFECTS OF THE CONFERENCE AGREEMENT ON THE REVENUE PROVISIONS[1] OF H.R. 2014

[Calendar year 1999]

Income category[2]	Change in federal taxes[3]		Federal taxes[3] under present law		Federal taxes[3] under proposal		Effective tax rate (percent)[4]	
	Millions	Percent	Billions	Percent	Billions	Percent	Present law	Proposal
Less than $10,000	−$33	−0.7	$5	0.4	$5	0.4	5.7	5.6
10,000 to 20,000	−2,051	−6.5	32	2.4	29	2.3	8.3	7.8
20,000 to 30,000	−3,955	−5.5	72	5.5	69	5.4	13.6	12.9
30,000 to 40,000	−5,088	−5.0	101	7.7	96	7.5	16.5	15.6
40,000 to 50,000	−4,115	−3.9	107	8.1	102	8.0	17.5	16.8
50,000 to 75,000	−8,255	−3.2	259	19.8	251	19.6	20.0	19.3
75,000 to 100,000	−4,358	−2.1	204	15.6	200	15.6	23.0	22.4
100,000 to 200,000	−1,101	−0.4	264	20.2	263	20.6	25.1	24.7
200,000 and over	−1,893	−0.7	264	20.2	262	20.5	30.2	28.7
Total, all taxpayers	−$30,850	−2.4	1,309	100.0	1,278	100.0	20.6	20.0

(1) Includes child credit, capital gains reform, education incentives, IRA expansion, self-employed health deduction increase, EIC reduction, individual AMT depreciation conformity and relief for farmers, and air travel taxes attributable to personal travel. Does not include increases in the cigarette excise tax.

(2) The income concept used to place tax returns into income categories is adjusted gross income (AGI) plus: [1] tax-exempt interest, [2] employer contributions for health plans and life insurance, [3] employer share of FICA tax, [4] worker's compensation, [5] nontaxable social security benefits, [6] insurance value of Medicare benefits, [7] alternative minimum tax preference items, and [8] excluded income of U.S. citizens living aboard. Categories are measured at 1997 levels.

(3) Federal taxes are equal to individual income tax (including the outlay portion of the EIC), employment tax (attributed to employees), and excise taxes (attributed to consumers). Corporate income tax is not included due to uncertainty concerning the incidence of the tax. Individuals who are dependents of other taxpayers and taxpayers with negative income are excluded from the analysis.

(4) The effective tax rate is equal to Federal taxes described in footnote (3) divided by: income described in footnote (2) plus additional income attributable to the proposal.

Source: Joint Committee on Taxation.

Detail may not add to total due to rounding.

DISTRIBUTIONAL EFFECTS OF THE CONFERENCE AGREEMENT ON THE REVENUE PROVISIONS [1] OF H.R. 2014

[Calendar year 2000]

Income category [2]	Change in federal taxes [3]		Federal taxes [3] under present law		Federal taxes [3] under proposal		Effective tax rate (percent) [4]	
	Millions	Percent	Billions	Percent	Billions	Percent	Present law	Proposal
Less than $10,000	−$40	−0.8	$5	0.4	$5	0.4	5.8	5.7
10,000 to 20,000	−2,143	−6.7	32	2.3	30	2.2	8.3	7.7
20,000 to 30,000	−4,075	−5.5	75	5.4	71	5.3	13.6	12.8
30,000 to 40,000	−5,189	−4.9	105	7.7	100	7.5	16.4	15.6
40,000 to 50,000	−4,152	−3.8	110	8.1	106	7.9	17.5	16.8
50,000 to 75,000	−8,197	−3.1	267	19.4	258	19.3	19.7	19.1
75,000 to 100,000	−4,482	−2.1	218	15.9	213	15.9	22.8	22.3
100,000 to 200,000	−1,096	−0.4	280	20.4	278	20.8	25.0	24.7
200,000 and over	−2,439	−0.9	279	20.4	277	20.7	30.2	28.7
Total, All Taxpayers	−31,812	−2.3	1,371	100.0	1,339	100.0	20.6	20.0

(1) Includes child credit, capital gains reform, education incentives, IRA expansion, self-employed health deduction increase, EIC reduction, individual AMT depreciation conformity and relief for farmers, and air personal travel taxes attributable to personal travel. Does not include increase in the cigarette excise tax.

(2) The income concept used to place tax returns into income categories is adjusted gross income (AGI) plus: [1] tax-exempt interest, [2] employer contributions for health plans and life insurance, [3] employer share of FICA tax, [4] worker's compensation, [5] nontaxable social security benefits, [6] insurance value of Medicare benefits, [7] alternative minimum tax preference items, and [8] excluded income of U.S. citizens living aboard. Categories are measured at 1997 levels.

(3) Federal taxes are equal to individual income tax (including the outlay portion of the EIC), employment tax (attributed to employees), and excise taxes (attributed to consumers). Corporate income tax is not included due to uncertainty concerning the incidence of the tax. Individuals who are dependents of other taxpayers and taxpayers with negative income are excluded from the analysis.

(4) The effective tax rate is equal to Federal taxes described in footnote (3) divided by: income described in footnote (2) plus additional income attributable to the proposal.

Source: Joint Committee on Taxation.

Detail may not add to total due to rounding.

DISTRIBUTIONAL EFFECTS OF THE CONFERENCE AGREEMENT ON THE REVENUE PROVISIONS [1] OF H.R. 2014

[Calendar year 2001]

Income category [2]	Change in federal taxes [3]		Federal taxes [3] under present law		Federal taxes [3] under proposal		Effective tax rate (percent) [4]	
	Millions	Percent	Billions	Percent	Billions	Percent	Present law	Proposal
Less than $10,000	−$52	−1.0	$5	0.4	$5	0.4	5.8	5.8
10,000 to 20,000	−2,395	−7.4	32	2.2	30	2.1	8.3	7.7
20,000 to 30,000	−4,359	−5.6	77	5.4	73	5.2	13.5	12.8
30,000 to 40,000	−5,359	−4.9	109	7.6	104	7.4	16.4	15.6
40,000 to 50,000	−4,324	−3.8	114	8.0	110	7.8	17.4	16.7
50,000 to 75,000	−8,116	−3.0	274	19.1	266	18.9	19.6	18.9
75,000 to 100,000	−4,533	−1.9	235	16.4	230	16.4	22.8	22.2
100,000 to 200,000	−570	−0.2	295	20.5	294	20.9	25.0	24.7
200,000 and over	−1,162	−0.4	294	20.5	293	20.8	30.3	28.7
Total, all taxpayers	−30,870	−2.1	1,437	100.0	1,406	100.0	20.6	20.0

(1) Includes child credit, capital gains reform, education incentives, IRA expansion, self-employed health deduction increase, EIC reduction, individual AMT depreciation conformity and relief for farmers, and air travel taxes attributable to personal travel. Does not include increases in the cigarette excise tax.

(2) The income concept used to place tax returns into income categories is adjusted gross income (AGI) plus: [1] tax-exempt interest, [2] employer contributions for health plans and life insurance, [3] employer share of FICA tax, [4] worker's compensation, [5] nontaxable social security benefits, [6] insurance value of Medicare benefits, [7] alternative minimum tax preference items, and [8] excluded income of U.S. citizens living aboard. Categories are measured at 1997 levels.

(3) Federal taxes are equal to individual income tax (including the outlay portion of the EIC), employment tax (attributed to employees), and excise taxes (attributed to consumers). Corporate income tax is not included due to uncertainty concerning the incidence of the tax. Individuals who are dependents of other taxpayers and taxpayers with negative income are excluded from the analysis.

(4) The effective tax rate is equal to Federal taxes described in footnote (3) divided by: income described in footnote (2) plus additional income attributable to the proposal.

Source: Joint Committee on Taxation.

Detail may not add to total due to rounding.

DISTRIBUTIONAL EFFECTS OF THE CONFERENCE AGREEMENT ON THE REVENUE PROVISIONS [1] OF H.R. 2014

[Calendar year 2002]

Income category [2]	Change in federal taxes [3]		Federal taxes [3] under present law		Federal taxes [3] under proposal		Effective tax rate (percent) [4]	
	Millions	Percent	Billions	Percent	Billions	Percent	Present law	Proposal
Less than $10,000	−$70	−1.3	$5	0.4	$5	0.4	5.9	5.8
10,000 to 20,000	−2,702	−8.3	33	2.2	30	2.0	8.3	7.6
20,000 to 30,000	−4,748	−6.0	80	5.3	75	5.1	13.5	12.7
30,000 to 40,000	−5,646	−5.0	114	7.5	108	7.3	16.4	15.5
40,000 to 50,000	−4,537	−3.8	120	7.9	115	7.8	17.3	16.7
50,000 to 75,000	−8,260	−2.9	284	18.9	276	18.7	19.3	18.8
75,000 to 100,000	−4,696	−1.9	248	16.5	243	16.5	22.7	22.2
100,000 to 200,000	−614	−0.2	312	20.8	312	21.2	25.0	24.7
200,000 and over	−2,019	−0.7	310	20.6	308	20.9	30.3	28.7
Total, all taxpayers	−33,293	−2.2	1,505	100.0	1,471	100.0	20.6	20.0

(1) Includes child credit, capital gains reform, education incentives, IRA expansion, self-employed health deduction increase, EIC reduction, individual AMT depreciation conformity and relief for farmers, and air personal travel taxes attributable to personal travel. Does not include increase in the cigarette excise tax.

(2) The income concept used to place tax returns into income categories is adjusted gross income (AGI) plus: [1] tax-exempt interest, [2] employer contributions for health plans and life insurance, [3] employer share of FICA tax, [4] worker's compensation, [5] nontaxable social security benefits, [6] insurance value of Medicare benefits, [7] alternative minimum tax preference items, and [8] excluded income of U.S. citizens living aboard. Categories are measured at 1997 levels.

(3) Federal taxes are equal to individual income tax (including the outlay portion of the EIC), employment tax (attributed to employees), and excise taxes (attributed to consumers). Corporate income tax is not included due to uncertainty concerning the incidence of the tax. Individuals who are dependents of other taxpayers and taxpayers with negative income are excluded from the analysis.

(4) The effective tax rate is equal to Federal taxes described in footnote (3) divided by: income described in footnote (2) plus additional income attributable to the proposal.

Source: Joint Committee on Taxation.

Detail may not add to total due to rounding.

Mr. SARBANES addressed the Chair.

The PRESIDING OFFICER. The Senator from Maryland.

Mr. SARBANES. Will the Senator from Arkansas yield some time?

Mr. BUMPERS. Mr. President, I am delighted to yield to the Senator from Maryland.

Mr. LOTT addressed the Chair.

The PRESIDING OFFICER. The Senator from Maryland is recognized. He has the floor.

Mr. LOTT. Will the Senator yield for a unanimous-consent request that I think would be of great interest to all Senators?

Mr. SARBANES. I am happy to do that.

UNANIMOUS-CONSENT AGREEMENT

Mr. LOTT. Mr. President, I believe that everybody knows what is in this bill now and Senators have had many opportunities to express their enthusiastic support for the bill. It seems to me that Senators are ready to vote. If we can get this unanimous-consent agreement that I have discussed with the Democratic leader, we would have this vote this afternoon and we would be through with our work and we would not have another vote until Wednesday, September 3.

I ask unanimous-consent that the vote occur on adoption of the pending tax fairness conference report at 6 p.m. this evening, and that no further action occur prior to the vote.

The PRESIDING OFFICER. Is there objection?

Mr. BYRD. Reserving the right to object, Mr. President. I reserve the right to object not for the purpose of objecting, but for the purpose of making a brief statement with respect to my vote on the last rollcall vote. I think the Senate made a mistake, and I had hoped to be here in time to express my opposition to the motion to waive all points of order.

I think that was a mistake. These are the reasons why it is a mistake. I was not—along with most of the other Members of this body—a conferee on this resolution. I know very little about what's in the bill—only by asking questions of staff and listening to other Members. But I had nothing to do with the conference report that was brought back. Many of the Senators in here are in the same boat.

What goes into that conference report depends a lot on the actions of the House of Representatives. They are a part of the conference report that comes back here for us to vote on. Our only recourse—inasmuch as we cannot amend the conference report, our only recourse, if indeed we want to get a vote on something in that conference report, is to make a point of order if the point of order is available.

The Byrd rule was devised for the purpose of keeping extraneous matter off reconciliation measures because there was very little time on a reconciliation bill for debate, and on a conference report, there is no opportunity to amend it. And so we devised the Byrd rule to keep off these pieces of extemporaneous legislation that were often complex, costly, and needed to be aired and debated by the representatives of the people. That was the purpose of the Byrd rule.

I looked over the Byrd rule violations that were involved here. I saw none that I would question. Some of the Byrd rule violations are good, in my view. But at least I had the opportunity, I had the right to raise a point of order and get a vote. I could not amend the conference report, so a point of order would be my only way to delete from the bill an extemporaneous matter and get a vote on it. And now the Senate has adopted a motion that waived all points of order. It took away your rights, your rights, your rights, and my rights, if we had wanted to make a point of order under the Byrd rule.

It was a bad precedent. What are we going to do the next time—the next time we bring in a reconciliation bill? The first thing, if the majority so wishes, could be to move to waive all points of order? They have the votes. They have the votes. We might be in the majority the next time, or we may not be.

Another thing that happens in these conferences is, the administration, which is a separate branch of Government—and I still hold that there are three equal, coordinate branches of this Government. I don't salute the executive branch. I don't serve under any President. I serve with the President. But the administration goes into these conferences, whether it is a Republican administration or a Democratic administration, and tries to dominate those conferences, tries to get matters included in the conference report right at the last minute so we won't have time to air them under the limited time for debate. But there is still a point of order that a Senator has a right to make, and especially under the Byrd rule, because usually if the administration wants to put in something, it may be an authorizing measure, it is something which ought to be debated. But because they can get it in the reconciliation bill, if they can get by the Byrd rule points of order, then they are home scot-free. I am opposed to that. I think we made a mistake. It is a bad precedent. And I only wish I had had time to express my viewpoint before we voted. Maybe it would not have changed any votes, but still I would have had an opportunity. I thank all Senators for listening. I apologize for imposing on your time.

Mr. LOTT. Mr. President, I renew my request.

The PRESIDING OFFICER. Is there objection to the unanimous-consent request?

Without objection, it is so ordered.

The PRESIDING OFFICER. The Senator from Maryland is recognized.

Mr. SARBANES. Mr. President, just 4 years ago, in 1993, in order to reduce the deficit, the Congress, by a narrow margin, enacted a budget resolution that curtailed programs and increased taxes—taxes that fell primarily on those at the upper end of the income scale. This combination of spending restraint and revenue increases represents a logical way of dealing with the deficit issue.

This approach has worked in a most impressive way. The flourishing economy has brought unemployment below 5 percent for the first time in a quarter of a century. While unemployment is at a quarter-century low, inflation is at a 31-year low. I don't know what better proof you can offer of a strong economy than the low unemployment rate and low inflation rate we are now experiencing. As a consequence of this flourishing economy, the deficit has declined on a steady basis since fiscal year 1992. It has come straight down in each succeeding fiscal year from $290 billion to $255 billion, to $203 billion, to $164 billion, to $107 billion in the fiscal year that ended last September 30, and it is now expected to be below $50 billion for the current fiscal year come this September 30.

As a percentage of gross domestic product, the deficit has gone from 4.9 percent—a very worrisome figure—in 1992 to well under 1 percent for the current fiscal year, the best performance since 1974. So you have the best unemployment rate in 25 years, the lowest inflation in 31 years, the lowest deficit as a percent of GDP in 23 years. We are doing far better than any of the other major industrial countries. So it is a very impressive economic and deficit-reduction performance indeed that we are now witnessing.

Given this performance, one would think that the wise policy would be to stay the course and finish the job, that we would choose to continue following the path on which we find ourselves. Today we have already enacted budget cuts and spending restraints, legislation which obviously works in the direction of deficit reduction. But now we are passing a tax cut when the objective, or so everyone states, is deficit reduction.

Tax cuts obviously work against deficit reduction. And the tax cuts contained in this legislation are particularly destructive of deficit reduction in that they will grow over time in a way that may well jeopardize the goal of reaching and staying in budget balance altogether.

The capital gains, inheritance, and IRA tax cuts all carry with them the potential for substantial increases in future years. In fact, the tables put out by the Joint Tax Committee itself with respect to the tax cuts contained in this conference report tell this very tale. For the first 5 years covered by this legislation—1998–2002—estate tax cuts will cost $6 billion in revenues. For the next 5 years, from 2003 to 2007, they will cost $28 billion in revenue. That is the upward trendline from the first 5 years to the second 5 years. We don't have the figures for beyond the initial 10-year period. They have not been provided to us. So we are in a sense being asked to make this decision in the dark. But it is reasonable to assume that these estate tax cuts will continue on that upward trajectory.

Capital gains cuts in this conference report are listed as producing $123 million in revenues over the first 5-year period, 1998 to 2002, and then to cost $21 billion from 2003 to 2007 with no projection beyond that point.

IRA's will cost $1.8 billion in the first 5 years, $18 billion in the next 5 years. And the alternative minimum tax costs $8 billion in the first 5 years and $12 billion in the 5 years thereafter.

So, as everyone can see, we are on an upward trajectory that makes it reasonable to assume that the loss in revenues over the second 10-year period will be well in excess of $0.5 trillion.

This rising trend will, in effect, undercut—if not derail—the deficit reduction effort.

Is it not imprudent—indeed, irresponsible—to commit to such tax cuts before we have actually achieved budget balance and before we have a more accurate and realistic view of whether it can be sustained?

As the Baltimore Sun said in an editorial only yesterday, and I quote:

> The question remains: Will the generous tax cuts come back to haunt the country in the form of widening deficits as the tax cuts take full effect several years down the road?

The answer, judging from the figures I have just cited, appears to be yes.

Furthermore, let me note that all of this is premised on the economy continuing to function as strongly as it is functioning right now. In effect, with this tax cut, we are giving away our margin to engage in a countercyclical fiscal policy, if we have an economic downturn. What would we do in a downturn when, in fact, you might want to do a tax cut in order to stimulate the economy to help move us out of the recession when, in fact, you have proceeded to use up the margin for taking such policy action with the legislation that is here before us.

Second, these tax provisions before us in this conference report are strikingly inequitable, and result in a disproportionate share of the burdens of deficit reduction being placed on lower income individuals and families. The impact of the reduction in programs contained in the spending bill passed earlier today will be felt by ordinary working people, primarily. The tax-reductions contained in this legislation, far from burdening upper income individuals, will primarily benefit those at the top end of the income scale.

In fact, it has been reliably estimated that the top 1 percent of the income scale will receive 30 percent of the tax benefits contained in this conference report. The top 5 percent will receive 44 percent of the benefits. And the top 20 percent, the upper quintile, will receive 77 percent of the tax benefits contained in this conference report. I repeat, the top quintile will receive 77 percent of the benefits.

By contrast, the bottom 60 percent, the lowest three quintiles, will receive less than 7 percent of the benefits. So the top fifth of the income pyramid is going to get 11 times the benefit that the bottom three-fifths of the income pyramid will receive under this proposal.

There is no way that can be regarded as an equitable arrangement. And, in fact, what is happening here is, in order to move toward deficit reduction, additional burdens are being put on working people. In fact, under this conference report, the people at the top end of the scale, instead of making a contribution to deficit reduction, are getting out from some of the burden which they now bear, a burden which has helped to bring the deficit down to the point at which we find ourselves today.

A budget agreement and the tax measure to implement it should undertake equitable deficit reduction apportioning the burdens in a way that it is reasonably spread across the entire society, as was done in 1993 when ordinary working people made their contribution through program reductions, and those at the top end of the income scale made their contribution through tax increases. Here again we have working people bearing their share of the burden of program reduction. But the tax breaks contained in this resolution go very much to those at the upper end of the income scale, leaving working Americans bearing a far larger percentage of the load.

So one must conclude this budget fails the equity test. A budget agreement and the tax program to implement it should also lead to lasting long-term deficit reduction. I don't think this legislation will do that. In fact, as I have already discussed at length, I have very deep concern that in the long term, as the Sun editorial indicated—in posing the basic question, "Will the generous tax cuts come back to haunt the country in the form of widening deficits as the tax cuts take full effect several years down the road?"—this conference report will do serious damage to our long-term deficit reduction efforts.

These tax cuts will explode in the outyears. They start exploding even within the 10-year period. Let me repeat the figures: The estate tax cuts go from a loss of revenue of $6 billion in the first 5 years to a loss of $28 billion in the next 5 years, and presumably more in the outyears. Capital gains are scored under this conference report to earn revenues—earn revenues—of $123 million in the first 5 years, and to cost $21 billion in the next 5 years, and presumably more in the outyears.

IRA's are scored here to cost $1.8 billion—less than $2 billion—in the first 5 years, $18 billion in the next 5 years, again with no projection beyond that, although everyone assumes it is on an upward trajectory.

So, Mr. President, this measure before us also fails the long-term deficit reduction test, just as it fails the equity test. In effect, it does not have either of two essential attributes—equitable deficit reduction and lasting long-term deficit reduction—that should inform a tax bill.

For those reasons, I must oppose the measure before us.

I thank the Senator for yielding me time.

Mr. BUMPERS addressed the Chair.

The PRESIDING OFFICER. The Senator from Arkansas.

Mr. BUMPERS. Mr. President, I would like to yield 10 minutes, or such time as he may use, to the distinguished Senator from Virginia [Mr. ROBB].

Are we going back and forth?

I apologize for that, and withhold the request.

Mr. ROTH. Mr. President, I yield 5 minutes to the distinguished Senator from Montana.

The PRESIDING OFFICER. The Senator from Montana.

Mr. BURNS. Mr. President, I thank my good friend from Delaware.

I rise today in support of this package. I guess every now and again we get into a situation where we have a big bill in front of us. I know that there is a good friend of mine on the floor now. I call him one of the greatest American slaves to his labor than anybody, and that is Senator DOMENICI from New Mexico on Budget, now with Senator ROTH at the helm on Finance.

A lot of things that we have tried to do in the last 6 or 7 or 10 years we get in this bill.

We had a problem one time in the caucus. I can remember my good friend from Wyoming. It got kind of quiet. Nobody was coming up with any answers. He said, "Our biggest problem is we are overthinking this thing." And we could be doing just that.

But I want to remind America what it is all about. And that is middle America and what it means to young men and women who are starting out in agriculture on their farms. This is income averaging, because we are going to phase out subsidies, folks. We have to allow those who are starting off in the farming business, and those who want to sell a farm, to have capital gains relief—those who inherit farms. We are giving them some way that we can pass our farms and ranches on to the next generation. In other words, we don't have to sell the farm to save the farm, and income averaging, allowing a young man and a young woman on a farm to accumulate cash and save it in the good years so that they can make it through the bad years. That is basically what we want to do. And I call them farm friendly provisions of this budget deal.

In small business, the ability and just a short time to write off 100 percent of your premiums for a tax credit on your health care insurance; you get your home office tax credit back; the alternative minimum tax for small businesses and farming operations. Yes, on that same farm or ranch they have children; and the $500-per-child tax credit, which, in my State, means that $200 million a year stays in that State. And the decision on who spends that money is left to the parents. That decision will be made around a breakfast table rather than around a conference table here in Washington, DC.

So let us take a look at the big picture. Let us take a look at the people who really pull the wagon. They have been looking for relief a long time. It is in this package.

I congratulate my good friend from New York and my good friend from Delaware because they have worked a long, long time. And, yes, you can find something in here that you do not like. But let us not let perfection stand in the way of progress. Let us at least take that one giant step in the right direction and let people control those dollars that they have worked so hard to earn.

Across my State of Montana, we are agriculture and we are small business. So this package is just like a rifle shot; it is pointed right at those people who really are the heart and soul of any community, and, yes, the working men and women of this country. I am going to support it. I hope that all of my colleagues will support it. And then if there is something wrong, this body is not encased in stone. There is plenty of time to put some fixes in that maybe should be put in. But nonetheless, right now let us take that one giant step in the right direction.

Mr. President, I yield the floor and I yield back the remainder of my time.

The PRESIDING OFFICER (Mr. ABRAHAM). Who yields time?

Mr. MOYNIHAN. Mr. President, the Senator from Virginia would like 5 minutes.

The PRESIDING OFFICER. The Senator from Virginia is recognized for up to 5 minutes.

Mr. ROBB. Mr. President, I thank the Chair and I thank the distinguished Senator from New York.

I had planned to make a longer formal statement today, but I will be very brief given the lateness of the hour. Most of the things that I wanted to say have already been said, and in most cases said more eloquently than I suspect I could say them. I really do not enjoy being the burr under the saddle when there is so much euphoria. Many good people have worked long and hard to achieve this compromise which I think is ultimately the only way that the system works in terms of the major proposals that we deal with in this institution.

I applaud the President and the Republican leadership for working together. I applaud the ranking members and the chairs of the Finance Committee and the Budget Committee. I have had the privilege of working with the chairman of the Budget Committee for almost 20 years. In my prior incarnation as a Governor, Senator DOMENICI was always one of the most respected Members of either party from Congress on matters that related to fiscal policy. I know for him this budget agreement represents a major milestone. I know how hard he has worked and I know of his personal commitment to fiscal responsibility and to bringing down the deficit. It is real. I have seen him make tough decisions and without compromising his view of the deal that was finally struck between the President and the leadership in Congress. My guess is that he is at least as enthusiastic, if not more so, about the deficit reduction portion than perhaps some of the timing on the tax cuts.

I would say that there are very few people that I know, Mr. President, who wouldn't like to have their taxes reduced. My problem is with the timing of the tax cuts. We have been making real progress on the deficit in the last few years. We are on the right course. We have, as the Senator from Maryland indicated just a minute ago, some of the most favorable economic statistics and optimistic projections we have ever had. If ever we were going to make real long-term progress, not only in reducing the deficit but in actually beginning to reduce the debt, so that we would not be passing on to our children and grandchildren the kinds of burdens that we continue to accumulate, now is the time to address that challenge. And yet we fail to do so at this particular time.

We are providing tax cuts that will be gratefully received by many. We are providing incentives for many good programs. And again I applaud the President and the leadership of Congress and all of those who have been involved in this effort. But we are missing an opportunity that may not come again to make a substantial effort toward long-term fiscal responsibility. I am even more concerned that some of the proposals that we are going to pass today will have some very unfortunate consequences in the outyears.

I think we will have to look back upon our time on watch and answer to future generations as to why, when we had this opportunity, this window of opportunity in our history, when so many of the economic indicators are so good, we were not willing to make the tough choices.

I voted for the package this morning with a tinge of regret. As I have been committed to deficit reduction for my entire public career, I was disappointed that we failed to include in that particular package some rather modest, but important, restraints on entitlement growth, restraints that made sense for our long-term future. They were among the very first parts of the proposal that we moved away from. Just as we failed to show the political courage to take the kind of steps that we could have taken when respected economists told us what the Consumer Price Index was doing to all of the programs that were related to it and the impact a revision would have on the long term. What we are doing here today is providing the kind of good news in the short term that many of our citizens will respond favorably to, but in the long term all of us are going to have to answer for the consequences of our actions.

With that, Mr. President, I thank the Chair. I applaud those who have worked hard to reach this particular agreement, but I respectfully dissent.

I yield the floor.

The PRESIDING OFFICER. Who yields time?

Mr. ROTH. I yield 3 minutes to the distinguished Senator from Arizona.

The PRESIDING OFFICER. The Senator from Arizona is recognized.

Mr. McCAIN. Mr. President, I congratulate Senator ROTH, Senator DOMENICI, Senator MOYNIHAN, and especially our leader for this landmark agreement.

However, I wish to remark on the conference agreement provision that gives $2.3 billion to Amtrak under the guise of so-called tax relief. Mr. President, this has got to be called the great train robbery. It used to be in the Old West that the outlaws took money from the trains. Now the trains are taking money from the taxpayers—$2.3 billion. The James boys, Jesse and Frank, did not have the imagination that this incredible scheme does. It is not to be believed.

Do you know how they are going to get that $2.3 billion, Mr. President? They are going to get it with a $2.3 billion tax break in taxes they never paid. Amtrak has never paid any taxes. In fact, they have lost $20 billion since they came into being. They have lost $20 billion. Now we are going to take tax relief from the freight trains that used to run prior to Amtrak ever coming into existence.

Mr. President, this is most bizarre. I have only been here 10 years, and I am sure some bizarre and Orwellian things have happened, but this is the most bizarre thing I have ever seen. The only thing, the only thing I think that saves this is that Congress, the leader and others have demanded that reform be part of the package. And our friends on the other side of the aisle, rather than grabbing ahold of this greatest sweetheart deal in history, won't even agree to reforms. Right now, if you are laid off from Amtrak, you stay for 6 years on the payroll, and our friends will not even agree to doing away with that incredible, incredible, unbelievable break.

Now, I guess this provision that unless reform is agreed to this bailout—bailout is not the word. My vocabulary does not encompass the ability to describe what we are doing here with this $2.3 billion to Amtrak—$2.3 billion. Not a single reform. And I thank Senator HUTCHISON of Texas who has worked hard on this issue and many others, but I well tell you, Mr. President, I am going to vote for this bill, but I hope and pray we never see anything like this great train robbery ever again.

Mr. President, I yield back the remainder of my time.

The PRESIDING OFFICER. Who yields time?

Mr. ROTH. Mr. President, I yield myself 1 minute.

Mr. President, I appreciate the concerns expressed by my distinguished colleague, but I feel that a little history will readily help us understand exactly why we have done what we have done with Amtrak.

We are in complete agreement that Amtrak is in a serious financial crisis.

It may not survive through next year, and according to the GAO, the most important measure Congress can take to help Amtrak through this crisis is to provide a stable capital funding source.

In an effort to provide this funding, I introduced legislation that would have created a dedicated trust fund for Amtrak.

This fund would have been financed by transferring one half-cent-per-gallon of the excise taxes imposed on all motor fuels currently going to the general fund to a new rail fund for Amtrak. This would have provided $2.3 billion in capital funding over the next 3½ years.

By a vote of 77 to 21, the Senate overwhelmingly approved this funding source.

However, during the conference on the tax bill, the House conferees demanded that the secure funding source for Amtrak be contingent on a reform bill being enacted. And the House conferees demanded that the funding must be provided through the Tax Code in place of the reserve fund mechanism contained in the Senate-passed version of the tax bill.

This is why the conference agreement now includes a tax refund for Amtrak. And while this is not my first preference in providing capital funding for Amtrak, it provides the necessary capital to keep Amtrak alive. The conference agreement gives Amtrak the benefit of electing no more than $2.3 billion in net operating losses over 2 years.

Amtrak must use the benefit for capital expenses and provide a portion of this benefit for non-Amtrak States for their transportation related expenditures.

This relief is based on the fact that Amtrak has incurred billions of dollars of losses as a result of inheriting revenue losing passenger rail service since its formation in 1971.

The tax provision contained in the conference report merely provides the same type of tax relief that would have been available to its predecessor railroads had Amtrak not been formed in that year.

Mr. President, the bottom line is that Amtrak desperately needs this relief.

The current path Washington is taking to address our transportation needs is to spend more money on highways and airports. In doing this, we must not overlook the vital importance of passenger rail. Last year Washington spent $20 billion for highways, while capital investment for Amtrak was less than $450 million.

In relative terms, between fiscal year 1980 and fiscal year 1994, transportation outlays for highways increased 73 percent, aviation increased 170 percent, and transportation outlays for rail went down by 62 percent. In terms of growth, between 1982 and 1992 highway spending grew by 5 percent, aviation by 10 percent, while rail decreased by 9 percent.

The time has come to invest in our rail system. The money Amtrak needs to survive is in this tax bill, but it can't be spent until a reform bill is enacted. The bottom line is without a reform bill none of this money will be available to Amtrak. I have done my part, it is now time for all the parties to work together on a reform package. Without reforms, Amtrak won't have the resources it needs to survive.

I just want to make it clear that we are about to have the last clear chance to save the American railroad passenger system. I point out that in the legislation there is a requirement that there must be reform. Make no mistake about that. But the fact is I think it would be a serious mistake that the greatest, sole superpower in the world does not have a passenger system. It is bad from the standpoint of transportation, it is bad from the standpoint of environment, and I hope that we are able to get the job done so that we have this modern, clean transportation.

I yield 4 minutes to the distinguished Senator from Oklahoma.

The PRESIDING OFFICER. The Senator from Oklahoma is recognized.

Mr. NICKLES. Mr. President, first, I wish to compliment and congratulate the chairman of the Finance Committee, Senator ROTH, and his counterpart, Senator MOYNIHAN, for the bipartisan way in which they have worked to put this bill together. Also, I wish to compliment the majority leader of the Senate, Senator LOTT, and Speaker of the House, Speaker GINGRICH, because, frankly, they set up the design to make this happen. They said let's get something passed. Let's pass a law. Let's reach out. Let's have Democrat support. Let's not jut pass a Republican package.

I will tell you, I think the bill we passed 2 years ago was a lot better. It had a net tax cut of $245 billion. This bill has a tax cut of $95 billion. The difference is this is going to become law. That is important. The tax bill we passed a couple of years ago had a tax credit of $500 per child. We have it in this bill. And so if a family of median income has three kids, that's $1,500 that they get to spend, not Washington, DC. It is their money. They earned it. They should be able to keep it. That is the whole premise of this package.

We have education relief. I hear some of my colleagues who are opposing this say, well, it does too much for the wealthy. It's really slanted toward the upper income. That is totally false; 82 percent of the package goes to education and the family tax credit. Those are limited to middle income. Families with over $100,000 or over $110,000 do not qualify. So this is targeted towards families, middle-income families.

I think it is a good package. It also has IRA's, and I compliment Chairman ROTH because he has been so steadfast in pushing for individual retirement accounts for spouses. Now we have millions of nonworking spouses that will be able to invest in an IRA before taxes. I think that is a very positive provision. We have educational IRA's, again because of Chairman ROTH. We have relief from the so-called death tax. We will increase the exemption from $600,000 to $1 million. It takes 10 years. So I encourage people not to pass away if they are in that range. They need to wait a few years. But we also increased the exemption for family businesses, farms and ranches. And I will tell my colleagues, it is extremely popular, very much needed. If you have a family farm, business or ranch and you happen to pass away and you have a taxable estate of $1 million. You are in a taxable rate of 39 percent. And I don't think Government is entitled to take 39 percent of that property. And so again I think this is long overdue.

We have other relief in this bill to encourage savings, to encourage investment. We reduced the capital gains tax 20 percent. Every time we reduced capital gains we have had more savings.

And so again, I think this is a positive bill. It will encourage jobs; it will encourage savings. It will leave families to keep more of their own money in their pocketbooks.

I compliment again the Speaker and I compliment the leader, Senator ROTH, and Senator MOYNIHAN, those who worked so tirelessly to make this happen. The good news is this will become law. We will do what we said we were going to do. We said we were going to give American families tax relief. We said we were going to pass incentives to create more jobs. We have done that in this bill. I urge my colleagues to vote for it. I am glad to see this will become law soon.

I yield the floor.

The PRESIDING OFFICER (Mr. DOMENICI). Who yields time? The Senator from Arkansas.

Mr. BUMPERS. Mr. President, I yield myself 3 minutes.

The PRESIDING OFFICER. The Senator from Arkansas is recognized.

Mr. BUMPERS. Mr. President, I have already spoken on the subject today. There are a couple of other things I would like to add.

First of all, there is always a big constituency for tax cuts and I have never known a Member of Congress to lose a vote by voting for a tax cut. We lost a lot of good men and women in 1993 because they voted for a tax increase, which has reduced the deficit from $300 billion to an anticipated $40 billion this year. But they are not here. They honored what they thought was a demand by the American people for a balanced budget, clearly within our grasp. But, you see, there is a big constituency for tax cuts. There is always a big constituency for spending. There is no constituency for a balanced budget. There are those who have looked forward to that, as I have, for 22½ years. When I was deciding whether I wanted to run again, that was one of the major considerations with me.

There are two things that I think would reinstill confidence in the American people in the congressional system and in our democratic system, in our very political system. The two things that would do more than anything to build confidence in America would be to balance the budget, and, No. 2, to change the way we finance campaigns. I concluded that neither were going to happen in the next 18 months and probably wouldn't happen during the next 6 years if I ran and were reelected. That wasn't the only consideration.

But here we are. In 1998—every economist in the country now believes we will probably balance the budget in 1998. So what are we going to do? No. No. We screamed about balanced budgets around here for 22½ years that I have been around here. Now it is within our grasp and how do we treat it? Postpone it for 5 years. Don't do it in 1998, give away some goodies.

And there are some goodies in here that I love. The educational part of it intrigues me. I love it. But here is something the American people have been clamoring for all of these years. We could postpone this for at least a year and provide some comfort to the American people in letting them know that we are really concerned about deficit spending.

Let me ask you this. What in the name of goodness are we always talking about Greenspan raising interest rates for, depending on the inflation rate? Everybody is scared to death the inflation rate is going to go up a couple of tenths of a point, Greenspan will raise interest rates, and this glowing economy, almost unprecedented in the annals of the history of this country, will come to a screeching halt. There will be no balanced budget once this economy goes into decline.

I yield myself 2 additional minutes, Mr. President.

So, what are we doing? This is not a tax cut of the magnitude of 1981. Certainly in the scheme of things it doesn't even begin to match the tax cuts of Jack Kennedy in 1961–1963. But I tell you what it is, it is $135 billion infused into the American economy which could, which just could fuel the economy to the extent of a couple of tenths of a point in inflation. And if that happens, you can bet that the Fed will raise interest rates. And if that happens you can bet that this economy is going to start slowing and you will not see a balanced budget.

The idea, I don't mind saying, Mr. President, I don't know how to say it any stronger—the idea of doing what we are doing today and postponing something that is so near at hand, a balanced budget—postponing it for 5 years is the height of irresponsibility.

I yield the floor.

The PRESIDING OFFICER. Who yields time? The Senator from Michigan.

Mr. ABRAHAM. Mr. President, I just wanted to take a minute here at the finish of this debate, to compliment a number of people whose commitments have been so vital to the success of this bill. From the very beginning of the 104th Congress until today, the Presiding Officer himself has been in the lead as the chairman of our Budget Committee. Without his leadership, we never would have reached this point. Without the leadership of the chairman of the Finance Committee we would not have reached this point. Without the able work of the ranking member of the Finance Committee we would not have reached this point. Certainly, without the assistance and the leadership of our majority leader, we would not have reached this point.

Today we do something that has not occurred in 16 years, we give the taxpayers of our country a chance to keep more of what they earn. In my State of Michigan this means a great deal. We are not a rich State, in the sense that everybody makes a lot of money. We are a rich State in terms of values and natural resources, but the hard-working people in Michigan have waited an awful long time for the tax cut which we will be delivering. Whether it is the working family who will receive a $500 per child tax credit or the family trying to finance the education of children—who do not want to go bankrupt, but want their kids to go to college—or the small family farmers and small business people who have feared the prospect of having to sell the family business or farm in order to pay death taxes, or the people in our inner cities who are going to benefit from the brownfields provisions that will allow us to clean up environmentally contaminated brownfields and create job opportunities in deserted factory sites, or the people who are hopeful that we can have more dollars for road repair and, because of having shifted the 4.3 cent gas tax to the highway trust fund in this bill we will now have the opportunity to restore more dollars for roads and transportation—all of those people in Michigan will benefit when this action is taken today and the President signs this tax cut into law.

The fact is, today taxes as a percentage of our national income are as high as they have ever been, higher than during the Depression, higher than World War II, higher than during the Vietnam war and other crises. The time has come to restore some balance to the equation, to give the American hard-working families the break they deserve.

So I compliment everybody who has played this role. I think we are moving in the right direction. Many of us would like to do more, and I hope we will have the chance next year, in a later Congress, to do more. But for what we are achieving today, I think great credit is owed to the leadership we have had. So I rise to compliment that leadership and say, as a new Member of this body, I am delighted to be part of a day today in which we celebrate both the passage of a bill that will bring us to a balanced budget for the first time in a quarter of a century and the passage of a bill that will mean tax relief for hard-working people in Michigan.

Mr. President, I yield the floor and thank the chairman of the Finance Committee for this time.

Mr. ROTH. Mr. President, I yield the remainder of my time to the majority leader.

The PRESIDING OFFICER. The majority leader is recognized.

Mr. LOTT. Mr. President, if I need some additional time, I yield myself time off my leader time, although I hope—I will stay as close to the appointed hour for a vote as possible.

The PRESIDING OFFICER. The Senator has that right.

Mr. LOTT. Mr. President, I thank the chairman of the Finance Committee, Senator ROTH, for yielding me this time and thank him for his great work. I talked about that this morning in relation to the balanced Budget Act, but I think it is even more appropriate that I commend him for his diligence, patience, persistence, leadership, his bipartisan effort. He did a great job on this legislation. I am extremely proud of him and I think he should feel proud. Also Senator MOYNIHAN, for his cooperation and for the way he approaches his legislative responsibilities, we thank him. Without his being willing to support this we would not have had the 80 votes that we had when the bill passed the Senate a month ago. To the Senator in the Chair, the Senator from New Mexico, his imprint is over both these bills; all over them. I thank him for that.

This morning I was satisfied with our action on the balanced budget. I was pleased we got it done. I thought it was an important thing to do and that we should get it done and move forward and reach a balanced budget with honest numbers.

But, with this bill I am enthusiastic, I am really excited about what this legislation does. It is going to help our children with the tax credits and education provisions. I feel good about the education provisions. Some people say, "Well I don't like that part or the other part." Education is about the future of America, and we put some of the President's provisions in there but we put some others in there that will help our children have a better access to community colleges and universities and colleges. It is worthwhile and I am proud of that.

A lot of young people, young business men and women are going to benefit from this. My own son, a young entrepreneur, will benefit from it. And even he was excited, the other night, when I told him what was in this bill. Nothing makes a father prouder than for his own son to say, "Dad, this will help me to create some more businesses and hire some more people." He has 60 young people working for him now. This is what the American dream is all about: Investors, savers, farmers, small business men and women, spouses, and seniors. This is one that really does what we said it was going to do, and we got it done. I am very proud of it.

This is the first significant tax cut for working Americans in 16 years. It is long overdue. Taxes are too high in my opinion. The Tax Code is obviously too complex and complicated. The IRS is too intrusive in our lives and everybody knows it. Congressional Republicans and a lot of Democrats wanted to do more than just talk about tax relief, they wanted to get it done. We wanted to deliver and we wanted to provide this legislation. We picked up considerable bipartisan support and came together in a way that I have not seen the Senate come together in the years that I have been in the Senate, certainly as majority leader. It was a good feeling. We went out on the steps of the Capitol and said we had done this job for the American people. I thought it was constructive and thoughtful, and I was very proud of it.

The President also supports this bill. I am glad that he has supported this tax package and the tax relief that we are giving to the American people. He insisted that some parts of it be dropped. I was very disappointed in that. But we insisted on some things that he didn't want to go along with. As I said repeatedly, we gave ground on both sides, but we found common ground in many instances.

I was particularly concerned, though, about one provision that we had to drop, the so-called Coverdell amendment that would have allowed for an education IRA to be used to pay for education from K through high school, for elementary and secondary. Yes, I like the fact that we are helping community college opportunities for our children, and universities and colleges. But the truth of the matter is, the problem in education in America is not at the higher education level. Our higher education system in America is a good one. It is broad, it is diverse, there is lots of choice. The problem is at the elementary and secondary level.

Why shouldn't a parent, who can now put $500 in the Roth education IRA opportunity, be able to take some of that money to help their children in the fourth grade with some tutoring, so they can learn to read better, or to get help with remedial arithmetic? Why shouldn't a parent be able to do that? I think they should, and I am very sorry that we had to drop this from the package. But the President insisted that this not be allowed because, he said, it would undermine public education. I don't want to do that. I am a product of public education. My mother is a public education schoolteacher. So there were some disappointments along the way. But there is a lot of good in this bill.

Everybody can declare a victory in being for this, because the American people, the American family will benefit from this legislation. Three years ago, congressional Republicans promised the American people a $500-per-child tax credit to help them save for the future or to meet the costs of raising a family in today's world. We kept that promise. And along the way, the Democrats got involved. They put their imprint on it. But the main thing is they are going to get this help. Parents with children will get some help to do things for their own children. I think we should be proud of that.

At the start of this Congress I urged that the Republican conference introduce, as our first bill, a bill to help families with the needs for education and for college costs. S. 1, the first bill that was introduced this year, our highest priority, was in education. The legislation before us today incorporates many of those tax provisions.

If American families are looking for someone to thank, they need to look to further than the sponsors and the leaders of this legislation, Senator ROTH and Senator MOYNIHAN. They really did a great job. They brought us together and they produced the final package that we are voting on here today.

Amazing as it seems, we have been willing to resist some of the criticisms that we should not give tax relief for working Americans. We have done it here. We have kept our promises. I think it is going to be good for the economy. Allow the people, allow our people in this country to make some decisions of how they will help their own children, when it comes to the tax credit, and for education. Let them decide how they will use their money to pay for education.

We are making individual retirement accounts available to almost everybody, especially homemakers. We have that up, now, so they can put in $2,000 like everybody else. Why shouldn't they be able to? But they had not been able to in the past. Now homemakers have this opportunity, just like everybody else, to have this IRA.

We are reducing the unfair tax on capital gains, including homeowners. That alone is going to help fire up the economy even more, foster job creation and expand opportunity for every willing worker.

So, this is an important package. But I want the taxpayers of America to understand this. It is only a downpayment. It is not Utopia. It's not everything we would like to do. It doesn't make the Tax Code a lot less complicated. In fact, it maybe goes the other way. But it's a step in the right direction. It provides help where it is needed and there will be another day for us to have a fairer Tax Code. So, it is the kind of legislation that we need. We have come together to pass it. It will provide extensive tax relief. Tax reform will be something we will do another day.

But we have done a good job here, and I urge my colleagues to rally round the banner of lower taxes and economic growth and join me in sending America's tax cut to the President for his signature.

Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER (Mr. BENNETT). Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

Mr. LOTT. I yield the floor.

The PRESIDING OFFICER. The question is on agreeing to the conference report accompanying H.R. 2014, the Revenue Reconciliation Act of 1997. The yeas and nays have been ordered. The clerk will call the roll.

The legislative clerk called the roll.

The result was announced—yeas 92, nays 8, as follows:

[Rollcall Vote No. 211 Leg.]

YEAS—92

Abraham
Akaka
Allard
Ashcroft
Baucus
Bennett
Biden
Bingaman
Bond
Boxer
Breaux
Brownback
Bryan
Burns
Campbell
Chafee
Cleland
Coats
Cochran
Collins
Conrad
Coverdell
Craig
D'Amato
Daschle
DeWine
Dodd
Domenici
Dorgan
Durbin
Enzi
Faircloth
Feinstein
Ford
Frist
Gorton
Graham
Gramm
Grams
Grassley
Gregg
Hagel
Harkin
Hatch
Helms
Hutchinson
Hutchison
Inhofe
Inouye
Jeffords
Johnson
Kempthorne
Kennedy
Kerrey
Kerry
Kohl
Kyl
Landrieu
Lautenberg
Leahy
Levin
Lieberman
Lott
Lugar
Mack
McCain
McConnell
Mikulski
Moseley-Braun
Moynihan
Murkowski
Murray
Nickles
Reed
Reid
Roberts
Rockefeller
Roth
Santorum
Sessions
Shelby
Smith (NH)
Smith (OR)
Snowe
Specter
Stevens
Thomas
Thompson
Thurmond
Torricelli
Warner
Wyden

NAYS—8

Bumpers
Byrd
Feingold
Glenn
Hollings
Robb
Sarbanes
Wellstone

The conference report was agreed to.

Mr. MOYNIHAN. I move to reconsider the vote.

Mr. LOTT. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

[Applause.]

BILL HOAGLAND

Mr. DOMENICI. Mr. President, while we all mention many people who had a lot to do with our success, I believe if you were to ask the White House staff, all the way to the Chief of Staff, and ask all the staff that work for us here on both sides, who was most responsible for getting this job done, they would not say the Senator from New Mexico or the Senator from New Jersey or the distinguished Senator from Delaware. I think they would all say, "Let's be honest about it. Bill Hoagland, staff director for the Senate Budget Committee"—the man without whom we could not have done this.

I just want the RECORD to reflect that. I am sure they would agree with me—those whom I have mentioned. It is just an obvious fact.

I yield the floor.

Mr. LOTT addressed the Chair.

The PRESIDING OFFICER. The majority leader.

Mr. LOTT. Thank you, Mr. President.

I want to thank all the Senators for their cooperation. I know this is kind of like "school's out" for a break, and we are taking advantage of the opportunity to say good-bye to each other and enjoy the district and State work period. But I want to thank all the Senators for the tremendous cooperation we have seen here in the last 2 weeks. I do not know that I have seen it any better since I have been in the Senate.

We have already moved 10 appropriations bills. We are going to try to get lined up to start on the 11th one right when we come back. We have passed these two very important bills, the Balanced Budget Act and the Tax Relief Act. It took a lot of cooperation on both sides of the aisle.

I want to thank my counterpart on the Democratic side of the aisle, Senator DASCHLE. He is a pleasure to work with. I think we have a relationship that is important for the Senate; that we be able to talk to each other and work with each other in honesty and frankness. We are going to continue to do that.

Before we leave, we are going to work on doing as much as we can, and I think it is going to be substantial on the Executive Calendar. So I just want to thank Senator DASCHLE and our colleagues on both sides of the aisle for their good work.

If we could keep this pace going, I think the American people would be very pleased, and maybe they would feel very good about our Senate and what we are trying to do.

So thank you very much for your cooperation.

I would be glad to yield to the Democratic leader.

Mr. DASCHLE. Mr. President, I know there are Members who wish to leave. I will be very brief.

Let me just commend the majority leader for his leadership in bringing us to this point. As he has indicated, we have the good fortune to have a good relationship, and we work very closely together. I think, in part, the results are very clear. That relationship has been productive.

Let me also commend the chairmen of the Finance Committee and the Budget Committee, and our ranking members on both the Finance Committee and the Budget Committee, for the extraordinary job they have done. Obviously, you cannot lead if there are not those who are willing to follow. We have followed, and we have worked in good faith on both sides of the aisle.

This is a great day for the Senate and a great day for America. I appreciate very much the opportunity, once more, to express our gratitude to all Senators.

Mr. LOTT. I thank Senator DASCHLE. I do want to also take a brief opportunity, without naming names—and I think their names should be put in the RECORD—to thank a lot of staff people who worked extremely long hours, all night several times over the past few weeks, on both sides of the aisle. You know who we are talking about. We extend our appreciation and thanks to those staff members for their great work. This was a monumental accomplishment. I don't know how you physically got it done. I thank you for that.

Mr. KERRY. Will the Senator yield?

Mr. LOTT. I am glad to yield to the Senator from Massachusetts.

Mr. KERRY. Mr. President, I congratulate the majority leader. He is correct, there has been a significant amount of progress made in the last 2 weeks. I ask the majority leader publicly on the record what he and I have talked about a number of times privately, and that is an issue of enormous concern to some of us. We have written a letter to the majority leader regarding a campaign finance reform debate. While we leave here in good spirits and have cooperated, when we come back, many of us are adamant about having the opportunity to debate campaign finance reform. I ask the majority leader whether he has a sense of when that might take place or if he could give assurance that it will take place.

Mr. LOTT. Mr. President, I expected that I would get this question, and I don't have a time that I could give. I must say that the Governmental Affairs Committee is working right now and looking into potential campaign violations, and what happened in the last election. I think for us to proceed before we even get the completion of that work would be premature. Regarding the last election, we ought to know what laws have been broken and how they were broken. I don't have a date in mind.

I am sure I have been told by several Senators that this issue will come up sometime soon. I understand that. I hope that we will be patient and take our time and maybe even see at some point if we could not do something in this area in a bipartisan way. But I understand what the Senator from Massachusetts has said. He indicated he is going to bring it up at some point. I am sure that will happen. We don't have any time scheduled on that at this point.

When we come back, the focus will be on the three remaining appropriations bills that we have not passed, the conference reports that we must pass, and pending legislation we must pass, including ISTEA, the highway transportation legislation, which expires at the end of September. We have a lot of very serious work to do of interest to the Nation's Capital, to the people in America, including the Interior appropriations bill, the Labor-HHS appropriations bill, as well as the ISTEA bill. But there is time to look at these matters. I am sure they will be considered appropriately as we move into the fall.

Mr. KERRY. Will the majority leader yield further?

Mr. LOTT. I yield for a further question.

Mr. KERRY. Mr. President, I thank the leader for that answer. I understand where he is heading with respect to that.

If I could ask further, I had wanted at this time, Mr. President, to be able to introduce a bill. I don't know what the intentions of the leader are regarding time to be able to proceed and do that.

Mr. LOTT. We have some unanimous-consent requests and then Senator DOMENICI has an issue, but there will be time for brief remarks.

Mr. THURMOND addressed the Chair.

Mr. LOTT. Mr. President, I yield to the Senator from South Carolina.

Mr. THURMOND. Mr. President, I just want to commend Senator LOTT, the majority leader, for the outstanding leadership he is providing here in the Senate. Many things here have been accomplished. I don't recall, in the 43 years I have been here, fine leadership shown that has gotten so much done in such a short time. I am proud of you. And I want to commend Senator DASCHLE for his fine cooperation and leadership, too.

Mr. LOTT. Thank you very much.

Further, I want to say that we are going to have a period for morning business.

Mr. KERRY. Mr. President, would it be appropriate at this time to ask if I could proceed after the Senator from New Mexico?

Mr. LOTT. Mr. President, I see a number of Senators that wish to speak. I believe Senator DOMENICI has something he needs to do, and I have a couple unanimous consents, and then the Senator may speak. Within a very few minutes, he can get recognized.

Mr. SARBANES. If the Senator will yield, Mr. President.

Mr. LOTT. I yield to the Senator from Maryland.

Mr. SARBANES. First of all, I join with my colleagues who have commended the majority leader for the very efficient way in which the Senate has conducted itself over the past month. We have, obviously, processed a great deal of business.

I just want to say that I was very heartened to hear the majority leader state that it was his intention to address this Executive Calendar before we go out, I gather, with the anticipation of clearing, if not all of it, most of it, as I understand it.

I want to underscore how important that is. If we do it now, these people can move into their positions and be functioning within the week. If we don't do it now, then it obviously has to carry over into September, and you are talking about losing 5, 6, 7 weeks before we get people on the job.

I just want to thank the majority leader for his indication that he is going to address that issue before we depart.

Mr. LOTT. Maybe before we go out tonight.

Mr. LEAHY. Mr. President, if the leader will yield further. As a member of the Appropriations Committee, I commend the distinguished majority leader, the Democratic leader, and the chairman and ranking member of that committee for pushing us this far on the appropriations. It is highly commendable.

I join my friend from Maryland in saying there are many of these nominations on the calendar that need to be cleared as soon as possible—especially the judges that are there. We have new vacancies in our courts. Again, once a person has been confirmed, it still takes weeks before they get out of whatever life they are in—private practice, or whatever—to get out of that and get set up and get their law clerks hired, and on and on, and with all that it means with their families and lives and all. So if some can be cleared now, we know it will be 5 weeks sooner.

Mr. BIDEN. Will the majority leader yield?

Mr. LOTT. I yield to the Senator from Delaware.

Mr. BIDEN. Mr. Leader, on the matter of the legislation we just passed, I want to make one comment. It is obvious that the Senator from New Mexico is recognized as an effective chairman. It is obvious that the Senator from New York [Mr. MOYNIHAN] is viewed as articulate and as one of the brightest people here. It is obvious that everybody knows how effective the ranking member of the Budget Committee is.

I want to make a personal comment that I never thought I would make, or need to make. I think the single-most underestimated person in this body is one of the single-most effective people, and that is my senior colleague, BILL ROTH. He has a style that is so low-key and so quiet that I don't think he gets the credit he deserves. I just want to remind everybody, notwithstanding the fact that everyone sees and hears more about the able leaders I mentioned, this deal would not have been done without BILL ROTH. BILL ROTH. People in my State love him, but they don't even realize that.

I just want everybody to be reminded that this quiet guy from Delaware, who has a very different political view on a lot of things than I do, is one of the single-most effective people we have. On last year's welfare reform bill, and every major thing we have done in the past 18 months, he has been at the helm, or has played a major part.

I want to personally recognize the contribution he makes and state for the record, I think he gets—not intentionally; I think unintentionally—less credit than anybody in this place, and I think he plays the most significant role in all of what we are rightfully celebrating here, which is the passage of the tax bill and the reforms that have taken place in welfare, et cetera. So I want the RECORD to reflect that the man from Delaware, my senior colleague, deserves a heck of a lot of credit.

Mr. LOTT. Mr. President, I thank the Senator from Delaware for making that comment. That is the kind of recognition that we should give more of around here, especially between colleagues of opposite parties.

Let me assure you that, without Senator ROTH, the IRA provision and many other provisions in this bill would not be there. He was dogged and determined and did a great job. I thank the Senator for what he said and the recognition he gave.

PROVIDING FOR THE CONDITIONAL ADJOURNMENT OF THE TWO HOUSES

Mr. LOTT. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of House Concurrent Resolution 136, the adjournment resolution, which was received from the House.

I further ask consent that the resolution be agreed to and the motion to reconsider be laid upon the table.

The PRESIDING OFFICER. Without objection, it is so ordered.

The concurrent resolution (H. Con. Res. 136) was agreed to, as follows:

H. CON. RES. 136

Resolved by the House of Representatives (the Senate concurring), That, in consonance with section 132(a) of the Legislative Reorganization Act of 1946, when the House adjourns on the legislative day of Friday, August 1, 1997 or Saturday, August 2, 1997, pursuant to a motion made by the Majority Leader or his designee, it stand adjourned until noon on Wednesday, September 3, 1997, or until noon on the second day after Members are notified to reassemble pursuant to section 2 of this concurrent resolution, whichever occurs first; and that when the Senate recesses or adjourns at the close of business on Thursday, July 31, 1997, Friday, August 1, 1997, or Saturday, August 2, 1997, pursuant to a motion made by the Majority Leader or his designee in accordance with this concurrent resolution, it stand recessed or adjourned until noon on Tuesday, September 2, 1997, or until such time on that day as may be specified by the Majority Leader or his designee in the motion to recess or adjourn, or until noon on the second day after Members are notified to reassemble pursuant to section 2 of this concurrent resolution, whichever occurs first.

SEC. 2. The Speaker of the House and the Majority Leader of the Senate, acting jointly after consultation with the Minority Leader of the House and the Minority Leader of the Senate, shall notify the Members of the House and Senate, respectively, to reassemble whenever, in their opinion, the public interest shall warrant it.

WAIVING CERTAIN ENROLLMENT REQUIREMENTS

Mr. LOTT. Mr. President, I ask unanimous consent that the Senate now turn to House Joint Resolution 90, regarding hand enrollment, that the joint resolution be passed, and the motion to reconsider be laid upon the table.

The PRESIDING OFFICER. Without objection, it is so ordered.

The joint resolution (H.J. Res. 90) was passed.

CORRECTING TECHNICAL ERRORS IN THE ENROLLMENT OF H.R. 2014

Mr. LOTT. Mr. President, I ask unanimous consent that the Senate now turn to the consideration of a House concurrent resolution that corrects the enrollment of the tax fairness conference report, that there be no amendments in order, that the concurrent resolution be agreed to, and the motion to reconsider be laid upon the table, all without intervening action or debate.

The PRESIDING OFFICER. Without objection, it is so ordered.

The Concurrent Resolution (H. Con. Res. 138) was agreed to.

UNANIMOUS-CONSENT AGREEMENT—H.R. 2160

Mr. LOTT. Mr. President, I ask unanimous consent that at 2:15 p.m. on Tuesday, September 2, the Senate turn to the consideration of H.R. 2160, the House Agriculture Appropriations bill, and one amendment be in order to be offered by Senator HARKIN regarding FDA and there be 20 minutes for debate to be equally divided in the usual form.

I further ask that following the conclusion or yielding back of time, the amendment be laid aside until 9:30 a.m. on Wednesday, September 3, and there be 30 minutes for closing debate to be equally divided, and following that debate, the Senate proceed to a vote on or in relation to the Harkin amendment.

I further ask that immediately following the vote in relation to the Harkin amendment, all after the enacting clause be stricken, the text of the Senate bill be inserted, including the Harkin amendment, if agreed to, and H.R. 2160 be advanced to third reading and agreed to, and the Senate insist on its amendment, request a conference with the House and the Chair be authorized to appoint conferees on the part of the Senate.

The PRESIDING OFFICER. Without objection, it is so ordered.

FOOD AND DRUG ADMINISTRATION MODERNIZATION AND ACCOUNTABILITY ACT OF 1997

Mr. LOTT. Mr. President, a lot of effort has been put into the Food and Drug Administration reform legislation. The committee reported it out by a, I believe, 14 to 4 vote. It was an overwhelming bipartisan vote. A tremendous effort has been underway to get an agreement on that legislation and to bring it to the floor. I think we should do that and, if I have to, I will begin a cloture proceeding the week we come back because I think this reform is very important. Some parts of it in the law will expire, I believe, at the end of August and will begin to have an impact in September and October.

I ask unanimous consent that the Senate now turn to the consideration of S. 830 regarding FDA reform.

Mr. KERRY. Mr. President, on behalf of the leadership, I do object.

The PRESIDING OFFICER. Objection is heard.

FDA REFORM

Mr. LOTT. Mr. President, this is the second time this week I have been blocked from trying to move to consideration of critical FDA reform legislation.

This bill, the FDA Modernization and Accountability Act, would ensure that patients and consumers have prompt access to safe and effective products, including prescription drugs, medical devices, and foods.

It would streamline the FDA bureaucracy, which has spun dangerously out of control in recent years. And, it would reauthorize the Prescription Drug User Fee Act.

I am greatly disappointed that this bill is being held hostage by a small number of Senators. This legislation enjoys strong bipartisan support. It passed the Labor Committee by a bipartisan vote of 14 to 4.

Since the bill passed committee on June 18, supporters of FDA reform have tried repeatedly to address the concerns of these four opponents. In fact, supporters of reform have made an additional 30 concessions in the bill since it was reported from committee.

Cosponsors of the bill, Democrat and Republican alike, met with Senator KENNEDY this morning in a last ditch effort to convince him to let the bill go forward. Despite the bill's strong bipartisan support and despite these additional compromises, he refused.

This legislation is too important to be held hostage. As such, I intend to bring the committee-passed FDA reform bill to the floor in September. If necessary, I will file cloture to ensure that this important piece of business for the health of the American people is completed in a timely manner.

FDA REFORM

Mr. KENNEDY. Mr. President, I regret that we have been unable to reach final agreement so far on FDA reform. In fact, the negotiations this month have made significant progress on almost all of the issues surrounding the bill. Reasonable compromises were reached on 26 separate proposals that had raised serious health and safety concerns and were opposed by the FDA and the administration.

Two issues remained today. It is critical that FDA be able to get all the data they need to ensure that devices that have different technological characteristics from a predecessor device are safe and effective. Provisions of the committee-reported bill might unduly tie the FDA's hands in this important area.

The second issue involves the proposal for sweeping Federal pre-emption of the current authority of States to regulate over-the-counter drugs and cosmetics. In cosmetics, for example, there is virtually no significant Federal regulation at the present time, and States should have the right to act to protect their citizens against dangerous products. Too often, there have been abuses such as lipsticks containing substances that could cause birth defects, skin creams made with known carcinogens, excessive lead in hair dye, and suntan products that produce severe chemical burns.

In my view, acceptable compromises can be reached on both of these issues, and I hope that good faith negotiations will continue.

Unfortunately, in the wake of the current impasses on these two issues, several additional matters that had previously been settled have now been reopened. A fair overall compromise is still possible that adequately protects the public, and I am optimistic that we can achieve it by September.

GLOBAL CLIMATE CHANGE OBSERVER GROUP

Mr. LOTT. Mr. President, under the provisions of Senate Resolution 98 regarding global climate change, the two leaders have the authority to appoint 12 Senators to serve on the Global Climate Change Observer Group.

Last week, the Senate adopted the Hagel-Byrd resolution regarding global climate change. This resolution encouraged the creation of a bipartisan group of Senators to monitor the status of negotiations on global climate change and to report periodically to the Senate on those negotiations.

As such, the minority leader and I have appointed 12 Senators to serve on this Global Climate Change Observer Group.

Due to their diligent efforts on the global climate issue, I have asked our colleague from Nebraska, CHUCK HAGEL, to serve as chairman, and the distinguished gentleman from West Virginia, ROBERT BYRD, to serve as cochairman of the group.

The other Members of the observer group will include Senators ABRAHAM, CHAFEE, CRAIG, MURKOWSKI, ROBERTS, BAUCUS, BINGAMAN, KERRY, LEVIN, and LIEBERMAN.

I greatly appreciate our colleagues' willingness to take on this important task and look forward to hearing their reports.

MORNING BUSINESS

Mr. LOTT. Mr. President, I ask unanimous consent that there now be a period for the transaction of morning business with Senators permitted to speak therein for up to 5 minutes each.

The PRESIDING OFFICER. Without objection, it is so ordered.

VERNAL G. RIFFE, JR.

Mr. DEWINE. Mr. President, I rise to note the passing, today, of an Ohio legend. Early this morning, an Ohio legend died. Here is how Lee Leonard, the dean of the Ohio statehouse press corps, began his report in this morning's Columbus dispatch:

> Vernal G. Riffe, Jr., who rose from a Scioto County insurance salesman to become one of the most powerful figures in Ohio's political history, died today at 1:30 a.m. He was 72."

Vern Riffe served a record-breaking 20 years as Speaker of the Ohio House of Representatives, from 1975 to 1995. From the first day that he was elected Speaker, he was "The Speaker" and will always be, Mr. President, "The Speaker." He came to the Ohio House in 1959, spent 16 years learning the skills that would make him the most effective as well as the longest-serving speaker of the Ohio House of Representatives.

He studied the approaches of legislative veterans. He learned a lot. He learned that, in a legislative body, you get a lot further by helping your colleagues move their own legislation forward than you do by grandstanding. As a result, Vern Riffe quickly became the person both Republican and Democratic Governors turned to to make things happen. Vern Riffe was a pragmatic, results-oriented Speaker. He was a partisan, but his greatest victories came from his willingness to work with Republican Ohio Governors to get things done for the people of Ohio.

When Vern Riffe retired from the Speakership, he said this:

> If I was 20 years younger, I might be in the mood for forming my own party, called the Moderate Democrats or the Middle of the Road Democrats.

That was Vern Riffe.

These are the lessons of Vern Riffe: Hard work, learn the details, build consensus, and put the interests of Ohio ahead of the interests of your political party.

Vern Riffe grew up in politics. his family was highly political, and from an early age he loved the nuts and bolts of making government work. He used to say, "I love being Speaker."

Political scientist Samuel C. Patterson of the Ohio State University summed up Riffe's style:.

> Riffe loved working with his members, doing favors for them, helping them get reelected, and assisting them in fulfilling their own ambitions and their own objectives as legislators. As a political leader, he was supportive, and his success depended on his reliability and trust. Riffe's friendliness and his southern Ohio, small town, 'down home' demeanor. endeared him to his supporters and disarmed most of his opponents. He was not stridently partisan, a quality underscored by the fact that the two prominent Republicans, former long-time Governor James A. Rhodes and former house Republican leader Corwin Nixon, are among his closest personal friends.

That is the Vern Riffe that I remember. He used to spend time at the Galleria across the street from the Statehouse, meeting with members of the house and senate in a very informal way, reaching agreement on literally countless issues. When he retired from the house a couple of years ago, this is what one State representative said:

> Vern Riffe is the Woody Hayes of Ohio politics. Without his strong leadership, not just the Ohio House, but all of State government will be fundamentally different.

I think that is right. Vern Riffe was a legend, a man who cared about using the power he had to help the people of Ohio.

In conclusion, Vern Riffe never lost sight of the values he learned from his closest political adviser, and, as he told me, his closest friend. That was his dad, Vernal G. Riffe, Sr., who was a former railroader who served as mayor of the town of New Boston. Vern Riffe's dad used to tell him: "Son, if you're going to be a leader, you've got to lead." Mr. President, Vern Riffe always led.

Another Ohio legend, John Mahaney, president of the Ohio Council of Retail Merchants, put it best. He said about Vern Riffe: "It's like you get in the Hall of Fame by batting .300, 15 out of 20 years. It's longevity and consistency. And (Vern Riffe) passes both tests."

Mr. President, we will miss him a great deal. In March of this year, he and his wife Thelma began their 50th year of marriage. On behalf of the people of Ohio, I express my condolences to Thelma and to their children—Cathy Skiver, Verna Kay Riffe, Mary Beth Hewitt, and Vernal G. Riffe III, and to their seven grandchildren.

Mr. President, he was a good man.

I yield the floor and thank my colleagues.

COMPTROLLER GENERAL, GENERAL ACCOUNTING OFFICE

Mr. LOTT. Mr. President, before leaving for the August recess, I want to address the Senate briefly on the matter of the vacancy in the Office of the Comptroller General. The General Accounting Office is a vital organization to the Congress, and the person selected to head the GAO must have the confidence of both the majority and minority. When a vacancy occurs, a commission is established by statute to consider and recommend candidates to the White House. The members of this commission are the President pro tempore of the Senate, the Speaker of the House, the majority and minority leaders in the House and Senate, and the chairman and ranking member of the Senate Governmental Affairs Committee and the House Government Reform and Oversight Committee.

Members should be advised that this group has been organized on a bipartisan, bicameral basis, and we are moving forward. Based on the precedent of alternating between Houses, I will serve as chairman of the commission, with the Speaker of the House serving as vice chair. The Governmental Affairs Committee has jurisdiction over the General Accounting Office, and I have asked Senator THOMPSON and his staff to manage the administrative tasks of the commission. There are a number of candidates to start, but Senator DASCHLE joins me today in putting all Members on notice that we are open to recommendations. If you know of someone interested in being considered for the position, please advise me, the minority leader, Senator THOMPSON, or Senator GLENN at the Governmental Affairs Committee, as soon as possible to ensure that the commission has an opportunity to consider all qualified candidates.

THE NATIONAL FEDERATION OF THE BLIND OF KENTUCKY

Mr. FORD. Mr. President, I want to take this opportunity to recognize an organization who has represented the visually impaired for 50 years. Members of the National Federation of the Blind of Kentucky will convene on September 5 and 6 to celebrate their work and commitment to improving the lives of visually impaired citizens in the Commonwealth of Kentucky.

The organization's first president, Harold L. Reagan, lived his life not as a blind person, but as an American citizen with a dream. Not only was Reagan blind, but he also lost his arm. In the 1930's this was not easy to overcome. However, this did not stop Reagan. He created an enterprise selling candy, soft drinks and cigarettes over a counter at the Jefferson County Courthouse in Louisville, KY. Reagan was the first visually impaired person to manage this type of business in Kentucky and inspired many others to follow in his footsteps.

Reagan faced adversity with courage and strength. Along with fellow supporters, Reagan helped shape a small organization that became known as the Kentucky Federation of the Blind. This group challenged society to set aside their biases, and opened doors for the visually impaired. Their efforts led to the establishment of a separate agency for the blind in Kentucky which improved services to the blind through additional resources and the elimination of bureaucratic hurdles.

In 1947 Kentucky became the 27th State affiliated with the National Federation of the Blind. In 1979 Betty Niceley filled the shoes of her mentor as President of the Kentucky chapter.

Visually impaired Kentuckians, family, friends and citizens now reap the benefits of current information, education, and a forceful advocate on State and Federal issues.

Ongoing activities and constant public contact continues to make the National Federation of the Blind of Kentucky a united force. Their efforts have distinguished Kentucky as a leader throughout the country for its research and promotion of technology assisting visually impaired users in obtaining highly sought after computer jobs.

As times change, so do biases and expectations. This year the U.S. Senate saw a staffer join us on the floor to assist with important legislation. While this is not unusual, it was unusual to see this aid assisted by her guide dog. This same aid and guide dog assisted my office a little over a year ago.

I would never say the road that Reagan and other visually impaired Kentuckians have traveled was an easy one to travel, but a necessary journey to benefit generations to come. As friends and family gather today and tomorrow, it will not only be a time to reflect on the past, but toward the future.

I am proud to stand before you and say the world is changing for the better. I know you will join me in congratulating the National Federation of the Blind of Kentucky for 50 years of dedication and service in our quest for a better future.

TRIBUTE TO JOE R. CHRISTIAN

Mr. FORD. Mr. President, I am pleased to have the honor today of paying tribute to Joe R. Christian who will be retiring on August 19 from the U.S. Capitol Police after 20 years of service to the force.

As the officer on duty with the Capitol Third Division, Joe has given Members and staff of the House Permanent Select Committee on Intelligence a sense of safety and well-being that few others could. His warm smile, good sense of humor and welcoming words have endeared him to his colleagues as well.

Officer Joe Christian has demonstrated that he is a true Kentuckian by his commitment to serving the public good. While he may no longer live in the Commonwealth, Joe has roots back home in Elkton, KY. I know that his friends and family there are proud of his service to the U.S. Capitol Police and his service to the U.S. Navy. Joe joined the Navy at 18 and for over 20 years, he flew all over the world with different squadrons, earning an Honorable Discharge as well as a Good Conduct Medal with a five oak leaf cluster.

I am proud of Joe, too, and extend my best wishes to him as he begins this new phase of his life.

SUPREME COURT JUSTICE WILLIAM BRENNAN

Mr. FEINGOLD. Mr. President, last week this Nation lost a true American hero with the passing of former Supreme Court Justice William Brennan. The contributions of William Brennan to our democratic way of life are many and will continue, long after his passing, to touch the lives of people all across this Nation in the most important and fundamental ways. Always a staunch and unrelenting defender of individual liberty, William Brennan helped to preserve many important rights that each of us, as Americans, enjoy today. He fought relentlessly to preserve the right to vote, the right to free expression, and the right to be treated as an equal with your fellow citizens. His legacy is one that honors the fundamental notion that in America, the individual truly does matter.

In terms of length of service on the Supreme Court and number of opinions written, William Brennan ranks near the top. However, to reduce his career to these simple numbers is to diminish the scope and importance of William Brennan in shaping this Nation's constitutional law. Many of Brennan's most significant decisions were decided by narrow margins and it is a testament not only to the undeniability of Justice Brennan's often cited Irish charm, but also to the power of his intellect that he could draw diverse Justices together to support important decisions which he drafted. In this regard, he may never be equaled.

Mr. President, there are many reasons to admire and respect William Brennan. He was a man of enormous dignity and compassion. His intellect and reasoning, second to none. Although there are many areas which one could point to in order to highlight the greatness of William Brennan, I will note just two that are significant to me. First, his unrelenting defense of the first amendment right to free expression. Because of William Brennan, the media in this Nation retains the right to criticize the government, to show the American people what goes on in their elected bodies—in other words, to hold us accountable. Absent this right, the credibility of our democracy and our form of government would be, in my opinion, greatly diminished. William Brennan understood that if the first amendment was to mean anything, it must protect that expression which was not popular. In upholding the first amendment in regard to flag desecration, Justice Brennan wrote that;

> If there is a bedrock principle underlying the First Amendment, it is that the Government may not prohibit expression of an idea simply because society finds the idea itself offensive or disagreeable.

In typical Brennan fashion, his opinion was joined by four colleagues of diverse perspectives, Justices Marshall, Blackmun, Kennedy, and Scalia.

In regard to capital punishment, Brennan remained steadfastly opposed. Although he acknowledged that his view was the minority, he maintained until the end that the death penalty was violative of the eighth amendment prohibition on cruel and unusual punishment. In his estimation, a system which treated human beings as nonhuman or objects simply to be toyed with and disregarded was simply not protected by the U.S. Constitution. In the wake of Justice Brennan's death I am reminded that just a few short weeks ago, a Member of the House of Representatives who supports the death penalty, stated on a national news program that someday in America we will execute an innocent person. He argued that while we don't want to do that, and will try to prevent it, it is an inevitable consequence of having capital punishment. This is a staggering, yet candid, statement which I think, makes Justice Brennan's point in a very stark and chilling way. Justice Brennan may well have been on the minority on capital punishment Mr. President, that is not to say however, that his position was incorrect.

Mr. President, there is no question that Justice Brennan was a man that I admired. His opinions were reasoned, intelligent, and always consistent with the notion that in America the rights of the individual, no matter his or her background, upbringing, political ideology, or religious beliefs, mattered. That simple, yet often overlooked notion is the foundation of our democracy and was the cornerstone of Justice Brennan's approach to the law. He was truly the most influential Justice of his time. And while I certainly add my name to the list of those who mourn his passing, I also join those who celebrate the richness of his life and the countless opinions which helped improve the lot of millions of Americans. Ours is a better Nation because of William Brennan.

However, Mr. President, the greatest measure of William Brennan is not one taken from afar—from simply reading his opinions or following the public persona—but from those closest to him, his family, friends, and those who sat with him on the bench. In this regard the comments of his colleagues are telling. Justice Souter called Brennan the most fearlessly principled guardian of the Constitution that has ever lived. Justice Scalia, a jurist often at philosophical odds with Brennan called him the most influential Justice of this century. Justice Kennedy called him a great friend of freedom, not only for those who enjoy freedom, but also those who seek it. Justice Clarence

Thomas was quoted recently as saying that there simply isn't a more decent or brilliant human being than William Brennan. From these great jurists of diverse backgrounds and ideological perspective, the message is the same; William Brennan's contribution was undeniable, important, and lasting. It is not surprising Mr. President, that even in saying good-bye, Justice Brennan has once again forged a diverse coalition.

THE VERY BAD DEBT BOXSCORE

Mr. HELMS. Mr. President, at the close of business yesterday, Wednesday, July 30, 1997, the Federal debt stood at $5,372,436,799,991.80. (Five trillion, three hundred seventy-two billion, four hundred thirty-six million, seven hundred ninety-nine thousand, nine hundred ninety-one dollars and eighty cents)

One year ago, July 30, 1996, the Federal debt stood at $5,183,983,000,000. (Five trillion, one hundred eighty-three billion, nine hundred eighty-three million)

Five years ago, July 30, 1992, the Federal debt stood at $3,999,118,000,000. (Three trillion, nine hundred ninety-nine billion, one hundred eighteen million)

Ten years ago, July 30, 1987, the Federal debt stood at $2,304,965,000,000. (Two trillion, three hundred four billion, nine hundred sixty-five million)

Fifteen years ago, July 30, 1982, the Federal debt stood at $1,089,616,000,000 (One trillion, eighty-nine billion, six hundred sixteen million) which reflects a debt increase of more than $4 trillion—$4,282,820,799,991.80 (Four trillion, two hundred eighty-two billion, eight hundred twenty million, seven hundred ninety-nine thousand, nine hundred ninety-one dollars and eighty cents) during the past 15 years.

CONGRATULATIONS TO SGT. GARY HURT ON HIS RETIREMENT

Mr. ASHCROFT. Mr. President, I would like to encourage my colleagues to join me in congratulating Sgt. Gary Hurt as he retires on August 31, 1997, from 28 years of service to the Missouri State Highway Patrol. I add my personal appreciation and best wishes to those of Gary's many friends and colleagues.

There are few careers more noble than those spent in public service. Gary's 18 years in the Governor's Security Division of the Missouri State Highway Patrol have meant a great deal to the people he has served. I add a special word of thanks to Gary for his dedicated service to me during my two terms as Governor of Missouri.

During my tenure as Governor, Gary and I traveled from one end of the State to the other, as well as around the country. Gary always represented the State of Missouri and the Missouri Highway Patrol with dignity, integrity, and professionalism. His commitment to detail put me at ease regardless of travel and event circumstances. I am grateful to Gary and I would like to publicly thank him for the outstanding service he graciously provided my family and me while I served as Governor of Missouri.

I wish Gary and his wife, Carol, much happiness as they begin a new chapter in their lives. May God richly bless them both.

CONCERN ABOUT RELAXATION OF CROSS-OWNERSHIP RULES

Mr. TORRICELLI. Mr. President, the balanced budget agreement passed by the Senate today was an extraordinary and historical accomplishment. The American people can be proud that Congress took bipartisan action to provide not only the first balanced budget in a generation but also tax relief to working families, health care for uninsured children, financial relief for those seeking a college education and the promise of long-term solvency for Medicare.

In another historic yet less worthy act, the conferees quietly included in the bill a provision to, for the first time, relax the cross-ownership rules that prevent television stations or newspapers from owning a television station within the same city. The FCC has rightly enacted and enforced cross-ownership prohibitions for 50 years to ensure diversity of opinion and views on our local airwaves.

But the provision in the reconciliation bill would allow newspaper owners and broadcasters to bid on licenses within the same market during the 2002 auction of analog broadcast signals in markets with populations greater than 400,000. These signals will be made available as the current analog stations convert to digital transmission.

This action could have a seriously detrimental effect on the diversity of the current mosaic of broadcast entities. Broadcast television remains the most prolific form of local broadcast news and it is critical that this diversity is continued. Indeed, I am deeply concerned by the effect that this provision could have on the FCC's current review of cross-ownership rules.

Congress directed the FCC to review cross-ownership rules in the Telecommunications Act of 1996 and the results of this review are pending. While I believe Congress should revisit the reconciliation relaxation provision on its own merits and free from the rush toward passage of the agreement, it is also critical that the FCC, during its own review of cross-ownership, does not interpret passage of this provision as unobjected Congressional support for repeal or relaxation of cross-ownership rules.

Indeed, it is important to note that this provision is intended to provide cross-ownership only when there is a doubling of broadcast outlets within a particular market and only in markets of populations greater than 400,000. If Congress had wanted to take further action, it would have done so and therefore, the FCC should not.

Our broadcast spectrum is one of our Nation's most valuable assets and one of the most powerful yet limited resource for the dissemination of ideas and free expression. It is critical that Congress work to protect rather than dilute this resource and I will fight for the integrity of our airwaves as Congress continues to address these issues.

TERRORIST BOMBING IN JERUSALEM

Mrs. FEINSTEIN. Mr. President, I am pleased to join with the distinguished chairman and ranking member of the Foreign Relations Committee, and many others, as an original cosponsor of Senate Concurrent Resolution 46.

Yesterday two suicide terrorist bombers blew themselves up in the Mahane Yehuda open-air marketplace in the center of Jerusalem. These bombs were clearly timed to do the maximum possible damage. They exploded seconds apart at about 1 p.m. local time, at the height of the lunchtime shopping hour. Initial reports indicate that at least 18 people were killed and over 100 were injured.

This was a despicable, bloodthirsty act, which all of us stand and condemn in one voice. It is not yet known exactly who perpetrated the bombing, but it bears great similarity to attacks conducted in the past by the Palestinian extremist groups, Hamas and Islamic Jihad. Whoever bears guilt for this terrible crime is beneath contempt.

We join Prime Minister Netanyahu, President Weizman, and the Israeli people in mourning those who were murdered yesterday, and we offer our deepest condolences to their families. To the wounded, we offer our prayers and hopes for their full recovery.

Sadly, Israelis have become all too familiar with having their daily routines shattered by the sudden bloodshed and carnage of bombings in seemingly ordinary places—on a bus, in a marketplace, in park or a cafe. On top of all the other tragic aspects of these bombings, the way Israelis are forced to live with the knowledge that their world could be blown apart at any instant is a peculiar kind of torture.

President Clinton was exactly right when he said yesterday morning that this bomb was aimed not only at innocent Israeli civilians, but also at all those in the Middle East who genuinely desire peace. And I fear that this bombing, because of its timing and location, could be as damaging to prospects for peace as any that we have seen.

The timing could hardly have been worse. The President's Special Middle East Coordinator, Dennis Ross, was about to travel to Israel to try to breathe new life into the Israeli-Palestinian peace talks, which have been suspended for many months, but which were just beginning to show signs of resuming. In fact, there is good reason to believe that this attack was timed specifically to disrupt Mr. Ross's trip and the impending resumption of the peace talks. Now it may be weeks or months before these talks can resume and be productive. For the extremists, the greatest danger is that the talks could make progress, and they are obviously willing to do anything to prevent it.

This bombing also has ramifications for our work. On August 12, the Middle East Peace Facilitation Act will expire. This act provided the legislative framework for U.S. involvement in the peace process by giving the President the authority to provide assistance to the Palestinian Authority, allow the PLO to operate an office in Washington, and waive other restrictions on United States-Palestinian contacts, if he certifies that the Palestinian Authority is fulfilling its commitments.

I had hoped that the House and Senate leadership would work with those of us who care deeply about this issue to pass a short-term extension of the Middle East Peace Facilitation Act, so that it does not expire while the Congress is in recess next month. There are many Members, myself included, who believe that the act needs to be reworked to establish a tougher standard of compliance, before it is extended for the long term. But a short-term extension of 60 or 90 days would give us the opportunity to negotiate a meaningful new version of the law, without this important legislation lapsing for a matter of weeks, or even months.

Now, under these circumstances, I do not think it will be possible to pass to a short-term extension in the short time remaining before the August recess. I hope that we will be able to negotiate an appropriate replacement for the current Middle East Peace Facilitation Act shortly after the recess in September.

The location of this bombing also makes it deeply resonant. The Mahane Yehuda marketplace is in the heart of downtown Jerusalem. It is a place where every Israeli has spent time, and many Jerusalemites visit or pass through it daily. It will be difficult to recover from an attack in such a central and symbolic place, and the Israeli Government will find it difficult to engage in peace talks while this memory is fresh.

What will it take to recover from this bombing? Before anything else can take place, it will take action by the Palestinian Authority. First and foremost, the Palestinian Authority should resume security cooperation with the Israeli government to the full extent that they had cooperated before. At one time, in 1995 and part of 1996, Israeli an Palestinian security cooperation reached unprecedented levels. This cooperation reflected a mutual understanding in the shared stake both sides had in preventing acts of terrorism by extremists bent on destroying the peace process.

That shared stake still exists today, but the Palestinian leadership must recognize it and act upon it. Even if the Palestinians are angered by some Israeli actions, that does not change the mutual interest they have in preventing terrorism. Because if anything will stop the peace process from achieving the aspirations of both Palestinians and Israelis, terrorism will.

Second, the Palestinian Authority must reinvigorate its efforts to root out terrorist groups in the areas under its control. This effort has been spotty, at best, and Palestinian officials, including Chairman Arafat, have been rightly criticized for giving less than clear signals that terrorism will not be tolerated under any circumstances. This is not acceptable. An unequivocal red light against terrorism and the operations of terrorist groups—a no-tolerance policy—is the only thing that is acceptable.

Chairman Arafat called Prime Minister Netanyahu shortly after the bombing to condemn the attack, which is the right thing for him to have done. But he must not and cannot stop there. He should condemn publicly in the strongest possible language—in English and Arabic—these bombings and all other acts of terrorism. He should instruct his security forces to dismantle the infrastructure of the terrorist groups, arresting those who are complicit in the conduct of terrorist attacks. He should use his bully pulpit to insist that Palestinian society rejects the elements who believe their aspirations—or martyrdom—can be attained by killing Israelis. If he fails to take these steps, there can be no peace process, and Palestinian aspirations will never be realized.

Finally, when the security situation is more stabilized, both sides must resume peace talks with a view toward meeting only their own needs, but the needs of the other side as well. If these talks are seen in purely zero-sum terms, they will go nowhere. Both sides must make their demands—on Israel's further redeployments in the West Bank, and on final status issues like Jerusalem, settlements, refugees, and sovereignty—with the understanding that if the other side has no stake in the process, there will be no final status agreement that brings about a lasting peace.

Clearly the peace process cannot coexist with terrorism. But despite yesterday's tragic and criminal bombing, the logic of this peace process, and the fundamental need for peace between Israelis and Palestinians has not changed. To give up on this effort would condemn future generations of Israelis to controlling a hostile population of over 2 million, to the detriment of Israel's long-term security and well-being. It would also bury Palestinian dreams of self-determination.

To turn away now from the search for peace would be to reward the extremists for their acts of violence and terrorism. It would be a victory for the barbaric suicide bombers of Mahane Yehuda. It would say to them: "You were right. You win. There cannot and shall not be peace between Israelis and Palestinians."

Neither Israelis nor Palestinians—nor the United States—can afford for that to happen.

ROSA PARKS TRAGEDY

Mr. ABRAHAM. Mr. President, I rise today to express my thanks to a number of organizations and individuals who gave of themselves at a crucial time for the people of Michigan. These people and organizations extended aid to legendary Michigan civil rights leader Rosa Parks and to her organization, the Detroit-based Rosa and Raymond Parks Institute for Self Development. Mrs. Parks and her organization are both Michigan and national treasures. They suffered a great tragedy over the past few days, and I am greatly heartened that so many came forward to help in the aftermath.

Mr. President, each year the Rosa and Raymond Parks Institute sponsors a historical tour tracing the route of the Underground Railroad. On Wednesday, July 30, approximately 30 young men and women on this tour, along with their chaperons, were traveling on Interstate 95, south of Petersburg, VA, when their bus ran off the highway, slid down an embankment and came to a rest on its side in the Nottoway River.

Many of those on board sustained serious injuries, and one chaperon, Adisa Foluke, whom Mrs. Parks has said she considers her grandson, was killed. One of the young women, Tiandra Gunn, remains in a coma. A trip that had begun with so much promise, had in an instant become a nightmare. Mrs. Parks and her associates from the Institute immediately flew to Virginia to be with the youths and their families during this difficult time.

Rarely in such dire circumstances could one find reason to be heartened. However, the immediate and overwhelming response from the Detroit-area business community was to ask how they could help. Chrysler Corp. offered the use of a private jet to return Mrs. Parks and her associates from Richmond, VA, to Detroit. Northwest Airlines provided free air travel to the students stranded so far away from home, and also arranged to transport the body of the deceased home to Michigan.

Examples of compassionate generosity weren't limited solely to Michigan businesses. The American Red Cross paid for the group's lodging for 2 nights and secured ground transportation. The local Shoney's restaurant in Petersburg, VA donated free meals. Individual volunteers, both in Michigan and Virginia, offered their help to the young men and women and their families.

The city of Detroit, and one of its most cherished citizens, experienced great loss this week. However, I believe we have also experienced hope. At a time when little was expected, a great deal was delivered. No one has ever given more of themselves to their community than Rosa Parks. I was proud to see so many who have benefited from her example of selfless leadership respond in kind.

Mr. President, this has been a story of severe tragedy. But it has also been a story of caring, of friends and neighbors galvanized by a desire to help those in need. I extend my condolences to Mrs. Parks and to the rest of Adisa Foluke's family. I'm sure all of our prayers go out to Tiandra Gunn, the rest of the injured, and their families. I also extend my thanks, on behalf of the state of Michigan, to all those who gave so generously in this time of need. I would include in this category, not only Chrysler Corp., Northwest Airlines, the American Red Cross, and Shoney's, but also Eunice Miles of my Southfield office, and Steve Hessler, my deputy press secretary. Both provided quick response and extra time and effort during a critical time.

I yield the floor.

NORTH KOREAN FAMINE—A HUMAN TRAGEDY AND A THREAT TO PEACE

Mr. BIDEN. Mr. President, I rise to address a great human tragedy silently unfolding in North Korea and the urgent need for the United States to respond.

The North is experiencing a severe famine and has asked the world for help. Pyongyang has gratefully acknowledged our past assistance. It is in our interest to respond generously to their plight.

ON THE BRINK OF STARVATION

According to experts from the World Food Program [WFP] who recently returned from extensive travels in North Korea, tens of thousands of people are on the brink of starvation. Hundreds of thousands more are suffering from severe malnutrition, the result of several years of scarcity.

The public food distribution system on which 78 percent of the North's population depends has effectively ceased to function in most parts of the country. In those few rural areas where the public distribution system still is operating, rations have fallen to below 100 grams per day, the equivalent of a small handful or rice or corn for each person.

The evidence of famine is pervasive and undeniable. Children are among the hardest hit, their hair tinged red from malnutrition, their growth stunted, their eyes sunken and listless.

Mr. President, I ask unanimous consent to have printed in the RECORD an article from this week's copy of Newsweek magazine, which includes a photograph of starving North Korean children into the RECORD. I'd like to note for the record that a photograph of a Andrew Cunanan graced the cover, while the poignant photo of four starving North Korean kindergarten students was on page 46.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From Newsweek Magazine, July 28, 1997]

JUST SKIN AND BONES

(By Tom Masland and Jeffrey Bartholet)

It's a slow-motion catastrophe, largely hidden from outsiders. But the latest visitors to North Korea confirm the world's worst fears. A nation of 23 million people is starving, slowly and painfully. "Mere survival is becoming more and more difficult," wrote one man to his mother in Japan. "There are people dying." Travelers describe scenes that once were unthinkable in this police state: beggars in the streets of Pyongyang, masked, armed robbers raiding private homes for food, trees totally stripped of leaves and edible bark. Perhaps most persuasive of all are the first photographs to document the deepening tragedy. The one on this page was taken in an orphanage by an official visitor from a Roman Catholic charity. The blank stares of the spindly infants cry out: time is short.

In response to the crisis, Washington last week doubled its previous donation of food aid to the north. The promised 100,000 tons of grain represents slightly more than half the $45.6 million requested by the World Food Program earlier this month in direct response to the plight of North Korea's children. Executive director Catherine Bertini says the WFP needs enriched baby food for children who are too malnourished to digest the customary relief meal, a handful of ground corn. Bertini reports that the program's staff members in North Korea "estimate that 50 to 80 percent of the children they have seen in nurseries are underweight and markedly smaller than they should be for their age. They are literally wasting away."

Playing politics: The emergency food aid will help, but it's not a lasting answer to North Korea's creeping famine. The crisis is bound up with politics: North Koreans are going hungry because their Stalinist economy is collapsing, and the United States, Tokyo and Seoul are using food aid to lure Pyongyang into four-way peace talks and economic reform. Yet North Korean leader Kim Jong Il and his cronies are wary of any compromise that could loosen their grip on power. They're prepared to do whatever they feel is necessary to survive—and they're wildly unpredictable.

Managing North Korea's collapse has become a top priority of the Clinton administration. The United States has 37,000 troops based in South Korea to help deter Pyongyang. Yet as North Korea deteriorates, fears mount that its leaders will "use it before they lose it." The endgame is no longer a matter of if, but when. As a Rand Corporation study concluded last year, "The Korean Peninsula presents a strange paradox. Nobody knows what might happen this year or next, but everyone agrees on how things will look in 10 or 20 years. The North Korean regime is doomed in the long run."

In part to obtain famine relief, Pyongyang last month finally agreed to attend peace talks in New York aimed at ending the formal state of war that still applies on the peninsula. And last week North Korea promised to lift a ban that has prevented Japanese wives of North Koreans from visiting their homeland for more than three decades. Japan, which has vast stocks of surplus rice, now is considering providing additional food aid. But anyone who thought Pyongyang was turning soft got a rude reminder last week. A squad of North Korean troops briefly crossed the demilitarized zone and provoked the heaviest exchange of fire with South Korean troops in two decades.

Why increase tensions along the most heavily armed border in the world? Pyongyang may believe that by instigating a fire fight along the border it reinforces the message that North Korea is dangerously unstable—springing loose more food aid from Washington, Japan and others. Some analysts also think that there's a power struggle underway within the regime between hardliners in the military and moderates in the civilian bureaucracy. According to this view, every time the moderates move to open relations with the outside world, hard-liners resist. Last September the incursion of a North Korean submarine on the South Korean coast led to a manhunt in which 24 North Koreans and 13 South Koreans were killed—just as Pyongyang was trying to persuade foreign businesses to invest in a new free-trade zone. This time, hard-liners may have wanted to pre-empt the Aug. 5 peace talks.

Once sanguine about a "soft landing" in Korea—in which Pyongyang embraces economic reforms and gradual, peaceful reunification—U.S. intelligence analysts now predict a crash. In one scenario, reformers topple Kim in a palace coup and call for help from Seoul or Beijing—creating yet another delicate, hard-to-manage issue between Beijing and Washington. Or perhaps North Korea attempts to seize Seoul, hoping to achieve reunification on its own terms. One former Pentagon analyst warns of a human-wave assault down high ridges and hills where tanks can't operate. This would likely come during the summer, when chemical weapons work most effectively and haze hinders air operations. The argument against such a disaster: China, North Korea's neighbor and longtime socialist ally, can be expected to use all its influence to deter such an attack.

Could famine bring on the collapse of the Pyongyang regime? Conceivably, if North Koreans come to fear starvation more than they do the government. But so far discipline remains strong. U.S. Rep. Tony Hall, who visited the North in April, recalls visiting a maternity clinic where mothers were dying and 6-month-old infants looked like newborns. "If you asked what they planned to do, people answered, 'The Dear Leader will take care of us. He always does'." Hall said. Whoever eventually rules a united Korean peninsula could pay the price for years.

"This is one of the few countries I know where the kids are growing up to be smaller than their parents," says Hall. Some call it "generational stunting." "If [children] are malnourished in these critical years, they can't make it up," says one U.N. official. For North Korea's hungry kids, the endgame is now.

INADEQUATE U.S. RESPONSE

Mr. BIDEN. The United States has a long tradition of responding generously to people in need. By sharing our bounty we have saved millions in Sudan, Ethiopia, Somalia, and Angola.

To date, however, our response to North Korea's famine has been cautious and inadequate.

Over the past 12 months, the United States has provided a total of about $60 million in food aid, including the recent announcement of $27.4 million for 100,000 metric tons of grain.

The world, following our restrained lead, has been slow to meet the genuine emergency needs of the North Korean people. According to the World Food Program, the North began 1997 roughly 2 million tons of grain short of what it would need to avoid famine. But as of July 1, the North had received a total of only about 423,000 tons of food aid, It had managed to purchase or barter another 330,000 tons, leaving a shortfall of more than 1 million tons for the remainder of the calendar year.

The United States has never linked politics with emergency food assistance, and we should not do so now.

We can do more.

And we should do more to avert mass starvation and the incumbent risk of political and military instability of the Korean peninsula.

ROOTS OF FAMINE

Why is the North experiencing a famine? North Korean authorities attribute the shortages to a string of bad weather, including serious flooding in 1995 and 1996. Truth be told, however, the famine is largely the result of wrong-headed, discredited Communist economic policies and the devotion of vast resources to the North Korean armed forces.

But this does not make the North Korean people less deserving of emergency relief. It is not ethically permissible to use starvation as a weapon to force the North Korean dictatorship to undertake essential economic reforms.

Some observers worry that the North might divert our food aid from those who are truly hungry to the military or party elite.

But international relief agencies are able to send their monitors throughout the famine-stricken areas where supplies are being delivered. The World Food Program has even chartered a helicopter to facilitate oversight.

United States private voluntary organizations will soon begin directly supervising the distribution of American assistance, opening another window into life inside the hermit kingdom.

The bottom line? We can have a high degree of confidence that the vast majority of any assistance we provide will reach the intended targets.

WHY NOT STARVE THEM OUT?

Opponents of emergency famine relief for North Korea wonder aloud whether the famine might not be a blessing in disguise; the perfect mechanism to bring about the downfall of one of the most repressive regimes left on the planet. But this cynical view is not only immoral, it displays a total disregard for the potentially explosive results of such a policy of strangulation.

Famines are profoundly restabilizing events. No one can predict with confidence how North Korea might respond. But it is obvious to me that we do not want the North—which may possess one or two nuclear weapons—to experience panic, massive population migrations, and instability.

In testimony earlier this month before the Senate Foreign Relations Committee, Andrew Natsios, director of foreign disaster assistance during the Bush administration and now vice-president of World Vision, a nongovernmental relief organization operating in North Korea, warned that the North's famine could soon reach the irreversible stage.

He added that by the time the world sees CNN broadcasts or emaciated North Korean children too weak to lift themselves off their cots, it will be too late to save them.

FOOD FOR PEACE

Next Tuesday, August 5, representatives of North Korea, South Korea, China, and the United States are scheduled to convene talks aimed at replacing the tattered 1953 Armistice with a peace treaty. If history is any guide, these historic negotiations are likely to be both difficult and protracted.

But while the diplomats talk and the world waits and prays for peace, famished innocent North Koreans move closer to death.

It is time for the United States to lead a comprehensive, humane response to the North's famine.

Not because the North has agreed to peace talks;

Not because the North has frozen its nuclear program and accepted international atomic energy agency monitoring of its Yongbyon nuclear facility; and

Not because the North is cooperating for the first time in 50 years in the search for the remains of America's 8,000 missing servicemen from the Korean war.

We should respond because it is the smart thing to do. It is the noble thing to do. It is an expression of all that is best about America that cannot help but resonate in the hearts of the North Korean people.

NATO ENLARGEMENT AFTER MADRID

Mr. BIDEN. Mr. President, earlier this month in Madrid the North Atlantic Treaty Organization held a momentous summit meeting, which brought together the heads of state and government of its 16-member countries to discuss the future of the Alliance in the 21st century.

Mr. President, I was privileged to be a member of a bipartisan, bicameral Congressional delegation to the summit meeting. Today, I would like to discuss the results of Madrid and their important implications for American foreign policy.

At Madrid, NATO took the historic step of inviting Poland, the Czech Republic, and Hungary to begin accession talks with the alliance.

The alliance now has several pressing priorities as a followup to the summit.

As its first priority, NATO must complete these accession talks this fall with the three prospective new members. Poland, the Czech Republic, and Hungary have all met the basic alliance membership requirements—democracy, civilian control of the military, the rule of law, no conflicts with neighbors, and the willingness and ability to assume alliance responsibilities.

NATO and the candidates must now assess the military capabilities of each of the three in detail, and must plainly state each country's responsibilities and tasks within the alliance.

Of particular importance is that the issues of cost of enlargment must be forthrightly addressed, both by the three prospective members and by all the current members of the alliance.

The goal is to successfully conclude the talks with Poland, the Czech Republic, and Hungary in time for the Protocol of Accession to be signed at the NATO ministerial meeting in December of this year. The next step is for each of the 16 current NATO members to begin the process of ratification of amending the Washington treaty. Of course, Mr. President, according to our constitution, it is the U.S. Senate that is responsible for advice and consent to treaties, and we anticipate that we will consider the NATO enlargement treaty amendment next spring.

NATO's second major priority after Madrid is developing a strengthened cooperative relationship with those countries that were not invited to be in the first group of new members. At Madrid, NATO re-emphasized an "Open Door" policy by which the first group of invited countries will not be the last. Additional candidacies will be considered, beginning with the next NATO summit, to be held here in Washington in April 1999 on the occasion of the 50th anniversary of the founding of the alliance.

In an important gesture, the Madrid summit communique singled out for special mention the positive developments toward democracy and the rule of law in Slovenia and Romania. As many of my colleagues will remember, I was a strong advocate of Slovenia's being included in the first group of new members.

I anticipate that both Slovenia and Romania, and perhaps other countries, will be invited to accession talks with NATO in 1999.

In addition, in a thinly veiled bow to Estonia, Latvia, and Lithuania, the Madrid summit communique reiterated conditions set forth in NATO's 1995 study whereby no European democratic country will be excluded from consideration for membership because of its geographic location.

Translated into real English that means that NATO will not allow Moscow to give the three Baltic states a double whammy.

In other words, the Soviet Union's illegal, forcible incorporation of the Baltic states in 1940—which, I am proud to say, was never recognized by the United States—will not be used as a pretext to veto their consideration for NATO membership.

Mr. President, Ukraine, with an area and population the size of France, is arguably the most strategically important country in East-Central Europe. At Madrid, NATO and Ukraine signed a Charter on a Distinctive Partnership. Ukraine is currently not seeking NATO membership, but under President Kuchma (KOOCH-ma) it has undertaken democratic and free-market reforms in an attempt to move closer to the West. This charter should reinforce this trend.

In order to keep the enlargement momentum going in the countries not yet ready for membership, a new Euro-Atlantic Partnership Council was inaugurated at Madrid. This body will direct an enhanced Partnership for Peace Program—a program involving more than two dozen countries, which, incidentally, has already far exceeded our most optimistic expectations.

Of vital importance to the new security architecture in Europe is NATO's new relationship with the Russian Federation. Based on the Founding Act between NATO and Russia, that new relationship has begun to take shape.

The permanent joint council, whose consultative functions are outlined in the Founding Act, recently held a preliminary meeting, and more are planned for the autumn.

Rather than being a rival for to the North Atlantic Council, as some critics have asserted, the permanent joint council will be a proving ground where Russia can show its intention to cooperate in a positive spirit with the West.

I hope and expect that it will act in this manner. If, however, Moscow chooses the old path of propaganda and confrontation, then the permanent joint council will atrophy. But, I reemphasize, in no way will the permanent joint council usurp the leading role in NATO played by the North Atlantic Council.

The third and final immediate priority for NATO after the Madrid summit is to finalize the internal adaptation of the alliance. This, Mr. President, is a complex and crucially important issue.

Beginning in 1991, NATO approved a new strategic concept, which moved beyond the cold war focus on collective defense and toward more diverse tasks in a global context. In order to carry out these new tasks, the new strategic concept emphasized the need for NATO to achieve an effective force projection capability.

At the January 1994 Brussels summit, NATO agreed to set up a more flexible set of options for organizing and conducting military operations. This goal was, and is, to be achieved through the mechanism of the combined joint task force, known by its acronym CJTF. Although there has been considerable disagreement between the United States and France as to the theoretical details of how the CJTF is to be controlled, in practice both the IFOR and SFOR operations in Bosnia have been unofficial combined joint task forces under NATO command and control.

Mr. President, I am going into this level of detail because, as I will discuss shortly, the question of post-SFOR Bosnia is inextricably tied in with the ratification of NATO enlargement.

Another aspect of NATO's internal adaptation concerns reforms in the alliance's command structure. At the June 1996 ministerial meeting in Berlin, NATO agreed that a European security and defense identity—known by its initials ESDI—would be created within the framework of the alliance by allowing European officers to wear a Western European Union [WEU] command hat as well as their NATO hat.

As part of the restructuring, NATO has already reduced the number of its strategic commands from three to two, and it is also planning to reduce the number of major subordinate commands. It is at this intersection of ESDI and command structure, Mr. President, that the expressed interests of France and the United States have collided.

The French want to have a European officer take over from an American as Commander of Armed Forces South [AFSOUTH] in Naples. We have rejected this proposal since it would impact upon our Sixth Fleet, even if the Fleet would formally remain under American command. Until now, the dispute remains unresolved, but at Madrid the French agreed to keep talking. In any event, disagreements over internal adaptation will not threaten the enlargement process.

Mr. President, having been privileged to have been at Madrid and having followed the immediate follow-up to the summit, I find my belief reinforced that NATO is on the right track. There remain, however, two challenges, which if not satisfactorily met, could well torpedo ratification of NATO enlargement by this body. They are, first, burdensharing and, second, post-SFOR Bosnia.

The first challenge is an existential one for NATO. The heads of state and government participating in the meeting of the North Atlantic Council in Madrid directed the Council to "bring to an early conclusion the concrete analysis of the resource implications of the forthcoming enlargement." The coming months will see serious discussion and study on the actual costs of enlargement.

The Pentagon Report to the Congress in February 1997 was an excellent starting point. Personally, I find its methodology and conclusions convincing, but they have already been challenged by some of our European NATO partners. On other occasions I have discussed the details of the Pentagon study, so I will not take time today to repeat most of them.

One aspect, though, bears special mention. Because the United States spent considerable sums of money in the 1980's and early 1990's to make our Europe-based forces deployable and sustainable, the Pentagon study calculates our share of the total bill to be less than some Europeans apparently would like. I believe that, in making that criticism, the Europeans are forgetting that in 1991 they signed onto the new NATO strategic concept that emphasizes force projection, to which I referred earlier.

If our European friends disagree, let them offer an alternative methodology in the cost negotiations that were mandated at Madrid.

Even if the absolute cost to the United States of NATO enlargement is well within our capabilities—as it is likely to be—we must insist that the costs are fairly apportioned within the alliance.

I regret that the Madrid summit communique did not specifically call for an equitable sharing of the burden of providing the resources for enlargement.

Moreover, the immediate post-Madrid statements by French President Chirac who said that France would not spend an extra franc for enlargement, and by German Chancellor Kohl, who said that United States cost estimates of enlargement were exaggerated, were not encouraging. They may accurately reflect Chirac's and Kohl's views, or they may merely be opening negotiating positions.

In any event, I must emphasize in the strongest possible terms that the North Atlantic alliance is a partnership, not an American charity enterprise.

While some of our European allies are making significant contributions to alliance multinational military activities, to cost-sharing for stationed

U.S. forces, and to foreign assistance—all of which have been listed by the Pentagon as relevant burden-sharing criteria—only Italy, Greece, and Turkey met congressional targets last year on defense spending as a percentage of gross domestic product. And, Mr. President, one might add that the motivations of the last two countries include arming to defend against each other.

I will be very surprised if NATO's definitive enlargement cost study—to be completed in the coming months—does not call for outlays that will force Western European parliaments to increase considerably their appropriations for defense.

At that point, Mr. President, we will reach the alliance's moment of truth. Eleven NATO members are also members of the European Union. I have great sympathy for the European Union's strenuous efforts to achieve an ever closer union. Merely trying to fulfill the criteria for launching a common European currency is proving extremely difficult and causing social tensions in several Western European countries.

But, Mr. President, we in the United States have also been taking painful steps to balance our own budget. The U.S. Federal work force is being reduced by more than a quarter-million, and our appropriations for many worthy social, medical, and educational causes have been drastically pared down on austerity grounds.

So, Mr. President, I don't think it is too much to ask of our European allies what we have been asking of the American people. If one Europe, whole and free is worth ensuring through an enlarged NATO, then our European allies will take up the challenge and make the sacrifices that we have made. If they feel it is not worth the price, then I fear that the future of the entire alliance will be cast in doubt.

A corollary of burdensharing in NATO is the responsibility that the United States takes for the entire free world through its military activities outside of Europe, especially in the Pacific and the Middle East. As we proceed with NATO enlargement, we must be certain not to use a disproportionate share of our defense funds in Europe and thereby weaken our ability to carry out our responsibilties elsewhere. I am confident that with equitable burdensharing of enlargement, this will not happen.

The second looming challenge, Mr. President, is creating a post-SFOR force for Bosnia. I have long called for applying the CJTF concept, to which I referred earlier, to Bosnia, so that our European allies can provide ground forces there after June 30, 1998, supported by awesome American air, naval, communications, and intelligence assets and an over-the-horizon U.S. Ready Reserve Force in the region.

An amendment to that effect was included in the fiscal year 1998 Defense Authorization Bill passed by the Senate.

If our European allies follow the logic of their repeated calls for a European security and defense identity within NATO, which has been officially recognized by the alliance, then they should seize the opportunity offered by the expiration of SFOR's mandate next June.

By taking up our offer of a CJTF they can consolidate the Dayton peace process and remove a major impediment to the ratification of NATO enlargement by the U. S. Senate.

If, on the other hand, our European allies persist in their in together, out together mantra, oblivious to the Madrid communique's call for—"a true, balanced partnership in which Europe is taking on greater responsibility" then this body will come to the obvious conclusion that the alliance's official policy upon which enlargement is based no longer obtains. Such a development would have the gravest consequences, not only for enlargement, but for the future of NATO itself.

Mr. President, I sound these warnings in the firm belief that my two doomsday scenarios will not come to pass. For all but the most provincial Europeans and isolationist Americans recognize the need for the United States to remain intimately involved with Europe and will not want to jeopardize that involvement. The history of the 20th century has shown that when the United States absents itself from European affairs, the Europeans—unfortunately—are unable peacefully to resolve their disputes. The result in World War I and World War II was an enormous American sacrifice of blood and treasure.

In order that we should never repeat that isolationist mistake, the United States in 1949 led the founding of NATO, the most successful defensive alliance in history.

For nearly half a century it has kept the peace in Western Europe, allowing its European members to rebuild, overcome their own ethnic and national animosities, and eventually to prosper.

Mr. President, NATO enlargement involves serious policy commitments for the United States, and therefore must be held up to the closest scrutiny. Many of us have been posing relevant questions to the administration for several months, and we have received satisfactory answers. There will, of course, continue to be new issues to be faced as we get deeper into the details of enlargement. But I believe that it serves no useful purpose to repeatedly recycle already answered questions, as if possessed with a need to reinvent the wheel.

For example, some of my colleagues recently asked, once again, what threat NATO enlargement is designed to counter. But both the Clinton administration and NATO long ago answered that question: the threat is instability in Central and Eastern Europe, the crucible for two world wars in this century. NATO enlargement will extend the decades-old zone of stability eastward on the continent.

In case anyone thinks that I am only spouting theoretical political science phrases, let me cite an article in the July 28, 1997 edition of The Washington Times, which quotes the head of the Security Policy Division of the Lithuanian Foreign Ministry. Saying that his country was delighted by NATO's decision in Madrid to invite Poland, the Czech Republic, and Hungary to join, the Lithuanian official explained—"because that extends the zone of stability to our borders."

By now we surely know that the addition of Poland, the Czech Republic, and Hungary, NATO is not drawing new dividing lines on the continent, as some of my colleagues recently suggested. I think the jubilant crowd that welcomed the President in Bucharest—after the Madrid summit—has laid that myth to rest. The Romanians knew that NATO, by emphasizing its open door policy at Madrid, had once again made clear that its goal is an undivided, peaceful, and free Europe—and an alliance that will welcome Romania as a member in the near future.

Some of my colleagues would like to come up with a finely delineated taxonomy of ethnic quarrels, border disputes, external aggression, and the like, as a precondition for moving ahead with NATO enlargement.

But, of course, such theoretical discussions are rapidly being made superfluous by the lure of NATO membership. Since enlargement became a real possibility Hungary and Romania have formally improved their relationship, as have Hungary and Slovakia, Romania and Ukraine, Slovenia and Italy, Poland and Lithuania, Germany and the Czech Republic, Russia and Ukraine, and other European countries that I am probably forgetting.

Mr. President, these historic reconciliations did not happen by accident. With the notable and sad exception of parts of the former Yugoslavia, the various peoples of Central and Eastern Europe are no longer wallowing in the swamp of ancient, tribal hatreds. Rather, they are attuned to the 21st century and the opportunities that NATO enlargement, above all, can offer.

Some of my colleagues have asked whether NATO membership will force the new Eastern European democracies to spend too much on arms when expenditures for infrastructure critical to economic growth are more pressing. Leaving aside the rather patronizing tone of the question, the answer has been clear for months: Warsaw, Prague, and Budapest each has no trouble defining its national interest. Pending verification in this fall's accession negotiations, the Polish, Czech, and Hungarian procurement plans fall well within prudent limits of the free-market economic reforms that all three have been implementing for several years.

Some of my colleagues have asked whether membership in the European Union might be a better option for these countries to achieve economic stability than NATO membership.

Again, Mr. President, I think we must treat the Central and East Europeans like adults. They know what is vital to them.

Moreover, why—other than to throw up roadblocks in the NATO enlargement process—would one posit an artificial dilemma? It's not an either or choice: many of these countries are viable candidates for both NATO and EU enlargement.

In fact, earlier this month the European Union invited the first three NATO enlargement candidates—Poland, the Czech Republic, and Hungary—plus Slovenia, Estonia, and Cyprus to membership talks for the next round of EU enlargement.

Some of my colleagues have asked, what have we given up in terms of NATO's own freedom of action to deploy forces throughout the expanded area of the alliance in order to obtain Russian acquiescence to the expansion plan?

Well, Mr. President, the answer is a simple, nothing. We have known since NATO made crystal clear last March as part of its famous three no's declaration that the alliance has no reason, intention, or plan in the current and foreseeable security environment permanently to station substantial combat forces of current members on the territory of new members. Obviously, if the security environment changes, so too will NATO's troop stationing policy. In short, we have retained our freedom of action and have given up nothing—zero. I hope that issue has been laid to rest.

While everyone by now admits that Russia's leaders have acquiesced to NATO enlargement, some of my colleagues have asked the unanswerable question: But what of tomorrow's Russian leaders? They wonder whether NATO enlargement will create an incentive for Moscow to withhold its support for further strategic arms reductions.

First of all, no one can categorically disprove a negative. Some Russian leaders are against further strategic arms reductions for a variety of reasons. NATO enlargement may be one of them, although I seriously doubt that it is one of the more important ones. Ultimately, I believe that the next generation of Russian leaders will see that arms control is in their own national self-interest.

Additionally, we should not forget that through the NATO-Russia Founding Act the Russians will have the opportunity not only to observe NATO first hand, but will also be able to work cooperatively with it. They may not learn to love NATO, but at least they will see that it does not correspond to the aggressive, rapacious Stalinist caricature that they grew up with.

Many of us in this body are justifiably concerned about the cost to the American taxpayer of NATO enlargement, and I have talked myself blue in the face to Europeans making clear my insistence on equitable burdensharing. But I would also remind my colleagues that freedom is not cost free. As a deterrent to aggression, ethnic conflict, or other kinds of instability, an enlarged NATO is far less expensive than conducting a military operation after hostilities have broken out would be.

Here again the case of Bosnia and Herzegovina is instructive. Had we become directly involved earlier with the lift and strike policy that I advocated as early as 1992, we could have prevented many of the quarter-million deaths and 2 million displaced persons in that tormented country. Moreover, we would not be saddled with the enormous reconstruction costs that the United States and the rest of the world community are now bearing.

So while we persist in our goal of a North Atlantic alliance of truly shared responsibilities, let us not lose sight of the bigger picture that American expenditures on NATO are the best security investment that this country can ever make.

Mr. President, I would summarize my thoughts since Madrid in the following way: NATO enlargement is on the right track. It is a vital force in the integration of the new Europe. Tough negotiating and bargaining lie ahead. Several key questions must be definitively answered in the coming months, above all the actual cost of enlargement and how it will be apportioned. We must work out a satisfactory NATO-led, post-SFOR force for Bosnia. The Committee on Foreign Relations, for example, will hold an extensive series of hearings on these topics. But let us not confuse the debate by repeating already answered questions.

I am convinced that after thorough scrutiny and debate, NATO enlargement will occur on schedule and will contribute to expanding and enhancing stability in Europe, and thereby will strengthen America's security.

I thank the Chair and yield the floor.

* * *

AMBASSADOR RICHARD GARDNER'S OUTSTANDING SERVICE

Mr. KENNEDY. Mr. President, too often we take for granted the exceptional work done by our Ambassadors and members of the foreign service. These individuals perform their duties in countries throughout the world, often in difficult conditions. Their service is a great tribute to their ability and their loyalty to our Nation, and they deserve America's enduring gratitude for the job they do so well in representing our country in other lands.

Earlier this month, one of our most respected ambassadors, Richard Gardner, completed his service as Ambassador to Spain. Dick has previously served as Ambassador to Italy, and is widely recognized as one of the Nation's foremost experts on foreign policy. The knowledge, enthusiasm, and diligence he brought to his post in Madrid significantly strengthened the political, economic, and cultural ties between our Nation and Spain.

I commend Ambassador Gardner for his outstanding service.

Leaders in Spain have recognized the remarkable contributions made by Ambassador Gardner, and I ask unanimous consent that a recent article by Miguel Herrero de Minon be printed in the RECORD.

There being no objection, the Article was ordered to be printed in the RECORD, as follows:

[From "El Pais", July 1, 1997]

A FORTUNATE AMBASSADOR

(by Miguel Herrero de Miñión)

The U.S. Ambassador, Professor Gardner, and his wife, Danielle, will soon conclude their mission in our country. The time for farewells is the time for praise and the Gardners have made so many friends here, and even established family ties, that they will receive more than enough accolades. That is why I only want to bear witness to a simple, objective fact: Ambassador Gardner has been a fortunate ambassador and good fortune, an excellent attribute for the one who has it and, particularly in the position he holds, requires two ingredients: specific circumstance and the ability to be able to navigate through to a safe port. The former is mere chance; the latter comes through character, good fortune consists of building a destination between the two.

The circumstance of Gardner's embassy in Spain is no less than the maturation of the U.S.-Spanish relationship, which led naturally to it becoming a truly "special" one. I think I was the first, now a number of years ago, to suggest this term, remarking that of all the countries in the European Union with the exception of the United Kingdom, Spain is potentially the one that has the most interests in common with the United States. Accordingly, the sometimes embarrassing security relationship begun over 40 years ago, has been growing while increasing economic, cultural, strategic and political ties have come to light.

Massive student and teacher exchanges contributed to making Spain better known in the U.S. and to doing away with mistrust here; the restoration of democracy in our country opened the way to fuller cooperation, and the Gulf War marked a basic turning point, at least in Spanish public opinion.

But Gardner has had the historic opportunity to contribute decisively during these important recent years, to the acceleration and maturation of this trend, by preparing visits at the highest level in both directions, and collaborating in common, bilateral and multilateral undertakings, bringing the two societies closer together with better knowledge of each other. It was during his tenure that President Clinton launched the Transatlantic Agenda in Madrid and, also in Madrid with the Spaniard Solana at the helm, Atlantic Alliance reform took place, not to mention good political collaboration in other areas of mutual interest. It was also when economic and trade relations were intensified between our two countries, and educational and cultural relations between our two societies.

Gardner has been not only the representative of one Nation and its Government in another, but also an excellent mediator between two societies. He has come to learn and to teach, opened up possibilities and launched institutions, mobilized initiatives that in many cases are more private than public. His professorial talents—the ability to turn Embassy breakfasts into seminars—and his intellectual talents—he has even enriched our bibliography with a masterpiece of economic-diplomatic history—have served his mission well, as has his liberal patriotism in the best tradition of American internationalism—as opposed to unilateralism and isolationism—which has always held that the implementation of manifest destiny involves making oneself known, understood and making friends.

The growing number of Spaniards who believe in the Atlantic community will miss him, because good fortune, doing such a good and timely job, is a rare and beneficent attribute.

TRIBUTE TO DONALD MARTIN

MR. WARNER. Mr. President, I rise today to pay tribute to a member of my staff who has served me and the Commonwealth of Virginia as a legislative correspondent for the past 2 years.

Don Martin will be leaving my office to attend law school this fall. He will be sorely missed by those who have grown to respect him and his tremendous talent and hard work.

Don is a native of Wytheville, VA, in the southwest portion of our State. He joined my staff in the summer of 1995, just weeks after graduating from Yale University, in New Haven, CT. Don is the first member of his family to attend college and the first to graduate from high school. At Yale, Don was a top student recognized for his contributions as a community leader.

While attending George Wythe High School, Don was honored as class president and recognized as the school's outstanding student. Don Martin was also Virginia's top high school debate champion in both 1990 and 1991.

Don's legislative responsibilities have focused on issues related to the Committee on Environment and Public Works, on which I serve, Committee on Energy and Natural Resources, Committee on Commerce, Science and Transportation, and the Committee on Government Affairs.

Mr. President, in the sincerest sense, Don has a goal to give back to his family and community the same kind of love and commitment they gave him. His goal is to get back home and make a positive difference in his community of Wytheville. I respect him and wish him all the best.

THE TRAGIC BOMBING AT MAHANE YEHUDA MARKET

Mrs. BOXER. Mr. President, yesterday in Jerusalem, the Mahane Yehuda market was ripped apart by two suicide bombs that detonated only seconds apart. At least 15 people are dead and another 170 are estimated to be injured as a result of this cowardly act. I rise today to strongly condemn the bombings, and to extend my deepest sympathies to the people of Israel.

The images we have seen on the news have been heartbreaking. The bombs, packed with nails and screws, turned a busy produce market into a horrifying scene of bloodshed and destruction. There is simply no justification for this indiscriminate killing of innocent people.

It has been reported that Issadin Kassam, a military wing of Hamas, has claimed responsibility for the bombing. This would not be the first time Hamas has terrorized the people of Israel and shown itself to be the strongest enemy of peace in the region.

Mr. President, this small majority of extremists cannot be allowed to block the peace that so many people desperately desire. Everyone affiliated with the peace process must now redouble their efforts to stabilize this region that has suffered so long.

Unfortunately, the peace process cannot move forward unless the Palestinian Authority keeps its promise to cooperate fully with Israeli efforts to combat terrorism. I am deeply saddened to report that to date, Palestinian efforts have been inadequate. Only by working together in good faith can terrorism be vanquished from the Middle East.

Once again, I express my sincerest condolences to the Israeli people for their latest sacrifice in the quest for peace.

TRIBUTE TO DR. RICHARD LESHER, U.S. CHAMBER OF COMMERCE

Mr. BURNS. I would like to pay tribute to a man who has given the American business community and millions of hard-working Americans over 2 decades of dedicated service. Dr. Richard Lesher, president of the U.S. Chamber of Commerce, will be retiring in mid-August of this year. Dr. Lesher has successfully steered the world's largest business federation during this era of global competition.

After nearly a quarter of a century with Dr. Lesher at the helm, the chamber's membership has grown to over 215,000 business members, 3,000 State and local chambers of commerce and over 1,200 trade and professional associations. In addition to the national membership, the U.S. chamber works closely with international members from over 60 countries.

Dr. Lesher has worked tirelessly to improve the chamber and to continually champion the goals of the free enterprise system. In order to give his members a stronger voice in Congress, Dr. Lesher has established the Grassroots Action Information Network, or GAIN. He has overseen the creation of the National Chamber Litigation Center in 1977, the only public policy law firm that represents American business interests before regulatory agencies and the courts.

Dr. Lesher has been a constant source of inspiration and dedication in Washington, across the Nation, and throughout the world. His innovative ideas, superb leadership and knowledge of issues have made the U.S. Chamber of Commerce the Nation's leading business advocacy group. Dr. Lesher, thanks for your unfailing commitment to Americans and American business throughout your tenure. I wish you the very best in your retirement.

TRIBUTE TO PETER JENNISON

Mr. LEAHY. Mr. President, I rise today to honor a very special Vermonter. Peter Jennison has devoted much of his life to documenting our wonderful State.

Among his many accomplishments, Peter has authored "Vermont: An Explorer's Guide," "Roadside History of Vermont," numerous Vermont magazine articles and reviews, and also "Vermont on $500 A Day (More Or Less)"—and for those of you who are lucky enough to have visited Vermont you understand the tongue-in-cheek title of the last book.

His skill and talent for writing and history earned him the Vermont Book Publishers Association Lifetime Achievement Award in 1996. As someone who has enjoyed many of his books and magazine articles, I know that this award is well deserved.

Peter is a longtime special friend of mine as is his wife Jane and I wanted the Senate to know about them.

The Rutland Herald recently ran an excellent piece on Peter Jennison. I ask unanimous consent that the article appear immediately following my statement.

[From the Rutland Daily Herald, July 10, 1997]

A "BORN AGAIN VERMONTER" REFLECTS ON A LIFE SPENT AMONG BOOKS

(By Melissa MacKenzie)

At 75 nothing shocks Peter S. Jennison except the prices of books and hotels.

"I can remember when a suite at the Plaza cost $10 a day," he said with a chuckle on the morning of his big birthday, July 2 was celebrated quietly, followed by a family gathering at the weekend. Jane Jennison, his wife of 51 years, was cheerful but bedridden with emphysema, knee surgery and two hip replacements. Otherwise life appeared to be going tolerably well in the 1840 brick cottage on the hill above the Taftsville General Store.

Jennison, a "born again" Vermonter, who grew up in Swanton and then lived many years in New York only to return home again, is probably best known to the average reader as one of the authors of "Vermont: An Explorer's Guide" and the popular "Roadside History of Vermont."

Others may recognize him as the dry, accurate and often humorous reviewer of restaurants and inns for Vermont Magazine. Or you may have seen his books in libraries, including two novels set in Vermont, "The Governor," written in 1964, and "The Mimosa Smokers," and a semi-serious guidebook called "Vermont on $500 A Day (More or Less)." Two of his other books, "History of Woodstock, 1890–1983," and "Frederick Billings," written with Jane Curtis and Frank Lieberman, reflect his historian side and his lifelong interest in Vermont history.

An affable observant man known for his quiet wit, Jennison and his wife, Jane, founded Countryman Press, (now a part of the giant W.W. Norton Publishing Company), in Woodstock in 1973. Or re-founded, you might say. The Jennisons revived the imprint, dormant since the 1930s, which had in the past published such greats as Stephen Vincent Benet and Edgar Lee Masters, and launched their own version, including a new, colophon designed by Vermont artist Sabra Field.

Success came quickly, although it was hard work. Peter and Jane worked from their kitchen table to produce Countryman's first book, a guidebook called "Wonderful Woodstock." and only three years later published its first bestseller, "Backyard Livestock," by Steven Thomas, a book that is still selling well today. By this time several veteran editors and marketing people had joined the little enterprise, among them, the late Keith Jennison, Peter's brother, author of the humorous "Yup * * * Nope and Other Vermont Dialogues", and three men who would eventually run the company, Louis Kannenstine, Christopher Lloyd and Carl Taylor.

The idea was to pay careful attention to the selection of books, be willing to take a chance on a writer; and to take pride in the way their books were designed. Said Jennison at the time, "Working this way is * * * a much more personal kind of publishing that is possible elsewhere in the conglomerate scene." It was a philosophy which saw little Countryman become a David among the Goliaths.

"Countryman was like a woodstove. You had to keep adding logs. Bit by bit we grew beyond our expectations. We didn't have a master plan, it just happened. The more books, the more momentum," Jennison said.

The company operated from the Jennisons' home for the first four years. Editing, billing and shipping continued to get done at the kitchen table. Books were ferried to bookstores in the back of a Toyota pickup truck. Next, Countryman moved down the hill near the Taftsville General Store, where it stayed until 1981 when it relocated to Woodstock and constructed its own building on Route 4. Countryman Press operated there until 1994. After the sale to W.W. Norton, the staff relocated to Mt. Tom. The building is presently for sale for $495,000.

Selling to a big New York City publisher was "an emotional wrench, like selling the family farm, but I realized we had, so to speak, survived the childhood and the adolescence of the company, and now we had grown up and got married," said Jennison philosophically.

"For a small publisher it was getting more and more complicated and expensive to do business. The big wholesalers and the chains are now dictating the rules of the game," he added.

"Publishing has gotten to be part of the entertainment industry. More people are buying more books, but because of the star system that dominates the industry, a lot of new writers are being deprived of an audience. There are still a lot of smaller presses, but they don't have access to the major markets," Jennison said.

Another factor is the reliance of the big players on computers and the industry's fixation on the bottom line.

"Unfortunately the buyers at Barnes and Noble and at Ingram (the largest book distribution company in the U.S.) are ruled by their computer records; how well an author sold before, what type of book sold before, etc. I call it the Bill Gates-is-God mentality," he said.

Jennison, however, remains hopeful, "I am optimistic enough to think there will always be a large number of people who would rather curl up with a book than a computer game. The format of the book will be with us for a long time. It'll go on," he said.

In 1996 the Vermont Book Publishers Association awarded Jennison a Lifetime Achievement Award for his contributions to publishing.

A sixth-generation Vermonter, born on a dairy farm in Swanton, north of St. Albans, Jennison attended a one room school until his parents packed him off to Philips Academy, Andover. Next came Middlebury College, interrupted in his junior year by World War II. Jennison served three years with the Office of Strategic Services, the forerunner of the CIA, as a code and ciphers specialist, decoding messages from U.S. agents behind the lines in Germany, France and Norway, Returning to Middlebury, he graduated with a degree in American literature, married Jane, and began what was to become a lifetime spent with books.

Jennison worked first for "Publishers Weekly" as a reviews editor and feature writer, and then went on to become Assistant Director of the American Book Publishers Council. In the 1960s, he served on the National Book Committee, a non-profit citizens group promoting books and libraries, similar to the Vermont Center for the Book, but on a national scale. Under the auspices of the Ford Foundation he also worked with fledgling publishing companies in Africa, the Middle East and Asia, as well as serving on the panel for the National Book Awards.

"The Natinal Book Awards weren't as high profile in the sixties. We got a lot of local publicity, though, outside of New York. Now, it's more like the Academy Awards," said Jennison.

The Jennisons returned to Vermont in 1971. I'd had enough of New York and I was tired of being held hostage by the New Haven Railroad," recalled Jennison, referring to his years as a commuter from suburban Westport, Conn.

Christina Tree, co-author of "Vermont: An Explorer's Guide," remembers the story a little differently. "The way I heard it, Peter came home one night after a hard day in the city, wound up like a clock, and accidentally walked straight off the patio into the family swimming pool, seersucker suit, briefcase and all. He got out, sputtering, and yelled, "That does it. Jane, we're going back to Vermont."

Although he is now officially retired, Jennison continues to write for "Vermont Magazine" and will work again with Tree on the next edition of "Vermont: An Explorer's Guide."

Countryman Press's "The Explorer's Guide series" started in 1979. The first book was about Massachusetts, the home state of Tree, a young travel writer at the Boston Globe. Said Tree from her home in Cambridge, "Peter hired me to write the series. I wrote one on Massachusetts and one on Maine. But the year I was to begin the one on Vermont, I had some family difficulties, and Peter so-authored to help me out."

The partnership was such a success the two have continued co-writing the book ever since.

"We divided up the state," said Jennison. "Now, when it's time for a new edition, we switch sections and re-visit old places and add new ones."

The guidebook is published every two years and has garnered much praise for its accuracy and attention to historical detail. The most recent edition came out in May, which means that come the summer of 1998, Jennison and Tree will again switch their sections and start trekking for the 1999 edition. Working off the previous edition on their computers, the pair will meticulously re-check each entry, changing phone numbers and prices where necessary adding names or dropping them.

Said Christina Tree, "The depth of Peter's knowledge of Vermont is huge. He's seen tremendous changes in the state, and he's got an interesting perspective, returning to Vermont at the time he did, after being away for so long. He personifies a certain kind of aristocratic Vermonter, who's very sophisticated and also very active and involved. He's low-key and witty and generous. And of course he's a fabulous writer. Somebody ought to do an oral biography of him."

CONFERENCE AGREEMENTS ON H.R. 2015 AND H.R. 2014, THE BALANCED BUDGET AND TAXPAYER RELIEF ACTS

Mr. McCAIN. Mr. President, I congratulate our leader, Senator DOMENICI, Senator ROTH, our colleagues in the House, our colleagues in the other party, and all those who worked so diligently to hammer out the details of these agreements. I admit that I was somewhat skeptical that the Congress and the Clinton administration could come to an agreement on these two very important bills. While I have some concerns about certain aspects of these measures, I am pleased to be able to support the legislation.

These two bills will put our Nation back on the road to Federal responsibility. The Balanced Budget Act will reduce Federal spending by $270 billion over the next 5 years, eliminating our annual deficits and resulting in a balanced budget by the year 2002. At the same time, we are providing $96 billion in much-needed tax relief over the next 5 years.

Mr. President, our Founding Fathers recognized the basic principle that the Federal Government must not spend beyond its means. Thomas Jefferson said, "We should consider ourselves unauthorized to saddle posterity with our debts, and morally bound to pay them ourselves." Unfortunately, we have strayed far from Mr. Jefferson's wise advice.

Today, our Nation is burdened with a national debt in excess of $5.3 trillion—or about $20,000 for every man, woman, and child in America. Our debt is still growing by about $4,500 per second—about the same amount it would cost to send three people to a community college.

Although Congress has talked endlessly about balancing the budget, the budget has not been balanced since 1969. We—the Congress and the President—have ignored our responsibility to put our fiscal house in order, choosing instead to leave future generations of Americans with an overwhelming legacy of debt.

Because Federal spending has been out of control, the American people have been saddled with an unconscionable tax burden. In 1960, Americans paid approximately one dollar in taxes for every $50 they earned. Today, one out of every three dollars goes to the tax man. These confiscatory tax policies are blatantly unfair to those who work hard to provide for their families.

The Balanced Budget Act reduces Medicare and Medicaid spending without reducing benefits, provides $24 billion for children's health initiatives, and mandates savings in other Federal programs. It also provides for effective enforcement of the discretionary spending limitations necessary to balance the budget by 2002.

The Taxpayer Relief Act will ease the unconscionable burden on American taxpayers by reducing estate and capital gains taxes, providing a $500 tax credit for children, and providing more flexibility in Individual Retirement Accounts. Small businesses will gain tax relief by restoring the deductibility of home office expenses and self-employed health insurance costs. These and other provisions will allow Americans to keep more of the their hard-earned dollars, rather than turning them over to pay for a bloated Federal bureaucracy.

The American people have waited a long time for deficit reduction and tax relief. With this legislation, we are showing the American people that we take our duties seriously, and I am pleased to support these bills.

Mr. President, there are several matters contained in these bills that I would like to discuss at greater length, some good and some not so good.

AMTRAK TAX CREDIT

Mr. President, I wish to remark on the conference agreement provision giving $4.3 billion to Amtrak under the guise of so-called "tax relief." Given that Amtrak is exempt from most Federal tax burdens, this scheme represents the greatest train robbery since the James Brothers retired.

How we can give a corporate tax refund to a quasi-governmental corporation that has NEVER paid Federal corporate income taxes defies imagination. It's too bad the American taxpayers aren't so favorably treated. I think every taxpayer would like the chance to receive a tax refund they aren't legally owed. Of all the charades I have seen over the years, this Amtrak "special" tax provision takes the cake.

I want the public to be aware, this bill contains $2.3 billion for Amtrak to be doled out over two years not subject to appropriation or congressional oversight. This is the same outfit that has drained $20 billion from the Federal Treasury to serve a small percentage of commuters in the northeast.

This windfall would be accomplished through a far fetched tax scheme that will give Amtrak tax credits for the operating losses incurred by freight railroads. The provision instructs the Internal Revenue Service to sift back through the tax returns of the freight railroads and determine the losses they incurred from their passenger service from 1917 to 1971, before Amtrak ever existed. Those losses, which no one can quantify today, will then be provided to Amtrak in the form of $2.3 billion in tax credits.

Mr. President, give me a break. Are we supposed to be fooled by this? If we're going to permit a giveaway to Amtrak let's just be straight with the American people. Let's not insult them with this bogus charade. It's a mockery of our tax policy and an insult to the public.

Why didn't the conferees simply give $2.3 billion to Amtrak, without all the machinations? Because proponents of this provision know that if funding were subject to appropriations, which is the normal process, Congress wouldn't fund it because its simply not our top transportation priority. So, we're supposed to buy this ludicrous notion that Amtrak is owed a tax refund on taxes they never paid. To think that anyone is supposed to buy such a fairy tale strains the imagination, and adds to the cynicism about how Congress operates.

Let me take a moment to recap how we got to this novel provision. As my colleagues remember, the Senate-passed tax reconciliation bill included an Amtrak funding provision touted by its sponsors as a half penny for Amtrak. But the truth is that new money—some $2.3 billion in new Federal subsidies—came at the expense of the tax cut promised to the American people as part of the balanced budget agreement negotiated by the Administration and the Congress.

During the Senate floor debate, I strongly objected to that provision. I also urged the conferees to reconsider the fiscal ramifications of funneling such money to a system already losing more than $700 million annually and serving less than 1 percent of the traveling public. Unfortunately, the merits for sound Federal policies too often lose out to political will. That was the case during the original Senate debate and it is still the case today.

Again, the conference agreement which we are considering today provides for a new and even more generous funding proposal for Amtrak—one not previously considered by either the House or Senate. This proposal effectively provides more than $1 billion annually to Amtrak during the next two years rather than the approximately $700 million annual subsidy over three years. This new pot of gold for the bottomless pit known as Amtrak will not, let me repeat, will not, be subject to appropriations nor to Congressional oversight. Under the new proposal, the U.S. Treasury will be in charge.

One has to question just how far Congress is willing to go in its quest to find funny-money for Amtrak. Today, Congress is telling the American public that they should believe there is some sort of justification for deeming Amtrak to have had operating losses prior to its existence. The American public is to believe Amtrak is entitled to a tax credit for losses dating all the way back to 1917, even though it wasn't created until 1971.

What precedent does that set for our Federal tax policy? What type of signal does this send to private corporations and citizens on how the whimsy of Congress can retroactively recreate their tax histories? This proposed scheme is indefensible to the American public and sets an ill-advised precedent.

Mr. President, while I adamantly object to the tax credit scheme for Amtrak, I do what to note that at least one shred of responsibility remains in the bill with respect to Amtrak. It's small consolidation but the bill does link the disbursement of this unprecedented gift to the enactment of comprehensive Amtrak reform legislation.

I would like to recognize Senator HUTCHISON for her leadership and tireless work to try to move true Amtrak reform legislation through this Congress. While reform legislation was not included in this bill, I am confident Senator HUTCHISON will continue her endeavors to bring legislation passed by the Commerce Committee to the full Senate. And finally, I would like to thank the Majority Leader for the many hours he devoted to resolving this and all the other provisions in this tax legislation.

Before final passage of this bill, I look forward to entering into a colloquy with the Majority Leader and the Chairman of the Finance Committee regarding the linkage of Amtrak's access to this new windfall to the passage of a comprehensive reform bill. We will, in that colloquy, clarify that when we say a reform bill, that does not mean a couple of lines tucked into an appropriations bill or a rider making some cosmetic change to Amtrak. It means comprehensive, substantive meaningful, reform to ensure that Amtrak operates more efficiently and to set up a process that will protect taxpayers if Amtrak does not meet its financial goals.

I say to my colleagues and to the public, watch very carefully. Meaning no disrespect to any member of this body, the same minds that devise schemes like "tax credits" for Amtrak will employ their creative powers to hatch clever ways of "reforming" Amtrak in order to release the money without Congress ever suspecting that's what we did.

I hope that's not the next chapter in this charade. But, sadly, it wouldn't surprise me and I respectfully urge my colleagues—stay tuned.

COMMUNICATIONS AND SPECTRUM ISSUES

Mr. President, as one of the principal architects of Title III of the Balanced Budget Act, dealing with communications and spectrum allocations, I would like to briefly summarize its major provisions and give you my perspectives on several of them. I spoke briefly on this issue yesterday, but I wanted to make very clear my views on these important issues.

This title is scored to achieve a total of $23.4 billion in budgetary savings by the year 2003. Of this amount, all but $3 billion would be brought in by spectrum auctions.

This spectrum to be auctioned will be derived from several different sources. Some of it consists of analog broadcast TV channels that will be reclaimed from TV broadcasters as they move to their new digital TV channels. Ten channels of this TV spectrum located between Channels 60 and 69 will be cleared of current users and reallocated for different uses ion an expedited basis. Of these ten channels, four—a total of 24 megahertz of spectrum—will be reallocated for use by the nation's police, fire, and emergency medical personnel and essential public safety communications.

As demonstrated at a Commerce Committee hearing earlier this year, public safety users have endured severe spectrum shortages over the course of the last decade. This spectrum shortage has hindered them from using advanced video and data transmission technologies, but it has had an even more devastating impact on their ability to communicate acceptably using current technology. As demonstrated in the recent tragedies in Oklahoma City and the World Trade Tower, public safety officials found they could not rely on their radio communications to reach individuals working at different places at the disaster scene.

Reallocating this 24 megahertz to public safety will take a big step forward in remedying what has truly become a national disgrace. I am profoundly glad that in this budget agreement today we have acknowledged the debt we owe those whose job it is to protect our lives and property by giving them a resource that is badly needed and too long denied.

The remaining 36 megahertz of spectrum in this band will be reallocated to other commercial uses and made available by auction. Clearing the band of incumbent low-power users to accelerate its availability for auction and to maximize its auction value will be furthered by a complementary provision of the bill that will allow the major incumbent low-power television licensees moved from this band to be accommodated in available spectrum below Channel 60. The bill also preserves the value of the spectrum below Channel 60, however, by stipulating that any such accommodation of qualifying low-power stations shall only be made if otherwise consistent with the FCC's digital table of allotments for those channels. This is a key provision in that it assures that we do not accommodate low-power stations, which are and will remain a secondary broadcast service, at the expense of possibly disrupting the planned transition to digital television that will free up the broadcasters' analog broadcast channels for auction in the future.

The bill provides that the remaining analog TV channels below Channel 60 will be auctioned in the year 2002, notwithstanding the fact that they will not be turned back and available for use until December 31, 2006 at the earliest. I say "at the earliest," Mr. President, because it is important to note that the bill contains several specified circumstances under which the FCC may extend this date for stations in individual television markets. Generally stated, the FCC may extend the date under any of these circumstances: first, if one of the market stations affiliated with one of the four largest national television networks is not broadcasting a digital signal, and that failure is not for lack of due diligences; second, that digital-to-analog converter technology isn't generally available in the market; or third, if more than 15 percent of the television households in the market do not subscribe to a multichannel digital program service that carries the local signals, do not have a digital television receiver, and do not have at least one analog TV receiver equipped with a digital-to-analog converter.

Mr. President, this waiver standard is a compromise between the original provision in the House bill, which was so liberal it potentially would have caused the analog broadcast channels to never have had to have been returned for auction, and the Senate version, which was more rigorous in that it would have required the return of analog channels given the general availability to consumers of other means of receiving digital signals.

I would clearly prefer the more rigorous test. In saying this, I am not giving short shrift to the interests of TV viewers in my desire to have some reasonable assurance that the government may reclaim this extraordinarily valuable analog TV spectrum by a specified date and auction it to help defray the deficit. Rather, I agree with organizations like Consumer Federation of America, Consumers Union, Public Citizen and the National Taxpayers Union, all of whom favor a hard-and-fast analog channel turnback date of 2006 and all of whom say that the consumer electronics industry is being perfectly realistic in its projections that digital-to-analog converter technology will, in fact, be generally available by the year 2006 at a cost comparable to, or less than, the cost of the cheapest black-and-white TV sets today.

So, Mr. President, when it comes to the bill's provisions on the analog channel turnback date, I fear we have inadvisedly undercut the value this spectrum might otherwise bring at auction by including a waiver standard in this bill that unnecessarily signals to bidders in 2002 that the spectrum they're bidding on may not become available on any definitive date.

The only way to remedy this problem, Mr. President, is to expand the pool of bidders who, notwithstanding this uncertainty, have a particular incentive, plus substantial financial resources, to bid on this spectrum anyway. The bill does this in an innovative but careful fashion by waiving otherwise-applicable FCC ownership restrictions to allow television licensees and newspaper owners in cities having a population of over 400,000 to bid on this spectrum and use it for whatever use the FCC finds it to be suitable, including television.

The infusion of capital these multibillion-dollar mass media players will bring to the analog auctions in these markets will be substantial. And yet, Mr. President, our bedrock concern over assuring a diversity of mass media viewpoints will not be compromised in any significant way.

I say this because this waiver is limited in scope, applying only to stations and newspapers in our 33 largest cities. In the smallest of these large cities—which happens to be Tucson, by the way—there are over forty broadcast stations. The largest city in terms of number of broadcast outlets, Los Angeles, has 72 radio and TV stations. In thinking about diversity in today's world, we also need to remember the role cable television and the Internet now play in giving people instant access to a variety of sources of news and information unimaginable when the FCC first developed these ownership restrictions decades ago.

So, Mr. President, this provision will re-infuse into the analog auctions capital we may have otherwise drained by our provisions for waiving the analog turnback date, and it will do this only in those places where the positive effect on auction values can be expected to be greatest while, at the same time, the tremendous diversity of information sources available today assures that consumers will suffer no meaningful loss of viewpoints as a result.

One final category of new broadcast spectrum auctions should be mentioned. This bill would revoke the FCC's authority to use lotteries to select the licensees of new commercial radio and television stations where there is more than one mutually-exclusive applicant, and instead provides for the use of auctions.

This measure, Mr. President, is not designed to raise revenues, although it will unquestionably do so; but rather to provide a straightforward and sensible alternative to the FCC's old, time-consuming comparative hearing process. In addition to the length of time this process took to ultimately determine which party would get the license—oftentimes years—the application of the convoluted system of comparative criteria often selected winners based on essentially meaningless differences between the applicants. Not surprisingly, this approach was essentially struck down by the court several years ago. Auctions will provide an efficient way to dispose of the many hundreds of cases that have stacked up undecided since the court's decision, and provide a similarly efficient way of selecting licensees in the future. Those applicants who have applications pending before the Commission will be given a special period of 180 days in which to settle their applications and avoid auctions. In view of the different circumstances pertaining where multiple applicants for noncommercial educational stations are involved, the FCC may use lotteries to select licensees for such stations.

So much for analog television spectrum, Mr. President. In addition to all this spectrum, the bill also provides for the accelerated auction during the out-years of 45 megahertz of spectrum previously identified for this purpose by NTIA and the FCC. The bill further tasks NTIA and FCC to cause 75 more megahertz of spectrum, 55 of which is specifically identified in the bill, to be reallocated from its current shared or exclusive government use and made available for auction. Concerns over the possible inability to find suitable substitute spectrum for incumbent users are mitigated, and the auction revenues preserved, by further provisions enabling the President to nominate spectrum for reallocation other than the bands specified in the bill if these substitute bands can be shown to bring comparable auction revenue. Further enhancing the likely value of this reallocated government spectrum at auction are complementary provisions authorizing private suers to reimburse incumbent federal government licensees in these bands for the cost of moving to their new spectrum bands on an expedited basis.

In addition, the bill contains several provisions designed to enhance the revenues spectrum auctions will bring in by improving the auction process itself. Specifically, the bill would require the FCC to test contingent combinatorial auction bidding, a system which many believe helps bidders optimize their bidding strategy and thereby increases auction proceeds. It also requires the FCC to allow sufficient time prior to an auction to develop and promulgate auction rules that potential bidders can have an opportunity to factor into their bidding and business strategies. It also requires the FCC to establish reserve prices and minimum bids. Finally, it eliminates the entrepreneurial uncertainty, and consequent lessened auction revenues, that is caused when spectrum is allocated for any and all unspecified uses. It does this by stating certain, limiting conditions and procedures under which the FCC will be permitted to allocated spectrum for flexible use in the future. Collectively these provisions should result in increased revenue from spectrum auctions.

This brings me, Mr. President, to one final provision of the bill intended to bring in an additional $3 billion: namely, the stratagem whereby $3 billion is shifted between the Treasury and the universal service fund in such a way that it appears that $3 billion in new revenue will be deposited in the Treasury in fiscal year 2002. This provision, which has been foisted on us by the Administration and its Office of Management and Budget, is nothing more than a contrivance designed to make it appear that a $3 billion budget deficit has been plugged, when all that will really happen is that the fund will pay back to the Treasury precisely the amount that the Treasury will first have given the fund. It's a disingenuous and dangerous policy to pursue, and one I intend to examine critically in Commerce Committee hearings in September.

In the meantime, the important thing to stress is that the telephone industry universal service fund will not lose a dime. And because telephone companies' payments into the fund are rescheduled, the amount of money they ultimately pay in will not be affected, and this should assure that telephone bills won't go up either, at least for this reason.

Nevertheless, Mr. President, let's be plain: a scam is a scam is a scam, and we should not condone scams, even those that don't appear to actually hurt anything. But I suggest that the better remedy is to pass legislation that will not only address this particular scam, but also make sure that others like it won't be foisted on us again. The Commerce Committee will address this in September, to guarantee the integrity of the universal service fund and the continuity of the essential telecommunications services subsidized it.

This brings me to more fundamental concerns I have with the bill—concerns I have stated before, but concerns that must be stated once more. I have not believed, and I remain unconvinced, that the spectrum auctions provided for in the bill will generate anywhere near the $21.4 billion that CBO estimates they will. I believe this is too much spectrum to put on the market in too compressed a timeframe. 75 percent of the revenues estimated to be generated is to come from auctions held in the out-years of 2002 and 2003. Even under the best of circumstances, it is counterintuitive to think that flooding the market with spectrum in those years will not substantially depress its value.

And these aren't even the best of circumstances, Mr. President. I have already alluded to the devaluation that will inevitably result from bidding on spectrum that is variously unavailable for a number of years after the auction or encumbered with existing users who must be relocated. But the bottom line is, the scoring process and the demand to bring the revenues in within the five-year budget balancing window have made better approaches impossible.

None of this should be interpreted as an indirect way of saying that spectrum auctions are a failure. But I have advocated them as an efficient way of assigning spectrum licenses that allows the public, to whom the spectrum belongs, to realize the benefit of its market value. But it cannot be forgotten that spectrum auctions are not, and never were, intended to be a kind of ATM for Congress to run to every time it needs a certain amount of money. Like any auction, spectrum auctions are subject to unpredictable vagaries that cannot be forecast, much less satisfactorily defended against. For this reason, like any auction, spectrum auctions cannot be relied upon to produce any given amount of money. But despite this fact, Mr. President, that's exactly what you're banking on—and I do mean "banking on" in its literal sense—when you rely on spectrum auctions to wipe out a substantial chunk of the budget deficit by 2003.

Let me just say that I do not think it likely that spectrum auctions will realize the $21.4 billion in revenue that has been estimated. Nevertheless, the bill we vote on today will at least set us on the road to achieving a balanced budget. For this reason, and despite my misgivings about the credibility of achieving the amount of budget savings we hope to achieve from this part of the package, I support the legislation.

MEDICARE IMPROVEMENTS

The Balanced Budget Act contains important changes to the Medicare system which will strengthen the program and protect it for current and future beneficiaries. The bill preserves and protects the Medicare program, while increasing choice within the program and expanding benefits for beneficiaries. The Medicare Choice program created in this bill will allow seniors to select from a wide variety of options, including HMOs, PPOs, PSOs, and Private Fee-for-Service programs. In addition, the bill creates a Medical Savings Account demonstration program which will allow 390,000 beneficiaries to select a high-deductible Medicare Choice plan.

Key provisions of the bill will help eliminate waste and fraud in the Medicare system which could result in significant savings. Significant portions of the "Medicare Whistleblower" legislation which I introduced earlier this year are incorporated into the fraud prevention section of this bill. Seniors will now have the ability to request copies of their Medicare billing statements. In addition, seniors will be able to easily report suspected fraud and abuse in the system.

Overall, the Medicare reforms in this plan will produce $115 billion in savings over the next five years, which protects the program for today's senior citizens and ensures Medicare will be available for future beneficiaries. In addition, the bill establishes a commission to study the Medicare system, with a mandate to make recommendations by March of 1999 on comprehensive reform of the program. I firmly believe that our priority must remain protecting the Medicare system from bankruptcy by the year 2001, and I believe that this bill is an important first step in working toward that goal.

CHILDREN'S HEALTH CARE

The Balanced Budget Act provides $24 billion to improve access to health insurance for uninsured children in our country and put affordable health care insurance within the reach of every family. This new federal funding will allow states to expand Medicaid coverage or create innovative new programs which will address the specific health care needs of low-income children.

Providing access to health care for uninsured children has been a priority for me since coming to the Senate. During the 103rd Congress, I offered legislation to address this problem, and I am pleased that we are able now to implement this new program for our nation's children.

WELFARE REFORM

Last year, Congress made significant progress in reforming our welfare system when we passed the Personal Responsibility and Work Opportunity Reconciliation Act. This much-needed legislation is dramatically improving our nation's welfare system and reducing the costs of the system, by requiring able-bodied welfare recipients to work and encouraging individuals to become self-sufficient.

However, the welfare reform law denied certain forms of public assistance to legal immigrants who were residing in this country prior to enactment of the legislation. At the time, I had concerns about the potentially disastrous impact this law would have on children, the disabled, and elderly legal immigrants who would lose vital support services such as Medicaid and Supplemental Security Income (SSI). I am pleased that this bill restores SSI eligibility for certain legal immigrants and refugees. In addition, children who are legal immigrants will be eligible for health insurance coverage as a part of the new, expanded health insurance coverage contained in this package. These provisions will provide necessary safeguards for these vulnerable populations as we continue implementing the new welfare law.

MEDICAID PROGRAMS

Five states, including Arizona, operate managed care Medicaid programs, through a Section 1115 waiver. Each of these states have expanded coverage to children and vulnerable uninsured people beyond the traditional Medicaid categories. They have been able to provide these expanded services by using their disproportionate share hospital (DSH) funds.

I worked with my colleagues from the five affected states to protect the option to provide this expanded coverage. The Balanced Budget Act clarifies that states which use their DSH payments for Section 1115 health care expansions would not be penalized by the limitations being placed on DSH payments as a part of Medicaid reform in this bill. Our states will be able to continue providing innovative and cost effective health care coverage to otherwise uninsured populations.

I am concerned, however, that the Medicaid reforms in this bill do not include several important provisions.

The conferees eliminated an important provision contained in the Senate bill which would provide incentives for states to devise innovative ways to meet expanding demand for access to Medicaid-funded health care coverage. This provision would have authorized the continuation of a state's successful Section 1115 waiver program and allow the states to expand coverage using state resources. This provision would have lowered both state and federal costs of these programs, and allowed states to expand coverage to their most vulnerable populations. I am very disappointed that the conferees did not include it in the conference agreement.

SCHOOL CHOICE

After the negotiations on the Balanced Budget Act were completed, President Clinton made a last-minute threat to veto the bill because it contained an innovative and important educational provision that he claimed would "undermine public education". This provision would have given parents the freedom to choose a school for their children based on their unique educational needs. Parents would have been able to withdraw funds from education savings accounts to pay tuition at the school of their choice—public, private or sectarian. I find it greatly disconcerting that President Clinton used the threat of a veto to force Congress to eliminate a provision which would have granted equal educational opportunity to all students.

MEDICARE SUBVENTION FOR MILITARY RETIREES

I am pleased that the conferees retained the Senate provision to authorize a pilot program to demonstrate the cost-effectiveness of allowing Medicare reimbursement to military medical facilities that treat Medicare-eligible military retirees. This provision will significantly decrease costs to both the federal government and military retirees.

The provision authorizes the Secretary of Defense and the Secretary of Health and Human Services to establish a demonstration project wherein the Secretary of HHS would reimburse the Secretary of Defense from the medicare trust funds for health care services furnished to medicare-eligible military retirees or dependents. The three-year project, beginning on January 1, 1998, is limited to six sites within the military TRICARE regions. The TRICARE enrollment fee would be waived for persons enrolled in the managed care option of TRICARE and the minimum benefits would include at least the Medicare benefits. The demonstration project is expected to cost $55 million in 1998, $65 million in 1999, and $75 million in 2000.

There are currently 1.3 million military retirees age 65 and older, about 97% of whom are eligible for Medicare. About 230,000 currently use military treatment facilities on a regular basis when space is available, at a cost of $1.2 million per year.

The cost of providing health care to military retirees through civilian Medicare providers has been estimated to be significantly higher than the care that is provided at a military treatment facility. In fact, the Department of Defense (DOD) found that the cost of care at a military treatment facility is 10–24 percent less than that at a civilian facility. DOD has testified to the Congress that they would be able to enroll and treat more Medicare-eligible beneficiaries at a lower cost to the government.

I am disappointed that the Senate provision to provide this critical medical benefit to our nation's veterans was not included in the conference agreement. I hope that this pilot program for military retirees will provide the impetus for legislation to extend the program to veterans.

PORK-BARREL SPENDING

I am sorry to say that the Balanced Budget Act does contain some earmarks and special interest provisions, although I am happy to report that there are very few in this bill.

It is unconscionable that the Congress would have the audacity to protect special interests in this bill, when the money wasted could have been used to provide additional tax relief for working Americans, higher funding for children's health care, improved education programs, or just to reduce the deficit.

I ask unanimous consent that the list of special interest items be printed in the RECORD.

DEBT LIMIT INCREASE

Finally, Mr. President, I note with some dismay that the Balanced Budget Act increases the limit on the amount of debt the federal government can incur to $5.95 trillion. I just want to point out to my colleagues the irony of increasing the debt limit in a balanced budget act. Even as we pass this legislation to reduce federal spending by $270 billion over the next five years, we are forced to acknowledge that annual deficits will continue to add to our enormous national debt for several more years.

CONCLUSION

Mr. President, I hope that these two bills will provide the deficit reduction and tax relief promised to the American people. Certainly, it has not been possible to thoroughly analyze each provision of the legislation in the short time it has been available to Senators. If, however, we remain committed to the fiscal responsibility embodied in the Balanced Budget Act and the tax fairness of the Taxpayer Relief Act, the American people will soon reap the benefits of both lower taxes and a declining national debt.

There being no objection, the list was ordered to be printed in the RECORD, as follows:

OBJECTIONABLE PROVISIONS IN THE CONFERENCE AGREEMENT ON H.R. 2015, THE BALANCED BUDGET ACT

BILL LANGUAGE

Sec. 4011: Mandates establishment of Medicare Prepaid Competitive Pricing Demonstration Projects, initially in 4 areas (including one rural area), and then in up to 3 additional areas

Sec. 4016: Mandates establishment of 9 Medicare Coordinated Care Demonstration Projects, 5 in urban areas, 3 in rural areas, and 1 in the District of Columbia "operated by a nonprofit academic medical center that maintains a National Cancer Institute certified comprehensive cancer center"

Sec. 4019: Extends for two more years the Community Nursing Organization demonstration projects in Mahomet, Illinois; Tucson, Arizona; New York, New York; and St. Paul, Minnesota

Sec. 4921 and 4922: Creates two new grant programs for children diabetes and diabetes in Indians—NOT IN EITHER BILL

Sec. 4201: Grandfathers "any medical assistance facility operating in Montana" as a federally certified critical access hospital "if such facility . . . is otherwise eligible to be designated by the State as a critical access hospital"; report language states that the intent of the conferees is that "there be no gap in grant money from HCFA to Montana".

Sec. 4207: Mandates establishment of a single, four-year Informatics, Telemedicine, and Education Demonstration Project, using a telemedicine network that is defined as "a consortium that includes at least one tertiary care hospital (but no more than 2 such hospitals), at least one medical school, no more than 4 facilites in rural or urban areas, and at least one regional telecommunications provider" and that meets certain criteria, including that the consortium "is located in the area with a high concentration of medical schools and tertiary care facilities in the United States"

Sec. 4408: Reclassifies Stanly County, North Carolina, as part of the larg urban area of Charlotte-Gastonia-Rock Hill—North Carolina—South Carolina for purposes of Medicare PPS payments to impatient hospitals

Sec. 4417: Extends the status of a long-term care hospital "a hospital that was classified by the Secretary on or before September 30, 1995, as a [long-term care] hospital . . . notwithstanding that it is located in the same building as, or on the same campus as, another hospital".

Sec. 4418: Designates as a PPS-exempt cancer hosptial "a hospital that was recognized as a comprehensive cancer center or clinical cancer research center by the National Cancer Institute of the National Institutes of Health as of April 20, 1983, that is located in a States which, as of December 19, 1989, was not operating a demonstration project under section 1814(b), that applied and was denied, on or before December 31, 1990, for classification as a hospital involved extensively in treatment for or research on cancer . . ., that . . . is licensed for less than 50 acute care beds, and that demonstrates for the 4-year period ending on December 31, 1996, that at least 50 percent of its total discharges have a principal finding of neoplastic disease. . . ."

Sec. 4643: Establishes Office of Chief Actuary for HCFA—NOT IN EITHER BILL

Sec. 4725: Increases Federal medical assistance payments to Alaska (increase of 9.8%) and the District of Columbia (increase of 20%)

Sec. 4758: Exempts Kent Community Hospital Complex and Saginaw Community Hospital in Michigan from classification as institution for mental disease through December 31, 2002

Sec. 9301: Requires that the Federal share of food-related disaster assistance for Kittson, Marshall, Polk, Norman, Clay, and Wilkin Counties in Minnesota shall be at least 90 percent

REPORT LANGUAGE

States conferees' intention that HHS grant waivers of transitional rules for Medicare HMO programs to the Wellness Plan in Southeastern Michigan and the Watts Health Foundation

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NOTICE OF DECISION OF THE BOARD OF DIRECTORS

Mr. THURMOND. Mr. President, the Board of Directors of the Office of Compliance has issued its first decision on appeal. The case involved an alleged violation of the Worker Adjustment and Retraining Notification [WARN] provisions made applicable by the Congressional Accountability Act of 1995. Pursuant to section 416(d) of the act and section 104(d) of the office's regulations, the Board has exercised its discretion to make the decision public. It will be publicly available at the Office of Compliance and of the Office's Internet Website.

I ask unanimous consent that the decision of the Board of Directors be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

OFFICE OF COMPLIANCE

GERARD J. SCHMELZER, Appellant, v. OFFICE OF THE CHIEF ADMINISTRATIVE OFFICER, U.S. House of Representatives, Appellee.

(Case No. 96–HS–14 (WN))

Before the Board of Directors: Glen D. Nager, Chair; James N. Adler; Jerry M. Hunter; Lawrence Z. Lorber; Virginia A. Seitz, Members.

DECISION OF THE BOARD OF DIRECTORS

These cases, consolidated on appeal, arise out of the privatization of the internal postal operations of the House of Representatives. Appellants are nine former employees of the House of Representatives, who served in House Postal Operations (the "HPO") under the Chief Administrative Officer (the "CAO") of the House. Appellants lost their jobs as a result of the privatization of the House's internal mail functions. They subsequently filed claims with the Office of Compliance alleging that the notice of the privatization that they received did not satisfy the requirements of the Worker Adjustment and Retraining Notification Act (the "WARN Act"), as applied by section 205 of the Congressional Accountability Act of 1995 (the "CAA"), 2 U.S.C. §1315, and the Board's implementing regulations.

Pursuant to section 405 of the CAA, 2 U.S.C. §1405, a Hearing Officer was appointed who heard all nine cases. Eight of the cases, in which the parties were represented by the same counsel, were consolidated for one hearing; the case of appellant Schmelzer, which raised the same issues, was heard in a separate hearing by the same Hearing Officer. In separate decisions issued the same day, the Hearing Officer determined, among other things, that the CAO had given legally sufficient notice to all appellants and, finding no violation of the Act, ordered entry of judgment in favor of the CAO in each case. Decision of the Hearing Officer in Gerald J. Schmelzer v. Office of the Chief Administrative Officer, U.S. House of Representatives (the "Schmelzer Decision") at 58-60. Decision of the Hearing Officer in Avis Quick et al. v. Office of the Chief Administrative Officer, U.S. House of Representatives (the "Quick Decision") at 59-61. (All citations hereinafter to the Hearing Officer's Decision or Findings of Fact shall be to Schmelzer, unless otherwise stated.)

The Hearing Officer found that a memorandum that the Office of the CAO distributed to HPO employees on December 13, 1995 (the "December 13, 1995 memorandum")[1] constituted written notice which substantially complied with the CAA's notice requirements, even though it was technically deficient, principally because it did not state the specific date on which appellants' employment would terminate, as required by the Board's regulations. The Hearing Officer concluded, however, that in the particular circumstances of this case, the technical defects of the memorandum were not fatal because the memorandum provided a general indication of the termination date and because that date had been communicated in meetings attended by all appellants, was widely publicized, was generally well-known, and was readily ascertainable by HPO employees. Decision at 58. These appeals followed.

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[1] The December 13, 1995 memorandum is reproduced as Appendix A to this opinion.

I.

The Hearing Officer determined that the December 13, 1995 memorandum "needs to be read in context" in order to decide whether the omission of the specific closing date of the HPO compelled a finding of violation, Decision at 53, and, to that end, he considered the long and public process leading up to the privatization, including a series of updating memoranda and employee meetings which predated the terminations occasioned by the privatization of the HPO by sixty days or more. He found the following facts to be relevant.

The CAO's first plan to privatize HPO functions was submitted to the Committee on House Oversight of the House of Representatives (the "Committee") on February 28, 1995, and, at the Committee's request, the CAO twice submitted revised plans over the next several months. See Decision at 5. The Hearing Officer found that, during this period, the possible privatization of HPO operations was "a subject of discussion and interest" among HPO employees. Id.

On June 14, 1995, the Committee directed the CAO to issue a request for proposals ("RFP") to contract out House mail functions, and, on that same day, CAO managers distributed a memorandum to HPO staff informing them of the Committee's action and assuring them that any selected vendor would be required to interview all interested current employees for future employment with the vendor. House Comm. on House Oversight, 104th Cong., 1st Sess., Resolution, "Postal Operations." The Hearing Officer found that, at this point, the "level of interest" of HPO employees in the possibility of privatization "increased." Decision at 5. An RFP was published in Commerce Business Daily during August, and, on September 8, 1995, the Office of the CAO distributed another memorandum to HPO employees. See id. at 6.

The memorandum of September 8, 1995 stated that it was written in response to employee inquiries: "many of you have requested an update on the status of the [RFP] to outsource Postal Operations."[2] Id. The memorandum reiterated that the winning bidder would "interview all interested Postal Operations employees for possible employment." Id. The memorandum also gave employees a schedule for the transition to the private contractor, stating that final bids were due in by September 15, 1995 and that review and recommendation on award of the contract was due to the Committee at the beginning of November. See id. The September 8 memorandum concluded by telling employees when the privatization was due to take place: "[t]he new facilities management company is scheduled to begin operations in mid-December." Id. The memorandum also offered to answer any "additional questions" that employees might have. Id.

On December 13, 1995, the Committee adopted a resolution directing that "all functions of House Postal Operations shall be terminated as of the close of business on Tuesday, February 13, 1996" and authorizing the CAO to contract with Pitney Bowes Management Services, Inc. ("PBMS" or "Pitney Bowes") to provide those internal mail services for the House. House Comm. on House Oversight, 104th Cong., 1st Sess., Resolution, "House Postal Contract."[3] The Committee resolution also instructed the CAO "to immediately provide sixty days notice to existing House employees affected [by the privatization]." Id. One of the appellants attended the Committee meeting, and the resolution of the Committee was posted for several days on the bulletin board at the main HPO facility. See Findings of Fact at 3; Quick Findings of Fact at 4.

On that same day, soon after the Committee meeting, in response to the Committee's action, CAO management asked all HPO employees who were present at work to attend either of two meetings. It was at these meetings that CAO officials distributed the December 13, 1995 memorandum, which announced to employees the award of the contract to Pitney Bowes and explained that the contractor would distribute applications for employment the next day and would make its hiring decisions in January, 1996. See Decision at 7. The memorandum also promised that support, resources, and employee assistance programs would be provided "[t]o make the transition from employment with the U.S. House of Representatives as smooth as possible. * * *" Id. at 48. CAO managers also explained at the December 13 meeting that February 14, 1996, Valentine's Day, was the target date for Pitney Bowes to begin operations. See id. at 57.

Appellant Schmelzer acknowledged having received a copy of the December 13, 1995 memorandum at one of the meetings, as did one of the other appellants. See id. at 46; Quick Decision at 48. All of the other appellants likewise attended one of the meetings. See Quick Decision at 47–48.

On the next day, December 14, 1995, further meetings were convened, at which Pitney Bowes met with the employees and distributed job applications. Several representatives of the CAO and of Pitney Bowes spoke, and it was stated at several points that Pitney Bowes would begin serving as the House's mail delivery contractor on Valentine's Day, February 14, 1996. See Findings of Fact at 4; Quick Findings of Fact at 5. All appellants attended one of these meetings, and all submitted job applications to Pitney Bowes. See Findings of Fact at 4; Quick Findings of Fact at 5.

On January 22, 1996, individual letters were hand-delivered to all HPO employees present at work. Each letter stated that Pitney Bowes would assume mail delivery functions on February 14, 1996, and that the recipient's employment with the House would terminate at close-of-business on February 13, 1996. All but two of the appellants were at work on January 22 and received the letter on that day. The two other appellants received their letters on January 23 and January 29, when each returned to work. See Findings of Fact at 5; Quick Findings of Fact at 6–7. The legal sufficiency of the notice provided by these letters is undisputed.

Both before and after the Committee's December 13, 1995 decision to terminate all functions of the HPO, the CAO offered an array of support services to HPO employees. See Decision at 8–9; Quick Decision at 9–10. These included establishing an outplacement service office, which assisted employees with resume writing and preparing job applications, as well as offering coaching on how to interview. See Transcript in Quick at 179–184. A job bank listing sources both inside the Congress and outside, as well as a bank of computers and telephones for employee use, were also provided. See id. Staff of the outplacement service also furnished information on "Ramspeck" rights, health insurance, and other employee benefits, as well as other transition advice. See id.; Transcript in Schmelzer at 114. In addition to the services provided in-house, the CAO had arranged for the District of Columbia Employment Services to present two workshops for postal employees on October 20, 1995, entitled, "Job Hunting in Today's Tight Job Market," which, among other things, explained the training opportunities under the Economic Dislocation and Worker Assistance Act. See Transcript in Quick at 182–83. Appellant Schmelzer, among others, made use of the outplacement and other services provided by the CAO for HPO employees. See Findings of Fact at 5.

Appellants' employment with the House of Representatives ended when HPO functions ceased at close of business on February 13, 1996. Overall, of the 113 employees affected by the privatization, three remained employed by the House of Representatives under the CAO, and Pitney Bowes extended offers of employment to 90 of the HPO employees, of whom about two-thirds accepted and began working for Pitney Bowes directly from their House employment, when Pitney Bowes took over the internal House postal operations on February 14, 1996. See Decision at 9. All appellants interviewed for employment with Pitney Bowes; two were not given offers of employment; the rest declined the offers tendered. See id. at 8–9; Quick Decision at 8–9.

II. A.

Appellants petitioned the Board to review and reverse the Hearing Officer's decisions. They argue that the Hearing Officer misconstrued the applicable law in concluding that the December 13, 1995 memorandum substantially complied with the notice requirements of the WARN Act, as applied by the CAA. Appellants in Quick also argue on appeal that the Hearing Officer erred in concluding that the distribution of the December 13, 1995 memorandum constituted a reasonable method of delivery. Appellant Schmelzer does not join in this contention, having acknowledged his receipt of the December 13, 1995 memorandum. See Findings of Fact at 4; see also Appellant's Brief at 7.

Appellee CAO seeks affirmance on a number of grounds. Appellee argues that the Hearing Officer's conclusion that the notice provided by the CAO substantially complied with section 205 of the CAA and the pertinent regulations is based on the correct application of law and is supported by substantial evidence in the record. Alternatively, appellee argues that, as a matter of law, section 205 of the CAA did not apply to the closing of the HPO because the decision to close the HPO was made and notice to employees of the closing was delivered before the effective date of section 205 of the CAA. Appellee also contends that fewer than fifty employees actually suffered an employment loss when the number of employees who were offered employment with Pitney Bowes is calculated under the sale of business/privatization exclusion of section 2(b)(1) of the WARN Act, 29 U.S.C. §2101(b)(1), as applied by section 225(f)(1) of the CAA, 2 U.S.C. §1361(f)(1), and section 639.4(c) of the Board's regulations. In addition, appellee argues that, even if the CAO were to be found liable for a technical violation of the notice requirements, the Hearing Officer's findings of fact support granting the CAO a good faith reduction or elimination of damages, as provided by section 5(a)(4) of the WARN Act, 29 U.S.C. §2104(a)(4), as applied by section 205(b) of the CAA, 2 U.S.C. §1315(b).

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[2] The September 8, 1995 memorandum is reproduced as Appendix B to this opinion.

[3] The December 13, 1995 Committee Resolution is reproduced as Appendix C to this opinion.

Because the Board agrees with the Hearing Officer's conclusion that, in the totality of the circumstances here, the notice provided by the December 13, 1995 memorandum substantially complied with the notice requirements of the Act and the applicable regulations, we do not reach the alternative grounds for affirmance urged by the CAO. We therefore turn to the notice requirements of the Act and the Board's WARN Act regulations.[4]

II. B.

Section 205(a) of the CAA provides "Worker Adjustment and Retraining Notification Rights" to covered employees, as follows: "No employing office shall be closed or a mass layoff ordered within the meaning of section 3 of the Worker Adjustment and Retraining Notification Act (29 U.S.C. §2102) until the end of a 60-day period after the employing office serves written notice of such prospective closing or layoff to representatives of covered employees or, if there are no representatives, to covered employees."

While the statute does not explicitly state what the notice must contain, the regulations have mandated that certain information be provided in order to effectuate the purpose of the WARN Act to provide workers with adequate advance notification of an employment loss. As explained in the Department of Labor's regulations and in section 639.1(a) of the Board's Interim Regulations, WARN Act notice "provides workers and their families some transition time to adjust to the prospective loss of employment, to seek and obtain alternative jobs and, if necessary, to enter skill training or retraining that will allow these workers to successfully compete in the job market." Notice of Adoption of Regulation and Submission for Approval and Issuance of Interim Regulations, 142 Cong. Rec. S271–72 (daily ed. Jan. 22, 1996) (All citations are to the "Interim Regulations," which were in effect at the time of the privatization of the HPO). See also the Department of Labor's response to comments on its regulatory notice requirements: "While the Act does not enumerate specific elements which should be included in the advance written notice, * * * [t]he content of notice to each party [required by the regulations] is designed to provide information necessary for each of them to take responsible action." 54 Fed. Reg. 16042, 16059 (April 20, 1989) (Response to Comments, section 639.7(d) WARN Notice).

To effectuate the notification purposes of the WARN Act, section 639.7(d) of the Board's Interim Regulations, like the Department of Labor's WARN Act regulations, requires that notice to individual employees contain the following four elements:

(1) A statement as to whether the planned action is expected to be permanent or temporary and, if the entire office is to be closed, a statement to that effect;

(2) The expected date when the office closing or mass layoff will commence and the expected date when the individual employee will be separated;

(3) An indication whether or not bumping rights exist;

(4) The name and telephone number of an employing office official to contact for further information.

142 Cong. Rec. S270, S274 (daily ed. Jan. 22, 1996).

Courts construing these notice requirements have, in light of the notice purposes of the WARN Act, distinguished between the situation in which an employer has failed to provide any written notice, and the situation in which written notice was provided, but the contents of the notice failed to meet the technical requirements of the regulations. See, e.g., Carpenters Dist. Council v. Dillard Dep't Stores, 15 F.3d 1275, 1287 n.19 (5th Cir. 1994), cert. denied, 115 S.Ct. 933 (1995); accord Saxion v. Titan-C-Mfg. Inc., 86 F.3d 553, 561 (6th Cir. 1996); Marques v. Telles Ranch, 867 F. Supp. 1438, 1445-46 (N.D. Cal. 1994); United Automobile Aerospace & Agricultural Implement of America Local 1077 v. Shadyside Stamping Corp., 1991 WL 340191 (S.D. Ohio) (dictum), aff'd without published opinion, 947 F.2d 946 (6th Cir.1991). The Hearing Officer appropriately was guided by these cases, which we also find to be persuasive.[5]

In Dillard, the court, considering the adequacy of notices that gave inaccurate termination dates, noted that "neither the regulations nor the Act itself addresses how courts are to treat notices that are determined to be defective or inadequate. As such, neither the Act nor the regulations suggest that defective notice is automatically to be treated as though no notice had been provided at all." 15 F.3d at 1287 n.19 (citation omitted). Similarly, the Saxion court, quoting Dillard with approval in a case in which the notice failed to give a termination date, among its other technical deficiencies, concluded: "We are not persuaded that the technical deficiencies in the March 13 letter required the district court to proceed as if there had been no notice at all." 86 F.3d at 561. Likewise, in Marques, the court again quoted Dillard with approval, and construed the Department of Labor regulations as providing that "technical deficiencies or omissions in notice do not invalidate notice or result in WARN liability." 867 F. Supp. at 1445. In that case, the court found adequate a WARN notice provided to seasonal workers during their seasonal lay-off, despite its lack of date, because the court concluded that, in context, the notice could only be read as referring to a permanent layoff beginning in the upcoming harvest season. Id. at 1446. Finally, in Shadyside Stamping Corp., the court, analyzing whether notices that, among other things, failed to provide precise termination dates, were nonetheless adequate, found relevant whether "all the information required to be provided by the employer was produced *or at least well known*." 1991 WL 34091 at star page 7 (emphasis added). Thus, all four cases stand for the proposition that omitting termination dates or providing inaccurate termination dates does not necessarily render written WARN notices fatally deficient.

The Department of Labor's interpretative comments to the enforcement provisions of its WARN Act regulations also distinguish between the failure to give notice and the provision of technically defective notice. The Department of Labor's commentary on its WARN Act regulations provides guidance that "technical violations of the notice requirements not intended to evade the purposes of WARN ought to be treated differently than either the failure to give notice or the giving of notice intended to evade the purposes of the Act." 54 Fed. Reg. 16042, 16043 (April 20, 1989) (Response to Comments, section 639.1(d) WARN Enforcement). Some "technical violations" are best characterized as "minor, inadvertent errors," which the Department of Labor states "are not intended to be violations of the regulations." Id. "Other kinds of violations, i.e., the failure to provide information required in these regulations, may constitute a violation of WARN." Id. (emphasis added). Thus, the Department of Labor indicates that such errors "may," but do not necessarily, violate the Act. We agree.

When faced with technically deficient WARN notices, courts have, consistent with the Department of Labor's view, asked whether, in the circumstances of the case, the employees nonetheless received notice that satisfies the purposes of the Act. See, e.g. Dillard, 15 F.3d. at 1286; Marques, 867 F. Supp. at 1445. In making that determination, courts have consistently looked at all the communications provided by employers to determine whether, when viewed in context, one or more written communications qualified as notice under the WARN Act and applicable regulations. See Kalwaytis v. Preferred Meal Systems, Inc., 78 F.3d 117, 121–22 (3d. Cir.), cert. denied, 117 S. Ct. 73 (1996); Dillard, 15 F.3d. at 1286–87; Saxion, 86 F.3d at 561; Marques, 867 F. Supp. at 1445–46. Cf. also Oil, Chemical and Atomic Workers Int'l Union v. American Home Products Corp., 790 F. Supp. 1441 (N.D. Ind. 1992) (employer who failed timely to update written notice provided one year in advance of closing which contained inaccurate termination date and who provided only seven days written notice of actual termination date was entitled to summary judgment based upon statutory good faith defense because the requirements of the regulations were unclear); Shadyside Stamping Corp., 1991 WL 340191 at star pages 8–10 (employer who provided five months written notice and a written reminder notice, but failed to meet the technical requirements of the regulations, was entitled to summary judgment based upon statutory good faith defense).

In Kalwaytis, the employer wrote a letter to employees laid off by the outsourcing of its school meal preparation services informing them that it was ceasing food service operations at its plant and contracting out that function. The initial letter stated that the new employer has "an immediate offer of employment to make to you." Id. at 119. A later letter made clear that an offer of employment was in the contractor's discretion. Id. The court concluded that adequate notice had been provided: "Giving a reasonably pragmatic interpretation of the two letters, we conclude that, read together, they do meet the statutory requirements of notice." Id. at 122.

Similarly, the Dillard court, construing a series of three written notices, the last two of which gave estimated termination dates that did not provide the full sixty days required by the WARN Act, found that employees who actually worked for at least sixty days after receipt of the notices were not entitled to back pay damages because they had, in fact, received the notice that they were entitled to under the Act. 15 F.3d. at 1286–87. The court concluded that any other interpretation was "inconsistent with both the language and the purpose of the Act" which requires only that an employer provide sixty days notice of termination. Id. at 1286.

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[4] The CAO has raised the question whether the Board's WARN Act regulations can fairly be applied to the December 13, 1995 notice since these regulations did not go into effect until January 23, 1996. In light of our disposition of the case, the Board need not decide this issue which, in the unique circumstances of this case, is without precedential value. We note, however, that the Board's regulations are, as required by section 205(c)(2) of the CAA, substantively the same as the Department of Labor WARN Act regulations. See also section 411 of the CAA (stating that the Department of Labor's WARN Act regulations apply "to the extent necessary and appropriate" where the Board has not issued a regulation required by the CAA to implement a statutory provision).

[5] Section 405(h) of the CAA provides that "[a] hearing officer who conducts a hearing * * * shall be guided by judicial decisions under the laws made applicable by section 102 [of the CAA] * * *." 2 U.S.C. §1405(h).

Likewise, in Saxion, 86 F.3d at 561, the court found that appellant should not have been found in violation of the WARN Act for the full sixty-day period where, ten days before the plant shut down, appellant gave a written notice stating that the plant was going to close and giving the name and phone number of a company official to contact with further questions. The court reduced the violation period to fifty days, despite the omission of the date of the plant's shut down, concluding: "[t]hat the notice was deficient in other respects does not change the fact that ten days before the plant was closed, the affected employees clearly knew that it was going to be closed." Id.

Finally, in Marques, 867 F. Supp. at 1445, the court analyzed the notice in light of whether the purpose of the notice provision was served and determined that, because none of the omissions in the notice caused harm to the employees, the technical deficiencies did not give rise to liability. The court found that, despite the lack of a specific separation date, the time frame could be determined from the notice and surrounding circumstances. Id. The omission of bumping rights was immaterial since employees did not enjoy such rights. Id. Further, "although there was no name and number of a company official to contact for further information, Plaintiffs clearly knew and understood how to contact Defendants because Plaintiffs had done so every season to determine the date harvesting operations were to resume." Id. Thus, the deficiencies in the written notice did not undermine the notice purposes of the Act because employees either already knew the missing information from other contexts or could infer it from the notice and surrounding circumstances, or because it was irrelevant to their situation.

In sum, courts have approached the notice requirements with an eye to practicalities: "Fairly read, the regulations require a practical and realistic appraisal of the information given to affected employees." Kalwaytis, 78 F.3d at 121–22. Evaluating the notices received by employees from that practical perspective, the courts in Marques, Saxion, and Dillard found that the omissions in the written notices did not undermine the purpose of the statute where the pertinent information that the written notice should have conveyed was actually known by, or was readily available to, the employees. Thus, under the applicable case law, the Hearing Officer was correct in concluding that: "[u]nder prevailing WARN case law, neither the inclusion of inaccurate termination dates, nor the omission of termination dates altogether, necessarily renders a WARN notice defective, particularly if employees can easily ascertain the date from surrounding circumstances or readily available sources of information." Decision at 56.

II. C.

We also conclude that the substantial compliance standard adopted by the Hearing Officer is an appropriate standard to be used in determining if a violation has occurred. Indeed, all cases construing a written WARN notice that is technically defective because of the omission or inaccurate statement of a termination date use the substantial compliance standard, either explicitly, Marques, F. Supp. at 1446, and Shadyside Stamping Corp., 1991 WL 340191 at star pages 7–9, or implicitly, Saxion, 86 F.3d at 561, and Dillard, 15 F.3d at 1286–87 & n.19.[6]

This standard is particularly appropriate here because the instant cases arose during the early days of implementation of section 205 of the CAA. It was over a month before the January 23, 1996 effective date of section 205 of the CAA and of the Board's Interim Regulations that the Committee on House Oversight adopted the resolution instructing the CAO "to immediately provide sixty days notice to existing House employees affected by the issuance of the contract." The memorandum from the CAO explaining the situation to employees was issued on the same date as the resolution. This was a period that the Board described as one of "regulatory uncertainty." Notice of Issuance of Interim Regulations, 142 Cong. Rec. S270, S271 (daily ed. Jan. 22, 1996). As the Board there noted: "[i]n the absence of the issuance of such interim regulations, covered employees, employing offices, and the Office of Compliance staff itself would be forced to operate in regulatory uncertainty. * * * [E]mploying offices and the Office of Compliance staff might not know what regulation, if any, would be found applicable in particular circumstances absent the procedures suggested here." Id.

In comparable circumstances, the Department of Labor concluded that "* * * in the early days of WARN implementation substantial compliance with regulatory requirements should be sufficient to comply with WARN." 53 Fed. Reg. 48884–85 (1988) (notice adopting interim interpretative rules of Dec 2, 1988). Courts construing WARN notices issued during the transition period adopted the substantial compliance standard. See, e.g. Shadyside Stamping Corp., 1991 WL 340191, at star pages 7–9 (noting that the substantial compliance standard may be satisfied if the information missing from the notice was otherwise provided by the employer or was readily available to employees).

III.

With these principles in mind, we turn to the notice provided to employees in this case. The Board agrees with the Hearing Officer that the December 13, 1995 memorandum can fairly be read to supply two of the four elements required by section 639.7(d) of the Board's regulations, that is, a statement to the effect that House Postal Operations is to be permanently closed and the name and telephone number of an official to contact for further information. See sections 639.7(d)(1), (4).

Looking at the actual language of the memorandum, the Board agrees with the Hearing Officer's conclusion that today's government employees, especially those of the 104th Congress in which privatization had been a topic of debate, would reasonably understand that the issuance of a request for proposals "to privatize the current House postal delivery operations" meant that the House was seeking to contract with a private contractor to perform the jobs of the current incumbents. The only logical inference from the announcement of "Pitney Bowes Management Services being selected as the House vendor for postal delivery operations" is that this private contractor has now been hired to take over the functions of the HPO.

The memorandum also makes clear that jobs with the new contractor are not automatic. Employees must apply, go through an interview process, and await the contractor's independent hiring decisions. The memorandum states that "the vendor has agreed to *interview* all current Postal Operations employees interested in *employment with their organization*" (emphasis added). This confirms that the current House jobs in Postal Operations are going to be privatized and that future jobs in postal operations will be with the private contractor who is now conducting interviews for that employment. Moreover, the memorandum also states that hiring decisions will be made by PBMS: "The vendor will inform you directly if you are selected for a position in their organization." Finally, the memorandum describes the services that will be made available to make the employees' "*transition from employment with the U.S. House of Representatives* as smooth as possible" (emphasis added). The plain meaning of "transition from House employment" is that the employees' current jobs will be terminated when PBMS takes over on February 14, 1996, a date that has been identified for the HPO employees. Thus, this notice is like the second notice in *Kalwaytis*, 78 F.3d at 122, which made clear that laid-off employees would have to apply for employment directly with the new employer. Therefore, the Board agrees with the Hearing Officer that the December 13, 1995 memorandum substantially complies with the requirement of section 639.7(d)(1) of the Board's Interim Regulations.

The memorandum gives employees several points of contact for further information, in satisfaction of section 639.7(d)(4). It provides the address and telephone numbers of "[t]he Human Resources' Office of Training" and the "Outplacement Resources Center," as well as stating the full name and title of the memorandum's author, the Associate Administrator for Human Resources in the Office of the CAO. Clearly, employees knew how to get in touch with someone on the CAO's staff who could answer their questions. Moreover, the omission of the telephone number of the Associate Administrator for Human Resources was of no consequence; she spoke at the orientation meeting introducing Pitney Bowes Management Services, attended by all appellants, the day after the memorandum was distributed.

The memorandum fails, however, to inform employees whether bumping rights exist, as required by section 639.7(d)(3). However, there was no testimony during the Hearing regarding this omission, nor any complaint on appeal. Moreover, bumping rights have no relevance, where, as here, the entire operation is closed. See Marques, 867 F. Supp. at 1446. The Board therefore agrees with the Hearing Officer's conclusion that, in these circumstances, the omission of this information is a minor, inadvertent error, within the meaning of section 639.7(a)(4) of the Board's regulations.

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[6] We note that courts have held that substantial compliance is sufficient to meet the notice requirements of a number of other employment-related regulatory schemes. For example, under ERISA, if a plan administrator denies a claim without providing notice that meets applicable regulatory requirements, several circuits have applied a "substantial compliance" standard in evaluating whether the defects in notice invalidate the plan administrator's decision. See Brogan v. Holland, 105 F.3d 158, 164–65 (4th Cir. 1997); Donato v. Metropolitan Life Ins. Co.,19 F.3d 375, 382–83 (7th Cir. 1994); see also Kent v. United of Omaha Life Ins. Co., 96 F.3d 803, 807 (6th Cir. 1996). A substantial compliance standard has also been applied to notice that unions must provide to employees regarding service fees, see Laramie v. County of Santa Clara, 784 F. Supp. 1492 (N.D. Cal. 1992), see also Chicago Teachers Union Local 1 v. Hudson, 475 U.S. 292, 307 n.18 (1986); notice procedure for discharging school teachers, see Roberts v. Van Buren Public Schools, 773 F.2d 949, 959 (8th Cir. 1985); and notice expressing intent to terminate a collective bargaining agreement, see Purex Corp. v. Automotive, Petroleum and Allied Indus. Employees Union, Local 618, 543 F. Supp. 1011, 1015–1016 (E.D. Mo. 1982), aff'd 705 F.2d 274 (8th Cir. 1983).

The December 13, 1995 memorandum also fail to state explicitly the expected date of the office closing and the expected date when employees will be separated from employment, as required by section 639.7(d)(2). However, as the Hearing Officer concluded, "[g]iven that the December 13, 1995 memorandum provides some indication of the privatization date (i.e., reasonably soon after completion of the interview process in January 1996), given that the date was fixed and certain and widely publicized in a variety of oral and written ways, and given that employees had a wealth of readily available means to ascertain the date, . . . [the failure to provide this date] does not compel a finding of violation." Decision at 58. While the December 13, 1995 memorandum was technically deficient in its failure to provide the date required by section 639.7(d)(2) of the Board's WARN Act regulations, the information missing from the notice was otherwise provided to employees by the CAO and also was readily available to them from a number of sources, at least sixty days in advance of the employees' termination, such that the purposes of the WARN Act were satisfied. See Marques, 867 F. Supp. at 1445–46; see also Saxion, 86 F.3d at 561; see also Shadyside Stamping Corp., 1991 WL 340191 at star pages 7–8.

Examining the record, moreover, the Board does not find that the omission of the termination date from the CAO's otherwise timely and adequate written notice defeated the purposes of the statute. Judged in the totality of the circumstances, the CAO took appropriate steps under the WARN Act, as applied by the CAA, to provide adequate notice for employees to make the transition to new employment. In the spirit of the purposes of the WARN Act, see section 639.1(a) of the Board's regulations, the CAO voluntarily gave employees early notice that the Committee on House Oversight was contemplating the privatization of the HPO. The CAO's June memorandum was updated by notice in September in a memorandum that provided an actual schedule for the privatization process, based on the best information then available. It is in this context that the December 13, 1995 memorandum must be read to determine whether the omission of the date deprived employees of legally sufficient notice of their date of termination.[7]

The December 13 memorandum states that the "review/selection process" for employment with PBMS "will be completed in January, 1996." From that information, employees could expect that the contractor would begin operations shortly thereafter as, in fact, PBMS did. That conclusion is supported by the fact that the earlier memorandum of September 8, 1995 had notified employees that the contractor was "scheduled to begin operations in mid-December," so that employees were already on written notice that the contractor would take over shortly. While it was clear by December 13, 1995, that the earlier deadline had slipped, the fact remains that, through the September 8, 1995 memorandum, employees had received written notice of a likely termination date, and were given updated information about the contractor's plans on December 13, 1995, over sixty days before their actual termination.

Looking at the September 8, 1995 memorandum together with the December 13, 1995 memorandum, the Board finds this to be a situation in which employees received multiple notices whose technical deficiencies do not merit a finding of liability. See, e.g., Kalwaytis, 78 F.3d at 121–22; Dillard, 15 F.3d at 1286–87 & n.19; cf. American Home Products, 790 F. Supp. at 1444–45, 1450–53; Shadyside Stamping Corp., 1991 WL 340191 at star pages 1–3, 8–11. Reading the letters together, and making "a practical and realistic appraisal of the information given to affected employees," Kalwaytis, 78 F.3d at 121–22, the Board concludes that, over sixty days before their termination, appellants were provided with adequate information to determine that they were going to lose their government jobs on February 13, 1996, when the contractor took over House Postal Operations.

Thus, because appellants received over sixty days written notice from the mid-December estimated take-over by the contractor, they were like those employees in Dillard who worked past the estimated termination dates given in their notices such that they actually received over sixty days notice, see 15 F.3d at 1286–87 & n.19. As the Dillard court held, sixty days notice satisfies "both the language and the purpose of the Act." Id. at 1286. Such actual notice of termination is what is essentially required by the notice requirements of the Act to give employees adequate notice to plan for the loss of their jobs. In such circumstances, the inaccuracy in the termination date is not fatal. See id.

Moreover, as the Hearing Officer found, the date was well known and widely disseminated. Decision at 56–58. Appellant Schmelzer, for example, conceded that he was well aware of the termination date; he wrote it on his application for employment with PBMS. See id. at 57. Another appellant attended part of the Committee meeting in which the resolution was passed that effected the February 13, 1996 closure of the HPO. See Quick Findings of Fact at 4. And the Committee's resolution was posted on the HPO bulletin board. See Decision at 56–57. Further, testimony credited by the Hearing Officer made clear that the date of Valentine's Day, February 14, 1996, was stated repeatedly at the December 14, 1995 meeting attended by all appellants. See id. at 57; Quick Decision at 58. In addition, the Hearing Officer noted seven ways by which any employee, still in doubt, could have ascertained the information. Decision at 57. Notable among his findings was the simple expedient of asking the question at either the December 13 or the December 14 meetings, attended by all appellants, during which the Office of the CAO not only provided question-and-answer periods, but also announced the February 14, 1996 date for PBMS to take over the HPO operations. Id. Or employees could have called any of the three official CAO management sources provided on the December 13, 1995 memorandum. Id.

The Board therefore concludes that there is substantial evidence in the record supporting the Hearing Officer's conclusion that, at least sixty days before the closing of the HPO, all appellants either knew the dates on which their employment with the House would terminate and PBMS would take over the functions of the HPO or attended a meeting that took place at least sixty days before the closing of the HPO, at which these dates were discussed. Thus, the notification purpose of the statute was satisfied despite the technical deficiencies in the December 13, 1995 memorandum. See Marques, 867 F. Supp. at 1445–46, see also Saxion, 86 F.3d at 561; Dillard, 15 F.3d at 1287 & n.19.

The only case cited by appellants as compelling a different result, American Home Products, does not. In that case, employees were provided with only seven days actual notice of the date of their layoff and they had no other source of information from which they could learn the date. However, that situation is markedly different from the case here, where the employees were provided with multiple written notices and where the final written notice, coupled with the information readily available to the employees, reasonably assured sixty days actual notice of the employees' termination date. Thus, we affirm the Hearing Officer's conclusion that, in the totality of the circumstances, the employees were provided with adequate notice under the requirements of the CAA and the applicable regulations.

Appellants in Quick also argue on appeal that the Hearing Officer erred in concluding that the distribution of the December 13, 1995 memorandum constituted a reasonable method of delivery, and they contrast the handout of that memorandum with the individualized delivery of the January 22, 1996 termination notice, with signed receipt. This contention is without merit. Section 639.8 of the Board's Regulations allows the use of "[a]ny reasonable method of delivery" and terms signed receipts "optional." Under the circumstances here, we agree with the Hearing Officer's conclusion that distributing a memorandum at the meetings of the employees was a reasonable method of effecting delivery to these employees.

This is not a case in which the employer failed to provide notice or provided notice intended to evade the purposes of the notice requirements of the CAA. See Department of Labor Preamble to the WARN Act Regulations, 54 Fed. Reg. 16042, 16043 (April 20, 1989) (Response to Comments, section 639.1(d) WARN Enforcement). To the contrary. Four separate written notices were provided to employees. Four meetings informing employees of the privatization were held in the space of two days. The Committee itself was cognizant of the need to provide timely notice to the employees. Its resolution of December 13, 1995 directed the CAO to provide sixty days notice to the employees immediately.

Indeed, the House tried in many additional ways, in the spirit of the underlying purposes of the WARN Act, to ease the transition to new employment. The Committee required, as a condition of the contract, that the contractor interview all current House employees for the jobs that were privatized. The Office of the CAO went beyond the suggestions in section 639.7(d) of the Board's regulations for providing transition information useful to the employees. An array of transition and support services were offered, including a job bank, help with job applications, and resume writing, computer training courses, stress management training, and making arrangements for outplacement seminars for the employees. These efforts further belie any suggestion that the CAO was attempting to evade the purposes of the Act.

In sum, the record is clear that the privatization of the HPO was not the type of stealth plant closing which leaves employees adrift and which the Act, and its inclusion in the CAA, were meant to prevent. There was a public debate and a public decision regarding the privatization of House Postal Operations, and employees were advised of these developments as they occurred. In addition to the multiple written notices provided, public employee meetings were held sixty days in advance of any terminations. At these meetings, the process and specific effective date of the privatization were repeatedly announced. In these circumstances, it would elevate form over substance to find that the CAO's written notices of the privatization of the HPO violated the WARN Act, as applied by the CAA. The Board therefore affirms the decisions of the Hearing Officer.

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[7] We note that the December 13, 1995 memorandum was part of the CAO's response to the Committee's direction to "immediately provide sixty days notice to existing House employees affected" by the Committee resolution of December 13, 1995 authorizing the contract to privatize the HPO.

It is so ordered.

Issued, Washington, D.C., July 29, 1997

APPENDIX A

MEMORANDUM

To: Office of Postal Operations Staff.

From: Kay E. Ford, Associate Administrator Human Resources.

Subject: Status of Operations.

Date: December 13, 1995.

As you have been previously informed, on Wednesday, June 14, 1995 the Committee on House Oversight authorized the preparation and issuance of requests for possible (RFP's) to privatize the current House postal delivery operations.

The review of the proposals submitted resulted in Pitney Bowes Management Services being selected as the House vendor for postal delivery operations. The selection of Pitney Bowes Management Services has subsequently been approved by the Committee on House Oversight. As a condition of the selection process, the vendor has agreed to interview all current Postal Operations employees interested in employment with their organization.

To facilitate this process the vendor will distribute applications for employment on Thursday, December 14, 1995. We have been assured that their review/selection process will be completed in January, 1996. The vendor will inform you directly if you are selected for a position in their organization.

The Human Resources' Office of Training, extension 60526, room 219, FHOB, and the Outplacement Resources Center, extension 64068, rooms 170–171, FHOB, are prepared to offer advice and assist with the preparation of applications on an appointment basis.

To make the transition from employment with the U.S. House of Representatives as smooth as possible, an array of support, resources and information will be made available to you. This will include employee assistance programs designed to address the personal, professional and family concerns associated with the transition process as well as employee benefits consultations and briefings.

Throughout this process we encourage each of you to continue to provide the high degree of quality service for which you are known. We are committed to do all we can to assist and work with you throughout this process and will provide additional information to you as it is available.

APPENDIX B

MEMORANDUM

To: Postal Operations Employees.

From: Ben Lusby, Associate Administrator Publications and Distribution.

Date: September 8, 1995.

Re: Status Update.

Many of you have requested an update on the status of the Request For Proposal to outsource Postal Operations. As you know the Committee on House Oversight on June 14, 1995 approved the issuance of a request for proposal. This RFP was publicly advertised on August 7, 1995 and a bidders conference to answer bidder's questions was held on August 27, 1995. Final bids are due to the Office of Procurement and Purchasing by close of business September 15, 1995.

There has been a great deal of interest shown by facilities management companies and we expect some very competitive bids. However, we have structured the requirements of the RFP to ensure that the winning bidder runs the "world class" operation that the House desires and deserves. As announced on June 14, 1995, the winning bidder will interview all interested Postal Operations employees for possible employment.

The bids will be analyzed and a final recommendation will be submitted to the Committee on House Oversight by the beginning of November. The new facilities management company is scheduled to begin operations in mid-December. Please let me know if you have additional questions.

APPENDIX C.—COMMITTEE ON HOUSE OVERSIGHT

RESOLUTION.—HOUSE POSTAL CONTRACT

ADOPTED DECEMBER 13, 1995

Resolved, that all functions of House Postal Operations shall be terminated as of the close of business on Tuesday, February 13, 1996. The Chief Administrative Officer is hereby authorized to execute the contract with Pitney Bowes Management Services (hereinafter "Contractor") as submitted to the Committee on November 7, 1995 as a result of CAO Solicitation 95–R–003 issued in accordance with the Committee Resolution entitled, "Postal Operations" adopted on June 14, 1995 by the Committee on House Oversight.

Resolved further, that the Committee on House Oversight directs the Chief Administrative Officer to fully cooperate with the Contractor to implement the mandates of the June 14 Resolution by facilitating an orderly transition of operations between the House and the Contractor, and by ensuring that all existing House employees affected by the issuance of the contract shall be given an opportunity to apply for, be interviewed for, and be considered for employment with respect to the contract arising from CAO Solicitation 95–R–003.

Resolved further, that the Committee directs the CAO to immediately provide sixty days notice to existing House employees affected by the issuance of the contract arising from CAO Solicitation 95–R–003 and further directs the CAO to fully implement the provisions of the Committee Resolution adopted on June 14, 1995 entitled "Employee Assistance with respect to existing House employees affected by the issuance of the contract arising from CAO Solicitation 95–R–003.

Resolved further, that the Chief Administrative Officer shall report to the Committee, no later than the tenth day of each month, beginning in January 1996 on the status of implementation of the House Postal Contract.

Member Seitz, with whom Chairman Nager joins, concurring in the judgment:[1]

I agree with the majority opinion's conclusion that the Hearing Officer's decision should be affirmed because appellants received notices which, in combination, substantially complied with WARN Act requirements. The path I followed to this conclusion diverges somewhat from that of the majority, and so I briefly describe my reasoning.

The doctrine of substantial compliance considers whether a defendant in technical noncompliance with a statutory requirement has taken action sufficient to meet the purposes of the statutory requirement at issue. *See, e.g., Hickel v. Oil Shale Corp.*, 400 U.S. 48 (1970) (annual work assessment requirements of federal mining laws); *Kent v. United Omaha Life Ins. Co.*, 96 F.3d 803, 807 (6th Cir. 1996) (notice requirements in regulations under the Employee Retirement Income Security Act); *Donato v. Metropolitan Life Ins. Co.*, 19 F.3d 375, 382–83 (7th Cir. 1994) (same); *Straub v. A.P. Green*, 38 F.3d 448, 452–53 (9th Cir. 1994) (service of process requirements under Foreign Service Immunities Act). If federal law has been "followed sufficiently so as to carry out the intent for which [the law] was adopted," a defendant is said to have substantially complied. *Videotronics v. Bend Electronics*, 586 F. Supp. 478, 484 (D. Nev. 1984).

The substantial compliance doctrine is closely related to the de minimis doctrine which refers to a legal violation or harm, "often but not always trivial, for which the courts do not think a legal remedy should be provided." *Hessel v. O'Hearn*, 977 F.2d 299, 304 (7th Cir. 1992) (citations omitted). *See id.* (describing substantial performance and de minimis as "closely related . . . meliorative doctrines"). As is true of the substantial compliance doctrine, "[w]hether a particular activity is a de minimis deviation from a prescribed standard must, of course, be determined with reference to the purpose of the standard." *Wisconsin Dept. of Revenue v. Wrigley*, 506 U.S. 214, 232 (1992).

Whether the substantial compliance doctrine applies in a particular context is an ordinary question of statutory and regulatory interpretation. In some contexts, courts have concluded that there was no room for application of the doctrine. *See, e.g., United States v. Locke*, 471 U.S. 84, 100–102 (1985) (filing requirements of Federal Land Policy and Management Act); *Bennett v. Kentucky Dept. of Educ.*, 470 U.S. 656, 663–64 (1985) (repayment requirements of Elementary and Secondary Education Act). In other contexts, where the purpose of a federal enactment may be achieved with substantial compliance, courts have permitted the doctrine's application. See, e.g., Hickel v. Oil Shale Corp., 400 U.S. at 100–02; *Kent v. United Omaha Life Ins. Co.*, 96 F.3d at 807; *Donato v. Metropolitan Life Ins. Co.*, 19 F.3d at 382–83; *Straub v. A.P. Green*, 38 F.3d at, 452–53. Unlike the substantial compliance doctrine, the de minimis doctrine is generally *presumed* to apply to violations of federal statutes, absent some contrary indication from Congress. *See, e.g., Wisconsin Dept. of Revenue v. Wrigley*, 506 U.S. at 231.

The first question to consider in this case is whether either the substantial compliance doctrine or the de minimis doctrine *applies* to the WARN Act requirements incorporated by reference in the CAA, specifically the written notice requirements of section 205(a) of the CAA and section 639.7(d) of the Board's Interim WARN Act regulations. I conclude that the WARN Act's written notice requirements are best interpreted to allow application of the substantial compliance and *de minimis* doctrines in cases in which technically deficient written notice has been provided.

As explained in the majority opinion, the purpose of the WARN Act is "to provide workers with adequate advance notification of an employment loss." *Supra* at 6. A WARN

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[1] Member Hunter also joins in those parts of the concurrence discussing substantial compliance, with the exception of footnote 3.

Act notice "provides workers and their families some transition time to adjust to the prospective loss of employment, to seek and obtain alternative jobs and, if necessary, to enter skill training or retraining that will allow these workers to successfully compete in the job market." Notice of Adoption of Regulations and Submission for Approval and Issuance of Interim Regulations, 142 Cong. Rec. S271–72 (daily ed. Jan. 22, 1996). The regulations require that an employing office provide employees with *written* notice of several pieces of information, most importantly the date on which that employee will no longer have a job. The superiority of a fully compliant written notice delivered individually is that a writing is best calculated both to convey the information that must be conveyed *and* to demonstrate beyond question (and litigation) that the required notice has been provided. But there are circumstances in which an omission from the writing will not defeat the purpose of the WARN Act's legal requirements. That purpose is to provide employees with actual notice *that* they are going to lose their job and when that job loss will take place. Because the purpose of the written notice requirement can be fulfilled *when* employing offices actually provide affected employees with timely notice of impending job loss, I conclude that both the substantial compliance and the *de minimis* doctrines are applicable to the WARN Act requirements at issue.[2]

That brings me to the difficult question of whether the employing office here, the Office of the CAO of the House of Representatives, substantially complied with section 205(a) of the CAA, and section 639.7(d) of the Board's implementing regulations (or, put differently, whether its violation of the legal requirements was *de minimis*). When a plant or office closing is to occur, the most important questions for employees and their families are whether they are going to lose their jobs and, if so, when. And, although the CAO provided employees with a timely written notice on December 13, 1995, it failed to put the most critical information—the date of certain job loss—in that notice. There is no apparent reason for the omission, and the CAO has provided no explanation that makes sense in light of its admitted knowledge of the relevant date. Indeed, the Committee on House Oversight of the House of Representatives appears to have instructed the CAO immediately to provide employees with the required notice of all relevant information, including the date. *See supra* at 3.[3]

The Hearing Officer concluded, however, that the CAO had substantially complied with the notice requirements and that the omissions were "minor"—*i.e., de minimis.* He first determined that the CAO had provided a written notice, that the written notice contained two of the four items as to which notice is required, and that, as to a third item (bumping rights), the requirement was inapplicable and no notice was required. With respect to the fourth item—notice of the date of job loss—the Hearing Officer determined that the written notice failed to provide that vital date.

The Hearing Officer nonetheless determined that the CAO substantially complied with the written notice requirement or, put differently, that any violation was minor or *de minimis.* He found that: (a) The CAO provided, on September 8, 1995, a written notice indicating that employees would lose their jobs due to privatization and stating that privatization was likely to occur by mid-December 1995; (b) The CAO provided on December 13, 1995, a written notice again indicating that employees would lose their jobs due to privatization and that such job loss would occur some time after January 1996; and (c) The CAO convened meetings on December 13, and 14, 1996, at least one of which each employee attended, where the CAO stated repeatedly that February 14, 1996 was the date on which the private contractor would take over House Post Office operations. As to appellant Schmelzer, the Hearing Officer expressly found actual notice of the date of job loss. And as to the appellants in *Quick*, the Hearing Officer determined that actual notice of the date of job loss was repeatedly given at meetings on December 14, 1996 and that each appellant was present at one of those meetings. The fairest reading of these findings is that the CAO actually provided the *Quick* appellants with notice of the date of job loss. These factual findings are fully supported on the record.

Based on these factual determinations, the Hearing Officer concluded that the CAO substantially complied with the WARN Act's legal requirements, and that, in these unique circumstances, the omissions from the written notice were *de minimis*. I believe that his legal conclusion, based on the facts, is correct. I therefore concur in the judgment affirming his decision and order.

RECONCILIATION SPENDING BILL AND TAX CUT BILL

Mrs. BOXER. Mr. President, I voted for both the spending and tax reform bill because I believe they will strengthen our economy and provide needed tax relief for millions of Americans.

First and foremost, these bills balance the budget by 2002. This is a remarkable testament to the extraordinary health of our Nation's economy.

In 1992, just 6 years ago, the budget deficit stood at $290 billion. Thanks in large part to the economic plan passed in 1993, the budget deficit will decline this year to $45 billion.

In 1992, unemployment stood at 7.5 nationwide and 9.6 percent in California. Robust economic growth spurred by responsible economic policy has caused unemployment to decline to historically low levels.

This bill cuts taxes for millions of American working families. In fact, this bill contains the largest tax decrease in 16 years. These tax cuts are directed where they are needed most, at middle class working families, promoting savings for retirement and education. The $500 per child tax credit will give parents an extra helping hand in providing for their children. These are tax cuts that I wholeheartedly support.

I am especially pleased that this bill makes important investments in health care for uninsured children. I believe the $24 billion provided in the bill for children's health care may be the most significant health policy achievement in over 30 years.

I am very pleased that the conferees on the Tax Reconciliation bill rejected an unwise proposal to raise the Medicare eligibility age. I believe that retaining health coverage for our senior citizens must remain a national priority.

Two important priorities of mine were also included in the final reconciliation bill. My 401(k) Protection Act, which helps secure the retirement savings of millions of Americans will soon become law. Finally, I am pleased that the conferees included my Computer Donation Incentive Act, which provides tax benefits for the donation of computers to elementary and high schools.

I am proud to support this bill and am confident that it will add to the strong economic growth our Nation has enjoyed over the past six years.

PENDING NOMINATION OF MARGARET MORROW TO BE UNITED STATES DISTRICT JUDGE FOR THE CENTRAL DISTRICT OF CALIFORNIA

Mr. LEAHY. Mr. President, as we adjourn until September, I once again note my dissatisfaction with the lack of progress we have made in confirming the many fine women and men whom President Clinton has nominated to the federal judiciary.

This year the Senate has confirmed only 9 federal judges before the August recess during a period of 108 vacancies. Thus, when the Senate returns in September it will remain on the snail-like pace that the Republican leadership has maintained throughout the year of confirming one judge per month. Meanwhile, vacancies have continued to mount and the delays in filling vacancies continue to grow.

It is discouraging to once again have to call attention to the fact that some 40 nominees are pending before the Judiciary Committee—nominees who have yet to be accorded even a hearing during this Congress. Many of these nominations have been pending since the very first day of this session, having been re-nominated by the President after having been held up during last year's partisan stall. Thus, the Committee has not yet worked through the backlog of nominees left pending from last year. Several of those pending before the Committee had hearings or were reported favorably last Congress but have been passed over so far this year, while the vacancies for which they were nominated as long as 27 months ago persist.

Those who delay or prevent the filling of these vacancies must understand that they are delaying or preventing the administration of justice. We can pass all the crime bills we want, but you cannot lock up criminals if you do not have judges. The mounting backlogs of civil and criminal cases in the emergency districts, in particular, are growing taller by the day.

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[2] Federal courts to have considered the question have implicitly agreed with this conclusion. *See supra* at 10 (citing and describing cases).

[3] Had the CAO done as the Committee instructed, the CAO would likely have avoided this extended litigation. But I disagree with the majority opinion's suggestion that the actions of the Committee or certain other actions of the CAO on behalf of employees are relevant to the question of the CAO's substantial compliance. The latter actions, *i.e.*, the employee assistance proffered by the CAO, might have been relevant to the CAO's defense of good faith.

I was delighted when the Senate moved promptly on the nomination of Alan Gold before the July recess, but his is the only nomination that has been confirmed promptly all year. There is no excuse for the Senate's delay in considering the nominations of such outstanding individuals as Professor William A. Fletcher, Judge James A. Beaty, Jr., Judge Richard A. Paez, Ms. M. Margaret McKeown, Ms. Ann L. Aiken, and Ms. Susan Oki Mollway, to name just a few of the outstanding nominees who have all been pending all year without so much as a hearing. Professor Fletcher and Ms. Mollway had both been reported last year. Judge Paez and Ms. Aiken had hearings last year but have been passed over so far this year.

We continue to fall farther and farther behind the pace established by the 104th Congress. By this time two years ago, Senator HATCH had held seven confirmation hearings involving 31 judicial nominees, and the Senate had proceeded to confirm 26 federal judges. The record this year does not compare: Four hearings instead of seven; nine judges confirmed instead of 26.

I recently received a copy of a letter dated July 14, 1997, sent to President Clinton and the Republican Leader of the Senate by seven presidents of national legal associations. These presidents note the "looming crisis in the Nation brought on by the extraordinary number of vacant federal judicial positions" and the "injustice of this situation for all of society." They point to "[d]angerously crowded dockets, suspended civil case dockets, burgeoning criminal caseloads, overburdened judges, and chronically undermanned courts" as circumstances that "undermine our democracy and respect for the supremacy of law." I agree with these distinguished leaders that we must without further delay "devote the time and resources necessary to expedite the selection and confirmation process for federal judicial nominees." The President is doing his part, having sent us 14 nominations in the last two days. The Senate should start doing its part.

I want to turn briefly to the long pending nomination of Ms. Margaret Morrow to be a District Court Judge for the Central District of California. Mr. Morrow was first nominated on May 9, 1996—not this year but May of 1966. She had a confirmation hearing and was unanimously reported to the Senate by the Judiciary Committee in June 1996. Her nomination was, thus, first pending before the Senate more than a year ago. This was one of a number of nominations caught in the election year shutdown.

She was renominated on the first day of this session. She had her second confirmation hearing in March. She was then held off the Judiciary agenda while she underwent rounds of written questions. When she was finally considered on June 12, she was again favorably reported with the support of Chairman HATCH. She has been left pending on the Senate Executive Calendar for more than six weeks and has been passed over, again, as the Senate is about to adjourn for a month-long recess.

This is an outstanding nominee to the District Court. She is exceptionally well qualified to be a Federal judge. I have heard no one contend to the contrary. She has been put through the proverbial ringer—including at one point being asked her private views, how she voted, on 160 California initiatives over the last 10 years.

She has told the Committee:

> I support citizen initiatives, and believe they are an important aspect of our democratic form of government. The 1988 article was not meant to be critical of citizen initiatives, but of the lack of procedures designed to eliminate confusion and make clear and relevant information about initiatives available to voters. I was trying to suggest ways in which the initiative process could be strengthened, by communicating more information to the electorate about the substance of initiative measures and by eliminating drafting errors that form the basis for a legal challenge. I believe it important for citizens to obtain as much information as possible respecting any matter on which they cast a vote.
>
> I believe the citizen initiative process is clearly constitutional. I also recognize and support the doctrine established in case law that initiative measures are presumptively constitutional, and strongly agree with [the] statement that initiative measures that are constitutional and properly drafted should not be overturned or enjoined by the courts.
>
> In passing on the legality of initiative measures, judges should apply the law, not substitute their personal opinion of matters of public policy for the opinion of the electorate.
>
> My goal was not to eliminate the need for initiatives. Rather, I was proposing ways to strengthen the initiative process by making it more efficient and less costly, so that it could better serve the purpose for which it was originally intended. At the same time, I was suggesting measures to increase the Legislature's willingness to address issues of concern to ordinary citizens regardless of the views of special interests or campaign contributors. I do not believe these goals are inconsistent.
>
> . . . . The reasons that led Governor JOHNSON to create the initiative process in 1911 are still valid today, and it remains an important aspect of our democratic form of government.

Does this sound like someone who is anti-democratic? No objective evaluation of the record can yield the conclusion that she is anti-initiative. No fair reading of her statements suggests a basis for any such assertion.

She has been forced to respond to questions about particular judicial decisions. I find this especially ironic is light of the Judiciary Committee's questionnaire in which we ask whether anyone involved in the process of selecting the nominee discussed with her "any specific case, legal issue or question in a manner that could reasonably be interpreted as asking how you would rule on such case, issue, or question." We try to ensure that the Administration imposes no litmus tests and does not ask about specific cases—and then some on the Judiciary Committee turn around and do exactly that.

The Committee insisted that she do a homework project on Robert Bork's writings and on the jurisprudence of original intent. Is that what is required to be confirmed to the District Court in this Congress?

With respect to the issue of "judicial activism," we have the nominee's views. She told the Committee: "The specific role of a trial judge is to apply the law as enacted by Congress and interpreted by the Supreme Court and Courts of Appeals. His or her role is not to 'make law.'" She also noted: "Given the restrictions of the case and controversy requirement, and the limited nature of legal remedies available, the courts are ill equipped to resolve the broad problems facing our society, and should not undertake to do so. That is the job of the legislative and executive branches in our constitutional structure."

I am appalled at the treatment that Margaret Morrow has received before the Senate and have spoken about her on the Senate floor on many occasions. It is long past time for the Senate to take up this nomination, debate it and vote on it. In my view, the Senate should certainly have done so before adjourning for a month-long recess.

Margaret Morrow was the first woman President of the California Bar Association and also a past president of the Los Angeles County Bar Association. She is an exceptionally well-qualified nominee who is currently a partner at Arnold & Porter and has practiced for 23 years. She is supported by Los Angeles' Republican Mayor Richard Riordan and by Robert Bonner, the former head of DEA under a Republican Administration. Representative JAMES ROGAN attended her second confirmation hearing to endorse her.

Margaret Morrow has devoted her career to the law, to getting women involved in the practice of law and to making lawyers more responsive and responsible. Her good works should not be punished but commended. Her public service ought not be grounds for delay. She does not deserve this treatment. This type of treatment will drive good people away from government service.

The President of the Woman Lawyers Association of Los Angeles, the President of the Women's Legal Defense Fund, the President of the Los Angeles

County Bar Association, the President of the National Conference of Women's Bar Association and other distinguished attorneys from the Los Angeles area have all written the Senate in support of the nomination of Margaret Morrow. They write that: "Margaret Morrow is widely respected by attorneys, judges and community leaders of both parties" and she "is exactly the kind of person who should be appointed to such a position and held up as an example to young women across the country." I could not agree more.

Mr. President, the Senate should move expeditiously to confirm Margaret Morrow.

I ask unanimous consent that the two letters to which I have referred be printed in the Record at the conclusion of my statement.

There being no objection, the letters were ordered to be printed in the Record, as follows:

July 14, 1997.

Hon. William J. Clinton,
The President,
The White House, Washington, DC.

Hon Trent Lott,
The Majority Leader,
U.S. Senate, Washington, DC.

Dear Mr. President and Mr. Majority Leader: Among the constitutional responsibilities entrusted to the President and the Senate, none is more essential to the foundation upon which our democracy rests than the appointment of justices and judges to serve at all levels of the federal bench. Notwithstanding the intensely political nature of the process, historically this critical duty has been carried out with bipartisan cooperation to ensure a highly qualified and effective federal judiciary.

There is a looming crisis in the Nation brought on by the extraordinary number of vacant federal judicial positions and the resulting problems that are associated with delayed judicial appointments. There are 102 pending judicial vacancies, or 11 percent of the number of authorized judicial positions. A record 24 of these Article III positions have been vacant for more than 18 months. Those courts hardest hit are among the Nation's busiest, for example, the Ninth Circuit Court of Appeals has 9 of its 28 positions vacant. At the district court level, six States have unusually high vacancy rates: 10 in California, 8 in Pennsylvania, 6 in New York, 5 in Illinois, and 4 each in Texas and Louisiana.

The injustice of this situation for all of society cannot be overstated. Dangerously crowded dockets, suspended civil case dockets, burgeoning criminal caseloads, overburdened judges, and chronically undermanned courts undermine our democracy and respect for the supremacy of law.

We, the undersigned representatives of national legal organizations, call upon the President and the Senate to devote the time and resources necessary to expedite the selection and confirmation process for federal judicial nominees. We respectfully urge all participants in the process to move quickly to resolve the issues that have resulted in these numerous and longstanding vacancies in order to preserve the integrity of our justice system.

N. Lee Cooper,
President, American Bar Association.

U. Lawrence Boze,
President, National Bar Association.

Hugo Chavaino,
President, Hispanic National Bar Association.

Paul Chan,
President, National Asian Pacific American Bar Association.

Howard Twiggs,
President, Association of Trial Lawyers of America.

Sally Lee Foley,
President, National Association of Women Lawyers.

Juliet Gee,
President, National Conference of Women's Bar Associations.

Women Lawyers Association
of Los Angeles,
Los Angeles, CA, May 13, 1997.

Hon. Patrick Leahy,
Russell Senate Office Building,
Washington, DC.

Dear Senator Leahy: We write to you to protest the treatment which one of President Clinton's nominees for the Federal District Court is receiving. We refer to Margaret Morrow, who has been nominated for the United States District Court in the Central District of California. As of today we have been waiting a full year for her confirmation.

Margaret Morrow has qualifications which set her apart as one uniquely qualified to be a federal judge. She is a magna cum laude graduate of Bryn Mawr College and a cum laude graduate of Harvard Law School. She has a 23-year career in private practice with an emphasis in complicated commercial and corporate litigation with extensive experience in federal courts. She has received a long list of awards and recognition as a top lawyer in her field, her community and her state.

Margaret Morrow is widely respected by attorneys, judges and community leaders of both parties. Many have written to you. Because of her outstanding qualifications and broad support, it is difficult to understand why she has not moved expeditiously through the confirmation process.

Margaret Morrow is a leader and role model among women lawyers in California. She was the second woman President of 25,000 member Los Angeles Bar Association and the first woman President of the largest mandatory bar association in the country, the 150,000 member State Bar of California.

Margaret Morrow is exactly the kind of person who should be appointed to such a position and held up as an example to young women across our country. Instead she is subjected to multiple hearings and seemingly endless rounds of questions, apparently without good reason.

We urge you to send a message that exceptionally well qualified women who are community leaders should apply to the U.S. Senate for federal judgships. We urge you to move her nomination to the Senate floor and to act quickly to confirm it.

Nancy Hoffmeier Zamora, Esq.,
President, Women Lawyers Association of Los Angeles.

Judith Lichtman, Esq.,
President, Women's Legal Defense Fund.

Karen Nobumoto, Esq.,
President, John M. Langston Bar Association.

Steven Nissen, Esq.,
Executive Director & General Counsel, Public Counsel.

Sheldon H. Sloan, Esq.,
President, Los Angeles County Bar Association.

Abby Leibman, Esq.,
Executive Director, California Women's Law Center.

Juliet Gee, Esq.,
President, National Conference of Women's Bar Associations.

S. 625—THE AUTO CHOICE REFORM ACT OF 1997

Mr. NICKLES. Mr. President, I am happy to join as a cosponsor to S. 625, the Auto Choice Reform Act of 1997. This bill enjoys wide bipartisan support for the choice that it offers every American when choosing car insurance. Under this bill, families and individuals will be able to exchange the right to bring certain lawsuits for a substantial savings on their automobile insurance. This bill will allow consumers the right to purchase a low-cost policy that will cover medical bills and lost wages but not pain and suffering damage claims. Those policies will also give the purchasers immunity from pain and suffering claims against them. The current State liability systems will remain intact as a choice for individuals who would prefer the freedom to sue and be sued for pain and suffering damages.

American taxpayers stand to save a total of $45 billion nationwide. This savings would go directly in the pocket of every insured person at no cost to the taxpayers. The Joint Economic Committee has projected that the auto choice option will save Oklahomans $420 million in automobile insurance premiums and will put $186 back into the accounts of every person with a car. This is the equivalent of an instant tax cut for every insured person.

The New York Times stated that with this bill: "Everyone would win—except the lawyers" that live off of the current liability system. In fact, trial lawyers take in an estimated $17 billion a year from auto accident cases. USA Today reported that 35 cents of every auto premium dollar goes to lawyers.

This bill has been labeled a "model of federalism." Each State has the right to opt out of auto choice if the State insurance commissioner finds that residents fail to receive at least a 30 percent reduction in bodily injury premiums. The State legislature retains the right to simply pass a law against this option and keep its current auto liability system.

There is mounting evidence that the current auto liability insurance system has become prey to rampant fraud and abuse, which is constantly fed by inflated pain and suffering claims. FBI Director Louis Freeh estimated that the average household pays an additional $200 in unnecessary premiums just to cover these fraudulent schemes. This hits low income families particularly hard since about one-third of a family's disposable income is consumed by car insurance costs. Auto choice will put that money back into the pockets of taxpayers to help pay for needed expenses, providing long-overdue relief to all who choose this option.

I am happy to cosponsor this bill and hope that every American with car insurance will be given the opportunity to make this choice to provide long over due relief to all who choose this option. It is time for all drivers to begin to enjoy lower auto premiums and to allow government to spend its resources outside of the courtroom.

JOHN F. KENNEDY CENTER PARKING IMPROVEMENT ACT OF 1997

Mr. DOMENICI. Mr. President, I ask unanimous consent that the Senate now proceed to the consideration of Calendar No. 85, S. 797.

The PRESIDING OFFICER. Without objection, it is so ordered.

The clerk will report.

The assistant legislative clerk read as follows:

A bill (S. 797) to amend the John F. Kennedy Center Act to authorize the design and construction of additions to the parking garage and certain site improvements, and for other purposes.

The PRESIDING OFFICER. Is there objection to the immediate consideration of the bill?

There being no objection, the Senate proceeded to consider the bill.

Mr. CHAFEE. Mr. President, I am delighted that the Senate is considering S. 797, the John F. Kennedy Center Parking Improvement Act. This legislation, which will help to address parking and security problems at the Kennedy Center, was approved unanimously by the Committee On Environment and Public Works on June 5 of this year. I want to recognize the bill's cosponsors, Senators LOTT, BAUCUS, STEVENS, and KENNEDY, for their valuable assistance.

Briefly, Mr. President, this legislation provides authority to the Kennedy Center Board of Trustees to construct an addition to the existing parking garage at each of the north and south ends of the Center. Importantly, the Congressional Budget Office, in their letter of June 11, 1997, wrote that there will be not Federal costs associated with the enactment of S. 797.

The garage project will be financed through the issuance of industrial revenue bonds which will be repaid entirely with revenue derived from operation of the expanded garage. The bill includes a provision explicitly prohibiting the use of appropriated funds for the purpose of constructing or financing the parking garage expansion.

Also included in the bill is authorization for the Center to take action on site modifications for the improvement of security on the site. The Center has conducted a complete security review, and among the recommendations are changes to the main approach and plaza. This legislation allows the Center to pursue site modifications for the protection of the building and its visitors. The authorization of appropriations for this work, the site improvements and modifications, is provided by existing law.

Consistent with the John F. Kennedy Center Act Amendments of 1994, the Center's plans for the garage expansion and other, related site improvements will be developed in close consultation with the Department of the Interior.

Mr. President, the legislation reflects the commitment of the Kennedy Center Trustees to continually improve this Presidential monument for the benefit of the public—in a manner that is financially responsible. I want to again thank Senators LOTT, BAUCUS, STEVENS, and KENNEDY, for their help in drafting this bill. I urge the Senate to adopt this legislation.

AMENDMENT NOS. 1048 THROUGH 1053, EN BLOC

Mr. DOMENICI. Mr. President, the following requests have been agreed to on both sides. There are six amendments at the desk that have been cleared on both sides. They are as follows:

Nos. 1048, 1049, 1050, 1051, 1052, and 1053.

I ask unanimous consent that these amendments be agreed to en bloc, the bill be considered read a third time and passed, and that any statements relating to the amendments or bill appear at this point in the RECORD. I finally ask consent that the motion to reconsider the above action be laid upon the table.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendments (Nos. 1048, 1049, 1050, 1051, 1052, and 1053) agreed to en bloc are as follows:

AMENDMENT NO. 1048

Page 3, line 7, strike "or".

Page 3, line 12, strike the first period and all that follows and insert "; or".

Page 3, after line 12, insert the following:

"(C) any project to acquire large screen format equipment for an interpretive theater or to produce an interpretive film that the Board specifically designates will be financed using sources other than appropriated funds.".

Page 4, strike lines 9 through 14.

Page 4, line 15, strike "5" and insert "4".

AMENDMENT NO. 1049

(Purpose: To provide for the design, construction, furnishing, and equipping of a Center for Performing Arts within the complex known as the New Mexico Hispanic Cultural Center, and for other purposes)

At the appropriate place, insert the following:

SEC. ___. CONSTRUCTION OF A CENTER FOR PERFORMING ARTS.

(a) FINDINGS.—Congress makes the following findings:

(1) The United States has an enriched legacy of Hispanic influence in politics, government, economic development, and cultural expression.

(2) The Hispanic culture in what is now the United States can be traced to 1528 when a Spanish expedition from Cuba to Florida was shipwrecked on the Texas coast.

(3) The Hispanic culture in New Mexico can be traced to 1539 when a Spanish Franciscan Friar, Marcos de Niza, and his guide, Estevanico, traveled into present day New Mexico in search of the fabled city of Cibola and made contact with the people of Zuni.

(4) The Hispanic influence in New Mexico is particularly dominant and a part of daily living for all the citizens of New Mexico, who are a diverse composite of racial, ethnic, and cultural peoples. Don Juan de Oarte and the first New Mexican families established the first capital in the United States, San Juan de los Cabelleros, in July of 1598.

(5) Based on the 1990 census, there are approximately 650,000 Hispanics in New Mexico, the majority having roots reaching back ten or more generations.

(6) There are an additional 200,000 Hispanics living outside of New Mexico with roots in New Mexico.

(7) The New Mexico Hispanic Cultural Center is a living tribute to the Hispanic experience and will provide all citizens of New Mexico, the Southwestern United States, the entire United States, and around the world, an opportunity to learn about, partake in, and enjoy the unique Hispanic culture, and the New Mexico Hispanic Cultural Center will assure that this 400-year old culture is preserved.

(8) The New Mexico Hispanic Cultural Center will teach, showcase, and share all facets of Hispanic culture, including literature, performing arts, visual arts, culinary arts, and language arts.

(9) The New Mexico Hispanic Cultural Center will promote a better cross-cultural understanding of the Hispanic culture and the contributions of individuals to the society in which we all live.

(10) In 1993, the legislature and Governor of New Mexico created the Hispanic Cultural Division as a division within the Office of Cultural Affairs. One of the principal responsibilities of the Hispanic Cultural Division is to oversee the planning, construction, and operation of the New Mexico Hispanic Cultural Center.

(11) The mission of the New Mexico Hispanic Cultural Center is to create a greater appreciation and understanding of Hispanic culture.

(12) The New Mexico Hispanic Cultural Center will serve as a local, regional, national, and international site for the study and advancement of Hispanic culture, expressing both the rich history and the forward-looking aspirations of Hispanics throughout the world.

(13) The New Mexico Hispanic Cultural Center will be a Hispanic arts and humanities showcase to display the works of national and international artists, and to provide a venue for educators, scholars, artists, children, elders, and the general public.

(14) The New Mexico Hispanic Cultural Center will provide a venue for presenting the historic and contemporary representations and achievements of the Hispanic culture.

(15) The New Mexico Hispanic Cultural Center will sponsor arts and humanities programs, including programs related to visual arts of all forms (including drama, dance, and traditional and contemporary music), research, literary arts, genealogy, oral history, publications, and special events such as, fiestas, culinary arts demonstrations, film video productions, storytelling presentations and education programs.

(16) Phase I of the New Mexico Hispanic Cultural Center complex is scheduled to be completed by August of 1998 and is planned to consist of an art gallery with exhibition space and a museum, administrative offices, a restaurant, a ballroom, a gift shop, an amphitheater, a research and literary arts center, and other components.

(17) Phase II of the New Mexico Hispanic Cultural Center complex is planned to include a performing arts center (containing a 700-seat theater, a stage house, and a 300-seat film/video theater), a 150-seat black box theater, an art studio building, a culinary arts building, and a research and literary arts building.

(18) It is appropriate for the Federal Government to share in the cost of constructing the New Mexico Hispanic Cultural Center because Congress recognizes that the New Mexico Hispanic Cultural Center has the potential to be a premier facility for performing arts and a national repository for Hispanic arts and culture.

(b) DEFINITIONS.—In this section:

(1) CENTER.—The term "Center" means the Center for Performing Arts, within the complex known as the New Mexico Hispanic Cultural Center, which Center for the Performing Arts is a central facility in Phase II of the New Mexico Hispanic Cultural Center complex.

(2) HISPANIC CULTURAL DIVISION.—The term "Hispanic Cultural Division" means the Hispanic Cultural Division of the Office of Cultural Affairs of the State of New Mexico.

(3) SECRETARY.—The term "Secretary" means the Secretary of the Interior.

(c) CONSTRUCTION OF CENTER.—The Secretary shall award a grant to New Mexico to pay for the Federal share of the costs of the design, construction, furnishing, and equipping of the Center for Performing Arts that will be located at a site to be determined by the Hispanic Cultural Division, within the complex known as the New Mexico Hispanic Cultural Center.

(d) GRANT REQUIREMENTS.—

(1) IN GENERAL.—In order to receive a grant awarded under subsection (c), New Mexico, acting through the Director of the Hispanic Cultural Division—

(A) shall submit to the Secretary, within 30 days of the date of enactment of this section, a copy of the New Mexico Hispanic Cultural Center Program document dated January 1996; and

(B) shall exercise due diligence to expeditiously execute, in a period not to exceed 90 days after the date of enactment of this section, the memorandum of understanding under paragraph (2) recognizing that time is of the essence for the construction of the Center because 1998 marks the 400th anniversary of the first permanent Spanish settlement in New Mexico.

(2) MEMORANDUM OF UNDERSTANDING.—The memorandum of understanding described in paragraph (1) shall provide—

(A) the date of completion of the construction of the Center;

(B) that Antoine Predock, an internationally recognized architect, shall be the supervising architect for the construction of the Center;

(C) that the Director of the Hispanic Cultural Division shall award the contract for architectural engineering and design services in accordance with the New Mexico Procurement Code; and

(D) that the contract for the construction of the Center—

(i) shall be awarded pursuant to a competitive bidding process; and

(ii) shall be awarded not later than 3 months after the solicitation for bids for the construction of the Center.

(3) FEDERAL SHARE.—The Federal share of the costs described in subsection (c) shall be 50 percent.

(4) NON-FEDERAL SHARE.—The non-Federal share of the costs described in subsection (c) shall be in cash or in kind fairly evaluated, including plant, equipment, or services. The non-Federal share shall include any contribution received by New Mexico for the design, construction, furnishing, or equipping of Phase I or Phase II of the New Mexico Hispanic Cultural Center complex prior to the date of enactment of this section. The non-Federal share of the costs described in subsection (c) shall include the following:

(A) $16,410,000 that was appropriated by the New Mexico legislature since January 1, 1993, for the planning, property acquisition, design, construction, furnishing, and equipping of the New Mexico Hispanic Cultural Center complex.

(B) $116,000 that was appropriated by the New Mexico legislature for fiscal year 1995 for the startup and operating expenses of the New Mexico Hispanic Cultural Center.

(C) $226,000 that was appropriated by the New Mexico legislature for fiscal year 1996 for the startup and operating expenses of the New Mexico Hispanic Cultural Center.

(D) $442,000 that was appropriated by the New Mexico legislature for fiscal year 1997 for the startup and operating expenses of the New Mexico Hispanic Cultural Center.

(E) $551,000 that was appropriated by the New Mexico legislature for fiscal year 1998 for the startup and operating expenses of the New Mexico Hispanic Cultural Center.

(F) A 10.9-acre lot with a historic 22,000 square foot building donated by the Mayor and City Council of Albuquerque, New Mexico, to New Mexico for the New Mexico Hispanic Cultural Center.

(G) 12 acres of "Bosque" land adjacent to the New Mexico Hispanic Cultural Center complex for use by the New Mexico Hispanic Cultural Center.

(H) The $30,000 donation by the Sandia National Laboratories and Lockheed Martin Corporation to support the New Mexico Hispanic Cultural Center and the program activities of the New Mexico Hispanic Cultural Center.

(e) USE OF FUNDS FOR DESIGN, CONSTRUCTION, FURNISHING, AND EQUIPMENT.—The funds received under a grant awarded under subsection (c) shall be used only for the design, construction, management and inspection, furnishing, and equipment of the Center.

(f) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to the Secretary to carry out this section a total of $17,800,000 for fiscal year 1998 and succeeding fiscal years. Funds appropriated pursuant to the authority of the preceding sentence shall remain available until expended.

Mr. DOMENICI. Mr. President, tonight we are passing the Kennedy Center garage bill with an amendment authorizing the Hispanic Cultural Center's Performing Arts Center. On a day when we pass the monumental spending bill and a tax cut I am pleased that we are also authorizing this cultural center.

We could not be here today passing the cultural center bill if it were not that Senator CHAFEE was willing to be so helpful to me. He let me attach this amendment to the urgently needed legislation for the Kennedy Center. I want to thank Senator CHAFEE for his tremendous cooperation and legislative skills. I want to thank him for helping accomplish a very important project for the State of New Mexico. Next year marks the 400th anniversary of the first Hispanic settlement in the United States and it happened to be located in New Mexico.

Many celebrations are planned around the State, but this cultural center will be a permanent addition and showcase.

Mr. President, I am eager to present my colleagues with a wonderful plan to honor and perpetuate the Hispanic culture of America. Next year, 1998, is the 400th anniversary of Hispanic presence in New Mexico. In 1598, Juan de Oñate conquered New Mexico and founded the second city of the United States, San Gabriel de los Españoles. This was the first permanent Spanish settlement in New Mexico. From New Mexico, Juan de Oñate traveled across the desert to California where he founded San Francisco in 1605.

On the occasion of the 400th anniversary of Spanish presence, New Mexico will be beginning a new era of Spanish pride and cooperation with other cultures. In New Mexico, we are very proud of our cultural relations between the Indian, Spanish, and Anglo people. It is now time to pay special tribute to the Spanish people of New Mexico and the United States.

In preparing for the 400th anniversary celebrations, the State of New Mexico has invested over $17.7 million toward the establishment of phase I of the New Mexico Hispanic Cultural Center. In addition, the city of Albuquerque has donated 10.9 acres and an historic 22,000 square foot building. Twelve acres of "bosque" land near the Rio Grande have also been donated by the Middle Rio Grande Conservancy District. Private contributions are also helping to meet the Hispanic Cultural Center goals.

I am asking my colleagues to match these New Mexico contributions with the funds to build the critical Hispanic Performing Arts Center at an estimated cost of $17.8 million. I believe the people of New Mexico have done a stellar job in committing their own resources for an art gallery, museum, restaurant, ballroom, amphitheater, research center, literary arts center, and other supportive components.

To showcase the Hispanic culture in New Mexico for all Americans, the Hispanic Performing Arts Center is a vital component. Phase II plans include a 700-seat theater, a stage house, a 300-seat film/video center, a 150-seat black box theater, an art studio building, a culinary art building, and a research and literary arts building. The estimated cost of all phase II components is $26 million. By agreeing to fund the Hispanic Performing Arts Center, Congress will make a significant contribution toward the phase II plan.

Not counting the land contributions, phase I and phase II design, construction, equipping, and furnishing is estimated to cost slightly more than $40 million. Major infrastructure components are included in both phases. These include an aqueduct, acequia, and pond from the Barelas Drain; parking; a plaza and courtyard, and landscaping.

Phase I is now near the bidding stage. The Hispanic Performing Arts and Film Arts—the three theaters—are estimated to cost $17.8 million, with necessary equipment—construction: $15.9 million; fixed equipment: $1.9 million. The remaining components of phase II are estimated to cost $8 million.

This multifaceted Hispanic Cultural Center is designed to showcase, share, archive, preserve, and enhance the rich Hispanic culture for local, regional, and national audiences. It is designed to be a tourist attraction as well as a great source of local pride.

The Hispanic Cultural Center will be the southernmost facility on a cultural corridor that includes the Rio Grande Nature Center, the Albuquerque Aquarium, Botanical Gardens, and the Rio Grande Zoo. Historic Old Town Albuquerque is at the center of this cultural corridor.

Antoine Predock of Albuquerque and Pedro Marquez of Santa Fe are the project architects. They have emphasized the inclusion of New Mexico architectural features such as adobe construction—like the existing historic building used as the administrative center—courtyards, portals, cottonwoods for shading, and the irrigation ditches known in New Mexico as "acequias". The site is at the corner of Fourth Street and Bridge Boulevard in Southwest Albuquerque.

Once built, the Hispanic Cultural Center will employ over 100 people. Tourism dollars are expected to increase in this part of Albuquerque, and new ancillary businesses are anticipated to complement and enhance the attractions in the historic Barelas Neighborhood of Albuquerque.

The many forms of art, culture, research, performing arts, culinary arts, literature, and other activities are expected to add important cultural connections to the roots of the local and State Hispanic people. Completion of the Hispanic Performing Arts Center will be the major facility needed to showcase live and filmed Spanish cultural events. A whole new industry of preserving, showcasing, and enhancing pride in Spanish cultural roots is a vital anticipated benefit of this New Mexico-based Hispanic institution.

Visitors are expected from California, New York, Florida, Texas, Wisconsin, Minnesota, and other States with large Hispanic populations. The New Mexico Hispanic Cultural Center and its active Hispanic Performing Arts Center are expected to become nationally known treasures of living Hispanic culture in America.

I believe that the Federal funding for the Hispanic Performing Arts Center will be just the perfect contribution to a budding national treasure in its critical formative stages. I urge my colleagues to support the funding for the Hispanic Performing Arts Center in Albuquerque, NM, in honor of the 400th anniversary of Spanish culture, and in hopes of seeing the preservation and enhancement of this culture flourish into its 500th year.

AMENDMENT NO. 1049

Mr. BINGAMAN. Mr. President, I rise to speak about a subject that is very important to the people of New Mexico; not just the Hispanic community, but people of all ethnicities that value the rich, historical traditions of our State. Today, I am proud to be co-sponsoring with my colleague from New Mexico, Senator DOMENICI, legislation that will finally make possible the creation of an Hispanic Cultural Center. The Center has been in the planning stages for many years and, when completed, will be the product of very hard work by numerous people in New Mexico. I would like to thank Senator DOMENICI for his work and Senator KENNEDY, Senator CHAFEE, Senator BOND, and Senator GORTON for their efforts to make this Center a reality, and I congratulate them.

Mr. President, the United States and New Mexico have enjoyed an enriched legacy of Hispanic tradition and culture. New Mexico especially can be proud of strong Hispanic participation in politics, government, economic development, and cultural expression. Hispanic presence in the United States reaches far back to 1528, and in New Mexico to 1539. Hispanic influence on our society can be seen all across our state, in our architecture, food, clothing, literature, music, family tradition, and even the names of many of our towns and cities; names like "Alamogordo," "Raton," "Quemado," and "Penasco." Since the time that Don Juan de Onate first settled New Mexico in 1598, Hispanic families have been a part of the New Mexico landscape. Today, we can look forward to a Center that will showcase this rich tradition, and it will serve as a living tribute to the Hispanic experience for all citizens of our Nation.

Regrettably, our Federal Government has done too little to recognize that the Hispanic community has been present on this continent for 500 years and has been an integral fiber in our Nation's fabric. The Hispanic culture has made and continues to make many valuable contributions to our society as a whole. Hispanics make up the fastest growing minority group in this country. The Census Bureau reports that Hispanics presently account for 11 percent of our Nation's population, and by 2025 it will have accounted for 44 percent of the national population growth.

Certainly, the Center will promote a better understanding of Hispanics, and, more importantly, will serve as a showcase of how New Mexico is a place where many cultures, including Anglo, Native American, and African American, live and work together in magnificent harmony. This legislation is an important first step by our Federal Government to long-delayed recognition.

There is still much work to be done to make this Center a reality, however. Construction on the facility will begin, and the location of the Center is presently being determined. I strongly encourage all concerned parties to work together to ensure that the spirit of the Center remains intact.

Again, Mr. President, on behalf of the people of New Mexico, I thank the distinguished Senators.

AMENDMENT NO. 1050

(Purpose: To provide for the design, construction, furnishing and equipping of a Center for Historically Black Heritage within Florida A&M University)

At the appropriate place insert the following:

SEC. . CONSTRUCTION OF A CENTER FOR REGIONAL BLACK CULTURE.

(a) FINDINGS.—Congress makes the following findings:

(1) Currently 500,000 historically important artifacts of the Civil War era and the early days of the civil rights movement in the Southeast region of the United States are housed at Florida A&M University.

(2) To preserve this large repertory of African-American history and artifacts it is appropriate that the Federal Government share in the cost of construction of this national repository for culture and history.

(b) DEFINITION.—In this section:

(1) CENTER.—The term "Center" relates to the Center for Historically Black Heritage at Florida A&M University.

(2) SECRETARY.—The term "Secretary" means the Secretary of Interior Acting through the director of the Park Service.

(c) CONSTRUCTION OF CENTER.—

(1) IN GENERAL.—The Secretary shall award a grant to the State of Florida to pay for the Federal share of the costs design construction, furnishing and equipping the Center at Florida A&M University.

(d) GRANT REQUIREMENTS.—

(1) IN GENERAL.—In order to receive the grant awarded under subsection (c), Florida A&M University, shall submit to the Secretary a proposal.

(2) FEDERAL SHARE.—The Federal share of the costs described in subsection (c) shall be 50 percent.

(e) AUTHORIZATION OF APPROPRIATION.—There is authorized to be appropriated to the Secretary of Interior to carry out this section a total of $3,800,000 fiscal year 1998 and preceding fiscal years. Funds appropriated pursuant to the authority of the preceding sentence should remain available until expended.

AMENDMENT NO. 1051

(Purpose: To provide for the relocation and expansion of the Haffenreffer Museum of Anthropology at Brown University in Providence, Rhode Island)

At the end of the bill, add the following:

SEC. . RELOCATION AND EXPANSION OF HAFFENREFFER MUSEUM OF ANTHROPOLOGY.

(a) DEFINITIONS.—In this section:

(1) MUSEUM.—The term "Museum" means the Haffenreffer Museum of Anthropology at Brown University in Providence, Rhode Island.

(2) SECRETARY.—The term "Secretary" means the Secretary of the Interior.

(b) RELOCATION AND EXPANSION OF MUSEUM.—The Secretary shall make a grant to Brown University in Providence, Rhode Island, to pay the Federal share of the costs associated with the relocation and expansion of the Museum, including the design, construction, renovation, restoration, furnishing, and equipping of the Museum.

(c) GRANT REQUIREMENTS.—

(1) IN GENERAL.—To receive a grant under subsection (b), the Museum shall submit to the Secretary a proposal for the use of the grant.

(2) FEDERAL SHARE.—The Federal share of the costs described in subsection (b) shall be 20 percent.

(d) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section $3,000,000, to remain available until expended.

Mr. CHAFEE. Mr. President, I am pleased that the Senate is today considering legislation to assist in the relocation and expansion of the Haffenreffer Museum of Anthropology at Brown University in Providence, RI.

In 1955, the family of Rudolf F. Haffenreffer bequeathed to Brown University the museum he had founded in Bristol, RI. The museum includes more than 100,000 objects from native peoples of the Americas, Africa, Asia, and the Pacific.

This is a teaching museum owned and supported by Brown University. It has a number of world-class holdings that attract scholars from all over the globe, and has been described by the American Association of Museums as a "superb medium- to small-sized facility with outstanding collections, excellent exhibits, and a superb program of public education and outreach."

While maintaining objects from around the world, the Haffenreffer Museum exhibits extensive archaeological materials from New England that are used to interpret prehistoric and historical cultural developments in Rhode Island and surrounding States. This legislation authorizes $3 million to preserve these culturally important collections and to provide expanded exhibition space that will make them more accessible to schoolchildren, scholars, students, and other visitors.

In 1995, Brown University acquired from the Resolution Trust Corporation [RTC] the historic Old Stone Bank building, built in 1854, along with the 1928 Federal-style residence known as the Benoni-Cooke House, both located in downtown Providence. The RTC took over both properties when the Old Stone Bank failed in 1993.

Prior to Brown's purchase of these sites, it was unclear how or whether they would be put to use. The funds authorized by this bill will contribute a modest portion of the estimated $15 million Brown University will spend to relocate the Haffenreffer Museum from Bristol, RI, to the bank building and the Benoni-Cooke House, both of which are listed on the National Register of Historic Places.

Mr. President, this is indeed a win-win project being carried out by Brown University. We will renovate, preserve and make fine use of two historic architectural landmarks—while providing greater access to an extraordinary tool for cultural and historical education. This is a fine example of the type of assistance our Federal Government can provide to local communities to preserve and make available for future generations the significant developments of our past.

Mr. President, I encourage the support of colleagues.

AMENDMENT NO. 1052

At the end of the bill add the following new section:

SEC. XXX. ENVIRONMENTAL RESEARCH CENTER.

(a) IN GENERAL.—The Secretary of the Interior shall award a grant to Juniata College for the construction of an environmental research facilities and structures at Raystown Lake, Pennsylvania.

(b) COORDINATION.—As a condition to receipt of the grant authorized in subsection (a), officials of Juniata College shall coordinate with the Baltimore District of the Army Corps of Engineers.

(c) APPROPRIATIONS AUTHORIZED.—There is authorized to be appropriated $5,000,000 to carry out this section.

AMENDMENT NO. 1053

At the end of the bill add the following new section:

SEC. XXX. FORT PECK DAM INTERPRETIVE CENTER.

(a) IN GENERAL.—The Secretary of the Interior shall design, construct, furnish and equip an historical cultural and paleontological interpretive center and museum to be located at Fort Peck Dam, Montana.

(b) COORDINATION.—In carrying out subsection (a) the Secretary of the Interior shall coordinate with officials of the Bureau of Reclamation, Bureau of Land Management, U.S. Army Corps of Engineers and the Fort Peck Dam Interpretive Center and Museum.

(c) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section a total of $10,000,000. Funds appropriated are available until expended.

The bill (S. 797), as amended, was deemed read a third time, and passed, as follows:

S. 797

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "John F. Kennedy Center Parking Improvement Act of 1997".

SEC. 2. PARKING GARAGE ADDITIONS AND SITE IMPROVEMENTS.

Section 3 of the John F. Kennedy Center Act (20 U.S.C. 76l) is amended—

(1) by striking the section heading and all that follows through "The Board" and inserting the following:

"SEC. 3. JOHN F. KENNEDY CENTER FOR THE PERFORMING ARTS.

"(a) IN GENERAL.—The Board"; and

(2) by adding at the end the following:

"(b) PARKING GARAGE ADDITIONS AND SITE IMPROVEMENTS.—

"(1) IN GENERAL.—Substantially in accordance with the plan entitled 'Site Master Plan—Drawing Number 1997-2 April 29, 1997,' and map number NCR 844/82571, the Board may design and construct—

"(A) an addition to the parking garage at each of the north and south ends of the John F. Kennedy Center for the Performing Arts; and

"(B) site improvements and modifications.

"(2) AVAILABILITY.—The plan shall be on file and available for public inspection in the office of the Secretary of the Center.

"(3) LIMITATION ON USE OF APPROPRIATED FUNDS.—No appropriated funds may be used to pay the costs (including the repayment of obligations incurred to finance costs) of—

"(A) the design and construction of an addition to the parking garage authorized under paragraph (1)(A);

"(B) the design and construction of site improvements and modifications authorized under paragraph (1)(B) that the Board specifically designates will be financed using sources other than appropriated funds; or

"(C) any project to acquire large screen format equipment for an interpretive theater or to produce an interpretive film that the Board specifically designates will be financed using sources other than appropriated funds.".

SEC. 3. PEDESTRIAN AND VEHICULAR ACCESS.

(a) DUTIES OF THE BOARD.—Section 4(a)(1) of the John F. Kennedy Center Act (20 U.S.C. 76j(a)(1)) is amended—

(1) by striking "and" at the end of subparagraph (G);

(2) by striking the period at the end of subparagraph (H) and inserting "; and"; and

(3) by adding at the end the following:

"(I) ensure that safe and convenient access to the site of the John F. Kennedy Center for the Performing Arts is provided for pedestrians and vehicles.".

(b) POWERS OF THE BOARD.—Section 5 of such Act (20 U.S.C. 76k) is amended by adding at the end the following:

"(g) PEDESTRIAN AND VEHICULAR ACCESS.—Subject to approval of the Secretary of the Interior under section 4(a)(2)(F), the Board shall develop plans and carry out projects to improve pedestrian and vehicular access to the John F. Kennedy Center for the Performing Arts.".

SEC. 4. DEFINITION OF BUILDING AND SITE.

Section 13 of the John F. Kennedy Center Act (20 U.S.C. 76s) and section 9(3) of the Act of October 24, 1951 (40 U.S.C. 193v), are each amended by inserting after "numbered 844/82563, and dated April 20, 1994" the following: "(as amended by the map entitled 'Transfer of John F. Kennedy Center for the Performing Arts', numbered 844/82563a and dated May 22, 1997)".

SEC. 5. CONSTRUCTION OF A CENTER FOR PERFORMING ARTS.

(a) FINDINGS.—Congress makes the following findings:

(1) The United States has an enriched legacy of Hispanic influence in politics, government, economic development, and cultural expression.

(2) The Hispanic culture in what is now the United States can be traced to 1528 when a Spanish expedition from Cuba to Florida was shipwrecked on the Texas coast.

(3) The Hispanic culture in New Mexico can be traced to 1539 when a Spanish Franciscan Friar, Marcos de Niza, and his guide, Estevanico, traveled into present day New Mexico in search of the fabled city of Cibola and made contact with the people of Zuni.

(4) The Hispanic influence in New Mexico is particularly dominant and a part of daily living for all the citizens of New Mexico, who are a diverse composite of racial, ethnic, and cultural peoples. Don Juan de Oarte and the first New Mexican families established the first capital in the United States, San Juan de los Cabelleros, in July of 1598.

(5) Based on the 1990 census, there are approximately 650,000 Hispanics in New Mexico, the majority having roots reaching back ten or more generations.

(6) There are an additional 200,000 Hispanics living outside of New Mexico with roots in New Mexico.

(7) The New Mexico Hispanic Cultural Center is a living tribute to the Hispanic experience and will provide all citizens of New Mexico, the Southwestern United States, the entire United States, and around the world, an opportunity to learn about, partake in, and enjoy the unique Hispanic culture, and the New Mexico Hispanic Cultural Center will assure that this 400-year old culture is preserved.

(8) The New Mexico Hispanic Cultural Center will teach, showcase, and share all facets of Hispanic culture, including literature, performing arts, visual arts, culinary arts, and language arts.

(9) The New Mexico Hispanic Cultural Center will promote a better cross-cultural understanding of the Hispanic culture and the contributions of individuals to the society in which we all live.

(10) In 1993, the legislature and Governor of New Mexico created the Hispanic Cultural Division as a division within the Office of Cultural Affairs. One of the principal responsibilities of the Hispanic Cultural Division is to oversee the planning, construction, and operation of the New Mexico Hispanic Cultural Center.

(11) The mission of the New Mexico Hispanic Cultural Center is to create a greater appreciation and understanding of Hispanic culture.

(12) The New Mexico Hispanic Cultural Center will serve as a local, regional, national, and international site for the study and advancement of Hispanic culture, expressing both the rich history and the forward-looking aspirations of Hispanics throughout the world.

(13) The New Mexico Hispanic Cultural Center will be a Hispanic arts and humanities showcase to display the works of national and international artists, and to provide a venue for educators, scholars, artists, children, elders, and the general public.

(14) The New Mexico Hispanic Cultural Center will provide a venue for presenting the historic and contemporary representations and achievements of the Hispanic culture.

(15) The New Mexico Hispanic Cultural Center will sponsor arts and humanities programs, including programs related to visual arts of all forms (including drama, dance, and traditional and contemporary music), research, literary arts, genealogy, oral history, publications, and special events such as, fiestas, culinary arts demonstrations, film video productions, storytelling presentations and education programs.

(16) Phase I of the New Mexico Hispanic Cultural Center complex is scheduled to be completed by August of 1998 and is planned to consist of an art gallery with exhibition space and a museum, administrative offices, a restaurant, a ballroom, a gift shop, an amphitheater, a research and literary arts center, and other components.

(17) Phase II of the New Mexico Hispanic Cultural Center complex is planned to include a performing arts center (containing a 700-seat theater, a stage house, and a 300-seat film/video theater), a 150-seat black box theater, an art studio building, a culinary arts building, and a research and literary arts building.

(18) It is appropriate for the Federal Government to share in the cost of constructing the New Mexico Hispanic Cultural Center because Congress recognizes that the New Mexico Hispanic Cultural Center has the potential to be a premier facility for performing arts and a national repository for Hispanic arts and culture.

(b) DEFINITIONS.—In this section:

(1) CENTER.—The term "Center" means the Center for Performing Arts, within the complex known as the New Mexico Hispanic Cultural Center, which Center for the Performing Arts is a central facility in Phase II of the New Mexico Hispanic Cultural Center complex.

(2) HISPANIC CULTURAL DIVISION.—The term "Hispanic Cultural Division" means the Hispanic Cultural Division of the Office of Cultural Affairs of the State of New Mexico.

(3) SECRETARY.—The term "Secretary" means the Secretary of the Interior.

(c) CONSTRUCTION OF CENTER.—The Secretary shall award a grant to New Mexico to pay for the Federal share of the costs of the design, construction, furnishing, and equipping of the Center for Performing Arts that will be located at a site to be determined by the Hispanic Cultural Division, within the complex known as the New Mexico Hispanic Cultural Center.

(d) GRANT REQUIREMENTS.—

(1) IN GENERAL.—In order to receive a grant awarded under subsection (c), New Mexico, acting through the Director of the Hispanic Cultural Division—

(A) shall submit to the Secretary, within 30 days of the date of enactment of this section, a copy of the New Mexico Hispanic Cultural Center Program document dated January 1996; and

(B) shall exercise due diligence to expeditiously execute, in a period not to exceed 90 days after the date of enactment of this section, the memorandum of understanding under paragraph (2) recognizing that time is of the essence for the construction of the Center because 1998 marks the 400th anniversary of the first permanent Spanish settlement in New Mexico.

(2) MEMORANDUM OF UNDERSTANDING.—The memorandum of understanding described in paragraph (1) shall provide—

(A) the date of completion of the construction of the Center;

(B) that Antoine Predock, an internationally recognized architect, shall be the supervising architect for the construction of the Center;

(C) that the Director of the Hispanic Cultural Division shall award the contract for architectural engineering and design services in accordance with the New Mexico Procurement Code; and

(D) that the contract for the construction of the Center—

(i) shall be awarded pursuant to a competitive bidding process; and

(ii) shall be awarded not later than 3 months after the solicitation for bids for the construction of the Center.

(3) FEDERAL SHARE.—The Federal share of the costs described in subsection (c) shall be 50 percent.

(4) NON-FEDERAL SHARE.—The non-Federal share of the costs described in subsection (c) shall be in cash or in kind fairly evaluated, including plant, equipment, or services. The non-Federal share shall include any contribution received by New Mexico for the design, construction, furnishing, or equipping of Phase I or Phase II of the New Mexico Hispanic Cultural Center complex prior to the date of enactment of this section. The non-Federal share of the costs described in subsection (c) shall include the following:

(A) $16,410,000 that was appropriated by the New Mexico legislature since January 1, 1993, for the planning, property acquisition, design, construction, furnishing, and equipping of the New Mexico Hispanic Cultural Center complex.

(B) $116,000 that was appropriated by the New Mexico legislature for fiscal year 1995 for the startup and operating expenses of the New Mexico Hispanic Cultural Center.

(C) $226,000 that was appropriated by the New Mexico legislature for fiscal year 1996 for the startup and operating expenses of the New Mexico Hispanic Cultural Center.

(D) $442,000 that was appropriated by the New Mexico legislature for fiscal year 1997 for the startup and operating expenses of the New Mexico Hispanic Cultural Center.

(E) $551,000 that was appropriated by the New Mexico legislature for fiscal year 1998 for the startup and operating expenses of the New Mexico Hispanic Cultural Center.

(F) A 10.9-acre lot with a historic 22,000 square foot building donated by the Mayor and City Council of Albuquerque, New Mexico, to New Mexico for the New Mexico Hispanic Cultural Center.

(G) 12 acres of "Bosque" land adjacent to the New Mexico Hispanic Cultural Center complex for use by the New Mexico Hispanic Cultural Center.

(H) The $30,000 donation by the Sandia National Laboratories and Lockheed Martin Corporation to support the New Mexico Hispanic Cultural Center and the program activities of the New Mexico Hispanic Cultural Center.

(e) USE OF FUNDS FOR DESIGN, CONSTRUCTION, FURNISHING, AND EQUIPMENT.—The funds received under a grant awarded under subsection (c) shall be used only for the design, construction, management and inspection, furnishing, and equipment of the Center.

(f) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to the Secretary to carry out this section a total of $17,800,000 for fiscal year 1998 and succeeding fiscal years. Funds appropriated pursuant to the authority of the preceding sentence shall remain available until expended.

SEC. 6. CONSTRUCTION OF A CENTER FOR REGIONAL BLACK CULTURE.

(a) FINDINGS.—Congress makes the following findings:

(1) Currently 500,000 historically important artifacts of the Civil War era and the early days of the civil rights movement in the Southeast region of the United States are housed at Florida A&M University.

(2) To preserve this large repertory of African-American history and artifacts it is appropriate that the Federal Government share in the cost of construction of this national repository for culture and history.

(b) DEFINITION.—In this section:

(1) CENTER.—The term "Center" relates to the Center for Historically Black Heritage at Florida A&M University.

(2) SECRETARY.—The term "Secretary" means the Secretary of the Interior Acting through the director of the Park Service.

(c) CONSTRUCTION OF CENTER.—The Secretary shall award a grant to the State of Florida to pay for the Federal share of the costs design construction, furnishing and equipping the Center at Florida A&M University.

(d) GRANT REQUIREMENTS.—

(1) IN GENERAL.—In order to receive the grant awarded under subsection (c), Florida A&M University, shall submit to the Secretary a proposal.

(2) FEDERAL SHARE.—The Federal share of the costs described in subsection (c) shall be 50 percent.

(e) AUTHORIZATION OF APPROPRIATION.—There is authorized to be appropriated to the Secretary of the Interior to carry out this section a total of $3,800,000 for fiscal year 1998 and preceding fiscal years. Funds appropriated pursuant to the authority of the preceding sentence should remain available until expended.

SEC. 7. RELOCATION AND EXPANSION OF HAFFENREFFER MUSEUM OF ANTHROPOLOGY.

(a) DEFINITIONS.—In this section:

(1) MUSEUM.—The term "Museum" means the Haffenreffer Museum of Anthropology at Brown University in Providence, Rhode Island.

(2) SECRETARY.—The term "Secretary" means the Secretary of the Interior.

(b) RELOCATION AND EXPANSION OF MUSEUM.—The Secretary shall make a grant to Brown University in Providence, Rhode Island, to pay the Federal share of the costs associated with the relocation and expansion of the Museum, including the design, construction, renovation, restoration, furnishing, and equipping of the Museum.

(c) GRANT REQUIREMENTS.—

(1) IN GENERAL.—To receive a grant under subsection (b), the Museum shall submit to the Secretary a proposal for the use of the grant.

(2) FEDERAL SHARE.—The Federal share of the costs described in subsection (b) shall be 20 percent.

(d) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section $3,000,000, to remain available until expended.

SEC. 8. ENVIRONMENTAL RESEARCH CENTER.

(a) IN GENERAL.—The Secretary of the Interior shall award a grant to Juniata College for the construction of environmental research facilities and structures at Raystown Lake, Pennsylvania.

(b) COORDINATION.—As a condition to receipt of the grant authorized in subsection (a), officials of Juniata College shall coordinate with the Baltimore District of the Army Corps of Engineers.

(c) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated $5,000,000 to carry out this section.

SEC. 9. FORT PECK DAM INTERPRETIVE CENTER.

(a) IN GENERAL.—The Secretary of the Interior shall design, construct, furnish and equip an historical, cultural and paleontological interpretive center and museum to be located at Fort Peck Dam, Montana.

(b) COORDINATION.—In carrying out subsection (a), the Secretary of the Interior shall coordinate with officials of the Bureau of Reclamation, Bureau of Land Management, United States Army Corps of Engineers and the Fort Peck Dam Interpretive Center and Museum.

(c) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section a total of $10,000,000. Funds appropriated are available until expended.

Mr. DOMENICI. I thank the Senate. I yield the floor.

Mr. KERRY addressed the Chair.

The PRESIDING OFFICER. The Senator from Massachusetts.

(The remarks of Mr. KERRY pertaining to the introduction of S. 1124 are located in today's RECORD under "Statements on Introduced Bills and Joint Resolutions.")

Several Senators addressed the Chair.

The PRESIDING OFFICER. The Senator from Michigan.

LIFTING OF TRAVEL BAN TO LEBANON

Mr. ABRAHAM. Mr. President, I rise to speak today with respect to a development which has occurred by an act of omission rather than commission on the part of the Secretary of State.

As the President I am sure is aware, for approximately 10 years American citizens have had passport restrictions which have prevented them from being able to travel to the country of Lebanon. The way the process works is, at various intervals—most recently at 6-month intervals—this "travel ban," as it is referred to, was back before the Secretary of State for renewal, and it has continued to be renewed for additional 6-month periods for quite some time. The 6-month period expired as of the 1st of August. This Secretary of State decided, after much consideration of the merits of these issues, not to extend the travel ban further.

I want to rise today—I have had a chance to be on the floor in morning business prior to this—to both commend the Secretary of State for her difficult situation and to applaud her courage in making this decision. This was a very controversial issue. It is one that both this Secretary of State and her predecessors have had to look at hard and long because, obviously, there is a need to balance, on the one hand, the security interests of United States citizens who might travel to Lebanon and, on the other hand, both humanitarian as well as economic considerations of those who had a desire to make such trips.

I believe the Secretary of State made the right decision. For a variety of reasons, Americans need to be able to travel to Lebanon. They need to be able to travel there freely. First and foremost is the need for families to be able to reunify. Many American citizens of Lebanese ancestry have close relatives who are in Lebanon and are not able to visit them because of this travel ban.

For economic reasons it makes sense for the travel ban to have been lifted. The fact is that Lebanon is in a very successful rebuilding period, and that rebuilding process has included many foreign nations who have come to Lebanon's aid and many foreign companies who have taken advantage of the opportunities to rebuild the phone and utilities and other systems of the country. American companies have not been able to do that. Mr. President, they have missed an opportunity to create jobs and to create opportunities here at home as well as in Lebanon. By lifting the ban that opportunity is now available again.

Another argument for lifting the ban which I found very compelling was the argument that it is important from the standpoint of the Middle East stability for the United States to be engaged in Lebanon. In recent years, Lebanon has found itself occupied by numerous foreign forces. During that timeframe, it has not been able to look to the West, and particularly to the United States, for help and assistance in the process of moving the direction of economic growth and democratic principles.

Having a greater United States role in Lebanon, I think, will make it easier for Lebanon to be become once again a fully independent and fully sovereign nation and to see all foreign forces leave that country. So for all of these reasons, the lifting of this ban comes at the right time. It is the right choice.

Arrayed against these, as I said, are units with security concerns. The fact is that there are many countries in the world today that are no safer to travel to than Lebanon but in which case there is no travel ban. There are travel advisories. The Secretary of State will be issuing that type of travel advisory to make sure that Americans understand the risks involved. Indeed, I would like to put on the record my own strong observation that there are risks to Americans to travel there. It is not yet the case that one can go to Lebanon without being aware of the mind flow, of the potential problems that might exist there, particularly in certain parts of the country, for American travelers.

At the same time we have numerous countries in the world where such risks exist. I believe a travel advisory is the proper way in which to address it rather than an outright travel ban.

For all of these reasons, Mr. President, as I say, I think the Secretary of State has done the right thing. I hope that Americans will once again get to know Lebanon and that the relationship that once existed between our countries, which was a very close and warm relationship, can be built once more.

I would also like to conclude by congratulating the Lebanese people. This travel ban being lifted is in no small measure a result of the efforts on the part of the Lebanese Government and the Lebanese people to address the security concerns which we have had. A variety of actions have already taken place. A number of further commitments were made in the process of discussing the renewal of this ban. I believe that Prime Minister Hariri and the Government of Lebanon are prepared to live up to those commitments fully and completely. As they do, I believe they will ensure that the decision made by the Secretary of State was the right one.

So for these reasons, I would like to commend once again the Secretary of State. I would like to commend the Lebanese Government and the people of Lebanon. I would like to urge our colleagues to keep their eye on Lebanon and to look for other ways by which we can build a strong relationship.

I yield the floor.

Mr. WYDEN addressed the Chair.

The PRESIDING OFFICER. The Senator from Oregon.

PERMITTING INDIVIDUALS WITH DISABILITIES FULL ACCESS TO THE SENATE FLOOR

Mr. WYDEN. Mr. President, I take the floor tonight to discuss a resolution that I have introduced with Senator WARNER to permit individuals with disabilities full access to the floor of the U.S. Senate. I believe that this resolution will be approved later tonight and has been reviewed by both the majority and the minority. I anticipate that it will be incorporated into the final business of the U.S. Senate during the wrap-up session before the session formally concludes.

Mr. President, this resolution that I offer tonight will close the book on discrimination against individuals with disabilities on the floor of the U.S. Senate.

Earlier this year, after a visually impaired professional on my staff was barred from bringing her guide dog onto the floor, the Senate adopted a resolution providing for temporary case-by-case entry to the floor for those professionals with disabilities. This was a good step—an important step. But it still left some room for discrimination.

The resolution that will be considered by the Senate tonight will ensure that as a matter of formal Senate rule there is no discrimination permitted against individuals with disabilities. There will no longer be a double standard in the U.S. Senate. Senate staffers with disabilities who have the privilege of the Senate floor will be permitted to bring onto the Senate floor supporting aids and services such as canes, service dogs, interpreters, or assistive devices.

This is an important day for the Senate, for people with disabilities, and for our whole country because it makes clear that the U.S. Congress ought to follow the laws that apply to everyone else in our country.

I especially want, Mr. President, to recognize the hard work of the chairman of the Rules Committee, Senator JOHN WARNER, in moving this resolution forward. As every Member of this body knows, he has an enormous workload. He was extremely gracious to me in working to develop this resolution and gain bipartisan support for it.

I would also like to pay a special tribute to the senior Senator from the State of West Virginia, Senator BYRD, whose expert knowledge of the Senate rules was of enormous benefit in drafting this new resolution.

As a relatively new Senator, I have great esteem for the constant care which Senator BYRD uses to guard the traditions and prerogatives of this body. I am of the view that every U.S. Senator owes a debt of gratitude to the Senator from West Virginia for his constant vigilance with respect to ensuring the rights of all on the Senate floor.

Mr. President, this is an important resolution. It is justice long overdue. Earlier this year, a congressional fellow in my office was denied access to the Senate floor because she uses a guide dog. That guide dog is a working dog; a guide dog that serves as the eyes for a visually impaired person. The people of this country were offended, and they sent a message that this type of discrimination is unacceptable to them.

My office, like many others in the U.S. Senate, were inundated with calls, mail, and e-mail.

There was one letter I received that recounted a bit of history that I would like to briefly share.

The letter that was sent to me told a story about the Senate in the 1930s when there were some Members who disapproved of a guide dog coming onto the Senate floor. The individual then who needed the assistance of the guide dog was Senator Schall of Minnesota. The letter described the Senator's first entry into the Chamber with his guide dog and how the other Senators rose, one by one, and then in large numbers applauded him. The Senate galleries followed suit until the whole Senate was just one gigantic standing ovation.

The letter goes on to say that Senator Schall stopped by his seat, turned and listened to the ovation from all around him and was touched as the ovation continued and continued. Waving to the crowd, the Senator took his seat and commanded his guide dog, Lux, to lie down. The guide dog then curled up under the Senator's desk, tucking his body so it would not be in the way of any Senator who passed by. The May 22, 1933, issue of the CONGRESSIONAL RECORD documents how strongly the American public reacted to the news of the death of Senator Schall's guide dog. The guide dog died after being separated a few days from the Senator when he thought it would be inappropriate to take the dog with him to attend the funeral of another Senator. Senator Schall said then:

> Mr. President, since the death of my good dog, Lux, last March, the mails of this and other countries have brought me hundreds of letters of regret. So many expressions of interest have gladdened and surprised me.

It seems to me that the action that the Senate will take shortly makes it clear that we have not forgotten how important it is to stand for the principle of equal justice in this Chamber. What we do each day is set an example, and here particularly an important example, because as a result of the Americans With Disabilities Act, the Congressional Accountability Act, and other statutes, we make clear that the laws of the United States are going to apply in this Chamber.

As a result of this resolution, and particularly the extremely helpful work that Senator WARNER and Senator BYRD have done, it is going to be possible to have a formal Senate rule that ensures that discrimination against individuals with disabilities is not going to be tolerated on this floor.

This rule takes the generally accepted definition of an individual with a disability, defined as one who has a physical or mental impairment that substantially limits one or more of the major life activities of such individual, and says it is not possible to discriminate against that individual in this Chamber.

In closing, Mr. President, I want to observe that there are 49 million Americans with a disabilities. Under the law, they are guaranteed the same rights as all other Americans in terms of access to jobs, insurance, transportation, and telecommunications technology. They are not guaranteed special treatment. They are guaranteed just equal access. That is what this resolution is all about, equal access.

Finally, Mr. President, many lessons have been learned from this experience. I believe that the Senate and our country are more aware and sensitive to the many issues facing individuals with disabilities. We have seen that rules can and should be updated to meet the changing needs of our society. I believe that the Senate and our country as a whole are better off as a result of the consideration of this resolution and the strong bipartisan support that has developed here and in our country.

Mr. President, I think this is an important day for the Senate, a good day for the Senate, because it was a day which ensures that our country is a bit more fair, a bit more sensitive to the needs of those with disabilities. I commend my colleagues on both sides of the aisle who have helped me so much, particularly Senators WARNER and BYRD.

Mr. President, I ask unanimous consent that Senators BYRD, REID, KERRY, CHAFEE, AKAKA, KENNEDY, MURRAY, BINGAMAN, MURKOWSKI, FEINGOLD, HATCH, DURBIN, and HARKIN be added as cosponsors.

The PRESIDING OFFICER. Without objection, it is so ordered.

CONDEMNATION OF JERUSALEM BOMBING

Mr. REED. Mr. President, yesterday, while thousands of innocent men, women and children shopped in Mahane Yehuda market in Jerusalem, the peace of that sunny afternoon was shattered when two bombs filled with screws and nails detonated. Fifteen people were killed, close to 200 persons were injured. Later that day, the Israeli Cabinet voted to break off all contact with the Palestinian Authority, jeopardizing hopes that had soared just days ago when Israelis and Palestinians had agreed to resume peace talks for the first time since March.

I have always been a strong supporter of the peace process, and there is no doubt in anyone's mind that this is a complicated issue and peace will only be secured after prolonged negotiations and compromises on both sides. No one expects it to be easy.

However, the first step simply must be to end the violence. Terrorist acts such as yesterday's bombing simply cannot be tolerated. There is no reason, no excuse, no possible justification for killing innocent civilians shopping in a street market. It is an act of terrorism, nothing more, nothing less.

Peace cannot be secured until the citizens of the Middle East are certain that they are safe. They will not feel safe until they trust each other, and they will not trust each other until their actions match their words and deeds. Yasser Arafat said he condemns these terrorists. He said it is an act against the peace process. Yet, it is more than likely that a known terrorist group detonated those bombs in the market. These terrorist groups have never had to account for their violent deeds.

The Palestinian Authority must match its words of condemnation with acts. It must take tangible steps to increase security activity and security cooperation. It must be committed to bringing those who are responsible for this unconscionable act of terrorism to justice. Only when it is clear that these acts of terrorism will no longer be tolerated will they cease. Only when they cease can we take another step down that very long road to peace.

I extend my condolences to the families of those who were killed. It is my sincere hope it is the last time that the people of Israel and the people of Palestine will endure the suffering and fear that terrorist acts bring.

I yield back the remainder of my time.

Ms. MOSELEY-BRAUN addressed the Chair.

The PRESIDING OFFICER (Mr. SESSIONS). The Senator from Illinois.

RESULTS OF BALANCING THE BUDGET

Ms. MOSELEY-BRAUN. Mr. President, for the first time since 1969, Congress has balanced the budget. This is not just a victory for Congress. This is a victory for the American people.

I am reminded of a term that is used in science known as "vector addition." Simply stated, it says that you subtract forces working against one another and you add forces working with one another.

While I am not here to talk about science or math, my point is that we diminish our collective energy when we work against each other, but we expand our ability to help everyone when we work together. When we set aside our differences, we are stronger as a Nation and stronger as a people. By working together we move forward, and that means that everybody wins.

Mr. President, the American people are winners today because of the spirit of cooperation that went into the tax relief and spending reduction bills, a credit to the leadership of President Clinton, the leadership of the chairman and ranking member of the Finance Committee, Senator ROTH and Senator MOYNIHAN, and the leadership of the Budget Committee chairman, Senator DOMENICI, and the ranking Democrat, Senator LAUTENBERG.

Mr. President, this is people-oriented legislation, and I am pleased to be able to say that it is bipartisan legislation that invests in our children and in their futures. It achieves fiscal responsibility while at the same time it is socially fair. It improves health for children and health care for the elderly. It takes at least a small step toward rebuilding our Nation's crumbling schools and a much larger step toward expanding opportunities for our children to attend college.

Most importantly of all, we are providing real tax relief for American families. For the first years of the new century we will see in this country a balanced budget again for the first time in a generation.

This legislative victory did not come without sacrifice. The foundation for today's achievement was had in 1993 when Congress, by the narrowest of margins, enacted the highly successful 1993 deficit reduction legislation that has already brought down the Federal deficit from over $280 billion to about $65 billion, or perhaps even lower, this year. Critics argued at the time that the bill would plunge our country into a recession, that it would stoke inflation, and that it would throw hundreds of thousands of people out of work. A few of our senatorial colleagues who supported the bill later lost their elections because of that support. Those Members of Congress chose statesmanship over politics, and today I think it is important to pay tribute to their foresight.

The legislation that we passed this afternoon builds on what we achieved in 1993. It nonetheless represents an enormous accomplishment, one in which every American can take justifiable pride. The United States is once again leading the way to get its fiscal house in order while investing in families, children and in students and in economic growth. By contrast, in Europe, deficits in many countries as a percentage of their gross domestic product are triple what ours is—and even higher—and they have no solution in sight. Again, I believe that we have shown the way to achieve fiscal responsibility and social fairness to the world.

As a Member of the Senate Finance Committee, I am pleased that this bill reflects a number of my own particular priorities. First, it helps young college graduates to repay their student loans by making the interest deductible once again. We all know how rapidly college costs have increased and are increasing and how many students start out their working careers with huge debts, huge student loan debts. The proposal that Senator GRASSLEY and I worked together on will make a real difference to graduates as they begin to start their careers to begin their families. They will be able to deduct the interest on those loans. And given sometimes that those loans can be as high as $80,000 and $90,000, this should be a benefit to young people who want to pursue education.

Second, the bill contains a version of the proposal that I offered in the Senate that will help to create new economic activity and new jobs at thousands of abandoned commercial and industrial sites around the world.

There are all too many brownfields sites in our communities, property that had formerly been used by business but which has become environmentally contaminated or polluted and then abandoned. By allowing those individuals who want to clean up these polluted areas and use them for new businesses, by allowing them to expense the costs of their environmental cleanup rather than having to capitalize those costs over a period of years, it will create a brand new incentive to bring this property back into the economic mainstream, to create jobs, to clean up the environment, and to restore and reclaim parts of our communities all over this country.

Third, this bill will begin to address a problem that I have spoken about on the Senate floor many times, the crumbling schools around America. Since I have come to the Senate, I have worked to forge a new Federal and State and local partnership to rebuild our Nation's crumbling schools. We cannot lift our kids up if our schools are falling down, and I am pleased that this bill has taken the first step in that direction by creating a new category of no-interest bonds for communities to use to rehabilitate their schools. High poverty districts will be able to issue $800,000 in bonds to repair their schools, to pay for new teacher training, new equipment purchases and other expenses needed for revitalization of educational facilities.

I think that is an important step in the right direction. It does not begin to do all that we need to do, but it is a step.

The bill also increases the small issuer arbitrage rebate exemption for certain school facilities funds which provide some small rural schools with relief from the burdensome administrative requirements associated with the issuance of tax-free bonds. And so everybody wins under this approach to rebuilding the schools. Although these proposals, frankly, are dwarfed by the $112 billion in school construction need that the General Accounting Office has documented for us, I think these two provisions send a message that Congress believes there is a Federal role for rebuilding our Nation's schools and for cooperating and supporting State and local governments in their efforts. This is not about interfering with local control in any way. We just want to begin to engage as a national community to provide support for States and local governments to do what they deem appropriate in terms of giving our young people the educational facilities they need in which to learn.

I believe it is inexcusable that in our country, the wealthiest nation in the world, every day 14 million children go to schools with broken windows, leaking pipes and overcrowded rooms, and I appreciate the leadership that is being demonstrated in this area.

I look forward to continue with Congressman RANGEL on the House side, who made this one of his top priorities. I look forward to working with him and my other colleagues to create a true partnership among the Federal, State, and local governments, again, to get our school facilities in shape, to bring them up to code and to give our young people the kinds of facilities that they deserve for a 21st century education.

I want to take particular note, also, of the changes that were made to the proposal for the $500-per-child tax credit. This portion of the bill provides real help to hard-working American families, and I am particularly pleased that millions of families with incomes as low as $18,000 a year, families who pay thousands of dollars in payroll taxes but who have little or no income tax liability, they will now be able to take advantage of the $500-per-child tax credit. Those low-income families are doing exactly what everyone says they should do. They are working hard and they are paying taxes. They deserve this tax relief, and I am very pleased that, at the insistence of President Clinton, they will receive it as part of the compromise achieved in this bipartisan legislation.

In addition, this bill takes many other steps to expand opportunity and economic growth. The Hope Scholarship will provide families with a tuition tax credit to help families carry the burdens of college costs. After the first 2 years of college, a tax credit of 20 percent of college tuition costs up to $10,000 annually will be available to students and their families. Moreover, employers' ability to deduct the employees' college tuition will be preserved in this legislation. That is an important kind of incentive, I think, to keep for our country.

Lastly, students will not be forced to pay taxes on the scholarships and fellowships they receive for their hard work. I, again, believe these are positive steps in the right direction.

The bill further ensures that children will no longer have to go without adequate health care. The bill contains the single largest investment in health care for children since the passage of Medicaid in 1965. It invests an unprecedented $24 billion to provide meaningful health coverage for almost half of the Nation's uninsured children.

At the same time, the bill also protects something called EPSDT. That stands for Early Periodic Screening Diagnostic and Testing, which is very important in terms of the quality of service provided for children, eye and ear examinations and the like. It preserves a basic level of benefits and services for children under Medicaid, the Medicaid Program, and gives States the additional flexibility at the same time to assure that those children are covered with health insurance for the entire year, as opposed to the trend that we see now in which they come on and go off of the Medicaid Program. So children will have more insurance because of this bill that we passed this afternoon than they have ever enjoyed in this country before. I think that is important.

Turning to the Medicare Program for seniors, I, like many other Members, had reservations, frankly, about the bill that we initially passed out of the Senate. I was one of the two members of the Senate Finance Committee who did not vote for the means testing or the age changes or the copayments on Medicare, simply because we had not looked at the issues enough, and because I think those changes simply shifted the program costs to beneficiaries rather than truly protecting Medicare. More important, rather than allowing us to bring more people into health coverage, it was pushing people out of the health care system.

I am pleased we have not rushed to judgment in terms of changing Medicare, because, again, we should be moving in the direction of providing universal coverage and coverage for seniors that is comprehensive instead of cutting away arbitrarily and making arbitrary changes. So the commission in this bill will allow us to take up the debate of what changes should be made over the long haul to preserve the long-term solvency of Medicare so we can pass on to the next generation of Americans at least as much, in terms of health coverage, as we in our time inherited from the last generation of decisionmakers. I think that is our obligation here.

I am pleased, also, that this legislation no longer includes the provisions to charge income-related part B premiums, increase the Medicaid eligibility age, nor charge seniors who prefer a home setting as opposed to institutionalization a $5-per-visit home health care copayment. These are vitally important improvements on the legislation. While many Members on both sides of the aisle disagree, I believe, again, we need to take this up, to have a public debate about what changes are appropriate before we rush to judgment in regards to that.

The conference agreement also makes major improvements in the Medicare managed care payment rate changes. While I continue to believe that moving to a 50-percent national/50-percent local payment rate blend moves too far away from recognizing local cost differentials, guaranteeing a minimum payment update is a marked improvement over the original provisions as they even came out of our committee. So, again, the conference agreement strikes a more equitable balance between encouraging managed care growth in rural areas and underserved areas and not undermining the existing managed care enrollment.

The legislation also retains a number of important aspects from the original Senate bill, including prevention services, if you will, coverage of diabetes self-management training, colorectal cancer screening, mammography screens without the deductible requirement. We had to fight and raise the point that the deductible on mammograms was absolutely inappropriate, so the investment in mammograms without deductibles will benefit an additional 2 million women.

Again, a recent study in the New England Journal of Medicine shows that a copayment causes a threefold dropoff in the number of women getting mammograms. So, providing this screening without deductible is vitally important to the health of American women.

My praise for this legislation does not mean that I do not continue to have some major concerns about certain aspects of the bill. There are several non-worker-friendly provisions that I believe move completely in the wrong direction. One of those provisions has to do with overruling of the court decision in the Pennington case, which came out of my State of Illinois. Despite our success in stripping the preemption from the original Senate bill, the conferees have decided to restore it. I think that is unfortunate. But it is an issue that was folded in this legislation, and, again, the benefits of the bill weighed against these changes are something we will have to take up separately. So, while we did not Byrd-rule the issue on Pennington at this time, I understand there is legislation that I strongly will support in regards to that issue of unemployment compensation and security.

The agreement also punts on the long-term Medicare solvency issue. Again, the commission will have to take up that issue. I look forward to their deliberation.

One last thing having to do with my State specifically, and those parts of the country that we like to call the heartland. We were very interested in the ethanol tax credit. Ethanol has an important place in our energy future in this country. I believe we should be aggressively moving to promote its use. This legislation kind of keeps the ethanol tax treatment the same way that it is currently, instead of extending it into the future in ways that I thought would have been more appropriate. There were a number of us—in fact, 70 Members of the Senate voted for the more extensive treatment and support for ethanol. Again, that came out in the conference and that is regrettable. But we will continue to fight this fight on behalf of ethanol. I have every expectation and confidence that we will be successful in the long run.

There are a lot of other provisions such as capital gains and estate tax provisions that I have not taken the time to discuss here today. I will not take the additional time to do so now. Instead, I just want to make it clear that I strongly supported the overall bill and the bipartisan approach that made it possible. It was that cooperation, that coming together, that building on our strength with the view and the interests of all the American people, that allowed us to have this victory today.

We did the right thing for America's children. We did the right thing for America's students, our families, and we are doing the right thing for the next generation of Americans. Achieving fiscal responsibility and social fairness simultaneously is something that many thought could not happen. We have done it with this legislation that we passed, and I think every Member of this body who voted for it has reason to be proud of the work of this Congress.

I yield the floor.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. LOTT. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

THANKS AND APPRECIATION TO DAN DUKES AND CELESTE EMBREY

Mr. LOTT. Mr. President, I would like to take a moment to recognize two young people who served on my staff through all the long hours and difficult days of the last year.

After I was elected majority leader, the next morning at 9 o'clock, I was in the majority leader's office, but I only had about a third or half of the staff that I needed. I had some interns from my State of Mississippi, some college students, who had been working with me just through the summer. I asked them to stay and help us, and they have been with me the last year.

They filled positions that are very vital. They did a great job.

Dan Dukes of Como, MS, has been like my alter ego. He has been with me throughout the day and, on occasions, when I had to go downtown, he has just done a fantastic job.

He has been my personal assistant, shepherding my appointments, finding my lost notebooks, and keeping up with my headlong dashes from meeting to meeting.

Dan has had the patience of a saint and the attention to detail of a seasoned Hill staffer. It is an understatement to say that I will miss him as he returns home to finish his studies at the University of the South in Sewanee, TN.

This is one of those occasions when we say goodbye to a young man with every expectation that we will be seeing him often—and hearing about him too. I have the same feeling about him as I once had about a youngster on my staff by the name of Chip Pickering, who now represents the Third District of our State.

I want to express to him publicly my appreciation for filling in the way he did and doing a great job.

I also want to recognize Celeste Embrey of Southaven, MS, who has been one of the two receptionists in my front office who answered the thousands of calls that have come in, some of them not always very complimentary. She has done it with just charm and grace. In fact, she does just a great job that the President of pro tempore, the Senator from South Carolina, comes by to check on her several times each week to make sure she is doing all right. She appreciates that, and I appreciate that.

Even my colleagues who do not know her by name know well her unfailing smile, her enthusiastic greeting, her ability to make everyone feel at home.

If you have enjoyed the atmosphere of true southern hospitality in my office, you have Celeste to thank. But you cannot fully appreciate what she has done for us until you overhear her conversations with callers—whether from Mississippi or around the country.

She has always dealt with their questions and handled their complaints with a concern and patience that go well beyond the call of duty.

Celeste is off to graduate school, and though there will soon be another person at her desk in my outer office, there will still be a void in our staff. I will have to get her new phone number so that any of us who miss the brightness of her welcome and the cheer of her voice can keep in close touch.

Dan and Celeste are the kind of young people who keep up our faith in the rising generation. I am proud of them. I hope they will always be proud to have been part of the Lott team.

I want to say to these two very fine young people, I really appreciate their work. I am proud of them, and I wish them Godspeed in whatever they do in the years to come.

NOMINATIONS TO REMAIN IN STATUS QUO

Mr. LOTT. Mr. President, as in executive session, I ask unanimous consent that all nominations received by the Senate during the 105th Congress, first session, remain in status quo, notwithstanding the August-September adjournment of the Senate and the provisions of rule XXXIII, paragraph 6 of the Standing Rules of the Senate.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. LOTT. Mr. President, I ask unanimous consent that the Senate proceed to executive session to consider the following nominations on the Executive Calendar.

Mr. President, I withdraw that unanimous consent request at this time and suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. McCONNELL. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

TRIBUTE TO DAVE NAKDIMEN

Mr. McCONNELL. Mr. President, I rise today to pay tribute to Mr. Dave Nakdimen, an outstanding newsman, who retired after a wonderful career in television news.

Dave served the Louisville area for 36 years on WAVE television news.

Dave was born in London, KY, and became interested in journalism by listening to the radio at an early age. After years of listening to political news and election-night returns, Dave decided to study journalism at the University of Kentucky. After graduation in 1955, he took a job as a sports writer with the Lexington Leader. While working in Lexington, he met his future wife, Wanda, who was moving to Louisville to take a job at a local hospital. After they became engaged, they packed their bags and headed to Louisville, where Dave landed a job at WAVE–TV. The rest is history.

WAVE was his first job in broadcast media. Dave was assigned to cover city hall, and there he met and interviewed some of the most important men and women in the last half of this century. Dave covered the civil rights movement of the 1960's, where he interviewed Dr. Martin Luther King, Jr. during an open-housing march. He also interviewed Ronald Reagan, George Bush, David Brinkley, John Wayne, and countless other memorable personalities.

Dave won't be resting during his retirement, though; he's returning to WAVE–TV after a brief vacation to produce weekly commentaries for the station's 6 o'clock newscasts. When asked by the the Courier-Journal if he would repeat his experience in journalism, Mr. Nakdimen responded: "I think so. I really enjoyed it. It was a lot of hard work, but it was a lot of fun, too." Dave's colleagues also remember him fondly. Kathy Beck, the news director at WAVE–TV, said Dave is "a man of great integrity" throughout the news world.

All those who know Dave know that he gives his endeavors his all. He is a deacon at his church, and he shows intense faithfulness in supporting his beloved University of Kentucky Wildcat basketball team. Dave's retirement means he will be able to do more of the things he loves, including spending time with his wife, Wanda, and his daughter, Suzanne.

Mr. President, I ask that you and my colleagues join me in paying tribute to the career of Dave Nakdimen. It surely has been a memorable one.

Mr. President, in the world of television news it is extremely difficult to develop expertise in covering politics. Most of the political reporters that we deal with who are really talented in covering what the occupant of the Chair and myself do everyday tend to be in print journalism.

There is one real exception to that: Dave Nakdimen. Dave was the only expert political reporter I ever met in local television. He had a distinguished career. We will all miss him greatly. He is a man of great principle, a personal friend. I remember meeting him when I was in my twenties sitting in the office of a local official in Jefferson County, that is, Louisville, KY. He was doing his job then. He is a superb individual, a fine man with deep religious convictions who will be missed in the reporting of political news in my hometown.

Mr. President, I wish Dave Nakdimen well in his retirement years.

I ask unanimous consent that an article from The Courier-Journal be printed in the CONGRESSIONAL RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the Louisville Courier-Journal, July 11, 1997]

WAVE'S NAKDIMEN IS RETIRING AFTER 3 DECADES

(By Tom Dorsey)

Today is the last day on the job for WAVE reporter Dave Nakdimen after 36 years.

"I plopped down here in 1961 and have been in the same spot ever since," said Nakdimen. The soft-spoken journalist with the dry sense of humor has been a fixture on the local TV scene.

"He's a wonderful guy and clever writer," said WAVE colleague Jackie Hays. "If I had a question on anything—but especially politics—I knew he'd know the answer."

Nekdimen, 64, probably holds the record for the most years as a TV reporter in Louisville.

He remembers covering political races in which candidates ran as segregationist. He recalls interviewing the Rev. Dr. Martin Luther King Jr. during an open-housing march in the '60s.

After the interview Nakdimen discovered that the sound system wasn't working. "So when King came around the block again, we asked him if he'd do the interview over and he was nice enough to do it."

On another day Nakdimen was assigned to do one of those worst-intersection-in-town stories.

"As I was standing there shooting the film, an accident happened right in front of me that perfectly illustrated the traffic problem," Nakdimen said. "I ran back to the station knowing what a great story I had, opened the camera and found there was no film in it."

Most days went better than that for the man who was born in St. Charles, Va. He grew up in London, Ky., listening to election-night returns and political conventions on radio.

That's what got him interested in the news. When he graduated from London High School, he went on to study journalism at the University of Kentucky, where he graduated in 1955.

His first job was writing sports for the Lexington Leader, the former afternoon newspaper. He almost connected with a job at The Courier-Journal. Along the way he became engaged to his future wife, Wanda. She was a nurse who was taking a job in Louisville, so he found one here too.

"WAVE (radio and TV) was looking for somebody to cover City Hall," he said. "I had never worked a day on radio or TV in my life, but I decided to take a shot at it."

The rest is history—36 years of it on the job and in the marriage.

The first two weeks on the job, he met David Brinkley and Ronald Reagan. "It was fun to talk with John Wayne, sit down with George Bush or chase Hubert Humphrey around," he said.

But there were other stories, too, many of them tragic. "I think the Standard Gravure (1989 shootings) stands out in my mind as the story I will never forget." The 1974 tornado that ravaged large parts of Louisville is a close second.

What's changed the most about TV news?

"Oh, it's the technology without a doubt," Nakdimen said. When he began working at WAVE, stories were covered with a Polaroid camera. Film came along a few years later, but it was grainy black and white.

"Color followed, then small, live cameras and satellites and now digital television is on the way," Nakdimen said.

"There's so much production to a TV newscast today, especially with the emphasis on live coverage." It's a far cry from the news he saw as a boy in London.

Nakdimen Remembers NBC's John Cameron Swayze and CBS' Douglas Edwards doing 15-minute nightly newscasts in television's early days. "They just sat in front of a camera and read the news; it was pretty much radio on TV," he said.

In many ways the last 36 years has zipped by like a tape on fast-forward. But Nakdimen won't be leaving it all behind.

"I'll still be doing a once-a-week commentary for WAVE and some political and election analysis to keep my hand in," he said.

Would Nakdimen do those 36 years over again?

"I think so. I really enjoyed it. It was a lot of hard work, but it was a lot of fun too."

Mr. McCONNELL. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. LOTT. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

EXECUTIVE SESSION

EXECUTIVE CALENDAR

Mr. LOTT. Mr. President, I appreciate the cooperation of all Senators on both sides of the aisle, as we have cleared these lists. When we get through today, we hope to have cleared most of the Executive Calendar. We have some that are still being held for matching nominations, some reservations on both sides. But when we get through here, I believe we will have cleared all that is on the calendar, except maybe those that have just been reported today and maybe just eight or nine others that we are still working on.

I appreciate, again, the support that we have had from Senators on both sides and from the Democratic leader.

Mr. President, I ask unanimous consent that the Senate proceed to executive session to consider the following nominations on the Executive Calendar: Nos. 121 through 127, 133, 134, 166 through 170, 171, 172, 173, 174, 175 through 178, 179, 182 through 185, 201, 203, 204, 205 through 223, 225 through 232, and all nominations placed on the Secretary's desk in the Foreign Service.

I finally ask consent that the Foreign Relations Committee be discharged from further consideration of George Munoz, to be president of OPIC. I understand that before the Senate confirms the above nominations, there are several Senators who may like to speak.

I further ask unanimous consent that the nominations be confirmed, the motions to reconsider be laid upon the table, any statements relating to the nominations appear at the appropriate place in the RECORD, the President be immediately notified of the Senate's action, and the Senate then return to legislative session.

I might note, Mr. President, we are still trying to clear some other nominations. There may be another opportunity before the night is over to clear some other nominations. Some of these nominations did not actually get reported from the committees until today. We are scrambling to try to see if we can get them confirmed so they can begin their service during the August recess. Therefore, that completes my unanimous consent request.

The PRESIDING OFFICER. Is there objection?

Mr. DASCHLE. Mr. President, reserving the right to object, I first want to commend the distinguished majority leader for his work in helping us clear the Executive Calendar.

There is a lot of work done with this unanimous consent request. And we have attempted to work together to do as much as is possible. I regret, frankly, that there are still a number of nominees, as the majority leader has mentioned, that are not covered by this unanimous-consent request. And I am hopeful that over the next few hours we may still allow for the confirmation of a number of those who are still pending.

As the leader indicated, some of those were just reported out of committee today. I guess most particularly, Mr. President, I am concerned that there are a number of judicial nominees that have been on the calendar for many, many months. And I hope that we can reach some accommodation with regard to those nominees as well.

It has been requested of me, and I am happy to do so, that we would ask unanimous consent that the majority leader's request be amended to include the four other judicial nominees on the Executive Calendar and the five that were reported from the Judiciary Committee today. That would complete our work with regard to the judicial committee nominations. Many of those, as I said, have been pending now for a long period of time. And it would mean a good deal to a lot of Members, and certainly to the families of these judicial nominees, if they could be included. And so I ask unanimous consent at this time.

Mr. LOTT. Mr. President, I have to object to that request. But I note to the Senator from South Dakota—again, I understand why he would need to make that request. And I appreciate his cooperation. I observe that we have moved several judges in this group of nominations, some of them that have been pending literally back to last year, including some circuit judges, and that there are only four remaining that are on the calendar. I think we can maybe clear some more, one or two more of those early when we come back in session.

I think a couple of them, we may have to call them up and have a vote. I am prepared to call them up and have debate and a vote on them as we did with regard to Mr. Klein at the Justice Department. I think that these holds can only last so long. And we have to call them up and have a vote one way or the other.

The other nominations were only reported today. I think there are several of them that we can do quickly. A couple of them I know there is no problem with, but there are some others we just have not had a chance to discuss with the chairman and run them through our hotline and get them cleared. But we will be down to very few of these judges. And I hope to keep moving along as they come out of committee, including the ones that we moved here today. I believe they included the four I mentioned, and maybe there is one other one in sort of a unique category that we did approve. But we will keep working on it. And something more may even happen before the night is out. We will see how that goes.

Mr. DASCHLE. Mr. President, if I could just respond very briefly, I just say to the majority leader, I understand his explanation. And I will not object to the unanimous-consent request because obviously this is a great deal of work on the Executive Calendar. And I appreciate his cooperation on those for which he can be helpful.

I say that there are a large number of nominees that are still pending in committee. And it will be our desire to clear the committees of the pending nominations as well when we return following the August recess. And I intend to work with the leader and with our chairmen to ensure that they all are provided the opportunity to be considered and then ultimately confirmed on the Senate floor. I hope we can do that. And I have had the assurances by the majority leader that it is his intention as well when we return. I look forward to working with him to make that happen.

So I will not object.

I yield the floor.

Mr. LOTT. I thank the Senator for doing that. I do note that we had 10 pages of nominations. When the night is over, those that were on the calendar will be down to one page. And some of those have holds on both sides of the aisle. We are still working on trying to move those. So I appreciate your cooperation.

Mr. President, I yield the floor at this time.

The PRESIDING OFFICER. Is there objection to the majority leader's request?

Without objection, it is so ordered.

The nominations were considered and confirmed en bloc as follows:

THE JUDICIARY

Thomas W. Thrash, Jr., of Georgia, to be United States District Judge for the Northern District of Georgia.

Eric L. Clay, of Michigan, to be United States Circuit Judge for the Sixth Circuit.

Arthur Gajarsa, of Maryland, to be United States Circuit Judge for the Federal Circuit.

Mary Ann Gooden Terrell, of the District of Columbia, to be an Associate Judge of the Superior Court of the District of Columbia for the term of fifteen years.

DEPARTMENT OF COMMERCE

Robert S. LaRussa, of Maryland, to be an Assistant Secretary of Commerce.

NATIONAL COUNCIL ON DISABILITY

Yerker Andersson, of Maryland, to be a Member of the National Council on Disability for a term expiring September 17, 1999. (Reappointment)

NATIONAL COMMISSION ON LIBRARIES AND INFORMATION SCIENCE

Jose-Marie Griffiths, of Tennessee, to be a Member of the National Commission on Libraries and Information Science for a term expiring July 19, 2001.

DEPARTMENT OF STATE

David J. Scheffer, of Virginia, to be Ambassador at Large for War Crimes Issues.

Ralph Frank, of Washington, a Career Member of the Senior Foreign Service, Class of Minister-Counselor, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to the Kingdom of Nepal.

John C. Holzman, of Hawaii, a Career Member of the Senior Foreign Service, Class of Counselor, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to the People's Republic of Bangladesh.

Gordon D. Giffin, of Georgia, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to Canada.

Karl Frederick Inderfurth, of North Carolina, to be Assistant Secretary of State for South Asian Affairs, vice Robin Lynn Raphel.

Linda Jane Zack Tarr-Whelan, of Virginia, for the rank of Ambassador during her tenure of service as United States Representative to the Commission on the Status of

Women of the Economic and Social Council of the United Nations.

Richard Sklar, of California, to be Representative of the United States of America to the United Nations for U.N. Management and Reform, with the Rank of Ambassador.

A. Peter Burleigh, of California, a Career Member of the Senior Foreign Service, Class of Minister-Counselor, to be the Deputy Representative of the United States of America to the United Nation's with the rank and status of Ambassador Extraordinary and Plenipotentiary, vice Edward William Gnehm, Jr.

DEPARTMENT OF DEFENSE

Rudy deLeon, of California, to be Under Secretary of Defense for Personnel and Readiness.

DEPARTMENT OF THE INTERIOR

Kathleen M. Karpan, of Wyoming, to be Director of the Office of Surface Mining Reclamation and Enforcement.

UNITED STATES ENRICHMENT CORPORATION

Kneeland C. Youngblood, of Texas, to be a Member of the Board of Directors of the United States Enrichment Corporation for a term expiring February 24, 2002. (Reappointment)

DEPARTMENT OF THE INTERIOR

Robert G. Stanton, of Virginia, to be Director of the National Park Service. (New Position)

Patrick A. Shea, of Utah, to be Director of the Bureau of Land Management, vice Jim Baca.

DEPARTMENT OF TRANSPORTATION

Jane Garvey, of Massachusetts, to be Administrator of the Federal Aviation Administration for the term of five years.

NATIONAL COUNCIL ON DISABILITY

Gina McDonald, of Kansas, to be a Member of the National Council on Disability for a term expiring September 17, 1998.

Bonnie O'Day, of Minnesota, to be a Member of the National Council on Disability for a term expiring September 17, 1998. (Reappointment)

NATIONAL INSTITUTE FOR LITERACY ADVISORY BOARD

Paul Simon, of Illinois, to be a Member of the National Institute for Literacy Advisory Board for a term expiring September 22, 1998.

CORPORATION FOR NATIONAL AND COMMUNITY SERVICE

Louis Caldera, of California, to be a Managing Director of the Corporation for National and Community Service.

DEPARTMENT OF THE INTERIOR

Jamie Rappaport Clark, of Maryland, to be Director of the United States Fish and Wildlife Service.

DEPARTMENT OF JUSTICE

Calvin D. Buchanan, of Mississippi, to be United States Attorney for the Northern District of Mississippi for the term of four years.

Thomas E. Scott, of Florida, to be United States Attorney for the Southern District of Florida for the term of four years.

DEPARTMENT OF AGRICULTURE

Shirley Robinson Watkins, of Arkansas, to be a Member of the Board of Directors of the Commodity Credit Corporation.

Shirley Robinson Watkins, of Arkansas, to be Under Secretary of Agriculture for Food, Nutrition, and Consumer Services.

I. Miley Gonzalez, of New Mexico, to be Under Secretary of Agriculture for Research, Education, and Economics.

Catherine E. Woteki, of the District of Columbia, to be Under Secretary of Agriculture for Food Safety. (New Position)

August Schumacher, Jr., of Massachusetts, to be Under Secretary of Agriculture for Farm and Foreign Agricultural Services.

August Schumacher, Jr., of Massachusetts, to be a Member of the Board of Directors of the Commodity Credit Corporation.

IN THE AIR FORCE

The following-named officer for appointment in the United States Air Force to the grade indicated while assigned to a position of importance and responsibility under title 10, U.S.C. section 601:

To be lieutenant general

Maj. Gen. Robert H. Foglesong, 8617

IN THE ARMY

The following-named officer for appointment in the United States Army to the grade indicated while assigned to a position of importance and responsibility under title 10, U.S.C., section 601:

To be lieutenant general

Maj. Gen. John M. Pickler, 5130

IN THE MARINE CORPS

The following-named officer for appointment in the United States Marine Corps to the grade indicated while assigned to a position of importance and responsibility under title 10, U.S.C., section 601:

To be lieutenant general

Maj. Gen. Michael J. Byron, 1295

DEPARTMENT OF STATE

Edward William Gnehm, Jr., of Georgia, a Career Member of the Senior Foreign Service, Class of Minister-Counselor, to be Director General of the Foreign Service.

James W. Pardew, Jr., of Virginia, for the Rank of Ambassador during his tenure of service as U.S. Special Representative for Military Stabilization in the Balkans.

Stanley O. Roth, of Virginia, to be an Assistant Secretary of State.

Marc Grossman, of Virginia, a Career Member of the Senior Foreign Service, Class of Counselor, to be an Assistant Secretary of State.

James P. Rubin, of New York, to be an Assistant Secretary of State.

Bonnie R. Cohen, of District of Columbia, to be an Under Secretary of State.

David Andrews, of California, to be Legal Adviser of the Department of State. (New Position)

Wendy Ruth Sherman, of Maryland, to be Counselor of the Department of State, and to have the rank of Ambassador during her tenure of service.

John Christian Kornblum, of Michigan, a Career Member of the Senior Foreign Service, Class of Career Minister, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to the Federal Republic of Germany.

James Franklin Collins, of Illinois, a Career Member of the Senior Foreign Service, Class of Counselor, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to the Russian Federation.

Maura Harty, of Florida, a Career Member of the Senior Foreign Service, Class of Counselor, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to the Republic of Paraguay.

James F. Mack, of Virginia, a Career Member of the Senior Foreign Service, Class of Minister-Counselor, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to the Co-operative Republic of Guyana.

Anne Marie Sigmund, of the District of Columbia, a Career Member of the Senior Foreign Service, Class of Career Minister, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to the Kyrgyz Republic.

Keith C. Smith, of California, a Career Member of the Senior Foreign Service, Class of Minister-Counselor, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to the Republic of Lithuania.

Daniel V. Speckhard, of Wisconsin, a Career Member of the Senior Executive Service, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to the Republic of Belarus.

Richard Dale Kauzlarich, of Virginia, a Career Member of the Senior Foreign Service, Class of Minister-Counselor, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to the Republic of Bosnia and Herzegovina.

Felix George Rohatyn, of New York, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to France.

Philip Lader, of South Carolina, to be Ambassador Extraordinary and Plenipotentiary of the United States of Great Britain and Northern Ireland.

NOMINATIONS PLACED ON THE SECRETARY'S DESK

IN THE FOREIGN SERVICE

Foreign Service nomination of Marilyn E. Hulbert, which was received by the Senate and appeared in the Congressional Record of February 13, 1997.

Foreign Service nominations beginning John R. Swallow, and ending George S. Dragnich, which nominations were received by the Senate and appeared in the Congressional Record of April 25, 1997.

U.S. INTERNATIONAL DEVELOPMENT COOPERATION AGENCY

George Munoz, of Illinois, to be President of the Overseas Private Investment Corporation.

STATEMENTS ON THE NOMINATION OF JANE GARVEY

Mr. McCAIN. Mr. President, I rise in support of Jane Garvey's confirmation as Administrator of the Federal Aviation Administration [FAA]. It is our responsibility to move forward with this nominee now. The Administration waited at least 7 months to name a successor to former FAA Administrator David Hinson. We cannot afford to let this critical safety post remain vacant any longer.

Ms. Garvey will be the first FAA Administrator to serve in the five-year term we established in last year's FAA reauthorization bill. The responsibilities and the challenges she faces are daunting. Ms. Garvey needs our full support in meeting these challenges head-on. Both she and the traveling public deserve no less.

My reservations about Ms. Garvey's abilities are no secret. Her only real aviation experience is a 2-year stint as director of the Boston Logan airport. It is almost unfair for the Administration to have thrust Ms. Garvey into such a highly accountable safety position without requisite aviation expertise. Ms. Garvey's principal area of expertise is surface transportation. Representatives from the highway sector praise her several years of public service, both at the Massachusetts Department of Public Works and as Assistant Administrator of the Federal Highway Administration.

In both of these positions, Ms. Garvey had responsibilities associated with the Central Artery/Third Harbor Tunnel project in Boston. This may be a project that is now proceeding according to schedule, and within revised budget estimates. Let us not forget, though, that the cost estimates for the project have been revised from an estimated $2 billion to a cost that exceeds $10 billion. Federal taxpayers, of course, are picking up most of the tab. I do not hold Ms. Garvey entirely responsible for this boondoggle. Neither do I think she can distance herself entirely from this monument to pork-barrel politics.

Ms. Garvey's involvement in this project holds particular significance in light of the history of mismanagement of large acquisition projects at the FAA.

I, obviously cannot, nor do I intend to, credit Ms. Garvey with any of these problems at the FAA. I simply make the point that her association with the Central Artery/Third Harbor Tunnel project is not a ringing endorsement of her ability to manage large FAA acquisition programs within budget.

Much of the FAA's misfortune has been attributed to the culture of its bureaucracy. Ms. Garvey receives high marks for her superior management abilities. Perhaps she is just the breath of fresh air we need at the FAA, to make sure that the Agency remains the premier aviation safety Agency in the world.

Again, I wish Ms. Garvey every success, and I pledge to do whatever I can to support her in her new role. I urge that we move forward expeditiously in confirming Ms. Garvey as the next FAA Administrator.

I want to assure Ms. Garvey that the Commerce Committee and the Aviation Subcommittee will be watching very carefully and closely, because she does not come to this job highly qualified, and that was made clear during her hearings. I believe the President of the United States has the ability to nominate people he wants for important positions. I believe, therefore, that we should move forward expeditiously with Ms. Garvey's nomination. At the same time, I have grave and severe reservations. And, also, at the same time, I will do everything I can to see that she succeeds in her new and most daunting task.

Mr. President, I yield the floor.

Mr. GORTON. Mr. President, I rise in support of Jane Garvey's confirmation as Administrator of the Federal Aviation Administration [FAA].

As the new FAA Administrator, Ms. Garvey is facing significant challenges. These challenges include ensuring that air travel is safe, that the modernization of the air traffic control system is done on time and on budget, and that airport development keeps pace with the expected significant increases in passengers and cargo. Ms. Garvey also faces a significant challenge to independently assess aviation funding needs, and to speak out as to what the true needs are.

We are counting on Ms. Garvey to provide strong leadership. Many positive statements have been made about her tenure at the Federal Highway Administration, and about her outstanding management skills and strong financial experience. These qualities will serve Ms. Garvey well in running the FAA, and in working with the Congress.

I have heard a great deal about the need to change how things are done at the FAA, and some of Ms. Garvey's past accomplishments indicate that she is up to the task. I understand that one of her most noteworthy accomplishments at the Federal Highway Administration was to help implement innovative financing options to accelerate completion of highway projects and to leverage federal funds. Through her efforts, unnecessary restrictions were cleared away, and program flexibility was provided that allowed good ideas to be introduced. Such actions show that she can look beyond business as usual, and see opportunities to make improvements. Such creativity is needed at the FAA.

I am sure that no one needs to be reminded that aviation safety is the paramount responsibility of the FAA. I expect Ms. Garvey to take whatever reasonable action is necessary to see that the FAA is proactive, and makes whatever changes are needed before, not after, an airline accident occurs. The public expects and deserves nothing less.

Ms. Garvey will be the first FAA Administrator to have a fixed 5-year term. The Congress established this term so that the FAA would have the continuity and direction that its complex, technical, and costly programs require. Ms. Garvey has made a public commitment that she will stay for the full 5 years of her term. I would encourage her to keep this commitment.

I look forward to working with Ms. Garvey to address the needs of the nation's aviation system, and to see that it continues to be the safest, most efficient system in the world. I wish Ms. Garvey great success. I would join with Senator McCain in urging this body to quickly confirm Ms. Garvey as the next Administrator of the FAA. Thank you, Mr. President.

Mr. HOLLINGS. Mr. President, I rise today in support of the President's nomination of a new Administrator of the Federal Aviation Administration [FAA], Ms. Jane Garvey. We have waited several months for this nomination, and I want to thank my distinguished colleague and Chairman, Senator McCain, for bringing Ms. Garvey's nomination up for a vote so expeditiously.

I want to point out Ms. Garvey's impressive public service record. She has held several important positions with both State and Federal Governments. I find it encouraging to find someone with Ms. Garvey's leadership capabilities dedicating her career to public service. All too often society's best and brightest leave public service for more lucrative pursuits. But with Ms. Garvey, we have one of the best making a significant contribution for the good of the public. I applaud Ms. Garvey for that.

Ms. Garvey comes to us after receiving high marks for her work as Deputy Administrator of the Federal Highway Administration. During her tenure, Ms. Garvey has demonstrated that she is an impressive leader. This nation deserves a nominee like Ms. Garvey to lead the FAA.

The FAA's job is to safely operate the national air system. When it comes to safety, there is always room for improvement. Improving the system is a monumental task, and Ms. Garvey certainly has her work cut out for her.

The FAA also plays an important role in developing and promoting airport development. Airport development is a critical component in promoting the growth of aviation. In my home state of South Carolina, the economic impact of aviation statewide is more than $3 billion. The travel and tourism industry is the State's second largest employer. Without modern airports, the economy in South Carolina—and in every other state—suffers. Infrastructure development fuels travel and tourism and enables communities to attract new business to all of South Carolina.

Because of Ms. Garvey's extensive background at the highway department, I expect she will bring creativity and ingenuity to the Airport Improvement Program. The program is a critical component of our nation's transportation infrastructure, and I am enthusiastic about Ms. Garvey's ability to manage this program well.

I want to conclude by commending the people at the FAA. All day, every day, they ensure that millions of Americans reach their destinations safely. But the system needs to be modernized, and it needs to be done well. I look forward to working with Ms. Garvey and Secretary of Transportation Slater over the next several years, as we move toward improving the safety of our entire transportation network.

I urge my colleagues to approve Ms. Garvey as Administrator for the Federal Aviation Administration.

NOMINATION OF JANE GARVEY

Mr. KERRY. Mr. President, on June 24, I had the privilege of introducing Ms. Jane Garvey of Massachusetts to the Senate Commerce Committee as President Clinton's nominee to be the next administrator of the Federal Aviation Administration. On that day I proclaimed that she has the experience, the intellect and the management skills necessary to prepare the FAA for the challenges of the 21st Century.

Since my introduction, the Chairman and other members of this Committee have put forth questions, both verbally and in writing, on a range of issues pertaining to Ms. Garvey's past experience and to the important challenges facing the FAA. In my view, her answers have, indeed, borne out my glowing introduction and have demonstrated beyond any doubt that she will be an excellent FAA Administrator. Indeed, Ms. Garvey s nomination comes to the floor with the unanimous support of the Commerce Committee.

Mr. President, the challenges before the FAA are enormous. Among other matters, the next Administrator will need to effectively modernize the nation's air traffic control system to keep pace with America's growing air travel needs. She will also be charged with efficiently procuring and deploying the next generation of explosive detection equipment to protect our nation's citizens from rogue elements who seek to indiscriminately harm air travelers. Action on these and other matters are essential to ensuring the safety and security of all American citizens. To address these matters and guide the world's largest aviation agency into the 21st Century, the President sought a strong and capable leader with proven and tested management skills. In my view, the President could not have made a better choice.

Jane Garvey has long been recognized in Massachusetts and in Washington as a top-quality public servant with superior management skills. Jane Garvey directed the Massachusetts Department of Public Works, the 8th largest state highway program in the nation, where she supervised the state's multibillion-dollar highway construction program. Jane Garvey also served as Massachusetts Director of Aviation, managing airport operations at Logan Airport in Boston and directing the planning of Logan's $1 billion modernization. Upon coming to Washington where Jane has been Deputy and Acting Administrator of the Federal Highway Administration, Jane supervised an agency with a $20 billion dollar budget and offices in every state. At each step in her impressive career, Jane Garvey has received praise from government and industry officials alike. In my view, there can be no doubt that Jane Garvey has the vision and proven administrative experience to manage the FAA.

However, aside from her managerial expertise, Jane Garvey has also developed a reputation for putting safety first. Over the past four years, Jane Garvey has been a recognized leader in moving safety to the top of Federal Highway's agenda. Hazardous highway-rail grade crossings are being eliminated; truck safety standards are being upgraded; and infrastructure investments and high-tech intelligent transportation systems are emphasizing safety first. In fact, as Massachusetts Director of Aviation, Jane oversaw the deployment of prototype safety systems to prevent runway collisions and a communications center that integrated operations with safety and weather information. Jane Garvey has consistently made public safety her highest priority, and she will take this commitment to safety with her to the FAA. She is the best choice to ensure that our nation's passenger air system remains the world's safest as air traffic continues to increase.

Finally, Jane Garvey understands the value and promise of technology. She presently oversees nearly a half-billion dollars annually in Federal Highway technology research and development including the deployment of intelligent transportation systems that apply advanced computer and communications technologies to travel. At Logan Airport, Jane Garvey managed the deployment of modernized air traffic control systems and made the airport a testing ground for such innovative technologies as radar-linked runway-guide guard lights and converging runway display aids.

Jane Garvey's management experience combined with her understanding of emerging technologies will enable the FAA to deploy cutting-edge technologies on time and within its budget, and will help the FAA to deploy the air-traffic control systems and safety improvements necessary to support our nation s growing air travel needs.

Mr. President, I submit to you that above all else, a vote for Jane Garvey to be the next FAA Administrator is a vote for superior management and an unwavering commitment to public safety. I urge my colleagues to unanimously support this nomination.

Mr. FORD. Mr. President, I rise today in support of the President's nomination of a new Administrator of the Federal Aviation Administration [FAA], Ms. Jane Garvey. Ms. Garvey comes to us with over a decade of distinguished public service.

From 1991 to 1993, Ms. Garvey served as director of aviation for the Massachusetts Port Authority. Before that, Ms. Garvey served as the commissioner and associate commissioner for the Massachusetts Department of Public Works from 1983 to 1991. Ms. Garvey's experience in public office is impressive. That experience will prove invaluable in her ability to manage a complex agency like the FAA.

Over the last several years, Linda Daschle and David Hinson worked hard to change the direction of the FAA. Ms. Garvey, if confirmed, will need to continue those efforts. Ms. Garvey comes to this position as a proven manager with outstanding leadership skills. She will need those skills to navigate the FAA through some choppy waters over the next 5 years.

During the confirmation hearing, the chairman expressed concern about Ms. Garvey's involvement with the cost overruns for the central artery/third harbor tunnel project in Boston. I want to take a moment to address the chairman's concerns. Let me suggest that, from what we have been able to piece together, Ms. Garvey took several proactive steps to try and keep that project within budget. First and foremost, a significant reason for the cost overrun is because of inflation. The original cost estimate of $2.6 billion was based on 1982 dollars, which, at the time, was a standard method for calculating project costs at FHWA. The project is now expected to be completed at $10.4 billion. Of that increase, approximately $4.1 billion is a result of inflation.

The scope of the project has changed over the past 15 years as well. The total cost of the project now includes several new interchanges, additional pavement work, bridge work, in addition to the cost of relocating a toll plaza. Many of these items were not funded by the highway administration, but were still included in the total cost of the project. Ms. Garvey has noted that, as deputy administrator for FHWA, these additional costs would not be borne by the Federal Government—the State of Massachusetts must assume these costs.

It strikes me that—from what the committee has been able to gather—that Ms. Garvey has been proactive in trying to contain the costs of this project. For example, Ms. Garvey, while deputy at FHWA, imposed caps that limited Federal spending on this project. This is the kind of proactive leadership we need to ensure that Federal resources are used wisely.

I believe Ms. Garvey's experience with the central artery project will help her manage the sizable effort now underway at the FAA to modernize the air traffic control system. These are large, complex efforts, similar in scope to the central artery/third harbor tunnel project. One of those efforts is the replacement of several critical air traffic control computer systems. This effort must run smoothly and within budget, and the nominee's leadership will provide much needed guidance in achieving this critical objective.

Another FAA effort will be the transition to a global positioning system [GPS]. By moving to GPS, the industry expects to save billions of dollars every year from more efficient navigation.

Like replacing the air traffic control systems, the transition to GPS must also be managed smoothly. I expect Ms. Garvey's dedication and leadership will help FAA succeed in this effort.

Let us also not forget the critical role FAA plays in ensuring that air transportation remains the safest way to travel. Every day, 365 days a year, thousands of aircraft make their way safely thanks in part to the nationals air traffic control system. The FAA manages this system admirably, but there is always room for improvement. I anticipate Ms. Garvey will bring her ingenuity and creativity to the task of improving safety. If approved, I pledge to work with Ms. Garvey to make air travel as safe as it can be.

I know Secretary Slater holds a similar philosophy on safety—and I also know Ms. Garvey and Mr. Slater have an excellent working relationship. By working together, I expect the team of Slater and Garvey to effectively manage a safe and efficient national air system.

Ms. Garvey comes to us having won high marks as Deputy Director for the Highway Administration. Those who worked with her at the Agency and those from outside the Agency all credit Ms. Garvey with strong leadership, dedication, and ingenuity.

I urge my colleagues to support this nomination. Thank you, Mr. President.

STATEMENT ON THE NOMINATION OF ERIC L. CLAY

Mr. LEAHY. Mr. President, I delighted that the majority leader has decided to take up the nomination of Eric L. Clay to be a U.S. Circuit Judge for the Sixth Circuit. Mr. Clay is a well-qualified nominee.

The Judiciary Committee unanimously reported his nomination to the Senate on May 22, 1997. The sixth circuit desperately needs Eric Clay to help manage its growing backlog of cases. In fact, the sixth circuit has three vacancies, two of which have been designated judicial emergencies by the Judicial Conference of the United States.

We first received Eric Clay's nomination in March 1996. He was accorded a hearing in the last Congress on March 26, 1996, and was reported by Judiciary Committee to the full Senate on April 25, 1996. Unfortunately, his nomination was never acted upon because of the Presidential election year slowdown of judicial confirmations in 1996.

The President renominated Eric Clay on the first day of this Congress for the same vacancy on the sixth circuit, which vacancy has existed since September 1994. This is one of the judicial emergency vacancies that we should have filled last year. This vacancy has persisted for more than 2½ years. He has the support of both Senators from Michigan, a Republican and a Democrat. He had a confirmation hearing on May 7 and the committee considered and unanimously reported his nomination to the Senate 2 weeks later. This important nomination was held without action on the Senate Executive Calendar for over 2 months by the Republican leadership.

I am delighted for Mr. Clay and his family that his nomination is finally being confirmed and am confident that he will make a fine member of the sixth circuit.

STATEMENT ON THE NOMINATION OF ARTHUR GAJARSA

Mr. LEAHY. Mr. President, I am delighted that the Majority Leader has decided to take up the nomination of Arthur Gajarsa to be a United States Circuit Judge for the Federal Circuit. Mr. Gajarsa is a well-qualified nominee.

The Judiciary Committee unanimously reported his nomination to the Senate on May 22, 1997. The Federal Circuit desperately needs Arthur Gajarsa to help manage its growing backlog of cases.

We first received Arthur Gajarsa's nomination in April 1996. He was accorded a hearing in the last Congress on June 25, 1996, and was unanimously reported by Judiciary Committee to the full Senate 2 days later. Unfortunately, his nomination was never acted upon because of the Presidential election year shutdown of judicial confirmations in 1996.

The President renominated Arthur Gajarsa on the first day of this Congress for the same vacancy on the Federal Circuit, which vacancy has existed since November 1995. This vacancy has persisted for more than 1½ years. He has the support of both Senators from Maryland. He had a confirmation hearing on May 7 and the Committee considered and unanimously reported his nomination to the Senate 2 weeks later. This nomination has been pending on the Senate Calendar since May 22. Apparently, after these 2 months on the Senate Executive Calendar without action or any explanation for its inaction, the Republican leadership is prepared to allow the Senate to approve this nomination.

I am delighted for Mr. Gajarsa and his family that he is finally being confirmed. He will make a fine judge.

STATEMENT ON THE NOMINATION OF THOMAS W. THRASH, JR.

Mr. LEAHY. Mr. President, I am delighted that the majority leader has decided to take up the nomination of Thomas W. Thrash, Jr., to be a United States District Judge for the Northern District of Georgia. Mr. Thrash is a well-qualified nominee.

The Judiciary Committee unanimously reported his nomination to the Senate on May 22, 1997. The Northern District of Georgia Sixth Circuit desperately needs Thomas Thrash to help manage its growing backlog of cases.

We first received Thomas Thrash's nomination in May 1996. He was accorded a hearing last Congress on July 31, 1996, but his nomination fell victim to the Presidential election year confirmation shutdown of 1996. The President renominated him on the first day of this Congress for the same vacancy on the District Court for the Northern District of Georgia, which vacancy has existed since March 1996. He had a confirmation hearing on May 7 where he was supported by both Senator CLELAND and Senator COVERDELL and was reported to the Senate by the Judiciary Committee 2 weeks later. This is another of the nominations that has languished on the Senate Executive Calendar since long before the July 4 recess. I am glad that the Republican leadership has allowed this nomination to go forward. I congratulate Mr. Thrash and his family on his confirmation.

STATEMENT OF THE NOMINATION OF PHILIP LADER

Mr. THURMOND. Mr. President, I rise on behalf of Mr. Philip Lader to be Ambassador. Philip Lader is a man of integrity and honor whom I hold in high esteem. He has a deep respect for the British people and their beautiful country. I know that he, along with his wife Linda, and their two young daughters Mary Catherine and Whittaker will represent the United States well at the Court of St. James and will make us all very proud.

Mr. President, I rise today in strong support of the confirmation of Mr. Philip Lader to be the U.S. Ambassador to the United Kingdom of Great Britain and Northern Ireland. I have known Mr. Lader and his family for years, and I believe he will work hard to maintain and strengthen the long and valuable friendship between our two nations.

Although he was born in New York, and was educated at Duke University, the University of Michigan, Harvard, and Oxford, Mr. Lader has called South Carolina home for many years. It is in South Carolina where he established himself as a leader in business and education. He was associated for 10 years with Sea Pines Co., a developer and operator of award-winning recreational communities on Hilton Head Island. In addition, he has held the following business positions: president of Business Executives for National Security; founding director of the South Carolina Jobs/Economic Development Authority; director of First Union National Bank (S.C.) and First Carolina Bank; director of the South Carolina Chamber of Commerce; chairman of the South Carolina Governor's Council on Small and Minority Business; and a member of the U.S. Senate Commerce Committee's Travel and Tourism Advisory Committee. In 1981, he founded Renaissance Weekend, a family retreat for innovative leaders.

In education, he served as president of Winthrop College in Rock Hill, SC, from 1983 to 1985. During his tenure, Winthrop was awarded the National Gold Medal for general improvements in programs. Academically, he has served as chairman of the South Carolina Rhodes Scholarship Committee, trustee of three colleges, and director of the Alumni Association at Duke University. He has taught courses at many universities and has been awarded honorary doctorates by five institutions.

Mr. President, for the past several years, Phil Lader has been utilizing his business skills in the U.S. Government. He most recently served as Administrator of the Small Business Administration. Prior to that, he was Assistant to the President and White House Deputy Chief of Staff. He has also been Deputy Director for Management at the Office of Management and Budget and has been chairman of the National Performance Review's Policy Committee, the President's Management Council, and the President's Council on Integrity and Efficiency. In addition, he has served on the National Economic Council, the President's Export Council, the Community Empowerment Board, and the Board of Governors of the American Red Cross. Currently, he is a member of the Council on Foreign Relations.

Mr. President, all of the business, academic, and Government experience that I have just described are tremendous assets Mr. Lader will bring to the Court of St. James. However, Mr. Lader has even more to offer this position, both professionally and personally. Professionally, he was executive vice president of Sir James Goldsmith's U.S. holding company, which was responsible for the analysis and sales of lands previously owned by Crown Zellerbach and Diamond International Corporations. He was also president of Bond University, the first private university in Australia, a British Commonwealth nation.

Personally, the Lader family has strong ties to the United Kingdom, particularly England and Scotland. He studied English constitutional history at Oxford University and is an Honorary Fellow of Pembroke College at Oxford. Further, the ancestors of his lovely wife, Linda, emigrated from Henley-on-Thames, just west of London. In fact, her late stepmother, Catherine Marshall, was the author of "A Man Called Peter," the biography of her husband, the Scottish Presbyterian Minister Peter Marshall, who served as the U.S. Senate Chaplain from 1947 until his death in 1949. Mrs. Lader is a trustee of the American University in London.

Phil Lader is a man of integrity and honor, whom I hold in high esteem. He has a deep respect for the British people and their beautiful country. I know that he, along with his wife Linda and their two young daughters, Mary Catherine and Whittaker, will represent the United States well at the Court of St. James and will make us all very proud.

Mr. President, I reiterate my strong support for the confirmation of Phil Lader to be Ambassador to the United Kingdom of Great Britain and Northern Ireland. I have no doubt that he will live up to the commitment he made to the Foreign Relations Committee earlier this week and devote his time and energy "not only to the salient matters of diplomacy, but also to the arts and letters, the streets and fields, the industries and entrepreneurs, those who innovate and those in need, all of which preserve and strengthen the heritage and common causes of America and the United Kingdom."

Mr. President, I yield the floor.

STATEMENT ON THE NOMINATION OF FELIX ROHATYN

Mr. WARNER. Mr. President, I was privileged to be on the floor at the time the distinguished majority leader put forth the Executive Calendar, including the name of Felix Rohatyn to be the United States Ambassador to France. I had the privilege of introducing Mr. Rohatyn to the Committee on Foreign Relations. And together with his lovely wife, Elizabeth, I assure the Senate that they will make an extraordinarily competent team to represent our Nation.

And now, Mr. President, I am going to do something that is unusual. I ask unanimous consent that Mr. Rohatyn's statement before the committee be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

STATEMENT BY FELIX G. ROHATYN BEFORE THE SUBCOMMITTEE ON EUROPEAN AFFAIRS OF THE SENATE FOREIGN RELATIONS COMMITTEE, JULY 29, 1997

Mr. Chairman and members of the Senate Foreign Relations Committee.

It is a great honor for me to appear before you today to seek your consent to President Clinton's nomination of me to serve as the next American Ambassador to France. It is also a very emotional experience, for many reasons.

Let me begin by expressing to you, Mr. Chairman, my appreciation for your courtesies and those of your staff. You have been gracious and helpful to me and to my family in assisting us through this rather daunting process.

I am, as you know, a refugee who came to this country from Nazi-occupied Europe in 1942. As long as I can remember, going back to those very dark days, being an American was my dream. I was fortunate to achieve that dream, and America has more than fulfilled all of my expectations. To represent, at this time, my adopted country as her Ambassador would be the culmination of my career; to have been nominated to represent my country in France, a country where I spent part of my childhood and with which I have had a lifelong relationship, both professional and personal, seems to me more than I could have ever hoped for.

I have been fortunate in having had a long and active career in investment banking. Over the last 40 years or so I have provided financial advice to a number of domestic and foreign corporations, mainly involving their activities in mergers and acquisitions. I have also, over the years, served on the boards of directors of a number of large multinational corporations. This activity has included a number of negotiations through which French companies made significant investments in the U.S. and vice versa. This, coupled with the fact that my former firm has an affiliate in Paris, has allowed me to maintain close personal relationships with a number of French business leaders, as well as with leaders from the world of culture, media and the arts. I have also over the years known a number of senior government leaders and have had the honor of being decorated by the French government.

I believe that my business experience, as well as my relationship with French leaders and my knowledge of France in general, will enable me to represent my country effectively if you choose to consent to my nomination.

I also believe that our relationship with France is extraordinarily important. Aside from the history of allied cooperation going back to Washington, Thomas Jefferson and Lafayette, we have fought side by side with France in World Wars One and Two, and more recently in the Gulf War. We sit side by side with France in the U.N. Security Council, in the OECD, and in every other major multinational institution; our soldiers are participating together today in NATO's important peacekeeping operation in Bosnia. France is one of our largest trade partners and one of the largest foreign direct investors in the U.S.; we are the largest foreign investor in France. While we have many differences with France, in a variety of areas, I believe that, most importantly, France is a democracy which is our friend and with whom we share our most important values.

France, like some other European countries, is going through a difficult period of adjustment to the changes demanded by global economic forces. France's success is dealing with her problems is important not only in the context of our bilateral relationship, but also in the context of the future architecture of Europe. The U.S. has, for the last 50 years, encouraged the political and economic integration of Europe. France's role in such integration is critical.

Mr. Chairman, I have had the great privilege of serving my city and my state at a time when New York City was in considerable difficulty. I hope that you will give me the opportunity, by consenting to my nomination, to represent my country's interests at a time and in a place which is important to the U.S. I can assure you that, should you do me this honor, I will make every effort to do so effectively.

STATEMENT ON THE NOMINATION OF JAMIE RAPPAPORT CLARK

Mr. CHAFEE. Mr. President, I would like to make a few remarks about the nomination of Jamie Rappaport Clark to be Director of the United States Fish and Wildlife Service. The President nominated Ms. Clark on July 9, and I am pleased to report that last Thursday, July 24, the Committee on Environment and Public Works reported out the nomination.

Jamie Clark is an outstanding candidate for the tasks at hand. She has worked closely with the Environment

Committee staff and Committee members' staff on the Endangered Species Act and other tough issues. I have heard nothing but glowing reports of her ability to work with the Administration and Congress, which will serve her well, if confirmed. Throughout her educational and professional experiences, she has been involved on a daily basis with the principles of fish and wildlife management. Jamie Clark has worked with the Fish and Wildlife Service for over 8 years, both at the regional level and at headquarters. For the past 4 years of her tenure with the Service, she has held the position of Associate Director of Ecological Services.

Prior to joining the Fish and Wildlife Service, Jamie Clark was the lead technical authority for fish and wildlife management on U.S. Army installations worldwide. From 1984 until 1988, she managed the Natural and Cultural Resources program within the National Guard. She also was a research biologist for the U.S. Army Medical Research Institute and worked for the National Institute for Urban Wildlife as a wildlife biologist.

Jamie Clark's educational background is equally impressive and suits her well to the position of Fish and Wildlife Service Director. She holds a master's degree (MS) in Wildlife Ecology from the University of Maryland and a bachelor's degree (BS) in Wildlife Biology.

If confirmed, Jamie Clark will be responsible for developing and carrying out policies to conserve, protect, and enhance the Nation's fish and wildlife and their habitats. A number of challenging tasks fall on the shoulders of the Fish and Wildlife Service Director, including the management of the National Wildlife Refuge System; the implementation of the Endangered Species Act; fish hatchery management; recreational fishing programs; management of non-indigenous and exotic species; conservation and management of migratory waterfowl and wild birds; and the list of responsibilities goes on.

The Fish and Wildlife Service is an agency with the wonderful but difficult task of serving as an advocate for fish and wildlife. It must protect these public resources in the face of much criticism and question. The Service is charged with fulfilling its own mission in light of competing and sometimes conflicting mandates. It also must address the contentious issues of private property rights, water rights, and takings. The Service has done a remarkable job in recent years of developing initiatives that deal with many of these issues. The internal guidance documents for permits; the new safe harbor, candidate conservation and "no-surprises" policies; the policy for Native American rights; and the streamlining initiatives for federal agencies have all led to better implementation of the Endangered Species Act, better public relations, and ultimately better protection for the species.

I am confident that Jamie Clark has the experience, insight, and the strength to lead the Fish and Wildlife Service to continue these initiatives and develop new ones through the challenges ahead. Thank you.

STATEMENT ON THE NOMINATION OF EDWARD GNEHM, JR.

Mr. ENZI. Mr. President, it is a great personal pleasure for me to express my congratulations to Ambassador Edward Ghehm, Jr. as the Senate completes its action on his nomination to be Director General of the Foreign Service. I have known Edward Ghehm, or Skip, as his friends call him, since the days when we were in college together. He and I were college roommates for 3 years. Skip has been a brother to me since we first met. I know him better than any investigator could hope—and there isn't anything I know I wouldn't share, from his sense of humor to his work ethic. Skip has always put God and Country first. He has lived a motto that says, "If what you did yesterday still seems important, you haven't done much today."

It doesn't seem all that long ago, we were both attending George Washington University here in the Nation's Capital. We used to dream about the future. I can tell you, we never dreamed that "someday" we'd both be before a congressional panel, me as the junior Senator from Wyoming, and Skip as the President's nominee for a key State Department post.

Through the years, we have kept track of each other. I have been very proud, but not surprised, that Skip has gone on to accomplish great things in his career with the State Department. I've lived around the world through my brother.

Skip has been a man for our time. A quick glance at Skip's duty sheet will show that whenever there has been a "hot spot" in the world community that warranted the careful attention of the State Department and a search for "the right one"—someone with a great sensitivity to a tense foreign situation and strong diplomatic skills to help find a solution—Skip was often the one they called.

To name a few of his tours of duty with the State Department, Skip has served in the Vietnamese Embassy, he has been in Nepal, and he has been stationed in many posts in the Middle East.

Skip was a part of the team that negotiated hostage releases. He has been in charge of evacuating Embassy families. Each change of administration has sought out his expertise, his counsel, and his active participation in our foreign policy. When Operation Desert Storm became necessary, once again Skip was there, serving as our Ambassador to Kuwait. You'll remember the proud moment when the American flag went back up at our Embassy—Skip was the person you saw raise the colors.

Most recently, Skip has been serving as the Deputy U.S. Representative to the United Nations.

Ambassador Gnehm is a man of great character, strongly held principles, and the greatest integrity you could hope to find. He has earned the respect of those he works with, and his counterparts in the foreign countries and Embassies in which he has been assigned.

Skip is the perfect choice for the Foreign Service. He has always seen the foreign service as his best chance to serve—to make a difference. And he has made a difference. He has the experience and the determination it takes to succeed. He's a proven leader who understands the need to follow orders and the direction of our foreign policy. He possesses the finest of administration skills. I have no doubt that the wealth of talent he possesses will enable him to lead with confidence. As always, Skip will do a fine job and produce results.

It is with great pleasure that I support his nomination.

NOMINATIONS OF GEORGE OMAS, JAMES ATKINS, AND JANICE LACHANCE

Mr. LOTT. Mr. President, we have had some others cleared. Therefore, I ask unanimous consent that the Senate continue in executive session to consider the following nominations on the Executive Calendar, the nominations of George Omas, James Atkins, and Janice Lachance which were reported from the Governmental Affairs Committee today, that the nominations be confirmed, the motions to reconsider be laid upon the table, any statements relating to the nominations appear at the appropriate place in the RECORD, and the President be immediately notified of the Senate's action.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

The nominations considered and confirmed en bloc are as follows:

FEDERAL RETIREMENT THRIFT INVESTMENT BOARD

James H. Atkins, of Arkansas, to be a Member of the Federal Retirement Thrift Investment Board for a term expiring September 25, 2000.

OFFICE OF PERSONNEL MANAGEMENT

Janice R. Lachance, of Virginia, to be Deputy Director of the Office of Personnel Management.

POSTAL RATE COMMISSIONER

George A. Omas, of Mississippi, to be a Commissioner of the Postal Rate Commission for a term expiring October 14, 2000.

Mr. LOTT. I yield the floor.

LEGISLATIVE SESSION

The PRESIDING OFFICER. Under the previous order, the Senate will now return to legislative session.

Mr. WARNER. Now, Mr. President, I will continue in the stead of the majority leader.

Mr. President, I am advised that the requests to be made on behalf of the majority leader by the Senator from Virginia have all been cleared and that we may proceed in the absence of anyone on the other side.

REMOVAL OF INJUNCTION OF SECRECY—TREATY DOCUMENT NOS. 105–20 AND 105–21

Mr. WARNER. I now ask, Mr. President, as in executive session, unanimous consent that the Injunction of Secrecy be removed from the following treaties transmitted to the Senate on July 31, 1997, by the President of the United States:

Extradition Treaty with Barbados (Treaty Document No. 105–20); Extradition Treaty with Trinidad and Tobago (Treaty Document No. 105–21).

I further ask unanimous consent that the treaties be considered as having been read the first time; that they be referred, with accompanying papers, to the Committee on Foreign Relations and ordered to be printed; and that the President's messages be printed in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

The messages of the President are as follows:

To the Senate of the United States:

With a view to receiving the advice and consent of the Senate to ratification, I transmit herewith the Extradition Treaty between the Government of the United States of America and the Government of Barbados, signed at Bridgetown on February 28, 1996.

In addition, I transmit, for the information of the Senate, the report of the Department of State with respect to the Treaty. As the report explains, the Treaty will not require implementing legislation.

The provisions in this Treaty follow generally the form and content of extradition treaties recently concluded by the United States.

This Treaty will, upon entry into force, enhance cooperation between the law enforcement communities of both countries, and thereby make a significant contribution to international law enforcement efforts. It will supersede the Extradition Treaty between the United States and Great Britain that was signed at London on December 22, 1931, which was made applicable to Barbados upon its entry into force on June 24, 1935, and which the United States and Barbados have continued to apply following Barbados becoming independent. However, that treaty has become outmoded and the new Treaty will provide significant improvements.

I recommend that the Senate give early and favorable consideration to the Treaty and give its advice and consent to ratification.

WILLIAM J. CLINTON.

THE WHITE HOUSE, *July 31, 1997.*

To the Senate of the United States:

With a view to receiving the advice and consent of the Senate to ratification, I transmit herewith the Extradition Treaty between the Government of the United States of America and the Government of Trinidad and Tobago, signed at Port of Spain on March 4, 1996.

In addition, I transmit, for the information of the Senate, the report of the Department of State with respect to the Treaty. As the report explains, the Treaty will not require implementing legislation.

The provisions in this Treaty follow generally the form and content of extradition treaties recently concluded by the United States.

This Treaty will, upon entry into force, enhance cooperation between the law enforcement communities of both countries and thereby make a significant contribution to international law enforcement efforts. Upon entry into force, it will supersede the Extradition Treaty between the United States and Great Britain signed at London on December 22, 1931, and made applicable to Trinidad and Tobago upon its entry into force on June 24, 1935, and which the United States and Trinidad and Tobago have continued to apply following Trinidad and Tobago's independence. That treaty has become outmoded, and the new Treaty will provide significant improvements.

I recommend that the Senate give early and favorable consideration to the Treaty and give its advice and consent to ratification.

WILLIAM J. CLINTON.

THE WHITE HOUSE, *July 31, 1997.*

APPOINTMENTS BY THE VICE PRESIDENT

The PRESIDING OFFICER. The Chair, on behalf of the Vice President, pursuant to Public Law 94–304, as amended by Public Law 99–7, appoints the following Senators to the Commission on Security and Cooperation in Europe:

The Senator from Wisconsin [Mr. FEINGOLD], the Senator from Florida [Mr. GRAHAM], the Senator from New Jersey [Mr. LAUTENBERG], and the Senator from Nevada [Mr. REID].

AUTHORITY FOR COMMITTEES TO REPORT

Mr. WARNER. Mr. President, I ask unanimous consent that on Tuesday, August 19, committees have between the hours of 11 a.m. and 2 p.m. in order to file reported legislative and executive matters.

The PRESIDING OFFICER. Without objection, it is so ordered.

PROVIDING FOR A CONSULTANT FOR THE PRESIDENT PRO TEMPORE

Mr. WARNER. Mr. President, I ask unanimous consent that the Senate now proceed to the consideration of S. 1120, which was introduced earlier today by Senators LOTT and DASCHLE.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

A bill (S. 1120) providing for a consultant for the President pro tempore.

The PRESIDING OFFICER. Is there objection to the immediate consideration of the bill?

There being no objection, the Senate proceeded to consider the bill.

Mr. WARNER. Mr. President, I further ask unanimous consent that the bill be read a third time and passed, and the motion to reconsider be laid upon the table.

The PRESIDING OFFICER. Without objection, it is so ordered.

The bill (S. 1120) was deemed read the third time and passed, as follows:

S. 1120

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

Section 101(a) of the Supplemental Appropriations Act, 1977 (2 U.S.C. 61h–6(a)) is amended by inserting after the first sentence the following: "The President pro tempore of the Senate is authorized to appoint and fix the compensation of 1 consultant, on a temporary or intermittent basis, at a daily rate of compensation not in excess of that specified in the first sentence of this subsection.".

EARTHQUAKE HAZARDS ACT AMENDMENTS

Mr. WARNER. Mr. President, I ask unanimous consent that the Senate now proceed to consideration of Calendar No. 141, S. 910.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

A bill (S. 910) to authorize appropriations for carrying out the Earthquake Hazards Reduction Act of 1997 for fiscal years 1998 and 1999, and for other purposes, which had been reported from the Committee on Commerce, Science, and Transportation, with an amendment to strike all after the enacting clause and inserting in lieu thereof the following:

SECTION 1. AUTHORIZATION OF APPROPRIATIONS.

Section 12 of the Earthquake Hazards Reduction Act of 1977 (42 U.S.C. 7706) is amended—

(1) in subsection (a)(7)—

(A) by striking "and" after "1995,"; and

(B) by inserting before the period at the end the following: ", $20,900,000 for the fiscal year ending September 30, 1998, and $21,500,000 for the fiscal year ending September 30, 1999";

(2) in subsection (b)—

(A) by striking "and" after "September 30, 1995;";

(B) by inserting before the period at the end the following: "; $51,142,000 for the fiscal year ending September 30, 1998 of which $3,800,000 shall be used for the Global Seismic Network operated by the Agency; and $52,676,000 for the fiscal year ending September 30, 1999, of which

$3,800,000 shall be used for the Global Seismic Network operated by the Agency''; and

(C) by adding at the end the following: "Of the amounts authorized to be appropriated under this subsection, at least—

"(1) $8,000,000 of the amount authorized to be appropriated for the fiscal year ending September 30, 1998; and

"(2) $8,250,000 of the amount authorized for the fiscal year ending September 30, 1999, shall be used for carrying out a competitive, peer-reviewed program under which the Director, in close coordination with and as a complement to related activities of the United States Geological Survey, awards grants to, or enters into cooperative agreements with, State and local governments and persons or entities from the academic community and the private sector.";

(3) in subsection (c)—

(A) by striking "and" after "September 30, 1995,"; and

(B) by inserting before the period at the end the following: ", (3) $18,450,000 for engineering research and $11,920,000 for geosciences research for the fiscal year ending September 30, 1998, and (4) $19,000,000 for engineering research and $12,280,000 for geosciences research for the fiscal year ending September 30, 1999"; and

(4) in the last sentence of subsection (d)—

(A) by striking "and" after "September 30, 1995,"; and

(B) by inserting before the period at the end the following: ", $2,000,000 for the fiscal year ending September 30, 1998, and $2,060,000 for the fiscal year ending September 30, 1999".

SEC. 2. AUTHORIZATION OF REAL-TIME SEISMIC HAZARD WARNING SYSTEM DEVELOPMENT, AND OTHER ACTIVITIES.

(a) AUTOMATIC SEISMIC WARNING SYSTEM DEVELOPMENT.—

(1) DEFINITIONS.—In this section:

(A) DIRECTOR.—The term "Director" means the Director of the United States Geological Survey.

(B) HIGH-RISK ACTIVITY.—The term "high-risk activity" means an activity that may be adversely affected by a moderate to severe seismic event (as determined by the Director). The term includes high-speed rail transportation.

(C) REAL-TIME SEISMIC WARNING SYSTEM.—The term "real-time seismic warning system" means a system that issues warnings in real-time from a network of seismic sensors to a set of analysis processors, directly to receivers related to high-risk activities.

(2) IN GENERAL.—The Director shall conduct a program to develop a prototype real-time seismic warning system. The Director may enter into such agreements or contracts as may be necessary to carry out the program.

(3) UPGRADE OF SEISMIC SENSORS.—In carrying out a program under paragraph (2), in order to increase the accuracy and speed of seismic event analysis to provide for timely warning signals, the Director shall provide for the upgrading of the network of seismic sensors participating in the prototype to increase the capability of the sensors—

(A) to measure accurately large magnitude seismic events (as determined by the Director); and

(B) to acquire additional parametric data.

(4) DEVELOPMENT OF COMMUNICATIONS AND COMPUTATION INFRASTRUCTURE.—In carrying out a program under paragraph (2), the Director shall develop a communications and computation infrastructure that is necessary—

(A) to process the data obtained from the upgraded seismic sensor network referred to in paragraph (3); and

(B) to provide for, and carry out, such communications engineering and development as is necessary to facilitate—

(i) the timely flow of data within a real-time seismic hazard warning system; and

(ii) the issuance of warnings to receivers related to high-risk activities.

(5) PROCUREMENT OF COMPUTER HARDWARE AND COMPUTER SOFTWARE.—In carrying out a program under paragraph (2), the Director shall procure such computer hardware and computer software as may be necessary to carry out the program.

(6) REPORTS ON PROGRESS.—

(A) IN GENERAL.—Not later than 120 days after the date of enactment of this Act, the Director shall prepare and submit to Congress a report that contains a plan for implementing a real-time seismic hazard warning system.

(B) ADDITIONAL REPORTS.—Not later than 1 year after the date on which the Director submits the report under subparagraph (A), and annually thereafter, the Director shall prepare and submit to Congress a report that summarizes the progress of the Director in implementing the plan referred to in subparagraph (A).

(7) AUTHORIZATION OF APPROPRIATIONS.—In addition to the amounts made available to the Director under section 12(b) of the Earthquake Hazards Reduction Act of 1977 (42 U.S.C. 7706(b)), there are authorized to be appropriated to the Department of the Interior, to be used by the Director to carry out paragraph (2), $3,000,000 for each of fiscal years 1998 and 1999.

(b) SEISMIC MONITORING NETWORKS ASSESSMENT.—

(1) IN GENERAL.—The Director shall provide for an assessment of regional seismic monitoring networks in the United States. The assessment shall address—

(A) the need to update the infrastructure used for collecting seismological data for research and monitoring of seismic events in the United States;

(B) the need for expanding the capability to record strong ground motions, especially for urban area engineering purposes;

(C) the need to measure accurately large magnitude seismic events (as determined by the Director);

(D) the need to acquire additional parametric data; and

(E) projected costs for meeting the needs described in subparagraphs (A) through (D).

(2) RESULTS.—The Director shall transmit the results of the assessment conducted under this subsection to Congress not later than 1 year after the date of enactment of this Act.

(c) EARTH SCIENCE TEACHING MATERIALS.—

(1) DEFINITIONS.—In this subsection:

(A) LOCAL EDUCATIONAL AGENCY.—The term "local educational agency" has the meaning given that term in section 14101 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 8801).

(B) SCHOOL.—The term "school" means a nonprofit institutional day or residential school that provides education for any of the grades kindergarten through grade 12.

(2) TEACHING MATERIALS.—In a manner consistent with the requirement under section 5(b)(4) of the Earthquake Hazards Reduction Act of 1977 (42 U.S.C. 7704(b)(4)) and subject to a merit based competitive process, the Director of the National Science Foundation may use funds made available to him or her under section 12(c) of such Act (42 U.S.C. 7706(c)) to develop, and make available to schools and local educational agencies for use by schools, at a minimal cost, earth science teaching materials that are designed to meet the needs of elementary and secondary school teachers and students.

(d) IMPROVED SEISMIC HAZARD ASSESSMENT.—

(1) IN GENERAL.—As soon as practicable after the date of enactment of this Act, the Director shall conduct a project to improve the seismic hazard assessment of seismic zones.

(2) REPORTS.—

(A) IN GENERAL.—Not later than 1 year after the date of enactment of this Act, and annually during the period of the project, the Director shall prepare, and submit to Congress, a report on the findings of the project.

(B) FINAL REPORT.—Not later than 60 days after the date of termination of the project conducted under this subsection, the Director shall prepare and submit to Congress a report concerning the findings of the project.

(e) STUDY OF NATIONAL EARTHQUAKE EMERGENCY TRAINING CAPABILITIES.—

(1) IN GENERAL.—The Director of the Federal Emergency Management Agency shall conduct an assessment of the need for additional Federal disaster-response training capabilities that are applicable to earthquake response.

(2) CONTENTS OF ASSESSMENT.—The assessment conducted under this subsection shall include—

(A) a review of the disaster training programs offered by the Federal Emergency Management Agency at the time of the assessment;

(B) an estimate of the number and types of emergency response personnel that have, during the period beginning on January 1, 1990 and ending on July 1, 1997, sought the training referred to in subparagraph (A), but have been unable to receive that training as a result of the oversubscription of the training capabilities of the Federal Emergency Management Agency; and

(C) a recommendation on the need to provide additional Federal disaster-response training centers.

(3) REPORT.—Not later than 180 days after the date of enactment of this Act, the Director shall prepare and submit to Congress a report that addresses the results of the assessment conducted under this subsection.

SEC. 3. COMPREHENSIVE ENGINEERING RESEARCH PLAN.

(a) NATIONAL SCIENCE FOUNDATION.—Section 5(b)(4) of the Earthquake Hazards Reduction Act of 1977 (42 U.S.C. 7704(b)(4)) is amended—

(1) by striking "and" at the end of subparagraph (D);

(2) by striking the period at the end of subparagraph (E) and inserting "; and "; and

(3) by adding at the end the following:

"(F) develop, in conjunction with the Federal Emergency Management Agency, the National institute of Standards and Technology, and the United States Geological Survey, a comprehensive plan for earthquake engineering research to effectively use existing testing facilities and laboratories (in existence at the time of the development of the plan), upgrade facilities and equipment as needed, and integrate new, innovative testing approaches to the research infrastructure in a systematic manner.".

(b) FEDERAL EMERGENCY MANAGEMENT AGENCY.—Section 5(b)(1) of the Earthquake Hazards Reduction Act of 1977 (42 U.S.C. 7704(b)(1)) is amended—

(1) by striking "and" at the end of subparagraph (D);

(2) by striking the period at the end of subparagraph (E) and inserting "; and"; and

(3) by adding at the end the following:

"(F) work with the National Science Foundation, the National institute of Standards and Technology, and the United States Geological Survey, to develop a comprehensive plan for earthquake engineering research to effectively use existing testing facilities and laboratories (existing at the time of the development of the plan), upgrade facilities and equipment as needed, and integrate new, innovative testing approaches to the research infrastructure in a systematic manner.".

(c) UNITED STATES GEOLOGICAL SURVEY.—Section 5(b)(3) of the Earthquake Hazards Reduction Act of 1977 (42 U.S.C. 7704(b)(3)) is amended—

(1) by striking "and" at the end of subparagraph (E);

(2) by striking the period at the end of subparagraph (G) and inserting "; and"; and

(3) by adding at the end the following:

"(H) work with the National Science Foundation, the Federal Emergency Management Agency, and the National Institute of Standards and Technology to develop a comprehensive plan for earthquake engineering research to effectively use existing testing facilities and laboratories (in existence at the time of the development of the plan), upgrade facilities and equipment as needed, and integrate new, innovative testing approaches to the research infrastructure in a systematic manner.".

(d) NATIONAL INSTITUTE OF STANDARDS AND TECHNOLOGY.—Section 5(b)(5) of the Earthquake Hazards Reduction Act of 1977 (42 U.S.C. 7704(b)(5)) is amended—

(1) by striking "and" at the end of subparagraph (B);

(2) by striking the period at the end of subparagraph (C) and inserting "; and"; and

(3) by adding at the end the following:

"(D) work with the National Science Foundation, the Federal Emergency Management Agency, and the United States Geological Survey to develop a comprehensive plan for earthquake engineering research to effectively use existing testing facilities and laboratories (in existence at the time of the development of the plan), upgrade facilities and equipment as needed, and integrate new, innovative testing approaches to the research infrastructure in a systematic manner.".

SEC. 4. REPEALS.

Sections 6 and 7 of the Earthquake Hazards Reduction Act of 1977 (42 U.S.C. 7705 and 7705a) are repealed.

The PRESIDING OFFICER. Is there objection to the immediate consideration of the bill?

There being no objection, the Senate proceeded to consider the bill.

Mr. FRIST. Mr. President, I rise today to reaffirm my support for the 1998–1999 Reauthorization of the Earthquake Hazard Reduction Act of 1977.

I think we can all agree that the goal of the National Earthquake Hazard Reduction Program is a prime example of the proper role for government. In this bill we are calling for continued effort in the areas of public education, fundamental earth science research, development of better materials and building practices, and other activities that reduce the risk to life and property.

This bill contains a provision that builds upon the national seismic network, improving its capability and forming the basis for a real-time seismic hazard warning system. A real-time warning system has the potential to save lives by alerting people outside the immediate area of an impending seismic shock. Advance warning can be critical in preventing injury by giving communities time to curtail high risk activities such as high-speed rail transportation, as well as shutoff of selected gas, electrical and water feeders to the effected area. This is pivotal in limiting the collateral damage caused after an earthquake by fire.

As we have all seen by the devastation in Northridge, CA, the consequences of an earthquake are simply too important for a region to be lulled into a false sense of safety. This point was brought home to me when I heard that an earthquake had struck Chattanooga. Certainly, not by any means, a large event, but a reminder, that the threat of earthquakes occur throughout the Nation.

We have also included an important provision which underscores our commitment to education. This bill would let NSF create and disseminate earth science educational materials in a way that permits easy access by educators and the general public. Acknowledging that FEMA and NSF have both done an outstanding job in creating educational material, we are looking for continued cooperation of all the agencies, one of the hallmarks of the National Earthquake Hazard Reduction Program [NEHRP].

To speed the process of moving this important legislation forward, I offer a technical amendment which brings the funding authority for USGS to the same level reflected in the House of Representatives version of this bill. The adoption of this amendment should reduce the time it will take for this important legislation to become law.

Mr. President, I believe that the passage of this legislation will continue of the good work that these four agencies have been undertaking—work that saves property, but most importantly, saves American lives.

Mr. HOLLINGS. Mr President, I rise today in support of passage of S. 910, a bill to reauthorize appropriations for the Earthquake Hazards Reduction Act. Catastrophic earthquakes are inevitable in the United States. Scientists consider California to be the most likely location for major earthquakes; however, all or parts of 39 states—populated by more than 70 million people—have been classified as having major or moderate seismic risk. Earthquakes are not uncommon in Alaska, Idaho, Utah, and Nevada. Major earthquakes east of the Rockies are infrequent but can prove devastating. In 1811–12, three huge earthquakes rocked the New Madrid area of Missouri, near St. Louis and Memphis. These earthquakes were so powerful that they changed the course of the Mississippi River and rang bells in Boston. In 1886, an earthquake leveled my hometown of Charleston. Estimates of the strength of the Charleston quake range from 7.0 to 7.6 on the Richter Scale. Of particular interest and concern about the east coast quakes is that there is no known geological origin for them. This fact underscores the possibility of unpredictable seismic activity in the United States.

What we do know, though, is that the loss of life and property from earthquakes can be considerable. For example, the January 17, 1994, earthquake at Northridge, CA, was classified as only "moderate" in magnitude. Nonetheless, 57 people died, and injuries totaled over 6,500. In addition, insurance payments for this moderate event were over $6 billion, and the Federal supplemental appropriation totaled another $9 billion. The Northridge has become the second most expensive natural disaster in American history, exceeded only by Hurricane Andrew. Reducing damage from earthquakes would not only save lives but also save both private insurers and the Federal Government considerable amounts of money.

That is what NEHRP, National Earthquake Hazards Reduction Program, established by the Earthquake Hazards Reduction Act of 1977, is designed to do. It is a Federal interagency program designed to help minimize the loss of life and property caused by earthquakes. It supports scientific research on the origins of earthquakes, and funds engineering research to make buildings and other structures more seismically resistant. NEHRP also disseminates this technical information to the states, and helps states and localities prepare for earthquakes. NEHRP focuses on helping states prepare for earthquakes, in contrast to Federal disaster response programs that help states after a major event.

The Northridge earthquake illustrates both NEHRP's accomplishments and what some observers believe are continuing problems.

The most important accomplishment was the survival of most of the buildings and highway overpasses which were built to meet new seismic codes or retrofitted to meet those codes. For example, highway bridges designed using standards developed after the late 1970s performed very well. The most dramatic story concerns the retrofit of older highway overpasses. After the Loma Prieta earthquake in Northern California in 1989, university researchers and Federal engineers, using NEHRP funds, undertook a crash program to develop new ways to retrofit older highway bridges and began applying those retrofit techniques to overpasses in Southern California. At Northridge, six major highway bridges collapsed. While further study is needed, it appears that the older overpasses that were retrofitted survived, while those that did not often failed.

Northridge also illustrated some continuing problems such as the strength of "lifelines"—water line, natural gas pipelines, electrical lines, and so forth. Little research has been done to date on how to make these facilities more earthquake-resistant. Dramatic film from Northridge showed flooded streets with shooting jets of burning natural gas and illustrated how easily these lines are broken.

Mr. President, S. 910 will authorize the funding needed to continue the good work that has been done by the four participating agencies in NEHRP—the Federal Emergency Management Agency, the U.S. Geological Survey, the National Science Foundation, and the National Institute of Standards and Technology—and will allow them to address problems like ruptured lifelines that continue to plague disaster response teams.

This bill also will require new assessments of our seismic hazard warning systems, and our earthquake emergency training facilities to ensure that the warning systems and training facilities are up to date, properly operating, and responsive. In assessing the current conditions of the seismic monitoring networks, the agencies are expected to pay greater attention to understudied areas like the eastern seaboard where catastrophic seismic events have occurred in the past, and are predicted to occur in the future—yet are more difficult to understand.

This is a good bill. I commend the Senator from Tennessee for his diligence in this area, and I encourage my colleagues to support passage of this measure today.

AMENDMENT NO. 1054

(Purpose: To increase the authorization for the United States Geological Survey for 1998 and 1999.)

Mr. WARNER. Mr. President, Senator FRIST has an amendment at the desk, and I ask for its consideration.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

> The Senator from Virginia [Mr. WARNER], for Mr. FRIST, proposes an amendment numbered 1054.

Mr. WARNER. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

> On page 9, line 19, strike "$51,142,000" and insert "$52,565,000".
>
> On page 9, line 22, strike "$52,676,000" and insert "$54,052,000".

Mr. WARNER. Mr. President, I ask unanimous consent that the amendment be agreed to.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment (No. 1054) was agreed to.

Mr. WARNER. Mr. President, I ask unanimous consent that the bill be considered read a third time and passed, as amended, the motion to reconsider be laid upon the table, and that any statements relating to the bill appear at the appropriate place in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

The bill (S. 910), as amended, was deemed read the third time and passed.

(The text of S. 910, as passed, will be printed in a future edition of the RECORD.)

CONVEYANCE OF BLM LAND TO GRANTS PASS, OR

Mr. WARNER. Mr. President, I ask unanimous consent that the Senate now proceed to the consideration of Calendar No. 135, H.R. 1198.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

> A bill (H.R. 1198) to direct the Secretary of the Interior to convey certain land to the City of Grants Pass, Oregon.

The PRESIDING OFFICER. Is there objection to the immediate consideration of the bill?

There being no objection, the Senate proceeded to consider the bill.

Mr. WARNER. Mr. President, I ask unanimous consent that the bill be considered read a third time and passed, the motion to reconsider be laid upon the table, and that any statements relating to the bill appear at the appropriate place in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

The bill (H.R. 1198) was deemed read the third time and passed.

WARNER CANYON SKI HILL LAND EXCHANGE ACT OF 1997

Mr. WARNER. Mr. President, I ask unanimous consent that the Senate now proceed to the consideration of Calendar No. 136, H.R. 1944.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

> A bill (H.R. 1944) to provide for a land exchange involving the Warner Canyon Ski Area and other land in the State of Oregon.

The PRESIDING OFFICER. Is there objection to the immediate consideration of the bill?

There being no objection, the Senate proceeded to consider the bill.

Mr. WYDEN. Mr. President, I urge the Senate to pass the bill H.R. 1944, authorizing an exchange of lands between the U.S. Forest Service, the U.S. Fish and Wildlife Service, and Lake County, OR.

My colleague from Oregon, Senator SMITH, joined me in introducing S. 881 on June 11. The chairman of the Energy and Natural Resources Committee, Senator MURKOWSKI, was extremely helpful and the bill was included in a hearing on various land exchange bills on June 18th. The U.S. House passed the companion measure, sponsored by the chairman of the House Agriculture Committee, Congressman SMITH, on July 22. The Energy Committee reported the House bill yesterday, and I greatly appreciate the Chairman's excellent work to bring the bill to floor for final passage today.

This legislation will go far to keep the Warner Canyon Ski Area of Lakeview, OR, in business. If ever there was such a thing as a community ski area, this is it. It is low tech. It is run by a non-profit local organization. This legislation is clearly in the public interest of Lakeview, OR, and the Nation.

This bill has important benefits to the Hart Mountain Antelope Refuge, as well. Management of our National Wildlife Refuges can be burdened when there are privately owned lands inside of a refuge boundary, and this measure allows the refuge to take ownership to more than 300 acres of county owned lands inside the refuge. With this acquisition we move closer to the permanent protection of this important Oregon wildlife refuge.

I was pleased to be joined in this effort by Senator GORDON SMITH, and I urge its passage.

Mr. WARNER. Mr. President, I ask unanimous consent that the bill be considered read a third time and passed, the motion to reconsider be laid upon the table, and any statements relating to the bill appear at the appropriate place in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

The bill (H.R. 1944) was deemed read the third time and passed.

REGARDING SENATE FLOOR ACCESS FOR INDIVIDUALS WITH DISABILITIES

Mr. WARNER. Mr. President, I ask unanimous consent that the Senate proceed to the immediate consideration of S. Res. 110, which was reported by the Rules Committee.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

> A resolution (S. Res. 110) to permit an individual with a disability with access to the Senate floor to bring necessary supporting aids and services.

The PRESIDING OFFICER. Is there objection to the immediate consideration of the resolution?

There being no objection, the Senate proceeded to consider the resolution.

Mr. WYDEN. Mr. President, I first wish to thank the chairman of the Rules Committee, the Senator from Virginia [Mr. WARNER], for his cooperation in moving forward with such an extremely important matter. Because of its significance, I think it would be useful for us to engage in a colloquy to enlighten the Senate further as to the intent of this resolution.

It is my understanding that the purpose of this resolution is to clarify that individuals with disabilities who have been given the privilege of access to the Senate floor under rule XXIII of the Standing Rules of the Senate may bring necessary supporting aids or services onto the floor. This will ensure that the staff of a Senator wishes to have on the floor will not be denied the privilege of the floor because the staffer happens to use a guide dog or a wheelchair. This resolution is intended to be broadly interpreted to cover all individuals with disabilities. Is my understanding correct that this is the purpose of the resolution?

Mr. WARNER. That is correct. By adopting this resolution, the Senate hopes to be a model for the country in its treatment of individuals with disabilities. The Senate intends to be nondiscriminatory and accommodate the needs of individuals with disabilities who may use supporting aids or services. For purposes of this resolution, individuals with disabilities are those who have a physical or mental impairment that substantially limits one or more of the major life activities, and supporting aids and services are not intended to be limited to the illustrative examples provided in the resolution.

Mr. WYDEN. The resolution also contains a condition on the use of supporting aids and services where such use would place a significant difficulty or expense on the operations of the Senate. Is my understanding correct that this undue burden language is intended to apply only in very unusual circumstances, such as where significant architectural modifications might be necessary?

Mr. WARNER. That is correct. This modifying language would apply only in extreme circumstances.

Mr. WYDEN. I have one final question: is my understanding correct that the Rules Committee has written a letter of guidance to assist the Sergeant at Arms in interpreting and implementing this resolution?

Mr. WARNER. That is correct. The Rules Committee will send a letter of guidance to the Sergeant at Arms that should be used in interpreting the resolution.

Mr. WYDEN. I again want to express my appreciation to the Senator from Virginia, the chairman of the Rules Committee, for his commitment to this issue and thank the Rules Committee for moving this resolution to the floor.

Mr. WARNER. Mr. President, I ask unanimous consent that the resolution be agreed to, the motion to reconsider be laid upon the table, and that any statements relating to the resolution appear at the appropriate place in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

The resolution (S. Res. 110) was agreed to as follows:

S. RES. 110

Resolved, That an individual with a disability who has or is granted the privilege of the Senate floor under rule XXIII of the Standing Rules of the Senate may bring necessary supporting aids and services (including service dogs, wheelchairs, and interpreters) on the Senate floor, unless the Senate Sergeant at Arms determines that the use of such supporting aids and services would place a significant difficulty or expense on the operations of the Senate in accordance with paragraph 2 of rule 4 of the Rules for Regulation of the Senate Wing of the United States Capitol.

RELIEF OF JOHN WESLEY DAVIS

Mr. WARNER. Mr. President, I ask unanimous consent that the Senate proceed to the immediate consideration of H.R. 584.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

A bill (H.R. 584) for the relief of John Wesley Davis.

The PRESIDING OFFICER. Is there objection to the immediate consideration of the bill?

There being no objection, the Senate proceeded to consider the bill.

Mr. WARNER. Mr. President, I ask unanimous consent that the bill be read three times, passed, and the motion to reconsider be laid upon the table, and any statements relating thereto be included in the RECORD at the appropriate place as if read.

The PRESIDING OFFICER. Without objection, it is so ordered.

The bill (H.R. 584) was deemed read the third time and passed.

INDIAN INDEPENDENCE DAY: A NATIONAL DAY OF CELEBRATION OF INDIAN AND AMERICAN DEMOCRACY

Mr. WARNER. Mr. President, I ask unanimous consent that the Judiciary Committee be discharged from further consideration of S. Res. 102, and the Senate proceed to its consideration.

The PRESIDING OFFICER. Without objection, it is so ordered. The clerk will report.

The legislative clerk read as follows:

A resolution (S. Res. 102) designating August 15, 1997, as "Indian Independence Day: A National Day of Celebration of Indian and American Democracy."

The PRESIDING OFFICER. Is there objection to the immediate consideration of the resolution?

There being no objection, the Senate proceeded to consider the resolution.

Mr. WARNER. Mr. President, I ask unanimous consent that the resolution be agreed to, the preamble be agreed to, the motion to reconsider be laid upon the table, and that any statements relating to the resolution appear at the appropriate place in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

The resolution (S. Res. 102) was agreed to.

The preamble was agreed to.

The resolution, with its preamble, is as follows:

S. RES. 102

Whereas India is the world's largest democracy and shares with the United States the system in which the supreme power to govern is invested in the people;

Whereas the people of India drew upon the values of the rule of law creating a representative democracy;

Whereas India and the United States share a common bond of being former British colonies;

Whereas India's independence was achieved pledged to the principles of fairness, dignity, peace, and democracy;

Whereas these and other ideals have forged a close bond between our two nations and their peoples;

Whereas August 15, 1997 marks the 50th anniversary of the end of the struggle which freed the Indian people from British colonial rule; and

Whereas it is proper and desirable to celebrate with the Indian people, and to reaffirm the democratic principles on which our two great nations were born: Now, therefore, be it

Resolved, That August 15, 1997 is designated as "Indian Independence Day: A National Day of Celebration of Indian and American Democracy". The President is requested to issue a proclamation calling upon the people of the United States to observe the day with appropriate ceremonies and activities.

PROVIDING FOR AUTHORIZATION OF APPROPRIATIONS IN EACH FISCAL YEAR FOR ARBITRATION IN UNITED STATES DISTRICT COURTS

Mr. WARNER. Mr. President, I ask unanimous consent that the Judiciary Committee be discharged from further consideration of S. 996, and that the Senate proceed to its immediate consideration.

The PRESIDING OFFICER. Without objection, it is so ordered. The clerk will report.

The legislative clerk read as follows:

A bill (S. 996) to provide for the authorization of appropriations in each fiscal year for arbitration in United States district courts.

The PRESIDING OFFICER. Is there objection to the immediate consideration of the bill?

There being no objection, the Senate proceeded to consider the bill.

AMENDMENT NO. 1055

(Purpose: To provide for the reauthorization of report requirements to enhance judicial information dissemination, and for other purposes)

Mr. WARNER. Mr. President, I send an amendment to the desk on behalf of Senator BIDEN and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Virginia [Mr. WARNER], for Mr. BIDEN, proposes amendment numbered 1055.

Mr. WARNER. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

at the end of the bill, add the following new section:

SEC. 2. ENHANCEMENT OF JUDICIAL INFORMATION DISSEMINATION.

Section 103(b)(2) of the Civil Justice Reform Act of 1990 (Public Law 101–650; 104 Stat. 5096; 28 U.S.C. 471 note) is amended—

(1) by inserting "(A)" after "(2)";

(2) by striking "sections 471 through 478" and inserting "sections 472, 473, 474, 475, 477, and 478"; and

(3) by adding at the end the following new subparagraph:

"(B) The requirements set forth in section 476 of title 28, United States Code, as added by subsection (a), shall remain in effect permanently.".

Mr. BIDEN. Mr. President, the Civil Justice Reform Act of 1990 established a process for developing new discovery and case management procedures designed to reduce costs and delay in Federal litigation.

My amendment to S. 996 would make permanent one very successful reform from the Civil Justice Reform Act—the requirement that a list of each Federal judge's 6-month-old motions and 3-year-old cases be published and disseminated twice every year.

According to the Rand Institute for Civil Justice, this public reporting requirement led to a 25 percent reduction in the number of cases pending more than 3 years in the Federal system, even though the total number of cases filed during the 4-year study period actually increased—proving again that Justice Brandeis was correct in saying that "sunlight is the best disinfectant."

This very effective reporting requirement will expire in December unless Congress acts. With my amendment, I seek to extend this reporting requirement.

This amendment marks the first step in implementing the findings of the studies called for by the original Civil Justice Reform Act. The Rand study of the pilot projects set up by the act found that early judicial supervision of the discovery process can both reduce delay and litigation costs. These and other procedural reforms ought to be incorporated into the everday practices of our Federal bench to produced savings for the taxpayers and increase the efficiency of our Federal courts.

I intend to continue working with my colleagues on the Judiciary Committee, as well as the Judicial Conference, to search for and implement improvements in our Federal civil justice system.

Mr. WARNER. Mr. President, I ask unanimous consent that the amendment be agreed to and the motion to reconsider be laid upon the table.

The PRESIDING OFFICER. Without objection, it is so ordered, the amendment is agreed to.

The amendment (No. 1055) was agreed to.

Mr. WARNER. Mr. President, I ask unanimous consent that the bill, as amended, be read three times, passed, and the motion to reconsider be laid upon the table.

The PRESIDING OFFICER. Without objection, it is so ordered.

The bill (S. 996), as amended, was passed as follows:

S. 996

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. ARBITRATION IN DISTRICT COURTS.

Section 905 of the Judicial Improvements and Access to Justice Act (28 U.S.C. 651 note) is amended in the first sentence by striking "for each of the fiscal years 1994 through 1997" and inserting "for each fiscal year".

SEC. 2. ENHANCEMENT OF JUDICIAL INFORMATION DISSEMINATION.

Section 103(b)(2) of the Civil Justice Reform Act of 1990 (Public Law 101-650; 104 Stat. 5096; 28 U.S.C. 471 note) is amended—

(1) by inserting "(A)" after "(2)";

(2) by striking "sections 471 through 478" and inserting "sections 472, 473, 474, 475, 477, and 478"; and

(3) by adding at the end the following new subparagraph:

"(B) The requirements set forth in section 476 of title 28, United States Code, as added by subsection (a), shall remain in effect permanently.".

MESSAGES FROM THE PRESIDENT

Messages from the President of the United States were communicated to the Senate by Mr. Williams, one of his secretaries.

EXECUTIVE MESSAGES REFERRED

As in executive session the Presiding Officer laid before the Senate messages from the President of the United States submitting sundry treaties and nominations which were referred to the appropriate committees.

(The nominations received today are printed at the end of the Senate proceedings.)

REPORT RELATIVE TO THE CONTINUATION OF IRAQI EMERGENCY—MESSAGE FROM THE PRESIDENT—PM 58

The PRESIDING OFFICER laid before the Senate the following message from the President of the United States, together with an accompanying report; which was referred to the Committee on Banking, Housing, and Urban Affairs:

To the Congress of the United States:

Section 202(d) of the National Emergencies Act (50 U.S.C. 1622(d)) provides for the automatic termination of a national emergency unless, prior to the anniversary date of its declaration, the President publishes in the *Federal Register* and transmits to the Congress a notice stating that the emergency is to continue in effect beyond the anniversary date. In accordance with this provision, I have sent the enclosed notice, stating that the Iraqi emergency is to continue in effect beyond August 2, 1997, to the *Federal Register* for publication.

The crisis between the United States and Iraq that led to the declaration on August 2, 1990, of a national emergency has not been resolved. The Government of Iraq continues to engage in activities inimical to the stability in the Middle East and hostile to United States interests in the region. Such Iraqi actions pose a continuing unusual and extraordinary threat to the national security and vital foreign policy interests of the United States. For these reasons, I have determined that it is necessary to maintain in force the broad authorities necessary to apply economic pressure on the Government of Iraq.

WILLIAM J. CLINTON.

THE WHITE HOUSE, *July 31, 1997.*

REPORT RELATIVE TO THE NATIONAL EMERGENCY WITH RESPECT TO IRAQ—MESSAGE FROM THE PRESIDENT—PM 59

The PRESIDING OFFICER laid before the Senate the following message from the President of the United States, together with an accompanying report; which was referred to the Committee on Banking, Housing, and Urban Affairs:

To the Congress of the United States:

I hereby report to the Congress on the developments since my last report of February 10, 1997, concerning the national emergency with respect to Iraq that was declared in Executive Order 12722 of August 2, 1990. This report is submitted pursuant to section 401(c) of the National Emergencies Act, 50 U.S.C. 1641(c), and section 204(c) of the International Emergency Economic Powers Act, 50 U.S.C. 1703(c).

This report discusses only matters concerning the national emergency with respect to Iraq that was declared in Executive Order 12722 and matters relating to Executive Orders 12724 and 12817 (the "Executive Orders"). The report covers events from February 2 through August 1, 1997.

Executive Order 12722 ordered the immediate blocking of all property and interests in property of the Government of Iraq (including the Central Bank of Iraq) then or thereafter located in the United States or within the possession or control of a United States person. That order also prohibited the importation into the United States of goods and services of Iraqi origin, as well as the exportation of goods, services, and technology from the United States to Iraq. The order prohibited travel-related transactions to or from Iraq and the performance of any contracting support of any industrial, commercial, or governmental project in Iraq. United States persons were also prohibited from granting or extending credit or loans to the Government of Iraq.

The foregoing prohibitions (as well as the blocking of Government of Iraq property) were continued and augmented on August 9, 1990, by Executive Order 12724, which was issued in order to align the sanctions imposed by the

United States with United Nations Security Council Resolution (UNSCR) 661 of August 6, 1990.

1. In April 1995, the U.N. Security Council adopted UNSCR 986 authorizing Iraq to export up to $1 billion in petroleum and petroleum products every 90 days for a total of 180 days under U.N. supervision in order to finance the purchase of food, medicine, and other humanitarian supplies. UNSCR 986 includes arrangements to ensure equitable distribution of humanitarian goods purchased with UNSCR 986 oil revenues to all the people of Iraq. The resolution also provides for the payment of compensation to victims of Iraqi aggression and for the funding of other U.N. activities with respect to Iraq. On May 20, 1996, a memorandum of understanding was concluded between the Secretariat of the United Nations and the Government of Iraq agreeing on terms for implementing UNSCR 986. On August 8, 1996, the UNSC committee established pursuant to UNSCR 661 ("the 661 Committee") adopted procedures to be employed by the 661 Committee in implementation of UNSCR 986. On December 9, 1996, the Secretary General released the report requested by paragraph 13 of UNSCR 986, making UNSCR 986 effective as of 12:01 a.m. December 10.

On June 4, 1997, the U.N. Security Council adopted UNSCR 1111, renewing for another 180 days the authorization for Iraqi petroleum sales contained in UNSCR 986 of April 14, 1995. The Resolution became effective on June 8, 1997. During the reporting period, imports into the United States under this program totaled approximately 9.5 million barrels.

2. There have been no amendments to the Iraqi Sanctions Regulations, 31 C.F.R. Part 575 (the "ISR" or the "Regulations") administered by the Office of Foreign Assets Control (OFAC) of the Department of the Treasury during the reporting period.

As previously reported, the Regulations were amended on December 10, 1996, to provide a statement of licensing policy regarding specific licensing of United States persons seeking to purchase Iraqi-origin petroleum and petroleum products from Iraq (61 Fed. Reg. 65312, December 11, 1996). Statements of licensing policy were also provided regarding sales of essential parts and equipment for the Kirkuk-Yumurtalik pipeline systems, and sales of humanitarian goods to Iraq, pursuant to United Nations approval. A general license was also added to authorize dealings in Iraqi-origin petroleum and petroleum products that have been exported from Iraq with the United Nations and United States Government approval.

All executory contracts must contain terms requiring that all proceeds of the oil purchases from the Government of Iraq, including the State Oil Marketing Organization, must be placed in the U.N. escrow account at Banque National de Paris, New York (the "986 escrow account"), and all Iraqi payments for authorized sales of pipeline parts and equipment, humanitarian goods, and incidental transaction costs borne by Iraq will, upon arrival by the 661 Committee, be paid or payable out of the 986 escrow account.

3. Investigations of possible violations of the Iraqi sanctions continue to be pursued and appropriate enforcement actions taken. Several cases from prior reporting periods are continuing and recent additional allegations have been referred by the Office of Foreign Assets Control (OFAC) to the U.S. Customs Service for Investigation.

On July 10, 1995, an indictment was brought against three U.S. citizens in the Eastern District of New York for conspiracy in a case involving the attempted exportation and transshipment to Iraq of zirconium ingots in violation of the IEEPA and the ISR. The intended use of the merchandise was the manufacture of cladding for radioactive materials to be used in nuclear reactors. The case was the culmination of a successful undercover operation conducted by agents of the U.S. Customs Service in New York in cooperation with OFAC and the U.S. Attorney's Office for the Eastern District of New York. On February 6, 1997, one of the defendants pled guilty to a 10-count criminal indictment including conspiracy to violate the Iraqi Sanctions and the IEEPA. The trial of the remaining defendants is ongoing.

Investigation also continues into the roles played by various individuals and firms outside Iraq in the Iraqi government procurement network. These investigations may lead to additions to OFAC's listing of individuals and organizations determined to be Specially Designated Nationals (SDNs) of the Government of Iraq.

Since my last report, OFAC collected four civil monetary penalties totaling more than $470,000 for violations of IEEPA and the ISR. The violations involved brokerage firms' failure to block assets of an Iraqi SDN and effecting certain securities trades with respect thereto. Additional administrative proceedings have been initiated and others await commencement.

4. The Office of Foreign Assets Control has issued a total of 700 specific licenses regarding transactions pertaining to Iraq or Iraqi assets since August 1990. Licenses have been issued for transactions such as the filing of legal action against Iraqi governmental entities, legal representation of Iraq, and the exportation to Iraq of donated medicine, medical supplies, and food intended for humanitarian relief purposes, executory contracts pursuant to UNSCR 986, sales of humanitarian supplies to Iraq under UNSCR 986, the execution of powers of attorney relating to the administration of personal assets and decedents' estates in Iraq and the protection of preexistent intellectual property rights in Iraq. Since my last report, 47 specific licenses have been issued.

5. The expense incurred by the Federal Government in the 6-month period from February 2 through August 1, 1997, that are directly attributable to the exercise of powers and authorities conferred by the declaration of a national emergency with respect to Iraq are reported to be about $1.2 million, most of which represents wage and salary costs for Federal personnel. Personnel costs were largely centered in the Department of the Treasury (particularly in the Office of Foreign Assets Control, the U.S. Customs Service, the Office of the Under Secretary for Enforcement, and the Office of the General Counsel), the Department of State (particularly the Bureau of Economic and Business Affairs, the Bureau of Near Eastern Affairs, the Bureau of International Organization Affairs, the Bureau of Political-Military Affairs, the Bureau of Intelligence and Research, the U.S. Mission to the United Nations, and the Office of the Legal Advisor), and the Department of Transportation (particularly the U.S. Coast Guard).

6. The United States imposed economic sanctions on Iraq in response to Iraq's illegal invasion and occupation of Kuwait, a clear act of brutal aggression. The United States, together with the international community, is maintaining economic sanctions against Iraq because the Iraqi regime has failed to comply fully with relevant United Nations Security Council resolutions. Security Council Resolutions on Iraq call for the elimination of Iraqi weapons of mass destruction, Iraqi recognition of Kuwait and the inviolability of the Iraq-Kuwait boundary, the release of Kuwaiti and other third-country nationals, compensation for victims of Iraqi aggression, long-term monitoring of weapons of mass destruction capabilities, the return of Kuwaiti assets stolen during Iraq's illegal occupation of Kuwait, renunciation of terrorism, an end to internal Iraqi repression of its own civilian population, and the facilitation of access of international relief organizations to all those in need in all parts of Iraq. Seven years after the invasion, a pattern of defiance persists: a refusal to account for missing Kuwaiti detainees; failure to return Kuwaiti property worth millions of dollars, including military equipment that was used by Iraq in its movement of troops to the Kuwaiti border in October 1994; sponsorship of assassinations in Lebanon and in northern Iraq; incomplete declarations to weapons inspectors and refusal of unimpeded access by these inspectors; and ongoing widespread human rights violations. As a result, the U.N. sanctions remain in

place; the United States will continue to enforce those sanctions under domestic authority.

The Baghdad government continues to violate basic human rights of its own citizens through the systematic repression of minorities and denial of humanitarian assistance. The Government of Iraq has repeatedly said it will not be bound by UNSCR 668. The Iraqi military routinely harasses residents of the north, and has attempted to "Arabize" the Kurdish, Turcomen, and Assyrian areas in the north. Iraq has not relented in its artillery attacks against civilian population centers in the south, or in its burning and draining operations in the southern marshes, which have forced thousands to flee to neighboring states.

The policies and actions of the Saddam Hussein regime continue to pose an unusual and extraordinary threat to the national security and foreign policy of the United States, as well as to regional peace and security. The U.N. resolutions affirm that the Security Council must be assured of Iraq's peaceful intentions in judging its compliance with sanctions. Because of Iraq's failure to comply fully with these resolutions, the United States will continue to apply economic sanctions to deter it from threatening peace and stability in the region.

WILLIAM J. CLINTON.

THE WHITE HOUSE, *July 31, 1997.*

MESSAGES FROM THE HOUSE

At 9:46 a.m., a message from the House of Representatives, delivered by one of its reading clerks, Mr. Hays, announced that the House has agreed to the following concurrent resolution, in which it requests the concurrence of the Senate:

H. Con. Res. 133. Concurrent resolution expressing the sense of the Congress regarding the terrorist bombing in the Jerusalem market on July 30, 1997.

At 4:18 p.m., a message from the House of Representatives, delivered by Mr. Hays, one of its reading clerks, announced that the House agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 2014) to provide for reconciliation pursuant to subsections (b)(2) and (d) of section 105 of the concurrent resolution on the budget for fiscal year 1998.

At 5:26 p.m., a message from the House of Representatives, delivered by Mr. Hays, one of its reading clerks, announced that the House has passed the following joint resolution, in which it requests the concurrence of the Senate:

H.J. Res. 90. Joint resolution waiving certain enrollment requirements with respect to specified bills of the One Hundred Fifth Congress.

The message also announced that the House agrees to the following concurrent resolution, in which it requests the concurrence of the Senate:

H. Con. Res. 136. Concurrent resolution providing for an adjournment of the two Houses.

At 6:10 p.m., a message from the House of Representatives, delivered by Mr. Hays, one of its reading clerks, announced that the House agrees to the amendment of the Senate to the bill (H.R. 408) to amend the Marine Mammal Protection Act of 1972 to support the International Dolphin Conservation Program in the eastern tropical Pacific Ocean, and for other purposes.

The message also announced that the House has agreed to the following concurrent resolution, in which it requests the concurrence of the Senate:

H. Con. Res. 138. Concurrent resolution to correct technical errors in the enrollment of the bill H.R. 2014.

ENROLLED JOINT RESOLUTION SIGNED

A message from the House of Representatives, delivered by one of its reading clerks, announced that the Speaker has signed the following enrolled joint resolution:

H.J. Res. 90. Joint resolution waiving certain enrollment requirements with respect to specified bills of the One Hundred Fifth Congress.

The enrolled joint resolution was signed subsequently by the President pro tempore (Mr. THURMOND).

EXECUTIVE AND OTHER COMMUNICATIONS

The following communications were laid before the Senate, together with accompanying papers, reports, and documents, which were referred as indicated:

EC-2669. A communication from the Director of the U.S. Office of Personnel Management, transmitting, pursuant to law, a rule entitled "Federal Employees Health Benefits Program: Opportunities to Enroll and Change Enrollment" received on July 21, 1997; to the Committee on Governmental Affairs.

EC-2670. A communication from the Director of the U.S. Office of Personnel Management, transmitting, pursuant to law, a report on Physicians Comparability Allowances; to the Committee on Governmental Affairs.

EC-2671. A communication from the Secretary of Agriculture, transmitting, pursuant to law, the report under the Inspector General Act for the period October 1, 1996 through March 31, 1997; to the Committee on Governmental Affairs.

EC-2672. A communication from the Director of the Office of Management and Budget, Executive Office of the President, transmitting, pursuant to law, the report entitled "1997 Federal Financial Management Status Report and Five-Year Plan"; to the Committee on Governmental Affairs.

EC-2673. A communication from the Acting Comptroller General of the United States, transmitting, pursuant to law, the report of the Panama Canal Commission's financial statements for fiscal years 1995 and 1996; to the Committee on Governmental Affairs.

EC-2674. A communication from the Acting Comptroller General of the United States, transmitting, pursuant to law, a list of General Accounting Office reports for June 1997; to the Committee on Governmental Affairs.

EC-2675. A communication from the Inspector General of the Corporation for National and Community Service, transmitting, pursuant to law, a report on the follow-up study to the auditability survey (Phase 2); to the Committee on Governmental Affairs.

EC-2676. A communication from the Director of Benefits, Farm Credit Bank of Texas, transmitting, pursuant to law, the annual report for the pension plan for calendar year 1996; to the Committee on Governmental Affairs.

EC-2677. A communication from the Employee Benefits Manager, Farm Credit Bank, transmitting, pursuant to law, the annual report for the pension plan for calendar year 1996; to the Committee on Governmental Affairs.

EC-2678. A communication from the Council of the District of Columbia, transmitting, pursuant to law, copies of D.C. Act 12-95 adopted by the Council on June 3, 1997; to the Committee on Governmental Affairs.

EC-2679. A communication from the Special Counsel, transmitting, pursuant to law, the Annual Report from the U.S. Office of Special Counsel for fiscal year 1996; to the Committee on Governmental Affairs.

EC-2680. A communication from the Deputy Associate Administrator for Acquisition Policy, U.S. General Services Administration, Office of Governmentwide Policy, transmitting, pursuant to law, a report of a rule relative to acquisition regulation (RIN3090-AG30), received on July 16, 1997; to the Committee on Governmental Affairs.

EC-2681. A communication from the Executive Director, Committee for Purchase from People Who are Blind or Severely Disabled, transmitting, pursuant to law, a rule relative to a list of commodities and services to be furnished, received on July 29, 1997; to the Committee on Governmental Affairs.

EC-2682. A communication from the Secretary of Transportation, transmitting, pursuant to law, the Secretary's Management Report for fiscal year 1997 under the Inspector General Act; to the Committee on Governmental Affairs.

EC-2683. A communication from the Administrator, U.S. Small Business Administration, transmitting, pursuant to law, the Semiannual Report on Final Actions for fiscal year 1997; to the Committee on Governmental Affairs.

EC-2684. A communication from the Executive Director, District of Columbia Financial Responsibility and Management Assistance Authority, transmitting, pursuant to law, a report relative to operating and capital budget books for fiscal year 1998; to the Committee on Governmental Affairs.

EC-2685. A communication from the Secretary of Health and Human Services, transmitting, pursuant to law, a report entitled "Health, United States, 1996-97"; to the Committee on Labor and Human Resources.

EC-2686. A communication from the Assistant General Counsel for Regulations, U.S. Department of Education, transmitting, pursuant to law, a rule relative to direct grant programs (RIN1880-AA76), received on July 25, 1997; to the Committee on Labor and Human Resources.

EC-2687. A communication from the Director, Regulations Policy Management Staff, Office of Policy Food and Drug Administration, Public Health Service, Department of Health and Human Services, transmitting, pursuant to law, a report of a rule relative to changes to approved applications, received on July 30, 1997; to the Committee on Labor and Human Resources.

EC–2688. A communication from the Director, Regulations Policy Management Staff, Office of Policy Food and Drug Administration, Public Health Service, Department of Health and Human Services, transmitting, pursuant to law, a report of a rule relative to paper and paperboard components, received on July 30, 1997; to the Committee on Labor and Human Resources.

EC–2689. A communication from the Director, Regulations Policy Management Staff, Office of Policy Food and Drug Administration, transmitting, pursuant to law, a report of a rule relative to adjuvants, production aids, and sanitizers, received on July 30, 1997; to the Committee on Labor and Human Resources.

EC–2690. A communication from the Director, Regulations Policy Management Staff, Office of Policy Food and Drug Administration, Public Health Service, Department of Health and Human Services, transmitting, pursuant to law, a report of a rule relative to revocation of certain regulations (RIN0910–AA54), received on July 30, 1997; to the Committee on Labor and Human Resources.

EC–2691. A communication from the Director, Regulations Policy Management Staff, Office of Policy Food and Drug Administration, Public Health Service, Department of Health and Human Services, transmitting, pursuant to law, a report of a rule relative to indirect food additives, received on July 30, 1997; to the Committee on Labor and Human Resources.

EC–2692. A communication from the Director, Regulations Policy Management Staff, Office of Policy Food and Drug Administration, Public Health Service, Department of Health and Human Services, transmitting, pursuant to law, a report of a rule relative to adhesives and components of coatings, received on July 30, 1997; to the Committee on Labor and Human Resources.

EC–2693. A communication from the Acting Assistant Secretary for Occupational Safety and Health, U.S. Department of Labor, transmitting, pursuant to law, a rule relative to longshoring and marine terminals (RIN1218–AA56), received on July 27, 1997; to the Committee on Labor and Human Resources.

EC–2694. A communication from the Director, Defense Procurement, Acquisition and Technology, Department of Defense, transmitting, pursuant to law, a report of a rule relative to the Defense Federal Acquisition Regulation Supplement, received on July 29, 1997; to the Committee on Armed Services.

EC–2695. A communication from the Secretary of Defense, transmitting, pursuant to law, a report relative to training military medical personnel; to the Committee on Armed Services.

EC–2696. A communication from the Director, Defense Finance and Accounting Service, Department of Defense, transmitting, pursuant to law, a modification of the cost comparison study; to the Committee on Armed Services.

EC–2697. A communication from the Chief, Programs and Legislation Division, Office of Legislative Liaison, Department of the Air Force, transmitting, pursuant to law, information relative to cost comparison; to the Committee on Armed Services.

EC–2698. A communication from the Acting Comptroller General of the United States, transmitting, pursuant to law, a report relative to military base realignment and closure; to the Committee on Armed Services.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. CHAFEE, from the Committee on Environment and Public Works, with an amendment in the nature of a substitute:

S. 399. A bill to amend the Morris K. Udall Scholarship and Excellence in National Environmental and Native American Public Policy Act of 1992 to establish the United States Institute for Environmental Conflict Resolution to conduct environmental conflict resolution and training, and for other purposes (Rept. No. 105–60).

By Mr. McCAIN, from the Committee on Commerce, Science, and Transportation, with an amendment in the nature of a substitute and an amendment to the title:

S. 414. A bill to amend the Shipping Act of 1984 to encourage competition in international shipping and growth of United States imports and exports, and for other purposes (Rept. No. 105–61).

By Mr. WARNER, from the Committee on Rules and Administration, without amendment:

S. Res. 110. A bill to permit an individual with a disability with access to the Senate floor to bring necessary supporting aids and services.

EXECUTIVE REPORTS OF COMMITTEES

The following executive reports of committees were submitted:

By Mr. HATCH, from the Committee on the Judiciary:

Frank M. Hull, of Georgia, to be United States Circuit Judge for the Eleventh Circuit.

Joseph F. Bataillon, of Nebraska, to be United States District Judge for the District of Nebraska.

Robert Charles Chambers, of West Virginia, to be United States District Judge for the Southern District of West Virginia.

Christopher Droney, of Connecticut, to be United States District Judge for the District of Connecticut.

Janet C. Hall, of Connecticut, to be United States District Judge for the District of Connecticut.

Sharon J. Zealey, of Ohio, to be United States Attorney for the Southern District of Ohio for the term of four years.

James Allan Hurd, Jr., of the Virgin Islands, to be United States Attorney for the District of the Virgin Islands for the term of four years.

Sophia H. Hall, of Illinois, to be a Member of the Board of Directors of the State Justice Institute for a term expiring September 17, 2002. (Reappointment)

(The above nominations were reported with the recommendation that they be confirmed.)

By Mr. THOMPSON, from the Committee on Governmental Affairs:

James H. Atkins, of Arkansas, to be a Member of the Federal Retirement Thrift Investment Board for a term expiring September 25, 2000. (Reappointment)

George A. Omas, of Mississippi, to be a Commissioner of the Postal Rate Commission for a term expiring October 14, 2000.

Janice R. Lachance, of Virginia, to be Deputy Director of the Office of Personnel Management.

(The above nominations were reported with the recommendation that they be confirmed, subject to the nominees' commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.)

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first and second time by unanimous consent, and referred as indicated:

By Mr. ALLARD:

S. 1094. A bill to authorize the use of certain public housing operating funds to provide tenant-based assistance to public housing residents; to the Committee on Banking, Housing, and Urban Affairs.

By Mr. ROBERTS (for himself, Mr. Bingaman, Mr. Brownback, Mr. Campbell, Mr. Domenici, and Mr. Inouye):

S. 1095. A bill to enhance the administrative authority of the respective presidents of Haskell Indian Nations University and the Southwestern Indian Polytechnic Institute, and for other purposes; to the Committee on Indian Affairs.

By Mr. KERREY (for himself and Mr. Grassley):

S. 1096. A bill to restructure the Internal Revenue Service, and for other purposes; to the Committee on Finance.

By Mr. MOYNIHAN (for himself and Mr. D'Amato):

S. 1097. A bill to reduce acid deposition under the Clean Air Act, and for other purposes; to the Committee on Environment and Public Works.

By Mr. DURBIN:

S. 1098. A bill to provide for the debarment or suspension from Federal procurement and nonprocurement activities of persons that violate certain labor and safety laws; to the Committee on Governmental Affairs.

By Mr. DASCHLE (for himself and Mr. Johnson):

S. 1099. A bill to authorize the Secretary of the Army to acquire such land in the vicinity of Pierre, South Dakota, as the Secretary determines is adversely affected by the full wintertime Oahe Powerplant release; to the Committee on Environment and Public Works.

By Mr. AKAKA (for himself, Ms. Collins, Mr. Hutchinson, Ms. Landrieu, Mr. Bumpers, Mr. Ford, Mr. Bingaman, and Mr. Hollings):

S. 1100. A bill to amend the Covenant to Establish a Commonwealth of the Northern Mariana Islands in Political Union with the United States of America, the legislation approving such covenant, and for other purposes; to the Committee on Energy and Natural Resources.

By Mr. JEFFORDS (for himself and Mr. Leahy):

S. 1101. A bill to amend the Harmonized Tariff Schedule of the United States to provide rates of duty for certain ski footwear with textile uppers; to the Committee on Finance.

By Mr. CRAIG (for himself, Mr. Murkowski, Mr. Reid, Mr. Bryan, Mr. Bennett, Mr. Burns, Mr. Hatch, Mr. Thomas, Mr. Campbell, Mr. Stevens, and Mr. Kempthorne):

S. 1102. A bill to amend the general mining laws to provide a reasonable royalty from mineral activities on Federal lands, to specify reclamation requirements for mineral activities on Federal lands, to create a State program for the reclamation of abandoned hard rock mining sites on Federal lands, and for other purposes; to the Committee on Energy and Natural Resources.

By Mr. MOYNIHAN (for himself, Mr. Reid, Mrs. Boxer, Ms. Mikulski, and Mr. Robb):

S. 1103. A bill to amend title 23, United States Code, to authorize Federal participation in financing of projects to demonstrate the feasibility of deployment of magnetic levitation transportation technology, and for other purposes; to the Committee on Commerce, Science, and Transportation.

By Mr. HOLLINGS (for himself and Ms. Snowe):

S. 1104. A bill to direct the Secretary of the Interior to make corrections in maps relating to the Coastal Barrier Resources System; to the Committee on Environment and Public Works.

By Mr. COCHRAN (for himself and Mr. Conrad):

S. 1105. A bill to amend the Internal Revenue Code of 1986 to provide a sound budgetary mechanism for financing health and death benefits of retired coal miners while ensuring the long-term fiscal health and solvency of such benefits, and for other purposes; to the Committee on Finance.

By Mr. COATS:

S. 1106. A bill to provide for the establishment of demonstration projects designed to determine the social, civic, psychological, and economic effects of providing to individuals and families with limited means an opportunity to accumulate assets, and to determine the extent to which an asset-based policy may be used to enable individuals and families with limited means to achieve economic self-sufficiency; to the Committee on Finance.

By Mr. COVERDELL:

S. 1107. A bill to protect consumers by eliminating the double postage rule under which the Postal Service requires competitors of the Postal Service to charge above market prices; to the Committee on Governmental Affairs.

By Mr. MOYNIHAN (for himself and Mr. D'Amato):

S. 1108. A bill to designate the Federal building located at 290 Broadway in New York, New York, as the "Ronald H. Brown Federal Building"; to the Committee on Environment and Public Works.

By Mr. BOND (for himself and Mr. Ashcroft):

S. 1109. A bill to make a minor adjustment in the exterior boundary of the Devils Backbone Wilderness in the Mark Twain National Forest, Missouri, to exclude a small parcel of land containing improvements; to the Committee on Energy and Natural Resources.

By Mr. SPECTER:

S. 1110. A bill to amend title 28, United States Code, to place a limitation on habeas corpus relief that prevents retrial of an accused; to the Committee on the Judiciary.

By Mr. LAUTENBERG:

S. 1111. A bill to establish a youth mentoring program; to the Committee on the Judiciary.

By Mr. CAMPBELL (for himself, Mr. Inouye, Mr. Conrad, and Mr. Wellstone):

S. 1112. A bill to require the Secretary of the Treasury to mint coins in commemoration of Native American history and culture; to the Committee on Banking, Housing, and Urban Affairs.

By Mr. GRASSLEY (for himself, Mr. Durbin, Mr. Hatch, Mr. DeWine, Mr. Hagel, and Mr. Warner):

S. 1113. A bill to extend certain temporary judgeships in the Federal judiciary; to the Committee on the Judiciary.

By Mr. JEFFORDS (for himself, Mr. Rockefeller, Ms. Mikulski, Mr. Inouye, Mr. Daschle, Mr. Kerry, Mrs. Boxer, Mrs. Feinstein, Mr. Dodd, Mr. Wellstone, Mr. Harkin, and Mr. Hollings):

S. 1114. A bill to impose a limitation on lifetime aggregate limits imposed by health plans; to the Committee on Labor and Human Resources.

By Mr. LOTT (for himself, Mr. Daschle, Mr. Shelby, Mr. Rockefeller, Mr. Warner, Mr. Robb, Mr. Inhofe, Mr. Inouye, Mr. Cochran, and Mr. Conrad):

S. 1115. A bill to amend title 49, United States Code, to improve one-call notification process, and for other purposes; to the Committee on Commerce, Science, and Transportation.

By Mr. ROTH (for himself and Mr. Coverdell):

S. 1116. A bill to amend the Internal Revenue Code of 1986 to provide tax incentives for education; to the Committee on Finance.

By Ms. SNOWE:

S. 1117. A bill to amend Federal elections law to provide for campaign finance reform, and for other purposes; to the Committee on Rules and Administration.

By Mr. MURKOWSKI:

S. 1118. A bill to amend the Land and Water Conservation Fund for purposes of establishing a Community Recreation and Conservation Endowment with certain escrowed oil and gas revenues; to the Committee on Energy and Natural Resources.

By Mr. ABRAHAM:

S. 1119. A bill to amend the Perishable Agricultural Commodities Act, 1930 to increase the penalty under certain circumstances for commission merchants, dealers, or brokers who misrepresent the country of origin or other characteristics of perishable agricultural commodities; to the Committee on Agriculture, Nutrition, and Forestry.

By Mr. LOTT (for himself and Mr. Daschle):

S. 1120. A bill to provide for a consultant for the President pro tempore; considered and passed.

By Mr. HATCH (for himself, Mr. Leahy, Mr. Thompson, and Mr. Kohl):

S. 1121. A bill to amend Title 17 to implement the WIPO Copyright Treaty and the WIPO Performances and Phonograms Treaty; to the Committee on the Judiciary.

By Mr. KOHL (for himself, Mr. Grassley, and Mr. Reid):

S. 1122. A bill to establish a national registry of abusive and criminal patient care workers and to require criminal background checks of patient care workers; to the Committee on Finance.

By Mr. HATCH (for himself, Mr. Baucus, Mr. D'Amato, and Mrs. Boxer):

S. 1123. A bill to amend the Internal Revenue Code of 1986 relating to the unemployment tax for individuals employed in the entertainment industry; to the Committee on Finance.

By Mr. KERRY (for himself and Mr. Coats):

S. 1124. A bill to amend title VII of the Civil Rights Act of 1964 to establish provisions with respect to religious accommodation in employment, and for other purposes; to the Committee on the Judiciary.

By Ms. MOSELEY-BRAUN (for herself and Mr. Durbin):

S. 1125. A bill to amend title 23, United States Code, to extend the discretionary bridge program; to the Committee on Environment and Public Works.

By Mrs. BOXER (for herself and Ms. Moseley-Braun):

S. 1126. A bill to repeal the provision in the Balanced Budget Act of 1997 relating to base periods for Federal unemployment tax purposes; to the Committee on Labor and Human Resources.

By Mr. KERRY:

S. 1127. A bill to apply the rates of duty in effect on January 1, 1995, to certain water resistant wool trousers; to the Committee on Finance.

By Mr. WELLSTONE:

S. 1128. A bill to provide rental assistance under section 8 of the United States Housing Act of 1937 for victims of domestic violence to enable such victims to relocate; to the Committee on Banking, Housing, and Urban Affairs.

By Mr. WELLSTONE (for himself and Mr. Durbin):

S. 1129. A bill to provide grants to States for supervised visitation centers; to the Committee on Labor and Human Resources.

By Mr. CAMPBELL (for himself and Mr. Inouye):

S. 1130. A bill to provide for the assessment of fees by the National Indian Gaming Commission, and for other purposes; to the Committee on Indian Affairs.

By Mr. MACK:

S. 1131. A bill to amend the Internal Revenue Code of 1986 to permanently extend the research credit; to the Committee on Finance.

By Mr. BINGAMAN:

S. 1132. A bill to modify the boundaries of the Bandelier National Monument to include the lands within the headwaters of the Upper Alamo Watershed which drain into the Monument and which are not currently within the jurisdiction of a federal land management agency, to authorize purchase or donation of those lands, and for other purposes; to the Committee on Energy and Natural Resources.

By Mr. COVERDELL (for himself, Mr. Lott, Mr. Nickles, Mr. Mack, Mr. Craig, Mr. McConnell, Mr. Roth, Mr. Gramm, Mr. Abraham, Mr. Ashcroft, Mr. Allard, Mr. Bennett, Mr. Bond, Mr. Brownback, Mr. Coats, Mr. Domenici, Mr. DeWine, Mr. Faircloth, Mr. Gorton, Mr. Grams, Mr. Gregg, Mr. Hagel, Mr. Hatch, Mr. Helms, Mr. Hutchinson, Mrs. Hutchison, Mr. Inhofe, Mr. Lieberman, Mr. McCain, Mr. Murkowski, Mr. Roberts, Mr. Sessions, Mr. Shelby, Mr. Smith of New Hampshire, Mr. Torricelli, and Mr. Warner):

S. 1133. A bill to amend the Internal Revenue Code of 1986 to allow tax-free expenditures from education individual retirement accounts for elementary and secondary school expenses and to increase the maximum annual amount of contributions to such accounts; to the Committee on Finance.

By Mrs. MURRAY (for herself, Mr. Craig, Mr. Wyden, Mr. Baucus, Mr. Murkowski, Mr. Smith of Oregon, Mr. Burns, Mr. Gorton, and Mr. Kempthorne):

S. 1134. A bill granting the consent and approval of Congress to an interstate forest fire protection compact; to the Committee on the Judiciary.

By Mr. McCONNELL:

S. 1135. A bill to provide certain immunities from civil liability for trade and professional associations, and for other purposes; to the Committee on the Judiciary.

By Mr. DURBIN:

S. 1136. A bill to amend the Employee Retirement Income Security Act of 1974 to provide that the State preemption rules shall not apply to certain actions under State law to protect health insurance policyholders; to the Committee on Labor and Human Resources.

S. 1137. A bill to amend section 258 of the Communications Act of 1934 to establish additional protections against the unauthorized change of subscribers from one telecommunications carrier to another; to the Committee on Commerce, Science, and Transportation.

By Mr. HELMS (for himself, Mr. BROWNBACK, Mr. BURNS, Mr. HAGEL, and Mr. ROBERTS):

S. 1138. A bill to reform the coastwise, intercoastal, and noncontiguous trade shipping laws, and for other purposes; to the Committee on Commerce, Science, and Transportation.

SUBMISSION OF CONCURRENT AND SENATE RESOLUTIONS

The following concurrent resolutions and Senate resolutions were read, and referred (or acted upon), as indicated:

By Mr. THURMOND:

S. Res. 111. A resolution designating the week beginning September 14, 1997, as "National Historically Black Colleges and Universities Week", and for other purposes; to the Committee on the Judiciary.

By Mr. ASHCROFT (for himself and Mr. FEINGOLD):

S. Res. 112. A resolution condemning the most recent outbreak of violence in the Republic of Congo and recognizing the threat such violence poses to the prospects for a stable democratic form of government in that country; to the Committee on Foreign Relations.

By Mr. GRAHAM:

S. Res. 113. A resolution congratulating the people of Jamaica on the occasion of the 35th anniversary of their nation's independence and expressing support for the continuation of strong ties between Jamaica and the United States; to the Committee on Foreign Relations.

By Mr. TORRICELLI (for himself and Mr. BROWNBACK):

S. Res. 114. A resolution expressing the sense of the Senate that the transfer of Hong Kong to the People's Republic of China not alter the current or future status of Taiwan as a free and democratic country; to the Committee on Foreign Relations.

By Mrs. BOXER (for herself and Mr. JOHNSON):

S. Res. 115. A resolution expressing support for a National Day of Unity in response to the President's call for a national dialogue on race; to the Committee on the Judiciary.

By Mr. LEVIN (for himself and Mr. JEFFORDS):

S. Res. 116. A resolution designating November 15, 1997, and November 15, 1998, as "America Recycles Day"; to the Committee on the Judiciary.

By Mr. LUGAR (for himself and Mr. ROCKEFELLER):

S. Con. Res. 47. A concurrent resolution expressing the sense of Congress that the United States Government should fully participate in EXPO 2000 in the year 2000, in Hanover, Germany, and should encourage the academic community and the private sector in the United States to support this worthwhile undertaking; to the Committee on Foreign Relations.

By Mr. KYL (for himself, Mrs. FEINSTEIN, Mr. SHELBY, Mr. ALLARD, Mr. ASHCROFT, Mr. BROWNBACK, Mr. BURNS, Mr. D'AMATO, Mr. INHOFE, Mr. JOHNSON, Ms. MIKULSKI, and Mr. SPECTER):

S. Con. Res. 48. A concurrent resolution expressing the sense of the Congress regarding proliferation of missile technology from Russia to Iran; to the Committee on Foreign Relations.

By Mr. LEVIN (for himself and Mr. JEFFORDS):

S. Con. Res. 49. A concurrent resolution authorizing use of the Capitol Grounds for "America Recycles Day" national kick-off campaign; to the Committee on Governmental Affairs.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. ALLARD:

S. 1094. A bill to authorize the use of certain public housing operating funds to provide tenant-based assistance to public housing residents; to the Committee on Banking, Housing, and Urban Affairs.

THE CRIME VICTIM HOUSING VOUCHERS BILL

JULY 30, 1997

Mr. ALLARD. Today, Mr. President, I would like to introduce a bill that would provide for more public housing vouchers. I have been working on this issue in the Housing Subcommittee, and it is my hope that a similar provision will be placed in the Public Housing bill.

The original intent of the Federal housing assistance program was to provide temporary housing to poor individuals and families. Since their inception, federal housing programs have grown dramatically. Today they provide $25 billion per year in housing assistance.

In my view, the voucher program is the best means for low-income families to find secure affordable rental housing. The voucher program first began in 1974 and has grown to serve over 1.5 million low-income families today. These families are empowered with the choice of where they want to live and are given the freedom to determine what surroundings they desire. Vouchers are the preferable means of providing affordable housing to low-income individuals.

Vouchers enjoy wide support, including past Republican and Democratic administrations. In fact, the current Secretary of HUD, Secretary Andrew Cuomo supports an expanded voucher program.

Vouchers are very popular, which is demonstrated by the 1.5 million families who are currently using vouchers or certificates. Vouchers empower individuals and promote competition within Public Housing Authorities and within the community, thereby lowering costs and improving conditions for the residents. Vouchers or other alternatives can be less expensive than the current public housing program; they can save the government money, and improve conditions for the tenants.

Studies have indicated that project-based housing assistance costs more on average than the voucher housing program. In fact, the findings of the June 1995 GAO report indicated that housing vouchers cost 10 percent less than project-based housing. This study clearly demonstrated that on a national average, the section 8 tenant-based housing program is cheaper than the public unit-based housing program. In fact, one can say that the savings from the movement to vouchers would amount to $640 million per year which could add additional housing assistance.

Under this legislation, ten percent of the public housing operating funds that are distributed to each public housing authority would be made available for those who currently live in the public housing unit and wish to be given a voucher. Nothing would be required or mandated; it is simply a choice given to the resident. In fact, we make clear that any unexpended amounts set aside for vouchers would be used by the PHAs for normal operating funds.

Quite frankly, I really don't know how anyone could oppose this provision unless they are just opposed to giving people a choice and an opportunity.

The language that I have proposed also establishes a preference for crime victims. It states that a voucher will be made available to any resident of public housing who is the victim of a crime of violence that has been reported to law enforcement. People should have the option of vouchers when their housing is unsafe.

My strong belief is that we should increase the pace at which we move ahead with the conversion of housing from the old central planning and concentrated public housing model, to one of choice and opportunities through the use of vouchers.

By Mr. ROBERTS (for himself, Mr. BINGAMAN, Mr. BROWNBACK, Mr. CAMPBELL, Mr. DOMENICI, and Mr. INOUYE):

S. 1095. A bill to enhance the administrative authority of the respective presidents of Haskell Indian Nations University and the Southwestern Indian Polytechnic Institute, and for other purposes; to the Committee on Indian Affairs.

THE HASKELL INDIAN NATIONS UNIVERSITY AND SOUTHWESTERN INDIAN POLYTECHNIC INSTITUTE ADMINISTRATIVE SYSTEMS ACT OF 1997

Mr. ROBERTS. Mr. President, I rise today to introduce the Haskell Indian Nations University and Southwestern Indian Polytechnic Institute Administrative Systems Act of 1997. I am pleased to have my colleagues, Senators SAM BROWNBACK, JEFF BINGAMAN, PETE DOMENICI, and DANIEL INOUYE, and Indian Affairs Committee Chairman Senator BEN NIGHTHORSE CAMPBELL as cosponsors. This legislation will provide Haskell Indian Nations University and Southwestern Indian Polytechnic Institute the administrative authority and flexibility to complete their transitions from two year institutions to a 4-year university for Haskell, and a national community college for SIPI.

Located in Lawrence, KS, Haskell is an educational institution rich in history and opportunity for American Indian and Alaskan Native communities. Founded in 1884 as the United States Indian Industrial Training School, Haskell has grown from a school providing agricultural education for grades one through five to a fully accredited four-year university. In October 1993, Haskell changed its name from Haskell Indian Junior College to Haskell Indian Nations University after receiving accreditation to offer a bachelor of science degree in elementary teacher education. Since its inception, Haskell has provided tuition-free education, culturally sensitive curricula, innovative services and a commitment to academic excellence to federally recognized tribal members. With as many as 175 tribes represented in the student body, Haskell offers Native American history, institutions, arts, literature, and language courses integrating the perspectives of various Native American cultures. Haskell continues development of 4-year programs in other fields, striving to meet the challenge of enriching the lives of young native Americans and Alaska Natives.

I support Haskell's vision to become a national center for Indian education, research, and cultural programs; increasing the knowledge and supporting the educational needs of American Indians and Alaskan Natives. This legislation, which allows the institution to remain within the Bureau of Indian Affairs and employees to continue participation in Federal retirement and health benefit programs, provides the Haskell president and Board of Regents authority over organizational structure, classification of positions, recruitment, procurement, and determination of all human resource policies and procedures. In short, this legislation completes Haskell's transition by giving the school the autonomy enjoyed by the tribally controlled community colleges and BIA elementary and secondary schools. As Haskell continues to change and meet the educational demands of native Americans and Alaskan Natives into the 21st Century, so too should the system by which Haskell is administered change and grow. The Haskell Indian Nations University and Southwestern Indian Polytechnic Institute Administrative Systems Act of 1997 complements the educational and administrative efforts of these schools, giving Haskell and SIPI the support and flexibility required to progress and develop into outstanding institutions of higher learning. My Kansas colleague, Representative VINCENT SNOWBARGER, has introduced this bill in the House of Representatives.

Mr. President, I ask unanimous consent that the text of this bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1095

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Haskell Indian Nations University and Southwestern Indian Polytechnic Institute Administrative Systems Act of 1997".

SEC. 2. FINDINGS.

The Congress finds that—

(1) the provision of culturally sensitive curricula for higher education programs at Haskell Indian Nations University and the Southwestern Indian Polytechnic Institute is consistent with the commitment of the Federal Government to the fulfillment of treaty obligations to Indian tribes through the principle of self-determination and the use of Federal resources; and

(2) giving a greater degree of autonomy to those institutions, while maintaining them as an integral part of the Bureau of Indian Affairs, will facilitate—

(A) the transition of Haskell Indian Nations University to a 4-year university; and

(B) the administration and improvement of the academic program of the Southwestern Indian Polytechnic Institute.

SEC. 3. DEFINITIONS.

For purposes of this Act—

(1) HASKELL INDIAN NATIONS UNIVERSITY.—The term "Haskell Indian Nations University" means Haskell Indian Nations University, located in Lawrence, Kansas.

(2) SOUTHWESTERN INDIAN POLYTECHNIC INSTITUTE.—The term "Southwestern Indian Polytechnic Institute" means the Southwestern Indian Polytechnic Institute, located in Albuquerque, New Mexico.

(3) RESPECTIVE INSTITUTIONS, ETC.—The terms "respective institutions" and "institutions to which this Act applies" mean Haskell Indian Nations University and the Southwestern Indian Polytechnic Institute.

(4) SECRETARY.—The term "Secretary" means the Secretary of the Interior.

SEC. 4. PERSONNEL MANAGEMENT.

(a) INAPPLICABILITY OF CERTAIN CIVIL SERVICE LAWS.—Chapters 51, 53, and 63 of title 5, United States Code (relating to classification, pay, and leave, respectively) and the provisions of such title relating to the appointment, performance evaluation, promotion, and removal of civil service employees shall not apply to applicants for employment with, employees of, or positions in or under either of the institutions to which this Act applies.

(b) ALTERNATIVE PERSONNEL MANAGEMENT PROVISIONS.—

(1) IN GENERAL.—The president of each of the respective institutions shall by regulation prescribe such personnel management provisions as may be necessary, in the interest of effective administration, to replace the provisions of law that are inapplicable with respect to such institution by reason of subsection (a).

(2) PROCEDURAL REQUIREMENTS.—Regulations under this subsection—

(A) shall be prescribed in consultation with the board of regents (or, if none, the governing body) of the institution involved and other appropriate representative bodies;

(B) shall be subject to the requirements of subsections (b) through (e) of section 553 of title 5, United States Code; and

(C) shall not take effect except with the prior written approval of the Secretary.

(c) SPECIFIC SUBSTANTIVE REQUIREMENTS.—Under the regulations prescribed for an institution under this section—

(1) no rate of basic pay may, at any time, exceed—

(A) in the case of an employee who would otherwise be subject to the General Schedule, the maximum rate of basic pay then currently payable for grade GS-15 of the General Schedule (including any amount payable under section 5304 of title 5, United States Code, or other similar authority for the locality involved); or

(B) in the case of an employee who would otherwise be subject to subchapter IV of chapter 53 of title 5, United States Code (relating to prevailing rate systems), the maximum rate of basic pay which (but for this section) would then otherwise be currently payable under the wage schedule covering such employee;

(2) section 5307 of title 5, United States Code (relating to limitation on certain payments) shall apply, subject to such definitional and other modifications as may be necessary in the context of the applicable alternative personnel management provisions under this section;

(3) procedures shall be established for the rapid and equitable resolution of grievances;

(4) no employee may be discharged without notice of the reasons therefor and opportunity for a hearing under procedures that comport with the requirements of due process, except that this paragraph shall not apply in the case of an employee serving a probationary or trial period under an initial appointment; and

(5) employees serving for a period specified in or determinable under an employment agreement shall, except as otherwise provided in the agreement, be notified at least 30 days before the end of such period as to whether their employment agreement will be renewed.

(d) RULE OF CONSTRUCTION.—Nothing in this section shall be considered to affect the applicability of—

(1) any provision of law providing for—

(A) equal employment opportunity;

(B) Indian preference; or

(C) veterans' preference;

(2) any provision of chapter 23 of title 5, United States Code, or any other provision of such title, relating to merit system principles or prohibited personnel practices; or

(3) chapter 71 of title 5, United States Code, relating to labor-management and employee relations.

(e) LABOR-MANAGEMENT PROVISIONS.—

(1) COLLECTIVE-BARGAINING AGREEMENTS.—Any collective-bargaining agreement in effect on the day before the applicable effective date under subsection (f)(1) shall continue to be recognized by the institution involved until altered or amended pursuant to law.

(2) EXCLUSIVE REPRESENTATIVE.—Nothing in this Act shall affect the right of any labor

organization to be accorded (or to continue to be accorded) recognition as the exclusive representative of any unit of employees.

(3) OTHER PROVISIONS.—Matters made subject to regulation under this section shall not be subject to collective bargaining.

(f) EFFECTIVE DATE.—

(1) ALTERNATIVE PERSONNEL MANAGEMENT PROVISIONS.—Any alternative personnel management provisions under this section shall take effect on such date as may be specified in the regulations applicable with respect to the institution involved, except that in no event shall the date specified be later than 1 year after the date of the enactment of this Act.

(2) PROVISIONS MADE INAPPLICABLE BY THIS SECTION.—Subsection (a) shall, with respect to an institution, take effect as of the effective date specified with respect to such institution under paragraph (1).

(g) APPLICABILITY.—

(1) IN GENERAL.—Except as otherwise provided in this subsection, the alternative personnel management provisions under this section shall apply with respect to all applicants for employment with, all employees of, and all positions in or under the institution involved.

(2) CURRENT EMPLOYEES NOT COVERED EXCEPT PURSUANT TO A VOLUNTARY ELECTION.—

(A) IN GENERAL.—An employee serving with an institution on the day before the applicable effective date under subsection (f)(1) shall not be subject to such institution's alternative personnel management provisions (and shall instead, for purposes of such institution, be treated in the same way as if this section had not been enacted, notwithstanding subsection (a)) unless, before the end of the 5-year period beginning on such effective date, such employee elects to be covered by such provisions.

(B) PROCEDURES.—An election under this paragraph shall be made in such form and in such manner as may be required under the regulations, and shall be irrevocable.

(3) TRANSITION PROVISIONS.—

(A) PROVISIONS RELATING TO ANNUAL AND SICK LEAVE.—Any individual who—

(i) makes an election under paragraph (2), or

(ii) on or after the applicable effective date under subsection (f)(1), is transferred, promoted, or reappointed, without a break in service of 3 days or longer, to a position within an institution to which this Act applies from a position with the Federal Government or the government of the District of Columbia,

shall be credited, for the purpose of the leave system provided under regulations prescribed under this section, in conformance with the requirements of section 6308 of title 5, United States Code, with the annual and sick leave to such individual's credit immediately before the effective date of such election, transfer, promotion, or reappointment, as the case may be.

(B) LIQUIDATION OF REMAINING LEAVE UPON TERMINATION.—

(i) ANNUAL LEAVE.—Upon termination of employment with an institution to which this Act applies, any annual leave remaining to the credit of an individual within the purview of this section shall be liquidated in accordance with section 5551(a) and section 6306 of title 5, United States Code.

(ii) SICK LEAVE.—Upon termination of employment with an institution to which this Act applies, any sick leave remaining to the credit of an individual within the purview of this section shall be creditable for civil service retirement purposes in accordance with section 8339(m) of title 5, United States Code, except that leave earned or accrued under regulations prescribed under this section shall not be so creditable.

(C) TRANSFER OF REMAINING LEAVE UPON TRANSFER, PROMOTION, OR REEMPLOYMENT.—In the case of an employee of an institution to which this Act applies who is transferred, promoted, or reappointed, without a break in service of 3 days or longer, to a position in the Federal Government (or the government of the District of Columbia) under a different leave system, any leave remaining to the credit of that individual which was earned or credited under the regulations prescribed under this section shall be transferred to such individual's credit in the employing agency on an adjusted basis in accordance with section 6308 of title 5, United States Code.

(4) WORK-STUDY.—Nothing in this section shall be considered to apply with respect to a work-study student, as defined by the president of the institution involved, in writing.

SEC. 5. DELEGATION OF PROCUREMENT AUTHORITY.

The Secretary shall, to the maximum extent consistent with applicable law and subject to the availability of appropriations therefor, delegate to the president of each of the respective institutions procurement and contracting authority with respect to the conduct of the administrative functions of such institution.

SEC. 6. AUTHORIZATION OF APPROPRIATIONS.

There are authorized to be appropriated to each of the respective institutions for fiscal year 1998, and for each fiscal year thereafter—

(1) the amount of funds made available by appropriations as operations funding for the administration of such institution for fiscal year 1997; and

(2) such additional sums as may be necessary for the operation of such institution pursuant to this Act.

Mr. BINGAMAN. Mr. President, I am pleased to join my colleague from the State of Kansas, Senator ROBERTS, in introducing a bill that will enable two Tribal Colleges to pursue their missions without the burden of unnecessary Federal regulations. Like Haskell Indian Nations University, the Southwestern Indian Polytechnic Institute of Albuquerque (SIPI) is one of about 30 Tribal Colleges that is supported by the Bureau of Indian Affairs. Many of the students at these colleges are the first in their families to attend college, and having a Tribal College near their home and in tune with their tradition is critical to their education and economic success. Both Haskell and SIPI have grown in academic stature in the past few decades. SIPI recently marked its 25th anniversary and adopted a Master Plan that will guide the growth of its programs and facilities beyond the year 2000.

A recent report by the Carnegie Foundation for the Advancement of Teaching entitled "Native American Colleges: Progress and Prospects," documents the critical role that these colleges play in offering Native Americans access to higher education. This report also traces the history of the relationship between the Federal government and Tribal Colleges. Haskell and SIPI are the only Tribal Colleges that are administered by the Bureau of Indian Affairs, and as a result are bound by the personnel regulations that apply to Federal agencies. At one time, this policy made sense and allowed these two universities to establish an administrative infrastructure and academic programs. But as the Carnegie Foundation report points out, the relationship between the Federal government and Tribal Colleges should evolve as the institutions take on more self-determination. The time has come to enact legislation that reflects the growth of these institutions.

The Federal personnel regulations imposed on SIPI and Haskell are inappropriate for institutions of higher education and are not recognized by accreditation organizations. This bill would allow Haskell and SIPI to establish independent authority over their personnel policies and practices. There is a world of difference between a Federal agency and a thriving institution of higher education, and these differences should be reflected in their personnel classification, pay systems, and policies for hiring and promotion. SIPI needs the authority to hire and promote faculty and staff on the basis of their intellect and the excellence of their teaching, research, and service to the institution.

The U.S. military academies have encountered these same obstacles, and they have adopted alternative personnel regulations approved by the Office of Personnel Management. The personnel authority that would be established under this bill have been modeled after those in use by the U.S. Air Force Academy. OPM has been consulted and is in agreement with the contents of this bill.

I agree with the Carnegie Foundation's report when it says: "These institutions have taken on a breathtaking array of responsibilities. With each passing year, tribal colleges prove their worth to tribal communities, and to the nation. They can longer be dismissed as risky experiments, nor can their accomplishments be ignored. They are a permanent part of their reservations and this country."

I applaud Senator ROBERTS' efforts to develop and introduce this legislation. I look forward to working with him and with Senators CAMPBELL and INOUYE of the Committee on Indian Affairs to provide these two institutions with the flexibility they need to continue to flourish.

By Mr. KERREY (for himself and Mr. GRASSLEY):

S. 1096. A bill to restructure the Internal Revenue Service, and for other purposes; to the Committee on Finance.

THE INTERNAL REVENUE SERVICE RESTRUCTURING AND REFORM ACT OF 1997

Mr. KERREY. Madam President, I ask unanimous consent that the text of the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1096

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE; AMENDMENT OF 1986 CODE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the "Internal Revenue Service Restructuring and Reform Act of 1997".

(b) AMENDMENT OF 1986 CODE.—Except as otherwise expressly provided, whenever in this Act an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Internal Revenue Code of 1986.

(c) TABLE OF CONTENTS.—

Sec. 1. Short title; amendment of 1986 Code.
Sec. 2. Congressional findings and declaration of purposes.

TITLE I—EXECUTIVE BRANCH GOVERNANCE AND SENIOR MANAGEMENT OF THE INTERNAL REVENUE SERVICE

Subtitle A—Executive Branch Governance and Senior Management

Sec. 101. Internal Revenue Service Oversight Board.
Sec. 102. Commissioner of Internal Revenue; Chief Counsel; other officials.
Sec. 103. Other personnel.

Subtitle B—Personnel Flexibilities

Sec. 111. Personnel flexibilities.

TITLE II—ELECTRONIC FILING

Sec. 201. Electronic filing of tax and information returns.
Sec. 202. Extension of time to file for electronic filers.
Sec. 203. Paperless electronic filing.
Sec. 204. Regulation of preparers.
Sec. 205. Paperless payment.
Sec. 206. Return-free tax system.
Sec. 207. Access to account information.

TITLE III—TAXPAYER PROTECTION AND RIGHTS

Sec. 301. Expansion of authority to issue taxpayer assistance orders.
Sec. 302. Expansion of authority to award costs and certain fees.
Sec. 303. Civil damages for negligence in collection actions.
Sec. 304. Disclosure of criteria for examination selection.
Sec. 305. Archival of records of Internal Revenue Service.
Sec. 306. Tax return information.
Sec. 307. Freedom of information.
Sec. 308. Offers-in-compromise.
Sec. 309. Elimination of interest differential on overpayments and underpayments.
Sec. 310. Elimination of application of failure to pay penalty during period of installment agreement.
Sec. 311. Safe harbor for qualification for installment agreements.
Sec. 312. Payment of taxes.
Sec. 313. Low income taxpayer clinics.
Sec. 314. Jurisdiction of the Tax Court.
Sec. 315. Cataloging complaints.
Sec. 316. Procedures involving taxpayer interviews.
Sec. 317. Explanation of joint and several liability.
Sec. 318. Procedures relating to extensions of statute of limitations by agreement.
Sec. 319. Review of penalty administration.
Sec. 320. Study of treatment of all taxpayers as separate filing units.
Sec. 321. Study of burden of proof.

TITLE IV—CONGRESSIONAL ACCOUNTABILITY FOR THE INTERNAL REVENUE SERVICE

Subtitle A—Oversight

Sec. 401. Expansion of powers of the Joint Committee on Taxation.
Sec. 402. Coordinated oversight reports.

Subtitle B—Budget

Sec. 411. Budget discretion.
Sec. 412. Funding for century date change.
Sec. 413. Financial management advisory group.

Subtitle C—Tax Law Complexity

Sec. 421. Role of Internal Revenue Service.
Sec. 422. Tax complexity analysis.
Sec. 423. Simplified tax and wage reporting system.
Sec. 424. Compliance burden estimates.

SEC. 2. CONGRESSIONAL FINDINGS AND DECLARATION OF PURPOSES.

(a) The Congress finds the following:

(1) The structure of the Internal Revenue Service should be strengthened to ensure focus and better target its budgeting, staffing, and technology to serve the American taxpayer and collect the Federal revenue.

(2) The American public expects timely, accurate, and respectful service from the Internal Revenue Service.

(3) The job of the Internal Revenue Service is to operate as an efficient financial management organization.

(4) The bulk of the Federal revenue is generated through voluntary compliance. Taxpayer service and education, as well as targeted compliance and enforcement initiatives, increase voluntary compliance.

(5) While the Internal Revenue Service must maintain a strong enforcement presence, its core and the core of the Federal revenue stream lie in a revamped, modern, technologically advanced organization that can track finances, send out clear notices, and assist taxpayers promptly and efficiently.

(6) The Internal Revenue Service governance, management, and oversight structures must: develop and maintain a shared vision with continuity; set and maintain priorities and strategic direction; impose accountability on senior management; provide oversight through a credible board, including members who bring private sector expertise to the Internal Revenue Service; develop appropriate measures of success; align budget and technology with priorities and strategic direction; and coordinate oversight and identify problems at an early stage.

(7) The Internal Revenue Service must use information technology as an enabler of its strategic objectives.

(8) Electronic filing can increase cost savings and compliance.

(9) In order to ensure that fewer taxpayers are subject to improper treatment by the Internal Revenue Service, Congress and the agency need to focus on preventing problems before they occur.

(10) There currently is no mechanism in place to ensure that Members of Congress have a complete understanding of how tax legislation will affect taxpayers and the Internal Revenue Service and to create incentives to simplify the tax law, and to ensure that Congress hears directly from the Internal Revenue Service during the legislative process.

(b) The purposes of this Act are as follows:

(1) To restructure the Internal Revenue Service, transforming it into a world class service organization.

(2) To establish taxpayer satisfaction as the goal of the Internal Revenue Service, such that the Internal Revenue Service should only initiate contact with a taxpayer if the agency is prepared to devote the resources necessary for a proper and timely resolution of the matter.

(3) To provide for direct accountability to the President for tax administration, an Internal Revenue Service Oversight Board, a strengthened Commissioner of Internal Revenue, and coordinated congressional oversight to ensure that there are clear lines of accountability and that the leadership of the Internal Revenue Service has the continuity and expertise to guide the agency.

(4) To enable the Internal Revenue Service to recruit and train a first-class workforce that will be rewarded for performance and held accountable for working with taxpayers to solve problems.

(5) To establish paperless filing as the preferred and most convenient means of filing tax returns for the vast majority of taxpayers within 10 years of enactment of this Act.

(6) To provide additional taxpayer protections and rights and to ensure that taxpayers receive fair, impartial, timely, and courteous treatment from the Internal Revenue Service.

(7) To establish the resolution of the century date change problem as the highest technology priority of the Internal Revenue Service.

(8) To establish procedures to minimize complexity in the tax law and simplify tax administration, and provide Congress with an independent view of tax administration from the Internal Revenue Service.

TITLE I—EXECUTIVE BRANCH GOVERNANCE AND SENIOR MANAGEMENT OF THE INTERNAL REVENUE SERVICE

Subtitle A—Executive Branch Governance and Senior Management

SEC. 101. INTERNAL REVENUE SERVICE OVERSIGHT BOARD.

(a) IN GENERAL.—Section 7802 (relating to the Commissioner of Internal Revenue) is amended to read as follows:

"SEC. 7802. INTERNAL REVENUE SERVICE OVERSIGHT BOARD.

"(a) ESTABLISHMENT.—There is established within the Department of the Treasury the Internal Revenue Service Oversight Board (in this subchapter referred to as the 'Board').

"(b) MEMBERSHIP.—

"(1) COMPOSITION.—The Board shall be composed of 9 members, of whom—

"(A) 7 shall be individuals who are not full-time Federal officers or employees, who are appointed by the President, by and with the advice and consent of the Senate, and who shall be considered special government employees pursuant to paragraph (2),

"(B) 1 shall be the Secretary of the Treasury or, if the Secretary so designates, the Deputy Secretary of the Treasury, and

"(C) 1 shall be a representative of an organization that represents a substantial number of Internal Revenue Service employees who is appointed by the President, by and with the advice and consent of the Senate.

"(2) SPECIAL GOVERNMENT EMPLOYEES.—

"(A) QUALIFICATIONS.—Members of the Board described in paragraph (1)(A) shall be appointed solely on the basis of their professional experience and expertise in the following areas:

"(i) Management of large service organizations.

"(ii) Customer service.

"(iii) Compliance.

"(iv) Information technology.

"(v) Organization development.

"(vi) The needs and concerns of taxpayers.

In the aggregate, the members of the Board described in paragraph (1)(A) should collectively bring to bear expertise in these enumerated areas.

"(B) Terms.—Each member who is described in paragraph (1)(A) shall be appointed for a term of 5 years, except that of the members first appointed—

"(i) 1 member shall be appointed for a term of 1 year,

"(ii) 1 member shall be appointed for a term of 2 years,

"(iii) 2 members shall be appointed for a term of 3 years, and

"(iv) 1 member shall be appointed for a term of 4 years.

"(C) Reappointment.—An individual who is described in paragraph (1)(A) may be appointed to no more than two 5-year terms on the Board.

"(D) Special government employees.—During such periods as they are performing services for the Board, members who are not Federal officers or employees shall be treated as special government employees (as defined in section 202 of title 18, United States Code).

"(E) Claims.—

"(i) In general.—Members of the Board who are described in paragraph (1)(A) shall have no personal liability under Federal law with respect to any claim arising out of or resulting from an act or omission by such member within the scope of service as a member. The preceding sentence shall not be construed to limit personal liability for criminal acts or omissions, willful or malicious conduct, acts or omissions for private gain, or any other act or omission outside the scope of the service of such member on the Board.

"(ii) Effect on other law.—This subparagraph shall not be construed—

"(I) to affect any other immunities and protections that may be available to such member under applicable law with respect to such transactions,

"(II) to affect any other right or remedy against the United States under applicable law, or

"(III) to limit or alter in any way the immunities that are available under applicable law for Federal officers and employees not described in this subparagraph.

"(3) Vacancy.—Any vacancy on the Board—

"(A) shall not affect the powers of the Board, and

"(B) shall be filled in the same manner as the original appointment.

"(4) Removal.—

"(A) In general.—A member of the Board may be removed at the will of the President.

"(B) Secretary or delegate.—An individual described in subsection (b)(1)(B) shall be removed upon termination of employment.

"(C) Representative of internal revenue service employees.—A member who is from an organization that represents a substantial number of Internal Revenue Service employees shall be removed upon termination of employment, membership, or other affiliation with such organization.

"(c) General Responsibilities.—

"(1) In general.—The Board shall oversee the Internal Revenue Service in the administration, management, conduct, direction, and supervision of the execution and application of the internal revenue laws or related statutes and tax conventions to which the United States is a party.

"(2) Exceptions.—The Board shall have no responsibilities or authority with respect to—

"(A) the development and formulation of Federal tax policy relating to existing or proposed internal revenue laws, related statutes, and tax conventions,

"(B) specific law enforcement activities of the Internal Revenue Service, including compliance activities such as criminal investigations, examinations, and collection activities, or

"(C) specific activities of the Internal Revenue Service delegated to employees of the Internal Revenue Service pursuant to delegation orders in effect as of the date of the enactment of this subsection, including delegation order 106 relating to procurement authority, except to the extent that such delegation orders are modified subsequently by the Secretary.

"(3) Restriction on disclosure of return information to board members.—No return, return information, or taxpayer return information (as defined in section 6103(b)) may be disclosed to any member of the Board described in subsection (b)(1)(A) or (C). Any request for information not permitted to be disclosed under the preceding sentence, and any contact relating to a specific taxpayer, made by a member of the Board to an officer or employee of the Internal Revenue Service shall be reported by such officer or employee to the Secretary and the Joint Committee on Taxation.

"(d) Specific Responsibilities.—The Board shall have the following specific responsibilities:

"(1) Strategic plans.—To review and approve strategic plans of the Internal Revenue Service, including the establishment of—

"(A) mission and objectives, and standards of performance relative to either, and

"(B) annual and long-range strategic plans.

"(2) Operational plans.—To review the operational functions of the Internal Revenue Service, including—

"(A) plans for modernization of the tax system,

"(B) plans for outsourcing or managed competition, and

"(C) plans for training and education.

"(3) Management.—To provide for—

"(A) the selection and appointment, evaluation, and removal of the Commissioner of Internal Revenue,

"(B) the review of the Commissioner's selection, evaluation, and compensation of senior managers, and

"(C) the review of the Commissioner's plans for reorganization of the Internal Revenue Service.

"(4) Budget.—To—

"(A) review and approve the budget request of the Internal Revenue Service prepared by the Commissioner,

"(B) submit such budget request to the Secretary of the Treasury,

"(C) ensure that the budget request supports the annual and long-range strategic plans, and

"(D) ensure appropriate financial audits of the Internal Revenue Service.

The Secretary shall submit the budget request referred to in subparagraph (B) for any fiscal year to the President who shall submit such request, without revision, to Congress together with the President's annual budget request for the Internal Revenue Service for such fiscal year.

"(e) Board Personnel Matters.—

"(1) Compensation of members.—

"(A) In general.—Each member of the Board who is described in subsection (b)(1)(A) shall be compensated at a rate of $30,000 per year. All other members of the Board shall serve without compensation for such service.

"(B) Chairperson.—In lieu of the amount specified in subparagraph (A), the Chairperson of the Board shall be compensated at a rate of $50,000 per year if such Chairperson is described in subsection (b)(1)(A).

"(2) Travel expenses.—The members of the Board shall be allowed travel expenses, including per diem in lieu of subsistence, at rates authorized for employees of agencies under subchapter I of chapter 57 of title 5, United States Code, while away from their homes or regular places of business in the performance of services for the Board.

"(3) Staff.—On the request of the Chairperson of the Board, the Commissioner shall detail to the Board such personnel as may be necessary to enable the Board to perform its duties. Such detail shall be without interruption or loss of civil service status or privilege.

"(4) Procurement of temporary and intermittent services.—The Chairperson of the Board may procure temporary and intermittent services under section 3109(b) of title 5, United States Code.

"(f) Administrative Matters.—

"(1) Chair.—The members of the Board shall elect a chairperson for a 2-year term.

"(2) Committees.—The Board may establish such committees as the Board determines appropriate.

"(3) Meetings.—The Board shall meet at least once each month and at such other times as the Board determines appropriate.

"(4) Reports.—The Board shall each year report to the President and the Congress with respect to the conduct of its responsibilities under this title.".

(b) Conforming Amendments.—

(1) Section 4946(c) (relating to definitions and special rules for chapter 42) is amended—

(A) by striking "or" at the end of paragraph (5),

(B) by striking the period at the end of paragraph (6) and inserting ", or", and

(C) by adding at the end the following new paragraph:

"(7) a member of the Internal Revenue Service Oversight Board.".

(2) The table of sections for subchapter A of chapter 80 is amended by striking the item relating to section 7802 and inserting the following new item:

"Sec. 7802. Internal Revenue Service Oversight Board."

(c) Effective Date.—The amendments made by this section shall take effect on the date of the enactment of this Act.

SEC. 102. COMMISSIONER OF INTERNAL REVENUE; CHIEF COUNSEL; OTHER OFFICIALS.

(a) In General.—Section 7803 (relating to other personnel) is amended to read as follows:

"SEC. 7803. COMMISSIONER OF INTERNAL REVENUE; CHIEF COUNSEL; OTHER OFFICIALS.

"(a) Commissioner of Internal Revenue.—

"(1) Appointment.—There shall be in the Department of the Treasury a Commissioner of Internal Revenue who shall be appointed by the Internal Revenue Service Oversight Board to a 5-year term and compensated without regard to chapters 33, 51, and 53 of title 5, United States Code. The appointment shall be made on the basis of demonstrated ability in management and without regard to political affiliation or activity. The Board may reappoint the Commissioner to subsequent terms so long as performance is satisfactory or better.

"(2) DUTIES.—The Commissioner shall—

"(A) administer, manage, conduct, direct, and supervise the execution and application of the internal revenue laws or related statutes and tax conventions to which the United States is a party; and

"(B) when a vacancy occurs, recommend a candidate for appointment as Chief Counsel for the Internal Revenue Service to the President, and may recommend the removal of such Chief Counsel to the President.

"(3) CONSULTATION WITH BOARD.—The Commissioner shall consult with the Board on all matters set forth in paragraphs (2) and (3) (other than subparagraph (A)) of section 7802(d)(2).

"(4) PAY.—The Commissioner is authorized to be paid at an annual rate of basic pay not to exceed the maximum rate of basic pay of level II of the Executive Schedule under section 5311 of title 5, United States Code, including any applicable locality-based comparability payment that may be authorized under section 5304 of such title 5.

"(b) CHIEF COUNSEL FOR THE INTERNAL REVENUE SERVICE.—

"(1) APPOINTMENT.—There shall be in the Department of the Treasury a Chief Counsel for the Internal Revenue Service who shall be appointed by the President, by and with the advice and consent of the Senate.

"(2) DUTIES.—The Chief Counsel shall be the chief law officer for the Internal Revenue Service and shall perform such duties as may be prescribed by the Secretary of the Treasury. To the extent that the Chief Counsel performs duties relating to the development of rules and regulations promulgated under this title, final decision making authority shall remain with the Secretary.

"(3) PAY.—The Chief Counsel is authorized to be paid at an annual rate of basic pay not to exceed the maximum rate of basic pay of level III of the Executive Schedule under section 5311 of title 5, United States Code, including any applicable locality-based comparability payment that may be authorized under section 5304 of such title 5.

"(c) ASSISTANT COMMISSIONER FOR EMPLOYEE PLANS AND EXEMPT ORGANIZATIONS.—

"(1) ESTABLISHMENT OF OFFICE.—There is established within the Internal Revenue Service an office to be known as the 'Office of Employee Plans and Exempt Organizations' to be under the supervision and direction of an Assistant Commissioner of Internal Revenue. As head of the Office, the Assistant Commissioner shall be responsible for carrying out such functions as the Secretary may prescribe with respect to organizations exempt from tax under section 501(a) and with respect to plans to which part I of subchapter D of chapter 1 applies (and with respect to organizations designed to be exempt under such section and plans designed to be plans to which such part applies) and other nonqualified deferred compensation arrangements. The Assistant Commissioner shall report annually to the Commissioner with respect to the Assistant Commissioner's responsibilities under this section.

"(2) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be apxpropriated to the Internal Revenue Service solely to carry out the functions of the Office an amount equal to the sum of—

"(A) so much of the collection from taxes under section 4940 (relating to excise tax based on investment income) as would have been collected if the rate of tax under such section was 2 percent during the second preceding fiscal year, and

"(B) the greater of—

"(i) an amount equal to the amount described in subparagraph (A), or

"(ii) $30,000,000.

"(3) USER FEES.—All user fees collected by the Office shall be dedicated to carry out the functions of the Office.

"(d) OFFICE OF TAXPAYER ADVOCATE.—

"(1) IN GENERAL.—

"(A) There is established in the Internal Revenue Service an office to be known as the 'Office of the Taxpayer Advocate'. Such office shall be under the supervision and direction of an official to be known as the 'Taxpayer Advocate' who shall be appointed by and report directly to the Commissioner of Internal Revenue, with the approval of the Internal Revenue Service Oversight Board. The Taxpayer Advocate shall be entitled to compensation at the same rate as the highest level official reporting directly to the Commissioner of Internal Revenue.

"(B) As a qualification for appointment as the Taxpayer Advocate, an individual must have substantial experience representing taxpayers before the Internal Revenue Service or with taxpayer rights issues.

"(C) An individual who, before being appointed as the Taxpayer Advocate, was an officer or employee of the Internal Revenue Service may be so appointed only if such individual agrees not to accept any employment with the Internal Revenue Service for at least 5 years after ceasing to be the Taxpayer Advocate.

"(2) FUNCTIONS OF OFFICE.—

"(A) IN GENERAL.—It shall be the function of the Office of Taxpayer Advocate to—

"(i) assist taxpayers in resolving problems with the Internal Revenue Service,

"(ii) identify areas in which taxpayers have problems in dealings with the Internal Revenue Service,

"(iii) to the extent possible, propose changes in the administrative practices of the Internal Revenue Service to mitigate problems identified under clause (ii), and

"(iv) identify potential legislative changes which may be appropriate to mitigate such problems.

"(B) ANNUAL REPORTS.—

"(i) OBJECTIVES.—Not later than June 30 of each calendar year after 1995, the Taxpayer Advocate shall report to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate on the objectives of the Taxpayer Advocate for the fiscal year beginning in such calendar year. Any such report shall contain full and substantive analysis, in addition to statistical information.

"(ii) ACTIVITIES.—Not later than December 31 of each calendar year after 1995, the Taxpayer Advocate shall report to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate on the activities of the Taxpayer Advocate during the fiscal year ending during such calendar year. Any such report shall contain full and substantive analysis, in addition to statistical information, and shall—

"(I) identify the initiatives the Taxpayer Advocate has taken on improving taxpayer services and Internal Revenue Service responsiveness,

"(II) contain recommendations received from individuals with the authority to issue Taxpayer Assistance Orders under section 7811,

"(III) contain a summary of at least 20 of the most serious problems encountered by taxpayers, including a description of the nature of such problems,

"(IV) contain an inventory of the items described in subclauses (I), (II), and (III) for which action has been taken and the result of such action,

"(V) contain an inventory of the items described in subclauses (I), (II), and (III) for which action remains to be completed and the period during which each item has remained on such inventory,

"(VI) contain an inventory of the items described in subclauses (I), (II), and (III) for which no action has been taken, the period during which each item has remained on such inventory, the reasons for the inaction, and identify any Internal Revenue Service official who is responsible for such inaction,

"(VII) identify any Taxpayer Assistance Order which was not honored by the Internal Revenue Service in a timely manner, as specified under section 7811(b),

"(VIII) contain recommendations for such administrative and legislative action as may be appropriate to resolve problems encountered by taxpayers,

"(IX) describe the extent to which regional problem resolution officers participate in the selection and evaluation of local problem resolution officers,

"(X) identify areas of the tax law that impose significant compliance burdens on taxpayers or the Internal Revenue Service, including specific recommendations for remedying these problems,

"(XI) in conjunction with the National Director of Appeals, identify the 10 most litigated issues for each category of taxpayers (e.g., individuals, self-employed individuals, and small businesses), including recommendations for mitigating such disputes, and

"(XII) include such other information as the Taxpayer Advocate may deem advisable.

"(iii) REPORT TO BE SUBMITTED DIRECTLY.—Each report required under this subparagraph shall be provided directly to the Committees described in clauses (i) and (ii) without any prior review or comment from the Commissioner, the Internal Revenue Service Oversight Board, the Secretary of the Treasury, any other officer or employee of the Department of the Treasury, or the Office of Management and Budget.

"(C) OTHER RESPONSIBILITIES.—The Taxpayer Advocate shall—

"(i) monitor the coverage and geographic allocation of problem resolution officers,

"(ii) develop guidance to be distributed to all Internal Revenue Service officers and employees outlining the criteria for referral of taxpayer inquiries to problem resolution officers,

"(iii) ensure that the local telephone numbers for the problem resolution officer in each internal revenue district is published and available to taxpayers, and

"(iv) in conjunction with the Commissioner, develop career paths for problem resolution officers choosing to make a career in the Office of the Taxpayer Advocate.

"(3) RESPONSIBILITIES OF COMMISSIONER.—The Commissioner shall establish procedures requiring a formal response to all recommendations submitted to the Commissioner by the Taxpayer Advocate within 3 months after submission to the Commissioner.".

(b) Amendment of President's Authority To Appoint Chief Counsel for Internal Revenue Service.—

(1) Paragraph (2) of section 7801(b) (relating to the office of General Counsel for the Department) is amended to read as follows:

"(2) Assistant general counsels.—The Secretary of the Treasury may appoint, without regard to the provisions of the civil service laws, and fix the duties of not to exceed five assistant General Counsels.".

(2)(A) Subsection (f)(2) of section 301 of title 31, United States Code, is amended by striking "an Assistant General Counsel who shall be the" and inserting "a".

(B) Section 301 of such title 31 is amended by adding at the end the following new subsection:

"(h) Cross Reference.—For provisions relating to the appointment of officers and employees of the Internal Revenue Service, see subchapter A of chapter 80 of the Internal Revenue Code of 1986.".

(c) Conforming Amendments.—

(1) The table of sections for subchapter A of chapter 80 is amended by striking the item relating to section 7803 and inserting the following new item:

"Sec. 7803. Commissioner of Internal Revenue; Chief Counsel; other officials."

(2) Subsection (b) of section 5109 of title 5, United States Code, is amended by striking "7802(b)" and inserting "7803(c)".

(d) Effective date.—The amendments made by this section shall take effect on the date of the enactment of this Act.

SEC. 103. OTHER PERSONNEL.

(a) In General.—Section 7804 (relating to the effect of reorganization plans) is amended to read as follows:

"SEC. 7804. OTHER PERSONNEL.

"(a) Appointment and Supervision.—The Commissioner of Internal Revenue is authorized to employ such number of persons as the Commissioner deems proper for the administration and enforcement of the internal revenue laws, and the Commissioner shall issue all necessary directions, instructions, orders, and rules applicable to such persons.

"(b) Posts of Duty of Employees in Field Service or Traveling.—

"(1) Designation of post of duty.—The Commissioner shall determine and designate the posts of duty of all such persons engaged in field work or traveling on official business outside of the District of Columbia.

"(2) Detail of personnel from field service.—The Commissioner may order any such person engaged in field work to duty in the District of Columbia, for such periods as the Commissioner may prescribe, and to any designated post of duty outside the District of Columbia upon the completion of such duty.

"(c) Delinquent Internal Revenue Officers and Employees.—If any officer or employee of the Treasury Department acting in connection with the internal revenue laws fails to account for and pay over any amount of money or property collected or received by him in connection with the internal revenue laws, the Secretary shall issue notice and demand to such officer or employee for payment of the amount which he failed to account for and pay over, and, upon failure to pay the amount demanded within the time specified in such notice, the amount so demanded shall be deemed imposed upon such officer or employee and assessed upon the date of such notice and demand, and the provisions of chapter 64 and all other provisions of law relating to the collection of assessed taxes shall be applicable in respect of such amount.".

(b) Conforming Amendments.—

(1) Subsection (b) of section 6344 is amended by striking "section 7803(d)" and inserting "section 7804(c)".

(2) The table of sections for subchapter A of chapter 80 is amended by striking the item relating to section 7804 and inserting the following new item:

"Sec. 7804. Other personnel."

(c) Effective Date.—The amendments made by this section shall take effect on the date of the enactment of this Act.

Subtitle B—Personnel Flexibilities

SEC. 111. PERSONNEL FLEXIBILITIES.

(a) In General.—Part III of title 5, United States Code, is amended by adding at the end the following new subpart:

"Subpart I—Miscellaneous

"CHAPTER 93—PERSONNEL FLEXIBILITIES RELATING TO THE INTERNAL REVENUE SERVICE

"Sec.
"9301. General requirements.
"9302. Flexibilities relating to performance management.
"9303. Classification and pay flexibilities.
"9304. Staffing flexibilities.
"9305. Flexibilities relating to demonstration projects.

"§ 9301. General requirements

"(a) Conformance With Merit System Principles, Etc.—Any flexibilities under this chapter shall be exercised in a manner consistent with—

"(1) chapter 23, relating to merit system principles and prohibited personnel practices; and

"(2) provisions of this title (outside of this subpart) relating to preference eligibles.

"(b) Requirement Relating to Units Represented by Labor Organizations.—

"(1) Written agreement required.—Employees within a unit with respect to which a labor organization is accorded exclusive recognition under chapter 71 shall not be subject to the exercise of any flexibility under section 9302, 9303, 9304, or 9305, unless there is a written agreement between the Internal Revenue Service and the organization permitting such exercise.

"(2) Definition of a written agreement.—In order to satisfy paragraph (1), a written agreement—

"(A) need not be a collective bargaining agreement within the meaning of section 7103(8); and

"(B) may not be an agreement imposed by the Federal Service Impasses Panel under section 7119.

"(c) Flexibilities for Which OPM Approval Is Required.—

"(1) In general.—Except as provided in paragraph (2), flexibilities under this chapter may be exercised by the Internal Revenue Service without prior approval of the Office of Personnel Management.

"(2) Exceptions.—The flexibilities under subsections (c) through (e) of section 9303 may be exercised by the Internal Revenue Service only after a specific plan describing how those flexibilities are to be exercised has been submitted to and approved, in writing, by the Director of the Office of Personnel Management.

"§ 9302. Flexibilities relating to performance management

"(a) In General.—The Commissioner of Internal Revenue shall, within 180 days after the date of the enactment of this chapter, establish a performance management system which—

"(1) subject to section 9301(b), shall cover all employees of the Internal Revenue Service other than—

"(A) the members of the Internal Revenue Service Oversight Board;

"(B) the Commissioner of Internal Revenue; and

"(C) the Chief Counsel for the Internal Revenue Service;

"(2) shall maintain individual accountability by—

"(A) establishing retention standards which—

"(i) shall permit the accurate evaluation of each employee's performance on the basis of criteria relating to the duties and responsibilities of the position held by such employee; and

"(ii) shall be communicated to an employee before the start of any period with respect to which the performance of such employee is to be evaluated using such standards;

"(B) providing for periodic performance evaluations to determine whether retention standards are being met; and

"(C) with respect to any employee whose performance does not meet retention standards, using the results of such employee's performance evaluation as a basis for—

"(i) denying increases in basic pay, promotions, and credit for performance under section 3502; and

"(ii) the taking of other appropriate action, such as a reassignment or an action under chapter 43; and

"(3) shall provide for—

"(A) establishing goals or objectives for individual, group, or organizational performance (or any combination thereof), consistent with Internal Revenue Service performance planning procedures, including those established under the Government Performance and Results Act of 1993, the Information Technology Management Reform Act of 1996, Revenue Procedure 64-22 (as in effect on July 30, 1997), and taxpayer service surveys, and communicating such goals or objectives to employees;

"(B) using such goals and objectives to make performance distinctions among employees or groups of employees; and

"(C) using assessments under this paragraph, in combination with performance evaluations under paragraph (2), as a basis for granting employee awards, adjusting an employee's rate of basic pay, and taking such other personnel action as may be appropriate.

For purposes of this title, performance of an employee during any period in which such employee is subject to retention standards under paragraph (2) shall be considered to be 'unacceptable' if the performance of such employee during such period fails to meet any of those standards.

"(b) Awards.—

"(1) For superior accomplishments.—In the case of an employee of the Internal Revenue Service, section 4502(b) shall be applied by substituting 'with the approval of the Commissioner of Internal Revenue' for 'with the approval of the Office'.

"(2) For employees who report directly to the commissioner.—

"(A) In general.—In the case of an employee of the Internal Revenue Service who reports directly to the Commissioner of Internal Revenue, a cash award in an amount up to 50 percent of such employee's annual rate of basic pay may be made if the Commissioner finds such an award to be warranted based on such employee's performance.

"(B) NATURE OF AN AWARD.—A cash award under this paragraph shall not be considered to be part of basic pay.

"(C) TAX ENFORCEMENT RESULTS.—A cash award under this paragraph may not be based solely on tax enforcement results.

"(D) ELIGIBLE EMPLOYEES.—Whether or not an employee is an employee who reports directly to the Commissioner of Internal Revenue shall, for purposes of this paragraph, be determined under regulations which the Commissioner shall prescribe.

"(E) LIMITATION ON COMPENSATION.—For purposes of applying section 5307 to an employee in connection with any calendar year to which an award made under this paragraph to such employee is attributable, subsection (a)(1) of such section shall be applied by substituting 'to equal or exceed the annual rate of compensation for the President for such calendar year' for 'to exceed the annual rate of basic pay payable for level I of the Executive Schedule, as of the end of such calendar year'.

"(3) BASED ON SAVINGS.—

"(A) IN GENERAL.—The Commissioner of Internal Revenue may authorize the payment of cash awards to employees based on documented financial savings achieved by a group or organization which such employees comprise, if such payments are made pursuant to a plan which—

"(i) specifies minimum levels of service and quality to be maintained while achieving such financial savings; and

"(ii) is in conformance with criteria prescribed by the Office of Personnel Management.

"(B) FUNDING.—A cash award under this paragraph may be paid from the fund or appropriation available to the activity primarily benefiting or the various activities benefiting.

"(C) TAX ENFORCEMENT RESULTS.—A cash award under this paragraph may not be based solely on tax enforcement results.

"(c) OTHER PROVISIONS.—

"(1) NOTICE PROVISIONS.—In applying sections 4303(b)(1)(A) and 7513(b)(1) to employees of the Internal Revenue Service, '15 days' shall be substituted for '30 days'.

"(2) APPEALS.—Notwithstanding the second sentence of section 5335(c), an employee of the Internal Revenue Service shall not have a right to appeal the denial of a periodic step increase under section 5335 to the Merit Systems Protection Board.

"§ 9303. Classification and pay flexibilities

"(a) BROAD-BANDED SYSTEMS.—

"(1) DEFINITIONS.—For purposes of this subsection—

"(A) the term 'broad-banded system' means a system under which positions are classified and pay for service in any such position is fixed through the use of pay bands, rather than under—

"(i) chapter 51 and subchapter III of chapter 53; or

"(ii) subchapter IV of chapter 53; and

"(B) the term 'pay band' means, with respect to positions in 1 or more occupational series, a pay range—

"(i) consisting of—

"(I) 2 or more consecutive grades of the General Schedule; or

"(II) 2 or more consecutive pay ranges of such other pay or wage schedule as would otherwise apply (but for this section); and

"(ii) the minimum rate for which is the minimum rate for the lower (or lowest) grade or range in the pay band and the maximum rate for which is the maximum rate for the higher (or highest) grade or range in the pay band, including any locality-based and other similar comparability payments.

"(2) AUTHORITY.—The Commissioner of Internal Revenue may, subject to criteria to be prescribed by the Office of Personnel Management, establish one or more broad-banded systems covering all or any portion of its workforce which would otherwise be subject to the provisions of law cited in clause (i) or (ii) of subsection (a)(1)(A), except for any position classified by statute.

"(3) CRITERIA.—The criteria to be prescribed by the Office shall, at a minimum—

"(A) ensure that the structure of any broad-banded system maintains the principle of equal pay for substantially equal work;

"(B) establish the minimum (but not less than 2) and maximum number of grades or pay ranges that may be combined into pay bands;

"(C) establish requirements for adjusting the pay of an employee within a pay band;

"(D) establish requirements for setting the pay of a supervisory employee whose position is in a pay band or who supervises employees whose positions are in pay bands; and

"(E) establish requirements and methodologies for setting the pay of an employee upon conversion to a broad-banded system, initial appointment, change of position or type of appointment (including promotion, demotion, transfer, reassignment, reinstatement, placement in another pay band, or movement to a different geographic location), and movement between a broad-banded system and another pay system.

"(4) INFORMATION.—The Commissioner of Internal Revenue shall submit to the Office such information relating to its broad-banded systems as the Office may require.

"(5) REVIEW AND REVOCATION AUTHORITY.—The Office may, with respect to any broad-banded system under this subsection, and in accordance with regulations which it shall prescribe, exercise with respect to any broad-banded system under this subsection authorities similar to those available to it under sections 5110 and 5111 with respect to classifications under chapter 51.

"(b) SINGLE PAY-BAND SYSTEM.—

"(1) IN GENERAL.—The Commissioner of Internal Revenue may, with respect to employees who remain subject to chapter 51 and subchapter III of chapter 53 (or subchapter IV of chapter 53), fix rates of pay under a single pay-band system.

"(2) DEFINITION.—For purposes of this subsection, the term 'single pay-band system' means, for pay-setting purposes, a system similar to the pay-setting aspects of a broad-banded system under subsection (a), but consisting of only a single grade or pay range, under which pay may be fixed at any rate not less than the minimum and not more than the maximum rate which (but for this section) would otherwise apply with respect to the grade or pay range involved, including any locality-based and other similar comparability payments.

"(3) SPECIAL RULES.—

"(A) PROMOTION OR TRANSFER.—An employee under this subsection who is promoted or transferred to a position in a higher grade shall be entitled to basic pay at a rate determined under criteria prescribed by the Office of Personnel Management based on section 5334(b).

"(B) PERFORMANCE INCREASES.—In lieu of periodic step-increases under section 5335, an employees under this subsection who meets retention standards under section 9302(a)(2)(A) shall be entitled to performance increases under criteria prescribed by the Office. An increase under this subparagraph shall be equal to one-ninth of the difference between the minimum and maximum rates of pay for the applicable grade or pay range

"(C) INCREASES FOR EXCEPTIONAL PERFORMANCE.—In lieu of additional step-increases under section 5336, an employee under this subsection who has demonstrated exceptional performance shall be eligible for a pay increase under this subparagraph under criteria prescribed by the Office. An increase under this subparagraph may not exceed the amount of an increase under subparagraph (B).

"(c) ALTERNATIVE CLASSIFICATION SYSTEMS.—

"(1) IN GENERAL.—Subject to section 9301(c), the Commissioner of Internal Revenue may establish 1 or more alternative classification systems that include any positions or groups of positions that the Commissioner determines, for reasons of effective administration—

"(A) should not be classified under chapter 51 or paid under the General Schedule;

"(B) should not be classified or paid under subchapter IV of chapter 53; or

"(C) should not be paid under section 5376.

"(2) LIMITATIONS.—An alternative classification system under this subsection may not—

"(A) with respect to any position that (but for this section) would otherwise be subject to the provisions of law cited in subparagraph (A) or (B) of paragraph (1), establish a rate of basic pay in excess of the maximum rate for grade GS–15 of the General Schedule, including any locality-based and other similar comparability payments; and

"(B) with respect to any position that (but for this section) would otherwise be subject to the provision of law cited in paragraph (1)(C), establish a rate of basic pay in excess of the annual rate of basic pay of the Commissioner of Internal Revenue.

"(d) GRADE AND PAY RETENTION.—Subject to section 9301(c), the Commissioner of Internal Revenue may, with respect to employees who are covered by a broad-banded system under subsection (a) or an alternative classification system under subsection (c), provide for variations from the provisions of subchapter VI of chapter 53.

"(e) RECRUITMENT AND RETENTION BONUSES; RETENTION ALLOWANCES.—Subject to section 9301(c), the Commissioner of Internal Revenue may, with respect to its employees, provide for variations from the provisions of sections 5753 and 5754.

"§ 9304. Staffing flexibilities

"(a) IN GENERAL.—

"(1) PERMANENT APPOINTMENT IN THE COMPETITIVE SERVICE.—Except as otherwise provided by this subsection, an employee of the Internal Revenue Service may be selected for a permanent appointment in the competitive service in the Internal Revenue Service through internal competitive promotion procedures when the following conditions are met:

"(A) The employee has completed 2 years of current continuous service in the competitive service under a term appointment or any combination of term appointments.

"(B) Such term appointment or appointments were made under competitive procedures prescribed for permanent appointments.

"(C) The employee's performance under such term appointment or appointments met established retention standards.

"(D) The vacancy announcement for the term appointment from which the conversion is made stated that there was a potential for subsequent conversion to a permanent appointment.

"(2) Condition.—An appointment under this subsection may be made only to a position the duties and responsibilities of which are similar to those of the position held by the employee at the time of conversion (referred to in paragraph (1)(D)).

"(b) Rating Systems.—

"(1) In general.—Notwithstanding subchapter I of chapter 33, the Commissioner of Internal Revenue may establish category rating systems for evaluating job applicants for positions in the competitive service, under which qualified candidates are divided into 2 or more quality categories on the basis of relative degrees of merit, rather than assigned individual numerical ratings. Each applicant who meets the minimum qualification requirements for the position to be filled shall be assigned to an appropriate category based on an evaluation of the applicant's knowledge, skills, and abilities relative to those needed for successful performance in the job to be filled.

"(2) Treatment of preference eligibles.—Within each quality category established under paragraph (1), preference eligibles shall be listed ahead of individuals who are not preference eligibles. For other than scientific and professional positions at or higher than GS–9 (or equivalent), preference eligibles who have a compensable service-connected disability of 10 percent or more, and who meet the minimum qualification standards, shall be listed in the highest quality category.

"(3) Selection process.—An appointing authority may select any applicant from the highest quality category or, if fewer than 3 candidates have been assigned to the highest quality category, from a merged category consisting of the highest and second highest quality categories. Notwithstanding the preceding sentence, the appointing authority may not pass over a preference eligible in the same or a higher category from which selection is made, unless the requirements of section 3317(b) or 3318(b), as applicable, are satisfied, except that in no event may certification of a preference eligible under this subsection be discontinued by the Internal Revenue Service under section 3317(b) before the end of the 6-month period beginning on the date of such employee's first certification.

"(c) Maximum Period for Which Employee May Be Detailed.—The 120-day limitation under section 3341(b)(1) for details and renewals of details shall not apply with respect to the Internal Revenue Service.

"(d) Involuntary Reassignments and Removals of Career Appointees in the Senior Executive Service.—Neither section 3395(e)(1) nor section 3592(b)(1) shall apply with respect to the Internal Revenue Service.

"(e) Probationary Periods.—Notwithstanding any other provision of law or regulation, the Commissioner of Internal Revenue may establish a period of probation under section 3321 of up to 3 years for any position if, as determined by the Commissioner, a shorter period would be insufficient for the incumbent to demonstrate complete proficiency in such position.

"(f) Provisions That Remain Applicable.—No provision of this section exempts the Internal Revenue Service from—

"(1) any employment priorities established under direction of the President for the placement of surplus or displaced employees; or

"(2) its obligations under any court order or decree relating to the employment practices of the Internal Revenue Service.

"§ 9305. Flexibilities relating to demonstration projects

"(a) In General.—For purposes of applying section 4703 with respect to the Internal Revenue Service—

"(1) paragraph (1) of subsection (b) of such section shall be deemed to read as follows:

" '(1) develop a plan for such project which describes its purpose, the employees to be covered, the project itself, its anticipated outcomes, and the method of evaluating the project;';

"(2) paragraph (3) of subsection (b) of such section shall be disregarded;

"(3) paragraph (4) of subsection (b) of such section shall be applied by substituting '30 days' for '180 days';

"(4) paragraph (6) of subsection (b) of such section shall be deemed to read as follows:

" '(6) provide each House of the Congress with the final version of the plan.';

"(5) paragraph (1) of subsection (c) of such section shall be deemed to read as follows:

" '(1) subchapter V of chapter 63 or subpart G of part III;'; and

"(6) subsection (d)(1) of such section shall be disregarded.

"(b) Numerical Limitation.—For purposes of applying the numerical limitation under subsection (d)(2) of section 4703, a demonstration project shall not be counted if or to the extent that it involves the Internal Revenue Service."

(b) Clerical Amendment.—The analysis for part III of title 5, United States Code, is amended by adding at the end the following:

"Subpart I—Miscellaneous

"93. Personnel Flexibilities Relating to the Internal Revenue Service .... 9301".

(c) Effective Date.—This section shall take effect on the date of the enactment of this Act.

TITLE II—ELECTRONIC FILING

SEC. 201. ELECTRONIC FILING OF TAX AND INFORMATION RETURNS.

(a) In General.—It is the policy of the Congress that paperless filing should be the preferred and most convenient means of filing tax and information returns, and that by the year 2007, no more than 20 percent of all tax returns should be filed on paper.

(b) Strategic Plan.—

(1) In general.—Not later than 180 days after the date of the enactment of this Act, the Secretary of the Treasury or the Secretary's delegate (hereafter in this section referred to as the "Secretary") shall implement a plan to eliminate barriers, provide incentives, and use competitive market forces to increase electronic filing gradually over the next 10 years while maintaining processing times for paper returns at 40 days.

(2) Electronic commerce advisory group.—To ensure that the Secretary receives input from the private sector in the development and implementation of the plan required by paragraph (1), the Secretary shall convene an electronic commerce advisory group to include representatives from the tax practitioner, preparer, and computerized tax processor communities and other representatives from the electronic filing industry.

(c) Incentives.—

(1) In general.—Not later than 180 days after the date of the enactment of this Act, the Secretary shall implement procedures to provide for the payment of incentives to transmitters of qualified electronically filed returns, based on the fair market value of costs to transmit returns electronically.

(2) Qualified electronically filed returns.—For purposes of this section, the term "qualified electronically filed return" means a return that—

(A) is transmitted electronically to the Internal Revenue Service,

(B) for which the taxpayer was not charged for the cost of such transmission, and

(C) in the case of returns transmitted after December 31, 2004, was prepared by a paid preparer who does not submit any return after such date to the Internal Revenue Service on paper.

(d) Annual Reports.—Not later than June 30 of each calendar year after 1997, the Chairperson of the Internal Revenue Service Oversight Board, the Secretary, and the Chairperson of the electronic commerce advisory group established under subsection (b)(2) shall report to the Committees on Ways and Means, Appropriations, and Government Reform and Oversight of the House of Representatives, the Committees on Finance, Appropriations, and Government Affairs of the Senate, and the Joint Committee on Taxation, on—

(1) the progress of the Internal Revenue Service in meeting the policy set forth in subsection (a);

(2) the status of the plan required by subsection (b); and

(3) the necessity of action by the Congress to assist the Internal Revenue Service to satisfy the policy set forth in subsection (a).

SEC. 202. EXTENSION OF TIME TO FILE FOR ELECTRONIC FILERS.

(a) In General.—Subsection (a) of section 6072 (relating to the time for filing income tax returns) is amended—

(1) by striking "(a) General Rule.—In the case of" and inserting the following:

"(a) General Rules.—

"(1) Paper returns.—Except as provided in paragraph (2), in the case of",

(2) by moving the text 2 ems to the right, and

(3) by adding at the end the following new paragraph:

"(2) Electronically filed returns.—In the case of returns filed electronically, returns made on the basis of the calendar year shall be filed on or before the 15th day of May following the close of the calendar year and returns made on the basis of a fiscal year shall be filed on or before the 15th day of the fifth month following the close of the fiscal year."

(b) Returns of Corporations.—Subsection (b) of section 6072 (relating to the time for filing income tax returns) is amended—

(1) by moving the text 2 ems to the right, and

(2) by adding at the end the following new paragraph:

"(2) Electronically filed returns.—In the case of returns filed electronically, returns made on the basis of the calendar year shall be filed on or before the 15th day of April following the close of the calendar year and returns made on the basis of a fiscal year shall be filed on or before the 15th day of the 4th month following the close of the fiscal year."

(c) Information Returns.—Part V of chapter 61 (relating to information and returns) is amended by adding the following new section:

"SEC. 6073. TIME FOR FILING CERTAIN INFORMATION RETURNS.

"(a) ELECTRONICALLY FILED RETURNS.—In the case of returns made under subparts B and C of part III of this chapter that are filed electronically, such returns shall be filed on or before March 31 of the year following the calendar year to which such returns relate.

"(b) NOTICE TO RECIPIENTS.—Notwithstanding subsection (a), receipts for employees required under section 6051 and any statements otherwise required to be furnished to persons with respect to whom information is required, shall be furnished to such persons on or before January 31 of the calendar year in which the return under subsection (a) is required to be filed.

"(c) EFFECTIVE DATE.—The amendments made by this section shall apply to returns required to be filed after December 31, 1999."

(d) RETURNS OF PARTNERSHIPS.—Part V of chapter 61 (relating to information and returns) is amended by adding the following new section:

"SEC. 6074. TIME FOR FILING PARTNERSHIP RETURNS.

"(a) IN GENERAL.—Except as provided in subsection (b), returns made under section 6031 shall be filed on or before the 15th day of the 3d month following the close of the taxable year of the partnership, except that the return of a partnership consisting entirely of nonresident aliens shall be filed on or before the 15th day of the 6th month following the close of the taxable year of the partnership.

"(b) ELECTRONICALLY FILED RETURNS.—In the case of returns filed electronically, returns shall be filed on or before the 15th day of the 4th month following the close of the taxable year of the partnership."

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to returns for taxable years beginning after December 31, 1998.

SEC. 203. PAPERLESS ELECTRONIC FILING.

(a) IN GENERAL.—Section 6061 (relating to signing of returns and other documents) is amended—

(1) by striking "Except as otherwise provided by" and inserting the following:

"(a) GENERAL RULE.—Except as otherwise provided by subsection (b) and", and

(2) by adding at the end the following new subsection:

"(b) ELECTRONIC SIGNATURES.—The Secretary shall develop procedures for the acceptance of signatures in digital or other electronic form. Until such time as such procedures are in place, the Secretary shall accept electronically filed returns and other documents on which the required signature(s) appears in typewritten form, but filers of such documents shall be required to retain a signed paper original of all such filings, to be made available to the Secretary for inspection, until the expiration of the applicable period of limitations set forth in chapter 66.".

(b) DEADLINE FOR ESTABLISHING PROCEDURES.—Not later than December 31, 1998, the Secretary of the Treasury or the Secretary's delegate shall establish procedures to accept, in electronic form, any other information, statements, elections, or schedules, from taxpayers filing returns electronically, so that such taxpayers will not be required to file any paper.

(c) PROCEDURES FOR COMMUNICATIONS BETWEEN IRS AND PREPARER OF ELECTRONICALLY-FILED RETURNS.—Such Secretary shall establish procedures for taxpayers to authorize, on electronically filed returns, the preparer of such returns to communicate with the Internal Revenue Service on matters included on such returns.

(d) EFFECTIVE DATE.—The amendments made by this section shall take effect on the date of the enactment of this Act.

SEC. 204. REGULATION OF PREPARERS.

(a) IN GENERAL.—Subsection (a) of section 330 of title 31, United States Code, is amended—

(1) by striking "Treasury; and" in paragraph (1) and inserting "Treasury and all other persons engaged in the business of preparing returns or otherwise accepting compensation for advising in the preparation of returns,",

(2) by striking the period at the end of paragraph (2) and inserting ", and", and

(3) by adding at the end the following:

"(3) establish uniform procedures for regulating preparers of paper and electronic tax and information returns.

No demonstration shall be required under paragraph (2) for persons solely engaged in the business of preparing returns or otherwise accepting compensation for advising in the preparation of returns."

(b) DIRECTOR OF PRACTICE.—Such section 330 is amended by adding at the end the following new subsection:

"(d) DIRECTOR OF PRACTICE.—There is established within the Department of the Treasury an office to be known as the 'Office of the Director of Practice' to be under the supervision and direction of an official to be known as the 'Director of Practice'. The Director of Practice shall be responsible for regulation of all practice before the Department of the Treasury.".

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect on the date of the enactment of this Act.

SEC. 205. PAPERLESS PAYMENT.

(a) IN GENERAL.—Section 6311 (relating to payment by check or money order) is amended to read as follows:

"SEC. 6311. PAYMENT OF TAX BY COMMERCIALLY ACCEPTABLE MEANS.

"(a) AUTHORITY TO RECEIVE.—It shall be lawful for the Secretary to receive for internal revenue taxes (or in payment of internal revenue stamps) any commercially acceptable means that the Secretary deems appropriate to the extent and under the conditions provided in regulations prescribed by the Secretary.

"(b) ULTIMATE LIABILITY.—If a check, money order, or other method of payment, including payment by credit card, debit card, charge card, or electronic funds transfer so received is not duly paid, or is paid and subsequently charged back to the Secretary, the person by whom such check, money order, or other method of payment has been tendered shall remain liable for the payment of the tax or for the stamps, and for all legal penalties and additions, to the same extent as if such check, money order, or other method of payment had not been tendered.

"(c) LIABILITY OF BANKS AND OTHERS.—If any certified, treasurer's, or cashier's check (or other guaranteed draft), or any money order, or any means of payment that has been guaranteed by a financial institution (such as a credit card, debit card, charge card, or electronic funds transfer transaction which has been guaranteed expressly by a financial institution) so received is not duly paid, the United States shall, in addition to its right to exact payment from the party originally indebted therefor, have a lien for—

"(1) the amount of such check (or draft) upon all assets of the financial institution on which drawn,

"(2) the amount of such money order upon all the assets of the issuer therefor,

"(3) the guaranteed amount of any other transaction upon all the assets of the institution making such guarantee,

and such amount shall be paid out of such assets in preference to any other claims whatsoever against such financial institution, issuer, or guaranteeing institution, except the necessary costs and expenses of administration and the reimbursement of the United States for the amount expended in the redemption of the circulating notes of such financial institution.

"(d) PAYMENT BY OTHER MEANS.—

"(1) AUTHORITY TO PRESCRIBE REGULATIONS.—The Secretary shall prescribe such regulations as the Secretary deems necessary to receive payment by commercially acceptable means, including regulations that—

"(A) specify which methods of payment by commercially acceptable means will be acceptable;

"(B) specify when payment by such means will be considered received;

"(C) identify types of nontax matters related to payment by such means that are to be resolved by persons ultimately liable for payment and financial intermediaries, without the involvement of the Secretary; and

"(D) ensure that tax matters will be resolved by the Secretary, without the involvement of financial intermediaries.

"(2) AUTHORITY TO ENTER INTO CONTRACTS.—Notwithstanding section 3718(f) of title 31, United States Code, the Secretary is authorized to enter into contracts to obtain services relating to receiving payment by other means when cost beneficial to the Government.

"(3) SPECIAL PROVISIONS FOR USE OF CREDIT CARDS.—If use of credit cards is accepted as a method of payment of taxes pursuant to subsection (a)—

"(A) a payment of internal revenue taxes (or a payment for internal revenue stamps) by a person by use of a credit card shall not be subject to section 161 of the Truth-in-Lending Act (15 U.S.C 1666), or to any similar provisions of State law, if the error alleged by the person is an error relating to the underlying tax liability, rather than an error relating to the credit card account such as a computational error or numerical transposition in the credit card transaction or an issue as to whether the person authorized payment by use of the credit card;

"(B) a payment of internal revenue taxes (or a payment for internal revenue stamps) shall not be subject to section 170 of the Truth in Lending Act (15 U.S.C 1666i), or to any similar provisions of State law;

"(C) a payment of internal revenue taxes (or a payment for internal revenue stamps) by a person by use of a debit card shall not be subject to section 908 of the Electronic Fund Transfer Act (15 U.S.C 1693f), or to any similar provisions of State law, if the error alleged by the person is an error relating to the underlying tax liability, rather than an error relating to the debit card account such as a computational error or numerical transposition in the debit card transaction or an issue as to whether the person authorized payment by use of the debit card;

"(D) the term 'creditor' under section 103(f) of the Truth in Lending Act (15 U.S.C 1602(f)) shall not include the Secretary with respect to credit card transactions in payment of internal revenue taxes (or payment for internal revenue stamps); and

"(E) notwithstanding any other provision of law to the contrary, in the case of payment made by credit card or debit card transaction in an amount owed to a person as a result of the correction of an error under section 161 of the Truth in Lending Act (15 U.S.C 1666) or section 908 of the Electronic Fund Transfer Act (15 U.S.C 1693(f)), the Secretary is authorized to provide such amount to such person as a credit to that person's credit card or debit card account through the applicable credit card or debit card system.

"(e) CONFIDENTIALITY OF INFORMATION.—

"(1) IN GENERAL.—Except as otherwise authorized by this subsection, no person may use or disclose any information relating to credit or debit card transactions obtained pursuant to section 6103(k)(8) other than for purposes directly related to the processing of such transactions, or the billing or collection of amounts charged or debited pursuant thereto.

"(2) EXCEPTIONS.—

"(A) Debit or credit card issuers or others acting on behalf of such issuers may also use and disclose such information for purposes directly related to servicing an issuer's accounts.

"(B) Debit or credit card issuers or others directly involved in the processing of credit or debit card transactions or the billing or collection of amounts charged or debited thereto may also use and disclose such information for purposes directly related to—

"(i) statistical risk and profitability assessment,

"(ii) transferring receivables, accounts, or interest therein,

"(iii) auditing the account information,

"(iv) complying with Federal, State, or local law, and

"(v) properly authorized civil, criminal, or regulatory investigation by Federal, State, or local authorities.

"(3) PROCEDURES.—Use and disclosure of information under this paragraph shall be made only to the extent authorized by written procedures promulgated by the Secretary.

"(4) CROSS REFERENCE.—

"For provision providing for civil damages for violation of paragraph (1), see section 7431."

(b) SEPARATE APPROPRIATION REQUIRED FOR PAYMENT OF CREDIT CARD FEES.—No amount may be paid by the United States to a credit card issuer for the right to receive payments of internal revenue taxes by credit card without a separate appropriation therefor.

(c) CLERICAL AMENDMENT.—The table of sections for subchapter B of chapter 64 is amended by striking the item relating to section 6311 and inserting the following:

"Sec. 6311. Payment of tax by commercially acceptable means."

(d) AMENDMENTS TO SECTION 6103 AND 7431 WITH RESPECT TO DISCLOSURE AUTHORIZATION.—

(1) Subsection (k) of section 6103 (relating to confidentiality and disclosure of returns and return information) is amended by adding at the end the following new paragraph—

"(8) DISCLOSURE OF INFORMATION TO ADMINISTER SECTION 6311.—The Secretary may disclose returns or return information to financial institutions and others to the extent the Secretary deems necessary for the administration of section 6311. Disclosures of information for purposes other than to accept payments by check or money orders shall be made only to the extent authorized by written procedures promulgated by the Secretary.".

(2) Section 7431 (relating to civil damages for unauthorized disclosure of returns and return information) is amended by adding at the end the following new subsection:

"(g) SPECIAL RULE FOR INFORMATION OBTAINED UNDER SECTION 6103(k)(8).—For purposes of this section, any reference to section 6103 shall be treated as including a reference to section 6311(e).".

(3) Section 6103(p)(3)(A) is amended by striking "or (6)" and inserting "(6), or (8)".

(e) EFFECTIVE DATE.—The amendments made by this section shall take effect on the day which is 9 months after the date of the enactment of this Act.

SEC. 206. RETURN-FREE TAX SYSTEM.

(a) IN GENERAL.—The Secretary of the Treasury or the Secretary's delegate shall develop procedures for the implementation of a return-free tax system under which individuals would be permitted to comply with the Internal Revenue Code of 1986 without making the return required under section 6012 of such Code for taxable years beginning after 2007.

(b) REPORT.—Not later than June 30 of each calendar year after 1999, such Secretary shall report to the Committee on Ways and Means of the House of Representatives, the Committee on Finance of the Senate, and the Joint Committee on Taxation on—

(1) the procedures developed pursuant to subsection (a),

(2) the number and classes of taxpayers that would be permitted to use the procedures developed pursuant to subsection (a),

(3) the changes to the Internal Revenue Code of 1986 that could enhance the use of such a system, and

(4) what additional resources the Internal Revenue Service would need to implement such a system.

SEC. 207. ACCESS TO ACCOUNT INFORMATION.

Not later than December 31, 2006, the Secretary of the Treasury or the Secretary's delegate shall develop procedures under which a taxpayer filing returns electronically would be able to review the taxpayer's account electronically, including all necessary safeguards to ensure the privacy of such account information.

TITLE III—TAXPAYER PROTECTION AND RIGHTS

SEC. 301. EXPANSION OF AUTHORITY TO ISSUE TAXPAYER ASSISTANCE ORDERS.

(a) IN GENERAL.—Section 7811(a) (relating to taxpayer assistance orders) is amended—

(1) by striking "Upon application" and inserting the following:

"(1) IN GENERAL.—Upon application",

(2) by moving the text 2 ems to the right, and

(3) by adding at the end the following new paragraph:

"(2) DETERMINATION OF HARDSHIP.—For purposes of determining whether a taxpayer is suffering or about to suffer a significant hardship, the Taxpayer Advocate should consider—

"(A) whether the Internal Revenue Service employee to which such order would issue is following applicable published administrative guidance, including the Internal Revenue Manual,

"(B) whether there is an immediate threat of adverse action,

"(C) whether there has been a delay of more than 30 days in resolving taxpayer account problems, and

"(D) the prospect that the taxpayer will have to pay significant professional fees for representation.".

(b) EFFECTIVE DATE.—The amendments made by this section shall take effect on the date of the enactment of this Act.

SEC. 302. EXPANSION OF AUTHORITY TO AWARD COSTS AND CERTAIN FEES.

(a) AUTHORITY TO AWARD HIGHER ATTORNEY'S FEES BASED ON COMPLEXITY OF ISSUES.—Clause (iii) of section 7430(c)(1)(B) (relating to the award of costs and certain fees) is amended by inserting ", or the difficulty of the issues presented in the case or the local availability of tax expertise," before "justifies a higher rate".

(b) AWARD OF ADMINISTRATIVE COSTS INCURRED AFTER 30-DAY LETTER.—

(1) Paragraph (2) of section 7430(c) is amended by striking the last sentence and insert the following:

"Such term shall only include costs incurred on or after whichever of the following is the earliest: (i) the date of the receipt by the taxpayer of the notice of the decision of the Internal Revenue Service Office of Appeals, (ii) the date of the notice of deficiency, or (iii) the date on which the 1st letter of proposed deficiency which allows the taxpayer an opportunity for administrative review in the Internal Revenue Service Office of Appeals is sent."

(2) Subparagraph (B) of section 7430(c)(7) is amended by striking "or" and the end of clause (i), by striking the period at the end of clause (ii) and inserting ", or", and by adding at the end the following new clause:

"(iii) the date on which the 1st letter of proposed deficiency which allows the taxpayer an opportunity for administrative review in the Internal Revenue Service Office of Appeals is sent."

(c) AWARD OF FEES FOR CERTAIN ADDITIONAL SERVICES.—Paragraph (3) of section 7430(c) is amended by adding at the end the following new sentence: "Such term also includes such amounts as the court calculates, based on hours worked and costs expended, for services of an individual (whether or not an attorney) who is authorized to practice before the Tax Court or before the Internal Revenue Service and who represents the taxpayer for no more than a nominal fee."

(d) DETERMINATION OF PREVAILING PARTY.—Paragraph (4) of section 7430(c) is amended—

(A) by inserting at the end of subparagraph (A) the following new flush sentence:

"For purposes of this section, such section 2412(d)(2)(B) shall be applied by substituting '$5,000,000' for the amount otherwise applicable to individuals, and '$35,000,000' for the amount otherwise applicable to businesses.", and

(B) by adding at the end the following new subparagraph:

"(D) SAFE HARBOR.—The position of the United States was not substantially justified if the United States has not prevailed on the same issue in at least 3 United States Courts of Appeal."

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to proceedings beginning after the date of the enactment of this Act.

SEC. 303. CIVIL DAMAGES FOR NEGLIGENCE IN COLLECTION ACTIONS.

(a) IN GENERAL.—Section 7433 (relating to civil damages for certain unauthorized collection actions) is amended—

(1) in subsection (a), by inserting ", or by reason of negligence," after "recklessly or intentionally", and

(2) in subsection (b)—

(A) in the matter preceding paragraph (1), by inserting "($100,000, in the case of negligence)" after "$1,000,000", and

(B) in paragraph (1), by inserting "or negligent" after "reckless or intentional".

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to actions of officers or employees of the Internal Revenue Service after the date of the enactment of this Act.

SEC. 304. DISCLOSURE OF CRITERIA FOR EXAMINATION SELECTION.

(a) In General.—The Secretary of the Treasury or the Secretary's delegate shall, as soon as practicable, but not later than 180 days after the date of the enactment of this Act, incorporate into the statement required by section 6227 of the Omnibus Taxpayer Bill of Rights (Internal Revenue Service Publication No. 1) a statement which sets forth in simple and nontechnical terms the criteria and procedures for selecting taxpayers for examination. Such statement shall not include any information the disclosure of which would be detrimental to law enforcement, but shall specify the general procedures used by the Internal Revenue Service, including the extent to which taxpayers are selected for examination on the basis of information available in the media or on the basis of information provided to the Internal Revenue Service by informants.

(b) Transmission to Committees of Congress.—Such Secretary shall transmit drafts of the statement required under subsection (a) (or proposed revisions to any such statement) to the Committee on Ways and Means of the House of Representatives, the Committee on Finance of the Senate, and the Joint Committee on Taxation on the same day.

SEC. 305. ARCHIVAL OF RECORDS OF INTERNAL REVENUE SERVICE.

(a) In General.—Subsection (l) of section 6103 (relating to confidentiality and disclosure of returns and return information) is amended by adding at the end the following new paragraph:

"(16) Disclosure to National Archives and Records Administration.—The Secretary shall, upon written request from the Archivist of the United States, disclose to the Archivist all records of the Internal Revenue Service for purposes of scheduling such records for destruction or for retention in the National Archives. Any such information that is retained in the National Archives shall not be disclosed without the express written approval of the Secretary."

(b) Effective Date.—The amendment made by this section shall apply to requests made by the Archivist after the date of the enactment of this Act.

SEC. 306. TAX RETURN INFORMATION.

The Joint Committee on Taxation shall convene a study of the scope and use of provisions regarding taxpayer confidentiality, and shall report the findings of such study, together with such recommendations as it deems appropriate, to the Congress no later than one year after the date of the enactment of this Act. Such study shall be led by a panel of experts, to be appointed by the Joint Committee on Taxation, which shall examine the present protections for taxpayer privacy, the need for third parties to use tax return information, and the ability to achieve greater levels of voluntary compliance by allowing the public to know who is legally required to do so, but does not file tax returns.

SEC. 307. FREEDOM OF INFORMATION.

(a) In General.—The Secretary of the Treasury or the Secretary's delegate shall, as soon as practicable, but not later than 180 days after the date of the enactment of this Act, develop procedures under which expedited access will be granted to requests under section 551 of title 5, United States Code, when—

(1) there exists widespread and exceptional media interest in the requested information, and

(2) expedited processing is warranted because the information sought involves possible questions about the government's integrity which affect public confidence.

In addition, such procedures shall require the Internal Revenue Service to provide an explanation to the person making the request if the request is not satisfied within 30 days, including a summary of actions taken to date and the expected completion date. Finally, to the extent that any such request is not satisfied in full within 60 days, such person may seek a determination of whether such request should be granted by the appropriate Federal district court.

(b) Transmission to Committees of Congress.—Such Secretary shall transmit drafts of the procedures required under subsection (a) (or proposed revisions to any such procedures) to the Committee on Ways and Means of the House of Representatives, the Committee on Finance of the Senate, and the Joint Committee on Taxation on the same day.

SEC. 308. OFFERS-IN-COMPROMISE.

(a) In General.—Section 7122 (relating to offers-in-compromise) is amended by adding at the end the following new subsection:

"(c) Allowances.—The Secretary shall develop and publish schedules of national and local allowances to ensure that taxpayers entering into a compromise have an adequate means to provide for basic living expenses."

(b) Effective Date.—The amendment made by this section shall take effect on the date of the enactment of this Act.

SEC. 309. ELIMINATION OF INTEREST DIFFERENTIAL ON OVERPAYMENTS AND UNDERPAYMENTS.

(a) In General.—Subsection (a) of section 6621 (relating to the determination of rate of interest) is amended to read as follows:

"(a) General Rule.—

"(1) Rate.—The rate established under this section shall be the sum of—

"(A) the Federal short-term rate determined under subsection (b), plus

"(B) the number of percentage points specified by the Secretary.

"(2) Determination of Percentage Points.—The number of percentage points specified by the Secretary for purposes of paragraph (1)(B) shall be the number which the Secretary estimates will result in the same net revenue to the Treasury as would have resulted without regard to the amendments made by section 309 of the Internal Revenue Service Restructuring and Reform Act of 1997."

(b) Conforming Amendments.—

(1) Section 6621 is amended by striking subsection (c).

(2) The following provisions are each amended by striking "overpayment rate" and inserting "rate": Sections 42(j)(2)(B), 167(g)(2)(C), 460(b)(2)(C), 6343(c), 6427(i)(3)(B), 6611(a), and 7426(g).

(3) The following provisions are each amended by striking "underpayment rate" and inserting "rate": Sections 42(k)(4)(A)(ii), 148(f)(4)(C)(x)(II), 148(f)(7)(C)(ii), 453A(c)(2)(B), 644(a)(2)(B), 852(e)(3)(A), 4497(c)(2), 6332(d)(1), 6601(a), 6602, 6654(a)(1), 6655(a)(1), and 6655(h)(1).

(c) Effective Date.—The amendments made by this section shall apply for purposes of determining interests for periods after the date of the enactment of this Act.

SEC. 310. ELIMINATION OF APPLICATION OF FAILURE TO PAY PENALTY DURING PERIOD OF INSTALLMENT AGREEMENT.

(a) In General.—Subsection (c) of section 6651 (relating to the penalty for failure to file tax return or to pay tax) is amended by adding at the end the following new paragraph:

"(3) Tolling During Period of Installment Agreement.—If the amount required to be paid is the subject of an agreement for payment of tax liability in installments made pursuant to section 6159, the additions imposed under subsection (a) shall not apply so long as such agreement remains in effect."

(b) Effective Date.—The amendment made by this section shall apply to agreements entered into after the date of the enactment of this Act.

SEC. 311. SAFE HARBOR FOR QUALIFICATION FOR INSTALLMENT AGREEMENTS.

(a) In General.—Subsection (a) of section 6159 (relating to agreements for payment of tax liability in installments) is amended—

(1) by striking "The Secretary is" and inserting the following:

"(1) In general.—The Secretary is",

(2) by moving the test 2 ems to the right, and

(3) by adding at the end the following new paragraph:

"(2) Safe harbor.—The Secretary shall enter into an agreement to accept the payment of a tax liability in installments if—

"(A) the amount of such liability does not exceed $10,000,

"(B) the taxpayer has not failed to file any tax return or pay any tax required to be shown thereon during the immediately preceding 5 years, and

"(C) the taxpayer has not entered into any prior installment agreement under this paragraph."

(b) Effective date.—The amendments made by this section shall apply to agreements entered into after the date of the enactment of this Act.

SEC. 312. PAYMENT OF TAXES.

(a) In General.—The Secretary of the Treasury or his delegate shall establish such rules, regulations, and procedures as are necessary to require payment of taxes by check or money order to be made payable to the Treasurer, United States of America.

(b) Effective Date.—The amendment made by this section shall take effect on the date of the enactment of this Act.

SEC. 313. LOW INCOME TAXPAYER CLINICS.

(a) In General.—Chapter 77 (relating to miscellaneous provisions) is amended by adding at the end thereof the following new section:

"SEC. 7525. LOW INCOME TAXPAYER CLINICS.

"(a) In General.—The Secretary shall make grants to provide matching funds for the development, expansion, or continuation of qualified low income taxpayer clinics.

"(b) Definitions.—For purposes of this section—

"(1) Qualified low income taxpayer clinic.—

"(A) In general.—The term 'qualified low income taxpayer clinic' means a clinic that—

"(i) represents low income taxpayers in controversies with the Internal Revenue Service,

"(ii) operates programs to inform individuals for whom English is a second language about their rights and responsibilities under this title, and

"(iii) does not charge more than a nominal fee for its services, except for reimbursement of actual costs incurred.

"(B) Representation of low income taxpayers.—A clinic meets the requirements of subparagraph (A)(i) if—

"(i) at least 90 percent of the taxpayers represented by the clinic have income which does not exceed 250 percent of the poverty level, as determined in accordance with criteria established by the Director of the Office of Management and Budget, and

"(ii) the amount in controversy for any taxable year generally does not exceed the amount specified in section 7463.

"(2) Clinic.—The term 'clinic' includes—

"(A) a clinical program at an accredited law school in which students represent low income taxpayers in controversies arising under this title, and

"(B) an organization exempt from tax under section 501(c) which satisfies the requirements of paragraph (1) through representation of taxpayers or referral of taxpayers to qualified representatives.

"(3) Qualified representative.—The term 'qualified representative' means any individual (whether or not an attorney) who is authorized to practice before the Internal Revenue Service or the applicable court.

"(c) Special Rules and Limitations.—

"(1) Aggregate limitation.—Unless otherwise provided by specific appropriation, the Secretary shall not allocate more than $3,000,000 per year (exclusive of costs of administering the program) to grants under this section.

"(2) Limitation on individual grants.—A grant under this section shall not exceed $100,000 per year.

"(3) Multi-year grants.—Upon application of a qualified low income taxpayer clinic, the Secretary is authorized to award a multi-year grant not to exceed 3 years.

"(4) Criteria for awards.—In determining whether to make a grant under this section, the Secretary shall consider—

"(A) the numbers of taxpayers who will be served by the clinic, including the number of taxpayers in the geographical area for whom English is a second language,

"(B) the existence of other low income taxpayer clinics serving the same population,

"(C) the quality of the program offered by the low income taxpayer clinic, including the qualifications of its administrators and qualified representatives, and its track record, if any, in providing service to low income taxpayers, and

"(D) alternative funding sources available to the clinic, including amounts received from other grants and contributions, and the endowment and resources of the educational institution sponsoring the clinic.

"(5) Requirement of matching funds.—A low income taxpayer clinic must provide matching funds on a dollar for dollar basis for all grants provided under this section. Matching funds may include—

"(A) the salary (including fringe benefits) of a faculty member at an educational institution who is teaching in the clinic;

"(B) the salaries of administrative personnel employed in the clinic; and

"(C) the cost of equipment used in the clinic.

Indirect expenses, including general overhead of the educational institution sponsoring the clinic, shall not be counted as matching funds.".

(b) Clerical Amendment.—The table of sections for chapter 77 is amended by adding at the end the following new section:

"Sec. 7525. Low income taxpayer clinics."

(c) Effective Date.—The amendments made by this section shall take effect on the date of the enactment of this Act.

SEC. 314. JURISDICTION OF THE TAX COURT.

(a) Interest Determinations.—Subsection (c) of section 7481 (relating to the date when Tax Court decisions become final) is amended—

(1) by inserting "or underpayment" after "overpayment" each place it appears, and

(2) by striking "petition" in paragraph (3) and inserting "motion".

(b) Extension of Time for Payment of Estate Tax.—Section 6166 (relating to the extension of time for payment of estate tax) is amended—

(1) by redesignating subsection (k) as subsection (l), and

(2) by inserting after subsection (j) the following new subsection:

"(k) Judicial Review.—The Tax Court shall have jurisdiction to review disputes regarding initial or continuing eligibility for extensions of time for payment under this section, including disputes regarding the proper amount of installment payments required herein."

(c) Small Case Calendar.—

(1) Subsection (a) of section 7463 (relating to disputes involving $10,000 or less) is amended by striking "$10,000" each place it appears and inserting "$25,000".

(2) The section heading for section 7463 is amended by striking "$10,000" and inserting "$25,000".

(3) The item relating to section 7463 in the table of sections for part II of subchapter C of chapter 76 is amended by striking "$10,000" and inserting "$25,000".

(d) Effective Date.—The amendments made by this section shall apply to proceedings commencing after the date of the enactment of this Act.

SEC. 315. CATALOGING COMPLAINTS.

(a) In General.—The Commissioner of Internal Revenue shall, as soon as practicable, but not later than 180 days after the date of the enactment of this Act, develop procedures to catalog and review taxpayer complaints of misconduct by Internal Revenue Service employees. Such procedures should include guidelines for internal review and discipline of employees, as warranted by the scope of such complaints.

(b) Hotline.— The Commissioner of Internal Revenue shall, as soon as practicable, but not later than 180 days after the date of the enactment of this Act, establish a toll-free telephone number for taxpayers to register complaints of misconduct by Internal Revenue Service employees, and shall publish such number in Publication 1.

SEC. 316. PROCEDURES INVOLVING TAXPAYER INTERVIEWS.

(a) In General.—Paragraph (1) of section 7521(b) (relating to procedures involving taxpayer interviews) is amended to read as follows:

"(1) Explanations of processes.—An officer or employee of the Internal Revenue Service shall—

"(A) before or at an initial interview, provide to the taxpayer—

"(i) in the case of an in-person interview with the taxpayer relating to the determination of any tax, an explanation of the audit process and the taxpayer's rights under such process, or

"(ii) in the case of an in-person interview with the taxpayer relating to the collection of any tax, an explanation of the collection process and the taxpayer's rights under such process, and

"(B) before an in-person initial interview with the taxpayer relating to the determination of any tax—

"(i) inquire whether the taxpayer is represented by an individual described in subsection (c),

"(ii) explain that the taxpayer has the right to have the interview take place in a reasonable place and that such place does not have to be the taxpayer's home,

"(iii) explain the reasons for the selection of the taxpayer's return for examination, and

"(iv) provide the taxpayer with a written explanation of the applicable burdens of proof on taxpayers and the Internal Revenue Service.

If the taxpayer is represented by an individual described in subsection (c), the interview may not proceed without the presence of such individual unless the taxpayer consents."

(b) Effective Date.—The amendments made by this section shall apply to interviews and examinations taking place after the date of the enactment of this Act.

SEC. 317. EXPLANATION OF JOINT AND SEVERAL LIABILITY.

(a) In General.—The Secretary of the Treasury or the Secretary's delegate shall, as soon as practicable, but not later than 180 days after the date of the enactment of this Act, establish procedures to clearly alert taxpayers of their joint and several liabilities on all tax forms, publications, and instructions. Such procedures shall include explanations of the possible consequences of joint and several liability.

(b) Transmission to Committees of Congress.—Such Secretary shall transmit drafts of the procedures required under subsection (a) (or proposed revisions to any such procedures) to the Committee on Ways and Means of the House of Representatives, the Committee on Finance of the Senate, and the Joint Committee on Taxation on the same day.

SEC. 318. PROCEDURES RELATING TO EXTENSIONS OF STATUTE OF LIMITATIONS BY AGREEMENT.

(a) In General.—Paragraph (4) of section 6501(c) (relating to the period for limitations on assessment and collection) is amended—

(1) by striking "Where" and inserting the following:

"(A) In general.—Where",

(2) by moving the text 2 ems to the right, and

(3) by adding at the end the following new subparagraph:

"(B) Notice to taxpayer of right to refuse or limit extension.—The Secretary shall notify the taxpayer of the taxpayer's right to refuse to extend the period of limitations, or to limit such extension to particular issues, on each occasion when the taxpayer is requested to provide such consent."

(b) Effective Date.—The amendments made by this section shall apply to requests to extend the period of limitations made after the date of the enactment of this Act.

SEC. 319. REVIEW OF PENALTY ADMINISTRATION.

The Taxpayer Advocate shall prepare a study and provide an independent report to the Committee on Ways and Means of the House of Representatives, the Committee on Finance of the Senate, and the Joint Committee on Taxation, no later than July 30, 1998, reviewing the administration and implementation by the Internal Revenue Service of the penalty reform recommendations made in the Omnibus Budget Reconciliation Act of 1989, including legislative and administrative recommendations to simplify penalty administration and reduce taxpayer burden.

SEC. 320. STUDY OF TREATMENT OF ALL TAXPAYERS AS SEPARATE FILING UNITS.

The Secretary of the Treasury or his delegate and the Comptroller General of the United States shall each conduct separate studies on the feasibility of treating each individual separately for purposes of the Internal Revenue Code of 1986, including recommendations for eliminating the marriage penalty, addressing community property issues, and reducing burden for divorced and separated taxpayers. The reports of each study shall be delivered to the Committee on Ways and Means of the House of Representatives, the Committee on Finance of the Senate, and the Joint Committee on Taxation no later than 180 days after the date of the enactment of this Act.

SEC. 321. STUDY OF BURDEN OF PROOF.

The Comptroller General of the United States shall prepare a report on the burdens of proof for taxpayers and the Internal Revenue Service for controversies arising under the Internal Revenue Code of 1986, which shall be delivered to the Committee on Ways and Means of the House of Representatives, the Committee on Finance of the Senate, and the Joint Committee on Taxation no later than 180 days after the date of the enactment of this Act. Such report shall highlight the differences between these burdens and the burdens imposed in other disputes with the Federal Government, and should comment on the impact of changing these burdens on tax administration and taxpayer rights.

TITLE IV—CONGRESSIONAL ACCOUNTABILITY FOR THE INTERNAL REVENUE SERVICE

Subtitle A—Oversight

SEC. 401. EXPANSION OF POWERS OF THE JOINT COMMITTEE ON TAXATION.

(a) IN GENERAL.—Section 8021 (relating to the powers of the Joint Committee on Taxation) is amended by adding at the end the following new subsections:

"(e) CONSULTANT SERVICES.—The Joint Committee is authorized to procure the services of experts and consultants in accordance with section 3109(b) of title 5, United States Code.

"(f) INVESTIGATIONS.—The Joint Committee shall review all requests (other than requests by a Committee or Subcommittee) for investigations of the Internal Revenue Service by the General Accounting Office, and approve such requests when appropriate, with a view towards eliminating overlapping investigations, ensuring that the General Accounting Office has the capacity to handle the investigation, and ensuring that investigations focus on areas of primary importance to tax administration.

"(g) RELATING TO JOINT HEARINGS.—

"(1) IN GENERAL.—The Chief of Staff, and such other staff as are appointed pursuant to section 8004, shall provide such assistance as is required for joint hearings described in paragraph (2).

"(2) JOINT HEARINGS.—On or before April 1 of each calendar year after 1997, there shall be a joint hearing of two members of the majority and one member of the minority from each of the Committees on Finance, Appropriations, and Government Affairs of the Senate, and the Committees on Ways and Means, Appropriations, and Government Reform and Oversight of the House of Representatives, to review the strategic plans and budget for the Internal Revenue Service. After the conclusion of the annual filing season, there shall be a second annual joint hearing to review other matters outlined in section 8022(3)(C).".

(b) EFFECTIVE DATE.—The amendment made by this section shall take effect on the date of the enactment of this Act.

SEC. 402. COORDINATED OVERSIGHT REPORTS.

(a) IN GENERAL.—Paragraph (3) of section 8022 (relating to the duties of the Joint Committee on Taxation) is amended to read as follows:

"(3) REPORTS.—

"(A) To report, from time to time, to the Committee on Finance and the Committee on Ways and Means, and, in its discretion, to the Senate or House of Representatives, or both, the results of its investigations, together with such recommendations as it may deem advisable.

"(B) To report, annually, to the Committee on Finance and the Committee on Ways and Means on the overall state of the Federal tax system, together with recommendations with respect to possible simplification proposals and other matters relating to the administration of the Federal tax system as it may deem advisable.

"(C) To report, annually, to the Committees on Finance, Appropriations, and Government Affairs of the Senate, and to the Committees on Ways and Means, Appropriations, and Government Reform and Oversight of the House of Representatives, with respect to—

"(i) strategic and business plans for the Internal Revenue Service;

"(ii) progress of the Internal Revenue Service in meeting its objectives;

"(iii) the budget for the Internal Revenue Service and whether it supports its objectives;

"(iv) progress of the Internal Revenue Service in improving taxpayer service and compliance;

"(v) progress of the Internal Revenue Service on technology modernization; and

"(vi) the annual filing season.".

(b) EFFECTIVE DATE.—The amendments made by this section shall take effect on the date of the enactment of this Act.

Subtitle B—Budget

SEC. 411. BUDGET DISCRETION.

(a) IN GENERAL.—

(1) ADJUSTMENTS.—For purposes of the Congressional Budget Act of 1974 and the Balanced Budget and Emergency Deficit Control Act of 1985—

(A) the discretionary spending limits under section 601(a)(2) of the Congressional Budget Act of 1974 (and those limits as cumulatively adjusted) for the current fiscal year and each outyear;

(B) the allocations to the Committees on Appropriations under sections 302(a) and 602(a) of the Congressional Budget Act of 1974; and

(C) the levels for major functional category 800 (General Government) and the appropriate budgetary aggregates in the most recently agreed to concurrent resolution on the budget,

shall be adjusted to reflect the amounts of additional new budget authority or additional outlays reported by the Committee on Appropriations in appropriations legislation (or by the committee of conference on such legislation) for the Internal Revenue Service.

(2) LIMITATION.—Any adjustments made pursuant to paragraph (1) may be made for new initiatives on an annual basis only for—

(A) improvements in taxpayer services, including building an integrated database of taxpayer information accessible to front-line Internal Revenue Service personnel; or

(B) other improvements that the Director of the Congressional Budget Office certifies to the Chairpersons of the Committees on Budget of the Senate and the House of Representatives that such budget authority will not increase the Federal budget deficit, except that funding for ongoing programs shall be provided through the normal appropriations process.

(b) REVISED LIMITS, ALLOCATIONS, LEVELS, AND AGGREGATES.—Upon the reporting of legislation pursuant to subsection (a), and again upon the submission of a conference report on such legislation in either House (if a conference report is submitted), the Chairpersons of the Committees on the Budget of the Senate and the House of Representatives shall file with their respective Houses appropriately revised—

(1) discretionary spending limits under section 601(a)(2) of the Congressional Budget Act of 1974 (and those limits as cumulatively adjusted) for the current fiscal year and each outyear;

(2) allocations to the Committee on Appropriations under sections 302(a) and 602(a) of that Act; and

(3) levels for major functional category 800 (General Government) and the appropriate budgetary aggregates in the most recently agreed to concurrent resolution on the budget, to carry out this subsection.

These revised discretionary spending limits, allocations, functional levels, and aggregates shall be considered for purposes of congressional enforcement of that Act as the discretionary spending limits, allocations, functional levels, and aggregates.

(c) REPORTING REVISED ALLOCATIONS.—The Committees on Appropriations of the Senate and the House of Representatives may report appropriately revised allocations pursuant to sections 302(b) and 602(b) of the Congressional Budget Act of 1974 to carry out this section.

(d) CONTINGENCIES.—This section shall not apply to any additional new budget authority or additional outlays unless the Director of the Congressional Budget Office certifies to the Chairpersons of the Committees on Appropriation of the Senate and the House of Representatives that the Director or any other outside authority has verified that—

(1) the Internal Revenue Service has provided them with reasonably accurate cost and revenue information;

(2) the Internal Revenue Service has implemented adequate quality service measures consistent with taxpayer rights;

(3) the Internal Revenue Service has obtained a clean opinion on its financial audit of appropriated accounts; and

(4) the Internal Revenue Service has made significant progress towards receiving a clean opinion on its financial audit of custodial accounts.

SEC. 412. FUNDING FOR CENTURY DATE CHANGE.

It is the sense of Congress that funding for the Internal Revenue Service efforts to resolve the century date change computing problems should be funded fully to provide for certain resolution of such problems.

SEC. 413. FINANCIAL MANAGEMENT ADVISORY GROUP.

The Commissioner shall convene a financial management advisory group consisting of individuals with expertise in governmental accounting and auditing from both the private sector and the Government to advise the Commissioner on financial management issues, including—

(1) the continued partnership between the Internal Revenue Service and the General Accounting Office;

(2) the financial accounting aspects of the Internal Revenue Service's system modernization;

(3) the necessity and utility of year-round auditing; and

(4) the Commissioner's plans for improving its financial management system.

Subtitle C—Tax Law Complexity

SEC. 421. ROLE OF THE INTERNAL REVENUE SERVICE.

It is the sense of Congress that the Internal Revenue Service should provide the Congress with an independent view of tax administration, and that during the legislative process, the tax writing committees of the Congress should hear from front-line technical experts at the Internal Revenue Service with respect to the administrability of pending amendments to the Internal Revenue Code of 1986.

SEC. 422. TAX COMPLEXITY ANALYSIS.

(a) IN GENERAL.—Chapter 92 (relating to powers and duties of the Joint Committee on Taxation) is amended by adding at the end the following new section:

"SEC. 8024. TAX COMPLEXITY ANALYSIS.

"(a) IN GENERAL.—

"(1) REPORTED BILLS AND RESOLUTIONS.—When a committee of the Senate or House of Representatives reports a bill or joint resolution that includes any provision amending the Internal Revenue Code of 1986, the report for such bill or joint resolution shall contain a Tax Complexity Analysis prepared by the Joint Committee on Taxation for each provision therein.

"(2) AMENDED BILLS AND JOINT RESOLUTIONS; CONFERENCE REPORTS.—If a bill or joint resolution is passed in an amended form (including if passed by one House as an amendment in the nature of a substitute for the text of a bill or joint resolution from the other House) or is reported by a committee of conference in amended form, and the amended form contains an amendment to the Internal Revenue Code of 1986 not previously considered by either House, then the committee of conference shall ensure that the Joint Committee on Taxation prepares a Tax Complexity Analysis for each provision therein.

"(b) CONTENT OF COMPLEXITY ANALYSIS.—Each Tax Complexity Analysis must address—

"(1) whether the provision is new, modifies or replaces existing law, and whether hearings were held to discuss the proposal and whether the Internal Revenue Service provided input as to its administrability;

"(2) when the provision becomes effective, and corresponding compliance requirements on taxpayers (e.g., effective on date of enactment, phased in, or retroactive);

"(3) whether new Internal Revenue Service forms or worksheets are needed, whether existing forms or worksheets must be modified, and whether the effective date allows sufficient time for the Internal Revenue Service to prepare such forms and educate taxpayers;

"(4) necessity of additional interpretive guidance (e.g., regulations, rulings, and notices);

"(5) the extent to which the proposal relies on concepts contained in existing law, including definitions;

"(6) effect on existing record keeping requirements and the activities of taxpayers, complexity of calculations and likely behavioral responses, and standard business practices and resource requirements;

"(7) number, type, and sophistication of affected taxpayers; and

"(8) whether the proposal requires the Internal Revenue Service to assume responsibilities not directly related to raising revenue which could be handled through another Federal agency.

"(c) LEGISLATION SUBJECT TO POINT OF ORDER.—

"(1) IN GENERAL.—It shall not be in order in the Senate or the House of Representatives to consider any bill, joint resolution, amendment, motion, or conference report that is not accompanied by a Tax Complexity Analysis for each provision therein.

"(2) IN THE SENATE.—Upon a point of order being made by any Senator against any provision under this section, and the point of order being sustained by the Chair, such specific provision shall be deemed stricken from the bill, resolution, amendment, amendment in disagreement, or conference report, and may not be offered as an amendment from the floor.

"(3) IN THE HOUSE OF REPRESENTATIVES.—

"(A) It shall not be in order in the House of Representatives to consider a rule or order that waives the application of paragraph (1).

"(B) In order to be cognizable by the Chair, a point of order under this section must specify the precise language on which it is premised.

"(C) As disposition of points of order under this section, the Chair shall put the question of consideration with respect to the proposition that is the subject of the points of order.

"(D) A question of consideration under this section shall be debatable for 10 minutes by each Member initiating a point of order and for 10 minutes by an opponent on each point of order, but shall otherwise by decided without intervening motion except one that the House adjourn or that the Committee of the Whole rise, as the case may be.

"(E) The disposition of the question of consideration under this subsection with respect to a bill or joint resolution shall be considered also to determine the question of consideration under this subsection with respect to an amendment made in order as original text.

"(d) RESPONSIBILITIES OF THE COMMISSIONER.—The Commissioner shall provide the Joint Committee on Taxation with such information as is necessary to prepare a Tax Complexity Analysis on each instance in which such an analysis is required."

(b) CLERICAL AMENDMENT.—The table of sections for chapter 92 is amended by adding at the end the following new item:

"Sec. 8024. Tax complexity analysis."

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to legislation considered on or after the earlier of January 1, 1998, or the 90th day after the date of the enactment of an additional appropriation to carry out section 8024 of the Internal Revenue Code of 1986, as added by this section.

SEC. 423. SIMPLIFIED TAX AND WAGE REPORTING SYSTEM.

(a) POLICY.—It is the policy of the Congress that employers should have a single point of filing tax and wage reporting information.

(b) ELECTRONIC FILING OF INFORMATION RETURNS.—The Social Security Administration shall establish procedures no later than December 31, 1998, to accept electronic submissions of tax and wage reporting information from employers, and to forward such information to the Internal Revenue Service, and to the tax administrators of the States, upon request and reimbursement of expenses. For purposes of this paragraph, recipients of tax and wage reporting information from the Social Security Administration shall reimburse the Social Security Administration for its incremental expenses associated with accepting and furnishing such information.

SEC. 424. COMPLIANCE BURDEN ESTIMATES.

The Joint Committee on Taxation shall prepare a study of the feasibility of developing a baseline estimate of taxpayers' compliance burdens against which future legislative proposals could be measured.

By Mr. MOYNIHAN (for himself and Mr. D'AMATO):

S. 1097. A bill to reduce acid deposition under the Clean Air Act, and for other purposes; to the Committee on Environment and Public Works.

THE ACID DEPOSITION CONTROL ACT OF 1997.

Mr. MOYNIHAN. Mr. President, I rise today to introduce the Acid Deposition Control Act of 1997, a bill to combat acid rain and help restore health to the Nation's sensitive ecosystems—such as the Adirondack Park in my home State of New York. My friend and colleague, Senator D'AMATO is cosponsor of this measure.

Mr. President, in the 1960's, fishermen in the Adirondacks began to complain about more than the big ones that got away. Fish, once abundant, were not simply becoming harder to catch. They had disappeared. Initially, pollution seemed an unlikely cause. The lakes lie in a park protected by the New York State Constitution from most disturbances by human activities. Most of the lakes are virtually inaccessible, except to fishermen—and the winds that blow in from industrial pockets across the Midwest.

Before long, pioneering scientists such as Cornell University's Eugene Likens and Carl Schofield and Syracuse University's Charles Driscoll established a link between increased deposition of acidic compounds in rainfall and the absence or deformity of fish in lakes with clear water and low pH.

This was precisely the phenomenon first documented by Robert Angus Smith in Manchester, England, in 1852. More recently, acid rain had been of concern in Scandinavia. Acids lofted into the atmosphere from tall smokestacks in the industrial basin of the Ruhr River, falling on watersheds that were, in many places, little more than bare rock. Closer to the source, acid rain was blamed for Waldsterben, the death of Germany's prized Black Forest.

We have learned a great deal since then. In June 1980, Congress passed the Energy Security Act, Public Law 96-264. Title VII consisted of a bill I introduced in 1979, the Acid Precipitation Act of 1980. It established the National Acid Precipitation Assessment Program [NAPAP]—an interagency research program to foster the development of science-based Federal policy regarding acid rain. This program resulted in the establishment of long-term acid deposition monitoring programs, a network of permanent forest plots and lake sampling regimes, over 1,500 peer reviewed publications, and perhaps more important the issuance of 71 doctoral degrees in acid deposition research during the 1980's compared to only 2 in the decade before.

By the end of this massive study, scientists worldwide gathered in South Carolina to discuss what they had learned. They learned that at least 800 lakes and 2,200 streams in the eastern United States had been made acidic by acid rain; they predicted that an additional 10 percent would become acidic over the next decade without additional legislation. And they confirmed—as had been expected—that sulfur dioxide emissions were found to be a significant factor in acidifying ecosystems. Sulfur dioxide had contributed to forest decline in high elevation areas, corrosion of stone and metal structures, and reduced visibility.

In 1990, Congress enacted acid rain controls to reduce sulfur dioxide emissions by 10 million tons below 1985 levels, utilizing a unique, market-based approach to ensure the most cost-effective pollution reduction possible. At the time, the measure was expected to have some noticeable—but not overwhelming—beneficial effects.

We were right. Visibility has increased. Acidification of lake waters and deterioration of materials has been reduced. The incidence of respiratory disease has decreased. The market-based emissions trading approach has proved a tremendous success, fostering reductions nearly 40 percent beyond that which the act required, at costs amounting to a mere fraction of industry and government predictions. Equally important, our knowledge increased.

In recent years, scientists have identified another important precursor of acid rain: nitrogen oxides. Studies on the combined effect of sulfur dioxide and nitrogen oxide strongly suggest that the Clean Air Act will not be adequate to prevent long-term deterioration of national treasures such as the Adirondack Mountains and the Chesapeake Bay. According to a 1995 Environmental Protection Agency [EPA] study, even with the reductions required by the Clean Air Act, up to 45 percent of the lakes in the Adirondacks will become too acidic to support most aquatic life by the year 2040. Lakes too acidic to support life. Now there is a powerful image.

The bill I introduce today requires an additional 50-percent reduction of sulfur dioxide and a 75-percent reduction in the level of nitrogen oxides emitted from electric utilities. This legislation blends the best judgment of top scientists with the successful, market-based approach of the existing program.

The legislation calls for a nitrogen oxide cap and trade program similar to the sulfur dioxide program presently administered by EPA's Acid Rain Division. Under the program, EPA officials would divide a fixed—capped—number of nitrogen oxide emission allowances among the 48 contiguous States each year, basing each State's share of allowances on the State's share of the power generated within the 48 States.

Each State, in turn, would divide the allowances among the utilities within the State, in whatever manner the State sees fit. Each allowance represents a limited right to emit 1 ton of NO_X pollution. Each utility must conduct an accounting procedure to ensure that they hold enough allowances to cover their emissions tonnage. A utility with more allowances than emissions may sell their additional allowances or save them for use in a future year. Likewise, a utility with fewer allowances than emissions would purchase excess allowances from another source.

If for any reason a State does not wish to administer the allocation of allowances to its utilities, the EPA Administrator will distribute the allowances automatically, giving each utility a share of the State's allowances equal to that utility's share of the State's power generation.

In addition to contributing to acid deposition, NO_X pollution contributes to ozone pollution, a respiratory and pulmonary irritant which can cause significant adverse health effects. Because heat and sunlight are necessary components in the creation of ozone pollution, ozone is most prevalent in warm summer months. Therefore, in an effort to reduce ozone pollution, the legislation would take additional measures to reduce summertime NO_X emissions. During the months of May, June, July, August, and September, an electric utility would be forced to surrender two allowances per ton of NO_X emitted.

The NO_X trading program would commence operation on January 1, 2000, beginning with an annual cap of 5.4 million allowances and cutting back to 3.0 million allowances beginning in 2003. EPA modeling suggests that, due to the two-for-one ozone season emissions provision, the actual emissions will likely drop to approximately 2.3 million tons per year after 2003—a reduction of approximately 70 percent from 1995 levels.

Mr. President, there were days when dark plumes of smoke coming out of factory smokestacks were signs of prosperity. There was nothing Jim Farley liked to do better than put up a new Post Office and hire an artist to paint on its walls prosperity returning. Black columns of smoke reaching up to the sky—strong colors for what we hoped would be a strong economy.

Lord Kelvin used to point out that one can't solve a problem that one cannot measure. We have spent decades measuring, and now it is time to update our policy response in order to solve the problem. It is time to adjust to the consequences of what we have learned. Mr. President, I urge my colleagues to support the Acid Deposition Control Act of 1997.

Mr. President, I ask unanimous consent that the text of the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1097

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Acid Deposition Control Act".

SEC. 2. FINDINGS AND PURPOSES.

(a) FINDINGS.—Congress finds that—

(1) reductions of atmospheric nitrogen oxide and sulfur dioxide from utility plants, in addition to the reductions required under the Clean Air Act (42 U.S.C. 7401 et seq.), are needed to reduce acid deposition and its serious adverse effects on public health, natural resources, building structures, sensitive ecosystems, and visibility;

(2) nitrogen oxide and sulfur dioxide contribute to the development of fine particulates, suspected of causing human mortality and morbidity to a significant extent;

(3) regional nitrogen oxide reductions of 50 percent in the Eastern United States, in addition to the reductions required under the Clean Air Act, may be necessary to protect sensitive watersheds from the effects of nitrogen deposition;

(4) without reductions in nitrogen oxide and sulfur dioxide, the number of acidic lakes in the Adirondacks in the State of New York is expected to increase by up to 40 percent by 2040; and

(5) nitrogen oxide is highly mobile and can lead to ozone formation hundreds of miles from the emitting source.

(b) PURPOSES.—The purposes of this Act are—

(1) to recognize the current scientific understanding that emissions of nitrogen oxide and sulfur dioxide, and the acid deposition resulting from emissions of nitrogen oxide and sulfur dioxide, present a substantial human health and environmental risk;

(2) to require reductions in nitrogen oxide and sulfur dioxide emissions;

(3) to support the efforts of the Ozone Transport Assessment Group to reduce ozone pollution;

(4) to reduce utility emissions of nitrogen oxide by 70 percent from 1990 levels; and

(5) to reduce utility emissions of sulfur dioxide by 50 percent after the implementation of phase II sulfur dioxide requirements under section 405 of the Clean Air Act (42 U.S.C. 7651d).

SEC. 3. DEFINITIONS.

In this Act:

(1) ADMINISTRATOR.—The term "Administrator" means the Administrator of the Environmental Protection Agency.

(2) AFFECTED FACILITY.—The term "affected facility" means a facility with 1 or more combustion units that serve at least 1 electricity generator with a capacity equal to or greater than 25 megawatts.

(3) NO_x ALLOWANCE.—The term "NO_x allowance" means a limited authorization to emit, in accordance with this Act—

(A) 1 ton of nitrogen oxide during each of the months of October, November, December, January, February, March, and April of any year; and

(B) ½ ton of nitrogen oxide during each of the months of May, June, July, August, and September of any year.

(4) MMBTU.—The term "mmBtu" means 1 million British thermal units.

(5) PROGRAM.—The term "Program" means the Nitrogen Oxide Allowance Program established under section 4.

(6) STATE.—The term "State" means the 48 contiguous States and the District of Columbia.

SEC. 4. NITROGEN OXIDE ALLOWANCE PROGRAM.

(a) In General.—

(1) Establishment.—Not later than 18 months after the date of enactment of this Act, the Administrator shall establish a program to be known as the "Nitrogen Oxide Allowance Program".

(2) Scope.—The Program shall be conducted in the 48 contiguous States and the District of Columbia.

(3) NO_x allowances.—The Administrator shall allocate under paragraph (4)—

(A) for each of calendar years 2000 through 2002, 5,400,000 NO_x allowances; and

(B) for calendar year 2003 and each calendar year thereafter, 3,000,000 NO_x allowances.

(4) Allocation.—

(A) Definition of total electric power.—For purposes of this paragraph, the term "total electric power" means all electric power generated by utility and nonutility generators for distribution, including electricity generated from solar wind, hydro power, nuclear power, and the combustion of fossil fuel.

(B) Allocation of allowances.—The Administrator shall allocate annual NO_x allowances to each of the States in proportion to the State's share of the total electric power generated in the 48 contiguous States and the District of Columbia.

(C) Publication.—The Administrator shall publish in the Federal Register a list of each State's NO_x allowance allocation—

(i) by December 1, 1998, for calendar years 2000 and 2002;

(ii) by December 1, 2000, for calendar years 2003 through 2010; and

(iii) by December 1 of each calendar year after 2000, for the calendar year 5 years previous.

(5) Intrastate distribution.—

(A) In general.—A State may submit a report to the Administrator detailing the distribution of NO_x allowances of the State to affected facilities in the State—

(i) not later than September 30, 1999, for calendar years 2000 through 2002;

(ii) not later than September 30, 2001, for calendar years 2003 through 2010; and

(iii) not later than September 30 of each calendar year after 2011, for the calendar year 5 years previous.

(B) Action by the administrator.—If a State submits a report under subparagraph (A) not later than September 30 of the calendar year specified in subparagraph (A), the Administrator shall distribute the NO_x allowances to affected facilities in the State as detailed in the report.

(C) Late submission of report.—A report submitted by a State after September 30 of the specified year shall have no force or effect.

(D) Distribution in absence of a report.—

(i) In general.—Subject to subsection (e), if a State does not submit a report under subparagraph (A) not later than September 30 of the calendar year specified in subparagraph (A), the Administrator shall, not later than November 30 of that calendar year, distribute the NO_x allowances for the calendar years specified in subparagraph (A) to each affected facility in the State in proportion to the affected facility's share of the total net electric power generated in the State.

(ii) Determination of facility's share.—In determining an affected facility's share of total net electric power generated in a State, the Administrator shall consider the net electric power generated by the facility and the State to be—

(I) for calendar years 2000 through 2002, the average annual amount of net electric power generated, by the facility and the State, respectively, in calendar years 1995 through 1997;

(II) for calendar years 2003 through 2010, the average annual amount of net electric power generated, by the facility and the State, respectively, in calendar years 1997 through 1999; and

(III) for calendar year 2011 and each calendar year thereafter, the amount of net electric power generated, by the facility and the State, respectively, in the calendar year 5 years previous to the year for which the determination is made.

(E) Judicial review.—A distribution of NO_x allowances by the Administrator under subparagraph (D) shall not be subject to judicial review.

(b) NO_x Allowance Transfer System.—

(1) In general.—Not later than 18 months after the date of enactment of this Act, the Administrator shall promulgate NO_x allowance system regulations under which a NO_x allowance allocated under this Act may be transferred among affected facilities and any other person.

(2) Establishment.—The regulations shall establish the NO_x allowance system under this section, including requirements for the allocation, transfer, and use of NO_x allowances under this Act.

(3) Use of NO_x allowances.—The regulations shall—

(A) prohibit the use (but not the transfer in accordance with paragraph (5)) of any NO_x allowance before the calendar year for which the NO_x allowance is allocated; and

(B) provide that the unused NO_x allowances shall be carried forward and added to NO_x allowances allocated for subsequent years.

(4) Certification of transfer.—A transfer of a NO_x allowance shall not be effective until a written certification of the transfer, signed by a responsible official of the person making the transfer, is received and recorded by the Administrator.

(c) NO_x Allowance Tracking System.—Not later than 18 months after the date of enactment of this Act, the Administrator shall promulgate regulations for issuing, recording, and tracking the use and transfer of NO_x allowances that shall specify all necessary procedures and requirements for an orderly and competitive functioning of the NO_x allowance system.

(d) Permit Requirements.—A NO_x allowance allocation or transfer shall, on recordation by the Administrator, be considered to be a part of each affected facility's operating permit requirements, without the requirement for any further permit review and revision.

(e) New Source Reserve.—

(1) In general.—For a State for which the Administrator distributes NO_x allowances under subsection (a)(5)(D), the Administrator shall place 10 percent of the total annual NO_x allowances of the State in a new source reserve to be distributed by the Administrator—

(A) for calendar years 2000 through 2003, to sources that commence operation after 1995;

(B) for calendar years 2004 through 2009, to sources that commence operation after 1997; and

(C) for calendar year 2010 and each calendar year thereafter, to sources that commence operation after the calendar year that is 5 years previous to the year for which the distribution is made.

(2) Share.—For a State for which the Administrator distributes NO_x allowances under subsection (a)(5)(D), the Administrator shall distribute to each new source a number of NO_x allowances sufficient to allow emissions by the source at a rate equal to the lesser of the new source performance standard or the permitted level for the full nameplate capacity of the source, adjusted pro rata for the number of months of the year during which the source operates.

(3) Unused NO_x allowances.—

(A) In general.—During the period of calendar years 2000 through 2005, the Administrator shall conduct auctions at which a NO_x allowance remaining in the new source reserve that has not been distributed under paragraph (2) shall be offered for sale.

(B) Open auctions.—An auction under subparagraph (A) shall be open to any person.

(C) Conduct of auction.—

(i) Method of bidding.—A person wishing to bid for a NO_x allowance at an auction under subparagraph (A) shall submit (by a date set by the Administrator) to the Administrator (on a sealed bid schedule provided by the Administrator) an offer to purchase a specified number of NO_x allowances at a specified price.

(ii) Sale based on bid price.—A NO_x allowance auctioned under subparagraph (A) shall be sold on the basis of bid price, starting with the highest priced bid and continuing until all NO_x allowances for sale at the auction have been sold.

(iii) No minimum price.—A minimum price shall not be set for the purchase of a NO_x allowance auctioned under subparagraph (A).

(iv) Regulations.—The Administrator, in consultation with the Secretary of the Treasury, shall promulgate regulations to carry out this paragraph.

(D) Use of NO_x allowances.—A NO_x allowance purchased at an auction under subparagraph (A) may be used for any purpose and at any time after the auction that is permitted for use of a NO_x allowance under this Act.

(E) Proceeds of auction.—The proceeds from an auction under this paragraph shall be distributed to the owner of an affected source in proportion to the number of allowances that the owner would have received but for this subsection.

(f) Nature of NO_x Allowances.—

(1) Not a property right.—A NO_x allowance shall not be considered to be a property right.

(2) Limitation of NO_x allowances.—Notwithstanding any other provision of law, the Administrator may terminate or limit a NO_x allowance.

(g) Prohibitions.—

(1) In general.—After January 1, 2000, it shall be unlawful—

(i) for the owner or operator of an affected facility to operate the affected facility in such a manner that the affected facility emits nitrogen oxides in excess of the amount permitted by the quantity of NO_x allowances held by the designated representative of the affected facility; or

(ii) for any person to hold, use, or transfer a NO_x allowance allocated under this Act, except as provided under this Act.

(2) Other emission limitations.—Section 407 of the Clean Air Act (42 U.S.C. 7651f) is repealed.

(3) Time of use.—A NO_x allowance may not be used before the calendar year for which the NO_x allowance is allocated.

(4) Permitting, monitoring, and enforcement.—Nothing in this section affects—

(A) the permitting, monitoring, and enforcement obligations of the Administrator under the Clean Air Act (42 U.S.C. 7401 et seq.); or

(B) the requirements and liabilities of an affected facility under the Clean Air Act (42 U.S.C. 7401 et seq.).

(h) Savings Provisions.—Nothing in this section—

(1) affects the application of, or compliance with, the Clean Air Act (42 U.S.C. 7401 et seq.) for an affected facility, including the provisions related to applicable national ambient air quality standards and State implementation plans;

(2) requires a change in, affects, or limits any State law regulating electric utility rates or charges, including prudency review under State law;

(3) affects the application of the Federal Power Act (16 U.S.C. 791a et seq.) or the authority of the Federal Energy Regulatory Commission under that Act; or

(4) interferes with or impairs any program for competitive bidding for power supply in a State in which the Program is established.

SEC. 5. INDUSTRIAL SOURCE MONITORING.

Section 412(a) of the Clean Air Act (42 U.S.C. 7651k(a)) is amended in the first sentence by inserting ", or of any industrial facility with a capacity of 100 or more mmBtu's per hour," after "The owner and operator of any source subject to this title".

SEC. 6. EXCESS EMISSIONS PENALTY.

(a) In General.—

(1) Liability.—The owner or operator of an affected facility that emits nitrogen oxides in any calendar year in excess of the NO_x allowances the owner or operator holds for use for the facility for that year shall be liable for the payment of an excess emissions penalty.

(2) Calculation.—The excess emissions penalty shall be calculated by multiplying $6,000 by the quantity that is equal to—

(A) the quantity of NO_x allowances that would authorize the nitrogen oxides emitted by the facility for the calendar year; minus

(B) the quantity of NO_x allowances that the owner or operator holds for use for the facility for that year.

(3) Overlapping penalties.—A penalty under this section shall not diminish the liability of the owner or operator of an affected facility for any fine, penalty, or assessment against the owner or operator for the same violation under any other provision of law.

(b) Excess Emissions Offset.—

(1) In general.—The owner or operator of an affected facility that emits nitrogen oxide during a calendar year in excess of the NO_x allowances held for the facility for the calendar year shall offset in the following calendar year a quantity of NO_x allowances equal to the number of NO_x allowances that would authorize the excess nitrogen oxides emitted.

(2) Proposed plan.—Not later than 60 days after the end of the year in which excess emissions occur, the owner or operator of an affected facility shall submit to the Administrator and the State in which the affected facility is located a proposed plan to achieve the offset required under paragraph (1).

(3) Condition of permit.—On approval of the proposed plan by the Administrator, as submitted, modified, or conditioned by the Administrator, the plan shall be considered a condition of the operating permit for the affected facility without further review or revision of the permit.

(c) Penalty Adjustment.—The Administrator shall annually adjust the penalty specified in subsection (a) to reflect changes in the Consumer Price Index for all urban consumers published by the Bureau of Labor Statistics.

SEC. 7. SULFUR DIOXIDE ALLOWANCE PROGRAM REVISIONS.

Section 402(3) of the Clean Air Act (as added by section 401 of Public Law 101–549 (104 Stat. 2584)) (42 U.S.C. 7651a(3)) is amended by inserting before the period at the end the following: "for allowances allocated for calendar years 1995 through 2002, and ½ ton of sulfur dioxide for allowances allocated for calendar year 2003 and each calendar year thereafter.".

SEC. 8. REGIONAL ECOSYSTEMS.

(a) Report.—

(1) In general.—Not later than December 31, 2002, the Administrator shall submit to Congress a report identifying objectives for scientifically credible environmental indicators, as determined by the Administrator, that are sufficient to protect sensitive ecosystems of the Adirondack Mountains, Mid-Appalachian Mountains, and Southern Blue Ridge Mountains and water bodies of the Great Lakes, Lake Champlain, Long Island Sound, and the Chesapeake Bay.

(2) Acid neutralizing capacity.—The report under paragraph (1) shall—

(A) include acid neutralizing capacity as an indicator; and

(B) identify as an objective under paragraph (1) the objective to increase the proportion of water bodies in sensitive receptor areas with an acid neutralizing capacity greater than zero from the proportion identified in surveys begun in 1984.

(3) Updated report.—Not later than December 31, 2006, the Administrator shall submit to Congress a report updating the report under paragraph (1) and assessing the status and trends of various environmental indicators for the regional ecosystems referred to in paragraph (1).

(4) Reports under the national acid precipitation assessment program.—The reports under this subsection shall satisfy the report requirements set forth in section 103(j)(3)(E) of the Clean Air Act (42 U.S.C. 7403(j)(3)(E)) for the years 2002 and 2006.

(b) Regulations.—

(1) Determination.—Not later than December 31, 2006, the Administrator shall determine whether emissions reductions under section 4 are sufficient to ensure achievement of the objectives identified in subsection (a)(1).

(2) Promulgation.—If the Administrator determines under paragraph (1) that emissions reductions under section 4 are not sufficient to ensure achievement of the objectives identified in subsection (a)(1), the Administrator shall promulgate, not later than 2 years after making the finding, such regulations, including modification of nitrogen oxide and sulfur dioxide allowance allocations or any such measure, as the Administrator determines are necessary to protect the sensitive ecosystems described in subsection (a)(1).

SEC. 9. GENERAL COMPLIANCE WITH OTHER PROVISIONS.

Except as expressly provided in this Act, compliance with this Act shall not exempt or exclude the owner or operator of an affected facility from compliance with any other law.

SEC. 10. MERCURY EMISSION STUDY AND CONTROL.

(a) Study and Report.—The Administrator shall—

(1) study the practicality of monitoring mercury emissions from all combustion units that have a capacity equal to or greater than 250 mmBtu's per hour; and

(2) not later than 2 years after the date of enactment of this Act, submit to Congress a report on the results of the study.

(b) Regulations Concerning Monitoring.—Not later than 1 year after the date of submission of the report under subsection (a), the Administrator shall promulgate regulations requiring the reporting of mercury emissions from units that have a capacity equal to or greater than 250 mmBtu's per hour.

(c) Emission Controls.—

(1) In general.—Not later than 1 year after the commencement of monitoring activities under subsection (b), the Administrator shall promulgate regulations controlling electric utility and industrial source emissions of mercury.

(2) Factors.—The regulations shall take into account technological feasibility, cost, and the projected levels of mercury emissions that will result from implementation of this Act.

SEC. 11. DEPOSITION RESEARCH BY THE ENVIRONMENTAL PROTECTION AGENCY.

(a) In General.—The Administrator shall establish a competitive grant program to fund research related to the effects of nitrogen deposition on sensitive watersheds and coastal estuaries in the Eastern United States.

(b) Chemistry of Lakes and Streams.—Not later than September 30, 1999, and September 30, 2006, the Administrator shall submit to the Committee on Environment and Public Works of the Senate and the Committee on Resources of the House of Representatives a report on the health and chemistry of lakes and streams of the Adirondacks that were subjects of the report transmitted under section 404 of Public Law 101–549 (commonly known as the "Clean Air Act Amendments of 1990") (104 Stat. 2632).

(c) Authorization of Appropriations.—There are authorized to be appropriated—

(1) to carry out subsection (a), $1,000,000 for each of fiscal years 1998 through 2003; and

(2) to carry out subsection (b), $1,000,000 for each of fiscal years 1998, 1999, 2005, and 2006.

Mr. D'AMATO. Mr. President, I rise today to join my friend and distinguished colleague, Senator Moynihan, in introducing legislation that we believe will curb the devastating effects of acid rain in New York State and throughout the entire Nation. Our bill seeks to place controls on the emission of the pollutants that cause acid rain and acid deposition—Sulfur Dioxide (SO_2) and Nitrogen Oxide (NO_x)—beyond those levels enacted in the 1990 Clean Air Act. In this way, we will ensure that those entities that are primarily responsible for the pollution that affects down-wind States such as New York are held to the same strict accountability.

New Yorkers know all too well that pollution transported from up-wind sources has had a devastating impact on the Adirondacks as well as other regions within the State. The prevalence of acid deposition has reached the point where the Environmental Protection Agency [EPA] estimates that without further controls of nitrogen oxides, the number of acidic lakes in the Adirondacks could increase to 43 percent by the year 2040. Such an increase will see approximately 1,300 lakes out of the 3,000 in the Adirondacks become chronically acidic. Clearly, we must take action to prevent this from becoming a reality.

Under the 1990 Clean Air Act, a cap on SO_2 emissions was enacted. It was designed to reduce the overall level of this pollutant by 50 percent by the year 2000. To provide an incentive to decrease emissions even more, a system of trading allowances for SO_2 was established. An "allowance" allows a utility to emit 1 ton of SO_2 pollution. These trading allowances enable utilities that have reached their allowable emission caps for SO_2 to buy another utility's excess capability. This ability to "trade" tons of SO_2 has been popular with utilities and has actually brought significant reductions in the amount of SO_2 emitted in a cost-effective manner. The legislation that we are introducing today builds on that success by instituting a NO_x cap and trade program that we believe will have a positive impact on the environment.

Under the bill, the Environmental Protection Agency [EPA] would be required to allocate a capped number of NO_x emission allowances nationwide—excluding Alaska and Hawaii. The EPA would base each State's allotment on the percentage share of power each State generates within the 48 contiguous States. So, if a particular State generates 5 percent of the power in the Continental United States, then that State would be entitled to 5 percent of the total emissions pool.

Once a State had received its emission allowances, the State would be able to divide those allowances within the State in any manner it chooses. Utilities would be required to ensure that they have enough tons at their disposal to cover their total emission tonnage. If a State had additional tons, they would be able to sell allowances or "bank" them for use at a future time. A utility without enough allowances would have to buy them on the open market, an option currently in practice with SO_2. Utilities that do not abide by these restrictions on capping and trading NO_x allowances would be fined $6,000 per ton emitted over the established limit for that plant. States that are unwilling or unable to determine the allocation of allowances to utilities within their State would have that capability default to the EPA.

The NO_x trading program would go into effect in the year 2000 with an annual cap of 5.4 million allowances nationwide decreasing to 3 million allowances in 2003. Currently, utilities emit approximately 6.5 million tons of nitrogen oxides (NO_x).

The bill would also create further protections against harmful pollution during the summer months when ozone levels are at their highest. When NO_x combines with heat, sunlight and volatile organic compounds [VOC's], the end product is ozone. Thus, ideal conditions for high levels of ground-level ozone occur mainly in the summer months. To combat this, the legislation calls for utilities to give up two allowances for each ton of NO_x emitted during the months of May, June, July, August and September instead of the one allowance per ton that would apply for the remaining 7 months of the year. This would effectively drop the total emission of NO_x to 2.3 million tons after the year 2003 and would create approximately a 70 percent reduction in NO_x emissions from the 1990 level.

In addition, the bill calls for further reductions in SO_2 in the year 2003, when utilities will be required to use two allowances per ton of SO_2 emitted instead of one. This would cut these emissions in half. The bill also requires the EPA to conduct a study on the effects that mercury, a toxic metal, may have on the environment and how to measure this mercury with an eye towards possible monitoring and control of mercury emissions in the future.

Finally, the bill contains a provision for specific research on the effect of acid deposition on the sensitive ecosystems of the Adirondacks, the Southern Blue Ridge Mountains, the Mid-Appalachian Mountains and water bodies of the Great Lakes, Lake Champlain, Long Island Sound and the Chesapeake Bay. If proven by research that a particular region is still threatened, then the Administrator may take further steps to promote environmental recovery of that region.

We in New York continue to see the effects that acid rain and acid deposition have on our environment. Lakes, streams and trees in the Adirondacks are still dying due to the continued emission and transport of these pollutants. Other states and other regions throughout our nation have similar problems. If we are to pass along a healthy environment to our children and grandchildren, we must be willing to enact the controls that will preserve that legacy. The legislation that Senator MOYNIHAN and I have proposed is strong medicine, but it will enable us to sustain our heritage for generations to come.

By Mr. DURBIN:

S. 1098. A bill to provide for the debarment or suspension from Federal procurement and nonprocurement activities of persons that violate certain labor and safety laws; to the Committee on Governmental Affairs.

THE FEDERAL PROCUREMENT AND ASSISTANCE INTEGRITY ACT

Mr. DURBIN. Mr. President, I am pleased today to introduce legislation to improve the efficiency and protect the integrity of Federal procurement and assistance programs, by ensuring that the Federal Government does business with responsible contractors and participants.

The United States General Accounting Office [GAO] has found that billions of dollars in Federal procurement contracts and assistance are going to individuals and corporations which are violating our nation's labor and employment laws. In 1995, the GAO reported that more than $23 billion in Federal contracts were awarded in fiscal year 1993 to contractors who violated labor laws. That is 13 percent of the $182 billion in Federal contracts awarded that year. Part of the reason for this, the GAO found, is that the National Labor Relations Board, which enforces our nation's labor laws, does not know whether violators of the law are receiving Federal contracts. And the General Services Administration, which oversees Federal procurement, does not know the labor relations records of Federal contractors.

Last year, the GAO reported that $38 billion in Federal contracts in fiscal year 1994 were awarded to contractors who had violated workplace health and safety laws. That is 22 percent of the $176 billion in Federal contracts of $25,000 or more which were awarded that year. The GAO found that 35 people died and 55 more people were hospitalized in fiscal year 1994 as a result of injuries at the workplaces of federal contractors who violated health and safety laws. These contractors were assessed a total of $10.9 million in penalties in fiscal year 1994—while being awarded $38 billion in Federal contracts.

The GAO concluded that, although federal agencies have the authority to deny contracts and federal assistance to companies that violate Federal laws, this authority is rarely used in the case of safety and health violations. The GAO found that federal agencies do not normally collect or receive information about which contractors are violating health and safety laws—even when contractors have been assessed large penalties for egregious or repeat violations.

The Federal Government should not ignore the health and safety records of companies that apply for federal contracts and assistance. A report published this week in the Archives of Internal Medicine concludes that job-related injuries and illnesses in the United States are more common than previously thought, costing the nation more than AIDS, Alzheimer's, cancer or heart disease. The report, which analyzed national estimates of job-related illnesses and injuries in 1992, states that more than 13 million Americans were injured from job-related causes in just one year—more than four times the number of people who live in the City of Chicago. The report concluded that the cost to our country from workplace injuries and illnesses was $171 billion in 1992.

The Federal Government has a responsibility to taxpayers, working Americans and law-abiding businesses, to ensure that federal tax dollars do not go to individuals and corporations that violate safety and health, labor and veterans' employment preference laws. About 26 million Americans are employed by federal contractors and subcontractors. They deserve to know that their Government is not rewarding employers who violate the laws that protect American workers and veterans.

The legislation I am introducing today will improve the enforcement of our nation's health and safety, labor and veterans' employment laws, and provide an incentive to contractors to comply with the law. This legislation will allow the Secretary of Labor to debar or suspend a person from receiving Federal contracts or assistance for violating the National Labor Relations Act, the Fair Labor Standards Act, the Occupational Safety and Health Act or the disabled and Vietnam-era veterans hiring preference law. It will require the Secretary of Labor and the National Labor Relations Board to develop procedures to determine whether a violation of law is serious enough to warrant debarment or suspension. And, as recommended by the GAO, this legislation will require ongoing exchanges of information among Federal agencies to improve their ability to enforce our nation's laws. This legislation is identical to a bill introduced in the House of Representatives by Congressman Lane Evans of Illinois, and it is similar to legislation introduced in previous years by former Senator Paul Simon.

Mr. President, it is important to note that the vast majority of Federal contractors obey the law. This legislation is only directed at those who are violating the law. It will deny Federal contracts and assistance to individuals and companies that violate the law and ensure that Federal contracts are awarded to companies that respect the law.

I urge my colleagues to join me in supporting this legislation, and I ask unanimous consent that the text of the bill be printed in the Record.

There being no objection, the bill was ordered to be printed in the Record, as follows:

S. 1098

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Federal Procurement and Assistance Integrity Act".

SEC. 2. PURPOSE.

The purpose of this Act is to improve the efficiency and effectiveness and protect the integrity of the Federal procurement and assistance systems by ensuring that the Federal Government does business with responsible contractors and participants.

SEC. 3. DEBARMENT AND SUSPENSION FOR VIOLATORS OF CERTAIN LABOR AND SAFETY LAWS.

(a) Debarment and Suspension.—The Secretary of Labor may debar or suspend a person from procurement activities or nonprocurement activities upon a finding, in accordance with procedures developed under this section, that the person violated any of the following laws:

(1) The National Labor Relations Act (29 U.S.C. 151 et seq.).

(2) The Fair Labor Standards Act of 1938 (29 U.S.C. 201 et seq.).

(3) The Occupational Safety and Health Act (29 U.S.C. 651 et seq.).

(4) Section 4212(a) of title 38, United States Code.

(b) Procedures.—The Secretary of Labor and the National Labor Relations Board shall jointly develop procedures to determine whether a violation of a law listed in subsection (a) is serious enough to warrant debarment or suspension under that subsection. The procedures shall provide for an assessment of the nature and extent of compliance with such laws, including whether there are or were single or multiple violations of those laws or other labor or safety laws and whether the violations occur or have occurred at one facility, several facilities, or throughout the company concerned. In developing the procedures, the Secretary and the Board shall consult with departments and agencies of the Federal Government and provide, to the extent feasible, for ongoing exchanges of information between the departments and agencies and the Department of Labor and the Board in order to accurately carry out such assessments.

(c) Definitions.—In this section:

(1) Debar.—The term "debar" means to exclude, pursuant to established administrative procedures, from Federal Government contracting and subcontracting, or from participation in nonprocurement activities, for a specified period of time commensurate with the seriousness of the failure or offense or the inadequacy of performance.

(2) Nonprocurement activities.—The term "nonprocurement activities" means all programs and activities involving Federal financial and nonfinancial assistance and benefits, as covered by Executive Order No. 12549 and the Office of Management and Budget guidelines implementing that order.

(3) Procurement activities.—The term "procurement activities" means all acquisition programs and activities of the Federal Government, as defined in the Federal Acquisition Regulation.

(4) Suspend.—The term "suspend" means to disqualify, pursuant to established administrative procedures, from Federal Government contracting and subcontracting, or from participation in nonprocurement activities, for a temporary period of time because an entity or individual is suspected of engaging in criminal, fraudulent, or seriously improper conduct.

(d) Effective Date.—This Act shall take effect on October 1, 1997.

(e) Regulations.—The Federal Acquisition Regulation and the regulations issued pursuant to Executive Order No. 12549 shall be revised to include provisions to carry out this Act.

(f) Report.—Not later than 1 year after the date of the enactment of this Act, the Secretary of Labor and the National Labor Relations Board shall jointly submit to Congress a report on the implementation of this Act.

By Mr. DASCHLE (for himself and Mr. JOHNSON):

S. 1099. A bill to authorize the Secretary of the Army to acquire such land in the vicinity of Pierre, South Dakota, as the Secretary determines is adversely affected by the full wintertime Oahe Powerplant release; to the Committee on Environment and Public Works.

RELOCATION OF RESIDENTS IN PIERRE AND FT. PIERRE, SOUTH DAKOTA, LEGISLATION

Mr. DASCHLE. Mr. President, today I am introducing legislation to provide the Corps of Engineers with the authority to buy-out and relocate people living in the southeast Pierre and Ft. Pierre areas that are being flooded by the federal Pick-Sloan project. This is a chronic problem that is getting worse every year as sediment builds up at the delta of the Bad and Missouri Rivers.

In the Pierre and Ft. Pierre area, high water levels, exacerbated by sediment buildup and ice, regularly leads to the flooding of homes in the wintertime. The situation has become intolerable, and it is not fair for the residents of this area to continue to suffer as the result of the operation of this federal project. Moreover, the flooding problem hinders the ability of the Western Area Power Administration to generate hydroelectric power from the Oahe dam, resulting in the loss of millions of dollars in revenues to the federal government each year.

To address this problem, I added a provision to the 1996 Water Resources Development Act to require the Corps of Engineers to develop a plan to remove the sediment blocking the channel and to reduce the erosion that is leading to this persistent buildup of sediment at the delta. Hopefully, this effort will lead to the development of a means of moving some of the sediment and of a plan to better prevent erosion in the Bad River watershed. One local resident, Mike Harrison, has developed a plan to help clear the channel of sediment which holds promise and which the Corps will evaluate with funds appropriated for fiscal year 1998.

Even if that effort is successful, however, and we are able to relieve some of the pressure on the channel, sediment from the Bad River will continue to build up at that location. In short, while we may be able to increase the capacity of the channel to transport water and thus allow for greater hydroelectric power generation in the wintertime, it is difficult to envision a time when we will be able to permanently alleviate the risk of flooding to the homeowners in the area.

Therefore, I am introducing this legislation to authorize the Corps to relocate the affected homeowners and ensure that they never again have to face the prospects of enduring flooded homes during our cold South Dakota winters. It is my strong hope Congress will recognize the severity of this problem and move swiftly to enact and implement this legislation. I ask unanimous consent that the text of the bill be printed in the Record.

There being no objection, the bill was ordered to be printed in the Record, as follows:

S. 1099

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. ACQUISITION OF LAND NEAR PIERRE, SOUTH DAKOTA.

To provide full operational capability to carry out the authorized purposes of the Missouri River Main Stem dams that are part of the Pick-Sloan Missouri River Basin Program authorized by section 9 of the Act entitled "An Act authorizing the construction of certain public works on rivers and harbors for flood control, and for other purposes", approved December 22, 1944, the Secretary of the Army, acting through the Chief of Engineers, may acquire, from willing sellers, such land in the vicinity of Pierre, South Dakota, as the Secretary determines is adversely affected by the full wintertime Oahe Powerplant release.

By Mr. AKAKA (for himself, Ms. COLLINS, Mr. HUTCHINSON, Ms. LANDRIEU, Mr. BUMPERS, Mr. FORD, Mr. BINGAMAN, and Mr. HOLLINGS):

S. 1100. A bill to amend the Covenant To Establish a Commonwealth of the Northern Mariana Islands in Political Union With the United States of America, the legislation approving such covenant, and for other purposes; to the Committee on Energy and Natural Resources.

THE COMMONWEALTH OF THE NORTHERN MARIANA REFORM ACT

Mr. AKAKA. Mr. President, today I am introducing the Commonwealth of the Northern Mariana Islands Reform Act, a bipartisan initiative to curb immigration, wage, and apparel labeling abuses in the CNMI. Senators COLLINS, HUTCHINSON of Arkansas, LANDRIEU, BUMPERS, FORD, BINGAMAN, and HOLLINGS are cosponsors of this legislation.

The Commonwealth of the Northern Mariana Islands is located 3,900 miles west of Hawaii. Following World War II, the United States administered the islands under a U.N. Trusteeship.

In 1975, the people of the CNMI voted for political union with the United States. Today the CNMI is a U.S. territory.

A 1976 covenant enacted by Congress gave U.S. citizenship to residents of the CNMI. The covenant exempted the Commonwealth from U.S. immigration and minimum wage laws, however. This omission has led to a number of abuses in the CNMI that my bill would rectify.

IMMIGRATION ABUSE IN THE CNMI

I am sure many Senators will find it hard to believe that the Immigration and Nationality Act does not apply to all territories in the U.S. As surprising as it may be, the CNMI is exempt from U.S. immigration law.

Let me explain the origins of this unique situation. At the time that the covenant establishing the CNMI was negotiated, the Northern Marianas leadership expressed concern that immigrants from neighboring Asian countries might settle in the CNMI and thereby alter the Commonwealth's culture. The island government requested that it be given exclusive authority over immigration so that it could limit the entry of aliens and preserve local culture and customs. Congress agreed to the request, but specifically reserved the right to extend Federal immigration law to the CNMI if the situation warranted.

After 20 years, CNMI immigration policy is a proven failure. In 1980, the Commonwealth's population was 16,780. Of these, 12 percent were alien residents. Today, CNMI's population is 59,000, more than half of whom are aliens.

Rather than preventing an influx of immigrants, the CNMI has established an aggressive policy of recruiting low-wage, foreign guest workers to operate an ever-expanding garment and tourism industry. According to the CNMI representative in Washington, local immigration policy has "no limit. It is wide open, unrestricted."

The U.S. Immigration and Naturalization Service reports that CNMI authorities have no reliable records of aliens who have entered the CNMI, how long they remain, and when, if ever, they depart. Ninety-one percent of the private sector work force are alien guest workers. These workers have overwhelmed the CNMI, driving up unemployment in the Commonwealth to 14 percent. There is no justification for an immigration policy that admits foreign workers in such overwhelming numbers that it leads to double-digit unemployment.

The application of U.S. immigration law to the CNMI is long overdue. The CNMI has exploited its immigration exemption to the point where alien workers constitute a majority of the CNMI population. The Commonwealth's exemption from the Immigration and Nationality Act has been so abused that protecting the island culture ceases to be an issue.

Despite a 3-year effort by the U.S. Departments of Justice, Labor, and Interior, and an appropriation of $10 million by Congress, there had been little or no improvement in CNMI immigration policy. In fact, the Commonwealth's immigration policy has grown worse. Between January 1995 and May 1996, 23 new garment companies received operating licenses, prompting the CNMI Government to enact legislation to double the number of foreign workers permitted in the island's garment industry.

"MADE IN USA" ABUSE

The U.S. apparel industry would be shocked to learn that in 1996, $555 million of textile products labeled "Made in USA" were cut and sewn in the CNMI by workers who enjoy none of the protections typically associated with the "Made in USA" label. Even more frightening is the fact that the CNMI textile industry is growing at a rate of 30 percent annually. Textile manufacturers across the United States who pay their employees the Federal minimum wage are undercut by CNMI competitors who label their garments "Made in USA" but employ foreign laborers to sew foreign fabric, pay them $3.05 an hour and subject them to feudal working conditions.

The evidence that garments sewn in the CNMI directly and unfairly compete with U.S. apparel manufacturers is very strong. According to the Commerce Department, 85 percent of CNMI apparel is classified as import sensitive. This classification means that the CNMI garments compete with segments of the U.S. apparel industry that are experiencing significant decline due to heavy import penetration.

Apparel manufacturers in the CNMI enjoy benefits that far exceed those enjoyed by foreign or domestic manufacturers. CNMI garment factories are not subject to the U.S. minimum wage and pay no duty on fabrics they import. Furthermore, quotas do not apply to either fabric imported into the Commonwealth, or to finished garments cut and sewn in the CNMI using foreign labor. Yet these products are labeled "Made in the USA" and compete unfairly with apparel employment elsewhere in the United States.

The July 1997 report on labor, immigration, and law enforcement in the CNMI confirms my analysis of the Commonwealth's garment industry. Page 13 of the report contains the following finding:

> The duty and quota-free preferences afforded to products of the CNMI, coupled with local control of immigration and minimum wage, have led to a rapidly growing garment manufacturing industry. Apparel manufacturers operating in the CNMI, who mainly employ workers from the People's Republic of China, label their products "Made in the USA," and use Chinese fabric not subject to United States duty or quota. By using the CNMI as an apparel manufacturing base, these manufacturers avoid duties and are not subject to United States quotas on finished products. These imports adversely affect the United States apparel industry's employment and profits.

In some cases, these garment factories are transplanted to the CNMI from the People's Republic of China. They are owned or managed by Chinese nationals, and staffed by bonded and indentured Chinese laborers. Despite promises of the American dream if they work in the CNMI, laborers must sign contracts with government officials in the People's Republic of China that waive rights guaranteed to U.S. workers, forbid participation in religious and political activities while in the U.S., prohibit workers from marrying, and subject employees to penalties in China for violations of their labor contracts.

In factories with close ties to China, compliance with labor contracts is directly monitored by representatives of the Chinese government. These working conditions hardly justify granting "Made in the USA" status to CNMI garments.

CNMI DENIES EMPLOYMENT OPPORTUNITIES TO U.S. WORKERS

The 1976 covenant exempts the CNMI from the Federal minimum wage. This exemption was granted with the understanding that as its economy grew and prospered, the CNMI would raise its minimum wage to the Federal level. Foreign workers typically enter the CNMI under 1-year work permits and are paid a minimum of wage of $3.05.

According to the July 1997 report by the Department of the Interior, the lower minimum wage, combined with unlimited access to foreign labor, creates an incentive for employers to hire foreign labor for all jobs, including skilled and entry level jobs at or near the minimum wage. Employment statistics clearly support the Interior Department analysis.

Ninety-one percent of the private sector work force are alien guest workers. U.S. citizens who can find work, and there are many who cannot, are typically employed by the government in jobs that pay more than the minimum wage. Due to its irresponsible immigration policy, foreign workers have overwhelmed the CNMI to the point where unemployment among U.S. citizens living in the Commonwealth is 14 percent. The CNMI preference for foreign laborers deprives U.S. citizens of private sector opportunities and leaves them with the limited options of government work, unemployment and welfare, or relocation to Guam or the mainland.

The minimum wage is sometimes a lightning-rod issue for Republicans. However, in a labor market where there is an unlimited supply of guest workers, the low CNMI minimum wage means that low-wage alien laborers are displacing U.S. workers. Any policy that favors foreign workers over the interests of employed and unemployed U.S. citizens is indefensible.

LABOR ABUSE IN THE CNMI

CNMI immigration and wage abuses have caused a number of collateral problems. Pervasive labor abuses in the Commonwealth have provoked international outrage. In 1995, the Philippine government imposed a moratorium on immigration of Filipino workers in the CNMI. The Philippine Government's extraordinary action to protect its citizens from employment in the CNMI was the first such decision by a foreign government in U.S. history. Although the Philippine Government has since lifted the moratorium, recurring abuses prompted Philippine officials to announce that the moratorium may soon be reimposed.

While the U.S. minimum wage does not apply, CNMI must adhere to all other Federal labor laws. The U.S. Department of Labor has uncovered a systematic pattern of labor abuses in the CNMI. These abuses are a direct consequence of the Commonwealth's unrestricted immigration policy. Examples include involuntary servitude and peonage, illegal withholding of wages, nonpayment of overtime wages, illegal deductions from paychecks to cover employer expenses, kickbacks of wages to employers, and employee lockdowns in work sites and living barracks.

HUMAN RIGHTS AND SEXUAL ABUSE

The Commonwealth's immigration policy results in serious problems in other areas. The Justice Department has documented numerous cases of women and girls being recruited from the Philippines, China, and other Asian countries expressly for criminal sexual activity. These abuses are a direct consequence of the Commonwealth's unrestricted immigration policy.

Typically, these women are told they will work in the CNMI as waitresses, but are forced into nude dancing and prostitution upon their arrival. The Justice Department described this situation as the "systematic trafficking of women and minors for prostitution," which may also involve illegal smuggling, organized crime, immigration document fraud, and pornography. Cases of sexual servitude have also been identified.

The U.S. Justice Department also found cases of female guest workers and aliens living in the CNMI being forced into prostitution through intimidation or threats of physical harm. In some instances, women who resist are kidnapped, raped, and tortured.

To correct these abuses in the CNMI, my bill makes three changes in Federal law. First, it extends the Immigration and Nationality Act to the Commonwealth so that the CNMI will end its dependence on foreign labor.

Second, it would limit use of the "Made in USA" label to apparel manufactured with a minimum percentage of U.S. citizen labor. In 1999, the minimum percentage of U.S. citizen labor must be 20 percent. In 2000, the minimum percentage must be 35 percent and thereafter the minimum percentage rises to 50 percent.

Finally, my bill would make the U.S. minimum wage applicable to the CNMI so that the CNMI garment industry competes fairly with industry on the U.S. mainland.

Despite efforts to portray itself as an economic miracle, there is a dark side to the CNMI economy. Citizens and foreign laborers pay a very high price for the Commonwealth's economic success, and enjoy few benefits of that success. The time for patience has ended. The time has come to force changes that the Commonwealth has been unwilling to enact.

I ask unanimous consent that a copy of my bill be printed in the RECORD.

I also ask unanimous consent that the following additional documents be printed in the RECORD: the executive summary of the Clinton administration's July 1997 report on labor, immigration, and law enforcement in the Commonwealth of the Northern Mariana Islands, the Library of Congress translation of a Chinese shadow contract, the memo from the State Department confirming that an agency of the Chinese Government is a party to the shadow contract, and a June 20, 1997, Washington Times article and a June 6, 1997, Honolulu Star-Bulletin article on the CNMI.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

S. 1100

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Commonwealth of the Northern Mariana Islands Reform Act".

SEC. 2. FINDINGS.

The Congress finds that—

(1) the Covenant to Establish a Commonwealth of the Northern Mariana Islands in Political Union with the United States of America was approved by Congress pursuant to Public Law 94–241, 90 Stat. 263;

(2) at the time that the Covenant was being negotiated, representatives of the government of the Northern Mariana Islands expressed concern that United States immigration laws would allow unrestricted immigration into their small island community;

(3) in response to these concerns, section 503(a) of the Covenant provided that the Immigration and Naturalization Act did not immediately apply to the Commonwealth of the Northern Mariana Islands;

(4) Congress expressly reserved the right to extend the Immigration and Naturalization Act to the Commonwealth of the Northern Mariana Islands at a future date;

(5) following the enactment of the Covenant, the Commonwealth of the Northern Mariana Islands instituted a largely unrestricted immigration policy, causing the Commonwealth's population to increase from 16,780 in 1980 to a population of over 58,800 in 1995, with foreign workers outnumbering United States citizens;

(6) as a result of these immigration policies, 91 percent of the private sector work force in the Commonwealth is comprised of foreign workers;

(7) the Commonwealth of the Northern Mariana Islands has used its immigration policy to recruit a large, low-cost foreign work force of desperately poor individuals with no meaningful opportunity to demand safe living and working conditions or fair wages and benefits;

(8) notwithstanding an unemployment rate of 14 percent among United States citizens, the Commonwealth has recruited increasing numbers of foreign workers;

(9) even though the Commonwealth alleges that unfilled job openings justify recruitment of an increasing number of foreign workers, the Commonwealth's own statistics indicate an unemployment rate of 4.5 percent foreign workers;

(10) the U.S. Immigration and Naturalization Service reported that the Commonwealth of the Northern Mariana Islands has no reliable records of aliens who have entered the Commonwealth, how long they remain, and when, if ever, they depart;

(11) at the time that the Covenant was being negotiated, representatives of the government of the Northern Mariana Islands expressed concern that the minimum wage provisions of the Fair Labor Standards Act

would disrupt the Commonwealth's struggling local economy;

(12) in response to these concerns, section 503(c) of the Covenant provided that the minimum wage provisions of the Fair Labor Standards Act did not immediately apply to the Commonwealth;

(13) Congress expressly reserved the right to extend the minimum wage provisions of the Fair Labor Standards Act to the Commonwealth of the Northern Mariana Islands at a future date;

(14) the economy of the Commonwealth of the Northern Mariana Islands has grown significantly and, in 1996, annual gross business revenues rose to $1,500,000,000, a 6-fold increase during the past decade;

(15) the current minimum wage in the Commonwealth of the Northern Mariana Islands is only $3.05 per hour for garment and construction industry workers and $3.05 per hour for those working in other industries;

(16) the U.S. Department of Labor has uncovered a systematic pattern of labor abuses in the Commonwealth of the Northern Mariana Islands, including—

(a) involuntary servitude and peonage,

(b) illegal withholding of wages earned,

(c) non-payment of overtime wages,

(d) illegal deductions from paychecks,

(e) kickbacks of wages paid to employees,

(f) employee lock-downs in work sites and living barracks, and

(g) unsafe and unhealthy working and living environments;

(17) despite an expectation that they will enjoy the American dream in the Commonwealth of the Northern Mariana Islands, foreign workers have been required to sign contracts with government representatives in the Peoples Republic of China which—

(a) waive rights guaranteed to U.S. workers,

(b) forbid participation in religious and political activities while in the United States,

(c) prohibit workers from dating or marrying in the United States,

(d) subject employees to civil and labor penalties if returned to China, and

(e) permit Chinese government recruiters to charge a fee of 25 percent of an employee's net pay for a period of two years;

(18) the U.S. Department of Justice has determined that the immigration and labor situation in the Commonwealth of the Northern Mariana Islands has created a major organized crime problem in the Commonwealth which involves—

(a) Immigration document fraud,

(b) Public corruption,

(c) Racketeering,

(d) Drug trafficking,

(e) Prostitution,

(f) Pornography,

(g) Extortion,

(h) Gambling,

(i) Smuggling, and

(j) Other forms of violent crime;

(19) the U.S. Department of Justice is investigating numerous cases in the Commonwealth of the Northern Mariana Islands of women being recruited from the Philippines, China, and other Asian countries expressly for criminal sexual activity, and has also described this situation as the "systematic trafficking of women and minors for prostitution;"

(20) the Commonwealth of the Northern Mariana Islands is exempt from Federal immigration law, the Federal minimum wage law, and Federal tariffs and taxes, yet its products are sold as "Made in USA" although 95 percent of the workers in the garment manufacturing industry are not U.S. citizens;

(21) garments made in the Commonwealth of the Northern Mariana Islands carrying the "Made in USA" label compete directly with garments made on the United States mainland by workers and businesses that are subject to Federal immigration law, the Federal minimum wage law, and Federal taxes;

(22) in 1996, garment manufacturers in the Commonwealth shipped garments to the Continental United States with a wholesale value of $555 million, a 30 percent increase over the previous year;

(23) Congress appropriated $10 million to fund a 3-year initiative by the U.S. Departments of Justice, Labor, and Interior to assist the Commonwealth in its efforts to improve its labor and immigration policies;

(24) despite this appropriation there has been little or no improvement in the immigration and labor policies of the Commonwealth of the Northern Mariana Islands;

(25) the government of the Commonwealth of the Northern Mariana Islands has been ineffective in stemming the flow of immigration onto United States soil, raising the wage and living standards for workers, and aggressively prosecuting labor and human rights abuses;

(26) despite efforts by the Reagan, Bush, and Clinton administrations to persuade the government of the Commonwealth of the Northern Mariana Islands to correct problems in the Commonwealth, the situation has only deteriorated; and

(27) the continuing concern about labor abuses, the Commonwealth's immigration policy, and the employment of foreign workers in a manner that unfairly competes with other U.S. manufacturing prompted President Clinton on May 30, 1997 to notify the Governor of the Commonwealth of the Northern Mariana Islands that Federal immigration and minimum wage laws should be applied to the Commonwealth.

SEC. 3. APPLICATION OF IMMIGRATION LAW.

(a) Article V, Section 506 of the Covenant to Establish a Commonwealth of the Northern Mariana Islands in Political Union with the United States of America (approved by Public Law 94–241, 90 Stat. 263) is amended by adding at the end thereof the following:

"(e)(1) For purposes of entry into the Northern Mariana Islands by any individual (but not for purposes of entry by an individual into the United States from the Northern Mariana Islands), the Immigration and Nationality Act shall apply as if the Northern Mariana Islands were a State (as defined in section 101(a)(36) of the Immigration and Nationality Act).

"(2) Notwithstanding paragraph (1), with respect to an individual seeking entry into the Northern Mariana Islands for purposes of employment in the textile, hotel, tourist, or construction industry (including employment as a contractor), the Federal statutes and regulations governing admission to Guam of individuals described in section 101(a)(15)(H)(ii)(b) of the Immigration and Nationality Act shall apply. For purposes of this paragraph—

"(A) references in such statutes and regulations to United States resident workers shall be deemed to be references to United States citizens, national or resident workers; and

"(B) references in such statutes and regulations to Guam shall be deemed to be references to the Northern Mariana Islands.

"(3) When deploying personnel to enforce the provisions of this section, the Attorney General shall coordinate with, and act in conjunction with, State and local law enforcement agencies to ensure that such deployment does not degrade or compromise the law enforcement capabilities and functions currently performed by immigration officers.

"(4) The Attorney General shall prescribe and implement a transition period for the amendments made to section 506(a) of the Covenant. The transition period shall not exceed 4 years from the effective date of this subsection. Not later than 2 years after the date of enactment of the Commonwealth of the Northern Mariana Islands Reform Act, the Attorney General shall submit a report on the status of implementing this section.".

(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall take effect 180 days after the date of enactment of this Act except that the amendment designated as "(e)(2)" shall take effect on the date of enactment of this Act.

SEC. 4. LABELING REQUIREMENTS FOR TEXTILE FIBER PRODUCTS.

(a) Public Law 94–241 is amended by adding at the end the following:

"SEC. 6. LABELING OF TEXTILE FIBER PRODUCTS.

"(a) No textile fiber product that is made or assembled in the Commonwealth of the Northern Mariana Islands shall have a stamp, tag, label, or other means of identification or substitute therefore on or affixed to the product stating 'Made in USA' or otherwise stating or implying that the product was made or assembled in the United States unless the product is made or assembled using direct labor that meets the required percentage of qualified manhours.

"(b) A textile fiber product that does not meet the requirements of subsection (a) shall be deemed to be misbranded for purposes of the Textile Fiber Products Identification Act (Public Law 85–897, 72 Stat. 1717).

"(c) In this section:

"(1) DIRECT LABOR.—The term 'direct labor' includes any work provided to prepare, assemble, process, package, or transport a textile fiber product, but does not include supervisory, management, security, or administrative work.

"(2) FREELY ASSOCIATED STATES.—The term 'Freely Associated States' means the Republic of Palau, the Republic of the Marshall Islands, and the Federated States of Micronesia.

"(3) QUALIFIED MANHOURS.—The term 'qualified manhours means the manhours of direct labor performed by persons who are citizens or nationals of the United States or citizen of the Freely Associated States.

"(4) REQUIRED PERCENTAGE.—The term 'required percentage' means—

"(A) 20 percent, for the period beginning January 1, 1998, through December 31, 1998;

"(B) 35 percent, for the period beginning January 1, 1999, through December 31, 1999; and

"(C) 50 percent, for the period beginning January 1, 2000, and thereafter.

"(b) EFFECTIVE DATE.—The amendments made by this section shall take effect on the date of enactment of this Act.".

SEC. 5. MINIMUM WAGE REQUIREMENTS.

(a) Section 503 of Article V of the Covenant to Establish a Commonwealth of the Northern Mariana Islands in Political Union with the United States of America, approved by Public Law 94–241 is amended by deleting "States; and (c) the minimum wage provisions of Section 6, Act of June 25, 1938, 52 Stat. 1062, as amended," and inserting in lieu thereof "States.".

(b) Public Law 94–241, 90 Stat. 263, is amended by adding at the end thereof the following:

“SEC. 7. MINIMUM WAGES IN THE COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS.

“(a) The minimum wage provisions of the Fair Labor Standards Act of 1938 (29 U.S.C. 206(a)(1)) shall apply to the Commonwealth of the Northern Mariana Islands, except that—

“(1) during the period beginning 30 days after the date of enactment of this Act and ending on December 31, 1997, the minimum wage rate applicable to the Commonwealth of the Northern Mariana Islands shall be $3.05 an hour for an employee; and

“(2) beginning on January 1, 1998, and each calendar year thereafter, the minimum wage rate applicable to the Commonwealth of the Northern Mariana Islands for an employee for each such calendar year shall be the minimum wage rate applicable to the Commonwealth of the Northern Mariana Islands for the preceding calendar year increased by 30 cents or the amount necessary to increase the minimum wage rate to the rate described in section 6(a)(1) of the Fair Labor Standards Act of 1938, whichever is less; and

“(3) after the calendar year in which the minimum wage rate applicable to the Commonwealth of the Northern Mariana Islands has been increased under subparagraph (A) to the minimum wage rate described in section 6(a)(1) of the Fair Labor Standards Act of 1938, the minimum wage rate applicable to the Commonwealth of the Northern Mariana Islands for an employee for any succeeding calendar year shall be the rate described in such section.”.

(b) EFFECTIVE DATE.—The amendments made by this section shall take effect 30 days after the date of enactment of this Act.

SEC. 6. REPORT.

Not later than 1 year after the date of enactment of this Act, the Secretary of the Interior, in consultation with other Federal agencies, shall conduct a study of the extent of human rights violations and labor rights violations in the Commonwealth of the Northern Mariana Islands, including the use of forced or indentured labor, and any efforts being taken by the Government of the United States or the Commonwealth of the Northern Mariana Islands to address or prohibit such violations. The Secretary of the Interior shall include the results of such study in the annual report, entitled “Federal-CNMI Initiative on Labor, Immigration, and Law Enforcement,” transmitted to Congress.

SEC. 7. AUTHORIZATION OF APPROPRIATIONS.

There is authorized to be appropriated such sums as may be necessary to carry out the provisions of this Act.

FEDERAL-CNMI INITIATIVE ON LABOR, IMMIGRATION, AND LAW ENFORCEMENT IN THE COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS, JULY 1997

EXECUTIVE SUMMARY

The United States took the Northern Mariana Islands from Japan in 1944 and administered the islands under a United Nations trusteeship agreement until 1986. At that time, the Covenant to Establish a Commonwealth of the Northern Mariana Islands in Political Union with the United States of America (Covenant) came into full effect, and the residents were granted United States citizenship. In developing their Covenant agreement with the United States, the Northern Marianas negotiators expressed concern that the Federal Immigration and Nationality Act (INA) would permit excessive immigration to the islands from neighboring Asian countries that would permanently overwhelm the local culture and community. Federal negotiators and the Congress, therefore, agreed to not immediately extend Federal immigration control. Ironically, CNMI policies have resulted in aliens becoming a majority of the island's population. These policies include use of low-wage temporary alien workers for permanent jobs and the aggressive promotion of garment manufacturing. Wages lower than the Federal minimum wage are possible because the Federal minimum wage was not extended to the Northern Mariana Islands. The garment industry takes advantage of the immigration and minimum wage exemption privileges, as well as privileged exceptions to the Federal trade laws, to ship products partially manufactured in the islands into the United States market even though the islands are outside the customs territory of the United States.

Federal officials have expressed concern about the CNMI alien labor system since at least 1984, when the Interior Department's Assistant Secretary for Territorial and International Affairs first officially suggested the extension of Federal immigration authority as provided in section 503 of the Covenant. Despite repeated expressions of Federal concern with CNMI policies, the CNMI imported increasing numbers of temporary alien workers and promoted the garment industry's expansion. The Congress, in 1994, directed the establishment of a joint program with the CNMI to respond to the widening range of labor, immigration, and law enforcement problems. After three years under this Federal-CNMI Initiative on Labor, Immigration, and Law Enforcement (Initiative), agencies report that these negative trends not only persist, but in a number of instances, are worsening:

United States citizens—mostly indigenous people—are now a minority of the population. The CNMI population has grown by 250 percent since the 1980 census. Temporary alien workers now comprise 69 percent of the labor force. The children of alien mothers not born in the CNMI, the United States or the freely associated states account for 16 percent of United States citizens in the CNMI.

The Immigration and Naturalization Service finds that the CNMI immigration system is ineffective, resulting in a large CNMI illegal immigrant population and the smuggling of illegals into the United States immigration zone. Estimates of illegal aliens in the CNMI range from 4.2 percent to 25.5 percent of United States citizen population in the CNMI. The Department of Justice finds that the foreign criminal presence is increasing.

Alien workers account for over 90 percent of the CNMI's private sector workforce, while unemployment among locally-born United States citizens is at 14.2 percent.

Worker complaints over wages due and working conditions continue undiminished, with the governments of the Philippines and China expressing concern about the treatment of their citizens. Allegations persist regarding the CHMI's inability to protect workers against crimes such as illegal recruitment, battery, rape, child labor, and forced prostitution.

Some workers labor under “shadow” or secondary contracts signed in their home country that subvert their rights under the Constitution of the United States, such as their right to engage in political and religious activities while on United States soil.

CNMI alien labor policies are having a profound negative effect on public services and infrastructure such as education, health care, public safety, water, sewer, and solid waste disposal.

Apparel manufacturers operating in the CNMI, who mainly employ workers from the People's Republic of China, label their products “Made in USA”, and use Chinese fabric not subject to United States duty or quota. By using the CNMI as an apparel manufacturing base, these manufacturers avoid duties and are not subject to United States quotas on finished products. These imports adversely affect the United States apparel industry's employment and profits.

The CNMI is a producer of several sensitive apparel products where United States producers' share of the market is 50 percent or less. Imports of these sensitive apparel products from the CNMI, at an average landed value of $462.7 million in 1996, represented 5.7 percent of total United States imports of these products. In recent years, total garment shipments from the CNMI to the United States have increased by 30 percent a year, with an acceleration to 45 percent in the first four months of 1997 over the same months in 1996. The average landed value of CNMI garment shipments to the United States is now at a rate of $625 million annually.

Federal agencies have worked closely with the CNMI leaders to correct these problems under the Initiative. Work continues with many conscientious CNMI officials. The Administration, however, finds that the government of the CNMI is unwilling to alter its basic immigration, minimum wage, and garment manufacturing policies; and that there are fundamental weaknesses in law enforcement.

The Administration, therefore, believes that a Federal policy framework addressing immigration, minimum wage, and the duty-free shipment of products is needed to properly address these problems and to promote CNMI economic development consistent with our country's policies and values.

Accordingly, the Administration recommends that the Congress extend Federal immigration and minimum wage policies as provided in section 503 of the Covenant. In addition, the Administration recommends that the Congress close the loophole being exploited by the CNMI garment industry by requiring certification that at least 50 percent United States labor (and freely associated state citizen labor) is employed in order for products to carry the “Made in USA” label and receive duty-free access to the United States market. Finally, in order to minimize adverse economic consequences, the Administration plans to work with CNMI representatives, and proposes that these measures be phased in by the Congress in a reasonable and appropriate manner.

DEPARTMENT OF STATE, OFFICE OF CHINESE AND MONGOLIAN AFFAIRS

Date: July 22, 1997.
To: Patrick McGary, Office of Senator Akaka.
From: Cari Enav.
RE: Hiuzhou Corporation of the Overseas Labor Service.

Message: According to the Huizhou Foreign Affairs Office, the Huizhou Corporation of the Overseas Labor Services is state-owned enterprise. It is under the municipal labor bureau.

CONGRESSIONAL RESEARCH SERVICE,
LIBRARY OF CONGRESS,
Washington, DC.

OVERSEAS LABOR CONTRACT

Party A: Hui Zhou Company of the Overseas Labor Services, Guangdong Province.

Part B: Name redacted.

Party B, of his own free will, accepts the invitation of Party A to engage in carpentry work on Saiban Island [transliteration] for a term of two years. Party A and Party B both agree to abide by the following terms and conditions:

1. From the date of the signing of this contract by Party A and Party B, Party B agrees to obey the leadership of and accept arrangements made by Party A, and comply with rules and regulations made by Party A. During the period when Party B is sent to work overseas, Party B must strictly observe decrees, laws and regulations of the local government; may not participate locally in any political or religious activities; and, among other things, may not engage in smuggling, prostitution, theft, gambling, drugs, fighting, excessive drinking, or watching pornographic videos. While working overseas, Party B may not date or get married. Any violation of the aforesaid may entail investigation into financial and legal liabilities, including deduction and/or withholding of salary and/or bonus as well as payment for round trip expenses, or punishment in accordance with the relevant criminal laws, depending on the seriousness of circumstances.

2. While fulfilling his contractual obligations, Party B shall accept reasonable work arrangements made by the employer; work diligently; may not be, for any reason, slack at work; may not, without permission, request the employer to change the type of work or increase the salary; may not look for other employment locally; and may not go on strike. An individual who has violated the aforesaid agreement shall be subject to action by Party A, and employment may be terminated immediately; such individual will bear responsibility for round trip expenses, and will be liable for all financial losses thus incurred, in accordance with the seriousness of the impact on foreign affairs.

3. Party B shall provide labor services for the term of the contract, and may not suspend service unilaterally, or request an early return to China. Party B shall [illegible] to overcome family difficulties, if any, and may not use such difficulties as an excuse to suspend service or return to China early. If it becomes impossible for Party B to work due to the employer's failure to arrange appropriate work or for any other reason caused by the employer, Party B can accurately report the situation to Party A. Party A shall have the responsibility to negotiate with and make representations to the employer, according to contractual terms and conditions, and Party B shall abide by the decision made through consultations and negotiations between Party A and the employer.

Upon expiration of the contract, the term of the service may be extended appropriately based on the work requirements, and Party B shall, in principle, comply with the decision made by Party A.

4. Upon completion of the service, Party B may not [illegible] stay overseas, and shall return to China strictly according to the route provided. Party B may not carry contraband on entry or exit at customs, or sell foreign currency or duty-free goods for profit.

5. While providing labor service oveseas, Party B shall receive a monthly salary of ____, of which ____ will be remitted to China, together with the domestic management fee, and converted into RMB based on the prevailing market quotation for his or her family. Payment for overtime and bonuses shall, in principle, be made by the employer directly to Party B.

6. While working overseas, Party B may not borrow money from or lend money to the employer or any other party.

7. Party B agrees to pay a deposit in the amount of RMB 3,000. When Party B returns his or her passport, Party A shall return to Party B the entire amount of the deposit. Party B agrees to pay a fee in the amount of RMB 400 for the handling of necessary dcuments. If, for some reason, Party B is unable to work overseas after Party A has completed the necessary procedures required for Party B to work overseas, the deposit and handling fee will not be returned to Party B. If Party B is unable to work overseas for reasons caused by Party A, the deposit and 50% of the handling fee shall be refunded.

8. If Party B has the need [illegible] economic [illegible] while working overseas, such compensation shall also be deducted from the deposit.

9. If a situation arises where Party B is required to make compensation, but is unable to make the payment while he or she is working overseas, the guarantor agrees to make the payment for financial compensation on behalf of Party B, while Party B accepts full financial responsibilities.

10. During the period of Party B's labor services, the employer shall be responsible for all expenses for transportation to and from work, return airfare to China, room and board, medical insurance, life insurance and applicable taxes imposed by the local country. Party A shall urge the employer to provide various benefits that Party B shall be entitled to while working overseas, as provided in the labor service contract.

11. This contract has three copies, one each for Party A, Party B and the guarantor. All three copies have equal legal effect. This contract shall take effect from the date of signing. Party A shall formally notify Party B, upon his or her return to China of the termination of the employment relationship, and this contract shall automatically become invalid.

[From the Washington Times, June 20, 1997]

NORTHERN MARIANAS HIT AS RIGHTS ABUSER

NATIVES TAKE ADVANTAGE OF GUEST WORKERS

(By Henry Hurt)

Wendy Doromal was asleep in her home on the island of Rota when the telephone rang at 5:30 a.m. A housekeeper named Thelma Landeza, the caller said, had been raped by her employer, a politically well-connected businessman. Afraid to go to the local authorities, Mrs. Landeza had walked for hours to the refuge of an underground network on Rota.

Mrs. Doromal, then 40, quickly dressed and set out to help. Such missions were in stark contrast to what the art teacher from Vernon, Conn., expected when she first came to the U.S.-owned Northern Mariana Islands, a scattering of volcanic specks in the western Pacific Ocean.

Mrs. Doromal and her family loved Rota's sandy beaches and clear, blue ocean. But drastic changes were taking place in this paradise—changes that have deeply stained America's reputation as the champion of human rights all over the world.

Lured by fee-driven recruiters, thousands of poor Asian "guest workers" were entering the Northern Marianas. Virtually every native household had at least one Philippine maid.

Mrs. Doromal soon discovered serious cases of workers being cheated out of wages and physically abused. The transgressors were the native population—an elite minority who maintained effective control of every government function. Although the newcomers outnumbered the natives, they had no voice or vote. And so Wendy Doromal, less than 5 feet tall but forceful and articulate, gradually became their advocate.

"When I saw Thelma that morning," Mrs. Doromal recalls, "the fear shot from her face into my heart. She'd been beaten and she was crying and trembling."

Mrs. Landeza's tale was harrowing. At 38 and widowed, the small, sweet-faced woman had sought work in the Northern Marianas to send money to her five children in the Philippines. "It was supposed to be like going to America," she said.

But that's not the way it turned out for Mrs. Landeza or thousands of other men and women like her. From 1990 to 1993, she says, she was paid the domestic wage of 69 cents an hour for 12-hour days; she also was "rented out" to another party for an additional six hours a day, for which she never saw a cent. Mrs. Landeza was supposed to have Sundays off but says she did not.

Like many other workers, Mrs. Landeza was afraid to complain to local labor officials. She says her boss, Rafael Quitugua, flaunted his connections with those very people. She couldn't risk being returned jobless to the Philippines.

Then, according to Mrs. Landeza, on the night of Oct. 16, 1993, Mr. Quitugua ordered her to clean up a bar he owned. Driving her back home, the man reached for Mrs. Landeza and said, "I like you very much." He veered down a path toward an isolated beach.

NO ACTION TAKEN

"I screamed and fought him and begged him to take me home," she said. "But he beat me and finally raped me. He said, 'If you ever tell what happened, I'll kill you.'"

Mrs. Doromal didn't want this to become another unprosecuted case because of "insufficient evidence." So she and Mrs. Landeza took the first morning flight to the island of Saipan, the Northern Marianas' seat of government.

There, Dr. David McGarey of the Commonwealth Health Center noted abrasions on Mrs. Landeza's body. He diagnosed "apparent rape" and collected specimens for a rape evidence kit that he turned over to authorities.

Mrs. Doromal also summoned Renato Villapando, principal officer of the Philippine consulate. To assure immediate attention, he wrote a detailed account of Mrs. Landeza's story that he sent to the attorney general of the Northern Marianas.

Weeks passed, however, and then months. No charges were brought. Mr. Quitugua, meanwhile, maintained his innocence.

American interest in the Northern Marianas was born in the blood of 5,289 troops who died there in 1944 wresting the islands from the Japanese. The territories languished for decades until 1976, when the U.S. Congress created the Commonwealth of the Northern Mariana Islands (CNMI).

A decade later, its residents became American citizens. Under the agreement, Congress allowed the CNMI to set its own immigration policies, and the U.S. minimum wage would not apply to its workers.

The result was rapid economic growth as entrepreneurs flocked to Saipan to open factories and develop tourism. The most common products were garments carrying the coveted "Made in U.S.A." label that entered the U.S. mainland duty-free. From all over Asia, especially the Philippines, destitute workers arrived to work in these factories and in the islands' booming hotels, restaurants and bars.

Their wages, though higher than in their native countries, were quite low—and remain so today. The biggest winners are the natives. The law grants a legal monopoly of all land in the Northern Marianas to these Pacific islanders, who can lease their property to factory and hotel operators at handsome prices.

Today only about 38 percent of the CNMI population of 59,000 is of native descent.

"They are an exclusive minority with the power to dominate and exploit others," said Mikel W. Schwab, assistant U.S. attorney and chief of the civil division that oversees the CNMI. "What's missing is equal protection under the law."

Responsibility for human rights abuses lies ultimately with the U.S. Congress, which oversees CNMI wage and immigration policies. Legislation addressing these issues is now being considered.

The case of Thelma Landeza was one of more than 500 complaints that reached Mrs. Doromal starting in 1989.

While more than half the cases involved wage disputes, others included workers tortured, forced into prostitution and held in sexual servitude.

"In my own experience as a civil prosecutor," said Mr. Schwab, "I have witnessed a level of human exploitation that makes Doromal's cases ring with credibility."

But his civil division had no primary authority to investigate or prosecute rapes and assaults that occurred in jurisdictions under the control of the CNMI attorney general's office.

Mrs. Doromal and her husband, Boboy, provided food and shelter for workers and helped them file complaints. Most important, they stood beside them in the face of predictable wrath from their employers and government officials.

HOLLOW PROMISES

As Mrs. Doromal continued her fearless campaign, CNMI authorities sought to discredit her. She was accused of everything from fabricating stories to harboring illegal workers. By the summer of 1994, however, her files had become the basis for a government task force investigation.

Growing publicity about worker abuses set off local rage against Mrs. Doromal and her family. Anonymous phone calls threatened death. The tires of the family car were slashed. Her family was ostracized, and this pressure forced Mrs. Doromal to resign from her teaching position.

On Aug. 29, 1994, the Doromals fled to Saipan. There, CNMI Gov. Froilan C. Tenorio met with Mrs. Doromal and assured her that the worst labor abusers would be prosecuted.

In September, Mr. Tenorio sat before a U.S. Senate subcommittee in Washington. With great humility he conceded that many of the charges reported in the press—which were first raised by Mrs. Doromal—were accurate:

"I am saddened and ashamed. Workers have been cheated and forced to live in subhuman conditions, locked in during nonwork hours, and been beaten and raped. Our administration will do everything in our power to end labor abuse".

BLAMING THE VICTIM

A few days after meeting with Mr. Tenorio, Mrs. Doromal received a call from Rota's underground network. A hysterical young woman named Teresa—not her real name—was claiming that for several weeks she had been locked up by her employer and repeatedly raped.

Mrs Doromal arranged for Teresa to be brought to a Saipan hospital. "She kept going into corners and rocking back and forth, crying," Mrs. Doromal said.

Teresa, 24, was an animated woman who had studied hotel and restaurant management in the Philippines. But employment there was scarce. A job on Rota with an establishment described by the recruiter as an "upscale restaurant" seemed the surest route to good money. The establishment, however, was little more than a brothel.

In desperation, Teresa accepted the friendly overtures of a politically well-connected many who got her out of the club. Teresa says she went to work for him—only to be locked in a remote farmhouse where she was tied up, beaten and raped daily until she escaped after three weeks.

Under the glare of publicity stirred up by Mrs. Doromal, the CNMI attorney general's office investigated Teresa's case. Four months later, it concluded that the evidence was insufficient to go to trial. The case was dropped.

Two weeks after Teresa's case was dropped, Mr. Tenorio was back in Washington to inform Congress that his administration was making substantial progress in cleaning up human rights violations. Employers who abuse contract workers, he said, "are being investigated, prosecuted and convicted."

To Mrs. Doromal, such words meant that nothing had changed. But with no regular job, her family couldn't stay in the Northern Marianas; they returned to the U.S. mainland in May 1995.

In December 1995, nearly a year after Mr. Tenorio last told Congress he was cleaning up human right violations, Maria—not her real name—a tiny Philippine woman with a childlike face, stood frozen on the stage of a Rota nightclub tears in her eyes. It was Maria's first night of work, and she had been promised she would never be asked to dance nude. But now amid catcalls, her boss was demanding that she strip.

He threatened her until she gave in. But that wasn't enough; soon he demanded that she have sex with him and "go out with customers." Maria refused. She was forced from her job and returned to the Philippines, where she told her story to Reader's Digest.

Despite such reports, CNMI acting Attorney General Robert B. Dunlap II claims conditions are much improved.

"We sent two investigators to Rota," he said. "They stayed a week trying to attract a prostitute—and never found one."

Mr. Tenorio, up for re-election in November, maintains he is doing all he can to make a good situation for contract workers even better. Meanwhile, he is conducting a $1 million public relations campaign to shore up the CNMI's image, bringing dozens of congressmen and staffers to tour the Northern Marianas.

"The thinking is 'Don't fix the problem, fix the image,'" said Eric Grigoire, a New Jersey native who is the human rights advocate for the Catholic Church in the Northern Marianas. He is still summoned to Rota regularly by Mrs. Doromal's original underground network.

What of Thelma Landeza? In February 1995—more than 16 months after she reported being kidnapped, raped and beaten—her boss, Rafael Quitugua, was charged with the crime, He pleaded not guilty. In December 1995 the charge was dropped.

[From the Star-Bulletin, June 6, 1997]

EXPLOITED IN SAIPAN SEX BAR, TEEN FINDS HAVEN HERE

ISLE FILIPINO COALITION FOR SOLIDARITY IS A GODSEND FOR ABUSED WORKERS

(By Susan Kreifels)

Katrina turns 16 Monday, finally getting a taste of sweetness in her otherwise bitter dose of life.

Hawaii's Filipino Coalition for Solidarity has provided the teenage girl haven since March from her grim life in Saipan, where she said she had been sexually exploited in a barroom since she was 14.

The civil rights advocacy group hopes to find a way to keep her in the United States, far from threats from her former employers, who now face a federal lawsuit on Saipan for alleged violations of child labor and wage laws.

Katrina is the young girl's stage name. Her real name is being withheld to protect her identity in the eighth-grade classroom she now attends on Oahu.

Born in Manila to a poor squatter family, she ran away when she was 13, ending up in the arms of unscrupulous recruiters.

Although she admits she lied that she was 19 in the beginning, Katrina said she later told the recruiters her real age.

But, according to the girl, the recruiters arranged a passport that claimed she was born in 1974 instead of 1981.

Katrina ended up in Saipan, where her recruiter-boss promised to make her a "starlet." But for the then 14-year-old, it was a horror role in which customers abused her naked body and had live sex with her and other bar girls on stage.

Performances, she said, were videotaped. If she didn't do what she was told, her bosses threatened to ship her back to the Philippines at her own expense.

"I was scared. I don't have any money. What happens to me? Maybe I will die."

Katrina describes her life as one much older than her years.

She and other Filipino women who worked in the Saipan bar stayed in barracks, virtual prisoners who couldn't go out. "They treated us like animals."

She sent most of her salary home to her mother.

"In school, I was very religious. I feel there is no God anymore. I prayed but no response," she said.

She drank alcohol every night because "it's easier to do anything if you're drunk. You can't really feel anything.

"I try to put it behind me. Sometimes I think, how did I do that? Animal people only do that. I get depressed."

Last October she went to government labor officials on Saipan and filed a complaint, which led to the U.S. Department of Labor lawsuit. Her former employers tried to bribe her to give up her complaint, "but I wanted to see justice."

And, she says with some disbelief, "after all I experienced, suddenly I'm here."

COALITION MONITORS SAIPAN

Nic Musico of the Filipino Coalition for Solidarity said the Hawaii group has been monitoring abuse of Filipino workers in the Commonwealth of Northern Mariana Islands, a U.S. territory 3,900 miles west of Hawaii, for the last four years. The group has given haven to other Filipino workers.

The commonwealth, which doesn't fall under U.S. wage or immigration laws, offers low minimum wages ($2.95) and tax incentives that have fueled Saipan's $500 million-a-year garment industry. More than 30,000 imported laborers from the Philippines, China and other Asian countries work the mills on this small island of 25,000 citizens. The government says without the foreign workers, its garment and tourism industry would collapse.

There were more than 500 labor complaints filed last year, according to the commonwealth government. Some are passed along to the U.S. Department of Labor to pursue. In 1994, the department successfully sued a Japanese company that owned several bars employing underage girls.

The lawsuit involving Katrina and her co-workers, filed in the U.S. District Court in Saipan, is not expected to go to trial until late this year. Defendants Eugene R. Zamora, Sr., and Marylou "Malou" Zamora, whom Katrina said brought her to Saipan from the Philippines, are believed to have returned to their home country. Defendant Francisco Matsunaga, the Zamoras' partner at the Club Kalesa, where Katrina worked, died last November.

Michael Bayer, wage and hour investigator on Saipan for the U.S. Department of Labor, said the foreign workers are tied to one-year contracts they know don't have to be renewed.

"The more abused, poor, desperate they are in their home country, the more willing they are to put up with someplace else," said Bayer, emphasizing he was giving a personal opinion rather than an official one. "They have no voice. There are no unions. The only outlet is to file a complaint."

CLINTON SENDS WARNING

There are moves in Congress to force the commonwealth to comply with U.S. wage and immigration laws. Last week President Clinton sent commonwealth Gov. Froilan C. Tenorio a letter warning that his administration would work with Congress to extend U.S. laws there:

"The minimum wage is plainly inadequate; there have been persistent incidents of improper treatment of alien workers and inadequate enforcement of their rights; and manufacturers using foreign workers unfairly compete with other production under the U.S. flag," Clinton's letter said. He said he would work with Congress to amend the 1976 covenant that created a political union with the islands and made their residents U.S. citizens but allowed the commonwealth to control its immigration and minimum wage.

Dave Ecret, acting public information officer for Tenorio's office, said the commonwealth has made "tremendous improvements" in the labor situation and believes Clinton has been misinformed of the current situation.

Some Republicans in Congress agree. Rep. Dick Armey, House majority leader, and Rep. Tom DeLay, House majority whip, assured Tenorio this week in a letter that any legislation that would "harm the economic, social or political well being of the CNMI is counter to the principles of the Republican Party, and this Congress has no intention of voting on such legislation." The two commended the islands for their commitment to ending labor problems.

AKAKA BACKS CLINTON

Hawaii's Sen. Daniel Akaka, a Democrat, said yesterday at he supported Clinton's letter and would work to bring changes in the commonwealth, where "horror stories of labor abuses continue to abound, while CNMI (commonwealth) officials launch a public relations campaign touting the territory as an economic model for the rest of the nation."

Ecret said the government has forced companies to clean up workers' barracks and doubled the commonwealth government's immigration and labor staffs to more quickly resolve abuse cases.

Ecret also said businesses must pay room and board in addition to minimum wages, raising the cost of labor of Saipan. He said any changes in labor and immigration laws on Saipan would be "devastating" to the economy.

While politicians debate the bigger issues, members of the Filipino Coalition for Solidarity are working to protect the people caught up in them, like Katrina. Musico said his group has solicited people to adopt Katrina, but time is running out—an adoption application must be filed before she turns 16. Musico is more optimistic that she will be granted special asylum.

For now, Katrina has been given permission to stay in the United States until November.

By Mr. CRAIG (for himself, Mr. MURKOWSKI, Mr. REID, Mr. BRYAN, Mr. BENNETT, Mr. BURNS, Mr. HATCH, Mr. THOMAS, Mr. CAMPBELL, Mr. STEVENS, and Mr. KEMPTHORNE):

S. 1102. A bill to amend the general mining laws to provide a reasonable royalty from mineral activities on Federal lands, to specify reclamation requirements for mineral activities on Federal lands, to create a State program for the reclamation of abandoned hard rock mining sites on Federal lands, and for other purposes; to the Committee on Energy and Natural Resources.

THE MINING LAW REFORM ACT OF 1997

Mr. CRAIG. Mr. President, in the last Congress, Members in the Senate and our colleagues in the other Chamber worked hard to reform the laws under which the U.S. mining industry operate on the vast Federal lands of the west. Members on both sides of the aisle, from all regions of the country, acknowledged that the Mining Law of 1872 needed change. This body and the other body passed legislation to reform the mining law only to have our efforts vetoed by the President. I believe it is time to make another effort to pass mining reform legislation and to engage the Clinton administration in meaningful discussion that can bring to a close the long and fruitless debate we have so far had on this issue.

Today, I am introducing, a bipartisan bill in conjunction with Chairman MURKOWSKI, Senator REID, and Senator BRYAN and five other of our colleagues to legislatively solve the problems that we see with the mining law. The Mining Law Reform Act of 1997, is a bill which will ensure continued mineral production in the United States. It provides for a fair economic return from minerals extracted on public lands, and will link mining practices on federal lands to State and Federal environmental laws and land-use plans. This bill provides a balanced and equitable solution to concerns raised over the existing mining law.

Mining in the United States is an important part of our nation's economy. It serves the national interest by maintaining a steady and reliable supply of the materials that drive our industries. Revenue from mining fuels local economies by providing family income and preserving community tax bases. Mining has become an American success story. Fifteen years ago, U.S. manufacturers were forced to rely on foreign producers for 75 percent of the gold they needed. Today, the U.S. is more than self-sufficient. The combined direct and indirect impact on the economy of our nation by the mining industry in 1995 was almost $524 billion. This is nine times the value of the actual minerals that were mined. Obviously we are talking about a very significant portion of our economy and one that we can not cavalierly assign to the economic antique shed. This information is from a recent report by the Western Economic Analysis Center. I ask unanimous consent that the summary of this report be made a part of the RECORD.

Mining, however, is a business associated with enormous up-front costs and marginal profits. Excessive royalties discourage, and in other countries have discouraged, mineral exploration. Too large a royalty would undermine the competitiveness of the mining industry. The end result of excessive government involvement would be the movement of mining operations overseas and the loss of American jobs. The legislation I am introducing today will keep U.S. mines competitive and prevent the movement of U.S. jobs to other countries.

The General Mining Law is the cornerstone of U.S. mining practices. It establishes a useful relationship between industry and government to promote the extraction of minerals from mineral rich Federal lands. Although the cornerstone of this laws was originally enacted in 1872, it remains to function effectively today. The law has been amended and revised many times since its original passage. The legislation I am introducing today preserves the solid foundation provided by this law and makes some important revisions that address the concerns that have been paramount in this debate that I have been involved in for nearly a decade.

Specifically, the Mining Law Reform Act of 1997 will insure revenue to the Federal Government by imposing fair and equitable fees and a net royalty. It requires payment of fair market value for lands to be mined. It assures lands will return to the public sector if they are not developed for mineral production, as is intended in this legislation. Furthermore, to prevent mining interests from using patented land for purposes other than mining, the bill limits occupancy to that which is only necessary to carry out mining activities.

To ensure mining activities do not unnecessarily degrade Federal lands, the Mining Law Reform Act mandates compliance with all Federal, State and local environmental laws with regard to land use and reclamation. To enforce these provisions, the bill includes civil penalties and the authority for compliance orders.

Finally, this bill creates a program to address the environmental problems associated with abandoned mines. Working directly with the States, the Mining Law Reform Act directs fees and royalty receipts to the abandoned mine cleanup programs. It is time we have a workable mechanism to clean up these relics of the past.

The legislation we are proposing today is in the best interest of the American people because it provides revenue from public resources, assures mines will be developed in an environmentally sensitive manner and that abandoned mines from earlier eras will be reclaimed. It is fair to mining interests because it imposes reasonable fees and royalties, and it is good for the environment because it assures that sound land use and reclamation practices are followed. I ask my colleagues to join me in support of this legislation and look forward to hearings and Senate legislative action.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

MINING AND THE AMERICAN ECONOMY

EVERYTHING BEGINS WITH MINING

(Prepared by George F. Leaming, Ph.D.)

Combined Direct and Indirect Impacts of Mining, 1995

	Values in millions of dollars
California	$52,475.866
New York	31,005.248
Texas	28,971.894
Pennsylvania	28,643.365
Michigan	26,229.092
Ohio	24,964.148
Illinois	23,932.294
Florida	19,703.096
Kentucky	16,331.941
West Virginia	15,277.424
Indiana	14,232.916
New Jersey	14,104.661
Arizona	13,715.868
North Carolina	13,090.456
Minnesota	12,970.055
Massachusetts	12,794.139
Virginia	11,498.840
Georgia	11,202.431
Alabama	11,027.917
Missouri	10,162.067
All Other States	131,270.339
Total impact	523,604.058

SUMMARY

The American mining industry had a combined direct and indirect impact on the economy of the United States in 1995 of almost $524 billion. That $523.6 billion total economic benefit was nearly nine times the value of the solid minerals that were mined in the United States that year.

Nearly five million Americans had jobs in 1995 as a result of the combined direct and indirect contributions of the mining industry to personal, business, and government income throughout the nation. The total number of jobs created both directly and indirectly in the nation's economy by the domestic mining industry was more than 15 times the number of workers directly involved in mining.

The nation's business firms realized the greatest benefits from the mining industry's monetary contributions to the American economy in 1995. The nearly $296 billion in sales revenues obtained by domestic business firms directly and indirectly as a result of the income stream created by mining comprised 56% of the industry's total impact on the nation's economy.

Individual Americans and their families also received a significant amount of personal income as a result of mining's direct and indirect monetary contributions to the national economy in 1995. The nearly $144 billion received by residents of the United States in 1995 as a direct or indirect result of the income streams created by the mining industry amounted to more than three percent of all earnings received by the country's workers. It was more than the personal income earned by all of the residents of Georgia and Mississippi combined in 1995, and it was almost as much as the personal income received by the residents of Arkansas, Louisiana, and the District of Columbia from all sources. That $143.7 billion total of personal income from mining was enough to pay the wages of nearly five million American workers, only 6% of whom were actually employed in mining.

The federal government also shared in the economic benefit generated by the mining industry in 1995. Almost $57 billion in revenues received by the federal government in 1995 were generated either directly or indirectly from the income streams created by mining in the United States. That amounted to nearly 11% of mining's total contribution to the nation's economy.

State and local governments likewise shared in the contributions to the national economy made by the domestic mining industry. More than $27 billion of the revenues received by state and local governments throughout the country in 1995 were provided either directly or indirectly from the income streams that were created by mining. That was equivalent to about 4% of all state and local taxes levied in 1995. It represented about 5% of the entire monetary contribution of the nation's mining industry to the national economy. It gave government at all levels (federal, state, and local) a 16% share of mining's total contribution to the nation's economy.

Among the 50 states, California received the greatest economic benefit from the mining industry. The state ranked first in combined direct and indirect economic benefit from the mining of solid minerals, even though it ranked only fifth in the value of such minerals produced. The Californai economy gained more than $52 billion and 469,000 jobs in 1995 as a result of the combined direct and indirect impacts of mining in the United States. The gain came partly as a result of the state's role as a minerals producer and also as a manufacturing, trade, service, and financial center for much of the western United States as well as its role as a major beneficiary of the redistribution effects of the federal tax system.

Table 1—Combined Direct and Indirect Contributions of the American Mining Industry to the Economies of the Individual United States, 1995

State	*Combined gain*
Alabama	$11,027,917,000
Alaska	1,342,592,000
Arizona	13,715,868,000
Arkansas	3,790,429,000
California	52,475,866,000
Colorado	7,634,613,000
Connecticut	6,922,838,000
Delaware	1,566,762,000
Dist. of Columbia	1,941,284,000
Florida	19,703,096,000
Georgia	11,202,431,000
Hawaii	1,605,841,000
Idaho	1,898,296,000
Illinois	23,932,294,000
Indiana	14,232,916,000
Iowa	5,032,141,000
Kansas	4,052,691,000
Kentucky	16,331,942,000
Louisiana	5,547,709,000
Maine	1,740,423,000
Maryland	7,465,306,000
Massachusetts	12,794,139,000
Michigan	26,229,092,000
Minnesota	12,970,055,000
Mississippi	3,267,550,000
Missouri	10,162,067,000
Montana	2,214,078,000
Nebraska	2,196,212,000
Nevada	7,067,021,000
New Hampshire	1,977,094,000
New Jersey	14,104,661,000
New Mexico	3,408,964,000
New York	31,005,248,000
North Carolina	13,090,456,000
North Dakota	1,014,968,000
Ohio	24,964,149,000
Oklahoma	4,882,853,000
Oregon	5,108,336,000
Pennsylvania	28,643,365,000
Rhode Island	1,612,602,000
South Carolina	5,821,461,000
South Dakota	1,494,319,000
Tennessee	9,460,228,000
Texas	28,971,894,000
Utah	6,906,968,000
Vermont	1,018,057,000
Virginia	11,498,840,000
Washigton	9,604,834,000
West Virginia	15,277,424,000
Wisconsin	9,706,482,000
Wyoming	3,967,386,000
Total	523,604,058,000

Source: Western Economic Analysis Center.

New York received the second greatest gain from the nation's mining industry in 1995, with a total boost to its economy of more than $31 billion and more than 227,000 jobs. The impact on New York was partly the result of the state's direct role as a minerals producer but more a result of its role as a major trade, manufacturing, and financial center and as a major beneficiary of the income redistribution effect of federal spending.

Texas was not far behind New York in total economic gain from mining in 1995. The state has the nation's eighth largest mining industry, directly providing more than 16,000 jobs. In 1995, the Texas economy gained almost $29 billion and more than 308,000 jobs as a direct and indirect result of mining in the United States.

Pennsylvania was very close behind Texas in total economic benefit from the mining industry in 1995. The state has a major mining industry of its own, ranking sixth in value of mine output in 1995, but its bigger gain came as a result of its position as a manufacturing center for the nation, selling products and services to mining and other enterprises in other states. In 1995, the Pennsylvania economy gained almost $29 billion and 246,000 jobs as a direct and indirect result of mining in the United States.

Among the top 20 states that gained the most personal, business, and government income directly and indirectly from mining in 1995, 12 of them, including California, New York, Pennsylvania, Michigan, Ohio, Illinois, Indiana, New Jersey, Massachusetts, North Carolina, Virginia and Georgia, although they had significant mining industries of their own, actually received more business income from mining in other states. Their biggest gains come from selling products and services to mining enterprises in other states and through the disbursement of government revenues collected from firms that had mining operations in other states.

Among the 20 states that gained the most economically from mining in 1995, only two (California and Arizona) were in the public land areas of the West traditionally thought of as being the center of American mining. Six (Ohio, Illinois, Indiana, Michigan, Minnesota, and Missouri) were in the Midwest, while eight (Kentucky, West Virginia, Texas, Florida, North Carolina, Georgia, Virginia, and Alabama) were in the South and another four (New York, Pennsylvania, New Jersey, and Massachusetts) were in the Northeast.

More than 90% of the total impact of mining on the economy of the United States in 1995 was in the form of indirect personal, business, and government income generated by the circulation and recirculation through the nation's economy of the mining industry's direct payments to persons, other businesses, and governments. Those direct payments, while making up only 9% of the total impact, were themselves substantial, particularly in those states where mining activity took place and in states where manufacturers and other businesses produced products and services for use in mining.

Direct payments by mining firms to individuals, other businesses, and governments in the United States in 1995 totalled more than $48 billion. Of that total, the industry paid over $14.5 billion (30%) as personal income to employees, former employees, and stockholders. More than 85% of that amount went to pay the wages and salaries of current employees, while nearly all of the remaining 15% went to pay pensions to former employees and dividends to investors.

Table 2—Direct Contributions of the American Mining Industry to the Economies of the Individual United States in 1995

State	*Total direct impact*
Alabama	$1,342,230,000
Alaska	213,388,000
Arizona	2,299,706,000
Arkansas	334,147,000
California	2,876,115,000
Colorado	801,267,000
Connecticut	328,546,000
Delaware	100,729,000
Dist. of Columbia	17,968,000
Florida	1,326,928,000
Georgia	829,196,000
Hawaii	80,974,000
Idaho	280,470,000
Illinois	1,719,495,000
Indiana	1,103,017,000
Iowa	433,192,000
Kansas	348,926,000
Kentucky	2,662,452,000
Louisiana	356,075,000
Maine	102,133,000
Maryland	369,080,000
Massachusetts	581,349,000
Michigan	1,644,407,000
Minnesota	1,301,183,000
Mississippi	200,552,000
Missouri	868,251,000
Montana	458,813,000
Nebraska	164,594,000
Nevada	1,728,137,000
New Hampshire	99,845,000
New Jersey	623,148,000
New Mexico	638,176,000
New York	1,314,774,000
North Carolina	876,359,000
North Dakota	150,558,000
Ohio	1,650,231,000
Oklahoma	391,423,000
Oregon	387,101,000
Pennsylvania	2,300,648,000
Rhode Island	68,760,000
South Carolina	423,942,000
South Dakota	251,085,000
Tennessee	608,122,000
Texas	2,544,266,000
Utah	1,100,239,000
Vermont	72,397,000
Virginia	1,019,016,000
Washington	719,353,000
West Virginia	2,815,983,000
Wisconsin	608,016,000
Wyoming	1,361,726,000
Wyoming	1,361,726,000
Total	44,898,488,000

Totals do not include contributions to federal government revenues.

Source of data: Western Economic Analysis Center.

The biggest share (56%) of the mining industry's direct contributions to the national economy in 1995, however, went to other businesses to pay for the products and services used in the search for and production of minerals. Those direct payments to suppliers of materials, equipment, energy, and services used in mining amounted to over $27 billion. They were made to suppliers located in every state of the Union and the District of Columbia.

The nation's mining industry also made significant payments directly to state and local governments, largely in the states in which they conducted mining or processing operations. The amount of such direct payments by mining firms to state and local governments in 1995 approached $3.4 billion.

The federal government got even more. Direct payments by mining firms to the United States Government in payroll taxes, income taxes, and other taxes and fees surpassed $3.5 billion in 1995. That represented more than 7% of the industry's total direct contribution to the American economy last year.

The direct contributions of the mining industry to the economies of the various states in 1995 tended to be the greatest in those states in which the most mining activity was conducted and which had the most suppliers providing goods and services to mining firms in other states. Thus, California, with major metal mining, construction minerals, and industrial minerals mining industries, as well as large manufacturing, trade, services, and financial sectors serving mining firms in other states, led the list with a direct impact from mining of almost $2.9 billion. West Virginia, with the country's biggest coal mining industry (in terms of value), was second with a direct impact in 1995 of more than $2.8 billion.

Kentucky, with the nation's second largest coal mining industry, as third in impact with a direct impact on its economy of nearly $2.7 billion. Texas, with major metals, construction minerals, industrial minerals, and coal mining output, was fourth in direct impact with over $2.5 billion. Pennsylvania, the nation's fifth most important source of mined coal and third biggest producer of construction minerals, was fifth in direct impact with more than $2.3 billion.

Arizona, with the nation's largest copper mining industry was sixth, receiving a direct impact of nearly $2.3 billion, while Nevada, with the nation's largest gold mining industry, was seventh with a direct economic gain of more than $1.7 billion. Illinois was eighth, also with an impact of over $1.7 billion.

Table 3—Total Employment Supported Directly and Indirectly by the American Mining Industry in the Individual United States, 1995

State	*Total jobs*
Alabama	107,400
Alaska	12,000
Arizona	137,300
Arkansas	44,400
California	469,200
Colorado	77,300
Connecticut	54,400
Delaware	14,400
Dist. of Columbia	9,400
Florida	212,600
Georgia	121,300
Hawaii	18,300
Idaho	23,600
Illinois	209,400
Indiana	133,700
Iowa	57,200
Kansas	48,200
Kentucky	150,300
Louisiana	62,300
Maine	19,800
Maryland	79,300
Massachusetts	103,900
Michigan	203,300
Minnesota	113,300
Mississippi	41,500
Missouri	103,200
Montana	24,900
Nebraska	30,000
Nevada	63,000
New Hampshire	20,300
New Jersey	115,500
New Mexico	44,000
New York	227,500
North Carolina	140,400
North Dakota	13,300
Ohio	220,700
Oklahoma	52,700
Oregon	53,500
Pennsylvania	246,000
Rhode Island	15,900
South Carolina	65,900
South Dakota	19,800
Tennessee	98,300
Texas	308,000
Utah	66,200
Vermont	11,100
Virginia	124,800
Washington	92,300
West Virginia	132,700
Wisconsin	98,800
Wyoming	41,400
Total	4,954,000

Source of data: Western Economic Analysis Center.

THE IMPACT OF THE MINING INDUSTRIES ON THE ECONOMY OF THE UNITED STATES

In 1995, the mining industries had a combined direct and indirect impact on the economy of the United States of $523.604 billion including combined direct and indirect contributions of $143.742 billion in personal income (equal to 5 million jobs), $295.712 billion in business income, $56.992 billion in federal government revenues, and $27.158 billion in state and local government revenues.

As a result of the circulation (and multiplication) of the mining industry's total direct impact of $48.429 billion that included direct payments of $3.373 billion to state and local governments, $3.530 billion to the federal government, $27.023 billion to other American businesses, and $14.503 billion in personal income for Americans, including wages and salaries for the industry's 320,400 employees, who labored to produce minerals with a total value of $60.055 billion.

Mr. MURKOWSKI. Mr. President, I stand today to add my strong support for the introduction of this comprehensive package of reforms intended to bring this Nation's mining law into the 21st century.

There are few issues before the Senate that are more complex and contentious than mining law reform. Make no mistake, it is an issue within which major ideologies compete. The outcome of these debates will define for years to come the role public lands play in the Nation's ability to maintain a viable strategic mining capability.

Across the Nation—from the White House, and from within this very chamber we have been regaled with stirring speeches on the short comings of the 1872 mining law: the unfairness it imposes on the American people. Unfortunately this rhetoric has served only to inflame passions and polarize the American public on this complex issue.

It will come as no surprise why, under these circumstances, mining law reform has been such a difficult undertaking within the Congress. There is one additional circumstance which serves to frustrate legitimate efforts to bring mining reform negotiations to a successful culmination. Legitimate reformers within the administration and the Congress have been joined by those who see mining reform as the perfect vehicle for ending mining on public lands. With these forces there is no appeasement. As reform proposals move toward addressing legitimate concerns, the goal line is moved. As you can imagine, this causes a great deal of frustration among those of us engaged in serious reform efforts.

Be that as it may, the only unforgivable action this Senator could take would be to abandoned the effort. In the great debate before us I would ask you to look carefully at the issues—if you seek reform which brings a fair return to the public treasury, that protects the environment, and preserves the Nation's ability to produce strategic minerals—then you will find a great deal to support in the legislation we lay before you today.

I also take a great deal of pride in the fact that this legislation does not forget about the Nation's smallest mining operations. It will allow them to stay in business and to continue to compete on an even playing field with the larger, better financed operations. And for those of you who might wonder why small miners are important; you need only remember that the great majority of large mining operations across the country started out as a nothing more than a crazy idea inside the head of a prospector simply too stubborn to give up on their dream.

On the other hand, if it is your intention to use mining reform as a vehicle to end mining on public lands or punish mining companies for making a profit, then you will find little in my legislation to aid in your cause.

There is one resounding note of agreement across the Nation relating to mining reform—it is time to bring this piece of historic legislation into the 21st century.

However, in our zeal to bring about this necessary modernization, we must not forget what we are tinkering with. Bad decisions clouded with emotionally charged rhetoric can have devastating effects on a $5 billion industry. An industry whose products form the muscle and sinew of the Nation's entire industrial output. We are taking into our hands the well-being of 50,000 American miners, their families, and their communities. We will be reaching out and directly affecting the future well-being of thousands who derive their primary source of income manufacturing the goods and services which support this critical industry. We owe it to that industry, those people, their communities, and the entire American public to make good decisions. There is simply too much at stake to let our collective emotions get in the way of good decision making.

The Nation's first comprehensive mining laws were negotiated under torchlite miner's courts, over copious amounts of whiskey, and down the barrels of cocked six shooters. These laws literally emerged out of the muck and grime of the gold fields of California, the silver fields of Nevada, and countless other mining camps scattered across the American West. The initial law was designed to give every miner the opportunity to compete on an even playing field without fear of having his hard earned gain taken away during the dark of night. The law was also intended to give a young nation a self sufficiency in its mineral needs. The industrial revolution was upon us, and our mills and factories were hungry for the raw mineral feed stocks necessary to keep pace with the growing demand for industrial products.

And Mr. President I am here to tell you that we were successful. Due in no small part to the mining industry of this Nation and all the hard working miners, the United States moved to the pre-eminent position that enabled us to win two world wars and set a standard of living that is still the envy of the world.

This package of mining reforms contained in this legislation honors the past, recognizes the present, and sets the stage for a bright future.

This legislation honors the past by refusing to abandon the basic tenets of the Nation's mining law. A system that allows for the location, development and production of mineral resources off the public lands. Resources necessary to keep this country's mills and factories working at full capacity.

We recognize the present through the creation of fair reforms which recognize that over one hundred years have passed since the general mining laws went onto the books. During that time many changes have occurred in this country and the mining industry.

We set the stage for the future by placing instruments within the legislation that directs the reclamation of old abandoned mine sites and preventing abuses in the exercise of the rights authorized within the law.

Mr. President, we recognize that the time has come to reform the general mining laws. But it must be reform that fixes the things which are wrong without destroying this important industry and the lives and communities dependent on it.

The legislation we offer today does that but in such a way that corrects the problems with the law without killing the mining industry.

The legislation advances reforms in 4 general areas; royalty, patents, operations, and reclamation.

No area within the 1872 mining laws has been so greatly criticized as the failure on the part of that legislation to require royalty to be paid for minerals extracted from public land.

The legislation that we introduce today corrects this. It requires that 5 percent of the profit made from a mining operation on federal lands be paid to the federal government.

This legislation seeks a percentage of the profit, not the value of the mineral in place. We do this for very specific reasons. Failure to do so will cause the shutdown of many operations and prevent the opening of new mines. It will cause other operators to cast low ore concentrates onto the spoil pile as they seek out only the very highest grade ores.

Yes, highly profitable mines do exist and I am sure you are going to hear a lot about them from our opponents. But I can also assure you that there is an equal number that operate on the margin. Mines are like people, no two are alike. Through legislation we seek to create a one-size-fits-all royalty. If that royalty is designed to address highly profitable mines, many marginal mines will go under. That is why we designed our royalty to take a percentage of the profits. If the mine makes money, the public gets a share. This approach recognizes that the public benefits from a strong mining industry beyond the royalty it might collect. A continuous and competitive supply of metals to the Nation's mills and factories, high paying mining jobs, and healthy, viable communities also contribute to the common good.

I fail to see how the public good is served through the creation of a royalty system so intrusive that it must be paid for through the loss of jobs, the health of local communities, and the abandonment of lower grade mineral resources. For those of you who would dismiss these predictions need only look north of our borders to British Columbia to see living proof of this prediction. In 1974 they put a royalty on minerals before cost of production was factored in.

Five thousand miners lost their jobs, mining diminished to the point where only one new mine went into operation in 1976. The industry was devastated. The royalty was removed in 1978. Years later the industry still has not completely recovered.

Those who forget history are doomed to repeat it—let us not forget the experience of our neighbors to the north.

Patenting or the right to take title to lands containing minerals upon demonstration that the parcel can support a profitable operation is another area targeted for intense criticisms by opponents to existing mining law.

There is no doubt that there have been serious abuses of this provision of the 1872 mining law. Unscrupulous individuals have located mineral operations for the soul purpose of gaining title and turning the land into a lodge, resort or ski area. These practices are wrong and should be corrected. But it should not be done in a way that punishes the great majority of miners who patent lands for the sole purpose of mining. Punishing everyone to get at the few is absolutely wrong and down right un-American.

The legislation we introduce today cures the problem without punishing the innocent. We would continue to issue patents to operators who are engaged in legitimate mining operations. However, we also include provisions allowing the Secretary to step in and reclaim lands should it be determined that they are no longer being used for mining.

This approach protects the legitimate miner while insuring that unscrupulous operators can no longer turn mining operations into other activities.

Much criticism has been levied in the past at the 1872 mining laws for what has been called the encouragement of speculative activities on mineralized lands. Because no controls were in place, any person could go out and stake lands purely for speculative purposes. This kept legitimate miners from accessing lands for development and burdened the bureaucracy with mining claims that had no real mineral potential.

The legislation we introduce today addresses this practice. It requires that a $25 filing fee be paid at the time the claim is filed, and makes permanent the $100 per year per claim maintenance fee. These fees will discourage speculative claim staking while allowing miners intent on mining access to lands.

The 1872 mining law did not address environmental protection. Our revisions weave a tight environmental safety net to protect the federal lands. We include a permit process which requires secretarial approval for all but the most minimal mineral related activities; furthermore, we require that lands disturbed by mining be reclaimed to prevent undue and unnecessary environmental degradation. To correct situations where mine operations are abandoned, this legislation requires all operations be fully bonded to pay for reclamation. We do this in ways that allow individual miners the opportunity to choose the bonding tool that best suits their individual needs while not losing sight of the overall reclamation goal.

While bonding assures that no further reclamation responsibilities will fall to the public, what about sites which have been abandoned in the past? I won't be breaking any secrets by telling you that discretionary funding for new projects around here is about as scarce as virtue at a lawyers convention. There is simply too much need with not enough dollars to go around. Does this mean that reclamation is not important? Not at all—there is no question that the reclamation of these abandoned sites needs to occur. The only question is where the dollars are going to come from and what other priority must fall to the side.

This legislation addresses this issue through the establishment of a mine reclamation fund. This fund is capitalized by the funds collected by this legislation. Filing fees, maintenance fees, and royalty collected all goes into the fund to pay for the reclamation work. This fund dovetails with other reclamation funds and fills the gaps. It is not duplicative.

The Nation's small miners will find that there are exemptions from the payment of fees for the first 25 claims, royalty relief for yearly profits of less than $50,000, authorizations to use state reclamation bonding pools, and the ability to maintain exclusive long term land use tenure.

For those who seek meaningful reform to the nation's general mining laws, this legislation does the job. It fixes past abuses without punishing the innocent. It establishes a partnership with miners to share in the profits of mining without putting people out of work. It works with existing environmental legislation to assure that mining operations are carried out with the least possible disturbance. It makes sure that the public does not have to pay for the inappropriate actions of the few while allowing the many to pursue their activities in a ways that do not jeopardize their financial well being. And, it sets up a process to pay for existing mine reclamation needs without taking money away from ongoing federal programs.

This is good legislation, it fixes existing problems without creating new ones. It establishes partnerships between the Federal and State governments and treats the mining community with respect and dignity without turning a blind eye to past indiscretion.

I recognize that we have an up-hill battle. Mining reform has been shrouded for far too long in a smokey veil of rhetoric and sensationalism. The complexity of the issue is such that before we can show any meaningful progress we must separate the voices of those who seek meaningful reform from those who are using the debates to prevent mining on public lands. I believe this legislation will do that—it provides a platform for reasonable discussion and negotiation without threatening to end mining on public land.

What we propose may not be poetic, but it does have a rock solid substance; it does not lend itself to catchy media blurbs, but it is genuine reform; it does not offer quick fixes; but it does make changes that are needed without punishing the innocent. It may not be pretty and it certainly is not easy to understand but I can promise you one thing—it will work.

Both sides of the mining reform debate have come a long way toward achieving meaningful compromise. I am certain that the legislative vehicle we launch today will carry us that last mile and finally bring us the reform that is needed.

Mr. BENNETT. Mr. President, I am pleased to join my colleagues in introducing the Mining Law Reform Act of 1997 today. The merits of this legislation have already been outlined by others, so I will not go into details. I believe that we have come a long way toward reaching a compromise and I congratulate the chairman for his willingness and his efforts to reach the middle ground.

Mr. President, in this time of economic prosperity, I find it worrisome that we must constantly remind the American people that our Nation's economic prosperity is largely dependent upon our ability to create wealth. The ability to create wealth depends upon ability to take a raw material that has little or no economic worth and turn it into something of value. The economic prosperity which we have experienced in this decade is due, in part, to the increased ability of our Nation's mining industry to create wealth out of our raw materials.

In my own State, there are some groups which argue that the mining industry is no longer needed, that it is a relic of the past. I hear from these same groups how tourism will be the savior of Utah's rural communities and if the people of rural Utah would only accept this, then everything will work out just fine. The economy will be strong, the environment will be protected and everyone will have a high standard of living.

Mr. President, I do not want to diminish in any way the important contribution that tourism provides to the economy of my State. Utahns encourage people to come and enjoy our ski slopes, our canyons, and our national parks. But much of the tourism industry is seasonal in nature. In some small communities in southern Utah, it takes two and one-half incomes to generate the average income. It is not uncommon to strike up a conversation with a waitress in the local cafe, and learn that her husband works two jobs to make ends meet. As one County Commissioner summarized recently, "If tourism was really the answer, making beds, frying hamburgers, and pumping gas would have made us rich a long, long time ago."

In 1995, the values of minerals mined in Utah exceeded $2.4 billion. Utah's direct economic gain from mining exceeded $1.1 billion, including $358 million in personal income gains. The average mining job in Utah pays about $36,000 a year. With this in mind, imagine the tremendous positive impact that a few dozen mining jobs have in these communities. These jobs impact the local auto dealer, the real estate agent, the contractor, and the hardware store owner.

Mr. President, responsible and reasonable mining law reform should be enacted. But as we undertake these efforts, we must also recognize the important contribution of the mining industry to our Nation's economy. It makes no sense to enact mining law reform in the name of environmental protection or budgetary concerns, if these reforms in turn force industry offshore where environmental restrictions are not a consideration and some other country's government receives tax revenues. I urge my colleagues to keep this in mind.

I congratulate the chairman for his efforts and I look forward to working closely with him to enact this legislation.

THE MINING LAW REFORM ACT OF 1997

Mr. BRYAN. Mr. President, I am pleased to join many of my colleagues from the West today in introducing the Mining Law Reform Act of 1997.

The mining industry has always played an important role in our national economy, and particularly in the economies of many western States. From the discovery of the Comstock Lode in the 19th century, to the silver boom of the Goldfield-Tonopah area in the early 20th century, to the record levels of gold and silver production in the last decade, the mineral industry has historically played a vital role in Nevada's economy. For the fifth year in a row, Nevada's mines have collectively topped the 6 million ounce mark in gold production. In 1996, there was a total of 7.08 million ounces of gold produced in Nevada. The State's rich landscape has made Nevada the largest gold producer in the nation with 66.5 percent of all production. In addition, it now accounts for 10 percent of all the gold in the world.

The most recent information from the State of Nevada indicates that direct mining employment in Nevada exceeds 13,000 jobs. The average annual pay for these jobs, the highest of any sector in the state, is about $46,000, compared to the average salary in Nevada of about $26,000 per year. In addition to the direct employment in mining, there are an estimated 36,000 jobs in the state related to providing goods and services needed by the industry.

I would also like to note that Nevada mining companies must pay taxes like any other business, and they also pay an additional Nevada tax called the "Net Proceeds of Mines Tax." The total Net Proceeds tax paid to the State in 1995 was approximately $33 million. With the addition of sales and property tax, the industry paid approximately $141 million in State and local taxes in 1995. In addition, the Nevada mining industry paid approximately $95 million in Federal taxes in 1995.

The figures and statistics I have just mentioned are significant not only to emphasize the importance of the mining industry to the State of Nevada, but also to provide a context for the criticism often leveled against the industry that they enjoy a free ride for mining activities on Federal land. The bottom line is that the mining industry pays taxes just like any other business, and in Nevada they pay an additional tax targeted specifically to their industry.

The issue of reclamation is also central to the mining law reform debate. I should note that Nevada has one of the toughest, if not the toughest, State reclamation programs in the country. Nevada mining companies are subject to a myriad of Federal and State environmental laws and regulations, including the Clean Water Act, Clean Air Act, and Endangered Species Act. Mining companies must secure literally dozens of environmental permits prior to commencing mining activities, including a reclamation permit, which must be obtained before a mineral exploration project or mining operation can be conducted. Companies must also file a surety or bond with the State or the Federal land manager in an amount sufficient to ensure reclamation of the entire site prior to receiving a reclamation permit.

It is in the context of promoting the economic viability of the mining industry and of encouraging strong environmental reclamation efforts administered by the States that I view the debate over the reform of the Mining Law of 1872. As I have stated many times over the years, I feel that certain aspects of the 1872 mining law are in need of reform. Specifically, I feel strongly that the patenting provision of the current law should be changed to provide for the payment of fair market value for the surface estate—our legislation does that. All patents should also include a reverter clause, which would ensure that patented public lands would revert to Federal ownership if no longer used for mining purposes—our legislation does that. I believe that mining laws reform legislation should ensure that any land used for mining purposes must be reclaimed pursuant to applicable Federal and State statutes—our legislation does that. And finally, I believe that mining law reform legislation should impose a reasonable royalty on mineral production from Federal land—our legislation does that.

The Mining Law Reform Act of 1997 addresses each of the concerns I have just outlined. It is my hope that this legislation will serve as the starting point for the debate over mining law reform this year.

The time has never been more critical for Congress to enact comprehensive mining law reform. The aura of uncertainty that the industry has been forced to operate under for the last decade is causing many companies to look overseas for their future operations. The number of United States and Canadian mining companies exploring or operating in Latin America continues to grow dramatically. We must enact mining reform this Congress if we hope to secure the economic benefits we derive as a Nation from a healthy mining industry.

By Mr. MOYNIHAN (for himself, Mr. REID, Mrs. BOXER, Ms. MIKULSKI, and Mr. ROBB):

S. 1103. A bill to amend title 23, United States Code, to authorize Federal participation in financing of projects to demonstrate the feasibility of deployment of magnetic levitation transportation technology, and for other purposes; to the Committee on Commerce, Science, and Transportation.

THE MAGNETIC LEVITATION (MAGLEV) TRANSPORTATION TECHNOLOGY DEPLOYMENT ACT OF 1997

Mr. MOYNIHAN. Mr. President, I rise with a distinguished group of my colleagues to introduce the Magnetic Levitation Transportation Technology Deployment Act of 1997.

Maglev is the first new transportation technology envisioned since the development of aviation in the early 1900's, and its adoption represents an opportunity for dramatic national gains in transportation efficiency and economic growth. This legislation proposes to demonstrate the feasibility of

Maglev by authorizing limited Federal participation in financing one or more Maglev projects in the United States.

Maglev is an advanced technology in which magnetic forces lift, propel, and guide a vehicle over a guideway. Utilizing state-of-the-art electric power and control systems, this configuration eliminates the need for wheels and many other mechanical parts, thereby minimizing friction and permitting cruising speeds of 300 miles per hour or more—three times the speed of conventional American train technology. Because of its high speeds and relatively modest right-of-way requirements, Maglev offers significant advantages over auto, rail, and aviation modes in 40- to 600-mile travel markets. Maglev is also a very safe technology since properly designed Maglev is virtually impossible to derail.

While Maglev was invented by a young American nuclear engineer in the 1960's, the Germans have developed the technology and have already built a demonstration Maglev test facility. They are now proceeding with a public/private project to construct a 181-mile Maglev system to connect Berlin to Hamburg. The German system, which is expected to be operational by 2005, will provide 1-hour service between the two cities. Not far behind Germany, Japan has its own Maglev system under test. Meanwhile, our Federal Government has done relatively little to develop this extraordinary technology.

In the last few years, however, the Federal Rail Administration has identified the feasibility of deployment of Maglev systems in several major U.S. transportation corridors. Also, several public/private partnerships in the United States have begun to develop Maglev projects in a number of States, including California, Florida, Maryland, and Nevada. However, as with our European and Asian competitors, developing these Maglev projects will require Federal support to supplement the private and other public funding sources. Our bill would establish a competition for Federal funds, based on economic and financial criteria, among the various public/private Maglev project partnerships.

Because Maglev is a proven technology that offers significant benefits for both passengers and freight, it is in the National interest to demonstrate these benefits by proceeding to construct and put into service, at an early date, a project in the United States. This legislation will encourage such a project at minimum public cost.

I ask unanimous consent that the section-by-section analysis and the text of the Magnetic Levitation (Maglev) Transportation Technology Deployment Act of 1997 be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

S. 1103

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Magnetic Levitation (MAGLEV) Transportation Technology Deployment Act of 1997".

SEC. 2. FINDINGS AND POLICY.

(a) FINDINGS.—Congress finds that—

(1)(A) new transportation technologies are needed to develop new modes of transportation that are environmentally sound and energy efficient;

(B) very high- and super-speed magnetic levitation (referred to in this section as "MAGLEV") is the technology that appears to best meet the needs of the traveling public and high-value freight shippers in the 40- to 600-mile distance corridors;

(C) MAGLEV is energy efficient, consuming less energy per passenger mile at any given speed than other forms of transportation and reducing dependence on imported oil;

(D) since properly designed MAGLEV is virtually impossible to derail, MAGLEV is safe and will prevent accidents and loss of life, and will significantly reduce costs attributable to accidents occurring on highways, freight rail lines, intercity rail passenger service lines, commuter rail lines, and short haul airline routes of the United States;

(E) MAGLEV is virtually unaffected by weather conditions, which annually result in delays in other transportation modes employed by freight and passenger carriers; and

(F) MAGLEV makes extensive use of existing highway rights-of-way and consumes less land for its guideway infrastructure than a comparable roadway;

(2) the commercial feasibility study of high-speed ground transportation conducted under section 1036 of the Intermodal Surface Transportation Efficiency Act of 1991 (Public Law 102–240; 105 Stat. 1978)—

(A) demonstrates that MAGLEV systems have the potential for a public and private partnership under which the private sector could operate a system without operating subsidies and the total benefits of the system would exceed the total costs; and

(B) demonstrates that adding links or corridors to the basic MAGLEV system would enhance the basic system, leading to establishment of high-volume high-speed ground transportation networks; and

(3) the study required by section 359(d) of the National Highway System Designation Act of 1995 (Public Law 104–59; 109 Stat. 627) further demonstrates the potential for MAGLEV systems.

(b) POLICY.—It is the policy of the United States to establish a MAGLEV transportation technology system operating along Federal-aid highway and other rights-of-way as part of a national transportation system of the United States.

SEC. 3. MAGNETIC LEVITATION TRANSPORTATION TECHNOLOGY DEPLOYMENT PROGRAM.

(a) IN GENERAL.—Chapter 3 of title 23, United States Code, is amended by inserting after section 321 the following:

"§ 322. Magnetic levitation transportation technology deployment program

"(a) DEFINITIONS.—In this section:

"(1) ELIGIBLE PROJECT COSTS.—The term 'eligible project costs' means the capital cost of the fixed guideway infrastructure of a MAGLEV project, including land, piers, guideways, propulsion equipment and other components attached to guideways, power distribution facilities (including substations), control and communications facilities, access roads, and storage, repair, and maintenance facilities, but not including costs incurred for a new station.

"(2) FULL PROJECT COSTS.—The term 'full project costs' means the total capital costs of a MAGLEV project, including eligible project costs and the costs of stations, vehicles, and equipment.

"(3) MAGLEV.—The term 'MAGLEV' means transportation systems employing magnetic levitation that would be capable of safe use by the public at a speed in excess of 240 miles per hour.

"(4) PARTNERSHIP POTENTIAL.—The term 'partnership potential' has the meaning given the term in the commercial feasibility study of high-speed ground transportation conducted under section 1036 of the Intermodal Surface Transportation Efficiency Act of 1991 (Public Law 102–240; 105 Stat. 1978).

"(5) RECOGNIZED PILOT PROJECT.—The term 'recognized pilot project' means a project identified in the report transmitted by the Secretary to Congress on the near-term applications of magnetic levitation ground transportation technology in the United States as required by section 359(d) of the National Highway System Designation Act of 1995 (Public Law 104–59; 109 Stat. 627).

"(b) HIGH-SPEED GROUND TRANSPORTATION OFFICE.—

"(1) IN GENERAL.—Not later than 90 days after the date of enactment of the Magnetic Levitation (MAGLEV) Transportation Technology Deployment Act of 1997, the Secretary shall establish a High-Speed Ground Transportation Office in the Federal Railroad Administration to—

"(A) coordinate and administer all high-speed rail and MAGLEV programs authorized by this section and any other provision of this title or title 49; and

"(B) make available financial assistance to provide the Federal share of full project costs of eligible projects selected under this section and otherwise carry out this section.

"(2) FEDERAL SHARE.—The Federal share of full project costs under paragraph (1)(B) shall be not more than ⅔.

"(3) USE OF ASSISTANCE.—Financial assistance provided under paragraph (1)(B) shall be used only to pay eligible project costs of projects selected under this section.

"(c) SOLICITATION OF APPLICATIONS FOR ASSISTANCE.—Not later than 90 days after the establishment of the High-Speed Ground Transportation Office, the Secretary shall solicit applications from States, or authorities designated by 1 or more States, for financial assistance authorized by subsection (b)(1)(B) for planning, design, and construction of eligible MAGLEV projects.

"(d) PROJECT ELIGIBILITY.—To be eligible to receive financial assistance under subsection (b)(1)(B), a project shall—

"(1) involve a segment or segments of a high-speed ground transportation corridor that—

"(A) exhibits partnership potential; or

"(B) is a portion of a recognized pilot project;

"(2) require an amount of Federal funds for project financing that will not exceed—

"(A) the amounts made available under subsection (j)(1)(A); and

"(B) the amounts made available by States under subsection (j)(4);

"(3) result in an operating transportation facility that provides a revenue producing service;

"(4) be undertaken through a public and private partnership, with at least ⅓ of full project costs paid using non-Federal funds;

"(5) to the maximum extent practicable (as determined by the Secretary), satisfy applicable Statewide and metropolitan planning requirements;

"(6) be approved by the Secretary based on an application submitted to the Secretary by a State or authority designated by 1 or more States;

"(7) to the extent non-United States MAGLEV technology is used within the United States, be carried out as a technology transfer project; and

"(8) be carried out using materials at least 70 percent of which are manufactured in the United States.

"(e) Project Selection Criteria.—Prior to soliciting applications, the Secretary shall establish criteria for selecting which eligible projects under subsection (d) will receive financial assistance under subsection (b)(1)(B). The criteria shall include the extent to which—

"(1) a project is nationally significant, including the extent to which the project will demonstrate the feasibility of deployment of MAGLEV technology throughout the United States;

"(2) timely implementation of the project will reduce congestion in other modes of transportation and reduce the need for additional highway or airport construction;

"(3) States, regions, and localities financially contribute to the project;

"(4) implementation of the project will create new jobs in traditional and emerging industries;

"(5) the project will augment MAGLEV networks identified as having partnership potential;

"(6) financial assistance would foster public and private partnerships for infrastructure development and attract private debt or equity investment;

"(7) financial assistance would foster the timely implementation of a project; and

"(8) life-cycle costs in design and engineering are considered and enhanced.

"(f) Project Selection.—Not later than 90 days after a deadline established by the Secretary for the receipt of applications, the Secretary shall evaluate the eligible projects in accordance with the selection criteria and select 1 or more eligible projects for financial assistance.

"(g) Joint Ventures.—A project undertaken by a joint venture of United States and non-United States persons (including a project involving the deployment of non-United States MAGLEV technology in the United States) shall be eligible for financial assistance under this section if the project is eligible under subsection (d) and selected under subsection (f).

"(h) Research Grants and Contracts.—The Secretary shall conduct research that shall include providing grants to, and entering into contracts with, colleges, universities, research institutes, Federal laboratories, and private entities for research related to—

"(1) the quantification of benefits derived from the implementation of MAGLEV technology;

"(2) MAGLEV safety;

"(3) the development of domestic MAGLEV technologies, including electromagnetic and superconducting technology; and

"(4) the development of technologies associated with MAGLEV infrastructure.

"(i) Report.—Not later than 180 days after the date of enactment of the Magnetic Levitation (MAGLEV) Transportation Technology Deployment Act of 1997, the Secretary shall submit a report to the Committee on Environment and Public Works of the Senate and the Committee on Transportation and Infrastructure of the House of Representatives on progress in implementing this section that includes a report on—

"(1) the establishment of the High-Speed Ground Transportation Office under subsection (b);

"(2) applications for assistance under this section; and

"(3) the establishment of public and private partnerships to carry out this section.

"(j) Authorization of Appropriations.—

"(1) In general.—There are authorized to be appropriated from the Highway Trust Fund (other than the Mass Transit Account) to—

"(A) carry out this section (other than subsection (h)), $10,000,000 for fiscal year 1998, $20,000,000 for fiscal year 1999, $200,000,000 for each of fiscal years 2000 and 2001, and $250,000,000 for each of fiscal years 2002 and 2003; and

"(B) provide research grants and contracts under subsection (h), $10,000,000 for each of fiscal years 1998 through 2003.

"(2) Availability of funds.—Funds made available under paragraph (1) shall remain available until expended.

"(3) Contract authority.—Approval by the Secretary of an eligible project selected under this section shall be considered to be a contractual obligation of the United States for payment of the Federal share of the full project costs of the project.

"(4) Other federal funds.—Notwithstanding any other provision of law, funds made available to a State to carry out the surface transportation program under section 133 and the congestion mitigation and air quality improvement program under section 149 may be used by the State to pay a portion of the full project costs of an eligible project selected under this section, without requirement for non-Federal funds.

"(5) Other assistance.—Notwithstanding any other provision of law, an eligible project selected under this section shall be eligible for the loans, loan guarantees, lines of credit, development cost and political risk insurance, credit enhancement, and risk insurance that are authorized for a highway project under this title.

"(6) Tax-exempt bond financing.—For the purpose of obtaining tax-exempt bond financing under the Internal Revenue Code of 1986, a MAGLEV facility shall be considered to be a high-speed intercity rail facility with an average speed greater than 150 miles per hour under section 142(a)(11) of that Code.".

(b) Conforming Amendment.—The analysis for chapter 3 of title 23, United States Code, is amended by inserting after the item relating to section 321 the following:

"322. Magnetic levitation transportation technology deployment program.".

Magnetic Levitation (MAGLEV) Transportation Technology Deployment Act of 1997—Section-by-Section Analysis

Sec. 1 Short Title

This section designates this bill as the "Magnetic Levitation (MAGLEV) Transportation Technology Deployment Act of 1997."

Sec. 2 Findings and Policy

Sub-section (a) makes several findings concerning the need for a new mode of transportation that is environmentally sound and energy efficient and describes how magnetic levitation can meet that need with a demonstrated safe and cost-effective technology.

Based upon the above findings, sub-section (b) declares that it is the policy of the United States to establish a MAGLEV transportation technology system as part of our national transportation system.

Sec. 3 Magnetic Levitation Transportation Technology Deployment Program

Sub-section (a) amends Chapter 3 of Title 23, U.S.C. to add a new "Section 322. Magnetic Levitation transportation technology deployment program."

Sub-section (a) of the new Section 322 provides definitions for several terms subsequently used in the legislative language.

Paragraph (b)(1) of the new Section 322 requires The Secretary of Transportation to establish a High-Speed Ground Transportation Office in the Federal Railroad Administration to coordinate and administer all high-speed rail and MAGLEV programs and make available Federal funds authorized by this section for selected MAGLEV projects.

Paragraph (b)(2) specifies that the Federal share of costs of selected projects shall not exceed ⅔ of the full project costs which include: guideway, stations, vehicles and appurtenant facilities and equipment.

Paragraph (b)(3) specifies that the Federal funds authorized by this legislation may only be used to pay the capital costs of the fixed guideway infrastructure of a MAGLEV project.

Sub-section (c) requires the Secretary to solicit applications from states or authorities designated by one or more states for financial assistance in the planning, design and construction of an eligible MAGLEV project.

Sub-section (d) defines project eligibility, and requires eligible projects to, among other requirements:

Involve a segment or segments of a longer high speed ground transportation corridor that exhibits partnership potential (i.e. can be shown that once built, can be operated by private enterprise as a self sustaining entity.) or is a portion of a recognized pilot project identified in a report to Congress mandated by Section 359(d) of the National Highway System Designation Act of 1995;

Not require more Federal assistance than the amount authorized by this legislation plus any additional amounts of Federal-aid highway apportionment which are made available by the states; and

Results in an operating transportation facility that provides revenue producing service.

Sub-section (e) requires the Secretary to establish criteria for selection of eligible projects and provides a list of criteria to be included.

Sub-section (f) requires the Secretary to establish a deadline for receipt of applications and provides 90 days for the Secretary to evaluate the applications and select one or more projects for financial assistance.

Sub-section (g) allows joint ventures composed of U.S. and non-U.S. persons to be eligible for financial assistance.

Sub-section (h) requires the Secretary to carry out additional research and provides authority to enter into research contracts with a variety of public and private businesses, institutions and laboratories.

Sub-section (i) requires a report to the Senate Committee on Environment and Public Works and the House Committee on Transportation and Infrastructure within 180 days on the progress made in implementing the legislation.

Paragraph (j)(1) authorizes $930,000,000 from the Highway Trust Fund (other than the Mass Transit Account) over six years to provide the Federal share of the cost of design and construction of one or more MAGLEV projects selected by the Secretary. It also provides $10,000,000 annually for authorized research activities.

Paragraph (j)(2) and (3) keep the authorized amounts available until expended and provide contract authority.

Paragraph (j)(4) permits any state to use a portion of Federal highway funds apportioned to the state for the Surface Transportation Program (STP) and the Congestion Mitigation Air Quality Program (CMAQ) to pay a portion of the full project costs.

Paragraph (j)(5) makes selected projects eligible for any innovative financing techniques provided for Federal-aid highway projects under title 23, U.S.C.

Paragraph (j)(6) of the new Section 322 makes selected MAGLEV projects eligible for tax-exempt bond financing.

By Mr. HOLLINGS (for himself and Ms. SNOWE):

S. 1104. A bill to direct the Secretary of the Interior to make corrections in maps relating to the Coastal Barrier Resources System; to the Committee on Environment and Public Works.

CORRECTING THE COASTAL BARRIER RESOURCES SYSTEM LEGISLATION

Mr. HOLLINGS. Mr. President, I rise today to introduce a bill aimed at correcting a mistake in the Coastal Barrier Resource System. Without this correction, a portion of Colleton County, SC, will remain in the Coastal Barrier Resources System even though the county never had an opportunity to voice their objection to their inclusion.

In 1980 Congress directed the Secretary of the Interior to study and propose a Coastal Barrier Resources System. The aim was to create a system made up of relatively undeveloped lowlying coastal lands which, because of their susceptibility to flooding, would not be eligible for Federal flood insurance. Practically speaking, to be included in the CBRS means you face serious obstacles when selling or developing your property.

Soon after the passage of the 1980 act, the Department of the Interior created a study group charged which promulgating an inventory of coastal properties—properties to be included in the CBRS. By the end of 1988, the study group had completed its work and the Department of the Interior submitted the CBRS proposal to Congress.

This proposed inventory was the culmination of 8 years work and included suggestions made during two public comment periods. The first public comments were made following the release of an initial draft inventory in 1985. Additional comments were made following the release of a second draft in the spring of 1987. The Department of the Interior received numerous comments on these draft inventories and incorporated many in their final report to Congress. This final report was the basis for the Coastal Barrier Resources System adopted in 1990.

I recite this history because without an understanding of it, Mr. President, one can't understand the intent of my legislation.

While the Department of the Interior was drafting this proposed system, a strip of coastal South Carolina was being annexed by Colleton County from Charleston County. Unfortunately, this annexation occurred in 1987 in the midst of the 1987 CBRA comment period. Unfortunately, the notice of this second draft inventory was not received by Colleton County. The county never received any notice. It appears the draft inventory was provided to Charleston County, not Colleton County. In fact, the maps currently on file at the Department of the Interior, still, incorrectly show this tract in Charleston County—not Colleton County. Thus, the citizens of Colleton County, never having had an opportunity to comment on these proposed changes, now find this tract included in the CBRS.

I proposed legislation in 1995 to correct this mistake, but it was never reported out of committee. It failed to win the Environment and Public Works Committee's support because the Fish and Wildlife Service, at the time, felt that the area in question had been mapped properly.

Mr. President, since the end of the 104th Congress, I have been working with the Fish and Wildlife Service to address this problem. They have now reevaluated this area and have come to the conclusion, "that the unprecedented procedural circumstances in this situation raise concerns of equity and fairness that warrant remapping." Mr. President, I ask unanimous consent to include in the RECORD a letter from John Rogers, Acting Director of the U.S. Fish and Wildlife Service, dated May 1, 1997, that says just that.

In short, this bill corrects a mistake made 10 years ago. It rights a wrong. It does not drastically redraft the Coastal Barrier Resources System nor does it withdraw any lands which were included in the 1982 draft. It is narrowly drafted to address Colleton County's unique situation. My staff, working with the Fish and Wildlife Service, has not identified another area in the system which is similarly situated. That is, there are no other areas which changed jurisdictions at the time the Coastal Barrier Resources System boundaries were being developed and which never received notice of these changes, thus this bill would not prove a precedent for those seeking wholesale changes in the Coastal Barrier Resources System.

In conclusion, the bill simply returns a small portion of Edisto Island, SC to its 1982 status. I urge my colleagues to support this bill.

Ms. SNOWE. Mr. President, I am pleased to join the ranking member of the Commerce Committee, Senator HOLLINGS, in the introduction of the Oceans Act of 1997. This bill will establish a commission like the Stratton Commission of 1966 to review the many ocean and coastal issues facing the United States, and to develop a comprehensive, coordinated, national ocean, and coastal policy.

Prior to introduction, I raised a few concerns with Senator HOLLINGS on some provisions of the draft bill. Basically, I had recommended some language that made it clear that as we develop a new ocean and coastal policy for the Nation, we keep in mind the facts that our fiscal resources are limited, and that our Federal investments in ocean and coastal resources must be spent efficiently and wisely. I also raised some concerns about the fact that the original draft had the President appointing all of the members of this important commission.

Mr. President, Senator HOLLINGS has graciously agreed to make some changes to the bill pursuant to my recommendations. For instance, the bill now authorizes the Congress to appoint more than half of the Commission members, and the Commission is directed to identify opportunities to reform Federal ocean programs to improve efficiency and effectiveness. I commend Senator HOLLINGS for his willingness to work with me and other Republican Senators before introduction of the bill. After introduction, I look forward to working with the distinguished Senator from South Carolina, a Senator who worked on the original Stratton Commission bill 30 years ago and who is a true champion of ocean protection, in the Oceans and Fisheries Subcommittee on any further refinements along these lines that might be constructive.

Again, I thank Senator HOLLINGS and commend him upon introduction of this bill.

By Mr. COCHRAN (for himself and Mr. CONRAD):

S. 1105. A bill to amend the Internal Revenue Code of 1986 to provide a sound budgetary mechanism for financing health and death benefits of retired coal miners while ensuring the long-term fiscal health and solvency of such benefits, and for other purposes; to the Committee on Finance.

THE COMPREHENSIVE COAL ACT REFORM ACT

Mr. COCHRAN. Mr. President, today I am introducing legislation which will correct the abuses of Federal tax policy associated with the Reachback Tax provisions of the Coal Industry Health Benefit Act of 1992 (the Coal Act), while guaranteeing the solvency of the Combined Benefit Fund established by that Act.

The legislation will also guarantee retiree health care benefits to approximately 75,000 retired unionized bituminous coal miners, their spouses or widows, and dependents. These coal mine retirees have received uninterrupted health care benefits which are among the best available to any group of retirees.

The Coal Act also bestowed a windfall on one class of companies at the expense of another class, by shifting 62 percent of the cost of these retiree health benefits from the companies which had contracted to pay for them. Those costs are now shouldered by Federal transfers and private employers, who had no contractual obligation for retiree health care.

Since its passage as part of the National Energy Policy Act, the Coal Act has been the subject of debate in both houses of Congress and tens of millions of dollars has been spent on litigation filed in the Federal courts by companies subjected to its retroactive taxation. Every case has been lost, however, as the courts have ruled that Congress has the power to tax and that it is up to Congress to make or change tax law.

Mr. President, this confiscatory measure is called the Reachback Tax, because it reached back, over the decades and branded for taxation hundreds of companies, or their former owners. Many of those companies had been out of the unionized coal business for decades. Many identified by the Social Security Administration as liable for Reachback Taxes, are nothing more than skeletons of business entities holding the dwindling assets of former small enterprises.

Some reachback companies were taxed because they, or a related party, had signed a UMWA multi-employer contract sometime between 1950 and 1988. When the contracts expired, however, each of the reachback companies had fulfilled its obligations to the union and the union members. There were no continuing ties between the reachback companies and former employees, and certainly no promises of lifetime benefits to those former employees, much less their dependents. Furthermore, the union had no claims pending against these companies for retiree health care.

Mr. President, the Reachback Tax, passed without benefit of hearings or debate, has brought economic disaster to hundreds of innocent American companies, and hardship for tens of thousands of their workers. It has caused a favored class of companies to receive what they admit is a $130 million annual savings in retiree health benefit costs, and transferred that burden to companies—small and large in more than 30 States.

The payment of this Federal tax is an unfair burden on all of the reachback companies. For every beneficiary assigned, the reachback companies have a liability of approximately $2,400 per year, stretching to the year 2043. No reachback company was prepared to absorb such an expense, nor should it have been. Obviously, jobs have been lost and job-creating projects have been delayed or canceled, and new products and the opening of new markets have been sidetracked because of the Reachback Tax.

When the 102d Congress passed the Reachback Tax in the fall of 1992, it handed the UMWA Combined Fund Trustees the statutory responsibility to collect every cent of every premium due from every reachback company. It also conferred on the Department of Treasury and the Internal Revenue Service the statutory responsibility to impose $100 per day, per beneficiary penalties on every reachback company which does not pay those premiums. Furthermore, the Department of Treasury's Office of Tax Policy reports nonpaying reachback companies are liable for billions of dollars in penalties.

Mr. President, billions of dollars are due the United States Treasury, yet the Treasury and IRS have not moved to collect these penalties. And, despite this financial threat, some 60 percent of all the reachback companies have ignored their statements, unwilling or unable to comply with a Federal law they view as unjust.

Mr. President, the Reachback Tax was promoted during the conference on the Energy Act as an emergency effort to avoid an advertised deficit in the UMWA health benefits fund, and as necessary to save the retirees from an imminent suspension of health care benefits. However, the deficit never materialized. Instead, the General Accounting Office, the private firms Towers Perrin, Deloitte & Touche, and the UMWA Combined Benefit Fund trustees have confirmed a huge surplus in the fund.

The legislation I am introducing today will statutorily guarantee that those surpluses continue through the life of the fund, as several new and permanent cost containment measures by the fund managers have dramatically lowered its expenses below original projections. Furthermore, the number of beneficiaries in the closed pool continues to decline because of mortality.

Statutory relief is the only relief available to these reachback companies. It is needed immediately. I urge Senators to join in support of this legislation to mitigate an unintended impact of well-intended legislation.

Mr. CONRAD. Mr. President, I am pleased to join Senator COCHRAN in sponsoring this reachback tax relief bill to alleviate the inequitable hardships the Coal Industry Retiree Health Benefits Act of 1992 imposed on certain companies.

First, it is important to note that the Coal Act of 1992 assured coal miners and their dependents that their health benefits were permanently secured. And, it provided a statutory foundation to implement that commitment. This legislation continues that commitment and maintains the legal foundation to carry it out.

However, the funding mechanism of the Act has produced severe financial hardship for many companies subject to it. Our legislation reforms the Coal Act to eliminate this very serious and growing problem. In order to fund the 1992 Coal Act, reachback companies, many long removed from deep coal mining, were subjected to a burdensome tax that in many cases threatens their existence. Many companies are no longer in the coal business, and long ago withdrew from the Bituminous Coal Operators Association [BCOA] having met their legal obligations to fund retiree health benefits. It is the BCOA that negotiated a series of collective bargaining agreements with their employees and at the urging of the BCOA, the final contract contribution formula did not fully fund the benefits. The solution to this funding shortfall came down to asking others to help pay, even those who had long ago left the coal business.

We have now reached a point where reform is essential. As much as $16 billion in penalties have accumulated against companies for delinquent premiums. Some of the reachback companies are trying to pay by depleting their assets and thereby jeopardizing their ability to survive economically. Other companies simply cannot afford to pay. The Combined Benefit Fund trustees are currently suing delinquent companies to collect all unpaid premiums. These liabilities threaten the existence of many small companies and the jobs of the people employed by them. It is increasingly clear that this is a symptom of the serious shortcomings in the original legislation. These reachback companies deserve fairer treatment than the Coal Act now provides. Just as important, coal miners and their dependents deserve a Coal Act that will work in the long-run.

To make matters worse, a recent federal court decision has had the adverse effect of reducing the Combined Fund revenues by ten percent and thus threatening the solvency of the Fund. If the decision is left standing, a shortfall is projected by the year 2002. We must act now to preserve the solvency of the miners' fund as well as provide the urgently needed reachback relief. This legislation reverses the court's decision and increases BCOA premiums, to preserve the long term solvency of the Fund and provide a modest level of reachback relief. Following are key reform elements in our legislation:

(1) Eliminates premiums for certain reachback companies and significantly reduces premiums for other reachbacks;

(2) Creates a cap on all small company premiums;

(3) Creates relief for companies who paid withdrawal fees; and

(4) Strengthens the fiscal integrity of the miners' fund by overturning the court decision and increasing BCOA premiums.

The passage of the Coal Act in 1992 has saved the coal producing members of the BCOA more than $130 million per year over their prior annual benefit payment liabilities. The BCOA companies' $130 million annual windfall will need to be reduced in order to provide fiscal relief to the many reachback companies. When this comprehensive bill becomes law, BCOA companies will still benefit from about $100 million in annual savings.

Mr. President, the problems being caused by the Reachback Tax are severe and require a remedy. Congress should act now to reform the Coal Act in order to provide equitable relief for all reachback companies as well as to permanently secure the miners' benefits. We should pass the Comprehensive Coal Act Reform proposal now.

By Mr. COATS:

S. 1106. A bill to provide for the establishment of demonstration projects designed to determine the social, civic, psychological, and economic effects of providing to individuals and families with limited means an opportunity to accumulate assets, and to determine the extent to which an asset-based policy may be used to enable individuals and families with limited means to achieve economic self-sufficiency; to the Committee on Finance.

THE ASSETS OF INDEPENDENCE ACT

Mr. COATS. Mr. President, I am pleased to introduce for Independence Act, bipartisan legislation designed to help poor and working-poor Americans build the productive assets they need to get out of poverty and invest in their future.

Just as people can't borrow their way out of debt, they can't spend their way out of poverty. To move forward, America's struggling families need assets. For assets are "hope in concrete form." While our Nation has wisely recognized this fact for our middle- and upper-income families by subsidizing, through the Tax Code, the acquisition of homes and retirement accounts, we have not extended these very sensible policies to our lower-income citizens. In fact, they are often penalized if they try to save.

My legislation will change that, and set them on a path to economic independence. And, by increasing our national savings rate, it will help set America on a path to greater productivity and prosperity. I truly believe that IDA's can be to the 21st century what the Homestead Act was to the 19th and what the GI Bill was to the 20th—an investment in the common genius of the American people. The truth, Mr. President, is that we have spent billions on the poor, but we have rarely invested in them. And I say emphatically that IDA's are not a give-away—they are an investment.

The Assets for Independence Act authorizes the Department of Health and Human Services to establish community-based Individual Development Account [IDA] programs throughout the country. IDA's are matched savings accounts that can be used by low-income people to acquire a first home, a small business or post-secondary education or training. To help the poor save and to encourage work, their earned income would be matched by federal, non-federal, and private dollars. All payments would go directly to the third-party vendors (for example, directly to the mortgage company for people using their IDA to buy their first home) and, like IRA's, there would be harsh penalties for misuse. Community-based non-profit organizations would have to compete and raise money to be an IDA demonstration site. The legislation authorizes $25 million a year for 4 years for the demonstration.

Mr. President, IDA's are not new to America. In fact, they're spreading rapidly; in part as a result of legislation I proposed, and the Congress passed, last year in connection with the welfare reform bill.

Over 40 private, community-based IDA's programs are operating around the country. I am pleased to say that one of the oldest and most successful IDA programs in the country, at Eastside Community Investments, is located in Indianapolis.

Fourteen States have already included IDA's in their State welfare reform plans, as permitted by the passage of last year's legislation.

Twenty States have sponsored their own IDA programs, some through refundable tax credits, others through direct appropriation. For example, Pennsylvania has allocated $1.25 million for IDA's through a "Family Savings Accounts" program for low-income families.

Over 200 community-based groups in 43 States signified their intention to develop IDA's in response to a large, privately-funded IDA demonstration, slated to begin later this summer.

When I talk about IDA's, people often say to me that the poor cannot save. Well they're wrong. The poor can and do save. As of 1995, some 171,000 low-income families saved more than $250 million through community development credit unions in many of America's poorest neighborhoods. Also, I believe that the savings rate of the poor will rise tremendously once we start supporting saving, both institutionally and culturally. And finally, I doubt that all this IDA activity in the country would be going on—all the millions of dollars being committed by major foundations, corporations, and States to IDA's—if there wasn't a core belief in the ability and willingness of the poor to save for long-term, productive assets.

In closing, Mr. President, I would strongly encourage my colleagues to cosponsor this legislation. Just as the private sector and several State have invested in America's poor through IDA's, we—the Federal Government should invest too. Our commitment to IDA's could leverage millions more in private and State contributions—and thereby help move millions of hard-working low-income families from poverty to economic independence.

I ask unanimous consent that the text of the bill as introduced be printed in the RECORD at this point.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1106

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the "Assets for Independence Act".

(b) TABLE OF CONTENTS.—The table of contents of this Act is as follows:

Sec. 1. Short title; table of contents.
Sec. 2. Findings.
Sec. 3. Purposes.
Sec. 4. Definitions.
Sec. 5. Applications.
Sec. 6. Demonstration authority; annual grants.
Sec. 7. Reserve fund.
Sec. 8. Eligibility for participation.
Sec. 9. Selection of individuals to participate.
Sec. 10. Deposits by qualified entities.
Sec. 11. Local control over demonstration projects.
Sec. 12. Annual progress reports.
Sec. 13. Sanctions.
Sec. 14. Evaluations.
Sec. 15. Authorizations of appropriations.
Sec. 16. Funds in individual development accounts of demonstration project participants disregarded for purposes of all means-tested Federal programs.

SEC. 2. FINDINGS.

Congress makes the following findings:

(1) Economic well-being does not come solely from income, spending, and consumption, but also requires savings, investment, and accumulation of assets because assets can improve economic independence and stability, connect individuals with a viable and hopeful future, stimulate development of human and other capital, and enhance the welfare of offspring.

(2) Fully ½ of all Americans have either no, negligible, or negative assets available for investment, just as the price of entry to the economic mainstream, the cost of a house, an adequate education, and starting a business, is increasing. Further, the household savings rate of the United States lags far behind other industrial nations presenting a barrier to economic growth.

(3) In the current tight fiscal environment, the United States should invest existing resources in high-yield initiatives. There is reason to believe that the financial returns, including increased income, tax revenue, and decreased welfare cash assistance, resulting from individual development accounts will far exceed the cost of investment in those accounts.

(4) Traditional public assistance programs concentrating on income and consumption have rarely been successful in promoting and supporting the transition to increased economic self-sufficiency. Income-based domestic policy should be complemented with

asset-based policy because, while income-based policies ensure that consumption needs (including food, child care, rent, clothing, and health care) are met, asset-based policies provide the means to achieve greater independence and economic well-being.

SEC. 3. PURPOSES.

The purposes of this Act are to provide for the establishment of demonstration projects designed to determine—

(1) the social, civic, psychological, and economic effects of providing to individuals and families with limited means an incentive to accumulate assets by saving a portion of their earned income;

(2) the extent to which an asset-based policy that promotes saving for education, homeownership, and microenterprise development may be used to enable individuals and families with limited means to increase their economic self-sufficiency; and

(3) the extent to which an asset-based policy stabilizes and improves families and the community in which they live.

SEC. 4. DEFINITIONS.

In this Act:

(1) APPLICABLE PERIOD.—The term "applicable period" means, with respect to amounts to be paid from a grant made for a project year, the calendar year immediately preceding the calendar year in which the grant is made.

(2) ELIGIBLE INDIVIDUAL.—The term "eligible individual" means an individual who is selected to participate by a qualified entity under section 9 of this Act.

(3) HOUSEHOLD.—The term "household" means all individuals who share use of a dwelling unit as primary quarters for living and eating separate from other individuals.

(4) INDIVIDUAL DEVELOPMENT ACCOUNT.—

(A) IN GENERAL.—The term "individual development account" means a trust created or organized in the United States exclusively for the purpose of paying the qualified expenses of an eligible individual, but only if the written governing instrument creating the trust meets the following requirements:

(i) No contribution will be accepted unless it is in cash or by check.

(ii) The trustee is a federally insured financial institution.

(iii) The assets of the trust will be invested in accordance with the direction of the eligible individual after consultation with the qualified entity providing deposits for the individual under section 10 of this Act.

(iv) The assets of the trust will not be commingled with other property except in a common trust fund or common investment fund.

(v) Except as provided in clause (vi), any amount in the trust which is attributable to a deposit provided under section 10 of this Act may be paid or distributed out of the trust only for the purpose of paying the qualified expenses of the eligible individual.

(vi) Any balance in the trust on the day after the date on which the individual for whose benefit the trust is established dies shall be distributed within 30 days of that date as directed by that individual to another individual development account established for the benefit of an eligible individual.

(B) CUSTODIAL ACCOUNTS.—For purposes of subparagraph (A), a custodial account shall be treated as a trust if the assets of the custodial account are held by a bank (as defined in section 408(n) of the Internal Revenue Code of 1986) or another person who demonstrates, to the satisfaction of the Secretary, that the manner in which such person will administer the custodial account will be consistent with the requirements of this Act, and if the custodial account would, except for the fact that it is not a trust, constitute an individual development account described in subparagraph (A). For purposes of this Act, in the case of a custodial account treated as a trust by reason of the preceding sentence, the custodian of that custodial account shall be treated as the trustee thereof.

(5) NON-FEDERAL PUBLIC SECTOR FUNDS.—The term "non-Federal public sector funds" includes any non-Federal funds disbursed from a source pursuant to a program operated under the temporary assistance for needy families program under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.).

(6) PROJECT YEAR.—The term "project year" means, with respect to a demonstration project, any of the 4 consecutive 12-month periods beginning on the date the project is originally authorized to be conducted.

(7) QUALIFIED ENTITY.—

(A) IN GENERAL.—The term "qualified entity" means—

(i) one or more not-for-profit organizations described in section 501(c)(3) of the Internal Revenue Code of 1986 and exempt from taxation under section 501(a) of such Code; or

(ii) a State or local government agency submitting an application under section 5 jointly with an organization described in clause (i).

(B) RULE OF CONSTRUCTION.—Nothing in this paragraph shall be construed as preventing an organization described in subparagraph (A)(i) from collaborating with a financial institution or for-profit community development corporation to carry out the purposes of this Act.

(8) QUALIFIED EXPENSES.—The term "qualified expenses" means 1 or more of the following, as provided by the qualified entity:

(A) POSTSECONDARY EDUCATIONAL EXPENSES.—Postsecondary educational expenses paid from an individual development account directly to an eligible educational institution. In this subparagraph:

(i) POST-SECONDARY EDUCATIONAL EXPENSES.—The term "post-secondary educational expenses" means the following:

(I) TUITION AND FEES.—Tuition and fees required for the enrollment or attendance of a student at an eligible educational institution.

(II) FEES, BOOKS, SUPPLIES, AND EQUIPMENT.—Fees, books, supplies, and equipment required for courses of instruction at an eligible educational institution.

(ii) ELIGIBLE EDUCATIONAL INSTITUTION.—The term "eligible educational institution" means the following:

(I) INSTITUTION OF HIGHER EDUCATION.—An institution described in section 481(a)(1) or 1201(a) of the Higher Education Act of 1965 (20 U.S.C. 1088(a)(1) or 1141(a)), as such sections are in effect on the date of enactment of this Act.

(II) POSTSECONDARY VOCATIONAL EDUCATION SCHOOL.—An area vocational education school (as defined in subparagraph (C) or (D) of section 521(4) of the Carl D. Perkins Vocational and Applied Technology Education Act (20 U.S.C. 2471(4))) which is in any State (as defined in section 521(33) of such Act), as such sections are in effect on the date of enactment of this Act.

(B) FIRST-HOME PURCHASE.—Qualified acquisition costs with respect to a qualified principal residence for a qualified first-time homebuyer, if paid from an individual development account directly to the persons to whom the amounts are due. In this subparagraph:

(i) QUALIFIED ACQUISITION COSTS.—The term "qualified acquisition costs" means the costs of acquiring, constructing, or reconstructing a residence. The term includes any usual or reasonable settlement, financing, or other closing costs.

(ii) QUALIFIED PRINCIPAL RESIDENCE.—The term "qualified principal residence" means a principal residence (within the meaning of section 1034 of the Internal Revenue Code of 1986), the qualified acquisition costs of which do not exceed 100 percent of the average area purchase price applicable to such residence (determined in accordance with paragraphs (2) and (3) of section 143(e) of such Code).

(iii) QUALIFIED FIRST-TIME HOMEBUYER.—

(I) IN GENERAL.—The term "qualified first-time homebuyer" means an individual participating in the project (and, if married, the individual's spouse) who has no present ownership interest in a principal residence during the 3-year period ending on the date of acquisition of the principal residence to which this subparagraph applies.

(II) DATE OF ACQUISITION.—The term "date of acquisition" means the date on which a binding contract to acquire, construct, or reconstruct the principal residence to which this subparagraph applies is entered into.

(C) BUSINESS CAPITALIZATION.—Amounts paid from an individual development account directly to a business capitalization account which is established in a federally insured financial institution and is restricted to use solely for qualified business capitalization expenses. In this subparagraph:

(i) QUALIFIED BUSINESS CAPITALIZATION EXPENSES.—The term "qualified business capitalization expenses" means qualified expenditures for the capitalization of a qualified business pursuant to a qualified plan.

(ii) QUALIFIED EXPENDITURES.—The term "qualified expenditures" means expenditures included in a qualified plan, including capital, plant, equipment, working capital, and inventory expenses.

(iii) QUALIFIED BUSINESS.—The term "qualified business" means any business that does not contravene any law or public policy (as determined by the Secretary).

(iv) QUALIFIED PLAN.—The term "qualified plan" means a business plan, or a plan to use a business asset purchased, which—

(I) is approved by a financial institution, a microenterprise development organization, or a nonprofit loan fund having demonstrated fiduciary integrity;

(II) includes a description of services or goods to be sold, a marketing plan, and projected financial statements; and

(III) may require the eligible individual to obtain the assistance of an experienced entrepreneurial adviser.

(D) TRANSFERS TO IDAS OF FAMILY MEMBERS.—Amounts paid from an individual development account directly into another such account established for the benefit of an eligible individual who is—

(i) the individual's spouse; or

(ii) any dependent of the individual with respect to whom the individual is allowed a deduction under section 151 of the Internal Revenue Code of 1986.

(9) QUALIFIED SAVINGS OF THE INDIVIDUAL FOR THE PERIOD.—The term "qualified savings of the individual for the period" means the aggregate of the amounts contributed by the individual to the individual development account of the individual during the period.

(10) SECRETARY.—The term "Secretary" means the Secretary of Health and Human Services.

SEC. 5. APPLICATIONS.

(a) SUBMISSION.—Not later than 6 months after the date of enactment of this Act, a qualified entity may submit to the Secretary an application to conduct a demonstration project under this Act.

(b) CRITERIA.—In considering whether to approve an application to conduct a demonstration project under this Act, the Secretary shall assess the following:

(1) SUFFICIENCY OF PROJECT.—The degree to which the project described in the application appears likely to aid project participants in achieving economic self-sufficiency through activities requiring qualified expenses. In making such assessment, the Secretary shall consider the overall quality of project activities in making any particular kind or combination of qualified expenses to be an essential feature of any project.

(2) ADMINISTRATIVE ABILITY.—The experience and ability of the applicant to responsibly administer the project.

(3) ABILITY TO ASSIST PARTICIPANTS.—The experience and ability of the applicant in recruiting, educating, and assisting project participants to increase their economic independence and general well-being through the development of assets.

(4) COMMITMENT OF NON-FEDERAL FUNDS.—The aggregate amount of direct funds from non-Federal public sector and from private sources that are formally committed to the project as matching contributions.

(5) ADEQUACY OF PLAN FOR PROVIDING INFORMATION FOR EVALUATION.—The adequacy of the plan for providing information relevant to an evaluation of the project.

(6) OTHER FACTORS.—Such other factors relevant to the purposes of this Act as the Secretary may specify.

(c) PREFERENCES.—In considering an application to conduct a demonstration project under this Act, the Secretary shall give preference to an application that—

(1) demonstrates the willingness and ability to select individuals described in section 8 who are predominantly from households in which a child (or children) is living with the child's biological or adoptive mother or father, or with the child's legal guardian;

(2) provides a commitment of non-Federal funds with a proportionately greater amount of such funds committed by private sector sources; and

(3) targets such individuals residing within 1 or more relatively well-defined neighborhoods or communities (including rural communities) that experience low rates of income or employment.

(d) APPROVAL.—Not later than 9 months after the date of enactment of this Act, the Secretary shall, on a competitive basis, approve such applications to conduct demonstration projects under this Act as the Secretary deems appropriate, taking into account the assessments required by subsections (b) and (c). The Secretary is encouraged to ensure that the applications that are approved involve a range of communities (both rural and urban) and diverse populations.

(e) CONTRACTS WITH NONPROFIT ENTITIES.—The Secretary may contract with an entity described in section 501(c)(3) of the Internal Revenue Code of 1986 and exempt from taxation under section 501(a) of such Code to conduct any responsibility of the Secretary under this section or section 12 if—

(1) such entity demonstrates the ability to conduct such responsibility; and

(2) the Secretary can demonstrate that such responsibility would not be conducted by the Secretary at a lower cost.

SEC. 6. DEMONSTRATION AUTHORITY; ANNUAL GRANTS.

(a) DEMONSTRATION AUTHORITY.—If the Secretary approves an application to conduct a demonstration project under this Act, the Secretary shall, not later than 10 months after the date of enactment of this Act, authorize the applicant to conduct the project for 4 project years in accordance with the approved application and the requirements of this Act.

(b) GRANT AUTHORITY.—For each project year of a demonstration project conducted under this Act, the Secretary shall make a grant to the qualified entity authorized to conduct the project on the first day of the project year in an amount not to exceed the lesser of—

(1) the aggregate amount of funds committed as matching contributions by non-Federal public or private sector sources; or

(2) $1,000,000.

SEC. 7. RESERVE FUND.

(a) ESTABLISHMENT.—A qualified entity under this Act, other than a State or local government agency, shall establish a Reserve Fund which shall be maintained in accordance with this section.

(b) AMOUNTS IN RESERVE FUND.—

(1) IN GENERAL.—As soon after receipt as is practicable, a qualified entity shall deposit in the Reserve Fund established under subsection (a)—

(A) all funds provided to the qualified entity by any public or private source in connection with the demonstration project; and

(B) the proceeds from any investment made under subsection (c)(2).

(2) UNIFORM ACCOUNTING REGULATIONS.—The Secretary shall prescribe regulations with respect to accounting for amounts in the Reserve Fund established under subsection (a).

(c) USE OF AMOUNTS IN THE RESERVE FUND.—

(1) IN GENERAL.—A qualified entity shall use the amounts in the Reserve Fund established under subsection (a) to—

(A) assist participants in the demonstration project in obtaining the skills (including economic literacy, budgeting, credit, and counseling) and information necessary to achieve economic self-sufficiency through activities requiring qualified expenses;

(B) provide deposits in accordance with section 10 for individuals selected by the qualified entity to participate in the demonstration project;

(C) administer the demonstration project; and

(D) provide the research organization evaluating the demonstration project under section 14 with such information with respect to the demonstration project as may be required for the evaluation.

(2) AUTHORITY TO INVEST FUNDS.—

(A) GUIDELINES.—The Secretary shall establish guidelines for investing amounts in the Reserve Fund established under subsection (a) in a manner that provides an appropriate balance between return, liquidity, and risk.

(B) INVESTMENT.—A qualified entity shall invest the amounts in its Reserve Fund that are not immediately needed to carry out the provisions of paragraph (1), in accordance with the guidelines established under subparagraph (A).

(3) LIMITATION ON USES.—Not more than 7.5 percent of the amounts provided to a qualified entity under section 6(b) shall be used by the qualified entity for the purposes described in subparagraphs (A), (C), and (D) of paragraph (1), except that if 2 or more qualified entities are jointly administering a project, no qualified entity shall use more than its proportional share for such purposes.

(d) UNUSED FEDERAL GRANT FUNDS TRANSFERRED TO THE SECRETARY WHEN PROJECT TERMINATES.—Notwithstanding subsection (c), upon the termination of any demonstration project authorized under this section, the qualified entity conducting the project shall transfer to the Secretary an amount equal to—

(1) the amounts in its Reserve Fund at time of the termination; multiplied by

(2) a percentage equal to—

(A) the aggregate amount of grants made to the qualified entity under section 6(b); divided by

(B) the aggregate amount of all funds provided to the qualified entity by all sources to conduct the project.

SEC. 8. ELIGIBILITY FOR PARTICIPATION.

(a) IN GENERAL.—Any individual who is a member of a household that is eligible for assistance under the State temporary assistance for needy families program established under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.), or that meets the following requirements shall be eligible to participate in a demonstration project conducted under this Act:

(1) INCOME TEST.—The adjusted gross income of the household does not exceed the income limits established under section 32(b)(2) of the Internal Revenue Code of 1986.

(2) NET WORTH TEST.—

(A) IN GENERAL.—The net worth of the household, as of the end of the calendar year preceding the determination of eligibility, does not exceed $10,000.

(B) DETERMINATION OF NET WORTH.—For purposes of subparagraph (A), the net worth of a household is the amount equal to—

(i) the aggregate market value of all assets that are owned in whole or in part by any member of the household; minus

(ii) the obligations or debts of any member of the household.

(C) EXCLUSIONS.—For purposes of determining the net worth of a household, a household's assets shall not be considered to include the primary dwelling unit and 1 motor vehicle owned by the household.

(b) INDIVIDUALS UNABLE TO COMPLETE THE PROJECT.—The Secretary shall establish such regulations as are necessary, including prohibiting future eligibility to participate in any other demonstration project conducted under this Act, to ensure compliance with this Act if an individual participating in the demonstration project moves from the community in which the project is conducted or is otherwise unable to continue participating in that project.

SEC. 9. SELECTION OF INDIVIDUALS TO PARTICIPATE.

From among the individuals eligible to participate in a demonstration project conducted under this Act, each qualified entity shall select the individuals—

(1) that the qualified entity deems to be best suited to participate; and

(2) to whom the qualified entity will provide deposits in accordance with section 10.

SEC. 10. DEPOSITS BY QUALIFIED ENTITIES.

(a) IN GENERAL.—Not less than once every 3 months during each project year, each qualified entity under this Act shall deposit in the individual development account of each individual participating in the project, or into a parallel account maintained by the qualified entity—

(1) from the non-Federal funds described in section 5(b)(4), a matching contribution of

not less than $0.50 and not more than $4 for every $1 of earned income (as defined in section 911(d)(2) of the Internal Revenue Code of 1986) deposited in the account by a project participant during that period;

(2) from the grant made under section 6(b), an amount equal to the matching contribution made under paragraph (1); and

(3) any interest that has accrued on amounts deposited under paragraph (1) or (2) on behalf of that individual into the individual development account of the individual or into a parallel account maintained by the qualified entity.

(b) LIMITATION ON DEPOSITS FOR AN INDIVIDUAL.—Not more than $2,000 from a grant made under section 6(b) shall be provided to any 1 individual over the course of the demonstration project.

(c) LIMITATION ON DEPOSITS FOR A HOUSEHOLD.—Not more than $4,000 from a grant made under section 6(b) shall be provided to any 1 household over the course of the demonstration project.

(d) WITHDRAWAL OF FUNDS.—The Secretary shall establish such guidelines as may be necessary to ensure that funds held in an individual development account are not withdrawn, except for 1 or more qualified expenses. Such guidelines shall include a requirement that a responsible official of the qualified entity conducting a project approve such withdrawal in writing.

SEC. 11. LOCAL CONTROL OVER DEMONSTRATION PROJECTS.

A qualified entity under this Act, other than a State or local government agency, shall, subject to the provisions of section 13, have sole authority over the administration of the project. The Secretary may prescribe only such regulations or guidelines with respect to demonstration projects conducted under this Act as are necessary to ensure compliance with the approved applications and the requirements of this Act.

SEC. 12. ANNUAL PROGRESS REPORTS.

(a) IN GENERAL.—Each qualified entity under this Act shall prepare an annual report on the progress of the demonstration project. Each report shall specify for the period covered by the report the following information:

(1) The number of individuals making a deposit into an individual development account.

(2) The amounts in the Reserve Fund established with respect to the project.

(3) The amounts deposited in the individual development accounts.

(4) The amounts withdrawn from the individual development accounts and the purposes for which such amounts were withdrawn.

(5) The balances remaining in the individual development accounts.

(6) Such other information as the Secretary may require to evaluate the demonstration project.

(b) SUBMISSION OF REPORTS.—The qualified entity shall submit each report required to be prepared under subsection (a) to—

(1) the Secretary; and

(2) the Treasurer (or equivalent official) of the State in which the project is conducted, if the State or a local government committed funds to the demonstration project.

(c) TIMING.—The first report required by subsection (a) shall be submitted not later than 60 days after the end of the calendar year in which the Secretary authorized the qualified entity to conduct the demonstration project, and subsequent reports shall be submitted every 12 months thereafter, until the conclusion of the project.

SEC. 13. SANCTIONS.

(a) AUTHORITY TO TERMINATE DEMONSTRATION PROJECT.—If the Secretary determines that a qualified entity under this Act is not operating the demonstration project in accordance with the entity's application or the requirements of this Act (and has not implemented any corrective recommendations directed by the Secretary), the Secretary shall terminate such entity's authority to conduct the demonstration project.

(b) ACTIONS REQUIRED UPON TERMINATION.—If the Secretary terminates the authority to conduct a demonstration project, the Secretary—

(1) shall suspend the demonstration project;

(2) shall take control of the Reserve Fund established pursuant to section 7;

(3) shall make every effort to identify another qualified entity (or entities) willing and able to conduct the project in accordance with the approved application (or, as modified, if necessary to incorporate the recommendations) and the requirements of this Act;

(4) shall, if the Secretary identifies an entity (or entities) described in paragraph (3)—

(A) authorize the entity (or entities) to conduct the project in accordance with the approved application (or, as modified, if necessary, to incorporate the recommendations) and the requirements of this Act;

(B) transfer to the entity (or entities) control over the Reserve Fund established pursuant to section 7; and

(C) consider, for purposes of this Act—

(i) such other entity (or entities) to be the qualified entity (or entities) originally authorized to conduct the demonstration project; and

(ii) the date of such authorization to be the date of the original authorization; and

(5) if, by the end of the 1-year period beginning on the date of the termination, the Secretary has not found a qualified entity (or entities) described in paragraph (3), shall—

(A) terminate the project; and

(B) from the amount remaining in the Reserve Fund established as part of the project, remit to each source that provided funds under section 5(b)(4) to the entity originally authorized to conduct the project, an amount that bears the same ratio to the amount so remaining as the amount provided by the source under section 5(b)(4) bears to the amount provided by all such sources under that section.

SEC. 14. EVALUATIONS.

(a) IN GENERAL.—Not later than 10 months after the date of enactment of this Act, the Secretary shall enter into a contract with an independent research organization to evaluate, individually and as a group, all qualified entities and sources participating in the demonstration projects conducted under this Act.

(b) FACTORS TO EVALUATE.—In evaluating any demonstration project conducted under this Act, the research organization shall address the following factors:

(1) The savings account characteristics (such as threshold amounts and match rates) required to stimulate participation in the demonstration project, and how such characteristics vary among different populations or communities.

(2) What service configurations of the qualified entity (such as peer support, structured planning exercises, mentoring, and case management) increase the rate and consistency of participation in the demonstration project and how such configurations vary among different populations or communities.

(3) The economic, civic, psychological, and social effects of asset accumulation, and how such effects vary among different populations or communities.

(4) The effects of individual development accounts on savings rates, homeownership, level of education attained, and self-employment, and how such effects vary among different populations or communities.

(5) The potential financial returns to the Federal Government and to other public sector and private sector investors in individual development accounts over a 5-year and 10-year period of time.

(6) The lessons to be learned from the demonstration projects conducted under this Act and if a permanent program of individual development accounts should be established.

(7) Such other factors as may be prescribed by the Secretary.

(c) METHODOLOGICAL REQUIREMENTS.—In evaluating any demonstration project conducted under this Act, the research organization shall—

(1) to the extent possible, use control groups to compare participants with nonparticipants;

(2) before, during, and after the project, obtain such quantitative data as are necessary to evaluate the project thoroughly; and

(3) develop a qualitative assessment, derived from sources such as in-depth interviews, of how asset accumulation affects individuals and families.

(d) REPORTS BY THE SECRETARY.—

(1) INTERIM REPORTS.—Not later than 90 days after the end of the calendar year in which the Secretary first authorizes a qualified entity to conduct a demonstration project under this Act, and every 12 months thereafter until all demonstration projects conducted under this Act are completed, the Secretary shall submit to Congress an interim report setting forth the results of the reports submitted pursuant to section 12(b).

(2) FINAL REPORTS.—Not later than 12 months after the conclusion of all demonstration projects conducted under this Act, the Secretary shall submit to Congress a final report setting forth the results and findings of all reports and evaluations conducted pursuant to this Act.

(e) EVALUATION EXPENSES.—The Secretary shall expend such sums as may be necessary to carry out the purposes of this section.

SEC. 15. AUTHORIZATIONS OF APPROPRIATIONS.

There is authorized to be appropriated to carry out this Act, $25,000,000 for each of fiscal years 1998, 1999, 2000, and 2001, to remain available until expended.

SEC. 16. FUNDS IN INDIVIDUAL DEVELOPMENT ACCOUNTS OF DEMONSTRATION PROJECT PARTICIPANTS DISREGARDED FOR PURPOSES OF ALL MEANS-TESTED FEDERAL PROGRAMS.

Notwithstanding any other provision of law that requires consideration of 1 or more financial circumstances of an individual, for the purpose of determining eligibility to receive, or the amount of, any assistance or benefit authorized by such law to be provided to or for the benefit of such individual, funds (including interest accruing) in an individual development account (as defined in section 4(4)) shall be disregarded for such purpose with respect to any period during which the individual participates in a demonstration project conducted under this Act (or would be participating in such a project but for the suspension of the project).

By Mr. COVERDELL:

S. 1107. A bill to protect consumers by eliminating the double postage rule under which the Postal Service requires competitors of the Postal Service to charge above market prices; to the Committee on Governmental Affairs.

DOUBLE POSTAGE RULE ELIMINATION ACT

Mr. COVERDELL. Mr. President, I am today introducing the Double Postage Rule Elimination Act of 1997. This legislation will protect consumers by eliminating the double postage rule under which the Postal Service requires its competitors to charge above market prices.

We have in effect today laws known as the Private Express Statutes or PES. These laws make it generally unlawful for any person other than the Postal Service to send or carry letters over postal routes for compensation, with some exceptions. Under the PES, private delivery companies must set their two-day delivery rates at twice those of the Postal Service for similarly sized items.

In addition, the PES gives the Postal Service the right to impose fines on businesses that use private delivery companies to deliver time-sensitive mail rather than using the Postal Service. Current regulations permit a business to choose a private carrier—such as UPS, Federal Express, or others—if the business feels that the message is urgent. The catch is that the Postal Service feels it alone can determine if a message is truly urgent, not the consumer.

Currently, the Postal Service charges $3.00 per item for its Priority Mail, which is advertised as reaching the recipient in two days, though that isn't guaranteed. This means the lowest price a private competitor can offer for two-day delivery is $6.00. If the Postal Service raised its rate by $1.00 to $4.00 an item, a private delivery company offering $6.00 service would have no choice but to impose a $2.00 increase, to $8.00.

As you can see, the law gives the Postal Service great power to control the rates charged by its private competitors and limit competition. Combine that with the Postal Service's ability to second-guess a consumer's decision to use a private carrier and you have a very uneven playing field.

The Postal Service has displayed a willingness to use its governmental powers for competitive advantage. In 1993 it was reported that the Postal Service had audited corporations and fined them as much as $500,000 in back postage fees for using UPS and Federal Express when the Postal Service inspectors thought those choices were not warranted.

More recently, the Postal Service spent over $200 million on an advertising campaign for Priority Mail. The campaign was based on the Postal Service's lower price—$3.00 for Priority Mail versus $6.00 for UPS and $8.00 for Federal Express. Of course, the ads left out the fact that the private companies were prohibited by law from matching the Postal Service price—or charging anything less than $6.00 a letter.

Mr. President, the bill I am introducing today does one simple thing to level the field of competition. It replaces the double postage rule with a "two-dollar" rule. Under my bill, private companies will be able to legally charge any rate above $2.00 for their second-day products. If they want to match the Postal Service at $3.00, they may. The law will no longer impose an artificial "double postage" rule forcing private companies to charge above market rates.

This legislation will stop government intrusions into private consumer decisions and will increase competition in the area of delivering urgent letters. I urge support for the Double Postage Rule Elimination Act of 1997.

By Mr. MOYNIHAN (for himself and Mr. D'AMATO):

S. 1108. A bill to designate the Federal building located at 290 Broadway in New York, New York, as the "Ronald H. Brown Federal Building"; to the Committee on Environment and Public Works.

THE RONALD H. BROWN FEDERAL BUILDING DESIGNATION ACT OF 1997

Mr. MOYNIHAN. Mr. President, I rise to introduce a bill to honor and remember a truly exceptional American, Ronald H. Brown. The bill would designate the newly constructed Federal building located at 290 Broadway in the heart of lower Manhattan as the "Ronald H. Brown Federal Building."

It is a fitting gesture to recognize the passing of this remarkable American, and I would ask for my colleagues' support for this legislation to place one more marker in history on Ron Brown's behalf.

Ron Brown had a great love for enterprise and industry as reflected in his achievements as the first African-American to hold the office of U.S. Secretary of Commerce. His was also a life of outstanding achievement and public service: Army captain; vice president of the National Urban League; partner in a prestigious law firm; chairman of the National Democratic Committee; husband and father. And these are but a few of the achievements that demonstrated Ron Brown's spirited and sweeping pursuit of life.

To have held any one of these posts in the government, and in the private sector, is extraordinary. To have held all of the positions he did and prevail as he did, is unique. Ron Brown was tragically taken from us too soon; we are diminished by his loss. I cannot think of a more fitting tribute to this uncommon man.

I ask unanimous consent that the text of the Ronald H. Brown Federal Building Designation Act of 1997 be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1108

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. DESIGNATION.

The Federal building located at 290 Broadway in New York, New York, shall be known and designated as the "Ronald H. Brown Federal Building".

SEC. 2. REFERENCES.

Any reference in any law, map, regulation, document, paper, or other record of the United States to the Federal building referred to in section 1 shall be deemed to be a reference to the "Ronald H. Brown Federal Building.

By Mr. SPECTER:

S. 1110. A bill to amend title 28, United States Code, to place a limitation on habeas corpus relief that prevents retrial of an accused; to the Committee on the Judiciary.

THE VICTIM PROTECTION ACT OF 1997

Mr. SPECTER. Mr. President, I seek recognition to introduce the Victim Protection Act of 1997.

I commend my colleague, Representative JOSEPH PITTS, for his leadership in preparing this legislation which he is introducing today in the House of Representatives.

This legislation arises from the case of Commonwealth versus Lisa Michelle Lambert where the U.S. District Court for the Eastern District of Pennsylvania found a violation of the defendant's constitutional rights and issued an order barring the defendant from a retrial.

The Congress has the authority to legislate under Article V of the 14th amendment which provides:

> The Congress shall have power to enforce, by appropriate legislation, the provisions of this article.

This legislation is designed to prevent the U.S. District Courts from ordering a remedy to bar a new trial.

This legislation respects the authority of the Federal courts to uphold a defendant's constitutional rights in State court criminal proceedings. It may well be that the Court of Appeals for the Third Circuit will act to reverse the order barring a retrial.

Whatever action is taken in the case of Commonwealth versus Lisa Michelle Lambert, the Federal habeas corpus law should be clear that U.S. District Courts do not have the authority to bar a retrial.

Under our Federal system, it should be—and this bill will establish the statutory authority—for the district attorney in Lancaster County to make the judgment whether the unsuppressed evidence is sufficient for a retrial. It would then be up to the court of Common Pleas of Lancaster County to make the first judicial judgment on the retrial issues with appropriate appellate procedures in the Superior and Supreme Courts of Pennsylvania.

This principled approach respects judicial independence.

When the District Court issued its opinion, there was an immediate public outcry for impeachment. At that time, I said and I repeat today, impeachment is not an appropriate response.

The appropropriate response is an appeal to the United States Court of Appeals for the Third Circuit which will review the matter. A further appropriate response is legislation to make the statute explicit that the district court may not impose a remedy to bar a new trial.

This bill would not affect the otherwise extensive authority of the U.S. District Courts to protect rights where constitutional issues are raised. Obviously, a statute could not deal with the defendant's constitutional rights. That would require a constitutional amendment.

However, this bill on the issue of retrial is within the purview of appropriate legislation pursuant to Article V of the 14th amendment.

By Mr. LAUTENBERG:

S. 1111. A bill to establish a youth mentoring program; to the Committee on the Judiciary.

JUMP AHEAD ACT OF 1997

Mr. LAUTENBERG. Mr. President, millions of young people in America live in areas where drug use, violent and property crimes are a way of life. Unfortunately, many of these same young people come from one-parent homes, or from environments where there is no responsible, caring adult supervision. These at-risk children are on the brink—their lives could go in either a positive or destructive direction. There is indisputable evidence, however, that at-risk children who have responsible adult mentors choose the right path.

Mr. President, that is why today I am introducing legislation, the JUMP Ahead Act of 1997, that will take mentoring in this country to the next level to meet the needs of millions of at-risk youths and their families.

All children and adolescents need caring adults in their lives, and mentoring is one effective way to fill this special need for at-risk children. The special bond of commitment fostered by the mutual respect inherent in effective mentoring can be the tie that binds a young person to a better future. Through a mentoring experience, adult volunteers and participating youth make a significant commitment of time and energy to develop relationships devoted to personal, academic, or career development and social, artistic, or athletic growth.

Although in recent years there has been an increasing understanding of the importance and benefits of mentoring, too few at-risk children are being reached. It is reported that between 5 and 15 million children in the U.S. could benefit from being matched with a mentor. The status quo cannot meet this need.

As I rise today to talk about the value and importance of mentoring to at-risk youth, we are in the midst of a crisis in the form of a growing tide of juvenile crime. While overall crime rates have been stabilizing and even decreasing in some areas, crime among our youth has been on the rise. If trends continue, juvenile arrests for violent crime will double by the year 2010.

In addition to juvenile crime, today's youth faces other serious problems. Every day in America 2,795 teens get pregnant, 1,512 teenagers drop out of school, and 211 children are arrested for drug use.

If we don't act quickly and decisively, we risk losing a whole generation of young people. We need to save our kids.

Mr. President, that is why in 1992 I authored the Juvenile Mentoring Program (JUMP). JUMP is administered by the Department of Justice's Office of Juvenile Justice and Delinquency Prevention (OJJDP). JUMP is targeted specifically at reducing juvenile delinquency and gang participation, improving academic performance, and reducing the dropout rate by introducing adult mentors as role models, counselors, and friends for at-risk youth. Both local education agencies and public/private non-profit organizations receive JUMP grants.

Since its enactment, JUMP has funded 93 separate mentoring programs in over half the States in the Union. The competition for these JUMP awards is great: Over 479 communities submitted applications for the recent round of grants. JUMP grantees use a variety of program designs. Mentors are law enforcement and fire department personnel, college students, senior citizens, Federal employees, businessmen, and other private citizens. The mentees are of all races they come from urban, suburban, and rural communities, and range in age from 5 to 20. Some are incarcerated or on probation, some are in school, and some are dropouts. In its first year, JUMP helped to keep thousands of at-risk young people in 25 States in school and off the streets through one-to-one mentoring.

Mr. President, now is the time to take mentoring to the next level. The JUMP Ahead Act enhances the basic successful structure of JUMP, and increases awards to up to $200,000. It also increases authorized funding to $50 million per year for 4 years, for a total of $200 million. This initiative will not only vastly increase the number of mentoring programs able to receive grants, but it also creates a new category of grants that will enable experienced national organizations to provide needed technical assistance to emerging mentoring programs nationwide. Also, the legislation mandates the Justice Department to rigorously evaluate the program to document what is effective, and what does not produce results. The increased funding allows the DOJ to award grants to a wider group of applicants, allowing for greater diversity and creativity. However, the high standards set by the JUMP program still must be met by all grantees.

Mr. President, mentoring works. Not only is this confirmed by common sense and life experience, but also by scientific study. Perhaps the most well-known mentoring program is the world-renowned Big Brothers/Big Sisters of America, a federation of more than 500 agencies that serve children and adolescents. About one quarter of all JUMP grantees are Big Brothers/Big Sisters affiliates. They have been providing mentors to young people for over 90 years with wonderful results. And now those results have been scientifically validated.

A carefully designed independent evaluation of mentoring programs found tremendously positive results and that mentoring programs offer great promise. Most noteworthy among those findings was that mentored youth were 46 percent less likely to initiate drug use. An even stronger effect was found for minority Little Brothers and Little Sisters, who were 70 percent less likely to initiate drug use than similar minority youth.

Additionally, Mr. President, mentored youth were 27 percent less likely to initiate alcohol use, and minority Little Sisters were only about one-half as likely to initiate alcohol use. The study also found that mentored youth skipped half as many days of school, felt more competent about doing schoolwork, skipped fewer classes, and showed modest gains in their grade point averages. These gains were strongest among Little Sisters, particularly minority Little Sisters.

Mr. President, effective mentoring programs require agencies that take substantial care in recruiting, screening, matching, and supporting volunteers. These are critical functions for an effective mentoring program. The investment in comparison to the benefits to individual kids and society as a whole is minimal; approximately $1,000 per child. Such a small price for such an enormous payoff.

Mr. President, experience and now research tells us that there is a desperate need for a new, more positive approach to developing youth policy and discouraging juvenile crime and violence. Mentoring has proven to be one of the best way to get to kids before they get into trouble. We have been talking for years about the need to provide our children with a better future, to give our kids something to say "yes" to. JUMP was a great, but small, first step in the right direction. Now it is time to take a giant leap—a JUMP Ahead.

In Washington, we talk easily about investing in our kids' future. Whenever we want to build a highway or a bridge, we call it an investment for the future. If we want to ratify trade treaties, we call it an investment in our future. The same goes for everything from cutting the deficit to building sophisticated defense systems to sending probes to Mars.

Mr. President, there cannot be a more important investment in the future of our country and our people than directly investing in saving our kids. And that is what mentoring is all about. Mentoring works. Effective mentoring programs can significantly reduce and prevent the use of alcohol and drugs by young people, improve school attendance and performance, improve peer and family relationships, and curb violent behavior.

Mr. President, what greater investment can we make?

I hope my colleagues will support the bill, and ask unanimous consent that a copy of the legislation be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1111

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "JUMP Ahead Act of 1997".

SEC. 2. FINDINGS.

Congress finds that—

(1) millions of young people in America live in areas in which drug use and violent and property crimes are pervasive;

(2) unfortunately, many of these same young people come from single parent homes, or from environments in which there is no responsible, caring adult supervision;

(3) all children and adolescents need caring adults in their lives, and mentoring is an effective way to fill this special need for at-risk children. The special bond of commitment fostered by the mutual respect inherent in effective mentoring can be the tie that binds a young person to a better future;

(4) through a mentoring relationship, adult volunteers and participating youth make a significant commitment of time and energy to develop relationships devoted to personal, academic, or career development and social, artistic, or athletic growth;

(5) rigorous independent studies have confirmed that effective mentoring programs can significantly reduce and prevent the use of alcohol and drugs by young people, improve school attendance and performance, improve peer and family and peer relationships, and reduce violent behavior;

(6) since the inception of the Federal JUMP program, dozens of innovative, effective mentoring programs have received funding grants;

(7) unfortunately, despite the recent growth in public and private mentoring initiatives, it is reported that between 5,000,000 and 15,000,000 additional children in the United States could benefit from being matched with a mentor; and

(8) although great strides have been made in reaching at-risk youth since the inception of the JUMP program, millions of vulnerable American children are not being reached, and without an increased commitment to connect these young people to responsible adult role models, our country risks losing an entire generation to drugs, crime, and unproductive lives.

SEC. 3. JUVENILE MENTORING GRANTS.

(a) IN GENERAL.—Section 288B of the Juvenile Justice and Delinquency Prevention Act of 1974 (42 U.S.C. 5667e–2) is amended—

(1) by inserting "(a) IN GENERAL.—" before "The Administrator shall";

(2) by striking paragraph (2) and inserting the following:

"(2) are intended to achieve 1 or more of the following goals:

"(A) Discourage at-risk youth from—

"(i) using illegal drugs and alcohol;

"(ii) engaging in violence;

"(iii) using guns and other dangerous weapons;

"(iv) engaging in other criminal and antisocial behavior; and

"(v) becoming involved in gangs.

"(B) Promote personal and social responsibility among at-risk youth.

"(C) Increase at-risk youth's participation in, and enhance the ability of those youth to benefit from, elementary and secondary education.

"(D) Encourage at-risk youth participation in community service and community activities.

"(E) Provide general guidance to at-risk youth."; and

(3) by adding at the end the following:

"(b) AMOUNT AND DURATION.—Each grant under this part shall be awarded in an amount not to exceed a total of $200,000 over a period of not more than 3 years.

"(c) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated $50,000,000 for each of fiscal years 1999, 2000, 2001, and 2002 to carry out this part.".

SEC. 4. IMPLEMENTATION AND EVALUATION GRANTS.

(a) IN GENERAL.—The Administrator of the Office of Juvenile Justice and Delinquency Prevention of the Department of Justice may make grants to national organizations or agencies serving youth, in order to enable those organizations or agencies—

(1) to conduct a multisite demonstration project, involving between 5 and 10 project sites, that—

(A) provides an opportunity to compare various mentoring models for the purpose of evaluating the effectiveness and efficiency of those models;

(B) allows for innovative programs designed under the oversight of a national organization or agency serving youth, which programs may include—

(i) technical assistance;

(ii) training; and

(iii) research and evaluation; and

(C) disseminates the results of such demonstration project to allow for the determination of the best practices for various mentoring programs;

(2) to develop and evaluate screening standards for mentoring programs; and

(3) to develop and evaluate volunteer recruitment techniques and activities for mentoring programs.

(b) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated $5,000,000 for each of the fiscal years 1999, 2000, 2001, and 2002 to carry out this section.

SEC. 5. EVALUATIONS; REPORTS.

(a) EVALUATIONS.—

(1) IN GENERAL.—The Attorney General shall enter into a contract with an evaluating organization that has demonstrated experience in conducting evaluations, for the conduct of an ongoing rigorous evaluation of the programs and activities assisted under this Act or under section 228B of the Juvenile Justice and Delinquency Prevention Act of 1974 (42 U.S.C. 5667e–2) (as amended by this Act).

(2) CRITERIA.—The Attorney General shall establish a minimum criteria for evaluating the programs and activities assisted under this Act or under section 228B of the Juvenile Justice and Delinquency Prevention Act of 1974 (42 U.S.C. 5667e–2) (as amended by this Act), which shall provide for a description of the implementation of the program or activity, and the effect of the program or activity on participants, schools, communities, and youth served by the program or activity.

(3) MENTORING PROGRAM OF THE YEAR.—The Attorney General shall, on an annual basis, based on the most recent evaluation under this subsection and such other criteria as the Attorney General shall establish by regulation—

(A) designate 1 program or activity assisted under this Act as the "Juvenile Mentoring Program of the Year"; and

(B) publish notice of such designation in the Federal Register.

(b) REPORTS.—

(1) GRANT RECIPIENTS.—Each entity receiving a grant under this Act or under section 228B of the Juvenile Justice and Delinquency Prevention Act of 1974 (42 U.S.C. 5667e–2) (as amended by this Act) shall submit to the evaluating organization entering into the contract under subsection (a)(1), an annual report regarding any program or activity assisted under this Act or under section 228B of the Juvenile Justice and Delinquency Prevention Act of 1974 (42 U.S.C. 5667e–2) (as amended by this Act). Each report under this paragraph shall be submitted at such time, in such a manner, and shall be accompanied by such information, as the evaluating organization may reasonably require.

(2) COMPTROLLER GENERAL.—Not later than 4 years after the date of enactment of this Act, the Attorney General shall submit to Congress a report evaluating the effectiveness of grants awarded under this Act and under section 228B of the Juvenile Justice and Delinquency Prevention Act of 1974 (42 U.S.C. 5667e–2) (as amended by this Act), in—

(A) reducing juvenile delinquency and gang participation;

(B) reducing the school dropout rate; and

(C) improving academic performance of juveniles.

By Mr. CAMPBELL (for himself, Mr. INOUYE, Mr. CONRAD, and Mr. WELLSTONE):

S. 1112. A bill to require the Secretary of the Treasury to mint coins in commemoration of native American history and culture; to the Committee on Banking, Housing, and Urban Affairs.

THE BUFFALO NICKEL COMMEMORATIVE COIN ACT OF 1997

Mr. CAMPBELL. Mr. President, it gives me great personal pleasure to introduce the Buffalo Nickel Commemorative Coin Act of 1997. I am also pleased to add Senators INOUYE, CONRAD, and WELLSTONE as cosponsors of this legislation.

For those of us old enough to remember or for those who have seen one, the buffalo nickel holds a special place in history. This coin was in general circulation from 1913 to 1938, and it featured an Indian head design on one side with a buffalo design on the reverse.

The coin's history is an interesting one, and I would like to share it with my colleagues. The artist who designed this coin, James Earle Fraser, wanted to produce a coin which was truly unique and American. I believe Mr. Fraser put it best himself when he said,

> In designing the buffalo nickel, my first object was to produce a coin which was truly American, and that could not be confused with the currency of any other country. I made sure, therefore, to use none of the attributes that other nations had used in the past. And, in my search for symbols, I found no motif within the boundaries of the United States so distinctive as the American buffalo or bison.

According to historical sources, the Indian head on the nickel was created by Mr. Fraser based upon three models: Iron Tail, an Oglala Sioux; Two Moons, a Northern Cheyenne; and Big Tree, a Seneca Iroquois. Supposedly all three Indians were performers appearing in wild-west shows in New York City at the time they posed for Mr. Fraser.

As for the buffalo, historians generally agree that the model was Black Diamond, a bull bison residing in the Central Park Zoo. Unfortunately, after being immortalized on the buffalo nickel, Black Diamond was slaughtered.

The end result was a coin which was, indeed, truly unique. It has been roughly 60 years since the U.S. Bureau of the Mint ended production of the buffalo nickel. The bill I am offering today would direct the Secretary of the Treasury to mint a limited-edition commemorative buffalo nickel coin to begin in the year 2000. I believe it is fitting to reintroduce this beloved coin to new generations of Americans.

These coins will also serve another important purpose appropriate to its heritage. Profits from the sale of the coins will go to the endowment and educational funds of the National Museum of the American Indian. Authorized in 1989 by the National Museum of the American Indian Act, Public Law 101–185, the museum is set to begin construction in order to meet its scheduled opening date in the year 2002. The facility, to be located on the Mall here in Washington, DC, will house over 1 million artifacts and is expected to draw millions of visitors each year. By contributing funds to the endowment and educational programs of the museum, the buffalo nickel will be assisting with the preservation of native artifacts and offer visitors to the museum the opportunity to appreciate and learn more about native cultures.

The origins of this bill actually began some time ago when an individual contacted my office with this idea. Following that, my friend and former colleague, Tim Wirth, sent me a note saying he thought it was a great idea, and since then I have received hundreds of postcards from people across the country expressing their desire to see the return of the buffalo nickel. With that, I am pleased to be able to introduce this legislation, and I look forward to working with my colleagues, the Citizens Commemorative Coin Advisory Committee, and the U.S. Treasury in order to make the buffalo nickel a success.

Mr. President, I ask unanimous consent that the text of the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1112

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "United States Buffalo Nickel Act of 1997".

SEC. 2. COIN SPECIFICATIONS.

(a) DENOMINATIONS.—Notwithstanding any other provision of law, during the 3-year period beginning on January 1, 2000, the Secretary of the Treasury (hereafter in this Act referred to as the "Secretary") shall mint and issue each year not more than 1,000,000 5-cent coins, which shall—

(1) weigh 5 grams;

(2) have a diameter of 0.835 inches; and

(3) contain an alloy of 90 percent silver and 10 percent copper.

(b) LEGAL TENDER.—The coins minted under this Act shall be legal tender, as provided in section 5103 of title 31, United States Code.

(c) NUMISMATIC ITEMS.—For purposes of section 5134 of title 31, United States Code, all coins minted under this Act shall be considered to be numismatic items.

SEC. 3. SOURCES OF BULLION.

The Secretary shall obtain silver for minting coins under this Act only from stockpiles established under the Strategic and Critical Materials Stockpiling Act.

SEC. 4. DESIGN OF COINS.

(a) DESIGN REQUIREMENTS.—

(1) IN GENERAL.—The design of the coins minted under this Act shall be based on the original 5-cent coin designed by James Earle Fraser and minted from 1913 to 1938. Each coin shall have on the obverse side a profile representation of a Native American, and on the reverse side a representation of a buffalo.

(2) DESIGNATIONS AND INSCRIPTIONS.—On each coin minted under this Act there shall be—

(A) a designation of the value of the coin;

(B) an inscription of the year; and

(C) inscriptions of the words "United States of America", "Liberty", and "E Pluribus Unum".

(b) SELECTION.—The design for the coins minted under this Act shall be—

(1) selected by the Secretary after consultation with the Committee on Banking, Housing, and Urban Affairs and the Committee on Indian Affairs of the Senate and the Commission of Fine Arts; and

(2) reviewed by the Citizens Commemorative Coin Advisory Committee.

SEC. 5. ISSUANCE OF COINS.

(a) QUALITY OF COINS.—Coins minted under this Act shall be issued in uncirculated and proof qualities.

(b) MINT FACILITY.—Only 1 facility of the United States Mint may be used to strike any particular combination of denomination and quality of the coins minted under this Act.

(c) TERMINATION OF MINTING AUTHORITY.—No coins may be minted under this Act after December 31, 2000.

SEC. 6. SALE OF COINS.

(a) SALE PRICE.—The coins issued under this Act shall be sold by the Secretary at a price equal to the sum of—

(1) the face value of the coins;

(2) the surcharge provided in subsection (d) with respect to such coins; and

(3) the cost of designing and issuing the coins (including labor, materials, dies, use of machinery, overhead expenses, marketing, and shipping).

(b) BULK SALES.—The Secretary shall make bulk sales of the coins issued under this Act at a reasonable discount.

(c) PREPAID ORDERS.—

(1) IN GENERAL.—The Secretary shall accept prepaid orders for the coins minted under this Act before the issuance of such coins.

(2) DISCOUNT.—Sale prices with respect to prepaid orders under paragraph (1) shall be at a reasonable discount.

(d) SURCHARGES.—All sales shall include a surcharge of $1.00 per coin.

SEC. 7. GENERAL WAIVER OF PROCUREMENT REGULATIONS.

(a) IN GENERAL.—Except as provided in subsection (b), no provision of law governing procurement or public contracts shall be applicable to the procurement of goods and services necessary for carrying out the provisions of this Act.

(b) EQUAL EMPLOYMENT OPPORTUNITY.—Subsection (a) does not relieve any person entering into a contract under the authority of this Act from complying with any law relating to equal employment opportunity.

SEC. 8. DISTRIBUTION OF SURCHARGES.

(a) PERMISSIBLE PURPOSES.—All surcharges received by the Secretary from the sale of coins issued under this Act shall be paid promptly by the Secretary to the National Museum of the American Indian for the purposes of—

(1) commemorating the tenth anniversary of the establishment of the Museum; and

(2) supplementing the endowment and educational outreach funds of the Museum.

(b) AUDITS.—The Comptroller General of the United States shall have the right to examine such books, records, documents, and other data of the National Museum of the American Indian as may be related to the expenditures of amounts paid under subsection (a).

SEC. 9. FINANCIAL ASSURANCES.

(a) NO NET COST TO THE GOVERNMENT.—The Secretary shall take such actions as may be necessary to ensure that minting and issuing coins under this Act will not result in any net cost to the United States Government.

(b) PAYMENT FOR COINS.—A coin shall not be issued under this Act unless the Secretary has received—

(1) full payment for the coin;

(2) security satisfactory to the Secretary to indemnify the United States for full payment; or

(3) a guarantee of full payment satisfactory to the Secretary from a depository institution whose deposits are insured by the Federal Deposit Insurance Corporation or

the National Credit Union Administration Board.

By Mr. GRASSLEY (for himself, Mr. DURBIN, Mr. HATCH, Mr. DEWINE, Mr. HAGEL, and Mr. WARNER):

S. 1113. A bill to extend certain temporary judgeships in the Federal judiciary; to the Committee on the Judiciary.

TEMPORARY JUDGESHIP LEGISLATION

Mr. GRASSLEY. Mr. President, as Chairman of the Judiciary Subcommittee on Administrative Oversight and the Courts, I have studied the recommendations of the Judicial Conference regarding the extension of a number of temporary article III judgeships. I am offering this bill along with Senators DURBIN, HATCH, DEWINE, WARNER, and HAGEL in response to the Judicial Conference's recommendations.

Much anecdotal evidence and rhetorical commentary have been given, in both the press and from this body, regarding the burdened and overworked state of the Federal judiciary. My experiences do not bear this out. I have been a member of the Judiciary Subcommittee on Administrative Oversight and the Courts for a number of years. In past years, this committee was likely to take the Judicial Conference's recommendations as given. Recently, in my role as chairman, I have taken a more hands on approach to the appointment and extension of judgeships in the Federal system. As part of this approach, I have held hearings on this subject and I have made suggestions to the Judicial Conference on ways to improve their surveys. In part, as a result of my input, the Judicial Conference added a question to its Biennial Judicial Survey that asks not only if the circuit or district has need of additional judgeships, but also whether the circuit or district might have too many judgeships for its current caseload. Because caseloads in some districts will inevitably decline, this question addresses a problem not previously considered. The purpose of the question is to help the Judicial Conference decide, when faced with a district that has a declining caseload, whether to reallocate resources to another district or eliminate an unnecessary judgeship.

As I noted, I have studied various judiciary issues and have worked with the judiciary to address some of these issues. From my studies and from conversations I've had with those on the bench, it is obvious that there is no judicial crisis looming on the horizon. However, changing circumstances in some judicial districts do need to be addressed. That is why I am proposing this bill. It addresses the needs of some of these districts in a substantive, rational manner.

Biennially, the Judicial Conference makes judgeship recommendations to Congress regarding the needs of the Federal courts. The Conference sends the chief judge of each district a Biennial Judicial Survey that they are to submit with the caseloads and weighted caseloads of the district and report on the status of the district. This survey includes information on how the district makes use of its senior and magistrate judges and any recommendations that the chief judge may have regarding additional judgeships or extension of judgeships in their district. The Judicial Conference reviews this information and passes its recommendations on to Congress for review.

For the 1996 survey, the Judicial Conference recommended that 12 districts with current or expired temporary judgeships either make or add permanent positions or extend the temporary judgeships for an additional 5 years. The Judicial Conference only made recommendations for those districts which would have weighted caseloads in excess of the 430 maximum recommended caseload per article III judge, should the temporary position expire.

Weighted caseloads are the actual caseloads per district, weighted or altered to reflect the difference in time and attention needed for certain types of cases. For example, criminal cases, in general, are more time consuming and thus are more heavily weighted. However, prisoner petitions are generally easier to resolve because the petition usually addresses issues previously addressed and resolved by the court.

Based on this survey, the Judicial Conference recommended a permanent judgeship position be added to the northern district of Alabama to replace the temporary judgeship Congress allowed to expire last year. In addition, the Conference would like to make the temporary judgeships in the eastern district of California, northern district of New York, eastern district of Virginia, and the southern district of Illinois permanent. The survey indicated that the weighted caseload per article III judge exceeded the recommended 430 maximum caseload per judge. The Judicial Conference also recommended, based on this survey, that the temporary judgeships in the districts of Hawaii, Kansas, Nebraska, eastern Missouri, central Illinois, and southern Ohio be extended for another 5 years. The Biennial Judicial Survey indicated that these districts would be above the recommended 430 weighted cases per article III judge if the temporary judgeships were eliminated.

Based on my studies, most of the districts that currently have temporary judgeships are able to show the need for the extension of these judgeships. I used additional factors, not used in the Biennial Judicial Survey, to arrive at my recommendations for the districts. My investigation takes into consideration the cases handled by magistrate and senior judges. These studies show that when these cases are factored out, some districts fall below the recommended maximum caseload of 430 cases per article III judge, even after expiration of the temporary judgeships. In deference to the Judicial Conference, I have given those districts the benefit of the doubt on their need for an extension and have recommended an extension of their temporary judgeships. My willingness to accommodate the Judicial Conference recommendations underlines my willingness to work with the judiciary to reach a reasonable compromise when possible.

The Judicial Conference's recommendation for permanent status in the districts of eastern California, northern New York, eastern Virginia, and southern Illinois differs from my recommendation. After my review, I do not believe the Conference's recommendation can be justified. Among the factors I considered for extending permanent status for these districts is whether the district showed a consistent increase in its per judge caseload over the past several years. When plotted, caseloads from most of these districts, show a roller coaster ride regarding the number of cases filed per article III judge. Over the period tracked, caseload increases were inconsistent and filings frequently decreased compared to previous years. Additionally, the Judicial Conference does not take into consideration, in the caseload statistics of each article III judge, how many cases are performed or could be performed by magistrate judges or senior judges. Cases, such as prisoner petitions and Social Security cases could, in most instances, be performed by magistrate judges. When prisoner petitions and Social Security cases are weighted and removed from the weighted caseload total per article III judge, the districts have a lower and much more representative calculation of the actual caseload per article III judge. And these figures don't even adjust for the consent cases the magistrate's handle.

The data I have indicates that prisoner petitions and Social Security cases are included in computing the judicial caseload figures used by the Judicial Conference to calculate each article III judge's caseload. For example, the eastern district of California commenced 1,747 cases dealing purely with prisoner petitions in the fiscal year ending September 30, 1996. In that district, magistrate judges resolved 1828 prisoner petition cases during that period. The difference in the number of cases resolved during that period would be those cases commenced in the prior year, but resolved in the current year.

Additionally, my study indicates that some of the district's surveyed are not utilizing magistrate judges as effectively or efficiently as other districts in the survey. This factor needs to be taken into account prior to granting any additional or permanent article III judgeships to these districts. It is, in part, such considerations that led me not to recommend an additional permanent judgeship in Alabama, contrary to the recommendation of the Judicial Conference. In addition, Congress chose not to extend the temporary judgeship in that district before it expired last year.

In calculating if districts are overburdened, weight must also be given to the effective use of senior judges in those districts. My studies took into consideration the district's use of senior judges. Several districts surveyed make effective use of their senior judges and this was taken into account when drafting this bill. Based on all of the factors I have outlined, I believe this bill will keep the judges in these districts from being overburdened and makes effective use of the taxpayer's money.

Therefore, I recommend that the temporary judgeships in the eastern district of California, the northern district of New York, the eastern district of Virginia, the southern and central districts of Illinois, the eastern district of Missouri, the northern district of Ohio, and the districts of Hawaii, Nebraska, and Kansas be extended for another 5-year period.

Mr. President, I ask for unanimous consent that the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1113

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. EXTENSION OF CERTAIN TEMPORARY JUDGESHIPS.

Section 203(c) of the Judicial Improvements Act of 1990 (Public Law 101-650; 104 Stat. 5101; 28 U.S.C. 133 note), as amended by Public Law 104-60 (109 Stat. 635; 28 U.S.C. 133 note), is amended—

(1) by striking paragraph (1); and

(2) by striking the last 2 sentences and inserting "Except with respect to the western district of Michigan and the eastern district of Pennsylvania, the first vacancy in the office of district judge in each of the judicial districts named in this subsection, occurring 10 years or more after the confirmation date of the judge named to fill the temporary judgeship created by this subsection, shall not be filled. The first vacancy in the office of district judge in the western district of Michigan, occurring after December 1, 1995, shall not be filed. The first vacancy in the office of district judge in the eastern district of Pennsylvania, occurring 5 years or more after the confirmation date of the judge named to fill the temporary judgeship created for such district under this subsection, shall not be filled.".

By Mr. JEFFORDS (for himself, Mr. ROCKEFELLER, Ms. MIKULSKI, Mr. INOUYE, Mr. DASCHLE, Mr. KERRY, Mrs. BOXER, Mrs. FEINSTEIN, Mr. DODD, Mr. WELLSTONE, Mr. HARKIN, and Mr. HOLLINGS):

S. 1114. A bill to impose a limitation on lifetime aggregate limits imposed by health plans; to the Committee on Labor and Human Resources.

THE LIFETIME CAPS DISCRIMINATION PREVENTION ACT

Mr. JEFFORDS. Mr. President, I am pleased to introduce legislation with Senator ROCKEFELLER that will ensure that health insurance policies cover at least $10 million in lifetime benefits. This bill, the Lifetime Caps Discrimination Prevention Act, will help fulfill the promise of real health security and is an appropriate sequel to last year's Kassebaum-Kennedy health insurance reform legislation. Through our reform legislation, families can be spared the loss of their health insurance when they need it the most.

All of us are at risk of incurring high-cost injuries or illnesses—the very kind of situations that most people want covered by their health insurance polices. A $1 million cap was adequate when it was established by the insurance industry in the early 1970's. Since then, however, inflation has sent medical costs skyrocketing, and today, thousands of Americans have hit their payment ceiling. A majority of those who exceed their lifetime limits must turn to public assistance. While waiting for a determination of eligibility, many individuals are forced to go without medical treatment. This legislation would keep within the private sector those who most need health coverage and would keep them off Medicaid.

Most of us assume that our health insurance will be there when we need it most—when we are very sick. Unfortunately, many people do not read the fine print in their insurance policies. The average lifetime cost of care for a person who has a spinal cord injury and is ventilator dependent—just like Christopher Reeve—is over $5 million. For someone like Jim Brady, who had a severe head trauma injury, the average cost is about $4 million, and that is in 1990 dollars. As Christopher Reeve said, "I didn't think it could happen to Superman."

The Lifetime Caps Discrimination Prevention Act fulfills a promise of real health security by raising the lifetime cap from the typical limit of $1 million—a dollar figure selected in the 1970's—to $5 million in 1998, and then in 2002 to $10 million, which is the real dollar equivalent today. Currently, the vast majority of health maintenance organizations and approximately one-quarter of employer-sponsored health plans have no aggregate lifetime limit. The Federal Employee Health Benefit plans removed lifetime maximums in 1995. According to a Price Waterhouse study, employers with a workforce of 250 employees would experience a mere 1 percent increase in premiums. This is a small price to pay for real health insurance security for people covered in the group market. Our legislation excludes employers with fewer than 20 employees.

The Lifetime Caps Discrimination Prevention Act was originally introduced as an amendment to the Kassebaum-Kennedy health insurance legislation passed during the 104th Congress. The amendment enjoyed strong bipartisan support, but it was defeated due to the strategy of opposing amendments to that bill. We believe that this legislation is worthy of reintroduction in the 105th Congress, and we are hopeful that it will attract even broader support as another step that can be taken in strengthening Americans' health security. Over 150 national health-related groups, including the American Medical Association, the American Cancer Society, the United Cerebral Palsy Association, and the National Association of Professional Insurance Agents, have expressed their support for our efforts to increase lifetime limits on health insurance benefits.

The insurance industry standard of $1 million, adopted in 1970, was right for those times but today is financially unrealistic. Today, the time has come to protect thousands of individuals from suffering the emotional, medical, and financial consequences of exceeding their caps by adopting a new lifetime limit for health insurance coverage.

Mr. ROCKEFELLER. Mr. President, I rise today with my friend, Senator JIM JEFFORDS, of Vermont to introduce a bill that will help families avoid an additional tragedy in their already traumatized lives. We are introducing a bill to raise lifetime limits on insurance policies to $10 million. But, first, I want to recognize and applaud Chairman JEFFORDS' extraordinary leadership on this issue—last Congress and this year. With his leadership, we will succeed in raising the lifetime cap on health benefits to $10 million.

People buy health insurance to protect themselves and their families when they get sick. They spend their lives paying for it. They count on it. But each year, 1,500 people have their insurance taken away, just when they need it most and for the very reason why they bought the insurance in the first place, because they are gravely ill or in need to extensive medical care or some other extraordinary reason.

These 1,500 people run into the lifetime limit on their health insurance policy. When that happens, the insurance company won't spend a single cent to help that person cope with his or her health care costs. But the need for medical care continues. And the bills keep coming.

The $1 million limit, first used by insurance companies to give their customers peace of mind and security in the 1970's, is widely out-of-date and hugely insufficient. According to Price Waterhouse, had the limit kept pace with medical inflation, it would be more than $10 million today. In fact, a $1 million health insurance policy in 1970 would buy you about $100,000 in health benefits in 1997.

When a family runs into the lifetime limit, they have no choice but to spend themselves into poverty in order to qualify for Medicaid. This drains families of their assets, their self-esteem and costs Medicaid several billion dollars in additional health care costs. Many people have to give up everything—their house, their savings, and their kids' education in order to get the medical care they need through Medicaid.

In my home State of West Virginia, Mike Davis hit his $1 million lifetime cap in 1994. That was 14 years after his son Todd was hit by a drunk driver, causing severe brain injury. Before Todd qualified for Medicaid, his father received a $90,000 bill for his son's care—a bill he's still struggling to pay.

This can happen to anyone. Catastrophic injury, chronic illness or significant disability are arbitrary. They hit young and old, rich and poor. You plan for routine illness, but no one plans for this kind of illness or injury. At least if you have a health insurance policy without a $1 million cap, you can get the medical treatment you need.

Most people don't even know if their insurance policy has a lifetime cap. The insurance companies don't talk about them. The caps are stuck in the fine print. People assume that if you buy insurance, you're covered. Unfortunately, that's not the case. About 60 percent of employer-sponsored health plans have lifetime caps.

Several modifications were made to this year's bill. We include an exemption for small businesses. We give all businesses 2 years to comply. We phase the cap in—first raising it to $5 million and then lifting it to $10 million by the year 2002. We're talking about a roughly 1 percent increase in premiums, according to Price-Waterhouse. That's it.

The Federal Employees Health Benefits Program doesn't allow participating insurers to set lifetime limits on their basic health insurance polices for Federal employees. Members of Congress don't have lifetime caps. We know our health insurance will be there when we need it. All Americans should have that same security.

Raising the cap is something we can and should do. It's the right thing to do. It's good policy and it can save Medicaid up to $7 billion over the next 7 years. Mr. President, the idea behind insurance is simple: no matter how sick you are, you're covered. It's about basic decency and fairness.

By Mr. LOTT (for himself, Mr. DASCHLE, Mr. SHELBY, Mr. ROCKEFELLER, Mr. WARNER, Mr. ROBB, Mr. INHOFE, Mr. INOUYE, Mr. COCHRAN, and Mr. CONRAD):

S. 1115. A bill to amend title 49, United States Code, to improve one-call notification process, and for other purposes; to the Committee on Commerce, Science, and Transportation.

COMPREHENSIVE ONE-CALL NOTIFICATION ACT

Mr. LOTT. Mr. President, I stand here today with my friend and colleague Senator DASCHLE, the minority leader, to introduce an important public safety bill. I am also joined by initial cosponsors Senators SHELBY, ROCKEFELLER, WARNER, ROBB, INHOFE, INOUYE, COCHRAN, and CONRAD.

The Comprehensive One-Call Notification Act is designed to protect a very important component of America's infrastructure—our underground infrastructure. With roots going back several Congresses, this legislation enjoys widespread bipartisan support and is supported by several members of the Senate's Committee for Commerce, Science and Transportation—the committee of jurisdiction. This legislation provides a public policy statement which is long overdue. The legislation is still a work in progress and I look forward to working with my colleagues across the aisle and on the Commerce Committee to further fine-tune this bill as the process moves forward.

America's underground infrastructures contain many buried communication and fiber optic cables, water and sewer pipes, electric lines, and oil and gas pipelines. All too often people inadvertently damage these facilities causing harmful consequences. Often a nick or a bump which goes unreported can, over time, become a problem and have a delayed harmful effect.

Mr. President, this bill is important because it will prevent some of the damage to underground facilities that causes accidents across America. These accidents often are caused by excavation without notice or by inaccurate markings of our underground facilities. This damage to the infrastructure may cause environmental harm and disrupt essential services and even cause injuries and fatalities.

I am not here today to condemn those who excavate. I am here today to say that one-call safety legislation is necessary because many excavation accidents are preventable.

Mr. President, America needs a single, nationwide system to forward excavators' toll free calls to the appropriate State or local one-call center. To delay further is to unnecessarily jeopardize America's underground infrastructure.

Let me make it clear this is not a new idea. It is a concept that has been embraced by many States. Already 49 States have some form of a one-call system on the State level. I am proud to say my State of Mississippi has a one-call system; however, many of these systems can be improved with Federal assistance. Our bill does that.

This bill uses an approach that will create uniform national standards and provide grants to establish or improve State one-call systems. This bill does not dictate how a one-call system should operate or how a State's law should be written. On the contrary, it requires input from States and stakeholders before developing operational best practices and gives States the latitude to continue to determine the details of its one-call statute. This analysis will serve as the catalyst for a national effort to improve State one-call programs.

Mr. President, the administration also recognizes the necessity for a one-call safety statute. When the President introduced his method for the reauthorization of America's Intermodal Surface Transportation Efficiency Act, he included a one-call provision. Our bill is different, but it is compatible. In addition to working with my initial cosponsors during the drafting phase, I have worked with the administration to address their concerns. We are not done yet, but we are committed to continuing the dialog. The introduction of our bill is the Senate's first step.

By introducing the legislation today, we hope the congressional recess will be used by organizations and stakeholders who have an interest in this policy to enter into the discussion. It is the desire of the initial sponsors to include those with an interest in this public safety policy in preparing the legislation for a committee hearing.

This bill sets out broad minimum standards for State one-call programs. There is flexibility for States to determine who will participate and how enforcement will occur. The legislation is not proscriptive. Rather, it identifies the goals. The foundation for our approach is the understanding that the level of risk varies with each type of excavation activity as well as the type of organization which conducts the excavation work. The bill will offer State grants for those States who want to participate. A study will also be conducted to identify the best practices for one-call centers and to promote adoption of the most successful solutions.

Mr. President, this bill is neither a mandate nor unfunded. I want to repeat this. There is no mandate that every State must participate. We are simply proposing the authorization of sufficient funds to study State activities and to administer assistance to States wanting to participate.

I expect those industries which place a premium on operational convenience will recognize that one-call is responsible and a small price to pay for ensuring safety of the public and environment. I am optimistic that all affected parties will work in genuine partnership with us to finalize the legislation rather than sit on the sidelines and criticize.

Mr. President, the information highway offers many opportunities and challenges for our society and culture but, it too can be put in a peril by simple events. Just 2 weeks ago an article in the Washington Post reported that for half a day the Internet and long distance communications on one carrier were disrupted by a backhoe cutting through a fiber optic cable.

Let us also not forget the death of an 84-year-old woman in Indianapolis, IN last week where a blast leveled seven homes. The Indianapolis Star/News said the explosion turned the quiet subdivision "into a living Hell. The blast turned trees and utility poles into impromptu candles and sent chunks of earth raining down as people ran for their lives." I believe our legislation will play a part in preventing this type of disaster.

Finally let's not forget the 1994 accident in Edison, NJ where there was a much larger explosion. Significant property damage occurred and again there was loss of life. This event prompted one of our former colleagues and the senior Senator from New Jersey to actively work for tougher laws governing America's infrastructure. Former New Jersey Senator, Bill Bradley and Senator FRANK LAUTENBERG were actively involved in seeking a legislative solution and today's bill is a direct result of their efforts.

I am convinced that this Congress will champion meaningful safety reforms and leadership for America's underground infrastructure. It will not be a traditional big government approach. It will help provide adaptable, convenient, accountable, meaningful and overdue protection for citizens.

I want to thank my colleagues for their attention, and I hope they will join us as cosponsors.

Mr. President, I request unanimous consent that the text and summary of the Comprehensive One-Call Notification Act be entered into the RECORD.

There being no objection, the bill and summary were ordered to be printed in the RECORD, as follows:

S. 1115

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Comprehensive One-Call Notification Act of 1997".

SEC. 2. FINDINGS.

The Congress finds that—

(1) unintentional damage to underground facilities during excavation is a significant cause of disruptions in telecommunications, water supply, electric power, and other vital public services, such as hospital and air traffic control operations, and is a leading cause of natural gas and hazardous liquid pipeline accidents;

(2) excavation that is performed without prior notification to an underground facility operator or with inaccurate marking of such a facility prior to excavation can cause damage that results in fatalities, serious injuries, harm to the environment, and disruption of vital services to the public; and

(3) protection of the public and the environment from the consequences of underground facility damage caused by excavations will be enhanced by a coordinated national effort to improve one-call notification programs in each State and the effectiveness and efficiency of one-call notification systems that operate under such programs.

SEC. 3. ESTABLISHMENT OF ONE-CALL PROGRAM.

(a) IN GENERAL.—Subtitle III of title 49, United States Code, is amended by adding at the end thereof the following:

"CHAPTER 61. ONE-CALL NOTIFICATION PROGRAM

"Sec.
"6101. Purposes.
"6102. Definitions.
"6103. Minimum standards for State one-call notification programs.
"6104. Compliance with minimum standards.
"6105. Review of one-call system best practices.
"6106. Grants to States.
"6107. Authorization of appropriations.

"§ 6101. Purposes

"The purposes of this chapter are—

"(1) to enhance public safety;

"(2) to protect the environment;

"(3) to minimize risks to excavators; and

"(4) to prevent disruption of vital public services,

by reducing the incidence of damage to underground facilities during excavation through the adoption and efficient implementation by all States of State one-call notification programs that meet the minimum standards set forth under section 6103.

"§ 6102. Definitions

"For purposes of this chapter—

"(1) ONE-CALL NOTIFICATION SYSTEM.—The term 'one-call notification system' means a system operated by an organization that has as one of its purposes to receive notification from excavators of intended excavation in a specified area in order to disseminate such notification to underground facility operators that are members of the system so that such operators can locate and mark their facilities in order to prevent damage to underground facilities in the course of such excavation.

"(2) STATE ONE-CALL NOTIFICATION PROGRAM.—The term 'State one-call notification program' means the State statutes, regulations, orders, judicial decisions, and other elements of law and policy in effect in a State that establish the requirements for the operation of one-call notification systems in such State.

"(3) STATE.—The term 'State' means a State, the District of Columbia, and Puerto Rico.

"(4) SECRETARY.—The term 'Secretary' means the Secretary of Transportation.

"§ 6103. Minimum standards for State one-call notification programs

"(a) MINIMUM STANDARDS.—A State one-call notification program shall, at a minimum, provide for—

"(1) appropriate participation by all underground operators;

"(2) appropriate participation by all excavators; and

"(3) flexible and effective enforcement under State law with respect to participation in, and use of, one-call notification systems.

"(b) APPROPRIATE PARTICIPATION.—In determining the appropriate extent of participation required for types of underground facilities or excavators under subsection (a), a State shall assess, rank, and take into consideration the risks to the public safety, the environment, excavators, and vital public services associated with

"(1) damage to types of underground facilities; and

"(2) activities of types of excavators.

"(c) IMPLEMENTATION.—A State one-call notification program also shall, at a minimum, provide for

"(1) consideration of the ranking of risks under subsection (b) in the enforcement of its provisions;

"(2) a reasonable relationship between the benefits of one-call notification and the cost of implementing and complying with the requirements of the State one-call notification program; and

"(3) voluntary participation where the State determines that a type of underground facility or an activity of a type of excavator poses a de minimis risk to public safety or the environment.

"(d) PENALTIES.—To the extent the State determines appropriate and necessary to achieve the purposes of this chapter, a State one-call notification program shall, at a minimum, provide for

"(1) administrative or civil penalties commensurate with the seriousness of a violation by an excavator or facility owner of a State one-call notification program;

"(2) increased penalties for parties that repeatedly damage underground facilities because they fail to use one-call notification systems or for parties that repeatedly fail to provide timely and accurate marking after the required call has been made to a one-call notification system;

"(3) reduced or waived penalties for a violation of a requirement of a State one-call notification program that results in, or could result in, damage that is promptly reported by the violator;

"(4) equitable relief; and

"(5) citation of violations.

"§ 6104. Compliance with minimum standards

"(a) REQUIREMENT.—In order to qualify for a grant under section 6106, each State shall, within 2 years after the date of the enactment of the Comprehensive One-Call Notification Act of 1997, submit to the Secretary a grant application under subsection (b).

"(b) APPLICATION.—

"(1) Upon application by a State, the Secretary shall review that State's one-call notification program, including the provisions for implementation of the program and the record of compliance and enforcement under the program.

"(2) Based on the review under paragraph (1), the Secretary shall determine whether the State's one-call notification program meets the minimum standards for such a program set forth in section 6103 in order to qualify for a grant under section 6106.

"(3) In order to expedite compliance under this section, the Secretary may consult with the State as to whether an existing State one-call notification program, a specific modification thereof, or a proposed State program would result in a positive determination under paragraph (2).

"(4) The Secretary shall prescribe the form of, and manner of filing, an application under this section that shall provide sufficient information about a State's one-call notification program for the Secretary to evaluate its overall effectiveness. Such information may include the nature and reasons for exceptions from required participation, the types of enforcement available, and such other information as the Secretary deems necessary.

"(5) The application of a State under paragraph (1) and the record of actions of the Secretary under this section shall be available to the public.

"(c) ALTERNATIVE PROGRAM.—A State may maintain an alternative one-call notification program if that program provides protection for public safety, the environment, or excavators that is equivalent to, or greater than, protection under a program that meets the minimum standards set forth in section 6103.

"(d) REPORT—Within 3 years after the date of the enactment of the Comprehensive One-call Notification Act of 1997, the Secretary shall begin to include the following information in reports submitted under section 60124 of this title—

"(1) a description of the extent to which each State has adopted and implemented the minimum Federal standards under section 6103 or maintains an alternative program under subsection (c);

"(2) an analysis by the Secretary of the overall effectiveness of the State's one-call notification program and the one-call notification systems operating under such program in achieving the purposes of his chapter;

"(3) the impact of the State's decisions on the extent of required participation in one-call notification systems on prevention of damage to underground facilities; and

"(4) areas where improvements are needed in one-call notification systems in operation in the State.

The report shall also include any recommendations the Secretary determines appropriate. If the Secretary determines that the purpose of this chapter have been substantially achieved, no further report under this section shall be required.

"§6105. Review of one-call system best practices

"(a) STUDY OF EXISTING ONE-CALL SYSTEMS.—Except as provided in subsection (d), the Secretary, in consultation with other appropriate Federal agencies, State agencies, one-call notification system operators, underground facility operators, excavators,and other interested parties, shall undertake a study of damage prevention practices associated with existing one-call notification systems.

"(b) PURPOSE OF STUDY OF DAMAGE PREVENTION PRACTICES.—The purpose of the study is to assemble information in order to determine which existing one-call notification systems practices appear to be the most effective in preventing damage to underground facilities and in protecting the public, the environment, excavators, and public service disruption. As part of the study, the Secretary shall at a minimum consider—

"(1) the methods used by one-call notification systems and others to encourage participation by excavators and owners of underground facilities;

"(2) the methods by which one-call notification systems promote awareness of their programs, including use of public service announcements and educational materials and programs;

"(3) the methods by which one-call notification systems receive and distribute information from excavators and underground facility owners;

"(4) the use of any performance and service standards to verify the effectiveness of a one-call notification system;

"(5) the effectiveness and accuracy of mapping used by one-call notification systems;

"(6) the relationship between one-call notification systems and preventing intentional damage to underground facilities;

"(7) how one-call notification systems address the need for rapid response to situations where the need to excavate is urgent;

"(8) the extent to which accidents occur due to errors in marking of underground facilities, untimely marketing or errors in the excavation process after a one-call notification system has been notified of an excavation;

"(9) the extent to which personnel engaged in marking underground facilities may be endangered;

"(10) the characteristics of damage prevention programs the Secretary believes could be relevant to the effectiveness of State one-call notification programs; and

"(11) the effectiveness of penalties and enforcement activities under State one-call notification programs in obtaining compliance with program requirements.

"(c) REPORT—Within 1 year after the date of the enactment of the Comprehensive One-Call Notification Act of 1997, the Secretary shall publish a report identifying those practices of one-call notification systems that are the most and least successful in—

"(1) preventing damage to underground facilities; and

"(2) providing effective and efficient service to excavators and underground facility operators.

The Secretary shall encourage States and operators of one-call notification programs to adopt and implement the most successful practices identified in the report.

"(d) SECRETARIAL DISCRETION—Prior to undertaking the study described in subsection (a), the Secretary shall determine whether timely information described in subsection (b) is readily available. If the Secretary determines that such information is readily available, the Secretary is not required to carry out the study.

"§6106. Grants to States

"(a) IN GENERAL.—The Secretary may make a grant of financial assistance to a State that qualifies under section 6104(b) to assist in improving—

"(1) the overall quality and effectiveness of one-call notification systems in the State;

"(2) communications systems linking one-call notification systems;

"(3) location capabilities, including training personnel and developing and using location technology;

"(4) record retention and recording capabilities for one-call notification systems;

"(5) public information and education;

"(6) participation in one-call notification systems; or

"(7) compliance and enforcement under the State one-call notification program.

"(b) STATE ACTION TAKEN INTO ACCOUNT.—In making grants under this section the Secretary shall take into consideration the commitment of each State to improving its State one-call notification program, including legislative and regulatory actions taken by the State after the date of enactment of the Comprehensive One-Call Notification Act of 1997.

"(c) FUNDING FOR ONE-CALL NOTIFICATION SYSTEMS.—A State may provide funds received under this section directly to any one-call notification system in such State that substantially adopts the best practices identified under section 6105.

"6107. Authorization of appropriations

"(a) FOR GRANTS TO STATES.—There are authorized to be appropriated to the Secretary in fiscal year 1999 no more than $1,000,000 and in fiscal year 2000 no more than $5,000,000, to be available until expended, to provide grants to States under section 6106.

"(b) FOR ADMINISTRATION.—There are authorized to be appropriated to the Secretary such sums as may be necessary during fiscal years 1998, 1999, and 2000 to carry out sections 6103, 6104, and 6105.

"(c) GENERAL REVENUE FUNDING.—Any sums appropriated under this section shall be derived from general revenues and may not be derived from amounts collected under section 60301 of this title.".

(b) CONFORMING AMENDMENTS.—

(1) The analysis of chapters for subtitle III of title 49, United States Code, is amended by adding at the end thereof the following:

"CHAPTER 61—ONE-CALL NOTIFICATION PROGRAM".

(2) Chapter 601 of title 49, United States Code, is amended

(A) by striking "sections 60114 and" in section 60105(a) of that chapter and inserting "section";

(B) by striking section 60114 and the item relating to that section in the table of sections for that chapter;

(C) by striking "60114(c), 60118(a)," in section 60122(a)(1) of that chapter and inserting "60118(a),";

(D) by striking "60114(c) or" in section 60123(a) of that chapter;

(E) by striking "sections 60107 and 60114(b)" in subsections (a) and (b) of section 60125 and inserting "section 60107" in each such subsection; and

(F) by striking subsection (d) of section 60125, and redesignating subsections (e) and (f) of that section as subsections (d) and (e).

SUMMARY OF THE COMPREHENSIVE ONE-CALL NOTIFICATION ACT OF 1997

SEC. 1. SHORT TITLE

"Comprehensive One-Call Notification Act of 1997".

SEC. 2. FINDINGS

Why the bill is important:

(1) damage to underground facilities is a leading cause of accidents;

(2) excavation without notice or inaccurate marking can cause injuries, environmental harm and disruption of services;

(3) a national effort to improve state one-call programs can enhance protection of the public and the environment.

SEC. 3. ESTABLISHMENT OF PROGRAM

Subsection (a)

Adds a new Chapter 61 (sections 6101–6107) to subtitle III of title 49, United States Code:

6101. Purposes

(1) enhance public safety;

(2) protect the environment;

(3) minimize risks to excavators; and

(4) prevent disruption of vital services;

by reducing damage to underground facilities.

6102. Definitions

Defines "state one-call notification program" and "one-call notification system".

6103. Minimum Standards for State One-Call Programs

(1) appropriate participation by all underground facility operators;

(2) appropriate participation by all excavators;

(3) flexible and effective enforcement.

"Appropriate" determined taking into consideration the risk associated with the damage to types of facilities and the type of excavation.

State must consider risk in provisions for enforcement.

Reasonable relationship between benefits and costs of implementing and complying with one-call notification program requirements.

Voluntary participation possible for de minimum risks.

Penalties:

(1) liability for administrative or civil penalty;

(2) increased penalties for repeated damage or repeated inaccurate or untimely marking;

(3) reduced penalties for prompt reporting;

(4) equitable relief and mandamus actions;

(5) citation of violation.

6104. Compliance with Minimum Standards

A State may apply for a grant under section 6106 within two years after the date of enactment. The application must contain information specified by the Secretary of Transportation. Secretary reviews each application and determines whether the state one-call notification program meets the minimum standards in order to qualify for the grant. The grant application and the record of the Secretary's actions are available to the public.

State may provide greater protection than minimum federal standard.

Within three years the Secretary reports on State compliance with the Act.

6105. Review of One-Call Systems Best Practices

If needed, Secretary conducts a study of best practices of one-call notification systems in operation in the States. Secretary reports on best practices and promotes adoption of the most successful practices.

6106. Grants to States

The Secretary of Transportation may make a grant to a State if the State qualifies by having a one-call notification program meeting minimum standards. Secretary takes into consideration a State's commitment to improvement in its one-call notification program, including actions taken by the State after enactment of this legislation. State may provide funds directly to one-call notification systems that substantially adopt best practices identified under section 6105.

6107. Authorization of Appropriations

Authorizes $1 million in fiscal year 1999 and $5 million in fiscal year 2000 for grants to States to improve one-call notification systems. Funds available until expended. Such sums as are necessary may be appropriated for studies and administration of the Act.

All funding must come from general revenues only; no funding may be derived from pipeline user fees.

Subsection (b)

Strikes section 60114 of title 49, United States Code and makes resulting conforming changes. Section 60114 relates to one-call notification regulations of the Secretary of Transportation and would be superseded by enactment of this legislation.

By Mr. ROTH:

S. 1116. A bill to amend the Internal Revenue Code of 1986 to provide tax incentives for education; to the Committee on Finance.

EDUCATION LEGISLATION

Mr. ROTH. Mr. President, the budget reconciliation package we have passed—and again, I congratulate my colleagues on such a tremendous bipartisan effort—that reconciliation package contains important measures to promote education. A full 80 percent of the tax relief we offered goes to a $500 credit for children and provisions that will promote education.

As I mentioned in my statement, I strongly supported those measures to help our young people—to help our families—pay for college. These youth are our future, and investing in them is fundamental to keeping that future bright and prosperous.

However, as I also mentioned earlier, I had hoped that we could have gone further in promoting the educational aspects of the tax relief bill.

There were a number of very innovative and very effective provisions that were contained in the Senate Finance Committee bill, but that were excluded during the conference.

For example, there was a provision to offer tax-free treatment for State-sponsored prepaid tuition plans. There was a provision for a permanent extension of employer provided education assistance. And there was also a comprehensive education IRA. Unfortunately, these were knocked out of the reconciliation package by the White House.

What I want to do now, Mr. President, is introduce these measures as a bill—a bill that will expand education IRA's to permit families to invest up to $2,000 per year toward education. These IRA's would permit withdrawals for expenses incurred during elementary and secondary school.

Second, this bill will allow employers to assist their employees' in their graduate and undergraduate education without the employees having that assistance taxed as income.

It will expand State-sponsored prepaid tuition and savings programs to permit tax-free savings for educational needs. And finally, this bill will allow universities to develop prepaid tuition and savings programs that will permit tax-free savings for tuition, fees, book, school, supplies, room, and board.

These are much needed tools to promote education. Over the past 15 years, tuition at a 4-year college has increased by 234 percent. The average student loan has increased by 367 percent. In contrast, median household income rose only 82 percent during this period, and the consumer price index only rose 74 percent.

Our students—our families—need these resources to help them meet the costs and realize the opportunities of quality education. And I encourage my colleagues to support this effort.

By Ms. SNOWE:

S. 1117. A bill to amend Federal elections law to provide for campaign finance reform, and for other purposes; to the Committee on Rules and Administration.

CAMPAIGN FINANCE REFORM LEGISLATION

Ms. SNOWE. Mr. President, the American people are suffering a crisis of confidence when it comes to the way in which campaigns for Federal office are financed. They no longer feel that they are in control of who gets elected, or that those who do get elected are fully accountable. Today, I am introducing a bill that will restore Americans' confidence in their elected officials, and put elections back into the hands of average citizens.

Last year, for the first time since coming to Congress, I had the opportunity to watch Federal elections not as a candidate, but as a citizen and a voter. And what I saw confirmed all the reasons I have been a longtime proponent of campaign finance reform. What I saw was vast sums of money and very little accountability. I saw attack ads paid for with unlimited funds by out-of-State groups. And I saw contributions from PAC's to Federal candidates climb 12 percent higher than the record levels reached in the 1993–1994 election cycle.

And the 1996 elections were barely over when allegations of illegal and improper activities began flying, centered around the issues of so-called soft money and foreign influence peddling through campaign contributions. Subpoenas are being issued at a faster pace than Ken Griffey, Jr., hits home runs, and while it remains to be seen what the results of congressional investigations will yield, it is clear that these latest scandals only serve to further undermine public confidence and underscore the importance of enacting meaningful and achievable campaign finance reform this year.

It has often been said that perception is nine-tenths of reality, and I believe this is the case with campaign financing. I happen to believe that most elected officials are good people trying to do the people's business with America's interests at heart. At the same time, as in any walk of life, there are some people who abuse the system. And if there is even the perception that elections are being bought and sold, then the problem is serious and real—and the solution must be likewise.

And make no mistake, there is a pervasive perception that the system is out of hand and in need of fixing. A poll taken last year by a major newspaper in my home State, the Maine Sunday Telegram, showed that over 70 percent of respondents believe politicians listen more to special interests than to individual voters. Findings like this are endemic of a deep systemic problem, one that we cannot afford to ignore any longer.

I have voted for major changes in the campaign finance system throughout my career and introduced measures that I felt would make real and positive changes. Today, I am introducing the Restoration of America's Confidence in Elections Act, a comprehensive but realistic approach to fixing our broken system.

One of the chief aims of my bill is to increase the impact of the small, individual contributor in election campaigns so that we place the campaign process in the hands of average Americans—rather than in the hands of special interests. My bill will lower the amount of money a PAC could contribute from $5,000 to the limit for individual contributors, $1,000—a change which 70 percent of respondents to a recent New York Times poll say they support. It will also encourage small, individual contributors from a candidate's home State to participate by providing the incentive of a tax credit in the amount of the contribution, up to $100 for an individual or $200 in the case of a joint return.

Soft money has also become a major issue, and for good reason. It is money that skirts the intent of the law, and unaccounted for money which influences Federal campaigns above and beyond legal limits. My bill will close the soft money loophole by prohibiting national parties from raising or spending any soft money on behalf of any Federal candidates—and State parties could only spend hard money on behalf of Federal candidates. In order to keep parties healthy, individuals could contribute up to an aggregate amount of $20,000 to State party grassroots funds, and the existing limits on aggregate contributions to national parties by individuals and PAC's would be raised by $5,000 each. In that way, money is accounted for, parties can remain viable, and the soft money chase is ended.

My bill also addresses the issue of candidates facing independently wealthy opponents. As we all know, the amount of personal funds a candidate spends on his or her campaign cannot be constitutionally limited, but the playing field can and should be leveled. The perception that an individual of means can buy their way to the top of the American political arena certainly does nothing to inspire confidence in our Government.

My bill would make it easier for a candidate facing a wealthy opponent to compete by allowing that candidate to raise the necessary funding through increased contribution limits, depending on the amount the wealthy candidate spends of his or her own money. It would also require candidates to declare the amount of personal money they intend to spend, and encourage them to stick to their pledge by requiring disclosure should they violate that pledge.

Any successful campaign finance reform bill must address the realities of elections as we approach the new millennium. One of those realities is the so-called issue advocacy or voter education ads. We have all seen these ads: threatening music over provocative images blatantly designed to influence voters to vote against a candidate. But because these ads don't specifically say "vote against candidate X" there is currently no limit on how much can be spent on them, and no accountability.

It is obvious to anyone the purpose of these ads: to skirt current campaign finance laws that require that ads designed to influence Federal elections be paid for with hard money, and disclosed to, and regulated by, the Federal Election Commission. Under my bill, the law would be changed in such a way to include these types of ads under hard money limits and disclosure requirements. This would help limit the attack ads and give the public the information they need about who is paying for these ads and how much they are spending. An informed electorate is the key to any democratic system of government, and my bill will give people the information they need to make up their own minds.

My bill also includes provisions to protect individuals from having their money involuntarily collected and used for politics by a corporation or labor organization. These provisions mirror those of Senator NICKLES' Paycheck Protection Act. This measure will require prior authorization from workers before a corporation, national bank, or labor union finances political activities with any money from dues or from payments made as a condition of employment.

The legislation I am introducing will also close a conduit for campaign money that should have been closed a long time ago. It will ban contributions from all individuals not eligible to vote in U.S. elections. After all, if a person cannot legally participate in a Federal election by voting, why should they be able to participate with their wallet?

And finally, my bill will close the loopholes and ambiguities that exist about soliciting Federal soft money from Federal buildings or with Federal equipment. Because I think everyone agrees that it is not appropriate to raise political funds with taxpayer-financed equipment, or from the very office that might have influence over the interests of the potential donor.

These are all commonsense approaches to the problem—measures which I believe the majority of Americans feel are sensible and long overdue. The Restoration of Americans' Confidence in Elections Act addresses a range of issues and does so in a way that does not single out any one group, or any particular political affiliation. Because if we are to pass meaningful reform, it will require that we all take our hits.

I urge my colleagues to join me in passing this bill, and making a historic statement that the old ways of doing business must be relegated to the annals of history. Let's return elections to the American people—and let's restore confidence in our Government.

By Mr. MURKOWSKI:

S. 1118. A bill to amend the Land and Water Conservation Fund for purposes of establishing a Community Recreation and Conservation Endowment with certain escrowed oil and gas revenues; to the Committee on Energy and Natural Resources.

THE COMMUNITY RECREATION AND CONSERVATION ENDOWMENT ACT OF 1997

Mr. MURKOWSKI. Mr. President, I rise to introduce the Community Recreation and Conservation Endowment Act of 1997. My bill provides a long-term funding source for the Stateside matching grant program of the Land and Water Conservation Fund Act.

Thank you to Senate appropriators for honoring my request to fund the LWCF matching grants. The 1998 Interior appropriation bill ensures the programs's short-term viability. I wish we could have earmarked more, but I understand the challenges members face and thank them for their accomplishment. Special thanks to Senators TED STEVENS and SLADE GORTON.

I am confident we can win on the Senate floor, in conference and with the administration because the program is truly worthy.

The LWCF matching grants have helped build thousands of miles of trails, protect thousands of acres of open space, and develop parks, campgrounds, and recreation facilities in every State.

Every Federal dollar has been matched—we get two for the price of one. Unfortunately, Congress and the administration defunded the program 2 years ago.

That's too bad, given what candidate Bill Clinton said: "I would increase funding for several programs * * * and reinvigorate the Land and Water Conservation Fund to make more funds available for the acquisition of public outdoor open spaces".

He also said, "I would also make funds available from the Land and Water Conservation Fund to help address critical infrastructure needs in state and local facilities."

The millions of Americans who benefit from the matching grants need more than promises. Thankfully, the Interior appropriations bill saves the program for the short term. I am here today to offer a long-term solution.

At a recent hearing before the Senate parks subcommittee, former Park Service Director Roger Kennedy said that as long as there is competition between Federal and State programs for LWCF appropriations, the State matching grants will lose. He suggested a separate source of funds.

I am taking his advice to heart, and calling upon Congress to establish a separate and permanent fund for State matching grants.

My legislation creates an $800 million permanent endowment to provide LWCF matching grants to the States.

Interest from that account will help provide parks, campgrounds, trails, and recreation facilities for millions of Americans. It will also help preserve open spaces for the future.

Where does that money come from? On June 19, 1997, the Supreme Court ruled the Federal Government retains title to lands underlying tidal waters off Alaska's North Slope. As the result, the government will receive $1.6 billion in escrowed oil and gas lease revenues.

This sum is twice the amount the Congressional Budget Office estimated for the concurrent budget resolution. My bill places this bonus $800 million in a permanent endowment account.

This new approach is consistent with the vision of the Land and Water Conservation Fund Act and a promise made to the American people 30 years ago.

Our Government promised us that a portion of proceeds from offshore oil and gas leases would fund outdoor recreation and conservation. My bill makes good on that promise—permanently. It makes sure the State grants are never forgotten again.

That sound we hear on the doors to this Chamber is opportunity knocking. We must seize the opportunity and use those funds to renew and reinvigorate the bipartisan vision of the LWCF.

I urge my colleagues to join me in this endeavor and support the Community Recreation and Conservation Endowment Act of 1997.

By Mr. ABRAHAM:

S. 1119. A bill to amend the Perishable Agricultural Commodities Act, 1930 to increase the penalty under certain circumstances for commission merchants, dealers, or brokers who misrepresent the country of origin or other characteristics of perishable agricultural commodities; to the Committee on Agriculture, Nutrition, and Forestry.

FOOD SAFETY LEGISLATION

Mr. ABRAHAM. Mr. President, in March of this year, over 200 schoolchildren in my State contracted the hepatitis A virus from food served by the school lunch program. As news of the outbreak began to pour in, the Michigan Department of Community Health and the Centers for Disease Control went into action to determine the cause. They soon found the culprit: Frozen strawberries sold to the school lunch program by a San Diego company named Andrews and Williamson. Investigators also discovered that some of the strawberries sold to the school lunch program had been illegally certified as domestically grown when, in fact, they had been grown in Mexico.

There does not currently exist a method for testing strawberries for the hepatitis A virus. Thus, we may never know whether the strawberries brought in from Mexico were the source of this pathogen. Given the growing conditions that USDA investigators found at the farm, however, the likelihood is strong.

And one thing we do know, Mr. President, is that these strawberries should never have been served in the school lunch program in the first place. By law, products sold to the school lunch program must be certified as being domestically grown. Unfortunately, because the USDA lacks the resources to effectively enforce this requirement, companies have typically been trusted to do the right thing. Andrews and Williamson chose to do something else. They chose to break the law by misrepresenting their product's country-of-origin, and over 200 people were poisoned as a result.

This dangerous incident, the poisoning of Michigan children by their own school lunch program, compelled and received my immediate involvement. Shortly after the outbreak, I called for, and was granted, a hearing on the matter. I arranged to have officials from the CDC come to my state to brief the families of those affected. During this process I learned of the similar efforts being made by a private organization called Safe Tables Our Priority [STOP]. Their assistance throughout this process has been invaluable.

One of the first things I learned while studying this issue was that a specific statute exists which states that misrepresenting the country-of-origin of a perishable good is a crime. Unfortunately, the penalty for such fraud is a $2,000 fine and possible loss of license; a rather small price to pay for poisoning over 200 people.

Of course, this does not mean that A&W will walk away from this incident without paying a price. After reviewing the case made by investigators from the USDA, the U.S. Attorneys Office filed 47 charges against A&W. The first charge is conspiracy to defraud the United States. Counts two, three and four are for making false statements, and counts five through forty-seven are for making false claims. For each of these counts, the maximum penalty is 5 years and/or $250,000 per count or $500,000 for a corporation.

I state these charges because they do not include any mention of the specific crime which A&W is accused of violating, namely, misrepresenting the country-of-origin for a perishable food. Well, Mr. President, I intend to rectify this oversight. Today I am introducing legislation which modifies current law such that an intentional misrepresentation of the origin, kind or character of any perishable commodity, the reckless disregard of the effects on the public safety of such action, or violations which result in serious injury, illness or death will constitute a felony with a maximum penalty of five years imprisonment and/or a fine of $250,000 per count.

This change in law will ensure that individuals who intentionally misrepresent their goods will now suffer the appropriate consequences of their actions. The recent outbreaks of hepatitis A, Cyclospora and E Coli demonstrate that a new commitment to food safety is sorely needed in this country. I will continue working to see that Congress takes the appropriate measures to assist the USDA, FDA and Centers for Disease Control in their efforts to keep America's food supply the safest in the world.

Mr. President, I ask consent that the full text of the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1119

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. MISREPRESENTATION OF COUNTRY OF ORIGIN OR OTHER CHARACTERISTICS OF PERISHABLE AGRICULTURAL COMMODITIES.

Section 2(5) of the Perishable Agricultural Commodities Act, 1930 (7 U.S.C. 499b(5)), is amended by adding at the end the following: "If a court of competent jurisdiction finds that a person has intentionally, or with reckless disregard, engaged in a misrepresentation described in this paragraph and the misrepresentation resulted in a serious bodily injury (as defined in section 1365(g) of title 18, United States Code) to, or death of, an individual, the person shall be guilty of a Class D felony that is punishable under title 18, United States Code."

By Mr. HATCH (for himself, Mr. LEAHY, Mr. THOMPSON, and Mr. KOHL):

S. 1121. A bill to amend Title 17 to implement the WIPO Copyright Treaty and the WIPO Performances and Phonograms Treaty; to the Committee on the Judiciary.

THE WIPO COPYRIGHT AND PERFORMANCE AND PHONOGRAMS TREATY IMPLEMENTATION ACT OF 1997

Mr. HATCH. Mr. President, today I am introducing legislation proposed by the Clinton administration to implement two important treaties that were adopted last December by the World Intellectual Property Organization (WIPO). The distinguished Ranking Member of the Judiciary Committee, Sen. LEAHY, the distinguished Senator for Tennessee, Sen. THOMPSON, and the distinguished Senator from Wisconsin, Sen. KOHL, join me as original cosponsors. I strongly support adoption of the treaties, and I am introducing this bill on behalf of the Administration as an essential step in that process. I believe that the Administration's bill provides an excellent starting point for the debate on exactly what must be changed in U.S. law in order to comply with the treaties.

The WIPO Copyright Treaty and the WIPO performances and Phonograms Treaty—completed after years of intense lobbying by the United States government—will update international copyright law for the digital age and ensure the protection of American creative products abroad. I want to commend Secretary of Commerce Bill Daley, Commissioner of Patents and Trademarks Bruce Lehman, and their staffs for their efforts in moving this important issue forward, and I welcome the opportunity to work with them during the legislative process.

The United States leads the world in the production of creative works and high-technology products—including software, movies, recordings, music, books, video games, and information. Copyright industries represent nearly 6% of the U.S. gross domestic product, and nearly 5% of U.S. employment. Yet American companies lose $18–20 billion every year due to international piracy of copyrighted works. The film industry alone estimates its annual losses due to counterfeiting in excess of $2.3 billion, even though full-length motion pictures are not yet available on the Internet. The recording industry estimates that it looses more than $1.2 billion each year due to piracy, with seizures of bootleg CDS up some 1,300 percent in 1995. These figures will only continue to grow with the recent technological developments that permit creative products to be pirated and distributed globally with the touch of a button, significantly weakening international protection for the copyrighted works that are such a critical part of this country's economic backbone and costing the U.S. economy exports and jobs.

The WIPO treaties will raise the minimum standards for copyright protection worldwide, providing the U.S. with the tools it needs to combat international piracy. But the treaties will be meaningless unless they are ratified by a large number of countries. It is therefore up to the United States to demonstrate leadership on this issue by ratifying and implementing the treaties promptly. Swift U.S. action will encourage global implementation of the WIPO treaties, and will signal U.S. determination to curb the threat that international piracy poses to U.S. jobs and the economy.

This bill takes the approach that the substantive protections in U.S. copyright law already meet the standards of the new WIPO treaties, and therefore very few changes to U.S. law are necessary in order to implement the treaties. In addition to minimal technical amendments, the treaties require signatory countries to provide legal protections against the circumvention of certain technologies that copyright owners use to protect their works and to guard against the alteration or falsification of identifying data known as copyright management information (CMI).

This "minimalist" bill is the product of much hard work by the Administration, and represents many months of negotiations among interested parties, including software companies, computer manufacturers, and the copyright community. This bill is a compromise; it does not represent any group's "wish list" for WIPO implementing legislation. The Administration has tried to craft a bill that addresses only those issues required by the treaties without altering the substantive protections and exceptions provided under U.S. copyright law or injecting extraneous issues into the treaty process. The Administration has tried to preserve the delicate balance that U.S. law already strikes between copyright owners and users, since the WIPO treaties were not intended to upset that balance.

I urge my colleagues to give this legislation serious consideration. The Judiciary Committee will begin hearings on this bill shortly. I would like to see the treaties go into effect this year, and I will try hard to meet this goal. However, the late date on which the Administration has submitted the legislation may render this goal unachievable.

In any event, we must act promptly to ratify and implement the WIPO treaties in order to demonstrate leadership on international copyright protection, so that the WIPO treaties can be implemented globally and so that further theft of our nation's most valuable creative products may be prevented.

Mr. President, I ask unanimous consent that a copy of the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1121

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That

SECTION 1. SHORT TITLE.

This Act may be cited as the "WIPO Copyright and Performances and Phonograms Treaty Implementation Act of 1997".

SEC. 2. TECHNICAL AMENDMENTS.

(a) Section 101 of Title 17, United States Code is amended—

(1) by deleting the definition of "Berne Convention work";

(2) in the definition of "The 'country of origin; of a Berne Convention work," by deleting "The 'country of origin; of a Berne Convention work,", capitalizing the first letter of the word "for", deleting "is the United States" after "For purposes of section 411,", and inserting "a work is a 'United States work' only" after "For purposes of section 411,",

(3) in subsection (1)(B) of the definition of "The 'country' of a Berne Convention work", by inserting "treaty party of parties" and deleting "nation of nations adhering to the Berne Convention";

(4) in subsection (1)(C) of the definition of "The 'country of origin' of a Berne Convention work", by inserting "is not a treaty party" and deleting "does not adhere to the Berne Convention";

(5) in subsection (1)(D) of the definition of "The 'country of origin' of a Berne Convention work", by inserting "is not a treaty party" and deleting "does not adhere to the Berne Convention";

(6) in section (3) of the definition of "The 'country of origin' of a Berne Convention work", by deleting "For the purposes of section 411, the 'country of origin' of any other Berne Convention work is not the United States";

(7) after the definition for "fixed", by inserting "The 'Gevena Phonograms Convention' is the Convention for the Protection of Producers of Phonograms Against Unauthorized Duplication of Their Phonograms, concluded at Geneva, Switzerland on October 29, 1971.";

(8) after the definition for "including"; by inserting "An 'international agreement' is—

"(1) the Universal Copyright Convention;

"(2) the Geneva Phonograms Convention;

"(3) the Berne Convention;

"(4) the WTO Agreement;

"(5) the WIPO Copyright Treaty;

"(6) the WIPO Performances and Phonograms Treaty; and

"(7) any other copyright treaty to which the United States is a party,";

(9) after the definition for "transmit", by inserting "A 'treaty party' is a country or intergovernmental organization other than the United States that is a party to an international agreement.";

(10) after the definition for "widow", by inserting "The 'WIPO Copyright Treaty' is the WIPO Copyright Treaty concluded at Geneva, Switzerland, on December 20, 1996.";

(11) after the definition for "The 'WIPO Copyright Treaty'", by inserting "The 'WIPO Performances and Phonograms Treaty' is the WIPO Performances and Phonograms Treaty concluded at Geneva, Switzerland on December 20, 1996.", and

(2) by inserting, after the definition for "work for hire", "The 'WTO Agreement' is the Agreement Establishing the World Trade Organization entered into on April 15, 1994. The terms "WTO Agreement" and "WTO member country" have the meanings given those terms in paragraph (9) and (10) respectively of section 2 of the Uruguay Round Agreements Act."

(b) Section 104 of Title 17, United States Code is amended—

(1) in section (b)(1) by deleting "foreign nation that is a party to a copyright treaty to which the United States is also a party" and inserting "treaty party";

(2) in section (b)(2) by deleting "party to the Universal Copyright Convention" and inserting "treaty party";

(3) by renumbering the present section (b)(3) as (b)(5) and moving it to its proper sequential location and inserting a new section (b)(3) and to read:

"(3) the work is a sound recording that was first fixed in a treaty party; or ";

(4) in section (b)(4) by deleting "Berne Convention work" and inserting "pictorial, graphic or sculptural work that is incorporated in a building or other structure, or an architectural work that is embodied in a building and the building or structure is located in the United States or a treaty party";

(5) by renumbering present section (b)(5) as (b)(6),

(6) by inserting a new section (b)(7) to read:

"For purposes of paragraph (2), a work that is published in the United States or a treaty party within thirty days of publication in foreign nation that is not a treaty party shall be considered first published in the United States or such treaty party as the case may be.";

and

(7) by inserting a new section (d) to read:

“(d) Effect of Phonograms Treaties.—Notwithstanding the provisions of subsection (b), no works other than sound recordings shall be eligible for protection under this title solely by virtue of the adherence of the United States to the Geneva Phonograms Convention or the WIPO Performances and Phonograms Treaty.”.

(c) Section 104A(h) of Title 17, United States Code, is amended—

(1) in paragraph (1), by deleting “(A) a nation adhering to the Berne Convention or a WTO member country, or (B) subject to a Presidential proclamation under subsection (g),” and inserting

“(A) a nation adhering to the Berne Convention,

“(B) a WTO member country;

“(C) a national adhering to the WIPO Copyright Treaty;

“(D) a nation adhering to the WIPO Performance and Phonograms Treaty, or

“(E) subject to a Presidential proclamation under subsection (g)”;

(2) paragraph (3) is amended to read as follows—

“(3) the term “eligible country” means a nation, other than the United States that—

“(A) becomes a WTO member country after the date of enactment of the Uruguay Round Agreements Act;

“(B) on the date of enactment is, or after the date of enactment becomes, a nation adhering to the Berne Convention;

“(C) adheres to the WIPO Copyright Treaty;

“(D) adheres to the WIPO Performances and Phonograms Treaty; or

“(E) after such date of enactment becomes subject to a proclamation under subsection (g)”;

(3) in paragraph (6)(C)(iii), by deleting “and” after “eligibility”;

(4) at the end of paragraph (6)(D), by deleting the period and inserting “; and”;

(5) by adding the following new paragraph (6)(E):

“(E) if the source country for the work is an eligible country solely by virtue of its adherence to the WIPO Performances and Phonograms Treaty, is a sound recording”,

(6) in paragraph (8)(B)(i), by inserting “of which” before “the majority” and striking “of eligible countries”; and

(7) by deleting paragraph (9).

(d) Section 411 of Title 17, United States Code, is amended—

(1) in subsection (a), by deleting “actions for infringement of copyright in Berne Convention works whose country of origin is not the United States and”; and

(2) in subsection (a), by inserting “United States” after “no action for infringement of the copyright in any”.

(e) Section 507(a) of title 17, United States Code, is amended by adding at the beginning, “Except as expressly provided elsewhere in this title.

SEC. 3. COPYRIGHT PROTECTION SYSTEMS AND COPYRIGHT MANAGEMENT INFORMATION.

Title 17, United States code, is amended by adding the following new chapter: “Chapter 12.—COPYRIGHT PROTECTION AND MANAGEMENT SYSTEMS

“Sec.
“1201. Circumvention of Copyright Protection Systems
“1202. Integrity of Copyright Management Information
“1203. Civil Remedies
“1204. Criminal Offenses and Penalties

“§ 1201. Circumvention of Copyright Protection Systems

“(a)(1) No person shall circumvent a technological protection measure that effectively controls access to a work protected under title 17.

“(2) No person shall manufacture, import, offer to the public, provide or otherwise traffic in any technology, product, service, device, component, or part thereof that

“(A) is primarily designed or produced for the purpose of circumventing a technological protection measure that effectively controls access to a work protected under Title 17,

“(B) has only limited commercially significant purpose or use other than to circumvent a technological protection measure that effectively controls access to a work protected under Title 17, or

“(C) is marketed by that person or another acting in concert with that person for use in circumventing a technological protection measure that effectively controls access to a work protected under Title 17.

“(3) As used in this subsection,

“(A) ‘circumvent a technological protection measure’ means to descramble a scrambled work, to decrypt an encrypted work, or otherwise to avoid, bypass, remove, deactivate, or impair a technological protection measure, without the authority of the copyright owner.

“(B) a technological protection measure ‘effectively controls access to a work’ if the measure, in the ordinary course of its operation, requires the application of information, or a process or a treatment, with the authority of the copyright owner, to gain access to the work.

“(b)(1) No person shall manufacture, import, offer to the public, provide or otherwise traffic in any technology, product, service, device, component, or part thereof that

“(A) is primarily designed or produced for the purpose of circumventing protection afforded by a technological protection measure that effectively protects a right of a copyright owner under Title 17 in a work or a portion thereof,

“(B) has only limited commercially significant purpose or use other than to circumvent protection afforded by a technological protection measure that effectively protects a right of a copyright owner under Title 17 in a work or a portion thereof, or

“(C) is marketed by that person or another acting in concert with that person for use in circumventing protection afforded by a technological protection measure that effectively protects a right of a copyright owner under Title 17 in a work or a portion thereof.

“(2) As used in this subsection,

“(A) ‘circumvent protection afforded by a technological protection measure’ means avoiding, bypassing removing, deactivating, or otherwise impairing a technological protection measure;

“(B) a technological protection measure ‘effectively protects a right of a copyright owner under Title 17’ if the measure, in the ordinary course of its operation, prevents, restricts, or otherwise limits the exercise of a right of a copyright owner under Title 17.

“(c) The importation into the United States, the sale for importation, or the sale within the United States after importation by the owner, importer or consignee of any technology, product, service, device, component, or part thereof as described in this section shall be actionable under section 1337 of Title 19.

“(d) Nothing in this section shall affect rights, remedies, limitations, or defenses to copyright infringement, including fair use, under Title 17.

“(e) This section does not prohibit any lawfully authorized investigative, protective, or intelligence activity of a law enforcement agency of the United States, a State, or a political subdivision of a State, or of an intelligence agency of the United States.

“§ 1202. Integrity of Copyright Management Information

“(a) FALSE COPYRIGHT MANAGEMENT INFORMATION.—No person shall knowingly—

(1) provide copyright management information that is false, or

(2) distribute or import for distribution copyright management information that is false, with the intent to induce, enable, facilitate or conceal an infringement of any right under Title 17.

“(b) REMOVAL OR ALTERATION OF COPYRIGHT MANAGEMENT INFORMATION.—No person shall, without the authority of the copyright owner or the law—

“(1) intentionally remove or alter any copyright management information,

“(2) distribute or import for distribution copyright management information knowing that the copyright management information has been removed or altered without authority of the copyright owner or the law, or

“(3) distribute, import for distribution, or publicly perform works, copies of works, or phonorecords knowing that copyright management information has been removed or altered without authority of the copyright owner or the law,

knowing, or, with respect to civil remedies under section 1203, having reasonable grounds to know, that it will induce, enable, facilitate or conceal an infringement of any right under Title 17.

“(c) DEFINITION.—As used in this chapter, ‘copyright management information; means the following information conveyed in connection with copies or phonorecords of a work or performances or displays of a work, including in digital form:

“(1) The title and other information identifying the work, including the information set forth on a notice of copyright;

“(2) The name of, and other identifying information about, the author of a work;

“(3) The name of, and other identifying information about, the copyright owner of the work, including the information set forth in a notice of copyright;

“(4) Terms and conditions for use of the work;

“(5) Identifying numbers or symbols referring to such information or links to such information; or

“(6) Such other information as the Register of Copyrights may prescribe by regulation, except that the Register of Copyrights may not require the provision of any information concerning the user of a copyrighted work.”

“(d) This section does not prohibit any lawfully authorized investigative, protective, or intelligence activity of a law enforcement agency of the United States, a State, or a political subdivision of a State, or of an intelligence agency of the United States.

“§ 1203. Civil Remedies

“(a) CIVIL ACTION.—Any person injured by a violation of section 1201 or 1202 may bring a civil action in an appropriate United States district court for such violation.

“(b) POWERS OF THE COURT.—In an action brought under subsection (a), the court—

“(1) may grant temporary and permanent injunctions on such terms as it deems reasonable to prevent or restrain a violation;

"(2) at any time while an action in pending, may order the impounding, on such terms as it deems reasonable, of any device or product that is in the custody or control of the alleged violator and that the court has reasonable cause to believe was involved in a violation;

"(3) may award damages under subsection (c);

"(4) in its discretion may allow the recovery of costs by or against any party other than the United States or an officer thereof.

"(5) in its discretion may award reasonable attorney's fees to the prevailing party; and

"(6) may, as part of a final judgment or decree finding a violation, order the remedial modification or the destruction of any device or product involved in the violation that is in the custody or control of the violator or has been impounded under subsection (2).

"(c) AWARD OF DAMAGES.—

"(1) IN GENERAL.—Except as otherwise provided in this chapter, a person committing a violation of section 1201 or 1202 is liable for either—

"(A) the actual damages and any additional profits of the violator, as provided by subsection (2), or

"(B) statutory damages, as provided by subsection (3).

"(2) ACTUAL DAMAGES.—The court shall award to the complaining party the actual damages suffered by the party as a result of the violation, and any profits of the violator that are attributable to the violation and are not taken into account in computing the actual damages, if the complaining party elects such damages at any time before final judgment is entered.

"(3) STATUTORY DAMAGES.—

"(A) At any time before final judgment is entered, a complaining party may elect to recover an award of statutory damages for each violation of section 1201 in the sum of not less than $200 or more than $2,500 per act of circumvention device, product, component, offer or performance of service, as the court considers just.

"(B) At any time before final judgment is entered, a complaining party may elect to recover an award of statutory damages for each violation of section 1202 in the sum of not less than $2,500 or more than $25,000.

"(4) REPEATED VIOLATIONS.—In any case in which the injured party sustains the burden of proving, and the court finds, that a person has violated section 1201 or 1202 within three years after a final judgment was entered against the person for another such violation, the court may increase the award of damages up to triple the amount that would otherwise be awarded, as the court considers just.

"(5) INNOCENT VIOLATIONS.—The court in its discretion may reduce or remit the total award of damages in any case in which the violator sustains the burden of proving, and the court finds, that the violator was not aware and had no reason to believe that its acts constituted a violation.

"§1204. Criminal Offenses and Penalties.

"(a) Any person who violates section 1201 or 1202 willfully and for purposes of commercial advantage or private financial gain shall be fined not more than $500,000 or imprisoned for not more than 5 years, or both for the first offense and shall be fined not more than $1,000,000 or imprisoned for not more than 10 years, or both for any subsequent offense."

"(b) Notwithstanding section 507(a) of this title, no criminal proceeding shall be brought under section 1204 unless such proceeding is commenced within five years after the cause of action arose."

SEC. 4. CONFORMING AMENDMENTS.

The table of chapters for Title 17, United States Code, is amended by adding at the end the following:

"12. COPYRIGHT PROTECTION AND MANAGEMENT SYSTEMS .... *1201".*

SEC. 5. EFFECTIVE DATE.

The amendments made by this Act shall take effect on the date of the enactment of this Act, except clause (5) of the definition of "international agreement" as amended by section 2(a)(8) of this Act, section 2(a)(10) of this Act, clause (C) of section 104(h)(1) of Title 17 as amended by section 2(c)(1) of this Act and clause (C) of section 104(h)(3) of Title 17 as amended by section 2(c)(2) of this Act shall take effect upon entry into force of the WIPO Copyright Treaty with respect to the United States, and clause (6) of the definition of "international agreement" as amended by section 2(a)(8) of this Act, section 2(a)(11) of this Act, section 2(b)(7) of this Act, clause (D) of section 104A(h)(1) of Title 17 as amended by section 2(c)(2) of this Act, and sections 2(c)(4) and 2(c)(5) of this Act shall take effect upon entry into force of the WIPO Performances and Phonograms Treaty with respect to the United States.

Mr. LEAHY. Mr. President, the successful adoption by the World Intellectual Property Organization [WIPO] of two new copyright treaties—one on written material and one on sound recordings—in Geneva last December was appropriately lauded in the United States. The WIPO Copyright Treaty and the WIPO Performances and Phonograms Treaty will give a significant boost to the protection of intellectual property rights around the world, and stand to benefit important American creative industries—from movies, recordings, computer software and many other copyrighted materials that are subject to piracy on-line.

According to Secretary Daley of the Department of Commerce, for the most part, "the treaties largely incorporate intellectual property norms that are already part of U.S. law." What the treaties will do is give American owners of copyrighted material an important tool to protect their intellectual property in those countries that become a party to the treaties. With an ever-expanding global marketplace, such international protection is critical to protect American companies and, ultimately, American jobs and the U.S. economy.

Over the past few months, I spoke and wrote to Secretary Daley urging him to transmit without delay the administration's proposal for implementing legislation. I am very pleased that earlier this week, the administration did so. The legislative package we received is an excellent start for moving forward, and I commend the administration, Secretary Daley and, in particular, Assistant Secretary Bruce Lehman of the Patent and Trademark Office for their hard work on this proposal.

I am glad to introduce this legislation, with Senator HATCH, on behalf of the administration. I hope we will take this matter up for hearings and further deliberation and action promptly after the recess.

In sum, this bill makes certain technical changes to conform our copyright laws to the treaties and substantive amendments to comply with two new Treaty obligations. Specifically, the treaties oblige the signatories to provide legal protections against circumvention of technological measures used by copyright owners to protect their works, and against violations of the integrity of copyright management information [CMI], which identifies a work, its author, the copyright owners and any information about the terms and conditions of use of the work. The bill adds a new chapter to U.S. copyright law to implement the anti-circumvention and CMI provisions, along with corresponding civil and criminal penalties.

Technological developments, such as the development of the Internet and remote computer information data bases, are leading to important advancements in accessibility and affordability of art, literature, music, film and information and services for all Americans. As Vinton Cerf, the coinventor of the computer networking protocol for the Internet, recently stated in The New York Times:

> The Internet is now perhaps the most global and democratic form of communications. No other medium can so easily render outdated our traditional distinctions among localities, regions and nations.

We see opportunities to break through barriers previously facing those living in rural settings and those with physical disabilities. Democratic values can be served by making more information and services available.

These methods of distribution also dramatically affect the role of copyright. Properly balancing copyright interests to encourage and reward creativity, while serving the needs of public access to works, can be a challenge. The public interest requires the consideration and balancing of such interests. In the area of creative rights that balance has rested on encouraging creativity by ensuring rights that reward it while encouraging its public performance, distribution and display.

I was glad to have played a role in the development and enactment of the Digital Performance Right in Sound Recording Act, Public Law 104-39. That legislation served in many respects as the precursor to the WIPO Treaty on performance rights adopted last December. Performance rights for sound recordings is an issue that has been in dispute for over 20 years. I was delighted in 1995 when we were finally able to enact a U.S. law establishing that right.

I believe that musicians, singers and featured performers on recordings ought to be compensated like other creative artists for the public performances of works that they create and that we all enjoy. I wanted companies that export American music not to be disadvantaged internationally by the lack of U.S. recognition of such a performance right. Most of all, I wanted to be sure that our laws be fair to all parties—to performers, musicians, songwriters, music publishers, performing rights societies, emerging companies expanding new technologies, and, in particular, consumers and the public.

I am glad to have been able to play a role in redesigning the performance right in sound recording law to meet these objectives. Our substitute, which was ultimately enacted, preserved existing rights, encouraged the development of new technologies, and promoted competition as the best protection for consumers. Working with Senator THURMOND, then chairman of the Antitrust Subcommittee, and with the help of the Antitrust Division of the Department of Justice, we were able to strengthen the bill in significant regard. I was pleased to cosponsor the substitute and to work for its passage.

I have also been supportive of copyright protection and anticircumvention legislation over the past several years and been working on ways to utilize copyright management information to protect and inform consumers.

I anticipate that at Judiciary Committee hearings on this important measure, we will examine the impact of the treaties and this implementing legislation, both domestically and internationally, on the careful balance we always strive to maintain between the authors' interest in protection along with the public's interest in the accessibility of information.

Ours is a time of unprecedented challenge to copyright protection. Copyright has been the engine that has traditionally converted the energy of artistic creativity into publicly available arts and entertainment. Historically, the Government's role has been to encourage creativity and innovation by protecting copyrights that create incentives for the dissemination to the public of new works and forms of expression. That is the tradition which I intend to continue.

Mr. KOHL. Mr. President, along with my colleagues, Senators HATCH and LEAHY, I rise in support in the WIPO Copyright and Performances and Phonograms Treaty Implementation Act of 1997. This proposal, while clearly not a final product, is nevertheless an important step forward in our ongoing battle against illegal copying of protected works—such as movies, books, musical recordings, and software. Let me also commend the administration, especially the Commerce Department and the Patent and Trademark Office, for their hard work in pushing for the underlying treaty and assembling a workable proposal to ensure the value of intellectual property.

What makes this legislation so important to our economy? Consider that the copyright industries had over $53 billion in foreign sales in 1995, surpassing every other export industry except automobiles and agriculture. Also consider that the copyright industries employ nearly 6 million people in the United States, or about 4.8 percent of our work force. But despite the tremendous contribution these businesses make to our economy, we still lose more than $15 billion each year due to foreign copyright piracy, according to some estimates. That is not only wrong; it is unacceptable.

Mr. President, we need to maintain our status as an international leader in the fight against illegal copying because many nations look to us for guidance in setting their own standards for copyright protection. And we need to show strong leadership in this area because, otherwise, some nations with troubling histories of copyright piracy will be even less likely to improve their records. This proposal moves us in the right direction.

Some of my colleagues may remember back in 1991 when I introduced similar legislation, the Motion Picture Anti-Piracy Act, to deal with the problem of video bootlegging. Although today's technology is more advanced than in 1991, the problem of unauthorized copying remains. Indeed, it has in some respects grown even worse. The spread of copying technology worldwide, including piracy that takes place with the touch of a button over the Internet, begins to explain the scope of this problem. And because the piracy problem extends across national borders, the best way to address unauthorized copying is through international agreements that go after devices deliberately designed to circumvent technological protection measures.

Mr. President, this bill generally takes the right approach. It makes it illegal to circumvent various copyright protection systems, it protects the integrity of copyright management information, and it provides for both civil and criminal penalties to deter potential violators. Some have suggested that it goes too far, while others argue that the bill does not go far enough. In any event, we should view this proposal as a point of departure rather than a final product. And we should make certain, as the measure moves forward, that it doesn't restrict products that have other beneficial uses.

Mr. President, let me make one additional point. The bill does not address the issue of online service provider liability. This issue needs to be discussed and resolved, whether as part of this legislation or separately. But it shouldn't slow down the consideration of the bill we have before us. The WIPO Implementation Act is a significant step in curbing illegal copying, and I urge my colleagues to join me in supporting it.

By Mr. KOHL (for himself, Mr. GRASSLEY, and Mr. REID):

S. 1122. A bill to establish a national registry of abusive and criminal patient care workers and to require criminal background checks of patient care workers; to the Committee on Finance.

THE PATIENT ABUSE PREVENTION ACT

Mr. KOHL. Mr. President, I rise to introduce the Patient Abuse Prevention Act, a bill to establish greater safeguards in our health care system for vulnerable Americans. I am pleased to be joined in offering this bill by Senate Committee on Aging Chairman CHARLES GRASSLEY and Senator HARRY REID.

One of the most difficult times for any family is when a senior or disabled member enters a long-term care arrangement. That family should not also be faced with the worry that the long-term care facility or its staff may pose a threat.

Whatever health care setting a family chooses, whether institutional or community-based, there should be assurances that care will be provided by trained and compassionate professionals.

Thankfully, that is the case in most facilities. But in a few cases—and that is a few cases too many—a long-term care facility hires someone who doesn't have the best interests of the patient in mind.

A disturbing number of cases have been reported where health care workers with criminal backgrounds have been cleared to work in a long-term care facility and have abused patients in their care. If only greater attention was given to discovering the background of these applicants, the abuses may have been prevented.

A recent report from the Nation's long-term care ombudsmen indicates that, in 29 States surveyed, 7,043 cases of abuse, gross neglect or exploitation occurred in nursing homes and board and care facilities.

According to a random-sample survey of nursing home staff, 10 percent admitted committing at least one act of physical abuse in the preceding year, and 40 percent committed psychological abuse. Thirty-six percent of the sample had seen at least one incident of physical abuse in the preceding year by other staff members.

These statistics may only scratch the surface of the problem. It's quite likely that the incidence of abuse is far more prevalent. In fact, the Office of Inspector General at the Department of Health and Human Services has reported that 46 percent of respondents questioned believed abuse is only sometimes or rarely reported.

Mr. President, the vast majority of health care facilities and their employees are dedicated and work hard under stressful conditions to provide the best care possible. But it only takes a few abusive staff to cast a dark shadow over what should be a healing environment.

Although some facilities run thorough background checks on prospective employees, most do not. And even if they wanted to run more complete checks, facilities are prevented due to a fractured and inefficient system.

It is far too easy for a health care worker with a criminal or abusive background to gain employment and prey on the most vulnerable patients.

Why is this? Because current State and national safeguards are inadequate to screen out abusive workers. All States are required to maintain nurse aide registries, but these registries are not comprehensive or efficiently maintained.

Many States limit their registries to nursing home aides, failing to cover home health aides, assisted living workers and hospital aides. Most States don't require criminal background checks of long-term care workers. Further, due to hit and miss investigations, many reports of abuse fall through the cracks.

The problem I find most troubling is the lack of information sharing between States about known criminal and abusive workers. There are no Federal requirements or guidelines on information sharing about abusive workers—even those who have been convicted in a court of law.

Because no national registry of abusive health care workers exists, people with histories of abuse or serious crimes in one State can simply travel to another State to find work. These workers can also move from a nursing home to home health agencies or to hospitals without ever undergoing a complete background check.

Problems also exist with reporting abuse. Rather than going through the trouble of making a report and drawing possible unwanted attention, a facility often will dismiss a worker without a report ever filed. Further, States hesitate to document problem workers due to the fact that a listing means barring a worker from nursing homes for life.

Much of the public scrutiny on patient abuse has focused on nursing homes. But this is not the only care setting that should have increased protections. Home health care has been dramatically growing as a preferred long-term care option. Yet, protections for home care recipients are even more lax than those for nursing home residents.

While I am pleased to report that some States, including Wisconsin, have begun working to establish criminal background checks and improve their registries, it is clear that effective national protections must be in place to fill the gaps in the system.

The legislation I offer today builds on recommendations by State ombudsmen programs who are the watch guards for long-term care residents. This effort is also in response to calls from consumer groups and the long-term care industry for a streamlined, accurate way to screen potential workers for abusive or criminal histories.

The Patient Abuse Prevention Act creates a national registry of abusive health care workers and requires criminal background checks for those entrusted to care for vulnerable patients.

This would enable States and employers—either by computer or by phone—to check if a potential employee has a criminal record or other problem in their past that should preclude them from caring for the infirm.

The national registry would also create a coordinated information network between States so that violators could not simply travel to another State to find work in a nursing home or other setting.

By far, the best way to stop abuse is to address the situations that lead to problem behaviors. Most studies that have looked into patient abuse indicate that better training would make a big difference. Therefore, this bill creates a demonstration program to investigate best practices in patient abuse prevention. What we learn from this program can then be disseminated by the Department of Health and Human Services and made available to all health care settings.

Mr. President, when a patient moves into a nursing home, or hires a home health care agency, they are entrusting that company with an enormous responsibility.

Any instance of patient abuse is intolerable and inadequate background checks of health care workers is inexcusable.

I believe that protecting our Nation's elderly and infirm Americans from abuse, neglect, and mistreatment should be a national priority. When senior citizens and disabled Americans check into a nursing home or other care setting, they should not have to check their right to a safe environment at the door.

I urge my colleagues to join in this effort so that all Americans can rest more comfortably knowing that their loved ones are receiving the best and safest care possible.

Mr. President, I ask that the text of the Patient Abuse Prevention Act, along with a comprehensive summary now appear in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

S. 1122

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Patient Abuse Prevention Act".

SEC. 2. ESTABLISHMENT OF NATIONAL REGISTRY OF ABUSIVE WORKERS.

(a) IN GENERAL.—The Secretary shall establish, under the health care fraud and abuse data collection program established under section 1128E of the Social Security Act (42 U.S.C. 1320a–7e), a registry to be known as the "National Registry of Abusive Workers" (hereafter referred to in this section as the "Registry") to collect and maintain data on covered health care workers (as defined in subsection (e)) who have been the subject of reports of patient abuse.

(b) SUBMISSION OF INFORMATION BY STATE REGISTRIES.—Each State registry under sections 1819(e)(2) and 1919(e)(2) of the Social Security Act (42 U.S.C. 1395i–3(e)(2) and 1396r(e)(2)) shall submit to the Registry any existing or newly acquired information contained in the State registry concerning covered health care workers who have been the subject of confirmed findings of patient abuse.

(c) SUBMISSION OF INFORMATION BY STATE.—Each State shall report to the Registry any existing or newly acquired information concerning the identity of any covered health care worker who has been found to have committed an abusive act involving a patient, including the identity of any such worker who has been convicted of a Federal or State crime as described in section 1128(a)(2)(A) of the Social Security Act (42 U.S.C. 1320a–7(a)(2)(A)). The State shall provide such workers with a right to issue a statement concerning the submission of information to the Registry under this subsection. Any information disclosed concerning a finding of an abusive act shall also include disclosure of any statement submitted by a worker in the registry relating to the finding or a clear and accurate summary of such a statement.

(d) SUBMISSION OF INFORMATION BY FACILITIES.—Each covered health care facility shall report to the State concerning a covered health care worker who has been found to have engaged in an act of patient abuse. The State shall, in accordance with the procedures described in part 483 of title 42, Code of Federal Regulations (as in effect on July 1, 1995), conduct an investigation with respect to a report under this subsection to determine the validity of such a report.

(e) BACKGROUND CHECK.—

(1) REQUIREMENTS.—

(A) IN GENERAL.—Each covered health care facility (as defined in subsection (f)), prior to employing a covered health care worker, shall—

(i) in the case of a covered health care worker who has not otherwise undergone a criminal background check as part of the licensing requirements of a State, as determined under regulations promulgated by the Secretary, provide for the conduct by the State of a criminal background check (through an existing State database (if any) and through the Integrated Automated Fingerprint Identification System) concerning such worker, and provide the worker with prior written notice of the requirement for such a background check;

(ii) obtain from a covered health care worker prior to employment a written certification that such worker does not have a criminal record, and that a finding of abuse has not been made relating to such worker, that would preclude such worker from carrying out duties that require direct patient care; and

(iii) in the case of all such workers, contact the State health care worker registries established under sections 1819(e)(2) and 1919(e)(2) which shall also contact the Registry for information concerning the worker.

(B) IMPOSITION OF FEES.—A State may assess a covered health care facility a fee for the conduct of a criminal background check under subparagraph (A)(i) in an amount that does not exceed the actual cost of the conduct of the background check. Such a facility may recover from the covered health care worker involved a fee in an amount equal to not more than 50 percent of the amount of the fee assessed by the State for the criminal background check.

(C) EFFECTIVE DATE.—The requirement in subparagraph (A)(i) shall become applicable on January 1, 1999, or on such earlier date as the Director of the Federal Bureau of Investigation determines that the Integrated Automated Fingerprint Identification System has become operational.

(2) PROBATIONARY EMPLOYMENT.—Each covered health care facility shall provide a probationary period of employment for a covered health care worker pending the completion of the background checks required under paragraph (1)(A). Such facility shall maintain direct supervision of the covered health care worker during the worker's probationary period of employment.

(3) PENALTY.—

(A) IN GENERAL.—A covered health care facility that violates paragraph (1) or (2) shall be subject to a civil penalty in an amount not to exceed—

(i) for the first such violation, $2,000; and

(ii) for the second and each subsequent violation within any 5-year period, $5,000.

(B) KNOWING RETENTION OF WORKER.—In addition to any civil penalty under subparagraph (A), a covered health care facility that—

(i) knowingly continues to employ a covered health care worker in violation of paragraph (1) or (2) in a position involving direct patient care; or

(ii) knowingly fails to report a covered health care worker who has been determined to have committed patient abuse;

shall be subject to a civil penalty in an amount not to exceed $5,000 for the first such violation, and $10,000 for the second and each subsequent violation within any 5-year period.

(f) DEFINITIONS.—In this section:

(1) COVERED HEALTH CARE FACILITY.—The term "covered health care facility" means—

(A) with respect to application under the medicare program under title XVIII of the Social Security Act (42 U.S.C. 1395 et seq.), a provider of services, as defined in section 1861(u) of such Act (other than a fund for purposes of sections 1814(g) and 1835(e));

(B) with respect to application under the medicaid program under title XIX of the Social Security Act (42 U.S.C. 1396 et seq.), any nursing facility, home health agency, community-based residential facility, adult day care center, adult family home, assisted living facility, hospice program, hospital, treatment facility, personal care worker agency, supportive home care worker agency, board and care facility, or any other entity that receives assistance or benefits under the medicaid program under that title;

(C) a facility of the National Institutes of Health;

(D) a facility of the Indian Health Service;

(F) a health center under section 330 of the Public Health Service Act (42 U.S.C. 254b);

(G) a hospital or other patient care facility owned or operated under the authority of the Department of Veterans Affairs or the Department of Defense.

(2) COVERED HEALTH CARE WORKER.—The term "covered health care worker" means any individual that has direct contact with a patient of a covered health care facility under an employment or other contract, or under a volunteer agreement, with such facility. Such term includes individuals who are licensed or certified by the State to provide such services, and non-licensed individuals providing such services as defined by the Secretary including nurse assistants, nurses aides, home health aides, and personal care workers and attendants.

(3) PATIENT ABUSE.—The term "patient abuse" means any incidence of abuse, neglect, mistreatment, or misappropriation of property of a patient of a covered health care facility. The terms "abuse", "neglect", "mistreatment", and "misappropriation of property" shall have the meanings given such terms in part 483 of title 42, Code of Federal Regulations.

(4) SECRETARY.—The term "Secretary" means the Secretary of Health and Human Services.

(g) CONSULTATION.—In carrying out this section the Secretary shall consult with the Director of the Federal Bureau of Investigation.

(h) REGULATIONS.—Not later than 6 months after the date of enactment of this Act, the Secretary shall promulgate regulations to carry out this section. With respect to subsections (b) and (c), the regulations shall call for the submission of information to the Registry not later than 30 days after the date of a conviction or on which a finding is made.

SEC. 3. EXCLUSION OF CERTAIN INDIVIDUALS FROM PARTICIPATION IN PROGRAMS.

(a) MANDATORY LIFETIME EXCLUSION.—Section 1128(a) of the Social Security Act (42 U.S.C. 1320a-7(a)) is amended by adding at the end the following:

"(5) CRIMINAL CONVICTION.—Any individual or entity that has been—

"(A) convicted, under Federal or State law, of a criminal offense involving a crime against bodily security, including homicide, battery, endangerment of safety, sexual assault, child or elder abuse, and spousal abuse; or

"(B) found to have—

"(i) knowingly continued to employ an individual described in subparagraph (A) in a position involving direct patient care; or

"(ii) knowingly failed to report an individual who has been determined to have committed a crime described in subparagraph (A).".

(b) PERMISSIVE EXCLUSION.—

(1) IN GENERAL.—Section 1128(b) of the Social Security Act (42 U.S.C. 1320a-7(b)) is amended—

(A) in subsection (b), by adding at the end the following:

"(16) FINDING RELATING TO PATIENT ABUSE.—Any individual or entity that—

"(A) is or has been the subject of a specific documented finding of patient abuse by a State (as determined under procedures utilized by a State under section 1819(e)(2) or 1919(e)(2)); or

"(B) has been found to have—

"(i) knowingly continued to employ an individual described in subparagraph (A) in a position involving direct patient care; or

"(ii) knowingly failed to report an individual who has been determined to have committed patient abuse as described in subparagraph (A)."; and

(B) in subsection (c)(3), by adding at the end the following:

"(G) In the case of an exclusion of an individual or entity under subsection (b)(16), the period of exclusion shall be determined in accordance with regulations promulgated by the Secretary based on the severity of the conduct that is the subject of the exclusion.".

(2) REGULATIONS.—Not later than 6 months after the date of enactment of this Act, the Secretary of Health and Human Services shall promulgate regulations to establish periods of exclusion for purposes of section 1128(c)(3)(G) of the Social Security Act.

(c) EXCLUSIONS APPLY TO ANY ENTITY ELIGIBLE FOR FEDERAL REIMBURSEMENT.—Section 1128 of the Social Security Act (42 U.S.C. 1320a-7) is amended by adding at the end the following:

"(j) APPLICABILITY OF CERTAIN EXCLUSIONS.—The exclusion (or direction to exclude) an individual or entity under subsections (a)(2) and (b)(16) shall provide that such individual or entity is excluded from working for or on behalf of any entity that is eligible for reimbursement under a Federal health care program, as defined in section 1128B(f).".

SEC. 4. PREVENTION AND TRAINING DEMONSTRATION PROJECT.

(a) ESTABLISHMENT.—The Secretary of Health and Human Services shall establish a demonstration program to provide grants to develop information on best practices in patient abuse prevention training (including behavior training and interventions) for managers and staff of hospital and health care facilities.

(b) ELIGIBILITY.—To be eligible to receive a grant under subsection (a), an entity shall be a public or private nonprofit entity and prepare and submit to the Secretary of Health and Human Services an application at such time, in such manner, and containing such information as the Secretary may require.

(c) USE OF FUNDS.—Amounts received under a grant under this section shall be used to—

(1) examine ways to improve collaboration between State health care survey and provider certification agencies, long-term care ombudsman programs, the long-term care industry, and local community members;

(2) examine patient care issues relating to regulatory oversight, community involvement, and facility staffing and management with a focus on staff training, staff stress management and staff supervision;

(3) examine the use of patient abuse prevention training programs by long-term care entities, including the training program developed by the National Association of Attorneys General, and the extent to which such programs are used; and

(4) identify and disseminate best practices for preventing and reducing patient abuse.

(d) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated such sums as may be necessary to carry out this section.

PATIENT ABUSE PREVENTION ACT

SECTION 1. SHORT TITLE: "PATIENT ABUSE PREVENTION ACT"

SECTION 2. CREATION OF NATIONAL REGISTRY OF ABUSIVE WORKERS

The National Registry will be established and maintained by the Department of Health and Human Services, Office of Inspector General. HHS is currently setting up a health care fraud and abuse data bank pursuant to the Health Insurance Portability and Accountability Act. This bill would increase the scope of that data bank and require active use of the registry. HHS will coordinate criminal findings and listings with the FBI.

Timeline—Within six months after the bill is enacted, HHS will establish the National Abuse Registry and publish regulations regarding submission of information from state abuse registries to the National Registry. Abuse findings will be reported to the Registry no later than 30 days following confirmation.

CONTENTS/USE OF REGISTRY

States will submit current nurse aide abuse registries to HHS following issuance of regulations on standard formats for submission.

States will expand nurse aide abuse registries to include other health care workers and personnel that have direct contact with vulnerable patients. Current state registries are limited to nurse aides, and in some states, home health aides.

The National Registry will also include all health care workers who have been convicted of an abuse, who have been subject to an abuse finding or who have a criminal record that has a bearing on the care of vulnerable patients.

Any provider hiring or employing a direct care worker would contact the state for a check on the state registry and a check of the National Registry. In addition, a criminal background check will be initiated (described below).

REPORTS OF ABUSE

Current HHS regulations require long-term care facilities to investigate and report abuses for further investigations to the appropriate state agency. This codifies that requirement.

Similarly, states must investigate patient abuse reports and contact the National Registry with any confirmed abuses.

Any finding of abuse will be submitted to the National Registry along with a statement of the person subject to the finding. Any abuse disclosure shall be accompanied by the statement.

States will also report known serious criminal convictions of health care workers outside of the health care setting to the national abuse registry. HHS will consult with the Department of Justice to address privacy concerns and to ensure coordination of the health care registry with national criminal data bank maintained by the FBI.

MANDATORY CRIMINAL BACKGROUND CHECKS

FBI criminal background checks will be required for those direct patient care workers who have not been subject to a criminal background check under state licensing requirements. This includes licensed practitioners who have not undergone a background check, nurse aides, home health aides and other workers that will have unsupervised contact with a vulnerable patient.

States will submit check requests to the FBI national criminal background check system (fingerprint checks). Because of the current backlog at FBI for fingerprint checks, the provision is delayed until no later than January 1, 1999. At that time, FBI should have the Integrated Automated Fingerprint Identification System fully operational. That system should operate within a two-day turn around and at less cost than the current manual system.

Fees: States may charge fees to cover cost of FBI check, not to exceed their cost. Facilities may split the cost of the fees with the applicant.

PENALTIES FOR NON-COMPLIANCE

If a provider fails to inquire with the state and hires a known abuser, the provider is subject to a fine of $2,000 for the first violation and $5,000 for subsequent violations. If there is willful disregard of the background check and reporting requirements, the fines increase up to $10,000.

SECTION 3. CHANGES TO CURRENT LAW EXCLUSIONS AND OBRA '87 PROVISIONS

Current law requires that only nurse aides are listed on state registries. This requirement will be expanded to cover all direct case workers.

Current law already mandates exclusion for those convicted of patient abuse or other crimes within the health care setting. This adds a prohibition to health care workers who have been convicted of the most serious crimes outside of the health care setting, including homicide, battery, sexual assault, and child, elder or spousal abuse.

Varying degrees of abuse "findings" will be allowed on state and national registry. One of the main complaints of providers and state ombudsman programs is that a "finding" of abuse equates to a "death sentence" by banning an individual from working as a nurse aide for life. Due to the severity of the ban, facilities may avoid pursuing a case and States may hesitate to aggressively pursue abuse reports that may or may not lead to a "finding." Therefore, other health facilities may be unaware of instances of abuse or mistreatment. This bill will allow HHS to issue regulations on varying degree's of findings and exclusions so that those who have had problems will be listed, but not necessarily prohibited from working for life.

DEFINITIONS

Covered Care Workers—Patient care workers who have direct assess to vulnerable patients.

Covered Health Care Facilities—those receiving Medicare or Medicaid reimbursement, such as: nursing homes, skilled nursing facilities, home health agencies, community-based residential facilities, board and care facilities, adult day care centers, adult family homes, assisted living facilities, hospice programs, and hospitals. Federal health care facilities are also subject to the requirements.

Abuse—Any finding of abuse, neglect, mistreatment of residents or misappropriation of their property as defined in current Federal regulations relating to nurse aides (CFR, Sect. 483.13 (c)(ii).

Crime—those that reflect a clear disregard for the health, well-being, safety and general welfare of other people must be prohibited from working in direct contact with vulnerable long term care residents or consumers. Current law already requires exclusion of those convicted of health care fraud and acts of abuse in the health care setting. Other crimes may be cause for exclusion under current law at the discretion of the Secretary of HHS. This bill adds a mandatory exclusion of those convicted of serious crimes that occur outside of the health care setting.

SECTION 4. ABUSE PREVENTION/TRAINING DEMONSTRATION

Because the best way to combat patient abuse is to prevent it from occurring, a new demonstration program is created to compile information on best practices in abuse prevention training for managers and staff of health care facilities. The demonstration will focus on ways to improve collaboration between state health care survey and certification agencies, long-term care ombudsman programs, the long term care industry and community members. Current patient abuse prevention training programs will be studied for effectiveness and application to other health care settings.

By Mr. HATCH (for himself, Mr. BAUCUS, Mr. D'AMATO, and Mrs. BOXER):

S. 1123. A bill to amend the Internal Revenue Code of 1986 relating to the unemployment tax for individuals employed in the entertainment industry; to the Committee on Finance

UNEMPLOYMENT OFFSET LEGISLATION

Mr. HATCH. Mr. President, I rise today to introduce legislation to correct a problem with the way unemployment benefits are currently offset when received by participants in a multiemployer pension plan.

Under our current Unemployment Compensation [UC] system States pay and administer UC benefits. The federal government shares in the cost of these benefits. Since 1980, the Federal Government has required that UC benefits be offset or reduced by any pension benefits that an individual receives from a base-period employer. A base period employer is any employer of the recipient during the 52-week period before the loss of a job.

Here is how it works. If you are involuntarily separated from the same employer that is paying your retirement benefits and your employment caused your retirement benefits to increase any unemployment compensation you may qualify for will be offset by any retirement income received for this same employer. Thus, retirement benefits received could significantly reduce or eliminate any unemployment benefits.

Mr. President, this policy was implemented, in part, to prevent employees from receiving pension benefits and qualifying for unemployment compensation from the same employment.

Unfortunately, the application of the offset requirement to participants in multiemployer pension plans can unfairly penalize some taxpayers. Under current law, all employers in a multiemployer plan group are considered base-period employers for unemployment compensation purposes. Because of this, members of a multiemployer pension plan, such as actors and actresses that return to work, even through it may be for another employer (i.e., studio), are treated as returning to work for the same employer because all entertainment industry employers are part of the same multiemployer pension plan. Thus, when they return to work in their later years and their pension is increased by a nominal amount their unemployment compensation benefits are offset by their full pension amount. This can leave some with the little or no unemployment compensation benefits.

Mr. President, to correct this, I am introducing legislation that would simply limit the unemployment benefit offset to the amount of the pension increase rather than the full pension amount received. Similar legislation has been introduced in the House by Rep. English as H.R. 841.

Mr. President, I hope we can pass this change to allow workers in multiemployer pension plans to receive the same treatment as participants in other plans.

Mr. President, I ask unanimous consent that the text of the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1123

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. INDIVIDUALS EMPLOYED IN ENTERTAINMENT INDUSTRY.

(a) IN GENERAL.—Section 3304(a)(15) of the Internal Revenue Code of 1986 (relating to reductions in tax) is amended.

(1) by striking "and" at the end of subparagraph (A),

(2) by striking the period at the end of subparagraph (B) and inserting ";and", and

(3) by adding at the end of the following:

"(C) in the case of a pension, retirement or retired pay, annuity, or other similar periodic payment under an entertainment industry plan contributed to by an employer—

"(i) such a reduction shall not be required by reason of such a payment unless—

"(I) such individual worked for such employer before the base period, and

"(II) such employer contributed to such plan an account of such individual's work for such employer before the base period, and

"(ii) subject to subparagraph (B), such reduction shall not exceed the amount (if any) of the increase referred to in subparagraph (A)(ii) in such payment which is attributable to services performed by such individual for such employer;".

(b) ENTERTAINMENT INDUSTRY PLAN AND EMPLOYER.—Section 3304 of such Code is amended by adding at the end of the following new subsection:

"(g) ENTERTAINMENT INDUSTRY PLANS AND EMPLOYERS.—For purposes of subsection (a)(15)(C)—

"(1) ENTERTAINMENT INDUSTRY PLAN.—The term 'entertainment industry plan' means any multi-employer plan substantially all of the contributions to which are made by entertainment industry employers.

"(2) ENTERTAINMENT INDUSTRY EMPLOYER.—The term 'entertainment industry employer" means any employer substantially all of the trades or businesses of which consists of either or both—

"(A) radio or television broadcasting, and

"(B) the production or distribution of visual images or sound on—

"(i) video or audiotype,

"(ii) film, or

"(iii) computer-generated or other visual for audio media,

for public dissemination (whether for entertainment, informational, commercial, educational, religious, or other purposes)."

(c) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendments made by this section shall apply to weeks beginning after December 31, 1997.

(2) SPECIAL RULE.—In the case of any State the legislature of which has not been in session for at least 30 calendar days (whether or not successive) between the date of the enaction of this Act and December 31, 1997, the amendments made by this section shall apply to weeks beginning after the date which is 30 calendar days after the first day on which such legislative is in session on or after December 31, 1997.

By Mr. KERRY (for himself and Mr. COATS):

S. 1124. A bill to amend title VII of the Civil Rights Act of 1964 to establish provisions with respect to religious accommodation in employment, and for other purposes; to the Committee on the Judiciary.

WORKPLACE RELIGIOUS FREEDOM ACT

Mr. KERRY. Mr. President, I send a bill to the desk and I ask for its appropriate referral.

Mr. President, I am introducing today a bipartisan bill, together with Senator COATS of Indiana. This is the Workplace Religious Freedom Act of 1997.

This bill would protect workers from on-the-job discrimination related to religious beliefs and practices. It represents a milestone in the protection of the religious liberties of all workers. Senator COATS and I developed this new bill based on a similar bill I introduced earlier this session.

In 1972, Congress amended the Civil Rights Act of 1964 to require employers to reasonably accommodate an employee's religious practice or observance unless doing so would impose an undue hardship on the employer. This 1972 amendment, although completely appropriate, has been interpreted by the courts so narrowly as to place little restraint on an employer's refusal to provide religious accommodation. The Workplace Religious Freedom Act will restore to the religious accommodation provision the weight that Congress originally intended and help assure that employers have a meaningful obligation to reasonably accommodate their employees' religious practices.

The restoration of this protection is no small matter. For many religiously observant Americans the greatest peril to their ability to carry out their religious faiths on a day-to-day basis may come from employers. I have heard accounts from around the country about a small minority of employers who will not make reasonable accommodation for employees to observe the Sabbath and other holy days or for employees who must wear religiously-required garb, such as a yarmulke, or for employees to wear clothing that meets religion-based modesty requirements.

The refusal of an employer, absent undue hardship, to provide reasonable accommodation of a religious practice should be seen as a form of religious discrimination, as originally intended by Congress in 1972. And religious discrimination should be treated fully as seriously as any other form of discrimination that stands between Americans and equal employment opportunities. Enactment of the Workplace Religious Freedom Act will constitute an important step toward ensuring that all members of society, whatever their religious beliefs and practices, will be protected from an invidious form of discrimination.

It is important to recognize that, in addition to protecting the religious freedom of employees, this legislation protects employers from an undue burden. Employees would be allowed to take time off only if their doing so does not pose a significant difficulty or expense for the employer. This common sense definition of undue hardship is used in the "Americans with Disabilities Act" and has worked well in that context.

We have little doubt that this bill is constitutional because it simply clarifies existing law on discrimination by private employers, strengthening the required standard for employers. Unlike the Religious Freedom Restoration Act [RFRA], which was declared unconstitutional recently by the Supreme Court, the bill does not deal with behavior by State or Federal Governments or substantively expand 14th amendment rights.

I believe this bill should receive bipartisan support. This bill is endorsed by a wide range of organizations including the American Jewish Committee, Baptist Joint Committee, Christian Legal Society, Seventh-day Adventists, National Association of Evangelicals, National Council of the Churches, National Sikh Center, and Presbyterian Churches. I ask unanimous consent that the letter from the Coalition for Religious Freedom in the Workplace, which represents all of these groups, be included in the RECORD.

I want to thank Senator COATS for joining me in this effort. I look forward to working with him to pass this legislation so that all American workers can be assured of both equal employment opportunities and the ability to practice their religion.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

S. 1124

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Workplace Religious Freedom Act of 1997".

SEC. 2. AMENDMENTS.

(a) DEFINITIONS.—Section 701(j) of the Civil Rights Act of 1964 (42 U.S.C. 2000e(j)) is amended—

(1) by inserting "(1)" after "(j)";

(2) by inserting ", after initiating and engaging in an affirmative and bona fide effort," after "unable";

(3) by striking "an employee's" and all that follows through "religious" and insert "an employee's religious"; and

(4) by adding at the end the following:

"(2) As used in this subsection, the term 'employee' includes a prospective employee.

"(3) As used in this subsection, the term 'undue hardship' means an accommodation requiring significant difficulty or expense. For purposes of determining whether an accommodation requires significant difficulty or expense—

"(A) an accommodation shall be considered to require significant difficulty or expense if the accommodation will result in the inability of an employee to perform the essential functions of the employment position of the employee; and

"(B) other factors to be considered in making the determination shall include—

"(i) the identifiable cost of the accommodation, including the costs of loss of productivity and of retraining or hiring employees or transferring employees from one facility to another, in relation to the size and operating cost of the employer;

"(ii) the number of individuals who will need the particular accommodation to a religious observance or practice; and

"(iii) for an employer with multiple facilities, the degree to which the geographic separateness or administrative or fiscal relationship of the facilities will make the accommodation more difficult or expensive.".

(b) EMPLOYMENT PRACTICES.—Section 703 of such Act (42 U.S.C. 2000e–2) is amended by adding at the end the following:

"(o)(1) As used in this subsection:

"(A) The term 'employee' includes a prospective employee.

"(B) The term 'leave of general usage' means leave provided under the policy or program of an employer, under which—

"(i) an employee may take leave by adjusting or altering the work schedule or assignment of the employee according to criteria determined by the employer; and

"(ii) the employee may determine the purpose for which the leave is to be utilized.

"(C) The term 'undue hardship' has the meaning given the term in section 701(j)(3).

"(2) For purposes of determining whether an employer has committed an unlawful employment practice under this title by failing to provide a reasonable accommodation to the religious observance or practice of an employee, an accommodation by the employer shall not be deemed to be reasonable if such accommodation does not remove the conflict between employment requirements and the religious observance or practice of the employee.

"(3) An employer shall be considered to commit such a practice by failing to provide such a reasonable accommodation for an employee if the employer refuses to permit the employee to utilize leave of general usage to remove such a conflict solely because the leave will be used to accommodate the religious observance or practice of the employee.

"(4) It shall not be a defense to a claim of unlawful employment practice under this title for failure to provide a reasonable accommodation to a religious observance or practice of an employee that such accommodation would be in violation of a bona fide seniority system if, in order for the employer to reasonably accommodate such observance or practice—

"(A) an adjustment would be made in the employee's work hours (including an adjustment that requires the employee to work overtime in order to avoid working at a time that abstention from work is necessary to satisfy religious requirements), shift, or job assignment, that would not be available to any employee but for such accommodation; or

"(B) the employee and any other employee would voluntarily exchange shifts or job assignments, or voluntarily make some other arrangement between the employees.

"(5)(A) An employer shall not be required to pay premium wages or confer premium benefits for work performed during hours to which such premium wages or premium benefits would ordinarily be applicable, if work is performed during such hours only to accommodate religious requirements of an employee.

"(B) As used in this paragraph—

"(i) the term 'premium benefit' means an employment benefit, such as seniority, group life insurance, health insurance, disability insurance, sick leave, annual leave, an educational benefit, or a pension, that is greater than the employment benefit due the employee for an equivalent period of work performed during the regular work schedule of the employee; and

"(ii) the term 'premium wages' includes overtime pay and compensatory time off, premium pay for night, weekend, or holiday work, and premium pay for standby or irregular duty.".

SEC. 3. EFFECTIVE DATE; APPLICATION OF AMENDMENTS.

(a) EFFECTIVE DATE.—Except as provided in subsection (b), this Act and the amendments made by section 2 take effect on the date of enactment of this Act.

(b) APPLICATION OF AMENDMENTS.—The amendments made by section 2 do not apply with respect to conduct occurring before the date of enactment of this Act.

COALITION FOR RELIGIOUS FREEDOM IN
THE WORKPLACE,
Washington, DC, July 31, 1997.

The Coalition for Religious Freedom in the Workplace is a broad coalition of religious and civil rights groups that has come together to promote the passage of legislation to strengthen the religious accommodation provisions of Title VII of the Civil Rights Act of 1964. We applaud Senators Dan Coats and John Kerry for their action today in introducing the Workplace Religious Freedom Act of 1997.

Current civil rights law defines the refusal of an employer to reasonably accommodate an employee's religious practice, unless such accommodation would impose an undue hardship on the employer, as a form of religious discrimination. But this standard has been interpreted far too narrowly by the courts, placing little restraint on an employer's ability to refuse to provide religious accommodation.

It is time to correct an interpretation of the law that needlessly forces upon religiously observant employees a conflict between the dictates of religious observance and the requirements of the workplace. The bipartisan effort of Senators Coats and Kerry in crafting and introducing the Workplace Religious Freedom Act sends exactly the right signal; as was the case with the Religious Freedom Restoration Act, the effort to safeguard religious liberty and fight against religious discrimination is one that should, and must, bring together Americans from a broad range of political and religious persuasions.

The Coalition for Religious Freedom in the Workplace welcomes today's introduction of the Workplace Religious Freedom Act. We look forward to working with Senators Coats, Kerry and other Members on this crucial issue as this legislation moves forward.

Mr. COATS. Mr. President, to privatize religious belief is to trivialize it. When we treat religion as purely personal—irrelevant to the way we live our lives and write our laws—this is not neutrality to religion, it is hostility to religion. The reason is simple: because faith is more than an internal belief, it is a guide to external conduct. And for religious liberty to have any meaning, government and business must accommodate that conduct, within the bounds of reason and order. Consider one case:

Ms. Jones, a line worker at Bigco Enterprises approaches her supervisor with a problem: According to her religion, she may not work on Sunday. Ms. Jones will work any other day—including Saturday evenings—without extra pay. But the mandate of her religion is absolute. If given the choice of working on Sunday or losing her job, Ms. Jones will have to resign or risk being fired. The supervisor explains that Bigco has a random shift-assignment policy which requires that every employee work the assigned shift or find a replacement worker. Unable to find a replacement worker, Ms. Jones misses two Sundays, and is fired.

Mr. President, presumably, title VII of the Civil Rights Act of 1964, which prohibits an employer from discriminating against an employee on the basis of her religion, would provide Ms. Jones some recourse. But that is not necessarily the case.

Since 1972, title VII has required an employer to make an accommodation "unless an employer demonstrates that he is unable to reasonably accommodate an employee's religious observance or practice without undue hardship." In a case such as the one described above, Mr. Jones' religious practice would not have to be accommodated, and Bigco would likely not be liable since attempting to find a replacement worker for Jones would cause Bigco to "bear more than a de minimis cost".

Under current law, Ms. Jones' religious observance would constitute an undue hardship, and Bigco would have no further obligation to Ms. Jones.

Over 60 percent of Americans consider themselves to be religious, yet, Ms. Jones' predicament is all too common in the United States. Employees who engage in seemingly common religious observances such as the Sabbath are often faced with the difficulty of breaking an employer's rule or violating a religious tenet.

As Justice Marshall explained in his dissent in the Hardison case, under the de minimis standard which the courts have adopted in religious accommodation cases, an employer "need not grant even the most minor special privilege to religious observers to enable them to follow their faith." He continues: "As a question of social policy, this result is deeply troubling, for a society that truly values pluralism cannot compel aderents of minority religions to make the cruel choice of surrendering their religion or their job."

Mr. President, I am pleased to join Senator KERRY in introducing the Workplace Religious Freedom Act to addresses this issue head-on. The goal of the act is to restore the original intent of title VII by extending to religious observers the same level of protection afforded others under Federal civil rights laws.

The act accomplishes this goal principally by applying the same standard for undue hardship to religious observance cases as are already applied in other Federal civil rights actions, such as those under the Americans with Disabilities Act and the Rehabilitation Act. Thus under this legislation, the term undue hardship is defined as an action requiring "significant difficulty or expense".

Our bill takes into account a number of factors, including: First the cost of the accommodation as determined by the costs of lost productivity and of retraining or hiring employees or transferring employees from one facility to another; second the size of the employer; third the number of employees who require the accommodation and; fourth for an employer with multiple facilities, the degree to which the geographic separateness or administrative or fiscal relationship of the facilities will make the accommodation more difficult or expensive.

The bill also provides a number of safeguards for the employer. For example, an employer is not required to provide an accommodation which will result in the inability of an employee to perform the essential functions of the job nor is an employer required to pay premium wages or additional benefits to employees requesting the accommodation if the change in schedule is instituted specifically to accommodate an employee's religious observance or practice.

The Workplace Religious Freedom Act is an important step toward restoring the original intent of title VII. Though we know that only a minority of employers refuse to make reasonable accommodations for employees to observe the Sabbath or other Holy days, the fact of the matter is that no worker in America should be forced to choose between a job and violating deeply held religious tenets. Religious discrimination in America must not be tolerated. It should be treated as seriously as any other form of discrimination.

Mr. President, let me conclude by reminding us that the best and oldest tradition of America is religious accommodation without coercion. We have no established religion in this country, and do not want one. But we must recognize and respect the important role of religion in our society. Values that come from religious faith enrich our common life. As a society, we must continue to guarantee that religious liberty. I urge my colleagues to support this important legislation.

COALITION FOR RELIGIOUS FREEDOM IN THE WORKPLACE

Agudath Israel of America
America Jewish Committee
American Jewish Congress
Americans for Democratic Action
Anti-Defamation League
Baptist Joint Committee on Public Affairs
Central Conference of American Rabbis
Christian Legal Society
Church of Scientology International
Council on Religious Freedom
General Board on Church and Society
The United Methodist Church
General Conference of Seventh-day Adventists
Guru Gobind Singh Foundation
Hadassah-WZOA
International Association of Jewish Lawyers and Jurists
Jewish Council for Public Affairs
National Association of Evangelicals
NationalCouncil of Churches
National Council of Jewish Women
National Sikh Center
North American Council for Muslim Women
People for the American Way
Presbyterian Church (USA), Washington Office
Rabbinical Council of America
Traditional Values Coalition
Union of American Hebrew Congregations
Union of Orthodox Jewish Congregations
United Synagogue of Conservative Judaism

By Ms. MOSELEY-BRAUN (for herself and Mr. DURBIN):

S. 1125. A bill to amend title 23, United States Code, to extend the discretionary bridge program; to the Committee on Environment and Public Works.

HIGHWAY BRDIGE IMPROVEMENT ACT OF 1997

Ms. MOSELEY-BRAUN. Mr. President, I am pleased to introduce the Highway Bridge Improvement Act of 1997 with my colleague from Illinois, Senator DURBIN.

This legislation would increase the authorization for the Discretionary Bridge Program from its current level of around $60 million annually to $800 million annually. This change would allow States with large bridge improvement projects to compete for discretionary grants at the Federal level.

Mr. President, in 1995 approximately 25 percent of the Nation's Interstate bridges were classified as deficient. In addition, 28 percent of the 130,000 bridges on all other arterial systems were deficient. As the Congress considers ISTEA reauthorization legislation later this year, it is vitally important that we continue the successful Highway Bridge Repair and Rehabilitation Program, and substantially increase the authorization level of the Discretionary Bridge Program.

Since its creation in 1978, the Discretionary Bridge Program has been a valuable source of funds for many States. Demand for funding under the program has vastly exceeded available resources. In 1996 alone, States submitted 29 requests totaling $650 million. The program was authorized at less than one-tenth that level.

The Highway Bridge Improvement Act would increase the authorization for the Discretionary Bridge Program to $800 million annually, allowing States to compete for discretionary bridge repair grants above and beyond their formula allocation for bridge repairs.

Mr. President, this bill does not include a set-aside for the Highway Timber Bridge Research and Demonstration Program, nor does it include a new proposal I support to create a Steel Bridge Research and Construction Program. Our legislation is a very simple statement about the importance of increasing the authorization for the Discretionary Bridge Program.

As my colleagues on the Environment and Public Works Committee draft legislation to reauthorization the Intermodal Surface Transportation and Efficiency Act, I hope they will include the timber and steel bridge set-asides, and I hope they will include the Highway Bridge Improvement Act.

I urge all of my colleagues to consider the needs of the bridges in their States, and to support this important legislation.

By Mrs. BOXER (for herself and Ms. MOSELEY-BRAUN):

S. 1126. A bill to repeal the provision in the Balanced Budget Act of 1997 relating to base periods for Federal unemployment tax purposes; to the Committee on Labor and Human Resources.

LEGISLATION TO REPEAL CERTAIN SECTION OF THE BALANCED BUDGET ACT OF 1997

Mrs. BOXER. Mr. President, I rise today to introduce a bill to repeal section 5401 of the conference report to H.R. 2015, the Balanced Budget Act of 1997. This provision, entitled "Clarifying provision relating to base periods," will have a devastating impact on hundreds of thousands of unemployed workers in California and throughout the country.

This provision, although labeled "clarifying," actually overturns a very important 3-year-old Federal court decision. A provision with such far-reaching implications for all of the working men and women in our country who are currently unemployed, or, in this era of downsizing, may become unemployed, should not be tucked away in a 1,000-plus page bill.

Let me briefly explain to my colleagues why this provision has such a devastating impact on unemployed workers. On February 21, 1997, a statewide class action suit was filed on behalf of more than 120,000 Californians who have earned sufficient wages to qualify for unemployment insurance but nevertheless must wait up to 7 months to receive their unemployment benefits. There is no question that these workers are entitled to unemployment benefits; the only issue is when the State will pay the benefits.

In order to receive unemployment benefits a worker must have earned a prescribed amount in the 12-month period prior to his unemployment. However, because many States, including my home State of California, are slow to obtain and process wage data, a worker's unemployment compensation is often not calculated based upon his most recent wages. Rather, it is often calculated based upon wages which were earned up to 7 months prior to the date the worker files a claim. For example, if a worker files a claim for benefits in January 1997, any amounts he earned after July 1996, will be disregarded because it is outside of the "base period."

This policy of delaying payment of unemployment benefits causes severe hardship to unemployed workers, pushing many of these workers on to the welfare roles. The bill I have introduced today will help enable these unemployed workers get the benefits they are due in a timely manner.

Mr. President, I ask unanimous consent that the text of the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1126

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. REPEAL OF SECTION 5401 OF BALANCED BUDGET ACT OF 1997.

(a) IN GENERAL.—Section 5401 of the Balanced Budget Act of 1997 is hereby repealed.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply for purposes of any period beginning before, on, or after the date of the enactment of this Act.

By Mr. WELLSTONE:

S. 1128. A bill to provide rental assistance under section 8 of the United States Housing Act of 1937 for victims of domestic violence to enable such victims to relocate; to the Committee on Banking, Housing, and Urban Affairs.

THE DOMESTIC VIOLENCE VICTIMS HOUSING ACT

Mr. WELLSTONE. Mr. President, I rise today to introduce legislation that will ensure that battered women have increased access to affordable housing through tenant-based rental assistance. The lack of safe, affordable housing is a major factor in forcing women to return to their violent partners, either directly from a shelter or after attempting to set up an independent home. This bill would address that important problem by providing section 8 housing certificates to low-income women who are victims of domestic violence.

Domestic violence in our society is a staggering problem. An estimated 4 million American women experience a serious assault by a husband or boyfriend each year. In 1993 alone, over 1,300 women were reportedly killed by abusive partners or former partners. Battered women are confronted with numerous obstacles in their efforts to survive and escape domestic violence. Some obstacles arise from the dynamics of abusive relationships—dependency, isolation, and fear. Economic obstacles, however, create some of the must difficult problems for women trying to leave a violent partner, including child and health care costs, and the lack of safe, affordable housing. Battered women and their children are a large proportion of the emergency shelter population. Even if shelter space is available, access to affordable housing, housing subsidies and services are needed to keep women from having to return to a violent home. A study in Michigan found that 60 percent of those who left shelters and returned to their violent partners did so because of too little affordable housing. Equally as disturbing is the fact that 50 percent of all homeless women and children in this country are fleeing domestic violence.

There have been cases brought to my attention in my home State of Minnesota where women trying to escape abusive relations could have benefited from this legislation, and we know that sadly there are many more stories from around the country.

One case involves a young mother from a small town in central Minnesota. Rachel left her child's father after suffering 2 years of abuse at his hands. She and her baby stayed in a battered women's shelter for a month until she found an apartment. After paying her rent each month, Rachel was unable to provide for her family. Seeing no other options, she returned to the home of her abuser; after a 2 month respite, he began to batter her again.

This legislation would assist women, like Rachel, fleeing abuse to get affordable housing by authorizing $50 million in funding for section 8 housing certificates. The Department of Housing and Urban Development [HUD] would allocate the resources to public housing authorities which would issue the housing certificates to domestic violence victims. Only those victims who met the other requirements of the section 8 program would be eligible. HUD estimates that this program would provide 7,500 housing units nationwide for victims of domestic violence.

Mr. President, this legislation will go a long way in removing a major roadblock for battered women who are trying to escape domestic violence—the lack of affordable housing. We need to give these women an opportunity other than living on the streets, in shelters, returning to their batterers. This legislation would provide battered women and their children an opportunity to rebuild their lives in a stable home. Furthermore, this legislation conveys the message to abusers that we will not tolerate their violence, that we will not continue to allow them to drive their victims into the shelters and the street.

I ask unanimous consent that the full text of the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1128

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Domestic Violence Victims Housing Act".

SEC. 2. DEFINITIONS.

In this Act:

(1) ABUSE.—The term "abuse" includes any act that constitutes or causes, any attempt to commit, or any threat to commit—

(A) any bodily injury or physical illness, including placing, by physical menace, another in fear of imminent serious bodily injury;

(B) any rape, sexual assault, or involuntary sexual activity, or any sexual activity with a dependent child;

(C) the infliction of false imprisonment or other nonconsensual restraints on liberty of movement;

(D) deprivation of medical care, housing, food, or other necessities of life; or

(E) mental or psychological abuse, including repeated or severe humiliation, intimidation, criticism, acts designed to induce terror, or verbal abuse.

(2) DOMESTIC VIOLENCE.—The term "domestic violence" means abuse that is committed against an individual by—

(A) a spouse or former spouse of the individual;

(B) an individual who is the biological parent or stepparent of a child of the individual subject to the abuse, who adopted such child, or who is a legal guardian to such a child;

(C) an individual with whom the individual subject to the abuse is or was cohabiting;

(D) a current or former romantic, intimate, or sexual partner of the individual; or

(E) an individual from whom the individual subject to the abuse would be eligible for protection under the domestic violence, protection order, or family laws of the applicable jurisdiction.

(3) FAMILY VICTIMIZED BY DOMESTIC VIOLENCE.—

(A) IN GENERAL.—The term "family victimized by domestic violence" means a family or household that includes an individual who has been determined under subparagraph (B) to have been subject to domestic violence, but does not include any individual described in paragraph (3) who committed the domestic violence. The term includes any such family or household in which only a minor or minors are the individual or individuals who was or were subject to domestic violence only if such family or household also includes a parent, stepparent, legal guardian, or other responsible caretaker for the child.

(B) DETERMINATION THAT FAMILY OR INDIVIDUAL WAS SUBJECT TO DOMESTIC VIOLENCE.—For purposes of subparagraph (A), a determination under this subparagraph is a determination that domestic violence has been committed, which is made by any agency or official of a State or unit of general local government (including a public housing agency) based upon—

(i) information provided by any medical, legal, counseling, or other clinic, shelter, or other program or entity licensed, recognized, or authorized by the State or unit of general local government to provide services to victims of domestic violence;

(ii) information provided by any agency of the State or unit of general local government that provides or administers the provision of social, legal, or health services;

(iii) information provided by any clergy;

(iv) information provided by any hospital, clinic, medical facility, or doctor licensed or authorized by the State or unit of general local government to provide medical services;

(v) a petition or complaint filed in a court or law or documents or records of action of any court or law enforcement agency, including any record of any protection order, injunction, or temporary or final order issued by civil or criminal courts or any police report; or

(vi) any other reliable evidence that domestic violence has occurred.

(4) PUBLIC HOUSING AGENCY.—The term "public housing agency" has the meaning given the term in section 3(b) of the United States Housing Act of 1937 (42 U.S.C. 1437a(b)).

(5) SECRETARY.—The term "Secretary" means the Secretary of Housing and Urban Development.

(6) STATE.—The term "State" means the States of the United States, the District of Columbia, the Commonwealth of Puerto Rico, the Commonwealth of the Northern Mariana Islands, Guam, the Virgin Islands, American Samoa, and any other territory or possession of the United States.

(7) UNIT OF GENERAL LOCAL GOVERNMENT.—The term "unit of general local government" has the meaning given the term in section 102(a) of the Housing and Community Development Act of 1974 (42 U.S.C. 5302(a)).

SEC. 3. AUTHORIZATION OF APPROPRIATIONS.

The budget authority under section 5(c) of the United States Housing Act of 1937 for assistance under subsections (b) and (o) of section 8 of such Act is authorized to be increased by—

(1) $50,000,000 on or after October 1, 1997; and

(2) such sums as may be necessary on or after October 1, 1998.

SEC. 4. USE OF AMOUNTS FOR HOUSING ASSISTANCE FOR VICTIMS OF DOMESTIC VIOLENCE.

(a) IN GENERAL.—Amounts available pursuant to section 3 shall be made available by the Secretary of Housing and Urban Development only to public housing agencies only for use in providing tenant-based rental assistance on behalf of families victimized by domestic violence who have left or who are leaving a residence as a result of the domestic violence.

(b) DETERMINATION.—For purposes of subsection (a), a family victimized by domestic violence shall be considered to have left or to be leaving a residence as a result of domestic violence, if the public housing agency providing rental assistance under this Act determines that the member of the family who was subject to the domestic violence reasonably believes that relocation from such residence will assist in avoiding future domestic violence against such member or another member of the family.

(c) ALLOCATION.—Amounts made available pursuant to section 3 shall be allocated by the Secretary to one or more public housing agencies that submit applications to the Secretary that, in the determination of the Secretary, best demonstrate—

(1) a need for such assistance; and

(2) the ability to use that assistance in accordance with this Act.

By Mr. WELLSTONE (for himself and Mr. DURBIN):

S. 1129. A bill to provide grants to States for supervised visitation centers; to the Committee on Labor and Human Resources.

THE SAFE HAVENS FOR CHILDREN ACT OF 1997

Mr. WELLSTONE. Mr. President, I rise today to introduce legislation that will provide safe havens for children who are members of families in which violence is a problem. I am pleased to have my distinguished colleague from Illinois, Mr. DURBIN, join me in this effort.

The prevalence of family violence in our society is staggering. Studies show that 25 percent of all violence occurs among people who are related to one another. Data also indicate that the incidence of violence in families escalates during separation and divorce. In fact, over 70 percent of women who are treated for domestic violence in emergency departments have already separated from the person who has inflicted their injuries. Many of these assaults occur in the context of child visitation. This clearly places children at risk not only of witnessing violence, but also of becoming victims of violence within their own families. Children who are exposed to violence suffer many long term effects of this exposure.

In addition to the obvious physical consequences of violence, there are innumerable psychosocial effects. For example, a child who learns from his parents, his role models, that violence is a way of resolving differences, or controlling another person, will grow up believing that it is normal to use violence in everyday interpersonal relationships. As a consequence, he will grow up believing that it is acceptable to physically hurt those people he loves the most. A young girl who watches her mother being beaten up by her father may come to understand that physical injury is just one aspect of a "normal" relationship. Children who are exposed to violence are at risk for mental health problems and substance abuse problems as they grow up. When we allow children to grow up believing that violence is normal and acceptable, we do a great deal of damage to their lives and decrease their chances for healthy futures.

In order to prevent the risk of exposure to violence, I am introducing this legislation, to provide funding for the creation of child safety centers. These centers will provide a safe environment in which children can visit with their parents without risk of being exposed to violence in the context of their family relationships. This bill will protect children from the trauma of witnessing or experiencing violence, sexual abuse, neglect, abduction, rape, or death during parent-child visitation or visitation exchanges; protect victims of violence from experiencing further violence during child visitation or visitation exchanges and will provide safe havens for children and their parents during visitation or visitation exchanges.

This act will provide grants to States to enable the states to enter into contract and cooperative agreements with public or private nonprofit entities in order to establish child safety centers. These centers will operate for the purpose of facilitating supervised visitation and visitation exchange. The services provided by the centers will be evaluated each year, so that we will learn how many people are served by the centers and what types of problems are encountered by the clients of the centers. The act will authorize appropriations of $65,000,000 for each of the fiscal years 1998 through 2000.

Mr. President, this legislation will go a long way in protecting children from family violence and in providing support for families that are experiencing violence. We need to do this to protect our children and give them the chance to grow up without believing that violence is normal.

I ask unanimous consent that the full text of the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1129

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Safe Havens for Children Act of 1997".

SEC. 2. PURPOSES.

The purposes of this Act are—

(1) to protect children from the trauma of witnessing or experiencing violence, sexual abuse, neglect, abduction, rape, or death during parent-child visitation and visitation exchanges;

(2) to protect victims of domestic violence from experiencing further violence during child visitation and visitation exchanges; and

(3) to provide safe havens for parents and children during visitation and visitation exchanges, to promote continuity and stability.

SEC. 3. FINDINGS.

Congress makes the following findings:

(1) Family violence does not necessarily cease when family victims are legally separated by divorce or otherwise not sharing a household.

(2) According to a 1996 report by the American Psychological Association, custody and visitation disputes are more frequent when there is a history of domestic violence.

(3) Family violence often escalates following separation and divorce, and child custody and visitation arrangements become the new forum for the continuation of abuse.

(4) According to a 1996 report by the American Psychological Association, fathers who batter mothers are twice as likely to seek sole custody of their children. In these circumstances, if the abusive father loses custody he is more likely to continue the threats to the mother through other legal actions.

(5) Some perpetrators of violence use the children as pawns to control the abused party and to commit more violence during

separation or divorce. In one study, 34 percent of women in shelters and callers to hotlines reported threats of kidnapping, 11 percent reported that the batterer had kidnapped the child for some period, and 21 percent reported that threats of kidnapping forced the victim to return to the batterer.

(6) Approximately 90 percent of children in homes in which their mothers are abused witness the abuse. Children who witness domestic violence may themselves become victims and exhibit more aggressive, antisocial, fearful, and inhibited behaviors. Such children display more anxiety, aggression and temperamental problems.

(7) Women and children are at an elevated risk of violence during the process of separation or divorce.

(8) Fifty to 70 percent of men who abuse their spouses or partners also abuse their children.

(9) Up to 75 percent of all domestic assaults reported to law enforcement agencies were inflicted after the separation of the couple.

(10) In one study of spousal homicide, over ½ of the male defendants were separated from their victims.

(11) Seventy-three percent of battered women seeking emergency medical services do so after separation.

(12) The National Council of Juvenile and Family Court Judges includes the option of visitation centers in their Model Code on Domestic and Family Violence.

SEC. 4. GRANTS TO STATES TO PROVIDE FOR SUPERVISED VISITATION CENTERS

(a) IN GENERAL.—The Secretary of Health and Human Services (in this Act referred to as the "Secretary") is authorized to award grants to States to enable States to enter into contracts and cooperative agreements with public or private nonprofit entities to assist such entities in establishing and operating supervised visitation centers for the purposes of facilitating supervised visitation and visitation exchange.

(b) CONSIDERATIONS.—In awarding such grants, contracts, and cooperative agreements under subsection (a), the Secretary shall take into account—

(1) the number of families to be served by the proposed visitation center to be established under the grant, contract, or agreement;

(2) the extent to which the proposed supervised visitation centers serve underserved populations; and

(3) the extent to which the applicant demonstrates cooperation and collaboration with advocates in the local community served, including the State domestic violence coalition, State sexual assault coalition, local shelters, and programs for domestic violence and sexual assault victims.

(c) USE OF FUNDS.—

(1) IN GENERAL.—Amounts provided under a grant, contract, or cooperative agreement awarded under this section shall be used to establish supervised visitation centers and for the purposes described in section 2. Individuals shall be permitted to use the services provided by the center on a sliding fee basis.

(2) APPLICANT REQUIREMENTS.—The Secretary shall award grants, contracts, and cooperative agreements under this Act in accordance with such regulations as the Secretary may promulgate. The Secretary shall give priority in awarding grants, contracts, and cooperative agreements under this Act to States that consider domestic violence in making a custody decision. An applicant awarded such a grant, contract, or cooperative agreement shall—

(A) demonstrate recognized expertise in the area of family violence and a record of high quality service to victims of domestic violence and sexual assault;

(B) demonstrate collaboration with and support of the State domestic violence coalition, sexual assault coalition and local domestic violence and sexual assault shelter or program in the locality in which the supervised visitation center will be operated; and

(C) provide long-term supervised visitation and visitation exchange services to promote continuity and stability.

(d) REPORTING AND EVALUATION.—

(1) REPORTING.—Not later than 60 days after the end of each fiscal year, the Secretary shall submit to Congress a report that includes information concerning—

(A) the number of individuals served and the number of individuals turned away from services categorized by State and the type of presenting problems that underlie the need for supervised visitation or visitation exchange, such as domestic violence, child abuse, sexual assault, emotional or other physical abuse, or a combination of such factors;

(B) the numbers of supervised visitations or visitation exchanges ordered during custody determinations under a separation or divorce decree or protection order, through child protection services, or through other social services agencies;

(C) the process by which children or abused partners are protected during visitations, temporary custody transfers and other activities for which the supervised visitation centers are created;

(D) safety and security problems occurring during the reporting period during supervised visitations or at visitation centers including the number of parental abduction cases;

(E) the number of parental abduction cases in a judicial district using supervised visitation services, both as identified in criminal prosecution and custody violations; and

(F) any other appropriate information designated in regulations promulgated by the Secretary.

(2) EVALUATION.—In addition to submitting the reports required under paragraph (1), an entity receiving a grant, contract or cooperative agreement under this Act shall have a collateral agreement with the court, the child protection social services division of the State, and local domestic violence agencies or State and local domestic violence coalitions to evaluate the supervised visitation center operated under the grant, contract or agreement. The entities conducting such evaluations shall submit a narrative evaluation of the center to both the center and the grantee.

(e) FUNDING.—

(1) IN GENERAL.—There shall be made available from amounts contained in the Violent Crime Reduction Trust Fund established under title XXXI of the Violent Crime Control and Law Enforcement Act of 1994 (42 U.S.C. 14211 et seq.), $65,000,000 for each of the fiscal years 1998 through 2000 for the purpose of awarding grants, contracts, and cooperative agreements under this Act.

(2) DISTRIBUTION.—Of the amounts made available to carry out this Act for each fiscal year, not less than 90 percent of such amount shall be used to award grants, contracts, or cooperative agreements.

(3) DISBURSEMENT.—Amounts made available under this Act shall be disbursed as categorical grants through the 10 regional offices of the Department of Health and Human Services.

By Mr. CAMPBELL (for himself and Mr. INOUYE)

S. 1130. A bill to provide for the assessment of fees by the National Indian Gaming Commission, and for other purposes; to the Committee on Indian Affairs.

THE INDIAN GAMING ENFORCEMENT AND INTEGRITY ACT

Mr. CAMPBELL. Mr. President, today I introduce the Indian Gaming Enforcement and Integrity Act of 1997. The purpose of this legislation is to reform the current regulatory fee structure administered by the National Indian Gaming Commission [NIGC], the regulatory agency responsible for monitoring and regulating Indian tribal government gaming. The essence of any regulatory agency is in its ability to monitor activities within its purview and to act decisively in enforcing violations of the law. The NIGC is no different and it has depended on regulatory assessments and Federal appropriations to carry out these vital roles.

When Congress enacted and the President signed into law, the Indian Gaming Regulatory Act [IGRA], two principal goals were sought: To provide a statutory basis for the operation of Indian gaming as a means of promoting tribal economic development, self-sufficiency, and strong tribal governments; and, second, to provide a statutory basis for the regulation of the Indian gaming industry to shield it from corrupting influences.

Since its enactment in 1988, the Indian gaming industry has grown tremendously, where today it is a multibillion dollar industry. As a result, the IGRA is beginning to provide many tribal governments with the wherewithal to provide basic services to their members. Where poverty once reigned on Indian reservations, economic opportunity now abounds. In many cases, tribal governments are able to employ large numbers of their own members, as well as non-Indians from surrounding communities. Further, it is no coincidence that in many communities around the Nation, welfare rolls have dropped and employment has risen as a direct result of tribal gaming.

The second objective of the IGRA is to provide adequate regulation to shield Indian gaming from corruption influences and to ensure the games are fair, and conducted in accordance with all applicable laws. IGRA established the National Indian Gaming Commission and empowered it to monitor Indian gaming and to regulate certain aspects of Indian gaming. The act authorizes the Commission to assess regualtory fees on these gaming activities. In addition to these assessed fees, the act authorizes an annual Federal appropriation to complement the funds available for the efficient operation of the Commission.

To date, the Commission is responsible for monitoring and regulating 273 Indian gaming establishments operated by 184 tribes in 28 States. While it attempts to keep up with this tremendous growth, the Commission is currently statutorily constrained from securing the level of funding it needs to fulfill its mandates under the law.

Current law authorizes the NIGC to assess fees on class II gaming activities at a level not to exceed $1.5 million per year. In addition to Federal appropriations of $1 million over the last 3 fiscal years, and other fees collected, the NIGC has been operating on a budget that slightly exceeds $3 million.

To further illustrate the funding dilemma of the NIGC, the Committee on Indian Affairs conducted an oversight hearing on July 10, 1997 to review the current Indian gaming regulatory fee structure. Testimony provided to the committee indicated that for fiscal year 1997, the Commission has an overall operating budget of $4.3 million which consists of, a $1 million direct appropriation, $1.5 million in fees assessed on class II tribal gaming revenue, and $1.8 million in unobligated funds from prior years. However, for fiscal year 1998 it is indicated that funds from prior year unobligated balances would be nearly depleted, resulting in a projected operational budget of $2.5 million to $3.0 million for fiscal year 1998. According to the NIGC, without additional funding reductions in staff would take place, with a commensurate decrease in its regulatory, compliance and enforcement efforts.

Further, testimony indicated that greater resources need to be available to the NIGC in order to meet their statutorily mandated responsibilities. To accomplish this the NIGC proposed expanding their collection to class III gaming activities

As a result of the hearing, I have developed legislation that reflects testimony provided by the NIGC and tribal interest. This legislation will require the NIGC to assess minimum mandatory fees on each gaming operation that conducts a gaming activity regulated under the act. In addition to these minimum fees, the Commission is authorized to assess fees on class II gaming and on class III gaming. In order to provide a reasonable fee assessment approach, the legislation provides for maximum rates of not more than 2.5 percent on the gross revenues of class II activities; and not more than .5 percent on the gross revenues of class III activities.

In addition to these maximum rates, the bill provides for a phased in approach so that fees collected on class II activities shall not exceed $5 million in fiscal year 1998, $8 million in fiscal year 1999, and $10 million in fiscal year 2000. Similarly, fees collected on class III activities shall not exceed $3 million in fiscal year 1998, $4 million in fiscal year 1999, and $5 million in fiscal year 2000.

The Commission is required to take into account its duties and the services it provides to Indian tribal gaming in setting the annual fees under the act. The legislation creates a special fund in the U.S. Treasury for amounts equal to the fees paid by the gaming operations, and requires that all amounts deposited into the special fund shall be used only to fund the activities of the Commission under the IGRA. Because the United States maintains a special relationship with the Indian tribes, and given its legitimate role in providing services to the tribes, the bill I am introducing retains a Federal appropriation to defray the costs incurred by the Commission in carrying out its duties under the IGRA.

As I have stated before, it is our obligation to make sure that we protect the interests of Native Americans and, at the same time, protect the interest of those who participate in Indian Gaming.

This legislation seeks to ensure the integrity of the Indian gaming industry by providing the tools necessary to the agency responsible for regulating this industry. That is why I urge my colleagues to join me in supporting it.

Mr. President, I ask unanimous consent that the text of the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1130

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. ASSESSMENT OF FEES.

(a) IN GENERAL.—Section 18(a) of the Indian Gaming Regulatory Act (25 U.S.C. 2717(a)) is amended—

(1) by redesignating paragraphs (4) through (6) as paragraphs (5) through (7), respectively;

(2) by striking "(a)(1)" and all that follows through the end of paragraph (3) and inserting the following:

"(a) ANNUAL FEES.—

"(1) MINIMUM REGULATORY FEES.—In addition to assessing fees pursuant to a schedule established under paragraph (2), the Commission shall require each gaming operation that conducts a class II or class III gaming activity that is regulated by this Act to pay to the Commission, on a quarterly basis, a minimum regulatory fee in an amount equal to $250.

"(2) CLASS II AND CLASS III GAMING FEES.—

"(A) CLASS II GAMING FEES.—

"(i) IN GENERAL.—The Commission shall establish a schedule of fees to be paid to the Commission that includes fees for each class II gaming activity that is regulated by this Act.

"(ii) RATE OF FEES.—For each gaming activity covered under the schedule established under clause (i), the rate of fees imposed under that schedule shall not exceed 2.5 percent of the gross revenues of that gaming activity.

"(iii) AMOUNT OF FEES ASSESSED.—Subject to paragraph (3), the total amount of fees imposed during any fiscal year under the schedule established under clause (i) shall not exceed—

"(I) $5,000,000 for fiscal year 1998;

"(II) $8,000,000 for fiscal year 1999; and

"(III) $10,000,000 for fiscal year 2000, and for each fiscal year thereafter.

"(B) CLASS III GAMING FEES.—

"(i) IN GENERAL.—The Commission shall establish a schedule of fees to be paid to the Commission that includes fees for each class III gaming activity that is regulated by this Act.

"(ii) RATE OF FEES.—For each gaming activity covered under the schedule established under clause (i), the rate of fees imposed under that schedule shall not exceed 0.5 percent of the gross revenues of that gaming activity.

"(iii) AMOUNT OF FEES ASSESSED.—Subject to paragraph (3), the total amount of fees imposed during any fiscal year under the schedule established under clause (i) shall not exceed—

"(I) $3,000,000 for fiscal year 1998;

"(II) $4,000,000 for fiscal year 1999; and

"(III) $5,000,000 for fiscal year 2000, and for each fiscal year thereafter.

"(3) GRADUATED FEE LIMITATION.—

"(A) IN GENERAL.—The aggregate amount of fees collected under paragraph (2) shall not exceed—

"(i) $8,000,000 for fiscal year 1998;

"(ii) $12,000,000 for fiscal year 1999; and

"(iii) $15,000,000 for fiscal year 2000, and for each fiscal year thereafter.

"(B) FACTORS FOR CONSIDERATION.—In assessing and collecting fees under this section, the Commission shall take into account the duties of, and services provided by, the Commission under this Act.

"(4) SPECIAL FUND.—The Secretary of the Treasury shall establish a special fund into which the Secretary of the Treasury shall deposit amounts equal to the fees paid under this subsection. The amounts deposited into the special fund shall be used only to fund the activities of the Commission under this Act.";

(3) in paragraph (5), as redesignated by paragraph (1) of this section, by striking "(5) Failure" and inserting the following:

"(5) CONSEQUENCES OF FAILURE TO PAY FEES.—Failure";

(4) in paragraph (6), as redesignated by paragraph (1) of this section, by striking "(6) To the extent" and inserting the following:

"(6) CREDIT.—To the extent"; and

(5) in paragraph (7), as redesignated by paragraph (1) of this section, by striking "(7) For purposes of this section," and inserting the following:

"(7) GROSS REVENUES.—For purposes of this section,".

(b) BUDGET OF COMMISSION.—Section 18(b) of the Indian Gaming Regulatory Act (25 U.S.C. 2717(b)) is amended—

(1) by striking "(b)(1) The Commission" and inserting the following:

"(b) REQUESTS FOR APPROPRIATIONS.—

"(1) IN GENERAL.—The Commission";

(2) by striking paragraph (2) and inserting the following:

"(2) CONTENTS OF BUDGET.—For fiscal year 1998, and for each fiscal year thereafter, the budget of the Commission may include a request for appropriations, as authorized by section 19, in an amount equal to the sum of—

"(A)(i) for fiscal year 1998, an estimate (determined by the Commission) of the amount of funds to be derived from the fees collected under subsection (a) for that fiscal year; or

"(ii) for each fiscal year thereafter, the amount of funds derived from the fees collected under subsection (a) for the fiscal year preceding the fiscal year for which the appropriation request is made; and

"(B) $1,000,000.".

SEC. 2. AUTHORIZATION OF APPROPRIATIONS.

Section 19 of the Indian Gaming Regulatory Act (25 U.S.C. 2718) is amended to read as follows:

"SEC. 19. AUTHORIZATION OF APPROPRIATIONS.

"Subject to section 18, for fiscal year 1998, and for each fiscal year thereafter, there are authorized to be appropriated to the Commission an amount equal to the sum of—

"(1)(A) for fiscal year 1998, an estimate (determined by the Commission) of the amount of funds to be derived from the fees collected under subsection (a); or

"(B) for each fiscal year thereafter, the amount of funds derived from the fees collected under subsection (a) for the fiscal year preceding the fiscal year; and

"(2) $1,000,000.".

Mr. INOUYE. Mr. President, I am pleased to join my chairman today, Senator BEN NIGHTHORSE CAMPBELL, as a cosponsor of legislation to provide for an amendment in authorizing legislation that will enable the National Indian Gaming Commission to adjust the manner in which fees are imposed on the gaming operations that are subject to regulation under the Indian Gaming Regulatory Act of 1988.

Mr. President, it has been 9 years since the Indian Gaming Regulatory Act was enacted into law. In the ensuing years, there has been a substantial increase in the number of tribal government-sponsored gaming operations, as well as a significant shift in the number of operations that are engaged in the conduct of class III gaming operations.

The bill we introduce today might be considered as companion legislation to a bill introduced earlier this week by Senator JOHN MCCAIN, and a bill that Senator CAMPBELL is developing for introduction in the fall. All three measures are intended to reflect the contemporary realities of tribal gaming and the need for a regulatory framework that can respond to the growth in Indian gaming.

Mr. President, we proceed with this separate legislation because of the pressing need to assure that the Commission is adequately funded, and that the Commission has the capacity, independent of Federal appropriations, to address a far wider array of regulatory demands than we could have anticipated in 1988.

By Mr. MACK:

S. 1131. A bill to amend the Internal Revenue Code of 1986 to permanently extend the research credit; to the Committee on Finance.

RESEARCH AND EXPERIMENTATION TAX CREDIT LEGISLATION

Mr. MACK. Mr. President, we have good reason to celebrate what we have just accomplished by passing the Taxpayer Relief Act of 1997.

We set out to help families pay for the education of their kids. It's done. We set out to provide a $500 credit for children. It's done. We set out to provide meaningful death tax relief. It's done. We set out to expand IRA's to encourage savings. It's done. We set out to provide significant capital gains relief. And it's done, too.

The Taxpayer Relief Act is a great victory for the American people. But we cannot rest on this accomplishment, when there is much else that needs to be done. I am today introducing legislation to permanently extend the research and experimentation tax credit. In the tax bill we just passed, the research and experimentation tax credit is extended a mere 13 months, to June 30, 1998. This extension is disappointing.

The research credit has provided a valuable economic incentive for U.S. companies to increase their investment in research and development in order to maintain their competitive edge in the global marketplace. A permanent extension of the research credit is critical to fast-growing research-intensive companies such as those in the computer, telecommunications, and biotechnology industries.

For these companies, an incentive to increase investment in research plays a critical role in determining whether future research projects, many of which span many years in length, are started, continued, or abandoned. The incentive benefit of the current research credit is reduced because of its temporary and uncertain nature. The bill I am today introducing will correct this problem, and make the research tax credit an incentive that our high-technology companies can count on.

By Mr. BINGAMAN:

S. 1132. A bill to modify the boundaries of the Bandelier National Monument to include the lands within the headwaters of the Upper Alamo Watershed which drain into the monument and which are not currently within the jurisdiction of a Federal land management agency, to authorize purchase or donation of those lands, and for other purposes; to the Committee on Energy and Natural Resources.

THE BANDELIER NATIONAL MONUMENT ADMINISTRATIVE IMPROVEMENT AND WATERSHED PROTECTION ACT OF 1997

Mr. BINGAMAN. Mr. President, I rise today to introduce a bill to extend the boundaries of the Bandelier National Monument. Since 1916 when President Wilson created the monument to protect the "archeological resources of a vanished people," both Congress and the President have adjusted the monument's boundaries on numerous occasions to protect these treasures, and the ecological balance within the monument. The latest example was in 1976, when Congress set aside over 70 percent of the monument to create the Bandelier Wilderness area. Because we have acted to conserve this valuable land in the past, today's visitors to the monument, the people of New Mexico and Americans from around the Nation, have a wonderful place to go to. In the same morning you can see varieties of wildlife, including herds of elk and deer, and explore the homes of early native American peoples. This bill continues that foresighted tradition of protection.

The greatest threat to the monument at this time is potential development in the upper watershed that drains into the park. Not only could this impair the esthetic experience of visitors to the monument, it could seriously harm the ecological balance within the monument. The potential for soil erosion, flooding, and siltation of streams from upstream development is of grave concern, and this bill seeks to address the problem. Under this bill the boundaries of the monument would be extended to include all of the lands which are not currently in public ownership in the upper Alamo watershed which drains into the monument.

This bill will allow the Park Service to enter into agreements with private landowners to either purchase their land, or to restrict the development of their land in order to protect the monument. I want to note that the current landowners support this, and have stated that they would like to enter into such agreements that will protect the monument for future generations. Because of this, I have written this bill to give the Park Service authority to enter into contracts with willing sellers. This bill does not give the Park Service condemnation authority.

Mr. President, because we have a situation where we can protect this treasure for generations to come with the help and cooperation of the private landowners that neighbor the monument, I am pleased to offer this bill.

Mr. President I ask unanimous consent that the text of the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1132

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled.

SECTION 1. SHORT TITLE.

This Act may be cited as the "Bandelier National Monument Administrative Improvement and Watershed Protection Act of 1997."

SEC. 2. FINDINGS AND PURPOSES.

(a) FINDINGS.—Congress finds that:

(1) Bandelier National Monument (hereinafter, the Monument) was established by Presidential proclamation on February 11, 1916, to preserve the archeological resources of a "vanished people, with as much land as may be necessary for the proper protection thereof * * *" (No. 1322; 39 Stat. 1746).

(2) At various times since its establishment, the Congress and the President have adjusted the Monument's boundaries and purpose to further preservation of archeological and natural resources within the Monument:

(A) On February 25, 1932, the Otowi Section of the Santa Fe National Forest (some 4,699 acres of land) was transferred to the Monument from the Santa Fe National Forest (Presidential Proclamation No. 1191; 17 Stat. 2503);

(B) In December 1959, 3,600 acres of Frijoles Mesa were transferred to the National Park Service from the Atomic Energy Committee (hereinafter, AEC) and subsequently added to the Monument on January 9, 1991, because of "pueblo-type archeological ruins germane to those in the Monument" (Presidential Proclamation No. 3388);

(C) On May 27, 1963, Upper Canyon, 2,882 acres of land previously administered by the AEC, was added to the Monument to preserve "their unusual scenic character together with geologic and topographic features, the preservation of which would implement the purposes" of the Monument (Presidential Proclamation No. 3539);

(D) In 1976, concerned about upstream land management activities that could result in flooding and erosion in the Monument, Congress included the headwaters of the Rito de los Frijoles and the Cañada de Cochiti Grant (a total of 7,310 acres) within the Monument's boundaries (Pub. L. 94–578; 90 Stat. 2732); and

(E) In 1976, Congress created the Bandelier Wilderness, a 23,267-acre area that covers over 70 percent of the Monument.

(3) The Monument still has potential threats from flooding, erosion, and water quality deterioration because of the mixed ownership of the upper watersheds along its western border, particularly in Alamo Canyon.

(b) PURPOSES.—The purposes of this Act are to modify the boundary of the Monument to allow for acquisition and enhanced protection of the lands within the monument's upper watershed.

SEC. 3. BOUNDARY MODIFICATION.

Effective on the date of enactment of this Act, the boundaries of the Monument shall be modified to include approximately 935 acres of land comprised of the Elk Meadows subdivision, the Gardner parcel, the Clark parcel, and the Baca Land & Cattle Co. lands within the Upper Alamo watershed as depicted on the National Park Service map entitled "Alamo Headwaters Proposed Additions" dated 06/97. Such map shall be on file and available for public inspection in the offices of the Director of the National Park Service, Department of the Interior.

SEC. 4. TRANSFER AND ACQUISITION OF LANDS.

Within the boundaries designated by this Act, the Secretary of the Interior is authorized to acquire lands (or interests in land such as he determines shall adequately protect the Monument from flooding, erosion, and degradation of its drainage waters) by donation, purchase with donated or appropriated funds, exchange, or transfer of lands acquired by other Federal agencies.

SEC. 5. ADMINISTRATION.

The Secretary of the Interior, acting through the Director of the National Park Service, shall manage the national monument, including lands added to the Monument by this Act, in accordance with this Act and the provisions of law generally applicable to units of the National Park System, including the Act of August 25, an act to establish a National Park Service (39 Stat. 535; 16 U.S.C. 1 et seq.), and such specific legislation as heretofore has been enacted regarding the Monument.

SEC. 6. AUTHORIZATION OF APPROPRIATIONS.

There is authorized to be appropriated such sums as may be necessary to carry out the purpose of this Act.

By Mrs. MURRAY (for herself, Mr. CRAIG, Mr. WYDEN, Mr. BAUCUS, Mr. MURKOWSKI, Mr. SMITH of Oregon, Mr. BURNS, Mr. GORTON, and Mr. KEMPTHORNE):

S. 1134. A bill granting the consent and approval of Congress to an interstate forest fire protection compact; to the Committee on the Judiciary.

THE NORTHWEST WILDFIRE COMPACT

Mrs. MURRAY. Mr. President, today I am introducing the Northwest Wildland Fire Protection Agreement. This compact will help our States throughout the Northwest respond more quickly and efficiently to wildfires. Senators CRAIG, WYDEN, MURKOWSKI, KEMPTHORNE, GORTON, G. SMITH, BAUCUS, and BURNS have joined me as original cosponsors because this compact affects all of our States of Washington, Oregon, Alaska, Idaho, and Montana. It establishes an agreement with the provinces of Alberta, British Columbia, and the Yukon Territory to mutually aid in prevention, pre-suppression and control of forest fires.

Mr. State's Commissioner of Public Lands, Jennifer Belcher, brought this compact to my attention. She explained how for the State of Washington, this means the Department of Natural Resources will have access to the excellent firefighting tools of British Columbia, including helicopters and other aircraft stationed close to the border. This will increase her ability to quickly mobilize forces to suppress wildfires that might otherwise get out of control.

The Washington DNR has been fighting wildfires since the early 1900's. According to a DNR Forest Fire Study, in the past 25 years, the department has fought 28,000-plus wildfires involving more than 370,000 acres of Washington forest land. In recent years, firefighting budgets have decreased and the intensity of fires has increased, with the terrible fire season of 1994 breaking the record at 79,000 acres burned in Washington. We need this compact to enable our States to better protect the life and property of our citizens.

All eight affected States and provinces have agreed to this compact. However, before the States and Provinces can legally enter this agreement, the U.S. Congress must pass enabling legislation. Congress did so in 1952 with the wildfire compact after which this legislation was patterned, which was signed by five northeastern States and eastern Provinces, and remains in effect today.

I urge my colleagues to help us move this compact through the process so our States will be poised to quickly and cost-efficiently suppress dangerous wildfires. I would also like to urge colleagues to support another compact introduced by Senator CRAIG and cosponsored by all Northwest Senators to help us join forces in cases of natural disasters.

Mr. President, I ask unanimous consent that the text of the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1134

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. CONSENT OF CONGRESS.

(a) IN GENERAL.—The consent and approval of Congress is given to an interstate forest fire protection compact, as set out in subsection (b).

(b) COMPACT.—The compact reads substantially as follows:

"THE NORTHWEST WILDLAND FIRE PROTECTION AGREEMENT

"THIS AGREEMENT is entered into by and between the State, Provincial, and Territorial wildland fire protection agencies signatory hereto, hereinafter referred to as "Members".

"FOR AND IN CONSIDERATION OF the following terms and conditions, the Members agree:

"Article I

"1.1 The purpose of this Agreement is to promote effective prevention, presuppression and control of forest fires in the Northwest wildland region of the United States and adjacent areas of Canada (by the Members) by providing mutual aid in prevention, presuppression and control of wildland fires, and by establishing procedures in operating plans that will facilitate such aid.

"Article II

"2.1 The agreement shall become effective for those Members ratifying it whenever any two or more Members, the States of Oregon, Washington, Alaska, Idaho, Montana, or the Yukon Territory, or the Province of British Columbia, or the Province of Alberta have ratified it.

"2.2 Any State, Province, or Territory not mentioned in this Article which is contiguous to any Member may become a party to this Agreement subject to unanimous approval of the Members.

"Article III

"3.1 The role of the Members is to determine from time to time such methods, practices, circumstances and conditions as may be found for enhancing the prevention, presuppression, and control of forest fires in the area comprising the Member's territory; to coordinate the plans and the work of the appropriate agencies of the Members; an to coordinate the rendering of aid by the Members to each other in fighting wildland fires.

"3.2 The Members may develop cooperative operating plans for the programs covered by this Agreement. Operating plans shall include definition of terms, fiscal procedures, personnel contacts, resources available, and standards applicable to the program. Other sections may be added as necessary.

"Article IV

"4.1 A majority of Members shall constitute a quorum for the transaction of its general business. Motions of Members present shall be carried by a simple majority except as stated in Article II. Each Member will have one vote on motions brought before them.

“Article V

“5.1 Whenever a Member requests aid from any other Member in controlling or preventing wildland fires, the Members agree, to the extent they possibly can, to render all possible aid.

“Article VI

“6.1 Whenever the forces of any Member are aiding another Member under this Agreement, the employees of such Member shall operate under the direction of the officers of the Member to which they are rendering aid and be considered agents of the Member they are rendering aid to and, therefore, have the same privileges and immunities as comparable employees of the Member to which the are rendering aid.

“6.2 No Member or its officers or employees rendering aid within another State, Territory, or Province, pursuant to this Agreement shall be liable on account of any act or omission on the part of such forces while so engaged, or on account of the maintenance or use of any equipment or supplies in connection therewith to the extent authorized by the laws of the Member receiving the assistance. The receiving Member, to the extent authorized by the laws of the State, Territory, or Province, agrees to indemnify and save-harmless the assisting Member from any such liability.

“6.3 Any Member rendering outside aid pursuant to this Agreement shall be reimbursed by the Member receiving such aid for any loss or damage to, or expense incurred in the operation of any equipment and for the cost of all materials, transportation, wages, salaries and maintenance of personnel and equipment incurred in connection with such request in accordance with the provisions of the previous section. Nothing contained herein shall prevent any assisting Member from assuming such loss, damage, expense or other cost or from loaning such equipment or from donating such services to the receiving Member without charge or cost.

“6.4 for purposes of the Agreement, personnel shall be considered employees of each sending Member for the payment of compensation to injured employees and death benefits to the representatives of deceased employees injured or killed while rendering aid to another Member pursuant to this Agreement.

“6.5 The Members shall formulate procedures for claims and reimbursement under the provisions of this Article.

“Article VII

“7.1 When appropriations for support of this agreement, or for the support of common services in executing this agreement, are needed, costs will be allocated equally among the Members.

“7.2 As necessary, Members shall keep accurate books of account, showing in full, its receipts and disbursements, and the books of account shall be open at any reasonable time to the inspection of representatives of the Members.

“7.3 The Members may accept any and-all donations, gifts, and grants of money, equipment, supplies, materials and services from the Federal or any local government, or any agency thereof and from any person, firm or corporation, for any of its purposes and functions under this Agreement, and may receive and use the same subject to the terms, conditions, and regulations governing such donations, gifts, and grants.

“Article VIII

“8.1 Nothing in this Agreement shall be construed to limit or restrict the powers of any Member to provide for the prevention, control, and extinguishment of wildland fires or to prohibit the enactment of enforcement of State, Territorial, or Provincial laws, rules or regulations intended to aid in such prevention, control and extinguishment of wildland fires in such State, Territory, or Province.

“8.2 Nothing in this Agreement shall be construed to affect any existing or future Cooperative Agreement between Members and/or their respective Federal agencies.

“Article IX

“9.1 The Members may request the United States Forest Service to act as the coordinating agency of the Northwest Wildland Fire Protection Agreement in cooperation with the appropriate agencies for each Member.

“9.2 The Members will hold an annual meeting to review the terms of this Agreement, any applicable Operating Plans, and make necessary modifications.

“9.3 Amendments to this Agreement can be made by simple majority vote of the Members and will take effect immediately upon passage.

“Article X

“10.1 This Agreement shall continue in force on each Member until such Member takes action to withdraw therefrom. Such action shall not be effective until 60 days after notice thereof has been sent to all other Members.

“Article XI

“11.1 Nothing is this Agreement shall obligate the funds of any Member beyond those approved by appropriate legislative action.”.

SEC. 2. OTHER STATES.

Without further submission of the compact, the consent of Congress is given to any State to become a party to it in accordance with its terms.

SEC. 3. RIGHTS RESERVED.

The right to alter, amend, or repeal this Act is expressly reserved.

By Mr. McCONNELL:

S. 1135. A bill to provide certain immunities from civil liability for trade and professional associations, and for other purposes; to the Committee on the Judiciary.

THE TRADE AND PROFESSIONAL ASSOCIATION FREE FLOW OF INFORMATION ACT

Mr. McCONNELL. Mr. President, I rise today to introduce the Trade and Professional Association Free Flow of Information Act, and ask my colleagues to join me by co-sponsoring this important legislation.

Our society is increasingly litigious, especially in the area of product liability. Unfortunately, complex product liability litigation ensnares trade and professional associations that do not manufacture, buy, or sell the product. America's litigation maze often traps associations who do nothing more than publish good-faith factual information for its members regarding various products.

This service is particularly helpful to small business owners who become involved in product litigation, but lack the funds to conduct expensive and time-consuming product research. Additionally, trade and professional associations help their members to avoid litigation by alerting them to critical characteristics of different products. This research and information service is clearly in the best interest of both consumers and small businesses.

My bill would acomplish three goals. First, it grants trade and professional associations limited protection from liability when acting in good faith to provide information to their members. The associations may still be held liable for fraudulently or recklessly distributing false information to their members.

Second, before information may be subpoenaed from an association, a clear case must be made that the information is vital to the case and is unavailable from any other source. Let me point out, however, that this provision does not prevent associations from being served with subpoenas. It merely ensures that the information requested is vital to a particular action and unavailable from any other source.

Finally, the bill establishes a qualified privilege between an association and its members to ensure that confidential materials can be provided for the benefit of association members. This privilege is not absolute—it may be overcome upon proof that the party seeking the materials has a compelling need for the information. This provision is based on a joint defense privilege currently recognized by state and federal courts.

Additionally, this bill includes an opt-out provision similar to the one we included in the Volunteer Protection Act, which the President recently signed into law. This provision permits a State to opt-out of the bill's coverage in any civil action in which all parties are citizens of the State.

Mr. President, the need for this bill was recently discussed in an article of the Legal Times. I ask unanimous consent that this article be published in the RECORD.

In closing, I would like to emphasize that this bill will allow associations to continue to actively disseminate valuable information to their members, while safeguarding current legal protections against fraud and abuse. The goal of the Free Flow of Information Act is one that I believe I share with a majority of my colleagues—a decrease in costly litigation coupled with an increase in the flow of information between associations and their members. I urge my colleagues to cosponsor this important legislation.

Mr. President, I ask unanimous consent that additional material be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

S. 1135

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Trade and Professional Association Free Flow of Information Act of 1997".

SEC. 2. FINDINGS; PURPOSES.

(a) Findings.—Congress finds that—

(1) trade and professional associations serve the public interest by conducting research, collecting and distributing information, and otherwise providing services to their members with regard to products and materials purchased and used by those members;

(2) in the decade preceding the date of enactment of this Act, many large class action lawsuits have been filed against manufacturers for allegedly defective products;

(3) as a result of the lawsuits referred to in paragraph (2), many members of trade and professional associations who are consumers of those products have relied increasingly on trade and professional associations for information concerning those products, including information concerning—

(A) the conditions under which such a product may be used effectively;

(B) whether it is necessary to repair or replace such a product, and if such a repair or replacement is necessary, the appropriate means of accomplishing that repair or replacement; and

(C) any litigation concerning such a product;

(4) trade and professional associations have, with an increasing frequency, been served broad and burdensome third-party subpoenas from litigants in product defect lawsuits, including class action lawsuits;

(5) members of trade and professional associations are seeking potentially beneficial information relating to product defects, quality, or performance from the trade and professional associations;

(6) trade and professional associations have been subject to lawsuits concerning methods of collection and dissemination of that information;

(7) the burden of responding to third-party subpoenas in product defect lawsuits and the threat of litigation have had a substantial chilling effect on the ability and willingness of trade and professional associations to disseminate information described in paragraph (5) to members, and the threat that information provided on a confidential basis to members could be subject to discovery in a civil action also has a chilling effect;

(8) because of the national scope of the problems described in paragraphs (1) through (7), it is not possible for States to fully address the problems by enacting State laws; and

(9) the Federal Government has the authority under the United States Constitution (including article I, section 8, clause 3 of the Constitution and the 14th amendment to the Constitution) to remove barriers to interstate commerce and protect due process rights.

(b) Purposes.—The purposes of this Act are to promote the free flow of goods and services and lessen burdens on interstate commerce in accordance with the authorities referred to in subsection (a)(9) by ensuring the free flow of information concerning product defects, quality, or performance among trade and professional associations and their members.

SEC. 2. DEFINITIONS.

In this Act:

(1) Product.—

(A) In general.—The term "product" means any object, substance, mixture, or raw material in a gaseous, liquid, or solid state that—

(i) is capable of delivery itself or as an assembled whole, in a mixed or combined state, or as a component part or ingredient;

(ii) is produced for introduction into trade or commerce;

(iii) has intrinsic economic value; and

(iv) is intended for sale or lease to persons for commercial or personal use, including improvements to real property and fixtures that are affixed or incorporated into those improvements.

(B) Exclusions.—The term does not include—

(i) tissue, organs, blood, and blood products used for therapeutic or medical purposes, except to the extent that such tissue, organs, blood, and blood products (or the provision thereof) are subject, under applicable State law, to a standard of liability other than negligence; or

(ii) electricity, natural gas, or steam.

(2) State.—The term "State" means each of the several States of the United States, the District of Columbia, and any commonwealth, territory, or possession of the United States.

(3) Trade or professional association.—The term "trade or professional association" means an organization described in paragraph (3), (4), (5), or (6) of section 501(c) of the Internal Revenue Code of 1986 that is exempt from taxation under section 501(a) of such Code.

SEC. 3. QUALIFIED EXEMPTION FROM CIVIL LIABILITY.

(a) In General.—

(1) In general.—Except as provided in subsection (b), a trade or professional association shall not be subject to civil liability relating to harm caused by the provision of information described in paragraph (2) by the trade or professional association to a member of the trade or professional association.

(2) Information.—The information described in this paragraph is information relating to a product concerning—

(A) the quality of the product;

(B) the performance of the product; or

(C) any defect of the product.

(3) Applicability.—This subsection applies with respect to civil liability under Federal or State law.

(b) Exception for Liability.—Subsection (a) shall not apply with respect to harm caused by an act of a trade or professional association that a court determines, on the basis of clear and convincing evidence, to have been caused by the trade or professional association by the provision of information described in subsection (a)(2) that the trade or professional association—

(1) knew to be false; or

(2) provided a reckless indifference to the truth or falsity of that information.

SEC. 4. SPECIAL MOTION TO STRIKE.

A trade or professional association may file a special motion to strike any claim in any judicial proceeding against the trade or professional association on the ground that the claim is based on an act with respect to which the association is exempt from liability under section 3.

SEC. 5. REQUIRED PROCEDURES REGARDING SPECIAL MOTION TO STRIKE.

(a) Treatment of Motion.—Upon the filing of any motion under section 4—

(1) to the extent consistent with this section, the motion shall be treated as a motion for summary judgment under Rule 56 of the Federal Rules of Civil Procedure (or an equivalent motion under applicable State law); and

(2) the trial court shall hear the motion within a period of time that is appropriate for preferred or expedited motions.

(b) Suspension of Discovery.—Upon the filing of a motion under section 4, discovery shall be suspended pending a decision on—

(1) the motion; and

(2) any appeal on the ruling on the motion.

(c) Burden of Proof.—The responding party shall have the burden of proof in presenting evidence that a motion filed under section 4 should be denied.

(d) Basis of Determination.—A court shall make a determination on a motion filed under section 4 on the basis of the facts contained in the pleadings and affidavits filed in accordance with this section.

(e) Dismissal.—With respect to a claim that is the subject of a motion filed under section 4, the court shall grant the motion and dismiss the claim, unless the responding party has produced evidence that would be sufficient for a reasonable finder of fact to conclude, on the basis of clear and convincing evidence, that the moving party is not exempt from liability for that claim under section 3.

(f) Costs.—If a moving party prevails in procuring the dismissal of a claim as a result of a motion made under section 4, the court shall award that party the costs incurred by the party in connection with making the motion, including reasonable attorney and expert witness fees.

SEC. 6. QUALIFIED EXEMPTION FROM THIRD-PARTY DISCOVERY.

(a) In General.—Notwithstanding any other provision of law, a trade or professional association may only be served with a subpoena in a civil action described in subsection (b) if the party that serves the subpoena first establishes to the court, by clear and convincing evidence that—

(1) the materials or information sought by the subpoena are directly relevant to the civil action; and

(2) the party serving the subpoena has a compelling need for the materials or information because the materials or information are not otherwise available.

(b) Civil Actions Described.—A civil action described in this subsection is a civil action—

(1) relating to the quality, performance, or defect of a product; and

(2) to which the trade or professional association involved is not a party.

SEC. 7. SPECIAL MOTION TO QUASH A SUBPOENA.

A trade or professional association may file a special motion to quash a subpoena on the grounds that the trade or professional association is exempt from any third-party discovery request under section 6.

SEC. 8. REQUIRED PROCEDURES REGARDING SPECIAL MOTION TO QUASH.

(a) In General.—Upon the filing of any motion under section 7, the trial court shall hear the motion within the period of time that is appropriate for preferred or expedited motions.

(b) Suspension of Compliance.—Upon the filing of a motion under section 7, the court shall not compel compliance with the subpoena during the period during which—

(1) the motion is under consideration; or

(2) an appeal on the determination by the court to deny the motion has not resulted in a final ruling by the court on the appeal.

(c) Burden of Proof.—The responding party shall have the burden of proof in presenting evidence that a motion filed under section 7 should be denied.

(d) Basis of Determination.—A court shall make a determination on a motion filed under section 7 on the basis of the facts contained in the pleadings and affidavits filed in accordance with this section.

(e) QUASHING A SUBPOENA.—The court shall grant a motion filed under section 7 and quash the subpoena that is the subject of the motion, unless the responding party proves, by clear and convincing evidence, that the trade or professional association that received the subpoena is not exempt from responding to the subpoena under section 6.

(f) COSTS.—If a trade or professional association prevails in procuring the quashing of a subpoena as a result of a motion made under section 7, the court shall award the trade or professional association the costs incurred by that trade or professional association in connection with making the motion, including reasonable attorney and expert witness fees.

SEC. 9. RIGHT TO OBJECT UNDER RULE 45 OF THE FEDERAL RULES OF CIVIL PROCEDURE.

Nothing in this Act may be construed to impair the right of a trade or professional association to serve written objections under rule 45(c)(2)(B) of the Federal Rules of Civil Procedure, or any similar rule or procedure under applicable State law.

SEC. 10. QUALIFIED ASSOCIATION-MEMBER PRIVILEGE.

(a) IN GENERAL.—Except as provided in subsection (b), a member of a trade or professional association shall not be required to disclose any information described in section 3(a)(2), including any materials containing that information, that—

(1) relates to actual or anticipated litigation involving the quality, performance, or defect of a product;

(2) is considered to be confidential by the trade or professional association and that member; and

(3) is communicated by the trade or professional association with the reasonable expectation that the information will—

(A) be used in connection with actual or anticipated litigation; and

(B) be maintained in confidence.

(b) EXCEPTION.—Subsection (a) does not apply in any action in which a party seeking information described in that subsection has established to a court, by clear and convincing evidence, that—

(1) the materials or information sought are directly relevant to an action filed by that party; and

(2) the party has a compelling need for the information because the information is not otherwise obtainable.

SEC. 11. ELECTION OF STATE REGARDING NONAPPLICABILITY.

This Act shall not apply to any civil action in a State court with respect to which all of the parties are citizens of that State, if that State enacts, pursuant to applicable State law, a State statute that—

(1) cites the authority of this section;

(2) specifies that the State elects to be exempt from the requirements of this Act pursuant to this section; and

(3) contains no other provisions.

SEC. 12. PREEMPTION; APPLICABILITY.

(a) PREEMPTION.—This Act supersedes the laws of any State to the extent such State laws apply to matters to which this Act applies.

(b) APPLICABILITY.—Except as provided in section 11, and subject to subsection (a), this Act applies to any civil action that is pending or commenced in a Federal or State court, on or after the date of enactment of this Act.

[From the Legal Times, July 28, 1997]

LIMITING LIABILITY—TRADE GROUPS BACK BILL AIMED AT SHIELDING THEM FROM SUITS OVER ADVICE TO MEMBERS

(By T.R. Goldman)

In the fall of 1987, Kenneth Halpern dove into his backyard swimming pool in Mobile, Ala., broke his neck on the pool bottom, and set off a chain of litigation that would send shock waves through the trade association community for years.

Halpern was paralyzed in the dive and died less than a year later. The suit seeking restitution for his death named the pool's builder as a defendant. But Halpern's suit went one step further, also naming as a defendant the pool builders' trade group, the National Spa and Pool Institute.

Unfortunately for the trade group, the Alabama Supreme Court in 1990 bought Halpern's argument, at least in part. By disseminating standards for pool construction to its members, the court reasoned, the trade group opened itself to potential liability for injuries caused in a pool.

While the Pool Institute was not ultimately found liable for Halpern's death, the group spent hundreds of thousands of dollars proving that its standards were in fact sufficient to prevent injury. And the case left behind a menacing state precedent for trade groups of all stripes, leaving them vulnerable to all manner of liability suits.

Earlier this year, with the Alabama pool case and others like it in mind, the trade association world called on Capitol Hill for a legislative fix.

Their savior, they hope, will be Rep. Sonny Bono, the Palm Springs, Calif., Republican who in May introduced the Trade and Professional Association Free Flow of Information Act.

Bono's bill would set a national standard shielding associations from lawsuits when providing information and technical advice to their members. It would also allow associations to refuse to respond to subpoenas—unless the information is available only from the trade group and nowhere else.

The bill would also set up a type of privilege between a trade association and its members so that the confidentiality of documents flowing between the two would be assured.

That's vitally important, explains General Counsel Daniel Durden of the National Association of Home Builders, because the fear of litigation has a chilling effect on the industrywide mediation efforts trade associations are often ideally situated to oversee.

Take, for example, a widget installed in homes across the country. Five years later, the widget fails, due to a design flaw. "The manufacturer of the widget gets sued, and the people who put them in their homes—our members—get sued," Durden says. "And if it's a widespread problem, our members will call us and say, 'What can you do for us?'

"We can play a role in negotiating among the builders, manufacturers, and potentially the insurance companies in coming up with a stopgap measure, so the consumer of the widget doesn't file suit," adds Durden, whose group is actively supporting the Bono bill.

But if the association gets involved in trying to find a settlement, any information shared with it may no longer be privileged, Durden says. And that, in turn, can dissuade members from sharing information.

"The idea is that by acting in a fashion that forwards a resolution, an association shouldn't get slammed," he says.

Trial lawyers, of course, are deeply offended by the notion that certain potential defendants should be off-limits, and are vigorously opposed to the Bono bill.

"No association, corporation, or individual should be immunized for responsibility for the injuries they cause," Howard Twiggs, outgoing president of the Association of Trial Lawyers of America, said through a spokesman. "No citizen should be denied the opportunity to hold wrongdoers responsible for their actions."

Traditionally courts have held that a trade group was obligated only to its members, not to the general public, for the accuracy and quality of the standards it promulgates for its members. After all, the groups argued, they could not properly be held responsible if a builder failed to follow their guidelines.

But the Alabama Supreme Court ruling changed all that, by holding in King v. National Spa and Pool Institute that the trade association did in fact have a "duty" to the public—regardless of whether it had control over its members' behavior. (The named plaintiff is Barbara King, the administrator of Halpem's estate.)

"What this case says is that if you put our standards and somebody uses them, then you can be hauled into court and made to show you used due care in producing them," complains David Karmol, general counsel and chief lobbyist of the Alexandria, Va.-based Spa and Pool Institute.

"We did use due process. We got comments from outsiders, from the Consumer Product Safety Commission," says Karmol, adding that his group has been disseminating pool standards for 40 years. "The point is, we did all the right things. But if you have to prove that in court that you did all the right things, you've already lost. We spent half a million dollars winning. I don't know how many associations can afford to win many half-million dollar cases on a regular basis."

No shortage of groups have been called upon to try.

According to Gerard Jacobs, a co-managing partner in the D.C. office of Chicago's Jenner & Block, trade associations are increasingly being hauled into court as defendants. "I can tell you that Jenner & Block has a dozen such cases," says Jacobs. "Higher than it's ever been."

Adds James Clarke, chief lobbyist at the American Society of Association Executives, which is actively supporting Bono's legislation: "Groups are more and more fearful that litigation will tie them up like pretzels."

BACK PAIN

Among the hardest hit have been four trade associations that deal with spinal surgery—and are implicated in hundreds of tort claims against the so-called "pedicle screw," an orthopedic device officially approved by the Food and Drug Administration only for use in arm and leg bone operations, though it is widely used in the pedicles of the vertebrae during back surgery as well.

According to hundreds of suits filed in recent years, the Illinois-based North American Spine Society allegedly conspired with pedicle screw manufacturers to help them illegally promote their products for uses not approved by the FDA.

"Because we accepted money from exhibitors for exhibit space, charged them with a registration fee, and got some research funding from them—and then turned around and let certain doctors whom [trial lawyers] call product promotors give talks at our annual meeting . . . we allegedly defrauded our own members into thinking these things were safe," complains Eric Muehlbauer, executive director of the Spine Society.

"That's ludicrous," he argues. "Why would we defraud our own members? We were a forum provider, that's all."

Muehlbauer says more than 500 individuals have sued the trade group for promoting the use of an "unreasonably dangerous" product. "Plaintiffs attorneys are giving each other seminars on how to promote these lawsuits," he says, adding that complaints have also been filed against the American Academy of Orthopedic Surgeons, the American Association of Neurological Surgeons, and the Scoliosis Research Society.

But, counters plaintiffs attorney Arnold Levin, by accepting money from pedicle screw vendors, the Spine Society becomes a legitimate defendant. "By hosting the manufacturers, by giving comfort to them, aiding and assisting them, they became part of the selling arm, they became part of the manufacturer," says Levin, a partner in Philadelphia's Levin, Fishbein, Sedran & Berman, which is litigating the issue.

"And they were trading in a product that hadn't been approved for that use by the FDA," he adds.

STANDARD PROCEDURE

Down in Alabama, which has a reputation as one of the most favorable places in America for the plaintiffs' bar, trial lawyer Richard Cunningham of Mobile's Cunningham, Bounds, Yance, Crowder & Brown says trade associations are not always the neutral, consumer-friendly forces they often claim to be.

Earlier this month, Cunningham won a potentially multibillion dollar class action in a Mobile County, Ala., circuit court against the Masonite Corp. for installing faculty hard-board siding in more than four million homes. He says many trade associations are not at all interested in consumers, and have nothing more than their members' interests at heart.

"The real problem is when you have a trade association controlled by an industry and they intentionally promulgate minimal standards which do not impose any burden on the industry and do not create a safe product," he says.

"The state of the art standard for the industry could be much higher than the minimal standards set, but it will cost them much more money to meet that higher standard," Cunningham continues."But the industry can use the minimal standards to say, 'We were not negligent, we met the existing standard of care.' In fact, there may have been a collusive effort between industry on the whole and the trade association to establish ineffective standards."

That wasn't necessarily the case in the Masonite decision, which includes a minimum of $47.5 million in legal fees for the dozen or so law firms that took part in the class action. But during the course of litigation, a subpoena was issued to the Palatine, Ill.-based American Hardboard Association for information about the testing of certain hardboard products.

"It is the practice of trial lawyers to go fishing at trade association folks to see if there's anything negative in the files, or whether the association ever warned about this or that happening," says Karmol of the Spa and Pool Institute, making the case for a legislative remedy.

"There's an argument to be made that if associations are to advance the public interest, and allow members to talk about things to avoid similar situations in the future, there ought to be some kind of protection."

In fact, Karmol conçedes, the number of times the institute has been named in a lawsuit has not increased over time. "But I attribute that to our aggressive defense. Most trial lawyers are looking for defendants who will role over and kick in $100,000 to a settlement," he says.

While it appears that nothing short of legislation will stop associations from being drawn into court, those who have represented such groups in these cases say there are ways to avoid worsening their plight once there, including maintaining a judicious level of discretion.

If you don't want the court to construe that you have a duty to the public, and hence can be targeted in a lawsuit, don't brag to them about the information you disseminate, says Jacobs, the Jenner & Block partner. And make sure your standards are more than sufficient.

"Do your due diligence," counsels Jacobs. "and don't crow to consumers about the value of your program if it is designed to assist members. It's much more difficult [to defend yourself] when you make pronouncements at large."

Meanwhile, while the Bono legislation will undoubtedly face stiff opposition in Congress—the trial lawyers remains a formidable foe—supporters are cheered that at least the issue is now getting some attention.

"It's in its infancy," acknowledges the ASAE's Clarke, referring to the proposed legislation. "But there will be lots of work and lots of efforts in this area. We don't want it to be seen as open season on associations."

By Mr. DURBIN:

S. 1136. A bill to amend the Employee Retirement Income Security Act of 1974 to provide that the State preemption rules shall not apply to certain actions under State law to protect health insurance policyholders; to the Committee on Labor and Human Resources.

THE EMPLOYEE HEALTH INSURANCE ACCOUNTABILITY ACT

Mr. DURBIN. Mr. President, I rise today to introduce the Employee Health Insurance Accountability Act of 1997. This measure will hold employer-sponsored health maintenance organizations accountable for patient injuries that result from their decisions regarding a patient's medical care.

Due to a loophole in the Employer Retirement Income Security Act of 1974 [ERISA], employer-sponsored health plans can escape responsibility for the effect their treatment decisions have on their patients' health. Many courts have held that ERISA preempts State lawsuits against the entities that provide employee benefits and retirement plans. This includes medical malpractice suits against an employer-sponsored HMO.

There are two primary victims under the current system. The first victims are the patients who are injured, because they are wrongfully denied treatment services by their employer-sponsored HMO's. Let me tell you just one story:

Due to her history of high-risk pregnancies, Ms. Florence Corcoran's physician determined that she should be hospitalized during the waning weeks of her pregnancy. Her employer-sponsored HMO disagreed and only authorized 10 hours a day of home nursing care. While the nurse was off-duty, Ms. Corcoran's unborn child suffered distress and died. Ms. Corcoran sued her employer-sponsored HMO, but the court held that ERISA preempted her claim. Ms. Corcoran, therefore, will never obtain proper redress for the death of her unborn child and her HMO will never be held accountable. She can only sue her doctor—not her employer-sponsored HMO—even though her doctor was not at fault.

Ms. Corcoran and others like her cannot bring suit in State court where they should rightfully receive redress for their losses. Instead, they are forced to sue in Federal court where they can only receive the cost of the medical benefit they were denied. In short, Ms. Corcoran's unborn child died needlessly, and the only penalty to the HMO is the few hundred dollars it would have cost to properly hospitalize her.

As Newsweek observed, if "there's no financial penalty when [employer-sponsored] health plans are negligent, what's to stop these profit-driven creatures from delivering inadequate medical care?"

The other victims of the current system are the doctors who end up in court and are left holding the bag for the actions of the employer-sponsored HMO's. To quote the Chicago Tribune, "[HMOs], which care for more than 60 million people, are telling courts across the country that they cannot be held responsible for medical malpractice in cases involving patients who receive care through an employer-sponsored health plan * * *. HMOs are shifting virtually all of the risk of patient care to physicians, even though the HMO's can force doctors to change their clinical decisions."

Again, let me demonstrate with a real life example:

Mr. Basile Pappas was suffering from numbness in his arms and was unable to walk, so he sought treatment at a local community hospital at 11 a.m. The emergency room doctor on staff made a difficult diagnosis and determined that Mr. Pappas had a cervical epidural abscess, a condition that was compressing his spinal cord. The emergency room doctor correctly concluded that unless Mr. Pappas was treated immediately by a spinal cord trauma unit he could suffer severe paralysis.

At 12:30 p.m. the emergency room doctor made arrangements to transfer Mr. Pappas to a local university hospital, the only hospital in the area with such a trauma unit. Mr. Pappas' employer-sponsored HMO, however, would not allow Mr. Pappas to be transferred to the university hospital because it was not part of his service plan. Even after the emergency room doctor explained to the employer-sponsored HMO the urgency of the situation, the HMO refused. Indeed, the employer-sponsored HMO's physician who denied the treatment request refused to even speak to the emergency room doctor.

The emergency room doctor expeditiously made other arrangements to transfer Mr. Pappas to a hospital with the appropriate facilities that could admit Mr. Pappas. Nonetheless, Mr. Pappas was not treated until 3:30 p.m. and now suffers from permanent quadripliegia resulting from compression of his spine by the abscess. A court determined that the employer-sponsored HMO was immune from liability due to ERISA, but the hospital and Mr. Pappas' physicians were left paying for Mr. Pappas' injuries although they had little to no culpability.

Congress clearly never intended ERISA to remove all consumer protection nor for it to be used as a tool by employer-sponsored HMO's to shirk their responsibilities. My bill, therefore, amends section 514(b) of ERISA to clarify that State medical malpractice suits against an employer-sponsored HMO are not preempted by Federal law.

The Employee Health Insurance Accountability Act resolves the current problem by doing three things:

First, the measure holds employer-sponsored health insurance plans accountable for the consequences of their treatment rules and coverage determinations. This will increase patient protection, and create a powerful incentive for employer-sponsored HMO's to provide necessity care.

Second, the measure provides patients with legal redress when their employer-sponsored HMO's treatment rules and coverage determinations cause them harm. Victims like Ms. Corcoran will no longer be left without the opportunity to seek just reparations for their injuries. And

Finally, the measure reduces the likelihood that doctors will be sued for coverage determinations beyond their control. They will no longer face lawsuits simply because injured patients cannot properly hold their employer-sponsored HMO accountable.

Thank you Mr. President for the opportunity to introduce this important initiative. I hope my colleagues will join with me and support the Employee Health Insurance Accountability Act in order to ensure that employer-sponsored HMO's can no longer escape liability for their actions.

Mr. President, I ask unanimous consent that a copy of the legislation be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Employee Health Insurance Accountability Act of 1997".

SEC. 2. FINDINGS AND PURPOSES.

(a) FINDINGS.—Congress finds that—

(1) employer-sponsored health insurers' treatment rules and coverage determinations affect patients' receipts of health care by restricting the health services that are available to patients;

(2) physicians' behavior is affected by employer-sponsored health insurers' treatment and coverage determinations;

(3) medical malpractice is almost exclusively within the jurisdiction of the States;

(4) section 514(a) of the Employer Retirement Income Security Act of 1974 (29 U.S.C. 1144(a) ("ERISA")) generally preempts State lawsuits against the entities that provide employee benefits and retirement plans while allowing lawsuits against physicians;

(5) there is a split among the United States Courts of Appeals on whether ERISA preempts medical malpractice suits against employer-sponsored health insurers;

(6) in the jurisdictions in which the Courts of Appeals have held that ERISA preempts medical malpractice suits against employer-sponsored health insurers, patients who may have been injured due to their employer-sponsored health insurers' treatment and coverage determinations have been left without a right of action under which to bring a lawsuit to seek just redress for their injuries; and

(7) it is, therefore, necessary to amend ERISA to clarify that State medical malpractice suits against an employer-sponsored health insurer are not preempted.

(b) PURPOSES.—The purposes of this Act are as follows:

(1) To restore accountability to employer-sponsored health insurers for the impact of their treatment rules and coverage determinations on patients' health.

(2) To increase patient protection from adverse effects on their health due to their employer-sponsored health insurers' treatment rules and coverage determinations.

(3) To provide patients with legal redress when their employer-sponsored health insurers' treatment rules and coverage determinations cause them harm.

(4) To provide more equitable assignment of liability among health care decision-makers so that plaintiffs are not forced to attempt to hold physicians liable for the treatment rules and coverage determinations of employer-sponsored health insurers.

SEC. 3. ERISA PREEMPTION NOT TO APPLY TO CERTAIN ACTIONS INVOLVING HEALTH INSURANCE POLICYHOLDERS.

(a) IN GENERAL.—Section 514(b) of the Employee Retirement Income Savings Act of 1974 (29 U.S.C. 1144(b)) is amended by redesignating paragraph (9) as paragraph (10) and by inserting after paragraph (8) the following paragraph:

"(9) Subsection (a) shall not be construed to preempt any cause of action under State law to recover damages for medical malpractice, personal injury, or wrongful death against any entity that arises out of the provision by such entity of insurance or administrative services to or for an employee welfare benefit plan maintained to provide health care benefits."

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to causes of action arising on or after the date of enactment of this Act.

By Mr. DURBIN:

S. 1137. A bill to amend section 258 of the Communications Act of 1934 to establish additional protections against the unauthorized change of subscribers from one telecommunications carrier to another; to the Committee on Commerce, Science, and Transportation.

THE SLAMMING PROTECTION ACT

Mr. DURBIN. Mr. President, I rise today to introduce the Slamming Protection Act of 1997. This measure enables long-distance telephone consumers and the States to strike back against "slamming," the practice of changing a telephone customer's long-distance carrier without the customer's knowledge or consent.

Slamming is the Federal Communications Commission's largest source of consumer complaints. In 1995, more than a third of the consumer complaints filed with the FCC's Common Carrier Bureau involved slamming. Last year 16,000 long-distance telephone consumers filed slamming complaints with the FCC. Since 1994, the number of slamming complaints has tripled. Yet, this is only the tip of the iceberg. Moreover, the Los Angeles Times reports that more than 1 million American telephone consumers have been slammed in the last 2 years.

Slamming is not merely an inconvenience or a nuisance. It is an act of fraud that costs long-distance telephone consumers millions of dollars a year.

Let me give you an example. This January, Ms. Geryl Kramer, a small business owner in Chicago, was surprised to open her phone bill and find it noticeably more expensive than usual. After numerous phone calls she discovered that without her knowledge or consent, her long-distance carrier had been changed—she had been slammed. Her long-distance telephone service became a ping-pong ball bounced among various long-distance carriers for their profit and at her expense.

Ms. Kramer spent countless hours attempting to resolve the situation, going back and forth between four different long-distance carriers who were involved in the slamming which had quadrupled her small business' long-distance bills. Although she was slammed in November last year, she still has not been able to track down how she was slammed or who was responsible.

Ms. Kramer was understandably upset and frustrated. Beyond being exasperated by the audacity of the slammer, Ms. Kramer was left feeling powerless by her inability to hold the slammer accountable for its fraudulent actions. Having explored every other avenue, Ms. Kramer came to me seeking a solution to the problem of slamming. I believe the Slamming Protection Act is that solution.

The current protections against slamming are simply inadequate. Although long-distance telephone consumers can currently bring an action in Federal court or file a complaint with the FCC, these measures have been largely ineffective in reducing slamming. The economic damages suffered by consumers are often relatively insignificant—it would cost more to sue for recovery than the consumer would ever recover in court.

Moreover, if a long-distance telephone consumer files an FCC slamming complaint, the only redress is to be excused from paying the additional cost of the long-distance bill, if the bill is more expensive than it would have been under the original long-distance carrier. Thus, the consumer who is slammed must take the time and effort to file the complaint and participate in the investigation. Yet, when all is said and done, all the consumer can get after being defrauded is to be excused from paying the additional costs. Not surprisingly, slammers are undeterred by this system. And, it turns out, they have little to fear from broader FCC investigations.

The FCC does have administrative enforcement procedures against slamming. Although the FCC's efforts are a step in the right direction, they are too slow moving and seldom result in more than a slap on the wrist. Last year the FCC processed roughly 13,000 slamming complaints. This is only a fraction of the number of slamming incidents. And only rarely do the FCC's efforts result in changes in industry practice.

Since the FCC began investigating slamming in 1994, it has only moved against seven long-distance carriers and has only entered into consent decrees with eight long-distance carriers accused of slamming. Moreover, any fine or settlement agreement achieved by the FCC is paid to the U.S. Treasury, not the long-distance telephone consumer who was slammed—not to the party who was harmed.

Mr. President, we need tougher laws on the books. Long-distance telephone consumers should be able to stand up for themselves and fight back against slammers to let them know that their actions will not pay.

The Slamming Protection Act will help stamp out slamming by providing individual long-distance telephone consumers with the right and the power to strike back against individual slammers and by establishing penalties that will make slamming too risky and too expensive for the practice to remain profitable.

This measure will help end slamming in three ways:

First, it creates a right of action for long-distance telephone consumers to sue the slammer in State or Federal court. The Slamming Protection Act establishes minimum statutory damages of $2,000—or $6,000 if the slamming was done willfully and knowingly. These substantial penalties are designed to have a significant deterrent effect and to be large enough to encourage consumers to bring such actions;

Second, the Slamming Protection Act provides State attorneys general with the right to bring suit against slammers on behalf of the citizens of their States. Currently, in some jurisdictions the States are virtually helpless in their fight against interstate slammers. There is no existing Federal right of action to allow the States to hold slammers accountable. And a number of courts have held that similar State laws are preempted by Federal law. Some States, therefore, are left without recourse to prevent their citizens from being injured by slammers; and

Finally, the Slamming Protection Act creates criminal fines and jail time for repeat and willful slammers. Slamming takes choices away from consumers without their knowledge and distorts the long distance competitive market by rewarding companies that engage in misleading marketing practices. The Slamming Protection Act's criminal penalties will guarantee that slammers can no longer act with impunity.

Thank you Mr. President for the opportunity to introduce this important initiative. I hope my colleagues will join with me and support The Slamming Protection Act in order to help long-distance telephone consumers and the States to fight back against deceptive and fraudulent slammers.

Mr. President, I ask unanimous consent that a copy of the legislation be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1137

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Slamming Protection Act".

SEC. 2. ADDITIONAL PROTECTIONS AGAINST UNAUTHORIZED CHANGES OF PROVIDERS OF TELEPHONE SERVICE.

Section 258 of the Communications Act of 1984 (47 U.S.C. 258) is amended by adding at the end the following:

"(c) CRIMINAL PENALTIES.—

"(1) PERSONS.—Any person who executes a change in a provider of telephone exchange service or telephone toll service in willful violation of the procedures prescribed under subsection (a)—

"(A) shall be fined not more than $1,000, imprisoned not more than 30 days, or both, for the first offense; and

"(B) shall be fined not more than $10,000, imprisoned not more than 9 months, or both, for any subsequent offense.

"(2) TELECOMMUNICATIONS CARRIERS.—Any telecommunications carrier who executes a change in a provider of telephone exchange service or telephone toll service in willful violation of the procedures prescribed under subsection (a) shall be fined not more than $50,000 for the first offense and shall be fined not more than $100,000 for any subsequent offense.

"(d) PRIVATE RIGHT OF ACTION.—

"(1) IN GENERAL.—A subscriber whose provider of telephone exchange service or telephone toll service is changed in violation of the procedures prescribed under subsection (a) may, within one year after discovery of the change, bring in an appropriate court an action—

"(A) for an order to revoke the change;

"(B) for an award of damages in an amount equal to the greater of—

"(i) the actual monetary loss resulting from the change; or

"(ii) an amount not to exceed $2,000; or

"(C) for relief under both subparagraphs (A) and (B).

"(2) INCREASED AWARD.—If the court finds that the defendant executed the change in willful and knowing violation of the procedures prescribed under subsection (a), the court may, in its discretion, increase the amount of the award under paragraph (1) to an amount equal to not more than three times the maximum amount awardable under subparagraph (B) of that paragraph.

"(e) ACTIONS BY STATES.—

"(1) AUTHORITY OF STATES.—Whenever the attorney general of a State, or an official or agency designated by a State, has reason to believe that any person has engaged or is engaging in a pattern or practice of unauthorized changes in providers of telephone exchange service or telephone toll service of residents in such State in violation of the procedures prescribed under subsection (a), the State may bring a civil action on behalf of its residents to enjoin such practices, to recover damages equal to the actual monetary loss suffered by such residents, or both. If the court finds the defendant executed such changes in willful and knowing violation of such procedures, the court may, in its discretion, increase the amount of the award to an amount equal to not more than three times the amount awardable under the preceding sentence.

"(2) EXCLUSIVE JURISDICTION OF FEDERAL COURTS.—The district courts of the United States shall have exclusive jurisdiction over all civil actions brought under this subsection. Upon proper application, such courts shall also have jurisdiction to award declaratory relief, or orders affording like relief, commanding the defendant to comply with the procedures prescribed under subsection (a). Upon a proper showing, a permanent or temporary injunction or restraining order shall be granted without bond.

"(3) NOTICE TO COMMISSION.—A State shall serve prior written notice of any civil action under this subsection upon the Commission with a copy of its complaint, except in any case where prior notice is not feasible, in which case the State shall serve such notice immediately after instituting such action.

"(4) RIGHTS OF COMMISSION.—Upon receiving notice of an action under this subsection, the Commission shall have the right—

"(A) to intervene in the action;

"(B) upon so intervening, to be heard on all such matters arising therein; and

"(C) to file petitions for appeal.

"(5) VENUE; SERVICE OF PROCESS.—Any civil action under this subsection may be brought in the district wherein the defendant is found or is an inhabitant or transacts business or wherein the violation occurred or is occurring, and process in such cases may be served in any district in which the defendant is an inhabitant or where the defendant may be found.

"(6) EFFECT ON STATE COURT PROCEEDINGS.—Nothing contained in this subsection shall be construed to prohibit an authorized State official from proceeding in State court on the basis of an alleged violation of any general civil or criminal statute of such State.

"(f) CLASS ACTIONS.—For any class action brought with respect to the violation of the procedures prescribed under subsection (a), the total damages awarded may not exceed an amount equal to three times the total actual damages suffered by the members of the class, irrespective of the minimum damages provided for in subsection (d).

"(g) NO PREEMPTION OF STATE LAW.—Nothing in this section shall preempt the availability of relief under State law for unauthorized changes of providers of intrastate telephone exchange service or telephone toll service.".

By Mr. HELMS (for himself, Mr. BROWNBACK, Mr. BURNS, Mr. HAGEL, and Mr. ROBERTS):

S. 1138. A bill to reform the coastwise, intercoastal, and noncontiguous trade shipping laws, and for other purposes, to the Committee on Commerce, Science, and Transportation.

THE FREEDOM TO SHIP ACT OF 1997

Mr. HELMS. Mr. President, since 1920 there has been a Federal law on the books that, while perhaps well intentioned, nonetheless forbids a vast segment of the farming community in North Carolina and other States from obtaining reasonably-priced grain from the Midwest. It has long prevented Midwestern grain producers from delivering much needed grain to grain deficit states which experience difficulty in feeding their livestock.

That is why I am today introducing S. 1138 which I have titled "The Freedom To Ship Act of 1997." I am pleased to have Senator BROWNBACK, Senator BURNS, Senator HAGEL, and Senator ROBERTS as original cosponsors.

Mr. President, the Jones Act, as it is commonly called, prevents a large sector of the Agricultural community in North Carolina from obtaining grain from the Midwest at reasonable prices. Furthermore, it is preventing grain suppliers in the Midwest from supplying grain deficit states, such as North Carolina, with grain needed for their livestock.

Under the present system, a few waterborne carriers have a monopoly on shipping, and my folks in North Carolina tell me that those shippers have no certified Jones Act ships to meet their demands.

My poultry and pork farmers tell me they can't get enough grain for their farms to feed their animals. My State cannot, and will never be able, to produce enough grain for the poultry and pork producers in North Carolina; so, as a result, they must, I repeat, they must have grain shipped in from the Midwest. They tell me the railroads can't guarantee enough rail cars to get the supplies of grain needed from the Midwest. And the costs of these shipments that are available are very high. The increase in transportation costs coupled with the price of grain leads to higher overhead for my farmers. This shortage of grains and shortage of trains means higher costs and higher prices which threatens the jobs of many farmers.

According to the 1996 North Carolina Department of Agriculture report, North Carolina was first in the nation in turkey production with 59.5 million heads; our State was number two in hog production, exceeded by Iowa, at 9.8 million heads; and in commercial broilers North Carolina was fourth with 681 million heads, exceeded by Arkansas, Georgia, and Alabama.

While we slightly dropped off in turkey production in 1996, we increased hog production by 1.5 million head and increased commercial broiler production by 37 million heads over the last statistical reporting period. That is a tremendous number of poultry and livestock to feed, and that's just the tip of the iceberg.

Dependence on one mode of transportation, the railroads, is not good. In times of severe weather, such as heavy snows in Winter and flooding from heavy rains, many times railroads can't get through mountain passes or flooded areas of the country. We've seen quite a few severe winters and floods in the past few years. Even a delay of one day can be critical to farmers.

Mr. President, the problem is that the Jones Act restricts shipping between ports in the United States. It requires that merchandise being transported by water between U.S. points be shipped on U.S.-built, U.S.-flagged, U.S.-manned, and U.S.-citizen owned vessels that are documented by the Coast Guard for such carriage. The problem is that there are not enough Jones Act certified vessels to transport grain to North Carolina farmers. As a matter of fact, my farmers are now faced with being forced to go to foreign sources of feed grain.

According to a report in the September 12, 1995, Journal of Commerce, Murphy Family Farms brought in a cargo of 1 million bushels of Canadian wheat to the port of Wilmington, North Carolina on Canada Steamship Lines.

Mr. President, the Jones Act is not fair to grain producers in the Midwest. It penalizes them for being American farmers.

Those that would protest this legislation would say that it would destroy American shipping. If we maintain the status quo, my farmers will have no choice but to buy foreign grain from countries like Canada and Argentina and it will be transported on non U.S. flagged vessels.

Mr. President, this legislation requires any non-U.S. flag shipping company that wishes to do regularly scheduled business in the coastwise trades to: set up a United States Corporation, use U.S. Labor, comply with all state and federal law and—for those of us who are worried about the budget deficit—pay state and Federal Taxes. More importantly, it would create more long shore jobs. The more ships you have in the trade the more you have to load and unload, hence you need more workers.

According to a report, issued in December of 1995, by the United States International Trade Commission, "The economy wide effect of removing the Jones Act is a U.S. economic welfare gain of approximately $2.8 billion. This figure can also be interpreted as the annual reduction in real national income imposed by the Jones Act. A primary reason for the large gain in welfare is a decline of approximately 26 percent in the price of shipping services formerly restricted by the Jones Act."

It is strange circumstance where we are the breadbasket of the world and there is a lid on the basket of the domestic market placed by the Jones Act.

Mr. President, the Jones Act placing restrictions on shipments of a whole host of other non-agricultural goods and commodities, such as coal, fuel oil, steel, kaolin clay, in the United States. Our legislation would help lower shipping costs for many other industries as well.

So I urge my colleagues to join us in correcting this inequity to allow American grain to be shipped unhindered to those grain deficit states that are in need of it; and all other non-agricultural commodities and goods to be shipped by water at reasonable costs where they are needed.

I urge my colleagues to support this legislation and ask unanimous consent that the text of my bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1138

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Freedom to Ship Act of 1997".

SEC. 2. MISCELLANEOUS AMENDMENTS TO DEFINITIONS IN TITLE 46, UNITED STATES CODE.

Section 2101 of title 46, United States Code, is amended—

(1) in each of paragraphs (1) through (45), by striking the period at the end and inserting a semicolon;

(2) in paragraph (46), by striking the period at the end and inserting "; and";

(3) by striking paragraph (3a) and inserting the following:

"(3a) 'citizen of the United States' means—

"(A)(i) a national of the United States, as defined in section 101(a)(22) of the Immigration and Nationality Act (8 U.S.C. 1101(a)(22));

"(ii) a corporation established under the laws of the United States or under the laws of a State, territory, district, or possession of the United States, that has—

"(I) a president or other chief executive officer and chairman of the board of directors of that corporation who are citizens of the United States; and

"(II) a board of directors, on which two-thirds of the number of directors necessary to constitute a quorum are citizens of the United States;

“(iii) a partnership existing under the laws of a State, territory, district, or possession of the United States that has at least two-thirds of the general partners who are citizens of the United States;

“(iv) a trust that has at least two-thirds of the trustees who are citizens of the United States; or

“(v) an association, joint venture, limited liability company or partnership, or other entity that has at least two-thirds of the members who are citizens of the United States; but

“(B) such term does not include—

“(i) with respect to a person or entity under clause (ii), (iii), or (v) of subparagraph (A), any parent corporation, partnership, or other person (other than an individual) or entity that is a second-tier owner (as that term is defined by the Secretary) of the person or entity involved; or

“(ii) with respect to a trust under clause (iv), any beneficiary of the trust.”;

(4) by inserting after paragraph (4) the following new paragraph:

“(4a) ‘coastwise trade’—

“(A) subject to subparagraph (B), means the transportation by water of merchandise or passengers, the towing of a vessel by a towing vessel, or dredging operations embraced within the coastwise laws of the United States—

“(i) between points in the United States (including any district, territory, or possession of the United States);

“(ii) on the Great Lakes (including any tributary or connecting waters of the Great Lakes and the Saint Lawrence Seaway);

“(iii) on the subjacent waters of the Outer Continental Shelf subject to the Outer Continental Shelf Lands Act (43 U.S.C. 1331 et seq.); and

“(iv) in the noncontiguous trade; and

“(B) does not include the activities specified in subparagraph (A) on the navigable waters included in the inland waterways trade except for activities specified in subparagraph (A) that occur on mixed waters.”;

(5) by inserting after paragraph (11c) the following new paragraph:

“(11d) ‘foreign qualified vessel’ means a vessel—

“(A) registered in a foreign country; and

“(B) the owner, operator, or charterer of which is a citizen of the United States or—

“(i) has qualified to engage in business in a State and has an agent in that State upon whom service of process may be made;

“(ii) is subject to the laws of the United States in the same manner as any foreign person doing business in the United States; and

“(iii) either—

“(I) employs vessels in the coastwise trade regularly or from time to time as part of a regularly scheduled freight service in the foreign ocean (including the Great Lakes) trades of the United States; or

“(II) offers passage or cruises on passenger vessels the owner, operator, or charterer employs in the coastwise trade or in the coastwise trade as part of those cruises offered in the foreign ocean (including the Great Lakes) trades of the United States.”;

(6) by redesignating paragraph (14a) as paragraph (14b);

(7) by inserting after paragraph (14) the following new paragraph:

“(14a) ‘inland waterways trade’—

“(A) means—

“(i) the transportation of merchandise or passengers on the navigable rivers, canals, lakes other than the Great Lakes, or other waterways inside the Boundary Line;

“(ii) the towing of barges by towing vessels in the waters specified in clause (i); or

“(iii) engaging in dredging operations in the waters specified in clause (i); and

“(B) includes any activity specified in subparagraph (A) that is conducted in mixed waters.”;

(8) by redesignating paragraph (15a) as paragraph (15b);

(9) by inserting after paragraph (15) the following:

“(15a) ‘mixed waters’ means—

“(A) the harbors and ports on the coasts and Great Lakes of the United States; and

“(B) the rivers, canals, and other waterways tributary to the Great Lakes or to the coastal harbors and coasts of the United States inside the Boundary Line,

that the Secretary of Transportation determines to be navigable by oceangoing vessels.”;

(10) by redesignating paragraph (17a) as paragraph (17b);

(11) by inserting after paragraph (17) the following:

“(17a) ‘noncontiguous trade’ means transportation by water of merchandise or passengers, or towing by towing vessels—

“(A) between—

“(i) a point in the 48 continental States and the District of Columbia; and

“(ii) a point in Hawaii, Alaska, Puerto Rico, Guam, the Virgin Islands, American Samoa, the Northern Mariana Islands, or any other noncontiguous territory or possession of the United States, as embraced within the coastwise laws of the United States; or

“(B) between 2 points described in subparagraph (A)(ii).”;

(12) in paragraph (21)(A)—

(A) in clause (ii), by striking “or” after the semicolon;

(B) in clause (iii), by inserting “or” after the semicolon; and

(C) by adding at the end the following new clause:

“(iv) an individual who—

“(I) is a member of the family or a guest of the owner or charterer; and

“(II) is not a passenger for hire;”;

(13) by striking paragraph (40) and inserting the following:

“(40) ‘towing vessel’ means any commercial vessel engaged in, or that a person intends to use to engage in, the service of—

“(A) towing, pulling, pushing, or hauling alongside (or any combination thereof); or

“(B) assisting in towing, pulling, pushing, or hauling alongside;”; and

(14) by inserting after paragraph (40) the following new paragraphs:

“(40a) ‘towing of a vessel by a towing vessel between points’ means attaching a towing vessel to a towed vessel (including any barge) at 1 point and releasing the towed vessel from the towing vessel at another point, regardless of the origin or ultimate destination of either the towed vessel or the towing vessel; and

“(40b) ‘transportation of merchandise or passengers by water between points’ means, without regard to the origin or ultimate destination of the merchandise or passengers involved—

“(A) in the case of merchandise, loading merchandise at 1 point and permanently unloading the merchandise at another point; or

“(B) in the case of passengers, embarking passengers at 1 point and permanently disembarking the passengers at another point.”.

SEC. 3. DOCUMENTATION.

(a) DEFINITIONS.—Section 12101(b)(2) of title 46, United States Code, is amended—

(1) by striking paragraph (2) and inserting the following:

“(2) ‘license’, ‘enrollment and license’, ‘license for the coastwise (or coasting) trade’, ‘enrollment and license for the coastwise (or coasting) trade’, and ‘enrollment and license to engage in the foreign and coastwise (or coasting) trade on the northern, northeastern, and northwestern frontiers, otherwise than by sea’ mean a coastwise endorsement provided in section 12106.”;

(2) by striking paragraph (3); and

(3) by redesignating paragraph (4) as paragraph (3).

(b) VESSELS ELIGIBLE FOR DOCUMENTATION.—Section 12102(a) of title 46, United States Code, is amended—

(1) by striking all that precedes paragraph (5) and inserting the following:

“(a) A vessel of at least 5 net tons that is not registered under the laws of a foreign country or that is not titled in a State is eligible for documentation if—

“(1)(A) the vessel is owned by an individual who is a citizen of the United States, or a corporation, association, trust, joint venture, partnership, limited liability company, or other entity that is a citizen of the United States; and

“(B) the owner of the vessel is capable of holding title to a vessel under the laws of the United States or under the laws of a State;”; and

(2) by redesignating paragraphs (5) and (6) as paragraphs (2) and (3), respectively.

(c) COASTWISE ENDORSEMENTS.—Section 12106 of title 46, United States Code, is amended to read as follows:

“§ 12106. Coastwise endorsements and certificates

“(a) IN GENERAL.—A certificate of documentation may be endorsed with a coastwise endorsement for a vessel that is eligible for documentation.

“(b) ELIGIBILITY.—

“(1) IN GENERAL.—Any of the following vessels may be issued a certificate to engage in the coastwise trade if the Secretary of Transportation makes a finding, pursuant to information obtained and furnished by the Secretary of State, that the government of the nation of registry of such vessel extends reciprocal privileges to vessels of the United States to engage in the transportation of merchandise or passengers (or both) in its coastwise trade:

“(A) A foreign qualified vessel (as defined in section 2101(11d)).

“(B) A vessel of foreign registry—

“(i) if the vessel is subject to a demise or bareboat charter, for the duration of that charter, to a person or entity that would be eligible to document that vessel if that person or entity were the owner of the vessel; or

“(ii) that engages irregularly in the coastwise trade of the United States.

“(2) VESSEL ENGAGING IRREGULARLY IN THE COASTWISE TRADE.—For purposes of this subsection, a vessel engages irregularly in the coastwise trade of the United States if that vessel—

“(A) during any 60-day period does not make, in the aggregate, more than 4 calls to United States ports; and

“(B) during any calendar year does not make, in the aggregate, more than 6 calls to United States ports.

“(c) EMPLOYMENT IN THE COASTWISE TRADE.—Subject to the applicable laws of the United States regulating the coastwise trade and trade with Canada, only a vessel with a certificate of documentation endorsed with a coastwise endorsement or with a certificate issued under subsection (b) may be employed in the coastwise trade.".

(d) INLAND WATERWAYS ENDORSEMENTS.—Section 12107 of title 46, United States Code, is amended to read as follows:

"§ 12107. Inland waterways endorsements

"A certificate of documentation may be endorsed with an inland waterways endorsement for a vessel that—

"(1) is eligible for documentation; and

"(2)(A) was built in the United States; or

"(B) was not built in the United States; but was—

"(i) captured in war by citizens of the United States and lawfully condemned as prize;

"(ii) adjudged to be forfeited for a breach of the laws of the United States; or

"(iii) is qualified for documentation under section 4136 of the Revised Statutes (46 App. U.S.C. 14).".

(e) LIMITATIONS ON OPERATIONS AUTHORIZED BY CERTIFICATES.—Section 12110(b) of title 46, United States Code, is amended—

(1) by striking "coastwise trade" and inserting "coastwise trade or inland waterways trade"; and

(2) by striking "that trade" and inserting "those trades".

SEC. 4. TRANSPORTATION OF MERCHANDISE IN THE COASTWISE AND INLAND WATERWAYS TRADES.

(a) IN GENERAL.—Section 27 of the Merchant Marine Act, 1920 (46 U.S.C. App. 883) is amended to read as follows:

"SEC. 27. PROHIBITION.

"No merchandise, including merchandise owned by the United States Government, a State (as defined in section 2101 of title 46, United States Code), or a political subdivision of a State, and including material without value, shall be transported by water, on penalty of forfeiture of the merchandise (or a monetary amount not to exceed the value of the merchandise, as determined by the Secretary of the Treasury, or the actual cost of the transportation, whichever is greater, to be recovered from any cosigner, seller, owner, importer, consignee, agent, or other person that transports or causes the merchandise to be transported by water)—

"(1) in the coastwise trade, in any vessel other than—

"(A) a vessel documented with a coastwise endorsement under section 12106(a) of title 46, United States Code; or

"(B) a vessel that has been issued coastwise certification under section 12106(b) of title 46, United States Code, that is in effect for engaging in the transportation of merchandise; or

"(2) in the inland waterways trade in any vessel other than a vessel documented with an inland waterways endorsement under section 12107 of title 46, United States Code.".

(b) REPEAL.—Section 27A of the Merchant Marine Act, 1920 (46 App. U.S.C. 883-1) is repealed.

SEC. 5. TRANSPORTATION OF PASSENGERS.

(a) IN GENERAL.—Section 8 of the Act of June 19, 1886 (24 Stat. 81, chapter 421; 46 U.S.C. App. 289) is amended to read as follows:

"SEC. 8. PROHIBITION.

"No passengers shall be transported by water, on penalty of $200 for each passenger so transported or the actual cost of the transportation, whichever is greater, to be recovered from the vessel so transporting the passenger—

"(1) in the coastwise trade, in any vessel other than—

"(A) a vessel documented with a coastwise endorsement under section 12106 of title 46, United States Code; or

"(B) a vessel that has been issued a coastwise certification under section 12106(b) of title 46, United States Code, that is in effect for engaging in the transportation of merchandise; and

"(2) in the inland waterways trade, in any vessel other than a vessel documented with an inland waterways endorsement under section 12107 of title 46, United States Code.".

(b) REPEALS.—The following provisions are repealed:

(1) The Act of April 26, 1938 (52 Stat. 223, chapter 174; 46 U.S.C. App. 289a).

(2) Section 12(22) of the Maritime Act of 1981 (46 U.S.C. App. 289b).

(3) Public Law 98-563 (46 U.S.C. App. 289c).

SEC. 6. TOWING AND SALVAGING OPERATIONS.

Section 4370(a) of the Revised Statutes (46 U.S.C. App. 316(a)) is amended to read as follows:

"(a)(1) No vessel (including any barge), other than a vessel in distress, may be towed—

"(A) in the coastwise trade by any vessel other than—

"(i) a vessel documented with a coastwise endorsement under section 12106(a) of title 46, United States Code; or

"(ii) a vessel registered in a foreign country, if the Secretary of the Treasury finds, pursuant to information furnished by the Secretary of State, that the government of that foreign country and the government of the country of which each ultimate owner of the towing vessel is a citizen extend reciprocal privileges to vessels of the United States to tow vessels (including barges) in the coastal waters of that country; or

"(B) in the inland waterways trade by any vessel other than a vessel documented with an inland waterways endorsement under section 12107 of title 46, United States Code.

"(2)(A) The owner and master of any vessel that tows another vessel (including a barge) in violation of this section shall each be liable to the United States Government for a civil penalty in an amount not less than $250 and not greater than $1,000. The penalty shall be enforceable through the district court of the United States for any district in which the offending vessel is found.

"(B) A penalty specified in subparagraph (A) shall constitute a lien upon the offending vessel, and that vessel shall not be granted clearance until that penalty is paid.

"(C) In addition to the penalty specified in subparagraph (A), the offending vessel shall be liable to the United States Government for a civil penalty in an amount equal to $50 per ton of the measurement of the vessel towed in violation of this section, which shall be recoverable in a libel or other enforcement action conducted through the district court for the United States for the district in which the offending vessel is found.".

SEC. 7. CITIZENSHIP AND TRANSFER PROVISIONS.

(a) CITIZENSHIP OF CORPORATIONS, PARTNERSHIPS, AND ASSOCIATIONS.—Section 2 of the Shipping Act, 1916 (46 U.S.C. App. 802) is amended—

(1) in subsection (a)—

(A) by inserting a period after "possession thereof"; and

(B) by striking all that follows the period inserted in subparagraph (A) through the end of the subsection; and

(2) by striking subsection (c).

(b) APPROVAL OF TRANSFER OF REGISTRY OR OPERATION UNDER AUTHORITY OF A FOREIGN COUNTRY OR FOR SCRAPPING IN A FOREIGN COUNTRY; PENALTIES.—Section 9 of the Shipping Act, 1916 (46 U.S.C. App. 808) is amended—

(1) by striking subsection (c) and inserting the following:

"(c) Except as provided in section 611 of the Merchant Marine Act, 1936 (46 U.S.C. App. 1181) and section 31322(a)(1)(D) of title 46, United States Code, a person may not, without the approval of the Secretary of Transportation—

"(1) place under foreign registry—

"(A) a documented vessel; or

"(B) a vessel with respect to which the last documentation was made under the laws of the United States;

"(2) operate a vessel referred to in paragraph (1) under the authority of a foreign government; or

"(3) scrap or transfer for scrapping a vessel referred to in paragraph (1) in a foreign country."; and

(2) by striking subsection (d) and inserting the following:

"(d)(1) A person that places a documented vessel under foreign registry, operates that vessel under the authority of a foreign country, or scraps or transfers for scrapping that vessel in a foreign country—

"(A) in violation of this section and knowing that that placement, operation, scrapping, or transfer for scrapping is a violation of this section shall, upon conviction, be fined under title 18, United States Code, imprisoned for not more than 5 years, or both; or

"(B) otherwise in violation of this section shall be liable to the United States Government for a civil penalty of not more than $10,000 for each violation.

"(2) A documented vessel may be seized by, and forfeited to, the United States Government if that vessel is placed under foreign registry, operated under the authority of a foreign country, or scrapped or transferred for scrapping in a foreign country in violation of this section.".

SEC. 8. LABOR PROVISIONS.

(a) LIABILITY FOR INJURY OR DEATH OF MASTER OR CREW MEMBER.—Section 20(a) of the Act of March 4, 1915 (38 Stat. 1185, chapter 153; 46 U.S.C. App. 688(a)), is amended—

(1) by inserting "(1)" after "(a)";

(2) by adding at the end of paragraph (1) (as designated under paragraph (1) of this subsection) the following new sentence: "In an action brought under this subsection against a defendant employer that does not reside or maintain an office in the United States (including any territory or possession of the United States) and that engages in any enterprise that makes use of 1 or more ports in the United States (as defined in section 2101 of title 46, United States Code), jurisdiction shall be under the district court most proximate to the place of the occurrence of the personal injury or death that is the subject of the action."; and

(3) by adding at the end the following new paragraph:

"(2)(A) The employer of a master or member of the crew of a vessel—

"(i) may, at the election of the employer, participate in an authorized compensation plan under the Longshore and Harbor Workers' Compensation Act (33 U.S.C. 901 et seq.); and

"(ii) if the employer makes an election under clause (i), notwithstanding section 2(3)(G) of the Longshore and Harbor Workers' Compensation Act (33 U.S.C. 902(3)(G)), shall be subject to that Act.

"(B) If an employer makes an election, in accordance with subparagraph (A), to participate in an authorized compensation plan under the Longshore and Harbor Workers' Compensation Act—

"(i) a master or crew member employed by that employer shall be considered to be an employee for the purposes of that Act; and

"(ii) the liability of that employer under that Act to the master or crew member, or to any person otherwise entitled to recover damages from the employer based on the injury, disability, or death of the master or crew member, shall be exclusive and in lieu of all other liability.".

(b) MINIMUM REQUIREMENTS.—All vessels, whether documented in the United States or not, operating in the coastwise trade of the United States shall be subject to minimum international labor standards for seafarers under international agreements in force for the United States, as determined by the Secretary of Transportation on the advice of the Secretaries of Labor and Defense.

SEC. 9. REGULATIONS REGARDING VESSELS.

(a) APPLICABLE MINIMUM REQUIREMENTS.—Except as provided in paragraph (2), the minimum requirements for vessels engaging in the transportation of cargo or merchandise in the United States coastwise trade shall be the recognized international standards in force for the United States (as determined by the Secretary of the department in which the Coast Guard is operating, in consultation with any other official of the Federal Government that the Secretary determines to be appropriate).

(b) CONSISTENCY IN APPLICATION OF STANDARDS.—In any case in which any minimum requirement for vessels referred to in paragraph (1) is inconsistent with a minimum that is applicable to vessels that are documented in a foreign country and that are admitted to engage in the transportation of cargo and merchandise in the United States coastwise trade, the standard applicable to United States documented vessels shall be deemed to be the standard applicable to vessels that are documented in a foreign country.

(c) MINIMUM REQUIREMENTS FOR VESSELS.—As used in this subsection, the term "minimum requirements for vessels" means, with respect to vessels (including United States documented vessels and foreign documented vessels), all safety, manning, inspection, construction, and equipment requirements applicable to those vessels in United States coastwise passenger trade, to the extent that those requirements are consistent with applicable international law and treaties to which the United States is a signatory.

SEC. 10. ENVIRONMENT.

All vessels, whether documented under the laws of the United States or not, regularly engaging in the United States coastwise trade shall comply with all applicable State and Federal environmental statutes.

SEC. 11. GENERAL REQUIREMENTS.

Each person or entity that is not a citizen of the United States, as defined in section 2101(3a) of title 46, United States Code, that owns or operates vessels that regularly engage in the United States domestic coastwise trade shall—

(1) establish a corporation or other corporate entity and qualify under the laws of that State where the corporation or corporate entity is established to do business in the United States;

(2) name an officer of the corporation or corporate entity upon whom process may be served;

(3) abide by all applicable laws of the United States and the State where the corporation or corporate entity is established; and

(4) post evidence of—

(A) financial responsibility in amounts as considered necessary by the Secretary of Transportation for the business activities of the corporation or corporate entity; and

(B) compliance with all applicable United States laws.

ADDITIONAL COSPONSORS

S. 9

At the request of Mr. NICKLES, the name of the Senator from Kansas [Mr. BROWNBACK] was added as a cosponsor of S. 9, a bill to protect individuals from having their money involuntarily collected and used for politics by a corporation or labor organization.

S. 100

At the request of Mr. KERRY, the name of the Senator from Iowa [Mr. HARKIN] was added as a cosponsor of S. 100, a bill to amend title 49, United States Code, to provide protection for airline employees who provide certain air safety information, and for other purposes.

S. 358

At the request of Mr. DEWINE, the names of the Senator from Hawaii [Mr. INOUYE], the Senator from Rhode Island [Mr. CHAFEE], and the Senator from Alaska [Mr. MURKOWSKI] were added as cosponsors of S. 358, a bill to provide for compassionate payments with regard to individuals with blood-clotting disorders, such as hemophilia, who contracted human immunodeficiency virus due to contaminated blood products, and for other purposes.

S. 412

At the request of Mr. LAUTENBERG, the name of the Senator from Illinois [Mr. DURBIN] was added as a cosponsor of S. 412, a bill to provide for a national standard to prohibit the operation of motor vehicles by intoxicated individuals.

S. 428

At the request of Mr. KOHL, the names of the Senator from California [Mrs. FEINSTEIN] and the Senator from Iowa [Mr. HARKIN] were added as cosponsors of S. 428, a bill to amend chapter 44 of title 18, United States Code, to improve the safety of handguns.

S. 474

At the request of Mr. KYL, the name of the Senator from Nevada [Mr. BRYAN] was added as a cosponsor of S. 474, a bill to amend sections 1081 and 1084 of title 18, United States Code.

S. 507

At the request of Mr. HATCH, the name of the Senator from South Carolina [Mr. THURMOND] was added as a cosponsor of S. 507, a bill to establish the United States Patent and Trademark Organization as a Government corporation, to amend the provisions of title 35, United States Code, relating to procedures for patent applications, commercial use of patents, reexamination reform, and for other purposes.

S. 617

At the request of Mr. JOHNSON, the name of the Senator from Utah [Mr. HATCH] was added as a cosponsor of S. 617, a bill to amend the Federal Meat Inspection Act to require that imported meat, and meat food products containing imported meat, bear a label identifying the country of origin.

S. 625

At the request of Mr. MCCONNELL, the name of the Senator from Oklahoma [Mr. NICKLES] was added as a cosponsor of S. 625, a bill to provide for competition between forms of motor vehicle insurance, to permit an owner of a motor vehicle to choose the most appropriate form of insurance for that person, to guarantee affordable premiums, to provide for more adequate and timely compensation for accident victims, and for other purposes.

S. 852

At the request of Mr. LOTT, the name of the Senator from Tennessee [Mr. FRIST] was added as a cosponsor of S. 852, a bill to establish nationally uniform requirements regarding the titling and registration of salvage, nonrepairable, and rebuilt vehicles.

S. 892

At the request of Mr. GRAHAM, the name of the Senator from Maine [Ms. COLLINS] was added as a cosponsor of S. 892, a bill to amend title VII of the Public Health Service Act to revise and extend the area health education center program.

S. 1042

At the request of Mr. CRAIG, the name of the Senator from Florida [Mr. MACK] was added as a cosponsor of S. 1042, a bill to require country of origin labeling of perishable agricultural commodities imported into the United States and to establish penalties for violations of the labeling requirements.

S. 1045

At the request of Mr. DASCHLE, the name of the Senator from Louisiana [Ms. LANDRIEU] was added as a cosponsor of S. 1045, a bill to prohibit discrimination in employment on the basis of genetic information, and for other purposes.

S. 1056

At the request of Mr. BURNS, the name of the Senator from Illinois [Mr. DURBIN] was added as a cosponsor of S. 1056, a bill to provide for farm-related exemptions from certain hazardous materials transporation requirements.

S. 1062

At the request of Mr. D'AMATO, the names of the Senator from New York [Mr. MOYNIHAN], the Senator from Wisconsin [Mr. KOHL], the Senator from Maryland [Ms. MIKULSKI], the Senator from Rhode Island [Mr. REED], the Senator from Delaware [Mr. BIDEN], the Senator from California [Mrs. FEINSTEIN], the Senator from Indiana [Mr. LUGAR], the Senator from Iowa [Mr.

GRASSLEY], the Senator from South Dakota [Mr. JOHNSON], the Senator from Michigan [Mr. LEVIN], the Senator from Connecticut [Mr. DODD], the Senator from New Jersey [Mr. LAUTENBERG], and the Senator from Kansas [Mr. BROWNBACK] were added as cosponsors of S. 1062, a bill to authorize the President to award a gold medal on behalf of the Congress to Ecumenical Patriarch Bartholomew in recognition of his outstanding and enduring contributions toward religious understanding and peace, and for other purposes.

S. 1067

At the request of Mr. KERRY, the name of the Senator from South Dakota [Mr. JOHNSON] was added as a cosponsor of S. 1067, a bill to prohibit United States military assistance and arms transfers to foreign governments that are undemocratic, do not adequately protect human rights, are engaged in acts of armed aggression, or are not fully participating in the United Nations Register of Conventional Arms.

S. 1073

At the request of Mr. TORRICELLI, the name of the Senator from New York [Mr. D'AMATO] was added as a cosponsor of S. 1073, a bill to withhold United States assistance for programs for projects of the International Atomic Energy Agency in Cuba, and for other purposes.

S. 1084

At the request of Mr. INHOFE, the names of the Senator from Kentucky [Mr. FORD] and the Senator from Idaho [Mr. KEMPTHORNE] were added as cosponsors of S. 1084, a bill to establish a research and monitoring program for the national ambient air quality standards for ozone and particulate matter and to reinstate the original standards under the Clean Air Act, and for other purposes.

S. 1089

At the request of Mr. SPECTER, the name of the Senator from Oregon [Mr. WYDEN] was added as a cosponsor of S. 1089, a bill to terminate the effectiveness of certain amendments to the foreign repair station rules of the Federal Aviation Administration, and for other purposes.

S. 1093

At the request of Mr. KERRY, the name of the Senator from Wyoming [Mr. THOMAS] was added as a cosponsor of S. 1093, a bill to extend nondiscriminatory treatment (most-favored-nation treatment) to the products of the Lao People's Democratic Republic, and for other purposes.

SENATE CONCURRENT RESOLUTION 38

At the request of Mr. ROTH, the name of the Senator from Iowa [Mr. GRASSLEY] was added as a cosponsor of Senate Concurrent Resolution 38, a concurrent resolution to state the sense of the Congress regarding the obligations of the People's Republic of China under the Joint Declaration and the Basic Law to ensure that Hong Kong remains autonomous, the human rights of the people of Hong Kong remain protected, and the government of the Hong Kong SAR is elected democratically.

SENATE CONCURRENT RESOLUTION 42

At the request of Mr. D'AMATO, the names of the Senator from New York [Mr. MOYNIHAN], the Senator from Rhode Island [Mr. REED], the Senator from Wisconsin [Mr. KOHL], the Senator from California [Mrs. FEINSTEIN], the Senator from Maryland [Ms. MIKULSKI], the Senator from South Dakota [Mr. JOHNSON], the Senator from Michigan [Mr. LEVIN], the Senator from Iowa [Mr. GRASSLEY], and the Senator from Connecticut [Mr. DODD] were added as cosponsors of Senate Concurrent Resolution 42, a concurrent resolution to authorize the use of the rotunda of the Capitol for a congressional ceremony honoring Ecumenical Patriarch Bartholomew.

SENATE RESOLUTION 94

At the request of Mr. WARNER, the names of the Senator from Connecticut [Mr. LIEBERMAN], the Senator from Idaho [Mr. CRAIG], the Senator from Nebraska [Mr. HAGEL], the Senator from North Carolina [Mr. HELMS], the Senator from Idaho [Mr. KEMPTHORNE], the Senator from Alabama [Mr. SESSIONS], the Senator from Pennsylvania [Mr. SANTORUM], and the Senator from Texas [Mr. GRAMM] were added as cosponsors of Senate Resolution 94, a resolution commending the American Medical Association on its 150th anniversary, its 150 years of caring for the United States, and its continuing effort to uphold the principles upon which Nathan Davis, M.D., and his colleagues founded the American Medical Association to "promote the science and art of medicine and the betterment of public health".

SENATE RESOLUTION 102

At the request of Mr. SPECTER, the names of the Senator from Iowa [Mr. GRASSLEY], the Senator from New Jersey [Mr. LAUTENBERG], the Senator from Missouri [Mr. BOND], and the Senator from Oregon [Mr. SMITH] were added as cosponsors of Senate Resolution 102, a resolution designating August 15, 1997, as "Indian Independence Day: A National Day of Celebration of Indian and American Democracy."

SENATE RESOLUTION 110

At the request of Mr. WYDEN, the names of the Senator from West Virginia [Mr. BYRD], the Senator from Nevada [Mr. REID], the Senator from Massachusetts [Mr. KERRY], the Senator from Rhode Island [Mr. CHAFEE], the Senator from Hawaii [Mr. AKAKA], the Senator from Massachusetts [Mr. KENNEDY], the Senator from Washington [Mrs. MURRAY], the Senator from New Mexico [Mr. BINGAMAN], the Senator from Alaska [Mr. MURKOWSKI], the Senator from Wisconsin [Mr. FEINGOLD], the Senator from Utah [Mr. HATCH], the Senator from Illinois [Mr. DURBIN], and the Senator from Iowa [Mr. HARKIN] were added as cosponsors of Senate Resolution 110, a bill to permit an individual with a disability with access to the Senate floor to bring necessary supporting aids and services.

SENATE CONCURRENT RESOLUTION 47—RELATIVE TO EXPO 2000

Mr. LUGAR (for himself and Mr. ROCKEFELLER) submitted the following concurrent resolution, which was referred to the Committee on Foreign Relations:

S. CON. RES. 47

Whereas Germany has invited nations, international and nongovernmental organizations, and individuals from around the world to participate in EXPO 2000, a global town hall meeting to be hosted in the year 2000, in Hannover, Germany, for the purpose of providing a forum for worldwide dialogue on the challenges, goals, and solutions for the sustainable development of mankind in the 21st century;

Whereas the theme of EXPO 2000 is "Humankind-Nature-Technology";

Whereas EXPO 2000 will take place in the heart of the newly unified, free, and democratic Europe;

Whereas Germany has established a stable democracy and a pluralistic society in the heart of Europe;

Whereas more than 40,000,000 people in the United States can trace their ancestry to Germany, and in 1983 the United States and Germany celebrated the Tri-Centennial of immigration of Germans into the United States;

Whereas Germany has been a close political and military ally of the United States for nearly five decades and has been a driving force with respect to the political, monetary, and economic integration of Europe;

Whereas the United States, as a leading political, intellectual, and economic power, maintains a strong interest in the worldwide strengthening of political freedom and human rights, open market economies, and technological advancement throughout the world; and

Whereas the United States is eager to share with the global community the vast and promising public and private efforts being made to prepare for the next century: Now, therefore, be it

Resolved by the Senate (the House of Representatives concurring), That it is the sense of Congress that the United States Government—

(1) should fully participate in EXPO 2000, a global town hall meeting to be hosted in the year 2000, in Hannover, Germany, for the purpose of providing a forum for worldwide dialogue on the challenges, goals, and solutions for the sustainable development of mankind in the 21st century; and

(2) should encourage the academic community and the private sector in the United States to support this worthwhile undertaking.

Mr. LUGAR. Mr. President, I rise today to submit a concurrent resolution on behalf of myself and Senator ROCKEFELLER.

This concurrent resolution expresses the sense of the Congress that the United States Government should fully participate in EXPO 2000 in the year 2000, in Hannover, Germany. It further states that the United States should encourage the academic community and the private sector in the United States to support this worthwhile undertaking.

The theme of EXPO 2000 is "Humankind-Nature-Technology". It's purpose is to provide a forum for a worldwide dialog on the challenges, goals, and solutions for the sustainable development of mankind in the 21st century.

The United States must maintain its status as a leading political, intellectual and economic power. We must continue our strong interest in strengthening political freedom and human rights movements, encouraging open market economies, and stimulating technological advancement around the world.

Participation in EXPO 2000 will allow the United States to preserve its leadership role and to continue providing the example the rest of the world attempts to imitate.

Mr. President, I understand that a similar concurrent resolution will be introduced in the House of Representatives by Congressmen OXLEY, HAMILTON, BEREUTER, and PICKETT.

It is my hope that the United States will play a role at EXPO 2000 in Hannover, Germany, commensurate with its position in the world.

I would hope the Senate would consider this concurrent resolution at the earliest possible date.

SENATE CONCURRENT RESOLUTION 48—EXPRESSING THE SENSE OF CONGRESS REGARDING THE PROLIFERATION OF MISSILE TECHNOLOGY FROM RUSSIA TO IRAN

Mr. KYL (for himself, Mrs. FEINSTEIN, Mr. SHELBY, Mr. ALLARD, Mr. ASHCROFT, Mr. BROWNBACK, Mr. BURNS, Mr. D'AMATO, Mr. INHOFE, Mr. JOHNSON, Ms. MIKULSKI, and Mr. SPECTER) submitted the following concurrent resolution; which was referred to the Committee on Foreign Relations.

S. CON. RES. 48

Whereas there is substantial evidence missile technology and technical advice have been provided from Russia to Iran, in violation of the Missile Technology Control Regime;

Whereas these violations include providing assistance to Iran in developing ballistic missiles, including the transfer of wind tunnel and rocket engine testing equipment;

Whereas these technologies give Iran the capability to deploy a missile of sufficient range to threaten United States military installations in the Middle East and Persian Gulf, as well as the territory of Israel, and our North Atlantic Treaty Organization ally Turkey; and

Whereas President Clinton has raised with Russian President Boris Yeltsin United States concerns about these activities and the Russian response has to date been inadequate: Now, therefore, be it

Resolved by the Senate (the House of Representatives concurring), That it is the sense of the Congress that—

(1) the President should demand that the Government of Russia take concrete actions to stop governmental and nongovernmental entities in the Russian Federation from providing missile technology and technical advice to Iran, in violation of the Missile Technology Control Regime;

(2) if the Russian response is inadequate, the United States should impose sanctions on the responsible Russian entities in accordance with Executive Order 12938 on the Proliferation of Weapons of Mass Destruction, and reassess cooperative activities with Russia;

(3) the threshold under current law allowing for the waiver of the prohibition on the release of foreign assistance to Russia should be raised; and

(4) our European allies should be encouraged to take steps in accordance with their own laws to stop such proliferation.

Mr. KYL. Mr. President, I rise today to submit a Concurrent Resolution which expresses the sense of the Congress that Russia should refrain from providing additional missile assistance to Iran, and calls for the imposition of sanctions should Russia fail to stop.

A broad, bipartisan consensus exists among leaders in the Congress and the administration that the proliferation of weapons of mass destruction [WMD] and ballistic missiles used to deliver them is one of the key national security challenges facing the United States today. In fact, in 1994, President Clinton issued Executive Order 12938 declaring that the proliferation of weapons of mass destruction and the means of delivering them constitutes "an unusual and extraordinary threat to the national security, foreign policy, and economy of the United States," and that he had therefore decided to "declare a national emergency to deal with that threat." The President reaffirmed this Executive Order in 1995 and 1996.

The Concurrent Resolution that I have submitted today has bipartisan, bicameral support. Over the past few weeks I have enjoyed working with Representative JANE HARMAN, the principal sponsor of the resolution in the House of Representatives, and I am pleased to announce that Senators FEINSTEIN, D'AMATO, INHOFE, ALLARD, and BURNS are original cosponsors of the legislation.

This resolution is important because Iran's ballistic missile program—in concert with its nuclear, biological, and chemical weapons programs—poses a grave threat to the United States and our allies in the region.

Iran is a state-sponsor of terrorism led by a regime which is hostile to the United States.

Its chemical and biological weapons programs, which began in the early 1980's, are now capable of producing a wide variety of highly lethal chemical and biological agents, and Tehran has an aggressive program to develop nuclear weapons.

In addition, Iran currently possesses Scud-B and Scud-C ballistic missiles, and with Russian assistance, is working to develop longer-range missiles.

Russia has stated that it recognizes the danger posed by Iran's missile program. At the Helsinki summit in March 1997, President Yeltsin reaffirmed that it was not Moscow's policy to assist Iran's missile program, since such missiles could be used to threaten Russia in the future. In addition, Russia is a member of the Missile Technology Control Regime [MTCR], which regulates the sale of missile technology to non-member nations, and has signed a bilateral agreement with the United States pledging not to conclude additional arms contracts with Iran.

Despite Russia's assurances and bilateral and international commitments, recent press articles indicate Russian entities have engaged in missile cooperation with Iran. On February 12, 1997, the Los Angeles Times reported that Russia had recently transferred SS–4 missile technology to Iran. The transfer reportedly involved detailed instructions on how to build the missile and some unspecified components. This transfer is of particular concern since the SS–4 has a range of 2,000 km—more than three times greater than any missile currently in Iran's arsenal.

In addition to the transfer of SS–4 technology, Russia appears to be selling Iran a wide variety of other equipment and material useful in the design and manufacture of ballistic missiles. According to a Washington Times article published on May 22, 1997, Russian entities signed numerous missile-related contracts with Iran's Defense Industries Organization in 1996. The contracts reportedly included deals worth over $100,000 for projects such as the construction of a wind tunnel for missile design, manufacture of missile models, and the sale of missile design software. Construction of the wind tunnel alone is expected to cost several million dollars.

These press reports are corroborated by an unclassified report to Congress, prepared by the CIA and coordinated throughout the Intelligence Community, that was released in June. The report titled, "The Acquisition of Technology Relating to Weapons of Mass Destruction and Advanced Conventional Munitions," states that, "Russia supplied a variety of ballistic missile-related goods to foreign countries [in 1996], especially Iran." The report also noted that Russia and China continued to be the primary suppliers of missile technology and were "key to any future efforts to stem the flow of dual-use goods and modern weapons to countries of concern."

This Concurrent Resolution expresses the sense of the Congress that the President should demand that the Russian government take concrete actions to stop governmental and nongovernmental entities from providing missile assistance to Iran. If Russia fails to respond to United States concerns, the Resolution calls on the President to impose sanctions on the responsible Russian entities in accordance with existing United States law. This resolution is a reasonable response to an important problem.

I am pleased that Russian President Yeltsin has clearly stated that it is not Russia's policy to assist Iran's missile program. But unfortunately, there continue to be discrepancies between Russian words and deeds. The time has come for Russia's leaders to halt this dangerous missile cooperation with a dangerous regime in Tehran. I urge my colleagues to support this resolution.

SENATE CONCURRENT RESOLUTION 49—AUTHORIZING USE OF THE CAPITOL GROUNDS

Mr. LEVIN (for himself and Mr. JEFFORDS) submitted the following concurrent resolution; which was referred to the Committee on Governmental Affairs:

S. CON. RES. 49

Resolved by the Senate (the House of Representatives concurring),

SECTION 1. USE OF CAPITOL GROUNDS FOR AMERICA RECYCLES DAY NATIONAL KICK-OFF CAMPAIGN.

The "America Recycles Day" campaign and its agents may sponsor a public event on the Capitol Grounds on September 30, 1997, or on such date as the Speaker of the House of Representatives and the President pro tempore of the Senate may jointly designate.

SEC. 2. TERMS AND CONDITIONS.

(a) IN GENERAL.—The event authorized under section 1 shall be free to the public and arranged so as not to interfere with the needs of Congress, under conditions to be prescribed by the Architect of the Capitol and the Capitol Police.

(b) EXPENSES AND LIABILITIES.—"America Recycles Day" and its agents shall assume full responsibility for all expenses and liabilities incident to all activities associated with the event.

SEC. 3. EVENT PREPARATIONS.

(a) STRUCTURES AND EQUIPMENT.—Subject to the approval of the Architect of the Capitol, "America Recycles Day" and its agents are authorized to erect on the Capitol Grounds any stage, tent, sound amplification devices, and other related structures and equipment required for the event authorized under section 1.

(b) ADDITIONAL ARRANGEMENTS.—The Architect of the Capitol and the Capitol Police Board are authorized to make any other reasonable arrangements as may be required to plan for or administer the event.

SENATE RESOLUTION 111—TO DESIGNATE NATIONAL HISTORICALLY BLACK COLLEGES AND UNIVERSITIES WEEK

Mr. THURMOND submitted the following resolution which was referred to the Committee on the Judiciary:

S. RES. 111

Whereas there are 116 historically black colleges and universities in the United States:

Whereas black colleges and universities provide the quality education so essential to full participation in a complex, highly technological society;

Whereas black colleges and universities have a rich heritage and have played a prominent role in American history;

Whereas black colleges and universities have allowed many underprivileged students to attain their full potential through higher education; and

Whereas the achievements and goals of historically black colleges and universities are deserving of national recognition: Now, therefore, be it

Resolved, That the Senate—

(1) designates the week beginning September 14, 1997, as "National Historically Black Colleges and Universities Week"; and

(2) requests that the President of the United States issue a proclamation calling on the people of the United States and interested groups to observe the week with appropriate ceremonies, activities, and programs to demonstrate support for historically black colleges and universities in the United States.

Mr. THURMOND. Mr. President, I am pleased to rise today to submit a Senate resolution which authorizes and requests the President to designate the week beginning September 14, 1997, as "National Historically Black Colleges and Universities Week".

It is my privilege to sponsor this legislation for the 12th time—I repeat, the 12th time—honoring the historically black colleges of our country.

Eight of the one hundred and sixteen historically black colleges, namely Allen University, Benedict College, Claflin College, South Carolina State University, Morris College, Voorhees College, Denmark Technical College, and Clinton Junior College, are located in my home State. These colleges are vital to the higher education system of South Carolina. They have provided thousands of economically disadvantaged young people with the opportunity to obtain a college education.

Mr. President, thousands of young Americans have received quality educations at these 116 schools. These institutions have a long and distinguished history of providing the training necessary for participation in a rapidly changing society. Historically black colleges offer our citizens a variety of curricula and programs through which young people develop skills and talents, thereby expanding opportunities for continued social progress.

Mr. President, through adoption of this Senate resolution, Congress can reaffirm its support for historically black colleges, and appropriately recognize their important contributions to our Nation. I look forward to the speedy adoption of this resolution.

SENATE RESOLUTION 112—CONCERNING THE RECENT HOSTILITIES IN THE REPUBLIC OF CONGO

Mr. ASHCROFT (for himself and Mr. FEINGOLD) submitted the following resolution; which was referred to the Committee on Foreign Relations.

S. RES. 112

Whereas the Republic of Congo began to take significant steps after 1989 to implement a democratic form of government, including the convening of a national conference in 1991 and the adoption of a multiparty constitution in 1992;

Whereas the Republic of Congo held its first free and fair democratic elections in 1992, in which Pascal Lissouba won the presidency with 61 percent of the vote, defeating the former military ruler Denis Sassou-Nguesso in the first round of voting and current Brazzaville Mayor Bernard Kolelas in the second;

Whereas the Republic of Congo has endured violent threats to its nascent democracy since 1993, including factional fighting between the country's leading political figures which has taken thousands of lives;

Whereas fighting in the Republic of Congo is preventing the country from holding its scheduled elections and has endangered the lives of its citizens and foreign nationals residing in the country; and

Whereas the preservation of democracy in the Republic of Congo and the peaceful transfer of power through national elections are critically important for the future of freedom in the Republic of Congo and all of Central Africa: Now, therefore, be it

Resolved, That the Senate of the United States—

(1) condemns violent attempts to overthrow the freely elected Government of the Republic of Congo and encourages all parties involved in the conflict to reach a lasting cease-fire;

(2) calls on all private militia to disband to end the continuing threat to peace and stability in the Republic of Congo;

(3) reaffirms its support for constitutional government, the rule of law, human rights, and democratic processes in the Republic of Congo and calls upon regional African leaders to support the preservation of a democratic political system in the country;

(4) declares that the removal of the democratically elected Government of the Republic of Congo by other than democratic means would severely restrict the bilateral relationship between the United States and the Republic of Congo, including the suspension of most bilateral assistance from the United States to the Republic of Congo; and

(5) encourages the United States Government to state publicly its strong support for a democratic government in the Republic of Congo and the peaceful transfer of power in that country.

Mr. ASHCROFT. Mr. President, I send a resolution to the desk concerning recent fighting in the Republic of Congo. Senator FEINGOLD is joining me as an original cosponsor of this resolution, and I greatly appreciate his support in this effort and his help as the Ranking Member on the Subcommittee on African Affairs of the Foreign Relations Committee.

The Republic of Congo—not to be confused with the neighboring Democratic Republic of Congo, formerly known as Zaire—has been embroiled in domestic unrest since early June when hostilities erupted between the forces of the former military dictator Denis Sassou-Nguesso and troops loyal to the current Congolese leader, President Pascal Lissouba.

President Lissouba defeated Sassou in national elections in 1992. Recent hostilities between the two leaders pose a threat to the nascent democracy that the Republic of Congo has tried to cultivate over the last 5 years.

The Republic of Congo has made significant steps to embrace democracy since the late 1980's. After the collapse of the Soviet Union, the people of the Republic of Congo pressed for democratic change in their own country. Their struggle against political repression was rewarded with the convening of a national conference in 1991 and the adoption of a multiparty constitution in 1992.

The first free national elections were held in 1992. Since that time the Congolese people have endured violent threats to their emerging democracy. Indeed, factional infighting between rival political groups has taken the lives of several thousand people since 1993.

The most recent outbreak of fighting poses yet another challenge to the people of the Republic of Congo and the liberty they desire for their country. Thankfully, a ceasefire was signed by the warring parties over the weekend of July 12–13, and representatives of President Lissouba and Sassou-Nguesso have been in Libreville, Gabon attempting to negotiate a peace agreement.

It is my sincere hope that negotiations are constructive and that the Republic of Congo is able to move forward and hold elections previously scheduled for July 27, but now delayed indefinitely.

We should make it clear to all parties involved in the conflict in the Republic of Congo that the United States condemns violent attempts to overthrow the democratically-elected government of the Republic of Congo. There is too much at stake in Central Africa right now for the United States to remain silent about instability which threatens the peaceful transfer of power in a country struggling to embrace democracy.

United States foreign policy in Central Africa has failed miserably in restraining the forces of violence which have plagued Rwanda and Burundi, the former Zaire, and now the Republic of Congo. The Clinton administration must address more forcefully the chain of events in Central Africa before the region spirals out of control. A good place to start would be to speak out forcefully in support of democracy in the Republic of Congo and against the violence which threatens the country's stability.

Mr. President, it is time to take a public stand in support of the fragile democracy in the Republic of Congo, which is why I am submitting this resolution today. I hope at the appropriate time my colleagues will vote to condemn the violence now threatening the prospects for constitutional government and the rule of law in the Republic of Congo.

SENATE RESOLUTION 113—CONGRATULATING THE PEOPLE OF JAMAICA

Mr. GRAHAM submitted the following resolution; which was referred to the Committee on Foreign Relations:

Whereas on August 6, 1962, the people of Jamaica were granted their independence from Great Britain;

Whereas the people of Jamaica will celebrate their 35th anniversary of independence during a four-day "Emancipation Day" celebration from August 1 to August 4, 1997;

Whereas the people of Jamaica have practiced a representative democracy for 53 years since the establishment of internal self-governance in 1944;

Whereas under the Administration of Prime Ministers Michael Manley and PJ Patterson, Jamaica has played a leadership role in stimulating trade-based economic development, promoting democracy, fighting the illicit narcotics trade, and fostering the observance of human rights in the Caribbean region;

Whereas more than 2,000,000 Americans are of Jamaican descent, and Jamaican-Americans have made a rich contribution to our society;

Whereas Jamaica and the United States benefit from a healthy commercial relationship that, in 1996, exceeded $2,300,000,000; and

Whereas Jamaica and the United States enjoy strong cultural and social links: Now, therefore, be it

Resolved, That the Senate—

(1) congratulates the people of Jamaica on the occasion of the 35th anniversary of Jamaica's independence from Great Britain;

(2) celebrates the strong, entrenched tradition of democratic governance in Jamaica;

(3) recognizes the richness of the contribution to United States of economic, political, social, and cultural life by Americans of Jamaican descent;

(4) commends the Government of Jamaica for its efforts to promote stability and economic growth in the Caribbean region; and

(5) looks forward to the continuance of strong relations and cooperation between the United States and Jamaica.

Mr. GRAHAM. Mr. President, it will be 35 years ago this coming Wednesday, August 6, 1997, that the people of Jamaica were granted their independence from Great Britain. This significant event for the people of Jamaica is cause for great celebration by the citizens of Jamaica as well as all of us who cherish democracy. The United States and Jamaica have been partners working together helping to bring democracy throughout the world. The government of Jamaica was the first of our allies joining our efforts to come to the aid of its neighbor Haiti. Jamaican American citizens contribute to the richness of our nation's cultural heritage. They strengthen the rich cultural and social ties between our nations.

It is therefore fitting that we take this opportunity to congratulate the people of Jamaica during their four day "Emancipation Day" celebration August 1, to August 4, 1997.

SENATE RESOLUTION 114—RELATIVE TO TAIWAN

Mr. TORRICELLI (for himself and Mr. BROWNBACK) submitted the following resolution; which was referred to the Committee on Foreign Relations:

S. RES. 114

Whereas Hong Kong was acquired by the United Kingdom in 1898 and leased from China for 99 years;

Whereas the treaty through which the Hong Kong territory was leased from China expired on July 1, 1997, at which time Hong Kong reverted to China;

Whereas no treaties exist between the People's Republic of China and Taiwan which determine the future status of Taiwan, and, unlike Hong Kong, Taiwan has been de facto independent since 1949;

Whereas the People's Republic of China attempts to apply to Taiwan the formula commonly known as "one country, two systems" in an effort to annex Taiwan to China;

Whereas the People's Republic of China has refused to renounce the use of force against Taiwan and held military exercises in the Taiwan Strait in March 1996 in an attempt to intimidate the people of Taiwan in their first presidential elections; and

Whereas the Taiwan Relations Act states that "[i]t is the policy of the United States to consider any effort to determine the future of Taiwan by other than peaceful means, including by boycotts or embargoes, a threat to the peace and security of the Western Pacific area and of grave concern to the United States": Now, therefore, be it

Resolved, That it is the sense of the Senate that—

(1) the transfer of Hong Kong to the People's Republic of China does not alter the current and future status of Taiwan;

(2) the future of Taiwan should be determined by peaceful means through a democratic process in accordance with the principle of self-determination, as outlined in the Charter of the United Nations; and

(3) the United States should assist in the defense of Taiwan in case of threats or military attack by the People's Republic of China against Taiwan.

Mr. TORRICELLI. Mr. President, I rise today to join with my colleague, Senator BROWNBACK, in submitting a Sense of Senate Resolution on the Current and Future Status of Taiwan.

This legislation expresses the sense of the Senate that the recent transfer of Hong Kong to the People's Republic of China does not alter the current or future status of Taiwan. The reversion of Hong Kong to China on July 1 has created the impression among some that the situations of Hong Kong and Taiwan are similar. Our resolution makes clear that there are deep differences between these two situations.

Hong Kong reverted to China after the expiration of a treaty signed by China and the United Kingdom in 1898 granting a 99 year lease.

No treaties exist which determine the future status of Taiwan, and Taiwan has maintained a de facto independence since 1949.

The formula of "one country, two systems" applied to Hong Kong has no relevance to Taiwan.

China continues to renounce the use of force against Taiwan and as recently as 1996 held military exercises in the Taiwan Strait in an attempt to intimidate the people of Taiwan.

The Taiwan Relations Act makes it the policy of the United States to "consider any effort to determine the future of Taiwan by other than peaceful means, including by boycotts or embargoes, a threat to the peace and security of the Western Pacific area and of grave concern to the United States."

Based on these differences, our resolution expresses the sense of the Senate that—

First, the transfer of Hong Kong to the People's Republic of China does not alter the current and future status of Taiwan;

Second, the future of Taiwan should be determined by peaceful means through a democratic process in accordance with the principle of self-determination, as outlined in the Charter of the United Nations; and

Third, the United States should assist in the defense of Taiwan in case of threats or military attack by the People's Republic of China against Taiwan.

SENATE RESOLUTION 115—EXPRESSING SUPPORT FOR A NATIONAL DAY OF UNITY

Mrs. BOXER (for herself and Mr. JOHNSON) submitted the following resolution; which was referred to the Committee on Judiciary.

S. RES. 115

Whereas the President has called for a national dialogue on race;

Whereas an appropriate way to meet the President's challenge is to establish a National Day of Unity when all Americans can celebrate their common heritage and shared destiny;

Whereas such a day would be a means to build a bridge that would finally cross the racial and other divides of our Nation and to achieve the unity our Nation desires and needs; and

Whereas no particular day can close all divisions within our Nation, but by coming together on a National Day of Unity, we can focus the dialogue the President seeks, and that the Nation needs: Now, therefore, be it

Resolved, That a National Day of Unity should be established in order to facilitate a national dialogue to encourage Americans to renew their commitment to liberty and justice for all and to celebrate our unity.

Mr. JOHNSON. Mr. President, I want to take this opportunity to express my strong support for the Senate Resolution calling for a National Day of Unity submitted by Senator BOXER. This Resolution is a direct response to the President's call for a national dialog on race, and I applaud the timeliness and the intent of Senator BOXER's efforts.

The challenges associated with race relations that we have faced as a nation are apparent throughout our collective history. In my rural state, Native Americans are the largest minority, comprising nearly 8% of the population. Spurred by deep-rooted tensions between Native Americans and non-Indians in South Dakota, the late Governor George Mickelson had the foresight to declare 1990 a Year of Reconciliation on race relations. In his communications with me after this declaration, Mickelson wrote, "* * * our successes reached beyond anyone's imagination. I do not suggest we have even scraped the surface of all that we have too, but I do suggest that there is a new awareness among the citizens of South Dakota for a need to reconcile, a need to learn about and understand one another's cultures, and a need to put aside old prejudices."

At the request of the Governor, South Dakota's tribal leaders, and the people of South Dakota, I introduced legislation in the House of Representatives in 1992, calling for a National Year of Reconciliation to focus on healing the breach between Native Americans and non-indians nationwide. That legislation was signed into law by President Bush in May of 1992. Native Americans are a significant, culturally unique and often insular racial minority. In order to understand the history and the future of race relations in the U.S., I have long felt that we must understand the position of Native Americans and the scope of this country's oldest race relationships. The 1992 National Year of Reconciliation legislation was dedicated to the type of dialog that President Clinton has asked for in his broader initiative on race.

Today, the President's Advisory Board on Race Relations has been charged with the enormous task of addressing racial tensions and the impact of race relations on every American. The first meeting of the Race Relations Board held in San Diego, California, indicated that the Board's task is indeed daunting, and that a dialog on race is potentially divisive. It is that very divisiveness which makes the President's initiative so vital. We are all aware that racism and prejudice persist in this country. A national dialog must be encouraged, and an opportunity for full participation by every American of all ethnicities must be provided.

Senator BOXER's Resolution calls on the Congress to follow the President's lead in expanding the dialog and including every voice. If we are to move forward as a nation, we must address the forces that divide us, not only to recognize these forces honestly for what they are, but to strengthen our determination that such forces can be overcome. The Senate has been given a unique opportunity today to express our full support for the mission of the Race Relations Board, and requests the participation of the entire country.

Mr. President, this nation's racial problems cannot be solved by a few people, no matter how well-intentioned. That is why I join Senator BOXER today in asking the country to express its dedication to solving those problems by observing a National Day of Unity.

SENATE RESOLUTION 116—DESIGNATING AMERICA RECYCLES DAY

Mr. LEVIN (for himself and Mr. JEFFORDS) submitted the following resolution; which was referred to the Committee on the Judiciary:

S. RES. 116

Whereas citizens in the United States generate approximately 208,000,000 tons of municipal solid waste a year or 4.3 pounds per person per day;

Whereas the average worker generated between 120 and 150 pounds of recoverable white office paper a year;

Whereas the Environmental Protection agency recently estimated that the recycling rate in the Untied States has reached 27 percent;

Whereas making products from recycled materials allows us to get the most use of every tree, every gallon of oil, every pound of mineral, every drop of water, and every kilowatt of energy that goes into products we buy;

Whereas manufacturing from recycled materials creates less waste and fewer emissions;

Whereas recycling saves energy, reducing the need to deplete nonrenewable energy resources;

Whereas it is estimated that 9 jobs are created for every 15,000 tons of solid waste recycled into a new product,

Whereas recycling is completed only when recovered materials are returned to the retailer as new products, and then purchased by consumers;

Whereas buying recycled products conserves resources and energy, reduces waste and pollution and creates jobs;

Whereas more than 4,500 recycled products are available to consumers;

Whereas we have a two-way, use and reuse system of recycling and buying recycling; and

Whereas Americans support recycling, but need a regular reminder of the importance of buying recycled content products and the availability of recycled content products and instructions on how to recycle: Now, therefore, be it

Resolved, That the Senate—

(1) designates November 15, 1997, and November 15, 1998, as "America Recycles Day"; and

(2) requests that the President issue a proclamation calling on the people of the United States to observe "America Recycles Day" with appropriate ceremonies and activities.

AMENDMENT SUBMITTED

THE ENVIRONMENTAL POLICY AND CONFLICT RESOLUTION ACT OF 1997

McCAIN AMENDMENT NO. 1047

(Ordered to lie on the table.)

Mr. McCAIN submitted an amendment intended to be proposed by him to the bill (S. 399) to amend the Morris K. Udall Scholarship and Excellence in National Environmental and Native American Public Policy Act of 1992 to establish the U.S. Institute for Environmental Conflict Resolution to conduct environmental conflict resolution and training, and for other purposes; as follows:

Beginning on page 14, strike line 17 and all that follows through page 15, line 3, and insert the following:

SEC. 6. ENVIRONMENTAL DISPUTE RESOLUTION FUND.

(a) REDESIGNATION.—Sections 10 and 11 of the Morris K. Udall Scholarship and Excellence in National Environmental and Native American Public Policy Act of 1992 (20 U.S.C. 5608, 5609) are redesignated as sections 12 and 13 of that Act, respectively.

(b) ENVIRONMENTAL DISPUTE RESOLUTION FUND.—The Morris K. Udall Scholarship and Excellence in National Environmental and Native American Public Policy Act of 1992 (20 U.S.C. 5601 et seq.) (as amended by section (a)) is amended by inserting after section 9 the following:

"SEC. 10. ENVIRONMENTAL DISPUTE RESOLUTION FUND.

"(a) ESTABLISHMENT.—There is established in the Treasury of the United States an Environmental Dispute Resolution Fund to be administered by the Foundation. The Fund shall consist of amounts appropriated to the Fund under section 13(b) and amounts paid into the Fund under section 11.

"(b) EXPENDITURES.—The Foundation Shall expend from the Fund such sums as the Board determines are necessary to establish and operate the Institute, including such amounts as are necessary for salaries, administration, the provision of mediation and other services, and such other expenses as the Board determines are necessary.

"(c) DISTINCTION FROM TRUST FUND.—The Fund shall be maintained separately from the Trust Fund established under section 8.

"(d) INVESTMENT OF AMOUNTS.—

"(1) IN GENERAL.—The Secretary of the Treasury shall invest such portion of the Fund as is not, in the judgment of the Secretary, required to meet current withdrawals.

"(2) INTEREST-BEARING OBLIGATIONS.—Investments may be made only in interest-bearing obligations of the United States

"(3) ACQUISITION OF OBLIGATIONS.—For the purpose of investments under paragraph (1), obligations may be acquired—

"(A) on original issue at the issue price; or

"(B) by purchase of outstanding obligations at the market price.

"(4) SALE OF OBLIGATIONS.—Any obligation acquired by the Fund may be sold by the Secretary of the Treasury at the market price.

"(5) CREDITS TO FUND.—The interest on, and the proceeds from the sale or redemption of, any obligations held in the Fund shall be credited to and form a part of the Fund.".

SEC. 7. USE OF THE INSTITUTE BY A FEDERAL AGENCY.

The Morris K. Udall Scholarship and Excellence in National Environmental and Native American Public Policy Act of 1992 (20 U.S.C. 5601 et seq.) (as amended by section 6) is amended by inserting after section 10 the following:

"SEC. 11. USE OF THE INSTITUTE BY A FEDERAL AGENCY.

On page 15, strike lines 13 through 16 and insert the following:

"(2) PAYMENT INTO ENVIRONMENTAL DISPUTE RESOLUTION FUND.—A payment from an executive agency on a contract entered into under paragraph (1) shall be paid into the Environmental Dispute Resolution Fund established under section 10.

On page 17, line 1, strike "**SEC. 7.**" and insert "**SEC. 8**".

On page 17, line 2, strike "Section 12" and insert "Section 13".

On page 17, strike lines 11 through 13 and insert the following:

"(b) ENVIRONMENTAL DISPUTE RESOLUTION FUND.—There are authorized to be appropriated to the Environmental Dispute Resolution Fund established under section 10—

On page 17, line 21, strike "**SEC. 8.**" and insert "**SEC. 9.**".

On page 18, line 4, strike "12" and insert "13(a)".

* * *

THE JOHN F. KENNEDY CENTER PARKING IMPROVEMENT ACT OF 1997

CHAFEE AMENDMENT NO. 1048

Mr. DOMENICI (for Mr. CHAFEE) proposed an amendment to the bill (S. 797) to amend the John F. Kennedy Center Act to authorize the design and construction of additions to the parking garage and certain site improvements, and for other purposes; as follows:

Page 3, line 7, strike "or".

Page 3, line 12, strike the first period and all that follows and insert "; or".

Page 3, after line 12, insert the following:

"(C) any project to acquire large screen format equipment for an interpretive theater or to produce an interpretive film that the board specifically designates will be financed using sources other than appropriated funds.".

Page 4, strike lines 9 through 14.

Page 4, line 15, strike "5" and insert "4".

DOMENICI (AND BINGAMAN) AMENDMENT NO. 1049

Mr. DOMENICI (for himself and Mr. BINGAMAN) proposed an amendment to the bill, S. 797, supra; as follows:

At the appropriate place, insert the following:

SEC. ___. CONSTRUCTION OF A CENTER FOR PERFORMING ARTS.

(a) FINDINGS.—Congress makes the following findings:

(1) The United States has an enriched legacy of Hispanic influence in politics, government, economic development, and cultural expression.

(2) The Hispanic culture in what is now the United States can be traced to 1528 when a Spanish expedition from Cuba to Florida was shipwrecked on the Texas coast.

(3) The Hispanic culture in New Mexico can be traced to 1539 when a Spanish Franciscan Friar, Marcos de Niza, and his guide, Estevanico, traveled into present day New Mexico in search of the fabled city of Cibola and made contact with the people of Zuni.

(4) The Hispanic influence in New Mexico is particularly dominant and a part of daily living for all the citizens of New Mexico, who are a diverse composite of racial, ethnic, and cultural peoples. Don Juan de Oarte and the first New Mexican families established the first capital in the United States, San Juan de los Cabelleros, in July of 1598.

(5) Based on the 1990 census, there are approximately 650,000 Hispanics in New Mexico, the majority having roots reaching back ten or more generations.

(6) There are an additional 200,000 Hispanics living outside of New Mexico with roots in New Mexico.

(7) The New Mexico Hispanic Cultural Center is a living tribute to the Hispanic experience and will provide all citizens of New Mexico, the Southwestern United States, the entire United States, and around the world, an opportunity to learn about, partake in, and enjoy the unique Hispanic culture, and the New Mexico Hispanic Cultural Center will assure that this 400-year old culture is preserved.

(8) The New Mexico Hispanic Cultural Center will teach, showcase, and share all facets of Hispanic culture, including literature, performing arts, visual arts, culinary arts, and language arts.

(9) The New Mexico Hispanic Cultural Center will promote a better cross-cultural understanding of the Hispanic culture and the contributions of individuals to the society in which we all live.

(10) In 1993, the legislature and Governor of New Mexico created the Hispanic Cultural Division as a division within the Office of Cultural Affairs. One of the principal responsibilities of the Hispanic Cultural Division is to oversee the planning, construction, and operation of the New Mexico Hispanic Cultural Center.

(11) The mission of the New Mexico Hispanic Cultural Center is to create a greater appreciation and understanding of Hispanic culture.

(12) The New Mexico Hispanic Cultural Center will serve as a local, regional, national, and international site for the study and advancement of Hispanic culture, expressing both the rich history and the forward-looking aspirations of Hispanics throughout the world.

(13) The New Mexico Hispanic Cultural Center will be a Hispanic arts and humanities showcase to display the works of national and international artists, and to provide a venue for educators, scholars, artists, children, elders, and the general public.

(14) The New Mexico Hispanic Cultural Center will provide a venue for presenting the historic and contemporary representations and achievements of the Hispanic culture.

(15) The New Mexico Hispanic Cultural Center will sponsor arts and humanities programs, including programs related to visual arts of all forms (including drama, dance, and traditional and contemporary music), research, literary arts, genealogy, oral history, publications, and special events such as, fiestas, culinary arts demonstrations, film video productions, storytelling presentations and education programs.

(16) Phase I of the New Mexico Hispanic Cultural Center complex is scheduled to be completed by August of 1998 and is planned to consist of an art gallery with exhibition space and a museum, administrative offices,

a restaurant, a ballroom, a gift shop, an amphitheater, a research and literary arts center, and other components.

(17) Phase II of the New Mexico Hispanic Cultural Center complex is planned to include a performing arts center (containing a 700-seat theater, a stage house, and a 300-seat film/video theater), a 150-seat black box theater, an art studio building, a culinary arts building, and a research and literary arts building.

(18) It is appropriate for the Federal Government to share in the cost of constructing the New Mexico Hispanic Cultural Center because Congress recognizes that the New Mexico Hispanic Cultural Center has the potential to be a premier facility for performing arts and a national repository for Hispanic arts and culture.

(b) DEFINITIONS.—In this section:

(1) CENTER.—The term "Center" means the Center for Performing Arts, within the complex known as the New Mexico Hispanic Cultural Center, which Center for the Performing Arts is a central facility in Phase II of the New Mexico Hispanic Cultural Center complex.

(2) HISPANIC CULTURAL DIVISION.—The term "Hispanic Cultural Division" means the Hispanic Cultural Division of the Office of Cultural Affairs of the State of New Mexico.

(3) SECRETARY.—The term "Secretary" means the Secretary of the Interior.

(c) CONSTRUCTION OF CENTER.—The Secretary shall award a grant to New Mexico to pay for the Federal share of the costs of the design, construction, furnishing, and equipping of the Center for Performing Arts that will be located at a site to be determined by the Hispanic Cultural Divison, within the complex known as the New Mexico Hispanic Cultural Center.

(d) GRANT REQUIREMENTS.—

(1) IN GENERAL.—In order to receive a grant awarded under subsection (c), New Mexico, acting through the Director of the Hispanic Cultural Division—

(A) shall submit to the Secretary, within 30 days of the date of enactment of this section, a copy of the New Mexico Hispanic Cultural Center Program document dated January 1996; and

(B) shall exercise due diligence to expeditiously execute, in a period not to exceed 90 days after the date of enactment of this section, the memorandum of understanding under paragraph (2) recognizing that time is of the essence for the construction of the Center because 1998 marks the 400th anniversary of the first permanent Spanish settlement in New Mexico.

(2) MEMORANDUM OF UNDERSTANDING.—The memorandum of understanding described in paragraph (1) shall provide—

(A) the date of completion of the construction of the Center;

(B) that Antoine Predock, an internationally recognized architect, shall be the supervising architect for the construction of the Center;

(C) that the Director of the Hispanic Cultural Division shall award the contract for architectural engineering and design services in accordance with the New Mexico Procurement Code; and

(D) that the contract for the construction of the Center—

(i) shall be awarded pursuant to a competitive bidding process; and

(ii) shall be awarded not later than 3 months after the solicitation for bids for the construction of the Center.

(3) FEDERAL SHARE.—The Federal share of the costs described in subsection (c) shall be 50 percent.

(4) NON-FEDERAL SHARE.—The non-Federal share of the costs described in subsection (c) shall be in cash or in kind fairly evaluated, including plant, equipment, or services. The non-Federal share shall include any contribution received by New Mexico for the design, construction, furnishing, or equipping of Phase I or Phase II of the New Mexico Hispanic Cultural Center complex prior to the date of enactment of this section. The non-Federal share of the costs described in subsection (c) shall include the following:

(A) $16,410,000 that was appropriated by the New Mexico legislature since January 1, 1993, for the planning; property acquisition, design, construction, furnishing, and equipping of the New Mexico Hispanic Cultural Center complex.

(B) $116,000 that was appropriated by the New Mexico legislature for fiscal year 1995 for the startup and operating expenses of the New Mexico Hispanic Cultural Center.

(C) $226,000 that was appropriated by the New Mexico legislature for fiscal year 1996 for the startup and operating expenses of the New Mexico Hispanic Cultural Center.

(D) $442,000 that was appropriated by the New Mexico legislature for fiscal year 1997 for the startup and operating expenses of the New Mexico Hispanic Cultural Center.

(E) $551,000 that was appropriated by the New Mexico legislature for fiscal year 1998 for the startup and operating expenses of the New Mexico Hispanic Cultural Center.

(F) A 10.9-acre lot with a historic 22,000 square foot building donated by the Mayor and City Council of Albuquerque, New Mexico, to New Mexico for the New Mexico Hispanic Cultural Center.

(G) 12 acres of "Bosque" land adjacent to the New Mexico Hispanic Cultural Center complex for use by the New Mexico Hispanic Cultural Center.

(H) The $30,000 donation by the Sandia National Laboratories and Lockheed Martin Corporation to support the New Mexico Hispanic Cultural Center and the program activities of the New Mexico Hispanic Cultural Center.

(e) USE OF FUNDS FOR DESIGN, CONSTRUCTION, FURNISHING, AND EQUIPMENT.—The funds received under a grant awarded under subsection (c) shall be used only for the design, construction, furnishing, and equipment of the Center.

(f) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to the Smithsonian Institution to carry out this section a total of $17,800,000 for fiscal year 1998 and succeeding fiscal years. Funds appropriated pursuant to the authority of the preceding sentence shall remain available until expended.

GRAHAM (AND MACK) AMENDMENT NO. 1050

Mr. DOMENICI (for Mr. GRAHAM, for himself and Mr. MACK) proposed an amendment to the bill, S. 797, supra; as follows:

At the appropriate place insert the following:

SEC. . CONSTRUCTION OF A CENTER FOR REGIONAL BLACK CULTURE.

(a) FINDINGS.—Congress makes the following findings:

(1) Currently 500,000 historically important artifacts of the Civil War era and the early days of the civil rights movement in the Southeast region of the United States are housed at Florida A&M University.

(2) To preserve this large repertory of African-American history and artifacts it is appropriate that the Federal Government share in the cost of construction of this national repository for culture and history.

(b) DEFINITION.—In this section:

(1) CENTER.—The term "Center" relates to the Center for Historically Black Heritage at Florida A&M University.

(2) SECRETARY.—The term "Secretary" means the Secretary of Interior Acting through the director of the Park Service.

(c) CONSTRUCTION OF CENTER.—

(1) IN GENERAL.—the Secretary shall award a grant to the State of Florida to pay for the Federal share of the costs design construction, furnishing and equipping the Center at Florida A&M University.

(d) GRANT REQUIREMENTS.—

(1) IN GENERAL.—In order to receive the grant awarded under subsection (c), Florida A&M University, shall submit to the Secretary a proposal.

(2) FEDERAL SHARE.—The Federal share of the costs described in subsection (c) shall be 50 percent.

(e) AUTHORIZATION OF APPROPRIATION.—There is authorized to be appropriated to the Secretary of Interior to carry out this section a total of $3,800,000 fiscal year 1998 and preceding fiscal years. Funds appropriated pursuant to the authority of the preceding sentence should remain available until expanded.

CHAFEE AMENDMENTS NOS. 1051—1052

Mr. DOMENICI (for Mr. CHAFEE) proposed two amendments to the bill, S. 797, supra; as follows:

AMENDMENT NO. 1051

At the end of the bill, add the following:

SEC. . RELOCATION AND EXPANSION OF HAFFENREFFER MUSEUM OF ANTHROPOLOGY.

(a) DEFINITIONS.—In this section:

(1) MUSEUM.—The term "Museum" means the Haffenreffer Museum of Anthropology at Brown University in Providence, Rhode Island.

(2) SECRETARY.—The term "Secretary" means the Secretary of the Interior.

(b) RELOCATION AND EXPANSION OF MUSEUM.—The Secretary shall make a grant to Brown University in Providence, Rhode Island, to pay the Federal share of the costs associated with the relocation and expansion of the Museum, including the design, construction, renovation, restoration, furnishing, and equipping of the Museum.

(c) GRANT REQUIREMENTS.—

(1) IN GENERAL.—To receive a grant under subsection (b), the Museum shall submit to the Secretary a proposal for the use of the grant.

(2) FEDERAL SHARE.—The Federal share of the costs described in subsection (b) shall be 20 percent.

(d) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section $3,000,000, to remain available until expended.

AMENDMENT NO. 1052

At the end of the bill add the following new section:

SEC. . ENVIRONMENTAL RESEARCH CENTER.

(a) IN GENERAL.—The Secretary of the Interior shall award a grant to Juniata College for the construction of an environmental research facilities and structures at Raystown Lake, Pennsylvania.

(b) COORDINATION.—As a condition to receipt of the grant authorized in subsection (a), officials of Juniata College shall coordinate with the Baltimore District of the Army Corps of Engineers.

(c) APPROPRIATIONS AUTHORIZED.—There is authorized to be appropriateD $5,000,000 to carry out this section.

BAUCUS AMENDMENT NO. 1053

Mr. DOMENICI (for Mr. BAUCUS) proposed an amendment to the bill, S. 797, supra; as follows:

At the end of the bill add the following new section:

SEC. . FORT PECK DAM INTERPRETIVE CENTER.

(a) IN GENERAL.—The Secretary of the Interior shall design, construct, furnish and equip an historical, cultural and paleontological interpretive center and museum to be located at Fort Peck Dam, Montana.

(b) COORDINATION.—In carrying out subsection (a), the Secretary of the Interior shall coordinate with officials of the Bureau of Reclamation, Bureau of Land Management, U.S. Army Corps of Engineers and the Fort Peck Dam Interpretive Center and Museum.

(c) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section a total of $10,000,000. Funds appropriated are available until expended.

THE EARTHQUAKE HAZARDS REDUCTION ACT APPROPRIATIONS AUTHORIZATION ACT

FRIST AMENDMENT NO. 1054

Mr. WARNER (for Mr. FRIST) proposed an amendment to the bill (S. 910) to authorize appropriations for carrying out the Earthquake Hazards Reduction Act of 1977 for fiscal years 1998 and 1999, and for other purposes; as follows:

On page 9, line 19, strike "$51,142,000" and insert "$52,565,000".

On page 9, line 22, strike "$52,676,000" and insert "$54,052,000".

THE U.S. DISTRICT COURTS APPROPRIATIONS AUTHORIZATION ACT

BIDEN AMENDMENT NO. 1055

Mr. WARNER (for Mr. BIDEN) proposed an amendment to the bill (S. 996) to provide for the authorization of appropriations in each fiscal year for arbitration in United States district courts; as follows:

At the end of the bill, add the following new section:

SEC. 2. ENHANCEMENT OF JUDICIAL INFORMATION DISSEMINATION.

Section 103(b)(2) of the Civil Justice Reform Act of 1990 (Public Law 101-650; 104 Stat. 5096; 28 U.S.C. 471 note) is amended—

(1) by inserting "(A)" after "(2)";

(2) by striking "sections 471 through 478" and inserting "sections 472, 473, 474, 475, 477, and 478"; and

(3) by adding at the end of the following new subparagraph:

"(B) The requirements set forth in section 476 of title 28, United States Code, as added by subsection (a), shall remain in effect permanently.".

NOTICE OF HEARING

COMMITTEE ON ENERGY AND NATURAL RESOURCES, SUBCOMMITTEE ON ENERGY RESEARCH, DEVELOPMENT, PRODUCTION AND REGULATION

Mr. NICKLES. Mr. President, for the information of the Senate and the public I am announcing that the Subcommittee on Energy Research, Development, Production and Regulation of the Committee on Energy and Natural Resources will hold an oversight hearing to receive testimony on the topic of competitive Change in the Electric Power Industry: the Oklahoma Perspective.

The hearing will be held on Thursday, August 21, 1997, at the Oklahoma City Community College theater, 777 South May Avenue, Oklahoma City, Oklahoma. It will begin at 1:30 p.m.

Participation is by invitation. Those interested in testifying or submitting material for the hearing record should write to the Subcommittee on Energy Research, Development, Production and Regulation, Committee on Energy and Natural Resources, United States Senate, Washington, D.C. 20510 attn: Shawn Taylor at (202) 224–7875 or Howard Useem (202) 224–6567.

AUTHORITY FOR COMMITTEES TO MEET

COMMITTEE ON AGRICULTURE, NUTRITION, AND FORESTRY

Mr. ROTH. Mr. President, I ask unanimous consent that the Committee on Agriculture, Nutrition, and Forestry be allowed to meet during the session of the Senate on Thursday, July 31, 1997 at 9:00 a.m. in SR–328A to examine food security in Africa.

The PRESIDING OFFICER. Without objection, it is so ordered.

COMMITTEE ON BANKING, HOUSING, AND URBAN AFFAIRS

Mr. ROTH. Mr. President, I ask unanimous consent that the Committee on Banking, Housing, and Urban Affairs be authorized to meet in executive session during the session of the Senate on Thursday, July 31, 1997, to conduct a mark-up of S. 1026, "The U.S. Export-Import Bank Reauthorization Act of 1997."

The PRESIDING OFFICER. Without objection, it is so ordered.

COMMITTEE ON COMMERCE, SCIENCE, AND TRANSPORTATION

Mr. ROTH. Mr. President, I ask unanimous consent that the Committee on Commerce, Science and Transportation be authorized to meet on Thursday, July 31, 1997, at 9:30 a.m. on S. 268—National Parks Overflights.

The PRESIDING OFFICER. Without objection, it is so ordered.

COMMITTEE ON ENERGY AND NATURAL RESOURCES

Mr. ROTH. Mr. President, I ask unanimous consent that the Committee on Energy and Natural Resources be granted permission to meet during the session of the Senate on Thursday, July 31, for purposes of conducting a full committee hearing which is scheduled to begin at 9:30 a.m. The purpose of this oversight hearing is to receive testimony from the Forest Service on their organizational structure, staffing, and budget for the Alaska Region.

The PRESIDING OFFICER. Without objection, it is so ordered.

COMMITTEE ON GOVERNMENTAL AFFAIRS

Mr. ROTH. Mr. President, I ask unanimous consent on behalf of the Governmental Affairs Committee Special Investigation to meet on Thursday, July 31, at 10 a.m., for a hearing on campaign financing issues.

The PRESIDING OFFICER. Without objection, it is so ordered.

COMMITTEE ON THE JUDICIARY

Mr. ROTH. Mr. President, I ask unanimous consent that the Committee on the Judiciary, be authorized to hold an executive business meeting during the session of the Senate on Thursday, July 31, 1997, at 10:00 a.m., in room 226 of the Senate Dirksen Office Building.

The PRESIDING OFFICER. Without objection, it is so ordered.

COMMITTEE ON RULES AND ADMINISTRATION

Mr. ROTH. Mr. President, I ask unanimous consent that the Committee on Rules and Administration hold a business meeting at 11:30 a.m. on Thursday, July 31, 1997 in Russell 301, on the status of the investigation into the contested Senate election in Louisiana at which the Committee could consider and vote upon a resolution, or resolutions, prescribing the future course of action to be taken by the Committee.

The PRESIDING OFFICER. Without objection, it is so ordered.

SUBCOMMITTEE ON IMMIGRATION

Mr. ROTH. Mr. President, I ask unanimous consent that the Subcommittee on Immigration, of the Senate Committee on the Judiciary, be authorized to meet during the session of the Senate on Thursday, July 31, 1997, at 2:00 p.m. to hold a hearing in room 226, Senate Dirksen Building, on: "Annual Refugee Consultation."

The PRESIDING OFFICER. Without objection, it is so ordered.

ADDITIONAL STATEMENTS

INTERNATIONAL DOLPHIN CONSERVATION ACT

• Mr. SMITH of New Hampshire. Mr. President, I would like to comment briefly on yesterday's unanimous passage of S. 39, the International Dolphin Conservation Act after the Senate had adopted a compromise amendment.

I joined with my colleagues in supporting this effort to bridge the gap between the two sides because I believe that it was the result of sincere movement by both sides, a true compromise.

As originally written, S. 39 would have permitted tuna caught by chasing dolphins and encircling them in purse-seine nets to be labeled dolphin-safe. The compromise amendment adopted by the Senate yesterday preserves the existing dolphin-safe label until the Secretary of Commerce has the opportunity to review a study of the effects of encirclement on endangered dolphin populations. This means that the label change will take place no sooner than March 1997.

I must admit that the need for such a study is not entirely clear to me. I think that any method of fishing for tuna that involves chasing schools of dolphins through miles of ocean and encircling them—in nets a mile wide and as deep as a football field is long—cannot honestly be described as safe for dolphins. I only hope that the studies that will be conducted will be anchored in common sense. If they are, I am confident that the label change will not take place.

Unfortunately, common sense may take a back seat to pressures from foreign governments, the same pressures that gave rise to S. 39 in the first place. It's no secret that the countries that permit dolphin-deadly fishing would like to have access to the American tuna market—the world's largest—even if it means that our consumer standards have to be gutted in the process. I regret that too many in Congress and in the administration have failed to resist this pressure and defend our country's laws.

In that connection, I would like to associate myself with the remarks of Senator BOXER, a valued colleague but one with whom I do not typically find myself in agreement. Before the Senate voted on this issue, Senator BOXER said: "American laws should be made by Americans * * * American laws should not be made by other countries." Senator BOXER has it exactly right. This issue has aroused the passionate interest of humane groups others concerned with dolphin welfare, but it should also be of concern to anyone concerned about the integrity of our governing institutions and the preservation of the sovereign right of the American people to make their laws through those institutions. I trust that we will have the opportunity to revisit that question.

Finally, I would like to take this opportunity to say that Senator BOXER has done a tremendous job of standing up for what is right on this issue and I salute her efforts and those of the others who brought the sponsors of S. 39 to the table. Without Senator BOXER's steadfast efforts, this compromise and the opportunity to preserve the dolphin-safe label it provides would not have been possible. •

STUDENT SUPPORT SERVICES

• Mr. ROCKEFELLER. Mr. President, I would like to take this opportunity to recognize two students of Potomac State College in West Virginia who have accomplished great feats through the assistance of our Federal TRIO programs. These programs have helped students for more than 30 years to overcome financial barriers to education.

Paul Kesner was a participant in the student support services program at Potomac State from 1977 to 1979. This section of the TRIO programs helps students to stay in college until they earn their baccalaureate degree by providing tutoring, counseling, and financial assistance. Not only was Paul able to earn his BA, he went on to obtain an MS in counseling psychology from Frostburg State University, and is currently working on his dissertation to earn a Ph.D. from West Virginia University. Paul is currently the Dean of Student Affairs at Potomac State College.

Paul was recently elected to be president of the West Virginia Association of Student Personnel Administrators. Paul is also very active in Rotary International and various other local civic organizations in his community. Paul, who grew up on a farm in Mineral County, WV, notes that, "I am grateful for the impact and change TRIO had on my life. Without it, I certainly would not be in a situation to help others progress toward their own educational goals."

Michelle Francis participated in the student support services program at Potomac State from 1989 to 1990. This Federal program helped Michelle to graduate from college and to make the career choices that she wanted to make. After earning an associate's degree from Potomac State, Michelle went on to earn her BA from Frostburg State University.

Michelle is presently the day treatment coordinator at the developmental center & workshop in Keyser. Like Paul, Michelle is also very active in her community, serving in the Ladies Auxiliary of the American Legion, and as a mentor at the Mountaineer Challenge Academy. Michelle was also awarded the 1996 West Virginia TRIO achiever award.

As the fine results of these two West Virginia citizens demonstrate, the TRIO programs are clearly helping Americans to overcome financial, social, academic and cultural barriers to earn their college degrees. Since 1965, when the Federal TRIO programs began receiving funding under title IV of the Higher Education Act, the facts have shown that students who participate in the TRIO student support services program are more than twice as likely to remain in college than those students from similar backgrounds who did not participate in the program.

Paul and Michelle have joined the ranks of many West Virginians who have achieved outstanding feats after participating in the TRIO programs. Thirty years ago, the TRIO programs were founded on the basis that all Americans deserved the opportunity to achieve a college education regardless of race, ethnic background, or economic circumstances. Today, the town of Keyser is a better place in which to live because of the contributions of Paul Kesner and Michelle Francis to the community. Because the TRIO programs were there for Michelle and Paul, they have been able to be there for the benefit of other West Virginians.

I know that the TRIO programs will continue to help future West Virginia students to obtain a college degree, and because of this, these future students will be able to benefit their respected communities in much the same way that Paul and Michelle help the city of Keyser, WV. The TRIO programs don't just create a real society of opportunity for everyone, they result in better cities and communities throughout the State of West Virginia and nationwide.•

RECOGNITION OF ALASKA QUARTERLY REVIEW

• Mr. MURKOWSKI. Mr. President, I rise today to recognize a significant achievement for the literary arts in Alaska and for the University of Alaska system, in general, and the University of Alaska Anchorage, in specific.

Last month, on June 8, 1997, the spring and summer 1997 edition of the Alaska Quarterly Review was recognized in the Washington Post book review section, Book World, as "one of the nation's best literary magazines." That is high praise indeed coming from the Eastern press, and justified, if not long overdue recognition, of the literary prowess of the publication.

In the 15 years since its inception at the Anchorage campus of the University of Alaska in 1982, the Alaska Quarterly Review (AQR) has served as an instrument to give voice to Alaska writers and poets, while also publishing the best of material from non-Alaskan authors. While the AQR is firmly rooted in Alaska, it maintains a national perspective—bridging the distance between the literary centers and Alaska, while also sharing an Alaskan perspective. This balanced presentation of views has earned AQR local, regional and national/international recognition over the years. It is nice that recognition now also has come from a publication in the Nation's Capital.

"Congratulations for publishing one of the best among the literary magazines," said Carl Houck Smith, vice president and editor of W.W. Norton, in comments made in May 1994.

"AQR is highly recommended and deserves applause," said Bill Katz in the Library Journal.

"It is an impressive publication, comprising as diverse and rewarding an aggregation of work as a reader is likely to find in any literary journal," added Patrick Parks in the Literary Magazine Review.

"The Magazine has a wonderful sense of place about it, and it conveys Alaska without being parochial. It's not pushing a particular agenda. There's no coterie of writers made up of the editor's friends. The work is original and fresh," says contributing editor Stuart Dybek in explaining the publication's success.

The review, for example, won the 1996 Alaska Governor's Award for the Arts—Alaska's highest award in the arts. Recent works in the review have been selected for or won:

- 1997 Prize Stories: The O. Henry Awards (Anchor Books/Doubleday).
- 1996 Prize Stories: The O. Henry Awards (Anchor Books/Doubleday).
- 1996 Best American Poetry (Scribner)
- 1995 Best American Essays (Houghton Mifflin)
- 1995 Andres Berger Award (Northwest Writers Inc.)
- The Pushcart Prize (1995–96 Pushcart Prize XX and 1996–97 Pushcart Prize XXI: The Best of the Small Presses).
- UAA's 1995 Chancellor's Group Award for Excellence in research and creative activity.
- 1994 Special Recognition Award from the Alaska Center for the Book.
- And numerous mentions in the Chronicle of Higher Education, the Small Press Review, Best American Essays, Novel and Short Story Writers Market, and in a host of other publications.

I rise today to honor the publication, not just because of its many awards, but because many Alaskans do not understand or appreciate the breadth and scope of the publication and how important it has become as a gateway for Alaskan authors to winning recognition from a wider literary audience. And also how it has helped to improve the literary quality of the works of Alaskan writers. I hope by these words, Alaskans will recognize how fortunate the 49th State is to have such a quality publication being edited and published from Anchorage.

I want to thank the University of Alaska Board of Regents and the leadership of the University of Alaska Anchorage for supporting the publication. Alaska's university system has been facing difficult economic times because of falling Alaska State revenues. It has taken a tremendous commitment to academic excellence to continue the funding necessary to permit the review to be a quality publication and artistic success. The University deserves great credit for its efforts at promoting the publications in these difficult financial times. It is because of the need for more revenues for the University to permit it to reach the highest level of greatness possible that I have introduced legislation to help the University finally gain the land-grant entitlement it should have received at its founding. I hope that this Congress will look favorably on my bill, S. 660. The University of Alaska Land grant bill, to help the University gain the economic means to support such important endeavors. But more on that in the future, following committee review of the legislation, likely this fall.

I also want to thank and publicly recognize the work of Ronald Spatz, the executive editor and founding editor of the review for all of his efforts on its behalf. Mr. Spatz, currently professor and chair of the University of Alaska Anchorage's Department of Creative Writing and Literary Arts and director of UAA's honors program, has been a member of the faculty since 1980. A professor, who has been recognized with commendations for "Outstanding Leadership" by the University's Board of Regents and the President of the statewide system, Mr. Spatz is the former chair of the University of Alaska Statewide Assembly, president of the UAA Assembly and the vice president of the Faculty Senate. He is the winner of two university-wide teaching awards: The Chancellor's Award for Excellence in Teaching and the Distinguished Teacher of the Year Award presented by the UAA Alumni Association.

Mr. Spatz, a film maker and writer, besides editor, has produced, directed, photographed and edited a range of short subject and expressionist documentary films for children and adults. Several of the films are in national distribution; his film, "For the Love of Ben," was broadcast nationally on public television and his stories and articles have appeared in a host of publications. He has received a total of more than 35 individual and project grants for his works.

For the future, due to a grant from the National Endowment for the Arts, which has provided three major awards (grants) to the publication, AQR this fall will be issuing a special anthology. "Intimate Voice, Ordinary Lives: Stories of Fact and Fiction."

Mr. President, Alaska, in fact all of America, is far richer artistically because of the review's presence over the past 15 years. It truly is a window for Americans to view society in Alaska at the close of the 20th century, and a worthy stage for the serious works of all writers. I commend it and its contributors for its many achievements, and I know all members of the U.S. Senate join me in wishing it continued literary success.•

WOMEN'S BUSINESS DEVELOPMENT CENTER

• Mr. DURBIN. Mr. President, I rise today to commend the Women's Business Development Center for the vital role it has played in accelerating women's business ownership and strengthening the impact that women have made on our economy.

The Women's Business Development Center is a nationally-recognized not-for-profit center devoted to providing services and programs that support and increase women's business ownership. Founded in 1986, more than 30,000 business owners in six States, including my home State of Illinois, have benefited from the program. The services range from counseling to workshops to entrepreneurial training.

Today, thanks to efforts by organizations such as the Women's Business Development Center, there are over 7.7 million women-owned businesses in the United States, generating $2.3 trillion in sales. Women business owners now employ one in every four U.S. company workers. There is no doubt that women in business today are playing a prominent role in stimulating economic growth both at home and abroad.

On September 12 of this year the Women's Business Development Center will celebrate its 11th anniversary. As the Center moves into its second decade of service to women business owners, I am proud to recognize its impressive achievements.•

ARMY SGT. KELLY S. YARDE

• Mr. LUGAR. Mr. President, I rise today in recognition of Army Sgt. Kelly S. Yarde, who hails from Evansville. Sergeant Yarde, who is currently serving in Bosnia with Operation Joint Guard, was moved by the sadness he saw in the faces of Bosnia's children each time he went out on patrol. In response, he appealed to the people of his hometown and surrounding areas, asking for donations of school supplies, toys and sporting goods that he could give to these children.

Local media helped to publicize Sergeant Yarde's plea, and the community responded in magnificent fashion. Hundreds of donations have already poured in, and are continuing to arrive at collection bins set up at local businesses. Some of the gifts have already been shipped to Bosnia, and Sergeant Yarde has, on his own time, taken them to orphanages and refugee centers.

Americans are, by their nature, very generous people. The fact that we can not solve every problem in the world should not prevent us from solving at least some of them. I am pleased and proud that Sergeant Yarde had the foresight to identify a problem that he could help to solve, and had the faith in his community to ask for help in solving it. I am equally pleased that the people of Evansville and the surrounding area responded so generously to Sergeant Yarde's plea on behalf of the children of Bosnia.●

RECOGNITION OF SOUTH DAKOTA SOYBEAN GROWERS ON THE DEVELOPMENT OF SOYGOLD

● Mr. JOHNSON. Mr. President, I want to take this opportunity today to recognize the important achievements of SD soybean growers in creating new uses for their agricultural products.

Freeman Coop Oil/Fertilizer in Freeman, SD, recently became the first retail marketer of petroleum to offer SoyGold, a new lubricity additive in premium diesel fuel. SoyGold is a low blend of soybean methyl esters manufactured from 100 percent soybean oil for both on-farm and commercial use. The additive was developed with the use of check-off dollars, which allow farmers to work together to develop new uses for their products. The soybean growers have also worked to test soydiesel for mass transit bus systems, underground mining, and other innovative possibilities.

SoyGold was developed by Ag Processors, Inc. in Omaha, NE, and will be promoted and marketed throughout seven Midwestern States initially. Bill Pape, the general manager of Freeman Coop Oil/Fertilizer, is the first to offer the product to his customers. Dennis Hardy, the chairman of the South Dakota Soybean Council, worked hard to bring this new product to the market. All of these individuals, and many more, deserve credit for their efforts to make SoyGold a reality.

SoyGold is an outstanding example of the way that South Dakota's soybean farmers and their various associations can cooperate and communicate to create an exciting new product which will build demand for soybeans. Such products demonstrate the way that farmers are adapting to the changing agricultural marketplace, and I congratulate them on their foresight, their enthusiasm, and, of course, their accomplishment. Moreover, SoyGold is not only good for South Dakota farmers, but it also benefits us all by reducing harmful emissions.

Mr. President, there are few industries working as hard to create new products and new markets as agriculture. The South Dakota soybean growers whose efforts created SoyGold are to be commended, and I ask you to join me in congratulating them on their success.●

DR. EUGENE SHOEMAKER

● Mr. McCAIN. Mr. President, I would like to honor the passing of one of the world's most renowned scientists. Eugene Shoemaker and his wife Carolyn, both residents of Flagstaff, AZ, were involved in a tragic car accident in Central Australia on July 18, 1997. Gene was fatally injured; Carolyn survived the accident sustaining broken ribs, a broken wrist and a dislocated shoulder. They were in the field pursuing their lifelong passion of geologic studies to help understand impact craters.

"Gene" is credited with having almost single-handedly created planetary science as a discipline distinct from astronomy. He brought together and applied geologic principles to the mapping of planets, which resulted in more than three decades of discoveries about the planets and asteroids of our Solar System. He was the recipient of the 1992 National Medal of Science, the most prestigious scientific honor bestowed by the President of the United States, then George Bush.

As a resident of Flagstaff, AZ, Gene invented the Branch of Astrogeology within the U.S. Geological Survey and established the Field Center in Flagstaff in 1965. After retiring from the USGS in 1993, he joined Lowell Observatory in Flagstaff. The culmination of his work came in 1993 when Gene was recognized worldwide for discovering, with his wife Carolyn and colleague David Levy, a comet near Jupiter. Comet Shoemaker-Levy 9 was broken up by tidal forces from Jupiter, and fragments collided with the planet in July 1994.

Gene and his wife, Carolyn, a planetary astronomer, were a close devout couple. Their work together was recently captured in a 1997 National Geographic documentary "Asteroids: Deadly Impact." As a unique team, they initiated the Palomar Planet-crossing Asteroid Survey in 1973, and the Palomar Asteroid and Comet Survey in 1983. They were the leading discovers of comets in this century.

Dr. Edward Bowell, an astronomer at Lowell Observatory in Flagstaff, AZ, said: "Gene practically single-handedly 'invented' our knowledge of the impacts of comets and asteroids on Earth and in the solar system in general. He was a renaissance man, having one of the broadest grasps of any scientist I know, working as a geologist, training to be an astronaut, dating the surfaces of the Moon and other satellites, and helping, with his wife Carolyn, discover more interesting comets and asteroids than any other person. I am stunned to think of the store of unique knowledge that has perished with him. As a scientific colleague and friend, his guidance was unerring and will be irreplaceable."

As Senator from the State of Arizona and chairman of the Senate Committee on Commerce, Science, and Transportation, I would like to express my sorrow on the loss of this great man and scientist. His contributions to the field of science are duly noted by myself and others in the science community.●

ANNIE CAMPBELL, A 79-YEAR-OLD NURSE VOLUNTEER FOR MANNA MEAL

● Mr. ROCKEFELLER. Mr. President, I would like to take this moment to praise a citizen of West Virginia, Annie Campbell. Annie has recently received the J.C. Penney Golden Rule award for her outstanding volunteer community service.

Annie has been volunteering her time for Manna Meal for the past 20 years, and has seen it expand considerably. Even though she is nearing 80 years old, Annie pursues her service with confidence and generosity. She drives to pick up food at local businesses and hospitals and sometimes helps to serve the food to the people who come to Manna Meal. She loves to give a helping hand to those in need. She says, "You feel good to know you've done something to alleviate hunger."

Annie's life is built around helping people. She is a registered nurse at the Charleston Area Medical Center's General Division, and a leader in her church, where she is the secretary, a circle leader, on the mission committee, and on the kitchen committee. Annie is a committed woman to her community.

Manna Meal provides food for the hungry. Annie says, "A lot of people who come to Manna Meal are not food hungry, they are companionship hungry." She helps with both. She provides food and friendship for those who attend the meals. Manna Meal is run by volunteers and donations. Annie has watched Manna Meal expand from a tiny soup kitchen serving 40 to large service providing for 300.

Volunteer service is vital to West Virginia and America because it is done on a personal and natural level. It is comforting to hear that there are people who willingly dedicate their lives to helping those in need. West Virginia is extremely lucky to have Annie in the State, and I am proud to make this statement regarding her award today.

The J.C. Penney Golden Rule award had several other recipients in different categories. The other local winners included Sue Meadows, Ernest Matthew Stone, and the Volunteers of PRO-KIDS. They are now going to step up to the National Golden Rule Awards, and are eligible for a $10,000 donation to their organization. All of these volunteers need to be congratulated for their effort and generosity, and I wish them luck in the next round of competition.●

COSPONSORSHIP OF AMENDMENT 885 TO S. 955

● Mr. ABRAHAM. Mr. President, I rise today to offer my support as a cosponsor to Amendment 885 to S. 955, the Foreign Operations Appropriations Act. This amendment restores the $2.1

billion earmark for assistance to Egypt.

Ever since the signing of the Camp David Accords, Egypt has been a key ally of the United States in the Middle East. The first Arab country to make peace with Israel, Egypt has been a steadfast leader and supporter of peace in the Middle East. Indeed, I feel it is safe to say that it is because Egypt signed the peace agreement with Israel in 1979 that there has not been an Arab-Israeli War since. What is more, since 1979 both Israel and Egypt have experienced significant economic growth. Peace between these two nations has brought success and prosperity that has benefitted the entire region.

The chairman of the Subcommittee has stated his reasons for not including the earmark to Egypt in the Foreign Operations bill in either the subcommittee nor committee. He believed the relationship between Egypt and the United States has suffered over the past year. Thus, the message he wished to send to Egypt was clear disappointment with Egypt's actions and policies in connection with the stalled peace process in the Middle East.

I do not believe, however, that it is either productive or responsible to send such a message at this delicate time in the Middle East peace process. The peace process is at its most critical stage. Along with the United States, Egypt is a key player in convincing parties to that process to come back to the negotiating table. Moreover, Egypt has played a key role in securing agreements reached between Israel and Jordan and the Palestinians. It is in the best interest of the United States to keep our key allies in the Middle East engaged in a process needed to produce a just and lasting peace—a goal which will benefit America's strategic, economic and political interests.

Equally important, Egypt is a strategic ally of the United States irrespective of the peace process. We all remember how Egypt provided the leadership needed to form the American/Arab coalition that liberated Kuwait. No other country in the Arab World could have done that. Moreover, more than 35,000 Egyptian soldiers fought alongside our troops. Without access to the Suez Canal and to Egyptian airspace and facilities, supporting our troops in the Gulf would have been significantly more difficult and much more costly.

Egypt's strategic importance should not be underestimated. With the Suez Canal and its location on both the Red Sea and the Mediterranean Sea, Egypt is the gateway to Africa, the Near East and Southwest Asia. Our strategic interests in all three regions are furthered significantly by Egypt's willing cooperation.

Egypt's cooperation with our military has a global impact. As our strategic ally, Egypt routinely cooperates with our military in providing hundreds of overflight and transit rights for U.S. military logistics aircraft supporting American forces in the region. Our naval vessels travel through the Suez Canal—a practice critical to our ability to protect U.S. vital interests in the region. Without the ability to use the Suez routinely, an advantage we now enjoy, our Navy's operating costs and personnel operating requirements would soon rise to unsustainable levels.

I agree with the Chairman of the Subcommittee that foreign aid is not an entitlement. It is my sincere hope that one day in the near future Egypt will find that U.S. aid is not necessary. Signs of this are already apparent within Egypt's booming economy and burgeoning private sector. We in the United States should encourage this path of independence, growing capitalism and economic reform. But until Egypt becomes economically self-sufficient, we should continue to live up to our promises as dictated in the Camp David Accords. Any future reduction of assistance should follow consultations and discussions with the government of Egypt. Unilateral actions will only harm relationships important to the American national interest.

In summary, Egypt has played and continues to play a key role in ensuring the success of the Middle East Peace Process. Equally important, Egypt has proven to be a staunch ally, willing to face danger to protect our shared interest in the region and to support us as our armed forces contribute to global stability. As such, I am supportive of the Committee's amendment to reinstall the earmark for assistance to Egypt.•

INTERSTATE TRANSPORTATION AND FLOW OF SOLID WASTE

• Mr. LEVIN. Mr. President, I ask that the text of a letter from the Governors of Michigan, Ohio, New Jersey, Indiana, and Pennsylvania, to the Chairman of the House Commerce Committee be printed in the RECORD.

The Governors correctly urge the House Commerce Committee to swiftly move forward on comprehensive legislation to provide states and local governments with the authority to regulate the interstate transportation and flow of solid waste.

Mr. President, the Senate has repeatedly passed such legislation and it is my hope that we will do so again before the end of this year. The majority leadership in the House has certainly given the impression that this important matter is not a priority item, despite the pleas for help from state and local governments around the country who are besieged by out-of-state waste or find their local waste management investments becoming increasingly uneconomical. I join with the Governors in urging the House Commerce Committee and the Congress to quickly pass legislation to provide more control over solid waste planning decisions to state and local governments.

The letter follows:

JULY 9, 1997.

Hon. THOMAS J. BLILEY, Jr.,
Chairman, The House Commerce Committee,
Rayburn House Office Building, Washington, DC.

DEAR CHAIRMAN BLILEY: We are writing to urge you to move a comprehensive interstate waste and flow control bill this year. In recent conversations with Governor Voinovich, you encouraged our five states to reach an agreement on interstate waste provisions in order to move comprehensive legislation that will help both importing and exporting states.

We strongly believe that the lack of federal interstate waste and flow control legislation undermines states' abilities to implement environmentally sound waste disposal plans and to protect our own natural resources. Without federal authority to place reasonable limits on the amount of out-of-state wastes, states like Ohio, Pennsylvania, Indiana and Michigan have become dumping grounds for trash from other states. Without flow control, states like New Jersey are limited in their ability to manage effectively the disposal of municipal solid waste within their own borders, and would face an enormous financial liability.

In Pennsylvania, Indiana, Michigan and Ohio, where out-of-state waste imports are continuously and unreasonably high, citizens repeatedly ask why they should recycle in order to conserve disposal space for other states' waste. New Jersey has taken aggressive steps to try to manage all of its trash within its borders by the year 2000. New Jersey communities have acted responsibly to build disposal facilities to help meet that goal. However, if Congress fails to protect existing flow control authorities, repayment of the outstanding $1.6 billion investment will be jeopardized.

We are deeply concerned that our efforts to make responsible decisions have been undermined by federal courts, have put potentially large financial burdens on our communities and have encouraged exporting states to pass their trash problems onto the backs of others. Our citizens are making sacrifices and they need assurances that we have the tools necessary to manage our own waste and limit imports from other states so that we have the space to handle our own garbage.

You have asked our five states to try to work through regional differences on interstate waste provisiosn that would allow an interstate waste and flow control bill to move forward. Last year, importing states and New Jersey were able to quickly reach a consensus on interstate waste provisions, provided that New Jersey receives flow control authority. We respectfully resubmit that agreement and urge prompt consideration by your committee and the House.

We support this package as a fair and reasonable compromise between importing and exporting states. It provides the ability for importing states to reduce the current amount of out-of-state waste and limit future interstate waste flows. States also would be able to place reasonable restrictions on construction and demolition debris. In addition, it gives local communities the ability to decide whether or not they want to accept other states' trash. And, communities would have reasonable ability to implement flow control authorities. While this package does not include everything that we would like, we believe it is a fair package that we can support without amendments.

Unfortunately, efforts to place reasonable restrictions on out-of-state waste shipment have been perceived by some as an attempt to ban all out-of-state trash. On the contrary, importing states—like Michigan, Indiana, Ohio and Pennsylvania—are not asking for outright authority to prohibit all out-of-state waste, nor are we seeking to prohibit waste from any one state. We are asking for reasonable tools that will enable state and local governments to act responsibly to manage their own waste and limit unreasonable waste imports from other states. Such measures would give substantial authority to limit imports and plan facilities around our own states' needs.

Effective legislation is supported throughout the country. Twenty-four governors and the Western Governors' Association previously have written to you and the House leadership urging passage of effective legislation.

Thank you for your personal consideration of our agreement. We urge you to move forward with comprehensive interstate waste and flow control legislation this year.

Sincerely,

GEORGE V. VOINOVICH,
Governor of Ohio.
JOHN ENGLER,
Governor of Michigan.
TOM RIDGE,
Governor of Pennsylvania.
CHRISTINE TODD WHITMAN,
Governor of New Jersey.
FRANK O'BANNON,
Governor of Indiana.•

GENETIC DISCRIMINATION

• Mr. FRIST. Mr. President, I rise today to address a critical issue that we, as a nation, must face—the fear of discrimination in health insurance practices based on our increasing ability to gather genetic information about ourselves and our families.

The tremendous advances in genetics research spawned by the Human Genome project are opening the door to a greater understanding of the underlying causes of human disease. The revolution in genetics is giving hope to millions of Americans that we will see eventual treatments, and ultimately cures, for some of the most devastating genetic diseases. Yet, our ability to predict what diseases individuals may be at risk for in the future has caused great concern that this powerful information—the information we all carry in our genes—may be used against us.

I am deeply troubled when I hear from the Tennessee Breast Cancer Coalition that genetic counselors are facing women every day who are afraid of the consequences of genetic testing. Women are avoiding genetic testing due to concerns about loss of health insurance coverage for themselves or their families—even though a genetic test might reveal that a woman is not at high risk and therefore allow her to make more informed health care choices.

As a physician and researcher, I am particularly concerned that the fear of discrimination will prevent individuals from participating in research studies or taking advantage of new genetic technologies to improve their medical care.

Scientific advances hold the promise of higher quality medical care, yet only Federal legislation can reassure the public that learning this information is safe. I was encouraged by President Clinton's recent press conference on genetic discrimination, July 14, 1997 which assisted in elevating this issue to the public's attention. While I am currently not a cosponsor of any specific legislative proposal, I am committed to developing a bipartisan legislative solution. I look forward to working with Senator JEFFORDS and my fellow colleagues on the Senate Labor and Human Resources Committee—as well as Senators MACK, SNOWE, DOMENICI, and the many other Members who have been dedicated to this issue.

In my role as chairman of the Subcommittee on Public Health and Safety, I strongly support the intent of legislation which would prohibit discrimination in health insurance against healthy individuals and their families based on their genetic information. We all carry genetic mutations that may place us at risk for future disease—therefore we are all at risk for discrimination. If I receive a genetic test which shows I am at risk for cancer, diabetes, or heart disease, should this predictive information be used against me or my family? Particularly when I am currently healthy and, in fact, may never develop the illness? I think the American public has answered quite clearly, "no."

As a physician I believe in preventive medicine to avert illness for patients. Similarly, as a policymaker, I believe in "preventive legislation" in this case—to avert widespread discrimination by stepping in now—before genetic information is used in certain health insurance practices and before genetic technologies are used in routine medical practice.

Finally, I believe that, in order to fully address genetic discrimination, we must tackle comprehensive legislation on the confidentiality of medical records—legislation that encompasses all of our health information. We must examine who should have access to sensitive health information and to whom it should be disclosed. As this important debate continues in the 105th Congress, I am committed to ensuring that we craft legislation that protects patient confidentiality, fosters medical research, and maintains a dynamic health care system.

Only with these measures can we ensure that knowledge about our genetic heritage will be used to improve our health—and not force us to hide in fear that this information will cause us harm.

I encourage my Senate colleagues to join me in examining these issues and moving forward in the coming months on these critical pieces of legislation.•

TRIBUTE TO CAPT. FREDRIC G. LEEDER, USN—PUBLIC AFFAIRS OFFICER

• Mr. GLENN. Mr. President, I rise today to commend Capt. Frederic G. Leeder, USN, upon his retirement from the United States Navy, after 28 years of distinguished and dedicated service to our nation.

Captain Leeder is a native son of Ohio and graduated from Ohio State University with a degree in journalism. Following his graduation from college, Captain Leeder was commissioned as an Ensign. After his graduation from the officers' program at the Defense Department's Information School, he then assumed a variety of public-affairs assignments overseas and stateside. His tours of duty included a North Atlantic Treaty Organization staff assignment and four joint-service assignments.

Most recently, Captain Leeder served as Staff Director for Public Affairs at Headquarters, Defense Logistics Agency (DLA) in Alexandria, Virginia. During his three years at DLA as principal spokesperson, Captain Leeder demonstrated unbounded stamina, keen insight, and exemplary professionalism. Possessing exceptional skill, foresight and composure, Captain Leeder dealt with representatives of the print and electronic media, engaging them on his terms. In just one example, last fall he competently worked with investigative reporters from a prominent news magazine and a major television network to ensure accuracy and fairness of nationwide reporting on a sensitive issue having significant national security implications. With his intelligent foresight and strong voice of reason, Captain Leeder, advised three different DLA directors, each from a different service I might add, on how to navigate through the often perilous waters of media and community relations

Captain Leeder succeeded in striking that delicate balance of ensuring the American public's right to know and protecting the public interest throughout his career. An accomplished communicator, he truly has earned the gratitude of thousands of military families that have found comfort and reassurance in his words when loved ones serving on distant seas and shores have been in harm's way. Captain Leeder has served his country for 28 years with valor, loyalty, and integrity, winning the personal and professional respect of all who come in contact with him. Captain Fred Leeder is a master of his craft.

On the occasion of Captain Leeder's retirement from the U.S. Navy, I offer my congratulations and thanks to this esteemed son of the Buckeye state, and wish him well in his future pursuits.●

TRIBUTE TO ROBERT A. STARR

● Mr. JEFFORDS. Mr. President, I rise today to pay tribute to Robert A. Starr, Chair of the Vermont House Agriculture Committee and true Vermonter. I pay this tribute in recognition of Mr. Starr's unyielding support for the Northeast Dairy Compact, which on August 20, 1997, provides the first over-order payments so desperately needed by Vermont's dairy farmers.

"Bobby", as he is known far and wide throughout Vermont, has given lifelong public service to the Vermont agricultural community. Raised on a dairy farm during and after the Second World War, knowledge of hard times and a capacity for hard-bitten labor were ingrained in Bobby, traits which continue to distinguish the character of our hill farmers. After schooling at Vermont Technical College, Bobby followed the lead of his grandfather and became a member of the Vermont House of Representatives in 1979.

Bobby became a member of the House Agriculture Committee his first year, and has been there ever since. He became Chair in 1987, and has sponsored and provided leadership on a host of initiatives to promote the interests of Vermont agriculture. Bobby has lent his leadership to the variety of Vermont's agricultural pursuits, but it is the dairy industry which has remained at the heart of his vision. Certainly Bobby's upbringing and his strong dairy farm constituency provide the foundation of his knowledge and commitment to the interests of the State's dairy farmers. Yet his vision is broader than just his home district, and indeed has expanded beyond the boarders of Vermont to all of New England.

It is this unique expansive vision which spawned the dairy compact. Many of us in this body are intimately familiar with the dairy compact, yet few of us may know that the dairy compact was originally sponsored by Bobby Starr in the Vermont Legislature in 1989.

Few initiatives in my memory have sparked such a vigorous policy debate as the dairy compact. I am proud to have sponsored the compact on behalf of all by colleagues from the New England delegation. Adoption of the compact could not have happened without their hard work here in Congress, and without the years of dedicated work of a veritable army of compact supporters from throughout New England.

In all, the compact reflects the true spirit of commitment to our dairy farmers. The compact's first payment is a tribute to the hard work and the tireless commitment of Bobby Starr.●

WV AMERICORPS PROJECTS

● Mr. ROCKEFELLER. Mr. President, I rise today to congratulate the West Virginia Americorps Program for their outstanding service and accomplishments. Currently, 500 Americorps members work at nearly 100 sites throughout West Virginia. Americorps programs strive to extend and promote education for children of all socioeconomic backgrounds and to fulfill basic needs, such as, food, shelter, and health care, for West Virginians. By working together with the community, the members of Americorps search for solutions to improve the quality of life and expand opportunities for individuals who are less fortunate.

Helping individuals become more independent and self-sufficient are goals of Americorps. To help people with multiple sclerosis, the West Virginia chapter of the National Multiple Sclerosis Society and Americorps members provide friendly home visits, organize peer support groups, and help them with their daily chores.

The Energy Express Americorps opens new doors and expands the possibilities for children of West Virginia. This 6-week summer learning program provides nutritious meals, a safe learning environment, and positive role models. While developing a strong relationship between students and mentors, the children improve their reading skills. With the support of the community and the involvement and attention of parents and volunteers, children's self esteem is increasing and their reading skills are improving.

Throughout the mountains of West Virginia, homes need constant care and attention. My colleagues know that floods, violent storms, and other uncontrollable factors can cause homes to deteriorate more rapidly. My State is fortunate enough to have organizations like the Southern Appalachian Labor School, Fayette Environmentally Safe Housing, and Americorps volunteers to repair and remodel homes for low income families. With project partners and community support, West Virginia families may live in a safe, clean environment.

Another Americorps program, Project HEALTH [Health Education Associates Learning to Teach Health], encourages healthy diets and lifestyles while increasing public awareness on health issues. Through a learn and serve america higher education grant, Project HEALTH and Americorps volunteers have a profound impact on rural communities. As a result of their hard work, communities have reduced illnesses and injuries, increased immunizations for children, improved the diets for high risk individuals, and reduced the number of low birth weight babies.

While working class families struggle to find adequate child care and affordable health insurance, the cost of living rises. Parents must provide more than the basic needs for their families. However, with the aid of the Regional Family Resource Network and Americorps, these services become a reality. Immunizations, developmental screening, and after school services are available to families in Kanawha, Clay, and Boone counties in West Virginia. Preventive medicine, medical attention, and a safe environment for children after school are vital to raising healthy children.

To help victims of domestic violence, the West Virginia Coalition Against Domestic Violence provides food and shelter, legal assistance, support, and counseling. With the assistance of Americorps volunteers, there are programs in Beckley, Charleston, Elkins, Huntington, Keyser, Lewisburg, Morgantown, Sutton, Welch, Wheeling, and Williamson. Emergency hot lines, resources, and counseling services are offered by the coalition also. Educating women about the warning signals and teaching them ways to avoid violent situations can prevent abusive behavior and possibly death. In West Virginia, there are twelve shelters providing services to victims.

Finally, I'd like to thank all the volunteers and employees who dedicate their lives to public service, and I'd like to thank the community for their support and involvement in Americorps projects. Your time and effort are greatly appreciated by all. With your help, our state has been able to improve the quality of life for West Virginians and to increase the opportunities for them in the future.●

RETIREMENT OF DR. RICHARD LESHER FROM THE U.S. CHAMBER OF COMMERCE

● Mr. BROWNBACK. Mr. President, I rise today to pay tribute to Dr. Richard Lesher the retiring president of the U.S. Chamber of Commerce. Dr. Lesher, who was chosen as president of the Chamber in 1975 as served the Chamber with both pride and dignity for over 21 years. His service to the business community will be remembered.

During his tenure, Dr. Lesher helped the Chamber's membership to grow to include 215,000 business members, 3,000 local chambers of commerce and 1,200 trade and professional organizations. His work on behalf of the business community in promoting common sense reforms and tax cuts has benefitted the entire country.

Dr. Lesher has served the business community with true integrity.

I would like to take this opportunity to wish Dr. Lesher great success in his future endeavors. I know that he will continue to contribute his time and talent to his fellow man even in his retirement.●

SONY FEST '97

• Mrs. BOXER. Mr. President, I want to commend the Sony Technology Center as it celebrates 25 years of success and partnership in San Diego.

In honor of this milestone, Sony is holding a four-day gala, Sony Fest '97. Scheduled events include the grand opening of the Technology Center's newest building (nicknamed "genesis"), a keynote address by Sony Corporation President Nobuyuki Idei, business and technical symposiums, even carnival activities for children and families. Sony Fest '97 promises to be quite a party!

Sony began in San Diego by constructing a color television assembly plant in 1972, making it the first Japanese electronics company to establish television production in the United States. Sony has been going full steam ahead in San Diego ever since. Today, 25 million television picture tubes, 14 million "Made in San Diego" televisions, and almost $500 million in capital investments later, Sony continues to explore new horizons. It now manufactures a variety of electronic products from its trademark Trinitron televisions to computer picture tubes and peripherals. In fact, Sony San Diego is currently the only U.S. manufacturer of Computer cathode ray tubes or CRTs.

Although an international company, Sony takes pride in its efforts to respond to local and national concerns. Where possible, Sony buys and sells domestically, if not locally. For example, Sony estimates that 90 percent of the materials used in its television picture tubes come from domestic sources, and that 80 percent of finished Trinitron sets manufactured in North America are sold in the U.S. Sony San Diego is also very active in the community and in the fight for more environmentally friendly business practices.

I think all in San Diego would agree: Sony is a great neighbor. For 25 years its presence has helped make San Diego a better place to live, work and conduct business. It is a pleasure to come to the Senate today and wish all involved a very enjoyable Sony Fest '97.•

TRIBUTE TO OUTSTANDING SENATE STAFFER BYRA KITE

• Mr. THOMAS. Mr. President, I rise today to pay tribute to a man who has dedicated his time, efforts and immeasurable talents to Wyoming politics. I am speaking of Byra Kite, whom I have known and respected for many years, and have had the pleasure of having as a member of my staff since I joined the Senate in 1994.

Byra is retiring, and I would like to take this time to publicly thank him for all his hard work. He has served Wyoming well, and I am not alone in saying he is one of our State's finest sons.

In 1965, Byra came to the Cowboy State from California to play football for the University of Wyoming. During that time, he was an All-Conference and All-American member of three conference champion teams, including the undefeated 1967 Cowboy team that played in the Sugar Bowl. Later this year, that team will be inducted into the University of Wyoming Hall of Fame. Following graduation he decided to stay in Wyoming. In Laramie he found his home, and his passion for politics.

He made his first foray into the national political arena in 1976 when he managed Malcolm Wallop's initial run for the Senate. Malcolm won, defeating a three term incumbent senator, and Byra began a 20 year career of helping Wyoming Republicans shape their campaigns and win elections. His tireless work, dedication and vision broke new ground in terms of modern campaigning.

In 1977 Byra began 18 years of service as Senator Wallop's State Director. During that time he helped hundreds of Wyoming folks in their dealings with the federal government. Following Malcolm's retirement, Byra joined our staff, and continued his outstanding brand of public service to Wyoming people. He, and his talents, will truly be missed.

And so, Mr. President, I am joined by Senators Wallop, Simpson, ENZI and Representative BARBARA CUBIN—all of whom have been touched by Byra's hard work and dedication—in saying not only thank you, but good luck to a trusted advisor and friend. •

TRIBUTE TO WALT DIBBLE

• Mr. DODD. Mr. President, for most Americans, mornings are a time of routines. People like to eat the same thing for breakfast, drink their coffee with just the right amount of cream and sugar, and duck out the door at the same time every day. Over the past 40 years, a central part of the morning routine for thousands of Connecticut residents has been the voice of Walt Dibble reading the news over the radio. During this time of the day where so many people are rushing around, Walt Dibble's calm presence served as a soothing influence that made each morning more pleasant. Sadly, the mornings in Connecticut will never be the same, as Mr. Walt Dibble died last week at the age of 65.

A lifelong Connecticut resident, Walt Dibble was loved by all of the people in the state who listened to him. It didn't matter if they worked as a school teacher in Manchester, in the Inventory Control Division of Pratt & Whitney, or as a financial analyst in Hartford, all of Walt Dibble's listeners felt that he was a man whom they could relate to and whom they could trust.

Walt Dibble was an institution in Connecticut radio. For the past 20 years, Mr. Dibble was the voice of WTIC news in Hartford, where he was the News Director and Managing Editor. Hartford was familiar with Walt Dibble even before he came to WTIC, since he had worked for 10 years at Hartford's WDRC radio station. Before coming to Hartford, Walt had been the radio voice of the news in New Haven and Bridgeport.

Throughout his career he was always quick to pick up a microphone and hit the street to cover a breaking news story. And it was in these situations that Walt Dibble flourished. His colleagues always marveled at his ability to deliver extended live coverage of major news events without any script as a safety net. Whether it was covering the collapse of the Hartford Civic Center roof, Hurricane Gloria, or the debate over the state income tax in 1991, he always kept his cool and offered a professional news report that, in many cases, he made up as he went along.

People may have wondered why Walt Dibble always seemed more sincere than other newscasters. The reason probably stems from the fact that Walt Dibble reported the news in his own words that came from his own mind and his own heart.

Walt Dibble loved his profession, and he was a father figure for hundreds of Connecticut broadcasters. He treated the interns at the radio station with the same respect as lifelong colleagues, and he would always encourage them to embark on a career in radio. Mr. Dibble brought a similar approach to the classes he taught at the Connecticut School of Broadcasting and Southern Connecticut State University. He did not need to teach, but he did so because he wanted to pass the torch on to future broadcasters.

In this day and age where most people get their news from television, and more and more radio stations are broadcasting nationally syndicated radio shows, Walt Dibble was a throwback to an era when the radio was the place where people went to get their local news. While it will be difficult for anyone to deliver the news with the style and grace of Walt Dibble, I only hope that somebody will carry on his tradition of excellence in broadcasting to ensure that Connecticut residents will still be able to receive local news, on local radio stations, from local broadcasters whom they know and trust.

Walt Dibble lived a truly charmed life. He interviewed Presidents of the United States, he saw his son pitch in the World Series, and for more than 40 years he got to go to work to do a job that he loved. But in the end, it is the people of Connecticut who are charmed for having known this great man.•

CELEBRATING OLDSMOBILE'S CENTENNIAL

• Mr. ABRAHAM. Mr. President, I rise to honor Oldsmobile on the occasion of its centennial anniversary. On August 21, 1997, Oldsmobile and its employees will celebrate 100 years of outstanding achievements.

Few things have become so entwined with American culture as the automobile. Since its creation, cars have fascinated us. While the ability to travel has changed drastically in the last 100 years, one tenent has remained: the desire to go further and faster.

Helping fuel this desire is Oldsmobile. This company and its workers have been central to the development of the automobile. From Ransom E. Olds' Curved Dash to today's Intrigue, Oldsmobile continues to innovate and revolutionize the industry. Every individual involved with the organization strives to create a better product. In doing so, the company has given Americans the ability to do more, to see more, and to pursue new experiences. The vision of R.E. Olds has stretched far beyond Lansing. His legacy will be forever remembered.

This celebration is especially personal for me, Mr. President. My father worked on the production line in Lansing for nearly 20 years. Oldsmobile gave my father the chance to provide for his family. During his tenure at Oldsmobile, he demonstrated to me the importance of hard work, dedication, and a pursuit of excellence; values I am proud to emulate.

Again, I extend my most heartfelt congratulations on this momentous occasion. •

THE ROMA RESTAURANT

• Mr. DODD. Mr. President, spring has always been known as a season of rebirth, but, sadly, the Spring of 1997 saw the passing of one of the true culinary landmarks of Washington, D.C. as the Roma Restaurant closed its doors after 77 years.

In the days since the Roma closed, the local newspapers have been filled with articles and letters to the editor paying tribute to the Washington institution. All of the writers had different memories of what made the Roma so special to them. For some it was the outdoor courtyard with the elaborate garden and grape arbor. For others it was the unique experience of dining amongst stuffed tigers, lions, and other wild game that Roma founder Frank Abbo had killed on safari. For some people it was simply the linguine with clam sauce.

But for everyone who frequented the Roma, there are fond memories of the wonderful people who worked at this restaurant and made it such an enjoyable place to spend an afternoon or an evening.

Patrons of the Roma have described members of the Abbo family, who owned and operated the Roma since it was founded in 1920, as having the biggest hearts in Washington.

While most restaurants are closed for Thanksgiving and Christmas, the Roma was always open, as the Abbos cooked countless turkeys and prepared thousands of meals over the years for unfortunate people who could not afford to buy a warm holiday meal.

The Roma was not just a business. It was more like a club where friends would meet regularly to get together and enjoy some good food and have a good time.

Whenever I dined at the Roma, it felt like going to dinner at a friend's house. In a sense, it was, since the Roma's owner, Bobby Abbo has been a friend of mine for many years. But while I know that my friendship with Bobby will persevere and I will continue to see him, I will surely miss the many friendly faces that I may no longer see now that the Roma has closed. It would be impossible for me to remember all of the people whom I befriended at the Roma. However, I would specifically like to mention Maria Amaya, Hugo Terzi, and John Squitero and thank them for the kindness that they extended toward me over the years.

In closing, I will miss the gardens, and I will miss the food. But, most important, I will miss the people that made the Roma such a special place. I wish all of them well, and I thank them for all of the wonderful memories they have provided me and so many others.•

CONGRATULATIONS ON THE 150TH ANNIVERSARY OF CLEVELAND-CLIFFS, INC.

• Mr. ABRAHAM. Mr. President, I rise today to offer my congratulations to Mr. THOMAS Moore, CEO of Cleveland-Cliffs, Inc. and its outstanding employees on behalf of the company's 150th anniversary. I am honored to join them in celebrating this significant milestone.

For over a century now Cleveland-Cliffs has been a leader in North American mining operations and has served as a model for other companies to emulate. It comes as no surprise that this mining company has survived in a market where competition is fierce and the work extraordinarily difficult. Since 1847 when its founders first began mining iron ore in Michigan's Upper Peninsula, the company has relied upon one basic ingredient for success—fostering good relationships with its employees and local communities.

I am particularly proud of the relationship Cleveland-Cliffs has built with the State of Michigan. The Marquette Iron Range located in the Upper Peninsula has been a tremendous boost to the area's economy and Cleveland-Cliffs has continually demonstrated its community activism by infusing funds into the surrounding area. For example, the company generously provides "Legacy Grants" to local organizations and schools. These charitable acts offer just one example of the many ways in which Cleveland-Cliffs cares for the local community. I applaud their efforts and encourage other companies to follow their exemplary lead.

Mr. President, this sesquicentennial celebration of Cleveland-Cliffs, Inc founding marks a remarkable achievement. I am pleased to take this opportunity to congratulate Mr. Moore and the employees of Cleveland-Cliffs on celebrating this auspicious occasion and extend my best wishes for much continued success.•

IN RECOGNITION OF THE 50TH ANNIVERSARY OF INDIA'S INDEPENDENCE

• Mr. LEVIN. Mr. President, I rise today to pay tribute to the people of India, as they prepare to commemorate the 50th anniversary of their nation's independence from Britain. Led by Mahatma Gandhi, whose philosophy and practice of nonviolent civil disobedience was the cornerstone of the people of India's campaign, their long struggle for self-rule came to a triumphant end on August 15, 1947. The victory won by the people of India served as a model for American civil rights leaders, like Rev. Dr. Martin Luther King, Jr., and inspired oppressed and disenfranchised people throughout the world. For these and many other reasons, I am pleased to be an original cosponsor of Senate Resolution 102, which designates August 15, 1997, as "Indian Independence Day: A National Day of Celebration of Indian and American Democracy."

The Golden Anniversary of India's independence provides people of Indian descent with an opportunity to celebrate the immeasurable achievements they have made in their homeland and in countries throughout the world. There are vital Indian communities from China to Michigan. In fact, Michigan's Indian-American community is one of the leading ethnic groups in my home State, and its members have made important contributions to the local economy and culture. Many of Michigan's Indian-Americans are professionals who play key roles in sectors like the automotive industry and the field of medicine. Many others are entrepreneurs, and Indian-Americans in Michigan own more than 600 businesses with thousands of employees.

Indian-Americans are justifiably proud of the tremendous strides their homeland has made in the last 50 years. India is the world's largest democracy, with nearly 1 billion people. With a middle class of approximately 250 million, India is an increasingly important market for American goods. India's economy has been advancing rapidly, with a large stock market and strong high-tech enterprises like aircraft and automobile manufacturing, a computer industry, and its own space program.

Mr. President, the 50th anniversary of India's independence provides an opportunity to express our gratitude and appreciation to the Indian-American community. I know my colleagues join me in recognizing the profound contributions Indian-Americans have made to American society, and in offering congratulations to the people of India and their descendants throughout the world who are celebrating this important date in history.•

THE 50TH ANNIVERSARY OF THE INDEPENDENCE OF INDIA

• Mr. DURBIN. Mr. President, I rise today to honor the people of India on the occasion of the fiftieth anniversary of India's independence.

Independence days, like birthdays, are for celebrating. And we have much to celebrate in United States-India relations. The friendship between the Indian and American people today is stronger and more deeply rooted than ever—deeply rooted because it is based on shared values, and strong because it is shared by more Indians and more Americans than ever before.

The friendship between the United States and India is a friendship that goes back to the beginnings of the American Nation. In fact, the first Asian Indian-American is said to have come to the United States 200 years ago.

It is a friendship that was strengthened when the United States supported Indian independence in 1947. It was strengthened again when Dr. Martin Luther King, Jr. was inspired by Mahatma Gandhi during the American civil rights movement. And it was strengthened most recently when India embarked on its bold strategy of economic openness.

It is a friendship based on mutual respect and understanding—understanding that the problems we face are mutual problems. In a shrinking world, India's challenges and India's successes are also those of the United States. Because radicalism and terrorism threaten all civilized countries, especially democracies. Because in a world economy, one nation cannot long prosper while its neighbors do not.

India and the United States stand on the threshold of a new era. In just the past few years, India has flung open its doors to the world, and emerged as a rising star on the world scene. We should commit ourselves to continue the progress of recent years.

We have a great advantage in this effort. It is the Indian-American community. Indian-Americans are the magnet that will keep India and the United States moving closer together, making our friendship worthy of the world's largest and oldest democracies.

Mr. President, I am a proud cosponsor of a resolution in the Senate designating August 15, 1997 as "Indian Independence Day: A National Day of Celebration of Indian and American Democracy." This resolution reaffirms the democratic principles on which the United States and India were established, and it requests that the President issue a proclamation calling upon the people of the United States to observe the day with appropriate ceremonies and activities.

I urge my colleagues to support this resolution. And to the people of India, Indian-Americans, and all those who support the ideals of liberty and democracy, I wish you a happy independence day!•

VOTE JUSTIFICATION—AGRICULTURE APPROPRIATIONS FISCAL YEAR 1998

• Mr. ABRAHAM. Mr. President, I rise today to explain my votes on the fiscal year 1998 appropriations bill. This legislation, which is every bit as important as the Farm bill passed by Congress in 1996, was acted upon and quickly passed last week.

The first amendment considered by the Senate was an effort by Senator DURBIN to deny crop insurance to tobacco growers. This legislation also prohibited payments for tobacco under the Non-Insured Disaster Assistance Program.

Mr. President, in fiscal year 1996, the federal government spent $69 million for net losses on tobacco crop insurance. The dangers of this commodity have become abundantly clear in recent years, and while I understand that crop insurance is an invaluable tool for today's farmers, I am troubled by the government support of a product which is responsible for thousands of deaths every year. For that reason, I voted against the motion to table the Durbin amendment. Unfortunately, the amendment was tabled on a 53–47 vote.

After this vote, the Senate turned to consideration of a Helms amendment to increase the tax on ethanol by 3 cents per gallon. The funds raised from this tax were to be set aside to fund an anti-smoking trust fund. Regardless of the ultimate destination, this account was to be funded by a substantial tax increase on fuel. At a time when Americans are already fighting to keep every dollar they earn, I refuse to support another tax increase. Therefore, I supported the motion to table the Helms amendment and it was overwhelmingly defeated by a 76–24 margin.

Shortly after disposing of the Helms amendment, a Harkin amendment to increase funding by $29 million for enforcement efforts to prevent kids from smoking was debated. The amendment would have fully funded a program which was established to punish establishments that sell tobacco to individuals under 18 years of age. While I support efforts to curb underage smoking, this amendment sought to impose a new, $34 million dollar tax on smokers. In light of the tobacco tax increase already adopted in the budget agreement, and considering the penalties expected in the tobacco settlement, I believe Senator HARKIN's additional tax was excessive and I voted to support the 52–48 tabling vote.

The next amendment considered was a Bryan amendment to reduce the amount of funds appropriated to the Market Access Program [MAP]. Identical to the one offered on the fiscal year 1997 appropriations bill, the Bryan amendment would have eliminated funding of MAP if the aggregate amount of funds and value of commodities under the program exceeded $70,000,000. Formerly known as the Market Promotion Program, MAP has provided funding for large, lucrative corporations. I believe the Market Access Program is a clear example of corporate welfare, and I have consistently supported elimination or reduction of this unnecessary government subsidy. I supported Senator BRYAN's amendment which was tabled by a vote of 59–40.

A vote on a Grams amendment to complete a comprehensive economic evaluation of the Northeast Dairy Compact was scheduled to follow the Bryan amendment, but was instead adopted by unanimous consent. The compact allows dairy producers in the Northeast to artificially set minimum prices for dairy products within the region. I have consistently opposed the new bureaucracy established by the Compact and was pleased to be a cosponsor of the Grams amendment.

Following disposition of these three amendments, the 1998 Agriculture appropriations bill was passed, with my support, by a vote of 99–0. I urge the conferees to act quickly to finalize this legislation and once again demonstrate America s commitment to its farmers.•

HONORING CONNECTICUT'S BLUE RIBBON SCHOOLS

• Mr. DODD. Mr. President, I rise today to pay tribute to six elementary schools from my home state of Connecticut whose achievements have earned them the honor of being named blue ribbon schools. The blue ribbon schools program was established in 1982 to honor the best elementary and secondary schools in the country. This program promotes excellence in education by providing national recognition to a diverse group of schools that display an uncommon ability to help their students to reach their potential.

These blue ribbon schools, with their varied socioeconomic, geographic, and educational needs, prove that, with the right tools, all of our schools can be successful. They display the qualities of excellence that are necessary to prepare our young children for the challenges of the next century. Their formula for success is no secret. Each has strong leadership, a sense of mission, parental involvement, high quality teaching, and high standards and high expectations for each and every student.

It is important that we make every child in this country believe in themselves, and blue ribbon schools are challenging our students to try harder and demand more from themselves.

Of the 76,000 elementary schools across the country, only 263 are honored as blue ribbon schools, and I am proud of the fact that all six nominated schools from Connecticut were chosen to be honored. These six schools from Connecticut are Ellen B. Hubble Elementary School in Bristol, Highland Elementary School in Chesire, East Farms School in Farmington, the Center School in Litchfield, the Peck Place School in Litchfield, and West District School in Unionville. Each is different and unique, but they hold in common a commitment to helping all their students achieve high standards. I would like to briefly mention some of the unique accomplishments of each of these schools.

Ellen P. Hubble School in Bristol is a center for innovation in education, where learning is fun. The school brings excitement to learning by developing building-wide themes. In the past, the school has been transformed into a farm, a forest, and a circus, and the children have responded by bringing uncommon enthusiasm to their schoolwork. The students of Ellen P. Hubble have also been very active in their community. Through the random acts of kindness and make a difference day program, students have worked on activities ranging from supporting a shelter for battered women to providing help for Bosnian refugees.

Highland Elementary School is a reflection of the town of Cheshire's dedication to provide each young person with a nurturing, motivating, and enjoyable learning environment. Highland Elementary has formed a collaborative intervention team, composed of teachers and administrators, whose role is to identify and address the complex needs of each individual student. The teachers set high standards for their students, but the results have shown that great teaching inspires active learning. In addition, Highland is a member of the national network of Partnership 2000 schools, which fosters home-school partnerships.

The East Farms School in Farmington is centered around the belief that all children are capable of becoming skillful, lifelong learners. The staff works within collaborative teams which develop an engaging inter-disciplinary curriculum. East Farms is the first school in Connecticut to establish their own publishing center. For 3 years, parents have assisted children and teachers in the publication of over 1,000 original books each year. This effort has not only brought students, parents, and teachers together in a learning exercise, it has also reinforced the value and importance of written work.

At the Center School in Litchfield, lessons are planned around student inquiry, and teachers serve as facilitators rather than lecturers. In addition, students at the Center School are taught that the best way to solve a problem is by cooperating with others, and students are instilled with a strong sense of community. The school has been at the forefront of instructional reform, and the school's thematically arranged, interdisciplinary units of instruction have been hailed as exemplary by local, state, and national educators. The Center School was the first elementary school in Connecticut to be accredited by the New England Association of Schools and Colleges, and they recently received the Connecticut Award for Excellence.

Teachers are at the center of efforts to provide children with a quality education at the Peck Place School in Orange. This school has invested in highly-qualified staff with 92 percent of the staff holding advanced degrees. Beyond an excellent traditional elementary schools curriculum, Peck Place also offers both French and Spanish to its students. Students and parents are enthusiastic partners in this effort. The Peck Place School proves a strong learning environment leads to improved performance by students. Connecticut mastery test scores have shown significant improvement in every grade, and grade four scores have jumped from 25 percent meeting or exceeding the State goals in 1993 to 74 percent in 1995.

West District School in Unionville is a true neighborhood school where nearly half of the students walk to school every day, and many of them are the children of former students. West District is committed to the belief that all students are capable of learning at a high level if you nurture each student's special strengths. West District has formed a school development council, made up of teachers, staff, and parents, to work on ways to improve the school and to develop priorities for each school year. Last year the school chose to focus its efforts on addressing the needs of low-performing students, and the school worked diligently to bridge the gap between their most successful students and those who struggle with their classwork. The results have been successful as the vast majority of students are now performing at the high levels. West District boasts some of the highest Connecticut Mastery scores in the State, with 84 percent of sixth graders and 80 percent of fourth graders reaching the excellent level on the Connecticut mastery test in math. In addition, 80 percent of sixth graders achieved excellence in reading and 75 percent of fourth graders reached the excellence level in writing.

Once again I would like to congratulate these six schools for being honored as blue ribbon schools. I believe that they all serve as models for other schools and communities seeking to provide young students with a nurturing environment that will enable each child to develop into a life-long learner.•

TRIBUTE TO CAPT. CARLTON A. SIMMONS, JR., USN (RET.)

• Mr. McCAIN. Mr. President, I rise today with the sad mission of reporting the loss of a truly outstanding naval officer, Capt. Carlton A. Simmons, Jr. He passed away on July 14 after a long illness and was laid to rest at Arlington National Cemetery on July 22.

A native of North Dighton, MA, and a 1974 graduate of the University of Massachusetts at Amherst, Captain Simmons was commissioned an ensign in 1975. Following designation as a naval aviator in 1977 and qualification in the A–7E Corsair, he served with Attack Squadron 22, completing two deployments to the western Pacific.

Followon tours of duty included an exchange assignment with the Air Force, flying F–16 Falcons with the 421st Tactical Fighter Squadron; and duty as flag secretary to the commander, Middle East Force in Manama, Bahrain. Later, after training in the F/A–18 Hornet, he served with Strike Fighter Squadron 113.

A superb leader, the Navy entrusted Captain Simmons with three command assignments—the Strike Fighter Weapons School, Pacific Fleet; Strike Fighter Squadron 25; and the F/A–18 Fleet Readiness Squadron, Strike Fighter Squadron 125. While commanding officer of VFA–125, the squadron earned the Chief of Naval Operations Aviation Safety Award for surpassing 70,000 accident-free flight hours; and Personal Excellence Partnership Program awards from the Chief of Naval Operations and the State of California.

Captain Simmons also served a 22-month tenure in Washington as the Strike Warfare and Naval Aviation Programs Congressional liaison officer in the Navy Office of Legislative Affairs. In this capacity, Captain Simmons provided members of the Senate Armed Services Committee, the professional and personal staffs, and many of you, with timely support regarding Navy plans and programs. His contributions enabled Congress and the Navy to work closely in ensuring the Nation possessed a modern and capable naval force.

During his illustrious career, Captain Simmons was the recipient of many awards and commendations including the Legion of Merit, the Meritorious Service Medal with Gold Star, and the Navy Commendation Medal with Gold Star.

Mr. President, Captain Simmons, his wife Carol, and their daughters Erin and Stacey, made many sacrifices during his long career. It is indeed tragic that he has been taken from his family, the Navy, and the Nation he so selflessly served. His courage and fortitude marked him as a great patriot. He will be sorely missed.•

TRIBUTE TO TRUMBULL, CONNECTICUT'S WE THE PEOPLE TEAM

• Mr. DODD. Mr. President, I rise today to extend my sincere congratulations to the students of Trumbull High School, who recently won an award at the "We the People * * * The Citizen and the Constitution" national finals in Washington, DC.

The "We the People * * *" program includes a comprehensive curriculum on the history and principles of American constitutional democracy. It culminates in a competition testing student teams' knowledge of the Constitution, structured as a congressional hearing with students testifying as constitutional experts. This innovative approach has received critical acclaim from educators and scholars alike, and the curriculum stands as a model for future educational programs. Students involved in the "We the People * * *" program not only gain an understanding of constitutional history, but many of them also show a much stronger commitment to democratic principles and feel more involved in the political process.

The students from Trumbull High School were recognized for their expertise on Unit 6 "Role of Citizen" of the "We the People * * *" curriculum. I'm very proud of their accomplishment, and would like to recognize them all by name: Katherine Baker, Scott Baker, Heather Beardsley, Annette Besso, Andrew Braverman, Meredith Bryk, Christopher Cheng, Jonathan Chin, Jessica Cohen, Vimala George, Kristy Gordon, Travis Halky, Stephen Henshaw, Ryan Leichsenring, Jennifer Liu, Devon Nykaza, Nicole Perreault, Diane Perry, Anne Rackliffe, Sophia Rountos, Rachel Simonds, and Alan Stern.

In February 1963, President John F. Kennedy said that "the future promise of any nation can be directly measured by the present prospect of its youth." Frighteningly low voter turnout has recently raised concerns about public frustration with our political system. And yet, when I had the opportunity to meet with these Trumbull high schoolers, I was struck by the students' optimism and thoughtfulness about our great constitutional democracy. Their strong sense of civic responsibility provides me with great hope for our future.•

TRIBUTE TO PVT. WALTER C. WETZEL

• Mr. ABRAHAM. Mr. President, I rise today to join the Radio Control Club of Detroit in paying tribute to Pvt. Walter C. Wetzel of the U.S. Army 13th Infantry Brigade, 8th Infantry Division. On April 3, 1945, Private Wetzel, a young squad leader with the antitank company of the 13th Infantry, was keeping watch at his platoon's command post in Birken, Germany. Early in the morning, Private Wetzel detected enemy forces moving in to attack the post. Immediately, he alerted the command post occupants and began fighting against heavy automatic weapons fire. Under cover of darkness, Germans forces moved close to the building and began throwing grenades. During the fighting, two grenades landed in the room from which Private Wetzel and the others were defending the post. With a warning to his fellow soldiers, Private Wetzel threw himself on the grenades just before they exploded.

Sadly, the heroic deed of Private Wetzel cost him his life, but in so doing he saved the lives of others in his division. His comrades were able to continue the defense of the command post while breaking the power of a dangerous German war front. Certainly, his sacrifice was in keeping with the U.S. Army's highest traditions of bravery and heroism. Private Wetzel was laid to rest at the American Battlefield Monuments Commission cemetery in the Netherlands. Shortly after his death, Private Wetzel was awarded the Congressional Medal of Honor.

In further recognition, the Radio Control Club of Detroit has constructed a monument to Private Wetzel on the grounds of Wetzel State Park in Lenox Township of Northern Macomb County. The monument consists of a concrete monolith flagpole base with a bronze plaque inlaid and inscripted. Upon dedication, the field at which the monument will be placed will be named "Wetzel Memorial Flying Field." I ask the Senate to join this organization in remembering one of the many true American patriots who made the ultimate sacrifice to protect our freedom.•

TRIBUTE TO DAVID L. CINI

• Mr. DODD. Mr. President, any town in America can find somebody to run their local government. But few cities ever have a leader whose courage, hope, and humor serve to inspire others to expect more from themselves and their community. East Lyme was fortunate enough to know one of these leaders—David L. Cini. Mr. Cini served as East Lyme's first selectman since 1989, and, sadly, he died earlier this month at the age of 60.

Eight years ago, I attended a political rally for David Cini that was held in a vacant lot behind a beauty salon in the small town of Niantic, CT, which is part of East Lyme. Also in attendance at this rally were Senator JOE LIEBERMAN, Congressman SAM GEJDENSON, and a host of other local dignitaries. Upon realizing that there were two U.S. Senators, a Congressman, and many other elected officials in attendance at this rally, I asked aloud, "Why are all of these important people gathered behind a beauty salon in Niantic?" David Cini quickly stood up and responded, "Because Niantic is the center of the universe, and I am going to be the first selectman."

For David Cini, Niantic and East Lyme was the center of the universe, and he really loved and took pride in this town and its people. One time, David cut short a week-long vacation in Florida to come back to East Lyme. He said that East Lyme was the best place to live and work so why leave? Mr. Cini loved the city of East Lyme and his primary concern as first selectman was improving the quality of life for these people.

But while David Cini was completely committed to the people of East Lyme, he also recognized that the interests of one town are often connected to the interests of neighboring communities. He worked tirelessly to see that the towns in southeastern Connecticut worked together to preserve prosperity in the region. Mr. Cini was instrumental in the formation of the Council of Governments, which is comprised of the chief executive officers of 20 southeastern Connecticut towns, and he served as the council's first chairman.

Throughout his tenure as East Lyme's top official, Mr. Cini had to overcome various health problems, but he always maintained a positive attitude, and you never saw him without a smile on his face. David was always too concerned with the welfare of others to dwell on his own personal interests.

When you ask his friends what they will remember most about David Cini, they all mention his sense of humor. He was frequently seen joking with workers at Town Hall, and with his modest and unassuming manner, he could always make people laugh and put them at ease.

His humor will be missed in Town Hall, and so will his leadership. David Cini was known and respected by his colleagues in politics, but, more important, he was admired by the people that he was elected to represent.

He is survived by his wife Sally, seven siblings, five children, and four grandchildren. I extend my heartfelt condolences to them all.•

CLIMATE SCIENCE

• Mr. MURKOWSKI. Mr. President, today our negotiators are gathering in Bonn, Germany to continue negotiations toward a new climate treaty, so it is appropriate to address the Senate on this issue.

My comments today will focus on the issue of science, scientific certainty, and scientific honesty.

During the Senate's debate on Friday there were some general and specific comments made about climate science that were simply wrong, and I'd like to begin by addressing some of the general misunderstandings that may exist.

First, some of our colleagues seem to have it in their minds that there is scientific certainty and consensus over the issue of whether or not human activities are causing global warming. This is simply not true.

While it is true that Undersecretary of State Tim Wirth said that "the science is settled," it is clear that there is not a broad scientific consensus that human activities are causing global warming.

Don't take my own word for it:

The prestigious journal Science, in its issue of May 16th, says that climate experts are a long way from proclaiming that human activities are heating up the earth.

Even Benjamin Santer, lead author of chapter 8 of the Intergovernmental Panel on Climate Change [IPCC] report admits as much.

Here is what Dr. Santer says:

> We say quite clearly that few scientists would say the attribution issue was a done deal.

Indeed, the search for the "human fingerprint" is far from over with many scientists saying that a clear resolution is at least a decade away.

Even the Chairman of the U.N. Intergovernmental Panel on Climate Change, Dr. Bert Bolin, says that the science is not settled. When told that Undersecretary of State Tim Wirth had said the science was settled, Dr. Bolin replied: "I've spoken to [Tim Wirth], I know he doesn't mean it."

Mr. President, the science is not settled. We continue to spend over $2 billion on the U.S. Global Climate Change Research Program for the simple reason that the science is not settled.

We know human activities result in carbon emissions. We also know that land-based records indicate that some warming has occurred. We do not know that one has caused the other.

Let me now turn to some specific statements that were made during the debate last Friday that simply don't agree with the latest scientific literature:

My good friend, Senator KERRY, said (on page S8118 of the CONGRESSIONAL RECORD) that the "global average temperature has changed by less than a degree Celsius up or down for 10,000 years—[and that] the projected warming is expected to exceed any climate change that has occurred during the history of civilization."

Unfortunately, the facts simply don't match up with Senator KERRY's statement. According to data from the Woods Hole Oceanographic Institution in Woods Hole, Massachusetts, temperatures were up to 3°C higher than present values some 2500–3000 years ago. (Reference: L. Keigwin, Science, volume 274, p. 1504–1508, 1996.)

In addition, independent studies using a different set of data indicate abrupt worldwide changes in temperature about 8000 years ago. (Reference: Stager and Mayewski, Science, volume 276, p. 1834, 1997.)

Another statement made by Senator KERRY (on page S8137 of the CONGRESSIONAL RECORD) claims that ". . . we are living in the midst of the most significant increase that we have seen in 130 years, and the evidence of the prognosis of our best scientists is that it is going to continue at a rate that is greater than anything we have known since humankind, since civilization has existed, civilization within the last 8,000 to 10,000 years on this planet."

Well, the facts are somewhat different. The most significant temperature increase in the last 130 years occurred between 1900 and 1940, and is generally believed to be a natural warming, a recovery from the Little Ice Age.

In pointing these facts out, it is not my contention that Senator KERRY is trying to mislead anyone. He is merely repeating some of the information that has been provided to him by his staff or others, and I know he believes them to be correct.

But they are not correct.

I believe this makes my point that there is a great deal of misunderstanding about this issue, in addition to the lack of scientific certainty I alluded to earlier.

I'd like to briefly turn my attention to a few statements made by others outside the Senate about the science of Climate Change.

When I opened the newspaper on Saturday I was amused to see the level of "spin control" that some were attempting with respect to the Senate's actions of Friday.

Indeed, on page A11 of Saturday's Washington Post, in an article by Helen Dewar, I read that Phillip Clapp, the President of the Environmental Information Center, said the Byrd resolution "endorses the science on global warming . . ."

Well, I hope the public and the press will follow the wise counsel of Senator BYRD and allow the resolution to speak for itself.

Indeed, the resolution does not say anything about endorsing the science of global warming.

If it had, it would not have passed the Senate at all . . . much less than by a vote of 95–0.

Special interest groups will, I suppose, do their best to advance their special interests. But we should demand a certain level of integrity and scientific honesty in our public debate of this issue.

This brings me to the final issue that I wish to address today—the issue of scientific honesty and integrity.

As pointed out above, there is a great deal of scientific uncertainty about climate change. Well respected, highly qualified scientific experts disagree over this issue.

The hearings held before the Energy Committee, the Foreign Relations Committee, and the Environment and Public Works Committee have all featured solid, respected scientists—some of whom question the link between human activities and a warming planet.

Before the Energy and Natural Resources Committee which I chair, Dr. Sallie Baliunas of the Harvard-Smithsonian Center for astrophysics questioned the link between human activities and climate change.

Before the Environment and Public Works Committee, Dr. Richard S. Lindzen, the Alfred P. Sloan Professor of Meteorology at the Massachusetts Institute of Technology, pointed out problems with the General Circulation Models that are the basis for the predictions of warming.

My Committee also heard from Dr. V. Ram Ramanathan of the Scripps Institute of Oceanography, about the role of water vapor as a confounding factor in these models.

In the Environment and Public Works Committee, Dr. John R. Christy of the Earth System Science Laboratory at the University of Alabama in Huntsville discussed the satellite temperature records that conflict with ground-based data.

Before the Foreign Relations Committee, Dr. Patrick Michaels, professor of Environmental Sciences at the University of Virginia, directly challenged the links between human activities and observed warming.

These are all respected scientists. They are not crackpots, nay-sayers, or as some press accounts have branded them, a "small and noisy band of skeptics."

Instead, they are scientists, doing what scientists do. Consistent with the scientific method, they are challenging the findings of other scientists, in an open, intellectually honest manner, using all the data and analysis that they can bring to bear.

That is how the system is supposed to work.

Unfortunately, the proponents of the view that we must take extreme actions now to address climate change have been attacking the credibility and the reputations of some scientists who do not share their view.

Instead of attacking their science, they attack the scientist.

They claim that scientists who disagree with the so-called consensus view of climate change are part of some kind of anti-science conspiracy, funded by big oil and big coal to deliberately mislead the American public.

That sounds silly, doesn't it?

Yet, on the Diane Rehm radio program which aired locally on WAMU-FM on July 21, a prominent guest made some pretty remarkable assertions. Let me quote from the transcript of this radio interview:

> . . . it's an unhappy fact that the oil companies and the coal companies in the United States have joined in a conspiracy to hire pseudo scientists to deny the facts . . . the energy companies need to be called to account because what they are doing is un-American in the most basic sense. They are compromising our future by misrepresenting the facts by suborning scientists onto their payrolls and attempting to mislead the American people.

A "conspiracy," Mr. President.

"Pseudo scientists."

"A deliberate attempt to mislead the American people."

"Un-American."

These are serious charges.

Who was the guest who was making these charges of a conspiracy designed to deliberately mislead the American people?

Was this guest calling Dr. Lindzen a pseudo scientist? Or Dr. Baliunas? Or any of the others I mentioned?

Are they part of this conspiracy?

Sadly, a member of the President's Cabinet—the Secretary of the Interior—was responsible for these remarks.

Here is a political appointee who appears to be making judgments about the scientific integrity of others.

Those were unfortunate remarks, Mr. President. And they are the sort of remarks I hope that the Senate will avoid as we continue the debate on climate change.

Let us keep to the high road.

Let us appreciate the fact that scientists, and indeed, all Americans, are free to disagree and to challenge the views of others in honest, public debate.

There will be disagreements. Just as I challenged the scientific understanding of Senator KERRY on several issues earlier in my remarks, others will surely challenge my understanding of the science at some point in the debate.

And in the process, we will all learn. That is the way it should be.

But there will be some, Mr. President, who will attack the scientist instead of the science.

There will be some who say that you must agree with me, or you must be part of some conspiracy that is trying to mislead the American people.

That, to use Secretary Babbitt's words, strikes me as un-American.

Let's not fear a healthy scientific debate. Instead, let's depend on it.•

HONG KONG

• Mr. MURKOWSKI. Mr. President, 1 month ago, Hong Kong reverted to the control of the People's Republic of China, ending over 150 years of colonial rule. This was a historic and unprecedented event in Chinese history. I was honored to serve as the chairman of the official Senate delegation that attended the handover ceremonies along with several of our colleagues from the House of Representatives, led by Congressman CHRIS COX.

I hope that when I return to Hong Kong next year, and the year after, and the year after, I will witness the same optimism that I observed during the transition from British to Chinese rule. The people of Hong Kong should be congratulated for their determination to keep Hong Kong the pearl of the Orient.

During our visit, our delegation was fortunate to meet with the new chief executive, C.H. Tung, as well as his Chief Secretary, the highly respected civil servant, Anson Chan. This duo has been referred to as the dream team and the name is well deserved. It is my opinion that if C.H. Tung and Anson Chan work together they will lead Hong Kong to a brighter future. But they will face severe trials. The "one country, two systems" approach of the late Chairman Deng is untested, and I predict that there will be hurdles to its implementation, especially in the area of personal and political autonomy.

The purpose of the Senate Delegation to Hong Kong was to demonstrate our continued commitment to support the people of Hong Kong and to protect United States interests. And Congress will continue to monitor events in Hong Kong.

The key events that I think will determine whether this experiment will work are the following:

Whether the elections C.H. Tung has called for May of 1998 are free and fair and allow broad participation.

Whether the Court of Final Appeal functions as the final word, or whether the PRC People's Congress uses the fig leaf of "national security" to step in and usurp Hong Kong's legal system.

How the PRC Government handles Martin Lee, and other democrats. Thus far, democratic protests have continued without intervention.

What happens to the first paper to publish a Pro-Taiwan or Pro-Tibet editorial.

Whether Chief Secretary Anson Chan stays in her post after 1998, and whether there is an exodus of other civil servants.

But I also urge restraint by my colleagues. We should not assume the worst for Hong Kong. Specifically, we should not alter trade laws that assume that Hong Kong cannot enforce her borders and her laws. If Hong Kong cannot live up to her commitments in this regard, then the United States should act, but we should not act prematurely.

In conclusion, Mr. President, I would like to extend my commitment to the people of Hong Kong to support their efforts. I hope on my next trip to Hong Kong I can say that Hong Kong remains the vibrant, successful, energetic engine of Asia.•

NIH RESEARCH ON CHILD ABUSE AND NEGLECT: CURRENT STATUS AND FUTURE PLANS

• Mr. JEFFORDS. Mr. President, I rise today to bring to your attention an important report on child abuse and neglect. This report, released in April of this year, examines current research being conducted or supported by the National Institutes of Health [NIH] into the area of child abuse and neglect. The report proposes groundbreaking recommendations for improving the coordination of child maltreatment research across the NIH, with other divisions within the Department of Health and Human Services, and with other federal agencies. In addition, the report addresses the current gaps in research, identified in the National Research Council's 1993 report, "Understanding Child Abuse and Neglect." The April, 1997, report by NIH emphasizes the need to provide more attention to training new research in the field and disseminating research results to the agencies and practitioners who are working on the frontlines.

We are all concerned about the prevalence of child abuse and neglect. According to a 1995 state-by-state survey conducted by the National Committee to Prevent Child Abuse, over 3.1 million children were reported to be abused or neglected. Child abuse fatalities have increased by 39 percent from 1985 to 1995. The Department of Health and Human Services Third National Incidence Study of Child Abuse and Neglect, released in September, 1996, estimated that the number of child abuse and neglect cases in this country doubled between 1986 and 1993.

One critical and necessary step to stop child maltreatment is to support research that will enhance our understanding of the underlying causes of child abuse and neglect. This research also will improve our ability to identify and define abuse and neglect, and discover which intervention techniques are most successful in preventing and treating child maltreatment.

The proposals for future NIH activities contained in the report give new meaning to the concept of knowledge translation and research application. The most important characteristic of the proposals are the efforts to move scientific knowledge from the research lab and demonstration site into professional practice. Parents, child welfare agencies, and practitioners will all benefit from this information and technology transfer. In the exchange, NIH researchers will benefit from the lessons learned by practitioners and be better able to target their research. Everyone will benefit from the increased coordination that is integral to the NIH effort. But most important, fewer children will suffer from abuse and neglect, once marriage between the research and practice is accomplished. This is a goal upon which we can all agree.

I want to commend Dr. Harold Varmus, Director of NIH, for his leadership in this critical area. Under the direction of Dr. Varmus, Dr. Peter Jensen, Chief-Child and Adolescent Disorders Branch, at the National Institutes of Mental Health established a trans-NIH Working Group on child abuse and neglect. I would also like to thank the organizations which brought this issue to my attention and encouraged the formation of the Working Group—the National Association of Social Workers, National Child Abuse Coalition, Institute for the Advancement of Social Work Research, and the American Psychological Society.

The Working Group has developed a bold plan for advancing research on child abuse and neglect, as evidenced by the April, 1997 report. This plan will make the optimal use of federal dollars though better coordination of NIH research activities and dissemination of research results to those who can make a difference in children's lives.●

NATIONAL EDUCATION CENTER FOR WOMEN IN BUSINESS

● Mr. SANTORUM. Mr. President, I would like to engage the Chairman of the Subcommittee on Commerce, Justice, State Appropriations in a brief colloquy concerning funding for the National Education Center for Women in Business at Seton Hill College.

Mr. President, in the decade between 1982 and 1992, women-owned businesses grew substantially, increasing by over 55 percent between 1987 and 1992 alone. The Commonwealth of Pennsylvania's women business owners helped make this happen, as my state ranks sixth in the nation in the number of firms owned by women. These firms contributed over 290,000 jobs to my state's economy. The Center conducts collaborative research, provides educational programs and curriculum development, and serves as a information clearinghouse for women entrepreneurs. I have heard only good things about the Center's work in the promotion of women business ownership, both in the Commonwealth and across the nation.

Mr. SPECTER. Mr. President, I must echo the comments of my colleague from Pennsylvania with respect to the National Education Center for Women in Business, which provides invaluable services to women from all over this country to encourage the establishment and growth of businesses. The Center's programs are truly in the national interest and as a member of the Appropriations Committee I have been pleased to work with my colleague, Senator SANTORUM, and Congressman MASCARA in support of the Center and its funding needs. The federal funds we have sought are necessary to bring the Center to a position of self-sufficiency where it can operate solely with private funds in the future.

Mr. SANTORUM. The Center has received funds in five previous Commerce-State-Justice appropriations bills through the Small Business Administration's Office of Women's Business Ownership and, as originally envisioned, it was to receive $5 million in federal funds over five years. The fiscal year 1997 appropriations bill for the SBA included $500,000 for the Center, which leaves $500,000 in federal funds that are needed to complete the total $5 million federal contribution to the establishment of the Center. I understand that the Small Business Administration would generally continue the program through the next cycle, even though it is not specifically listed in the bill, as the Center has been successful in its mission on behalf of women in business. Would the distinguished Chairman of the Subcommittee be willing to work with Senator SPECTER and me to examine options for allocating funds for the National Education Center for Women in Business?

Mr. GREGG. Mr. President, I thank the Senators from Pennsylvania for highlighting the work of this program and its funding history. Since the Small Business Administration funded the program in fiscal year 1997, I assume they will wish to continue funding in fiscal year 1998 for the Center. The absence of report language should not prevent the agency from providing funding in the next fiscal year.●

CHRIS YODER

● Mr. MURKOWSKI. Mr. President, I want to take a moment of the Senate's time to speak today about a man whose life has been dedicated to public service—in particular, service to America's veterans: Chris Yoder.

Many of my colleagues know Chris. He has spent his entire career working for veterans. And now, Chris has decided to leave the Senate Committee on Veterans' Affairs [VA]. However, his life-long commitment to veterans will continue as he moves to the Commission on Service Members and Veterans' Transition Assistance.

I have known Chris for many years, and I have come to rely on him for his expertise.

He served in Vietnam and after he returned home, he began his career with the Veterans' Administration in 1972. He joined the Senate Committee on Veterans' Affairs in 1985 when I served as the Committee Chairman. Chris immediately demonstrated a remarkable recall and uncanny knowledge of veterans' issues. In 1991, Chris joined Tony Principi when Tony went to work for the Bush Administration as Deputy Secretary for the Department of Veterans' Affairs. In 1993, when I served as Vice Chairman of the Committee, Chris returned.

Over the years, I have asked Chris to examine a number of veterans' programs and I have always expected Chris to ask tough questions about these programs. We spend billions of dollars on veterans' health care and benefits, and members of the Senate Veterans' Affairs Committee constantly struggle to ensure that the money is spent efficiently and in an equitable manner.

Is the veterans' health care program based on the most modern medical delivery systems, or are we sticking with an aging infrastructure that is consuming dollars that need to be redirected to meet the real needs of veterans? That's the type of issue that Chris has had to tackle.

Last Congress, we passed Veterans' Health Care Eligibility Reform. If you think the tax code is complicated, you should have seen the VA's health care eligibility criteria before our reforms. It confused veterans, it confused Congress, and it even confused VA doctors and administrators.

Chris took it upon himself to play the leading role in crafting a reform proposal that simplified the criteria without sacrificing the quality and access to care for our Nation's veterans. By far, this was the most important veterans' legislation passed in the 104th Congress, and one of the most difficult and complex issues I have witnessed during my 17-year tenure as a U.S. Senator.

I do not think anyone can doubt the commitment and dedication Chris has for our veterans, and I know every member of the Senate Committee on Veterans' Affairs will miss his dedication and expertise.

He is a man with the courage to tackle the difficult questions and the knowledge to find the answers. Chris Yoder will be sorely missed on the Veterans' Affairs Committee. As a friend, I wish him the best of the luck.●

TRIBUTE TO HAROLD "PRINCE HAL" NEWHOUSER

● Mr. ABRAHAM. Mr. President, I rise today to pay tribute to one of Michigan's greatest athletes in America's greatest pastime. Baseball was Harold "Prince Hal" Newhouser's life, and it showed every minute during the 15 years he was on the field, proudly wearing the Detroit Tigers jersey number 16. Rising to prominence during a time when athletes played for the love of the sport, Harold's story represents a fine example of the American ethic of hard work and determination.

At 14 years old, Harold listened intently to the announcer as Goose Goslin drove in the series winning run, giving the Detroit Tigers the 1935 pennant. Harold was so excited about the victory he decided his life's goal was to play for his hometown Tigers. Four months after his eighteenth birthday, as he stepped on the mound for the first time, Harold's dream came true.

Harold Newhouser was born to play baseball. Just a few years after he began pitching for the Tigers, Harold reached the coveted twenty wins in one season. In 1942, Harold was named to the All-Star team. In 1944, he earned the American League's Most Valuable Player award, and won it again the very next year. This occasion marked the only time in history a major league picture won the MVP award in back-to-back seasons.

By the time Harold Newhouser retired in 1955, he had played in six All-Star Games, won two MVP's, and earned recognition as a strikeout king with a blazing fastball. In 1992, his achievements were formally recognized through his induction into the Hall of Fame. As Harold is proud to point out, he is the first Detroit-born player to go into the Hall of Fame, and he's the first Detroit-born player to have his uniform number retired by the Tigers.

And that occasion, Mr. President, is what I rise today to commemorate. Harold was born in Detroit, grew up in Detroit, and played baseball for Detroit. This Sunday the Tigers will bestow upon him their highest honor, and on behalf of Michigan, I would like to recognize his accomplishments in the RECORD, and to thank him for his outstanding representation of Michigan throughout his life, both on and off the field.●

ORDERS FOR TUESDAY, SEPTEMBER 2, 1997

Mr. WARNER. Mr. President, I ask unanimous consent that when the Senate completes its business today, it stand in adjournment until the hour of 11 a.m., on Tuesday, September 2, 1997. I further ask unanimous consent that on Tuesday, immediately following the prayer, the routine requests through the morning hour be granted, and the Senate immediately proceed to the consideration of S. 1061, the Labor-HHS appropriations bill.

The PRESIDING OFFICER. Without objection, it is so ordered.

PROGRAM

Mr. WARNER. Mr. President, for the information of all Members, when the Senate reconvenes on Tuesday, September 2, the Senate will begin consideration of S. 1061, the Labor-HHS appropriations bill. Under the previous order, at 2:15 p.m., the Senate will resume consideration of S. 1033, the agriculture appropriations bill. Under the order, Senator HARKIN will be recognized to offer an amendment regarding the FDA, with 20 minutes of debate equally divided in the usual form in order. As announced, a vote on that amendment will occur Wednesday, September 3, at approximately 9:50 a.m. Following debate on the Harkin amendment, the Senate will resume consideration of the Labor-HHS appropriations bill, with any votes ordered on amendments to that bill being set aside until Wednesday. Therefore, the next rollcall votes will occur on Wednesday, September 3.

ADJOURNMENT UNTIL TUESDAY, SEPTEMBER 2, 1997, AT 11 A.M.

Mr. WARNER. Mr. President, if there is no further business to come before the Senate, I now ask unanimous consent that the Senate stand in adjournment under the provisions of House Concurrent Resolution 136.

There being no objection, the Senate, at 8 p.m., adjourned until Tuesday, September 2, 1997, at 11 a.m., under the provisions of House Concurrent Resolution 136.

NOMINATIONS

Executive nominations received by the Senate July 31, 1997:

FEDERAL EMERGENCY MANAGEMENT AGENCY

JO ANN JAY HOWARD, OF TEXAS, TO BE FEDERAL INSURANCE ADMINISTRATOR, FEDERAL EMERGENCY MANAGEMENT AGENCY, VICE ELAINE R. MCREYNOLDS.

EQUAL EMPLOYMENT OPPORTUNITY COMMISSION

PAUL M. IGASAKI, OF CALIFORNIA, TO BE A MEMBER OF THE EQUAL EMPLOYMENT OPPORTUNITY COMMISSION FOR A TERM EXPIRING JULY 1, 2002. (REAPPOINTMENT)

NATIONAL INDIAN GAMING COMMISSION

TADD JOHNSON, OF MINNESOTA, TO BE CHAIRMAN OF THE NATIONAL INDIAN GAMING COMMISSION FOR THE TERM OF 3 YEARS, VICE HAROLD A. MONTEAU, RESIGNED.

DEPARTMENT OF ENERGY

ERNEST J. MONIZ, OF MASSACHUSETTS, TO BE UNDER SECRETARY OF ENERGY, VICE THOMAS PAUL GRUMBLY, RESIGNED.

IN THE NAVY

THE FOLLOWING-NAMED OFFICER FOR APPOINTMENT IN THE U.S. NAVY TO THE GRADE INDICATED WHILE ASSIGNED TO A POSITION OF IMPORTANCE AND RESPONSIBILITY UNDER TITLE 10, U.S.C., SECTION 601:

To be admiral

ADM. HAROLD W. GEHMAN, JR., 3817

IN THE AIR FORCE

THE FOLLOWING-NAMED OFFICERS FOR REGULAR APPOINTMENT IN THE GRADE INDICATED IN THE U.S. AIR FORCE UNDER TITLE 10, UNITED STATES CODE, SECTION 531:

To be colonel

LUIS C. ARROYO, 5214
JACK L. BERG, 7307
RICHARD H. DAY, 3928
JAMES P. DURNING, 7319
NOEL T. HUI, 9752
JOHN C. LEOPOLD, 3343
HENRY B. NELSON III, 5414

To be lieutenant colonel

SCOTT G. BERGH, 6355
JUNE A. CARRAHER, 7520
ROBERT E. CARROLL, 4761
TIMOTHY S. CLASEMEN, 2246
CRANDON F. CLARK, JR., 9137
SALVADOR FLORES, JR., 3878
CHARLES K. HARDIN, 4915
KEVIN D. KIELY, 9859
MAUREEN E. LANG, 9650
BARRY I. MACDONALD, 6092
JEFF R. MACPHERSON, 9679
STEPHEN T. MCDAVID, 7244
MICHAEL PARKINSON, 0313
RHETT M. QUIST, 8306
ROBERT RECTENWALD, 4600
VICTOR P. SALAMANCA, 4790
TIMOTHY G. SANDERS, 8468
PAUL S. STONER, JR., 6160
WALTER L. THOMAS, 7157
CARL L. WILLIAMS, 4757

To be major

NORMA L. ALLGOOD, 0377
MARK J. BENTELE, 0399
RICHARD R. FRAZIER, 1760
GERALD C. LEAKE, JR., 9388
SCOTT A. MACKEY, 2272
THOMAS M. MARTIN, 7182
CHARLES A. POWELL, 6965
JAMES E. THEKEN, JR., 4748
MARK Y. UYEHARA, 7760

THE FOLLOWING-NAMED OFFICER, FOR APPOINTMENT AS A PERMANENT PROFESSOR, U.S. AIR FORCE ACADEMY, IN THE GRADE INDICATED UNDER TITLE 10, UNITED STATES CODE, SECTIONS 9333(B) AND 9336(A):

To be colonel

MICHAEL R. EMERSON, 5395

THE FOLLOWING-NAMED OFFICERS FOR APPOINTMENT TO THE GRADE INDICATED IN THE U.S. AIR FORCE AND FOR REGULAR APPOINTMENT IN THE GRADE INDICATED (IDENTIFIED BY AN ASTERISK) UNDER TITLE 10, UNITED STATES CODE, SECTIONS 624, 628, AND 531:

To be lieutenant colonel

JAMES M. BARTLETT, 3965
DUANE E. BOYE, 4594
MICHAEL R. FIELDER, 0559

To be captain

*ELLIS D. DINSMORE, 4198

IN THE ARMY

THE FOLLOWING-NAMED OFFICER FOR APPOINTMENT TO THE GRADE INDICATED IN THE U.S. ARMY UNDER TITLE 10, UNITED STATES CODE, SECTIONS 624 AND 628:

To be colonel

FRANK G. WHITEHEAD, 7528

THE FOLLOWING-NAMED ARMY NATIONAL GUARD OF THE UNITED STATES OFFICERS FOR APPOINTMENT TO THE GRADE INDICATED IN THE RESERVE OF THE ARMY UNDER TITLE 10, UNITED STATES CODE, SECTIONS 12203 AND 12211:

To be colonel

MARY A. ALLRED, 7509
JAMES H. CHISMAN, II, 7217
HUNTINGTON B. DOWNER, JR., 9238
GRANT L. HAYDEN, 6277
RONALD B. KALKOFEN, 1783
GARY E. KELLY, 3617
ROBERT A. KOEHLER, 9176
EDWARD Y. MATHEKE, 8895
JOSEPH E. MICHAELS, JR., 4162
GARY N. MELING, 1809
ROQUE C. NIDO-LANAUSSE, 1486
DONALD L. PATRICK, 0336
JERRY M. RIVERA, 5499
SYLVIA C. SANCHEZ, 4390
JOHN C. SCHILTHUIS, 6307
JAMES L. SCOTT II, 3179
GERALD L. STROUD, 2658
JAMES R. TINKHAM, 0357

THE FOLLOWING-NAMED ARMY NATIONAL GUARD OF THE UNITED STATES OFFICERS FOR APPOINTMENT TO THE GRADE INDICATED IN THE RESERVE OF THE ARMY UNDER TITLE 10, UNITED STATES CODE, SECTIONS 12203 AND 12211:

To be colonel

ROBERT C. BAKER, 3516
RONALD L. FREEMAN, 6046
CURTIS G. GRANDSTAFF, 4651
DANA H. GRAU, 8668
LARRY G. HAYES, 3740
DAVID W. HOCKENSMITH, JR., 5006
THOMAS A. JOHNSON, 6542
EMERICK Y. KANESHI, 8771
PAUL R. LEMOI, 9769
RUEDIGER TILLMAN, 3723
JAMES R. WOOTEN, 9267

THE FOLLOWING-NAMED OFFICERS FOR APPOINTMENT TO THE GRADE INDICATED IN THE U.S. ARMY AND FOR REGULAR APPOINTMENT AS CHAPLAIN (IDENTIFIED BY AN ASTERISK(*)) UNDER TITLE.10, UNITED STATES CODE, SECTIONS 624, 531 AND 3064:

To be major

*EDWIN E. AHL, 0281
*DANIEL T. AMES, 5522
*WILLIAM O. BAREFIELD, 5423
*LARRY E. BLUM, 3295
*STEVEN E. BOLING, 3285
*DEAN E. BONURA, 1389
*MICHAEL E. BRAINERD, 3969
*DAVID M. BROWN, 0444
*LORAN C. BULLA, 4546
*CRAIG A. BURCH, 5497
*SCOTT R. CARSON, 9776
*JAMES R. CARTER, 4294
*ALFRED O. CASTRO, 2773
*MICHAEL D. CHARLES, 7000
*LAWRENCE W. CLOSTER, 1938
*JOSEPH L. DIGREGORIO, 0150
*ERIC R. DYE, 8528
*TIMOTHY B. EGGLESTON, 9053
*GREGORY J. ESTES, 9749
*JOSEPH M. FLEURY, 0878
*JONATHAN C. GIBBS, 5629
*RICHARD T. GREEN, 0353
*DAVID H. HANN, 7482
*JOEL C. HARRIS, 0292
*MARTHA J. HAYES, 5722
*DAVID R. HELLER, 5947
*JACK B. HERRON, 9248
*RANDALL P. HOLMES, 6269
*JUSTIN P. ISBISTER, 0531
*FRANKLIN L. JACKSON, JR., 4006
*MICHAEL E. JENKINS, 4437
*RONALD J. KEGLEY, 1305
*JAMES P. KING, 5990
*WARREN E. KIRBY, JR., 3309
*RAYMOND C. KOOP, 9365
*RICHARD A. KOYAMA, 0764
*JAMES G. LESTON, 1284
*MARVIN W. LUCKIE, 7656
*JONATHAN A. MCGRAW, 3206
*DAVID D. MCMILLAN, 2549
*JOHNNY D. MESSER, 9441
*PRISCILLA A. MONDT, 2164
*RUSS B. MORGAN, 7465
*STEVEN L. NELSON, 5583
*JERRY L. OWENS, 4945
*PAMELA L. PARKER, 1099
*THEASAL L. PERRY, 1967
*JOHN H. PETERS, 6398
*WRAY B. PHYSIOC III, 3713
*ROBERT L. POWERS, JR., 4718
*PATRICK A. RATIGAN, 2547
*CARL R. RAU, 6452
*HARRY A. RAUCH III, 7129
*KENNETH F. REVELL, 1703
*DAVID M. SCHEIDER, 8600
*LARRY K. SHARP, 0743
*JONATHAN E. SHAW, 3308
*BARBARA K. SHERER, 4227
*THOMAS L. SOLHJEM, 8553
*MARTIN F. STEISSLINGER, 7601
*HARLON J. TRIPLETT, JR., 5972
*CHARLES L. TULLIS, 9257
*BRYAN J. WALKER, 4670
*ROY T. WALKER, 7699
*STEPHEN M. WALSH, 9191
*DAVID L. WATERS, SR., 8455
*JAMES C. WATSON, 3773
*THOMAS C. WAYNICK, 7844
*THOMAS B. WHEATLEY, 1779
*BARRY M. WHITE, 5194
*MITCHELL S. WILK, 9264
*JERRY M. WOODBERY, 7581
*KENNETH W. YATES, 3665
*MARK A. ZERGER, 7160

THE FOLLOWING NAMED OFFICERS FOR APPOINTMENT TO THE GRADE INDICATED IN THE UNITED STATES ARMY AND FOR REGULAR APPOINTMENT IN THE MEDICAL CORPS OR DENTAL CORPS (IDENTIFIED BY AN ASTERISK (*)) UNDER TITLE 10, UNITED STATES CONGRESS SECTIONS 624, 531 AND 3064:

To be lieutenant colonel

CHRISTIAN F. ACHLEITHNER, 6156
*JOHN P. ALBANO, 0600
THOMAS W. ALLEN, 8875
RUBEN J. ALVERO, 8036
*DAVID G. BATES, 5656
*MICHAEL A. BATTISTA, 6057
*DAVID W. BEAN, JR., 7122
RICHARD T. BEITZ, JR., 3866
RENEE M. BERNIER, 1703
*LISA A. BLACK, 4439
THOMAS J. BORRIS, 0094
*DAVID J. BRADSHAW, 9389
*BRIAN J. BURKE, 2865
*LEON R. BYBEE, 7203
*LEOPOLDO C. CANCIO, 8679
*JAY W. CARLSON, 5029
*MICHAEL A. CAROME, 7386
*CLYDE T. CARPENTER, 0577
*DERRICK R. CARTER, 0335
*THOMAS J. CASEY, 3816
*REED S. CHRISTENSEN, 7466
*CLARK M. COMEAUX, 7424
*PHILIP C. CORCORAN, 2762
*MICHAEL R. CRADDOCK, 2489
DARRYL D. CUDA, 5641
SUZANNE E. CUDA, 4950
*MICHAEL D. CUNNINGHAM, 1458
*THOMAS W. DACZKOWSKI, 0532
*CHRISTOPHER A. DANBY, 6501
*BETH E. DAVIS, 2575
WILLIAM B. DAVIS, 2404
PHILIP DENICOLO, 5696
WILLIAM C. DOUKAS, 2005
MATTHEW E. DUBAN, 0363
*DAVID J. DUBOIS, 5015
*PATRICK E. DUFFY, 6598
ALBERT B. DUNCAN, 1476
SUSAN G. DUNLOW, 5991
DENNIS P. EASTMAN, 1193
JAMES M. ECKLUND, 4093
*JEFFREY M. EDMONDSON, 7843
*CHARLES C. ENGEL, JR., 6163
*WILLIAM A. EVELAND III, 7097
*MARY P. FAIRCHOK, 2532
*ALBERT G. FEDALEI, 0627
JAMES R. FICKE, 1366
EDWARD B. FOWLER, 1060
*PAUL O. FRANCIS, 5126
SUSAN L. FRASER, 7306
GEORGE N. GIACOPPE, JR., 9143
DAVID L. GILLESPIE, 1152
JEFFREY A. GRASSER, 0799
DONN A. GRIMES, 9666
*PETER M. GRONET, 4009
*STEPHEN C. GROO, 8810
*MICHAEL E. HALLIGAN, 5114
*JAMES E. HANCOCK, JR., 6866
*BART J. HARMON, 8580
*PATRICIA R. HASTINGS, 8879
*HOWARD B. HEIDENBERG, 0693
*BERNARD J. HENNESSY, 0593
STEVEN P. HESS, 8721
*KAREN A. HICKS, 5946
*JEFFREY F. HINES, 3503
*RODNEY D. HOLLIFIELD, 5238
JOHN J. HORAN, 2796
*GORDON HSIEH, 8290
GEORGE J. HUCAL, 1139
*KATHLEEN M. INGWERSEN, 0463
*DEAN A. INOUYE, 6744
*BARBARA L. JENNINGS, 9198
*ARTHUR G. KANE, 1887
KENT E. KESTER, 5126
*DONALD G. KIM, 7257
*THADDEUS J. KROLICKI, 9237
*WALTER J. LAWRENCE, 9564
BRIAN C. LEIN, 5627
ROBERT J. LENGYEL, 5296
CASEY P. LESER, 4062
*GEOFFREY S. LING, 7877
JEFFREY L. LONGACRE, 2824
*ERIC A. MANN, 9266
*GLENN R. MARKENSON, 1330
*DANIEL M. MCCALLUM, 8818
*TRACY S. MCGEE, 0379
SCOTT D. MCLEAN, 6375
*RUSSELL B. MIDKIFF, 3283
*DAVID W. MILLER, SR., 4147
PETE MINES, 7942
*DONALD G. MONDRAGON II, 0639
MICHAEL J. MOONEY, 3630
*PAUL M. MOORE, 7623
*TERESITA MORALES, 5850
*KEVIN J. MORK, 8698
*BRENT V. NELSON, 7276
*RICHARD A. NICHOLS, JR., 9618
*WILLIAM L. NOVAKOSKI, 3881
*THOMAS D. OSTRONIC, 9407
*STEPHEN R. PALMER, 7941
*MARK E. PEACOCK, 4466
ANITA M. PEDERSEN, 9833
ROBERT C. PEDERSEN, 7382
*JOSEPH P. PINEAU, 0926
*FREDRIC R. PLOTKIN, 9483
JAMES A. POLO, 6441
KATHLEEN B. POLO, 6769
*DOUGLAS A. PRAGER, 5587
JEFFREY G. PRIEST, 5948
*BENNETT L. RADFORD, 7942
*SERVANDO RAMOS, JR., 6513
*ELSPETH C. RITCHIE, 2320
JOHN R. ROYAL, 4487
*ROBERT T. RUIZ, 6940
*PETER D. RUMM, 6466
GUY P. RUNKLE, 5603
*MICHAEL A. SAWYER, 0807
NOAH S. SCHENKMAN, 3838
*JOHN P. SCHWEGMANN, 0896
FRANK W. SCRIBBICK III, 0714
GAIL L. SEIKEN, 4128
ROBERT C. SHAKESPEARE, 6681
*CALVIN Y. SHIROMA, 1360
MARK T. SISSON, 9056
*CLIFTON S. SLADE, 4557
*DAVID G. SMITH, 6880
JAMES B. SMITH, 1699
*FRANK C. SNYDER, 3287
DON P. SPEERS, JR., 2268
RICHARD S. STACK, 9760
*WILLIAM K. STATZ, 6074
RONALD S. SUTHERLAND, 0009
*JOHN C. TALBOT, 1111
*KELLY E. TAYLOR, 9914
*GILBERT R. TEAGUE, 1481
*MARK J. TEDESCO, 6547
*JAMES B. THRASHER, 6958
*SHARON M. TOMASKI, 2191
PETER G. TOROK, 4661
*ANDREW W. TORRANCE, 1723
*MICHAEL T. TRAVIS, 9232
*MARIE J. TRENGA, 7200
*ALAN S. VANNORMAN, 1320
PAULA S. VOGEL, 9472
*DOUGLAS A. WALDREP, 3450
JOHN C. WALKER, 8151
*JAMES O. WALMANN, 7024
*MARK L. WELCH, 6861
*JOHN M. WEMPE, 2957
THOMAS M. WILEY, 6169
*JAMES A. WILKERSON IV, 7390
*ROBERT W. WILKESON, 2582
*CLINTON G. WOLBOLDT, 7609
*MARY J. WYMAN, 6171
*TERRY D. YEAGER, 1817
*DANIEL A. ZELESKI, 5479

THE JUDICIARY

A RICHARD CAPUTO, OF PENNSYLVANIA, TO BE U.S. DISTRICT JUDGE FOR THE MIDDLE DISTRICT OF PENNSYLVANIA VICE RICHARD P. CONABOY, RETIRED.

G. PATRICK MURPHY, OF ILLINOIS, TO BE U.S. DISTRICT JUDGE FOR THE SOUTHERN DISTRICT OF ILLINOIS VICE WILLIAM D. STIEHEL, RETIRED.

CARLOS R. MORENO, OF CALIFORNIA, TO BE U.S. DISTRICT JUDGE FOR THE CENTRAL DISTRICT OF CALIFORNIA VICE ROBERT M. TAKASUGI, RETIRED.

MICHAEL P. MCCUSKEY, OF ILLINOIS, TO BE U.S. DISTRICT JUDGE FOR THE CENTRAL DISTRICT OF ILLINOIS VICE HAROLD A. BAKER, RETIRED.

VICTORIA A. ROBERTS, OF MICHIGAN, TO BE U.S. DISTRICT JUDGE FOR THE EASTERN DISTRICT OF MICHIGAN VICE GEORGE LAPLATA, RETIRED.

FREDERICA A. MASSIAH-JACKSON, OF PENNSYLVANIA, TO BE U.S. DISTRICT JUDGE FOR THE EASTERN DISTRICT OF PENNSYLVANIA VICE THOMAS N. O'NEILL, JR., RETIRED.

BRUCE C. KAUFFMAN, OF PENNSYLVANIA, TO BE U.S. DISTRICT JUDGE FOR THE EASTERN DISTRICT OF PENNSYLVANIA VICE JAMES MCGIRR KELLY, RETIRED.

JOHN H. BINGLER, JR., OF PENNSYLVANIA, TO BE U.S. DISTRICT JUDGE FOR THE WESTERN DISTRICT OF PENNSYLVANIA VICE MAURICE B. COHILL, JR., RETIRED.

JAMES S. GWIN, OF OHIO, TO BE U.S. DISTRICT JUDGE FOR THE NORTHERN DISTRICT OF OHIO VICE SAM H. BELL, RETIRED.

JEFFREY D. COLMAN, OF ILLINOIS, TO BE U.S. DISTRICT JUDGE FOR THE NORTHERN DISTRICT OF ILLINOIS VICE BRIAN B. DUFF, RETIRED.

REBBECCA R. PALLMEYER, OF ILLINOIS, TO BE U.S. DISTRICT JUDGE FOR THE NORTHERN DISTRICT OF ILLINOIS VICE WILLIAM T. HART, RETIRED.

DAN A. POLSTER, OF OHIO, TO BE U.S. DISTRICT JUDGE FOR THE NORTHERN DISTRICT OF OHIO VICE DAVID D. DOWD, JR., RETIRED.

ALGENON L. MARBLEY, OF OHIO, TO BE U.S. DISTRICT JUDGE FOR THE SOUTHERN DISTRICT OF OHIO VICE JOHN D. HOLSCHUH, RETIRED.

IN THE AIR FORCE

THE FOLLOWING-NAMED OFFICER FOR APPOINTMENT IN THE U.S. AIR FORCE TO THE GRADE INDICATED WHILE ASSIGNED TO A POSITION OF IMPORTANCE AND RESPONSIBILITY UNDER TITLE 10, UNITED STATES CODE, SECTION 601 AND TO BE APPOINTED AS CHIEF OF STAFF, U.S. AIR FORCE UNDER THE PROVISIONS OF TITLE 10, UNITED STATES CHIEF, SECTION 8033:

To be general

GEN. MICHAEL E. RYAN, 9889

DEFENSE NUCLEAR FACILITIES SAFETY BOARD

JOHN E. MANSFIELD, OF VIRGINIA, TO BE A MEMBER OF THE DEFENSE NUCLEAR FACILITIES SAFETY BOARD FOR A TERM EXPIRING OCTOBER 18, 2001, VICE JOHN W. CRAWFORD, JR., RESIGNED.

DEPARTMENT OF STATE

GEORGE EDWARD MOOSE, OF MARYLAND, A CAREER MEMBER OF THE SENIOR FOREIGN SERVICE, CLASS OF CAREER MINISTER, TO BE REPRESENTATIVE OF THE UNITED STATES OF AMERICA TO THE EUROPEAN OFFICE OF THE UNITED NATIONS, WITH THE RANK OF AMBASSADOR.

INTER-AMERICAN FOUNDATION

NANCY DORN, OF THE DISTRICT OF COLUMBIA, TO BE MEMBER OF THE BOARD OF DIRECTORS OF THE INTER-AMERICAN FOUNDATION FOR A TERM EXPIRING JUNE 26, 2002, VICE NORTON STEVENS, TERM EXPIRED.

DEPARTMENT OF VETERANS AFFAIRS

HERSHEL WAYNE GOBER, OF ARKANSAS, TO BE SECRETARY OF VETERANS AFFAIRS, VICE JESSE BROWN, RESIGNED.

NATIONAL CREDIT UNION ADMINISTRATION BOARD

DENNIS DOLLAR, OF MISSISSIPPI, TO BE A MEMBER OF THE NATIONAL CREDIT UNION ADMINISTRATION BOARD FOR A TERM EXPIRING APRIL 10, 2003, VICE SHIRLEE BOWNE, TERM EXPIRED.

FEDERAL COMMUNICATIONS COMMISSION

MICHAEL K. POWELL, OF VIRGINIA, TO BE A MEMBER OF THE FEDERAL COMMUNICATIONS COMMISSION FOR A TERM OF FIVE YEARS FROM JULY 1, 1997, VICE RACHELLE B. CHONG, TERM EXPIRED.

CONFIRMATIONS

Executive Nominations Confirmed by the Senate July 31, 1997:

DEPARTMENT OF COMMERCE

ROBERT S. LARUSSA, OF MARYLAND, TO BE AN ASSISTANT SECRETARY OF COMMERCE.

NATIONAL COUNCIL ON DISABILITY

YERKER ANDERSSON, OF MARYLAND, TO BE A MEMBER OF THE NATIONAL COUNCIL ON DISABILITY FOR A TERM EXPIRING SEPTEMBER 17, 1999.

NATIONAL COMMISSION ON LIBRARIES AND INFORMATION SCIENCE

JOSE-MARIE GRIFFITHS, OF TENNESSEE, TO BE A MEMBER OF THE NATIONAL COMMISSION ON LIBRARIES AND INFORMATION SCIENCE FOR A TERM EXPIRING JULY 19, 2001.

DEPARTMENT OF STATE

DAVID J. SCHEFFER, OF VIRGINIA, TO BE AMBASSADOR AT LARGE FOR WAR CRIMES ISSUES.

RALPH FRANK, OF WASHINGTON, A CAREER MEMBER OF THE SENIOR FOREIGN SERVICE, CLASS OF MINISTER-COUNSELOR, TO BE AMBASSADOR EXTRAORDINARY AND PLENIPOTENTIARY OF THE UNITED STATES OF AMERICA TO THE KINGDOM OF NEPAL.

JOHN C. HOLZMAN, OF HAWAII, A CAREER MEMBER OF THE SENIOR FOREIGN SERVICE, CLASS OF COUNSELOR, TO BE AMBASSADOR EXTRAORDINARY AND PLENIPOTENTIARY OF THE UNITED STATES OF AMERICA TO THE PEOPLE'S REPUBLIC OF BANGLADESH.

GORDON D. GIFFIN, OF GEORGIA, TO BE AMBASSADOR EXTRAORDINARY AND PLENIPOTENTIARY OF THE UNITED STATES OF AMERICA TO CANADA.

KARL FREDERICK INDERFURTH, OF NORTH CAROLINA, TO BE ASSISTANT SECRETARY OF STATE FOR SOUTH ASIAN AFFAIRS.

LINDA JANE ZACK TARR-WHELAN, OF VIRGINIA, FOR THE RANK OF AMBASSADOR DURING HER TENURE OF SERVICE AS U.S. REPRESENTATIVE TO THE COMMISSION ON THE STATUS OF WOMEN OF THE ECONOMIC AND SOCIAL COUNCIL OF THE UNITED NATIONS.

RICHARD SKLAR, OF CALIFORNIA, TO BE REPRESENTATIVE OF THE UNITED STATES OF AMERICA TO THE UNITED NATIONS FOR U.N. MANAGEMENT AND REFORM, WITH THE RANK OF AMBASSADOR.

A. PETER BURLEIGH, OF CALIFORNIA, A CAREER MEMBER OF THE SENIOR FOREIGN SERVICE, CLASS OF MINISTER-COUNSELOR, TO BE THE DEPUTY REPRESENTATIVE OF THE UNITED STATES OF AMERICA TO THE UNITED NATIONS, WITH THE RANK AND STATUS OF AMBASSADOR EXTRAORDINARY AND PLENIPOTENTIARY.

DEPARTMENT OF DEFENSE

RUDY DELEON, OF CALIFORNIA, TO BE UNDER SECRETARY OF DEFENSE FOR PERSONNEL AND READINESS.

DEPARTMENT OF THE INTERIOR

KATHLEEN M. KARPAN, OF WYOMING, TO BE DIRECTOR OF THE OFFICE OF SURFACE MINING RECLAMATION AND ENFORCEMENT.

U.S. ENRICHMENT CORP.

KNEELAND C. YOUNGBLOOD, OF TEXAS, TO BE A MEMBER OF THE BOARD OF DIRECTOR OF THE U.S. ENRICHMENT CORP. FOR A TERM EXPIRING FEBRUARY 24, 2002.

DEPARTMENT OF THE INTERIOR

ROBERT G. STANTON, OF VIRGINIA, TO BE DIRECTOR OF THE NATIONAL PARK SERVICE.

PATRICK A. SHEA, OF UTAH, TO BE DIRECTOR OF THE BUREAU OF LAND MANAGEMENT.

DEPARTMENT OF TRANSPORTATION

JANE GARVEY, OF MASSACHUSETTS, TO BE ADMINISTRATOR OF THE FEDERAL AVIATION ADMINISTRATION FOR THE TERM OF 5 YEARS.

NATIONAL COUNCIL ON DISABILITY

GINA MCDONALD, OF KANSAS, TO BE A MEMBER OF THE NATIONAL COUNCIL ON DISABILITY FOR A TERM EXPIRING SEPTEMBER 17, 1998.

BONNIE O'DAY, OF MINNESOTA, TO BE A MEMBER OF THE NATIONAL COUNCIL ON DISABILITY FOR A TERM EXPIRING SEPTEMBER 17, 1998.

NATIONAL INSTITUTE FOR LITERACY ADVISORY BOARD

PAUL SIMON, OF ILLINOIS, TO BE A MEMBER OF THE NATIONAL INSTITUTE FOR LITERACY ADVISORY BOARD FOR A TERM EXPIRING SEPTEMBER 22, 1998.

CORPORATION FOR NATIONAL AND COMMUNITY SERVICE

LOUIS CALDERA, OF CALIFORNIA, TO BE A MANAGING DIRECTOR OF THE CORPORATION FOR NATIONAL AND COMMUNITY SERVICE.

DEPARTMENT OF THE INTERIOR

JAMIE RAPAPORT CLARK, OF MARYLAND, TO BE DIRECTOR OF THE U.S. FISH AND WILDLIFE SERVICE.

DEPARTMENT OF AGRICULTURE

SHIRLEY ROBINSON WATKINS, OF ARKANSAS, TO BE A MEMBER OF THE BOARD OF DIRECTORS OF THE COMMODITY CREDIT CORPORATION.

SHIRLEY ROBINSON WATKINS, OF ARKANSAS, TO BE UNDER SECRETARY OF AGRICULTURE FOR FOOD, NUTRITION, AND CONSUMER SERVICES.

I. MILEY GONZALEZ, OF NEW MEXICO, TO BE UNDER SECRETARY OF AGRICULTURE FOR RESEARCH, EDUCATION, AND ECONOMICS.

CATHERINE E. WOTEKI, OF THE DISTRICT OF COLUMBIA, TO BE UNDER SECRETARY OF AGRICULTURE FOR FOOD SAFETY.

AUGUST SCHUMACHER, JR., OF MASSACHUSETTS, TO BE UNDER SECRETARY OF AGRICULTURE FOR FARM AND FOREIGN AGRICULTURAL SERVICES.

AUGUST SCHUMACHER, JR., OF MASSACHUSETTS, TO BE A MEMBER OF THE BOARD OF DIRECTORS OF THE COMMODITY CREDIT CORPORATION.

DEPARTMENT OF STATE

EDWARD WILLIAM GNEHM, JR., OF GEORGIA, A CAREER MEMBER OF THE SENIOR FOREIGN SERVICE, CLASS OF MINISTER-COUNSELOR, TO BE DIRECTOR GENERAL OF THE FOREIGN SERVICE.

JAMES W. PARDEW, JR., OF VIRGINIA, FOR THE RANK OF AMBASSADOR DURING HIS TENURE OF SERVICE AS U.S. SPECIAL REPRESENTATIVE FOR MILITARY STABILIZATION IN THE BALKANS.

STANLEY O. ROTH, OF VIRGINIA, TO BE AN ASSISTANT SECRETARY OF STATE.

MARC GROSSMAN, OF VIRGINIA, A CAREER MEMBER OF THE SENIOR FOREIGN SERVICE, CLASS OF COUNSELOR, TO BE AN ASSISTANT SECRETARY OF STATE.

JAMES P. RUBIN, OF NEW YORK, TO BE AN ASSISTANT SECRETARY OF STATE.

BONNIE R. COHEN, OF DISTRICT OF COLUMBIA, TO BE AN UNDER SECRETARY OF STATE.

DAVID ANDREWS, OF CALIFORNIA, TO BE LEGAL ADVISER OF THE DEPARTMENT OF STATE.

WENDY RUTH SHERMAN, OF MARYLAND, TO BE COUNSELOR OF THE DEPARTMENT OF STATE, AND TO HAVE THE RANK OF AMBASSADOR DURING HER TENURE OF SERVICE.

JOHN CHRISTIAN KORNBLUM, OF MICHIGAN, A CAREER MEMBER OF THE SENIOR FOREIGN SERVICE, CLASS OF CAREER MINISTER, TO BE AMBASSADOR EXTRAORDINARY AND PLENIPOTENTIARY OF THE UNITED STATES OF AMERICA TO THE FEDERAL REPUBLIC OF GERMANY.

JAMES FRANKLIN COLLINS, OF ILLINOIS, A CAREER MEMBER OF THE SENIOR FOREIGN SERVICE, CLASS OF MINISTER-COUNSELOR, TO BE AMBASSADOR EXTRAORDINARY AND PLENIPOTENTIARY OF THE UNITED STATES OF AMERICA TO THE RUSSIAN FEDERATION.

MAURA HARTY, OF FLORIDA, A CAREER MEMBER OF THE SENIOR FOREIGN SERVICE, CLASS OF COUNSELOR, TO BE AMBASSADOR EXTRAORDINARY AND PLENIPOTENTIARY OF THE UNITED STATES OF AMERICA TO THE REPUBLIC OF PARAGUAY.

JAMES F. MACK, OF VIRGINIA, A CAREER MEMBER OF THE SENIOR FOREIGN SERVICE, CLASS OF MINISTER-COUNSELOR, TO BE AMBASSADOR EXTRAORDINARY AND PLENIPOTENTIARY OF THE UNITED STATES OF AMERICA TO THE CO-OPERATIVE REPUBLIC OF GUYANA.

ANNE MARIE SIGMUND, OF THE DISTRICT OF COLUMBIA, A CAREER MEMBER OF THE SENIOR FOREIGN SERVICE, CLASS OF CAREER MINISTER, TO BE AMBASSADOR EXTRAORDINARY AND PLENIPOTENTIARY OF THE UNITED STATES OF AMERICA TO THE KYRGYZ REPUBLIC.

KEITH C. SMITH, OF CALIFORNIA, A CAREER MEMBER OF THE SENIOR FOREIGN SERVICE, CLASS OF MINISTER-COUNSELOR, TO BE AMBASSADOR EXTRAORDINARY AND PLENIPOTENTIARY OF THE UNITED STATES OF AMERICA TO THE REPUBLIC OF LITHUANIA.

DANIEL V. SPECKHARD, OF WISCONSIN, A CAREER MEMBER OF THE SENIOR EXECUTIVE SERVICE, TO BE AMBASSADOR EXTRAORDINARY AND PLENIPOTENTIARY OF THE UNITED STATES OF AMERICA TO THE REPUBLIC OF BELARUS.

RICHARD DALE KAUZLARICH, OF VIRGINIA, A CAREER MEMBER OF THE SENIOR FOREIGN SERVICE, CLASS OF MINISTER-COUNSELOR, TO BE AMBASSADOR EXTRAORDINARY AND PLENIPOTENTIARY OF THE UNITED STATES OF AMERICA TO THE REPUBLIC OF BOSNIA AND HERZGOVINA.

FELIX GEORGE ROHATYN, OF NEW YORK, TO BE AMBASSADOR EXTRAORDINARY AND PLENIPOTENTIARY OF THE UNITED STATES OF AMERICA TO FRANCE.

PHILIP LADER, OF SOUTH CAROLINA, TO BE AMBASSADOR EXTRAORDINARY AND PLENIPOTENTIARY OF THE UNITED STATES OF AMERICA TO THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND.

FEDERAL RETIREMENT THRIFT INVESTMENT BOARD

JAMES H. ATKINS, OF ARKANSAS, TO BE A MEMBER OF THE FEDERAL RETIREMENT THRIFT INVESTMENT BOARD FOR A TERM EXPIRING SEPTEMBER 25, 2000.

OFFICE OF PERSONNEL MANAGEMENT

JANICE R. LACHANCE, OF VIRGINIA, TO BE DEPUTY DIRECTOR OF THE OFFICE OF PERSONNEL MANAGEMENT.

POSTAL RATE COMMISSIONER

GEORGE A. OMAS, OF MISSISSIPPI, TO BE A COMMISSIONER OF THE POSTAL RATE COMMISSION FOR A TERM EXPIRING OCTOBER 14, 2000.

THE ABOVE NOMINATIONS WERE APPROVED SUBJECT TO THE NOMINEES' COMMITMENT TO RESPOND TO REQUESTS TO APPEAR AND TESTIFY BEFORE ANY DULY CONSTITUTED COMMITTEE OF THE SENATE.

U.S. INTERNATIONAL DEVELOPMENT COOPERATION AGENCY

GEORGE MUNOZ, OF ILLINOIS, TO BE PRESIDENT OF THE OVERSEAS PRIVATE INVESTMENT CORP.

THE JUDICIARY

THOMAS W. THRASH, JR., OF GEORGIA, TO BE U.S. DISTRICT JUDGE FOR THE NORTHERN DISTRICT OF GEORGIA.

ERIC L. CLAY, OF MICHIGAN, TO BE U.S. CIRCUIT JUDGE FOR THE SIXTH CIRCUIT.

ARTHUR GAJARSA, OF MARYLAND, TO BE U.S. CIRCUIT JUDGE FOR THE FEDERAL CIRCUIT.

MARY ANN GOODEN TERRELL, OF THE DISTRICT OF COLUMBIA, TO BE AN ASSOCIATE JUDGE OF THE SUPERIOR COURT OF THE DISTRICT OF COLUMBIA FOR THE TERM OF 15 YEARS.

DEPARTMENT OF JUSTICE

CALVIN D. BUCHANAN, OF MISSISSIPPI, TO BE U.S. ATTORNEY FOR THE NORTHERN DISTRICT OF MISSISSIPPI FOR THE TERM OF 4 YEARS.

THOMAS E. SCOTT, OF FLORIDA, TO BE U.S. ATTORNEY FOR THE SOUTHERN DISTRICT OF FLORIDA FOR THE TERM OF 4 YEARS.

IN THE AIR FORCE

THE FOLLOWING-NAMED OFFICER FOR APPOINTMENT IN THE U.S. AIR FORCE TO THE GRADE INDICATED WHILE ASSIGNED TO A POSITION OF IMPORTANCE AND RESPONSIBILITY UNDER TITLE 10, UNITED STATES CODE, SECTION 601:

To be lieutenant general

MAJ. GEN. ROBERT H. FOGLESONG, 8617

IN THE ARMY

THE FOLLOWING-NAMED OFFICER FOR APPOINTMENT IN THE U.S. ARMY TO THE GRADE INDICATED WHILE ASSIGNED TO A POSITION OF IMPORTANCE AND RESPONSIBILITY UNDER TITLE 10, UNITED STATES CODE, SECTION 601:

To be lieutenant general

MAJ. GEN. JOHN M. PICKLER, 5130

IN THE MARINE CORPS

THE FOLLOWING-NAMED OFFICER FOR APPOINTMENT IN THE U.S. MARINE CORPS TO THE GRADE INDICATED WHILE ASSIGNED TO A POSITION OF IMPORTANCE AND RESPONSIBILITY UNDER TITLE 10, UNITED STATES CODE, SECTION 601:

To be lieutenant general

MAJ. GEN. MICHAEL J. BYRON, 1295

FOREIGN SERVICE

FOREIGN SERVICE NOMINATION OF MARILYN E. HULBERT, WHICH WAS RECEIVED BY THE SENATE AND APPEARED IN THE CONGRESSIONAL RECORD OF FEBRUARY 13, 1997.

FOREIGN SERVICE NOMINATIONS BEGINNING JOHN R. SWALLOW, AND ENDING GEORGE S. DRAGNICH, WHICH NOMINATIONS WERE RECEIVED BY THE SENATE AND APPEARED IN THE CONGRESSIONAL RECORD ON APRIL 25, 1997.

EXTENSIONS OF REMARKS

IN RECOGNITION OF A COMMITMENT TO SOLAR ENERGY

HON. DENNIS J. KUCINICH

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 30, 1997

Mr. KUCINICH. Mr. Speaker, I rise to acknowledge the commitment this Congress has made to solar energy research and technology.

This Congress, following the recommendations of the Energy and Water Subcommittee of the Committee on Appropriations, appropriated an increase of $62,960,000 over the fiscal year 1997 funding level. Specifically, Congress has continued or increased America's investment in solar energy through appropriations for solar building research, photovoltaic energy systems, biomass/biofuel energy systems, wind energy systems, and renewable energy production incentives.

Solar energy technology is made in America by companies large and small, by American workers occupying high-technology, high wage jobs. British Petroleum, for example, is the second largest solar technology manufacturer in the world and is headquartered in Cleveland, OH. Solar Cells Inc., based in Toledo, OH, is a small company, the innovations of which help make solar energy available and commercially viable throughout America.

Additionally, this Congress has underscored the significance of Federal procurement of solar technologies. In 1994, the President issued Executive Order 12902, the goal of which was to encourage cost-effective uses of solar energy by all departments in Government. Congress has now instructed the Department of Energy to report to Congress on the progress of implementing this landmark order.

Solar energy research is a dynamic, innovative and extremely important technological advance. It is a safe, clean and renewable energy process which is becoming more and more cost effective and productive as each year passes. Solar energy may lead the way to lighting up our Nation's future on the investments we make today.

HONORING NEW LENOX HARRY E. ANDERSON VFW POST 9545

HON. JERRY WELLER

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 30, 1997

Mr. WELLER. Mr. Speaker, I rise today to honor the New Lenox Harry E. Anderson VFW Post 9545 for 50 years of dedicated service to the Veterans of Foreign Wars.

Post 9545 was established on July 19, 1947, with the Ladies Auxiliary being formed on November 30, 1947. In the beginning veterans would gather at various locations such as garages, members' homes, and church basements. It was with great pride and pleasure that they have persevered and occupy their present building on Old Hickory Road.

Post 9545 was named after Harry E. Anderson, a New Lenox resident who was killed during the Pearl Harbor invasion and became the first Will County World War II fatality.

The Harry Anderson Post 9545 has proven to be a great asset to the New Lenox community. Its members have shown themselves to be the first to volunteer when services are needed. A particularly important role played by Post 9545 has been the promotion and encouragement of patriotism in the New Lenox community.

I especially admire the way the Post has withstood adversity such as the devastating fire in 1995 which destroyed their building. Instead of giving up, the Post maintained their spirit and rebuilt their home.

I urge this body to identify and recognize other organizations in their communities whose actions have so greatly benefited the veterans' community and their own community.

RELIEF FOR JOHN EDWARD ARMSTRONG DENNEY

HON. JOHN LEWIS

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 30, 1997

Mr. LEWIS of Georgia. Mr. Speaker, today I am introducing legislation that would provide permanent residency to John Edward Armstrong Denney.

John Denney currently is a citizen of Australia. John was abandoned by his parents in the hospital and was raised in foster care. Eventually, John found himself in the care of Mrs. Armstrong, a widow who took in foster children for a living. Mrs. Armstrong was the only mother John had, and she died in 1990. In 1989, John had his name changed to John Edward Armstrong in honor of his relationship with Mrs. Armstrong. Since her death, John has had no relatives in Australia.

In 1992, John came to Atlanta, GA, at the invitation of a friend from Australia who had married an American citizen. During his visit, John was an active member in the church and became very close with the Denney family. After a year, John's visa expired and he returned to Australia. John returned to the United States a year later, during which time he spent a great deal of time with the Denney family. He is close to Kristina, the youngest member of the Denney family, who suffers from very poor health. On February 23, 1995, the Denney family adopted John. On March 3, John returned to Australia.

John has no family in Australia. The Denney family, especially 5-year-old Kristina, want John to join his adopted family in America. U.S. immigration laws offer no help for John in his attempt to join the first family he has ever known. My legislation will allow John Edward Armstrong Denney to be reunited with that family permanently, by granting him permanent status as a U.S. resident. I look forward to working with my colleagues to help John rejoin his family and find a home.

IN COMMEMORATION OF THE BOLIVIAN FOLK THEATER FESTIVAL OF 1997

HON. THOMAS M. DAVIS

OF VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 30, 1997

Mr. DAVIS of Virginia. Mr. Speaker, it gives me great pleasure to rise today to recognize the Bolivian Folk Theater Festival of 1997. This important event is sponsored by both the Bolivian American Cultural Union Inc., a nonprofit institution and the Bolivian Embassy. The primary goal of this festival is to share the immense and diverse culture of the fast growing Bolivian-American community through an exhibition of their entertainment, arts, and crafts.

This year's festival will center on celebrating the Bolivian Independence Day. The Bolivian American Cultural Union has announced that the event will feature a presentation by the well known dance group, Ballet Folklorico de Bolivio, who have won awards in several international events. The event will also include the well known folk group Fortaleza that has won both international recognition and acclaim. Both groups will travel from Bolivia for this event.

Throughout its history, Bolivia has undergone turbulent change as well as social and cultural triumph. The Spaniards first made their inroads into what is now the nation of Bolivia in 1535. They found a rich and thriving native population that produced masterpiece textiles, feather art, and stone carvings. In addition, the Spaniards discovered native Americans who had developed sophisticated agricultural systems. Many of these rich indigenous traditions are still practiced today in religious ceremonies, festivals, and folklore that are celebrated throughout the county.

The Bolivian American Cultural Union first began to grow as social, economic, and political instability caused thousands of Bolivian nationals to flee Bolivia in late 1970. As a result of the cold war and the struggle against communism, many Bolivian students and professors came to the United States, looking to continue their education as well as a better array of opportunities. Moreover, as a result of drought and poor government planning that

● This "bullet" symbol identifies statements or insertions which are not spoken by a Member of the Senate on the floor.

Matter set in this typeface indicates words inserted or appended, rather than spoken, by a Member of the House on the floor.

negatively impacted the agricultural industry, many working families came to America. Many Bolivians settled throughout the 50 States and a large number elected to live in the Washington metropolitan area. Bolivian immigrants and their families continue to contribute to both the cultural and economic aspects of their new home.

The Bolivian American Cultural Union represents an important part of every community in the United States. I am sure my colleagues are happy to join me in recognizing the Bolivian Folk Theater Festival of 1997, and all that it symbolizes for those Americans of Bolivian descent.

AMBASSADOR RICHARD N. GARDNER

HON. LEE H. HAMILTON

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 30, 1997

Mr. HAMILTON. Mr. Speaker, Ambassador Richard N. Gardner has just completed 4 years as United States Ambassador to Spain. His distinguished service in Madrid follows an earlier assignment as United States Ambassador to Rome.

I would like to bring to the attention of my colleagues an editorial in the July 1, 1997 edition of the Madrid daily El Pais. This editorial is a real tribute to Dick Gardner and the extraordinary job he did while serving the United States overseas. We are indebted to Ambassador Gardner for his many contributions to the national interest and for the excellent service he gave to the broadening and deepening United States-Spanish relations. Transatlantic ties have been strengthened by his leadership.

I commend the editorial to my colleagues attention:

A FORTUNATE AMBASSADOR

(By Miguel Herrero de Miñón)

The U.S. Ambassador, Professor Gardner, and his wife, Danielle, will soon conclude their mission in our country. The time for farewells is the time for praise and the Gardners have made so many friends here, and even established family ties, that they will receive more than enough accolades. That is why I only want to bear witness to a simple, objective fact: Ambassador Gardner has been a fortunate ambassador, and good fortune, an excellent attribute for the one who has it and, particularly in the position he holds, requires two ingredients: specific circumstance and the ability to be able to navigate through to a safe port. The former is mere chance; the latter comes through character; good fortune consists of building a destination between the two.

The circumstance of Gardner's embassy in Spain is no less than the maturation of the U.S.-Spanish relationship, which led naturally to it becoming a truly "special" one. I think I was the first, now a number of years ago, to suggest this term, remarking that of all the countries in the European Union with the exception of the United Kingdom, Spain is potentially the one that has the most interests in common with the United States. Accordingly, the sometimes embarrassing security relationship begun over 40 years ago, has been growing while increasing economic, cultural, strategic and political ties have come to light. Massive student and teacher exchanges contributed to making Spain better known in the U.S. and to doing away with mistrust here; the restoration of democracy in our country opened the way to fuller cooperation, and the Gulf War marked a basic turning point, at least in Spanish public opinion.

But Gardner has had the historic opportunity to contribute decisively during these important recent years, to the acceleration and maturation of this trend, by preparing visits at the highest level in both directions, and collaborating in common, bilateral and multilateral undertakings, bringing the two societies closer together with better knowledge of each other. It was during his tenure that President Clinton launched the Transatlantic Agenda in Madrid and, also in Madrid with the Spaniard Solana at the helm, Atlantic Alliance reform took place, not to mention good political collaboration in other areas of mutual interest. It was also when economic and trade relations were intensified between out two countries, and educational and cultural relations between our two societies.

Gardner has been not only the representative of one Nation and its Government in another, but also an excellent mediator between two societies. He has come to learn and to teach, opened up possibilities and launched institutions, mobilized initiatives that in many cases are more private than public. His professional talents—the ability to turn Embassy breakfasts into seminars—and his intellectual talents—he has even enriched our bibliography with a masterpiece of economic-diplomatic history—have served his mission well, as has his liberal patriotism in the best tradition of American internationalism—as opposed to unilateralism and isolationism—which has always held that the implementation of manifest destiny involves making oneself known, understood and making friends.

The growing number of Spaniards who believe in the Atlantic community will miss him, because good fortune, doing such a good and timely job, is a rare and beneficent attribute.

HAPPY 125TH BIRTHDAY TO FAYETTE, OHIO

HON. MARCY KAPTUR

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 30, 1997

Ms. KAPTUR. Mr. Speaker, I rise today to recognize the 125th birthday of Fayette, OH, located in western Fulton County, OH in America's heartland. On August 2, 1997, this proud rural community will commemorate its milestone with a parade and festival, combined with the rural community's annual Bullthistle Festival.

The "History of Fayette, Gorham Township, and Fulton County, Ohio" notes that "Fayette is located on a beach ridge. It crosses the west line of Franklin Township, a half mile north of the Fulton line, and runs northeast to Fayette and thence to the Michigan line. An ancient shore of Lake Erie came almost to Fayette. The beach ridges have but a small area. Interspersed with these are marshes and west prairies." The publication goes on to note that "The first to settle within the present Fayette was Renesselear S. Humphrey."

From the hardship and hard work of those earlier settlers, Fayette grew over the years into a thriving and vibrant community. It features the best of both worlds, a rural community but convenient to larger cities. It is a close-knit and good-hearted community of neighbors with agrarian and urban roots.

As part of the annual Bullthistle Festival, the citizens of Fayette will come together in a special ceremony commemorating the town's first 125 years. As flag flown over the U.S. Capitol will be presented to them during this ceremony. I will be pleased to join the community to remember 125 years of growth, and commit ourselves to its future. I know my colleagues join me in wishing the village of Fayette a Happy 125th Birthday.

IN HONOR OF THE NEW FAIRVIEW PARK REGIONAL LIBRARY

HON. DENNIS J. KUCINICH

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 30, 1997

Mr. KUCINICH. Mr. Speaker, I rise to celebrate the opening of the new Fairview Park Regional Library on August 9, 1997, in Fairview Park. OH. Public libraries are one of the greatest treasures in our local communities because libraries are centers of knowledge, and what higher ideal can a society strive for, than the search for truth and knowledge. Libraries provide our children a place where they can enrich their minds and provide adults a place where they can continue their education. The people of Fairview Park are excited about their new library. The new library will cater to both the young and old and will serve as a meeting place for the entire community. I am proud to announce that another center for learning has opened in northeast Ohio and I congratulate the people of Fairview Park on the addition of the new library to their community:

[From the Sun Herald, July 24, 1997]

REGIONAL LIBRARY GETS READY TO OPEN ITS LATEST CHAPTER

(By Ken Prendergast)

Some wonder if the library's exterior could have been different. Some regret that a viable furniture store was razed for it. Others say they wanted the library located elsewhere in Fairview Park.

Those "what ifs" will be filed in the historical footnotes, now that the new, $6.5 million Fairview Park Regional Library is a heartbeat away from its Aug. 9 opening.

Once people walk into the new library, something will happen. Comparisons between the new and old libraries will occur automatically. But there is no comparison.

The old library is a labyrinth. The new is more like the atrium of a Fortune 500 company's headquarters. The old has no rhyme or reason in its layout. In the new library, it is possible to find your way without asking someone—twice. The old featured duct tape. The new actually has carpeting.

"I think it will serve the community a whole lot better than where we are," said Cathy Monnin, manager of the regional library.

Library users may be surprised at how spacious the new building is. The glass front puts natural light into a three-story-tall atrium, graced by a spiral staircase. Entry to the library is at the middle level.

On the atrium's ground level is a coffee lounge. That's where Java Connection will stand, starting in late November. The coffee business is owned by Cleveland Crunch soccer player Andy Schmetzer. Above, artwork dangles from the third-floor ceiling. Barely noticeable, soft music is piped in

"We're trying to do a Border's-style feel," Monnin said.

Just as functional, the library was designed by Chagrin Falls architect David Holzheimer, who plans buildings from the inside-out.

"This old library is kind of a labyrinth," Monnin said. "Everything is in different sections. In the new library, everything is together."

The new library has 44,000 square feet of floor space and lots of amenities. There is a separate room for holding "Story Hours" for children, complete with its own bathrooms and a patio for holding story hours during nice weather.

Available to the public will be four independent study rooms, which eventually will have personal computers. And, speaking of computers, half the tables in the library feature floor outlets so laptop computers can be plugged in.

For those who aren't machine compatible, an electronic learning lab for Internet training was built.

There also is an adult services room, a geography section, a microfilm area and, of course, a whole section devoted only to genealogy. One limited-access room will contain rare items, such as historical and holiday-oriented material.

All of the books, tapes, discs and catalogues will be moved starting Monday—when the old library shuts down for good.

The new library will open its doors to the public at 9 a.m. Aug. 9. At 7 p.m. Aug. 8, a grand opening celebration, called "A World of Opportunities," will feature a laser light show, plus music, refreshments and library tours.

"Everyone is looking forward to it," Monnin said. "I can't wait."

HONORING BIMBA MANUFACTURING CO.

HON. JERRY WELLER

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 30, 1997

Mr. WELLER. Mr. Speaker, I rise today to honor Bimba Manufacturing Co., who is celebrating 40 years of business and the retirement of the ESOP loan.

Bimba Manufacturing was founded by Charles W. Bimba, Sr., the son of Barbara and Joe Bimba who came to America from Lithuania. While on a service call in Danville, IL, Mr. Bimba dreamed of developing a low cost, nonrepairable cylinder that would help enhance productivity. In 1957, Mr. Bimba bought a 100-year-old barn in Monee, IL to start his company. By 1969, the 1,100 square foot barn had been expanded six times.

Today, Bimba is employee-owned and remains the market leader in its field. Bimba Manufacturing has over 100 domestic and international distributors. In 1994, Bimba became the first cylinder manufacturer in North America to achieve certification from the ISO.

Bimba Manufacturing is also recognized as a leader in employee relations. In 1986, every employee was given the option to participate in an employee stock ownership plan. This plan continues to this day. Every employee who is a participant in the plan has a direct financial stake in the company. As the company prospers, the value of the common stock increases. Bimba is also proud to have maintained a record free of layoffs during its entire history; such a record is hard to find in this day and age.

I urge this body to identify and recognize other companies in their communities whose actions have so greatly benefited and enlightened America's working communities.

INTRODUCTION OF LEGISLATION

HON. PATRICK J. KENNEDY

OF RHODE ISLAND

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 30, 1997

Mr. KENNEDY of Rhode Island. Mr. Speaker, today I am introducing along with Chairman JIM LEACH, the international criminal court resolution. The resolution establishes the sense of the U.S. Congress that our Nation should continue to support and fully participate in negotiations at the United Nations to establish a permanent international criminal court. It also states that we should provide any assistance necessary to expedite such establishment.

The resolution is the product of the consultation and input of numerous groups and experts on war crimes, and international human rights, including the Holocaust Museum Committee on Conscience, the U.S. Department of State, and the Washington Working Group on the International Criminal Court.

I have been interested in the subject of war crimes for both of my terms in Congress. In particular, my interest was heightened when I visited the Hague last year and had an opportunity to meet with Judge Gabrielle Kirk McDonald at that time. The work of that tribunal cannot be overestimated or overvalued. What I saw at the Hague was the dedication and hard work of several principled judicial representatives aiming to bring justice and a sense of peace back to a troubled region of the world.

We have seen major developments recently at the tribunal, including: its first verdict and sentencing of a 20-year prison term. The first war crimes proceeding against a commanding officer, since the end of World War II and the first NATO operation to arrest Bosnians accused of war crimes conducted by British troops with United States support.

Despite these actions and successes, the problem of war crimes is not dissipating. The recent atrocities committed in Rwanda, Zaire, Bosnia, and Cambodia are examples of why this court establishment is necessary now.

We must never forget that international crimes such as genocide, and crimes against humanity are antithetical to peace and security. The incident of such crimes have a destructive and harmful effect on our efforts to establish world peace. The failure to prosecute individuals suspected of these offenses reduces our opportunity, and more importantly, our responsibility, to protect the human rights of all individuals.

A permanent ICC with jurisdiction to try the most serious international crimes is an effective device to bring us closer to ending human rights abuses. The court will ensure that the law is applied in a fair and consistent manner and will act as a deterrent for future war crimes.

The United Nations is already ahead of us in this effort. A preparatory committee has been established and has met to discuss the details of a draft treaty to be considered at a diplomatic conference next year. More than 120 nations are represented on this committee, including the United States.

President Clinton voiced his support 2 years ago. I am pleased to announce that the resolution is endorsed by the Clinton administration and that it has the support of both the Department of Defense and Department of State. It is now time for Congress to make its support known also and I look forward to working with my colleagues for the passage of this resolution.

A PASSIONATE VOICE FOR SOCIAL AND ECONOMIC JUSTICE A TRIBUTE TO THE LIFE OF GARY SUDDUTH

HON. MARTIN OLAV SABO

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 30, 1997

Mr. SABO. Mr. Speaker, Minnesota lost a passionate voice for social and economic justice when Gary Sudduth, the Minneapolis Urban League president, died suddenly this week at age 44. His untimely death strikes a blow to the community and efforts to make our cities better places to live, work, and learn.

For years, Gary's reputation as an effective force for social change was well-known, not only in Minnesota, but across the Nation. In the process, he touched and improved the lives of millions.

Gary was born and raised on the north side of Minneapolis with his eight brothers and sisters. He continued to live there until his death. In 1977, he joined the Minneapolis Urban League, and I first knew him as the young, active director of its juvenile advocate program. Later, he became director of the Street Academy and then vice president of community outreach and advocacy programs. In 1992, was named president and chief executive officer.

Throughout his tenure, Gary united people from all walks of life to focus on a common goal—improving the social and economic conditions for people in urban areas. He know how to negotiate with his adversaries and to prod his friends—all in the name of implementing policies that would revitalize cities and benefit their inhabitants. At the same time, he sought longlasting solutions for problems, not quick fixes. Above all, he listened and he led, sustained by the belief that every problem had a solution.

Gary demanded fairness, excellence, and accountability from the Government, from our schools and from the legal system. He challenged the establishment and the status quo to accomplish the changes he saw necessary—all the while speaking out for minorities, the poor, and for children. His moderating style and negotiating skills often brought calm, compromise, and peace to Minneapolis at times when crisis and unrest threatened to destabilize it.

It will be difficult for the community to replace the talents and drive of Gary Sudduth, who made the work of the Urban League his mission. The way he lived his life was an example for us all—in fact it was his greatest asset. The city of Minneapolis, the State of Minnesota, and indeed the Nation are better off for his commitment and his contributions. That is his enduring legacy. I hope his example has inspired a new generation of leaders and urban advocates who will try to emulate his life's work.

LOCAL CONTROL AND FAIR HOUSING REFORM ACT OF 1997

HON. RICHARD H. BAKER

OF LOUISIANA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 30, 1997

Mr. BAKER. Mr. Speaker, today I rise to introduce legislation to reform the Fair Housing Act in order to restore local control of neighborhoods across America.

Adopted in 1968 as the last major piece of civil rights legislation in that decade, the Fair Housing Act protects the rights of individuals to purchase property and live in a neighborhood anywhere they could afford. In principle, the Fair Housing Act—the act—is a good law.

In practice, however the act has been often heavy-handed. In too many instances, the act has superseded local control. In short, the Fair Housing Act has frequently served as a "Washington knows best" prescription for neighborhood planning. I intend to change that.

The legislation I am introducing today makes two important reforms:

First, it allows a community to exercise reasonable zoning and other land use regulations to determine the number of unrelated occupants in a home and the location of residential care facilities in the community; and

Second, it allows neighborhood residents to express legitimate concerns about land use in their neighborhoods, without threat of retaliation by the Federal Government.

This bill is an effort to restore balance to the Fair Housing Act. To fight vigorously against housing discrimination, the Federal Government must partner with local communities. Moreover, we must acknowledge the principle that local communities are in the best place both to fight discrimination and to judge how land is used in its neighborhoods. The Fair Housing Act should reflect this principle.

I urge all my colleagues to endorse this critical legislation to restore local control of America's neighborhoods.

CONGRESSWOMAN ELEANOR HOLMES NORTON RECOGNIZES KAPITOL KLOWNS

HON. ELEANOR HOLMES NORTON

OF THE DISTRICT OF COLUMBIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 30, 1997

Ms. NORTON. Mr. Speaker, Kapitol Klowns was organized 20 years ago, to perform within the greater D.C. area to provide wholesome family entertainment for all to enjoy. This club educates and encourages its members to the highest ideals in the art of clowning. This year, during International Clown Week, August 1–7 the Kapitol Klown Alley will be competing for the Clowns of America Award. The Charlie Award—Clowns Have A Real Love In Everyone—is an award that commemorates the alley that has the most active participating members during International Clown Week.

Mr. Speaker, the members of the Kapitol Klown Alley range from 5 to 79 years of age and help raise money for humanitarian causes. Among their humanitarian deeds, they served the community by participating in the 52d and 53d Presidential Inaugurations of the 20th century. They also provided financial support to The Children's Inn at NIH, an organization that meets the medical needs of children who experience serious and life threatening illnesses.

Mr. Speaker, the Kapitol Klown Alley has contributed to the Washington, D.C. Metropolitan area in other capacities such as the International Furnishings and Design Associates [IFDA] Christmas Party sponsored by the Kennedy Institute. Those individuals that reside at the Kennedy Institute are children who do not have family or live in disadvantaged homes. Last, but not least, the Kapitol Klowns supported the United States Navy Band by participating in the annual Children's "Lollipops" concert.

Mr. Speaker, these humanitarian deeds, among many others, exemplify that the Kapitol Klowns indeed have a real love for everyone.

Mr. Speaker, I ask that this body join me in acknowledging the public and human service commitment of the Kapitol Klown Alley.

CONGRESSMAN JACK QUINN, MC, ADVOCATING FUNDING FOR PROSTATE CANCER

HON. JACK QUINN

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 30, 1997

Mr. QUINN. Mr. Speaker, I rise today to discuss a matter of life and death that most of us seldom hear anything about. Prostate cancer, which accounts for nearly one-fourth of all newly diagnosed cancer cases each year, is a disease that gets ignored in the national debate on health care. Unfortunately, the same stigma that used to be associated with breast cancer is still associated with prostate cancer. Men are afraid to discuss the disease with their families and with their doctors, and are often even afraid to acknowledge the disease in their own minds.

For this reason, prostate cancer has never received the attention it demands. Although over 41,000 men in this country die from prostate cancer each year, prostate cancer research receives only 3.6 percent of the Federal dollars allocated for cancer research. Just because many men are reluctant to call attention to this disease does not mean that they should be condemned to die. The United States currently spends less than $8 in research for every patient with prostate cancer. This Nation has an obligation to dedicate the same resources to prostate cancer research that it dedicates to other, more well-known diseases.

Looking the other way will not make the problem disappear. Between 1973 and 1993, the incidence of prostate cancer increased by 175.9 percent. As the baby boom generation turns 50 years old, the incidence of prostate cancer is projected to increase even further. Unless the Federal Government makes the commitment now to devote the necessary resources to battling this disease, the toll on Americans will continue to grow.

Too many men have died because they made the mistake of ignoring the devastating effect of prostate cancer. Please join me in preventing the Federal Government from making the same mistake.

IN HONOR OF ZORA NEALE HURSTON

HON. ILEANA ROS-LEHTINEN

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 31, 1997

Ms. ROS-LEHTINEN. Mr. Speaker, we rise to honor one of African-American's most influential and significant voices of the 20th century: Zora Neale Hurston. Zora is one of our most renowned and distinguished writers and interpreters of Southern African-American culture, and also serves today, almost 40 years after her death, as an experienced role model to all young women throughout the Nation. For all of her work and contributions to American culture and literature, it is fitting for all of us to have a commemorative stamp that would recognize Zora's contributions to American life.

There is a beautiful elementary school in my congressional district that is named for this gifted artist and I had the privilege of speaking to the brightest young boys and girls, as well as the talented teachers and staff who daily work and play and learn there.

Zora Neale Hurston came of age in literature at a time when a woman had only recently been granted the right to vote and when recognition for a female literary writer, especially an African-American woman, was unheard of. The key to Zora's success was her ability to overcome the odds and make a name for herself. I would like to congratulate Congresswoman CORRINE BROWN of Jacksonville for spearheading this congressional effort to have a stamp issued for Zora.

Zora grew up in Eatonville, FL, a small town approximately 10 miles out of Orlando, that was settled by newly-freed slaves; she was a daughter to a tenant farmer, who was later Eatonville's mayor. Although this great lady's schooling was constantly being interrupted, she maintained her natural curiosity and sharpened her creative abilities through her constant reading.

Even after she had given up her formal education, Zora insured her place in literary history by finishing high school while working as a waitress and enrolling at Howard University. It was there where she was encouraged to write by Alain Locke, one of the early African-American leaders, and other English professors. It was Zora's determination and commitment to literature that granted her the honor of having her short story, "Drenched in Light," published in a 1924 edition of Opportunity, a magazine then published by the Urban League. It was the publication of this short story that eventually resulted in her scholarship to Barnard College and Columbia University and a new interest in anthropology, specifically the folklore of Harlem and the American South, for which she is celebrated. Zora was then chosen as the victor of the Urban League's literary contest short story and one-act play categories. It was this recognition that was fundamental in having her associate with great artists and poets, including Langston Hughes.

Zora's writings and her work as a teacher, Hollywood scriptwriter, and a newspaper columnist, were all instrumental in her contributions to the American literary landscape. It was Zora's literary accomplishments, her style of writing, and the subject of the African-American experience that were indispensable in her major influence on such great contemporary female poets and authors such as Toni Morrison, Maya Angelou, and Alice Walker.

After Zora's death in 1960, the popularity of her writings increased. Today, Zora's name is highlighted in the Black Female Playwrights category and she has been inducted into the Women's Hall of Fame and Florida's Writer's Hall of Fame.

As a woman, a minority, and a former English teacher, I pay tribute to Zora Neale Hurston for all of her achievements and for putting women's literary accomplishments on the map.

I am not the only one to applaud Zora for all that she achieved; for her writings have also been instrumental in inspiring the Zora Neale Hurston Festival which has boasted an attendance rate of 60,000 in the past, and is expected to grow to a rate of 100,000 this year. Past attendees have included literary great and Pulitzer Prize winner Alice Walker, in addition to other international visitors from as far as New Zealand, Japan, Italy, and Australia.

Zora Neale Hurston, we applaud you for your commitment and dedication to literature and for your influence on some of America's future great writers. The boys and girls who are so proud to attend the school that bears your name join me in spirit—in celebrating your legacy.

And I thank my dear Florida colleague, CORRINE BROWN.

100TH ANNIVERSARY OF KPMG PEAT MARWICK LLP

HON. MARGE ROUKEMA

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 30, 1997

Mrs. ROUKEMA. Mr. Speaker, I am pleased to have the opportunity to call attention to an historic American success story. On August 2, 1997, KPMG Peat Marwick LLP, the accounting and consulting firm, headquartered in Montvale, NJ, celebrates 100 years in business in the United States. Founded by two Scotsmen who became naturalized citizens of this country, KPMG Peat Marwick is a private enterprise that has grown from two employees to 20,000 during a century of tremendous change. The firm's expansion on U.S. soil and around the world is a testament to the pioneering spirit and vision of James Marwick and Roger Mitchell, who identified the need for independent accounting review of companies big and small, and who met that need by conducting certified, independent audits.

These two accountants saw the extent to which participants in an open and free market rely on accurate financial information to make important business decisions—decisions that affect thousands of employees, investors, and consumers. They took seriously their charge as independent auditors, acknowledging the public trust they held when rendering audit opinions for clients that include some of the corporate giants in our Nation's history. When the needs of their clients expanded or varied, so did the services and capabilities of this firm. As the United States and the world embark on the frontier of the information age, this now-worldwide firm stands as a proud reminder of past accomplishment and a beacon of future advancement.

KPMG Peat Warwick has preserved and enhanced another great tradition during its first 100 years—that of community involvement. Indeed, the centerpiece of the firm's 100th anniversary celebration is its World of Spirit Day—a full day of giving back to the communities that have helped it to prosper. On September 22, 1997, KPMG will close the doors of every U.S. office for the day as 20,000 partners and employees band together to volunteer their time and talents. From Minneapolis to Miami, from New York to San Francisco, KPMG people will collectively spend 160,000 hours in service to their communities and those in need. At the end of the day, various offices will have done the following: built at least two residential homes; refurbished and painted public schools in multiple cities; taught and interacted with children in schools and child development centers; fed the hungry and homeless; landscaped youth camps; and cleaned local parks, rivers, and zoos. What a difference this day will make.

KPMG's mammoth commitment to community service was one reason it was the only professional service firm chosen to participate in the President's Summit for America's Future. It is my hope that their fine example proves to be a catalyst for other companies to make similar commitments.

Mr. Speaker, we are proud to have such a good corporate neighbor in our community. Let me congratulate the partners and employees of KPMG Peat Marwick on their firm's achievement of 100 years in business.

Over the course of a century, this company has advanced from verifying basic financial information in thick ledgers to providing complex assurance and consulting services at the dawn of a knowledge revolution. KPMG has proven it can evolve and thrive as time marches on. May its endurance and prosperity serve as positive lessons to future generations of enterprising Americans.

NATIONAL CAPITAL REVITALIZATION AND SELF-GOVERNMENT IMPROVEMENT ACT OF 1997

HON. THOMAS M. DAVIS

OF VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 30, 1997

Mr. DAVIS of Virginia. Mr. Speaker, over 2 years ago the District of Columbia faced a spending and management challenge of epic proportions. We began in the 104th Congress a critically important process to address serious issues in a truly bipartisan way. I am grateful to Delegate ELEANOR HOLMES NORTON for working with me then and now in such a constructive manner.

With patience and perseverance the control board we created is having the intended effect. The control board has begun to instill much-needed fiscal discipline into the city's budget process. The city's return to the private financial markets is solid evidence that what Congress did is finally producing more credible numbers and better performance.

Without the control board the President's proposals are unlikely to have been made. I commend President Clinton for directing his administration to work with Congress as we now move into the next phase of our quest to revitalize the Nation's Capital. I also commend Speaker GINGRICH and the congressional leadership in both Houses for the extraordinary leadership, time, and attention they have given to the District of Columbia.

We have seized this rare opportunity to restructure and improve the complex relationship between the Federal Government and the Nation's Capital. Such improvement, which will more substantially involve the private sector, benefits the entire region. I have proceeded in the assumption, forged by years of service in local government, that we are all stakeholders in the Nation's Capital.

Clearly, this is a moment of truth. We are lightyears away from where we were 2 years ago, and we are now building on that momentum.

We have used the President's proposals as a starting point, enhanced by the memorandum of understanding between the city and the White House. No one ever expected Congress to rubberstamp these proposals, and we have not done so. We are substantially enhancing many aspects of the President's plan.

This is a historic accomplishment. We have moved beyond visionary mission statements and are commencing now the practical process of passing legislation that will be signed by the President. That effort will result in a more stable District of Columbia and a more efficient local government. These measures provide a roadmap for growth in the city, as well as in the entire region. It is more than my hope, it is my intention that at the end of the day we will succeed together.

The District of Columbia Subcommittee has invested considerable time and effort preparing for this hour. We have held six hearings, from February 20 to May 22. The subcommittee and its staff has worked diligently with local and Federal officials, along with many other stakeholders. The matter before us reflects the input we have received, enhanced by our vision for the District of Columbia.

This bill seeks to renew the economic and fiscal strength of the Nation's Capital. Its essential elements include Federal assumption of some government functions normally performed by state governments, and necessary incentives for economic development and private sector jobs. Authorization of funds is conditional on the District making specific budget and management improvements.

Our approach will reduce the District's financial burdens through cost avoidance of the fastest growing parts of its budget, such as Medicaid and its criminal justice system. The Federal Government will be making significant investments in these areas, along with other key areas. It is my firm belief that this enactment will realize the bipartisan vision for the Nation's Capital that has been so often expressed. That vision must now become a blueprint for progress, a renaissance in the Nation's Capital that will serve residents of this region, visitors, and the country as a whole.

TRIBUTE TO SISTER MARIA DOLORES BORJA, SISTER MARY ROBERTA TAITAMO, SISTER MARY DAMIEN, AND SISTER TRINI PANGELINAN

HON. ROBERT A. UNDERWOOD

OF GUAM

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 30, 1997

Mr. UNDERWOOD. Mr. Speaker, I rise today to honor four truly outstanding women from Guam on the occasion of their 50th and silver anniversaries as Religious Sisters of Mercy. Sister Maria Dolores Borja, Sister Mary Roberta Taitano, Sister Mary Damien, and Sister Trini Pangelinan have demonstrated through a lifetime of service to the community the meaning of good citizenship and selfless service. With gratitude and thanks I congratulate these Sisters of Mercy on their 50th and silver anniversaries.

Sister Maria Dolores Borja was born in Sumay, Guam, to Jose and Maria Soledad Sablan Borja. With a nursing degree from the Mercy School of Nursing, Sister Maria Dolores spent 15 years as a hall supervisor at Mercy Hospital in Charlotte, NC, and over 26 years at St. Joseph's Hospital. She later returned to Guam to take care of her godson and has since been working with the archbishop on archdiocesan projects. In addition to her work with the archdiocese, she has been actively involved with Catholic Daughters of America, the Catholic pro-life organization, Lina'la' Sin Casino, Health Care Service, and Guam Memorial Hospital. Her life has always reflected her motto of "Fiat Voluntas Tua"—Your Will Be Done—and continues to demonstrate her strong faith.

Sister Mary Roberta Taitano, the daughter of Francisco Watkins and Tomasa Capeda Mateo, began her service as a Sister of Mercy in 1947 when she was received as a novice, along with Sister Maria Dolores in the historic Reception Ceremony at the Agana Cathedral. As a former English major at the Regis College in Massachusetts, Sister Mary Roberta has always had a strong interest in the welfare of children. She has served as a teacher at St. Anthony School and as principal at Cathedral Grade School and the Academy of Our Lady of Guam. Currently, she is the administrator of Mercy Heights Nursery and Kindergarten in Perezville.

Sister Mary Damien Terlaje shares Sister Mary Roberta Taitamo's love of children. One of the 11 children of the late Francisco Terlaje and the late Maria Terlaje, Sister Mary Damien Terlaje entered the Sisters of Mercy in 1946. She has taught at the Cathedral Grade School in Agana, the St. Anthony School, and most recently, at the Santa Barbara School. Sister Mary Damien Terlaje has also been involved in nursing work at the Mercy Hospital in Charlotte, NC, and is currently serving at the Infant of Prague Nursery in Tai. Despite her many years of service to the church and her great contributions, she still prescribes to the prayer "Lord, I Am Not Worthy," a motto indicative of her humility and dedication.

Lastly, I'd like to congratulate Sister Trini Pangelinan on her silver anniversary as a Sister of Mercy. The daughter of Jose and Maria Pangelinan, she entered the Sisters of Mercy in 1964. Sister Trini Pangelinan holds a bachelor's degree from the University of Guam and a master's degree in social work from the University of North Carolina at Chapel Hill. With her training, she has been able to serve the Guam community in many ways. She has worked for the archdiocesan family and the Youth Ministry, served as the director of incorporation for the Sisters of Mercy, chaired the Social Justice Committee and Communications Team, served as co-spiritual director for the Couples for Christ movements, and helped found the Rainbows for All God's Children Program. Through all her services, her motto remains "Glory To the Trinity."

Once again, I stand to acknowledge the great contributions these four Sisters of Mercy have made to the welfare of not only Guam but also the United States. It is truly an honor for me to recognize these four Chamorro women on the occasion of their 50th and silver anniversary in the religious life.

GIVE FANS A CHANCE

HON. EARL BLUMENAUER

OF OREGON

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 31, 1997

Mr. BLUMENAUER. Mr. Speaker, I submit for the RECORD a column by Michael J. Volpe. Some members may recall Mr. Volpe from his bid in late 1996 and early 1997 to be a Free Agent Fan of major league baseball. Volpe used the attention generated from this effort to make the point that baseball fans felt neglected by owners, players, and their agents who were too busy chasing multi-million-dollar deals and forgetting the sportsmanship and fun of baseball.

Mr. Volpe now writes a nationally syndicated column for Universal Press Syndicate [UPS]. His column, entitled "Fans May Get a Chance to Invest in Baseball Teams" makes the connection between allowing public ownership of sports teams and improving the livability of our communities. Specifically, he points out that public ownership would help balance the private business interests of team owners with the public interests of communities who want to enjoy the direct and indirect benefits of having a professional sports team. Mr. Volpe notes that "classic nine to five working stiffs [should] have the opportunity to own a piece of a major league baseball team".

Mr. Volpe and I see eye-to-eye on this issue. Earlier this year I introduced H.R. 590, the Give Fans a Chance Act, which Mr. Volpe describes as "* * * the most promising opportunity for the average fan to become an owner of his or her favorite professional sports team." The bill is designed to give communities the tools to invest in their own livability by allowing them to purchase their home sports team. The bill eliminates league rules against public ownership, gives communities a voice in team relocation decisions, and ties the leagues' broadcast antitrust exemption to the requirements in this bill.

Allowing communities to invest in their own livability makes sense for both the teams and the communities. The Green Bay Packers, founded in 1919, are a perfect example. In 1950, the fans saved the team from bankruptcy through a one and only public stock offering. Since then, this team from the NFL's smallest city has seen 175 consecutive sellouts, 11 championships, and three Superbowls, including the Superbowl they won this year. they have the best record in the NFL.

The Packers aren't an ordinary football team. Their fans aren't ordinary fans. And their community isn't an ordinary community—because 1,915 residents of Green Bay and other Packer Backers own their football team. The Packers help hold the Green Bay community together. More communities should have the opportunity Green Bay, WI, has to invest in their home sports team. More teams should have the opportunity to develop a loyal cadre of fans who will support the team through thick and thin.

I urge my colleagues to review Mr. Volpe's column and cosponsor my legislation.

FANS MAY GET CHANCE TO INVEST IN BASEBALL TEAMS

(By Michael J. Volpe)

The owners of major league baseball teams are all men and women of great wealth. George Steinbrenner, owner of the New York Yankees, made his millions through the shipping industry. Marge Schott of the Cincinnati Reds and Bud Selig of the Milwaukee Brewers are rich through auto dealerships. Blockbuster Videos helped make Florida Marlins owner Wayne Huizenga wealthy, while Peter Angelos of the Baltimore Orioles is an affluent labor law attorney.

However, unlike other sports teams, there are no classic nine to five working stiffs who have the opportunity to own a piece of a major league baseball team.

The Green Bay Packers football team, for instance, which won last year's Super Bowl, is owned by 1,915 individuals, most of whom are residents of Wisconsin. Fifty-eight percent of the Florida Panthers hockey team (ironically also owned by Huizenga), was sold to the public in 1996 at $10 a share. The Boston Celtics basketball team is also publicly traded on the New York Stock Exchange.

Major League baseball fans have been shut out on public ownership of teams until now. But two elected officials, who reside at opposite ends of the country, have quietly begun working to change that.

H.R. 590, the "Give Fans A Chance Act", is the most promising opportunity for the average fan to become an owner of his or her favorite professional sports team. The legislation is authored by freshman Representative Earl Blumenauer (D–Oregon), and is cosponsored by 15 other members of the House. According to a summary of the bill, the Act is designed "to give communities the tools to invest in their own livability of allowing them to purchase their home sports team" through public stock options and local community ownership.

Specifically, the bill prohibits any professional sports league from denying public ownership of teams. It requires a professional sports league, when considering approving the relocation of a member team, to take into account strict criteria. These includes fan loyalty; the extent to which the team benefits from public financing; whether the community is opposed to the relocation; and, whether there are bona fide investors (including fans) offering fair market value to purchase the team and keep it in the home community.

If a league ignores the later provision, it will lose its sports broadcast antitrust exemption, a congressionally granted benefit which allows for sale to a single purchaser. Sports broadcasting rights bring millions of dollars in revenues to Major League Baseball teams each year.

Blumenauer's bill, which awaits House action, is unique because his state has no major league baseball team. "I don't have any particular bone to pick with the Leagues or their member teams," he said in a statement, so "I can hopefully evaluate this issue from a public policy perspective, as opposed to a more parochial" one. He quite simply wants to ensure "that teams are playing it straight with their communities" and are fair to the fans.

A measure similarly designed to aid fans was introduced in the Virginia State House earlier this year by Delegate Robert G. Marshall (R–Manassas). Marshall's bill would have established the Virginia Baseball Authority as a non-profit organization which would sell shares in a Major League Baseball team in small denominations. "You would be able to own a little piece of baseball heaven for as little as $100 a share," Marshall said. Although his bill was not acted upon this year, Marshall said he plans to reintroduce the bill in next year's legislative session. His bill is important because Major League Baseball has indicated that Virginia may be a leading candidate to get a major league franchise in the next five years either through expansion or relocation of an existing team.

Although it is uncertain whether either piece of legislation will eventually become law, it is a fact that since 1950, there have been 68 franchise moves in baseball, football, basketball and hockey, 37 of which have taken place since 1970. Some existing baseball franchises are in financial trouble, including the Marlins, whose owner Wayne Huizenga now estimates his team will lose $30 million this year, forcing him to reduce his payroll next season or sell the franchise.

Perhaps Huizenga could take a page from his hockey franchise, and sell the Marlins back to the team's fans. This would go a long way towards establishing a balance between the private interests of team owners to maintain a profitable business and the ability of the Florida community to enjoy the direct and indirect benefits of having a professional baseball team.

NASA LEWIS RESEARCH CENTER: PART 2

HON. DENNIS J. KUCINICH

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 30, 1997

Mr. KUCINICH. Mr. Speaker, I rise to honor and pay credit to the excellent work being conducted by the National Aeronautics and Space Administration's [NASA's] Lewis Research Center [Lewis].

The center, located in Cleveland, OH, is one of 10 NASA field centers, Employing more than 2,000 personnel and comprised in more than 140 buildings, Lewis is one of NASA's larger research facilities and has, since its groundbreaking in 1941, been invested with some $480 million. Lewis has developed an international reputation for its research on jet propulsion systems and under the current directorship of Donald Campbell, research and development of new propulsion power is continuing to flourish.

NASA has designated Lewis as its No. 1 center for aeropropulsion. Its pioneering work in developing and verifying aeropropulsion technology has benefited the Nation directly, through the results and data which it has complied and also through the transfer of this knowledge to U.S. industry. Indirectly, such advances have significantly contributed to the promotion of economic growth and national security through safe and superior U.S. aircraft propulsion systems.

Lewis is also NASA's Center of Excellence in Turbomachinery. It has developed innovative technology and made use of its analytical and experimental expertise to enhance future aerospace technology. Lewis' other roles and missions include aeronautics research, onboard space applications and commercial communications.

The following Congressional Research Service report, "NASA Lewis Research Center: Part 2," outlines the functions, history, and current roles and missions of the center:

NASA LEWIS RESEARCH CENTER: PART 2

INTRODUCTION

This report examines the National Aeronautics and Space Administration's (NASA's) Lewis Research Center (LeRC).[1] Changes at the center during the 1990s are examined as well as how NASA's announced plans compare with Lewis' current roles and missions.

Whenever the closing of any of NASA's centers is discussed within the space community, some mention Lewis as a likely candidate. This report finds that although Lewis has been downsized at a greater rate in the 1990s than most of NASA's centers, it does not appear to be in danger of being closed in the near-term if currently planned budgets are funded. As currently envisioned, Lewis is expected to have a significant role in NASA's future in fulfilling the goals set forth in the agency's strategic plan through 2025 and beyond.

LOCATION

The center is located 20 miles southwest of Cleveland, Ohio, occupying 350 acres of land adjacent to Cleveland Hopkins International Airport. Lewis comprises more than 140 buildings that include 24 major facilities and over 500 specialized research and test facilities. Additional facilities are located at Plum Brook Station, a 6,400-acre facility about 50 miles west of Cleveland and 3 miles south of Sandusky, Ohio. The center currently has approximately 2,150 employees and on-site contractors totaling approximately 1,600.[2] Since its initial groundbreaking in 1941, more than $480 million has been invested in the center's capital plant. According to the center, its currently estimated replacement cost is approximately $1.3 billion.

The Director of LeRC is Donald J. Campbell and the Deputy Director is Martin P. Kress. Julian M. Earls is the Deputy Director for Operations.

HISTORY

Lewis was established in 1941 by the National Advisory Committee for Aeronautics (NACA). At that time it was known as the Aircraft Engine Research Laboratory. It was one of three NACA centers nationwide.[3] Named for George W. Lewis, NACA's Director of Research from 1924 to 1947, the center developed an international reputation for its research on jet propulsion systems. The three NACA Centers became the nucleus of NASA when it was created in October 1958.

CURRENT ROLES AND MISSIONS

The work of Lewis is directed toward research and development of new propulsion, power, and communications technologies for application to aeronautics and space. Microgravity research in fluids and combustion also is a main area of focus. The end product of Lewis' work is knowledge, usually in the form of a report, that is made fully available to potential users—the aircraft engine industry, the energy industry, the automotive industry, the space industry, other NASA centers, and other federal government organizations.

NASA has designated Lewis as its Lead Center for Aeropropulsion. The center's role is to develop, verify, and transfer aeropropulsion technologies to U.S. industry. The center's aeropropulsion program plays a significant role in the agency's goals to promote economic growth and national security through safe, superior, and environmentally compatible U.S. civil and military aircraft propulsion systems. The agency's major efforts are in subsonic, supersonic, hypersonic, general aviation, and high-performance aircraft propulsion systems, as well as in materials, structures, internal fluid mechanics, instrumentation and controls, interdisciplinary technologies, and aircraft icing research.

Lewis has also been designated NASA's Center of Excellence in Turbomachinery. It develops innovative technology and leverages its computational, analytical, and experimental expertise in turbomachinery to enhance future aerospace programs. The goal is to attain improvements in reliability, performance, and efficiency; increases in affordability, capacity, safety, and environmental capability; and reductions in design cycle time and development costs. Areas of focus include air-breathing propulsion and power systems, primary and auxiliary propulsion and power systems, on-board propulsion systems, and rotating machinery for the pumping of fuels. Related technologies include fans, compressors, turbines, pumps, combustors, bearings, seals, gears, inlets, nozzles, sensors, and actuators. Related disciplines include materials, structures, lubrication, acoustics, heat transfer, computational fluid dynamics, combustion, cryogenics, icing, and controls.

Lewis' roles and missions include: Managing a broad array of aeronautics research and technology propulsion activities including propulsion support technology and propulsion systems analysis; space applications involving power and on-board propulsion; commercial communications; managing intermediate and large payload launch vehicles; and microgravity research in the disciplines of combustion science, fluids physics, and ground-based research.

Lewis is a major contributor to many NASA-wide programs. These programs include: NASA's High Speed Research program in the areas of combustor design and enabling propulsion materials; the Advanced Communications Technology Satellite (ACTS) effort; microgravity research on board the Space Shuttle in addition to its historical contributions to the program; the development of the Lewis-designed Electrical Power System for the International Space Station (ISS). Lewis will also be a major contributor to the microgravity science aboard the ISS including the development of the Fluids and Combustion Facility; U.S.-Russian cooperative programs such as the Mir Cooperative Solar Array and providing microgravity science experiments; and the Mars Pathfinder mission.

FOOTNOTES

[1] Lewis is one of 10 NASA field centers. The other nine field centers are Ames Research Center (ARC) in California, Dryden Flight Research Center (DFRC) in California, Goddard Space Flight Center (GSFC) in Maryland, the Jet Propulsion Laboratory in California, the Johnson Space Center (JSC) in Texas, the Langley Research Center (LaRC) in Virginia, the Marshall Space Flight Center (MSFC) in Alabama, and the John C. Stennis Space Center (SSC) in Mississippi. Except for JPL, which is a federally funded research and development center (FFRDC) run by the California Institute of Technology, all these centers are federally owned and operated facilities.

[2] Employee levels are as of March 1997.

[3] Ames Research Center in California and Langley Research Center in Virginia were the other two.

IN RECOGNITION OF DR. RICHARD L. LESHER, RETIRING PRESIDENT OF U.S. CHAMBER OF COMMERCE

HON. SUE W. KELLY

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 30, 1997

Mrs. KELLY. Mr. Speaker, on Monday, February 24, Dr. Richard L. Lesher, the president of the U.S. Chamber of Commerce, announced his retirement. So, I rise today to recognize Dr. Lesher, an individual who in his 22-year tenure at the helm of the U.S. Chamber of Commerce has displayed a singular dedication to nurturing entrepreneurship and championing the cause of America's small businesspeople.

With his steady leadership, Dr. Lesher has left a lasting legacy for our Nation's business community. Since he assumed the leadership of the chamber, the organization has grown by leaps and bounds. Today, the chamber's membership includes 215,000 members, 3,000 State and local chambers, and 1,200 trade and professional associations. Additionally, the chamber represents 72 American chambers of commerce abroad in 65 nations.

Programmatically, Dr. Lesher was responsible for establishing the National Litigation Law Center that has successfully represented business interests in Federal court. He was also instrumental in developing the Quality Learning Services Program of the Federation Programs and Services Division of the U.S. Chamber of Commerce. This program is dedicated to delivering management seminars and continuing professional education throughout the United States.

Dr. Lesher has been effective in generating new membership and creating new programs for the U.S. Chamber of Commerce because of his success at making the chamber a more active part of American politics and business. He has energetically promoted the chamber's Grassroots Action Information Network [GAIN] that is dedicated to amplifying the voices of chamber members. He also created the "How They Voted' program, which ranks the voting records of Members of Congress on the basis of their stands on small business issues. Additionally under his watch, the U.S. Chamber of Commerce also launched BizNet—the American Business Network—featuring the shows "First Business" and "It's Your Business.'

Lesher, whose two decades as president of the U.S. Chamber of Commerce have shown him to be an individual dedicated to promoting small business, individual initiative, and effective grassroots political action. Dr. Lesher's advocacy has had but one end—preserving the United States as a land of opportunity. I applaud Dr. Lesher's fruitful career, and I wish him continued success in all his future endeavors.

IN HONOR OF HERMAN FEHL'S RETIREMENT

HON. SAM FARR

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 30, 1997

Mr. FARR of California. Mr. Speaker, I rise today to honor a man who has spent the last 19 years as a devoted public servant of San Benito County. Mr. Herman Fehl has been recognized as a community leader and visionary in both the job training and community action arenas. It is my privilege to be speaking of this man's countless accomplishments today.

In 1978, Mr. Fehl began his public service as the director of San Benito's Comprehensive Employment Training Act program, which over time evolved into the Federal Job Training Partnership Act program. Three years later, Mr. Fehl, in conjunction with several members of the San Benito board of supervisors, successfully established the county as a Community Action Agency [CAA]. This led to Federal community services block grant funding for San Benito County.

In addition to forming the community action agency, in 1984 Mr. Fehl joined together with several community members to form the San Benito County Community Services Development Corporation [CSDC]. This nonprofit corporation is dedicated to helping low-income families become self-sufficient. Mr. Fehl watched the CSDC's assets grow from $30,000 to over $6,000,000. Under his able leadership, CSDC developed the San Benito Business and Industry Park, which includes the Community Services Building. This is an award-winning one stop Social Services Center.

The newly reorganized Department of Community and Workforce Development is now recognized as the primary provider of comprehensive social services for the low-income community. Due to Mr. Fehl's excellent direction, the Department budget has grown to over $3,000,000. Its extensive range of services include rental housing assistance, a homeless shelter, utility assistance, emergency food, and first-time homebuyers mortgage assistance, in addition to plans for on-site child care for job training clients.

If a measure of success is recognition from your peers, Herman Fehl's many contributions to the residents of San Benito have been generously acknowledged: Citizen of the Year 1988 for San Benito County; the 1990 League of United Latin American Citizens award for his devoted service to the Hispanic community in San Benito County; and Disaster Relief Coordinator for his heroic leadership during the 1989 Loma Prieta earthquake.

Mr. Speaker, please join me saluting an outstanding public servant who has given so much to his community as both a leader and as a citizen. The residents of San Benito County will sorely miss Herman Fehl's commitment to its citizenry but joins me in extending him a well-deserved retirement.

CONGRATULATIONS TO FARMLAND INDUSTRIES' AG–21

HON. BILL BARRETT

OF NEBRASKA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 30, 1997

Mr. BARRETT of Nebraska. Mr. Speaker, I'd like to bring my colleagues' attention to a model pollution prevention program and to recognize several Nebraska farmers and their cooperatives for their achievements.

On June 3, 1997, the Environmental Protection Agency [EPA] awarded one of eight 1997 Pollution Prevention Award to Farmland Industries' AG–21 program for successfully implementing pollution prevention measures in agricultural production. Farmland was the only agribusiness firm to receive the award this year. An interdepartmental committee within EPA's Region 7 evaluated nearly 30 applications for their innovative approaches, techniques, and use of technology in meeting pollution prevention goals.

AG–21 is an innovative crop production process developed by the Farmland cooperative to raise the agronomic, environmental, and managerial standard for its cooperatives across North America. The program is a partnership between local cooperatives, their farmer members, and Farmland Industries. Each brings their unique skills and experience to the project, including support services, cutting-edge technology, and experience with environmentally sound management practices. The program's goal is to use the best crop production techniques and the latest technology to maximize crop potential in an environmentally friendly manner.

I'm proud to be able to share this news with my colleagues. AG–21 is a unique program with enormous potential. For farmers and all Americans, AG–21 will improve crop yields and quality, sustainability of crop production, and economic yields. Also, it will increase conservation of soil and water, protection of the environment, and protection of human health.

This is the future of environmental protection—it's not government regulation, but individuals working with their communities and businesses to protect the environment while feeding a hungry world. Congratulations to Farmland, its cooperatives, and my producers. Keep up the good work!

TAX RELIEF HELPS AMERICA'S WOMEN

HON. RON PACKARD

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 30, 1997

Mr. PACKARD. Mr. Speaker, I rise today in proud support of the historic budget agreement this Congress reached with the President earlier this week. For the first time in 16 years, the American people will receive a major tax cut.

What makes this plan so effective, Mr. Speaker, is that it reaches so many different groups of people across our Nation. I am especially pleased by what this tax cut means to America's women.

Our budget agreement is a direct result of Republican efforts to provide for America's families and that begins with helping America's mothers. the $500-per-child tax credit goes straight to the heart of every family. The mothers of 41 million children will be keeping more of their own money. That means much more for school clothes, groceries, and savings for college tuition.

Mr. Speaker, we did not stop there. Our plan also helps those women who are successful entrepreneurs and business owners. With women now starting businesses at twice the rate of men, a cut in the capital gains tax will help them the most. Republicans want to ensure that those women who are now contributing to our economy as employers and investors continue to do so. But tax cuts not only help those women who already own small businesses, they help open doors for those who wish they could.

We have also reduced estate or death taxes and expanded individual retirement accounts. Because women generally live longer, we need to make it easier for women to save and to inherit family businesses. Republicans are ensuring that women of all ages can remain financially secure, even after the death of a husband.

Mr. Speaker, I am proud that our plan to provide tax relief especially helps America's women. The truth is, cutting taxes helps everyone and everyone will benefit from this historic budget agreement.

MUHLENBERG SESQUICENTENNIAL REMARKS

HON. PAUL McHALE

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 30, 1997

Mr. MCHALE Mr. Speaker, this morning I rise to pay tribute to a distinguished liberal arts college in my district which opened its doors in 1848 as a military institution. I am honored and proud to announce today that during the coming academic year the college will celebrate its 150th anniversary. That college is Muhlenberg College in Allentown, PA.

As I stand here in the House Chamber talking about Muhlenberg College, I can almost feel the presence of the Muhlenberg family. The first Speaker of this House was Frederick Augustus Conrad Muhlenberg, the son of Henry Melchior Muhlenberg, the founder of the Lutheran Church in America for whom this college is named. His brother John Peter Gabriel and several of their great-grandchildren also served here. In all, six Muhlenbergs served as Members of the U.S. Congress. Likenesses of these great German-Americans can be found on campus as reminders of the college's historic ties to the Lutheran Church and to a young America.

Muhlenberg values its Judeo-Christian traditions which have shaped the liberal arts curriculum offered to its students. The college's mission is to develop students who "will achieve responsible independence and display full respect for the freedom and diversity which characterize human beings." In the mutual pursuit of this mission, the members of the board of trustees, faculty, and administration remain firmly committed to the belief that a "liberal arts education is the most humanly satisfying and pragmatically viable." Students are reminded often that learning is done in a variety of settings with small classes, limited enrollment, a strong student-faculty relationship and a high degree of student involvement in the life and governance of the college. Muhlenberg students graduate not only with a degree, but a deeper understanding of life.

Influencing the ongoing success of Muhlenberg College and its students in president Arthur R. Taylor. In his inauguration address in 1992, this former president of CBS quoted John Henry Newman, who said many hundreds of years ago, "The purpose of all education is to find a life, not just a livelihood." As the most passionate champion for this small, independent college, he has set the course saying, "Let us be known in the future, as we have in the past, by the quality of the students we graduate * * * let us be known for those who will tackle the problems of the environment, disease and hunger, poverty and homelessness * * * known for those who will rebuild America * * * known for those who support society's causes."

President Taylor, together with the faculty and administration, has built a global reputation. Each year more and more applications are received from prospective students with over one-third of the accepted students ranking in the top 10th of their high school class. Students study abroad, they learn foreign languages, they prepare for business in the global marketplace. The quality of the Muhlenberg academic experience has been recognized by Phi Beta Kappa and 13 other national honor societies with chapters at the college.

Mr. Speaker, I take great pride in holding an honorary doctor of laws degree from this noble college. I leave you with president Taylor's own words: 'Please understand that this old college, this old clipper ship, regardless of what storm may come, will sail on, top royals flying and gallants set." I know you will join me in applauding Muhlenberg College's 150th anniversary and saluting her next 150 years.

CELEBRATING THE 175TH ANNIVERSARY OF CHRIST EPISCOPAL CHURCH

HON. SONNY CALLAHAN

OF ALABAMA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 30, 1997

Mr. CALLAHAN. Mr. Speaker, it is my pleasure to rise today to recognize Christ Episcopal Church, Alabama's oldest Protestant church, which this year is celebrating its 175th anniversary serving the people of God.

Located in the historic district in downtown Mobile, Christ Episcopal stands at its original construction site of 1822. Like the rest of Mobile, the church, too, has grown and changed over the years, constantly striving to meet the needs of its parishioners.

Originally Protestants from several different denominations came together at this site to worship as well as to serve the community. However, on February 26, 1828, a group met to establish and organize the Protestant Episcopal congregation. It was at this time that the church gained the name Christ Church and the cornerstone was laid for the present sanctuary in 1835.

Over the past 175 years, Christ Episcopal Church has continued to grow and prosper. During this time, it has withstood the winds of hurricanes, the pain of yellow fever, the heat from fires, and the rage of war, and in so doing, Christ Episcopal has truly become a landmark, not just in Mobile, but throughout Alabama.

Mr. Speaker, Christ Episcopal Church officially celebrates its 175th anniversary on Sunday, September 7, 1997. At this time, I wish to commend its parishioners and members for their hard work, dedication, and love of God, and extend to them my very best wishes for much continued success in the years to come.

TRIBUTE TO FOREIGN LANGUAGES IN SCHOOLS

HON. BOB SCHAFFER

OF COLORADO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 30, 1997

Mr. BOB SCHAFFER of Colorado. Mr. Speaker, I would like to take this opportunity to share some essays written by Colorado students regarding the educational benefits of learning different languages from around the world. Education is key to the continued success of this great Nation, and it is good to know that these students realize this crucial factor.

MATTHEW WEBER, SHEPHERD OF THE HILLS CHRISTIAN SCHOOL, GRADE 2

I think that kids should learn different languages, because when they grow up, their job might be going around the world and they probably won't know the language for the place they are in if they don't learn when they are small, so that's one of my thoughts. The other thought is that kids have fun learning different languages.

Here's another example, on Sunday a lady from Germany will visit me and I will want to know German to talk to her. Here's another example, I need to know more Spanish to talk to my foreign language teacher.

MALGOSIA WILCZKIEWICZ, BRECKENRIDGE ELEMENTARY, 5TH GRADE

Languages around the world are important. Knowing another language can help other people that come from other places and don't speak your language. I came from Poland four years ago and didn't speak any English. Luckily there was a Polish boy that spoke Polish and could communicate to me and help me with my work. Other reasons that it is important to speak another language are because if you want to be an attendant and get trips to other countries; you need to be able to communicate with people. You need to talk to people to see what they need or want. If you want to be a translator for the President or someone else you need to know other languages to translate. These are just some reasons why other languages are important to me, but there are a lot more.

DANIEL MC VICKER, COLORADO ACADEMY, 11TH GRADE

I am an eleventh-grade student at Colorado Academy, and I am concerned with the increased budget cuts in foreign language programs of our public schools. Even though I am not currently a public school student, I am concerned that, due to the changing nature of social and business interaction in the twenty-first century, our public schools will not be competitive enough in the "global village." Due to the Internet, more people are communicating faster and more easily and more cheaply with one another. Even now, we can see the progression of business on the "net." As other countries become more advanced with their technology the web will cease to be a solely English speaking dominated entity and become more like what its name implies: "World Wide." Students without a firm foundation in a language (or two) could easily become lost in the many business opportunities available on this revolutionary communications network, and lose out to other countries' students where part of the curriculum is the study of another language.

On a more personal note, my experience with learning French (and previous to my time at Colorado Academy, German) has been both pleasurable and helpful. Due to my exposure to both languages, my English vocabulary has been enriched, my knowledge of syntax and proper grammar has increased, and my knowledge of history has grown as well. Also, the knowledge of these two languages has been helpful in dealing with the cultures of the countries that speak those languages, in my visits to France and Germany. With an enhanced knowledge of the culture (thanks to my classes), I was more easily able to interact with the natives, utilizing another benefit of studying a foreign language.

Being knowledgeable of another country's culture is another reason to study a foreign language. In this time of "Global Economy," not knowing about the idiosyncrasies of another culture can be business suicide. Even with a translator, one can still do things with the body that can be considered very insulting to a foreign culture. If the person who accidentally does these things is trying to negotiate a business deal, he will have a lot of explaining to do if he has insulted those with whom he is trying to negotiate.

As to the pure enjoyment of discovering another language, to that as well, I can attest. It is fun and exciting to realize that you could communicate with someone across the globe, or even just across the room. In our modern times, expression is power and with the knowledge of another language, one has twice as much of that power.

Thank you for your time.

Mr. Speaker, these are the words of the future of America. School children are able to recognize the value of knowledge and realize the power of having an advantage in the real world. Foreign languages open up a world of opportunities, and these children recognize that. I thank the Speaker for allowing me to share the experiences of the youth of America and the value of education.

PATIENT ACCESS TO METERED DOSE INHALERS MUST BE PRESERVED

HON. CHRISTOPHER H. SMITH

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 30, 1997

Mr. SMITH of New Jersey. Mr. Speaker, today the House Subcommittee on Health and Environment conducted an important hearing on the issues surrounding the Montreal Protocol of 1987, which bans the use of ozone depleting substances.

As many of my colleagues know, the Food and Drug Administration [FDA] recently unveiled a proposal to eliminate essential-use exemptions for metered dose inhalers [MDI's]. Mr. CLIFF STEARNS, my good friend from Florida, and I have introduced legislation [H.R. 2221] aimed at helping those suffering from respiratory conditions, particularly children with asthma and cystic fibrosis [CF], preserve their access to medicines they rely upon to breathe—metered dose inhalers.

H.R. 2221 requires the FDA and the Environmental Protection Agency [EPA] to delay their plans to remove chlorofluorocarbon-based MDI's from the marketplace before 2005. If Congress allows the FDA's ill-advised plan banning CFC MDI's to take effect, the 30 million Americans suffering from respiratory diseases could be placed at risk.

When the symptoms of these diseases strike, patients reach for the safe, effective, and proven medication delivery systems that have kept them alive for years—metered dose inhalers. Quite literally, metered dose inhalers are a matter of life and breath.

Currently, all metered dose inhalers, save one, are powered by chlorofluorocarbon [CFC] propellants. Under the 1987 Montreal Protocol, as amended, CFC's are to be phased-out globally because of the possible negative impact on the ozone layer. It is important to point out, however, that the signatories to the Montreal Protocol explicitly recognized that certain uses of CFC's generate tremendous health and safety benefits. Consequently, MDI's were given a temporary essential-use exemption from the treaty.

Despite this global exemption, the U.S. FDA has unilaterally decided to accelerate the phase-out of CFC-containing metered dose inhalers. Under the FDA's proposed framework, CFC-containing inhalers—used safely and regularly by millions of asthmatic children, adults, and senior citizens—would be banned and consumers would be forced to purchase alternative products, even if there was but a single alternative on the market.

Indeed, as of today, only one company has received FDA approval to manufacture non-CFC MDI's. Although pharmaceutical companies are currently developing CFC-free MDI's, the FDA proposal will force patients to abandon their existing medications and create a de facto monopoly in the substantial MDI market. Respiratory patients will lose the benefits of free-market competition, and the less well-off will be unfairly burdened with higher prices.

While adults may not notice the different taste, smell, or sensation of a CFC-free inhaler, an 8 year-old child might be reluctant to use his or her new MDI because it tastes funny. I have four children, and both of my daughters, Melissa and Elyse, have asthma. Like everybody else, people have different tastes and preferences. Any parent with children knows that it can be difficult to get them to take a medication perceived to be unpleasant. That is why there are dozens of flavors of cough syrups and cold medicines in the pharmacy.

But there is a big difference between cough syrup and MDI's—the failure to properly use an MDI can kill you. Mr. Speaker, it is a well known fact that asthma is currently the number one reason for children's school absences, and that roughly 5,000 Americans die each year from asthma-related complications. Furthermore, for millions of asthma sufferers, the single most important part of successful treatment is maintaining a steady medication routine. Disrupting this routine, which is a certain byproduct of FDA's proposal, will needlessly put the lives and health of our children and senior citizens at risk. That is why the one-size-fits-all policy FDA is pursuing is counterproductive.

In addition, the amount of CFC's used in metered dose inhalers is so small—less than 0.025 kg per inhaler—that the marginal environmental improvement in the ozone layer that would result from the FDA plan would be virtually undetectable. Indeed, MDI's are responsible for less than 1 percent of the risk to the ozone layer as measured by atmospheric chlorine levels.

Equally perplexing about FDA's proposal is that asthma patients in the United States will have their dependable and effective medications taken away from them while consumers in China and Indonesia continue to use CFC's in hair spray and cosmetics until 2010.

There is no doubt that pharmaceutical companies should be encouraged to develop, test, and bring alternative products to market before 2005. However, it is terribly shortsighted to pull the plug on CFC-containing MDI's before there is a free market in tested, proven, and accepted alternative products.

Mr. Speaker, I believe there is an alternative approach for the FDA to follow: allow the existing products to be used until 2005, and encourage the development and use of alternative [CFC-free] metered dose inhalers so that asthma patients can gradually become accustomed to the different medications without undue disruptions and risks. Rather than forcing patients to suddenly switch medications and involuntarily, a more sensible approach would allow environmentally safe products to flourish and attain widespread acceptance.

I call upon my colleagues on both sides of the aisle to reject the FDA's cold-turkey policy—Australia has already rejected that strategy, and they have the highest rate of skin cancer anywhere in the world. If the Australians—who have the most to lose from the destruction of the ozone layer—find the FDA's model objectionable, surely the United States can achieve its goal of zeroing out CFC production in 2005 without the heavy-handed, one-size-fits-all approach that the FDA has proposed. The children and senior citizens who depend on metered dose inhalers to breathe and live normal lives deserve better.

GRAZING'S ENVIRONMENTAL BENEFITS

HON. JOE SKEEN

OF NEW MEXICO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 30, 1997

Mr. SKEEN. Mr. Speaker, today, I rise to discuss the benefits of grazing for our environment. I call particular attention to an excellent article published in yesterday's Washington Post, July 29, 1997, which was written by Tom Kenworthy.

I commend this article for readership by each of my colleagues in the House of Representatives because it points out, in a national media publication, the benefits to all Americans of the important practice of responsible grazing.

I ask unanimous consent to include Mr. Kenworthy's article in the RECORD.

[From the Washington Post, July 29, 1997]

SHEEP COME TO THE RESCUE IN THE WEST; GRAZING HELPS RESTORE WEED-INFESTED LANDS

(By Tom Kenworthy)

BUFORD, COLO.—The hills sloping down toward Lake Avery in the Oak Ridge State Wildlife Area outside this northwest Colorado hamlet are lushly carpeted this summer with western wheat grass, Idaho fescue and other native grasses.

These hillsides, which provide critically needed winter range for elk and deer, were not always so healthy. Just a few years ago, they were awash in leafy spurge, a noxious weed that made its way to America from Europe and has no natural predators on this side of the Atlantic. Leafy spurge has now infested more than 3 million acres in the West—part of a broad invasion of western range land by nonnative weed species that is alarming land managers throughout the region and costing livestock producers tens of millions of dollars annually.

Isolated patches of spurge can still be found above Lake Avery. But by using sheep to intensively graze the infested portions of the 14,000-acre wildlife area in early summer, state officials have turned the tide against a stubborn, aggressive weed that sends roots 20 feet below the surface, can render pasture land nearly useless for cattle and horses and can devalue ranches to virtual worthlessness.

"We've contained it, and I believe we can eradicate it," said Bob Griffin, a wildlife property technician with the state agency that manages Oak Ridge.

The victory at the Oak Ridge Wildlife Area is being repeated elsewhere in the West as ranchers and land managers discover they can use sheep, and in some cases goats, to control spurge and some other noxious plant invaders. Unlike cattle, which become ill if they ear spurge, sheep will, with a little encouragement, graze happily on it and thrive on its 20 percent protein content.

In a region where sheep are still reviled by cattlemen as despoilers of the public range and competitors for precious forage, there is considerable irony in the use of sheep to reclaim land for cattle.

"Some of these cow outfits wouldn't have sheep on them no matter what," observed sheep rancher John Paugh of Bozeman, Mont. "But there's a market because there is no other economically sound way to control spurge. When you get large acreages of it, there is no other way available."

Paugh, who runs about 2,200 lambs and ewes on spurge-infested range land near the Shields River in southwest Montana, said it is a good deal for him and for the cattle ranchers who rent him the land. He feeds his sheep for about half what it would cost to rent grass pasture, and his sheep are able to control the spurge for about one-third the $25 an acre cost of using herbicides.

For sheep ranchers, an economically beleaguered fraternity whose ranks have declined by 17 percent since 1993 because of pressure from cheaper imports, the loss of federal wool subsidies and other factors, a difference of a few cents per acre of forage can be critical.

Although both wool and lamb prices have rebounded recently, the 1990s have been tough for America's sheep producers, according to Peter Orwick, executive director of the American Sheep Industry Association. Average wool prices, which hit $1.40 per pound in the 1980s, went as low as 51 cents a pound three years ago, he said. And between 1991 and 1994, lamb meat sold for 50 cents a pound or less, compared with $1.50 today.

"On the lamb side, the biggest factor we face is imports," Orwick said. "Imports have gone from 7 percent of consumption in 1993 to over 20 percent today."

Pat Sturgeon, 57, a second-generation sheep rancher who for the past half-dozen years has contracted with the state of Colorado to graze his 900 head on the Oak Ridge Wildlife Area from last May to early July, has his own sheep-ranching economics index.

"In 1970 I could buy a new pickup with 100 lambs," Sturgeon said as he showed off his flock to a visitor. "Now it takes 250 lambs. We don't drive new pickups anymore."

Being able to graze sheep relatively cheaply on state land for 45 days early in the season before federal grazing allotments open up "gives us an advantage," Sturgeon said. Under his contract with the state, he pays about $2 a month per head for grazing the wildlife area. That is several times higher than his cost later in the summer to graze on federal land, but it is still cheaper than what he would pay for private land.

"I need pasture in the spring," he said. "It lines me up to get on my national forest permit later."

Just how much of a dent sheep and goats can make in the leafy spurge problem is subject to considerable debate.

George Beck, a professor of weed science at Colorado State University who has been experimenting with sheep, both alone and in tandem with flea beetles on test plots outside Denver, said they are effective against spurge but not a silver bullet.

"It's not the answer, because spurge is such a troublesome plant," he said. "You'll never get perfect control, but they are a valuable part of it."

Don Smurthwaite, a Bureau of Land Management official in Boise, Idaho, is more enthusiastic. The federal agency this year imported 240 Angora goats from the Navajo Indian reservation in Arizona to help control spurge on 2,000 acres near Pocatello, and Smurthwaite said the experiment has "exceeded our wildest expectations."

HOUSE OF REPRESENTATIVES—*Friday, August 1, 1997*

The House met at 9 a.m.

The Chaplain, Rev. James David Ford, D.D., offered the following prayer:

May all that is good be blessed and all that is kind be honored. May all that is generous be admired and all that is charitable be prized. May all those qualities that show our humanity and all those noble deeds that reflect a generous spirit be dedicated to You, O God, our creator and sustainer. Bless us this day and all our days, we pray. Amen.

THE JOURNAL

The SPEAKER. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Pursuant to clause 1, rule I, the Journal stands approved.

PLEDGE OF ALLEGIANCE

The SPEAKER. Will the gentleman from Ohio [Mr. CHABOT] come forward and lead the House in the Pledge of Allegiance.

Mr. CHABOT led the Pledge of Allegiance as follows:

> I pledge allegiance to the Flag of the United States of America, and to the Republic for which it stands, one nation under God, indivisible, with liberty and justice for all.

RESIGNATION FROM THE HOUSE OF REPRESENTATIVES

The SPEAKER laid before the House the following resignation from the House of Representatives:

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES,
Washington, DC, July 30, 1997.

Hon. NEWT GINGRICH,
Speaker, House of Representatives,
Washington, DC.

DEAR MR. SPEAKER: This letter is to officially notify you of my resignation as a member of the United States House of Representatives effective 12:01 a.m. on August 2, 1997.

It has been a great honor to serve the people of New York's 13th congressional district.

Thank you.

Sincerely,

SUSAN MOLINARI,
Member of Congress.

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES,
Washington, DC, July 30, 1997.

Hon. ALEXANDER F. TREADWELL,
Secretary of State, New York State Department of State, Albany, NY.

DEAR MR. SECRETARY: This letter is to officially notify you of my resignation as a member of the United States House of Representatives effective 12:01 a.m. on August 2, 1997.

It has been a great honor to serve the people of New York's 13th congressional district.

Thank you.

Sincerely,

SUSAN MOLINARI,
Member of Congress.

RESIGNATION AS MEMBER OF COMMITTEE ON INTERNATIONAL RELATIONS

The SPEAKER laid before the House the following resignation as a member of the Committee on International Relations:

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES,
Washington, DC, July 31, 1997.

Hon. NEWT GINGRICH,
Speaker of the House, U.S. Capitol,
Washington, DC.

DEAR MR. SPEAKER: I am grateful to you and the members of the Republican Steering Committee for appointing me to fill the vacancy on the Transportation and Infrastructure Committee. In order to accommodate this new committee assignment, I am resigning from the Committee on International Relations. Please accept this letter as official notification of resignation from the International Relations Committee effective August 1, 1997. As I have discussed with your staff, I will continue to serve on the Agriculture and Veterans' Affairs committees.

Thank you for your assistance in this matter.

Very truly yours,

JERRY MORAN.

The SPEAKER. Without objection, the resignation is accepted.

There was no objection.

ELECTION OF MEMBER TO COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE

Mr. PEASE. Mr. Speaker, by direction of the Republican Conference, I offer a privileged resolution (H. Res. 213) and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 213

Resolved, That the following Member be, and he is hereby, elected to the following standing committee of the House of Representatives:

Committee on Transportation and Infrastructure: Mr. Moran of Kansas.

The resolution was agreed to.

A motion to reconsider was laid on the table.

DESIGNATION OF HON. THOMAS M. DAVIS TO ACT AS SPEAKER PRO TEMPORE TO SIGN ENROLLED BILLS AND JOINT RESOLUTIONS THROUGH SEPTEMBER 3, 1997

The SPEAKER laid before the House the following communication:

U.S. HOUSE OF REPRESENTATIVES,
Washington, DC, July 31, 1997.

I hereby designate the Honorable THOMAS M. DAVIS to act as Speaker pro tempore to sign enrolled bills and joint resolutions through September 3, 1997.

NEWT GINGRICH,
Speaker of the House of Representatives.

The SPEAKER. Without objection, the designation is agreed to.

There was no objection.

FOR JAKE'S SAKE, JOIN THE NATIONAL BONE MARROW DONOR PROGRAM

(Mr. CHABOT asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. CHABOT. Mr. Speaker, I want to take a moment this morning to make a plea for my colleagues and to the American people. I want to encourage as many of them as possible to join the National Bone Marrow Donor Program.

There is a little boy in my district named Jake Siniawski. Jake is 7 years old, and he is suffering from a blood disorder called Fanconi Anemia. The only hope for a cure for Jake's illness is a bone marrow transplant from a donor with a matching tissue type.

The good people of Cincinnati are sponsoring a marrow typing blood drive at St. Bernard's Church later this month in an effort to help Jake, and, God willing, a compatible donor will be found.

But there are a lot of little Jakes out there, and they need our help. We can increase their chances of survival by participating in the National Marrow Donor Program. All it takes is a simple blood test, and it could help a little boy like Jake Siniawski live a long, healthy and happy life.

SPECIAL ORDERS

The SPEAKER pro tempore (Mr. PEASE). Under the Speaker's announced policy of January 7, 1997, and under a previous order of the House, the following Members will be recognized for 5 minutes each.

ORIGINAL INTENT

The SPEAKER pro tempore. Under the Speaker's announced policy of January 7, 1997, the gentleman from Texas [Mr. PAUL] is recognized for 60 minutes as the designee of the majority leader.

Mr. PAUL. Mr. Speaker, we all know that when we come here to the Congress, the only oath that we take is to the Constitution. Yet I think very often we here in the Congress are careless about the Constitution and that we do many things that do not comply.

A recent article in the New Republic calls attention to this subject and more or less ridicules and downplays the importance of the original intent of the Constitution. Today I would like to discuss that article and reiterate the importance of the Constitution and the reason why we must have the rule of law rather than the rule of man.

The principle of original intent which underpins the Constitution is under serious attack. This is nothing new, but there is now a much more open challenge to this principle than ever before. A case in point is the New Republic article of June 23, 1997, called "Unsound Constitution," where George Fletcher, a Columbia law professor, viciously attacks all Constitutionalists, vicious because he uses modern-day McCarthyism to tie any individual defending the Constitution and its original intend to all Oklahoma City type bombings.

In this very significant article, voicing a strong anticonstitutional viewpoint, Fletcher uses McVeigh to discredit not just the misdirected and ill-advised promoters of violence but the entire American Revolution and the goals set by the Founders.

Failing to consider that McVeigh flaunted property rights and the personal liberties of innocent people, Fletcher nevertheless uses him as an example of a true defender of the U.S. Constitution by using some of McVeigh's quotes. This New Republic's article falsely equates the bombing of innocent people with those who strictly interpret the Constitution, a document which Fletcher describes "is fundamentally wrong."

Professor Fletcher goes to the heart of the matter. He openly attacks the principle that rights are "vested in the people" and claims it was this principle that McVeigh used to justify what he did.

Painting with a very broad brush, Fletcher hopes to dispense with the entire Constitution and its protection of individual and minority rights. If the New Republic, Fletcher, and his allies get away with this preposterous assertion, it will further undermine the principles of individual rights.

Fletcher claims the greatest myth surrounding the Constitution is that the people are sovereign and that sovereign people will inevitably engage in actions like that of Timothy McVeigh. Equally threatening to the "big government" theory is that this concept of sovereignty, with rights being left to the people, would justify jury nullification, a horrible and dangerous thought as far as they are concerned.

Jury nullification allows acquittal when a juror refuses to vote for a conviction for moral, constitutional, or even racial reasons. Yet jury nullification is a tradition of long standing, not only in American law but in the British law as well, dating back to the Magna Carta in 1215 A.D. But Fletcher refers to jury nullification as "obstruction of justice," equivalent to overt sedition against the Government.

Fletcher is consistent and even condemns the black left for endorsing this notion that juries have some type of veto power over bad legislation. Several professors from the left now advise that injury nullification can and should be used in certain cases to repeal unjust laws when they are specifically targeted against African-Americans, such as with drug laws. Obviously, this veto power of the people should be used to nullify unjust laws in general, not just against black Americans.

What the New Republic and Fletcher fail to recognize is that this is a technique that could have been successfully used in the fifties and the sixties in the civil rights struggle, with a lot less violence resulting.

The thought that the people retain enough sovereignty and authority to veto our legislative bodies threatens Fletcher and other "big government" proponents.

The Fully Informed Jury Association, a movement of well known significance today, must be having an impact on our society, or why would we all of a sudden see a systematic attack on this concept?

This attack is not limited to the New Republic. The New York Times has chimed in as well, expressing deep concerns about this dangerous notion that people ultimately have a say about the constitutionality of legislation.

If Fletcher had his way, he would argue that the people's only recourse to bad law is strictly limited to the ballot box, while excluding the jury box. The boldness with which Fletcher attacks the original intent of the Constitution is frightening, but also helpful in getting us to understand exactly what the goal is of the supporters of the new Constitution.

The fundamental flaw in the old Constitution, according to Fletcher, is, "The original Republic, the one for which our forefathers fought face to face, hand to hand, exists only in the minds of academics and fundamentalist patriots. The Republic of 1789 is long gone. It died with 600,000 Americans killed in the Civil War. That conflict decided once and forever that the people and States do not have the power to govern their local lives apart from the Nation as a whole."

He argues that the original Republic died, and deserved to do so, because of its flaw in dealing with slavery. But how can this single admitted flaw be reason to reject all the worthy parts? This is only an excuse to reject the entire concept of the Doctrine of Enumerated Powers and the idea of the rule of law in contrast to the rule of man. And all this is to be accepted as fact because this flaw in the concept of individual rights with regards to slavery supposedly led to the irrational acts of McVeigh.

Fletcher laments the absence of the word "equality" appearing in the Constitution, a word, of course, dear to the hearts of all socialists. Clearly, it is economic equality he is talking about. He complains that in 1789 equality was less important than the fear that a Federal Government might infringe our liberties. What Fletcher does not realize is that the large majority of American people are still fearful of that very same thing.

What actually scares the anticonstitutionalists like Fletcher is, today there is once again a growing number of Americans who fear and distrust the Federal Government and yet do not relate in any way to the McVeighs of the world. His only hope is to discredit the constitutionalists and the entire principle of the Doctrine of Enumerated Powers by slanderous innuendoes, associating them with violence towards innocent victims. Fletcher makes McCarthy look like a saint.

Fletcher boldly now refers to the new Constitution, the one that shapes and guides the National Government, and, unfortunately, in a real sense, I am fearful that he is correct that a new Constitution, or at least the way the original one is treated by Congress, the courts, and the administration, prevails and guides most government action today.

Up until now, it has been subtle and seductive, but the boldness with which Fletcher and the New Republic try to bury the old Constitution should alert us all to what is happening.

Fletcher argues that the notion of organic nationhood replaced the sovereignty of the people. That, I am sure, a lot of Americans were not aware of. And the United States evolved from an elitist republic into a democracy, so he says. Jefferson and Franklin would be shocked. This idea, he claims, was not acceptable by the Founders, since they lived only for the moment.

He talks as if truth and liberty were not meant for the ages. This proposition, he argues, allows "the sustained campaign to convert the elitist Constitution of 1789 into an egalitarian Constitution that bases democratic rule on the majority of all the people," thus endorsing the dictatorship of the majority while destroying the concept of minority rights.

Fletcher clearly here endorses the very flaw, limited as it was, that permitted the acceptance of slavery in the original Constitution and that which he pretends to disavow.

In other words, he rejects the best part of the Constitution and retains the worst part, which permitted slavery, by endorsing the concept of the dictatorship of the majority while failing to protect inalienable and individual rights.

Fletcher's obvious goal is to promote the new Constitution, nationhood, equality and pure democracy, while burying the notion of the Republic, protection of individual liberty, and the rights of the minority. His main goal is to reject the notion that the people ultimately are the guarantors of the Constitution, the bestowers of legitimacy.

His final conclusion is that the States and the people no longer retain rights and powers, thus clearly and forcefully repealing the 9th and 10th amendments. With these gone, the people have no claims to real control over the Government.

What then is left for the people? They are still permitted, as Fletcher says, to be the voters, office holders, and the beneficiaries of legislation.

The theme of this devastating article is that it enforces the idea that Government does not get its power from the consent of the people and makes the citizen a creature of the state, with the Government no longer being a creation of the people through a voluntary social contract.

Fletcher is quite accurate when he admits the original Constitution strictly limited Government power, but subsequent legislation and court rulings, he argues, now permit intervention into the private affairs of citizens. This, of course, has led to the modern day Federal police state where there are tens of thousands of Federal regulations and laws. The administrative courts are now in charge, for the most part, outside of constitutional protections.

It is neither a coincidence nor an accident, as Fletcher brags, that we have arrived and can legalistically defend big government and justify it. He says this necessitates an activist Federal Government committed to preserving equality.

According to Fletcher, the welfare state and the force required to redistribute wealth is, therefore, justified, thus planting the seeds of a totalitarian state, which will come in due time if the course of events are not changed.

Fletcher is quite pleased to show that the new Constitution permits the income tax and all post-Depression welfare programs, and the prevailing theme of the whole article is that anybody who objects is a McVeigh. The concern for illegitimate use of force is absent from his discussion.

Unfortunately, this article speaks for many in government, especially in our courts. But, interestingly enough, it represents one of the very few honest articles arguing very clearly that the old Constitution and the old Republic are archaic and should be buried.

But ignoring the Constitution is not enough. We intellectually and philosophically must now reject it, according to this New Republic's theme, and anyone who disagrees will be guilty by association with those who would use violence against innocent people.

Supporters of the modern day gargantuan state never cared much for the original intent of the Constitution which severely restricts the power of the Federal Government. They are quite aware that the Doctrine of Enumerated Powers prohibits the Federal Government from almost everything it is currently doing.

To undermine the original intent of the Constitution, to limit the Federal Government, promoters of big government knew it would take constitutional amendment, court rulings, and constant legislative action, and even war to accomplish it. It is possible that their task is complete. Is it possible that their task is complete and essentially a new Constitution has now replaced the old? Is this the reason for their boldness?

Many friends of freedom constantly worry that a Constitutional Convention to pass a balanced budget amendment poses a great danger because of the chance that, at such a gathering, the Constitution would be rewritten. Of course, there is no need for a Constitutional Convention, but the fear of losing our rights at one should be replaced with the concern for the changes ongoing with the present one.

If Fletcher is right, the new Constitution is already in place, not a literal one, but the one that we now follow has so radically changed that the Framers' original intent is no longer recognizable nor desirable by many.

Never have I read any article so forthright about the intent of the modern day social reformers. The boldness with which Fletcher buries the old Constitution should cause alarm for anyone interested in the experiment in freedom started in America more than 200 years ago.

By using this, the only significant flaw in the 1789 document, slavery, Fletcher throws out every good thing intended by the Constitution while preserving its one major shortcoming, majoritarianism, that permitted slavery in the first place.

Fletcher's love of the dictatorship of the majority to guarantee economic equality for all, while ignoring the principles of individual liberty, permits him to elevate the flaw which permitted the slavery compromise to the highest plane possible. In doing so, all of the grand elements of the old Constitution are effectively denied.

Getting relief from the oppression of the old Constitution, according to this article, with the Civil War and the subsequent changes thereafter, elevated the National Government, and especially the Federal courts, to a point far superior to the States and the people.

But the New Republic is not alone in expressing grave concern about the growing interests and understanding of injury nullification. It is now more commonly discussed on television and special programs and in newspapers like the New York Times.

A recent court case prompted an appeals court to warn us of the great danger of the fully informed jury and granted more power to judges to curtail this growing phenomenon. It is not only the political right they are concerned about. Minority groups on the left are using jury nullification more frequently than in recent memory.

It is not so much that the opponents of nullification are opposed to the goals of the left; it is that they fear the growing interest in jury nullification in the groups dedicated to the original interpretation of the Constitution may use it successfully. If the old Constitution is dead and the new one is now in place, the last thing they need is to have a bunch of uninhibited citizens expressing themselves through the common law practice of jury nullification.

It is, therefore, in their interests even if it requires attacking the left as well as the right, to stop this movement as quickly as possible. Just because it was part of our history for more than 100 years means nothing. Promoting a powerful state, which includes an authoritarian judiciary and ever present bureaucracy, is of greater importance to them.

This most recent victory for the promoters of the new Constitution, which includes further attack on jury nullification, occurred in the Manhattan Appeals Court in May. In the ruling, the court denounced the practice of jury nullification. Judge Jose Cabrares said to practice jury nullification is a violation of a juror's duty to follow instruction of the court.

The case involved nonviolent drug possession. Although the appeals court permitted the innocent verdict to stand, the court was emphatic that judges do have a right, and an obligation, to investigate a juror's motivation on a vote of acquittal.

Our history shows that this process helped prevent fugitive slaves from being sent back south before the Civil War period. John Peter Zenger, a colonial publicist, was freed by his peers on charges of sedition through this same process.

The practice of jury nullification during the twenties helped force the repeal of alcohol prohibition once the majority of people realized the laws were irrational and abusive.

Liberal black professors from George Washington University and Harvard are now urging jury nullification to promote civil rights in the courts. If this move to urge judges to judge all jurors' motivation is carried out, the process of jury secrecy will be a thing of the past and trial by jury just may be the last chance we have for revoking some of our Federal legislative monstrosities.

Congress has been irresponsible in this regard. The New York Times, May 27, 1997, editorializes, I am sure with mixed feelings, since jury nullification helps the left, strongly in favor of judges removing jurors who might be construed to be judging the wisdom of the law as well as the interpretation of the facts. But the New York Times knows the power of the people could weaken the powers of the Federal Government developed over the past 50 years through this process and literally repeal the interventionist state without waiting for a slow, plodding, and inefficient Congress to do it for them.

This puts fear into the hearts of all "big government" advocates. Can one imagine what might happen if all nonviolent crimes were ignored by jurors? We would suddenly have room in our prisons once again for the rapists, muggers, and murderers.

District attorneys practice a form of jury nullification all the time in deciding frequently not to prosecute certain cases. Grand juries likewise fail to indict for personal or legal reasons, in spite of the facts presented. Many State constitutions still protect the right of the citizens to practice jury nullification.

Jury nullification is not perfect, but permitting it would be an improvement to the current system. Yes, there would be a chance that somebody might be freed for the wrong reason. But ultimately in a free society, sovereignty must remain with the people and not with the dictatorship of the majority or an elitist, powerful government.

There are enough mistakes made today with our jury system, and there is enough danger with a Government that is growing out of control, that jury nullification, something available since 1215 A.D., should be available to the citizens of this country. It could go a long way toward establishing a free society once again in America.

According to Lysander Spooner, a mid-19th-century writer, there are five separate tribunals protecting us from abusive government: The House of Representatives, the Senate, the executive, the courts, and the common law jury. He maintains that all are important but that the ultimate protection of our liberty must be placed in the hands of our peers. His "Essay on the Trial by Jury," 1852, deserves close study by all 20th century students concerned about the future of freedom in America.

John Jay, the first Chief Justice of the Supreme Court, agreed with this principle. In his first jury trial in 1794, Georgia versus Brailsford, he stated: You have nevertheless a right to take upon yourself to judge of both and to determine the law as well as the facts controversy.

Jefferson was in agreement. "To consider judges as the ultimate arbiter of all constitutional questions is a very dangerous doctrine indeed, and one which would place us under the despotism of an oligarchy."

The 20th century, however, has witnessed a serious erosion of this principle. Since 1895, Sparf versus United States, the right of the jury to rule on the justice and constitutionality of the law as well as the facts in the case has been seriously undermined.

Also, the lack of concern and understanding for individual rights has affected jurors, just as it has affected the Representatives, Senators, judges, and Presidents.

Jurors in recent times have been just as guilty of ignoring the principles of equal rights as have our representatives in our legislatures, judiciary, and executive bodies of government. These two factors have greatly diminished the value of the jury in the 20th century.

Those frustrated with changes in the Congress, the executive, and the judiciary, and there is certainly good reason for frustration, must consider educating potential jurors as to the importance of the common law jury and the principles of individual liberty. An awakened citizenry participating in juries around the country could bring about a nonviolent revolution of magnificent proportion, reversing the sad trends of the 20th century.

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The jury today is a weak institution, as are all the other institutions designed to guarantee individual liberty. Proper effort could revitalize the jury and restore it to its rightful place in curtailing the endless growth of an all-powerful government.

Several legal events in the 20th century had to occur for big Government to thrive. The deemphasis of the jury was crucial in the expansive powers of the omnipotent state. Judging the moral intent and the constitutionality of the law is no longer even a consideration of the jury. Today, judges instruct the jury to consider only the facts of the case, and then the judges become the sole arbiter of evidence admissible in court. Because of this, the jury system has become progressively weak over the past 100 years. In addition, judges write into their rulings grand designs for society. Our judiciary bodies have become legislative bodies.

Another problem is that a major part of the judicial system has been removed from the people by placing it in the administrative branch of Government. The agencies of Government have usurped power unimagined by the authors of the Constitution. Administrative justice is a great bureaucracy, independent of the legal judiciary.

Regulations are written yearly by the thousands of pages, read by few and understood by no one. This is done intentionally to intimidate and harass the people. It is used as a political tool for selective prosecution. Regulations can favor certain industries while destroying others and providing great accumulation of wealth for the beneficiaries.

Exemption from prosecution of some companies while others are pursued has destroyed many good industries and companies. Prosecution in the administrative courts requires great sums of money for self-defense. Juries are not available, and one is considered guilty until proven otherwise. Tragically, economic conditions usually prompt a businessman to pay the fine regardless of its unfairness to save legal costs. Fighting the system through political reform is not even a serious consideration. Those who could consider such a struggle are ridiculed as idealistic and unrealistic.

A powerful political action committee and a shrewd lobbyist are today considered the best investments. Since we have lived with massive bureaucracy for over 50 years, most citizens uneducated in the ways of equal justice, equal rights, and freedom, are unaware of any other system. By writing regulations with the force of law and administrative justice, interpretations, and enforcement of these laws, the administrative judiciary rulers have made a mockery of article I, section 1, of the Constitution.

Whether it is in the regular courts or the administrative courts, judges who grew up under the welfare ethic rarely concern themselves with the right to own and control the fruits of one's own labor. The rights of society, as they see it, preclude what they claim is a narrow self-interest: The individual.

Spooner argued eloquently for the right of the jury to pass final judgment on all laws, the moral intent of the law, the constitutionality of the law, the facts of the case, and the moral intent of the accused. Spooner's argument for allowing such responsibility to rest with the accused peers is that delegating responsibility only to the Representatives in Washington was fraught with danger. He was convinced that all government officials were untrustworthy and susceptible to bribery and that removal of our elected Representatives in the next election was not sufficient to protect the people from unwise and meddling legislation.

If we had heeded the admonitions of Lysander Spooner, we would not be faced with this crisis. Spooner began his essay on "Trial by Jury" by clearly stating the importance of the jury's responsibility to judge the law as well as the facts in the case.

Quoting, "For more than 600 years, that is since the Magna Carta, in 1215, there has been no clearer principle of English or American constitutional law than that in criminal cases. It is not only the right and duty of jurors to judge what are the facts, what is the law, and what was the moral intent of the accused, but it is also their right and their primary and paramount duty to judge the justice of the law and to hold all laws invalid that are, in their opinion, unjust or oppressive, and all persons guiltless in violating or resisting the execution of such laws," closed quote.

If a law is assumed to be correct constitutionally and morally merely because it is a law written by our chosen Representatives, Spooner argued that Government can give itself dictatorial powers, and that is exactly what has happened with the massive powers delegated to the President under the Emergency Powers Act: Power sitting there to be grabbed and used at the hint of a crisis.

Spooner saw the jury as the last guard against such usurpation of the people's rights. Sadly, that protection is just about gone. The citizens of this country ought to restore the principle of trial by jury to its rightful place of importance. It could go a long way in reducing the burden of Government now consuming more than half the energy of each working American.

The time has come to stop the systematic attack on individual liberty pervasive throughout the 20th century. The Constitution must prevail. If we in the Congress fail to abide by the original intent of the Constitution, the last hope will remain with the people and the jurors.

ADJOURNMENT

Mr. PAUL. Mr. Speaker, pursuant to House Concurrent Resolution 136, 105th Congress, I move that the House do now adjourn.

The motion was agreed to.

The SPEAKER pro tempore (Mr. PEASE). Pursuant to the provisions of House Concurrent Resolution 136 of the 105th Congress, the House stands adjourned until noon on Wednesday, September 3, 1997.

Thereupon (at 9 o'clock and 36 minutes a.m.), pursuant to House Concurrent Resolution 136, the House adjourned until Wednesday, September 3, 1997, at 12 noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

4521. A letter from the Director, Office of Thrift Supervision, transmitting the 1996 annual report on enforcement actions and initiatives, pursuant to 12 U.S.C. 1833; to the Committee on Banking and Financial Services.

4522. A letter from the General Counsel, Department of Transportation, transmitting the Department's final rule—Federal Motor Vehicle Theft Prevention Standard; Final Listing of Model Year 1998 High-Theft Vehicle Lines [Docket No. 97–038; Notice 01] (RIN: 2127–AG71) received July 28, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Commerce.

4523. A letter from the Deputy Secretary, Securities and Exchange Commission, transmitting the Commission's final rules—Phase Two Recommendations of Task Force on Disclosure Simplification: Recent Sales of Unregistered Securities (Item 701 of Reg. S–B) (RIN: 3235–AG80.1), Recent Sales of Unregistered Securities (Item 701 of Reg. S–K) (RIN: 3235–AG80.2), Requirements as to Proper Form (Rule 401) (RIN: 3235–AG80.3), Preparation of Registration Statement (Rule 404) (RIN: 3235–AG80.4), Filing of Prospectuses, Number of Copies (Rule 424) (RIN: 3235–AG80.5), Immediate Effectiveness of Certain Registration Statements and Post-Effective Amendments (Rule 462) (RIN: 3235–AG80.6), Report of Offering of Securities and Use of Proceeds Therefrom (Rule 463) (RIN: 3235–AG80.7), Filing of Investment Company Prospectuses—Number of Copies (Rule 497) (RIN: 3235–AG80.8), Mandated Electronic Submissions and Exemptions (Rule 101(c)(5)) (RIN: 3235–AG80.9), Notice of Sales of Securities Under Reg. D and Section 4(6) of the Securities Act (Form D) (RIN: 3235–AG80.10), Optional Form for the Registration of Securities to be Sold to the Public by Certain Small Business Issuers (Form SB–1) (RIN: 3235–AG80.11), Optional Form for the Registration of Securities to be Sold to the Public by Small Business Issuers (Form SB–2) (RIN: 3235–AG80.12), Registration Statement of Securities Act (Form S–1) (RIN: 3235–AG80.13), Registration Under the Securities Act of Securities of Certain Issuers (Form S–2) (RIN: 3235–AG80.14), Registration Under the Securities Act of Securities of Certain Issuers Offered Pursuant to Certain Types of Transactions (Form S–3) (RIN: 3235–AG80.15), Registration Under the Securities Act of Securities of Certain Real Estate Companies (Form S–11) (RIN: 3235–AG80.16), Registration of Securities Issued in Business Combinations (Form S–4) (RIN: 3235–AG80.17), Registration Statement Under the Securities Act for Securities of Certain Foreign Private Issuers (Form F–1) (RIN: 3235–AG80.18), Registration Under the Securities Act for Securities of Certain Foreign Private Issuers (Form F–2) (RIN: 3235–AG80.19), Registration of Securities of Foreign Private Issuers Issued in Certain Business Combination Transactions (Form F–4) (RIN: 3235–AG80.20), Report of Sales of Securities and Use of Proceeds Therefrom (Form SR) (RIN: 3235–AG80.21), Annual Reports of Predecessors (Rule 13a–2) (RIN: 3235–AG80.22), Registration of Securities of Certain Successor Issuers Pursuant to Section 12(b) or (g) of the Exchange Act (Form 8–B) (RIN: 3235–AG80.23), Exemption of Depository Shares (Rule 12a–8) (RIN: 3235–AG80.24), Effectiveness of Registration (Rule 12d1–2) (RIN: 3235–AG80.25), Registration of Securities of Successor Issuers (Rule 12g–3) (RIN: 3235–AG80.26), Requirements of Annual Reports (Rule 13a–1) (RIN: 3235–AG80.27), Reports for Depository Shares Registered on Form F–6 (Rule 15d–3) (RIN: 3235–AG80.28), Reporting by Successor Issuers (Rule 15d–5) (RIN: 3235–AG80.29), Registration of Certain Classes of Securities Pursuant to Section 12(b) or (g) of Exchange Act (Form 8–A) (RIN: 3235–AG80.30), General Form for Registration of Securities Pursuant to Section 12(b) or (g) of the Exchange Act (Form 10) (RIN: 3235–AG80.31), Registration of Securities of Foreign Private Issuers Pursuant to Section 12(b) or (g) and Annual and Transition Reports Pursuant to Sections 13 and 15(d) (Form 20–F) (RIN: 3235–AG80.32), Quarterly and Transition Reports Under Section 13 or 15(d) of the Exchange Act (Form 10–Q) (RIN: 3235–AG80.33), Optional Form for Quarterly and Transition Reports of Small Business Issuers Under Section 13 or 15(d) of the Exchange Act (Form 10–QSB) (RIN: 3235–AG80.34), Annual and Transition Reports Pursuant to Sections 13 or 15(d) of the Exchange Act (Form 10–K) (RIN: 3235–AG80.35), Optional Form for Annual and Transition Reports of Small Business Issuers Under Sections 13 or 15(d) of the Exchange Act (Form 10–KSB) (RIN: 3235–AG80.36); to the Committee on Commerce.

4524. A letter from the Deputy Secretary, Securities and Exchange Commission, transmitting the Commission's "Major" final rule—Exemption for the Acquisition of Securities During the Existance of An Underwriting or Selling Syndicate [Release Nos. IC– 22775, IS–1095; File No. S7–7–96] (RIN: 3235–AG61) received August 1, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Commerce.

4525. A letter from the Acting Director, Defense Security Assistance Agency, transmitting a copy of Transmittal No. 09–97 for a cooperative agreement with Italy and Germany to upgrade the HARM missile, pursuant to 22 U.S.C. 2767(f); to the Committee on International Relations.

4526. A letter from the Chief Counsel, Office of Foreign Assets Control, Department of the Treasury, transmitting the Department's final rule—Iranian Transactions Regulations: Performance on Awards; Certain Legal Services [31 CFR Part 560] received July 30, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on International Relations.

4527. A letter from the Chief Counsel, Office of Foreign Assets Control, Department of the Treasury, transmitting the Department's final rule—Blocked Persons, Specially Designated Nationals, Specially Designated Terrorists, Specially Designated Narcotics Traffickers, and Blocked Vessels: Additional Designations and Removal of Two Individuals [31 CFR Chapter V] received July 30, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on International Relations.

4528. A letter from the Assistant Secretary for Legislative Affairs, Department of State, transmitting the Department's final rule—Schedule of Fees for Consular services, Department of State and overseas embassies and consulates, Diversity Visa LOTtery Fee (Bureau of Consular Affairs) [22 CFR Part 22] received July 28, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on International Relations.

4529. A letter from the Employee Benefits Manager, AgFirst Farm Credit Bank, transmitting the annual report of the Independent Associations' Retirement Plan for the plan year January 1, 1996 through December 31, 1996, pursuant to 31 U.S.C. 9503(a)(1)(B); to the Committee on Government Reform and Oversight.

4530. A letter from the Acting Comptroller General, General Accounting Office, transmitting a report on General Accounting Office employees detailed to Congressional committees as of July 18, 1997, pursuant to Public Law 101—520; to the Committee on Government Reform and Oversight.

4531. A letter from the Director, Office of Insular Affairs, Department of the Interior, transmitting the third annual report on the Federal-CNMI Initiative on Labor, Immigration, and Law Enforcement in the Commonwealth of the Northern Mariana Islands; to the Committee on Resources.

4532. A letter from the Acting Assistant Secretary, Land and Minerals Management, Department of the Interior, transmitting the Department's final rule—Designation of Payor RECORDkeeping (Minerals Management Service) (RIN: 1010–AC38) received August 1, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Resources.

4533. A letter from the Acting Director, Office of Sustainable Fisheries, National Oceanic and Atmospheric Administration, transmitting the Administration's final rule—Fisheries of the Exclusive Economic Zone Off Alaska; "Other Rockfish" Species Group in the Central Regulatory Area of the Gulf of Alaska [Docket No. 961126334–7052–02; I.D. 072397C] received July 30, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Resources.

4534. A letter from the Acting Director, Office of Sustainable Fisheries, National Oceanic and Atmospheric Administration, transmitting the Administration's final rule—Fisheries of the Exclusive Economic Zone Off Alaska; "Other Rockfish" Species Group in the Western Regulatory Area of the Gulf of Alaska [Docket No. 961126334–7052–02; I.D. 072397A] received July 30, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Resources.

4535. A letter from the Acting Director, Office of Sustainable Fisheries, National Oceanic and Atmospheric Asministration, transmitting the Administration's final rule—Fisheries of the Exclusive Economic Zone Off Alaska; Species in the Rock Sole/Flathead Sole/"Other Flatfish" Fishery Category by Vessels Using Trawl Gear in Bering Sea and Aleutian Islands [Docket No. 961107312–7012–02; I.D. 072597A] received July 30, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Resources.

4536. A letter from the Assistant Attorney General, Department of Justice, transmitting a draft of proposed legislation to amend the Privacy Protection Act of 1980; to the Committee on the Judiciary.

4537. A letter from the Assistant Attorney General, Department of Justice, transmitting the Department's final rule—Classified National Security Information and Access to Classified Information [A.G. Order No. 2091–97] received July 22, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on the Judiciary.

4538. A letter from the Administrator, Farm Service Agency, transmitting the Agency's final rule—Handling Payments from the Farm Service Agency (FSA) to Delinquent FSA Farm Loan Program Borrowers (RIN: 0560–AE93) received July 31, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on the Judiciary.

4539. A letter from the Chairman, International Trade Commission, transmitting the Commission's final rule—Debt Collection——Procedural Rules for Salary Offset, Administrative Offset, and Tax Refund Offset [19 CFR Part 201] received July 18, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on the Judiciary.

4540. A letter from the General Counsel, Department of Transportation, transmitting the Department's final rule—Liquefied Natural Gas Regulations— Miscellaneous Amendments (Research and Special Programs Administration) [Docket No. PS–151; Amdt. 193–14] (RIN: 2137–AC88) received July 31, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

4541. A letter from the Assistant Attorney General, Department of Justice, transmitting the Department's final rule—Determination of Situations that Demonstrate a Substantial Connection Between Battery or Extreme Cruelty and Need for Specific Public Benefits [AG Order No. xx-97] received July 25, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Ways and Means.

4542. A letter from the Chief, Regulations Unit, Internal Revenue Service, transmitting the Service's final rule—Changes in accounting periods and in methods of accounting [Rev. Proc. 97–38] received July 31, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Ways and Means.

4543. A letter from the Chief, Regulations Unit, Internal Revenue Service, transmitting the Service's final rule—Changes in accounting periods and in methods of accounting [Rev. Proc. 97–39] received July 31, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Ways and Means.

4544. A letter from the Chief, Regulations Unit, Internal Revenue Service, transmitting the Service's final rule—Changes in accounting periods and in methods of accounting [Rev. Proc. 97–35] received July 31, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Ways and Means.

4545. A letter from the Chief, Regulations Unit, Internal Revenue Service, transmitting the Service's final rule—Changes in accounting periods and in methods of accounting [Rev. Proc. 97–36] received July 31, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Ways and Means.

4546. A letter from the Chief, Regulations Unit, Internal Revenue Service, transmitting the Service's final rule—Changes in accounting periods and in methods of accounting [Rev. Proc. 97–37] received July 31, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Ways and Means.

4547. A letter from the Chief, Regulations Unit, Internal Revenue Service, transmitting the Service's final rule—Examination of returns and claims for refund, credit or abatement; determination of correct tax liability [Rev. Proc. 97–40] received July 30, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Ways and Means.

4548. A letter from the Secretary of Defense, transmitting a report on the incentives and personnel actions available to the Department of Defense for encouraging excellence in the management of defense acquisition programs, pursuant to Public Law 103—355; jointly to the Committees on National Security and Government Reform and Oversight.

4549. A letter from the Administrator, Small Business Administration, transmitting a draft of proposed legislation to implement the President's FY 1998 Budget to shift a greater portion of the administrative costs of SBA programs from the general taxpayer to program beneficiaries; jointly to the Committees on Small Business and Science.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

[The following report was filed on July 30 (Legislative day of July 29), 1997]

Mr. KASICH: Committee of Conference. Conference report on H.R. 2015. A bill to provide for reconciliation pursuant to subsections (b)(1) and (c) of section 105 of the concurrent resolution on the budget for fiscal year 1998 (Rept. 105–217). Ordered to be printed.

[Submitted August 1, 1997]

Mr. SHUSTER: Committee on Transportation and Infrastructure. H.R. 2207. A bill to amend the Federal Water Pollution Control Act concerning a proposal to construct a deep ocean outfall off the coast of Mayaguez, PR; with an amendment (Rept. 105–237). Referred to the Committee of the Whole House on the State of the Union.

Mr. SENSENBRENNER: Committee on Science. H.R. 2249. A bill to authorize appropriations for carrying out the Earthquake Hazards Reduction Act of 1977 for fiscal years 1998 and 1999, and for other purposes (Rept. 105–238, Pt. 1). Referred to the Committee of the Whole House on the State of the Union.

Mr. SENSENBRENNER: Committee on Science. H.R. 922. A bill to prohibit the expenditure of Federal funds to conduct or support research on the cloning of humans; with an amendment (Rept. 105–239, Pt. 1). Ordered to be printed.

TIME LIMITATION OF REFERRED BILL

Pursuant to clause 5 of rule X the following action was taken by the Speaker:

[The following action occurred on July 30, 1997]

H.R. 695. Referral to the Committee on Intelligence (Permanent Select) extended for a period ending not later than September 12, 1997.

[The following action occurred on July 31, 1997]

H.R. 695. Referral to the Committee on National Security extended for a period ending not later than September 12, 1997.

PUBLIC BILLS AND RESOLUTIONS

Under clause 5 of rule X and clause 4 of rule XXII, public bills and resolutions were introduced and severally referred, as follows:

By Mr. GINGRICH (for himself, Mr. ARMEY, Mr. DELAY, Mr. SOLOMON, Mr. LIVINGSTON, Mr. ARCHER, Mr. THOMAS, Ms. DUNN of Washington, Mr. BOEHNER, Mr. MCINTOSH, Mr. LINDER, Ms. PRYCE of Ohio, Mr. CRAPO, Mr. BLILEY, Mr. PICKERING, Mr. INGLIS of South Carolina, Mr. TALENT, Mr. NUSSLE, Ms. GRANGER, Mr. CRANE, Mr. COLLINS, Mr. CHRISTENSEN, Mr. BUNNING of Kentucky, Mr. HAYWORTH, Mr. HERGER, Mr. SAM JOHNSON, Mr. WELLER, Mr. ENSIGN, Mr. GOODLING, Mr. HOEKSTRA, Mr. RIGGS, Mr. BALLENGER, Mr. GREENWOOD, Mr. NORWOOD, Mr. PAUL, Mr. PETERSON of Pennsylvania, Mr. SOUDER, Mr. PARKER, Mr. BURTON of Indiana, Mr. ROHRABACHER, Mr. COBURN, Mr. MILLER of Florida, Mr. MANZULLO, Mr. CHAMBLISS, Mr. GIBBONS, Mr. RILEY, Mr. SNOWBARGER, Mr. BARTLETT of Maryland, Mrs.

FOWLER, Mr. STEARNS, Mr. CHABOT, Mr. NEUMANN, Mr. HEFLEY, Mr. HILL, Mr. PITTS, Mr. RYUN, Mr. ROGAN, Mr. BARTON of Texas, Mr. SUNUNU, Mr. FLAKE, Mr. HUNTER, Mr. GRAHAM, Mrs. EMERSON, Mr. KNOLLENBERG, Mr. POMBO, Mr. LIPINSKI, Mr. WELDON of Florida, Mr. HULSHOF, Mr. HASTINGS of Washington, Mr. BARR of Georgia, Mr. SHAYS, and Mr. PAPPAS):

H.R. 2373. A bill to amend the Internal Revenue Code of 1986 to allow taxfree expenditures from education individual retirement accounts for elementary and secondary school expenses and to increase the maximum annnual amount of contributions to such accounts; to the Committee on Ways and Means.

By Mrs. LOWEY (for herself, Ms. DELAURO, and Mr. SHAYS):

H.R. 2374. A bill to amend the Federal Water Pollution Control Act to provide special funding to States for implementation of national estuary conservation and and management plans, and for other purposes; to the Committee on Transportation and Infrastructure.

By Mr. RANGEL:

H.R. 2375. A bill to designate the headquaters building of the Department of Housing and Urban Development in Washington, DC, as the Robert C. Weaver Federal Building; to the Committee on Transportation and Infrastructure.

By Mr. SAXTON (for himself and Mr. ABERCROMBIE):

H.R. 2376. A bill to reauthorize and amend the National Fish and Wildlife Foundation Establishment Act; to the Committee on Resources.

By Mr. SMITH of Oregon (for himself, Mr. CHAMBLISS, Mr. POMBO, Mr. BOEHNER, Mr. BISHOP, Mr. GALLEGLY, Mr. DREIER, Mr. SOLOMON, Mr. PAXON, Mr. PARKER, Mr. RADANOVICH, Mr. HASTINGS of Washington, Mr. LATOURETTE, Mr. LEWIS of Kentucky, Mr. DOOLITTLE, Mr. WHITFIELD, Mr. NORWOOD, Mr. HILLEARY, Mr. BONO, and Mr. COMBEST):

H.R. 2377. A bill to amend the Immigration and Nationality Act to establish a 24-month pilot program permitting certain aliens to be admitted into the United States to provide temporary or seasonal agricultural services pursuant to a labor condition attestation; to the Committee on the Judiciary, and in addition to the Committees on Agriculture, Ways and Means, and Commerce, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.

By Mrs. TAUSCHER (for herself, Mr. FROST, Mrs. KELLY, Mr. HOLDEN, Mr. HINOJOSA, Mr. SNYDER, Mrs. MEEK of Florida, Mr. STENHOLM, Mr. SISISKY, Ms. FURSE, Mr. BROWN of California, Mr. ROHRABACHER, Mr. CUNNINGHAM, Mr. ABERCROMBIE, Ms. DELAURO, Mr. SMITH of Texas, Ms. BROWN of Florida, Ms. EDDIE BERNICE JOHNSON of Texas, Mr. BARTON of Texas, and Mr. LIPINSKI):

H. Con. Res. 141. Concurrent resolution to commend the bravery and honor of the citizens of Remy, France, for their actions with respect to Lt. Houston Braly and to recognize the efforts of the 364th Fighter Group to raise funds to restore the stained glass windows of a church in Remy; to the Committee on International Relations.

By Mr. PEASE:

H. Res. 213. Resolution designating majority membership on certain standing committees of the House; considered and agreed to.

By Mr. GOODLING (for himself, Mr. BOEHNER, Mr. PETRI, Mr. OWENS, Mr. BALLENGER, Mr. BARRETT of Nebraska, Mr. HOEKSTRA, Mr. MCKEON, Mr. SAM JOHNSON, Mr. GREENWOOD, Mr. GRAHAM, Mr. MCINTOSH, Mr. NORWOOD, Mr. PAUL, Mr. BOB SCHAFFER, Mr. PETERSON of Pennsylvania, Mr. DEAL of Georgia, Mr. HILLEARY, Mr. SCARBOROUGH, Mr. GOODE, Mr. HEFLEY, Mr. KINGSTON, and Mr. CHAMBLISS):

H. Res. 214. Resolution expressing the sense of the House of Representatives that the Department of Education should suspend any and all planning, development, implementation, or administration of any national testing proposal in reading, mathematics, or any other subject area until Congress provides specific, explicit statutory authority; to the Committee on Education and the Workforce.

By Mr. RANGEL:

H. Res. 215. Resolution recognizing the successful struggle of the people of Jamaica for their nation's independence; to the Committee on International Relations.

By Mr. RANGEL:

H. Res. 216. Resolution expressing the sense of Congress with respect to Marcus Garvey; to the Committee on the Judiciary.

MEMORIALS

Under clause 4 of rule XXII, memorials were presented and referred as follows:

174. The SPEAKER presented a memorial of the Senate of the State of Louisiana, relative to Senate Concurrent Resolution No. 158 memorializing the Congress of the United States to approve the settlement agreement reached with the tobacco industry by the attorney generals of the various states and authorizes the United States Food and Drug Administration to adopt regulations to protect our children from tobacco marketing and access; to the Committee on Commerce.

175. Also, a memorial of the Senate of the State of Louisiana, relative to Senate Concurrent Resolution No. 89 memorializing Congress to request the Environmental Protection Agency to grant an exemption relative to the painting of the Crescent City Connection which would limit the requirements for the removal and capture of residue from previous paint coatings during the painting procedure; to the Committee on Commerce.

176. Also, a memorial of the Legislature of the State of California, relative to Assembly Joint Resolution No. 24 recognizing the significance of African-American and other black music to global culture, and the positive impact of this art form on global commerce, would designate the month of June as Black Music Month throughout the State of California, and would call upon the people of the state to study, reflect on, and celebrate the majesty, vitality, and importance of African-American and other black music; to the Committee on Government Reform and Oversight.

177. Also, a memorial of the Senate of the State of Louisiana, relative to Senate Concurrent Resolution No. 25 memorializing the Congress of the United States to adopt an amendment to the Constitution of the United States to provide each citizen with a constitutional right to a clean and healthful environment and protection of our other natural resources; to the Committee on the Judiciary.

178. Also, a memorial of the Senate of the State of Louisiana, relative to Senate Concurrent Resolution No. 77 memorializing the Congress of the United States to revise the federal highway funding formulas to ensure that Louisiana gets its fair share of federal highway funds; to the Committee on Transportation and Infrastructure.

179. Also, a memorial of the Senate of the State of Louisiana, relative to Senate Concurrent Resolution No. 35 memorializing the United States Congress to amend federal statutes 46 U.S.C. 11108 and 11109, otherwise known as Seaman Protection and Relief Act, to remove the prohibition against states from withholding income tax from wages due or accruing to a master or seaman and the attachment of wages for tax payments; to the Committee on Transportation and Infrastructure.

180. Also, a memorial of the Senate of the State of Louisiana, relative to Senate Concurrent Resolution No. 98 memorializing the Congress of the United States to examine formulas and to consider using risk factors in determining how to distribute section 130 highway dollars to the states for rail safety purposes; to the Committee on Transportation and Infrastructure.

181. Also, a memorial of the House of Representatives of the State of New Hampshire, relative to House Joint Resolution 2 urging the members of Congress to support and pass the Family Forestland Preservation Tax Act; to the Committee on Ways and Means.

182. Also, a memorial of the Senate of the State of Louisiana, relative to Senate Concurrent Resolution No. 21 memorializing the Congress of the United States to enact legislation allowing the employees of the Lafourche Basin Levee District to opt-out of the Social Security System and to join the Louisiana State Employees' Retirement System, effective January 1, 1998; to the Committee on Ways and Means.

ADDITIONAL SPONSORS

Under clause 4 of rule XXII, sponsors were added to public bills and resolutions as follows:

H.R. 483: Ms. FURSE.

H.R. 536: Mr. PASCRELL.

H.R. 715: Mr. FAWELL.

H.R. 981: Mr. ROTHMAN and Mr. OWENS.

H.R. 982: Mr. ENGEL.

H.R. 1063: Mr. GILCHREST.

H.R. 1078: Mr. BONIOR and Mr. EVANS.

H.R. 1111: Mr. SAWYER, Mr. DELAHUNT, Mr. MANTON, Ms. VELÁZQUEZ, Mr. LATOURETTE, Mr. GUTIERREZ, Mr. PASTOR, Mr. HINOJOSA, Ms. ROYBAL-ALLARD, Mr. TORRES, Ms. NORTON, Ms. WATERS, Mr. SERRANO, Mr. CONYERS, Mr. FALEOMAVAEGA, Mr. WAXMAN, Mr. PAYNE, Mr. RAHALL, Mr. HASTINGS of Florida, Mr. FARR of California, Ms. JACKSON-LEE, and Mr. ENGEL.

H.R. 1173: Mr. TORRES, Mr. DEUTSCH, Mr. ANDREWS, Mr. KUCINICH, and Mr. ENGEL.

H.R. 1283: Mr. FARR of California and Mr. CRAMER.

H.R. 1586: Mr. FILNER, Mr. SANDERS, Mrs. MALONEY of New York, Mr. MILLER OF CALIFORNIA, Ms. LOFGREN, Mr. EVANS, and Mr. STARK.

H.R. 1635: Mr. ACKERMAN, Mr. BERMAN, Mr. COYNE, Mr. FARR of California, Mr. GORDON, Ms. KAPTUR, Mr. KING, Mr. REYES, Ms. RIVERS, Mr. SHIMKUS, Mr. TIERNEY, Mr. SNYDER, Mr. SERRANO, and Mr. VENTO.

H.R. 1850: Ms. FURSE and Ms. HOOLEY of Oregon.

H.R. 1870: Ms. SLAUGHTER.

H.R. 1946: Mr. KUCINICH.

H.R. 1984: Mr. TIAHRT and Mr. SAM JOHNSON.

H.R. 2063: Mrs. MORELLA.

H.R. 2064: Mr. EDWARDS.

H.R. 2140: Mr. DEUTSCH.

H.R. 2317: Ms. WOOLSEY.

H. Con. Res. 116: Mr. PORTER.

H. Res. 166: Mr. CALVERT.

EXTENSIONS OF REMARKS

HONORING THE PRESIDENTIAL MANAGEMENT ALUMNI GROUP

HON. STENY H. HOYER

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 31, 1997

Mr. HOYER. Mr. Speaker, I rise today to pay tribute to the 20th anniversary of the Presidential Management Intern Program [PMI]. On August 25, 1977, by Executive order, President Jimmy Carter introduced and implemented this effective and constructive program, to encourage the best and brightest into public service.

Mr. Speaker, the Presidential Management Intern Programs have a mission to help build the character and credentials of our citizens. The Presidential Management Intern Program's goal is to "Attract to Federal service men and women of exceptional management potential who have received special training in planning and managing public programs and policies."

Although the requirements are strenuous, the lessons learned through this program compel individuals to reach beyond themselves and touch the lives of others. The selection process requires the recipients to have pursued a course of study oriented toward public management at a graduate level. The final selection of interns is made by the head of the government, agency, or component within the Executive Office of the President in which the intern is to be employed. No more than 500 interns can be actively engaged at one time. However, interns who display exceptional aptitude and attitude may be granted competitive Civil Service status.

Mr. Speaker, what is impressive is that over 3,500 individuals have served as Presidential management interns. Even more astounding is that nearly 50 percent remain employed with the Federal Government today. It has been said "That the apple doesn't fall far from the tree." The truth to this quote is that the Presidential Management Intern Program is rooted in wholesome, educational opportunities. This program has promoted and produced opened doors for thousands of ambitious and bright individuals who may have never witnessed the privilege of public service. Today, Presidential management interns are active in all three branches of Government, ranging from the House of Representatives to the White House.

Mr. Speaker, it is programs like PMI which enhance, encourage, and empower the full potential embedded in the lives of people like these.

When we labor in the life of another our hours are never spent in vain but valiantly invested in tomorrow's leaders.

Mr. Speaker, and colleagues, please join with me in wishing the Presidential Management Intern Program continued success and congratulations on their two decades of helping young leaders reach their fullest potential.

PERSONAL EXPLANATION

HON. MICHAEL P. FORBES

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 31, 1997

Mr. FORBES. Mr. Speaker, on Monday, July 28, Tuesday, July 29, and Wednesday, July 30, I appreciated being granted excused absences due to a death in my family. Due to that absence, I missed several rollcall votes.

Had I not been unavoidably absent on Monday, July 28, I would have voted in the following manner on H.R. 2209, the fiscal year 1998 Legislative Branch Appropriations Act:

Aye on rollcall vote No. 335, on making appropriations for the Legislative Branch for the fiscal year ending September 30, 1998, and for other purposes;

Nay on rollcall vote No. 334, on a motion to recommit with instructions;

Aye on rollcall vote No. 333, on agreeing to the Klug amendment to reduce the number of full-time personnel in the Government Printing Office by 10 percent;

Nay on rollcall vote No. 332, on agreeing to the Fazio amendment to reduce the funds appropriated in the bill for the Joint Tax Committee by $238,000, maintaining the current funding level for the committee.

Had I not been unavoidably absent on Tuesday, July 29, I would have voted:

Aye on rollcall vote No. 340, on Mr. JONES' motion to suspend the rules and pass H.R. 1348, the Expanded War Crimes Act, amending United States Code, title 18, relating to war crimes.

Aye on rollcall vote No. 339, on Mr. BARCIA's motion to suspend the rules and agree to House Concurrent Resolution 75, expressing the sense of Congress regarding States' efforts against repeat criminals; that States should work more aggressively to attack the problem of violent crimes committed by repeat offenders and criminals serving abbreviated sentences.

Also on Tuesday, July 29, I would have voted in the following manner on H.R. 2266, the fiscal year 1998 Department of Defense Appropriations Act:

Aye on rollcall vote No. 338, on making appropriations for the Department of Defense for the fiscal year ending September 30, 1998, and for other purposes.

Nay on rollcall vote No. 337, on agreeing to the amendment to reduce the overall amount of funds appropriated in the bill by $4.3 billion.

Nay on rollcall vote No. 336, on agreeing to the Obey amendment to eliminate the $331 million appropriation in the bill to begin advanced procurement of an additional 9 B–2 bombers; and transferring the funds to other procurement accounts, the Army Breast Cancer Research Program and applying the balance to deficit reduction.

Had I not been unavoidably absent on Wednesday, July 30, I would have voted:

Aye on rollcall vote No. 348, on House Concurrent Resolution 133, on agreeing to the resolution expressing the sense of the Congress regarding the terrorist bombing in the Jerusalem market on July 30, 1997.

Nay on rollcall vote No. 347, H.R. 2159, on agreeing to the Paul amendment to strike all the funds in title I of the bill which essentially eliminates all funding for export and investment assistance.

Aye on rollcall vote No. 345, H.R. 2015, the Balanced Budget Act Conference Report, on agreeing to the conference report providing for reconciliation pursuant to subsections (b)(1) and (c) of section 105 of the concurrent resolution on the budget for fiscal year 1998.

Aye on rollcall vote No. 343, House Resolution 202, on ordering the previous question; waiving points of order against the conference report to accompany the bill (H.R. 2015) to provide for reconciliation pursuant to subsections (b)(1) and (c) of section 105 of the concurrent resolution on the budget for fiscal year 1998.

Aye on rollcall vote No. 342, on House Resolution 201, on agreeing to the resolution waiving a requirement of clause 4(b) of rule XI with respect to consideration of certain resolutions reported from the Committee on Rules.

Aye on rollcall vote No. 341, on House Resolution 201, on ordering the previous waiving a requirement of clause 4(b) of rule XI with respect to consideration of certain resolutions reported from the Committee on Rules.

INTRODUCTION OF THE ACID DEPOSITION CONTROL ACT OF 1997

HON. GERALD B.H. SOLOMON

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 31, 1997

Mr. SOLOMON. Mr. Speaker, today I am introducing legislation to fight acid rain and air pollution. This legislation will build on the Clean Air Act and the provisions dealing with the pollutants most responsible for acid rain. I am pleased to have the support of Congressman JOHN MCHUGH in this legislation as well as Senator D'AMATO and Senator MOYNIHAN who will be introducing the identical legislation in the Senate.

Although we've made tremendous progress in cutting down on pollution through the original Clean Air Act, it hasn't been enough in cutting the pollution responsible for acid rain and excessive air contamination we suffer from in New York. The forests and waterways of the Hudson Valley and the Adirondacks have become a dumping ground for this pollution and will be destroyed if we don't do something to stop it. As an outdoorsman and lifelong resident of this beautiful region, I'm not going to stand by and watch our area be destroyed.

● This "bullet" symbol identifies statements or insertions which are not spoken by a Member of the Senate on the floor.

Matter set in this typeface indicates words inserted or appended, rather than spoken, by a Member of the House on the floor.

This legislation, entitled the Acid Deposition Control Act of 1997, focuses on further reductions in the emissions of nitrogen oxide [NO_x] and sulfur dioxide [SO_2], the two primary components of acid rain. Sulfur dioxide emissions have been declining under the emissions cap currently in place, but not fast enough for environmentally sensitive areas like the Adirondack Mountains and the Hudson Valley. This bill would cut the amount of SO_2 emitted in half in 2003 so dirty power plants won't be able to continue business-as-usual and get around pollution restrictions.

But even more important, this proposal finally takes on dangerous nitrogen oxide emissions. The Clean Air Act as it stands virtually ignores nitrogen oxides which in many ways is the most dangerous pollutant because of its devastating contributions to acid rain and also ozone pollution which can cause significant health risks for people suffering from respiratory problems like asthma.

This bill creates a market-based cap and trade system for NO_x emissions similar to that already in place under the Clean Air Act of 1990 that regulates SO_2. Under such a trading system, States are given pollution allowances directly related to the percent of power the utilities in their state produce. The state then divides up these allowances to each utility in whatever manner they choose. The system provides incentives for utilities to produce less pollution than alloted because they can sell extra allowances to other utilities. However, if a utility exceeds its emission allowances, even after buying additional credits, they will be subject to serious financial penalty.

Another important provision dealing with NO_x emissions seeks to cut these emissions at the most dangerous point of the year for many elderly and children afflicted with respiratory problems. The bill cuts in half the NO_x allowance during the summer months of May, June, July, August, and September when the heat and sunshine combine with NO_x and other pollutants to create hazardous ozone pollution.

I am pleased with the support this legislation has already received from many environmental organizations and industry groups. I also look forward to working with all of the New York delegation in the House and Senate as well as my fellow Members of Congress that are serious about reducing pollution in this country. I urge all my colleagues to cosponsor this legislation and become committed to this cause. It's time for all of us to get together to fight against acid rain and for the health of our citizens and the health of our vital natural resources.

CONGRATULATIONS ON 50 YEARS OF SUCCESS

HON. DONALD M. PAYNE

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 31, 1997

Mr. PAYNE. Mr. Speaker, I rise today to recognize the owners and employees of the Federal Bronze Casting Industries, Inc. of Newark, NJ, and the Fox Hills Industries, Inc., of Huntington Beach, CA, for over 50 years of service and dedication to their communities.

These companies are strong, small businesses which produce mainly bronze sand castings, but also work with other alloys such as aluminum and brass. Their membership in the Non-Ferrous Founders' Society, the association for nonferrous foundries, is a visible indication to their customers, as well as other industry members, that they are concerned with quality issues and understand the necessity of moving the foundry industry into the next century. Today, I would especially recognize John W. Burk, president, and Douglas J. Reichard, vice president. I am confident that under their leadership, Federal Bronze and Fox Hills will continue to flourish.

The U.S. nonferrous foundry industry is comprised of companies producing aluminum, brass, bronze and other nonferrous metal castings, principally via the sand and permanent mold casting processes. Nonferrous foundries constitute nearly two-thirds of the entire U.S. foundry industry. Though some foundries specialize producing castings primarily of one metal type, many nonferrous foundries routinely produce both aluminum and copper-based castings. Other nonferrous foundries may produce castings from zinc, magnesium or ferrous metals as well. Nearly every manufacturing sector of the economy employ nonferrous castings, which are particularly important in areas such as automotive production, plumbing and fluid handling, industrial, marine, aircraft and aerospace products; machine tool and heavy machinery, housing and construction, appliances, and defense and military, ordnance, applications.

Mr. Speaker, I congratulate the owners and employees of Federal Bronze and Fox Hills for their untiring efforts to provide quality products. I would also like to recognize the thousands of small foundries, located in urban and rural areas alike in all 50 States, which help make America stronger and more prosperous.

IN HONOR OF VIRGINIA AND PAWEL BEDNAREK

HON. CAROLYN B. MALONEY

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 31, 1997

Mrs. MALONEY of New York. Mr. Speaker, I rise today to pay a respectful tribute to Virginia and Pawel Bednarek who have been chosen as the Marshals for the Greenpoint, Brooklyn contingent in the 1997 Pulaski Day Parade in New York City. As editors of Greenpoint's local paper, the Greenpoint Gazette, and through their civic activities, the Bednareks have contributed immensely to the Greenpoint community.

Virginia Bednarek, born and raised in Greenpoint, Brooklyn, is the daughter of the late Adelle Haines, the founder and original editor of the Greenpoint Gazette. After her mother passed away, Virginia Bednarek assumed the position of editor of the Gazette.

Pawel Bednarek met his wife in 1978 when he came from Europe to the United States to continue his study of music and singing. During the early years of their marriage, Pawel achieved wide acclaim for his vocal talent. In 1992, he joined Virginia at the Gazette.

Through the Gazette, the Bednareks keep the community informed about current events while highlighting subjects of local importance each week. They also devote much of their free time to community causes. They led community opposition to New York City zoning laws that permitted X-rated stores to open in Greenpoint.

The Bednareks' personal dedication to the Greenpoint community is evident in their support of organizations such as the Boy Scouts of America, the YMCA and St. Stan's Athletic League. They are both parishioners at St. Stanislaus Kostka Church where Mr. Bednarek is the vice-president of the Third Order of St. Francis of Assisi. The Bednareks have a son, John Paul, and a daughter, Maria Yvonne.

For their wideranging efforts and accomplishments, the couple has been honored by organizations such as the Catholic War Veterans, the Northside Community Development and St. Stan's Athletic League.

Mr. Speaker, I ask that my colleagues rise with me in this tribute to Virginia and Pawel Bednarek. Mr. and Mrs. Bednarek are tremendously talented and exhibit extraordinary dedication to their community. I am delighted that they live in my district.

HELPING AMERICA'S CHILDREN AT RISK

HON. NEWT GINGRICH

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 31, 1997

Mr. GINGRICH. Mr. Speaker, last night, I had the distinct honor to have dinner with Mr. Wintley Phipps, who many Members know from his extraordinary singing during Mother Theresa's visit a few weeks ago. Following that ceremony, I met with Mr. Phipps to discuss how we can ensure that some of our most underprivileged young people can participate in the amazing opportunities in the Information Age.

He responded by assembling more than a dozen of the brightest minds in the African-American community—educators, doctors, bankers, computer graphics specialists and others. They have developed what I believe is a brilliant plan to save those children most likely to be considered at-risk as well as reaching out to lower the recidivism rate in our prison populations. The group proposes, "to build a national, faith-based, on-line academy that will facilitate and coordinate the training of as many as possible of America's children at risk."

This is a project which can be attained. Wintley Phipps and his associates' idea is of such merit that I submit their statement into the RECORD and highly recommend studying it to all those either reading these printed words or viewing them on the THOMAS system.

OPENING STATEMENT, JULY 30, 1997

(By Wintley Phipps)

Mr. Speaker, just a few short weeks ago you called me into your office and shared with me your concern that too many of America's children were falling behind in this information age. You asked me to call together a few leaders for an informal dinner meeting, where we could explore concepts and strategies that might result in an initiative offering character development as well as educational and vocational preparedness for life in the 21st century.

Because of my respect for you, I took your expression of concern as a personal mandate and set upon a course to facilitate this meeting.

All of the people before you today are people that I love, respect, and deeply admire. The gifts, experience, and passion they display for children and the disadvantaged is not only extraordinary, but awe-inspiring.

We have with us today; one who has given me invaluable assistance in preparing for this meeting, Mr. Frank Hilton of Caslink. Caslink is an Internet provider and web hosting company located in Falls Church Virginia. With him is the Vice President of Caslink Mr. Robert Adkinson.

I'm sure you know Dr. Ben Carson, Head of Pediatric Neurosurgery, John Hopkins Hospital in Baltimore, Md. Dr. Carson's achievements and contributions to the well-being of children are recognized all over the world. Dr. Carson also heads the USA Scholars Fund, a scholarship program for youth dedicated to scholarship and excellence.

Dr. Clarence Hodges, former Deputy Assistant Secretary, U.S. Department of State and the Former Commissioner U.S. Administration for Children and Families. He is presently Vice-President North American Division of SDA.

Dr. Calvin Rock, former President of Oakwood College, Huntsville, Alabama. Dr. Rock more than any other person alive has done more to ensure that I would have a chance to obtain a college education and live up to my fullest potential. For this I will always be deeply grateful. He is presently one of the Vice-Presidents for the General Conference of the Seventh-Day Adventist and heads an operation called Operation Reachback. Operation Reachback is a group of Christian professionals dedicated to giving back blessings and opportunities to those less fortunate.

Mr. H. Melvin Ming, Chief Financial Officer and Vice-President of Administration and Operations of the Museum of Television and Radio.

Dr. Harold Lee, Secretary of Columbia Union Conference of SDA. Also a member of the board of Operation Reachback.

Mr. Rudolph Stafford of the Pastor of the Riverside SDA Church in Nashville, TN, also a member of the board of Operation Reachback.

Ms. Deborah Myers, a social worker with the DC government adult protective services program. Ms. Meyers has also done extensive research into the intergenerational impact of criminal behavior.

Mr. Howard Bullard, originally from Los Angeles, CA, is a specialist in the area of computer technology and computer graphics.

I'm sure you know my friend Mr. Pat Nolan, currently President and CEO of Justice Fellowship and Senior Vice-President of Prison Fellowship Ministries. Pat, a former Republican leader of the Assembly in the State of California, authored California's enterprise zones.

Also with us are Doctors Hal and Betty Walker and President and co-founder of A-MAN, the African-American Male Achievement Network. Betty is a former middle school principal while Hal is the only one in this room to date who has been honored with an exhibit on his achievements in the Museum of American History. Hal, a scientist, was the one who designed the laser that was fired and reflected back from the moon during the Apollo 11 moon landing.

Mr. Speaker, all of us assembled here today share your concerns.

We come prepared to take whatever steps are necessary to design and deploy a vehicle which may prove to be the salvation of many of our youth.

We believe that every child to be successful in life must have:

First: A Vision of destiny-directed life that anticipates a bright, successful future. They must have a vision of some positive contribution they can and must make to the world with their gifts.

Secondly: they must have a core set of Values that frame a moral commitment. Simple universal values such as courtesy, gratitude, honesty, respect for God, respect for others, and self.

Thirdly they must have Vocational/Educational preparation that validates and facilitates their potential contribution to society in the Information Age.

Mr. Speaker, as you are well aware, our young people, by and large are not being prepared for the vocational realities that will come with life in the new millennium. As this nation and the world transitions to an information-based economy; those who are trained in using information technology will have access to important economic and social benefits.

Those who do not have access to communications and informational technologies will lack the necessary skills to compete in the 21st century.

Those youth who are trained to use computers at home will also have a decided advantage over those who do not.

If all our children do not have equal access to the same books or reference materials, this raises the frightening reality that those who are the information have-nots of today are at great risk of becoming society's economic have-nots tomorrow.

Mr. Speaker, we as Americans can ill afford the social and economic impact of two nations divided by the ability to obtain access and mastery of the National Information Infrastructure. This new societal division carries with it the threat of unrest and civil disturbance.

Already statistics tell us that six percent of teenagers, a disproportionate number of them being high school dropouts, six percent of teenagers commit 50% of all crimes.

Mr. Speaker, according to a statistic supplied by the Correction Education Association, sixty percent of prisoners who left America's prisons returned to prison. But of the prisoners who received post-secondary degrees while in prison, the recidivism rate nationally was 10-14%.

In the state of Texas the recidivism rate was 48%. The University of Houston offered degrees to prisoners from 1986-1992. Of those who left Texas prisons with Bachelor's degrees, 5.3% returned to prison. From Houston Chronicle, Feb. 1996.

The *LA Times* cite the same statistics but went on to add that the inmates in Texas who received just a 2-year degree, not a 4-year degree, the recidivism rate of 13.7%. In other words, the longer prisoners stayed in the College program the lower the recidivism rate.

Mr. Speaker, I have spoken to several Black College Presidents who would love an opportunity to work with these men via a Directed Distance Learning Program.

Not only will this program work to keep young men and women from returning to prison, it will also keep many from ending up in prison in the first place.

We believe a program like this one must be built to offer every child at risk:

(1) Access and Mastery of the National Information Infrastructure.

(2) On-line character, and educational assessment; as well as access to On-line remedial support. This tutorial support will be aimed at correcting individual character deficiencies uncovered.

We envision On-line High School and College Courses also being offered through the National Academy for Directed Distance Learning. These courses will be designed for and target at-risk children. Educational and role-model mentors will also be available to children falling behind.

Mr. Speaker, we propose to build a national, faith-based, on-line academy that will facilitate and coordinate the training of as many as possible for America's children at risk. These children will be identified and qualified from the names supplied by various existing agencies such as Prison Fellowship's Angel Tree Program.

Mr. Speaker, for this program to succeed, children in the pilot programs must have PC software, hardware equipment and training to master their use.

Some of the expected societal benefits of a program like this are:

1. The ability to begin upgrading the computer skills of children at-risk without investments in major educational institutions.
2. Reduced cost.
3. Reduced civil tensions.
4. The ability to deliver remedial tutorial educational services tailored to the need of individual youth.
5. The advantage of an individual being able to use 21st century technology and equipment, supplied as part of the delivery system of their localized work.
6. The ability of an individual to go over the educational presentation multiple times until understood.
7. The ability to use core materials in many parts of the country.
8. The ability, if needed, to do various forms of multiple language education where a stereo-related track would allow for English on one track, a second language on another track, or where selected materials can be placed into a translation mode through postproduction procedure.
9. Immediate and continuous training of youth.
10. The use of materials in established institutions which may provide economic benefits to local teachers.

It is important to note that Northern Telecom proposes to accomplish the concept we envision but through their own closed network. Mr. Speaker, we forsee utilizing the open existing Internet structure through the use of PC's paid for by donations from private corporations, foundations, and individuals.

Mr. Speaker, we envision corporations designating unique enterprenurial initiatives that will allow young people to earn the money to purchase a computer, insurance for that computer, as well as other ongoing On-line costs.

Mr. Speaker, we also envision a national advertising campigan utilizing sports, film, television, and music heroes to inspire and persuade young people to come inside off of the basketball court and experience the joys of learning and preparing for economic success in the 21st century.

Michael Jordan, the top money-maker in the basketball world will make over $300,000 a game; $10,000 a minute assuming he averages about thirty minutes per game. Assuming $40,000,000 in endorsements next year, he'll be making $178,000 a day working or not. Assuming he sleeps seven hours a night, he makes $52,000 every night while he visions of sugar plums dance in his head. If he goes to see a movie, it will cost him $8.00 but he'll make $18,500 while he's there.

If he decides to boil a five-minute egg, he'll make $618 while boiling it. He makes $7,415 an hour more than the minimum wage after the wage hike. If he wanted to save up for a new Acura NSX which costs $90,000 it will take him a whole twelve hours. If someone were to hand him his salary in endorsement money they would have to do it a rate of $2 every second. Assuming at the beginning of the year he puts the federal maximum of 15% of his income into his tax-deferred 401k account he will hit the federal cap of $9,500 at 8:30 am on January first.

If you were given a tenth of a penny for every dollar he makes you'd be living comfortably at $65,000 a year.

He'll make about $19.60 while watching the 100-meter dash in the Olympics.

He'll make about $15,600 while the Boston Marathon is being run. While the common person is spending about $20 for a meal in his trendy Chicago restaurant Michael Jordan will pull in $5,600.

Next year he'll make more than twice as much as all of our Presidents will for all their terms combined.

Amazing, isn't it.

But: Jordan will have to save 100% of his income for 270 years to have a net worth equivalent to the net worth of Bill Gates, owner of Microsoft.

HONORING MARY A. BUNCH

HON. ELIOT L. ENGEL

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 31, 1997

Mr. ENGEL. Mr. Speaker, today I want to speak in praise of a special woman whose life is an inspiration to others and who is a cornerstone of the African-American community in Yonkers. Because of this and for many other reasons, Mary A. Bunch has been named Grand Matriarch of the 1997 African-American Heritage Celebration.

Mrs. Bunch was born in Florida in 1925 and knew at an early age that she wanted to serve people. While still young she was influenced by Dr. Mary McLeod Bethune and Dr. Howard Thurman, two eminent educators who became her mentors. They encouraged her to pursue her education and after she graduated from the Brylin-Haven Christian School for Girls in Florida, she moved to the Bronx. There she married Thomas Bunch, now deceased, and they had four children.

She was active in her children's education and worked in many areas with young girls, including the Girl Scouts, and also in the Salvation Army. In 1965, the Messiah Baptist Church was one of the first to host the Head Start Program and Mrs. Bunch was one of the first to work in it. She quickly rose to head teacher and was the first individual in Yonkers certified as a child development associate, someone qualified to teach with young children.

She taught until her retirement 3 years ago. Even now she continues her good works at Rosary Hill with the incurably ill, with seniors at the Nepperhan Community Center, and at the Messiah Baptist Church School.

For her many achievements, her basic decency and her inspiration to the young she richly deserves this honor.

TRIBUTE TO JESSE BROWN

HON. EDDIE BERNICE JOHNSON

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 31, 1997

Ms. EDDIE BERNICE JOHNSON of Texas. Mr. Speaker, I rise today to honor a man of great integrity and virtue, Mr. Jesse Brown, the Secretary of Veterans Affairs.

On January 22, 1993, our Government gained the dedication and hard work of a great leader when Jesse Brown began his position as Secretary of Veterans Affairs. Secretary Brown directed the Government's second largest Federal department, responsible for the distribution of benefits to those who took up arms in defense of our country.

He received his educational degrees from Chicago City College where he was an honors graduate, Roosevelt University, and Catholic University. In 1965 while serving as a member of the Marine Corps, he was wounded on a patrol mission in Vietnam. Shortly after he returned, he was elected the executive director of the Disabled American Veterans Association. Today, Secretary Brown is a member of several organizations including the American Legion, Veterans of Foreign Wars, Jewish War Veterans, and many others, all which seek to fulfill the same purpose, providing for those that risked their lives to uphold democracy.

Under Secretary Brown's leadership, the benefits for veterans whom were prisoners of war has expanded. Secretary Brown also initiated the research on the causes of the mysterious Persian Gulf war illness. Adding to his accomplishments he hosted the first national summit for homeless veterans and established grants for those whom volunteer to house homeless veterans. In addition, under the leadership of Mr. Brown, the military healthcare system has expanded to fully cover the needs of our veterans.

Mr. Speaker, I ask that all of my colleagues salute Mr. Jesse Brown for his dedication over the last 5 years to the enrichment of the Veterans' Affairs Department and his service to all veterans in the United States.

TRIBUTE TO JOHN AVERY

HON. RALPH M. HALL

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 31, 1997

Mr. HALL of Texas. Mr. Speaker, I would like to pay tribute today to the late John E. Avery, who was a valued and respected member of the Honey Grove, TX, community until his death on July 2 at the age of 87. Mr. Avery spent virtually his entire lifetime in Honey Grove and nearby Dial, where he was born and attended school and church.

The only time he left the Honey Grove area was to serve his country during World War II. He served as a sergeant in the 865th Squadron of the 494th Bomb Group of the U.S. Air Force. Following the war, he returned to Honey Grove, married Pauline Wishard and devoted the remainder of his life to his community.

Mr. Avery served as Fannin County commissioner of Precinct 3 for 20 years, from 1948 to 1952 and from 1961 to 1976. In recognition of his outstanding service, he received the Road Hand Award from the Texas Department of Highways and Public Transportation. In 1969 he was named Outstanding Citizen of Honey Grove.

Mr. Avery was a member of the Texas Historical Commission for 20 years. He was a member of the North Texas Tuberculosis Association, the Honey Grove Chamber of Commerce, American Heart Association for Fannin County, Friends of the Sam Rayburn Library, and Friends of Bertha Voyer Library. He was vice president of the Oakwood Cemetery Association and the Northeast Texas Resources Conservation and Development Association.

In addition, Mr. Avery was a member of the Disabled American Veterans, American Legion, and Veterans of Foreign Wars. He was also an elder at the Dial Presbyterian Church.

He is survived by his wife, Pauline; daughter and son-in-law, Mary Alice and Steve Glover of Paris; two granddaughters, Allison and Amanda Glover; one sister, Lena Smith of Paris; and other relatives. I visited with Pauline just last week, and I will miss the many visits and telephone calls that John and I enjoyed.

John Avery will be missed by his family and many friends in Honey Grove and Dial, but he leaves behind a legacy of devotion and service that will be remembered for many years to come. Mr. Speaker, it was a privilege to know this outstanding citizen of the fourth district of Texas, and it is a privilege for me to pay my last respect to him today.

TRIBUTE TO RONALD A. SMITH, ROCHESTER, IN, ON COMPLETION OF HIS TERM AS PRESIDENT OF THE INDEPENDENT INSURANCE AGENTS OF AMERICA

HON. STEPHEN E. BUYER

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 31, 1997

Mr. BUYER. Mr. Speaker, I rise today to commend a fellow Hoosier, Ronald A. Smith of Rochester, IN, who is nearing the completion of his 1-year term as president of the Nation's largest insurance association—the Independent Insurance Agents of America [IIAA]. Ron is president of Smith, Sawyer & Smith, Inc., an independent insurance agency located in Rochester.

At the State level, Ron served as chairman of numerous committees and held several elective offices in the Independent Insurance Agents of Indiana, culminated by a term as president. In recognition of his invaluable contributions, his peers named Ron the 1992 Indiana Agent of the Year.

Ron began his service to the national organization by serving as Indiana's representative to IIAA's National Board of State Directors from 1987 to 1993. At the same time, he served the national association as chairman of its Membership Committee.

Ron was elected to IIAA's Executive Committee in 1993. In the time since, he has exhibited a spirit of dedication and concern for his 300,000 independent agent colleagues around the country.

Outside the IIAA, Ron has served the insurance industry as a member of the Board of Trustees of the American Institute for CPCU and the Insurance Institute of America and a member of the Board of Directors for the Insurance Education Foundation, Inc.

Ron's selfless attitude also extends to his involvement in Rochester-area community activities. He currently serves on the Boards of Directors for the Rochester Telephone Co. and Airvac, Inc., and is a member of the Rochester Community School Building Corp.

In the past, he served as chairman of the Fulton County United Way, president of the Rochester Chamber of Commerce, and chairman of the Board of Trustees of Grace United Methodist Church.

I congratulate my fellow Hoosier and activist citizen for a job extremely well done. Although he is stepping down as IIAA president, I am confident his selfless service to IIAA, his colleagues, and his fellow citizens of Rochester will continue into the future.

STRONG MESSAGE TO CRIMINALS

HON. STEVEN SCHIFF

OF NEW MEXICO

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 31, 1997

Mr. SCHIFF. Mr. Speaker, today I am introducing a bill, along with the following Members of Congress: Mr. MCCOLLUM, Ms. DUNN, Mr. CALVERT, Mr. BEREUTER, and Mr. REDMOND.

In 1994, Three Strikes and You're Out became law. 18 U.S.C. 3559(c) provides for mandatory life imprisonment for individuals who commit more than two serious violent felonies or serious drug offenses. I supported this law and continue to believe that it can be a very important tool for law enforcement. There is, however, a loophole in the Three Strikes law: It applies only to individuals sentenced as adults. The Three Strikes law allows juveniles who commit serious violent felonies and serious drug offenses to rack up as many of these offenses as possible, then ignores those offenses once they become adults.

This bill would require that a juvenile adjudication for an offense that would be considered a serious violent felony or serious drug offense if committed by an adult, count as one and only one strike for purposes of 18 U.S.C. 3559(c). This bill would hold accountable juveniles who commit serious violent criminal offenses, if they continue their criminal activity as adults. By making individuals accountable for the serious violent crimes they commit as juveniles, I believe we send a strong message that we are tough on criminals—of all ages.

TRIBUTE TO ALBERT L. PICCETTI

HON. JACK KINGSTON

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 31, 1997

Mr. KINGSTON. Mr. Speaker, about a year ago, at the invitation of Rosemary Mucklow, I had the opportunity to go to San Francisco and speak to the National Meat Association. While there, Rosemary invited us to a reception at the home of Agnes and Al Picetti. It was a wonderful house perched high on the slope of one of San Francisco's many hillsides. The view was spectacular, the food tremendous, and the host family as delightful and graceful as a California spring day.

The Piccetti, Gatto, and DeMartini family members made us all feel at ease. Their home was ours. Their generosity was ours to enjoy. Their obvious and apparent success was ours to celebrate.

How did one get to live such a life? How was it that the family of first generation of Americans could experience such a generous slice of prosperity and affluence? Was it luck? Desire? Hard work? Or belief in a greater ideal and that of the American dream?

I left believing it was the latter. Mr. and Mrs. Piccetti had put in their time, taken risk, worked long hours, persevered and succeeded, but throughout their highs and lows, victories and defeats, they believe in America. What it stands for and what an individual can accomplish in our great system of enterprise and government.

Their story is worth telling. Ms. Mucklow was kind enough to write a brief biography, and I am honored to enter it into the RECORD.

ALBERT L. PICCETTI

Albert Piccetti was born to John and Viola Piccetti in 1918 at their home in the North Beach Community of San Francisco, California. He grew up on Telegraph Hill, a working class neighborhood that was home to new immigrants from Italy and Spain. Eight-year-old Albert learned the value of hard work as soon as he was old enough to accompany his father on his garbage pick-up route through the streets of San Francisco. As one of his earliest work memories, Al remembers his father persuading a reluctant team of Clydesdale horses to back up on a wooden ramp to empty the wagon's haul for the day.

Surrounded by the strong work ethic of new Americans, young Al's first business venture was as a shoe shine entrepreneur. After painstakingly building his shoe box, Al was ready for his first customers in Washington Park. It wasn't long before he received a lesson in "sales territories" from the established shoe shine boys. It was to be Al's shortest business endeavor!

At the age of 16, Albert became the sole support of his parents and younger sister when his father suffered a debilitating stroke. Although not physically tall in stature, he survived the rigorous initiation of a partner-worker into the Golden Gate Scavenger Company working alongside men the age of his father as the primary breadwinner for the family.

He met his life's partner, Agnes Gatto, at the local Italian social club. She was chaperoned under the very watchful eyes of her brothers. When they return from their honeymoon, a draft notice from Uncle Sam was waiting. During the war years, Al was most proud of her certification as an instrument flight trainer and used his natural drawing talents to instruct new pilots.

Following the war, Al joined his wife's family in operating a local bar and grill in the produce and printing district of San Francisco. Al took this opportunity to sharpen his culinary skills, which are still widely appreciated today by friends and family!

In 1957, Al Piccetti, along with is brother-in-law, Felix Gatto, and his boyhood friend, Ernie DeMartini, purchased a family-run Italian sausage factory, and kept the name: San Francisco Sausage Company. They learned every aspect of their new business making traditional Italian salame. The company was, and is today, best known for its Columbus brand salame. Considered more an art than a science at the time, their growing success soon demanded a larger manufacturing plant. Moving a cured dry sausage operation entailed unknown risks due to the fastidious requirements of the white, Penicillin-type molds that grow on the surface of the salame as it matures. Those early years were a challenge to their fortitude in unraveling the mysteries of mycology. Albert was on the forefront of implementing new scientific methods to ensure the safety and tradition of the product that his forefathers introduced to the United States. After almost 30 years in the business, Albert retired from the San Francisco Sausage Company as President and CEO in 1985. He and his partners left the business in the hands of the next generation of Piccettis, Gattos, and DeMartinis.

Upon retiring and with his four children grown, Al, characteristically, moved on to pursue a new dream. Al and Agnes Piccetti purchased hillside acreage in the Dry Creek Valley of Sonoma County, north of San Francisco. Local realtors scratched their heads in puzzlement at his choice of undeveloped scrub brush property; but, Al already envisioned the slopes lush with grapevines. The newly retired couple spent their nights in a small trailer, with Al busy designing and planting their first vineyard. In time, they built their home. Al's designs are evident in every facet of the AA Ranch: precise layout and trellising of the grapes; the functional beauty of the iron work in the ceiling beams; and, the careful placement of stone water causeways.

Al Piccetti's warmth, generosity and friendship have touched thousands of people in his communities, church, family, and business. Al's accomplishments are the story of the American Dream of hard work, love, dedication and respect. We're pleased to place this acknowledgement of his continuing life in the RECORD.

IN REMEMBRANCE OF MRS. PHYLLIS THIELE HILL

HON. CONSTANCE A. MORELLA

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 31, 1997

Mrs. MORELLA. Mr. Speaker, I rise today to honor an outstanding teacher and friend, Phyllis Thiele Hill.

Phyllis passed away March 15, 1997 leaving behind her loving husband of 50 years, Robert Hill, and three beautiful children, Linda, Nancy, and Rusty. She began her career at Montgomery College in 1959, where she worked for 34 years. In 1961, Phyllis became secretary to the registrar. In 1965, she was promoted to data processing operator II, and 4 years later, advanced to data processing operator supervisor. She switched to Standards and Documentation Technician for Computing Services in 1983, where she utilized her phenomenal artistic and writing skills. She created much of the documentation, newsletters, and handbooks used by the college community.

Most people look forward to retirement, but not Phyllis. She enjoyed her work and passed on that enjoyment to everyone whose life she touched at Montgomery College in the 34 years she spent there. In fact, during my tenure as professor at the college, I had the pleasure of working with her. Phyllis' hard work and dedication merited numerous awards, including three for outstanding service, a peer award, and a sustained service award.

In June of 1995, Phyllis was diagnosed with lymphoma, which she fought courageously before succumbing to the sickness. Though this marked the end of her physical life, Phyllis' contributions are still felt in the hearts of the many people she has touched. Her memory continues to live with us all.

IN HONOR OF THE CATHOLIC DIOCESE OF CLEVELAND

HON. DENNIS J. KUCINICH

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 31, 1997

Mr. KUCINICH. Mr. Speaker, I rise today to recognize the Catholic Diocese of Cleveland during the yearlong celebration of serving northeast Ohio for 150 years.

The diocese was established in 1847 and originally served 10,000 Catholics. Today, nearly one million people in northeast Ohio are associated with the diocese which provides innumerable benefits ranging from spiritual guidance and charity to education and health services for everyone in the community.

The diocese is comprised of a myriad of ethnic communities. Catholic German and Irish immigrants settled in northeast Ohio in the early 1800's. Later, immigrants from eastern and southern Europe made their home there. In the early 1900's, many immigrants from Mexico and, following World War II, immigrants from Puerto Rico moved to the area to work in the steel mills. The diverse ethnic groups of the diocese are united as a family in their common religious beliefs and goodwill toward each other and the rest of the community in spite of social, economic, or racial differences. This diversity cherished and celebrated as an asset to the diocese.

Upholding a longstanding tradition of goodwill, the people of the diocese work together to serve over 600,000 people annually in Catholic hospitals, charities, and agencies. Over $80 million worth of health and human services is provided each year through these organizations. Furthermore, 70,000 students from all socio-economic levels are educated in Catholic-affiliated schools including the 146 elementary schools, 23 high schools, 2 seminaries, and several colleges and universities in the northeast Ohio area.

Events catering to different constituencies of the diocese are planned throughout the year to celebrate this landmark anniversary. A "Celebration on the Mall" in Cleveland, scheduled for August 17, 1997, will feature the multicultural aspects of the community. Dancing, arts, games, food, and a major liturgical event will fill the day culminating in a fireworks display in the evening.

My fellow colleagues, please join me in praising the Catholic diocese of Cleveland, a diverse, charitable, and faithful family dedicated to the improvement of and inextricably united to the northeast Ohio community.

A SESQUICENTENNIAL TRIBUTE TO THE SINSINAWA DOMINICAN CONGREGATION OF THE MOST HOLY ROSARY

HON. THOMAS M. BARRETT

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 31, 1997

Mr. BARRETT of Wisconsin. Mr. Speaker, it is with pride today that I pay tribute to an assembly of women, indomitable women, on the occasion of their sesquicentennial anniversary. As the Sinsinawa Dominican Sisters celebrate 150 years of mission and ministry, I would like to take a moment to reflect on and to honor their tradition and their vision.

Founded on August 4, 1847, by the Reverend Samuel Charles Mazzuchelli, O.P., in Sinsinawa, WI, the order identified education as its primary mission. Acknowledging the power of knowledge, the sisters committed themselves to taking education to immigrant and minority populations throughout Wisconsin, into northern Illinois, and Minnesota.

By the 1870's, the Sinsinawa Dominicans brought their talents to Milwaukee County, eventually teaching in 11 city and suburban schools, including St. Rose Grade School and Dominican High School where their education mission continues today.

In the ensuing years, the Sinsinawa Dominicans continued to make education a priority. While living among the people whom they served, they saw discrimination, they saw poverty, they saw abuse. In typical Dominican fashion, they committed themselves to "an intentional focus on justice as essential to Dominican mission. We will work for justice and peace through our ministries, with an emphasis on issues concerning race, women and children, the Church and ecology." (Chapter Directions, 1994).

In 1997, 150 years after Father Mazzuchelli accepted the first 4 Sinsinawa Dominican Sisters into the order, these extraordinary women, who now serve in 83 dioceses throughout the United and abroad, continue to bring the power of learning to young and old, to native and immigrant. But now rededicated to community justice, the sisters also work among us as healers, as advocates for women and children, as lawyers, as literacy proponents, as writers of and makers of our common history.

Mr. Speaker, I ask my colleagues to join me in paying tribute to Dominican women in Milwaukee, in Wisconsin, and throughout the world as they celebrate their remarkable history. May they look to their future with confidence, and with the gratitude of communities everywhere.

U.S. ASSISTANCE TO THE PALESTINIANS

HON. MICHAEL P. FORBES

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 31, 1997

Mr. FORBES. Mr. Speaker, I applaud the House, especially my good friend JIM SAXTON, who has been a leader in Middle East issues, in adopting the Forbes-Saxton amendment that temporarily suspends U.S. assistance to the Palestinian Authority and PLO until the President can report and certify that they are complying with various elements of the Oslo accords and other human rights. It's the right amendment at the right time. As a member of the Appropriations Subcommittee on Foreign Operations, I am in a unique position to follow the progress of the Middle East peace process in great detail and have done so since coming to Congress 3 years ago. My friends, it is with great disappointment that I report to you—there hasn't been any progress. Since the signing of the Oslo accords in 1993, have we had peace? Have the Palestinian Authority and the PLO lived up to their commitments in the Oslo accords? No we have not and no they have not.

Year after year, the violations and gross misconduct of the Palestinian Authority and PLO continue to grow. History is sometimes a cruel, but honest teacher. We can never allow politics of the moment to obscure the essential facts: The Palestinian Authority and the PLO openly violate the Oslo accords and continue to disregard the human rights of Israelis and Americans in Israel.

Yesterday we witnessed the brutal bomb explosion in Israel killing at least 13 and wounding more than 150. Hamas later claimed responsibility. Living with this kind of senseless violence is unbearable for all in the region and my deepest condolences go out to those who lost a loved one in the explosion. This latest example of terrorism leads me to ask the question—why isn't there peace between the Israelis and Palestinians? Since the Oslo accords in 1993, the world has witnessed rioting and bombs exploding in the streets of Israel, buses exploding, and Prime Ministers assassinated. With the stroke of a pen or an impassioned speech, one man could help restore peace to the region—Yassir Arafat. Instead, his silence and inaction has allowed the spigot of violence to flow. With the passage of the Forbes-Saxton amendment, the House is rejecting the policies of Arafat, an international terrorist.

For the benefit of all who are following this debate, allow me to summarize some of the more egregious violations and examples of blatant misconduct by the Palestinian Authority and the PLO. There's no qustion about it—Arafat has blood on his hands. I ask you why should we squander taxpayer money on a regime that has since September 1993, the signing of the Oslo accords:

First, Arafat announced that he was setting aside seats in his cabinet for representatives of four terrorist groups: Hamas, Islamic Jihad, the Popular Front for the Liberation of Palestine and the Democratic Front for the Liberation of Palestine. In January 1997, Arafat appointed Imad Halouji, a Hamas activist from Gaza, as a Minister Without Portfolio; and Arafat named Sheikh Talal Sidr, a Hamas activist from Hebron, as Minister of Youth and Sports. He was one of the Hamas terror leaders deported to Lebanon in 1992 by Prime Minister Rabin.

Second, Arafat's cabinet announced, on May 3, 1997, that it would impose the death penalty for any Arab who sells land to Jews. During the weeks following the announcement, 3 Arab landsellers were found murdered.

Third, there has never been an overall disarming of the terrorists or seizure of the tens of thousands of illegal weapons in the hands of private Arab citizens in PLO-controlled areas. Arafat has estimated that there are 26,000 such weapons in Gaza alone, according to other estimates, there are 40,000.

Fourth, the PLO has not honored any of Israel's requests for extradition.

Fifth, Palestinian Arab newspapers that fail to toe the Arafat line are shut down. During the past 2 years, 6 newspapers have all suffered this fate. The U.S. group, Human Rights Watch found that the PLO regime "has often acted in an arbitrary and repressive fashion, carrying out large numbers of political arrests, censoring the press, and failing to conduct credible investigations into suspected abuses."

Sixth, the PLO's Palestine National Council [PNC] has not revised or annulled the articles in the PLO National Covenant that conflict with the Israel-PLO accords.

Seventh, the Palestinian Authority has failed to adhere to security provisions of the January 17, 1997 Hebron accord. According to the agreement, the Palestinians may have a total of up to 400 policemen, equipped with 20 vehicles and armed with 200 pistols, and 100 rifles for the protection of the police stations. The PA has deployed approximately 1,500 policemen in Hebron, nearly four times the number permitted under the agreement.

If you choose to dismiss the violations I've mentioned, and keep in mind these are only a few, one thing is certain—the practice of murdering Palestinians for selling land to Jews is a violation of international norms and practices and the spirit of the Oslo agreements, casting strong doubt whether the Palestinians are in compliance with any of their commitments to Israel. Any kind of U.S. encouragement or tolerance for this practice by the most senior leadership of the Palestinians Authority is unacceptable. Sending taxpayer money to help sustain a killer like Arafat should not be the policy of the U.S. Government.

Personally, I would like to eliminate all assistance for the Palestinians, however, I offered this amendment because it is the right amendment at the right time. The State Department has failed the peace process by allowing Arafat's reign of terror to continue and by not demanding better compliance. I don't want to see the Israelis and Palestinians retreat from the principle of peace so an immediate prohibition of assistance may not be in order just yet. However, there are too many violations and instances of misconduct on the part of the Palestinians for us as a nation to ignore. We need to step back and reexamine what we're getting for our money. Are we getting an honest peace partner who respects its commitments to the Oslo accords? Is the U.S. assistance furthering the peaceful coexistence of Israelis and Palestinians? Currently, this is not the case.

That's why it is necessary to suspend aid to the Palestinian Authority and PLO for 3 months until the President can report and certify to Congress that yes, indeed, the Palestinians are complying with the letter and the spirit of the Oslo accords. Nothing more nothing less. We're not imposing new requirements on the Palestinians, merely asking them to play by the rules they agreed to in 1993 when they signed the Oslo accords.

It is important that my colleagues in the House are aware of the objective of this amendment. It is intended to suspend aid benefiting the Palestinian Authority and the PLO. Currently, the United States does not provide direct assistance to the Palestinian Authority or PLO, however, there are instances where U.S. assistance has been provided to them through a third party. Earlier this year, USAID was prepared to award a $1.2 million contract for the purpose of providing technical assistance to the Palestinian Authority's Ministry of Finance. Recent reports of vast corruption within the Palestinian Authority worries me. Up to $340 million, half the Palestinian Authority's budget, is estimated to have been misspent or embezzled. Does the Palestinian Ministry of Finance really deserves $1.2 million in technical assistance? Talk about throwing good money after bad.

This amendment is intended to suspend the type of assistance where the Palestinian Authority or the PLO are benefiting from the assistance. The amendment is not intended to cut off all humanitarian assistance to the Palestinian people. To accommodate any reservations members may have about this amendment cutting off humanitarian assistance, it is our intention that the executive branch consult with Congress in determining what constitutes assistance benefiting the PLO or the Palestinian Authority. This is a reasonable, good government approach. Until we can be guaranteed compliance by the Palestinians, aid should be suspended. U.S. aid to the Palestinian Authority equals U.S. tolerance to terrorist acts in the Middle East.

I congratulate my colleagues for supporting this amendment. It will help get the peace process back on track and will allow the President to verify that no U.S. assistance is making its way into the Palestinian Authority or the PLO or any of its affiliated entities.

REMEMBERING DR. DOLORES DYER

HON. EDDIE BERNICE JOHNSON

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 31, 1997

Ms. EDDIE BERNICE JOHNSON of Texas. Mr. Speaker, I rise today with a heavy heart to remember and reflect upon the life of a friend and a great lady from Dallas. Dr. Dolores Dyer. Her faithful service to the citizens of Dallas affected and benefited the lives of those whom she came in contact with.

Despite dropping out of high school, Dolores accomplished many of her goals and received many accolades. Against all the odds, at the age of 30, she enrolled in the University of North Texas. Through her hard work and perseverance she graduated with highest honors while being named the recipient of the Outstanding Student Award. After being awarded a merit scholarship, she continued to pursue her graduate degree in psychology at Southern Methodist University. Because of her diligence, she was awarded a fellowship by the National Institute of Mental Health to attend the University of Texas at Austin to pursue a degree in clinical psychology. In 1973, she was awarded her doctorate by the University of Texas Southwestern Medical Center at Dallas.

Dr. Dyer began her service for the community immediately after receiving her doctorate. She interned for 30 months at local Dallas mental health centers around the city. Not seeking public praise or approval, Dolores was drawn to a calling of servitude. She wanted to work with people that needed her help the most. As a result of her desire to serve, mental health issues became the area that was closest to her heart. She gave her time, voluntarily, to fight for those whom were unable to fight for themselves.

For 20 years she worked with the Mental Health Association while leading committees on adults with mental illnesses and the Child and Family Guidance Clinic. For her years of dedicated service she was awarded the Prism Award/Pam Bluementhal Memorial Mental Health Award given to an outstanding professional. One of her most meaningful projects, was her tireless work on the mental health aspects of the future Dallas health plan. This plan will not only benefit this generation, but will ensure that health issues for the future will still protect those whose voice can not be heard.

Mr. Speaker I ask all of my colleagues to rise with me in this tribute. The greatest leaders are the greatest servants, let us take a moment to remember a great leader, woman, and friend, Dr. Dolores Dyer, a woman who embodies the spirit of service.

TRIBUTE TO A FRIEND

HON. JACK KINGSTON

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 31, 1997

Mr. KINGSTON. Mr. Speaker, this text was written as a letter to Anna Kate and future grandchildren so that they could know a little about their grandfather's work. Later when I was asked to eulogize Mal it became my text.

MARCH 10, 1997.

Mal died yesterday. He had worked with us since the beginning. I got to know him in the '92 campaign. He was on the list of Wayne County Republicans that called in February 1992 about my campaign. I did such calling in all 22 1st district counties. Most led to no where but a rare few led to real recruitments, loyal GOP soldiers who raise money, put up signs, stuff envelopes, host parties, display bumper stickers, introduce me to VIPs, organize the county and do whatever needed to be done. Finding such a recruitment took about 20 calls and 5 false workers. Mal proved to be true. He asked me a barrage of traditional conservative litmus test questions on school prayer, abortion, education, gun control and so forth. Once satisfied that I had his philosophical interest he volunteered- 100% and became my foremost Wayne county contact. He did all of the above and was as happy as I was when we won the seat.

Months later while organizing the office another friend and supporter Brit Gaston was counseling me on hiring. When he called Mal for the interview he missed Mal but got his telephone recording: "Thank you for calling the Wayne County Headquarters of Jack Kingston for Congress. We're not in right now . . ." Brit's comment was that there were few such loyal folks. Mal became our Waycross manager.

He served there until Waycross was reapportioned back to the 8th district. Then he ran the Brunswick office.

He was a great detail man, often doing dry runs on various routes to determine exact time for scheduling. He never let a crumb fall to the floor. In our various rounds constituents constantly came up with social security, veteran, legal, IRS request and so on. Mal would whip out his tiny book get names, telephone numbers, addresses and the nature of the inquiries. Most of these people were unconnected common men not giving to titles, business cards and attorneys, but they were in good hands with Mal. In a time when Republicans were painted by Democrats and the press for being elitist and lofty it was extremely important for folks to know we were approachable and available to help serve them. With Mal I never heard a complaint, but wage earner, unemployed and itinerant would come up to me praising his work. In truth he did it not for politics or compensation but for God.

His eyes for detail served us well. One of my goals is to personally know lots of people. Unfortunately its beyond my feeble memory to do so. Seeing people briefly once or twice a year is insufficient to imprint their face indelibly on my brain. Mal however covered this. He'd write me notes—"Please call Joan Smith (sister to Perry Smith you saw him at the Patterson Lyons Club BQ last year. He was wearing the funny green hat and talked to you about his tobacco barn) about her mothers Social Security claim." or else, "When you write Bob Jones to thank him for the turnip greens please remember to congratulate him on winning the Pierce County Young Farmer of the Year." He knew what to say.

Mal also handled our Military Academy Appointments. Each year we get about 50 inquiries that result in 25 interviews for Annapolis, West Point, the Air Force Academy and Kings Point. Only three or four get appointments. Others get to compete for a nomination directly with other second place nominees. The first tier needn't worry, but for those on the 2nd tier only get a chance if a 1st place nominee drops out. To these Mal gave his heart. If a kid had just missed a 1st place but had his dream in an appointment Mal went to bat for him.

One such kid, Matt Brady of Savannah missed it the first year. He was determined sincere and certainly won the goodwill of the board, but that same year the top West Point candidate made higher SAT scores. Matt was beat. He went to Fort Valley Military. He worked hard and was the favored candidate the next year, but despite his best efforts his SAT's were still low and other candidates had 1570 and 1330. Thus to our collective heart break Matt was bumped again. But thru Mal's efforts knowing and working the system he found a way to get all 3 an appointment one year later, out of the entire West Point freshmen class, Matt Brady was selected Cadet of the Year.

There are other examples like the 3 kids from Twin City, a little town of 1500 in Emanuel County. All had come from the same Boy Scout Camp. Mal loved institutions like the Boy Scouts, any group dedicated to kids, God, and country. He beamed with pride about the ability of one den mother to produce so many outstanding kids.

These boys and girls don't even know Mal but you can be assured that if not for Mal their lives and military careers would be decidedly different.

Mal liked people but he also liked policy. More than any other employee he'd ask about votes. He liked to know the inside scoop-who was for it, who against it, who said what and why. He studied it. He read about it. He liked the legislative process, but it wasn't gossip or politics that caught his fancy it was policy. Are we building a better America? Did his hard work pay off? Will tomorrow's America be stronger? Will there be a better America for his children and grandchildren? How will it affect Anna Kate?

Here laid his real love. The country and the family. Mal wasn't doing this for a job, but for a better government. That would be the results of his efforts. He saw his mission as an extension to his fatherhood. Naturally a Dad—a loving Dad—is going to do what he can for America. Because in serving America, he was looking out for his kids.

His loved his daughters, son-in-law and grand daughter. He loved Tharen. He was comfortable in that love. He wasn't struggling with his family relationship, it was solid. It was like Mal—steady, loyal, kind yet strong. Very strong.

There's an old story of a child having a nightmare. He runs to his Dad saying that the world was going out of orbit. The wise father takes him out on the porch puts the young boy in his lap and says "See that moon? Keep your eye on it and when it moves we're in trouble." After some 30 minutes the boy was back asleep safe in his father's arm and of course the moon hadn't budged.

Just as the moon's steady glow and permanently had comforted the boy, Mal had a similar focus. His comfort was the Son. Steadfast and certain his Savior was Jesus Christ. If Mal was with us today he would tell us not to be troubled by his absence but to be joyful in the Son's presence. Mal now watches his family from above, but surely his Christian family will also see him when the time comes.

JACK KINGSTON.

P.S. A few days after the funeral Peggy Lee gave me the attached memo. It's the last one I ever received from Mal. It's typical and a fitting tribute to a kind and thoughtful man. Written days before his stroke, Mal's last memo was concerning someone else's stroke and condition.

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES,
MEMORANDUM
TO: JACK/KARLEEN.
FR: Mal.
DT: February 5, 1997.
RE: Update on Way Carter of Waycross.

I think Jack is already aware that Way Carter of Waycross, one of the top Ten FOJK in Ware County, suffered a stroke last Sep 2d. It affected his respiratory functions and he is undergoing therapy to restore some speech and feeding functions. He has had no food by mouth since the stroke and breathes with difficulty. However, he is alert and lucid.

Jack, I believe, has talked to his wife, Mary, since the stroke.

WAY CARTER,
Waycross, GA.

CONGRATULATIONS TO OUTSTANDING HIGH SCHOOL SENIORS FROM THE FIRST CONGRESSIONAL DISTRICT OF NEW MEXICO

HON. STEVEN SCHIFF

OF NEW MEXICO

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 31, 1997

Mr. SCHIFF. Mr. Speaker, the following graduating high school students from the First Congressional District of New Mexico have been awarded the Congressional Certificate of Merit. These students have excelled during their academic careers and proven themselves to be exceptional students and leaders with their scholastic achievements, community service, and participation in school and civic activities. It is my pleasure to be able to recognize these outstanding students for their accomplishments. Their parents, their teachers, their classmates, the people of New Mexico and I are proud of them.

CERTIFICATE OF MERIT AWARD WINNERS 1997

Albuquerque Evening High School, Jonathan Baird, Albuquerque, NM.

Albuquerque High School, Albert Leija, Albuquerque, NM.

Bernalillo High School, Melissa Anne Martinez, Bernalillo, NM.

Bernalillo High School, Jennifer M. Rivera, Algodones, NM.

Gibola High School, Rebecca Wong, Rio Rancho, NM.

Del Norte High School, Jay M. English, Albuquerque, NM.

Estancia High School, William D. Neish, Estancia, NM.

Freedom High School, Marcio Lujan, Albuquerque, NM.

Hope Christian School, Geoffrey Luke McKinnon, Albuquerque, NM.

Los Lunas High School, Sarah Archer, Los Lunas, NM.

Menaul High School, Jedidiah Garcia Glazener, Albuquerque, NM.

Mountainair High School, Jessica Dawn Barber, Mountainair, NM.

Rio Grande High School, Anthony Baca, Albuquerque, NM.

Sandia Preparatory School, Leslie Siegal, Albuquerque, NM.

Eldorado High School, Matt Byers, Albuquerque, NM.

Evangel Christian Academy, Amanda Brown, Albuquerque, NM.

Highland High School, Matthew Sullivan, Albuquerque, NM.

La Cueva High School, John B. Wenz, Albuquerque, NM.

Menaul High School, Anna Chrzanowski, Albuquerque, NM.

Menaul High School, Haven Annette Scogin, Albuquerque, NM.

New Futures High School, Angelita Garcia, Albuquerque, NM.

St. Pius X High School, Shabbon P. Walsh, Albuquerque, NM.

HONORING SMITH COUNTY LAW DAY WINNERS

HON. RALPH M. HALL

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 31, 1997

Mr. HALL of Texas. Mr. Speaker, it is a privilege to recognize three outstanding individuals from Tyler, TX, who were recently honored during Law Day ceremonies in Smith County. Law Day is sponsored annually by the Smith County Lawyers Auxiliary in cooperation with the Smith County Bar Association.

Long-time Tyler attorney and my good friend, Murph Wilson, received the Justinian Award. Mr. Wilson has served the Tyler community in various capacities through the years. He served as mayor and as a member of the Tyler City Council, member of the Tyler School Board, president of the Smith County Bar Association, president of Southside Bank, member of Marvin United Methodist Church, and charter member of the Sharon Temple.

Preston McGee received the Outstanding Young Lawyer Award. Mr. McGee is a member of the Potter, Minton, Roberts, Davis & Jones law firm. He has been active with United Way, the American Heart Association, and Green Acres Baptist Church.

The Liberty Bell Award was given posthumously to Sally Ellis Dobbs for her efforts to educate the public about legal issues and the role of law in our society. Mrs. Dobbs was instrumental in developing the "Now You Are 18" Program and brochure and a similar program for eighth-graders. These programs are now used in educational efforts statewide. She is survived by her husband, J. Robert Dobbs Jr. and son, Smith County Assistant District Attorney David Dobbs, who accepted the award on her behalf.

These individuals have earned the respect of their peers in their community and of all those who seek to preserve and promote the ideals of law and justice upon which our great Nation was founded. Their integrity, hard work, and commitment to high standards of professionalism are exemplary.

Mr. Speaker, I ask my colleagues to join me today in paying tribute to these outstanding citizens of Tyler, TX, and to the efforts of the Smith County Bar Association and Smith County Lawyers Auxiliary.

QUEENSBURY CENTRAL VOLUNTEER FIRE COMPANY CELEBRATES 50 YEARS OF COMMUNITY SERVICE

HON. GERALD B.H. SOLOMON

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 31, 1997

Mr. SOLOMON. Mr. Speaker, anyone who visits my office can't help but notice the display of fire helmets that dominates my reception area. The main reason for this is the fact that I learned firsthand the true value of fire companies. One fire company in particular, the Queensbury Central Fire Co. is especially close to my heart. While serving as Queensbury town supervisor, and a New York State Legislator, I had the privilege of being an active member of the Queensbury Central Volunteer Fire Co. It was this experience that gave me a tremendous respect for those who provide fire protection in our rural areas.

In a rural area like the 22nd District of New York, fire protection is often solely in the hands of these volunteer companies. In New York State, as elsewhere, they save countless lives and billions of dollars worth of property. That is why the efforts of people like those fire fighters in the Queensbury Central Volunteer Fire Co. is so very critical.

Mr. Speaker, I have always been partial to the charm and character of small towns and small town people. The town of Queensbury in Warren County is certainly no exception. The traits which make me most fond of such communities is the undeniable camaraderie which exists among neighbors, and their strong civic pride. Looking out for one another and the needs of the community make places like Queensbury great places to live. This concept of community service and pride is exemplified by the devoted service of the members of their volunteer fire department. For 50 years now, this organization has provided critical services for their neighbors on a volunteer basis.

Mr. Speaker, it has become all to seldom that you see fellow citizens put themselves in harms way for the sake of another. For the members of the Queensbury Central Volunteer Fire Company, however, this is a day to day occurrence. Our young people would do themselves right by emulating the selfless service of these noble individuals. On Saturday, September 13, 1997 the fire company will be holding a ceremony to commemorate this milestone. This will provide the ideal opportunity for the residents in and around Queensbury to extend their gratitude to this organization and its members, both past and present.

Mr. Speaker, I have always been one to judge people by how much they give back to their community. On that scale, the members of the Queensbury Central Volunteer Fire Co. are great Americans. I am truly proud of this organization because it typifies the spirit of voluntarism which has been such a central part of American life. To that end, it is with a sense of pride, Mr. Speaker, that I ask all members of the House to join me in paying tribute to the Queensbury Central Volunteer Fire Co. on the occasion of their 50th anniversary.

HONORING THOMAS WORRELL

HON. ELIOT L. ENGEL

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 31, 1997

Mr. ENGEL. Mr. Speaker, the growth of our communities is accomplished through the good works of those people who give of themselves so earnestly and so well, whose contributions cover so many areas that they permeate the whole community. One of these rare people is Thomas Worrell who has been named the 1997 Heritage Celebration Grand Marshal by the Yonkers African-American Heritage Celebration. The reasons for his selection are obvious. Mr. Worrell is Great, Grand Exalted Ruler of the Terrace City Lodge of the Improved Benevolent and Protective Order of Elks of the World which has a long tradition of serving lunches for senior citizens and teaching responsibility to youngsters. He served in the U.S. Army during World War II, being discharged in 1949. He married Gloria Dias and together they have six children.

Mr. Worrell, who worked for a local trucking company, was a member of the International Brotherhood of Teamsters, serving for 15 of his 47 years in the union as a shop steward. He also joined the National Association for the Advancement of Colored People to fight segregation. In his years with the Terrace City Lodge, Mr. Worrell helped it to grow from a storefront to the eminent institution it is today.

He has passed his passion for helping to his two sons. Robert serves the Elks as Chief Antler of Council 57. Thomas III serves as president of the Samuel H. Dow Fife and Drum Corps.

There are few as worthy as Mr. Worrell to be named Heritage Grand Marshal.

TRIBUTE TO RICHARD LESHER

HON. NEWT GINGRICH

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 31, 1997

Mr. GINGRICH. Mr. Speaker, U.S. Chamber of Commerce President Richard Lesher has been a singular voice for America's economic interests for more than 20 years. He is stepping down at the end of the summer. The Nation's political debate has been significantly changed—for the better—through his singular input and perseverance.

Dick Lesher was one of the earliest and strongest supporters of Ronald Reagan's 1980 supply-side program, which cut taxes across the board and initiated the largest peacetime economic expansion in history. This was a bold gesture and a perfect example of the kind of vision and leadership that we have come to expect from him.

And it is fitting that Dick now leaves the chamber as Congress produces and the President is about to sign the first broad-based tax cuts in 16 years—since, in fact, Ronald Reagan's first term.

Dick Lesher has been instrumental in developing and implementing the Chamber's grassroots action information [GAIN], a service that has led to more effective legislative action through greater participation by the membership. In addition, he guided the chamber's launching of BizNet, the American Business Network, which features two award-winning television programs—"First Business" and "It's Your Business." Dr. Lesher's newspaper column, The Voice of Business, is distributed weekly to more than 600 newspapers across the Nation.

After more than 20 years of Dick Lesher's leadership, the chamber's membership has grown to 215,000 members, 3,000 State and local chambers of commerce and 1,200 trade and professional associations. Membership also includes 72 American chambers of commerce abroad in 65 countries. Programmatic achievements in this remarkable tenure include the Center for Workforce preparation and the Quality Learning Services, which delivers quality management seminars throughout the country.

Other significant highlights include:

The creation of one of the most advanced and effective communications networks of any business organization with television facilities producing daily and weekly syndicated business programming, satellite training seminars and televised town-hall meetings;

The creation of an extensive political program including How They Voted—the principal ranking of the pro-business votes of Members of Congress, a comprehensive endorsement process based on the rankings;

The chartering of the National Chamber Litigation Center, a public policy legal arm, that widely represents business interests in the Federal courts with great success.

Dr. Richard Lesher's reputation as a legitimate groundbreaker actually began with his tenure at NASA where as an assistant administrator he contributed to the first Moon landing.

On a personal note, over the last two decades—and particularly the last couple of years as a member of the majority—it's been a true honor to have had the opportunity to work with Dick Lesher and gain from his insight and experience. He has been a good ally, a good friend and a great American. I know I speak for many Members in sincerely wishing him well in his future endeavors.

CONGRATULATIONS AND BEST WISHES—DORIS McCRAY-CRANK

HON. DONALD M. PAYNE

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 31, 1997

Mr. PAYNE. Mr. Speaker, tomorrow evening in my district a reception hosted by the Newark Tenants Council [NTC] will be held honoring Doris McCray-Crank. Mrs. Crank is being recognized for her election as chairperson of the Board of Commissioners of the Newark Housing Authority [NHA].

Mrs. Crank has been an advocate for the less fortunate for most of her life and for all of her adult life. She has been active in the public housing arena as a tenant, a tenant leader with the NTC, and a member of the NHA board of commissioners. She has used available opportunities and resources to help make life better for those often shut out.

In 1972 while attending the U.N.-sponsored World Health Conference in Paris, France, Mrs. Crank learned of the children starving in Biafra because of the country's civil war. Completely dismayed, Mrs. Crank interrupted a session and took the opportunity to speak with conference delegates about providing financial support to save the children from death and starvation. As a result of her passionate plea, the delegates raised $8 million to feed the children.

While our situation at home is not nearly as devastating as that of Biafra's starving children, Mrs. Crank steps up to bat just as compassionately for our public housing residents. Mr. Speaker, I would like to share with my colleagues some of her goals as chair of the NHA Board of Commission. Mrs. Crank would like to see public housing residents own their homes, if they have the means; have more persons who are gainfully employed reside as tenants; businesses developed in the public housing communities that would strengthen economic development and benefit the residents; and public housing made drug free. Mr. Speaker, I am sure my colleagues will want to join me as I extend my best wishes to Mrs. Crank and the members of the Newark Housing Authority's Board of Commissioners—Gloria Cartwright, Ida Clark, Terry Pringle, Lynell Robinson, Zinnerford Smith, and Rolando Velazquez—and the Authority's executive director, Harold Lucas, as they continue to work to provide safe, decent, and affordable housing for Newark's residents and to set the standards and provide the benchmarks for other public housing entities.

RAILS TO TRAILS

HON. JERRY MORAN

OF KANSAS

IN THE HOUSE OF REPRESENTATIVES

Friday, August 1, 1997

Mr. MORAN of Kansas. Mr. Speaker, today I rise to introduce legislation regarding Rails to Trails. This legislation makes what I believe are common-sense changes to the current Rails to Trails Program.

Under this bill, local communities could actively participate in deciding whether or not to convert an abandoned rail line into a trail. This legislation simply states that local government officials must approve a rails to trails decision before a line is designated for a trail use. Under the current program, only the Surface Transportation Board decides whether to approve a rail to trail conversion.

Like many Federal laws and programs, Rails to Trails is top-heavy and the decision-making is done in Washington, DC. Unfortunately, people who live in Washington, DC, do not always understand what the communities in Kansas desire. We need more local control and decision-making to insure that the needs of local communities and property owners are considered.

Mr. Speaker, I urge my fellow Members of Congress to support this legislation and allow local communities to participate in the Rails to Trails process.

TRIBUTE TO MARIE HAFF

HON. ELLEN O. TAUSCHER

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 31, 1997

Mrs. TAUSCHER. Mr. Speaker, I rise today to extend my heartfelt congratulations to my constituent Marie Haff on her birthday. This past June 29, 1997, Marie Haff turned 80 years young.

Marie Haff, a resident of Pleasanton, CA, is a strong believer in family, hard work, and education. She is the proud mother of three daughters, grandmother of nine children, and great-grandmother of three. Although Marie officially retired in 1982 from her job, manager of the Northern California Credit Bureaus, she certainly has not stopped working. Currently, she is a trustee emeritus of Western Management Institute of Washington, DC, and serves as executive secretary of Associated Credit Bureaus of California. In addition to this already busy schedule, Marie attends classes at the local college, and last year at the age of 79, set out to conquer the information age by obtaining her first computer.

For many years Marie has served as a volunteer for local charities. She is active in promoting women's rights, and chaired the national committee which wrote the Equal Credit Opportunity Act, giving women the right to have their own credit records. For her efforts she has received many awards, including the Soroptomist Woman of the Year Award, International Credit Association Outstanding Leadership Award, and the Distinguished Service Award, California Department of Consumer affairs.

I am proud to know Marie Haff. I offer her my warmest congratulations, and best wishes for the years ahead.

TRAVERSE CITY'S 150TH ANNIVERSARY

HON. BART STUPAK

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 31, 1997

Mr. STUPAK. Mr. Speaker, I am proud to represent the "Cherry Capital of the World" in the First Congressional District of Michigan. Celebrated for its sheltering harbors, its temperate climate, its beautiful countryside, and, of course, its cherries, Traverse City, MI, is celebrating its 150th birthday.

As in many other Great Lakes cities, logging and sawmill operations were the first industries of Traverse City, and, like other Midwest lumber towns, a major fire was part of the city's history.

Rebounding from every adversity, the city has grown to become the heart of one of the best resort and retirement areas on the Great Lakes.

Traverse City as a settled community traces its origin to the arrival of Horace Boardman and other settlers from Chicago on board the schooner *Lady of the Lake* in 1847. Mr. Boardman built a sawmill, which was purchased by Hannah, Lay and Co. in 1851. Hannah and Lay would go on to open the community's first big general store in 1883, and Perry

Hannah would serve as the first village manager of Traverse City.

Some milestones in the city's history were outlined recently in its daily newspaper, the Traverse City Record-Eagle. This list is like a series of snapshots of a growing community in a growing nation, from the arrival of the first railroad in 1872 to the opening of the first airport in 1929, from the first log schoolhouse in 1853 to the opening of Northwestern Michigan College in 1951.

What these milestones cannot convey is the warmth of the people and the amenable climate of the area, moderated by the waters of Lake Michigan. Winters, which are here less bitter than in much of the northern United States, have allowed cherry trees and apple trees to thrive. Around 1920 Traverse City was named cherry capital of the world, and the community's first cherry festival was held. The event continues to this day.

A close look at Traverse City on its 150th anniversary reveals that its engine of economic growth is now fueled by tourism and the regular return of many summer vacationers, who are drawn to the beauty and temperate climate of the area. We see the growth of medical services, light manufacturing, and general commerce, cementing the community's role as the center of activity for northwestern lower Michigan.

We see a community which has evolved from humble beginnings to become one of the best places in the country to live and work.

Mr. Speaker, we salute Traverse City on its sesquicentennial anniversary.

TRIBUTE TO MRS. CASTYNE ADAMS

HON. EDDIE BERNICE JOHNSON

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 31, 1997

Ms. EDDIE BERNICE JOHNSON of Texas. Mr. Speaker, I rise today to remember and reflect upon the career of one of Dallas most dedicated servants. Her faithful service to Parkland Hospital was a testimony of her will to improving the lives of the patients that needed her help.

Castyne began her career of service to the Dallas area as a linen shaker for Parkland Hospital. She was drawn to Parkland because she "went to where people needed help. . . I love people and I believe that helping people is my job on earth." Mrs. Adams continued to serve to serve at Parkland for 37 years. During her tenure, she was the first African-American to become a department head, while also being the first African-American woman to serve on many Parkland committees. While a Parkland, Mrs. Adams revolutionized the linen service department to become one of the best programs in the nation handling over 27,000 pounds a day.

Mrs. Adams not only looked after the needs of her patients, but also the well being of her coworkers. She encouraged her employees to continue their education by going back to get their high school and college degrees, if they hadn't previously received them. Mrs. Adams who left school after the ninth grade received her college degree while taking night classes after work.

I thank Mrs. Adams for her years of loyal service to the citizens of Dallas and to the patients of Parkland. Thanks to the dedicated work of Mrs. Adams, her legacy and servitude will benefit generations to come.

TRIBUTE TO SALVATORE MILONE

HON. PETER T. KING

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 31, 1997

Mr. KING. Mr. Speaker, Long Island lost one of its most distinguished citizens recently with the passing of Salvatore Milone. Mr. Milone, who I knew personally and with whom I had the privilege of working, was a leading contractor in the Islandwide community. His company, which his father, an Italian immigrant, founded in 1899, was responsible for the construction of the St. Agnes Cathedral, the seat of Catholicism on Long Island. In addition, Dominick Milone Inc. built many of his buildings at Mercy Hospital and at Molloy College, both located in Sal Milone's native Rockville Centre.

As the head of the family business, Salvatore Milone was a pioneering figure but to the community at large he was much more. Mr. Milone was a long time member of the fire department and the Knights of Columbus. Until recently he was a prominent figure in Republican politics, serving as his village's Republican leader as well as vice chairman and treasurer of the Nassau County Republican Committee.

As a leading Long Island businessman, Mr. Milone was asked to serve as a board member of the Chemical Bank and the Nassau Savings and Loan Association. In addition he was a former chairman of the board of Molloy College.

Because of his service to his church, Salvatore Milone was installed as a member of the Knights of the Equestrian Order of the Holy Sepluchre of Jerusalem, one of the highest honors accorded a Catholic layman. Bishop John McGann, spiritual leader of the Rockville Centre Catholic Diocese, said the Mass of Christian burial for Mr. Milone and John Cardinal O'Connor participated in the service as well. Fittingly, the Mass took place in St. Agnes Cathedral for it was in this beautiful edifice that Mr. Milone married his first wife in the first marriage ceremony upon completion of the cathedral. Margaret Milone died in 1966 and Mr. Milone remarried 3 years later.

Sal Milone, who was just days shy of his 90th birthday, leaves his wife, Maria; a son, Dr. Richard Milone; a daughter, Elissa Metz; three sisters, Caroline, Vera, and Grace; two brothers, Louis and John, and five grandchildren.

Mr. Speaker, nothing is more impressive than a life well lived and Sal Milone's certainly meets that test. His charitable impulses, his civic leadership, his business acumen and—most important of all—his dedication to family make him one of the most noteworthy citizens of our Long Island. It is fitting that the rest of America know him as well.

CONFERENCE REPORT ON H.R. 2015, BALANCED BUDGET ACT OF 1997

SPEECH OF

HON. ALCEE L. HASTINGS

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 30, 1997

Mr. HASTINGS of Florida. Mr. Speaker, as a longtime proponent and sponsor of colorectal cancer screening legislation, I am particularly pleased that the House and Senate conferees have reached an agreement to authorize Medicare coverage of colorectal cancer screening as part of the preventative benefits package in the reconciliation bill before the Congress today.

Passage of this legislation is not, however, the final step in establishing comprehensive colorectal cancer screening for Medicare recipients. The legislation requires the Department of Health and Human Services to determine, within 90 days, whether the barium determination is an appropriate alternative to procedures covered by the bill. Once this determination is made, the initial Medicare Program for colorectal cancer screening will be fully established.

I hope and expect that in making the determination with regard to coverage of the barium examination, the Secretary of HHS will consider the particular screening needs of African-Americans. Although colorectal cancer screening is an important preventative care procedure for all Medicare recipients, it is a particularly important screening procedure for African-Americans who suffer a disparate impact from this disease.

One statistic that has often been cited in the debate on colorectal cancer bears repeating: African-Americans who get colorectal cancer are 50 percent more likely to die of the disease than other Americans. There are a number of reasons for this statistic, but it is, at least, in part because African-Americans tend to get colon cancer in the portion of the colon beyond the reach of the sigmoidoscope. This means that the most common screening procedure for colorectal cancer, sigmoidoscopy, is inadequate for these elderly Americans, and a full colon screening procedure is required.

Mr. Speaker, I once again commend the conferees for developing this colorectal cancer screening provision. This provision has the potential to save thousands of lives that would otherwise be lost to colorectal cancer, and to improve the quality of life for those whose colorectal cancer is detected early in a routine screening. I am proud to have been involved in developing this legislation, and for being part of the Congress that saw its enactment.

IN HONOR OF MARY EMERSON ON HER 100TH BIRTHDAY

HON. DENNIS J. KUCINICH

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 31, 1997

Mr. KUCINICH. Mr. Speaker, I rise to honor Mary Emerson on her birthday, September 3, 1997. At 100 years young, Mary continues to live a fulfilling and happy life. She has prospered in her professional career as well as in her personal life.

Mary is a joy to be around. She is loved by her family and many friends in the community. My fellow colleagues, please join me in wishing a great lady a very happy birthday and many more delightful years to come.

TRIBUTE TO DR. RICHARD LESHER, U.S. CHAMBER OF COMMERCE

HON. CONSTANCE A. MORELLA

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 31, 1997

Mrs. MORELLA. Mr. Speaker, I would like to take some time today to pay tribute to a man of great integrity and fortitude. For over 22 years, Dr. Richard Lesher has been at the helm of the largest business advocacy group in the Nation, the U.S. Chamber of Commerce. Since the chamber was founded in 1912 at the request of William Taft, its motto has been "The Spirit of Enterprise." No person deserves more credit in promoting that ideal than Dr. Lesher.

Dick Lesher has not only continued the chamber's longstanding tradition of being a distinguished advocacy group but has also made the chamber a distinguished media group. During his tenure, he established the chamber's grassroots network which helps American business be more aware of and involved in the issues we debate here in Congress. Dr. Lesher supervised the creation of BizNet, the chamber's telecommunications network, which syndicates television shows like "It's Your Business" and "First Business" to one million homes each week. He also oversaw the rapid growth of the chamber's flagship publication, Nation's Business magazine which now has a readership of more than two and half million readers a month.

From Capitol Hill to main street America, Dick has been a constant source of inspiration and advice. His knowledge of issues and his keen ability to navigate Washington has earned him the respect of Members from both sides of the aisle. We appreciate Dick's hard work, commitment, and contribution to America's political process.

It is an honor to count Dick and Agnes Lesher among my constituents and my friends. We wish them all the best for the future.

TRIBUTE TO DR. RICHARD LESHER

HON. MICHAEL P. FORBES

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 31, 1997

Mr. FORBES. Mr. Speaker, next month the American business community will lose a potent and proactive leader as Dr. Richard Lesher, steps down as president of the U.S. Chamber of Commerce. Since 1975 Dr. Lesher has presided over the day-to-day activities of the world's largest broad-based business organization, and its dramatic growth into a powerful voice for American businesses and organizations in Washington and around the world.

After more than 20 years with Dr. Lesher at the helm, the chamber's membership has grown to 215,000 business members, 3000 State and local chambers of commerce and 1,200 trade and professional associations. Membership also includes 72 American Chambers of Commerce abroad in 65 countries. Since Dr. Lesher became president, the chamber's annual budget has risen from $40 million to over $70 million.

Dick Lesher's energy and vision has transformed the direction and thinking of the chamber leading to the creation of the most advanced and effective communications network of any business organization. With television facilities producing daily and weekly syndicated business programming, satellite training seminars and televised town-hall meetings. Her chartered the National Chamber Litigation Center, a public policy legal arm, that widely represents business interest in the Federal courts with great success. And, he created an extensive pro-business, proactive and powerful grassroots legislative-action network throughout the country to track, rank and hold Members of Congress accountable for their voting record on business issues. Dr. Lesher's accomplishments were honored in March 1994 when association Trends presented him with their Executive of the Year Award for "* * * the dynamic leadership that he has brought in sharpening the focus of the chamber and broadening its activities."

Dr. Lesher has been a great leader and a forceful spokesman for business and I urge my colleagues to join with me in congratulating Dr. Lesher for his years of service and wishing him a long, happy, and healthy retirement.

A TRIBUTE TO MRS. RUTH LYNCH

HON. GERALD B.H. SOLOMON

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 31, 1997

Mr. SOLOMON. Mr. Speaker, I would like to take this opportunity to pay tribute to a great woman. I call her great because she has always known the value of giving back to the community by using her artistic ability for the betterment of others. The woman of whom I am speaking is Mrs. Cornelius (Ruth) Lynch, a resident of South Glens Falls, NY. Mrs. Lynch will be honored by the Historical Society of Moreau and South Glens Falls for her 80 years as an artist on August 17, 1997.

Mr. Speaker, Mrs. Lynch was born in Indiana, but spent her early years in Florida. While in Florida, Mrs. Lynch received her artistic training at the Miami Art School. She later studied at the Hyde Museum under Joseph Dodge and Frank Murone where she further developed her artistic abilities. Mrs. Lynch distinguished herself as an animator for the Fleicher Studios completing work on such full length films as, "Gulliver's Travels" and "Mr. Bugs Goes to Town," not to mention work on famous cartoons like Popeye and Betty Boop. But Mr. Speaker, although any other artist would have been satisfied with these accomplishments, Mrs. Lynch has continually sought to use her artistic inclination to help others while avoiding the spotlight herself.

Mr. Speaker, it is this side of Mrs. Lynch that makes her so special to the South Glens Falls community. Her benevolent record began during World War II, where she helped to produce training films for the Army Signal Corps Photographic Center on Long Island. Mrs. Lynch was only too happy to do her part in this noble effort. After her marriage to Cornelius Lynch, Ruth moved to New York and continued her good work. Her work for the community extended to numerous areas, whether it be designing Christmas cards for UNICEF, or teaching schoolchildren the art of cartooning through the ATTIC [Art Techniques To Inspire Children] program, Mrs. Lynch has always given her time, talents, and energies in a selfless manner.

Actions like these are what makes Mrs. Ruth Lynch a pillar of the South Glens Falls community. Mrs. Lynch, who remains an active member of the Historical Society of Moreau and South Glens Falls, is indeed a model we would all do well to emulate. An example of one who helped others, and whose artwork brought enjoyment to many, I wish to personally offer my congratulations to this great American. On that note, Mr. Speaker, I ask that you and all Members of this House rise and join me in this tribute to Mrs. Lynch.

HONORING THE BRONX

HON. ELIOT L. ENGEL

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 31, 1997

Mr. ENGEL. Mr. Speaker, today I rise not to praise a person, but rather the spirit of a group of people—the residents of the Bronx.

My borough, where I was born, live and which I am proud now to represent in the House of Representatives, became a regular stop in Presidential politics as a symbol of inner city decay and was nationally televised during a World Series game as burning. The borough became an example of desolation for Hollywood. When people said Bronx Zoo they meant it as a term of derision, not the world famous facility it is.

But throughout it all the people of the Bronx knew how to work with sparse resources, how to work together, and how to go the distance.

Community groups joined to make the most of what was available. Through their perseverance they showed what could be accomplished by keeping their eye on the prize and not on the distractions.

The hard work of our people showed they cared deeply about their home county. They worked on the problems that plague all American cities: crime, poverty, inadequate education, and homelessness among others.

They worked for 20 years and their work has now been recognized by the National Civic League and the Allstate Foundation which named the Bronx one of 10 All American Cities.

Now the world knows what we Bronxites have known for a while—the Bronx is back and better than ever. Being named an All American City is a cheer for the Bronx from the rest of the country which is richly deserved.

HONORING SHERIFF YOUNG

HON. RALPH M. HALL

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 31, 1997

Mr. HALL of Texas. Mr. Speaker, it has been 6 months since Hunt County Sheriff Bobby Young retired, and I hope that he is finally able to enjoy some peace and quiet after serving 20 years as the chief law enforcement officer of Hunt County. He was and is a close friend of mine, and I have always enjoyed every contact I had with Bobby.

Sheriff Young occupied that office longer than any other Hunt County sheriff, having first been elected in 1976. During his tenure the old jail in the Hunt County Courthouse was replaced by the Hunt County Criminal Justice Center, and his department grew over the years in an effort to provide more protection for the 840-square-mile area of jurisdiction for which he was responsible. Despite these accomplishments, Sheriff Young notes that there is still much more that needs to be done. His successor, Don Anderson, will have that opportunity.

Sheriff Young spent much of his life maintaining law and order in Hunt County and protecting its citizens—and they rewarded him from his efforts by continuing to re-elect him for 20 years. Mr. Speaker, law enforcement officials like Sheriff Young not only uphold the peace—they uphold the principles of justice and liberty that define our way of life. They are often the unsung heroes of our communities, so I am honored today to salute this legendary law enforcement officer of Hunt County and to wish him well in his retirement. As we adjourn Congress this day, let us do so in honor of and with great personal thanks to Sheriff Bobby Young.

THE COMPTROLLER GENERAL—GENERAL ACCOUNTING OFFICE VACANCY

HON. NEWT GINGRICH

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 31, 1997

Mr. GINGRICH. Mr. Speaker, before leaving for the August recess, I want to address the House briefly on the matter of the vacancy in the Office of the Comptroller General. The General Accounting Office is a vital organization to the Congress, and the person selected to head the GAO must have the confidence of both the majority and minority. When a vacancy occurs, a commission is established by statute to consider and recommend candidates to the White House. The members of this commission are: the Speaker of the House, the President pro tempore of the Senate, the majority and minority leaders in the House and Senate, and the chairman and ranking member of the House Committee on Government Reform and Oversight and the Senate Governmental Affairs Committee.

Members should be advised that the commission has been organized on a bipartisan, bicameral basis, and we are moving forward. Based on the precedent of alternating between Houses, I will serve as vice chair of the commission and the majority leader of the Senate will serves as chair. There are a number of candidates who have already expressed their interest in the Comptroller General position, but I wanted to put all Members on notice that we are open to additional candidates and recommendations. If any Member knows of someone interested in being considered for the position, please advise one or more of the members of the commission as soon as possible to ensure that the commission has an opportunity to consider all qualified candidates.

TRIBUTE TO LT. GOV. BOB BULLOCK

HON. EDDIE BERNICE JOHNSON

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 31, 1997

Ms. EDDIE BERNICE JOHNSON of Texas. Mr. Speaker, I rise today to honor one of Texas's truly dedicated political leaders, the retiring Lieutenant Governor of Texas, Mr. Bob Bullock. He has devoted his life to service to the citizens first, and secondly to his State. His integrity and political contributions to the State are a testament to his career in politics.

On Thursday, June 5th, 1997, Texas' most admired and cherished political leader announced he would not run for re-election as Lieutenant Governor. After 40 years of service to the great State of Texas, Bob Bullock decided to set aside public office and spend more time wit his family and friends.

Mr. Bullock attended the University of Texas Tech and received his law degree from Baylor University. While still attending law school, Bob Bullock was elected the Texas State House of Representatives in 1956. This was the beginning of his long career as a public servant. After serving 3 years as a State representative, he left office to practice law in a private firm.

He is often referred to as "outspoken and fearless," and over his career in politics has run in six statewide elections of which he has never lost. After serving in the Air Force, he was elected to the Texas House of Representatives. After leaving his seat he worked in private law practice serving as legal counsel to the Governor. He used his law background to serve as Texas' attorney general.

In his tenure as a political leader in Texas, Bullock has accomplished many things. They include advocating voting rights of 18-year-olds, being first elected comptroller to implement an equal employment opportunity program, revamping the State education fund, and creating the State's first water conservation-management plan.

Bullock has earned the reputation as bringing a "Superman" power to the position of Lieutenant Governor.

Bob Bullock is a tradition in Texas. He is the epitome of management and leadership. He has brought dignity and success to Texas' governing body. Many have described him as, ". . . a man of enormous willpower and strength. When you want somebody in the trenches with you, you want Bob Bullock."

Mr. Speaker I ask all of my colleagues to rise with me in tribute and take a moment to recognize the dedication and contribution of a great political leader, Mr. Bob Bullock.

A TRIBUTE TO MARIANNE AND SHELDON LUBAR

HON. THOMAS M. BARRETT

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 31, 1997

Mr. BARRETT of Wisconsin. Mr. Speaker, today I would like to recognize two outstanding citizens from my district, Marianne and Sheldon Lubar. Marianne and Sheldon are the 1997 honorees of the American Friends of the Hebrew University and the recipients of the prestigious National Scopus Award.

Both Marianne and Sheldon have earned such wonderful accolades through their devotion to the community and support of many humanitarian causes. Marianne Lubar has devoted countless hours to our community for a broad range of causes to help improve the quality of life in Milwaukee. Her efforts are very much appreciated by the groups she works with and the beneficiaries of her hard work.

Sheldon Lubar has had a distinguished career in both the public and private sector. He served Presidents Carter, Ford, and Nixon. In addition, he has enjoyed much success in the financial field. Throughout his career, though, he has always taken the time to lend a hand to better the education system in Wisconsin and to aid many worthwhile community organizations.

On the occasion of the 1997 National Scopus Award Dinner, I commend and congratulate Marianne and Sheldon Lubar for receiving the award and for helping to make Wisconsin a better place for all of us.

IN HONOR OF THE COALITION OF INDIAN ORGANIZATIONS OF NEW JERSEY

HON. ROBERT MENENDEZ

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 31, 1997

Mr. MENENDEZ. Mr. Speaker, I rise today to congratulate India on its 50th year of Independence and to salute the Coalition of Indian Organizations of New Jersey as it marks the occasion with a celebration at the Brookdale Park Stadium in Essex County on August 23, 1997.

The Indian-American community has been an exemplary community in New Jersey. I have been working with them since my years as mayor of my hometown, Union City. The

Indian-Americans boasts the highest median income and highest proportion of college graduates of any immigrant group in the United States. They have contributed much to our cultural, economic, and social life in America. In New Jersey I have seen the contributions Indian-Americans make as businessmen, doctors, engineers, lawyers, surgeons, and scientists. They brought with them a hard work ethnic and family values that benefit our society.

I have the honor of being one of the founding members of the Congressional Caucus on India and Indian-Americans. As an executive committee member of the caucus, I have been vigilant on issues of concern to the Indian-American community. I fought to change the provisions of the welfare law which targeted the legal immigrant community, and I am pleased we were able to make immigrants who were in our Nation as of August 22, 1996 eligible for Supplemental Security Income no matter when they become disabled.

India won its independence from England at midnight on August 15, 1947. This was the culmination of years of effort led by Mohandas K. Gandhi, Jawaharlal Nehru, Sardar Vallabhbhai Patel, Maulana Azad, and countless others. They fought peacefully against British colonial rule. The Indian-American community in America has taken the best of this tradition.

America's relationship with India has grown due to the efforts of the Indian-American community. I understand the importance of cultivating economic, political, and strategic ties with India. As links between our Nation and India expand, Indian-Americans will need to continue to promote the relationship.

It is an honor to have such a productive and vibrant community residing in my home State of New Jersey. I ask that my colleagues join me in honoring the 50th anniversary of India's Independence and the Coalition of Indian Organizations of New Jersey.

CONGRATULATING DEMOTTE CHRISTIAN SCHOOL ON ITS 50TH ANNIVERSARY

HON. STEPHEN E. BUYER

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 31, 1997

Mr. BUYER. Mr. Speaker, it is my pleasure to recognize DeMotte Christian School, in DeMotte, IN, on the occasion of its 50th anniversary.

In 1947, a small but determined group of parents and individuals decided to start a school which would offer an education rooted in the Christian faith. Their desire was to provide an academic framework which would emphasize to its students a commitment to a life lived for the Glory of God. Their steadfast commitment to this endeavor planted the seeds which has allowed DeMotte Christian School to grow from its beginning classes which convened at the First Christian Reformed Church, to its current location with an enrollment of 306 students and a full curriculum for ages ranging from pre-school through the 8th grade.

DeMotte Christian School stands as a testament to the rewards of a determined vision, perseverance, and devotion to the cause which its founders cherished: Christian education. The efforts of a myriad of individuals including parents, teachers, students, and alumni have resulted in a thriving school which is both an asset and witness to its community, and a shining example of academic instruction which remains faithful to the vision of its founders. I extend congratulations and best wishes to the students, administrators, teachers and entire family of DeMotte Christian School on celebrating its 50th anniversary.

IMPROVING VALLEJO'S WATER SUPPLY

HON. GEORGE MILLER

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 31, 1997

Mr. MILLER of California. Mr. Speaker, water supplies for California cities are extremely limited. Whenever possible, cities attempt to use their water storage and conveyance systems in the most efficient ways they can.

The city of Vallejo has tried to use its water supply facilities more efficiently, but has been frustrated by a limitation in Federal law that prohibits the city from sharing space in an existing Federal water delivery canal.

The city of Vallejo simply desires to wheel some of its drinking water through part of the canal serving California's Solano Project, a water project built by the Bureau of Reclamation in the 1950's. Vallejo is prepared to pay any appropriate charges for the use of this facility.

Allowing Vallejo to use the Solano Project should be a simple matter, but it is not. Legislation is required to allow the city to use the Federal water project for carriage of municipal and industrial water.

Congress in recent years has expanded the scope of the Warren Act to apply to other communities in California and Utah where there existed a need for more water management flexibility. The legislation I am introducing today will simply extend similar flexibility to the Solano Project and to the city of Vallejo.

CLEAN AIR STANDARDS WILL ADVERSELY AFFECT OHIO

HON. RALPH REGULA

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 31, 1997

Mr. REGULA. Mr. Speaker, Vice President GORE recently announced the final adoption of U.S. EPA's clean air standards for ozone and particulate matter. I, like many other members of the Ohio delegation, am particularly concerned with the more stringent regulations' implications on Ohio's economy. Eric Peters' recent editorial published by the Akron Beacon Journal, entitled "Clean-Air Rules: Taking a Bite Out of All Paychecks?" cuts to the heart of this issue.

I encourage my colleagues to take time to read Mr. Peters' comments and to evaluate the impact of these regulations on their congressional districts. Because of the standard's effect on my district, I have cosponsored H.R. 1984, legislation introduced by Representative RON KLINK. The bill would enact a 4-year moratorium on the promulgation of the standards and require EPA to conduct a more complete scientific review of ozone and fine particles.

I urge all my colleagues to consider supporting H.R. 1984. Let's give the current Clean Air Act regulations a chance to continue to clean our Nation's air without further expense and job dislocation to our precious economic base.

[From the Akron Beacon Journal, June 23, 1997]

CLEAN-AIR RULES: TAKING A BITE OUT OF ALL PAYCHECKS?

(By Eric Peters)

If you were disposed to being facetious, you could say the U.S. Environmental Protection Agency's proposed new clean-air standards for ozone and particulate matter—English translation: smog and soot—contain both pluses and minuses.

On the one hand, the standards require significantly higher utility bills for American ratepayers and significantly higher price tags on a wide range of manufactured goods for American consumers.

On the other hand, they almost certainly will result in fewer jobs, lower wages and less economic growth.

Don't take my word for it.

Take the word of President Clinton's own Council of Economic Advisers, which predicts the national costs of reaching full attainment with the EPA standards will total upwards of $60 billion—far exceeding the $1 billion value of the benefits it projects. Even in Washington, D.C., a 60:1 ratio of cost to effectiveness is totally out-of-whack.

Indeed, if science and sound economic policy served to guide EPA policy recommendations, the agency's current clean air agenda would never have seen the light of day.

While virtually every state would lose under the Draconian EPA proposals, some states would clearly lose more than others.

The economies of such disparate states as Ohio, Virginia, Illinois, Kentucky, Minnesota, Indiana, West Virginia and Missouri all would receive sledgehammer blows from tighter standards that studies show would produce no overall measurable improvement in the nation's air quality.

Ohio is a particularly good case in point.

Although the Federal EPA estimates that the national compliance costs of its tougher ozone restrictions would be only $600 million a year, Ohio's Environmental Protection Agency projects that the annual capital expenditures for Ohio utilities alone would exceed $730 million a year.

The added expenditures would boost utility rates for Ohio ratepayers and consumers by as much as 17 percent in some areas, and would force an average increase of 7 percent throughout the Buckeye State.

Ohio manufacturers also are in a bind.

G&S Titanium, a company in northeast Ohio, desperately needs to expand to satisfy the demands of its current customers. Right now, the company uses the most modern technology available and complies with all Federal and local environmental standards.

It won't be able to comply with the new EPA rules for one simple reason: The technology for complying with the standards isn't available. As Ohio Gov. George V. Voinovich pointed out to a House Commerce Committee hearing last month:

These proposals are creating a catch-22.

"If they (businesses) do not expand," the Republican governor said, "They risk losing customers and market share. If they expand and the new standards are implemented, they risk being out of compliance."

Rep. John Dingell, D-Mich., who long has fretted about the erosion of America's manufacturing base, has urged President Clinton to recall the EPA's new clean-air standards and correct their major defects.

Failure to do so, Dingell observes, will permanently alienate working men and women—and doom the Democratic Party's chances of retaking the U.S. House and Senate.

Officials at the U.S. Departments of Commerce, Transportation and Agriculture, as well as at the Small Business Administration, have echoed Dingell''s warnings in private meetings with White House officials.

Nevertheless, EPA Administrator Carol Browner adamantly defends the proposed new rules—particularly her agency's attempt to regulate particulate matter (soot) as tiny as 2.5 microns (about one-fortieth the width of a human hair).

This despite the fact that the Federal Government's own figures show that some 83 percent of all such emission are generated by "fugitive dust," which comes from such benign sources as farmers plowing fields, animals with dandruff and pollen released from flowers, weeds and other fauna.

Most of the remaining 17 percent of particulate matter comes from burning wood, stoked-up barbeques and idling internal-combustion engines that already have reduced emissions by more than 98 percent.

Since the Nation's ambient air quality has improved exponentially over the past two decades, one can only wonder about the EPA's motives in pursuing standards that are virtually impossible to meet.

Rather than voluntarily cut back its staff and budget and earn grateful applause from American taxpayers, the agency apparently has decided to try its hand at regulating areas and items that literally defy regulation.

POLLUTING A NATIONAL RESOURCE

HON. CHARLIE NORWOOD

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 31, 1997

Mr. NORWOOD. Mr. Speaker, on a recent trip to foster environmental partnerships, Vice President AL GORE visited China. This is a nation that burns more than a billion tons of coal a year—one-third more than it did just a decade ago.

As coal burns, it sends millions of tons of carbon dioxide into the atmosphere, where the chemical traps heat and warms the earth. We Americans, though, are in a poor position to cast blame. For every year, the average U.S. resident breathes a portion of the 1,442 million metric tons of carbon the United States emits. Because there are no boundaries in the atmosphere, we breath the same air into which we casually spill carbon, sulfur dioxide, and other gases. Carbon dioxide invades the air like a filthy pall that blankets the Nation's urban pockets and others throughout the world.

But there is a technology that makes clean air entirely effortless—one that Americans take for granted because its merits too often go unnoted. It is nuclear generation of electricity.

Nuclear energy already supplies 20 percent of the Nation's electricity. And in at least seven States, unplugging that power would darken the majority of the States' homes, industries, and office buildings without a readily available backup supply.

We live in a world where one-third of the world's inhabitants cook, clean, and work without electricity. Within the next two decades, they will seek to change their cycle of energy poverty. A 1996 report by the International Nuclear Societies Council projects that increased energy demand in developing nations will be three times the 1990 level in 2020 and about six times greater than that level by 2050.

It is no surprise that the need will be greatest in the developing world. The cheapest power option is fossil fuel. And who will convince leaders in developing countries that the byproducts of fossil fuels could cause more harm to the environment than good derived from an energy supply that would fuel economic growth?

Each year, U.S. nuclear power plants prevent the discharge of 146 million metric tons of carbon. The power generated by one nuclear plant keeps 1.4 million metric tons of carbon out of our air. Imagine how clean our air would be if nuclear power provided more electricity.

Nuclear power alone isn't the answer. But it is part of an essential mix of energy sources in countries that must assume the responsibility for others that will not or cannot protect our air.

My purpose today is simple, Mr. Speaker. I want to urge action on H.R. 1270, the Nuclear Waste Policy Act of 1997. This legislation, through its used nuclear fuel management program, would ensure that we can continue to produce energy cleanly at nuclear power plants—many of which are running out of storage capacity for used reactor fuel. This legislation would make us guardians of a cleaner planet. Supporting H.R. 1270 is the right thing to do.

GILMAN SPONSORS LEGISLATION URGING WAR CRIMES TRIBUNAL AGAINST SADDAM HUSSEIN, HOUSE CONCURRENT RESOLUTION 137

HON. BENJAMIN A. GILMAN

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 31, 1997

Mr. GILMAN. Mr. Speaker, I want to take this opportunity to inform my colleagues that today, on behalf of myself and the gentleman from Illinois [Mr. PORTER], I am introducing legislation that calls for the formation of an international criminal tribunal against Saddam Hussein and other members of his despotic and cruel Iraqi regime.

The dictatorship of Saddam Hussein has created an environment of fear and terror within Iraq and throughout the region, with its gross violations of international law and human rights. The people of Iraq are subject to summary and arbitrary execution, torture, and repression of the freedom of speech.

Saddam Hussein is reported to have used chemical weapons to annihilate entire Kurdish villages. Over 182,000 Kurdish civilians disappeared, and over 400 villages have been destroyed in these attacks, known as the Anfal campaigns. The Iraqi use of chemical weapons is the most severe use of such inhumane devices since the First World War. The United States cannot allow such atrocities to go unpunished if we want to prevent the proliferation of these weapons of mass destruction.

Under Saddam Hussein, the Iraqi Government has been particularly active in its persecution of indigenous minority groups. Members of Shiite Muslim groups along with members of the Turkomen minority have been massacred and arrested. Assyro-Chaldean churches have also been destroyed.

A war crimes tribunal will go a long way to eliminate such flouting of international law and treaties. The tribunal would bring Saddam Hussein to justice as well as his henchmen, by prosecuting them for their crimes against humanity. Because the Republic of Iraq is a signatory to both the Geneva Convention and the Universal Declaration on Human Rights, it should be compelled to comply with these obligations.

Moreover, over 600 Kuwaitis who were taken prisoner by Iraqi soldiers during the Persian Gulf war remain unaccounted for. It has been 6 years since the war, and the families of these MIA's deserve answers and the return of their loved ones. Iraq must be made to account for these individuals under the terms of the Geneva Convention.

Accordingly, Mr. Speaker, it is clear that a war crimes tribunal is necessary. I urge my colleagues to join Congressman PORTER and me by cosponsoring this measure, House Concurrent Resolution 137.

IN HONOR OF CONGREGATION BETH JACOB

HON. CAROLYN B. MALONEY

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 31, 1997

Mrs. MALONEY of New York. Mr. Speaker, I rise today to pay a respectful tribute to Congregation Beth Jacob of Astoria on the 70th anniversary of its founding. The congregation's history is one of perseverance and growth, supported by a foundation of worship, education, and dedication.

Beth Jacob was founded in 1927 by a small group of Hungarian Jews who were determined to have their own congregation. These founders had very little money and could only afford to erect a fragile, one story structure which leaked badly after the first rain. However, the congregants were determined to have a home.

Their weak structure never fell. In fact, it grew, as did the number of people who prayed there. And in 1938, in the midst of the destruction of synagogues throughout Germany, the growing congregation rebuilt their temple.

In 1951, upon the completion of a second story, Beth Jacob truly began to flourish. At this time, it housed a Hebrew school with 126 students and three teachers. The Yeshiva of West Queens also began at Beth Jacob and had to move when its students overfilled the available classrooms. Worshipers filled the synagogue beyond capacity on holidays.

Since the 1960's, the size of the Jewish community in Astoria has decreased. However, Congregation Beth Jacob has maintained its lively atmosphere, providing a center for Jewish life for residents from Astoria and nearby communities.

Consistent with its tradition of growth, Congregation Beth Jacob now has a young new rabbi, Rabbi Zev Itzkowitz, and is always expanding its educational offerings, including adult classes and special programming.

Mr. Speaker, I ask that my colleagues rise with me in this tribute to Congregation Beth Jacob as it celebrates 70 years of a most vibrant history. I am honored to have such a thriving synagogue in my district, serving as a center for Jewish life and a home for Jewish education and worship.

INDIA'S 50TH ANNIVERSARY OF INDEPENDENCE

HON. BOB FILNER

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 31, 1997

Mr. FILNER. Mr. Speaker, August 15, 1997 will mark the 50th anniversary of India's independence, and I, as a United States Congressman, am excited about it.

Why am I excited about another nation's independence? For the sane reasons that all Americans should be excited. As the largest democracy in Asia, India is celebrating the very same liberties and values which America cherishes. Over 500 million people turned out for India's free elections. 500 million. That is twice the population of the United States. India is not just a democracy—it is a democratic powerhouse.

I am also excited about India's development as an economic market. As one of the top 10 emerging open markets, India has crossed the threshold of global commercial competition. Large U.S. enterprises such as Coca-Cola, GM, Enron, and Sun Microsystems, among others, are expanding to the Indian Subcontinent, creating employment opportunities for Americans and Indians alike.

Mr. Speaker, America has maintained a strong relationship with India that began long before its independence in 1947. Woodrow Wilson and Franklin D. Roosevelt both championed a free India. We must continue to uphold this friendship and help celebrate this momentous occasion. I urge all Members of Congress and the people of America to join in the festivities sponsored nationwide by Indian-Americans to commemorate India's 50th anniversary of independence. Through this participation, we will strengthen the democratic bonds between our countries and realize the value and potential of India.

CONFERENCE REPORT ON H.R. 2015, BALANCED BUDGET ACT OF 1997

SPEECH OF

HON. STENY H. HOYER

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 30, 1997

Mr. HOYER. Mr. Speaker, I rise today in support of the balanced budget agreement recently negotiated between the President and congressional leaders. And, while this agreement is not perfect in the eyes of many, it is an example of the democratic process and the consensus building and compromise that it embodies. It is an agreement which incorporates all of the principles which I believe are essential in a budget agreement. In this legislation, we will achieve a balanced budget for the first time in a generation, invest in our people for the future, and provide substantial middle-class tax relief.

Four and a half years ago, we set out on a course toward economic recovery, striving to get our fiscal house in order. And, as we revel in our accomplishments on this day, to finish the job of balancing the budget, we must not overlook the magnitude and importance of the 1993 budget plan. For it was that historic and courageous vote that cut the deficit from $290 billion in 1992 to a projected $41 billion this year. That comprehensive budget strategy made difficult spending cuts and raised needed revenues by asking our Nation's wealthiest to contribute to our economic recovery. The leadership of the President and the Democratic Congress in adopting that budget plan has contributed to record economic growth, low inflation, the creation of over 12½ million new jobs in our Nation, and a deficit that has shrunk by more than 80 percent. The bipartisan budget plan that we enact today would not be possible had we not made the tough choices, politically and substantively, that we did in 1993.

Mr. Speaker, there are some today who advocate finishing the job of balancing the budget before we enact tax cuts of any kind. Others in the Congress believe that enacting tax cuts will help spur the economy and contribute to the economic stability we all seek. I believe that this is a sound agreement and a good compromise that melds the priorities of Democrats and Republicans in a way that will allow all Americans to prosper.

At the heart of this balanced budget is a historic investment in education—the most significant increase in education funding in 30 years. It includes $40 billion in tax relief to help make a college education a reality for millions of Americans. It includes the largest increase in Pell grant scholarships in three decades and will give communities substantial tax cuts to help build and modernize our schools.

Second, this budget agreement extends health insurance coverage to 5 million children by investing $24 billion in quality medical care. One of our greatest challenges, in this era of budget cutting, is to ensure that we continue to invest in our children and their future and this is a major step toward that goal. At the same time, this agreement honors our commitment to our parents by preserving the Medicare trust fund for a decade and implementing new market-oriented reforms.

This agreement bolsters environmental enforcement by doubling the pace of Superfund cleanups and delivers tax cuts to clean up and revitalize urban areas. It protects the community oriented policing services [COPS] initiative, which will put 100,000 more police officers on the street by 2000. And, it improves upon the welfare reform legislation that enacted last year by protecting our most vulnerable people. While providing $3 million to move willing and motivated Americans from welfare to private sector jobs, the agreement treats 350,000 legal immigrants fairly by restoring their disability and health benefits.

Finally, Mr. Speaker, for the first time in a generation, this agreement provides mainstream, middle-class tax relief while spelling out specific, sufficient spending and entitlement reductions to pay for it and balance the budget at the same time. The final budget deal provides the $500 child tax credit to the Americans most in need: 27 million middle- and low-income, hard-working families; 13 million children from families with incomes below $30,000 will receive the child tax credit, nearly 7.5 million more than the Republican plan would have covered.

Democrats have succeeded in providing tax relief which invests in our children by helping middle-class parents trying to pay for their children's college tuition. The budget plan includes the President's $1,500 HOPE scholarship to make the first 2 years of college universally available. And, it provides for a 20-percent tuition tax credit for college juniors, seniors, and graduate students, and for working Americans trying to upgrade their skills.

I am also pleased to see that the estate tax provisions resemble the President's proposal and legislation which I introduced earlier this year which seeks to provide relief, immediately, to those most in need: small businesses and family farms.

Mr. Speaker, this agreement continues the job started in 1993. It balances the budget by 2002 and puts the budget in surplus at least through 2007. The job is not done, Mr. Speaker. We must never allow ourselves to revert back to the irresponsible policies of Reganomics which today still confront our generation and generations to come in the form of a $5½ trillion national debt. We must ensure that we follow through with the spending cuts outlined in this agreement while not allowing ourselves to succumb to future pressures to borrow from future generations to pay for what we buy today. And, we must vigorously ensure that the budget deficit goals included in this agreement are enforced and reached.

Mr. Speaker, as we applaud the bipartisan budget plan which we will enact today, let us not forget the 1980's and the fiscal instability which strangled our Nation when President Clinton inherited exploding budget deficits in 1993. A decade of large deficits had weakened the foundation of our economy and challenged our Nation's power and prosperity abroad. In the President's first term he set out to cut the deficit in half. Working with the President, Democrats in Congress enacted the 1993 budget plan which has far exceeded our expectations. The President, who had the courage and vision to reverse this trend, deserves our thanks and praise.

When the President was reelected last year, he was determined to fulfill his goal of balancing the budget, but was unrelenting in his commitment to invest in our Nation's core values of education, health care, and the environment. This bipartisan budget agreement protects our priorities, solidifies the Nation's economic foundation, and bolsters America's position as the greatest economy in the world.

Policymaking is a series of tradeoffs and tough decisions. This bill unfairly targets Federal employees by asking them to pay additional retirement contributions without any increase in benefits. Nevertheless, on balance, this is a good budget and will have a positive effect on the lives of millions of Americans as we head into the next century. It reflects the values and priorities of our Nation and with the enactment of this agreement, our Nation will have taken a historic step toward a vibrant and prosperous 21st century.

AMERICA'S CULTURE

HON. HELEN CHENOWETH

OF IDAHO

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 31, 1997

Mrs. CHENOWETH. Mr. Speaker, part of America's culture and heritage is due to the wise-use of its rivers and waterways. In the arid West, America has literally turned deserts into gardens. We barge our agricultural and manufactured products in an economically and environmentally benign manner for trade. We live, work and recreate in our rivers. Indeed, our rivers are the lifeblood of much America.

I would like to bring to the attention of the Members an editorial by Bill Hall which appeared in the July 27, 1997 edition of the Lewiston Tribune. Mr. Hall articulates the concerns many of my constituents have about the plan of the U.S. Army Corps of Engineers, National Marine and Fisheries Service and the Fish and Wildlife Service to breach the dams along the Snake and Columbia Rivers. These dams provide for the transportation, electricity generation, irrigation and recreation that many in the Pacific Northwest rely upon. Before these agencies take such drastic action, I ask the Members to consider Bill Hall's article.

B.H.—LEWISTON SHOULD SHARE THE MOTEL JOBS WITH BOISE

(By Bill Hall)

The Idaho Statesman of Boise has a point when it suggests that breaching the dams that created the ports at Lewiston and Clarkston could be offset by the return of a fish run so robust it could really kick the economy into gear through boosts in the tourist, fishing and boating industries.

Indeed, the same is true of dams throughout Idaho and of the effect their rupture or removal could have on the economy of nearby communities.

Lucky Peak Dam above Boise, for instance. That plugs what was once a wild and natural stream and could become the same again. Imagine what that could do for the Boise Valley economy once recreation-starved Californians discovered that you could fly into Boise Airport and, in less than an hour, be enjoying some of the finest bait fishing in America.

And among the richest salmon spawning streams in Idaho were the Boise, the Payette, the Weiser and the Owyhee rivers. The state, by removing dams, could have that resource back and reap the profits of what plentiful fish would do for the tourist industry of western Idaho.

For that matter, what would it do to the economy of both northern and southwestern Idaho if the three Idaho Power dams in Hells Canyon could be removed altogether creating one stupendous canyon instead of these dam-locked segments we now have, these pitiful canyonettes?

The Statesman may be on to something of general use when it outlines the concept as it applies to Lewiston specifically: "A more natural river would give Lewiston the higher quality of life it needs to attract new clean industry."

If that is true of Lewiston, it is also true of American Falls Dam near Pocatello. That dam now produces power to sustain polluting Pocatello factories. If you get rid of the factories, you won't need the dam. That would give Pocatello a chance at a new, clean more vigorous tourist industry.

And what would Idaho need of industrial jobs if the demand became heavy enough for motel maids and bait shop clerks?

Indeed, the great Idaho desert with its purple sage, its golden grasses, its delicate desert flowers and its natural populations of coyote and rabbit and grasshopper is an easy sell to a nation hungry for the original, natural places. It may have seemed at the time to be a wise idea to let Micron Technology encroach on the nearby edge of the noble desert just for a few jobs in a dangerously volatile computer chip industry. But on reflection, imagine how much kinder it would be toward the environment to close that drab factory and its few thousand jobs and reach instead for the greater wealth of helping tourists revel in the desert sights, reaping the rewards of a new clean industry.

If the state would only have the foresight and the courage to eliminate all these alleged improvements and revert to a confident investment in its natural wonders, we could lavish on all of Idaho the economic improvements that the Statesman now so generously recommends for Lewiston alone.

HONORING HOSPICE OF NORTHERN VIRGINIA

HON. THOMAS M. DAVIS

OF VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 31, 1997

Mr. DAVIS of Virginia. Mr. Speaker, it gives my colleagues, Mr. WOLF and Mr. MORAN, and me great pleasure to rise today to pay tribute to Hospice of Northern Virginia. Nineteen ninety-seven marks the 20th anniversary of this compassionate organization, which has provided exceptional care for terminally ill patients and their families.

Inspired by the work of Dr. Cecily Saunders, founder of the first modern-day hospice program in London, a group of local residents established the Hospice of Northern Virginia after recognizing the need for appropriate care for the terminally ill. Among the Northern Virginia founders are Dr. Josefina Magno, a physician practicing oncology at Georgetown University Hospital; Dorothy N. Garrett, a local nonprofit organization administrator; and Pat Pastore, R.N., a local nurse. The nonprofit hospice they founded immediately drew widespread community support and attention; in 1980, the Hospice was one of 26 hospices across the country that became part of a 3-year Medicare and Medicaid demonstration. This demonstration induced the enaction of the new Hospice Medicare Benefit in 1984.

Hospice of Northern Virginia distinguishes itself as an extraordinary achievement because of its compassion and cost-effectiveness. A year after the Hospice's incorporation, its leaders decided to pursue the use of a surplus public school building in Arlington for conversion into a treatment and care facility. The Arlington County Board generously agreed to a 50-year lease and contributed public funds to start the renovation of the Woodlawn Elementary School. The renovation was instigated in June 1978, when Hospice of Northern Virginia received a Certificate of Need for the Commonwealth of Virginia. The resourcefulness of the founding members paved the way for the largest hospice program in the Commonwealth of Virginia and Washington metropolitan areas. The founders' ingenuity and courage is commendable and directly correlates to their continued success.

Hospice care is delivered by an interdisciplinary team consisting of a physician, registered nurse, social worker, chaplain, dietitian, certified nursing assistants, and trained volunteers. As Hospice president and CEO David English pointed out, this team of professionals focuses on eliminating the physical pain and symptoms associated with terminal illness while providing necessary psychological, spiritual, and emotional support that enables patients and families to concentrate on the quality of remaining life. Ninety percent of the care provided is in the home setting, saving patients thousands of dollars, though hospice care can also be delivered in nursing homes, contracted hospitals, and the Hospice Center's acute care unit. Hospice of Northern Virginia nurses are available 24 hours a day, 7 days a week.

The Hospice's contributions to the local community are prominent. Over the past two decades, the organization has served more than 17,000 patients and families through its Greater Arlington, Fairfax, Loudon, and Prince William regional offices and the Hospice Center. Hospice of Northern Virginia prides itself in the fact that it accepts patients who seek care, regardless of their financial situations. In 1996, it provided over $2 million in care beyond reimbursed costs.

Mr. Speaker, we know our colleagues will join us in saluting Hospice of Northern Virginia as it celebrates 20 years of outstanding medical care to the community.

TRIBUTE TO THE CITY OF WARREN

HON. SANDER M. LEVIN

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 31, 1997

Mr. LEVIN. Mr. Speaker, I rise today to recognize the city of Warren, MI whose citizens are celebrating its 40th anniversary.

Evolving from wilderness territory 180 years ago the largest city in the 12th Congressional

District and third largest in the State of Michigan, the city of Warren is now known as the City of Progress. While sparsely populated early this century, Warren's growth began in the 1940's with the onset of World War II. Utilizing the nearby steel mills and automotive base in the city of Detroit, Warren became the home of the Detroit Arsenal Tank Plant. Employing thousands of people, the "Arsenal of Democracy" produced Sherman tanks for the war effort and provided an economic base to encourage tremendous growth after the war, continuing through the 1950's and 1960's.

In 1952, General Motors Corporation began construction on the General Motors Tech Center, occupying over 1,000 acres in the city. It is the nucleus of GM's technical, creative, and innovative operations. GM continues to serve as the largest employer in Warren with over 23,000 employees. Prompted by the presence of a world class facility in their midst, the township of Warren incorporated as a city on October 27, 1956, and began operating as such on January 1, 1957.

The citizens of Warren enjoy a rich ethnic heritage which continues to be celebrated today. Joining German immigrants already established, Polish families moved in large numbers from the east side of Detroit and Hamtramck to the city of Warren. They were followed by Italian, Ukrainian and Irish, and more recently, Albanian, Lebanese, and Chaldean families.

Warren's history, steeped in technology, innovation, and industry, has generated support for six public school districts and three colleges. Macomb Community College, Detroit College of Business, and an extension of Central Michigan University serve over 25,000 students seeking advanced degrees.

Mr. Speaker, ask my colleagues to join me in recognizing Warren's 40th anniversary. On this occasion, I extend my sincere wishes for continued progress, growth and prosperity to the citizens and leadership of the city of Warren.

FEDERAL JUDGE NORMAN W. BLACK

HON. SHEILA JACKSON-LEE

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 31, 1997

Ms. JACKSON-LEE of Texas. Mr. Speaker, I rise before the House today to duly recognize the lifelong service and contribution of a great American, the Honorable Norman W. Black. Judge Black will be remembered as one of the few magistrates that ever graced the Federal bench to be as revered for his humanistic concern for his fellow man as he was for his legal acumen. It is this kind of exemplary strength of character that reminds us of how amazing we human beings can truly be at our very best. For all of you who did not ever have the pleasure of sharing his company, studying his work, or admiring his brilliance, I want to assure you that Norman Black was one of our very best.

More than just a judge, Norman Black was a caring husband, an attentive and doting father, the best friend of his loving granddaughter, and the model of the noble adjudicator, who treated all persons to stand before his court with unfailing civility and unconditional respect. It is this ability, to separate the case and its facts from the humanity of the people entangled within it that to me is most remarkable. In life, it is often difficult to not allow circumstances to predetermine our disposition on a myriad of issues, but Judge Black always allowed justice to have the final say. One of Judge Black's associate judges on the Southern District of Texas' bench said that he was "one of the most well-liked jurists on the Federal bench, always even-tempered and courteous to all attorneys."

This ability to maintain a consistent posture of fairness, publicly recognized by both his peers and Presidents alike, seems to be the clear reason why President Carter appointed Judge Black to the Federal bench in the Southern District of Texas in 1979. Judge Black was regularly given the highest ratings in local bar association evaluations, was amazingly as popular as he was effective. Judge Black, who served as chief judge of the southern district until his recent mandatory retirement, remained to the very day of his passing an active judicial advocate for the rights of the citizens to enter the doors of his court, and Americans everywhere.

So on behalf of the entire 18th Congressional District, the city of Houston, and our Nation, I want to give our deepest condolences to Judge Black's loving wife, Berne, his two daughters, Elizabeth and Diane, and his very special granddaughter. I am deeply saddened by this loss, and know that we will surely not be privileged enough to see his like again.

APPOINTMENT OF CONFEREES ON H.R. 1119, NATIONAL DEFENSE AUTHORIZATION ACT FOR FISCAL YEAR 1998

SPEECH OF

HON. MAX SANDLIN

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Friday, July 25, 1997

Mr. SANDLIN. Mr. Speaker, I rise today in strong support of the motion to instruct the conferees on the limitation on payments for the cost of NATO expansion. Our country has for too long assumed the lion share of the cost of defending our allies. I support a strong national defense and I have voted to fund many of our weapons programs so we can be assured of our own military preparedness. However, our allies must begin to show their commitment to military preparedness.

As we move to expand NATO, we must be ever-mindful of the potential cost of that expansion. Our cost estimates for that expansion range from $1 billion to $125 billion over 10 years. With such a wide range of estimates, it is important that the Congress take action to limit those costs. By taking this action, we not only prevent unanticipated increases in future budgets, we also strengthen the hand of the President in negotiations with our allies.

Burden sharing proposals of recent years have proven to be an effective way of encouraging wealthy foreign countries to begin to pay their fair share for their own defense. Legislation in 1989 called upon Japan to increase its share of the cost of stationing U.S. troops there. This legislation has led to billions of dollars in savings for the U.S. taxpayer and Japan now contributes 78 percent of the nonpersonnel cost of stationing U.S. troops there.

The budget agreement will adopt demands that we severely curtail both domestic and military spending over the next 5 years. We must take care of the folks at home first. We should first use American taxpayer dollars to benefit people at home who earned them, not people overseas who didn't. At a time when some in government are seriously considering cutting Medicare benefits to our seniors in order to balance the budget, how can we turn back the clock on the progress we have made in getting our allies to pay for their defense? Our parents worked a lifetime for those benefits. These are some of the most vulnerable in our society and their health care needs must come first. We ought to make good on our commitment to them and our commitment to the education and well-being of our children, instead of sending billions to nations that can defend themselves.

We have only recently begun to increase the amount some of our allies pay for their defense. They still do not pay their fair share. At a time when we are struggling to keep open bases like the Red River Army Depot in my district, balance our Federal budget, protect Medicare, and increase education funding, we cannot run the risk of turning back the clock and increasing the percentage we pay for allies' defense.

SECRETARY ALBRIGHT'S ADDRESS IN PRAGUE ON THE ADMISSION TO NATO OF THE CZECH REPUBLIC

HON. TOM LANTOS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 31, 1997

Mr. LANTOS. Mr. Speaker, as my colleagues know, I have consistently and strongly supported the addition of new members to the North Atlantic Alliance. I welcome enthusiastically the decision of NATO to invite Poland, Hungary, and the Czech Republic to join the alliance. In this regard, I want to pay particular tribute to our Secretary of State Madeleine Albright for her intense efforts and effective leadership in bringing about this very positive result.

Mr. Speaker, the visit of Secretary Albright to Prague was significant and emotional. It was her first since she became our Secretary of State at the beginning of the year. As my colleagues know, Secretary Albright was born in Czechoslovakia, and her father, Joseph Korbel, was a distinguished member of that country's diplomatic service. In 1948 he and his family, including Madeleine, were forced to flee their homeland when the Communist Party assumed complete control of the country. To the great benefit of our country, they chose to come to the United States, and at that time our Nation was farsighted enough to welcome such political refugees.

Secretary Albright has been appropriately recognized by the Government of the Czech Republic for her effective and farsighted leadership as our Secretary of State. When she was in Prague 2 weeks ago following the NATO summit at Madrid, the President of the Czech Republic, Vaclav Havel, awarded her the Order of the White Lion, the highest honor that the Republic can bestow upon a non-Czech citizen. This was a most fitting and appropriate award, and one that I am sure was especially meaningful to Secretary Albright because of her background.

During her visit to Prague, Secretary Albright addressed a meeting of the leaders of the Czech Government convened by President Havel. The speech was held in the Obecni Dum, the historic hall where the Republic of Czechoslovakia was proclaimed in 1918, with the support and assistance of American President Woodrow Wilson and the United States. Secretary Albright in her speech struck a most fitting historic tone that was appropriate to the place and the significance of the historic decision to invite the Czech Republic to become a member of NATO. She made most appropriate references to the abandonment of Czechoslovakia to Nazi Germany by Britain and France in 1938 at the Munich Conference, the Communist takeover of the country in 1948, and the Velvet Revolution in November 1989.

Secretary Albright's speech on this occasion was an outstanding statement of the historic and strategic significance of the admission of the Czech Republic to NATO. Not only did she focus upon the importance of this step for the Czech Republic, but she also discussed its significance for other nations in the future. In particular, she challenged the Czechs to play a positive leadership role in the future expansion of NATO to still other countries in Central and Eastern Europe.

Mr. Speaker, I ask that Secretary Albright's address be placed in the RECORD, and I urge my colleagues to read and give it thoughtful attention:

A MOMENT OF CELEBRATION AND OF DEDICATION: ADDRESS BY SECRETARY OF STATE MADELEINE K. ALBRIGHT TO THE PEOPLE OF PRAGUE

July 14, 1997

President Havel, Prime Minister Klaus, Senators and Parliamentarians, Excellencies, distinguished guests, thank you so much for your warm and unforgettable welcome. Let me being by expressing my sadness at the devastation that has been caused by the flooding over the last week. Our thoughts and prayers today are with those who have lost their loved ones and their homes. I know that there are many mayors here from regions affected by the flood. The solidarity and dedication that you and the Czech people have shown in this tragedy is inspiring.

This week, as I traveled from Madrid to central Europe, I could not help but think about the three journeys that have framed my life, and my life's work:

I have been thinking about the memories and the meaning of my own family's journey through the war and the turbulence of postwar Europe to the freedom and security of the United States.

I have been thinking as well about Europe's journey from total war to absolute division to the promise of enduring unity and peace.

And of course, I have been thinking about the journey of the Czech nation from the day in 1918 when its independence was proclaimed on this very spot, to the day in 1948 when its liberty was extinguished, to this day, when you take your rightful place in the family of European democracies—fully, finally and forever.

T.S. Eliot wrote:

We shall not cease from exploration
And the end of all our exploring
Will be to arrive where we started
And know the place for the first time.

Today, you know me in a new way, in my new role. And I see you in a new way as well—not only as the friend of the United States, but also as our next ally. Truth does conquer, after all. President Havel: Truth and love do conquer after all.

I have been here many times since the Velvet Revolution. And I am filled with pride every time I hear the playing of my country's national anthem, "The Star Spangled Banner," and yours, "Where is my Home." But nothing compares to the feeling of coming to my original home, Prague, as the Secretary of State of the United States, for the purpose of saying to you: Welcome home.

For with the news from Madrid this week, you are coming home in fact to the community of freedom that you never left in spirit.

From Munich to Madrid, from tragedy to triumph, it has been a long and painful journey. But you have arrived at your destination.

You have arrived at a moment of injustice undone, of promises kept, of a unified Europe begun. Now, a new journey begins; and at last, we can travel it together.

We stand at one of those great turning points in history. For the third time in this century, the politics of Europe are changing fundamentally. And this time, we pray, for good.

Almost 80 years ago, our parents and grandparents were full of the hope that Woodrow Wilson's dream of universal democracy inspired across the lands of central and eastern Europe. That dream was shattered by the illusion that the people of Paris and London and New York could simply go on with their lives while the people of Vilnius and Krakow and Prague were robbed of their independence, sent away in box cars, and machine-gunned in forests.

After World War II, it was Stalin's armies that shattered our dream. And for the next 50 years, one half of Europe was consigned to subjugation, the other half to fear. We were separated by concrete and barbed wire, by radio jammers and minefields, by lies that might seem ridiculous today had they not ruined so many lives.

The amazing thing is that all those years of propaganda, terror, and isolation utterly failed to flatten Europe's moral landscape. The communist authorities kept from you the truth, and still you spoke the truth. They fed you a vacuous culture and still you gave us works of art that fill our lives with intelligence, humor and warmth. They tried to smother your allegiances, your faith and your initiative, and still you taught the world the meaning of solidarity and civil society. They banished your finest leaders, and still you gave us Vaclav Havel.

This is what we must remember as the Czech Republic, Hungary and Poland join NATO. As President Clinton has said, we are not just new allies. In the ways that truly matter, we are old allies. We are and always have been and always will be part of the same community.

NATO membership will bring many benefits to the Czech Republic and to others who join today and in the future—as will our broader strategy of integration. Above all, it means you will always be able to rely on us and we will always be able to rely on you. If there is a threat to the peace and security of this country, we will be bound by a solemn commitment to defeat it together. For this reason, we can be confident such a threat is far less likely to arise.

It means security in Europe will not stop at its Cold War dividing lines. It means Europe's new democracies will not be consigned to a buffer zone of excluded states. It means you will be the authors of your history, the masters of your destiny, the vassals and victims of no one.

But, my friends, this is more than a moment of celebration. For NATO's old and new allies alike, it is also a moment of challenge.

Our most immediate challenge is to ensure together that the people and parliaments of NATO's 16 member nations embrace the enlargement of our alliance. In America, the debate will be vigorous. Because we take our commitments seriously, we do not extend them lightly.

I believe that our Senate will approve this initiative, but the burden of proof will still rest with those of us who believe that NATO enlargement serves American interests. The Senators will ask us many appropriate questions about risks and costs. They will remind you, as do I, that with a first class ticket to NATO comes the obligation to make a first class contribution.

Regrettably, you will also hear echoes of Munich in this debate. Already, people have trotted out the tired myth that in times of crisis we will make no sacrifice to defend a distant city with an unpronounceable name; that we will protect the freedom of Barcelona but not Brno, Stuttgart but not Szczecin.

I challenge those critics; come meet your future allies. Speak with their people. Their names may sound unfamiliar, but they speak the same language of freedom. Visit the veterans in this region who fought for the allied cause in World War II. Talk to the veterans of the dissident movements. They have spent a lifetime sacrificing for the ideals we have in common. Look them in the eye. Ask them why we should be allied with Europe's old democracies forever, but its new democracies never.

You might listen to President Havel, as well. "If we appeal to the West not to close itself off to us," he has said, "this is not only because we are concerned about our own security and stability. We are concerned about the destiny of the values and principles that communism denied, and in whose name we resisted communism and ultimately brought it down."

Defending values, righting history's wrong's—these are idealistic arguments. Oddly, some are troubled by that. They want NATO to remain its military muscle, but they are suspicious of enlargement because its also appeals to our hearts. Others, who champion freedom in central Europe and Russia, are suspicious of enlargement precisely because NATO is an organization with tanks and bombers. But there is no contradiction here between realism and idealism, between pragmatism and principle, between security and justice.

Those of us who knew Prague before the Cold War know that freedom without security is a frail reed. And those in America who most ardently prosecuted the Cold War should be the first to admit that it was not merely a military enterprise, but an idealistic one as well.

You know that NATO enlargement fulfills a moral and strategic challenge. By turning a Europe of shared values into a Europe of shared responsibilities, you know we can do both.

Because we are old friends, let me speak plainly. NATO is welcoming new members because we know you are ready to make an even deeper commitment to the common endeavors of our alliance of democracies—from the pursuit of peace in troubled regions, to the flight against terror and crime, to our support for those who still struggle for the freedom you enjoy.

For example, the SFOR mission in Bosnia will come to an end in one year. But the United States has made a long-term commitment to support peace in that country and given what you have already done in Bosnia, I trust you will, too. I trust you will also be leaders in the effort to keep deadly weapons from dangerous rogue states, even if it means losing a sale from time to time. And I trust you will pay the costs and do what is necessary to assure the full integration of the Czech armed forces into NATO.

It is your willingness to assume great responsibilities that has brought you to this point. You are about to join NATO. You are already a member of the OECD. No doubt, you will join the EU as well. Our memory of the last 50 years makes it hard to believe, but as you enter these institutions, you will stand among the most prosperous and powerful nations in the world.

You are no longer on the outside looking in; you are on the inside looking forward.

For 50 years, you looked to the free world for support, understanding, and recognition. Now you are the free world; other nations will look to you for support.

Part of our new responsibility to others is to ensure that the door to NATO remains open to all European democracies that are willing and able to meet the obligations of membership.

That is the policy NATO adopted in Madrid. We count on you to support that policy in word and in deed. It is also a personal commitment President Clinton has made to all the nations that lie between the Baltic and Black Seas. And it is our message today to the people of Slovakia. For it is our sincere hope that their nation will rejoin the path of true democratic reform and make itself a strong candidate for the second round of NATO enlargement.

To all the nations that still aspire to join NATO, I say: consider why we have invited the Czech Republic. It is not because the Czechs are somehow more "European" than the Orthodox and Muslim peoples to the south and east; we have no patience for that kind of thinking. It is not because Prague is west of Vienna. It is not just because of your pre-war democratic tradition.

Rather, the Czech Republic's invitation to NATO was inscribed by its deeds over the last seven years. Others will soon be ready to follow your lead, and you must join us in helping them.

You know that the effort to join NATO is not a race to escape a bad neighborhood. It is an effort to improve the neighborhood for the benefit of all.

This is why I appreciate the Czech Republic's support for the NATO-Russia Founding Act and your recognition that a democratic Russia must be part of a Europe whole and free. As President Havel has said, "in this era, we—as nations—cannot divide ourselves according to who were the victors and who the vanquished in the past."

After my trip to Europe this week, I am more confident than ever that together, we can meet his challenge and more. In Madrid, I saw NATO's strength as its leaders made a decision that was difficult but right. With President Clinton in Warsaw, I saw that our new allies are not just ready but eager to add their energy to ours. In Bucharest, I watched the President address 100,000 people at University Square—and even though their country will not be among the first group of new allies, they showed us that they support NATO's enlargement and that they will do what it takes to be part of a new Europe. I heard the same message in Ljubljana and in Vilnius. And in St. Petersburg, I saw a Russia that is moving ahead with reform and moving closer to the rest of Europe.

Today, I can foresee a Europe where every nation is free and every free nation is our partner. Not long ago, that was a future we might have imagined, but in the darkest moments perhaps thought would never come. And that brings me back to the earlier part of my remarks—and of my life.

Fifty years ago, Jan Masaryk was told by Stalin in Moscow that Czechoslovakia must not participate in the Marshall Plan despite its national interest in doing so. Upon his return to Prague, Masaryk told my father, his chef de cabinet, and it was then he understood that he was employed by a government no longer sovereign in its own land.

Soon after, the communists took over in Prague. That coup drove my parents and me from this country for the second time. And more than any other single event, that coup awakened America and western Europe to the need for an Atlantic Alliance. Thus, the event that cast my family out of Prague, and you into darkness, also helped to create the Alliance that has brought me back again, and put you in the center of a new Europe.

Today, there is no Stalin to give orders to you or to anyone. The opportunity to be part of the international system is open to all. The goal of integration is not bound by strategic realities or confined by cultural arrogance to western Europe, to central Europe or even to Europe.

Today, the west has no fixed eastern frontiers. Every democratic nation that seeks to participate in the global system we are constructing and that is willing to do all it can to help itself will have America's help in finding the right path. Now they will have your help and your example as well.

People of Prague, people of the Czech Republic: Half a century ago, our journeys diverged. But this week's events have brought our paths together again. Now we are reunited in a common cause. Soon we will be joined in a common alliance. And we will never be parted again.

You were the passion of my parents. You are the land of my birth. And now you and I, my nation and yours, will build and defend a new Europe together. God bless you.

INTRODUCTION OF THE ENDANGERED SPECIES RECOVERY ACT

HON. GEORGE MILLER

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 31, 1997

Mr. MILLER of California. Mr. Speaker, today I and 52 of my colleagues are introducing the Endangered Species Recovery Act of 1997, legislation which we believe will make this law work—both for species and for landowners.

Why this bill and why now? The efforts of the last 3 years to either gut or reform the ESA, depending on your perspective, have proven three things: that the law in its current form is allowing many species to fall through the cracks; that something must be done to provide some relief to landowners; and that, in spite of its problems, the ESA still has tremendous support among the American people.

Last year, we reported a bill out of the Resources Committee that was so bad that GINGRICH refused to bring it to the floor. This year, the same group who supported that legislation tried again with a rider to the flood supplemental that would have effectively waived all ESA requirements for any water project anytime, anywhere. And again, they failed. The Senate's been trying to come up with a deal for a year and a half—and yesterday they announced that they still hadn't been able to do so.

What we've tried to do with this bill is get out of the black box and think in new ways, and I believe we've put some really interesting, workable new solutions on the table. We've provided serious incentives, other concessions for landowners while actually strengthening some of the basic protection provisions. Is this bill going to be enacted, word for word? Of course not. But it's a great place from which to begin seriously talking about ESA reauthorization in this Congress.

Endangered species have been used as a whipping post for the left and the right, to no one's advantage. My hope is that we have learned our lessons, that we recognize that landowners and businesses have legitimate concerns that must be addressed, and that the ESA is a law that is invaluable to our country and its future.

That said, what does this bill do to improve our species protection efforts? The single most important change this bill would make to existing law is to ensure that all our actions under the ESA—Federal actions or the actions of private landowners—do not undermine the recovery of a species. Recovery and delisting should be the standard we use for permitting incidental takes, approving habitat conservation plans, and allowing Federal actions to go forward.

Everyone on both sides of the ESA debate complains that we don't do enough to get species off the list. They're right—we hold both species and landowners in limbo. The bill passed by the Resources Committee last year would have attempted to resolve that problem by changing the most basic tenet of the act, and allowing the Secretary to choose not to recover species, to simply allow them to retain their endangered or threatened status indefinitely. Who benefits from that approach? All that means is that landowners have to live with ESA regulations on many species forever. There's no planning certainty, all development comes to a halt—that's insanity.

Let me give you an example of how important it is to hold our actions up to a standard that means permitted actions can't undermine recovery. When the Alabama beach mouse was listed as endangered in 1985, fewer than 900 individuals occupied less than 350 acres of habitat. Today, scientists estimate a population low of 45 animals. This species plays an important role in the beach dune ecosystem of the Gulf of Mexico by dispersing the seeds of the sea oat—its principal food source—which, in turn, forms the basis for the formation of dunes and protects them from erosion. The dunes protect inland housing from coastal flooding and hurricanes.

The recovery plan for the beach mouse calls for maintenance and improvement of all remaining beach mouse habitat. Four habitat conservation plans [HCPs] have been issued since then, authorizing permanent destruction of about 10 percent of the remaining habitat. Two new permits for large condominium complexes in the fragile dune ecosystem are now being challenged by local citizens. These developments would destroy permanently another 44.5 acres of beach mouse habitat. Neither the construction nor the mitigation is consistent with the recovery strategy to improve all existing habitat—yet these permits were issued by the same agency that approved the beach mouse recovery plan.

This bill would address the problems of the Alabama beach mouse by making it clear that permits for incidental takes of listed species cannot undermine the recovery of that species, and thus delay efforts to delist the species. Any activity—clearcutting, damming, housing development—must be judged by whether it moves species closer to recovery. Current law requires that actions be judged by whether they move species closer to extinction, a measure that fails to move species off of the national list.

At the same time, establishing a clear recovery standard, backed up by agency recovery plans with biological goals, provides certainty for landowners in terms of permit requirements and mitigation actions.

What would we do for the landowners who feel so besieged by this law? The current law fails to give businesses and landowners the certainty they need in the economic development process, so that the first problem we tackled. We've streamlined the permitting process, clarified the requirements of the law, and provided tax incentives and liability limits to the private sector.

Developers and other business interests, as well as counties and local governments, need certainty more than anything else so they can move ahead with their planning efforts. We've combined that need with a recommendation by scientists that regional, multiple land owner, ecosystem-wide conservation plans do the most to save species to allow a one stop shop for incidental take permits when landowners and regional governments come together to develop a regional habitat conservation plan. This provision is built after the San Diego NCCP model. If the county gets the permit from the Fish and Wildlife service, local landowners can go to the county for their own permits as long as they're in compliance with the county's plan. That eliminates the need for each landowner to make sure he's OK with the county plan, then go back to the Feds for an ESA permit.

We would also streamline interagency consultations, some of which can hold landowners actions up for months, by allowing Federal agencies to consolidate their consultations. For a number of similar or related agency actions within a particular geographical range or ecosystem, the Federal agency may request one consolidated consultation. In the case of the levee repairs that caused so much concern in the California floods of this year, the Army Corps of Engineers could request that all levee repairs in the same area be consolidated under one consultation, decreasing delay and expense. This also may benefit endangered species by allowing the agency to consider cumulative impacts. In addition, by conducting these consolidated consultations well before and emergency strikes, the Corps of Engineers or a local water district can formulate an emergency plan of action.

What about some financial assurances? This bill would guarantee that permit holders—whether a county or an individual, business or small landowner, will not incur unforseen mitigation costs if they file a performance bond to cover the cost of reasonably foreseeable mitigation measures necessary to protect species. This provision not only protects landowners by capping their liability but it also protects taxpayers from having to pay for negligence by other parties.

As part of the specific requirements of an HCP, landowners, working with FWS, will determine the reasonably anticipated costs of the mitigation measures they are required to undertake as a condition of receiving an incidental take. Those reasonably anticipated costs will be used to determine the amount of the performance bond.

The landowner's economic liability is effectively capped by this provision. Landowners will know the cost of the mitigation up front, and will be able to proceed with their project. More importantly, in return for the performance bond requirement, landowners receive an assurance that the financial burden of any additional mitigation required by unforseen circumstances will be borne by the Federal Government.

For smaller landowners who may have difficulty obtaining a performance bond, we allow the use of certificates of deposit, letters of credit, or other financial securities to fulfill this provision. In addition, for large habitat conservation plans that may have formidable mitigation costs, we allow the use of phased bonds. Using these, a landowner can obtain a bond for the portion of a project currently underway. The legislation also authorizes the use of adjusted bonds, by which a landowner can request to have a portion of the bond released after that portion of the project is completed.

To encourage the development of regional, multiple landowner plans, the bill authorizes a county or other local government authority to obtain the incidental take permit and the bond. Landowners under that regional plan would not then be required to get individual bonds. Landowners wishing to work together without a government authority can pool their bonds.

Finally, there's tax relief. If landowners are willing to enter into endangered species conservation agreements that go beyond what's already required by law, they can qualify for a deferral on estate taxes, a Federal deduction equal to 25 percent of the deduction allowed for State and local property taxes, and a credit for the costs of complying with the agreement.

In addition, land donated to a habitat conservation land—by which you would be giving up all use of the land—would qualify as a charitable deduction.

In the coming months, I intend to pursue additional ways in which we can offer tax relief to businesses and landowners who want to conserve species on their lands. I believe that most landowners want to preserve species, and that with a little creative effort we can find a number of ways to provide economic relief without undermining our efforts to recover and delist species.

THE COMMUNITY MOBILIZATION CONFERENCE AND TRAINING ON GANGS, VIOLENCE, AND DRUGS

HON. BOB FILNER

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 31, 1997

Mr. FILNER. Mr. Speaker, I rise today to recognize the Annual Community Mobilization Conference and Training on Gangs, Violence and Drugs which was recently convened in my hometown of San Diego, CA.

This was the eighth annual conference convened by Nu-Way Youth and Social Services, a local community-based organization. The conference was a national, collaborative event that brought parents, educators, law enforcement officers, probation officers, prosecutors, health and social service providers, together with civic, political and spiritual leaders to discuss the latest technologies and strategies for combatting juvenile crime in our communities.

I would also like to give recognition to the National Crime Prevention Council [NCPC] and the Bureau of Justice Assistance [BJA] of the U.S. Department of Justice for their support and cosponsorship of NuWay's Eighth Annual National Conference. the NCPC and the BJA added programmatic support and technical assistance. By doing so they provided Nu-Way access to greater numbers of nationally recognized trainers, and broader participation. Conference participants came from throughout the United States and Canada.

This support further strengthened the Educating, Motivating, Organizing and Mobilizing [EMOM] process and demonstrated the effectiveness of the partnership between community and government.

This conference was a true collaborative project. And by its very nature, it reinforced the notion that "it takes a village to raise a child"—and it challenged all of our citizens to accept the responsibility and join in our struggle to keep our youth free from the influence of gangs and drugs.

Mr. Speaker, I am proud that Nu-Way, a valuable resource in the fight against gangs, drug abuse and violence, is based in my Congressional district, and I applaud the efforts of Nu-Way and the Community Mobilization Conference for their important role in our fight against juvenile crime.

H.R. 2316

HON. PHILIP M. CRANE

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 31, 1997

Mr. CRANE. Mr. Speaker, today I am introducing bipartisan legislation that would change the terminology used in U.S. trade statutes from most favored nation [MFN] to normal trade relations [NTR] in order to more accurately reflect the nature of the trade relationship in question. This legislation would correct a misnomer under U.S. law. the term "most favored nation" has been quite misleading because it has implied that we were extending benefits greater than the normal benefits we extend to our trading partners under the World Trade Organization. However, in extending MFN treatment, we have been doing no more than extending the same benefits we extend to other trading partners.

Specifically, in the context of U.S. tariff legislation, MFN treatment means that the products of a country given such treatment are subject to lower rates of duty—found in column 1 of the Harmonized Tariff Schedule [HTS] of the United States. Products from countries not eligible for MFN treatment under U.S. law are subject to higher rates of duty—found in column 2 of the HTS. Under current United States law, only six countries are subject to column 2 treatment: Afghanistan, Cuba, Laos, North Korea, Serbia and Montenegro, and Vietnam. Every other country in the world is subject to either conditional or unconditional MFN treatment, or to even more preferential rates than MFN under free-trade agreements. Accordingly, we should make clear to the American people what this treatment really is: merely normal.

TRIBUTE TO PETER EDWARD BRODIE

HON. BRAD SHERMAN

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 31, 1997

Mr. SHERMAN. Mr. Speaker, I rise today to pay tribute to Peter Edward Brodie for his exceptional service to the defense of our Nation, to the Los Angeles County Sheriff's Department and to our community. I ask that my colleagues join me in honoring Pete for his contributions.

Pete began his military service career at the age of 17. After basic training at the Naval Training Center in Great Lakes, IL, he was sent to sea and shortly thereafter to serve in the coastal waters of the Republic of South Vietnam. After 3 years of exemplary duty, Pete was released from active duty and joined the Los Angeles County Sheriff's Department. As a dedicated soldier, he remained in both the Naval and Marine Reserves. Today we honor Pete for his years of dedication to our forces and upon his retirement as master gunnery sergeant, acting sergeant major of Marine Wing Support Squadron 473.

It is not only for Pete's long term dedication to the Armed Forces and sheriff's department that we honor him, but also for his extraordinary service to the community and dedication to his wife, Nancy, and two children Richard and Angela.

My description here today of Pete's local involvement will only scratch the surface of what he has done for the citizens our community. At the local level, he has coached Pop Warner Football and headed the local Veterans of Foreign Wars Post and American Legion Post. Pete has also served the Women's Peace Officers Association of California, the U.S. Naval Institute and the Marine Corps Association.

Pete has best served our community through his leadership, especially as president of the Association for Los Angeles Deputy Sheriffs [ALADS], the certified bargaining unit for more than 7,000 deputy sheriff's and district investigators. He has represented ALADS members in collective bargaining, ensuring the stability and smooth functioning of one of the Nation's largest sheriff's departments. Few men are capable of such tremendous work.

Ulysses S. Grant once said, "No personal consideration should stand in the way of public duty." Nothing more accurately describes the importance of civic life to Pete Brodie. He has gone beyond the call of duty in providing for the safety of our community through his service and leadership with the sheriff's department and as member of the Armed Services. Mr. Speaker, I ask you and my colleagues to join the family, friends of Peter Brodie and citizens of Los Angeles County in honoring him today for his successes.

TRIBUTE TO CALTON "CAL" KRUEGER

HON. MARCY KAPTUR

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 31, 1997

Ms. KAPTUR. Mr. Speaker, I wish today to pay tribute to a man of rare commitment and resolute conviction. Calton "Cal" Krueger of Toledo, OH passed away on May 24, 1997. We shall miss him and his leadership as an unwavering voice for the powerless and exploited. He loved all of God's children and sought to protect them.

Cal was a minister in the United Church of Christ for 38 years before retiring in 1990 from First United Church of Christ, whose congregation he led for 25 years. A deeply moral, strong, and compassionate pastor, and a veteran, Cal was most known for his social activism. He was deeply involved in world affairs, particularly in Central America, and belonged to Pastors for Peace, Veterans for Peace, the Toledo Metropolitan Mission, the Interracial Religious Coalition, the Interfaith Justice and Peace Center of Northwest Ohio, and the Toledo Area Committee on Central America.

Promoting desegregation and racial harmony in our communities' neighborhoods, peace for all nations, refugee resettlement, nuclear disarmament, and many other social and global causes, Cal was part of an elite corps of clergy who truly lived out the words and deeds of Christ and His teachings. Cal was a man emulated by many but equaled by few. Our community extends its sincere sympathy and deepest admiration for the Krueger family. to his wife Gena, his children Geoffrey, Jill, Stephen, Jonathan, and Amy and his grandchildren, thank you for sharing this gifted man of faith with us. His depth of understanding about international politics and his own commitment to make a difference were precious and inspiring. We are honored he dwelt among us.

INSTALLATION OF DAVID F. "BUD" WILSON AS PRESIDENT OF THE INDEPENDENT INSURANCE AGENTS OF AMERICA

HON. BRIAN P. BILBRAY

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 31, 1997

Mr. BILBRAY. Mr. Speaker, I rise today to commend a fellow Californian, David F. "Bud" Wilson of Chula Vista, CA, who will be installed as president of the Nation's largest insurance association—the Independent Insurance Agents of America [IIAA]—next month in Hawaii. Bud is chairman of the board of Wilson Insurance Agency, Inc., an independent insurance agency located in Chula Vista.

Bud's career as an independent insurance agent has been marked with outstanding dedication to his clients, his community, IIAA, the State association—the Insurance Brokers and Agents of the West [IBA West]—his colleagues and his profession.

On the State level, Bud served IBA West on various committees and as president in 1981. From 1983–1986 he served as the IIABC representative on IIAA's board of State national directors. In 1987, Bud received the P.S.W. Ramsden Memorial Award, the highest honor bestowed by the California State association.

Bud's love of politics and legislative affairs served him well during four highly successful years as chairman of IIAA's government affairs committee. In recognition of his outstanding work on behalf of all independent agents as government affairs committee chairman, Bud was bestowed IIAA's Sydney O. Smith Legislative Award in 1994.

Bud was elected to IIAA's executive committee in 1994. In the time since, he has exhibited a spirit of dedication and concern for his 300,000 independent agent colleagues around the country.

Bud's selfless attitude also extends to his involvement in Chula Vista-area community activities. He is past-president of the Chula Vista Rotary, the Chula Vista Jaycees, the Chula Vista Community Hospital Board of Trustees and the Chula Vista Salvation Army. He also has been involved in numerous other Chula Vista community projects.

I have complete confidence that Bud will serve with distinction and provide strong leadership as president of the Independent Insurance Agents of America over the next year. I wish him and his lovely wife, Sandra, all the best as IIAA president and first lady.

IN SUPPORT OF THE BALANCED BUDGET ACT (H.R. 2015)

SPEECH OF

HON. BOB RILEY

OF ALABAMA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 30, 1997

Mr. RILEY. Mr. Speaker, I rise today in support of the Balanced Budget Act. Before I begin, I want to commend Speaker GINGRICH, Chairman KASICH, and even President Clinton for their hard work on this historic legislation.

For too many years Congress has made broken promises and half-hearted attempts to balance the Federal budget. With a national debt in excess of $5 trillion, we cannot wait another day.

I am committed to enacting a balanced budget for the sake of our children and their future.

This Balanced Budget Act is a giant step forward. It begins to scale back the size and scope of Government, ensuring our children the ability to invest in their future rather than paying our bills. By balancing the budget in a real and credible way, we have ensured that the real winners in this agreement are not politicians in Washington but working Americans across the country.

When I decided to run for Congress, my message was simple, the Federal Government must learn to exercise the same fiscal restraints that families and businesses operate under each and every day.

The Balanced Budget Act will once and for all put an end to the reckless spending of the past. By reigning in excessive and irresponsible Government spending we can pass along the savings to the American people.

The economic rewards of a balanced budget include, lower interest rates, a healthier and promising economy full of opportunities for our children and grandchildren, a sound Medicare system, and more money left in working Americans' pockets.

By holding Government programs accountable and forcing Government to live within its means—as Alabama families and businesses do—we are able to deliver a smaller and smarter Government that works for the people, instead of forcing Americans to work for Washington.

Mr. Speaker, a balanced budget is not about numbers, its about people and families. Most important, its about our moral obligation to stop robbing future generations of the opportunities and prosperity they deserve.

It is irresponsible for us to keep passing our burdens onto our children. The time has come for Congress to represent the will of the people and take responsibility for balancing our Federal budget.

The Balanced Budget Act achieves fiscal responsibility the right way. By protecting seniors, providing health care for children, and ensuring veterans benefits. We have proven that we can balance the Federal budget without harming the most vulnerable in society.

This historic legislation will enable us to provide needed tax relief to working families, save Medicare from bankruptcy, and restore power, money, and influence back to the people.

I urge my colleagues to support the Balanced Budget Act of 1997.

IN MEMORY OF GENE SHOEMAKER

HON. DANA ROHRABACHER

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 31, 1997

Mr. ROHRABACHER. Mr. Speaker, the scientific community lost one of its brightest stars this month when astronomer Gene Shoemaker was killed in an auto accident. His wife Carolyn was also injured and hospitalized. We should all say a prayer for her speedy recovery.

Dr. Shoemaker dedicated his life to advancing the frontiers of human knowledge and experience. He was slated to be one of the first scientists to visit the moon during the Apollo program until a minor physical impairment cost Gene his flight status. But that didn't stop his commitment to science or his passion for understanding our universe. Dr. Shoemaker pressed onward and upwards as a leader of the Lunar Ranger and Surveyor Programs over three decades ago. When the Apollo program came to an end, Gene focused on asteroids and meteors.

But Gene didn't give up his passion for Earth's natural satellite. Over two decades after leading America's first lunar science missions, he joined the science team for the Clementine mission, which discovered evidence of ice on the Moon, making global headlines. Gene's years of studying asteroids and meteors convinced him that the evolution of the planets in our solar system has been changed by large asteroid and meteor impacts. Like many of the science community's best minds, Gene initially had to struggle against scientific orthodoxy for his theories to be considered. He persisted and his passion for the truth, for science, and for discovery won out. In 1994, we witnessed the most dramatic proof validating Gene's work. That year, the Shoemaker-Levy comet, which Gene, Carolyn, and their colleague David Levy discovered, crashed into Jupiter in the astronomical equivalent of the Fourth of July. Who could not be impressed or awed with reality's demonstration of Gene's vision? No matter what he was working on, Dr. Shoemaker always managed to make some of the most exciting discoveries in space science while exciting young minds about the possibilities for the future. I have little doubt that Gene and Carolyn shared the excitement of countless millions following the progress of the Pathfinder mission and its little rover Sojourner across the Martian soil.

As successful and important as Dr. Shoemaker's professional life was, his personal life stands as a monument to the better angels of our nature. With a twinkle in his eye, a gentleness in his voice, and calmness in his expressions, Gene Shoemaker proved every day that nice guys finish first. As a scientist, an outdoorsman, an individualist, and a teacher, Dr. Shoemaker's life made the world a better place. We will, of course, miss him and cannot help feeling the loss that his passing brings. Still, after reflecting on his professional accomplishments and the manner in which Gene lived his life, we cannot help but catch the infectious job with which he pursued new discoveries. That spirit lives on in the lives of those who crossed his path. It will carry us into a future that begins to realize the possibilities of Gene's vision.

BUDGET RECONCILIATION

HON. JOSÉ E. SERRANO

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 31, 1997

Mr. SERRANO. Mr. Speaker, I rise to explain my vote yesterday against the conference report on H.R. 2015, the Balanced Budget Act of 1997, and to express my opposition to adoption today of the conference report on H.R. 2014, the Revenue Reconciliation Act. Reconciliation has always meant one bill on revenues and spending, and these two bills must be viewed as a single package.

As many speakers before me have said, there are good things in both bills—restored SSI and Medicaid for legal immigrants; tax credits for children and for education; funds for health insurance for uninsured children; empowerment zones and brownfields; Medicare coverage of preventive services; funds to soften some of the worst provisions of last year's welfare reform.

Both bills are certainly far, far better than the versions that passed the House and the Senate—gone are the hits on Medicare beneficiaries; the consignment of workfare participants to a second class status; denial of child tax credits to lower income working families; indexing of capital gains rates; expansion of the definition of "independent contractor"—and Democrats, including the gentleman from New York [Mr. RANGEL], the gentleman from South Carolina [Mr. SPRATT], and the President and his team, deserve credit for that.

But they still aren't good enough. Beyond the pluses and minuses, and the tables showing who gains and who loses, there are fundamental problems with this budget package.

First, it widens the gap between rich and poor in this Nation, when we should be working to increase fairness and narrow the income gap.

Republicans seem to think money made from money is superior to money made from work. Under these bills, working people's salaries will continue to be taxed at existing rates, but rates will be cut on profits from securities or property.

People who earn just enough to get by will get a small break—if they have children—but people who have spare money to put into the new back-loaded IRA's will get all their future interest tax-free. And people leaving large estates will be able to pass on much more without tax.

A Citizens for Tax Justice analysis of the tax bill shows that, among income groups, the lowest 20 percent will actually pay more taxes, while the top 20 percent will get more than 75 percent of the benefits. The top 1 percent alone will get more than 30 percent of the benefits.

In dollar terms, this means that those in the lowest 20 percent will pay $39 a year more in taxes, while those in the highest 1 percent will get a $16,000 break. Doesn't sound like tax fairness to me.

My second problem is that the reconciliation package rewards the rich with immediate tax cuts and puts off the tough decisions on spending cuts and entitlement reforms.

The justification for separating this year's reconciliation legislation into two bills seems to be to avoid accusations that Medicare cuts are to pay for tax cuts for the wealthy—to try to fool the American people by not including both in one bill.

But it is a fact that in the current climate of deficit reduction we cannot afford to give anyone tax cuts unless we also cut spending. Yesterday's spending reduction bill is not needed to reform Medicare—it won't—or to make tough specific cuts in spending—it doesn't—but to make room for tax cuts.

The future cuts in appropriations required to reach the goal of a balanced budget by 2002 are not specified, but examples given by our colleagues yesterday and today make it clear how deep they would have to be and how unlikely a future Congress would be to inflict such pain.

Medicare savings are business as usual—cuts in provider payments—and reform is left to a commission.

Medicaid cuts are almost entirely taken from the hospitals that serve large numbers of poor and uninsured people, hospitals that are already reeling from prior cuts and from the changes going on in the health care industry.

But the tax cuts begin kicking in now—the capital gains rate cuts are even retroactive.

My third problem is that these bills threaten to starve our future. Even if all the rosy assumptions are correct, and the economy continues to flourish, and tax losses don't explode, many necessary investments in our physical and social infrastructure will be unaffordable. I don't believe in term limits, and I hope to be here in 5 years, even in 10 years, but I certainly don't look forward to dealing with the budget situation we will face then because of these bills.

Mr. Speaker, there are highly visible problems with these bills, but I am also worried about the invisible. In the Republicans' unseemly rush to pass something—anything—and go on vacation, few Members have had the time to thoroughly study and understand both bills. Already, there are reports of "rifle shot" tax breaks and other goodies tucked in, in obscure language. Who knows what's in there. By itself, that should be reason enough to delay the conference report until September.

Mr. Speaker, I can count. I know this tax bill will pass as easily as yesterday's spending bill did, and the President will sign both, but you should be aware that Democrats will make every effort in the months and years to come to correct the excesses and restore fairness to our government's taxing and spending policies.

Mr. Speaker, I urge my colleagues to join me and vote against this regressive bill.

A CENTURY OF DEVOTION

HON. JAMES A. BARCIA

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 31, 1997

Mr. BARCIA. Mr. Speaker, a church is more than bricks and mortar. A church serves as the foundation of a community and its construction is a labor of love and caring. For the past 100 years, the congregation of Juniata Baptist Church has been the base of their community. This year on August 10, the Juniata Baptist Church will celebrate 100 years of community growth. For the past century, they not only have grown but have expanded to provide Christian education for their children through the creation of the Juniata Christian School.

In August 1973, Pastor Rick Flanders was called to lead the church. For the past 20 years, under his capable leadership, the church has continued its wonderful heritage of accomplishment. The church's congregation has sizably increased. In the 1990's, under Pastor Flander's guidance, the attendance has averaged over 400 people on Sunday mornings.

The Juniata Baptist Church began with a small group of Christian believers meeting in a log cabin in the early 1890's. In 1897, they completed their first regular church building with timber hewn by men of the congregation. The little assembly was then officially known as the Free Will Baptist Union Church. Early pastors were meagerly supported, but generously given lodging by members of the congregation in their homes. In 1944, the church was finally able to purchase a parsonage.

The Juniata Baptist Church has undergone several remodeling and expansion projects in its century-long existence. In 1951, William Vroman was named their pastor. Under his leadership, the little church building was extensively improved and remodeled. In 1966, after Brother Vroman moved on, the church called Brother William Goodwin, one of the first graduates of Midwestern Baptist Seminary, as its pastor. Extensive building was done during his pastorate. The parsonage was moved from the north side of Saginaw Road to just south of the church building. A new auditorium was built in 1961, and the educational building, which houses the gymnasium and classrooms, was built in 1986. After Pastor Goodwin moved, the church called Richard Arnold to serve as pastor. He served from 1969 to 1973, during which time attendance grew and the auditorium was expanded. The parsonage was then moved across Washburn Road to make room for the auditorium expansion.

The Juniata Christian School has served members of its congregation and the community by passing along strong Christian values to future generations by maintaining a K through 12 program. In 1972, the day-school ministry began with 25 students in grades K through 3 and today they have increased to serve about 200 students in grades K through 12. The school is dedicated to teaching the Christian principles to students at an early age, so that they will have their faith to guide them through life's many challenges.

Mr. Speaker, the mission of the Juniata Baptist Church has remained consistent throughout all of the structural changes. The Juniata Baptist Church continues to provide an invaluable service to the community, teaching through example. The focus of its ministry has been constant over the years of its history: winning people to Christ and teaching them the Bible. Mr. Speaker, I ask you and the rest of our colleagues to join me in congratulating Pastor Rick Flanders and the dedicated congregation of the Juniata Baptist Church on 100 years of leadership and wish them many more to come.

PAN AM FLIGHT 103: WE WILL NEVER FORGET THE VICTIMS

HON. JON D. FOX

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 31, 1997

Mr. FOX. Mr. Speaker, I rise to speak on one of the most important and dangerous challenges America faces as we approach the 21st century: terrorism. Throughout many parts of the world Americans continue to be at risk of a terrorist attack. Sadly, the 1990's brought reality to bear hard down upon us with attacks on our own soil. The bombing of the Federal building in Oklahoma City in 1995 and the World Trade Center in New York City in 1993 are but two terrorists attacks that come to mind.

Last year, the 104th Congress took great strides to combat international terrorism, most notably with our passage of the Antiterrorism and Effective Death Penalty Act of 1996 and the enactment of additional sanctions against terrorist states such as Libya and Iran. But it is not enough. The war still continues and American citizens remain at risk. While we must continue to address ways in which to adopt preventative measures, we must not forget or abandon the victims themselves or the surviving families of those who have already suffered and who may still continue to suffer.

Almost 9 years ago Pan Am Flight 103 was destroyed over the quiet countryside of Lockerbie, Scotland, killing 270 innocent people, including 189 Americans, some of whom were from my own State of Pennsylvania. This was not a tragic accident, but a deliberate act of cold-hearted murder. Two suspected Libyan intelligence agents were charged in 1991 by the United States and United Kingdom as having perpetrated this cowardly deed. Yet for more than 5 years they have remained safely protected by the Libyan Government. Despite the imposition of both U.S. and U.N. sanctions, this impasse has no end in sight.

That is one reason why the victims of the Pan Am 103 bombing are seeking accountability and compensation from the Government of Libya through civil actions here in United States courts. Unbelievably, before we passed legislation in April 1996, the immediate families of the victims were unable to sue in the United States because of Libya's sovereign immunity. Fortunately, we saw fit to change that cruel anomaly. However, Congress did not go far enough to recognize that there are other victims of terrorism besides those who tragically suffered personal injuries or death. In the case of Pan Am 103, thousands of innocent Americans lost their entire livelihood, pensions, benefits, and futures due to the subsequent bankruptcy of Pan American World Airways, an event directly related to the bombing. Yet these victims are not permitted their day in court by laws that only serve to protect the terrorist states.

There is no conceivable reason why a state that descends to the level of committing inhumane acts, such as the bombing of a civilian aircraft, should not be held totally and fully accountable for these intentional atrocities. No one can place a price on the loss of a loved one. But a family's loss of a loved one does not extinguish or diminish the loss another family might have suffered or suffers because of a loss of their livelihood.

That is why I am planning to introduce a bill that will allow any American financially harmed by an act of terrorism sponsored by one of the rogue states on the State Department's terrorism watch list to have their day in court and the opportunity to prove their losses. An American harmed by an intentional act as egregious as terrorism should be provided the opportunity to seek justice and compensation. This bill will send a message to those states who believe they can simply walk away from harming Americans. There is no legitimate reason that excuses our failure to act on this amendment and provide whatever possible legal protection we can. It is not only our political obligation as representatives of the U.S. Government, but it is our moral obligation to the American people we represent.

This proposed measure already has significant bipartisan support. Earlier today we sent to all Members of this House our request to join in this fight against terrorists. I hope that many more of my colleagues will see fit to join in our fight. No American victim of terrorism should ever be left alone to suffer as they do now. We can not, should not and will not stand for that.

H.R. 2015—THE BALANCED BUDGET ACT OF 1997

SPEECH OF

HON. WILLIAM J. COYNE

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 30, 1997

Mr. COYNE. Mr. Speaker, I rise today in support of H.R. 2015, the Balanced Budget Act of 1997.

I am pleased that many of the worst provisions in the House version of this bill have been eliminated or moderated. The changes make it possible for me to support the conference report on this bill. As a result of the unceasing efforts of President Clinton and the Democrats in Congress to make this a better bill, this legislation contains a number of provisions that will benefit millions of Americans.

This legislation will ensure the solvency of the Medicare part A trust fund for the next 10 years, and it creates a commission that will recommend measures to preserve this important program for decades more. H.R. 2015 preserves the Medicare Program primarily by lowering future reimbursement rates for health care providers. The bill also provides several important new prevention benefits to Medicare recipients—including expanded mammography coverage, coverage of prostate and colorectal cancer screenings, and screenings for osteoporosis, and self-management programs for diabetes.

The bill also includes $24 billion for President Clinton's initiative to provide health insurance coverage for children who currently have no health insurance. This is a major step forward. I believe that this country needs comprehensive health care reform, but in the absence of such reform this measure represents a solid incremental improvement. Some estimates have suggested that up to half of the 10 million children who currently lack health insurance could receive coverage through this initiative.

This bill also takes several important steps to reverse many of the draconian provisions that were included in the so-called welfare reform bill that was enacted in the 104th Congress. Due to the leadership of President Clinton, and at the insistence of the House and Senate Democrats, H.R. 2015 restores SSI and Medicaid benefits for legal immigrants who were receiving them before the welfare reform bill was enacted last year, and it provides SSI benefits for legal immigrants who were in the country at that time and who subsequently became disabled. In addition, the bill eliminated the provision in the House version of this bill that would have excluded welfare recipients in workfare programs from Federal minimum wage and workplace protection laws.

Finally, I would like to point out that the balanced budget package that we will adopt this week has only been made possible by the deficit reduction packages of 1990 and 1993—bills that together reduced deficits by over a trillion dollars. Those were the real budget balancing votes. Those bills raised taxes and cut spending. It was not easy, but it was absolutely necessary to produce a healthy economy and economic growth. The upbeat economic conditions that we are enjoying today are due in no small part to those bills, and the tax breaks provided in this balanced budget package are the fruits of the seeds that were sown in 1990 and 1993 by Democratic Congresses.

Mr. Speaker, in a letter that the American Association of Retired Persons sent to me earlier today, Mr. Horace B. Deets concluded that "legislation of this scope can never fully satisfy every interested party. But, on balance * * * this conference report * * * will accomplish the objectives of balancing the budget while also protecting access, affordability, quality, and choice in the Medicare Program." I agree with his assessment. Consequently, I intend to vote in support of this legislation, and I urge my colleagues to do so as well.

SUPPORT AWARENESS OF SUICIDE AND EFFORTS TO PREVENT SUICIDE

HON. JOHN LEWIS

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 31, 1997

Mr. LEWIS of Georgia. Mr. Speaker, I am introducing a resolution today that recognizes that suicide is a national problem and encourages suicide prevention efforts. I am pleased that more than 20 of my colleagues are joining me in this effort by becoming original cosponsors of this bill.

It is my hope that congressional recognition will encourage people to talk about feelings of despair and suicide. An estimated 750,000 people attempt suicide each year. These attempts are traumatic not only for the individual but also for family and friends who surround him or her.

Suicide claims more than 31,000 lives annually, more than homicide. It is the ninth leading cause of all deaths in the United States and the third for young people aged 15 to 24. It is on the rise for young people in general and for African-American young men in particular.

We must talk about mental illness, and we must encourage treatment. We must tell our friends and our loved ones that it is OK to talk about feelings of despair, hopelessness, and suicide. For those who have the courage to get help, to seek treatment—we must support them. And we must talk about suicide so that we can try to understand it and prevent it.

Too much shame surrounds feelings of depression and suicide. We can change that—and we must—by reaching out to others in our community. This resolution recognizes suicide as a national problem and declares suicide prevention to be a national priority. It also encourages initiatives to prevent suicide and support people who have lost someone to suicide.

The Senate has already passed a similar resolution. It is my hope that the House of Representatives will soon consider this important issue.

HONORING TAIWAN'S AMBASSADOR

HON. MAURICE D. HINCHEY

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 31, 1997

Mr. HINCHEY. Mr. Speaker, we have seen significant changes in the Far East in the last few weeks. Most of the attention has focused on the departure of Britain from Hong Kong, and the Beijing Government's assumption of control over those territories. Many of us are deeply concerned about what that will mean for the rights of the residents of Hong Kong, and for the future of civil liberties there.

But it would be unfortunate if those developments overshadowed what has happened in the Republic of China on Taiwan. On July 18, work was completed on a number of constitutional changes. Among the structural changes was the freezing of provincial government operations, a step which should make Taiwan more of a participatory and representative democracy. The changes will guarantee Taiwan's original residents full political participation. At the same time, other changes will also provide the kinds of social protections and guarantees that many of us consider an essential feature of a modern democracy. For instance, the changes will guarantee medical care to disabled citizens.

Let us hope that the progress Taiwan has made in the past and the further progress it has made with these changes shall serve as an example for other Asian nations.

I would also like to take this opportunity to congratulate Ambassador Jason Hu, the Representative of the Republic of China on Taiwan, on completing his first year of service here on Washington. Many of us in the House have come to know him and respect him for his work here and for sharing his perspective on Asian affairs with us. He is an able successor to his predecessor, Ambassador Liu.

MORRO BAY HARBOR FESTIVAL

HON. WALTER H. CAPPS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 31, 1997

Mr. CAPPS. Mr. Speaker, I rise to celebrate the opening of the Morro Bay Harbor Festival, in Morro Bay, CA. On October 4 and 5 the people of Morro Bay will begin their annual celebration of the many fishermen and women of this growing villa who have played an integral role in the community, in the economy of the central coast, and indeed the entire country. As an avid seafood consumer, I can honestly say that some of the finest halibut I ever tasted has come from under the shadow of glorious Morro Rock.

It is my hope that Morro Bay, and its vitally important fishing industry, will continue to grow. In fact, it seems rather inconceivable that it will not. More and more Americans are looking to seafood as a healthy and delicious form of nutrition. In recent years, the popularity of seafood has grown to unprecedented levels, and the people of Morro Bay can be proud of this great accomplishment.

The Morro Bay Harbor Festival celebrates the people, natural beauty, and fishing industry that makes the central coast the unique place it is. As a resident of this area for over 30 years, I have personally experienced the marvelous beauty of Morro Bay. As a Member of Congress I am fighting to ensure the Federal funds needed to ensure the future economic vitality of the harbor, especially the critical Army Corps of Engineers' dredging project. With some help from the Federal Government, the strong spirit and determination of the people of Morro Bay will ensure that this festival will be celebrated as long as fish swim in the Pacific Ocean.

Mr. Speaker, today I ask my colleagues to join me in celebrating the unique and vital community of Morro Bay.

IN RECOGNITION OF THE RIGHTEOUS AMONG NATIONS

HON. GARY L. ACKERMAN

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 31, 1997

Mr. ACKERMAN. Mr. Speaker, I rise today in honor of the many individuals who were noncombatants during the Holocaust of World War II, who risked their lives and those of their families to save countless people who faced death because of their religious beliefs. Two such people were Stacia Brazauskiene and Albinas Zilevicius. Both have been honored as Righteous Among the Nations by Yad Vashem Institute in Jerusalem and will be visiting with two of my constituents, Nathan and Sima Katz whose lives they saved during the war. They will be in New York City to join with the Katz family in celebrating the Bat Mitzvah of the Katz's granddaughter, Rebecca Levy.

In 1941, Nathan Katz and his family were living in Shavel, Lithuania, when the Nazi forces evacuated all Jews into the Shavel Ghetto. With the help of a Lithuanian Gentile named Antonites, Nathan and Sima Katz escaped with eight other family members. After being forced to flee from several hiding places, they were taken to the farm of the Zilevicius family.

Although Antonites has since disappeared into history, we know the heroic story of the Zileviciuses. With great care and much courage, the Zilevicius family built a hiding place behind a false wall in their barn for the Katzes, who remained on this farm protected by the Zilevicius until the end of the war. The Zilevicius family was constantly aware that they could be executed for their attempts at hiding the members of the Katz family. On several occasions, searches by the Nazis almost undid the heroic efforts of these protectors. Despite the horrendous atmosphere of terror in which both families lived, they survived.

Most significant is the fact that the members of the Zilevicius family had no prior relationship with Nathan and Sima Katz nor any other member of the Katz family. In addition, the Zilevicius family received no remuneration from those families whose lives they were protecting.

A war often produces great heroes who have distinguished themselves in military action. What is more compelling, however, is that ordinary citizens with no prior training risk their lives not for any national allegiance or desire for reward, but do so because it is the right and compassionate thing to do.

Mr. Speaker, I ask my colleagues to join with me today in recognizing and honoring the remaining members of the Zilevicius family, Stacia Brazauskiene and Albinas Zilevicius, as they join with Nathan and Sima Katz whose lives that have both saved and enriched.

JAMAICA'S 35 YEARS OF INDEPENDENCE

HON. EDOLPHUS TOWNS

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 31, 1997

Mr. TOWNS. Mr. Speaker, as friends of Jamaica everywhere celebrate its 35th anniversary of independence, we pause to recognize and commend our democratic neighbor to the south and extend our heartiest congratulations to the Government and people of Jamaica and to Jamaican-Americans throughout the United States.

I place in the CONGRESSIONAL RECORD, for the benefit of my colleagues, the 35th anniversary messages issued by the Prime Minister of Jamaica, the Right Honorable P.J. Patterson and the Jamaican Ambassador to the United States, His Excellency Dr. Richard L. Bernal.

35TH ANNIVERSARY INDEPENDENCE MESSAGE BY THE PRIME MINISTER OF JAMAICA, THE RT. HON. P.J. PATTERSON, P.C., Q.C., M.P.

This year, as we celebrate the 35th Anniversary of Jamaica's Independence, we also return to the tradition of Emancipation Day as one which deserves our special commemoration.

Under the theme: "Full Free Emancipation to Independence", our national celebrations will climax during the period from Friday August 1—Emancipation Day to Monday August 4—Independence Day.

The resumption of Emancipation Day as a public holiday commemorates not only the abolition of slavery, but the birth of free Jamaica. It is the advent of that Free Jamaica which now permits us to enjoy political independence, democracy, constitutional rule and to be equal members of a civil society.

Emancipation and Independence celebrations this year will provide the opportunity for Jamaicans at home and abroad to reflect on our ancestral roots.

The twin occasion also provides a timely opportunity for all Jamaicans everywhere to commit ourselves to healing the nation, unifying our people and removing whatever barriers have tended to divide us in the past.

Jamaicans all over the world are a proud people. Our nation, despite its limited size and economic resources, stands tall in the international arena. There have been outstanding achievements in the fields of sports, music, and tourism to name a few.

Many of you, who now live overseas, have distinguished yourselves in several fields of endeavour, and continue to make us proud.

I invite all Jamaicans residing overseas to join together to celebrate our rich heritage on Emancipation Day. Let us renew our commitment to build an independent Jamaica, Land We Love.

On behalf of the Government and Jamaicans at home, I send heartiest greetings to all Jamaicans abroad, their extended families and friends of our island, no matter what their nationality.

Happy Emancipation and Independence anniversaries.

May God continue to bless you all.

P.J. PATTERSON,
Prime Minister of Jamaica.

MESSAGE FROM JAMAICA'S AMBASSADOR TO THE UNITED STATES HIS EXCELLENCY DR. RICHARD L. BERNAL ON THE OCCASION OF JAMAICA'S THIRTY-FIFTH ANNIVERSARY OF INDEPENDENCE

This year, as we come together to celebrate the thirty-fifth year of independence, we will also for the first time since 1962 observe Emancipation Day as a public holiday. The celebration commemorates the abolition of slavery in Jamaica 159 years ago. Its reinstatement is intended to recognize the significance of the struggle for and the achievement of emancipation by our ancestors and to preserve this in the collective memory of the Jamaican people.

Emancipation Day was one of the most significant transformative moments in the history of Jamaica, a central historical point of departure which forms part of the foundation upon which we build our nation. Our progression as a country from emancipation to independence and beyond demonstrates that indomitable Jamaican spirit engendered in the struggle for emancipation.

Jamaica continues to make progress towards economic development although confronted by internal and international problems. Despite the obstacles, the economy has been stabilized with encouraging growth in tourism, bauxite and agriculture. A stable exchange rate and careful monetary and fiscal management has dramatically reduced inflation and alleviated the pressures of the cost of living.

For the fourth consecutive year, Jamaica was voted the top Caribbean destination at the prestigious World Travel Awards. The introduction of the Air Jamaica hub in Montego Bay will help to promote significant economic activity in western Jamaica and broaden air transport options in the Caribbean. Our national airline is also expanding its North American routes to better serve overseas Jamaicans and to promote the tourist industry.

Jamaica continues to play a leadership role in international affairs. Prime Minister P.J. Patterson chaired the historic meeting between the CARICOM Heads of Government and President Bill Clinton in Barbados in May. This meeting was a positive step towards strengthening US-Caribbean relations by establishing the framework for continued intergovernmental dialogue and cooperation in matters of mutual interest. We reinforced our campaign against drug trafficking by concluding an Agreement to Suppress Illicit Maritime Drug Trafficking ("shiprider") with the United States in a manner which did not infringe on Jamaica's sovereignty.

In collaboration with our Caribbean neighbors, we continue to dialogue with the United States on NAFTA parity and seek a resolution to the banana dispute. In this cooperative spirit, I urge Jamaicans to join forces with other Caribbean peoples to address the implications of the new immigration legislation in the United States.

We have learnt from our historical experiences that we are stronger through collective action. In this regard Jamaicans in the United States continue to play a significant role in nation building. Your investments, remittances and contributions to social institutions have made a tangible impact on the lives of all Jamaicans at home. It is this kind of patriotism and initiative which creates the oneness which is Jamaica, a nation without borders. On this independence anniversary let us move forward with confidence, fortified by past achievements, and infused with hope. Together we can realize the enormous potential of our small but exceptional nation.

DR. RICHARD L. BERNAL,
Ambassador.

THE RETIREMENT OF MR. DENNIS LAMBERT AFTER 20 YEARS OF DISTINGUISHED SERVICE IN THE LEGISLATIVE BRANCH

HON. SUE W. KELLY

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 31, 1997

Mrs. KELLY. Mr. Speaker, I rise today to pay tribute and bid farewell to a valued member of my staff, Mr. Dennis Lambert, who after 20 years of distinguished service in the legislative branch of our Federal Government, has decided to retire. Dennis has served as my chief of staff since January 1995 when I first took office and has proven to be an outstanding administrator, a trusted friend, and faithful ally.

Dennis grew up in Kansas City, MO, and attended school in the Hickman Mills School District. He holds an A.B. in history from William Jewell College, a masters in public administration from New York University and a masters in liberal arts from Georgetown University. He served as a captain in the U.S. Air Force in Germany and the United States, specializing in communications. Dennis also taught school in Center School District in Kansas City, MO. He served in key staff positions for former Member of Congress, Tom Coleman [R–MO] from 1976 to 1992, initially as chief of staff and later as minority staff director on the House Agriculture Committee. He is a member of the First Baptist Church of the city of Washington, DC, and has worked closely with the Truman Foundation. Dennis is an experienced leader and team player; a fantastic negotiator and strategist; he is a master at innovative consensus building and I always marvel at his ability to remain so calm in the midst of any storm.

In my 3 years in Congress, I have come to rely heavily on Dennis' counsel and infinite wisdom. He has been a very loyal friend to me and to the rest of our staff, and we will miss him.

TRIBUTE TO STERLING DOWLING

HON. JAMES E. CLYBURN

OF SOUTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 31, 1997

Mr. CLYBURN. Mr. Speaker, I rise today to pay tribute to an outstanding young person from the Sixth Congressional District of South Carolina.

Sterling Dowling, an Orangeburg-Wilkinson High School rising senior, has just been elected president of Boys' Nation, a week-long government and leadership training program that combines lectures and forums with visits to Federal agencies, institutions, memorials, and historical spots, held at Marymount University in Arlington, VA. At Orangeburg-Wilkinson, Sterling serves as corps commander of the Air Force Junior ROTC, is on the executive board of his student council, and serves on the student advisory board. He participates on the debate team, serves as an HIV/AIDS peer educator and is a member of Palmetto Project Operation HOPE for better race relations.

Sterling Dowling's success is not a recent occurrence. Before being elected as president of Boys' Nation, Sterling served as governor of Palmetto [South Carolina] Boys' State. Sterling will return to Palmetto Boys' State next summer to serve as a youth counselor. Boys' State and Boys' Nation are both sponsored by the American Legion.

After graduating from high school, Sterling plans to attend Morehouse College in Atlanta or South Carolina State University in his hometown to major in English education. He intends to seek a degree at the North Carolina Central School of Law. In his last year in high school, Dowling said he plans to go forth armed with confidence.

Mr. Speaker, I ask that you and all of my colleagues in the House of Representatives join me in congratulating Sterling Dowling for his outstanding accomplishments and wishing him well in his future endeavors.

HONORING THE LATE SENATOR BOB WILSON

HON. EARL F. HILLIARD

OF ALABAMA

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 31, 1997

Mr. HILLIARD. Mr. Speaker, I rise before you today to praise one of the finest men ever to serve in the State senate of the State of Alabama, Senator Robert Terry Wilson, Sr. Senator Wilson was born in a mining camp in Dora, AL, on April 23, 1922. He was the third of seven children. Senator Wilson was raised in Jasper and then attended the public schools, as well as the University of Alabama, where he also graduated from law school.

During World War II, Senator Wilson was a brave man who served as a tail gunner in a B–26 bomber. He flew 65 missions over Italy and France during the hardest years of the war. For his heroism, he was decorated with many medals, including the coveted French, Croix De Guerre.

Although he fought many battles during the war, he also fought many more in the political arena, some great and some small. In the Alabama senate, he represented the poor, the downtrodden, and the forgotten of society. He always was an effective voice for the underrepresented of our land, and did so with principle.

One of the few battles Senator Bob Wilson ever lost occurred last week when many years of cancer finally overcame him. I send my heartfelt wishes to his widow Ruth, and his children, Bob, Sue, Sally, and Alice. We will all miss Senator Wilson, and the arena of politics will be just a little bit less bright without him.

I am glad that I had the privilege and pleasure to serve with him in the Alabama Legislature.

JERUSALEM BOMBING ABHORRENT

HON. SHEILA JACKSON-LEE

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 31, 1997

Ms. JACKSON-LEE of Texas. Mr. Speaker, I am in shock over the terrorist suicide bombings that abruptly shattered the lives of over 150 innocent people and murdered 13 unsuspecting shoppers in a Jerusalem market yesterday. The militant Islamic organization Hamas that has brazenly taken responsibility for this sinister act and demands that Israel free Palestinian prisoners must be dealt with appropriately as any other terrorist organization would be.

The agony and carnage that is now becoming an almost familiar scene on our television screens is a frightening reminder of the fragile peace that remains following the Oslo accord. The scenes of hell with bodies, blood, and horror strewn about in the old Mahane Yehud market in western Jerusalem surely wears on the souls of the Israeli people. The pictures of sobbing mothers and grief stricken children are once again trying to be used to shatter the forces of peace in the Middle East. Many Israelis in their anguish may even want to link the bombings with the peace process.

True tragedy like this strikes at the heart of the politics of peace that we have tried to forge since former President Jimmy Carter brought the parties to the table at Camp David. We Americans are separated from the terror and horror that has become a way of life in Israel. It is difficult to comprehend what Houstonians would feel like had this happened there.

But, somehow the shreds of peace need to be put back together. The peace process cannot evaporate in the blood of terrorist attacks. We cannot let these forces of evil gain the upper hand. We must keep the faith that the forces of good and the forces for peace can be revived. While the attention of the moment is focused on evil and death, peace and security needs to fill the void created by this nightmare.

I agree with President Clinton that, "There is no excuse and there must be no tolerance for this kind of inhumanity. The slaughter was aimed directly at innocent Israelis. And make no mistake, it was aimed at the majority of Israelis, Palestinians, and Arabs who want a lasting and just peace." The Clinton administration has certainly done a very credible job of trying to break the gridlock of the peace process.

In order to find security which is the underpinning of peace in the area, there has to be sustained cooperation by the Palestinians. There can be no revolving door policy when it comes to the capture and detainment of terrorists. Trust must be regained on both sides. To prevent the peace talks from collapsing we must begin to help to rebuild the trust that was exploded in the outdoor marketplace yesterday.

125TH ANNIVERSARY OF FIRST LUTHERAN CHURCH IN PORTAGE, PENNSYLVANIA

HON. JOHN P. MURTHA

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 31, 1997

Mr. MURTHA. Mr. Speaker, I wanted to take this opportunity before the House to pay tribute to an historic church community in the 12th Congressional District of Pennsylvania.

There were only 15 houses in the village of Portage, PA, when the Reverend Mr. Samuel Croft of Wilmore, MD, arrived to begin his missionary work in 1872. On August 21 of that year, 125 years ago next month, Luther's Monumental Lutheran Church was chartered with 10 members. Two months later, on October 20, a small frame building, 28'–45', was dedicated. It now stands as the oldest church in Portage, PA.

In 1892, under the direction of the Reverend Mr. B.B. Collins, the congregation sought and was granted admission into the Allegheny Evangelical Lutheran Synod. One of the conditions for admittance to the synod was the forming of a parish relationship with another church nearby, St. Luke Lutheran Church in Lilly, PA. These two churches today are known as the Lilly Portage Lutheran Parish.

In 1916, the Reverend Mr. B.R. Sheeder and the congregation had the frame building moved to its present site where a narthex and larger sanctuary was built and the entire building was bricked. Stained glass windows were installed. The original building now contains the nursery-primary Sunday school rooms. The original roof beams can be seen in the loft.

Luther's Monumental Lutheran Church became the First Evangelical Lutheran Church and is now known as the First Lutheran Church of Portage, PA. The longest pastorate, of 23 years, was served by the Reverend Mr. George I. Uhler (1925–48).

Serving as the church's pianist, choir director, and organist for over 50 years, Ms. Viola Hess is fondly remembered for her lifelong dedication. She passed away in the church while doing the work she loved.

Notably, the Reverend Ms. Karen Stiles was the first female pastor to serve the church, from 1987–89, followed by the Reverend Ms. Rochelle Melander.

Currently, under the Reverend Mr. Steven Claycomb, the church registry lists over 300 members and is continuing to grow. The membership is active in both the religious and the civic secular activities of the area. An array of church artifacts is displayed at the Portage Station Museum and will later be returned for display at the church.

Portage is located less than 20 miles from Johnstown, legendary for its tragic floods. The First Lutheran Church of Portage has endured through the horrible flood of 1889 in which over 2,000 lives were lost; since then it has helped to see its community through many types of hardship—from the hardscrabble days of the Industrial Revolution, when the area's miners and steelworkers endured long work hours, low pay, and abysmal working conditions, to the Great Depression. It has held its community together through the Nation's wars and seen it through more modern harship—the decline of the steel industry that brought lasting economic hard times and crippling unemployment. It also saw another devastating flood, in 1977. Through it all, the First Lutheran Church has been a source of support and sustenance, spiritually and otherwise, to generations.

On Sunday, August 31, 1997, a dinner and mass of celebration commemorating the church's 125th anniversary will be held.

I'd like to congratulate the First Lutheran Church of Portage, its pastor and his congregation as they celebrate a 125 year tradition of serving God and their community. May the church grow and prosper for another 125 years.

AGRICULTURE, RURAL DEVELOPMENT, FOOD AND DRUG ADMINISTRATION, AND RELATED AGENCIES APPROPRIATIONS ACT, 1998

SPEECH OF

HON. JUANITA MILLENDER-McDONALD

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 22, 1997

The House in Committee of the Whole House on the State of the Union had under consideration the bill, H.R. 2160:

Ms. MILLENDER-McDONALD. Mr. Chairman, today I rise in support of the Wynn amendment to increase funding for equal opportunity complaint resolution in the Department of Agriculture. With over 1,400 discrimination cases pending, the USDA's Office of Civil Rights is underfunded, understaffed, and unable to fulfill its purpose. This amendment would transfer $1,500,000 in revenue to the program for administrative and staffing assistance, and would enable the Department to fulfill its goal of eliminating racism within.

For years, the USDA has been discriminating against minority farmers. While the Secretary of Agriculture has acknowledged the problem and created the Civil Rights Program, it seems like little has been done. There are continued delays in investigations of discrimination complaints, inadequate minority representation in the Office of General Counsel, and an ongoing tension between the Office of General Counsel and the Office of Civil Rights. The number of discrimination complaints has more than tripled since 1991. It is time to put a halt to this disturbing statistic.

The Wynn amendment would provide money for additional staff to help combat the backlog of discrimination cases. The amendment simply caps the Market Assistance Program funding level and transfers its additional allocation for fiscal year 1998 to the Civil Rights Program. It is a small price to pay for such an important oversight.

In addition, we must continue to keep pressure on the Secretary of Agriculture to ensure that this funding is put to good use and that the problem is attacked immediately. He must put his money where his mouth is.

I urge my colleagues to support the Wynn amendment.

TRIBUTE TO ERIC K. FEDERING

HON. JAMES L. OBERSTAR

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 31, 1997

Mr. OBERSTAR. Mr. Speaker, today marks the last day of House service for Eric Federing as the Democratic director of communications for the Committee on Transportation and Infrastructure.

Eric began his service to the House 10 years ago this week. In 1987, his first position was as press secretary and speechwriter to our former colleague, Norm Mineta. When Norm became chairman of the Public Works and Transportation Committee in 1993, he moved Eric to the committee to open and modernize its information services to better serve all of our colleagues and the news media. In addition, in Norm Mineta's last year in Congress, Eric also served as his congressional liaison to the Smithsonian Institution's Board of Regents. Starting tomorrow, however, after more than 4½ years of service to our committee, Eric will move to the other body and take up the post of press secretary to Senator JOSEPH I. LIEBERMAN of Connecticut.

Eric has provided great service to our members and staff. Daily he provided a news summary of more than two dozen newspapers, trade periodicals, and major wire services—all arriving on our members' desks before the start of every hearing or markup. He also organized news events in concert with the personal staffs of our members and with the Democratic leadership, and responded professionally and quickly to numerous press inquiries. In the last Congress, he led our way along the information superhighway by instituting our site on the World Wide Web. In addition to his communications expertise, his political counsel and information strategy have been very much appreciated.

On his own time, Eric also worked for the best interests of our Democratic Party and for our national interests abroad. He distinguished himself with senior positions at the last two Democratic National Conventions—serving as manager of press information center operations in Chicago last year.

Overseas, Eric embarked in a unique association with the United States Information Service whereby he undertook four month-long trips to Australia in as many years to lecture on American Government, the Congress, our elections, our news media, and civil rights. As a voluntary visitor working with USIS, he has visited just about every university on that continent and spoken with numerous journalists, business leaders, government officials, and students.

Amidst all this, Eric has also found time to dabble in the arts. Last year, he signed a contract with the Farber Literary Agency of New York, which is representing him on a novel he has written about Hollywood and politics. Through much of the 1980's, Eric founded and led an independent effort to restore the 1963 motion picture "It's a Mad, Mad, Mad, Mad World." That effort gained Eric a touch of national fame and a greater appreciation for America's cinema heritage. He has been active in the effort to preserve some of our Nation's remaining motion picture palaces of the 1920's and 1930's.

Mr. Speaker, many people come to work in this institution for as many reasons as there are staff positions. As a teenager, Eric was greatly influenced by watching the Watergate hearings. While at George Washington University, where he graduated Phi Beta Kappa while working half-time at the State Department, Eric knew then that he wanted to work in Congress to help communicate the Nation's business to the world. As I said, he began to do that 10 years ago, and has done so with consummate skill and impeccable integrity.

For all his hard work, dedication, and counsel, I ask that all of our colleagues join with me in thanking Eric for his great service to this House, particularly to the Committee on Transportation and Infrastructure, and to our Nation. We wish him well now and in the future.

CONFERENCE REPORT ON H.R. 2014, TAXPAYER RELIEF ACT OF 1997

HON. DAVID E. SKAGGS

OF COLORADO

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 31, 1997

Mr. SKAGGS. Mr. Speaker, I am voting for this conference report. Its provisions for education and tax relief for families with children, in particular, will make a difference in the lives of millions of hard-working Americans.

Many of the worst aspects of the House-passed bill, which I opposed, have been removed or improved, and the bill includes many other provisions that will benefit our country. So, on balance, I have decided that it deserves to be supported. That said, it is not without faults. It includes some things that I don't like, and there are other things that I would have liked to have seen included.

To begin with, the bill deserves support because it will help make education more affordable for millions of our people. It includes tax credits for the tuition costs of college students as well as graduate students and workers who are continuing to pursue lifelong learning. It will allow people who have gone into debt to finance their educations to deduct some of the interest charges on their student loans.

In addition, the bill extends until June 20, 2000, the tax exclusion for employer-provided educational assistance. I would have preferred making this permanent, but this is a great improvement over the House bill, which extended the exclusion only for the rest of this year.

Further, this bill dropped the pernicious section of the House-passed bill that would have taxed tuition discounts earned by graduate students who serve as teaching assistants and the tuition discounts provided to families of school employees. That very shortsighted and unwise provision was one of the worst features of the House bill, and I am very glad that the conferees did not include it in the conference report.

The conference report also will help our schools and colleges in several important ways. It will encourage corporations to donate up-to-date computer technology and equipment; will give a tax credit for purchases of bonds issued by local governments where the business community is also assisting the schools; and it will repeal the limit on qualified 501(c)(3) bonds used by colleges, universities, and other charitable institutions.

The environment also will benefit from the conference report. Unlike the House-passed bill, the conference report includes tax incentives to help accelerate the cleanup of contaminated areas in economically distressed areas. This so-called brownfields provision has great promise for improving both the environment and the economy in these areas.

Science and health will benefit as well, because the conference report extends expiring research tax credits and makes permanent the tax credit for research and development of so-called orphan drugs that are desperately needed, but for which the potential market is relatively small.

And the conference report's provisions related to Amtrak provide a foundation upon which it may be possible to build an improved and financially sound national rail passenger system.

Also, of course, there are some provisions that will benefit families in more general, less-targeted ways. For me, the most positive is the $500 child credit, which will provide a significant financial boost to the country's most hard-pressed working families. Its benefits will be distributed reasonably fairly—especially as compared with the original House-passed bill, which would have excluded many of the low-income working families to whom this credit will be most helpful.

The conference report's changes in estate taxes are also better than those in the House-passed bill, because they focus more directly on family-owned farms and businesses, as well as phasing in what's essentially an inflation adjustment to the basic tax-exemption amount.

The capital gains provisions are improved but still troublesome. They of course are inherently much more beneficial to those with the resources to make large-scale investments than to those of more limited means.

Also, in combination with other provisions like those involving IRA's, they have the potential for making this balanced budget tax bill the cause of renewed and greatly increased deficits in a few years. For me, this is a serious prospect. I recall Senator Howard Baker's description of Reaganomics as a "riverboat gamble", and I recall that the payoff of that tax-cutting spree was trillions of new national debt.

I am not eager for another spin of that roulette wheel, and if I was convinced that the risk this time was as great as it was then, I would not support this bill. But this is a more modest bet, and a more carefully-drawn bill. I do think that we have learned from that experience, and I think President Clinton and his administration were able, in the negotiations that produced this conference report, to notably reduce the odds on repeating it. In short, while there's still a serious risk of renewed deficits, they've been lessened—and can be avoided if we will recognize them and are ready to take corrective actions in the future in the way Democrats did in 1993.

Mr. Speaker, I did not come early or quickly to a conclusion about this bill. But I have decided that its strengths outweigh its weaknesses, and its promises outweigh its risks—and my vote is for its passage.

WELFARE TO WORK

HON. STEVE LARGENT

OF OKLAHOMA

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 31, 1997

Mr. LARGENT. Mr. Speaker, last year Congress passed historic welfare reform legislation, establishing a program which combines social responsibility with economic opportunity. By setting work requirements and offering incentives to employers hiring workers from the welfare rolls, the Personal Responsibility and Work Opportunity Act of 1996, provides the help needed to lift individuals out of poverty and off the welfare rolls.

While the average stay on welfare is only 2 years, the typical recipient at any one time has been receiving benefits for 8 years. The Welfare Reform Act, by setting a 5-year maximum time limit for receiving welfare payments, will end long-term abuse of the welfare system, transforming aid to families with dependent children [AFDC] into a truly transitional welfare to work program. The act enables welfare recipients to gain the job skills and experience necessary to compete in the work force.

By passing the welfare program as a block grant, Congress has given Oklahoma the flexibility to tailor our programs to the needs of Oklahomans. States must meet strict work requirements, ensuring that an increasing percentage of beneficiaries leave the welfare rolls each year, or face a reduction in Federal funding. At the same time, a safety net is provided for States during periods of economic hardship, allowing exemptions for bulging caseloads and a 20-percent hardship exemption for extreme cases.

I am sad to see that the current budget bill reverses many of the reforms made in the Personal Responsibility and Work Opportunity Act. I hope to work with my colleagues in the future to restore the original intent of the welfare reforms passed last year.

INTRODUCTION OF H.R. 2292—THE INTERNAL REVENUE SERVICE RESTRUCTURING AND REFORM ACT OF 1997

HON. ROB PORTMAN

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 31, 1997

Mr. PORTMAN. Mr. Speaker, yesterday I was pleased to introduce with my colleague, the gentleman from Maryland [Mr. CARDIN], H.R. 2292—the Internal Revenue Service Restructuring and Reform Act of 1997. This bipartisan legislation is an outgrowth of the work of the National Commission on Restructuring the Internal Revenue Service, which was charged with taking the first comprehensive look at the IRS since 1952. The commission created a blueprint for transforming the IRS into a world-class service organization that serves all Americans. Now, we are taking the first step toward fulfilling the promise of providing better service to the American taxpayer.

Congress created the National Commission on Restructuring the Internal Revenue Service in response to mounting public concerns about the performance of the IRS. The commission was a bipartisan, bicameral effort—I cochaired the commission with Senator BOB KERREY, a Democrat from Nebraska. Senator CHARLES GRASSLEY, a Republican from Iowa, and Congressman BILL COYNE, a Democrat from Pennsylvania, also served on the commission. The commission also had considerable expertise—members included a former IRS commissioner and Treasury Department official; a former head of the Congressional Joint Committee on Taxation; the former head of the New York state tax system; the chairman of the California State Board of Equalization; and a representative of: small businesses; technology firms; taxpayer advocacy groups (Americans for Tax Reform and the National Taxpayers Union); the IRS employees union; and the Clinton administration, including the Treasury Department.

During its year-long existence, the commission conducted 12 days of public hearings, held three town hall meetings around the country, and spent over 100 hours in private sessions with public and private sector experts, academics and citizens groups. The commission staff met privately with over 500 individuals, including the majority of senior-level IRS managers, and interviewed almost 300 front-line IRS employees. We received continuous input from various stakeholder groups and the general public. And, the commission had unprecedented access to IRS reports and documents.

Early in the course of the commission's work, we developed a simple goal: Taxpayer satisfaction must become paramount at all levels of the IRS. More than twice as many people pay taxes as vote, and the IRS is the only Federal agency that many citizens interact with directly. We must ensure that the IRS meets the public's expectations for professionalism, accountability, and efficiency. And, we must ensure that the IRS works for the taxpayer—not the other way around. In a very real sense, the commission's work was a yearlong audit of the IRS.

This legislation is based on the commission's report. It is designed to change the IRS as we know it—to transform the IRS into a responsive service organization for the 21st century. It focuses on solving the problems in our tax system, which fall into three major, crosscutting areas: First, the complexity of the Tax Code; second, IRS customer service; and third, IRS management, governance, and oversight.

COMPLEXITY OF THE TAX CODE

The commission identified a clear and undeniable link between the complexity of the Tax Code and the difficulty of tax administration.

The commission found that the laws written by Congress and the President can lead to inadvertent noncompliance, increase the compliance costs of individuals and businesses, and add to the difficulty of revenue collection. The commission also found that the law is overly complex and that this complexity is a large source of taxpayer frustration with the IRS.

The commission found that the real culprit is not the IRS—but the Tax Code itself: Since 1956, the number of sections in the tax code has risen from 103 to 698. And, just since the 1986 simplification of the Tax Code, there have been 4,000 amendments to the Tax Code—a rate of more than one change per day. Despite claims of the Treasury Department to the contrary, front-line IRS employees consider the complexity of the Internal Revenue Code to be a major obstacle. The commission conducted a survey of almost 300 front-line IRS employees, and they overwhelmingly felt that the complexity of the Tax Code impedes their work. Money magazine annually asks 50 tax preparers and the IRS to prepare a 1040 for a sample family. Because of the complexity of the Code, no two preparers ever arrive at the same result, and results vary by thousands of dollars.

The commission report and this legislation make specific recommendations for solving this problem. First, we recommend that Congress and the administration simplify the code. The commission was not charged with reforming the tax code. But the commission's final report strongly recommends that Congress and the President work toward simplifying the Tax Code wherever possible.

Until Congress and the administration reach a consensus on a fundamental tax reform proposal, we propose a number of steps to encourage simplification:

No. 1, Procedural changes in Congress to provide disincentives for adding complexity to the Code through a scoring mechanism for Tax Code complexity. Every tax proposal would have to be measured by a uniform set of criteria to determine its complexity and possible compliance costs on taxpayers and the IRS. And, Members would be able to raise a point of order on the House floor on any piece of tax legislation that causes additional complexity or compliance burdens—similar to the unfunded mandates legislation we enacted in 1995.

No. 2, Recommendation for providing the IRS with a more independent voice to comment on proposed tax legislation. Right now, the IRS is not present at the table when tax legislation is being considered and is forced to defer to the Treasury Department's tax policy goals. The commission proposes to give the IRS a voice in the legislative process. In a very real sense, the IRS will serve as an advocate for Tax Code simplicity.

No. 3, Although not included in this legislation, the commission report provides Congress with a list of 60 specific provisions of the Tax Code that the tax writing committees could simplify or eliminate to reduce compliance nightmares for taxpayers and administrative headaches for the IRS.

CUSTOMER SERVICE

Traditionally, the IRS has seen itself primarily as an enforcement bureaucracy. Yet 83 percent of the revenue owed to the Federal Government is paid voluntarily each year without proactive IRS involvement. Only an additional 3.5 percent is paid after the IRS becomes involved. But, over the years, the enforcement function within the IRS has come to dominate the agency.

Meanwhile, taxpayers have become accustomed to increasingly high performance standards from their banks, credit card companies, airlines and other service organizations. While the private sector has rewritten customer service standards over the last 25 years, IRS taxpayer service has remained essentially static. For example, many taxpayer problems that could be resolved in a single phone call don't get through to a properly trained IRS service representative.

The result is a considerable service gap between the IRS and the private sector: In a survey of 200 leading private and public sector organizations by the American Society for Quality Control, the IRS ranked dead last in customer service—and its rating actually dropped in 1996. Last year, only one in five calls to the IRS customer service hotline got through. The IRS reports considerable improvement in the number of taxpayers getting through this year, estimating that half the calls were answered. This is still unacceptable. An IRS employee may have to access as many as 6 different computer systems to resolve a taxpayer's problem, and answers to simple questions often take weeks. It takes the IRS, on average, about 18 months to match an individual's tax return with a 1099 form. Can you imagine a private sector firm taking 18 months to send someone a bill—with interest attached?

We recommend, through this legislation, a fundamental change in direction. We propose to transform the IRS by making taxpayer service the agency's top priority. It's time to put the word service into the Internal Revenue Service.

How do we do that? First, we level the playing field with significant enhancements to taxpayer rights—including a significant expansion of the taxpayer's right to seek redress against the IRS for wrongful actions. We will put disincentives within the IRS to ensure that disputes with taxpayers are resolved before they occur. And we will ask, for the first time, that taxpayers complete a survey after having an experience with the IRS to ensure that they were treated courteously, professionally and efficiently.

We also propose vast improvements to IRS technology. IRS must have the technology to provide high quality customer service. That means a phone system that works, trained taxpayer service representatives and a computer database that will allow customer service representatives to access accounts and resolve problems on the first phone call.

Electronic filing is an important component of this effort. It's a win-win situation for IRS and the taxpayer.

IRS still hand processes the vast majority of returns and still relies on paper—14 billion pieces of paper annually—an incredibly inefficient system. Electronic filing saves the IRS money—it costs the IRS about $7 to process a paper return, and less than $1 to process an electronic return.

There is currently close to a 22 percent error rate on paper 1040 forms. Half of that error rate comes from the taxpayer. But the other half comes from the IRS—when employees inadvertently misinput numbers. When forms are electronically filed with the IRS, there is less than a 1 percent error rate.

The legislation requires the IRS to develop and implement a strategic marketing plan to make paperless filing the preferred and most convenient and cost-efficient form of filing for 80 percent of taxpayers within the next 10 years. Our legislation provides tangible incentives—not mandates—to make electronic filing so easy that taxpayers will not want to file paper forms.

One of the most important incentives is extended filing deadlines for electronic filers to reduce the massive deluge of paper that overwhelms the IRS every April 15—increasing errors and delaying returns. We recommend a May 15 deadline for individuals who choose to file electronically.

MANAGEMENT, GOVERNANCE AND OVERSIGHT

All of these reforms are important. But none of them can take place in the current IRS management and oversight structure.

The commission found a serious lack of expertise, continuity and accountability in the management structure of the IRS. Over the years, IRS has developed an insular culture that is often resistant to input and ideas from outside the agency—preventing leaders at the top of the organization from effecting real changes. When things go wrong, such as the $4 billion computer modernization failure, no one is clearly responsible.

Billions of taxpayer dollars were wasted on the tax systems modernization program "due to pervasive management and technical weaknesses" according to GAO. In 1995, the GAO described the same efforts as "chaotic" and "ad hoc."

The IRS has failed a number of recent audits by the General Accounting Office and is unable to balance its own books. At the same time, we're spending more on the IRS than ever—the IRS budget has almost tripled since the Carter administration and now stands at $7.3 billion.

And, the Department of Treasury has not demonstrated a historic pattern of effective oversight of the IRS—often ignoring problems until they have reached crisis proportions. There are no clear lines of accountability and responsibility in the current IRS-Treasury relationship. And, Treasury often advocates tax policy goals that create administrative nightmares for the IRS.

Although I believe the current Treasury Secretary has been more attentive to the IRS than his predecessors (perhaps in part due to the commission's work), the Treasury Secretary and Deputy Secretary can only be expected to devote a small portion of their time to their responsibility of running the IRS. No Cabinet department is more important than the Treasury Department. Treasury also oversees U.S. domestic and international financial, economic and tax policy, including the specific responsibility for managing at least 10 other major agencies and bureaus, such as the Office of the Comptroller of the Currency, the Bureau of Alcohol, Tobacco, and Firearms, the Customs Service, the Office of Thrift Supervision, and the Secret Service.

This lack of focus on IRS is a natural result of these distractions and the disconnect between the important policy functions of the Treasury Department and the operational challenges of the IRS. It is important to note that this lack of effective oversight is not new; it has been a problem in Republican and Democratic administrations alike. There is an inherent flaw in the system.

Treasury oversight is also poorly coordinated—the IRS Commissioner is forced to deal with various assistant secretaries on budget, operations, computers, tax policy, and other issues. But IRS is often treated as an afterthought, and these Treasury Department officials rarely take responsibility for IRS operations.

The current structure is also weak because the expertise the IRS desperately needs just does not naturally reside at Treasury. While the officials at the Treasury Department have considerable expertise in tax policy and law enforcement, they are often lacking expertise in providing customer service, implementing major technology upgrades and managing a 100,000 person organization.

And, the frequent turnover of Treasury leadership exacerbates IRS' inability to complete long-term projects. Continuity is a serious problem: The most recent IRS Commissioner served under two Treasury Secretaries and three Deputy Secretaries. The average tenure of an IRS Commissioner over the last 20 years has been 2½ years, and the average tenure of a Deputy Treasury Secretary is even shorter.

Constant turnover with the Commissioner and at Treasury is in contrast to the insular nature of the IRS. Only 6 of the top 83 people at the IRS have been with the agency for less than 15 years. And, other than the Commissioner, only 2 non-IRS employees have been brought in from the outside world to fill senior positions at the IRS.

Meanwhile, the oversight in Congress has clearly contributed to the problem. Oversight responsibility for the IRS is shared by seven congressional committees. These committees do not meet formally to set long-term goals and objectives for the IRS and tend to focus on individual micro-issues, sometimes giving contradictory direction to the agency.

In response to these problems, the commission developed ideas for an entirely new management structure. The criteria we used to judge any new structure were: First, does it provide clear accountability; second, will it provide expertise in running a modern customer-service organization; and third, will it provide the continuity to get the job done through changing administrations and personnel? After a year-long process, the commission developed the following recommendations that serve as a basis for the governance component of this legislation.

INTERNAL REVENUE SERVICE OVERSIGHT BOARD

Overall responsibility for IRS governance should be placed with an independent oversight board—appointed by the President, confirmed by the Senate and accountable to Congress and the American people—to provide the expertise, continuity and accountability lacking now and clearly needed in order to implement major changes at the IRS. This oversight board will have the authority to hire and fire the commissioner, recommend a budget for the IRS and to oversee the operations of the IRS.

While representatives of the administration will serve on the oversight board, the majority of the board members will be private citizens who bring expertise in running large and complex organizations, expertise in customer service and expertise in technology. The needs and concerns of individual taxpayers will also be represented, as will IRS employees. Oversight board members will be appointed and will be removable by the President, confirmed by the Senate, and will serve for staggered 5-year terms.

Our legislation leaves full control of tax policy to the Treasury Department. The oversight board will oversee tax administration. Oversight board members will be subject to full disclosure rules and will not be permitted to examine individual tax returns or have the power to affect enforcement decisions. I believe the legitimate concerns Treasury raised about the oversight board throughout the commission's yearlong work have been clearly addressed in this legislation.

CONGRESSIONAL OVERSIGHT

We also propose to streamline and coordinate congressional oversight of the IRS under the auspices of the Joint Tax Committee, to ensure that Members of Congress and staff have sufficient information to make informed decisions about both tax legislation and tax administration. This entity would bring together the leadership of the seven congressional committees with IRS oversight responsibility to focus on long-term priorities and goal setting for the agency.

IRS PERSONNEL AND BUDGETING

The commissioner should be apolitical and should serve for a 5-year term. We strengthen the ability of the commissioner to make real changes at the IRS by providing the hiring flexibility to recruit high-quality executives. We also propose to provide the commissioner with the stable budgeting needed to permit long-term planning and to allow essential projects to be funded with certainty.

FINANCIAL ACCOUNTABILITY

But, to ensure that taxpayer dollars are being put to good use, the IRS must demonstrate that it can balance its own books. We recommend a number of steps to improve IRS financial accountability.

Taken as a whole, our recommendations provide a blueprint that will fundamentally transform the IRS into a modern service organization. I believe they will vastly enhance service and accountability to the taxpayer.

I look forward to working with my colleague from Maryland, Mr. CARDIN, Members of the House and Senate, and the administration to improve and refine this bill during the legislative process so that, together, we can transform the Internal Revenue Service into a modern, efficient organization that truly serves the American taxpayer.

NEW FEDERAL FIREARMS LICENSE CATEGORY FOR GUNSMITHS

HON. GERALD D. KLECZKA

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 31, 1997

Mr. KLECZKA. Mr. Speaker, I call the attention of the House to a problem affecting gunsmiths as a result of the 1994 Crime Act.

The 1994 law contained a provision requiring applicants for a new Federal firearms license, or renewal of an existing one, to prove that they are in compliance with any State or local zoning ordinances. Many States and localities have zoning laws that prevent individuals from obtaining dealers' licenses. For licensing purposes, the term "dealer" includes any person who makes or repairs firearms, which includes gunsmiths. Therefore, many gunsmiths are now being denied their Federal firearms license.

One of my constituents, who is a gunsmith, informed me about his difficulties in complying with the Crime Act. As a result, I have introduced legislation to create a new Federal firearms license category for gunsmiths. The Bureau of Alcohol, Tobacco, and Firearms, which administers the Federal license categories, supports creating this new category.

My legislation will not allow gunsmiths to sell or transfer firearms, but it will permit them to continue to work in their profession. I urge my colleagues to support this bill.

UNITED STATES INVESTORS IN LLOYD'S OF LONDON DESERVE THEIR DAY IN UNITED STATES COURT

HON. HENRY J. HYDE

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 31, 1997

Mr. HYDE. Mr. Speaker, as chairman of the House Judiciary Committee, I am interested in matters concerning Federal court jurisdiction. For many years, citizens of Illinois and other States were solicited in their States to invest in Lloyd's of London insurance syndicates. In many instances, these investors have been denied access to the Federal courts where they attempted to assert their rights and remedies under the Federal securities statutes. Investors asserting securities claims against Lloyd's have seen their cases thrown out of court based on clauses in Lloyd's investment contracts which provide for the application of English law and the forum of the English courts. (Choice Clauses). I am heartened, however, by the recent appeals court ruling in *Richards* v. *Lloyd's of London* and strong pronouncements by the Securities and Exchange Commission in that appeal, which recognize the statutory bar against agreements which waive compliance with the Federal securities laws. The *Richards* decision, unless set aside by the full ninth circuit court of appeals or the Supreme Court, clears the way for the investors to have the chance to prove their case where it belongs—in U.S. district court.

The plaintiffs in *Richards*—known as "Names"—allege that Lloyd's defrauded them by concealing that the insurance syndicates to which they furnished capital were saddled with massive asbestos and toxic waste liabilities. They assert that, for two decades, Lloyd's undertook a major recruitment program in the United States by offering investment contracts by which residents of the United States could become "External Names" at Lloyd's—passive investors who were prohibited from being involved with the operations and management of Lloyd's syndicates or business operations. Plaintiffs in *Richards* claim that Lloyd's alleged fraud cost them many million of dollars. They also seek rescission of their agreements with Lloyd's on the grounds that Lloyd's allegedly sold them unregistered, nonexempt securities and made material representatives or omitted material facts.

Mr. Speaker, for over 60 years there has been a statutory bar against contracts with investors that waive compliance with the Federal securities laws. Section 14 of the Securities Act of 1933 provides:

> Any condition, stipulation, or provision binding any person acquiring any security to waive compliance with any provision of this title or of the rules and regulations of the Commission [the SEC] shall be void.

15 U.S.C. §77 n. The bar of Section 29(a) of the 1934 Act is substantially the same. 15 U.S.C. §78cc(a).

In *Richards,* a panel of the Ninth Circuit ruled, 2–1, that because of the Choice Clauses would strip plaintiffs of all their rights under the Federal securities laws, they violate the anti-waiver statutes and are thus void. The court remanded the case to the federal district court where the plaintiffs will have the opportunity to present a case that Lloyd's fraudulently sold them unregistered securities and that the court should order rescission of their investment contacts with Lloyd's and other relief.

I would like to cite several portions of the *Richards* opinion which show the eminent logic of this result:

> The district court made an error of law in supposing that the Choice Clauses were unenforceable only if unreasonable. Congress had already determined that such clauses were void. It was not for a court to weigh their reasonableness, not for a court to say whether they offended any policy of the United States. The policy decision had been made by the legislature.
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> Is there a significant difference between a *policy* objection to enforcement of the anti-waiver bars and a *statutory* obstacle to such enforcement? We believe there is. Where a statute exists, a policy has been given form and focus and precise force. A statute represents a decision by the elected representatives of the people as to what particular policy should prevail, and how.
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> There is no question that the Choice Clauses operate in tandem as a prospective waiver of the plaintiffs' remedies under the 1933 and 1934 Acts. If the Supreme Court would condemn such clauses where they work against a public policy embodied in statutes even through the statutes themselves do not void the clauses, a fortiori the Supreme Court would condemn similar clauses when the run in the teeth of two precise statutory provisions making them void.
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> Congress was not ignorant of the potential international character of securities transactions. Congress specifically modified the 1933 Act to cover transactions in foreign commerce. S. Rep. No. 47, 73d Cong., 1st Sess. (1933) (accompanying S. 875.) A court should not apply the reasonableness test or say whether the clauses offended any policy of the United States when Congress has expressly made that determination. We do not

> believe that we should turn the clock back to 1929 or introduce caveat emptor as a rule governing the solicitation in the United States of investments in securities by residents of the United States.

In addition, the SEC filed two briefs, amicus curiae in *Richards* and participated in oral argument in favor of reversing the district court's enforcement of the Choice Clauses. The SEC's position is correct in my view, and I would like to share some of the SEC's compelling statements:

> The issue addressed is an important one to the enforcement of the federal securities laws. The district court's decision, if upheld, would allow foreign promoters of securities undertaking large scale selling efforts in the United States to avoid private liability under the securities laws simply by requiring the American investors to agree to resolve disputes in a foreign jurisdiction under foreign law, even if the remedies available under the foreign law were far less effective than those available under United States law. Such a holding would seriously impair the ability of defrauded investors to obtain compensation for their losses, and would hamper the deterrent function of the federal securities laws by discouraging private actions. The Commission strongly urges this court to reverse the district court's erroneous dismissal of this action.
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> The fact that the investors agreed to these provision is irrelevant, since the very objective of the antiwaiver provisions is to invalidate such agreements. As the Supreme Court held in *Shearson/American Express Inc.* v. *McMahon*, 482 U.S. 220, 230 (1987), "[t]he voluntariness of the agreement is irrelevant to this inquiry: if a stipulation waives compliance with a statutory duty, it is void under [the antiwaiver provisions], whether voluntary or not.
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> In this case, in contrast, the requirement that investors litigate in England, coupled with the requirement that they do so under English law, not only "weakens" the investors' ability to recover, but in fact precludes any possibility of recovery under the federal securities laws. These clauses are directly contrary to express statutory prohibitions in the antiwaiver provisions and should be held void.
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> The antiwaiver provisions, however, are not simply an expression of public policy that favors United States securities laws unless other comparable laws are available. Rather, they are an express and unequivocal directive that the rights and obligations under the securities laws cannot be waived. This determination has been made by Congress, and the courts are not free to substitute their own public policy determinations.

The *Richards* court is not alone in its interpretation of this statutory bar to waiver. In *Leslie* v. *Lloyd's of London*, a Federal district court, after hearing evidence, struck down the Choice Clauses, stating that they were procured by fraud and violated public policy. The case is currently on appeal to the Fifth Circuit, where the SEC has participated in oral argument, arguing that the Choice Clauses are void.

Mr. Speaker, what is involved here is a very basic proposition. When foreign promoters come into Illinois and other States to raise capital, they cannot effectuate waivers of substantive rights under the securities laws that belong to those form whom they solicit capital. Congress has said no and that should be the end of the story.

INTERNATIONAL DOLPHIN CONSERVATION PROGRAM ACT

SPEECH OF

HON. WILLIAM D. DELAHUNT

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 31, 1997

Mr. DELAHUNT. Mr. Speaker, much of the controversy surrounding H.R. 408 concerns the redefinition of the "dolphin safe" label—an issue of particular significance to me and to the residents of the 10th Congressional District of Massachusetts, home of the Center for Coastal Studies in Provincetown, a world-class marine mammal research facility.

One of the reasons I opposed this bill when it was first brought to the House floor was that there is no scientific justification for a change in the dolphin-safe label. Common sense suggests that the repeated harassment and chasing of dolphins jeopardizes their well-being. Along with a number of my colleagues, I wanted to see evidence that chasing and netting dolphins in the course of tuna fishing was safe for dolphins before agreeing to change the definition of the "dolphin safe" label.

The bill before us is a compromise between proponents of an immediate label change and those of us who contend instead that policy should reflect scientific method. The bill mandates a 3-year study on the effect of the intentional chase and encirclement on dolphins and dolphin stocks taken in the course of tuna fishing.

Based on the initial results of this study, the Secretary of Commerce is required to make a finding between March 1 and March 30, 1999, as to whether the intentional chasing and netting is having a significant adverse impact on any depleted dolphin stocks. If the Secretary does not make a finding of significant adverse impact, then the label will be redefined to allow its use on tuna harvested with the encirclement method. At the conclusion of the 3-year study, section (5) requires the Secretary to make a similar finding and if significant adverse impact is found, then the definition would revert back to its current meaning as defined in the Dolphin Protection Consumer Information Act.

Mr. Speaker, the bill does not include a definition of the term "significant adverse impact," but it is my understanding that it would include any impact that retards or impedes the recovery of the depleted dolphin stocks. For example, in the recovery of the grey whale, scientists observed population growth rates of between 4 and 6 percent. Similar growth rates are expected in the depleted dolphin stocks. Therefore, if the study shows that the depleted stocks of dolphins are not growing at the expected rates of 4 to 6 percent, I presume the Secretary will be required to make a finding that chase and encirclement is having a significant adverse impact on the dolphins and the label will not change.

The bill is an imperfect attempt to help make certain, above all, that dolphins are not put at unnecessary risk—and that marine mammal policy derives from sound science.

KEEPING AMERICA COMPETITIVE

HON. JOE KNOLLENBERG

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 31, 1997

Mr. KNOLLENBERG. Mr. Speaker, I rise today to introduce a resolution expressing the sense of the House of Representatives that America not be placed at a competitive disadvantage during the climate change negotiations in Kyoto, Japan in December, 1997.

The Clinton-Gore-Browner administration is notorious for pushing forward far-reaching environmental initiatives without adequately consulting the legislative branch or the scientific community. As you may remember, on September 19, 1996, President Clinton declared 1.7 million acres of Utah wilderness as a national monument without the endorsement of a single elected official from Utah, let alone any legislative action by the U.S. Congress. More recently, the Clinton administration announced radically expensive air quality standards for ozone and the fine particulate matter without any causal proof of their risk to health.

Now it appears that the Clinton administration once again is trying to pull a political end-run. This December, it will represent the United States at an international meeting in Kyoto to discuss revisions to the United Nations Framework Convention on Climate Change. The essence of the meeting is to discuss new compliance mandates to limit and/or reduce the global emission of greenhouse gases.

While the greenhouse effect as a concept has been generally accepted as scientific fact, there are widely varying estimates of humankind's impact on the temperature of the Earth's atmosphere. Therefore, it is impossible to judge what impact, if any, efforts to curb greenhouse gas emissions will have on global warming.

In keeping with this uncertainty, the United States signed the United Nations Framework Convention on Climate Change in 1992, which called on all industrialized nations to adopt policies and programs to limit greenhouse gas emissions on a voluntary basis by the year 2000. In April 1995, the industrialized nations agreed to the Berlin Mandate, which set December 1997 as a target date to establish legally binding commitments from industrialized nations on the emission of greenhouse gas while exempting 129 developing nations, including China, Mexico, India, Brazil, and South Korea, from its provisions.

If taken to its logical conclusion, the Berlin Mandate would create a two-tiered environmental obligation, forcing the entire burden to reduce greenhouse emissions on industrialized nations while turning the developing world into a pollution enterprise zone. This would truly create a "giant sucking sound" of jobs leaving America to the Third World.

It's not too late for the Clinton administration to alter its potentially disastrous policy course.

My resolution would express the sense of the House that:

1. The administration will not sign any protocol or agreement to limit or reduce greenhouse gas emissions unless the protocol or agreement also mandates developing countries to limit or reduce greenhouse gas emissions within the same period.

2. The United States will not sign any protocol or agreement regarding global climate change that would result in serious harm to the economy of the United States.

3. Any protocol or agreement which must be sent to the Senate for advice and consent for ratification should:

(a) Be accompanied by a detailed explanation of any legislation or regulatory actions that would be required to implement the protocol or agreement; and

(b) Be accompanied by an analysis of the detailed financial costs and other impacts on the economy of the United States that would be incurred by implementation of the protocol or agreement.

Last week, the other body passed a nearly identical resolution on a vote of 95 to 0. The House should express its will as well, since we would have to consider and pass legislation to remain in compliance with any such treaty.

As the Kyoto Conference draws near, thousands of American jobs are on the chopping block. Any over-reaching and/or inequitable effort to limit the level of CO_2 emissions would be tantamount to pink slips to the American worker. We cannot allow this to happen.

I urge my colleagues to cosponsor this resolution.

IN HONOR OF U.S. DISTRICT JUDGE CLARKSON S. FISHER, JR.

HON. FRANK PALLONE, JR.

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 31, 1997

Mr. PALLONE. Mr. Speaker, I rise today to pay tribute to the late U.S. District Judge Clarkson S. Fisher, Jr. Judge Fisher passed away on Sunday, July 27, at the age of 76, after battling cancer for the past several months.

Mr. Speaker, the death of Judge Fisher is for me the cause of great personal sadness. I was an intern for Judge Fisher in law school, and he had a major impact on my career. Judge Fisher instilled in me a deep appreciation for how the law can and should be a means for attempting to resolve the real difficulties and conflicts that touch people's lives, and for achieving justice in the very best sense of that word. He was a great inspiration.

Judge Fisher was a native of my hometown of Long Branch, NJ. He was active in local government in the neighboring community of West Long Branch, served in the New Jersey State Assembly and was a trustee of Monmouth College, now university. A graduate of the University of Notre Dame, and its law school, Judge Fisher was awarded the Justice William J. Brennan Award in 1989 from the Association of the Federal Bar of New Jersey.

Judge Fisher was a Monmouth County court judge from 1964 to 1966, and a superior court judge from 1966 until October 1970, when President Nixon named him to the Federal bench. Judge Fisher gave up the title of chief judge of the Federal courts in New Jersey in September 1987 after 8½ years of service, the longest tenure of any chief judge in the district. The next day, he returned on a voluntary senior status, handling a caseload comparable to an active judge until several weeks before his death. Among many other accomplishments, he was the moving force behind the construction of New Jersey's three Federal courthouses, including the Federal courthouse in Trenton named for him in 1995.

Mr. Speaker, it is an honor for me to pay tribute to the life of Judge Clarkson S. Fisher. For his wife, Mae Hoffman Fisher, four sons, other family members, and his many, many friends, I hope the numerous expressions of praise and remembrance will be some consolation in their time of loss.

HAPPY 100TH BIRTHDAY JAKOV URSICH!

HON. JANE HARMAN

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 31, 1997

Ms. HARMAN. Mr. Speaker, I am pleased to join the family and friends of Jakov Ursich in wishing him a happy 100th birthday.

Jakov is reportedly the oldest living Croatian in San Pedro. But clearly his age does not slow him down. Even today, he is often seen at the Dalmatian-American Club dancing the polka.

Born in Selca, Brac, Croatia, Jakov came to the United States in 1921 looking for a better life. He left behind a wife, Marica, and child, Anka, and settled initially in Tacoma. In 1924, he moved to San Pedro, where he worked in the local shipyards until he became a commercial fisherman. Soon thereafter, Jakov became a United States citizen and then sent for his family. Within a few more years, Jakov's family grew with the birth of a son and another daughter. Now he enjoys the company of five grandchildren and six great-grandchildren.

Mr. Speaker, Jakov Ursich is a member of a very vibrant Croatian community in San Pedro. In the 73 years he has lived here, he has contributed greatly to its spirit and wealth. Indeed, he still lives in the house he built for his family more than 40 years ago.

On August 9th, his 100th birthday, Jakov will be surrounded by many friends and family members. I am pleased to lend my voice to the chorus of "Happy Birthday" that I know will be sung.

And, Jakov, many happy returns.

FOREIGN RELATIONS AUTHORIZATION ACT, FISCAL YEARS 1998 AND 1999

SPEECH OF

HON. JUANITA MILLENDER-McDONALD

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 30, 1997

The House in Committee of the Whole House on the State of the Union had under consideration the bill (H.R. 1757) to consolidate international affairs agencies, to authorize appropriations for the Department of State and related agencies for fiscal years 1998 and 1999, and for other purposes:

Ms. MILLENDER-McDONALD. Mr. Chairman, I rise in strong opposition to the Smith amendment and support of the Campbell-Smith amendment. To deny funding to multilateral and foreign nongovernmental organizations that engage in abortion-related activities with their own private funds is wrong. To suddenly terminate all U.S. funding for family planning worldwide under the United Nations Population Fund based on UNPFA activities in China, which do not exist, is punitive and without logic. And to prohibit foreign organizations from using their own funds to engage in legislative discussions and advocate for abortion-related issues is a gag rule in the worst form.

All of these provisions contradict our Nation's attempts to create healthy and prosperous communities across the world. Unfortunately, we are living in an era where family planning is not an option, but rather, a necessity. Providing education on conditions which may harm a woman's pregnancy, on ways to avoid ever even needing an abortion, on prenatal care, and on how to care for babies once they are born are all necessary components of family planning. This kind of education and the delivery of basic health care are needs that transcend politics.

I thank Mr. CAMPBELL and Mr. GREENWOOD for standing up for responsible foreign policy and making sure that this essential need for quality family planning is not stripped from the women and families who need it most. I encourage my colleagues to join me in supporting the Campbell-Greenwood amendment.

TRIBUTE TO THE HONORABLE KARYNE JONES CONLEY

HON. CIRO D. RODRIGUEZ

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 31, 1997

Mr. RODRIGUEZ. Mr. Speaker, six of my colleagues from the Texas delegation—Mr. BRADY, Mr. EDWARDS, Mr. GREEN, Ms. E.B. JOHNSON, Mr. SAM JOHNSON, and Mr. TURNER—and I all had the privilege of serving in the Texas Legislature prior to being elected to the U.S. Congress. During our respective tenures in the State Legislature, all seven of us were honored to know a wonderful lady—and native of San Antonio—by the name of Karyne Jones Conley, who served as a member of the Texas House of Representatives, District No. 120 of eastern Bexar County, from January 10, 1989, to July 10, 1996. From July 1996 to present, Ms. Conley—now relocated to the Washington, DC metropolitan area—has served as director of Federal relations for S.B.C. Telecommunications, Inc., a post which has brought her great pleasure and personal satisfaction.

At the initiative of her former Capitol office administrative assistant, Mr. Gregory D. Watson of Austin, TX, who now serves in that same capacity for State Representative Leo Alvarado, Jr., also of Bexar County, the recently-concluded regular session of the 75th

Legislature honored Ms. Conley with the adoption of House Concurrent Resolution No. 320, which was presented in the Texas House by Representative Alvarado, and in the Texas Senate by State Senator Frank L. Madila, Jr. The resolution was then signed by Texas Governor George W. Bush on June 18, 1997.

Mr. Speaker, having known and having worked with Ms. Conley for many years in San Antonio, then in Austin, and now in Washington, DC, I, too, would like to pay tribute to this outstanding public servant. I respectfully ask that the full text of House Concurrent Resolution No. 320 be printed in the CONGRESSIONAL RECORD as follows:

THE STATE OF TEXAS

HOUSE OF REPRESENTATIVES

HOUSE CONCURRENT RESOLUTION NO. 320

Whereas, The Texas Legislature is proud to congratulate former State Representative Karyne Jones Conley on her latest career achievements with SBC Telecommunications, Inc., in Washington, D.C.; and

Whereas, A native San Antonian, Ms. Conley earned a bachelor's degree in political science from Clark Atlanta University in Georgia and a master's degree in public affairs from Northern Illinois University; in 1995, she completed her second master's degree at Harvard University, focusing on the study of economic and political development; and

Whereas, Ms. Conley began her distinguished public service career in our nation's capital as a congressional aide to former U.S. Representative Andrew Young of Georgia, and when he was appointed by then-President Jimmy Carter to the post of Ambassador to the United Nations, the youthful Miss Jones served as Young's Public Affairs Officer at the United States Mission to the United Nations in New York City; and

Whereas, After returning to her hometown of San Antonio, Ms. Conley drew upon her deep interest in both education and the arts as Director of the Carver Cultural Center and as a grant writer for The University of Texas Institute of Texan Cultures; she also served as Program Developer for Continuing Education at San Antonio College, and in 1985, she was elected to her first public office, the East Central Independent School District Board of Trustees; and

Whereas, Highly regarded throughout the community for her professionalism, integrity, and dedication, this esteemed lady was elected to the Texas House of Representatives in 1988, representing eastern San Antonio and Bexar County and was re-elected without opposition in 1990, 1992, and 1994; during her four terms of office, Representative Conley demonstrated intelligence and leadership as a member of the Appropriations, House Administration, Corrections, and Judiciary committees, and she was tapped to serve as vice-chair of the House's Urban Affairs Committee; and

Whereas, Since July 1996, Ms. Conley has served with distinction as Director of Federal Relations with SBC Telecommunications, Inc., in Washington, D.C., and although this position has temporarily drawn her away from her beloved San Antonio, her neighbors and many friends in the Lone Star State are hopeful that she will eventually return home; and

Whereas, In this, as in all of her endeavors, Ms. Conley has enjoyed the love and support of her family, which includes her husband, attorney Jim Conley, and four children: James, Jason, John, and Karyne Jalon; and

Whereas, Both in her personal life and in her professional service, the Honorable Karyne Jones Conley has exhibited an abiding concern for the well-being of her fellow Americans, and she is indeed deserving of recognition as she pursues this new chapter of her life; now, therefore, be it

Resolved, That the 75th Legislature of the State of Texas, Regular Session, 1997, hereby congratulate former State Representative Karyne Jones Conley on her new position with SBC Telecommunications, Inc., and extend to her warmest best wishes for continued success; and, be it further

Resolved, That an official copy of this resolution be prepared for Ms. Conley as an expression of highest regard by the Texas House of Representatives and Senate.

CONFERENCE REPORT ON H.R. 2015, BALANCED BUDGET ACT OF 1997

SPEECH OF

HON. DAVID E. SKAGGS

OF COLORADO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 30, 1997

Mr. SKAGGS. Mr. Speaker, I am voting for this bill because I believe it addresses many of the priorities and concerns of the American people. It sets us on a course toward a balanced budget while meeting the important needs of children, working families, and legal immigrants.

The bill provides $24 billion to make sure that the most vulnerable among us, poor and uninsured children, have access to health care. This is perhaps its best feature. Using revenue from an additional tobacco tax, the bill enables States to provide Medicaid benefits for up to 5 million children who are currently uninsured.

The House-Senate conference report also undoes some of the harmful and unnecessarily harsh provisions contained in the welfare reform law. It restores disability and Medicaid for legal immigrants and extends food stamp eligibility for people making the transition from welfare to work. This bill also provides minimum benefits for refugees and asylees.

These provisions help mend holes in the safety net through which children, legal immigrants, and working poor were likely to slip.

This bill charts a path toward a balanced budget. Make no mistake, though—it assumes great spending discipline on the part of future Congresses in order to meet this goal. That discipline will be difficult—perhaps impossible—to sustain, and it would have made more sense to set a course that relies less on back-loaded cuts in later years.

If this conference report is more responsible, both fiscally and socially, than the original House bill, it also contains serious flaws. Most important, Medicare provisions fail to address the structural problems that threaten this program in the long term.

Cutting payments to hospital and providers is palliative, not curative. Very likely, many of these cuts will be paid for through increased premiums on private insurance and other steps to pass costs on to other health-care consumers.

Two provisions, the Medicare savings accounts and the private fee-for-service plans, will likely skim healthier and the wealthier beneficiaries from the Medicare-risk pool. They will leave the program with higher costs but fewer dollars at the very time demand is ready to explode.

In addition to problematic cuts in Medicare, cuts in Medicaid unfairly single out those hospitals now serving the indigent. This will have a serious impact on Colorado hospitals in particular.

In short, if the conference report has much to recommend, it also leaves much undone and much that needs to be improved. And yet, on balance, Mr. Speaker, I believe the merits of this bill outweigh its failures and flaws.

I voted against this bill when it was first considered by the House; I am voting for the conference report. The conference report substantially improves the earlier bill and remedies most of the defects in last year's welfare reform law. It sets a course toward a balanced budget without putting the well being of citizens at risk. It deserves support.

TRIBUTE TO THE BRONX PUERTO RICAN DAY PARADE

HON. JOSÉ E. SERRANO

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 31, 1997

Mr. SERRANO. Mr. Speaker, it is with joy that I rise to pay tribute to the Bronx Puerto Rican Day Parade, on its ninth year of celebrating the culture and contributions of the Puerto Rican community to our Nation.

The Bronx Puerto Rican Day Parade will be held on Sunday in my South Bronx Congressional District. The event is the culmination of a series of activities surrounding Puerto Rican Week in the Bronx.

Under the leadership of its founder, Mr. Angel L. Rosario, and its president, Mr. Francisco Gonzalez, the parade has grown into one of the most colorful and important festivals of Puerto Rican culture in all five boroughs of New York City and beyond.

The parade brings together people from all ethnic backgrounds, including Puerto Ricans from the island and all across the Nation.

It is an honor for me to join once again the thousands of people who with pride will march along the Grand Concourse in celebration of our Puerto Rican heritage. The Puerto Rican flag and other ornaments in the flag's red, white, and blue will gracefully decorate the festival.

The parade ends at Joyce Kilmer Park, where live music, Puerto Rican food, crafts, and other entertainments await partakers. It is expected that this year's parade will surpass last year's half-million visitors.

Mr. Speaker, I ask my colleagues to join me in recognizing the Bronx Puerto Rican Day Parade on its ninth year of strengthening ties and bringing joy to the South Bronx community.

REAUTHORIZING ISTEA

HON. CHARLES F. BASS

OF NEW HAMPSHIRE

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 31, 1997

Mr. BASS. Mr. Speaker, I rise today as a member of the Transportation and Infrastructure Committee, to bring to the attention of the House the importance of reauthorizing ISTEA in a fashion that recognizes and maintains the important role of public transportation.

Even in my rural home State of New Hampshire, transit is a vital lifeline for many residents. In fact, a recent report entitled "Dollars and Sense: The Economic Case for Public Transportation in America", cites Advance Transit of Lebanon, NH, for its contribution to the economic vitality of Grafton County and neighboring Windsor County, VT. I would commend my colleagues' attention to the entirety of this report, which provides an impressive summary of mass transit's benefits.

In closing, I would like to again remind my colleagues that the benefits offered by public transit, and indeed all improvements to our Nation's transportation network, will be threatened without the necessary funding to reauthorize ISTEA. As we all know, committing the revenues generated from transportation taxes to improvements to our Nation's public infrastructure, including transit, will allow our great nation to move forward with economic growth and prosperity.

85TH ANNIVERSARY OF THE GIRL SCOUTS OF THE UNITED STATES OF AMERICA

HON. VIC FAZIO

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 31, 1997

Mr. FAZIO of California. Mr. Speaker, I rise today to commemorate and celebrate the 85th anniversary of an organization that has been providing young women with skills and opportunities that enable them to reach their full potential, the Girl Scouts of the United States of America.

For nearly a century, the Girl Scouts have been empowering young women to make decisions that will enhance their life, to develop self-esteem, and make a contribution to their communities. The Girl Scouts are the largest voluntary organization for girls in the entire world, with more than 8,500,000 girls in more than 130 countries.

In particular, I want to recognize a special group of Girl Scouts from my district and the surrounding area, the Tierra del Oro Girl Scout Council. The Tierra del Oro Girl Scout Council serves more than 19,500 girls in fourteen counties: Amador, Calaveras, Colusa, El Dorado, Glenn, Nevada, Placer, Sacramento, San Joaquin, Sierra, Solano, Sutter, Yolo, and Yuba. I know that many of my constituents have benefited from belonging to such an outstanding organization.

This year, the Girl Scouts of the United States of America [GSUSA] celebrate their 85th anniversary. The Girl Scouts were founded in 1912 by Juliette Gordon Low in Savannah, GA. Ms. Low's vision was hopeful and far-reaching: to provide opportunities and partnerships between young girls and adults, to accumulate knowledge and skills, that will carry them forward to a productive life, and to allow them to widen their horizons and explore their world. Ms. Low's vision is just as relevant today as it was in 1912. The Girl Scouts are all about learning, experience, service, and above all—opportunity.

Throughout the 1910's and 1920's, membership in the Girl Scouts continued to grow. From 5,000 in 1915, the Scouts grew to more than 88,000 in 1921. In 1927, following the death of Ms. Low, the Girl Scouts established a fund in her name to support projects and events dedicated to promoting international understanding, global awareness, and an appreciation of pluralism.

During the years of the Great Depression in the 1930's, the Girl Scouts used their resourcefulness to battle the adversity of that era. They worked hard in the Depression relief effort and refused to turn away any girl because of her inability to pay dues or buy equipment. Out of the need for extra funds during this time period, an idea was born, an idea which has become an American institution: the sale of Girl Scout cookies.

As the Girl Scouts became accessible to more and more girls during the 1940's, membership grew to more than 1 million and began to include girls with mental disabilities. The year 1950 saw the organization reincorporated under a charter from Congress. As the Girl Scouts entered the 1960's, the diverse organization responded to the civil rights movement by further broadening their commitment to reach out to young women of color. The GSUSA allocated special funds to broaden membership in urban areas in particular. A similar outreach to Latinos resulted in the publication of the Girl Scout Handbook in Spanish. Another edition of the handbook was produced in braille for the visually impaired.

Around the same time, the organization extended their outreach toward older age groups. The Girl Scouts began to cosponsor a project funded by the U.S. Department of Labor to teach older women the necessary skills to secure office jobs. Also, the Campus Girl Scouts, composed of college women, was registered for the first time in 1968.

As the organization moved into the 1970's, a time when women's advocacy groups began to take on a larger social and political role, the Girl Scouts confirmed their already strong commitment to the positive development of young women by establishing programs like Careers to Explore. Also, the Scouts turned their effort toward environmental action, establishing Eco-Action, a nationwide environmental education and improvement program. Also during the 1970's, the Girl Scouts expanded their outreach effort to Mexican-Americans, Native Americans, and migrant worker families.

In the 1980's and 1990's, with volunteer efforts increasing in record numbers, the Girl Scout of the U.S.A. began to expand into the younger age groups, establishing the Daisy Girl Scouts. Daisy Scout membership reached 61,000 in its very first year.

Recent years have also found the GSUSA introducing a series of programs to address contemporary issues like substance abuse, teen pregnancy, youth suicide, child abuse, and family crises. The Scouts have also taken steps to encourage girls to pursue interests in math and science.

The achievement of the Girls Scouts of the U.S.A. throughout this century have been nothing short of outstanding. A 1991 study showed that of the 473 women in Who's Who in American Women, 64 percent had been Girl Scouts. These women today are involved in diverse fields such as law, medicine, journalism, education, politics, finance, and science.

It is impossible to gauge the positive effect that the Girl Scouts have had on America—because that positive effect is so widespread. The Girl Scouts of the U.S.A. and the Tierra del Oro Girl Scout Council have been helping girls grow up to be caring, competent, confident women since 1912. The Girl Scouts are an American institution. The purpose of Girl Scouting is to inspire girls with the highest ideals of character, conduct, patriotism, and service that they may become happy and resourceful citizens. The Girl Scouts of the U.S.A. have succeeded gloriously in this goal, and we wish them all the best as they approach the 21st century with purposeful optimism and an enduring belief in the power of the individual.

CENTENNIAL OF FLIGHT COMMEMORATION ACT

HON. WALTER B. JONES

OF NORTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 31, 1997

Mr. JONES. Mr. Speaker, I am pleased today to announce the introduction of the Centennial of Flight Commemoration Act. This bipartisan legislation establishes the Centennial of Flight Commission, a national organization to direct the celebration of the 100th anniversary of manned flight.

The year was 1903, and at 10:35 a.m., on the cold, windy morning of December 17, the era of modern aviation was born. At that exact moment, Orville Wright lifted off the dunes in Kitty Hawk, NC, and became the first man to successfully complete a free, controlled, and sustained flight in a power-driven, heavier-than-air machine. Those 12 seconds changed the course of world history forever.

On December 17, 2003, the world and this great Nation will come together to commemorate the 100th anniversary of the Wright Brothers' first flight. I have introduced this important legislation, along with my colleague Tony Hall of Ohio, to establish a national commission to plan and develop programs and activities related to this anniversary, in addition to other duties.

The Commission will be made up of 21 members. Twelve of these members will be U.S. citizens, who are not Government employees and will be appointed by the President. Of these, two will be chosen from among persons recommended by the majority leader of the Senate, two will be chosen from among persons recommended by Speaker of the House of Representatives in consultation with the Representatives whose districts encompass either the Wright Brothers National Memorial or the Dayton Aviation Heritage National Historical Park, and eight will be chosen based on qualifications or experience in the field of history, aerospace science, or industry. In addition, the Secretary of the Interior, the Secretary of Defense, the Secretary of Transportation, the Director of the National Air and Space Museum, and the Administrator of NASA will be members of the commission. Finally, the following local officials will be included: the chairman of the First Flight Centennial Commission of North Carolina, the president of the First Flight Centennial Foundation of North Carolina, the Governor of Ohio, and the chairman of the 2003 Committee of Ohio. These members will receive no compensation. An executive director and appropriate staff will be hired.

The commission will be charged with many responsibilities and duties. It will represent the United States and promote U.S. participation in international activities related to aviation history and the Centennial of Flight. It will encourage participation in national and international commemoration activities by U.S. aviation-related organizations and individuals with aviation interests. It will maintain and publish a calendar of events, provide national coordination for celebration dates, as well as provide a central clearinghouse for information on national and international activities. The commission will assist educational, civic, and commemorative activities that highlight achievements of Wilbur and Orville Wright in North Carolina and Ohio.

Finally, the commission will raise funds in coordination with fund raising efforts at the state level. It may devise and license a logo, with excess royalties distributed equally between the state organizations. The commission will expire in 2004.

Most would agree, there are few technological accomplishments that are more important than what was achieved for the first time by those two brothers, on that cold December morning in Kitty Hawk. The Wright Brothers' actions have touched every American in some way and have changed forever our international economy, the way we fight our wars and the way we live our lives. Perhaps most importantly, the invention of the airplane is a truly American accomplishment. It symbolizes a triumph of American ingenuity, determination, and hard work. Certainly this great tradition deserves the full support of our people and our Government.

The Centennial of Flight Commemoration Act will serve to honor this great American institution as it should be. I urge all of my colleagues to support this bipartisan measure.

DELIVERING FOR AMERICA

HON. JOHN M. McHUGH

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 31, 1997

Mr. MCHUGH. Mr. Speaker, in literally every congressional district this past May 10, letter carriers did more than deliver the mail. They also collected food donations along their routes to help needy families in their own communities.

In only its fifth year, the National Association of Letter Carriers' national food drive delivered more than 72.3 million pounds of donations to local food banks and pantries, and just at a time when supplies were getting low.

I want to congratulate those letter carriers who helped in the drive as well as NALC's partners in the effort—the U.S. Postal Service, the AFL-CIO, and local United Ways—and also the Campbell Soup Co., which not only donated 20 million pounds of canned goods, but also printed 92 million postcard flyers to help get citizen participation.

These letter carriers truly fit the motto, "Delivering for America."

COL. PATRICK COLLINS, BATTLE TACTICS EXPERT, 64

HON. PAUL McHALE

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 31, 1997

Mr. MCHALE. Mr. Speaker, Col. Patrick Gerald Collins, who as a retired Marine officer advised the service and other organizations about the tactics, training needs, and battlefield doctrine of tomorrow, died last Thursday in Fairfax, VA, at the home of one of his daughters. He was 64 and lived in Hampton, NH, near Portsmouth.

The cause was a heart attack his family said.

Colonel Collins fought in two wars—in Korea, as a forward artillery observer, and, after being commissioned, in Vietnam. His decorations included the Silver Star, five Bronze Stars, and three Purple Hearts.

He retired from active duty in 1969 and at his death was a training and operations consultant at the Marine Corps Warfighting Laboratory in Quantico, VA. He also advised organizations including the Institute for Defense Analysis, the Center for Strategic and International Studies, and the U.S. Justice Department.

The marines valued Colonel Collins for his advice on the service's probable battlefield role in future conflicts. When he died last week, he was praised by Gen. Charles C. Krulak, Commandant of the Marine Corps, the service's highest-ranking officer, as "perhaps our finest small-unit tactics instructor."

Colonel Collins was born in Grosse Pointe, MI, and enlisted in the Marines at 18. He was commissioned in 1958, after his combat service in Korea, and served three tours of duty in Vietnam, first leading reconnaissance and infantry platoons and companies, then serving as a battalion executive officer and a battalion commander.

He also served in Europe, headed a special training group at Camp Lejeune, NC, and was on the general staff at Marine Corps headquarters. He graduated from Army Ranger School and Navy Diving School before distinguishing himself instructing combat units. He served as a special assistant to three Marine Corps commandants and was credited with helping to shape the service's special operations objectives in the 1980's.

While in the service, Colonel Collins also became a regular college student. He graduated in business administration from Bowling Green State University in Ohio and received master's degrees in Irish studies from Catholic University in Washington and in administration from Chapman College in Orange, CA.

He is survived by his wife of 35 years, Mary Fallon Collins; their son, Michael S., of Hampton; three daughters, Kara Collins of Fairfax, and Rose Sullivan and Maira Collins, both of Hampton, and four grandchildren.

THE WORDS OF LT. GEN. WM. M. "BULL" KEYS, USMC (RET); IN FAREWELL TO HIS FELLOW WARRIOR, COLONEL PATRICK G. "PADDY" COLLINS, U.S. MARINE ON JULY 22, 1997

Mary (Collins) asked that I say a few words about Pat. I know there are many people here today who could stand up here and tell wonderful and funny stories of their memories of Colonel Pat Collins.

Many would be much more eloquent speakers than I . . . But few could feel any more loss and deep sorrow than I, for losing my pal, Pat.

Hardly a week went by when I did not talk to Pat, often several times a week. You know, Pat seemed to me to be immortal. I never envisioned life without him.

When I first met him, over 35 years ago, he was a strong, big-hearted, courageous Marine who stood out as a man who would always be there when you needed him . . . no matter what the circumstances. He was a Man, a real Man . . . who went out of his way to help his fellow Marines. Always ready for a frolic or a fray, it did not matter which.

Until a few days ago . . . nothing ever happened to change my view of his immortality.

Pat loved three things in this world . . . and his whole life revolved around them in some way, or another.

FIRST—HIS FAMILY—for he was a real family man. His love for Mary and the children was always at the top of his priorities. He talked about them all the time.

MARY—you were his rock and inner strength . . . you always were. His accomplishments are your accomplishments, and they always will be.

MIKE and Rosie and Kara and Moira . . . You are his pride and joy . . . the best of Pat lives in you and your children. All of you were special to him . . . in your own way and he always wanted nothing but the best for you.

MIKE—he was so proud of you when you graduated from Airborne school . . . he made the Graduation Jump with you!!!

Not too bad for somebody who had not jumped for many years . . . and was over 50!

His SECOND great love was HIS Marine Corps. This American Patriot served Corps and Country for over 40 years. He traveled paths few have ever seen. He was a true trailblazer, a real pioneer in the Marine Corps, one who always led from the front! His Corps and country grew in great strides during that period, and he was a large part of that. From the frozen tundra of Korea to the sweltering jungles of Vietnam to bombed out Beirut, . . . he was there!!! I almost got him to go to Kuwait with me . . . You know . . . " "JUST IN CASE!"

Most of those years he served his country, he did it at great personal risk . . . he was no stranger to risk . . . and that's one more reason he means so much to the Marine Corps . . . but, that was Pat!

No man ever loved the Marine Corps more nor served it better than Pat did. He truly gave his everything to making the Corps better for the Men and Woman who dedicate their lives to it's service. He had a special desire to help young Officers and enlisted NCO's. He knew they and their training are what makes the Marine Corps the envy of every Military organization in the world.

Pat embodied the real meaning of LEADERSHIP, both in and out of Combat. He did this in a quiet and subtle manner, in a very unique way . . . that would leave an impression on you forever.

There are many here today who learned some basic truths from Pat, that have motivated them in their lives, both in and out of Combat. For those of us who knew him well, he will always be a part of us.

His THIRD great love, of course, was anything Irish and his friends. He was proud of his Irish heritage and made it a big part of his being. The Marine Corps had it's very own Irish flavor because of Pat.

Pat loved a good time, a good joke and a funny story. He laughed a lot and life was meant to be enjoyed . . . And enjoy it, he did. We will all miss him terribly, but perhaps we should all be as fortunate in as many ways as Pat! Remember . . . He knew the love of a beautiful woman, the love of his children and he had the sure knowledge that he served his Corps and Country well. He survived the worst that combat could ever throw at him.

Colonel Pat Collins knew the sincere respect of strong men, the fear of weak ones and the admiration and total dedication of all those who served with him. His is a legacy of Our Corps that is envied by many.

Pat gave each of us something special . . . and for that, we won't forget him. It wasn't the rows upon rows of medals he wore over his proud heart . . . it was what was behind those medals that made him so special. All of us gathered here today, remember this great MAN, this great MARINE and what he stood for . . . His family, his country, his Corps and his friends. Pat's loyalty to all these, is a shinning and true testimony to all who are gathered here in Arlington at this hour.

To close, I would like to use the words of the poet, G.K. Chesterton: which I think Pat would have liked.

"Here's to the Great GAELS of Ireland . . : the men that God made Mad . . . For all their wars are merry . . . and all their songs are sad!"

All the Best! SEMPER FIDELIS, PAT!

CONDEMNING THE BOMBING IN JERUSALEM MARKET

HON. CAROLYN McCARTHY

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 31, 1997

Mrs. McCARTHY of New York. Mr. Speaker, I rise this evening to express my deep sorrow over the tragic events that occurred in Jerusalem. Yesterday morning, a marketplace crowded with women, children, and elderly men was rocked by two explosions set off by Arab extremists. When the smoke cleared, 13 people lay dead and another 150 were wounded. Two others have since died in the hospital.

This suicide bombing was the worst terrorist attack since Prime Minister Netanyahu came to office 1 year ago. Not only has this explosion taken a deadly toll on human life, it has also brought an abrupt halt to the already fragile peace process. This time, mere condolences and expressions of regret by PLO Chairman Arafat will not be enough to get the peace process back on track. There is no excuse for this barbarous act and there must be no tolerance of this kind of inhumanity. It is time for the Palestinians to take concrete steps to fight terrorism and work toward peace. That is why I support the resolution adopted by the House condemning the terrorist attack in Jerusalem, expressing the solidarity of the Congress and the American people with the grieving families and people of Israel and calling on Arafat to begin in earnest a war against the assassins of people and peace in Israel.

I would like to extend my deepest sympathies to the families of the dead and injured and offer my prayers and support for peace in Israel.

DEPARTMENT OF DEFENSE APPROPRIATIONS ACT, 1998

SPEECH OF

HON. BILL LUTHER

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 29, 1997

The House in Committee of the Whole House on the State of the Union had under consideration the bill (H.R. 2266) making appropriations for the Department of Defense for the fiscal year ending September 30, 1998, and for other purposes:

Mr. LUTHER. Mr. Chairman, I rise in support of this amendment to freeze military spending at the fiscal year 1997 level.

Mr. Chairman, simply put, we must not allow our rapidly growing economy and the recent budget deal to justify avoidance of the tough decisions needed to secure the long-term financial health of our country.

The current budget deal is just the first step in restoring fiscal health to our Federal Government. Congress must continue to look for opportunities to cut spending and we cannot justify spending any more on the military budget than our own military experts believe is necessary. Unfortunately this bill includes over $500 million for continued production of the B–2 bomber—money that the Pentagon did not request. It also contains millions of dollars for building new nuclear weapons such as the Trident D–5 submarine launched ballistic missile and the Seawolf submarine.

We have been elected to have the judgment, common sense, and courage to make the hard choices necessary to achieve a balanced Federal budget. Freezing military spending would demonstrate our collective commitment to getting our Nation's fiscal house in order.

Equally important, it will set the stage for asking the American people to make sacrifices in other important budget areas. It is much easier to discuss the idea of shared sacrifice with the American people when we can assure them that all Federal programs and agencies are facing the same budget constraints. The American people know it's wrong to ask them to share the pain of balancing the budget when one part of the budget—the military budget—continues to increase year after year.

So the bottom line is simple and we should know it by now—if we are serious about balancing the budget, it is essential that every Federal program and Federal agency share in the sacrifice—including the Department of Defense.

We need to maintain a strong military and an absolutely credible nuclear deterrent force but we must maintain that defense while keeping in mind the realistic threats facing our country. As a cosponsor of this amendment, I am asking my colleagues to change the way they think about military spending in the aftermath of the cold war. Times have changed and I am hopeful that this amendment will help us move into the future.

Let's show the American people that we really are committed to fiscal responsibility and apply the same belt-tightening to the military budget that we have applied to the rest of the Federal budget. I urge my fellow House Members to vote for this bipartisan amendment and freeze military spending at fiscal year 1997 levels.

HONORING THE 50TH ANNIVERSARY OF PAKISTAN'S INDEPENDENCE

HON. DAVID E. BONIOR

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 31, 1997

Mr. BONIOR. Mr. Speaker, I rise today to congratulate the people of Pakistan on the occasion of the 50th anniversary of their nation's independence.

Pakistan gained its independence on August 14, 1947, from the British, after 90 years of struggle to establish a homeland. In the 1930's, Dr. Allam Muhammad Iqbal and Quaid-e-Azam helped provide the vision for the people of Pakistan's goal of independence.

Today, Pakistan and the United States share many common interests. We both seek to promote and preserve democracy. We both seek to ensure that south Asia becomes a stable and peaceful region of the world. We are allies in peacekeeping efforts, and in programs to combat illegal drugs and terrorism. And our ties, strengthened by trade and investment, continue to grow.

These ties have also been strengthened by the friendship and understanding brought to us by Pakistani-Americans. Pakistani-Americans have contributed greatly to the advancement of knowledge and the enrichment of cultural life in the United States.

With this anniversary, we should strive to renew our commitment to cooperation on issues of mutual interest. Let us use the occasion to broaden and deepen the friendship of the United States and Pakistan for the benefit of the people in our two nations.

The people of Pakistan have made great advancements towards democracy, stability, and peace over the past 50 years. It is a solid foundation on which to build a lasting commitment to these ideals in the future.

TRIBUTE TO POINSATTE MOTORS AND FORT WAYNE, IN, FOR THEIR EFFORTS IN THE FIGHT AGAINST BREAST CANCER

HON. MARK E. SOUDER

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 31, 1997

Mr. SOUDER. Mr. Speaker, I rise today to honor Poinsatte Motors of Fort Wayne, IN, and the city of Fort Wayne itself for their outstanding local effort in the fight against breast cancer.

On July 9, 1997, Poinsatte Motors served as the Fort Wayne host for the Drive for the Cure sponsored by BMW and the Susan G. Komen Breast Cancer Foundation, the Nation's largest private funder of research focused solely on breast cancer. The citizens of Fort Wayne and the surrounding area were invited to test drive any 1997 BMW. In return, for each mile driven, BMW donated $1 to the Komen Foundation with the goal of raising $1 million nationwide to advance breast cancer research, education, screening, and treatment.

The community's response was overwhelming. Local businesses donated $15,000 in TV and radio advertising, rentals, food and beverages, and other supplies. With 284 test drives totaling almost 4,000 miles, Poinsatte Motor's Fort Wayne event ranks as the largest single-day event for Drive for the Cure to date. In fact, more than 360 people registered for the event—more test drives than could be accommodated in one day. Since July 9, remaining registrants, who have until December 1 to complete their test drives, have driven over 200 miles that will count toward Drive for the Cure's $1 million goal.

Mr. Speaker, it is estimated that over 180,000 women will be diagnosed with breast cancer, and more than 44,000 will die of the disease, this year. If this horrible disease were detected and treated in its earliest stage, the mortality rate would decrease by 30 percent. In addition to raising much-needed funds for breast cancer research, Poinsatte Motors has contributed immensely to increasing awareness of the disease and the benefits of early detection. The people of Fort Wayne are well known for their willingness to assist others in need and to lend their support to a worthy cause. I am honored to represent these fine citizens, and I applaud them for their extraordinary accomplishment.

THE STATE RECIPROCITY IN PROFESSIONAL BOXING ACT OF 1997

HON. ELEANOR HOLMES NORTON

OF THE DISTRICT OF COLUMBIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 31, 1997

Ms. NORTON. Mr. Speaker, today, I introduce the State Reciprocity in Professional Boxing Act of 1997, a bill that ensures that professional boxers under suspension in any State will not be able to fight in a professional bout anywhere else in the United States. The bill is intended to close a loophole in the Professional Boxing Safety Act of 1996, made compellingly visible by the disgraceful performance of Mike Tyson at the Las Vegas fight on June 28, 1997.

As we learned from our consideration of the Professional Boxing Safety Act of 1996, professional boxing is not only a brutal sport whose purpose is to cause serious physical harm to its participants; it has attracted corruption and organized crime influence for many years. Members who were responsible for shepherding last year's legislation, in particular Congressman MICHAEL OXLEY, Senator JOHN MCCAIN, and former Congressman Pat Williams, successfully addressed many of the most pressing problems of the sport. The country is particularly indebted to the path-breaking work by the Members of the House and the Senate who took the leadership in achieving the first comprehensive Federal legislation to protect the welfare of professional boxers and provide for appropriate oversight of the professional boxing industry.

I am introducing this legislation today because of the recent heavyweight match between Mike Tyson and Evander Holyfield in Las Vegas that stunned the world. Mr. Tyson viciously, deliberately, and inexplicably bit Mr. Holyfield's ear twice, during the third round of their heavyweight championship bout. On the second bite, Mr. Tyson bit off a part of the ear itself. Upon review of Mr. Tyson's actions, the Nevada State Athletic Commission unanimously disciplined him by revoking his boxing license for a 1-year period and fining him the maximum amount, the sum of $3 million on July 8.

Other States, however, are not required to honor Nevada's action. Under our legislation passed by the 104th Congress, States are required to recognize another State's decision to suspend a boxer only if the reasons for the suspension relate to a boxer's medical condition, poor boxing skills, failure of a drug test, or falsification of information. Thus, today, any other State may host a boxing match featuring Mr. Tyson prior to the expiration of his suspension if the State notifies and consults with Nevada Athletic Commission prior to granting approval. Mr. Tyson could conceivably fight in a boxing match somewhere else in the U.S. some time before his suspension in Nevada expires.

The legislation which I introduce today would unequivocally foreclose this possibility. I am proposing that in addition to the existing requirements of the Professional Boxing Safety Act, States must ensure that no boxer is permitted to box while under suspension by any other State due to the boxer's commission of a malicious foul or infraction. A malicious foul or infraction is defined to include intentionally biting any part of an opponent's body or extremities. It also encompasses some of the more common dirty tricks used by boxers, such as intentionally headbutting or hitting below the belt.

Most Americans would be appalled if they knew that Mike Tyson could conceivably fight somewhere outside Nevada within the next year. Many of us cannot imagine this possibility, but the fight game and its promoters are known for unacceptable and brazen actions. The legislation that I propose today ensures that no boxer will be allowed to fight in the ring after any State has imposed a disciplinary suspension on the boxer to punish the boxer's misconduct during a fight. It does so by building upon the comprehensive framework that Congress, with overwhelming bipartisan support, has already wisely enacted.

PERSONAL EXPLANATION

HON. SONNY BONO

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 31, 1997

Mr. BONO. Mr. Speaker, on Tuesday, July 29th, I registered my vote on rollcall vote 338, final passage of the Defense Appropriations Act, H.R. 2266. Unfortunately, I did not check the final result of the electronic recordation of my vote, and it ultimately was registered improperly. It was my intent to vote "aye" in support of passage of H.R. 2226 and in appreciation of Chairman YOUNG and the Appropriation Subcommittee's hard work.

A SALUTE TO VINCE LOMBARDI

HON. JAY W. JOHNSON

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 31, 1997

Mr. JOHNSON of Wisconsin. Mr. Speaker, I rise today to salute a man who meant so much to the city of Green Bay, to the State of Wisconsin, and to football fans across the Nation. I rise to honor Vince Lombardi, who coached the Green Bay Packers for nine glorious seasons. He is the Hall-of-Famer who put the "Title" in "Titletown," by winning five NFL championships and the first two Super Bowls.

He defined success and dedication and pride because he put a premium on putting forth the effort to win. He once said, "If you'll not settle for anything less than your best, you will be amazed at what you can accomplish in your lives." That lesson still rings true today.

We are remembering Vince Lombardi today, because on August 5, our U.S. Postal Service will issue a new commemorative 32-cent stamp in his honor. I know we are certainly going to have a lot of newly interested stamp collectors in northeast Wisconsin next week.

I know I join all Packer fans in thanking the Postal Service for honoring Vince Lombardi.

INTRODUCTION OF LEGISLATION TO TEMPORARILY SUSPEND THE U.S. IMPORT DUTY ON FERROBORON

HON. RODNEY P. FRELINGHUYSEN

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 31, 1997

Mr. FRELINGHUYSEN. Mr. Speaker, I rise today to offer legislation that would temporarily suspend, through the year 2000, the rate of duty applicable to imports into the United States of ferroboron. Ferroboron is the key raw material in amorphous metal electrical power distribution transformer cores. Transformers using these cores reduce energy losses and greenhouse gas emissions associated with these losses by 60 to 80 percent when compared to the other transformer core technologies. This is positive both in terms of increasing energy conservation and decreasing environmental degradation in the developing nations that present the most promising market opportunities.

While such benefits are tangible and significant, they and the extensive research and development that has yielded them come at a cost. An amorphous metal transformer has an initial cost 20 to 30-percent higher than the energy-wasting and environmentally unfriendly transformers it seeks to replace. Fortunately, because of its many benefits, the total owning cost of an amorphous metal transformer—over its 20 to 30 year life—is far lower than the initially cheaper competition. Reducing the cost of the end product's most important and costly raw material, by suspending the import duty paid on it, would further help ensure the cost-competitiveness of the end product in the export markets so vital to the product and the American workers behind it.

Furthermore, because there is no substitute domestic product currently benefiting from the present 5 percent duty rate on ferroboron, no adverse impact on the domestic ferroalloy industry is anticipated. I therefore urge my colleagues to support expeditious passage of this bill.

CONFERENCE REPORT ON H.R. 2015, BALANCED BUDGET ACT OF 1997

SPEECH OF

HON. BOB STUMP

OF ARIZONA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 30, 1997

Mr. STUMP. Mr. Speaker, as chairman of the Veterans' Affairs Committee, I am committed to ensuring that the VA health care system has adequate funds to meet the health care needs of our veterans. Adequate funding for VA has long been an issue. As chairman and earlier, as ranking member, I have long advocated legislation to give VA new mechanisms to supplement the funding provided through the appropriations process.

My goals in this regard have included legislation to allow VA to retain money collected from third-party payers and legislation to allow VA to be reimbursed by Medicare when it provides care to certain Medicare-covered veterans. We have achieved success on the former, but more work needs to be done to give VA the opportunity to demonstrate that it can save dollars for the Medicare Program.

Current law permits VA to retain only the cost of its medical care collections. The remainder, constituting several hundred million dollars annually, must be deposited in the Treasury, in accordance with existing law. That policy fails to compensate VA facilities for the cost of care, and necessarily provides little incentive for achieving full recoveries or efficient collection efforts.

Our budget reconciliation bill effects a historic change in law by permitting the VA to retain money it collects from third parties. This important new provision differs markedly from the collections-retention proposal sent to Congress by the administration earlier this year. First, it specifically establishes a policy that all moneys collected will stay at the network level. With this provision, we create a powerful incentive for individual facilities to collect as much as possible with the knowledge that the funds will be used locally.

Notwithstanding the incentive associated with this new authority, however, many have expressed well-founded concerns that, for reasons beyond VA's control, collections could fall short of target levels. Such a shortfall could materially diminish VA's ability to meet veterans' health care needs. Mr. Speaker, these concerns prompted our committee to develop a contingency funding mechanism, which would be in effect for fiscal year 1998. In essence, the measure establishes a mechanism that would trigger what would amount to an automatic supplemental appropriation if VA collections fall short of Congressional Budget Office projections by more than $25 million. These and other changes to the original administration proposal provide greater assurance that the new policy will foster veterans' interests, rather than place them in jeopardy.

I continue to believe that VA's medical care cost recoveries should supplement, rather than substitute for, appropriated funds. All in all, however, I believe that the third-party retention language passed by the House will help the VA to more effectively care for our veterans, and am extremely pleased that this measure is well on its way to becoming law.

I wish the same could be said for the straightforward legislation our committee developed earlier this session to demonstrate that VA could save money for the Medicare Program while expanding access to care for many of our veterans. A seemingly fair-minded and straightforward proposal to permit higher income, non-service-connected veterans to use their Medicare benefits at VA health care facilities, was dropped from this bill. This legislation was favorably reported by our committee, had the strong support of all major veterans organizations, had 110 cosponsors, and was adopted by the Senate in a slightly modified form.

I very strongly believe that this legislation—H.R. 1362—is at the very least cost neutral and would likely save Medicare money. I regret that the administration did not make more of an effort to signal its strong support for this legislation and failed to counter the misinformed view that VA is not prepared to mount such a demonstration project.

VA should be given the opportunity to establish a demonstration which can not only expand veterans' access to care but potentially save significant sums for Medicare. In that regard, it is ironic, and troubling, to learn from the recent testimony of the HHS Inspector General that the Medicare Program may pay out considerably more in improper payments than the entire VA medical care budget of $17 billion.

What some refer to as "VA-Medicare subvention" is not simply a veterans' issue. It can prove beneficial to the Medicare Program as well. We veterans' advocates will, nevertheless, have to redouble our efforts to highlight that veterans who cannot now gain access to VA health care deserve to be able to use their Medicare benefits at VA facilities. I believe that, as more Members come to understand this issue and realize the positive effect it could have on tens of thousands of veterans nationwide, passage can be achieved.

Mr. Speaker, we've taken an important step in our efforts to provide new revenue streams to fund veterans' health care. New and innovative funding mechanisms should be encouraged, studied and implemented. I am confident that, with congressional support, the VA can thrive as it provides needed care to veterans well into the 21st century.

CONCERNING THE DEAL TO BALANCE THE BUDGET

SPEECH OF

HON. EDWARD J. MARKEY

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 30, 1997

Mr. MARKEY. Mr. Speaker, I am voting "no". Here's why:

1. This deal increases the deficit. We should not un-balance the budget now for the sake of balancing it 5 years from now.

The purpose of passing this legislation was supposed to be to balance the budget. I support that goal. In fact, since 1993, when I supported the Clinton budget package against the vote of every Republican in the House, the deficit has been going down. But if we approve this latest budget deal, we will, according to its authors, make the deficit worse, not better, next year.

But that's not all. It has been apparent to me since March that revenue projections used by both the administration and the Congress have grossly underestimated the amount of revenue flowing into the Treasury recently. The deficit for this fiscal year has been re-estimated twice already, reducing it dramatically from over $100 billion to less than $45 billion. We have not seen deficits this low for 20 years. At this rate, the budget will be balanced in 1998, not 2002. In order to ensure that the final budget agreement reflected a true snapshot of current reality, I asked OMB to provide its overdue mid-year estimates before we had to vote on the agreement. OMB refused. OMB finds the truth inconvenient, but the truth is that we have a better chance of balancing the budget without a deal than with one.

Let's not turn our backs on the goal of a balanced budget just as we are about to reach that promised land.

2. The tax cuts go to the wrong people for the wrong purpose.

Targeted tax credits for worthy purposes can be justified, even in the absence of a balanced budget, as long as they are going to people in need. But the vast majority of these tax cuts will go to people who are not needy. Like Pacman, the wealthiest 5 percent of all Americans gobble up half of the benefits. The wealthiest 20 percent gobble up over 70 percent of the benefits. In fact, the lowest-income Americans are expected to pay more, not less, under this bill. Is this fair? Is this moral? Is this wise?

The only justification for fattening the pocketbooks of the very wealthy has been some notion of stimulating the economy by favoring the tax treatment of long-term investments. But we don't need a stimulus. In fact, any artificial stimulus to this very healthy economy is likely to trigger a move by the Federal Reserve Board to raise interest rates. Higher interest rates are a tax on all of us. We should not ask to be thrown into that briar patch.

3. We are cutting deep so the rich can keep.

The more we give back to the wealthiest individuals in this society the deeper we have to cut in spending programs that benefit everyone else. This is a time to ask those with high incomes to shoulder more of the burden of deficit reduction, not less. As many commentators have noted, we have some major decisions ahead regarding the solvency of Medicare and Social Security as our population ages and our employment pool shrinks. Prudence dictates that we devote resources to solving those intractable problems. Today, we compound them.

In short, there are many good things in this package that I support, and it is always difficult to vote against a package that has much good mixed in with the bad. But I cannot in good conscience engage in the pretense of balancing a budget that is already balanced as a vehicle for a tax cut that is so unfair to average Americans.

4. Telecommunications provisions of the budget.

The telecommunications proposals contained in the budget do not represent good telecommunications policy. In fact, they contain appalling precedents, highly-flawed assumptions, and radical departures from established, sound telecommunications policy—all in the name of raising cash for the U.S. Treasury. The blame for this lies with an overzealous desire to appear to balance the budget at any cost—including the use of highly speculative and likely fraudulent spectrum numbers and the disruption of the universal service system. The blame for this lies with the ranks of "budgeteers" who have little knowledge of telecommunications issues and apparently no respect for telecommunications policy.

The telecommunications budget proposals accelerate the dumping of more spectrum on the market in the immediate aftermath of having already sold airwave frequencies for PCS, paging and other wireless services. It should be clear that much of the money that is expected from the auctions that we have already had may not ever show up in the Treasury because multitudes of winning bidders are already struggling to find the capital to build out their networks.

In a recent FCC auction forced by budget priorities, many wireless franchises covering entire States sold for a mere dollar. That auction raised only $13 million out of the $1.8 billion it was expected to raise. And today we have another budget-driven proposal that attempts to raise billions and billions more from the sale of the airwaves. It is pure fantasy.

Moreover, this policy will adversely affect our ability to democratize the holding of radio licenses. In the 1993 Omnibus Budget Reconciliation Act [OBRA 93] we built in provisions to help minorities, women, and entrepreneurs to gain access to the airwaves. By placing the highest societal value on the highest amount of cold hard cash that can be raised at auction we are subverting other important telecommunications policy objectives.

On July 23, eight Democratic members of the House Telecommunications Subcommittee joined me in writing the FCC about this issue. We wrote that we are concerned about the increasing emphasis placed upon spectrum auction revenue to assist in balancing the Federal budget and that that placing budgetary priorities foremost in Commission licensing decisions ultimately shortchanges the American public because spectrum allocation and licensing decisions must encompass a broad interpretation of the public interest, of which taxpayer interests are but one part. In our view, a short-term, temporary injection of cash into the Federal treasury for the purpose of achieving revenue goals for an arbitrary 5-year budget target serves budgetary interests, but it does not necessarily serve the broader public interest.

In particular, we wrote that budget policy pressures may unwittingly work to thwart the ability of women and minority-owned firms to become spectrum licensees. Diversity in mass media licensing has been shown to play an important role in providing programming that reflects the community and its interests. In our letter we noted that this fundamental goal is not only supported by Congress, but also by President Clinton. As he recently said in his commencement remarks at the University of California-San Diego June 14: "We must continue to expand opportunity. Full participation in our strong and growing economy is the best antidote to envy, despair, and racism. We must press forward to move millions more from poverty and welfare to work; to being the spark of enterprise to inner cities . . . We should not stop trying to equalize economic opportunity."

Third, I want to mention the spectrum sale and its dubious budgetary numbers. The sale of frequencies from the returned analog broadcast TV channels is scheduled for the year 2001. The actual return of that spectrum to the FCC will not occur until 6 years later—in 2007. The proposal then allows broadcasters to continue to operate on their analog channels if the FCC grants waivers. Think about that—that's the equivalent of asking business and entrepreneurs to pony up money today for airwave rights they won't see until 2003 and then in 2003 a determination may be made to extend that indefinitely. Who is going to bid anything for these frequencies?

At the subcommittee and committee markup on the legislation, I offered an amendment to try to achieve greater certainty to the broadcasters, the spectrum bidders, and to consumers. The amendment would have required that after 2001, when the so-called returned analog spectrum has been auctioned, that all TV's sold in the United States must be dual use capable. In other words, they have to be able to pick up and display both analog and digital signals. This will make the transition in the consumer market to digital technology more rapid. This in turn, would increase the likelihood that bidders in 2001 would get the airwaves they won at auction sometime during their lifetimes.

The legislation also contains policy changes that promote media concentration at the local level. As many of my colleagues know, during consideration of the Telecommunications Act, I battled the mass media concentration provisions of the bill and successfully amended the bill on the House floor to help protect localism and diversity. The budget provisions will allow local broadcasters to bid on the spectrum that is returned even if this returned spectrum were to be reallocated for broadcast use.

During consideration of the Telecommunications Act, Congress rejected repeal of the TV duopoly rule, which had been part of the House-passed legislation. The conference committee on the Telecommunications Act refused to accede to repeal of the duopoly rule because of concern from many members and the administration about the very real threat to localism and diversity posed by deregulating in this manner. This concern, incidentally, has been borne out by the experience in the radio market in the aftermath of the sweeping deregulation of radio ownership rules contained in the Telecommunications Act. The NTIA has noted that adverse effects on minority ownership, and diversity in general, that has resulted from the radio ownership provisions.

I strongly oppose the provisions in the budget agreement that would allow stations in the top markets to bid on returned spectrum reallocated for broadcasting. The budget agreement waives the duopoly rule to allow broadcasters to bid on spectrum and thereby own two TV stations in a local market. It is important to note however, as the FCC considers regulatory rules governing local TV ownership, the intent of Congress in this area. First, the conference committee on the Telecommunications Act duly considered and rejected repeal of the TV duopoly rule just over a year ago. Second, the budget's telecommunications provisions only permit a waiver of the TV duopoly prohibition at a point 4 or 5 years from now, and then, only in the largest TV markets. Moreover, this future waiver of the rule is quite limited in that it reflect's Congress' intent to only allow such limited waivers in the largest markets when we are adding outlets to the market. Even so it represents, in my opinion, unfortunate telecommunications policymaking.

Finally, the budgetary legerdermain entailed by tampering with the universal service system to cynically pretend to balance the budget is terrible policy and precedent. This will directly affect telephone ratepayers around the country adversely. The universal service system was created to ensure that affordable telephone service would be available to all Americans. It has successfully resulted in achieving a 93-percent phone penetration rate in the Nation—the highest in the world. I strongly oppose this unprecedented gimmick of utilizing the universal service system as a budgetary gap-filler.

CONGRATULATIONS TO DAVID F. "BUD" WILSON ON HIS INSTALLATION AS PRESIDENT OF THE INDEPENDENT INSURANCE AGENTS OF AMERICA

HON. RANDY "DUKE" CUNNINGHAM

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 31, 1997

Mr. CUNNINGHAM. Mr. Speaker, I rise today to commend a fellow California and good friend, David F. "Bud" Wilson of Chula Vista, CA, who will be installed as president of the Nation's largest insurance association, the Independent Insurance Agents of America [IIAA], next month in Hawaii. Bud is chairman of the board of Wilson Insurance Agency, Inc., an independent insurance agency located in Chula Vista.

Bud's career as an independent insurance agent has been marked with outstanding dedication to his clients, his community, IIAA, the State association, the Insurance Brokers and Agents of the West [IBA West], his colleagues, and his profession.

On the State level, Bud served IBA West on various committees and as president in 1981. From 1983 to 1986 he served as the IIABC representative on IIAA's Board of State National Directors. In 1987, Bud received the P.S.W. Ramsden Memorial Award, the highest honor bestowed by the California State association.

Bud's love of politics and legislative affairs served him well during four highly successful years as chairman of IIAA's Government Affairs Committee. In recognition of his outstanding work on behalf of all independent agents as Government Affairs Committee chairman, Bud was bestowed IIAA's Sydney O. Smith Legislative Award in 1994.

Bud was elected to IIAA's Executive Committee in 1994. In the time since, he has exhibited a spirit of dedication and concern for his 300,000 independent agent colleagues around the country.

Bud's selfless attitude also extends to his involvement in Chula Vista-area community activities. He is past-president of the Chula Vista Rotary, the Chula Vista Rotary, the Chula Vista Jaycees, the Chula Vista Community Hospital Board of Trustees, and the Chula Vista Salvation Army. He also has been involved in numerous other Chula Vista community projects.

I have complete confidence that Bud will serve with distinction and provide strong leadership as president of the Independent Insurance Agents of America over the next year. I wish him and his lovely wife, Sandra, all the best as IIAA president and first lady.

TRIBUTE TO HOLLY L. GARLITZ

HON. MICHAEL F. DOYLE

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 31, 1997

Mr. DOYLE. Mr. Speaker, today I pay tribute to a courageous Pennsylvanian, Holly L. Garlitz, a 22-year-old resident of Pittsburgh.

On September 17, 1996, Ms. Garlitz, then a student at Penn State University, placed herself in extreme danger to protect fellow student, Nicholas K. Mensah, who had been seriously injured by a woman who had opened fire on Penn State campus while students were walking to and from their classes.

Mr. Mensah was seriously wounded when he was struck by a bullet fired by the sniper. After being struck, Mensah fell to the ground. Ms. Garlitz, who had been walking on the same path when the shots were fired, took cover behind a tree. However, seeing that Mr. Mensah remained vulnerable while laying on the ground, Ms. Garlitz left her cover and came to the aid of Mr. Mensah. Ms. Garlitz grabbed the young man by the arm and dragged him to safety while they were both in clear view of the sniper.

For her brave and heroic actions, Ms. Garlitz has been awarded the Carnegie Medal by the Carnegie Hero Fund Commission. This bronze medal is awarded to citizens who risk their lives to save the lives of others.

I am greatly pleased to see such an act of bravery and humanity on the part of Ms. Holly L. Garlitz, who is one of my constituents. Her action to help a fellow human being is one that we all can be proud of and should commend.

A TRIBUTE TO WALTER D. WHITE

HON. JAMES A. TRAFICANT, JR.

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 31, 1997

Mr. TRAFICANT. Mr. Speaker, on July 25, 1997, Walter D. White retired after 20 years with the U.S. Capitol Police. Over the years, I had the privilege of knowing this fine man. He was an outstanding member of the Capitol police force and he worked hard to create a safe environment for Members, staff, and all visitors to the Hill. With a smile always on his face and in his voice, he would never hesitate to go out of his way to assist members of my staff or to give my constituents impromptu tours of the Capitol building. I can remember many occasions when he would make special arrangements to accommodate groups of handicapped schoolchildren from my district. It was important to him that their tour be as exciting and memorable as possible. He would do all of this and never ask for anything in return. Walter was one of those wonderful people who derived great pleasure simply from helping others. Seeing the smile on a young child's face was reward enough for his efforts.

Walter's kindness and dedication will not soon be forgotten. While he will certainly be missed, I am glad that he is now going to take time to relax and enjoy himself. He deserves nothing but the best and I wish him luck in all of his future pursuits. May God bless Walter D. White in the years to come.

THE TRANSPORTATION INFRASTRUCTURE CREDIT ACT OF 1997

HON. ROSA L. DeLAURO

OF CONNECTICUT

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 31, 1997

Ms. DELAURO. Mr. Speaker, today I introduced the Transportation Infrastructure Credit Act of 1997. This bill will create public-private partnerships to build more highway and mass transit projects, and create tens of thousands of new jobs. I am pleased to be joined by my colleagues, Representatives BONIOR, FROST, OLVER, GREEN, KENNEDY of Rhode Island, MCGOVERN, and Delegate CHRISTIAN-GREEN in offering this important proposal.

The House of Representatives recently voted to reject, by a vote of 214 to 216, a $12-billion, 5-year increase in funding for highway and mass transit projects above the current $125 billion budget proposal. Like many of my colleagues who supported this modest increase in transportation construction funds, I was disappointed by the House's failure to agree to these additional moneys.

Our Nation needs additional capital to meet the more than $30 billion annual shortfall in funds to construct highway and mass transit projects. The Government must encourage private infrastructure investment to match overseas investments. In Asia, 10 to 15 percent of all infrastructure is privately owned. However, in the U.S., less than 1 percent of transportation infrastructure is privately owned. The Transportation Infrastructure Credit Act encourages private sector development, ownership, and financing of our Nation's infrastructure needs.

This bill is needed because there is no compatible financing mechanism available for large projects that exceed $100 million. Unlike State Infrastructure Banks created by the ISTEA bill, this bill will give the U.S. Department of Transportation the capacity to make loans immediately to large State and interstate infrastructure projects.

The Transportation Infrastructure Credit Act offers an innovative approach to addressing this financing shortfall. It proposes spending $500 million in Federal funds over 5 years to leverage $10 billion in private capital investments in transportation infrastructure. The legislation authorizes $100 million annually in credit incentives for 5 years. These funds would be administered by the U.S. Department of Transportation [DOT], which would offer four financing products that would attract private investments in highway and mass transit projects.

Public-private partnerships created through the Transportation Infrastructure Investment Act can leverage $2 billion in actual construction for every $100 million invested by the Federal Government. Each $1 billion invested in infrastructure creates between 20,000 and 30,000 jobs. This means that the bill can create as many as 300,000 new jobs on top of those created by traditional ISTEA funding.

These four financing mechanisms are particularly attractive to project sponsors interested in financing projects with dedicated, user-fee based revenue streams, such as tolls (for highways) or user fees (for mass transit).

For this reason, most projects financed through this bill would be commercially owned.

I would like to take a moment to explain each of the four financing mechanisms, or "products," contained in this proposal that would be offered the Department of Transportation (DOT).

Direct loans, the first product, would be subordinated or junior loans that would typically be used to finance about one-third of the cost of a project. The remaining two-thirds of the cost of a project would be provided by private sources (such as loans and municipal bonds). The large private interest will ensure that projects are chosen carefully. The Department of Transportation used this type of loan for the Alameda Corridor project in California.

Under this bill, DOT would also offer standby lines of credit. DOT would provide two different forms of this type of credit: partial credit enhancement and a guarantee for the debt service on project debt. Stand-by lines of credit help investors by ensuring that debt is covered during the ramp-up period—the period during which the project is being constructed, but there is no revenue stream such as tolls to repay investors.

The third product can be referred to as insured loans. DOT would be able to provide highly restricted insured loans, which are also called guaranteed loans. These insured loans would cover 100 percent of the principal and interest on the federal portion of the project debt, and only that portion of the debt.

The final product DOT could offer is called development cost loans. This financial product, which is also called risk insurance or speculative loans, would absorb the preliminary costs of projects such as pre-construction costs, preliminary engineering, and environmental impact studies.

Because of limitations on the use of these financial products, the risk to the Department of Transportation is limited. At the same time, use of these mechanisms allows projects to move forward with private sector construction financing.

The total cost of this bill is $500 million over a 5-year period. This $100 million a year would support $2 billion in loans and project insurance each year for 5 years for a total of $10 billion. This proposal is consistent with the goals of the Intermodal Surface Transportation Efficiency Act [ISTEA] reauthorization, and would increase overall highway and mass transit spending.

The legislation also contains a mechanism to back the $100-million-a-year cost of the loans. By using a fraction of the unobligated balances of the Highway Trust Fund—an amount that has reached approximately $10 billion, we can support the budget authority created by this bill. States have been arguing that they should be able to put their unobligated transportation balances toward transportation projects, and this bill creates an exceptional opportunity to use these funds for building highway and mass transit projects.

In light of the limited funding budgeted for the ISTEA reauthorization, this bill makes sense. It is cost effective, it builds public-private partnerships, it creates jobs, and it ensures that highway and mass transit projects are built to serve the public good. I urge my colleagues to join in cosponsoring this important bill.

FRONT PANEL LABELING LEGISLATION

HON. TERRY EVERETT

OF ALABAMA

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 31, 1997

Mr. EVERETT. Mr. Speaker, today, I am introducing legislation on behalf of myself and 34 bipartisan cosponsors, to amend the Tariff Act of 1930 which requires that imported commercial products—including frozen produce packages—be labeled with country-of-origin information.

The U.S. Customs Service has proposed to amend current regulations to ensure a uniform labeling standard by requiring a country-of-origin label to be marked on the front panel of frozen produce packages. However, Customs has failed to implement the regulation.

My legislation merely codifies Customs' proposal and clarifies the term "conspicuous" by requiring the label be moved to the front panel. This way, consumers have the necessary information they need to make informed purchasing decisions.

Furthermore, this bill provides an 18-month grace period to provide frozen food packagers with ample time to move the required information to the front of their packages without incurring significant costs.

This legislation is consistent with current law and NAFTA. Remarkably, the Canadian and Mexican Governments require strict labeling requirements to ensure their consumers have the appropriate information about the food they purchase. Surely American consumers deserve the same.

THE BALANCED BUDGET PLAN IS A GOOD DEAL FOR AMERICA

HON. JIM TURNER

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 31, 1997

Mr. TURNER. Mr. Speaker, I am proud to support the budget and tax bills that we are passing this week, fulfilling our commitment to the American people to balance the budget while maintaining our investments in the future. I came to Congress in January with a strong commitment to restoring fiscal responsibility to Washington. Since then, I have seen Democrats and Republicans alike recognizing the need to balance the budget. They have seen that we cannot continue running up debts for our children and grandchildren to pay. They have acknowledged that both parties must work toward solving the problem. This plan is the result of those bipartisan efforts.

At the same time, this bipartisan plan recognizes that the American people need tax relief. We are cutting taxes in ways that will give meaningful relief to working families, family farms, and small businesses.

The $500 tax credit for children will give some help to families that are trying to make ends meet. The tuition tax credits will expand educational opportunities and allow young people to get the education and training they need to succeed in an increasingly competitive economy. The increased exemption from inheritance taxes will let families hand their farms, ranches, and businesses from one generation to the next without paying outrageous inheritance taxes. The reduction in capital gains taxes will encourage the kind of long-term investment that our country needs to expand economic opportunity and create jobs. And we will do this in the context of a balanced budget. This bipartisan plan gives us a chance to give American taxpayers a break, without breaking the bank.

At the same time, we are making an important commitment to provide health insurance for children. In my home State of Texas, more than 1 million children—23 percent—lack health insurance. This lack of health coverage is risky for children, heartbreaking for parents, and devastating for our country in the long run. Children who do not receive immunizations and other basic preventive care will cost us millions more down the road. Children without adequate health insurance will not get off to the right start in life, and they will not live up to their potential as adults. The funding for children's health insurance is a sound investment in the future of our country.

This bipartisan budget plan proves that we can accomplish a great deal when we work together. We're balancing the budget for the first time in a generation. We're investing in education. We're preserving Medicare. We're extending health insurance to more children. And we're giving real tax relief to American families. This is a great day for this Congress, and for the American people.

TRIBUTE TO THE MOST REVEREND MICHAEL F. MCAULIFFE, S.T.D., THE BISHOP OF JEFFERSON CITY

HON. IKE SKELTON

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 31, 1997

Mr. SKELTON. Mr. Speaker, today, I pay tribute to a dedicated Missouri religious leader, the Most Reverend Michael F. McAuliffe, S.T.D. the bishop of Jefferson City. Bishop McAuliffe is retiring on August 27, 1997 after serving as bishop for 28 years.

Bishop McAuliffe grew up in Kansas City, and studies at the St. Louis Preparatory Seminary and the Theological College of the Catholic University. He was ordained to the priesthood on May 31, 1945. He was the pastor at three parishes in the Diocese of Kansas City-St. Joseph, and also served in a number of diocesan positions, including diocesan superintendent of schools. He was also active in community affairs as a member of the Human Relations Commission of the city of Kansas City.

Bishop McAuliffe was ordained as bishop and appointed to lead the Diocese of Jefferson City in 1969. During his tenure, he has been an active religious and community leader. He served as executive chairman of the Missouri Catholic Conference, as chairperson of the Steering Committee of the Missouri Christian Leadership Forum, and as a member of the National Conference of Catholic Bishops of the United States, in addition to membership on other boards and committees.

Bishop McAuliffe's dedication to the people of the Diocese of Jefferson City, and his leadership, will be missed. I know the Members of the House will join me and all Missourians in thanking him for his service, and in wishing him a happy and healthy retirement.

CELLULAR INDUSTRY ANSWERS NEWT'S CHALLENGE

HON. NEWT GINGRICH

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Friday, August 1, 1997

Mr. GINGRICH. I want to encourage my colleagues to read the following article by Brian Ekberg from the July edition of Atlanta Consumer Technology.

Two years ago I challenged the wireless telephone industry to become involved in improving the Nation's schools. They responded by creating ClassLink, a program that brings modern communications technology to schools. The first program put cellular telephones in a Washington, DC school. On Wednesday, May 28, the 100th ClassLink hook-up was dedicated at Lockheed Elementary School in Marietta, which is in my district. ClassLink 100, the culmination of the program, will bring together school, community, and industry officials for the dedication at Lockheed. As we approach the 21st century, it is imperative that we look for similar opportunities that increase efficiency and effectiveness in the classroom, the workplace, and the entire society.

[From The Atlanta Consumer Technology, July 1997]

CELLULAR INDUSTRY ANSWERS NEWT'S CHALLENGE

(By Brian Ekberg)

Teachers at Lockheed Elementary School in Marietta won't have to head for the teacher's lounge to make their phone calls anymore. Thanks to a donation from Atlanta's own AirTouch Cellular, the educator's can catch up to the rest of the working world with cellular telephones. They recently celebrated the donations at the school, with representatives from AirTouch, Lockheed Elementary and the sixth district's own Newt Gingrich, "We're here today because of a challenge two years ago by Newt," said Tom Wheeler, president of the Cellular Telephone Industry Association (CTIA).

Wheeler was referring to a challenge Gingrich issued to the telecommunications industry in which he called for industry leaders to take the lead in proving teachers, children and schools with technology to improve the processes of education.

What initially began as a call to technological arms quickly evolved into the ClassLink program. The program found its roots in Washington, D.C. where they conducted the first ClassLink donation at an area elementary school. Twenty-four months later, at a rate of one cellular donation and installation per month, the program has found its 100th school donation right here in Gingrich's own legislative stomping grounds. Besides providing the physical units to the teachers and administrators, the ClassLink program officers other benefits, including:

Increased productivity in the classroom. According to Wheeler, use of the cellular telephone can save teachers as much as 60 minutes per day in administrative time.

Voicemail system that allows teachers to receive important messages in a timely manner.

The ability for teachers and students to find research material quickly. Several teachers have already taken advantage of this function, leaving homework assignments available to children via voicemail (effectively ending the "I swear we don't have any homework!" excuse.)

"This really opens up the world," said Mary Jo Brubaker, principal of Lockheed Elementary School. Brubaker said it was only logical that they include teachers in the telecommunications boom because, after all, "The rest of the (business) world has phones." According to Brubaker, parents can call the teachers' classrooms directly and leave messages via voicemail. During non-instructional periods, teachers may leave the phones on to field calls from parents. During active instruction time, however, they directly route calls to voicemail.

Wheeler admitted being a bit surprised at the overwhelming response to this program. According to Wheeler, studies conducted by the CTIA have stated that some sort of telephony was at the top of the priority list for secondary education facilities, with laptop computers and Internet connection falling behind. "Too often we overlook the commonplace in search of the spectacular," Wheeler said. "Here we have the telephone put to proper use, that can have the biggest impact."

Time is money, as we all know, and Wheeler said the time saved by teachers across the 100 ClassLink programs has amounted to approximately $14 million in educational savings. House Speaker Gingrich was equally pleased with the program's success, calling this and other technology programs "liberating." "They open up opportunities to focus resources on the kids. We think about the resources that are available today and we realize that we are on a scale of learning that none of us have ever seen before."

"The future of learning is tied into the Information Age," said Gingrich who went on to say that the first 100 schools affected by ClassLink are just the beginning of a nationwide effort to infuse technology into the classroom of the '90s and beyond.

What was Gingrich's next challenge to the high tech industry? In a word: WebTV. Offering schools a low cost gateway to the Internet was the major attractiveness to the product, Gingrich said. Just as cellular phones are beginning to creep into elementary classrooms across the nation, perhaps the next step in this journey is the path to the Web.

CSAT KNOWLEDGE DEVELOPMENT AND APPLICATION GRANTS

HON. JUANITA MILLENDER-McDONALD

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 31, 1997

Ms. MILLENDER-McDONALD. Mr. Speaker, I insert the following letter for the RECORD:

U.S. CONGRESS
HOUSE OF REPRESENTATIVES,
Washington, DC, July 25, 1997.

DAVID J. MACTAS,
Director, Center for Substance Abuse Treatment, SAMHSA/CSAT, 5600 Fishers Lane, Rockwall II Building, Suite 615, Rockville, MD.

DEAR MR. MACTAS: We are writing to express our concerns about attempts that have been made to close down vital Pregnant Postpartum Women and Infants (PPWI) programs despite the fact that the Labor, Health and Human Services, and Education Subcommittee has provided full funding to continue all of these programs. We are particularly concerned about the Tarzana treatment center, as it has helped numerous women, children and families in all of our Southern California Districts.

Both categories of women and children programs provide intensive substance abuse treatment as well as strong support services and childcare for infants and children of women in treatment. Families depend on these programs to become healthy and self-sufficient. In addition, invaluable outcome data is collected and analyzed at the completion of the five year grants. This information is shared with other treatment programs to ensure that the best modalities of treatment are replicated in other regions of the country.

We are concerned that you will continue to direct certain women and children treatment programs to close down as you did last fall, despite the congressional intent to fully fund these programs in the Continuing Resolution for fiscal year 1997. To ensure that these programs will not be forced to shut down, we would like to receive your written confirmation indicating that when Congress appropriates these funds for all of the women and children programs, you will distribute this money to the thirteen Residential Women and Children and eleven Pregnant and Postpartum Women and Infants programs.

All of the CSAT Knowledge Development and Application grants are key to ending the vicious cycle of addiction. The PPWI programs, in particular, give women a second chance and their children the healthy start they need to break this cycle.

Thank you in advance for providing us with written assurance that CSAT will enforce the legislation passed by Congress and signed by President Clinton, and that none of these programs for women and children will be shut down in fiscal year 1998.

Sincerely,

JUANITA MILLENDER-McDONALD,
Member of Congress.
BRAD SHERMAN,
Member of Congress.
LUCILLE ROYBAL-ALLARD,
Member of Congress.
HOWARD BERMAN,
Member of Congress.

CASA FAMILIAR: 25 YEARS OF COMMUNITY SERVICE

HON. BOB FILNER

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Friday, August 1, 1997

Mr. FILNER. Mr. Speaker, and colleagues, I rise today to pay tribute to an organization in my district which has made innumerable contributions toward improving the lives of everyday citizens in the community of San Ysidro.

Today, I ask all my colleagues to join me in recognizing the 25th anniversary of Casa Familiar.

In 1972, Casa Familiar was formed by the San Diego Chapter of Trabajadores de la Raza, a group of local citizens, who were motivated by shared concerns for the residents in their community. Casa Familiar was founded to primarily serve Spanish-speaking residents, but today, it makes these services available for all the residents of south San Diego County.

Casa Familiar provides numerous services to enhance the quality of life for its residents. Through its education department, Casa Familiar not only provides classes for teens and the elderly, it also serves as an advocate for quality education for both youth and adults. As part of its commitment to the community, Casa Familiar, provides counseling, case management, translation, and citizenship assistance to neighborhood residents.

Casa Familiar recently began to offer programs to promote affordable housing. Casa Familiar has developed innovative partnerships with owners of multifamily complexes to provide safe, decent, and affordable shelter. These partnerships have resulted in rental referral programs, which are vital in helping people search for housing. The transitional housing program has been successful in providing local residents an opportunity to achieve the American dream—a home.

Casa Familiar is located in San Ysidro, at the southern end of San Diego County—adjacent to the United States-Mexico border. The community consists of working families and new immigrants who contribute their share to the greatness of our Nation's economy. San Ysidro is California's gateway to international trade and commerce.

In our community Casa Familiar is known as a leader, a voice for our community. Since its inception, Casa Familiar has remained true to fulfilling its mission of building the community by advocating on behalf of community interests.

Mr. Speaker, I hope that my colleagues will join me in saluting Casa Familiar's 25 years of community service.

CHINA'S MFN STATUS

HON. BOB SCHAFFER

OF COLORADO

IN THE HOUSE OF REPRESENTATIVES

Friday, August 1, 1997

Mr. BOB SCHAFFER of Colorado. Mr. Speaker, China will indefinitely enjoy its most favored nation trade status with the United States. The designation means fewer barriers to trade between the two nations.

Despite weeks-long debate in Congress, MFN for China was never really in doubt. The only thing tested was the will of Congress to send a firm message to Chinese Communist leaders about human rights, terrorism, drug trafficking, weapons sales, military aggression, tampering with United States elections, et cetera.

The President ultimately decides whether to extend MFN, and President Clinton did just that with respect to China. Congress then has the option of challenging the President's designation by repealing it.

Congress did, in fact, consider a bill to revoke MFN for China, but rejected the idea. I voted for the repeal. Yet, had the bill to repeal actually prevailed through the House and Senate, the measure would have still required Clinton's signature. He assured a veto. Again, MFN for China was never really questionable.

I had hoped to achieve a few important objectives throughout the debate. First, I had urged a delay of the House vote—perhaps by only a few weeks.

Second, I had hoped the House would have considered, at the same time of the MFN vote, various sanctions against China targeting the specific problems we have with the nation, thereby allowing the trade issue to stand alone.

Third, I had suggested the House request certain commitments on these topics from the Chinese Government in exchange for continuing MFN status.

Unfortunately, there was a rush to force a vote on MFN prior to a handful of key events that might have improved America's standing with China. Since that time, a number of reports have been published exposing serious questions about our relationship with China.

One of my colleagues from California, for example, cited the following four specific documents in a recent letter to each Member of Congress.

Religious Persecution: "Nearly one month after the vote on MFN for China, the State Department's report on religious persecution has been made public. It was on June 23 when U.S. News and World Report revealed the report would not be released before the vote on MFN as had been expected. In The New York Times, Steven Erlanger writes in "U.S. Assails China Over Suppression of Religious Life," that the report is highly critical of the Chinese regime for its wanton disregard of religious freedom and its persecution of those practicing non-sanctioned religions. This includes Catholics who believe in Papal authority. In his column, "On My Mind," New York Times Columnist A.M. Rosenthal expounds on the State Department report."

Proliferation: "The Chinese government continues to ignore international agreements and, in some cases, arms our enemies with weapons of mass destruction. These actions place American servicemen and women at risk. Tim Weiner of the New York Times reveals who is buying what in his July 3rd article: "China is Top Supplier to Nations Seeking Powerful, Banned Arms."

The China Trade Deficit: "The Commerce Department reported the U.S. trade deficit with China widened by 9.1 percent in May to $3.76 billion from $3.45 billion in April. The gap was the highest since October 1996. The trade deficit with China surpassed that of Japan, for the third time.

"Also in the New York Times, A.M. Rosenthal writes about Chinese abuses running the gamut from human rights to nuclear weapons in The Connecting Line."

John N. Stafford, the Reagan administration's chief Department of the Interior judge, recently wrote in his well-respected international investment newsletter about the tremendous extent to which China influences the U.S. bond market. Stafford recently wrote, "We are providing funding for our own self-destruction, especially when money is being used to facilitate efforts to build up China's military and provide weapons of mass destruction to known terrorist countries and sworn enemies of the U.S."

To be clear, I have no doubt that China's markets are attractive to our agricultural and manufacturing interests in Colorado. In fact, the president of the Colorado Farm Bureau testified in a recent debate that I sponsored in Fort Collins, that most of our expansion in foreign markets could occur in China over the next few years. Clearly, I do not want Colorado to miss out on that, and improving our relationship with China is something I believe we should definitely do.

But extending MFN the way the White House did, simply missed a golden opportunity to make meaningful progress in China.

The very purpose of MFN status should be to foster more open trade with partners who act fairly and demonstrate good-faith policies. According to United States Customs Department testimony, Communist China continually violates United States copyright and intellectual property laws by the mass pirating and sale of American-made software, films, books, music and other media and technologies. These unscrupulous acts have cost American businesses, shareholders, workers, and families billions of dollars every year in stolen revenues.

Not only does China violate United States trade law, but they violate the conscience of the American people with human rights abuses. The practices of China fuel an economy of mass slave labor and the persecution, torture, and killing of political and religious objectors—replete with documentation.

Yet recent events indicate that the MFN question, if raised properly, as I had hoped, would yield demonstrable results in China. In 1990, the mere threat of revoking MFN led the Chinese Government to release 600 political prisoners from slave labor and prison camps.

There are still more items to consider. china will soon begin deploying an advanced intercontinental-range ballistic missile, called the Dong-Feng 31, giving China accurate nuclear capacity eastward, including the Western United States.

China is guilty of shipping Soviet-style AK-47's and other legal weapons to United States gangs, drug runners, and other criminal elements. These guns are manufactured by the Chinese firm Norinco, and Chinese agents have also marketed for sale in the United States, rocket-propelled grenade launchers, light armored vehicles, and shoulder-fired surface-to-air missiles.

Moreover, Beijing has routinely facilitated the spread of weapons of mass destruction to other rogue nations disposed to using them against U.S. personnel and our allies. The Chinese Government is clearly using proliferation as part of its campaign to intimidate the United States and undermine our influence in the Western Pacific.

V.I. Lenin once predicted that "capitalists will sell us the rope with which we will hang them." I hope he is wrong.

For those who claim MFN will "engage" China and encourage mutual resolution of these serious problems, I ask a simple question. Why hasn't MFN for China worked so far? China has enjoyed MFN status since February 1980. Chinese trade barriers, our trade deficit with China, China's casual approach to trade agreements, and blatant human rights abuses all have come about during that time.

The United States annual trade deficit with China now stands at more than $35 billion, leaving China with approximately $100 billion in foreign reserves according to

United States Trade Representative reports, most of which goes toward its growing military program.

While China will continue to enjoy MFN status, Colorado should, in fact, push for broader trade markets there. Actually, trade markets would have continued to exist under tariff laws had MFN been revoked, just as they did before 1980. But the leverage MFN could have provided is lost and we must now look to the next set of issues relative to China.

Consequently, I am supporting a package of legislation designed to address specific Chinese issues. Initiated by the Republican Policy Committee, upon which I serve, these proposals will encourage responsible behavior by the Chines with respect to United States interaction.

1. Sanctions for PLA Enterprises. The Communist Chinese People's Liberation Army directly or indirectly controls a large congeries of commercial enterprises. Such enterprises have been involved in proliferation of weapons of mass destruction, arms smuggling, economic espionage, use of forced labor, piracy of intellectual property, and misappropriation of militarily sensitive technology. As state-owned enterprises, all operate on more or less noncommercial terms, conducting their affairs for such nonmarket reasons as military or prestige considerations or the advancement of Chinese foreign policy. And even when operating for commercial motives, their profits subsidize the Chinese military establishment.

H.R. 2188 denies MFN status to the 3-million-man People's Liberation Army and enterprises it controls. This targeted MFN revocation is thoroughly consistent with free trade principles, since the PLA does not trade with the United States for purely commercial reasons. Rather, the PLA's commercial activities serve also to provide it with off-budget financing, thus directly subsidizing the potential military threat to the United States. H.R. 2188 also includes a "truth in trade" provision requiring the annual publication by the Defense Intelligence Agency of a list of PLA-owned enterprises exporting products to or operating in the United States.

2. Tighter Prohibition on Laogai Slave Labor Product. Import of "convict made goods" is currently banned under United States law, but products made in Communist China's vast archipelago of Laogai, reform through labor, camps continue to flow to the United States. The Laogai system is a gruesomely sinister aspect of Chinese Communist totalitarianism. Some 6 to 8 million people are currently captive in the Laogai. According to the latest official statistics, the Laogai operates 140 export enterprises. Laogai products are sold to over 70 nations abroad. Forced labor is responsible for producing key commodities, including graphite, rubber, and asbestos. One-third of Chinese tea is grown by Laogai prisoners.

H.R. 2195 will more effectively implement the ban on slave-labor goods. It authorizes $2 million in additional funds for State Department and Customs Service personnel to monitor Chinese slave-labor products. Presently, only two U.S. officials in the U.S. Embassy in Beijing are assigned to slave labor monitoring—and they also are charged with monitoring widespread piracy of intellectual property rights. In addition, to make this monitoring meaningful, the legislation expresses the sense of the Congress that the President should replace the current Memorandum of Understanding on Prison Labor between the U.S. and the PRC with one providing for stricter monitoring. Under the current MOU, Communist China largely determines what prison labor camps international monitors visit. The legislation will call upon the President to negotiate a tightening of the monitoring regime.

3. Improving Radio Free Asia. Radio Free Asia/Voice of America broadcasting to China is a desperately needed and cost effective way to promote basic Chinese freedoms and promote better United States-China relations. Currently, Radio Free Asia's Chinese broadcasts are only 5 hours a day in the Mandarin dialect and 2 hours a day in Tibetan, while VOA broadcasts 10 hours a day in Mandarin and 3½ hours in Tibetan.

Chairman SMITH offered an amendment to the Foreign Policy Reform Act authorizing $20 million in increased funds for RFA and $10 million for VOA, as well as $10 million for the Broadcasting Board of Governors to complete construction of a transmitter on Tinian Island. The amendment passed on a voice vote. H.R. 2232 provides a more significant authorization in a stand-alone bill. The added resources will accommodate 24-hour-a-day broadcasts to China in the major Chinese dialects of Mandarin, Cantonese, and Tibetan, as well as other major dialects such as the dialects spoken in Xinjiang. It further requires the President to report, within 90 days of enactment, on a plan to achieve continuous broadcasting in Asia.

4. Annual Report on PRC Intelligence Activities and Active Measures in the U.S. Increasingly well-known Community Chinese attempts to manipulate the American political process, to direct political, military, and economic espionage against the United States, and to suppress or distort information provided to or about Communist China within the United States require a direct remedy that MFN denial cannot provide.

In 1985, then-Rep Gingrich introduced legislation requiring the State Department to produce classified and unclassified annual reports on Soviet active measures in the United States, legislation repealed at his request in 1993. Pursuant to this law, the State Department, in consultation with the CIA, NSA, DoD, DoJ, Treasury, and other appropriate agencies, provided annual classified and unclassified reports on Soviet active measures in the U.S.

To deal with the must egregious PRC covert operations in the United States, H.R. 2190 requires similar reports by the Director of Central Intelligence concerning Communist Chinese political, military, and economic espionage; intelligence activities designed to gain political influence; efforts to gain direct or indirect influence through commercial or non-commercial intermediaries; and PRC disinformation and press manipulation.

Cutoff of Loans from International Financial Institutions. China has had remarkable access to the world's private capital markets—including the United States capital markets. Despite its extraordinary success at attracting foreign investment, however, Communist China still benefits from soft loans from the World Bank's poverty fund, the International Development Association, on the premise that it is a developing nation. The PRC also receives subsidized capital through the IMF and the Asian Development Bank.

Chairman SOLOMON introduced legislation in the 104th Congress to address this inequitable situation. Because Congress cannot direct the votes of U.S. representatives in international organizations, the legislation urged, though it did not direct, the President to instruct U.S. representatives to vote against loans for the PRC in these international financial institutions.

Subsidies from U.S. taxpayers are unlike the extension of MFN—free trade, after all, abhors subsidies. Accordingly, H.R. 21966 cuts United States contributions to international financial institutions by the amount constituting the American share of the subsidies given to Communist China.

6. Theater Missile Defense Sales to Taiwan. In both 1995 and 1996, the PLA blockaded Taiwan's two largest ports by missile "tests," which also interfered with United States commercial shipping and aviation. The United States was forced to respond by sending two carrier battle groups to the Taiwan Strait during the crisis.

Sale of theater missile defense components to Taiwan is directly responsive to these threats. Because such systems are purely defensive. they pose no threat to any nation in the region, and by nature will only contribute to stability in the region. As defensive weapons, their sale is consistent with the Taiwan Relations Act, And, because such weapons would be purchased from the United States, no U.S. foreign aid is required for the transfer.

The bill to be introduced shortly requires the administration to develop plans for missile defense systems capable of defending the territory of Taiwan as soon as reasonably possible, and calls on the President to approve their sale to Taiwan.

7. Accession of Taiwan to the WTP Prior to Communist China. WTO working groups are currently negotiating with Taiwan and the PRC over their respective bids for accession to the WTO Taiwan is applying for membership in the WTO as a special customs region, a status that does not connote nationhood. Hong Kong, for example, will retain its separate WTO membership as a special customs region following the July 1, 1997 handover.

Taiwan, our eighth largest trading partner, is currently far closer than the PRC to concluding an accession agreement. The PRC still has a long way to go to meet the free market norms of the WTO. Some 100,000 state-owned enterprises are currently operating in the PRC, accounting for over a third of Communist China's total industrial production, and employing two-thirds of the urban work force.

Unlike the PRC, Taiwan does not seek accession as a developing country, a status that would permit it to delay revocation of a variety of unfair trading practices. Yet the PRC, and its proxies on the Taiwan-WTO working group, insist that Taiwan's accession be linked for political reasons to that of the PRC.

A provision of the Foreign Relations Authorization Act authored by Representative ROHRABACHER, and supported by the Clinton administration and Representative HAMILTON, states that the United States should support Taiwan's application for WTO membership. It passed the House on June 4, 1997. Representative GEPHARDT has introduced more aggressive language, constitutionally suspect, that attempts to require the United States to oppose the PRC's accession to the WTO in the absence of a variety of policy changes. Because the Constitution gives the President, not Congress, the authority to direct the votes and negotiating posture of U.S. representatives in international forums, this vehicle is flawed.

House Concurrent Resolution 190 strengthens the Foreign Relations Authorization Act provision concerning Taiwan's admission to the WTO, but avoids the constitutional problems of the Gephardt approach. It states

Congress's support for Taiwan's WTO application and urges that Taiwan be admitted ahead of Communist China, which is not ready for WTO accession.

8. Fighting Missile Proliferation. The Gore-McCain Iran-Iraq Arms Non-Proliferation Act of 1992 requires the President to sanction nations that transfer "destabilizing numbers and types" of advanced conventional weapons to these outlaw nations. Yet when the China National Precision Machinery Import-Export Corporation transferred 60 C–802 cruise missiles to Iran, the administration declined to apply the act's sanctions—despite the fact that 15,000 U.S. troops are stationed within range of the C–802 missiles acquired by Iran, and the fact that the State Department itself has found that "[t]hese cruise missiles pose new, direct threats to deployed United States forces." Indeed, 37 American sailors were killed during Operation Desert Storm when the *U.S.S. Stark* was struck by a cruise missile in the Persian Gulf. And on June 17 it was further reported that Iran and China are jointly developing a new short-range ballistic missile with a 105-mile range.

H.R. 188 expressly finds that the delivery of the C–802 missiles violated the 1992 act, and urges the Administration to obey the law.

9. Free the Clergy Act. International Relations Committee Chairman GILMAN introduced H.R. 967 on March 6, 1997. The bill's findings outline the religious persecution perpetrated by the Communist Chinese against Tibetan Buddhists, Catholic, and other Christian clergy and worshippers. H.R. 967 states it as congressional policy that religious freedom should be a major facet of the President's policy toward China. H.R. 967 prohibits (1) issuance of visas and (2) the use of American funds appropriated for the Department of State, USIA, or AID to pay for the travel of Communist Chinese officials involved in the Patriotic—government-approved churches—in the PRC, or in the formulation or implementation of policies to repress free worship.

10. Opposing Forced Abortion in China. The abhorrent pattern of forced abortion and sterilization countenanced under the state-imposed "one-child policy" is a grisly phenomenon with implications both for religious liberty and for basic human rights. The China policy bill recently introduced by Senator ABRAHAM provides that United States visas shall not be issued to Chinese officials implementing this form of "population control." The bill to be introduced contains this prohibition as a stand-alone piece of legislation.

11. Helping Chinese Political Prisoners in the Laogai. Dissidents—not only well-known individuals such as Wei Jingsheng and Wang Dan, but literally hundreds of thousands of others—are imprisoned without trial or even formal charges. Wei himself has recently been sentenced to a second 14 years, without any semblance of due process. That glaring injustice led two former U.S. Attorneys General to offer to defend him at his December 1995 show trial—an offer Beijing forbade.

The bill expresses America's contempt for this aspect of China's current autocratic rule. The bill authorizes increased funding to permit six diplomats to monitor human rights to be assigned to the Beijing Embassy, and at least one diplomat dedicated to monitoring human rights to be assigned to each U.S. Consulate in China. Currently, only one official in the U.S. Embassy in Beijing is assigned to human rights, and none in U.S. Consulates in the PRC.

12. Encouraging China to Engage in Good-Faith Trade Negotiations. The Chinese Government has thus far failed to propose the kinds of meaningful reductions in trade barriers necessary for it to enter the World Trade Organization. H.R. 1712, introduced by Representatives Bereuter and Ewing, combines a carrot and a stick to motivate China to make the necessary concessions to enter the WTO. The bill requires the President to impose "snapback"—pre-Uruguay Round—tariffs on selected Chinese goods if he determines that the PRC is not "according adequate trade benefits to the United States, including substantially equal competitive opportunities for the commerce of the United States," and "taking adequate steps or making significant proposals to become a WTO member." In addition, bill provides permanent MFN status for Chinese goods if China accedes to the WTO.

On July 31, 1997, I signed a letter to President Bill Clinton responding to reported plans for the White House to certify the 1985 Nuclear Cooperation Agreement between the U.S. and China. The action is anticipated for the fall of 1997.

According to the Atomic Energy Act of 1954, the United States must have a bilateral agreement for nuclear cooperation with any country it seeks to provide with the technologies, materials and services required to build nuclear powerplants or other nuclear facilities. In 1985, such an agreement was negotiated with China.

But before it is implemented, the President must certify to Congress that China has become a reliable and responsible party to the international nonproliferation regime by halting all exports of nuclear technology to nations with unsafeguarded nuclear facilities. No President has thus far been able to certify this for China.

In fact, in February, 1996, it was reported that China had sold 5,000 ring magnets to Pakistan for use in Pakistan's uranium enrichment facility. In the 1980's China secretly constructed a nuclear reactor in Algeria capable of producing nuclear weapons. China finally confessed to the project when confronted with aerial photographs in 1991.

I mention all of these examples of initiatives I am pursuing in Washington because I believe the people of China need a strong partnership with the United States. Without question the United States will profit greatly from such an association and our humanitarian objectives could also be achieved. The only thing standing in the way has been the Chinese Government.

Obviously, the MFN question is one upon which I devoted considerable time. In the end, after evaluating these and other factors I came to the conclusion that the vote to revoke MFN for China was, without question, in the best interest of Colorado's Fourth Congressional District, and the United States. I will continue to do all I can in my official capacity to see the relationship between China and the United States improved, and the prosperity of our citizens enhanced by it.

PATHWAYS TO FREEDOM BUS TRAGEDY

HON. JOHN CONYERS, JR.

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Friday, August 1, 1997

Mr. CONYERS. Mr. Speaker, I would like to take a moment to comment on the recent tragedy in Emporia, VA, on July 29, 1997. A bus carrying students and chaperones with the Pathways to Freedom program crashed, leaving one person dead and two seriously injured.

Pathways to Freedom is a program started through the Rosa and Raymond Parks Institute for Self Development which helps young people learn the values of those who risked their lives for freedom during the Underground Railroad and civil rights movements. The students and chaperones came from all over the United States and the Bahamas to learn where we have been in order to know where we are going. In the words of Lila Cabbil, past president for Institute, those on the bus were not on a field trip, but on one leg of a lifelong journey.

Adisa Foluke, 25, was the sole life lost in this tragic accident. He was extremely dedicated to the Pathways to Freedom program. In the words of Adisa's mother, "He embodied the spirit of the movement. He connected with the children in an exceptional way, and was committed to carrying on Mrs. Parks' legacy."

On a personal note, Adisa regularly stopped by my office, during which time we had many conversations concerning the program and other civic projects in the Detroit area. It was an inspiration to me to see the next generation taking a leadership role in educating others on the importance of remembering the struggle for civil rights.

Pathways to Freedom has made a special effort to ensure that the program will continue its outstanding work of educating young people on American civil rights history. The children want to continue, as they have been inspired by Mrs. Parks, from whom they learn to live their lives differently because of struggle, instead of stopping their lives in the face of adversity.

NASA LEWIS RESEARCH CENTER: PART 4

HON. DENNIS J. KUCINICH

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 31, 1997

Mr. KUCINICH. Mr. Speaker, I rise today to make note for the RECORD of the future of the National Aeronautics and Space Administration's [NASA's] Lewis Research Center [Lewis].

Throughout the 1990's, Lewis, along with many other NASA field centers suffered due to downsizing and budget cutbacks. However, the future appears to be full of promise.

In NASA's most recent strategic plan, published in February 1996, the overall agency mission provides for near-, mid-, and long-term goals. Within these time parameters there are various missions which will be carried out. Comparing Lewis' current roles and missions, they could feasibly be involved in all of the missions in each of the time periods. Contributing to such things as research on the international space station, developing technologies that will enable human missions beyond Earth orbit and advancing the implementation of routine, affordable space travel are just some of the programs in which Lewis has the relevant expertise.

As the Center of Excellence in Turbomachinery and NASA's No. 1 aeropropulsion research facility, Lewis is set to play an important role in all of NASA's future planned missions through the year 2025. This unique expertise would be difficult to find elsewhere and NASA would not be able to meet its goals without Lewis.

The backing of both Congress and the White House in NASA is evident from the fiscal year 1998 budget recommendation. In turn, NASA's faith in Lewis is seen from the fact that their 1998 funding level is likely to be increased by $50 million. As long as the Nation continues to benefit from the important work that NASA conducts, they will receive the necessary funding, their near-, mid-, and long-term goals will be met and Lewis' position as an important and central component to this success will be secured.

I recommend the following report, which has been prepared by the Congressional Research Service, commenting on the promising future of Lewis Research Center.

NASA LEWIS RESEARCH CENTER—PART 4

THE FUTURE OF LEWIS

When the potential for closing NASA centers is discussed within the space community, some mention Lewis as a center likely to be closed. The reductions at Lewis over the past four years may have furthered the impression that the center is a candidate for closure. One way of gauging the potential for closing LeRC is by comparing NASA's future plans with the current roles and missions of Lewis. If future NASA plans require the resources and facilities of Lewis, that lessens the likelihood that LeRC will close. The following two sections look at how Lewis' roles and missions compare with NASA's current strategic plan. The first section looks at NASA's overall goals and whether Lewis would be involved with fulfilling those goals, and the second section compares Lewis' main role in aeropropulsion and turbomachinery with the strategic plan.

NASA'S STRATEGIC PLAN—OVERALL AGENCY GOALS

NASA's future plans are portrayed in its strategic plan, the most recent of which was published in February 1996. The plan provides the overall agency mission and defines the near-, mid-, and long-term goals that NASA wants to achieve over the next 25 years and beyond. NASA has determined that it has 3 mission areas: To advance and communicate scientific knowledge and understanding of Earth, the solar system, and the universe and use the environment of space for research; to explore, use, and enable the development of space for human enterprise; and to research, develop, verify, and transfer advanced aeronautics, space, and related technologies.

Each of these mission areas has 3 main goals for the near-, the mid-, and the long-term periods for a total of 9 main goals per period. In comparing Lewis' current roles and missions, the center could contribute to at least one goal over each time period in each of the 3 missions. The following lists the goals in which Lewis could have a role.

Near-term Goals (1997–2002)

Explore nature's processes in space; assemble and conduct research on the International Space Station and enable a long-term U.S. presence in space; develop new technologies and processes to enhance research and make space programs more affordable; and develop affordable technologies for U.S. leadership in the aviation growth markets of the 21st century.

Mid-term Goals (2003–2009)

Expand long-duration research to understand nature's processes in space; live and work in space to develop and demonstrate critical capabilities and systems to prepare for expanded human exploration; lead the activities of industry, DOD, and others to develop advanced technologies that will enable human missions beyond Earth orbit; dramatically improve aeronautics and space system design cycles, technologies and applications to enhance research and foster new products and industries; and apply knowledge gained from space-based experimentation to ground-based research, development, and manufacturing.

Long-term Goals (2010–2025 and beyond)

Expand our understanding and use of nature's processes in space; achieve affordable, routine space travel to enable research and human enterprise; enable advances to aeronautics and space systems to support "highways in the sky," "smart aircraft," and revolutionary space endeavors; and support the maturation of established aerospace industries and the development of new high-tech industries such as space-based commerce.

At this level of analysis, it appears that Lewis could have a significant role in achieving the agency's goals over the next 25 years and beyond. As the Center of Excellence in turbomachinery, Lewis is attempting to position itself as a world-class center whose expertise and facilities are not matched by any other U.S. facilities. As such, the closure of Lewis would appear to inhibit the agency's ability to achieve the goals that have been set forth.

AEROPROPULSION AND TURBOMACHINERY AND THE STRATEGIC PLAN

A more detailed analysis of Lewis' future can be achieved by examining how the center's main mission as the Lead Center for Aeropropulsion and the Center of Excellence for Turbomachinery coincides with the agency's strategic plan. This main mission of Lewis maintains a FTE level of approximately 970, representing almost half of the total Lewis FTE level. The future of Lewis is more closely tied to this mission area than any other Lewis mission.

NASA has divided the work it undertakes in its strategic plan into 4 main areas which are known as "enterprises." Each center undertakes activities in one or more enterprises, but each is associated with one primary enterprise. Lewis is associated with the Aeronautics and Space Transportation Technology Enterprise.

This enterprise divides its strategic plan goals into three areas known as "pillars": Global Civil Aviation, Revoluntary Technology Leaps, and Access to Space. The future plans of these three areas are stated in 10 goals. Lewis could have significant involvement in 7 of these 10 goals. A listing of the 7 goals that could involve Lewis participation follows. With each goal, a brief description of how Lewis could be involved is included.

Reduce the emissions of future aircraft by a factor of three within ten years, and by a factor of five within 20 years. This is a goal related to aeropropulsion. It involves the pursuit of engine technologies that lead to cleaner-burning and higher-efficiency engines.

Reduce the perceived noise levels of future aircraft by a factor of two from today's subsonic aircraft within 10 years, and by a factor of four within 20 years. This goal includes the development of engine configurations that would reduce engine noise.

Reduce the cost of air travel by 25% within 10 years, and by 50% within 20 years. Research efforts to meet this goal will include the development of new design techniques and concepts to advance today's state-of-the-art for engines.

Reduce the travel time to the Far East and Europe by 50% within 20 years, and do so at today's subsonic ticket prices. This goal includes the development of technologies for supersonic engines that are cleaner and quieter than today's subsonic engines.

Invigorate the general aviation industry, with U.S. industry delivering 10,000 aircraft annually within 10 years, and 20,000 aircraft annually within 20 years. This goal includes the development of general aviation aircraft engines that are ultra-reliable, maintainable, and affordable, and allow for faster flight.

Provide next-generation design tools and experimental aircraft to increase design confidence, and cut the development cycle time for aircraft in half. This goal includes the testing of air-breathing engines and engine design concepts on experimental aircraft.

Reduce the payload cost to low-Earth orbit by an additional order of magnitude, from $1000s to $100s per pound, by 2020. This goal includes the development of air-breathing propulsion for use in space launch vehicles. Aeronautical air-breathing engine concepts will be applied to space launch vehicles.

One could argue that Lewis' expertise in aeropropulsion and turbomachinery and its unique facilities allow the center to have a significant role in fulfilling the strategic goals of the Aeronautics and Space Transportation Technology enterprise over at least the next 25 years. The expertise could be portable, but the unique facilities would be difficult to replicate elsewhere, making it difficult to achieve the strategic goals without, Lewis.

CONCLUSION

During the 1990s, NASA Lewis has undergone significant reductions in its budget and FTE levels, and its areas of work responsibility have been reduced. When compared to other NASA centers, Lewis has had the highest percentage reduction in budget of all NASA centers; has had the second highest FTE percentage reduction; and has a total planned FTE percentage reduction through FY2000 that is surpassed by KSC and MSFC.

During discussion in the space community, Lewis often makes the list of potential NASA centers that could be closed in the future. The reductions at Lewis over the past four years may have furthered the impression that the center is a candidate for closure. Based on the current strategic plan, however, the near-term closure of Lewis appears unlikely. Recent statements of NASA Administrator Dan Goldin support that supposition. In an April 24, 1997 hearing before the Senate Subcommittee on Science, Technology and Space, Mr. Goldin was asked if the agency had any future plans for the closure of some of its centers. He responded that NASA's future requires all of its centers and that there were no plans for closing any centers. He did assert that his response was predicated on the assumption that NASA's outyear budget plans would be met.

That caveat is important to note. NASA's strategic plan assumes that the agency will have stable budgets over the next few years. If NASA were to undergo significant reductions in its budget, the possibility of center closures might become more likely. The future of Lewis would then be tied to what priority the nation gives to NASA's Aeronautics and Space Transportation Technology enterprise versus the other three NASA enterprises. If budget constraints precipitated the decision to reduce or eliminate NASA's aeronautics mission, the future of Lewis would be in doubt. However, such a scenario appears unlikely in the near-term.

IN HONOR OF DEPUTY SHERIFF JIMMIE HENRY

HON. JANE HARMAN

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Friday, August 1, 1997

Ms. HARMAN. Mr. Speaker, I rise today to honor the late Deputy Jimmie Henry of the Los Angeles County Sheriff's Department. On August 4, 1997, the city of Avalon, CA, which is in my congressional district, will be holding a memorial ceremony honoring Deputy Henry who died in the line of duty. The California Peace Officer's Association will present a medal of valor to his wife, Sue, and their only son, David J. Henry.

In 1984, Deputy Jimmie Henry was assigned to police the unincorporated area of Santa Catalina Island when a U.S. Navy jet crashed in a remote part of the island. At the request of the Navy, Sheriff's Department personnel were immediately dispatched to the scene of the disaster to check for survivors and to secure the area until Navy investigators could respond and assume control of the investigation. Deputy Henry was assigned to check the wreckage for survivors at the bottom of a canyon, and sadly to say, there were none.

During Deputy Henry's investigation, he was exposed to toxic chemicals that were leaking from the aircraft. It was only when Navy personnel arrived the next day and approached the wreckage that there was any indication of the seriousness of his exposure to unknown substances.

Deputy Henry's state of health steadily declined following the accident, and on May 12, 1995, Deputy Henry died of his injuries heroically sustained in the line of duty.

I proudly join Mayor Pro Tem Tim Winslow, the city of Avalon, and Sheriff Sherman Block in honoring the memory of this courageous fallen hero, and I offer my gratitude and support to his wife, Sue, and their son, David, on the occasion of this important memorial ceremony.

A TRIBUTE TO PAMELA SACKETT

HON. GERALD B.H. SOLOMON

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Friday, August 1, 1997

Mr. SOLOMON. Mr. Speaker, I would like to take this opportunity to pay tribute to a great woman and a selfless advocator of children's welfare, Pamela Sackett, who has served as the executive director of the Task Force for Child Protection since 1985. Pamela Sackett will be recognized for her many accomplishments at a retirement dinner on Tuesday, August 12, 1997, in Poughkeepsie, NY, of my congressional district.

Mr. Speaker, Ms. Sackett received her education in New York State first at Marist College in Poughkeepsie, NY, and later at Fordham University located in the Bronx, NY. Soon after her graduation from Fordham University where she received her masters of social work, Pamela began working as the coordinator of community services for the Task Force for Child Protection. Holding this post from 1981 to 1984, Pamela developed her skills as a social worker and a community leader. Indeed, Pamela recognized the truth in the old cliche that our children are our future. Throughout her career Ms. Sackett has worked with the one noble goal of helping others. Prior to her tenure as executive director, Pamela continually took on ever more duties. She was simply glad to do her part for our Nation's youth. Among her varied responsibilities during these years she gave of her time as a crisis counselor, a board member, and a supervising social worker. While many would be satisfied with this list of accolades Ms. Sackett continued to give of herself.

Mr. Speaker, her unflagging efforts for the welfare of children is what makes Pamela Sackett so special to those she has helped over the years. While the task force was under her supervision many programs were developed with the one aim of children's welfare. In 1987 the task force began the KIDS program which supervised visits for families involved in family court. Among her other achievements, too numerous to list here, the task force opened the first child advocacy center in New York State. That's why I have always admired people like Pamela Sackett who offer their services to those in need, especially to those that society tends to forget. This type of service does not involve much wealth or acclaim. But it often helps those forgotten children.

Actions like these are what make Pamela an asset to the Salt Point community of upstate New York, where she now resides. We would do well to emulate her brand of caring service for children. On that note, Mr. Speaker, I ask that you and all Members of the House rise and join me in this tribute to Pamela Sackett.

TRIBUTE TO DR. JAMES H. HARGETT

HON. BOB FILNER

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Friday, August 1, 1997

Mr. FILNER. Mr. Speaker, and colleagues, I rise today to pay tribute to Rev. James H. Hargett, who is retiring after 42 years in the ministry, the last 10 years as Pastor of the Christian Fellowship Congregational United Church of Christ.

Dr. Hargett, as he is known by his parishioners, friends and colleagues alike, always makes it a point to blend African-American history with theology. In his sermons or during his numerous public speaking engagements, Dr. Hargett will always discuss the present conditions of African-Americans in the context of the history of almost 250 years of slavery.

"A son of the South", Dr. Hargett was born in Greensboro, North Carolina 67 years ago. He grew up to march with Dr. Martin Luther King Jr., and participated in numerous civil rights demonstrations and causes. "It was at this time," noted Dr. Hargett, "that I got the chance to witness the system of separate but equal from a close up point of view."

He recognized that a system based on segregation and bigotry would weaken our society. From that moment on, Dr. Hargett dedicated his life to fighting prejudice and injustice wherever it exists.

Dr. Hargett married Louilyn Funderburke Hargett. Together, they have three adult children and five grandchildren. Since graduating from North Carolina A&T and the Yale Divinity School in the Mid-1950's, Dr. Hargett had ministries in Hawaii, North Carolina, Los Angeles, New York, and New Jersey before moving to San Diego a decade ago.

He was active in the effort against Proposition 209, the anti-affirmative action initiative that was approved by California voters in 1996. He still believes that through strong leadership and organization, equal opportunity will continue to be the cornerstone of this democracy.

Dr. Hargett has been a man of vision and dedication. He has been a minister and a teacher—a conscience for us all.

Mr. Speaker, I hope that all of my colleagues will join me in paying tribute to Dr. James H. Hargett on this special occasion.

TRIBUTE TO ALBERT SCHERZ

HON. BOB SCHAFFER

OF COLORADO

IN THE HOUSE OF REPRESENTATIVES

Friday, August 1, 1997

Mr. BOB SCHAFFER of Colorado. Mr. Speaker, I would like to take this opportunity to tell you about a good friend and fellow Republican who was recently taken from us and sent to the Lord. I speak of Albert David Scherz of Loveland, CO. David was born November 24, 1932, in Timpson, TX, and passed away on July 19, 1997. His son, David wrote a eulogy in commemoration of his father that best expresses the kind of person he was, and I would like to submit it for the RECORD.

> My father and I used to joke about who video taping the service for our own funerals. And when we meet again, I'll have to chastise him for his procrastination. However, I really don't believe Dad would have been very good at eulogizing himself, he even asked that there be no long eulogy. In his own words, "Tell 'em I was a man who loved God, His Word, His Son Jesus Christ, and his fellow man. Never wanted to hurt anyone in any way. Knew to be a better person than I was, but the body and soul man was weak. But the Spirit of Christ cannot sin and it was strong within me."
>
> He was one of a few people I've known who was unafraid of death, and lived his knowing that the Father would provide. Dad taught me what it was to experience the presence of God, daily. He always seemed to be aware that Father was watching over him. I always thought that everyone had a father like my

dad, but as I grow older I realize how very special he was. I also realize how difficult it will be to follow in his footsteps.

During the last seven years of Dad's life, he became a natural minister of God's love and salvation. He grew strong in the power or prayer and was both a worker and receiver of miracles. Dad watched diligently for the return of our Lord Jesus and never gave up hope that he "wouldn't have to go on the first load." The night of Dad's death, an officer asked the people present in the living room if Dad attended a local church. One of Dad's neighbors replied, "he was the church, he ministered to everyone here."

"Dad" will be remembered for his generosity, kindness, and the love he had for his Lord Jesus. His treasures were never "laid up" in the world's financial markets, but he was a major investor in people's lives. Dad's emphasis on "things eternal" will continue to reap dividends of love and compassion from both God and man.

Albert David Scherz of Loveland, Colorado, went to sleep in his favorite green recliner Saturday evening, July 19, and is now awaiting the return of Christ. He died on his terms; one eye on the sky and his glasses in his hand. We have inherited his legacy of hope and love.

Mr. Speaker, I thank you for giving me the opportunity to share the sentiments of David Scherz's son. David Scherz was a good man and contributed to this world in a spiritual manner that will be hard to replace. America is a better place because of men like David Scherz.

HAITI'S ELECTIONS

HON. JOHN CONYERS, JR.

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Friday, August 1, 1997

Mr. CONYERS. Mr. Speaker, just three days before the scheduled Sunday, June 15, Haitian run-off election, officials announced that the second round vote would be called off once again. Haiti's electorate was prepared to vote for seven of the twenty-seven Senate seats and one Deputy seat. The outcome of these elections would play an important role in determining the country's future political and economic direction and could have been detrimental to the U.S.-backed austerity program on which President Rene Preval and former Prime Minister Rosny Smarth have staked their reputations. The following research memorandum, authored by Karen L. Bucknell, Research Associate for the Council on Hemispheric Affairs, addresses the economic and political problems that persist in Haiti and demonstrates the need for leaders to take the country off the proverbial Capital Hill back burner and place it on the forefront of foreign policy makers' agendas:

PERSISTING POLITICAL PROBLEMS

Aristide's incredible popularity among his countrymen makes any election inevitably one-sided in favor of his new political vehicle, the Famni Lavalas movement. There were accusations by the opposition that the results of the April 6 elections had been manipulated by the alleged pro-Aristide Provisional Electoral Council (CEP). The elections were further tarnished by a turnout of only 5% of the eligible voters, a huge defeat for the island's democratization prospects.

The tension created by such insinuations of tampering delegitimized the approaching vote to the point that its cancellation was imminent. The White House and the international community have since warned that they would have difficulty acknowledging the results of any Haitian elections until Aristide's old mass base, the Lavalas Political Organization (OPL) which now backs President Preval, agrees not to boycott the election. Compounding political problems, on June 9 Rosny Smarth resigned from his post as prime minister. Now the president and parliamentary leaders in the upper and lower houses must agree on a candidate who can fill the vacant office. A new election date will not be set until the OPL agrees to enter the race and the government chooses its nominee.

Although Smarth abdicated all authority upon his resignation, he has agreed to remain at his post until a new prime minister is appointed. His presence at the June 18 meeting on social and economic issues, including Preval, departmental delegates and mayors of towns, was a positive sign of his commitment to play a constructive role. Some observers fell that by merely remaining as a holdover in his position, he is reducing the built-in tension created by the canceled vote.

PREVAL, STUCK BETWEEN A ROCK AND A HARD SPOT

Postponing the run-off was also a blow to Preval, who had little to gain and much to lose from this development, as well as from the resignation of Smarth. Preval's increasingly deep rivalry with his old mentor Aristide (concerning the modernization plans) was inevitable, given the latter's direct hold on the population. Preval lacks a personal following and, together with his willingness to adopt hugely unpopular neoliberal reforms at the behest of Washington and the lending agencies, could fatally jeopardize his ability to lead the country through the difficulties of modernization. By giving in to international business interests, Preval risks giving the appearance that things are beyond his control. The State Department issued a statement shortly after Smarth resigned which was meant to absolve Preval of some of the blame for the problems he has encountered while governing. It said, "We think President Preval ought to be given the opportunity and the political space to govern. It is very difficult to succeed someone as popular as Aristide."

There are groups in Haiti that have accused UN and U.S. personnel and organizations still in the country of fomenting the political rifts that have arisen. Jodel Chablain, a top leader for the Front for the Advancement and Progress for Haiti (FRAPH), a notorious organization once led by the ill-reputed Emmanuel Constant, explained to Radio Metropole, "Foreign management . . . is what is causing division in the country."

QUESTIONABLE PRACTICES IN CONTROVERSIAL APRIL 6 ELECTIONS

Haiti is experiencing a dramatic reversal of citizen involvement in its public life, in contrast to the overwhelming 1990 turnout at the polls when Aristide won two-thirds of the vote. A disenchanted electorate no longer believes that elections or candidates can meaningfully improve their lives. As has been noted, only 5 percent of eligible citizens cast their ballots on April 6. Former Senator Jean-Robert Martinez claimed that this low showing indicated that the people "blame their misery on the vote . . . and that's extremely dangerous for democracy."

With 70% unemployment, Haiti is the poorest country in the Western hemisphere, with upwards of 65% of its urban population and 80% of its rural population living in absolute poverty. If only for symbolic reasons, the vast majority of the country's population strongly opposes the Preval government's privatization plan, which is aggressively being pushed by Washington as a precondition for economic assistance. This has become the dividing issue between the president and Aristide which led the latter to launch his new anti-government faction, the Famni Lavalas Party. "It is impossible to support a program that does not correspond with the people's needs," said Deputy Joseph Jasmine, alluding to the widely held belief that the industries scheduled to be privatized are part of the nation's patrimony. If put on the block, it is feared that these properties—looted over the years by a string of dictators ending with military junta leader General Raúl Cedras—will be pounced upon by the nation's tiny and self-absorbed economic elite which already dominate the country's finances and commerce.

Preval's austerity program involves the partial privatization of nine major state sectors, the lowering of import tariffs and the shrinking of the public sector work force. It was implemented on the condition that the major multilateral agencies and foreign donors would continue to provide international development funds for Haiti. According to the World Bank, since the U.S. ouster of the military junta in 1994, the island state has been allocated more than $2 billion in loans from such sources as the IDB, USAID and the EU. An update issued by the Washington Office on Haiti explained that Smarth recently indicated that the international community finances nearly 100 percent of Haiti's development budget.

THE ABORTED JUNE 15 RUN-OFF ELECTIONS

The cancellation of the June 15 run-offs came as a complete surprise to most international monitoring groups. The general integrity of the April balloting was upheld even though there were some infractions; however, these were neither systemic nor sufficient to invalidate the vote. There were even some guardedly optimistic predictions that the voter turnout on June 15 would increase significantly from the earlier shockingly low showing, if due to nothing else than Smarth's resignation and the belief that the government would now be more responsive to the people's sentiments. Given Aristide's overwhelming backing by the populace, the opposition has been using the threat of a boycott since 1995 as one of the few arrows in its quiver for extracting political concessions from the governing process. Yet all the political players are well aware that a boycott could do great damage to Haiti's image abroad, particularly among international donors who fund the island's recovery.

Given his grip over the masses, if Aristide's Famni Lavalas Party gains control of the Senate, his prospects of winning the presidential election in 2000 are all but certain. Hope continues to stir among impoverished Haitians for Aristide's return to office, despite the economic stagnation which characterized his previous term. Hesitant that Aristide's 1990 platform was too radical and unstable, the Clinton Administration insisted that he be little more than a figurehead president. His opposition to the Preval/Smarth-supported austerity programs gives the public optimism for the future. But a legislature controlled by Aristide's party will likely have a negative impact on foreign investment and donations. In a country like Haiti, which lacks the basic infrastructure and natural resources needed to build upon, a drop in investment could have a devastating effect on the future of its economy.

SELF-DETERMINATION OVER MODERNIZATION?

The postponed legislative elections are a crucial element in helping to determine the country's future. Right now Congress is split between supporters of Preval's modernization plan and those who rally behind Aristide and his anti-austerity campaign. The pro-Preval OPL currently controls the Senate. By a narrow vote it succeeded in obtaining that body's approval to begin privatizing many of the state-run industries. There are nine of these privatization programs underway, including the electric and telephone companies.

In the first round of elections, voters demonstrated their abiding trust in former President Aristide. Aside from being huge, it is impossible to know exactly what percentage of the population rallies behind him today, due to the minute voter showing at the polls and the accusations of fraud. With the seven seats in the Senate, Aristide's Famni Lavalas, party almost certainly would have won most of the positions being contested, drowning the OPL. This scenario does not seem all that unlikely given the fact that Preval and other OPL leaders have had enormous difficulties gathering significant domestic support for their internationally-backed austerity plans. According to a speech Aristide gave shortly after Smarth's resignation, "It is a game of organizing their own business rules which are good for those that have more and bad for those who have less." Such sentiments are widely held by the Haitian population.

What makes for this extreme variation of opinion on the island? Once again it goes back to the haves and have-nots. The initial stages of the reforms inevitably will bring job cuts as private management seeks to achieve efficiency through heightened productivity. Most of these state-run industries are notorious for their inefficiency. But in a country experiencing astronomically high unemployment, such job cuts will eliminate the sole source of income for many families. It affords scarce solace to individuals who must live their lives worrying about their short-run needs (such as how they are going to get their next meal) to endure crushing hardships for the distant possibility of long-run benefits. They ask, what good are such prospects if people cannot survive the suffering that they are forced to presently endure?

If indeed Aristide does gain a majority in any future election he may contest—namely the presidential race of 2000—it is assumed that he will respond to mass public opinion by putting an end to or reform at least some of the privatization programs. However, the United States and other international donors have threatened to pull the plug on development funding if the austerity plan is abandoned, and without such funds Haiti is doomed to sink down to an even starker level of poverty.

U.S. ROLE IN HAITI

The majority of development funds received by Haiti come from the U.S. In practice, this should endow the U.S. government with a significant influence over Haitian economic and political developments. The basic inconsistency of the Clinton Administration's policy towards Haiti lies in the fact that global democratization is a putative priority for the United States, yet leaders continue to press the island to structure its economy in accordance with Washington's neo-liberal prescriptions, thereby denying the Haitian public (when it comes to privatization) the right to self-determination, the most fundamental component of a fully functioning democracy.

Although Washington was the driving force behind Aristide's brief return to the presidency in 1994, his empowerment was not permitted. Due to U.S. involvement, what was happening in Port-au-Prince did little more then legitimize a process that would depoliticize the island, transforming it into a paragon of the market reforms Washington insists should guild that nation's economic development.

NASA LEWIS RESEARCH CENTER: PART 3

HON. DENNIS J. KUCINICH

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Friday, August 1, 1997

Mr. KUCINICH. Mr. Speaker, I rise today to add further comment to the status and future of Lewis Research Center [LEWIS]. The following represents the third installment of a special report conducted by the Congressional Research Service and deals with changes at Lewis during the 1990's.

NASA Lewis faces an optimistic future. The center has weathered some challenging times recently, and has emerged even stronger. Faced with limited budget allocations, Lewis has managed to achieve more with less and through careful budgeting have prospered in many areas. They have been designated as the No. 1 center for aeropropulsion and as center of excellence in turbomachinery. Lewis' other missions include aeronautics research, on-board space applications, and commercial communications.

In addition to this, Lewis is also a contributor to many NASA-wide programs. In the past they have conducted microgravity research for the U.S. space shuttle. Currently, they are developing further microgravity technology for the international space station. They have contributed to the Mission to Planet Earth Program whose focus includes such things as analyzing ozone depletion and detecting and understanding the consequences and causes of destructive natural phenomena. Lewis also had a hand in the Mars Pathfinder mission which landed on Mars on July 4, 1997, in order to conduct mobile geological studies.

Although Lewis has been affected by past NASA budget limitations, they are currently contributing to the most exciting and dynamic of NASA's missions. They have and are continuing to provide for the future, useful, accessible, and informative research material on a wide array of science-based activities. Their importance to NASA and to the Nation is evident from the fact that their funding for 1998 has been recommended as $671 million, $50 million higher than that received in 1997.

The third installment of a report by the Congressional Research Center outlines the challenges that NASA Lewis has met and conquered:

NASA LEWIS RESEARCH CENTER

THE 1990S—CHANGES AT LEWIS

Budget constraints as NASA have led to an examination of the agency's management structure, facilities, and center roles and missions. NASA Administrator Dan Goldin has attempted to meet budget reductions through an agency-wide restructuring that is based on consolidating work at centers, closing of facilities, streamlining of management, privatization and outsourcing of some operational activities, and reducing employee levels. The goal has been to meet reductions without cutting programs. The major effort in this area is known as the Zero Base Review, which was undertaken in 1995.

Lewis (and other NASA centers) has experienced significant changes in its roles and missions as well as its workforce. Several of those changes, such as workforce reductions, are ongoing. Lewis' funding peaked in FY1993 at $1,002.6 million, and its employee level also peaked in FY1993 at 2,823 full-time equivalents (FTEs). For FY1998, the request for Lewis is $671.5 million with an FTE level of 2,085. A discussion of the major changes follows, focusing on the space station redesign in 1993 and the Zero Base Review.

SPACE STATION REDESIGN

In 1993, due to continued cost growth and schedule delays, President Clinton ordered NASA to redesign the space station, which was then known as *Freedom*. As part of the *Freedom* program, Lewis was responsible for managing one of the four main work contract packages—the design, development, and fabrication of the space station power systems.

As part of the redesign, Johnson Space Center (JSC) was given lead center responsibility for the space station. That resulted in a loss to Lewis of 260 FTEs and 400 contractor employees. However, Lewis did maintain an active part in the program. Its support to the space station program includes technical and management support in the areas of power and on-board propulsion components and systems, engineering and analysis, and testing for components and systems. That includes use of LeRC facilities and testbeds and construction of flight hardware as required.

ZERO BASE REVIEW

In 1995, as part of NASA's FY1996 request, the Administration directed NASA to facilities, and management practices. The goal of the review was to meet the future reductions without cutting programs. This review is known as the Zero Base Review (ZBR) and has resulted in a significant restructuring of the agency's management and centers.

The primary recommendations of the ZBR for Lewis follow: Designate Lewis the Lead Center for Aeropropulsion and a Center of Excellence for Turbomachinery; close the rocket engine test facility; retain the Plum Brook facility but only on a fully reimbursable basis; close facilities/structures with a saving of more than $150 million by FY2000; plan to transfer/consolidate research aircraft at Dryden Flight Research Center (DFRC) as well as decommission aircraft whose research mission has ended; adopt performance-based contracting approaches to facilities maintenance reduce its outyear funding requirements by $5 billion over five years. Administrator Goldin directed the agency to undertake an extensive review of all NASA center mission and roles, and operations and other institutional support and technical services contracts, yielding greater than $100 million in savings by FY2000; obtain information resources system services from Ames research Center (ARC) and Marshall Space Flight Center (MSFC), and reduce requirements; resulting in savings of $50 million by FY2000; transfer Atlas-class expendable launch vehicle (ELV) management to Kennedy Space Center (KSC); phase out large chemical propulsion technology development and transfer the responsibility to MSFC; explore creation of an institute(s) to conduct activities of microgravity research, onboard propulsion, and space power; and reduce FTE level to 2,027 by the end of FY2000.

Those recommendations are to be fully implemented by FY2000. Some have already been implemented and others are currently in progress. A brief description of the status of the above recommendations follows:

Lewis is NASA's Center of Excellence for Turbomachinery and the Lead Center for Aeropropulsion.

The rocket engine test facility has been closed and is currently being dismantled. The land that the facility occupied may be transferred to the City of Cleveland which has plans for expanding Hopkins International Airport. All rocket engine testing is being consolidated in Louisiana at Stennis Space Center (SSC) which has been designated the Center of Excellence and Lead Center for rocket propulsion testing.

All testing that is now done at Plum Brook facilities is undertaken on a fully reimbursable basis. All NASA programs, the Department of Defense (DOD), other government agencies, and companies that use Plum Brook reimburse Lewis fully for all testing. NASA plans to keep Plum Brook open unless there are no requirements for testing at its facilities, at which point the facility would be put in a "mothballed" status.

Lewis has closed several facilities/structures that were not required to undertake current or planned work. Current analysis shows that the closures will reach the goal of achieving at least $150 million in savings through FY2000.

The consolidation of aircraft at DFRC is currently on hold. Consolidation of the aircraft became controversial in 1996. NASA's Inspector General's office questioned whether the consolidation would actually save the agency money and whether there would be a negative impact on researchers based at other centers who use the aircraft for their experiments. Congress took an interest in this issue and passed legislative language in the VA-HUD-IA FY1997 Appropriations Act that prohibited NASA from moving aircraft to Dryden if they were stationed east of the Mississippi River. Recently, NASA Headquarters directed Lewis not to renew the lease on its DC-9, which is used for microgravity research. Lewis microgravity researchers will have to use a KC-135 based at Johnson Space Center (JSC) for their airborne experiments.

Like all NASA centers, Lewis is adopting performance-based contracting approaches for its facility maintenance and operations, institutional support, and technical services contracts. Lewis still expects this effort to yield at least $100 million in savings by FY2000.

Lewis is in the process of determining how it will obtain information system services from Ames and Marshall. This effort may not achieve the $50 million in savings by FY2000 that was originally estimated.

Transferring Atlas-class expendable launch vehicle (ELV) management to KSC is planned, but will not occur until 1999. Under current NASA Policy, Lewis is still responsible for the overall management of launch services for intermediate and large ELV services for NASA. The agency decided that Lewis would maintain responsibility for management until all planned launches took place. Only two Lewis managed launches remain—the launch of the Cassini spacecraft aboard a Titan-IV/Centaur scheduled between October and November 1997 and the Atlas launch of Earth Observing System's EOS AM-1 in 1998. At that point, management of Atlas-class launches is to be transferred to KSC, NASA has no future plans for the larger Titan-sized launches. Even if Lewis were to maintain responsibility for Atlas-class launches, there are no near-term plans for launches for such vehicles after EOS-AM-1. NASA is instead focusing on the development of "faster, cheaper, better" spacecraft that require launch vehicles smaller than the Atlas-class.

Major chemical propulsion technology development has been phased out at Lewis. MSFC is now the Center of Excellence for space propulsion. Lewis, however, will retain some expertise in chemical propulsion and undertake research and development in this area as directed by MSFC.

The original concept of institutes involved the conversion of some civil servants to employees of an institute. Because civil servant retirement portability and conflict of interest issues that required legislative changes, the original institute concept was dropped throughout the agency. However on March 13, 1997, NASA created the National Center for Microgravity Research on Fluids and Combustion, located at Case Western Reserve University in Cleveland. The institute is a partnership between NASA Lewis, Case Western Reserve, and the Universities Space Research Association (USRA). Lewis scientists involved with the center will remain civil servants and stay at LeRC sites. There are no current plans to create institutes on space power or onboard propulsion.

After undergoing a FY1997 NASA-wide employee buyout, Lewis has reduced its FTE level as of March 29, 1997, to 2,152. This puts Lewis within 125 FTEs of reaching its FY 2000 target level of 2,027. Lewis expects to average 50 losses each year through normal attrition over the next 3 years. With normal attrition and currently assigned FTE targets, no additional buyouts or a reduction-in-force (RIF) are anticipated. If LeRC does not experience normal attrition or if its FTE target is lowered, then limited buyouts in targeted areas might be necessary. [See below for further discussion of Lewis' FTE reductions].

COMPARISON OF CENTER FTE AND BUDGET CHANGES

As of March 29, 1997, Lewis had reduced its FTE level by 671 since FY1993 (its peak level). This is a reduction of 18.96%. In addition, since FY1993, Lewis' budget has been reduced by 33%. Except for a few of NASA's smaller centers (Stennis and Dryden), all of NASA's centers have experienced a reduction in budget and FTE levels. That reduction has not been divided equally among the centers. Many employees at Lewis assert that the center has had to share a greater burden of the reductions than the other NASA centers. The following statistics show that Lewis has shared a greater burden of the reductions than most but not all, of NASA's other centers.

Through FY1997, Lewis, at 18.96%, has had the highest percentage FTE reduction of all centers except KSC which has had a 19.04% reduction. Although it is not a field center, NASA Headquarters has had a 36.14% reduction. The agency average over the same period was 13.29%.

Through FY 1997, Lewis, at 33%, has had the highest percentage reduction in its budget of all the centers. The closest center at Lewis was KSC with a 17.59% reduction. NASA Headquarters has had a 52.64% reduction. The agency average over the same period was 5.77%.

Taking into account planned FTE levels, Lewis is to have a 24.48% reduction in its FTE level from FY1993 through FY2000. KSC with a 42.93% reduction and MSFC with a 29.86% reduction will have higher percentage FTE reduction. NASA Headquarters expects a 49.70% reduction. The total agency reduction over the same period is planned at 23.96%.

The impression that Lewis has incurred the greatest share of NASA's reductions is incorrect with respect to FTEs. While Lewis has had the highest percentage reduction in budget of all NASA centers, KSC has had the highest FTE percentage reduction, and KSC and MSFC have the highest total planned FTE percentage reduction through FY2000.

THE CASE FOR NATO ENLARGEMENT: THE VIEWS OF GEN. WILLIAM ODOM

HON. TOM LANTOS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 31, 1997

Mr. LANTOS. Mr. Speaker, the debate over enlargement of NATO has now been engaged in earnest since NATO Summit in Madrid made the decision to extend invitations to Poland, Hungary, and the Czech Republic to become full-fledged members of the alliance.

The Congress now faces important decisions regarding NATO enlargement. Probably next year, the Senate will consider under the Constitution's provision on the ratification of treaties, the admission of these three countries, and the House and Senate will consider legislation that will be necessary to implement this expansion, including matters relating to the cost of enlargement.

In the wake of the Madrid Summit, the debate has been engaged on the merits and wisdom of expanding NATO. My position on this issue, Mr. Speaker, has been clear and unequivocal. As soon as the Communist regimes in Central Europe began to collapse in 1989, I urged the expansion of NATO in order to bring strategic stability, democratic reform and the cultivation of a civil society, development of free market-oriented economies, fostering of respect for human rights, and the institution of civilian control of the military forces in these emerging democracies. I continue to support strongly the enlargement of NATO. When the current expansion was being considered, I urged the inclusion of the three countries which were invited to join, as well as the inclusion of Romania and Slovenia. I continue to support expansion to include Romania and Slovenia as well as other countries which are prepared to contribute to NATO in the future.

As the debate on NATO enlargement has been engaged, one of the best expositions of the rationale for expansion was presented by my good friend, Bill Odom, who has had a distinguished military career. The Washington Post published his view in a recent Sunday

"Outlook" section. Mr. Speaker, I call the attention of my colleagues to this excellent analysis, and I ask that it be placed in the RECORD.

[From the Washington Post, July 6, 1997]

A LOOK AT . . . EXPANDING NATO—HISTORY TELLS US THE ALLIANCE SHOULD GROW

(By William E. Odom)

Enlarging NATO is the last major strategic challenge confronting America in the 20th century. Previously in the century, this nation has failed to meet only one: keeping the peace in Europe after World War I. Will it fail a second time? The two cases are disturbingly analogous: Many American political leaders are again obsessed with domestic issues, refusing to recognize their inextricable ties to security affairs and misunderstanding the new forces in Europe.

America withdrew from Europe after World War I, leaving a belt of new democracies, the so-called "successor states," extending from the Baltic to the Mediterranean. France, Britain, Germany and the Soviet Union soon entangled them in competing alliances. Although they all began as democracies, by the mid-1930s all but one were dictatorships. These developments ensured another war.

History does not repeat itself, but structural continuities often prompt similar political developments. That is why the period between the two world wars is so instructive today. The critics insist that NATO can survive without enlargement. In the short term, they are right, but the longer-term dynamics would inevitably fracture the alliance. Maintaining the status quo is a sure formula for bringing about U.S. withdrawal from Europe. Confronted by strong forces of change, NATO will either enlarge to moderate them or be broken by them. And the key to moderating them is Germany, not Russia.

Managing the emergence of German power peacefully has been the major problem in 20th-century Europe. Not only did German leaders fail in 1914, other European leaders share the blame. The resulting Great War produced the Soviet problem, the Nazis and a new war, the bloodiest in history.

After 1945, the United States rectified its earlier mistake, remaining engaged in Europe to resist Soviet expansion. As the rationale for NATO, however, the German problem loomed larger for most Europeans than the Soviet threat, especially for the French. NATO proved surprisingly effective in nurturing a new Germany as well as containing Soviet power, but today the Soviet threat is gone while the German problem is not entirely resolved. German leaders understand this reality well, and that is why they strongly support NATO enlargement. They seek to bind Germany within an integrated Europe as a way to avoid a return to their old predicament.

The European Union's (EU) goal of a "common foreign and defense policy," therefore, is conceived as a lasting solution to the German problem. Its realization, however, remains far from complete as the EU faces the changes caused by the end of the Cold War. In the absence of a multilateral mechanism incorporating Central Europe, competitive policies toward that region will be pursued unilaterally by Germany, France, Britain, Russia and others. (A reappearance of the interwar patterns of diplomacy was evident in the Europeans' reaction to the breakup of Yugoslavia. Finally, NATO forces were required to restore peace in Bosnia.) Thus, Central Europe will again become the scene of some, if not all, of the perverse dynamics of the interwar period unless NATO enlarges to preempt them.

Suppose the United States had followed the advice of the critics and rejected NATO enlargement. Could NATO survive the dynamics of the competition among its key members that would follow? Some argue that the EU could moderate them. But that is unpersuasive in light of the obstacles confronting the EU's adoption of a single currency, not to mention a common defense and foreign policy. Actually, Central Europe presents the EU with a paralyzing dilemma: to "widen" or to "deepen" its integration process? Widening into Central Europe would delay the deepening of existing political and military integration; deepening would leave Central Europe as a zone of diplomatic competition, endangering the EU process itself. Why? Germany.

Britain and France, which were already uncomfortable with a federal Europe that included a strong but divided Germany, are more nervous about a unified Germany bound to be the federation's dominant component. Without a federal Europe, they will be tempted to engage Central Europe against Germany, a game that will invite the most mischievous diplomacy by Moscow. The only viable way out is through NATO enlargement—that is, engaging NATO in the same role in Central Europe that it has long played within Western Europe.

The opponents of enlargement wring their hands about Russia, financial costs and other problems while ignoring the crucially important German problem, no matter that German politicians from all parties warn against leaving Germany on its own to deal with the East.

To be sure, NATO enlargement will cause problems, but its opponents focus mainly on the manageable ones. They usually exaggerate the financial costs. So, too, Russia's probable reaction. The venerable Russia expert George Kennan warns that expansion will destroy Russian democracy. Why would Russia give up democracy to spite NATO? That would harm Russia, not NATO. Actually, Russia has very little "liberal" democracy to destroy. Civil and property rights do not yet enjoy effective protection in Russia. NATO enlargement will undercut those neoimperialist Russian politicians who oppose it and who also misrepresent Russian public attitudes toward it as reflected in polling data. Moreover, proponents of enlargement also urge a continuing and broad Western engagement with Russia, no its isolation.

Other problems, however, are serious, especially the reactions of those countries denied membership in the first round. Their plight demands effective attention—foremost, credible assurance that NATO enlargement is a continuing process, not a one-time affair. An active policy of continuing engagement with each is equally essential.

New members will also cause problems. Some may have embarrassing political scandals involving former Communists and KGB connections. Some may falter in their democratic transitions. NATO, of course, has already coped with such problems in some present member states.

Finally, some critics doubt the administration's competence to carry through NATO enlargement. The president has yet to make the case effectively to the public, and some European leaders believe they are being treated poorly (in French President Jacques Chirac's quaint language, "like crap") in the consultation process. This is worrisome, not just where it concerns Senate ratification but also realities in Europe. When the president told the public that American credibility was at stake if we did not commit troops to the NATO force in Bosnia, he also set an early date for their withdrawal, thereby undermining implementation of the Dayton accord. How can the United States, then, have sufficient credibility in Europe for carrying through on NATO enlargement if it walks away from Bosnia before peace is secure? Success in Bosnia is related to NATO enlargement. Fortunately, the administration evaded the one-year deadline, but the secretary of defense now calls for a pullout next year. Also, President Clinton's occasional remarks on reducing NATO's military essence—for example, after his recent meeting with President Boris Yeltsin of Russia—do not reflect clear thinking about what is required for Partnership for Peace activities. Bosnia and other potential military operations. This is hardly reassuring U.S. leadership.

No great strategic departure is without risks, and enlarging NATO has some, as its opponents abundantly point out. Likewise, there are risks in not going forward, for that, too, is a strategic departure—backward from Europe.

The reunification of Germany within NATO is the greatest strategic realignment in Europe's history without a major war, an achievement no pundit would have conceded beforehand to be possible. But that is only half of the task. Consolidating a community of liberal democracies in Central Europe and beyond is the more difficult half. Failure would eventually affect America's own economy and security adversely, not to mention the negative political and moral consequences. Is America worthy of its liberty and prosperity if it no longer dares to accept such challenges with energy and optimism?

TRIBUTE TO MR. FRED DARIS, EXECUTIVE DIRECTOR, THE SOUTH BRONX COMMUNITY ACTION THEATER

HON. JOSÉ E. SERRANO

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Friday, August 1, 1997

Mr. SERRANO. Mr. Speaker, I rise to pay tribute to Mr. Fred Daris. He has been a dear friend and lifelong teacher to me as well as to the youth in the South Bronx community.

On August 4, Mr. Daris turns 70 years old. A man who has given so much of his life to our community, he still holds ambitious dreams for our youth, most of which he has very well accomplished.

Mr. Daris is the founder and executive director of the South Bronx Community Action Theater, established nearly 40 years ago at I.S. 139, in my South Bronx congressional district.

The theater was born from Mr. Daris' desire to provide our youth with quality education and the opportunity to express themselves through the wonderful world of the arts. This performing and creative arts center evolved from the Burger Players, a student theater group which performed in area schools and at special community events.

From the South Bronx Community Action Theater have graduated thousands of students who later became professionals in various fields. Some have joined the center's extended family, such as Mr. Rick Scott, who became the theater's administrator. I was also a product of that dream, as one of the first students to participate in the Burger Players.

Guided by Mr. Daris' determination, knowledge, and wisdom, youngsters who are part of the theater complete their studies with a sense of accomplishment and of a bright future before them.

At the center, students learn dance, drama, singing, the plastic arts, costume design, how to play an instrument, and all other components of an artistic production. They learn to visualize their dreams and to reach out for them.

In addition to Mr. Daris' commitment to the center, the South Bronx Community Action Theater has been in existence in large part through funding provided by title I of the Elementary and Secondary Education Act and with the collaboration of parents and other members of the community.

Mr. Daris has always looked after his community. Before he founded the South Bronx Community Action Theater, he had already accumulated a wealth of experience as the director of St. Marks Playhouse and of the Royal Playhouse, both in New York; as dramatic arts instructor at Cambridge School of Radio and Television Broadcasting; as the founder of the Stamford Playhouse, in Connecticut; and as assistant director at the Mark Hellinger Theater and Carnegie Hall. He also created a theater group at every Greek church that could offer plays in English and Greek in Greater New York.

He is the first American citizen to receive a royal scholarship awarded by King Paul and Queen Frederika of Greece, to study at the Royal Theater of Greece. He also completed studies at Irvine School for the Theater, Adelphi College, Long Island University, and Fordham University Theater, where he was a graduate scholarship student.

For the many years that I have known him, Mr. Daris has always shown his great esteem, patience, and dedication to our youth and to betterment of our community.

Mr. Speaker, for all of these reasons, I ask my colleagues to join me in recognizing Mr. Fred Daris, on his 70th birthday and for his life of accomplishments and dedication to our youth. Thank you, Fred. We all love you.

SENATE—*Tuesday, September 2, 1997*

The Senate met at 11 a.m., and was called to order by the President pro tempore [Mr. THURMOND].

PRAYER

The Chaplain, Dr. Lloyd John Ogilvie, offered the following prayer:

Eternal God, Creator of heaven and Earth, and Lord of our lives, our hearts are profoundly moved by the recent and acute reminder of the shortness of time and the length of eternity. We have been stunned by the untimely and tragic death of Diana, Princess of Wales. We join with all Americans in expressing profound sympathy to the British people, and the royal family, and poignant empathy for her sons, Prince William and Prince Harry. Comfort and strengthen them in their grief. We thank you for the all too brief life of Princess Diana, for her humanitarian efforts to care for crucial causes and human suffering.

And so Lord, we begin the next phase of the work of this Senate with a sense of our own mortality and the urgency of living life to Your glory each day. Help us to come to know You and love You so that we may serve You to the fullest and do those things which will have a lasting impact on our Nation and the world. We pray with the psalmist, "So teach us to number our days, that we may gain a heart with wisdom"—Psalm 90:12. Through our Lord and Saviour. Amen.

RECOGNITION OF THE MAJORITY LEADER

The PRESIDENT pro tempore. The distinguished majority leader is recognized.

Mr. LOTT. Thank you, Mr. President, and welcome back. I am glad that the Senate is back in session, and I am pleased to see you back in the chair, as is always the case.

SCHEDULE

Mr. LOTT. Mr. President, today, the Senate will be returning from the August recess and will begin immediate consideration of S. 1061, the Labor-HHS appropriations bill. The chairman of the subcommittee, Senator SPECTER, is here and is ready to go with the opening debate. As announced prior to the recess, there will be no rollcall votes during today's session. Members will be offering amendments, hopefully, to the bill. Today, however, any votes ordered on those amendments will occur during Wednesday's session.

Also under the order, at 2:15 p.m. today, the Senate will resume consideration of the Agriculture appropriations bill to allow Senator HARKIN to offer an amendment regarding the FDA. A rollcall vote will occur on or in relation to Senator HARKIN's amendment at approximately 9:50 on Wednesday morning, tomorrow morning.

I remind my colleagues, in addition to the Labor-HHS appropriations bill this week the Senate needs to consider and complete action on the Interior appropriations bill as well as the Food and Drug Administration reform bill. If there is difficulty continuing with the FDA reform, it would be my intent to file a cloture motion tomorrow, which would then ripen on Friday morning, and unless some agreement can be worked out we would have to have that vote on Friday morning.

Therefore, after today's session, votes will be occurring each day. The chairman just indicated to me he would hope to finish the Labor-HHS bill tomorrow night, but we will stay on the bill and get it completed except for the one vote at 9:50 on Wednesday, and of course, if we have to go to FDA reform—we can complete the bill, although I hope it can be completed by the time we get to FDA.

I urge Senators that are back in town that have amendments to the Labor-HHS appropriations bill to please come to the floor, offer those amendments today, so that you can have them debated now and not get under a time pressure late tomorrow afternoon or tomorrow night or whenever we get to the close of the debate. I think you get a lot better consideration of amendments if you come and offer them early rather than later.

I want to thank all Senators for their past and hopefully continued cooperation during the remainder of the first session of the 105th Congress. As all Members are aware, as we approach adjournment at the end of this legislative session it will be very busy and will necessitate everyone working with the leaders as we try to complete the remaining schedules. We have not had an opportunity to meet with the leadership and to talk with the leadership on the Democratic side of the aisle about exactly when our target adjournment will be, but during the remainder of the week we will be doing so. Later on this week, to early next week, we will give Senators some idea of our hoped for adjournment.

I do want to say again how much I appreciate the cooperation that we have had this year. We did complete the Balanced Budget Act and the tax relief package. We also have already passed 10 of our 13 appropriations bills, with only 3 remaining, this bill, the Labor-HHS appropriations bill, Interior, and the District of Columbia. We would like to finish, in fact, we plan to finish, all three of those bills by the end of next week. Then we will begin to take up conference reports and other bills that are necessary before we end the session for this year. It did take cooperation from all Senators and it took cooperation of the leadership on both sides of the aisle. I hope we can continue that and do the people's business in a way that produces results that will help the quality of life of all Americans.

Mr. President, I yield the floor. I see Senator HARKIN is here. Therefore, the managers of the bill are now ready. I yield the floor.

DEPARTMENTS OF LABOR, HEALTH AND HUMAN SERVICES, AND EDUCATION, AND RELATED AGENCIES APPROPRIATIONS ACT, 1998

The PRESIDING OFFICER (Mr. ALLARD). The Senate will now proceed to the consideration of S. 1061, which the clerk will report.

The assistant legislative clerk read as follows:

> A bill (S. 1061) making appropriations for the Departments of Labor, Health and Human Services, and Education, and related agencies for the fiscal year ending September 30, 1998, and for other purposes.

The Senate proceeded to consider the bill.

Mr. SPECTER. Mr. President, we are prepared now to proceed with consideration of the legislation on appropriations for the Departments of Labor, Health and Human Services, and Education.

I have just conferred with my distinguished colleague, Senator HARKIN, the ranking Democrat, after having conferred with the majority leader, and it is our plan to complete action on this bill by tomorrow evening, Wednesday evening. That is not to say that the plan will conclusively be fulfilled as of that time, but it is our plan to proceed in that manner.

It would be our hope that we would have a firm idea of all the amendments which would be offered by the end of business today or if not, no later than noon tomorrow, since we are scheduled to have a vote tomorrow morning at 9:30, and as is the custom, Senators will be arriving today. Some are obviously present now, but as our practice has demonstrated in the past, when the rollcall vote is taken, Senators will be present.

● This "bullet" symbol identifies statements or insertions which are not spoken by a Member of the Senate on the floor.

We have had some substantial period of time—obviously, slightly more than a month—to prepare for this bill, because the majority leader announced at the conclusion of our session on July 31–August 1, that this would be the first order of business taken up.

I recall the comment of then majority leader Howard Baker on some legislation back in 1982, when we had a tax bill on the floor of the Senate and the question was whether we were going to proceed all night, which Senator Baker was wont to do, or whether we would go into the next morning. I recall Senator Baker said that amendments, like mushrooms, grew overnight, and it was his determination to proceed that evening. I remember there were about 70 amendments pending. Senator Dole was the manager of the bill. It was a tax bill. We proceeded all night and finished action about 6:30 in the morning.

Well, there has been more time than overnight for these amendments, like mushrooms, to grow, but we have a bill here which is very important.

There is a lot of business in the Senate, and speaking from a personal note, we will be moving ahead with hearings on the Governmental Affairs Committee on campaign finance reform, and I serve on that committee. I hope to be finished with this bill by tomorrow night, whatever time it takes to proceed with the other work of the Governmental Affairs Committee.

Mr. HARKIN. Will the Senator yield?

Mr. SPECTER. My colleague asks me to yield for unanimous consent. I am willing to do that.

Mr. HARKIN. I thank the chairman.

PRIVILEGES OF THE FLOOR

Mr. HARKIN. Mr. President, I ask unanimous consent that Ellen Murray, Peter Reinecke, and Bev Schroeder be permitted privileges of the floor for the duration of the debate.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. SPECTER. Mr. President, moving now to consideration of the pending bill, the pending committee report, we have legislation before the Senate for the three departments, the Department of Labor, the Department of Health and Human Services, and the Department of Education for fiscal year 1998, which totals $79.7 billion in discretionary budget authority. That is a large sum of money. Mandatory spending under this totals $189.3 billion, which is a decrease of $15.2 billion from the fiscal year 1997 levels.

We have gone through the budget with great care. We have been fortunate enough to have outstanding staffs, both on the Republican side of the aisle and the Democratic side of the aisle, and we have come forward with these proposals here today. It is my view, Mr. President, that when we have a total Federal budget of $1.7 trillion, that should provide for the needs of the American people through the Federal Governmental operations, if we assess our priorities in a proper way. We have just seen landmark legislation with the balanced budget legislation, and the tax reduction legislation passed by the Congress before we adjourned on August 1, and signed by the President into law on August 5. It is very important that we do reach that balanced budget. We should not, as a nation, spend beyond our means. I believe it is possible to achieve that goal if we work with a scalpel and not a meat ax and take care of the important needs for all of America.

We deal here with the subjects of health and education and there are no priorities higher than those two items. The people of America, the people of the United States, should be healthy and there should be educational opportunities so people should have an opportunity to climb the ladder in America.

When I talk of education, I talk from a very keen sense personally of education as an opportunity which I have seen. Both of my parents were immigrants. My father literally walked across Europe from Russia, barely a ruble in his pocket, at the age of 18 in 1911 to make a new life for himself and the family which he hoped to have and did have. My mother, coming with her parents to the United States from a small town on the Russian-Polish border at the age of 5, education was heavily emphasized in the Specter household because our parents had so little of it. My brother, my two sisters, and I have been able to share in the American dream because of that educational opportunity.

As Senator HARKIN and I and our staffs have crafted this legislation, we have done our utmost to provide for that educational opportunity. We have provided for increases in the maximum Pell grant to $3,000 per year. We have provided for guaranteed student loans. It would be preferable if we could provide scholarships for all young people, and older people who want additional education, but that is not possible in a practical sense, so we have a revolving sum where at least the education can be obtained, even if there are obligations that would have to be paid at a later time.

We have come to this budget with very deep concerns over the issue of health. Regrettably, when the budget resolution was presented to us, there was a cut of some $100 million on discretionary health spending which required a considerable reallocation of priorities, which Senator HARKIN and I and our subcommittee and then the full committee and our staffs have undertaken. That was especially problemsome when it came to the issue of the National Institutes of Health where it was our desire to continue to increase the funding on medical research which has been so marvelous for America and our advances benefiting the entire world.

Early in the 105th session, we passed a sense-of-the-Senate resolution, or a sense-of-the-Senate resolution was introduced and, I believe, passed—we will check the RECORD on that to be sure—to double NIH funding over 5 years. If it wasn't passed, the sense-of-the-Senate resolutions pass pretty easily around here because they talk about our druthers as opposed to our dollars. Then, when we took up the budget resolution, and a sense-of-the-Senate resolution passed to increase NIH funding by some $2 billion. Then Senator HARKIN and I offered an amendment to increase it—not a sense-of-the-Senate resolution, but hard dollars of $1.1 billion. That would have left us with a net of about $950 million to achieve the 7.5-percent increase Senator HARKIN and I committed to early in the session for the NIH.

When we brought that amendment to the floor, it was roundly defeated 63–37, which was somewhat disappointing. But it was an illustration of what happens in the Senate when you have a sense of the Senate, which is an expression of what you would like to see, or druthers, as opposed to a hard amendment which puts up money. And when we balance the budget, if we put up 7.5 percent, which is $952 million, we have to have someplace to take it from. When that choice is made, it isn't too easy to get the votes. That amendment went down to defeat, as I said, 63–37. But then we went back to the drawing boards with our sharp pencils—mainly staff's sharp pencils—and figured out a way on the allocation of priorities to find that 7.5 percent, or $952 million, and we did find it. It was not easy to do, but we thought that that was what ought to be done.

In the United States, it is my view that we have the best health care system in the world, but it continues to need improvement. I personally was the beneficiary of that health care system about 4 years ago when an MRI detected a life-threatening problem that I had, and I was able to get my medical situation corrected. There is nothing like having a problem and using the MRI personally to do a little research to find out about its development. I was surprised to find that it had only been developed in 1984, less than a decade before I found the need to use it.

Within the course of the past week, I had occasion to return to my home State of Kansas for my 50th high school reunion. I probably should not have given the date. I may get leave to amend and revise the CONGRESSIONAL RECORD on that. Just kidding. It was my 50th high school reunion. My Aunt Rose Isemberg, in Wichita, who is 85, was the beneficiary of a serious operation and is well on her way to recovery. I focused on that factor and mentioned to my Aunt Rose that in some countries you can't get an operation when you are that old. In some countries you can't get one if you are past 60. So we have a marvelous health system in the United States, but, again, one which needs improvement.

When I returned to my hometown of Russell, KS, to my high school reunion, I was reminiscing with my sister-in-law, Joyce Specter, about the medical care in Russell, KS. My brother had some serious ailments several years ago, and I was with him. Unfortunately, he passed away. Back then, I wanted to talk to Dr. Merkel, and it was 6:45 on a Saturday night. I asked for his home number and I was told, "You can't call Dr. Merkel at home at 6:45 on a Saturday. You will find him in the office."

Notwithstanding our graduations of doctors and medical experts, rural America still doesn't have as much by way of health care providers as rural America needs. So we do have significant improvements to be made in our health system in America. This is something which we have focused on as we have moved ahead in this bill and our efforts to provide health care coverage for all Americans.

Again, on a personal note, I was fascinated to hear of the health coverage offered by Israel, without regard for preexisting conditions or without regard for age—a factor called to my attention by my sister, Hilda Morgenstern, and my brother-in-law, Arthur Morgenstern, who have dual citizenship in the United States and in Israel. There are examples around the world as we try to extend health coverage and services to the 37 to 41 million Americans who are not now covered. It is appropriate to note that in the reconciliation bill we passed, the Balanced Budget Act, we have taken action to provide some $24 billion to cover America's uninsured children, numbering about 10 million. There is a question, as we work through the program, as to how many of those children we will be able to cover.

Mr. President, during the course of our deliberations, Senator HARKIN and I received requests from Members, totaling more than 700 such requests, for expanded funding for programs within the subcommittee's jurisdiction, and, to the maximum extent possible, we tried to honor those requests. We had very substantial support for increasing the funding for the National Institutes of Health and, as noted, we have done that with an increase of 7.5 percent, some $952 million. So that now we have nearly $13.7 billion for the National Institutes of Health, and their achievements have been near miraculous as they have moved ahead with research on breast cancer, ovarian cancer—very serious ailments for women—and prostate cancer for men, Alzheimer's disease—very substantial advances in research there—mental health research, research on heart conditions, and virtually every known ailment that has come within the scope of the National Institutes of Health.

One of the really educational experiences that I personally have had on the job as chairman of the subcommittee is we have received so many requests from so many people around the United States who have ailments that I had never heard about. I do believe that we have a budget which can accommodate research along those lines. If this recommendation is insufficient, I believe the Congress of the United States is prepared, on a priority basis, to allocate whatever it takes on medical research in the United States to do the job. Even with that kind of a funding, there are many applications which are not granted. We have moved ahead very substantially in the time that I have been in the Senate, whether the chairman was Senator Weicker, later Governor Weicker, or Senator Chiles, later Governor Chiles, or whether Senator HARKIN was chairman, or during my chairmanship.

The committee has placed a very high priority on women's health. The bill provides for increased funding. There will be funding for expanded programs to develop mental health care services for women, to provide moneys for a comprehensive review of the impact of heart disease on women, where in the past less attention was paid to that important item. Women do have different problems, very different from men, when it comes to heart ailments. For so many years, the research had been on men alone. The additional funding will help launch an osteoporosis public education program aimed at teenagers.

In our legislation, we have provided funding for both family planning and for abstinence programs. One of the most controversial issues facing America is the controversy of pro-choice/pro-life. But there is one item that can be generally agreed upon, and that is if we can cut down on premarital sex among teenagers and unintended pregnancies, and the abortions which follow, that is an objective where there is general agreement, and we have produced additional funding here for those programs devoted to abstention.

One of the items on which we continue to increase funding is our program on Healthy Start. That is an initiative to try to give prenatal care to women and avoid having low-birthweight babies. I saw my first 1-pound baby at Alma Illery Medical Facility in Pittsburgh more than a decade ago, and I was shocked to see a child no bigger than my hand, which weighed less than a pound. When you have a child with that low birthweight, there are medical problems that last a lifetime and enormous costs to society. Those children frequently cost as much as $300,000 by the time they are out of the hospital in a few weeks or a few months. Thousands are born each year. It is a multibillion-dollar expense. The program of prenatal care has had great results and is one which we are pushing ahead in the legislation pending.

The issue of AIDS continues to be a matter of overwhelming importance in the United States. Today's front page of the Washington Post is devoted significantly to it. Our bill contains some $3.265 billion for research, education, prevention, and services, including an $81 million increase for the Ryan White CARE Program, named after the young man who developed AIDS on a blood transfusion—nothing at fault even remotely there. This issue continues to be of enormous importance in the United States.

Our legislation provides further assistance in funding for substance abuse, both alcohol and drugs, a major problem in our country.

We have taken the initiative with some $50 million for new programs to assist communities in preventing juvenile crime. That is an issue of great concern in the United States and one which falls partially within the jurisdiction of our subcommittee. It is not inappropriate to note at this time that pending before the Judiciary Committee is extensive legislation on juvenile crime. It is my hope that we will craft a bill, when the issue comes to the floor of the U.S. Senate, which will take into account not only tough measures to try juveniles as adults, where they are, in fact, adults by size or inclination and prior record, but also to work on the literacy training and job training.

Based on the experience I have had on the Judiciary Committee, and before that as district attorney of Philadelphia, it is my view that we can control violent crime in America if we approach it at two levels. One, where we have career criminals, to have life sentences. The armed career criminal bill that I offered, which passed back in 1984, has made a significant effort in that regard. Where you have a career criminal with three or more violent offenses, now, by Federal law, there is a mandatory sentence in the Federal courts of 15 years to life. We have been putting more people in jail, and there has been a decrease in the crime rate. In my judgment, that is attributable to the factor that there are more violent criminals now in prison. The other half of the equation, though, is to provide realistic rehabilitation for those who are not career criminals, where they are going to be released. It is no surprise that if you have a functional illiterate without a trade or skill, a person who goes back onto the street without training, without a job, that person is likely to go through the revolving door and become a recidivist.

That is why one of the first bills I introduced when I came to the Senate, alongside the armed career criminal bill, was legislation for realistic rehabilitation, for job training and literacy training. As we craft that juvenile crime bill, it is my hope that we will have an appropriate balance on the juveniles, on literacy training and job training, because we know that 1 day they are going to be released from jail. A societal option is either to have them as law-abiding citizens, working their way and contributing to society, or becoming criminals. So it is in the interest of law-abiding citizens, as well as the individuals themselves, that appropriate attention be given to literacy training and job training.

Also included in this bill is our allocation of funding for Head Start. Some $4.3 billion is included here, which is an increase of some $324 million. We increase the number of children by 36,000, to a total of 836,000, on our planned route to having 1 million covered by Head Start by the year 2002.

Also in our budget is funding to protect women against violence when we talk about the categories of battered women's shelters, rape prevention, runaway youth prevention, domestic violence community demonstrations, and the domestic violence hotline.

Another important item—controversial, as many are in this bill—is our program on low-income heat and energy fuel assistance. We have maintained funding of some $1 billion for this winter, and advanced funding of $1.2 billion for next year's winter program. This is a program which is controversial because in some States the needs are not as great as they are in other States. But what we have essentially for many Americans, especially elderly Americans, is a choice on either heating or eating. With many elderly in the program with annual incomes of $8,000 or less, they are totally unable to cope without some assistance on fuel costs.

We also have within this bill important programs for the elderly, including community service employment programs, part-time employment opportunities for low-income elderly, home delivered nutrition services, and the National Senior Volunteer Corps.

We have as well school-to-work where there is a transition moving from school to work, coordinated also with the job training programs and Job Corps which provide educational opportunities and vocational training for those young people in our society who may not prefer that to the college education and may be more appropriately directed in that line.

On education, Mr. President, we have moved ahead with an increase of some $3.1 billion in our discretionary education funds.

I especially commend my distinguished colleague, Senator HARKIN, for his leadership in this very, very important line.

We have had difficulties in bringing this particular bill to the floor in the past. It was not until April 1996 when we were able to—after an amendment offered by Senator HARKIN and myself to increase funding for this subcommittee by $2.6 billion —move ahead.

I commend the President for his initiatives and priority setting on education, which is, as I noted earlier, a priority second to none for the United States.

In this line, we have special education programs funded at some $921 million. And I commend the chairman of the Educational Opportunities Committee in the House, my colleague, Bill Goodling from Pennsylvania, and also our colleague, JUDD GREGG of New Hampshire, for their leadership in this item where we are trying to maintain the Federal commitment to special education. We are coming very close to the high marks set in S. 1. Again, it is a matter of establishing priorities, which we have done here.

On our student aid programs, the bill provides some $8.5 billion, which is an increase of almost $1 billion—$997.3 million over last year's appropriations. The Pell grant is going up by some $300 to a maximum grant of $3,000. The Supplemental Educational Opportunity Grants Program is increased by some $51 million.

I go into some detail for at least two reasons, Mr. President. These are important programs, and we are not taking up anybody's time, Senator HARKIN and I being the only two Senators on the floor. I will yield in a few minutes for Senator HARKIN's opening comments.

On job training, we have provided $5.2 billion for the job training programs, which is more than $500 million over the 1997 level. That includes increases for Job Corps, adult training, and training for dislocated workers, which is a very, very important problem for Americans, especially in my home State of Pennsylvania where we have seen the demise of the steel industry and the coal industry and the glass industry.

So many of the problems of the dislocated workers are caused by imports which are coming into the United States, which really ought not to be coming into the United States, where we are dealing with concerns on defense policy or on foreign policy. And so many American workers are taking it on the chin. The least we can do is to have retraining for the dislocated workers.

Our bill provides very important funding for worker safety programs in the Department of Labor where we are now providing almost $1 billion—just $1 million short; $999 million—for worker safety programs. This is an increase of some $37 million above 1997's level for worker safety activities.

Mr. President, I have gone over, believe it or not, just a few of the highlights of this bill, which totals almost $80 billion. We have in excess of $11 billion for the Department of Labor, almost $32 billion for the Department of Health and Human Services, and almost $30 billion on the Department of Education, coming to a total of almost $80 billion in discretionary funding.

To repeat, Mr. President, on the schedule, which the majority leader and Senator HARKIN and I have discussed earlier, it would be our plan—our optimistic plan, but our plan nonetheless—to conclude action on this bill by tomorrow night. We would like to have all amendments filed by the close of business today and, in any event, no later than noon tomorrow. All the Senators will be here, as we have every expectation for the vote scheduled at 9:30 tomorrow so that we can make our plans and scheduling for any amendments which may be filed.

At this time, I am pleased to yield to my distinguished colleague, Senator HARKIN.

The PRESIDING OFFICER. The Senator from Iowa.

Mr. HARKIN. Mr. President, I thank my chairman for his leadership on this plan and for outlining in great detail the various aspects of the bill that he just covered, in our efforts to craft a truly bipartisan bill to bring to the floor of the Senate.

Mr. President, S. 1061, the Labor, Health and Human Services, Education and related agencies for fiscal year 1998, is now before us.

Again, I want to start by commending our chairman for his skill and his craftsmanship in putting this bill together.

Senator SPECTER has ably balanced the many, often competing requests we have received—as he mentioned, over 700 different types of requests from Senators. It is always a very tough job, and I appreciate how closely he has worked with me and my staff in crafting a truly bipartisan plan.

For example, the bill's broad support was reflected in its unanimous approval by the full Appropriations Committee.

I am especially pleased that the bill provides significant increases in funding for key education programs.

Senator SPECTER quite ably went over those. I will not repeat those again. I will just mention what Senator SPECTER had said in terms of the bill grants—the increase in the stipend from $2,700 to $3,000. This will help over 3.6 million low- and moderate-income students in colleges and institutions of higher learning this next year. This is the highest level of Pell grant support.

The bill exceeds the support for education recommended by the bipartisan budget agreement by $164 million. It includes significant increases for special education and education technology and, in particular, funds to support teacher training. Computers in the classroom are of no value if teachers don't know how to use them effectively.

The mark in the bill puts special emphasis on early intervention. The cornerstone, as we know, for educational success are the first years of a child's life. Recent research on the brain provides irrefutable proof about the dramatic development in children before the age of 3. So we must intensify our efforts to make sure that all children enter school ready to learn. We have begun to lay the foundation in this bill by increasing Head Start funding by $324 million, and we have doubled the set-aside for early Head Start which serves children up to the age of 3.

This bill also provides an 11-percent increase in funding to $350 million for the early intervention program for infants and toddlers with disabilities served by part H of the Individuals With Disabilities Education Act.

Again, Mr. President, as we know, it is vital for children without disabilities to have early educational services. We know that it is doubly vital for kids, infants, and toddlers with disabilities to have those early intervention programs before the age of 3.

I am also very pleased that we are able to make a start—not a big one, but at least a start—on the Education Grant Infrastructure Program. I think we can all agree that the infrastructure needs of our school systems are truly staggering. Most estimates of nationwide school repair and construction costs exceed $100 billion. Again, clearly, school construction and repair will and should remain primarily a State and local responsibility. Nevertheless, I think there is a limited Federal role here, and it is one would that is connected to the longstanding Federal support for the education of disadvantaged children through the title I program.

I am often asked the question, Mr. President, "Where is it indicated in the Constitution of the United States that education funding must come out of property taxes?" I have here a little pocket copy of the Constitution that I try to carry with me at all times. I find it a very good reference. A lot of times I hold it up, and ask people, "Where? Show me where in the Constitution of the United States, as amended, that it says that education in America is to be funded on the basis of property taxes."

You can read every word in the Constitution of the United States and the Bill of Rights, all the amendments thereto, and you will not find one thing in the Constitution that says how education is to be funded. It doesn't say we have to pay for it through property taxes. But that is sort of the system that evolved in our country over the years. So what we have are these anomalies.

I happen to maintain a residence, as many of my colleagues do, in suburban Virginia, in Fairfax County. To be sure, both of my daughters have gone to public schools in Fairfax County, and I can tell you the schools here are wonderful. They are great schools. That is 12 miles from where we are standing right now.

Five blocks from here, in the District of Columbia, are some of the worst schools in our country. Why is it? Why the difference in 12 miles? Well, it is because in Fairfax County, you have a lot of high-income people who pay a lot of property taxes. And they have great schools. Yet, five blocks from the Capitol, you have very low income with very low property taxes, and no ability to fix up and repair their schools. This is true all over our country.

I refer those who are interested to a book, of course, written by a good friend of mine, Jonathan Kozol, called "Savage Inequalities." It is not a new book. It is at least 10 years old, I guess, by now. That problem is very clearly across America—what it means to be a child lucky enough to be born to moderate to well-to-do parents who live in an area where there are high property taxes and high property values. The schools are good. If you live in an inner city, or sometimes in Appalachia, or rural areas of America where you have low property taxes, you have bad schools.

So homeowners who are living in poor school districts have to carry a much heavier tax burden to raise school construction funds. Where they have the worst schools, they need the most repairs. Yet, they have the least ability to do so because they have a low tax base.

Homeowners who live in affluent districts, however, have it much easier. So the homeowners who live in the poor areas have a much harder burden to carry in repairing and constructing new schools. And so I have long felt it is, indeed, at least part of the responsibility of the Federal Government to equalize this, to equalize it somewhat.

Now, in States we have acquisition formulas. In my State of Iowa, for example, yes, property taxes are local, but the State recognizes, as many other States have done, that it provides for a lot of inequalities. So the State has stepped in with equalization formulas to try to equalize funding for schools at least in regard to construction and repair for those who are in poor areas and those who are in rich areas, more affluent areas. But, again, we have anomalies existing throughout the country, and so I think the Federal Government could emulate a little bit of what the States have done and have some kind of equalization where we will provide funds for repair and construction of school facilities to those areas with the greatest needs and the fewest local resources.

Now, again, I would not want this money to replace money that is already being provided by the States. We do not want to do that. We do not want to provide money to a low-income school district and the State will say, well, good, we are getting all those Federal dollars; now we don't have to do anything.

Therefore, there must be an effort at equity by the States to continue to have their equalization programs. And I would envision that the rules developed by the Department would take that into account in providing this money that we have for school construction and repair.

A major concern I have about the bill is our inability to more adequately address our health services and training needs while at the same time simultaneously providing generous increases for health research.

Now, again, I will not go into it at length here. I have talked about it many times in the Chamber, and I will talk about it and keep talking about it until we do something about it. And that is the need to provide more money for biomedical research.

As my friend, the chairman, said earlier, a few months ago the Senate went on record 99 to 0 to double NIH funding over the next 5 years. A few weeks after that, Senator SPECTER and I offered an amendment, very modest, to provide about a $1.1 billion increase out of our pot for increased funding for NIH. And as Senator SPECTER pointed out, that went down almost 2 to 1. We got 37 votes for it.

So it was sort of the will of the Senate. It is our will to provide a doubling of funding for NIH over 5 years, but there is no money there to back it up.

Now, there are some who say, well, we can take it out of our bill. If we did so, Mr. President, under the constraints of the Balanced Budget Act that we have adopted here, under the constraints of that balanced budget agreement, if we doubled funding for NIH out of the pot of money that we have, there would not be one single penny left for any other discretionary health program.

What does that mean? There would be no Centers for Disease Control. We would have no money for that. We would have no community health centers in any States, no substance abuse programs, no family planning money, no mental health program money from the Federal Government. All of that would be wiped out. And we still would not have enough money to double NIH funding over 5 years. So here we have it, on the one hand, 99 Senators saying we want to double NIH funding, biomedical research funding over 5 years, but we don't have the money to do it—not within our bill we don't, unless those 99 Senators, or at least 51 of those Senators want to cut all of the funding for the Centers for Disease Control and wipe it out, cut out all Ryan White funding, cut out every one of our community health centers in America, and on and on and on. If we do that, we get close. We do not get the double, but we get close.

Obviously, there are not going to be 51 Senators who will vote to cut out the community health centers in America or the Centers for Disease Control. That would be ridiculous. As I have said many times, we have to go outside the discretionary fund that we have for the National Institutes of Health. We have to provide a different source of funding—outside of our appropriations process.

What I have advocated, along with our former colleague, Senator Mark Hatfield—we advocated it at least since 1991, 1992—is setting up a medical research trust fund that would be funded out of the premiums that we pay in for our health insurance coverage.

Again, Mr. President, you and I and all the rest of us here and Americans throughout the country who have insurance programs, we pay in every year and our employer pays in, matches it. It varies how much is matched, but we pay in, both employers and employees pay in for health insurance to the tune of about $700-some billion a year.

I always ask audiences when I talk about this, do you know how much of that money goes for health research, to find the causes and cures for things like diabetes and Alzheimer's and cancer and AIDS and Parkinson's disease and mental health? How much of that money that you put into your premiums goes to pay for medical research?

The answer is zero. Not one single penny. No corporation in America would try to continue to move along without putting some money into research. And yet we sort of stagger along in this country every year putting more and more money into health insurance programs to pay for taking care of people with Alzheimer's or with cancer or with Parkinson's disease or with diabetes, et cetera, et cetera. We pay all that money in to take care of those illnesses once they occur, but not one penny is used to find the causes and cures.

It does not seem to make sense. So what Senator Hatfield and I advocated for several years was that just one penny, just one penny out of every dollar that we put into our health insurance programs go to a trust fund.

Think of it like this. We have a highway trust fund. Every time you buy a gallon of gas, some of that money goes into the highway trust fund. It cannot be used for anything else. It must be used for transportation purposes. We have an airport and airways trust fund. When I buy an airplane ticket, some of that goes into the airports and airways trust fund. So it is not new. Well, we have a Social Security trust fund, obviously, but we have a lot of different trust funds to meet what we have determined to be national priorities that otherwise could not get sufficient funding through the appropriations process. And the American people by and large have supported us. Most everyone I know supports the highway trust fund and airways trust fund.

What they do not support is us using the money for something else. But they support us using that trust fund money for highways and for bridges and for airports and for airways because that is what the money was put in there for. And so we have proposed that we set up that trust fund. That one penny a year would provide us a little over a 50-percent increase in funding for NIH. That would get us a long way toward doubling that funding in 5 years.

Now, Senator Hatfield is no longer in the Senate, but my cosponsor on the bill is now my colleague and our esteemed chairman, Senator SPECTER. We are both pushing very hard again to find another source of funding for biomedical research, and I believe the trust fund concept is the way to go. We have hundreds and hundreds of different entities throughout America supporting that concept.

We had a vote in the Senate a few weeks ago on this concept of having this trust fund. I believe we got—we got over 51 votes, I know that, for it, but we needed 60 votes because of a point of order. So over 50 Senators have, indeed, voted at least in concept for setting up this type of a trust fund and funding it this way. I know I can speak for Senator SPECTER in saying we will continue our efforts to enlist the support of other Senators to set up this form of a trust fund. Otherwise, we are simply never going to have the kind of funding for biomedical research that we need. What we are going to do basically is to keep raising insurance premiums to pay for the illnesses that continue to plague us. But if we put the money into research and find the causes and cures—Mr. President, we all struggle around here trying to figure out what is the long-term solution to the Medicare problem: People living longer, fewer and fewer people paying into the Medicare trust fund. We know we have a problem. We have to do something about it. Every medical expert will tell you, if you want to solve the Medicare problem, find the causes and cures; it is early intervention of illnesses and diseases.

If we, for example, could just delay, delay the onset of Alzheimer's by 5 years, we could have no problem in the Medicare trust fund—just delay it 5 years. That is not to mention actually finding the cure for Alzheimer's. That is not to mention osteoporosis or diabetes that so plagues our culture, or hearing loss or eye loss. All the things that affect us in our older age are now coming back and costing Medicare more and more money because people are living longer.

These are the things we can do to make sure the Medicare trust fund is solvent in the future, but only if we put adequate money into biomedical research.

I said I was not going to talk about it, but once I got on a roll I could not stop myself because I feel so strongly that we really are shortchanging ourselves when we are not putting the money into medical research.

Finally, Mr. President, in our report we have tried to focus the Department of Health and Human Services on the issue of fraud and abuse in Medicare. Speaking of Medicare, a recent inspector general's report found that improper Medicare billing losses could be as high as 17 percent of last year's $194 billion Medicare budget—17 percent.

Now, again, let me digress here a little bit, Mr. President. A few years ago, when I held the position that Senator SPECTER now holds as chairman of this subcommittee, I asked for a study to be done on losses in Medicare due to waste, fraud, and abuse. Well, we did the study. It came back and said it was as high as maybe 10 to 14 percent. Well, some of those in the system challenged those findings. They said, well, your survey wasn't big enough. You only did one area of the country. You did not sample enough items. And so it was a skewed kind of study—the losses surely are not that big.

Well, I said, OK, fair enough criticism. So then, under the leadership of Senator SPECTER, when we changed hands in the Senate, we went back and we asked them to do another study, nationwide. Several thousand were sampled. Every region was sampled. Guess what happened. The first study came up short. It was not 10 to 14 percent. It was as high as 17 percent of Medicare payments were going out for waste and abuse.

Well, we must make this a priority and address this serious problem. We have in this bill; we have focused on it. Senator SPECTER has taken the lead.

Let me sum up once again by complimenting our chairman, Senator SPECTER, and his staff and my staff for their work in putting together this legislation. I look forward to a smooth process, hopefully, as Senator SPECTER said, that will enable us to be done by tomorrow.

And I would again just close by referring, as I did earlier, to the Constitution of the United States. Time and again I have had people question why we do what we are doing here in this subcommittee—in health and in human services and in education, labor, all of the various things that we cover here. The National Institutes of Health, what business is that of the Congress? Why are you getting involved in all those things?

Well, you know, it is interesting, Mr. President, that twice in the Constitution of the United States there is mention made of the general welfare of the people of this country—first in the preamble when it says, "We the people of the United States," and it lays out why we are developing the Constitution, "in order to form a more perfect Union, establish justice, ensure domestic tranquility, provide for the common defense, promote the general welfare"—promote the general welfare—"and secure the blessings of liberty to ourselves and our posterity * * *" Right there in the preamble it says we are doing this because we want to promote the general welfare of the people of this country.

Well, how do you do that? Article I of the Constitution, which lays out the structure of Congress and our responsibility, section 8 of article I lays out what we are supposed to do here, lays out our responsibilities. Congress shall have the power to do all kinds of things—borrow money, regulate commerce, coin money, establish post offices, declare a war, et cetera, et cetera. But, in the first paragraph it says:

> The Congress shall have Power To lay and collect Taxes, Duties, Imports and Excises, to pay the Debts and provide for the common Defense and general Welfare of the United States. * * *

Interesting, they put the common defense and the general welfare together. That is our responsibility—article I, section 8. What we are supposed to do in providing for that general welfare obviously changes with times and circumstances. What was providing for the general welfare in the last century certainly is not what we deem to be providing for the general welfare in this century, and certainly it will change in the future. But, nonetheless, I believe that the bill before us meets our constitutional requirement in two ways: First, by promoting the general welfare, and second, by providing for the general welfare through the appropriations process. So, that is our constitutional obligation and I believe that we have done our level best, in a bipartisan manner, to meet that requirement of article I, section 8 of the Constitution.

Mr. President, I yield the floor.

The PRESIDING OFFICER (Mr. SESSIONS). The Senator from Massachusetts.

Mr. KENNEDY. Mr. President, do I understand that there will be a time for general discussion of the spending bill for the Departments of Labor, Health and Human Services, and Education? Am I correct that there is a consent agreement on the time for debate on this legislation before the Senate moves to the Agriculture appropriations bill? Will the Chair clarify that for me?

The PRESIDING OFFICER. The Senator is correct.

Mr. KENNEDY. When do we move to the Agriculture appropriations bill?

The PRESIDING OFFICER. At 2:15 we take up the agricultural appropriations bill.

Mr. KENNEDY. Mr. President, I support this year's spending bill for the Departments of Labor, Health and Human Services, and Education.

I commend Senator SPECTER and Senator HARKIN for their outstanding job in developing this bipartisan legislation. This bill also reflects President Clinton's priorities in his 1998 budget for strengthening our commitment to education, enhancing the productivity of the Nation's workforce, and improving the health of all Americans.

Clearly there is an urgent need to allocate increased resources to these important investments if the Nation is to maintain its competitive edge in the 21st century.

We need to ensure that millions of children do not fall behind in reading, in math, in science, and technology.

We need to make certain that the rising cost of tuition does not put college education out of the reach for working families.

We need to ensure that the rising demand for job training services is met, as 1.7 million welfare recipients leave the welfare rolls and seek jobs under last year's welfare reform legislation.

We must also recognize the need for increased funding for biomedical research, which holds great promise to cure or prevent so many illnesses and can be an important factor in finding a long-term solution to the fiscal problems facing Medicare.

This year's spending legislation for the Departments of Labor, Health and Human Services, and Education takes an important step toward making these critical investments for our Nation's future.

Most notably, it increases the Pell grant maximum from $2,700 to $3,000, which will increase college aid for over 3.6 million low- and middle-income students.

The bill increases Head Start funding by $324 million over last year's level, which will provide essential preschool services to an additional 36,000 low-income children.

It increases the education technology funding by $275 million to help teachers learn to use technology effectively and help raise student achievement.

It provides $40 million for the construction and repair of schools in needy areas. The General Accounting Office has found that a third of the Nation's schools, with 14 million students, have one or more buildings needing extensive repair. This was an concern that was debated and discussed during the consideration of the budget. Great leadership on this issue has been provided by our friend from Illinois, Senator MOSELEY-BRAUN.

The legislation provides $81 million over last year's level for the Ryan White AIDS Program and $24 million for the Community and Migrant Health Program.

And it provides $1.2 billion in fiscal year 1999 for LIHEAP, which will enable this important program to serve thousands of additional senior citizens, the disabled, and working families by providing them with heating and cooling assistance.

Yet the bill falls short in a number of important areas. It fails to provide the additional $700 million that President Clinton requested to help 218,000 independent students afford a higher education under the Pell Grant Program. We need to make sure that individuals who are moving through the economy are going to be able to upgrade their skills. We know that unlike 30 years ago when an individual had a job and kept that job for his or her entire life, individuals who now enter the job market will probably have seven different jobs over the course of their lives. What we are attempting to do is recognize the importance of making available to these middle-income Americans the opportunities to upgrade their skills and continue their education.

None of us can visit the various community colleges without seeing the dramatic change that has taken place in the ages of many of the students who will be attending. We see the average age increased now to 26 or 27 years of age. These are individuals who are taking advantage of various training programs and educational opportunities to upgrade their skills so they can participate in the new economy. This issue is a high priority of the President, but we have seen the funding for independent students fall short.

No funds were also appropriated this year for the new child literacy program. Low achievement in reading is a national problem that deserves our immediate attention. Children who lack reading skills by the fourth grade are more likely to fall behind and eventually to drop out of school. We have had extensive hearings in the Senate Labor and Human Resources Committee on that particular need. We know the committee has delayed funding for child literacy, and we know that we do not have, at this time, the authorizing legislation needed to ensure that those efforts and those resources would be carefully targeted to get the most meaningful assistance to children. But we also know that the chairman of our authorizing committee, Senator JEFFORDS, and others—a broad, bipartisan group—are strongly committed toward developing that literacy program. This issue is a national priority, and we should not delay action.

As the ranking member of the Labor and Human Resources Committee, I am strongly committed to seeing that legislation authorizing the child literacy initiative is enacted this year. We cannot stand by and delay the $260 million needed to implement this important program.

The Appropriations Committee also eliminated the Supplemental State Incentive Grant Program that helped over 1 million students attend college last year. Any of us who have had the chance to talk to students who are using this program know what a difference it makes. I think, given the very modest amount of resources we are talking about—some $50 million—we ought to be able to continue the Supplemental State Incentive Grant Program.

Both the National Labor Relations Board and the Health Professions Education Program are seriously underfunded in this spending bill. These shortfalls will adversely affect the investigation of unfair labor practices and the access of minority and low-income Americans to health care services.

There is in the country a sense that we have committed large resources for the development of professional education in the area of health care. You can make a case that in certain areas of our country we do have greater numbers of trained professionals in our health care system than are necessary. But what we do not have is the kind of outreach programs which this Health Professions Education Program was meant to have—to ensure that many low-income individuals and minorities would be able to access the education and be able to go and serve in underserved areas of the Nation.

The initial proposal by the administration in the area of health professions was dramatically even below what has been appropriated—or requested for appropriations in the House or the Senate. Both the House and Senate bills have made improvements on the Clinton administration's proposal, and I think that Health Professions Education programs ought to be strengthened in the final legislation.

Also, the appropriations for the National Labor Relations Board will mean that the opportunity for investigations of various unfair labor practices will be unattended. If we are really interested in the continued fairness in the workplace, and when we recognize that, over the past year, hundreds of thousands of workers were shortchanged in terms of back pay and other types of unfair practices, we want to make sure their interests are going to be adequately protected.

I commend the Appropriations Committee for its 7.8 percent increase for the National Institutes of Health. But much more funding is needed if the Nation is to continue to make progress in the development of new and more effective treatments for cancer, AIDS, heart disease, and many other serious and debilitating conditions.

Both Senator HARKIN, Senator SPECTER, Senator MACK, and many others have worked tirelessly on behalf of the NIH over the years. I have welcomed the opportunity to join with them and others to try to make sure that the opportunities that are out there now, which are unparalleled in terms of our research history, are taken advantage of in order to make an important difference in terms of the health of our fellow citizens and American families; but also in terms of reducing the burden of health care for those families, and also to the States and the Federal Government.

Increased funding for biomedical research will reap other rewards as well. It will encourage more of the best and brightest of America's college graduates to make their careers in scientific research. It will provide benefits to the larger economy as scientific advances move from the laboratory into the private sector, creating new businesses and job opportunities for many individuals.

Equally important is a recent study by researchers at Duke University that indicates expanded funding for NIH can help keep Medicare solvent for the long term. Currently, the very ill account for the overwhelming majority of Medicare costs. If we invest in biomedical research to make senior citizens healthier, we can save enormous sums, protect Medicare for future generations, and prevent many of the illnesses of old age.

Mr. President, yesterday the Nation saluted its working families on Labor Day. This year's spending bill pays tribute to these families by making a downpayment on important education, labor, and health programs.

More still needs to be done. Legislation still can be approved, but it should not be weighted down with poison pill amendments, as was the case in the 104th Congress when language was offered which would have prohibited Medicaid funding of abortions, and it would have barred OSHA from considering new ergonomic rules. The bill represents a careful bipartisan compromise, and I strongly support its adoption.

I mentioned, Mr. President, in my comments, the provisions on the increase in the Pell Grant Program and education technology. We find a number of States are moving ahead in voluntary ways, such as Massachusetts, to make sure that all of their schools are actually going to be tied into the Internet system. A combination of the excellent cooperation between the software council in my State of Massachusetts and the labor unions resulted in every school in the State tied into the Internet system. They have laid 50 miles of cable in Boston alone, which was the result of voluntary contributions of labor in wiring those schools and voluntary contributions from the various industries in providing the software.

What we need to do is make sure we not only have the education technology, but have trained educators who are going to be using technology in various ways that are going to enhance education. There are important resources in this bill for that program.

The Head Start Program, which under the more recent authorization will help expectant mothers in parenting skills as well as reaching down into the early childhood years. Still, there is enormous need for the expansion of that program which is so important.

Years ago, we felt that the principal advantage of Head Start was just to equip children with confidence-building measures, so as they entered education in kindergarten and the first grade, they would be able to move ahead in learning. Now we are finding out that they are in a position in the very early years—2 years old, 3 years old, 4 years old—to actually learn something. That is what the most recent research is showing, and we need to make sure we are going to be able to reach out to many of the disadvantaged children, the poorest children who do not have the opportunities for the development of that kind of early start and give some help and assistance for them.

School construction and repair work has been an issue that has, in recent times, come before us. I can mention in terms of Boston, New Bedford, Fall River, Lowell, Lawrence, and Springfield—and the list goes on—the number of schools that are closed every day in major cities during the wintertime because of poor repairs and temperatures. The need for school repairs are so important.

Local school districts are doing something, and we have a modest Federal program, as has been outlined, to begin to show that such an initiative is enormously important. If children go to schools that are deteriorating and dilapidated, you are sending a message to the children—maybe it is a subliminal message, but a message nonetheless—that even though as political leaders we are making speeches about the importance of children and the importance of education, the children see that education is not the priority of a State, a community, or the Nation as it should be. This is a modest effort to address this important issue.

There is support of the Ryan White bill and community and migrant health, which is important in reaching out to so many people. And the LIHEAP program which is a tried and tested program which is absolutely essential for so many of our elderly who live in the colder climates.

Independent students, as I mentioned, is a key element and needs support. I believe students—young, middle age, and older—who are going back to upgrade their skills at community colleges should be able to get some help and assistance under the various education programs. The importance of this was understood in the budget agreement. I know both Senators SPECTER and HARKIN understand the importance of these programs. Still, this is an area that we need to give, I think, some attention to as we go on into the conference.

We will have some opportunity to debate child literacy as we move ahead. The real question is in timing. I think all of us here understand the importance of the enhancement of the literacy program. There are many excellent programs that are taking place now, and we want to continue to make progress. We are not making progress nationwide, and this is an area of enormous importance.

Again, with NIH and health professions education, the appropriations exceed what was initially proposed by the administration. The House has a more favorable funding level. This program is very, very important in creating opportunities for people to go into the health professions who will go out and serve in many different parts of our communities.

Mr. President, again, I express strong support for the job that was done, and I commend our committee for those areas where they have, I think, made a very, very important commitment of scarce resources. We understand that there will be at least an expectation that as we move into the conference, there may be additional resources that will be available that could be used for funding some of these areas where there is an important need.

I look forward, as this debate takes place, to try to see if we cannot find either offsets to enhance these programs that are a priority or at least to work with the committee to see if out of the conference we cannot get greater attention.

I thank the Chair and yield the floor.

Mr. SPECTER addressed the Chair.

The PRESIDING OFFICER. The Senator from Pennsylvania.

PRIVILEGE OF THE FLOOR

Mr. SPECTER. I thank the Chair. Mr. President, I ask unanimous consent that Mr. Jim Sourwine and Mr. Jack Chow, detailees to this committee, be granted the privilege of the floor during the consideration of this bill.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. SPECTER. Mr. President, I had referred earlier to the allocation of funding of the various Departments in fiscal year 1998 for the current bill, and the specific breakdown is as follows: Labor, $11 billion; Health and Human Services, $31.9 billion; Education, $29.3 billion; and related agencies, $7.5 billion; with the total being $79.7 billion.

There is a long list of related agencies made a part of this bill, but illustrative of those agencies are agencies such as the Corporation for Public Broadcasting, Federal Mediation Conciliation Service, the Federal Mine Safety and Health Review Commission, the National Labor Relations Board, the Occupational Safety and Health Review Commission, the Railroad Retirement Board. Those are illustrative of the agencies covered by the bill. I make that delineation to give those watching on C–SPAN 2 a fuller picture of what this bill covers, and for the RECORD.

Earlier I had referred to certain consolidations and eliminations of programs which Senator HARKIN and I have worked on for fiscal year 1994 through fiscal year 1997. There are a total of 134 programs, according to information provided by staff, totaling $1,471,405,000. I ask unanimous consent that the programs in the various departments and the amount of savings be printed in the RECORD, with this information being provided by staff, as I say, totaling 134 programs and almost $1.5 billion.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

PROGRAM TERMINATIONS

	FY '95 originally enacted	FY '95 post rescission	FY '96	FY '97
LABOR				
Youth Fair Chance	24,785	0	0	0
Rural Concentrated Employment	3,861	0	0	0
JTPA Capacity Building	6,000	0	0	0
Natl Commission Employ. Policy	2,223	0	0	0
Veterans' Homeless Programs	5,011	0	0	0
Natl Center for the Workplace	1,113	0	0	0
Glass Ceiling Commission	738	738	142	0
Office of the American Workplace	7,415	7,082	0	0
HHS				
HRSA:				
HPSL Recap.	8,020	8,020	0	0
Trauma Care	4,793	293	0	0
SAMHSA				
CMHS:				
Clinical Training/AIDS Training	5,394	5,379	0	0
Community Support Demos	24,184	24,147	0	0
Homeless Service Demos	21,227	21,205	0	0
AIDS Demos	1,487	1,485	0	0
CSAT:				
Target Cities	35,520	35,520	0	0
Pregnant/Postpartum Women	54,228	54,228	0	0
Campus Program	0	0	0	0
Criminal Justice Programs	37,502	37,502	0	0
Critical Populations	23,561	23,561	0	0
Comprehensive Comm. Treatment	27,277	27,073	0	0
Training	5,590	5,590	0	0
AIDS Training	2,787	2,787	0	0
AIDS Linkage	7,739	7,739	0	0
AIDS Outreach	7,500	7,500	0	0
Treatment Capacity Expansion	6,701	6,701	0	0
CSAP:				
Pregnant Women & Infants	22,501	22,501	0	0
Other Programs	6,643	6,318	0	0
Community Partnerships	114,741	114,741	0	0
Prevention/Ed Dissemination	13,465	13,465	0	0
Training	16,049	16,049	0	0
B and F	0	0	0	0
Assistant Secretary:				
Natl. Vaccine Program	1,000	988	0	0
Health Care Reform Data	2,760	1,344	0	0
Streamlining Costs	1,500	1,500	0	0
Health Service Management	17,801	18,432	0	0
Natl. AIDS Program Office	1,750	1,730	0	0
HCFA:				
Essential Access Comm. Hosp.	3,500	2,000	0	0
New Rural Health Grants	1,737	0	0	0
Rural Hosp. Transition Demos	17,621	17,621	13,089	0
ACF:				
Civics & English Ed Grants	6,000	4,000	0	0
Children & Families Services:.				
Comp. Child Develop. Cntrs	0	0	0	0
Child Devel. Assoc. Scholarship	1,372	1,372	0	0
Runaway Youth-Drugs	14,466	14,466	0	0
Youth Gang Substance Abuse	10,520	10,520	0	0
Child Abuse Challenge Grants	0	0	0	0
ABCAN	288	288	0	0
Dependent Care Plan. & Dev.	12,823	12,823	0	0
Emerg. Protection Grants	0	0	0	0
Child Welfare Rsch	6,395	6,395	0	0
Family Support Centers	7,371	7,371	0	0
Community Services:.				
Homeless Service Grants	19,752	19,752	0	0
Rural Housing	2,927	0	0	0
Farmworker Assistance	3,084	0	0	0
Demonstration Partnerships	7,977	601	0	0
Violent Crime Reduction Progs:.				
Youth Education Demo	0	0	400	0
Administration on Aging:				
Federal Council on Aging	176	176	0	0
White House Conf. on Aging	3,000	3,000	0	0
SSA Notch Commission	0	0	0	0
ED				
Education Reform:				
Goals 2000, National Programs	21,530	0	0	0
School to Work, National Progs	6,875	6,875	0	0
Ed for the Disadvantaged: State School Improvement	27,560	27,560	0	0
School Improvement:				
Safe/Drug Free-Postsecondary	0	0	0	0
Safe/Drug Free-National Progs	25,000	25,000	0	0
Safe/Drug Free-Safe Schools	0	0	0	0
Law Related Education	5,899	0	0	0
Christa McAuliffe	1,946	1,946	0	0
Women's Ed Equity	3,967	3,967	0	0
Dropout Prevention Demos	28,000	0	0	0
Genl Assist-Virgin Islands	0	0	0	0
Territorial Teacher Training	0	0	0	0
Follow Through	0	0	0	0
Training Early Child Ed Violence	13,875	0	0	0
Family/Comm. Endeavor Schls	11,100	0	0	0
Indian Education:				
Special Progs Indian Children	14,342	12,342	0	0
Special Progs Adult Indians	5,420	5,420	0	0
Indian Ed Natl Activities	125	125	0	0
Bilingual/Immigrant Ed:				
Bilingual Ed Support Services	14,330	14,330	0	0
Bilingual Ed Prof Development	24,866	25,180	0	0
Special Institutions:				
NTID-Endowment Grants	336	336	0	0
NTID-Construction	150	150	0	0
Gallaudet Endowment grants	1,000	1,000	0	0
Gallaudet Construction	0	0	0	0
Voc Ed:				
Comm. Based Orgs	9,479	0	0	0
Consumer Homemaking Ed	34,409	0	0	0
State Councils	8,848	8,848	0	0
Natl Programs, Demos	20,684	0	0	0
Natl Programs, Data systems	6,000	4,250	0	0
Bilingual Vocational Training	0	0	0	0
Adult Ed Evaluation/Tech Assist	3,900	3,900	0	0
State Lit Resource Cntrs	7,787	0	0	0
Workplace Lit Partnerships	18,736	12,736	0	0
Lit Training for Homeless Adults	9,498	0	0	0
Student Financial Assist: State Postsec. Review	20,000	0	0	0
HIGHER ED				
Aid for Institutional Develop:				
Endowment Grants	6,045	6,045	0	0
HBCU-Set Aside	2,015	2,015	0	0
Evaluation	1,000	1,000	0	0
Endowment Challenge Grants	8,060	8,060	0	0
Native Hawaiian/Alaska Arts	1,000	0	0	0
Eisenhower Leadership	4,000	1,080	0	0
Innovative Proj. Comm. Serv/	1,423	1,423	0	0
Cooperative Ed	6,927	6,927	0	0
Law School Clinical Experience	14,920	0	0	0
Financial Aid Database	496	0	0	0
Assistance to Guam	0	0	0	0
Natl Science Scholars	6,424	3,303	0	0
Natl Acad Science-Space/Tech	2,000	0	0	0
Douglas Teacher Scholarships	14,599	299	0	0
Olympic Scholarships	1,000	0	0	0
Teacher Corps	1,875	0	0	0
Women/Minority Graduate Ed	0	0	0	0
Harris Fellowships	20,244	10,144	0	0
Javits Fellowships	7,787	0	0	0
Faculty Develop. Fellowships	3,732	0	0	0
School, Coll, Univ Partnerships	3,893	3,893	0	0
Legal Training for Disadvantage	2,964	2,964	0	0
Howard University:				
Howard U Research	4,614	4,614	0	0
Howard U Construction	5,000	5,000	0	0
Regular Program	3,530	3,530	0	0
Clinical Law Center	5,500	5,500	0	0
College Housing Acad. Fac. Loans:.				
National Diffusion Network	14,480	11,780	0	0
Ed Tech-Natl Activities	13,000	13,000	0	0
Loan Subsidies	168	0	0	0
OERI:				
Natl Brd Prof. Teach. Standards	0	0	0	0
Fund for Improve of Schools	0	0	0	0
Blue Ribbon Schools	0	0	0	0
Libraries:				
College Library Tech	0	0	0	0
Research Libraries	0	0	0	0
Literacy	8,026	8,026	0	0
Departmental Management.				
HBCU Capital Financing Brd	74	74	0	0
Natl Brd-FIPSE	128	128	0	0
RELATED AGENCIES				
CNCS:				
Vista Literacy	5,024	5,024	0	0
Senior Demo Program	1,000	1,000	0	0
Natl Ed Standards/Improvement	2,000	2,000	0	0
RRB Special Management Fund	659	659	659	0

OPEN HOUSE TOWN MEETINGS

Mr. SPECTER. Mr. President, in the absence of any other Senator on the floor at the present time, I will utilize this occasion to discuss the open house town meetings which I held during the course of the past recess in August to share with my colleagues and those who may be watching on C-SPAN 2 some of the observations that I found in traveling in my State of Pennsylvania and in meeting with my citizens.

I make it a point to have meetings in every one of the Pennsylvania counties as often as I can, and by the end of September, by the end of this month, I will have covered all of my 67 counties, something that I find very, very valuable.

What I do as a matter of format—and I think this is similar to what many Senators do—is I make a very brief statement, as to what we have done, and then I throw the floor open for questions. Usually I get somewhere in the range of 15 to 20 questions. Regrettably, our mail allocation has been cut down. In prior years, it had been possible to send mail to our entire counties. That mail allocation has been reduced so that it is not possible to send mail to all of the counties. This is something which I think the Senate ought to give serious consideration to revising. I believe that we ought to be frugal when it comes to mailings which do have some political import, but where a Senator himself or herself goes out into a community to appear to make a presentation and respond to questions, I think that is the very essence of our democratic process. To the extent that the mail notifies people in a very direct way of the presence of a Senator coming into the community, my sense is that is well worth doing.

The dominant theme that I found in traveling through Pennsylvania, Mr. President, was a dissatisfaction or a distrust of government. There is great cynicism in America today about what is going on in Washington, DC. It is my sense that unless you go out and actually talk to the people—and not just in shopping centers and not just casually, as we have our social contacts during the course of a recess period—that there is not a full understanding as to how much apathy, cynicism and outright distrust of our Government there is. I noted the Washington Post, on the 29th of August, just a few days ago, had on its front page a survey which noted "three out of four say they do not trust the Government or its leaders to do what is right."

My own findings would confirm that, as I have been in many open house town meetings during the course of the past month and throughout the past year. At one of my open house town meetings, one of the citizens was wearing a cap that had the word "militia" printed on it. There are many people in the militia in the United States today. How many exactly, we do not know.

In my capacity as chairman of the Judiciary Subcommittee on Terrorism, we had hearings concerning militias during the 104th Congress. We had Colonel Olson from the Michigan militia come in and speak in very unflattering terms about the Congress of the United States.

There have been estimates into the millions as to how many militia members there are.

And in one of my open house town meetings, the word "revolution" was used in expressing very grave disagreement with what the Government was doing, on this occasion the importation of sludge from New York and New Jersey to fill abandoned mines in Pennsylvania. And there is great concern in my State, as there is I think in this country generally, about limitations on so-called second amendment rights, and great distrust as to what the Government is doing.

During the course of the past month, Ruby Ridge was again in the news with a report by the Department of Justice. The report stated that there would not be any prosecutions as to the investigation which had been conducted by the Department of Justice. This investigation lasted almost 2 years after it was initiated in the fall of 1995, a period of time which I think is unwarranted on the facts as I know them.

I have had discussions with both the Attorney General and the U.S. attorney in charge of that investigation and will talk about that in some greater detail. After the Department of Justice report was issued, the prosecuting attorney in Boundary County, ID, returned an indictment against Special Agent Lon Horiuchi of the FBI on the charge of involuntary manslaughter on the killing of Mrs. Vicki Weaver which occurred in that confrontation back on August 21, 1992.

The DA for Boundary County returned the indictment of murder in the first degree against Mr. Kevin Harris for the killing of Deputy Marshal William Degan. The incidents which we have seen in Waco and in Ruby Ridge have fanned, I think, really great distrust for the Government, something which we are going to have to address in greater detail.

In my personal opinion, the Congress has not yet had appropriate oversight hearings on Waco, notwithstanding the fact that we have done something there. I think we have made a start on Ruby Ridge when the subcommittee which I chaired back in September and October of 1995, with 14 days of hearings, heard from about 60 witnesses and published a 150-page report. I intend to talk about that in greater detail on the floor of the Senate when we have some time, perhaps yet this afternoon.

But I do want to comment about the grave concerns which I have found in my State about distrusting the Government and how the Ruby Ridge subject came up because it was very much in the news during the weeks of mid-August, August 13, 14, and 15, Wednesday, Thursday, and Friday. And I was in western and central Pennsylvania, August 20, 21, and 22 when I was again doing open house town meetings.

I also found great concern in the open house town meetings I conducted about the way campaigns are financed. And I believe that the hearings we have had before the Governmental Affairs Committee during the month of July have resonated more in America than many people believed. It is unfortunate, I think, that there has not been more television coverage because that is the way the American people get most of their information these days.

Only Fox has carried them live, the Fox cable channel. And CNN has covered to a slight extent, and C-SPAN has not covered them live but has replayed them. And there are many people who watch C-SPAN. Insomniacs are people who watch during the late hours of the night. You can probably catch the Governmental Affairs hearings if you watch at about 3 a.m. to see what is going on. But I found that many people have been watching them and were very concerned about what is going on.

My view is that we ought to have campaign finance reform. And I voted for cloture last year to bring the legislation offered by Senator MCCAIN and Senator FEINGOLD to the floor. I believe that there is a difficulty with that particular piece of legislation on calling for television stations to give free time because I think that is a taking of property without compensation required by the fifth amendment of the U.S. Constitution.

But I have been working on legislation, some of which has been motivated by what I have seen in the Governmental Affairs hearing. I intend to talk about that as well, perhaps later this afternoon if there are no other Senators on the floor who come to offer amendments.

I have also heard, Mr. President, considerable concern about what is happening with Social Security and Medicare. And regrettably there has been a practice of using those issues for campaign purposes, something done by both political parties. I do not suggest blame in what has been done in the campaign sense. But I think we would be better advised if we tailored our representations a little closer to what the facts are.

But these open house town meetings are populated very significantly by our senior citizens who have more time to come to the open house town meetings. And perhaps there is greater interest among senior citizens in what is going on in Government because of Social Security and Medicare.

But people are questioning whether Social Security is really secure. And my view is that it is. They are questioning about what is happening with

Medicare. And I think the American people have not understood that when we have considered changes in Medicare that we have not sought to cut Medicare but instead to restrain the growth of Medicare. We have looked at an increase in funding for Medicare in excess of 10 percent a year. We have sought to reach compromise between Democrats and Republicans to restrain the growth somewhere in the 7-percent range, give or take a little. And that is two or three times the rate of inflation. But if we are to maintain Medicare, we are going to have to be able to pay for it and to contain the rate of growth on Medicare.

I am pleased that we have established in the recent legislation a commission which will take up Medicare in some detail on a bipartisan basis to try to give assurance to the public that what we are doing here is sound governmentally and sound financially. It is not for political scare tactics. We had the Commission for Social Security back in 1983 which put Social Security on a solid basis.

We had then Senator Pepper as a Member of the House, a very distinguished representative of senior citizens, someone the senior citizens had a lot of confidence in. We had a slight increase in the tax on Social Security and a slight delay in receiving benefits and put Social Security on a sound basis back in 1983. And it is my hope that we will be able to do that again.

People want to know about a trust fund, why we do not have Social Security off budget. That I believe, Mr. President, is something we ought to be doing. It is currently part of the unified budget so that it makes the deficit appear smaller. But it really ought to be segregated in a trust fund.

Similar concerns were expressed about the highway trust fund. Across Pennsylvania, and I think reflective of America, people want the moneys used for the gasoline tax to be used for the highway trust fund or mass transit. Across my State, I hear enormous concerns about Continental 1, a major highway, transcontinental highway, which will start in Toronto, Canada, and go all the way to Florida. It picks up a stretch of highway known as U.S. 219 in Pennsylvania where people are very anxious to have that on the books. And we would have the money, if we use the highway trust fund, for that purpose.

We had amendments narrowly defeated in both the Senate and the House by 2 votes, I recollect, 216 to 214 in the House, and I know it was 51 to 49 here in the Senate where we attempted to allocate more funds for highways. I hear concerns all over my State about the need for more transportation funding. And the Mon Valley Expressway linking Fayette County, Uniontown to Pittsburgh would be a bonanza to develop that section of southwestern Pennsylvania which has been hit so hard by the losses of the steel industry, the coal industry, and the glass industry.

And all over the State there is this interest in highways. I can personally attest, traveling around the back roads of my State, how tough it is to travel, to get behind a big truck. It happens all the time on a two-lane highway, and what had been planned as a 45-minute trip takes an hour and 10 minutes. The infrastructure is so very, very vital. We ought to be taking a much closer look there.

There are similar concerns on airports, as I traveled through the State, where airports ought to be improved. Infrastructure would improve job opportunities. Major corporations, companies want to settle in communities which have access to air service.

I also heard grave concern about what is going on with the managed care and with HMO's and with the issue of the so-called gag rule where family doctors are not permitted to have a referral to a specialist. We legislated on what was called the drive-by deliveries, requiring that women giving birth spend at least 48 hours in the hospital. Further, we have pending legislation on so-called drive-by mastectomies, where women who undergo that very difficult operative procedure are not ousted from the hospital. These complicated issues are obviously matters which are better left without congressional micromanagement, but something which we may have to get into, to some extent. But there is grave concern as managed care move across America, that there be fair access for the people who are insured and concern about HMO's paying their fair share on medical education and the so-called DSH proposals of disproportionate share for care for the indigent.

These are some of the items which I heard a great deal about as I traveled through my State.

RUBY RIDGE

Mr. SPECTER. Mr. President, I see no other Senator on the floor seeking recognition, so I will amplify my remarks at this time about the concerns which I have on the congressional oversight and the need for additional congressional oversight on the incidents arising out of Ruby Ridge.

Mr. President, the incident at Ruby Ridge has been very heavily publicized. And there have been a number of investigations on this subject. And investigations are continuing at the present time.

This incident occurred back on August 21, 1992, which is more than 5 years ago. With the possible exception of the incident at Waco, this incident at Ruby Ridge has caused tremendous consternation with respect to action by the Federal Government.

The essential events at Ruby Ridge were that a man named Randy Weaver had been arrested for selling two sawed-off shotguns and had not made his court appearances. A large contingent of Federal law enforcement officers went to his home at Ruby Ridge in Idaho to take Mr. Randy Weaver into custody. It is a very complex matter, a very lengthy matter. I will only summarize the essential factors. A firefight broke out on August 21, 1992. In the course of that firefight, a Federal marshall, deputy marshall, Mr. William Degan, was killed, 14-year-old Sammy Weaver, son of Mr. Randy Weaver and Mrs. Vicki Weaver, was killed, and Mrs. Vicki Weaver was killed.

The large force which had assembled there to take Mr. Randy Weaver into custody did so because of reports by the Alcohol, Tobacco and Firearms agency, which were false, that there had been prior convictions as to Mr. Randy Weaver—and he had not been convicted of anything—and that Mr. Weaver was a suspect in bank robbery cases, which is untrue.

The essential findings, the essential overstatements, were summarized by FBI Director Louis Freeh, who testified at our Judiciary subcommittee hearings on October 19, 1995, as follows: "One misstatement of fact exaggerated to another one, into a huge pile of information that was just dead wrong." As a result of those erroneous statements, this firefight occurred and these deaths occurred.

There have been a number of investigations conducted. Most recently, a brief report was filed by the Department of Justice on Ruby Ridge, which is only a small part of the full report which was filed. This one is eight pages. It was issued back on August 15. In the course of this report, there is a notation of some six prior investigations on this matter. There had been an exhaustive report by the Department of Justice task force that was issued on June 10, 1994. There was an investigation conducted by the FBI Inspection Division. There was an investigation initiated by the Department of Justice Office of Professional Responsibility, following a letter from special agent Eugene Glenn, who was the on-scene commander in Idaho. He was an FBI agent in charge in Idaho. Then the Judiciary subcommittee conducted its inquiry, and then there was an investigation conducted by U.S. attorney Michael Stiles, who is the U.S. attorney for the eastern district of Pennsylvania. He took over for the U.S. Attorney for the District of Columbia. Mr. Eric Holder had recused himself because he knew some of the agents who were involved.

I had expressed my own concern on a number of occasions about the length of time that the Department of Justice investigation was taking because there were a number of FBI officials who had been suspended, with pay, and were simply sitting dormant. Based upon the knowledge that I had of this incident, because of the hearings which we had through the Judiciary subcommittee, it seems to me that the matter should have been concluded a long time ago.

Our subcommittee held 14 days of hearings from September 6 to October 19, 1995, heard testimony from 62 witnesses, interviewed many others, reviewed thousands of documents, including the entire transcripts and exhibits from the trial of Mr. Randy Weaver and Mr. Kevin Harris and various internal reports prepared by the Department of the Treasury, the Department of Justice, and the Federal Bureau of Investigation. Based upon that detailed knowledge of this incident, it seemed to me, and also based on the experience I have had as district of attorney in Philadelphia in some background investigations, this is a matter that should have been concluded a long time ago. I took this matter up on many occasions with the Attorney General and, in fact, back on November 25, 1996, I called for a meeting and had one in my office with Attorney General Reno, then Deputy Attorney General Gorelick and U.S. Attorney Michael Stiles on November 25, 1996. I continued to discuss this on many occasions to Attorney General Reno and Deputy Attorney General Gorelick and U.S. Attorney Stiles, and as illustrative of my ongoing concern, wrote to them on February 26, 1997, as follows:

> Dear Attorney General Reno: I again express to you my deep concern about the long delay of the Department of Justice in completing the investigation of certain FBI officials arising out of the incidents of Ruby Ridge. As you know, the Judiciary Subcommittee on Terrorism completed exhaustive hearings in September and October of 1995 and published a voluminous 154-page report in December 1995.
>
> I expressed my concern to you on the Department of Justice delay months ago and met on this subject with you and Deputy Attorney General Gorelick and Michael Stiles on November 25, 1996. I would appreciate your prompt response on when you expect this investigation to be completed.

I had a response from the Attorney General that it would be completed soon. I then brought it up again with her in Department of Justice oversight hearings on April 30, 1997, and again was told that it would be completed soon. Then this Department of Justice abbreviated report was, as I say, submitted on August 22, but it is not the conclusion of the matter because there has been a referral here to the Department of Justice Management Division which will propose what, if any, disciplinary sanctions should be imposed on the individuals under investigation and also to the Justice Department Office of Professional Responsibility, which had been investigating this matter back in August of 1995.

So the matter is still ongoing and incomplete so far as the Department of Justice is concerned.

When I sought to have subcommittee hearings back in the summer of 1995, that was opposed in a number of quarters, including the Department of Justice. We finally moved ahead, but because of the August recess, we scheduled for immediately after Labor Day, and then in late August, we proceeded with our subcommittee hearings. It is not an easy thing to do when there is a public statement by the Deputy Attorney General that Senate action will impede the ongoing investigation. That has a certain political overtone which is very difficult to move against. But we did, and I think our investigation has spurred more activity by the Department of Justice because it was our inquiry on the so-called rules of engagement which led to further the Department of Justice investigation.

I should say, Mr. President, that it is not possible to outline all of the things which have happened in this matter, but in the Federal trial which was completed against Mr. Randy Weaver and Mr. Kevin Harris, both were acquitted. One of the issues which was an outgrowth of that Federal trial was the activity of one of the key FBI agents to destroy a record which had been ordered to be produced by the Federal judge. That individual is now awaiting sentencing. In October of 1996, Special Agent E. Michael Kahoe, of the FBI's Violent Crimes and Major Offenders Section, was charged with and later pleaded guilty to obstruction of justice relating to his destruction of an FBI after-action critique on the Ruby Ridge matter. He is scheduled for sentencing on September 11.

The FBI has had an extraordinary record for law enforcement in this country and abroad, and I think it has been a very, very important law enforcement agency. From time to time there are problems with the FBI, as there are with any agency, but it certainly is a matter of overwhelming concern for someone who has the responsibility of being the chief of the Violent Crimes and Major Offenders Section who destroys a report ordered to be produced by a Federal judge. That is the case here.

There are other major matters which our subcommittee looked into and which have been investigated by the Department of Justice where they concluded they did not have sufficient evidence to charge two other senior FBI officials with criminal conduct on falsifying the so-called rules of engagement which were a part of the controversy at Ruby Ridge. The rules of engagement provided that if any adult is observed with a weapon prior to surrender announcement, deadly force can and should be employed if the shot can be taken without endangering any children. The second aspect: if any adult in the compound is observed with a weapon after the surrender announcement is made and is not attempting to surrender, deadly force can and should be employed to neutralize the individual. Mr. President, those rules of engagement, simply stated, violate the U.S. Constitution. That was the judgment of the Department of Justice task force. That was the judgment of the Judiciary subcommittee, and that was the judgment of the FBI Director, Louis Freeh, that those rules did violate the constitutional standard for use of deadly force. You just cannot do that in America.

To the credit of FBI Director Louis Freeh, those rules of engagement were changed and the procedures of the hostage rescue team were changed. We have yet to see an acknowledgment by the Alcohol, Tobacco and Firearms unit of their inappropriate conduct in this matter, either from the Secretary of the Treasury, Robert Rubin, or the director of the Alcohol, Tobacco and Firearms unit, John Magaw. I know that is a strong statement, but that happens to be the fact. I have met personally with Mr. Rubin and Mr. Magaw, and they have not taken responsibility for what the Alcohol, Tobacco and Firearms agency did in this matter, which was spread false information about Mr. Weaver with respect to saying he had prior convictions, which he had not, and saying he was a suspect in a bank robbery case, which he was not.

In any event, Mr. President, the matter goes on in the eight-page report which has been filed by the Department of Justice. As the saying goes, more questions are raised than are answered. I have made a request to see the entire report and am told that will not be made available until the Office of Professional Responsibility finishes its work, and that may occur at some point in the future, which is very, very difficult to predict. At any rate, we have this eight-page report, and as I say, it raised a good many new questions.

The scope of the investigation conducted by the Department of Justice, headed by U.S. Attorney Stiles, has this to say under the section of Scope of the Criminal Investigation:

> The investigative team used a variety of techniques to collect all available evidence in this matter. They gathered large amounts of documented material that had never come to light during prior internal inquiries into the events at Ruby Ridge.

Now, the question was raised in my mind, if these documents had not come to light on prior internal inquiries into the events at Ruby Ridge, why not? The question is raised in my mind as to whether the FBI made available to the Senate Judiciary subcommittee all of the documents which we had requested. This report goes on to say, "The FBI offices were searched, and more than half a million pages of documents were obtained and analyzed, including previously unreviewed files containing the bulk of the FBI headquarters' records, including files of the FBI's Strategic Information and Operations Section and the Violent Crimes and Major Offenders Section."

So a question is raised immediately as to whether the Department of Justice task force which worked back in 1994 and whether the FBI Inspections Division and whether the prior investigation by the Office of Professional Responsibility and whether the Senate hearings which called for all of these documents, whether those documents were produced at that time.

This is just a brief thumbnail description as to some of the questions that we have and that are pending yet. My sense is that it is indispensable that the Judiciary Committee move ahead with the inquiry that was conducted back in 1995 to find out specifically why it took the Department of Justice approximately 2 years to come to this stage of their inquiry and take a look at the findings that led to a declination of prosecution as to some individuals in the face of what appears to be significant evidence on a falsification of the rules of engagement.

We do know that at the hearings conducted in 1995, there was another set of rules of engagement which discussed a permissive use of force, specifically noting where deadly force may be used. During the course of our subcommittee hearings, we could never determine precisely who issued the rules of engagement because no one would take responsibility for them. But the way this investigation has been conducted by the Department of Justice, certainly in my judgment, urgently requires congressional oversight. We know that the prosecuting attorney of Boundary County has now issued an indictment against a special agent sharpshooter, whose firing resulted in the death of Mrs. Vicki Weaver, on charges of involuntary manslaughter.

Had I been the prosecuting attorney there, I would not have brought that prosecution, under all the facts of the case. I have been a district attorney and have made judgments that involve when a prosecution ought to be brought. But I can understand why the district attorney of Boundary County brought the charges in light of the bad bungling that the Department of Justice has made of this case. And there are many, many collateral matters that have not yet been answered satisfactorily. The Attorney General approved the promotion of Mr. Potts to be Deputy Director of the FBI, in a context where red flags were present about Mr. Potts' qualifications for that job, being a very close personal friend of FBI Director Freeh. That was inquired into at some length during the Judiciary subcommittee hearings, but we did not have the benefit of the Attorney General's testimony in that matter. She took the position that she does not testify before subcommittees because there are so many subcommittees. The point the subcommittee raised at that time was that we were not asking her opinion on a variety of legislative issues where there are so many issues and subcommittees, but we asked for her testimony as a fact witness as to why she personally approved the promotion of Mr. Potts. But she declined to appear. We declined to issue a subpoena or have a confrontation on the issue.

When I discussed this personally with the Attorney General, she restated her position and said maybe she should have appeared. I told her at that time, months ago, she might have occasion to appear yet. I hope that she does have occasion to appear on the questions relating to many issues in this very complex matter, because as stated in the statement issued by U.S. Attorney Stiles, this was approved by the Department of Justice and, inferentially, by the Attorney General herself. These are matters that have to be inquired into.

On the subject of having this matter now taken to the Office of Professional Responsibility, I have grave questions about what will happen there and what the time sequence will be, and their explanation as to why they took so long is there are many statutory requirements that may be reviewed by the Congress. The incident involving William Jewel in Atlanta occurred back in July 1996, and it took a full year to get oversight hearings before the subcommittee on that matter. Those hearings did not do any credit to the Office of Professional Responsibility, where Mr. Shaheen, the director of that unit, testified. Mr. Shaheen testified that Mr. Jewel's constitutional rights were violated, but it was nowhere in the report. I asked the very fundamental question, "Why doesn't the report say so?" It is one thing to testify before a subcommittee that the constitutional rights of a suspect were violated. But to fail to do so in the report does not give guidance to other agents in the field. It was in the context that Mr. Jewel was told he was being questioned for a training film purpose, and he was misled by the FBI agents under those circumstances. It was later concluded that his Miranda rights had been violated. In a repeated line of questioning, Mr. Shaheen could not cite any part of the report that said that. He cited sections of the report that did not say what he said he said, and he admitted that. Then, after the hearing was over, on the same day, Mr. Shaheen sent me a two-page letter saying that he had misspoken, that the Office of Professional Responsibility had not in fact found that Mr. Jewel's constitutional rights had been violated—a conclusion which is a little hard to understand in light of his extensive testimony on this subject.

Madam President, this is a very important matter. As I have said earlier, it is a matter which is still resonating in America. I was in Pennsylvania, at my open house town meetings on the 13th, 14th and 15th, when the report came out that the Department of Justice would not bring any prosecutions and a week later when the prosecuting attorney of Boundary County, ID, brought the indictments against Kevin Harris for murder in the first degree against Deputy Marshal William Degan and involuntary manslaughter against Special Agent Horiuchi. It is my hope that we will continue this inquiry with congressional oversight, because only the Congress can really undertake the kind of questioning of department heads, the Attorney General, the Director of the FBI, or the Director of Alcohol, Tobacco and Firearms, or the Secretary of Treasury, of that rank, to find out what has happened, so that we can tell the American people what the facts are. There is tremendous unrest on this subject, which is part of the unrest and distrust of Government that I have referred to earlier, confirmed by the earlier public opinion poll.

Madam President, in the absence of any Senator seeking recognition, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. SPECTER. Madam President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

DEPARTMENT OF LABOR, HEALTH AND HUMAN SERVICES, AND EDUCATION, AND RELATED AGENCIES APPROPRIATIONS ACT, 1998

The Senate continued with the consideration of the bill.

Mr. SPECTER. Madam President, we are currently on the legislation of the appropriation bill for the Department of Labor, Health, Human Services, and Education. I, again, repeat the earlier request that anyone who has an amendment to offer, come and do so at this time. There is plenty of time available right now. Earlier the majority leader had been on the floor, and Senator HARKIN and I and Senator LOTT, our majority leader, had discussed the timing. It was our hope that we might complete action on this bill by tomorrow evening. We request that anybody who has amendments to file do so by the close of business today or, in any event, not later than noon tomorrow. We have a vote scheduled for 9:30 tomorrow morning. It is the practice that Senators will be present at that time to vote, so we can move ahead if there are amendments to be considered on this bill.

CAMPAIGN FINANCE REFORM

Mr. SPECTER. Madam President, in the absence of any other Senator on the floor, I will utilize this time to comment on the subject of campaign finance reform. I stated earlier that in my travels through Pennsylvania during part of the month of August, I heard considerable concern about the necessity for campaign finance reform, and I had commented about the overtone throughout my open house town meetings about people of my State being very suspicious of Government, very distrustful of Government. One of those items was Ruby Ridge, and I spoke at some length about that. Another item was the subject of campaign finance reform, where I have found very considerable interest, disagreeing with some of the pundits and some of the public comments.

It is my hope, Madam President, that the hearings before the Governmental Affairs Committee, on which you and I sit, will stimulate an interest in campaign finance reform. I have said with some frequency in the past that I do not believe we will have campaign finance reform until the American people demand it. It is contrary to the interests of incumbents to have campaign finance reform. This is a matter of considerable disagreement within this body, and I respect the views of our colleagues who have disagreed. But I do believe that we are awash in money. After 6 months of investigation and after 4 weeks of hearings by our Governmental Affairs Committee during the month of July, it confirms my conclusion and the view of most Americans that campaign finance reform is necessary.

Politics is awash in money, corrupting some, appearing to corrupt others, and making almost everybody in or out of the system uneasy about the way political campaigns are financed. I compliment our colleagues, JOHN MCCAIN and RUSS FEINGOLD, for providing leadership on campaign finance reform in Senate bill 25. I believe that the key provision there, which would give candidates free television advertising time, does not measure up to the constitutional standard of the fifth amendment on taking property without due process of law. I recognize the contention that the airwaves belong to the American people. But in the context where television stations and networks have operated, I do not see how you can square, constitutionally, the taking of that property without compensation.

I voted last year for cloture, to bring the issue to the floor so we can debate it, consider it, and it would be my hope that it would be brought to the floor in the month of September. I am aware of the public statements made by Senator MCCAIN and others that it may be brought and attached to other bills. So we will wait to see if that does occur.

My intention is to offer my own bill on campaign finance. I am in the final stages of the drafting of the bill and the floor statement. It would target some of the specific abuses and would expand upon what any other legislation has done in terms of what we have found from our Governmental Affairs investigation.

My own sense is that the evidence is conclusive that soft money ought to be eliminated. When you take a look at the millions of dollars which have been poured into the American electoral system, including corporate contributions on soft money, it has just totally distorted the Presidential campaigns—and also congressional campaigns—as that money moves in and out in a variety of contours. But we have public financing of Presidential elections. That public financing has been undertaken on the basis that there will not be private financing. But somehow soft money is not deemed to be a contribution, so says the Department of Justice of the United States in an inexplicable interpretation—inexplicable, in my opinion. And then according to the reports of both Dick Morris and former chief of staff Leon Panetta, the President of the United States edited and wrote Democratic National Committee campaign commercials. That, obviously, is coordination.

There is a constitutional rule that an independent expenditure, constitutionally may not be limited by a statute. But here you have the President taking money from the Democratic National Committee that was raised as soft. And, when I talk about the President, the same thing is done on the Republican side. So that I think there is bipartisan blame here.

The specific evidence has been forwarded as to what President Clinton's personal involvement was. And there are these commercials. They extol the virtues of one candidate, and they criticize the other candidate. And for some reason they are not classified as being advocacy commercials but only issue commercials.

I ask unanimous consent to include illustrations of these commercials on a letter that I wrote to Attorney General Reno dated May 1, 1997, her response, and also the response of the Federal Election Commission on this subject.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

U.S., SENATE,
COMMITTEE ON THE JUDICIARY,
Washington, DC, May 1, 1997.

Hon. JANET RENO,
Attorney General,
Department of Justice, Washington, DC.

DEAR ATTORNEY GENERAL RENO: Following up on yesterday's hearing, please respond for the record whether, in your legal judgment, the text of the television commercials, set forth below, constitutes "issue advocacy" or "express advocacy."

The Federal Election Commission defines "express advocacy" as follows:

"Communications using phrases such as 'vote for President,' 'reelect your Congressman,' 'Smith for Congress,' or language which, when taken as a whole and with limited reference to external events, can have no other reasonable meaning than to urge the election or defeat of a clearly identified federal candidate." 11 CFR 100.22

The text of the television commercials follows:

"American values. Do our duty to our parents. President Clinton protects Medicare. The Dole/Gingrich budget tried to cut Medicare $270 billion. Protect families. President Clinton cut taxes for millions of working families. The Dole/Gingrich budget tried to raise taxes on eight million of them. Opportunity. President Clinton proposes tax breaks for tuition. The Dole/Gingrich budget tried to slash college scholarships. Only President Clinton's plan meets our challenges, protects our values.

"60,000 felons and fugitives tried to buy handguns—but couldn't—because President Clinton passed the Brady Bill—five-day waits, background checks. But Dole and Gingrich voted no. One hundred thousand new police—because President Clinton delivered. Dole and Gingrich? Vote no, want to repeal 'em. Strengthen school anti-drug programs. President Clinton did it. Dole and Gingrich? No again. Their old ways don't work. President Clinton's plan. The new way. Meeting our challenges, protecting our values.

"America's values. Head Start. Student loans. Toxic cleanup. Extra police. Protected in the budget agreement; the president stood firm. Dole, Gingrich's latest plan includes tax hikes on working families. Up to 18 million children face healthcare cuts. Medicare slashed $167 billion. Then Dole resigns, leaving behind gridlock he and Gingrich created. The president's plan: Politics must wait. Balance the budget, reform welfare, protect our values.

"Head Start. Student loans. Toxic cleanup. Extra police. Anti-drug programs. Dole, Gingrich wanted them cut. Now they're safe. Protected in the '96 budget—because the President stood firm. Dole, Gingrich? Deadlock. Gridlock. Shutdowns. The president's plan? Finish the job, balance the budget. Reform welfare. Cut taxes. Protect Medicare. President Clinton says get it done. Meet our challenges. Protect our values.

"The president says give every child a chance for college with a tax cut that gives $1,500 a year for two years, making most community colleges free, all colleges more affordable . . . And for adults, a chance to learn, find a better job. The president's tuition tax cut plan.

"Protecting families. For millions of working families, President Clinton cut taxes. The Dole-Gingrich budget tried to raise taxes on eight million. The Dole-Gingrich budget would have slashed Medicare $270 billion. Cut college scholarships. The president defended our values. Protected Medicare. And now, a tax cut of $1,500 a year for the first two years of college. Most community colleges free. Help adults go back to school. The president's plan protects our values."

Sincerely,

ARLEN SPECTER.

Office of the Attorney General,
Washington, DC, June 19, 1997.
Hon. Arlen Specter,
U.S. Senate,
Washington, DC.

Dear Senator Specter: I have received your letter of May 1, 1997, asking that I offer you my legal opinion as to whether the text of certain television commercials constitutes "express advocacy" within the meaning of regulations of the Federal Election Commission ("FEC"). For the reasons set forth below, I have referred your request to the FEC for its consideration and response.

Under the Federal Election Campaign Act, the FEC has statutory authority to "administer, seek to obtain compliance with, and formulate policy with respect to" FECA, and exclusive jurisdiction with respect to civil enforcement to FECA. 2 U.S.C. §437c(b)(1); *see* 2 U.S.C. §437d(e) (FEC civil action is "exclusive civil remedy" for enforcing FECA). The FEC has the power to issue rules and advisory opinions interpreting the provisions of FECA. 2 U.S.C. §§437f, 438. The FEC may penalize violations of FECA administratively or through bringing civil actions. 2 U.S.C. §437g. In short, "Congress has vested the Commission with 'primary and substantial responsibility for administering and enforcing the Act.'" *FEC* v. *Democratic Senatorial Campaign Comm.*, 454 U.S. 27, 37 (1981), quoting *Buckley* v. *Valeo*, 424 U.S. 1, 109 (1976).

The legal opinion that you seek is one that is particularly within the competence of the FEC, and not one which has historically been made by the Department of Justice. Determining whether these advertisements constitute "express advocacy" under the FEC's rules will require consideration not only of their content but also of the timing and circumstances under which they were distributed. The FEC has considerably more experience than the Department in making such evaluations. Moreover, your request involves interpretation of a rule promulgated by the FEC itself. Indeed, it is the standard practice of the Department to defer to the FEC in interpreting its regulations.

There is particular reason to defer to the expertise of the FEC in this matter, because the issue is not as clear-cut as you suggest. In *FEC* v. *Colorado Republican Federal Campaign Comm.*, 839 F. Supp. 1448 (D. Colo. 1993), *rev'd on other grounds*, 59 F.3d 1015 (10th Cir. 1995), *vacated*, 116 S.Ct. 2309 (1996), the United States District Court held that the following advertisement, run in Colorado by the state Republican Federal Campaign Committee, did *not* constitute "express advocacy":

"Here in Colorado we're used to politicians who let you know where they stand, and I thought we could count on Tim Wirth to do the same. But the last few weeks have been a real eye-opener. I just saw some ads where Tim Wirth said he's for a strong defense and a balanced budget. But according to his record, Tim Wirth voted against every new weapon system in the last five years. And he voted against the balanced budget amendment.

"Tim Wirth has a right to run for the Senate, but he doesn't have a right to change the facts."

839 F. Supp. at 1451, 1455–56. The court held that the "express advocacy" test requires that an advertisement "in express terms advocate the election or defeat of a candidate." *Id.* at 1456. The Court of Appeals reversed the District Court on other grounds, holding that "express advocacy" was not the appropriate test, and the Supreme Court did not reach the issue.

Furthermore, a pending matter before the Supreme Court may assist in the legal resolution of some of these issues; the Solicitor General has recently filed a petition for certiorari on behalf of the FEC in the case of *Federal Election Commission* v. *Maine Right to Life Committee, Inc.*, No. 96–1818, filed May 15, 1997. I have enclosed a copy of the petition for your information. It discusses at some length the current state of the law with respect to the definition and application of the "express advocacy" standard in the course of petitioning the Court to review the restrictive definition of the standard adopted by the lower courts in that case.

It appears, therefore, that the proper legal status of these advertisements under the regulations issued by the FEC is a question that is most appropriate for initial review by the FEC.

Accordingly, I have referred your letter to the FEC for its consideration. Thank you for your inquiry on this important matter, and do not hesitate to contact me if I can be of any further assistance.

Sincerely,

Janet Reno.

U.S. Department of Justice,
Criminal Division,
Washington, DC, June 19, 1997.
Hon. John Warren McGarry,
Chairman, Federal Election Commission,
Washington, DC.

Dear Mr. Chairman: Enclosed for the attention and whatever further reply the Federal Election Commission (FEC) finds to be appropriate is a copy of an exchange of correspondence between the Attorney General and Senator Arlen Specter of Pennsylvania concerning the application of the Commission's rules governing issue advocacy by political parties to a specific advertisement. The Department of Justice regards the subject matter of this inquiry as properly within the primary jurisdiction of the FEC.

If we can assist the Commission in any way in this matter, please let me know.

Sincerely,

Mark M. Richard,
Acting Assistant Attorney General.

Mr. SPECTER. Madam President, that subject came up in Judiciary Committee oversight with the Attorney General testifying the day before, on April 30, where the commercials extol one candidate, criticize another, and, yet, are not considered to be advocacy commercials.

The first point of the legislation which I am preparing would end soft money.

The second point would define express advocacy to enforce the intent of the Federal election laws to prevent coordinated campaigns and to say where a commercial praises a named candidate or criticizes a named candidate, that that does constitute express advocacy.

The third provision on legislation that I am preparing would require affidavits on so-called independent expenditures. In Buckley versus Valeo, the Supreme Court of the United States said that as a matter of constitutional law Congress could not limit what an individual wanted to spend on the campaign—for example, Senator X or Presidential candidate Y—if they were truly independent. But the reality of many of these independent expenditures, if not most, is that they are not independent at all.

After surveying the scene and thinking about it, my legislation would require an affidavit to be taken by the individual who is making the independent expenditure, or the head of the committee making independent expenditure, that the expenditure is truly independent. If someone sits down and reads an affidavit, takes an oath and understands that person is subject to the penalties of perjury, there may be a little more credibility or more attention paid to what is said. If you go to jail for 5 years, that may make someone pause on a representation that an expenditure is independent.

Then my legislation would provide 48 hours after that affidavit is filed, the individual making the independent expenditure would have 24 hours to file the affidavit, and then within 48 hours file the affidavit with the Federal Election Commission. And then within 48 hours the Federal Election Commission would give that affidavit to the campaign on whose behalf the expenditure was made. And then the candidate and the campaign treasury would have to take an affidavit that the expenditure in question is truly independent. If people are prepared to take affidavits, both the person making the expenditure and the person committing on whose behalf the expenditure is made, we might see some independent expenditures which are truly independent.

The fourth provision in the bill, which I intend to offer and hopefully becomes statute, would eliminate foreign transactions which funnel money into the U.S. campaigns. This would be along the line of—we heard the testimony as to what happened in the famous transaction where the former Republican National Chairman, Mr. Haley Barbour, testified. There, if you collapse the transaction, money did come from a foreign source into the Republican National Committee. I think that Mr. Barbour got bad advice as to what was going on there, and details of that evidence show that when advice of counsel was obtained that the transaction was lawful. It was on the condition that the money not go to a political committee. But, in fact, that is what happened. The attorney who received that letter, saying that the legitimacy of the transaction would depend upon the money not going to a political committee, testified at our Governmental Affairs Committee that he didn't notice that provision, even though a letter was to him, or read that provision. The letter was, in fact, going to someone else. So that, if we tighten up on that provision so that the transaction is viewed as a whole, those kinds of foreign contributions would be eliminated.

A fifth provision of the legislation which I will propose would seek to deter massive spending of personal wealth which adopts a new standby financing framework similar to the one recently enacted in Maine, the State represented by our distinguished Presiding Officer at the moment.

Buckley versus Valeo provides as a constitutional matter that an individual may spend as much of his or her money as he or she chooses. For many years, Senator HOLLINGS and I have sought to have a constitutional amendment. That split decision by the Supreme Court of the United States, in my opinion, does not accurately state what is meant by "freedom of speech." Freedom of speech does not give, in my judgment, the right of an individual to spend as much of his or her money as he or she may choose when the Supreme Court acknowledges at the same time that any other individual may be limited by what that individual may give to a Senator's campaign—$1,000 in the primary, or $1,000 in a general election.

I personally was running against Senator Heinz for the U.S. Senate seat in 1976 on a campaign which started with a limitation as to how much money an individual could spend. For a State the size of Pennsylvania it was $35,000, which was close to my amassed wealth. I was prepared to spend it. In the middle of that campaign, on the end of January 1976, the Supreme Court of the United States said that an individual could spend as much of his or her money as he or she chose but that my brother, Morton Specter, who could have financed my campaign rather generously had he chosen to do so, and I think was prepared to do so, was limited to $1,000. Where were Morton Specter's constitutional rights for freedom of speech contrasted with the rights of a candidate? But that is the constitutional law.

But Maine has a very interesting way of handling excessive spending by providing matching funds to candidates when an opponent exceeds certain spending limits. I personally oppose public financing of Federal elections. But I think in a situation where a wealthy individual knew that a multimillion-dollar expenditure would be matched by the State, it would be a deterrence, and, in fact, the State would not have to put up that money. I think that provision is well worth considering.

The final provision of the statute which I have in mind would subject contributions for legal defense funds to be reported. And our Governmental Affairs Committee has heard incredible testimony about moneys brought in by Mr. Yah Lin "Charlie" Trie, something in the neighborhood of $639,000. He brought it in to the trustees of the President's legal campaign fund. Those moneys were not subject to any reporting requirements. And an article, which appeared in yesterday's Philadelphia Inquirer, points out how these suspect funds were known, and that reporting was delayed.

I ask unanimous consent that the text of this article be printed in the Congressional Record.

There being no objection, the material was ordered to be printed in the Record, as follows:

[From the Philadelphia, Inquirer, Sept. 1, 1997]

Clinton and Wife Reportedly Knew of Suspect Funds

QUESTIONABLE DONATIONS TO THE CLINTON DEFENSE FUND WERE HIDDEN UNTIL AFTER THE ELECTION, A PAPER SAYS

Los Angeles.—Trustees of President Clinton's legal defense fund acted with the knowledge of the President and Hillary Rodham Clinton in hiding $639,000 in contributions funneled through Democratic fund-raiser Yah Lin "Charlie" Trie, the Los Angeles Times reported yesterday.

The trustees of the Presidential Legal Expense Trust in June 1996 used accounting measures that would allow them to refund the money from a Taiwan-based religious sect Suma Ching Hai, without reporting the transactions until after the November election, the newspaper reported.

A month earlier, the Times said, the trustees met to discuss the contributions with six administration officials including presidential aides Bruce Lindsey and Harold Ickes and White House attorneys.

The Clintons were informed last spring about the delivery of Trie's checks, as well as the decision not to inform the public, the Times reported.

The trust—which was established in 1994 to raise money for the Clinton's legal bills from Whitewater investigations and a sexual harassment suit brought by Paula Corbin Jones—is supported to operate independent of political influence.

When the donations and refunds were revealed in December, the defense funds and the White House said trustees needed nine months to scrutinize the contributions.

However, confidential congressional records, defense-fund papers and meeting notes show an effort by the White House to deal with the issue months earlier, the Times reported.

White House special counsel Lanny Davis said there was no attempt to withhold information about Trie's activities. And the executive director of the trust, Michael Cardozo, said its decisions were never influence by the White House or steered by political motivations.

Although the private trust is not subject to federal laws governing political contributions, the Clintons imposed their own rules, Individuals were limited to contributing $1,000 a year, and foreigners, corporations, labor unions, political organizations, lobbyists, and federal employees were prohibited from making donations.

Between March and May of last year, Trie made three trips to the trust to deliver a total of $789,000 mostly in $1,000 and $500 checks and money orders. Some money was rejected after some of the money orders were found to be in sequential order and written in the same handwriting, the Times said, and many contributors who appeared to be of Asian descent shared the same surname.

In May, a trust official told White House aides that the Trie-related donors appeared to belong to Suma Ching Hai.

Officials at the meeting were concerned about media coverage of the origin of the donations, the Times reported. Still, Davis insisted "there was no discussion about whether to disclose return of the checks or the effect of disclosure on the election."

Trustees decided to return the money in June, settling on two steps to keep the donations out of the public eye.

First, the trust eliminated the line "Less Ineligible Contributions" on the fund's public disclosure form released last August. Notes taken by Ickes show a reference to "Less ineligibles," indicating the accounting procedure may have been discussed as early as April 4.

Second, if any sect members wanted to redonate to the legal fund, their names would not be disclosed until the next reporting period—in early 1997, the Times reported.

Mr. SPECTER. I thank the Chair.

That, in a fairly abbreviated statement, Madam President, is the substance of legislation which I propose to offer.

It is my hope that the hearings of the Governmental Affairs Committee will bring substantial public interest to this subject. I know that the Presiding Officer has cosponsored the McCain legislation, is very much in favor of campaign finance reform, and perhaps, if our hearings generate enough public interest, that kind of public demand will be created.

It is worth noting that at an early stage in the Watergate hearings people were disinterested in campaign finance reform at that time. But as those hearings progressed more public interest was stimulated, and campaign finance reform was enacted in 1974. But I believe that this is very, very important if we are to bring back public confidence with what is done in Washington, DC.

Madam President, in the absence of anyone on the floor seeking recognition, I again suggest the absence of quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. KYL. Madam President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

DEPARTMENTS OF LABOR, HEALTH AND HUMAN SERVICES, AND EDUCATION, AND RELATED AGENCIES APPROPRIATIONS ACT, 1998

The Senate continued with the consideration of the bill.

Mr. KYL. Madam President, I at this point ask if the pending business would permit me to offer an amendment.

The PRESIDING OFFICER. Amendments are in order.

AMENDMENT NO. 1056

(Purpose: To increase funding for Federal Pell Grants, with an offset from fiscal year 1998 funding for low-income home energy assistance)

Mr. KYL. Madam President, I have sent an amendment to the desk.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Arizona [Mr. KYL] proposes an amendment numbered 1056.

Mr. KYL. Madam President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 41, between lines 17 and 18, insert the following:

Of the funds made available under this heading in Public Law 104-208, to be available for obligation in the period October 1, 1997 through September 30, 1998, $527,666,000 are rescinded.

On page 56, line 21, strike "$8,557,741,000" and insert "$9,085,407,000".

On page 56, line 22, before the period insert ": *Provided*, That $7,438,000,000 shall be available to carry out subpart 1 of part A of title IV of the Higher Education Act of 1965 (20 U.S.C. 1070a)".

Mr. KYL. Madam President, let me simply indicate generally what this amendment does.

This amendment will provide an additional $528 million for the Pell Grant Program, boosting that level to the amount recommended by the Appropriations Committee. And that money will come from the LIHEAP program. It would be a direct offset. So that the $528 million would come from LIHEAP and would go to fund Pell grants.

Madam President, this amendment is very simple. It will provide an additional $528 million for the Pell Grant Program, boosting the amount in the bill to the level recommended by the House of Representatives. Pell grant funding would go from $6.910 billion to $7.438 billion. The offset is from the Low Income Home Energy Assistance Program [LIHEAP].

The additional Pell grant funding is intended to finance changes in eligibility—that is, to correct problems that have arisen as a result of the current law phaseout of certain independent students at income levels that are lower than those for dependent students. Like the House bill, the funding is contingent upon the authorizing committees acting on the proposal. I am not attempting an end run around the normal committee process, just attempting to ensure that the funds will be available should the Education Committee concur in the change.

The Clinton administration originally estimated the cost of the proposal at $725 million in fiscal year 1998, but it is my understanding that administration officials are now satisfied with the House numbers. In any event, I believe we ought to put as high a priority on Pell grants as the House did in its version of the Labor-HHS bill.

Madam President, it was the Higher Education Amendments of 1992 that established a separate allowance for independent students without dependents. The income protection allowance, which is a fixed amount of a family's income that is excluded from need determination, is based on the family's household size and the number in the household attending college. The problem is that the separate allowance established by the 1992 act creates a substantial disparity among groups of students.

For example, when compared with other students with the same number of family members in the household and one member in college, the allowance for 1997–1998 is $5,750 less in the case of married students without dependents. It is $5,940 less in the case of single students without dependents, according to the Department of Education. And because the income protection allowance for independent students without dependents is not indexed for inflation, the gap can only be expected to widen each year.

The proposed change in eligibility, which the funding in my amendment is intended to finance, would bring the proportion of students in this group who would be eligible for Pell grants closer to the proportion that existed prior to the establishment of the separate allowance in the 1992 act. Students in this group are typically older students with annual family incomes of between $10,000 and $20,000.

Madam President, here is a State-by-State breakdown of the number of students who lost eligibility under the separate allowance. The numbers, which were supplied by the Education Department, compare the period 1992–1993 before the 1992 reauthorization with the period 1993–1994 after reauthorization:

Alabama	4,399
Alaska	548
Arizona	6,417
Arkansas	2,525
California	24,314
Colorado	5,204
Connecticut	2,645
Delaware	472
District of Columbia	426
Florida	17,792
Georgia	5,196
Hawaii	561
Idaho	1,402
Illinois	10,848
Indiana	5,467
Iowa	4,247
Kansas	4,434
Kentucky	3,754
Louisiana	5,765
Maine	1,364
Maryland	4,047
Massachusetts	5,778
Michigan	15,254
Minnesota	7,432
Mississippi	2,751
Missouri	7,963
Montana	1,561
Nebraska	2,792
Nevada	1,891
New Hampshire	1,098
New Jersey	5,920
New Mexico	2,002
New York	19,477
North Carolina	4,231
North Dakota	1,335
Ohio	12,864
Oklahoma	4,621
Oregon	4,031
Pennsylvania	9,535
Rhode Island	1,314
South Carolina	2,087
South Dakota	1,324
Tennessee	4,972
Texas	15,126
Utah	4,074
Vermont	353
Virginia	5,168
Washington	5,636
West Virginia	1,011
Wisconsin	6,258
Wyoming	730
Puerto Rico, other	3,347

The figures I just cited will give Senators a rough idea of the number of additional students that would benefit from the added funding in my amendment.

Madam President, Professor David Breneman, the dean of the Curry School of Education at the University of Virginia, testified before the Senate Finance Committee back in April about the effectiveness of various forms of Federal aid. He concluded that "the Pell Grant program has the merit of targeting aid to students who would be unable to attend college without the grant." In other words, Pell grants are probably the most efficient and effective way of targeting Federal aid to those students who need it most. And unlike other forms of assistance, which might reach those who have the means and determination to attend college with or without the Government's help, it does less to fuel tuition inflation.

Now I know the offset for the additional Pell grant funding will be controversial for some. It would come from the Low Income Home Energy Assistance Program [LIHEAP], a program that was set up nearly 16 years ago to temporarily—temporarily—supplement existing cash assistance programs and help low-income individuals pay for home fuel costs that were escalating at the time.

But the world is a very different place than it was in 1981. Gone are the long lines at the gas pumps and skyrocketing energy prices. As we prepare to cross a bridge to the 21st century, we should look beyond programs designed to cope with an energy crisis of 20 years ago—a crisis that has come and gone—and focus instead on how to prepare young people for the high technology, more competitive economy of the future.

Madam President, fuel costs have not only stabilized since 1981, they have declined significantly in real terms. Figures provided to me by one of Arizona's majority utilities, Arizona Public Service, indicate that average residential rates for electricity have declined 15 percent in real terms since 1980. And that does not take into account a 1.2-percent rate decrease that just became effective on July 1.

It is no secret that I have been skeptical of the continued need for

LIHEAP. I have offered amendments on the subject several times in recent years. But I would point out that in its fiscal year 1995 budget submission, the Clinton administration, too, recommended substantial reductions in the program.

As noted in the President's fiscal year 95 budget,

> * * * fuel prices have decreased by 40 percent in real terms; the cost of electricity has dropped by about 13 percent in real terms; and the percent of income spent for home heating for households at or below 150 percent of poverty guidelines has dropped by about one-third.

He went on to propose a 50-percent reduction in funding for the program that year.

Last year, President Clinton proposed outyear cuts in LIHEAP—a $90 million reduction in 1999, and a $181 million reduction in 2000. The Office of Management and Budget advised my office that the declining figures were due to standard percentage reductions applied to programs that were not considered a top priority.

Last December, it was widely reported that the Clinton administration would recommend a 25-percent reduction in the program this year. So there has been skepticism about the continuing need for the program, even at the White House.

Madam President, the States themselves have already shown remarkable ability to meet the energy needs of those requiring assistance, refusing to allow public utilities to shut off power to delinquent customers and setting up payment plans and other options. It seems to me that, given the States' track records and the stable or declining price of energy, this is a good time to begin cutting back on LIHEAP spending so that we can target the resources to other pressing needs.

In closing, the bipartisan budget agreement that we passed in July was intended to extend new opportunities in education to middle- and upper middle-income families, and it will through a variety of new tax credits. But we have the chance today to target additional Pell grant assistance to more lower- and middle-income people, so that all American families have the same opportunity to secure a brighter future. I hope my colleagues will join me in supporting this amendment to put more money into the Pell Grant Program.

Mr. SPECTER addressed the Chair.

The PRESIDING OFFICER. The Senator from Pennsylvania.

Mr. SPECTER. Madam President, when the time comes to discuss the matter, there will be very vigorous objection from the managers, both Senator HARKIN and myself, on this amendment. We think that low-income energy assistance is very, very important. But we will await the event after our distinguished colleague from Arizona has had a chance to make his presentation.

In the absence of any other Senator seeking recognition, Madam President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. DORGAN. Madam President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DORGAN. Madam President, I ask unanimous consent to be allowed to speak in morning business for 20 minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

FAST TRACK TRADE AUTHORITY

Mr. DORGAN. Madam President, I noted in a news report recently something which I have heard previously. The news reported that President Clinton and his administration will in just a matter of days from now, on September 10, send a legislative proposal to give President Clinton and this administration something called fast track trade authority.

Now, that might sound like a foreign language to a lot of folks, but the notion of fast track trade authority is relatively simple. It is that trade negotiators shall negotiate trade agreements between the United States and other countries, then bring these trade agreements to the Congress, and they shall be considered in Congress under something called fast track procedures. That means no one here in the Congress is allowed to or will be able to offer amendments to alter that proposed trade agreement.

That is what fast track means. It is a special deal for a trade agreement brought back to Congress so that all Members of Congress are prevented from offering amendments. Members of Congress will be allowed only to vote yes or no on the entire agreement.

The Constitution of the United States in article I, section 8 says, "The Congress shall have the power to regulate Commerce with foreign Nations."

Yet, in recent decades we have developed this notion of fast track trade authority that has given both Republican and Democrat Presidents the opportunity to bring trade agreements to the Congress under a procedure that handcuffs Members of Congress and prevents them from offering any amendments at any time.

I want to share why I think this is important and why I believe it is inappropriate to grant fast track trade authority to this administration. I should say that when I was in the House of Representatives, I led an effort in the Chamber of the House to prevent fast track trade authority being given to a previous administration as well.

The Washington Post, in an article written by Ann Devroy, titled "Battle Lines Forming Over Clinton's Bid for Fast Track Trade Powers," states the Business Roundtable, among others, will work to help President Clinton get these fast track procedures in place by getting Congress to pass a proposal to give the President fast track powers. "The job won't be easy," it says.

It reports that the Business Roundtable has written in a letter to its members, "The political climate for new trade agreements is not good. Organized labor, human rights groups, protectionists, isolationists and environmentalists are questioning the benefits of trade."

Now, I guess I don't fit any of these descriptions. I am not an isolationist. I am not a member of organized labor. I am not a member of a human rights group. I am not a protectionist. I am not a member of some environmental organization. I am not some xenophobe, and I am not someone from a small town who cannot see over the horizon. I studied a little economics. I even taught a little economics in college. I understand something about the trade issue.

I understand that in international trade this country is not moving forward; it is falling back. We are not winning; we are losing. We ought not proceed to develop new trade agreements until we solve the problems of the old trade agreements. And I want to recite a few of those problems.

This was an interesting article written by a journalist who is a very good journalist. But nowhere in this article in talking about trade authority—and this is the difficulty we have in this Chamber—does it point out that we will have the largest merchandise trade deficit in the history of this country. Nowhere does it point that out. How can you have a discussion of trade and fail to mention in the context of that discussion that we now suffer the largest trade deficit in the history of our country?

I don't understand that. This is not theory. It is not some academic discussion. It is a discussion about whether we are going to proceed to give this administration the ability to have fast track authority for a new trade agreement they or trade agreements they will negotiate, and bring them to Congress and tie our hands so that no amendments may be offered.

Some do not mind, I suppose, that we have the largest merchandise trade deficit in history. They say trade is trade. In fact, this article quotes the Business Roundtable as saying, "Those who oppose this question the benefit of trade."

What a lot of nonsense that is. I don't question the benefit of trade. In fact, much of what we produce in my State, an agricultural State, must find a foreign home. I understand the benefits of trade. I also understand the benefits of trade that is fair and the benefits of trade relationships with other countries that are fair trade relationships. I also understand about being taken advantage of. I also understand about trade policies that have been more foreign policy than trade policy over the last half century.

For the first 25 years following the Second World War, our trade policy was foreign policy. It had very little to do with trade. The fact was that this country was bigger, better, stronger and could outtrade and outproduce almost any other country in the world with one hand tied behind its back. So we could afford to exercise a foreign policy disguised as trade policy with dozens of our trading allies and still prevail. And it was just fine, at least in the first 25 years following the Second World War.

During those first 25 years, incomes in this country continued to rise. However, in the second 25 years, we ran into some very shrewd, tough international competitors and it has not been as easy for us to compete unless the trade rules are fair. Unfortunately, the trade rules have not been fair because we have continued to negotiate trade agreements that are more foreign policy than trade policy. As a result we have trade agreements that are fundamentally unfair to American workers and American producers. I want to go through a few of these in this discussion.

The first chart that I want to show is a chart about the merchandise trade deficit in our country. Nobody seems to care much about it here in the Congress. You don't hear people talking about it. There is always this angst about the budget deficit, and we have worked on that and finally have our fiscal house in some order. But there is no discussion at all about the other deficit, the merchandise trade deficit, which is a sea of red ink and growing every single year. In fact, we had the largest merchandise trade deficit in American history last year, and we are most likely going to exceed that this year. We have had deficit after deficit after deficit. There have been 21 straight years of merchandise trade deficits.

Let me just describe what has happened following our trade agreements. We rush off and send our best negotiators to negotiate trade agreements. When they finish negotiating some agreement with some country, whether it be Japan or the GATT agreement or NAFTA or some other agreement, they have a huge celebration or giant feast at which they all declare they have won.

But, what have our negotiators actually won? We had a $28 billion merchandise trade deficit in 1981 when the trade agreement took effect from the Tokyo round of trade talks. By 1989, this Congress passed—without my vote, I might add—a United States-Canada Free-Trade Agreement, at which time we now had a $115 billion merchandise trade deficit.

In 1994, a trade agreement, negotiated under fast track with Mexico and Canada, called NAFTA or the North American Free-Trade Agreement came into effect. By that time, we had amassed a $166 billion merchandise trade deficit. Then there was the Uruguay round of talks under the General Agreement on Tariffs and Trade or GATT, and the trade agreement enacted by Congress which took effect January 1, 1995. By that time, we had a $173 billion merchandise trade deficit. That has now grown to a $191 billion merchandise trade deficit, and is continuing to grow again this year.

DRI and McGraw-Hill, which is a company that does econometric projections, suggests our merchandise trade deficit will likely double in a 10-year period. We are headed in the wrong direction, not the right direction. So the question is, Do we continue doing this? Or does somebody stand up and say, "Wait a second, this doesn't make any sense. You are asking us to give fast track trade authority to negotiate another trade agreement when all we have seen is an ocean of merchandise trade deficits."

With this discussion, I am not suggesting that we ought not trade. Of course we should trade. But we ought to say to our trading allies that the conditions under which we trade with them must represent fair trade. If you get your products into our marketplace, that's fine. But, then we expect our products to get into your marketplace. If we have standards that will not allow our producers to pollute our air and water, then we expect you to produce under the same standards.

If we have standards that say we can't hire a 14-year-old and have him work 14 hours a day and pay him 14 cents an hour to produce a product that we then ship to Pittsburgh or Los Angeles and Denver, then we expect you not to employ a 14-year-old and pay him 14 cents an hour, producing something you ship to those same cities. Those are the conditions under which our workers, our citizens, and our businesses ought to expect trade to be handled under our trade agreements.

Now, when you look at this ocean of red ink which no one writes about and no one talks about, it seems to me it is time to stop to evaluate where we are. Daniel Webster said, on the floor of this Senate about 160 years ago, "When the mariner has been tossed for many days in thick weather and on an unknown sea, he naturally avails himself of the first pause in the storm, the earliest glance at the Sun, to take his latitude and ascertain how far the elements have driven him from his true course." That might be a good suggestion for this Congress on the issue of trade.

Instead, what this Congress will debate, without even talking about this choking trade debt, will be fast track.

There is fast food, fast lane, fast living, fast talk, and fast break. I remember when I played high school basketball the notion of a fast break was to move quickly and rush and get ahead of the defenders before they could get set up and make the basket. That's what a fast break is all about. You go ahead, before anybody notices you, and score your points.

Everything that says fast somehow connotes lack of preparation. That certainly has been the case with fast track in trade. Anyone, I say, anybody who believes that we have been successful in representing the economic interests of this country in pursuing the kind of process we pursued in recent years in trade just is not looking at the same set of facts that exists for this presentation I am giving today.

Madam President, the instant you discuss these issues there are those in this town who categorize you in one of two camps. You are described as a free trader, period, end of story. This connotes, by the way, that you support all of these negotiations and fast track and so on. You are either a free trader, or you are some kind of xenophobic, isolationist stooge who doesn't get it and are called a basic protectionist. Those are the two camps. You are one or the other, and you can't be in between because there is no thoughtfulness in between, we are told.

I stand right square in the middle of this issue, saying that this country has a problem and we ought to deal with it. We ought not be talking about negotiating new trade agreements as long as we have vexing, difficult problems with old trade agreements that we refuse to deal with. Fast track—if we are going to fast track anything, let's fast track the efforts to solve old trade problems.

We negotiated a trade agreement with Mexico. At the time, we had a nearly $2 billion trade surplus with Mexico. Guess what? It has not been very long—only 3 years later—and we have ended up with nearly a $16 billion trade deficit with Mexico. We go from a small surplus, to a big deficit.

We negotiate a trade agreement with Mexico and we are told what is going to come into this country from Mexico will be the product of low-skill and low-wage work.

What is actually coming in from Mexico? Automobiles, automobile parts, and electronics parts. Do you know we now import more cars from Mexico into the United States than the United States exports to the rest of the entire world? Think of that.

Has the United States-Mexico, has the NAFTA agreement worked out the way we expected? I would like one person to come to this Senate and say, "Boy, this really worked out well. What we wanted was to have an agreement with Canada and Mexico positioned such that at end of it, we would have a combined trade deficit of nearly $40 billion." Is that what we wanted? I don't think so.

At the root of all of this, whether it's with Mexico or Canada is our past agreements and the fast track process that wouldn't allow the agreements to be changed and corrected. As a result we have a severe problem with Canadian grain flooding across our border in a fundamentally unfair way.

And by the way, we can't resolve these issues now because we pulled the teeth of our own trade laws in all these trade agreements. We have pulled the teeth of those provisions which could have been effective in representing us and in remedying these problems. And now that the teeth are pulled, we wonder why we can't chew on these issues. You can't chew because there is no effective remedy left.

Does anybody think that this represents progress? Is it progress to have Mexico and Canada have a huge trade surplus with the United States? Is it progress that we have this deficit with them?

China has a large and growing trade deficit, which has been growing exponentially. In a dozen years it has grown from $10 million up to over $40 billion. How about Japan? Every single year, we have had a recurring trade deficit of $48 billion to over $50 billion a year.

What does all of that represent? It represents jobs. And it represents, by and large, a diminution of our manufacturing sector. No economy will long remain a strong economy if it doesn't retain a strong manufacturing base.

There are those who believe it doesn't matter where you produce. Get in your Lear jet or get in your Gulfstream and travel around the world. Look out the window and find out where on this Earth, what patch of ground can you find where you can build a plant and have people come in the front door of that plant and pay them a quarter an hour, a half a dollar an hour, or 75 cents an hour. Pay them no benefits, no pensions, no insurance, and pollute the air and water as you produce because that represents profit and that represents progress. Not to me it doesn't. Not to this country it doesn't.

The consideration of fast-track trade authority by this Congress ought, it seems to me, to persuade us finally to ask ourselves, what truly is progress in international trade? Do we really think that a trade picture that looks like this is progress?

Six countries have 92 percent of our record level merchandise trade deficit. Nearly 30 percent of the trade deficit is with Japan. It is 24 percent and growing with China. Canada and Mexico together, have another 24 percent. The latest figures show that NAFTA, the crown jewel of trade agreements has produced a record nearly $40 billion combined trade deficit. Do we really think that those kinds of numbers represent progress?

This is not working. It is not a case of this country saying we want to close our borders and shut off imports; it's a case of this country saying we expect the trade rules to be fair. We expect our negotiators who negotiate trade agreements to win from time to time. Should we expect that every time our trade negotiators run off someplace that they lose? I don't think so. Yet, that is what happened.

We have a beef agreement with Japan. Nobody knows much about these things, because all this is like a foreign language. We have an avalanche of Japanese goods coming into America. I do not object to that. All I ask is that American goods get into Japan on a fair basis.

We couldn't get much American beef into Japan, so we had a huge negotiation with the Japanese. It must have been 8, 10 years ago, by now, that they announced this breakthrough. You would have thought there was a national day of fiesta and rejoicing. It was a major breakthrough; a big beef agreement with Japan. Guess what the agreement was. We have such a low expectation of our trade negotiations.

The agreement with Japan was the following: When the agreement is fully phased in, there will remain only a 50-percent tariff on American beef going into Japan. That tariff will be reduced, except if the quantity increases, it snaps back to 50 percent. Under any other set of circumstances, that would be defined as failure, but it was defined in our negotiations with Japan as a success. That is true with virtually every single set of negotiations this country has been involved in the last two decades.

This is not a complaint about Republicans or Democrats. It's a complaint against both and all. I have not yet met anyone who is willing to look me in the eye and talk about the facts about the merchandise trade deficits in this country and have them tell me that this is a record they want to stand on.

My hope is that in the coming couple of weeks, as we discuss the issue of fast-track trade authority, we might finally have the debate we really need. We don't want a thoughtless debate about "this person is a protectionist" and "this person is a free trader." Rather we need a thoughtful debate about precisely what kind of trade agreements represent this country's real interests, what kind of trade agreements require us to compete internationally and compete effectively and fairly, and what kind of trade agreements make certain that this country, when it does compete in the international marketplace, is able to do so on an even and fair basis.

Madam President, it is obvious, I suppose, that I will be aggressively opposing the fast-track authority that this President will request. If he, on September 10, makes a formal request, he will no doubt have substantial support for it. I have had several people come up to me in my State who said to me, "Oh, by the way, Byron, I was supposed to tell you to vote for fast track because my company sent out a memo to all the employees saying, 'We want you all to contact your Senator to vote for fast track.' I don't know about fast track," they said, "but that is something my company wants you to vote for."

I am not going to support fast track. I will be on the floor of the Senate often to talk about what I think are the problems in international trade and what I think are our priorities.

We have massive problems with Canada, for example, on grain trade. The responsibility that we have is not to create some fast-track procedure for new agreements, but to create a fast-track determination to solve old trade problems from previous agreements that do not work.

Until trade negotiators demonstrate a willingness to do that, and until this administration demonstrates a willingness to do that, I do not think it ought to get the vote of the U.S. Senate or the U.S. House for a peculiar and unique authority called fasttrack that, in my judgment, undercuts the constitutional requirement of Congress, to regulate commerce.

Madam President, I yield the floor.

Mr. WELLSTONE addressed the Chair.

The PRESIDING OFFICER (Mr. COATS). The Senator from Minnesota.

Mr. WELLSTONE. Mr. President, let me just say to my colleague from North Dakota that I appreciate his analysis. I look forward to joining him in this debate. I think he is really one of the most eloquent Senators, or for that matter Congressmen, in Washington on a set of issues that are so important to working people, so important to producers, and I thank him.

DEPARTMENTS OF LABOR, HEALTH AND HUMAN SERVICES, AND EDUCATION, AND RELATED AGENCIES APPROPRIATIONS ACT, 1998

The Senate continued with the consideration of the bill.

AMENDMENT NO. 1056

Mr. WELLSTONE. Mr. President, I ask whether or not the amendment we are on right now is the Kyl amendment; is that correct?

The PRESIDING OFFICER. The Senator is correct.

Mr. WELLSTONE. I thank the Chair.

Mr. President, I do not know whether or not my colleague, Senator KYL from

Arizona, will be back today or whether we will come back to his amendment tomorrow, but I want to just very briefly comment on his amendment.

The Kyl amendment, as I understand it—I have the amendment before me—amounts essentially to over a $500 million rescission, if you will, in funding for what is called LIHEAP, the low-income energy assistance program. We have seen cuts over the years in this low-income energy assistance program. It is really now under a billion dollars total. So in many ways we would essentially, if this amendment passes, be dealing with the end of the program.

Mr. President, I actually would come to the floor and have an amendment which would call for an increase in funding for low-income energy assistance. And the reason I do not is that we have been sort of going through the same drill every year, which is that come the cold winter months—this happens in Minnesota; it happens in many of our cold-weather States—what happens is, because we do not have enough by way of appropriations, because the vast majority of these families are families with incomes under $7,000 or $8,000 a year, because about half the people helped are children, because close to 50 percent of these families are working poor families, they work 52 weeks a year, 40 hours a week, and because, Mr. President, these grants, this assistance, represents a kind of lifeline for people so they are not faced with the choice of "Do I pay for my heat? Then I can't afford prescription drugs or I can't afford food," we have been supportive of this.

What happens, though not as supportive as we should be, the administration provides additional emergency funds because, you know, whether it be in Minnesota or Indiana, I suppose, as well, what happens is that at the county level where the people live, at the grassroots level, we get calls. And these are desperation calls. So we actually provide a supplement to what we have in the bill by way of emergency funding. But for a State like Minnesota or Indiana it is a bit of a nightmare to plan. People never know. They never know.

So now we have an amendment which would really just make this situation, which is not great—we do not have the funding that we should have for a program that helps people so they do not go cold. That is a kind of minimal standard of decency. It certainly is important to a cold-weather State like Minnesota. But now if this amendment was to pass—I do not think it will; I hope we will have a strong vote against it—it would be a nightmare.

I just want to say to my colleague, whom I enjoy, that the part of the amendment which deals with expanding funding for the Pell grant I am all for. I think one of the things that was overlooked in the budget agreement—I think there was a bit too much exaggeration about how we were going to make sure that higher education was affordable for all our students because, to repeat one more time, the tax credit which goes to the HOPE scholarship program is not refundable. So if you come from a family below $27,000 a year, you may not be eligible, and many of the community college students in Minnesota are not.

We also expanded the Pell grant a little bit, but if you talk to the financial aid officers around the country, I think all of them will tell you that the most effective, efficient way of providing the necessary support for young or not such young students—many of our students are older—to be able to afford higher education is the Pell grants.

So I say to my colleague, it is a laudable goal. I will have an amendment on the floor to provide some additional funding for the Pell grants in this country. But you cannot do that on the backs of some of the poorest, most vulnerable citizens in the United States of America. I mean, you cannot take away energy assistance from people who, if they do not receive this emergency assistance during cold winters, could very well go cold or maybe pay for heat but then not have enough to eat. This is just an unacceptable tradeoff.

I am disappointed we have to go through this whole fight again, but, you know, all of us do what we think is right. I know my colleague from Arizona is doing this because he thinks it is the right thing to do. But we have had very strong bipartisan support over the LIHEAP Program. I think we all know already that it is minimum funding. We all know already it is not enough. We all know already that we end up every winter having to provide additional emergency funding. So the last thing we want to do is essentially gut this program.

So, again, I share part of the goal of this because indeed I will have an amendment that will talk about expanding Pell grant funding. But you do not take the funding from some of the poorest, most vulnerable families in America.

I am speaking as a Senator from a cold-weather State, Minnesota, but I think the vast majority of my colleagues share this sentiment as well. So when we come back to this, there will be a pretty strong debate. I hope we will have an overwhelmingly strong vote in opposition to this amendment.

I also want to say, Mr. President—I will say it very briefly—that I look forward to starting tomorrow. I do intend to introduce an amendment to expand funding for Head Start. I have been doing some really interesting traveling and learned so much from people when I was in eastern Kentucky.

I, by the way, would like to say to the Chair, not in sort of a syrupy, senatorial courtesy, if you will, but at my wife's family reunion, the Isom family in eastern Kentucky, about half the people were from Indiana. I had an opportunity to tell them I really enjoyed working with Senator COATS from Indiana. It was kind of nice. Most of them are Republicans. I did not change their view, but they are wonderful people. They think a great deal of the Chair. I think they are disappointed he is in fact not going to be continuing in the Senate. I say that to the Chair.

One of the things you learn, especially as you visit Head Start, is that now that we are talking more about the very early years, I mean the funding, when it comes to really trying to help with families where children are 1 or 2, under the age of 3, we have practically no funding at all.

I tell you, I met some wonderful people in eastern Kentucky. One woman who has been with Head Start, I don't know, from the very beginning, her husband died of black lung, and she has not had a high school degree. With the help of Head Start, she went back and got her high school degree, went on and got a college education and has been a Head Start teacher for 30 years. I asked her, "Why do you do this? You can't get wealthy. You don't make very much money at all." She talked about her love of children. You could just feel it.

So I want to have an amendment that talks about expanding some funding for Head Start. I certainly want to have an amendment that deals with the Pell grant program. I will have one other amendment that will deal with this whole issue of what are we going to do about rebuilding crumbling schools.

I heard my colleague, Senator KENNEDY from Massachusetts, in a very eloquent way say there is agreement on this except we do not seem to match our words with resources. I am seeing, as I travel around the country, some of these crumbling schools. It is sort of like when we talk about family values. We have to make "values" a verb. It cannot just be a noun. We have to sort of live it, do it.

If we value these children, we just cannot have children going to schools that are crumbling. You cannot have children walking into schools where the ceilings are falling—I have seen these conditions—or when the stench of urine is in the hallway or toilets are decrepit and you cannot even wash your hands after you go to the bathroom.

As Senator KENNEDY said earlier, we are saying to these kids —no matter what we think we are saying—what we are saying is that we do not value you much. We have to figure out a way as a nation to do something about this.

I was at a gathering with a top urban educator. I so appreciated her remarks because what she said is: Look, you all can debate whether there should be tests or standards or how you measure accountability and all the rest of it, and it is all debatable, but, she said, some things are simple. Just invest some money in infrastructure. Help rebuild these crumbling schools.

She is right. I will have another amendment that will deal with that. But I do hope when we come back—I want my colleague from Arizona to know there will be a very fierce debate about this. I mean, for the last several years I have come out here. Senator KENNEDY has joined me. Senator HARKIN, Senator SPECTER, a number of different Senators have been very strong on this. Senator JEFFORDS has been a very strong leader on this. And we have had to fight every year for this low-income energy assistance. I do not think we should have to fight so hard for it because it is really just a basic lifeline program.

My colleague from Arizona, whether he intends to do so or not, is essentially gutting this program, ending it. We cannot do that. We cannot do that.

Mr. President, I yield the floor and suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. COCHRAN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

AGRICULTURE, RURAL DEVELOPMENT, FOOD AND DRUG ADMINISTRATION, AND RELATED AGENCIES APPROPRIATIONS ACT, 1998

The PRESIDING OFFICER. Under the previous order, the hour of 2:15 having arrived, the Senate will proceed to the consideration of H.R. 2160, which the clerk will report.

The legislative clerk read as follows:

A bill (H.R. 2160) making appropriations for agricultural, rural development, Food and Drug Administration and related agencies, programs for the fiscal year ending September 30, 1998, and for other purposes.

The Senate proceeded to consider the bill.

The PRESIDING OFFICER. The Senator from Iowa, Mr. HARKIN, is recognized to offer an amendment. There will be 20 minutes of debate equally divided.

AMENDMENT NO. 1057

(Purpose: To provide funding for activities of the Food and Drug Administration relating to the prevention of tobacco use by youth, with an offset)

Mr. HARKIN. I send an amendment to the desk on behalf of myself, Senators CHAFEE, LAUTENBERG, REED, DURBIN, KENNEDY, and WYDEN.

The legislative clerk read as follows:

The Senator from Iowa [Mr. HARKIN], for himself, Mr. CHAFEE, Mr. LAUTENBERG, Mr. REED, Mr. DURBIN, Mr. KENNEDY, and Mr. WYDEN, proposes an amendment numbered 1057.

Mr. HARKIN. I ask unanimous consent the reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

In the matter under the heading "SALARIES AND EXPENSES" under the heading "FOOD AND DRUG ADMINISTRATION" in title VI, add at the end the following:

In addition, the total amount made available under this heading shall be increased so as to make available a total of $34,000,000 for the Food and Drug Administration children's tobacco initiative: *Provided*, That—

(1) the amount that may be expended for equipment of services related to automated data processing, information technologies, or related items (including telecommunications equipment and computer hardware and software) under section 4(g) of the Commodity Credit Corporation Charter Act (15 U.S.C. 714b(g)) may not exceed $36,914,000 for fiscal year 1998; and

(2) to the extent that funding becomes available for the Food and Drug Administration children's tobacco initiative as a result of the national tobacco settlement—

(A) any amounts made available under this Act, allocated for the Food and Drug Administration children's tobacco initiative, and not expended on the date that such funding becomes available shall be rescinded; and

(B) the amount specified in paragraph (1) shall be increased by the total of the amounts rescinded under subparagraph (A): *Provided further*, That in carrying out their responsibilities under the Food and Drug Administration children's tobacco initiative, States are encouraged to coordinate their enforcement efforts with enforcement of laws that prohibit underage drinking.".

Mr. HARKIN. I understand I have 10 minutes.

The PRESIDING OFFICER. The Senator is correct.

Mr. HARKIN. During previous consideration of the appropriations bill on agriculture I offered an amendment, along with Senator CHAFEE and others to protect America's kids and crack down on illegal tobacco sales. We would do it by providing full funding for the FDA's youth tobacco use prevention initiative.

That amendment was debated and received a strong bipartisan vote of 48 Senators, but some of my colleagues expressed concerns about certain aspects of the amendment. Those concerns seemed to focus primarily on the nature of the offset and on whether the FDA initiative should be funded before the outcome of the pending tobacco settlement is known. I have, in good faith, modified my amendment in two important respects that I believe fully address both concerns.

First, this amendment contains an entirely different offset. It would reduce spending by the USDA Commodity Credit Corporation on automated data processing and information technology equipment during fiscal year 1998 by $29.1 million, just enough to allow full funding for the FDA initiative.

Second, to clear up any uncertainty about the relationship of the FDA initiative to the pending tobacco settlement, this amendment contains a sunset provision that would become effective if funding for FDA youth tobacco use prevention activities becomes available as a result of the tobacco settlement.

I want to make it clear there is nothing in my amendment having to do with tobacco marketing assessments or tobacco farmers or anything that could remotely be called a revenue measure that could conceivably interest the Ways and Means Committee of the House.

I also add the amendment includes language suggested by Senator BYRD that would have the FDA encourage States to coordinate their enforcement either under the youth tobacco use prevention initiative with enforcement of laws against underage drinking. I want to commend and thank Senator BYRD for that addition. As I said in the debate earlier, the two go hand in glove. You find kids using illegal tobacco, you find them illegally buying alcohol at the same time more often than not.

With that background, Mr. President, I hope we can zero in on what this is all about. Plain and simple—this amendment is about protecting America's kids from killer tobacco. With a death toll of more than 400,000 a year, smoking kills more Americans than AIDS, alcohol, motor vehicles, fires, homicides, illicit drugs, and suicide combined.

This is an epidemic, and we know where it starts. It starts with kids. It starts with illegal underage smoking. Almost 90 percent of adult smokers began at or before age 18.

Put this in perspective: The Senate last took up this debate 40 days ago with my previous amendment. Since that time, another 120,000 young Americans got hooked on tobacco and began smoking; 40,000 of those will die because of it. That is the toll just in the past 7 weeks. At current rates, 5 million American kids under age 18 who are alive today will be killed by smoking-related disease. And teenage smoking rates are still climbing.

Smoking among high school seniors is at a 17-year high. The statistics on smoking among young women and girls is just shocking. Smoking among 8th grade girls jumped over 60 percent from 1991 to 1996, with rates of smoking now higher for 8th and 10th grade girls than for boys.

Now, briefly reviewing what this amendment will fund at FDA. FDA needs $34 million to carry out enforcement of rules setting a minimum age of 18 for tobacco purchases and requiring photo ID checks. In its initiative, FDA is signing contracts with State and local jurisdictions for cooperation in carrying out enforcement of these rules.

The FDA initiative also includes funding to provide information to retailers and the public about the rules to help retailers comply with the rules and not sell tobacco to kids. This excerpt from an FDA brochure shows why it is necessary to have a photo ID check.

FDA has $4.9 million in fiscal year 1997 that it is using to fund contracts with 10 States. The $34 million will allow FDA to provide money to all 50 States to help them prevent youth tobacco use. This is not some big new bureaucratic program. The bulk of the money goes to the States and local jurisdictions.

Of the $34 million, $24 million will go to enforcement and evaluation, and $10 million will be used to educate retailers and the public about the rules so retailers can comply. The point of the rules is not to punish anyone, it is to protect kids. I add that these photo ID check and minimum age rules were fully upheld by the Federal district court in Greensboro, NC.

This funding request is part of the President's budget request for the Food and Drug Administration. I have a letter from Vice President GORE expressing the administration's strong support for my amendment. I ask unanimous consent the letter, dated August 28, 1997, from the Office of the Vice President, be printed at this point in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

THE VICE PRESIDENT,
Washington, DC, August 28, 1997.

Hon. TOM HARKIN,
U.S. Senate, Washington, DC.

DEAR SENATOR HARKIN: I am writing to inform you of the Administration's strong support for your amendment to fully fund the anti-youth access to tobacco initiative in fiscal year 1998. As you know, every year, there are more than $1 billion in illegal sales of tobacco products to children and adolescents in the United States. With approximately 500,000 retailers in the country who sell tobacco, it is critical that the Food and Drug Administration's request for $34 million in funding be granted in order to stop these illegal sales to our children.

The requested funding is intended to enforce the age and photo ID provisions of the FDA rule, upheld by the Federal District Court in Greensboro, North Carolina. The bulk of the $34 million will be spent on contracts with states that want to join the FDA in ensuring retailer compliance with these provisions. While the FDA is in the process of providing initial funding for 10 states to begin conducting compliance checks, the $34 million is needed to allow state officials in all interested states to undertake compliance checks in fiscal year 1998.

The remaining funds are intended to educate retailers and the public about the new rules. We believe that the vast majority of retailers in this country will comply with the age and photo ID requirements if they understand their responsibilities and recognize the important role they can play in protecting children from tobacco and its consequences.

Funding the FDA initiative is vital if we are to have a credible national youth tobacco program in the upcoming fiscal year; the $4.9 million provided thus far by the Senate will not enable us to do so. This amendment would add the needed $29 million to the initiative, offset by reducing the Department of Agriculture automated data processing funds available through the Commodity Credit Corporation. The Administration has determined that this modest limitation will not impair the ability of USDA to carry out its programs and provide services to the public.

Once again, let me assure you that the President and I remain strongly committed to protecting young people from tobacco and its consequences. Your amendment would allow the government to have a meaningful enforcement and outreach program that will ensure the safety of our children.

Sincerely,

AL GORE.

Mr. HARKIN. I have a letter from 33 attorneys general involved in the tobacco settlement negotiations calling for full funding of the FDA initiative. I ask unanimous consent a letter from the attorneys general be printed in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

ATTORNEY GENERAL OF WASHINGTON,
Olympia, WA, June 20, 1997.

Hon. TED STEVENS,
Chair, Senate Appropriations Committee, Hart Senate Office Building, Washington, DC.

Hon. ROBERT BYRD,
Ranking Member, Senate Appropriations Committee, Hart Senate Office Building, Washington, DC.

Hon. THAD COCHRAN,
Chair, Senate Appropriations Subcommittee on Agriculture, Rural Development and Related Agencies, Russell Senate Office Building, Washington, DC.

Hon. DALE BUMPERS,
Ranking Member, Senate Appropriations Subcommittee on Agriculture, Rural Development and Related Agencies, Dirksen Senate Office Building, Washington, DC.

DEAR SENATOR STEVENS: We are writing as the attorneys general for our respective states in support of the Food and Drug Administration's (FDA) request for $34 million to implement the tobacco initiative in the Agriculture Appropriations bill. This funding is critical to our efforts to protect kids from tobacco sales.

There is no reason not to fully fund the FDA tobacco regulations. A Federal District Court recently upheld FDA's general jurisdiction over the sale of tobacco products to minors, and the American public overwhelmingly supports this initiative. The tobacco industry failed in its legal effort to derail FDA's important protections for kids. Now, local, state and federal officials must move forward and work together to implement FDA's regulations.

In 1994, attorneys general from around the country issued a report illustrating the need for comprehensive new policies to protect kids from tobacco. In the past three years, 40 attorneys general have filed suit against the tobacco industry to recover damages caused by their behavior. To stop the marketing of tobacco products to kids is a primary goal of these lawsuits, against the tobacco industry.

We are prepared to work hand-in-hand with FDA to ensure that the provisions of its tobacco initiative are fully enforced. Towards this end, FDA has allocated a significant portion of the $34 million to go directly to the states to help with enforcement. This money is critical to ensuring our country's success in reducing tobacco use by youth.

We need to act without delay: cigarette smoking among high school seniors is at a 17 year high and smoking among 8th and 10th graders has increased by more than 50 percent since 1991. Tobacco use is clearly a problem that starts with children: almost 90 percent of adult smokers started using tobacco at or before age 18, and the average youth smoker begins at age 13 and becomes a daily smoker by age 14½.

While some provisions of FDA's initiative are on hold pending appeal, the court fully upheld FDA's funding that cigarettes and smokeless tobacco products are both drugs and drug delivery devices. In addition, the court provided FDA with full authority to continue implementing provisions requiring retailers to check photo identification of consumers seeking to purchase tobacco who appear to be younger than 27 years of age. Strong enforcement of this provision is key to reducing youth access to tobacco products. The $34 million requested by FDA will provide much needed funding for enforcement by state and local officials.

Currently, it is far too easy for kids to buy cigarettes and chewing tobacco through vending machines and at retail outlets. A review of thirteen studies of over-the-counter sales found that, on average, children and adolescents were able to successfully buy tobacco products 67 percent of the time. We can substantially improve on this record by providing funding for the FDA regulations.

The tobacco industry's record of targeting our kids is clear. Now is the time to stand up for America's kids and protect them from cigarettes and chewing tobacco. FDA's jurisdiction over sales to minors has been upheld in court and enjoys strong support among the people of our states. We hope you will vote for full-funding of this critical initiative.

Sincerely,

Christine O. Gregoire, Attorney General of Washington; Bruce Ml. Botelho, Attorney General of Alaska; Grant Woods, Attorney General of Arizona; Gale A. Norton, Attorney General of Colorado; Richard Blumenthal, Attorney General of Connecticut.

A. Jane Brady, Attorney General of Delaware; Robert A. Butterworth, Attorney General of Florida; Alan G. Lance, Attorney General of Idaho; Jim Ryan, Attorney General of Illinois; Tom Miller, Attorney General of Iowa.

Carla J. Stovall, Attorney General of Kansas; Richard P. Ieyoub, Attorney General of Louisiana; Andrew Ketterer, Attorney General of Maine; A. Joseph Curran, Jr., Attorney General of Maryland; Scott Harshbarger, Attorney General of Massachusetts.

Hubert H. Humphrey III, Attorney General of Minnesota; Mike Moore, Attorney General of Mississippi; Jeremiah W. Nixon, Attorney General of Missouri; Joseph P. Mazurek, Attorney General of Montana; Frankie Sue Del Papa, Attorney General of Nevada.

Philip McLaughlin, Attorney General of New Hampshire; Peter Verniero, Attorney General of New Jersey; Dennis C.

Vacco, Attorney General of New York; Heidi Heitkamp, Attorney General of North Dakota; Betty D. Montgomery, Attorney General of Ohio; A. A. Drew Edmondson, Attorney General of Oklahoma.

Hardy Myers, Attorney General of Oregon; D. Michael Fisher, Attorney General of Pennsylvania; Jeffrey B. Pine, Attorney General of Rhode Island; Jan Graham, Attorney General of Utah; William H. Sorrell, Attorney General of Vermont; Darrell V. McGraw, Jr., Attorney General of West Virginia; James E. Doyle, Attorney General of Wisconsin.

Mr. HARKIN. Keep in mind the $34 million FDA needs is just a drop in the bucket compared to the $50 billion in annual smoking-related medical costs in our Nation.

As I close, I want to bring the discussion back to the central issue. That is, whether we will stand up to big tobacco and stand up for America's kids. If we cannot even take this modest step, $29.1 million, what kind of message does that send?

We talk a lot around here about protecting kids. Well, it is time to quit talking and do something about it. Let's do what is right for our kids, right for law enforcement, right for the future. Let's pass this amendment and give our kids what they deserve—better health and a brighter future.

Again, I point out that this amendment is in full compliance with the rules. This Senator is offering the amendment parliamentarily to the House-passed bill as it came over here under the unanimous-consent agreement reached with the majority leader prior to the Senate going out in early August.

How much time is remaining?

The PRESIDING OFFICER. The Senator has 2 minutes and 53 seconds remaining.

Mr. HARKIN. I yield the floor.

The PRESIDING OFFICER. The Senator from Mississippi

Mr. COCHRAN. I yield myself such time as I may consume.

Mr. President, let me say at the outset, when we started the consideration of appropriations bills this year it became important that we work out an arrangement whereby we proceed to consider bills even though they may not have passed by the House. And as all Senators know, it is the past custom, and the practice has been that appropriations bills originate in the House, they come to the Senate, and they are amended, and then they go to conference to work out the differences.

Because of the crush of the time and the negotiations on a budget resolution and for a number of other reasons, it was considered appropriate for the Senate committee to proceed to consider original legislation on appropriations here in the Senate, for the subcommittees to mark up bills and the full committee to report out bills, whether or not the House had passed the bill or even met in the Committee on Appropriations to act on legislation.

Consistent with that procedure, it was assumed that it would be appropriate at the conclusion of the Senate's action on an appropriations bill to obtain unanimous consent to hold the bill here, and that upon receipt of the bill as passed by the House, the Senate's action on the bill would be substituted for the House-passed bill. That it would then be considered as passed, conference would be invited, and we would proceed to work out our differences in conference.

The Senate has passed 10 appropriations bills, all but two were Senate-originated bills; the House has passed only 7 appropriations bills. The process was working just fine, and with the cooperation of all Senators, until the agriculture appropriations bill was considered and action on the bill was nearly completed. Our leadership sought to get unanimous consent to substitute the Senate-passed bill, to insert it as an amendment to the House-passed bill when that bill was received. We could not get unanimous consent because the distinguished Senator from Iowa had offered an amendment, as other Senators had, during the course of consideration of the bill. The amendment had been disposed of, but he wanted to offer it again in a different form. So to do that, he objected.

It was discovered that unanimous consent had to be obtained under the procedure we were using. So if he objected, he could hold up passage of the House bill, offer his amendment again, reconfigure it, and have the Senate vote on it again. That is what has happened.

I think the Senate should reject the amendment on the grounds that the procedure is one where we will have to either stop considering Senate appropriations bills until the House has acted, or at the beginning of the consideration of an appropriations bill either get unanimous consent in advance to taking up amendments, or take some other action that would keep from happening what the Senator from Iowa is trying to make happen now. That is, on the whim or on the action of any individual Senator, to force this Senate to vote on all the amendments again or versions of the amendments that were defeated when we were considering the Senate bill. This becomes a terribly unwieldy and impossible procedure to follow.

We have certain understandings all the time about how things will be done here in the Senate. There are certain procedures and rules that are institutionalized. After third reading, you cannot offer any more amendments, for example. I don't know of anybody that has tried to overturn or undo that rule. There are other procedures that have become a part of the practice of the Senate in doing business. The reason for the rule on third reading is that at some point there has to be an end to the offering of amendments. No one objected to the procedure we were following on the other appropriations bills; there was no alternative proposed; everybody agreed it was fair; it was serving the purpose of expediting action on appropriations bills; it was not a problem with the House; no one objected and said they were not going to permit the Senate to act on appropriations bills until the House has completed its action. We heard nothing like that from the House leadership.

So what I am suggesting, Mr. President, as respectfully as I can, is that this is an unfortunate effort to go around the practices and the procedures that have been established for this purpose, to facilitate the orderly consideration of appropriations bills, and the Senate ought to reject this effort. The Senate ought to vote down this amendment. Tomorrow morning, after all time has been used under the unanimous-consent request, I will move to table the Harkin amendment. I urge the Senate to vote to table the Harkin amendment.

It is the same amendment, in effect, that was offered and argued before the Senate on July 23. A motion to table that amendment was made and agreed to by the Senate on a record vote. Then, after amendments had been considered, a unanimous-consent request was made by our leadership, jointly supported, to limit the remaining amendments to a stated number. This was after the Harkin amendment had been defeated on a motion to table. The Senator should have asked, if he wanted to offer another amendment on this subject, that he be permitted to do so under that unanimous-consent request. And there was no request that he be permitted to do so. There were a few amendments left to be considered at that time, and so the Senate heard that request. There was no objection, and so it was ordered that the remaining amendments on the bill be limited to those stated in that order. The Harkin amendment was not one of them. No amendment to be offered by Senator HARKIN was one of them.

He or any Senator under that situation should be estopped from urging a right to offer another amendment then after that order was entered. After the order was entered, then we voted on the bill, as amended, and it passed 99 to 0 on a rollcall vote. Now, after that has happened, the Senate is obliged to consider this amendment in order to get unanimous consent to receive the House-passed bill, which was adopted on the same day the Senate adopted its bill. We have to consider this amendment before the Senate again and have the Senate act on it in exchange for a unanimous-consent agreement that we can then substitute the Senate-passed bill, as amended, for the provisions of the House bill and go to conference.

I hope the Senate will not encourage this kind of activity in the future and make it impossible for us to proceed as we have been proceeding by acting favorably on the Harkin amendment. The Senate has to vote down the Harkin amendment or vote for a motion to table, which will be made tomorrow.

Mr. HARKIN addressed the Chair.

The PRESIDING OFFICER. The Senator from Iowa is recognized.

Mr. HARKIN. Mr. President, first of all, I appreciate the arguments made by my friend, the chairman of the Senate Agriculture Appropriations Committee. However, let me point out that, first of all, no point of order lies against my amendment. Therefore, it is in full compliance with the rules of the Senate. I know of no one who would say that something ought to be defeated because it is in compliance with the rules.

I, through my staff, consulted the Parliamentarian's office about researching any precedents for the procedural situation of my amendment on the bill. My staff was told it would be virtually impossible to research precedence because offering an amendment in this posture is clearly within the rules and would not be identified as having set a precedent. By the same token, I believe that adopting my amendment would not set any precedent whatsoever. We are simply using the rules.

Now, the fact is that, as the chairman said, most of the time bills are passed in the House and they come over and we substitute, in the beginning, before the process, the House-passed bill, and therefore we work on one bill, and when third reading is made, that is the end of it. But in this case, we passed the bill prior to the House passing it. The rules clearly allow that any bill that comes over from the House taken up by the Senate is amendable. That is all this Senator is doing. It sets no precedent whatsoever.

Second, I point out that I did not need a unanimous-consent agreement to offer my amendment. I could have done it without any unanimous consent agreement whatsoever. The only reason the unanimous consent was entered into is I was accommodating to the majority leader that night, who wanted to get the bill done. I want to make it clear that I didn't need unanimous consent to offer this amendment.

Third, there was a lot of confusion at the time that I offered this amendment that, by offering it, it would go to the House, it would be blue-slipped by the House, would go to the House Ways and Means Committee, all of which I thought at the time was spurious. But I think some Members were swayed by that. Even in light of that, this amendment got 48 votes. I now point out that no such argument can be held on this, because this will not go back to the House. It will go right to conference. Therefore, it cannot be blue-slipped. It will not go to the Ways and Means Committee in the House. So, therefore, there was some confusion about that at the time.

Next, there was a feeling by some that the offsets I had were not appropriate. So we changed the offsets, as I said in my initial opening comments, to accommodate certain Senators who didn't feel I had the right offsets.

I thank the Chair.

The PRESIDING OFFICER. The time of the Senator from Iowa has expired.

Mr. DOMENICI. Mr. President, Mr. HARKIN's amendment uses a budgetary gimmick to offset increased spending in 1998.

The amendment merely delays $29 million in mandatory Commodity Credit Corporation [CCC] spending for USDA computers and related items until 1999 to offset increased spending in 1998.

The 1996 farm bill included $275 million for computer and related expenses over the 1997 through 2002 fiscal years. Based upon the language in the farm bill CBO had to estimate the flow of funds over the 6-year period.

The CBO estimated that approximately $66 million will be spent on computers and related expenses in 1998. The Harkin amendment merely delays the expenditure of $29 million into 1999 thus increasing spending in 1999.

Under our scoring rules if the appropriations bill changes a mandatory program the Appropriations Committee will get scored with the change. If this amendment becomes law, the discretionary spending caps will be adjusted downward in 1999.

This amendment will therefore make it more difficult for Congress to fund agriculture research and extension, education, and environment programs in next year's appropriation bills as less money is available to spend.

Mr. COCHRAN. Mr. President, I presume all time has now expired.

The PRESIDING OFFICER. The Senator has 1 minute 15 seconds.

Mr. COCHRAN. I hope everybody will read Senator DOMENICI's remarks in the RECORD tonight. They refer to the fact that the offset this amendment proposes really isn't anything more than a temporary, 1-year offset. In order to achieve the savings that are purported to be added to the FDA account by this amendment being offered by the distinguished Senator from Iowa, a limitation on the use of Commodity Credit Corporation funds is imposed. But that is only for 1 year. In other words, that deserves some consideration, as Senator DOMENICI indicates. I agree with him.

In addition, if $47 million in Commodity Credit Corporation funds is really needed for the Department of Agriculture to operate and maintain its computer systems in fiscal year 1998, as the Department indicates, those funds will have to be reprogrammed from other accounts, putting pressure on possibly the Farm Service Agency or other USDA agencies.

I am focusing on and I hope the Senate will focus on why we are going to have to reject this effort to undermine the procedure we have, or either change the procedure. We had a procedure that seemed to satisfy everybody. And now there is an effort to undermine it completely. It ought to be rejected.

The PRESIDING OFFICER. All time has expired.

Mr. COCHRAN. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. BINGAMAN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BINGAMAN. Mr. President, I ask unanimous consent that I be allowed to speak for up to 5 minutes on the Harkin amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BINGAMAN. Mr. President, I am a cosponsor of the amendment that the Senator from Iowa has offered on increasing the funding for the FDA youth tobacco initiative. This amendment will restore full funding for the Food and Drug Administration's tobacco initiative in order to prevent tobacco use by teenagers and adolescents. The goal of the amendment is to prevent illegal sales of tobacco products to children.

In the bill presently before us, the Senate has allocated $4.9 million for the implementation of the FDA regulations that restrict the sale and distribution of tobacco products to young people.

This is not adequate funding. The FDA will not be able to enforce the restrictions on the sale of tobacco to children unless the additional funds proposed by the Harkin amendment are agreed to. Some have said that the amendment is premature and the tobacco settlement is still being reviewed. Here in the Congress we will provide the money that the FDA needs in order to go ahead with the enforcement called for in the current regulations.

First, I point out that it is not that clear that Congress will go ahead and approve a settlement similar to that proposed by the attorneys general and the tobacco industry. Even if we are able to agree upon legislation to implement such an agreement, money for FDA enforcement through that settlement is not likely to be provided before fiscal year 1999, and the FDA enforcement and outreach efforts are very important and should not be delayed until that time.

It should also be noted that the amendment has a sunset provision. The Harkin amendment has a sunset provision, and if funding for the FDA tobacco initiative is provided for fiscal year 1998 through any tobacco settlement legislation, then the extra funds covered by that offset would be rescinded under the amendment. The amendment would raise the level to $34 million in fiscal year 1998 so that the FDA, working with the States, can carry out rules to prevent kids from smoking.

Clearly, the need to give more attention and more effort and more resources to the effort to prevent young people from smoking is clear: 4.5 million young people, ages 12 through 17, are smokers today. High school seniors are smoking at the highest rates they have in 17 years. Nearly 90 percent of adult smokers began at or before the age of 18 and began with that habit. Today, just like every other day of the year, another 3,000 young people will become regular smokers. If current rates continue, more than 5 million children under age 18 who are alive today will wind up being killed by smoking-related diseases.

A root cause of youth smoking is the easy access that kids have to tobacco. A survey by the Centers for Disease Control shows that children and adolescents were able to buy tobacco products 67 percent of the time that they tried. The CDC found that most young smokers usually buy cigarettes without questions being asked and without any identification being requested. The American people support the effort that the FDA is making to reduce smoking among young people. Their strong support is shown in recent polls among the public with the use-access provisions of the FDA rule in the enforcement of those provisions. Eighty-seven percent of the public agreed with the FDA policy setting a national minimum age of 18 for the purchase of tobacco products. It is estimated that there are more than $1 million in illegal sales of tobacco products to children and adolescents in the United States every year.

Mr. President, let me just conclude by saying that this amendment, which Senator HARKIN has offered and I have cosponsored with him, will allow us to enforce the law that is in effect in all 50 States—the law against the sale of tobacco products to minors. It simply restores full funding to the FDA's tobacco initiative to prevent teenage tobacco use.

I urge all of my colleagues in the Senate to support the amendment.

I yield the floor.

DEPARTMENTS OF LABOR, HEALTH AND HUMAN SERVICES, AND EDUCATION, AND RELATED AGENCIES APPROPRIATIONS ACT, 1998

The PRESIDING OFFICER. The clerk will report S. 1061.

The legislative clerk read as follows:

> A bill (S. 1061) making appropriations for the Departments of Labor, Health and Human Services, and Education, and related agencies for the fiscal year ending September 30, 1998, and for other purposes.

The Senate continued with the consideration of the bill.

Mr. BINGAMAN. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. SPECTER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. THOMAS). Without objection, it is so ordered.

Mr. SPECTER. Mr. President, earlier this morning, when the majority leader and I were on the floor, with Senator HARKIN, the ranking member of the subcommittee, we discussed the sequence of the bill which is currently pending, and it was our plan, our expectation, to conclude action on this bill by tomorrow evening. We have only had one amendment laid down so far. The distinguished Senator from Arizona [Mr. KYL] has laid down an amendment with respect to LIHEAP, but no other amendment has been forthcoming.

Now is obviously a good time to offer amendments since the floor is clear, with ample time for consideration. We hope that anybody who has an amendment to offer would advise the managers of the bill, myself in my capacity as chairman of the subcommittee, and Senator HARKIN, the ranking member of the subcommittee, and that we would have notification by the end of business today as to all amendments Members tend to offer. At the very latest we hope those amendments would be filed by noon tomorrow. We have a vote scheduled for 9:30, and Senators to some extent may be arriving back at this time. Certainly as an indicator from past practice Senators will be here tomorrow morning to vote at 9:30, so we hope that Senators would let us have those amendments so that we could plan the conclusion of the bill, sequence the amendments and try to conclude this bill by the end of business tomorrow, Wednesday night.

I thank the Chair, and in the absence of any other Senator seeking recognition, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. NICKLES. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

MORNING BUSINESS

Mr. NICKLES. Mr. President, I ask unanimous consent that there now be a period for the transaction of morning business with Senators permitted to speak therein for up to 5 minutes each.

The PRESIDING OFFICER. Without objection, it is so ordered.

DR. LARRY A. DONOSO

Mr. HATCH. Mr. President, I rise today to congratulate Dr. Larry A. Donoso, M.D., Ph.D., director of research at Wills Eye Hospital, in Philadelphia, PA. Dr. Donoso is a world renowned ophthalmologist, a native son of the State of Utah, and a proud graduate of the University of Utah School of Medicine.

Recently, Dr. Donoso was honored by the Queens Medical Center at the University of Nottingham, one of the United Kingdom's most prestigious academic medical centers. There they established the Larry A. Donoso Eye Research Laboratory in recognition of his long collaboration in the establishment of the new laboratory, and his efforts to advance eye treatment for patients around the world. He is the first American to be so honored by the Queens Medical Center. Both the city of Philadelphia and the Senate of the State of Pennsylvania have acknowledged the significance of this award, and the breadth of his contributions to the field of ophthalmology.

Dr. Donoso is being lauded for his vast contributions as a premier research scientist, compassionate medical doctor, and extraordinary teacher. Having graduated from East High School in Salt Lake City, Dr. Donoso received his bachelors degree from the University of Utah in 1965. The School of Medicine conferred his Ph.D. in 1971 and his medical degree in 1973. He also went on to complete his clinical residency training in ophthalmology at Utah before joining the faculty of the Wills Eye Hospital in Pennsylvania.

Dr. Larry Donoso, or "LD" as his friends affectionately call him, is an extraordinary eye researcher who has worked tirelessly over the last 30 years to advance the reputation of Wills Eye Hospital among the international medical community. His career accomplishments have been honored by the city of Philadelphia, the Senate of the State of Pennsylvania, and the Queens Medical Center at the University of Nottingham in England. I wanted my colleagues to be aware of these outstanding achievements, which, I hope, will serve as inspiration to us all.

THE VERY BAD DEBT BOXSCORE

Mr. HELMS. Mr. President, at the close of business Friday, August 29, 1997, the Federal debt stood at $5,404,420,294,885.51. (Five trillion, four hundred four billion, four hundred twenty million, two hundred ninety-four thousand, eight hundred eighty-five dollars, and fifty-one cents).

One year ago, August 29, 1996, the Federal debt stood at $5,213,489,000,000 (Five trillion, two hundred thirteen billion, four hundred eighty-nine million dollars).

Twenty-five years ago, August 29, 1972, the Federal debt stood at $436,812,000,000 (Four hundred thirty-six billion, eight hundred twelve million dollars) which reflects a debt increase of nearly $5 trillion—$4,967,608,294,885.51 (Four trillion, nine hundred sixty-seven billion, six hundred eight million, two hundred ninety-four thousand, eight hundred eighty-five dollars and fifty-one cents) during the past 25 years.

IN RECOGNITION OF CHERYL HUFF'S 25 YEARS OF SERVICE TO THE STATE OF MISSOURI

Mr. ASHCROFT. Mr. President, it is an honor to serve the people of Missouri and this great country. One of the privileges I have as a Missouri Senator is to recognize those who have gone above and beyond the call of duty in service to the State of Missouri. For 25 years, Cheryl Huff, of Mexico, MO, has served faithfully the people of Missouri through the Division of Youth Services.

Within the Missouri Department of Social Services, the Division of Youth Services is the State agency responsible for the care and treatment of youth, committed to its custody by one of Missouri's 45 juvenile courts. This State agency operates treatment programs ranging from nonresidential day treatment centers to secure residential institutions.

The 1889 establishment of the Training School for Boys in Boonville and the Training School for Girls in Chillicothe marked the foundation of the division of youth services. It was at the Training School for Boys in Boonville, a quarter of a century ago, that Cheryl began her service. She is widely respected by peers for her sound judgement and personal integrity. During her tenure, Cheryl has distinguished herself among her colleagues as an efficient and effective caretaker of Missouri's most precious resource—its children.

The recognition of Cheryl for her commitment to Missouri's children simply mirrors her dedication to her own family. While the accomplishments of a successful career are important to her, those who know Cheryl would be the first to point out that her career is secondary to her love of family. The lasting legacy of Cheryl's life is apparent in the time, energy, and resources she has invested in her children. She exemplifies the highest commitment to relentless dedication and sacrifice.

Cheryl, the grateful State of Missouri offers you these simple words of appreciation: Thank you.

MESSAGES FROM THE PRESIDENT

Messages from the President of the United States were communicated to the Senate by Mr. Williams, one of his secretaries.

EXECUTIVE MESSAGES REFERRED

As in executive session the Presiding Officer laid before the Senate messages from the President of the United States submitting sundry nominations which were referred to the appropriate committees.

(The nominations received today are printed at the end of the Senate proceedings.)

REPORT RELATIVE TO TAX BENEFITS—MESSAGE FROM THE PRESIDENT RECEIVED DURING THE ADJOURNMENT OF THE SENATE—PM 60

Under the authority of the order of the Senate of January 7, 1997, the Secretary of the Senate on August 11, 1997, received a message from the President of the United States, together with an accompanying report; which was referred jointly, pursuant to Public Law 93-344 as amended, to the Committee on the Budget and to the Committee on Finance.

THE WHITE HOUSE,
Washington, August 11, 1997.

Hon. ALBERT GORE, Jr.
President of the Senate,
Washington, DC.

DEAR MR. PRESIDENT: In accordance with the Line Item Veto Act, I hereby cancel two limited tax benefits, as specified in the attached reports, contained in the "Taxpayer Relief Act of 1997" (Public Law 105-34; H.R. 2014). I have determined that each of these cancellations will reduce the Federal budget deficit, will not impair any essential Government functions, and will not harm the national interest. This letter, together with its attachments, constitutes a special message under section 1022 of the Congressional Budget and Impoundment Control Act of 1974, as amended.

Sincerely,
WILLIAM J. CLINTON.

REPORT RELATIVE TO DIRECT SPENDING—MESSAGE FROM THE PRESIDENT RECEIVED DURING THE ADJOURNMENT OF THE SENATE—PM 61

Under the authority of the order of the Senate of January 7, 1997, the Secretary of the Senate on August 11, 1997, received a message from the President of the United States, together with an accompanying report; which was referred jointly, pursuant to Public Law 93-344 as amended, to the Committee on the Budget and to the Committee on Finance.

THE WHITE HOUSE,
Washington, August 11, 1997.

Hon. ALBERT GORE, Jr.
President of the Senate,
Washington, DC

DEAR MR. PRESIDENT: In accordance with the Line Item Veto Act, I hereby cancel one item of new direct spending, as specified in the attached report, contained in the "Balanced Budget Act of 1997" (Public Law 105-33; H.R. 2015). I have determined that this cancellation will reduce the Federal budget deficit, will not impair any essential Government functions, and will not harm the national interest. This letter, together with its attachment, constitutes a special message under section 1022 of the Congressional Budget and Impoundment Control Act of 1974, as amended.

Sincerely,
WILLIAM J. CLINTON.

MESSAGES FROM THE HOUSE RECEIVED DURING ADJOURNMENT

Under the authority of the order of the Senate of January 7, 1997, the Secretary of the Senate, on August 1, 1997, during the adjournment of the Senate, received a message from the House of Representatives announcing that the House has agreed to the following concurrent resolution:

S. Con. Res. 43. Concurrent resolution urging the United States Trade Representative immediately to take all the appropriate action with regards to Mexico's imposition of antidumping duties on United States high fructose corn syrup.

The message also announced that the Speaker has signed the following enrolled bills:

H.R. 408. An act to amend the Marine Mammal Protection Act of 1972 to support the International Dolphin Conservation Program in the eastern tropical Pacific Ocean, and for other purposes.

H.R. 584. An act for the relief of John Wesley Davis.

H.R. 1198. An act to direct the Secretary of the Interior to convey certain land to the City of Grants Pass, Oregon.

H.R. 1585. An act to allow postal patrons to contribute to funding for breast cancer research through the voluntary purchase of certain specially issued United States postage stamps, and for other purposes.

H.R. An act to provide for a land exchange involving the Warner Canyon Ski Area and other land in the State of Oregon.

H.R. 2014. A act to provide for reconciliation pursuant to subsections (b)(2) and (d) of section 105 of the concurrent resolution on the budget for fiscal year 1998

H.R. 2015. A act to provide for reconciliation pursuant to subsections (b)(1) and (c) of section 105 of the current resolution on the budget for fiscal year 1998.

Under the authority of the order of the Senate of January 7, 1997, the enrolled bills were signed on August 1, 1997, during the adjournment of the Senate by the President pro tempore [Mr. THURMOND].

EXECUTIVE AND OTHER COMMUNICATIONS

The following communications were laid before the Senate, together with accompanying papers, reports, and documents, which were referred as indicated:

EC–2699. A communication from the Assistant Secretary of the Navy (Installations and Environment), transmitting, a report relative to an outsourcing study; to the Committee on Armed Services.

EC–2700. A communication from the Director of the Office of Management and Budget, Executive Office of the President, transmitting, pursuant to law, a report concerning direct spending or receipts legislation within five days of enactment date July 31, 1997; to the Committee on the Budget.

EC–2701. A communication from the Director of the Office of Management and Budget, Executive Office of the President, transmitting, pursuant to law, a report concerning direct spending or receipts legislation within five days of enactment date July 23, 1997; to the Committee on the Budget.

EC–2702. A communication from the Director of the Office of the Secretary of Defense, transmitting, pursuant to law, a rule entitled "Privacy Program" received on July 30, 1997; to the Committee on Governmental Affairs.

EC–2703. A communication from the Employee Benefits Manager of the AgFirst Farm Credit Bank, transmitting, pursuant to law, the report of a Federal pension plan for calendar year 1996; to the Committee on Governmental Affairs.

EC–2704. A communication from the Assistant Secretary of State (Legislative Affairs), transmitting, pursuant to law, the report of a notice of a proposed issuance of an export license; to the Committee on Foreign Relations.

EC–2705. A communication from the Assistant Secretary of State (Legislative Affairs), transmitting, pursuant to law, the report of a notice of a proposed issuance of an export license; to the Committee on Foreign Relations.

EC–2706. A communication from the Assistant Secretary of State (Legislative Affairs), transmitting, pursuant to law, the report of a notice of a proposed issuance of an export license; to the Committee on Foreign Relations.

EC–2707. A communication from the Assistant Legal Adviser for Treaty Affairs, Department of State, the report of the texts of international agreements, other than treaties, and background statements; to the Committee on Foreign Relations.

EC–2708. A communication from the Assistant Secretary of State (Legislative Affairs), transmitting, pursuant to law, the report of U.S. contributions to international organizations for fiscal year 1996; to the Committee on Foreign Relations.

EC–2709. A communication from the Assistant Attorney General (Office of Policy Development), transmitting, pursuant to law, the report of two rules including a rule entitled "Final Guidelines for Megan's Law" (RIN1105–AA50) received on July 28, 1997; to the Committee on the Judiciary.

EC–2710. A communication from the Chief Justice of the Supreme Court of the United States, transmitting, pursuant to law, the report of the proceedings of the Judicial Conference of the U.S.; to the Committee on the Judiciary.

EC–2711. A communication from the Secretary of Commerce, transmitting, a draft of proposed legislation entitled "The WIPO Copyright and Performances and Phonograms Treaty Implementation Act of 1997"; to the Committee on the Judiciary.

EC–2712. A communication from the Assistant Secretary of the Interior for Land and Minerals Management, transmitting, pursuant to law, a notice on leasing systems; to the Committee on Energy and Natural Resources.

EC–2713. A communication from the Acting Director of the Office of Surface Mining, Reclamation and Enforcement, Department of the Interior, transmitting, pursuant to law, two rules including a rule entitled "Missouri Regulatory Program" [MO032FOR, UT035FOR) received on July 30, 1997; to the Committee on Energy and Natural Resources.

EC–2714. A communication from the Administrator of the Energy Information Administration, Department of Energy, transmitting, pursuant to law, the annual energy review for calendar year 1996; to the Committee on Energy and Natural Resources.

EC–2715. A communication from the Chairman of the U.S. Nuclear Regulatory Commission, transmitting, pursuant to law, the report on the nondisclosure of safeguards information for the period April 1 through June 30, 1997; to the Committee on Environment and Public Works.

EC–2716. A communication from the Director of the Office of Congressional Affairs, U.S. Nuclear Regulatory Commission, transmitting, pursuant to law, a rule received on July 30, 1997; to the Committee on Environment and Public Works.

EC–2717. A communication from the Director of the Office of Regulatory Management and Information, U.S. Environmental Protection Agency, transmitting, pursuant to law, a rule entitled "Buprofezin" (FRL5732–1) received on July 29, 1997; to the Committee on Environment and Public Works.

EC–2718. A communication from the Director of the Office of Regulatory Management and Information, U.S. Environmental Protection Agency, transmitting, pursuant to law, the report of three rules received on July 25, 1997; to the Committee on Environment and Public Works.

EC–2719. A communication from the Acting Director of the Fish and Wildlife Service, Department of the Interior, transmitting, pursuant to law, a rule entitled "Endangered and Threatened Wildlife and Plants" (RIN1018–AD39) received on July 25, 1997; to the Committee on Environment and Public Works.

EC–2720. A communication from the Chief Counsel of the Office of Foreign Assets Control, Deparment of the Treasury, transmitting, pursuant to law, a rule entitled "Iranian Transactions Regulations" received on July 30, 1997; to the Committee on Banking, Housing, and Urban Affairs.

EC–2721. A communication from the Chief Counsel of the Office of Foreign Assets Control, Deparment of the Treasury, transmitting, pursuant to law, a rule entitled "Blocked Persons" received on July 30, 1997; to the Committee on Banking, Housing, and Urban Affairs.

EC–2722. A communication from the Director of the Office of Thrift Supervision, Department of the Treasury, transmitting, pursuant to law, the annual report on enforcement actions and initiatives for calendar year 1996; to the Committee on Banking, Housing, and Urban Affairs.

EC–2723. A communication from the General Counsel of the National Credit Union Administration, transmitting, pursuant to law, a rule governing credit unions; to the Committee on Banking, Housing, and Urban Affairs.

EC–2724. A communication from the President and Chairman of the Export-Import Bank of the United States, transmitting, pursuant to law, a report relative to a transaction involving exports to Morocco; to the Committee on Banking, Housing, and Urban Affairs.

EC–2725. A communication from the Acting General Counsel of the Department of Housing and Urban Development, transmitting, pursuant to law, the report of two rules including a rule entitled "The Homeownership of Single Family Homes Program" (FR3857, 3820) received on July 24, 1997; to the Committee on Banking, Housing, and Urban Affairs.

EC–2726. A communication from the Deputy Secretary of the U.S. Securities and Exchange Commission, transmitting, pursuant to law, a rule (RIN3235–AG61) received on August 1, 1997; to the Committee on Banking, Housing, and Urban Affairs.

EC–2727. A communication from the Administrator of the Agricultural Marketing Service, Department of Agriculture, transmitting, pursuant to law, four rules; to the Committee on Agriculture, Nutrition, and Forestry.

EC–2728. A communication from the Administrator of the Farm Service Agency, Department of Agriculture, transmitting, pursuant to law, a rule entitled "Handling Payments from the Farm Service Agency" (RIN0560–AE93) received on August 1, 1997; to the Committee on Agriculture, Nutrition, and Forestry.

EC–2729. A communication from the Under Secretary of the Agriculture for Rural Development, transmitting, pursuant to law, a rule entitled "Rural Cooperative Development Grants" (RIN0570–AA20) received on August 1, 1997; to the Committee on Agriculture, Nutrition, and Forestry.

EC–2730. A communication from the Under Secretary of the Agriculture for Rural Development, transmitting, pursuant to law, a rule entitled "Accounting Requirements for RUS Electric Borrowers" received on August 5, 1997; to the Committee on Agriculture, Nutrition, and Forestry.

EC–2731. A communication from the Chief of the Regulations Unit, Internal Revenue Service, Department of the Treasury, transmitting, pursuant to law, the report of Notice 97–44 received on August 5, 1997; to the Committee on Finance.

EC–2732. A communication from the Chief of the Regulations Unit, Internal Revenue Service, Department of the Treasury, transmitting, pursuant to law, the report of Notice 97–45 received on August 4, 1997; to the Committee on Finance.

EC–2733. A communication from the Chief of the Regulations Unit, Internal Revenue Service, Department of the Treasury, transmitting, pursuant to law, the report of Revenue Procedure 97–38 received on August 1, 1997; to the Committee on Finance.

EC–2734. A communication from the Chief of the Regulations Unit, Internal Revenue Service, Department of the Treasury, transmitting, pursuant to law, the report of Revenue Procedure 97–40 received on July 31, 1997; to the Committee on Finance.

EC–2735. A communication from the Chief of the Regulations Unit, Internal Revenue Service, Department of the Treasury, transmitting, pursuant to law, the report of Revenue Ruling 97–32 received on August 4, 1997; to the Committee on Finance.

EC–2736. A communication from the Chief of the Regulations Unit, Internal Revenue

Service, Department of the Treasury, transmitting, pursuant to law, the report of a rule received on August 1, 1997; to the Committee on Finance.

EC–2737. A communication from the Chief of the Regulations Unit, Internal Revenue Service, Department of the Treasury, transmitting, pursuant to law, the report of a rule received on July 29, 1997; to the Committee on Finance.

EC–2738. A communication from the General Counsel of the Department of Transportation, transmitting, pursuant to law, twelve rules received on August 4, 1997; to the Committee on Commerce, Science, and Transportation.

EC–2739. A communication from the Acting Director of the Office of Sustainable Fisheries, National Marine Fisheries Service, Department of Commerce, transmitting, pursuant to law, three rules received on August 4, 1997; to the Committee on Commerce, Science, and Transportation.

EC–2740. A communication from the Secretary of the Federal Trade Commission, transmitting, pursuant to law, two rules received on August 6, 1997; to the Committee on Commerce, Science, and Transportation.

EC–2741. A communication from the Performance Evaluation and Records Management, Federal Communications Commission, transmitting, pursuant to law, ten rules received on July 31, 1997; to the Committee on Commerce, Science, and Transportation.

EC–2742. A communication from the Acting Under Secretary of Defense (Acquisition and Technology), transmitting, pursuant to law, the Selected Acquisition Reports for the period April 1 through June 30, 1996; to the Committee on Armed Services.

EC–2743. A communication from the Assistant Secretary of State (Legislative Affairs), transmitting, pursuant to law, a rule entitled "Schedule of Fees for Consular Services" received on July 30, 1997; to the Committee on Foreign Relations.

EC–2744. A communication from the Assistant Secretary of Commerce and Commissioner of Patents and Trademarks, transmitting, pursuant to law, a rule entitled "Revision of Patent and Trademark Fees for Fiscal Year 1998" (RIN0651–AA92) received on July 24, 1997; to the Committee on the Judiciary.

EC–2745. A communication from the Chairman of the Railroad Retirement Board, transmitting, pursuant to law, the report under the Inspector General Act for the period October 1, 1996 through March 31, 1997; to the Committee on Governmental Affairs.

EC–2746. A communication from the Director of the Office of Management and Budget, Executive Office of the President, transmitting, pursuant to law, the report on governmentwide efforts to reform financial management; to the Committee on Governmental Affairs.

EC–2747. A communication from the Director of Benefits, Farm Credit Bank of Texas, transmitting, pursuant to law, the report for the Thrift Plus Plan for calendar year 1996; to the Committee on Governmental Affairs.

EC–2748. A communication from the Director of Regulations Policy, Management Staff, Office of Policy, Food and Drug Administration, Department of Health and Human Services, transmitting, pursuant to law, four rules; to the Committee on Labor and Human Resources.

EC–2749. A communication from the Deputy Executive Director and Chief Operating Officer, Pension Benefit Guaranty Corporation, transmitting, pursuant to law, a rule entitled "Allocation of Assets in Single-Employer Plans" received on August 11, 1997; to the Committee on Labor and Human Resources.

EC–2750. A communication from the Assistant Secretary of Labor for Pension and Welfare Benefits, transmitting, pursuant to law, a rule relative to the adjustment of civil monetary penalties; to the Committee on Labor and Human Resources.

EC–2751. A communication from the Acting Assistant Secretary of Defense, transmitting, pursuant to law, a report on the effectiveness and costs of the Civilian Separation Incentive Program for fiscal year 1996; to the Committee on Armed Services.

EC–2752. A communication from the Secretary of Defense, transmitting, pursuant to law, the report on commercial pricing policy; to the Committee on Armed Services.

EC–2753. A communication from the Director of the Office of the Secretary of Defense, transmitting, pursuant to law, a rule entitled "Department of Defense Instruction 5120.4" (RIN0790–AG37) received on August 8, 1997; to the Committee on Armed Services.

EC–2754. A communication from the President of the United States, transmitting, pursuant to law, a report relative to the national emergency with respect to terrorists who threaten to disrupt the Middle East peace process; to the Committee on Banking, Housing, and Urban Affairs.

EC–2755. A communication from the Acting Assistant Secretary of Commerce for Export Administration, transmitting, pursuant to law, a rule entitled "Liberalization of Export Controls for Oscilloscopes" (RIN0694–AB61) received on July 30, 1997; to the Committee on Banking, Housing, and Urban Affairs.

EC–2756. A communication from the Chairman of the Board of Governors of the Federal Reserve System, transmitting, pursuant to law, the report on the profitability of the credit card operations of depository institutions; to the Committee on Banking, Housing, and Urban Affairs.

EC–2757. A communication from the Managing Director of the Federal Housing Finance Board, transmitting, pursuant to law, a rule entitled "Amendment of Affordable Housing Program Regulation" (RIN3069–AA28) received on August 4, 1997; to the Committee on Banking, Housing, and Urban Affairs.

EC–2758. A communication from the Assistant Secretary of the Interior for Land and Minerals Management, transmitting, pursuant to law, a rule entitled "Designation of Payor Recordkeeping" (RIN1010–AC38) received on July 31, 1997; to the Committee on Energy and Natural Resources.

EC–2759. A communication from the Assistant Secretary of the Interior for Land and Minerals Management, transmitting, pursuant to law, a rule entitled "Safety and Pollution Prevention Equipment Quality Assurance Requirements" (RIN1010–AC12); to the Committee on Energy and Natural Resources.

EC–2760. A communication from the Assistant Secretary of the Interior for Land and Minerals Management, transmitting, pursuant to law, a rule entitled "Delegation of Royalty Management Functions to States" (RIN1010–AC25) received on August 6, 1997; to the Committee on Energy and Natural Resources.

EC–2761. A communication from the Acting Deputy Assistant Secretary of the Interior for Fish and Wildlife and Parks, transmitting, pursuant to law, a rule entitled "St. Croix National Scenic Riverway, Boating Operations" (RIN1024–AC46) received on August 11, 1997; to the Committee on Energy and Natural Resources.

EC–2762. A communication from the Chairman and Chief Executive Officer of the Farm Credit Administration, transmitting, pursuant to law, a rule entitled "Federal Agricultural Mortgage Corporation" (RIN3052–AB72) received on August 12, 1997; to the Committee on Agriculture, Nutrition, and Forestry.

EC–2763. A communication from the General Sales Manager, Foreign Agricultural Service, Department of Agriculture, transmitting, pursuant to law, a rule entitled "CCC Facility Guarantee Program" (RIN0551–AA35) received on August 7, 1997; to the Committee on Agriculture, Nutrition, and Forestry.

EC–2764. A communication from the Administrator of the Farm Service Agency, Department of Agriculture, transmitting, pursuant to law, a rule entitled "Upland Cotton Marketing Year Transition Procedure for Import Quotas" received on August 8, 1997; to the Committee on Agriculture, Nutrition, and Forestry.

EC–2765. A communication from the Acting Executive Director of the U.S. Commodity Futures Trading Commission, transmitting, pursuant to law, a rule entitled "Securities Representing Investment of Customer Funds" received on August 6, 1997; to the Committee on Agriculture, Nutrition, and Forestry.

EC–2766. A communication from the Manager, Federal Crop Insurance Corporation, Department of Agriculture, transmitting, pursuant to law, three rules; to the Committee on Agriculture, Nutrition, and Forestry.

EC–2767. A communication from the Chairman of the Surface Transportation Board, transmitting, pursuant to law, a rule received on August 6, 1997; to the Committee on Commerce, Science, and Transportation.

EC–2768. A communication from the Secretary of Federal Trade Commission, transmitting, pursuant to law, a report of sales and advertising expenditures data; to the Committee on Commerce, Science, and Transportation.

EC–2769. A communication from the Secretary of Transportation, transmitting, pursuant to law, a report entitled "Importing Noncomplying Motor Vehicles"; to the Committee on Commerce, Science, and Transportation.

EC–2770. A communication from the Secretary of Commerce, transmitting, pursuant to law, a report relative to the convention on Antarctic Living Marine Resources; to the Committee on Commerce, Science, and Transportation.

EC–2771. A communication from the Deputy Assistant Administrator for Fisheries, National Marine Fisheries Service, Department of Commerce, transmitting, pursuant to law, a rule entitled "Western Pacific Crustacean Fisheries" received on August 6, 1997; to the Committee on Commerce, Science, and Transportation.

EC–2772. A communication from the Acting Assistant Administrator for Fisheries, National Marine Fisheries Service, Department of Commerce, transmitting, pursuant to law, a rule entitled "Fisheries off West Coast States and in the Western Pacific" received on August 6, 1997; to the Committee on Commerce, Science, and Transportation.

EC–2773. A communication from the National Oceanic and Atmospheric Administration, National Marine Fisheries Service, Department of Commerce, transmitting, pursuant to law, a rule entitled "Taking of Marine Mammals Incidental to Commercial Fishing Operations" received on August 6, 1997; to the Committee on Commerce, Science, and Transportation.

EC-2774. A communication from the General Counsel of the Department of Transportation, transmitting, pursuant to law, thirteen rules; to the Committee on Commerce, Science, and Transportation.

EC-2775. A communication from the Chief of the Regulations Branch, U.S. Customs Service, Department of the Treasury, transmitting, pursuant to law, a rule entitled "Use of Containers Designated As Instruments of International Traffic In Point-to-Point Local Traffic" (RIN1515-AB79) received on August 1, 1997; to the Committee on Finance.

EC-2776. A communication from the Secretary of Labor, transmitting, pursuant to law, a report relative to trade readjustment allowances; to the Committee on Finance.

EC-2777. A communication from the Secretary of Defense, transmitting, pursuant to law, a report concerning restoration of federal income tax deductions for unreimbursed employee business expenses incurred in performing reserve military duty; to the Committee on Finance.

EC-2778. A communication from the Chief of the Regulations Unit, Internal Revenue Service, Department of the Treasury, transmitting, pursuant to law, the report of Revenue Procedure (RP-111544-97) received on August 11, 1997; to the Committee on Finance.

EC-2779. A communication from the Chief Counsel of the Bureau of the Public Debt, Department of the Treasury, transmitting, pursuant to law, a rule entitled "Sale and Issue of Marketable Book-Entry Treasury Bills, Notes, and Bonds" received on August 11, 1995; to the Committee on Finance.

EC-2780. A communication from the Chief of the Regulations Unit, Internal Revenue Service, Department of the Treasury, transmitting, pursuant to law, the report of Revenue Procedure 97-41 on August 11, 1997; to the Committee on Finance.

EC-2781. A communication from the Secretary of Health and Human Services, transmitting, pursuant to law, a rule entitled "Hospice Wage Index" (RIN0938-AG93) received on August 11, 1997; to the Committee on Finance.

EC-2782. A communication from the Acting Assistant Secretary of the Interior for Fish and Wildlife and Parks, transmitting, pursuant to law, a rule entitled "Temporary Conditional Approval of Tungsten-Iron Shot as Nontoxic for the 1997-98 Waterfowl Hunting Season" (RIN1018-AE09) received on August 8, 1997; to the Committee on Environment and Public Works.

EC-2783. A communication from the Acting Director of the Fish and Wildlife Service, Department of the Interior, transmitting, pursuant to law, a rule entitled "Determination of Endangered Status for Three Plants from the Channel Islands of Southern California" (RIN1018-AD37) received on August 11, 1997; to the Committee on Environment and Public Works.

EC-2784. A communication from the General Counsel of the Department of Transportation, transmitting, pursuant to law, a rule entitled "Procedures for Abatement of Highway Traffic Noise and Construction Noise" (RIN2125-AD97) received on August 11, 1997; to the Committee on Commerce, Science, and Transportation.

EC-2785. A communication from the Director of the Office of Regulatory Management and Information, U.S. Environmental Protection Agency, transmitting, pursuant to law, two rules received on August 7, 1997; to the Committee on Environment and Public Works.

EC-2786. A communication from the Director of the Office of Regulatory Management and Information, U.S. Environmental Protection Agency, transmitting, pursuant to law, five rules received on August 8, 1997; to the Committee on Environment and Public Works.

EC-2787. A communication from the Director of the Office of Regulatory Management and Information, U.S. Environmental Protection Agency, transmitting, pursuant to law, twenty-six rules received on August 6, 1997; to the Committee on Environment and Public Works.

EC-2788. A communication from the Congressional Review Coordinator, Animal and Plant Health Inspection Service, Department of Agriculture, transmitting, pursuant to law, three rules including one relative to quarantined areas received on August 13, 1997; to the Committee on Agriculture, Nutrition and Forestry.

EC-2789. A communication from the Administrator of the Agricultural Marketing Service, Department of Agriculture, transmitting, pursuant to law, a rule relative to grade standards received on August 13, 1997; to the Committee on Agriculture, Nutrition, and Forestry.

EC-2790. A communication from the Assistant Secretary of the Navy (Installation and Environment), Department of Defense, transmitting, pursuant to law, a outsourcing study relative to the Naval Air Warfare Center Weapons Division, China Lake, CA; to the Committee on Armed Services.

EC-2791. A communication from the Assistant Secretary of Defense (Force Management Policy), transmitting, pursuant to law, the Accountability Report and the Accountability Profiles for 1995-96; to the Committee on Armed Services.

EC-2792. A communication from the President of the United States, transmitting, pursuant to law, the report concerning the national emergency with respect to specific narcotics traffickers centered in Columbia; to the Committee on Banking, Housing, and Urban Affairs.

EC-2793. A communication from the President of the United States, transmitting, pursuant to law, the report on the continuation of the national emergency regarding export controls regulations; to the Committee on Banking, Housing, and Urban Affairs.

EC-2794. A communication from the President and Chairman of the Export-Import Bank of the United States, transmitting, pursuant to law, a report relative to a transaction involving exports to Oman; to the Committee on Banking, Housing, and Urban Affairs.

EC-2795. A communication from the Director of the Office of Management and Budget, Executive Office of the President, transmitting, pursuant to law, a report concerning direct spending or receipts legislation within seven days of enactment date August 8, 1997; to the Committee on the Budget.

EC-2796. A communication from the AMD-Performance Evaluation and Records Management, Office of Managing Director, Federal Communications Commission, transmitting, pursuant to law, a rule relative to permit use frequencies; to the Committee on Commerce, Science, and Transportation.

EC-2797. A communication from the Acting Assistant Administrator for Fisheries, National Marine Fisheries Service, National Oceanic and Atmospheric Administration, Department of Commerce, transmitting, pursuant to law, a rule relative to the Atlantic Sea Fishery Management Plan (RIN0648-AJ62) received on August 13, 1997; to the Committee on Commerce, Science, and Transportation.

EC-2798. A communication from the Acting Director of the Office of Sustainable Fisheries, National Marine Fisheries Service, National Oceanic and Atmospheric Administration, Department of Commerce, transmitting, pursuant to law, a rule relative to the Pacific Halibut Fisheries received on August 13, 1997; to the Committee on Commerce, Science, and Transportation.

EC-2799. A communication from the Acting Director of the Office of Sustainable Fisheries, National Marine Fisheries Service, National Oceanic and Atmospheric Administration, Department of Commerce, transmitting, pursuant to law, a rule relative to commercial fishery for king mackerel received on August 13, 1997; to the Committee on Commerce, Science, and Transportation.

EC-2800. A communication from the Director of the Office of Sustainable Fisheries, National Marine Fisheries Service, National Oceanic and Atmospheric Administration, Department of Commerce, transmitting, pursuant to law, a rule relative to salmon fisheries received on August 13, 1997; to the Committee on Commerce, Science, and Transportation.

EC-2801. A communication from the General Counsel of the Department of Transportation, transmitting, pursuant to law, two rules including one rule relative to Airworthiness Directives (RIN2120-AA64) received on August 14, 1997; to the Committee on Commerce, Science, and Transportation.

EC-2802. A communication from the General Counsel of the Department of Transportation, transmitting, pursuant to law, ninety-six rules received on August 14, 1997; to the Committee on Commerce, Science, and Transportation.

EC-2803. A communication from the Assistant Secretary of the Interior for Land and Minerals Management, transmitting, pursuant to law, a rule entitled "Outer Continental Shelf Civil Penalties" (RIN1010-AC11) received on August 5, 1997; to the Committee on Energy and Natural Resources.

EC-2804. A communication from the Secretary of Energy, transmitting, a notice to delay the submission of the biennial report entitled "National Energy Policy Plan"; to the Committee on Energy and Natural Resources.

EC-2805. A communication from the Administrator of the Energy Information Administration, Department of Energy, transmitting, pursuant to law, the report entitled "Electricity Prices in a Competitive Environment: Marginal Cost Pricing of Generation Services and Financial Status of Electric Utilities"; to the Committee on Energy and Natural Resources.

EC-2806. A communication from the Director of the Office of Regulatory Management and Information, U.S. Environmental Protection Agency, transmitting, pursuant to law, three rules received on August 12, 1997; to the Committee on Environment and Public Works.

EC-2807. A communication from the Director of the Office of Regulatory Management and Information, U.S. Environmental Protection Agency, transmitting, pursuant to law, five rules received on August 13, 1997; to the Committee on Environment and Public Works.

EC-2808. A communication from the Assistant Secretary for Policy, Management and Budget, Department of the Interior, transmitting, pursuant to law, the report under the Superfund Amendments Act for fiscal year 1993; to the Committee on Environment and Public Works.

EC–2809. A communication from the Secretary of Health and Human Services, transmitting, pursuant to law, the report on the Low-Income Home Energy Assistance Program (LIHEAP) for fiscal year 1995; to the Committee on Labor and Human Resources.

EC–2810. A communication from the Secretary of Health and Human Services, transmitting, pursuant to law, the report on the Orphan Products Board for calendar year 1996; to the Committee on Labor and Human Resources.

EC–2811. A communication from the Director of the Federal Emergency Management Agency, transmitting, pursuant to law, the semiannual report of the Inspector General for the period October 1, 1996 through March 31, 1997; to the Committee on Governmental Affairs.

EC–2812. A communication from the Director of the U.S. Office of Personnel Management, transmitting, pursuant to law, a rule entitled "Supplemental Standards of Ethical Conduct for Employees of the Office of Personnel Management" received on August 13, 1997; to the Committee on Governmental Affairs.

EC–2813. A communication from the Assistant Legal Adviser for Treaty Affairs, Department of State, the report of the texts of international agreements, other than treaties, and background statements; to the Committee on Foreign Relations.

EC–2814. A communication from the Chief of the Regulations Unit, Internal Revenue Service, Department of the Treasury, transmitting, pursuant to law, a rule relative to the remedial amendment period received on August 13, 1997; to the Committee on Finance.

EC–2815. A communication from the Director of the Office of Management and Budget, Executive Office of the President, transmitting, pursuant to law, the cumulative report on rescissions and deferrals dated March 1, 1997; referred jointly, pursuant to the order of January 30, 1975, as modified by the order of April 11, 1986, to the Committee on Appropriations, to the Committee on the Budget, to the Committee on Agriculture, Nutrition, and Forestry, to the Committee on Armed Services, to the Committee on Banking, Housing, and Urban Affairs, to the Committee on Energy and Natural Resources, to the Committee on Finance, to the Committee on Foreign Relations, to the Committee on Governmental Affairs, and to the Committee on the Judiciary.

EC–2816. A communication from the Secretary of Defense, transmitting, pursuant to law, the semi-annual report on program activities to facilitate weapons destruction and nonproliferation in the Former Soviet Union for the period from October 1, 1996 through March 31, 1997; referred jointly, pursuant to Section 1208 of Public Law 103–160, to the Committee on Appropriations, to the Committee on Armed Services, and to the Committee on Foreign Relations.

EC–2817. A communication from the Assistant Secretary of State (Legislative Affairs), transmitting, pursuant to law, a report under the Chemical and Biological Weapons Control and Warfare Elimination Act; to the Committee on Foreign Relations.

EC–2818. A communication from the Assistant Secretary of the Interior for Indian Affairs, transmitting, pursuant to law, a rule entitled "Adult Education Program" (RIN1076–AA15) received on August 11, 1997; to the Committee on Indian Affairs.

EC–2819. A communication from the Secretary-Designate of Veterans' Affairs, transmitting, a draft of proposed legislation to authorize provision of care to veterans treated with nasopharyngeal radium irradiation; to the Committee on Veterans' Affairs.

EC–2820. A communication from the Acting Secretary of Veterans' Affairs, transmitting, a draft of proposed legislation to amend title 38; to the Committee on Veterans' Affairs.

EC–2821. A communication from the Director of the Office of Management and Budget, Executive Office of the President, transmitting, pursuant to law, a report concerning direct spending or receipts legislation within seven days of enactment dated August 20, 1997; to the Committee on the Budget.

EC–2822. A communication from the President of the United States, transmitting, pursuant to law, a report on the implementation of a comprehensive program to monitor the end-use of defense articles and services; to the Committee on Foreign Relations.

EC–2823. A communication from the Director of the Federal Bureau of Prisons, Department of Justice, transmitting, pursuant to law, a rule entitled "Religious Beliefs and Practices" (RIN1120–AA17) received on August 20, 1997; to the Committee on the Judiciary.

EC–2824. A communication from the Commissioner of the Immigration and Naturalization Service, Department of Justice, transmitting, pursuant to law, a rule entitled "Nonimmigrant Classes" (RIN1115–AC51) received on August 20, 1997; to the Committee on the Judiciary.

EC–2825. A communication from the Federal Register Liaison Officer, Office of Thrift Supervision, Department of the Treasury, transmitting, pursuant to law, a rule entitled "Incorporation, Organization, and Conversion of Federal Mutual Associations" (RIN1550–AB06) received on August 22, 1997; to the Committee on Banking, Housing, and Urban Affairs.

EC–2826. A communication from the President and Chairman of the Export-Import Bank of the United States, transmitting, pursuant to law, a report relative to a transaction involving U.S. exports to Morocco; to the Committee on Banking, Housing, and Urban Affairs.

EC–2827. A communication from the President of the United States, transmitting, pursuant to law, the report of an executive order prohibiting certain transactions with respect to Iran; to the Committee on Banking, Housing, and Urban Affairs.

EC–2828. A communication from the Chief, Programs and Legislation Division, Office of Legislative Liaison, Department of the Air Force, transmitting, pursuant to law, a notice of a cost comparison at Wright-Patterson Air Force Base (AFB), Ohio; to the Committee on Armed Services.

EC–2829. A communication from the Chief, Programs and Legislation Division, Office of Legislative Liaison, Department of the Air Force, transmitting, pursuant to law, a notice of a multi-function cost comparison at Wright-Patterson Air Force Base (AFB), Ohio; to the Committee on Armed Services.

EC–2830. A communication from the Director of the Defense Procurement, Office of the Under Secretary of Defense, transmitting, pursuant to law, two rules entitled "Defense Federal Acquisition Regulation Supplement" received on August 19, 1997; to the Committee on Armed Services.

EC–2831. A communication from the Secretary of Defense, transmitting, notices of retirements; to the Committee on Armed Services.

EC–2832. A communication from the Director of the U.S. Office of Personnel Management, transmitting, pursuant to law, two rules received on August 19, 1997; to the Committee on Governmental Affairs.

EC–2833. A communication from the Executive Director, Committee for Purchase From People Who are Blind or Severely Disabled, transmitting, pursuant to law, a rule relative to additions to the procurement list, received on August 19, 1997; to the Committee on Governmental Affairs.

EC–2834. A communication from the Deputy Independent Counsel, transmitting, pursuant to law, the annual report on the system of internal accounting and financial controls for the period March 31, 1996 through September 30, 1996; to the Committee on Governmental Affairs.

EC–2835. A communication from the Director of the Bureau of the Census, Department of Commerce, transmitting, pursuant to law, a rule entitled "Census Designated Place Program for Census 2000" received on August 18, 1997; to the Committee on Governmental Affairs.

EC–2836. A communication from the Chairman of the Federal Communications Commission, transmitting, pursuant to law, the report under the Government in the Sunshine Act for calendar year 1996; to the Committee on Governmental Affairs.

EC–2837. A communication from the Deputy Associate Administrator for Acquisition Policy, Office of Governmentwide Policy, U.S. General Services Administration, transmitting, pursuant to law, a rule entitled "General Services Administration Acquisition Regulation" (RIN3090–AF86) received on August 19, 1997; to the Committee on Governmental Affairs.

EC–2838. A communication from the Secretary of Agriculture, transmitting, a draft of proposed legislation to amend the Packers and Stockyards Act, 1921, to establish a trust for the benefit of the seller of livestock until the seller receives payment in full for the livestock; to the Committee on Agriculture, Nutrition, and Forestry.

EC–2839. A communication from the Congressional Review Coordinator, Animal and Plant Health Inspection Service, Marketing and Regulatory Programs, Department of Agriculture, transmitting, pursuant to law, two rules received on August 20, 1997; to the Committee on Agriculture, Nutrition, and Forestry.

EC–2840. A communication from the Administrator of the Farm Service Agency, Department of Agriculture, transmitting, pursuant to law, two rules; to the Committee on Agriculture, Nutrition, and Forestry.

EC–2841. A communication from the Administrator, Agricultural Marketing Service, Marketing and Regulatory Programs, Department of Agriculture, transmitting, pursuant to law, six rules; to the Committee on Agriculture, Nutrition, and Forestry.

EC–2842. A communication from the Assistant Secretary of the Interior (Land and Minerals Management), transmitting, pursuant to law, a rule entitled "Pipeline Right-of-Way Applications and Assignment Fees" (RIN1010–04) received on August 14, 1997; to the Committee on Energy and Natural Resources.

EC–2843. A communication from the Director of the Reclamation and Enforcement, Office of Surface Mining, Department of the Interior, transmitting, pursuant to law, a rule entitled "The North Dakota Regulatory Program" (ND–036–FOR) received on August 19, 1997; to the Committee on Energy and Natural Resources.

EC–2844. A communication from the Acting Chair of the Federal Subsistence Board, transmitting, pursuant to law, a rule entitled "Subsistence Management Regulations for Public Lands in Alaska" received on August 22, 1997; to the Committee on Energy and Natural Resources.

EC–2845. A communication from the Secretary of Energy, transmitting, pursuant to law, the report of the summary of expenditures of rebates from the Low-Level Radioactive Waste Surcharge Escrow Account for calendar year 1996; to the Committee on Energy and Natural Resources.

EC–2846. A communication from the Assistant Secretary of the Interior (Land and Minerals Management), transmitting, pursuant to law, a rule entitled "Logical Mining Units" (RIN1004–AD12) received on August 14, 1997; to the Committee on Energy and Natural Resources.

EC–2847. A communication from the Director of the Regulations Policy, Management Staff, Office of Policy, Food and Drug Administration, Department of Health and Human Services, transmitting, pursuant to law, three rules; to the Committee on Labor and Human Resources.

EC–2848. A communication from the Secretary of Health and Human Services, transmitting, pursuant to law, a report entitled "Foundation for Progress: Strengthening the Infrastructure"; to the Committee on Labor and Human Resources.

EC–2849. A communication from the Secretary of Health and Human Services, transmitting, pursuant to law, the report on the National Institutes of Health Loan Repayment Program for Research Generally for calendar year 1996; to the Committee on Labor and Human Resources.

EC–2850. A communication from the Secretary of Health and Human Services, transmitting, pursuant to law, the report on occupational safety and health for fiscal year 1995; to the Committee on Labor and Human Resources.

EC–2851. A communication from the Secretary of Health and Human Services, transmitting, pursuant to law, the report on the National Institutes of Health AIDS Research Loan Repayment Program for calendar year 1996; to the Committee on Labor and Human Resources.

EC–2852. A communication from the Secretary of Health and Human Services, transmitting, pursuant to law, a rule entitled "Human Tissue Intended for Transplantation" (RIN0910–AA40) received on August 15, 1997; to the Committee on Labor and Human Resources.

EC–2853. A communication from the Secretary of Health and Human Services, transmitting, pursuant to law, a rule received on August 25, 1997; to the Committee on Finance.

EC–2854. A communication from the Chief of the Regulations Branch, U.S. Customs Service, Department of the Treasury, transmitting, pursuant to law, a rule entitled "Country of Origin Marking" (RIN1515–AB82) received on August 14, 1997; to the Committee on Finance.

EC–2855. A communication from the Chief, Regulations Unit, Internal Revenue Service, Department of the Treasury, transmitting, pursuant to law, the report of a Treasury Regulation; to the Committee on Finance.

EC–2856. A communication from the Chief, Regulations Unit, Internal Revenue Service, Department of the Treasury, transmitting, pursuant to law, the report of Announcement 97–79 received on August 18, 1997; to the Committee on Finance.

EC–2857. A communication from the Chief, Regulations Unit, Internal Revenue Service, Department of the Treasury, transmitting, pursuant to law, the report of Announcement 97–89 received on August 25, 1997; to the Committee on Finance.

EC–2858. A communication from the Chief, Regulations Unit, Internal Revenue Service, Department of the Treasury, transmitting, pursuant to law, the report of Revenue Ruling 97–34 received on August 25, 1997; to the Committee on Finance.

EC–2859. A communication from the Chief, Regulations Unit, Internal Revenue Service, Department of the Treasury, transmitting, pursuant to law, the report of Revenue Ruling 97–36; to the Committee on Finance.

EC–2860. A communication from the Under Secretary of Commerce for Oceans and Atmosphere, transmitting, pursuant to law, a rule entitled "Financial Assistance for the Pribilof Environmental Restoration Program" received on August 21, 1997; to the Committee on Commerce, Science, and Transportation.

EC–2861. A communication from the General Counsel of the Department of Transportation, transmitting, pursuant to law, a rule entitled "Buy America" (RIN2132–AA59) received on August 21, 1997; to the Committee on Commerce, Science, and Transportation.

EC–2862. A communication from the Director of the Office of Sustainable Fisheries, National Marine Fisheries Service, Department of Commerce, transmitting, pursuant to law, five rules; to the Committee on Commerce, Science, and Transportation.

EC–2863. A communication from the General Counsel of the Department of Transportation, transmitting, pursuant to law, seventeen rules; to the Committee on Commerce, Science, and Transportation.

EC–2864. A communication from Performance Evaluation and Records Management, Federal Communications Commission, transmitting, pursuant to law, six rules; to the Committee on Commerce, Science, and Transportation.

EC–2865. A communication from the Acting Assistant Secretary of the Army (Civil Works), transmitting, pursuant to law, a report relative to the Clifton, Arizona local flood protection project; to the Committee on Environment and Public Works.

EC–2866. A communication from the Acting Assistant Secretary of the Army (Civil Works), transmitting, pursuant to law, a report relative to the Federal navigation project at Santa Barbara Harbor, California; to the Committee on Environment and Public Works.

EC–2867. A communication from the Acting Assistant Secretary of the Interior for Fish and Wildlife and Parks, transmitting, pursuant to law, a rule received on August 22, 1997; to the Committee on Environment and Public Works.

EC–2868. A communication from the Acting Assistant Secretary of the Interior for Fish and Wildlife and Parks, transmitting, pursuant to law, a rule received on August 14, 1997; to the Committee on Environment and Public Works.

EC–2869. A communication from the Acting Assistant Secretary of the Interior for Fish and Wildlife and Parks, transmitting, pursuant to law, a rule received on August 14, 1997; to the Committee on Environment and Public Works.

EC–2870. A communication from the Director of the Office of Regulatory Management and Information, U.S. Environmental Protection Agency, transmitting, pursuant to law, three rules received on August 14, 1997; to the Committee on Environment and Public Works.

EC–2871. A communication from the Director of the Office of Regulatory Management and Information, U.S. Environmental Protection Agency, transmitting, pursuant to law, four rules received on August 19, 1997; to the Committee on Environment and Public Works.

EC–2872. A communication from the Director of the Office of Regulatory Management and Information, U.S. Environmental Protection Agency, transmitting, pursuant to law, two rules received on August 20, 1997; to the Committee on Environment and Public Works.

EC–2873. A communication from the Director of the Office of Regulatory Management and Information, U.S. Environmental Protection Agency, transmitting, pursuant to law, six rules received on August 22, 1997; to the Committee on Environment and Public Works.

EC–2874. A communication from the Director of the Office of Regulatory Management and Information, U.S. Environmental Protection Agency, transmitting, pursuant to law, seven rules received on August 22, 1997; to the Committee on Environment and Public Works.

PETITIONS AND MEMORIALS

The following petitions and memorials were laid before the Senate and were referred or ordered to lie on the table as indicated:

POM–192. A resolution adopted by Town Board of Babylon, New York relative to the Mid-Atlantic Coastal Partnership; to the Committee on Appropriations.

POM–193. A resolution adopted by the Greater Knoxville Chamber of Commerce relative to the National Spallation Neutron Source; to the Committee on Commerce, Science, and Transportation.

POM–194. A resolution adopted by the City Council of Harriman, Tennessee relative to the National Spallation Neutron Source; to the Committee on Commerce, Science, and Transportation.

POM–195. A resolution adopted by the Roane County Industrial Development Board (Tennessee) relative to the National Spallation Neutron Source; to the Committee on Commerce, Science, and Transportation.

POM–196. A resolution adopted by Supervisors of Lyon County, Iowa relative to the English language; to the Committee on Governmental Affairs.

POM–197. A concurrent resolution adopted by the Legislature of the State of Texas; to the Committee on Appropriations.

HOUSE CONCURRENT RESOLUTION NO. 202

Whereas, compliance with international disarmament treaties to curtail the proliferation of nuclear arms and defuse weapons of mass destruction has created new challenges for the United States related to the dismantling and cleanup of nuclear missiles; and

Whereas, the development, production, and disassembling of nuclear weapons produce transuranic waste, a highly radioactive conglomeration of contaminated laboratory gloves, tools, dried sludge, and other substances from testing and production facilities; and

Whereas, to create a safe and environmentally responsible method for permanently disposing of transuranic waste, the United States Department of Energy (DOE) has designed the Waste Isolation Pilot Plant

(WIPP) in southern New Mexico that will set the standard for deep geologic disposal of defense-related radioactive waste; and

Whereas, the transuranic waste to be deposited at the WIPP facility will be shipped by truck from all across the country, travelling through many states, including Texas, which is a major thoroughfare for radioactive materials coming from South Carolina, Tennessee, Illinois, and Ohio; and

Whereas, while a majority of the proposed route through Texas is on Interstate 20, a segment runs along U.S. Highway 285; this portion of the route, which begins in Pecos, Texas, and continues into New Mexico, is a treacherous and narrow two-lane road; and

Whereas, the State of New Mexico, in a prudent move to protect the public safety of its citizens, has dedicated part of the impact funds received from the DOE for housing the WIPP to widen its section of U.S. 285; this highway is a dangerous and inadequate road that has already been the scene of one accident involving an empty WIPP transport truck; and

Whereas, there are currently no federal funds allocated for the State of Texas to take the same necessary safety precautions by widening the section of U.S. 285 running through our state; the health and safety of United States citizens residing in the Lone Star State is no less important than that of our neighbors to the northwest; Now, therefore, be it

Resolved, That the 75th Legislature of the State of Texas hereby respectfully request the Congress of the United States to allocate funds for road expansion in Texas along the designated route for transporting hazardous waste to the WIPP project; and, be it further

Resolved, That the Texas secretary of state forward official copies of this resolution to the president of the United States, to the speaker of the house of representatives and the president of the senate of the United States Congress, and to all members of the Texas delegation to the congress with the request that this resolution be officially entered in the Congressional Record as a memorial to the Congress of the United States of America.

POM–198. A joint resolution adopted by the Legislature of the State of Nevada; to the Committee on Energy and Natural Resources.

SENATE JOINT RESOLUTION NO. 16

Whereas, the population of Clark County, Nevada, has increased dramatically in recent years to an estimated population of more than 1.1 million; and

Whereas, because of the increased growth in the population of Clark County, several areas in the county used as shooting ranges have been closed because they were public health hazards; and

Whereas, because of the closure of those areas, many residents of Clark County do not have a legal shooting range upon which to use their firearms; and

Whereas, persons from the Division of Wildlife of the State Department of Conservation and Natural Resources, the Bureau of Land Management in Clark County, the Clark County Department of Parks and Recreation and several private organizations have determined a need for the establishment of a safe and properly supervised shooting range and recreational facility for use by the residents of Clark County; and

Whereas, the commitment of a significant amount of land and financial resources in one or more locations in Clark County will be necessary to address this demonstrated need effectively and safely: Now, therefore, be it

Resolved by the Senate and Assembly of the State of Nevada, Jointly, That the Legislature of the State of Nevada hereby expresses its support for the establishment and operation of one or more public shooting ranges and recreational facilities in Clark County; and be it further

Resolved, That the Legislature of the State of Nevada hereby urges the public and private entities interested in establishing and operating public shooting ranges and recreational facilities in Clark County to work cooperatively to achieve this objective; and be it further

Resolved, That the Secretary of the Senate prepare and transmit a copy of this resolution to the District Manager of the Bureau of Land Management in Clark County, the State Director of the Bureau of Land Management, the Director of the Clark County Department of Parks and Recreation and the Administrator of the Division of Wildlife of the State Department of Conservation and Natural Resources; and be it further

Resolved, That the Legislature of the State of Nevada hereby urges the Administrator of the Division of Wildlife of the State Department of Conservation and Natural Resources to provide copies of this resolution to private organizations interested in establishing and operating public shooting ranges and recreational facilities in Clark County; and be it further

Resolved, That this resolution becomes effective upon passage and approval.

POM–199. A resolution adopted by the Legislature of the State of Alaska; to the Committee on Environment and Public Works.

RESOLUTION

Whereas, in 1972, the federal Clean Water Act allowed a broad expansion of federal jurisdiction over wetlands by modifying the definition of navigable waters to include all waters of the United States; and

Whereas, in 1975, the United States Army Corps of Engineers expanded wetlands regulations to include restricted discharge of dredged and fill material into wetlands; and

Whereas, in 1997, the United States Army Corps of Engineers has proposed to phase out its Nationwide Permit 26 (NWP 26) that allows developers to fill wetlands from one to 10 acres without gaining individual permit approval; and

Whereas this particular action may put a financial and logistical constraint on thousands of homeowners, businesses, and communities; and

Whereas Alaska contains more wetlands than all other states combined; and

Whereas approximately 99.5 percent of Alaska's original wetlands acreage remains today; and

Whereas most Alaska communities, including some 200 rural villages, are located in areas where wetlands are the dominant feature of the landscape; and

Whereas 88 percent of Alaska's wetlands are publicly owned; and

Whereas more than 60,000,000 acres of Alaska's wetlands are known to be conserved in some form of land designation, including federally designated wilderness land, federal park and refuge land, and state park and refuge land, that restricts use or degradation of wetlands; be it

Resolved, That the Alaska State Legislature respectfully requests the United States Congress to amend the Federal Clean Water Act to modify the wetlands regulatory program to

(1) continue existing activities related to airport safety, logging, mining, ice pads, roads, and snow removal without the existing requirement that the activity be determined not to add to the "cumulative" loss of wetlands nationally;

(2) provide flexibility in Alaska wetlands permitting commensurate with the large amount of wetlands set aside in Alaska and the low historic rate of wetlands loss in Alaska;

(3) eliminate existing requirements in states with substantial conserved wetlands to mitigate unavoidable impacts or to prove no alternative sites are available; and

(4) require the United States Army Corps of Engineers to customize a permitting process for all lands in Alaska that does not include burdensome mitigation, avoidance, and other requirements applying nationally; and be it further,

Resolved, That the Alaska State Legislature respectfully requests the United States Congress to recognize the unique contribution the citizens of Alaska have made to wetlands conservation and Alaska's outstanding record of wetlands conservation.

POM–200. A concurrent resolution adopted by the Legislature of the State of Texas; to the Committee on Finance.

HOUSE CONCURRENT RESOLUTION NO. 211

Whereas, private activity tax-exempt bonds finance many worthy projects with a public benefit such as environmental infrastructure projects, including sewage facilities, solid waste disposal facilities, and hazardous waste disposal facilities, industrial development projects, student loans, and low-income housing projects; and

Whereas, in 1986 the United States Congress imposed a state-by-state volume cap on the issuance of private activity tax-exempt bonds, with a cap of $75 per person per year for Texas; and

Whereas, in 1988 the cap was lowered to $50 per person and has not increased, even with the passage of time and inflation; and

Whereas, many worthy projects with a public benefit, such as environmental infrastructure projects undertaken by private firms, industrial development projects, low-income housing projects, and others, are not going forward due to the lack of available financing; and

Whereas, while taxable financing may be available, the cost of such financing can make a project uneconomic because most of these projects do not provide a positive rate of return; and

Whereas, the allocation of these bonds in Texas has been oversubscribed each year since 1988, and last year applications exceeded allocations by 211 percent, with two out of three applicants in the nondedicated category being denied a tax-exempt bond under the lottery system of allocation because of a shortage of funds; and

Whereas, demand for private activity bond cap allocation will certainly continue to increase, given Texas' growing economy, but the $50 per person allocation will decrease in real value over time, increasing demand relative to the available ceiling; and

Whereas, unless congress increases the volume cap and provides an inflation adjustment for the future, there will be fewer and fewer projects that will receive financing; and

Whereas, as entities decide to delay or cancel planned investments, economic growth will necessarily slow, causing ripple effects throughout the economy; and

Whereas, legislation has been introduced in the Congress of the United States that would increase the volume caps and index them for inflation in the future: Now, therefore, be it

Resolved, That the 75th Legislature of the State of Texas hereby respectfully request the Congress of the United States to pass legislation that would increase the volume caps; and, be it further

Resolved, That the congress be specifically requested to ensure that inflation in the future be addressed in any legislation on this issue; and, be it further

Resolved, That the congress be specifically requested to ensure that funds for this program that are not used by other states be allowed to be allocated to oversubscribed states such as Texas; and, be it further

Resolved, That the Texas secretary of state forward official copies of this resolution to the president of the United States, to the speaker of the house of representatives and the president of the senate of the United States Congress, and to all the members of the Texas delegation to the congress with the request that this resolution be officially entered in the CONGRESSIONAL RECORD as a memorial to the Congress of the United States of America.

POM-201. A concurrent resolution adopted by the Legislature of the State of Texas; to the Committee on Governmental Affairs.

HOUSE CONCURRENT RESOLUTION NO. 168

Whereas, academic health sciences centers and other teaching hospitals play a critical role in educating our nation's health care providers and serving as hospitals of last resort for some of our most vulnerable citizens; and

Whereas, the Office of the Inspector General of the U.S. Department of Health and Human Services is now conducting a national audit of teaching hospitals to determine compliance with standards for billing by teaching physicians for patient care; and

Whereas, during the audit, the Office of the Inspector General is applying retroactively, for the period of 1990–1995, uniform physical presence and documentation requirements on teaching physicians and did not go into effect until July 1, 1996; and

Whereas, in so doing, the Office of the Inspector General is knowingly disregarding uncontroverted evidence of decades of government confusion and misdirection by the Health Care Financing Administration to teaching physicians about appropriate billing and documentation standards; and

Whereas, the Office of the Inspector General is assessing overbilling, even human error, as "fraud," thus ensuring maximum financial penalties, and is not considering or crediting an institution for underbilling according to the same audit formula; and

Whereas, the Office of the Inspector General refuses to provide written audit protocols and standards to an affected institution until that institution has agreed to be bound by them; and

Whereas, the federal government should audit professional fee billing by teaching physicians and should deal with demonstrable violations of clearly articulated rules in an appropriate fashion, but should not do so in a capricious and unfair manner that causes our nation's academic health sciences centers and other teaching hospitals to inappropriately forfeit millions of dollars to the federal government; Now, therefore, be it

Resolved, That the 75th Legislature of the State of Texas hereby respectfully request the Congress of the United States to conduct thorough oversight hearings of the Office of the Inspector General audit process sufficient to ensure that the rights and protections inherent in the nation's legal code are maintained and upheld in the process; and, be it further

Resolved, That the congress be specifically requested to ensure that physical presence and documentation requirements are not applied retroactively, that overbilling of services is offset against underbilling, and that the Office of the Inspector General fairly and freely disclose all protocols and procedures; and, be it further

Resolved, That the Texas secretary of state forward official copies of this resolution to the president of the United States, to the speaker of the house of representatives and the president of the senate of the United States Congress, and to all the members of the Texas delegation to the Congress with the request that this resolution be officially entered in the CONGRESSIONAL RECORD as a memorial to the Congress of the United States of America.

POM-202. A concurrent resolution adopted by the Legislature of the State of Texas; to the Committee on Labor and Human Resources.

SENATE CONCURRENT RESOLUTION NO. 34

Whereas, improving patient access to quality health care is a paramount national goal; and

Whereas, the key to improved health care, especially for persons with serious unmet medical needs, is the rapid approval of safe and effective new drugs, biological products, and medical devices; and

Whereas, minimizing the delay between discovery and eventual approval of a new drug, biological product, or medical device derived from research conducted by innovative pharmaceutical and biotechnology companies could improve the lives of millions of Americans; and

Whereas, current limitations on the dissemination of information about pharmaceutical products reduce the availability of information to physicians, other health care professionals, and patients and unfairly limit the right of free speech guaranteed by the First Amendment to the United States Constitution; and

Whereas, the current rules and practices governing the review of new drugs, biological products, and a medical devices by the United States Food and Drug Administration can delay approvals and are unnecessarily expensive; Now, therefore, be it

Resolved, That the 75th Legislature of the State of Texas respectfully urge the Congress of the United States to address this important issue by enacting comprehensive legislation to facilitate the rapid review and approval of innovative new drugs, biological products, and medical devices, without compromising patient safety or product effectiveness; and, be it further

Resolved, That copies of this resolution be prepared and forwarded by the Texas secretary of state to the President of the United States, the Speaker of the United States House of Representatives, the President of the United States Senate, and to all members of the Texas delegation to the Congress with the request that this resolution be entered in the Congressional Record as a memorial to the Congress of the United States.

POM-203. A resolution adopted by the Legislature of the State of Alaska; to the Committee on the Judiciary.

RESOLUTION

Whereas it is in the national interest for the federal government to live within its means; and

Whereas eliminating the national deficit and controlling national government spending could be accomplished by the passage of a balanced budget amendment by the United States Congress and ratification of the amendment by the states of the Union; be it

Resolved that the Alaska State Legislature urges the United States Congress to pass, and the President to support, a resolution proposing an amendment to the United States Constitution that requires the balancing of the federal budget; and be it further

Resolved that the Alaska State Legislature urges the legislature of each state of the nation to ratify a balanced budget amendment that is passed by the United States Congress.

POM-204. A joint resolution adopted by the Legislature of the State of Tennessee; to the Committee on the Judiciary.

SENATE JOINT RESOLUTION NO. 41

Whereas, in 1976, the United States Supreme Court ruled to allow the several states to impose the death penalty as punishment for certain crimes; and

Whereas, Tennessee has had a constitutional death penalty statute since 1977; and

Whereas, during the last twenty years, Tennessee has not carried out a single death penalty sentence, in part because of lengthy habeas corpus proceedings by death row inmates and the inaction of the federal court system; and

Whereas, most recently, the Honorable John T. Nixon, U.S. District Court Judge for the Middle District of Tennessee, has overturned the capital convictions of four (4) of Tennessee's most heinous convicted killers; and

Whereas, in overturning these four (4) convictions, Judge Nixon has continued a pattern of judicial conduct that raises an issue as to his bias against capital punishment; and

Whereas, during his tenure on the U.S. District Court for the Middle District of Tennessee, Judge Nixon has continually delayed ruling on capital cases before his court; and

Whereas, he has also repeatedly reversed the convictions and/or sentences of many capital cases which were tried and adjudicated years ago, making it difficult for such cases to be retried; and

Whereas, the State of Tennessee Attorney General has even filed a petition for writ of mandamus against Judge Nixon to expedite a death penalty matter in a particular case that languished in his court: Now, therefore, be it

Resolved by the Senate of the One-Hundredth General Assembly of the State of Tennessee, the House of Representatives concurring, That this General Assembly hereby memorializes the House of Representatives and Senate of the U.S. Congress to consider amending the United States Constitution to remove Federal Judges for "dereliction of duty", and not just "high crimes and misdemeanors", in order to ensure that judges act with due dispatch and care in carrying out their duties on appeals of capital cases and other habeas corpus matters, and writs of mandamus; be it further

Resolved, That this General Assembly hereby memorializes the House of Representatives of the United States Congress to thoroughly and timely investigate whether grounds exist to impeach John T. Nixon, Judge for the United States District Court for the Middle District of Tennessee, in accordance with the United States Constitution, and if such grounds exist, then to initiate proceedings to impeach Judge John T.

Nixon in accordance with the United States Constitution, be it further

Resolved, That the Chief Clerk of the Senate is directed to transmit certified copies of this resolution to the Speaker and the Clerk of the U.S. House of Representatives, the President and the Secretary of the U.S. Senate, the Clerk of the U.S. Supreme Court, and to each member of the Tennessee delegation to the U.S. Congress.

POM-205. A joint resolution adopted by the Legislature of the State of California; to the Committee on the Judiciary.

ASSEMBLY JOINT RESOLUTION NO. 24

Whereas, artists, songwriters, producers, engineers, educators, executives, and other professionals in the music industry provide inspiration and leadership through the creation of music, disseminate of educational information, and financial contributions to charitable and community-based organizations; and

Whereas, African-American genres of music such as gospel, blues, jazz, rhythm and blues, rap, and hip-hop are indigenous to the United States, and have their roots in the African-American experience; and

Whereas, black music, including African-American music, has a pervasive influence on dance, fashion, language, art, literature, cinema, media, advertising, and other aspects of our culture; and

Whereas, the prominence of African-American and other black music in the 20th century has renewed interest in the legacy and heritage of this art form; and

Whereas, black music embodies the strong presence of, and significant contributions made by, African-Americans in the music industry and society as a whole; and

Whereas, black music has generated a multibillion dollar industry that contributes greatly to the domestic and worldwide economy; and

Whereas, in 1979, a meeting between then-President Jimmy Carter, Kenneth Gamble, the president of Philadelphia International Records and cofounder of the Black Music Association, and a delegation of 77 black music professionals, resulted in President Carter's designation of June as Black Music Month; and

Whereas, black music has a broad appeal to diverse groups, both nationally and internationally: Now, therefore, be it

Resolved by the Assembly and Senate of the State of California, jointly, That the Legislature recognizes the significance of African-American and other black music to global culture, and the positive impact of this art form on global commerce; and be it further

Resolved, That the Legislature hereby designates the month of June as Black Music Month throughout the State of California, and calls upon the people of the state to study, reflect on, and celebrate the majesty, vitality, and importance of African-American and other black music; and be it further

Resolved, That the Chief Clerk of the Assembly transmit copies to this resolution to the President and Vice President of the United States, to the Speaker of the House of Representatives, and to each Senator and Representative from California in the Congress of the United States.

POM-206. A joint resolution adopted by the Legislature of the State of Tennessee; to the Committee on the Judiciary.

HOUSE JOINT RESOLUTION NO. 32

Whereas, on February 26, 1869, the Fortieth Congress of the United States of America, at its third session, by a two-thirds (⅔) majority of both Houses, submitted to the legislatures of the several states for ratification a proposal to amend the Constitution of the United States of America in the following words, to wit:

"AMENDMENT 15

"Section 1. The right of citizens of the United States to vote shall not be denied or abridged by the United States or by any State on account of race, color, or previous condition of servitude.

"Section 2. The Congress shall have power to enforce this article by appropriate legislation."; and

Whereas, by proclamation of Federal Secretary of State Hamilton Fish, dated March 30, 1870 (16 Stat. 1131–2), this proposed amendment to the United States Constitution was officially declared to have been duly ratified by the legislatures of the constitutionally-required margin of at least three-fourths (¾) of the several states, there being at the time 37 states in the Union; and

Whereas, after Amendment 15 had made its way into our Nation's highest law in early 1870, the legislatures of five other states which had been in the Union prior to its adoption—but which, like Tennessee, had not approved the amendment—post-ratified it, many years after 1870, as follows:

Delaware in 1901 (Senate Joint Resolution No. 13);

Oregon in 1959 (Senate Joint Resolution No. 7);

California in 1962 (Senate Joint Resolution No. 9);

Maryland in 1973 (Senate Joint Resolution No. 56);

Kentucky in 1976 (House [Joint] Resolution No. 75); and

Whereas, for the past 21 years, Tennessee has stood alone as the only State in the Union, both well before Amendment 15 was proposed and long after it was adopted, whose legislature has never placed its own unique imprimatur upon these fundamental two sentences of the United States Constitution; Now, therefore, be it

Resolved by the House of Representatives of the One Hundredth General Assembly of the State of Tennessee, the Senate concurring, That Amendment 15 to the United States Constitution, quoted above, is hereby post-ratified by the Tennessee General Assembly, be it further

Resolved, That House Joint Resolution No. 98 (Act "Number LXXX") of the Thirty-Sixth General Assembly of the State of Tennessee, in which Amendment 15 was rejected by the Tennessee House of Representatives and by the Tennessee Senate, be hereby revoked, repealed, and utterly rescinded, be it further

Resolved, That a properly inscribed copy of this Resolution be transmitted by the Secretary of State of Tennessee to the Archivist of the United States, Washington, D.C., in compliance with Pub. L. 98–497, be it further

Resolved, That properly inscribed copies of this Resolution be individually transmitted by the Secretary of State of Tennessee to each of the following persons in Washington, D.C. with the respectful request that this Resolution be published in the Congressional Record: the Vice-President of the United States, as presiding officer of the United States Senate; the Parliamentarian of the United States Senate; the Speaker of the United States House of Representatives; and the Parliamentarian of the United States House of Representatives.

POM-207. A resolution adopted by the Oak Ridge Chamber of Commerce (Tennessee) relative to the National Spallation Neutron Source; to the Committee on Commerce, Science, and Transportation.

POM-208. A joint resolution adopted by the Legislature of the State of California; to the Committee on Armed Services.

ASSEMBLY JOINT RESOLUTION NO. 19

Whereas, the military and the defense industry provide California with highly skilled professionals working in the leading edge of technology, and generate jobs that complement and support the state's industrial and commercial leadership in aerospace, advanced computing, and telecommunications technology; and

Whereas, since the inception of the Base Realignment and Closure Commission in 1988, 29 military installations have been closed or severely realigned in the State of California, resulting in the loss of half a million direct and indirect defense jobs; and

Whereas, there is strong indication that another base realignment and closure is in the offing and without strong vigilance to retain the remaining installations, California could experience additional closures and realignments; and

Whereas, during the 1995 Base Realignment and Closure, the Joint Cross Service Groups on Laboratories and Test and Evaluation, both under the sponsorship of the Office of the Secretary of Defense, recommended that military services consider consolidating a major portion of aircraft and air-launched weapons research, development, testing, evaluation, and training installations in the southwest United States; and

Whereas, the Southwest Defense Complex has a network of existing military installations that are already electronically linked and cooperatively managed; and

Whereas, the Southwest Defense Complex would consist of facilities in California, New Mexico, Nevada, Arizona, and Utah; and

Whereas, the Southwest Defense Complex is the only area in the United States where research, development, testing, evaluation, and training using advanced technology can be conducted in a realistic, high fidelity environment with minimal impact upon the general public; and

Whereas, this unique southwestern area, with ideal weather for testing and training operations, consists of mostly Department of Defense and government lands that are largely free of commercial airline routes, electromagnetic interference, and high population density; and

Whereas, this complex of nearly contiguous facilities has the technical assets—scientific and engineering work force, laboratories, test facilities, ranges, land and airspace—plus the track record of cooperation to allow it to assume the principal Department of Defense role in developing and testing complex air warfare systems; and

Whereas, the Southwest Defense Alliance, consisting of a group of local elected officials, representatives from private industry, chambers of commerce, economic development associations, base retention groups, and community leaders, is dedicated to supporting and enhancing the Southwest Defense Complex; and

Whereas, the California Legislature unanimously expressed support in 1994 for the Southwest Defense Complex, by enacting a joint resolution; and

Whereas, it would be desirable to reaffirm the California Legislature's support for the Southwest Defense Complex, to reduce the chances of additional base closures in California: Now, therefore, be it

Resolved by the Assembly and Senate of the State of California, jointly, That the Legislature of the State of California respectfully memorializes the President and the Congress of the United States to endorse and support the Southwest Defense Complex, and the efforts of the Southwest Defense Alliance in furtherance of the Southwest Defense Complex; and be it further

Resolved, That the Chief Clerk of the Assembly transmit copies of this resolution to the President and Vice President of the United States, to the Speaker of the United States House of Representatives, and to each Senator and Representative from California in the Congress of the United States.

POM–209. A joint resolution adopted by the Legislature of the State of New Hampshire; to the Committee on Environment and Public Works.

HOUSE JOINT RESOLUTION 5

Whereas, the state of New Hampshire has continued to decrease air pollution emissions in accordance with the federal Clean Air Act Amendments of 1990; and

Whereas, the United States Environmental Protection Agency (EPA) has continued to fund scientific air pollution research which has shown that some of the scientific assumptions behind the federal Clean Air Act Amendments of 1990 are invalid; and

Whereas, certain regions of the country, including the state of New Hampshire, are required to make considerable additional expenditures on scientifically obsolete or ineffective air pollution controls mandated by the federal Clean Air Act; and

Whereas, the federal Clean Air Act does not allow the EPA to authorize states to substitute more cost effective air pollution control strategies for scientifically obsolete or ineffective air pollution control strategies, thereby stifling innovation; and

Whereas, certain regions of the country, including the state of New Hampshire, are currently victims of air pollution emitted upwind from the region, but are being held responsible for that pollution by the federal Clean Air Act; and

Whereas, the federal Clean Air Act requires the EPA to adopt standards which protect public health with an adequate margin of safety, despite recent scientific research which indicates that no safe level exists, providing opponents of air pollution control expenditures with unnecessary opportunities to question the implementation of the Clean Air Act; and

Whereas, the EPA is in the process of mandating low-emission vehicle requirements for new automobiles which needlessly mix cost-effective stricter nitrogen oxide emission standards with scientifically obsolete requirements for stricter hydrocarbon emission standards; and

Whereas, the EPA in its procedures for assessing state implementation plans for air pollution control gives little or no credit for voluntary pollution reductions already in place that are not mandated by law, and gives excessive credit for promises of future mandatory control measures; now, therefore, be it

Resolved by the Senate and House of Representatives in General Court convened: That the federal Clean Air Act should be amended to require the EPA to permit states to substitute more effective air pollution control strategies for less effective strategies mandated by the federal Clean Air Act, so that states will be allowed to devise cost-effective strategies that will produce more air pollution improvement for less cost; and

That the federal Clean Air Act should be amended so that regions which are victims of windborne air pollution are not held responsible, and if polluted air gets cleaner as it passes over a region of a non-attainment area, that region should not be required to observe the additional air pollution control requirements for non-attainment areas, and the EPA should instead look to upwind polluters to apply additional controls; and

That the federal Clean Air Act should be amended to promote reductions in ground level ozone through nitrogen oxide emission reductions from power plants, industrial boilers, new automobiles, and new trucks, rather than further reducing hydrocarbon emissions from existing gasoline vehicles or industrial solvents; and

That the federal Clean Air Act should be amended so that the EPA may more justifiably set air quality standards at a level other than zero, which improve over time at a steady rate, based on scientific analysis of public health damage, ecological damage, and cost of control; and

That the EPA should revise its policies regarding motor vehicle emissions, including low-emission vehicle standards, to concentrate on nitrogen oxide emission reductions, not hydrocarbon emission reductions; and

That the EPA should revise its policies regarding state implementation plans for air pollution control so that states shall be given full credit in their state emission inventories for non-mandatory pollution reductions which can reasonably be expected to occur or to remain in place, including low-emission vehicles already registered in the state; and

That the EPA should act on its responsibility to forcefully communicate the results of its ongoing scientific research to the United States Congress and encourage Congress to amend the Clean Air Act so as to bring it in line with current research; and

That the EPA should promptly amend its own policies so as to bring them in line with current research; and

That the copies of this resolution be sent by the house clerk to the President of the United States, the President of the United States Senate, the Speaker of the United States House of Representatives, the chairpersons of committees of the United States Congress having jurisdiction over the Clean Air Act, the Administrator of the United States Environmental Protection Agency, and each member of the New Hampshire congressional delegation.

POM–210. A resolution adopted by Council of the City of Cincinnati, Ohio relative to workforce development areas; to the Committee on Labor and Human Resources.

POM–211. A joint resolution adopted by the Legislature of the State of California; to the Committee on Appropriations.

ASSEMBLY JOINT RESOLUTION NO. 12

Whereas, the Bolinas Lagoon, located in Northern California, is one of nature's most magnificent, fragile, wonderlands and includes a tidal embayment; and

Whereas, Bolinas Lagoon provides a unique coastal environment for fish, water birds, and marine mammals that is unparalleled along the Northern California Coast, and is one of the finest examples of marine wildlife areas on the earth; and

Whereas, Bolinas Lagoon is a state and national treasure that has existed for more than 8,000 years; and

Whereas, Bolinas Lagoon is unique in that it adjoins or is part of the Point Reyes National Seashore, the Gulf of the Farallones National Marine Sanctuary, Audubon Canyon Ranch, Tamalpais State Park, and the Golden Gate National Recreation Area and is located in an area where there are several essentially intact ecosystems that include both land and water, side-by-side within already protected areas; and

Whereas, few other places can offer such a unique opportunity for so many species and habitat types to live and coexist in a natural lagoon; and

Whereas, the 1,000 acre Bolinas Lagoon preserve of the Audubon Canyon Ranch, which maintains a nesting colony of great and snowy egrets and great blue herons, fronts the Bolinas Lagoon and is dependent on the viability of the lagoon; and

Whereas, more than 20,000 visitors a year observe the egrets and herons feed their young and observe the young birds taking their first flights from the canyon side high above the lagoon; and

Whereas, the Bolinas Lagoon is also home to brown pelicans, harbor seals and their pups, and is nationally important wintering area for water birds of the Pacific Flyway; and

Whereas, Stinson Beach abuts the lagoon to the delight and educational benefit of nearly 1,000,000 visitors a year; and

Whereas, the economic value of the lagoon as a continuing, viable ecological system is estimated to be in the hundreds of millions of dollars; and

Whereas, the Bolinas Lagoon is home to the magnificent Audubon Canyon Ranch that has been designated by the United States Department of the Interior as a National Natural Landmark; and

Whereas, the California Legislature is proud to recognize Bolinas Lagoon as a state and national treasure of extraordinary and irreplaceable beauty, economic value, and environmental diversity: now, therefore, be it

Resolved by the Assembly and Senate of the State of California, jointly, That the Legislature of the State of California urges the President and Congress of the United States to appropriate federal funds to be used to preserve and protect the Bolinas Lagoon; and be it further

Resolved, That the Chief Clerk of the Assembly transmit copies of this resolution to the President and the Vice President of the United States, to the Speaker of the House of Representatives, and to each Senator and Representative from California in the Congress of the United States.

POM–212. A joint resolution adopted by the Legislature of the State of California; to the Committee on Armed Services.

ASSEMBLY JOINT RESOLUTION NO. 22

Whereas, San Diego has a lengthy history associated with the United States Navy and Naval Air Forces, and San Diego was shaped by the birth of aviation technology and is proudly and inextricably linked to the military's presence; and

Whereas, the acquisition of the aircraft carrier Midway would preserve a vital part of the United States military history and its establishment as a museum would be a fitting memorial to San Diego's contributions to victory in World War II; and

Whereas, the carrier museum would add excitement to the maritime ambience of the cruise ship center, Mission Bay, Seaport Village, the shipyards, and harbor islands; and

Whereas, the carrier museum would be an attraction to both domestic and foreign tourists, thereby enhancing the global competitive position of the nearby convention center; and

Whereas, the added attraction of a carrier museum would result in longer tourist stays, with consequent increases in retail sales, hotel and motel occupancy, and restaurant patronage, resulting in higher sales and transient occupancy tax revenues; and

Whereas, the projected number of annual visitors to the carrier museum would exceed 700,000, bringing at least fifty million dollars ($50,000,000) in additional revenues into the regional economy; and

Whereas, carrier museum could be used as an ongoing exposition to showcase San Diego's leadership in aerospace and defense technology, to develop educational programs for schoolage children, and to provide entertainment attractions based on naval aviation history; and

Whereas, the presence of a military museum in San Diego would promote positive community relations between the citizens and the military; and

Whereas, the aircraft carrier Midway has been recently decommissioned and is in good structural condition, and will soon be coming up for sale as military surplus; and

Whereas, a group of like-minded San Diego citizens have established a nonprofit corporation and a committee to pursue the acquisition of the aircraft carrier Midway; Now, therefore, be it

Resolved by the Senate and Assembly of the State of California, jointly, That in order to enhance the public's awareness of the contributions of the citizens of the State of California and the County of San Diego to military preparedness and, in particular, naval aviation history, and to enhance the region's economy by increasing tourism and creating new employment opportunities, the Legislature of the State of California endorses the efforts to acquire the aircraft carrier Midway as a permanent museum, educational, and entertainment complex to be located in San Diego Bay; and be it further

Resolved, That the Legislature of the State of California respectfully requests the President and Congress of the United States, and the Joint Chiefs of Staff of the Department of Defense, to support the efforts of the citizens of the State of California and the County of San Diego to acquire the aircraft carrier Midway; and be it further

Resolved, That the Secretary of the Senate transmit copies of this resolution to the President and Vice President of the United States, to the Speaker of the House of Representatives, and to each Senator and Representative from California in the Congress of the United States.

POM–213. A joint resolution adopted by the Legislature of the State of California; to the Committee on Energy and Natural Resources.

Assembly Joint Resolution No. 21

Whereas, the United States Department of Energy has planned five shipments of spent nuclear fuel rods from seven Asian nations through the San Francisco Bay to the Concord Naval Weapons Station over the next 13 years, with the first shipment scheduled for early 1998, and

Whereas, from the Concord Naval Weapons Station, the spent nuclear fuel rods will be transported by rail or truck through northern California, including Sacramento, and through Nevada and Utah before arriving at the United States Department of Energy's National Engineering and Environmental Laboratory in Idaho; and

Whereas, the proposed rail route from California to Idaho will involve the shipments passing through the Feather River Canyon where trains have derailed 28 times in 16 years; and

Whereas, the combined shipments of spent nuclear fuel rods will involve approximately one-half ton of uranium and small amounts of plutonium; and

Whereas, the planned shipments of spent nuclear fuel rods will be made by private foreign flag ships; and

Whereas, the United States Department of Energy intends to ship the spent nuclear fuel rods to the Concord Naval Weapons Station in a total of 38 20-ton steel casks purportedly able to withstand airdrops from 200 feet and immersion in water depths of 650 feet; and

Whereas, the policy of bringing spent fuel from foreign countries to the United States was adopted as a part of the Atoms for Peace program enacted 50 years ago, when 41 countries agreed not to make nuclear weapons in exchange for enriched uranium to use in research reactors; and

Whereas, under the Atoms for Peace program, the United States agreed to take the used fuel to relieve foreign countries of problems with disposal and ease fears about terrorists abroad using the fuel to make bombs; and

Whereas, shipments of similar nuclear fuel rods began on the east coast of the United States with no public notice as early as 1958, with a total of 150 shipments through the Charleston Naval Weapons Station in South Carolina; and

Whereas, the Concord Naval Weapons Station has been the secret west coast shipping point for nuclear bombs and missiles since the beginning of the Cold War; and

Whereas, the proposed route for the shipments to the Concord Naval Weapons Station runs through the San Francisco Bay area, placing over 6.5 million residents of California's second largest metropolis in harm's way; and

Whereas, portions of the San Francisco Bay area are subject to intense shaking amplification and are still recovering from major damage caused by the 1989 Lorna Prieta earthquake; and

Whereas, the planned shipments will result in unreimbursed local government expenditures for enhanced emergency and hazardous materials response systems; and

Whereas, the United States Department of Energy has inadequately addressed potential environmental and safety impacts in the Final Environmental Impact Statement for the shipment project, failed to fully inform local communities in California of the catastrophic impacts of a potential shipment accident, and failed to adequately document the necessity of using the Concord station rather than alternative shipping points, such as the naval base at Bremerton, Washington; and

Whereas, if the steel casks containing the spent nuclear fuel rods are breached, there is no assurance that persons, land, and waters will not be exposed to dangerous radioactive materials; and

Whereas, this state is committed foremost to protecting the health and safety of its people and environment; and

Whereas, on behalf of, and in addition to, local government officials in the nine-county San Francisco Bay area, including those with the City and County of San Francisco, the County of Contra Costa, the City of Concord, the San Francisco Bay Conservation and Development Commission, and the Association of Bay Area Governments, 11 Members of the Assembly have requested that the state Attorney General sue the United States Department of Energy for a federal court injunction to halt the shipments through the San Francisco Bay region to Concord: Now, therefore, be it

Resolved by the Assembly and Senate of the State of California, jointly, That the Legislature of the State of California memorializes the President and Congress of the United States to call upon the Department of Energy to halt indefinitely the five planned shipments of spent nuclear fuel rods through the San Francisco Bay to the Concord Naval Weapons Station for land transport to Idaho; and be it further

Resolved, That the Department of Energy is further memorialized to prevent any planned shipments of spent nuclear fuel rods until appropriate public notice has been provided and the safety and environmental impacts are fully addressed, including how the full catastrophic impacts of a potential shipment accident would be addressed by federal, state, and local governments; and be it further

Resolved, That the Department of Energy is further memorialized to prevent any planned shipments of spent nuclear fuel rods until there is a legally binding agreement that the federal government will fully compensate local governments, the state, individuals, and businesses that might be impacted by the shipments, including compensation for any accidents or security costs associated with the shipments; and be it further

Resolved, That the Chief Clerk of the Assembly transmit copies of this resolution to the President and Vice President of the United States, to each Senator and Representative from California in the Congress of the United States, and the Secretary of the Department of Energy.

POM–214. A joint resolution adopted by the Legislature of the State of California; to the Committee on Energy and Natural Resources.

Assembly Joint Resolution No. 7

Whereas, on the evening of January 2, 1997, inflows at Millerton Lake, behind Friant Dam, surged from 22,441 cubic feet per second to 95,040 cubic feet per second in seven hours; and

Whereas, Millerton Lake storage peaked at a record 530,452 acre-feet, nearly 10,000 acre-feet above capacity, on January 3, 1997; and

Whereas, widespread flooding followed along the San Joaquin River below Friant Dam; and

Whereas, the resultant flooding partially washed out bridges linking the Counties of Fresno and Madera as well as homes and the Friant Fish Hatchery; and

Whereas, downstream levee breaks flooded thousands of acres of farmland; and

Whereas, the yield of the San Joaquin River system is currently overcommitted with respect to meeting obligations to contractors, fisheries, and the water quality concerns of downstream water users; and

Whereas, the waters of the San Joaquin River, as impounded by the Friant Dam, are currently put to beneficial use serving some of the most productive small family farms in the nation in the water-short Friant Division of the federal Central Valley Project; and

Whereas, diversions from the San Joaquin River have resulted in diminished water quality for downstream users, particularly those on the lower San Joaquin River; and

Whereas, California's population is projected to increase by 20 million residents in the next 25 years, particularly in the Central Valley region of the state, thereby placing further demands on the state's ability to provide flood protection as well as an adequate water supply; and

Whereas, the increasing difficulty of meeting these various, sometimes competing, needs gives cause to review the feasibility of raising Friant Dam to help meet those needs by building on the existing investment on the San Joaquin River; and

Whereas, the United States Bureau of Reclamation reconnaissance studies conducted in 1952, 1975, and 1982 attest to the physical, but not the economic, feasibility of raising Friant Dam; Now, therefore, be it

Resolved by the Assembly and Senate of the State of California, jointly, That the Legislature of the State of California respectfully memorializes the President and the Congress of the United States to authorize and fund a prompt evaluation of the physical potential for, and economic feasibility of, raising Friant Dam and making use of the increased capacity to help meet flood protection and water supply needs for citizens of this state, without impairing the existing rights of, and benefits to, and without altering the costs to, the current users of the waters of the San Joaquin River; and be it further

Resolved, That the Chief Clerk of the Assembly transmit copies of this resolution to the President and Vice President of the United States, the Secretary of the Interior, the Speaker of the House of Representatives, and each Senator and Representative from California in the Congress of the United States.

POM–215. A joint resolution adopted by the General Assembly of the State of Tennessee; to the Committee on Environmental and Public Works.

HOUSE JOINT RESOLUTION NO. 77

Whereas, the authorization of the Intermodal Surface Transportation Efficiency Act of 1991 (ISTEA), which has appropriated over $150 billion for our nation's highway, transit, motor carrier, safety and research programs during the past six (6) years, is due to expire on September 30, 1997; and

Whereas, as Congressional reauthorization of ISTEA fast approaches, it is imperative for all viable alternatives that provide more equitable transportation funding support for the states to be carefully considered; and

Whereas, the Streamlined Transportation Efficiency Program for the 21st Century (STEP 21) is a large, multi-state coalition of State Departments of Transportation that has developed a proposal to reorient the nation's surface transportation program toward the 21st Century; and

Whereas, STEP 21 limits its proposal to the highway mode and focuses on a few critical issues in the federal highway plan—flexibility, equity, streamlining and funding distribution; and

Whereas, in fact, STEP 21 builds on traditional ISTEA partnerships, while modernizing federal aid formulas that are inadequate to meet the mobility and economic development needs of the next century; and

Whereas, STEP 21's evolutionary approach provides the following benefits:

(1) Appropriately funds the National Highway System as the key federal responsibility in surface transportation. This program will benefit the entire nation by providing consistent mobility, connectivity, and economic benefit for all states;

(2) Recognizes states' diversity and provides the flexibility to tailor transportation solutions to their particular circumstances by reaffirming ISTEA planning processes, returning decision-making to the state and local levels, and eliminating federal mandates;

* * * * *

Resolved, That this General Assembly urges Congress to continue, as an integral component of STEP 21, the local Metropolitan Planning Organizations that have assured local governments a meaningful role in setting transportation priorities and policies, be it further

Resolved, That this General Assembly memorializes each member of the U.S. Congress from Tennessee to utilize the full measure of his or her influence to effect the enactment of "The ISTEA Integrity Restoration Act" or STEP 21 legislation, and especially the provision guaranteeing all states a ninety-five percent (95%) return on their total contributions to the Federal Highway Trust Fund, be it further

Resolved, That this General Assembly recognizes the important role that counties perform in maintaining rural bridges and roads across the State of Tennessee and therefore pledges, that in the event Congress enacts STEP 21 legislation, resulting in an increase in federal highway funding for the State of Tennessee, the State should share a portion of such increased funding with the local governments who perform this vital task, be it further

Resolved, That the Chief Clerk of the House of Representatives is directed to transmit a certified copy of this resolution to the Honorable Bill Clinton, President of the United States; the President and the Secertary of the U.S. Senate; the Speaker and the Clerk of the U.S. House of Representatives; and to each member of the Tennessee delegation to the U.S. Congress.

POM–216. A joint resolution adopted by the Legislature of the State of California; to the Committee on Governmental Affairs.

ASSEMBLY JOINT RESOLUTION NO. 25

Whereas, breast cancer is the most common malignancy found in women and the most common cause of cancer-related death in women 15 to 54 years of age; and

Whereas, breast cancer is the second leading cause of cancer-related deaths among women, with one in every eight women likely to develop breast cancer in her lifetime, and 183,400 new diagnoses of breast cancer each year; and

Whereas, it is estimated that 46,240 women died from breast cancer in 1996, with five new diagnoses and one death occurring every 15 minutes in the United States, and worldwide, every 30 seconds a new diagnosis of breast cancer and a death as a result of breast cancer; and

Whereas, the cause or causes of breast cancer have not been identified and no cure is available at this time, which demonstrates that more intense research is needed to improve care and treatment and to find a cure for this dreadful disease; and

Whereas, the Congress has introduced bills in the United States Senate and the House of Representatives, S.R. 1937 and H.R. 3401 and most recently H.R. 407 (January 9, 1997), which would create a new first-class postage stamp at a rate of one cent ($0.01) above the first-class postage rate charged which would be offered to postal patrons on a voluntary basis as an alternative to the rate that would otherwise apply; and

Whereas, the amounts attributable to the one cent ($0.01) differential established under the Breast-Cancer Research Stamp Act of 1997 would be paid by the United States Postal Service to the National Institutes of Health under arrangements by which these agencies mutually agree to carry out the purposes of the act; and

Whereas, the Cure Breast Cancer postage stamp has received strong support and endorsements from Members of Congress, breast cancer research organizations, corporations, medical associations, voluntary organizations, and state-elected officials, leading to the introduction of the Breast-Cancer Research Stamp Act of 1997 to create the Cure Breast Cancer postal stamp donation program; Now, therefore be it

Resolved by the Assembly and Senate of the State of California, jointly, That the Legislature urges the Congress and the President to enact H.R. 407 (January 9, 1997), the Breast-Cancer Research Stamp Act of 1997, to create the Cure Breast Cancer Research Postage Stamp and memorialize the Board of Governors of the United States Postal Service to implement this voluntary program to supplement the funds available for breast cancer research; and be it further

Resolved, That the Chief Clerk of the Assembly transmit copies of this resolution to the President and Vice President of the United States, to the Speaker of the House of Representatives, to the Board of Governors of the United States Postal Service, and to each Senator and Representatives from California in the Congress of the United States.

POM–217. A joint resolution adopted by the Legislature of the State of California; to the Committee on Veterans' Affairs.

ASSEMBLY JOINT RESOLUTION NO. 28

Whereas, during World War II, the military forces of the Commonwealth of the Philippines were drafted to serve in the United States armed forces by Executive Order of President Franklin Delano Roosevelt of July 26, 1941; and

Whereas, Filipino soldiers defended the American flag in the battles of Bataan and Corregidor; and

Whereas, thousands of Filipino prisoners of war died during the 65-mile Bataan Death March, and those who survive were imprisoned under inhumane conditions, suffered numerous casualties, and endured four long years of occupation; and

Whereas, the soldiers who escaped capture, together with Filipino civilians, valiantly fought against the occupation forces, their guerrilla attacks foiling the plans of the Japanese for a quick takeover of the region, and allowing the United States the time needed to prepare forces to defeat Japan; and

Whereas, despite the vital participation of the Filipino soldiers in the outcome of the war, the 79th United States Congress voted after the war ended to deny benefits and recognition to the Filipino World War II veterans, in what was known as the Rescissions Act of 1946; and

Whereas, on February 26, 1997, House Resolution 836, a bill to provide full benefits from the Department of Veterans Affairs to veterans who served in the Philippine Commonwealth Army, and the Special Philippine Scouts, was introduced in the House of Representatives of the United States Congress by Representative Benjamin Gilman of New York, and Representative Bob Filner of this state; Now, therefore, be it

Resolved by the Assembly and Senate of the State of California, jointly, That the Legislature of the State of California commends the heroic acts of Filipino war veterans, and honors these individuals for their contributions to the United States armed forces; and be it further

Resolved, That the Legislature of the State of California respectfully memorializes and urges the President and Congress of the United States to enact House Resolution 836; and be it further

Resolved, That the Chief Clerk of the Assembly transmit copies of this resolution to the President and Vice President of the United States, to the Speaker of the House of Representatives, and to each Senator and Representative from California in the Congress of the United States.

REPORTS OF COMMITTEES SUBMITTED DURING ADJOURNMENT

Under the authority of the order of the Senate of July 31, 1997, the following reports of committees were submitted on August 19, 1997:

By Mr. BOND, from the Committee on Small Business, without amendment:

S. 1139: An original bill to reauthorize the programs of the Small Business Administration, and for other purposes (Rept. No. 105–62).

By Mr. BOND, from the Committee on Small Business:

Special Report entitled "Legislative Oversight Activities During the 104th Congress" (Rept. No. 105–63).

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. MURKOWSKI, from the Committee on Energy and Natural Resources, with an amendment in the nature of a substitute and an amendment to the title:

S. 308. A bill to require the Secretary of the Interior to conduct a study concerning grazing use of certain land within and adjacent to Grand Teton National Park, Wyoming, and to extend temporarily certain grazing privileges (Rept. No. 105–64).

By Mr. MCCAIN, from the Committee on Commerce, Science, and Transportation, without amendment:

S. 542. A bill to authorize the Secretary of Transportation to issue a certificate of documentation with appropriate endorsement for employment in the coastwise trade for the vessel FAR HORIZONS (Rept. No. 105–65).

By Mr. MCCAIN, from the Committee on Commerce, Science, and Transportation, with an amendment in the nature of a substitute:

S. 662. A bill to authorize the Secretary of Transportation to issue a certificate of documentation with appropriate endorsement for employment in the coastwise trade for the vessel VORTICE (Rept. No. 105–66).

S. 880. A bill to authorize the Secretary of Transportation to issue a certificate of documentation with appropriate endorsement for employment in the coastwise trade for the vessel DUSKEN IV (Rept. No. 105–67).

By Mr. MURKOWSKI, from the Committee on Energy and Natural Resources, without amendment:

S. 931. A bill to designate the Marjory Stoneman Douglas Wilderness and the Ernest F. Coe Visitor Center (Rept. No. 105–68).

S. 965. A bill to amend title II of the Hydrogen Future Act of 1996 to extend an authorization contained therein, and for other purposes (Rept. No. 105–69).

H.R. 63. A bill to designate the reservoir created by Trinity Dam in the Central Valley project, California, as "Trinity Lake" (Rept. No. 105–70).

By Mr. MURKOWSKI, from the Committee on Energy and Natural Resources:

Report to accompany the bill (S. 871) to establish the Oklahoma City National Memorial as a unit of the National Park System, to designate the Oklahoma City Memorial Trust, and for other purposes (Rept. 105–71).

EXECUTIVE REPORTS OF COMMITTEES

The following executive reports of committees were submitted:

By Mr. HELMS, from the Committee on Foreign Relations: Treaty Doc. 105-3 U.S.-Hong Kong Extradition Treaty (Executive Rept. 105–2).

TEXT OF COMMITTEE RECOMMENDED RESOLUTION OF RATIFICATION

Resolved, (two-thirds of the Senators present concurring therein), That the Senate advise and consent to the ratification of the Agreement Between the Government of the United States of America and the Government of Hong Kong for the Surrender of Fugitive Offenders signed at Hong Kong on December 20, 1996 (Treaty Doc. 105–3), subject to the understandings of subsection (a), the declarations of subsection (b), and the proviso of subsection (c).

(a) UNDERSTANDINGS.—The Senate's advice and consent is subject to the following two understandings, which shall be included in the instrument of ratification, and shall be binding on the President:

(1) THIRD PARTY TRANSFERS.—The United States understands that Article 16(2) permits the transfer of persons surrendered to Hong Kong under this Agreement beyond the jurisdiction of Hong Kong when the United States so consents, but that the United States will not apply Article 16(2) of the Agreement to permit the transfer of persons surrendered to the Government of Hong Kong to any other jurisdiction in the People's Republic of China, unless the person being surrendered consents to the transfer.

(2) HONG KONG COURTS' POWER OF FINAL ADJUDICATION.—The United States understands that Hong Kong's courts have the power of final adjudication over all matters within Hong Kong's autonomy as guaranteed in the 1984 Sino-British Joint Declaration on the Question of Hong Kong, signed on December 19, 1984, and ratified on May 27, 1985. The United States expects that any exceptions to the jurisdiction of the Hong Kong courts for acts of state shall be construed narrowly. The United States understands that the exemption for acts of state does not diminish the responsibilities of the Hong Kong authorities with respect to extradition or the rights of an individual to a fair trial in Hong Kong courts. Any attempt by the Government of Hong Kong or the Government of the People's Republic of China to curtail the jurisdiction and power of final adjudication of the Hong Kong courts may be considered grounds for withdrawal from the Agreement.

(b) DECLARATIONS.—The Senate's advice and consent is subject to the following two declarations, which shall be binding on the President:

(1) REPORT ON THE HONG KONG JUDICIAL SYSTEM.—One year after entry into force, the Secretary of State, in coordination with the Attorney General shall prepare and submit a report to the Committee on Foreign Relations that addresses the following issues during the period after entry into force of the Agreement:

(i) an assessment of the independence of the Hong Kong judicial system from the Government of the People's Republic of China, including a summary of any instances in which the Government of the People's Republic of China has infringed upon the independence of the Hong Kong judiciary;

(ii) an assessment of the due process accorded all persons under the jurisdiction of the Government of Hong Kong;

(iii) an assessment of the due process accorded persons extradited to Hong Kong by the United States;

(iv) an accounting of the citizenship and number of persons extradited to Hong Kong from the United States, and the citizenship and number of persons extradited to the United States from Hong Kong;

(v) an accounting of the destination of third party transfer of persons who were originally extradited from the United States, and the citizenship of those persons;

(vi) a summary of the types of crimes for which persons have been extradited between the United States and Hong Kong;

(2) TREATY INTERPRETATION.—The Senate affirms the applicability to all treaties of the constitutionally based principles of treaty interpretation set forth in Condition (1) of the resolution of ratification with respect to the INF Treaty.

(c) PROVISO.—The resolution of ratification is subject to the following proviso, which shall not be included in the instrument of ratification to be signed by the President:

(1) SUPREMACY OF THE CONSTITUTION.—Nothing in the Treaty requires or authorizes legislation or other action by the United States of America that is prohibited by the Constitution of the United States as interpreted by the United States.

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first and second time by unanimous consent, and referred as indicated:

By Mr. D'AMATO:

S. 1140. A bill to prohibit reactivation of the High Flux Beam Reactor at Brookhaven National Laboratory; to the Committee on Energy and Natural Resources.

By Mr. JOHNSON (for himself, Mr. CRAIG, Mr. WELLSTONE, and Mr. GRASSLEY):

S. 1141. A bill to amend the Energy Policy Act of 1992 to take into account newly developed renewable energy-based fuels and to equalize alternative fuel vehicle acquisition incentives to increase the flexibility of controlled fleet owners and operators, and for other purposes; to the Committee on Energy and Natural Resources.

SUBMISSION OF CONCURRENT AND SENATE RESOLUTIONS

The following concurrent resolutions and Senate resolutions were read, and referred (or acted upon), as indicated:

By Mr. JEFFORDS (for himself, Mr. KENNEDY, Mr. DEWINE, and Mr. WELLSTONE):

S. Res. 117. A resolution congratulating the Federal Mediation and Conciliation Service on the occasion of its fiftieth anniversary and commending the many men and women of the Federal Mediation and Conciliation Service who have served the Nation's labor-management community and the American people; considered and agreed to.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. D'AMATO:

S. 1140. A bill to prohibit reactivation of the High Flux Beam Reactor at Brookhaven National Laboratory; to the Committee on Energy and National Resources.

THE LONG ISLAND DRINKING WATER PROTECTION ACT

Mr. D'AMATO. Mr. President, I ask unanimous consent that the bill, S. 1140, regarding Long Island drinking water protection be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1140

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the Long Island Drinking Water Protection Act.

SECTION 2. PROHIBITION OF REACTIVATION OF THE HIGH FLUX BEAM REACTOR.

The Secretary of Energy shall ensure that the High Flux Beam Reactor at Brookhaven National Laboratory is not reactivated.

By Mr. JOHNSON (for himself, Mr. CRAIG, Mr. WELLSTONE, and Mr. GRASSLEY):

S. 1141. A bill to amend the Energy Policy Act of 1992 to take into account newly developed renewable energy-based fuels and to equalize alternative fuel vehicle acquisition incentives to increase the flexibility of controlled fleet owners and operators, and for other purposes; to the Committee on Energy and Natural Resources.

THE BIODIESEL ENERGY DEVELOPMENT ACT OF 1997

Mr. CRAIG. Mr. President, today I am pleased to introduce, along with Senators JOHNSON, WELLSTONE, and GRASSLEY, the Biodiesel Energy Development Act of 1997. This legislation is an important step in helping achieve a very important goal of this Nation—that of shifting the focus of national energy demand away from imported oil toward renewable or domestically produced energy sources, as stated in the Energy Policy Act of 1992, also known as EPACT.

To reach its goal, which is to replace 10 percent of petroleum by the year 2000 and 30 percent by the year 2010 with alternative fuels, EPACT requires Federal and State government fleets, and a limited number of private fleets, to purchase alternative-fueled vehicles [AFV's].

Dedicated AFV's are vehicles that can only run on alternative fuels. Natural gas vehicles and electric vehicles are two of the most common AFV's. Flexible fueled vehicles [FFV's] are those vehicles which can run on alternative fuels, such as methanol and ethanol, petroleum fuels, or a combination of the two.

Current EPACT mandates, incentives, and grants exclude biodiesel fuel blends from being designated as an alternative fuel or from it being an option for controlled fleet owners and operators. EPACT offers little incentive for the use of heavier duty FFV's where biodiesel would be most appropriate, as fleets may obtain credit for heavier duty FFV's only after they have fulfilled their light duty AFV purchase requirements. In addition, EPACT does not allow the conversion and warranty of existing vehicles to FFV standards when they are overhauled or rebuilt. Mr. President, the exclusion of biodiesel as an alternative fuel only impedes the ability of the fleets to meet EPACT mandates.

Let me spell out some of the benefits that biodiesel provides. Biodiesel is a cleaner burning fuel that is made from natural, renewable sources such as vegetable oils, and is domestically produced. From these facts alone it is evident that the use of biodiesel can reduce the United States' dependence upon imported oil.

Biodiesel also helps achieve a stated goal of this administration, which is to protect the environment by reducing emissions that may damage the ozone layer and contribute to the greenhouse effect. Biodiesel does just that. When used in a 20-percent blend with petroleum diesel, biodiesel results in a significant reduction in visible smoke and odor and reduces particulate matter by as much as 14 percent. When used in combination with an oxidation catalyst, biodiesel reduces particulate matter by 45 percent, carbon monoxide emissions by 41 percent, and total hydrocarbons by 65 percent.

Mr. President, biodiesel does all of this without forcing expensive engine modifications, reducing the payload capacity of vehicles, or reducing the range of vehicles. Biodiesel performs similarly to petroleum diesel in terms of torque, horsepower, and miles per gallon. In short, biodiesel performs just as well as petroleum diesel, and yet provides users with all of the benefits of alternative fuels.

In addition, once the biodiesel market takes off, it is estimated that it could add more than $11 billion to the States that grow oilseed crops. Biodiesel is also biodegradable and nontoxic, resulting in little to no environmental threat.

The Biodiesel Energy Development Act would solve many of the problems in EPACT, and help fleets reach EPACT's goals. This legislation would designate a biodiesel-petroleum diesel blend as an alternative fuel; equalize incentives between AFV's and alternative fuels; equalize incentives between different types of AFV's; increase the flexibility of EPACT fleet owners and operators in meeting existing mandated AFV purchase requirements; and provide an incentive-based solution regarding flexible-fuel use in AFV's.

Mr. President, it is time we enabled the fleets that are mandated by EPACT to purchase AFV's with the option of using biodiesel fuel. I urge my colleagues to support this important legislation.

ADDITIONAL COSPONSORS

S. 67

At the request of Ms. SNOWE, the name of the Senator from Maine [Ms. COLLINS] was added as a cosponsor of S. 67, a bill to amend the Public Health Service Act to extend the program of research on breast cancer.

S. 89

At the request of Ms. SNOWE, the name of the Senator from Maine [Ms. COLLINS] was added as a cosponsor of S. 89, a bill to prohibit discrimination against individuals and their family members on the basis of genetic information, or a request for genetic services.

S. 230

At the request of Mr. THURMOND, the names of the Senator from North Carolina [Mr. HELMS] and the Senator from Arizona [Mr. KYL] were added as cosponsors of S. 230, a bill to amend section 1951 of title 18, United States Code (commonly known as the Hobbs Act), and for other purposes.

S. 456

At the request of Ms. MOSELEY-BRAUN, the name of the Senator from California [Mrs. BOXER] was added as a cosponsor of S. 456, a bill to establish a partnership to rebuild and modernize America's school facilities.

S. 492

At the request of Mr. SARBANES, the name of the Senator from Iowa [Mr. HARKIN] was added as a cosponsor of S. 492, a bill to amend certain provisions of title 5, United States Code, in order to ensure equality between Federal firefighters and other employees in the civil service and other public sector firefighters, and for other purposes.

S. 524

At the request of Mr. DASCHLE, the name of the Senator from New Jersey [Mr. TORRICELLI] was added as a cosponsor of S. 524, a bill to amend title XVIII of the Social Security Act to remove the requirement of an X-ray as a condition of coverage of chiropractic services under the medicare program.

S. 766

At the request of Ms. SNOWE, the names of the Senator from Minnesota [Mr. WELLSTONE] and the Senator from Nebraska [Mr. KERREY] were added as cosponsors of S. 766, a bill to require equitable coverage of prescription contraceptive drugs and devices, and contraceptive services under health plans.

S. 778

At the request of Mr. LUGAR, the name of the Senator from Vermont [Mr. LEAHY] was added as a cosponsor of S. 778, a bill to authorize a new trade and investment policy for sub-Saharan African.

S. 781

At the request of Mr. HATCH, the name of the Senator from Oregon [Mr. SMITH] was added as a cosponsor of S. 781, a bill to establish a uniform and more efficient Federal process for protecting property owners' rights guaranteed by the fifth amendment.

S. 1024

At the request of Mr. GRASSLEY, the name of the Senator from Wisconsin [Mr. KOHL] was added as a cosponsor of S. 1024, a bill to make chapter 12 of title 11 of the United States Code permanent, and for other purposes.

S. 1062

At the request of Mr. D'AMATO, the names of the Senator from Wyoming [Mr. THOMAS], the Senator from New Jersey [Mr. TORRICELLI], the Senator from Hawaii [Mr. INOUYE], the Senator from Nevada [Mr. BRYAN], the Senator from Iowa [Mr. HARKIN], the Senator from Illinois [Ms. MOSELEY-BRAUN], the Senator from Michigan [Mr. ABRAHAM], the Senator from Massachusetts [Mr. KENNEDY], the Senator from South Dakota [Mr. DASCHLE], the Senator from Massachusetts [Mr. KERRY], the Senator from Minnesota [Mr. WELLSTONE], the Senator from Kentucky [Mr. FORD], the Senator from Texas [Mrs. HUTCHISON], the Senator from Arkansas [Mr. BUMPERS], the Senator from California [Mrs. BOXER], the Senator from Florida [Mr. GRAHAM], the Senator from Montana [Mr. BAUCUS], the Senator from Connecticut [Mr. LIEBERMAN], the Senator from Maine [Ms. SNOWE], the Senator from Pennsylvania [Mr. SANTORUM], and the Senator from Louisiana [Mr. BREAUX] were added as cosponsors of S. 1062, a bill to authorize the President to award a gold medal on behalf of the Congress to Ecumenical Patriarch Bartholomew in recognition of his outstanding and enduring contributions toward religious understanding and peace, and for other purposes.

S. 1073

At the request of Mr. MACK, the name of the Senator from Arkansas [Mr. HUTCHINSON] was added as a cosponsor of S. 1073, a bill to withhold United States assistance for programs for projects of the International Atomic Energy Agency in Cuba, and for other purposes.

SENATE CONCURRENT RESOLUTION 30

At the request of Mr. HELMS, the names of the Senator from Arizona [Mr. KYL], the Senator from Arkansas [Mr. HUTCHINSON], the Senator from West Virginia [Mr. ROCKEFELLER], the Senator from Idaho [Mr. KEMPTHORNE], and the Senator from South Dakota [Mr. JOHNSON] were added as cosponsors of Senate Concurrent Resolution 30, a concurrent resolution expressing the sense of the Congress that the Republic of China should be admitted to multilateral economic institutions, including the International Monetary Fund and the International Bank for Reconstruction and Development.

SENATE CONCURRENT RESOLUTION 32

At the request of Mr. HUTCHINSON, the name of the Senator from New Hampshire [Mr. GREGG] was added as a cosponsor of Senate Concurrent Resolution 32, a concurrent resolution recognizing and commending American airmen held as political prisoners at the Buchenwald concentration camp during World War II for their service, bravery, and, fortitude.

SENATE CONCURRENT RESOLUTION 38

At the request of Mr. ROTH, the name of the Senator from Arkansas [Mr. HUTCHINSON] was added as a cosponsor of Senate Concurrent Resolution 38, a concurrent resolution to state the sense of the Congress regarding the obligations of the People's Republic of China under the Joint Declaration and the Basic Law to ensure that Hong Kong remains autonomous, the human rights of the people of Hong Kong remain protected, and the government of the Hong Kong SAR is elected democratically.

SENATE CONCURRENT RESOLUTION 42

At the request of Mr. D'AMATO, the names of the Senator from Indiana [Mr. LUGAR], the Senator from New Jersey [Mr. TORRICELLI], the Senator from Massachusetts [Mr. KENNEDY], the Senator from Arkansas [Mr. BUMPERS], the Senator from California [Mrs. BOXER], the Senator from Florida [Mr. GRAHAM], the Senator from Montana [Mr. BAUCUS], the Senator from Connecticut [Mr. LIEBERMAN], the Senator from Maine [Ms. SNOWE], and the Senator from Pennsylvania [Mr. SANTORUM] were added as cosponsors of Senate Concurrent Resolution 42, a concurrent resolution to authorize the use of the rotunda of the Capitol for a congressional ceremony honoring Ecumenical Patriarch Bartholomew.

SENATE RESOLUTION 106

At the request of Mr. ROBB, the names of the Senator from Florida [Mr. MACK] and the Senator from Mississippi [Mr. COCHRAN] were added as cosponsors of Senate Resolution 106, a resolution to commemorate the 20th anniversary of the Presidential Management Intern Program.

SENATE RESOLUTION 111

At the request of Mr. THURMOND, the names of the Senator from South Carolina [Mr. HOLLINGS], the Senator from Michigan [Mr. LEVIN], the Senator from Connecticut [Mr. DODD], the Senator from New York [Mr. D'AMATO], and the Senator from Wisconsin [Mr. KOHL] were added as cosponsors of Senate Resolution 111, a resolution designating the week beginning September 14, 1997, as "National Historically Black Colleges and Universities Week," and for other purposes.

SENATE RESOLUTION 115

At the request of Mrs. BOXER, the name of the Senator from Washington [Mrs. MURRAY] was added as a cosponsor of Senate Resolution 115, a resolution expressing support for a National Day of Unity in response to the President's call for a national dialog on race.

SENATE RESOLUTION 117—CONGRATULATING THE FEDERAL MEDIATION AND CONCILIATION SERVICES

Mr. JEFFORDS (for himself, Mr. KENNEDY, Mr. DEWINE, and Mr. WELLSTONE) submitted the following resolution; which was considered and agreed to:

S. RES. 117

Whereas the Federal Mediation and Conciliation Service (referred to in this resolution as the "FMCS") was created as an independent agency of the United States by the Labor-Management Relations Act of 1947;

Whereas for 50 years, the FMCS has been instrumental in promoting the United States policy that "sound and stable industrial peace and the advancement of the general welfare, health, and safety of the Nation and of the best interest of employers and employees can most satisfactorily be secured through the settlement of issues between employers and employees through the processes of collective bargaining between employers and representatives of their employees";

Whereas the FMCS has provided mediation services to labor and management by assisting them to settle disputes and reach agreement in collective bargaining negotiations, thereby helping to prevent or minimize work stoppages that disrupt the free flow of commerce and to promote sound and stable labor-management relations;

Whereas the FMCS has provided arbitration services by administering a roster of qualified, private arbitrators to resolve disputes arising under collective bargaining agreements, thereby minimizing disruptions to commerce and preserving labor-management peace;

Whereas the FMCS has encouraged joint initiatives designed to assist employers and the representatives of their employees explore better ways to manage differences and to work together for mutual benefit and has awarded grants to promote labor-management cooperation and to encourage innovative workplace practices, thereby improving economic performance and enhancing economic development, employment security, and organizational effectiveness;

Whereas the FMCS has provided dispute resolution services to government agencies as an alternative to costly litigation or formal rulemaking, thereby enabling less adversarial and more participative approaches to governing;

Whereas the FMCS has helped management, labor, and government leaders from many nations throughout the world to establish sound industrial relations and conflict resolution systems and practices, thereby promoting sound economic development and democratic principles; and

Whereas the FMCS has developed the art, science, and practice of conflict resolution as a means to improve the lives of the working men and women of this Nation and the relationships between labor and management and between others in our society, to sustain democratic institutions, and to strengthen the American economy, thereby making an important contribution to our Nation: Now, therefore, be it

Resolved, That the Senate—

(1) commends the Federal Mediation and Conciliation Service for 50 years of dedicated and important service to the Nation; and

(2) congratulates the FMCS as it commemorates its fiftieth anniversary.

AMENDMENTS SUBMITTED

THE DEPARTMENTS OF LABOR, HEALTH AND HUMAN SERVICES, AND EDUCATION, AND RELATED AGENCIES APPROPRIATIONS ACT FOR FISCAL YEAR 1998

KYL AMENDMENT NO. 1056

Mr. KYL proposed an amendment to the bill (S. 1061) making appropriations for the Departments of Labor, Health and Human Services, and Education, and related agencies for the fiscal year ending September 30, 1998, and for other purposes; as follows:

On page 41, between lines 17 and 18, insert the following:

Of the funds made available under this heading in Public Law 104-208, to be available for obligation in the period October 1, 1997 through September 30, 1998, $527,666,000 are rescinded.

On page 56, line 21, strike "$8,557,741,000" and insert "$9,085,407,000".

On page 56, line 22, before the period insert ": *Provided*, That $7,438,000,000 shall be available to carry out subpart 1 of part A of title IV of the Higher Education Act of 1965 (20 U.S.C. 1070a)".

THE AGRICULTURE, RURAL DEVELOPMENT, FOOD AND DRUG ADMINISTRATION, AND RELATED AGENCIES APPROPRIATIONS ACT, 1998

HARKIN (AND OTHERS) AMENDMENT NO. 1057

Mr. HARKIN (for himself, Mr. CHAFEE, Mr. LAUTENBERG, Mr. REED, Mr. DURBIN, Mr. KENNEDY, Mr. WYDEN, and Mr. BINGAMAN) proposed an amendment to the bill (H.R. 2160) making appropriations for Agriculture, Rural Development, Food and Drug Administration, and Related Agencies programs for the fiscal year ending September 30, 1998, and for other purposes; as follows:

In the matter under the heading "SALARIES AND EXPENSES" under the heading "FOOD AND DRUG ADMINISTRATION" in title VI, add at the end the following:

In addition, the total amount made available under this heading shall be increased so as to make available a total of $34,000,000 for the Food and Drug Administration children's tobacco initiative: *Provided*, That—

(1) the amount that may be expended for equipment or services related to automated data processing, information technologies, or related items (including telecommunications equipment and computer hardware and software) under section 4(g) of the Commodity Credit Corporation Charter Act (15 U.S.C. 714b(g)) may not exceed $36,914,000 for fiscal year 1998; and

(2) to the extent that funding becomes available for the Food and Drug Administration children's tobacco initiative as a result of the national tobacco settlement—

(A) any amounts made available under this Act, allocated for the Food and Drug Administration children's tobacco initiative, and not expended on the date that such funding becomes available shall be rescinded; and

(B) the amount specified in paragraph (1) shall be increased by the total of the amounts rescinded under subparagraph (A): *Provided further*, That in carrying out their responsibilities under the Food and Drug Administration children's tobacco initiative, States are encouraged to coordinate their enforcement efforts with enforcement of laws that prohibit underage drinking.".

THE DEPARTMENTS OF LABOR, HEALTH AND HUMAN SERVICES, AND EDUCATION, AND RELATED AGENCIES APPROPRIATIONS ACT FOR FISCAL YEAR 1998

FORD AMENDMENT NO. 1058

(Ordered to lie on the table.)

Mr. FORD submitted an amendment intended to be proposed by him to the bill, S. 1061, supra as follows:

At the appropriate place, insert the following:

SEC. . No funds made available under this Act may be used to enforce section 304(a) of the Clean Air Act Amendments of 1990 (29 U.S.C. 655 note; Public Law 101-549) with respect to distilled spirits (as defined in section 5002(a) of Internal Revenue Code of 1986 or section 117(a) of the Federal Alcohol Administration Act (27 U.S.C. 211(a))).".

FAIRCLOTH AMENDMENT NO. 1059

(Ordered to lie on the table.)

Mr. FAIRCLOTH submitted an amendment intended to be proposed by the bill, S. 1061, supra, as follows:

On page 61, after line 25, add the following:

SEC. . The Secretary of Education shall annually provide to the Committee on Labor and Human Resources and the Committee on Appropriations of the Senate and the Committee on Education and the Workforce and the Committee on Appropriations of the House of Representatives a certification that not less than 95 percent of the amount appropriated for a fiscal year for the activities of the Department of Education is being used directly for teachers and students. If the Secretary determines that less than 95 percent of such amount appropriated for a fiscal year is being used directly for teachers and students, the Secretary shall certify the percentage of such amount that is being directly used for teachers and students.

NOTICE OF HEARING

COMMITTEE ON ENERGY AND NATURAL RESOURCES

Mr. MURKOWSKI. Mr. President, I would like to announce that a full committee hearing has been scheduled before the Committee on Energy and Natural Resources.

The hearing will take place Thursday, September 11, 1997, at 9:30 a.m. in room SD-366 of the Dirksen Senate Office Building in Washington, DC.

The purpose of this hearing is to receive testimony on S. 660, a bill to provide for the continuation of higher education through the conveyance of certain lands in the State of Alaska to the University of Alaska, and for other purposes and S. 1092, a bill to provide for a transfer of land interests in order to facilitate surface transportation between the cities of Cold Bay, AK, and King Cove, AK, and for other purposes.

Those who wish to testify or to submit written testimony should write to the Committee on Energy and Natural Resources, U.S. Senate, Washington, DC 20510. Presentation of oral testimony is by committee invitation only. For further information, please contact Jo Meuse or Brian Malnak at (202) 224-6730.

ADDITIONAL STATEMENTS

SMITHVILLE FIDDLERS' JAMBOREE

• Mr. THOMPSON. Mr. President, I rise today to acknowledge and honor an event that has long been a source of great civic pride for many of us in Tennessee: the Smithville Fiddlers' Jamboree and Crafts Festival.

A spectacular 2-day event held annually over the Fourth of July holiday, the Smithville Fiddlers' Jamboree is dedicated to the furtherance and preservation of old-time Appalachian country music, dance, and authentic Appalachian art and culture. The jamboree and I go a long way back, and yet I never cease to be amazed by the hospitality, the fellowship, the crafts, and, of course, the outstanding music.

This past Fourth of July weekend marked the 26th anniversary of the jamboree. It all began back on July 1, 1972, when musicians from 16 states delighted an audience of 8,000 people. While that in itself was quite an accomplishment, the event's founders were not content to stop there. By comparison, this year's event drew a record crowd of 125,000 and featured more than 600 contestants from 42 States and 4 foreign countries. More than 300 artisans and craftsmen were on hand to sell and display authentic pioneer and contemporary Appalachian crafts.

These days, the Smithville Fiddlers' Jamboree is broadcast on television worldwide and has been featured in National Geographic Traveler, Southern Living, and several other national publications. The Jamboree has been named one of the top 100 tourist events in North America, according to a list compiled by the American Bus Association. The event was selected as a "Top 20 Tourist Favorite" by the Southeast Tourism Society, which includes the States of Tennessee, North Carolina, South Carolina, Georgia, Florida, Mississippi, Louisiana, Alabama, and Virginia. Earlier this year, the Tennessee General Assembly passed a resolution designating the Smithville Fiddlers' Jamboree and Crafts Festival as the official jamboree and crafts festival of the State of Tennessee.

Without a doubt, knowledge of the Smithville Jamboree's accomplished musicians, inspiring music, skilled artisans, and authentic crafts has now reached the four corners of the globe, and I applaud the organizers, committees, volunteers, and the people of Smithville and DeKalb County, TN, for their unique and substantial contribution to the rich tradition of Appalachian art and culture.•

TRIBUTE TO DR. ROBERT W. DAY

• Mrs. MURRAY. Mr. President, the Fred Hutchinson Cancer Research Center recently marked the end of an era with the retirement of its visionary president and director, Dr. Robert W. Day.

In 1981, Dr. Day took over leadership of the center from its founding director, Dr. Bill Hutchinson. It was a time of painful transition for the young research facility. In Dr. Day, the center had a new leader who possessed the administrative skills, broad scientific perspective, ambitious vision and fiery passion needed to guide the center through this critical period. During Dr. Day's 16 year tenure, the center transformed from a local medical facility to one of the world's most respected cancer research facilities.

There are many legacies of Dr. Day's remarkable leadership. Perhaps the most visible is the magnificent South Lake Union research facility. Other prominent reminders are the many biotechnology firms that have been spawned by research conducted at the Hutchinson Center.

Among Dr. Day's most important legacies are his contributions to cancer policy. He is credited with pioneering the integration of public health and cancer research, which had primarily focused on basic and clinical research. He played a key role in launching and expanding the preventive program at the Centers for Disease Control. He is largely responsible for the Hutchinson Center being awarded the Nation's first cancer prevention research unit. Public education was also an important priority for Dr. Day, and he undertook the strengthening of the Cancer Information Service.

Because of his tremendous experience, Dr. Day has been widely sought out to fill advisory roles. In addition to his duties at Fred Hutchinson, Dr. Day has served on a number of influential national boards, including the National Cancer Advisory Board, the President's Cancer Advisory Council and countless peer-review committees. He is also a past president of the national Coalition for Cancer Research and of the American Association of Cancer Institutes.

Dr. Day has become a much respected figure on Capitol Hill. I appreciate the insight he has given me on legislative matters and his role in educating Members of this body on the issues surrounding cancer research. His influence and respect in the business community has helped to make the business community an important partner in cancer research efforts.

Dr. Day is regarded as not only an outstanding administrator and scientist, but as an outstanding human being. There can be no doubt that his passion for fighting cancer comes from the fact that he is a man who genuinely cares about people.

Dr. Day's well-deserved retirement will leave him time to devote to other personal interests. However, even in retirement he will continue to lend his considerable talent as a senior adviser to the center.

While the war against cancer has yet to be won, thanks to Dr. Day's remarkable efforts, much progress has been made. He has my lasting appreciation for his passionate leadership and his unending faith that one day we will win the battle against this terrible disease. He will continue to be an inspiration to those who seek to make his vision a reality.•

BRAVERY IN YACOLT, WA

• Mr. GORTON. Mr. President, I want to recognize an Explorer Scout whose bravery and quick thinking saved the life of his friend. On July 3, 1997, a group of friends went swimming near Sunset Falls in Yacolt, WA. Recent flooding had altered the depth of the water where the friends chose to go diving. Not recognizing the change in depth, Kade Vance dove from a rock into the natural pool below. Moments later, he surfaced in a dead man's float, bleeding from his head. Robby Loomis, a trained Explorer Scout, immediately swam to his friend's aid and turned him on his back to allow him to breathe. Robby conversed with Kade, making sure he remained conscious. Kade indicated he could not feel his legs and that his strength was quickly deteriorating.

For more than 40 minutes, Robby kept Kade afloat in water that was only 60 degrees. Despite his dropping temperature and diminishing strength, Robby helped move Kade closer to shore where the emergency medical team could reach them. Robby used his own body as a shield to protect his injured friend from further damage by rocks near the shoreline. As a result of Robby Loomis' courageous efforts, and due to his Explorer Scout training, Kade Vance's life was saved. I would like to recognize the bravery and heroism displayed by Robby Loomis and congratulate him on his valiant efforts.•

CLARE JARECKI

• Mr. LEVIN. Mr. President, I rise today to recognize the achievements of a remarkable person from my home State of Michigan, Mr. Clare Jarecki. Clare will be receiving the 1997 Reflection Award, which is given each year by Aquinas College to an individual who reflects the values Aquinas College seeks to impart to its students—commitment, vision, service, loyalty, integrity, and trust.

Clare has been a business and community leader in Grand Rapids, MI, for more than 50 years. He served as president and chairman of the board of Jarecki Corp., which was formed by the merger of Jarecki Products, Inc., and Nichols & Cox Lumber Co. Jarecki Corp. grew to be extremely successful, and was once the largest independent tool and die manufacturer in the world.

The Grand Rapids area contributed greatly to Clare Jarecki's success, and he chose to become involved with a number of organizations dedicated to improving the welfare of the people of Grand Rapids. He has served on the boards of directors of organizations like the YMCA, the Community Chest, the Rehabilitation League and the Greater Grand Rapids Chamber of Commerce, as well as a trustee of Blodgett Memorial Hospital. He was instrumental in the creation of U.S. 131, the north-south expressway, which contributed greatly to the growth and development of Grand Rapids and the surrounding area. Clare has been honored and recognized by both Ferris State University and Michigan State University as a distinguished alumnus.

Throughout his life, Clare Jarecki has endeavored to make his community a better place. In doing so, he embodies the values for which the Reflection Award is conferred. Mr. President, I ask that you, along with my colleagues, join with me in sending congratulations and best wishes to Clare Jarecki on this important occasion.•

EARTHQUAKE HAZARDS ACT AMENDMENTS

The text of S. 910, the bill to authorize appropriations for carrying out the Earthquake Hazards Reduction Act of 1977 for fiscal years 1998 and 1999, and for other purposes, as passed by the Senate on July 31, 1997, is as follows:

S. 910

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. AUTHORIZATION OF APPROPRIATIONS.

Section 12 of the Earthquake Hazards Reduction Act of 1977 (42 U.S.C. 7706) is amended—

(1) in subsection (a)(7)—

(A) by striking "and" after "1995,"; and

(B) by inserting before the period at the end the following: ", $20,900,000 for the fiscal year ending September 30, 1998, and $21,500,000 for the fiscal year ending September 30, 1999";

(2) in subsection (b)—

(A) by striking "and" after "September 30, 1995;";

(B) by inserting before the period at the end the following: "; $52,565,000 for the fiscal year ending September 30, 1998, of which

$3,800,000 shall be used for the Global Seismic Network operated by the Agency; and $54,052,000 for the fiscal year ending September 30, 1999, of which $3,800,000 shall be used for the Global Seismic Network operated by the Agency"; and

(C) by adding at the end the following: "Of the amounts authorized to be appropriated under this subsection, at least—

"(1) $8,000,000 of the amount authorized to be appropriated for the fiscal year ending September 30, 1998; and

"(2) $8,250,000 of the amount authorized for the fiscal year ending September 30, 1999,

shall be used for carrying out a competitive, peer-reviewed program under which the Director, in close coordination with and as a complement to related activities of the United States Geological Survey, awards grants to, or enters into cooperative agreements with, State and local governments and persons or entities from the academic community and the private sector.";

(3) in subsection (c)—

(A) by striking "and" after "September 30, 1995,"; and

(B) by inserting before the period at the end the following: ", (3) $18,450,000 for engineering research and $11,920,000 for geosciences research for the fiscal year ending September 30, 1998, and (4) $19,000,000 for engineering research and $12,280,000 for geosciences research for the fiscal year ending September 30, 1999"; and

(4) in the last sentence of subsection (d)—

(A) by striking "and" after "September 30, 1995,"; and

(B) by inserting before the period at the end the following: ", $2,000,000 for the fiscal year ending September 30, 1998, and $2,060,000 for the fiscal year ending September 30, 1999".

SEC. 2. AUTHORIZATION OF REAL-TIME SEISMIC HAZARD WARNING SYSTEM DEVELOPMENT, AND OTHER ACTIVITIES.

(a) Automatic Seismic Warning System Development.—

(1) Definitions.—In this section:

(A) Director.—The term "Director" means the Director of the United States Geological Survey.

(B) High-risk activity.—The term "high-risk activity" means an activity that may be adversely affected by a moderate to severe seismic event (as determined by the Director). The term includes high-speed rail transportation.

(C) Real-time seismic warning system.—The term "real-time seismic warning system" means a system that issues warnings in real-time from a network of seismic sensors to a set of analysis processors, directly to receivers related to high-risk activities.

(2) In general.—The Director shall conduct a program to develop a prototype real-time seismic warning system. The Director may enter into such agreements or contracts as may be necessary to carry out the program.

(3) Upgrade of seismic sensors.—In carrying out a program under paragraph (2), in order to increase the accuracy and speed of seismic event analysis to provide for timely warning signals, the Director shall provide for the upgrading of the network of seismic sensors participating in the prototype to increase the capability of the sensors—

(A) to measure accurately large magnitude seismic events (as determined by the Director); and

(B) to acquire additional parametric data.

(4) Development of communications and computation infrastructure.—In carrying out a program under paragraph (2), the Director shall develop a communications and computation infrastructure that is necessary—

(A) to process the data obtained from the upgraded seismic sensor network referred to in paragraph (3); and

(B) to provide for, and carry out, such communications engineering and development as is necessary to facilitate—

(i) the timely flow of data within a real-time seismic hazard warning system; and

(ii) the issuance of warnings to receivers related to high-risk activities.

(5) Procurement of computer hardware and computer software.—In carrying out a program under paragraph (2), the Director shall procure such computer hardware and computer software as may be necessary to carry out the program.

(6) Reports on progress.—

(A) In general.—Not later than 120 days after the date of enactment of this Act, the Director shall prepare and submit to Congress a report that contains a plan for implementing a real-time seismic hazard warning system.

(B) Additional reports.—Not later than 1 year after the date on which the Director submits the report under subparagraph (A), and annually thereafter, the Director shall prepare and submit to Congress a report that summarizes the progress of the Director in implementing the plan referred to in subparagraph (A).

(7) Authorization of appropriations.—In addition to the amounts made available to the Director under section 12(b) of the Earthquake Hazards Reduction Act of 1977 (42 U.S.C. 7706(b)), there are authorized to be appropriated to the Department of the Interior, to be used by the Director to carry out paragraph (2), $3,000,000 for each of fiscal years 1998 and 1999.

(b) Seismic Monitoring Networks Assessment.—

(1) In general.—The Director shall provide for an assessment of regional seismic monitoring networks in the United States. The assessment shall address—

(A) the need to update the infrastructure used for collecting seismological data for research and monitoring of seismic events in the United States;

(B) the need for expanding the capability to record strong ground motions, especially for urban area engineering purposes;

(C) the need to measure accurately large magnitude seismic events (as determined by the Director);

(D) the need to acquire additional parametric data; and

(E) projected costs for meeting the needs described in subparagraphs (A) through (D).

(2) Results.—The Director shall transmit the results of the assessment conducted under this subsection to Congress not later than 1 year after the date of enactment of this Act.

(c) Earth Science Teaching Materials.—

(1) Definitions.—In this subsection:

(A) Local educational agency.—The term "local educational agency" has the meaning given that term in section 14101 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 8801).

(B) School.—The term "school" means a nonprofit institutional day or residential school that provides education for any of the grades kindergarten through grade 12.

(2) Teaching materials.—In a manner consistent with the requirement under section 5(b)(4) of the Earthquake Hazards Reduction Act of 1977 (42 U.S.C. 7704(b)(4)) and subject to a merit based competitive process, the Director of the National Science Foundation may use funds made available to him or her under section 12(c) of such Act (42 U.S.C. 7706(c)) to develop, and make available to schools and local educational agencies for use by schools, at a minimal cost, earth science teaching materials that are designed to meet the needs of elementary and secondary school teachers and students.

(d) Improved Seismic Hazard Assessment.—

(1) In general.—As soon as practicable after the date of enactment of this Act, the Director shall conduct a project to improve the seismic hazard assessment of seismic zones.

(2) Reports.—

(A) In general.—Not later than 1 year after the date of enactment of this Act, and annually during the period of the project, the Director shall prepare, and submit to Congress, a report on the findings of the project.

(B) Final report.—Not later than 60 days after the date of termination of the project conducted under this subsection, the Director shall prepare and submit to Congress a report concerning the findings of the project.

(e) Study of National Earthquake Emergency Training Capabilities.—

(1) In general.—The Director of the Federal Emergency Management Agency shall conduct an assessment of the need for additional Federal disaster-response training capabilities that are applicable to earthquake response.

(2) Contents of assessment.—The assessment conducted under this subsection shall include—

(A) a review of the disaster training programs offered by the Federal Emergency Management Agency at the time of the assessment;

(B) an estimate of the number and types of emergency response personnel that have, during the period beginning on January 1, 1990 and ending on July 1, 1997, sought the training referred to in subparagraph (A), but have been unable to receive that training as a result of the oversubscription of the training capabilities of the Federal Emergency Management Agency; and

(C) a recommendation on the need to provide additional Federal disaster-response training centers.

(3) Report.—Not later than 180 days after the date of enactment of this Act, the Director shall prepare and submit to Congress a report that addresses the results of the assessment conducted under this subsection.

SEC. 3. COMPREHENSIVE ENGINEERING RESEARCH PLAN.

(a) National Science Foundation.—Section 5(b)(4) of the Earthquake Hazards Reduction Act of 1977 (42 U.S.C. 7704(b)(4)) is amended—

(1) by striking "and" at the end of subparagraph (D);

(2) by striking the period at the end of subparagraph (E) and inserting "; and"; and

(3) by adding at the end the following:

"(F) develop, in conjunction with the Federal Emergency Management Agency, the National Institute of Standards and Technology, and the United States Geological Survey, a comprehensive plan for earthquake engineering research to effectively use existing testing facilities and laboratories (in existence at the time of the development of the plan), upgrade facilities and equipment as needed, and integrate new, innovative testing approaches to the research infrastructure in a systematic manner.".

(b) Federal Emergency Management Agency.—Section 5(b)(1) of the Earthquake

Hazards Reduction Act of 1977 (42 U.S.C. 7704(b)(1)) is amended—

(1) by striking "and" at the end of subparagraph (D);

(2) by striking the period at the end of subparagraph (E) and inserting "; and"; and

(3) by adding at the end the following:

"(F) work with the National Science Foundation, the National Institute of Standards and Technology, and the United States Geological Survey, to develop a comprehensive plan for earthquake engineering research to effectively use existing testing facilities and laboratories (existing at the time of the development of the plan), upgrade facilities and equipment as needed, and integrate new, innovative testing approaches to the research infrastructure in a systematic manner.".

(c) UNITED STATES GEOLOGICAL SURVEY.—Section 5(b)(3) of the Earthquake Hazards Reduction Act of 1977 (42 U.S.C. 7704(b)(3)) is amended—

(1) by striking "and" at the end of subparagraph (E);

(2) by striking the period at the end of subparagraph (G) and inserting "; and"; and

(3) by adding at the end the following:

"(H) work with the National Science Foundation, the Federal Emergency Management Agency, and the National Institute of Standards and Technology to develop a comprehensive plan for earthquake engineering research to effectively use existing testing facilities and laboratories (in existence at the time of the development of the plan), upgrade facilities and equipment as needed, and integrate new, innovative testing approaches to the research infrastructure in a systematic manner.".

(d) NATIONAL INSTITUTE OF STANDARDS AND TECHNOLOGY.—Section 5(b)(5) of the Earthquake Hazards Reduction Act of 1977 (42 U.S.C. 7704(b)(5)) is amended—

(1) by striking "and" at the end of subparagraph (B);

(2) by striking the period at the end of subparagraph (C) and inserting "; and"; and

(3) by adding at the end the following:

"(D) work with the National Science Foundation, the Federal Emergency Management Agency, and the United States Geological Survey to develop a comprehensive plan for earthquake engineering research to effectively use existing testing facilities and laboratories (in existence at the time of the development of the plan), upgrade facilities and equipment as needed, and integrate new, innovative testing approaches to the research infrastructure in a systematic manner.".

SEC. 4. REPEALS.

Sections 6 and 7 of the Earthquake Hazards Reduction Act of 1977 (42 U.S.C. 7705 and 7705a) are repealed.

APPOINTMENTS BY THE VICE PRESIDENT

The PRESIDING OFFICER. The Chair, on behalf of the Vice President, pursuant to Public Law 94–304, as amended by Public Law 99–7, appoints the following Senators to the Commission on Security and Cooperation in Europe: The Senator from Montana [Mr. BURNS], the Senator from Colorado [Mr. CAMPBELL], the Senator from Maine [Ms. SNOWE], and the Senator from Michigan [Mr. ABRAHAM].

THE 50TH ANNIVERSARY OF THE MEDIATION AND CONCILIATION SERVICE

Mr. NICKLES. Mr. President, I ask unanimous consent that the Senate proceed to the immediate consideration of Senate Resolution 117, submitted earlier today by Senator JEFFORDS.

The PRESIDING OFFICER. Without objection, it is so ordered.

The clerk will report.

The legislative clerk read as follows:

A resolution (S. Res. 117) congratulating the Federal Mediation and Conciliation Service on the occasion of its 50th anniversary.

The PRESIDING OFFICER. Is there objection to the immediate consideration of the resolution.

There being no objection, the Senate proceeded to consider the resolution.

Mr. JEFFORDS. Mr. President, today I am submitting, along with Senators KENNEDY, DEWINE, and WELLSTONE, a Senate resolution to congratulate the Federal Mediation and Conciliation Service on its 50th anniversary.

The Federal Mediation and Conciliation Service [FMCS] was created in 1947, as an independent agency, by the Labor-Management Relations Act [Taft-Hartley]. FMCS was established by Congress to resolve collective bargaining disputes which threaten the free flow of commerce and to promote the development of sound and stable labor-management relations.

The primary focus of the agency's work is on labor-management relations, mediating contract negotiation disputes between companies and the unions representing their employees, and providing training in cooperative processes to help build better labor-management relations. FMCS also was authorized under the Dispute Resolution Act of 1990 to share its expertise in all aspects of mediation, facilitation, and conflict resolution with Federal, State, and local governmental bodies and agencies. In addition to dispute mediation services, FMCS provides preventive mediation services, administers a grants program which provides funding for the creation and operation of joint labor-management committees, and also provides an arbitration service, when disputes arise between the parties over the interpretation of their collective bargaining agreement.

For 50 years, the men and women of the FMCS have worked tirelessly, and successfully, to accomplish the mission of the Agency, the promotion of "sound and stable industrial peace and the advancement of the general welfare, health and safety of the Nation.* * *" Our resolution recognizes, and commends, the Federal Mediation and Conciliation Service for its 50 years of dedicated service to the Nation.

Mr. NICKLES. Mr. President, I ask unanimous consent that the resolution be agreed to, the preamble agreed to, the motion to reconsider be laid upon the table, and that any statements relating to the resolution appear at this point in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

The resolution (S. Res. 117) was agreed to.

The preamble was agreed to.

The resolution, with its preamble, is as follows:

S. RES. 117

Whereas the Federal Mediation and Conciliation Service (referred to in this resolution as the "FMCS") was created as an independent agency of the United States by the Labor-Management Relations Act of 1947;

Whereas for 50 years, the FMCS has been instrumental in promoting the United States policy that "sound and stable industrial peace and the advancement of the general welfare, health, and safety of the Nation and of the best interest of employers and employees can most satisfactorily be secured through settlement of issues between employers and employees through the processes of collective bargaining between employers and representatives of their employees";

Whereas the FMCS has provided mediation services to labor and management by assisting them to settle disputes and reach agreement in collective bargaining negotiations, thereby helping to prevent or minimize work stoppages that disrupt the free flow of commerce and to promote sound and stable labor-management relations;

Whereas the FMCS has provided arbitration services by administering a roster of qualified, private arbitrators to resolve disputes arising under collective bargaining agreements, thereby minimizing disruptions to commerce and preserving labor-management peace;

Whereas the FMCS has encouraged joint initiatives designed to assist employers and the representatives of their employees explore better ways to manage differences and to work together for mutual benefit and has awarded grants to promote labor-management cooperation and to encourage innovative workplace practices, thereby improving economic performance and enhancing economic development, employment security, and organizational effectiveness;

Whereas the FMCS has provided dispute resolution services to government agencies as an alternative to costly litigation or formal rulemaking, thereby enabling less adversarial and more participative approaches to governing;

Whereas the FMCS has helped management, labor, and government leaders from many nations throughout the world to establish sound industrial relations and conflict resolution systems and practices, thereby promoting sound economic development and democratic principles; and

Whereas the FMCS has developed the art, science, and practice of conflict resolution as a means to improve the lives of the working men and women of this Nation and the relationships between labor and management and between others in our society, to sustain democratic institutions, and to strengthen the American economy, thereby making an important contribution to our Nation: Now, therefore, be it

Resolved, That the Senate—

(1) commends the Federal Mediation and Conciliation Service for 50 years of dedicated and important service to the Nation; and

(2) congratulates the FMCS as it commemorates its fiftieth anniversary.

CONDITIONAL SEQUENTIAL REFERRAL—H.R. 1658

Mr. NICKLES. Mr. President, I ask unanimous consent that if and when the Senate Committee on Commerce reports H.R. 1658, a bill to reauthorize and amend the Atlantic Striped Bass Conservation Act, it be referred to the Senate Committee on Environment and Public Works for a period not to exceed 20 session days of the Senate; and that if the bill has not been reported by the Committee on Environment and Public Works by that time, it be automatically discharged and placed on the Senate Calendar.

The PRESIDING OFFICER. Without objection, it is so ordered.

PASSAGE VITIATED AND MEASURE INDEFINITELY POSTPONED—S. 39

Mr. NICKLES. Mr. President, I ask unanimous consent that the passage S. 39 be vitiated and the bill be indefinitely postponed.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDERS FOR WEDNESDAY, SEPTEMBER 3, 1997

Mr. NICKLES. Mr. President, I ask unanimous consent that when the Senate completes its business today, it stand in adjournment until the hour of 9:30 a.m. on Wednesday, September 3. I further ask that on Wednesday, immediately following the prayer, the routine requests through the morning hour be granted, and the Senate immediately resume consideration of amendment No. 1057, the Harkin amendment, to the Agricultural appropriations bill.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. NICKLES. I also ask unanimous consent that from 12:30 to 2:15 p.m. the Senate stand in recess in order to meet for the weekly policy meetings.

The PRESIDING OFFICER. Without objection, it is so ordered.

PROGRAM

Mr. NICKLES. For the information of all Members, tomorrow the Senate will immediately resume consideration of the Harkin amendment to the Agriculture appropriations bill. Under the previous order, there will be 20 minutes for debate on the amendment equally divided between Senator COCHRAN and Senator HARKIN. Following the use or yielding back of time, a vote will occur on or in relation to the Harkin amendment at approximately 9:50 tomorrow morning. Following disposition of the Harkin amendment, the Senate will resume consideration of Senate bill 1061, the Labor-HHS appropriations bill.

Members can expect additional amendments to the Labor-HHS appropriations bill to be debated and voted on throughout Wednesday's session of the Senate. It is hoped that action on the Labor-HHS appropriations bill will be completed during Wednesday's session of the Senate.

As always, Members will be notified as to when additional rollcall votes can be expected.

In addition, the Senate will recess from 12:30 to 2:15 for the weekly policy luncheons.

As indicated earlier, it is hoped that the Senate will complete action on both the Labor-HHS and the Interior appropriations bill, and hopefully consider the FDA reform legislation this week.

Therefore, Members can anticipate votes during each day of the session this week, including Friday.

ADJOURNMENT UNTIL 9:30 A.M. TOMORROW

Mr. NICKLES. Mr. President, if there is no further business to come before the Senate, I now ask that the Senate stand in adjournment under the previous order.

There being no objection, the Senate, at 4:16 p.m., adjourned until Wednesday, September 3, 1997, at 9:30 a.m.

NOMINATIONS

Executive nominations received by the Senate September 2, 1997:

DEPARTMENT OF AGRICULTURE

SALLY THOMPSON, OF KANSAS, TO BE CHIEF FINANCIAL OFFICER, DEPARTMENT OF AGRICULTURE, VICE ANTHONY A. WILLIAMS.

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

RICHARD F. KEEVEY, OF VIRGINIA, TO BE CHIEF FINANCIAL OFFICER, DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT, VICE JOHN A. KNUBEL.

EVA M. PLAZA, OF MARYLAND, TO BE AN ASSISTANT SECRETARY OF HOUSING AND URBAN DEVELOPMENT, VICE ELIZABETH K. JULIAN.

DEPARTMENT OF COMMERCE

F. AMANDA DEBUSK, OF MARYLAND, TO BE AN ASSISTANT SECRETARY OF COMMERCE, VICE JOHN DESPRES, RESIGNED.

NATIONAL TRANSPORTATION SAFETY BOARD

JOHN ARTHUR HAMMERSCHMIDT, OF ARKANSAS, TO BE A MEMBER OF THE NATIONAL TRANSPORTATION SAFETY BOARD FOR A TERM EXPIRING DECEMBER 31, 2000. (REAPPOINTMENT)

DEPARTMENT OF TRANSPORTATION

WILLIAM CLYBURN, JR., OF SOUTH CAROLINA, TO BE A MEMBER OF THE SURFACE TRANSPORTATION BOARD FOR A TERM EXPIRING DECEMBER 31, 2000, VICE J.J. SIMMONS III, TERM EXPIRED.

CORPORATCN FOR PUBLIC BROADCASTING

KATHERINE MILNER ANDERSON, OF VIRGINIA, TO BE A MEMBER OF THE BOARD OF DIRECTORS OF THE CORPORATION FOR PUBLIC BROADCASTING FOR A TERM EXPIRING JANUARY 31, 2000, VICE SHEILA TATE, TERM EXPIRED.

DEPARTMENT OF ENERGY

MICHAEL TELSON, OF THE DISTRICT OF COLUMBIA, TO BE CHIEF FINANCIAL OFFICER, DEPARTMENT OF ENERGY, VICE JOSEPH F. VIVONA.

DAN REICHER, OF MARYLAND, TO BE AN ASSISTANT SECRETARY OF ENERGY (ENERGY, EFFICIENCY, AND RENEWABLE ENERGY), VICE CHRISTINE ERVIN, RESIGNED.

ROBERT WAYNE GEE, OF TEXAS, TO BE AN ASSISTANT SECRETARY OF ENERGY (POLICY, PLANNING, AND PROGRAM EVALUATION), VICE SUSAN FALLOWS TIERNEY, RESIGNED.

ENVIRONMENTAL PROTECTION AGENCY

CARDELL COOPER, OF NEW JERSEY, TO BE ASSISTANT ADMINISTRATOR, OFFICE OF SOLID WASTE, ENVIRONMENTAL PROTECTION AGENCY, VICE ELLIOTT PEARSON LAWS, RESIGNED.

DEPARTMENT OF HEALTH AND HUMAN SERVICES

MARGARET ANN HAMBURG, OF NEW YORK, TO BE AN ASSISTANT SECRETARY OF HEALTH AND HUMAN SERVICES, VICE PETER BENJAMIN EDELMAN, RESIGNED.

DEPARTMENT OF THE TREASURY

CHARLES ROSSOTTI, OF THE DISTRICT OF COLUMBIA, TO BE COMMISSIONER OF INTERNAL REVENUE, VICE MARGARET MILNER RICHARDSON, RESIGNED.

FEDERAL ELECTION COMMISSION

SCOTT E. THOMAS, OF THE DISTRICT OF COLUMBIA, TO BE A MEMBER OF THE FEDERAL ELECTION COMMISSION FOR A TERM EXPIRING APRIL 30, 2003. (REAPPOINTMENT)

FEDERAL LABOR RELATIONS AUTHORITY

DALE CABANISS, OF VIRGINIA, TO BE A MEMBER OF THE FEDERAL LABOR RELATIONS AUTHORITY FOR A TERM EXPIRING JULY 29, 2002, VICE TONY ARMENDARIZ, TERM EXPIRED.

U.S. INFORMATION AGENCY

CHERYL F. HALPERN, OF NEW JERSEY, TO BE A MEMBER OF THE BROADCASTING BOARD OF GOVERNORS FOR A TERM EXPIRING AUGUST 13, 1999. (REAPPOINTMENT)

DEPARTMENT OF STATE

BARBARA K. BODINE, OF CALIFORNIA, A CAREER MEMBER OF THE SENIOR FOREIGN SERVICE, CLASS OF COUNSELOR, TO BE AMBASSADOR EXTRAORDINARY AND PLENIPOTENTIARY OF THE UNITED STATES OF AMERICA TO THE REPUBLIC OF YEMEN.

CAROLYN CURIEL, OF INDIANA, TO BE AMBASSADOR EXTRAORDINARY AND PLENIPOTENTIARY OF THE UNITED STATES OF AMERICA TO BELIZE.

U.S. ADVISORY COMMISSION OF PUBLIC DIPLOMACY

PAULA DOBRIANSKY, OF MARYLAND, TO BE A MEMBER OF THE UNITED STATES ADVISORY COMMISSION OF PUBLIC DIPLOMACY FOR A TERM EXPIRING JULY 1, 1998, VICE PAMELA J. TURNER, TERM EXPIRED.

DEPARTMENT OF STATE

THOMAS J. DODD, OF THE DISTRICT OF COLUMBIA, TO BE AMBASSADOR EXTRAORDINARY AND PLENIPOTENTIARY OF THE UNITED STATES OF AMERICA TO THE REPUBLIC OF COSTA RICA.

NANCY H. RUBIN, OF NEW YORK, FOR THE RANK OF AMBASSADOR DURING HER TENURE OF SERVICE AS REPRESENTATIVE OF THE UNITED STATES OF AMERICA ON THE HUMAN RIGHTS COMMISSION OF THE ECONOMIC AND SOCIAL COUNCIL OF THE UNITED NATIONS.

LANGE SCHERMERHORN, OF NEW JERSEY, A CAREER MEMBER OF THE SENIOR FOREIGN SERVICE, CLASS OF COUNSELOR, TO BE AMBASSADOR EXTRAORDINARY AND PLENIPOTENTIARY OF THE UNITED STATES OF AMERICA TO THE REPUBLIC OF DJIBOUTI.

BRENDA SCHOONOVER, OF MARYLAND, A CAREER MEMBER OF THE SENIOR FOREIGN SERVICE, CLASS OF COUNSELOR, TO BE AMBASSADOR EXTRAORDINARY AND PLENIPOTENTIARY OF THE UNITED STATES OF AMERICA TO THE REPUBLIC OF TOGO.

JOHNNY YOUNG, OF MARYLAND, A CAREER MEMBER OF THE SENIOR FOREIGN SERVICE, CLASS OF MINISTER-COUNSELOR, TO BE AMBASSADOR EXTRAORDINARY AND PLENIPOTENTIARY OF THE UNITED STATES OF AMERICA TO THE STATE OF BAHRAIN.

VICTOR MARRERO, OF NEW YORK, TO BE THE PERMANENT REPRESENTATIVE OF THE UNITED STATES TO THE ORGANIZATION OF AMERICAN STATES, WITH THE RANK OF AMBASSADOR, VICE HARRIET C. BABBITT.

DEPARTMENT OF JUSTICE

G. DOUGLAS JONES, OF ALABAMA, TO BE U.S. ATTORNEY FOR THE NORTHERN DISTRICT OF ALABAMA FOR THE TERM OF 4 YEARS VICE CLAUDE HARRIS, JR., DECEASED.

EXECUTIVE OFFICE OF THE PRESIDENT

THOMAS J. UMBERG, OF CALIFORNIA, TO BE DEPUTY DIRECTOR FOR SUPPLY REDUCTION, OFFICE OF NATIONAL DRUG CONTROL POLICY, VICE JOHN P. WALTERS, RESIGNED.

DEPARTMENT OF JUSTICE

CHARLES VINCENT SERIO, OF LOUISIANA, TO BE U.S. MARSHAL FOR THE EASTERN DISTRICT OF LOUISIANA FOR THE TERM OF 4 YEARS VICE JAMES V. SERIO, JR.

KENNETH RAY MCFERRAN, OF ARKANSAS, TO BE U.S. MARSHAL FOR THE WESTERN DISTRICT OF ARKANSAS FOR THE TERM OF 4 YEARS VICE HUGH DINSMORE BLACK, JR.

HIRAM ARTHUR CONTRERAS, OF TEXAS, TO BE U.S. MARSHAL FOR THE SOUTHERN DISTRICT OF TEXAS FOR THE TERM OF 4 YEARS VICE BASIL S. BAKER.

CENTRAL INTELLIGENCE

LIEUTENANT GENERAL JOHN A. GORDON, U.S. AIR FORCE, TO BE DEPUTY DIRECTOR OF CENTRAL INTELLIGENCE, VICE GEORGE J. TENET.

DEPARTMENT OF LABOR

ESPIRIDION A. BORREGO, OF TEXAS, TO BE ASSISTANT SECRETARY OF LABOR FOR VETERANS' EMPLOYMENT

AND TRAINING, VICE PRESTON M. TAYLOR, JR., RESIGNED.

LEGAL SERVICES CORPORATION

DOUGLAS S. EAKELEY, OF NEW JERSEY, TO BE A MEMBER OF THE BOARD OF DIRECTORS OF THE LEGAL SERVICES CORPORATION FOR A TERM EXPIRING JULY 13, 1999. (REAPPOINTMENT)

DEPARTMENT OF LABOR

PATRICIA WATKINS LATTIMORE, OF THE DISTRICT OF COLUMBIA, TO BE AN ASSISTANT SECRETARY OF LABOR, VICE CYNTHIA A. METZLER.

CHARLES N. JEFFRESS, OF NORTH CAROLINA, TO BE AN ASSISTANT SECRETARY OF LABOR, VICE JOSEPH A. DEAR, RESIGNED.

DEPARTMENT OF DEFENSE

JACQUES GANSLER, OF VIRGINIA, TO BE UNDER SECRETARY OF DEFENSE FOR ACQUISITION AND TECHNOLOGY, VICE PAUL G. KAMINSKI, RESIGNED.

IN THE AIR FORCE

THE FOLLOWING AIR NATIONAL GUARD OF THE UNITED STATES OFFICERS FOR APPOINTMENT IN THE RESERVE OF THE AIR FORCE, TO THE GRADE INDICATED UNDER TITLE 10, UNITED STATES CODE, SECTION 12203:

To be major general

BRIG. GEN. RENDELL F. CLARK, JR., 0152.
BRIG. GEN. WILFRED HESSERT, 8822.
BRIG. GEN. THEODORE F. MALLORY, 3006.
BRIG. GEN. LORAN C. SCHNAIDT, 1892.
BRIG. GEN. JAMES E. WHINNERY, 5760.

To be brigadier general

COL. GARRY S. BAHLING, 1521.
COL. DAVID A. BEASLEY, 0103.
COL. JACKSON L. DAVIS, III, 0987.
COL. DAVID R. HUDLET, 0856.
COL. KARL W. KRISTOFF, 4801.
COL. JOHN A. LOVE, 4350.
COL. CLARK W. MARTIN, 9609.
COL. ROBERT P. MEYER, JR., 3099.
COL. JOHN H. OLDFIELD, JR., 0627.
COL. EUGENE A. SCHMITZ, 2448.
COL. JOSEPH K. SIMEONE, 3044.
COL. DALE K. SNIDER, JR., 3065.
COL. EMMETT R. TITSHAW, 1140.
COL. EDWARD W. TONINI, 1963.
COL. RONALD A. TURNER, 8052.
COL. GILES E. VANDERHOOF, 8468.

IN THE ARMY

THE FOLLOWING-NAMED OFFICER FOR APPOINTMENT IN THE U.S. ARMY TO THE GRADE INDICATED UNDER THE PROVISIONS OF TITLE 10, UNITED STATES CODE, SECTION 624:

To be major general

MAJ. GEN. ROBERT G. CLAYPOOL, 3837.

THE FOLLOWING ARMY NATIONAL GUARD OF THE UNITED STATES OFFICERS FOR APPOINTMENT IN THE RESERVE OF THE ARMY TO THE GRADE INDICATED UNDER TITLE 10, UNITED STATES CODE, SECTION 12203:

To be major general

BRIG. GEN. EARL L. ADAMS, 7836.
BRIG. GEN. JOHN E. BLAIR, 7500.
BRIG. GEN. JAMES G. BLANEY, 3984.
BRIG. GEN. DON C. MORROW, 3878.
BRIG. GEN. THOMAS E. WHITECOTTON, III, 8348.
BRIG. GEN. JACKIE D. WOOD, 3739.

To be brigadier general

COL. STEPHEN E. AREY, 3536.
COL. GEORGE A. BUSKIRK, JR., 3156.
COL. WILLIAM A. CUGNO, 3772.
COL. JOSEPH A. GOODE, JR., 0823.
COL. STANLEY J. GORDON, 4035.
COL. LARRY W. HALTOM, 3555.
COL. DANIEL E. LONG, JR., 1267.
COL. GERALD P. MINETTI, 5388.
COL. RONALD G. YOUNG, 6486.

THE FOLLOWING-NAMED OFFICER FOR APPOINTMENT IN THE U.S. ARMY TO THE GRADE INDICATED WHILE ASSIGNED TO A POSITION OF IMPORTANCE AND RESPONSIBILITY UNDER TITLE 10, UNITED STATES CODE, SECTION 601:

To be lieutenant general

LT. GEN. GEORGE A. FISHER, 4034.

IN THE NAVY

THE FOLLOWING-NAMED OFFICER FOR APPOINTMENT AS DEPUTY JUDGE ADVOCATE GENERAL OF THE U.S. NAVY IN THE GRADE INDICATED UNDER TITLE 10, UNITED STATES CODE, SECTION 5149:

To be rear admiral

CAPT. DONALD J. GUTER, 0275.

THE FOLLOWING-NAMED OFFICER FOR APPOINTMENT TO THE GRADE INDICATED IN THE U.S. NAVY UNDER TITLE 10, UNITED STATES CODE, SECTION 624:

To be lieutenant commander

RICHARD P. WATSON, 5263.

DEPARTMENT OF STATE

THOMAS S. FOLEY, OF WASHINGTON, TO BE AMBASSADOR EXTRAORDINARY AND PLENIPOTENTIARY OF THE UNITED STATES OF AMERICA TO JAPAN.

SOCIAL SECURITY ADMINISTRATION

JANE G. GOULD, OF NEW YORK, TO BE DEPUTY COMMISSIONER OF SOCIAL SECURITY FOR THE TERM EXPIRING JANUARY 19, 2001. (NEW POSITION)

DEPARTMENT OF VETERANS AFFAIRS

RICHARD J. GRIFFIN, OF ILLINOIS, TO BE INSPECTOR GENERAL, DEPARTMENT OF VETERANS AFFAIRS, VICE STEPHEN ANTHONY TRODDEN, RESIGNED.

DEPARTMENT OF INTERIOR

TADD JOHNSON, OF MINNESOTA, TO BE CHAIRMAN OF THE NATIONAL INDIAN GAMING COMMISSION FOR THE TERM OF 3 YEARS, VICE HAROLD A. MONTEAU, RESIGNED, TO WHICH POSITION HE WAS APPOINTED DURING THE LAST RECESS OF THE SENATE.

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

GAIL W. LASTER, OF NEW YORK, TO BE GENERAL COUNSEL OF THE DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT, VICE NELSON A. DIAZ, RESIGNED.

DEPARTMENT OF HEALTH AND HUMAN SERVICES

JEANETTE C. TAKAMURA, OF HAWAII, TO BE ASSISTANT SECRETARY FOR AGING, DEPARTMENT OF HEALTH AND HUMAN SERVICES, VICE FERNANDO M. TORRES-GIL, RESIGNED.

DEPARTMENT OF STATE

JULIA TAFT, OF THE DISTRICT OF COLUMBIA, TO BE AN ASSISTANT SECRETARY OF STATE, VICE PHILLIS H. OAKLEY.

U.S. INTERNATIONAL DEVELOPMENT COOPERATION AGENCY

KIRK K. ROBERTSON, OF VIRGINIA, TO BE EXECUTIVE VICE PRESIDENT OF THE OVERSEAS PRIVATE INVESTMENT CORPORATION, VICE CHRISTOPHER FINN, RESIGNED.

THE JUDICIARY

JOHN M. CAMPBELL, OF THE DISTRICT OF COLUMBIA, TO BE ASSOCIATE JUDGE OF THE SUPERIOR COURT OF THE DISTRICT OF COLUMBIA FOR THE TERM OF 15 YEARS, VICE JOHN H. SUDA.

ANITA M. JOSEY, OF THE DISTRICT OF COLUMBIA, TO BE ASSOCIATE JUDGE OF THE SUPERIOR COURT OF THE DISTRICT OF COLUMBIA FOR THE TERM OF 15 YEARS, VICE COLLEEN KOLLAR-KOTELLY.

SENATE—*Wednesday, September 3, 1997*

The Senate met at 9:30 a.m., and was called to order by the President pro tempore [Mr. THURMOND].

PRAYER

The Chaplain, Dr. Lloyd John Ogilvie, offered the following prayer:

Bless the Lord, O my soul:
and all that is within me,
bless his holy name.
Bless the Lord, O my soul,
and forget not all his benefits.
—Psalm 103:1.

Gracious God, You have given us souls so we could know You and receive Your spirit of wisdom, guidance, and power. We thank You for the repeated reminders from the psalmist not to neglect the spiritual health of our souls, and Jesus' warning to us of the danger of gaining the whole world and losing our own souls.

Lord, we confess that we don't think very much about the condition of our souls, nor do we always listen attentively to Your voice speaking to us through our souls. It is easy to lose our assurance of abundant, eternal life in the intensity of the pressures and the demands of daily life. We become burdened by the responsibilities when we lose the blessing of our relationship with You. The danger is that we polish our personalities and we shrink our souls.

As we begin this day, we honestly confess to You our deep inner need for a fresh inflow of Your spirit into our souls so that all the faculties You have given us will be used to glorify You and not ourselves. Through our Lord and Saviour. Amen.

RECOGNITION OF THE MAJORITY LEADER

The PRESIDENT pro tempore. The able majority leader, Senator LOTT of Mississippi, is recognized.

Mr. LOTT. Thank you, Mr. President.

SCHEDULE

Mr. LOTT. Today the Senate will resume consideration of the Harkin amendment No. 1057 to the Agriculture appropriations bill. Under the previous order, there will be 20 minutes for debate on the amendment equally divided between Senator COCHRAN and Senator HARKIN. Following the use or yielding back of time, a vote will occur on or in relation to the Harkin amendment at approximately 9:50 a.m.

Following the disposition of the Harkin amendment and passage of the Agriculture appropriations bill, the Senate will resume consideration of S. 1061, the Labor-HHS appropriations bill.

I remind Senators that this issue, of course, was considered in July. The Harkin amendment was defeated at that time, I believe, by a vote of 52 to 48. I urge my colleagues to again vote against the Harkin amendment and to, of course, support passage of the Agriculture appropriations bill. I believe Senator COCHRAN in July outlined clearly what is involved in this issue, and I think obviously he has stated the position that we should support which is to defeat this Harkin amendment.

Members can expect a number of amendments to be offered today and votes will occur throughout the day on Labor-HHS. We hope to be able to complete action in short order on the bill. We may not be able to do it tonight, but we will stay with the Labor-HHS appropriations bill until it is completed, either today or, if necessary, tomorrow. We will notify Members when votes can be expected.

In addition, the Senate will recess at 12:30 until 2:15 for the weekly policy luncheons to meet. As announced earlier, Members can expect votes each day this week, including the very real possibility of at least one vote, maybe more, on Friday of this week.

As the Senate continues the session through September and October, we will notify Members, after consultation with the Democratic leadership, when we will definitely have votes on Mondays or Fridays or if there will not be any votes on a particular Monday or Friday. But if we are going to be able to complete our work by a reasonable time this fall and then go back to our constituencies in our respective States, we are going to have to work on some Mondays and Fridays.

I yield the floor, Madam President.

RESERVATION OF LEADER TIME

The PRESIDING OFFICER (Mrs. HUTCHISON). Under the previous order, the leadership time is reserved.

AGRICULTURE, RURAL DEVELOPMENT, FOOD AND DRUG ADMINISTRATION, AND RELATED AGENCIES APPROPRIATIONS ACT, 1998

The PRESIDING OFFICER. Under the previous order, the Senate will now resume consideration of H.R. 2160, which the clerk will report.

The assistant legislative clerk read as follows.

A bill (H.R. 2160) making appropriations for Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Programs for the fiscal year ending September 30, 1998, and for other purposes.

The Senate resumed consideration of the bill.

Pending:

Harkin amendment No. 1057, to provide funding for activities of the Food and Drug Administration relating to the prevention of tobacco use by youth.

The PRESIDING OFFICER. The Harkin amendment No. 1057 is pending on which there shall be 20 minutes of debate equally divided.

Mr. HARKIN addressed the Chair.

The PRESIDING OFFICER. The Senator from Iowa.

Mr. HARKIN. First, I ask unanimous consent that Ms. Lori Turpin, a detailee in the office of Senator INOUYE, be granted floor privileges during deliberations on S. 1061.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HARKIN. Madam President, I yield myself 3 minutes, after which time I will then yield to Senator CHAFEE, the majority cosponsor of this amendment.

I also ask unanimous consent that Senator BINGAMAN be added as a cosponsor of the pending amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HARKIN. Before I return to the substance of our amendment, I want to address a couple of points raised yesterday.

The distinguished chairman of the agriculture appropriations subcommittee suggested that my amendment should not be adopted because it skirts the rules. Well, the rules governing this body clearly permit this Senator or any other Senator to offer an amendment to the House Agriculture appropriations bill once it comes over to us.

There was a quotation in AP today of Senator COCHRAN saying, "This is an unfortunate effort to go around the rules and procedures."

How, I ask, can this Senator, be going around the rules when I am in full compliance with the rules of the Senate? Our amendment is fully within the Senate rules. There is no point of order that lies against offering it. And I will point out that offering this amendment at this time is in full compliance with the unanimous-consent agreement worked out with the majority leader during the Senate's consideration of its Agriculture appropriations bill.

The distinguished chairman, Senator COCHRAN, was involved in those discussions also. I did not wait until after the

Senate passed its version of the bill and then spring this amendment on the Senate. Before the Senate passed its bill, there was a unanimous-consent agreement worked out which plainly provided an opportunity for me to offer an amendment at this point, an amendment that is clearly permitted under the rules. That was all worked out under the rules openly and aboveboard before the Senate passed its Agriculture appropriations bill.

If, I submit, the argument of the distinguished chairman, Senator COCHRAN, prevails and our amendment is defeated on the basis of his procedural argument that this Senator should not be able to rely upon the Senate rules, every Senator should be concerned about the precedent that outcome would set regarding his or her ability to rely upon the Senate rules. Senators who are inclined to vote with Senator COCHRAN should think again and ask themselves what options under the Senate rules they may be closing off that they may one day critically need. I am not just talking about the rule I am relying on here. I am talking about a whole host of other rules protecting the rights of Senators that could be swept away in the name of expediency, rules that could be eviscerated as mere trifling inconveniences.

This procedural argument made by the distinguished chairman is both dangerous and bogus. Let's get to the real issue here. The issue is whether or not kids under the age of 18 should be able to buy tobacco and whether we ought to fund efforts to stop such sales. That is what this vote is about. It is about our kids and protecting them from the ravages of tobacco. With the death toll of over 400,000 a year, smoking is killing more Americans than AIDS, alcohol, motor vehicles, fires, homicide, illicit drugs, and suicide combined. And I might add, with the addition of the Byrd language, States will be encouraged to crack down on the illegal sales of alcohol along with the illegal sales of tobacco. Teenage smoking rates are climbing—a 17-year high among high school seniors.

Why do we need these FDA rules? Because without the ID checks and a strong rule against underage sales, kids will continue to fall prey to tobacco.

This picture says more than a thousand words about why the FDA rules are needed. Here is Melissa on the left, Amy on the right. "Can you tell which one is 16? If they walked into a store, would the clerk know which one was under 18? To eliminate the guesswork, FDA requires retailers to card anyone who is under 27."

You could not tell which one of them is under the age of 18. It just so happens the young woman over here, Melissa, is 16 and Amy, over here, is 25. That is why this rule is needed. That is why the court in Greensboro, NC, upheld this rule.

Our amendment seeks $34 million in funding, minuscule in comparison to the $50 billion in smoking-related medical costs in our Nation each year.

Madam President, I ask unanimous consent at this point to have printed in the RECORD the editorial appearing this morning in the Washington Post regarding the upcoming vote.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

[From the Washington Post, Sept. 3, 1997]

A SMOKING VOTE IN THE SENATE

The Senate is scheduled to vote today on an amendment by Tom Harkin of Iowa to give the administration the entire, modest amount it seeks to enforce new rules meant to prevent the sale of cigarettes to minors. The amendment deserves to pass. This is a clear test of the instincts of the Senate on this issue, which over the years has inspired so many grandiloquent speeches and so little action.

The request is for $34 million instead of the $4.9 million voted by the Senate Appropriations Committee and $24 million by the House. Most of the money would fund enforcement action by the states; no heavy federal hand there. The rest would be used by the Food and Drug Administration for an educational campaign aimed mainly at cigarette retailers.

The amendment nonetheless was beaten 52 to 48 in July, in part because the money was to come from an increased assessment on tobacco companies. Now it will come from another source—an offsetting cut in a minor Agriculture Department program. The question is whether those, including a number of leading Democrats, who voted no on the earlier grounds, will now vote aye. They should.

The rest of the session is likely to include a lot of fights like this, mostly over second- and third-tier issues and small amounts. The same Senate agriculture appropriations bill, for example, contains some $50 million more than the administration sought to pay commissions and otherwise subsidize crop insurance; the House bill contains $30 million more. Critics tried to use some of this money for programs to feed the poor instead. No way, but the issue may still be live in conference.

There are likely to be similar struggles when the Senate takes up the Interior appropriations bill, possibly next week. Subcommittee Chairman Slade Gorton included in the bill two provisions that would make major changes in Indian law harmful to the interests of the tribes. They ought to be excised. An effort will be made to limit further logging in the national forests by cutting construction funds for the roads on which such logging depends. That one failed in the House by only two votes when the administration wobbled in support. It ought to pass.

Mr. HARKIN. Madam President, I yield 3 minutes to the distinguished Senator from Rhode Island [Mr. CHAFEE].

The PRESIDING OFFICER. The Senator from Rhode Island is recognized.

Mr. CHAFEE. Madam President, I am delighted to be here today to support Senator HARKIN's important amendment in the fight against teenage smoking.

The attorney general of my home State of Rhode Island has urged Congress to provide the full funding level of $34 million requested by the Food and Drug Administration. Our attorney general believes adequate funding is critical to our success in reducing the level of smoking among children and adolescents, and I agree with him.

Furthermore, with the evidence that we now have regarding the epidemic of teen smoking as outlined by the distinguished Senator from Iowa, and all the implications this has for the future, it seems to me there is no excuse for delaying full implementation of this critical program.

As has been pointed out, smoking among high school seniors is at a 17-year high. That is very discouraging. Smoking among 8th and 10th graders has increased by more than 50 percent in the last 6 years. State and local officials need this money for enforcement purposes. And the money is also needed to educate retailers about their responsibilities.

In my home State, even though we have a law prohibiting retailers from selling tobacco products to minors, over 70 percent of high school smokers were not asked to show proof of their age when purchasing cigarettes.

According to our attorney general, Rhode Island stores each year are selling—I was stunned by this figure. We are a small State, a million people—11 million dollars' worth of cigarettes to underage consumers, and the main reason, of course, is the lack of resources at the local level to enforce the law. We have been able to provide the funds for education. We have to be able, in my judgment, to provide funds for education and enforcement of this rule to make it meaningful.

Now, there is a little less than $5 million provided thus far by the Senate. That is nice, but it just plain is not enough. With the improvement of the sunset provisions in the new offset, I believe there is no good reason not to vote for this amendment. Preventing underage smoking should be a national priority and providing full funding of this program is an important step toward achieving that goal. So I urge my colleagues to join me in this effort to eradicate teenage smoking.

I thank the Chair and I thank the distinguished Senator from Iowa for his leadership.

Mr. HARKIN. I thank the Senator for his comments. I thank him for his strong support in the effort to eliminate teenage smoking.

Madam President, how much time do I have remaining?

The PRESIDING OFFICER. Three minutes forty-five seconds.

Mr. HARKIN. I will yield 1 minute 45 seconds to the Senator from Illinois.

The PRESIDING OFFICER. The Senator from Illinois is recognized.

Mr. DURBIN. I thank my colleague, the Senator from Iowa.

I rise in strong support of this amendment. Think about this for a moment. Have you ever met a parent who said, "I had the greatest news last night; I went home and my daughter came home and announced she had started smoking."

I have never heard that. I never heard a single parent say how proud they were to learn their children started smoking and yet statistics show us across America the fastest growing group of new smokers is children, and particularly young women, who decide in high school or sometimes earlier to start buying this product illegally to start smoking, to develop a nicotine addiction which can haunt them for a lifetime, leading to disease and sometimes to death.

What Senator HARKIN is doing is just eminently sensible. If there is such a thing as a family value, this is a family value amendment because what Senator HARKIN is doing with this amendment is to make sure that the Food and Drug Administration has the resources to enforce existing law. It is not a new imposition of law from the Federal Government. It is just common sense. Keep this dangerous addictive product out of the hands of children. And the people who want to sell it to kids illegally have to be stopped.

If we are going to do that, it takes more than a speech on the Senate floor. It takes a commitment of resources. I am sorry that Senator HARKIN's effort lost last time by a handful of votes. There were a lot of speeches given and a lot of reasons given. I hope my colleagues have had a chance to go home during this break and talk to a number of families, as I have. They should realize, as I do, how critically important it is to pass the Harkin amendment and give the FDA the resources to make sure that our kids are not lured into this dangerous addiction.

The PRESIDING OFFICER. Who yields time?

Mr. COCHRAN addressed the Chair.

The PRESIDING OFFICER. The Senator from Mississippi is recognized.

Mr. COCHRAN. Madam President, what is the situation with time? Has all the time been used by the proponent of the amendment?

The PRESIDING OFFICER. The Senator from Iowa has 1 minute 35 seconds and the Senator from Mississippi controls 9 minutes 45 seconds.

Mr. COCHRAN. Madam President, I yield myself such time as I may consume.

Madam President, one comment at the outset has to be made in response to the Senator's statement quoting from an Associated Press article which suggests I said yesterday that the effort to bring this amendment to the Senate on a second vote violates the rules of the Senate. I said no such thing yesterday. I have just completed reading my remarks as reflected in the CONGRESSIONAL RECORD of yesterday's proceedings of the Senate, and that is not contained in my remarks.

What I did say was this, and I will read it again for emphasis. "So what I am suggesting, Mr. President, as respectfully as I can, is that this is an unfortunate effort to go around the practices and the procedures that have been established for this purpose to facilitate the orderly consideration of appropriations bills, and the Senate ought to reject this effort."

Now, let me elaborate on that. The procedure being used by the proponent of this amendment creates an unfortunate precedent. If it is rewarded by a majority of the votes on his amendment, that precedent will permit a vote on an amendment to a bill after third reading, and, after a unanimous-consent agreement has ripened, as an order limiting amendments on a bill. Using the tactic employed by the distinguished Senator and my friend from Iowa should not be rewarded by the Senate and such a precedent should not be established.

The reason I am making that point as strongly as I can, and repeating what was said yesterday in the 10 minutes we had to discuss this issue, is that we had worked out a procedure for considering appropriations bills here in the Senate in advance of their being considered by the House. We had markups, in subcommittees and the full committee, of appropriations bills that had not yet passed the House. That is a departure from procedures that had been used as a matter of custom and practice in the past. The reason was to accelerate and expedite consideration of these bills so that we would not get into a situation of winding up at the end of the fiscal year, or right on the brink of the beginning of a new fiscal year, not having passed all appropriations bills because of the slowness of that earlier procedure.

This was working fine. But one little nuance to permit that to work is that when the House-passed bill is received in the Senate, we have to get unanimous consent to hold it at the desk, and then call it up, substitute the Senate action on the appropriations bill for the language of the House-passed bill, and have it passed as amended by the Senate action. We have already had third reading of the Senate bill; we have already adopted all the amendments; we have had orders limiting those amendments; and then the Senator decides to use this opportunity. Under the Senate rules, he is right. Under the Senate rules, any Senator can object to a unanimous-consent request, and that is what he did. The difference is that it was understood that when we completed action on the Senate bill, we would then take up the House-passed bill, substitute the Senate action on it, adopt it, and go to conference. So it was at that little point in the procedure that the Senator decided to use a new tactic, and that is why we are having to vote another time, a second time, on an amendment that was disposed of during the consideration of the agriculture appropriations bill.

We passed the bill on July 24. Here we are in September having to vote on an amendment virtually the same with a different offset. The offset is described as defective and flawed in a statement made by Senator DOMENICI that is in the RECORD of yesterday. I invite the attention of Senators on that subject. What it does, in effect, is instead of spending money in this next fiscal year, we will postpone it to the following fiscal year, and that is scored by CBO as an offset. Are you kidding? There is a statutory maximum to spend, a mandate for computer operations to be funded at the Department of Agriculture. So the offset, while the CBO scores it—and we continue to live under this very interesting obligation to honor, cherish, and obey the decisions of CBO on these issues, the wisdom of the Senate or the will of the Senate notwithstanding—we are bound to respect the CBO decision on whether or not this is an effective offset of the new spending.

The arguments about whether you are for or against smoking—really, we are all for doing everything possible to persuade young people, minors, not to smoke. That is not the issue here. This program by FDA provides some funds to States to help enforce State rules and laws and Federal regulations on sales of tobacco to minors. Only a few States are even getting this money. I mean, the whole point of this argument suggests that the substance of the amendment deals with that issue in some important or dramatic way. It does not.

The point is, this money, this account, will be negotiated in conference. All Senators understand that. The House has a higher number than the Senate has. We have higher numbers for other things like agricultural research and some other important initiatives protecting farmers, trying to do something about production agriculture and the efficiency and the yields that our farmers can achieve on their crops to remain globally competitive. This is a big bill. It has WIC money, which is very important. A lot of nutrition programs are funded in this bill at higher levels than the House recommends.

So, what I am saying is that we don't agree with the House on every part of the bill. That is why we are going to conference. But to permit this procedure to prevail and have us vote on the same amendment we have already disposed of, I think should be rejected. We are not going to be able to continue the procedures we followed if we reward this strategy, this tactic, this use or abuse of the procedures that we have been following.

Mr. LAUTENBERG. Madam President, I rise today in strong support of this amendment to restore funding to the Food and Drug Administration so it can enforce its rule in the war on teen smoking. At stake are the lives of millions of our children.

This rule prohibits—nationwide—the sale of tobacco products to anyone under the age of 18. It also requires retailers to check the ID of any purchaser of tobacco who appears to be under the age of 27.

Isn't this just common sense as matters of both public policy and public health? Apparently not.

Madam President, if I wasn't seeing this with my own eyes, I would not believe anyone doubted the need to fund FDA enforcement of this rule. The rule against teen smoking is overwhelmingly supported by the American people. It was validated by a North Carolina judge. Yet, here we are on the floor of the U.S. Senate, trying again to save this rule from obliteration.

Madam President, the tobacco lobbyists have spread a great deal of money and misinformation about the need for this initiative. I would like to clear the air.

The tobacco lobby has been telling Senators that we should wait until we pass settlement legislation before we fund the FDA's teen smoking enforcement efforts. That is nonsense. The ultimate disposition of the proposed settlement—which is far from being in place—has nothing to do with this fight against teen smoking. Nothing. The settlement negotiations, assumed that these rules would be in place and fully funded.

Once you eliminate this nonsense, it comes down to a basic question. Should we simply sit back and watch 3,000 kids a day pick up an addiction that will kill or cripple many of them? Or should we fund this program and start saving lives? The money we approve today is a bargain compared to what we'll be forced to spend in later years on treating smoking-related illness.

Everyone, including the tobacco companies, says they are against teen smoking. Our Nation's parents, the medical community, and public opinion support the President's fight against teen smoking.

And make no mistake about it. If you vote against this funding, you gut the President's plan and take a stand for tobacco and against America's kids. I therefore urge you to support this amendment.

Mr. BYRD. Madam President, I will vote against tabling the Harkin amendment. It is a good amendment with the worthwhile goal of protecting the health and lives of young Americans.

Both the tobacco and alcohol industries have received well-deserved criticism in recent years for a variety of questionable or unsavory practices, including what many of their critics have identified as the use of advertising campaigns specifically intended to entice young people to try, and then become hooked on, their products. In response, the tobacco industry has been attacked at both the State and Federal levels, but, unfortunately, much less attention has been directed toward the alcohol industry.

Certainly, tragedies like the recent alcohol-related death of a Louisiana State University student demonstrate that a national effort to save our young people from the destructive forces of alcohol is warranted.

This amendment to the Agriculture appropriations bill will boost the ability of the States to enforce age and identification requirements for the purchase of cigarettes, but, importantly, at my request, the amendment also addresses the need to shore up the enforcement of checks for the purchase by minors of alcohol.

The amendment encourages States to couple their youth-smoking prevention efforts with State laws that prohibit underage drinking. These issues go hand in hand in preventing our youth from using destructive substances.

According to statistics from the Federal Centers for Disease Control's National Center for Health Statistics, the three leading causes of death for 15- to 24-year-olds—accidents, homicides, and suicides—often involve the use of alcohol. Efforts to curb the sale of alcohol to minors, therefore, can be expected to yield high payoffs to our society.

Under the original amendment, Federal funding was to be used to increase supervision of retailers to ensure that they examine the identifications of customers purchasing tobacco products. But language I added calls for coordinating the oversight of identification checks for alcohol sales along with those tobacco-related programs. It only makes sense that store clerks who are already checking ID's for cigarettes also be checking ID's for alcohol. The exercise is called "carding," checking identification cards to verify that the buyer is not under the legal age. It is such an easy step that can help prevent a teenager from getting drunk and getting behind the wheel of a car—"carding" for age. Perhaps it would be more aptly described as "carding for life." I hope that this amendment may indeed result in saving lives.

Mr. FRIST. Madam President, I am in wholehearted agreement with the intent of the amendment before us, and I commend my colleague from Iowa for his sincere attempt to address the crucial issue of youth smoking. However, I remain unconvinced that FDA control and management of a youth antismoking initiative will solve the problem. Let me be very clear, I support a Federal role in restricting teen smoking and in funding a youth antismoking initiative. However, a cursory review of our Nation's history shows that the States have the primary jurisdiction over enforcement over youth smoking laws, just as they do with laws relating to underage consumption of alcohol.

In the aftermath of the tobacco settlement negotiations, our Nation's attention is focused, as never before, on the problem of teen smoking. We have an unprecedented bipartisan commitment to addressing this problem at all levels of government. Currently, seven committees in the Senate alone are tackling the complex issues raised by the settlement. In my opinion, we do the children of America is disservice by thinking we absolve ourselves of responsibility by simply delegating this job to Federal bureaucrats. We have a golden opportunity to put these financial resources to work, and bring about long-overdue solutions. I am not a politician by trade or training, and I find that sometimes that works to my advantage. I haven't been in Washington long enough to lose my appreciation for the truism that the best solutions are often found at home.

Let's talk about some of the initiatives the Federal Government is already funding to prevent youth smoking.

The Centers for Disease Control and Prevention has an Office on Smoking and Health [OSH] which conducts scientific research, communicates health information to the public, and coordinates action with other Federal agencies, State health departments, and other organizations. Their programs include the Smoke Free Kids & Soccer campaign, which collaborates with the U.S. women's national soccer team to promote smoke-free lifestyles among teenage girls. The OSH budget is $21.4 million.

At the National Institutes of Health, the National Cancer Institute funds the American Stop Smoking Intervention Study research program in collaboration with the American Cancer Society and State and local health departments and other organizations to develop comprehensive tobacco control programs in 17 States. NCI also administers investigator initiated research projects in smoking cessation and education, funded at $94.9 million. The National Institute of Drug Abuse funds research on smoking and nicotine dependency.

The Health Resources and Services Administration provides funding for antismoking education through its health professions education and nurse training programs. The Maternal and Child Health Block Grant funds health services to mothers and children, including antismoking education.

And let us not forget, the Substance Abuse and Mental Health Services Administration provides discretionary funding for community-based demonstration projects for the prevention and early intervention of alcohol and drug abuse, including tobacco use. Also, SAMHSA is already implementing the Synar amendment, which requires States to enforce laws prohibiting the sale of tobacco products to individuals under age 18. States must conduct random unannounced inspections of retail outlets, and develop a strategy for achieving an inspection failure rate of less than 20 percent. States that don't comply with these requirements may lose their block grants funds, and I would like to point out that these funds may not now be used for enforcement activities.

Now, Madam President, I've named a few Federal antismoking efforts, but there are actually over 17, in different departments and agencies. The settlement which has been negotiated between industry, plaintiffs, the attorneys general, and the public health community has been referred to no fewer than seven Senate committees. I think it's time for a little common sense. The FDA, while they have done many wonderful things, have too often demonstrated a tendency to rely on centralized, heavyhanded bureaucracy rather than practical solutions. Let's proceed with hearings in the Senate, and let's examine the best possible avenues for administration of these funds. Most of all, let us not lose sight of the goal of our public health efforts.

The issue is reducing teen consumption of cigarette smoke. At every level of government, local, State, and Federal, and in every part of our communities, we must commit to do this ourselves. We cannot simply look the other way when a child with a cigarette walks by. Convenience store owners cannot ignore the law, and profit from our children's poor decisions, and legislators cannot allow campaign finances to cloud their judgment on this issue.

We know that one very effective tool is a consistently enforced requirement that retail outlets care young people. This is primarily a task for local law enforcement. Any Federal agency that Congress authorizes to police retail outlets will in the final analysis turn to local agencies to conduct the compliance checks. As we seek to partner with governments at home, we can and should build in Federal compliance standard for States who refuse to cooperate. Together, we can put some teeth into the laxly enforced statutes already on the books.

Let me add that I think we should have some concern for what could happen if we stray too far from the obvious connection between personal responsibility and health. Personal responsibility is the key to good health. As a physician, I urged everyone of my patients and my constituents to stop smoking if they had started, and more importantly not to start. There is a clear link between smoking and many types of cancer and other diseases. As a heart and lung transplant surgeon, I have seen firsthand the harmful effects of smoking. I have held tar-laden lungs in my hand and removed malfunctioning hearts from failing bodies. As the father of three sons, whom I relentlessly urge not to smoke, I agree with columnist James Glassman that "Kids shouldn't smoke; parents, taxes, and laws should deter them." But before we entrust $29 million of taxpayers hard-earned money to the Food and Drug Administration, let's make sure that this is the wisest use of our resources.

The PRESIDING OFFICER. Who yields time?

Mr. HARKIN. Madam President, how much time is remaining on both sides?

The PRESIDING OFFICER. The Senator from Iowa controls 1 minute 53 seconds, the Senator from Mississippi 2 minutes 47 seconds.

Mr. HARKIN. Madam President, Senator COCHRAN said that only a few States are getting FDA funding right now. That is the point. Six States right now are receiving FDA enforcement money, and only 10 States are expected to receive such money in fiscal 1997, because FDA does not have the money for all States. What this amendment provides is enough money to expand the FDA initiative to all 50 States. I thank my friend from Mississippi for pointing that out. That is the essence of this amendment; to expand to all interested States FDA funding for enforcement of rules providing for ID checks and prohibiting illegal sales to kids who come in to buy cigarettes and tobacco.

Madam President, we hear time and time again the tobacco companies saying they want to stop kids from smoking. This amendment does that. Yet has one tobacco company stepped forward to support this amendment? A deafening silence. Not one penny comes out of their pockets under this amendment, and yet not one tobacco company has come forward to say, yes, this amendment by Senators HARKIN and CHAFEE is good because it will keep kids from smoking and buying tobacco. They say they want to help stop kids from smoking. Not one of them has come forward to support this amendment. Shame on them.

We debated the previous version of this amendment on July 23, and it was tabled 52 to 48. Since that time another 125,000 young Americans have gotten addicted to smoking, and every day that we delay, thousands more kids like these young women here walk into stores, buy cigarettes and tobacco products, and get hooked. That's why the tobacco companies are not here supporting this amendment.

Mrs. BOXER. Will my colleague yield?

Mr. HARKIN. Yes, I will yield to my friend from California.

Mrs. BOXER. I thank my friend for fighting this battle.

The PRESIDING OFFICER. The time of the Senator has expired.

Mrs. BOXER. One quick point is the tobacco companies have increased their contributions to colleagues so they will not support you, and I hope we overcome that this time.

The PRESIDING OFFICER. The time of the Senator has expired. The Senator from Mississippi controls the remaining time.

Mr. COCHRAN. Madam President, I have made the arguments that I intended to make. If Senators are interested in a little more detailed discussion of the procedures and why I think it would be such an unfortunate precedent for us to reward the strategy being used by the proponent of the amendment, I invite attention to yesterday's RECORD.

Let me just say one other thing about the effort to resolve this issue. We have plenty of room within the amount provided by the House in its version of this bill and the amount provided by the Senate in the bill that passed the Senate 99 to 0 to negotiate an appropriate level of funding for the FDA's program. We are not suggesting that this program ought not be funded, that assistance ought not be made available to States which need the assistance. But has it occurred to anybody that the States are bringing lawsuits and collecting from the tobacco companies money to do this very thing? Our State of Mississippi is the first to obtain a cash settlement with the tobacco industries, and it can use the money for a wide variety of purposes: to help defray expenses, medical expenses, that have been paid out to those who have suffered health problems because of smoking, antiteenage smoking campaigns and efforts and initiatives—and that is what this program is. Here we are asking people around the country to use their tax dollars to go to States, whether they have brought law suits, whether they have taken action—these are applicants for funds under a new FDA program that has just begun.

So, I am saying there is more to this than is being discussed. There is more to this than is being admitted. Florida has just now undertaken to consummate a settlement that is similar to the one in Mississippi, and there will be others. Where has been the Department of Justice? Where is the Federal Department of Justice on these issues? Where is the proposal of the administration on these issues? We are asked to spend more taxpayer dollars, but I am not sure it is for a coherent, comprehensive way to deal with the overall issue. That is what I am suggesting. The States are doing a much better job and a much more aggressive job getting after this than we are. And an amendment is being suggested here to solve all those problems. Well, that is just not an accurate reflection of the facts, is it, Madam President?

So I urge, when we make a motion to table the amendment, once all time has been used or yielded back, that the

Senate vote for the motion to table to permit us to continue to consider appropriations bills in this orderly fashion so that we can expedite their consideration and be fair to all Senators who offered amendments when the Senate considered the bill. I thank the Senators very much for their careful attention to this discussion.

Madam President, if all time has been used——

The PRESIDING OFFICER. All time has expired.

Mr. COCHRAN. Then I move the amendment of the distinguished Senator from Iowa be tabled.

Madam President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the motion to table amendment No. 1057. The yeas and nays have been ordered.

The clerk will call the roll.

The legislative clerk called the roll.

Mr. NICKLES. I announce that the Senator from Virginia [Mr. WARNER] and the Senator from Alaska [Mr. MURKOWSKI] are necessarily absent.

The PRESIDING OFFICER (Mr. ALLARD). Are there any other Senators in the Chamber who desire to vote?

The result was announced, yeas 28, nays 70, as follows:

[Rollcall Vote No. 212 Leg.]

YEAS—28

Ashcroft
Brownback
Burns
Coats
Cochran
Domenici
Enzi
Faircloth
Ford
Frist
Gorton
Gramm
Grams
Hagel
Helms
Hutchinson
Hutchison
Inhofe
Lott
McConnell
Roberts
Santorum
Sessions
Shelby
Smith (NH)
Stevens
Thomas
Thurmond

NAYS—70

Abraham
Akaka
Allard
Baucus
Bennett
Biden
Bingaman
Bond
Boxer
Breaux
Bryan
Bumpers
Byrd
Campbell
Chafee
Cleland
Collins
Conrad
Coverdell
Craig
D'Amato
Daschle
DeWine
Dodd
Dorgan
Durbin
Feingold
Feinstein
Glenn
Graham
Grassley
Gregg
Harkin
Hatch
Hollings
Inouye
Jeffords
Johnson
Kempthorne
Kennedy
Kerrey
Kerry
Kohl
Kyl
Landrieu
Lautenberg
Leahy
Levin
Lieberman
Lugar
Mack
McCain
Mikulski
Moseley-Braun
Moynihan
Murray
Nickles
Reed
Reid
Robb
Rockefeller
Roth
Sarbanes
Smith (OR)
Snowe
Specter
Thompson
Torricelli
Wellstone
Wyden

NOT VOTING—2

Murkowski
Warner

The motion was rejected.

The PRESIDING OFFICER. The question is on the adoption of the Harkin amendment.

The Senate will please come to order.

Mr. BYRD addressed the Chair.

The PRESIDING OFFICER. The Senator from West Virginia is recognized.

Mr. BYRD. Mr. President, will the Chair please state the question that is now before the Senate on which we are about to vote?

The PRESIDING OFFICER. The question is on agreeing to the amendment No. 1057, the Harkin amendment.

The amendment (No. 1057) was agreed to.

The PRESIDING OFFICER. Under the previous order, the text of S. 1033, as amended, including amendment No. 1057, is substituted for the text of H.R. 2160, and the bill is read for the third time and passed.

The bill (H.R. 2160), as amended, was read the third time and passed.

The PRESIDING OFFICER. Under the previous order, the Senate insists on its amendment, requests a conference with the House, and the Chair is authorized to appoint conferees.

The Presiding Officer (Mr. ALLARD) appointed Mr. COCHRAN, Mr. SPECTER, Mr. BOND, Mr. GORTON, Mr. MCCONNELL, Mr. BURNS, Mr. STEVENS, Mr. BUMPERS, Mr. HARKIN, Mr. KOHL, Mr. BYRD, Mr. LEAHY, and Mr. INOUYE conferees on the part of the Senate.

Mr. COCHRAN addressed the Chair.

The PRESIDING OFFICER. The Senator from Mississippi.

LEAVE OF ABSENCE

Mr. COCHRAN. On behalf of the distinguished Senator from Virginia [Mr. WARNER], I ask unanimous consent, in accordance with paragraph 2 of rule VI of the Standing Rules of the Senate, that Senator WARNER be permitted to be absent from the work of the Senate for this morning to serve as a pallbearer in Warrenton, VA, for Robert Canard, a former farm employee and friend of more than 30 years. Bob and his wife Dorothy have long been considered members of the Warner family.

The PRESIDING OFFICER. Without objection, it is so ordered.

Who seeks recognition?

Mr. BIDEN addressed the Chair.

The PRESIDING OFFICER. The Senator from Delaware.

Mr. BIDEN. Mr. President, I ask unanimous consent that I be able to proceed for up to 20 minutes as in morning business.

The PRESIDING OFFICER. Is there objection?

Hearing no objection, it is so ordered.

Mr. KYL addressed the Chair.

The PRESIDING OFFICER. The Senator from Arizona.

Mr. KYL. Mr. President, I had sought recognition before the Chair ruled on the unanimous-consent request. I wonder if I could engage in a colloquy, a brief colloquy, regarding the request.

The PRESIDING OFFICER. The Senator from Arizona may proceed.

Mr. KYL. I was prepared to begin a debate at this point on an amendment which I laid down yesterday, which my understanding was we were going to try to conclude prior to roughly the noon hour because of a request by two other Senators, I believe Senator MOYNIHAN and another Senator, to speak during that period of time.

I just wonder if Senator SPECTER could be involved here and if we could quickly get an agreement. I am perfectly willing to accommodate the Senator from Delaware, but we need to get an agreement on how we are going to proceed here because I was going to conclude my part of this and then attend a committee hearing, which may not be possible if the Senator moves forward.

I ask the Senator from Pennsylvania what his intentions are.

Mr. SPECTER addressed the Chair.

The PRESIDING OFFICER. The Senator from Pennsylvania.

Mr. SPECTER. I thank my colleague from Arizona for his inquiry.

If it is consistent with the scheduling of the Senator from Arizona, I suggest that we defer to the Senator from Delaware for a period of time for morning business.

Would that be acceptable to the Senator?

Mr. KYL. Would this mean we could take up my amendment at roughly 11 o'clock?

Mr. BIDEN. Mr. President, I will attempt to keep this under 15 minutes, if that will help.

Mr. SPECTER addressed the Chair.

The PRESIDING OFFICER. The Senator from Pennsylvania.

Mr. SPECTER. I ask unanimous consent that we proceed with the amendment by the distinguished Senator from Arizona at 10:45.

Mr. KYL. Mr. President, that is certainly fine with me if it does not inhibit the Senator.

Mr. BIDEN. That is fine.

The PRESIDING OFFICER. Without objection, it is so ordered.

The Senator from Delaware is now recognized.

Mr. BIDEN. Mr. President, I thank the chairman of the committee, Senator SPECTER, for accommodating me and my friend from Arizona.

AMERICAN POLICY IN BOSNIA

Mr. BIDEN. Mr. President, having just returned from a trip to Bosnia, I would like to describe my impressions and offer my views on American policy there, if I may.

As many of my colleagues will remember, and some would rather not remember, over the last 6½ years I have been bipartisan in my criticism and my critical statements about our policy toward the states of the former Yugoslavia. I began criticizing the Bush administration early in 1991 and continued to criticize the Clinton administration until September of 1995 when it finally carried out the airstrikes that I had called for 3 years earlier and subsequently lifted the immoral and illegal arms embargo on Bosnia as part of the Dayton accords.

Now, Mr. President, for the first time I find myself in general agreement with the direction of American policy. My change of opinion does not, however, reflect either complete satisfaction or complacency. We have reached a very critical point in our policy toward Bosnia, Mr. President, as all of my colleagues know. Resolute American action, combined with allied support and local compliance, can turn the corner. But I respectfully suggest, absent any one of those factors—resolute American action, combined with allied support and local compliance—we will not only not turn the corner; I believe we will return to the genocide and chaos that prevailed 6 years ago.

To that end, we can, Mr. President, and we must, in my opinion, act decisively to bring indicted war criminals to trial before the International Tribunal in the Hague.

We can, and must, Mr. President, induce the authorities in the Federation and the Republika Srpska to greatly expand the number of refugees returning to their prewar homes.

We can and must, Mr. President, ensure that the countrywide municipal elections in mid-September and the parliamentary elections in the Republika Srpska in October, are held and that they are free and fair.

We can and must, Mr. President, guarantee free access to electronic media for all points of view in both the Federation and the Republika Srpska. I hope that the agreement on the television transmitter reached yesterday with the Karadzic forces is a move in that direction. If they go back on the bargain, SFOR troops should reoccupy that transmitter and take it back.

We can and must continue to support the Republika Srpska's President Biljana Plavsic in her struggle against indicted war criminal Radovan Karadzic.

We can and must, Mr. President, ensure that the decision of the arbitrator on Brcko in March 1998 is accepted peacefully.

In short, Mr. President, a lot remains to be accomplished in the coming months. But it is critically important for the American people and for my colleagues in the Congress to be clear on one fundamental point: Contrary to what is frequently stated, there has been progress on the civilian provisions of the Dayton accords, as well as on the well-publicized military side of the equation.

To guarantee that this progress continues and expands, the international community must not withdraw its entire military stabilization force after June 1998. The negative consequences of backsliding into renewed warfare in Bosnia would far outweigh the cost of a continued, if scaled-down commitment with no or much fewer American troops.

Let me then, Mr. President, discuss the current situation in Bosnia. First, the war criminals issue. The type of operation carried out in Prijedor in July in which British and Czech SFOR troops, supported by American forces, captured one indicted criminal and killed another indicted war criminal after being fired upon, must be repeated against Dr. Karadzic and General Mladic.

After conversations with leading American military officers in Bosnia, I am confident that such an operation is feasible. No American wishes casualties to occur, but if all other means fail, force must be employed and risk taken in order to arrest these war criminals. I am confident that the opportunity will present itself, and if it is seized upon, the operation will succeed.

Moreover, I suspect that after an initial angry response, most people in the Republika Srpska would be content to go about improving their impoverished lives, relieved of the plague of the authoritarian extortionists in Pale. Apprehension of the war criminals will not be a panacea for Bosnia's ills, but in my view it is a necessary precondition for the Dayton accords to have a chance of continuing to work.

I met with opposition leaders in the Republika Srpska. I met for well over an hour with President Plavsic. I met with a Russian military commander. I met with the American military. I met with the French military. In fact, I met with most of the major players in Bosnia during the time I was there. There is not anyone who will privately tell you that Karadzic and Mladic on the loose and continuing to run the Republika Srpska does anything, anything at all positive. As a matter of fact, all will tell you privately, and most will tell you publicly, that these two must be withdrawn from the scene. They will say it in different ways. They will say, "withdrawn, captured, tried and convicted," or they will say "driven out of the country."

But the bottom line is that nobody believes there is any possibility of the Dayton accords being fully implemented if, in fact, the most notorious of the war criminals continue to run the Republika Srpska like a thug operation, undermining free elections in the Republika Srpska within Bosnia and undermining Mrs. Plavsic. Now Mrs. Plavsic is no shrinking violet, is clearly a nationalist, and is not someone we would choose if we could invent a President for the Republika Srpska. But she is, at a minimum, honest and not running the rackets. She has greatly undermined Mr. Karadzic's power by pointing out the corruption he has engaged in and how he is literally robbing the people of the Republika Srpska.

There is still 90 percent unemployment there. At least in the Federation it has dropped from 90 percent to 50 percent. As I will discuss in a moment, there is progress being made in the Federation, slow as it may be, but there is a gigantic impediment in the Republika Srpska, and his name is Karadzic, an indicted war criminal. I have met him in the past. I told him more than 4 years ago that he was—I will not precisely repeat what I said—but I said bluntly to his face that he was a war criminal and should be tried as one. He looked at me and resumed talking as if he were saying, "Lots of luck in your senior year. No problem; thanks for talking to me." This guy is a madman, and he is undermining the prospects of any peace for the people of Bosnia—Serb, Croat, or Muslim alike.

Over the last year, the government of the Federation, comprised mainly of Muslims and Croats, has slowly begun to take meaningful shape. New national, entity, and cantonal governments were chosen in the September 1996 elections and are starting to function. The Bosnian Presidency and the council of ministers meet in regular sessions.

In Sarajevo, I had a lengthy discussion with Kresimir Zubak, the Co-President of the National Government of Bosnia and Herzegovina, with many leading figures in the Federation administration and the Cabinet, and with nonnationalist Muslim and Croat opposition leaders.

No one attempted to gloss over the friction that persists, Mr. President. As a matter of fact, I invited a group—and I will submit the list of people we invited—of leading Muslims, Croats, and Serbs to a dinner the first night I arrived. The first comment made by, I think, Federation Vice President Ejup Ganic, a Muslim, was "Senator, we have not sat down at a table like this for 6 years. You have accomplished something all by itself just by getting 15 of us to show up."

I do not want to paint a picture here that things in the Federation are rosy and wonderful. They are not. But everybody agreed on two things: First, enormous progress was being made in the Federation; and second, it is absolutely essential for the international military force to remain in Bosnia after June 1998 to guarantee that progress will continue.

I made clear that a partnership is a two-way street. Politicians from all three principal religious groups in Bosnia must make redoubled efforts to carry out the terms of the Dayton accords, especially the return of refugees.

As Americans see evidence of increased success in civilian implementation, our willingness to stay the course in Bosnia will increase accordingly.

And, Mr. President, there is much evidence to support the view that positive change is already occurring. Approximately 150,000 refugees have returned to Bosnia from abroad and another 160,000 internally displaced persons have returned to their homes, including a few to areas where they will be a distinct minority.

Meanwhile, the Train and Equip Program, led by private American military instructors, retired military, is molding a Muslim-Croat defense force for the Government of Bosnia guaranteeing the Federation's security in the future. Agreements on the Federation force structure and command have been reached, and over 300 million dollars' worth of military equipment has been procured.

Remember, Mr. President, the big problem was initially that we could not get the Muslim and the Croats in the Federation to agree to a joint military command. They would not train together. Now we have a joint military command. Muslims and Croats are sitting in the same classrooms. The officer corps and the enlisted men are all training together. There has been solid progress.

In Hadzici, west of Sarajevo, I visited the headquarters of the Train and Equip Program and spoke with the Federation's Minister of Defense and his deputy, with the commanders of the Muslim and Croat forces, and with soldiers of both armies. The cooperation is excellent, and their American trainers had high praise for their eagerness to learn and their aptitude.

In the Federation, joint police forces are being formed, including in the city of Mostar, site of the worst warfare between Muslim and Croats.

Within the framework of this modicum of stability, the economy is beginning to revive. Real gross domestic product has nearly doubled since 1995. As I mentioned, unemployment has dropped from 90 percent to 50 percent. Corruption, though, remains a major problem.

Nonetheless, if there is continued security, political progress, and international technical and financial assistance, the Federation, I believe, can be a going concern within a few years.

One of the nonnational opposition leaders with whom I met, Stjepan Kljujic, an ethnic Croat, offered the opinion that the Federation had to be better than the Republika Srpska politically, economically, and morally. Making an intriguing historical parallel, he continued that the Federation should become Bosnia's West Germany against the Republika Srpska's East Germany, even attracting guest workers from the latter as the economic disparity between the two entities widens. In this way, he felt, the two halves of the country could eventually grow together.

Whatever the validity of this vision, conditions in the Republika Srpska are already quite different from those in the Federation because of Mr. Karadzic's heavy hand. The Bosnian Serb member of the tripartite Presidency, Momcilo Krajisnik, an ally of Karadzic, has refused all but minimal fulfillment of the Dayton provisions. As a result, the international community has withheld most of its development aid from the Republika Srpska.

The economy there remains in shambles with less than 10 percent of the work force gainfully employed. In the midst of this misery, Dr. Karadzic—it is hard to even call him a doctor, but he is a doctor—and his cronies ostentatiously flaunt the wealth they have amassed through smuggling and protection rackets.

It is no wonder, then, that Mrs. Plavsic's anticorruption message has struck a chord with wide segments of the population in the Republika Srpska. I met with her for an hour and a half in Banja Luka. We must not have any illusions that President Plavsic, who loudly supported Serbian ultranationalists and ethnic cleansing during the war, has suddenly become a Jeffersonian Democrat. She is, however, a realist who understands that the Bosnian Serb entity is in danger of total disintegration unless it rids itself of the lawlessness, corruption, and warped religious hatred of the Karadzic gang and begins to cooperates with the West.

In all likelihood, by seizing the Banja Luka police headquarters, SFOR prevented a coup d'etat against Mrs. Plavsic last month. Our support of her police forces and television journalists may be turning the tide against the thugs in Pale, at least in the western part of the Republika Srpska.

Since two-thirds of the population of the Republika Srpska lives in the western part of the entity, there is a good possibility that President Plavsic's supporters can win control of the Parliament in next month's election. If that occurs, we should be able to leverage the promise of reconstruction assistance to induce President Plavsic to begin to cooperate on refugee returns.

Moreover, a lively antinationalist Serbian opposition exists in the Republika Srpska. In Banja Luka, I met with three of its leaders—Miodrag Zivanovic, Mladen Ivanic, and Milorad Dodik. They feel that democracy is unstoppable and that Mrs. Plavsic, of whom they have been sworn enemies, is only a transitional figure whom they will support during this election as a step toward genuine democracy.

Actually, the beginnings of refugee returns are already occurring, including some into areas controlled by other religious groups. I visited two such sites, one in the zone of separation near the critical northern town of Brcko, the other in Vogosca, a suburb of Sarajevo which was returned to the Federation as part of the Dayton settlement.

In the Brcko area, rebuilding is proceeding under the skillful direction of the U.S. supervisor, Ambassador Bill Farrand, and the protection of the local American SFOR contingent, based nearby in Camp McGovern. I might add that I was amazed at how high the morale was in Camp McGovern and how greatly impressed I was by Brig. Gen. Mark Curran and Lt. Col. Bill Greer, the two senior officers, who were doing a phenomenal job there.

Hostility in Brcko lies just below the surface, as shown by the riots organized by Karadzic loyalists less than 2 days after I left the city. The soldiers from Camp McGovern handled that potentially explosive situation with consummate professionalism, and I am confident they will continue to do so.

I will digress briefly at this point, Mr. President, to mention that an important feature of SFOR are the Russian troops under the command of General Clark, the SACEUR, [the Supreme Allied Commander Europe]. At Camp McGovern, I met with the commanding officer of the Russian SFOR airborne brigade who was enthusiastic about the cooperation with our forces and totally supportive of our action.

To return to refugee resettlement, unlike the palpable hostility in Brcko, in the Sarajevo suburb the situation was peaceful. There I saw Muslims, Croats, and one or two Serbs who were returning to rebuild their devastated homes under an imaginative program run by the United States Agency for International Development in cooperation with Catholic Relief Services.

Mr. President, it is worth underscoring here that not only are our magnificent Armed Forces under the inspired command of Gen. Eric Shinseki playing the largest single role in SFOR, but our United States Government development specialists have won universal respect among the Bosnians for being the international community's most efficient providers of assistance.

As a matter of fact, one of the Bosnian Serb opposition leaders said to me in Banja Luka that the Europeans are incapable of solving Bosnia's problems. By way of contrast he characterized the Americans as "not always sensitive but very efficient." That is just what I would like us to be—"not always sensitive but very efficient."

In summation, where do I see Bosnia and Herzegovina heading if the United States and our allies stay the course? Personally, I would like to see a multiethnic, multireligious society reemerge like the one that existed in Sarajevo before the war. I fear, however, that too much blood has been shed and too many atrocities committed for that to happen in the near future.

More realistic, and politically feasible, is the development of a multiethnic state, most likely in the form of a confederation with a good degree of decentralization.

My sense from this trip is that the ardor has cooled in the Republika Srpska for union with Serbia, since President Milosevic is regarded as a betrayer of the Serb cause and as a figure totally incapable of providing the basic material prosperity that the Bosnian Serbs so desperately crave.

Unreconstructed Croat nationalists in Herzegovina may still long for union with Croatia, but as the leadership changes in Zagreb, the new government there will be more intent on integrating with Western Europe than on annexing provincial bandits.

In short, for the first time in years, developments are moving in the right direction. As I have outlined, much hard political and economic work remains to be done, most of it by the Bosnians themselves. The United States and its allies can, and must, provide the framework for the Dayton accords to be fully implemented.

I do not minimize the cost to the American taxpayer of our efforts. Neither, however, can I underestimate the cost of a failure of the Bosnian operation. In the near future, I will indicate in some detail what I think the costs would be to the United States if, in fact, Bosnia were to erupt once again. Suffice it to say now that not only would all that has been accomplished go up in smoke as fighting reignited, but a failure in Bosnia would signal the beginning of the end for NATO, which is currently restructuring itself to meet Bosnia-like challenges in the 21st century.

Therefore, I call upon the Clinton administration immediately to begin discussions with our allies about creating a post-SFOR force after June 1998. For months, I recommended a combined joint task force with our allies, which the Senate overwhelmingly advocated in July in the 1998 defense authorization Bill.

The question of whether American participation in a post-SFOR force will be limited to air, naval, intelligence, and communications support with a rapid deployment force in reserve in Hungary, or also might include a greatly reduced ground contingent can be resolved in these negotiations.

The immediate priority is to begin the negotiations now—to make clear to all parties in Bosnia that, if they cooperate, the security framework will continue for a limited time—and to make clear to the skeptics that the new NATO can and will be the driving force in the European security architecture of the 21st century.

I thank my colleague from Arizona for his indulgence. I thank the President for the time.

I yield the floor.

DEPARTMENTS OF LABOR, HEALTH AND HUMAN SERVICES, AND EDUCATION, AND RELATED AGENCIES APPROPRIATIONS ACT, 1998

The PRESIDING OFFICER. The clerk will report the bill.

The legislative clerk read as follows:

A bill (S. 1061) making appropriations for the Departments of Labor, Health and Human Services, and Education, and related agencies for the fiscal year ending September 30, 1998, and for other purposes.

The Senate resumed consideration of the bill.

Pending:

Kyl amendment No. 1056, to increase funding for Federal Pell grants, with an offset from fiscal year 1998 funding for low-income home energy assistance.

Mr. SPECTER addressed the Chair.

The PRESIDING OFFICER. The Senator from Pennsylvania.

Mr. SPECTER. Mr. President, yesterday I had announced our hope to be able to conclude this bill by this evening. Senator LOTT was on the floor when we were talking about scheduling and I discussed it briefly with our distinguished majority leader, and also with Senator HARKIN, the ranking Democrat, and asked that anybody who intended to file amendments to let us know by the close of business yesterday, or in any event no later than noon today. We have been advised of a number of possible amendments. I believe it is possible to work some of those out. Others will have to go to votes.

But I would restate at this time our urging anybody who intends to file an amendment to contact us by noon today so that we may proceed. There is one item which may not be completed by the close of business today, and that relates to the funding on testing which is now proposed by the administration.

There was a statement in the media by Congressman WILLIAM GOODLING of Pennsylvania, chairman of their authorization committee, of his intention to oppose funding. And there was comment that a similar prohibition may be offered on this bill.

Yesterday I was contacted by the Secretary of Education, Richard Riley, who urged support of their program, and we had a discussion. After sleeping on it I decided it would be a good idea to have a hearing on the subject, which we have put into effect for tomorrow morning at 9 o'clock, with the concurrence of Senator HARKIN and also our chairman of the appropriations committee, Senator STEVENS. So, if that amendment is offered, that one item of business might most appropriately be concluded tomorrow morning. But aside from that one item, it is my hope that we will be able to finish action on this bill this evening.

I thank my colleague, Senator KYL, for offering his amendment yesterday.

I yield the floor so that Senator KYL may proceed.

The PRESIDING OFFICER. The Senator from Arizona.

AMENDMENT NO. 1056

Mr. KYL. Thank you, Mr. President. I appreciate that.

I also appreciate the remarks of the Senator from Delaware preceding this. I think he makes very cogent points on a different subject.

Mr. President, I don't think the yeas and nays have been ordered on my amendment. I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

Mr. KYL. Thank you, Mr. President.

At this time, let me explain the reasons for my amendment to increase Pell grant funding. I submitted a statement for the RECORD yesterday. But I would like to discuss it in a little bit more detail today.

There is particular reason for us to take this action which would bring us closer to the administration's request and into line with the recommendation from the House of Representatives. It seems odd to me that the Senate would not be willing to support Pell grant funding at the same level as recommended by the Appropriations Committee in the House of Representatives. This amendment would conform the Senate funding level to the House funding level, and there is a particular reason for this amendment coming up. That is, a problem that was created in a previous law with respect to two different groups of students that are funded. I would like to discuss that in a little bit more detail.

First, let me note the numbers. This amendment would provide an additional $528 million for the Pell Grant Program. It would boost funding to the level recommended by the House Appropriations Committee. The Pell grant funding would go from $6.91 billion to $7.438 billion. The offset is from the Low-Income Home Energy Assistance Program, which I will discuss in just a moment.

The Pell grant funding amendment, as I said, is intended to finance changes in eligibility—that is, to correct problems that have arisen as a result of the current law phaseout of certain independent students at income levels that are lower than those for dependent students. Like the House bill, this funding level is contingent upon the authorization committee providing authorization.

We have letters from both the chairman and ranking members of the House and Senate authorizing committees indicating that should the additional funding be approved they would work for that authorization to be established.

It is also my understanding that the administration is in agreement with the House of Representative numbers with respect to the Pell grant funding.

So I think we ought to put at least as high a priority on Pell grants as the President and the House of Representatives in this version of the Labor-HHS bill.

Here is the problem that was created. In the Higher Education Amendments of 1992 we established a separate allowance for independent students without dependents—independent students, not dependent students—independent students who do not themselves have dependents.

The problem is, the separate allowance established under the 1992 act. It creates a substantial disparity among these groups of students very much to the disadvantage of the independent students without dependents. The proposed change in eligibility which the funding in my amendment is intended to finance would bring the proportion of students in this group who would be eligible for Pell grants closer to the proportion that existed prior to the establishment of the separate allowance in the 1992 act. Students, incidentally, in this group are typically older students with annual family incomes of between $10,000 and $20,000.

I obtained from the Department of Education a statistical list for the States of the number of students who lost eligibility under the separate allowance that we created in the 1992 act. Just for the benefit of some of the Senators who are here, I might note some of the numbers with respect to the States involved here.

In California, for example, 24,314 students lost eligibility as a result of what we did. My amendment would provide a way for these students to go to school.

In Iowa, the State of the distinguished ranking Member, 4,247 students lost eligibility as a result of what we did. My amendment would reassert their eligibility to provide the funding for that.

In the State of Michigan, the number of students who lost eligibility, according to the Department of Education, is 15,254;

In the State of Minnesota, 7,432;

In the State of Pennsylvania, the State of the distinguished chairman of the committee, 9,535 students lost eligibility as a result of what was done.

My amendment will restore the funding so that these students will be eligible—will have the funding to get the Pell grants to get their education.

So we are talking here about a significant number of students that will not be helped if our amendment is not adopted.

The offset, as I said, is from the Low-Income Home Energy Assistance Program, the so-called LIHEAP Program. I know there are some Members who rather reflexably react to any reductions in this program because there is a contingent of their constituency that relies on this program and that reacts very badly if there is an attempt to cut it. But, Mr. President, I think in this case we have to balance the interests of those people with the people who have lost their eligibility under the Pell Grant Program. And, if we do not act, these students are not going to have the opportunity to advance their education.

So let's talk for just a minute about this tradeoff and about the LIHEAP Program.

The LIHEAP Program was set up 16 years ago as a temporary program for just a few months to help people get over the energy crisis. The energy crisis is long gone. This is a typical program of the liberal welfare state. It gets established, and then can never be disestablished notwithstanding the fact that the reason for it has long ago disappeared.

The world is a very different place than it was in 1981. Gone are the long lines at the gas pumps and the skyrocketing energy prices.

It seems to me, as we prepare for the 21st century, that we should look beyond programs designed to cope with an energy crisis of nearly 20 years ago—a crisis that has come and gone—and focus instead on how to prepare young people for the high-tech more competitive economy of the future.

That is what this amendment does.

Mr. President, fuel costs have not only stabilized since 1981, they have declined significantly in real terms; that is, in inflation-adjusted terms.

For example, I would refer to figures from the Clinton administration itself. In its 1995 budget submission the Clinton administration recommended substantial reductions in the LIHEAP Program because it too recognized that the fuel costs had gone down significantly. As noted in the President's budget, "fuel prices have decreased by 40 percent in real terms; the cost of electricity has dropped by about 13 percent in real terms; and the percent of income spent for home heating for households at or below 150 percent of poverty guidelines has dropped by about one-third." The President's budget went on to propose a 50-percent reduction in funding for the program that year.

Last year, President Clinton proposed outyear costs in LIHEAP—a $90 million reduction in 1999, and a $181 million reduction in the year 2000. The Office of Management and Budget advised my office that the declining figures were due to the standard percentage reductions applied to programs that were not considered a high priority—because of the statistics that I cited earlier from the Clinton administration.

So, Mr. President, you have the Clinton administration recognizing that we need to increase the Pell grant funding, you have the Clinton administration recognizing that the LIHEAP Program can no longer be justified at its present level, you have the House of Representatives Appropriations Committee recommending that we end this disparity between the two different groups of students funded by Pell grants, and it seems to me that we have an opportunity here with very little detriment to increase the funding for these students.

The States themselves as I have noted, have already shown a significant ability to meet the energy needs of those that require assistance.

For example, many States refuse to allow public utilities to shut off power to delinquent customers. And they have set up payment plans and other options. So we do not need the old subsidy to deal with the problem that may exist for some people.

It just seems to me given the States' track record, obviously, that they care as much about their low-income citizens as people here in Washington, DC, do. Given their track records and the stable or declining price of energy, this is a good time to begin, as the President recommended a couple of years ago, to begin cutting back on LIHEAP so that we can target these resources to other more pressing needs.

In closing, Mr. President, the bipartisan budget agreement that we passed in July was intended to create new opportunities in education for middle- and upper-income families. It will through a variety of new tax breaks and tax credits. But we have the chance today to target additional Pell grant assistance to more lower- and middle-income people so that all American families will have the same opportunity to secure a brighter future.

For those, as I said, who react somewhat automatically against this amendment because, as one friend put it, they come from a cold State, I simply think it is very hard to explain why you voted against the level of Pell grant funding recommended by the House of Representatives and the President of the United States simply because you wanted to preserve a 16-year-old temporary subsidy program, the justification for which has long since disappeared.

This amendment literally represents a choice between an old welfare state subsidy and a brighter future for more young people through education that they might not otherwise receive.

I hope my colleagues will join me in supporting this amendment to add more money to the Pell Grant Program.

Mr. SPECTER addressed the Chair.

The PRESIDING OFFICER. The Senator from Pennsylvania.

Mr. SPECTER. Mr. President, I agree with 50 percent of what the distinguished Senator from Arizona has said; that is, the part about the increasing Pell grants. I think he is exactly right about that. I wish we had more money to increase the Pell grants.

What we have done is to increase the Pell grants by $1 billion. It has moved from fiscal year 1997 where it was at $5.919 billion to $6.910 billion which is a very, very substantial increase—in the 16- to 17-percent range.

Senator HARKIN and I, who have looked over these figures, take second place to no one on our concern for education and that created in the budget we have here, and what we have done over the years—most notably last April when we added $2.6 billion over some very considerable objection and instead having those funds go largely to education.

As I said yesterday, on a very personal level, my concern about education goes to the roots of my own family. Both of my parents were immigrants. And my brother, my two sisters, and I have been able to share in the American dream because of our educational opportunities.

We have not only added to the Pell grants the $1 billion here but have also increased the funding on guaranteed student loans so that every young man and woman—and this goes for the people who are not quite so young—would have an opportunity for educational advancement in this country.

So that I agree totally with what my distinguished colleague from Arizona has had to say about the value of the Pell grants. But we have stretched and stretched very, very far.

It is true that the House has an additional $500 million in the Pell grants, and they have a larger sum of money to work with than we are allocated in the Senate. Without going into any extensive explanation, there are different technical rules which apply to the two bodies.

I might say to my colleague from Arizona that with the additional arguments he has advanced today in a very cogent way, to the extent we can yield to the House figure, we will try to do so when we get to conference, recognizing his interest and being even more persuaded by his eloquence here this morning.

The part of his presentation that I cannot agree with is the part relating to cutting the funding on low-income heat and energy fuel assistance. What we have done here, Mr. President, for those who may be listening in-house or on C-SPAN 2, is made an allocation of the almost $80 billion here by trying to place the funding on a priority basis, and having taken care of other priorities including Pell grants with the additional $1 billion, have made the allocation of $1 billion to the LIHEAP 1998 program and an advanced appropriation of $1.2 billion, which is slightly different.

This program is on the decline from 1985 when it had $2.1 billion. We believe that this is an appropriate allocation of priorities. Some 55 Senators have written to Senator HARKIN and myself asking that LIHEAP be preserved. If you add 55 to 2, that is 57, and there may be some other votes out there.

I make this comment not to prejudge the tabulation of the votes, because you never know until the votes are counted, but there are 57 Senators who have been concerned enough about this one item who have spoken up—55 having written to us. And I can tell you how strongly Senator HARKIN and I feel about this. I know obviously my own sense of it, and I have talked to Senator HARKIN enough to know his sense.

This program is for low-income families. Almost 70 percent of the recipient families have an annual income of less than $8,000—think of that, $8,000; 44 percent have at least one member who is elderly, and 20 percent have a member disabled. Currently, the number of families served has been reduced to 5 million families, 1 million less than 2 years ago, and this is part of our effort to target those who need it the most. The funding has been cut by more than 50 percent, from $2.1 billion to this figure. There is no replacement for this funding.

Thirty-five percent of all recipient households heat their homes by using oil, propane, wood, or coal. These sources of fuel do not have a monopoly control over their territories and cannot raise prices to cover the cost of providing discounted or free energy supplies to their low-income members. What we really face here is that in this category, many of the elderly, many of the disabled are faced with an alternative of either heating or eating, and that is a choice obviously that no American should face.

Without LIHEAP, there would not be an opportunity for these low-income families to utilize their other scarce resources for sustaining themselves. Obviously, in a civilized society, if the choice is heating or eating, we have to do both, and that is why this funding is so very important.

Mr. KYL. Mr. President, I was just going to comment on a couple things very briefly.

Mr. HARKIN. Go ahead.

Mr. KYL. I certainly appreciate the comments of the Senator from Pennsylvania, the chairman of the committee. I just wanted to comment on two of the points he made.

It is, indeed, true that the total amount of money to be expended on Pell grants has been increased by about $1 billion. That goes to increase the maximum Pell grant to $3,000. It does not, as the Senator, of course, is well aware, fund this category of people who I contend have been disadvantaged as a result of the 1992 act, the independent students without dependents. So the increase in the funding in the bill has made it better for those who receive the grants, but it has not enabled us to cover the people that I am proposing to cover.

Second, with respect to the LIHEAP Program, just to make it very clear, this offset does not eliminate the LIHEAP Program. It reduces by about one-half the funding for the LIHEAP Program, which, incidentally, is almost the same amount of reduction that was recommended by President Clinton in his 1995 budget submission.

The PRESIDING OFFICER. The Senator from Iowa.

Mr. HARKIN. Mr. President, I rise—and I am sure this is no surprise to anyone—in opposition to the amendment offered by my friend from Arizona. Again, I would concur with what my distinguished chairman said. About half I agree with; half I do not agree with in terms of the Senator's comments.

We are all in favor of increasing Pell grants and making sure everyone is covered, but I would say this committee, under the able leadership of Senator SPECTER, has done a great job of increasing the Pell grants to historically high levels—a maximum grant of $3,000, up from $2,700 last year. Certainly you always perhaps could have more. But I haven't heard from any institution of higher learning or anyone that is involved in the Pell grant program saying that this is insufficient. I think what I have heard is that they are very, very happy with what this committee has done in meeting these requirements and getting the level up.

In taking the cut out of LIHEAP for this, though, talk about robbing Peter to pay Paul, because we are talking about the same kind of universe. We are talking about low-income families.

Again, just to reiterate and reaffirm what the chairman said, the LIHEAP Program has gone down 50 percent in the last decade. We started out at about $2.1 billion in 1985 and it is down now to $1 billion—a 50-percent drop in the amount of money, yet the eligible population for LIHEAP has grown by about 30 percent—33 percent in that same period of time. So the eligible number has gone up and the pie piece has gone down. Over 70 percent of the families receiving LIHEAP assistance have incomes of less than $8,000 a year; 7 out of every 10 have incomes—that is not individuals—family incomes less than $8,000 a year, and 44 percent of the households receiving it are elderly, over age 65. So that is the universe we are talking about.

The Senator from Arizona said this is a program that's outlived its usefulness; the energy crisis is gone. Well, it may be that for those who are making more money it is gone, but my figures show that the prices of natural gas, electricity, if you adjust for inflation, are about as high now as they were in 1979. But if you look at the universe of people who are getting LIHEAP, their inflation-adjusted incomes have not gone up. So they are basically in the same position they were in, or like families were in, when the energy crisis hit in 1979.

As Senator SPECTER said, 50 percent of these families in LIHEAP use natural gas, 15 percent use electricity, 35 percent use oil, propane, wood, and coal. So for these families the energy crisis still exists, and it especially exists when the weather gets the coldest.

The Senator from Minnesota is in the Chamber, and as we found out last year when we had some extremely cold weather, we found anomalies in the upper Midwest where in some States the cost of propane and oil spiked, went up 25 percent during the coldest times of the year as compared to some other States. In other words, in those areas where it was the coldest, where it was needed the most, the price went up the highest.

Mr. WELLSTONE. Will the Senator yield for a question? And I say to my colleague from Maine, I will not go with other questions as I know she wants to speak, and I had a chance to speak yesterday.

Isn't it also true, taking the experience of last winter—and I could ask this of the chairman as well, Senator SPECTER—what has been happening, because we have really been underfunded, we depend on the emergency funding and we go through this drill every year where then what we have to do is seek this additional emergency funding? We certainly had to do that last year. And then, of course, States never know what they are going to be able to do. So the last thing we should be doing, am I correct, is cutting $500 million?

It would gut the whole program.

Mr. HARKIN. It would gut the whole program. To answer the Senator's question, we always come in for emergency funds. But here is what happens. When you don't fund the LIHEAP Program enough, what happens is family—let's face it; the average family gets about 215 bucks. It's what, around 30 percent, I think, of their heating bill. But what happens—and we know this from experience in my State of Iowa especially—when they don't know if they are going to get the money to pay their heating bills—and you know elderly people are very proud. They don't want to be on welfare and most of them are not on welfare. They are getting Social Security, very small Social Security checks. What they do is they turn the heat down and they put their shawls on, they put on coats, they wear coats around the house. And then what happens. Well, they get ill and then they have to go to the hospital, and they go to the emergency rooms.

We have found this time and time and time again. That is what poor people, and especially elderly people, will do when they don't know if they are going to get their heating money. And so again, the crisis is real for these people, very, very real.

As I pointed out, last year we had—and I have called for an investigation of it—in some States, a 25-percent increase, and I do not think there is any need for it other than the demand was there, it was very cold, and a lot of these elderly people simply could not pay these prices.

Lastly, let me sort of respond philosophically to the Senator from Arizona. I couldn't help but notice the comment that this was a program of the liberal welfare state; like a lot of programs of the liberal welfare state, it just goes on and on and on even when the need is not there.

Well, I could ask the Senator from Arizona, what about the Pell Grant Program? That was a program of the Lyndon Johnson Great Society just as well as—well, not LIHEAP; that came later, but the Pell grant was a program from under the Great Society, and the need was there and the need is still there for the Pell Grant Program.

So I would submit to the Senator from Arizona that this is not a program of the liberal welfare state. It is a program of a caring and compassionate and fair state. We are, as I said the other day, fulfilling our obligation under the Constitution of the United States.

A lot of people do not realize this, but twice in the Constitution the word "welfare" is mentioned—twice—first, in the preamble when it says, "We the People of the United States, in Order to form a more perfect Union, establish Justice, insure domestic Tranquility, provide for the common defence, promote the general Welfare."

"Promote," it does not say just stand by. It says "promote the general Welfare." That is why we established the Constitution. So that is the first place it is mentioned. And then in article I, section 8 of the Constitution. Article I is, of course, Congress and what Congress is supposed to do. Section 8 outlines the responsibilities of Congress: To borrow money, regulate commerce, to establish post offices and roads, provide and maintain a Navy, et cetera, et cetera. Here is the first paragraph of section 8 of article I of the Constitution.

> The Congress shall have Power To lay and collect Taxes, Duties, Imposts and Excises, to pay the Debts and provide for the common Defence and general Welfare of the United States.

It is our obligation, first, to promote the general welfare and then, using the powers that we have to lay and collect taxes and disburse those moneys, to provide for the general welfare of the people.

That is what we are talking about. Whether we are talking about Pell Grant Programs or whether we are talking about heating energy assistance programs for the elderly and the poor, we are fulfilling our obligation as a caring and compassionate state to promote the general welfare and to use our taxing and spending powers outlined in the Constitution of the United States to provide for the general welfare of our people.

So, no, this is not a program of a liberal welfare state. It is a program of a caring and compassionate and fair state, just as the Pell Grants Program is. These are good programs. We should not be robbing one that hits at the poorest, those with the lowest incomes of our people—70 percent of these families have less than $8,000 a year income—to use that to try to help other low-income people to get an education. Don't tell me there are not other sources of funds here. There are.

I might submit that we now have this B–2 bomber we are building that cannot even sit out in the rain, $1 billion a copy, and now we have to build special hangars for them because they cannot sit outside. We can't forward deploy them. All this is coming out now. We are going to put money in that, but we are going to take money out of the heating energy assistance programs to help other poor people get an education? I am sorry, that doesn't quite compute for this Senator.

So I am hopeful—and I know the Senator from Arizona means well. As I said, I support half of what he is talking about, in terms of getting the Pell grants up. I just think his sources of getting the money are just not good for this country.

I yield the floor.

The PRESIDING OFFICER. The Senator from Arizona.

Mr. KYL. Mr. President, I thank the distinguished Senator from Maine, who is going to speak next, but I ask if I can have just 1 minute to respond to one point the Senator from Iowa just made. I think it is important for me to respond to it.

He said, first, that the inflation-adjusted prices are about the same and then challenged my assertion that the liberal welfare state program, as I described the LIHEAP Program, which I said the need for had largely been eliminated, is similar, in terms of welfare, to the Pell grant funding and suggested perhaps I was failing to appreciate the similarity in both programs being welfare programs.

I simply wanted to respond to the Senator from Iowa in this fashion. What I said was that once a welfare state program is instituted, it is very difficult to get rid of it even if the need for it has been eliminated or reduced. That, in my opinion—and I know the distinguished Senator from Iowa disagrees with this opinion—but in my opinion, the LIHEAP Program is a program which was originally intended to be temporary. That is a fact. But it has now become permanent notwithstanding, in my opinion, the fact that the need for it has largely been eliminated or reduced, thus demonstrating a program instituted for very good reasons but, in my view, which no longer is justified—as distinguished from the Pell Grant Program. I think none of us would argue the need for that has been reduced or eliminated.

So my point is not that one is welfare and one is not welfare in the broadest sense of the term, as the Senator from Iowa noted, but rather that the need for one has largely been eliminated, yet it is very difficult if not impossible for us to eliminate these programs once they have begun.

To the point that the energy costs are about the same as they were, I can only cite the statistics from the Clinton administration budget submitted in 1995. And I am quoting now.

> [F]uel prices have decreased by 40 percent in real terms; the cost of electricity has dropped by about 13 percent in real terms; and the percent of income spent for home heating for households at or below 150 percent of poverty guidelines has dropped by about one-third.

That is the reason for my assertion that the energy costs have indeed gone down dramatically.

Mr. HARKIN. If the Senator will yield for this colloquy, just yield for a question. Even taking the Senator's figures, if the real prices have dropped by a third, the fact is that since 1985 the LIHEAP Program has come down 50 percent. So we are spending half as much money today. Of course, in real terms it would be even less than that, if you adjusted for inflation. I am just talking about the actual dollars. It's $2.1 billion in 1985, it's $1 billion now. So, even if the cost—I ask the Senator to think about this and see if my reasoning is wrong here—even if the cost of energy has come down by a third, if in fact the amount of money we are putting in the program has come down by over a half, does that not compute out to the fact that there is less money going into the program today and that less money is there to meet the heating needs of those families who are getting the money?

Mr. KYL. Relatively speaking, the Senator from Iowa is certainly correct. We would simply then engage in a philosophical debate as to whether or not, if that number continued to drop to one-third and one-tenth and so on, whether the program should continue. My view would be this was a temporary program designed to meet a temporary need, that it was never designed to pay for 100 percent of the bill for heating, and therefore there is a point at which the need for the program should go away, when the prices have been reduced to a certain point. He and I obviously simply disagree about what that point would be.

The PRESIDING OFFICER. The Senator from Maine.

Ms. COLLINS. Mr. President, I rise in opposition to the amendment offered by the distinguished Senator from Arizona, which would cut funding severely for the Low-Income Home Energy Assistance Program and increase funding for the Pell Grant Program.

There is no stronger supporter of the Pell Grant Program in the U.S. Senate than I. In fact, very shortly I will be introducing legislation to expand working students' eligibility for Pell grants. However, when faced with this amendment, I must ask the question: Are we so poor a country that some must be cold, go hungry, forgo medications so that others may learn? The answer is obvious. This amendment presents a false choice.

Maine is well known for its cold and very long winters. Many of Maine's residents, along with the citizens of other Northern States, are heavily dependent on the aid provided by LIHEAP in order to heat their homes during the cold winter months. Without the assistance of LIHEAP, 33,000 of Maine's most vulnerable and needy citizens—I am talking about elderly people, the disabled, and very low-income families—will go without adequate heat during the coming winter or will be forced to forgo medications or even food. We must not allow this to happen.

As Senator SPECTER and Senator HARKIN have noted, 70 percent of the people receiving this home heating assistance have incomes under $8,000 a year. We are talking about people who are very needy. This bill's funding for LIHEAP is not excessive. In fact, it's approximately the amount that was spent last year, and that amount was not adequate to serve all of the people needing assistance. Last year this program provided 33,000 Mainers with an average subsidy of $308. That is only enough to buy a couple of tanks of heating oil. For many, this small amount of help is, however, the difference between being in a comfortably heated home and freezing.

This is not an excessive expenditure. Failure to appropriate at least this amount will only result in a call for emergency funding later this year, an event that has occurred in each of the past 4 years. I agree with the able and distinguished Senator from Arizona that funding for Pell grants should be increased, but I cannot support a reduction in LIHEAP as a means of accomplishing this.

A recent editorial from the Portland Press Herald in my State put it well when it stated:

> The idea of LIHEAP may seem frivolous to lawmakers from warm, southern States. However, the subsidy remains essential to residents in colder climates. That's especially true now when welfare cuts and a rising cost of living have pushed so many poor families so much closer to the edge. Asking low-income and elderly Mainers to choose between filling their fuel tanks or their cupboards is not fair.

I conclude my remarks by stating that asking the U.S. Senate to choose between LIHEAP and Pell grants is also not fair. It is a false choice and I ask my colleagues to oppose the amendment offered by the distinguished Senator from Arizona.

I yield the floor.

Mr. SPECTER. Mr. President, I am advised that the vote will not occur until 3 o'clock under our scheduling. So, if there are any additional speakers who wish to come to the floor at this time, we invite them to do so.

The PRESIDING OFFICER. The Senator from Arizona.

Mr. KYL. Mr. President, I am aware the Senator from Minnesota, Senator WELLSTONE, had desired to speak against my amendment here. I am not aware of anyone else who intends to speak on it.

I urge my colleagues to support my amendment.

Do I understand there has been an agreement reached to have the vote at 3?

Mr. HARKIN. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. SPECTER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. SPECTER. Mr. President, as is usually the case, there are absent Senators, one not due to return until 1 o'clock. We then have a conference until 2:15. Then there are hearings. So it will be our expectation, subject to checking with the distinguished majority leader, that the vote on this amendment would occur at 5 o'clock. But it would be our expectation that this would conclude the debate on the amendment. It wouldn't absolutely foreclose somebody who wanted to come down and speak on the matter, perhaps, briefly, but that would conclude the debate and we would hope to set the vote here for 5 o'clock and perhaps stack it with other votes at that time.

Mr. HARKIN. If I might just ask the distinguished chairman.

Mr. SPECTER. I yield to my colleague.

Mr. HARKIN. Obviously, we are open for business now. There are other amendments that I have heard about that are out there. So if other Senators have them, now is the time to come over, and perhaps if amendments are offered now and after the caucuses, after the 2:15 time, we could stack a bunch of votes at 5 o'clock. I know Senators like to do that, because they can schedule their time a little bit better. I hope any Senators who have amendments will come over now before we break for our party caucuses or come over at 2:15 and then we can stack the votes at 5 o'clock.

Mr. SPECTER. If my distinguished colleague will yield, Mr. President, I think that would be a good arrangement. I said earlier, repeating what we said yesterday, it is our hope to finish action on this bill this evening. That is what we said yesterday after concurring with the majority leader. There is one possible exception to that, and that would relate to a possible amendment to preclude any funding for the administration testing, and an issue arose yesterday as to whether that amendment might be offered. Secretary Riley called Senator HARKIN, myself and others yesterday, and we have scheduled a hearing for tomorrow morning at 9 o'clock so that we may have a better factual understanding on that matter before the vote comes up, if it does come up. It would be our hope we can conclude action on the bill this evening, with the exception of that possible vote following the hearing tomorrow morning.

Mr. President, I ask unanimous consent that the pending amendment be set aside so that we might receive an amendment by the distinguished Senator from Missouri, Senator ASHCROFT, on a matter which I believe is acceptable to both sides. This involves an issue which has been resolved after laborious debates on related subjects, and it is one where the House of Representatives has worked out an accommodation. The amendment will now be offered by our colleague from Missouri.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ASHCROFT addressed the Chair.

The PRESIDING OFFICER. The Senator from Missouri.

Mr. ASHCROFT. Mr. President, I thank the Senator from Pennsylvania and the Senator from Iowa for their allowing me to bring this amendment to the floor at this time.

AMENDMENT NO. 1061

(Purpose: To provide for limitations with respect to expenditures for abortions)

Mr. ASHCROFT. Mr. President, I send an amendment to the desk.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Missouri [Mr. ASHCROFT] proposes an amendment numbered 1061.

Mr. ASHCROFT. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 77, strike lines 6 through 11, and insert the following (and redesignate the following section accordingly):

SEC. 508. (a) None of the funds appropriated under this Act shall be expended for any abortion.

(b) None of the funds appropriated under this Act shall be expended for health benefits coverage that includes coverage of abortion.

(c) The term "health benefits coverage" means the package of services covered by a managed care provider or organization pursuant to a contract or other arrangement.

SEC. 509. (a) The limitations established in the preceding section shall not apply to an abortion—

(1) if the pregnancy is the result of an act of rape or incest; or

(2) in the case where a woman suffers from a physical disorder, physical injury, or physical illness, including a life-endangering physical condition caused by or arising from the pregnancy itself, that would, as certified by a physician, place the woman in danger of death unless an abortion is performed.

(b) Nothing in the preceding section shall be construed as prohibiting the expenditure by a State, locality, entity, or private person of State, local, or private funds (other than a State's or locality's contribution of medicaid matching funds) for abortion services or coverage of abortion by contract or other arrangement.

(c) Nothing in the preceding section shall be construed as restricting the ability of any managed care provider or organization from offering abortion coverage or the ability of a State or locality to contract separately with such a provider for such coverage with State funds (other than a State's or locality's contribution of medicaid matching funds).

Mr. ASHCROFT. Mr. President, as a result of this amendment having been agreed to by both sides, I urge the adoption of the amendment.

The PRESIDING OFFICER. Is there debate on the amendment? If not, the question is on agreeing to the amendment.

The amendment (No. 1061) was agreed to.

Mr. ASHCROFT addressed the Chair.

The PRESIDING OFFICER. The Senator from Missouri.

Mr. ASHCROFT. Mr. President, I am pleased to have this opportunity to have updated our appropriations legislation so that the traditional Hyde amendment, which forbids and prohibits the utilization of Federal funds in abortions, could be a part of what we are doing as it relates to HMO's. Government's role is to help people to respond to their highest and best in life. However, I don't believe the highest and best utilization of Federal funding would be to fund the destruction of children in this country. For a long time, the Congress of the United States has agreed that Federal funds would not be used in conducting abortions.

Yet, as developments transpire in health care, and as we change from one sort of service delivery system to another, old policies might need clarification to make sure that we do not change the prohibition on Federal funding for abortions. Let me explain.

Twenty-one years ago, Congressman HENRY HYDE offered an amendment to the then Labor-HEW bill to ban Federal funding of abortions. Every year since then, Congress has adopted that amendment. While there is substantial disagreement in America over the practice of abortion—very substantial disagreement—there has never been majority support in this body for Federal funding of abortions. As a matter of fact, there has been substantial agreement that we should not force Americans to pay with their Federal tax dollars for elective abortions.

Many individuals simply feel that as a matter of conscience, they should not be participants in the destruction of unborn lives. I happen to be one of those individuals.

The opposition to Federal funding for abortion has been so consistent in Congress and in America that normally the Hyde amendment is just included in Labor-HHS appropriations bills and passed with no discussion. In fact, that traditional Hyde amendment is in the bill which we are debating today. However, after 21 years, the language needs to be clarified, and I say "clarified" because we are not expanding it nor weakening it, we are just making its meaning crystal clear.

To keep up with rapidly changing health care delivery modifications in Medicaid, and to prevent misinterpretations of the life-of-the-mother exception, a technical change to the Hyde amendment is necessary if the amendment is to continue to prevent Federal tax dollars from subsidizing elective abortions. Such a subsidy would be a mandate on the U.S. taxpayers to pay for elective abortions. It would literally be an affront to the American people to take their money and demand that it be used to destroy unborn children. Such a Federal taxpayer subsidy would further sear the American conscience. It would offend the moral sensitivity of a great many Americans.

The Hyde amendment in its current form may allow such subsidies to occur in today's health care environment. Just as other laws have had to be tweaked to function appropriately with HMO's, so does the Hyde amendment.

The Medicaid Program has traditionally been a fee-for-service health care delivery system, and the Hyde amendment was written with that kind of system in mind. Under the system, it was relatively easy for the Government to block any utilization of Federal tax resources for subsidizing abortion.

However, as the Medicaid structure is rapidly changing, many States are experimenting with delivery systems such as managed care, in which Federal funds are used to help pay for premiums for complete benefit packages instead of reimbursing for specific procedures after the fact.

According to HCFA, 9 percent of Medicaid patients were served in managed care plans in 1991. By 1996, that figure had risen to 40 percent, and it is important to make sure that those health care packages, which are purchased with Federal resources, do not include the destruction of children in elective abortions. The use of Medicaid managed care is expected to continue to increase in the future, and there is a legitimate concern that since the Federal Government no longer receives billings for specific medical services under these managed care contracts, but simply pays for a portion of the overall premium, that some States might allow coverage of abortion on demand with these federally funded contracts.

For example, under a fee-for-service structure, we would never allow a bill from a provider to be paid for an elective abortion. However, when you are paying for medical services in advance in a lump sum to an organization like an HMO, and in return for that lump sum they are meeting the medical needs of individuals, you don't get individual bills. So there would be no way to make sure that you weren't paying for elective abortions in such a setting, absent the clarifications which we are placing in the law today.

Federal subsidy of elective abortions has never been the intent of Congress. The amendment which we have adopted today will make sure that we continue to state with clarity that, regardless of the method of payment for Medicaid services, Federal resources are not to be used to destroy the lives of unborn children in elective abortions.

How will this new change apply in practice? Federal funds are currently used to pay the premium or capitation fees to enroll Medicaid patients in managed care plans. Without any accountability to the Federal Government, those plans could routinely provide abortion alongside other benefits as part of their complete packages. The HMO gets an amount of money. It provides a complete package of health care service. Technically, under this payment structure, the Federal funds are never used to pay for a particular service or a particular abortion, but, in practice, they could be used to subsidize abortions beyond those permitted by the Hyde amendment. To prevent this from happening, today we have updated the Hyde amendment to specify that States may not use Federal money to purchase health care coverage that includes abortion coverage.

Precedent exists for clarifying such a Federal funding limitation. Congress already considered this indirect funding situation when it gave almost unanimous approval to similar language in the Assisted Suicide Funding Restriction Act which Senator DORGAN and I introduced earlier this year. President Clinton signed this legislation on April 30, so we have an existing law on the books that deals with this issue. The Assisted Suicide Funding Restriction Act stated that no funds could be appropriated for the purpose of paying, directly or indirectly, for health benefit coverage for assisted suicide, euthanasia, or mercy killing. We are using similar health benefits coverage language in this bill.

In the abortion context itself, we have precedent, in that a similar provision was included in the so-called kid care legislation passed in the reconciliation legislation which the President signed on August 5. Congressional leaders and the administration negotiated this language, which the Senate approved by a vote of 85 to 15.

Also, similar language on abortion funding was approved by the 104th Congress without controversy as a part of Medicaid revisions in the fiscal year 1996 OBRA bill which the President vetoed for reasons unrelated to this issue.

It is important to point out that we should not have the wrong incentives in our Medicaid Program, and it is true that it is cheaper to abort a child than it is to care for the mother through the pregnancy and to deliver the child. I would be very leery about having a system where the Federal Government provided an amount of money to an HMO which, having a financial incentive to do the cheaper thing, aborts the child rather than encouraging the mother to have the child and provide for delivery. And similarly, I have serious reservations about the potential for assisted suicide, where the HMO could deliver lethal drugs to a patient and, as a result, reduce the cost of doing business. We want to have incentives to life and incentives to health, especially for HMO's who might otherwise be tempted by financial situations not to encourage individuals to fight the fight for life.

Whenever the lives of unborn children are destroyed, I believe there is a toll on the American conscience, and I think it is substantial. When Government provides an opportunity for abortion with Federal funds, we certainly find ourselves in a serious situation where the moral fabric of the country would be stretched, if not permanently torn. I am pleased today that the Senate has agreed to say that we should not provide the opportunity for elective abortions to be funded by Federal resources, even in the HMO setting.

In each such instance where Government is making a judgment, it needs to make a judgment that favors life, that respects the lives of children, that provides for the dignity of the lives of older Americans as well. Any time we unduly disregard and devalue life, we have carved something important out of the American personality.

If we are to indelibly stamp the next century with American values, the values of opportunity and freedom, as we have in this century, if we are to be a leader in the world, as we have in this century—and there are hundreds of millions of people that are free today around the globe because we have been strong and we have been free and we have been dedicated to freedom—we need all of our resources, we need the moral fabric of America, and we cannot destroy it or unduly sear the conscience of Americans by requiring the payment for elective abortions out of Federal tax dollars.

I say as well that we need our children. As we look to the next century, America will not survive without our children. Destroying children is contradictory to preparing for the future.

I believe that the assault on the sanctity of life is a moral crisis and that any use of taxpayer funds to pay for such an assault and perpetuate the destruction of America's children would be disabling to the moral compasses of all Americans.

When he wrote on slavery in America, Thomas Jefferson, the South's first and greatest President, confronted the great moral issue of his time. Jefferson said of slavery, "I tremble for my country when I reflect that God is just and that his justice cannot sleep forever." Sometimes I tremble when I reflect on abortion's terrible toll on lives and the siphoning off of our moral indignation and our capacity to prepare for the next century.

I am pleased the Senate today has taken a very clear step in saying there will be no Federal funding of elective abortions in the Medicaid HMO setting, just as we have for over 20 years provided that there would be no Federal funding for elective abortions in Medicaid fee-for-service programs.

I thank the Chair, and I thank the managers of the bill.

Mr. SPECTER addressed the Chair.

The PRESIDING OFFICER. The Senator from Pennsylvania.

Mr. SPECTER. Mr. President, this amendment conforms the provisions of the Hyde amendment, which were developed for fee-for-service, so that the same limitations would apply on Medicaid, on managed care.

This has been a very controversial issue for many years and has taken up the attention of this Chamber and the House of Representatives. After many votes and a lot of deliberation and a lot of negotiations, the Hyde amendment has been crafted in its existing form as it applies to fee-for-service, and this carries it forward to managed care.

I am advised that in the House of Representatives they have worked through this same amendment and have made the request, through their staff, that we have it accepted here. We had intended to put it in a managers' package. I have conferred with my distinguished colleague, Senator HARKIN, who is on the floor at the present time. The distinguished Senator from Missouri discussed it with the managers and sought to offer it in the form that it has been offered and to make a statement. I think that concludes the matter in a way that has existed for many, many years as an accommodation of many complex and conflicting issues.

Mr. ASHCROFT addressed the Chair.

The PRESIDING OFFICER. The Senator from Missouri.

Mr. ASHCROFT. I thank the Senator from Pennsylvania for his accommodation in this respect. He is entirely correct; this extends the same protections and the same regime of Federal funding to the HMO setting that we have had in the fee-for-service setting, and it is appropriate that we extend the commitment of the Congress in this respect.

Mr. ABRAHAM. Mr. President, despite their many disagreements, supporters of both the pro-life and pro-choice positions on abortion have been able to agree on one fundamental point: American taxpayers should not be forced to subsidize abortions. This is a consensus view of long standing.

Back in 1976, Congress first passed what has come to be called the Hyde amendment. First introduced by Congressman HENRY HYDE of Illinois, this amendment prevents the use of Federal funds to pay for abortions. Specifically, the Hyde amendment prevents Federal Medicaid reimbursement for abortion procedures, with certain exceptions. This provision has proven effective without being excessively onerous.

Now, however, the nature of health care services is changing. Traditional fee-for-service Medicaid programs in many cases are giving way to managed care. Indeed, according to the Health Care Financing Administration [HCFA], 40 percent of Medicaid recipients were served by managed care plans in 1996.

This surge in managed care requires that we alter the Hyde amendment language to ensure that taxpayer dollars will continue to be protected from use in abortion procedures. This is necessary, Mr. President, because, under managed care delivery, Federal funds are used to help pay premiums for complete benefits packages instead of reimbursing for specific procedures.

I would like to thank Senator ASHCROFT for offering an amendment that would close this loophole. This updated language specifies that States may not use Federal funds to purchase, in whole or in part, health care packages that include abortion coverage. States should be able to use their own separate funds to purchase additional abortion coverage.

Mr. President, this language represents no departure from our existing policies. Rather, it is a measured attempt to maintain current policies, regarding the use of Federal funds for abortion, in the face of changing circumstance. Similar language to that being proposed has been used already, in the Assisted Suicide Funding Restrictions Act, and in the Fiscal Year 1998 Budget Reconciliation Act.

This language is the product of a compromise reached by Congressman HYDE and pro-choice Congresswoman NITA LOWEY. It should, in my view, be noncontroversial.

Mr. SPECTER. Mr. President, Senator HARKIN and I are now looking for business. A solicitation, I believe, is appropriate under these circumstances. As we had announced yesterday and today, it is our hope we will finish this bill today. We ask that any Senator who intends to offer an amendment to let us know by noon today.

There may be one amendment which we cannot complete today. That involves the limitation of funding on testing proposed by the administration. As I had said earlier, Congressman GOODLING has stated publicly his intention to offer such an amendment on the House appropriations bill. It had been suggested that a similar amendment be offered on this bill.

Secretary of Education Riley contacted Senator HARKIN and I, and others, yesterday on this subject. Senator HARKIN and I, in collaboration with our committee chairman, Senator STEVENS, have scheduled a hearing tomorrow morning at 9 o'clock. So if that vote is to occur on the bill, it would occur after we have been informed on some of the specifics of the administration's proposal.

So we are now looking for amendments.

In the absence of any Senator seeking recognition, Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. ROBERTS). The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. THOMAS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. THOMAS. I will talk for just a few minutes on the bill before the Senate. Of course, we are talking about the Labor, HHS, Education bill, one of the largest bills before the Senate. As a matter of fact, a total of about $270 billion of expenditure. Only about $80 billion of that are we really discussing because that is discretionary. The rest are entitlements.

However, I do think it is illustrative of one of the things I feel very strongly about, and that is the opportunity to have oversight on the expenditure of large amounts of tax money, or small amounts for that matter.

I want to make it clear that I will support this bill. I think the appropriations folks have worked hard on it. I have no particular quarrel with what they have done, but I want to make a point that it seems to me this system needs to be reviewed. The system needs to be changed. I cannot think of another institution in the civilized world that spends $270 billion annually and has no more oversight than we do in the U.S. Congress. We have a remedy for that. We think we ought to go to a biannual budget so that we would do this on a 2-year basis, which has some advantages. It allows the agencies to know what their funds will be for a longer period of time. But more importantly, in this instance it allows the Congress to have some oversight of the efficiency of the spending of these dollars.

For example, Mr. President, we are talking here about drug abuse prevention and treatment programs, $2.8 billion. I am for that. We certainly need drug abuse prevention and treatment programs. But how are they working? Is the $2.7 billion giving us the kind of results we hoped it would? I do not think we know that. Now, certainly there is some oversight.

We are also talking about Head Start, $4.3 billion for Head Start. I am a fan of Head Start. I think it is a program that brings young people, in their early formative ages, into a position of having some hope, to help form their lives. Is it doing the job? Are we spending the money as efficiently as we might? Are the dollars going to the people that really need the help? I do not know that. I do not know that.

Job Corps; I am not a particular fan of Job Corps. Nevertheless, we are spending $1.3 billion on Job Corps. What are the results? What are we doing? Who is being helped? Is the help getting there? What is the administrative cost and the overhead?

It seems to me those are things that we ought to be as interested in as we are in providing funding for the programs, and I think taxpayers are entitled to have that kind of oversight.

Individuals for Disabilities Education, IDEA. I am very, very impressed with that. My wife is a special ed teacher. I was chairman of the Disabilities Council in Wyoming. There is nothing more important. But the question is, are we spending the money as well as we might? I find some administrators in schools who say, "Look, we have to change this or we will never be able to afford the kinds of services for the handicapped because we are always in court," and we do everything to avoid courts.

If that is the case, it seems to me we ought to take a long look at what is happening to the bucks. Who are they going to? Are they as efficient as they possibly could be? Are the regulatory constraints something that disallow the efficient spending of this money?

With respect to the Government Performance and Results Act, which I also support and think may have some merit, this is to improve the management of Federal agencies, to require emphasis on planning, hopefully on results. Planning, I hope has in it measurable activities so we can see if we are making progress. Here is what the committee says: "We were encouraged the Federal agencies are making an effort to fulfill their requirements." Frankly, Mr. President, that is not good enough—we are hopeful they are making an effort to fulfill the requirements. Give me a break. We are spending $280 billion, $70 billion on the things we are talking about here in discretionary spending.

Let me make it clear one more time that I am not opposed to these ideas.

These are programs we need to have but we also need to have oversight. We need to make as sure as we can, as the U.S. Congress, that those dollars are producing the best results that we possibly can.

I hope we will take a long look—I think we should—at the idea of biannual budgeting, and give us an opportunity to have oversight. The authorizing committee should, in fact, have the opportunity to do that.

The PRESIDING OFFICER. The Senator from New York is recognized.

Mr. MOYNIHAN. Would the distinguished Senator from Wyoming have the goodness to remain on the floor for a moment—I know he has a party conference to go to—just to allow me to congratulate him on his remarks.

Two of the programs he mentioned, the Job Corps and Head Start, it happens I was a member of the Kennedy-Johnson administration. I was an Assistant Secretary of Labor and was on the group that put together the Economic Opportunity Act in 1964 which led to Head Start and to the Job Corps. These are not new initiatives. They go back now a third of a century. I didn't mean to think of myself as that ancient already.

It is the case, sir, that we have had very little evaluation, very little longitudinal evaluation, where we follow things over time—persons who entered the Job Corps in the 1960's will now be getting into their own fifties—and what has been the result cumulative, one way or the other. This is not something very attractive to governments that live on 2-year cycles, 4-year cycles and, at most, 6-year cycles, yet if we want to do something about these matters we ought to attend them in exactly the mode the Senator spoke of. This can be done.

The mathematics, if you like, of evaluation have been very much in place since the Civil Rights Act of 1964 authorized the Coleman study. It was called an equality of educational opportunity in which we learned great things which surprised us. We thought we knew all about education in those days and we found out we knew very little. I am not sure we have learned much since.

I take the opportunity to thank the Senator from Wyoming for what he has said, and I hope he will stay with the issue.

Mr. THOMAS. Thank you. I appreciate the comments of the Senator from New York. I suspect there is nobody in this body who has the kind of background institutional knowledge about these programs as the Senator. I appreciate your comments.

I yield the floor.

(The remarks of Mr. MOYNIHAN and Mr. D'AMATO pertaining to the introduction of S. 1144 are located in today's RECORD under "Statements on Introduced Bills and Joint Resolutions.")

RECESS

The PRESIDING OFFICER. Under the previous order, the hour of 12:30 p.m. having long since arrived, the Senate will now stand in recess until the hour of 2:15.

Thereupon, the Senate, at 12:38 p.m., recessed until 2:15 p.m.; whereupon, the Senate reassembled when called to order by the Presiding Officer [Mr. GREGG].

DEPARTMENTS OF LABOR, HEALTH AND HUMAN SERVICES, AND EDUCATION, AND RELATED AGENCIES APPROPRIATIONS ACT, 1998

The Senate continued with the consideration of the bill.

The PRESIDING OFFICER. The pending business is amendment 1056, offered by Senator KYL of Arizona.

The Senator from Maine.

AMENDMENT NO. 1056

Ms. SNOWE. Mr. President, I rise today in opposition to the Kyl amendment to the fiscal 1998 Labor, Health and Education appropriations bill, which would devastate an already underfunded Low-Income Home Energy Assistance Program. Although I am a strong supporter of the Pell Grant Program, which provides critical assistance and access for needy students, I cannot support the Kyl amendment, knowing that it will reduce the low-income fuel assistance limited funding.

I regret the Senator from Arizona has offered this amendment to reduce the Low-Income Home Energy Assistance Program in order to provide an increase to the Pell Grant Program. I hope we can follow the House lead in this regard, by providing an increase in the Pell Grant Program but without affecting the Low-Income Home Energy Assistance Program. The bottom line is LIHEAP provides invaluable assistance to low-income and elderly households in America that must not be sacrificed. Make no mistake about it, this means-tested program is specifically targeted to those who already are in desperate need of financial assistance. To be precise, according to the Department of Health and Human Services, more than two-thirds of the households receiving Low-Income Home Energy Assistance Program assistance have annual incomes of less than $8,000 a year, and more than half have incomes below $6,000 a year.

While I believe that all programs must be asked to contribute their fair share in our efforts to balance the budget, it is worth noting that the Low-Income Home Energy Assistance Program has already taken more than its fair share of budget cuts in recent years. Overall, the funding for the Low-Income Home Energy Assistance Program has fallen consistently and dramatically since 1985. In fiscal year 1985, the program received $2.1 billion. This year, it will receive $1 billion. In real terms, this represents a cut of more than 65 percent. Yet, despite this dramatic cut, the Senator from Arizona is proposing we further reduce this critically important but limited low-income assistance funding by an additional $528 million, or 53 percent of its already paltry budget.

Furthermore, we should not be proposing a cut to a program that is already woefully underfunded and serves only a minority of its eligible recipients. Because of past spending cuts, LIHEAP now provides benefits to only 20 percent of all eligible households. This means that 80 percent of America's households meet the income qualifications to receive benefits, but there is simply not enough money to provide assistance to them all. Needless to say, this proposed $528 million reduction represents a very real risk of keeping many low-income families from being able to heat their homes in the winters ahead, even as it eviscerates a program that has already contributed more than its fair share to deficit reduction.

It is also worth noting that even for those families that do receive Low-Income Home Energy Assistance Program benefits, it is not a very high sum. In my home State of Maine, the average benefit last year was $308. In the midst of a severely cold winter, that $308 was the only way that 33,000 low-income and elderly Mainers were able to heat their homes. So, although a $528 million reduction may seem small in the overall budget of the U.S. Government, and $308 may not sound like much to many people, it means a great deal to the residents of my State who do not want to be forced this winter into the position of choosing between heat and food.

The Low-Income Home Energy Assistance Program has already taken more than its fair share of reductions since its inception back in 1981, and simply cannot afford any further reductions in this very critical program. Any additional cut in this already underfunded program represents a very serious risk to low-income and elderly households in my State of Maine and all the cold weather regions of this country that rely on this very important, essential program.

Therefore, I urge my colleagues to join me in opposing the Kyl amendment and adopting the approach that has been taken by the House that provides for increased support for the Pell Grant Program but without reducing LIHEAP that is so critical to many people in my State and so many other States who are located in cold weather areas of our country.

I yield the floor.

The PRESIDING OFFICER. The Senator from Ohio.

Mr. DEWINE. Mr. President, I would like to begin by thanking Senator

SPECTER and the members of the Labor, Education, HHS appropriations subcommittee for bringing this bill to the floor.

This bill contains a much needed funding increase for the National Institutes of Health. Earlier this year I joined with 97 of my colleagues in this Senate body in voting for a sense-of-the-Senate amendment calling for a doubling of NIH funding over the next 5 years. The bill that we have in front of us today represents a substantial step forward. It increases funding for NIH from $12.7 to $13.69 billion. This funding, simply, Mr. President, will save lives.

There are two measures in this bill that I would like to call to the attention of my colleagues, and that I believe deserve special mention. Earlier this year I introduced, along with Senator KENNEDY and Senator BOND, a bill which would establish a pediatric research initiative within the Office of the Director of NIH. Senator KENNEDY and I and Senator BOND, along with many sponsors of that bill, have worked hard to develop a proposal that we feel helps place appropriate emphasis on pediatric research while at the same time supporting the scientific judgment so important to the success of NIH.

The value of this initiative really is without question. Research breakthroughs to treat pediatric illnesses have been enormously effective both in reducing costs and, more important, in freeing young children from a lifetime of illness and disability. From vaccines to treat polio to surfactant replacement to prevent respiratory distress syndrome, research has saved hundreds of millions of dollars and improved the lives of millions of children.

Recently, the Public Health and Safety Subcommittee of the Labor and Human Resources Committee held a hearing on NIH reauthorization. During the hearing, a distinguished panel of pediatric researchers from NIH and also from the private sector described some of the enormous opportunities that now exist for scientific progress in combating and in preventing diseases affecting children. Their testimony dramatically underscored the critical need for additional emphasis and increased support for pediatric research.

Last year, the Labor, Education, and HHS appropriations subcommittee, chaired by Senator SPECTER, allocated $5 million as an initial downpayment toward the pediatric research initiative. This year the appropriations subcommittee has allocated $20 million toward this initiative. I personally thank Chairman SPECTER and the members of his subcommittee for their continued commitment to pediatric research. By recognizing the critical need to encourage and promote pediatric research, the committee has really helped ensure the next generation of Americans grows up to be healthy, productive members of our society.

Mr. President, the second provision I would like to talk about in this bill is the funding for substance abuse and mental health services. Without the provision contained in this bill, some States would have faced massive cuts in the funding for their programs to help people with substance abuse and/or mental health problems. My own State of Ohio would have faced a devastating funding cut of more than 20 percent, our neighboring State to the north, Michigan, would have received a cut of 19 percent, and other States would have also been seriously hurt. Among the important programs threatened by these cuts would have been the agencies promoting early intervention with young people to help them find alternatives to getting involved with drugs and crime. I have long believed that the problem of at-risk youth in this country is one for which an ounce of prevention truly is worth a pound of cure. The sooner we can reach these young people, the better off we will be in our efforts to help them avoid the tragedy of lifetime addiction.

The SAMHSA provision contained in this bill averts the awful consequences of the proposed funding cuts. It is a good measure and deserves strong support of the entire U.S. Senate.

I yield the floor.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. SPECTER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. SPECTER. Mr. President, starting yesterday morning at 11 o'clock, in conjunction with scheduling from the majority leader, Senator LOTT, and the ranking member on this subcommittee, Senator HARKIN, we asked that amendments be brought with the hope of concluding action on this bill today, and that all amendments be submitted, first, by the end of business yesterday or no later than noon today. We have not had a great deal of business.

The one exception would be an amendment which would deal with prohibiting Federal funding for testing, which the administration has in mind. Congressman GOODLING had announced his intention to seek that kind of prohibition in the House.

There had been comments yesterday that someone would offer that kind of legislation on the Senate side. The distinguished presiding officer, Senator JUDD GREGG, said, with a pointed finger, it was he. I don't want to name names here, but I am prepared to identify those who are willing to be identified.

I received a telephone call from the Secretary of Education, Richard Riley, yesterday afternoon, as did Senator HARKIN and others. It seems to me that might be one matter we might put over until tomorrow and schedule the hearing at 9 o'clock to find the specifics as to whether that ought to be done. There is a sense that testing, in general, would be a good idea, but maybe it ought not to be done by the Federal Government. There is a great deal of concern about having the Federal Government move into the field of education. So we are going to move ahead at that time.

Mr. President, I intend to offer an amendment later this afternoon calling for a sense of the Senate for the appointment of independent counsel. Although that is obviously not germane to an appropriations bill on Labor, Health, Human Services and Education, it is a practice in the Senate, with some repetition, to offer extraneous amendments, certainly sense-of-the-Senate resolutions.

I had stated my intention to deal with this issue last July 24 and spoke extensively on the Senate floor on the appropriations bill pending at that time about my concern that independent counsel ought to be appointed based on the state of the record. Then when it was apparent that would tie up that bill, and the majority leader and the minority leader both wanted to move ahead, I said on July 25 that I would not pursue this sense-of-the-Senate resolution at that time and waited an additional month.

I do believe that we urgently need appointment of independent counsel at the present time. I base that judgment on a series of letters which have been written by a variety of Members of Congress to the Attorney General, and she has declined to do so—a formal letter written by the majority members of the Judiciary Committee calling on the Attorney General to appoint independent counsel, and she has declined to do so.

Then we had extensive hearings last April 30 on the Judiciary Committee where I questioned Attorney General Reno about the withholding of information from the President on national security matters, which appear to me to be a highly questionable thing to do, and that the President was publicly quoted saying that those national security matters had been withheld from him and he thought he should have been given access to those matters.

In our constitutional Government it is my judgment that the rule is plain, that those are matters for the President as long as he is the President. There are ways to alter his status as President, but as long as he is the President, it is not up to an appointed Attorney General to make the decision that the President does not get national security information because, as the Attorney General testified, he was a potential suspect in a pending investigation. The damage about such a disclosure to a potential subject, in my view, is far, far less dangerous than having national security information withheld from the President of the United States.

But it did seem to me that in that context that if the matter was serious enough to withhold information from the President, that certainly the independent counsel statute ought to be triggered. That is the statute which provides for an independent lawyer to come in and handle the case where it involves certain levels of Federal Government enumerated officials such as the President and the Vice President and Cabinet officers, especially in the context where Attorney General Reno testified in her confirmation hearings about her view of the importance of independent counsel.

There is also the question about the advertisements. According to Chief of Staff Leon Panetta, and also Dick Morris, the President's political adviser, advertisements had been edited, drafted, essentially written by the President himself. There would be no question that there would be coordination in violation of the Federal statute prohibiting coordination if those in fact were advocacy commercials. We went through the commercials with the Attorney General. This was done on both sides. But the ones that were edited by the President extolled the President's virtues and decried his opponent's alleged failings, but fell short of saying vote for x or vote against y. By any reasonable standard, those were advocacy commercials, but they were viewed as being instead issue commercials and did not constitute a violation of the statute which prohibits coordination.

Well, that plus a great many other factors, I think, have set the stage for the need for independent counsel. We have had disclosures in this morning's Washington Post about funds being raised by the Vice President which were hard money and not soft money. The Attorney General had previously said that if it is soft money it is not a contribution under the Federal election laws, a judgment or interpretation which is inexplicable, in my opinion. It is a contribution nonetheless.

Hundreds of millions of dollars were put into the campaigns on both sides, Democrats and Republicans. But now there has been the forceful allegation made, information that a good bit of the money raised by the Vice President was hard money, and that would take away the last vestige as to what Attorney General Reno had said justified her refusal to appoint independent counsel.

So it is my intention, Mr. President, to call for a vote on this amendment that I send to the desk at this time so that it may be filed and reviewed by my colleagues on both sides of the aisle. Later this afternoon I do intend to offer it, and in fact had thought I would offer it when I sought recognition. But I see my colleague, Senator DORGAN, has come to the floor. I understand he intends to offer an amendment of his own. So I will defer offering this amendment at this time, but I will speak about it to this extent, to put my colleagues on notice that this issue will be on the floor at the conclusion of the Dorgan amendment.

I thank the Chair and yield the floor so my colleague, Senator DORGAN, may proceed.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. DORGAN. Madam President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Ms. COLLINS). Without objection, it is so ordered.

AMENDMENT NO. 1068

(Purpose: To increase the funding for heart and stroke research by the National Heart, Lung, and Blood Institute of the National Institutes of Health, with an offset relating to funding for the buildings and facilities of the National Institutes of Health)

Mr. DORGAN. Madam President, I rise to offer an amendment.

I send the amendment to the desk.

The PRESIDING OFFICER. Without objection, the pending amendment will be laid aside. The clerk will report.

The legislative clerk read as follows:

The Senator from North Dakota [Mr. DORGAN], proposes an amendment numbered 1068.

Mr. DORGAN. Madam President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 30, line 21, strike "$1,531,898,000." and insert "$1,539,898,000".

On page 35, line 22, strike "$211,500,000" and insert "$203,500,000".

PRIVILEGE OF THE FLOOR

Mr. DORGAN. Madam President, I ask unanimous consent that floor privileges be granted to Jeff Hoffman of my staff.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DORGAN. Madam President, I appreciate the Senator from Pennsylvania allowing me to offer this amendment at this time. I appreciate the cooperation of the Senator from Pennsylvania and the Senator from Iowa for their work on this legislation. I am going to talk just a bit about my amendment. Before I do, however, let me commend both Senator SPECTER and Senator HARKIN for the work they have done on this piece of legislation.

My amendment specifically deals with funding for the National Institutes of Health National Heart, Lung, and Blood Institute and specifically an interest I have in trying to provide additional resources for NHLBI to be used to provide funding vitally needed for cardiovascular disease research.

I am proposing $8 million be added to the Heart, Lung, and Blood Institute that I hope would be used for that purpose. The offset is from a corresponding reduction in the NIH buildings and facilities account. I believe that both the chairman and the ranking member, at the conclusion of my comments, will accept this amendment and for that I am grateful.

It is undoubtedly true, as people watch the proceedings of the U.S. Senate, that many of us come to the floor of the Senate to talk about legislation that we think is necessary based on our personal experiences and observations. That has certainly been true with respect to a couple of issues I have worked on, including cardiovascular disease research.

Madam President, I have a very personal interest in this, as others do. I have lost a daughter to heart disease. I have another daughter who has a heart defect that we hope, God willing, will not need surgery in the future. But I have spent enough time in cardiologists' offices and I have spent enough time talking about cardiovascular disease to understand that we must continue to substantially increase funding for research on cardiovascular disease.

I have been involved, along with Senator FRIST, as a Senate cochair of the Congressional Heart and Stroke Coalition to try to provide additional attention to the issue of heart disease and stroke and the need for greater research into these diseases.

Many Americans are unaware of the extent and scope of heart disease and stroke, even though virtually all of us has a friend or loved one who has been affected by cardiovascular disease, so I would like to share some startling facts.

Heart disease has been this country's No. 1 killer since 1919 for both men and women.

Stroke continues to be the No. 3 killer in this country and the leading cause of disability in America.

One in five Americans, more than 57 million people, suffer from one or more types of cardiovascular disease, including close to 14 million living with symptomatic coronary heart disease.

One in two women will eventually die of heart disease or stroke.

About one-sixth of cardiovascular disease deaths are among people under the age of 65.

In 1979 there were 1.2 million cardiovascular operations and procedures performed in this country. That number climbed to 4.65 million in 1994, close to a fourfold increase.

The number of Americans suffering from congestive heart failure has grown to about 5 million, with hospital discharges rising from 377,000 in 1979 to 874,000 in 1994.

More Americans die from heart attack and stroke each year than from AIDS, cancer, and diabetes combined. Let me repeat that because I think it is important. More Americans die from heart attack and stroke each year than from AIDS, cancer, and diabetes combined.

I do not come to the floor of the Senate to in any way suggest that we ought to enhance research funding on one disease at the expense of critically needed research funding for others. I have supported substantial research for AIDS, supported efforts to improve research and treatment of diabetes and cancer. In fact, I have supported a substantial increase in funding for the National Institutes of Health and I voted earlier this year to double funding for the National Institutes of Health over the next 5 years. I think this would be a wonderful investment for our country.

I have become increasingly concerned, however, with what has been happening with respect to the amount of money spent on heart disease research. Even with the significant increases that Congress has been giving the National Institutes of Health over the past decade, funding for heart disease research specifically has simply not kept pace. In fact, heart disease research at the National Heart, Lung, and Blood Institute has decreased by 4.8 percent in constant dollars over the last decade, while the NIH overall budget has increased by 31 percent in constant dollars.

A step toward rectifying this concern was taken this year. For that I commend Senator SPECTER and Senator HARKIN. They have provided in this bill a $99.4 million increase for the National Heart, Lung, and Blood Institute, the third largest dollar increase among the NIH institutes. But even with this increase, if we look beyond the surface, we can see that, without my amendment, the funding for cardiovascular disease research would continue to decrease relative to the overall budget.

The $8 million that my amendment would add would bring the National Heart, Lung, and Blood Institute budget up to the same 7.5-percent level of increase as the overall budget at the National Institutes of Health. It is my hope that this funding would be devoted to cardiovascular disease research.

It is interesting to visit the Bethesda campus of the National Institutes of Health. I encourage my colleagues to do so. There are wonderful men and women working there doing remarkable, breathtaking research on a wide range of issues. I have talked to physicians doing research in the area of cardiovascular disease and what they are doing is remarkable. It has already saved lives and can save even more lives with additional resources.

We now routinely see people with advanced heart disease with symptoms that in previous decades would have caused death. Today, these patients are able to undergo procedures and operations that allow them to continue to lead productive, active lives. These advances are the wonderful result of an investment in research. We can do much, much more.

I said I don't want to decrease research funding for other diseases. In fact, I would like to substantially increase the amount of funding for the NIH generally, far above its current level, because I think the rewards for the people in our country and around the world would be substantial.

It should be noted, however, that heart disease and stroke receive one-twentieth of the research funding per death of AIDS, cancer, and diabetes combined. Now if you divide the amount spent on research into the number of people who are dying from various diseases, it is clear that the amount of research funding invested in cardiovascular disease is not keeping pace. That is why I offer this amendment.

This amendment has the strong support of the American Heart Association, the Association of Black Cardiologists, Mended Hearts, Inc., and the National Coalition for Heart and Stroke Research. I ask unanimous consent that letters from these organizations in support of my amendment be printed in the RECORD.

There being no objection, the letters were ordered to be printed in the RECORD, as follows:

AMERICAN HEART ASSOCIATION,
Washington, DC, August 29, 1997.

Hon. BYRON DORGAN,
U.S. Senate,
Washington, DC.

DEAR SENATOR DORGAN: On behalf of the 57.5 million Americans suffering from heart attack, stroke and other cardiovascular diseases, the American Heart Association strongly supports your amendment to the Labor-HHS-Education Appropriation bill. The AHA commends your leadership and initiative in offering an amendment to increase the funding pool for the National Heart, Lung, and Blood Institute (NHLBI) by $8 million, targeted specifically for additional heart and stroke-related research. Cardiovascular diseases, America's No. 1 killer and a leading cause of disability, suffer from disproportionately low research funding.

As various indicators show, there has been a dramatic increase in the prevalence of heart disease and stroke, with an unparalleled cost to our society that threatens our future. More than 1 in 5 Americans of all ages suffer from heart attack, stroke and other cardiovascular diseases. These diseases consume about 1 of 6 health care dollars, with a price tag of an estimated $259 billion in medical expenses and lost productivity in 1997. Heart diseases and stroke represent 4 of the top 5 hospital costs to the health care system for all payers, excluding childbirth and its complications, and 4 of the top 5 Medicare hospital costs.

In constant dollars from FY 1986 to FY 1996 funding for the NHLBI extramural Heart Program decreased 5.5 percent. In a recent nationwide survey 79 percent and 77 percent of respondents support more federal funding for heart and stroke research, respectively.

Our government's response to the heart disease and stroke problem today will help define the health and well being of Americans in the next century. Now is the time to capitalize on progress in understanding cardiovascular diseases when breakthroughs are on the horizon. Promising research opportunities will result in better treatment, prevention and even cures for heart attack, stroke and other cardiovascular diseases. A significant increase in research funding will reduce premature death, improve quality of life, cut health care costs and enhance America's scientific competitiveness.

Thank you for your consistent leadership in the battle against heart attack, stroke and other cardiovascular diseases.

Sincerely,
MARTHA HILL, Ph.D., R.N.,
President.

ASSOCIATION OF BLACK
CARDIOLOGISTS, INC.,
Atlanta, GA, September 2, 1997.

Hon. BYRON DORGAN,
U.S. Senate,
Washington, DC

DEAR SENATOR DORGAN: The Association of Black Cardiologists (ABC), is pleased that you have offered amendment S. 1061, the FY 1998 Labor-HHS-Education Appropriations bill to increase resources for the National Heart, Lung, and Blood Institute (NHLB) by $8 million, targeted specifically for additional heart and stroke-related research. The Association of Black Cardiologists (ABC), enthusiastically supports your amendment. Our 600 plus members vigorously support this amendment, and believe it is vital to the health of our constituents.

Despite progress, heart attack, stroke and other cardiovascular diseases remain the leading cause of death in the United States and a main cause of disability. Over 57 million Americans . . . more than 1 in 5, are afflicted by one or more cardiovascular diseases. It is even severe contact more in African Americans. Heart attack, stroke and other cardiovascular diseases will cost this nation an estimated $259 billion in medical expenses and loss of work place productivity in 1997.

An increase in research funding for NHLB heart and stroke-related research is critical to reduce premature death, improve quality of life, cut health care costs and enhance America's economic competitiveness. An overwhelming number of respondents in a recent nationwide survey supports more federal funding of heart and stroke research, 79% and 77% respectively. However, in FY 1986 constant dollars, funding for the NHLBI Heart Program decreased 5.5% from FY 1986 to FY 1996.

Promising scientific opportunities in the battle against cardiovascular diseases could be realized with more resources for research. This is the time to capitalize on the progress in understanding cardiovascular diseases.

The Association of Black Cardiologists applauds your leadership in the fight against these killer diseases and commends your initiative in offering this amendment.

Sincerely,
B. WAINE KONG, Ph.D., M.D.,
Chief Operating Officer.

THE MENDED HEARTS, INC.,
Dallas, TX, September 2, 1997.
Hon. BYRON DORGAN,
U.S. Senate,
Washington, DC.

DEAR SENATOR DORGAN: Mended Hearts is a national voluntary organization of people who have heart disease, their spouses, family members, caregivers and medical professionals. Mended Hearts actively supports your floor amendment to the FY 1998 Labor, Health and Human Services, Education and Related Agencies Appropriation bill that increases the funding pool for the National Heart, Lung, and Blood Institute (NHLBI) by $8 million, targeted specifically for additional heart and stroke-related research.

About 20 million Americans of all ages live with the ramifications of heart disease. Of this group, nearly 13.7 million, including about 7 million under age 60, live with the effects of heart attack and about 5 million suffer from congestive heart failure, the leading cause of hospitalization for Americans age 65 and older. Heart defects are the most common birth defect, the major cause of birth defects-related infant deaths and a considerable cause of childhood disability.

The prevalence of heart disease is rising rapidly, with a tremendous economic toll on the economy of the United States. For example, in 1994 there were 4.7 million cardiovascular operations and procedures, compared to 1.2 million in 1979—a fourfold increase.

It is estimated that heart attack, stroke and other cardiovascular diseases will cost this nation $259 billion in medical expenses and lost output in 1997. Despite the seriousness and overwhelming costs of these diseases, in constant dollars from FY 1986 to FY 1996 funding for the NHLBI Heart Program decreased 5.5 percent.

On behalf of the 24,000 members of Mended Hearts in 220 chapters nationwide, I commend your championship and leadership in the battle against heart disease. Your amendment will have a far reaching impact on the main cause of death in the United States—heart disease. Promising research opportunities for innovative cost-effective approaches to the diagnosis, treatment and prevention of heart disease can be developed with these needed resources.

Thank you for your efforts.

Sincerely,

CHARLES CHRISTMAS,
National President.

NATIONAL COALITION FOR
HEART AND STROKE RESEARCH,
Washington, DC, September 2, 1997.
Hon. BYRON DORGAN,
U.S. Senate,
Washington, DC

DEAR SENATOR DORGAN: The National Coalition for Heart and Stroke Research, enthusiastically supports your amendment to S. 1061, the FY 1998 Labor-HHS-Education Appropriation bill to increase resources for the National Heart, Lung, and Blood Institute (NHLBI) by $8 million, targeted specifically for additional heart and stroke-related research. Your amendment is critical to the health of all Americans.

About 57 million Americans—more than 1 in 5—are afflicted by one or more cardiovascular diseases. Heart attack, stroke and other cardiovascular diseases will cost this nation an estimated $259 billion in medical expenses and lost productivity in 197. These diseases place a heavy burden on America's health care system, absorbing about 1 of 6 health care dollars. Excluding childbirth and its complications, heart diseases and stroke make up 4 of the top 5 hospital costs for all players, and 4 of the top 5 Medicare hospital costs.

Despite progress, heart attack, stroke and other cardiovascular diseases remain the leading cause of death in the United States and a main cause of disability.

An increase in research funding for NHLBI heart and stroke-related-research is critical to reduce premature death, improve quality of life, cut health care costs and enhance America's economic competitiveness. Many Americans agree! An overwhelming number of respondents in a recent nationwide survey support more federal funding for heart and stroke research, 79 percent and 77 percent, respectively. However, in FY 1986 constant dollars, funding for the NHLBI extramural Heart Program decreased 5.5 percent from FY 1986 to FY 1996.

Promising scientific opportunities in the battle against cardiovascular diseases could be realized with more resources for research. This is the time to capitalize on progress in understanding cardiovascular diseases.

The National Coalition for Heart and Stroke Research applauds your leadership in the fight against these killer diseases and commends your initiative in offering this amendment.

Sincerely,

RENEE SMITH, *Representative.*

Mr. DORGAN. Madam President, it is my hope that in some small way, with this small step, a researcher will now unlock one more mystery of how the human heart works.

I mentioned the wonderful discoveries that are made through research and the wonderful treatments that are provided in our hospitals in the area of cardiology, and yet there is so much we still do not know. Those of us who have waited through heart surgery with members of our family know that when you talk to the cardiovascular surgeons they will tell you that there are times when they simply don't know what has caused this or that condition.

It seems to me more and more research can unlock those mysteries and give us the opportunity to save more and more lives in this country that otherwise would be lost to this insidious enemy called heart disease.

With that, I thank very much the chairman and the ranking member and ask that my amendment be favorably considered. I yield the floor.

Mr. SPECTER. Madam President, I thank my distinguished colleague from North Dakota for offering this amendment. I agree with him about the importance of additional funding for pulmonary research, for heart research. It is a major killer in the United States. We ought to be doing everything we can to investigate, find cures and implement them.

The amendment which has been offered carries an offset on administration and it has been modified from what the Senator from North Dakota had originally suggested, which would have been earmarking, which poses problems, because we do not earmark but instead leave that designation to the National Institutes of Health so we do not have excessive management or micromanagement by the Congress as to what the NIH funds must have. I think Senator DORGAN made a forceful statement that those funds ought to be directed in that way, and the officials at NIH will have that before them. I am confident they will make every effort they can to carry out the intent with which my colleague has expressed here.

We have vast sums of money at NIH. We are increasing it. It is $952 million now, and is up to $13.7 billion. Notwithstanding all that funding, there are many applications which are not granted. This one expresses what the Senator from North Dakota thinks ought to be done.

I am advised Senator HARKIN is off the floor now attending a committee meeting and necessarily absent, but I am advised by his staff that Senator HARKIN finds this amendment acceptable, as do I, as manager for the majority. We accept the amendment.

I urge its adoption.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment (No. 1068) was agreed to.

Mr. SPECTER. I move to reconsider the vote.

Mr. GREGG. I move to lay it on the table.

The motion to lay on the table was agreed to.

AMENDMENT NO. 1070

Mr. GREGG. I ask unanimous consent the pending amendment be set aside, and I send an amendment to the desk.

The PRESIDING OFFICER. Without objection, it is so ordered.

The clerk will report.

The bill clerk read as follows:

The Senator from New Hampshire [Mr. GREGG] proposes an amendment numbered 1070.

Mr. GREGG. I ask unanimous consent the reading of the amendment be dispensed.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the end of the bill, insert after the last section (preceding the short title) the following new section:

SEC. . (a) PROHIBITION OF FUNDS FOR NATIONAL TESTING IN READING AND MATHEMATICS.—None of the funds made available in this Act may be used to develop, plan, implement, or administer any national testing program in reading or mathematics.

(b) EXCEPTIONS.—Subsection (a) shall not apply to the following:

(1) The National Assessment of Educational Progress carried out under sections 411 through 413 of the Improving America's Schools Act of 1994 (20 U.S.C. 9010–9012).

(2) The Third International Math and Science Study (TIMSS).

Mr. GREGG. Madam President, as the excellent chairman of the labor subcommittee of the Appropriations

Committee mentioned earlier, there is a pending issue which is of considerable significance which has arisen in the last few weeks as a result of the question of how we are going to pursue national testing. The chairman of the committee has mentioned he would hope this issue, from the standpoint of an amendment to the bill, would be taken up for final vote tomorrow sometime. I am certainly agreeable to that.

However, it had been my intention, along with Senator COATS, to offer an amendment today on this issue, and in talking it over with the chairman he suggested we offer the amendment and then hold the vote until tomorrow. That certainly is an approach which I am perfectly happy to follow.

This amendment, which is basically directed at codifying what we understand now to be the President's position—and we say "now" because the President's position on national testing appears to have undergone a transformation at some fairly high level of significance. It reflects that decision by the President to no longer push national testing as something that should be controlled and directed by the Department of Education but rather to have national testing to the extent it be developed by independent agencies. Using the term "independent," I mean agencies which are independent of the Federal Government and which are not under the Federal Government or even under the Federal Government's control through the use of the appropriations process.

Why is this important? There are a large number of us involved in the issue of reforming education who feel very strongly that national testing makes sense, but to have it controlled by, designed by or in any way managed by the Department of Education here in Washington does not make sense. That would be a fundamental flaw.

We are encouraged, and we think it is appropriate that the President appears to have come to this conclusion himself over the weekend. Although his initial reaction was to have the Department of Education run this type of a national testing program, his decision now is to move it to the private sector and allow the private sector and the private nonprofits to develop the proper testing standards.

Why is this important? Because the issue of national testing is important at a variety of different levels. In a positive way it is important because it will give communities an opportunity to compare how their students are doing with other students, to compare how their schools are doing with other schools, compare how their educators are doing with other educators across the country. That is very significant.

It is not unique, national testing. We have in this country one of the most expansive national testing programs probably anywhere in the world called the SAT test. It comes at the end of the school system, the end of the educational experience, at least as far as elementary and secondary schools are concerned, and juniors and seniors and sometimes sophomores, students in their high school years, will take tests. They have the SAT, the SAT 2, they have achievements, they have advanced placement tests, a whole series of tests which they take, quite a battery of tests. Anybody who has a child going through the SAT experience understands its intensity and recognizes this is one heck of a testing system which we have which is nationally driven which is, in fact, nationally directed, which is, in fact, nationally developed, and which is, in fact, a heck of a good system. I think the reason it worked so well is it has been energized and directed by the private sector of our country, not by the Federal Government.

The downside of national testing is that if it is done by the Federal Government, at the direction of the Federal Government, under the control of the Federal Government or funded by the Federal Government, you are stepping, in my opinion, and I think in the opinion of many of us who view education as a critical asset of the community, of the State, of people at the lowest level of government who have the right to control how their children's lives are determined in their school systems rather than having it be controlled from Washington, those of us who view that education should be directed locally and not nationally, you are stepping on the slippery slope of once again the issue of national control over curriculum, national control over contents, national control over teachers' standards in the educational system because a federally designed, federally paid for, federally controlled national educational testing system would be, in my opinion and I think the opinion of many people who view this issue and who have looked at it for a while as I have, as being one of the first steps toward a nationally directed curriculum, a nationally directed content in education, and a nationally directed standard for our teachers.

That is something that I would most vehemently object to and have objected to, and in fact when we went through Goals 2000, raising the issue of national curriculum was the core question. We amended that law dramatically from its initial structure so that it would not end up as a national curriculum exercise.

Now that we have pushed forward onto the playing field a national testing system, at something other than the end of your high school years, a national testing system which will probably be targeted on the third grade or the eighth grade or maybe both grades, to determine competency, especially in objective types of discipline such as mathematics and science, such a national testing system has to be entered into with some caution to be sure that we do not end up going down the wrong path, that we use it for the purposes for which it should be used, which is to give our local communities the capacity to evaluate how their local school systems are doing in educating their children—not use it with the capacity of taking away from our local communities the capacity to control their local school systems by taking away control over curriculum or taking away control over content.

So this amendment is basically directed at saying it is not appropriate for the Department of Education to be an aggressive participant, a funded participant in the designing of a national testing system. Rather, that should be left to the private or quasiprivate or nonprofit sector which presently does such a good job in areas such as SAT's.

The view, which was not the original view of the President and now is the view of the President, is something which we congratulate him on changing his position on and coming to a conclusion that is of that position and which we want to support by passing this amendment.

Senator COATS and I have put this amendment together. It tracks what was passed in the House, or what is being proposed in the House—I am not sure it has been passed yet—by Representative GOODLING from Pennsylvania, chairman of the authorizing committee which deals with education in the House.

I appreciate the courtesy of the chairman of the committee in allowing us to go forward with it and in his support in going forward with it. We are certainly sensitive to his desire to have the vote tomorrow if there is to be a formal vote, if it is not adopted by agreement, which I hope would be because it does reflect, we believe, the administration position.

I yield the floor.

The PRESIDING OFFICER. The Senator from North Dakota.

Mr. DORGAN. Madam President, I expect we will have a rather spirited debate about this amendment, and we should have. I think this is an interesting, timely, and important subject for the Senate at this point. My understanding is that there will be lengthy debate and a hearing in the Senate tomorrow morning, followed by a vote tomorrow on this subject.

This debate is not about developing some sort of enforced Federal standard. Rather, this is a very important question about this country's educational system and whether parents, no matter where they live, have an opportunity and the ability to measure how well their children are doing at two levels. Can they read at the fourth-grade level, and how do they read relative to other kids in this country, and can they achieve basic proficiency in mathematics at the eighth-grade level?

We have some significant choices to make in this country on the subject of education. No one that I know of suggests that we wrest the control of educating our kids in the elementary and secondary schools from the local school boards. No one. That is where we make decisions about how to educate our kids. But we do as a country have an obligation, I think, to begin asking the question: Should we not have some basic standard of measurement to find out what our children are achieving in our schools to be able to measure community to community, school to school, State to State? How are they doing? Are they able to read at the fourth grade level? Are they proficient in mathematics at the eighth grade level?

I want to read a couple of comments as we begin.

Jim Barksdale, the CEO and president of Netscape Communications, one of the new communications companies in our country, and L. John Doerr, a partner in the firm of Kleiner, Perkins, Caulfield & Byers, on behalf of 240 technology industry leaders in a bipartisan call for high national education standards in reading and math, say this:

> Every State should adopt high national standards, and by 1999, every State should test every fourth grader in reading and eighth grader in math to make sure these standards are met. President Clinton's national testing initiative offers a new opportunity to use widely accepted national benchmarks in reading and math against which States, school districts, and parents can judge student performance.

This national testing initiative is not about suggesting a national or Federal system by which anyone from up here can control someone down there.

The Senator from New Hampshire, I think, began by saying he was not opposed to developing some kind of national testing program. I think from that statement we ought to be able to find a way to develop a program of achievement standards. I am not wedded to the notion that it be here or there or with this money or that money. I am wedded to the notion that this country deserves to know what it is getting for the money it is spending for elementary and secondary education.

We spend a substantial amount of money sending our children to school. A substantial amount of money is spent sending our children into the classrooms of our country. The question is, what are we getting for that? What are we achieving? What kind of accomplishments exist at the fourth grade level? Are our fourth graders able to read? In which schools? In which States? And if not, why not? Before one can embark on a plan to improve education, you must first know where you are. And we don't have a basic approach by which we can measure achievement.

You get to 17 or 18 years of age, and guess what? You want to go to college. You are going to show up someplace, and you are going to have to take a test. That test is going to measure what you have achieved, what you know, what you have studied, and what you have retained from that. So when you get to be 17 or 18 and begin to take the college entrance tests, then at that point somebody is going to measure what you have been given, what you have learned, and what you are prepared to do. But by that point, we have spent a substantial amount of money.

Why don't we decide, as the U.S. Chamber of Commerce and literally hundreds of other business leaders in this country have, that we ought to get more for our education system by measuring whether our students, student to student and school to school and State to State, are reaching certain levels of achievement?

I am a parent. I have two little children sitting this afternoon in a public school classroom. They are the most wonderful kids in the world. I assume that every father would say that about their children. I want those children to have the best possible education that our school system can give them. But I, as one parent, believe that it is important for us to measure as we go along what our children have learned from that school system.

Things have changed. This is not 40 years ago when we as a country could tie one hand behind our back and beat anybody else in the world at almost anything, and do it easily. We now face shrewd, tough international competition in every direction that we look. We now face competition, yes, in the job market, yes, in our economies, in our schools, and we face competition with countries who send their kids to school 240 days a year. We send our kids to school 180 days a year.

You have seen and I have seen some of the comparisons of students in the United States with students from Japan, students from Korea, students from Jordan, and students from around the world.

What the business leaders in this country, the U.S. Chamber of Commerce, technology industry leaders, and others, including education leaders, are saying, is let us find a way by which we establish a measurement of achievement, by which we aspire to a goal that says that by the fourth grade children ought to be able to read competently, and let's measure to make sure that our school system makes that happen so that by the eighth grade they have certain proficiency in math. That is what this is about.

From the discussion I just heard—I expect there will be a lot of it today—the issue is, should there be a Federal mandate by a Federal agency that federally enforces some Federal test? No, of course not. No one has proposed that. I would not support that.

If you say, however, that with the money we spend for education, we ought to measure the output as taxpayers, and as parents we ought to find out what are we getting, if you say that ought to be the goal—it is my goal, I expect it is probably your goal—then let's find a way to do that. Parents have a right to know whether their kids have mastered the basics in education, no matter what State they live in, no matter what city or school district they live in.

Those in this country who are concerned about our education system know that we must make some improvements. How do we make improvements? You create a blueprint, a plan, or a design for how you fix what is wrong. But before you can do that, you must assess what you have. What are the achievement levels? What are you getting for what you are now spending? That is what this is about.

I think that the debate—I guess I shouldn't prejudge; I will listen to it—will not be so much about whether it is useful for parents to learn how their kids or how their schools stack up against other kids or other schools in other cities or in other States. I think the debate will not be about that because I would expect most parents and taxpayers would want that kind of information.

Incidentally, this effort to develop tests to measure achievement is all voluntary. There is nothing here that is mandatory. Any school can opt out. Any student can opt out. Any State can opt out.

If there is heartburn over the question of who develops these benchmarks, let us find agreement on some independent entity that would establish appropriate goals for ourselves and for our children.

Occasionally, I—as I am sure everybody in the Senate does—get on a radio call-in show. Inevitably, someone will call in and say, "This is some one-world international conspiracy. This is the Federal Government wanting to run the local school system." You have heard all of the debate about all of these issues. In fact, going back, that became the argument that was used to say, "Let's get rid of the Department of Education at the Federal level." We do not hear much about that anymore. I don't expect we will see an amendment about that, although there may be Members in the Chamber who believe that we should offer that amendment and have that debate.

Does education reach a level of national importance sufficiently so that we have a Department of Education? I think so. Most of the American people think so. But we have had in the not-too-distant past those who say, "Let's abolish the Department of Education. What on Earth should we be doing thinking nationally about education?" Well, the American people know what we should be doing nationally about education. It is not running the school systems—not at all. What we should be doing nationally is worrying about whether we as a country are able to measure achievement—basic achievement in a range of areas, especially reading and mathematics, sufficient so that our students are prepared to be everything they can possibly be. Achievement that allows them to contribute not only to themselves but to this country, and to help us compete internationally. That is what all of this is about.

We are faced with tougher and tougher tests as a country. We are faced with a changing world economy and global markets. Companies these days are not national companies. They are international conglomerates. They want to produce where it is cheaper to produce. They want to go wherever they can find the skilled labor at the least cost, and so on. So it is tougher competitively for us than it was before. That is why our education system is so much more important now than it was. That is why it is so important that the education system work well. It is important that we as parents have information with which to measure what we are getting from this education system.

So let me, so that no one misinterprets what I have just said, say it again. I think parents and taxpayers have every reason to believe that we ought to be able to measure what we are getting from our education system student to student, school to school, school district to school district, or State to State. We ought to be able to measure that. The first standard ought not be when you reach 18 decide to take a test to go to college. But the development of achievement standards ought not be confused with some of the discussion about a Federal agency developing a federally enforced standard that they will use to mandate Federal policy for local education. That is totally hogwash. That is not what this effort is about.

I will be interested in listening to the later debate because my hope is that through this discussion perhaps we can find common ground to say, Yes, let's aspire to some achievement levels that we can measure across this country in order to better prepare our children for the future. If you measure achievement levels, you know how your children are doing relevant to other children; you know how your schools are doing; you know how your teachers are doing. If we aspire to do that and have the tools that give parents the ability to better manage the school, to better help their children, then we will be better off as a country. If that is a goal—and I hope it is—then we should be able to find a way to cooperate in reaching that goal through the development of some kind of entity that does not impose the specter of Federal control over local schools, because that is not the desire at all.

The proposal originally by the President was a proposal for a voluntary system in which any State, any school, or any student can opt out. But even if that causes heartburn because it has the specter of a Federal entity creating the tests, then let us find a method by which we create that same kind of measurement and give parents the same kind of opportunity without inciting the fear that some would ascribe to it as representing a Federal initiative. We can do that. I think we can do that. But we cannot do that if we stand up and mischaracterize the initiative in the first place. This is not about Federal control and a federally enforced test and Federal usurpation of local prerogatives with respect to education.

Having given that initial discussion, I will anxiously listen to the debate by two of the Members for whom I have the greatest respect. I think both are bright and interesting people who have contributed a great deal to this Senate, and while we might disagree on this, the purpose of my standing up is that my hope is perhaps we can find an area of agreement. Both of my colleagues are parents. I think they probably want the same output here that I want from this system, the best possible education our schools can give our children and along the way as parents the best opportunity to measure how our kids are doing and how our schools are doing. If we have those opportunities, we will improve not only our children's future but the future of this country.

Madam President, I yield the floor.

Mr. COATS addressed the Chair.

The PRESIDING OFFICER. The Senator from Indiana is recognized.

AMENDMENT NO. 1071 TO AMENDMENT NO. 1070

(Purpose: To prohibit the development, planning, implementation, or administration of any national testing program in reading or mathematics unless the program is specifically authorized by Federal statute)

Mr. COATS. Madam President, let me first say I very much appreciate the efforts of the Senator from New Hampshire in addressing this issue. I think it is an important issue and one which goes to a topic which deserves and needs a great deal of discussion and debate.

Clearly, our public education system in this country has many cracks in the once solidly supported and, I think, respected position that it once had. We have many failing public schools, not just in our major cities, but across our land. The goal that we share, whether you are Republican, Democrat, liberal or conservative, is that we want to improve education in this country and we want to address some of the shortcomings that we find in education.

The Senator from North Dakota raised a point which in many instances I think I do not disagree with. We do want to find ways of assessing where we are educationally, and giving parents a better idea of where their schools are in terms of preparing their children for a successful future.

The proposal to look at reading levels of achievement at the end of the third grade in reading and in eighth grade in math is not necessarily a goal that we should not attempt to reach. The concern that was raised by the Senator from New Hampshire is that if we address this in a way in which the Department of Education controls and designs the way this will be tested and then potentially uses this to establish standards, we continue a process of Federal Government knows best in terms of how to fix the education system in this country.

Frankly, the positive changes that are being brought about in the education of the young people in this country are not coming from Washington. They are coming from local and State initiatives. We do not want to do anything that deters that. In fact, we want to do everything we can to encourage that. I think it is safe to say if the initiatives that have been proposed and tried and are being tested and used in a number of our local educational jurisdictions and in a number of our States had to have the approval of the Federal Government, we would have gotten nowhere. We would not have charter schools in this country if the Department of Education had to approve it. We would not have had many of the experimental programs aimed at better addressing the situation of our at-risk children who are learning very little, or not at all, in many of our public schools, and particularly our public schools in urban areas across this country, because the national education unions have a lock on the public school process and a lock on the Department of Education.

I have been in the Chamber proposing a number of new initiatives, most in the form of demonstration programs which merely ask that we test a new idea to gauge its effectiveness. I do this so often because the only thing we know about the current system for sure is that it is failing many of our children. So why not try something new, why not experiment with some new ideas? And if it works, then decide how we want to encourage it. And if it does not work, throw it out and try something else. But what we have is a Department of Education locked into a no-change system because the teachers unions, not merely the teachers but the teachers unions, say don't touch it—no merit pay for teachers, no changes in the rules on tenure. They just fight every change that is proposed.

And so when the idea comes along of OK, let's set a testing standard so that we know where we stand, it looks good on its face—I think we all want that information; it can be useful to local jurisdictions and useful to States. But what we do not want is to get into the situation we got into with the national history standards whereby Federal bureaucrats and the organizations that currently control funding for public education basically say we will define what those standards ought to be, and we will set those standards and then we will measure the test against those standards.

We don't want to get into that trap again. We went through that not a short time ago, and those standards were soundly rejected because they were taking us in absolutely the wrong direction.

Now, I think that we can address the goals raised by the Senator from North Dakota, which I think Senator GREGG and I share in, of trying to find a way to provide local educational institutions and States with information about where students stand relative at least to reading and to math at fourth and eighth grade levels without falling into the problem that we would have if the administration were allowed to go forward with its original plan.

What the Senator from North Dakota apparently was not aware of was that the Department of Education has already begun developing tests, and has already contracted with a consortium of testing agencies whereby the Department of Education defines how this is going to be done, without using an independent agency.

Now, the President just this past Saturday in his national radio address wisely concluded that was not the direction the American people wanted to go, or that was not the way in which we ought to pursue this concept of trying to find where we stand at certain levels in regard to the subjects of reading and mathematics. And so the President announced on Saturday that he would defer to the critics' complaints that this should be done by an independent agency and should not be administered or controlled by the Department of Education.

What Senator GREGG and I are trying to do is to hold the President to his word, so that it is not just something said on a radio address but it is something that is actually fulfilled by members of his own Department of Education. So the amendment that was offered was intended to prohibit the use of funds in this act, or any act, for the development or implementation of a national testing program.

Now, we know that the Department has already signed a contract to begin developing this testing program, and as a consequence of that we are now trying to send a signal to the Department encouraging them to slow down. This is something that the Congress should debate, as the Senator from North Dakota said. This is something that the Congress should authorize. This is something on which the will of the people should be heard, that the input from the education institutions at the local and State levels ought to be heard before we proceed with this national effort. This truly should be a decision that is not first made in Washington and imposed on the States, but rather one that is first supported in State capitols and local jurisdictions around the country and only then decided on by Congress.

Because there is a question raised about what the underlying amendment is intended to accomplish, I propose that we pause here, and agree to work together, as the Senator from North Dakota said, to achieve what many feel is a desirable goal. I think it would be helpful for local educational agencies and for States to have an assessment of where their students are. I think it would be helpful for parents to know how their schools are performing and measuring up in relation to other schools. I think that puts pressure for change on the system.

I am trying to avoid the situation that we have frequently encountered after the passage of education legislation of parents getting involved because they don't like what is going on in Washington. For instance, if we don't take the time to check whether parents really want national testing, if they are unhappy, they will call up their Congressman and they will call up their Senators. They'll say, wait a minute; we are not so sure about this new Federal initiative to fix the problem of poor student performance because it looks like more Federal control. Federal control in education hasn't worked very well in the past, and we are not sure it is going to work in the future. Besides how does the Department of Education conclude it knows what is best for the education system when it has been over 15 years since a blue ribbon commission came out with a shocking report talking about the mediocrity of public education in America, and since then the only real reforms that have taken place have not been at the Federal level; reforms have been at the local and the State level, and we want to preserve the right of local jurisdictions and States to make those reforms.

So I am offering a second-degree amendment to the underlying amendment which says that no Federal funds can be used for national testing until Congress has specifically authorized those tests. It does not say that we should not pursue the goal of some type of national testing. But what it does say is that the Congress ought to debate this and it ought to be authorized by the Congress before the administration, through the Department of Education, simply goes forward.

My second-degree amendment says that none of the funds made available in this act, or any other act, will be used to develop, plan, implement, or administer any national testing program in reading or mathematics unless the program is specifically authorized by Federal statute.

The operative phrase is that you can't go forward with this and use Federal funds unless it is specifically authorized by the Congress. That allows us to engage in the debate that the Senator from North Dakota thought we ought to engage in, and I agree that allows us to define how this testing will take place, that allows us to acknowledge the concern that the Senator from North Dakota expressed that maybe we do not want the Department of Education running this.

Having been involved in the issue of student loans over the past several years and raising objections to the Department of Education taking over the student lending business, which it says it can do more effectively and more efficiently than the private sector, I find it ironic that Congress Daily reports that the Department of Education has had to suspend all direct loan consolidation efforts because it is overwhelmed by the effort. It cannot handle the work. And so students who want to consolidate their loans in terms of paying them back are now not able to do so because the Department of Education cannot handle it.

A number of us, including Senator GREGG and many others, have raised concerns about the ability of the Department of Education to properly manage and administer the very complex business of making and collecting student loans. Frankly, we have never thought that they have the capacity to handle it. It is not that they are not well intended. The problem is there are no competitive pressures. They do their own thing. And it is the nature of bureaucracy—that is why it is called bureaucracy—to become bureaucratized and inefficient.

I remember when the First Lady was here promoting her health plan, and in her first presentation to the Congress to two of the committees here, one of which I sit on, I said it seems to me that this massive national health plan is based on a number of faulty assumptions, one of which is that Government can accomplish an objective more efficiently and effectively than the private sector. I said that in my experience in 18 years in government and in my reading over the history of this Government, I have not been able to identify an area where the Federal Government has performed a service more effectively or efficiently than the private sector. I said, can you name me one? And the First Lady said, "Well, Senator, I think you are correct in terms of past performance of the Federal Government, but this time we think we have it right." We think, in terms of the health care plan that was being proposed here by Mr. Magaziner and herself, that we can avoid that problem.

As we have learned, that health care plan was rejected overwhelmingly by the American people because they had no faith that the Federal Government could take 15 percent of our economy, the entire health care system of the United States, and turn it over to Government to run with any assurance that it would be run effectively and efficiently. And, therefore, those of us who have a philosophy grounded in the free enterprise system are very skeptical about new proposals to inject the Federal Government further and further into those efforts handled by the private sector.

So, at the very time the Department of Education now admits that it can't handle a small fraction of the lending business that is the consolidation of loans, and that it is going to take months and months and months for it to get its act together, if then, it now wants to enter into a new area of national testing, who knows where this is going to take us. And of course, who knows how many additional people will have to be assigned to have to administer this, to oversee the contracts and define the standards.

Those are the concerns that Senator GREGG and I have, and those are the concerns we are trying to address. What we would like to do with this amendment, then, is simply follow up on the President's concession last Saturday and basically say, No. 1, this should not be done by the Federal Government, should not be done by the Department of Education, it ought to be done, if done at all, through an independent agency. And since we are dual players in this town, both the administration and the Congress, in doing the people's business, this is something the Congress ought to authorize. Therefore my second-degree amendment would prohibit funds from being used to further this national testing program until it is authorized by Federal statute.

The chairman of the relevant appropriations committee, Senator SPECTER, will be holding hearings as early as tomorrow whereby the Secretary of Education will come forward, as well as Mr. GOODLING, whom I deeply respect in terms of his experience with education. They will both come to testify as to the pros and cons of national testing. I think we need hear those pros and cons. I think we need to debate those pros and cons, and then I think we need to go forward and make a decision as to how we proceed.

Again, I say this as someone who is not unalterably opposed to national testing for reading in fourth grade and math at eighth grade. Frankly, one of the reasons I want these tests is because I think it will draw more attention to the failure of the public system to educate our children. When we look at the disparities that exist in public education in some of our schools and we look at some of our efforts, I think it will put additional pressure on the public system to open up, to try new alternatives, and parents will be demanding that we provide better education for their children and different ways of providing that education. So, from that standpoint, I think national testing can be of benefit.

With that, Madam President, I send my second-degree amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Indiana [Mr. COATS], for himself and Mr. GREGG, proposes an amendment numbered 1071 to amendment 1070.

Mr. COATS. Madam President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the end of the pending amendment, add the following:

SEC. . None of the funds made available in this Act or any other Act, may be used to develop, plan, implement, or administer any national testing program in reading or mathematics unless the program is specifically authorized by Federal statue.

Mr. COATS. Madam President, I yield the floor.

The PRESIDING OFFICER. The Senator from Minnesota is recognized.

Mr. GRAMS. Madam President, I ask what is the current business before the Senate?

The PRESIDING OFFICER. The pending business is the second-degree amendment offered by the Senator from Indiana.

Mr. GRAMS. I ask unanimous consent the amendment be set aside and I be allowed to speak for up to 10 minutes as in morning business.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. GRAMS. I thank the Chair.

(The remarks of Mr. GRAMS pertaining to the introduction of S. 1145 are located in today's RECORD under "Statements on Introduced Bills and Joint Resolutions.")

The PRESIDING OFFICER. The Senator from Pennsylvania is recognized.

Mr. SPECTER. Madam President, what is the pending business?

The PRESIDING OFFICER. The pending business is the second-degree amendment offered by the Senator from Indiana, Senator COATS, to Senator GREGG's amendment.

Mr. SPECTER. Madam President, I ask unanimous consent that amendment be temporarily set aside and the Kyl amendment, No. 1056, be temporarily set aside.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENT NO. 1072

(Purpose: To fund demonstration projects on Medicaid attendant care services, within amounts available)

Mr. SPECTER. Madam President, I now offer an amendment and send it to the desk for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Pennsylvania [Mr. SPECTER] proposes an amendment numbered 1072.

The amendment is as follows:

On page 39, before the period on line 25, insert the following: ": *Provided further*, That $2,000,000 of the amount available for research, demonstration, and evaluation activities shall be available for carrying out demonstration projects on Medicaid coverage of community-based attendant care services for people with disabilities which ensures maximum control by the consumer to select and manage their attendant care services".

Mr. SPECTER. Madam President, as noted, that $2 million will be utilized from an existing fund for a demonstration project to test the effectiveness of providing attendant care services to individuals with disabilities, regardless of age.

Every State in the country currently provides long-term services to eligible individuals who require the assistance of an attendant in nursing homes or other institutions. However, under a curious provision of the current Medicaid law, these individuals are not guaranteed the right to remain in their own homes and communities while receiving the assistance of an attendant as an alternative to institutional care.

I have sought to persuade the Secretary of Health and Human Services to change this provision in the Medicaid Program, and I wrote to Secretary Shalala accordingly on February 28, 1997. I ask unanimous consent a copy of that letter be printed in the RECORD at the conclusion of my statement.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. SPECTER. The amendment that I am introducing today directs the Department to test the cost effectiveness of this policy option to allow the disabled to remain at home and to obtain the Federal Medicaid benefits. It is clear that the current long-term care system is highly regulated and very costly. It is my thought that there is a clear-cut need for a program to be put into effect which will enable the disabled to stay at home or in the community as an alternative to institutional care.

On February 17 of this year, I had the privilege of visiting a group of disabled individuals, many of whom have substantial disabilities, struggling to live independent lives. They gave me a sweatshirt, and I now display it for my colleagues and for those on C–Span II, showing, "Our Homes, Not Nursing Homes." And it is the symbol of someone who is disabled.

When I met with these individuals, who were struggling in their wheelchairs, with enormous disabilities, and found that they could not receive Medicaid benefits unless they were in an institution, it seemed to me manifestly unfair. It is clear that it would be less costly to have the disabled remain in their communities or in their own homes so they could care for themselves and could receive the Medicaid benefits.

So I said to these people in North Philadelphia that I would bring the matter to the Secretary of Health and Human Services with the view of having an administrative change. But I find that it is very complicated because the preliminary estimates from the Congressional Budget Office say that this would be an enormously expensive change to enable the disabled to have benefits to live in their communities or in their homes.

I wondered why. The best explanation which I have been able to receive so far is that, at the present time, these people, the disabled, are cared for by their relatives, by friends or somehow by themselves because they don't want to go into an institution, so they forgo the assistance which Medicaid offers the disabled. The Congressional Budget Office asserts that if these individuals were to have the ability to have this care outside of the institution, the costs would skyrocket.

It seems to me, Madam President, unfair that where the Medicaid law says the disabled are entitled to certain benefits if they are in an institution, that they should be compelled to be institutionalized when they want to live in their homes or their own communities. This is quite a conundrum, quite a Catch-22. So the best course that I see at the present time would be for us to undertake this program on a test basis, and to have a study, made to see what the costs would be in order to try to arrive at some fair determination.

EXHIBIT 1

U.S. SENATE,
COMMITTEE ON APPROPRIATIONS,
Washington, DC, February 28, 1997.

Hon. DONNA SHALALA,
Secretary, Department of Health and Human Services, Washington, DC.

DEAR SECRETARY SHALALA: I am writing to alert you that I intend to raise with your at next week's Subcommittee hearing a matter concerning Medicaid coverage of attendant care services for people with disabilities.

It has been brought to my attention that considerable savings to the Medicaid program could be achieved by redirecting long-term care funding toward community-based attendant services, and by requiring States to develop attendant service programs meeting national standards to assure that people of all ages with disabilities have full access to such services. Please be prepared to summarize the current status of Medicaid services to the disabled population, and to discuss your views on establishing a national program of community-based attendant services. I would also appreciate your thoughts on what further could be done, both administratively and through legislative action, to better enable people with mental and physical disabilities to live independently.

I look forward to discussing this and other issues with you next Tuesday when you appear to present the Administration's fiscal year 1998 budget request for your Department.

My best.
Sincerely,
ARLEN SPECTER,
Chairman, Subcommittee on Labor, Health and Human Services, and Education.

Mr. SPECTER. Madam President, Senator HARKIN is now attending a committee meeting, and I have been advised by his staff that this amendment is agreeable to him, so I ask unanimous consent that it be adopted.

The PRESIDING OFFICER. Without objection, the amendment is agreed to.

The amendment (No. 1072) was agreed to.

AMENDMENT NO. 1070 AND AMENDMENT NO. 1071

Mr. SPECTER. Madam President, now briefly addressing the amendments offered by Senator GREGG and Senator COATS, it is my hope that the amendments will be debated today for all those who have views and care to express them; that is, as I said earlier, because this is a complicated matter. In my conversation yesterday in a telephone call which I received from the Secretary of Education, he asked for my support, and I told him that I did not know enough about the matter to render a judgment and had said earlier it seems to me that testing is desirable, but I do not know that it ought to be undertaken by the Federal Government.

We have scheduled a hearing tomorrow which we have advanced from 9 o'clock to 8:30 in the morning because we have since had a request from Congressman GOODLING to testify at the hearing. So we are now going to have the Secretary of Education, Richard Riley, we are going to have the chairman of the House Education Committee, and we are looking, as a matter of balance, to find someone in opposition to the Department of Education program. So that hearing will be conducted from 8:30, hopefully until 10 a.m. It is my hope that we will complete action on the remainder of this bill today, with the exception of the vote on the Gregg amendment, and take that up tomorrow.

Madam President, I now call up amendment No. 1069.

AMENDMENT NO. 1069

(Purpose: To express the sense of the Senate that the Attorney General has abused her discretion by failing to appoint an independent counsel on campaign finance matters and that the Attorney General should proceed to appoint such an independent counsel immediately)

The PRESIDING OFFICER. Without objection, the pending amendments are set aside, and the clerk will report the amendment.

The assistant legislative clerk read as follows:

The Senator from Pennsylvania [Mr. SPECTER] proposes an amendment numbered 1069.

Mr. SPECTER. Madam President, I ask unanimous consent that the reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the appropriate place in the bill, insert the following:

SEC. . SENSE OF THE SENATE REGARDING APPOINTMENT OF INDEPENDENT COUNSEL.

(a) FINDINGS.—The Congress finds that—

(1) press reports appearing in the early Spring of 1997 reported that the FBI and the Justice Department withheld national security information from the Clinton administration and President Clinton regarding information pertaining to the possible involvement by the Chinese government in seeking to influence both the administration and some members of Congress in the 1996 elections;

(2) President Clinton subsequently stated, in reference to the failure by the FBI and the Justice Department to brief him on such information regarding China: "There are significant national security issues at stake here," and further stated that "I believe I should have known";

(3) there has been an acknowledgment by former White House Chief of Staff Leon Panetta in March 1997 that there was indeed coordination between the White House and the DNC regarding the expenditure of soft money for advertising;

(4) the Attorney General in her appearance before the Senate Judiciary Committee on April 30, 1997 acknowledged a presumed coordination between President Clinton and the DNC regarding campaign advertisements;

(5) Richard Morris in his recent book, "Behind the Oval Office," describes his firsthand knowledge that "the president became the day-to-day operational director of our [DNC] TV ad campaign. He worked over every script, watched each ad, ordered changes in every visual presentation and decided which ads would run when and where;"

(6) there have been conflicting and contradictory statements by the Vice President regarding the timing and extent of his knowledge of the nature of a fundraising event at the Hsi Lai Buddhist Temple near Los Angeles on April 29, 1996;

(7) the independent counsel statute requires the Attorney General to consider the specificity of information provided and the credibility of the source of information pertaining to potential violations of criminal law by covered persons, including the President and the Vice President;

(8) the independent counsel statute further requires the Attorney General to petition the court for appointment of an independent

counsel where the Attorney General finds that there is a reasonable likelihood that a violation of criminal law may have occurred involving a covered person;

(9) the Attorney General has been presented with specific and credible evidence pertaining to potential violations of criminal law by covered persons and there is a reasonable likelihood that a violation of criminal law may have occurred involving a covered person; and

(10) the Attorney General has abused her discretion by failing to petition the court for appointment of an independent counsel.

(b) It is the Sense of the Senate that the Attorney General should petition the court immediately for appointment of an independent counsel to investigate the reasonable likelihood that a violation of criminal law may have occurred involving a covered person in the 1996 presidential federal election campaign.

Mr. SPECTER. Madam President, this is the amendment that I had referred to earlier on sense of the Senate for independent counsel.

I ask unanimous consent that a letter from Senator MCCAIN to Attorney General Reno dated October 11, 1996, requesting independent counsel be printed in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

U.S. SENATE,
October 11, 1996.

Hon. JANET RENO,
Attorney General, Department of Justice, Washington, DC.

DEAR ATTORNEY GENERAL RENO: I am writing to you to request that you use the authority granted to you in the Independent Counsel Reauthorization Act to immediately appoint an Independent Counsel to investigate charges raised in the media regarding the Democratic Party and Clinton-Gore Reelection Committee's use of soft money contributions which appear to have been in violation of election law.

These allegations charge that foreign nationals have been circumventing the law in order to funnel large campaign contributions to the Democratic party. I have enclosed copies of recent New York Times, Washington Post, and Wall Street Journal articles regarding this situation.

During this election season, I believe it is impossible for any Administration officials to determine whether any illegalities or ethical lapses have been committed regarding this situation. Therefore, it is crucial for the sake of the integrity of the Office of the President and the political party fundraising apparatus that this matter be investigated by an Independent Counsel.

Your immediate attention to this matter is appreciated.

Sincerely,

JOHN MCCAIN,
U.S. Senator.

Mr. SPECTER. I ask unanimous consent that a letter dated October 29, 1996, from five Members of the House of Representatives requesting independent counsel be printed in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

CONGRESS OF THE UNITED STATES,
Washington, DC, October 29, 1996.

Hon. JANET RENO,
Attorney General, Department of Justice, Washington, DC.

DEAR ATTORNEY GENERAL RENO: We are writing to request that you immediately apply for the appointment of an Independent Counsel to investigate the serious allegation that Federal criminal laws may have been violated by a number of high ranking officials in the Clinton Administration and at the Democratic National Committee ("DNC").

This investigation should include, but not be limited to, the following specific reports that indicate violations of Federal law may have taken place:

1. The involvement of President Clinton, Vice President Gore, and officials of the Democratic National Committee in the solicitation, acceptance, and receipt of $250,000 from Cheong Am America, when the corporation had little or no domestic income, in direct violation of the Federal Election Campaign Act, and in the solicitation or receipt of over $300,000 from Arief and Soraya Wiriadinata at a time when the Wiriadinatas no longer resided in the United States, violating the plain language in Federal law prohibiting contributions by non-citizens outside the United States. Although the Cheong Am America contribution was returned following media inquiries, the $300,000 from the Wiriadinatas has been retained by the DNC for use in influencing American elections.

2. Incorrect reporting to the Federal Election Commission by officials of the DNC of the residence address of Arief and Soraya Wiriadinata, which presented the public appearance that the Wiriadinatas were in the United States and potentially intended to conceal the fact that their contributions were in fact unlawful. News reports indicate that the contributions apparently came after the Wiriadinatas had returned to Indonesia and that the Vice Chairman of Finance of the Democratic National Committee knew that the Wiriadinatas were out of the country (Los Angeles Times, 10/14/96). Property records on file in Fairfax County, Virginia show that the home reported on DNC Federal Election Commission ("FEC") Reports as the Wiriadinata home address was sold by the Wiriadinata family on December 15, 1995, yet contributions received as late as July, 1996 continued to be reported as coming from that address.

3. The solicitation, acceptance and receipt of contributions from individuals, including Arief and Soraya Wiriadinata ($450,000), Yogesh Gandhi ($325,000), and individuals who made contributions in connection with the April 29, 1996 event at the Hsi Lai Temple in Hacienda Heights, California (an estimated $140,000) and a fundraiser at the Hay-Adams Hotel in Washington, D.C., in February 1996 (an estimated $1,000,000), when DNC officials involved in fundraising may have had good reason to know that these contributors did not have the financial resources to make contributions in the large amounts reported, and the contributors may therefore have been conduits for prohibited funds from foreign sources.

4. Fundraising activities on behalf of the DNC by John Huang while he was a Presidential appointee at the Department of Commerce, possibly with the knowledge of officials of the DNC, in violation of the Hatch Act. Contributions from the Wiriadinatas to the DNC were received in November of 1995, while Huang was serving as Deputy Assistant Secretary of Commerce for International Economic Policy. DNC Press Secretary Amy Weiss Tobe has stated to the press (Washington Post, October 12, 1996) that Arief and Soraya Wiriadinata contributed to the DNC after meeting John Huang in 1995, during the time he was employed at the U.S. Department of Commerce.

5. Possible improper influence on official government decisions as a result of large contributions made to the DNC or other entities by associates and allies of the Riady family and the Lippo group of foreign-owned and foreign-controlled corporations. Press reports indicate that a series of events, which would economically benefit the Lippo Group and the Riady family, took place after meetings between President Clinton, Clinton Administration officials, John Huang and James Riady. Federal bribery statutes prohibit the performing of any official government act in return for campaign contributions or other payments.

6. Knowing use of tax-exempt facilities at the Hsi Lai Temple by the DNC for fundraising purposes and knowing solicitation and acceptance of prohibited in-kind contributions from a non-profit entity to a political campaign through the DNC's failure to reimburse the Temple for its expenses in connection with the event until questioned by the media. Further, despite statements by Vice President Gore that the event was not a fundraiser, news reports have indicated that Mr. Huang called it a fundraiser, contributions were collected at the event, and attendees believed that they had to pay to attend.

7. The possible attempt by Mr. John Huang, an employee of the DNC, with either the knowledge or implicit approval of the DNC, to obstruct any investigation of his activities by evading the service of a subpoena for the purpose of preventing the release of information about his fundraising activities until after the November 5, 1996 election. Mr. Huang is reported to have raised as much as $5 million in contributions for the DNC, and has so far refused to answer questions in public about his fundraising activities. Until a U.S. District Court Judge intervened, the DNC refused to cooperate or assist in having its employee, John Huang, provide information which would resolve questions as to the legality of the contributions which he solicited and which the DNC is now using to influence American elections.

8. Reports filed by the DNC with the Federal Election Commission for the period ending September 30, 1996 list the home address of at least thirty-one contributors to the DNC (with contributions totaling over $225,000) as 430 South Capitol Street SE, Washington, D.C. This address is not a residence, it is the address of the business offices of the DNC. By filing false and misleading information with the FEC, DNC officials may have sought to conceal and impede investigation into the true source and nature of these contributions.

Equally important as each of these individual acts is the overall pattern of questionable fundraising activity and the apparent deliberate flaunting of federal election law and usurpation of power and official privilege by the DNC's Vice Chairman of Finance, John Huang, for the benefit of and with the apparent cooperation of President Bill Clinton, Vice President Gore, and the Democratic National Committee. The magnitude of the funds involved, the high-rank of the officials involved and the potential knowing and willful violations committed make it impossible for any officials of this Administration's Justice Department to carry out an investigation that will be considered fair and free of outside influence!

Therefore it is crucial for the sake of the integrity of the Office of the President and the Office of the Vice President that this matter be investigated promptly by an independent counsel.

We look forward to a reply to this communication by Friday, November 1, 1996. Your early reply will reassure the American people that you are committed to preserving the integrity and independence of the Department of Justice.

Sincerely,

BILL THOMAS,
Chairman, Committee on House Oversight.
BEN GILMAN,
Chairman, Committee on International Relations.
BILL CLINGER,
Chairman, Committee on Government Reform and Oversight.
GERALD B. SOLOMON,
Chairman, Committee on Rules.
JOHN MCCAIN,
U.S. Senator.

Mr. SPECTER. I ask unanimous consent that a letter dated March 13, 1997, from the 10 Republican members of the Senate Judiciary Committee requesting independent counsel be printed in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

U.S. SENATE,
COMMITTEE ON THE JUDICIARY,
Washington, DC, March 13, 1997.

Hon. JANET RENO,
Attorney General of the United States, U.S. Department of Justice, Washington, DC.

DEAR MADAM ATTORNEY GENERAL: This letter serves as a formal request, pursuant to 28 U.S.C. §592(g)(1), that you apply for the appointment of an independent counsel to investigate possible fundraising violations in connection with the 1996 presidential campaign. The purpose of this letter is not to provide an exhaustive list of the particular allegations that, we believe, warrant further investigation. Indeed, since the Department of Justice has been conducting an extensive investigation into fundraising irregularities for several months now, you presumably have far greater knowledge than do we of the various matters that are being, and will need to be, investigated, and we presume that your judgment as to the necessity of an independent counsel is based on all of the information before you. Rather, the purpose of this letter is to articulate why we believe this investigation should be conducted by an independent counsel. As you know, the Senate Committee on the Judiciary has, to date, refrained from joining the assortment of other individuals who have called upon you to initiate an independent counsel appointment. Recent developments over the past few weeks, however, have persuaded us that such an appointment is now necessary.

When you appeared before the Senate in 1993 when we were considering reenactment of the Independent Counsel statute, you stated:

"There is an inherent conflict of interest whenever senior Executive Branch officials are to be investigated by the Department of Justice and its appointed head, the Attorney General. The Attorney General serves at the pleasure of the President. Recognition of this conflict does not belittle or demean the impressive professionalism of the Department's career prosecutors, nor does it question the integrity of the Attorney General and his or her political appointees. Instead, it recognizes the importance of public confidence in our system of justice, and the destructive effect in a free democracy of public cynicism."

You further testified that:

"It is absolutely essential for the public to have confidence in the system and you cannot do that when there is conflict or an appearance of conflict in the person who is, in effect, the chief prosecutor. * * * The Independent Counsel Act was designed to avoid even the appearance of impropriety in the consideration of allegations of misconduct by high-level Executive Branch officials and to prevent * * * the actual or perceived conflicts of interest. The Act thus served as a vehicle to further the public's perception of fairness and thoroughness in such matters, and to avert even the most subtle influences that may appear in an investigation of highly-placed Executive officials."

We believe that, in light of recent developments, a thorough Justice Department investigation into possible fundraising violations in connection with the 1996 presidential campaign will raise an inherent conflict of interest, and that the appointment of an independent counsel is therefore required to ensure public confidence in the integrity of our electoral process and system of justice.

First recent revelations have demonstrated how officials at the highest level of the White House were involved in formulating, coordinating and implementing the DNC's fundraising efforts for the 1996 presidential campaign. Recent press reports, the files released by Mr. Ickes, and public statements by very high ranking present and former Clinton Administration officials indicate how extensively the Administration was involved in planning, coordinating, and implementing DNC fundraising strategy and activities. All this has led The New York Times to a conclusion which we find hard to challenge; namely, that "the latest documentation shows clearly that the Democratic National Committee was virtually a subsidiary of the White House. Not only was [President] Clinton overseeing its fund-raising efforts, not only was he immersed in its ad campaigns, but D.N.C. employees were installed at the White House, using White House visitors' lists and communicating constantly with [President] Clinton's policy advisers." The New York Times, February 27, 1997. As a consequence, we believe that a thorough investigation of all but the most trivial potential campaign fundraising improprieties necessarily includes an inquiry into the possible knowledge and/or complicity of very senior White House officials in these improprieties. We believe that, without questioning in the slightest the integrity, professionalism or independence of the Attorney General or the individuals conducting the present Justice Department fundraising investigation, the fact that the Department's investigation will inescapably take it to the highest levels of the Executive Branch presents an inherent conflict of interest calling for the appointment of an independent counsel under 28 U.S.C. §591(c).

Moreover, these revelations raise new questions of possible wrongdoing by senior White House officials themselves, including but not limited to whether federal officials may have illegally solicited and/or received contributions on federal property; whether specific solicitations were ever made by federal officials at the numerous White House overnights, coffees, and other similar events, and whether these events themselves, often characterized in White House and DNC memoranda as "fundraising" events, constituted improper "solicitations" on federal property; whether government property and employees may have been used illegally to further campaign interests; and whether the close coordination by the White House over the raising and spending of "soft"—and purportedly independent—DNC funds violated federal election laws, and/or had the legal effect of rendering those funds subject to campaign finance limitations they otherwise would not be subject to. It seems to us that, even accepting the narrow constructions of some of the governing statutes that have been suggested—which are not necessarily the constructions an independent counsel would render—the answer to whether criminal wrongdoing has occurred will of necessity turn on the resolution of disputed factual, legal, and state of mind determinations. Because the inquiry necessary to make these determinations will inescapably involve high level Executive Branch officials, we believe they should be left to an independent counsel in order to avoid a real or apparent conflict of interest. Moreover, where individuals covered by the independent counsel statute are involved, as they plainly were here, see 28 U.S.C. §591(b), the Ethics in Government Act requires that these inquiries be conducted by an independent counsel. Whether the Act simply permits or requires the appointment of an independent counsel, however, we believe that prudence and the American people's ability to have confidence that the investigation remains free of a conflict of interest, requires it.

Second, the emerging story regarding the possibility that foreign contributions were funneled into U.S. election coffers to influence U.S. foreign policy further highlights the conflict of interest your ongoing investigation inescapably confronts. A March 9, 1997, Washington Post article quoted "U.S. government officials"—presumably familiar with the Department's ongoing investigation—as stating that investigators have obtained "'conclusive evidence' that Chinese government funds were funneled into the United States last year," and quoted one official as stating that "there is no question that money was laundered." This article reported that U.S. officials described a plan by China "to spend nearly $2 million to buy influence not only in Congress but also within the Clinton Administration." If the FBI truly is investigating these allegations, as is reported, and this investigation extends to high level Executive Branch officials, it raises an inherent conflict of interest.

Moreover, a closer look at the activities and associations of some of the particular individuals who are reported to be the principal figures in the ongoing investigation further illustrates why this investigation ultimately must involve high levels of the Executive Branch. Especially troubling is the information revealed to date regarding the Riady family and their associate, Mr. John Huang, but serious questions are also raised by the activities and associations of Mr. Charles Yah Lin Trie, Ms. Pauline Kanalanchak, and Mr. Johnny Chung, among others. Taken together, these reported events raise a host of serious questions warranting further investigation: To what extent were illegal contributions from foreign sources, in particular China, being funneled into the United States, and with whose knowledge and involvement? To what extent was U.S. policy influenced by these contributions, and with whose knowledge and/or involvement? To what extent were the decisions to hire Huang at the Commerce Department, to support most-favored-nation status for China and Chinese accession to the World Trade Organization, or to normalize relations with Vietnam, influenced by contributions, and with whose knowledge and/or involvement? To what extent was the standard NSC screening process for admission to the White House waived or modified so as to permit special access to large donors and their guests where it would ordinarily be denied, and with whose knowledge and/or involvement? To what extent was John Huang placed at the DNC to raise money in exchange for past and future favors, and with whose knowledge and/or involvement?

It is evident that these questions cannot be properly investigated without a conflict of interest, since investigating most of these questions will require inquiring into the knowledge and/or conduct of individuals at the highest levels of the Executive Branch. Moreover, several of the principal figures in this investigation, including the Riadys and the Lippo Group and Charlie Trie, reportedly have longstanding ties to President Clinton.

Indeed, the conflicts at issue here are precisely the sort of "inherent conflict[s] of interest" to which you testified during Senate hearings in 1993 on the re-enactment of the Independent Counsel Act. Avoiding an actual or perceived conflict of interest was the basis not just for your application for the appointment of an independent counsel to investigate James McDougal, but also for your recent requests to extend that counsel's jurisdiction to include investigations of Anthony Marceca and Bernard Nussbaum. The same concern warrants your application for an independent counsel here, where public confidence can be assured only by the appointment of an independent counsel to investigate any alleged wrongdoing in connection with DNC, Clinton Administration, and Clinton/Gore Campaign fundraising during the 1994–1996 election cycle. As you yourself testified, applying for an independent counsel, and our request that you make such an application, in no way detracts from the integrity and independence of the Attorney General or the career prosecutors presently investigating these allegations.

Pursuant to the statute, please report back to the Committee within 30 days whether you have begun or will begin a preliminary investigation, identifying all of the allegations you are presently investigating or as to which you have received information, and indicating whether you believe each of these allegations are based on specific information from credible sources, and either pertain to a covered individual or present a conflict of interest. Please also provide your reasons for those determinations. See 28 U.S.C. §592(g)(2). In the event you conduct a preliminary investigation, but do not apply for the appointment of an independent counsel, or apply for an independent counsel but only with respect to some of the various allegations on which you have received information, please identify all those allegations which in your view do not warrant appointment of an independent counsel, and explain your view whether those allegations warrant further investigation, pertain to a covered individual, and/or present a conflict of interest. See 28 U.S.C. §592(g)(3).

Sincerely,
Orrin Hatch, Chuck Grassley, John Ashcroft, Spencer Abraham, Mike DeWine, Strom Thurmond, Arlen Specter, Jon Kyl, Fred Thompson, Jeff Sessions.

Mr. SPECTER. And I ask unanimous consent that a copy of the letter from Attorney General Reno dated April 14, 1997, responding to Senator HATCH be printed in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

OFFICE OF THE ATTORNEY GENERAL,
Washington, DC, April 14, 1997.

Hon. ORRIN G. HATCH,
Chairman, Committee on the Judiciary, U.S. Senate, Washington, DC.

DEAR MR. CHAIRMAN: On March 13, 1997, you and nine other majority party members of the Committee on the Judiciary of the United States Senate wrote to me requesting the appointment of an independent counsel to investigate possible fundraising violations in connection with the 1996 presidential campaign. You made that request pursuant to a provision of the Independent Counsel Act, 28 U.S.C. §592(g)(1), which provides that "a majority of majority party members [of the Committee on the Judiciary] * * * may request in writing that the Attorney General apply for the appointment of an independent counsel." The Act requires me to respond within 30 days, setting forth the reasons for my decision on each of the matters with respect to which your request is made. 28 U.S.C. §592(g)(2).

I am writing to inform you that I have not initiated a "preliminary investigation" (as that term is defined in the Independent Counsel Act) of any of the matters mentioned in your letter. Rather, as you know, matters relating to campaign financing in the 1996 Federal elections have been under active investigation since November by a task force of career Justice Department prosecutors and Federal Bureau of Investigation (FBI) agents. This task force is pursuing the investigation vigorously and diligently, and it will continue to do so. I can assure you that I have given your views and your arguments careful thought, but at this time, I am unable to agree, based on the facts and the law, that an independent counsel should be appointed to handle this investigation.

1. THE INDEPENDENT COUNSEL ACT

In order to explain my reasons, I would like to outline briefly the relevant provisions of the Independent Counsel Act. The Act can be invoked in two circumstances that are relevant here:

First, if there are sufficient allegations (as further described below) of criminal activity by a covered person, defined as the President and Vice President, cabinet officers, certain other enumerated high Federal officials, or certain specified officers of the President's election campaign (not party officials), see 28 U.S.C. §591(b), I must seek appointment of an independent counsel.

Second, if there are sufficient allegations of criminal activity by a person other than a covered person, and I determine that "an investigation or prosecution of [that] person by the Department of Justice may result in a personal, financial or political conflict of interest," see 28 U.S.C. §591(c)(1), I may seek appointment of an independent counsel.

In either case, I must follow a two-step process to determine whether the allegations are sufficient. First, I must determine whether the allegations are sufficiently specific and credible to constitute grounds to investigate whether an individual may have violated Federal criminal law. 28 U.S.C. §591(d). If so, the Department commences a "preliminary investigation" for up to 90 days (which can be extended an additional 60 days upon a showing of good cause). 28 U.S.C. §592(a). If, at the conclusion of this "preliminary investigation," I determine that further investigation of the matters is warranted, I must seek an independent counsel.

Certain important features of the Act are critical to my decision in this case:

First, the Act sets forth the only circumstances in which I may seek an independent counsel pursuant to its provisions. I may not invoke its procedures unless the statutory requirements are met.

Second, the Act does not permit or require me to commence a preliminary investigation unless there is specific and credible evidence that a crime may have been committed. In your letter, you suggest that it is not the responsibility of the Department of Justice to determine whether a particular set of facts suggests a potential Federal crime, but that such legal determinations should be left to an independent counsel. I do not agree. Under the Independent Counsel Act, it is the Department's obligation to determine in the first instance whether particular conduct potentially falls within the scope of a particular criminal statute such that criminal investigation is warranted. If it is our conclusion that the alleged conduct is not criminal, then there is no basis for appointment of an independent counsel, because there would be no specific and credible allegation of a violation of criminal law. See 28 U.S.C. §592(a)(1).

Third, there is an important difference between the mandatory and discretionary provisions of the Act. Once I have received specific and credible allegations of criminal conduct by a covered person, I must commence a preliminary investigation and, if further investigation is warranted at the end of the preliminary investigation, seek appointment of an independent counsel. If, on the other hand, I receive specific and credible evidence that a person not covered by the mandatory provisions of the Act has committed a crime, and I determine that a conflict of interest exists with respect to the investigation of that person, I may—but need not—commence a preliminary investigation pursuant to the provisions of the Act. This provision gives me the flexibility to decide whether, overall, the national interest would be best served by appointment of an independent counsel in such a case, or whether it would be better for the Department of Justice to continue a vigorous investigation of the matter.

Fourth, even this discretionary provision is not available unless I find a conflict of interest of the sort contemplated by the Act. The Congress has made it very clear that this provision should be invoked only in certain narrow circumstances. Under the Act, I must conclude that there is a potential for an actual conflict of interest, rather than merely an appearance of a conflict of interest. The Congress expressly adopted this higher standard to ensure that the provision would not be invoked unnecessarily. See 128 Cong. Rec. H 9507 (daily ed. December 13, 1982) (statement of Rep. Hall). Moreover, I must find that there is the potential for such an actual conflict with respect to the investigation of a particular person, not merely with respect to the overall matter. Indeed, when the Act was reauthorized in 1994, Congress considered a proposal for a more flexible standard for invoking the discretionary clause, which would have permitted its use to refer any "matter" to an Independent

Counsel when the purposes of the Act would be served. Congress rejected this suggestion, explaining that such a standard would "substantially lower the threshold for use of the general discretionary provision." H.R. Conf. Rep. No. 511, 103rd Cong., 2nd Sess. 9 (1994).

2. COVERED PERSONS—THE MANDATORY PROVISIONS OF THE ACT

Let me now turn to the specific allegations in your letter. You assert that there are "new questions of possible wrongdoing by senior White House officials themselves," and you identify a number of particular types of conduct in support of this claim. While all of the specific issues you mention are under review or active investigation by the task force, at this time we have no specific, credible evidence that any covered White House official may have committed a Federal crime in respect of any of these issues. Nevertheless, I will discuss separately each area that you raise.

a. *Fundraising on Federal Property*. First, you suggest that "federal officials may have illegally solicited and/or received contributions on federal property." The conduct you describe could be a violation of 18 U.S.C. §607. We are aware of a number of allegations of this sort; all are being evaluated, and where appropriate, investigations have been commenced. The Department takes allegations of political fundraising by Federal employees on Federal property seriously, and in appropriate cases would not hesitate to prosecute such matters. Indeed, the Public Integrity Section, which is overseeing the work of the campaign financing task force, recently obtained a number of guilty pleas from individuals who are soliciting and accepting political contributions within the Department of Agriculture.

The analysis of a potential section 607 violation is a fact-specific inquiry. A number of different factors must be considered when reviewing allegations that this law may have been violated:

First, the law specifically applies only to contributions as technically defined by the Federal Election Campaign Act (FECA)—funds commonly referred to as "hard money." The statute originally applied broadly to any political fundraising, but in 1979, over the objection of the Department of Justice, Congress narrowed the scope of section 607 to render it applicable only to FECA contributions. Before concluding that section 607 may have been violated, we must have evidence that a particular solicitation involved a "contribution" within the definition of the FECA.

Second, there are private areas of the White House that, as a general rule, fall outside the scope of the statute, because of the statutory requirement that the particular solicitation occur in an area "occupied in the discharge of official duties." 3 Op. Off. Legal Counsel 31 (1979). The distinction recognizes that while the Federal Government provides a residence to the President, similar to the housing that it might provide to foreign service officers, this residence is still the personal home of an individual within which restrictions that might validly apply to the Federal workplace should not be imposed. Before we can conclude that section 607 may have been violated, we must have evidence that fundraising took place in locations covered by the provisions of the statute.

Thus, while you express concerns about the possibility of "specific solicitations * * * made by federal officials at the numerous White House overnights, coffees, and other similar events," we do not at this time have any specific and credible evidence of any such solicitation by any covered person that may constitute a violation of section 607.

We do not suggest, of course, that our consideration of information concerning fundraising on Federal property is limited to whether the conduct constituted a violation only of section 607. However, at this point in time, we have no specific and credible evidence to suggest that any crime was committed by any covered person in connection with these allegations.

b. *Misuse of Government Resources*. You next assert that Government property and employees may have been used illegally to further campaign interests—conduct which might, in some circumstances, constitute a theft or conversion of Government property in violation of 18 U.S.C. §641. Again, we are actively investigating allegations that such misconduct may have occurred. However, we are unaware at this time of any evidence that any covered person participated in any such activity, other than use of Government property that is permitted under Federal law, such as the reports that the Vice President used a Government telephone, charging the calls to a nongovernment credit card. Federal regulations permit such incidental use of Government property for otherwise lawful personal purposes. See, e.g., 5 C.F.R. §2635.704; 41 C.F.R. §201-21.601 (personal long distance telephone calls). Thus, for example, allegations that a Government telephone or telefacsimile machine may have been used on a few occasions by a covered person for personal purposes does not amount to an allegation of a Federal crime. To the extent that there are allegations warranting investigation that individuals not covered by the Independent Counsel Act diverted Government resources, it is my conclusion, as I explain below, that there is at present no conflict of interest for the Department of Justice to investigate and, if appropriate, prosecute those involved in any such activity.

c. *Foreign Efforts to Influence U.S. Policy*. You next cite reports suggesting the possibility that foreign contributions may have been made in hopes of influencing American police decisions. These allegations are under active investigation by the task force. The facts known at this time, however, do not indicate the criminal involvement of any covered person in such conduct.

It is neither unique nor unprecedented for the Department to receive information that foreign interests might be seeking to infuse money into American political campaigns. That was precisely the scenario that underlay the criminal investigations, prosecutions and congressional hearings during the late 1970s involving allegations that a Korean businessman was making illegal campaign contributions, among other things, to Members of Congress to curry congressional support for the Government of South Korea. In a more recent example, in 1996 an individual was prosecuted and convicted for funneling Indian Government funds into Federal elections through the cover of a political action committee.

Absent specific and credible evidence of complicity by a covered person, it has never been suggested that the mere allegation that a foreign government may have been trying to provide funds to Federal campaigns should warrant appointment of an independent counsel. Nor can it be the case that an independent counsel is required to investigate because campaign contributors or those who donated to political parties believed their largesse would influence policy or achieve access. The Department of Justice routinely handles such allegations, and because of its experience in reviewing and investigating these sensitive matters, embracing, among other things, issues of national security, is particularly well-equipped to do so.

d. *Coordination of Campaign Fundraising and Expenditures*. You also suggest that the "close coordination by the White House over the raising and spending of 'soft'—and purportedly independent—DNC funds violated Federal election laws, and/or had the legal effect of rendering those funds subject to campaign finance limitations they otherwise would not be subject to." We believe this statement misapprehends the law. The FECA does not prohibit the coordination of fundraising or expenditures between a party and its candidates for office. Indeed, the Federal Election Commission (FEC), the body charged by Congress with primary responsibility for interpreting and enforcing the FECA, has historically assumed coordination between a candidate and his or her political party.

Of course, coordinated expenditures may be unlawful under the FECA if they are made with funds from prohibited sources, if they were misreported, or if they exceeded applicable expenditure limits. However, we presently lack specific and credible evidence suggesting that any covered person participated in any such violations, if they occurred.

With respect to coordinated media advertisements by political parties (an area that has received much attention of late, the proper characterization of a particular expenditure depends not on the degree of coordination, but rather on the content of the message. Indeed, just last year the FEC and the content of the message. Indeed, just last year the FEC and the Department of Justice took this position in a brief filed before the Supreme Court, in a case decided on other grounds. See generally, Brief for the Respondent, *Colorado Republican Federal Campaign Committee* v. *FEC* (S. Ct. No. 95–489), at 2–3, 18 n. 15, 23–24. In this connection, the FEC has concluded that party media advertisements that focus on "national legislative activity" and that do not contain an "electioneering message" may be financed, in part, using "soft" money, i.e., money that does not comply with FECA's contribution limits. FEC Advisory Op. 1995–25, 2 Fed. Elec. Camp. Fin. Guide (CCH) ¶ 6162, at 12,109-12,110 (August 24, 1995); FEC Advisory Op. 1985–14, 2 Fed. Elec. Camp. Fin. Guide (CCH) ¶ 5819, at 11,185–11,186 (May 30, 1985). Moreover, such advertisements are not subject to any applicable limitations on coordinated expenditures by the party on behalf of its candidates. AO 1985–14 at 11–185–11,186.

We recognize that there are allegations that both presidential candidates and both national political parties engaged in a concerted effort to take full advantage of every funding option available to them under the law, to craft advertisements that took advantage of the lesser regulation applicable to legislative issue advertising, and to raise large quantities of soft political funding to finance these ventures. However, at the present time, we lack specific and credible evidence suggesting that these activities violated the FECA. Moreover, even assuming that, after a thorough investigation, the FEC were to conclude that regulatory violations occurred, we presently lack specific and credible evidence suggesting that any covered person participated in any such violations.

3. CONFLICT OF INTEREST—THE DISCRETIONARY PROVISIONS OF THE ACT

In urging me to conclude that the investigation poses the type of potential conflict of interest contemplated by the Act, you rely heavily on my testimony before the Senate Committee on Government Affairs in 1993 in support of reauthorization of the Independent Counsel Act. I stand by those views and continue to support the overall concept underlying the Act. My decisions pursuant to the Act have been, I believe, fully consistent with those views.

The remarks you quote from my testimony should be interpreted within the context of the statutory language I was discussing. When, for example, I referred to the need for the Act to deal with the inherent conflict of interest when the Department of Justice investigates "high-level Executive Branch officials," I was referring to persons covered under the mandatory provisions of the Act. With respect to the conflict of interest provision, my testimony expressed the conviction that the Act "would in no way preempt this Department's authority to investigate public corruption," and that the Department was clearly capable of "vigorous investigations of wrongdoing by public officials, whatever allegiance or stripes they may wear. I will vigorously defend and continue this tradition." While I endorsed the concept of the discretionary clause to deal with unforeseeable situations, I strongly emphasized that "it is part of the Attorney General's job to make difficult decisions in tough cases. I have no intention of abdicating that responsibility[.]" These principles continue to guide my decisionmaking today.

There are times when reliance on the discretionary clause is appropriate, and indeed, as you point out, I have done so myself on a few occasions. However, in each of those cases, I considered the particular factual context in which the allegations against those persons arose and the history of the matter. Moreover, even after finding the existence of a potential conflict, I must consider whether under all the circumstances discretionary appointment of an independent counsel is appropriate. In each case, therefore, the final decision has been an exercise of my discretion, as provided for under the Act.

I have undertaken the same examination here. Based on the facts as we know them now, I have not concluded that any conflict of interest would ensue from our vigorous and thorough investigation of the allegations contained in your letter.

Your letter relies upon press reports, certain documents and various public statements which you assert demonstrate that "officials at the highest level of the White House were involved in formulating, coordinating and implementing the [Democratic National Committee's (DNC's)] fundraising efforts for the 1996 presidential campaign." You suggest that a thorough investigation of "fundraising improprieties" will therefore necessarily include an inquiry into the "knowledge and/or complicity of very senior White House officials," and that the Department of Justice would therefore have a conflict of interest investigating these allegations.

To the extent that "improprieties" comprise crimes, they are being thoroughly investigated by the agents and prosecutors assigned to the task force. Should that investigation develop at any time specific and credible evidence that any covered person may have committed a crime, the Act will be triggered, and I will fulfill my responsibilities under the Act. In addition, should that investigation develop specific and credible evidence that a crime may have been committed by a "very senior" White House official who is not covered by the Act, I will decide whether investigation of that person by the Department might result in a conflict of interest, and, if so, whether the discretionary clause should be invoked. Until then, however, the mere fact that employees of the White House and the DNC worked closely together in the course of President Clinton's reelection campaign does not warrant appointment of an independent counsel. As I have stated above, the Department has a long history of investigating allegations of criminal activity by high-ranking Government officials without fear or favor, and will do so in this case.

I also do not accept the suggestion that there will be widespread public distrust of the actions and conclusions of the Department if it continues to investigate this matter, creating a conflict of interest warranting the appointment of an independent counsel. First, unless I find that the investigation of a particular person against whom specific and credible allegations have been made would pose a conflict, I have no authority to utilize the procedures of the Act. Moreover, I have confidence that the career professionals in the Department will investigate this matter in a fashion that will satisfy the American people that justice has been done.

Finally, even were I to determine that a conflict of interest of the sort contemplated by the statute exists in this case—and as noted above I do not find such a conflict at this time—there would be a number of weighty considerations that I would have to consider in determining whether to exercise my discretion to seek an independent counsel at this time. Because invocation of the conflict of interest provision is discretionary, it would still be my responsibility in that circumstance to weigh all the factors and determine whether appointment of an independent counsel would best serve the national interest. If in the future this investigation reveals evidence indicating that a conflict of interest exists, these factors will continue to weigh heavily in my evaluation of whether or not to invoke the discretionary provisions of the Act.

I assure you, once again, that allegations of violations of Federal criminal law with respect to campaign financing in the course of the 1996 Federal elections will be thoroughly investigated and, if appropriate, prosecuted. At this point it appears to me that that task should be performed by the Department of Justice and its career investigators and prosecutors. I want to emphasize, however, that the task force continues to receive new information (much has been discovered even since I received your letter), and I will continue to monitor the investigation closely in light of my responsibilities under the Independent Counsel Act. Should future developments make it appropriate to invoke the procedures of the Act, I will do so without hesitation.

Sincerely,

JANET RENO.

Mr. SPECTER. Madam President, I have circularized my intent to pursue this amendment, and there is no other Senator on the floor now who seeks recognition. Before suggesting the absence of a quorum, let me say that we had talked earlier about having a vote on the Kyl mendment at 5 o'clock this afternoon. We have not yet locked in that amendment, but it is now being hot lined. It is my expectation that we will vote at 5 o'clock this afternoon on the Kyl amendment.

I now ask, Madam President, that anybody who opposes the sense-of-the-Senate resolution for independent counsel come to speak, anybody who favors it come to speak, or if somebody has another amendment, come to speak. We will be glad to set this aside and proceed with the business.

We also ask there be a hot line looking for a unanimous consent agreement later this afternoon, perhaps early evening, 6 o'clock, 6:30, to limit any further amendments which may be offered so that we may get a calendar as to what we are going to do on this bill to proceed to third reading and final disposition, because it is the intention of the managers to move for third reading if no other amendments are pending.

I thank the Chair, and I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. FAIRCLOTH). The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. McCAIN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

PRIVILEGE OF THE FLOOR

Mr. McCAIN. Mr. President, I ask unanimous consent that Ann McKinley, a fellow on my staff, be granted the privilege of the floor during consideration of the fiscal year 1998 Labor-HHS appropriations bill.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. McCAIN. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. WELLSTONE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENT NO. 1056

Mr. WELLSTONE. I thank the Chair. Mr. President, I actually will be brief. I had a chance yesterday to speak in opposition to the amendment of my colleague from Arizona, Senator KYL. I know that other Senators have spoken about this as well.

I was on the floor early this morning when both Senator SPECTER and Senator HARKIN spoke about it. Mr. President, the part of the Kyl amendment which I am sympathetic to, and my guess is that a good many other Senators are sympathetic to it as well, would be the effort to try to expand funding for the Pell Grant Program. And, Mr. President, as my colleague, Senator HARKIN from Iowa, said earlier this morning, interestingly enough, the Pell Grant Program, named after Claiborne Pell, our Senator—I think all of us really came to admire and believe in

Claiborne Pell—really does represent a kind of positive role for the public sector, for Government, because what we as a country have decided is that there are certain decisive areas of life in a nation where you do not just leave it up to a market verdict.

If, in fact, you have a family, a young person or not such a young person who cannot afford higher education, there is a role to make sure that man or that woman can afford to go on to college, especially since this is becoming more and more important in determining how they will do economically or how their families will do.

Indeed, there is a statistic that is a shameful statistic that we have had since the late 1970's, about an 8-percent graduation rate from colleges and universities of those men and women from families with incomes under $20,000 a year, the main reason being that they have not been able to afford to go on and get their higher education.

I said this yesterday—and I will have an amendment that will try to speak to this today or tomorrow—it is also true that with all the discussion about HOPE scholarships and tax credits, since they are not refundable, all families with incomes below $28,000 a year are not going to become eligible. So we still have a huge hole, especially for those students from moderate- and low-income families. So it seems to me, if we are going to be talking about providing support for higher education and for families and for young men and women and older men and women—many of our students are older now in our community colleges—we ought to make sure that low-income are included.

The problem with the Kyl amendment is that he takes the funding from the LIHEAP, the Low-Income Energy Assistance Program, which is a lifeline program for very vulnerable families, especially for those of us who represent cold weather States, although part of low-income energy assistance is also, I say to the Chair, since he is from the great State of North Carolina, some of it also is for cooling assistance. I think it was two summers ago that we had a number of people in Chicago, poor people, who died, elderly people, from exposure to heat. They just could not afford air conditioning.

So, Mr. President, what the Kyl amendment does is it rescinds about $500 million, takes about half of what is in a $1 billion program—it has already been cut way down—and it essentially ends the program.

Mr. President, I just want people to know, my colleagues to know—I think they do—I think we are going to have a strong vote in opposition to the amendment, and that the vast majority of the recipients of an energy grant is maybe $300 a year, or thereabouts. It is a lifeline program. It just enables an elderly person to be able to afford heat and not have to then spend more than she can afford and, therefore, not be able to get ahold of a prescription drug she needs or maybe have to cut back on food on the table.

It is not much. It is extremely important. The vast majority of the citizens—there are about 110,000 households in Minnesota that have participated, have incomes under $8,000 a year. These are not wealthy people or middle-income people. These are people who are hard pressed. This is a lifeline program. It represents the goodness in us. And we cannot be gutting this program.

I have been involved in this fight to kind of maintain or protect the LIHEAP program for the last 3 or 4 years. I do not know why we have to go through this every time.

Mr. President, let me just make it clear that if you wanted to expand the Pell Grant Program, I can think of other ways to do it. I mean, now we know that with the B–2, the stealth bomber program, we have planes that cannot fly in the rain or the snow. I mean, I will have an amendment later on that will say, let us not build any more of these turkeys. And you can just transfer that funding for the Pell Grant Program. But do not take it out of low-income energy assistance.

I see my colleague from Pennsylvania here. I thank him for his graciousness in allowing me to have some time to speak about this. But again, colleagues have heard it from the Senator from Pennsylvania, Senator SPECTER, Senator HARKIN, any number of Senators who have come to the floor on this. And, again, I hope there will be a strong vote against the amendment.

It is extremely important. It is a matter of elementary decency, if you will, to provide people with some support that they need. It is a lifeline support program. And I tell you, to a cold weather State like Minnesota, it is very important. We already know in Minnesota right now that we are going to have to ask for some additional emergency energy assistance. We did last winter. That is what happens. This is an underfunded program, not overfunded. The only reason I do not have an amendment calling for more funding is I know the White House, the administration, has been good about providing that emergency funding for States that need it.

So, Mr. President, the last thing in the world that makes any sense is to essentially gut this program by rescinding $500 million. To all my colleagues, I hope you will vote against this amendment. To Senator KYL, who is a Senator that I like and respect, I think you are profoundly mistaken with this amendment, as much as I appreciate your good work here. I hope that we will have a very strong bipartisan vote against this amendment.

Mr. KENNEDY. Mr. President, I oppose the amendment offered by Senator KYL. I am reluctant to do so because I strongly support changes in the eligibility rules for independent and dependent students for Pell grants.

Congress needs to make changes in the eligibility rules for these students. Both independent students and dependent students are unfairly disadvantaged by the rules now in effect. Today, single independent students at public 4-year institutions are not eligible for a Pell grant if their income is over $10,000. Many of these students will not benefit from the HOPE tax credit and the tax credit for lifelong learning. Federal funds should be available to help them meet their most basic college expenses.

A similar problem faces dependent students. The income protection allowance is so low for them that it has become a disincentive for college students to work part-time to help them contribute to college costs. Over three-quarters of undergraduates work part-time while enrolled in college. The current system penalizes students who work during the summer and part-time through the school year by reducing their Pell grant eligibility. We should be encouraging students to take part-time jobs, rather than take out additional loans.

The budget agreement contains a commitment to allocate $700 million for changes to the needs analysis formula under the Pell grants. The House appropriations subcommittee provided over $500 million toward this commitment, but the Senate bill contains no funds for this needed change.

I am working with others in Congress and with the Department of Education to ensure that a satisfactory appropriation level is contained in the final bill.

Senator KYL supports making funds available to reform the needs analysis. But unfortunately, to pay for the reform, he makes a deep cut in the Low-Income Home Energy Assistance Program.

For the 5 million beneficiaries of LIHEAP across the Nation, including 120,000 in Massachusetts, it will be an unnecessarily harsh winter if this important program is slashed.

Some 95 percent of the households receiving LIHEAP assistance have annual incomes below $18,000. They spend an extremely burdensome 18 percent of their income on energy, compared to the average middle-class family, which spends only 4 percent.

Researchers at Boston City Hospital have documented a "heat or eat effect." Higher utility bills during the coldest months force low-income families to spend less money on food. The result is increased malnutrition among children.

Almost twice as many low-weight and undernourished children were admitted to Boston City Hospital's emergency room immediately following the coldest month of the winter. No family should have to choose between heating and eating.

Low-income elderly will be at the greatest risk if LIHEAP funds are slashed, because they are the most vulnerable to hypothermia. In fact, older Americans accounted for more than half of all hypothermia deaths in 1991.

In addition, the elderly are much more likely to live in homes built before 1940, which are less energy efficient and put them at greater risk.

Low-income elderly who have trouble paying their fuel bills are often driven to rely on room heaters, fireplaces, ovens, and wood-burning stoves to save money. Between 1986 and 1990, these higher-risk heating sources were the second leading cause of fire deaths among the elderly. In fact, elderly citizens are up to 12 times more likely to die in heating-related fires than adults under 65.

LIHEAP is a lifeline for Massachusetts and many other cold weather States. I hope we can work together to make the needs analysis changes in the Pell grants, without denying this lifeline to a very vulnerable group. I urge that the Kyl amendment be defeated.

Mr. JEFFORDS. Mr. President, I rise today to join with the distinguished chairman of the Labor, Health and Human Services, and Education Appropriations Subcommittee, Senator SPECTER and the subcommittee's ranking member Senator HARKIN, in opposition to Senator KYL's amendment to cut funding for the Low-Income Home Energy Assistance Program [LIHEAP]. While I applaud the Senator from Arizona's goal to increase funding for Pell grants, I can not sanction a move that would essentially gut the LIHEAP program, effectively depriving millions of the disadvantaged, elderly, and disabled of critical assistance.

Mr. President, the appropriation for LIHEAP has declined more than 50 percent over the past decade, down from $2.1 billion in fiscal 1985. During that time, the eligible population has grown from 23 to 30 million. In Vermont, Federal cutbacks have forced the State to push back the deadline for applying for fuel aid to September 2. Mr. President, I strongly disagree with the contention that the need for fuel assistance has declined since the program's founding. Last winter, two-thirds of the 1,400 Vermonters who missed the State's benefits deadline were denied assistance; and the number of people who ran out of fuel and requested emergency aid doubled.

Mr. President, Federal cutbacks since 1995 have reduced the number of families in Vermont that receive assistance from over 24,000 to around 12,000 this year. These families should not face the prospect of further cutbacks.

Mr. President, I want to emphasize to the program's critics that LIHEAP helps the neediest of the needy. As others have already stated, almost 70 percent of recipient families have an annual income of less than $8,000, and 44 percent have at least one member who is elderly and 20 percent have one member who is disabled. Currently, only 5 million families are being served nationally, a million less than 2 years ago.

Mr. President, this is a time to increase funding for LIHEAP not decrease it. Last month, as cochair of the Northeast-Midwest Senate Coalition, I spearheaded a letter to Senators SPECTER and HARKIN that asked for an increase in regular funding for LIHEAP so that the program is not forced to rely on releases of emergency funds to meet basic needs. Fifty-five Senators signed on to this letter.

Mr. President, the Appropriations Committee should be commended for recognizing that the need for LIHEAP is greater than current resources. The committee has included $1.2 billion in so-called advance funds for fiscal 1999. I urge my colleagues to overwhelmingly reject this amendment to cut LIHEAP and support Senators SPECTER and HARKIN in their effort to increase LIHEAP funding in fiscal 1999.

Mr. President, I yield the floor and suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. SPECTER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. SPECTER. Mr. President, there has been a hotline run, that is to say, Senators on both sides of the aisle have been notified, and I now ask unanimous consent that a vote occur on or in relation to the pending Kyl amendment at 5 p.m. today.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. SPECTER. Mr. President, I again renew the request that any Senator who has an amendment to offer should come to the floor. And again I say that we are going to be seeking a unanimous-consent agreement to limit amendments which were filed, trying to get that accomplished by late afternoon or early evening.

Again, in the absence of any Senator on the floor seeking recognition, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. CONRAD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. CONRAD. Mr. President, I rise to discuss the pending amendment. I understand we will soon vote on the amendment of the Senator from Arizona, Senator KYL. I wanted to take just a moment to address that amendment that is before the body.

Mr. President, Senator KYL has suggested that we increase Pell grant funding by $528 million. That is a worthy goal. That is something that I would like to see done. But he suggests paying for it by taking that money out of the low-income heating assistance program.

The Senator from Arizona experiences a different reality than the one I experience. The Senator from Arizona says the energy crisis is over; the need for low-income heating assistance has ended. I could not disagree more. We have just had in my State the worst winter in our history. In fact, we saw heating oil prices spike significantly, with natural gas hitting an all-time high. Propane spiked dramatically, hitting an all-time high.

Mr. President, this is not the time to end the low-income heating assistance program. We just went through a winter in which not only did we have the worst winter in terms of snowfall in our history, but we had, if I am not mistaken, eight blizzards and nine major winter storms. We also had the most powerful winter storm in 50 years in the first week of April.

Mr. President, that was devastating in my State. In fact, this collection of storms was devastating in my State. Low-income heating assistance played a key role in helping people who are faced with the choice between heating and eating. That is not a choice anybody should have to make in this country.

So, while I certainly support the underlying intention of the Senator from Arizona to increase assistance for Pell grants, I would simply point to the record of what we have already done.

We have a $1 billion increase for Pell grants in this legislation; funding of $6.9 billion for Pell grants. Again, I would like to see that increased further. But I don't think the way to fund it is to dramatically reduce what is available for low-income heating assistance. This bill has $1 billion for fiscal year 1998 in low-income heating assistance and $300 million in an emergency contingency fund. To cut back by $528 million to add to Pell grants I don't think can be justified.

So I ask my colleagues to join me in opposing the Kyl amendment, not because I am opposed to an increase in Pell grants but because I am opposed to taking it out of low-income heating assistance at a time when we have just experienced in the northern plains the worst winter in our history, and, if the almanac is to be believed, we may be faced with another tough winter this year. I hope that is not the case, but if it is, low-income heating assistance may make the difference between people making a decision of heating versus eating. Again, that is not a decision anybody should have to make.

I thank the Chair.

I yield the floor and note the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. HATCH. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HATCH. Mr. President, I ask unanimous consent that we be given an extra 5 minutes past 5 o'clock to make statements.

The PRESIDING OFFICER. Without objection, it is so ordered.

NATIONAL DAY OF RECOGNITION FOR THE HUMANITARIAN EFFORTS OF DIANA, PRINCESS OF WALES

Mr. HATCH. Mr. President, today I am offering for myself, Senator LEAHY, Senator SPECTER, Senator LANDRIEU, Senator MIKULSKI, and I am sure others, a resolution that designates Saturday, September 6, 1997, as a National Day of Recognition for the Humanitarian Efforts of Diana, Princess of Wales.

Death is always difficult to accept. It is, however, more difficult when it captures someone in the prime of her life as it has Princess Diana. It is safe to say that events surrounding her death will make us all take a closer look at the handling of this event by the press, its responsibilities, and the role it should play in the future.

As a mother, humanitarian, and a goodwill ambassador, Princess Diana was an inspiration to many people throughout the world who admired her strength in adversity, her dedication to those less fortunate, and her devoted love to her children.

The extraordinary outpouring of grief and affection is a true testament to the legacy that she leaves. The stunning array of flowers, candles, and notes in front of the British Embassy is just one indication of the high esteem in which the Princess was held here in the United States. Our country rejected a monarchy a long time ago, but we know a true friend when we see one.

In a town accustomed to the art of issue advocacy, the Princess of Wales was clearly one of the most persuasive and compelling advocates to have graced our Nation's Capital. Much has already been said about her efforts to raise awareness and attention to breast cancer and AIDS. She recently took up the cause of banning the deployment of antipersonnel landmines. She was informed and articulate and committed to these causes.

Many people can make speeches, and many people can throw gala benefits. What set Diana apart from others working for these same causes was the gentleness of her spirit. To break the back of intolerance and to help to dispel unfounded notions about AIDS, Diana broke tradition, and held babies afflicted with AIDS in her arms and to offer her hands to comfort AIDS patients.

We understood that she participated in these activities not just out of a sense of duty but because she genuinely cared. She delighted in children, commiserated with the rank and file, and listened to the elderly or less fortunate. Her vulnerability was also her strength. She could connect with people like few people ever could. She was indeed the people's Princess.

Although she was a symbol of glamour and celebrity, she taught us all that the quality of life is measured by what you do for others and how you treat others. By that measure, Diana's all too short life was very rich indeed. Her warmth and joie de vivre transcended wealth and power.

Along with my fellow Utahns and millions of people around the world, Elaine and I were shocked and saddened to hear the tragic news of her untimely and tragic death. We want to extend our sincere and heartfelt condolences and sympathy to her family, and especially to her two sons, Prince William and Prince Harry.

In offering this resolution, Mr. President, Senator LEAHY and I believe it is appropriate to extend the sympathy of all Americans to the people of the United Kingdom on the death of such an extraordinary lady.

Mr. President, we expect to pass this today and I urge the support of all of our colleagues.

This is a sad event. This was a sad day. This is a tremendous loss for the world. And this is the least we can do.

I yield the floor.

Mr. LEAHY addressed the Chair.

The PRESIDING OFFICER. The Senator from Vermont.

Mr. LEAHY. Mr. President, I am proud to cosponsor with the senior Senator from Utah this resolution that designates September 6, 1997, as a National Day of Recognition for the Humanitarian Efforts of Diana, Princess of Wales.

What we try to do with this resolution is to convey a sense of the tremendous sorrow that Americans—indeed, people around the world—felt at the shocking news of her death in Paris.

I was with my wife in Vermont, and was called out of a gathering to be given the preliminary news of the accident. The two of us went back to our home that evening praying that the injuries were not life threatening. Of course, within a matter of hours we learned that she had died.

We have all been moved by the outpouring of affection by people everywhere, who remember the Princess of Wales as an extraordinary humanitarian who gave voice to the most vulnerable people. I remember the conversations I had with her about the scourge of landmines. This was an issue that I was honored to work with her on. She and Elizabeth Dole, the wife of our former distinguished majority leader and President of the American Red Cross, and myself and others, held a fundraiser for the victims of landmines earlier this year, and raised over half a million dollars for people who had lost arms and legs or their eyesight from landmines. She could do that, by simply spending an evening talking about the plight of landmine victims. She said about her trip to Angola, "Before I went to Angola, I knew the facts but the reality was a shock." I wish more people would go see what she saw, and walk where she walked. Landmines would be banned tomorrow.

A lot of us can give speeches about landmines. Many people around the world have worked to stop the scourge of landmines, but Diana brought a human face to the crusade to ban them. She gave a voice to landmine victims. When she visited them, in Angola, or Bosnia, the whole world saw those victims. When she held in her arms a child maimed by a landmine, the whole world saw that child. And when they saw her walk into a minefield, the whole world saw the danger so many people face every day.

There was never a question in my mind, in my conversations with her, about the sincerity of her compassion. She saw the victims of landmines through the eyes of a mother, a mother who cared not only for her own two sons, but for the sons and daughters of those dying worldwide.

This week and next week nations of the world meet in Oslo to take the final steps toward an international treaty banning landmines. I hope each of them will think of what this woman did, in calling attention to the victims of landmines. There would be no more fitting memorial to this great woman than a treaty that bans anti-personnel landmines from this Earth forever.

I thank my distinguished colleague. I have appreciated working with him on this. He spoke about the many other humanitarian causes the Princess was involved in. I mentioned landmines, of course, because I saw first-hand how she became involved not as a Princess but as a mother, a mother who knew how other mothers suffered when their children suffered. She spoke for all of us.

I yield the floor.

DEPARTMENTS OF LABOR, HEALTH AND HUMAN SERVICES, AND EDUCATION, AND RELATED AGENCIES APPROPRIATIONS ACT, 1998

The Senate continued with the consideration of the bill.

AMENDMENT NO. 1056

The PRESIDING OFFICER (Mr. ABRAHAM). Under the previous order, the Senate will now vote on amendment No. 1056 offered by the Senator from Arizona. The yeas and nays have been ordered. The clerk will call the roll.

The bill clerk called the roll.

Mr. NICKLES. I announce that the Senator from Arkansas [Mr. MURKOWSKI] is necessarily absent.

The PRESIDING OFFICER. Are there any other Senators in the Chamber who desire to vote?

The result was announced—yeas 25, nays 74, as follows:

[Rollcall Vote No. 213 Leg.]

YEAS—25

Allard
Ashcroft
Breaux
Brownback
Cochran
Coverdell
Faircloth
Feinstein
Gorton
Gramm
Hatch
Helms
Hutchinson
Hutchison
Inhofe
Kyl
Lott
Mack
McCain
McConnell
Nickles
Roberts
Sessions
Shelby
Thurmond

NAYS—74

Abraham
Akaka
Baucus
Bennett
Biden
Bingaman
Bond
Boxer
Bryan
Bumpers
Burns
Byrd
Campbell
Chafee
Cleland
Coats
Collins
Conrad
Craig
D'Amato
Daschle
DeWine
Dodd
Domenici
Dorgan
Durbin
Enzi
Feingold
Ford
Frist
Glenn
Graham
Grams
Grassley
Gregg
Hagel
Harkin
Hollings
Inouye
Jeffords
Johnson
Kempthorne
Kennedy
Kerrey
Kerry
Kohl
Landrieu
Lautenberg
Leahy
Levin
Lieberman
Lugar
Mikulski
Moseley-Braun
Moynihan
Murray
Reed
Reid
Robb
Rockefeller
Roth
Santorum
Sarbanes
Smith (NH)
Smith (OR)
Snowe
Specter
Stevens
Thomas
Thompson
Torricelli
Warner
Wellstone
Wyden

NOT VOTING—1

Murkowski

The amendment (No. 1056) was rejected.

Mr. SPECTER. Mr. President, I move to reconsider the vote.

Mr. HARKIN. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. The Senate will please come to order so the Senator from Pennsylvania may be recognized.

Mr. SPECTER. Mr. President, after consulting with the majority leader, it is our intention to proceed with a series of amendments and to have perhaps two stacked votes at about 7 o'clock. We have next up an amendment that will just take a moment or two, a very brief amendment by Senator McCAIN. Then we are going to follow that with a brief amendment by Senator NICKLES.

Will that require a rollcall vote, Senator NICKLES? It will.

Then we have an amendment by Senator LIEBERMAN, and then we will be in a position to, we hope, have a list of amendments which will be limited so we can proceed to see precisely how we will finish the bill.

Mr. WARNER. Mr. President, will the Senator entertain a unanimous-consent request, a brief one?

Mr. SPECTER. Yes.

Mr. WARNER. I thank the manager.

The PRESIDING OFFICER. The Senator from Virginia.

EXPLANATION OF ABSENCE—VOTE ON AMENDMENT NO. 1057

Mr. WARNER. Mr. President, I was absent this morning during the vote on the Harkin amendment. Had I been here, I would have voted with the distinguished Senator from Iowa. I was at the funeral of a friend, an employee of 35 years, who passed on, and I was privileged to give the eulogy.

The PRESIDING OFFICER. The Senator from Minnesota.

Mr. WELLSTONE. Mr. President, I have an amendment I would send to the desk on behalf of myself and Senator McCAIN.

The PRESIDING OFFICER. Is there objection to setting aside the pending amendment?

Mr. WELLSTONE. I ask unanimous consent the pending amendment be set aside.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENT NO. 1074

(Purpose: To provide for the establishment of a program for research and training with respect to Parkinson's disease)

The PRESIDING OFFICER. The clerk will report the amendment.

The assistant legislative clerk read as follows:

The Senator from Minnesota [Mr. WELLSTONE], for himself, Mr. McCAIN, Mr. CRAIG, Mr. BURNS, Mr. DURBIN, Mr. FORD, Mr. D'AMATO, Mr. BREAUX, Ms. MOSELEY-BRAUN, Mr. SANTORUM, Mr. JOHNSON, Ms. SNOWE, Mr. REID, Mr. HOLLINGS, Mr. TORRICELLI, Mr. FAIRCLOTH, Mr. LEVIN, Mr. LAUTENBERG, Mr. HATCH, and Mr. BRYAN, proposes an amendment numbered 1074.

Mr. WELLSTONE. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the appropriate place, insert the following:

SEC. . PARKINSON'S DISEASE RESEARCH.

(a) SHORT TITLE.—This section may be cited as the "Morris K. Udall Parkinson's Research Act of 1997".

(b) FINDING AND PURPOSE.—

(1) FINDING.—Congress finds that to take full advantage of the tremendous potential for finding a cure or effective treatment, the Federal investment in Parkinson's must be expanded, as well as the coordination strengthened among the National Institutes of Health research institutes.

(2) PURPOSE.—It is the purpose of this section to provide for the expansion and coordination of research regarding Parkinson's, and to improve care and assistance for afflicted individuals and their family caregivers.

(c) PARKINSON'S RESEARCH.—Part B of title IV of the Public Health Service Act (42 U.S.C. et seq.) is amended by adding at the end the following:

"PARKINSON'S DISEASE

"SEC. 409B. (a) IN GENERAL.—The Director of NIH shall establish a program for the conduct and support of research and training with respect to Parkinson's disease (subject to the extent of amounts appropriated under subsection (e)).

"(b) INTER-INSTITUTE COORDINATION.—

"(1) IN GENERAL.—The Director of NIH shall provide for the coordination of the program established under subsection (a) among all of the national research institutes conducting Parkinson's research.

"(2) CONFERENCE.—Coordination under paragraph (1) shall include the convening of a research planning conference not less frequently than once every 2 years. Each such conference shall prepare and submit to the Committee on Appropriations and the Committee on Labor and Human Resources of the Senate and the Committee on Appropriations and the Committee on Commerce of the House of Representatives a report concerning the conference.

"(c) MORRIS K. UDALL RESEARCH CENTERS.—

"(1) IN GENERAL.—The Director of NIH shall award Core Center Grants to encourage the development of innovative multidisciplinary research and provide training concerning Parkinson's. The Director shall award not more than 10 Core Center Grants and designate each center funded under such grants as a Morris K. Udall Center for Research on Parkinson's Disease.

"(2) REQUIREMENTS.—

"(A) IN GENERAL.—With respect to Parkinson's, each center assisted under this subsection shall—

"(i) use the facilities of a single institution or a consortium of cooperating institutions, and meet such qualifications as may be prescribed by the Director of the NIH; and

"(ii) conduct basic and clinical research.

"(B) DISCRETIONARY REQUIREMENTS.—With respect to Parkinson's, each center assisted under this subsection may—

"(i) conduct training programs for scientists and health professionals;

"(ii) conduct programs to provide information and continuing education to health professionals;

"(iii) conduct programs for the dissemination of information to the public;

"(iv) separately or in collaboration with other centers, establish a nationwide data system derived from patient populations with Parkinson's, and where possible, comparing relevant data involving general populations;

"(v) separately or in collaboration with other centers, establish a Parkinson's Disease Information Clearinghouse to facilitate and enhance knowledge and understanding of Parkinson's disease; and

"(vi) separately or in collaboration with other centers, establish a national education program that fosters a national focus on Parkinson's and the care of those with Parkinson's.

"(3) STIPENDS REGARDING TRAINING PROGRAMS.—A center may use funds provided under paragraph (1) to provide stipends for scientists and health professionals enrolled in training programs under paragraph (2)(B).

"(4) DURATION OF SUPPORT.—Support of a center under this subsection may be for a period not exceeding five years. Such period may be extended by the Director of NIH for one or more additional periods of not more than five years if the operations of such center have been reviewed by an appropriate technical and scientific peer review group established by the Director and if such group has recommended to the Director that such period should be extended.

"(d) Morris K. Udall Awards for Excellence in Parkinson's Disease Research.—The Director of NIH shall establish a grant program to support investigators with a proven record of excellence and innovation in Parkinson's research and who demonstrate potential for significant future breakthroughs in the understanding of the pathogensis, diagnosis, and treatment of Parkinson's. Grants under this subsection shall be available for a period of not to exceed 5 years.

"(e) Authorization of Appropriations.—For the purpose of carrying out this section, there are authorized to be appropriated $100,000,000 for fiscal year 1998, and such sums as may be necessary for each of the fiscal years 1999 and 2000.".

Mr. WELLSTONE. Mr. President, I could talk at some length about this amendment, and I will not. I will just make a few introductory comments, and then my colleague, Senator McCain, will speak on this.

We have, I believe, close to 66, or thereabouts, cosponsors. This amendment, which I am very proud to offer today, is really an amendment that is named after Mo Udall, who was a very distinguished Representative in the House of Representatives and somebody that many people here have a great deal of love and respect for.

This amendment would call for 10 Parkinson's research centers. This would be $100 million a year. The reason for this amendment is that Parkinson's disease is a devastating neurological disease. Probably my colleagues are very familiar with it. They may have had a loved one who suffered from it. I had two parents who suffered from Parkinson's disease.

Mr. President, what happens with people with Parkinson's is that there is a tremendous problem with shaking, people have difficulty walking, and many people have really found it difficult to be, if you will, their own lobbyist. People have found it difficult to speak for themselves.

But what has happened in the last several years is that there has been a wonderful group of people who have come here. The Udall family has been very, very important in this whole struggle. In addition, Joan Samuelson, with the Parkinson's Action Network, has been really critical to this. They have come here and I think have met with Senators, Democrats and Republicans alike. This is a bipartisan effort we have on the floor of the Senate. They have essentially said to all of us, "Time is not on our side. We have the research that we can point to. It is such promising research. We are on the cuspis of major breakthroughs, but if we do not at least increase this funding for research for many of us, we really will not have that much of a future."

Mr. President, there are a million people in our country, men and women who struggle with Parkinson's disease. Up to now, we have been spending about $30 per person. It is a really shamefully low amount of money that we have spent. Very little has been invested.

But now these men and women, this community, has come to the Nation's Capital. They have met with all of us, and they have made their case. I am very honored to offer this amendment with Senator McCain. I hope we will get very, very strong support.

Mr. President, I ask unanimous consent to add as original cosponsors to this amendment Senator Craig, Senator Burns, Senator Durbin, Senator Ford, Senator D'Amato, Senator Breaux, Senator Moseley-Braun, Senator Santorum, Senator Johnson, Senator Snowe, Senator Harry Reid, Senator Hollings, Senator Torricelli, Senator Faircloth, Senator Levin, and Senator Lautenberg.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENT NO. 1074, AS MODIFIED

Mr. WELLSTONE. Mr. President, I ask unanimous consent to send a modification to the desk, along with the cosponsors.

The PRESIDING OFFICER. The Senator has a right to modify his amendment, the yeas and nays not having been ordered.

The amendment, as modified, is as follows:

At the appropriate place, insert the following:

SEC. . PARKINSON'S DISEASE RESEARCH.

(a) Short Title.—This section may be cited as the "Morris K. Udall Parkinson's Research Act of 1997".

(b) Finding and Purpose.—

(1) Finding.—Congress finds that to take full advantage of the tremendous potential for finding a cure or effective treatment, the Federal investment in Parkinson's must be expanded, as well as the coordination strengthened among the National Institutes of Health research institutes.

(2) Purpose.—It is the purpose of this section to provide for the expansion and coordination of research regarding Parkinson's, and to improve care and assistance for afflicted individuals and their family caregivers.

(c) Parkinson's Research.—Part B of title IV of the Public Health Service Act (42 U.S.C. 284 et seq.) is amended by adding at the end the following:

"PARKINSON'S DISEASE

"Sec. 409B. (a) In General.—The Director of NIH shall establish a program for the conduct and support of research and training with respect to Parkinson's disease (subject to the extent of amounts appropriated under subsection (e)).

"(b) Inter-Institute Coordination.—

"(1) In general.—The Director of NIH shall provide for the coordination of the program established under subsection (a) among all of the national research institutes conducting Parkinson's research.

"(2) Conference.—Coordination under paragraph (1) shall include the convening of a research planning conference not less frequently than once every 2 years. Each such conference shall prepare and submit to the Committee on Appropriations and the Committee on Labor and Human Resources of the Senate and the Committee on Appropriations and the Committee on Commerce of the House of Representatives a report concerning the conference.

"(c) Morris K. Udall Research Centers.—

"(1) In general.—The Director of NIH shall award Core Center Grants to encourage the development of innovative multidisciplinary research and provide training concerning Parkinson's. The Director shall award not more than 10 Core Center Grants and designate each center funded under such grants as a Morris K. Udall Center for Research on Parkinson's Disease.

"(2) Requirements.—

"(A) In general.—With respect to Parkinson's, each center assisted under this subsection shall—

"(i) use the facilities of a single institution or a consortium of cooperating institutions, and meet such qualifications as may be prescribed by the Director of the NIH; and

"(ii) conduct basic and clinical research.

"(B) Discretionary requirements.—With respect to Parkinson's, each center assisted under this subsection may—

"(i) conduct training programs for scientists and health professionals;

"(ii) conduct programs to provide information and continuing education to health professionals;

"(iii) conduct programs for the dissemination of information to the public;

"(iv) separately or in collaboration with other centers, establish a nationwide data system derived from patient populations with Parkinson's, and where possible, comparing relevant data involving general populations;

"(v) separately or in collaboration with other centers, establish a Parkinson's Disease Information Clearinghouse to facilitate and enhance knowledge and understanding of Parkinson's disease; and

"(vi) separately or in collaboration with other centers, establish a national education program that fosters a national focus on Parkinson's and the care of those with Parkinson's.

"(3) Stipends regarding training programs.—A center may use funds provided under paragraph (1) to provide stipends for scientists and health professionals enrolled in training programs under paragraph (2)(B).

"(4) Duration of support.—Support of a center under this subsection may be for a period not exceeding five years. Such period may be extended by the Director of NIH for one or more additional periods of not more than five years if the operations of such center have been reviewed by an appropriate technical and scientific peer review group established by the Director and if such group has recommended to the Director that such period should be extended.

"(d) Morris K. Udall Awards for Excellence in Parkinson's Disease Research.—The Director of NIH shall establish a grant program to support investigators with a proven record of excellence and innovation in Parkinson's research and who demonstrate potential for significant future breakthroughs in the understanding of the pathogenesis, diagnosis, and treatment of Parkinson's. Grants under this subsection shall be available for a period of not to exceed 5 years.

"(e) Authorization of Appropriations.—For the purpose of carrying out this section and section 301 and title IV of The Public Health Service Act with respect to direct Parkinson's disease research, there are authorized to be appropriated a total of $100,000,000 for fiscal year 1998, and such sums as may be necessary for each of the fiscal years 1999 and 2000.

Mr. WELLSTONE. I defer to my colleague from Arizona, and I thank him for his—I am not going to use the word "leadership" because many people always talk about Senator McCAIN's leadership—but for his emotional and personal involvement. He is a Senator who is very connected to people. I thank him for all of his work. I hope we will get a good, strong vote.

Mr. McCAIN addressed the Chair.

The PRESIDING OFFICER. The Senator from Arizona.

Mr. McCAIN. Mr. President, I thank my friend from Minnesota. He is a man of great spirit, a man of great commitment. When the Senator from Minnesota gets involved in an issue, he is heard from. I believe his involvement in this issue is important and, indeed, critical. I don't think it is inappropriate to mention that the life of the Senator from Minnesota has been touched in the most graphic and dramatic fashion by this disease we are discussing today. I thank the Senator from Minnesota.

Mr. President, I support Senator WELLSTONE's amendment. Scientists have made tremendous new discoveries and progress in regard to Parkinson's disease, which clearly illustrates how close we are to finding a cure and treatment for this deadly disease. According to a wide array of experts, we are on the verge of substantial, groundbreaking scientific discoveries in the next few years regarding the cause and potential cure of Parkinson's disease.

The most recent scientific discovery of a gene abnormality that causes some cases of Parkinson's disease has provided researchers with a powerful new tool for understanding Parkinson's disease. This is the kind of breakthrough that makes a strong case for ensuring adequate funding for Parkinson's research.

I don't come to the floor very often on a situation like this, but there is a gross inequity here and one that needs rectification. I find it gravely disturbing that despite the significant progress scientists are making in the field of Parkinson's, the National Institutes of Health continuously fail to provide an appropriate amount of funding for Parkinson's research, which is why the Senator from Minnesota and I are here.

During fiscal year 1996, the National Institutes of Health spent $32 million for direct Parkinson's research. That is about $32 for each of the approximately 1 million Parkinson's patients—$32 for each of the approximately 1 million Parkinson's patients. Compare this to the $2,143 per AIDS victim; $338 per cancer victim; or $200 per breast cancer victim; or $81 per Alzheimer's victim; $74 per heart disease victim, not including the additional funding just adopted as an amendment to this bill.

Obviously, funding for Parkinson's research is grossly inadequate compared to support which other diseases receive at NIH. By failing to provide scientists with adequate funding, we are potentially letting a cure for this dreadful disease slip further and further into the future. This amendment will ensure that our scientific researchers have available the necessary funding and support to proceed as quickly as possible to combat Parkinson's.

Mr. President, the Senator from Minnesota has described what this legislation would do, including the establishment of 10 Morris K. Udall Centers for Research on Parkinson's Disease throughout the Nation, create a national Parkinson's disease clearinghouse and other things.

Approximately 1 million Americans are afflicted with Parkinson's disease. Parkinson's is a debilitating, degenerative disease which is caused when nerve centers in an individual's brain lose their ability to regulate body movements. People afflicted by this disease experience tremors, loss of balance and repeated falls, loss of memory, confusion and depression. Ultimately, this disease results in total incapacity of an individual, including the inability to speak. This disease knows no boundaries, does not discriminate and strikes without warning.

This amendment is supported by the National Parkinson's Foundation, the American Parkinson's Disease Association and Parkinson's Action Network. These organizations, as well as many other individuals involved in grassroots support activities, have worked long and hard to achieve widespread support for this authorization bill in both the House and Senate.

The Mo Udall Parkinson's Research and Education Act, which is the basis for this amendment, has 64 cosponsors in the Senate and approximately 240 cosponsors in the House. Mr. President, we cannot afford to lose this opportunity to continue the momentous progress in finding the cause for a cure for this terrible illness. On behalf of the millions of Americans afflicted with Parkinson's and their families and friends, I urge my colleagues to support this measure.

Mr. President, I ask unanimous consent that Senator HATCH be added as an original cosponsor of the amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. McCAIN. Mr. President, finally, I would like to thank the people that I mentioned earlier—the National Parkinson's Foundation, the American Parkinson's Disease Association, and Parkinson's Action Network. Without the help of these organizations, we would not be here today.

Finally, I know sometimes amendments have a tendency to be dropped in conference. The Senator from Minnesota and I feel very strongly about this amendment, and that is why we feel it is necessary that we have a rollcall vote on this issue. I hope that the managers of the bill will see the way clear to preserve this amendment in conference, as it is supported by, as I mentioned, now 65 of our colleagues in the Senate and over 240 Members of the House.

Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

Mr. McCAIN. I yield the floor.

Mr. WELLSTONE addressed the Chair.

The PRESIDING OFFICER. The Senator from Minnesota.

Mr. WELLSTONE. Mr. President, I want to add one final word to what my colleague, Senator McCAIN, has had to say. Above and beyond the organizations that Senator McCAIN recognized for their fine work, and above and beyond Mo Udall, this amendment comes from legislation which, as I said, is really named after Mo Udall, for reasons I don't need to explain to any colleague. I also would like to thank, but I want to do this carefully, Muhammad Ali, who has been very courageous, and I use that word carefully. Muhammad Ali struggles with Parkinson's, and he could have chosen to have had the world or the country have only seen him as he was when he was in his prime as a boxer. Instead, he has been very public, very visible and a very, very strong advocate, not just for himself but for many, many other people.

Mr. President, I say to my colleagues, and I know that my colleague from Indiana is going to have a second-degree amendment which I think really adds strength to this and he has some very thoughtful and important questions to raise or comments to make, but I am going to end on a personal note. I want to say to everybody here that we really do need to have a strong vote, and we need to keep this in conference.

When Senator McCAIN was talking about this disorder and what it does to people, I remember when L-Dopa, the first drug, came out. My father was in the original pilot group. For a while, L-Dopa helped, but then it reached the point where it did not. With my father, Leon Wellstone, at the very end, he not only could not walk, and he was a writer and his hand would shake and he could not type, but, in addition, he could not even speak.

It can be so ravaging to people. It can be so devastating. The reason we have brought this amendment to the floor is that it is an equity question. So precious little has been invested in Parkinson's research at the very time when there is such potential for big breakthroughs.

I want to make it clear to everybody that we have had the Parkinson's community come here to Washington, and they have come year after year for the last 3 or 4 years that they have been working on this. Each time, we make progress, and then at the very end, for some reason, they get shut out.

So I make a plea to people on the basis of please vote for this funding. It is just a matter of elementary fairness and justice. It is just a matter of equity. Please don't shut people out. I just don't want to see people who have been so courageous and who have come here and have struggled so hard not be successful in this Senate and in this House of Representatives. We have to pass this legislation. It really would be a wonderful vote, and it really would make a huge difference in the lives of many of our neighbors and many of our friends who are men and women of enormous worth and enormous dignity and enormous substance. Nothing I say is said out of pity, it is said out of respect for the dignity of people. I just would like to say one more time, I hope we will get a huge vote for this amendment. I yield the floor.

Mr. SPECTER addressed the Chair.

The PRESIDING OFFICER. The Senator from Pennsylvania.

Mr. SPECTER. Mr. President, this amendment to provide a statutory program for research and training with respect to Parkinson's, I think, is well founded.

We have worked within the subcommittee to increase the funding for the National Institute of Neurological Disorders and Stroke which included language in the Senate report highlighting the importance of further activity on Parkinson's disease research. And the activities of the sponsors of this amendment, whom I commend, will direct greater intensive effort on Parkinson's, which is a horrible disease. It has afflicted many, many people.

With the enactment of this amendment, I think we will be taking a firm stand to show the emphasis that the Senate, hopefully, ultimately the full Congress, will place on additional research and resources being directed against Parkinson's.

There is a great deal that could be said. We have a number of other amendments, so I will limit my comments to those brief remarks.

Mr. HARKIN addressed the Chair.

The PRESIDING OFFICER. The Senator from Iowa.

Mr. HARKIN. I want to concur with what the chairman just said about this amendment. Obviously, all of us are very concerned about the lack of, shall we say, appropriate funding levels for research into the causes and interventions and cures of Parkinson's disease. This is something that I have been very close to for the last several years. I know that both Senator McCAIN and Senator WELLSTONE have been leaders on this issue in the Senate. And I congratulate them and commend them for their leadership on the issue of proper funding for Parkinson's research.

There have been some recent breakthroughs in the causes of Parkinson's, some recent breakthroughs in genetic tracing, some recent breakthroughs in possible interventions, early interventions for those who are detected early with the onset of Parkinson's disease.

This is a quantum increase. It is not out of bounds. Certainly the incidents of Parkinson's disease in this country and around the globe warrants the type of investment in research that the amendment anticipates. It remains to be seen whether or not we can accommodate this huge increase within the confines of the conference. I can assure the authors of the amendment that this Senator, and I am sure that Senator SPECTER, will do what we can to maintain this type of a level for Parkinson's research. What the disposition will be on the House side, obviously, we have no control over that. But I want to commend both Senator McCAIN and Senator WELLSTONE for their leadership on this issue and hope that we can do what we can in conference to keep the funding level up for Parkinson's research.

I yield the floor.

Mr. COATS addressed the Chair.

The PRESIDING OFFICER. The Senator from Indiana.

Mr. COATS. Mr. President, I want to add my support to this. I have been a supporter of additional funds for Parkinson's. But in the process of all of this, and serving on the committee, I have raised, on a number of occasions, my concerns that we are making decisions about which diseases, which research centers at NIH receive the funds. We are making that decision, I think, in well-intended ways, in ways that we hope will direct funds to provide breakthroughs and better research and hopefully cures for some of these diseases, yet I have been concerned we are doing it on a piecemeal basis.

I am concerned that those organizations which have the greatest lobbying clout, who have been able to contact the most Senators or Congressmen, the ones who have generated the most support at home or who are best organized have become those that are rewarded by passage of legislation like this, and that those who do not have the lobbying expertise, the lobbying clout, do not have the same kind of friends in Congress that others have and end up being shorted. As a consequence, we are making decisions on the basis of anecdotal evidence—and some scientific evidence—but on the basis of political decisions as much as scientific decisions.

Medical research is a complicated field. NIH is a wonderful organization that attempts to direct funds in ways that will ensure that research dollars are going into those areas where the best results can be obtained. And yet, in my visits to NIH, and talking with a number of people out there, and my observation of the process here, it is clear that those funds are not always directed in the most expeditious manner, not always directed in ways that provide the most hope in terms of finding breakthroughs and in finding cures.

Having said that, there is no question that Parkinson's research over the years has been shorted. In 1994, it had a funding rate of $26 per patient, the lowest of all the major diseases, yet it affects one million or more Americans. Its direct funding in 1994 was only $26 million, the lowest dollar number of all the major diseases.

So I think it is important that we recognize that here is a debilitating disease that affects a million or more Americans, that has had a personal impact on many of us and our families, that has generated a very effective organization that supports research, increased funding for research, but at the same time I think we have to acknowledge or we should acknowledge and recognize that this is not the best way to go about allocating funds for research at NIH, that the lobby group that is the most effective or the Members who are in the best position to direct the funds because of their committee positions or whatever, that is not the way that we ought to be allocating research dollars.

We ought to be doing it on a meritorious basis, one that is supported by medical science, one that receives the recommendation of independent researchers or an independent body or medical experts that certainly have more expertise in this area than we do. I say that because if you look at the list of diseases and the centers and the way we fund those, there is clearly an imbalance. We clearly are directing funds to areas where research is unnecessary or is duplicated. We clearly are not directing funds to areas where we need research.

I have discussed this with NIH officials. I have been told—and will not quote any names—but I have been told by people who are in a position to know, they are duplicating and in some cases tripling the amount of funds going into the same research simply because they are directed by the Congress to fund that specific disease. And, of course, any duplication or triplication or every excess dollar that has to be spent because it is politically directed to be spent and not medically necessary or scientifically required and going to meritorious studies is a dollar that does not go into some other research, whether it is direct research or indirect research, that could offer potentially life-saving breakthroughs in other diseases.

Just an example or two. All of us have heard about Parkinson's, and we are going to increase Parkinson's here. And I am going to support that increase. I will say this. This is the last specific research dollar increase that I am going to support until we have an outside organization that can give us some recommendations as to how to allocate our money. This "disease of the month" or who has the best lobby or who has the most influential friends in Congress is not the way that we ought to be directing research funds. But I have been a long-time supporter of Parkinson's.

They have made their case. But I have told them I am not going to continue on this basis. I will support the bill this year, but I am going to be adding shortly an amendment that Senator FRIST will speak to, of which I would like to add him as a cosponsor, which will initiate this study so that we would have a report so that in next year's appropriations process we have before us the information we need in order to make rational decisions, meritorious decisions rather than just simply political decisions. I don't mean just simply political decisions, but decisions that are not wholly supported by medical science.

Very few people have heard of polycystic kidney disease, PKD. I had not heard of it until I was visited by a friend of mine who introduced me to the disease. PKD receives a ridiculously low appropriation, and yet PKD is a disease that affects 500,000 Americans. It affects their kidneys in a way that they do not function. And yet, as a Government, because kidney dialysis is covered under Medicaid and Medicare, we spend untold millions of dollars in paying the bills for kidney dialysis when we provide virtually nothing for research in an area where some amazing advances are possible, according to the medical researchers, that can eliminate this disease and save the taxpayer literally billions of dollars.

But because PKD is something that has not generated a huge lobbying effort, does not have influential friends in Congress in key positions, PKD continues to get the short end of the stick in terms of research dollars. And yet, if there was ever an area where we ought to be directing research funds, if the medical science says we have an opportunity here to utilize these effectively and provide research, if there is ever an area that can free up funds that we can use for more research, in Parkinson's and other areas, or to help with the Medicare funding or Medicaid funding or Medicare funding, it ought to be in polycystic kidney disease, because the Government, we have agreed we are going to pay for transfusions on dialysis, we are going to pay for those out of Federal funds. And so year after year after year we pay billions of dollars to provide very costly and very difficult relief for people suffering from this disease, and yet we give them virtually nothing in terms of their research.

As a consequence of all that, and through discussions we have had in committee with some NIH scientists and researchers, I think we are coming to a consensus here that we ought to initiate a process by which we can coordinate our research dollars in a way that it gives us an effective use of those dollars and gives us the best chance to provide the best research in the best ways.

This amendment that I am going to offer shortly would require a comprehensive review of NIH and congressional policies and procedures for establishing priorities for research dollars. And that review has to be independent of the agency. The amendment requires that the agency contract with the Institute of Medicine, which I think is a highly respected and reputable institution, to conduct the study according to the statutory specifications, and requires a report to Congress within 6 months so that the authorizing and the appropriating committees for next year's cycle will have that information before them before they make their decisions.

It raises critical questions about how we ought to direct research dollars, talks about how much funding that would be appropriate, and the statutory changes that will be needed to change NIH policies and procedures.

The Institute of Medicine is particularly directed to focus on the factors and criteria used by NIH to make disease funding allocations, to focus on the process by which the funding decisions are made, the mechanisms for public input and the impact of congressional statutory directives.

Again, as I said, Dr. Olonow, from NIH, who testified before our committee, thought that this was an appropriate way to proceed. The funding is drawn from NIH's general administrative funds. None of these funds will come from existing research dollars. This amendment is not opposed by NIH. I think it will give us a means of making wiser decisions about how we appropriate dollars in the future.

AMENDMENT NO. 1075

(Purpose: To provide for the conduct of a comprehensive, independent study of National Institutes of Health research priority setting)

Mr. COATS. Mr. President, I now offer this amendment by sending it to the desk, and ask unanimous consent that Senator FRIST be added as an original cosponsor.

The PRESIDING OFFICER. Without objection, it is so ordered.

Is there objection to setting aside the pending amendments so the Coats amendment would be considered as a first-degree amendment?

Mr. WELLSTONE. We have no objection.

The PRESIDING OFFICER. Without objection, it is so ordered. The clerk will report the amendment.

The legislative clerk read as follows:

The Senator from Indiana [Mr. COATS], for himself and Mr. FRIST, proposes an amendment numbered 1075.

Mr. COATS. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 49, after line 26, add the following:

COMPREHENSIVE INDEPENDENT STUDY OF NIH RESEARCH PRIORITY SETTING

SEC. . (a) STUDY BY THE INSTITUTE OF MEDICINE.—Not later than 30 days after the date of enactment of this Act, the Secretary of Health and Human Services shall enter into a contract with the Institute of Medicine to conduct a comprehensive study of the policies and process used by the National Institutes of Health to determine funding allocations for biomedical research.

(b) MATTERS TO BE ASSESSED.—The study under subsection (a) shall assess—

(1) the factors or criteria used by the National Institutes of Health to determine funding allocations for disease research;

(2) the process by which research funding decisions are made;

(3) the mechanisms for public input into the priority setting process; and

(4) the impact of statutory directives on research funding decisions.

(c) REPORT.—

(1) IN GENERAL.—Not later than 6 months after the date on which the Secretary of Health and Human Services enters into the contract under subsection (a), the Institute of Medicine shall submit a report concerning the study to the Committee on Labor and Human Resources and the Committee on Appropriations of the Senate, and the Committee on Commerce and the Committee on Appropriations of the House of Representatives.

(2) REQUIREMENT.—The report under paragraph (1) shall set forth the findings, conclusions, and recommendations of the Institute of Medicine for improvements in the National Institutes of Health research funding policies and processes and for any necessary congressional action.

(d) FUNDING.—Of the amount appropriated in this title for the National Institutes of Health, $300,000 shall be made available for the study and report under this section.

Mr. COATS. Mr. President, I appreciate the support and the efforts that Senator WELLSTONE has provided. We have discussed this matter on a number of occasions. He is, I believe, willing to accept the amendment and supports what we are trying to do.

I know Senator FRIST and maybe others would like to speak on the Coats amendment. I yield the floor.

The PRESIDING OFFICER (Ms. COLLINS). The Senator from Minnesota.

Mr. WELLSTONE. Madam President, could I add Senator BRYAN as an original cosponsor of the Wellstone-McCain amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. WELLSTONE. I thank my colleague from Indiana and also my colleague from Tennessee for their thoughtful and important amendment, and I thank them for their support.

The PRESIDING OFFICER. The Senator from Tennessee is recognized.

Mr. FRIST. I rise to commend my colleagues, Senators WELLSTONE and MCCAIN, for their excellent leadership on this issue and their commitment to improving the lives of patients suffering from Parkinson's disease.

I would like to recognize at this time the important efforts of all of the advocacy groups who have done such a wonderful job in educating people broadly, increasing the awareness about the devastation of this disease, and the continued need for research, and to the causes and to the treatments and to the eventual cure of Parkinson's disease. It is in large part due to these efforts, this broad effort at the grassroots level across this country that there has been increased focus on Parkinson's disease and Parkinson's research at the National Institutes of Health.

I want to reiterate and support the words of my colleague from Indiana who has expressed some concern with regard to the process of how these decisions are made and are brought forward, and thus our amendment which he has put forward. As chair of the subcommittee on public health and safety that has jurisdiction over the majority of the public health agencies, including the National Institutes of Health, I must state today, because I believe we should not be placing authorizing legislation on an appropriations bill but should rather be considering this particular bill within the overall NIH reauthorization process.

I, along with my fellow committee members, Senators JEFFORDS and COATS, have discussed at length the critical role our public health agencies play in improving the health and well being of American citizens. We have a strong commitment to push forward authorization legislation for each of the National Institutes of Health's vital programs, but we have to do this in a systematic way through a coherent process, one in which we would be able to give thoughtful review and comparative review to the programs that we establish.

Thus, although I am very supportive of increasing funding in support for Parkinson's research, my preference very clearly would have been to work with my colleague and to include this bill within our overall NIH reauthorization bill that would address the various concerns.

I also want to reiterate what my colleague from Indiana has said, that we have to be very careful because once again we are falling into this risky area of establishing a precedent that once again we take a disease either of the week or of the month or of the year or in reflection or in response to a very strong advocacy group and react to that individual disease without consideration of this larger process.

Every week people come to my office with multiple voices requesting more funds to be allocated to research in a variety of diseases. It might be heart disease, lung disease, kidney disease or pancreatic disease or neurological research. Again, each comes forward making a very strong case. As a physician, and as one who is empathetic and who has treated many of these diseases, my initial response is to say we should increase funding, and if we do increase funding we will find a cure, better treatment or relieve suffering.

The problem is that is exactly the way the system works today. I am concerned that if we continue to appropriate as we are today, disease by disease, we are sending an inaccurate or wrong message to our patient groups. Therefore, we come in today with this amendment, to have a comprehensive study of talking, of discussing exactly how these decisions of prioritization, of research, should be made.

As a physician and as a researcher, I understand the many, many complex factors that must be considered in determining the priorities for research and the enormous difficulty that exists in making decisions of heart disease versus lung disease versus renal disease versus pancreatic disease versus Parkinson's disease. Indeed, each of us in this Chamber, if you came and asked us, would have different priorities based on our own personal circumstances, who we know who has come to see us, who in our family has suffered from a particular disease, and then we are asked to turn around and vote on particular pieces of legislation to be supported by the available research dollars.

My fellow members of the Senate Labor Committee and I have discussed the issue of the priority-setting process within the NIH in two hearings, one on May 1 and the other on July 24. In those hearings we engaged the various committee members in the dialog about the process at the National Institutes of Health regarding funding allocation decisions and what should be the appropriate congressional role in directing Federal biomedical research dollars. Our committee members have expressed concern, as again so well articulated by the Senator from Indiana, that Congress should take caution in micromanaging biomedical research by establishing legislative mandates for specific areas of research without a thorough comparative review of other diseases, of other interests.

We have to be honest with ourselves that there is genuine disagreement among various constituencies about how NIH funds should be distributed among the various institutes and agencies at the NIH. Indeed, there has been much discussion over the need for increased Parkinson's research, and I recognize that disputes have taken place regarding over what the exact amount of research dollars currently spent on Parkinson's disease should be.

As legislators, we have a responsibility, an obligation to the American people to assess the overall strategy, the overall system, the overall process of prioritizing our research dollars. We must do that to ensure the public trust in the decisionmaking process as the NIH addresses the health needs of the Nation.

However, we must ensure that we are funding the best scientific opportunities through the appropriate process. I believe we all have the same goal, to use our resources in the very best way possible to reduce the burden of illness and human suffering. Our challenge is to figure out the system, the process, the path for best achieving that goal. I believe the best way to answer these questions is to ensure that the process at the NIH is working, that the public has a vote in that process.

The amendment we are offering today supports a study to be undertaken by the Institute of Medicine of the National Academy of Science to conduct a comprehensive independent study of the policies and the processes used by the NIH to determine how they allocate funds for biomedical research. The study will look at those factors or criteria that are used to determine funding allocations for disease research, the process by which these research funding decisions are made, the mechanisms for public input into the priority-setting process, to make sure we hear from the public, and lastly, the impact of the statutory directives on research funding decisions.

The report of the study will set forth the findings and the recommendations and the conclusions of the Institute of Medicine for improvements in this process, and the Institute of Medicine will submit the report to both the Senate and the House authorizing committee and Appropriations Committees within 6 months.

I believe this is the best way to address this challenge of prioritizing research. It is my goal that we ensure that the process and the policies at the NIH appropriately address funding allocation and research decisions. The scientific community is equipped to help set the Nation's research priorities.

In conclusion, I again want to state my preference on the underlying amendment would have been to work with my colleagues in the Senate within the overall NIH reauthorization process to resolve the various issues rather than legislating on the appropriations bill today. However, I do support the underlying bill to support the increase in Parkinson's research, and I urge my colleagues to support our amendment to initiate this comprehensive independent study of NIH policies and processes for making funding decisions in the future.

I yield the floor.

The PRESIDING OFFICER. The Senator from Vermont is recognized.

Mr. JEFFORDS. I speak in favor of the Coats amendment and I urge its adoption. I do have problems with the underlying amendment. On the other hand, I recognize that the large majority of Members desire to tell NIH what they should be doing with respect to Parkinson's disease. I also recognize it is a serious problem for those that have Parkinson's disease, and many of my friends across the country do so.

I think the Coats amendment is an important addition to let NIH know that they have to at least be more forthcoming with respect to the processes they use in determining how they should expend the money in research. I, therefore, commend Senator COATS for bringing this to our attention, and as a way to prevent the need for amendments such as the underlying amendment as we move toward the future.

I yield the floor.

The PRESIDING OFFICER. The Senator from Pennsylvania is recognized.

Mr. SPECTER. Parliamentary inquiry. What is the status of the pending issue before the Senate?

The PRESIDING OFFICER. The pending question is the Coats amendment numbered 1075.

Mr. SPECTER. Further inquiry, Madam President. Has the amendment offered by Senator MCCAIN and Senator WELLSTONE been set aside?

The PRESIDING OFFICER. It has been set aside.

Mr. SPECTER. Madam President, the amendment offered by the distinguished Senator from Indiana is acceptable to this side of the aisle. It calls for a study which I think is well-founded, and we are prepared to accept it.

I commend my colleague from Indiana for offering the amendment.

The PRESIDING OFFICER. The question is on agreeing to amendment No. 1075, offered by the Senator from Indiana.

The amendment (No. 1075) was agreed to.

Mr. SPECTER. Madam President, if we can proceed with sequencing, I have just discussed with the Senator from Indiana a subsequent amendment which he intends to offer and he is prepared to accept a 20-minute time limit, equally divided, so we can proceed to a vote on that amendment in relatively short order.

I believe we will have to get concurrence from my colleague, Senator HARKIN.

I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

Mr. SPECTER. I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. SPECTER. I think we will be able to work out a time agreement, 20 minutes equally divided, but we have to check on the other side of the aisle.

Why do we not proceed at this time, and then we will work on that time agreement. I suggest my colleague from Indiana proceed with his 10 minutes at this time.

Mr. COATS. If I could state to the Senator, before we have an agreement, why do I not just, while we are working on the agreement, why do I not begin? I could probably pretty much make my statement, and I might not need the full 10 minutes in the agreement. I will be glad to yield back. There are a certain amount of things I want to say. Until we hear from the other side——

Mr. HARKIN. I think if we might, the Senator from Indiana would go ahead and make some remarks and at least at the beginning outline what his amendment is about. That will certainly alert offices. If we do not hear, in a decent amount of time, that some people are objecting to a time limit, we will go ahead with an agreement.

Mr. SPECTER. I think that arrangement is acceptable.

Why do we not proceed on that basis, with the Senator from Indiana proceeding with his argument, and we will try to solidify that time agreement as we hotline it or allow Members to know what we are doing generally.

The PRESIDING OFFICER. The Senator from Indiana is recognized.

Mr. COATS. The amendment I will offer, and I will hold offering it until such time as an agreement can be at least reached on the other side, this amendment is something that we have debated before. I think it is an important debate. I think it does not require that we make a lengthy debate because it has been discussed and debated.

I want to make sure that each Senator is aware of a certain practice and the implications of that practice before they cast their final vote on the Parkinson's research or any other research that might involve the use of fetal tissue. The amendment says, briefly, notwithstanding any other provision of law, none of the amounts subject to the provisions of subsection (e) of the Morris K. Udall Parkinson's Research Act of 1997 may be expended for any research which utilizes human fetal tissues, cells, or organs obtained from a living or dead embryo or dead fetus during or after an induced abortion. The subsection does not apply to human fetal tissues, cells, or organs obtained from a spontaneous abortion or an ectopic pregnancy.

We just debated, and I believe will vote tonight or tomorrow, and certainly it will pass and I will vote for it, the provision offered by the Senator from Minnesota to increase funding for Parkinson's research. I was pleased the Senate accepted the amendment I just offered to provide a study which will give us guidance in terms of how we can direct research funds in the future.

But on the question of Parkinson's research, it is important that we address an issue that a lot of people do not like to talk about but it is an issue that I think is relevant and one that is important, and that is that in certain research—and I believe it is very limited research, and fortunately it is research that is much more limited than it was in the past because it has not shown that much promise—the implantation of human fetal tissue has been one of the means by which researchers have attempted to address the symptoms of Parkinson's disease.

Now, from a practical standpoint it is important to understand that the amendment here only affects use of fetal tissue, the use of funds to provide fetal tissue research for Parkinson's disease. There are a number of other diseases, diabetes and others, that use fetal tissue research, and that is a subject for a separate time. This only applies to that particular section of the Udall bill and it simply says that funds that we will appropriate cannot be used for fetal tissue research. It does not affect research in other areas. It does not affect indirect research that affects Parkinson's.

Frankly, I do not know that this should even be an issue in Parkinson's, and I cannot speak with scientific authority, but to the best of my knowledge fetal tissue research has held very little and is diminishing in importance in terms of Parkinson's research.

The Parkinson's Action Network has issued a statement, and I will quote from that statement that says:

> Even those involved with fetal tissue research readily acknowledge that the result of their research will not use human fetal tissues. Current work is intended only to demonstrate the capability. Ultimately, another source of fetal material must be found.

That is the statement from the Parkinson's Action Network.

So we are not even talking about direct use here as a potential cure or alleviation of circumstances of Parkinson's. One of the reasons for that is that human tissue has consistently been found to be unsanitary or not fit for clinical use.

Now, the good news is that there are other sources of tissue that have shown some promise that are not from induced abortions. There are xenografts, fetal pig tissue, that at this time and to my understanding are believed to be more useful than human tissue.

There are human cell lines that are more promising sources of tissue than tissue derived from abortions. Genetically engineered cell research has shown significant promise. And tissue that is derived from miscarried pregnancies is now being utilized as a substitute for utilizing fetal tissue from induced abortions.

So I want my colleagues to understand, we are not trying to impede significant research on Parkinson's from the limited amount of research that does come from fetal tissue. There are alternative means of obtaining tissue, whether it is animal tissue, whether it is human cell lines, whether genetically engineered, or whether it is actual fetal tissue, but fetal tissue obtained from miscarriages, from spontaneous abortions, which are miscarriages, but also from ectopic pregnancies.

So there are alternatives to obtain the material necessary for this research.

In addition, the research seems to be moving away from fetal tissue and even new tissue toward more promising areas of research in Parkinson's disease. Implanted brain stimulators work for some but obviously do not work for all. Surgical pallidotomies, proton therapy, genetic-based therapy—these are all alternatives to the fetal tissue research.

So, therefore, just from a practical standpoint, regardless of how you feel about the ethical question, I think there is a real basis to avoid the controversy and to avoid the profound ethical questions and concerns that arise from the utilization of human fetal tissue through induced abortions.

What are those ethical questions that we ought to be asking ourselves? Many of us in the Senate—I am included in this—either have parents, children, spouses, relatives, friends, or colleagues who have, unfortunately, incurred a neurological disease in which fetal tissue transplantation has offered some hope of treatment. So it is not a subject that we ought to lightly dismiss.

I just outlined why I think in the area of Parkinson's research that it is really not even a major issue any more. But I think we have to address the question of the wrenching dilemma that it ought to pose—that is posed—by the issue of human tissue research. Therefore, I think we ought to be searching for a path that serves both public health needs and concerns and the questions of moral principle, a path that offers hope for breakthroughs in research, for cures, for alleviating symptoms, but a path which also shows ethical insight.

Scientific research does not occur in a moral vacuum. I think it has to be guided by something that is more than just practically possible or feasible research. It has to be guided by some ethical considerations that I think each of us need to ask ourselves.

In this regard, the ethical questions, I believe, are the following:

Question No. 1: Will the use of tissue from elective abortions create an irreversible economic and an institutional bond between abortion centers and biomedical science?

Just think for a minute. If medical research becomes dependent on widespread abortion, a vested interest would clearly be created in a substantial uninterrupted flow of human fetal tissue. Medical science would be dependent on continued legal abortion on demand. Does that create an ethical dilemma? I would argue that it does. The reason that it does is that there is no way that we could provide sufficient tissue from spontaneous abortions, miscarriages, or ectopic pregnancies because we know that if tissue transplants are the cure for diabetes, Parkinson's, Alzheimer's, and other neurological trauma, then we are talking about between 34 million and 20 million fetuses a year necessary to supply the need for the fetal tissue to address the problem.

So just on this basis alone, it seems that we need to look at alternative ways to generate fetal tissue without elective abortions—to look at cell cultures, use of animal tissue, and other research that I have just mentioned. We have an ethical nightmare, a potential ethical nightmare that we will face if we can't address ourselves to alternatives.

Another question is: By what right is this fetal tissue obtained? Certainly the remains of the fetus in elective abortions are not donated in the traditional sense of the word. The fetus can't give consent. It is instead provided by the very people who have made the decision to end the life of the fetus. Can the person who ends the life be morally permitted to determine the use of the organs in the life that that person just ended?

Mr. SPECTER. If the distinguished Senator will yield for a moment.

Mr. COATS. I would be happy to yield to the Senator.

Mr. SPECTER. Madam President, we have been checking with various Senators to see if we could reach a unanimous-consent agreement, and it now appears that we will not be able to make that determination very fast. Senators are waiting to find out what is going to happen with respect to the vote and we had earlier talked about stacked votes at 7. It now appears we cannot have stacked votes. So we will set the vote at 7 o'clock by agreement with the other side of the aisle on the Wellstone-McCain, McCain-Wellstone amendment so we will at least proceed with that vote at that time, and by 7 we should be in a position to know what we will be able to do about a unanimous-consent agreement here and further scheduling.

I thank my colleague from Indiana for yielding.

The PRESIDING OFFICER. Does the Senator make a request that the vote occur at 7 p.m?

Mr. COATS. Yes.

The PRESIDING OFFICER. Is there objection?

Mr. WELLSTONE. Madam Chair, I will not object, but might I inquire, the amendment that we have introduced, Wellstone-McCain, McCain-Wellstone, this precludes a second-degree amendment, I gather. Is that correct?

Mr. SPECTER. Madam President, parliamentary inquiry as to whether it precludes a second-degree amendment.

The PRESIDING OFFICER. The present agreement would not preclude a second-degree amendment.

Mr. WELLSTONE. Madam Chair, I ask unanimous consent that this vote at 7 preclude a second-degree amendment.

Mr. SPECTER. I agree with that modification, Madam President.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. COATS addressed the Chair.

The PRESIDING OFFICER. The Senator from Indiana.

Mr. COATS. Madam President, I regret that we were not able to obtain an agreement. I will finish my statement very shortly here and then offer the amendment. I certainly would agree to set it aside so that the Senator from Pennsylvania can continue with what other business he has. We obviously will have to address this issue in greater detail at another time, either later this evening or tomorrow.

Mr. SPECTER. Madam President, I think it may still be possible to have a time agreement, but we could not get that determination. Rather than await that determination to get back-to-back votes, I decided we ought to get the vote set at 7 and perhaps we could have a time agreement entered into after that. We will decide when to have the vote, but perhaps we can have a time agreement. We have a great many amendments pending, and to the extent we can have limited time agreements, we ought to try to do that.

I thank my colleague from Indiana.

Mr. COATS addressed the Chair.

The PRESIDING OFFICER. The Senator from Indiana is recognized.

Mr. COATS. Let me return to the question of the ethical dilemma that is posed with utilization of fetal tissue in research. There is a broad ethical question that affects all neurological research or any research that utilizes human fetal tissue. I have tried to raise some of the questions that I think ought to give all of us pause before we sign off on the use of human fetal tissue in medical research.

Does it create an irreversible economic and institutional bond been abortion centers and biomedical science? That is a legitimate question. Because if the cure or alleviation of symptoms for neurological diseases, diseases including Alzheimer's and Parkinson's and diabetes and other neurological trauma, is dependent on utilization of human fetal tissue, then we are talking about the need to supply fetal tissue patches or pieces from up to 20 million abortions, induced abortions a year. That poses a profound ethical question.

Second, the question is, by what right will we obtain this fetal tissue? We obtain it with the consent of the very person who has made the decision to end the life of the fetus from which the fetal tissue will be derived. So there is no such thing as consent of the human species, the human being, the human person whose life is ended to provide the fetal tissue in the name of medical science.

And is it really possible to separate the practice of abortion from its use in biomedical research? Are researchers merely using the results of abortion, or are they dictating its practice?

There are real concerns about how fetal tissue is derived, how it is procured. A report issued by the University of Minnesota Center for Bioethics has stated that in Sweden, "Doctors say they have obtained brain tissues with a forceps before the fetus was suctioned out of the mother. That raises the question of whether the fetus was killed by the harvesting of brain tissue or by abortion."

Janice Raymond, professor of women's studies and medical ethics at the University of Massachusetts, has testified that doctors are already altering the methods of abortion in order to get the tissue that they desire, and I quote from her.

> Doctors who are eager to get good tissue samples must put women at additional risk of complication by altering the methods of performing abortions and by extending the time it takes to perform the conventional abortion procedure.

Dorie Vawter of the Center for Bioethics at the University of Minnesota has reaffirmed this observation, noting that some clinics currently alter abortion methods for tissue harvesting—slowing down the abortion procedure, reducing the pressure of the suction machine, and increasing the size of dilation instruments, all practices which place women at additional risk.

And so in the harvesting of human tissue, the human tissue has to be at a certain condition. I talked a few moments ago about how much of this tissue is unfit for effective use in Parkinson's research or other neurological research. And now we have testimony of people who are altering the procedures of obtaining the human fetal tissue so that the human fetal tissue is in a better condition for this research. But in doing so they place the health of the woman who is carrying the child, from whom the fetal tissue is derived, at greater health risk.

And then I think we have to ask probably the most difficult of questions, and that is, are we encouraging abortion by covering it with a veneer of compassion?

Dr. Kathleen Nolan, formerly of the Hastings Center, writes,

> Lifesaving cures resulting from the use of cadaveric material might make abortion, and fetal death, seem less tragic. Enhancing abortion's image could thus be expected to undermine efforts to make it as little needed and little done procedure as possible.

This is a very real concern because often people come up to me and say: Why do you offer amendments? Why do you think that utilization of fetal tissue should be restricted to noninduced abortions, because it does so much good, it holds so much potential.

Look at the ethical question involved. Is taking a life, is killing a fetus in order to obtain material that is useful in providing research which offers promising health benefits to individuals, is that not one of the most profound ethical and moral questions that we have to face?

And so I think when we look at a question like this, we clearly have to understand, as Stephen Post said,

> Ultimately, it is the specter of a society whose medical institutions are inextricably bound up with elective abortion and whose people come to believe that for their own health they have every right to feed off the unborn, that gives pause.

Arthur Caplan of the University of Minnesota expresses these concerns in another way.

> This is the ultimate issue of generational justice. You're not just asking for the pocketbooks of the young—you're asking for their body parts.

Now, fortunately, Madam President, we have alternatives available to us. I have listed those alternatives. In the case of Parkinson's, and that is the issue we are facing here—we will address the other issue at another time—but in the case of Parkinson's research, we are learning that fetal tissue research is of diminishing importance and of diminishing effectiveness.

We are learning that there are more viable alternatives that hold far greater benefit and hope for breakthroughs in treating Parkinson's than fetal tissue. And so while I think it is appropriate that we are focusing on increasing funds for research in Parkinson's, I believe it is also appropriate that we place this most limited of restrictions on this research, both for practical reasons because it offers very little hope of any research breakthroughs and because this tissue can be obtained by other alternatives without taking human life, without inducing abortions. Fetal tissue cells from human fetuses can be obtained through miscarriages, spontaneous abortions, ectopic pregnancies, but the other forms of research, the xenografts from animal tissue, which are now being found to be more useful than human tissue, human cell lines, genetically engineered cells, and then all the other more promising means of research in Parkinson's, I think allow us to say that at least in this area we will not pursue and we do not need to pursue the utilization of human fetal tissue.

AMENDMENT NO. 1077

(Purpose: To prohibit the use of funds for research that utilizes human fetal tissue, cells, or organs that are obtained from a living or dead embryo or fetus during or after an induced abortion)

Mr. COATS. So with that, Madam President, I send my amendment to the desk and ask for its consideration with the understanding that it may be possible to enter into an agreement that would limit the time.

The PRESIDING OFFICER. Is there objection to setting aside the pending amendment? Hearing no objection, it is so ordered.

The clerk will report the amendment.

The legislative clerk read as follows:

> The Senator from Indiana [Mr. COATS], for himself and Mr. NICKLES, proposes an amendment numbered 1077.

Mr. COATS. Madam President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

> At the appropriate place, insert the following:
>
> SEC. . LIMITATION ON USE OF FUNDS.—Notwithstanding any other provisions of law, none of the amounts subject to the provision of subsection (e) of the "Morris K. Udall Parkinson's Research Act of 1997" may be expended for any research that utilizes human fetal tissue, cells, or organs that are obtained from a living or dead embryo or fetus during or after an induced abortion. This subsection does not apply to human fetal tissue, cells, or organs that are obtained from a spontaneous abortion or an ectopic pregnancy.

Mr. COATS. Madam President, I yield the floor.

Mr. HARKIN. Madam President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

Mr. KENNEDY. Will the Senator withhold.

Mr. HARKIN. I withdraw that.

The PRESIDING OFFICER. The Senator from Massachusetts is recognized.

PRIVILEGE OF THE FLOOR

Mr. KENNEDY. Madam President, I ask unanimous consent that Susan Hammersten, a fellow in my office, be granted the privilege of the floor during the pending Labor, HHS appropriations bill.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. KENNEDY. Madam President, I strongly support the amendment that Senator MCCAIN and Senator WELLSTONE have offered. More research is clearly needed if we are to conquer this debilitating disease that afflicts more than a million Americans.

I strongly disagree, however, that this is an appropriate place to revisit the issue of fetal tissue research, and I urge the Senate to defeat the Coats amendment.

The earlier ban on fetal research was lifted 4 years ago, and that action was deeply justified. The ban was lifted by the administration and Congress after careful consideration and exhaustive debate.

Research involving fetal tissue holds the potential to provide tremendous advances in treatments and cures for a long list of debilitating conditions such as Parkinson's disease, Alzheimer's disease, Huntington's disease, diabetes, multiple sclerosis, epilepsy, blindness, leukemia, hemophilia, sickle cell anemia, spinal cord injuries, deficiencies of the immune system, birth defects, and certain conditions causing intractable pain. The list goes on and on.

It is no wonder, then, that opposition to a ban on fetal tissue research is supported by a wide range of organizations dedicated to improving the health of Americans, including the Alzheimer's Association, the Epilepsy Foundation of America, the Cystic Fibrosis Foundation, the Parkinson's Disease Foundation, and the Society for Pediatric Research.

Four years ago, Congress decided that the benefits of this research far outweighed the unsubstantiated fears and concerns that the need for fetal tissue would lead to increases in abortions. The vote in the Senate to lift the ban was a resounding 93 to 4.

The bill enacted in 1993 established rigorous standards to safeguard against any possibility that fetal tissue research would influence individual decisions about abortion. Those safeguards are in place and they are working—and working well.

A 1997 GAO study of the safeguards reports that "the act's documentation requirements were met" and that "there have been no reported violations in the acquisition of human fetal tissue for use in transplantation."

The safeguards are working not just in research on Parkinson's disease, but in all research involving fetal tissue. It is irrational and inappropriate to revisit this debate by singling out research on Parkinson's disease for excessive restrictions.

Since 1993, the NIH has awarded more than $23 million in grants for research involving the study, analysis, and use of human fetal tissue. The research that is being carried out today is producing effective solutions that can end the suffering associated with a wide variety of illnesses, and it makes no sense, no sense at all, to restrict it.

One other point should be made. The research being conducted today with fetal tissue is also providing new techniques such as specialized cell lines and genetically engineered cells. In fact, the development of these new technologies may well eliminate the need for using fetal tissue for research purposes. Ironically, the best way to achieve the goal of the Coats amendment is to defeat the Coats amendment, and I urge the Senate to do so.

My Republican colleagues have argued that women will decide to have an abortions in order to donate tissue for research.

These claims are unfounded and uncorroborated. The substantial history of fetal tissue research—extending back at least 30 years to the development of the polio vaccine—shows no evidence—and no evidence has been presented here to the Senate this evening—that the results have encouraged abortion.

American women for various personal and entirely unrelated reasons choose to have over 1 million legal abortions each year. These legal abortions will continue to be performed in the future, regardless of the extent of fetal tissue research.

Congress enacted stringent safeguards to address this claim. No woman can know in advance if the remains from her abortion would or even could be used for research purposes. A woman may not be approached for consent to donate the aborted tissue until after she has made the decision to have an abortion.

Safeguards established by the NIH have eliminated any potential incentives for abuse. No profit can be derived from providing the tissue for research. No family member or friend can benefit from a woman's abortion. A woman may not designate who will be the recipient of the tissue.

This issue has been reviewed and studied as to the effectiveness of the rules and regulations which have been established. It is effectively working and working well. This amendment would have an adverse impact in terms of the real potential for making significant progress in areas of research, and it would not be justified in terms of providing the kind of restrictions that are included in the Coats amendment. For that reason, I hope the Coats amendment will not be accepted.

Madam President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. WELLSTONE. Madam President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENT NO. 1074, AS MODIFIED

Mr. WELLSTONE. Madam President, on the Wellstone-McCain/McCain-Wellstone amendment, I ask unanimous consent that Senator BOXER be added as a cosponsor.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. WELLSTONE. Madam President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. WELLSTONE. Madam President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. WELLSTONE. Mr. President, I ask unanimous consent that Senator ROBB be listed as a cosponsor of the Wellstone-McCain / McCain-Wellstone amendment.

The PRESIDING OFFICER (Mr. BROWNBACK). Without objection, it is so ordered.

Mr. WELLSTONE. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. WELLSTONE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

The question is on agreeing to amendment No. 1074, as modified. The yeas and nays have been ordered. The clerk will call the roll.

The bill clerk called the roll.

Mr. NICKLES. I announce that the Senator from Alaska [Mr. MURKOWSKI] is necessarily absent.

Mr. FORD. I announce that the Senator from Hawaii [Mr. INOUYE] is necessarily absent.

The result was announced—yeas 95, nays 3, as follows:

[Rollcall Vote No. 214 Leg.]

YEAS—95

Abraham
Akaka
Allard
Baucus
Bennett
Biden
Bingaman
Bond
Boxer
Breaux
Brownback
Bryan
Bumpers
Burns
Byrd
Campbell
Chafee
Cleland
Coats
Cochran
Collins
Conrad
Coverdell
Craig
D'Amato
Daschle
DeWine
Dodd
Domenici
Dorgan
Durbin
Faircloth
Feingold
Feinstein
Ford
Frist
Glenn
Gorton
Graham
Gramm
Grams
Grassley
Gregg
Hagel
Harkin
Hatch
Helms
Hollings
Hutchinson
Hutchison
Inhofe
Johnson
Kempthorne
Kennedy
Kerrey
Kerry
Kohl
Kyl
Landrieu
Lautenberg
Leahy
Levin
Lieberman
Lott
Lugar
Mack
McCain
McConnell
Mikulski
Moseley-Braun
Moynihan
Murray
Nickles
Reed
Reid
Robb
Roberts
Rockefeller
Roth
Santorum
Sarbanes
Sessions
Shelby
Smith (NH)
Smith (OR)
Snowe
Specter
Stevens
Thomas
Thompson
Thurmond
Torricelli
Warner
Wellstone
Wyden

NAYS—3

Ashcroft
Enzi
Jeffords

NOT VOTING—2

Inouye
Murkowski

The amendment (No. 1074), as modified, was agreed to.

Mr. WELLSTONE. I move to reconsider the vote.

Mrs. FEINSTEIN. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. CRAIG. Mr. President, each year a small portion of the Medicare budget is devoted to HCFA's Office of Research and Demonstrations for Activities that help guide Medicare policymaking on coverage, financing and other operational issues. This year the Appropriations Committee has approved $47 million for this purpose, an increase, of $3 million over the last year.

The Appropriations Committee has urged the Secretary of Health and Human Services to use a portion of this research budget to conduct a 2-year demonstration project on coverage of medical nutrition therapy by registered dietitians under Medicare part B. I would like to take this opportunity to reiterate my support for this project and to urge the Secretary to move expeditiously to initiate this program.

Research has shown that medical nutrition therapy is an effective way to save health care dollars and improve patient outcomes. By reducing and shortening hospital admission, preventing and controlling medical complications and limiting the need for physician follow-up visits, medical nutrition therapy can lower the cost of treating a variety of diseases. Of particular note are the savings that have been documented for patients with diabetes and cardiovascular disease, two ailments that account for a staggering 60 percent of all Medicare expenditures.

As we continue efforts to modernize and improve the Medicare Program, we should not overlook medical nutrition therapy as an important way to save program dollars and improve patient treatment options. A demonstration project in this area will help us understand how we can best integrate this important service into any future Medicare improvements.

AMENDMENT NO. 1057

Mr. MOYNIHAN. Mr. President, earlier today I voted to support Senator HARKIN's amendment to fund the Food and Drug Administration's "Youth Tobacco Initiative" regulations. When this amendment was first offered on July 23, 1997, I voted to table it. I was concerned at that time that the offset was a tax; taxes fall under the jurisdiction of the Ways and Means and Finance Committees. I am pleased that Senator HARKIN changed the offset so that I was able to vote for the amendment today. I am a strong supporter of the Food and Drug Administration's efforts to reduce the number of young people who begin smoking cigarettes each year. I believe that the money designated for that purpose today is crucial to the success of those efforts.

The PRESIDING OFFICER. Who seeks recognition?

Mr. WELLSTONE addressed the Chair.

The PRESIDING OFFICER. The Senator from Minnesota.

Mr. WELLSTONE. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. LOTT. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

FOOD AND DRUG ADMINISTRATION MODERNIZATION AND ACCOUNTABILITY ACT OF 1997

Mr. LOTT. Mr. President, I ask unanimous consent the Senate now turn to the consideration of S. 830, the FDA reform bill.

The PRESIDING OFFICER. Is there an objection?

Mr. DASCHLE. On behalf of Senator KENNEDY, I object.

The PRESIDING OFFICER. The objection is heard.

MOTION TO PROCEED

CLOTURE MOTION

Mr. LOTT. I move to proceed to S. 830, and I send a cloture motion to the desk.

The PRESIDING OFFICER. The cloture motion having been presented under rule XXII, the Chair directs the clerk to read the motion.

The assistant legislative clerk read as follows:

CLOTURE MOTION

We the undersigned Senators, in accordance with the provisions of rule XXII of the Standing Rules of the Senate, do hereby move to bring to a close debate on the motion to proceed to Calendar No. 105, S. 830, the FDA reform bill.

Trent Lott; Jim Jeffords; Pat Roberts; Kay Bailey Hutchison; Tim Hutchinson; Conrad Burns; Chuck Hagel; Jon Kyl; Rod Grams; Pete Domenici; Ted Stevens; Christopher Bond; Strom Thurmond; Judd Gregg; Don Nickles; and Paul Coverdell.

Mr. LOTT. I withdraw the motion to proceed.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. LOTT. For the information of all Senators, I regret that the cloture motion is necessary at this time. I understand all of the interested parties were in agreement just prior to the recess. In fact, I stayed very close to the members of the committee that reported this legislation and to those who have continued to work to try to work out remaining disagreements, including Senator JEFFORDS, Senator MACK, Senator FRIST, others on this side of the aisle, as well as Senator DODD and Senator MIKULSKI.

This is truly a bipartisan issue and one we certainly should take up and finish before we go out at the end of this year.

When you talk about quality of life for Americans, certainly having a reformed Food and Drug Administration would be in their interest. Too many procedures, pharmaceuticals, and medical devices are delayed, hung up by bureaucracy. What we need is an expedited process, the reforms that are necessary to make that happen, and safe procedures for the American people.

I hope we can get this done. The only objection I know of was one that has been lodged by Senator KENNEDY. We thought we had the agreement all worked out the last week we were in session. At the last minute, there seemed to be some further objection. As a matter of fact, I had hoped over the last 2 weeks before we went out the 1st of August for our State work period that we could get this agreed to. Now there is apparently some disagreement with regard to cosmetics. I would think this legislation is much more important than some remaining small disagreement in this area.

So as a result of filing this cloture motion, a cloture vote will occur on Friday, September 5 in the morning unless something is worked out in the meantime. I will consult with the Democratic leader and all the Senators involved on both sides of the aisle as to how we can proceed. We need to get this done.

By the way, this is on the motion to proceed. It looks like we will have a filibuster even on the motion to proceed. I am committed to this. If we have to have a cloture on the motion to proceed, if we have to have more than one, if we have to have cloture on the bill itself, whatever is necessary, I feel that we should force this to an action.

However, I do ask unanimous consent the mandatory quorum under rule XXII be waived at this time.

The PRESIDING OFFICER. Without objection, it is so ordered.

MORNING BUSINESS

Mr. LOTT. Mr. President, I ask unanimous consent there now be a period for the transaction of morning business with Senators permitted to speak for up to 5 minutes each, with the exception of Senators HUTCHISON of Texas and ROBERTS.

The PRESIDING OFFICER. Without objection, it is so ordered.

TRIBAL SOVEREIGN IMMUNITY

Mr. GORTON. Mr. President, on October 25, 1994, Jered Gamache lost his life, and his brother, Andy, was seriously injured on their way home from school when a Yakama tribal police officer, driving at 68 miles per hour, ran through a red light and crashed into their truck. Jered was 18 and Andy was 16. Despite the loss of Jered's life and the injuries to Andrew, the Gamache family has been totally unable to seek damages against the Yakama tribal government for the actions of its police officer.

Now, let us compare this situation, Mr. President, to the case of Abner

Louima, the Haitian immigrant who was brutalized a few weeks ago by New York City police officers. According to the New York Times, in addition to the ongoing criminal investigation, Mr. Louima's attorneys are planning to file a $465 million civil damage suit against New York City.

Now, Mr. President, what makes the case of Jered and Andy Gamache different from the case of Abner Louima? The answer is simple: Tribal sovereign immunity. Unlike New York City, the Yakama tribal government can claim immunity from any civil lawsuit, including suits involving public safety and bodily harm, in both State and Federal courts. As a consequence, the lawyers retained by the Gamache family have told them it is pointless to bring any kind of lawsuit. They have no recourse.

New York City does not have sovereign immunity, and thus, of course, is subject to a lawsuit in any amount of money on the part of victims of malfeasance, on the part of members of its police department.

A few weeks ago, up until the present time, the New York Times has run articles and editorials showcasing the Louima case as an example of police brutality and the need for permanent reform. While that case has sparked outrage from editorialists in New York and elsewhere, last Sunday the New York Times vilified my efforts to provide exactly the same avenue for relief to the Gamache family as the New York Times eloquently advocates for Mr. Louima. The New York Times has decided that while it is unacceptable for New York City to brutalize a person, it rejects non-Indians' right to bring similar claims against tribal police agencies in the U.S. courts. So we have 18- and 16-year-old victims who have no recourse.

Enormous injustices can be done whenever a technical claim can prevent the adjudication of a just claim on the part of an individual against a government. It is for exactly that reason that the doctrine of sovereign immunity was long ago dropped by the Federal Government and the State government in cases of this nature.

Let us consider another case, Mr. President, the case of Sally Matsch. When she was fired from an American Indian casino in Minnesota she felt that she was a victim of age discrimination, so she sued the Prairie Island Indian Tribe. The tribe, however, invoked its sovereign immunity against lawsuits in State or Federal courts, and her case was heard by an Indian court on the second floor of the casino and was dismissed amid the sounds of slot machines by a judge who served at the pleasure of the tribal council that ran the casino.

Seventeen years ago I was attorney general of the State of Washington. I brought a lawsuit that asserted the right of the State of Washington to tax the sale of cigarettes in Indian smoke shops to non-Indians. The Supreme Court of the United States upheld our position that those sales were taxable. For all practical purposes, however, in the 17 years since that time, States have been unable to enforce a right that the Supreme Court of the United States said they had because they cannot sue the tribe or the tribal business entities in order to collect those taxes or to enforce their collection. Why? Tribal sovereign immunity.

Barbara Lindsey, Mr. President, is president of an organization of Puget Sound beach property owners in Washington State. In 1989, 16 Indian tribes sued those property owners in the State of Washington claiming that "treaty rights" gave them the right to enter private property to remove clams and oysters. A Federal district court in large measure has accepted that claim, but Barbara Lindsey and the thousands of property owners she represents, Mr. President, cannot sue the Indian tribes for violations of their property rights, even in cases when those violations are obvious and open. The problem? Tribal sovereign immunity.

So, Mr. President, this body will debate next week when it debates the Interior appropriations bill a provision that for a period of 1 year, as a rider on the appropriations bill, requires the waiver of tribal sovereign immunity on the part of those tribes—and I believe it is all of them—whose governmental entities, whose police forces, are being funded by money appropriated by the Congress out of the taxes collected from all of the American people. The proposal does not change any substantive laws. It simply says if, in fact, the law has been violated, there should be a remedy in a neutral Federal court—we have not extended it to State courts—but in a neutral Federal court.

Is it fair to prevent a family from seeking justice for the wrongful death of their son? Is it fair that a claim of age discrimination cannot be made or decided in a neutral court? Is it fair that a decision of the Supreme Court of the United States on taxes cannot effectively be enforced? It is not, Mr. President, and claims that sovereignty is somehow undercut by saying that the sovereign is subject to the laws is simply not the case.

The claim of those who believe we should make no change is a claim that an Indian tribe can act in a totally lawless fashion and not be held responsible in any court of the United States for those lawless actions.

It can be dressed up in whatever fancy language about sovereignty that one may propose, but it comes right down to that proposition: Is it fair that if you are injured by a New York City policeman you can sue New York City, but if you are injured by a Yakama tribal police officer, you may not sue its tribe. The doctrine is one that stems from the kings of England. It is an anachronism in today's world. Under constitutional guarantees of due process to every American citizen, every American citizen should be granted the opportunity to bring his or her case in a neutral court and get an answer as to whether or not crimes have, in fact, been committed. The only issue that will be involved in this case is, Should any government be permitted to act in an entirely lawless fashion and not be called to account for its acts? The answer to that question is "no". We should not be involved in that kind of action, and the only body with constitutional authority to make that decision across this United States is the Congress of the United States. The buck stops here.

SUBMITTING CHANGES TO THE BUDGET RESOLUTION DISCRETIONARY SPENDING LIMITS, APPROPRIATE BUDGETARY AGGREGATES, AND APPROPRIATIONS COMMITTEE ALLOCATION

Mr. DOMENICI. Section 314(b)(2) of the Congressional Budget Act, as amended, allows the chairman of the Senate Budget Committee to adjust the discretionary spending limits, the appropriate budgetary aggregates and the Appropriations Committee's allocation contained in the most recently adopted budget resolution—in this case, House Concurrent Resolution 84—to reflect additional new budget authority and outlays for continuing disability reviews subject to the limitations in section 251(b)(2)(C) of the Balanced Budget and Emergency Deficit Control Act.

I ask unanimous consent that revisions to the nondefense discretionary spending limits for fiscal year 1998 contained in sec. 201 of House Concurrent Resolution 84 in the following amounts be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

	1998
Budget Authority:	
Current nondefense discretionary spending limit	$261,698,000,000
Adjustment	245,000,000
Revised nondefense discretionary spending limit	261,943,000,000
Outlays:	
Current nondefense discretionary spending limit	286,556,000,000
Adjustment	230,000,000

	1998
Revised nondefense discretionary spending limit	286,786,000,000

I hereby submit revisions to the budget authority, outlays, and deficit aggregates for fiscal year 1998 contained in sec. 101 of H. Con. Res. 84 in the following amounts:

Budget Authority:	
Current aggregate	1,390,541,000,000
Adjustment	245,000,000
Revised aggregate	1,390,786,000,000
Outlays:	
Current aggregate	1,372,111,000,000
Adjustment	230,000,000
Revised aggregate	1,372,341,000,000
Deficit:	
Current aggregate	173,111,000,000
Adjustment	230,000,000
Revised aggregate	173,341,000,000

I hereby submit revisions to the 1998 Senate Appropriations Committee budget authority and outlay allocations, pursuant to sec. 302 of the Congressional Budget Act, in the following amounts:

Budget Authority:	
Current Appropriations Committee allocation	801,276,000,000
Adjustment	245,000,000
Revised Appropriations Committee allocation	801,521,000,000
Outlays:	
Current Appropriations Committee allocation	828,183,000,000
Adjustment	230,000,000
Revised Appropriations Committee allocation	828,413,000,000

SUBMITTING CHANGES TO THE BUDGET RESOLUTION ALLOCATION TO THE APPROPRIATIONS COMMITTEE

Mr. DOMENICI. Mr. President, to comply with the provisions of Public Law 105–33, the Balanced Budget Act of 1997, that amend the Congressional Budget Act of 1974, I hereby submit a revised allocation for the Appropriations Committee pursuant to section 302(a) of the Budget Act.

This revised allocation includes all previous adjustments made to section 201 of House Concurrent Resolution 84, the concurrent resolution on the budget for fiscal year 1998, and to the Appropriations Committee budget authority and outlay allocations pursuant to section 302 of the Budget Act.

This revised allocation also includes an adjustment to the Appropriations Committee budget authority and outlay allocations pursuant to section 205 of House Concurrent Resolution 84 regarding priority Federal land acquisitions and exchanges.

I ask unanimous consent that the revised allocation be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

	Budget authority	Outlays
Defense discretionary	269,000,000,000	266,820,000,000
Nondefense discretionary	262,643,000,000	287,043,000,000
Violent crime reduction fund	5,500,000,000	3,592,000,000
Mandatory	277,312,000,000	278,725,000,000
Total allocation	807,721,000,000	832,262,000,000

JOB CORPS

Mr. ROTH. Mr. President, I rise to express my sincere interest in establishing a Job Corps campus within my home State of Delaware. Today, the Senate considers legislation increasing our commitment to the Job Corps program—a program to educate and provide job training to youth at high risk of falling into government dependent or criminal lifestyles. Most of the young people who benefit from the Job Corps' services live at residential centers in their home States. In some cases, students enrolled in Job Corps can even commute from their homes. Currently, Delaware's young people do not have either of these options available to them. This situation potentially limits the number of my young constituents able to take advantage of the Job Corps, cutting off a path to self-reliance and a brighter future for many.

My office has worked in concert with a host of Delaware's other elected and appointed officials on this issue. It is my hope that a small portion of the funding this legislation dedicates to this program can be used to begin establishment of a Delaware Job Corps facility. I applaud Senators STEVENS and SPECTER for including an acknowledgement of our efforts to bring a Job Corps campus to Delaware in S. 1061's accompanying committee report. I look forward to working with the administration on this important matter.

THE VERY BAD DEBT BOXSCORE

Mr. HELMS. Mr. President, at the close of business yesterday, Tuesday, September 2, 1997, the Federal debt stood at $5,424,368,836,901.08. (Five trillion, four hundred twenty-four billion, three hundred sixty-eight million, eight hundred thirty-six thousand, nine hundred one dollars and eight cents)

Five years ago, September 2, 1992, the Federal debt stood at $4,044,021,000,000. (Four trillion, forty-four billion, twenty-one million)

Ten years ago, September 2, 1987, the Federal debt stood at $2,358,780,000,000. (Two trillion, three hundred fifty-eight billion, seven hundred eighty million)

Fifteen years ago, September 2, 1982, the Federal debt stood at $1,109,939,000,000 (One trillion, one hundred nine billion, nine hundred thirty-nine million) which reflects a debt increase of more than $4 trillion—$4,314,429,836,901.08 (Four trillion, three hundred fourteen billion, four hundred twenty-nine million, eight hundred thirty-six thousand, nine hundred one dollars and eight cents) during the past 15 years.

TRIBUTE TO DR. RICHARD LESHER

Mr. HATCH. Mr. President, I rise to pay a word of tribute to Dr. Richard Lesher, outgoing president of the U.S. Chamber of Commerce.

Mr. President, it has been my pleasure to know and work with Dick Lesher since I was a freshman Member of the Senate. We have served in the army of free enterprise in many important legislative battles. Dick was a dedicated fighter for small businesses.

Dick can also be justifiably proud of the growth and success of the U.S. Chamber over the last 22 years. During his tenure as president, the Chamber has grown to 215,000 strong.

The Chamber has also expanded its information services to include television. "First Business" is carried on 42 local stations, the USA Latin American channel, and USIA's WorldNet. "It's Your Business" is seen on USA Cable Network and 140 stations around the country.

Dick Lesher also took very seriously the Chamber's responsibility to help educate the next generation of business leaders and created the Center for Workforce Preparation.

These are just a few of Dick Lesher's many accomplishments as president of the flagship business organization in our country.

But, Dick is a man we can appreciate as much for who he is as for what he did. I have always known Dick Lesher to be straightforward and honest. He never pulled punches. You knew where you stood. And, even if Dick disagreed on a matter of policy, he admired his opponents' convictions. Such a fair-minded attitude sets the stage for alliances on other issues. And, I have always believed, having genuine respect for everyone on the playing field is not only good business, it is a hallmark of good character.

Dick is leaving the Chamber to return to his hometown in Chambersburg, PA. I wish him all the best in his new home and, hopefully, more relaxed lifestyle.

But, while he will be leaving the day-to-day battles on labor and tax policy to his successor, I do not believe for a minute that he is retiring. I know that he will remain informed and engaged in the myriad of issues that affect the health and growth prospects of American business. And, I look forward to his continued counsel and insights.

MESSAGES FROM THE PRESIDENT

Messages from the President of the United States were communicated to the Senate by Mr. Williams, one of his secretaries.

EXECUTIVE MESSAGES REFERRED

As in executive session the Presiding Officer laid before the Senate messages from the President of the United States submitting treaties and sundry nominations which were referred to the appropriate committees.

(The nominations received today are printed at the end of the Senate proceedings.)

MEASURES REFERRED

The following bill, previously received from the House of Representatives for the concurrence of the Senate, was read the first and second times by unanimous consent and referred as indicated:

H.R. 765. An act to ensure maintenance of a herd of wild horses in Cape Lookout National Seashore; to the Committee on Energy and Natural Resources.

EXECUTIVE AND OTHER COMMUNICATIONS

The following communications were laid before the Senate, together with accompanying papers, reports, and documents, which were referred as indicated:

EC-2875. A communication from the Director of the Office of Management and Budget, Executive Office of the President, transmitting, pursuant to law, the sequestration update report for fiscal year 1998; referred jointly, pursuant to the order of August 1977, to the Committee on the Budget and to the Committee on Governmental Affairs.

EC-2876. A communication from the Administrator of the Health Care Financing Administration, Department of Health and Human Services, transmitting, pursuant to law, a rule entitled "End-Stage Renal Disease Payment Exception Requests and Organ Procurement Costs" (RIN0938-AG20) received on August 26, 1997; to the Committee on Finance.

EC-2877. A communication from the Chief of the Regulations Branch, U.S. Customs Services, Department of the Treasury, transmitting, pursuant to law, a rule entitled "Duty-Free Treatment of Articles Imported From U.S. Insular Possessions" (RIN1515-AB14) received on August 28, 1997; to the Committee on Finance.

EC-2878. A communication from the Assistant Legal Adviser for Treaty Affairs, Department of State, the report of the texts of international agreements, other than treaties, and background statements; to the Committee on Foreign Relations.

EC-2879. A communication from the Assistant Secretary of State (Legislative Affairs), transmitting, pursuant to law, the report of Presidential Determination 97-30; to the Committee on Foreign Relations.

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first and second time by unanimous consent, and referred as indicated:

By Mr. MOYNIHAN (for himself, Mr. D'AMATO, and Mr. GRAHAM):

S. 1142. A bill to repeal the provision in the Taxpayer Relief Act of 1997 relating to the termination of certain exceptions from rules relating to exempt organizations which provide commercial-type insurance; to the Committee on Finance.

By Mr. ALLARD (for himself and Mr. CAMPBELL):

S. 1143. A bill to prohibit commercial air tours over the Rocky Mountain National Park; to the Committee on Commerce, Science, and Transportation.

By Mr. MOYNIHAN (for himself and Mr. D'AMATO):

S. 1144. A bill disapproving the cancellation transmitted by the President on August 11, 1997, regarding Public Law 105-33; to the Committee on Finance.

By Mr. GRAMS:

S. 1145. A bill to amend the Social Security Act to provide simplified and accurate information on the social security trust funds, and personal earnings and benefit estimates to eligible individuals; to the Committee on Finance.

By Mr. ASHCROFT:

S. 1146. A bill to amend title 17, United States Code, to provide limitations on copyright liability relating to material on-line, and for other purposes; to the Committee on the Judiciary.

SUBMISSION OF CONCURRENT AND SENATE RESOLUTIONS

The following concurrent resolutions and Senate resolutions were read, and referred (or acted upon), as indicated:

By Mr. HATCH (for himself, Mr. LEAHY, Mr. DASCHLE, Mr. SPECTER, Ms. LANDRIEU, Mr. BIDEN, Ms. MIKULSKI, Mr. DODD, Mr. GRAHAM, Mrs. FEINSTEIN, and Ms. MOSELEY-BRAUN):

S. Res. 118. A resolution expressing the condolences on the death of Diana, Princess of Wales, and designating September 6, 1997, as a "National Day of Recognition for the Humanitarian Efforts of Diana Princess of Wales."; considered and agreed to.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. MOYNIHAN (for himself, Mr. D'AMATO and Mr. GRAHAM):

S. 1142. A bill to repeal the provision in the Taxpayer Relief Act of 1997 relating to the termination of certain exceptions from rules relating to exempt organizations which provide commercial-type insurance; to the Committee on Finance.

LEGISLATION REPEALING CERTAIN PROVISION OF THE TAXPAYER RELIEF ACT

Mr. MOYNIHAN. Mr. President, I rise today to introduce legislation that would repeal an irrational provision of the Taxpayer Relief Act of 1997. I refer to section 1042 of that act, which took away the tax exempt status of TIAA-CREF, the Teacher's Insurance Annuity Association College Retirement Equities Fund. The legislation I am introducing today, with Senators D'AMATO and GRAHAM of Florida as original cosponsors, would simply strike section 1042 and restore the tax exemption that TIAA-CREF has been afforded since its establishment by Andrew Carnegie in 1918. Repeal of section 1042 would also serve to restore the tax exemption for Mutual of America, which has served as a pension administrator for social welfare organizations for over 50 years and was similarly tax-exempt until August 5, 1997, when the President signed the tax bill.

TIAA-CREF is a 2-million member retirement system that serves 6,100 American colleges, universities, teaching hospitals, museums, libraries, and other nonprofit educational and research institutions. TIAA was incorporated under the laws of the State of New York in 1937 to "forward the cause of education and promote the welfare of the teaching profession." Let me repeat—to "forward the cause of education and promote the welfare of the teaching profession." The law further states that the purpose of TIAA—this is the New York Statute—is "to aid and strengthen non-proprietary and non-profit-making colleges, universities, and other institutions engaged primarily in research." And it has done just that, in an exemplary manner. It has long been recognized as a model of such programs.

Mr. President, by charter and New York law, TIAA-CREF's pension assets are exclusively and irrevocably dedicated to providing retirement benefits to covered employees. Its funds are essentially equivalent to a multiple employer pension trust for colleges and universities. Like other pension trusts, TIAA-CREF should not be taxed.

As a somewhat unanticipated result of TIAA-CREF's creation, it brought to American higher education portability of pensions. You did not have to start out in one institution and after a certain point stay there the rest of your life because you had to have some retirement benefit. This is of great value to our educational system for the simple reason that it enables a young person at, say, a 2-year college or a local college, who shows great promise, does good work, to end up at Chicago or Stanford or Duke, because they can move. This is part of the agility of American higher education. There is no reason to tax this. Earlier in the summer, the Finance Committee had said don't tax it, and the full Senate agreed. But somehow or other, the conference agreement provided otherwise. This was a mistake, and it wants to be corrected.

The repeal of TIAA-CREF's 79-year-old tax exemption will cost the average retiree who receives a $12,000 annual pension about $600 in income, unless we act. Librarians are not highly paid. A $12,000 pension would be quite normal. A $600 reduction would be 5 percent right away. Future retirees currently accumulating benefits are likely to face reductions of 10 to 15 percent.

Why make the lives of librarians and assistant professors and teachers in community colleges harder? We have an opportunity to undo this before the law takes effect in 1998. Why don't we? The Finance Committee said no to it. During the conference deliberations on the tax bill, nearly half the Members of the Senate, and dozens of Members of the House, signed letters asking the conferees to stand against repealing this tax exemption.

Now it is September. Members of Congress have had a month-long opportunity to visit with and hear from the academic community. I am hopeful we can act on this legislation and restore TIAA-CREF and Mutual of America to their appropriate status as tax-exempt organizations before Congress adjourns for the year.

Mr. President, I ask unanimous consent that the text of the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1142

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION. 1. REPEAL OF PROVISION RELATING TO THE TERMINATION OF CERTAIN EXCEPTIONS.

(a) IN GENERAL.—Section 1042 of the Taxpayer Relief Act of 1997 (Public Law 105–34) is repealed.

(b) EFFECTIVE DATE.—The repeal made by subsection (a) shall take effect as if included in the enactment of the Taxpayer Relief Act of 1997 (Public Law 105–34).

By Mr. ALLARD (for himself and Mr. CAMPBELL):

S. 1143. A bill to prohibit commercial air tours over the Rocky Mountain National Park; to the Committee on Commerce, Science, and Transportation.

ROCKY MOUNTAIN NATIONAL PARK LEGISLATION

Mr. ALLARD. Mr. President, I am here today to introduce legislation banning commercial tour overflights at Rocky Mountain National Park.

Tour overflight disturbances are a growing problem at a number of parks. This is an issue that other Members of Congress have addressed in the past, and it will continue to be contentious as long as the natural calm treasured by park visitors is threatened.

I commend the Members of Congress who have been involved in creating legislation to control national park overflights in general or in a particular park. Details of problems are park specific, which is why I am addressing the issue of overflights at Rocky Mountain National Park in Colorado. I hope that introduction of this legislation also serves to help Congress and the administration stay focused on creating a policy to address tour overflights at all national parks.

The National Park Service is directed by law to protect the natural quiet in our National Parks. The 1916 National Park Service Organic Act states that the Park Service shall conserve scenery and wildlife and leave the areas unimpaired for future generations. Two other public laws explicitly state the need to preserve national parks in their natural state, most recently the National Parks Overflights Act of 1987 that notes the adverse impact that overflights have on the natural quiet and experience. The law also insists that parks should be essentially free from aircraft sound intrusions. In 1996, President Clinton announced his commitment to the peace of our national parks by ordering that agencies protect them against noise intrusions from park overflights.

Furthermore, surveys have indicated that more than 90 percent of park visitors feel that tranquility is very important, but it is not only the quiet atmosphere that overflights threaten; overflights also have the potential to adversely impact wildlife and other natural resources.

In particular, I am concerned about proposals for helicopter sightseeing at Rocky Mountain National Park that could seriously detract from the enjoyment of other park visitors and also could have a negative impact on the resources and values of the park itself. I value the wildlife and solitude at Rocky Mountain National Park, and I understand fully the concern that commercial tour overflights will impair visitor enjoyment.

Rocky Mountain National Park is a relatively small park in the Rockies, about 70 miles from Denver. The park receives nearly 3 million visitors each year, almost as many as Yellowstone National Park, which is eight times its size. The park is easily accessible, yet continues to provide quiet, solitude, and remoteness to visitors, especially in the back country.

Several problems are specific to this mountainous park. The elevation of the Park does not allow a large minimum altitude, therefore, according to the National Park Service, natural quiet is unlikely if overflights are permitted at all. In addition, the terrain, consisting of many 13,000 foot peaks and narrow valleys, coupled with unpredictable weather, presents serious safety concerns. Also, the unique terrain of Rocky Mountain National Park would cause air traffic to cumulate over the popular, lower portions of the park as pilots are forced to navigate around the dangerous peaks and high winds.

Not only would the overflights be concentrated directly over the most popular portions of the park, but more powerful, and louder, helicopters must be used to achieve the necessary lift at a high altitude.

In August the members of the Clinton administration's appointed task force on commercial tour overflights toured Rocky Mountain National Park. One of the participants, a spokesman for the National Air Transportation Association observed the altitude of the park and extreme weather conditions and stated, "I don't know that there's anything here that being in a helicopter would make that much more interesting than what can be seen from the road."

These distinctive qualities lead to the conclusion that the best solution to overflight disturbance is a ban on commercial tour flights at Rocky Mountain National Park. It is important for me to affirm that this legislation would only ban commercial tour overflights. It is not intended to have any adverse effect on emergency, military and administrative flights or on commercial high-level airlines or private planes.

A commercial tour overflight ban has widespread support throughout my State. State and local officials in areas adjacent to the park, including Larimer County, Grand County, and the city of Estes Park have indicated their concerns with flights over the park, and they support a ban. In the last session of Congress the entire Colorado delegation went on record in support of an overflight ban. The Governor of Colorado has also expressed a fear shared by many that such disturbances could cause a loss of tourism.

Rocky Mountain National Park has been fortunate enough to be free from overflights to this point, partially because local towns have discouraged companies that might provide such services. In addition, there are no existing private property rights that are infringed upon by the implementation of a permanent commercial tour overflight ban.

At the beginning of this year the FAA issued a temporary ban on sightseeing flights over Rocky Mountain National Park. However, I remain concerned as we await final ruling by the FAA on park overflights and consider the possibility that such low-flying aircraft could be permitted in the park.

In 1995, one of our top Denver newspapers editorialized that the FAA should make Rocky Mountain National Park off-limits to low-flying aircraft use, the sooner the better. Now, 2 years later, it is time to take action on imposing a permanent ban on scenic overflights.

By Mr. MOYNIHAN (for himself and Mr. D'AMATO):

S. 1144. A bill disapproving the cancellation transmitted by the President on August 11, 1997, regarding Public Law 105–33; to the Committee on Finance.

DISAPPROVAL LEGISLATION

Mr. MOYNIHAN. Mr. President, on this the first full day of Senate business since our adjournment for the August recess, I come to the floor with my colleague and friend from New York, Senator D'AMATO, to address an issue of importance to New York, and of surpassing significance to our constitutional form of government. On August 11, for the first time in our history, President Clinton exercised his new authority under the Line Item Veto Act. In doing so he repealed, a provision of Federal law intended to relieve New York of up to $2.6 billion in disputed Medicaid claims. The provision had been included at Senator D'AMATO's behest, and with my full support, in the Balanced Budget Act of 1997, one of the two major reconciliation bills signed into law on August 5 in a ceremony at the White House.

Senator D'AMATO and I rise today to state for the record our firm opposition to the President's repeal of the New York Medicaid provision, and to introduce a "disapproval bill" to reverse the President's action. I will also speak to the underlying question of the constitutionality of the Line Item Veto Act.

Each year, for 21 years now, I have issued a report on the balance of payments, as we put it, between New York State and the Federal Government. The twenty-first edition, now prepared in collaboration with the Taubman Center on State and Local Government at the John F. Kennedy School of Government will be published toward the end of this month. Let me report for purposes of this comment, however, that it will show that New York has the third highest poverty rate in the Nation and the fourth highest Cost of Living Index—as computed by the Friar-Leonard State Cost of Living Index. This has resulted in an extraordinarily high level of Medicaid costs for the State and especially for the city of New York.

This level of payments might have been sustainable with a more equitable Federal-State matching formula. If, for example, the Federal Government paid 73 percent as it does in Arkansas. But we were capped at 50 percent. As my colleague from New York knows, the current Federal-State Medicaid matching formula was taken directly from the Hill-Burton Hospital Survey and Construction Act of 1946, under which the matching rate is based on the square of the ratio of State per capita income and national per capita income. In a commencement address at Kingsborough Community College in New York 20 years ago, I suggested, only half jokingly, why not square root? If you are going to have algebra in Federal statutes, why not turn it our way? Given New York's 50-percent match rate, however, something had to be done.

And so, like a number of other States, New York began to impose provider taxes on hospitals, nursing homes, home health agencies, and so forth, as a way of generating revenues to finance specific health care programs. As part of the costs incurred by providers, these taxes were reimbursable, withal at the 50-percent level, by the Federal Government. The taxes all went into additional health care, and no one could claim fraud. However, in recent years some States got too creative in imposing and seeking Federal matching funds for their provider taxes, in some instances using the Federal money for purposes unrelated to health care. This led Congress in 1991 to enact legislation to prevent States from gaming the system. Since New York was confident its taxes were in compliance with the 1991 law, the State continued its practice, all the while seeking a waiver from the Federal health care bureaucracy.

And so, when the time came to draft the 1997 reconciliation bill, Senator D'AMATO, a member of the Committee on Finance, asked that a provision be included that would simply preclude any Federal claims regarding the use of these taxes from 1991 to 1996. I fully supported this measure. The issue had been debated during our markup in the Finance Committee, and the provision was included in the final bill, which was passed by a large 73 to 27 majority. The conference report was adopted by an even larger majority, 85 to 15.

As ranking member of the committee, I was on this floor with our esteemed chairman, Senator ROTH, for several days and in meetings with House conferees and administration officials for an eternity, or so it seemed. Morning, noon, night; mostly night. Let the RECORD reflect that at no point in the course of those deliberations did the subject of the Medicaid waiver come up. No Member of the House challenged it; no representative of the administration said a word to me. In fact, the only administration objection that I know of was buried deep in the 21-page letter of administration views sent by OMB Director Raines on July 7, which said, in pertinent part:

> [T]he Senate bill would deem provider taxes as approved for one State. We have serious concerns about these provisions and would like to work with the Conferees to address the underlying problems.

This was not the clearest possible statement. What, for example, does "deem" mean? Further, the term "serious concerns" is used any number of times in the administration's views, yet in none of those other instances did a line item veto result. "Serious concerns." I ask my friend from New York, does that sound like a veto threat to him? In 20 years in the Senate, this Senator has heard many veto threats made, but never one like that. Yet this is evidently how we should expect things to work in the era of the line item veto.

This leads to my second, larger, point. I am one of those—and I am not alone—who hold that the line-item veto is unconstitutional in that it violates the presentment clause of article I, section 7, which states:

> Every bill which shall have passed the House of Representatives and the Senate shall, before it becomes a law, be presented to the President of the United States; if he approve, he shall sign it, but if not, he shall return it.

When the Line Item Veto Act was first debated in the Senate in the spring of 1995, I argued—along with our revered colleague from West Virginia, Senator ROBERT C. BYRD, and others—that the presentment clause means exactly what it says. But I'm afraid not many people were listening.

Recall that the line item veto was part of item one in the Contract With America, which was then only a few months old. But we said: "Don't do this! It violates the principle of the separation of powers as we have understood it since George Washington was President." For it was President Washington who wrote "From the nature of the Constitution, I must approve all the parts of a bill or reject it in toto."

In lengthy statements here on the floor, Senators BYRD, LEVIN, Hatfield, and I—among others—argued as emphatically as we could. We cited the relevant case law—INS versus Chadha, Bowsher versus Synar; we quoted prominent constitutional scholars—Laurence H. Tribe, Michael J. Gerhardt. Yet in the end we were in a regrettably small minority. The Line Item Veto Act passed the Senate on March 23, 1995, by a vote of 69 to 29. When the conference report came back in March of 1996—a full year later—it passed by a vote of 69–31. Of the 31 Senators opposed, 4 of us felt the principle at stake was so consequential that it demanded immediate scrutiny by the courts. For which the Line Item Veto Act had explicitly provided: Section 3 of the act provides for "expedited review" of the statute's constitutionality by the U.S. District Court for the District of Columbia, with direct appeal to the U.S. Supreme Court. The act further stated that "any Member of Congress or any individual adversely affected" could bring an action "on the ground that any provision of this part violates the Constitution."

Accordingly, on January 2 of this year, the first business day after the Line Item Veto Act took effect, I joined with Senator BYRD, Senator CARL LEVIN of Michigan, former Senator Mark O. Hatfield of Oregon, and Representatives HENRY A. WAXMAN of California and DAVID E. SKAGGS of Colorado, as plaintiffs in a lawsuit challenging the constitutionality of the measure. We were represented on a pro bono basis by a team of distinguished and learned counsel, including Louis R. Cohen; Charles J. Cooper; Lloyd N. Cutler; Michael Davidson; and Alan B. Morrison. Oral argument was heard on March 21 by Judge Thomas Penfield Jackson of the U.S. District Court for the District of Columbia. And less than 3 weeks later, on April 10, Judge Jackson held for us and declared the bill unconstitutional. He wrote in his opinion:

> . . . the Act effectively permits the President to repeal duly enacted provisions of federal law. This he cannot do. . . . The duty of the President with respect to such laws is to "take care that [they] be faithfully executed." U.S. Const. art. II, sec. 3. Canceling, i.e., repealing, parts of a law cannot be considered its faithful execution.

On June 26, however, the Supreme Court vacated the district court's judgment, holding in a 7–2 decision that as Members of Congress, we did not have "standing" to sue, as we could not demonstrate any personal, or "judicially cognizable," injury. We do not agree; in our view, the measure shifts the balance of power between the Congress and President in direct contravention of article I, something that can only be done by constitutional amendment. But, of course, the Court left it for others to sue.

Now we can. As a consequence of the President's decision to use the line-item veto on a measure designed to help New York, surely there will now be a lawsuit that will persuade the Supreme Court to strike down the measure as unconstitutional. All manner of New Yorkers presumably have standing; they have suffered injury. The Court was explicit that in such a case, the act was open to constitutional challenge. Let the Governor sue. The Comptroller. The Speaker. Mayors. Hospital administrators. Nurses unions. I shall be honored to join in. Expedited judicial review will again be provided pursuant to section 3 of the Line Item Veto Act; the action will again begin in the district court in Washington, with direct appeal to the Supreme Court. This time round, I trust the Court will declare the statute unconstitutional. As Justice John Paul Stevens wrote in his dissent to the Court's June 26 decision:

> If the [Act] were valid, it would deny every Senator and every Representative any opportunity to vote for or against the truncated measure that survives the exercise of the President's cancellation authority. Because the opportunity to cast such votes is a right guaranteed by the text of the Constitution, I think it clear that the persons who are deprived of that right by the Act have standing to challenge its constitutionality. . . [T]he same reason that the respondents have standing provides a sufficient basis for concluding that the statute is unconstitutional.

Once the constitutional issue is disposed of, and even if it is not, and very possibly before it is, I know my colleague from New York will join me in saying that the issue of the equity of the Medicaid matching formula must be addressed. It is too extreme an example of discrimination to go on for another half century. Three years ago, President Clinton said as much. On a visit to New York City in May 1994, he spoke at a breakfast of the Association for a Better New York. Inviting questions, the President was asked by State Comptroller H. Carl McCall whether anything would be done to relieve the State of the "crushing burden" imposed by Medicaid. The President replied:

> There's no question that the formula should be changed, and that states like New York with high per capita incomes but huge numbers of poor people are not treated fairly under a formula that only deals with per capita income.

There was no reference to this in the President's recent veto message of the New York provision. Rather, the contrary:

> No other state in the nation would be given this provision, and it is unfair to the rest of our nation's taxpayers to ask them to subsidize it.

This was not entirely accurate, although there is no reason to suppose the President was aware of this. In the absurdly dense 1,600-page bill Congress had sent him, there was a small provision, adopted in the Finance Committee, which raises the Medicaid matching level for Alaska from the bottom rate of 50 percent to the national average of 59.6 percent. The Senators from Alaska made the simple case that the cost of living in Alaska is well above the national average. This is reflected in higher incomes, which the Medicaid formula wrongly interprets as greater wealth. They asked for nothing more than the national average. The District of Columbia got an increased match rate as well. Hawaii asked also, but the bill had been closed by then. Senator D'AMATO and I say it is time to open the issue up.

The case for legislative remedy is surely overwhelming. And we intend to use the new attention that has been drawn to this issue by the President's veto to press that case at every opportunity.

Mr. D'AMATO. Mr. President, may I suggest the absence of a quorum so I will have an opportunity to concur with my colleague, the distinguished senior Senator from New York? Let me say, No. 1, that I totally support his presentation as it related to the manner in which this veto took place. It is something that none of us were apprised of or aware of; that there had been extended negotiations with his administration during this process. It came as a total surprise. But I would like to take one moment and suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MOYNIHAN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MOYNIHAN. Mr. President, I send, for myself and Mr. D'AMATO, a bill to the desk and ask that it be appropriately referred.

The PRESIDING OFFICER. The bill will be appropriately referred to the appropriate committee.

Mr. D'AMATO addressed the Chair.

The PRESIDING OFFICER. The Senator from New York is recognized.

Mr. D'AMATO. Mr. President, I rise this morning, along with Senator MOYNIHAN, to introduce legislation to "disapprove" President Clinton's line-item veto that cancels a Medicaid provision in the Balanced Budget Act of 1997 which provides health care to the poorest of the poor in New York. Let me say that that is the legislation which has just been sent to the desk. That is legislation to disapprove this veto. Let me also say that I must speak out not about the authority of the line-item veto, which I support, but about its use in this particular case.

Mr. President, I have to tell you—and I listened intently to Senator MOYNIHAN making his presentation with respect to the manner in which the entire budget negotiations and the process was conducted. The fact of the matter is that the administration and the President agreed during the budget negotiations to accept the provisions that were included in this bill.

The fact of the matter is, I believe it was June 25 when these provisions were adopted by the full Senate. Mr. President, there was no secret. The administration knew. The administration had ample time all during that process to say "no", this is unacceptable.

I have to tell you, I am shocked and outraged that the administration has singled out New York for this particular provision by stating that this is an "item that would have given preferential treatment to only New York."

Mr. President, that is blatantly, patently false. It is a total misstatement.

I hope that the President will have an opportunity to examine this because I believe that his advisers have given him very poor advice.

I can't believe, knowing the President's commitment to attempt to deal with the problem of the uninsured, particularly the children—he had full knowledge of the manner and the totality of dealing with the shortcomings because we are attempting to reduce the burdens, we are attempting to get our Medicaid and Medicare costs under control. In this bill, notwithstanding that the administration claimed and advised the President and his people that this was a special provision just for New York, there are instance after instance, in case after case, where other States received similar treatment, as they can and should have in order to push the tremendous cuts —15 percent-plus in some cases. There were going to be 25 percent cuts that hospitals dealing with a disproportionate share of this Nation's poor would otherwise have had to make. That is DSH payments.

Let's understand what we are talking about. The average person—what are you talking about? What is this DSH? How do you take care, in large metropolitan areas in the North, the South, the East, and the West of our country, of those who do not have medical insurance? What do those hospitals do? Close their doors? Go bankrupt? Who is to pay for them?

So there was a conscious effort by the committee to see to it that States with these disproportionate problems in terms of dealing with the uninsured, with those who had just Medicaid and Medicaid alone, who cannot sustain the operations of our medical centers, to give relief. Indeed, Mr. President, I believe if one were to add up the totality of the money provided, it would be in the area of $700 to $800 million that was given in relief to pushing the cuts that these States and these institutions would otherwise absorb.

Let me give you just some of the States. Alabama, Connecticut, Florida, Louisiana, Maine, Missouri, New Hampshire, New Jersey, South Carolina, Texas, Vermont.

Mr. President, to suggest that New York was the only one, indeed, New York could have been included. And if draftsmanship had been used, if we had known that we would have been singled out in this manner, I tell you we could have included the provision within the budget in such a way that all of these States including New York would have had to be vetoed then.

Are we saying it is the poor of New York who should be disadvantaged? We don't begrudge help to those States that are needing it. This is not an attempt to game the system. And let me talk about that.

There came a point in time when the Federal Government became aware that some States were gaming the system. In other words, certain States were guilty of scamming. That was wrong, and both Senator MOYNIHAN and I provided the support, and it passed unanimously, that we put a stop to that. But let's understand that is not what New York was doing.

For example, for those who were gaming the system, a provider would pay a $5,000 provider tax to the State. The State would then draw a matching $5,000 from the Federal Government and then reimburse the provider. It was a scam. It was simply a bookkeeping entry to get the Federal Government to pick up an expense that the State never really incurred and the provider did not incur.

That is wrong. That is not our system. New York was not then and is not now involved in that scam. This wasn't an attempt to bill poor people for services and build roads or not use those moneys. That has never been the allegation. And, indeed, as a matter of fact, New York has had a long history of requiring insurers to pay assessments on hospital services. Thereby, that assessment over and above that particular service would go to help the poorest of the poor. And, indeed, we now have a program by utilizing these provider taxes that provides insurance for those families who could not purchase it for their youngsters. We provide up to 140,000 youngsters, children up to the age of 19, with insurance. It comes from this provider tax.

Let me say that these assessments provide $1.1 billion a year in gross provider tax collections and are used for dealing with uninsured children, the poorest of the poor. The Balanced Budget Act contained language which specifically determined that New York provider taxes meet the legitimate requirements. That is what we did.

Now, Mr. President, we have attempted for more than 2 years to get a resolve of this matter from HCFA. Nothing. Nothing. No response. Delay, delay, delay, delay. You can't do that to a community. You are not doing it just to a State government. That impacts on the lives of hundreds and hundreds of thousands of people. Is that fair?

And so, Mr. President, I find it incomprehensible and absolutely a tragedy that the President would have received this kind of advice. People, I believe, did not tell the President the entire story. I cannot believe that he really would want to veto a provision, the dollars of which are used to take care of the truly needy. I hope that between the time this legislation that we have introduced comes to a vote, we can get a resolve of this matter, not to deal with it in a confrontational, adversarial way, but in a way that makes sense, in a way that is fair, that is fair intellectually, that is fair morally, that is fair ethically.

And I want to make it clear that I concede nothing. If we have to fight, why then we will, because this is a battle not about a State being treated fairly or unfairly but about its people and their needs. This is a battle that says that a State does have a right to raise revenues in a particular manner and to utilize them for the purpose which I have attempted to outline.

I want to commend my colleague, who, as the ranking member of Finance and, indeed, the senior member on Budget, was there every moment of the negotiations, and never once were we told this is a special treatment.

Mr. MOYNIHAN. Never.

Mr. D'AMATO. Never once. And so for it to be sprung on us —I was out of the country—I said, when asked, that I was shocked, truly shocked. Again, I think the President is a big enough person to look at this in a way, or to say to those in charge at HCFA, come on, let's resolve this. Let's see to it that New York's problem, which is one of seeing to the needs of the uninsured—and, by the way, we have plans in speaking to the administration—and Senator MOYNIHAN and I have been conferring with the health department people. They believe that this program can be and will be in the fullness of time—it is a program to provide insurance where families pay a very modest amount, in some cases $25 a month, and some none depending upon their income—that it can be expanded to take care of up to 500,000 young people, youngsters, children who otherwise would not be insured.

Mr. President, we are not going to give up the battle. It is a battle that we are committed to winning on behalf of the poor, on behalf of the needy, on behalf of the uninsured, on behalf of the many working families that do not have full coverage. And I am proud and privileged to join the senior Senator from New York, Senator MOYNIHAN, in an attempt to get justice for these children and for those in need.

Mr. MOYNIHAN addressed the Chair.

The PRESIDING OFFICER. The Senator from New York is recognized.

Mr. MOYNIHAN. May I just congratulate my colleague and friend for the tone of his statement, its tenor. He is not seeking confrontation with the administration. He is seeking insurance for the poorest of poor children in our State. I was able to say earlier that in the annual balance of payments study that we have been putting out for 2 years, New York has the third highest poverty rate in the Nation and the fourth highest cost of living. These children are at stake.

The Senator has made the point, and I congratulate the Senator for it, in that mode and making clear because the record is there that this issue was never raised prior to the veto. It was a decision made after the bill was signed, I think. I don't know. And I think that some reassessment of the process, the procedure might bring change in judgment.

Again, I thank my friend, and I am telling him how pleased and honored I am to be associated with him in this matter.

By Mr. GRAMS:

S. 1145. A bill to amend the Social Security Act to provide simplified and accurate information on the Social Security trust funds, and personal earnings and benefit estimates to eligible individuals; to the Committee on Finance.

THE SOCIAL SECURITY INFORMATION ACT

Mr. GRAMS. Madam President, I rise today to introduce legislation to require the Social Security Administration to provide key information to the American people for retirement planning.

In that regard, I plan to send my bill to the desk in just a moment.

But to explain that, every working American has a significant part of each paycheck designated to the Social Security Program, but few know how much they've contributed over their lifetime, the real value of their Social Security investment, or how much they'll need for a secure retirement.

As average life-expectancy increases and the oldest baby boomers approach retirement, the answers to those three questions become critically important, for there's growing concern over the future of Social Security and how individuals should prepare themselves for retirement.

Over the next 33 years, the number of retirees and their dependents who are eligible for Social Security benefits will increase by more than 100 percent; from 30 million in 1997 to more than 60 million in 2030, while the number of workers 20 to 64 years old will increase by only 20 percent.

By 2030, the ratio of workers per retiree will be the smallest ever, straining the entire Social Security system to the breaking point. Most of these older Americans will rely on Social Security benefits as their major source of retirement income.

For many families, Social Security is the largest and most important financial investment they'll make, consuming up to one-eighth of their total lifetime income. Yet, the Federal Government remains unaccountable for the dollars working Americans have invested in the program.

Current laws do not require the Social Security Administration, [SSA], the agency managing the Social Security trust funds, to send clear and complete account statements to individual taxpayers.

Therefore, Americans don't receive adequate information about the retirement benefits they can expect to receive, the rate of return from their Social Security investment, or the future financial status of the Social Security trust funds—information, by the way, private investment agencies are required to provide to their investors.

As a result, the vast majority of today's baby boomers won't be financially secure at retirement.

My legislation would help to correct this problem and bring Social Security closer to meeting the disclosure requirements expected of private investment firms. This legislation will help ensure that working Americans receive the information they need to plan for a secure retirement.

In 1989, Congress passed the personal earnings and benefits estimate statements, it is commonly known as PEBES. That legislation requires the SSA to send to eligible individuals statements on their yearly earnings and estimated benefits.

A recent study by the General Accounting Office, the accounting arm of Congress, suggests that while the PEBES is useful, it is extremely difficult for average Americans to understand and, in fact, could be misleading. Therefore it isn't as effective as it could be or should be.

Moreover, the current PEBES statement does not include the information an individual needs to most effectively plan for retirement.

My proposal would require Washington to provide key information on the real value, or the yield, of a worker's investment in the Social Security Program by counting employers' contributions as workers' earnings to calculate the rate of return. Washington currently excludes this type of contribution from a worker's earnings statement.

The employer's share of Social Security is a labor cost that's ultimately borne by the employee; it is only fair that it be counted as a worker's contribution.

To ensure that the information is easy to understand, my legislation would also direct the SSA to provide benefit estimates in real rather than current dollars. To show the impact of inflation on Social Security benefits, consider the case of a typical individual retiring in 2043. That American is 25 years old today, retiring in the year 2043.

The current benefit estimate found in PEBES will tell this worker that he or she can expect to receive $98,989—nearly $100,000 annually in Social Security benefits. That sounds pretty good, doesn't it? But most workers will never consider the effects of inflation on this number. They'd never guess that an income of $98,989 in 2043 will actually be the equivalent of only $14,180 today because of inflation.

If the PEBES includes such misleading information, it is likely that more working Americans will misunderstand and, therefore, overestimate the value of the benefits they will receive from Social Security. Only after it is too late will they find themselves financially unprepared for retirement.

Not only would my legislation direct the SSA to include all of the most important information found in PEBES on a single, easy-to-read form, but the SSA would also be required to provide the current and projected balance in the Social Security trust funds, and let individuals decide on their future by providing them honest information today.

With this information, Americans will be able to quickly and easily determine what the PEBES report is about and find the information essential to successful retirement planning.

Working American need to know up front what they can and cannot expect out of the Social Security system compared against what they are paying into it.

Giving individuals an honest accounting of that information serves the fundamental objectives of the Social Security Program by enabling workers to judge to what degree they should supplement their contributions with other forms of retirement savings such as pension plans and personal savings and investments.

While much more needs to be accomplished to preserve and strengthen the Social Security safety net for today and tomorrow, the approach I've outlined would be an important first step in that attempt.

By Mr. ASHCROFT:

S. 1146. A bill to amend title 17, United States code, to provide limitations on copyright liability relating to material on-line, and for other purposes; to the Committee on the Judiciary.

THE DIGITAL COPYRIGHT CLARIFICATION AND TECHNOLOGY EDUCATION ACT OF 1997

Mr. ASHCROFT. Mr. President, I speak today on an issue of great importance to copyright law and to the continued growth of electronic commerce on the Internet. In December 1996, two treaties were adopted by the diplomatic conference of the World Intellectual Property Organization [WIPO] to update international copyright law. These treaties would extend international copyright law into the digital environment, including the Internet. However, these treaties do not provide a comprehensive response to the many copyright issues raised by the flourishing of the Internet and the promise of digital technology. We must endeavor to keep the scales of copyright law balanced, providing important protections to creators of content, while ensuring their widespread distribution. To begin the discussion I am introducing today the Digital Copyright Clarification and Technology Education Act of 1997.

Any discussion of this issue, even in the most simple terms, raises many important issues. We must foster the growth of the Internet, which provides such great opportunity to our country because it is the most participatory form of mass communication ever developed. It draws people together from all corners of the globe to share and communicate on an unprecedented level, and brings all levels of government closer to the public. The Internet also holds great promise for education. Students—rural, suburban, and urban—are increasingly able to access a wealth of information right at their computer that was previously beyond their reach.

In addition, the Internet offers significant commercial possibilities. Small businesses can reach out across the globe and conquer the distances between them and potential customers. Individuals can view merchandise and make purchases without leaving home. Hopefully, soon a system will develop to allow individuals to contract electronically with traditional force of law for contracts on paper. However, this potential will never be realized without a system that fairly protects the interests of those who own copyrighted material; those who deliver that material via the Internet; and individual users. The implications here are far-reaching, with impacts that touch individual users, companies, libraries, universities, teachers and students.

The legislation I am introducing today would accomplish several goals. First, the legislation would clarify the extent of liability for entities who transfer information via the Internet without control of the content. Second, the bill would provide for a rapid response to copyright infringement with the cooperation of the copyright owner and the on-line service to take down the infringing material, helping to curtail piracy. Third, the Act will provide for the use of digital technology in education, research, and library archives, including updating the fair use doctrine for electronic media. Fourth, the legislation provides a standard for liability based on individual conduct, not a standard that constrains the development of new technology.

We must confirm that the entities who facilitate the operation of the global information infrastructure not be unfairly liable for literally billions of transmissions that individual users send via the Internet or post on the World Wide Web every week. We cannot make the Internet too costly to operate. Liability for infringement of copyright should reflect the degree of control that any party had in the determination of the content of the offending message. Those providing the infrastructure that makes the Internet possible should not be held liable for the content of messages to which they have no access. Often, the copyright holders will be best situated to make a determination of whether their copyrighted material is being infringed.

In addition, two very real considerations in the final outcome are the capabilities and limits of current technology. It is not possible to monitor every communication on the Internet, not even to look at every homepage on the World Wide Web, even if it were desirable. In January 1997, one estimate put the number of Internet hosts at more than 16 million. Each could host multiple homepages, and those individual sites could be composed of multiple individual pages. One individual host, GeoCities, boasts of more than half a million homesteaders, with 5,000 new residents arriving daily. As of May 1997 there were more than 40 million people on the Web, a breathtaking increase from the 1 million in December 1994. To state the facts of the exploding traffic growth in a different way, one major infrastructure provider, of which there are many, reports traffic of 250 terabytes a month—a terabyte is a thousand billion bytes—which translates into almost six billion bytes a minute—for one carrier. More importantly, any wholesale reading of messages would constitute the largest full scale attack on our individual privacy ever undertaken. We are confident that those delivering the mail do not read our sealed letters and we should have that same confidence in our e-mail and other electronic communications. It would be impossible for any carrier to review all of the material; and we cannot create a legal obligation that is technologically impossible to satisfy. Clearly, the potential for copyright infringement is real—as real as the impossibility of requiring a service provider to monitor every communication, including e-mail, homepages, and chat rooms.

Another important issue is the right of reproduction as specifically related to ephemeral copying. As a message is sent through cyberspace copies of the message are reproduced, in a sense. This is a reality of computer technology. For the most part an entire copy never exists anywhere, except at the points of distribution and receipt. The Internet was designed to send packets, pieces of a message expressed in digital form, a full message is not sent from one point to another. In the process of delivering the message multiple copies of each packet are sent so if a path is blocked path or data lost, the end message can be totally reassembled. Additionally, a full copy may be assembled on the recipient's server, where the message would reside until the recipient pulls down the file, or a copy may be made on a user's hard drive during the simple act of reading a document on-line. Obviously, to make this sort of copy illegal would be a move that flies in the face of the operations of the Internet and would destroy the World Wide Web. We need to make clear the status of these temporary and necessary copies within communications networks.

The passage of appropriate copyright legislation goes beyond the implications of liability and technical operations. The outcome of this debate will affect educators and students across the country. One important aspect for education is to guarantee that computers can be used in distance learning, in a way that television and video recorders have been used for years. The copyright laws have long recognized the need to ensure that the copyright laws do not stand in the way of the opportunities that the technology promises to provide students in rural areas. Unfortunately, the current law reflects the technology that was current when it was passed, largely video. We need to update these laws to reflect the enormous potential of the digital era. Part of the work in this area may include defining the classroom to reflect that in many instances the classroom is no longer a physical space.

In addition, the fair use doctrine in the Copyright Act should be amended to make clear that fair use applies regardless of the manner in which the material is distributed. A sound fair use doctrine is critical to continued interoperability of various systems, which in effect allows the Internet to exist and grow. Fair use encourages others to build freely on the ideas and information in a work while guaranteeing the author's right to their original expression. Currently, fair use may be made of a work for teaching, commentary, research, scholarship, criticism, and even news reporting. We should not tolerate discriminatory treatment based on a means of distribution or an alternative technology. Fair use in one medium should be fair use in another.

Finally, we must facilitate the preservation of copyrighted materials by libraries, archives, and universities. These institutions should be able to preserve their works, many of which represent the cultural heritage of the United States, in the best means possible, including digitally. To require that these institutions purchase new copies of existing works, but in digital format, could cost untold billions of dollars. Many works could never be made available digitally as they are no longer available in a format available for purchase.

Mr. President, we have made an effort to provide access to technology to all students in the last couple of years. In 1996, Congress appropriated $200 million to provide teachers with the training and support needed for access to technology, and to ensure that effective software and on-line resources would be available for use with the curriculum. The fiscal year 1998 budget request from the administration for this program is $425 million, with the House Appropriations Committee approving $460 million. Approving nearly $700 million over 2 years to guarantee that education can be delivered in a digital format, while impeding or denying delivery of digital material by neglecting our copyright law makes no sense. A decision has been made that students must prepare to operate in an on-line world. We must unlock the teaching potential of the Internet and we must now guarantee that the appropriate material is made available, so that our students can receive a full education while taking advantage of the tremendous strides made in technology.

The Missouri State Librarian recently wrote to me that Missouri's strong distance education programs could flourish or wither, depending on the outcome of this debate. I suspect this is the case in all States with strong distance learning programs to serve rural areas. These programs allow residents in even the most remote areas to have the same access to education as those who live near schools, colleges, or universities. These programs cannot operate as effectively without the assurance that educators can use materials over computer networks.

Equally important, Mr. President, we must begin a process internationally that is structured to balance the rights of copyright owners with the needs and technological limitations of those who enable the distribution of the electronic information, and with the rights and needs of individual end users. The current treaties and statements are not sufficient, and include some language that could create legal uncertainty. The loose language could lead to law that ignores technical realities, blindly shifts liability and ignores serious issues. The language must be clarified through the enactment of legislation in conjunction with the Senate's ratification of the treaties.

Moreover, some of the proposed treaty implementation language attempts to attack copyright violations from the position of the technology that may be used, rather than placing the blame on those who are infringing the copyright. We cannot legislate technology. Just as we have seen the legislated 56-bit encryption become obsolete so too will any technology frozen in place by legislation. We must end policies of the Government that hinder technology, but, more importantly we must not initiate new policies that express an inherent fear of new technology.

We must recognize other realities. Scores of software programs are illegally copied on-line, and intellectual piracy is an issue. However, some of this problem relates to the failure of the law, particularly copyright law, to keep up with the swift advance of technology. In a digital environment, hundreds of copies can be made and distributed in the blink of an eye. These copies are reproductions; they are perfect recreations of the original. The speed with which copies can be made makes the traditional ways of enforcing the copyright laws—a court order—obsolete. Copyright laws must evolve to embrace the new medium of digital storage and transmission. Those who provide the content for the Internet need some assurance that their valuable work will not become worthless because piracy. The approach in the Digital Copyright Clarification and Technology Education Act of 1997 requires that service providers cooperate with content providers by taking action after they are notified that illegal material is posted, or being transmitted on their systems. The benefits to copyright holders are notable. A copyright owner will be able to stop the illegal distribution of the material quickly without having to use the courts as a first measure. This approach solves the largest problem for on-line piracy, by providing a quick response to illegal activity which will preserve the value of the material.

Mr. President, one of the many important values held in this country is the freedom of expression. The United States must continue to be a leader in the preservation of freedom of expression around the world. Many countries are looking to the United States to be a leader on these important issues. We have the opportunity to send a strong message internationally that copyright law must be revised to fit the realities of a digital environment, and that by doing so we can encourage the growth and evolution of the Internet, while protecting all parties involved, with zero tolerance for illegality.

I look forward to working with all interested parties, service providers, educators, entertainers, authors and others as this issue develops. I welcome the involvement of Senators who may have an interest in this legislation and the opportunity to work together to develop sound policy.

Mr. President, the administration took a lead role in the copyright debate that took place in an international forum. We must continue this leadership in the Senate, in order to secure the U.S. role not only as a leader in the manufacture of technology and development of content, but also as a leader in fashioning a fair and just approach to the use of digital technology and information.

Mr. president, I ask unanimous consent that the text of the bill be printed in the RECORD.

S. 1146

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Digital Copyright Clarification and Technology Education Act of 1997".

TITLE I—DIGITAL COPYRIGHT CLARIFICATION

SEC. 101. PURPOSES.

The purposes of this Act are—

(1) to clarify the application of copyright law in the unique environment of Internet and on-line communication;

(2) to foster the continued growth and development of the Internet as a means of communication and commerce, including the lawful distribution of intellectual property;

(3) to protect the rights of copyright owners in the digital environment;

(4) to clarify that providing network services and facilities with respect to the transmission of electronic communications of another person does not result in liability under the Copyright Act;

(5) to clarify that Internet and on-line service providers are not liable for third-party copyright infringements unless they have received notice in compliance with this Act of the infringing material and have a reasonable opportunity to limit the third-party infringement; and

(6) to create incentive for the rapid elimination of infringing material residing on an electronic communications system or network without litigation.

SEC. 102. CLARIFICATION OF LIABILITY.

(a) IN GENERAL.—Chapter 5 of title 17, United States Code, is amended by adding after section 511 the following new section:

"§512. Liability relating to material on the Internet and on-line

"(a) MATERIAL BEING TRANSMITTED THROUGH AN ELECTRONIC COMMUNICATIONS SYSTEM OR NETWORK.—

"(1) NETWORK SERVICE WITH RESPECT TO THE TRANSMISSION OF ELECTRONIC COMMUNICATIONS.—A person shall not be liable for direct, vicarious or contributory infringement of copyright arising out of providing electronic communications network services or facilities with respect to a copyright infringement by a user. A person shall be considered to provide 'network services and facilities' when such person transmits, routes or provides connections for material on behalf of a user over an electronic communications system or network controlled or operated by or for the person, including intermediate and transient storage, the processing of information, and the provision of facilities therefor, if—

"(A) the provision of services is for the purpose of managing, controlling or operating a communications system or network, supplying local access, local exchange, telephone toll, trunk line, private line, or backbone services, including network components or functions necessary to the transmission of material contained in electronic communications carried over those services; or

"(B) the transmission of material over the system or network on behalf of a user does not involve the generation or material alteration of content by the person.

"(2) PRIVATE AND REAL-TIME COMMUNICATION SERVICES.—A person shall not be liable for direct, vicarious or contributory infringement of copyright arising from supplying to another—

"(A) a private electronic communication, including voice messaging or electronic mail services, or any other communication for which such person lacks either the technical ability or authority under law to access or disclose such communication to any third party in the normal course of business; or

"(B) real-time communication formats, including chat rooms, streamed data, or other virtually simultaneous transmissions.

"(3) INFORMATION LOCATION TOOLS.—No person shall be liable for direct, vicarious or contributory infringement of copyright arising out of supplying a user of network services or facilities with—

"(A) a site-linking aid or directory, including a hyperlink or index;

"(B) a navigational aid, including a search engine or browser; or

"(C) the tools for the creation of a site-linking aid.

"(b) MATERIAL RESIDING ON A SYSTEM OR NETWORK.—

"(1) COOPERATIVE PROCEDURE FOR EXPEDITIOUS RESPONSE TO CLAIMS OF INFRINGEMENT.—A person shall not be liable for direct, vicarious or contributory infringement of copyright arising out of the violation of any of the exclusive rights of the copyright owner by another with respect to material residing on a system or network used in conjunction with electronic communications that is controlled or operated by or for the person, unless upon receiving notice complying with paragraph (b)(3), the person fails expeditiously to remove, disable, or block access to the material to the extent technologically feasible and economically reasonable for a period of ten days, or until receiving a court order concerning the material, whichever is less.

"(2) Paragraph (b)(1) shall apply where such person—

"(A) did not initiate the placement of the material on the system or network;

"(B) did not determine the content of the material placed on the system or network; and

"(C) did not contract for placement of the specific material on the system or network by another person in order to provide that content as part of the person's service offering.

"(3) A person shall not be deemed to have notice that material residing on a system or network used in conjunction with electronic communications is infringing unless the person—

"(A) is in receipt of a notification that the particular material is infringing. Such notification shall:

"(i) pertain only to allegedly infringing material that resides on a system or network controlled or operated by or for the person;

"(ii) be submitted in accordance with directions displayed on the person's system or network indicating a single place or person to which such notifications shall be submitted;

"(iii) be signed, physically or electronically, by an owner of an exclusive right that is allegedly infringed, or by a person authorized to act on such owner's behalf;

"(iv) provide an address, telephone number, and electronic mail address, if available, at which the complaining party may be contacted in a timely manner;

"(v) describe the material claimed to be infringing, including information reasonably sufficient to permit the person expeditiously to identify and locate the material;

"(vi) provide reasonable proof of a certificate of copyright registration for the material in question, a filed application for such registration, or a court order establishing that use of the material in the manner complained of is not authorized by the copyright owner or the law;

"(vii) contain a sworn statement that the information in the notice is accurate, that the complaining party is an owner of the exclusive right that is claimed to be infringed or otherwise has the authority to enforce the owner's rights under this title, and that the complaining party has a good faith belief that the use complained of is an infringement;

"(viii) be accompanied by any payment that the Register of Copyrights determines is necessary to deter frivolous and de minimis notices; and

"(B) A person who is an employee or agent of a nonprofit educational institution, library or archives, acting within the scope of his employment, or such an educational institution, library or archives itself, shall not be deemed to have notice under subparagraph (A) if that person reasonably believed (i) that the allegedly infringing use was a fair use under Sec. 10 or (ii) was otherwise lawful; and

"(C) The Register of Copyrights may, by regulation, establish guidelines identifying additional information to be included in the notice and shall issue a standard notice form in both electronic and hard copy formats, which complies with this paragraph, but failure of a party to provide any such additional information, or failure to use any issued form, shall not invalidate the notice.

"(4) MISREPRESENTATIONS AND REDRESS FOR WRONGFUL NOTIFICATIONS.—Any person who materially misrepresents that material online is infringing in a notice described in paragraph (b)(3)(A), shall be liable in a civil action that may be brought in an appropriate United States district court or State court for statutory damages of not less than $1,000, and any actual damages, including costs and attorneys' fees, incurred by—

"(A) the actual copyright owner or the alleged infringer arising out of the disabling or blocking of access to or removal of such material; or

"(B) any person who relies upon such misrepresentation in removing, disabling, or blocking access to the material claimed to be infringing in such notice.

"(5) LIMITATION ON LIABILITY BASED UPON REMOVING, DISABLING, OR BLOCKING ACCESS TO INFRINGING MATERIAL.—A person shall not be liable for any claim based on that person's removing, disabling, or blocking access for a period of ten days, or until the person receives a court order concerning the material, whichever is less, to material residing on a system or network used in conjunction with electronic communications that is controlled or operated by or for that person in response to notice pursuant to paragraph (b)(3)(A) that the material is infringing, whether or not the material is infringing.

"(6) OTHER DEFENSES NOT AFFECTED.—A person's removing, disabling, or blocking access to material residing on a system or network used in conjunction with electronic communications that is controlled or operated by or for that person, pursuant to paragraph (1), or the failure to do so, shall not adversely bear upon the consideration by a court of any other issue pertaining to liability or remedy, including any other limitation on liability established in paragraph (a), any other applicable defense, any claim that the service provider's alleged conduct is not infringing, or whether or not such conduct is willful or innocent."

(b) CONFORMING AMENDMENT.—The table of sections for chapter 5 of title 17, United States Code, is amended by adding at the end of the following:

"512. Liability relating to material on the Internet and on-line."

TITLE II—TECHNOLOGY FOR TEACHERS AND LIBRARIANS

SEC. 201. SHORT TITLE.

This title may be cited as the "Technology for Educators and Children (TECH) Act.

SEC. 202. FAIR USE.

(a) TRANSMISSIONS.—The first sentence of section 107 of title 17, United States Code, is amended by inserting after "or by any other means specified in that section," the following: "and by analog or digital transmission,"; and

(b) DETERMINATION.—Section 107 of title 17, United States Code, is amended by adding at the end thereof the following: "In making a determination concerning fair use, no independent weight shall be afforded to—

"(1) the means by which the work has been performed, displayed or distributed under the authority of the copyright owner; or

"(2) the application of an effective technological measure (as defined under section 1201(c)) to the work.".

SEC. 203. LIBRARY EXEMPTIONS.

Section 108 of title 17, United States Code, is amended—

(1) by striking "Notwithstanding" at the beginning of subsection (a) and inserting: "Except as otherwise provided and notwithstanding";

(2) by inserting after "copyright" in subsection (a)(3): "if such notice appears on the copy or phonorecord that is reproduced under the provisions of this section";

(3) in subsection (b) by—

(A) deleting "a copy or phonorecord" and inserting in lieu thereof: "three copies or phonorecords"; and

(B) deleting "in facsimile form"; and

(4) in subsection (c) by—

(A) deleting "a copy or phonorecord" and inserting in lieu thereof: "three copies or phonorecords";

(B) deleting "in facsimile form"; and

(C) inserting "or if the existing format in which the work is stored has become obsolete," after "stolen,".

SEC. 204. DISTANCE EDUCATION.

(a) TITLE CHANGE.—The title of section 110 of title 17, United States Code, is amended to read as follows:

"§ 110. Limitations on exclusive rights: Exemption of certain activities".

(b) PERFORMANCE, DISPLAY AND DISTRIBUTION OF A WORK.—Section 110(2) of title 17, United States Code, is amended to read as follows:

"(2) performance, display or distribution of a work, by or in the course of an analog or digital transmission, if—

"(A) the performance, display or distribution is a regular part of the systematic instructional activities of a governmental body or a nonprofit educational institution;

"(B) the performance, display or distribution is directly related and of material assistance to the teaching content of the transmission; and

"(C) the work is provided for reception by—

"(i) students officially enrolled in the course in connection with which it is provided; or

"(ii) officers or employees of governmental bodies as part of their official duties or employment."

(c) EPHEMERAL RECORDINGS OF WORKS.—Section 112(b) of title 17, United States Code, is amended by deleting "transmit a performance or display of" and inserting in lieu thereof: "perform, display or distribute".

SEC. 205. LIMITATIONS ON EXCLUSIVE RIGHTS.

(a) TITLE.—The title of section 117 of title 17, United States Code, is amended to read as follows:

"§ Limitations on exclusive rights: Computer programs and digital copies";

(b) DIGITAL COPIES.—Section 117 of title 17, United States Code, is amended by inserting "(a)" before "Notwithstanding" and inserting the following as a new subsection (b):

"(b) Notwithstanding the provisions of section 106, it is not an infringement to make a copy of a work in a digital format if such copying—

"(1) is incidental to the operation of a device in the course of the use of a work otherwise lawful under this title; and

"(2) does not conflict with the normal exploitation of the work and does not unreasonably prejudice the legitimate interest of the author.".

TITLE III—WIPO TREATY IMPLEMENTATION

SEC. 301. WIPO IMPLEMENTATION.

Title 17 of the United States Code is amended by adding the following sections:

"§ 1201. Circumvention of certain technological measures

"(a) CIRCUMVENTION CONDUCT.—No person, for the purpose of facilitating or engaging in an act of infringement, shall engage in conduct so as knowingly to remove, deactivate or otherwise circumvent the application of operation of any effective technological measure used by a copyright owner to preclude or limit reproduction of a work or a portion thereof. As used in this subsection, the term 'conduct' does not include manufacturing, importing or distributing a device or a computer program.

"(b) CONDUCT GOVERNED BY SEPARATE CHAPTER.— Notwithstanding subsection (a), this section shall not apply with respect to conduct or the offer or performance of a service governed by a separate chapter of this title.

"(c) DEFINITION OF EFFECTIVE TECHNOLOGICAL MEASURE.—As used in this section, the term 'effective technological measure' means information included with or an attribute applied to a transmission or a copy of a work in a digital format, or a portion thereof, so as to protect the rights of a copyright owner of such work or portion thereof under chapter one of this title and which—

"(1) encrypts or scrambles the work or a portion thereof in the absence of access information supplied by the copyright owner; or

"(2) includes attributes regarding access to or recording of the work that cannot be removed without degrading the work or a portion thereof.

"§1202. Integrity of copyright management information

"(a) FALSE COPYRIGHT MANAGEMENT INFORMATION.—No person shall knowingly provide copyright management information that is false, or knowingly publicly distribute or import for distribution copyright management information that is false, with intent to induce, facilitate, or conceal infringement.

"(b) REMOVAL OR ALTERATION OF COPYRIGHT MANAGEMENT INFORMATION.—No person shall, without authority of the copyright owner or other lawful authority, knowingly and with intent to mislead or to induce or facilitate infringement—

"(1) remove or alter any copyright management information;

"(2) publicly distribute or import for distribution a copy or phonorecord containing copyright management information that has been altered without authority of the copyright owner or other lawful authority; or

"(3) publicly distribute or import for distribution a copy or phonorecord from which copyright management information has been removed without authority of the copyright owner or other lawful authority: *Provided*, That the conduct governed by this subsection does not include the manufacturing, importing or distributing of a device.

"(c) DEFINITION OF COPYRIGHT MANAGEMENT INFORMATION.—As used in this chapter, the term 'copyright management information' means the following information in electronic form as carried in or as data accompanying a copy or phonorecord of a work, including in digital form:

"(1) The title and other information identifying the work, including the information set forth in a notice of copyright.

"(2) The name and other identifying information of the author of the work.

"(3) The name and other identifying information of the copyright owner of the work, including the information set forth in a notice of copyright.

"(4) Terms and conditions for uses of the work.

"(5) Identifying numbers or symbols referring to such information or links to such information.

"(6) Such other identifying information concerning the work as the Register of Copyrights may prescribe by regulations: *Provided*, That the term 'copyright management information' does not include the information described in section 1002, section 1201(c), or a chapter of this title other than chapters one through nine of this. *Provided further*, That, in order to assure privacy protection, the term 'copyright management information' does not include any personally identifiable information relating to the user of a work, including but not limited to the name, account, address or other contact information of or pertaining to the user.

"§1203. Civil remedies

"(a) CIVIL ACTIONS.—Any person aggrieved by a violation of section 1201(a) or 1202 may bring a civil action in an appropriate United States district court against any person for such violation.

"(b) POWERS OF THE COURT.—In an action brought under subsection (a), the court—

"(1) may grant a temporary and a permanent injunction on such terms as it deems reasonable to prevent or restrain a violation;

"(2) may grant such other equitable relief as it deems appropriate;

"(3) may award damages pursuant to subsection (c);

"(4) may allow the recovery of costs by or against any party other than the United States or an officer thereof; and

"(5) may award a reasonable attorney's fee to the prevailing party.

"(c) AWARD OF DAMAGES.—

"(1) IN GENERAL.—If the court finds that a violation of section 1201(a) or 1202 has occurred, the complaining party may elect either actual damages as computed under paragraph (2) or statutory damages as computed under paragraph (3).

"(2) ACTUAL DAMAGES.—The court may award to the complaining party the actual damages suffered by him or her as a result of the violation, and any profits of the violator that are attributable to the violation and are not taken into account in computing the actual damages, if the complaining party elects such damages instead of statutory damages at any time before final judgment is entered.

"(3) STATUTORY DAMAGES.—(A) The court may award to the complaining party statutory damages for each violation of section 1201(a) of not less than $250 or more than $2,500, as the court considers just, if the complaining party elects such damages instead of actual damages at any time before final judgment is entered.

"(B) The court may award to the complaining party statutory damages for each violation of section 1202 of not less than $500 or more than $20,000, as the court considers just, if the complaining party elects such damages instead of actual damages at any time before final judgment is entered.

"(4) REPEATED VIOLATIONS.—In any case in which the court finds that a person has violated section 1201(a) or 1202 within three years after a final judgment against that person for another such violation was entered, the court may increase the award of damages to not more than double the amount that would otherwise be awarded under paragraph (2) or (3), as the court considers just.

"(5) INNOCENT VIOLATION.—The court may reduce or remit altogether the total award of damages that otherwise would be awarded under paragraph (2) or (3) in any case in which the violator sustains the burden of proving, and the court finds, that the violator was not aware and had no reason to believe that its acts constituted a violation of section 1201(a) or 1202.".

SEC. 302. CONFORMING AMENDMENTS.

(a) TABLE OF SECTIONS.—The table of sections for chapter 1 of title 17, United States Code, is amended by—

(1) Revising the item relating to section 110 to read as follows:

"110. Limitations on exclusive rights: Exemption of certain activities"; and

(2) Revising the item relating to section 117 to read as follows:

"117. Limitations on exclusive rights: Computer programs and digital copies".

(b) TABLE OF CHAPTERS.—The table of chapters for title 17, United States Code, is amended by adding at the end the following:

"12. Copyright Protection and Management Systems .... 1201".

SEC. 303. EFFECTIVE DATES.

(a) IN GENERAL.—Sections one through seven and section 9(a) of this Act, and the amendments made by sections one through seven and section 9(a) of this Act, shall take effect on the date of enactment of this Act.

(b) WIPO TREATIES.—Section 8 and section 9(b) of this Act, and the amendments made by section 8 and section 9(b) of this Act, shall take effect on the date on which both the World Intellectual Property Organization Copyright Treaty and the World Intellectual Property Organization Performances and Phonograms Treaty have entered into force with respect to the United States.

ADDITIONAL COSPONSORS

S. 61

At the request of Mrs. MURRAY, her name was added as a cosponsor of S. 61, a bill to amend title 46, United States Code, to extend eligibility for veterans' burial benefits, funeral benefits, and related benefits for veterans of certain service in the United States merchant marine during World War II.

S. 102

At the request of Mr. SPECTER, the name of the Senator from Connecticut [Mr. LIEBERMAN] was added as a cosponsor of S. 102, a bill to amend title XVIII of the Social Security Act to improve medicare treatment and education for beneficiaries with diabetes by providing coverage of diabetes outpatient self-management training services and uniform coverage of blood-testing strips for individuals with diabetes.

S. 230

At the request of Mr. THURMOND, the name of the Senator from Missouri [Mr. ASHCROFT] was added as a cosponsor of S. 230, a bill to amend section 1951 of title 18, United States Code (commonly known as the Hobbs Act), and for other purposes.

S. 364

At the request of Mr. LIEBERMAN, the names of the Senator from Connecticut [Mr. DODD] and the Senator from Florida [Mr. MACK] were added as cosponsors of S. 364, a bill to provide legal standards and procedures for suppliers of raw materials and component parts for medical devices.

S. 385

At the request of Mr. CONRAD, the name of the Senator from North Dakota [Mr. DORGAN] was added as a cosponsor of S. 385, a bill to provide reimbursement under the medicare program for telehealth services, and for other purposes.

S. 394

At the request of Mr. HATCH, the name of the Senator from South Dakota [Mr. JOHNSON] was added as a cosponsor of S. 394, a bill to partially restore compensation levels to their past equivalent in terms of real income and establish the procedure for adjusting future compensation of justices and judges of the United States.

S. 532

At the request of Mr. BAUCUS, the name of the Senator from Mississippi [Mr. LOTT] was added as a cosponsor of S. 532, a bill to authorize funds to further the strong Federal interest in the improvement of highways and transportation, and for other purposes.

S. 772

At the request of Mr. SPECTER, the name of the Senator from Mississippi [Mr. COCHRAN] was added as a cosponsor of S. 772, a bill to establish an Office of Religious Persecution Monitoring, to provide for the imposition of sanctions against countries engaged in a pattern of religious persecution, and for other purposes.

S. 803

At the request of Mr. THURMOND, the name of the Senator from Montana [Mr. BURNS] was added as a cosponsor of S. 803, a bill to permit the transportation of passengers between United States ports by certain foreign-flag vessels and to encourage United States-flag vessels to participate in such transportation.

S. 852

At the request of Mr. LOTT, the names of the Senator from Kansas [Mr. BROWNBACK] and the Senator from Mississippi [Mr. COCHRAN] were added as cosponsors of S. 852, a bill to establish nationally uniform requirements regarding the titling and registration of salvage, nonrepairable, and rebuilt vehicles.

S. 863

At the request of Mrs. MURRAY, her name was added as a cosponsor of S. 863, a bill to authorize the Government of India to establish a memorial to honor Mahatma Gandhi in the District of Columbia.

S. 887

At the request of Ms. MOSELEY-BRAUN, the names of the Senator from Illinois [Mr. DURBIN], the Senator from Pennsylvania [Mr. SPECTER], the Senator from Washington [Mrs. MURRAY], and the Senator from Maryland [Mr. SARBANES] were added as cosponsors of S. 887, a bill to establish in the National Service the National Underground Railroad Network to Freedom program, and for other purposes.

S. 912

At the request of Mr. BOND, the name of the Senator from Arkansas [Mr. HUTCHINSON] was added as a cosponsor of S. 912, a bill to provide for certain military retirees and dependents a special medicare part B enrollment period during which the late enrollment penalty is waived and a special medigap open period during which no underwriting is permitted.

S. 927

At the request of Ms. SNOWE, the names of the Senator from Rhode Island [Mr. CHAFEE], the Senator from Virginia [Mr. ROBB], the Senator from Washington [Mrs. MURRAY], the Senator from Hawaii [Mr. AKAKA], and the Senator from Florida [Mr. MACK] were added as cosponsors of S. 927, a bill to reauthorize the Sea Grant Program.

S. 980

At the request of Mr. DURBIN, the name of the Senator from Iowa [Mr. HARKIN] was added as a cosponsor of S. 980, a bill to require the Secretary of the Army to close the United States Army School of the Americas.

S. 1051

At the request of Mr. CAMPBELL, the names of the Senator from Colorado [Mr. ALLARD], and the Senator from Arkansas [Mr. HUTCHINSON] were added as cosponsors of S. 1051, a bill to amend the Communications Act of 1934 to enhance protections against unauthorized changes of telephone service subscribers from one telecommunications carrier to another, and for other purposes.

S. 1062

At the request of Mr. D'AMATO, the names of the Senator from Ohio [Mr. DEWINE], the Senator from Pennsylvania [Mr. SPECTER], the Senator from Nevada [Mr. REID], the Senator from Maine [Ms. COLLINS], the Senator from Virginia [Mr. WARNER], and the Senator from New Hampshire [Mr. GREGG] were added as cosponsors of S. 1062, a bill to authorize the President to award a gold medal on behalf of the Congress to Ecumenical Patriarch Bartholomew in recognition of his outstanding and enduring contributions toward religious understanding and peace, and for other purposes.

S. 1100

At the request of Mr. HUTCHINSON, his name was withdrawn as a cosponsor of S. 1100, a bill to amend the Covenant to Establish a Commonwealth of the Northern Mariana Islands in Political Union with the United States of America, the legislation approving such covenant, and for other purposes.

S. 1105

At the request of Mr. COCHRAN, the names of the Senator from Mississippi [Mr. LOTT], and the Senator from Tennessee [Mr. THOMPSON] were added as cosponsors of S. 1105, a bill to amend the Internal Revenue Code of 1986 to provide a sound budgetary mechanism for financing health and death benefits of retired coal miners while ensuring the long-term fiscal health and solvency of such benefits, and for other purposes.

S. 1133

At the request of Mr. COVERDELL, the names of the Senator from Mississippi [Mr. COCHRAN], the Senator from Arizona [Mr. KYL], and the Senator from Tennessee [Mr. THOMPSON] were added as cosponsors of S. 1133, a bill to amend the Internal Revenue Code of 1986 to allow tax-free expenditures from education individual retirement accounts for elementary and secondary school expenses and to increase the maximum annual amount of contributions to such accounts.

S. 1141

At the request of Mr. JOHNSON, the names of the Senator from South Dakota [Mr. DASCHLE], the Senator from Missouri [Mr. BOND], the Senator from Nebraska [Mr. KERREY], the Senator from Iowa [Mr. HARKIN], and the Senator from Kentucky [Mr. FORD] were added as cosponsors of S. 1141, a bill to amend the Energy Policy Act of 1992 to take into account newly developed renewable energy-based fuels and to equalize alternative fuel vehicle acquisition incentives to increase the flexibility of controlled fleet owners and operators, and for other purposes.

SENATE CONCURRENT RESOLUTION 32

At the request of Mrs. MURRAY, her name was added as a cosponsor of Senate Concurrent Resolution 32, a concurrent resolution recognizing and commending American airmen held as political prisoners at the Buchenwald concentration camp during World War II for their service, bravery, and fortitude.

SENATE CONCURRENT RESOLUTION 42

At the request of Mr. D'AMATO, the names of the Senator from Ohio [Mr. DEWINE], the Senator from Pennsylvania [Mr. SPECTER], the Senator from Nevada [Mr. REID], and the Senator from Maine [Ms. COLLINS] were added as cosponsors of Senate Concurrent Resolution 42, a concurrent resolution to authorize the use of the rotunda of the Capitol for a congressional ceremony honoring Ecumenical Patriarch Bartholomew.

SENATE RESOLUTION 94

At the request of Mr. WARNER, the names of the Senator from Georgia [Mr. CLELAND] and the Senator from Louisiana [Ms. LANDRIEU] were added as cosponsors of Senate Resolution 94, a resolution commending the American Medical Association on its 150th anniversary, its 150 years of caring for the United States, and its continuing effort to uphold the principles upon which Nathan Davis, M.D. and his colleagues founded the American Medical Association to "promote the science and art of medicine and the betterment of public health."

SENATE RESOLUTION 111

At the request of Mr. THURMOND, the names of the Senator from North Dakota [Mr. CONRAD] and the Senator from Illinois [Ms. MOSELEY-BRAUN] were added as cosponsors of Senate Resolution 111, a resolution designating the week beginning September 14, 1997, as "National Historically Black Colleges and Universities Week," and for other purposes.

AMENDMENTS SUBMITTED

THE DEPARTMENT OF LABOR APPROPRIATIONS ACT FOR FISCAL YEAR 1998

DORGAN AMENDMENT NO. 1060

(Ordered to lie on the table.)

Mr. DORGAN submitted an amendment intended to be proposed by him to the bill (S. 1061) making appropriations for the Departments of Labor, Health and Human Services, and Education, and related agencies for the fiscal year ending September 30, 1998, and for other purposes; as follows:

On page 30, line 21, strike "$1,531,898,000." and insert "$1,539,898,000: *Provided*, That in addition to any other amounts made available, either directly or indirectly, under this item for heart and stroke-related research, an additional $8,000,000 shall be used for such research.".

On page 35, line 22, strike "$211,500,000" and insert "203,500,000".

ASHCROFT (AND OTHERS) AMENDMENT NO. 1061

Mr. ASHCROFT (for himself, Mr. Helms, Mr. Abraham, and Mr. Coats) proposed an amendment to the bill, S. 1061, supra; as follows:

On page 77, strike lines 6 through 11, and insert the following (and redesignate the following section accordingly):

Sec. 508. (a) None of the funds appropriated under this Act shall be expended for any abortion.

(b) None of the funds appropriated under this Act shall be expended for health benefits coverage that includes coverage for abortion.

(c) The term "health benefits coverage" means the package of services covered by a managed care provider or organization pursuant to a contract or other arrangement.

Sec. 509. (a) The limitations established in the preceding section shall not apply to an abortion—

(1) if the pregnancy is the result of an act of rape or incest; or

(2) in the case where a woman suffers from a physical disorder, physical injury, or physical illness, including a life-endangering physical condition caused by or arising from the pregnancy itself, that would, as certified by a physician, place the woman in danger of death unless an abortion is performed.

(b) Nothing in the preceding section shall by construed as prohibiting the expenditure by a State, locality, entity, or private person of State, local, or private funds (other than a State's or locality's contribution of Medicaid matching funds) for abortion services or coverage of abortion by contract or other arrangement.

(c) Nothing in the preceding section shall be construed as restricting the ability of any managed care provider or organization from offering abortion coverage or the ability of a State or locality to contract separately with such a provider for such coverage with State funds (other than a State's or locality's contribution of Medicaid matching funds).

KERREY (AND OTHERS) AMENDMENT NO. 1062

(Ordered to lie on the table.)

Mr. KERREY (for himself, Mr. Hagel, Mr. Bingaman, Mr. Jeffords, and Mr. Lautenberg) submitted an amendment intended to be proposed by them to the bill, S. 1061, supra; as follows:

On page 40, line 24, strike the period and insert ": *Provided further*, That, notwithstanding section 418(a) of the Social Security Act, for fiscal year 1997 only, the amount of payment under section 418(a)(1) to which each State is entitled shall equal the amount specified as mandatory funds with respect to such State for such fiscal year in the table transmitted by the Administration for Children and Families to State Child Care and Development Block Grant Lead Agencies on August 27, 1996, and the amount of State expenditures in fiscal year 1994 or 1995 (whichever is greater) that equals the non-Federal share for the programs described in section 418(a)(1)(A) shall be deemed to equal the amount specified as maintenance of effort with respect to such State for fiscal year 1997 in such table.".

INHOFE (AND CLELAND) AMENDMENT NO. 1063

(Ordered to lie on the table.)

Mr. INHOFE (for himself and Mr. Cleland) submitted an amendment intended to be proposed by them to the bill, S. 1061, supra; as follows:

On page 70, between lines 8 and 9, insert the following:

"From funds provided under the second preceding paragraph, not less than $2,225,000 shall be available for conducting a disability return to work demonstration initiative, which focuses on providing persons who have lost limbs with an integrated program of prosthetic and rehabilitative care and job placement assistance."

INHOFE AMENDMENT NO. 1064

(Ordered to lie on the table.)

Mr. INHOFE submitted an amendment intended to be proposed by him to the bill, S. 1061, supra; as follows:

On page 59, strike lines 13 through 18.

McCAIN AMENDMENT NO. 1065

(Ordered to lie on the table.)

Mr. McCAIN submitted an amendment intended to be proposed by him to the bill, S. 1061, supra; as follows:

On page 49, after line 26, add the following:

Sec. . (a) Notwithstanding any other provision of law, the payments described in subsection (b) shall not be considered income or resources in determining eligibility for, or the amount of benefits under, a program or State plan under title IV, XVI, or XIX of the Social Security Act.

(b) The payments described in this subsection are payments made by the Secretary of Defense pursuant to section 657 of the National Defense Authorization Act for Fiscal Year 1997 (Public Law 104–201; 110 Stat. 2584).

D'AMATO AMENDMENTS NOS. 1066–1067

(Ordered to lie on the table.)

Mr. D'AMATO submitted two amendments intended to be proposed by him to the bill, S. 1061, supra; as follows:

Amendment No. 1066

On page 45, line 13, strike "$854,074,000" and insert "894,074,000 of which $40,000,000 shall be made available to carry out title III of such Act".

Amendment No. 1067

On page 45, line 13, strike "$854,074,000" and insert "$854,074,000 (and an additional amount of $40,000,000 that shall be used to carry out title III of such Act)".

DORGAN AMENDMENT NO. 1068

Mr. DORGAN proposed an amendment to the bill, S. 1061, supra; as follows:

On page 30, line 21, strike "$1,531,898,000." and insert "$1,539,898,000".

On page 35, line 22, strike "$211,500,000" and insert "203,500,000".

SPECTER AMENDMENT NO. 1069

Mr. SPECTER proposed an amendment to the bill, S. 1061, supra; as follows:

At the appropriate place in the bill, insert the following:

SEC. . SENSE OF THE SENATE REGARDING APPOINTMENT OF INDEPENDENT COUNSEL.

(a) Findings.—The Congress finds that—

(1) press reports appearing in the early Spring of 1997 reported that the FBI and the Justice Department withheld national security information from the Clinton administration and President Clinton regarding information pertaining to the possible involvement by the Chinese government in seeking to influence both the administration and some members of Congress in the 1996 elections;

(2) President Clinton subsequently stated, in reference to the failure by the FBI and the Justice Department to brief him on such information regarding China: "There are significant national security issues at stake here," and further stated that "I believe I should have known";

(3) there has been an acknowledgment by former White House Chief to Staff Leon Panetta in March 1997 that there was indeed coordination between the White House and the DNC regarding the expenditure of soft money for advertising;

(4) the Attorney General in her appearance before the Senate Judiciary Committee on April 30, 1997 acknowledged a presumed coordination between President Clinton and the DNC regarding campaign advertisements;

(5) Richard Morris in his recent book, *Behind the Oval Office*, describes his firsthand knowledge that "the president became the day-to-day operational director of our [DNC] TV ad campaign. He worked over every script, watched each ad, ordered changes in every visual presentation and decided which ads would run when and where;"

(6) there have been conflicting and contradictory statements by the Vice President regarding the timing and extent of his knowledge of the nature of a fundraising event at the Hsi Lai Buddhist Temple near Los Angeles on April 29, 1996;

(7) the independent counsel statute requires the Attorney General to consider the specificity of information provided and the credibility of the source of information pertaining to potential violations of criminal law by covered persons, including the President and the Vice President;

(8) the independent counsel statute further requires the Attorney General to petition the court for appointment of an independent counsel where the Attorney General finds that there is a reasonable likelihood that a violation of criminal law may have occurred involving a covered person;

(9) the Attorney General has been presented with specific and credible evidence pertaining to potential violations of criminal law by covered persons and there is a reasonable likelihood that a violation of criminal law may have occurred involving a covered person; and

(10) the Attorney General has abused her discretion by failing to petition the court for appointment of an independent counsel.

(b) It is the Sense of the Senate that the Attorney General should petition the court immediately for appointment of an independent counsel to investigate the reasonable likelihood that a violation of criminal law may have occurred involving a covered person in the 1996 presidential federal election campaign.

GREGG AMENDMENT NO. 1070

Mr. GREGG proposed an amendment to the bill, S. 1061, supra; as follows:

At the end of the bill, insert after the last section (preceding the short title) the following new section:

SEC. . (a) PROHIBITION OF FUNDS FOR NATIONAL TESTING IN READING AND MATHEMATICS.—None of the funds made a available in this Act may be used to develop, plan, implement, or administer any national testing program in reading or mathematics.

(b) EXCEPTIONS.—Subsection (a) shall not apply to the following:

(1) The National Assessment of Educational Progress carried out under sections 411 through 413 of the Improving America's Schools Act of 1994 (20 U.S.C. 9010–9012).

(2) The Third International Math and Science Study (TIMSS).

COATS (AND GREGG) AMENDMENT NO. 1071

Mr. COATS (for himself and Mr. GREGG) proposed an amendment to amendment No. 1070 proposed by Mr. GREGG to the bill, S. 1061, supra; as follows:

At the end of the pending amendment add the following:

SEC. . None of the funds made available in this Act or any other Act, may be used to develop, plan, implement, or administer any national testing program in reading or mathematics unless the program is specifically authorized by Federal statute.

SPECTER AMENDMENT NO. 1072

Mr. SPECTER proposed an amendment to the bill, S. 1061, supra; as follows:

On page 39, before the period on line 25, insert the following: “: *Provided further*, That $2,000,000 of the amount available for research, demonstration, and evaluation activities shall be available for carrying out demonstration projects on Medicaid coverage of community-based attendant care services for people with disabilities which ensures maximum control by the consumer to select and manage their attendant care services”.

DURBIN AMENDMENT NO. 1073

(Ordered to lie on the table.)

Mr. DURBIN submitted an amendment intended to be proposed by him to the bill, S. 1061, supra; as follows:

On page 49, after line 26, add the following:

SEC. ____. (a) STUDY.—Not later than 30 days after the date of enactment of this Act, the Secretary of Health and Human Services, in consultation with the General Accounting Office, shall conduct a comprehensive study concerning efforts to improve organ donation at hospitals. Under such study, the Secretary shall survey at least 5 percent of the hospitals participating in the organ donation program under the Public Health Service Act to examine—

(1) the differences in protocols for the identification of potential organ donors;

(2) whether each hospital has a system in place for such identification of donors; and

(3) protocols for outreach to the relatives of potential organ or tissue donors.

(b) REPORT.—Not later than 1 year after the date of enactment of this Act, the Secretary of Health and Human Services shall prepare and submit to the appropriate committees of Congress a report concerning the study conducted under subsection (a), that shall include recommendations on hospital best practices—

(1) that result in the most efficient and comprehensive identification of organ and tissue donors; and

(2) for communicating with the relatives of potential organ donors.

WELLSTONE (AND OTHERS) AMENDMENT NO. 1074

Mr. WELLSTONE (for himself, Mr. MCCAIN, Mr. BURNS, Mr. DURBIN, Mr. FORD, Mr. D'AMATO, Mr. BREAUX, Ms. MOSLEY-BRAUN, Mr. SANTORUM, Mr. JOHNSON, Ms. SNOWE, Mr. REID, Mr. HOLLINGS, Mr. TORRICELLI, Mr. FAIRCLOTH, Mr. LEVIN, Mr. LAUTENBERG, Mr. HATCH, Mr. BRYAN, Mrs. BOXER, Mr. ROBB, and Mr. BAUCUS) proposed an amendment to the bill, S. 1061, supra; as follows:

At the appropriate place, insert the following:

SEC. . PARKINSON'S DISEASE RESEARCH.

(a) SHORT TITLE—This section may be cited as the Morris K. Udall Parkinson's Research Act of 1997”.

(b) FINDING AND PURPOSE.—

(1) FINDING.—Congrss finds that to take full advantage of the tremendous potential for finding a cure or effective treatment, the Federal investment in Parkinson's must be expanded, as well as the coordination strengthened among the National Institutes of Health research institutes.

(2) PURPOSE.—It is the purpose of this section to provide for the expansion and coordination of research regarding Parkinson's, and to improve care and assistance for afflicted individuals and their family caregivers.

(c) PARKINSON'S RESEARCH.—Part B of title IV of the Pubic Health Service Act (42 U.S.C. 284 et seq.) is amended by adding at the end the following:

“PARKINSON'S DISEASE

“SEC. 409B. (a) IN GENERAL.—The Director of NIH shall establish a program for the conduct and support of research and training with respect to Parkinson's disease (subject to the extent of amounts appropriated under subsection (e)).

“(b) INTER-INSTITUTE COORDINATION.—

“(1) IN GENERAL.—The Director of NIH shall provide for the coordination of the program established under subsection (a) among all of the national research institutes conducting Parkinson's research.

“(2) CONFERENCE.—Coordination under paragraph (1) shall include the convening of a research planning conference not less frequently than one every 2 years. Each such conference shall prepare and submit to the Committee on Appropriations and the Committee on Labor and Human Resources of the Senate and the Committee on Appropriations and the Committee on Commerce of the House of Representatives a report concerning the conference.

“(c) MORRIS K. UDALL RESEARCH CENTERS.—

“(1) IN GENERAL.—The Director of NIH shall award Core Center Grants to encourage the development of innovative multidisciplinary research an provide training concerning Parkinson's. The Director shall award not more than 10 Core Center Grants and designate each center funded under such grants as a Morris K. Udall Center for Research on Parkinson's Disease.

“(2) REQUIREMENTS.—

“(A) IN GENERAL.—With respect to Parkinson's, each center assisted under this subsection shall—

“(i) use the facilities of a single institution or a consortium of cooperating institutions, and meet such qualifications as may be prescribed by the Director of the NIH; and

“(ii) conduct basic and clinical research.

“(B) DISCRETIONARY REQUIREMENTS.—With respect to Parkinson's, each center assisted under this subsection may—

“(i) conducted training programs for scientists and health professionals;

“(ii) conduct programs to provide information and continuing education to health professionals;

“(iii) conduct programs for the dissemination of information to the public;

“(iv) separately or in collaboration with other centers, establish a nationwide data system derived from patient populations with Parkinson's, and where possible, comparing relevant data involving general populations;

“(v) separately or in collaboration with other centers, establish a Parkinson's Disease Information Clearinghouse to facilitate and enhance knowledge and understanding of Parkinson's disease; and

“(vi) separately or in collaboration with other centers, establish a national education program that fosters a national focus on Parkinson's and the care of those with Parkinson's.

“(3) STIPENDS REGARDING TRAINING PROGRAMS.—A center may use funds provided under paragraph (1) to provide stipends for scientists and health professionals enrolled in training programs under paragraph (2)(B).

“(4) DURATION OF SUPPORT.—Support of a center under this subsection may be for a period not exceeding five years. Such period may be extended by the Director of NIH for one or more additional periods of not more than five years if the operations of such center have been reviewed by an appropriate technical and scientific peer review group established by the Director and if such group has recommended to the Director that such period should be extended.

“(d) MORRIS K.UDALL AWARDS FOR EXCELLENCE IN PARKINSON'S DISEASE RESEARCH.—The Director of NIH shall establish a grant program to support investigators with a proven record of excellence and innovation in Parkinson's research and who demonstrate potential for significant future breakthroughs in the understanding of the pathogensis, diagnosis, and treatment of Parkinson's. Grants under this subsection shall be available for a period of not to exceed 5 years.

“(e) AUTHORIZATION OF APPROPRIATIONS.—For the purpose of carrying out this section, there are authorized to be appropriated $100,000,000 for fiscal year 1998, and such sums as may be necessary for each of the fiscal years 1999 and 2000.”.

COATS (AND FRIST) AMENDMENT NO. 1075

Mr. COATS (for himself and Mr. FRIST) proposed an amendment to the bill, S. 1061, supra; as follows:

On page 49, after line 26, add the following:

COMPREHENSIVE INDEPENDENT STUDY OF NIH RESEARCH PRIORITY SETTING

SEC. . (a) STUDY BY THE INSTITUTE OF MEDICINE.—Not later than 30 days after the date of enactment of this Act, the Secretary of Health and Human Services shall enter into a contract with the Institute of Medicine to conduct a comprehensive study of the policies and process used by the National Institutes of Health to determine funding allocations for biomedical research.

(b) MATTERS TO BE ASSESSED.—The study under subsection (a) shall assess—

(1) the factors or criteria used by the National Institutes of Health to determine funding allocations for disease research;

(2) the process by which research funding decisions are made;

(3) the mechanisms for public input into the priority setting process; and

(4) the impact of statutory directive on research funding decisions.

(c) REPORT.—

(1) IN GENERAL.—Not later than 6 months after the date on which the Secretary of Health and Human Services enters into the contract under subsection (a), the Institute of Medicine shall submit a report concerning the study to the Committee on Labor and Human Resources and the Committee on Appropriations of the Senate, and the Committee on Commerce and the Committee on Appropriations of the House of Representatives.

(2) REQUIREMENT.—The report under paragraph (1) shall set forth the findings, conclusions, and recommendations of the Institute of Medicine for improvements in the National Institutes of Health research funding policies and processes and for any necessary congressional action.

(d) FUNDING.—Of the amount appropriated in this title for the National Institutes of Health, $300,000 shall be made available for the study and report under this section.

GORTON (AND OTHERS) AMENDMENT NO. 1076

(Ordered to lie on the table.)

Mr. GORTON (for himself, Mr. GRAMS, Mrs. MURRAY, Mr. JEFFORDS, and Mr. LEAHY) submitted an amendment intended to be proposed by them to the bill, S. 1061, supra; as follows:

On page 49, after line 26, add the following:

SEC. ___. (a) Section 2110(b)(3) of the Social Security Act (42 U.S.C 1397jj(b)(3)) is amended to read as follows:

"(3) SPECIAL RULES.—

"(A) PRIOR COVERAGE UNDER A STATE-FUNDED HEALTH INSURANCE COVERAGE PROGRAM.—A child shall not be considered to be described in paragraph (1)(C) notwithstanding that the child is covered under a health insurance coverage program that has been in operation since before July 1, 1997, and that is offered by a State which receives no Federal funds for the program's operation.

"(B) STATES WITH MEDICAID APPLICABLE INCOME LEVELS AT OR ABOVE 200 PERCENT.—In the case of any State that, as of August 5, 1997, has, under a waiver authorized by the Secretary or under section 1902(r)(2), established a medicaid applicable income level for all children 17 years of age or younger or 18 years of age or younger (at the option of the State) residing in the State that is at or above 200 percent of the poverty line, such State may, notwithstanding subparagraphs (B)(ii) and (C) of paragraph (1), consider a child whose family income exceeds the mandatory income level (expressed as a percent of the poverty line) applicable for the age of such child under section 1902(l)(2), as in effect on August 5, 1997, in order for the child to be eligible for medical assistance under a State plan under title XIX, but does not exceed 200 percent of the poverty line, to be a targeted low-income child for purposes of this title if—

"(i) such child did not previously have health insurance coverage; and

"(ii) the State has submitted and had approved under section 2106 a plan amendment that specifies how the State will ensure that only children described in clause (i) are considered targeted low-income children in accordance with this subparagraph.".

(b) Section 1905(u)(2)(C) of the Social Security Act (42 U.S.C. 1396d(u)(2)(C)) (as added by section 4911(a)(2) of the Balanced Budget Act of 1997) is amended to read as follows:

"(C) For purposes of this paragraph, the term 'optional targeted low-income child' means a child who—

"(i) is a targeted low-income child, as defined in section 2110(b)(1), who would not qualify for medical assistance under the State plan under this title based on such plan as in effect on April 15, 1997 (but taking into account the expansion of age of eligibility effected through the operation of section 1902(l)(2)(D)), or

"(ii) is considered to be a targeted low-income child under section 2110(b)(3).".

(c) The amendment made by subsection (a) shall take effect as if included in the enactment of section 4901(a) of the Balanced Budget Act of 1997 and the amendment made by subsection (b) shall take effect as if included in the enactment of section 4911(a)(2) of the Balanced Budget Act of 1997.

COATS (AND NICKLES) AMENDMENT NO. 1077

Mr. COATS (for himself and Mr. NICKLES) proposed an amendment to the bill, S. 1061, supra; as follows:

At the end of the appropriate place, insert the following:

SEC. . LIMITATON ON USE OF FUNDS.—Notwithstanding any other provision of law, none of the amounts subject to the provision of subsection (e) of the Morris K. Udall Parkinson's Research Act of 1997" may be expended for any research that utilizes human fetal tissue, cells, or organs that are obtained from a living or dead embryo or fetus during or after an induced abortion. This subsection does not apply to human fetal tissue, cells, or organs that are obtained from a spontaneous abortion or an ectopic pregnancy.

DURBIN (AND COLLINS) AMENDMENT NO. 1078

(Ordered to lie on the table.)

Mr. DURBIN (for himself and Ms. COLLINS) submitted an amendment intended to be proposed by them to the bill, S. 1061, supra; as follows:

At the appropriate place, insert the following:

SEC. . REPEAL OF TOBACCO INDUSTRY SETTLEMENT CREDIT.—Subsection (k) of section 9302 of the Balanced Budget Act of 1997, as added by section 1604(f)(3) of the Taxpayer Relief Act of 1997, is repealed.

SENATE RESOLUTION 118—RELATIVE TO THE LATE DIANA, PRINCESS OF WALES

Mr. HATCH (for himself, Mr. LEAHY, Mr. DASCHLE, Mr. SPECTER, Ms. LANDRIEU, Mr. BIDEN, Ms. MIKULSKI, Mr. DODD, Mr. GRAHAM, Mrs. FEINSTEIN, and Ms. MOSELEY-BRAUN) submitted the following resolution; which was considered and agreed to:

S. RES. 118

Whereas the Senate and the American people heard the announcement of the death of Diana, Princess of Wales, with profound sorrow and deep regret;

Whereas the Princess of Wales, touched the lives of millions of Americans and people throughout the world as an example of compassion and grace;

Whereas the Princess of Wales, was a committed and caring mother who successfully raised two young sons under great pressure and public scrutiny;

Whereas the Senate recognizes the tireless humanitarian efforts of the Princess of Wales, including the areas of—

(1) raising awareness of and attention to breast cancer research and treatment;

(2) HIV/AIDS, particularly in the areas of pediatric AIDS, educating the public regarding the facts of HIV/AIDS transmission, and fostering a public attitude that is intolerant of discrimination against people with HIV/AIDS;

(3) banning antipersonnel landmines from the arsenals of war, as these indiscriminate weapons often result in casualties to civilians, including children, sometimes many years after the armed conflict in which the mines were used; and

(4) eliminating the problem of homelessness around the world: Now, therefore, be it

Resolved, That the Senate—

(1) extends to the people of the United Kingdom sincere condolences and sympathy on the death of Diana, Princess of Wales;

(2) recognizes the extraordinary impact of the Princess of Wales' humanitarian efforts around the world;

(3) designates September 6, 1997, as a "National Day of Recognition for the Humanitarian efforts of Diana, Princess of Wales"; and

(4) the Secretary of the Senate transmit an enrolled copy thereof to the family of Diana, Princess of Wales.

NOTICES OF HEARINGS

COMMITTEE ON ENERGY AND NATURAL RESOURCES

Mr. MURKOWSKI. Mr. President, I would like to announce for the public that an oversight hearing has been scheduled before the Committee on Energy and Natural Resources.

The hearing will take place Wednesday, September 10, 1997, at 9:30 a.m. in room SD–366 of the Dirksen Senate Office Building in Washington, DC.

The purpose of this hearing is to receive testimony from the Forest Service on their organizational structure, staffing, and budget for the Alaska Region.

Those who wish to submit written statements should write to the Committee on Energy and Natural Resources, U.S. Senate, Washington, DC

20510. For further information, please call Judy Brown or Mark Rey at (202) 224–6170.

COMMITTEE ON ENERGY AND NATURAL RESOURCES

Mr. MURKOWSKI. Mr. President, I would like to announce for the public that a hearing has been scheduled before the Committee on Energy and Natural Resources.

The hearing will take place Tuesday, September 16, 1997, at 10 a.m. in room SD–366 of the Dirksen Senate Office Building in Washington, DC.

The purpose of this hearing is oversight of Federal outdoor recreation policy.

Those wishing to testify or who wish to submit written statements should write to the Committee on Energy and Natural Resources, U.S. Senate, Washington, DC 20510. For further information, please call Kelly Johnson at (202) 224–3329.

AUTHORITY FOR COMMITTEES TO MEET

COMMITTEE ON THE JUDICIARY

MR. SPECTER. Mr. President, I ask unanimous consent that the Committee on the Judiciary be authorized to meet during the session of the Senate on Wednesday, September 3, 1997, at 10:30 a.m. in room 226 of the Senate Dirksen Office Building to hold a hearing on: "Closing The Legal Loophole for Union Violence."

The PRESIDING OFFICER. Without objection, it is so ordered.

COMMITTEE ON LABOR AND HUMAN RESOURCES

Mr. SPECTER. Mr. President, I ask unanimous consent that the Committee on Labor and Human Resources be authorized to meet for a Hearing on Tobacco Settlement during the session of the Senate on Wednesday, September 3, 1997, at 10:00 a.m.

The PRESIDING OFFICER. Without objection, it is so ordered.

SUBCOMMITTEE ON TECHNOLOGY, TERRORISM, AND GOVERNMENT INFORMATION

Mr. SPECTER. Mr. President, I ask unanimous consent that the Subcommittee on Technology, Terrorism, and Government Information of the Senate Committee on the Judiciary, be authorized to meet during the session of the Senate on Wednesday, September 3, 1997, at 2 p.m. to hold a hearing in room 226, Senate Dirksen Office Building, on: "The Encryption Debate: Criminals, Terrorists and the Security Needs of Business and Industry."

The PRESIDING OFFICER. Without objection, it is so ordered.

ADDITIONAL STATEMENTS

VETERANS MORTGAGES

● Mr. CLELAND. Mr. President, during my tenure as Administrator of the Veterans' Administration a "fall back and rescue" plan was formulated to be of assistance to those veterans with VA guaranteed mortgages which might be burdensome.

The proposal which later became a VA regulation is now, as then, referred to as IRRRL which stands for interest rate reduction refinancing loan.

Many thousands of eligible veterans have already benefited from this legislation during the past 17 years of its existence and the VA personnel involved deserve many thanks for their dedicated interest and help.

My concern is not with the legislation or the Department of Veterans Affairs, but rather with the seeming reluctance of many in the mortgage industry to take a more active posture with regard to its implementation.

I have been told by those who are in the know that the numbers of interested lenders is very small in comparison to the need.

I call upon those companies who service GI mortgage loans to be more receptive and to make known throughout the veterans community the existence of these mortgage "lifelines."

The main features of the IRRRL are the following: First, in most cases the interest rate will be lower, and the payment will be lower. Documentation is at a minimum and no credit evaluation is done; second, refinancing can be done if the mortgagee is less than 2½ months behind in their payments; and third, the veteran can add up to $6,000.00 to the mortgage for energy efficient improvements, for example, air conditioning, heating systems, insulation, storm door and windows.

In closing, I also encourage Secretary designate Hershel Gober to intensify the VA's efforts to communicate to veterans information on this very vital and viable tool which is available to them. Further, I hope to enlist in the same effort the extremely valuable services of my good friend, former VA Secretary Jesse Brown, whose knowledge and dedication to veterans is unquestioned.●

HONORING THE EMPLOYEES OF CARL F. BOOTH & CO., INC.

● Mr. LUGAR. Mr. President, I rise today to honor the employees of Carl F. Booth & Co., Inc., in New Albany, IN. Each of the company's 44 employees helped construct the wooden case which holds the Declaration of Independence and the Gettysburg Address in the newly renovated Jefferson Building of the Library of Congress.

Carl Booth & Co., which produces custom plywood, specializes in providing interior plywood for jets and airplanes. The company has produced plywood for numerous corporate and celebrity jets and Air Force One.

Under the leadership of Carl Booth, the employees of the Indiana woodworking company displayed great dedication and enthusiasm in working on the plywood for the case, which took over 500 man-hours to produce.

We are honored to have such fine workmanship to hold the Declaration of Independence and the Gettysburg Address, two important documents in the history of America. I hope my colleagues will join me in recognizing the employees of Carl Booth & Co. for their contribution to this important project.●

RECOGNITION OF MAYOR BRENDA BARGER OF WATERTOWN, SD

● Mr. JOHNSON. Mr. President, I want to take this opportunity today to recognize the important work of Mayor Brenda Barger in leading the residents of Watertown, SD, through winter storms and flooding.

Early this year, residents of Minnesota, North Dakota, and South Dakota experienced relentless snowstorms and bitterly cold temperatures. Snowdrifts as high as buildings, roads with only one lane cleared, homes without heat for days, hundreds of thousands of dead livestock, and schools closed for a week at a time were commonplace. As if surviving the severe winter cold was not challenge enough, residents of the Upper Midwest could hardly imagine the extent of damage Mother Nature had yet to inflict with a 500-year flood.

Record levels on the Big Sioux River and Lake Kampeska forced over 5,000 residents of Watertown, SD, to evacuate their homes and left over one-third of the city without sewer and water for 3 weeks. The headline of the Watertown Public Opinion on April 6 read "Watertown in Peril," and I will never forget the image of homeowners and neighbors, shrouded in a late-season snow storm, sandbagging against the rising waters of the Big Sioux River and Lake Kampeska.

Brenda Barger held Watertown together with her strength and direction. Some 6 weeks prior to major flooding which began on April 4, Mayor Barger initiated efforts to try and minimize the impact of the impending disaster. Mayor Barger brought together local and county officials, volunteer agencies including the Red Cross, Salvation Army, and others, to brainstorm and compile resource lists of expected needs including equipment, people, and funds.

Despite careful planning, on April 5, an unexpected blizzard hit the State, devastating the area. Everything froze, creating further concerns about what was going to happen once the water began flowing again. Mayor Barger camped out in the city's impromptu crisis center around the clock and helped to direct the efforts of a number of local volunteers, prisoners, and National Guard personnel. Mother Nature caused Mayor Barger to make a number of difficult decisions immediately following the April storm, including ordering the evacuation of nearly 5,000 residents, or one-fourth the population, of Watertown and the shutdown of the water treatment plant at Lake Kampeska. In the following days, Mayor Barger secured over 750 port-a-potties and deployed them on the lawns of those families who could return to their homes. Water trucks were brought in to provide people with a fresh water supply, and Mayor Barger oversaw repairs to the water treatment plant which were completed ahead of schedule.

While those of us from the Midwest will never forget the destruction wrought by this year's floods, I have been heartened to witness first-hand and hear accounts of South Dakotans coming together within their community to protect homes, farms, and entire towns from rising flood waters. Mayor Brenda Barger truly exemplifies the role of a public servant, who, in the face of unimaginable natural destruction, placed the needs of an entire community ahead of personal concern. Now, Mayor Barger is spearheading efforts by Watertown residents to fully repair the damage from this past year and plan for future emergencies.

Mr. President, there is much more to be done to rebuild and repair impacted communities. Mayor Brenda Barger illustrates how the actions of an individual can bring some relief to the victims of this natural disaster. I ask you to join me in thanking her for her selfless efforts and congratulate her on being recognized during the National Association of Towns and Townships convention in Washington, DC, this week.●

TRIBUTE TO MAJ. T.A. TAYLOR-HUNT

● Mr. SANTORUM. Mr. President, I rise today to honor a very special native of Philadelphia upon her retirement from the U.S. Air Force. This extraordinary woman, Maj. T.A. Taylor-Hunt, has served her country and her community with grace and distinction.

To say that T.A. has had an exemplary military career is an understatement. Her promise as an officer was evident when she received an American Spirit Honor Medal upon graduation from basic training. After completing technical school at Shepard AFB, she began a career in accounting and finance at Dover AFB, with follow-on assignments that took her around the world. At the Strategic Air Command NCO Academy, she was recognized as an Honor Graduate, Distinguished Graduate, Commandant's Award winner, Academic Champion, and Flight Speech Champion. She was the first person in the 25 year history of the Academy to receive so many awards. Likewise, T.A. received an Instructor's Abilities Award at NCO Leadership School as well as the Officer's Training School Flight Academic Achievement Award. As a comptroller, T.A. played a critical role in the financial operations of Operation Desert Storm. In Europe, she helped to establish an Army medical unit in the former Yugoslavia. At the time of her retirement, she was the Deputy Chief of Wartime / Contingency Planning at the Defense Finance and Accounting Service, Denver Center.

I would also note that Major Taylor-Hunt graduated summa cum laude from the University of Maryland, and she received her masters degree with distinction from Webster University. Currently, she is attending the University of Denver College of Law.

In addition to the awards I mentioned earlier, Major Taylor-Hunt has received numerous other commendations for her military performance, as well as her extensive community service. Her military awards and decorations include the Meritorious Service Medal, the Air Force Commendation Medal, the Outstanding Unit Award, and the Air Force Special Recognition Ribbon. Some of her other awards include the 1988 Delegate of the Year for the Coastal Charter Chapter American Business Women's Association, the Federal Women's Program Military Officer of the Year, a Community Service Award for the Defense Finance and Accounting Service, and inclusion in the 1996 Who's Who Among Students in American Colleges and Universities.

Mr. President, given T.A.'s tireless efforts to help the less fortunate, it is clear that the recognition she received has been well deserved. Her business card describes the way she lives her life. The inscription reads, "Take Care of Others, God Will Take Care of You." And take care of others she has. T.A. devotes a substantial number of hours each week soliciting, collecting, sorting, and distributing donations to the homeless, without the assistance of staff. She not only meets the basic needs of homeless families such as food and clothing, but she also works to correct their credit problems so that they can find permanent housing. Likewise, T.A. volunteers at several shelters, delivers Meals-On-Wheels, and tutors a fourth grade student.

I am proud to say that Major Taylor-Hunt's compassion has been contagious. What started as an effort to help one family living in a school bus has grown into an extensive support network spanning the Denver metropolitan region. Through her leadership, families have found homes; furniture has been donated; hungry people are being fed; children are receiving decent school clothes; and holiday meals and gifts are donated regularly.

In closing, Mr. President, I ask my colleagues to join me in honoring Maj. T.A. Taylor-Hunt and in extending the Senate's best wishes to her family.●

CONGRATULATIONS TO THE ONEONTA YANKEES

● Mr. MOYNIHAN. Mr. President, the major league baseball season does not end for another month, but today is the end of the regular season of the New York Penn short-season A League.

I am very proud to congratulate two teams for making the playoffs, the Batavia Clippers and, closer to my home in Pindars Corners, the Oneonta Yankees. Oneonta is this year's winner of the New York Penn's Pickney Division, with the second best record in the league. Led by hitting stars such as third baseman Alan Butler and catcher/designated hitter Rene Pinto, behind the pitching of Scott Wiggins and Zach Day, and with the support of the rest of the team which played outstanding baseball this year, the Oneonta Yankees had their best season in 7 years and are going to the playoffs for the first time since 1990.

The Oneonta Yankees have a tradition of success and excellence, having won the New York Penn league title 11 times in their 30 years of existence. The team has been affiliated with the world champion New York Yankees for longer than any other minor-league club in the Yankee organization. Several of today's Yankee stars, including Bernie Williams and Andy Pettitte, began their careers in Oneonta. Don Mattingly—affectionately referred to by the cognoscenti as "Donnie Baseball"—whose number 23 was just retired at a ceremony at Yankee Stadium this past weekend, also played for the Oneonta Yankees.

As the season ends and the playoffs begin, I want to extend my congratulations to Sam Nader, team owner; Joe Arnold, team manager; and the entire Oneonta Yankees team. I also want to wish them and the Batavia Clippers the best of luck in the post season.●

TRIBUTE TO NORMAN B. TURE

● Mr. ABRAHAM. Mr. President, It is with great sadness that I rise today to mark the passing of Dr. Norman B. Ture, President of the Institute for Research on the Economics of Taxation and one of the principal architects of supply side economics.

Dr. Ture was a man of principle. He was convinced, and he convinced many others, that public policy must be guided by respect for individual freedom and property rights, reliance on personal responsibility and integrity, and faith in the free market as the means for ordering economic activity. His brilliant economic analysis helped show that increasing marginal income tax rates lower productivity by skewing people's choices away from work and toward leisure activities. He was a major architect of the Reagan tax cuts of the early 1980's, serving as Undersecretary for Tax and Economic Affairs in the Reagan Treasury Department from

1981 to 1982. Less noticed, however, was his significant role in putting together the Kennedy tax cuts of 1963. Whether on a committee staff, in the executive branch or as an independent researcher, Dr. Ture devoted his career to increasing Americans' standards of living by making taxes less onerous.

Dr. Ture also fought to convince public policy makers of the need to make taxes more visible. Hidden taxes on investments and estates, overly broad definitions of income, and onerous regulations that allow government to control economic activities in his view act as drags on the economy and obscure the real costs of government. These policies, Dr. Ture showed, unfairly make government interference in our economic life appear cheap or even cost free. They thereby encourage people to accept more regulation than is in their financial interest, and to give up more of their freedom than they should.

Dr. Ture passed away on August 10. He had fought off lung cancer but finally was felled by cancer of the pancreas. He is survived by his wife, six children, and two grandchildren. I know our thoughts and prayers go out to all Dr. Ture's family in this time of great sorrow.

It is some consolation, however, that we will soon see Dr. Ture's last report. Soon before he died, Dr. Ture finished work on a paper laying out a clean, unbiased, highly visible tax system that would let the people see the price of government and make an informed decision as to how much of it they are willing to pay for. I look forward to the fruitful debate Dr. Ture's final work will no doubt produce.●

TRIBUTE TO DR. JOAB LESESNE

● Mr. HOLLINGS. Mr. President, I rise today in recognition of Dr. Joab Lesesne, a great educator and South Carolinian.

Dr. Lesesne recently celebrated his 25th year as president of Wofford College, a small Methodist-affiliated school, which has become one of the finest small liberal arts schools in the Nation. Its successful evolution is largely due to Dr. Lesesne who first arrived at Wofford 33 years ago as an assistant professor of history. Prior to his post at Wofford, he taught history at Coastal Carolina, part of the University of South Carolina system.

Three years after his arrival at the college, Dr. Lesesne was appointed assistant dean. While in this position, he implemented a visionary interim program during the 1967–68 academic year which continues today. Through this program, students are able to devote themselves to one particular subject for several hours a day for an entire month. The projects range from the study of modern Irish poetry to kayaking down the Rio Grande. The program has contributed to the school's success in turning out well-rounded students with broad interests.

In 1969, Dr. Lesesne was appointed director of development, a position he held for a year before being named dean of the college. After serving as dean from 1970–1972, Dr. Lesesne continued his ascension and was elected president of the college. Today, under his guidance, Wofford continues to break new ground, both locally and nationally.

In 1975, the Wofford Board of Trustees approved full co-education, and the college began admitting women as resident students for the first time in its history. They now comprise approximately 45 percent of the student body. Throughout the Lesesne presidency, Wofford has grown exponentially in its endowments and its campus facilities. Additions include the Campus Life Building, which marked the college's 125th anniversary in 1979, a new residence hall, and the Franklin Olin Building, one of the largest gifts ever made by the prestigious F.W. Olin Foundation. The campus's hospitable setting led the Carolina Panthers to choose Wofford as their summer training camp.

Wofford consistently receives national recognition for its leadership in liberal arts education. It is consistently ranked as one of the "best buys" in liberal arts education and recently,a survey showed it to be the national leader in the percentage of students earning academic credits outside the United States through travel or study abroad programs. Furthermore, its academic excellence is complemented by fiscal responsibility. The Lesesne presidency has an enviable record of balanced budgets, tuition well below the national average for Phi Beta Kappa independent colleges, and overall good management.

Dr. Lesesne's record of distinction does not end with Wofford. In 1991, he was chosen as the Citizen of the Year by the Spartanburg Kiwanis Club and, in subsequent years, has received numerous awards from the local and statewide Chambers of Commerce. Additionally, he serves on many boards representing industry, banking, commerce, and education. He is past Chairman of the Board of Directors of the National Association of Independent Colleges and Universities, the first southerner ever to hold the post, and is a former president of the Southern University Conference, and former President of the National Association of Schools and Colleges of the United Methodist Church. Additionally, Dr. Lesesne is a retired major general in the South Carolina Army National Guard.

Dr. Lesesne's tenure at Wofford, the longest of any college president in the State, exemplifies the virtues of fortitude and loyalty. Under his steady hand, the school sails forward, faithfully serving its pupils and the community. Joe, in the roles of educator and administrator, is a public servant of the highest order. All of us in South Carolina are proud to call him our own.●

MEXICAN GOVERNMENT DETERMINATION ON APPLE DUMPING

● Mr. GORTON. Mr. President, I am dismayed by the decision made Monday by the Mexican Government to impose a 101.1 percent tariff on U.S. Red Delicious and Golden Delicious apples effective September 1. This tariff increase has been imposed in response to an antidumping claim filed by Chihuahua apple growers against U.S. growers earlier this year. Ignoring significant evidence to the contrary, the Mexican Government has issued a preliminary determination that U.S. growers are selling apples in Mexico at half their fair price.

The Mexican Government's determination is wrong. U.S. apple growers have not engaged in dumping. It appears that Mexican officials have virtually ignored the documentation submitted by the U.S. apple industry proving that U.S. apple growers are exporting apples at a fair price. The allegations made by Mexico are ludicrous and the tariff increase unjustified.

As many of my colleagues know, my home State of Washington is the Nation's largest apple producer, and Mexico is the largest market for our apples. This drastic tariff increase will devastate the United States apple industry while allowing Mexican growers, with no competition, to charge exceedingly high prices for their apples.

Together with my colleagues from Oregon and Idaho, I call on the administration to take immediate action on this issue. We cannot allow Mexico to undermine the United States apple industry with these unfair, protectionist trade practices.●

HONORING VOLUNTEER LAW ENFORCEMENT OFFICERS

● Mr. ABRAHAM. Mr. President, today I rise to honor volunteer law enforcement officers and to give a special note of thanks to those members of the British Special Constables who are now visiting the United States. These constables are volunteer officers who give to their country freely of their time, and sometimes, their lives.

In Michigan, we have over 2,000 such volunteer reserve officers who have made an immeasurably positive impact on the communities they serve. As an American, I am deeply honored by their sacrifice. On behalf of the U.S. Senate, I would like to offer my highest appreciation for the time and talent so generously given by both British and American police reserve officers.

I would also like to recognize the Oakland County Sheriff Reserves for hosting their visit. Thanks is due to the Police Reserve Officer Association of Michigan and the British Special Constables for their efforts in sponsoring the International Reserve Law Officers Conference. This event is a unique opportunity for British and American reservists to exchange ideas and to learn from fellow officers.

I would like to take this opportunity to mention those Constables from Great Britain who are visiting:

Tom Pine, Chief Inspector/Unit Commander, Thames Division—Metropolitan Police.

Brian Lewis, Sergeant, South Wales Police.

Adrian Bates, Inspector, Thames Division—Metropolitan Police.

Mark Balmforth, Police Constable, Metropolitan Police—Area 3.

Harry Waddingham, Special Constable, Thames Division—Metropolitan Police.

Pat Hallisey, Divisional Officer, Metropolitan Police Area 3.

Stuart Winks, Chief Commandant, South Wales Police.

Mark Smith, Special Constable, Thames Division—Metropolitan Police.

John Curley, Special Constable, City of London Police.

Philip Nastri, Divisional Officer, Metropolitan Police Area 3.

Tim Lee, Sub Divisional Officer, Metropolitan Police Area 5.

Windsor Davis, Assistant Chief Commandant, South Wales Police.

Warren Bell, Special Constable, Metropolitan Police Area 3.●

ORDER OF BUSINESS

Mrs. HUTCHISON Mr. President, I want to take this time to speak in morning business I assume we are in morning business; is that correct?

The PRESIDING OFFICER The Senator is correct.

BOSNIA

Mrs. HUTCHISON Mr. President, I want to take this time, along with my colleague from Kansas, Senator ROBERTS, to talk about an experience that we had in the same place in the world at separate times in the last 2 weeks We were both in Bosnia We had different experiences, but the experiences that we had have brought us to the same conclusion The conclusion is that it is time to go back to the drawing board.

I had the great opportunity—and I did consider it a great opportunity—to walk on the streets of Brcko 1 week before people there started hurling stones at our troops I said at the time that there is going to be trouble here, that we are trying to put a square peg in a round hole, and it will not work We have not set the base for what we are trying to do, and it is not going to be able to be done in 9 months, probably not 2 years, probably not 5 years I think we have to go back to the drawing board.

As I walked on the streets in Brcko, I talked to Serbs, I talked to Muslims I went into a Serb house I went into what was the beginning of a Muslim house We are trying to move Muslim refugees back into a neighborhood where they are supposed to live with Serbs who are there, not 25 feet from each other Are they talking to each other? Are they helping each other build houses or put the roofs on? Are they talking about what they are going to do to bring their communities together? No No, they are not, Mr. President We are talking about putting people who have suffered atrocities in houses 10 feet from each other, and then presumably they are going to try to live together, form a school district together Mr. President, it is not going to work It may work 25 or 50 years from now, but it is not going to work now.

The reason I want to talk about this is because our troops are right in the middle of it Our troops are being put in the position of taking positions between two warring Serb factions They are trying to keep peace in a place where they have not yet come to terms with the issues So I am very worried that the President, though I know he is trying to do the right thing, is not stepping back and asking what have we learned from the last year and a half? What have we learned since Dayton? What can we do to give peace a fair chance? And, most important, how can we make sure that our troops are neutral peacekeepers, so they will not be the targets of the wrath of one faction or another? How can we make sure that our troops are keeping to the mission that they were given, without mission creep, and that our policies underlying the troops that are there are sound policies with a reasonable chance of success?

You know, I was struck by the interview given by General Shalikashvili, who is leaving the Joint Chiefs chairmanship this month, when he said two things He said the troops that are in Bosnia are not the right types of troops to capture war criminals It is a different type of training that is necessary for that—those are my words Second, he talked about the lack of money that we have available right now to make sure that our troops are ready when they are needed to go into a United States security threat He said we don't even have the money to buy parts, and we are not keeping up with training I am thinking to myself, we are spending $3 billion a year in Bosnia on a mission that is ill-defined and a mission that is, I am afraid, creeping into danger, and we are doing it with defense dollars, which is clearly taking from our readiness—$3 billion a year.

So I want to raise some basic questions No. 1, can our troops adequately defend themselves? Thank goodness, today Gen. Wes Clark, the new head of NATO military operations, said, "Don't fool with American troops because, if you do, we are going to react with force." Well, thank goodness I want our troops to defend themselves with all the might that they need to make sure that people do not think they can fire at our troops or throw rocks at them because they are on a peacekeeping mission So, No. 1, can our troops defend themselves?

No. 2, what is the mission? Now, we have been told that the mission is very clear It is to keep the warring parties apart; it is not to capture war criminals And, yes, we keep seeing others trying to draw us into capturing war criminals Now, this does not mean we don't want to capture war criminals Of course, we would like to see these people brought to justice But, Mr. President, I have to say that if we are trying to keep peace, I think we have to determine what we are going to do that will keep peace and what we will do that will hurt peace I think if we are trying to resettle refugees who are not ready to mix yet, that is not going to bring about peace No. 2, if we are going to expand the mission without coming to Congress to explain exactly what our troops are supposed to be doing with regard to capturing war criminals, then we have a shifting mission and not a clear one. So what exactly is the mission?

Mr. President, last but not least, do we have an underlying policy that gives us a real chance for peace? If we don't, if this is not going to work, let's address it now, let's not wait until 9 months from now when our troops are supposed to withdraw. Let's not say, well, we have tried something for a year and a half and it isn't working, but if we just hang in there, then maybe things will get better, and then when 9 months are up, then the cries will come, "Well, let's keep the troops there."

Mr. President, I want American troops on the ground if there is a U.S. security interest and if there is a chance for success. I don't mind spending our taxpayer dollars if there is a chance for success. But if we are taking from our own military readiness, if we don't have the spare parts for the equipment that we need for training and readiness, how can we justify spending $3 billion a year for Dayton accords that I don't think have a chance to succeed?

So I think we need to go back to the drawing board. I think the time has come for us to look at what is the underlying best chance for a peaceful coexistence in Bosnia.

Now, I would like to turn to my friend and colleague from Kansas because he also had the opportunity to visit our troops. I will just say that I am so proud of our troops. They are doing a wonderful job. I had lunch in Tuzla with our troops, and they are committed to doing the job they always do well. They are following orders. But, Mr. President, I think we owe our troops something. We owe them an underlying policy that has a chance to succeed. We owe them a clear mission. Mr. President, we are not giving our troops that clear mission. We are not giving them the underlying policy that will have a chance to succeed. I think we owe them that. I think the time has come for the President to say, step back, let's look at the Dayton accords and let's see if we can do something that will make more sense, not 9 months from now, but tomorrow let's start talking about this so that we will have a better chance to leave in 9 months when we have been promised that we will. But when we leave, let's leave with a chance for success.

Mr. President, I am very pleased that my colleague from Kansas also took the time to go and visit with the troops. I think that we have decided, from our different experiences—we were not there together, we were there at different times. But his experiences were very, very vivid. I think because we have visited with our troops and because we have talked to the people, I think we have a real feel for what can be done and what can't be done.

This was my fourth trip to Bosnia. It is not like I just tooled in there one day a couple of weeks ago. I have been there four times. I have to say that I had great hopes for the Dayton accords, even though I did not want our troops on the ground. I led the fight against it. Nevertheless, once they went, I wanted it to succeed. Of course, we all do. But, Mr. President, what we are doing now is not going to succeed, and I don't want to risk one American life and not one more taxpayer dollar until the underlying policy is a policy that has a chance to succeed.

I yield to my friend and colleague from Kansas, Senator ROBERTS.

Mr. ROBERTS. Mr. President, I thank the distinguished Senator from Texas for yielding. I especially thank her for obtaining this time to discuss our policy, the American policy on Bosnia, at what I consider a special time, a real crossroads time to determine exactly what that policy is.

The Senator has already pointed out that we were in Bosnia over the recent break at different times—very close, but at different times. I went as a member of the Senate Intelligence Committee and, as a matter of fact, I received briefings in Prague, Budapest, Bosnia, and London. Most of the concern in regard to those people in charge of our intelligence capability was in regard to Bosnia and, obviously, we spoke with the officials within our embassies, as well as the SFOR command and those of the military.

I came back after visiting Sarajevo, Tazar, our staging base in Hungary, and Tuzla, which is the SFOR command center. I must say that I share many of the concerns with the Senator from Texas. There is progress in Sarajevo. If you land in Sarajevo, you will get a briefing by the embassy that indicates that the 90-percent figures in relation to unemployment have now been reduced to 50; the shops, the markets—the famous market that literally exploded on CNN, really that first great atrocity where American people became aware of the severe problems there, that is back in business. The schools are now operating, and we know that there is income in Sarajevo because the gypsies are back. The areas over the main highway obviously are very heavily mined. That is still a big problem. I arrived I think at a very special time, I would tell my colleague from Texas, because it was just after the President's special emissary, Mr. Richard Holbrooke, had arrived in Bosnia. And I must say that in my personal opinion that up to that point we were drifting in Bosnia, and I think with Mr. Holbrooke's arrival there was a new impetus, if you will.

A week prior to that the British—our allies over there, part of the SFOR command—had arrested and captured and killed one or two of the war criminals. As that happened, the Embassy officials that we visited with indicated that certainly did a lot for our credibility in regard to that area; that up to that point there had been some drift.

So I asked all of our intelligence people, I asked the SFOR command, and I asked our Embassy people: Had the mission changed? Because obviously if we are going to adopt that kind of an aggressive posture in Bosnia; that is, really going after the war criminals to locate and to capture and to prosecute them—that certainly is a different kind of mission that many of us here in the Senate, and I might add in the House, envisioned for our United States troops in Bosnia.

They reiterated the following.

No. 1: The relevancy of the United States in Bosnia is peacekeeping, refugee resettlement, economic restoration, democracy building, and the war criminal issue.

I think the mission has been changed. I think it has been changed substantially. I think we have gone from peacekeeping to peace enforcement. I think we now are disarming, if you will, the police that Mr. Karadzic has around him in Srpska. It is a very aggressive overt effort. We are now taking over radio and TV stations and apparently giving them back after a fuss is raised by a mob against our NATO troops.

I think we have a timetable. I think this is a must-do situation prior to the elections to be held later on this month in Srpska. I think we have taken sides in that election overtly. I think it is very clear in that regard. And I think we made a decision that before winter comes in that area we must do something about the war criminals. Why? It is pretty easy to point out.

I know that this is a very small replica of persons indicted for war crimes. I have a much larger chart. Time did not permit me to bring it over from the office. These are 79 individuals that are pictured here—10 are in custody now—of the war criminals or the persons indicted for the war crimes. Let me just say, I said 79 and 78. They are indicted by the U.N. International Criminal Tribunal in the Hague for grave breaches of the 1949 Geneva Convention, violations of laws, customs of war, and crimes against humanity.

The person I would like to draw to your attention is a young man 34 years old who is still at large. He is only 34 years old. The charges are from about May 7, 1992, to early July 1992. There were hundreds of Muslim and Croat men and women confined at the Luka camp in inhumane conditions under armed guard. These detainees were systematically killed at Luka almost every day during that time. The accused, often assisted by camp guards, entered Luka's main hangar where most of the detainees were kept, selected detainees for interrogation, beat them, and often shot them. They killed them. It goes on here. I would just say simply that the descriptions involved remind you of the Nazi war crimes. I will not go into that.

But obviously if these people are not brought to justice there is no chance for peace in Bosnia. Who is going to do this job? The Senator from Texas has already indicated that it is pretty obvious now that the NATO troops are. That is a clear difference, or a clear policy change, from peacekeeping. I call it peace enforcement.

Mrs. HUTCHISON. Will the Senator yield?

Mr. ROBERTS. I am delighted to yield to my colleague.

Mrs. HUTCHISON. I am glad the Senator is on this point because in the original mission statement in the Dayton accords there was a provision to capture war criminals, but it was going to be a police force within the Federation. It was going to be a police force made up of all three of the sectors that would go after war criminals, hopefully in a way that would be responsible. That police force has not materialized. As the Senator from Kansas has said, we are substituting our NATO forces for the police force that is the mission in the Dayton accords. That is a change of mission by any way you read it.

Mr. ROBERTS. I appreciate the Senator's comments.

The young man I was talking about is 34 years old, at large now, and 78 other war criminals are at large as well.

As I have indicated, there is no way that you can bring the Dayton accords to their successful completion with these folks at large.

Let me just say this. Everybody there, every intelligence source, every person that you visit with, whether they be Muslim, Croat or Serb, SFOR command, Russians. We visited with the Russians in their compound. They are really doing a very good job working with us and closely cooperating; and obviously the Brits and the Norwegians; 34 nations are involved in this effort.

We have literally planted the flag. We have an outstanding cooperative effort. We have spent $7 billion in Bosnia. But there are some expenditures too from all those nations involved in the SFOR command. All of these people have indicated very clearly that if we leave, and if we leave, why, the Brits will leave. If we leave, the British will leave.

We both have learned that when we were talking to Embassy officials and members taking part in the interparliamentary conference over there in Great Britain, they said, "We were with you in terms of our ground troops. When you leave, we leave." If we leave, if SFOR leaves, or the American presence in SFOR. Let's not really kid ourselves. Within weeks, why, the fighting will break out again. Yet we have in the other body in the House on the defense appropriations bill a cutoff date saying our troops must come home as of June 1998.

Our Secretary of Defense, our former colleague and dear friend, Secretary Cohen, indicated that the troops will be home in June 1998. The President has said the troops will be home in June 1998. But maybe, I don't know. We are a little nebulous on that.

That is where the candor comes in because I think our policy has become very disingenuous. On the one hand we are building up the troop levels from about 8,500 to 12,000. We have changed the mission from peacekeeping to peace enforcement. Yet, we say in June 1998 we can withdraw the troops. That is not possible.

I personally think that once you plant the flag, once you have 34 nations involved, once you have that kind of cooperation, it is going to be very difficult to withdraw. When the Dayton accords fail, that is going to send a message around the world that we don't want to send. Yet the case has not been made to the American public, to this Senate, or to us by the administration, as to how we are going to accomplish that.

Thank goodness the Senator from Texas has arranged this time so we can sort of have a kickoff here in terms of long-term goals and what I consider to be short-term politics. I think we need a lot of candor.

I have a related concern. In a meeting with about 18 young Kansans, both men and women in uniform, only 2 plan to stay in the service. They have been over there 9 months. They work 13, 14, 15 hours a day. The personnel tempo, the operational tempo—the Senator from Texas, as a former member of the Armed Services Committee, knows, I know, and everybody even connected with the military knows that we have downsized to the point where the operation and personnel tempo in all the countries involved in the peacekeeping operations—we are wearing out our military. It is not working. When you get 16 out of 18 Kansans, some of whom are very dedicated in midcareer, say they are going to leave because of the pressures on them and their families, working overtime, there is a big problem here. That is a related problem that we have not really talked about in relation to the Bosnian situation.

Let me just say in closing that I would like to refer to the remarks by our colleague from Delaware, Senator BIDEN, who has had many trips to Bosnia. I have his remarks here that he made before the Senate as of this morning.

He says that we have reached a crucial point in our policy toward Bosnia. Resolute American action, combined with allied support and local compliance, could turn the corner.

I also add that I agree with Senator BIDEN. I am not sure we can turn the corner. I want to know what is around the corner. And we need candor.

I also say that he lists the goals—to greatly expand the number of refugees returning to their prewar homes.

The Senator from Texas was in Brcko, talked to the people there, and saw the futility of forced relocation.

I was flying in a helicopter with a one-star Army commander, went over a knoll where Moslems used to live—60 of them. We have tried three times to relocate these people. Each time they have been beaten, and the homes have been destroyed. He has indicated that it might not be a very good idea to try for the fourth time.

Senator BIDEN went on to say—and I agree with him—that we can and must ensure that the country's municipal elections in mid-September are held and are free and fair. I hope we can do that. That will be our best hope. But there once again we are having our troops and the NATO troops take part, and are actually taking part in an election. They are election observers, and more than that. He points out that we must and can guarantee free access to the electronic media. We guarantee the TV station. And Mrs. Plavsic, who is one of the candidates and the best candidate, openly now is supported by NATO forces, and our forces. But now we apparently have given that back to Mr. Karadzic and his people. So we are playing sort of a back and forth business in terms of TV.

Senator BIDEN—and I will just sum up here—in his remarks said that it is absolutely essential for an international military force to remain in Bosnia after June 1998 to guarantee that progress will continue. Thank goodness somebody has been candid. Senator BIDEN has indicated that. He says an international force should be there. Everybody in that whole part of the world indicates that if we are not involved in that international force it will not succeed. That is what happened in the beginning.

So I commend Senator BIDEN for his candor. But then he says—I want the Senator from Texas to pay very close attention in regard to his comments as it relates to NATO expansion. He indicates that not only would all that has been accomplished go up in smoke if fighting reignited—i.e., if we leave—but a failure in Bosnia would signal the beginning of the end for NATO which is currently restructuring itself to meet Bosnia-like challenges in the 21st century.

Senator BIDEN, Senator LUGAR, and many others who are involved in the proposal to expand NATO have indicated that the Congress of the United States is not focused on this issue. The American public is not focused on this issue.

Let me say that Senator HUTCHISON has certainly focused on the issue, and that she is able to have 20 Senators sign a letter to the President expressing many concerns over NATO expansion—tough questions that need to be answered.

In Prague I was very privileged to address the Transatlantic Conference in regard to NATO expansion. I guess you could say that I was sort of the skunk at the expansion picnic in that I took the concerns that the Senator has raised. I raised them with the Czech Republic not because of any lack of support or admiration for the emerging nations. But there again we have planted the flag for NATO expansion. Here we have a situation where the Congress of the United States is going to say, "OK, we are going to take our troops, and we are going to bring them home after June 1998. But, on the other hand, we are going to go ahead with NATO expansion. And under article V we are going to be committed to American men and women perhaps risking their lives on Polish soil, Czech soil, and Hungarian soil, not to mention the 24 other countries that would like to become involved if we are going to withdraw the troops in regard to Bosnia. You certainly can't propose an expansion of NATO with article V."

These are the kind of questions that I think we need to raise.

I have gone on much too long here this evening. But I do again want to thank the Senator from Texas for raising these concerns. I have just touched on several concerns. I plan when we have additional time under morning business—or we ought to take the time—to go over all of the concerns that the Senator from Texas has raised, and some of the concerns that I have raised. It is a time for candor because the clock is ticking.

The election will be held at the end of September to determine the future of Bosnia. I do not want to see the Dayton accords fail. But I can tell you one thing, they are not going to be successful if we simply withdraw the troops by June 1998. Then where are we? If we keep them there, where are we?

I asked one of the Embassy officials in Sarajevo, "When did all of this start?" I think I am right by saying it was in 1384 when the Turks and the Serbs first got involved in a very difficult conflict and a war. It has not been fully settled since, except for the reign of Marshal Tito who ruled the country with an iron fist.

So I thank the Senator from Texas. I thank her for her leadership. I look forward to continuing to work with her as we try to answer some of these very, very difficult questions.

I thank the Senator. I yield the floor.

Mrs. HUTCHISON. Mr. President, I thank the Senator from Kansas for his remarks. I am pleased that he took the time to go over and visit our troops in Bosnia, to find out for himself what the situation was there. He is a distinguished new member of the Armed Services Committee.

I think it is important that all Senators try to go over there because we have a lot at stake. Our troops are on the ground. Up to 12,000 will be there very soon. Their lives are at stake. In addition to that, our taxpayers are footing the bill for $3 billion a year so far, and they have the right to ask, what are we doing there? What are we doing with the $3 billion? Are we doing something that will have a chance to succeed? Those are fair questions.

Americans are generous people. They are valiant. They are committed to freedom, and they want everyone in the world to live in freedom. They would risk their lives, as they have in this century, for the freedom of people who live in Europe and other places. They are willing to risk their lives. They are willing to pay from their pocketbooks, from their families the money if a policy has a reasonable chance to succeed.

I am today raising the question, do we have a reasonable chance to succeed with the underlying policy? There is no question that our troops are doing a great job. There is no question that our new commander, Gen. Wes Clark, is absolutely correct when he says, you fool with American troops and you are going to face the consequences. I am glad we have issued the ultimatum because everybody is on fair notice that you can't throw rocks and shoot at American troops and get by with it.

But it is the underlying policy that I question today. I am calling on the President of the United States, with the leadership of the Secretary of Defense and the Secretary of State, to step back and look at the policy. Are we trying to put the American standard of multiethnic, peaceful democracy into a place that is not ready? I think we are. And I think we are risking a lot doing it. So I am asking the President and his Cabinet members to come together and say, let's look again at Dayton. Let's look at whether the time is now for resettling refugees, for forcing people to live in this Federation with a joint Government of Croats and Muslims and Serbs, all of whom have committed, or had committed on them, terrible atrocities. And we are now saying come together, form a government, have a joint presidency, have a joint government, create a school system that will accommodate a Muslim religion and a Catholic religion and come together and bring all of this in in the next 9 months.

Let us step back. Let us revisit Dayton. Let us see if we can make a Dayton that has a chance to succeed. I will support leaving our troops on the ground beyond June 1998; I will support the money it takes if we have a policy that has a reasonable chance to succeed, that will bring a peaceful coexistence. And I think the time has come to look at a division where people can come together of like mind and form a government that will serve their purposes where they can invest in infrastructure, where we can help them invest in infrastructure, and they can build their factories and they can have jobs and begin to live in peace with their neighbors who are different from them.

That happens all over Europe. In fact, the lesson of history is that many times people who cannot live together split apart. You can name example after example. And it can be done peacefully. Why not let them come together in their own groups, form their governments, create their livelihoods. In the former Bosnia, there were taxes on the minority ethnic groups. There were restraints on what certain minority ethnics could do. They could not be doctors. They could not be small business people around the corner selling hardware. They could not be lawyers. They could only have certain farming-type jobs.

That is not a recipe for success. Why not look at a division that might work. Let them have their government. Let them have an economy. Let us help them build the sewer lines and the roads and the streets and the airports and the factories so they can pull themselves up. Let them trade with their neighbors. Let that be the beginning of getting along together, whether they are Catholic or whether they are Muslim or whether they are orthodox, and then perhaps eventually, after they have had good relationships for years, they will be able to mix and move in to the other country.

I hope that the President of the United States will not continue to say, well, if we just keep trying, we just stay at it, we will have an infinite commitment of American troops and American dollars along with our European allies, all of whom are also stretched in their budgets, all of whom care about their soldiers and their troops just as we do, all of whom, I believe, would like to see a policy that has a chance for success. They are there on the ground because they, too, are generous people.

So I ask the President of the United States, I ask Madeleine Albright, I ask Bill Cohen, go back to the drawing board. Look at something that might have a chance to work. Do not be in a rut trying to put a round peg in a square hole. It is time to look for a round hole. What we are doing now is not working. Maybe a division will not work either, but let us try something that has a better chance. Let us learn from the experience and let us go forward.

Mr. President, we are going to hear a lot more about this. I hope we will not wait 9 months to determine that this is not going to work. Let us start now. Let us give our troops a chance now. Let us give our taxpayers a chance now. Let us give the people of Bosnia more hope than they are seeing now. Senator ROBERTS talked about the experience of these poor Muslim people trying to move back into their old homes and the Serb factions kept them out, beat them up, finally burned their homes up. Mr. President, that is not a recipe for success.

Let us step back. Let us give peace a chance by looking at something new. And let us do something now rather than frittering away 9 months and not having any better chance than we have today.

Thank you, Mr. President.

On behalf of the leader, I would like to close the Senate.

NATIONAL DAY OF RECOGNITION FOR THE HUMANITARIAN EFFORTS OF DIANA, PRINCESS OF WALES

Mrs. HUTCHISON. I ask unanimous consent that the Senate proceed to the immediate consideration of S. Res. 118, submitted earlier today by Senators HATCH and LEAHY.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

> A resolution (S. Res. 118) expressing condolences on the death of Diana, Princess of Wales, and designating September 6, 1997 as a "National Day of Recognition for the Humanitarian Efforts of Diana, Princess of Wales."

The PRESIDING OFFICER. Is there objection to the immediate consideration of the resolution?

There being no objection, the Senate proceeded to consider the resolution.

Mrs. HUTCHISON. Mr. President, all of us have heartfelt grief for the people of Great Britain. That is why the Senate is acting in this resolution, saying this is a woman and a leader who cared so much about AIDS victims, people who did not have the chance in life that she did. I think she really did show many of us that if we will just reach out a helping hand to those less fortunate, it will make a difference.

The Senate stands today in unanimous agreement that we grieve with the people of Great Britain and we will set aside a day of recognition and one in which all of us will be thinking about her accomplishments, the tragic, senseless death that she suffered, and hope that through her children and the Royal Family and all of the British Government and the people of Great Britain good things will come from the leadership she showed and the compassion she showed for others and that because she lived we will all be better people.

Mr. DASCHLE. Mr. President, I join my colleagues in support of the resolution expressing the Senate's condolences upon the death of Diana, Princess of Wales. I can think of no event in recent times that has moved so many people from different parts of the world and different walks of life as the untimely and tragic death of this remarkable woman. Diana was loved and respected worldwide. She meant different things to different people, but the essence of her universal appeal seems to derive from the fact that, at the height of fame and privilege, Diana never lost the simple, human touch.

To many people, the greatest tragedy of Diana's death is the loss to her two young sons, William and Harry. Diana was a committed and caring mother who did a remarkable job rearing her children under great pressure and intense public scrutiny. Many of us have seen the moving footage of Diana hugging her sons unabashedly, or beaming at the end of an amusement park adventure the three of them had shared. These things may seem simple to people outside the spotlight, but they were quite daring for someone charged with molding the character of the future King of England.

Diana's human touch was daring in other ways, too. She may have single-handedly changed the way people around the world view their fellow human beings suffering from AIDS and leprosy when she simply touched their hands. With a simple, compassionate gesture, the princess showed that we can afford to reach out to the sick.

Despite many bouts with personal adversity, Diana never withdrew into the comforts of her privileged background. Instead, she seemed to relish tackling new challenges, becoming a passionate humanitarian who spent countless hours ministering to the sick, the poor, and the forgotten. Many Americans, including a number of my colleagues, knew her from her charitable work with the homeless and with victims of AIDS, breast cancer, leprosy, and other human afflictions.

Most recently, Princess Diana helped to shed light on the horrors of indiscriminate injury and death caused by the worldwide proliferation of antipersonnel landmines. I have joined my colleague from Vermont, Senator LEAHY, in his effort to enact a ban on the use of landmines, and this campaign received an invaluable boost from the efforts of Princess Diana. I can think of no greater tribute to her legacy than for us to summon the will and courage to enact such a ban.

Mr. President, when the eyes of the world turn to London this Saturday, I hope that passage of this resolution will convey the thoughts and prayers of the American people to the family of the Princess of Wales and the British people. It is the least we can do for someone who deeply touched, and forever changed, so many of our lives.

Ms. MIKULSKI. Mr. President, as the dean of the women in the Senate, I rise to pay tribute to the life and legacy of Diana, the Princess of Wales. Our hearts go out to her family and to the British people. We believe it is appropriate that we adopt this resolution to create a national day of mourning on September 6, the day of her funeral.

People have expressed surprise at the outpouring of love and grief from the British people. But we shouldn't be surprised. Princess Diana was a remarkable person. We were dazzled by her grace and beauty—but what we truly valued was her compassion.

She was called the people's princess. She was born a member of the aristocracy and married into royalty—but she never forgot that Britain's strength was its ordinary working people. The thousands of people laying flowers and waiting in line for hours to sign the condolence book represent a cross section of Britons. They are the senior citizens, the working mothers, the new immigrants—and especially, the children.

She treated the people she met with respect and compassion and she taught her children to do the same. Many people go through the motions of doing good works. But with Princess Diana, it came from the heart.

The Princess of Wales had her personal challenges. But it is for her public commitments that we will most remember her. She chose her causes carefully. She worked on behalf of those who were most in need. She campaigned for awareness of AIDS and tolerance and compassion for those who suffered from AIDS. She helped support battered women's shelters. She worked on behalf of children's hospitals. She worked to raise money for breast cancer research. These causes were universal in nature and supported by many women around the world.

She was also a leader in the effort to end the use of antipersonnel landmines. She traveled to Angola and Bosnia to show the world the tragic effects of landmines on ordinary civilians. By visiting mine fields and landmine victims, she showed us more than any report or international symposium ever could.

In the U.S. Senate, Senator LEAHY and Senator HAGEL have led our effort to end the use of landmines. I am proud to be part of that effort. We have stopped exporting mines, and are now trying to stop their use. The world's most technologically advanced military does not need a weapon that cannot distinguish between a soldier and a child—who may be killed while playing in a field 10 years after the war is over.

Mr. President, Princess Diana's death was a tragedy. But her life was a triumph. Her legacy is her work on behalf of those in need, and, most importantly, her children—whose lives will reflect the values their mother taught them. We can best honor her legacy by continuing to work as she did for those who are most in need.

Mrs. HUTCHISON. Mr. President, I ask unanimous consent that the resolution be agreed to, the preamble be agreed to, the motion to reconsider be laid upon the table and that any statements relating to this resolution appear at this point in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

The resolution was agreed to.

The preamble was agreed to.

The resolution (S. Res. 118) and its preamble read as follows:

S. RES. 118

Whereas the Senate and the American people heard the announcement of the death of Diana, Princess of Wales, with profound sorrow and deep regret;

Whereas the Princess of Wales touched the lives of millions of Americans and people throughout the world as an example of compassion and grace;

Whereas the Princess of Wales was a committed and caring mother who successfully raised two young sons under great pressure and public scrutiny;

Whereas the Senate recognizes the tireless humanitarian efforts of the Princess of Wales, including the areas of—

(1) raising awareness of and attention to breast cancer research and treatment;

(2) HIV/AIDS, particularly in the areas of pediatric AIDS, educating the public regarding the facts of HIV/AIDS transmission, and fostering a public attitude that is intolerant of discrimination against people with HIV/AIDS;

(3) banning antipersonnel landmines from the arsenals of war, as these indiscriminate weapons often result in casualties to civilians, including children, sometimes many years after the armed conflict in which the mines were used; and

(4) eliminating the problem of hopelessness around the world: Now, therefore, be it

Resolved, That the Senate—

(1) extends to the people of the United Kingdom sincere condolences and sympathy on the death of Diana, Princess of Wales.

(2) recognizes the extraordinary impact of the Princess of Wales' humanitarian efforts around the world; and

(3) designates September 6, 1997, as a "National Day of Recognition for the Humanitarian efforts of Diana, Princess of Wales".

SEC. 2. The Secretary of the Senate shall transit an enrolled copy of this resolution to the family of Diana, Princess of Wales.

REMOVAL OF INJUNCTION OF SECRECY—TREATY DOCUMENT NOS. 105-22, 105-23, 105-24, AND 105-25

Mrs. HUTCHISON. Mr. President, as in executive session, I ask unanimous consent that the Injunction of Secrecy be removed from the following treaties transmitted to the Senate on September 3, 1997, by the President of the United States:

Mutual Legal Assistance in Criminal Matters with Trinidad and Tobago (Treaty Document No. 105-22);

Mutual Legal Assistance in Criminal Matters with Barbados (Treaty Document No. 105-23);

Mutual Legal Assistance in Criminal Matters with Antigua and Barbuda, Dominica, Grenada and St. Lucia (Treaty Document No. 105-24);

Inter-American Convention on Mutual Assistance in Criminal Matters with related Optional Protocol (Treaty Document No. 105-25).

I further ask that the treaties be considered as having been read the first time, that they be referred, with accompanying papers to the Committee on Foreign Relations and ordered to be printed, and that the President's messages be printed in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

The President's messages are as follows:

To the Senate of the United States:

With a view to receiving the advice and consent of the Senate to ratification, I transmit herewith the Treaty Between the Government of the United States of America and the Government of Trinidad and Tobago on Mutual Legal Assistance in Criminal Matters, signed at Port of Spain on March 4, 1996. I transmit also, for the information of the Senate, the report of the Department of State with respect to the Treaty.

The Treaty is one of a series of modern mutual legal assistance treaties being negotiated by the United States in order to counter criminal activities more effectively. The Treaty should be an effective tool to assist in the prosecution of a wide variety of crimes, including drug trafficking offenses. The Treaty is self-executing.

The Treaty provides for a broad range of cooperation in criminal matters. Mutual assistance available under the Treaty includes: taking of testimony or statements of persons; providing documents, records, and articles of evidence; serving documents; locating or identifying persons; transferring persons in custody for testimony or other purposes; executing requests for searches and seizures; assisting in proceedings related to restraint, confiscation, forfeiture of assets, restitution, and collection of fines; examining objects and sites; and any other form of assistance not prohibited by the laws of the Requested State.

I recommend that the Senate give early and favorable consideration to the Treaty and give its advice and consent to ratification.

WILLIAM J. CLINTON.

THE WHITE HOUSE, *September 3, 1997.*

To the Senate of the United States:

With a view to receiving the advice and consent of the Senate to ratification, I transmit herewith the Treaty Between the Government of the United States of America and the Government of Barbados on Mutual Legal Assistance in Criminal Matters, signed at Bridgetown on February 28, 1996. I transmit also, for the information of the Senate, the report of the Department of State with respect to the Treaty.

The Treaty is one of a series of modern mutual legal assistance treaties being negotiated by the United States in order to counter criminal activities more effectively. The Treaty should be an effective tool to assist in the prosecution of a wide variety of crimes, including drug trafficking offenses. The Treaty is self-executing.

The Treaty provides for a broad range of cooperation in criminal matters. Mutual assistance available under the Treaty includes: taking of testimony or statements of persons; providing documents, records, and articles of evidence; serving documents; locating or identifying persons; transferring persons in custody for testimony or other purposes; executing requests for searches and seizures; assisting in proceedings related to forfeiture of assets, restitution, and collection of fines; and rendering any other form of assistance not prohibited by the laws of the Requested State.

I recommend that the Senate give early and favorable consideration to the Treaty and give its advice and consent to ratification.

WILLIAM J. CLINTON.

THE WHITE HOUSE, *September 3, 1997.*

To the Senate of the United States:

With a view to receiving the advice and consent of the Senate to ratification, I transmit herewith the Treaties Between the Government of the United States of America and the governments of four countries comprising the Organization of Eastern Caribbean States. The Treaties are with: Antigua and Barbuda, signed at St. John's on October 31, 1996; Dominica, signed at Roseau on October 10, 1996; Grenada, signed at St. George's on May 30, 1996; St. Lucia, signed at Castries on April 18, 1996. I transmit also, for the information of the Senate, the report of the Department of State with respect to the Treaties.

The Treaties are part of a series of modern mutual legal assistance treaties being negotiated by the United States in order to counter criminal activity more effectively. They should be an effective tool to assist in the prosecution of a wide variety of crimes, including "white-collar" crime and drug trafficking offenses. The Treaties are self-executing.

The Treaties provide for a broad range of cooperation in criminal matters. Mutual assistance available under the Treaties includes: taking of testimony or statements of persons; providing documents, records, and articles of evidence; serving documents; locating or identifying persons or items; transferring persons in custody for testimony or other purposes; executing requests for searches and seizures; assisting in proceedings related to forfeiture of assets, restitution to the victims of crime, and collection of fines; and any other form of assistance not prohibited by the laws of the Requested State.

I recommend that the Senate give early and favorable consideration to these Treaties and give its advice and consent to ratification.

WILLIAM J. CLINTON.

THE WHITE HOUSE, *September 3, 1997.*

To the Senate of the United States:

With a view to receiving the advice and consent of the Senate to ratification, I transmit herewith the Inter-American Convention on Mutual Assistance in Criminal Matters ("the Convention"), adopted at the twenty-second regular session of the Organization of American States (OAS) General Assembly meeting in Nassau, The Bahamas, on May 23, 1992, and the Optional Protocol Related to the Inter-American Convention on Mutual Assistance in Criminal Matters ("the Protocol"), adopted at the twenty-third regular session of the OAS General Assembly meeting in Managua, Nicaragua, on June 11, 1993. Both of these instruments were signed on behalf of the United States at the OAS headquarters in Washington on January 10, 1995. In addition, for the information of the Senate, I transmit the report of the Department of State with respect to the Convention and the Protocol.

When ratified, the Convention and the Protocol will constitute the first multilateral convention between the United States and other members of the OAS in the field of international judicial cooperation in criminal matters. The provisions of the Convention and Protocol are explained in the report of the Department of State that accompanies this message.

The Convention and Protocol will establish a treaty-based system of judicial assistance in criminal matters analogous to that which exists bilaterally between the United States and a number of countries. These instruments should prove to be effective tools to assist in the prosecution of a wide variety of modern criminals, including members of drug cartels, "white-collar" criminals, and terrorists. The Convention and Protocol are self-executing, and will not require implementing legislation.

The Convention provides for a broad range of cooperation in criminal matters. Mutual assistance available under the Convention includes: (1) taking testimony or statements of persons; (2) providing documents, records, and articles of evidence; (3) serving documents; (4) locating or identifying persons or items; (5) transferring persons in custody for testimony or other purposes; (6) executing requests for searches and seizures; (7) assisting in forfeiture proceedings; and (8) rendering any other form of assistance not prohibited by the laws of the Requested State.

The Protocol was negotiated and adopted at the insistence of the United States Government, and will permit a greater measure of cooperation in connection with tax offenses. I believe that the Convention should not be ratified by the United States without the Protocol. If the Convention and Protocol are ratified, the instruments of ratification would be deposited simultaneously.

One significant advantage of this Convention and Protocol is that they provide uniform procedures and rules for cooperation in criminal matters by all the states that become Party. In addition, the Convention and Protocol would obviate the expenditure of resources that would be required for the United States to negotiate and bring into force bilateral mutual assistance treaties with certain OAS member states.

I recommend that the Senate give early and favorable consideration to the Convention and the Protocol, and that it give its advice and consent to ratification, subject to the understandings described in the accompanying report of the Department of State.

WILLIAM J. CLINTON.

THE WHITE HOUSE, *September 3, 1997.*

ORDERS FOR THURSDAY, SEPTEMBER 4, 1997

Mrs. HUTCHISON. I ask unanimous consent that when the Senate completes its business today, it stand in adjournment until the hour of 9:30 a.m. on Thursday, September 4.

I further ask that on Thursday, immediately following the prayer, the routine requests through the morning hour be granted, and the Senate immediately resume consideration of amendment No. 1077 to the Labor, HHS appropriations bill.

The PRESIDING OFFICER. Without objection, it is so ordered.

PROGRAM

Mrs. HUTCHISON. For the information of all Members, tomorrow the Senate will immediately resume consideration of amendment No. 1077 offered by Senator COATS to S. 1061, the Labor, HHS appropriations bill. It is hoped that a vote on the Coats amendment will occur by mid morning.

In addition, Members can anticipate additional votes on amendments currently pending to the Labor, HHS appropriations bill and other amendments expected to be offered to the bill throughout Thursday's session of the Senate as we make progress on this important legislation.

As always, Members will be notified as any votes are scheduled. It is hoped that the Senate will complete action on the Labor, HHS appropriations bill tomorrow. Also, as a reminder to all Members, a cloture motion was filed this evening on the motion to proceed to the FDA reform bill. Therefore, Members can anticipate a vote to occur on the cloture motion Friday morning.

ADJOURNMENT UNTIL 9:30 A.M. TOMORROW

Mrs. HUTCHISON. If there is no further business to come before the Senate, I now ask unanimous consent that the Senate stand in adjournment under the previous order.

There being no objection, the Senate, at 8:29 p.m., adjourned until Thursday, September 4, 1997, at 9:30 a.m.

NOMINATIONS

Executive nominations received by the Senate September 3, 1997:

IN THE COAST GUARD

THE FOLLOWING-NAMED OFFICERS FOR APPOINTMENT TO THE GRADE INDICATED IN THE U.S. COAST GUARD UNDER TITLE 14, UNITED STATES CODE, SECTION 271:

To be captain

MICHAEL F. HOLMES, 5531
HERBERT H. SHARPE, 9416
ERIK N. FUNK, 5090
MARVIN J. PONTIFF, 4877
JOHN J. DAVIN, 5309
RICHARD R. HOUCK, 2876
DAVID M. MOGAN, 8544
RICHARD R. KOWALEWSKI, 2015
JAMES D. SPITZER, 6785
SALLY BRICE-OHARA, 6264
KENNETH W. KEANE, 1593
PETER A. RICHARDSON, 1401
CHRISTOPHER J. SNYDER, 8853
PAUL D. LUPPERT, 6154
LAWRENCE T. YARBOROUGH, 5893
RONALD J. MORRIS, 3163
RANDOLPH MEADE, 4668
RONALD L. RUTLEDGE, 7807
ERIC N. FAGERHOLM, 6446
GEORGE R. MATTHEWS, 1394
GEOFFREY D. POWERS, 7737
ALAN H. MOORE, 1758
THEODORE C. LEFEUVRE, 1444
RICHARD R. KELLY, 1773
LAWRENCE J. BOWLING, 4409
GLENN W. ANDERSON, 5028
LOREN P. TSCHOHL, 2850
JOHN A. GENTILE, 0773
SURRAN D. DILKS, 1702
TERRENCE C. JULICH, 3782
JOHN M. KRUPA, 2299
JOHN C. MILLER, 6459
GEOFFREY L. ABBOTT, 0291
JAMES S. THOMAS, 5111
JOSEPH A. HALSCH, 6702
WAYNE R. BUCHANAN, 2526
GLENN A. WILTSHIRE, 4597
MARK S. KERN, 2754
JAMES E. EVANS, 7909
STEPHEN J. KRUPA, 2290
RICHARD D. POORE, 6880
JAMES W. DECKER, 9643
GLENN R. GUNN, 7485
WILLIAM W. PETERSON, 9816
SCOTT E. DAVIS, 2893
MARK H. JOHNSON, 3895
GLENN E. GATELY, 7431
JAMES F. MURRAY, 2169
IVAN T. LUKE, 2133
ARTHUR H. HANSON, 1245
MICHAEL K. GRIMES, 8996
JAMES R. MONGOLD, 6724
DAVID J. VISNESKI, 4619
GREGORY J. MACGARVA, 1522
ARN M. HEGGERS, 2771
JAMES W. STARK, 0909
JOHN ASTLEY, 2214
GILBERT J. KANAZAWA, 5086
SCOTT J. GLOVER, 1447
KEVIN L. MARSHALL, 1558
PAUL A. LANGLOIS, 6470
DANIEL B. LLOYD, 2154
JOHN P. CURRIER, 9150
WAYNE E. JUSTICE, 9391
WILLIAM R. WEBSTER, 6753
ERIC A. NICOLAUS, 1272
CHARLES J. DICKENS, 8599
HOWARD P. RHOADES, 5323
ROBERT D. ALLEN, 6107
JODY A. BRECKENRIDGE, 8738
RUSSELL N. TERRELL, 9077
GREGORY F. ADAMS, 7427
WILLIAM L. ROSS, 1546
BEVERLY G. KELLEY, 0741

IN THE NAVY

THE FOLLOWING-NAMED OFFICERS FOR APPOINTMENT IN THE U.S. NAVY TO THE GRADE INDICATED UNDER TITLE 10, UNITED STATES CODE, SECTION 624.

To be rear admiral (lower half)

CAPT. PHILLIP M. BALISLE, 3385
CAPT. KENNETH E. BARBOR, 7864
CAPT. LARRY C. BAUCOM, 2710
CAPT. ROBERT E. BESAL, 1115
CAPT. JOSEPH D. BURNS, 3870
CAPT. JOSEPH A. CARNEVALE, JR., 0347
CAPT. JAY M. COHEN, 8660
CAPT. CHRISTOPHER W. COLE, 7275
CAPT. DAVID R. ELLISON, 9973
CAPT. LILLIAN E. FISHBURNE, 0641
CAPT. RAND H. FISHER, 2658
CAPT. ALAN M. GEMMILL, 5200
CAPT. DAVID T. HART, JR., 6096
CAPT. KENNETH F. HEIMGARTNER, 7295
CAPT. JOSEPH G. HENRY, 8067
CAPT. GERALD L. HOEWING, 6618
CAPT. MICHAEL L. HOLMES, 7043
CAPT. EDWARD E. HUNTER, 0022
CAPT. THOMAS J. JURKOWSKY, 4460
CAPT. WILLIAM R. KLEMM, 8633
CAPT. MICHAEL D. MALONE, 2917
CAPT. WILLIAM J. MARSHALL, III, 7915
CAPT. PETER W. MARZLUFF, 8982
CAPT. JAMES D. MCARTHUR, JR., 9260
CAPT. MICHAEL J. MCCABE, 0987
CAPT. DAVID C. NICHOLS, JR., 5011
CAPT. GARY ROUGHEAD, 6126
CAPT. KENNETH D. SLAGHT, 3471
CAPT. STANLEY R. SZEMBORSKI, 8912
CAPT. HENRY G. ULRICH, III, 2552
CAPT. GEORGE E. VOELKER, 1271
CAPT. CHRISTOPHER E. WEAVER, 5940
CAPT. ROBERT F. WILLARD, 1564
CAPT. CHARLES B. YOUNG, 0248

IN THE AIR FORCE

THE FOLLOWING-NAMED AIR NATIONAL GUARD OF THE U.S. OFFICER FOR APPOINTMENT TO THE GRADE INDICATED IN THE RESERVE OF THE AIR FORCE, UNDER TITLE 10, UNITED STATES CODE, SECTIONS 12203 AND 12212:

To be colonel

ROBERT J. SPERMO, 9327

THE FOLLOWING-NAMED OFFICERS FOR APPOINTMENT TO THE GRADE INDICATED IN THE RESERVE OF THE AIR FORCE UNDER TITLE 10, UNITED STATES CODE, SECTIONS 1552 (IDENTIFIED BY AN ASTERISK (*)), 12203 AND 12204:

*CARL M. GOUGH, 8445
DAVID A. MASSA, 8785
*GEORGE F. MATECKO, 0807
SAMUEL STRAUSS, 9243

IN THE ARMY

THE FOLLOWING-NAMED OFFICER FOR APPOINTMENT TO THE GRADE INDICATED IN THE RESERVE OF 'THE ARMY UNDER TITLE 10, UNITED STATES CODE, SECTIONS 12203(A), 12204(A), AND 12207:

To be colonel

SHRI KANT MISHRA, 5355

THE FOLLOWING-NAMED OFFICER FOR APPOINTMENT TO THE GRADE INDICATED IN THE RESERVE OF THE ARMY UNDER TITLE 10, UNITED STATES CODE, SECTIONS 12203, 12204, AND 12207:

To be colonel

DAVID S. FEIGIN, 9632

THE FOLLOWING-NAMED OFFICER FOR APPOINTMENT TO THE GRADE INDICATED IN THE U.S. ARMY UNDER TITLE 10, UNITED STATES CODE, SECTIONS 624 AND 628:

To be major

CLYDE A. MOORE, 9976

THE FOLLOWING-NAMED OFFICERS FOR APPOINTMENT TO THE GRADES INDICATED IN THE U.S. ARMY UNDER TITLE 10, UNITED STATES CODE, SECTIONS 624 AND 628:

To be colonel

TERRY A. WIKSTROM, 3821

To be lieutenant colonel

CARL B. HALL, 9872

To be major

RICHARD C. BUTLER, 4885

THE FOLLOWING-NAMED OFFICER FOR APPOINTMENT TO THE GRADE INDICATED IN THE RESERVE OF THE U.S. ARMY UNDER TITLE 10, UNITED STATES CODE, SECTIONS 12203, 12204, AND 12207:

To be colonel

JAMES H. WILSON, 3117

THE FOLLOWING-NAMED ARMY NATIONAL GUARD OF THE UNITED STATES OFFICERS FOR APPOINTMENT TO THE GRADE INDICATED IN THE RESERVE OF THE ARMY UNDER TITLE 10, UNITED STATES CODE, SECTIONS 12203, AND 12211:

To be colonel

ELLIS E. BRUMRAUGH, JR., 5718
HOMER G. HOBBS, 7106
MICHAEL J. JENNINGS, 1969
WILLIAM F. KUEHN, 6480
JAMES H. MONTGOMERY, 7076
ELIZABETH A. NELSON, 2878
ALAN D. O'ROUKE, 6408
LAWRENCINE L. PRILLERMAN, 1703
ALLAN V. STRICKER, 7926
JOHN C. ZIMMERMAN, 2175

THE FOLLOWING-NAMED OFFICERS FOR APPOINTMENT TO THE GRADE INDICATED IN THE RESERVE OF THE ARMY UNDER TITLE 10, UNITED STATES CODE, SECTION 12203:

To be colonel

GRATEN D. BEAVERS, 6588
BRIAN C. DONLEY, 0228
DARRELL C. DYER, 8598
KENNETH J. HANKO, 1097
GARY HERRINGTON, 3857
MATTHEW A. HORN, 4950
JAMES L. JOHNSON, 4021
ROGER W. KRAUEL, 2595
HOWARD A. KRIENKE, 1758
WILLIAM D. MCKEOWN, 2488
JAMES I. NISHIMOTO, 0913
HARRY J. PHILIPS, 8457
DAVID E. SERVINSKY, 2552
ALISON L. M. SIMMONS, 3757
WILLIAM S. SPRAITZAR,1608
GEORGE R. THOMAS, 1518
JOHN W. THORPE, 8061
MATTHEW L. VADNAL, 1789
JOHN E. ZUPKO, 3529

IN THE MARINE CORPS

THE FOLLOWING-NAMED OFFICER FOR APPOINTMENT TO THE GRADE INDICATED IN THE U.S. MARINE CORPS UNDER TITLE 10, UNITED STATES CODE, SECTION 624:

To be colonel

WILLIAM C. JOHNSON, 7089

THE FOLLOWING-NAMED OFFICER FOR APPOINTMENT TO THE GRADE INDICATED IN THE U.S. MARINE CORPS UNDER TITLE 10, UNITED STATES CODE, SECTION 624:

To be major

TONY WECKERLING, 8711

THE FOLLOWING-NAMED OFFICER FOR APPOINTMENT TO THE GRADE INDICATED IN THE U.S. MARINE CORPS UNDER TITLE 10, UNITED STATES CODE, SECTIONS 624 AND 628:

To be major

JEFFREY E. LISTER, 4016

THE FOLLOWING-NAMED OFFICER FOR APPOINTMENT TO THE GRADE INDICATED IN THE U.S. MARINE CORPS UNDER TITLE 10, UNITED STATES CODE, SECTION 624:

To be major

HARRY DAVIS, JR., 8791

THE FOLLOWING-NAMED OFFICER FOR APPOINTMENT TO THE GRADE INDICATED IN THE U.S. MARINE CORPS UNDER TITLE 10, UNITED STATES CODE, SECTION 624:

To be major

MICHAEL D. DAHL, 0303

THE FOLLOWING-NAMED OFFICER FOR APPOINTMENT TO THE GRADE INDICATED IN THE U.S. MARINE CORPS UNDER TITLE 10, UNITED STATES CODE, SECTION 624:

To be major

JAMES C. CLARK, 1884

THE FOLLOWING-NAMED OFFICERS FOR REGULAR APPOINTMENT IN THE GRADES INDICATED IN THE U.S. AIR FORCE UNDER TITLE 10, UNITED STATES CODE, SECTION 531:

To be colonel

JOSEPH ARGYLE, 1751
HANS E. ARVIDSON, 8348
JAMES M. BENGE, 6170
ROBERT F. DONS, 7997
WILEY J. FAIRCLOTH, JR., 3491
STEPHEN M. GOLDEN, 0326
LARRY L. HAGAN, 5237
VIRGIL E. HEMPHILL, JR., 2507
RICHARD E. IMM, 5215
DOYLE W. ISAAK, 0754
STEPHEN A. JENNINGS, 4064
NAMIR MREYOUD, 3356
JEB S. PICKARD, 4020
FORREST R. POINDEXTER, 7201
LONDE A. RICHARDSON, 6199
SARLA K. SAUJANI, 9714
RASA S. SILENAS, 1403
CHARLES R. TOLLINCHE, 8973
SALIMI A. WIRJOSEMITO, 2782

To be lieutenant colonel

ROBERT L. BLOOD, 9080
KENNETH F. DESROSIER, 7874
GLENN E. DICKEY, 9751
RAYMOND S. DOUGHERTY, 0151
LOUIS D. ELDRIDGE, 0960
DOUGLAS M. ERICKSON, 3915
BRENT L. GILLILAND, 7065
DENNIS N. GRAHAM, 3698
MARK R. GUILDER, 0686
WILLIAM K. HAMILTON, 0435
JAY B. HIGGS, 5287
KEVIN M. HIRSCHEY, 1545
VINCENT T. JONES, 9595
FRANK J. LORUSSO, 8430
SUSAN L. MALANE, 8625
KAREN M. MATHEWS, 4929
HOWARD T. MCDONNELL, 8127
VICTOR M. PINEIRO-CARRERO, 0331
DALE R. TIDABACK, 7941
ROBERT F. TODARO, 0300
JOHN H. WAGONER, 6438
ROBERT A. WILLIAMSON, 4216
MARTIN B. YULES, 8724

To be major

ROOSEVELT ALLEN JR., 9038
RICHARD C. BATZER, 0340
DEBORAH K. BRADLEY, 2707
JOSEPH A. BRENNAN, 7800
PAUL E. BROWN, 8330
WILLIAM E. DINSE, 2587
SCOTT A. DRAPER, 2467
DANIEL G. DUPONT, 6414
ROGER J. GOLLON, 5900
DANIEL M. GREISING, 4391
CRAIG D. HARTRANFT, 2487
JOHN C. KRESIN, 1742
MICHAEL J. KUCSERA, 4298
JEROME P. LIMOGE JR., 4864
ANDREW D. MARKIEWITZ, 8609
JANET Y. MARTIN, 8627
PAGE W. MCNALL, 9753
GUILLERMO E. ORRACA, 7226
JOSE VILLALOBOS, 6974
DANIEL C. WEAVER, 9284
DAVID L. WELLS, 0591

To be captain

LOUISE M. BRYCE, 9236
JAY S. TAYLOR, 0160

I NOMINATE THE FOLLOWING-NAMED OFFICER FOR APPOINTMENT TO THE GRADE INDICATED IN THE U.S. AIR FORCE UNDER TITLE 10, UNITED STATES CODE, SECTION 624:

To be major

MICHAEL D. ELLER, 9783

THE FOLLOWING NAMED OFFICERS FOR REGULAR APPOINTMENT IN THE GRADES INDICATED IN THE U.S. ARMY. THE OFFICERS IDENTIFIED BY AN ASTERISK (*) ARE NOMINATED FOR A REGULAR APPOINTMENT IN THE NURSE CORPS, MEDICAL SERVICE CORPS, MEDICAL CORPS, DENTAL CORPS, MEDICAL SPECIALIST CORPS, JUDGE ADVOCATE CORPS, AND CHAPLAINS UNDER TITLE 10, UNITED STATES CODE, SECTION 531 AND 3064:

To be colonel

*JAMES L. ATKINS, 8161
*HOLLY L. DOYNE, 6349
*ROBERT A. DRAGOO, 5546
*EUGENE T. ETZKORN, 6250
*SHARON FEENEY-JONES, 4473
*JOSEPH B. HANLEY, 3710
*CHARLES H. HOKE, 1606
*MOO O. HWANG, 5645
*RITA C. JACQUES, 8356
*ROBERT V. JONES, 8240
*JAMES W. KIKENDALL, 4353
*DOLORES A. LOEW, 0137
*ALLAN R. MAYER, 4280
*DOMINGO A. SISON, 9606
*MARIA H. SJOGREN, 2653
*DONALD L. STEINWEG, 3490
*DAVID N. TAYLOR, 1161
*WILLIAM P. WIESMANN, 4661

To be lieutenant colonel

*JAIME I. ALBORNOZ, 1249
*ALICIA Y. ARMSTRONG, 4927
*DONALD D. BAILEY, 0527
*JAMES T. BERKENBAUGH, 1198
*VERNON R. BRUCE, 6724
*MARC G. COTE, 0760
*THOMAS F. DEFAYETTE, 0923
*WAYNE C. FARMER, 3976
*KENNETH L. FERSTER, 7198
*THOMAS M. FITZPATRICK, 6224
*EDWARD FLETCHER, 3264
*LILLIAN A. FOERSTER, 3108
*DEAN R. GUILITTO, 5601
*CARLA HAWLEY-BOWLAND, 5280
*BRIAN R. JOHNSON, 8824
*YOUNG O. KIM, 6885
*JAMES E. MARK, 6980
*MICHAEL D. MATSON, 8295
*CHARLES E. MCQUEEN, 8819
*THOMAS C. MICHELS, 0870
*OWEN J. MULLEN, 3177
*BHAGYA MURTHY, 7856
*ANN B. RICHARDSON, 5892
*JEANNETTE SOUTH-PAUL, 4109
*S. STEINFELD-MCKENNON, 1653
*NICH SUTHUN, 0682
*JAMES P. TURNER, 2417
*LEO F. VOEPEL, 8476
*DAVID M. WILDER, 1638

To be major

*RICHARD H. BIRDSONG, 8365
*PETRA GOODMAN, 1250
*ROBERT K. HOOD, 8634
*MARCIA J. IMDIEKE, 9086
*DEBORAH J. KENNY, 0145
*GORDON A. LEWIS, 7546
*PATRICK G. SESTO, 9915
*JAMES E. SHEIL, 3287
*NANCY E. SOLTEZ, 6620
*R. STRUTTON-AMAKER, 6702
*JOHN A. STUART, 1462
*WILLIAM L. TOZIER, 2665
*KEITH R. VESELY, 5234
*PAUL D. WELSCH, 8979

To be captain

*MICHAEL P. ABLE, 2172
*EDWARD H. BAILEY, 7156
*MARGARET B. BAINES, 6885
*BRIAN R. BAUER, 3166
*ERIC J. BAUMGARDNER, 0751
*MICHAEL R. BELL, 2992
*LORANEE E. BRAUN, 9037
*SCOTT E. BRIETZKE, 7204
*RICHARD O. BURNEY, 5873
*JEFFREY M. CALLIN, 5489
*ARTHUR L. CAMPBELL, 9154
*KEVIN M. CIEPLY, 0839
*MICHAEL A. COLE, 7666
*BRIAN C. CORNEILSON, 5282
*QUINDOLA M. CROWLEY, 9098
*COLIN Y. DANIELS, 5440
*THO N. DANIELS, 2867
*RHONDA DEEN, 7846
*SHAD H. DEERING, 4338
*MICHAEL DLUGOPOLSKI, 9268
*DAVID M. EASTY, 4849
*RICHARD R. ESSICK, 7237
*MARY M. FOREMAN, 8051
*KIMMO T. FULLER, 8377
*JOHN S. GERSCH, 2059
*ROBERT V. GIBBONS, 1231
*KELLY R. GILLESPIE, 9392
*MATTHEW J. GILLIGAN, 5374
*MELISSA L. GIVENS, 3344
*ERIC J. GOURLEY, 5931
*TIMOTHY GRAMMEL, 2055
*RICHARD C. GROSS, 6320
*STACEY L. GRUM, 7602
*KURT A. GUSTAFSON, 3415
*SAM E. HADDAD, 9048
*JOHN P. HARVEY, 8907
*DONALD L. HELMAN, 7291
*JEFFREY V. HILL, 1550
*ROBERT H. HOLLAND, 9838
*JOHN D. HOWE, 6695
*JAMIA E. HOWELL, 6520
*DANIEL J. IRIZARRY, 4103
*MICHAEL D. ISACCO, 6367
*CHRISTOPHER G. JARVIS, 0805
*WILLIAM C. KEPPLER, 4430
*KURT G. KINNEY, 4490
*DINAH R. KIRK, 2433
*MICHAEL E. KLEIN, 0095

*JEFFREY K. KLOTZ, 1283
*CRAIG T. KOPECKY, 2015
*HENRY J. KYLE, 9510
*MICHAEL O. LACEY, 6719
*CHRISTOPHER L. LANGE, 1868
*INGER M. LERRA, 5852
*WILLIAM D. LEUSINK, 8021
*DALE H. LEVANDOWSKI, 3213
*JENNIFER LINDSAY-DODOO, 5839
*TIMOTHY C. MACDONNELL, 8472
*SHAWN A. MACLEOD, 6735
*MICHAEL E. MARTINE, 4331
*SHARON P. MCKIERNAN, 3398
*IAN K. MCLEOD, 0281
*SEAN K. MCVEIGH, 3260
*CLAY R. MILLER, 9675
*JANICE NICKIE-GREEN, 3041
*MARK A. PACELLA, 8993
*TARAK H. PATEL, 8974
*EDWARD J. PENA-RUIZ, 6506
*JEREMY G. PERKINS, 6695
*ANTHONY E. PUSATERI, 8411
*MATTHEW S. RICE, 5966
*JAMES H. ROBINETTE, 5471
*CHARLES H. ROSE, 0719
*TROY W. ROSS, 8492
*DAVID S. SACHAR, 7145
*EVELYN SANGSTER-CLARKE, 1306
*STEPHEN J. SEKAC, 0412
*SEAN M. SHOCKEY, 0337
*DAVID R. SHOEMAKER, 6640
*ADAM H. SIMS, 9270
*NITEN SINGH, 7451
*RICHARD R. SMITH, 9364
*CARMEN A. STELLA, 7964
*KEITH D. SUMEY, 2970
*TIMOTHY S. TALBOT, 6673
*SUSANNAH Q. TAPLEY, 3236
*BRIGILDA C. TENEZA, 1029
*SEAN F. THOMAS, 6718
*RAYMOND F. TOPP, 7394
*JESSIE L. TUCKER, 4093
*BRADLEY S. VANDERVEEN, 9007
*RODNEY A. VILLANUEVA, 6199
*MATTHEW J. VREELAND, 1771
*BEN WEBB, 6336
*KIMBERLY A. WENNER, 1723
*HARRY L. WHITLOCK, 0942
*WAYNE K. WHITTENBERG, 8962
*JOSEPH A. WILLIAMS, 6667
*JUSTIN T. WOODSON, 2229

To be first lieutenant

*WESLEY J. ANDERSON, 0054
*SANDRA J. BEGLEY, 5832
*DONALD J. CHAPMAN, 5620
*FRANK C. GARCIA, 5641
*EDWARD L. HILL, 6126
*KRISTOPHER S. HULL, 4172
*EMMA J. MCCLAIN, 9877
*CLIFTON R. MCCREADY, 3815
*JEFFERY L. MOSSO, 0307
*AMANDA R. NEWSOM, 1418
*BRANDON J. PRETLOW, 4265
*CYRUSS A. TSURGEON, 5981
*JOSEPH K. WEAVER, 1264

To be second lieutenant

*DAVID A. BURNS, 9150
*LAWRENCE A. EDELL, 2194
*SHAWN P. FITZGERALD, 9304
*JOHN D. FOSTER, 3825
*KATHERINE KING, 6737
*LORIANN R. MCKEEVER, 0030
*TIMOTHY J. MORRIS, 5332
*DANIEL S. PARK, 5823
*JETH B. REY, 4270
*CHRISTOPHER L. ROBISHAW, 0073
*MICHAEL SABOL, 5314
*JEFFREY A. SAELI, 4145
*JONATHAN M. WILEY, 1892
*SCOTT WILKINSON, 5314

THE FOLLOWING-NAMED OFFICERS FOR APPOINTMENT TO THE GRADE INDICATED IN THE U.S. ARMY AND FOR REGULAR APPOINTMENT (IDENTIFIED BY AN ASTERISK (*)) UNDER TITLE 10, UNITED STATES CODE SECTIONS 624 AND 531:

To be lieutenant colonel

FRANK J. ABBOTT, 8849
PAUL F. ABEL, JR., 8084
HENRY E. ABERCROMBIE, 0665
ROBERT B. ABRAMS, 0429
*STEPHEN C. ABSALONSON, 9906
JACK H. ACHS, 6076
HECTOR J. ACOSTA, 6250
MICHAEL S. ADAMS, 7792
WILLIAM F. ADAMS, 8656
GARY A. AGRON, 3145
EILEEN M. AHEARN, 0629
MICHAEL W. ALEXANDER, 0045
CHARLES ALLEN, III, 7340
CHRISTOPHER E. ALLEN, 3417
DAVID L. ALLWINE, 1454
RODNEY K. ALSTON, 0995
JAMES E. ALTY, JR., 8325
WILLIAM F. ANDERSON, 3406
CYNTHIA J. ANDREWS, 9613
KEITH P. ANTONIA, 5089
MARK H. ARMSTRONG, 0082
MICHAEL P. ARMSTRONG, 1819
RICHARD E. ARNOLD, 9278
FRANCISCO J. ASCORBE, 5909
MARIAN L. AUSTIN, 6000
ROBERT J. AVALLE, JR., 9114
VICTOR B. AYERS, 6648
KEVIN M. BADGER, 9454
MARTIN P. BAGLEY, 2751
ALVIN L. BAILEY, 5804
MARK D. BAINES, 4439
RALPH O. BAKER, 1784
JOHN S. BALDINI, JR., 9344
JAMES B. BALOCKI, 9338
WILLIAM BALOGH, 1211
STEFAN J. BANACH, 6909
MARK W. BAREFIELD, 5792
BRIAN D. BARHAM, 8213
CHARLES T. BARHAM, 5779
THERESA L. BARTON, 0923
RICHARD C. BASSETT, 8383
ALLEN W. BATSCHELET, 3064
KATHLEEN M. BATTON, 8346
FRANKLIN R. BAUM, JR., 2530
BARRY E. BAZEMORE, 7198
GREGORY A. BEACHAM, 0368
WILLIAM K. BEAMER, 2714
JEFFREY A. BEDEY, 5801
JAMES L. BEDINGFIELD, 0398
MICHAEL D. BEERY, 5599
LESLIE H. BELKNAP, 8215
MARGARET H. BELKNAP, 0673
CRAIG A. BERGQUIST, 8541
RUSS H. BERKOFF, 9502
PAUL W. BERNDT, 0381
BRENDA K. BESS, 3385
PAUL R. BETHEA, 9067
ROBERT L. BETHEA, JR., 0935
TERRY W. BEYNON, 9380
MICHAEL D. BIANCHI, 9652
TIMOTHY R. BILDERBACK, 9536
*ARTHUR E. BILODEAU, 1601
JAMES A. BILOTTO, 6012
ELISABETH J. BILYEU, 6960
MARK C. BINGAMAN, 0318
GWENDOLYN BINGHAM, 4051
JOHN T. BINKLEY, 9571
STEPHEN P. BIRDSALL, 5017
KENNETH W. BISHOP, 2700
THOMAS R. BLACK, 2329
WILLIAM D. BLACKLEDGE, 5307
BILLY M. BLACKWELL, 3058
*GLORIA D. BLAKE, 6263
TAB A. BLAZEK, 9864
JOHN G. BLITCH, 8522
RICHARD E. BLOSS, 0066
JAMES R. BLUE, 1443
JEFFREY B. BLYTH, 2844
CHARLES A. BOAZ, JR., 9172
RANDALL J. BOCKENSTEDT, 6514
JEROME L. BOERSTE, 3180
DAISIE D. BOETTNER, 7792
MICHAEL E. BONHEIM, 9296
PAUL A. BONNEWITZ, 5253
WILLIAM L. BOOKS, 1395
ANN L. BOOTH, 2232
GREGORY J. BORDEN, 8743
KENNETH P. BORETTI, 8043
GEORGIA H. BOUIE, 1755
ALAN G. BOURQUE, 9946
BRUCE A. BOWMAN, 5080
JOSEPH T. BOYD, 5149
MICHAEL S. BOYLE, 8499
TIMOTHY A. BOYLES, 0485
DAVID C. BRADLEY, 4201
MICHAEL A. BRADLEY, 0856
WAYNE M. BRAINERD, 2007
LLEWELLYN BRANDON, 6691
ROBERT A. BRENNAN, 2734
*CLAY F. BRIDGES, 5679
PETER C. BRIGHAM, 5149
JASEY B. BRILEY, 8573
JOHN M. BRITTEN, 4898
MICHAEL P. BROGAN, 1326
*STEVEN M. BROUSE, 0929
CRAIG A. BROWN, 3842
GARY B. BROWN, 3014
JAMES B. BROWN, 1374
KATHLEEN R. BROWN, 0523
KEVIN W. BROWN, 7000
*STEVEN J. BROWN, 4457
TIMOTHY BROWN, 9423
WILLIAM H. BROWN, 4295
KATHLEEN F. BROWNING, 9177
MAITLAND M. BROWNING, JR., 0787
DWIGHT M. BRUCE, 7908
ROBERT H. BRUCE, 5103
DANIEL V. BRUNO, 2048
VICTORIA M. BRUZESE, 7699
WILLIAM D. BRYAN, 8479
CARLTON A. BUCHANAN, 5355
JEFFREY S. BUCHANAN, 2774
NATHAN A. BUCHHEIT, 5017
EUGENE R. BUCKNER, 3043
WILLIAM F. BUECHTER, 8416
STEPHEN G. BULLOCK, 3090
RONALD L. BUMGARNER, 4574
THOMAS W. BUNING, 4325
*JON D. BUNN, 0982
THOMAS BUONFORTE, 9248
OLGER D. BURCH III, 9031
LARRY C. BURNETT, 8465
MICHAEL J. BURNS, 6469
DOUGLAS A. BURRER, 9874
WELDON K. BURTON, 3751
GLENN BUTLER, 5895
RALPH A. BUTLER, 6373
TYMOTHY W. CADDELL, 0270
ROBERT B. CADIGAN, 0171
JAMES B. CAMP, JR., 0918
CHARLES D. CANEDY, 5391
CARLOS G. CAPLLONCH, 0462
PHILIP J. CAREY, 9227
KATHRYN H. CARLSON, 0997
SUSAN P. CARLSON, 3603
MATTHEW T. CARR, 7664
PEGGY R. CARSON, 2205
WILLIAM C. CARTER, 8226
MICHAEL D. CASE, 3302
ROBERT G. CAUDLE, 1354
RICHARD G. CERCONE, JR., 1218
*MARK B. CHAKWIN, 7415
JAY W. CHAMBERS, JR., 6889
STEPHEN CHAN, 7995
CURTIS P. CHEESEMAN, 9012
CLARENCE K. CHINN, 3093
JOHN M. CHIU, 6508
RICHARD R. CLAIRMONT, 7426
*DAVID L. CLARK, 1194
DONALD I. CLARKE, 5050
MICHAEL J. CLIDAS, 0130
MICHAEL C. CLOY, 3014
CHARLES F. COAN, 0390
LAURA J. COAXUM, 2634
LEWIS C. COCHRAN, 6766
ROBIN D. COFER, 5033
GEORGE G. COFFELT, 2367
TIMOTHY R. COFFIN, 1133
ANDREW H. COHEN, 8031
ANGEL L. COLON, 0645
HECTOR L. COLON, 7403
CARL J. COLWELL, 2354
THOMAS J. COMODECA, 9405
VALERIE B. CONERWAY, 0401
KEVIN P. CONGO, 7068
JAMES T. CONLEY, JR., 6172
*SUE E. CONLON, 6809
JOHN P. CONNELL, 6549
JEFFERY S. COOK, 1882
ARTHUR B. COOPER, 8070
RICHARD C. COPLEN, 3893
THOMAS W. CORDINGLY, 3118
CHARLES G. COUTTEAU, 3180
CHARLES W. COXWELL, JR., 8679
BRIAN A. CRAWFORD, 0113
*CARDON B. CRAWFORD, 2364
DAVID L. CRAWFORD, 7942
JENNIFER W. CRAWFORD, 6585
JAMES B. CROCKETT III, 8338
WILLIAM M. CROCOLL, 2951
JOSEPH P. CROWLEY, 2221
JACQUELINE E. CUMBO, 5882
STEVEN M. CUMMINGS, 2037
KENDAL W. CUNNINGHAM, 2267
CRAIG J. CURREY, 6789
CHRISTOPHER M. CURRY, 6632
HENRY A. CURRY, 9210
PETER E. CURRY, 2743
ARNE CURTIS, 4743
KENNETH R. DAHL, 9364
THOMAS P. DALIO, 7144
EDWARD B. DALY, 9609
GARY N. DANIEL, JR., 7025
MITCHELL P. DANNER, 3239
WILLIAM E. DASCH, JR., 7100
PETER A. DAVIDSON, 6573
WALTER J. DAVIES, 8466
MICHAEL F. DAVINO, 1862
GLEN L. DAVIS, 0503
GORDON B. DAVIS, JR., 4484
MICHAEL J. DAVIS, 8589
PETER E. DAVIS, 9189
STUART D. DAVIS, 8467
*WAYNE K. DAVIS, 5795
DUANE K. DAVISTON, 3915
TIM L. DAY, 8711
WILLIAM S. DECAMP, JR., 1485
PETER DEFLURI III, 8197
MICHAEL J. DELANEY, 1429
WILLIAM F. DELANEY, 1428
ROBERTO L. DELGADO, 5400
ROBERT DELISLE, JR., 9034
GEORGE G. DEMARSE, 2841
MARK P. DEMIKE, 2486
DAVID A. DEPASTINA, 4601
RICHARD G. DEPPE, JR., 0440
PHILIP J. DERMER, 4909
JEAN M. DETTLING, 6629
HAROLD M. DICK, 4084
CURTIS A. DIGGS, 1905
RICHARD H. DIGIOVANNI, 7259
NORVEL L. DILLARD, 6283
DANIEL P. DILLON, 5980
MICHAEL S. DILLON, 6688
LOUIS A. DIMARCO, 5297
JOSEPH P. DISALVO, 9884
PAUL R. DISNEY, JR., 1534
JOHN M. DISTER, 2623
RICHARD J. DIXON, 1137
TIMOTHY D. DIXON, 5429
KEVIN R. DODGE, 4485
BRYAN L. DOHRN, 1494
YVONNE DOLL, 3673
JANICE L. DOMBI, 7659
ROBERT DOMITROVICH, 1526
THOMAS W. DONNELLY, JR., 3878

KEVIN S. DONOHUE, 3797
DENISE M. DONOVAN, 3298
MICHAEL E. DONOVAN, 6688
GARRIE P. DORNAN, 6315
MICHAEL C. DOROHOVICH, 7434
JOSEPH P. DOTY, 4444
MARK F. DOUGLASS, 1363
JON N. DOWLING, 2335
ROBERT C. DOWLING, 6870
DENNIS J. DOWNEY, 4651
BOBBY L. DRIESNER, 9650
CHARLES H. DRIESSNACK, 1057
PATRICK J. DUBOIS, 2429
JOHN F. DUFFY, 4310
DENNIS J. DUGAN, 5972
STEPHEN C. DUNCAN, 7585
CHARLES DUNN, III, 9878
BRIAN D. DURANT, 0817
CHARLES W. DURR, 6511
JAMES F. DUTTWEILER, 9880
ROBERT M. DYESS, JR., 4205
SCOTT A. EAGEN, 5729
RICKY J. EARLEYWINE, 7943
ALLEN C. EAST, 1232
CLAY EASTERLING, 8791
TODD J. EBEL, 5873
RALPH I. EBENER, JR., 7511
NATHAN R. EBERLE, 4758
ANTULIO . ECHEVARRIA, 7767
ANAS T. ECONOMY, III, 7692
TIMOTHY J. EDENS, 4993
DALLAS M. EDWARDS, 6117
ERIC L. EDWARDS, II, 1604
MICHAEL C. EDWARDS, 9281
ROBERT S. ELIAS, 1319
FRANK A. EMERY, 2762
JEFFERY W. ENGBRECHT, 3656
RUSSELL W. ENGLISH, 4049
RICHARD J. EVERSON, 6500
ROBERT E. EVERSON, 6889
MARK V. EVETTS, 0539
EDWARD L. FABIAN, JR., 4521
MATTHEW B. FAGAN, 3000
SAMUEL E. FAIRES, 5835
MICHAEL J. FALLON, 1058
DAVID J. FARACE, 2568
BILLY D. FARRIS, II, 0276
MICHAEL FENN, 0726
JANICE W. FERGUSON, 2018
QUILL R. FERGUSON, 4503
ROBERT S. FERRELL, 2603
JEFFREY D. FIELD, 3151
FRANCIS X. FIERKO, 7965
CARL S. FILIP, 5814
SEAN M. FINNEGAN, 3150
ANDREW R. FISCHER, 5072
CARL E. FISCHER, 8358
KENNETH K. FISHER, JR., 7986
KELLY F. FISK, 4100
ROBERT E. FITE, JR., 2008
DEBRA L. FIX, 9236
CHRISTINA F. FLANAGAN, 3760
HARRY D. FLANAGAN, 5652
MICHAEL B. FLEMING, 2035
CHARLES V. FLETCHER, 0042
MARY P. FLETCHER, 5029
PAUL J. FLYNN, 6418
WILLIAM C. FLYNT III, 1378
CARLOS I. FONT, 9185
*WILLIAM G. FORD, 5746
PETER W. FOREMAN, 8586
TODD H. FOREMAN, 7171
JERRY M. FORMAN, 4021
JOHN B. FORSYTH, 5321
MICHAEL W. FORTANBARY, 4772
KIRK L. FOSTER, 3354
HARRISON D. FOUNTAIN, 6216
CHRISTOPHER W. FOWLER, 3163
LAWRENCE C. FOWLER, 3476
BRYAN C. FOY, 1343
TONY R. FRANCIS, 5182
TIMOTHY H. FRANK, 2857
HARRY M. FRANKLIN, 4423
*MARK R. FRANKLIN, 9471
MARY L. FRANKLIN, 3321
THOMAS FREEMAN, JR., 7579
DANIEL P. FRENCH, 4408
ROBERT B. FRENCH, 3136
CHRISTOPHER C. FRY, 9958
PATRICK E. FULLER, 3936
WILLIAM K. FULLER, 4797
WILLIAM B. FULLERTON, 4067
CHRISTOPHER T. FULTON, 8206
JOHN J. GALLAND, 1745
ALFRED W. GAMMONS, JR., 6462
HERIBERTO GARCIA, 6729
MARTIN J. GARCIA, 4684
MARK C. GARDNER, 3908
JOHN W. GARMANY, JR., 7373
NEIL A. GARRA, 7236
MARGUERITE C. GARRISON, 6814
THAD A. GASSMAN, 3187
RICHARD G. GAY, JR., 3918
KEITH G. GEIGER, 7695
KEITH A. GEORGE, 9959
KATHLEEN A. GERENDA, 0800
ANTHONY L. GERMAN, 6462
GREGORY M. GEROVAC, 6480
STEPHEN J. GERRAS, 9092
PAUL C. GERTON, 5017
DAVID L. GILBERT, 1079
VERNDELL H. GILDHOUSE, 5927
PAUL D. GILLEY, JR., 0008
WALTER L. GILLIAM, 8553
JEROME P. GILMAN, 6957
ANTHONY GLENN, 3142
JESSIE J. GOGGINS, 4108
PAUL K. GONZALES, 1241
JULIUS B. GOODMAN, 4368
CHARLES W. GORE, 5021
NORMAN M. GRADY, 5607
ANTHONY T. GRANT, 1406
RICHARD E. GRAVES, 6838
JAMES A. GRAY, 3368
JOSEPH G. GREEN, III, 1508
MATTHEW J. GREEN, 1667
RICHARD L. GREENE, JR., 6213
WARREN O. GREENE, 6991
MARK T. GRESZLER, 1936
GARY R. GRIMES, 4174
JOSEPH D. GRINER, 0352
WILLIAM J. GRISWOLD, JR., 6043
BRIAN L. GROFT, 3792
DAVID C. GROHOSKI, 6933
JANET E. GROSS, 4861
MICHAEL J. GROVE, 3678
SUSAN K. GRUBB, 8367
WILLIAM R. GRUBBS, 3838
ROBERT D. GRYMES, 9571
DANIEL J. GUILMETTE, 0914
SAMUEL A. GUTHRIE, 2932
BRUCE L. GWILLIAM, 4149
BILLY J. HADFIELD, 7101
DAVID L. HAGG, 9242
CATHERINE G. HAIGHT, 7959
DAVID B. HAIN, 4616
JOHN L. HAITHCOCK, JR., 5376
SCOTT A. HALASZ, 2490
JAY H. HALE, 6526
DONALD L. HALL, 8016
MICHAEL A. HALLISEY, 8130
FREEBERG S. HALTER, 9665
CINDY K. HAMILTON, 3401
SCOTT E. HAMPTON, 0425
MICHAEL D. HANLEY, 0911
MARIAN R. HANSEN, 7176
RICHARD D. HANSEN, JR., 8874
ROBERT P. HANSEN, 2334
WILLIAM E. HARMON, 9697
RICHARD L. HARMS, 6593
RONALD H. HARPER, 2375
THOMAS P. HARRELL, 0881
EARNEST D. HARRIS, 4017
THOMAS G. HARRIS, 1395
DONALD M. HARRISON, 1669
*SUSAN D. HARRISON, 7722
THEODORE C. HARRISON, 6481
WILLIAM T. HARRISON, 5879
CONSTANCE A. HARTMAN, 4093
CARROL I. HARVEY, 5635
JAMES T. HARVILL JR., 5671
DAVID D. HAUGHT, 9274
STEVEN P. HAUSTEIN, 5335
SAMUELL R. HAWES, 0299
JOHN E. HAXTON, 2001
MARK W. HAYES, 3915
ROBERT W. HAYNIE, 2529
RUDOLPH C. HAYNIE, 4093
EDWARD A. HEALY, JR., 4222
FALKNER HEARD, III, 5988
MICHAEL G. HEGARTY, 7008
CHARLES G. HEIDEN, 5103
MARK S. HELD, 4447
DARRALL R. HENDERSON, 1106
ROBERT J. HENRY, 5179
SCOTT A. HENRY, 9079
RILEY L. HENSLY, 4597
WALTER M. HERD, 3902
JUAN J. HERNANDEZ, 6528
ERNEST J. HEROLD, III, 4397
ROBERT T. HESS, 4421
JEFFERY A. HILL, 0857
RICKY E. HILL, 3319
SCOTT A. HILL, 0012
STEPHEN L. HILL, 8520
RAYMOND S. HILLIARD, 6213
PAUL S. HILTON, 9087
ERNEST M. HINES, II, 5428
JAMES E. HINNANT, 6935
MARK W. HINTON, 5899
WILLIAM C. HIX, 4334
JANETT L. HODNETT, 8887
PETER F. HOFFMAN, 7440
KURT G. HOFFMANN, 5542
STEVEN P. HOFFPAUER, 1093
MICHAEL E. HOGAN, 1184
LEON W. HOJNICKI, 8642
ROBERT M. HOLMES, JR., 6986
JAMES A. HOLTZCLAW, 3676
*MICHAEL H. HONEYCUTT, 8659
RICHARD D. HOOKER, JR., 1777
OLIVETTE M. HOOKS, 4336
EARL E. HOOPER, 4395
CYNTHIA O. HOPE, 3882
RICHARD M. HORNACK, JR., 0323
GREGORY C. HOSCHEIT, 6699
PAMELA O. HOWARD, 3352
STEPHEN F. HOWARD, 1690
JAMES R. HOY, JR., 7292
TERRY L. HOYT, 0383
DANNY T. HUBER, 7104
JOSEPH D. HUBER, JR., 3136
RICHARD A. HUGGLER, 3676
STEPHEN E. HUGHES, 7718
JEFFREY W. HUMPHREY, 9036
OREN L. HUNSAKER, 5529
CARL W. HUNT, 5623
JONATHAN B. HUNTER, 8597
DAVID E. HUNTERCHESTER, 8647
BRUCE H. HUPE, 7665
WAYNE R. HUSEMANN, 3475
STEPHEN N. HYLAND, JR., 6655
TED G. IHRKE, 5654
ANTHONY R. INCORVATI, II, 5511
JOEL W. INGOLD, 2690
FRANK P. IPPOLITO, 4920
FERDINAND IRIZARRY, II, 6269
JEFFERY L. IRVINE, 5915
DONALD E. JACKSON, 6320
ERNEST F. JACKSON, 9558
WILLIAM D. JACKSON, 6347
WILLIS F. JACKSON, JR., 9318
RHONDA K. JAKUBIK-WORKMAN, 5817
WILLIE A. JAMES, 1881
JEFFREY JARKOWSKY, 0170
MICHAEL J. JAYE, 4792
CINDY R. JEBB, 4760
GREGORY L. JOHANSEN, 2661
ROBERT A. JOHN, 5784
HIRAM N. JOHNSON, 7868
MARK E. JOHNSON, 9455
MARK T. JOHNSON, 8644
MICHAEL R. JOHNSON, 2567
ROBERT L. JOHNSON, JR., 7776
SAMUEL H. JOHNSON, 9092
MARK A. JOHNSTONE, 7549
DONALD M. JONES, 7370
FRANKLIN K. JONES, 5677
KATHY J. JONES, 1712
KERMIT C. JONES, 3666
MARK W. JONES, 7274
MARSHALL J. JONES, 2255
ROBERT T. JONES, 1673
WINSTON M. JONES, 4162
BILLY J. JORDAN, JR., 4778
JOHN D. JORDAN, 2485
FRANK A. JORDANO, 6091
MICHAEL R. JORGENSON, 4052
RAY A. JOSEY, 0033
BRIAN R. JOYCE, 8563
KENNETH G. JUERGENS, 4565
ANTHONY J. JUSTI, JR., 7234
JEFFREY T. KAPPENMAN, 7822
ROBERT W. KARPIAK, 6032
RICHARD W. KAUMANS, 5188
LESLIE B. KAYE, 0187
BRIAN KEETH, 5326
BRYAN D. KEIFER, 5497
TERRY J. KELLEY, 0565
THOMAS M. KELLEY, 2891
MICHAEL V. KELLY, 5242
DOUGLAS B. KELSEY, 4657
CARLA D. KENDRICK, 4512
ROBERT KENDRICK III, 4822
ALEXANDER D. KENDRIS, 7328
HOWARD J. KILLIAN III, 2853
RICHARD J. KILROY, JR., 4184
JIYUL KIM, 5715
GERALD A. KINCAID, JR., 1342
DAVID M. KING, 8434
MARYSE J. KING, 7895
KEVIN M. KIRMSE, 3053
JOHN A. KIZLER, 7140
DALE E. KLEIN, 5610
BRIAN L. KLIMA, 2285
ROBERT W. KLINE, 8969
DAN J. KNAPPENBERGER, 5501
EARL E. KNIGHT, 9005
THOMAS G. KNIGHT, JR., 2619
JAMES A. KNOWLES, 5941
JAMES A. KNOWLTON, 6093
TIMOTHY A. KOKINDA, 7873
WILLIAM J. KOLB, 2078
THEODORE W. KOUFAS, 4578
EDWARD KOZACK, 5645
DAVID A. KRAMER, 2040
MICHAEL A. KRIZ, 2261
THOMAS W. KULA, 1011
HON C. KWAN, JR., 5934
DWAYNE A. LACEWELL, 6719
CATHERINE H. LACINA, 0947
RAYMOND L. LAMB, 6005
GLEN D. LAMBKIN, JR., 2882
LYNDA R. LAMITIE, 2985
TOMMY L. LANCASTER, 7861
SCOTT A. LANG, 0314
KELLY M. LANGDORF, 3792
GERALD P. LAPP, 3561
DAVID D. LAVENDER, 1285
GERALD S. LAWSON, 2285
BRIAN R. LAYER, 6190
RONALD D. LEET, JR., 4398
ALBERT F. LEFTWICH, 3902
JON S. LEHR, 2874
LISA A. LEMZA, 2775
LARRY L. LETNER, 5925
BRADLEY J. LIBERG, 2616
RONALD N. LIGHT, 5885
DOMINIC J. LILAK, 9020
WILLIAM LIN, 7251
BRIAN S. LINDAMOOD, 2384
JAMES B. LINDER, 1682
KEVIN S. LINDSAY, 6598
DAVID H. LING, 2057
MICHAEL D. LINGENFELTER, 6647
DOUGLAS J. LITAVEC, 2981

DEBRA R. LITTLE, 5986
MICHAEL V. LITWINOWICZ, 2950
MARION A. LIVENGOOD, 6308
JOHN T. LLOYD, 4019
XAVIER P. LOBETO, 8834
BOBBY LOCKLEAR, 2895
GUY A. LOFARO, 8073
*JEAN M. LOISEAU, 7146
GARY W. LONGANECKER, 1405
PAUL M. LOOMIS, 1797
CHARLENE M. LOPER, 5735
MARK A. LORING, 4458
DANIEL T. LOSCUDO, 3207
*KEITH R. LOVEJOY, 1285
BARRETT F. LOWE, 9388
*KENNETH A. LUCAS, 7139
JAMES P. LUDOWESE, 3603
ALFRED E. LUNT, III, 9782
THOMAS C. LUTHER, 0411
THOMAS B. LYLES, JR., 4261
CHARLES P. LYNCH, 9252
JOHN D. LYNCH, 1213
THOMAS F. LYNCH, III, 5137
*ALAN T. MABRY, 1106
SEAN B. MACFARLAND, 5381
FRANCIS A. MACHINA, JR., 6528
HEATHER J. MACIAS, 6490
MICHAEL G. MACIVOR, 7119
PARIS M. MACK, 9794
SHARON M. MACK, 3743
ROBERT W. MACKAY, 0082
THOMAS F. MACKAY, 4030
WILLIAM A. MACKEN, 7559
RANDALL L. MACKEY, 2184
JAMES G. MACNEIL, 6494
DONALD M. MACWILLIE, 6280
PATRICK M. MADDEN, 5204
BETH A. MADDOX, 3228
JONATHAN A. MADDUX, 2159
CARMEN J. MADERO, 4107
CORY W. MAHANNA, 9185
DANIEL P. MAHONEY, 0739
SCOTT D. MAIR, 8929
ALAN W. MAITLAND, 9355
KEVIN W. MANGUM, 5500
GERALD J. MANLEY, 7287
DAVID L. MANN, 8247
PETER R. MANSOOR, 4187
GEORGE P. MARQUARDT, 8947
PATRICK M. MARR, 0449
LLOYD W. MARSHALL, 4566
*GEORGE D. MARTIN III, 7563
MARK D. MARTIN, 8777
GERALD B. MARTINO, 6752
DORIOT A. MASCARICH, 9117
RICHARD J. MASON, JR., 2312
ANTON E. MASSINON, 1759
JAMES J. MATHIS, 3301
DAVID S. MAXWELL, 0441
MARIE A. MAY, 5134
MARK N. MAZARELLA, 8168
MARK L. MCALISTER, 5870
DOUGLAS L. MCALLASTER, 9107
LAWENCE E. MCANNENY, 2280
MICHAEL T. MCBRIDE, 0077
CURTIS L. MCCABE, 2747
ROBERT M. MCCALL, 1635
DOUGLAS E. MCCALLUM, 0563
KEVIN J. MCCLUNG, 1264
WILLIAM N. MCCONNELL, 9223
NELSON MCCOUCH, III, 5412
CARY S. MCCOY III, 0061
JAMES R. MCCREIGHT, 7146
EVERETT K. MCDANIEL, 9701
DAVID R. MCDONALD, JR., 1594
JAMES D. MCDONOUGH, JR., 2289
KEVIN T. MCENERY, 5461
RALPH M. MCGEE, 4010
THOMAS J. MCGRATH, 7731
THOMAS M. MCGUINNESS, 8568
PUAL A. MCGUIRE, JR., 7680
STEPHEN E. MCGUIRE, 4599
WILLIAM R. MCINNIS, 3379
MARK J. MCKEARN, 1956
JAMES H. MCKENZIE, JR., 6456
MARK E. MCKNIGHT, 7489
LESTER T. MCMANNES, JR., 3771
LAWRENCE P. MEDLER, JR., 5050
MICHAEL T. MEEKS, 1493
JOHN J. MEGNIA, 9781
CHARLES R. MEHLE II, 8312
ROBERT A. MELANSON, 1495
FREDERIC L. MERCHANT, 0054
DAVID L. MERRIFIELD, 9626
FRANCIS R. MERRITT, 2783
CHRISTOPHER B. MEYER, 0750
ROBERT D. MICHAUD, 1571
DANNY L. MICHIE, 0536
ROBERT L. MILBURN, 0123
MARION L. MILES, JR., 3825
BRICK T. MILLER, 4884
DEREK A. MILLER, 2483
EARL E. MILLER, 4028
GARRETT R. MILLER, 6867
JOHN H. MILLER, 6864
ROSE M. MILLER, 7753
ZECHARA J. MILLER, 5367
EDWARD T. MILLIGAN, 5093
MICHAEL D. MINER, 2668
PHILLIP MINOR, 2017
CHARLES M. MINYARD, 5505
RALPH L. MITCHELL, 4045
RONALD F. MITCHELL, 7201
JOEL A. MITTELSTAEDT, 5730
MICHAEL K. MIXEN, 8494
MARK J. MOELLER, 6928
JONATHAN J. MOENCH, 8844
DAVID L. MOLINELLI, 4120
LEONARD R. MONTFORD, JR., 0514
JOSHUA H. MONTGOMERY, 4325
FRANKIE D. MOORE, 6223
JOHN M. MOORE, 9187
STEVEN R. MOORE, 6971
STEVEN W. MOORE, 1985
JOE L. MORALEZ, JR., 6397
FRANK N. MORIN, 0803
DOUGLAS J. MORRISON, 1562
TIMOTHY F. MOSHIER, 4618
CHRISTOPHER V. MOYLAN, 4923
JOSEPH P. MUDD, 7500
GREGORY A. MUILENBURG, 9661
PAUL J. MULLIN, 6058
PATRICK G. MULVIHILL, 0884
MICHAEL J. MURPHY, 4511
BARRY G. MURRAY, 4610
JOHN M. MURRAY, 8256
TYRONE C. MUSSIO, 6467
JOSEPH C. MYERS, 1886
MICHAEL K. NAGATA, 3113
MARK D. NEEDHAM, 4022
SUSAN B. NEUMANN, 9074
MICHAEL A. NEWCOMB, 3595
ROBERT B. NEWMAN, 8273
ROBERT A. NEWTON II, 6705
JAMES M. NICHOL, JR., 7230
CAMILLE M. NICHOLS, 8674
JOHN W. NICHOLSON, JR., 6582
PATRICE A. NICKOLS, 5487
DOUGLAS E. NIELSEN, 6587
KAREN L. NIGARA, 8302
PAUL F. NIGARA, 4056
DEAN S. NOGLE, 0525
JERE P. NORMAN, JR., 6165
GLENWOOD NORRIS, JR., 1447
WILLIAM R. OAKS, 6160
ROGER R. OBEN, 5013
ROBERT A. OBRIEN III, 1162
ROBERT T. OBRIEN, JR., 7496
EDWIN S. OCONNOR, 4536
THOMAS E. ODONOVAN, 3918
JEFFREY R. OESER, 1919
TIMOTHY M. OHARA, 9981
LEWIS L. OHERN, JR., 8276
STANFORD OLIVER, 5623
JOHN A. OLSHEFSKI, 3867
MARK P. ONEILL, 0463
WILLIAM M. ORIET, 1913
MORTON ORLOV II, 4425
DAVID C. OSBORNE, 9412
RUSSELL M. OSBURN, 3945
DENNIS R. OWEN, 0115
EDWARD H. OWEN, 7106
DONALD K. OWENS, 1089
KEVIN C. OWENS, 3441
ALVA L. PACE, 8001
MICHAEL M. PACHECO, 3334
KEVIN J. PALGUTT, 5615
ROBERT A. PARKER, 6050
DEWEY F. PATRICK, 7921
LAWARREN V. PATTERSON, 2001
MARK S. PATTERSON, 2138
EUGENE P. PAULO, 8547
JOHN C. PAULSON, 6301
EUGENE A. PAWLIK, JR., 8281
ROMEY P. PELLETIER, 1161
DAMON C. PENN, 7354
DEBBRA J. PEREZ, 1000
MICHAEL J. PERGANDE, 7087
*CINDY L. PERRY, 5755
KENNETH J. PERRY, 4889
MARK J. PERRY, 3847
PAUL A. PERRY, 7934
STEVEN W. PETERSON, 2929
WILLIAM J. PETREE, 3038
JAMES A. PHELPS, 1123
CHARLES E. PHILLIPS, JR., 2542
ILEAN PHILLIPS, 4529
WARREN E. PHIPPS, JR., 2023
AUNDRE F. PIGGEE, 1592
CHRIS A. PILECKI, 5231
LESTER W. PINKNEY, 9440
STEVEN S. PINTER, JR., 9559
MARK R. PIRES, 5377
MARTIN B. PITTS, 5547
KEVIN P. POLCZYNSKI, 6710
RUSSELL L. POLING, 7022
MICHAEL R. POLLACK, 9048
WALTER H. POLLARD, 6784
WILLIAM B. POMEROY II, 6891
RANDOLPH W. PONDER, 0996
RICHARD J. POOLE, 0761
THOMAS G. POPE, 0196
JOSEPH N. POULIOT, JR., 4265
JOEL A. POWELL, 0128
JOHN D. POWELL, 1598
WILLIAM J. PRANTL, 8250
KENNETH L. PRENDERGAST, 8376
DEBRA L. PRESSLEY, 0979
YVONNE J. PRETTYMAN-BECK, 3920
MICHAEL I. PREVOU, 4300
RODNEY K. PRICE, 8815
DAVID W. PRIDE, 2395
LARRY H. PRUITT, 2470
WILLIAM T. PUGH, 0308
DANNY G. PUMMILL, 5688
DAVID P. PURSELL, 6721
PAUL A. PUSECKER III, 6580
MARTIN J. QUEENAN, 2904
DANIEL J. RAGSDALE, 9182
JAMES R. RALPH III, 3654
ENRIQUE RAMOS, 0792
GREGORY S. RASSATT, 3338
*BERNABE RATIO, 7493
ALEXANDER B. RAULERSON, 9272
PATRICK H. RAYERMANN, 7963
DOUGLAS E. RAYMOND, 0724
WALTER R. RAYMOND, JR., 0360
CLEON W. RAYNOR, 5491
RICKY J. REA, 0143
RONALD D. REAGAN, 7079
WILLIAM G. REAGLE, 1791
MYLES REARDON, JR., 5784
KEITH F. RECK, 8982
CHRISTOPHER J. REDDISH, 4549
BRUCE D. REDLINE, 3248
DANIEL K. REED, 5506
DOUGLASS B. REED, 7127
GRADY G. REESE, JR., 4294
WILLIAM D. REESE, 9300
JARROLD M. REEVES, JR., 5870
CARLTON B. REID, JR., 4982
BRUCE J. REIDER, 4932
JAMES R. REINHARDT, 7125
STEWARD E. REMALY, 1142
DAVID A. RENAUD, 9118
PERRY A. RENIKER, 3269
ISRAEL REYES, 6842
JAMES R. RICE, 2745
BRYAN D. RICHARDSON, 4126
MARK D. RIDER, 2758
RICARDO R. RIERA, 1992
STEPHEN R. RIESE, 5123
DENNIS M. RINGLIEB, 5650
WILLIAM J. RISSE, 4813
MARK L. RITTER, 3172
MICHAEL F. ROACHE II, 9581
*JEFFREY S. ROBERTS, 7426
CHARLES W. ROBINSON, JR., 6933
RODERICK ROBINSON III, 3403
JOHN M. ROCHE, 2336
DAVID W. RODGERS, 2309
ANTHONY J. ROJEK, 6286
ROBERT A. ROMICH, 2804
GREGORY K. ROOKS, 1547
ROBERT H. ROOME, 4814
TERRY J. ROPES, 8108
MICHAEL S. ROSE, 2494
DIRK C. ROSENDAHL, 7007
DAVID H. ROSS, 4861
HARRY V. ROSSANDER, 4703
JOHN G. ROSSI, 1780
MICHAEL A. ROSSI, 2686
DINO D. ROTH, 4867
MATTHEW J. ROTHLISBERGER, 2563
RICHARD J. RUNDE, JR., 0595
CARL RUNYON, 8117
KEITH E. RYAN, 5030
PATRICK E. RYAN, 9238
TERRENCE P. RYAN, 5733
THOMAS E. RYAN, 5525
BENNET S. SACOLICK, 0726
STEVEN L. SALAZAR, 0710
RONALD F. SALYER, 0892
DAVID W. SAMEC, 5607
MARK H. SAMISCH, 9354
DONALD M. SANDO, 3260
DONNA J. SANGIORGIO, 5760
*JOAN P. SANGL, 2019
LAWRENCE SANSONE, 9211
TIMOTHY A. SASSENRATH, 0099
WAYNE A. SAUER, 7385
ROBERT S. SAUNDERS, 8461
WALTER J. SAWYER, 7785
TIMOTHY C. SAYERS, 8941
JESS A. SCARBROUGH, 6120
DAVID J. SCARCHILLI, 9096
GARY A. SCHEID, 4280
PAUL A. SCHIELE, 1017
MICHAEL J. SCHILLER, 8016
PHILIP J. SCHLATTER, 2235
DAREL D. SCHOENING, 4127
THOMAS J. SCHWARTZ, 9881
ANDREW K. SCHWEIKERT, 7129
ROBERT E. SCURLOCK, JR., 0778
THOMAS C. SEAMANDS, 9820
GEORGE A. SEARS II, 5949
MICHAEL K. SEIDL, 4938
GARY M. SERVOLD, 2061
JOSEPH D. SETTE, 6741
JERRY D. SHARP, JR. 4181
JOHN R. SHARP, 7362
KAREN E. SHEALAWSON, 0650
MARK J. SHEEHAN, 2303
RICHARD W. SHEPPARD, 4250
TIMOTHY M. SHERWOOD, 9980
RICHARD E. SHIPKOWSKI, 4783
JAMES D. SHUMWAY, IV 5612
THOMAS E. SIDWELL, 8058
JORGE L. SILVEIRA, 8840
JAMES M. SIMMONS, 4088
VIRGINIA W. SIMONSON, 4200
JOHN B. SIMPSON, III 4577
ROBERT W. SIMPSON, 8439
JOHN M. SISK, 5074
GEORGE P. SLAGLE, 8122
THOMAS F. SMALL, 5961

RICHARD S. SMARR, 4223
DAVID A. SMITH, 8067
DOUGLAS E. SMITH, JR. 6833
EUGENE B. SMITH 5729
GARY L. SMITH, 9874
JACK F. SMITH, JR. 7814
JAMES E. SMITH, 7464
*JAY Q. SMITH, 3321
JEFFOREY A. SMITH, 4838
KEVIN B. SMITH, 8592
STEPHEN T. SMITH, 2276
THOMAS M. SMITH, 6908
WILLIAM E. SMITH, 4427
LAWRENCE R. SNEAD, III 5291
JEFFREY J. SNOW, 7711
ROBERT D. SNYDER, 9891
LOWELL E. SOLIEN, 9710
KEITH D. SOLVESON, 2206
DAVID L. SONNIER, 4665
MATTHEW L. SORENSON, 1328
DEREK A. SORIANO, 7515
JUAN B. SOTO, 3023
ROBERT V. SOUTHERN, 3734
SUSAN R. SOWERS, 5198
DON P. SPENCER, 5506
MARK A. SPIEGEL, 2026
MERRILL F. SPROUL, 4583
PATRICK T. STACKPOLE, 6028
CHARLES A. STAFFORD, 1203
STEPHEN G. STALVEY, 5538
ALLAN T. STANDRE, 7419
GARY R. STANLEY, 9566
JOHN H. STAUFFER, II, 6739
GRANT D. STEFFAN, 2587
JAMES E. STEINKE, 8314
BILL D. STEPHENS, JR., 7070
STEVEN T. STEVENS, 8572
WILLIAM W. STEVENSON, 9696
DEBORAH M. STEWART, 3921
MICHELLE D. STOLESON, 6572
TIMOTHY R. STOY, 8742
STEVEN M. STRAIT, 9864
JEFFREY S. STRICKLAND, 3948
KENNETH R. STRICKLAND, 7311
JAMES M. STUTEVILLE, 4282
JEFFREY C. SUGRUE, 4740
CHRISTOPHER C. SULLIVAN, 0975
JOHN A. SUPRIN, 1154
ERIC C. SURLES, 4755
EUGENE S. SURMACZ, 5445
DAVID W. SUTHERLAND, 8472
BRIAN SUTTON, 7476
KNUT N. SVENDSEN, 6740
THOMAS SVISCO, 0237
ANTHONY SWAIN, 5809
JOHNNIE E. SWEATTE III, 1113
MICHAEL T. SWENSON, 9937
PETER J. TABACCHI, 5192
ERNEST A. TAFOYA, 7469
MICHAEL J. TALIENTO, JR., 0665
STEVEN C. TALKINGTON, 2196
WILLIAM J. TARANTINO, 3009
JOHN A. TARTALA, 3367
THOMAS L. TATE, 4758
ANTOINE D. TAYLOR, 2715
JOHN J. TAYLOR, 9468
PETER F. TAYLOR, JR., 3158
PHILLIP M. TEMPLE, 6070
STEPHEN V. TENNANT 2284
LOUISE V. TERRELL, 2223
DEBRA A. THEDFORD, 9808
JOHN S. THIEL, 3683
DAVID L. THOMAS, JR., 9846
PETER A. THOMAS, 1692
RICHARD G. THOMAS, JR., 7247
JOSEPH E. THOME, JR., 6612
DAVID S. THOMPSON, 3806
GARY J. THOMPSON, 5652
JEFFREY G. THOMPSON, 2315
LANCE B. THOMSON, 6627
GARY M. THORNE, 3096
PAUL D. THORNTON, 5350
JOHN P. TIDD, 6231
CHRISTINE M. TILLMAN, 0869
MARK E. TILLMAN, 0648
MARTIN R. TILLMAN, 3173
PHILIP R. TILLY, 7110
MICHAEL G. TITONE, 5894
KENNETH L. TOPPING, 7417
KIMETHA G. TOPPING, 0159
GERALD TORRENCE, 5902
BRADFORD C. TOUSLEY, 0468
RICHARD C. TOWNES, 1773
RICHARD S. TRACEY, 1454
TODD J. TRAVAS, 9124
DOUGLAS D. TRENDA, 5864
RAYMOND A. TREVINO, 3033
LYN O. TRONTI, 6863
MICHAEL V. TRUETT, 7750
RONALD D. TUGGLE, 3839
CLEMSON G. TURREGANO, 8921
BARRY N. TYREE, 5758
JOHN UBERTI, 1020
GREGORY J. ULSH, 3681
PHILIPPE J. UPPERMAN, 9400
DAVID W. VADEN, 4128
RAMON VALLE, 2240
RICHARD W. VANALLMAN, 1216
RAYMOND T. VANPELT, 7713
ROBERT J. VASTA, 0706
JAMES M. VAUGHN, 4046
JOHN K. VAUGHN, 3598
ARNOLD K. VEAZIE, 4783
DAVID W. VERGOLLO, 7755
ANTHONY C. VESAY, 2515
ALFRED VIANA, 3450
LANCE A. VOGT, 5778
CHRISTOPHER T. VOLK, 6261
*BRYAN S. VULCAN, 7604
MICHAEL L. WACLAWSKI, 3167
RODERICK K. WADE, 6415
WILLIAM O. WADE, III, 2718
THOMAS D. WAHLERT, 1545
WILLIAM A. WALK, 0794
JAMES M. WALKER, JR., 0493
WALTER M. WALKER, 3196
DOROTHEA I. WALLACE, 0847
JOSEPH K. WALLACE, 7782
*SUSAN C. WALLACE, 9053
*ROBERT S. WALSH, 9889
ROBERT C. WALTER, 5556
STEPHEN WALTERS, 4581
JAMES M. WARING, 8554
MICHAEL L. WARSOCKI, 7917
JAMES N. WASSON, 0954
ROGER WATERS, 6217
JAMES L. WATSON, JR., 1990
KEVIN L. WATSON, 9174
RONALD A. WATTS, 5910
ANDREW F. WEAVER, 0772
JAMES R. WEBER, 7996
KEVIN A. WEDMARK, 2663
BRANDA M. WEIDNER, 8144
MARK R. WEITEKAMP, 9679
RONALD W. WELCH, 9204
GERALD L. WELLS, 9527
STEPHEN M. WELLS, 7999
JOHN A. WENZEL, 1092
*TIMOTHY L. WHALEN, 0235
WILLIAM L. WHEELEHAN, 7969
CHARLES WHITE, 2993
DAVID F. WHITE, 6709
RANDALL T. WHITE, 7639
RONALD E. WHITE, 5836
TIMOTHY L. WHITE, 8277
RANDY R. WIERS, 1135
PERRY L. WIGGINS, 3781
JOHN A. WILCOX, 4163
BRENT A. WILDASIN, 8745
JOHN A. WILHELM, 3817
JOHN C. WILHELM, 5621
*ANTHONY L. WILLIAMS, 0596
BENJAMIN H. WILLIAMS III, 1613
DEBORAH L. WILLIAMS, 8894
DONNA L. WILLIAMS, 8536
HERMAN WILLIAMS III, 4611
RANDY L. WILLIAMS, 7031
RICKEY K. WILLIAMS, 6679
ROBERT A. WILLIAMS, 3535
RUSSELL WILLIAMS, 9482
VIRGIL S. WILLIAMS, 7077
ALBERT S. WILLNER, 3885
CHARLES L. WILSON, 8544
GEORGETTE P. WILSON, 6687
JOHN P. WILSON, 9425
LANCE L. WILSON, 5101
STANLEY W. WILSON, 5307
THOMAS K. WILSON, 0857
STEPHEN E. WINKLER, 0953
WAYNE M. WINTERLING, 1970
MICHAEL B. WINZELER, 4046
DANIEL V. WISE, 8606
JEFFREY R. WITSKEN, 5110
DANIEL G. WOLFE, 5282
THOMAS F. WOLOSZYN, 1294
JOE A. WOOD, 3229
JOHN K. WOOD, 3740
KENT T. WOODS, 9632
EDMUND W. WOOLFOLK, JR., 0327
HAROLD H. WORRELL, JR., 3458
DAVID V. WREFORD, 3793
JERRY V. WRIGHT, 8988
JOHN T. WRIGHT, 1578
PHILLIP D. WRIGHT, 7554
LARRY D. WYCHE, 9416
EDGAR J. YANGER, 5910
MICHELLE F. YARBOROUGH, 9308
MICHAEL S. YARMIE, 4116
MARK W. YENTER, 9087
RONALD YOUNG, 6270
THOMAS S. YOUNG, 7051
MARK A. ZAMBERLAN, 1190
PETER B. ZWACK, 0137

IN THE ARMY

THE FOLLOWING-NAMED OFFICERS FOR APPOINTMENT TO THE GRADE INDICATED IN THE U.S. ARMY AND FOR REGULAR APPOINTMENT (IDENTIFIED BY AN ASTERISK (*)) UNDER TITLE 10, UNITED STATES CODE, SECTIONS 624 AND 531:

To be major

*MADELFIA A. ABB, 6830
*WILLIAM R. ABB, 4887
*ROBERT L. ABBOTT, 5570
*DAVID A. ACCETTA, 2687
DAVID P. ACEVEDO, 5339
*JAMES H. ADAMS, 8386
*RICHARD K. ADDO, 4379
PAUL S. AGUE II, 1319
ANTONIO A. AGUTO, JR., 6533
PETER D. AHL, 7590
ADAM R. ALBINA, 7571
CARL A. ALEX, 6876
*JAMES E. ALEXANDER, 8102
*ROBERT A. ALEXANDER, 1459
*THOMAS A. ALLAIRE, 2396
*LARRY D. ALLEN, 4031
SHAWN D. ALLEN, 4982
*RICHARD L. ALLISON, JR., 9604
PEDRO G. ALMEIDA, 6651
*JAMES E. ALTHOUSE, 3840
*CHARLOTTE D. ALVARENGA, 8961
MATTHEW H. AMBROSE, 9983
*ANTONIO J. AMOS, 1236
*DUANE E. AMSLER, JR., 5345
GEORGE A. ANDARY, 7980
DAVID P. ANDERS, 6526
DEBORAH K. ANDERSON, 8372
*DUANE T. ANDERSON, 9998
*JOHN M. ANDERSON, 6074
*THOMAS J. ANDERSON, 9191
MARTY A. ANGELI, 9345
JEFFREY P. ANGERS, 2372
*STANFORD E. ANGION, 4115
JOSEPH W. ANGYAL, 2479
*EDWINA D. ANTHONY, 3810
MICHAEL E. ANTI, 3866
CARMINE C. APICELLA, 1444
*WILLIAM G. APIGIAN, 4628
*JAIME L. APO, 8405
JAN F. APO, 9722
*MICHAEL APODACA, 6610
KEVIN V. ARATA, 3178
PAUL J. ARCANGELI, 0057
*REGINALD D. ARMSTRONG, 9277
*GARY R. ARNOLD, 5452
*THOMAS S. ARRINGTON, 4421
PAUL L. ARTHUR, 6913
JOSEPH E. ARTIAGA, 1746
SAMUEL L. ASKEW III, 1164
RICHARD A. AST, 2567
*FRANCIS G. ATKINSON, 7042
FERNANDO AVALOS, 3065
*BRYAN F. AVERILL, 8361
MARC D. AXELBERG, 9236
*STEVEN W. AYERS, 5080
*WALTER AYMERICH, 9294
RANDY J. BACHMAN, 9633
*CLARK R. BACKUS, 2173
*DENNIS L. BACON, 8678
*TEREZ A. BADGER, 4990
CHRISTOPHER M. BADO, 1681
PETER J. BADOIAN, 5462
RUSSELL N. BAILEY, 6701
*GREGORY C. BAINE, 2761
ARTHUR H. BAIR III, 6587
BRUCE W. BAKER, 8923
JAMES E. BAKER, JR., 4195
*TONY M. BAKER, 0391
MARK BAKUM, 6097
*MARK J. BALLESTEROS, 5211
*MARK E. BALLEW, 9832
LEIGH M. BANDY, 0746
TRACY P. BANISTER, 1933
DOUGLAS T. BANKS III, 1107
MICHAEL J. BARA, 1486
MARK A. BARBOZA, 6749
WAYNE S. BAREFOOT, JR., 3530
*BRIAN T. BARRETT, 5729
BENJAMIN J. BARRIS, 1718
PATRICK M. BARRY, 6798
ROBERT G. BARTHOLET, 8778
*ERIC P. BATTINO, 7809
THOMAS A. BATTLE, 5433
*PAUL K. BAUMANN, 0262
HILLARY R. BAXTER, 5408
MARK D. BAXTER, 6975
*RONALD H. BAYHI, 6528
KEITH A. BEAN, 7358
*PATRICK C. BEATTY, 8232
JOHN G. BECHTOL, 4769
ANTHONY F. BECK, 5015
CURTIS L. BECK, 8174
WILLIAM R. BECKMAN, 8951
BRIAN P. BEDELL, 8050
*DAVID A. BEECH, 2537
STEVEN D. BEHEL, 8299
TED J. BEHNCKE, 0677
RONNIE L. BELL, JR., 8557
THOMAS G. BELL, 7753
*LOUIS J. BELLO, 0710
JOHN J. BELME IV, 4958
STEVEN D. BELTSON, 8519
*STEPHEN J. BENAVIDES, 6392
*MICHAEL A. BENDER, 8668
*KIM L. BENESH, 8213
*BRIAN D. BENNETT, 0636
*ROBERT W. BENNETT, JR., 4098
*GEORGETTA S. BENNETTATTAWAY, 1927
CHARLES H. BENSON III, 4211
CHRISTOPHER L. BENSON, 1669
*TABB B. BENZINGER, 5678
*ANDREW M. BERRIER, 4118
*PHARISSE BERRY, 9396
MICHAEL J. BESSASPARIS, 8476
*ROBERT S. BEVELACQUA, 9084
*PAUL BEZZEK, 2509
BALRAM J. BHEODARI, 6155
*ROBERT D. BIALEK, 4412
*GARY M. BIDELMAN, 6355
ELIZABETH A. BIERDEN, 5604
MONIQUE C. BIERWIRTH, 3132
*WILLIAM F. BIGELOW, 8759
ALLAN L. BILYEU, 6548
ELLEN A. BIRCH, 4610

STEPHEN M. BIRCH, 6716
JOSEPH F. BIRCHMEIER, 5214
JAMES E. BIRD III, 0739
JOHN H. BIRDSONG III, 5074
*TIMOTHY E. BIRKENBUEL, 6263
*MARTIN O. BIXBY, 4873
*MARCUS C. BLACK, JR., 1034
*OLIVER A. BLACK, 4144
CRYSTAL S. BLACKDEER, 8429
MICHAEL D. BLACKWELL, 9710
JOHN F. BLAIR, 7761
*OBEDIAH T. BLAIR, 3992
*THOMAS S. BLAIR, 7408
ERIK T. BLECHINGER, 9052
BRADLEY D. BLOOM, 8174
*RICHARD L. BLOOMER, 2679
*GUSTAVO E. BLUM, 8613
ROGER M. BOBER, 8810
*JEFFREY T. BOCHONOK, 7106
KURT A. BODIFORD, 4589
RALPH BOECKMANN, 4803
*ALFRED H. BOEHM, 6821
*KENNETH M. BOERSMA, 8700
*WILLIAM L. BOLDEN, JR., 4394
NORMAN C. BOLING II, 6974
*BOB G. BOND, 4399
*HENRY T. BOOKER, 3090
*ROBERT W. BORDERS, 6198
*MICHAEL D. BORG, 0699
WILLIAM M. BORUFF, 6656
SCOTT P. BOSSE, 1537
ROLAND J. BOSTICK, 3592
*BRIAN E. BOSWORTH, 0817
MARY C. BOURG, 0944
JEFFREY R. BOURNE, 4077
*MARK C. BOUSSY, 6848
CALVERT L. BOWEN III, 5449
*ALLEN T. BOYD, 8295
*RAFEAL D. BOYD, 4402
*WILLIAM K. BOYETT, 3733
*MARGARET S. BOZGOZ, 0619
SAUL BRACERO, 5348
*BRENT E. BRACEWELL, 7856
*CHRISTOPHER E. BRADBERRY, 9905
*DENNIS C. BRADFORD, 6878
JEFFREY A. BRADFORD, 7432
*IVAN D. BRADLEY, 6724
*LISA M. BRADLEY, 3745
DAVID L. BRAND, 8336
*HAROLD T. BRANDENBURG, JR., 9309
*MARK S. BRANDON, 3237
MARY E. BRANSFORD, 3894
*DAVID M. BRANSTETTER, 2677
GARY M. BRENNIS, 5905
HOWARD K. BREWINGTON, 3267
*VON M. BRICKHOUSE, 4106
MICHAEL R. BRIDGES, 7226
*GREGORY K. BRIGHT, 3576
DARRELL L. BRIMBERRY, 1392
*GARY M. BRITO, 9038
DAVID M. BROCK, 4146
*JAMES L. BROGAN, 3303
SCOTT E. BRONSON, 0069
ANDREW I. BROWN, 9777
BARTON B. BROWN II, 0606
*BOBBY J. BROWN, 8841
*CHESTER F. BROWN, 3181
GEORGE C. BROWN, 8317
*JAY M. BROWN, 5715
*JOHN O. BROWN, 4698
KEITH BROWN, 1964
MICHAEL E. BROWN, 9996
ROSS A. BROWN, 6537
TIMOTHY D. BROWN, 9236
*STEPHEN M. BRUCE, 7617
*JOHN R. BRUDER, 6786
SCOTT F. BRUNER, 3219
*CHERYL P. BRUTON, 4302
ANNE L. BRYANT, 4362
*TODD A. BRYMER, 4770
SHAWN P. BUCK, 9398
DAVID W. BUCKINGHAM, 8771
SHAWN A. BUDKE, 4020
*GREGG E. BUEHLER, 3146
*PHILIP W. BUFORD, 9626
*DANNIE L. BULLOCK, JR., 7905
KATHRYN A. BURBA, 8511
*DAVID E. BURCH, 6036
*JOHN C. BURDETT, JR., 8658
DEBRA L. BURGER, 6755
JOHN R. BURGER, 0960
CHARLES F. BURKE, 6243
*GREGORY J. BURKE, 9147
ROBERT E. BURKS, JR., 9656
WILLARD M. BURLESON II, 8352
*MATTHEW J. BURNS, 8276
JAMES S. BURNSIDE, 1318
*AL T. BURRS, JR., 1229
ROBERT C. BUSCHER, JR., 3155
*HOLLIS L. BUSH, JR., 7171
*WILLIAM C. BUTCHER, 0167
BRIAN D. BUTLER, 0329
JOHN P. BUTLER III, 6174
*MICHEL L. BUTLER, 5964
ROLAND S. BUTLER, 9014
LYNN K. BYERS, 5761
*MICHAEL A. BYRD, 2027
ROBERT K. BYRD, 7878
*PAMELA M. BYRNE, 3836
STEPHEN R. CAIN, 4573
ROBERT W. CAIRNS, 7315
MARION K. CALLAHAN, 1375
JOHN T. CALLERY, 1036
JOSEPH R. CALLOWAY, 7077
*OTIS CALVIN, 9219
*ASHAWN D. CAMPBELL, 4121
*DEBRA K. CAMPBELL, 9906
*DENNIS L. CAMPBELL, 1311
*LESTER J. CAMPBELL, 2260
ANDREW C. CAMPI, 8187
KATHLEEN A. CANNON, 1247
*WILLIAM K. CANTRELL, 9476
*DION A. CANTU, 0469
JOSE A. CARBONE, 2835
ANTHONY C. CARIELLO, 9143
MARK J. CARLSON, 6939
*ROBERT K. CARNAHAN, 4735
*DANIEL W. CARPENTER, 9967
MAXEY B. CARPENTER III, 5194
DOUGLAS A. CARR, 3869
JAMES T. CARR, 8925
CHARLES L. CARRICK III, 1422
JONATHAN L. CARROLL, 4404
*ROBERT J. CARROLL, 5116
*ROBIN P. CARROW, 2989
CURTIS J. CARSON, 1953
DAVID H. CARSTENS, 1277
REBECCA CARTER, 1636
*DENNIS A. CASH, 4308
*MICHAEL A. CASPER, 8784
*ROBERT J. CASPER, 6705
ROBERT M. CASSIDY, 9074
HUGH C. CATE III, 8141
*JOHN CATINO, JR., 7379
ROBERT J. CAULFIELD, JR., 3500
*BRUCE D. CAULKINS, 7047
CHRISTOPHER G. CAVOLI, 7949
*RANDALL R. CEPHUS, 7310
ALGIS J. CESONIS, 5254
*MACIE M. CHAMBERS, 4628
*WILLIE J. CHANDLER, 9562
*MICHAEL G. CHANG, 5267
*JOHN E. CHAPMAN, 2279
NICHOLAS P. CHARLES, 0691
*SHARON Y. CHARLES, 2811
LUIS R. CHAVEZ, 2742
*JOHN T. CHENERY, 0072
*JOHN A. CHICOLI, 4373
*CHONGKIN CHIN, 7242
*DARRELL W. CHINN, 9336
*TIMOTHY J. CHMURA, 1477
*HERBERT M. CHONG, 1538
BRYCE R. CHRISTENSEN II, 6748
THOMAS V. CHRISTENSEN, 6866
*DEIDRE R. CHUNG, 3231
HONG K. CHUNG, 9978
*CHRISTOPHER CHURCHBOURNE, 1931
TIMOTHY D. CHYMA, 8967
CARMINE CICALESE, 6749
*SHANNON S. CLABURN, 3136
*EDDIE W. CLARK, 8941
ERVIN B. CLARK, JR., 5246
JOEL J. CLARK, 5643
PATRICK A. CLARK, 6359
*RICHARD A. CLARK, 5780
*WILLIAM R. CLARK, 3900
KEVIN R. CLARKE, JR., 9171
*MARTIN C. CLAUSEN, 4855
*RANDY T. CLEMENTS, 8830
*PHILIP B. CLEMMONS, 2323
*BRUCE B. CLINGMAN, 1851
ROGER L. CLOUTIER, JR., 9139
DAVID C. COCHRAN, 9125
MARK R. COFFIN, 4310
*MARK H. COGBURN, 8958
*JONATHAN M. COHEN, 9645
*ALFONSO COLBOURNE, 7132
WILLIAM E. COLE, 9758
*ERNEST C. COLEMAN, 7134
*DENNIS T. COMER, 3950
JAMES J. CONNELLY, 1790
JAY R. CONNORS, 9481
*KEVIN M. CONROY, 7101
BESHARA J. CONSTANTINE, JR., 4909
*CHRISTOPHER D. CONWAY, 4922
GREGORY J. COOK, 6844
*JAMES D. COOK, 4553
*PETER D. COOK, 8259
*THOMAS S. COOK, 2373
JOHN D. COOKSEY, 0878
KEVIN D. COONEY, 6228
CURT S. COOPER, 1010
PAUL J. COOPER, 6244
*KENNETH D. COPELAND, 7817
*PAUL COPELAND, 7735
*DAMON J. CORBETT, 9763
MARK T. CORBETT, 7522
SHARI L. CORBETT, 6589
*PHILIP CORBO, 4570
*THOMAS L. CORE, 5327
*ANTHONY P. CORNETT, 6488
*ROOSEVELT H. CORPENING, 8783
*GUY T. COSENTINO, 5962
STEPHEN M. COSTABLE, 8960
*CONSTANTINE H. COSTAS, 7062
ANDRE M. COTAROBLES, 1715
*SCOTT R. COULTER, 2229
ALEX G. COVERT, 0792
*TORRIS D. COWAN, 4690
*BRUCE E. COX, 3747
DOUGLAS A. COX, 9738
JOSEPH M. COX III, 8889
*REGINALD T. COX, 4878
SCOTT A. COY, 0327
DAVID W. CRABTREE, 7495
*JAMES E. CRAIG, 5411
*ROBERT S. CRAIG, 0690
MARK A. CRAVENS, 3685
*EDUARDO J. CRAWFORD, 9358
ROBERT B. CREVELING, 1008
*NEIL P. CRIBB, 3524
JOHN R. CRINO, 7841
DOUGLAS C. CRISSMAN, 4708
RICHARD E. CROGAN II, 8008
*IVETTE R. CROSBY, 3544
*JOHN W. CROSS, 1901
*CLIFFORD P. CROW, 5623
ALVIN F. CROWDER III, 9196
*DAVID M. CROY, 3917
DAVID B. CRUM, 7748
*BRIAN P. CUMMINGS, 1414
*JOHN L. CUNTZ, 7468
DARRYL G. CURETON, 2194
TODD M. CURRIE, 3545
JOHN T. CURRIER, 6654
*WILLIAM T. CUSSINS, 9431
SCOT H. CUTHBERTSON, 1394
TODD A. CYRIL, 6806
EDWARD J. DAES, JR., 0404
*DEBRA D. DANIELS, 5201
*PAUL R. DANIELS, 5724
BENTON A. DANNER, 3418
ROGER R. DANSEREAU, 6120
*GERALD P. DANUSSI, 4814
*CARL R. DARNALL, 6591
CLAYTON M. DAUGHTRY, 9030
CLIFF A. DAUS, 8528
*JOHN C. DAVIDSON, 8833
ARCHIE P. DAVIS III, 8652
*CHARLES M. DAVIS, 4221
CHRISTOPHER P. DAVIS, 8786
JAMES V. DAVIS, 0876
*KENT D. DAVIS, 0285
*LEONEAL DAVIS, JR., 5263
*MELVIN A. DAVIS, 6133
*MICHAEL W. DAVIS, 8118
ROBERT B. DAVIS, 5370
THOMAS E. DAVIS, 4696
*WILLIE L. DAVIS, 6669
*DENNIS D. DAWSON, 5589
*SAMUEL R. DAWSON, 0145
BRANT V. DAYLEY, 3279
*KENNETH L. DEAL, JR., 1864
ROGER A. DEAN, 2176
*RICHARD V. DEBRAY, 3940
BRYAN D. DECOSTER, 8100
*DONALD E. DEGIDIO, JR., 1807
PAUL B. DEGIRONIMO, 3838
CHRISTOPHER DELAROSA, 0748
*TIMOTHY R. DELASS, 3490
DANIEL P. DELEO, 8156
*DAVID R. DELFAVERO, 4659
*JOHN T. DELOACH, 0866
*SERAFI DELOSANTOS, 8108
*PAUL R. DENNIS, 4236
*FREDERICK R. DENNISON, 7972
*RANDY W. DENNY, 6823
*GREGORY P. DEWITT, 9890
ROBERT P. DICKERSON, 1340
*DAVID A. DIEHL, 0743
*MICHAEL A. DILLARD, 6280
ANDREW J. DIMARCO, 5482
JOSEPH P. DIMINICK, 8520
RICHARD B. DIX, 4786
*PATRICK K. DIXON, 5858
*DAVID H. DODSON, 8723
ROBERT J. DONAHUE, JR., 4182
GERALD O. DORROH, JR., 3014
*DARRELL M. DORSETT, 5484
*MARSHALL K. DOUGHERTY, JR., 8161
RICHARD J. DOW, 3815
*CODY D. DOWELL, 8829
*JIMMY E. DOWNS, 8020
*MARK D. DRABECKI, 5610
*JOHN P. DRAGO, 5367
*JOSEPH P. DRAGO, 4758
*MARIA R. DREW, 6364
*CARL A. DROZD, 6042
*JON R. DRUSHAL, 5291
*CHRIS A. DUDLEY, 1533
DAVID A. DUFFY, 5615
*FREDERICK B. DUGAN, 4153
JAMES C. DUGAN, 8917
*WILLIAM P. DUGGAN, 1642
*MICHAEL R. DULANEY, 7599
*PAUL C. DULCHINOS, 6166
*STEPHEN F. DUNHAM, 6142
KEVIN R. DUNLOP, 8020
MICHAEL C. DUNN, 1731
DWIGHT L. DUQUESNAY, 5690
RANDY D. DURIAN, 3052
DARIK D. DVORSHAK, 0156
*ALAN E. DYE, 0499
*LEVERN EADY, 5338
*KENNETH M. EARLS, 8153
BRIAN W. EBERT, 7817
WAYNE A. ECCLES, JR., 7284
JOHN O. EDBORG, 8657
CHARLES E. EDGE, 3721
*JIMMY D. EDINGER, 1008
MARK L. EDMONDS, 1303
SONYA H. EDMONDS, 9692
SCOTT L. EFFLANDT, 9480
*JAMES A. EGAN, 0894
*SHANNON L. EGGER, 3530
DAWN M. EISERT, 1550

MICHAEL S. EIXENBERGER, 1561
*CHARLES J. EKVALL, JR., 6570
JEFFREY G. ELLIOTT, 9146
STACY M. ELLIOTT, 9117
*RICKY L. ELLISON, 8329
*TERRY R. ELMORE, 3527
HARRIS EMMONS III, 3056
LEE H. ENLOE III, 4846
ERICH ERKER, 3941
*JEFFREY K. ERRON, 5044
*ROBERT D. ERVIN, 6466
GARY D. ESPINAS, 1896
MANUEL V. ESPINOSA, 1281
ROBERT G. ESTEY, 7490
DALLAS L. EUBANKS, 3415
*BEATRICE M. EVANS, 9120
*BILL L. EVANS, 6522
*CHARLES M. EVANS, 9719
DANIEL E. EVANS, 8588
SAN L. EVANS, 8388
*KENNETH C. EVENSEN, 0648
BARRY C. EZELL, 4060
LUIS A. FAJARDO, 9256
ROBERT H. FANCHER, JR., 4103
*LISA J. FANELLI, 1601
*DAVID C. FARLOW, 9775
DENNIS A. FARMER, JR., 8609
MARK F. FASSL, 8101
TIMOTHY W. FATH, 7191
TIMOTHY L. FAULKNER, 8291
DAVID M. FEE, 4111
*SEAN P. FEELEY, 7660
KELLY N. FEHRENBACH, 8096
*CHRISTOPHER R. FELCHLIN, 0856
ROBERT R. FELDMAN, 1685
ANITA M. FELICE, 6663
*JOSEPH R. FELICIANO, 9953
JOSEPH H. FELTER III, 0616
JOHN J. FENCSAK, 7376
RICHARD M. FENOLI, 8073
BRYAN P. FENTON, 6373
JOHN G. FERRARI, 5696
MICHAEL J. FERRONE, 7277
*MARK T. FETTER, 0955
KIMBERLY FIELD, 9104
*DOUGLAS M. FIELDS, 7370
*CARLOS A. FIGUEROA, 3889
DANIEL A. FINLEY, 8066
*MICHAEL J. FINNEGAN, 6762
*JAMES M. FISCUS, 4585
THOMAS S. FISHER, 5291
TIMOTHY W. FISHER, 7451
TIMOTHY E. FITZGERALD, 5416
KEITH A. FITZPATRICK, 7438
NEIL E. FITZPATRICK, 8002
*PAUL M. FITZPATRICK, 9400
STEVEN L. FIXLER, 4915
*RONALD F. FIZER, 1371
MICHAEL A. FLEETWOOD, 6006
*ROBERT E. FLETCHER, 0533
*MARC A. FLICKER, 4427
ALBERT L. FLOOD III, 5906
*JAMES O. FLY, JR., 0062
MATTHEW C. FLY, 5714
*FRANCIS D. FLYNN, 4507
THOMAS P. FLYNN, 1255
DANA J. FOLEY III, 6838
*ROBERT F. FOLEY, 3778
*ROMAN J. FONTES, 4073
SCOTT A. FORSYTHE, 4566
ALFRED L. FORTEZZO III, 1113
CARL E. FOSSA, JR., 9310
*MICHAEL S. FOSTER, 6933
STEPHANIE L. FOSTER, 5218
*TERRY L. FOSTER, 1993
CHRISTINE A. FOX, 1648
*CURTIS R. FOX, 3456
WILLIAM I. FOX III, 4042
*ROBERT J. FOY, JR., 5679
*GARY W. FRANKLIN, 3922
*GEORGE M. FRASER, 4315
EDWIN L. FREDERICK III, 4109
GEORGE L. FREDRICK, 6836
CHARLES L. FREEMAN, JR., 7680
NATHAN P. FREIER, 9922
MARK A. FREITAG, 4843
*LEE A. FRETWELL, 9682
JEANNETTE J. FRIEDLAND, 1690
SHAWN D. FRITZ, 0891
MALCOLM B. FROST, 8125
*KURT A. FRULLA, 2477
KYLE T. FUGATE, 4077
*STANLEY P. FUGATE, 6898
WILLIAM S. FULLER, 0263
REGINALD FULLWOOD, JR., 2719
BARRY A. GAERTNER, 4353
CARLOS J. GAINER, 0696
*JOSEPH N. GAINES, 9156
WILLIAM J. GALBRAITH, 3175
*HOLVIN GALINDO, 5101
*EDWARD R. GALLOWITZ, 5230
JOSEPH J. GANDARA, 1108
*JOSEPH GARAPOLA, 0510
*DANIEL R. GARCIA, 5120
JOSEPH G. GARCIA, 1520
*ROBERT L. GARDNER, 0921
*JOHN B. GARLAND, 1139
RONALD J. GARNER, 8754
KENNETH C. GARRETT, 5355
CABOT N. GATLIN, 4751
MARK GATTO, 1983
*MICHAEL J. GAWKINS, 5071
WILLIAM K. GAYLER, 2754
ROBERT B. GEDDIS, 4244
*AARON L. GEDULDIG, 8200
SCOTT M. GEIGER, 7698
*PETER T. GENOVA, 1875
*EARL F. GENTILE, 8919
*JAMES A. GENTILE, 2416
*BRIAN D. GEORGE, 2155
RANDY A. GEORGE, 9642
MICHAEL GERICKE, 9429
*MARIA R. GERVAIS, 6315
BERTRAND A. GES, 9980
*CHARLES C. GIBSON, 9041
*KAREN H. GIBSON, 6065
*PETER A. GIBSON, 5297
JOHN L. GIFFORD, 9278
*WILLIAM T. GILLESPIE, JR., 6542
*RONALD D. GILLIAM, 1470
ANGELA M. GIORDANO, 4044
*MAURICE E. GISSENDANNER, 2705
*CARL L. GITCHELL, 4828
JAMES A. GLACKIN, 2487
DIANE M. GLASSMEYER, 0576
GEORGE A. GLAZE, 9952
*NATHANIEL R. GLOVER, 1141
MATTHEW P. GLUNZ, 3633
*JEFFERY G. GLYNN, 3321
*KEITH M. GOGAS, 2859
*MORRIS T. GOINS, 9295
*TIMOTHY P. GOLDFISH, 3970
*GONZALO GONZALEZ, 2915
GREGORY M. GOODE, 1718
*MICHAEL GOODMAN, 2854
VELMA W. GORDON, 9529
BRUCE J. GORSKI, 7087
THOMAS J. GOSS, 0540
MICHAEL J. GOULD, 5673
MICHAEL S. GRAESE, 7049
JOHN M. GRAHAM, JR., 8736
*TIMOTHEUS A. GRAHAM, 5498
*BRADLEY K. GRAMBO, 9116
STACY A. GRAMS, 1391
NANCY J. GRANDY, 2248
*DEWEY A. GRANGER, 5656
*STEPHEN J. GRANSBACK, 3749
TIMOTHY S. GRANT, 2349
HOWARD L. GRAY, 7919
*JOHN A. GRAY, 2622
*ROBERT W. GRAY, 4885
HARDEE GREEN, 0173
LAYBAN M. GREEN, 1900
*RONALD L. GREEN, 2864
*WILLIAM J. GREGG, JR., 9851
*KEVIN A. GREGORY, 1193
ALFRED J. GREIN, 0535
*WAYNE C. GRIEME, JR., 5947
*DANIEL T. GRIFFIN, 0777
GENE E. GRIFFIN, JR., 1964
SONIA I. GRIFFIN, 9548
MICHAEL W. GRIFFITH, 1170
ROBERT W. GRIFFITH, JR., 7151
*JONNY G. GRIGORIAN, 3100
ROBERT E. GRIGSBY, 2696
*DAVID K. GRIMM, 9039
*STEPHAN B. GRINSTEAD, 6652
*DAVID W. GROB, 8869
*ALBERT L. GRUBBS, 5468
*THOMAS J. GUARNACCIA, 3308
BRUCE H. GUGGENBERGER, 7028
*TODD H. GUGGISBERG, 8911
MATTHEW J. GULBRANSON, 5321
ERIK O. GUNHUS, 2928
*DIXON M. GUNTHER, 7676
GEORGE A. GUTHRIDGE III, 5041
*DONG C. HA, 7825
*JOSEPH L. HAACK, 0807
*TRES HAASE, 6483
*MICHAEL S. HAGGARD, 8241
*DENISE D. HAGGERTY, 8772
*MACK D. HAGIN, 1452
MARK O. HAGUE, 8616
JOHN D. HALL, 9125
*JOHNNY HALL, JR., 8930
KATRINA D. HALL, 3181
*LAWRENCE T. HALL, JR., 0528
*STAN K. HALL, 7148
*JAMES G. HALLINAN, 3014
LINWOOD Q. HAM, JR., 1495
*JOHN D. HAMILTON, 2484
SAMUEL H. HAMMOND III, 2121
DAVID M. HAMMONS, 8956
RUSSELL J. HAMPSEY, 2046
DEBORAH L. HANAGAN, 7076
*DAMON A. HANCHEY, 1784
MICHAEL G. HANCOCK, 4432
DAVID L. HANKEL, 8861
RONALD K. HANN, JR., 5433
*JOHN N. HANSEN, 2416
*PATRICK L. HARDING, 8875
*MICHAEL J. HARDY, 5830
*SAMMIE L. HARGROVE, 1133
COYT D. HARGUS, 1828
*VICTOR M. HARMON, 6308
ROBERT A. HARNEY, JR., 0132
VICTOR R. HARPER, 2379
JOSEPH P. HARRINGTON, 7304
*BERNARD F. HARRIS, JR., 0625
CHARLES E. HARRIS III, 3367
*CHARLES P. HARRIS, 5198
*DARRELL E. HARRIS, 0907
*ERIC P. HARRIS, 0092
*PATRICK O. HARRIS, 8592
SCOTT A. HARRIS, 0437
VICTOR A. HARRIS, 2314
*JEFFREY S. HARRISON, 0548
GEORGE J. HART, 2708
*RICHARD K. HART, 0286
*MICHAEL J. HARTIG, 1901
*BARRY L. HARTLEY, 7408
DOUGLAS D. HARTMAN, 6547
*ERIC M. HARTMAN, 2082
HERMANN G. HASKEN III, 2386
*MARK D. HASTY, 6558
*NICHOLAS P. HATCH, 7137
STEVEN T. HAYDEN, 7031
*BRIAN M. HAYES, 1971
ANGELA D. HAYNES, 8348
*ANGELA N. HAYNES, 3712
*JAMES L. HAYNSWORTH, 9130
MICHAEL S. HEALY, 5731
*WILLIE V. HEARNE, 3133
*ROBERT D. HEATH, 7204
*CHARLES C. HEATHERLY, 0453
JON P. HEIDT, 8402
*DONALD M. HEILIG, JR., 3857
*DEAN D. HEITKAMP, 8083
*AUSTIN W. HENDERSON, 7673
BENJAMIN E. HENDERSON, 1851
*JOSEPH P. HENDERSON, 5863
*JEFFREY L. HENDREN, 7360
HEATHER G. HENDRICKSON, 1945
*ROBERT E. HENSTRAND, 3311
ANDREW R. HEPPELMANN, 3355
*CHRISTOPHER V. HERNDON, 4632
ROBERT B. HERNDON, 6207
*STEPHEN E. HERRING, JR., 7609
*COLLEEN J. HERRMANN, 5912
*HORST P. HERTING, 5545
*JAMES D. HESS, 8426
*BRENDA L. HICKEY, 8103
*MARK A. HICKS, 8849
THOMAS E. HIEBERT, 7597
*MICHAEL C. HIGGINS, 9699
*SEAN W. HIGGINS, 9385
*PAUL M. HILL, 0168
*CHRISTOPHER P. HIMSL, 9097
*JON M. HINCHCLIFFE, 3203
*ADAM R. HINSDALE, 0085
HAROLD M. HINTON, JR., 3566
*JUSTIN A. HIRNIAK, 8602
*MARK R. HIRSCHINGER, 4588
KEITH A. HIRSCHMAN, 9594
*ROBERT T. HIXON, 5221
MARK H. HLADKY, 7413
*MYRON R. HNATCZUK, 3404
CHRISTOPHER H. HOBART, 0182
*RICHARD G. HOBSON, 4240
*KURT C. HOCH, 3659
BARRY W. HOFFMAN, 7176
ROY G. HOFFMAN, 1555
*SCOTT J. HOFFMANN, 3562
*ANDREW J. HOGAN, 1642
*CHRISTOPHER J. HOGUET, 8240
*RICHARD J. HOLDREN, 4435
*FRANCIS L. HOLINATY, 5046
MARTIN J. HOLLAND, 3584
WILLIAM HOLLINGSWORTH, 6561
*CHRISTOPHER S. HOLLY, 5385
*RALPH A. HOLSTEIN, 3332
*CHARLIE P. HOLT, JR., 4811
SAMUEL C. HOMSY, 9166
MARK C. HOROHO, 2857
RICHARD D. HORSLEY, 5761
FREDRICK D. HOSKINS, 5183
*PAUL S. HOSSENLOPP, 6709
*SEAN HOTALING, 7685
SAMUEL C. HOUSTON, JR., 5481
*WILLIAM L. HOWARD, JR., 3394
JOHN P. HOWELL, 7441
JENNIFER M. HOYLE, 9344
*MICHAEL W. HUBNER, 3510
TODD M. HUDERLE, 4206
AUDREY D. HUDGINS, 9147
DANNY HUDSON, 7423
EVAN A. HUELFER, 4869
FERNANDO M. HUERTA, 0001
*GEORGE D. HUGGINS, 5616
GERALD W. HUGHES, 9805
*JEFFREY A. HUGHES, 6483
*ROBERT S. HUGHES, 1[illegible]33
WILLIAM B. HUGHES, 5042
ROBERT L. HULSLANDER, 0125
*SCOTT F. HUME, 2945
ROBERT J. HUNT, JR., 3585
*GILBERT G. HURON, 5778
CLAYTON M. HUTMACHER, 6851
MARC B. HUTSON, 0056
*JAMES E. HUTTON, 6588
JOHN A. HYATT, 7461
*CHARLES F. HYDE, 6952
MICHAEL P. HYNES, 7252
MICHAEL A. IACOBUCCI, 8170
JAMES T. IACOCCA, 1074
*ROBERT D. IBARRA, 0083
*DAVID S. IMHOF, 1887
MICHELE A. IMIOLA, 2867
*SEBASTIAN O. INGRAM, 2148
DOUGLAS L. INGROS, 5709
*CHARLES P. IPPOLITO, 4578
*MICHAEL E. IRATCABAL, 7172
*JOSEPH M. IRBY, 1576
*HARRY A. IVARIE, 5648
*AUBIN M. JACK, 6937
*CURTIS D. JACKSON, 8712

MARK M. JACKSON, 4032
RODERIC C. JACKSON, 8132
SCOTT D. JACKSON, 3534
DAVID L. JAMES, 6953
*KORYA J. JAMES, 5625
*THOMAS P. JAMESON, 9695
TERRY J. JAMISON, JR., 4434
ALAN L. JANS, 9520
MICHAEL J. JANSER, 7103
*CLAY C. JANSSEN, 3934
ROBERT R. JARRETT II, 3252
BOBBY F. JARVIS, JR., 3601
ROBERT A. JARVIS, 5332
KARL A. JEHLE, 4515
*BERNARD L. JENE, 1837
*BRUCE D. JENKINS, 5750
SEAN M. JENKINS, 3739
MARIA M. JENSEN, 8903
*STEPHEN E. JESELINK, 1057
FREDERICK H. JESSEN, 0310
JOHN H. JESSUP, 2035
*PHOEBE A. JETER, 7222
RAMON JIMENEZ, 1604
MICHAEL R. JOHNS, 0335
*ANGELO W. JOHNSON, 0458
*BERNARD JOHNSON, 6971
*DARRELL W. JOHNSON, 4071
DARRYL H. JOHNSON, 5587
DAVID G. JOHNSON, 9432
*GREGORY A. JOHNSON, 6553
JAMES G. JOHNSON, 5949
MICHAEL J. JOHNSON, 4573
MICHAEL W. JOHNSON, 8241
*PHILLIP M. JOHNSON, JR., 3887
RONALD M. JOHNSON, 0809
*ROSSIE D. JOHNSON, 4680
GARY W. JOHNSTON, 9901
*JOHNNY J. JOHNSTON, 2062
*ROBERT J. JOHNSTON, 0875
*CATHERINE A. JONES, 5122
*CRAIG W. JONES, 4387
*DARVIN H. JONES, 3119
DAVID S. JONES, 6385
DEISY JONES, 2879
*JAYME M. JONES, 8421
*JERRY C. JONES, 1687
*JOHN K. JONES, 6212
KIM L. JONES, 4038
PATRICIA A. JONES, 1309
ROBERT S. JONES, 6640
RONALD D. JONES, 9885
ALGIE M. JORDAN III, 8200
*KAREN Z. JORDAN, 6334
*RODNEY E. JORDAN, 5645
*CHRISTOPHER A. JOSLIN, 0658
*TIMOTHY F. JUERGENS, 0460
KEITH L. JUNE, 4263
JAMES B. JUSTICE III, 9772
FREDRIC E. KAEHLER, 9745
RICHARD G. KAISER, 9228
ROBERT E. KAISER, 9213
*ARTHUR A. KANDARIAN, 0031
GREGORY P. KANDT, 0299
*HARRY F. KANE, 9938
*RICHARD M. KANNEY, 3943
MARK A. KARASZ, 4454
*THOMAS J. KARDOS, 5816
*PAUL J. KARNAZE, 5680
*CHRIS L. KARSTENS, 9827
MATTHEW C. KAUFMAN, 4334
*PHILLIP G. KAUFMANN, 4332
MICHAEL H. KAUTZ, 4473
RALPH L. KAUZLARICH, 6682
HEIDI M. KAVANAUGH, 7876
JAMES A. KEARSE, 3138
*JACK L. KEATON, JR., 6294
TODD A. KECK, 0318
*JOHN D. KEITH, 9047
*MICHAEL J. KELEHER, 3505
MATTHEW S. KELLEY, 9953
STEVEN W. KELLY II, 4688
ILEAN K. KELTZ, 2314
*RICHARD B. KEMPF, 4103
CHRISTOPHER KENDZIERA, 5165
*STEPHEN J. KEPPLER, 7916
ROGER D. KERN, 9248
DAVID V. KETTER, 9180
STEPHEN M. KIDWELL, 8888
JEFFREY W. KILGO, 0666
MITCHELL L. KILGO, 2288
GARY W. KING, 2627
JOHN S. KING, 0786
JOHN W. KING II, 0084
*STEVEN A. KING, 3569
*PATRICK J. KIRK, 3474
*JACQUELINE B. KIRKENDOLL, 8474
RONALD KIRKLIN, 9266
ROBERT R. KISER, 5075
RYAN B. KIVETT, 7887
RICHARD P. KLEIN, 1313
*SHAWN M. KLIEGL, 3946
*AIMEE L. KLIMOWICZ, 2556
JAMES C. KLOTZ, 5093
EVERETT D. KNAPP, JR., 2112
LENNY J. KNESS, 5601
*CARL C. KNICKERBOCKER, 0559
*ANDY F. KNIGHTS, 5772
TAMMY L. KNOTT, 4438
HAROLD M. KNUDSEN, 8211
MICHAEL E. KNUTSON, 5175
*PAUL E. KNUTSON, 3302
*PERRY J. KOCHELL, 8942
*KERRY M. KOEHLER, 2264
*LANCE R. KOENIG, 6597
*KEITH D. KOESTER, 5510
*GARY M. KOLB, 9582
CHRISTOPHER D. KOLENDA, 3390
JOHN M. KOLESSAR, 0367
DAVID P. KOMAR, 6055
AIMEE L. KOMINIAK, 0314
*JOHN F. KOPE, 8772
JOHN E. KORETKE, 8881
TERRY D. KORTY, 8924
*GARY J. KOTOUCH, 6590
*STEVEN R. KRAMER, 8384
*DEAN A. KRATZENBERG, 7680
FRED T. KRAWCHUK, JR., 0669
*MARK A. KROMER, 5412
HENRY U. KRON, 0054
KENNETH M. KRUMM, 7397
*SCOTT P. KUBICA, 0249
DALE C. KUEHL, 5273
*JEFFREY D. KULMAYER, 9039
*THOMAS G. KUNK, 3991
JOHN G. KUNKLE, 3561
MICHAEL E. KURILLA, 1139
*GARY L. LAASE, 3114
TRESE A. LACAMERA, 2417
KEITH D. LADD, 4894
*JAMES A. LAFFEY, 2810
CHARLES P. LAKIN, 1062
RUSSELL J. LAMARRE, 5351
SAMUEL E. LAMB, 1726
STEVE E. LAMBERT, 9423
*JAMES D. LAMPTON, 1501
*SHIRLEY J. LANCASTER, 9542
*KEVIN A. LANDY, 7985
*EDWARD J. LANE, 7670
*KARLA O. LANGLAND, 6552
CLEMENT J. LANIEWSKI, 9659
DONALD A. LANNOM, 2432
BRIAN L. LANTZ, 4532
*THOMAS R. LANTZY, 0302
EUGENE R. LANZILLO, JR., 9505
EDWARD C. LARSEN, 6348
*ROBERT S. LARSEN, 3019
GREGORY P. LARSON, 6343
*ROBERT L. LARSON, 3088
RORIK W. LARSON, 2767
STEPHEN R. LASSE, 2107
RICHARD E. LAUBER, 5611
GREGORY D. LAUTNER, 3987
*SANDRA R. LAVENDER, 9592
*FRANCIS J. LAWLER, 7665
*JEFFREY LAWRENCE, 2638
JOHN P. LAWSON, 4965
MICHAEL L. LAYRISSON, 8634
*JOSEPH K. LAYTON, 5222
ROBERT E. LAZZELL II, 1880
WILLIAM J. LEADY, JR., 4045
JAMES P. LEARY, 8267
*EDWARD C. LEDFORD, 6764
PETER J. LEE, 6482
ADAM J. LEGG, 2586
ROBERT J. LEHMAN, 5335
LARRY D. LEHRMAN, JR., 1845
CHAD G. LEMAY, 1610
JOHN LEMONDES, JR., 9618
LARRY R. LENKEIT, 5869
NICOLAS G. LESHOCK, 0078
TIMOTHY A. LETOUZEL, 1592
*MICHAEL S. LEWIS, 6002
*QUINTON A. LEWIS, 0169
BOBBI J. LEYES, 6281
SAMUEL M. LIGO, 0813
ROBERT C. LING, 5587
GARY W. LINHART, 6618
*ROBERT E. LINK, JR., 5268
MANFRED L. LITTLE II, 1227
*RUSSELL M. LIVINGSTON, 1868
*DIANA E. LIZOTTE, 5201
RUSSELL L. LLOYD, 3201
THOMAS W. LLOYD, 6439
EDWARD D. LOEWEN, 5975
SCOTT J. LOFREDDO, 7632
*ROBERT C. LOGSDON, 0615
*DWIGHT LOMAX, 1068
ANDRES A. LOPEZ, 6065
*JAMES C. LORD, 4104
JAMES J. LOVE, 4838
LOIS J. LOVE, 2406
*RICARDO M. LOVE, 2890
JAMES B. LOWERY III, 4967
JAMES R. LOY II, 1732
*JAMES E. LUCAS, 1250
PAUL A. LUCEY, JR., 0864
*JAMES A. LUCK, 9383
*MARY K. LUDDY, 3928
DAVID J. LUDERS, 4387
*MICHEL J. LUGO, 8828
MARK W. LUKENS, 2919
*GEORGE A. LUMPKINS, 5165
*CHARLES H. LUNATI, 2646
MARK J. LUNDTVEDT, 9909
*ANNIESTINE D. LUNDY, 6326
VIET X. LUONG, 0232
BRIAN M. LYNCH, 9523
*DAVID L. LYNCH, 8127
JOHN M. LYNCH, JR., 4523
ANDREW J. MACDONALD, 8379
*JOHN M. MACHESNEY, 5919
*KERRY J. MACINTYRE, 6842
DAVID A. MACK, 7522
KEVIN S. MACWATTERS, 9250
LAWRENCE H. MADKINS III, 4106
THEODORE L. MAGUDER III, 2664
*JIMMIE C. MAHANA, 7164
PATRICK J. MAHANEY, JR., 6210
RICHARD A. MAJANCSIK, 1628
DAVID W. MAJOR, 3022
*DOUGLAS J. MALAN, 3296
*KEVIN M. MALEY, 5928
*ROBERT J. MALLETT, 1380
SHAWN P. MALONE, 8712
ROY C. MANAUIS, 0733
STEPHEN G. MANDES, 5777
JOHNATHAN E. MANKEL, 5375
MICHAEL D. MANN, 6365
*JOEL B. MANNING, 5674
*KEVIN B. MARCUS, 3303
ROBERT L. MARION, 7348
MATTHEW W. MARKEL, 0171
*GWEN C. MARSHALL, 0388
SHAWN B. MARSHALL, 1321
TIMOTHY J. MARSHALL, 3860
*EDWARD J. MARTIN, 1788
JEFFREY R. MARTINDALE, 1972
*MICHAEL R. MARX, 0091
SCOTT W. MARYOTT, 6979
KEITH J. MASBACK, 9482
*CLAUDIA L. MASON, 7628
ELMER R. MASON, 8252
GLEN A. MASSET, 1811
DOUGLAS V. MASTRIANO, 4673
SHELLY R. MATAUTIA, 1669
MICHAEL E. MATHES, 8197
PATRICK E. MATHES, 8096
PATRICK E. MATLOCK, 0903
*MATTHEW D. MATTER, 8524
GEORGE N. MATTHEWS, 4039
*JOHN A. MAUK, 5819
*JOHN C. MAUS, 0224
*DOUGLAS C. MCALLISTER, 9205
*GAYLON L. MCALPINE, 6632
*DAVID J. MCCARTHY, 2590
*ANITA MCCARTHY-MCGEE, 8380
*FRANK MCCLARY, 4841
GARRY W. MCCLENDON, 5744
*GREGORY R. MCCLINTON, 6508
JAMES N. MCCLOSKEY, 7758
JUQITA D. MCCLURE, 4834
*DOUGLAS F. MCCOLLUM, 8423
CALVIN R. MCCOMMONS, 2054
ANDREW J. MCCONACHIE, 0913
JIMMY L. MCCONICO, 7608
*QUINTON W. MCCORVEY, 6478
MICHAEL V. MCCREA, 5436
*THERAID A. MCCREE, 3384
OAKLAND MCCULLOCH, 8545
*JARVIS B. MCCURDY, 1943
CHRISTOPHER T. MCCURRY, 6552
*RICHARD F. MCCUSKER, 9889
*JOHN J. MCDANIEL, 0018
*RONNIE K. MCDANIEL, 9282
KENNETH W. MCDORMAN, 8983
ROBERT C. MCDOWELL, 7108
DAN MCELROY, 8708
*MICHAEL K. MCFARLAND, 9802
*THOMAS B. MCGEACHY, 4056
*EDWARD G. MCGINLEY, 0869
SHAWN P. MCGINLEY, 1680
MICHAEL L. MCGINN, 9765
MICHAEL J. MCGUIRE, 6048
*PAUL A. MCINNIS, 1609
*CHRIS E. MCINTOSH, 8972
KIRK E. MCINTOSH, 3900
*TIMOTHY A. MCKERNAN, 9517
ROBERT M. MCKINLEY, JR., 5338
JOHN E. MCLAUGHLIN, 7343
STEPHEN T. MCMILLAN, 7881
CHARLES L. MCMURTREY, 7131
*JAMES T. MCNAIR, 1578
MARK A. MCNAIR, 5606
*CORNELL MCNEAL, 3652
KEVIN L. MCNEIL, 6043
MICHAEL D. MCNETT, 8035
*JOHN H. MCPHAUL, JR., 3197
CHAD B. MCREE, 0618
ARIE J. MCSHERRY, 8336
*WADE L. MCVEY, 0493
PHILLIP A. MEAD, 0135
*KEITH R. MEEKER, 0211
JAMES R. MEISINGER, 6356
*JOSHUA MELENDEZ, 1250
JOSEPH M. MELICHER, 2301
BRIAN J. MENNES, 9313
*EDWIN D. MERCADO, 4030
*TIMOTHY D. MEREDITH, 8258
TODD A. MESSITT, 4183
WILLIAM P. METHENY III, 1471
RONALD J. METTERNICH, 1613
*GREG E. METZGAR, 1613
JEROME C. MEYER, 0604
THOMAS H. MEYER, 6111
TOM J. MEYER, 1266
DREW R. MEYEROWICH, 0432
*TERRY P. MICHAELS, 8550
*LYMUS MIDDLETON, JR., 9640
STEPHEN A. MIDDLETON, 8549
MARK F. MIGALEDDI, 3887
*JOHN S. MIKOS, 3947
BLAINE I. MILLER, 5686
CHRIS E. MILLER, 5422
*FRANK R. MILLER, JR., 1607
*GEORGE B. MILLER, 6075
MICHAEL D. MILLER, 9129

RONNIE M. MILLER, 0808
TODD D. MILLER, 6134
FRANK H. MILLERD II, 2052
*MICHAEL H. MILLICKS, 2854
*STEVEN F. MILLNER, 5526
SCOTT S. MILLS, 2868
*PATRICK D. MINER, 0912
JAMES J. MINGUS, 2565
MICHAEL W. MINOR, 5421
THOMAS MINTZER, 2197
*MARK D. MIRAGE, 5587
*DANIEL S. MISHKET, 4667
*EDDIE L. MITCHELL, 6105
*JAMES C. MITCHELL, 6133
*LESLIE MITCHELL, 2852
MARK E. MITCHELL, 5329
*MICHAEL D. MITCHELL, 9792
*RICARDO J. MITCHELL, 7099
TIMOTHY D. MITCHELL, JR., 5072
*DONALD R. MOBLEY, 6054
*JEFFERY B. MOBLEY, 1254
JOHN H. MOELLERING, JR., 7097
THOMAS J. MOFFATT, 4674
DONNA E. MOHNEY, 6212
*TONY L. MOLES, 1006
*PETER C. MOLIN, 2449
WILLIAM H. MOLLER, 1668
KIMBERLEY J. MONDONEDO, 5862
EDWARD M. MONK, 7196
BRUCE J. MONTGOMERY, 1780
DORIS P. MONTGOMERY, 0114
*AARON D. MOORE, 9112
MICHAEL C. MOORE, 9136
*THOMAS F. MOORE, 2044
*DENNIS M. MORAN, JR., 6362
JEFFREY D. MORENO, 5054
PETER J. MORET, 7100
*ANDREW M. MORKUNAS, 0362
MICHAEL J. MORONEY, 9304
*RODNEY S. MORRIS, 2477
*TODD B. MORRIS, 8052
*WILLIAM E. MORRIS, 7451
DAVID W. MORRISON, 8022
*ROBERT D. MORSCHAUSER, 6003
*NANCY L. MORSE, 7491
*EDGBERT L. MORTON, 6332
MARK A. MOSER, 4071
TIMOTHY E. MOUL, 6883
DAVID M. MOUNT, 2340
*WILLIAM B. MOWERY, 9402
FRANK MUGGEO, 1517
*ROBERT M. MUNDELL, 6493
RUTH A. MURFF, 4132
MICHAEL T. MURPHY, 6220
*KEITH E. MUSCHALEK, 2173
RICHARD C. MUSCHEK, 8238
ALFREDO J. MYCUE, 3276
STEPHEN C. MYERS, 9080
JOSEPH R. NAGEL, 9174
PETER F. NAJERA, 9523
BOBBIE K. NAPIER, 6404
*DAVID W. NAPIER, 7628
PATRICK M. NEAL, 5387
*TAYLOR S. NEELY, 5500
TROY L. NELLANS, 5464
JOHN J. NELSON, 0624
JOSEPH A. NELSON, 6036
MICHAEL E. NERSTHEIMER, 0628
LISA J. NESTAVAL, 9711
MIRT S. NEVILL III, 7947
*DAVID J. NEWBERRY, 3724
*CRAIG M. NEWMAN, 2165
*NICOLA J. NEWMAN, 3298
*WILLIAM C. NEWMAN, 6100
TIMOTHY E. NEWSOME, 0500
KEITH R. NICOLETTI, 5644
RICHARD J. NIEBERDING, JR., 2379
*MALCOM E. NIGHTINGALE, 2547
MARKO J. NIKITUK, 5112
*LARRY K. NODINE, 0851
*MICHAEL J. NOEHL, 7511
*ERIK A. NORDBERG, 7757
JOHN G. NORRIS, 3302
JOHN E. NOVALIS II, 7953
RICKY J. NUSSIO, 6881
JAMES M. OBRIEN, 3735
*CHAD W. OCHS, 6585
LAUREL D. O'CONNOR, 4935
STEPHEN A. O'DELL, 8286
*CHARMONIA D. ODOM, 0290
DANIEL J. OH, 3896
*MICHAEL K. OHARA, 3262
CARL J. OHLSON, 5228
*MARK OLEKSIAK, 9559
STANLEY J. OLENGINSKI, 0357
*ANTHONY W. OLIVER, 0464
CHARLES J. OLSEN, 8801
*BRIAN C. OLSON, 1641
GREGORY A. OLSON, 8233
JOHN E. OMALLEY, 9651
JEFFREY K. OPPERMAN, 9910
KEITH R. ORAGE, 9053
PATRICK T. OREGAN, 4868
TERENCE M. ORMSBY, 4696
TIMOTHY W. ORNER, 6827
*ANDRES ORTEGON, 3589
*FELIX ORTIZ, 6766
JERSON A. ORTIZ, 8839
*LOUIS ORTIZ, JR., 2651
*ORLANDO W. ORTIZ, 4990
*TYLER C. OSENBAUGH, 5076
*ALAN D. OSTERMILLER, 6722
*MARK E. OVERBERG, 3345
*RODGER R. OWEN, 5841
*CLEMENTINE OWENS, 7818
*DARRYL A. OWENS, 4489
*WADE A. OWENS, 4066
CATHERINE E. PACE, 1001
*JOSEPH H. PACE, 6968
*PHILIP F. PACE, 5177
*GREGORY W. PACKER, SR, 3573
LISA B. PADDOCK, 6048
BRIAN R. PAGE, 0092
DANIEL D. PAGE, 3749
*YEONGSIK PAK, 0734
*ARTHUR F. PALAGANAS, 2596
*EMILY S. PALMER, 7106
STEVEN R. PALMER, 8088
*ALFRED A. PANTANO, JR., 6276
*PETER F. PANZERI, JR., 0558
PAUL M. PAOLOZZI, 1044
CHRIS P. PAPAIOANNOU, 0244
LUTHER A. PAPENFUS, 7971
*RICHARD A. PAQUETTE, 4460
*MICHAEL A. PARK, 8505
*DENNIS M. PARKER, 6412
ERIK N. PARKER, 0484
GREGORY M. PARRISH, 9086
*SAMUEL G. PARRISH, 5770
*CHRISTOPHER R. PARSONS, 1345
EDWIN E. PASCUA, 3174
*MADONEL R. PASCUAL, 4382
*RALPH PATE, JR., 3896
*RUSSEL A. PATISHNOCK, 5395
KIMBRA K. PATTERSON, 5878
MARK C. PATTERSON, 7325
COURTNEY W. PAUL, 3646
WILLIAM R. PEACOCK, 5292
GARY E. PEARCY, 9201
BARRETT K. PEAVIE, 0489
SAMUEL N. PEFFERS, 8247
ROBERT W. PEGG III, 3953
*MICHAEL D. PEMRICK, 9822
CLINTON R. PENDERGAST, 0062
JOHN W. PERFETTI, 7867
*KEITH M. PERKINS, 3370
DAVID R. PERSHING, 3738
*ALAN G. PERSONIUS, 9015
AXA S. PERWICH, 4249
*COBY M. PETERSEN, 7975
*JAY L. PETERSON, 3650
KENNETH M. PETERSON, 3898
*ROBERT W. PETERSON, 9258
*CECIL R. PETTIT, JR., 5097
*CHARLES A. PFAFF, 5277
DONALD V. PHILLIPS, 1153
JAMES W. PHILLIPS, 1089
DANIAL D. PICK, 8442
*JAMES C. PIETSCH, 4745
MARK J. PINCOSKI, 8509
KURT J. PINKERTON, 2744
BRADLEY W. PIPPIN, 6620
HENRY H. PITTMAN, 8156
DONALD J. PLANTE, 4529
*JOHN R. PLATT, 3407
*MICHAEL J. PLUMMER, 7730
JOHN L. POLLOCK, 2853
*JOSEPH K. POPE, 1616
*THOMAS P. POPLAWSKI, 0543
ANDREW P. POPPAS, 9179
MARK E. POWELL, 2526
*SCOTT W. POWER, 9179
TIMOTHY W. POWERS, 4277
*GORDON D. PRESTON, 3984
*JOHN E. PRICE, 8789
*BRIAN L. PRINCE, 5896
EDWARD G. PRUETT, 9265
SAMUEL H. PRUGH, 3976
*STEVEN W. PTAK, 3552
MARK T. PUHALLA, 5468
TODD A. PUHRMANN, 8840
SCOTT A. PULFORD, 2313
*FREDERICK A. PUTHOFF, 9636
MICHAEL D. PYOTT, 5838
DAVID E. QUICHOCHO, 9899
MARUE R. QUICK, 6348
TIMOTHY W. QUILLIN, 4056
MATTHEW S. QUINN, 5564
*ROBERT E. QUINN, 6115
WENDEL N. QUON, 5290
BRIAN W. RAFTERY, 9736
SCOTT A. RAINEY, 9196
*CHARLES F. RAITHEL, 3402
JAMES A. RANKIN, 0799
LISA J. RANKINS, 4993
TODD R. RATLIFF, 4561
RANDY W. READSHAW, 2735
*PERRY D. REARICK, 2819
BRANSON P. RECTOR, 3925
MICHAEL T. RECTOR, 2226
JAMES D. REDWINE, 7779
MICHAEL J. REDWINE, 5013
*KIETH W. REED, 4539
STEPHEN S. REED, 2466
LYDIA V. REEVES, 4970
MICHAEL A. REGALADO, 4681
DAVID M. REGAN, 4648
MICHAEL C. REGAN, 3562
*VERNIE L. REICHLING, JR., 2497
ALFRED E. RENZI, JR., 3457
MICHAEL J. REPETSKI, 5883
ERNEST J. RESCHKE, 9280
CRAIG L. RETTIE, 4871
MARTIN B. REUTEBUCH, 6970
*JOAN M. REYNOLDS, 0463
*JOHN C. REYNOLDS, 4290
*JUDD E. REYNOLDS, 8876
*SCOTT T. RHODA, 5697
*JON A. RICE, 3463
KENNETH E. RICE, 5989
MARK A. RICE, 0905
*BARRY S. RICHARDS, 5408
*JAMES F. RICHTER, 0368
*JEFFREY W. RIDENOUR, 3961
KENT R. RIDEOUT, 3220
*RANDALL J. RIDINGS, 5657
EDWARD F. RIEHLE, 2750
ALFONSO RIERA, 2129
EDWARD R. RIETSCHA, 5948
DAVID W. RIGGINS, 2066
*WILLIAM S. RIGGS, 2811
*FREDERICK A. RIKER, 0578
*DONALD D. RILEY, 2966
JOHN M. RILEY, 9894
*PATRICIA M. RIMBEY, 9883
*RONALD J. RISPOLI, JR., 0474
*NATHANIEL RIVERS, 4399
*WILLIAM J. RIVETT, 7654
*DONALD L. RIXIE, 4855
*ROBERT K. RIZZO, 2014
DOUGLAS C. ROBBINS, 0634
*TODD C. ROBBINS, 9308
*DIANNA ROBERSON, 5417
ALICE R. ROBERTS, 5708
*ERIC R. ROBERTS, 7357
DANIEL S. ROBERTSON, 9662
*MECCA M. ROBINSON, 1791
*WENDY M. RODNEY, 4578
*MARK L. RODWELL, 9819
RODNEY L. ROEDERER, 8266
STEVEN J. ROEMHILDT, 5212
*BRIAN L. ROGERS, 3491
EMMITT W. ROGERS, 6639
DAVID J. ROHALL, 9647
*GWENDOLYN S. ROLAND, 0338
CHRISTOPHER J. ROLLINS, 3255
KENNETH A. ROMAINE, JR., 9551
*STEVEN M. ROSCOE, 4885
*MARTIN E. ROSE, JR., 8065
MICHAEL W. ROSE, 6834
*MICHAEL P. ROSEBERRY, 8704
DAWN M. ROSS, 0782
*DONALD M. ROSS, 9848
THOMAS J. ROTH, 6812
MICHAEL J. ROUNDS, 9639
PAUL D. ROUNSAVILLE, 7470
*REBECCA A. ROUSE, 8809
EDWARD V. ROWE, 7240
MARTIN D. ROWE, 9748
*BETH C. ROWLEY, 9414
*KENNETH M. ROYALTY, 1780
KENNETH T. ROYAR, 6091
SCOTT E. RUBITSKY, 0616
*JODY RUCKER, 2226
CHRISTIAN E. RUSH, 1388
DANIEL S. RUSIN, 1309
DONNA E. RUTTEN, 9830
*PHILIP A. SABATINO, 2302
JAMES E. SAENZ, 9758
SAMUEL J. SALADA, 4413
*RICKEY L. SALLEE, 5640
*CHRISTOPHER W. SALLESE, 9557
*GREGORY J. SALOMON, 4586
JOSEPH V. SAMEK, 9772
*ROBERTA K. SAMUELS, 1885
*SCOTT E. SANBORN, 5987
*JOSEPH A. SANCHEZ, 8194
*MICHAEL A. SANCHEZ, 5966
*KELLY J. SANDIFER, 7977
NEFTALI E. SANTIAGO, 0419
*REINALDO SANTIAGO, 3517
MICHAEL C. SANTOS, 8200
*TONY J. SARVER, 8293
JEFFREY T. SAUER, 6221
*JOHN C. SAUER, 6548
JEFFREY D. SAUNDERS, 9660
OLIVER S. SAUNDERS, 6647
KATHERINE A. SCANLON, 1130
CRAIG P. SCHAEFER, 7506
*ROBERT L. SCHAEFER, 7510
*STANLEY F. SCHALL, JR., 3113
*KATHY L. SCHERER, 9733
RONALD A. SCHIER, 8782
*JEFFERY R. SCHILLING, 4390
KATHERINE P. SCHLIMM, 5169
KLAUS D. SCHMIDT, 8939
*ANTHONY J. SCHMITZ, 3108
TIMOTHY R. SCHMOYER, 6667
*DAVID E. SCHOOLCRAFT, 8702
DENNIS L. SCHRECENGAST, 1227
*ALLAN J. SCHROEDER, 9452
*MICHAEL J. SCHROEDER, 5302
*RICHARD H. SCHULZ, 9047
*JEFFREY D. SCHUTTER, 1448
KARL O. SCHWARTZ, 0045
*MARK C. SCHWARTZ, 9935
THOMAS L. SCHWARTZ, 3825
*STEVEN A. SCIONEAUX, 0031
BRADLEY B. SCOFIELD, 6715
*DAVID C. SCOFIELD, 8265
*CASEY P. SCOTT, 8568
KELVIN K. SCOTT, 4152
*SEAN M. SCOTT, 9378
CHRISTOPHER R. SEACORD, 0456
LOWELL A. SEAL, 7573
DAVID M. SEARS, 8520

JOHN J. SEBASTYN, 3620
TIMOTHY M. SEBENICK, 1332
ALAN SEISE, 1182
*THEODORE SELLERS, JR., 9625
*KIRK E. SESSIN, 3294
ANNE P. SHANKS, 7871
JOSEPH C. SHANNON, 7733
*ARLENA SHARPE, 6108
*JOSEPH T. SHAVER, 9015
*DARRYL S. SHAW, 6220
SIMUEL SHAW III, 5830
*DANIEL R. SHEA, 8811
MICHAEL L. SHENK, 0186
JOSEPH P. SHEVLIN, 8226
*IVAN B. SHIDLOVSKY, 6988
*ROBERT G. SHIRLEY, 1820
WILSON A. SHOFFNER, JR., 8488
CHRISTOPHER R. SHOTTS, 4354
THOMAS L. SHREVE, 2934
*ROGER L. SHUCK, 5472
*DEAN P. SHULTIS, 5530
RONALD L. SHULTIS, JR., 1390
VAL A. SIEGFRIED, 7290
REGINALD L. SIKES, JR., 7246
*DANIEL L. SILVERNALE, 6020
JANET A. SIMMONS, 7365
*EUGENE SIMON, 9908
*KEVIN W. SIMPSON, 6726
*JOHN F. SINGLETON, 0029
*JONATHAN D. SIRMON, 8622
RALPH A. SKEBA, 0767
GREGG A. SKIBICKI, 9207
WILLIAM C. SLADE, 7116
*KARL E. SLAUGHENHAUPT, 9418
JOE K. SLEDD, 0245
*DAVID A. SLUSSER, 8731
*ANNETTE M. SMALLS, 9447
JEFFREY S. SMIDT, 2027
DAVID R. SMITH, 7625
IRVING SMITH III, 2810
JEFFREY B. SMITH, 3601
JOHN M. SMITH III, 1585
*JOSEPH K. SMITH, 9921
*MARK P. SMITH, 8234
*RANDY L. SMITH, 3191
*TIMOTHY C. SMITH, 0149
*TROY A. SMITH, 8888
*STEVEN E. SMYTH, 4572
DANIEL R. SMYTHE, 0459
ROSS W. SNARE III, 2390
*BRIAN S. SNEDDON, 3986
BRUCE K. SNEED, 2273
*MICHAEL W. SNOW, 3345
BRADFORD L. SNOWDEN, 4185
DAVID A. SNYDER, 7749
KELLY J. SNYDER, 4048
ROBERT A. SNYDER, JR., 7691
EDWARD J. SOBIESK, 4131
*STEPHEN C. SOBOTTA, 2743
DONALD G. SOHN, 9508
ROBERT J. SOLLOHUB, 8693
TIMOTHY B. SOLMS, 8854
CHERYL Y. SOLOMON, 9712
NORMAN E. SOLOMON, 8391
BRUCE V. SONES, 9968
BRYNDOL A. SONES, 3551
*PATRICK A. SOOS, 3141
WILLIAM T. SORRELLS, 8168
EUGENIO SOTO, 7686
BENJAMIN A. SPEARS, 2706
ARTHUR E. SPENARD, 3525
*THOMAS F. SPENCER, 1965
*PATRICK M. SPIELMANN, 8404
*JEFFREY L. SPONSLER, 1369
MATTHIAS A. SPRUILL IV, 2238
WILLIAM M. STACEY, 7780
HEYWARD STACKHOUSE, 3061
*RONALD STAFFORD, 1184
MARK R. STAMMER, 5031
*DAVID W. STANDRIDGE, 5483
MARK E. STANLEY, 3435
TYRON D. STANLEY, 5295
ALBERT J. STAROSTANKO, 8672
ANNELIESE M. STEELE, 7793
RICHARD G. STEELE, 8447
*LEONARD T. STEINER, JR., 2693
TROY A. STEPHENSON, 9117
*MATTHEW A. STERN, 1563
DAVID J. STEVENS, 5672
DALE B. STEWART, 4345
DONALD F. STEWART, 9710
ROY E. STEWART, 0146
WAYNE P. STILWELL, 5968
*TOD A. STIMPSON, 9908
*RUSSELL E. STINGER, 6036
GREGORY K. STINSON, 4139
DAVID S. STOREY, 8841
*ANGELA K. STOWMAN, 3525
MARK A. STRONG, 8718
DAVID M. STROUD, 5360
*GREGORY O. SUDMAN, 8244
*EUGENE R. SULLIVAN, 5111
JOHN P. SULLIVAN, 4464
*KENNETH M. SULLIVAN, 4348
LESLIE J. SULLIVAN, 8341
*MARK S. SULLIVAN, 2424
*ROBERT V. SUSKIE, JR., 9753
KENNETH D. SWANSON, 9269
*JOHN M. SWARTZ, 9275
*KINA B. SWAYNEY, 8613
*ERIC D. SWEENEY, 1433
*ROBERT H. SWEIGART, 7824
MICHAEL W. SWINEY, 7205
*PETER J. TAFT, 3744
JASON T. TANAKA, 3856
*PATRICK J. TAPEN, 4752
*RICK A. TARASIEWICZ, 8778
BURKE A. TARBLE, 0171
MICHAEL J. TARSA, 1597
*KEVIN W. TATE, 1261
WADE S. TATE, 2288
BRADLEY S. TAYLOR, 7737
*IVERY J. TAYLOR, 2613
*JOSEPH M. TAYLOR, 9480
KIRK D. TAYLOR, 7545
*MARK C. TAYLOR, 6729
*TROY E. TECHAU, 6768
*ROY D. TEMPLIN, 1548
JAMES M. TENNANT, 3641
JEROME P. TERRY, 3914
MICHAEL D. THEODOSS, 8875
*WILLIAM O. THEWES, 4854
*DENNIS THIES, 3048
*STEPHEN H. THOLANDER, 1929
BRYAN R. THOM, 8294
*BRANDON T. THOMAS, 6864
*ERIC THOMAS, 5168
GREGORY M. THOMAS, 9134
*JOHN C. THOMAS, 4812
*SIDNEY R. THOMAS, 8890
*STEVEN G. THOMAS, 5647
*TIMOTHY R. THOMAS, 2933
*WAYNE L. THOMAS, 8945
*DWAYNE D. THOMPSON, 8789
VESEN L. THOMPSON, 1814
*BERNADINE I. THOMSON, 2053
*DOUGLAS W. THOMSON, 2786
*CHRISTOPHER B. THRASH, 5070
*PATRICK E. TILQUE, 6786
*ROBERT TIMM, 9702
*EVELYN TIRADO, 1384
VALEN S. TISDALE, 8556
TIMOTHY J. TODARO, 2227
MICHAEL A. TODD, 5268
*DAVID W. TOHN, 2946
*JAMES P. TOOMEY, 6272
MARK A. TORCH, 2300
*DANIEL N. TORRES, 8364
EVELYN M. TORRES, 7741
*RAFAEL TORRES, JR., 4079
ANNETTE L. TORRISI, 0037
JULIANA L. TOUMAJAN, 7096
STEPHEN A. TOUMAJAN, 0649
*KATHY A. TOWERS, 8187
ROBERT N. TOWNSEND, 1874
RICHARD M. TOY, 0001
PETER T. TREBOTTE, JR., 9382
MANUEL C. TREVINO, 5417
*SANTO L. TRICARICO, 9614
STEPHANIE E. TROCHAK, 8745
*THOMAS J. TROSSEN, 7435
*CARL R. TROUT, 1535
PHILLIP M. TRUED, 8100
BRYAN P. TRUESDELL, 9358
CARL L. TUCKER, 2495
STEVEN L. TUCKER, 7321
*DARRYL J. TUMBLESON, 1709
*LEROY L. TUNNAGE, 6319
*EDWARD P. TUNSTALL, 2176
ERIC C. TURNER, 7721
JAMES L. TURNER, 8030
KEVEN TURNER, 7142
MICHAEL E. TURNER, 8872
*ANDREY M. TYMNIAK, 4869
*DARLENE M. URQUHART, 6768
ROSENDO VALENTIN, 4434
MATTHEW J. VANDERFELTZ, 0099
*KURT P. VANDERSTEEN, 7506
MICHAEL C. VANDEVELDE, 1853
*CHARLES H. VANHEUSEN, 8396
*DANIEL L. VANNUCCI, 3637
*BRIAN F. VAUGHN, 2233
*ANTONIO J. VAZQUEZ, 0070
JOHN M. VENHAUS, 0206
*RANDAL R. VICKERS, 6990
JEFFREY J. VIEIRA, 4064
DAVID R. VIENS, 0276
*ALBERT J. VISCONTI, 0199
JOHN T. VOGEL, 6028
VICTORIA L. VOGEL, 2001
JEFFREY R. VOIGT, 7125
CHRISTINE J. VOISINETBENDER, 5884
*PHILLIP D. VONHOLTZ, 1647
JEFFREY E. VUONO, 2867
DAVID G. WADE, 9995
*ROBERT P. WADE, 7617
*WILLIAM T. WADSWORTH, JR., 2795
MARTIN S. WAGNER, 7618
*MARK D. WALD, 8817
*DAVID L. WALDEN, 2734
CARLOS L. WALKER, JR., 1399
*MICHAEL D. WALKER, 2341
*TIMOTHY C. WALL, 6827
CHERIE S. WALLACE, 6070
*KENZIE WALLACE, 7920
*TERRANCE D. WALLACE, 1291
*JOHN C. WALLER, 0078
*DENISE A. WALLS, 3573
DANIEL R. WALRATH, 6671
KENNETH E. WALRAVEN, 9441
TIMOTHY W. WALROD, 6332
*DALE E. WALSH, 3871
*MICHAEL T. WALSH, 3449
*FREDERICK K. WALTER, 4775
ROBERT B. WALTER, 0805
TIMOTHY C. WALTER, 1078
MARK L. WALTERS, 7181
WAYNE M. WALTERS, 2844
*DESMOND D. WALTON, 8437
MARVIN R. WALWORTH, JR., 0722
WILLIAM J. WANOVICH, 3535
KAREN K. WARD, 1561
KELLY J. WARD, 2788
LAWRENCE J. WARK, 3414
*LLOYD R. WASHINGTON, 8746
*THOMAS U. WASHINGTON, 9045
*TIMOTHY B. WASHINGTON, 5865
*JOHN C. WATERS, 8271
MARK V. WATKINS, 3076
*DENORRIS L. WATSON, 8696
JOSEPH D. WAWRO, 6762
*JERRY J. WAYNICK, 1987
BRENT N. WEAVER, 3811
JOHN M. WEBB, 1436
*MICHAEL J. WEBB, 0820
*AARON A. WEBSTER, 4466
ALLAN L. WEBSTER, 0204
*GORDON D. WEED, 6172
*COLIN A. WEEKS, 1100
JOHN F. WEGENHOFT IV, 1162
RUSSELL A. WEIR, 0113
THOMAS M. WEISZ, 4909
ROBERT M. WELLBORN, 1464
FREDERICK P. WELLMAN, 8433
THOMAS W. WELLS, 1064
*LESLEY W. WELSH, 2769
*FRANKLIN L. WENZEL, 5075
BRAD L. WESTERGREN, 9208
JACQUELINE K. WESTOVER, 0032
JAMES P. WETZEL, 4890
CATHERINE M. WHALEN, 6555
TIMOTHY J. WHALEN, 9389
*BOOKER T. WHEELER, 2296
GEORGE W. WHEELOCK, 5723
DAVID R. WHIDDON, 3446
DAVID O. WHITAKER, 6228
*JAMES R. WHITAKER, 0789
BENJAMIN M. WHITE, 2765
*HERBERT B. WHITE, JR., 0312
*JAMES P. WHITE, 5865
*WESLEY B. WHITE, 6646
*JO A. WHITEHILL, 8732
*GREGORY J. WHOLEAN, 7871
*STEVEN C. WIEGERS, 4398
*DAVID B. WIERSMA, 6715
RALPH M. WILCOX, 9343
DAVID L. WILCOXON, 1312
DANNY A. WILEY, 3114
*BOBBIE L. WILLIAMS, SR, 6091
*EDWARD A. WILLIAMS, 1754
*JOHN C. WILLIAMS, 8483
JULIAN R. WILLIAMS, 6732
MICHAEL S. WILLIAMS, 9163
*PATRICK W. WILLIAMS, 5808
PAUL V. WILLIAMS, 2425
*RONALD J. WILLIAMS, 8002
*VANCE C. WILLIAMS, 0207
*KENNETH D. WILLIS, 0541
*CHRISTOPHER S. WILSON, 5553
DARRELL T. WILSON, 4787
LAUREN B. WILSON, 3945
JAMES O. WINBUSH, JR., 5571
STEVEN P. WINTERFELD, 2364
*JEFFREY J. WINTERS, 3969
MARK E. WISECARVER, 4647
*JONATHAN B. WITHINGTON, 3424
*DONALD M. WIX, JR., 4091
TODD R. WOLF, 6563
JAMES J. WOLFF, 4869
*JOHN S. WOMACK, 9138
ROGER M. WOOD, 3811
WILLIAM H. WOODS, 7905
JOEL A. WOODWARD, 2450
DAVID J. WRAY, 5589
*MICHELE J. WREGGELSWORTH, 4787
*STEPHEN C. WREN, 0991
*TIMOTHY R. WULFF, 0493
SHAUN T. WURZBACH, 7309
*BRUCE T. WYDICK, 4413
*JOSEPH J. YAKAWICH, 6144
THOMAS J. YANOSCHIK, 2717
BETTY J. YARBROUGH, 1766
MARC G. YATES, 8042
JOSEPH M. YOSWA, 3658
GARETH S. YOUNG, 6030
GEORGE R. YOUNG II, 3392
ROLLIN J. YOUNG, 8354
*LAWRENCE T. ZABEN, JR., 1130
FRANK ZACHAR, 1675
*STEPHEN M. ZACHAR, 7846
GUY M. ZERO, 7293
JOHN R. ZSIDO, 8479
VERONICA S. ZSIDO, 4782
*MARIA T. ZUMWALT, 2091
*TIMOTHY L. ZUMWALT, 7538
X5028
*X0663

IN THE NAVY

THE FOLLOWING-NAMED OFFICERS FOR APPOINTMENT TO THE GRADE INDICATED IN THE U.S. NAVAL RESERVE UNDER TITLE 10, UNITED STATES CODE, SECTION 12203:

To be captain

LAWRENCE E. ADLER, 7592
DAPHNE G. ALBRIGHT, 0316

TERRENCE L. ALLEMANG, 8689
BRYAN S. APPLE, 2257
BONNIE E. ASHCOM, 5014
THOMAS K. BADGER, 9755
WILLIAM R. BAKER, JR., 5307
THOMAS Q. BAKKE, 3463
KEVIN K. BALL, 4068
JEAN M. BENNETT, 3800
CAMILLA A. BICKNELL, 7004
DAVID L. BLACK, 9593
ROBERT F. BLOOM, 5527
LAURENCE H. BOGGELN, 1634
SHEILA S. BRACKETT, 5906
KATHERINE M.W. BRADLEY, 0566
JOHN T. BRAUN, 8728
RICHARD R. BRIGHT, JR., 1956
THOMAS R. BRODERICK, 5278
GERARD D. BROWN, 5358
JAMES T. BROWN, JR., 1129
WILLIAM E. BROWN, 8410
WILLIAM J. BUCKINGHAM, 0309
WILLIAM R. BURGE, 3363
WILLIAM L. BURT, 4894
JESSE D. CANNON, JR., 1296
LANCE C. CANTOR, 3862
STEVEN CHALFIN, 4640
ENRIQUE G. CHANG, 1183
CAROLINE E. CIOTTI, 2106
HUBERT V. COLLINS, JR., 3089
ANTHONY M. CONTI, 0671
KEVIN P. COOK, 9416
SUSAN A. CUDDY, 0613
PETER C. CUSHING, 1771
MARY J. DAACK, 9221
DAVID B. DANZER, 2316
DONEL L. DAVIDSON, 9468
MARY V. DECICCO, 4036
NEIL D. DEMAREE, 4282
THOMAS J. DEMAY, 5525
JOAN E. DENDINGER, 1135
JOHNNA L. DETTIS, 8612
PATRICIA S. DONOVAN, 2108
JAMES P. DORMAN, 0450
JAMES L. DOSS, 1304
LINDA M. DUNN, 7541
MARY L. EADY, 6790
JOHN H. EDMUNDS, 7551
BARBARA G. EILERS, 3847
RAYMOND P. ENGLISH, 2452
NANCY F. ERICKSEN, 5708
RICARDO B. EUSEBIO, 9878
JOHN A. FAIST, 4158
MARK J. FITZMAURICE, 2418
TIMOTHY T. FLYNN, 9918
STEVEN S. FOSTER, 6271
THOMAS M. FRESHWATER, 0169
PETER F. FROST, 5879
DANIEL P. FRY, 5097
DARRELL R. GALLOWAY, 3536
ALBERT GARCIA, III, 3459
RICHARD H. GETTYS, JR., 8623
JEROLD A. GODDARD, 0106
ROBERT J. GOLDBERG, 1363
KATHY S. GOOKIN, 0744
JENNIFER L. GORMAN, 1905
PAUL A. GRAY, JR., 2084
JUDITH K. GREENE, 9666
LEE H. GRISHMAN, 1299
DAVID A. GROFF, 7256
EDWARD G. GUMMER, 0593
LAWRENCE P. HADDOCK, JR., 1014
EVELYN B. HALL, 8925
ELLEN F. HALTER, 4708
TIMOTHY P. HANNON, 0760
RUSSELL H. HARRIS, 7922
BEATRICE E. HARROLD, 0240
GREGORY J. HEISE, 2449
BOLIVAR P. HERDOIZA, 5387
GORDON R. HILL, 9741
THOMAS F. HILTON, 7529
JOHN P. HODGES, 2160
SALLIE B. HOLLOWAY, 8592
JOHN J.J. HOM, 6379
DIANE C. HOWARD, 2726
LAWRENCE HSIA, 3810
MICHAEL J. HUGHEY, 6573
LAWRENCE J. HUWE, 4494
SCOTT W. IMRAY, 2361
BRIAN S. ISHAM, 7990
LETITIA M. JACKSON, 6053
DANIEL M. JACOBS, 5224
THOMAS G. JACOBS, 6906
DAVID W. JAMESON, 6804
MARY K. JANCZEWSKI, 1207
MARK E. JOLIVETTE, 8883
JUDITH N. JONES, 5066
JUDITH J. KAYSER, 3355
JERRY R. KELLEY, 9193
SALEEM A. KHAN, 9763
CURRAN N.E. KIESEL, 4977
JOHN M. KILLEY, 8530
ALVIN H. KLASSEN, 6521
MARGARET A. KNAPPENBERGER, 0221
DOUGLAS J. KOUPASH, 2306
JOANNE L. KRAMER, 6704
DONNA I. KREFT, 0051
ANN LABORDE, 1078
JAMES V. LACEY, 1954
GARY A. LASHAM, 2271
ANITA M. LEBLANC, 3115
VINCENT L. LEIBELL III, 7234
PETER B. LETARTE, 5492
PETER LIASHEK, JR., 3633
ROGER D. LINN, 5702
WALTER H. LOVELADY, 5729
MILTON K. LOW, 1668
OSCAR E. LUJAN, 9841
EUGENE LUNDY, 5943
DOUGALD C. MACGILLIVRAY, 3719
WILLIAM E. MANROD III, 0191
HOWARD W. MARKER, 1475
STEVEN C. MARTINKA, 8649
LAURA A. MCCLAY, 0388
EDDIE MCCORVEY, JR., 8671
TERRI C. MCDONALDGREEN, 0247
JAMES V. MCGARRY, 6422
CAMERON C. MCKEE, 3478
MARGARET M. MCKIBBEN, 0500
DAVID M. MCQUISTON, 6409
JOHN G. METZ, JR., 6977
JACKIE R. MILLER, 4150
ROBERT C. MILLER, 5696
WILLIAM E. MINAMYER, 6920
RONALD L. MINTON, 4213
THEODORE J. MONACO, 2994
LARRY C. MOORER, 0337
STEPHEN G. MORALES, 5027
ROBERTA L. MORIARTY, 3003
RONALD E. MYERS, 4344
CLARICE A. NASH, 0531
NEAL H. NELSON, JR., 8495
RALPH A. NELSON, 9688
DALE C. NEWTON, 1783
VINCENT L. NZINGA, 1315
WILLIAM Y. OH, 5881
GLENN M. OKIHIRO, 1544
TIMOTHY L. ORTEL, 7175
ROBIN E. OSBORN, 4150
STANLEY A. OSTAPSKI, 7006
BRIAN P. O'SULLIVAN, 7939
JOHN P. OUDSHOORN, 5844
KIRK D. PAGEL, 2570
DOROTHY B. PALER, 1314
ROBERT C. PATTON, 0793
IVAN Y. PEACOCK; 7386
WENDY N. PELHAN, 8119
RICHARD E. PELTZ, 7075
THOMAS R. PERKERSON, 8836
JAMES M. PETERS, 2293
WHITTON M. POTAMPA, 5814
DONALD M. PRIMLEY, 5331
JOHN B. RAFF, 8408
TERRY P. RAST, 5341
JAMES A. RAWLINS, 4496
DORIS A. REID, 3713
CRAIG W. RENCH, 7294
EILEEN C. RILEY, 6480
ELISABETH J. RUSHING, 9189
NORMAN A. RYAN, 8118
GREGORY M. SARACCO, 0512
ROBERT M. SAVAGE, 4948
NORMAN W. SCHLEIF, JR., 6072
LARRY J. SCHNEIDER, 1660
MARK R. SCHWEER, 9745
DAVID L. SEALS, 1437
JOSELYN C. SENTER, 4951
MARTIN C. SEREMET, 5104
THOMAS P. SHEEHAN, 1927
JOHN E. SHIELDS, JR., 2139
WAYNE S. SHIMIZU, 1211
ERNEST L. SIMMS, 9310
DAVID A. SMITH, 4998
MARY K. SMITH, 2929
SUSAN L. SMITH, 8729
WALTER L. SMITH, JR., 1111
RAYMOND D. SNOWDEN, 1127
LEE L. SORENSON, 3175
ELSIE M. SPENCER, 1807
LANA M. SPETHMAN, 0916
LARRY W. STARR, 9833
SALVATOR M. STEFULA, 5038
JOHN N. STENSLAND, 0128
DANIEL K. STEPHENSON, 6417
JOSEPH D. STINSON, 1305
RICHARD A. SUMMA, 1247
JEFFREY M. SWALCHICK, 7385
CYNTHIA D. SWEENEY, 0818
STEVEN M. TALSON, 2369
FRANK L. TEZAK, 0251
LUCIE A. D. THOMAS, 3092
NANCY E. TJEPKEMA, 4123
JOAN W. TRELEASE, 2789
KEVIN M. TURMAN, 0402
ANTHONY P. VARBONCOUER, 7978
PAUL F. VARNIS, 5754
NANCY J. VONTERSCH, 4396
JAMES R. VROOM, 9105
JAMES M. WARDEN, 6021
KRISTINE D. WARNER, 1561
MARY L. WASSEL, 0537
ANNE M. WEATHERFORD, 2064
DONNA J. WEHE, 6926
MICHAEL J. WENDLING, 2527
JONATHAN M. WHITFIELD, 9292
MONROE C. WHITMAN III, 2979
HARRIS E. WILLIAMS, 3302
ISAAC R. WILLIAMSON, 1090
PETER WOLFF, 0405
DAVID R. WOODARD, 8802
ROGER L. WORTHAM, 4275
JOHN D. YOUNG, 9322
MICHAEL S. ZIEBELMAN, 3393
THOMAS A. ZIMMERMAN, 7351

THE FOLLOWING-NAMED OFFICERS FOR APPOINTMENT TO THE GRADE INDICATED IN THE U.S. AIR FORCE AND FOR REGULAR APPOINTMENT (IDENTIFIED BY AN ASTERISK (*)) UNDER TITLE 10, UNITED STATES CODE, SECTIONS 624 AND 531:

To be major

*ARNOLD K. ABANGAN, 2801
*ROBERT K. ABERNATHY, 2894
EMIL E. ABRAHAM, 4894
WILLIAM P. ACKER, JR., 1754
CHRISTOPHER F. ACKERSON, 4869
TIMOTHY A. ADAM, 5405
JOHN P. ADAMO, 5435
LEO C. ADAMS, 5793
*SAMUEL G. ADAMS, 8697
*SAMUEL M. ADAMS, 8609
STEVEN G. ADAMS, 8110
THOMAS A. ADAMS, 1361
RONALD L. ADDICOTT, 7970
WILLIAM C. ADELMANN, 5425
BONNIE NIEBAUER ADKINS, 3121
JANE A. ADKISON, 1153
*DAVID S. ADLER, 0496
FERNANDO AGUILAR, 1836
MICHAEL T. AHERN, 4483
DAVID J. AIROLA, 6827
KEITH A. ALBRECHT, 7739
*CLIFFORD H. ALBRITTON, 5132
DAVID J. ALCORN, 2660
GARY E. ALDRICH, 0381
GARY A. ALEXANDER, 3057
TY G. ALEXANDER, 4655
WILLIAM S. ALEXANDER, 1450
THOMAS J. ALICATA III, 7903
CARL D. ALLEN, 0656
DAVID R. ALLEN, 1222
MELVIN E. ALLEN, 5397
PATRICK R. ALLEN, 0687
RANDY S. ALLEN, 4874
RUFUS D. ALLEN, JR., 5075
WILEY V. ALLGOOD, 9002
KENNETH ALLISON, 0513
*RICHARD J. ALLISON, 4887
ELIZABETH O. ALMEIDA, 1293
RUSSELL R. ALSTON, 4936
ROBERT W. ALTON, 6611
ANTHONY L. AMADEO, 2775
DAVID J. AMDAHL, 1381
THOMAS G. AMELUXEN, 8414
*CHRISTOPHER T. AMEND, 8508
JOHNNIE AMES, 1409
WILLIAM J. AMES, 2984
*BRIAN L. AMMERMAN, 6226
FRANK L. AMODEO, 0728
BRIAN D. AMOS, 2006
CLAYTON M. ANDERSEN, 2981
JAMES L. ANDERSEN, 5990
KENNETH E. ANDERSEN, 3715
BRENT A. ANDERSON, 2727
DAVID M. ANDERSON, 3998
GEORGE J. ANDERSON, 8713
*MARK W. ANDERSON, 2070
REID R. ANDERSON, 5009
*STEVEN A. ANDERSON, 4603
STEVEN N. ANDRASZ, 2802
CRAIG A. ANDREAS, 1723
JANET A. ANDREPONT, 4371
KAREN D. ANGELL, 7878
MELISSA J. APPLEGATE, 4185
SALVADOR ARANGO, II, 1691
*MICHAEL C. ARAUJO, 0037
MARK A. ARBOGAST, 3917
TIMOTHY J. ARCH, 8492
DIANE M. ARCHAMBAULT, 6608
JOHN L. ARMANTROUT, 5144
THOMAS R. ARMIAK, 7067
ERIC R. ARMSTRONG, 2227
MERRILL F. ARMSTRONG, 2879
PRESTON F. ARNOLD, 3033
EDWARD A. ARRINGTON, 6284
WILLIAM H. ARRINGTON, III, 9378
BRENT F. ASAY, 3150
MITCHELL B. ASHMORE, 0241
ROBERT T. ATKINS, 8114
DONALD L. ATKINSON, 3814
*JAMES R. AUCLAIR, 4387
JANET C. AUGUSTINE, 0349
CHRISTOPHER S. AUSTIN, 5695
*DIERDRA L. AUSTIN, 7651
BENJAMIN L. AUTEN, 8235
LAWRENCE M. AVERBECK, 7388
DAVID P. AVERY, 2333
*JOHN F. AX, 1477
PETER D. AXELSON, 1457
THOMAS L. AYERS, 8458
JAY C. BACHHUBER, 3051
FREDERICK C. BACON, 9555
DANIEL T. BAGLEY, 0253
WALTER S. BAGWELL, 0960
PETER C. BAHM, 9903
THOMAS M. BAILEY, 3569
DAVID W. BAKER, 0226
ROBERT P. BAKER, 6363
SANFORD H. BALKAN, 5520
CALVIN D. BALL, 8134
THOMAS P. BALL III, 2251
LLOYD A. BALLARD, 7935
MARTIN P. BALUS, 0220
BRIAN J. BANKERT, 5031
BRYAN E. BANNACH, 3405
BRENT L. BARBER, 2880
ELLEN T. BARBER, 4577
STEVEN F. BARBOUR, 6226

JAMES E. BARGER, 0826
IRWIN A. BARNARD, 4890
*BRADFORD R. BARNETT, 2259
EDWARD C. BARON, 5351
MICHAEL A. BARRETT, 4762
KENNETH J. BATCZARK, 9636
SUMMER E. BARTCZAK, 7689
CORY G. BARTHOLOMEW, 8833
RICHARD C. BARTON, 1089
RICHARD M. BASAK, 0942
*ALISON M. BASINGER, 9451
HOWARD A. BASS, 9002
LORI M. BASS, 4179
VANCE C. BATEMAN, 3176
*SONNIE G. BATES, 6100
JEFFREY L. BATTIN, 7908
KENNETH J. BAUER, 0347
TERENCE P. BAUGH, 5319
CATHERINE A. BAUM, 8458
JOSEPH T. BEACH, 4550
VERONICA Y. BEAGAN, 6817
T.W. BEAGLE, JR., 8060
JOSEPH V. BEALKOWSKI, 9056
DEBRA F. BEAN, 9653
MARTIN B. BEARD, 3349
JAMES B. BEARDEN, 4759
DAVID M. BEASLEY, 9737
LLOYD W. BEASLEY, 4532
CLYDE G. BEATTIE, 2357
DENNIS T. BEATTY, 8295
SETH BEAUBIEN, 2350
ARTHUR F. BEAUCHAMP, 2191
JOHN R. BEAULIEU, 5439
KENT R. BECK, 4877
DAVID B. BECKHAM, 4939
NICKY L. BECKWITH, 7739
WILLIAM P. BEDESEM, 2182
TODD P. BEER, 6412
MARK T. BEIERLE, 1304
JAMES J. BEISSNER, 9014
RICHARD W. BELK, 8500
ANDREW E. BELKO, 2860
DAVID E. BELL, 2101
JOSEPH P. BELL, JR., 6810
RICHARD L. BELL, 3316
LYLE A. BELLEQUE, 5627
JOSEPH A. BELLI, 0563
DONALD F. BELLINGHAUSEN, 3434
ERIC A. BELLOWS, 6110
RONALD A. BELYAN, 8261
ERNESTO V. BENAVIDES, 4866
GARY D. BENEDETTO, 8693
FRANK K. BENJAMIN, 7849
JOHN T. BENJAMIN, 0130
BETTY J. BENNETT, 8196
LOUIS J. BENOIT, 3970
ROBERT A. BENTALL, 1200
WILLIAM G. BENTE, 9349
DAVID W. BENTLEY, 3628
MARK R. BENZ, 9776
JEFF M. BERGER, 9912
PAMELA A. BERGESON, 1541
KIRK J. BERGGREN, 2102
*ANDERS P. BERG,AMM, 8858
*JOHN R. BERNIER, 5615
JAMES C. BERRES, 8589
JUAN R. BERRIOSVAZQUEZ, 3998
BRIAN D. BERRY, 3041
RICARDO J. BERUVIDES, 9754
JOSEPH J. BESSELMAN III, 0607
WERNER BEYER, JR. 1555
SUSHIL R. BHATT, 4264
PAUL E. BIANCHI, 3195
MERVIN W. BIERMAN, 8193
MARY E. BIGGS, 7643
GEORGE W. BIRSIC IV, 7913
JEB S. BISHOP, 6065
SCOTT C. BISHOP, 4864
WILLIAM W. BISHOP, JR., 4691
DANIEL O. BLACK, 5415
*KEVIN J. BLACK, 8519
ROBERT C. BLACK, 8339
ROBERT E. BLACKINGTON, 9698
*STEVEN G. BLACKWELL, 0113
JAMES E. BLACKWOOD, 8552
JAMES N. BLAIR, 2187
*ROBERT J. BLAIR II, 4898
JEFFREY A. BLANK, 1871
*MARVIN D. BLANKENSHIP, 6914
ANTHONY L. BLAYLOCK, 7350
KELLY G. BLEDSOE, 1130
*JON M. BLUE, 8879
SCOTT C. BLUM, 3429
*KEITH R. BOADWAY, 6380
KENNETH G. BOCK, 6572
JOHN V. BODE II, 4421
*STEVEN V. BOHON, 0862
JAMES T. BOLLES, 5867
RICKY G. BOLLINGER, 7154
DARREN R. BOND, 1379
JOSEPH M. BOND, 9375
JAMES M. BONN, 9822
GARY J. BONTLY, 7040
*ALLEN D. BOOZER, 9766
JOHN C. BORDNER, 4118
JEFFREY EUGENE BORG, 3138
*JAMES M. BORGREN, 9078
LAURENCE C. BOSTROM, 3207
STACY M. BOUDREAUX, 6554
SCOTT C. BOWEN, 6194
*VICTORIA L. BOWENS, 3823
LARRY D. BOWERS, 0627
JOHN A. BOWES, JR., 6616
*LESTER K. BOYKIN, JR., 4397
BRYAM M. BOYLES, 7840
*WALTER C. BRACEWELL, 3509
*GERALD S. BRADSHAW, JR., 1863
*ROBERT M. BRAGG, JR., 1286
GARY W. BRANDSTROM, 9924
RONALD G. BRANSFORD, 8253
JOHN R. BRAUN, 4955
MARTIN C. BRAUN, 2828
SCOTT B. BRAUNER, 8678
RANDY S. BRAWLEY, 8290
MICHAEL G. BREAKEY, 9079
BRENT F. BREIDENTHAL, 7519
DENNIS J. BREMSER, 0850
HUGH P. BRENNAN, 0975
KENNETH C. BRENNEMAN, 9254
DAVID S. BRENTON, 8325
KEVIN N. BREWER, 3750
MICHAEL T. BREWER, 9760
LORI L. BRIDEL, 1019
GORDON D. BRIDGER, 2619
KAREN M. BRIDGES, 2769
MICHAEL W. BRINGOLD, 3009
GREGORY J. BROARDT, 5556
EDWARD W. BROCKHAUS, 7674
LEX BROCKINGTON, 9259
WILLIAM K. BROGAN, JR., 8258
PETER J. BROLL, 2834
KEVIN D. BROOKS, 8318
ROBERT T. BROOKS, JR., 7842
STEVEN J. BROOKS, 0954
TODD A. BROOKS, 5956
*PETER R. BROTHERTON, 6612
*JOSEPH E. BROUILLARD, 3396
JAMES W. BROUSE, 8095
RANDY P. BROUSSARD, 4296
*DAVID W. BROWN, 8993
DOUGLAS M. BROWN, 0546
EUGENE A. BROWN, JR., 1083
JAMES M. BROWN II, 9977
*LAWRENCE M. BROWN, 1312
MARK A. BROWN, 4094
MARK ANTHONY BROWN, 5969
ROBERT B. BROWN, 4871
RUSS J. BROWN, 5448
SAMUEL J. BROWN, 4148
SAMUEL BROWN, JR., 2179
STANLEY L. BROWN, 2019
STEVE BROWN, 9204
WILLIAM C. BROWN, 1306
DON E. BROYLES, 5232
ROBERT B. BRUMLEY II, 3882
ALFRED E. BRUNER, 0212
RICHARD G. BRYAN, JR., 9872
JOHN P. BRYANT IV, 9961
RONALD M. BRYANT, JR., 0413
SCOTT W. BRYANT, 9891
KENRYU M. BRYSON, 2917
STEVEN D. BUCHANAN, 6210
DAVID T. BUCKMAN, 6526
MARK C. BUERKLE, 8297
ANITA C. BULLOCK, 1397
*KENNETH R. BUMANN, 8133
GEORGE R. BUMILLER, 2401
WILLIAM M. BUMPUS, 5450
LAURA L. BUNKER, 9008
JOHN A. BURATOWSKI, 0854
JAMES G. BURCH, 4296
KENNETH C. BURCH, 4970
*BONNIE R. BURCKEL, 5514
GARY L. BURG, 2053
BRIAN T. BURGER, 1978
THORNTON W. BURGESS, 5281
EDWIN I. BURKHART, 3802
SANDRA A. BURKMAN, 0417
LESLIE C. BURNS, 2906
JAMES A. BURTON, 8773
*RICHARD A. BURTON, 8988
ROBERT H. BURTON, 0998
WILLIAM E. BURTON, JR., 3876
MARK P. BURWELL, 1176
VICKI S. BUSCHUR, 4984
RICHARD J. BUTLER, 0333
JOHN B. BYRD, 8712
JOHN V. BYRD, 4992
TRAVIS C. BYROM, 7111
RAYMOND J. CABALLERO, 8523
JOHN V. CABIGAS, 6932
CRIAG D. CADY, 4166
*GARRY S. CAGLE, 9054
GREGORY B. CAICEDO, 5289
TIMONTHY TY CALDERWOOD, 4543
JAMES A. CALDWELL, JR., 2380
SCOTT R. CALISTI, 5357
DANIEL L. CALKINS, 3353
JOSEPH A. CALLAN, 0313
*JAMES E. CALNAN, 2222
GEORGE L. CALTABELLOTTA, 0415
PHILIP M. CALVANO, 4692
CRAIG P. CAMPBELL, 2481
GORDON S. CAMPBELL, 9784
ROBERT C. CAMPBELL, JR., 4122
TROY D. CAMPBELL, 6891
WAYNE A. CANIPE, 7281
MARK W. CANTRELL, 3645
*FELIX A. CAPALUNGAN, 4234
JOHN T. CAPPELLO, 4095
JAMES C. CARDINAL, 9629
ROBERT D. CARDY, JR., 0795
BRIAN W. CARLISLE, 4865
ANDREW R. CARLSON, 7321
TOBY L. CARLYON, 2808
DAVID S. CARPENTER, 1784
DOUGLAS I. CARPENTER, 6797
KENNETH S. CARPENTER, 5322
PATRICIA M. CARPENTER, 8882
ROBERT T. CARPENTER, JR., 9096
*RICHARD L. CARPER, 1122
DAVID J. CARRELL, 8142
JEFFREY L. CARROLL, 7247
MARK T. CARROLL, 9493
MICHAEL J. CARROLL, 1703
*ULISES CARTAYA, 8164
AARON G. CARTER, 4450
JOHN A. CARTER, 5155
RICKY E. CARTER, 2261
CLARK R. CARVALHO, 6374
TIMOTHY S. CASHDOLLAR, 8302
JAMES P. CASHIN, 0136
WILLIAM A. CASTILLO, 6700
RICHARD M. CASTO, 7436
SUSAN M. CASTRO, 5514
RICHARD R. CASTROP, 0118
GREG M. CAYON, 4447
ARDIS G. CECIL, 5512
DEBORAH A. CHAMBERLAIN, 3241
VICTOR R. CHAMBERS, 2456
*DONALD S. CHAMPION, 4429
RICHARD W. CHANCELLOR, 6459
MICHAEL J. CHANDLER, 6212
*ANDREW S. CHANG, 0171
DAVID A. CHAPMAN, 0952
THOMAS N. CHEATHAM, 5492
PHILIPPE D. CHECHOWITZ, 1124
*JOHN T. CHENEY, 9898
BRIAN K. CHESHER, 1115
BRUCE C. CHESLEY, 7490
*ROBERT J. CHESTNUT, 8444
MAXWELL M. CHI, 2017
THOMAS J. CHIAVACCI, 3308
CATHERINE M. CHIN, 8993
MICHAEL T. CHIPLEY, 2262
UK CHONG, 4334
GREGORY M. CHRIST, 2121
KEL O. CHRISTIANSON, 8000
MARK A. CHRISTOFFERSON, 0637
PATRICK W. CHRISTOPHERSON, 3700
GREGORY A. CHURCH, 7139
DAVID P. CIENSKI, 4531
SCOTT A. CILLEY, 5520
STEVEN E. CLAPP, 6878
*AARON J. CLARK, 5995
*DAVID CLARK, 2662
DENNIS P. CLARK, 2192
GREGORY C. CLARK, 4113
JOSEPH M. CLARK, 2852
KAREN S. CLARK, 6455
MICHAEL P. CLARK, 6388
ROBERT W. CLARK, 0659
STEPHEN A. CLARK, 2221
*WILLARD W. CLARK, 0013
PAUL CLARKE, 0489
ROBERT S. CLARKE, 5810
JON E. CLAUNCH, 5693
SCOTT M. CLAWSON, 0296
ALISON E. CLAY, 7859
BYRON K. CLAY, 1843
JAMES J. CLAY, 6885
CAROL L. CLEMENTS, 6342
TED B. CLEMENTS, JR., 2785
JOSEPH G. CLEMONS, 9817
GEOFFREY CLEVELAND, 3149
SARAH B. CLIATT, 4733
MARK E. CLINE, 6714
*RICHARD A. CLINE, 9591
NEAL A. CLINEHENS, 5141
JERRY R. COATS, 4762
LAVANSON C. COFFEY III, 1596
MICHAEL F. COLACO, 9424
JOHN E. COLLETTA, 6932
DOUGLAS E. COLLINS, 5588
PETER J. COLLINS, 9882
JOHN M. COLOMBI, 6708
FELIX R. COLONNIEVES, 3341
DOUGLAS E. COMBS, 1002
JAMES P. COMBS, 6620
MICHAEL A. COMSTOCK, 1915
CHRISTOPHER CONAWAY, 1642
*DAVID A. CONGER, 8535
EVELYNE M. TRAUB CONLON, 3729
ANDREW D. CONN, 9202
DAVID H. CONN, 8665
CORVIN J. CONNOLLY, 3133
KEVIN D. CONRAD, 5338
STANLEY K. CONTRADES, 7500
CHRISTOPHER D. COOK, 7910
CHRISTOPHER W. COOK, 6302
*KAREN L. COOK, 6824
LOY C. COOK, 3992
VIRGIL H. COOK, JR., 0548
DAVID LYNN COOPER, 5563
DEANNA L. COOPER, 6915
GLYNN A. COOPER, 6030
GLEN F. COPELAND, JR., 0845
TODD M. COPLEY, 8063
WILLIAM P. CORCORAN, 9892
TOBY L. COREY, 0163
KENNETH A. CORGAN, 3259
DAVID B. CORKUM, 6363
ALLEN B. CORNELIUS II, 4688
STAN CORNELIUS, 0281
DAVID L. COSS, 8147
DALE L. COTHREN, 3962

ANTHONY J. COTTON, 7136
CLEM C. COUNTESS, 8788
DAVID A. COURCHENE, 9822
ANDREW R. COX, 0814
AUGUSTUS G. COX, 4643
LAWRENCE J. COX, 7484
MICHAEL R. COX, 8779
CLAY P. CRAWFORD, 4801
DUANE T. CREAMER, 2261
BRIAN J. CREELMAN, 3467
TY R. CRESAP, 7220
*JEFFREY T. CREWE, 1952
JAMES M. CRISSEY, 3932
MICHAEL T. CROCKER, 6289
DAVID J. CROW, 8155
MARK J. CROWDER, 1799
MICHAEL G. CULJAK, 1190
CHARLES S. CULLEN, 1913
ZENA M. CULP, 1445
WILLIAM H. CUMLER, 5764
SEAN M. CUNNEEN, 2040
GREGORY D. CUNNINGHAM, 7391
THOMAS W. CURBYLUCIER, 5953
GREGORY S. CURRY, 0096
CHESTER R. CURTIS, JR., 3030
TODD E. CUSICK, 8608
RUSSELL N. CUTTING, 1210
CHARLES H. CYNAMON, 2423
RICHARD E. CZYZEWSKI, 3828
ROBERT J. DAGUE, 8227
FRANK R. DALDINE, 0581
WILLIAM J. DALONZO, 6706
SCOTT A. DALRYMPLE, 6319
PAUL S. DALY, JR., 6230
DELEE M. DANKENBRING, 4372
CHARLES A. DANLEY, 3895
ROBERT L. DAUGHERTY, JR., 0938
SHERRILL K. DAUGHERTY, 7607
*JAMES G. DAVENPORT, 9433
KIM L. DAVEY, 2573
PETER F. DAVEY, 2041
TERENCE A. DAVEY, 3158
*RODNEY B. DAVIDSON, 7461
RICARDO C. DAVILA, 6504
BRIAN P. DAVIS, 1946
CHARLES E. DAVIS III, 8927
CHARLES R. DAVIS, 8691
CLYDE W. DAVIS, 8668
JEFFREY A. DAVIS, 4928
JOHN H. DAVIS, 7690
PERRY LORI A. DAVIS, 9943
RANDY J. DAVIS, 4161
STEPHEN S. DAVIS, 6186
JOHANN H. DAVISSON, 7016
*BRIAN C. DAWSON, 5183
CARLTON D. DAWSON, 3164
KENNETH D. DAWSON, 9177
GREGORY P. DAY, 3123
ERNESTO DE LA CANTERA, 4094
ENRIQUE DE LA GARZA, 1143
SCOTT E. DEAKIN, 2096
PATRICK K. DEAN, 8768
THOMAS A. DEAN III, 9991
TINA M. DEANGELIS, 6495
DAVID S. DEARY, 1306
GARY L. DEATON, 0020
TIMOTHY L. DEAVER, 8813
CYNTHIA A. DECARLO, 3999
KEVIN W. DECKER, 4811
JON CHASE DECLERCK, 1653
JEFFREY D. DEEM, 4544
MARK P. DEGROODT, 5664
LAWRENCE R. DEIST, 2009
SCOTT E. DEITZ, 2503
CARL T. DEKEMPER, 2155
*RONALD A. DELAP, 1358
ANTHONY J. DELGENIS, 6224
ROBERT DELLASALA, 8980
ROGER A. DELLINGER, 4747
DAVID F. DEMARTINO, 1628
EDWARD B. DENHOLM, 5926
*DONNA L. DENMAN, 6949
JOHN P. DENN, 1748
DAVID R. DENNING, 3127
STERLING P. DEPEW, 8100
MARK R. DETCHEVERRY, 7687
DEBORAH A. DETERMAN, 7924
STEWART L. DEVILBISS, 6933
PHILIP R. DEVOE, 3445
WADE F. DEWEY, 8300
JOHN P. DEWINE, 9418
JOHN R. DEWSNAP, 8884
CRAIG D. DEZERN, 6802
*MICHAEL J. DEZZUTTO, 6626
KEVEN B. DIAMOND, 1045
VICTOR J. DIAZ, JR., 0111
MARK J. DIBBEN, 7924
*DONALD A. DICKERSON, 3167
TIMOTHY H. DIEMER, 5922
WILLIAM G. DIESSNER, 7525
JOSEPH M. DIETZ, 4711
STEVEN C. DIETZIUS, 9605
MARK A. DILL, 9751
MARK W. DILLON, 8742
DANNY R. DIMAGGIO, 7805
LOUIS J. DIMODUGNO, 7152
ROBERT A. DISTAOLO, 4646
WILLIAM A. DODD, 2213
BERNARD DODSON, JR., 6011
BRIAN M. DODSON, 5574
JOHN L. DOLAN, 5803
KENNETH B. DOMENICK, 3947
ROBERT B. DONEHOWER, 3512
*MICHAEL R. DONLEY, 6058
TIMOTHY S. DONOHUE, 4215
PATRICK H. DONOVAN, 3712
BRIAN P. DORAN, 6552
RICHARD M. DORAN, 9478
PAUL E. DORCEY, 4769
STEVEN N. DORFMAN, 9668
JOHN W. DORRIS, 8842
MARK R. DOTSON, 0390
*DAVID D. DOUGHERTY, 5433
MICHAEL M. DOUGHTY, 7275
CHARLES A. DOUGLASS, 3149
KATHLENE R. DOWDY, 4261
EDWARD A. DOWGWILLO, 4748
GERARD P. DOWNEY, 4824
MARK A. DOWNS, 9115
KEVIN H. DOYLE, 9385
CARL D. DRAKE, 6956
REED C. DRAKE, 8538
BERT L. DREHER, 1059
DEBORAH Y. DRENTH, 1659
JEFFREY J. DRUESSEL, 7552
EMMETT W. DRUMHELLER, JR., 0925
ROCCO J. DRYFKA, 8192
DARRELL A. DUBOSE, 4071
JOHN A. DUCHARME, JR., 7577
ROSS A. DUDLEY, 8107
TRENT O. DUDLEY, 8239
WILLIAM R. DUDLEY, 3484
JOHN C. DUFFEK, 4722
PATRICK D. DUGAS, 3906
TODD M. DUGO, 5946
JASON C. DULANEY, 2685
JOHN K. DUNLEVY, 6426
JEFFERSON S. DUNN, 8228
PATRICK A. DUNN, 4010
MICHAEL S. DUPERIER, 8744
DUVIDELLE A. DURIEUX, 2109
LARRY J. DUVALL, 9319
BRIAN M. DWYER, 7458
JAMES C. DYGERT, 0706
KARL E. EAGER, 0594
KENNETH L. ECHTERNACHT, JR., 9497
NORMAN L. ECKERT, 4729
STEPHEN D. ECKHART, 8578
*RICHARD J. EDGE, JR., 1604
THOMAS F. EDMAN, 1324
MICHAEL D. EDWARDS, 4159
*ROBERT G. EDWARDS, 9657
STEPHEN G. EDWARDS, 0180
FRANK EFFRECE, JR., 1786
MATTHEW E. EGGERT, 9128
SANDRA M. EISENHUT, 9814
*MICHEL P. ELLERTBECK, 5929
DEBORAH A. ELLIOT, 2150
BRUCE A. ELLIS, JR., 3453
*JANON D. ELLIS, 4234
GLENN C. ELY, 6234
RALPH W. EMERSON, III, 8140
CHARLES D. ENGEL, 8013
JOSEPH M. ENGLE, 7031
HAROLD W. ENNULAT, 1041
SAMUEL H. EPPERSON, JR., 1469
GREGORY J. ERICKSEN, 7943
TROY M. ERWIN, 7557
WILLIAM P. ERZEN, 6570
SIDNEY J. ESKRIDGE, 9320
MICHAEL A. ESQUIBEL, 9147
GREGORY A. ESSES, 1300
RICHARD A. ETEN, 0519
DAVID R. EVANS, 6530
ROBERT D. EVANS, 3779
KRAIG A. EVENSON, 1760
JASON G. EVGENIDES, 6041
FREDERICK L. FAHLBUSCH, 2621
LAWRENCE FAHY, 6884
TODD J. FALKENSTEIN, 4096
FREDERICK W. FALLMAN, III, 3972
*STEVEN W. FALLS, 3270
ROBERT J. FALVEY, 1753
HARLAN B. FANGMEYER, 1703
FRANKLIN J. FANNING, 1710
MICHAEL A. FANTINI, 0711
CHARLES S. FARMER, 4564
MICHAEL R. FARRAR, 2795
JENNIFER W. FARRELLY, 5894
RESE E. FARRISH, JR., 1143
TAMMY E. FARROW, 6477
MARK T. FAVETTI, 4433
JOSEPH G. FAWCETT, 9293
PAUL E. FEATHER, 9206
VINCENT J. FECK, 9573
*MICHAEL J. FELDHAKE, 5744
RICHARD D. FELLOWS, JR., 3673
MATTHEW R. FENTON, II, 9572
MICHAEL C. FERGUSON, 4117
TIMOTHY D. FERGUSON, 4119
RALPH D. FERO, 0992
BARBARA A. FERRA, 2532
GLENN P. FETTER, 1995
*BRUCE E. FIELDS, 4258
FRANCES H. FIGA, 8920
TOD R. FINGAL, 7628
WILLIAM R. FINGAR, 5925
STEPHEN A. FINNEY, 4897
MICHAEL T. FINNICUM, 4481
JAMES D. FISHER, 1632
KEVIN J. FITCH, 1822
ROBERT P. FITZGERALD, 4758
TERESA L. FITZPATRICK, 3642
SHAWN R. FLEMING, 4916
WALTER C. FLINT, 9406
MATTHEW W. FLOOD, 0437
JOHN J. FODEN, III, 9269
LOUIS A. FOEHRKOLB, 4694
DEBRA A. FOGLE, 7561
ELDRED J. FOLSE, 1219
JOHN E. FOREHAND, 5773
KEVIN L. FORMOLO, 8065
TIMOTHY A. FORSYTHE, 8654
GARY G. FOSTER, 6646
*DAVID L. FOULKE, 6634
*LAWRENCE O. FOUNTAIN, 2678
JEROME M. FOWLER, 5875
JOSEPH W. A. FOX, 7797
PRENTICE N. FOX, 1884
MATTHEW J. FRANDSEN, 8065
JEFFREY E. FRANKHOUSER, 5613
*AARON D. FRANKLAND, 6261
ROBERT E. FRANKLIN, 3845
ANTHONY C. FRANZEL, 7831
BRIAN S. FRATUS, 6784
THOMAS A. FREESE, 5730
THOMAS FRENCH, 7995
GEORGE P. FULLER, IV, 2051
MARJORIE A. FULLER, 9859
*JON A. FULLERTON, 0019
ROY J. FULLERTON, JR., 2631
BARBARA E. FURYKOLSON, 0434
JOHN S. FUSS, 9886
*JOSEPH R. FUTCH, 9786
GLENN C. FYFE, 1426
GARY GAGLIARDI, 1397
MARK P. GAGNON, 4511
JOSEPH M. GAINES, 4196
KENNETH A. GAINES, 1798
JUAN GALINDEZ, 9742
KEVIN P. GALLAGHER, 8144
PATRICK J. GALLOGLY, 8738
CHARLETON P. GALLOWAY, 2285
BRADLEY H. GALLUP, 5634
JULIO C. GAMEZ, 3454
RUFUS M. GANT, III, 6538
MICHAEL E. GANTT, 7003
ANTHONY J. GARCIA, 6715
HANS, GARCIA, 6627
DANIEL C. GARD, 0996
VON A. GARDINER, 2419
JOHN D. GAREY, 5271
DAVID R. GARRETT, 4195
GREGORY GARRETT, 6688
*AMADEO B. GARZA, 0783
JAMES M. GATHRIGHT, 0647
ROBERT F. GATHRIGHT, 5006
LAWRENCE M. GATTI, 1828
FRED W. GAUDLIP, 1019
WILLIAM L. GAUGHT, 5688
MICHAEL W. GAULT, 5109
JOSEPH L. GAUTHIER, JR., 8659
AMANDO E. GAVINO, 5802
*DEWEY M. GAY, 3420
ROSE M. GAY, 3305
MARTIN R. GEARHART, 1110
GREGORY A.S. GECOWETS, 1855
FRANCIS J. GEISER III, 5903
MICHAEL D. GENDRON, 3440
DAVID E. GENEVISH, 5960
CHRISTOPHER R. GENTRY, 6589
JOHN M. GENTRY, 4823
KERRY M. GENTRY, 6227
SCOTT E. GEORGE, 8309
MARK J. GERKEN, 7398
BRIAN T. GEROVAC, 0798
CHARLES S. GERSTENECKER, 8213
GLEN S. GESE, 5966
PETER L. GETTS, 4746
DAVID MARTIN GIACHETTI, 5269
*ANDREW S. GIACONIA, 1295
JULIA A. GIBBONS, 2652
REX O. GIBSON, 1816
JON F. GIESE, 8198
SAMPSON GILBERT, 7566
ROBERT N. GILCHRIST, 9407
GREGORY P. GILETTI, 5200
JENNINGS F. GILLEM, 6986
*DAVID T. GILLEN, 5143
DAVID L. GILLESPIE, 7364
ANDREW T. GILROY, 0641
*COLIN L. GIPP, 0563
TERENCE J. GIVEN, 6268
KATHI S. GIVENS, 6706
KEITH M. GIVENS, 2149
ROBERT P. GIVENS, 2092
ALAN R. GLADFELTER, 3597
AMANDA W. GLADNEY, 3549
THOMAS L. GLARDON, 4646
DAVID G. GLASGOW, JR., 6832
JOHN A. GLAZE, 7459
MATTHEW P. GLENN, 7448
MICHAEL P. GLUNK, 1123
ALAN C. GNANN, 4598
PATRICK E. GODFREY, 0358
GARY K. GODWIN, 4673
DANIEL V. GOERES, 7373
LEAH F. GOERKE, 1106
ROBERT V. GOERKE, 5727
BRAD A. GOLDBERG, 8679
NORTHAN F. GOLDEN, 9583
WILLIAM D. GOLDEN, 5398
BRUCE A. GOLDSTEIN, 8677
ROBERT J. GONZALES, JR., 6848
ANGEL D. GONZALEZ, 5536
JEFFREY L. GOODALL, 5080

PAULA A. GOODE, 3709
MARK R. GOODELL, 8439
PATRICK A. GOODMAN, 9326
RONALD R. GOODWIN, 2913
DAVID J. GOOL, 1115
MICHAEL L. GOOLSBY, 0292
FRANK W. GORHAU, JR., 1931
NANCY A. GORMAN, 5728
ANNE L. GORNEY, 6160
LA VERN GOSHEN, 0336
MICHAEL F. GOSNELL, 9454
KENNETH A. GOTSKI, 3842
KEVIN A. GRADT, 9906
ALICIA G. GRAHAM, 8797
FREDERICK W. GRAHAM III, 3367
ROBERT P. GRAHAM, JR., 7669
*WILLIAM E. GRAHAM, 3122
CHARLES D. GRAHN, 9331
JAMES E. GRANDY, 2186
BRUCE A. GRANT, 8761
DOUGLAS D. GRAVES, 4544
*JOHN W. GRAVITT, 2190
MARK A. GRAY, 6285
SHIRLEY D. GRAY, 9011
STEVEN G. GRAY, 9011
DOMINIC P. GRAZIOLI, 3699
CURTIS L. GREEN, 0994
STEPHEN W. GREEN, 3910
STEVEN A. GREENE, 7511
BRUCE D. GREENWALD, 5618
CRAIG R. GREENWOOD, 2662
THOMAS M. GREETAN, 9765
DOUGLAS E. GREGORY, JR., 5046
*MARK T. GREIF, 3393
MICHAEL S. GRENKE, 8476
KENNETH C. GRIER, 4285
*THOMAS C. GREISBAUM, 6615
*DENNIS D. GRIFFIN, 6802
THOMAS A. GRIFFIN, 7697
JAMES L. GRIFFITH, 8805
KEVIN H. GRILL, 9770
DARRYLE J. GRIMES, 6175
REBECCA P. GROOVER, 9429
LUKE G. GROSSMAN, 0588
HERBERT J. GROVER III, 5887
BERNARD J. GRUBER, 5166
*THOMAS L. GRUND, JR., 4938
*VINCENT J. GRZESIAK, 5130
DAREN S. GULBRANSEN, 4870
ROBERT B. GURNER, 6242
DANEIL P. GUSS, 7844
JEFFREY H. GUSTAFSON, 3225
STEPHEN V. GUSTAFSON, 4231
PHILLIP W. GUY, 1636
PAUL G. HAAR, 6254
WILLIAM D. HACK, 6585
TODD C. HACKETT, 6347
DAVID E. HAFER, JR., 9959
AARON F. HAGMAIER, 0210
GEORGE D. HAGY, 5385
SCOTT A. HAINES, 0623
CHARLES H. HAINLINE, 9087
MICHAEL T. HALBIG, 8586
KENNETH P. HALE, 6442
MARK A. HALE, 3033
ZOE M. HALE, 5418
*DOUGLAS E. HALL, 4522
PATRICK J. HALLORAN, 5963
DOUGLAS M. HALSELL, 0634
DONALD L. HAMELIN, JR., 3812
GEORGE P. HAMILTON, 3842
JAMES D. HAMILTON, 1826
TERRY R. HAMILTON, 8582
AMY A. HAMMOND, 5891
JAMES R. HAMPSHIRE, 5222
DANIEL J. HAMPTON, 2960
WILLIAM E. HAMPTON, 1440
DAVID W. HANAK, 1890
DAVID T. HANAWAY, 2221
TIMOTHY HANCOCK, 5665
THOMAS O. HANFORD, 9221
ELIGAH HANKS, 0559
BRIAN J. HANLEY, 5496
JAMES F. HANLON, 5883
WILLIAM C. HANNA, 7278
JOHN J. HANNAH, 3566
TIMOTHY S. HANNUS, 2120
DARREN H. HARA, 0807
JENNIFER M. HARALSON, 9851
MICHAEL A. HARBISON, 2490
*STEVEN D. HARBOUR, 9063
SCOTT R. HARBULA, 0214
CRAIG A. HARDIN, 7687
JAMES W. HARDIN, 2813
GENE L. HARDING, 3516
ROBERT E. HARDWICK, 9305
BRUCE E. HARDY, 8902
*MICHAEL D. HARDY, 5662
JEFFREY W. HARING, 3940
DOUGLAS M. HARLOW, 1985
TODD P. HARMER, 9083
RICHARD P. HARRINGTON, 8901
*DOUGLAS D. HARRIS, 9216
JOHN N. HARRIS, 9297
MARK C. HARRIS, 7231
ROBERT A. HARRIS, 2050
TIMOTHY J. HARRIS, 9179
*WILLIAM C. HARRIS, 3366
STEVEN B. HARRISON, 2447
MICHAEL D. HARSH, 3334
ANDREW E. HART, 4730
SCOTT A. HARTFORD, 7402
DANIEL J. HARTIGAN, 6458
TIM D. HARTJE, 9298
JEFFREY W. HARTLEY, 8720
THOMAS A. HARTUNG, 6037
JAMES P. HARVEY, 6960
WINIFORD L. HARVEY, 4765
*KENNETH R. HATCHER, 6340
DAVID C. HATHAWAY, 4494
DARYL J. HAUCK, 7052
SCOTT D. HAUGAN, 5493
PHIL M. HAUN, 4264
DANIEL J. HAUSAUER, 3487
WALTER E. HAUSSNER, 8407
DOUGLAS L. HAVEN, 9843
DEAN W. HAVILAND, 9316
*JOEL F. HAWKLEY, 3632
KIM D. HAWTHORNE, 9725
TIMOTHY D. HAX, 0527
WAYNE H. HAYES, 6065
MICHAEL D. HAYS, 6089
RICHARD J. HAZDRA, 4792
DEIRDRE HEALEY, 2552
*TIMOTHY R. HEBEL, 0947
GLENN H. HECHT, 8293
*WILLIAM R. HECKER, 8734
SCOT T. HECKMAN, 2915
CLYDE R. HEDDINGS, 5856
MICHAEL L. HEIDT, 5449
GERROLD G. HEIKKINEN, 3484
*TODD E. HEINLE, 7921
SHARON A. HEISE, 5565
DAVID G. HELFRICH, 8042
BRUCE T. HELLEN, 0085
*MARTIN B. HELLER, 6904
ALFRED G. HELM, 6353
JAY B. HELMING, 7683
*PAUL J. HELT, 3600
*CHARLES HELWIG III, 0262
GARY W. HENDERSON, 4710
JAMES P. HENDRICKS, 4506
MASAO HENDRIX, 5529
LINA V. HENNEMAN, 7475
JOHN R. HENNESSEY, 2971
ROBERT J. HENNING, 7221
JOEL K. HENNINGS, 0495
JEFFREY S. HENRY, 7236
LISA L. HENRYHAMILTON, 4193
CHRISTOPHER J. HENSON, 6823
JOHN D. HENSON, 0713
MARK A. HERING, 2879
SCOTT M. HERRICK, 9330
DONALD M. HERRING, 1826
JAMES W. HERRON, 7515
DAVID L. HESS, 8670
ROBERT W. HESS, JR., 4226
NORMAN B. HETZEL, 4519
BRYAN L. HEVERLY, 7663
KATHLEEN M. HEVERLY, 4968
BRIAN P. HEYNE, 9939
PHILIP L. HEZELTINE, 2845
DANIEL P. HICKEY, 7170
JAMES T. HICKS, 8464
DAVID S. HIDINGER, 6338
THOMAS H. HILDERBRANDT, 0440
PETER J. HILL, 1622
SCOTT WILLIAM HILL, 9311
GEOFFREY H. HILLS, 0579
JONATHAN C. HINES, 1854
WARREN D. HINES, 1142
ANTHONY G. HINGLE, 2648
ANTHONY K. HINSON, 0299
MICHAEL W. HINTON, 4784
MICHAEL P. HINZ, 7923
*ERSKINE D. HIOTT, 1158
*JACK H. HIRRLINGER, JR., 9677
STEVEN T. HISS, 9491
ROBERT J. HOCK, 5833
JACQUELINE R. HODGE, 4721
LAVERN A. HOECHERL, JR., 2446
PETER D. HOFELICH, 4258
PATRICIA D. HOFFMAN, 1122
ANTHONY J. HOGAN, 8159
JAMES J. HOGAN, 7989
TIMOTHY D. HOGAN, 1178
JAMES M. HOGGE, 9091
ROBERT S. HOLBA, 7545
BENNY D. HOLBROOK, 0133
WILLIAM P. HOLCOMB, 4910
ERIC J. HOLDAWAY, 7800
JONATHAN A. HOLDAWAY, 0166
LEWIS L. HOLDEN, JR., 3484
WILLIAM G. HOLDEN, 2251
LINDA T. HOLIEN, 3279
EDGAR M. HOLLANDSWORTH, 3830
PATRICK R. HOLLRAH, 7657
DENISE M. HOLLYWOOD, 9491
ELIZABETH J. HOLMES, 5202
STAN L. HOLMES, 5542
NANCY G. HOLT, 6426
JEFFREY L. HOOD, 9199
GHEVOND HOOKASSIAN, 5475
PHILLIP W. HOOVER, 5329
STEVEN L. HOPKINS, 5698
ANDREW M. HORTON, 4676
DAVID L. HOSLEY, JR., 6834
MARK F. HOSTETTER, 0967
KEVIN R. HOUDEK, 2708
*GERALD L. HOUNCHELL, 9051
RICKEY L. HOUSTON, 2102
RANDALL B. HOWARD, 9261
BRIAN H. HOWELL, 7233
MICHAEL K. HOWELL, 7627
SCOTT J. HOWER, 1167
JOSEPH G. HRUSKA, 3612
KENNETH R. HUBBARD, 3861
DONALD L. HUDSON, 9291
MICHAEL J. HUEBSCH, 4849
PAUL E. HUFFMAN, 6467
PETER W. HUGGINS, 7809
*RONALD C. HUGGINS, JR., 6845
ANTHONY W. HUGHES, 9302
MICHAEL P. HUGHES, 7152
STEVE D. HUGHES, 6498
HAROLD HUGULEY III, 6206
JAY P. HUMELBAUGH, 5531
DOUGLAS W. HUMERICK, 7374
ERIC N. HUMMER, 4283
KERI S. HUMPHREYCLINARD, 3112
ALICE N. HUNGER, 2208
JORJI R. HUNNICUTT, 4400
JOSEPH HUNT, 1348
JAMES C. HUNTER, 3991
STERLING E. HUNTER, 0553
JOSEPH A. HUNTINGTON, 2680
JEFFREY L. HUPY, 4165
JOHN T. HURD, 5032
WARREN H. HURST, JR., 9593
MICHAEL T. HUSAR, 0412
SHERYL L. HUTCHISON, 5052
MARK T. HUTHMACHER, 8573
KENNETH J. HYATT, 4648
CHARLES K. HYDE, 6548
*JOE G. HYDE, 2468
WILLIAM M. IBINSON, 8239
WINTHROP C. IDLE, 9306
PETER W. INGENLOFF, 9493
DAVID P. INGERSON, 1691
TIMOTHY M. INGLE, 6221
ANDREW D. INGRAM, 0734
PAIGE E. INSCOE, 0380
SHELLY K. ION, 0157
DAVID M. IRVIN, 4478
BILLY J. C. IRWIN, 1565
ANN L. ISAACS, 5591
WALTER L. ISENHOUR, 0531
JAMES J. ISHERWOOD, 3276
GORDON D. ISSLER, 2010
PETER J. IVERSEN, 0311
*LLOYD W. JACK, 7040
DEE J. JACKSON, 6253
KEITH A. JACKSON, 5093
*MICHIEL D. JACKSON, 8996
ROBERT E. JACOBSON, 8001
JOSEPH R. JACYNO, 2323
STEPHEN J. JAECQUES, 9480
*PETER JAHNS, 1695
*BYRON L. JAMES, 1390
CHARLES L. JAMES, JR., 7342
DOUGLAS E. JAMES, 2399
GARY M. JAMES, 9355
JONATHAN E. JAMES, 4171
*STEWART W. JAMES, 0758
THOMAS J. JAMES, 9175
AUSTIN D. JAMESON, 2819
ROBERT A. JAMESON, JR., 4151
GEORGE A JANSEN, JR., 7548
MICHAEL F. JANZEN, 7414
MARK K. JARRATT, 0753
*JOHN A. JAY, 1186
JAMES D. JEFFERS, 7005
*KALEN K. JEFFERS, 6940
CHRISTOPHER B. JELLA, 8060
MARILYN H. JENKINS, 1162
*DAVID J. JENNISON, 7160
KEVIN J. JENS, 7049
JOHN H. JERONIMUS, 9426
GREGORY A. JERRELL, 8251
THOMAS W. JETT, 5915
NATHAN L. JEWELL, 5828
DARRYL E. JOHNSON, 4887
DAVID K. JOHNSON, 2542
DAVID S. JOHNSON, 5592
*ERIC T. JOHNSON, 8275
JANICE R. JOHNSON, 4026
JEFFREY C. JOHNSON, 1059
JERRY L.JOHNSON, 9007
LEIF C. JOHNSON, 7606
LOREN J. JOHNSON, 7647
RAY S. JOHNSON, JR., 4772
RENEE M. JOHNSON, 1321
RICHARD C. JOHNSON, 5663
ROBERT E. JOHNSON, 5132
ROBINN O. JOHNSON, 9858
ROGER G. JOHNSON, 3800
NICHOLAS G. JOHNSTON, 4946
DAVID W. JOLLEY, 0823
WESLEY R. JOLLY, 0501
ANDREW H. JONES, 9855
CHARLES D. JONES, 9359
CHARLES M. JONES, 8162
DAVID E. JONES, 9456
DAVID W. JONES, 2130
GARY A. JONES, 5200
*KEITH R. JONES, 2454
ROBIN G. JONES, 6813
SOREN K. JONES, 3844
STEPHEN D. JONES, 2673
THOMAS C. JONES, 2230
BRIAN T. JORDAN, 4134
CHRISTOPHER A. JORDAN, 9874
JODI S. JORDAN, 3079
JONATHAN D. JORDAN, 8313
WILLIAM G. JORDAN, JR., 4674

BARBARA J. JORGENSEN, 7627
JEFFREY J. JORGENSEN, 6759
CHAISTOPHER A. JOSEPH, JR., 8185
EDWARD L. JOSLIN, 7153
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JAMES A. JOYCE, 0917
THOMAS C. JOYCE, 2830
DIMASALANG F. JUNIO, 1173
JOHN H. KAFER, 0064
KEVIN L. KALLSEN, 3820
CHRIS J. KAMPSEN, 9850
PATRICK KANE, 7533
SHIV K. KAPOOR, 9307
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DAVID A. KASBERG, 7395
WESTLEY C. KASPER, 8319
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STEVEN M. KAUFFMANN, 1173
DEREK B. KAUFMAN, 5954
ROBERT H. KAUFMAN, 9854
KARL A. KAUFMANN, 4011
DUANE J. KAUTMANN, 1212
*ILIAS E. KAVOURGIAS, 1396
DANIEL S. KAYE, 7351
RONALD G. KEARNS, 5073
*JOHN W. KEFFER, 4450
*MARTIN E. KEILLOR, 6175
WARREN L. KEITHLEY, JR., 5563
REGINA E. KELKER, 8200
MATTHEW L. KELL, 1685
CHARLES K. KELLEY, 8726
BOBBY E. KELLOGG, JR., 7872
BRIAN T. KELLY, 3880
MARK D. KELLY, 7221
PATRICK J. KELLY, 1832
DUDLEY J. KELSEY, 5934
NATHANIEL A. KELSEY, 0553
MARTIN T. KENDRICK, 9586
CRAIG F. KENNEDY, 6993
DAVID M. KENNEDY, 0971
BRADFORD P. KENNEY, 0845
JAMES E. KENT, 5195
STEVEN D. KEPHART, 0045
LOREN F. KESTING, 1134
MOHAMMED A. KHAN, JR., 3620
JAMES P. KIEHN, 6219
*RONALD J. KIEKLAK, JR., 8985
WESLEY J. KIEL, 6018
*MICHAEL KIFER, 0515
KEVIN J. KILB, 8683
BRIAN M. KILLOUGH, 1572
STEVEN A. KIMBALL, 4852
PAUL E. KIMBLE, 4092
GREGORY S. KIMBRELL, 2766
MICHAEL R. KIMM, 9064
*PETER A. KIND, 7554
WILLIAM D. KINDER, 4100
JEFFREY D. KINDLEY, 1716
CURTIS S. KINDRED, 4848
*KIMBERLY J. KING, 7134
KYLE S. KINGSFORD, 9851
DONALD J. KINLIN II, 1442
CHRISTOPHER J. KINNAN, 4100
JAMES A. KIRK, JR., 7147
KENNETH M. KIRK, 5199
KURT JAY KITTI, 3631
PETER H. KLAVIK, 4866
GARY R. KLETT, 2494
MICHAEL K. KLINKMANN, 4605
RICHARD H. KLODNICKI, 2996
MICHAEL T. KLOENNE, 6999
ROBERT M. KNAPP, 6020
BRETT W. KNAUB, 3626
CLETE W. KNAUB, 7533
KEVIN E. KNAUSS, 6031
CHRISTOPHER G. KNEHANS, 4780
CRAIG J. KNIERIM, 0022
MICHAEL T. KNIGHT, 7635
*JOHN B. KNOWLES, 8767
DANIEL G. KNOX, 0716
MICHAEL L. KNUDSON, 1100
STEVEN V. KNUTSON, 6441
KORINA L. KOBYLARZ, 4144
THOMAS J. KOBYLARZ, 3528
MARK P. KOCH, 0726
ROBERT M. KOEHLER, 3513
*STEVEN J. KOENEKER, 4165
PAUL J. KOLODZIEJSKI, 2118
MARK S. KOOPMAN, 4493
KENNETH K. KOPKO, 6078
KENTON C. KORAN, 8509
KENNETH L. KORPAK, 7374
PATRICK J. KOSTRZEWA, 9263
*BILL KOUKOURIKOS, 9111
DAVID L. KOVACH, 8967
JEFFREY L. KOZYRA, 8764
JOHN W., KRAFT, JR., 3632
GEORGE J. KRAKIE, 1542
PETER A. KRAWCZYK, 5363
KEITH R. KREEGER, 8099
CHRISTINE M. KREISELMEIER, 2526
JOHN C. KRESS, 0217
NEAL F. KRINGEL, 1950
OLGA M. KRIPNER, 9059
MICHAEL J. KUCHTA, 7030
STEVEN T. KUENNEN, 0248
CHRISTOPHER T. KUGEL, 3516
GARRY L. KUHN, 2369
KYLE W. KUHN, 9558
MARK L. KUNZ, 0394
RUSSELL D. KURTZ, 8297
ALLEN E. LACEY, 4476
BURNETT F. LACHANCE, 1721
STEPHEN M. LADE, 6024
PETER A. LADEN, 6491
ANDREW E. LAGER, 0559
ERIC M. LAGIER, 2063
MICHAEL L. LAKOS, 4538
STEPHEN T. LAMBERT, 9404
GEORGE H. LAMONT, 9662
BILLY R. LANGFORD, 7171
JAMES C. LANGFORD II, 9358
STEPHEN A. LANGFORD, 7388
DONALD R. LANGILLE, 9397
RANDEL K. LANGLOSS, 2869
TROY V. LANIER, 5686
JOEL D. LAPLANTE, 5034
BENNETT K. LARSON, 0534
DAVID N. LARSON, 9400
EDWIN R. LARSON, 2866
ERIK S. LARSON, 2865
JON A. LARVICK, 5741
DAVID L. LASALLE, 6608
SCOTT A. LAUSMAN, 8366
STEVEN G. LAVOYE, 0554
*ANTHONY B. LAW, 0199
PAUL D. LAW, 7282
STEVEN B. LAWLOR, 1300
WILLIAM C. LAWSON, JR., 5544
DAVID J. LAYFIELD, 1856
TIMOTHY J. LEA, 0463
RAYMOND D. LEADBETTER, 3933
KIRK A. LEAR, 4880
TERRENCE A. LEARY, 2961
WILLIAM G. LEARY III, 6576
JONATHAN G. LEATHERS, 0437
GARY J. LEAVY, 6146
DAVID J. LEDUM, 1745
ALAN R. LEE, 6631
JONI R. LEE, 5496
KEITH E. LEE, 3720
*LUCY LEE, 7543
PETER A. LEE, 0782
RICKEY A. LEE, 9375
ROBERT R. LEE, 2059
JAMES M. LEFAVOR, 4236
ANTONE L. LEFEVRE, 7207
DAVID R. LEHOSIT, 3232
*MICHAEL E. LEIGHTON, 5182
ERIC L. LEININGER, 4009
BARRY P. LEISTER, 2160
SCOTT P. LEMAY, 3181
THERESA L. LENGENFELDER, 6589
NICHOLAS C. LENTO, 1875
ROBERT A. LEONARD, 2052
JOHN J. LERCH, 2827
MICHAEL J. LESINSKI, 0301
MARCUS R. LESSEUR, 8515
ANDREW W. LESTER, 6160
ROBERT M. LETOURNEAU, 5353
*JAMES S. LEWIS, 0399
MILA D. LIETZKE, 9958
KIMBERLY A. LIMCANGCO, 7736
MARK J. LINDHORST, 9838
JEFFERY R. LINSKENS, 8234
ROBERT S. LIPPERT, 9159
STEVEN M. LIPSCOMB, 7733
LAURIE J. LISEC, 2869
STEPHEN W. LISKA, 0887
LARRY L. LITTRELL, 9958
ROBERT A. LITTRELL, 7064
BRIAN J. LLOYD, 7156
RICKY J. LOCASTRO, 9767
PHIL LOCKLEAR, 3337
JON T. LOCKWOOD, 6672
MICHAEL F. LOGRANDE, 0441
CLAYTON LOHN, 5038
JAMES W. LONG, 7650
*JANNETTE T. LOOTENS, 9821
PATRICK A. LOPARDI, 3825
JOHN A. LOPES, 1114
LUKE A. LORANG, 5283
JEFFREY B. LORENS, 2839
ERIC C. LORRAINE, 7983
*GEORGE E. LOUGHRAN, 5186
*JOHN C. LOUGHREY, 6876
MARTIN E. LOVATO, JR., 6559
RICKY A. LOVE, 0611
JOSEPH R. LOVELACE, 2155
*STEVEN L. LOVER, 8841
THOMAS J. LOWRY, 7380
*DANIEL S. LUCF, 3899
TIMOTHY R. LUCE, 1944
*MICHAEL J. LUCIER, 9198
*PATRICK P. LUDFORD, 1159
DAVID A. LUJAN, 8287
ROBERT L. LUKAVICH, 9989
JAMES P. LUKE, 3379
KYLE C. LUNDBERG, 4150
MICHAEL R. LUNN, 0657
GREGG A. LUNSFORD, 3426
STEVEN R. LUSK, 5823
JEFFREY E. LUTES, 4178
*ALLISON G. LYNCH, 6667
MICHAEL S. LYNCH, 2546
DAVID F. LYNN, 9894
*BRENT T. LYON, 2688
*DENNIS R. LYON, 9333
BOBBY J. LYONS, JR., 2790
ROBERT E. LYONS, 6726
WILLIAM A. LYONS, 5284
DAVID J. MACARTHUR II, 4611
STEELE R. MACFARLANE, 1311
JACQUELINE M. MACH, 8279
JEAN MACINTYRE, 7152
RICHARD P. MACKEEN, 8417
LEONARD D. MACKIE, 7257
MARTIN L. MACNABB, 2417
STEVEN A. MACUT, 6640
*BRUCE A. MADDOX, 9472
DAVID D. MADDOX, 3092
STEVEN W. MADSON, 2793
JAMES A. MAESTAS, 3736
CRAIG A. MAHAN, 2479
DAVID H. MAHARREY, JR., 2705
MICHAEL K. MAJOR, 0793
TERRENCE W. MAKI, JR., 7564
DENNIS J. MALFER, JR., 6315
*DOMINIC V. MALLAMO, 4996
DONALD P. MALONEY, 8556
VITO MANENTE, 8857
ROBERT L. MANESS, 0114
VICTOR J. MANGES, 5973
THOMAS J. MANGNER, 6410
DANIEL J. MANGUM, 0857
STEVEN S. MANLEY, 8497
SCOTT E. MANNING, 3674
STEPHEN L. MANSPEAKER, 6792
*TIMOTHY H. MARBURGER, 7090
*DAVID H. MARCHANT, 7481
ANTHONY J. MARCHESANO, 6138
*BRAD G. MARCUM, 4164
CHRISTOPHER S. MARDIS, 1298
JAMES RALEY MAREK, 7934
MICHAEL J. MARES, 1567
KURT M. MARISA, 0872
CHRISTINE R. MARKWARDT, 1153
*DAVID L. MARLIN, 4663
MICHAEL P. MARTEL, 5354
GLENN D. MARTIN, 0104
JOHN M. MARTIN, 0489
LARRY D. MARTIN, 2690
PETER J. MARTIN, 6121
ROBBIE D. MARTIN, 1093
RONALD K. MARTIN, 1752
SCOTT D. MARTIN, 6788
WALTER D. MARTIN, 7911
DENNIS B. MARTINEZ, 0912
JOE A. MARTINEZ II, 1412
GREGORY S. MARZOLF, 5184
PHILLIP J. MASCIOLA, 7103
BRETT S. MASON, 2936
JOHN T. MASSEE, 7994
RUSSELL F. MATHERS, 7990
STUART K. MATHEW, 7661
KARL S. MATHIAS, 0403
STEPHEN M. MATSON, 1011
LINDA K. MATTHEWS, 0436
ROBERT J. MATTHEWS, 9201
JOHN W. MATTISON, 4242
CHARLES C. MAU, 4484
FRED C. MAUGHAN, 7986
*BRIAN A. MAVES, 5128
SCOTT G. MAW, 6362
*CHARLES D. MAXWELL, 2285
JEFFREY W. MAXWELL, 0799
DANIEL K. MAY, 8685
STEVEN A. MAYER, 4151
*SIDNEY F. MAYEUX, 1699
KIRK M. MAYS, 8601
THOMAS J. MAZAIKA, 7948
*RICHARD S. MC ALISTER, 2102
LEE G. MC ANGUS, 7807
TIMOTHY S. MC ARTHUR, 4556
CHRISTOPHER B. MC CAMMANT, 5278
DAMIAN J. MC CARTHY, 9048
DANIEL H. MC CARTHY, 6323
*MICHAEL J. MC CARTHY, 6715
EDWARD A. MC CARTY, 2832
JOHN D. MC CAULEY, 1119
MARK A. MC CAULEY, 3502
ROBYN L. MC CAULEY, 7919
*THOMAS I. MC CLAIN, 0730
SCOTT D. MC CLEAN, 5811
BRIAN A. MC CLELLAN, 0605
GEOFFREY MC CLENDON, 2322
GEORGE W. MC CLENDON, 8018
VICKY L. MC CLENDON, 0051
BRUCE H. MC CLINTOCK, 6308
MARK A. MC CLURE, 5491
GARY L. MC COLLUM, 5519
*JESSICA M. MC CONNELL, 2265
GREGORY B. MC COOL, 7825
PATRICK E. MC CORMACK, 9882
BRADLEY K. MC COY, 7270
*GARY R. MC CRACKEN, 9513
PATRICK J. MC CREA, 4535
ROBERT T. MC CREADIE, 4105
BRIAN J. MC CULLOUGH, 3108
MICHAEL J. MC CULLOUGH, 7704
*TODD W. MC COLLOUGH, 7208
JEFFREY R. MC DANIELS, 6134
DENNIS P. MC DEVITT, JR., 3612
JOHN F. MC DEVITT, JR., 7514
JOHN B. MC DONALD, JR., 1738
MAURICE D MC DONALD, 0462
TIMOTHY S. MC DONALD, 2743
BRADLEY I. MC ELDERRY, 2526
KEVIN A. MC FADDEN, 4049
JOHN P. MC GARRITY, 6290
GARVIN A. MC GETTRICK, 5078
KENNETH A. MC GHEE, 1650
KEVIN P. MC GLAUGHLIN, 4390
EDWARD J. MC GOVERN, 9605
FRANCIS M. MC GUIGAN, 3793
STEVEN D. MC INTOSH, 1781

JAMES R. MCIRVIN, 8998
JOSEPH R. MCKAY, 8046
*JAMES K. MCKENZIE, 3171
FLOYD A. MCKINNEY, 8197
EDWARD L. MCKINZIE, 0557
*CHRISTOPHER C. MCLANE, 2282
*PAUL R. MCLAUGHLIN, 4313
SCOTT L. MCLAUGHLIN, 1050
JOHN S. MCLAURIN, JR., 5975
*FREDERICK K. MCMAHON, 6250
JAMES K. MCMAHON, 3885
BENJAMIN S. MCMULLEN, 8491
JOHN K. MCMULLEN, 4660
ROGER A. MCNEAL, 9192
ANDREW E. MCNEAR, 6519
MARY E. MCNEELY, 1555
*MARTIN P. MCNULTY, 3715
DONALD D. MCQUOWN, 9154
MARY E. MCRAE, 4694
MARTHA E. MCSALLY, 8930
STEVEN E. MCTIER, 4462
CARL G. MCVICKER, 6659
SHANNON P. MEADE, 9432
JOHN W. MEADOR, 8302
DOUGLAS P. MEAKER, 7491
CECIL A. MEDINA, 9296
MARK S. MEDVEC, 7084
*GREGORY M. MEEK, 3326
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RUSSEL J. MEGARGLE, 7680
MICHAEL R. MEIER, 5711
ERIC W. MEIERS, 8311
DOUGLAS A. MEIKLE, 7642
JAMES M. MEINTEL, 6442
STEPHEN P. MELROY, 0178
GARY P. MELUSEN, 1205
JOSE MENCHACA, JR., 1635
GEORGE T. MENKER, JR., 7223
RODNEY C. MERANDA, 6768
RICHARD T. MERCADO, 3760
DEBORAH A. MERCURIO, 6900
*KEVIN R. MERTENS, 2631
RICHARD A. METCALF, 4604
GREGORY W. MEUNIER, 0889
*DOUGLAS B. MEYER, 0019
JACK A. MEYER, JR., 5632
ROBERT C. MEYER, 3066
STEPHEN L. MEYER, 5149
DAVID A. MEYERS, 9930
GEORGE A. MEYERS, 2635
LEONARD MEYERS, 3910
*LINO M. MIANI, 2620
CHRISTOPHER MICELI, 6512
STEVEN B. MICHAEL, 6542
JOHN E. MICHEL, 2358
DAVID A. MICHELETTI, 7806
DARIN S. MIDDLETON, 2950
ROBERT E. MIGLIONICO, 7820
STEPHEN J. MIHALIK, 4403
DOUGLAS B. MILES, 2591
*BARRY G. MILLER, 6206
DANIEL J. MILLER, JR., 1392
DANIEL R. MILLER, 3729
DARREN L. MILLER, 3307
*DAVID A. MILLER, 3801
DAVID J. MILLER, 4513
DENNIS J. MILLER, 0436
EVAN M. MILLER, 4111
GREGORY L. MILLER, 0954
JOHN G. MILLER, 8655
*JOHN L. MILLER, 4178
KEITH E. MILLER, 1164
LAWRENCE M. MILLER, 7447
MARK B. MILLER, 9571
STACY L. MILLER, 0487
STUART W. MILLER, 5296
TIMOTHY M. MILLER, 9511
VINCENT B. MILLER, 8142
MICHAEL E. MILLIGAN, 4994
*DUANE A. MILLS, 6313
JOHN B. MILLS, 4402
DENNIS W. MILLSAP, 5560
*JOSEPH A. MINIOR, 6433
MICHAEL S. MINSHALL, 2511
*RAUL T. MIRELES, 4025
DAVID S. MIROLLI, 7464
SCOTT J. MISCHO, 4173
MICHAEL J. MISENHIMER, 6021
ANDREW MISKOVICH III, 7163
DARRYL G. MITCHELL, 8874
JAMES L. MITCHELL, 1861
JOHN L. MITCHELL, 6127
*JOHN R. MITCHELL, 3723
*MARIAMNE R. MITCHELL, 0243
ROBERT E. MITCHELL, 3380
KURT H. MITTMANN, 6039
DANIEL G. MIX, 4840
PETER H. MIYARES, 1673
THOMAS B. MIZELLE, 1655
DAVID B. MOBLEY, 0223
JOHN E. MOCHOWSKI, 4640
TERRY L. MOCK II, 9132
JAY D. MOHEIT, 3844
JEFFREY L. MOLER, 6687
ANDREW J. MOLNAR, 7098
JOHN F. MONAHAN, 3078
ROBERT E. MONROE, 2887
CARY W. MONTGOMERY, 1778
JAMES M. MONTGOMERY, 0152
JON B. MONTGOMERY, 3063
RONALD E. MONTGOMERY, 3463
WILLIAM L. MONTGOMERY, JR., 3453
CHRISTIAN E. MOORE, 0762
RONALD R. MOORE, 2175
EDWARD T. MOORE, 4591
JASON A. MOORE, 7325
RICHARD S. MOORE, 2062
WILLIAM L. MOORE, 6848
ESEQUIEL J. MORA, JR., 3939
ALBERTO MORENOBONET, 2987
CHERYL A. MORGAN, 3396
DAVID A. MORGAN, 2382
JEFFREY W. MORGAN, 5617
*ROBERT A. MORIARTY, 9890
*GUY H. MORLEY, JR., 4604
MICHAEL G. MORRIS, 5710
MICHAEL L. MORRIS, 4285
PATRICK C. MORRIS, 6207
TIMOTHY R. MORRIS, 3875
WILLIAM A. MORRIS, 1546
DARYL RAY MORRISON, 3930
DEBBY W. MORRISON, 1686
GARY G. MORRISON, 5870
MARSHALL T. MORRISON, 5270
DOUGLAS E. MORSE, 1571
SCOTT A. MORTON, 2719
WILLIAM R. MOSCHELLE, 2512
RANDY J. MOSER, 8760
ROBERT L. MOSES, 6475
JAY M. MOSLEY, 6833
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*JEFFREY A. MOSS, 3719
NORBERT A. MOTZ, 1797
SCOTT K. MUESSIG, 3475
ROBERT A. MULHERAN, 5208
KENNETH B. MULLIGAN, 2677
*MARY E.L. MULLIGAN, 4982
BRIAN J. MULLIN, 8357
COLLEEN R. MURPHY, 4027
RICHARD M. MURPHY, 9759
*THOMAS J. MURPHY, 8111
TIMOTHY J. MURPHY, 8267
KENNETH M. MURRAY, 9782
DOUGLAS B. MYERS, 0236
*KENNETH A. MYERS, 5016
*TODD A. NADING, 6876
GARY J. NANFITO, 3752
THOMAS C. NANKERVIS, 0616
TRACY J. NASH, 2444
DARREN I. NEAL, 8470
PAMELA J. NEAL, 1332
TODD W. NEAL, 6150
JAMES E. NEEDHAM, 4994
WILLIAM M. NEELY, 1079
ERIC L. NELSON, 2409
LARRY S. NELSON, 3321
*PAUL R. NELSON, 3760
THOMAS P. NELSON, 4473
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*JOHN R. NERI, 4827
RUSSELL A. NERO, JR., 3814
EDWARD J. NEVERA, 1080
RODNEY S. NEVILLE, 7842
JOHN D. NEWBERRY, 6646
JOHN NICASTRI, 7984
*CHRISTOPHER A. NICELY, 7915
CHERYL V. NICHOLAS, 8598
DONNA C. NICHOLAS, 5930
STEVEN J. NICHOLS, 5229
CARL W. NICHOLSON, 9507
PAUL A. NICHOLSON, 5577
DANIEL M. NICKERSON, 8415
TIMOTHY P. NICKERSON, 8864
MICHAEL G. NIGL, 0128
*RICHARD A. NOBBS, 4075
LOUIS J. NOLAN, 9991
DANIEL A. NOLLETTE, 6643
THOMAS J. NOON, 8456
DANIEL E. NORTON, 5921
MARCUS F. NOVAK, 5729
PAUL NOWOTNY, 1684
JAMES G. NUGENT, 2400
MARK E. NUNN, 0749
CHARLES P. NUSSMAN, 8935
BRET L. NYANDER, 7593
BRIAN E. OAKELEY, 0267
*RICHARD L. OARR, 4516
JOHN S. OATES, 6806
GARY W. OBERMEYER, 1194
THOMAS F. OBOYLE, 3113
PRESTON E. OBRAY, 3386
DOMINGO R. OCHOTORENA, 3229
BRIAN E. OCONNOR, 8710
ANTHONY J. ODEGARD, 1944
EARL B. ODOM III, 3884
ROGER E. OERTER, 8883
DONALD T. OESTERLE, JR., 8163
DAVID J. OLDER, 1913
STEVEN G. OLIVE, 4031
JERALD G. OLIVER, 8476
SAMUEL OLIVER, JR., 3073
LAURA L. OLSEN, 9939
*KIMBERLY A. OLSON, 4577
DAVID K. OMUNDSEN, 8970
*DAVID L. ONAN, 3520
EDWARD J. O'NEAL, JR., 7879
SEAN E. ONEAL, 3589
HOWARD L. ORBAN, 1377
BRIAN P. OREAR, 1812
VINCENT A. ORLANDO, III, 0683
TERRY M. ORNER, 6587
RONALD A. ORNSTEDT, 4134
*DONALD R. ORR, 1163
JONATHAN L. ORTEGA, 7358
CHRISTOPHER ORTIZ, 0230
JUAN C. ORTIZ, 8561
RONALD A. ORTIZ, 7047
DALE E. ORVEDAHL, 0473
DAWSON S. OSLUND, 2296
JAMES M. OUELLETTE, 1552
MICHAEL T. OUELLETTE, 6113
DAVID M. OUTLAW, 8058
JAMES L. OVERSTREET, 3386
JONATHAN H. OWENS, 1016
PATRICK J. OWENS, 8632
SABRINA T.S. OZISIK, 0402
DAVID J. PABST, 2298
POLLYANNA A. PADDEN, 3581
MICHAEL T. PANARISI, 9425
HENRY P. PANDES, 4146
MARK W. PAPEN, 4617
CHARLES H. PAPPAS, 7314
BRAD R. PARKER, 4505
GUY E. PARKER, 4766
RANDALL O. PARKER, 7670
STEVEN B. PARKER, 5864
*STEVEN E. PARKER, 5178
CHARLES S. PARKHURST, 4283
GEOFFREY S. PARKHURST, 5482
KELLY J. PARKINSON, 7397
*MICHAEL A. PARKS, 5768
ALAN T. PARMATER, 3238
RUSSELL R. PARR, 8739
GEORGE E. PARROTT, III, 0160
DAVID W. PARSONS, 7420
GREGORY D. PARSONS, 2768
JAMES R. PASSARO, 0937
CHARLES W. PATNAUDE, 5438
CHRIS B. PATTERSON, 9180
JOHN K. PATTERSON, 2938
RANDALL W. PATTERSON, 3350
RICHARD V. PATTERSON, 7834
MARC E. PATTI, 4335
CREG D. PAULK, 1879
JOHN A. PAULSON, 0777
JEFFREY B. PAXSON, 9185
JACK S. PAYNE, JR., 2872
*THOMAS G. PEA, II, 5531
DENNIS K. PEARSON, 7107
JOHN L. PECKO, 3143
DAVID R. PEDERSEN, 7642
JUDITH H. PEER, 9502
*PAMELA M. PEISTRUP, 7569
PATRICK A. PENLAND, 2802
WILLIAM D. PENN, 2968
VERNON L. PEPPERS, 3041
LEE J. PERA, 4160
RICKY D. PERALTA, 3064
JOAQUIN E. PEREDA, 6362
JOHN D. PEREZ, 6374
PETER J. PERINO III, 7641
DONALD E. PERKINS, JR., 4720
GERALD M. PERKINS, 1899
LEE ANN PERKINS, 9998
JOHN J. PERNOT, 3228
GREGORY PERRY, 2207
GAYLE C. PETERS, 2315
STEVEN F. PETERS, 7356
MICHAEL R. PETTY, 5442
VINH T. PHAN, 9727
ERIC M. HARRIS, 7903
GORDON D. PHILLIPS, 0369
KELLY L. PHILLIPS, 5892
LISA M. PHILLIPS, 9570
NEAL C. PHILLIPS, 4199
TODD R. PHILLIPS, 1539
BRYAN G. PHILLIPSON, 2436
ROBERT A. PICCERILLO, JR., 7179
DONALD D. PICKINPAUGH, 0038
*ERIC J. PIERCE, 9834
GEORGE M. PIERCE II, 3747
*LONNIE D. PIERCE, 8246
MARK W. PIERCE, 4736
TODD M. PIERGROSSI, 4167
*BRIAN C. PIERSON, 6083
MICHAEL D. PIETRYGA, 9253
JOHN S. PIGEON, 6923
CHRISTOPHER A. PIKE, 1523
WILLIAM B. PILCHER, JR., 8172
MICHAEL D. PILKENTON, 7494
MARC L. PINCINCE, 8791
JOSEPH M. PINCKNEY, JR., 1061
SAMUEL P. PINO, 4975
JOHN R. PIOLETTI, 1166
*ANTHONY C. PISO, 6050
KELLY M. PITTMAN, 4076
LEE T. PITTMAN, 7917
MICHELLE R. PLACE, 4821
JEFFREY M. PLATE, 8193
DEBORAH L. PLEASANT, 9945
MICHAEL T. PLEHN, 1796
JOHN M. PLETCHER, 3113
*RONALD L. PLOUCH, 6563
PRESTON M. PLOUS, 4838
THOMAS C. PLUMMER, 6941
NATHAN S. PLY, 3209
DOUGLAS R. PLYMALE, 9138
VAN L. POINDEXTER, JR., 6119
MARK A. POKORNY, 7458
HENRY W. POLCZER, 7928
JOHN M. POLHEMUS, 0457
JAMES D. POOLE, 3776
MICHAEL J. POOLE, 2201
PETER T. POPP, 2617
PATRICK E. POPPERT, 0458
TERRENCE G. POPRAVAK, 7096

ALVIN L. PORTER, 4544
*KEELY PORTER, 2313
SCOTT H. PORTER, 7461
THOMAS J. PORTERFIELD, 8362
BRUCE H. POSTEL, 6461
GARY L. POTTER, JR.,8629
TONY POUNDS, 7609
JOHN P. POWELL, 6583
STEVEN W. POWELL, 8778
JOSEPH E. POWERS, 4356
CHARLES B. POWLEY, 4186
DAVID S. PRATHER, 9537
AMANDA J. PREBLE, 5869
WILLIAM E. PRENOT, 0803
LESTER E. PRESTON, 1418
SHARON J. PRESZLER, 4990
*DONALD G. PRIAULX, 4864
BRADLEY W. PRICE, 0653
MARY C. PRICE, 0455
STEVEN A. PRICE, 8821
JEFFREY W. PRICHARD, 8349
RONALD R. PRINCE, 3036
JERRY W. PRITCHARD, 6249
ROBERT W. PROUHET, 6909
BRADFORD A. PROVENCAL, 3508
SCOTT A. PROVOST, 0169
PAASHKA E. PROWELL, 4757
GINA G. PRUETT, 1292
MARK D. PRUITT, 1030
MARTHA S. PRUITT, 0340
DAVID C. PTAK, 5282
MARK W. PUGH, 0154
MARTA L. PURVIS, 2921
JONATHAN R. PUTNEY, 3747
DAVID W. PUVOGEL, 9484
*ALAN R. PYBAS, 7035
JEFFREY M. QUINN, 9394
MARCUS J. QUINT, 1864
CARLOS B. QUINTANA, 1635
KEITH M. QUINTON, 4204
CARLOS W.W. QUITERIO, 6462
JOSEPHINE L. RACICOT, 3401
JAMES A. RADER, 8045
JAMES C. RAGSDALE, 9135
DONALD J. RAINES, 7398
RICHARD A. RAINES, 1539
RANDALL J. RAINS, 5788
GEORGE C. RAMEY, 6449
JEFFREY A. RAMMES, 2699
JULIANNE F. RAMSEY, 4086
MARGARET M. RANALLI, 1354
MARY A. RANDOUR, 2276
PAUL V. RASTAS, 7272
PATRICIA A. RATTERREE, 4695
GREGORY S. RAU, 3662
ROBERT O. RAU, JR., 0728
JAMES J. RAVELLA, 4766
THOMAS S. RAY, JR., 7205
VICTOR L. RAY, 8500
MARK J. REA, 0425
PAUL K. REAGAN, 2072
RONALD D. REAGAN, 9435
DAVID A. REARICK, 8088
DAPHNE E. RECHNER, 9111
DALE R. RECKLEY, 6397
*TIMOTHY D. REDDER, 9849
PHILIP J. REDING, 1590
MICHAEL D. REED, 3687
THOMAS G. REED, 6014
VICTORIA H. REED, 9703
*MARK R. REESE, 2241
ERIC N. REEVES, 8192
LOUISE S. REEVES, 4829
MARTIN N. REFF, 6688
DANIEL J. REGAN, JR., 7913
MICHAEL D. REGAN, 5938
JOHN R. REID, 8543
TODD J. REIDT, 7002
BRIAN J. REILLY, 3379
DANIEL L. REILLY, 8218
JIM G. REILY, JR., 4139
EMIL J. REIMAN, 5868
KENNETH A. REIMAN, 8928
MARK D. REINEKE, 7659
JAMES R. REITZEL, 3363
RICHARD REMINGTON, 8532
GARY O. RENFROW, 7563
STELLA R. RENNER, 1985
STANLEY M. RESNIK, 2351
GEORGE J. REYES, 6953
DOUGLAS R. REYNOLDS, 1907
*MICHAEL E. REYNOLDS, 4118
WAYNE M. REZZONICO, 5407
STEVEN A. RHUDE, 0570
HARVEY B. RICE, 0388
WILLIAM E. RICHARD, 2354
*JONATHAN M. RICHARDS, 1789
*JOSEPH A. RICHARDSON, 2413
RANDALL JAMES RICHERT, 0074
*TODD F. RICKABAUGH, 2420
ROBERT A. RICKERT, 2823
JACK R. RICKMAN, JR., 3074
ROBERT Q. RIDEOUT, 9095
DONALD H. RIDOLFI, JR., 7595
LARRY A. RIDOLFI, 4769
DAVID M. RIEL, 2325
HEINRICH K. RIEPING, JR., 5541
*VINCENT T. RIES, 2280
SHAWN P. RIFE, 5822
BRIAN S. RIGSBY, 6838
MICHAEL J. RIHA, 2609
GRAHAM W. RINEHART, 5416
EDWARD J. RINKE, 0429
EDWARD M. RIVERA, 8677
*MARK P. RIVERA, 0839
JOSE A. RIVERAGAUD, 5351
NEHEMIAH RIVERS, JR., 6774
KENNETH R. RIZER, 9279
DOYE P. ROBBINS, JR., 0801
JULIE M. ROBEL, 3233
LESLIE DIANE ROBERSON, 0187
ANTONY G. ROBERTIELLO, 1340
BLAKE A. ROBERTS, 2409
BRENDA K. ROBERTS, 9975
*RONALD K. ROBERTS, 0575
RUSSELL G. ROBERTS, 7366
BLAKE W. ROBERTSON, 0753
DWIGHT E. ROBERTSON, 7415
JAMES M. ROBERTSON, 1869
STEPHEN D. ROBERTSON, 6518
GARY J. ROBINETT, 9614
BOBBY L. ROBINSON II, 5832
STEVEN M. ROBINSON, 2168
TIMOTHY H. ROBINSON, 7958
LAWRENCE O. ROCHE, 9177
*KYLE E. ROCKETT, 9263
*KENNETH L. RODGERS, 6093
RICKEY S. RODGERS, 2227
ERNEST H. RODRIGUEZ, 4501
VICTOR M. RODRIGUEZ, 0662
CHRISTOPHER L. ROEDER, 3788
DONNA M. ROGERS, 1029
MARILYN R. ROGERS, 7302
GENE W. ROLES, 2656
MARK C. ROMAN, 3887
*BARBARA A. ROMANO, 1984
JOSEPH L. ROMANO, III, 4683
SEBASTIAN ROMEO, 8250
JOHN R. ROMERO, 0733
*STEPHEN J. ROMOLO, 9709
HARRY M. RONSMAN, 8860
PETER B. ROOHR, 2074
GREGORY M. ROOT, 6355
DONALD G. ROSE, 0234
PAT A. ROSE, JR., 6033
SCOTT A. ROSE, 8222
ROBERT A. ROSENTHAL, 9819
KEITH P. ROSS, 5632
MARK S. ROSS, 3482
MICHAEL D. ROTHSTEIN, 3349
MATTHEW D. ROTONDARO, 3366
CHARLES R. ROUSE, 7021
CHARLES A. ROUTHIER, 5308
MARK E. ROVERSE, 8402
JESSIE J. ROWE, III, 6463
MARBEL C. ROY, 7334
TOMISLAV Z. RUBY, 1736
JOHN F. RUED, 1353
*JOHN D. RUEHLE, 0888
JASON R. RUESCH, 2939
PAUL L. RUMBAUGH, II, 0495
RANDOLPH W. RUSHWORTH, 2571
MICHAEL J. RUSNACK, 4157
DAVID M. RUSS, 8740
JOHN A. RUSS, 1252
*CLINTON L. RUSSELL, 4773
DOUGLAS D. RUSSELL, JR., 5617
EDWARD J. RUSSELL, 1637
JOHN S. RUSSELL, 1215
ROBERT L. RUSSELL, JR., 7251
SCOTT E. RUSSELL, 9984
MICHAEL D. RUSSO, 5127
LINDA B. RUTHERFORD, 7694
JAMES P. RYAN, 8476
JEFFREY A. RYAN, 4619
LON S. RYAN, 5694
PATRICK T. RYAN, 0507
MATTHEW D. RYERSE, 5318
MELVIN D. SACHS, 8379
JAMES B. SACKREITER, 8044
JOHN T. SACKS, 6159
SAMUEL R. SAGER, 6522
BRADLEY D. SAILER, 8871
CARMIA L. SALCEDO, 4915
CLAUDE E. SALCEDO, 5059
DAVID L. SALM, 6806
ERIC V. SALOMONSON, 9156
JOHN E. SALTZMAN, 9311
RICHARD P. SAMUELS, 8302
ROBERTO J. SANCHEZ, 6912
JOSE A. SANCHEZANDINO, 2374
CHRISTINE C. SANDERS, 6226
DAMIAN P. SANDHEINRICH, 2341
THOMAS R. SANDS, 2564
*RAYMOND SANTIAGO, 2828
EDWIN SANTOS, 6238
JOHN C. SASSE, 9576
NEIL T. SAUVE, 4586
DAVID E. SAVILLE, 4928
VINCENT SAVINO, 1467
*CASEY J.C. SAY, 6310
DION SCAGLIONE, 8335
LEIGH A. SCARBORO, 6513
*KENNETH A. SCARBOROUGH, 8780
ROBERT S. SCHAAB, 5419
MICHAEL K. SCHAEFFER, 0718
JOHN GEORGE SCHAEUFELE IV, 2227
MARK R. SCHAIBLE, 6471
*STANLEY M. SCHALCK, 3301
VALERIE L. SCHALK, 7143
LUKE J. SCHAUB, 4028
WALTER R. SCHENBERGER, JR., 8753
TIMOTHY J. SCHEPPER, 3633
BRADLY A. SCHERER, 3067
*DAVID J. SCHERMER, 5394
KENNETH T. SCHIESSL, 8655
TODD C. SCHIFF, 8096
RALPH G. SCHINDLER, 4740
MARK E. SCHLICHTE, 7173
LOIS J. SCHLOZ, 6640
RHONDA D. SCHLUMPBERGER, 2202
STEVEN J. SCHLUMPBERGER, 5564
CHARLES R. SCHMETZER, 2441
JOEL B. SCHMICK, 8801
ERIC W. SCHMIDT, 8788
*LOUIS D. SCHMIDT, 2701
*CURTIS L. SCHMUCKER, 7995
*CHARLES L. SCHNARR, 0530
*EDWARD F. SCHNAUBELT, 1146
KEVIN B. SCHNEIDER, 2361
*MARK L. SCHRADER, 7527
ROBERT H. SCHRINK, 2097
JAMES T. SCHUELER, JR., 2685
JOHN J. SCHULDHEISS, 8670
TERRY W. SCHULLER, 3877
*MARK SCHULTZ, 8893
RAY C. SCHULTZ, 2946
JIMMIE D. SCHUMAN, JR., 9412
DIANA K. SCHUMICK, 4225
GREGORY E. SCHWAB, 9385
ERIC L. SCHWALM, 0504
MARK D. SCHWALM, 6287
KAREN F. SCHWARTZ, 7115
STEPHEN R. SCHWARTZ, 7528
RICHARD P. SCHWING, 2292
LELAND G. SCIFERS, 2474
RICHARD W. SCOBEE, 2849
COERT C. SCOGGIN, 5162
RAYMOND D. SCOTT, 6406
TODD J. SCOTT, 5495
WINFIELD J. SCOTT, 2571
JOHN A. SCOTTO, 1782
WILLIAM R. SCRUITSKY, 7748
TIMOTHY M. SCULLY, 4352
LANE A. SEAHOLM, 1870
STEPHEN L. SEAMAN, 9068
MICHAEL J. SEAY, 7178
JOANNE B. SECHREST, 6128
CHRISTOPHER L. SEDGWICK, 9330
PAUL F. SEELING, 7326
DALE E. SEIBER, 3158
JOEL SEIDBAND, 2283
JEFFREY D. SEINWILL, 5025
GREGORY S. SELLERS, 2578
MARK A. SELLERS, 5773
GREG A. SEMMEL, 9773
JOHN M. SEPANSKI, 5870
TODD J. SERRES, 8104
DAVID L. SETSER, 4065
THADDEUS P. SETTLEMIRE, 8040
*GREGORY T. SETTLES, 4161
DOUGLAS E. SEVIER, 8329
*DOUGLAS S. SEWALL, 7517
THEODORE D. SEYMOUR, 7461
DONALD L. SHAFFER, 7372
KEVIN F. SHANAHAN, 6286
TIMOTHY P. SHANKS, 7019
ANDRE G. SHAPPELL, 9677
FRANK K. SHARP, 6176
ROBERT W. SHARP, 9936
*CHRISTOPHER C. SHARPE, 3130
THOMAS J. SHARPY, 3239
JOHN S. SHATTUCK, 4958
MARK SHEEHAN, 7950
MICHAEL J. SHEEHAN, 7865
DAVID SHELIKOFF, 6506
THEODORE F. SHELTON, 0110
*DAVID E. SHEPARD, 3063
GREGORY W. SHEPPARD, 5215
RICHARD O. SHEPPARD, 7721
SCOTT F. SHERIDAN, 0900
WILLIAM A. SHERMAN, 4806
CHARLES B. SHERWIN, JR., 9409
PAUL SHEVLIN, 5956
LEE A. SHICK, 8101
CHARLES P. SHIFFLETT, 2231
KENT U.M. SHIN, 1021
BRUCE A. SHIPP, 7493
SCOT D. SHIVELY, 6004
KEITH B. SHOATES, 5367
JAMES A., SHOEMAKER II, 8482
STEPHAN F. SHOPE, 9636
KEVIN A. SHORB, 4667
ROBERT C. SHORES, 2067
CHARLES R. SHROUT, 0792
RUSTY E. SHUGHART, 9480
STEVEN R. SHULTZ, 8548
BRADFORD J. SHWEDO, 6066
JEFFREY R. SICK, 1875
JEFFREY A. SIEGEL, 7833
ROBERT M. SIEGLE, 7662
MARK E. SIGLER, 0351
*MICHAEL P. SIMMONS, 5335
RONALD W. SIMMONS, 1484
SCOTT W. SIMMONS, 1875
ANNE R. SIMMONS, 0181
*DANIEL J. SIMONSEN, 5039
MARK H. SIMPSON, 0594
GREGORY R. SIMS, 4095
JOHN T. SINGEL, 1995
ETHEL E. SINGLETON, 5342
*ROBERT S. SITTON, 2904
JOHN A. SKINNER, 2599
TIMOTHY D. SKINNER, 6996
STEPHEN J. SKOTTE, 4647
ROBERT S. SLOAN, 2387

*DAVID S. SLONE, 5608
JOSEPH E. SLUPSKI, 9229
TIMOTHY W. SMART, 5378
ANDREW J. SMITH, 8707
DARRYL M. SMITH, 8704
DAVID W. SMITH, 0941
DEWEY L. SMITH, JR., 4153
FRANK SMITH, 9526
FRED H. SMITH, 0316
GREGORY C. SMITH, 6742
JAMES K. SMITH, 9878
*JEFFREY G. SMITH, 7467
JEFFREY J. SMITH, 6370
KARI L. SMITH, 8909
KENNETH S. SMITH, 0955
*KEVIN D. SMITH, 4372
LEROY D. SMITH, 3465
MARK R. SMITH, 4250
MARVIN W. SMITH, JR., 4855
*MATTHEW A. SMITH, 7556
MICHAEL P. SMITH, 8561
MICHAEL S. SMITH, 0245
MICHAEL V. SMITH, 8294
RUSSELL E. SMITH, 5202
SCOTT F. SMITH, 9470
SHANE R. SMITH, 5854
STANIE R. SMITH, 1206
STEPHEN C. SMITH, 5521
TERRY V. SMITH, 3995
THOMAS K. SMITH, JR., 1924
TOMMY H. SMITH, 5830
*JAMES K. SNEDDON, 7668
MICHAEL C. SNEEDER, 1189
JEFFERY S. SNELL, 1839
SANDRA L. SNELLING, 5877
DANIEL R. SNY, 2824
*DAVID G. SNYDER, 1665
ROBERT A. SNYDER, 0910
JOHN SOARES, 6698
JOANNA J. SOBIESKI, 0329
JOSE R. SOLIS, JR., 6392
THEODORE A. SOMES, 5892
CHRIS A. SOSEBEE, 7024
DAVID A. SOUTHERLAND, 8368
WILLIAM L. SPARROW, 8926
JOHN W. SPECHT, 6924
JOSEPH S. SPECKHART, 7914
JOEL S. SPEIGHT, 5871
CHARLES F. SPENCER, JR., 2023
JEFFREY D. SPENCER, 8054
LANCE H. SPENCER, 9604
LESLEY D. SPRAKER, 0553
*SCOTT A. ST. AMAND, 5179
*JOEL T. STADE, 4895
MICHAEL ALLEN STAHR, 5034
CHARLES E. STAINER III, 1156
JIMMY B. STANDRIDGE, 9145
GREGORY S. STANLEY, 5075
THOMAS R. STANLEY, 1629
PETER STANZIANO, 6828
PAUL L. STARKEY, 4168
DAVID J. STEFFENS, 4302
TRACY A. STEINWAND, 5372
CHRISTOPHER V. STEPHENS, 2112
ROBERT L. STEPHENSON, 2670
JEAN M. STEPPE, 2110
KEVIN L. STEVENS, 8312
RANDY L. STEVENS, 1274
WILLIAM B. STEVENSON, IV, 3429
ERIC J. STEWARD, 1133
DAWN L. STEWART, 0445
ERIC J. STEWART, 0850
JAMES A. STEWART, 3449
JAMES M. STEWART, 5406
DOUGLAS R. STICKLE, 2118
GINGER L. STIGEN, 8274
JILL E. STIGLICH, 7717
HAROLD R. STILLINGS, 0505
GEORGE W. STILLMAN, 5999
DAVID R. STILWELL, 9650
MICHAEL J. STINSON, 0869
*ROGER D. STIRM, 0301
*MICHAEL E. STOCKSDALE, 5646
PATRICK D. STOCKTON, II, 7026
RICHARD C. STOCKTON, 7653
HOWARD J. STORR, 7861
KIRK J. STREITMATER, 6500
ARNOLD H. STRELAND, 6595
JOHN F. STRIBLING, 1560
ANTHONY STRICKLAND, 0650
RICKY D. STRICKLAND, 0788
RAYMOND J. STUERMER, 3192
JOAQUIN D. STUKES, 7283
PAUL D. STURMAN, 8015
JOSEPH A. SUBLOUSKY, 1223
*KERRY M. SULLIVAN, 4829
RICHARD S. SULLIVAN, 2476
SANDRA G. SULLIVAN, 7216
MICHAEL A. SULLY, 2456
*JAMES D. SUMMER, 8433
TIMOTHY H. SURABIAN, 7938
ANDREW H. SUZUKI, 2852
AARON L. SWANIER, 3014
DAVID E. SWANSON, 6216
PHILLIS J. SWANSON, 9459
ESTHER S. SWARTZ, 8843
STEPHEN M. SWARTZ, 3196
DANIEL L. SWAYNE, 4595
JOHN D. SWEENEY, 9754
JEFFREY R. SWEGEL, 9158
GLENN B. SWIFT, 6861
MICHAEL D. SWIFT, 5880
RAYMOND A. SWOGGER, 7613
STEVEN R. SYMONS, 8974
MICHAEL J. SYNORACKI, 3413
THOMAS S. SZVETECZ, 0852
TODD A. TABB, 6413
STEVEN J. TALLEY, 1519
MICHAEL A. TAMEZ, 6506
ROGER J. TANNER, 3924
STEVEN C. TANNER, 4994
KEVIN A. TARRANT, 0484
THOMAS L. TATE, 7399
ERNEST S. TAVARES, JR., 7936
DAVID J. TAYLOR, 7016
*DOUGLAS J. TAYLOR, 2015
JEANETTE E. TAYLOR, 8239
JOHN B. TAYLOR, 3240
MICHAEL K. TAYLOR, 7380
RUSSELL E. TAYLOR, 5365
WILLIAM J. TAYLOR, 0753
WILLIAM W. TAYLOR, 7269
DAVID L. TEEL, 3612
CRAIG J. TEFT, 5877
CARLOS R. TEJAS, 4390
DAVID T. TENLEN, 2196
JOHN G. TERINO, 8206
TERRY W. TERWEE, 9479
THOM H. TERWILLIGER, 0065
*DAVID H. THARP, 5004
MICHAEL L. THERIANOS, JR., 5856
KURT E. THIELEN, 2084
CHARLES B. THINGER, 4280
DAVID L. THIRTYACRE, 5337
CASSANDRA O. THOMAS, 3546
ELIZABETH F. THOMAS, 5156
EVAN C. THOMAS, 0109
GAYLORD Z. THOMAS, 8408
*JAMES P. THOMAS, 8014
SCOTT A. THOMAS, 2679
*TIMOTHY D. THOMAS, 8204
TIMOTHY M. THOMAS, 7013
WILLIAM L. THOMAS, JR., 0434
*ALBERT F. THOMPSON, 7041
CAROLYN Y. THOMPSON, 0564
IVAN G. THOMPSON, 1840
*JOHN W. THOMPSON, 6256
JOSEPH J. THOMPSON III, 0847
RANDAL S. THOMPSON, 2656
ROBERT T. THOMPSON, JR., 3929
RONALD E. THOMPSON, JR., 8563
THOMAS E. THOMPSON, 0755
*WILLIAM A. THOMPSON, 3031
DAVID A. THOMSON, 6718
ERIC M. THOMTON, 6486
JULIAN E. THRASH, 2540
PATRICK S. TIBBETTS, 7461
KEVIN B. TIBBS, 5312
MARK A. TIDWELL, 8949
JON B. TIGGES, 9902
JAMES S. TILLIE, 6031
ANTONIO W. TILLMAN, 8914
STEVEN R. TIMMONS, 9513
PAUL E. TINGLE, 4156
SCOTT G. TINGLEY, 9776
MARK T. TIPMONGKOL, 9829
CHRISTOPHER L. TIPSWORD, 4739
NATHAN A. TITUS, 8697
THERESA P. TIZZARD, 6783
JOHN C. TOBIN, 9224
KEVIN L. TODD, 4747
DOUGLAS S. TOLBERT, 9702
NICK TOLIAS, 8140
RENEA L. TOLIVER, 8678
*SCOTT M. TONES, 1958
JOHN M. TONIOLLI, 9805
BRIAN W. TONNELL, 5939
JODINE K. TOOKE, 4414
CURTIS W. TOOKES, 5829
*THOMAS J. TOOMER, 8652
DONALD L. TOPP, 6430
*ROBERT J. TORICK, JR., 0472
TIMOTHY C. TORPEY, 5061
CAMERON W. TORRENS, 2122
JOSE L. TORRES, JR., 4368
*KEVIN TORRES, 7846
DANIEL R. TORWEIHE, 6156
*WILLIAM T. TOSTEN, 3542
KEVIN L. TOY, 0672
KHANH C. TRAN, 0215
TUAN V. TRAN, 0682
*PHILIP J. TRAVAGLIONE, 2059
STEPHEN F. TREMAIN, 1393
DAVID G. TRIBO, 3185
ARTHUR B. TRIGG, 9185
JEANNE OTTINGER TRIGO, 7914
EUGENE E. TRIZINSKY, 4227
SCOTT D. TROTTER, 3301
EVAN T. TROUT, 6445
MARK A. TRUDEAU, 2114
GEORGE R. TRUMBULL, 8546
VERA A. TU, 7912
DAVID J. TUBB, 8222
CHARLES D. TUCK, 9215
THOMAS W. TUCKER, 3724
WILLIAM S. TULLY, JR., 2096
*GREGORY L. TURES, 6278
*MICHAEL J. TURLEY, 9961
HAROLD J. TURNER, 7939
MANSON S. TURNER, 7048
MICHAEL E. TURNER, 7526
SCOTT M. TURNER, 6718
STUART L. TURNER, 7715
MICHAEL E. TURNIPSEED, 7168
DAVID E. TUTERAL, 3461
*ALAN K. TUTTLE, 3912
LINDA A. TYREE, 8426
ROGER T. TYREE, 8520
GREGORY R. UHL, 7518
RICHARD S. ULIANO, 0665
JON H. ULLMANN, 0220
JASON P. ULM, 2457
STERLING D. UNDERHILL, 6947
CARL F. UNHOLZ, JR., 1735
KARON L. BAGGETT UZZELL, 0890
CHRISTOPHER M. VALDEZ, 5073
DARRIN M. VALHA, 0069
STEVEN C. VALLENARI, 4195
JACQUELINE D. OVOST VAN, 2289
FREDERICK W. VANCLEAVE, 4393
STEPHEN S. VANDERHOOF, 9810
DAVID G. VANDERVEER, JR., 9840
ROLAND K. VANDEVENTER, 3707
THOMAS F. VANDORPLE, 8016
GLEN D. VANHERCK, 8276
FRANK L. VANHORN, 4824
JAMES A. VANLOBENSELS, 8493
DONALD A. VANPATTEN, 0281
MARK G. VARAN, 5164
EDGAR M. VAUGHAN, 7414
JERRY L. VAUGHAN, JR., 7600
ROBERT M. VAUGHN, 4219
MICHAEL J. VAZQUEZ, 4607
CHRISTOPHER M. VEAZIE, 0119
JAMES C. VECHERY, 0156
JULIE VERDURA, 6145
JANE M. VESPERMAN, 7762
HUGH S. VEST, 0480
DONALD V. VEVERKA, 7817
MARK K. VIDMAR, 5943
CARLOS J. VILELLA, 9321
*XAVIER C. VILLARREAL, 3576
ROGER M. VINCENT, 0911
JEFFERY ALLEN VINGER, 9591
ROBERT C. VIRAMONTES, 3479
MICHAEL D. VLK, 7896
GEORGE S. VOGEN, 5098
MICHAEL G. VOLLMUTH, 9733
WILLIAM T. VOLZ, 7160
JEFFREY S. VOORHEES, 0815
RICHARD M. VROEGINDEWEY, 0415
DANIEL J. WAGNER, JR., 6238
JEFFREY P. WAGNER, 9500
ROGER L. WAGNER, 8236
DAVID M. WAITE, 3765
JAMES DEVIN WALKER, 0401
LARRY S. WALKER, 1131
RICHARD W. WALKER, 6711
*STEVEN M. WALKER, 9873
MARY A. WALKERIRVIN, 5818
ROBERT J. WALLACE, 7577
SCOTT A. WALLACE, 6041
STEPHEN M. WALLER, 3254
ANDREAS W. WALSH, 1986
ANNA M. WALTERS, 0398
THOMAS A. WALTERS, 8986
CHRISTINA N. WALTON, 7495
*MICHAEL G. WAN, 2586
BRIAN R. WARANAUSKAS, 4961
KIRK R. WARBURTON, 4597
MARK A. WARD, 6810
MICHAEL J. WARD, 1058
MICHAEL R. WARD, 4455
TERRY WARD, 0284
TIMOTHY D. WARD, 1849
WILLIAM M. WARD, 6758
WILLIAM W. WARDEN, 9567
BARRY G. WARDLAW, 9570
JONATHAN C. WARREN, 7453
*PAUL R. WARREN, 7921
*BENJAMIN C. WASH, 2160
ESAU N. WATERS, 2733
PATRICK D. WATHEN, 8985
DARREL R. WATSEK, 4987
BRUCE A. WATSON, 0823
DANNY J. WATSON, 0861
ROBERT E. WATTS, 5213
BRUCE K. WAY, 7690
JOHN R. WEAVER II, 6856
ROBERT S. WEAVER, 1796
MICHAEL WEBB, JR., 1375
LINDSAY R. WEBER, 3196
MICHAEL R. WEEKS, 7726
HAROLD S. WEIMER, 5735
DAVID WEINTRAUB, 4773
ALISON M. WEIR, 4032
BARTHOLOMEW W. WEISS, 6141
DOUGLAS H. WELCH, 5690
DOUGLAS J. WELCH, 2565
PATRICK G. WELCH, 2514
STEVEN J. WELLER, 0039
*THOMAS M. WELLS, 0770
RANDALL J. WELP, 0432
JEFFREY S. WENBERG, 4424
DAVID L. WENIGER, 2219
CRAIG J. WERENSKJOLD, 8974
MERRY D. WERMUND, 8879
JAMES L. ROY WERTZ, 2660
HERBERT H. WESSELMAN, 9051
JAMES J. WESSLUND, 7616
HARRY F. WESTCOTT, 3616
JOHN K. WESTENHAVER, 8700
EVIN R. WESTEREN, 5970
RUSSELL J. WESTERGARD, 1967
ROGER H. WESTERMEYER, 0028
CHARLES J. WETTERER, 3296

ROBERT J. WETZEL, 6539
BENJAMIN WHAM II, 4532
BRENT A. WHARTON, 2553
*DUDLEY G. WHEELER, 1420
ELISE M. WHEELER, 2658
JEFFREY L. WHIDDON, 8875
DAVID W. WHISENAND, 6161
ANDRE P. WHISNANT, 3916
DAVID E. WHITACRE, 7976
ANDREW B. WHITE III, 9470
ANDREW W. WHITE, 7702
EARL R. WHITE JR., 3729
GARY A. WHITE, 2394
JOHN B. WHITE, 3801
BRADLEY S. WHITFIELD, 5247
CHET L. WHITLEY, 0635
*MARK S. WHITMIRE, 1595
STEVEN D. WHITNEY, 7007
*ALVIN S. WHITT, 5841
DAVID R. WHITT, 6737
EMILY A. WHITTAKER, 0011
JOHN D. WHITTENBERGER, 8863
*ROBERT E. WICKS, JR., 6456
ALAN J. WIEDER, 2174
DAVID P. WIEGAND, 2268
*PAUL A. WIESE, 8953
KENNETH B. WIGGINS, 3714
CHARLES M. WILBORN, 7118
RICHARD S. WILCOXEN, 2637
DENNIS B. WILDER JR., 8264
LESLIE K. WILFORD, 9808
JAMES M. WILKERSON, 7231
MICHAEL G. WILKINS, 0556
DAVID S. WILKINSON, 0109
*DAVID L. WILLARD, 0163
*RICHARD T. WILLETT, 8180
ALBERT C. WILLIAMS II, 9314
BRIAN H. WILLIAMS, 5502
CALVIN WILLIAMS, 1850
CHRISTOPHER D. WILLIAMS, 6847
CRAIG A. WILLIAMS, 3757
DONNA J. WILLIAMS, 7576
*HOWARD D. WILLIAMS, 1636
MATTHEW R. WILLIAMS, 8339
STEPHEN S. WILLIAMS, 1480
DOW A. WILLIAMSON, 7421
*MARK L. WILLIAMSON, 2777
WESTAL W. WILLOUGHBY, 5787
DAVID G. WILSEY, 6355
BRIAN C. WILSON, 0590
BRIAN D. WILSON, 1907
DARREN E. WILSON, 1197
KURT DANIEL WILSON, 4504
*PAUL D. WILSON, 5206
PETER L. WILSON, 4130
ROBERT L. WILSON, 5541
RUSSELL A. WILSON, 0501
STEVEN T. WILSON, 8949
THOMAS M. WILSON, 1613
GLENN R. WINKLER, 4259
JOHN C. WINN, 8089
STEPHEN E. WINN, 7481
CURTIS M. WINSTEAD, 0458
MICHALE F. WINTERS, 6288
ROBERT J. WINTERSTEEN, 6108
PHILIP L. WISE, 0522
JUDITH A. WISER, 9939
MARK A. WITHERSPOON, 6679
DANIEL T. WITT, 0983
KENNETH J. WITTE, 6852
JAMES R. WITTER, 2491
LATISHIE L. WODETZKI, 6125
TERRANCE J. WOHLFIEL, 0610
GARY M. WOLFE, 7403
PAMELA J. WOLOSZ, 9380
JEFFREY N. WOOD, 6477
YOLANDEA M. WOOD, 4815
*DOUGLAS P. WOODFORD, 3900
TROY R. WOODFORD, 8072
GREGORY S. WOODROW, 1288
MARSHALL S. WOODSON, 0515
DAVID P. WOOLLARD, 1516
CHRISTOPHER F. WRENN, 3044
CHRISTOPHER P. WRIGHT, 9534
DAVID A. WRIGHT, 7945
MICHAEL I. WRIGHT, 8230
PAUL W. WRIGHT, 1319
ROCKFORD B. WRIGHT, 7772
PHILIP A. WRINN, 7021
RICKY L. WYATT, 1633
DAVID R. YACHABACH, 0694
MICHAEL J. YAGUCHI, 3132
ERNEST K. YAMADA, 8439
HIROSHI T. YAMAGUCHI, 6866
*ROBERT T. YARBOROUGH, 5140
KEVIN D. YEOMANS, 8590
GEORGE W.P. YORK, 5134
PETER L. YORK, 9987
DARREN C. YOUNG, 1939
JACK W. YOUNG, 7606
EDWIN C. YOUNGSTROM, 0353
TODD M. ZACHARY, 0591
NOEL ZAMOT, 4158
GEORGE A. ZANIEWSKI, 3998
ANTHONY E. ZARBANO, 8748
KENNETH R. ZATYKO, 0093
FREDDIE D. ZAYAS, 1296
ANTHONY J. ZENT, 3877
JOHN J. ZENTNER, 2455
JOHN L. ZIEGLER, JR., 0330
*MARK A. ZILLI, 0924
CYNTHIA A. ZIMMERLE, 8185
LAWRENCE T. ZIRILLI, 8917
*MICHAEL E. ZOLLER, 4065
ANTHONY J. ZUCCO, 7633
ALAN W. ZWICK, 6795
DARREN L. ZWOLINSKI, 5384

DEPARTMENT OF STATE

R. NICHOLAS BURNS, OF VIRGINIA, A CAREER MEMBER OF THE SENIOR FOREIGN SERVICE, CLASS OF COUNSELOR, TO BE AMBASSADOR EXTRAORDINARY AND PLENIPOTENTIARY OF THE UNITED STATES OF AMERICA TO GREECE.

KATHRYN WALT HALL, OF TEXAS, TO BE AMBASSADOR EXTRAORDINARY AND PLENIPOTENTIARY OF THE UNITED STATES OF AMERICA TO THE REPUBLIC OF AUSTRIA.

TOM MCDONALD, OF OHIO, TO BE AMBASSADOR EXTRAORDINARY AND PLENIPOTENTIARY OF THE UNITED STATES OF AMERICA TO THE REPUBLIC OF ZIMBABWE.

MARK ROBERT PARRIS, OF VIRGINIA, A CAREER MEMBER OF THE SENIOR FOREIGN SERVICE, CLASS OF MINISTER-COUNSELOR, TO BE AMBASSADOR EXTRAORDINARY AND PLENIPOTENTIARY OF THE UNITED STATES OF AMERICA TO THE REPUBLIC OF TURKEY.

EDWARD E. SHUMAKER, III, OF NEW HAMPSHIRE, TO BE AMBASSADOR EXTRAORDINARY AND PLENIPOTENTIARY OF THE UNITED STATES OF AMERICA TO THE REPUBLIC OF TRINIDAD AND TOBAGO.

FOREIGN SERVICE

THE FOLLOWING-NAMED CAREER MEMBERS OF THE SENIOR FOREIGN SERVICE OF THE DEPARTMENT OF STATE FOR PROMOTION IN THE SENIOR FOREIGN SERVICE TO THE CLASSES INDICATED:

CAREER MEMBERS OF THE SENIOR FOREIGN SERVICE OF THE UNITED STATES OF AMERICA, CLASS OF CAREER MINISTER:

JEFFREY DAVIDOW, OF VIRGINIA
RUTH A. DAVIS, OF GEORGIA
PATRICK FRANCIS KENNEDY, OF ILLINOIS

CAREER MEMBERS OF THE SENIOR FOREIGN SERVICE OF THE UNITED STATES OF AMERICA, CLASS OF MINISTER-COUNSELOR:

VINCENT M. BATTLE, OF NEW YORK
ROBERT M. BEECROFT, OF MARYLAND
WILLIAM M. BELLAMY, OF CALIFORNIA
PETER EDWARD BERGIN, OF MARYLAND
JOHN WILLIAM BLANEY, OF CALIFORNIA
WILLIAM JOSEPH BURNS, OF PENNSYLVANIA
JOHN CAMPBELL, OF VIRGINIA
JOHN A. COLLINS, JR., OF MARYLAND
JAMES B. CUNNINGHAM, OF PENNSYLVANIA
ROBERT SIDNEY DEUTSCH, OF VIRGINIA
CEDRIC E. DUMONT, M.D., OF MARYLAND
BARBARA J. GRIFFITHS, OF VIRGINIA
LINO GUTIERREZ, OF FLORIDA
BARBARA S. HARVEY, OF THE DISTRICT OF COLUMBIA
PATRICK R. HAYES, OF MARYLAND
DONALD S. HAYS, OF VIRGINIA
JOHN C. HOLZMAN, OF HAWAII
SARAH R. HORSEY, OF CALIFORNIA
WILLIAM H. ITOH, OF NEW MEXICO
DANIEL A. JOHNSON, OF FLORIDA
DONALD C. JOHNSON, OF TEXAS
RICHARD H. JONES, OF VIRGINIA
JOHN F. KEANE, OF NEW YORK
MARISA R. LINO, OF OREGON
MICHAEL W. MARINE, OF CONNECTICUT
WILLIAM C. MCCAHILL, OF NEW JERSEY
WILLIAM DALE MONTGOMERY, OF PENNSYLVANIA
JANET ELAINE MULES, M.D., OF WASHINGTON
JOHN M. O'KEEFE, OF MARYLAND
ROBERT C. REIS, JR., OF MISSOURI
EDWARD BRYAN SAMUEL, OF FLORIDA
THEODORE EUGENE STRICKLER, OF TEXAS
ROBERT J. SURPRISE, OF VIRGINIA
JOHN F. TEFFT, OF VIRGINIA
ROBERT E. TYNES, OF VIRGINIA

THE FOLLOWING-NAMED CAREER MEMBERS OF THE FOREIGN SERVICE FOR PROMOTION INTO THE SENIOR FOREIGN SERVICE, AND FOR APPOINTMENT AS CONSULAR OFFICERS AND SECRETARIES IN THE DIPLOMATIC SERVICE, AS INDICATED:

CAREER MEMBERS OF THE SENIOR FOREIGN SERVICE OF THE UNITED STATES OF AMERICA, CLASS OF COUNSELOR:

MICHAEL DONALD BELLOWS, OF IOWA
PETER WILLIAM BODDE, OF MARYLAND
MARTIN G. BRENNAN, OF CALIFORNIA
WAYNE JEFFREY BUSH, OF OREGON
PETER H. CHASE, OF WASHINGTON
PHILLIP T. CHICOLA, OF FLORIDA
LAURA A. CLERICI, OF SOUTH CAROLINA
FRANK JOHN COULTER, JR., OF MARYLAND
CARYL M. COURTNEY, OF WEST VIRGINIA
ANNE E. DERSE, OF MARYLAND
MILTON K. DRUCKER, OF CONNECTICUT
DAVID B. DUNN, OF CALIFORNIA
WILLIAM A. EATON, OF VIRGINIA
REED J. FENDRICK, OF NEW YORK
ROBERT PATRICK JOHN FINN, OF NEW YORK
ROBERT W. FITTS, OF NEW HAMPSHIRE
GREGORY T. FROST, OF IOWA
WALTER GREENFIELD, OF THE DISTRICT OF COLUMBIA
MICHAEL E. GUEST, OF SOUTH CAROLINA
RICHARD CHARLES HERMANN, OF IOWA
RAVIC ROLF HUSO, OF VIRGINIA
JAMES FRANKLING JEFFREY, OF MASSACHUSETTS
LAURENCE MICHAEL KERR, OF OHIO
CORNELIS MATHIAS KEUR, OF MICHIGAN
SCOTT FREDERIC KILNER, OF CALIFORNIA
SHARON A. LAVOREL, OF HAWAII
JOSEPH EVAN LEBARON, OF OREGON
ROSE MARIE LIKINS, OF VIRGINIA
JOSEPH A. LIMPRECHT, OF CALIFORNIA
R. NIELS MARQUARDT, OF CALIFORNIA
ROGER ALLEN MEECE, OF WASHINGTON
GILLIAN ARLETTE MILOVANOVIC, OF PENNSYLVANIA
JAMES F. MORIARTY, OF MASSACHUSETTS
ROSIL A. NESBERG, OF WASHINGTON
STEPHEN JAMES NOLAN, OF PENNSYLVANIA
LARRY LEON PALMER, OF GEORGIA
SUE FORD PATRICK, OF FLORIDA
MAUREEN QUINN, OF NEW JERSEY
KENNETH F. SACKETT, OF FLORIDA
DAVID MICHAEL SATTERFIELD, OF TEXAS
JOH F. SCOTT, OF IOWA
PAUL E. SIMONS, OF NEW JERSEY
STEPHEN T. SMITH, OF NEBRASKA
JOSEPH D. STAFFORD III, OF FLORIDA
GEORGE MCDADE STAPLES, OF CALIFORNIA
DORIS KATHLEEN STEPHENS, OF ARIZONA
SHARON ANDERHOLM WIENER, OF OHIO
HERBERT YARVIN, OF CALIFORNIA

CAREER MEMBERS OF THE SENIOR FOREIGN SERVICE, CLASS OF COUNSELOR, AND CONSULAR OFFICERS AND SECRETARIES IN THE DIPLOMATIC SERVICE OF THE UNITED STATES OF AMERICA:

MARY JANICE FLECK, OF TENNESSEE
ROBERT J. FRANKS, OF VIRGINIA
BURLEY P. FUSELIER, OF VIRGINIA
SIDNEY L. KAPLAN, OF CONNECTICUT
JOHN J. KEYES III, OF FLORIDA
ROBERT K. NOVAK, OF WASHINGTON
ANITA G. SCHROEDER, OF VIRGINIA
CHARLES E. SPARKS, OF VIRGINIA
JOSEPH THOMAS YANCI, OF PENNSYLVANIA

IN THE NAVY

THE FOLLOWING-NAMED OFFICER FOR APPOINTMENT IN THE U.S. NAVY TO THE GRADE INDICATED UNDER TITLE 10, UNITED STATES CODE, SECTION 624:

To be rear admiral (lower half)

CAPT. WILLIAM W. COBB, JR., 9725

HOUSE OF REPRESENTATIVES—*Wednesday, September 3, 1997*

The House met at 12 noon.

The Chaplain, Rev. James David Ford, D.D., offered the following prayer:

We know, gracious God, how we plan our lives and how we anticipate the fullness of all the days ahead, and we also know that our plans are not our own and that we experience broken dreams and shattered hearts. We remember this day all those whose lives are broken by pain and sadness and we look to Your word for comfort and solace. O God, creator of the world and author of salvation, from whom we have come and to whom we shall return, bless all who mourn and experience the uncertainty of life. May all Your people, O God, be strengthened in the knowledge of Your eternal hope and receive that peace that passes all human understanding, now and forevermore. Amen.

THE JOURNAL

The SPEAKER. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Pursuant to clause 1, rule I, the Journal stands approved.

PLEDGE OF ALLEGIANCE

The SPEAKER. Will the gentleman from North Carolina [Mr. JONES] come forward and lead the House in the Pledge of Allegiance.

Mr. JONES led the Pledge of Allegiance as follows:

> I pledge allegiance to the Flag of the United States of America, and to the Republic for which it stands, one nation under God, indivisible, with liberty and justice for all.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Lundregan, one of its clerks, announced that the Senate had passed with an amendment in which the concurrence of the House is requested, a bill of the House of the following title:

> H.R. 2160. An act making appropriations for Agriculture, Rural Development, Food and Drug Administration, and Related Agencies programs for the fiscal year ending September 30, 1998, and for other purposes.

The message also announced that the Senate insists upon its amendment to the bill (H.R. 2160) "An Act making appropriations for Agriculture, Rural Development, Food and Drug Administration, and Related Agencies programs for the fiscal year ending September 30, 1998, and for other purposes," requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. COCHRAN, Mr. SPECTER, Mr. BOND, Mr. GORTON, Mr. MCCONNELL, Mr. BURNS, Mr. STEVENS, Mr. BUMPERS, Mr. HARKIN, Mr. KOHL, Mr. BYRD, Mr. LEAHY, and Mr. INOUYE, to be the conferees on the part of the Senate.

The message also announced that the Senate has passed bills of the following titles in which the concurrence of the House is requested:

> S. 797. An act to amend the John F. Kennedy Center Act to authorize the design and construction of additions to the parking garage and certain site improvements, and for other purposes;
>
> S. 910. An act to authorize appropriations for carrying out the Earthquake Hazards Reduction Act of 1977 for fiscal years 1998 and 1999, and for other purposes;
>
> S. 996. An act to provide for the authorization of appropriations in each fiscal year for arbitration in United States district courts; and
>
> S. 1120. An act to provide for a consultant for the President pro tempore.

The message also announced that pursuant to Public Law 94-304, as amended by Public Law 99-7, the Chair, on behalf of the Vice President, appoints the following Senators to the Commission on Security and Cooperation in Europe—the Senator from Wisconsin [Mr. FEINGOLD], the Senator from Florida [Mr. GRAHAM], the Senator from New Jersey [Mr. LAUTENBERG], and the Senator from Nevada [Mr. REID].

The message also announced that pursuant to Public Law 94-304, as amended by Public Law 99-7, the Chair, on behalf of the Vice President, appoints the following Senators to the Commission on Security and Cooperation in Europe—the Senator from Montana [Mr. BURNS], the Senator from Colorado [Mr. CAMPBELL], the Senator from Maine [Ms. SNOWE], and the Senator from Michigan [Mr. ABRAHAM].

COMMUNICATION FROM THE CLERK OF THE HOUSE

The SPEAKER laid before the House the following communication from the Clerk of the House of Representatives:

U.S. HOUSE OF REPRESENTATIVES,
OFFICE OF THE CLERK,
Washington, DC, August 1, 1997.

Hon. NEWT GINGRICH,
Speaker, U.S. House of Representatives, Washington, DC.

DEAR MR. SPEAKER: Pursuant to the permission granted to Clause 5 of Rule III of the Rules of the U.S. House of Representatives, the Clerk received the following message from the Secretary of the Senate on Friday, August 1, 1997 at 12:00 p.m.: that the Senate passed without amendment H.R. 584, that the Senate passed without amendment H.R. 1198, that the Senate passed without amendment H.R. 1944.

With warm regards,
ROBIN H. CARLE,
Clerk, U.S. House of Representatives.

ANNOUNCEMENT BY THE SPEAKER

The SPEAKER. The Chair desires to announce that pursuant to clause 4 of rule I, the Speaker signed the following enrolled bills on Friday, August 1, 1997:

H.R. 408, to amend the Marine Mammal Protection Act of 1972 to support the International Dolphin Conservation Program in the eastern tropical Pacific Ocean, and for other purposes;

H.R. 584, for the relief of John Wesley Davis;

H.R. 1198, to direct the Secretary of the Interior to convey certain land to the city of Grants Pass, OR;

H.R. 1585, to allow postal patrons to contribute to funding for breast cancer research through the voluntary purchase of certain specially issued U.S. postage stamps, and for other purposes;

H.R. 1944, to provide for a land exchange involving the Warner Canyon ski area and other land in the State of Oregon;

H.R. 2014, to provide for reconciliation pursuant to subsections (b)(2) and (d) of section 105 of the concurrent resolution on the budget for fiscal year 1998; and

H.R. 2015, to provide for reconciliation pursuant to subsections (b)(1) and (c) of section 105 of the concurrent resolution on the budget for fiscal year 1998.

ANNOUNCEMENT BY THE SPEAKER

The SPEAKER. Pursuant to the provisions of House Resolution 157 and the order of the House of Thursday, July 31, 1997, the Speaker on Thursday, August 7, 1997 announced the following Members of the House as members of the delegation attending the 50th anniversary of the independence of India and Pakistan: Messrs. GILMAN of New York; ACKERMAN of New York; HASTINGS of Florida; ENGEL of New York; and FALEOMAVAEGA of American Samoa.

COMMUNICATION FROM THE CLERK OF THE HOUSE

The SPEAKER laid before the House the following communication from the Clerk of the House of Representatives:

☐This symbol represents the time of day during the House proceedings, e.g., ☐1407 is 2:07 p.m.

Matter set in this typeface indicates words inserted or appended, rather than spoken, by a Member of the House on the floor.

HOUSE OF REPRESENTATIVES,
OFFICE OF THE CLERK,
Washington, DC, August 1, 1997.
Hon. NEWT GINGRICH,
Speaker, House of Representatives, Washington, DC.

DEAR MR. SPEAKER: Under Clause 4 of Rule III of the Rules of the U.S. House of Representatives, I herewith designate Mr. Jeff Trandahl, Deputy Clerk, along with Ms. Julie Perrier, Assistant Clerk and Mr. Ray Strong, Assistant Clerk, to sign any and all papers and do all other acts for me under the name of the Clerk of the House which they would be authorized to do by virtue of this designation, except such as are provided by statute, in case of my temporary absence or disability.

This designation shall remain in effect for the 105th Congress or until modified by me.

Sincerely yours,
ROBIN H. CARLE,
Clerk, House of Representatives.

RESIGNATION FROM THE HOUSE OF REPRESENTATIVES

The SPEAKER laid before the House the following resignation from the House of Representatives:

HOUSE OF REPRESENTATIVES,
Washington, DC, August 4, 1997.
Hon. NEWT GINGRICH,
Speaker of the House, The Capitol, H-232, Washington, DC.

DEAR MR. SPEAKER: This missive comes as an official announcement of my resignation from the U.S. House of Representatives, effective October 15, 1997.

My duties and responsibilities as pastor of the Allen A.M.E. Church in Jamaica, New York, has grown to such a level that I am needed there on a more consistent basis. I have enjoyed the opportunities that you have given me to converse with you regarding my ideas for community, educational, and economic development. I hope that my leaving does not preclude our ability to, in some way, continue these discussions in the future.

With warmest regards, I am

Sincerely,
FLOYD H. FLAKE,
Member of Congress.

HOUSE OF REPRESENTATIVES,
Washington, DC, August 1, 1997.
Hon. GEORGE E. PATAKI,
State of New York,
Office of the Governor, Albany, NY

DEAR GOVERNOR PATAKI. This missive comes as an official announcement of my resignation from the U.S. House of Representatives, effective October 15, 1997.

My duties and responsibilities as pastor of Allen A.M.E. Church have grown to a level which necessitates my presence on a more consistent basis.

I have called your office, and hope to be able to speak with you in the near future.

With warmest regards, I am

Sincerely,
FLOYD H. FLAKE,
Member of Congress.

COMMUNICATION FROM THE CLERK OF THE HOUSE

The SPEAKER laid before the House the following communication from the Clerk of the House of Representatives:

OFFICE OF THE CLERK,
HOUSE OF REPRESENTATIVES,
Washington, DC, August 11, 1997.
Hon. NEWT GINGRICH,
Speaker, House of Representatives,
Washington, DC.

DEAR MR. SPEAKER: Pursuant to the permission granted in Clause 5 of Rule III of the Rules of the U.S. House of Representatives. I have the honor to transmit correspondence received from the White House on August 11, 1997 at 3:12 p.m. and said to contain a message from the President pursuant to the Line Item Veto Act (P.L. 104-130) transmitting one cancellation with respect to the Balanced Budget Act of 1997 (P.L. 105-33).

With warm regards,
ROBIN H. CARLE,
Clerk, House of Representatives.

CANCELLATION OF ITEM OF DIRECT SPENDING WITH RESPECT TO BALANCED BUDGET ACT OF 1997—MESSAGE FROM THE PRESIDENT OF THE UNITED STATES (H. DOC. NO. 105-115)

The SPEAKER laid before the House the following message from the President of the United States; which was read and, together with the accompanying papers, pursuant to section 1025(a) of the Congressional Budget Act, referred to the Committee on the Budget and the Committee on Commerce and ordered to be printed:

THE WHITE HOUSE,
Washington, August 11, 1997.
Hon. NEWT GINGRICH,
Speaker of the House of Representatives,
Washington, DC.

DEAR MR. SPEAKER: In accordance with the Line Item Veto Act, I hereby cancel one item of new direct spending, as specified in the attached report, contained in the "Balanced Budget Act of 1997" (Public Law 105-33; H.R. 2015). I have determined that this cancellation will reduce the Federal budget deficit, will not impair any essential Government functions, and will not harm the national interest. This letter, together with its attachment, constitutes a special message under section 1022 of the Congressional Budget and Impoundment Control Act of 1974, as amended.

Sincerely,
WILLIAM J. CLINTON.

COMMUNICATION FROM THE CLERK OF THE HOUSE

The SPEAKER laid before the House the following communication from the Clerk of the House of Representatives:

OFFICE OF THE CLERK,
HOUSE OF REPRESENTATIVES,
Washington, DC, August 11, 1997.
Hon. NEWT GINGRICH,
The Speaker, House of Representatives,
Washington, DC.

DEAR MR. SPEAKER: Pursuant to the permission granted in Clause 5 of Rule III of the Rules of the U.S. House of Representatives, I have the honor to transmit correspondence received from the White House on August 11, 1997 at 3:12 p.m. and said to contain a message from the President pursuant to the Line Item Veto Act (P.L. 104-130) transmitting two cancellations with respect to the Taxpayer Relief Act of 1997 (P.L. 105-34).

With warm regards,
ROBIN H. CARLE,
Clerk, House of Representatives.

CANCELLATION OF TWO LIMITED TAX BENEFITS WITH RESPECT TO TAXPAYER RELIEF ACT OF 1997—MESSAGE FROM THE PRESIDENT OF THE UNITED STATES (H. DOC. NO. 105-116)

The SPEAKER laid before the House the following message from the President of the United States; which was read and, together with the accompanying papers, pursuant to section 1025(a) of the Congressional Budget Act, referred to the Committee on the Budget and the Committee on Ways and Means and ordered to be printed:

THE WHITE HOUSE,
Washington, August 11, 1997.
Hon. NEWT GINGRICH,
Speaker of the House of Representatives,
Washington, DC.

DEAR MR. SPEAKER: In accordance with the Line Item Veto Act, I hereby cancel two limited tax benefits, as specified in the attached reports, contained in the "Taxpayer Relief Act of 1997" (Public Law 105-34; H.R. 2014). I have determined that each of these cancellations will reduce the Federal budget deficit, will not impair any essential Government functions, and will not harm the national interest. This letter, together with its attachments, constitutes a special message under section 1022 of the Congressional Budget and Impoundment Control Act of 1974, as amended.

Sincerely,
WILLIAM J. CLINTON.

COMMUNICATION FROM CHAIRMAN OF COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE

The SPEAKER laid before the House the following communication from the chairman of the Committee on Transportation and Infrastructure, which was read and referred to the Committee on Appropriations:

COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE, HOUSE OF REPRESENTATIVES,
Washington, DC, July 25, 1997.
Hon. NEWT GINGRICH,
Speaker of the House, U.S. House of Representatives, Washington, DC.

DEAR MR. SPEAKER: Enclosed are copies of resolutions adopted on July 23, 1997 by the Committee on Transportation and Infrastructure. Copies of the resolutions are being transmitted to the Department of the Army.

With kind personal regards, I am

Sincerely,
BUD SHUSTER, *Chairman.*

Enclosures.

RESOLUTION: DOCKET 2532—NEUSE RIVER BASIN, NORTH CAROLINA

Resolved by the Committee on Transportation and Infrastructure of the United States House of Representatives, That the Secretary of the Army is requested to review the report of the Chief of Engineers on the Neuse River Basin, North Carolina, published as House Document 175, 89th Congress, 1st

Session, and other pertinent reports, to determine whether modifications of the recommendations contained therein are advisable at the present time in the interest of flood control, environmental protection and restoration, and related purposes.

RESOLUTION: DOCKET 2533—TAMPA HARBOR, FLORIDA

Resolved by the Committee on Transportation and Infrastructure of the United States House of Representatives, That the Secretary of the Army is requested to review the report of the Chief of Engineers on the Tampa Harbor, Florida, published as House Document 401, 91st Congress, 2nd Session and other pertinent reports, with a view of determining if the authorized project should be modified in any way at this time, with particular reference to deep draft anchorage.

RESOLUTION: DOCKET 2534—OWASCO LAKE SEAWALL, NEW YORK

Resolved by the Committee on Transportation and Infrastructure of the United States House of Representatives, That the Secretary of the Army is requested to review the report of the Chief of Engineers on the Owasco Lake Seawall, New York, published as Senate Document 133, 84th Congress, 2nd Session, and other pertinent reports, to determine if modifications to the authorized project as contained therein, should include the rehabilitation of the seawalls to prevent flooding and control water flows along the outlet, are appropriate at this time.

RESOLUTION: DOCKET 2535—ALEXANDRIA TO THE GULF, LOUISIANA

Resolved by the Committee on Transportation and Infrastructure of the United States House of Representatives, That the Secretary of the Army is requested to review the report of the Chief of Engineers on the Mississippi River and Tributaries Project, published as House Document 308, 88th Congress, 2nd Session, and other pertinent reports, to determine whether modifications of the recommendations contained therein are advisable at the present time in the interest of flood control, navigation, wetland conservation and restoration, wildlife habitat, commercial and recreational fishing, saltwater intrusion, fresh water and sediment diversion, and other purposes in the area drained by the intercepted drainage system of the West Atchafalaya Basin Protection Levee, from Alexandria, Louisiana, to the Gulf of Mexico.

RESOLUTION: DOCKET 2536—SUSQUEHANNA RIVER, PENNSYLVANIA

Resolved by the Committee on Transportation and Infrastructure of the United States House of Representatives, That the Secretary of the Army is requested to review the report of the Chief of Engineers on the Susquehanna River in Sunbury, Pennsylvania, published as House Document 366, 76th Congress, 1st Session, and other pertinent reports, to determine whether modifications of the recommendations contained therein are advisable at the present time to construct conduits for the Susquehanna River in Sunbury, Pennsylvania in the interest of flood control and public safety.

RESOLUTION: DOCKET 2537—MASSACHUSETTS & CAPE COD BAYS, MASSACHUSETTS

Resolved by the Committee on Transportation and Infrastructure of the United States House of Representatives, That the Secretary of the Army is requested to review the report of the Chief of Engineers on the Massachusetts and Cape Cod Bays, Massachusetts, published as Senate Document 14, 85th Congress, and other pertinent reports, to determine whether modifications of the recommendations contained therein are advisable in the interest of environmental restoration and other allied purposes along the Massachusetts and Cape Cod Bay, coastal shoreline and associated waters.

COMMUNICATION FROM CHAIRMAN OF COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE

The SPEAKER laid before the House the following communication from the chairman of the Committee on Transportation and Infrastructure, which was read and referred to the Committee on Appropriations:

COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE, HOUSE OF REPRESENTATIVES,
Washington, DC, August 13, 1997.

Hon. NEWT GINGRICH,
Speaker, House of Representatives, The Capitol, Washington, DC.

DEAR NEWT: Enclosed please find copies of resolutions approved by the Committee on Transportation and Infrastructure on July 23, 1997, in accordance with 40 U.S.C. Sec. 606.

With warm regards, I remain

Sincerely,
BUD SHUSTER, *Chairman.*

Enclosures.

DESIGN: UNITED STATES DISTRICT COURT EXPANSION BUILDING, DENVER, COLORADO

Resolved by the Committee on Transportation and Infrastructure of the U.S. House of Representatives, That pursuant to section 7 of the Public Buildings Act of 1959, (40 U.S.C. §606), appropriations in the amount of $4,671,000 are authorized for the design of a 350,500 gross square foot expansion building, including 125 inside parking spaces, and connecting tunnel to the existing Byron G. Rogers Federal Building-Courthouse in Denver, Colorado, a prospectus for which is attached to, and included in, this resolution.

Provided, That any design shall, to the maximum extent possible, incorporate shared or collegial space, consistent with efficient court operations that will minimize the size and cost of the building to be constructed.

Provided further, That any design shall incorporate changes to the 1994 and 1997 *U.S. Courts Design Guide* including the implementation of a policy on shared facilities for senior judges.

DESIGN: UNITED STATES COURTHOUSE, MIAMI, FLORIDA

Resolved by the Committee on Transportation and Infrastructure of the U.S. House of Representatives, That pursuant to section 7 of the Public Buildings Act of 1959, (40 U.S.C. §606), appropriations are authorized in the amount of $6,100,000 for the design of a 498,912 gross square foot United States courthouse, including 50 inside parking spaces, in Miami, Florida, a prospectus for which is attached to, and included in, this resolution.

Provided, That any design shall, to the maximum extent possible, incorporate shared or collegial space, consistent with efficient court operations that will minimize the size and cost of the building to be constructed.

Provided further, That any design shall incorporate changes to the 1994 and 1997 *U.S. Courts Design Guide* including the implementation of a policy on shared facilities for senior judges.

DESIGN: FRANK E. MOSS COURTHOUSE/ANNEX, SALT LAKE CITY, UTAH

Resolved by the Committee on Transportation and Infrastructure of the U.S. House of Representatives, That pursuant to section 7 of the Public Buildings Act of 1959, (40 U.S.C. §606), appropriations are authorized in the amount of $4,918,000 for the design of a 229,300 gross square foot annex building including 78 inside parking spaces, in Salt Lake City, Utah, a prospectus for which is attached to, and included in, this resolution.

Provided, That any design shall, to the maximum extent possible, incorporate shared or collegial space, consistent with efficient court operations that will minimize the size and cost of the building to be constructed.

Provided further, That any design shall incorporate changes to the 1994 and 1997 *U.S. Courts Design Guide* including the implementation of a policy on shared facilities for senior judges.

DESIGN: FEDERAL BUILDING—UNITED STATES COURTHOUSE, FRESNO, CALIFORNIA

Resolved by the Committee on Transportation and Infrastructure of the U.S. House of Representatives, That pursuant to section 7 of the Public Buildings Act of 1959, (40 U.S.C. §606), appropriations are authorized in the amount of $4,775,000 for the design of a 360,000 gross square foot Federal building-United States courthouse, including 112 inside parking spaces, in Fresno, California, a prospectus for which is attached to, and included in, this resolution.

Provided, That any design shall, to the maximum extent possible, incorporate shared or collegial space, consistent with efficient court operations that will minimize the size and cost of the building to be constructed.

Provided further, That any design shall incorporate changes to the 1994 and 1997 *U.S. Courts Design Guide* including the implementation of a policy on shared facilities for senior judges.

DESIGN: UNITED STATES COURTHOUSE ANNEX, WASHINGTON, DC

Resolved by the Committee on Transportation and Infrastructure of the U.S. House of Representatives, That pursuant to section 7 of the Public Buildings Act of 1959, (40 U.S.C. §606), appropriations are authorized in the amount of $5,703,000 for the design of a 351,500 gross square foot United States courthouse annex, including 250 inside parking spaces, in Washington, D.C., a prospectus for which is attached to, and included in, this resolution.

Provided, That any design shall, to the maximum extent possible, incorporate shared or collegial space, consistent with efficient court operations that will minimize the size and cost of the building to be constructed.

Provided further, That any design shall incorporate changes to the 1994 and 1997 *U.S. Courts Design Guide* including the implementation of a policy on shared facilities for senior judges.

SITE ACQUISITION AMENDMENT: UNITED STATES COURTHOUSE, ORLANDO, FLORIDA

Resolved by the Committee on Transportation and Infrastructure of the U.S. House of Representatives, That pursuant to Section 7 of the Public Buildings Act of 1959, (40 U.S.C.

§606), additional appropriations are authorized in the amount of $748,000 for the acquisition of a site of approximately 3 acres for the construction of 235,050 gross square foot United States courthouse plus 35 inside and 200 surface parking spaces to be located directly across from the existing Federal Building and United States courthouse in Orlando, Florida. This resolution amends the Committee resolution dated May 17, 1994, which authorized size acquisition at a cost of $7,724,000.

REPAIR AND ALTERATION AMENDMENT: INTERSTATE COMMERCE COMMISSION—UNITED STATES CUSTOMS, WASHINGTON, DC

Resolved by the Committee on Transportation and Infrastructure of the U.S. House of Representatives, That pursuant to Section 7 of the Public Buildings Act of 1959, (40 U.S.C. §606), additional appropriations in the amount of $3,722,000 are authorized for the repair and alteration of the 1,200,000 gross square foot Interstate Commerce Commission-United States Customs connecting wing, with 28 inside parking spaces, in Washington, D.C. This resolution amends the Committee resolution of November 16, 1995, which authorized repair and alteration at a total estimated cost of $138,512,000.

COMMITTEE RESOLUTION: UNITED STATES DISTRICT COURT, ERIE, PENNSYLVANIA

Resolved by the Committee on Transportation and Infrastructure of the U.S. House of Representatives, That pursuant to Section 11(b) of the Public Buildings Act of 1959, (40 U.S.C. §610), the Administrator of General Services shall investigate the feasibility and need to construct or acquire a facility to house the United States District Court for Western Pennsylvania, in Erie, Pennsylvania. The analysis shall include a full and complete evaluation including, but not limited to: (i) the identification and cost of potential sites and (ii) 30 year present value evaluations of all options; including lease, purchase, and Federal construction, and the purchase options of lease with an option to purchase or purchase contract. The Administrator shall submit a report to Congress within 120 days.

CONSTRUCTION: BUREAU OF ALCOHOL, TOBACCO, AND FIREARMS, SUBURBAN MARYLAND

Resolved by the Committee on Transportation and Infrastructure of the U.S. House of Representatives, That pursuant to section 7 of the Public Buildings Act of 1959, (40 U.S.C. §606), appropriations are authorized for management and inspection at a cost of $3,330,000, and construction at an estimated cost of $52,536,000, for a 207,821 gross square foot Federal building to house the National Laboratory Center and a Fire Investigation Research and Education facility for the Bureau of Alcohol, Tobacco, and Firearms; plus 113 surface parking spaces at a site in suburban Maryland, for a combined authority of $55,866,000, a prospectus for which is attached to, and included in, this resolution.

CONSTRUCTION: UNITED STATES SECRET SERVICE, BELTSVILLE, MARYLAND

Resolved by the Committee on Transportation and Infrastructure of the U.S. House of Representatives, That pursuant to section 7 of the Public Buildings Act of 1959, (40 U.S.C. §606), appropriations are authorized for design at a cost of $645,000, management and inspection at a cost of $821,000, and construction at an estimated cost of $6,734,000, for a 45,979 gross square foot classroom building for the United States Secret Service, plus 265 surface parking spaces, at the United States Secret Service Training Center in Beltsville, Maryland, for a combined authority of $8,200,000, a prospectus for which is attached to, and included in, this resolution.

In addition, That this authority may be combined with the authority provided in the Committee Resolution dated May 9, 1996, authorizing $2,400,000 for the construction of a 16,700 gross square foot administrative building for the United States Secret Service, plus 50 surface parking spaces, at the United States Secret Service Training Center in Beltsville, Maryland.

COMMITTEE RESOLUTION: UNITED STATES DISTRICT COURT, FORT LAUDERDALE, FLORIDA

Resolved by the Committee on Transportation and Infrastructure of the U.S. House of Representatives, That pursuant to Section 11(b) of the Public Buildings Act of 1959 (40 U.S.C. §610), the Administrator of General Services shall investigate the feasibility and need to construct or acquire an annex facility for the United States District Court for Southern Florida, in Fort Lauderdale, Florida. The analysis shall include a full and complete evaluation including, but not limited to: (i) the identification and cost of potential sites and (ii) 30 year present value evaluations of all options; including lease, purchase, and Federal construction, and the purchase options of lease with an option to purchase or purchase contract. The Administrator shall submit a report to Congress within 120 days.

COMMITTEE RESOLUTION: SITE, DESIGN AND CONSTRUCTION: DEPARTMENT OF TRANSPORTATION HEADQUARTERS, WASHINGTON, DC

Resolved by the Committee on Transportation and Infrastructure of the U.S. House of Representatives, That pursuant to Section 7 of the Public Buildings Act of 1959, (40 U.S.C. §606), appropriations are authorized for the construction of a headquarters building (or buildings) for the Department of Transportation of approximately 1,100,000 net usable square feet (1,350,000 rentable square feet) of space plus 145 official parking spaces at an estimated design cost of $14,105,000, an estimated management and inspection cost of $10,541,000 and an estimated construction cost of $269,778,000, as set forth in a report pursuant to Section 11(b) of the Public Buildings Act of 1959, which is attached to and included in this resolution. The Administrator may use the South East Federal Center as the site for this headquarters, or may exchange land at the South East Federal Center, or other Federally owned property, for suitable land for the site or sites in the central employment area of the District of Columbia, under authority of Section 3 and Section 5 of the Public Buildings Act of 1959 (40 U.S.C. §§602 and 604).

Provided, That in the event that Federal funding is not available for construction of a headquarters building or buildings, the Administrator is authorized to enter into an operating lease not to exceed 20 years, and renewal options, plus options to purchase, for approximately 1,100,000 net usable square feet of space (1,350,000 rentable square feet), plus 145 official parking spaces, at an estimated annual cost of $57,375,000, plus escalations.

COMMUNICATION FROM CHAIRMAN OF COMMITTEE ON STANDARDS OF OFFICIAL CONDUCT

The SPEAKER laid before the House the following communication from the Honorable JAMES V. HANSEN, chairman of the Committee on Standards of Official Conduct:

HOUSE OF REPRESENTATIVES, COMMITTEE ON STANDARDS OF OFFICIAL CONDUCT,
Washington, DC, July 31, 1997.

Hon. NEWT GINGRICH,
Speaker, House of Representatives,
Washington, DC.

DEAR MR. SPEAKER: This is to formally notify you, pursuant to Rule L of the Rules of the House of Representatives, that the Committee on Standards of Official Conduct has been served with a subpoena (for documents) issued by the U.S. District Court for the District of Massachusetts and directed to the "Keeper of the Records."

After consulting with the Office of General Counsel, the Committee will make the determinations required by Rule L.

Sincerely,

JAMES V. HANSEN,
Chairman.

COMMUNICATION FROM THE HONORABLE JOHN D. DINGELL, MEMBER OF CONGRESS

The SPEAKER laid before the House the following communication from the Honorable JOHN D. DINGELL, Member of Congress:

HOUSE OF REPRESENTATIVES,
Washington, DC, August 6, 1997.

Hon. NEWT GINGRICH,
Speaker, House of Representatives,
Washington, DC.

DEAR MR. SPEAKER: This is to formally notify you, pursuant to Rule L (50) of the Rules of the House of Representatives, that I have received a subpoena (for documents and testimony) issued by the U.S. District Court for the Central District of California in the matter of *Orycal Laboratories, Inc., et al.* v. *Patrick, et al., No. SA CV–96–1119 AHS (EEx).* The subpoena was directed to "The Office of Congressman John D. Dingell."

After consultation with the Office of General Counsel, I have determined that the subpoena appears not to be consistent with the rights and privileges of the House and, therefore, should be resisted.

Sincerely,

JOHN D. DINGELL.

COMMUNICATION FROM CHAIRMAN OF COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE

The SPEAKER laid before the House the following communication from the Honorable BUD SHUSTER, chairman of the Committee on Transportation and Infrastructure:

COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE, HOUSE OF REPRESENTATIVES,
Washington, DC, August 7, 1997.

Hon. NEWT GINGRICH,
Speaker, House of Representatives,
Washington, DC.

DEAR MR. SPEAKER: This is to formally notify you pursuant to Rule L (50) of the Rules of the House that the Committee on Transportation and Infrastructure has been served with a subpoena (for documents) issued by the U.S. District Court for the District of Massachusetts and directed to the "Keeper of Records."

After consulting with the Office of General Counsel, the Committee will make the determination required by Rule L.

Sincerely,

BUD SHUSTER,
Chairman.

COMMUNICATION FROM THE CHIEF ADMINISTRATIVE OFFICER OF THE HOUSE

The SPEAKER laid before the House the following communication from the Chief Administrative Officer of the House of Representatives:

OFFICE OF THE CHIEF ADMINISTRATIVE OFFICER, HOUSE OF REPRESENTATIVES,
Washington, DC, August 8, 1997.

Hon. NEWT GINGRICH,
Speaker, House of Representatives,
Washington, DC.

DEAR MR. SPEAKER: This is to formally notify you pursuant to Rule L (50) of the Rules of the House that the Office of the Chief Administrative Officer ("CAO") has been served with a subpoena (for documents) issued by the U.S. District Court for the District of Massachusetts and directed to the "Keeper of Records."

After consulting with the Office of the General Counsel, the CAO will make the determinations required by Rule L.

Sincerely,

JAY EAGEN,
Chief Administrative Officer.

COMMUNICATION FROM THE HONORABLE LYNN N. RIVERS, MEMBER OF CONGRESS

The SPEAKER laid before the House the following communication from the Honorable LYNN N. RIVERS, Member of Congress:

HOUSE OF REPRESENTATIVES,
August 18, 1997.

Hon. NEWT GINGRICH,
Speaker, House of Representatives,
Washington, DC.

DEAR SPEAKER GINGRICH: This is to formally notify you pursuant to Rule L (50) of the Rules of the House that I have been served with a subpoena issued by the Third Judicial Circuit Court of the State of Michigan in the case of *Marcus Management, Inc.* v. *Robert Marquess, et al.*, Case No. 97–715508 CK.

After consultation with the Office of the General Counsel, I have determined that the subpoena relates to my official duties, and that compliance with the subpoena is consistent with the privileges and precedents of the House.

Sincerely,

LYNN N. RIVERS.

COMMUNICATION FROM THE CLERK OF THE HOUSE

The SPEAKER pro tempore (Mr. SNOWBARGER) laid before the House the following communication from the Clerk of the House of Representatives:

OFFICE OF THE CLERK,
HOUSE OF REPRESENTATIVES,
Washington, DC, August 12, 1997.

Hon. NEWT GINGRICH,
Speaker, House of Representatives,
Washington, DC.

DEAR MR. SPEAKER: Pursuant to section 2702(a)(1)(B)(vi) of Public Law 101–509, I hereby appoint as a member of the Advisory Committee on the Records of Congress the following person: Mr. Roger Davidson, 3510 Edmunds Street, N.W., Washington, D.C. 20007.

With warm regards,

ROBIN H. CARLE, *Clerk.*

□ 1215

HONORING AND REMEMBERING PRINCESS DIANA

(Mr. GINGRICH asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. GINGRICH. Mr. Speaker, I rise to share with the House, that on Thursday, the House will be voting on a resolution honoring and remembering Princess Diana. I think every Member of the House joins literally millions of people across the planet in grief for the Princess, for her family, for the others who were killed in the accident and their families, and for the unnecessary tragedy that ended her life.

She had been a leader, not only in charming everyone who met her, but in working on key charitable causes, working on helping those with AIDS, working on banning land mines, working with the Red Cross, working with the homeless, and working on breast cancer.

I think across the world people have been drawn together in a sense of grief and sadness at this absolutely unnecessary tragedy, and the House tomorrow will extend formally by resolution the feelings of the American people as represented by this body to her family and to the people of Britain.

ANNOUNCEMENT OF INTENTION TO OFFER A MOTION TO INSTRUCT CONFEREES ON H.R. 1119, NATIONAL DEFENSE AUTHORIZATION ACT FOR FISCAL YEAR 1998

Mr. TRAFICANT. Mr. Speaker, pursuant to the provisions of rule XXVIII, clause 1(c), I am announcing that tomorrow I will offer a motion to instruct the House conferees on the bill, H.R. 1119, to insist upon the provisions of section 1032 of the House bill relating to the assignment of Department of Defense personnel to border patrol and control.

JOIN THE MISSING AND EXPLOITED CHILDREN'S CAUCUS—THERE IS MUCH WORK TO BE DONE

(Mr. LAMPSON asked and was given permission to address the House for 1 minute.)

Mr. LAMPSON. Mr. Speaker, I would like to share with my colleagues how I spent part of my August recess. I spent several days searching in the woods of Galveston County, TX, looking for a young woman who was abducted. Seventeen-year-old Jessica Lee Cain was driving home from a party in the early morning hours on Sunday, August 16. She never made it home, though her truck was found by the side of the road with her wallet still sitting on the front seat.

Well, Jessica is still missing. Last week, she would have begun her studies at Sam Houston State College, just a few days after her 18th birthday. We pray that whoever is responsible for her disappearance will return Jessica unharmed.

Mr. Speaker, I founded the Missing and Exploited Children's Caucus this past spring when 12-year-old Laura Smither, also from my district, was found abducted and found murdered. That we could have two such tragedies in the same area within months is beyond comprehension. However, on behalf of the Smither and Cain families, we must work harder to protect our precious children.

I ask my colleagues to pray for Jessica and the Cain family and to join me in the Missing and Exploited Children's Caucus. There is much work to be done.

THE TIME FOR TALK IS OVER ON EDUCATION REFORM AND BETTER SCHOOLS

(Mr. HEFLEY asked and was given permission to address the House for 1 minute.)

Mr. HEFLEY. Mr. Speaker, politicians love to make a lot of noise about education reform and better schools. Ever since the report, "A Nation At Risk," came out in 1983, calls for education reform have been part of every politician's repertoire, but nothing seems to change, and parents with children in bad schools have the impression that reformers are more interested in rearranging the deck chairs than they are about serious changes.

Mr. Speaker, that is about to change. That is because more and more parents are insisting on real changes in the educational opportunities available to their children.

Two ideas that will not go away are school choice and education savings accounts. They will not go away because both ideas are as American as apple pie, freedom to choose and savings for the children's future, and because it is awfully hard to argue with the results. With Milwaukee and Cleveland leading the way, school choice is the wave of the future, and education savings accounts will become part of that movement for greater educational opportunities.

The time for talk is over; now is the time for real change.

HOUSE NEEDS TO CONDUCT HEARINGS TO EXAMINE ELEMENTS OF PROPOSED TOBACCO SETTLEMENT

(Mr. PALLONE asked and was given permission to address the House for 1 minute.)

Mr. PALLONE. Mr. Speaker, Congress should not rubber stamp the recently proposed tobacco settlement that benefits the tobacco industry more than the public. As I understand it, the settlement will give tobacco companies immunity from liability, enable companies to prevent disclosure of potentially revealing documents, provide a financial windfall for company executives through increased stock options, restrict future Food and Drug Administration regulation, and not adequately accomplish the goal of reducing teenage smoking.

Mr. Speaker, today my Senator from New Jersey, Senator LAUTENBERG, launched a campaign to gain access to tobacco industry documents that could remain under wraps if the agreement gains the approval of Congress. I support that effort, and I think the House also should support that effort.

Much work needs to be done, and I think that Congress, and particularly the House, needs to move forward with hearings to further examine the elements of this tobacco settlement. As it stands now, the settlement is a winner for the tobacco industry and a loser for our children. Let us work to change that outcome.

SUPPORT SCHOOL CHOICE AND EDUCATION SAVINGS ACCOUNTS

(Mr. JONES asked and was given permission to address the House for 1 minute.)

Mr. JONES. Mr. Speaker, education funding has been on the rise for years, but we have not seen improvement in our public schools. SAT scores are down, and dissatisfaction is growing among teachers, parents, and students. Still we just keep throwing money at a broken wheel. It is time to fix the wheel and stop putting taxpayers' dollars in a bottomless pit.

Two reform measures, school choice and education savings accounts, can help get America's education system back on track. These ideas give parents the freedom to choose the best schools for their children's education and to save for their children's future. School choice and education savings accounts are the reforms we need to finally begin to fix education in America.

Mr. Speaker, these ideas are the free-market solution to a very serious problem. These solutions are right for parents and children throughout our Nation. For the sake of education in America, I urge my colleagues to support school choice and education savings accounts.

RIGHT ON, MRS. BARRON

(Mr. TRAFICANT asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. TRAFICANT. Mr. Speaker, on the advice of their accountant, the Barrons of New Hampshire took an $80,000 investment loss. Years later, the IRS came in, they said no, and they hit the Barrons with a $330,000 tag in penalties and interest; $330,000, unbelievable. The pressure was so great Bruce Barron killed himself. After the death, the IRS took the home, took everything they had.

Beam me up, Mr. Speaker.

Under a new law, Mrs. Barron is suing the IRS, and I say, right on. I hope the IRS gets their assets kicked all the way up to their gestapo tactics. The IRS, after all, has deserved it; the IRS has earned it.

Think about it, Congress, and I yield back all the rest of that IRS loan sharking and ripoffs of interest and penalties.

OPPOSE H.R. 1270, THE NUCLEAR WASTE POLICY ACT

(Mr. GIBBONS asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. GIBBONS. Mr. Speaker, while Members of this House were in their districts during the August recess, ABC News reported to a national television audience just what I have been saying in this very well for the past 8 months, that despite numerous scientific evidence to the contrary, the Federal Government is going to find Yucca Mountain, NV, as a suitable site for nuclear waste storage.

The news report highlighted that despite problems with fragile rock formation, migrating groundwater, volcanoes, and active earthquakes, Federal agencies always find a way to ignore them first by lowering the standards and then by lowering the safety standards to the site suitability. More than $3 billion has already been spent on Yucca Mountain, and the site has been found to be scientifically unsuitable.

Later this year, Congress will consider a bill that proposes we spend billions more of taxpayer dollars to fund another study that will tell Washington bureaucrats just what they want to hear. This is not just a Nevada issue; this is an issue of safety for all Americans. I urge my colleagues to get the true facts and oppose the H.R. 1270.

KOREAN AIR FLIGHT 801 TRAGEDY

(Mr. UNDERWOOD asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. UNDERWOOD. Mr. Speaker, while the rest of the Nation has turned its attention to other matters, we on Guam are still reeling from the worst air disaster of our island's history. On August 6, 1997, a Korean Air 747 en route from Seoul crashed into a hill 3 miles short of the runway of the Won Pat International Airport on Guam. The jet carried 254 people, with 227 having perished.

I rise today to express the condolences of the people of Guam to the victims' families. We share their pain most intimately not because the crash occurred on Guam, but also because the people on that plane were not entirely strangers. Amongst the dead, eight were returning Guam residents of Korean decent. Amongst the survivors, there were four returning home.

I would also like to draw this body's attention not only to the grieving families, but also to the men and women who spent countless hours in search and rescue efforts as well as family assisting actions. The NTSB's efficient investigation of the airline's crash is exemplary. However, a tragedy of this magnitude leaves many questions unanswered. I strongly urge a public hearing on the crash of KAL 801 to be held on Guam.

URGING CORRECTION OF FEDERAL JUDGE'S DECISION REGARDING FORESTS IN EAST TEXAS

(Mr. BRADY asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. BRADY. Mr. Speaker, during the district work period this August, my wife and I spent a few days among the beautiful forests in our national parks, but I am deeply disturbed by a decision, another out test decision by a Federal judge in Beaumont, who decreed because he disagreed with how our Forest Service is managing parts of the lands in Texas, he called and ordered an injunction, halted all logging among our east Texas forests.

This action, irresponsible and damaging, not only causes the Federal Government to fault on our contracts to small businesses, it has stopped our small businesses in Texas affiliated with lumber and timber. It is hurting the counties, 12 east Texas counties. They rely upon that $4 million to help balance their budget every year. And, in fact, it is an impediment to those of us who seek a balance among our environmental assets, who seek to have a forest and parks and lands in our country that is properly managed. It is a disturbing action by a Federal judge and one we ought to take action to correct.

THE FAMOUS AVOIDANCE GAME ON CAMPAIGN FINANCE REFORM IS NO LONGER ACCEPTABLE

(Mr. MILLER of California asked and was given permission to address the

House for 1 minute and to revise and extend his remarks.)

Mr. MILLER of California. Mr. Speaker, I believe there is no more important issue for this Congress to address in the waning hours than the need to reform our corrupt campaign finance laws.

As my colleagues will recall, many of us have called upon Speaker GINGRICH to schedule a vote this month on legislation to ban the large, unregulated financial contributions to political parties known as soft money. These contributions of $25,000, $100,000, and even $1 million from a single individual representing some particular special interest have helped to ruin our electoral and legislative process. Despite our repeated requests for a vote and despite the Speaker's own pledge of support, there has been no vote scheduled on a soft money ban or any other campaign finance reform.

My colleagues and our Speaker should be aware that we are prepared to use all our means at our disposal to force a vote this month. No more business as usual, Mr. Speaker. The famous avoidance game on this issue is no longer acceptable. Our ability to honestly represent our constituents depends on our success and reforming the campaign finance laws.

Already there is talk of adjourning the Congress as soon as possible to avoid addressing this issue. Mr. Speaker, that is unacceptable. We will not accept such a cowardice position and the protectionism of special interests.

LEGISLATION TO ENSURE NO GOVERNMENT SHUTDOWNS

(Mr. GEKAS asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. GEKAS. Mr. Speaker, very shortly now, September 30, the fiscal year, the current fiscal year, will end. For a decade now, I have been proposing legislation that when such an event occurs, and it has occurred too often without new appropriations taking their place, a new budget in place, a Government shutdown is in the foreseeable future.

The legislation that I have proposed would end that phenomenon by saying when at the end of the fiscal year no budget has been put in place, then last year's appropriations will automatically go into effect until a new budget takes effect.

We have had the Congress of the United States just a few months ago pass such legislation only to be vetoed by the President. It is now time to say, "I told you so; we're facing another Government shutdown."

The chairman of the House Committee on Appropriations will do all in his power, I am sure, to prevent such an event, but my legislation would provide insurance that no Government shutdown would occur.

□ 1230

RETURN POLITICAL POWER WHERE IT BELONGS

(Ms. DELAURO asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Ms. DELAURO. Mr. Speaker, in the first half of 1996, the tobacco industry donated over $1 million to the Republican Party. Last month Speaker GINGRICH and his Republican colleagues returned the favor. Republican Members snuck into the balanced budget bill a $50 billion credit provision for tobacco companies, my friends, not a bad return on their $1 million donation.

Yesterday's Wall Street Journal reported from the Campaign for Tobacco-Free Kids that 83 percent of the Members from the other body took tobacco money last year, and they voted against increasing funding to crack down on illegal sales of tobacco to minors.

It is no wonder the American people have lost faith in their political system. It is time for Congress to ban soft money contributions to political parties and restore some integrity to our campaign finance system.

Democrats are asking Speaker GINGRICH to schedule a vote this month to ban soft money. The American people should not have to wait any longer.

We need to take this important first step. Let us take the influence out of the hands of the wealthy and the special interests. We need to return political power in this Nation to where it rightly belongs, in the hands of average working Americans.

BRING ABOUT CAMPAIGN FINANCE REFORM NOW

(Mr. MCDERMOTT asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. MCDERMOTT. Mr. Speaker, when I think of the unexplained delay in considering campaign finance reform, I am forced to ask myself the same question over and over again: Why is it taking so long to do what we promised the American people in 1996?

It is obvious that the American people want campaign finance reform. The President and the Speaker shook hands over 2 years ago committing themselves to reforming the system and, according to the rhetoric in Congress, many of my colleagues want the same thing. Yet, no campaign finance reform legislation is on the agenda, and many news reports indicate that after the consideration of the remaining appropriation acts, as early as October 11, the House will adjourn for the year. Roll Call says it will be the fastest session since 1965.

I think we still have time to consider this important issue. What we need is the commitment of the Republican leadership of the House. We can no longer tolerate the rhetoric without action on this issue.

The Speaker has left us no choice: We have declared September Ban Soft Money Month, and we will do everything in our power to raise this issue on the floor. We must do it before the 1998 election.

CLOSE SOFT MONEY LOOPHOLE

(Ms. HOOLEY of Oregon asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Ms. HOOLEY of Oregon. Mr. Speaker, I was disappointed to read in Tuesday's Congress Daily the top Republican lawmakers were not going to make passing campaign finance reform a priority this session.

It is time to recognize there are no more legitimate excuses why this body has not acted on this issue. The American people want it, the political process needs it, and we have a good legislative vehicle to make it happen, thanks to a recently introduced bill by a bipartisan freshman task force.

Our Bipartisan Campaign Integrity Act would take an important first step toward reforming the political process by banning soft money contributions. Soft money contributions allow individuals, corporations, and other organizations to give unlimited amounts of money to influence Federal elections.

It is time to close the soft money loophole and pass meaningful campaign finance reform.

TIME TO GET SERIOUS ABOUT BANNING SOFT MONEY

(Mr. MCGOVERN asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. MCGOVERN. Mr. Speaker, before Congress departed for the August recess, I joined with 25 of my House colleagues in writing to Speaker GINGRICH demanding a vote this month on banning soft money contributions to political parties. In our letter, we warned that failure to schedule such a vote would cause us to use every tool at our disposal to force consideration of this all-important campaign finance reform.

Mr. Speaker, it does not take a rocket scientist to figure out that our current campaign finance system is broken and needs to be fixed. Every day the newspapers are filled with stories detailing how unregulated soft money contributions have corrupted our political system and are threatening to undermine the very essence of our democracy.

Clearly, we need real, comprehensive campaign finance reform, and we need it now, but Speaker Gingrich has refused to give us a day to vote even on this most basic of reforms.

Mr. Speaker, give us a vote on real campaign finance reform, or at least give us a vote to ban soft money. It is the right thing to do; it is what the American people want.

LIVE BY LAWS PRESENTLY ON THE BOOKS

(Mr. LIVINGSTON asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. LIVINGSTON. Mr. Speaker, I hear this call for campaign finance reform. We can pass all the laws in the world, but if some people are not going to live by the laws on the books, what point is it to change the law?

Now, it was not the Republicans that invited people into the White House at $50,000 a pop for the Lincoln Bedroom. It was not Republicans who dealt with arms merchants, foreign agents, and narcotics dealers, and had their pictures taken for massive amounts of money. All of those things are against the law. It was not Republicans that made phone calls out of the White House, against the advice of the counsel to the White House.

And yet they say they want to change the law. For what purpose? It is time they obeyed the law on the books.

APPOINTMENT OF CONFEREES ON H.R. 2016, MILITARY CONSTRUCTION APPROPRIATIONS ACT, 1998

Mr. PACKARD. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H.R. 2016) making appropriations for military construction, family housing, and base realignment and closure for the Department of Defense for the fiscal year ending September 30, 1998, and for other purposes, with Senate amendments thereto, disagree to the Senate amendments, and agree to the conference asked by the Senate.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

There was no objection.

MOTION TO INSTRUCT OFFERED BY MR. HEFNER

Mr. HEFNER. Mr. Speaker, I offer a motion.

The Clerk read as follows:

> Mr. HEFNER moves that the managers on the part of the House at the conference on the disagreeing votes of the two Houses on the bill, H.R. 2016, be instructed to insist on the House position with respect to funding for Family Housing, Dormitories and Barracks for military personnel serving worldwide.

The SPEAKER pro tempore. The gentleman from North Carolina [Mr. HEFNER] will be recognized for 30 minutes, and the gentleman from California [Mr. PACKARD] will be recognized for 30 minutes.

The Chair recognizes the gentleman from North Carolina [Mr. HEFNER].

Mr. HEFNER. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, when the House passed the military construction bill, it included funding for many important projects for family housing, barracks, and dormitories. By a vote of 395 to 134, we agreed to place a high priority on the quality of life of our men and women in the military and their families as they serve us around the world.

The other body, however, does not seem to feel as we do; $145 million was cut for family housing and $65 million was cut from barracks. We give them the best training in the world, but with the lack of decent housing, we cannot get them to reenlist in the services.

These young men and women are sent to the far corners of the world, but we cannot provide proper care and a proper place for them to live. Whether it is a base near your district or in Korea or Germany, these people deserve adequate housing.

My motion, Mr. Speaker, provides specific direction to the conferees to make certain that in resolving the differences between the House and the other body, a high priority is given to the quality of life of the men and women serving us in the military.

Mr. Speaker, I reserve the balance of my time.

GENERAL LEAVE

Mr. PACKARD. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks on H.R. 2016, and that I may include tabular and extraneous materials.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. PACKARD. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, on the motion to instruct, I wholeheartedly agree with the gentleman from North Carolina [Mr. HEFNER]. We have made a very, very significant step forward in the House bill to emphasize quality-of-life issues, housing, barracks, day care centers, hospitals, dental centers, and a variety of other areas to make life more pleasant and agreeable for our men and women in the services. So we have built our bill, the House bill, around these basic concepts of emphasizing quality of life.

This motion to instruct simply restates what we agreed to do in our committee as we wrote and marked up our bill to this point. I deeply appreciate the efforts of the gentleman from North Carolina [Mr. HEFNER] to continue to emphasize these quality-of-life principles as we go to conference. I hope the Senate will agree with our concepts of what is important.

Mr. Speaker, I wholeheartedly agree with the motion to instruct and recommend that it pass.

Mr. Speaker, I yield back the balance of my time.

Mr. HEFNER. Mr. Speaker, I yield back the balance of my time.

The SPEAKER pro tempore. Without objection, the previous question is ordered on the motion to instruct.

There was no objection.

The SPEAKER pro tempore. The question is on the motion to instruct offered by the gentleman from North Carolina [Mr. HEFNER].

The motion to instruct was agreed to.

A motion to reconsider was laid on the table.

The SPEAKER pro tempore. Without objection, the Chair appoints the following conferees:

Messrs: PACKARD, PORTER, HOBSON, WICKER, KINGSTON, PARKER, TIAHRT, WAMP, LIVINGSTON, HEFNER, OLVER, EDWARDS, DICKS, HOYER, and OBEY.

There was no objection.

APPOINTMENT OF CONFEREES ON H.R. 2158, DEPARTMENTS OF VETERANS AFFAIRS AND HOUSING AND URBAN DEVELOPMENT, AND INDEPENDENT AGENCIES APPROPRIATIONS ACT, 1998

Mr. LEWIS of California. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H.R. 2158) making appropriations for the Departments of Veterans Affairs and Housing and Urban Development, and for sundry independent agencies, commissions, corporations, and offices for the fiscal year ending September 30, 1998, and other purposes, with Senate amendments thereto, disagree to the Senate amendments and agree to the conference asked by the Senate.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

There was no objection.

MOTION TO INSTRUCT OFFERED BY MR. STOKES

Mr. STOKES. Mr. Speaker, I offer a motion to instruct.

The Clerk read as follows:

> Mr. STOKES moves that the managers on the part of the House be instructed to insist on the position of the House regarding the total funding level provided for the Environmental Protection Agency's 'Hazardous Substance Superfund' account.

The SPEAKER pro tempore. The gentleman from Ohio [Mr. STOKES] will be recognized for 30 minutes and the gentleman from California [Mr. LEWIS] will be recognized for 30 minutes.

The Chair recognizes the gentleman from Ohio [Mr. STOKES].

Mr. STOKES. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, nearly one person in four in this country lives close to a

Superfund site. We know all too well what the result of that fact is: too many reported cases of cancer and other diseases caused by breathing, eating, and drinking too many hazardous contaminants.

This motion is pretty simple. If you want to be on record for doing as much as possible to clean up Superfund sites around the country and reduce the amounts of hazardous pollutants to which your constituents are exposed, you vote for this motion.

Supporting this motion does not bust the budget. Although the budget resolution assumed funding for the Superfund program at the enhanced level of $2.1 billion, the level called for by the administration as part of the so-called Kalamazoo initiative, the House level is still $600 million below that.

The total Superfund spending in the House-passed bill is $1.5 billion, compared with $1.4 billion in the Senate. The House amount is definitely superior to the Senate's recommendation in several ways: The House version provides $28 million, or 14 percent more, for Superfund enhancement activities, $5 million more for research activities, and $12 million more for the Agency for Toxic Substances and Disease Registry.

Mr. Speaker, much criticism has been lodged against the operation of the Superfund program since its inception. I think most Members would agree that reforms are needed. However, until the authorization committees are able to reach agreement on what these reforms should be, we should still be trying to do all we can to get Superfund sites cleaned up.

This administration has made good progress in getting Superfund appropriations spent on actual cleanup and not on litigation and administrative costs.

I strongly urge an "aye" vote to keep Superfund moneys flowing at as high a level as possible to clean up as many sites as quickly as we can.

Mr. Speaker, I reserve the balance of my time.

☐ 1245

Mr. LEWIS of California. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I certainly am not going to object to this suggestion by my colleague. By way of commentary, however, I must say that it was at least 15 years ago as a member of this committee I traveled to the northern part of the State of New York, and during that trip I visited a place called Love Canal. At that point in time we knew that the Superfund program had many a problem. The new Administrator indicated to us that this was a program and project that was very, very important but which was broken.

I certainly do hope that between now and the time we go to conference that my colleague will join with me one more time in asking the administration for their suggestion as to how we fix this program, for she has been talking about it publicly a lot, but I have seen no recommendation.

Mr. Speaker, I yield back the balance of my time.

Mr. STOKES. Mr. Speaker, I yield back the balance of my time.

The SPEAKER pro tempore (Mr. Snowbarger). Without objection, the previous question is ordered on the motion to instruct.

There was no objection.

The SPEAKER pro tempore. The question is on the motion to instruct offered by the gentleman from Ohio [Mr. Stokes].

The motion was agreed to.

The SPEAKER pro tempore. Without objection, the Chair appoints the following conferees: Messrs. Lewis of California, DeLay, Walsh, Hobson, Knollenberg, Frelinghuysen, Neumann, Wicker, Livingston, Stokes, Mollohan, Ms. Kaptur, Mrs. Meek of Florida, Mr. Price of North Carolina, and Mr. Obey.

There was no objection.

APPOINTMENT OF CONFEREES ON H.R. 2169, DEPARTMENT OF TRANSPORTATION AND RELATED AGENCIES APPROPRIATIONS ACT, 1997

Mr. WOLF. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H.R. 2169) making appropriations for the Department of Transportation and related agencies for the fiscal year ending September 30, 1998, and for other purposes, with Senate amendments thereto, disagree to the Senate amendments, and agree to the conference asked by the Senate.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Virginia?

There was no objection.

MOTION TO INSTRUCT CONFEREES OFFERED BY MR. SABO

Mr. SABO. Mr. Speaker, I offer a motion to instruct.

The Clerk read as follows:

Mr. Sabo moves that in resolving the differences between the House and Senate, the managers on the part of the House at the conference on the disagreeing votes of the two Houses on the bill, H.R. 2169, be instructed to insist on the House position with respect to providing $200 million for operating assistance under the transit formula grants program.

The SPEAKER pro tempore. The gentleman from Minnesota [Mr. Sabo] will be recognized for 30 minutes, and the gentleman from Virginia [Mr. Wolf] will be recognized for 30 minutes.

The Chair recognizes the gentleman from Minnesota [Mr. Sabo].

Mr. SABO. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I will be brief. This motion simply instructs the conferees to insist on the $200 million included in the House bill for transit operating assistance.

In my judgment, we have cut operating assistance too much already over the years. Unfortunately, the Senate has no funding for operating assistance, and this motion simply insists that the conferees stay with the decision adopted by the House.

Mr. Speaker, I reserve the balance of my time.

Mr. WOLF. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I share the gentleman's concern with regard to the operating assistance, and wish it could be higher, but I think that $200 million is certainly the bottom we should go. I think it is a good motion, and we certainly accept it. I commend the gentleman for offering it.

Mr. Speaker, I yield back the balance of my time.

Mr. SABO. Mr. Speaker, I yield back the balance of my time.

The SPEAKER pro tempore. Without objection, the previous question is ordered on the motion to instruct.

There was no objection.

The SPEAKER pro tempore. The question is on the motion to instruct offered by the gentleman from Minnesota [Mr. Sabo].

The motion was agreed to.

The SPEAKER pro tempore. Without objection, the Chair appoints the following conferees: Messrs. Wolf, DeLay, Regula, Rogers, Packard, Callahan, Tiahrt, Aderholt, Livingston, Sabo, Foglietta, Torres, Olver, Pastor, and Obey.

There was no objection.

APPOINTMENT OF CONFEREES ON H.R. 2203, ENERGY AND WATER DEVELOPMENT APPROPRIATIONS ACT, 1998

Mr. McDADE. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H.R. 2203) making appropriations for energy and water development for the fiscal year ending September 30, 1998 and for other purposes, with a Senate amendment thereto, disagree to the Senate amendment, and agree to the conference asked by the Senate.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

MOTION TO INSTRUCT CONFEREES OFFERED BY MR. FAZIO OF CALIFORNIA

Mr. FAZIO of California. Mr. Speaker, I offer a motion to instruct.

The Clerk read as follows:

Mr. Fazio of California moves that in resolving the differences between House and Senate, the managers on the part of the House at the conference on the disagreeing votes of the two Houses on the bill, H.R. 2203, be instructed to recede to the Senate on funding levels provided for nonproliferation and arms control programs under the Department of Energy.

The SPEAKER pro tempore. The gentleman from California [Mr. FAZIO] will be recognized for 30 minutes, and the gentleman from Pennsylvania [Mr. MCDADE] will be recognized for 30 minutes.

The Chair recognizes the gentleman from California [Mr. FAZIO].

Mr. FAZIO of California. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, my reason for offering this motion to instruct conferees is simply that I believe the House would be advised to support the Senate figures on nuclear nonproliferation so we do no damage to our efforts to verify nuclear testing. The research and development account, which is very important to the Department, shows that we have taken a $20 million reduction in excess of what the Senate provided in this area. It seems to me these are very important funds to meet established milestones for the demonstration and delivery of state-of-the-art nuclear detection technologies.

In addition, the legislation that the House passed could well be determined to be inadequate in terms of funding the Department's threat assessment program, which is a core program which provides for our Government's full capability to assess nuclear-related domestic threats.

It also provides a central traffic point for DOE's nuclear agency and critical message traffic from overseas embassies. It would be, I think, something that all Members of this House could join together on. We are not anxious to restrict our capabilities to monitor potential proliferation of nuclear activities in countries, particularly in third-world countries, where we think the threat is most likely to occur.

Mr. Speaker, I reserve the balance of my time.

Mr. MCDADE. Mr. Speaker, I yield myself such time as I may consume.

GENERAL LEAVE

Mr. MCDADE. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks on H.R. 2203.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. MCDADE. Mr. Speaker, my distinguished friend, the gentleman from California [Mr. FAZIO] and I have discussed this issue. We are, as we so often are, in accord. I support the motion and I urge its adoption.

Mr. Speaker, I yield back the balance of my time.

Mr. FAZIO of California. Mr. Speaker, I yield back the balance of my time.

The SPEAKER pro tempore. Without objection, the previous question is ordered on the motion to instruct.

There was no objection.

The SPEAKER pro tempore. The question is on the motion to instruct offered by the gentleman from California [Mr. FAZIO].

The motion was agreed to.

□ 1300

The SPEAKER pro tempore (Mr. SNOWBARGER). Without objection, the Chair appoints the following conferees: Messrs. MCDADE, ROGERS, KNOLLENBERG, FRELINGHUYSEN, PARKER, CALLAHAN, DICKEY, LIVINGSTON, FAZIO of California, VISCLOSKY, EDWARDS, PASTOR, and OBEY.

There was no objection.

GENERAL LEAVE

Mr. CALLAHAN. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks on the bill, H.R. 2159, making appropriations for foreign operations, export financing and related programs for the fiscal year ending September 30, 1998, and for other purposes, and that I may include tabular and extraneous materials.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Alabama?

There was no objection.

FOREIGN OPERATIONS, EXPORT FINANCING, AND RELATED PROGRAMS APPROPRIATIONS ACT, 1998

The SPEAKER pro tempore. Pursuant to the order of the House of Thursday, July 27, 1997, and rule XXIII, the Chair declares the House in the Committee of the Whole House on the State of the Union for the further consideration of the bill, H.R. 2159.

□ 1302

IN THE COMMITTEE OF THE WHOLE

Accordingly, the House resolved itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill (H.R. 2159) making appropriations for foreign operations, export financing, and related programs for the fiscal year ending September 30, 1998, and for other purposes, with Mr. THORNBERRY in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. When the Committee of the Whole rose on Wednesday, July 30, 1997, the bill had been read through page 93, line 15.

Pursuant to the order of the House of Thursday, July 31, 1997, no other amendment shall be in order, except pro forma amendments offered for the purpose of debate, unless printed in the CONGRESSIONAL RECORD before Friday, August 1, 1997.

Mr. CALLAHAN. Mr. Chairman, I move to strike the last word.

Mr. Chairman, just to bring the Members up to date, we are resuming our debate on the Foreign Operations bill, H.R. 2159. Just to refresh Members' memories, this bill was well under the allocation that was given to the subcommittee. In fact, it is some $87,000 under last year's appropriation and nearly $4.5 billion less than the Senate bill and the President's request.

So once again, as we continue this debate, we would like for our colleagues to keep in mind that final passage on this measure will actually mean another reduction in foreign aid, and I think it is very important that Members of the House understand this.

Once again, the American people are requesting that we be frugal in our efforts to assist the President and the executive branch in their efforts to have an effective foreign policy. But under the circumstances, the committee felt, and I feel, that the reduction is in order. So with that, Mr. Chairman, I will continue the effort.

Ms. PELOSI. Mr. Chairman, will the gentleman yield?

Mr. CALLAHAN. I yield to the gentlewoman from California, the ranking Democrat on the subcommittee.

Ms. PELOSI. Mr. Chairman, once again, I, too, want to remind our colleagues of the great leadership of the gentleman from Alabama [Mr. CALLAHAN] in bringing this bipartisan legislation to the floor. This is a difficult bill and there are many contentious areas that are covered in it.

We began the debate, as Members may recall, before the August district work period. At that time, I said that the gentleman from Alabama had resolved many of the contentious issues. One area of agreement that I have with the gentleman on the bill, of course, is the funding level. I hope to work on that in conference. But, again, in terms of the issue-by-issue consideration of the bill, I think a great deal was accomplished because of the gentleman's openness, accessibility, and spirit of bipartisanship.

So, Mr. Chairman, I want to commend the gentleman once again for his leadership and once again separate from the remarks about, yes, we must be frugal and prudent in all of our spending, subject all of it to the harshest scrutiny, but I support the larger number of the administration, a minor disagreement with the gentleman from Alabama.

Mr. CALLAHAN. Mr. Chairman, reclaiming my time, I thank the gentlewoman from California [Ms. PELOSI] for her kind remarks, and it has been a pleasure working with the gentlewoman in her first year as ranking Democrat on our subcommittee. The gentlewoman has been a pleasure to work with, as has been her entire staff.

Mr. Chairman, it has been a joint effort, both Republicans and Democrats joining together, to bring to the floor what I consider a responsible bill. I know the gentlewoman is concerned that it is not sufficient, but nevertheless, under the circumstances, I certainly feel that it is.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

ASSISTANCE TO TURKEY

SEC. 571. (a) Not more than $40,000,000 of the funds appropriated in this Act under the heading "Economic Support Fund" may be made available for Turkey.

(b) Of the funds made available under the heading "Economic Support Fund" for Turkey, not less than fifty percent of these funds shall be made available for the purpose of supporting private nongovernmental organizations engaged in strengthening democratic institutions in Turkey, providing economic assistance for individuals and communities affected by civil unrest, and supporting and promoting peaceful solutions and economic development which will contribute to the settlement of regional problems in Turkey.

AMENDMENT NO. 76 OFFERED BY MR. CAMPBELL

Mr. CAMPBELL. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment No. 76 offered by Mr. CAMPBELL:

At the end of the bill, insert after the last section (preceding the short title) the following new section:

SEC. 572. The amounts otherwise provided by this Act are revised by reducing the amount made available for "ECONOMIC SUPPORT FUND", and increasing the amount made available for "CONTRIBUTION TO THE AFRICAN DEVELOPMENT FUND" (as authorized by Section 526(c) Public Law 103-306; 108 Stat. 1632), by $25,000,000.

Mr. CAMPBELL. Mr. Chairman, this amendment would allocate 25 million additional dollars to the African Development Fund. The amendment is revenue neutral, budget neutral, and is scored by CBO as neutral on all relevant points for budgetary purposes. It takes the $25 million that we would like to give to the African Development Fund from the Economic Support Fund.

The Economic Support Fund is the generic fund that is one of the largest components of this bill and is already funded at $57 million above the fiscal year 1997 enacted level.

So, there is no question that this money would not add to the size of the bill, the cost of the bill, or the size of the burden on the U.S. taxpayers from the deficit.

Why is it necessary to dedicate $25 million more into the African Development Fund? The United States investment of time, compassion, and dollars in Africa, in my view, brings the greatest return from the point of view of our national interests, our sense of compassion, and what we can do for people who are most in need.

The people who live in sub-Saharan Africa have the lowest life expectancy of any people on Earth. Americans on average live 48 percent longer, almost half a lifetime longer than the average person living in sub-Saharan Africa.

International relief organizations characterize sub-Saharan Africa as having one half of its population living in absolute poverty.

What does the African Development Fund do? Well, in combination with the African Development Bank, it assists those individuals, entrepreneurs, small businesses, who are able and interested in helping themselves to create the conditions for economic growth from which the alleviation of poverty will come in a permanent way.

Mr. Chairman, it is not a handout. It is an assist in becoming economically self-sufficient so that some day when we speak of these issues again on the House floor, we will not be referring to a life expectancy so short and infant mortality rate so high and absence of inoculation for childhood diseases that is so sadly widespread.

The United States has in the past funded the African Development Bank and the African Development Fund. The African Development Bank offers assistance for the more creditworthy borrowers. That is an important area, but it is not the subject of this amendment.

The African Development Fund offers assistance for the poorest of the poor. It offers loans on concessional bases. In the past, the United States has had some concern about the management of the African Development Fund and, for that reason, has not been putting any money into this for several of the last years. However, the Subcommittee on Foreign Operations, Export Financing and Related Programs, the Committee on International Relations, the State Department, AID, have all been studying the progress made by the African Development Fund and have come to the conclusion that it is appropriate to recommit United States resources to this very important area. The only issue now is the amount.

Mr. Chairman, here is why that additional $25 million is so important. Presently, the Senate bill, the other body's bill, has zero. The President has requested $50 million. The committee's bill requests $25 million.

If we can go to conference with a full $50 million, I would be very hopeful and prayerful that we could actually get $50 million, which is what the President has requested. It certainly puts us in a better bargaining position than if we go to the conference with $25 million, which is in the bill.

Several Members of the European Community have announced that their willingness to assist will be conditional upon the United States putting forward its commitment. Because whereas we have committed to assist with the African Development Fund, we have, in fact, not contributed for the last 2 years, when we said we would. The amount that is already overdue is $132 million.

Mr. Chairman, I am not asking for that today. I am asking for the additional $25 million so that we can make a good down payment on getting this fund started again and thereby engage our European allies in this most worthy project.

Mr. Chairman, I urge my colleagues out of compassion to care for those who are the most needy in the world, please to support this amendment. I am proud to say that it is supported by many colleagues, including the gentlewoman from Texas [Ms. JACKSON-LEE], the gentleman from New Jersey [Mr. PAYNE], and the gentlewoman from California [Ms. WATERS].

Mr. Chairman, I conclude by saying for those concerned about our friends in the Middle East, that AIPAC has allowed me to say they do not oppose this amendment.

Ms. JACKSON-LEE of Texas. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I rise, first of all, to thank the gentleman from Alabama [Mr. CALLAHAN], chairman of this fine subcommittee, for his effort and his work, including his work with me over the years on many issues dealing with human rights, particularly in Africa.

I also thank the gentlewoman from California [Ms. PELOSI] for her forthright and open presentation and commitment on human rights and issues dealing with foreign affairs in this world. I am proud to be associated with both of these fine colleagues.

Mr. Chairman, the effort of the gentleman from California [Mr. CAMPBELL] today is one that I proudly support, and I join the gentleman from New Jersey [Mr. PAYNE] and the gentlewoman from California [Ms. WATERS] to be able to stand today for what I think is a vital change and recognition in the policy of teaching someone to fish, rather than giving them a fish.

Interestingly enough, as the world mourns one of the most dynamic ambassadors that committed herself to the idea of helping those less fortunate, Princess Diana, who visited Africa on several occasions and was not fearful of working with the heads of State, but as well as the people of those nations in helping them to pull themselves up by their bootstraps, that we would come today to be able to support legislation that adds $25 million to the African Development fund.

Mr. Chairman, this does not cause for any increase in spending in this particular bill, but helps to raise the funding to a level of $50 million; a request made by the President and one that we have not met at this time.

It is extremely important to recognize what the African Development Fund stands for. It makes loans on market-based terms to creditworthy borrowers.

□ 1315

That is, while the AFDF lends to the poorest members on highly concessional terms, that means that what happens is those poorest nations, those poorest individuals, those poorest nongovernmental agencies are able to receive money that will help lift them and their constituents up by the bootstraps.

The interesting thing that we should note is that in fact this money does go to the poorest nations in sub-Saharan Africa. The African Development Bank concentrates its loans on smaller projects than the International Development Association, the concessional lending arm of the World Bank, in areas such as microenterprise, primary education, preventative health care, agriculture and basic infrastructure.

In fact, as I visited South Africa just a few months ago, I was delighted to see some of the very examples of what the African Development Fund is engaged in, complementing those participants in ideas and programs of which they initiated, which they were the idea persons for, and which they were able to draw from the very basis of their soul and see the success that was brought about by these matching funds.

The AFDF account is funded at 25 million, half of what the President requested. Interestingly enough, the ESF account is as a full 57 million above fiscal year 1997 enacted levels, which is good, but yet this does not answer the question when we find that countries like sub-Saharan Africa or in sub-Saharan Africa, India, and Latin America receive the lowest United States foreign aid per capita of any recipients in the world. This is particularly striking because these regions have the lowest GNP per capita in the world and the lowest life expectancy on earth. Sub-Saharan Africans die younger than anyone else by a huge margin.

I believe that there have been great strides in AFDF, particularly, as has been noted by this committee, that the new management of the African Development Bank and Fund have made great strides in restructuring the whole infrastructure of the organization so that they have drawn confidence in the way that they handle the dollars that they were given.

Additionally, I think it is important that the moneys, such as the ESF funds, that they will not impact Israel or Egypt. This shows a true combined effort in those seeking to help sub-Saharan Africa to provide a grass-roots initiative, to enhance those grass-roots organizations who can show themselves proud and be able to draw in others who would draw with them and work on infrastructure and education and health needs. This is the kind of money that the United States can be most proud of rendering.

I believe that this Congress would do well to support this increase because this is worth 1,000 times what it is in actual dollars. This is worth people realizing that I can do something. This is worth people understanding that I do not have to ask for fish because I can learn to fish.

So, Mr. Chairman, I would simply say that I rise to support this funding amendment and would ask my colleagues to join enthusiastically to help sub-Saharan Africa stand on its own feet.

Mr. CALLAHAN. Mr. Chairman, I rise in opposition to the amendment, and I move to strike the requisite number of words.

Mr. Chairman, this amendment I am sure is well-intended, but it ignores the history of the institution that they are trying to help. Just to refresh the Members' memories as to the history of the African Development Fund, just 2 years ago this Congress rescinded the $60 million included in the bill for the African Development Fund because it was unneeded. There was no objection whatsoever 2 years ago.

Now, under new management, we feel like the fund is back on its feet, that they indeed are moving in a progressive manner by which to help the very people that the proponents of this bill wish to help. So we as a committee did insert $25 million to reestablish our confirmation that they are moving in the correct direction. And now for an amendment to come to the floor increasing the $25 to $50 million plays havoc with the entire bill.

The gentlewoman from Texas mentioned that this does not impact Israel nor Egypt, but she is wrong because it does impact Israel and Egypt because if we deplete the funds which are very limited in the economic support fund, we are going to deny the administration the opportunity to assist Jordan. And if Jordan is not assisted, then Israel and Egypt both will suffer. So it indeed does impact the Middle East, and I take issue with her indication that it does not impact either Israel or Egypt.

The Senate, we understand, has nothing in the bill. The proponents of this fund came to me early on and requested our assistance, and out of deference to them, we did include the $25 million to reestablish the fund. But to come at this moment and to say, let us double what the committee, I think very prudently and wisely has given, in my opinion, does great harm to our bill.

So it does impact Israel. It does impact Egypt. It denies Jordan the full funding that the administration has requested because it subtracts from a very, very small residue that remains after we give the moneys to Israel and Egypt. So I would respectfully request that the committee consider what we did in the Appropriations Committee. I would like for the proponents of this amendment to recognize that we came a giant step forward in trying to be of assistance to them. I would like to also remind the proponents of this measure that we included another $50 million in the Child Survival Fund which will indeed help the needy people in the country of Africa.

I respectfully request that the Members vote against this amendment because it just disrupts many portions of our bill and at the same time sends an indication that we are going to give a fund who just 2 years ago was deemed unacceptable by this Congress, that indeed we are going to fully fund it at $50 million instead of the $25 million.

Mr. SKAGGS. Mr. Chairman, I move to strike the requisite number of words, and I yield to the gentlewoman from Texas [Ms. JACKSON-LEE].

Ms. JACKSON-LEE of Texas. Mr. Chairman, I certainly appreciate the chairman and, as I said, his hard work on this issue. I think it is important to at least understand my commitment and my thrust behind supporting this increase.

Frankly, this $25 million increase provides the appropriation that was requested by the President of the United States. Under the President's discretion, it is clear that Egypt and Israel and Jordan, I might add, would not have to be impacted and the advocacy groups for Israel have conceded and feel very comfortable that this would be the right direction to go. It is worth noting that this is a full $57 million above the fiscal year 1997 enacted level, but I think the argument is strongest by noting how poor sub-Saharan Africa is and how low its GNP is and how it is, in the world's economy, the poorest, almost the poorest area, along with India and other parts of Latin America.

This infusion of capital under a newly managed African Development Bank would clearly be the right direction that this Nation should take in its new policies, or at least its stated policies of making sure that foreign affairs dollars have a return; that is, foreign affairs dollars are appropriately invested so that we get the full return. Investing in sub-Saharan Africa by giving to these nongovernmental agencies, these agencies that deal with the poorest of the poor, helping in infrastructure, health care, helping in education, has to be an investment for the 21st century.

With all due respect to the chairman's opposition, I might say that Egypt and Israel and Jordan would be protected. These additional moneys would be appropriately invested and we would get a return on our foreign affairs dollars that we could be very proud of in helping sub-Saharan Africa.

Mr. UPTON. Mr. Chairman, I move to strike the requisite number of words, and I yield to the gentleman from California [Mr. CAMPBELL].

Mr. CAMPBELL. Mr. Chairman, I thank my good friend from Michigan for his kindness.

Please, let us focus for a moment on this question. AIPAC, the American-

Israeli Public Affairs Committee, has informed me they do not oppose this amendment. It took goodwill on all sides and that is the position. It is not correct to say that this amendment would jeopardize the U.S. interest or the interests of our friends in the Middle East.

I would like, with my friend's permission, to call on the chairman of the Appropriations Subcommittee, if he would be kind enough to engage me in a colloquy right now, if the chairman of the subcommittee would be kind enough to engage me in a colloquy.

With all respect and recognizing that we differ on this amendment, it is imperative that I lay out that there is no opposition from the American-Israeli Public Affairs Committee to this amendment.

May I kindly ask if the gentleman has any information to the contrary.

Mr. CALLAHAN. Mr. Chairman, will the gentleman yield?

Mr. UPTON. I yield to the gentleman from Alabama.

Mr. CALLAHAN. Mr. Chairman, no, and I would not expect that they would be involved in any appropriation we make to any other country for any other purpose. It is not the role of AIPAC to be that involved.

My point is that we have a very limited amount in the economic support fund over and above what we traditionally have given to Israel and Egypt. If we allow the appropriation to Egypt and to Israel, then indeed it jeopardizes the possibility of Jordan getting the $100 million they have requested and the administration supports.

Mr. CAMPBELL. Mr. Chairman, if the gentleman will continue to yield, an additional question, if I am laboring, it is only at pains to make it clear that the gentleman is expressing his understanding and not that of anyone else, but his own understanding of the impact.

Mr. CALLAHAN. Mr. Chairman, if the gentleman will continue to yield, I wrote the bill, and we know how much money is in the economic support fund.

Mr. CAMPBELL. Mr. Chairman, I have one additional question, if I may. If the amendment to be offered later regarding funds for Cambodia is adopted, it is my understanding that will free up $37 million presently allocated to Cambodia in the ESF account.

Mr. CALLAHAN. Let me correct the gentleman there. There is nothing earmarked in this bill. We do not earmark money for Israel. We do not earmark money for Egypt or Cambodia or any place else. There is nothing earmarked in the bill. We give to the administration a designated amount of money for the economic support fund. If the administration wants to give this money to the African Development Fund, they have that prerogative.

Mr. CAMPBELL. Mr. Chairman, if the gentleman will continue to yield, my last question, is it not the gentleman's understanding and that of his committee that the total amount would include money adequate to spend for Cambodia? I completely grant no earmark and, hence, if today we restrict the amount of money that is going to Cambodia, that amount of money which was anticipated in the gentleman's total amount for ESF would be available to go to the Africa Development Fund without jeopardizing any other recipients?

Mr. CALLAHAN. Mr. Chairman, if the administration were to desire to do that, since there are no earmarks, we do not earmark money for Cambodia, we do not earmark money for anybody.

Mr. CAMPBELL. Mr. Chairman, I am most grateful to the gentleman. And to the gentleman from Michigan, deep thanks for allowing me the chance to rebut.

Let me conclude, the clarity is apparent that we are not jeopardizing any of the U.S. objectives in the Middle East, that the total amount of ESF funds is more than enough to fund this very small amount of $25 million, that it will be even more so if the amendment to restrict spending in Cambodia is adopted at $37 million.

Mr. HASTINGS of Florida. Mr. Chairman, I rise today to express my support for the Campbell amendment to increase the United States contribution to the Africa Development Fund [ADF] from $25 to $50 million.

With the exception of the World Bank the ADF is the largest source of capital for 39 of Africa's poorest countries. The fund, supporting largely the agricultural, health care, education and economic reform sectors, reaches the poorest levels of society by supporting macro-economic development, thereby staving off natural and man-made disasters.

The ADF has undergone necessary and significant internal reforms to make the organizations more efficient. Staff has been reduced by 30 percent the net income has increased by $150 million, and procurement reforms have increased transparency and decreased abuses.

The ADF is a success story. Please support this vital organization by passing the Campbell Amendment. Thank you.

Ms. JACKSON-LEE of Texas. Mr. Chairman, I am pleased to join my colleagues in the sponsorship of this important amendment to H.R. 2159, the foreign operations appropriations bill before the House today.

This amendment would appropriate an additional $25 million to the African Development Fund. This amendment is budget neutral and will provide the much needed support to the development of stable democracies on the continent of Africa.

It is important as we grapple with how best to assist the former republics of the Soviet Union to also provide assistance for the sustained development of Africa.

The African Development Fund is the largest source of capital for the 39 poorest countries, outside of the World Bank. It is the largest co-financing partner for IDA in Africa, and in 1997, the fund will lend 4 times more assistance than USAID.

This amendment would reduce the Economic Support Fund by $25 million in order to provide the level of support that Africa needs in critical areas of agriculture, primary health care, basic education and economic reform.

The help offered by United States taxpayers—not to dictatorships, but to nongovernmental organizations like CARE and multilateral financial institutions under sound management like the African Development Fund—will go farther in sub-Saharan Africa than anywhere else on Earth.

As a supporter of this amendment I am interested in helping the poorest people in the world.

I urge my colleagues to join me in support of this important amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from California [Mr. CAMPBELL].

The question was taken; and the chairman announced that the noes appeared to have it.

Mr. CAMPBELL. Mr. Chairman, I demand a recorded vote, and pending that, I make the point of order that a quorum is not present.

The CHAIRMAN. Pursuant to the order of the House of Thursday, July 24, 1997, further proceedings on the amendment offered by the gentleman from California [Mr. CAMPBELL] will be postponed.

The point of no quorum is considered withdrawn.

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AMENDMENT NO. 51 OFFERED BY MR. YATES

Mr. YATES. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment No. 51 offered by Mr. YATES:

At the end of the bill, insert the following after the last section (preceding the short title):

LIMITATION OF ASSISTANCE TO THE GOVERNMENT OF CROATIA

SEC. 572. None of the funds appropriated or otherwise made available by title II of this Act may be made available to the Government of Croatia if that government relocates the remains of Croatian Ustashe soldiers, who participated during the Holocaust in the mass murder of Jews, Serbs, and Gypsies, at the site of the World War II concentration camp at Jasenovac, Croatia.

Mr. YATES. Mr. Chairman, there is no Member of the House for whom I have higher regard and greater respect than the chairman of the subcommittee and for the gentlewoman from California [Ms. PELOSI], the ranking member. The gentleman from Alabama [Mr. CALLAHAN], our chairman, has conducted our hearings in an outstandingly fair and rational manner. It is not easy to disagree with him on any subject, and there are not many that I disagree with him upon and I am sure that he and I do not disagree upon the purpose of our amendment.

Croatia's role during the Holocaust was a most despicable one. The Ustashe, Croatia's soldiers, were Hitler's shock troops to exterminate the

Jews, with whom they came in contact in Croatia. Literally hundreds of Jews were killed and their remains were buried in the cemetery at Jasenvoc in Croatia. Now the government has indicated that it will bury Ustashe killers with their victims in the cemetery at Jasenvoc.

Why is this such an important issue? Elie Weisel has put it very well, and I quote. "Such an act," he says, "will kill the victims twice. The first time was when they were murdered. The second time was when we murder their memory." That is exactly what the Government of Croatia would do in the event that it undertook to bury the Ustashe in the cemetery with its victims.

The victims and their killers in death would be used to eradicate the crimes that were committed during World War II. All that we have to receive from the Government of Croatia is the absolute assurance that the Ustashe will not be buried with their victims in this cemetery. As I indicated, we have asked for such assurances from President Tudjman and we have not received them. All that we have received is a statement as vague as we do not plan to bury them together at this time. That is today, Mr. Chairman. Tomorrow they may decide to do so.

The amendment that I offer will hold up payments to the Government of Croatia until such time as it gives our Government the assurances that the Ustashe will not be buried in that cemetery. I urge support for my amendment.

POINT OF ORDER

Mr. CALLAHAN. Mr. Chairman, I rise to reserve a point of order.

The CHAIRMAN. The Chair notes that the gentleman from Alabama was on his feet seeking recognition when the gentleman from Illinois embarked upon debate. The Chair did not interrupt the debate from the gentleman from Illinois.

Without objection the gentleman will state his point of order.

Mr. CALLAHAN. My point of order I think can be resolved, Mr. Chairman, and indeed the gentleman I think is going to ask for unanimous consent to amend his amendment. The original amendment that was introduced I think would create a point of order, but it is my understanding the gentleman from Illinois has an amendment that he is going to request unanimous consent to submit.

Mr. YATES. The gentleman is correct. I concede the gentleman's point of order, Mr. Chairman.

AMENDMENT NO. 51, AS MODIFIED, OFFERED BY MR. YATES

Mr. YATES. Mr. Chairman, I ask unanimous consent to offer an amended version of the amendment I offered.

The CHAIRMAN. The Clerk will report the modification.

The Clerk read as follows:

Amendment No. 51, as modified, offered by Mr. YATES:

At the end of the bill, insert the following after the last section (preceding the short title):

LIMITATION ON ASSISTANCE TO THE GOVERNMENT OF CROATIA

SEC. 572. None of the funds appropriated or otherwise made available by title II of this Act may be made available to the Government of Croatia to relocate the remains of Croatian Ustashe soldiers, at the site of the World War II concentration camp at Jasenovac, Croatia.

The CHAIRMAN. Is there objection to the modification of the amendment?

Without objection, the modification is agreed to and the point of order reserved by the gentleman from Alabama is withdrawn.

There was no objection.

Mr. YATES. Mr. Chairman, I have spoken in connection with my previous amendment. The statement that I made on the previous amendment I now ask unanimous consent to be made available for this amendment.

I thank the gentleman from Alabama [Mr. CALLAHAN] and the gentlewoman from California [Ms. PELOSI] for their cooperation.

The CHAIRMAN. Is there objection to the request of the gentleman from Illinois?

There was no objection.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Illinois [Mr. YATES], as modified.

The amendment, as modified, was agreed to.

AMENDMENT NO. 33 OFFERED BY MR. TRAFICANT

Mr. TRAFICANT. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment No. 33 offered by Mr. TRAFICANT:

At the end of the bill, insert after the last section (preceding the short title) the following new section:

LIMITATION ON PROCUREMENT OUTSIDE THE UNITED STATES

SEC. 572. Funds appropriated or otherwise made available by this Act may be used for procurement outside the United States or less developed countries only if—

(1) such funds are used for the procurement of commodities or services, or defense articles or defense services, produced in the country in which the assistance is to be provided, except that this paragraph only applies if procurement in that country would cost less than procurement in the United States or less developed countries;

(2) the provision of such assistance requires commodities or services, or defense articles or defense services, of a type that are not produced in, and available for purchase from, the United States, less developed countries, or the country in which the assistance is to be provided; or

(3) the President determines on a case-by-case basis that procurement outside the United States or less developed countries would result in the more efficient use of United States foreign assistance resources.

Mr. TRAFICANT (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. CALLAHAN. Mr. Chairman, I reserve a point of order.

The CHAIRMAN. The gentleman from Alabama reserves a point of order on the amendment.

Mr. TRAFICANT. Mr. Chairman, this was placed in the legislation the last several years. The essence of this is just simple, common sense. I was under the impression that we had an agreement worked out with the appropriators on it. It basically says that we give money to these foreign countries basically to help them in the form of aid, and they do make purchases with this American money that our taxpayers work hard to send here to Washington. The amendment says that, "Look, we give you that money. If you produce a product in your country and you need some farm equipment and you have farm equipment, go ahead and buy from your own people. But when you do not produce a product and you have to go outside your country to make a purchase and you're using American taxpayer dollars," this amendment says to purchase items made in America unless they would be so prohibitively costly it would negate the purpose of our foreign aid to this country in the first place.

The appropriators allowed the amendment the last time it was offered. I thought we had an agreement on it. I believe that it is absolute madness that we continue to write checks and give money away and then they take our money and buy products from other countries. It makes no sense. We talk about authorizing, but we have not had a reasonable authorization bill that spoke to any merit or substance at all, and this is a limitation on the use of American taxpayer dollars when these countries buy a product that they do not make themselves.

This is eminent common sense. This is reasonable appropriation policy, it is a reasonable appropriation measure, and I would ask the distinguished gentleman from Alabama, the chairman of the subcommittee, if this amendment has been approved several times.

Mr. CALLAHAN. Mr. Chairman, will the gentleman yield?

Mr. TRAFICANT. I yield to the gentleman from Alabama.

Mr. CALLAHAN. This amendment has been approved several times. In fact, the gentleman from Ohio and I have talked about this amendment. I am not sure that we talked about the language as it is written, but conceptually I think that I and the committee agree with the gentleman, that in every instance where we are providing aid to any foreign country and they are going to purchase some commodity, then they ought to give preference to U.S. firms. That is the purpose of it.

My reserving the point of order was simply to give me the opportunity to read the gentleman's language which, as he and I discussed, was one-sentence, buy American language. This one is a little bit more complex. I am willing to withdraw my point of order but must advise the gentleman that we may have to work on the language that has been drafted in conference, but at the same time to preserve the meaning of the gentleman's amendment. We do insist that these countries that receive American aid ought to be, without us making it into law, buying American goods, anyway. As a matter of fact, it is already in the bill; the sense of the Congress is already in the bill. It says it is the sense of the Congress that to the greatest extent practicable, all equipment and products purchased with funds made available in this act should be American made.

I have not had time to thoroughly analyze the page-long amendment that the gentleman has presented and thus the reason I had voiced some concern.

Mr. TRAFICANT. Mr. Chairman, before I yield to the distinguished ranking member, let me say this. That sense of the Congress speaks to some basic intent, but it does not really do that which should be done after all these years of foreign aid. I have a number of other amendments that I feel very strong about, but I have talked with the gentleman about authorizing and appropriating and I am pulling back all of those. But I have one sincere effort here in the Congress, I really do, and that is this type of language. I would be willing to have the gentleman work on this language. This makes certain specifications that go a little bit beyond that sense of the Congress, but I would urge the gentleman, knowing his record, in lieu of that, to accept this language in general and to tailor where he may need it but leave it to the point where it is more than that sense of Congress.

I appreciate his having inserted that through my efforts over the years, but this I think takes us into some policy that appropriators should be taking on a reasonable limitation in the use of our taxpayers' dollars on these expenditures.

Mr. CALLAHAN. If the gentleman will further yield, the appropriate place for this language would be in some authorization bill, not in an appropriation bill and thus my argument. I or anyone on my committee that I am aware of has any objection to the destination he is trying to reach. We all agree with him. Thus, we insert in our bill language that was a sense of the Congress. But as I have said, we are going to have to take a look at the language.

I withdraw my point of order, but with the understanding that in conference we are going to have to work with the Senate to get language that is more compatible with an appropriation bill rather than an authorization bill.

The CHAIRMAN. The time of the gentleman from Ohio [Mr. TRAFICANT] has expired.

(By unanimous consent, Mr. TRAFICANT was allowed to proceed for 2 additional minutes.)

Mr. TRAFICANT. Mr. Chairman, I yield to the gentlewoman from California, the distinguished ranking member.

Ms. PELOSI. I thank the gentleman for yielding. I support the statement of our chairman about the clarification of the language in conference but support the spirit of the amendment that is put forth by the gentleman from Ohio [Mr. TRAFICANT] and once again call to the attention of our colleagues the refinement of the amendment, that the bill may be used for procurement outside the United States or in less developed countries only if such funds are used for purchases in the country receiving assistance and such purchases would cost less than procurement in the United States or less developed countries, and if such purchases are not available in the United States or less developed countries, and this is the important point that I think we will work on in conference, if the President determines that such purchases would result in a more efficient use of U.S. foreign assistance resources. The waiver language as well I think is a smart approach to the gentleman's leadership on this issue.

Again, I associate myself with the comments of our chairman.

Mr. TRAFICANT. Mr. Chairman, I appreciate the statement. Just let me close by saying this. These authorization bills sometimes never get an opportunity to see the light of day. This limitation is very important. I really thank the chairman for withdrawing his point of order, and I plan to work with and lean on and grab ahold of the chairman and see what I can do because he has done a great job.

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Mr. Chairman, I would appreciate it if we would keep the spirit and the intent in the bill.

Mr. Chairman, I yield back the balance of my time.

Mr. CALLAHAN. Mr. Chairman, I withdraw my point of order.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Ohio [Mr. TRAFICANT].

The amendment was agreed to.

POINT OF ORDER

Mr. HOUGHTON. Mr. Chairman, I would like to make a point of order against section 539 of the bill found on page 66, line 15, through page 67, line 22, on the grounds that it violates 5(b) of rule XXI of the rules of the House.

The CHAIRMAN. The gentleman will state his point of order.

Mr. HOUGHTON. Mr. Chairman, clause 5(b) of rule XXI states that it shall not be in the order of the House to consider a measure carrying a tax or a trade provision not reported by the committee of jurisdiction.

Furthermore, Mr. Chairman, the measure on the floor would preclude the President from waiving certain import sanctions against Serbia-Montenegro which are imposed pursuant to certain codified Executive orders. The provision imposes a new requirement on the President that an Executive order lifting these import sanctions cannot be issued until the President certifies to the Congress that certain democratic reforms have occurred in Kosova. This change of authority over import restrictions falls within the jurisdiction of the Committee on Ways and Means and clearly constitutes a tariff measure for purposes of rule XXI 5(b) of the rules of the House.

Therefore, Mr. Chairman, the point of order applies, and I urge the Chair to sustain the point of order.

The CHAIRMAN. Does any Member wish to be heard on the point of order?

Mr. CALLAHAN. Mr. Chairman, section 539 of the pending bill would prohibit the termination of sanctions against Serbia and Montenegro until certain conditions are met. This provision was included in the fiscal year 1996 Appropriation Act as a result of an amendment offered by the gentleman from New York [Mr. ENGEL] on July 11, 1995.

As chairman of the subcommittee, I oppose the amendment; however, it was made in order under a rule approved by the House on that very same day by a vote of 236 to 162, and for the RECORD I might remind the Members that the chairman of the Committee on Ways and Means voted for that rule.

I agree with the gentleman that this provision does not belong in this bill. I would say the same thing about a number of other provisions. However, lack of an authorization act for many years has resulted in this bill being used for purposes other than the appropriation of funds. Since the House has specifically approved this provision in the past, I believe that it was my duty to include it in this appropriation bill.

The Committee on Ways and Means does not agree and believes this is a violation of the House rule, and the Parliamentarian agrees, and I will, of course, defer to them on this matter, and I concede the point of order.

The CHAIRMAN. If no other Member wishes to be heard on the point of order, the gentleman from New York [Mr. HOUGHTON] makes a point of order against section 539 of the bill on the grounds that it carries a tariff measure in a bill reported by committee, Committee on Appropriations, not having jurisdiction to report tariff matters in violation of clause 5(b) of rule XXI.

Under clause 5(b) of rule XXI, this point of order may be raised at any time during consideration of the bill for amendment in the Committee of the Whole even after section 539 has been passed in the reading for amendment.

In this respect, the standard of timeliness, this point of order is unlike those arising under clause 2 or 6 of rule XXI.

Current law authorized the President to waive application of certain sanctions to Serbia-Montenegro. Among these sanctions are import prohibitions which affect tariff collections. Section 539 of the bill constrains the authority of the President on these matters. It, thereby, carries a tariff measure within the meaning of clause 5(b) of rule XXI, and the point of order is sustained, and section 539 is stricken from the bill.

AMENDMENT NO. 32 OFFERED BY MR. PAUL

Mr. PAUL. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment No. 32 offered by Mr. PAUL:

After the last section (preceding the short title), insert the following:

LIMITATION ON FUNDS FOR ABORTION, FAMILY PLANNING, OR POPULATION CONTROL EFFORTS

SEC. 572. (a) None of the funds appropriated or otherwise made available by this Act may be made available for—

(1) population control or population planning programs;

(2) family planning activities; or

(3) abortion procedures.

Mr. PAUL. Mr. Chairman, the amendment is very clear. If the amendment passes, no funds in this bill could be used for population control, family planning, or abortion procedures. That will take in about $385 million that we could save by passing this amendment.

The most important part of this amendment would be that we would absolutely assure that none of the funding would ever be used for abortion. One of the ways that the funds get to abortion, to the use of abortion, is that the funds are granted for birth control, and then the funds elsewhere can be saved, and those other funds can be used for abortion. In other words, it can be the funds are fungible.

It is claimed that people have a need for birth control, and this may be true, but we have not been well received around the world. I am not quite sure exactly when the U.S. Government and the American taxpayer got involved in the birth control business overseas, but we have been doing it now probably for several decades. But there is a lot of resentment toward America imposing our will on other people.

For instance, we have sent over the use of Norplant, a very controversial medical procedure. I am a gynecologist, and I can attest to it. It is very controversial, yet it was used on hundreds of thousands of women overseas. When that procedure was finally brought to the United States, it was rejected by the American people. I, as a gynecologist, spent more time taking these Norplants out than putting them in because of the severe complications with them, but nevertheless we, as taxpayers, have continuously sent more funding overseas to support these procedures.

But there is no moral justification for us in the U.S. Congress to go and tax poor people in America, to go over and impose our ideas and our beliefs on other people's culture, and we have been doing this now for several decades, and a lot of resentment has been building up. There is no constitutional authority for programs like this. There is nowhere in the Constitution where we can find any justification for us imposing our will on other people in this manner.

But worst of all, if funds are used for birth control and other funds are saved and then they are used on abortion, it is in a way indirectly supporting abortion.

Later on we will vote on another amendment to curtail the use of funds for abortion, and I will support the amendment of the gentleman from New Jersey [Mr. SMITH] in this regard because we hope that that would at least help, but one way where we can assure and not worry about it would be to pass this amendment and not send any money over in the first place because it is not authorized, it is not permissible, it is not moral, and there is a lot of resentment toward us for these very, very reasons.

The issue that always comes up is that the people need help, but there are a lot of voluntary associations in this country that are willing to help. If we feel compelled to help poor nations in their birth control effort, it can be done through voluntary means, not through coercion, not taking by force money from people who have philosophic and religious and social beliefs against these programs that we are imposing on others.

So this is a program that should be just abolished. It should be stopped. We should not send any funds over there. This argument that we can control the way funds are being spent once they are overseas, we are kidding ourselves when we use that argument. We really lose control of these funds once they get into the hands of other governments or agencies that are dealing with these problems overseas.

Typically, programs that are run by governments and international governments do not work very well, and these programs have done very poorly. At the same time, there are poor countries around the world that have car loads, millions, of condoms sitting around that are not used. They cannot get surgical gloves to do surgical procedures. There are countries reported in Africa where they do not have penicillin, and yet they have all the birth control pills that they want.

So I argue that this program is unnecessary, unconstitutional, it is an abuse of the rights and beliefs of so many Americans, and it is not well received overseas. The best thing we can do is just take the money away from these programs, take the $385 million and return it to the American taxpayers. This would be a far better way to use this money other than aggravating, antagonizing people in other countries.

What would we think if some foreign government came over and decided that our inner cities were overpopulated and they wanted to impose some population controls and some birth control methods on the inner cities? I am sure there would be a strong objection to that.

Ms. PELOSI. Mr. Chairman, I rise in very strong opposition to the amendment, as proposed, by the gentleman from Texas [Mr. PAUL]. If enacted, the Paul amendment would cause death and suffering for millions of women and children whose lives and well-being depend on the availability of family planning and health service supported under USAID's population assistance program. Over 580,000 women die annually, 1 woman every minute, of causes related to pregnancy and childbirth. Family planning can prevent 25 percent of all maternal and infant deaths by avoiding unintended pregnancies and spacing births.

The Paul amendment would close the most effective avenue to prevent abortions. Certainly we all consider abortion a failure, and if we want to reduce the number of abortions, we should support family planning.

The World Health Organization estimates that 40 percent of unintended pregnancies end in abortion. That is a tragedy. Family planning enables couples to prevent unintended pregnancies. Large declines in numbers of abortions have occurred due to the expansion of family planning services in many countries across the globe, including South Korea, Chile, Hungary, Russia, Kazakhstan, Ukraine, Colombia, and Mexico. This amendment would end a 30-year program that is recognized as one of the most successful components of U.S. foreign assistance.

And this is not about the United States going to another country and forcing anything on anyone. This is a voluntary program that the countries asked for. And again, to reference the remarks of the gentleman from Texas [Mr. PAUL], we are not later going to be voting on any amendment that will curtail funds for abortion. The discussion in this bill is about curtailing funding for family planning.

More than 50 million couples in the developing world use family planning as a direct result of this program, and the average number of children per family has declined more than one-third since the 1960's. Three out of four Americans surveyed in 1995 wanted to increase or maintain spending on family planning for poor countries.

I urge our colleagues to reject overwhelmingly the ill-advised Paul amendment and to support international family planning.

Mr. CALLAHAN. Mr. Chairman, I move to strike the last word.

Mr. Chairman, while I have every respect for the philosophy of the gentleman from Texas, and I share his views on abortion, I do not think that is what this debate or this amendment addresses. Indeed, I feel like I have made a giant and major impact on the elimination of AID funds for abortion anywhere in the world. As a matter of fact, my bill says that none of the funds of this bill may be used for an abortion, period.

So this is not an abortion issue; this is a family planning issue, because some feel like that if they go into a country and through educational processes they will eliminate the need for abortions, and they well may be right.

So do not imply to anyone in this body or anyone in this audience watching today that the bill that I wrote permits abortion in any fashion because it absolutely restricts it. Abortions for family planning purposes cannot be performed with any of the money anywhere in this bill, period, flat no.

Now when I took this committee over as chairman several years ago, Mr. Chairman, if I had come to you and said to you and the proponents of the right to life, said, I am going to cut funding for family planning by up to half, then I would have been heralded as a hero.

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Now I have done that, only to be addressed on the floor as a proponent of abortion, which I am not.

So I would submit to this Congress and to the gentleman from Texas, while I agree with his views with respect to the right to life, he is absolutely wrong in his allegation that any of this money for family planning purposes can be used for abortion. It does not, it cannot, it will not, and never will as long as I am chairman of this committee.

With that, Mr. Chairman, I would oppose the gentleman's amendment, indicating to the Members that the restriction is already there and that we have cut family planning significantly over the period of time that I have used. If you use 1995 figures, we have cut $518 million from family planning activities.

So I think we have done an outstanding job, and I would urge my colleagues to vote against this amendment.

Mr. PAUL. Mr. Chairman, will the gentleman yield?

Mr. CALLAHAN. I yield to the gentleman from Texas.

Mr. PAUL. Mr. Chairman, I do not want to imply that the gentleman has permitted or endorsed or encouraged or the bill says directly there are funds here for abortion. I will concede that.

Mr. CALLAHAN. Mr. Chairman, reclaiming my time, if the gentleman would answer my question, is there anything in this bill that leads the gentleman to believe that any of this money can be used for abortion anywhere in the world?

Mr. PAUL. Mr. Chairman, I am addressing the fungibility argument.

Mr. CALLAHAN. The fungibility and the tangibility of what is in this bill, you cannot use any of this money for abortions anywhere in the world. If the gentleman would concede to that point, I would be happy to yield.

Mr. PAUL. Mr. Chairman, that is true directly, but indirectly the fungibility argument is very important. If you use funds for other things, you say the governments and agencies can use them for abortion. So you do it indirectly.

Yes, it might be a little harder to comprehend the fungibility argument, but it is there. If we support a country or a government or an agency that does permit and endorse abortion and they can use these funds for birth control pills, they can use their other funds to do the abortion.

So, yes, the gentleman is correct that directly there are no funds in this bill that will provide for abortion. But indirectly it opens up some funds and makes them available for abortion.

Mr. CALLAHAN. Mr. Chairman, reclaiming my time, will the gentleman admit that we have done a very favorable job in moving in the same direction the gentleman would like us to move? Would the gentleman not admit that since when I took over this committee we have saved $518 million? And now we have reduced it, we have reduced it to a level of $385 million. I think we have made significant inroads and yet preserved the ability of agencies to go into a country with limited educational opportunities to give them advice.

Maybe it can be through a church, maybe it can be through abstinence programs, but I do think education in that manner actually denies the probability of abortions even being presented. But if they were presented, none of this money could ever be used under any circumstance for an abortion anywhere in the world for family planning purposes.

Mr. PAUL. Mr. Chairman, if the gentleman would yield further, the efficiency of the programs are to be questioned. If you look at the Norplant program, they put this Norplant in hundreds of thousands of women. It is not a good medication. I have personal experience from it. Then they use that as an example of the reason to promote it in the United States.

Mr. TORRES. Mr. Chairman, I move to strike the requisite number of words.

Ms. PELOSI. Mr. Chairman, will the gentleman yield?

Mr. TORRES. I yield to the gentlewoman from California.

Ms. PELOSI. Mr. Chairman, I thank the gentleman for yielding.

Mr. Chairman, I once again reiterate my opposition to the Paul amendment and support the statement of our chairman, Mr. CALLAHAN.

As this Congress should know by now, because it has been reiterated on this floor, no money in this bill can be used for abortion. That is the Helms language. That is the law of the land. Let us be clear.

So we want to take it to a fungibility place. I hope that Mr. PAUL will support the Gilman-Pelosi-Campbell Lowey-DeLauro-Slaughter-Greenwood proposal on the floor tomorrow, which addresses the fungibility issue very directly.

First of all, I do not think it needs to be addressed. But for those who need that comfort and clarification, I am pleased to be a supporter of that amendment. In that amendment it says that none of the funds would go to organizations that do not promote abortion as a method of family planning and that utilize these funds to prevent abortion as a method of family planning. It puts these conditions on receiving the funds; also, it says, except in the case of organizations that do not promote abortion as a method of family planning.

So there is nothing about fungibility here. This is about organizations that promote family planning and discourage the use of abortion for family planning. So fungibility is not a principle that applies here.

But if we are going to use the principles of fungibility, we are opening a door for many issues across the board in this bill and every other bill that comes along. I do not know that this Congress wants to go down that path.

But I am pleased to say that the amendment that will be offered tomorrow as an amendment to the Smith amendment will clarify, once and for all, this is not about fungibility. It is about family planning, and none of the money goes to any organization, unless they are promoting family planning and discouraging abortion as a tool for that.

Mr. TORRES. Mr. Chairman, reclaiming my time, I would also go on record opposing the amendment of the gentleman from Texas. I want to reiterate, as the gentlewoman from California has said, that I will support her amendment tomorrow.

Mr. HOSTETTLER. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise today in strong support of the amendment offered by the gentleman from Texas [Mr. PAUL].

There are so many reasons to support this amendment, an amendment whose time has come. This amendment will eliminate funding for all population control activities overseas. We have spent hour upon hour in this Chamber debating the many issues surrounding foreign aid, which includes the funding for international family planning.

There are many problems with the U.S. taxpayer spending nearly $400 million every year for international population control activities. One very obvious and practical problem that cannot be ignored is that the taxpayer simply cannot afford this type of program any longer.

I wish I could count the number of times I have come to the floor to speak out in one way or another against excessive Federal spending and Government intervention. Every time I implore Members of this body to consider how we are sabotaging our children's futures, how we slowly but surely chip away at any prospects for a solid financial foundation every time we vote to spend more and more tax dollars on inappropriate and unconstitutional programs without any regard to the reality of our Federal Government's financial situation.

But there is an even bigger problem than one simply associated with dollars. This problem is more fundamental to the appropriate role of the Federal Government as defined by the Constitution.

Some might say that many provisions of this appropriations bill fall outside of the guidelines given to us by the Constitution. Some might say that a debate of that nature goes beyond the scope of this amendment.

I think we should talk about the Constitution more. I think that every time we consider a bill, an amendment, a motion to instruct conferees, every time we take any legislative action, we should remember our oath to uphold the Constitution. This means that sometimes, even when things sound like a great idea or the perfect solution to a problem facing our constituents back home, or faceless and nameless individuals suffering thousands of miles away, we have to show some restraint, if only because we are not empowered to act outside the legislative walls erected for us by our Founding Fathers.

Furthermore, I believe that international population control funding is not even a good idea. What concerns me greatly is that it appears that many of my colleagues have simply accepted the assertions of the population control lobby when they constantly and unfailingly contend that overpopulation is the cause of nearly all of the world's human suffering.

For decades, we have heard doomsday predictions that the Earth's population is growing so much, to the point that we will soon be unable to sustain this rate of growth. Make no mistake about it and do not be misled. This is not an overcrowded planet. Too many people are not the problem.

I would assert, however, that those more interested in redistributing wealth and power have everything to lose if the myth of an unsustainable population explosion is debunked. I would further contend that sound public, policy based on real science, not misguided public and political maneuvers and schemes based on radical environmentalism, is the answer to the world's hunger and environmental problems. Flooding Third World developing and developed countries with potentially harmful contraceptives and family planning information, while appearing to meet a very humanitarian need, is such a misguided policy.

There have been numerous reports about the atrocities many women have suffered, all under the auspices of family planning. We have seen women in the slums of Bangladesh and Haiti who are part of experimentation with Norplant. We have heard accounts of women in Turkey who were told by volunteers that "family planning" is more important than husbands, tradition, culture or God, and that sterilization is better than children.

Surely even those who advocate dollars for responsible population control policy would be alarmed at this information. Surely we should not force our constituents to contribute to these programs that undermine the cultures of our neighbors.

Mr. Chairman, I would simply conclude by expressing once again that we need to reevaluate our priorities, our financial situation, and most importantly, our constitutional obligations, and support this amendment.

Mrs. LOWEY. I rise in strong opposition to this amendment which will eliminate USAID funding for international family planning.

The need for family planning services in developing countries is urgent and the aid we provide is both valuable and worthwhile. Last February, both the House and the Senate showed their commitment to the USAID International Family Planning Program by voting for the early release of the funds for this program.

Eliminating family planning will deeply hurt millions of women and children.

Nearly 600,000 women die each year of causes related to pregnancy and childbirth; 99 percent of these women live in developing countries. In many countries, women are the primary caregivers of children and a mother's survival is crucial to the survival and well-being of her children. Our international family planning programs are working to reduce maternal deaths and illness due to childbirth.

The ability to control the timing and spacing of childbearing helps mothers, infants, and children thrive. Infants born less than 2 years after a sibling are more likely to have low birth weight, making them more vulnerable to illness and death. One in five infant deaths alone could be averted by the better spacing of births.

In addition, the health of the mother is also put at risk when couples cannot control the number and timing of births. For example, very young women and women who have births very close together are at greater risk for postpartum hemorrhage, a leading cause of maternal death. And for every woman who dies during childbirth, many more face injuries and infections, leaving them permanently disabled or infertile.

This amendment will prevent us from eliminating these tragedies. Simply put—this amendment will end our family planning programs. Period.

I urge my colleagues to oppose this amendment. We cannot let them eliminate international family planning—there is too much at stake. I urge you to continue this vital investment in the reproductive health and safety of women and children.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Texas [Mr. PAUL].

The question was taken; and the Chairman announced that the noes appeared to have it.

Mr. PAUL. Mr. Chairman, I demand a recorded vote.

The CHAIRMAN. Pursuant to the order of the House of Thursday, July 24, 1997, further proceedings on the amendment offered by the gentleman from Texas [Mr. PAUL] will be postponed.

AMENDMENT NO. 41 OFFERED BY MR. FOX OF PENNSYLVANIA

Mr. FOX of Pennsylvania. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment No. 41 offered by Mr. Fox of Pennsylvania:

Page 94, after line 3, insert the following:

Sec. 572. None of the funds made available under the heading "DEVELOPMENT ASSISTANCE" may be used to directly support or promote trophy hunting or the international commercial trade in elephant ivory, elephant hides, or rhinoceros horns.

Mr. FOX of Pennsylvania. Mr. Chairman, I rise today in strong support of the Fox-Miller amendment, which would restrict funding of the CAMPFIRE program used to directly support or promote trophy hunting or the international commercial trade in elephant ivory, elephant hides, or rhinoceros horns.

Mr. Chairman, for the past 8 years, the Communal Areas Management Programs for Indigenous Resources, otherwise known as CAMPFIRE, has implemented many valuable programs which have helped improve the quality of life for the people of Zimbabwe. Our amendment would do nothing to interfere with these beneficial programs.

Unfortunately, too much of the funding, however, from the U.S. Agency for International Development is used to promote the killing of the African elephant, which remains on the endangered species list.

The organizations to my left, over 200, have supported our amendment, as well as over 20 newspapers from around the country.

The CAMPFIRE program, instead of becoming more sustainable, has become increasingly dependent on foreign subsidies from USAID other international sources. In 1989, USAID spent an average of $1.3 million per year over 6 years on CAMPFIRE, whereas in 1995, USAID pledged to spend an average of $5.12 million per year over 4 years on the program.

Additionally, CAMPFIRE relied on funds from countries such as Japan, the Netherlands, Germany, Norway, Great Britain, the European Commission, Sweden, and Canada, which in 1995 totaled in excess of $1.4 million and which has no ban on its use for the promotion of trophy hunts.

We are very concerned that U.S. taxpayer dollars have been used by CAMPFIRE implementing agencies to lobby the U.S. Congress in an ongoing effort to advocate the ivory trade and the weakening of the foreign species provision of the Endangered Species Act.

We believe it is inappropriate for the U.S. Government to supply funds to foreign entities which then use those funds to launch special-interest lobbying efforts to Members of Congress.

□ 1415

American taxpayers have footed the bill for these agencies to open and maintain offices in Washington, London, Brussels, and Johannesburg in support of these lobbying efforts.

American tax dollars were used to help CAMPFIRE agencies overturn the ivory trade ban, which undermined the U.S. negotiating position at the June 1997 Convention of International Trade in Endangered Species of Wild Fauna and Flora.

Since 1989, the United States has officially opposed the resumption of international trade in any elephant parts, including ivory. At the same CITES convention, the elephant was downlisted from appendix I to appendix II.

The American position has been so resolute because the devastation of the elephant during the 1980's was so severe. There were 70,000 to 100,000 elephants slaughtered a year by poachers feeding the international demand for ivory. The continent-wide population dropped from 1.3 million to 60,000 in just a decade's time.

Elephants are still in peril throughout much of their range, and the resumption of the ivory trade is a grave threat. The Fox-Miller amendment is pro-CAMPFIRE, maintaining existing funding levels and allowing USAID to invest in a wider range of revenue-generating activities that have thus far received insufficient attention. USAID has provided funds for CAMPFIRE implementing organizations for more than 9 years. More than $25 million American tax dollars have been used to a very significant degree to promote trophy hunting and the international trade in ivory.

Our amendment places a restriction on the use of taxpayer funds for the 10th and final year of funding. It is past time that a greater share of USAID funds be used to promote other revenue-generating activities such as ecologically-sensitive wildlife tourism.

Mr. MILLER of California. Mr. Chairman, I rise in favor of the amendment.

Mr. Chairman, I want to thank our colleague, the gentleman from Pennsylvania [Mr. Fox] for offering this amendment. I think this is an important amendment. I rise in strong support of this legislation to prohibit the use of taxpayer funds to promote or support the African elephant ivory trade or trophy hunting.

Contrary to what Members may have heard, this amendment does not prohibit and will not prohibit trophy hunting within the Communal Areas Management Programs for Indigenous Resources, known as the CAMPFIRE Program. Nor is the Fox-Miller amendment in any way inconsistent with the recent decision of the Convention on the International Trade in Endangered Species of Wild Fauna and Flora to permit the limited resumption of the ivory trade.

The issue here is whether or not United States tax dollars should be used by organizations and agencies implementing the CAMPFIRE program in Zimbabwe to Promote activities that are clearly opposed by the vast majority of people who pay taxes, our constituents.

A poll completed earlier this year found that 88 percent of Americans opposed the resumption of the ivory trade. That was also the position of this administration. That is nearly 9 out of 10 Americans who oppose the activities that are funded in the bill as it currently exists. That is why we need this amendment.

This amendment is not aimed at CAMPFIRE, whose programs I have visited in Zimbabwe and whose mission of rural economic development is highly admirable. To this point, much of the revenue that CAMPFIRE has generated for local economic development has come from trophy hunting. Very wealthy hunters pay $12,000 or more for a permit to shoot elephants and other exotic animals, and much of that money is repatriated to these villages for economic development.

CAMPFIRE officials told me over and over again that they are committed to moving away from trophy hunting as a major source of revenue for the Program. These officials recognize that while trophy hunting may provide large amounts of quick money in the start-up phase of CAMPFIRE, that we are now beyond that stage and a more diverse program of economic development is needed.

Moreover, there is no need to use U.S. taxpayer money to promote trophy hunting. That is already done through international hunting groups, magazines, and others. There has been no difficulty in attracting a sufficient number of hunters to satisfy the annual quota of elephants. We certainly do not need to spend millions of taxpayer dollars to convince hunters to do that which they are already prepared to journey halfway around the world and pay $12,000 plus all of their expenses to do; that is, to hunt elephants.

Some might suggest withholding all U.S. aid from the CAMPFIRE Program. I think that would be unwise. I think it would be an unfortunate action and would deprive the program of critical funds to assist rural development in Africa.

Instead, what we should do is we should assist the development of a more diversified economic program promised by CAMPFIRE involving nonhunting activities such as camping, photo safaris, local craft sales, lodges, and much, much more. We should target our U.S. tax dollars to these meritorious and noncontroversial efforts, rather than to continue to squander our constituents' tax dollars on promoting big game hunting by very wealthy individuals. That is the goal of this amendment, to diversify and to stabilize the CAMPFIRE Program.

Our amendment would also end the unacceptable practice of using United States tax dollars to fund organizations like the British-based Africa Resources Trust, that lobbies CITES to overturn the ban on the international ivory trade, that lobbies Congress to weaken the Endangered Species Act. We should not be sending taxpayer dollars to these organizations to lobby against positions of the U.S. Government and to lobby within this Congress for those tax dollars.

Do not let anyone tell you that this amendment would injure CAMPFIRE or the struggling villages and populations for whom the program holds so much promise. This amendment puts our tax dollars exactly where CAMPFIRE is headed, in economic diversification, not a program heavily dependent upon shooting elephants to generate revenues.

Do not let anyone tell you that the Fox-Miller amendment will interfere with the recovery of the African elephant promoted by CAMPFIRE; 8 out of 10 elephants in Zimbabwe do not live in the CAMPFIRE areas. It is not trophy hunting and culling that has allowed for the growth in the African elephant herds; it is the international ban on hides and ivory, which has been weakened due to the vigorous lobbying of CAMPFIRE and groups it supports with United States taxpayer money.

CAMPFIRE, the local villages, the Zimbabwean Government can all continue their hunting and culling operations as necessary for trophy hunting, species protection, and human safety. CITES can go forward with the limited sale of ivory from existing stockpiles.

The CHAIRMAN. The time of the gentleman from California [Mr. MILLER] has expired.

(By unanimous consent, Mr. MILLER of California was allowed to proceed for 2 additional minutes.)

Mr. MILLER of California. Mr. Chairman, these limited sales from existing stockpiles can go forward, but not with the dollars that nearly 90 percent of the Americans do not want expended for that purpose.

For 8 years U.S. taxpayers have supported CAMPFIRE, and I would hope that that support would continue. This is a program of merit. But let us not let it jeopardize our participation in the CAMPFIRE Program itself by continuing to fund with American taxpayer dollars those hunting actions that are not acceptable to those very same taxpayers, and that, if continued, will eventually sour the support for the entire CAMPFIRE Program.

I want to say to my colleagues that I had an opportunity to visit these programs, and a number of other Members of Congress have visited these programs. It is a very, very exciting program and a program of merit to bring about economic development in incredibly, unbelievably poor rural communities.

This money is being used to develop wells for drinking water, to develop granaries to grind corn into food, and to provide for electrification in some cases of these villages; the bare, bare necessities of any kind of semblance of adequate livelihood.

This program is of merit. But what is not of merit is continuing to use the very few dollars we have to lobby, to come back and to pay for trips to Washington, DC and to Europe, and to set up offices throughout Europe to lobby on behalf of GATT and WTO and weaken the Endangered Species Act; and what is not acceptable is to continue to funnel those monies into activities that the very participants in trophy hunting are fully capable of paying for themselves. These are, for the most part, very wealthy individuals who pay huge amounts of money to go out and to get a trophy elephant or some other animal.

We ought not to be using these moneys. We ought to be using these moneys for economic diversification of the CAMPFIRE Program, so it will have a lasting effect. I urge my colleagues to support the amendment.

Mr. GILMAN. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I am pleased to rise in support of the Fox-Miller amendment to H.R. 2159. This amendment, which prohibits the use of American tax dollars for the purpose of supporting and promoting the international trade in ivory or rhino horn, is a sensible restriction on activities that many Americans find offensive.

This amendment is modest. It will not stop Zimbabwe or other nations from authorizing or conducting trophy hunting, which is their sovereign right in accordance with international treaties. Our Government has very sensibly opposed the international trade in elephant ivory and hides for many years. This amendment will ensure that taxpayer funds will not be used to undermine that position.

Mr. Chairman, the wildlife of Africa is one of the greatest treasures of our planet. Accordingly, I urge our Members who care about preserving these resources to support the Fox-Miller amendment. More than 80 percent of our constituents throughout the country oppose the hunting of elephants, according to a recent survey. This amendment prevents their hard-earned tax dollars from supporting this practice.

Mr. CALLAHAN. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise in opposition to the amendment. The Agency for International Development has been sponsoring a program in Zimbabwe known as the CAMPFIRE Program. This project, implemented in cooperation with the government and local authorities, is designed to help rural farmers and others develop a self-sustaining economy based partly on tourism.

The project helps curb the illegal poaching of African elephants by providing the people of the area with an incentive to conserve these elephants. Part of the incentive is to allow limited legal hunting, although U.S. funds are not used, and let me repeat, U.S. funds are not used for this purpose. Funds generated from the hunting are used to support economic development.

Concerns have been expressed that the project has promoted efforts to allow international trade in elephant ivory. Although that does not seem to be true, the committee bill includes bill language prohibiting, and I reiterate, prohibiting the use of any funds in contravention of the Convention on International Trade in Endangered Species.

Concerns have also been raised about possible illegal lobbying activities. The AID general counsel has found no evidence that U.S. funds were used for lobbying activities, and our committee report reiterates the obvious: the use of taxpayer funds for lobbying is prohibited.

We worked with those on the committee, especially the gentleman from Illinois [Mr. YATES], who had concerns about this program, and I believe we addressed these concerns. I looked to the gentleman from Illinois [Mr. YATES] on this issue due to his vast knowledge of foreign aid issues and due to his position as ranking minority member on the Subcommittee on Interior of the Committee on Appropriations. We negotiated with him in good faith to produce both a good bill and report language that represented a responsible approach to this issue.

The author of the amendment does not seem to want the U.S. Government to be involved in any way, directly or indirectly, with a program that involves wildlife management. However, the people of Zimbabwe have no choice but to deal with the facts of their existence. Failure to implement a responsible wildlife management program in that country will inevitably lead to an irresponsible program, since the people of Zimbabwe will be forced to deal with the increase in the elephant population.

The end result will be an increase in poaching and further conflicts between subsistence farmers and the elephants. This will lead to more elephant deaths, the exact opposite of what the sponsor of the amendment is seeking.

I reiterate, the bill prohibits any funds from being used to circumvent the prohibition on the illegal trade in elephant ivory. It is a responsible approach. I might add, and we bring this out in the report language on page 11, since this program has been started the elephant population has increased from 43,000 to 67,000 in just a few short years.

□ 1430

I urge the House to support the committee position and to oppose the gentleman's amendment.

Mr. SAXTON. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise in strong opposition to the Fox amendment. Mr. Chairman, I must say at the outset that I have been in this House for over 12 years, and I cannot think of a more important conservation measure than that which is referred to as the CAMPFIRE Program. And I cannot remember a time when a program has been more grossly and greatly misrepresented than this one has in the last few minutes. Let me explain where this program came from, why it is important, and why it ought to be retained as is.

First, let me say that the point made by the gentleman from Pennsylvania [Mr. FOX] that it is funded through the use of funds that the gentleman objects to, in an earlier news release this month, the gentleman indicated that 90 percent of the funding for this program came from the sources that he objects to. Therefore, the gentleman's argument falls of its own weight, because if we are going to remove 90 percent of the funding, there will be no CAMPFIRE Program. It is pretty simple.

Therefore, if we are going to have a CAMPFIRE Program, which the gentleman from Pennsylvania purports to support and at the same time purports to withdraw 90 percent of the funding, it seems like a fairly ridiculous proposal.

Mr. Chairman, in the early 1980's this program was born. It was born because of concern which came to fruition in 1988 with the passage of the African Elephant Conservation Act of that year, and that came about because the population of elephants in the African countries was dropping substantially.

In 1979, for example, there were about 1.3 million elephants in Africa. By 1988, there were less than 750,000. In 1973, there were 130,000 elephants in Kenya, and by 1987, there were only 20,000.

In 1977, in the Selous Game Reserve in the United Republic of Tanzania, there were 109,000 elephants. By 1988, there remained only 55,000.

So the subcommittee which I served on in the old Committee on the Merchant Marine and Fisheries, the Subcommittee on Fish and Wildlife, studied this situation and recommends some changes in law which we thought would be beneficial. And, in fact, the African Elephant Conservation Act of 1988 was passed in that year and it provided broad authority for our country to unilaterally take action to save elephants. We did that under the Bush administration and the same policies have been followed by the Clinton administration.

Also, the Convention on International Trade and Endangered Species, known as CITES, has enacted international regulations which essentially do three things: First, Outlaw the international trade of ivory; second, permit the continuation of trophy hunting as a fund-raiser; and third, the moneys resulting from conservation efforts such as tourism and hunting would be used for conservation by African countries.

Huge successes have come from this program which the gentleman from Pennsylvania would defund. We have seen the African elephant population increase from 4 to 6 percent a year; a huge springback in the years since 1989 when this law became effective.

We have also seen a number of very important conservation groups endorse this program and, in fact, four have written to me, in some cases as late as today, supporting my position. Those organizations include the African Wildlife Foundation, the International Union for Conservation of Nature, the National Wildlife Federation, and the World Wildlife Fund; all support my position and oppose the Fox amendment.

Mr. Chairman, they do so for a number of reasons. For example, 7 million people in southern Africa have directly benefited from programs like CAMPFIRE. In Zimbabwe alone, 5,000 to 10,000 jobs have been created and 33 percent of the land in that country is devoted now to conservation and wildlife management, which benefits African elephants. Mr. Chairman, I am beside myself trying to figure out how the gentleman from Pennsylvania, my friend, wants to defund this program.

The population of African elephants has also increased from 4 to 6 percent, as I said earlier. In Zimbabwe alone, increasing from 45,000 elephants to 66,000 elephants over this same period of time, the program the gentleman from Pennsylvania wants to defund.

The CHAIRMAN. The time of the gentleman from New Jersey [Mr. SAXTON] has expired.

(By unanimous consent, Mr. SAXTON was allowed to proceed for 2 additional minutes.)

Mr. SAXTON. Mr. Chairman, in addition, the number of households participating in CAMPFIRE has grown from 9,000 in 1989 to 105,000 in 1996.

Our Nation's support for the CAMPFIRE Program is without question, and it is a misrepresentation to say that CAMPFIRE moneys were used in opposition to the U.S. position on sport hunting, because our law provides for the recognition of sport hunting and our negotiation position has provided for the recognition of sports hunting.

Our Nation's support for the CAMPFIRE Program allows thousands of people to improve their livelihoods and has created a situation for the comeback of the African elephants. This is not a program that we should be trifling with.

Congress, this Congress, is criticized over and over again for doing things that do not work, and yet this amendment brought to the floor today would defund one of the most successful programs that we have had in the area of conservation.

It is not a coincidence that elephant populations have increased under CAMPFIRE, and it would be a terrible mistake to end the Agency for International Development's essential involvement and investment in this program.

Mr. FOX of Pennsylvania. Mr. Chairman, I ask unanimous consent to address the Committee for 2 minutes.

The CHAIRMAN. Is there objection to the request from the gentleman from Pennsylvania?

Mr. SAXTON. Mr. Chairman, I object.

The CHAIRMAN. Objection is heard.

Ms. PELOSI. Mr. Chairman, I move to strike the requisite number of words.

Mr. FOX of Pennsylvania. Mr. Chairman, will the gentlewoman yield?

Ms. PELOSI. I yield to the gentleman from Pennsylvania.

Mr. FOX of Pennsylvania. Mr. Chairman, let us make it real clear here. I understand how there may be two sides to the issue, but I want to be very clear. Whether my colleagues embrace the position of the gentleman from New Jersey [Mr. SAXTON], my friend, that the program is fine and we should allow lobbying money to promote hunting and illegal trade in ivory, the fact is that no one wants to defund this program. To say otherwise is an absolute misrepresentation of my position and those who are advocates for elephants and endangered species across the globe.

Mr. Chairman, the fact is that we are all for maintaining the funding of CAMPFIRE. To say otherwise is an absolute misrepresentation and not correct. The fact is we want to make sure the funds get to the people of Zimbabwe, in fact get to the CAMPFIRE Program, and are not used for the purpose of promoting illegal trade of ivory or illegal hunting.

The fact is that funds are being used to lobby and that is what we object to, the lobbying portion, and not to anything else. Because Zimbabwe decides for itself whether there is hunting and whether there is trade.

Ms. PELOSI. Mr. Chairman, reclaiming my time, I rise in support of the Fox amendment. We should not force the American taxpayer to directly pay for promoting the international ivory trade or elephant trophy hunting. I believe that the Fox-Miller amendment is a very smart approach to this very complicated challenge before the House today.

The Fox amendment bars the use of American tax dollars for the purpose of supporting or promoting the international commercial trade in ivory or rhino horn. The Fox amendment does not stop Zimbabwe, or any other nation, from authorizing or conducting trophy hunting.

The Fox-Miller amendment is pro CAMPFIRE maintaining existing funding levels, allowing USAID to invest in a wide-range of revenue-generating activities that have received insufficient activities in the past. When one U.S. agency, USAID, undermines the work of another U.S. agency, the Department of Interior, taxpayer dollars are wasted and U.S. policy positions are undermined.

The Interior Department has maintained a firm stand against renewing the international trade in elephant ivory and hide since 1989. Again, the Fox amendment bars the use of American tax dollars for the purpose of supporting or promoting trophy hunting. It does not take the funding away from CAMPFIRE, but directs it away from lobbying efforts and into conservation efforts.

Mr. MILLER of California. Mr. Chairman, will the gentlewoman yield?

Ms. PELOSI. I yield to the gentleman from California.

Mr. MILLER of California. Mr. Chairman, I thank the gentlewoman from California [Ms. PELOSI] for her statement and for her support of this amendment and for her clarification.

The suggestion of the gentleman from New Jersey [Mr. SAXTON] that somehow this is an effort to defund CAMPFIRE is just outrageous in the sense that the gentleman understands, if he reads the amendment, it is a very simple amendment and that is not what it does.

What this amendment suggests is we should not be using taxpayer dollars to fund an activity that over 88 percent of the taxpayers in this country find abhorrent and do not agree with. They would agree with the CAMPFIRE Program, but what they do not agree with is using their dollars to support trophy hunting of big game. That program, that component, that part of CAMPFIRE can stand on its own, because it has centuries of tradition, if you will, and a constituency of people who seek to do it. More people apply to do it than are allowed to do it each and every year.

Mr. Chairman, what we ought to now be taking is this risk capital in USAID and putting it into diversification of these rural economies so that more and more people in these economies can participate and these economies hopefully can prosper and increase the standard of living within those rural economies in Zimbabwe and other countries.

But, Mr. Chairman, the gentleman from New Jersey cannot come here and suggest that somehow this is about defunding CAMPFIRE. That amendment will eventually come if we keep funding trophy hunting, because the American people do not want anything to do with trophy hunting with American taxpayer dollars. Or if CAMPFIRE continues to lobby, then we will have an amendment that will wipe out the whole program.

What we are trying here to do is to preserve the best of this program and the use of taxpayer dollars and let that very strong part, that is a very strong constituency, trophy hunting, stand on its own and then get on with the diversification of the program.

Ms. PELOSI. Mr. Chairman, reclaiming my time, I once again commend the gentleman from Alabama [Mr. CALLAHAN], the chairman of our committee, who was very sensitive to the concerns of many of us on the committee. The bill language is an attempt to correct this situation. I think that the Fox-Miller amendment goes the committee one better, and I support the perfecting amendment that my colleagues have put forth.

Mr. Chairman, I think it is very wise and smart and addresses the problem appropriately to stop the U.S. taxpayer from funding trophy hunting, from subsidizing lobbying efforts to support trophy hunting, but still maintains the funding for CAMPFIRE. I urge my colleagues to support the Fox-Miller amendment. It is pro-CAMPFIRE and pro-environment.

Mr. POMBO. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise in opposition to this amendment and there are a number of reasons why. I think importantly, if we look at the issue of taxpayer funding and the whole issue of foreign aid, we are in a period of time where we are declining the amount of money that we are going to spend, and I support that. I think that we should spend less money on foreign aid than we currently are.

But then we have to look at, if we are going to spend money, what are we going to spend it on? I would argue that we should spend it on programs that have proven to be successful. This program happens to be one of the few that has proven to be extremely successful.

Mr. Chairman, I recently had the opportunity to visit Africa and to visit one of these CAMPFIRE sites. I was amazed at how little I actually knew about how this CAMPFIRE Program worked, until I was there on the ground and had the opportunity to see it. We get this romantic vision of what it is like from TV, and we think the big game hunter is going out there and hunting elephants and all this stuff.

It is not like that. There are people living in huts who have to erect big fences around their houses to keep the elephants out. They are terrified that these elephants are going to kill them. Some wonder why then we have declining numbers of elephants in Africa. It is because the people did not care about them. They were killing their children, they were destroying their farmland, there was no economic incentive, there was no social incentive for them to maintain a high number of elephants.

So then we had to come up with a program that actually would give them that financial incentive and social incentive to protect those elephants, and this program was devised where a limited number of elephants would be hunted and it would bring money into these communities. Then all of a sudden we saw the numbers, as the gentleman from New Jersey [Mr. SAXTON] said earlier, we saw the numbers go from 44,000 to 67,000 in Zimbabwe alone.

□ 1445

And why? Because there was an economic incentive. There was a social incentive for them to protect these elephants. Now, all of a sudden, instead of looking the other way when a poacher came in and shot an elephant, they went after the poacher. They wanted to keep them out because these elephants were important to them.

I had the opportunity to visit a school while I was over there. It was a little three-room school, but those people were so proud of that school. How did they pay for it? They do not have any money. The average income is $400 a year. How did they pay for the school? They paid for it with moneys that came from this CAMPFIRE Program. They paid for it with the help that we were able to give them. We saw wells that were put in, and for the first time these people had fresh drinking water out of a well. These things were important to them. They may seem like everyday life to us, but when we are looking at the outback of Africa, these were very important issues to them.

I want to talk a few minutes about endangered species and about the program that was created. The program that was created in this circumstance created an economic incentive for these people to promote more African elephants. They were hugely successful at it.

If you want to look at our endangered species program, you can see everything that we are doing wrong. We want to look at some of the good ideas that have come out of this program and we look at a way of conserving our wildlife that I think we have something to learn from. It has been hugely successful.

I have also heard Members talk about the CAMPFIRE Program somehow promoting the illegal trade and poaching of elephants and ivory. There is nothing that could be further from the truth because what this has done has stopped the illegal poaching of elephants in these areas, areas where we still have illegal trade, and illegal poaching of elephants and ivory are coming from the areas where they do not have this program. So if we want to do what is right for the wildlife, it is to vote against this amendment because this program has been successful. If we want to do what is right for the people of Africa, we have to vote against this amendment.

We have heard earlier in the debate Members talk about the idea of getting away from hunting and getting into photographic safaris and ecotourism, and they are doing that. In fact, while I was there, I had the opportunity to visit one of the sites where they were conducting the photographic safaris, and in the safaris they had several camps that were set up and it was like a mini hotel that they had to set up. And they had to bring in fresh water and they had to bring in sewer facilities and they had to somehow develop an electrical system, all of this in the name of conducting a photographic safari.

And if you contrast that with the hunters that come in where you pitch a tent out in the middle of nowhere, what is best for the environment? The development of a hotel on the edge of a river somewhere so people can come in and take pictures of the animals, or a small tent that is set up and the people do not do any destruction to the environment at all?

But they are getting into the photographic safaris and in the future, maybe some day, that will be a major source of income for them. They would like to see it go into that and have a greater income and diversify. But currently that is not there, and 90 percent of the money that is coming in from this is coming in from the hunts. If we do away with that, we have killed the program. And whether our intention is to kill the program or not, that is exactly what we are doing is killing the program.

I think that even though I believe the gentleman from Pennsylvania [Mr. Fox] had good intentions going into this, I believe that there were some mistakes made. I believe that this is going in the opposite direction of what we need to do. I think this is the kind of program we need to look at and learn from, of some of the right things to do and the wrong things to do.

Mr. PETERSON of Minnesota. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to this amendment.

I do not claim to know as much as some of the previous speakers, but from what I can tell, this has been a successful program that has encouraged conservation and has actually reduced poaching and improved the situation in Zimbabwe. As I understand it, in Kenya what they have done is, they have eliminated this type of hunting and the poaching has increased and conservation efforts have decreased.

And really, Members need to understand what this is about. This is really about eliminating hunting. It would be the same thing if we said in the United States that we are going to take the Pittman-Robertson money and we are going to take the Dingell-Johnson money and we are going to say that it cannot be used for anything that has to do with hunting.

And what would happen if we did that? Those programs would fall apart. They have been some of the most successful programs that we have ever put together in this country.

Everybody understands that without hunters, without their contribution to conservation in this country, we would not have the kind of wildlife that we have at the present time. If we eliminate hunting in Zimbabwe, which is what we will do with this program, we will have the results that we have seen in Kenya.

I think we should be very clear about what this is about. This is about eliminating hunting. And if Members are for that, I guess they want to vote for this amendment. But if they believe in conservation, if they believe in approaching this the right way and they believe hunting is a good way to manage our natural resources, they will oppose this amendment.

Mr. YOUNG of Alaska. Mr. Chairman, I rise in strong opposition to this misguided amendment to restrict the ability of the Agency for International Development [AID] to fund the CAMPFIRE program [Communal Area Management Programme For Indigenous Resources].

While I am not normally an advocate of foreign aid, CAMPFIRE has been one of the most successful programs ever funded by the Agency for International Development.

In fact, it has been so successful that the program, which started in Zimbabwe, has been adopted by other African countries, including Botswana, Namibia, Malawi, Mozambique, Tanzania, and Zambia.

What is the CAMPFIRE program? In short, it is an initiative to improve the standard of living among Africa's poorest rural farmers by giving them an economic stake in the wildlife resources of their country. Under CAMPFIRE, villagers receive a direct economic benefit from their wildlife and, therefore, a powerful incentive to conserve those resources.

In some rural areas, CAMPFIRE provides up to 90 percent of the money villagers use to build and maintain their homes, hospitals, and schools. Without CAMPFIRE, many Africans and numerous wildlife species, including elephants, face a bleak future.

Under the CAMPFIRE program, a village receives a percentage of the money collected from the proceeds from wildlife management. For instance, if a sport hunter wants to shoot a Cape buffalo or an African elephant, it will cost him thousands of dollars. Prior to CAMPFIRE, all this money went directly to the central government in Harare. Today, a significant percentage of those funds remains at the local level and the villagers themselves, in a democratic process, decide how this money will be spent. This is the essence of the CAMPFIRE program is local control of wildlife and financial incentives, which result in effective conservation programs.

The CAMPFIRE program is strongly supported by not only the Clinton administration but also such major conservation organizations as the African Wildlife Foundation, International Union for the Conservation of Nature, International Union for Conservation of Nature, National Wildlife Federation, Safari Club International, the World Wildlife Fund, and the International Association of Fish and Wildlife Agencies. These entities enthusiastically support this program because they recognize that:

Seven million people in Southern Africa have directly benefited from programs like CAMPFIRE.

In Zimbabwe, 5,000 to 10,000 jobs have been created and 33 percent of the land in that country is now devoted to wildlife management.

The population of African elephants has increased in Zimbabwe from 45,000 to more than 66,000 today and poaching in CAMPFIRE areas has been stopped.

The number of households participating in CAMPFIRE has grown from 9,000 in 1989 to about 105,000 in 1995.

The number of elephants shot in CAMPFIRE areas has decreased since its introduction from 300 per year to 130 in 1996.

Our Nation's support of the CAMPFIRE program allows thousands of people to improve their livelihoods, to provide education and the most basic health care for their children, and to effectively manage their wildlife resources. In addition, it encourages the growth of democratic ideals.

It is not a coincidence that elephant populations have increased under CAMPFIRE, and it would be a terrible mistake to end AID's essential investment in this innovative program. In the final analysis, CAMPFIRE and programs like it are Africa's best hope for conserving its wildlife resources and providing its population with a bright future.

I urge a no vote on the Fox/Miller amendment.

Mr. LANTOS. Mr. Chairman, I rise to voice my strong support for the amendment offered by the distinguished gentleman from Pennsylvania [Mr. Fox] and my distinguished colleague and fellow Californian [Mr. Miller] to eliminate the use of U.S. taxpayer funds to promote or support the trophy hunting of elephants under the USAID sponsored program called Communal Areas Management Programs for Indigenous Resources [CAMPFIRE]. This amendment to the Foreign Operations Appropriations Act of 1997 echoes the sentiment of the American people to eliminate trophy hunting and to prevent the use of taxpayer dollars to lobby for and to promote trophy hunting.

As elected officials, we are duty bound to uphold the will of our constituents, the wishes of the American people. A 1997 Penn & Schoen survey found that 84 percent of Americans oppose trophy hunting, domestically and abroad. Despite this overwhelming opposition to the practice of trophy hunting, the USAID-funded CAMPFIRE program uses trophy hunts to generate funds for the majority of its projects. A recent study of the CAMPFIRE program showed that 90 percent of the funds generated from CAMPFIRE districts intended to help the indigenous populations came from trophy hunting. While CAMPFIRE funds may be used for the development of many successful and positive programs in Africa, we cannot condone the methods which are used to generate these funds.

The U.S. Government has consistently supported the international ban on trade in ivory in order to prevent the destruction of endangered species. United States conservation policy should remain consistent. Our foreign assistance should not be funding elephant hunts for ivory at the same time that we are also supporting an international ban on trade in ivory. Not long ago, our Government rightly spoke out at the Convention on International Trade in Endangered Species [CITES] to express strong opposition to the down-listing of the African elephant from appendix I to appendix II of the convention. This down-listing would further dilute the international ban on the ivory trade. The bipartisan Fox-Miller amendment would bring our foreign assistance into line with existing United States conservation policy toward preserving the African elephant.

Mr. Chairman, another disturbing effect of the CAMPFIRE program is the lobbying efforts undertaken in a number of capitals in support of expanding the program. CAMPFIRE plans to expand beyond Zimbabwe and has opened offices in Washington, London, Brussels, and Johannesburg for the principal purpose of lobbying. CAMPFIRE is a sustainable development program and should not be engaging in the process of lobbying on its own behalf with taxpayer dollars.

The argument has been made that the CAMPFIRE program benefits the people of Zimbabwe, and therefore, we should continue our assistance because it helps the impoverished villagers of that country. Unfortunately, Mr. Chairman, the assistance has limited impact upon the population of rural Zimbabwe. Only 5 cents out of every dollar generated actually benefits rural households in Zimbabwe.

The comments from my constituents in San Francisco and San Mateo County speak volumes about the public's view of this trophy hunting program that is supported by the CAMPFIRE program. Mr. Chairman, I would like to share a few of the comments of my constituents with my colleagues:

> The CAMPFIRE program is an outrageous contradiction that flies in the face of a government continually professing its concern for nature and the environment on a global basis.—Carol Kemski, San Bruno, California.
>
> This cruel and destructive government program should not be supported by our tax dollars.—Ron Scheinberg, San Francisco, California.
>
> I am aghast by the fact that the USAID is diverting our tax dollars into CAMPFIRE in order to enable trophy hunting of elephants.—Mary Larkin, San Francisco, California.

Mr. Chairman, the Fox-Miller amendment will not stop trophy hunting in Zimbabwe. The government of that country has the sovereign right to do what it chooses to do in this regard. But this amendment will stop U.S. taxpayer funds from being used to support trophy hunting, which 84 percent of the American people oppose.

Mr. Chairman, I strongly urge my colleagues to support this amendment and stop the outrage of U.S. taxpayer funding of trophy hunting.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Pennsylvania [Mr. FOX].

The question was taken; and the Chairman announced that the noes appeared to have it.

Mr. FOX of Pennsylvania. Mr. Chairman, I demand a recorded vote.

The CHAIRMAN. Pursuant to the order of the House of Thursday, July 24, 1997, further proceedings on the amendment offered by the gentleman from Pennsylvania [Mr. FOX] will be postponed.

AMENDMENT NO. 17 OFFERED BY MR. TORRES

Mr. TORRES. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

> Amendment No. 17 offered by Mr. TORRES: At the end of the bill, insert after the last section (preceding the short title) the following new section:
>
> PROHIBITION OF FUNDS FOR SCHOOL OF THE AMERICAS
>
> SEC. 572. Notwithstanding any other provision of this Act, none of the funds appropriated or otherwise made available by this Act may be used for programs at the United States Army School of the Americas located at Fort Benning, Georgia.

Mr. TORRES. Mr. Chairman, I would like to preface my remarks about this amendment by first thanking the gentleman from Alabama [Mr. CALLAHAN] for his efforts to work with me on how we address the funding elements that are provided in this bill for the U.S. Army School of the Americas. And while I do appreciate what has been done on this subject that is reflected in the language in the bill before us, I am compelled to offer this amendment together with my colleagues on the subcommittee, the gentleman from Illinois [Mr. YATES] and the gentleman from Pennsylvania [Mr. FOGLIETTA] which prohibits any of the funds of this bill being used for the school.

I think it is important to note that in last year's bill, this committee directed the Departments of State and Defense to submit a report no later than January 15 on a number of concerns that the Members had expressed about the school, such as the screening process for applicants and monitoring of graduates. This approach was agreed upon at that time despite our inclination to cut off those funds. This year, this report was received at the "eleventh hour" just prior to the subcommittee's markup on June 25, nearly 6 months late.

The report, 3½ pages in length, does not represent what I believe to be, nor the committee, many of the committee Members, a serious effort to be responsive to the issues that were addressed. It merely details how screening is intended to be carried out and contains no evaluation of how this process is carried out.

It further states that the school, that neither the school nor other U.S. personnel have the capacity to monitor graduates. The lateness of the report and its brevity indicate that the school and the Defense Department have failed to take reforms seriously.

I am offering this amendment today because I believe it is time to forge a new relationship with Latin America, to mark a new era in U.S. support for democracy in this hemisphere. The cold war is over, Mr. Chairman. Rooting out Communist insurgents is passe. Human rights violations in the pursuit of eliminating the enemy cannot be condoned.

The School of the Americas cannot deny its dismal connection with the worst human rights violators in the region. The school's graduates who are human rights violators are not just a bunch of bad apples. The list of human rights violators connected with the school is long and is getting longer as names of violators are matched up with those of graduates.

The Salvadoran Truth Commission cited 19 out of 26 officers for the massacre of Jesuit priests; 100 out of 246 Colombian officers cited for war crimes; 6 Peruvian officers involved in the killing of 9 students and a professor; Panamanian dictator Manuel Noriega. The list goes on and on and on and cannot be dismissed as just a few exceptions.

Throughout Latin America, the School of the Americas is seen as a training ground for repressive militaries and dictators; and its record, its record, I underscore that, cannot be ignored. The recently declassified training manuals used at the school as lesson plans and reading materials show that something indeed was wrong with the school's curriculum. These manuals taught armies to violate human rights, to use physical abuse, to use blackmail, to use blacklists, to use censorship, to spy on civilian organizations like student groups, like trade unions, like community organizations and opposition political parties, to confuse the boundaries between civilians and combatants and to ignore the rule of law.

Over and over again the school has tried to downplay rather than fully acknowledge these problems with its training. It is good that the school has added 4 hours on human rights in its courses, but this hardly makes the School of the Americas a school for human rights. These changes are just far too little, too late.

Let me emphasize that cutting off funds to the school does not prevent the many forms of conduct and cooperation between the United States and Latin American militaries. This year alone, over 60,000 military troops will rotate throughout Latin America on various training missions and assignments. Additionally, the international military education and training program for military personnel will come to the United States and study at many of our U.S. institutions. The School of the Americas is just but one of those.

But it does make an important break with the past. It shows Latin Americans who have worked valiantly for human rights and civilian control over militaries in their countries and U.S. religious orders whose missionaries and priests were killed by militaries trained at the School of the Americas.

The CHAIRMAN. The time of the gentleman from California [Mr. TORRES] has expired.

(By unanimous consent, Mr. TORRES was allowed to proceed for 1 additional minute.)

Mr. TORRES. Mr. Chairman, I repeat again, the priests that were killed by militaries trained at the School of the Americas, and that the United States now is fully determined to chart a new course. We want to do that. The school represents an outdated approach to a fragile region that is struggling with democracy, and we only have to read and watch television every day to see what is happening.

Cutting off funds to the school in this bill sends a clear signal. It is an important step in forging a new relationship with Latin American militaries based first and foremost upon adherence to civilian authority and the respect for human rights.

Mr. BEREUTER. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, the School of the Americas was established to heighten the professionalism of the military establishments throughout the Americas. Approximately 60,000 young Latin American and Caribbean officers have graduated from the SOA since its creation in 1946, the vast majority of whom have served their nations honorably and responsibly.

Mr. Chairman, opponents of the School for the Americas focus on the excesses of a few notorious graduates. This Member is the first to acknowledge that some very unsavory characters have managed to attend the school. But such criticism overlooks the overwhelming majority, well over 99 percent, of honest, capable, intelligent officers who study at the School of the Americas. They return to their homes and serve their nations honorably and with distinction. And this Member would remind his colleagues that graduates of the SOA are personally responsible for the return of democracy in nations such as Bolivia and Argentina, and many of the school's graduates have lost their lives while combating drug lords in Colombia and Peru. Focusing on a few bad apples does a disservice to the commissioned and noncommissioned officers who have attended the School for the Americas and who subsequently fought terrorists and narcotraffickers in the jungles of Latin America.

☐ 1500

While the early focus of the institution was on combating Soviet-backed insurgencies, in recent years the school's emphasis has shifted toward combating drug trafficking and responding to rural disease and environmental degradation. One very positive result of the recent attention to the school has been a much greater emphasis on human rights. Every student at the school is now exposed to a rigorous formal and informal training program in basic human rights. Specific classes and case studies are used to enhance the training and to make U.S. concerns unambiguously clear. The roles and rights of civilians, clergy and human rights observers and U.N. personnel are integrated into the training program.

While the SOA has rightly increased its emphasis on human rights, this Member believes that there is a basic value in encouraging military officers from Latin America and the Caribbean to study and to train in the United States. An institution such as the SOA, which annually hosts approximately 1,300 students from almost 20 countries, provides a level of professional training that is not otherwise available. Moreover, exposure to the U.S. lifestyle, values, and ideals offers important lessons for the future military leaders of Latin America.

Mr. Chairman, opponents have pointed to three manuals that were for a short time used by the school. It is true that these manuals had short passages, in one instance less than a sentence, that were inconsistent with U.S. Army doctrine. When discovered, these manuals were immediately withdrawn and destroyed. The school now employs U.S. Army training manuals that are appropriate and which are now being translated, and have been translated into Spanish.

This Member would tell his colleagues that the School of the Americas does not employ confidential torture manuals, nor does the SOA in any way engage in such heinous exercises as training its students to keep their shock victims alive for interrogation as some have alleged. This body should not participate in this wrongful demonization of the School of the Americas.

Mr. Chairman, the training at the School of the Americas does far, far more good in encouraging appropriate human rights practices than any possible harm which could come from even a perversion of such an education program that some former student might practice. It is time to end this misguided attack on the SOA.

This Member wishes he could guarantee to his colleagues that no future graduate of the SOA will ever abuse human rights or undermine civilian government, but obviously this is impossible. What this Member can guarantee is that every effort will continue to be made to fully indoctrinate the students on respect for human rights and democracies. The training at the school undoubtedly does far, far more good than any hypothetical harm which would come from even a perversion of such an educational program some future student might practice.

This Member must say, therefore, that it is time for this body and for certain organizations outside of this body to abandon this misguided attack on the School of the Americas. I urge my colleagues to reject this amendment and send a message to the organizations, get your facts straight, catch up with reality. It is time to stop and get off this hobby-horse. The School of the Americas is an important institution for the United States and for democracy throughout the hemisphere.

Mr. BURTON of Indiana. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I want to give a specific example of how the School of the Americas helps America, the United States of America. The Colombian National Police, which is one of our frontline combatant units against the drug cartels in Colombia, gets a great deal of training from the School of the Americas. The first 40 hours of their training is in the area of human rights. General Serrano and the Colombian police because of that have a stellar human rights record. Our State Department has told us in committee that the Colombian National Police, which is a recipient, a beneficiary of the School of the Americas, has an almost 100 percent human rights record. I believe it is because of the School of the Americas, because of the training they are getting there.

The thing that is interesting about this is these people who are trained in the School of the Americas, the Colombian National Police that are fighting the war against drugs, against the Colombian drug cartel, lay their lives on the line every single day not just for their people in their country but for our kids in America who are the recipients of the drugs that are coming out of Colombia and Latin America and Central America. For us to close down the School of the Americas and to cut off funding would be a giant step, a giant step in the wrong direction.

The last point I want to make very briefly is this. We know for a fact that the people in Colombia who are suffering human rights abuses go to the Colombian National Police, who have been trained in how to deal with human rights abuses for protection. I think it would be a terrible mistake for us to cut off funding for this very important program if for no other reason because of the Colombian National Police who are fighting so hard every single day to protect our kids from drugs and to stop the flow of drugs coming into America.

Mr. GILMAN. Mr. Chairman, will the gentleman yield?

Mr. BURTON of Indiana. I yield to the gentleman from New York, the chairman of the Committee on International Relations.

Mr. GILMAN. I want to commend the gentleman for focusing attention on the narcotics training that they receive at the School of the Americas. They receive first rate instruction on a variety of subjects, but included very out-front and very positively is their training countering the illegal drug threat. I am pleased to join my colleague in opposition to the gentleman from California's amendment.

Mr. Chairman, I include for the RECORD a letter from General Barry McCaffrey, our drug czar and the former Commander in Chief of the U.S. Southern Command, in support of the School of the Americas, stressing the important role in countering the illegal drug trade, as follows:

EXECUTIVE OFFICE OF THE PRESIDENT, OFFICE OF NATIONAL DRUG CONTROL POLICY,
Washington, DC, July 16, 1997.

DEAR REPRESENTATIVE CALLAHAN: My purpose in writing is to ask for your support of the U.S. Army School of the Americas. The Appropriations Bill for Foreign Operations, Export Financing, and Related Programs being considered today contains language that, if enacted, would make this important institution ineffective.

As Commander in Chief of U.S. Southern Command, my responsibilities included furthering the development of professional Latin American armed forces that promoted and protected human rights and that were supportive of democratic governance. The School of the Americas was, and continues to be, the Department of Defense's preeminent military educational institution for accomplishing these goals. The soldiers, sergeants, and officers that come to the School of the Americas interact with our own soldiers. They are systematically exposed to the principles of military subordination to civilian authority and the rule of law. They also receive first rate instruction on a variety of subjects including countering the illegal drug threat.

The School of the Americas is closely supervised by the U.S. Army and U.S. Southern Command. Its curriculum is beyond reproach. Indeed, it has been at the forefront of the effort to incorporate human rights training in all military instruction. It is deserving of your support. Your leadership will be important in ensuring that this important vehicle for effective military-to-military relations remains viable.

Respectfully,

BARRY R. MCCAFFREY,
Director.

Mr. Chairman, the war on drugs in Latin America is real. Professional training to fight narcoguerrillas is critical. The School of the Americas helps meet that need. General McCaffrey does point out that the school is closely supervised by the U.S. Army and the U.S. Southern Command. Its curriculum is beyond reproach. Indeed, it has been at the forefront of the effort to incorporate human rights training in all of its military instruction. I thank the gentleman for yielding.

Mr. BURTON of Indiana. I thank the gentleman for his participation.

Mr. MCGOVERN. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise in strong support of the Torres amendment, and I wish to speak briefly but from the heart on this issue. I have seen firsthand the work of many of the graduates of the School of the Americas who served as officers in the Salvadoran Armed Forces during the recent conflict in that country. I had the privilege of working with the gentleman from Massachusetts [Mr. MOAKLEY], the honorable dean of our State delegation, on the House investigation of the brutal 1989 murders of six Jesuit priests, their housekeeper, and her 15-year-old daughter. For those unfamiliar with the case, units of the Salvadoran Army surrounded the university where these eight people worked. Soldiers entered their home, forced the six priests out of bed, and then outside into the yard. The soldiers then forced the priests to lay down on the ground, put high-powered rifles to their heads, pulled the triggers, and blew their brains across the grass. These same soldiers then went back inside the house and found and killed the terrified housekeeper and her teenage daughter.

Mr. Chairman, I knew these priests. I was privileged to call them friends. They all had names and family and parishioners, students and colleagues who loved them. When the 26 Salvadoran military personnel cited for these murders were identified, 19 were graduates of the School of the Americas. If this were the only horror story associated with the School of the Americas, we would not be having this debate today. But there are hundreds and hundreds of such stories. And tens of thousands of men, women, and children throughout Latin America have been tortured or have perished on the orders of or at the hands of these graduates.

Let me be clear, Mr. Chairman. The little we do know about actions and atrocities committed by the School of the Americas graduates does not come from information or surveys carried out by the school itself. It comes from the hard, often dangerous investigations undertaken by human rights groups, U.N.- and government-appointed truth commissions and other dedicated individuals. The school has always taken a posture of denial, that ignorance is better than knowing the truth.

Mr. Chairman, nothing can bring back my friends to life. Nothing can fill the intellectual, spiritual, and visionary void left by their murders. But I have walked on the ground where they died, and I will not support one more single tax dollar being used to keep open a school that helped to shape and train these killers.

I want to thank my fellow colleagues, the gentleman from Massachusetts [Mr. KENNEDY], the gentleman from California [Mr. TORRES], and members of the Subcommittee on Foreign Operations who support this amendment for their leadership on this issue. I urge all of my colleagues to vote "yes" on the Torres amendment.

Mr. BROWN of California. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I had not intended to participate in this debate, but I do have an active interest in this matter and have had occasion in the past to get myself involved in it in one way or another. As a matter of fact, my long history goes back to what we then called Benning School for Boys, which I had the honor of attending in my own training to be a second lieutenant of infantry. It hurts me to see that school associated with the kind of record which we now hear with regard to the School of the Americas. I am not trying to point the finger at everything the school does. I commend the effort to improve the training and improve the sensitivity to human rights of the officer corps of our neighboring nations. But it has not succeeded in accomplishing that goal in the way that I would like.

It is unquestionably true that over these past 50 years of the school's existence, a large, very large number of the graduates have been involved in human rights violations. I would not want to characterize all of the graduates as being some kind of evil persons. I am not sure that if we did not have the school, we still would not have violations of civil rights in those societies which are conducive to or organized in a way that encourages violation of civil rights. We have instances in this country of where commissioned officers and noncommissioned officers are guilty of violating the civil rights of individuals, both within the ranks and outside the ranks. We do not blame the entire establishment for those few cases.

But here is a situation where over 50 years, it is undeniable that the graduates of this school have been involved in this kind of practice. I would suggest that the time has come to acknowledge that we assisted in perpetrating these atrocities through the training that we gave to these officers. While we should continue to offer assistance and to provide training, if necessary, in other ways, we ought to abolish the school and start with a clean slate. Some of these same officers could be eligible to go to West Point or some of our other academies. We train the elites from many of these countries in our most prestigious universities. We should continue to do that. For those who seek a military career, we could give them the ROTC course at Harvard possibly or some other alternative to what they are getting at the School of the Americas. But we need to put this past behind us. We cannot continue as a nation to condone the fact that graduates have engaged in the sort of practice that have been described here, the slaughter of priests and nuns and the disappearance of thousands of people throughout Latin America.

Let us put that behind us. Let us discontinue the funding of this school. If we feel it necessary to continue to assist in the development of an improved military, let us find improved methods to do that job if it does indeed need to be done.

Mr. COLLINS. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I strongly oppose this amendment which amounts to a step backward in the war on drugs and two steps backyard in our support of freedom, democracy, and human rights in our own backyard. In July, both General McCaffrey, the drug czar, and General Shalikashvili, chairman of the Joint Chiefs, highlighted the importance of the School of the Americas in the war on drugs. The frontlines of this war are found throughout Latin America and the Caribbean. Colombia, Panama, and Bolivia serve as prime examples of countries whose drug interdiction strategies would be crippled without the benefit of United States equipment and, most importantly, United States training at the School of the Americas. The school is a key to preserving democracy in our hemisphere.

Since 1946, the U.S. Army has trained the Latin American military leaders who have turned back dictatorship, returning political power to the people and yielding military authority to civilian institutions.

☐ 1515

In 1972, there are only six democracies in Latin America. Today, thanks in part to the school's instruction, there are 19.

As civil war in the region has given way to peace, and democracy has taken hold, the U.S. Army School of the Americas has developed a military human rights training program that is unmatched anywhere in the world today.

Just over 1 month ago, I joined almost every other Member in this body in passing legislation congratulating El Salvador, and much has been said about El Salvador during this debate, for recent elections and the country's progress toward full democracy. The resolution passed overwhelmingly, 419 to 3.

What my colleagues probably do not know is that one of the Salvadoran government's top officials, a Minister of Defense, Major General Guzman, is a former School of the Americas instructor. General Guzman is typical of the vast majority of the school's 60,000 graduates and visiting instructors who in one very important way, has returned home to apply his human rights training to remedy his country's problems of the past.

General Guzman institutionalized human rights training in the Salvadoran armed forces. Before his program was initiated, human rights violations numbered more than 2,000 each month, but after 5 years, that number has dropped to less than 20 per month, and today, under General Guzman's zero tolerance program, violations almost never occur.

The School of the Americas is not the answer to all Latin America's problems. There is still work to be done. But I urge my colleagues to consider the lives that the School of the Americas has saved. Every year, the school graduates thousands of men and women who return to their countries to apply the lessons they have learned in a Latin American environment still plagued by instability and violence.

The stories that we do not hear are those heroes. These are the military leaders who fought for democracy and yielded military control to civilian authorities. These are the police officers fighting the drug lords in the street. These are the men and women who have returned control of the governments of Latin America to the people of Latin America.

This is not simply a matter of foreign assistance. It is critical to our own self-interests to maintain democracies in countries so close to our borders. The School of the Americas allows us to do so without deploying our own troops.

The State Department, the Salvadoran and Honduran Ambassadors to the United States, the President of the Committee of Presidents of the Central American Legislative Human Rights Commission, the Chairman of the Joint Chiefs of Staff, the acting Commander in Chief of the United States Southern Command, the Under Secretary of the Army, the Director of the National Office of Drug Control Policy, the authorizing committee on both sides of the Capitol, and the last Presidential administration have argued that the school serves vital national interests through its counterdrug operations and its counterdrug cadet leadership development courses, its professional military training program, including unique peacekeeping instruction, and its one-of-a-kind human rights training initiative. Through these programs, the school allows the United States to support and defend Latin American democracies and to encourage responsible government policies without forward deployments such as those used in Bosnia and in Haiti.

I, for one, am not ready to surrender Latin America and the Caribbean to drug lords and dictators. I urge my colleagues to take responsibility of the human rights leadership by opposing this amendment which would close the School of the Americas, diminishing opportunities for the expansion of democracy in Latin America.

Mr. KUCINICH. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I want to say that I agree with my distinguished colleague's last words about the necessity to fight against drugs. In Latin America, and around the globe, wherever we find that problem, I think it is important that all of us in this Congress take a stand against the drugs which are infecting this country and the entire world.

So I am glad that there is that kind of support, and it is bipartisan support for fighting drugs. However we are called upon, and looking at the amendment of the gentleman from California [Mr. TORRES], to make an assessment of a school that is operated out of Fort Benning, GA, which does more than just train people to deal with drugs, and we all agree that we want drugs dealt with, and there are many ways in which they can be dealt with, but that is not what the School of the Americas is about.

The School of Americas in Fort Benning, GA, has a roster of graduates that reads like a Who's Who of human rights violators:

Nineteen of the twenty-six Salvadoran officers accused in the 1989 massacre of the six Jesuits and their housekeeper and the housekeeper's daughter were graduates of the School of the Americas.

Ten of the twelve cited in the El Mozote massacre where an entire village was wiped out without a trace; men, women and children, wiped out; 10 of the 12 people involved in that were graduates of the School of the Americas.

Two of the three officers cited in Archbishop Romero's assassination were graduates of the School of the Americas.

The School of the Americas; of what America is this the school of? Certainly not the United States of America, because the people of the United States of America do not support murder, do not support rape, do not support torture. Yet this is called the School of the Americas, and its graduates are involved in rape, murder, torture, genocide. The School of the Americas indeed.

The people of the United States do not support the kind of conduct which has come from this school and which is being done in the name of Americas.

Four churchwomen, including Sister Dorothy Kazel, a nun from Cleveland, OH, and someone who happened to be a friend of mine, were raped and brutally murdered in El Salvador. The U.N. Truth Commission investigating the murders verified that the School of the Americas trained three of the five officers responsible for the churchwomen's deaths.

Now Sister Dorothy was more than a friend to me. She was a friend to humanity. She went to El Salvador to bring about peace and justice for those who desperately need it, and she was brutally murdered for her efforts, along with Jean Donovan and two other nuns. Sister Dorothy Kazel's sister-in-law asked me to deliver this message to my colleagues in the United States Congress, and I quote:

> "Congress needs to act now. The women were killed by officers trained at the School of the Americas. I just don't understand why we are training human rights violators on our own soil. Why does this school still operate?"

Mr. Chairman, those who oppose closing the School of the Americas defend it as a haven for human rights protectors. The inversion of meaning is an ongoing problem in political philosophy. It is something that the writer, George Orwell, well understood where wrong becomes right and worse becomes the better reason and where murderers and rapists become human rights protectors.

The CHAIRMAN. The time of the gentleman from Ohio [Mr. KUCINICH] has expired.

(By unanimous consent, Mr. KUCINICH was allowed to proceed for 2 additional minutes.)

Mr. KUCINICH. Where wrong becomes right, where worse becomes the better reason and where people who have murdered become human rights protectors.

Well, I think the American people are well aware of the record of the School of the Americas. We owe it to them, and we owe it to the memory of Sister Dorothy Kazel, the other nuns, the Jesuit priests, the civilians who have been murdered, and to everyone else who has ever been terrorized by the School of the Americas, to see that this school be shut once and for all. This is the Congress of the United States of America, and it should not let anyone defile the name "America" in our own name on our own soil with our own tax dollars. Close the School of the Americas.

Mr. BARR of Georgia. Mr. Chairman, I move to strike the requisite number of words.

Oh, the outrage is becoming palpable now. The do-gooders are out there. Pass out the rose-colored glasses, Mr. Chairman. The cold war is over; we are hearing that today.

Every American citizen ought to grab up their children, close their doors and take out their weapon, if it has not been taken away every time the do-gooders get out there and start saying the cold war is over, because we know what is coming next, another piece of legislation, another diatribe that we must cut back, cut back, cut back, cut back.

Well, the cold war may be over in a formal sense, Mr. Chairman, but there are many very good, productive, positive reasons to deny the do-gooders this latest opportunity to prove to the world that we can be more namby-pamby than some other country somewhere in the world at some point in time.

Mr. Chairman, one thing that escapes me in this latest round of do-good-ism that we are hearing today is what these folks think would happen if the School of the Americas were closed and if we then, as they would have us do, then search out every other program in which we provide some sort of training, control over foreign military officers. Do they think that all of a sudden magically, as they had been anointed with this vision of the universe, that every one of these other officers would all of a sudden adopt their view of the world, their view of so-called human rights, their view of what is right and wrong in the world, their view of what we must do in the world? I do not think so.

The fact of the matter is, Mr. Chairman, that the School of the Americas provides a very valuable tool not only for this country to influence foreign officers in a positive way as we have heard from opponents of this measure today already, but it also provides an important outlet for the yearnings that these foreign officers have to learn about this country and what we do that is so good that these other folks herald and then break down.

There are, Mr. Chairman, other countries more than willing to step into the breach should we retreat. Communist China; now there is a country with a stellar human rights record. They are already obtaining a foothold in Latin America. Perhaps they would step into the breach and create a School of the Americas.

Would that make the do-gooders happy? Perhaps, I do not know. Some other country, perhaps Cuba, would step into the breach wanting to increase its influence in Latin America.

The fact of the matter is, though, Mr. Chairman, somebody would be there to step into the vacuum that would be created if we were to suddenly pull out from the School of the Americas.

Mr. Chairman, over the years, and even currently, these officers that are out there fighting for our kids on our streets in the United States of America are trained, many of them, both directly and indirectly, through the process of talking with the other graduates who come back to their country, and they do teach and they do talk with their fellow officers. They do learn, and they are equipped, better equipped, with the tools to fight the terrorists.

Now the cold war may be over, but terrorism is not over. The cold war may be over, but the war against narcotics traffickers is not. The cold war may be over, but the fact of the matter is, Mr. Chairman, there are narco-terrorists out there in Latin America, and we need to use every legitimate tool at our disposal, and this is a legitimate tool at our disposal and the way that we can reach out and influence for the better these officers.

Mr. SOLOMON. Mr. Chairman, will the gentleman yield?

Mr. BARR of Georgia. I yield to the gentleman from New York.

☐ 1530

Mr. SOLOMON. Mr. Chairman, I thank the gentleman for yielding.

Mr. Chairman, I apologize for having to run off the floor to a meeting, but the points that the gentleman are making are so well taken. We are fighting a battle today of terrorism. We are fighting a battle of illegal drugs in this country. These officers that are trained at the School of the Americas are doing a service by going back to their countries and teaching people what it is all about as far as decent human rights for people.

I just wish I had more time to participate in the debate, but I hope everybody comes over here and votes against this ill-conceived amendment.

Mr. BARR of Georgia. Mr. Chairman, I thank the distinguished gentleman, who knows whereof he speaks.

Finally, Mr. Chairman, let me mention the whole process here is rather bizarre. We see the folks on the other side saying, well, because these people went to the School of the Americas and sometime in the future, after that point, they committed these bad acts, therefore we must close the doors of the School of the Americas.

How preposterous. Should we search out and close the doors of every school in the United States of America because one of them may have produced at some point in time a Ted Bundy or somebody else that goes out and commits an act? Blaming the school for the bad acts of its graduates in this instance is ill-conceived.

This is nonsense, Mr. Chairman, and it ought to be defeated.

The CHAIRMAN. The time of the gentleman from Georgia [Mr. BARR] has expired.

(On request of Mr. BEREUTER, and by unanimous consent, Mr. BARR was allowed to proceed for 1 additional minute.)

Mr. BEREUTER. Mr. Chairman, will the gentleman yield?

Mr. BARR of Georgia. I yield to the gentleman from Nebraska.

Mr. BEREUTER. Mr. Chairman, I thank the gentleman for yielding.

Mr. Chairman, the gentleman from Ohio just made a very impassioned statement. It is understandable, given his personal knowledge of a victim.

But I just would like the gentleman to think about the fact that the noncommissioned officers and officers that come to this school do not come with a table that has nothing written on it. They come bringing some values themselves.

What we are attempting to do with the School of the Americas is, in some cases, a very difficult task of changing the whole culture of a military in a government. If you had visited Guatemala or El Salvador like this gentleman in the early 1980's, you would understand about the progress that has been made and the great difficulty we had in getting the right kind of people to come to the school in the first place.

I would just like to suggest we have made dramatic progress, and in the absence this, we are going to have a much deeper problem in the hemisphere.

Mr. OBEY. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I had not intended to get into this debate until I heard the previous speaker's comments, and they compelled me to say what I am going to say now.

I would much rather be a "do-gooder" than a stand-byer, while a school which is supposed to teach American values instead consistently produces graduates who defile the very values that that institution is supposed to support and promote.

I do not mind being called a "do-gooder" at all in comparison to being a do-nothinger. I also do not mind being called "namby-pamby" because I happen to be offended by the fact that, time and time again, graduates of the School of the Americas have engaged in conduct that would make every decent American gag.

If being "namby-pamby" is being opposed to instruction manuals on torture, if being "namby-pamby" is being opposed to the consistently failed record of this institution in turning out graduates who understand democratic values, if it is being "namby-pamby" to object to the fact that graduates of this institution have systematically in a number of countries around this hemisphere wiped out innocent women and children, then call me "namby-baby." I do not mind it at all.

You are doggone right, we are opposed to this institution continuing. This institution has been given the opportunity year after year after year to demonstrate that it can turn out a different kind of military for Latin America. So far, there is very precious little evidence that in fact it has done so.

The gentleman from Nebraska is right: What this institution is charged with doing is a very difficult thing to do. It is very difficult to take people from the kind of culture which has produced many of them, bring them to this country, and in a very short period of time inculcate the kind of values that we would like to see those graduates represent.

But the fact is that you have to make a judgment sooner or later about whether that institution has succeeded or not, and there are a lot of us in this institution who do not think that it has succeeded.

So I would suggest that to call people "do-gooders" or to call them "namby-pamby" because we happen to object to the fact that thousands of individual innocent civilians have been slaughtered by the graduates of this second-rate institution, is, I think, to do something to the dialogue in this House that you ought not to do.

I would say one other thing: For years we have heard every justification dragged up that it is possible to drag up in order to defend the continued funding for this institution. Now the latest argument we hear is, "Oh, they are necessary to prevent the drug traffic from succeeding in this hemisphere."

Well, I just have to tell you that drug program administrators who cannot run an antidrug program without relying on this kind of institution ought to find themselves another line of work.

Mr. KINGSTON. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I appreciate being recognized to speak in favor of the School of the Americas. Not everything is perfect. Unfortunately, the folks who support this amendment are correct in that in the past there have been graduates of this school who have abused human rights and caused all sorts of pain and suffering.

That has been a very, very small minority of student participants, and the things that they did, they did not learn at the School of the Americas. They certainly were not trained with that intent by the School of the Americas.

That was many, many years ago. Some debates, Mr. Speaker, are timely, and some debates are timeless. This debate seems to be timeless in that once the side who opposes the School of the Americas has got their point across and the changes have been made, it is time to stop. But, instead, we are continuing year after year, rehashing the same ground, regurgitating the same arguments over and over again.

This debate, rather than being timeless, should be timely, and the time to debate it was properly in the early 1990's under Secretary Cheney. Under Secretary Cheney many, many changes were made that threw out some of the offensive materials which the supporters of this amendment keep referring to.

It is not the case any more. What we are doing is we are debating Model T's in the era of 1997 automobiles. It is just that there is a photograph there. We are looking at the moving picture here, and the moving picture has gone on and times have changed.

But to be on the safe side, the committee this year has put in some very strong safeguards. No. 1, the Secretary of Defense must certify that the instruction and training provided by the school are fully consistent with training and doctrine provided to U.S. military personnel, especially, Mr. Chairman, regarding human rights.

No. 2, the Departments of Defense and State have improved the guidelines for screening and admitting students to better avoid students with records of human rights violations or who may have tendencies in that direction.

No. 3, the Department of Defense completes a comprehensive report on training activities of the school and an assessment of the performance of the graduates.

These are three things that are in the bill right now. This amendment is not necessary.

The abuses that they are referring to that happened are horrible, and I certainly agree, but they happened many years ago by graduates that would not be admitted to the school today.

Now, let me say this on a personal basis. I have visited the school. It is disturbing, greatly disturbing to me, that most of the supporters of this amendment have not taken the time to visit the school. In fact, I would challenge my colleagues, if you have been to the school and you support the amendment, when you speak, please let folks know, and tell us about the terrorists you saw in the classroom.

I am not going to tell you that I could tell terrorists from a nonterrorist sitting in a classroom, Mr. Speaker, but I can tell you this: I talked to young idealistic men and women from South America who had lots of ideas on democracy, lots of enthusiasm about the American system of government, and lots of enthusiasm for freedom and its noble concepts.

I have visited them, and I have talked to the students. It makes a tremendous difference in your opinion of an institution when you have been there and talked to the students.

If you do not go, maybe if you support this amendment, you should make it a priority to visit it. I would be glad to help any of my colleagues who would like to go down to Columbus, Georgia. We could probably get you in and out of there in a day. It would mean so much to the students down there, it would mean so much to the institution, and perhaps it could mean a whole lot to the great cause that we share of freedom.

Mr. Chairman, I ask Members to please vote against this amendment, and support the School of the Americas.

Mr. Chairman, I rise in support of the School of the Americas and in opposition to the amendment.

Mr. Chairman, it is my understanding that most of us here do not oppose international military training in general. The amendment addresses only the military training provided at Fort Benning because of a negative image, or stigma, remaining from a relatively very few problems from the past. This makes this issue a self-feeding problem to a large extent because the negative stigma is perpetuated by the very groups who use it as justification to close the school.

The negative propaganda and baggage that continues to follow the school is just not a valid argument to shut down the only school of this kind in the world with such devoted attention to teaching professionalism, respect for rule of law and civilian leadership, and human rights to young officers and soldiers of Latin America who would not otherwise get this critical training. In fact, the School of the Americas provides much more of this kind of training to its students than our own military men and women receive.

We also often hear lists of human rights abuses committed by Latin American military personnel who may or may not have received some varying level of training at the School. These cases—while horrible—are very rare when compared to the large number of students trained at the school. To close the school simply because less than one percent of its graduates haven't successfully applied what they've learned is inappropriate, shortsighted, and counterproductive.

Let me just ask everyone: If the United States set up a program to teach Latin American militaries to reject repressive behavior, to respect human rights, and advance the cause of democracy in our own back yard, would you support it? What if it were only 99 percent effective? That's what we're dealing with in plain English. No exaggerations, no distortions, no feel-good hype. Why would we throw away the opportunity to teach hundreds of Latin American military officers to respect human rights just because a few don't get the message?

I challenge all members of this committee to visit the school before you take active action, such as this amendment, to close it. With all due respect, I know very few members here today, including Mr. TORRES himself, have actually visited the School down at Fort Benning. If it's not possible for you to visit, Colonel Trumbel, the School's Commandant, is available to meet with any Member one on one here in Washington to discuss any and all concerns you may have. I ask that you please get the facts, investigate the school for yourself rather than relying on second-hand propaganda, before you vote to close this school.

What can we do here today to improve the school?

The language in the bill regarding the School of the Americas takes major steps to address remaining concerns of Congress. I remind you that the bill as it currently stands denies all funds from the school until: First, the Secretary of Defense certifies the instruction and training provided by the school are fully consistent with training and doctrine provided to U.S. military personnel, especially regarding human rights, second, DOD and State have improved the guidelines for screening and admitting students to better avoid students with records of human rights violations, and third, DoD completes a comprehensive report on training activities of the School and an assessment of the performance of its graduates.

These are very significant steps to improve any remaining problems. I ask that you support the very reasonable compromise language currently in the bill and oppose this amendment.

Mr. YATES. Mr. Chairman, I move to strike the requisite number of words.

I rise as a do-gooder to support the amendment.

Mr. Chairman, American values are based on doing good for people. That is the purpose of this bill. This bill proposes to do good for the less fortunate people of the world and for less fortunate nations.

My good friend, the gentleman from Nebraska [Mr. BEREUTER], talked about reality. Reality is the story told by the gentleman from Massachusetts [Mr. MCGOVERN] as to what happened in El Salvador at the hands of graduates from the School of the Americas. Reality is what was described by the gentleman from Ohio [Mr. KUCINICH] as to what happened to his friends at the hands of graduates of the School of the Americas.

The fact is that graduates of the school went forth to engage in activities that were totally inimical to the values of the people and of the Government of the United States.

Sure, there are some students who are graduates who are good, but they are not the ones who were in power in the countries to which the graduates went.

The impression is given that if you close the school, all training will stop. That is not true. All the universities in this country are available for training, and a course can be set forth that will permit this to be done.

The fact is that this school has failed. Its record is one of failure. The record cannot be dismissed by saying that critics of that record are do-gooders.

Mr. Chairman, I have a letter here that was received by the National Security Archives, the government library of George Washington University, dated July 17, 1997, fairly current, signed by the current Ambassador from the Embassy of Honduras. This is what he said:

> Thank you for your fax regarding the letter that was distributed to Members of Congress quoting four Latin Americans, including myself, on the issue of funding for the School of the Americas.
>
> In that letter I am quoted extemporaneously. My statement was geared toward the need to enhance the school's program to deal with today's challenges, narco-terrorism, violation of human rights, extreme poverty, suitable development, elements I consider valid.
>
> Nevertheless, at the time I made that statement, I wasn't aware of allegations or evidence of the school's programs that led to violation of international human rights. Otherwise, I would have mentioned my government and I deplore any activities undertaken there or anywhere else that would encourage officers to carry out violations of international human rights norms.
>
> The negative effect of the school's academic programs have, unfortunately, been felt in my country, where at least five military officers trained in the school have been requested to come before our courts for violation of human rights.
>
> The Honduran Government clearly does not condone any such activities and is opposed to any academic program the school had or has in that regard. I hope this letter clarifies our position.

So, Mr. Chairman, I rise in support of this amendment. There is still the opportunity for training of worthy students from the Latin American countries, and they should be given that opportunity for training, but not in the School of the Americas.

□ 1545

The record justifies the closing of that school.

Mr. Chairman, I rise today to support the Torres-Yates-Foglietta amendment to close the U.S. Army School of the Americas.

I want it to be clear that I do not oppose military to military, or civil military training, but, I believe the school has too many negative implications, baggage—as it were—to be an effective tool of U.S. foreign policy.

I believe the school to be a relic of the cold war. It represents a severely outdated approach to a fragile region struggling to attain real democracy and civilian control of the military and should have been closed years ago.

Some members have told me that the Latin American military respect our Armed Forces because of the work the school has done over the years.

Yes, but what about the civilian population of Central and South America. What about those civilians who refer to the school as the school of assassins. What do they think of the United States and our military assistance? Are we really fulfilling our national security and foreign policy objectives by alienating the civilian population of Latin America?

I am proud of the young men and women serving in our Army, Navy, Air Force and Marine Corps. I am proud that their colleagues from Latin America think so highly of them. But, I do not see how closing the School of the Americas will diminish this respect.

Closing the school will not put a halt to military contact between our Armed Forces and those of Latin America.

In fact, I believe closing the school will allow for a more rounded education. One where the soldiers of Central and South American countries participate alongside their counterparts in the U.S. military in the full range of U.S. military training.

Closing the school will allow the students to become exposed to the total American experience instead of being isolated in one region of our country.

Additionally, these future leaders will be better prepared to work with, and more importantly communicate with, our military should we become engaged in joint military operations sometime in the future.

It would send a clear message to the people of Latin America that we care about their civil and human rights and are trying to support their democracies.

In closing, although I have been an opponent of the school for many years, I have attempted to work with the Army and the Departments of State and Defense through the Foreign Operations Subcommittee to resolve the numerous complaints surrounding the curriculum at the school.

I wanted to come to some kind of positive resolution to this matter, but, in just the past year it has become very clear to me that my good faith efforts were to be unrewarded.

The committee previously instructed the Secretary of Defense, in consultation with the Secretary of State, to prepare and submit to the Committees on Appropriations no later than January 15, 1997, a report on the School of Americas at Fort Benning, GA.

Ms. WATERS. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, a few moments ago the gentleman from Ohio started out listing the who's who of human rights violators in the hemisphere, the school's roster of graduates. I would like to continue that for a moment.

One hundred of 246 Columbian officers cited for war crimes by an international human rights tribunal in 1993; six Peruvian officers involved in the killings of 9 students and a professor in 1992; Colonel Julio Alpirez, linked to the cover-ups and the murders of Efrain Bamaca and United States citizen Michael DeVine in Guatemala; ranking officers in notorious Honduran Battalion 3-16; Argentina dictator Leopoldo Galtieri and Panamanian strongman Manuel Noriega.

Let me just stop at this point and say to my colleagues on the other side of the aisle, I am absolutely surprised and appalled at the energy that they are expending to defend the School of the Americas.

I do not know why those who posture themselves as law-and-order policymakers, I do not know why anybody who gets up time and again talking about how tough they are on crime and criminals and human rights violators, would expend so much time and energy defending this U.S. Army School of the Americas.

We know the list of violators who have been the graduates of this school. How can we defend them? It is not enough to say, oh, some of them made mistakes, some of them were not right, some of them killed some people. What are Members talking about? We are talking about people who are trained in the School of the Americas who go back to these countries. They become our direct contacts. These are the ones we support. We support them in the leadership of those nations.

I cannot believe that some of the Members have forgotten about Haiti already. We spent a lot of hours in this body about trying to right the wrongs of Haiti. It took a great threat by the President of the United States, ready to move in with our own military unless we got rid of the graduates of the School of the Americas: General Cedras, have Members forgotten him already? Have they forgotten Mr. Francois in Haiti, who headed the police force, a graduate of the School of the Americas?

These two gentlemen, if they can be called that, in Haiti were the ones who built the airstrip where the drug runners were able to come in and bring their dope into Haiti to be shipped out to America and other places. These places on the globe that we are discussing are the locations for the transshipment of drugs right into the United States.

The Congressional Black Caucus has made it absolutely clear that getting rid of drug trafficking and drugs is our number one priority. We do not take kindly to those who would call us do-gooders because we have decided that there must be, at some point in time, a real war on drugs.

Are Members not tired of the failure of this government to deal with drugs and the drugs that enter this country? Are Members not tired of the relationships we have with the Noriegas of the world? These become our partners in crime. Whether it is Noriega or Cedras or Francois, they were all supported by our government while they were dealing dope into our communities.

We are sick and tired of you simply going out on the street corners of America locking up these young black and Latino males, and even white, with small amounts of drugs. We want to stop drugs and the big dope dealers, and those who are allowing their countries to be transshipment points to bring drugs into the United States. You cannot defend Noriega and Cedras and these graduates of the School of the Americas. These are dope dealers who we embraced, that we trained and sent back.

What is wrong with the School of the Americas? Once they make the contact in this country they become our leaders. They become the people we rely on.

The CHAIRMAN. The time of the gentlewoman from California [Ms. WATERS] has expired.

(By unanimous consent, Ms. WATERS was allowed to proceed for 1 additional minute.)

Ms. WATERS. Mr. Chairman, we train them and we send them back. Then we rely on them. We support them. Guess what? Members cannot be concerned about drug dealing and drug trafficking as long as they are supporting the very ones who are dealing the dope back to us.

When are we going to be serious about a war on drugs? Yes, we may be do-gooders over here, but we are do-gooders who are challenging Members to wake up and smell the roses and stop this nonsense, and get about the business of getting rid of drug traffickers. Get rid of the work and manuals and training of the School of the Americas, and that will go a long way toward getting rid of the real dope dealers in this hemisphere.

I challenge Members today to stop the nonsense of defense of a school that you can no longer defend. How can Members get up on the floor year in and year out and say they are going to do better, leave them alone for now, give them the American taxpayers' dollars.

It is shameful, it is unconscionable, and Members need to stop it and support this amendment.

Mr. CALLAHAN. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, while I have great respect for all of the opponents as well as the proponents of this amendment, let me say that most of the debate is not taking place on what the true issue is. I do not think there is anyone in this entire House, this entire body, that condones human rights violations. I do not think there is a single person on either side of this aisle or either side of this debate that agrees with some of the atrocities that took place.

That is not the point. The point is because some people who are opposed to the School of the Americas today have brought to the attention of this body some misdoings, some wrongdoings that have taken place as a result of some of the graduates returning to their countries and creating some atrocities, no, no, we do not condone that, nor will we ever condone that.

The point is, we are now trying to educate, and this Congress and this subcommittee has dispatched people to the school, to Central America, to South America, to make absolutely certain that they are taught to respect human rights. When these graduates return, the percentile in the high nineties do exactly what we envision that they would do. They go back and they make themselves leaders in their communities. They respect human rights as a result of the education they have received at Fort Benning.

So the debate is not over whether or not we ought to continue teaching people to go back and commit atrocities, because that is not the debate. That is over with. The Secretary of Defense must confirm to the Congress before he can spend one dime that they are not going to teach anybody to go back and to do harm to any individual.

I took our subcommittee to Armenia and to Azerbaijan and to Georgia and to Turkey. On the way back we had conversations about, how fortunate we are in this hemisphere. We have wars that are taking place between Armenia and Azerbaijan, and happily they are at peace right now, trying to work out an agreement. We have problems in Cyprus, we have problems in the Middle East, we have problems in Africa, problems in Bosnia, but not one war is taking place in this entire hemisphere.

So we are working ourselves into a position of a peaceful community, where human rights are respected by all people.

Ms. WATERS. Mr. Chairman, will the gentleman yield?

Mr. CALLAHAN. I yield to the gentlewoman from California.

Ms. WATERS. Mr. Chairman, I beg to differ with the gentleman. There is a war going on in this hemisphere. Is the gentleman not aware of what is going on in Mexico? Is he not aware of the drug wars that are going on? Is he not aware of the war that is going on against our young people in our neighborhoods and our American cities?

I want to tell the gentleman, this is the war. The war is drug trafficking in this hemisphere that is killing thousands of people, that is causing our prisons to explode, that is causing people to be shot down on the streets of America.

It may not be, in the gentleman's estimation, sir, a war, but this is the most devastating kind of war. This is the worst kind of war. It is the kind of war that we are going to have to come to grips with and begin to see it as a war. As long as we think we are lucky——

Mr. CALLAHAN. Reclaiming my time, Mr. Chairman, I appreciate the gentlewoman's concern. The definition of war is maybe something we could debate one afternoon when we have more time. The debate that is taking place today is whether or not we are going to fund the School of the Americas.

When we have the President of the United States who sends me a message and tells me, Mr. Chairman, will you please continue to fund this; when we have the Chairman of the Joint Chiefs of Staff, who calls me and says, do whatever you can possibly do, because this will help to create a peace, this will help to solve the war on drugs that the gentlewoman is talking about; and when we have Mack McLarty call, all of these very distinguished people that the President of the United States has placed in a position of responsibility, pleading with me, a Republican, "Sonny, go over there and convince your colleagues to continue to fund this school, because we have corrected every problem that they contend existed. They have made great progress. We have done everything this Congress has suggested that we do with respect to this school."

The CHAIRMAN. The time of the gentleman from Alabama [Mr. CALLAHAN] has expired.

(By unanimous consent, Mr. CALLAHAN was allowed to proceed for 3 additional minutes.)

Mr. CALLAHAN. Mr. Chairman, we have done every conceivable thing we can do to ensure that we do not permit any educational process that would lend to the availability of people going back to their country and creating any human rights violation.

Certainly, God forbid, even the University of Alabama, one of the greatest educational institutions in the world, has graduated some people, probably far below the national standard when we consider Alabama and California, but nevertheless, we, too, have probably graduated some people who have gone on to perform some heinous acts, but we do not close down the university.

Some of our educational institutions that we revere, such as our academies, have had some problems. When they had their problems, did we say, close down the institution? No, we said, correct the problems. That is precisely what the President of the United States has done. That is precisely what the professionals in Georgia have done. They have corrected it. They are not teaching these subjects that these people are referring to. We are doing it in a positive manner.

I know we have not resolved all the wars on poverty, all of the wars on crime, all of the wars on narcotics, but we are moving in the right direction, because we are bringing these people to America, we are teaching them the value of human rights, of civil rights, of free elections. We are instructing them how to go back and be leaders in their community, and we are doing it with the only vehicle we have, and that is the School of the Americas.

Mr. Chairman, I would plead with my colleagues to go along with their Commander in Chief, to go along with the Chairman of the Joint Chiefs, to go along with all of the people in the administration that have written to us telling us all of these problems have been addressed, we are moving in the right direction. Let us preserve the perceived peace that we have in this hemisphere.

□ 1600

Let us not turn into a hemisphere of wars. Let us educate our allies, our friends in this hemisphere. Let us continue this school, teaching democracy, teaching human rights, teaching men and women how to go back to their respective countries and to be great citizens.

Ms. WATERS. Mr. Chairman, will the gentleman yield?

Mr. CALLAHAN. I yield to the gentlewoman from California.

Ms. WATERS. Mr. Chairman, let me make it absolutely clear that if the President of the United States wrote to the gentleman from Alabama [Mr. CALLAHAN], called, and insisted on funding the School of the Americas, then I am opposed to the President and the President is wrong.

Let me make it abundantly clear that if Mr. McCaffrey called, he should be the first one to understand that it is a war. His life just got threatened when he was down in Mexico among the drug traffickers who sent him a message in no uncertain terms. I think he knows it is a war now.

Ms. PELOSI. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise in support of the Torres amendment and commend him for his leadership, as well as the leadership of the gentleman from Massachusetts [Mr. KENNEDY] for his leadership, on this important issue. I commend the gentleman from California [Mr. TORRES] for bringing this amendment to the floor.

Mr. Chairman, we have heard all different points of view about versions of the story of our interpretation of what the School of the Americas has accomplished. Whatever good it has done, it seems that it is more than just a coincidence that some of the worst violators of human rights in this hemisphere were educated at that school.

Mr. Chairman, I think that the gentleman from Alabama [Mr. CALLAHAN], our chairman, has made a very fine effort in the legislation to recognize that there is a problem that still exists at the School of the Americas, and I was very pleased to hear the gentleman say in his remarks that not one dime could be spent on the School of the Americas unless the Secretary of Defense confirmed certain things, which I would like to read into the RECORD, because I believe it is time for us to understand what the choice is before us today.

Mr. CALLAHAN. Mr. Chairman, will the gentlewoman yield?

Ms. PELOSI. I yield to the gentleman from Alabama.

Mr. CALLAHAN. Mr. Chairman, just to briefly say that not only is it in the RECORD, but if this bill passes as it is written, it is in the bill, in the bill on page 29 where it requires that before any money can be spent in violation of any of the efforts that my colleagues are contending, that the President must certify that it is not going to be used. It requires further that the Department of Defense do exactly the same thing.

So, we have for the first time in history in our bill, under title II on page 29, implemented into law the prohibitions against the teaching of anything that would lead to any type of atrocity.

Ms. PELOSI. Mr. Chairman, reclaiming my time, I appreciate the gentleman making that statement and for the work that the gentleman did to get that language in the bill. But I repeat again that that language in the bill recognizes that there is a problem. To those who say, "What is the problem?" There is a problem.

Because of the leadership of the gentleman from Alabama, the bill says that,

> None of the funds appropriated under this heading may be made available to support grant-financed military education and training at the School of the Americas unless the Secretary of Defense certifies that the instruction and training provided by the School of the Americas is fully consistent with training and doctrine, particularly with respect to the observance of human rights.
>
> Further, that the Secretary of Defense certifies that the Secretary of State, in consultation with the Secretary of Defense, has developed and issued specific guidelines governing the selection and screening of candidates for the instruction at the School of the Americas; and, further, that the Secretary of Defense submits to the Committee on Appropriations a report detailing the training activities of the School of the Americas and the general assessment regarding the performance of its graduates during 1996.

The reason I part company with my chairman at this point is because we had the request for this study in last year's bill and, unfortunately, it took a great deal of time for us to get the report back to our committee. Indeed, it did not even show up until the day our subcommittee was meeting, and I think that that was long overdue.

We asked for a report on ethics to correct the problems. The report sat in DOD for months and was delivered the day of our subcommittee markup. The report itself failed miserably to address our concerns about the school.

Mr. Chairman, this leaves me no choice but to support this amendment. I say that with a great deal of respect for our colleagues on both sides of this issue. I do want to call to the attention of our colleagues that a problem exists and that this solution that the gentleman from California [Mr. TORRES] is advancing is a reasonable one. It takes the leadership of the gentleman from Alabama [Mr. CALLAHAN] one step further.

Mr. Chairman, I call this to my colleagues's attention. It is a letter from the Jesuit Conference. The Jesuit Conference calls for the closing of the School of the Americas. It does so because it says:

> Jesuits know all too personally the violence perpetrated by graduates of the School of the Americas. In 1989 six Jesuits, their housekeeper and her daughter were murdered on the campus of the Jesuit University in El Salvador. Nineteen of the Salvadoran officers whom the United Nations cited for these murders were graduates of the School of the Americas. This is a celebrated case. However, the death and disappearance of hundreds of ordinary civilians, such as those of the village of El Mozote in Salvador—

And I visited that location myself.

> Overwhelm our consciences and elicit outrage at the impunity of the School of the Americas graduates. Their families silently know, better than we, the effects of State sanctioned terror.

Mr. Chairman, that is why I agree with the statement in the Jesuits' letter that it is time to send a strong message that the United States will no longer sanction or tolerate militaries which declare war upon their own civilian populations.

The CHAIRMAN. The time of the gentlewoman from California [Ms. PELOSI] has expired.

(By unanimous consent, Ms. PELOSI was allowed to proceed for 2 additional minutes.)

Ms. PELOSI. Mr. Chairman, the point is that the Jesuits are calling for the closing of the School of the Americas. The gentleman from Alabama [Mr. CALLAHAN] is asking for a study, a good faith request for a study and certification. The gentleman from California [Mr. TORRES] splits the difference, and I think it is a very wise proposal.

The amendment of the gentleman from California just cuts off the funding that is in this legislation. The School of the Americas receives about $4 million from the U.S. Congress. As the Chairman knows, $1.2 million comes out of foreign operations and the rest out of the DOD appropriations bill.

This is not about closing the School of the Americas. This is about cutting off this funding. It is about sending a strong message that when we ask for a report, we want it in a timely fashion and we want it to be appropriate.

I look forward to visiting, at the invitation of Mr. COLLINS and Mr. BISHOP, the School of the Americas to impress upon them that Congress does, as the gentleman from Alabama says, universally support human rights; that we do not associate ourselves with or condone any of the atrocities that have been performed by people who are graduates of the School of the Americas, but that indeed the terms that the chairman put forth in this bill are terms that we expect to be met.

Mr. Chairman, this is what we did last year and they did not come through. That is what made the Torres amendment necessary. So the choice that our colleagues have is the status quo, which I believe is unacceptable and unsatisfactory in light of the response that we received, or better yet did not receive from the School of the Americas, and even a better solution than calling for the closing of the School of the Americas. This is a compromise. This is a smart approach to it.

Mr. Chairman, I urge my colleagues to support this amendment. And I say in good faith to my colleagues, I look forward to joining them to visit the School of the Americas to help in any way that we can to promote the education of people who will promote human rights in this hemisphere.

Indeed, even if the school were to be closed, there are many other institutions where military can be trained to promote human rights values and other democratic freedoms. Mr. Chairman, with that I urge my colleagues to support the amendment.

Mr. FOGLIETTA. Mr. Chairman, let's decide here and now what we are going to teach the world.

We have so much to say. For little more than two centuries, we have shown the world the way to true democracy and most of the world has followed. In Denver, last month, our President had the opportunity to show the world's economic leaders the way to the economic boom we are enjoying.

That's the central message that our School of the Americas should be teaching.

I am one who believes that instead of the enduring message of the School of the Americas, we should be helping our Latin American neighbors follow the course of Oscar Arias and Costa Rica, where the people there live safely, securely, and economically prosperous with no military, with no military. I am concerned that this school, as it is constituted, encourages a culture of growing militarism instead of growing economies. Some of the students of nations of this school simply cannot afford its persistent lesson. I am one who believes that, when resources are scarce, we should be making more butter, rather than buying more guns. But I respect our disagreement on this issue.

But of course, our neighbors in Latin America are sovereign nations and it is within their province and power to decide on their own security needs and military training needs. It is good policy, then, to have a modest program to help their militaries professionalize and be respectful of human rights. The School for the Americas is not achieving that policy.

The lessons we taught in the baddest of bad old days of the School of the Americas—terrorism, torture, and strong-arm police tactics—were exactly the wrong ones for our hemisphere. Despite the laudable improvements of our chairman in the bill, I remain convinced that this school has no place in the Americas.

Yes, there have been improvements, but not enough.

The school still holds 47 weeks of courses on things like psychological operations, commando missions, and battle tactics, but added only two 2-hour lectures on human rights. When our subcommittee asked for a report on how the school screens applicants and monitors graduates, the school showed its disrespect with a meager 3-page report that was 6 months late.

The Torres-Yates-Foglietta amendment proposes to delete the bill's $815 million for the school. If we want to teach the right message to help professionalize their militaries, let's focus on that mission, and also help them grow their economies and fortify their democracies and teach the sanctity of human rights.

So, as I said at the beginning, we can decide today what America will teach the world, what message our people have to send to our neighbors. The mission of this school has flunked. Support the Torres-Yates-Foglietta amendment.

Mrs. MALONEY of New York. Mr. Chairman, many of the abuses in Latin America can be traced back to graduates of the School of the Americas.

The opposition has circulated dear colleagues highlighting quotes from several Latin American officials, but we have also heard from the people. Their voices are smaller and their speeches not as polished, but these are the people who have suffered from this scandalous school and they deserve to be heard.

The fact that there are provisions that call for the Secretary of Defense's approval should not make us feel secure but suspect.

I would hope that we would only fund 50-year-old programs that have already proven themselves, not ones that need special scrutiny.

We spend billions of dollars on our defense interests, and when that money is used to keep our military strong and our troops safe, it is money well spent. But we mock our brave men and women in uniform who work for peace and justice in our world when we spend even one penny on this scandal.

The school is not a creative solution to downsizing our military and it is more than just a waste of taxpayer dollars. Many graduates have been involved in some of the most brutal atrocities in Latin America and it is a national disgrace and a blotch on our military history.

If we are to support democracy we must stop the killing of those people whose welfare we claim to support and the School of the Americas must fall into the oblivion it so richly deserves.

Ms. McKINNEY. Mr. Chairman, 50 years ago, the U.S. Army School of the Americas opened its doors in Panama to a class of Latin American and Caribbean military officers to receive training in the art of war.

Half a century later it's time to shut the school down.

Last September, the Pentagon revealed what activists opposed to the school have been alleging for years—that foreign military officers were taught to torture and murder to achieve their political objectives.

According to the Pentagon's own excerpts, School of the Americas students were advised to imprison those from whom they were seeking information; to "involuntarily" obtain information from those sources—in other words, torture them; to arrest their parents; to use "motivation by fear"; pay bounties for enemy dead; execute opponents; subvert the press;

and use torture, blackmail, and even injections of truth serum to obtain information.

These tactics come right out of an SS manual and have no place in a civilized society. They certainly have no place in any course taught with taxpayer dollars on U.S. soil by members of our own military.

These practices, which as we know too well have, in fact, been used by graduates of the School of the Americas, are part of a totalitarian playbook. They show complete disregard for the rule of human law and violate every tenet of basic human rights.

Yet nowhere in this report was there any apology for the horrific misdeeds tied to this training.

Nor was there any mention of the poor—any mention of all those who have suffered so much at the hands of those who were taught to torture and murder by elements within our own Government.

What about Archbishop Oscar Romero, gunned down in cold blood by SOA graduates because he stood up for the powerless against the powerful? What about the Jesuit priests and their housekeeper and her daughter, murdered in El Salvador because their hope for the poor clashed with the interests of dictators? What about the four Ursuline nuns, ravaged and mutilated and thrown into a ditch for the crime of teaching children to read? What about the children at El Mozote—machine gunned by School of Americas alumni for the sin of living in the wrong place at the wrong time?

These manuals are the smoking gun. They provide direct evidence that the school has not only failed to serve its mission, but has subverted its mission.

It's time to close down the School of the Americas.

Ms. LOWEY. Mr. Chairman, I rise in strong support of the Torres amendment, which would help us close the U.S. Army School of the Americas once and for all.

The School of the Americas has taught some of the most ruthless dictators in Latin America to torture their opponents, censor the press, and intimidate their citizens. It must be shut down. But the issue of what to do with the School of the Americas goes well beyond the deplorable actions of the school, and right to the heart of U.S. foreign policy.

The question before us today is whether the United States has the moral responsibility to encourage other governments to respect human rights and democracy. Are human rights and democracy just catch phrases we use, or are they basic principles that we demand of every nation?

We must demand human rights and democracy—in name and in practice—from our own military and all of our neighbors. That is why the School of the Americas is an affront to everything that U.S. foreign policy should be about. That is why we must close this school.

Fifty years ago, the School of the Americas was opened with the goal of improving U.S. ties to Latin American militaries. The idea was to educate our neighbors to the South about democratic civilian control of the military. But over the last few decades, we started to hear reports of what was actually being taught there. Words like torture, beating, and execution were increasingly being associated with the school's courses.

Then some of the school's more distinguished graduates started to turn up in high positions in Latin American governments. People like Panama's drug-dealing dictator Manuel Noriega—now serving time in a United States prison on a drug conviction—and Roberto D'Aubuisson, who organized many of El Salvador's notorious death squads.

In response, many of us have been calling for the school to be shut down and for disclosure of the school's curriculum. Well, we got our second wish last year. In September 1996, the U.S. Army released portions of a training manual used at the school during the 1980's. The manual revealed what we have suspected all along: Latin American military officers were taught to intimidate, torture, and kill to achieve their political objectives.

According to the Pentagon itself, School of the Americas students were taught to imprison and execute their opponents. To use motivation by fear. To subvert the press. And to use torture, blackmail, and truth serum to obtain information.

This is unacceptable. U.S. foreign policy should not promote these tactics. And they have no place in a school funded by our tax dollars and taught by U.S. instructors on U.S. soil.

The United States stands for democracy and respect for individual rights. Its foreign policy must always be conducted with a commitment to these principles. The School of the Americas violated this fundamental tenet. It is time to close down the school for good.

The CHAIRMAN. The question is on the amendment offered by the gentleman from California [Mr. TORRES].

The question was taken; and the Chairman announced that the noes appeared to have it.

Mr. TORRES. Mr. Chairman, I demand a recorded vote.

The CHAIRMAN. Pursuant to the order of the House of Thursday, July 24, 1997, further proceedings on the amendment offered by the gentleman from California [Mr. TORRES] will be postponed.

AMENDMENT NO. 3 OFFERED BY MR. STEARNS

Mr. STEARNS. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment No. 3 offered by Mr. STEARNS: At the end of the bill, insert after the last section (preceding the short title) the following new section:

SENSE OF THE CONGRESS REGARDING COSTS OF THE PARTNERSHIP FOR PEACE PROGRAM AND NATO EXPANSION

SEC. 572. It is the sense of the Congress that all member nations of the North Atlantic Treaty Organization (NATO) should contribute their proportionate share to pay for the costs of the Partnership for Peace program and for any future costs attributable to the expansion of NATO.

The CHAIRMAN. Under the previous order of the House, the gentleman from Florida [Mr. STEARNS] and a Member opposed will each control 5 minutes.

The Chair recognizes the gentleman from Florida [Mr. STEARNS].

Mr. STEARNS. Mr. Chairman, I rise to offer an amendment with the gentleman from Ohio [Mr. TRAFICANT] that simply, frankly, expresses the sense of Congress that all member countries of NATO should be responsible for paying their fair share for the cost of the Partnership for Peace Program and to future NATO expansion.

Mr. Chairman, let me read my amendment specifically just for those Members who wish it to be clarified. It says that, "It is the sense of Congress that all member nations of the North Atlantic Treaty Organization (NATO) should contribute their proportionate share to pay for the costs of the Partnership for Peace program and for any future costs attributable to the expansion of NATO."

Mr. Chairman, many of us are concerned with recent statements by Mr. Chirac of France that his nation would be unwilling to contribute to the expansion of NATO. Now, as all my colleagues know, NATO agreed to invite Poland, Hungary, and the Czech Republic into the organization last week in Spain. Mr. Chirac is apparently upset that the nations of Romania and Slovenia will not yet be admitted into NATO and is, therefore, threatening not to pay for this current expansion.

Mr. Chairman, I believe it is our responsibility to send Mr. Chirac and our NATO allies in Europe a strong message that they must pay their proportionate share of the defense of Europe. If they do not, the Congress must look at various options in response. One option would be refusing the reentry of France into NATO's unified military command structure, from which France unilaterally withdrew in 1966.

Or perhaps we should adhere to a cap in spending on NATO expansion, as other Members have suggested. Congress may even debate whether we should force nations that do not pay for the current expansion to incur all the costs for the next round of NATO expansion.

In conclusion, Mr. Chairman, whatever we choose to do in the future, I believe this is a good amendment for right now that will send a clear message to certain European allies in NATO that Congress will not allow the United States to continue paying a larger share of Europe's defense, while other nations opt out of contributing their fair share.

Mr. Chairman, I yield such time as he may consume to the gentleman from Ohio [Mr. TRAFICANT].

Mr. TRAFICANT. Mr. Chairman, I am glad to be a coauthor with the gentleman from Florida on this amendment. I appreciate the gentleman's leadership on this issue.

Mr. Chairman, the American taxpayers have been paying for the protection of the free world and there was a time when that was absolutely necessary. But we have rebuilt most of Europe; we brought Japan back to its feet. Every time there is a problem, there is a phone call, 9-1-1 and America sends our young people over to fight and our dollars and our American Express card.

Mr. Chairman, I believe that Europe and NATO members in this expansion should not only pay their fair share, they should be paying the bulk of it. We are the major support for freedom and we, in fact, ensure that freedom through a tremendous military appropriation.

So I stand strong for this, but I just want to tell my colleagues that it is the sense of the Congress.

Now, at some point I am going to offer a very simple amendment that will either be stricken by a point of order or it will have to be defeated. But the amendment that I plan to offer in conjunction with the efforts here of the gentleman from Florida will say that none of the funds in this act may be used to pay for NATO expansion not authorized by law.

Unless there would be some existing law that would authorize the use of the funds, there could not be an appropriation account that could be created to provide NATO expansion funds.

Mr. Chairman, that could be a little controversial and I do not want to do that. But my people have paid taxes all these years and we keep having all of these accounts, billions and billions of dollars. I think it is time that these countries who benefit from our taxpayers' commitments start to pay their fair share.

So, Mr. Chairman, I commend the gentleman from Florida, and I am proud to be associated with the gentleman.

Mr. STEARNS. Mr. Chairman, I reserve the balance of my time.

Mr. CALLAHAN. Mr. Chairman, I rise in opposition to the amendment.

The CHAIRMAN. The gentleman from Alabama [Mr. CALLAHAN] is recognized for 5 minutes.

Mr. CALLAHAN. Mr. Chairman, I have no objection to the substance of the amendment offered by the gentleman from Florida [Mr. STEARNS]. I would note, however, that this authorization language should not even be in our bill. But since the amendment was made in order under the rule, I will accept his amendment, and I yield back the balance of my time

Mr. STEARNS. Mr. Chairman, I yield back the balance of my time.

The CHAIRMAN. All time having expired, the question is on the amendment offered by the gentleman from Florida [Mr. STEARNS].

□ 1615

The question was taken; and the Chairman announced that the ayes appeared to have it.

Mr. STEARNS. Mr. Chairman, I demand a recorded vote.

The CHAIRMAN. Pursuant to the order of the House of Thursday, July 24, 1997, further proceedings on the amendment offered by the gentleman from Florida [Mr. STEARNS] will be postponed.

AMENDMENT NO. 79 OFFERED BY MR. TRAFICANT

Mr. TRAFICANT. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment No. 79 offered by Mr. TRAFICANT:

At the end of the bill, insert the following new section:

SEC. . None of the funds in this Act may be used to pay for NATO Expansion not authorized by law.

Mr. CALLAHAN. Mr. Chairman, I reserve a point of order against the amendment.

The CHAIRMAN. The gentleman from Alabama reserves a point of order.

The Chair recognizes the gentleman from Ohio [Mr. TRAFICANT].

Mr. TRAFICANT. Mr. Chairman, this is the exact language that was placed in the defense appropriations bill. There is not a chairman of the House that I have any more respect for. And when I offered this amendment originally, the bill was to have been scheduled on a particular day and it had not been printed in the RECORD at that time. I printed it in the RECORD in a timely manner, and it was printed in the RECORD, and I guess we will have to now debate the germaneness and whether or not it is subject to a point of order.

It is straightforward, as it was in the defense appropriations bill. It should not be controversial. This appropriations bill has taken pains to try and remove authorization from, in fact, its line item.

The Traficant amendment basically says none of the funds in this bill may be used to pay for NATO expansion not authorized by law. This does not tie the hands of the appropriators. The appropriators could provide whatever money is necessary, but that money that is provided must have been authorized by law. If it was not authorized by law, that appropriation cannot appear.

I would like to talk some business about NATO here. We talk a good game about NATO. Members go home and campaign about all the money our taxpayers are putting into NATO and how we have got to stop that and let everybody else pay their own way. But when we come down to the real fine print of the law, we continue to leave open an opportunity for funds to go for NATO expansion.

This is, in my opinion, a strict appropriations bill. It is germane. It is the right thing to do. If it is authorized by law, we can give it all the money that you want.

I want to say one other thing: We collect taxes from hard-working people. We are paying for troops that are stationed all over the world, falling out of chairs without armrests, regarding borders in Bosnia and the Middle East.

We just had a debate on the war on drugs. We have got open borders in America. We have yet to in fact have a reasonable military program and a responsible drug program in this country. But when we are talking about NATO expansion, I will go along with what the rule of Congress is, but I would say this to the distinguished chairman of the authorizing committee: What Congress authorizes for NATO expansion should be what is appropriated for NATO expansion.

Mr. CALLAHAN. Mr. Chairman, will the gentleman yield?

Mr. TRAFICANT. I yield to the gentleman from Alabama.

Mr. CALLAHAN. Mr. Chairman, I withdraw my reservation of a point of order, and I accept the amendment.

The CHAIRMAN. The gentleman from Alabama [Mr. CALLAHAN] withdraws his reservation of a point of order.

The question is on the amendment offered by the gentleman from Ohio [Mr. TRAFICANT].

The amendment was agreed to.

AMENDMENT NO. 38 OFFERED BY MR. BURTON OF INDIANA

Mr. BURTON of Indiana. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment No. 38 offered by Mr. BURTON of Indiana:

At the end of the bill, insert after the last section (preceding the short title) the following new section:

LIMITATION ON ASSISTANCE IN INDIA

SEC. 572. Not more than $41,775,000 of the funds appropriated or otherwise made available in this Act under the heading "Development Assistance" may be made available for assistance in India.

Mr. CALLAHAN. Mr. Chairman, I ask unanimous consent that debate on this amendment be limited to 15 minutes, divided between an opponent and proponent.

The CHAIRMAN. Is there objection to the request of the gentleman from Alabama?

Mr. ACKERMAN. Mr. Chairman, reserving the right to object, we have several speakers on this side who would like to speak for 5 minutes each. We think we have three. So we think we need 15 minutes on this side.

Mr. CALLAHAN. Mr. Chairman, will the gentleman yield?

Mr. ACKERMAN. I yield to the gentleman from Alabama.

Mr. CALLAHAN. Mr. Chairman, I will amend my request to say 30 minutes divided 15 minutes for proponents, 15 minutes for opponents.

Mr. ACKERMAN. Mr. Chairman, continuing my reservation of objection, I yield to the gentleman from New Jersey [Mr. PALLONE].

Mr. PALLONE. Mr. Chairman, is it my understanding there are two amendments or one?

Mr. CALLAHAN. Mr. Chairman, if the gentleman will continue to yield, this unanimous consent is on this first amendment, 15 minutes on each side.

Mr. ACKERMAN. We have three speakers on this side. We have two Members on the gentleman's side who would like to speak on our time.

Mr. CALLAHAN. Mr. Chairman, if the gentleman will continue to yield, may I suggest to the gentleman, could not the Members take 4 minutes each instead of 5?

Mr. ACKERMAN. Mr. Chairman, does that apply to the gentleman from Indiana as well?

Mr. CALLAHAN. Well, Mr. Chairman, the time limitation applies to the gentleman from Indiana [Mr. BURTON] as well. If he wants to take all of it, he can take all of it.

Mr. PALLONE. My question, Mr. Chairman, if the gentleman will continue to yield, is whether the speakers who are speaking against the gentleman from Indiana's amendment would be taking up the time on our side as opposed to the time on the gentleman's side?

Mr. CALLAHAN. Mr. Chairman, it would determine who yielded time to them.

Mr. ACKERMAN. Mr. Chairman, what we need on our side for our Members is 15 minutes on each amendment.

Ms. PELOSI. Mr. Chairman, will the gentleman yield?

Mr. ACKERMAN. I yield to the gentlewoman from California.

Ms. PELOSI. Mr. Chairman, in light of that and in light of the congressional schedule with the House going in at 5 p.m., I think that it is only appropriate that we take up one of the Burton amendments today if we are going to have a time constraint at 15 minutes, half an hour or 15 minutes; or why do we not just go under the 5-minute rule until 5 p.m. and end at a time certain?

Mr. CALLAHAN. Mr. Chairman, the purpose of it is in order that we could get through today with the debate on the Burton amendments, then leave tomorrow only the Smith and the Gilman amendments for debate.

Ms. PELOSI. Mr. Chairman, I understand the gentleman's goal and I think that is a good try, but clearly there is more interest in the Burton amendments, and it appears that with the interest we are only going to be able to get through one amendment if we are going to abide by the House schedule of going back in at 5 p.m., so we will have one more amendment tomorrow if Mr. BURTON decides to offer it.

Mr. CALLAHAN. Mr. Chairman, my unanimous consent is then 20 minutes on each side, and then if there is an objection, there is an objection.

Mr. ACKERMAN. Mr. Chairman, continuing my reservation of objection, 20 minutes on each side on each amendment, 20 minutes on each side?

The CHAIRMAN. Does the gentleman from New York continue to reserve the right to object or does he withdraw his reservation?

Mr. ACKERMAN. Mr. Chairman, continuing my reservation of objection, I yield to the gentleman from New Jersey [Mr. PALLONE].

Mr. PALLONE. Mr. Chairman, when the gentleman says "on our side," I understand there are several Republican Members who want to speak against the amendment. If that 20 minutes is limited to everyone who wants to speak against the amendment, we probably do not have enough time, unless I am missing something.

Mr. STEARNS. Mr. Chairman, will the gentleman yield?

Mr. ACKERMAN. I yield to the gentleman from Florida.

Mr. STEARNS. Mr. Chairman, we have two on this side that I know of. How many does the gentleman have on that side?

Mr. ACKERMAN. Mr. Chairman, we have three that we know of.

Mr. STEARNS. Mr. Chairman, so we could do it in 25 minutes, 4 minutes each. We could do it in 20 minutes.

Mr. ACKERMAN. Would the gentleman from Indiana Mr. BURTON be limited by those same restraints as the rest of the Members of the House of Representatives?

Mr. BURTON of Indiana. Mr. Chairman, will the gentleman yield?

Mr. ACKERMAN. I yield to the gentleman from Indiana.

Mr. BURTON of Indiana. Mr. Chairman, I think the Rules of the House on division of time, like this is, the proponents and the opponents have an equal amount of time.

Mr. ACKERMAN. Mr. Chairman, we are trying to work it out equitably so that we can accommodate everybody who would like to speak.

Mr. BURTON of Indiana. Mr. Chairman, the gentleman has five Members against one. I think that is fair odds. But I do not want to give up time.

Mr. ACKERMAN. Mr. Chairman, I am sure there are others who would like to agree with the gentleman.

Mr. CALLAHAN. Mr. Chairman, I withdraw my unanimous consent request.

The CHAIRMAN. The gentleman from Alabama [Mr. CALLAHAN] has withdrawn the request.

The Chair recognizes the gentleman from Indiana [Mr. BURTON].

Mr. BURTON of Indiana. Mr. Chairman, I read Cyrano de Bergerac as a boy. And when I read Cyrano de Bergerac, at one point in the play he is challenged by what he thought were 100 of the opponents. He was in the bakery shop and his friends came in. There were 100 of the enemy trying to kill his friends. And he said he thought the lovely Roxanne was in love with him. And he pulled out his sword and he ran to the door and said, only a 100. I do not mind if it is five or ten of my colleagues against me, as long as we have a fair distribution of the time. I feel kind of honored that I would be put in the same category as Cyrano de Bergerac.

Let me get to the point of the debate, talking about on this particular issue.

Mr. Chairman, we talk about tragedies and human rights violations all over the world. Right now, in the news today, they were talking about digging up possibly hundreds, maybe thousands of bodies in Bosnia. And that is a tragedy. That is something we should be very concerned about because human rights violations, wherever they occur, should be brought to the attention of the world and should be stopped.

We reprimand China for its draconian abortion policies and we threaten to stop international military and educational training, IMET, from Indonesia for abuses in East Timor. We talk about the struggles in Bosnia, Croatia, and Serbia that I just alluded to. We even criticize longstanding allies like Turkey for its treatment of its Kurdish citizens without addressing the brutal murders carried out by the PKK, a Kurdish Marxist terrorist organization.

Unfortunately, Mr. Chairman, there is one human rights issue that continues to escape the attention of this administration and this country and some Members of the Congress and especially the media. And that issue involves India and its human rights abuses and the violations against the Sikhs and the Kashmiris and the Christians in Nagaland and the plight of the untouchables, the lowest caste in India's caste system.

Mr. Chairman, the Indian Government is one of the world's worst human rights abusers. You may ask, if that is true, why does not the world know? It is because Amnesty International and the International Red Cross is not allowed into the places where they are perpetrating these atrocities.

□ 1630

In Punjab, in Kashmir, in Nagaland. Let me just tell my colleagues, since 1947, over 200,000 Christians have been killed in Nagaland. I know it is horrible what is going on in Bosnia, and what has gone on in Bosnia. But 200,000 Christians have been killed since 1947 by the Indian Government and their troops in Nagaland since 1947. A quarter of a million, 250,000 Sikhs, have been killed in Punjab between 1984 and 1992, and more since then. Those are the latest numbers we have that we think are accurate. Fifty-three thousand Muslims have been killed in Kashmir since 1988.

For the past 15 years, I have been coming to this well to call attention to Punjab, where the Indian military receives cash bounties for the slaughter of innocent children and, to justify their action, these people are labeled terrorists, these kids. According to our own State Department, the United States State Department, India paid over 41,000 cash bounties to police for killing innocent people from 1991 to 1993 alone. Also in Punjab, Sikhs are picked up in the middle of the night only to be found floating dead in canals with their hands and feet bound together, and there is documentation to that fact, and many are never found.

Recently India's Central Bureau of Investigation, the CBI, told the Supreme Court that it had confirmed nearly 1,000 cases of unidentified bodies that were cremated by their military. They just happened to find 1,000 bodies and burned them up. Where did they come from? I submit they came from the same source that I was talking about just a moment ago, from the Indian troops in Kashmir and Punjab and Nagaland.

It does not get any better in Kashmir. Women, because of their Muslim beliefs, are taken out of their homes in the middle of the night and are gang-raped by Indian troops while their husbands are forced to stay in the House at gunpoint. This is a fact. This is not just me talking. It is a fact.

It was hoped that the new government in Delhi and Punjab would stop the repression which the Indian Supreme Court describes as worse than a genocide. The Indian Supreme Court describes what is going on as worse than a genocide.

Mr. Chairman, opponents will say that the recent election in Punjab of a Sikh-dominated coalition and the fact that an untouchable is now the President of India is evidence of the new democratic process. But I can tell my colleagues that this new government in Punjab is closely aligned with the authoritarian Prime Minister Gudjaral of India and India's untouchable President is merely a figurehead.

Mr. Chairman, would democracies continue the rampant campaign of genocide? There are 550,000 troops, Indian troops in Punjab and 550,000 Indian troops in Kashmir.

The CHAIRMAN. The time of the gentleman from Indiana [Mr. BURTON] has expired.

(By unanimous consent, Mr. BURTON of Indiana was allowed to proceed for 5 additional minutes.)

Mr. BURTON of Indiana. Mr. Chairman, people are afraid to go outside at night and they worry about that knock on the door that we remember back during the horrible perils of Hitler in World War II when the Jews were taken out in the middle of the night, never to be seen again. That is going on today in Punjab and Kashmir and Nagaland in India. It is not the Indian people. We are not taking issue with the Indian people. It is the repressive policies of the Indian military and the Indian Government.

On July 12, 1997, just about a month ago, a month and a half, in Bombay, 33 Dalits, those are called black untouchables that I would say to my friends in the Black Caucus, they ought to listen to this, black untouchables, were killed by the Indian police during demonstrations. Thirty-three of them were killed. On July 8, 1997, 36 people were killed in a train bombing in Punjab and 2 ministers of the Punjab government have blamed the Punjab police. The bombing occurred a day after 9 policemen were convicted of murder. Nine policemen were convicted of murder a day after this bombing occurred.

On March 15, 1997, a death squad picked up Kashmir Singh, an opposition party member. He was thrown in a van, tortured and murdered. Finally his bullet ridden body was dumped on the roadside. These military forces operate beyond the law and with complete impunity and the world does not know because they will not let human rights groups in there, they will not let the international Red Cross in there, they will not let TV in there because they do not want the world to see. We heard about Bosnia, we heard about Somalia, we heard about Ethiopia when Mengistu was there, but we do not hear about what is going on over there because they will not let us in.

The Indian lobby has a lot of friends in the Congress who are going to be their spokesmen today and they will be speaking up for them. I presume I will be the only one speaking for the people in Kashmir, Punjab and Nagaland, but I do not mind that. We should not support a government that condones widespread abuses with our tax dollars. All I am asking for is to send a signal. Cut 25 percent of the development aid we are sending to India. We probably should not be sending it there anyhow, any of it. But at least cut 25 percent to send a very strong signal that we do not support a government that allows those human rights abuses to take place.

Mr. Chairman, the Sikhs, the Muslims, the Christians, the untouchables, and the women of India are desperately looking to this Congress for help. The time has come for action. It is time for America to take a stand and to pass this amendment.

Mr. Chairman, the Clinton administration has requested $56 million this year for development aid to India. India already receives $51 million. That means a $4.5 to $5 million increase from last year. My amendment would not allow more than $42 million to go. That is a 25-percent cut. That is a fair figure, and it sends a strong signal.

I would like to point out one more thing. We have here a picture, and this is the latest picture of what is going on in India. This is the tortured body of an unidentified Sikh. The Indian police have literally scalped this man. It is a young fellow, the police have seared his body with a hot iron rod and they cut off his fingers. That is what is going on today and that is what my colleagues are going to be saying does not occur. But I am telling Members it is here, it is happening. Women are being gang-raped in Kashmir because they are Muslim and they know if they are defiled, they will not be married, because of their religion and they take them out and gang-rape them and hold their husbands inside. It is a horrible thing that is going on over there and we keep giving aid to this country. This country has not been a friend of the United States in the past. During the cold war they supported the Soviet Union. They do not vote with us in the United Nations. Yet we continue to give them support. We ought to send a signal to them, at least on this one issue. Human rights violations, for God's sake, should not be tolerated anyplace in the world, and it is going on by the hundreds of thousands over there. We need to send them a signal.

Mr. ACKERMAN. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, the previous speaker, the gentleman from Indiana, asked the question, who will speak for the people who are the victims of violence in Punjab and Kashmir and other places. Let me assure the gentleman that I do and we all do because we decry violence and we decry the abuses of human beings anywhere for any reason. But what the gentleman seeks to do is to punish an entire nation, the largest democracy in the world collectively, for random acts of a few that take place. He brings us one picture and cites hundreds of thousands. How do we condemn a whole nation because of that? That is nothing but India bashing, Mr. Chairman. Do we condemn our own Government because people put a bounty on people's heads in Arizona and people moved in and murdered them? Is that the fault of the whole American Government and the American people?

I would like to cite an article that appeared in the Hill newspaper. It is a quote by a gentleman of the House who shows an unbelievable amount of understanding when talking about the Government of Turkey and he says, "When you have military conflicts," and the gentleman here is talking about insurgencies taking place against existing governments, he says, "When you have military conflicts, you're bound to have unfortunate things happen," he said. Continuing the quote, "People get killed, they're bombed and shot. These things happen," he said understandingly and justified, "incidental and anecdotal things that happen during these times of conflict." Who was the gentleman who said that, so understanding of the Government of Turkey? It is the very same gentleman from Indiana who just took the well and offered this amendment. How can he justify it in the case of one country and oppose it when it comes to another country?

The gentleman offers up four amendments. Dr. Alukh mysteriously appears in the Halls of the House, in the gallery, it happens each and every time, and the India bashing begins. This, Mr. Chairman, is totally unacceptable. This is not the way two great democracies view each other or treat each other. The gentleman complains of human rights abuses, but he ignores the genuine progress that India has made on this question. According to the State Department report which he only quotes in part, it says "India made further progress in resolving human rights problems." The same report notes that newspapers and magazines "regularly publish investigative reports and allegations of government wrongdoing, and the press as a whole champions human rights and criticizes" whenever there is a government lapse. Beyond this, the Indian Government has appointed a National Human Rights Commission with powers to investigate and to recommend policy changes and punishment and compensation in cases of incidental police abuse wherever it might happen to take place. Again in the State Department report that the gentleman quoted only in part, "The NHRC continued to enlarge its useful role in addressing the patterns of abuse, as well as specific abuses."

In particular, the gentleman from Indiana [Mr. BURTON] is concerned about human rights in the states of Punjab and Jammu and Kashmir. Last year there was an election in Punjab where 65 percent of the eligible voters turned out in a Sikh-dominated government. This is the very minority that the gentleman from Indiana [Mr. BURTON] claims the Indian Government oppresses. There were also elections in Kashmir which restored elected government there for the first time in 6 years.

I think, Mr. Chairman, what we have discovered, with the unwitting help of the gentleman from Indiana, is that India is a fully functioning, mature democracy with a free press, with civilian control of the military, with an independent judiciary, and very active political parties and civic associations. It seems to me that the oldest democracy in the world should not be sanctioning the largest. That is not the way democracies treat each other.

In addition to India's thriving democratic institutions, the current united front government led by Prime Minister Gudjaral has pledged, as has the finance minister with whom the gentleman from New York [Mr. GILMAN] and myself met with only a week ago, has pledged to continue the economic reforms of the past 6 years. These reforms have provided enormous opportunities for United States business and, in fact, the United States is now India's largest overseas investor, its biggest trading partner and its preferred source of high-technology.

Mr. Chairman, this amendment is a deliberate and specific attempt to stigmatize India at a point where the relationship between the world's two great democracies has flowered. I urge all of my colleagues to stand and to defeat this amendment.

Mr. PALLONE. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I listened to the comments by the gentleman from Indiana. I do not know if he is going to be the only speaker in favor of the amendment. I certainly hope he is. But if he is the only one, it is because he is basically giving the House outdated, exaggerated, and inaccurate information about the situation in India. He said that India is not a friend of the United States. Just the opposite is true. India is the world's largest democracy. India, last year, had the largest democratic election, the largest number of people participating in a democratic process in the history of the world as far as we know. He talks about the signal that this might send. What signal is sent by this body if we were to pass an amendment that chastises the world's largest democracy, a country that seeks every day to be our friend more and more, and which at the same time over the last few years has established a National Human Rights Commission that has been seeking out any violations of human rights, that has brought people to trial, that probably now sets an example not only for South Asia and for Asia but for the rest of the world in terms of its going after and fettering out human rights violations. It would send a terrible signal to the rest of the world if this body, the greatest democracy in the world, if this House of Representatives, were to chastise India for the things that it has accomplished in the last few years.

I just want to say, in the past the gentleman from Indiana has criticized India on human rights. Let me give my colleagues some information. The independent National Human Rights Commission with unprecedented powers has been in operation now for 3 years. Some of the members have been here to talk to us as Members of our House of Representatives. The commission has been lauded by many international agencies, including our own State Department, for its aggressiveness and independence. The chairman of India's National Human Rights Commission has met with representatives of Asia Watch, Amnesty International and the International Red Cross. The steps taken by India to remedy human rights problems is far superior to any of the efforts of India's neighbors, in particular, Pakistan and China which I think the gentleman from Indiana mentioned.

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Now, Mr. Chairman, the gentleman from Indiana is suggesting that his amendment would put pressure on the Government of India to improve its record on human rights. In fact, if this amendment were to become law, it would greatly reduce America's ability to positively influence the Indian Government in any way. Punitive measures like this amendment only serve to isolate the Indian Government, give aid and comfort to political forces in India who oppose closer ties with the United States, and ultimately set back the process of political and economic reform in India.

Mr. Chairman, I am concerned that this debate over human rights in India is focusing entirely on one side of the issue, and what is lost is the fact that terrorist organizations operating within India's borders pose a constant ongoing threat to peace, stability and, yes, to human rights.

Militant separatist groups often operate with no accountability. Calling themselves freedom fighters, these organizations reserve onto themselves the right to strike at civilian targets in India with impunity. Furthermore, many of the militant organizations receive support, both moral and financial, as well as arms and training, from other nations, specifically Pakistan which has frequently been linked to terrorist organizations in India in a direct attempt to destabilize its neighbor, and under these conditions imposing punishment by this House on the Government of India will have the unmistakable effect of encouraging and emboldening these groups which seek by violent means to pursue their separatist agenda. This is not the type of behavior that this House of Representatives should be condoning.

I visited India earlier this year, Mr. Chairman, and I had the opportunity to see firsthand why this amendment would be a disaster. First, my colleague from New York [Mr. ACKERMAN] talked about the situation in the Indian State of Punjab. Earlier this year the people of Punjab held elections in which the Sikh-dominated Akali Dal Party was swept into power. Voter turnout was 67 percent, better than we generally do here in the United States in most of our elections.

In the Punjabi capital of Chandigarh, I met with the newly elected Chief Minister of the State of Punjab, Mr. Prakash Singh Badal. He is a staunch defender of the Sikh people, but he is also deeply committed to working within India's democratic political system to advocate the political, economic, and social interests of his state and of the Sikh people.

He expressed his rejection of the separatist movement which has caused so much violence in recent years. His governing coalition includes a predominantly Hindu party, an indication that the Indian people want to work across ethnic and religious lines for the betterment of their entire society. This is the reality in today's Punjab. This is the reality in today's India. Everyone is working together to try to improve the situation. Human rights violations are being fettered out.

Mr. Chairman, the gentleman from Indiana's statements are not based on the accurate information of India today.

Mr. DAVIS of Illinois. Mr. Chairman, the people of India have just celebrated their 50th anniversary of independence and democracy. It takes a special effort for Americans to imagine when our democracy was only 50 years old and the great hurdles we had to overcome to perfect our legal, political, economic, and social system.

India today is the world's largest democracy—950 million people. India is a multireligious, multiethnic society actively seeking to build a common national identity and overcome religious and ethnic conflict. In that half century India has struggled to overcome the legacy of feudalism followed by colonialism and all of the problems of underdevelopment and unequal development, including problems of population growth, capital formation, technology development, and infrastructure. They have shaped all of the basic institutions of a democratic system including, perhaps most significantly, many independent, nongovernmental institutions and organizations dedicated to involving and empowering people.

I rise here today in support of aid to India. Throughout my public career, I have worked with the Asian-Indian community.

My strong relationship with the Asian-Indian community in Chicago has afforded me the opportunity to meet with Indian officials who have visited Chicago and this interaction has helped me to understand how important democracy, economic development, and human rights are to India.

While the cold war no longer exists, our relations with South Asia must not be tainted by the cold war legacy. There is a constant state of tension with neighbors like China and Pakistan—who have large and powerful militaries. Several states in India including Punjab and Kashmir have, in essence, been involved in a low-intensity war involving terrorism with foreign support as evidenced by the recent bombing of a train in Punjab resulting in 36 deaths. Despite the difficulties, India has proven that she will not tolerate violations of democracy and has acted to punish those guilty of violations of law and to reduce any such violations in the future.

The United States has become India's largest trading partner—now approaching $9.5 billion per year—and her largest investor. India has adjusted her tax policies to further encourage trade and has become a significant player in many fields including computer science.

Yet India is still a country in need of assistance and development especially in the most underdeveloped regions needing assistance with health and educational programs. These programs involve financial and technical support from the United States which is matched by volunteer equity on the part of the people of India. These program have proven themselves to be successful in addressing the problems of underdevelopment and also as powerful instrument of international understanding, communication, and trust.

It makes sense to continue our commitment to India. India is proving a success in its economic development and is a role model for other developing countries. We can take this opportunity now to improve our foreign policy relations with India. We can illustrate how the United States is a reliable friend and model.

A vote against India in this House, is not in the best interest of the United States and its reputation as a world leader. Therefore, I urge that we oppose any and all amendments that would single out India for a limitation on development assistance.

Mr. GEPHARDT. Mr. Chairman, I rise in strong opposition to the Burton amendment.

Since its independence 50 years ago, India has made tremendous progress in a number of key areas of United States foreign policy interest. First of all, it shares with the United States the values and institutions of free and democratic nations. Just last year, India held the largest democratic election in world history, an election that was universally regarded as free and fair, was contested by multiple political parties, and was scrutinized by an extensive free press.

Since the end of the cold war, India has embarked on an ambitious program of economic liberalization and market reforms. These reforms have helped bring the United States and India closer together in a cooperative spirit and have helped the United States to become India's largest trading partner.

In addition to progress at home, India also continues to improve its relations with its neighbors. Over the past year, Prime Minister Gujral, in an outreach effort begun during his tenure as Minister for External Affairs, has been at the forefront of initiatives to improve bilateral relations between India and its neighbors Bangladesh, Nepal, and Sri Lanka.

There also has been an important breakthrough this year in improving bilateral relations between India and Pakistan, a major goal of United States foreign policy in South Asia. In March, the Prime Minister of each country agreed to resume high-level talks which had been cut off since 1994. I was pleased that Prime Minister Gujral took the initiative to embark on such discussions so soon after assuming office. The two Prime Ministers met during the Asian summit in May of this year and agreement has already been reached on the establishment of working groups to explore solutions to the outstanding disputes between the two countries. Instead of undermining this important progress, U.S. foreign policy ought to be aimed at extending support for and encouraging the efforts being made by the prime minister of each nation to seek solutions to longstanding bilateral disputes.

Far from withdrawing from our growing cooperation and increasingly improving relations with India, as the Burton amendment would have us do, now is the time for the United States to deepen its commitment to strengthening relations between our two countries. As we commemorate the 50th anniversary of India's independence this year, United States relations with India should move forward, not backward. I urge all Members to vote against this amendment.

Mrs. MALONEY of New York. Mr. Chairman, I rise against the Burton amendment, which would limit development assistance to India.

Mr. Speaker, it is 1 year later and we are still fighting the same fight. We defeated a similar amendment last year by an overwhelming margin—296 to 127.

I am proud to be a member of the Congressional India Caucus, and was pleased to travel to India recently.

On August 15, we celebrated India's 50th anniversary of democratic self rule. Passage of this amendment will have a devastating effect on the growing relationship between India and the United States.

The United States is now India's largest overseas investor and its biggest trading partner.

Since 1991, major Fortune 500 companies have invested in India. The Commerce Department has designated India as one of the most important "Big Emerging Markets."

Mr. Speaker, American businesses recognize the importance of a strong relationship with India.

The gentleman from Indiana appears to have a noble purpose—to focus the attention of the House on human rights abuses. But despite his intentions, the amendment will do great harm to the very people it purports to help.

Yes, India has had problems with human rights in the past. But this nation—this great democracy—has taken exceptionally strong steps forward.

In fact, India's Human Rights Commission, headed by a former Supreme Court Justice, has been hailed by the State Department for its "significant progress in resolving human rights problems."

Freezing developmental assistance would hurt the poorest of the poor in India. The amendment would directly undermine the stated objectives of India's democratically elected Prime Minister to improve the living conditions of the country's poorest citizens. And finally, this amendment would be an enormous blow to United States-Indian relations at the very moment when we should be strengthening ties between our two democracies.

Last year, India held a critical and historic election—300 million people went to the polls in what the New York Times' William Safire called "the most breathtaking example of government by people in the history of the world."

The world's most populous democracy proved that its most powerful weapon is the ballot, not the bullet.

We must not pass a punitive anti-India amendment on the heels of this election.

United States-India relations are strong. American businesses are flourishing in India.

Let's send the world's most populous democracy the right message.

Let's vote for progress in India.

Let's vote for democracy.

I urge a "no" vote on the Burton amendment.

Mr. HASTINGS of Florida. Mr. Chairman, I rise in opposition today to the amendment offered by my colleague from Indiana. I must admit that I fail to understand why this esteemed Member, who has not even taken the time to travel to India to see her progress first hand, insists on demonizing an important ally.

I was fortunate, over the August recess, to join Chairman Gilman on a House International Relations Committee Codel to Asia. We were in India on the 50th anniversary of her independence. I saw first hand India's thriving democracy, independent, nongovernmental institutions, a raucous free press, an independent judiciary, a welcoming, albeit suspicious economic sector, and a friendly, English-speaking people who are schooled in democratic values and who both value and demand their personal liberties. I saw a country of almost a billion people virtually begging for closer ties and friendship with the United States.

I realize that India is not perfect. I continued to be concerned with India's nuclear proliferation, human rights abuses, strife in Kashmir, and the occasional lack of hospitality toward foreign investment and infrastructure-building projects.

But as I have said many times in the past, we can have more influence using a carrot with the Indians than with a stick. Considering some of the other countries in the region with whom we are seeking better ties, India looks like a bargain to me. Oppose the Burton amendment.

Ms. CLAYTON. Mr. Chairman, I rose before this committee over a year ago and I now stand before you today, once again to strongly urge a vote against this amendment.

The Burton amendment, whether it freezes, cuts, or caps foreign assistance to India, is a step in the wrong direction. The new Government of India is moving at a rapid pace to strengthen its ties with the United States and the world.

The economic and diplomatic relationship between the United States, the world's oldest democracy, and India, the world's largest democracy, would receive a harmful blow with successful passage of this amendment.

Mr. Chairman, Government of India has been on a constant pace of change since 1991. The 1996 election featured the world's largest voter turnout, practically free of violence. The 1997 election featured the victory of Prime Minister I.K. Gujral, who is of Punjabi descent, the very region that Mr. Burton claims human rights violations are taking place.

On the subject of the State of Punjab, the Sikh minority dominated the ruling party in open democratic elections. Voter turnout was 65 percent.

Prime Minister Gujral, in his first month of leadership, engaged in direct talks with newly elected Prime Minister Nawaz Sharif of Pakistan. A hotline phone system was established in a commitment to bring peace to the two nations.

So let us as Members of Congress not view the Government of India as being callous to these alleged human rights violations. India has made great strides in their battle to bring together the States of Kashmir, Jammu, Nagaland, and Punjab.

Recent reports by the U.S. State Department declare that India has "made further progress in resolving human rights problems."

It would be false and misdirected to say that India is not our friend. U.S. business in India has grown at an astonishing rate of nearly 50 percent a year since 1991, with the United States becoming India's largest trading partner and largest investor.

As India prepares to celebrate its 50th anniversary of democratic self rule, let us not break the ties that we have so diligently strived to assemble. Vote "no" on the Burton amendment.

Mr. CALLAHAN. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker pro tempore (Mr. Snowbarger) having assumed the chair, Mr. Thornberry, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 2159) making appropriations for foreign operations, export financing, and related programs for the fiscal year ending September 30, 1998, and for other purposes, had come to no resolution thereon.

FURTHER LIMITATION OF AMENDMENTS DURING FURTHER CONSIDERATION OF H.R. 2159, FOREIGN OPERATIONS, EXPORT FINANCING, AND RELATED PROGRAMS APPROPRIATIONS ACT, 1998

Mr. CALLAHAN. Mr. Speaker, I ask unanimous consent that during further consideration of the bill, H.R. 2159, no further amendments shall be in order in the Committee of the Whole except the amendment Number 1 in House Report 105–184, and the amendment to that amendment, under the terms of the order of the House of July 24, 1997, and the pending amendment, Number 38, offered by the gentleman from Indiana [Mr. Burton], and the amendment, Number 40, offered by Mr. Burton.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Alabama?

Mr. ACKERMAN. Reserving the right to object, Mr. Speaker, is it my understanding that under the two Burton amendments there is no limitation on the time? We will be under the 5-minute rule?

Mr. CALLAHAN. Mr. Speaker, will the gentleman yield?

Mr. ACKERMAN. I yield to the gentleman from Alabama.

Mr. CALLAHAN. Mr. Speaker, the gentleman is correct.

Mr. ACKERMAN. Mr. Speaker, I withdraw my reservation of objection.

Mr. BURTON of Indiana. Reserving the right to object, Mr. Speaker, I just wanted to double check amendments 38 and 40. Now 38 is the one that we are on?

Mr. CALLAHAN. Mr. Speaker, will the gentleman yield?

Mr. BURTON of Indiana. I yield to the gentleman from Alabama.

Mr. CALLAHAN. Mr. Speaker, that is the one we are on now, and 40 is the one the gentleman from Indiana indicated he wanted to introduce.

Mr. BURTON of Indiana. Mr. Speaker, I thank the gentleman from Alabama.

Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Alabama?

There was no objection.

VACATING REQUEST FOR RECORDED VOTE ON BEREUTER AMENDMENT TO H.R. 2159, FOREIGN OPERATIONS, EXPORT FINANCING, AND RELATED PROGRAMS APPROPRIATIONS ACT, 1998

Mr. BEREUTER. Mr. Speaker, I ask unanimous consent to vacate the request for a recorded vote on the Bereuter amendment, Number 53, on H.R. 2159.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Nebraska?

There was no objection.

The SPEAKER pro tempore. Without objection, the amendment offered by the gentleman from Nebraska [Mr. Bereuter] prevails by voice vote.

There was no objection.

APPOINTMENT OF CONFEREES ON H.R. 2209, LEGISLATIVE BRANCH APPROPRIATIONS ACT, 1998

Mr. WALSH. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill, H.R. 2209, making appropriations for the legislative branch for the fiscal year ending September 30, 1998, and for other purposes, with Senate amendments thereto, disagree to the Senate amendments and agree to the conference asked by the Senate.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

MOTION TO INSTRUCT OFFERED BY MR. SERANNO

Mr. SERRANO. Mr. Speaker, I offer a motion to instruct conferees.

The Clerk read as follows:

Mr. Serrano moves that the managers on the part of the House at the conference on the disagreeing votes of the two Houses on the bill H.R. 2209, be instructed to agree to the position in Senate amendment numbered 1 with respect to the account "Joint Committee on Taxation" providing not more than a 4.64 percent increase for the Joint Committee on Taxation compared to an 8 percent increase in the House bill.

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from New York [Mr. SERRANO] and the other gentleman from New York [Mr. WALSH] will each control 30 minutes.

The Chair recognizes the gentleman from New York [Mr. SERRANO].

Mr. SERRANO. Mr. Speaker, I yield myself as much time as I may consume.

Mr. Speaker, my motion would simply direct the House conferees to do the fiscally responsible thing when we take up the funding level for the Joint Committee on Taxation and agree to the Senate position. The Senate bill would give the Joint Committee on Taxation a tidy 4.6-percent increase over last year. We think that it is more than fair.

The House bill, in my view, was overly generous in providing an 8-percent increase for this office. In comparison, in the name of fiscal discipline, both bills provide increases of only 3.6 percent for the operation of the House and less than 2 percent for such vital agencies as a Congressional Budget Office and the Government Printing Office [GPO]. The House bill actually cuts funding for the General Accounting Office by $8 million below last year.

In light of these funding levels, it is inappropriate and inconsistent to turn around and reward one office with an 8-percent increase. Moreover, the justification for this increase does not stand up to any reasonable level of scrutiny. I think the American people could question why we would increase the staff of this office the year after work is completed on a major tax bill, especially when at the same time we are cutting GAO whose main purpose is to look for wasteful Federal spending and save taxpayers money. If the existing staff of the Joint Committee on Taxation could operate effectively this year when they worked on what we are told over and over again was a major historic tax bill, one would think they could manage the work load during a more routine year without all this extra staff.

So, Mr. Speaker, we are simply calling on the House to be more consistent in imposing fiscal austerity within the legislative branch. We should treat all offices the same, not give special treatment to a favored few.

Mr. Speaker, I reserve the balance of my time.

Mr. WALSH. Mr. Speaker, I rise in opposition to this motion.

The intent of the motion is to eliminate the five additional full-time equivalent positions the bill provides for the Joint Committee on Taxation. The committee bill has already reduced the budget submitted by the chairman of the Joint Committee on Taxation, the gentleman from Texas [Mr. ARCHER] by seven positions, or $219,000. Chairman ARCHER, who also chairs the Committee on Ways and Means, testified that he needed 12 more staff positions to do the additional work mandated on the Joint Committee on Taxation's staff.

Mr. Speaker, we all know the Joint Committee on Taxation provides invaluable work for the House and the Senate through the support they give to the Committee on Ways and Means and the Senate Finance Committee. They do much of the technical work on all revenue bills. They also analyze tax treaties entered into between the U.S. Government and other countries, and they also review all large tax refunds issued by the Treasury Department.

During the past 5 years, the economists, lawyers, and accountants of the Joint Committee on Taxation have averaged over 2,000 revenue estimates requested by Members and committees in connection with the proposed tax legislation. In addition, the staff has reviewed several hundred large tax refunds. Last year, they reviewed 486 refund reports with a dollar value of over $4.6 billion. They found concerns in 103 of these cases, concerns of over and underfunding or errors that needed to be corrected.

So this committee does a great deal of technical work in support of the congressional revenue and tax treaty process, and they also oversee large tax refund work of the Internal Revenue Service.

In asking for a staffing increase this year, the gentleman from Texas [Mr. ARCHER] outlined additional responsibilities that have been given to the Joint Committee on Taxation. A new requirement imposed by House rule XIII to make dynamic estimates in major tax legislation; determining unfunded mandates contained in revenue legislation; and we saw the President exercise his line-item veto on this most recent tax measure. The Joint Committee on Taxation will be called upon to determine limited tax benefits that are eligible for consideration. He has asked for, the chairman has asked for, 12 more FTE's to do this work; the committee bill only allows 5. We removed 7 FTE's during the full committee consideration of the bill after the gentleman from California [Mr. FAZIO] and others indicated their concern for such a large increase. So we have gone more than half way in meeting their concern.

The bill provides funding for an FTE level of 66. It puts the full-time equivalent positions back at the level they were funded at in 1988. This increase would bring them, the Joint Committee on Taxation, up to the level of 1988. All we have done is put them back to where they were 10 years ago.

I heard this concern in the full committee, and I offered an amendment that reduces the subcommittee mark of 12 additional FTE's to 5. The Committee on Appropriations heard this concern, considered the prudence of restraint, and accepted a staff level of a decade ago and reported the bill with those limited resources.

Mr. Speaker, the House has voted on this; the House has taken a position supporting the House's position. This motion would have us agree with the Senate's position, and I strongly urge that the House vote to reject this motion.

The House of Representatives approved a fiscal year 1998 funding level for the Joint Committee on Taxation of $5,907,000, an increase of $437,000 over fiscal year 1997. This amount is less than the $6,126,000 requested by Ways and Means Committee Chairman BILL ARCHER and Senate Finance Committee Chairman BILL ROTH.

The $437,000 increase in appropriation approved by the House would be allocated as follows:

Cost-of-living adjustments (salaries and equipment): $161,000 and salaries for new hires: $276,000.

The increase attributable to cost-of-living adjustments matches the assumed Federal employee cost-of-living adjustment. The salaries for new hires would be used primarily to fill a portion of the increased FTE positions with additional professional staff—2–3 staff economists, 1 attorney, and 1–2 computer specialists or support staff.

The House approved an increase of 5 FTE's for the Joint Committee on Taxation for fiscal year 1998. The Joint Committee has 61 authorized staff positions for fiscal year 1997. Other than fiscal year 1996, in which the authorized staff positions were 63, the authorized staff levels have not, since 1980, been below 66 positions. Thus, the FTE's authorized by the House would provide the Joint Committee with the same number of FTE's as in fiscal year 1980. The attached summary sheet shows that the Joint Committee FTE's remained relatively stable over the fiscal year 1980–1997 period. Thus, when other staffs may have been growing during the 1980's, the Joint Committee did not see the same burgeoning of staff. By way of comparison, the Congressional Budget Office has an appropriation for fiscal year 1997 of $24,532,000 and 232 authorized FTE's, compared to $5,470,000 and 61 FTE's for the Joint Committee on Taxation.

The Joint Committee on Taxation needs additional funding to fulfill new responsibilities that have been assigned to it. In addition to the traditional role of the Joint Committee staff in the development, drafting, and estimating of proposed revenue legislation, the Joint Committee staff is now responsible for determining the possible unfunded mandates contained in revenue legislation and identifying the limited tax benefits subject to the Line Item Veto Act. In addition, a new House rule for the 105th Congress requires the staff of the Joint Committee to estimate the possible macroeconomic, or dynamic, scoring effects of major revenue legislation. The Joint Committee staff presently has neither the personnel nor the computer capabilities to satisfy the requirement of this rule.

Since calendar year 1992, the Joint Committee on Taxation has received, on average, over 2,000 requests for revenue estimates a year. The Joint Committee currently has the staff resources to respond to approximately 50% of these requests. Unless the number of Joint Committee personnel are increased, the response rate to Members of Congress will not improve. This is not a question of staff not working to capacity. The Joint Committee staff devote all of their resources to the legitimate needs of the Congress, but they are frankly swamped with requests for assistance from Members of Congress that they cannot possibly satisfy at current staffing levels.

The Congress will require increased services of the Joint Committee on Taxation during fiscal year 1998. During the first part of fiscal year 1998, the Joint Committee staff will be completing its work investigating whether the Internal Revenue Service has exhibited bias in the selection of tax-exempt organizations for audit. In addition, the staff of the Joint Committee on Taxation will be involved with the following legislative proposals during fiscal year 1998: (1) Reauthorization of the highway trust fund, (2) Possible Superfund legislation, (3) Legislation relating to the tobacco settlement, (4) Legislation relating to expiring tax provisions, (5) Consideration of 7 tax treaties by the Senate, (6) Legislation to reform the operations of the Internal Revenue Service, (7) Possible tax reduction proposals for 1998, and (8) Fundamental restructuring of the Federal tax system.

Contrary to what some have asserted, fiscal year 1998 will see increased demands by the Congress for the services of the Joint Committee on Taxation.

I will include the following for the RECORD:

HISTORY OF APPROPRIATIONS—JOINT COMMITTEE ON TAXATION SINCE FISCAL YEAR 1980

Fiscal year	Appropriations	Authorized positions
1980		66
1981		68
1982		70
1983	$3,377,000	68
1984	3,483,000	66
1985	3,605,000	66
1986	3,546,000	66
1987	4,159,000	66
1988	4,219,000	66
1989	4,346,000	70
1990	4,353,000	70
1991	5,203,000	77
1992	5,759,000	77
1993	5,759,000	77
1994	5,701,000	77
1995	6,019,000	73
1996	5,116,000	63
1997	5,470,000	61
1998	[1] 6,126,000 [2] 5,907,000 [3] 5,724,000	[1] 73 [2] 66

[1] Requested.
[2] House.
[3] Senate.

Mr. Speaker, I reserve the balance of my time.

Mr. SERRANO. Mr. Speaker, I yield 3 minutes to the gentleman from Wisconsin [Mr. OBEY], our ranking member.

Mr. OBEY. Mr. Speaker, I thank the gentleman for the time.

I would urge the House to adopt this motion. I think there is absolutely no reason why joint committees ought to be allowed a higher level of funding than was approved for any other committee in this House when the committee funding resolution was brought to the floor, especially in light of the nature of the publicity which has been directed lately at the committee that would be the beneficiary of the largess contained in the House bill.

I would like to read from a newspaper article from USA Today. It says tobacco industry representatives wrote the provision of the balanced budget law that allows cigarette makers to reduce their future liability in smoking related lawsuits, Congress' chief writer told USA Today. The industry wrote it and submitted it; we just used their language, Kenneth Kies, staff director of the Joint Committee on Taxation said.

Kies declined to identify the lobbyist who presented the provision or the company the lobbyist represented, but his statement is the first public acknowledgment that the controversial provision which could save cigarette manufacturers an estimated $50 billion over 20 years originated with the industry itself.

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Now, that statement was made by the director of the committee, which is being given a higher level of funding than any other committee has been given this year. It seems to me that if the staff director for that committee admits that they are not even doing their own job and they are turning part of it over to K Street and the lobbyists downtown, they have given up any excuse for needing additional funding to prepare tax legislation.

We have already finished most of the tax legislation that we are going to see for this session and next. We have had a huge change in the Tax Code. It seems to me that it would be highly out of order to provide this special treatment for the Joint Tax Committee, especially when they indicate that they are allowing a lobbyist from K Street to write $50 billion amendments that are included in the major legislative action taken by the Congress this year.

Mr. Speaker, I would strongly urge the support for the gentleman's motion.

Mr. WALSH. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I would just again urge my colleagues to reject this motion. This committee's work, this joint committee's work, is of very timely importance. We did just pass a major tax cut. Thank God that we did. We did it with bipartisan support. Although some of the proponents of this motion did not support that tax cut, the majority of the Congress of both parties did, also the Senate, and the President signed the bill, with a major reduction in income taxes for people with children, for capital gains, estate and death tax reform.

Mr. Speaker, this is only the beginning. We feel very strongly that this is just the first cut, that next year there should be another and the following year there should be another.

The gentleman from Texas [Mr. ARCHER] has suggested very strongly that the Committee on Ways and Means is going to take a serious look at reforming our overall progressive income tax program and reforming the Internal Revenue Service. This is going to require staff work.

Mr. Speaker, we are asking for only a funding level equal to what was there when the Democratic Party controlled the House back in 1988. This is the staffing level they had. We have reduced this dramatically, but now we are starting to cut taxes, and the economy of the country is picking up and responding positively.

We do not want this to be the last tax cut. We want it to be the first tax cut. We would like to make sure that the work that the House and the Senate and the President have done is properly accounted for, and that we keep on target and in the direction of further reducing the tax burden on the American public.

Mrs. LOWEY. Mr. Speaker, I rise in support of the motion to instruct before us.

It doesn't make sense to me why the Joint Tax Committee needs all of the funding it receives in this bill. Last month, when we all thought the committee was busy writing the provisions of the tax bill, it turns out they were checking their mailbox for suggested provisions from lobbyists.

One such suggestion was a $50 billion giveaway to the tobacco industry that went directly from the desks of the industry lobbyists into the tax bill.

This provision will allow the big tobacco companies to reduce the payment they are required to make under a settlement by the amount collected in excise taxes on cigarettes. This is unacceptable.

That is why I introduced legislation with Senator DICK DURBIN that will repeal this middle-of-the-night giveaway. We must not allow American taxpayers to foot the bill for big tobacco's settlement with the American people.

This provision should never have been written into the tax bill in the first place, and it must be repealed immediately.

But in addition to repealing the provision, we must determine how it was slipped into the tax bill in the first place.

Fortunately, Kenneth Kies, the staff director of the Joint Tax Committee, answered this question for us August 29. When asked about this giveaway to the big tobacco companies, Mr. Kies was quoted in USA Today as saying, "The industry wrote it and submitted it, and we just used their language."

Mr. Speaker, if that is the way the Joint Tax Committee determined which provisions to include in the tax bill, there are far better ways to use taxpayers' dollars.

We must repeal this tobacco giveaway, and we must send a strong message to Mr. Kies and the Joint Tax Committee that the manner in which this provision was slipped into the tax bill is unacceptable. I urge my colleagues to support this motion to instruct.

Mr. SERRANO. Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

Mr. WALSH. Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

The SPEAKER pro tempore (Mr. SNOWBARGER). Without objection, the previous question is ordered on the motion to instruct.

There was no objection.

The SPEAKER pro tempore. The question is on the motion to instruct offered by the gentleman from New York [Mr. SERRANO].

The question was taken; and the Speaker pro tempore announced that the noes appeared to have it.

Mr. SERRANO. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 202, nays 208, not voting 23, as follows:

[Roll No. 352]

YEAS—202

Abercrombie
Ackerman
Allen
Andrews
Baesler
Baldacci
Barcia
Barrett (WI)
Becerra
Bentsen
Berry
Bishop
Blagojevich
Blumenauer
Bonior
Borski
Boswell
Boucher
Boyd
Brown (CA)
Brown (FL)
Brown (OH)
Cardin
Carson
Chabot
Chenoweth
Clay
Clayton
Clement
Clyburn
Coburn
Condit
Conyers
Costello
Coyne
Cramer
Cummings
Danner
Davis (FL)
Davis (IL)
DeFazio
DeGette
Delahunt
DeLauro
Dellums
Deutsch
Dicks
Dingell
Doggett
Dooley
Doyle
Edwards
Eshoo
Etheridge
Evans
Farr
Fattah
Fazio
Filner
Flake
Foglietta
Ford
Frank (MA)
Frost
Gejdenson
Gephardt
Goode
Gordon
Green
Gutierrez
Hall (TX)
Hamilton
Harman
Hastings (FL)
Hefner
Hilliard
Hinojosa
Holden
Hooley
Hoyer
Hulshof
Jackson (IL)
Jackson-Lee (TX)
Jefferson
John
Johnson (WI)
Johnson, E.B.
Kanjorski
Kaptur
Kennedy (MA)
Kennedy (RI)
Kennelly
Kildee
Kilpatrick
Kind (WI)
Klink
Klug
Kucinich
LaFalce
Lampson
Largent
Levin
Lewis (GA)
Lipinski
Lofgren
Lowey
Luther
Maloney (CT)
Maloney (NY)
Manton
Markey
Martinez
Mascara
Matsui
McCarthy (MO)
McCarthy (NY)
McDermott
McGovern
McHale
McIntyre
McKinney
McNulty
Meehan
Meek
Menendez
Millender-McDonald
Miller (CA)
Minge
Mink
Moakley
Mollohan
Moran (VA)
Murtha
Nadler
Neal
Neumann
Oberstar
Obey
Olver
Ortiz
Owens
Pallone
Pascrell
Pastor
Pelosi
Pickett
Pomeroy
Poshard
Price (NC)
Rahall
Rangel
Reyes
Rivers
Rodriguez
Roemer
Rothman
Roybal-Allard
Sabo
Sanchez
Sanders
Sandlin
Sawyer
Schumer
Scott
Serrano
Sherman
Sisisky
Skaggs
Skelton
Slaughter
Smith (MI)
Smith, Adam
Snyder
Spratt
Stabenow
Stark
Stearns
Stenholm
Stokes
Strickland
Stupak
Tauscher
Taylor (MS)
Taylor (NC)
Thompson
Thurman
Tierney
Torres
Traficant
Turner
Upton
Velazquez
Vento
Visclosky
Waters
Watt (NC)
Waxman
Wexler
Weygand
Woolsey
Wynn
Yates

NAYS—208

Aderholt
Archer
Armey
Bachus
Baker
Ballenger
Barr
Barrett (NE)
Bartlett
Barton
Bass
Bateman
Bereuter
Bilbray
Bilirakis
Bliley
Blunt
Boehlert
Boehner
Bonilla
Bono
Brady
Bryant
Bunning
Burr
Burton
Buyer
Callahan
Calvert
Camp
Campbell
Canady
Cannon
Castle
Chambliss
Christensen
Coble
Collins
Combest
Cook
Cooksey
Cox
Crane
Crapo
Cubin
Cunningham
Davis (VA)
Deal
DeLay
Diaz-Balart
Dickey
Doolittle
Dreier
Duncan
Dunn
Ehlers
Ehrlich
Emerson
English
Everett
Ewing
Fawell
Foley
Forbes
Fowler
Fox
Franks (NJ)
Frelinghuysen
Ganske
Gekas
Gibbons
Gilchrest
Gillmor
Gilman
Goodlatte
Goodling
Goss
Graham
Granger
Greenwood
Gutknecht
Hansen
Hastert
Hastings (WA)
Hayworth
Hefley
Herger
Hill
Hilleary
Hobson
Hoekstra
Horn
Hostettler
Houghton
Hunter
Hutchinson
Hyde
Inglis
Jenkins
Johnson (CT)
Johnson, Sam
Jones
Kasich
Kelly
Kim
King (NY)
Kingston
Kleczka
Knollenberg
Kolbe
LaHood
Latham
LaTourette
Lazio
Leach
Lewis (CA)
Lewis (KY)
Linder
Livingston
LoBiondo
Lucas
Manzullo
McCrery
McDade
McHugh
McIntosh
McKeon
Metcalf
Mica
Miller (FL)
Moran (KS)
Morella
Myrick
Nethercutt
Ney
Northup
Norwood
Nussle
Oxley
Packard
Pappas
Parker
Paul
Paxon
Pease
Peterson (MN)
Peterson (PA)
Petri
Pickering
Pitts
Pombo
Porter
Portman
Pryce (OH)
Quinn
Radanovich
Ramstad
Redmond
Regula
Riggs
Riley
Rogan
Rogers
Ros-Lehtinen
Royce
Ryun
Salmon
Sanford
Saxton
Scarborough
Schaefer, Dan
Schaffer, Bob
Sensenbrenner
Sessions
Shadegg
Shaw
Shays
Shimkus
Shuster
Skeen
Smith (NJ)
Smith (OR)
Smith (TX)
Snowbarger
Solomon
Souder
Spence
Stump
Sununu
Talent
Tauzin
Thomas
Thornberry
Thune
Tiahrt
Walsh
Wamp
Watkins
Watts (OK)
Weldon (FL)
Weldon (PA)
Weller
White
Whitfield
Wicker
Wolf
Young (AK)
Young (FL)

NOT VOTING—23

Berman
Capps
Dixon
Engel
Ensign
Furse
Gallegly
Gonzalez
Hall (OH)
Hinchey
Istook
Lantos
McCollum
McInnis
Payne
Rohrabacher
Roukema
Rush
Schiff
Smith, Linda
Tanner
Towns
Wise

□ 1727

Mr. Livingston changed his vote from "yea" to "nay."

Mrs. CHENOWETH and Messrs. CLAY, STOKES, DINGELL, and UPTON changed their vote from "nay" to "yea."

So the motion was rejected.

The result of the vote was announced as above recorded.

PERSONAL EXPLANATION

Mr. ENSIGN. Mr. Speaker, on rollcall No. 352, severe thunderstorms caused my plane to arrive late. Had I been present, I would have voted "no."

The SPEAKER pro tempore (Mr. SNOWBARGER). Without objection, the Chair appoints the following conferees: Messrs. WALSH, YOUNG of Florida, CUNNINGHAM, WAMP, LATHAM, LIVINGSTON, SERRANO, FAZIO of California, OBEY, and Ms. KAPTUR.

There was no objection.

GENERAL LEAVE

Mr. WALSH. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks on the bill (H.R. 2209) making appropriations for the legislative branch for the fiscal year ending September 30, 1998, and for other purposes, and that I may include tabular and extraneous material.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

APPOINTMENT OF CONFEREES ON H.R. 2160, AGRICULTURE, RURAL DEVELOPMENT, FOOD AND DRUG ADMINISTRATION, AND RELATED AGENCIES APPROPRIATIONS ACT, 1998

Mr. SKEEN. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H.R. 2160) making appropriations for Agriculture, Rural Development, Food and Drug Administration, and Related Agencies programs for the fiscal year ending September 30, 1998, and for other purposes, with Senate amendments thereto, disagree to the Senate amendments, and agree to the conference asked by the Senate.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New Mexico [Mr. SKEEN]?

There was no objection.

MOTION TO INSTRUCT OFFERED BY MS. KAPTUR

Ms. KAPTUR. Mr. Speaker, I offer a motion to instruct.

The Clerk read as follows:

Ms. KAPTUR moves that the managers on the part of the House at the conference on the disagreeing votes of the two Houses on the bill H.R. 2160, be instructed to recede to the Senate regarding funding levels provided under the Food and Drug Administration for the program to prevent the use of tobacco products by minors.

The SPEAKER pro tempore. Pursuant to the rule, the gentlewoman from Ohio [Ms. KAPTUR], and the gentleman from New Mexico [Mr. SKEEN] will each be recognized for 30 minutes.

The Chair recognizes the gentlewoman from Ohio [Ms. KAPTUR].

Ms. KAPTUR. Mr. Speaker, I yield myself such time as I may consume.

(Ms. KAPTUR asked and was given permission to revise and extend her remarks.)

Ms. KAPTUR. Mr. Speaker, the motion I offer today instructs the conferees on the fiscal year 1998 Agriculture Appropriations Act to agree to the higher funding levels provided by the Senate for the Food and Drug Administration's Youth Tobacco Initiative.

Just this morning, Mr. Speaker, the Senate agreed to provide $34 million, which was the full budget request, for the Food and Drug Administration Program to assist our States in enforcement and outreach efforts related to rules to prevent children, our children, from purchasing tobacco as minors.

The House bill included $24 million for this important program, and originally the Senate had only provided $4.9 million. But this morning, in an act of great wisdom, the Senate, on an amendment that was voiced after substantial approval was given and a motion to table defeated, voted in the Senate to raise the level to $34 million, which was the full budget request.

Mr. Speaker, our bill here in the House included $24 million for this important program. Our motion would simply instruct our House conferees to agree to the funding levels for the Food and Drug Administration provided by the Senate, therefore, fully funding this important initiative to protect our Nation's children.

Mr. Speaker, I do not need to point out, I suppose, that nearly 90 percent of adult smokers in our country began doing so before the age of 18. In fact, at current rates, more than 5 million children under age 18 who are alive today will be killed by smoking-related diseases. So we are talking about the lives of millions of our children.

We know that every year more than $1 billion in tobacco products are illegally sold to minors. I underline "illegally" sold to minors in this country. And as much as $50 billion is spent every year in our country on smoking-related medical care.

Providing $34 million, $10 million more than in the House agreement but meeting the full budget request, will help our States set up enforcement programs and educate retailers and the public on the new Food and Drug Administration youth tobacco rules. It seems to me this is the least we can do to protect our country's future and our children.

I urge my colleagues to support this motion, and I reserve the balance of my time.

Mr. SKEEN. Mr. Speaker, with all due respect to the gentlewoman from Ohio [Ms. KAPTUR], I concur that this is a very important issue for all of us. I share the gentlewoman's concern, but we have many differences in these two bills, and I strongly believe that the House should not, should not be instructing its conferees to accept a Senate position on any issue before the conference has even begun.

Mr. Speaker, I reserve the balance of my time.

Ms. KAPTUR. Mr. Speaker, I yield 3 minutes to the gentlewoman from Connecticut [Ms. DELAURO], a distinguished member of the Committee on Appropriations.

Ms. DELAURO. Mr. Speaker, I rise in strong support of the motion to instruct conferees to fully fund the FDA's program to crack down on illegal tobacco sales to minors. I appreciate the assistance of Chairman SKEEN and other members of the subcommittee in providing $24 million for this important initiative in the House bill. But I hope that in conference that we can join the Senate and provide the entire $34 million needed to stop our youngsters from taking up smoking and becoming addicted.

Facts of underage tobacco use are undisputed. Every single day 3,000 young people under the age of 18 who cannot even buy tobacco legally, become regular smokers. Selling tobacco to minors is illegal in all 50 States, but studies show that children can buy tobacco 67 percent of the time. What does this teach our children? It teaches them to smoke and it also teaches them that there are no penalties for breaking the law.

The FDA plan will help retailers understand and comply with the law. It enables strict enforcement by checking that stores require people who look younger than age 27 show an ID card before they buy cigarettes. It is a perfectly legitimate practice with regard to the sale of alcohol. It is an enforcement mechanism, it is an outreach mechanism, and it does not set up any, and I repeat, it does not set up any new government bureaucracy.

□ 1745

Yesterday's Wall Street Journal reported that 83 percent of the Members of the other body who took tobacco money last year voted against fully funding this provision. I would like to think that Members of this body today will be voting on this motion based on what is best for America's children and not on what is best for their campaign coffers.

Frankly, the tobacco industry has no reason to oppose this motion because this money all goes toward endorsing current law. This is no new law that is being talked about. But perhaps because 90 percent of all smokers start the habit by age 18, the tobacco companies are concerned that cracking down on youth smoking will hurt their businesses.

I would be ashamed if any Member of this body voted against this resolution as payback for a campaign contribution. This motion is about saving lives. Investing a small amount in prevention today is going to yield enormous savings down the road, not only in dollars for reduced medical costs but in the lives of our young people who can be saved.

I urge my colleagues to support the motion to instruct.

Ms. KAPTUR. Mr. Speaker, I yield myself such time as I may consume.

I just wanted to mention that for Members who are listening on the floor or maybe listening to these remarks over their televisions in their offices, if you look at the budget issue involved here, and I wanted to place this on the record because it is important, voting for this motion to instruct is a very responsible vote.

Both the House and the Senate have decided within their respective appropriations committees for different marks, different funding levels for agriculture functions. In the Senate, the Agriculture Subcommittee allocations were much higher than in the House. In fact, they have $30 million more in budget authority and over $200 million more in outlays. As we go to conference, we have to conference on that as well.

So I want to assure my colleagues that the flexibility within the budget exists and we are not asking for anything unreasonable in this motion to instruct. We are again asking our House colleagues to agree with what the Senate has done and to instruct our conferees to agree to the $34 million youth tobacco prevention initiative.

Mr. Speaker, I yield 3 minutes to the gentlewoman from Texas [Ms. JACKSON-LEE].

Ms. JACKSON-LEE of Texas. Mr. Speaker, I thank the ranking member for her leadership and advocacy of this issue. I recognize the sensitivity of the chairman as well, but would respectfully disagree. I would respectfully disagree with the approach. It is vital and imperative that this motion to instruct conferees is passed by this body.

There is a whole lot of barking going around about what we intend to do about preventing children from engaging in the beginning of tobacco use, or smoking, but there is not a lot of bite. This is a simple instruction that simply provides the bite that is needed to ensure that we provide the enforcement and the education to our retailers around this Nation.

One of the failings that brought about this intense increase in cigarette smoking by our young people is that in the highways and byways and the rural communities and urban centers, there has been no incentive on the part of our retailers to stop that young person who comes in, approaches that cigarette, or to keep them from going to the cigarette machine; and what we have now is a $50 billion smoking-related medical care cost. This does not make sense.

All we are asking for our House Members to do is to be in sync with the Senate so that there is not a dilemma in conference, there is not confusion in conference, there is not disagreement in conference, that we would join in and support the $37 billion that the Senate has approved so we can put some action behind our words, put your money where your mouth is and that is not in your pocket. That is to ensure that there is enforcement and education.

Every time I go into my schools, whether we are talking about prevention of HIV, whether we are talking about understanding of one's ability to know how to interact and to be able to use one's sexual intensity properly, it is all about educating our young people. It is all about being forthright. It makes no sense whatsoever that we would not want to support this motion to instruct conferees to put some bite in our bark, to ensure that the 3,000 young people under the age of 18 who get cigarettes every day are educated properly and these laws are enforced.

We need to provide the bite for the Food and Drug Administration. This is a sensible, intelligent, forthright motion to instruct conferees.

I would be incensed, and I think the American people would not understand why the House would be backtracking from a so-called commitment to ensure that the Food and Drug Administration has all of the tools that it should have to make sure that we see this siege upon our young people in America prevented and we educate them toward good health and to stop the smoking that has infiltrated their young lives and caused devastating health impact in their late lives.

Ms. KAPTUR. Mr. Speaker, I yield myself such time as I may consume.

I urge a "yes" vote on the motion to instruct conferees so that we can go to the conference with a strong position from both the House and the Senate and really do something for the young people of this country and help prevent additional addiction which will cost millions of lives in the future and billions of dollars. Let us do what is right for our children and give them a helping hand.

I urge a "yes" vote on the motion to instruct conferees.

Mr. Speaker, I yield back the balance of my time.

Mr. SKEEN. Mr. Speaker, I yield myself such time as I may consume.

Let me summarize this issue for my colleagues, if I might. Currently the House has $24.3 million for new tobacco regulations. In an action today, the Senate provided $34 million for the same purpose. I am not, I repeat, I am not opposed to providing funds for regulating tobacco, but there has been no resolution of the differences in the allocations of the House and the Senate. The Senate allocation is $200 million more than the House. Until that is resolved, I do not believe that we should be issuing instructions to conferees to go to numbers higher than the House allocation can support.

I urge the defeat of the motion to instruct.

Mr. Speaker, I yield back the balance of my time.

The SPEAKER pro tempore (Mr. SNOWBARGER). Without objection, the previous question is ordered on the motion to instruct.

There was no objection.

The SPEAKER pro tempore. The question is on the motion to instruct offered by the gentlewoman from Ohio [Ms. KAPTUR].

The question was taken; and the Speaker pro tempore announced that the noes appeared to have it.

Ms. KAPTUR. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 299, nays 125, not voting 9, as follows:

[Roll No. 353]

YEAS—299

Abercrombie
Ackerman
Allen
Andrews
Bachus
Baldacci
Barcia
Barrett (NE)
Barrett (WI)
Barton
Bass
Becerra
Bentsen
Bereuter
Berman
Berry
Bilirakis
Bishop
Blagojevich
Blumenauer
Boehlert
Bonior
Borski
Boswell
Brown (CA)
Brown (FL)
Brown (OH)
Bryant
Calvert
Camp
Campbell
Canady
Cannon
Capps
Cardin
Carson
Castle
Chabot
Christensen
Clayton
Clement
Clyburn
Condit
Conyers
Cook
Costello
Coyne
Cramer
Crapo
Cummings
Danner
Davis (FL)
Davis (IL)
Davis (VA)
DeFazio
DeGette
Delahunt
DeLauro
Dellums
Deutsch
Diaz-Balart
Dicks
Dingell
Doggett
Dooley
Doyle
Duncan
Edwards
Ehlers
Ehrlich
Emerson
Engel
English
Ensign
Eshoo
Evans
Ewing
Farr
Fattah
Fawell
Fazio
Filner
Flake
Foglietta
Foley
Forbes
Ford
Fowler
Fox
Frank (MA)
Franks (NJ)
Frelinghuysen
Frost
Furse
Ganske
Gejdenson
Gephardt
Gibbons
Gilchrest
Gilman
Goodling
Gordon
Goss
Green
Greenwood
Gutierrez
Gutknecht
Hall (TX)
Hamilton
Hansen
Harman
Hastert
Hastings (FL)
Hayworth
Hill
Hilliard
Hinchey
Hinojosa
Hobson
Hoekstra
Holden
Hooley
Horn
Houghton
Hoyer
Hulshof
Hutchinson
Istook
Jackson (IL)
Jackson-Lee (TX)
Jefferson
John
Johnson (CT)
Johnson (WI)
Johnson, E. B.
Kanjorski
Kaptur
Kasich
Kelly
Kennedy (MA)
Kennedy (RI)
Kennelly
Kildee
Kilpatrick
Kind (WI)
King (NY)
Kleczka
Klink
Klug
Kolbe
Kucinich
LaFalce
LaHood
Lampson
LaTourette
Lazio
Leach
Levin
Lewis (GA)
Linder
Lipinski
LoBiondo
Lofgren
Lowey
Luther
Maloney (CT)
Maloney (NY)
Manton
Manzullo
Markey
Martinez
Mascara
Matsui
McCarthy (MO)
McCarthy (NY)
McDade
McDermott
McGovern
McHale
McHugh
McKinney
McNulty
Meehan
Meek
Menendez
Metcalf
Millender-McDonald
Miller (CA)
Miller (FL)
Minge
Mink
Moakley
Mollohan
Moran (KS)
Moran (VA)
Morella
Murtha
Nadler
Neal
Neumann
Ney
Nussle
Oberstar
Obey
Olver
Ortiz
Owens
Oxley
Pallone
Pappas
Pascrell
Pastor
Payne
Pelosi
Peterson (MN)
Peterson (PA)
Petri
Pickett
Pomeroy
Porter
Portman
Poshard
Pryce (OH)
Quinn
Rahall
Ramstad
Rangel
Regula
Reyes
Riggs
Rivers
Rodriguez
Roemer
Ros-Lehtinen
Rothman
Roukema
Roybal-Allard
Royce
Sabo
Salmon
Sanchez
Sanders
Sandlin
Sawyer
Saxton
Schumer
Scott
Sensenbrenner
Serrano
Shaw
Shays
Sherman
Shimkus
Sisisky
Skaggs
Skelton
Slaughter
Smith (MI)
Smith (NJ)
Smith (TX)
Smith, Adam
Snyder
Spratt
Stabenow
Stark
Stenholm
Stokes
Strickland
Stupak
Sununu
Talent
Tanner
Tauscher
Tauzin
Taylor (MS)
Thompson
Thune
Thurman
Tiahrt
Tierney
Torres
Traficant
Turner
Upton
Velázquez
Vento
Visclosky
Wamp
Waters
Watt (NC)
Waxman
Weldon (PA)
Wexler
Weygand
Wise
Woolsey
Wynn
Yates
Young (FL)

NAYS—125

Aderholt
Archer
Armey
Baesler
Baker
Ballenger
Barr
Bartlett
Bateman
Bilbray
Bliley
Blunt
Boehner
Bonilla
Bono
Boucher
Boyd
Brady
Bunning
Burr
Burton
Buyer
Callahan
Chambliss
Chenoweth
Coble
Coburn
Collins
Combest
Cooksey
Cox
Crane
Cubin
Cunningham
Deal
DeLay
Dickey
Doolittle
Dreier
Dunn
Etheridge
Everett
Gallegly
Gekas
Gillmor
Goode
Goodlatte
Graham
Granger
Hastings (WA)
Hefley
Hefner
Herger
Hilleary
Hostettler
Hunter
Hyde
Inglis
Jenkins
Johnson, Sam
Jones
Kim
Kingston
Knollenberg
Largent
Latham
Lewis (CA)
Lewis (KY)
Livingston

Lucas
McCrery
McInnis
McIntosh
McIntyre
McKeon
Mica
Myrick
Nethercutt
Northup
Norwood
Packard
Parker
Paul
Paxon
Pease
Pickering
Pitts
Pombo
Price (NC)
Radanovich
Redmond
Riley
Rogan
Rogers
Rohrabacher
Ryun
Sanford
Scarborough
Schaefer, Dan
Schaffer, Bob
Sessions
Shadegg
Shuster
Skeen
Smith (OR)
Smith, Linda
Snowbarger
Solomon
Souder
Spence
Stearns
Stump
Taylor (NC)
Thomas
Thornberry
Walsh
Watkins
Watts (OK)
Weldon (FL)
Weller
White
Whitfield
Wicker
Wolf
Young (AK)

NOT VOTING—9

Clay
Dixon
Gonzalez
Hall (OH)
Lantos
McCollum
Rush
Schiff
Towns

☐ 1813

Mr. PAXON changed his vote from "yea" to "nay."

Messrs. Porter, Calvert, Tiahrt, Bass, Bilirakis, Ewing, Hutchinson, Metcalf, Wamp, Talent, Mrs. Emerson, and Messrs. Shimkus, Barrett of Nebraska, LaHood and Hulshof changed their vote from "nay" to "yea."

So the motion to instruct was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

☐ 1815

The SPEAKER pro tempore (Mr. Snowbarger). Without objection, the Chair appoints the following conferees: Messrs. Skeen, Walsh, Dickey, Kingston, Nethercutt, Bonilla, Latham, Livingston, Ms. Kaptur, Mr. Fazio of California, Mr. Serrano, Ms. DeLauro, and Mr. Obey.

There was no objection.

GENERAL LEAVE

Mr. SKEEN. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days to revise and extend their remarks on H.R. 2160, and that I may include tabular and extraneous material.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New Mexico?

There was no objection.

REMOVAL OF NAME OF MEMBER AS COSPONSOR OF H.R. 2332

Mr. EVERETT. Mr. Speaker, I ask unanimous consent that the gentleman from Ohio [Mr. Boehner] be removed as cosponsor of H.R. 2332. His name was added in error.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Alabama?

There was no objection.

APPOINTMENT OF CONFEREES ON H.R. 2266, DEPARTMENT OF DEFENSE APPROPRIATIONS ACT, 1998

Mr. YOUNG of Florida. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H.R. 2266) making appropriations for the Department of Defense for the fiscal year ending September 30, 1998, and for other purposes, with Senate amendments thereto, disagree to the Senate amendments and agree to the conference asked by the Senate.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Florida?

There was no objection.

MOTION TO INSTRUCT OFFERED BY MR. OBEY

Mr. OBEY. Mr. Speaker, I offer a motion to instruct conferees.

The Clerk read as follows:

Mr. Obey moves that the managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill H.R. 2266 be instructed to insist on the House position prohibiting the use of funds to approve or license the sale of the F-22 advanced tactical fighter to any foreign government.

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from Wisconsin [Mr. Obey] and the gentleman from Florida [Mr. Young] will each be recognized for 30 minutes.

The Chair recognizes the gentleman from Wisconsin [Mr. OBEY]).

Mr. OBEY. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I do not intend to take the 30 minutes. Let me simply explain what is in the motion.

We are about evidently to proceed to spend $80 to $100 billion to build a new fighter aircraft, the F-22, to take the place of the F-15 and the F-16. We are being told that the reason we have to do that is because we have sold some 1,700 F-16's to other countries around the world plus a good many F-15's, and so therefore we must develop a new generation fighter aircraft.

We are told that we have to proceed to do this because we sold so many F-15's and F-16's to other countries around the world that we have to build a new generation aircraft in order to regain our technology edge.

All this amendment says is that if indeed we are going to proceed to build the F-22 and spend $80 to $100 billion on that project to regain that technology edge that we ought to keep that technology at home and we ought not then sell that advanced technology to other countries. We are already being told that the contractor for the new F-22 is already talking about fully marketing that technology abroad. That is how we got into this problem in the first place.

Mr. Speaker, it seems to me if we want to stop chasing our tail, we will adopt this amendment and simply spell out that if we are going to spend $30 to $100 billion in order to regain a technology edge around the world, we are not then going to sell off that technology to other countries. That is all the amendment says, and I would simply suggest that if we do not do that, we will be back here in 10 years having to supply more money to replace the F-22 with an F-44, and 10 years after that replace it with an F-88 because we will have given away our technology edge time and time again. If we are going to spend taxpayers' money, we ought to keep the benefit of that technology here at home.

Mr. Speaker, I reserve the balance of my time.

Mr. YOUNG of Florida. Mr. Speaker, I would announce to our colleagues in the House that it is my intention to support all of the provisions in H.R. 2266 that the House agreed to when we go to conference. The matter that the gentleman from Wisconsin [Mr. Obey] has made a motion to instruct is part of that bill, and I would advise him that we intend to support that provision in the bill in conference, and we support his motion.

Mr. OBEY. Mr. Speaker, I yield back the balance of my time.

Mr. YOUNG of Florida. Mr. Speaker, I yield back my time.

The SPEAKER pro tempore. Without objection, the previous question is ordered on the motion to instruct.

There was no objection.

The SPEAKER pro tempore. The question is on the motion to instruct offered by the gentleman from Wisconsin [Mr. Obey].

The motion was agreed to.

A motion to reconsider was laid on the table.

The SPEAKER pro tempore. Without objection, the Chair appoints the following conferees: Messrs. Young of Florida, McDade, Lewis of California, Skeen, Hobson, Bonilla, Nethercutt, Istook, Cunningham, Livingston, Murtha, Dicks, Hefner, Sabo, Dixon, Visclosky, and Obey.

There was no objection.

GENERAL LEAVE

Mr. YOUNG of Florida. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks on H.R. 2266, Department of Defense Appropriations Act for fiscal year 1998.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Florida?

There was no objection.

MOTION TO CLOSE CONFERENCE COMMITTEE MEETINGS ON H.R. 2266, DEPARTMENT OF DEFENSE APPROPRIATIONS ACT, 1998

Mr. YOUNG of Florida. Mr. Speaker, I offer a motion.

The SPEAKER pro tempore. The Clerk will report the motion.

The Clerk read as follows:

> Mr. YOUNG of Florida moves, pursuant to rule XXVIII, clause 6(a) of the House rules, that the conference meetings between the House and the Senate on the bill H.R. 2266, making appropriations for the Department of Defense for the fiscal year ending September 30, 1998, and for other purposes, be closed to the public at such times as classified national security information is under consideration: *Provided, however*, That any sitting Member of Congress shall have the right to attend any closed or open meeting.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Florida [Mr. YOUNG].

Pursuant to clause 6(a) of rule XXVII this question must be determined by the yeas and nays.

The vote was taken by electronic device, and there were—yeas 420, nays 4, not voting 9, as follows:

[Roll No. 354]

YEAS—420

Abercrombie
Ackerman
Aderholt
Allen
Andrews
Archer
Armey
Bachus
Baesler
Baker
Baldacci
Ballenger
Barcia
Barr
Barrett (NE)
Barrett (WI)
Bartlett
Barton
Bass
Bateman
Becerra
Bentsen
Bereuter
Berman
Berry
Bilbray
Bilirakis
Bishop
Blagojevich
Bliley
Blumenauer
Blunt
Boehlert
Boehner
Bonilla
Bonior
Bono
Borski
Boswell
Boucher
Boyd
Brady
Brown (CA)
Brown (FL)
Brown (OH)
Bryant
Bunning
Burr
Burton
Buyer
Callahan
Calvert
Camp
Campbell
Canady
Cannon
Capps
Cardin
Carson
Castle
Chabot
Chambliss
Chenoweth
Christensen
Clayton
Clement
Clyburn
Coble
Coburn
Collins
Combest
Condit
Cook
Cooksey
Costello
Cox
Coyne
Cramer
Crane
Crapo
Cubin
Cummings
Cunningham
Danner
Davis (FL)
Davis (IL)
Davis (VA)
Deal
DeGette
Delahunt
DeLauro
DeLay
Dellums
Deutsch
Diaz-Balart
Dickey
Dicks
Dingell
Doggett
Dooley
Doolittle
Doyle
Dreier
Duncan
Dunn
Edwards
Ehlers
Ehrlich
Emerson
Engel
English
Ensign
Eshoo
Etheridge
Evans
Everett
Ewing
Farr
Fattah
Fawell
Fazio
Filner
Flake
Foglietta
Foley
Forbes
Ford
Fowler
Fox
Frank (MA)
Franks (NJ)
Frelinghuysen
Frost
Furse
Gallegly
Ganske
Gejdenson
Gekas
Gephardt
Gibbons
Gilchrest
Gillmor
Gilman
Goode
Goodlatte
Goodling
Gordon
Goss
Graham
Granger
Green
Greenwood
Gutierrez
Gutknecht
Hall (TX)
Hamilton
Hansen
Harman
Hastert
Hastings (FL)
Hastings (WA)
Hayworth
Hefley
Hefner
Herger
Hill
Hilleary
Hilliard
Hinchey
Hinojosa
Hobson
Hoekstra
Holden
Hooley
Horn
Hostettler
Houghton
Hoyer
Hulshof
Hunter
Hutchinson
Hyde
Inglis
Istook
Jackson (IL)
Jackson-Lee (TX)
Jefferson
Jenkins
John
Johnson (CT)
Johnson (WI)
Johnson, E. B.
Johnson, Sam
Jones
Kanjorski
Kaptur
Kasich
Kelly
Kennedy (MA)
Kennedy (RI)
Kennelly
Kildee
Kilpatrick
Kim
Kind (WI)
King (NY)
Kingston
Kleczka
Klink
Klug
Knollenberg
Kolbe
Kucinich
LaFalce
LaHood
Lampson
Lantos
Largent
Latham
LaTourette
Lazio
Leach
Levin
Lewis (CA)
Lewis (GA)
Lewis (KY)
Linder
Lipinski
Livingston
LoBiondo
Lofgren
Lowey
Lucas
Luther
Maloney (CT)
Maloney (NY)
Manton
Manzullo
Markey
Martinez
Mascara
Matsui
McCarthy (MO)
McCarthy (NY)
McCrery
McDade
McDermott
McGovern
McHale
McHugh
McInnis
McIntosh
McIntyre
McKeon
McKinney
McNulty
Meehan
Meek
Menendez
Metcalf
Mica
Millender-McDonald
Miller (CA)
Miller (FL)
Minge
Mink
Moakley
Mollohan
Moran (KS)
Moran (VA)
Morella
Murtha
Myrick
Nadler
Neal
Nethercutt
Neumann
Ney
Northup
Norwood
Nussle
Oberstar
Obey
Olver
Ortiz
Owens
Oxley
Packard
Pallone
Pappas
Parker
Pascrell
Pastor
Paul
Paxon
Payne
Pease
Pelosi
Peterson (MN)
Peterson (PA)
Petri
Pickering
Pickett
Pitts
Pombo
Pomeroy
Porter
Portman
Poshard
Price (NC)
Pryce (OH)
Quinn
Radanovich
Rahall
Ramstad
Rangel
Redmond
Regula
Reyes
Riggs
Riley
Rivers
Rodriguez
Roemer
Rogan
Rogers
Rohrabacher
Ros-Lehtinen
Rothman
Roukema
Roybal-Allard
Royce
Rush
Ryun
Sabo
Salmon
Sanchez
Sanders
Sandlin
Sanford
Sawyer
Saxton
Scarborough
Schaefer, Dan
Schaffer, Bob
Schumer
Scott
Sensenbrenner
Serrano
Sessions
Shadegg
Shaw
Shays
Sherman
Shimkus
Shuster
Sisisky
Skaggs
Skeen
Skelton
Slaughter
Smith (MI)
Smith (NJ)
Smith (OR)
Smith (TX)
Smith, Adam
Smith, Linda
Snowbarger
Snyder
Solomon
Souder
Spence
Spratt
Stabenow
Stearns
Stenholm
Stokes
Strickland
Stump
Stupak
Sununu
Talent
Tanner
Tauscher
Tauzin
Taylor (MS)
Taylor (NC)
Thomas
Thompson
Thornberry
Thune
Thurman
Tiahrt
Tierney
Torres
Traficant
Turner
Upton
Velázquez
Vento
Visclosky
Walsh
Wamp
Waters
Watkins
Watts (OK)
Waxman
Weldon (PA)
Weller
Wexler
Weygand
White
Whitfield
Wicker
Wise
Wolf
Woolsey
Wynn
Young (AK)
Young (FL)

NAYS—4

Conyers
DeFazio
Stark
Watt (NC)

NOT VOTING—9

Clay
Dixon
Gonzalez
Hall (OH)
McCollum
Schiff
Towns
Weldon (FL)
Yates

□ 1844

So the motion was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

REMOVAL OF NAME OF MEMBER AS COSPONSOR OF H.R. 1031

Mr. CUMMINGS. Mr. Speaker, I ask unanimous consent that my name be removed as a cosponsor of the bill, H.R. 1031, the American Community Renewal Act.

The SPEAKER pro tempore [Mr. SNOWBARGER]. Is there objection to the request of the gentleman from Maryland?

There was no objection.

SPECIAL ORDERS

The SPEAKER pro tempore. Under the Speaker's announced policy of January 7, 1997, and under a previous order of the House, the following Members will be recognized for 5 minutes each.

RECOMMENDING A CHANGE IN U.S. POLICY TOWARD CUBA

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from California [Mr. CAMPBELL] is recognized for 5 minutes.

Mr. CAMPBELL. Mr. Speaker, I rise today to speak to the subject of the United States' relations with Cuba. It was my privilege to visit Cuba last week with my colleague the gentleman from South Carolina [Mr. SANFORD] as part of a delegation in connection with the Human Rights Foundation. Our focus was on the present economic and political circumstances in Cuba and the relationship between the United States and that country, with particular focus on the health conditions in Cuba, and the impact, if any, of the United States' economic restrictions on Cuba.

Mr. Speaker, I am also inspired to speak this evening by my colleague, the gentlewoman from Florida [Ms. ILEANA ROS-LEHTINEN] and my colleague, the gentleman from Florida [Mr. LINCOLN DIAZ-BALART], both of whom are friends and both of whom have spoken long and on this floor for human rights in Cuba.

I have two messages, and perhaps I should preface both of them by saying I do not consider myself an expert on Cuba. I was fortunate to spend 1 week there. I believe I was permitted to go where I wished to go. I was permitted to ask questions with no restriction. But I do not consider myself an expert. Still, I do wish to share my observations, largely at the urging of my two colleagues from Florida, who asked that I do so.

I wish to begin by emphasizing that there is a need for all Americans to continue to speak out on behalf of human rights in Cuba; that it is appropriate to call for full, free, and fair elections, including at the presidential level. I was informed during our trip there of the proximity of local elections, and also of the designation of multi-candidates for each available post in the assembly. Surely this is a positive development.

On the other hand, I was also informed that the Communist Party will still be the dominant basis for selecting the candidates for such offices, and that, obviously, should be opened up.

We were privileged to meet with the President of Cuba, Fidel Castro, we were privileged to meet with the Vice President of the Council of Ministers, and with the equivalent of the Speaker of the House, Senor Alarcon, and in each case we were able to raise any subjects that we wished.

When I met with Mr. Alarcon, I raised with him the issue of free and fair elections, access to prisons, and I emphasized the importance of allowing the International Committee of the Red Cross to visit the prisons of Cuba, and the presence of political prisoners.

His responses, as I took them down, were that there were still some prisoners in Cuban jails who, in his Government's belief, had received money from our Government to destabilize the Government of Cuba, and that that was the reason why they were in jail, although also other crimes.

He did not say that the International Committee of the Red Cross could visit those prisoners, and I urged him to do so. Tonight, if members of his Government are listening, it seems to me that the Cuban Government would only benefit from permitting free access by international groups of such repute as the International Committee of the Red Cross in order to ascertain conditions in prisons on a regular basis.

Mr. Alarcon did point out that America has not been as critical of other nations in Latin America as we are of Cuba, and that may well be right. But I do want my colleagues to know that I raised the issue of human rights, of free and fair elections, and of political prisoners, and that those are serious issues and remain so to this day.

I emphasize now in my remaining time the most important lesson, though, that I learned. This was one that reemphasized a judgment that I had made preliminarily before I went to Cuba. That is that it is wrong and shortsighted and harmful to America to continue the embargo between our country and Cuba. The United States ought to trade with Cuba. We ought to trade as we trade with China, as we trade with Russia, as we trade with the countries coming out of the socialist systems.

When we trade we begin to develop an economic group of people, a group of people who are devoted to free markets, to the extent that there is a control over people's lives through the economy that is loosened by free trade, and there is also a very important humanitarian component.

One of the very important issues of our trip was health care. The Cuban Government made a point that even though officially trade in pharmaceuticals and medicines are not prohibited under the Helms-Burton law, there is intimidation that has been practiced or at least felt by American companies who would wish to send medicines to Cuba but feel it is not worth the difficulty of obtaining an end-use license, or making a certification that they would monitor those people who would use it, or guarantee that the medicines will never get into the hands of the Government.

These are very difficult obstacles to overcome, and so many American companies do not send medicines, with the result that the Cuban Government is able, and not inappropriately on all occasions, to say that the United States policy and Helms-Burton in particular is depriving their people of the full medical care that they might otherwise have. To the extent that is true, that hurts our country. It is not the intention of those Members of this body, our colleagues who voted for Helms-Burton, and it would serve the interests of all to end it.

I will conclude, if I might, Mr. Speaker, with just this one observation. When our plane left Nassau and touched down in Havana, the passengers applauded, and I thought, they must be happy to be coming home. When our plane left Havana and touched down in Miami through Nassau again, the passengers applauded.

There are people of good will on both sides of the Florida strait. Let us foster friendship, foster free market, foster trust in individual freedom, and I think a first step to doing so is to repeal the Helms-Burton Act; and at least, if we cannot do that, to allow the free trade in medicines and food.

TRIBUTE TO ARTENSA RANDOLPH

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Illinois [Mr. DAVIS] is recognized for 5 minutes.

Mr. DAVIS of Illinois. Mr. Speaker, I rise today to pay tribute to a national leader in the public housing movement, the late Artensa Randolph. Ms. Randolph departed this life Tuesday, August 19, at the age of 81. She chaired the Chicago Housing Authority's Resident Central Advisory Committee, and served as a member of the Chicago Housing Authority's Executive Advisory Committee.

She was truly a staunch advocate for the rights of tenants of public housing. She possessed an enormous amount of courage, energy, and tenacity to advocate on behalf of the disenfranchised and the dispossessed. She was guided by the principles of justice and fairness for all people. She was indeed a remarkable person who gave her very best at whatever she did. Her work reached well beyond Chicago, for she influenced public housing policies and decisions on a national level.

Ms. Randolph moved to Chicago from Pine Bluff, AR, in 1937, and worked in the stockyards. During the 1960's she became involved in the tenants' rights movement, and was elected president of the Washington Park Homes Local Advisory Council in 1976. Her life paralleled the rise of public housing, and in many ways she was the catalyst for bringing about positive change in the way tenants are treated. She brought a tremendous amount of knowledge, perseverence, and dedication regarding public housing issues.

While Artensa Randolph has left this place, her spirit as a fighter for justice, fairness, and equality for all tenants of public housing shall endure forever. She has left a legacy that will speak to the unmet challenges still confronting public housing and its residents. We must never forget the cause which she championed, that of the poor. We must always stand ready to be a voice for the voiceless, and continue to make public housing the best that it can possibly be.

Anyone who continues to work at the age of 81 as chairman of a large organization, who helps to make policy for people all over the Nation, is indeed a champion. That was the life and that is indeed the legacy of Artensa Randolph.

REPORT ON CODEL TO NORTH KOREA

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Florida [Mr. GOSS] is recognized for 5 minutes.

Mr. GOSS. Mr. Speaker, I am pleased to report to my colleagues in the House on a precedent-setting House CODEL visit to North Korea last month during our recess.

□ 1900

I was honored to lead a bipartisan delegation of seven members of the House Permanent Select Committee on Intelligence in traveling on oversight business to Asia. Our trip happened to include 3 days and 2 nights in North Korea, and I will include for the RECORD the formal written statement of our delegation released about that portion of our trip.

Mr. Speaker, the simple fact that the North Korean leadership welcomed a delegation of the size, seniority, and breadth of our seven-member group is very telling and somewhat remarkable, in my view. Crises is forcing the reclusive and anachronistic North Korean regime to reach out to the United States for assistance and pull back slightly on the veil of secrecy that has shrouded that nation for decades.

Even though our trip was obviously carefully managed by our hosts, we saw the signals of collapse during our visit. People really are starving; the infrastructure is crumbling; power shortages are routine; proregime propaganda is rampant; and the leadership, while refusing to concede failure, is tightening control and grasping for leverage.

After spending 48 hours in that isolated country, I felt as if I had been in a time warp, witnessing a life totally foreign to the American experience today, perhaps something back in the cold war days behind the Iron Curtain.

We repeatedly drove home the point that food aid distribution must be verifiable so that we can be sure it reaches the people who are most in need. And we were asked repeatedly about aid. We expressed hope that cooperation on the issue of MIA's would remain coming from the North Koreans and they have given us some cooperation. These are very positive signs.

But in response, the North Korean officials stated that the United States sanctions against them must be lifted and additional unconditional food assistance, and I stress the word "unconditional," must be provided.

The North Koreans did not acknowledge the need for internal economic, agricultural, or political reform, focusing instead on external factors as the root of the causes of their current difficulties. While they were cordial in their hospitality, and they did give us fine hospitality, these senior officials were obviously mistrustful of the United States. They also forcefully underscored their position that they would not negotiate with South Korea as long as the South's President, Kim Young Sam, remains in office. He is scheduled to remain in office until the end of this year.

In the short term, we should be principally concerned with establishing a regular and more verifiable means of food aid distribution to ease the immediate crisis. I pointed out, and the others did, that Americans are a compassionate people willing to respond to human suffering in remote regions of the world. We have already provided about 60 million dollars' worth of aid, that adds up to about 100,000 metric tons of food, in relief of starving people in North Korea. Hopefully, it is going to people starving and not the military. But we were disappointed that during our visit we were not taken to see the food distribution centers, nor did we have access to the regions of the nation where food shortages are most severe.

However, we understand that our visit helped pave the way for a staff delegation from another committee to have greater access while in North Korea. In the longer term, an increasing presence of outsiders going about their business on behalf of nongovernmental relief organizations, the Korean Peninsula Energy Development Organization, Congress, and other organizations that have legitimate business there, should help force open the door between North Korea and the outside world.

Mr. Speaker, the signals are abundantly clear: The North Korean regime is dying. We must do our part to prevent that process from undermining the security of the peninsula and threatening America's vital interests in the region. Americans do have several good reasons for being interested in the future relations with the North Korean regime. Not just the humanitarian concerns and seeking to prevent the starvation of literally millions of people, but, second, our interests are very much at stake when we consider something on the order of 200,000 Americans and Korean-Americans are living and going about their business in South Korea within close range of the world's fourth largest army, with its massed artillery on the DMZ. And, we have very serious concerns about North Korea's activities in proliferating weapons of mass destruction to rogue nations and, in fact, that has been happening.

To the extent that our visit marked a milestone in the United States-North Korea relationship, I hope that the elite band of leaders in the North will not allow current events to foreclose the opportunity now at hand. I believe that the veil is lifting there, and I am certain to believe that a negotiated settlement bringing North Korea into this century certainly is better than any of the other alternatives using the military.

Mr. Speaker, I submit the following for the Record:

Joint Statement of the House Permanent Select Committee on Intelligence—Congressional Delegation Visit to the Democratic People's Republic of Korea—August 12, 1997

From August 9 through August 11, a bipartisan, seven-member Congressional Delegation (CODEL) from the House Permanent Select Committee on Intelligence (HPSCI) was in Pyongyang, Democratic People's Republic of Korea (North Korea) to meet with North Korean officials and gather first-hand information about the current situation in that volatile region. This was a precedent-setting visit to North Korea by a Congressional delegation of this size, seniority, and breadth of experience.

The delegation was led by HPSCI Chairman Porter J. Goss (R–FL). The other Members of Congress comprising the CODEL were Nancy Pelosi (D–CA), Bill McCollum (R–FL), Jane Harman (D–CA), Sanford D. Bishop, Jr. (D–GA), Charles F. Bass (R–NH) and Jim Gibbons (R–NV). In addition to their assignment on the HPSCI, these members represent a wealth of experience on relevant issues based on their other committee assignments.

The delegation's interlocutors were headed by Mr. Kang Sokju, First Vice Minister of the Ministry of Foreign Affairs (MFA), and Mr. Li Hyong-chol, Director of American Affairs of the MFA. All discussions took place in the Pyongyang region. Despite repeated requests by CODEL members, the delegation was unable to travel to famine-stricken areas where it had hoped to determine the extent of the problem and investigate the system used for distributing food aid.

In several formal and informal working sessions with the North Koreans, the CODEL made the following points:

The United States has a strong and abiding national security interest in helping defuse tension on the Korean peninsula. The four party talks should be responsibly pursued;

North Korea must cease its sale of advanced weaponry, missile systems, and supporting technologies to Iran and other "rouge" states;

The United States stands firmly behind its military and security commitments to the Republic of Korea;

North Korea must fully honor its commitments in the nuclear arena, as specified in the Agreed Framework, including allowing International Atomic Energy Agency (IAEA) challenge inspections and comply with its responsibilities to the Korean Peninsula Energy Development Organization (KEDO);

North Korea's cooperation in helping locate and return the remains of several United States military personnel killed in the Korean War is a positive step. Such steps must be continued and expanded;

Provocative acts such as those that occurred in the Demilitarized Zone on July 16, 1997 are counterproductive to cooperation and understanding;

To participate fully in the opportunities of the world community, North Korea must open up its society; and

North Korea must make its food distribution to the civilian population fully transparent and verifiable, in order to facilitate the United States' consideration of additional assistance. The food aid cannot be diverted to the military.

Though the visit was carefully managed by the North Korean hosts, the tenor of the discussions was cordial but candid. Frank discussion about mutual mistrust occurred on several items of a lengthy agenda. The delegation believes talks were constructive in demonstrating bipartisan support for United States policy to encourage North Korea to engage in honest and good faith negotiations to lessen tensions in the region.

The North Koreans were focused on seeing the United States sanctions lifted and the need for additional food assistance. In addition, the North Koreans stated their refusal to abandon their centralized political and economic systems. The delegation emphasized that Americans are a compassionate people, generous in their willingness to alleviate suffering, but who seek assurance that food relief is used to feed those North Korean people most in need. The delegation stressed that sanctions must be negotiated as part of a larger political package involving proliferation and other security matters.

The delegation will provide President Clinton, Speaker Gingrich, Minority Leader Gephardt, and the Department of State with a full report of the substance of its discussions and its impressions. The delegation concludes that opportunity for further constructive dialogue exists and will confer with other Congressional committees of jurisdiction.

The CODEL travelled to North Korea as part of a trip to Asia, which includes visits to Beijing, China; Tokyo, Japan; and Seoul, South Korea. The delegation returns to the United States on August 15.

THE HOUSTON COMETS WIN THE FIRST WNBA CHAMPIONSHIP

The SPEAKER pro tempore (Mr. BLUNT). Under a previous order of the House, the gentlewoman from Texas [Ms. JACKSON-LEE] is recognized for 5 minutes.

Ms. JACKSON-LEE. Mr. Speaker, can my colleagues believe it? The Houston Comets will see them at breakfast. The WNBA champions. "Can you believe it?"

Mr. Speaker, I rise today as a proud woman and proud Houstonian. Move over Michael. Here we come, Magic, Bird, and Hakiem. Women's professional basketball got a league of their own and the Houston Comets are the new champions of the new world of women's basketball.

Houston is now the "Clutch City" as well as "Coop City" as the Comets, led by the regular season and championship game's most valuable player, Cynthia Cooper, beat the New York Liberty 65 to 51 before a sellout crowd and a national television audience at the Summit to claim the title of America's first Women's National Basketball Association Champion.

Mr. Speaker, it was a game my 17-year-old daughter Erica went crazy over. But, my 11-year-old son, Jason, did as well.

WNBA Coach of the Year Van Chancellor had brand new Mom, Sheryl Swoopes, work her heart out, and Wanda Guyton, after a heck of a season, may have been hurt, but Janeth Arcain, Tina Thompson, and Patty Jo Hedges, Tammy Jackson, and Kim Perrot, as well as "Coop," were cooking on all cylinders and served up some home cooking for the Lady Libertys to give the Houston fans and basketball fans all over the Nation the memories that they will forever and forever remember.

Some of these women have spent years and years playing on the hardwoods of Europe, and now they can come home and strut their stuff before their own family and friends and fans.

It was so very special for Cynthia Cooper to be able to play on her home court so that her own dear mom could see her playing, a mom that has been a strong supporter of hers throughout the years.

This championship is an historic occasion, and not just for women's sports and not just as the fruition of our laws under title IX, and we have got to keep fighting to ensure that young people, young women, have the opportunity of equal access to sports and sportsmanship and playing the game well.

Saturday, August 30, was an historic occasion for the game of basketball. They have now come to their own. Women are playing the real game. Basketball is a game that has a long tradition of both women and men's play in our high schools and colleges. I have watched them for many years, and there is a deep respect for the game on our playgrounds and in our gyms. And, yes, it does teach character, it provides role models, and, yes, it teaches you how to play the game of life.

I dare say that it is probably the most popularly played game in our Nation, and it is fast becoming the most popular game in the world.

That championship game completes the cycle of respect and closes a hoop, if you will, on making the game of basketball a complete game. It is complete in the sense that now women, women who played for years and years, who have had to travel the globe just to practice their trade, who have the determination and devotion to play the game at the highest levels, have the respect of being able to make a living from their basketball skills in their own country where the game was invented and has evolved to the highest levels.

The Houston Comets, Mr. Speaker, they gave it all to Houston. They went to charities. They made themselves available to our schoolchildren. They were great. The Houston Comets are now a part of our history as a basketball nation and a basketball world. Those players will be forever mentioned and remembered as the first, the very first women of basketball.

Shine on Comets. We love you. Many of them who played their hearts out in the 1996 Olympics now have this great honor.

I am obviously bursting with pride as a Houstonian to salute our champion, the Houston Comets. The most fitting place for them now is to go to the House. That is the White House. So I have written and spoken to the White House regarding a visit with President Clinton here in Washington, D.C., at the White House to honor their historic achievement.

Mr. Speaker, to the Houston Comets let me say to them, and all Houstonians, wherever they may be, the Houston Comets, they really played the real game. Mr. Speaker, they are truly our real heroes. Mr. Speaker, see you at breakfast with the Houston Comets. Congratulations to them all.

CONGRATULATIONS TO ALDINE INDEPENDENT SCHOOL DISTRICT

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Texas [Mr. GREEN] is recognized for 5 minutes.

Mr. GREEN. Mr. Speaker, I would like to associate myself with the remarks of the gentlewoman from Texas [Ms. JACKSON-LEE], my colleague from Houston. That championship game last week was exciting not only for those of us who are from Houston, but all across the country.

Mr. Speaker, today I am proud to be here on the floor of the House and pleased to announce the high performance rating for a school district in Houston, Aldine Independent School District. It was recognized by the Texas Education Agency for the quality of their program.

As the parent of two graduates of Aldine schools, and my wife who teaches in the Aldine schools, and representing, along with the gentlewoman from Texas [Ms. JACKSON-LEE], about half the district, it is a pleasure to see the school district receive the recognition that it deserves.

According to the latest data released by the Texas Education Agency, Aldine ranks among the Texas high performance school districts. This rating was based on 1996–1997 Texas Assessment of Academic Skills, our Statewide TAAS scores, attendance records, and low dropout rate.

Aldine is the largest recognized school in the State with a student enrollment of approximately 48,000 students. To earn a recognized rating, 75 percent of all students in each students group, district-wide, must pass each TAAS subject area. In addition, the dropout rate for all students cannot exceed 3.5 percent. They must also maintain an attendance rate of at least 94 percent.

Only a few schools have reached the high performing level of recognized or exemplary and Aldine is one of the four "recognized" school districts in Harris County, TX.

By achieving a recognized designation from the State, it is a great honor for everybody in the school district. But it is more than that. It recognizes each individual's hard work and commitment to education.

More specifically, a special thank you for the dedication of the curriculum program directors, principals, the teachers, the teaching assistants, and the students. It is a collaborative effort by these individuals which guarantee the continued success of the school district.

One of the reasons for the success of the Aldine Independent School District is their curriculum. The staff development focuses on teamwork and giving teachers of all subject areas the chance to support academic success. Each teacher in the district receives the same materials containing the same common strategies throughout the district. Program directors from different subject areas then work with the teachers on integrating those common strategies into their curriculum.

The curriculum is based on the continual assessment of student performance, analysis of student performance data, and the development of benchmarks, targets, and then implementation. It is a structured system to ensure that the skills are mastered and applied to each student's learning.

Not only has there been success for Aldine Independent School District, but there has also been success for the State of Texas. Students across the State of Texas have improved their performance on TAAS testing, TAAS is a statewide assessment of skills, from 55 percent in 1994 to 73 percent in 1997. In comparison, Aldine ISD students have improved their mastery from 49 percent in 1994, to 75 percent in 1997.

For the State of Texas as a whole, the figures show an increase in the number of highest performing districts and a decrease in the number of lowest performing districts statewide, despite tougher performance standards for the years 1996 and 1997. Again, each year the performance standards get tougher, as we know, the worldwide competition gets tougher.

Texas has the most high school seniors taking the SAT test than any State in the country, at 48 percent, and these scores have continued to improve. Texas has brought education to the forefront. It is a priority for everyone, and that is an important distinction.

Again, Mr. Speaker, I am glad to be here this evening and recognize the contribution and the success of the Aldine Independent School District to the education of our children.

LISTENING TO THE AMERICAN PEOPLE

The SPEAKER pro tempore. Under the Speaker's announced policy of January 7, 1997, the gentleman from Missouri [Mr. HULSHOF] is recognized for 60 minutes as the designee of the majority leader.

Mr. HULSHOF. Mr. Speaker, continuing the tradition that we have tried to begin as newly elected Republican Members focusing on positive success stories across the district, as you know just as our Nation's children are returning to schools all across this great land, we lawmakers are returning here to Washington and I think probably sharing some of the mixed emotions that our schoolchildren have as far as returning here to this establishment.

What we do here, of course, is very important with the bills and the debates and our struggles here. But I think what we do pales in comparison to the real life struggles that our constituents, the American people, are facing each and every day.

We talk about this 4-week period of time here in August, or just as August past, as a recess or a vacation. And I know many of the newly elected Members did not consider it as a vacation, as a recess. It was a very good time to get back home to really probe the minds and listen. And I think if anything that we have been able to accomplish that has been the most fruitful is that we stop shouting long enough in this body to listen to what the American people have to say.

And when we began to listen to those men and women that have been struggling to keep a roof overhead and keep food on the table, what we heard them tell us is that they were working longer and harder and yet had less to show for it at the end of the month and wondering where their tax monies had gone.

□ 1915

Basically what I was hearing, in a series of town hall meetings, was that the people back home in Missouri's Ninth Congressional District wanted us to change our ways here in Washington so that they would not have to change their ways back home.

I know certainly that there has been a wide difference of opinion on the budget agreement that we put together. Certainly future political candidates, I was flipping around the channels and watching C–SPAN and some of the speeches where future politicians or those seeking higher office have talked about what we did in a negative way. Yet I did not sense that at all. A series of town meetings in the Ninth Congressional District of Missouri were overwhelmingly positive.

The folks that came out recognized that we were on the path to a smaller, smarter government. They were appreciative of the fact that the centerpiece of our budget agreement, the tax relief package, was a child credit that will benefit the parents of 41 million children across this country, and the fact that nearly 2 million households will not have a Federal income tax liability just because of this $500 child credit.

They were appreciative of the child health initiative that we have commenced, that we put together in this budget plan to help the Nation's most vulnerable that are uninsured. And I tried to explain and made clear that this was not a new Federal entitlement that we had imposed but a way to reach out with local innovative solutions to this national problem of uninsured children.

They were certainly appreciative, as education is very much on the minds of the folks in the Ninth Congressional District, that we have education tuition credits that we are putting in place so that children that dream of college can actually get there, and those that have been laboring under the weight of a student loan might have a little bit of his or her burden eased by allowing the deduction of interest on that student loan.

Certainly we recognize that a strong economy is vital because as we help educate and invest in our children, the future of this country, we have to make sure that there are jobs available. And clearly people recognize that we do not create jobs here in Washington; it is the American people, it is the business people, it is small business across this country that creates the jobs. And so clearly we want to make sure that every investor, every inventor, every small business person, every farmer has some relief from this very burdensome tax on savings and investment that we have come to call capital gains, and they were very appreciative that we have at least taken a step in the right direction regarding a reduction on that burdensome tax.

Many of the women that came to town hall meetings were astounded to learn that women in this country are starting businesses at twice the rate of men in this country. But oftentimes women have that very difficult choice, do I stay home with family or do I rejoin the work force? So we have reached out to them and all small business people that want to work from their homes by restoring the flexibility through the home office deduction; and the American people, at least those in the Ninth Congressional District, see that and applaud that as a step in the right direction.

Finally, as we have talked about many times in this Chamber, I personally believe it is immoral that the Federal Government can take up to 55 percent of a family farm or family business at death. Death should not be a taxable event. Certainly we will be having future discussions about death tax relief, but we have made some positive strides by raising the exemption so that family farms and family businesses and those that labor can pass the fruits of their labors on to future generations.

I know one of the polls that somebody showed me as we were leaving town 4 weeks ago indicated that Congress' approval rating was at a high level, at least the highest level since the early 1970's, and sadly our approval rating in this body was above our disapproval for the first time in several decades. And of course that is a sad event, but we need to continue to focus on our agenda that we will be bringing to the floor in the weeks and months ahead before we take our final recess for the end of the year.

We have got a lot of work yet to do. But I think we need to focus a little bit on some of the success stories and some of the things that we have listened to the people across this country in our respective districts.

I see I have various colleagues that are here to join me. I think first I would yield to the gentleman from South Dakota [Mr. THUNE]. It is interesting that each of us has our own respective districts and I know our friend and colleague, the gentleman from Kansas [Mr. MORAN], I think was one of the most ambitious and he embarked on a 60-plus county tour and made sure that he blanketed his district.

But certainly we do not have quite the expanse of territory to cover as the gentleman from Montana [Mr. HILL], who is not with us, or the gentleman from South Dakota who has the entire State.

Mr. Speaker, I yield to the gentleman from South Dakota [Mr. THUNE].

Mr. THUNE. Mr. Speaker, I thank the gentleman from Missouri and would say that over the course of the August break, I had the opportunity to travel over much of the 77,000 square miles that compose our State of South Dakota. As I traveled the highways and byways and places like Sturgis and Spearfish and Custer and Rapid City and Hill City and Mitchell and Yankton and Watertown and Pierre and Gettysburg and Clark and Aberdeen and Sioux Falls, my home town of Murdo, made it there, places like Wall and winding up at the State Fair in Huron, we had an opportunity, I think, to really get in touch with the real world and remember what we are all about here.

And it was great, because I had my wife and two little girls with me. They had an opportunity to return and enjoy the freedoms that you have on the windswept prairies of South Dakota.

In fact, my 7-year-old, who is sort of a tomboy, enjoys doing things outside, one afternoon when we were at the grandparents in Gettysburg, she said something to the effect, as her sister asked her if she could paint her toenails, she said, no, I have got frogs and snakes to catch outside. And she came back with a snake hanging on her hand, much to her grandmother's chagrin. I think she about had a conniption when that happened.

Those are the types of things that people in our part of the country are able to enjoy. It is a wonderful place to be from, and it was great to be able to travel.

One of the things that we did while we were out there is, we held a series of meetings on transportation issues. Those issues are critical in our State because we rely so heavily on our farm-to-market transportation system, because we are predominantly an agricultural State, but also we rely quite heavily upon tourism as an industry. So roads and bridges and transportation are critical in our States.

I had the opportunity to listen to people who were interested in transportation policy issues, people like mayors and county commissioners and State officials and economic development experts and Chamber people and those who are in the business of building roads and bridges in the construction business. One of the recurring themes was, when you rewrite this Federal highway bill out there in Washington, please do it in a way that maximizes our flexibility and that allows us and enables us to make the decisions about what the highest needs are at the local level; and try and get away from this micromanaging of Federal highway programs and policies and priorities from Washington, DC.

Through those discussions, I was really reminded, too, of why we do what we do because really this is about people and about giving them more control of their lives. And I was reminded, as well, of the difference between the way that the Washington glitterati views things and the way that people back in the real world view things. And there are a couple of distinctions I would like to draw to my colleagues' attention here this evening because I think it was a great reminder; any of us, when we go home, often have these things brought to our attention.

But one of the things that we have been talking about a lot is for the first time in over 30 years we will have balanced the budget in this country, and that was a priority for all of us here. All of us who are here in the Chamber this evening talked a lot about that throughout the course of our campaign, about lowering the tax burden on hard-working families, men and women in this country.

In my State those are ranchers, small business people; those are people who are trying to make an honest living and just really hoping that Government will sort of stay out of their way. And one of the things I saw was a tax foundation study which enumerated and broke down the tax savings and benefits that were in this particular package for the State of South Dakota. It was about $416 million in tax relief to our State, some 247 million coming from the family tax credit, but also estate tax relief for the 34,000 farmers and ranchers in South Dakota.

The 66 percent of the people in South Dakota who own their own homes will have the opportunity to enjoy the benefits of capital gains tax relief should they decide to sell that home. Income averaging can for farmers. There was an opportunity in there, as well, when it comes to the whole area of deferring income and allowing farmers and ranchers, people who have very volatile and erratic incomes to spread that over a period of years.

There were so many things that were positive in this. The one thing I will say though, and I heard this over and over, is that we made a step in the right direction; that we are lowering the tax burden in this country, but we did nothing to simplify what is already an inordinately complicated Tax Code.

I would hope that as we progress down the road in the next year or so, we can continue to draw attention to the complexity of the Tax Code in this country and how difficult it is for people to comply. We have added to what already are 471 different forms, and we spend some 5 billion man-hours a year complying with the Tax Code in America.

I was talking with an accountant in Pierre, and he was thanking his lucky stars for what we had done because it was job security for him. But at the same time, it has made it that much more complex and complicated and really overwhelming, I think, to a lot of people in this country who try and fill out tax returns.

So I was reminded again of the need not only to simplify, to make things less complicated, but to take the power and control out of Washington, out of the hands of the Federal Government, out of bureaucrats, and to give it back to families and main streets and State and local governments and put that decision-making back in the living room. I think that is really what this whole thing is about. It is what this movement is about.

As we continue down the road, as we have started with the balanced budget and lower taxes, the next step along the way is to bring simplification, to lessen the regulatory burden, to continue to lower taxes and to bring some accountability to Government so that the people in this country know that they are getting a good bang for the taxpayer dollar. I think all that involves more flexibility.

We have a notion here in Washington I think that more is better, and frankly I think that the people of this country are much better off, my children are eminently better off in a form of government where we do not gauge success or measure success by how much we take tax dollars from hard-working families, run it through the Washington bureaucracy and then redistribute it in the form of grants.

We are a lot better off when we allow people to keep the money, the hard-earned dollars, and make the decisions about where best to use those. That is, I would hope, how we would measure success in the work that we are about here.

We have embarked on an important journey. It is the first step in what I hope will be a long process of restoring and taking control and power and decision-making and authority out of Washington and putting it back in the hands of families and individuals. That crosses so many different areas. You look at the world of education, allowing parents to have more decision-making authority, more choice on where they send their kids.

And so these are things that I heard as I traveled across the State, and as I said, it concluded what was an about a week at the State Fair, which is an opportunity to get a broad cross-section of people in South Dakota, to hear what is on their minds. And, frankly, I think that they are for the most part very upbeat, very optimistic about where we are headed, and I think that is a great tribute to what we have accomplished as a Republican Congress, because the things that we have accomplished and where we are today, in my view, are a testimony to and a tribute to the ability of the Republican

Congress to move the agenda in that direction.

And I think probably that my colleagues here, the gentleman from Missouri, heard the same thing. I would hope that we would continue to be the shining city on the hill that attracts people from all over the world because they have hope and opportunity and freedom to explore the American dream here, to pursue happiness in their particular way and that is really what we are about. This was a great reminder as I traveled across my State of South Dakota about why we are here, what we do, why we do it; and again it was a great privilege and honor to get a feel for the people that we represent.

I would like to hear as well from some of my other friends who are on the floor here this evening.

Mr. HULSHOF. Mr. Speaker, I think the word that the gentleman used, "optimism," I think that is probably what I heard most often from the folks that I had a chance to visit with. All the polls and surveys that these consultants and political pundits seem to find so important, I think truly when you get out of this place and you go back home and you listen to people in town hall meetings, you just open it up for discussion and you say, what is on your minds, I think some of the themes that you have mentioned are exactly what are the prevailing thoughts of most Americans, they do want less of Washington.

□ 1930

I certainly trust the folks on Ducelle Avenue in Columbia, MO, my hometown. I trust them to make the decisions with their tax money a lot better than I trust the 435 of us that assemble here to decide how that money should be spent. They clearly, the folks back home, are appreciative of the fact that we were letting them keep money, their own money. This is not some sort of a rebate, that we are giving them back their money. It is allowing them to keep the money they have earned. I heard some of the same themes that the gentleman mentioned.

I know the gentleman from Indiana [Mr. PEASE] also was quite busy. In fact, his staff, as I understand it, had him crisscrossing the district. He saw himself coming and going, as I understand.

Mr. PEASE. I did, indeed. I was fortunate to spend about two-thirds of my time during the month of August doing the same thing that my colleagues from South Dakota, from Colorado, from New Jersey, from Missouri did; that is, spending time with the good folks in western Indiana, which comprises my district. And my experience was very similar to those that have been related here this evening. People from western Indiana I think are representative of all that is best in our country. They are folks that care about their kids, they care about their communities, they care about their country, and in most cases they really do not ask a lot of us, basically for us to leave them alone. They can make decisions for themselves, they will take care of their neighbors, they will reach out the helping hand to those who need it.

And in town meeting after town meeting, we heard the same thing, about an appreciation for the fact that their representatives in Congress, though they often differ, stood for the principles that they believed in, and, more than that, were willing to listen to those of differing viewpoints, to try and work together for the good of the country, to posture less and to build policy more, and generally gave positive marks, although they understand that what we did was really a down payment on the future, that there is still much work to be done, but that they supported the direction where we were going.

The thing that struck me more than anything in the time that I spent in my district and out of it, which I want to talk about in a minute, was the continuing generosity of the American people. Most of the folks in my district are working hard to support their families. Many of them have to have both spouses working in order to meet the needs of their children, or in some cases they are taking care of their parents, helping their neighbors, but in case after case, we saw people who still after all that gave of their time as volunteers, in their libraries, in their hospitals, in their schools, in community and youth organizations. Despite all the demands on them at work and at home, they still found time to be volunteers on behalf of others.

Which brings me to my second point, and that is, I spent the remaining third of the month of August as a volunteer myself in a couple of places: First, not far from here, near Fredericksburg, VA, where I was a volunteer, along with 5,000 other volunteers, at the national jamboree of the Boy Scouts of America, an event that is held every 4 years. We had 30,000 young people from all across this country who were able to come and spend about a week together because we had 5,000 men and women who gave of their vacations, who left time away from their families, who paid their own way to come and work, and sometimes in 90 and 100 degree temperature, most of them living in tents, so that young people could have a good experience. The barracks where I stayed with other adult volunteers had a cross-section of America. We had Protestants and Catholics and Jews, Buddhists, people of all creeds and colors, who care about young people and who care about the principles that scouting tries to teach, which are character development and citizenship training and personal fitness, and they gave of their time, many of them, for 2 and 3 weeks, and came and labored. We had an admiral, we had factory workers, we had school teachers, a cross-section of America who gave up their time on behalf of young people, and they did it cheerfully, an example, I think, of all that is best in our country's traditions, of trying to instill moral values in our young people and not waiting and in fact in some cases resisting the Government doing it but taking it as their own responsibility to care for young people in their neighborhoods, in their communities and across the country.

Part of the time I also spent at the Boy Scouts' facility in northeast New Mexico, near Cimmaron, where the gentleman from New Mexico [Mr. REDMOND], who was elected in a special election earlier this year, met me at a town hall meeting in Colfax County, northeast New Mexico, and we talked to the folks there about the same sorts of thing we have been talking about here, and where I was also able to spend a little volunteer time at Philmont Scout Ranch, which is 138,000 acres in the mountains of northeast New Mexico where I saw another example of volunteerism, where young people, teenagers, teenage boys from all over the country paid their own way to come to the mountains of northeast New Mexico and volunteer to work, in most cases hard work, breaking rocks and building trails in the mountains of northeast New Mexico, where they could learn ways that we can protect the environment for the future, learn the good lessons of personal responsibility, both for each other and for the environment, and giving of their time and their energy as volunteers for other young people's futures who will benefit from that scouting facility in northeast New Mexico. Eighteen thousand young people over the course of a summer come to Philmont Scout Ranch. They come at their own expense and they come with volunteers, men and women from across the country who pay their own way, give up their vacations to spend time with young people.

I am reminded, too, that the Boy Scouts, along with many other organizations across the country were participants in the President's Summit for Volunteerism that was held at Philadelphia earlier this year. They are representative of that spirit in this country where people take responsibility for young people. They do not wait for the Government to take responsibility. In fact, in many cases their agenda is to make sure that young people have the positive example of role models that are concerned about their moral development, their spiritual development, their physical development, and they take that responsibility themselves. The Boy Scouts as a national organization have committed between

1997 and 2000, 200 million hours of community service in neighborhoods across this country where young people and their adult volunteers will work on behalf of their neighbors. All of that sort of experience and the folks that I saw in libraries and hospitals and schools across my district remind me again of that wonderful American tradition of personal responsibility, being accountable for yourself and helping your neighbors, and even though it was tiring to spend that time as a personal volunteer and to spend those hours, as we all did, traveling around our districts, it was refreshing and reinforcing and reminded me why it is important for us to be here and represent those values and do the best we can to support those folks back home.

Mr. HULSHOF. I appreciate the gentleman's report and certainly the good work that he has done, especially many of the themes that he has talked about as far as volunteerism and helping our young people. I had the opportunity to visit briefly with a group called Kids in Motion in Hannibal, MO, which is interesting because this was actually started, I think, 2 years ago, or last summer, that took at-risk youth in the Hannibal communities. This was not a government program. This was largely the efforts of two women, two businesswomen who chose to try to make a difference. And so they reached out to the business community to have jobs that would pay young people to try to help provide some positive role models, a little bit of institutional setting in the sense of teaching them how to get up on time and to get themselves ready for work. It was just an extraordinary experience when you realize that there is this sort of spirit in a small town where you recognize that there is a community problem, or a problem within your community, and rather than reach out to the government for some sort of assistance, here are two women that chose on their own accord to try to make a difference. I think this spirit pervades across the country. We need to help reinvigorate that spirit.

Mr. PEASE. I really believe in that. I believe it is our responsibility as a Congress to make it possible for folks to give more of themselves as volunteers, to reduce the tax burden on American families so that they have more time to spend with their families and as volunteers in their churches and in community organizations, to reinvigorate that tradition of American volunteerism that has persisted despite all of the time that we have taken away from families having to work to pay their taxes. I think it is our responsibility to give them back that time and that freedom. I know as the gentleman has seen, so many will step forward as volunteers to help in their communities and it is exciting to see that happen.

Mr. HULSHOF. I appreciate the gentleman. I see that our colleague from out West in Colorado is here and appears to have some visual aid along with him. I would be happy to yield to the gentleman from Colorado, Mr. BOB SCHAFFER.

Mr. BOB SCHAFFER of Colorado. I thank the gentleman from Missouri for yielding.

It was a great month out in Colorado. Colorado, of course, being a western State with our sense of rugged individualism, we do not like Washington all that much, I have to admit, and I am afraid to say, and for good reason in many cases.

Since being elected to Congress, hardly a day has gone by when somebody does not run up to me at the grocery store or the post office and say, "Congressman, I've been working harder, I've been working longer and it seems like I take less and less home," and that perception is in fact the reality over the years, and it is one that has really been the source of frustration for people throughout the country and it is the message that I think inspired many of us to run for office in the first place. Fortunately with the Republican majority, we are able to go to work on those very issues right here on this floor.

The package that we constructed a month ago, the tax cut package, is something that changed the message that I heard this last month being back home. Rather than the consistent complaints that we have always heard about high and excessive taxation here in Washington, I began to hear people at the grocery store and the post office coming up and thanking me for pushing and helping to support the Republican tax reform message again that we constructed a month ago. Let me suggest that it is a good first step and it is welcome news, but it is not the full measure of tax relief. We are going to come back and try to push for more at another point in time. But for the first time in 16 years, the American public has received a tax cut package. The first time in 16 years.

Let me just go through some of the numbers on this and tell about what I heard back home in response. Over 10 years, $260 billion in taxes, that is what we will pay, fewer taxes that we will pay as opposed to the plan that was constructed when the Democrats were in charge of the Congress. That includes a $500 per child tax credit, the capital gains tax cuts, the estate tax relief, education tax credit, expanded IRAs. Those individuals who understand that they have been paying more and more and more to the Federal Government and working harder and harder are exactly right. Let me direct my colleagues' attention to the chart here at my left.

Back in 1950, the Federal tax burden was 6 percent of the family budget. In 1994, the Federal tax burden jumped to 23 percent. That is a remarkable escalation in the tax bite that this Federal Government has taken away from American families. When we consider all taxes, State, local and Federal taxes, the total tax burden is almost 40 percent of a family budget. The farmers and ranchers and small business owners and the heads of families that I met with tell me that that 40 percent is far too excessive. I was in a Labor Day parade on Monday in the small town of Windsor in Colorado. Windsor is one of those towns that is just your typical American small town. Great patriotic families, people who love their work, love their community, will stand up for the flag and love their country, a town that has sent many, many war heroes to do battle to defend freedom and liberty. After that parade we held a little barbecue and the numbers of individuals who came up and said thank you for cutting the capital gains taxes because that has real implications on running a capital intensive operation like a farm, thank you for cutting the estate taxes, the inheritance tax because now after working 30 years and putting all of my hard work and assets into a farm that produces and is successful, I finally know that I am going to be able to hand that farm over to my children. Think about that for a moment. Having the prospect of working so many years and putting so much into the ground and into the soil and into the family farm, that farm is more than just an economic enterprise. It is the definition of the character of many in the West and many in my State, most people in my State. The very notion that upon your death the Federal Government will get there first before your children do is something that just frightens the daylights out of many people. We are finally providing real hope, real opportunity. The suggestion that we have changed Washington as a Republican Party, that we have come here and have decided that the estate taxes must end, that we at our first step will reduce the effect of estate taxation, eventually getting to the point of abolishing them, I hope.

□ 1945

That is a message that was just embraced throughout the district, and it was a delight to go home and hear that.

I also attended a conference sponsored by the Independence Institute, and the Independence Institute is a free market organization, and the topic they were discussing was welfare reform, because last year the Republican Congress totally revised the welfare system in the United States and moved welfare authority out of Washington and pushed it back to the States in block grant fashion.

Let me tell you, it was truly exciting to go to these meetings with State legislators, with county commissioners, with local welfare workers, and hear them talk about the remarkable things that they are coming up with to reform the welfare system, to actually create systems on a county-by-county basis where people can make the transition from dependency on the Federal Government to total self-sufficiency.

And the numbers were remarkable as well. The numbers of people that are making that transition and finding the absolute joy of honest hard work and self-sufficiency is one of the most exciting things, I think, that I could have heard, and again thanking the Republican Congress for changing the way the government thinks about how we organize our society.

We are no longer looking to Washington and people here in the city of big government to organize and manage our lives. We have discovered, we have decided, and we have fought very hard for and passionately for a government that believes we can trust citizens, we can trust taxpayers, we can trust them to spend the dollars that the government used to take from them and allow them to put it toward the things that they believe to be important. They are small businesses, they are farms, they are child health care, the charity of their choice, their church, their synagogue, their community.

And we have also decided that within that framework we are going to create more opportunity in a way that frees people from the burden of an oppressive welfare state and instead rewards honest hard work, real opportunity, and makes Americans free again.

That is the real difference that we have made here in Washington, and I can tell you it is not just talk after 1 month being back in the district and talking with constituents and being in your district, too, by the way. Mr. THUNE from South Dakota spent a little time, a couple days, traveling through South Dakota. It is a consistent message: The work that we have accomplished here in Washington is hitting home, it is making a big difference, and the American public is responding very favorably.

Mr. THUNE. If the gentleman will yield on that point, I think you make an important point, because one thing has been lost, and sometimes in people's minds, is the important changes that were made in the area of welfare reform, and I think it points to the fact that the American public was leading the way on the issue because they arrived at the conclusion long before Washington did that the current welfare system was an abysmal failure, and you did not have to look very far to see that, and what is encouraging in listening to Mr. PEASE from Indiana who was here earlier talking about volunteerism and about the restoration of values in this country that have built it and made it great, things like the work ethic, like personal responsibility, self-discipline, those are the things that are really encouraging, and I think the American public led the way on that.

I think that Washington finally got the picture, and we have changed the mentality and the philosophy in this town, finally, to recognize as well that we needed a new model and something that again put a premium and a value and a priority on those types of values and that kind of an ethic. And that is the thing that has been really encouraging again about getting out there and hearing that from people, and I hope that we will continue to be the impetus that will move us in a direction on other issues that restores power back home, out of Washington, DC.

And welfare reform is a perfect example of that, is something for which the Members of this body and the last Congress should take great credit because they have redefined and changed the way that America thinks about that important issue.

I am delighted to hear that the gentleman from Colorado made his way to our State of South Dakota and helped our tourism economy out there. We hope that you will come back often.

Mr. HULSHOF. Mr. Speaker, I was asked this question, you get a lot of different questions when you are at these town meetings and hosting these listening posts, but this one question had me stumped for a second. I was asked by a constituent if I could only pass one bill in this Chamber, what would that one bill be. And I say, well, if I could write it and could make sure that it would actually be enacted into law, it would be this: that the parents of our children would teach their children individual responsibility and right from wrong.

But clearly that bill cannot be passed; that bill will never see the light of day. It is not government's place to take the place of a family. That is something that we have to encourage families to do; many of the themes that you just mentioned. But if we could pass any bill, that would be it, to help parents teach kids, their own children, responsibility and right from wrong.

But again I would be happy to yield.

Mr. THUNE. Well, I was just going to say I think what is encouraging to me as I travel in my State, and I think around this country, is we are seeing a resurgence of an emphasis upon those types of things. I think for years there has been an expectation that government could solve many of these problems, but I think Washington is realizing, as I said earlier, what families and churches and communities have known all along, and that is that it is the self-initiative, it is the ability to take these things into their own hands and to help resolve those issues, and to provide the kind of model and the kind of atmosphere in which these types of values can be nurtured and grown, and one of the things that was really stymieing that was the welfare system that has been in place for the past 30 years, and when that was changed, it broke the chain of dependency upon an old system that was outdated and did not work, and it created, I think it renewed, this whole attitude that we are seeing in this country that the things that you just mentioned, the importance of hard work, individual responsibility, self-discipline, the work ethic, the things that again have been the building blocks.

I mean, we cannot legislate that, but, frankly, we can do a lot, I think, to create an atmosphere in which those things will thrive, and that is really again what we are about here.

Mr. HULSHOF. In order to be geographically correct, I know we have heard from the Midwest and certainly from the West, but to make sure that we have all parts of this great land covered, I am happy to yield to the gentleman from New Jersey [Mr. PAPPAS].

Mr. PAPPAS. I thank the gentleman, and once again I appreciate the opportunity to participate in this and to view the visual aids of my friend from Colorado. I always look forward to what he is to present.

My month back in New Jersey was pretty diverse, as it normally is, even when I am just home for a weekend. The highlight of my month really, though, was the annual Somerset County 4-H Fair, which is my home county which I am very proud of.

We talk about our fair as the largest free fair east of the Mississippi, and we believe that it is. It is a 3-day event. This was our 49th annual fair, and typically during that 3 days we have anywhere between 75,000 and 80,000 people attend the event. It is one that I am proud to be a part of.

I have been an adult volunteer there for many years and mainly because of the wholesome environment and wholesome activities that the 4-H program provides.

We, again, in our county are proud of the fact that it is the largest 4-H program in the State of New Jersey and one that I know is prevalent in many communities throughout the United States and really throughout the world.

4-H, though, is not just for agricultural areas. While parts of my district, agriculture is very strong, yes, even in New Jersey agriculture is an important part of our economy, but the activities, the ways in which young people can grow and can be involved again in activities that help them as individuals and help them grow and expand their horizons and their experiences in life, are such that I think it is very important and why I support it as much as I do.

The activities that center around county fairs in my part of the country, in the State of New Jersey, I think adds to the attractiveness of the range of activities in our State. My district runs from the western part of the State, the shores of the Delaware River, and it runs to the east, almost to the Atlantic Ocean, and while I do not have any of the coast, as we call it the Jersey shore, as part of my district, the economy of my district and the people of my district, as I do, take advantage of the Jersey shore. And during the course of the month I had an opportunity to visit many of the shore communities.

Tourism is the second largest part of New Jersey's economy, and I believe that the activities along the Jersey shore and activities such as the Somerset County 4-H Fair add to that economic activity of our State.

Another couple of things that were a part of my month were meeting with many business people, business men and women. Early part of August, I was the participant of an all-day seminar that was hosted by the Princeton Chamber of Commerce, which is a very prominent community in my district. They have done this for several years and have had a Member of Congress there to meet with their membership one on one, which I did for about an hour and a half of the morning session, spoke to a group of CEOs in the morning, at breakfast, and then spoke to their general membership at lunch and participated in several Q and A sessions, and they were thrilled, to say the least, of the approved balanced budget plan that we enacted and the President signed and, of course, the tax relief measures.

But they reminded me, and was not anything that they needed to remind me, but it is important to hear it and important to know that people understand that the balanced budget plan is just that, it is a plan. It is a plan that is only good if we follow it, and it is a plan that will take several years to enact to see that very important goal of a balanced budget become a reality. I am certainly committed to that, and they understand that it is important for them, for their employees, for the future of their businesses, and, in turn, for the future of many of those who are employers.

I was encouraged to see how enthusiastic they were about that, but equally as important, the tax relief measure. I have said here, and I have said this in my district and in other parts of our State, that the tax relief measure is a first step to what I will hope to see several steps, second step beginning next year, and you, Mr. HULSHOF, as a member of the Committee on Ways and Means, I know will be very active in seeing additional tax relief measures put forth and that we can debate and consider here in the Congress. That is something that I am committed to.

Just this afternoon, I spoke to a gentleman who is a small businessman in the central part of my district. He had e-mailed me and was frustrated over what he viewed as the abandonment of the Republican majority of our commitment to provide for tax and regulatory relief, and in speaking to him I corresponded with him, but I decided to telephone him as well to let him know, to assure him, that that is not the case, that what we in the House, Republican side, are attempting to do is to govern in a bipartisan fashion, recognizing that President Clinton, while he may not agree to the desire of tax relief that many of us would like to see, yet we need to meet each other halfway and that we have not abandoned our principles, we view this as a first step and that we are committed, just as he is, to trying to see things such as the elimination of the capital gains tax and the elimination of the death tax as goals just as important as the plan to see a budget that is in balance.

So I heard for that 4-week period what I hear on the telephone during the week when I am here through letters, through the time that I am home during weekends or long weekends, and I was just very happy to see that people are encouraged, people do have hope, but they also recognize that it is an ongoing process and one that they are willing to work with us on seeing those goals become realities.

Mr. HULSHOF. Mr. Speaker, I thank the gentleman.

I was in Wentzville, MO, on the eastern side of my district at the high school, and it was pointed out to me that in a normal day, if you just consider your actions of a normal day, when you wake up and grab a first cup of coffee you are paying a sales tax, when you drive to work you pay a gas tax, when you get to work you pay an income tax, when you flip on the light you pay an electricity tax, when you flush the toilet you pay a water tax, when you get home, if you are lucky enough to have a home, you pay a property tax, and, as we have talked about, if you are fortunate enough to work hard and save and want to pass on to the next generation, your kids, your descendents, then there is the Government wanting another bite with this Federal death tax.

The problem is not that people do not pay enough, the problem is that we here in Washington have been spending too much, and I think we have begun to try to get our arms wrapped around this problem of wasteful Washington spending, and, as you mentioned, it is simply a plan. We need to continue to make sure that the people in this body, certainly we want to provide for the essential services, but make sure that the people that come here from all parts of the country recognize that this is a critically important goal that we need to continue our path toward a balanced budget.

Mr. BOB SCHAFFER of Colorado. If the gentleman will yield, I am so glad that the gentleman from New Jersey is here, Mr. Pappas, because I remember when we first met as freshmen coming here, the first thing out of Mike Pappas' mouth was home office deduction.

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We have got to get the home office deduction for small business people back in my home district. That is true in my area as well, as we talk about making the welfare transition from dependency to complete independence, to realizing the economic trends taking place in America toward smaller businesses and independent employment.

Our goal as Republicans has been in this Congress to try to find ways to triple the number of minority-owned businesses throughout the country as well. I have to tell you, when I went back home I heard so many people thanking us that MIKE PAPPAS' legislation made it into the final tax cut bill on the home office deduction.

Finally, we are going to be able to provide parity to small business owners, parity with respect to the expenses associated with running a business out of your home that large employers enjoy throughout the country as well.

Since you are here tonight, I want to thank you, and just let you and the constituents back in New Jersey know that this is an important item that you fought for that has had a tremendous impact, not just in your home State of New Jersey, but had an impact in Missouri, South Dakota and Colorado.

You can drop me out of an airplane in a parachute anywhere in this country, and I guarantee people struggling to be entrepreneurs and finding a way to get their small business open and operating out of their homes appreciate the jobs created, thanks to the home office deduction. Would the gentleman talk a little more about that?

Mr. HULSHOF. If the gentleman would yield, I also wanted to ask you, you have had the opportunity I think to go into another district in Colorado, I think that of another freshman Member. Did you go into the inner city of Denver at one point? With regard to some of these themes, you talk about the minority business people. Did you talk about some of these conservative principles back in Denver?

Mr. BOB SCHAFFER of Colorado. Mr. Speaker, I thank the gentleman for inquiring about that. My district, the 4th district of Colorado, is essentially the eastern half of the State, a very rural area, about the size of Indiana in square mileage. My district does not include Denver, but I did an exchange with a Member of the other party where I spent a day in her district and she in mine. We went to inner-city

Denver and spoke with minority business leaders and owners of the business community in inner-city Denver.

The concern of the folks that we met with is very different than what you might expect in a setting of that nature. I did not hear requests for any kind of handout of any kind, any kind of preference program, anything along those lines that has come in Washington and in many places and seems to be what you would expect. It was just the opposite, asking for fewer government regulations, asking for the home office deduction, asking for 100 percent deductibility of health benefits for health care expenses for small employers, to get them to the same level where large employers are.

These are the key elements, removing the barriers of a large, oppressive Federal bureaucracy from the natural entrepreneurial instincts that occur to all Americans in all settings. It was just remarkable, because it is the same message I hear in the rural parts of my district. Going to inner-city Denver, I heard the same message.

This particular tax cut package that the Republicans crafted and constructed right here and passed and that we fought so hard for is really being embraced throughout the country. It is so exciting. And Mr. PAPPAS is exactly right, this is just the first step. It is a good start. But we are not finished, we are going to go back and get more and continue to fight to shrink the size of the government in Washington and expand the authority of real people, real, free people throughout America.

Mr. PAPPAS. If the gentleman would yield, one thing that I remind people is that again this is a first step. This plan to balance the budget is just that, a plan that needs to be followed. But also taking up the suggestion of Speaker GINGRICH, and that is people in my district believe that the tax on savings and investment and the death tax needs to be eliminated, that we need to band together and involve people in the community that may not have ever been involved in the legislative process before, to help educate people within our districts and the communities, to help make the people in the local media, who may not be involved in these issues as the national media is, aware that this is important for everyone's future, and not just the rich as is too often heard in this Chamber, but for small business people, their employees, people who could be employed by small- and medium-sized businesses in the future.

So those that may be watching this, whether you live in the central New Jersey area or the 12th district of Colorado or Missouri or South Dakota, if you are interested in being a part of this, contact any of us, contact Members of Congress who really are desirous of organizing public education activities to see this ball moved down the field, so to speak.

Mr. THUNE. Mr. Speaker, I appreciate the hard work of the gentleman from New Jersey, and the things that he has pointed out here are important to all of us.

I guess as our time is winding down, I want to pick up on one note that was made earlier, and that is that one of the things that we have to, I think, insist upon in Washington, is accountability.

As we move forward now, having balanced this budget, the gentleman talked about the fact that we have got the blueprint there, but we have to be conscientious and see that it is enforced.

One of the other things that I think we need to take very seriously is the so-called Results Act which has been passed by the Congress. It goes into effect this year. For the people in this country, we spend $1.6 trillion taxpayer dollars on the Federal Government, and the estimates are that as much as $350 billion is lost through fraud, waste and abuse, some $23 billion in the Medicare program alone, which represents 14 percent of their total budget allocated dollars.

So one of the things we do have to, I think, as we go through the process continue to try to root out, and that is all the spending in government that is over and above what is necessary to get the job done.

The people in this country expect Washington to be accountable. They deserve to have Washington be accountable. I think that that, too, is an important part. Think about the tax cut that we could do. $350 billion in waste, fraud and abuse. Figure out what that would translate to the average person in this country in terms of lower taxes, or investments in other types of things that might be important to the future of this country. But instead of having it lost through the waste, the fraud and the abuse that so oftentimes is endemic in big government and bureaucracy, that is the kind of thing that we are going to continue to focus upon, try and root that out, and see that those savings are passed on to the hard-working men and women in this country.

So I think that too is an important point and something that I think all of us are very concerned about and want to continue to pursue as part of our agenda for the future.

Mr. Speaker, I yield back to the gentleman from Missouri. I think our time is winding up.

Mr. HULSHOF. I think the gentleman is correct. I again appreciate my colleagues for joining me and participating in this special order.

I think, Mr. Speaker, to those naysayers that have picked apart these past weeks' aspects of what we have done here, we should not let the perfect be the enemy of the good. Clearly we are not here to rest on past accomplishments. We have a tremendous amount of work yet to do, and we have just touched the surface.

Mr. THUNE talked about trying to crack down on fraud and abuse in many of these programs. I know one of the things on the agenda we will be focusing on, Mr. PAPPAS mentioned the Committee on Ways and Means. We are going to be focusing on how to restructure possibly the Internal Revenue Service.

Everybody talks about trying to simplify the Tax Code. We need to continue to have those discussions, beyond just having Presidential candidates come forward and say this is what we ought to do. I think this is a dialog we have to get the American people on board with us, whether they favor just the Tax Code that we have and simplifying that, or whether they favor a flat income tax or a national consumption tax, a sales tax or the like.

But our efforts to restructure the IRS, whether it is the highway bill, the infrastructure, investing in roads and bridges that are so needed across the country, or as another freshman Member, we are talking about education. This is the time everybody is heading back to school or colleges and universities. The fact is we have to get more money than is presently appropriated back into the classrooms, so teachers are not having to dig in their own pockets and purchase school supplies to educate the kids that are entrusted to them.

There are so many things we have yet to do. But I think in our quest for progress, we have to continue to stay on the path. I think we are committed to doing that, certainly as this freshman class is on this side and many on the other side, of trying to work with politics of cooperation, rather than politics of confrontation.

GENERAL LEAVE

Ms. NORTON. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks on my special order in recognition of the life of Betty Shabazz to be given today.

The SPEAKER pro tempore. Is there objection to the request of the gentlewoman from the District of Columbia?

There was no objection.

RECOGNIZING THE LIFE OF BETTY SHABAZZ

The SPEAKER pro tempore. Under the Speaker's announced policy of January 7, 1997, the gentlewoman from the District of Columbia (Ms. NORTON) is recognized for 60 minutes as the designee of the minority leader.

Ms. NORTON. Mr. Speaker, I come forward this evening to lead a special order in recognition of the life of Betty Shabazz.

Betty Saunders was the adopted and only daughter of loving parents, who grew up in Detroit, MI. She died on June 24, 3 weeks after being burned over 80 percent of her body. Her grandson, Malcolm, has been convicted of the arson and has since been judged to have been mentally disturbed.

I come forward this evening to speak of a woman who in a very real sense was two women. Betty Shabazz was her own woman, and inescapably and memorably, Betty Shabazz was the widow of a great man, Malcolm X. The two identities are inevitably related. Each side, gracious and strong, fed the other side of this remarkable woman.

I want to begin by saying some words about Betty, and later on I want to say some words about Malcolm X, because many have no clear vision of who Malcolm became, and in honoring Betty, we inevitably honor this man who transformed himself.

I knew Betty well. On one level she was simply a friend, one of the girls. On the level where she is remembered best, she of course was the widow of Malcolm X. But at the level that I find most remarkable, Betty Shabazz was all Betty, not Malcolm, because Betty, like Malcolm, redefined herself from the wife of a great man who was tragically assassinated, to herself, a self-made woman.

There is, of course, Betty the mother. There is a kind of primacy that was attached to being Betty the mother. When you raise six girls, when your husband is struck down and assassinated before your very eyes, when you and four children are in the ballroom where that act occurs, you are inescapably, first and foremost, a mother. When you are pregnant with twins who are then later born, there is a very special primacy to being a mother.

Yes, she went on to get her doctorate and to become an associate professor at Medgar Evers College in Brooklyn, NY, and ultimately to become an administrator in that college. This is the kind of transformation aspect of her life that, in many ways, is shades of Malcolm.

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Betty met Malcolm in New York, having come there to study nursing. She described the courtship as an old-fashioned courtship. I wish we had more of those today. Malcolm loved children, and he particularly loved his children. I must say that during their what turned out to be a short marriage, Betty was pregnant most of the time.

Malcolm was assassinated on February 21st, 1965, with four of those six girls by her side. She threw herself onto the children when she heard the bullets, and then she ran to Malcolm, by which time he was already dead.

How do you go forward after something like that? Unlike the two other civil rights widows, with whom she became friends, Betty was left without any protection. Myrlie Evers, the extraordinary wife of Medgar Evers, who has since become chair of the board of the NAACP, was left with the protection of our largest and oldest and best-known civil rights organization, the NAACP. Coretta Scott King, when Dr. Martin Luther King was assassinated, was left with the protection of the Southern Christian Leadership Conference, and, as it turned out, of much of the Nation, for whom King was recognized as a very special martyr and a very great man. But as for Betty, it was members of the Nation of Islam who were ultimately convicted of the assassination of her husband. She was left with no organizational protection.

What did she do? She did what such women often do, only she did it in her way. She raised these girls, got more education, and went on and got a career. The country and the world did not hear much of Betty Shabazz during this period. I cannot imagine who could have heard much of Betty Shabazz, doing what she was doing during this period. She lived a very private life. She was particularly keen to protect these children, and, of course, she had to live and move forward.

I had a forum at the Black Caucus Weekend last year where I invited Betty Shabazz, my old friend, to be one of the speakers, because it spoke to issues about which she had been identified. And this very gracious and remarkable woman was anything but self-assured about coming to this forum and speaking at this forum with women whom she regarded as more practiced at such pursuits.

I remember that Betty said when she finally got herself so that she could see the movie Malcolm X that the young actress who portrayed her was far more self-assured than Betty felt she was during this period. There was a kind of inner assurance and inner conviction, an inner self-esteem that came out during the forum, and that was part of the very essence of Betty Shabazz.

Ultimately, in addition to her professional stature, Betty was to become a human rights advocate of very special stature.

I want to say something further about her husband, the man who transformed himself from a petty criminal to a major league thug to a black Muslim and finally to an orthodox Sunni Muslim who embraced universal brotherhood, because I think we ought to be clear who Malcolm became. There is lack of clarity on that in this country, because only then can we understand Betty Shabazz.

But before I go on, I see that I have been joined by my good colleague, the gentleman from Georgia [Mr. JOHN LEWIS]. It is very fitting that JOHN should come forward first, for he and I worked together in the very same civil rights movement for which the civil rights martyrs became so well-known and admired in this country, Malcolm X, Martin Luther King, and Medgar Evers.

I am pleased to yield to the gentleman from Georgia [Mr. JOHN LEWIS].

Mr. LEWIS of Georgia. Mr. Speaker, I want to thank my good friend and my colleague, the gentlewoman from the District of Columbia [Ms. NORTON], for calling this special order tonight. I know some time ago the gentlewoman from the District of Columbia had planned to hold a special order, but because of the schedule of the House, we are doing it tonight.

So Mr. Speaker, I join my colleague in paying tribute to a noble spirit, Dr. Betty Shabazz. I felt a profound sense of loss when I learned of her death. Betty Shabazz stood tall as a wife, a mother, and a friend.

As a matter of fact, I knew Malcolm and got to know her husband fairly well. I first met him on the night of August 27th, 1963, 34 years ago, here in the city of Washington on the eve of the march on Washington. The last time I saw her husband alive was in Nairobi, Kenya, in October 1964, at the New Stanley Hotel.

Malcolm and Betty together represented something deep and good about the very best of America. Betty Shabazz stood tall as a wife, as a mother. She stood tall as a woman of courage, pride, and with a great sense of dignity.

As I said before, at the age of 28, Betty Shabazz suddenly lost her husband, Malcolm, to an assassin's bullet. With few resources, she began to raise her six daughters. With determination she pursued and achieved a doctorate degree in education. With a deep sense of compassion and an abiding faith, Betty Shabazz continued Malcolm's work.

On February 21, 1965, I say to the gentlewoman from the District of Columbia Ms. ELEANOR HOLMES NORTON, my friend and colleague of long standing, I remember very well, we were driving back from Macon, GA in south Georgia on the way to the city of Atlanta, and then on our way to Selma, when we heard on the radio that Malcolm had been assassinated by an assassin's bullet.

As the gentlewoman stated so well, Betty was pregnant with twins as she witnessed the murder of her husband. Just a week earlier the family home had been firebombed, and as the wife of a controversial public figure, worry and concern for the well-being of her family had become part of Betty's life.

So on this day, we are here to honor the life of a remarkable woman, an extraordinary person. Ghandi, the great teacher of the philosophy and the discipline of nonviolence, once said that there was a soul force in the universe which, if permitted, would flow through us and produce miraculous results.

In the life of Betty Shabazz we can find that soul force, a power to transform tragedies into great victory. By her quiet and courageous example, Betty Shabazz fought tragedy with love and compassion. She did not become bitter or hostile after the murder of her husband. Instead, Betty picked herself up and raised six lovely daughters. As their mother, she got involved in their lives. She passed on to them the great legacy of their father.

Betty not only had the ability but also the capacity to grow and to learn. Perhaps that is why she became an educator. That is why she had the capacity and the ability to reach out to others. She had the ability and the capacity to inspire. That is why I think we are here today. In her professional life as an administrator of Medgar Evers College in New York City, Betty Shabazz encouraged young people to study and to strive for their very best.

I would say to the gentlewoman from the District of Columbia [Ms. NORTON], Betty Shabazz touched so many with her strength and kindness. I know on so many occasions she made me laugh. Being with Betty was always joyful, sharing funny stories or something we saw in the audience, or something we read about or something we saw during the Congressional Caucus weekend. I will never, ever forget her sweet and wonderful smile; just being in her company, being in her presence.

I have a photograph of Betty with Mrs. King and Dr. King's sister, Christine King Farris, and they are all smiling, sharing some story. Sometimes we never know how powerful, how influential a person is until we miss them or do not see them. Maybe we will never know.

Betty, through her courage, was able to supply all of us with faith and hope. She had the ability to be able to see good or goodness in all humankind. With one more river to cross, I wanted Betty to survive, to beat the odds. Even as she struggled to overcome and to recover from the extensive burns on her body, she held onto life longer than many had expected.

Yes, this is the life of a remarkable American woman, of a beautiful woman with iron will and strong determination. Betty Shabazz has left us. I would like to think that she is now in a better place, and at long last she has been reunited with her beloved Malcolm. Tonight our hearts and our sympathies go out to her family and her friends. We will all miss her, but the great example of her life leaves us sweetly blessed with a profound sense of hope.

So tonight I say to you, Betty, thank you. Despite great challenges, defeats, and difficulties, you, Dr. Betty Shabazz, walked through life with soul force. You had the ability, you had the capacity, to produce great results. You will be missed. As a Nation and as a people, we will not forget your gifts to all of us and to all humankind.

Again, I want to thank my friend and my colleague, the gentlewoman from the District of Columbia [Ms. NORTON] for bringing us together tonight to participate in this special order.

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Ms. NORTON. Mr. Speaker, I thank the gentleman from Georgia [Mr. LEWIS] for his eloquent words concerning Betty Shabazz.

I see that I have been joined by other Members, and I am pleased to recognize at this time the gentlewoman from Florida [Mrs. MEEK], who will now speak to us, and I am pleased to receive her words at this time.

Mrs. MEEK of Florida. Mr. Speaker, I want to thank the gentlewoman from the District of Columbia [Ms. NORTON], my sister and my esteemed colleague, for giving us the opportunity tonight to speak about a great woman, and to help America understand the place that this great woman will have in the history of this country.

Dr. Betty Shabazz, Mr. Speaker, was a woman of honor, a woman of integrity, and a woman who will set an example for all of America's children.

On February 21, 1965, Dr. Shabazz and her four young daughters witnessed the brutal assassination of her husband and their father, Malcolm X. This violent, terrifying incident thrust her into the national spotlight. We all remember Brother Malcolm. We all remember his wife, Betty Shabazz. And that is why we are here tonight, to pay special honor to Mrs. Shabazz.

He spent the next 32 years of her life preserving the legacy of Malcolm X. Through these efforts we came to know and admire Dr. Betty Shabazz, for in the process she established her own legacy. While we mourn the passing of our beloved friend and sister, we also celebrate her life and reunion with her husband in a strange twist of fate.

Malcolm X unknowingly prepared Dr. Shabazz for her life's work. Throughout their short but wonderful marriage, Malcolm urged her not to hold grudges. Brother Malcolm's advice Mrs. Shabazz took to heart. At the same time Dr. Shabazz found the strength she needed to help her children through the crisis of the loss of their father and to nurture and fortify them for life's uncertainties.

By example, Dr. Shabazz rejected bitterness as she embraced the principles of ethnic unity, universal peace, and nonviolence. She touched thousands of lives through her work as an educator and administrator. She was a quiet but effective healer of the breach between perceived conflict in ideologies. That is why it is so important that the gentlewoman from the District of Columbia [Ms. NORTON], our sister, called us here tonight, so that America will never forget Dr. Shabazz.

It was not her way to challenge other's memory of her husband. She chose instead to live the beliefs she and her husband shared. Although tragedy haunted their family, Dr. Shabazz remained strong in her convictions. Her life was a living testament to her strong belief in self and family values.

We talk about family values; Dr. Betty Shabazz lived them. Goes by an old dictum which I love to follow: I would rather see a sermon than to hear one any day. She did not preach family values; she lived them.

She believed in education as the linchpin of self-determination. Her early training as a nurse complemented her care and her spirit as a care-giver. Her passion for learning inspired her as she achieved academic excellence. She earned a bachelor's degree in public health. Her master's course work was in early childhood education.

In 1975, Dr. Shabazz received a doctorate in education, and after that she joined the faculty of Medgar Evers College where she served until her death. Betty Shabazz passes on her love of learning to her six daughters. They are also women of achievement in their own right. She believed in family, she loved her daughters, and she lived life. Indeed, her love for life and children fused at the moment of this tragic episode.

We cannot pay homage to Dr. Shabazz without mentioning the troubled life of her grandson, for even as she lay dying, her love and care reached out to him. I would say to the gentlewoman from the District of Columbia, and my colleagues, that I am certain that Dr. Shabazz would want us to remember her life by remembering the life and needs of her grandson.

Ms. NORTON. Mr. Speaker, I thank the gentlewoman from Florida for her memorable words. I want to say how pleased I am to be joined at this time by the gentlewoman from North Carolina [Mrs. CLAYTON].

Mrs. CLAYTON. Mr. Speaker, I, too, want to commend my colleague, the gentlewoman from the District of Columbia [Ms. NORTON], for holding this Special Order and providing us an opportunity to enter brief remarks about this distinguished woman who is a woman of our history.

Mr. Speaker, I am saddened but inspired tonight. I am saddened because I stand here to say farewell to a sister friend who lived a life worth emulating. The late Betty Shabazz was a woman of character, a woman of strength and presence. She rose above tragedy when her husband was murdered. She stood up to challenges, rose to the occasion after the death of her husband, and raised her children with dignity and pride.

Those words have been often stated tonight and will be said again. I am saddened at the loss of this special woman, this special woman of history. I am happy, however, to have known of this woman and to be alive to have this woman demonstrate what strength and character really is.

Not better words can be said than those spoken by the gentlewoman from Florida [Mrs. MEEKS]. It is certainly better to see the sermon than to hear ideology spoken.

Dr. Shabazz died this summer the victim of an unfortunate circumstance, but until the end she showed courage, grace, and class to the victim and her family. She was an extraordinary woman. After her husband's death, she lived quietly, raising her six daughters, giving them the value of family and the emphasis of education by showing that she, too, would go on to school earning a doctor's degree. She served as a college administrator, and as her children grew up, became more active in the community and the world as a participator in democracy.

We have lost a great human being, a mentor, a mother, a grandmother, and a friend. But we also have missed her spirit, a spirit of self-confidence and worth and value. We will always remember her strength, but we also will remember her courage and her love for her children, yes, and her grandson. Commitment to love all who had been given to her caring, nurturing arms to raise and to be a mother and a grandmother, and a committed sister friend. We say fare you well.

Ms. NORTON. Mr. Speaker, those were very special words, and I thank the gentlewoman from North Carolina [Mrs. CLAYTON], my wonderful colleague, for coming forward to make them here this evening.

Mr. Speaker, I am very pleased at this time to be joined by another wonderful friend and colleague, the gentlewoman from California, [Ms. MILLENDER-McDONALD].

Ms. MILLENDER-McDONALD. Mr. Speaker, I would like to congratulate the gentlewoman from the District of Columbia [Ms. NORTON] for bringing this Special Order tonight so that we would have an opportunity to really speak about a dear friend, an outstanding woman, a woman of character, a woman of dignity.

Yes, on June 23d, we lost one of the greatest leaders in the fight for social justice, Dr. Betty Shabazz, and I join tonight with my colleagues in sending my deepest sympathies, as I did during those dark days and dark moments after her demise, to the entire Shabazz family.

Despite the third-degree burns which covered over 80 percent of her body, and numerous painful skin grafts, she endured. Dr. Shabazz held on with strength and determination, those qualities that have continued to sustain us during these difficult days ahead.

So I am so proud tonight to be able to participate in this evening's function to offer the rightful homage to one of our greatest political and social activists to have graced this earth.

I rise tonight not to focus, though, on the tragic loss of Dr. Shabazz, but rather on the tremendous gains that we as a society have made due to the unyielding dedication and determined leadership of Dr. Betty Shabazz.

Throughout her 61 years of life, Dr. Shabazz embodied an extraordinary balance of intellect and compassion, coupled with grace and composure. Dr. Shabazz grew up in Detroit and studied at Tuskegee Institute, New York's Brooklyn State Hospital School of Nursing and the Jersey City State College in New Jersey, while helping her children to accept the absence of their father.

In 1975, she received a doctorate in education from the University of Massachusetts, and later became the Director of Institutional Advancement and Public Relations at Medgar Evers College in Brooklyn, NY. Throughout her academic career, and long afterwards, Dr. Shabazz served as a spokesperson and tireless advocate for the homeless, the poor, and for civil rights.

She educated children and adults on dealing with racism and civil rights, and built very strong relationships with the Hasidic rabbis and other Jewish leaders to address the violence and tensions dividing communities throughout this country.

On top of all of her work to advance social justice, Dr. Shabazz raised those six daughters of hers all on her own and she never asked for pity, she just exemplified her pride.

She was a leader with a powerful and contagious compassion for making a difference. She was also a team player and knew how vitally important it is that we all work together to resolve racial tension and inequality in this Nation.

The pain and sorrow that fills all of our hearts when we think of the tragic death of Dr. Betty Shabazz is overwhelming, but I ask my colleagues, and all within the sound of my voice, to join me in recognizing and honoring the wonderful ways in which Dr. Shabazz has enriched all of our lives as an inspiring role model and as a friend. Let us continue to impart her fine work to generations and for the generations yet to be born.

Yes, Dr. Betty Shabazz dedicated her life to social justice and had a tremendous impact on the young since the death of her husband, Malcolm X, some 30 years ago. While we mourn her passing, let us not forget, more importantly, how blessed we were to have had someone of this esteemed caliber touch all of our lives in such an unforgettable way.

The legacy of Dr. Betty Shabazz will live on in all of our lives.

Ms. NORTON. Mr. Speaker, I thank the gentlewoman from California for those very warm and wonderful words of tribute to Betty Shabazz.

There may, indeed, be other Members coming to the floor, and while I await them, I think I would like to deepen my own remarks, because we speak of Betty Shabazz, a woman who carved out her own identity in a most memorable way. And yet we also say and remember that this was the widow of Malcolm X. Because of confusion concerning who Malcolm X was and, therefore, in a great and important sense who Betty Shabazz was, I feel an obligation to say a word about the legacy of Malcolm X that Betty Shabazz carried with such grace.

It is according to what generation we live in and what we saw as to who we may understand Malcolm X to have been. It was his very capacity to transform himself that leaves me wondering when I hear people say Malcolm X, which Malcolm are they talking about?

□ 2045

Are they talking about the Malcolm who transformed his life and who in so doing should be an inspiration to us all that we can all become something else, something better, something different? It takes enormous will to be able to say at the end of 5 years, I am something different from who I was 5 years ago, because I have made myself something different.

If we think about the extraordinary transformation of Malcolm X, then I think there will be a greater capacity for us to imagine the transformation of our country and the transformation of many in our country who seem stuck where they are.

Let me say to you that Betty transformed herself, and in a real sense, when you see a great man like Malcolm, you ought to understand that a great man does not choose a little woman. He chose a woman who also was capable of transforming herself.

I have to say, if I was left in this world with four babies and two more I was about to bear, I am not sure I could have transformed myself. It would have been doing good just to hold on.

This is a woman who said, hey, I, too, can make myself what I need to be. And what a model she had for self-transformation.

Make no mistake about who Malcolm X was before we met him, Malcolm Little, the petty criminal who became the serious felon and who, while in prison, became converted by the Black Muslims and finally left them. Each and every time Malcolm X had to say to himself something that is very hard to say, who am I? Is this who I want to be? Can I be something else?

I ask you to consider, how many people do you know who have become something truly different from who they once were? How many people do you know who have improved themselves? How many people do you know who live by principle so that they are willing to risk their very lives for principle? When Malcolm X converted, he became an orthodox Sunni Muslim and so did Betty Shabazz. He broke with the Nation on matters of principle at the risk of his life. He came to accept universal principles of human rights, brotherhood and sisterhood.

I do not always know who we are remembering when we remember Malcolm X. The Malcolm X on the T-shirt, which Malcolm X is that brother? Yes, it will be the Malcolm X of black nationalism. I think he would have continued to stand for that, but that sense of nationalism would have been for him the motivating force to continue to bring justice to his people, for he had also embraced orthodox Sunni Muslim religion and spoke openly and often of universal principles of brotherhood. This is a man who learned, was willing to say when he thought he had been wrong, and to move on.

I have to tell you, I ask you, even among great men or women to find me examples like that. Here is a great man, Martin Luther King. But he was born into the tradition that he came to represent and he represented the best of that tradition. He was born into a family of Baptist ministers which led him to get a wonderful education which led him to study philosophy. All of this was growing into something. That is very different from becoming somebody different, from leaving behind somebody who you were, recognizing and taking responsibility to say that was the wrong person, that is not who I want to be, and becoming somebody else.

Very few of us can become somebody else while growing, as a matter of principle. That is what Malcolm El-Hajj Malik El-Shabazz did, and when you wear those T-shirts, do understand that you are not wearing T-shirts of the man who spoke of white devils because Malcolm, who became a Sunni Muslim, said that is not who I am anymore. I am Malcolm El-Hajj Malik El-Shabazz who embraces the notion that we must become one people.

That is who he was, and I have had many a conversation with Betty Shabazz about that Malcolm. This was the last and the final Malcolm, and that is the Malcolm who deserves our greatest respect. That is the Malcolm whom history will remember now, not only as a revered leader of my own black community but as a far more universal figure, standing for universal principles and standing for the strength of character to change who he was.

Oh, do I wish I could put aside some of my habits and tomorrow wake up and say, Eleanor, that part of Eleanor is not anymore, I can say with assurance that there is a new Eleanor here. That kind of strength of character I find simply awesome.

I have to tell you that at the memorial service that I attended for Betty Shabazz, I found that legacy living and I found that legacy of principle living in Attalah, the eldest daughter, the eloquent Attalah. This girl has Malcolm in her. And let me indicate how and why. There came a point in the service, to show you how universal a figure Malcolm has become, Governor Pataki was there, Mayor Giuliani was there, all of the prominent politicians of New York were there. Mayor Koch was there. He talked about a street, a grand avenue named for Malcolm.

There came a point in the service when they recognized the politicians in the audience and they would stand up and say something or at least be recognized. When they recognized Mayor Giuliani, there was some boos in the church. At that point, others in the church began to clap so as to drown out the boos, and it was all over.

When it came time for the daughters to come forward, all six of them, it was only one who spoke for them, the eldest. I know about that obligation; I am the eldest of three daughters. Attalah stepped forward, extemporaneously to speak for the remaining family. And she obviously had thought about what she was going to say. And the question of the boos, I can tell you, had been dealt with. But this girl had Malcolm's principle in her. She felt the necessity to say that that had been wrong. I was never so impressed in my life.

She did not have to get in that. She did not have to take the chance that there were some in the audience who thought maybe you should boo Giuliani and so you might turn them off. She did not have to get in it. She got in it. As an aside, she said, and by the way, it is wrong in this service to boo the mayor or anyone else. She had to say it. It was a matter of principle for her. Teach girl, I thought. That is what Malcolm would have done. Malcolm would have said; hey, silence is not a moral act. The moral act is to say, that was wrong and I am going to take the consequences. I am going to stand up and say it.

That is Malcolm. That was Attalah. That legacy is in her. It was in her with great eloquence. This is family I revere for the way in which their values have been spread across their family. These values feed on one another. I don't know where they come from. I cannot say Attalah got this from Malcolm. She was such a little girl. I do not know that Betty got her sense of universal brotherhood from the final Malcolm. I do not know that. All I know is that in families those things just come together and that is what being a family is all about. I hope we all regard ourselves as part of that family as well.

Mr. Speaker, I yield now to the gentlewoman from Texas [Ms. JACKSON-LEE], another very good Member of this body.

Ms. JACKSON-LEE of Texas. Mr. Speaker, I thank the gentlewoman from the District of Columbia. The words will be few but heartfelt, only because as I have listened to your passion and compassion and those of my other sisters, as I hope the Speaker will tolerate briefly and indulge us just for a moment, because this is such a special occasion. As the moments tick by, I hope he will allow those who have come to the floor to complete this tribute.

But in listening to you, sometimes it is appropriate to offer the benediction but for the fact that others continue to come to pay tribute. I will simply say a few points because I knew the honorable and cherished Dr. Betty Shabazz as an admiring watcher, if you will, of her eloquence and love of life.

Interestingly enough, from a distance, unlike the knowledge and personal friendship that you possessed, I watched her stateliness, her regalness, and her capturing the audience wherever she went in her most humble and honest way.

She taught at a college in New York. A good friend of mine had the pleasure of being on campus as a faculty member with her, Sheryl Williams, I called her Shey Williams. And on the occasions that we had to speak together, there was always an endearing comment made about Dr. Betty Shabazz.

My fellow sisters are right that Dr. Betty Shabazz was part of a family, Malcolm, the children, the sisters, the daughters, so Dr. Betty Shabazz was a wife, a mother, noble, queenly, an educator, a nurturer. She certainly was a grandmother, proudly so, something she did not rebuke; and I believe that it is true in life and, yes, in death.

She showed up places and she was a bright star and clearly she provided a light for us. I hope that as she now watches us, and as Dr. Betty Shabazz sleeps on peacefully, that we will take to heart the partnership that she had with Malcolm X, one who did believe in humankind; and that those who wish to emulate and imitate this dynamic offering to this Nation and this world, Dr. Shabazz and Malcolm X, that they will imitate the realness of who they are, people who reached out in obstacles and adversity and fought against the tide.

And so my tribute tonight is to recognize that I have many miles to travel to be able to capture the bright and shining star still remaining here given to us by Dr. Betty Shabazz, and likewise I have many miles to travel in order to capture the spirit and the dynamic strength of Malcolm X. But my commitment to you, to the gentlewoman from the District of Columbia who has expressed such deep and abiding friendship; as I see the chairwoman of the Black Caucus, who likewise shares that relationship, that we will not stand and allow the clock to be turned back, the light to be darkened, the daughters of Malcolm and Dr. Betty Shabazz to be forgotten or ignored, the grandchildren that represent so many who may have lost their way to be abandoned by us.

□ 2100

As we continue our service in the U.S. Congress, our commitment will be to lift up the bloodstained banner, but lift it up with the understanding that Dr. Betty Shabazz lived, Malcolm lived, the family lived, and they will live on through us. I thank the gentlewoman from the District of Columbia for her leadership on this special order.

Ms. NORTON. I want to thank the gentlewoman from Texas for those remarkable words about Betty Shabazz. If I had to bet money, I would have been willing to do so that the next speaker would have to come to the floor this evening. It is my very special pleasure to recognize at this time the gentlewoman from California [Ms. WATERS], who is at the same time the chairwoman of the Congressional Black Caucus.

Ms. WATERS. Mr. Speaker, I thank very much the gentlewoman from the District of Columbia [Ms. NORTON]. I thank her for taking the time to organize this tribute to Betty Shabazz. She is one of the busiest persons in this House. Not only does she have the regular legislative duties, but given all that is going on in the District, I know the hours that she is spending working with the very serious problems that are confronting this District and this Nation. I want to tell her, for her to have time to get us to stop and focus and do this tribute is more than admirable. I admire her stamina, and her courage, but I also deeply respect the fact that she decided no matter how busy she is, that our dear friend and sister Betty Shabazz deserves the attention of this House, of this body. I thank very much the gentlewoman from the District of Columbia.

Mr. Speaker, let me just say that she and I both attended the memorial services for Dr. Betty Shabazz in New York. We were there and we watched as people came from all over this Nation to pay tribute to Betty Shabazz. We watched our friends mount the podium there and talk about their relationship with her. We watched people she has worked with both in the political arena, in academia, step forward to tell us about their very special relationship with this remarkable woman. When I was there, I talked a little bit about Betty Shabazz, my friend that I have worked with, that I have known, that I have spent time with, that I have exchanged all kinds of information with, about our families, et cetera. But I could not help but think about how long it took me to meet Betty Shabazz, even though I had met Malcolm many years ago.

Of course, I and the Nation met Malcolm X as he came forth with his brilliant oratory and presence to help make this Nation think about who we are and what we are doing, to help draw attention to the injustices of our own society, to help us to articulate our pain, to force legislative bodies to pay attention. He did all of that, this magnificent man with this brilliance and this kind of presence that many of us have never witnessed before.

And so I met Malcolm X and I can recall being in Los Angeles, going to wherever I would hear he was going to be, to listen one more time. I was finding my own self in those years, coming to grips with not only my philosophy about life but about what I really felt about what I had learned, my experience growing up in St. Louis. And so I met Malcolm X, I listened to him. I was profoundly influenced by him, carried away with his brilliance, with his ability to articulate what I was feeling so often. But I never asked, and what about his family? What about his children? What about his wife? It was only after Malcolm's death did I meet and get to know Betty Shabazz.

Too often we see leaders, we see people in high visibility roles, and somehow we think about them without thinking about them in relationship to their families, their children, their home environment. After I met Betty Shabazz, I understood why Malcolm could comfortably do what he did. In order to be the leader that Malcolm X was, he had to have tremendous support and understanding. This was a woman who was with one of the most controversial leaders of our time. This was a woman who knew that her life and the life of her children were in danger. Their house was set afire. This was a woman who knew that even though her husband had evolved to a point where as some describe him as more international, more wanting to bring people together, there were people who did not feel the same way as I felt and many, many others felt about Malcolm X. But this was a woman who loved her husband. This was a woman who raised the babies. This was a woman who knew that at any point in time, her husband could be killed, her house could be burned, she could be killed, but she believed in Malcolm X and they believed in each other. He loved Betty Shabazz and Betty Shabazz loved Malcolm X.

And so, even though I had not met her, I did not know her, it became very, very clear to me after meeting her why Malcolm X was able to do and be in the manner that he was. And so this Betty Shabazz that I met was not a woman with her head hanging down, it was not a woman who had been scarred by the assassination of her husband, it was not a woman whose very life, existence and ability to thrive, this was a woman, a very wise woman, who, of course, felt the deep pain of having lost this brilliant man that she loved, but this was a woman who had counseled with her husband, had talked through the possibility of his death. This was a woman who witnessed her husband's assassination with her babies but was not destroyed by it. This was a woman whose wisdom goes far beyond that which most of us hope to be able to achieve.

She suffered the pain of the loss of her husband, she mourned his death, and she went on to do and be what Malcolm would want her to do. Not only did she find a way to raise the children, she went back to school. This is a woman who got a Ph.D. This is a woman who not only became the professor, the teacher, the leader; she spread out in the overall community, in this country, and went on to become a speaker, a leader, someone who joined with her sisters to try and make life better for others. This was a woman who said to me once, "Maxine, I came out to Los Angeles, and I had an opportunity to speak with these young men, some of whom were in gangs, some of whom had left the gangs, but they sat with me, and I had an opportunity to talk with them and tell them about Malcolm, and what Malcolm would have them do." And she said, "I'm coming back again. I'm going to come back to talk with them. Because I think it is important for me to share what I know." So this woman, raising children, teaching, being available to the many groups and organizations who demanded of her time, not only did I see her all over this country at the many Malcolm X celebrations that go on, we sat and talked about these celebrations and her role and her responsibility. She never tired of responding to the request.

I would often see her at the Congressional Black Caucus dinners. We hold these Congressional Black Caucus weekends, and she would always come, and we would joke, "Well, she won't be with us at this Congressional Black Caucus weekend." But she will certainly be remembered.

Mr. Speaker, I would like to thank the gentlewoman from the District of Columbia and the other members of the Congressional Black Caucus for helping me to select Betty Shabazz as one of the awardees. I as the chairwoman of the Congressional Black Caucus will be presenting awards to Betty Shabazz, posthumously, and to Coretta Scott King and to Myrlie Evers, 3 women who have lost their husbands, 3 women whose husbands were the civil rights leaders recorded in history never to be forgotten, 3 women who stood by their husbands, who raised the children while their husbands were shot down in America, but who did not go away, who did not vanish, who did not become so devastated that they did not continue to play a role in American life. They are all speakers, they are all heads of organizations, they are all teachers, they are all keepers of the flame of the faith. And so we are going to award them the chairwoman's award at the Congressional Black Caucus weekend. We are going to say to them, thank you for being who you are. We are going to say thank you for persisting in the quest for freedom, justice and equality despite what was done to your husbands. We are going to say to Coretta Scott King and to Myrlie Evers, we love you, we love you and we want you to know that. We want to use the most important platform that we have in the Congressional Black Caucus, and to Betty, who we will not be able to say it to because she is gone now, to her children who will be there and Attalah, her daughter, who will accept the award, we want them to know that we loved their mother, and that we hold her in the highest of esteem, and we hope that this small token that we are able to present that evening from all of us will speak to our love for them. Mr. Speaker, I thank the gentlewoman for allowing us the opportunity to focus some attention from this House on Betty Shabazz.

Ms. NORTON. I thank the gentlewoman for those remarkable remarks. This special order would not have been the same without her.

Mr. Speaker, in closing, I simply want to thank not only the chairwoman of the Congressional Black Caucus but the other Members and friends who came forward at a time when many of us are thinking through ways to transform ourselves into better people, to transform our country into a better place, and when I, I must say, Mr. Speaker, am trying to think of a way to transform my own city into a united city that will regain its own human rights and that will reform its own agencies at such a time I find great inspiration in the life and work of Malcolm X and in the life and work of Betty Shabazz.

Mr. BISHOP. Mr. Speaker, I rise today to pay tribute to a great woman and humanitarian, Dr. Betty Shabazz. Her family lost a mother, grandmother, or sister but the world lost a friend and a symbol of inspiration to all of us. In her death, Dr. Shabazz leaves a legacy of dedication to family, a quality that is much praised but little practiced. Her impact will be felt for a period much longer than we realize right now.

Her much recognized qualities of perseverance and determination were first publicly recognized after her husband's death on February 21, 1965. Betty Shabazz, left with no source of income to provide for her four young daughters and the twins she was pregnant with, was determined to raise her children and did so alone. Along with taking care of six children, she completed her nursing school education and went on to earn bachelor's, master's and doctorate degrees. Dr. Shabazz lived the dictums of self-reliance, discipline and education as espoused by her husband, Malcolm X.

Our prayers are with the family in this hour of grief. I ask my colleagues to join me in remembering the many contributions Dr. Shabazz has made to our country and to the world.

□ 2115

TRIBUTE TO BETTY SHABAZZ

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New Jersey [Mr. PAYNE] is recognized for 5 minutes.

Mr. PAYNE. Mr. Speaker, let me also add my accolades to the gentlewoman from the District of Columbia, Delegate NORTON, for calling this very important Special Order. It has been already said about the outstanding work that she does here in the District fighting for the people of the District, as she fought for people here in the entire United States of America when she had a tremendous, important administrative position years ago, and she continues to do that work.

And to the chairperson of the Congressional Black Caucus, Ms. WATERS from California, she continues to lead the caucus in unprecedented times. We are so proud of the outstanding work that the caucus has done, and I would just like to, as I was in my office working, and I turned to this channel and saw that this Special Order was being done, I was unaware of it but felt it was extremely important to me to come over and to say a few words.

I knew Betty Shabazz very well, because living in Newark, NJ, she was not far away, and about a month before the tragedy I had the opportunity to be in her company three or four times. First, we had a meeting in Mount Vernon, the Constituency for Africa. Mayor David Dinkins was there, Congressman RANGEL, Mel Foote called in from the Constituency of Africa in Mrs. Shabazz's hometown, and of course the first person to speak after the invocation was given at the church was Doctor Betty Shabazz, because she not only worked for people in this area and in this country, but worldwide, and she was loved by everyone.

I know Dr. Edison Jackson, who was the president of Medgar Evers College, he was the former president of Essex County College in Newark, NJ, where I live, and the wisdom of President Jackson to see the worth of a Betty Shabazz, to have her lead the light for that great institution named after, as has been mentioned, Medgar Evers, another person who was taken away from us, and his wife Myrlie Evers carried the torch, and so it is unique; as a matter of fact, the college that Dr. Edison Jackson at Essex County taught at before going to Medgar Evers after leaving California on Martin Luther King Boulevard. Doctor Shabazz, it is altogether.

I would just like to say that then she came over to Newark about 2 weeks before the tragedy and spoke out at community meetings. She was always there, grass-roots people. She would come to the caucus and go to all of the sessions and rush around because everyone wanted to see her.

And so we have lost a tremendous person. It is unfortunate that tragedies take people. This week we are hearing the tragedy of the great Princess of Wales taken away unnecessarily, and once again Dr. Betty Shabazz.

So I think that we have to remember and we have to always be aware of the fact that we all have to do more in our own way. She was a great person.

I, too, attended the memorial service and David Dinkins and Basil Patterson and Percy Sutton did such outstanding jobs as they brought this community together.

I once again would like to simply thank the gentlewoman from the District here, and I appreciate having the opportunity to address the House.

GOOD NEWS FOR AMERICA

The SPEAKER pro tempore. Under the Speaker's announced policy of January 7, 1997, the gentleman from Wisconsin [Mr. NEUMANN] is recognized for 60 minutes.

Mr. NEUMANN. Mr. Speaker, I rise tonight to talk about good news for America.

I just had a wonderful opportunity during the past month to see lots of folks all across Wisconsin, and it was very educational for me and, I hope, for some of the folks we saw that they picked up on some of the good things that have happened here in the last month or thereabouts out here in Washington.

The one thing that struck me, though, as I talked to more and more of our families across Wisconsin and our senior citizens across Wisconsin and some of our young people, college age students across Wisconsin, they did not really realize that the tax cut bill has been signed into law, so I would like to begin this evening by pointing out that the tax cut bill, along with the first balanced budget since 1969 and restoring Medicare, has all been signed.

It is done. The ink is dry. The President signed it. It has passed the House. It has passed the Senate. First balanced budget since 1969, taxes coming down for the first time in 16 years, and Medicare restored for at least a decade. That is what was accomplished before we left for recess in August.

The other thing I learned is that not very many people really understood what was in the tax cut bill, and I would start talking to people and I would say, "Well, the budget is balanced, that's the most important thing we could do, and that was our responsibility, and that's done, and at the same time we've reduced your taxes."

And they go, "yeah, sure, but that affects somebody else."

And then we would start through it, and the first question would be: Do you have children? And this is so important. If you have children age 17 or younger for virtually all families out there, 550,000 Wisconsin families alone, you are eligible to keep $400 more for each one of your children in your own home next year instead of sending it to Washington.

We should make this very clear. This is not somehow a gift from Washington to the people. This is money that the people get up in the morning, they go to their jobs, they work hard, and they earn the money, but instead of sending it to Washington, they keep it in their own homes to spend on their own families and the way they see fit. That is the first part of the tax code.

And I am going to put this a little different so folks have a handle on how important and significant this is.

In January of next year, a family with a child, with one child, should go into their place of employment, they should talk to the person that handles the W-4 forms, they should increase their exemptions so as to increase their take-home pay by $33 per month. It is $33 per month in increased take-home pay for each one of the children in the house.

And my fear is people are not going to do this. My fear is what is going to happen is they are just going to go through the year and Washington is going to see all this extra money coming out here that those families should be keeping in their own home, and, of course, when Washington sees money, sometimes they spend it out here, and I will admit, as hard as we try to stop that and as hard as I personally worked to stop them from spending on new programs, it would be much, much better if our families out there did the right thing.

And, again, let me make this very clear. Starting in January of next year, a family with children should go into their place of employment, they should talk to the personnel director, whoever it is that handles the W-4 forms, they should change the number of exemptions so as to allow their take-home pay to increase for $33 per month per child.

Let me put this another way. If you have three children in your family, for most families you should start taking home $100 a month more in your take-home paycheck than what you were in December. So the difference between your take-home pay in December and January should be $100 a month for a family with three children.

That is significant; it is real. The bill is signed. You should do it in January of next year, increase your take-home pay. Keep the money in your own home; do not send it out here to Washington.

But that is not all in the tax cut bill. The other thing that people seemed when I talked with them out in Wisconsin to be generally familiar with was the capital gains reduction. The capital gains tax in the past was 28 percent, and that has been reduced to 20 percent. So the good news is that capital gains, the amount of money that you send to Washington, is lower when you sell a stock or a bond or whatever it is that you might have held and made a profit on.

Good news is that drops even further in the year 2000, to 18 percent, and it depends on your income bracket there. If you are in a $41,000-a-year or higher income bracket, the capital gains are 20 percent, and if you are lower than that, they dropped all the way down to 10 percent.

Those two people seem to be vaguely familiar with, at least out there, but there is a whole bunch of others that they were not familiar with at all. Let me start with the first one.

If people own a home, homeowners for the most part when they sell their home will no longer owe any Federal taxes. In the vast majority of the cases, very few exceptions, and only on the very higher-priced homes, will people owe any money in Federal taxes. If you have lived in your residence, it is your personal residence, you have lived there for 2 years or more, you will not owe any Federal taxes when you go to sell your home. This affects a whole bunch of people.

There were a lot of folks out there, empty nesters, people whose children are grown and gone who are waiting for that one-time exclusion at age 55 to sell their home and downsize. That is no longer necessary. The age 55 one-time exclusion is gone. It is no longer there. If you lived in your home for 2 years, you sell the home, you make a profit, there is no tax on it.

It was interesting. I was in Green Bay, WI. I was doing a radio talk show about the tax cuts, and I had a young lady call in, and she said, "Well, I bought my home for $22,000, and I'm now about to sell it for $60,000." So a period of years have gone by, and she said, "How much taxes am I going to owe?"

And I said, "Well, you're not going to owe any Federal taxes on the sale of your home."

So she said, "Does that mean I owe income taxes?"

And I said, "No, no, you do not owe any Federal taxes when you go to sell that house."

And she said, "Even though it went from $22,000, I'm going to get $60,000 back, how much taxes do I owe?" She asked me three times the same question because folks are having a hard time believing that Washington actually did something right, they actually lowered taxes instead of raising them like they were doing previously.

So the third part here that I would like to talk about then in the tax cut, if you owned your home, you have lived there for 2 years or more, and you sell your home, in the vast majority of the cases, the only exceptions are the very high priced homes, you will not owe any Federal taxes on the sale of that home.

This affects a lot of senior citizens, also. In Wisconsin, 74 percent of our senior citizens still own their home, and it may be people that took the one-time 55 exclusion that had bought a different home at age 56, maybe a smaller home or whatever, but if they have lived in the house for 2 years and they are now 60, let us say, for example, they can now sell that home, move to a different home, if they like, own it for 2 years, sell it again, so there is no one-time exclusion, you can do this as many times as you want as long as you live in the home for at least 2 years.

So this part was very unfamiliar with most of the people out there.

Then I went on to the part and I started talking about saving up for their children's education, because we had a lot of families that we were talking with, and we started talking about the fact that it is now possible to put $500 per year per child into what is called an education savings account. The money then accumulates tax free, and the student can then take it out when they reach age 18 and are ready to go off to college.

I talked to a lot of grandparents about this account because it seems that there are a lot of grandparents that are interested in giving their grandchildren some sort of a gift, whether it be a Christmas or their birthday or whatever, and it makes an ideal gift from a grandparent to a grandchild, and I know everybody cannot afford it, but there are some grandparents out there who would like to give this sort of a gift to their grandchildren, and it is certainly an ideal way to provide their grandchildren with a college education.

Again, the education savings account, you can put $500 a year into this savings account, the money accumulates tax free, and when the kids take it out at age 18 they pay on the lower tax rate that they would be at. So it is money for them for college.

Speaking of college, very, very important. I took my daughter to her first year of college. My son had left for—he is a junior in college, and of course we talked to a lot of college students and the parents of a lot of college students, and there is a general lack of understanding of how this college tuition credit is going to work. Well, it works like this:

If you have got a freshman or a sophomore in college and the cost of their college education is $2,000 a year or more, and in Wisconsin at least that is the vast majority of the cases, if it is 2,000 a year or more in costs, the parents get to keep $1,500 more of their own hard-earned money in their own home rather than sending it out here to Washington.

And, again, I would point out this is not a gift from Washington. This is money that the people have gotten up in the morning, gone to work and earned. The only thing is instead of being taxed on it, instead of that tax coming out here to Washington and Washington spending it, you keep that money in your own home.

So if you have a freshman in college, and the costs of their college tuition is $2,000, room, board and tuition is $2,000 or more, you should start keeping $125 a month more in your take-home pay starting in January of next year.

And, again, that is simply 1,500 divided by 12 is $125 a month more.

For juniors and seniors, if the cost is over $5,000, which in many cases it is for room, board, and tuition, you should start keeping a thousand dollars more of your own money in your own paycheck, and again that should start in January.

This is very, very straightforward, and if the people do not start keeping their own money, if they send it out here to Washington, we are not sure Washington is not going to spend the money. We here in Washington, many of us, want the people to start keeping their own money next January. Why should you send it out here to Washington when it is your money?

College tuition, then, freshman and sophomores, in most cases are going to get a $1,500 credit; juniors and seniors in most cases, in many, many cases, are going to get a $1,000 credit.

□ 2130

I said are you interested in saving more money for retirement. He said yes, but I am in a pension funds already, so none of those IRA's affect me.

I said well, no, that is not entirely true. In fact, this new IRA, called the Roth IRA, you can put $2,000 per year into the Roth IRA per person. So in this case a husband and wife could put $4,000 away for their retirement.

You put after tax dollars into the Roth IRA, but when you take the tax dollars out at retirement, it is tax free. This might be one of the best provisions for middle-age people in the entire country. This might be one of the best savings accounts in terms of taking care of yourself in retirement.

So even if you are in a different pension fund, and even if you are already doing some other things to take care of yourself in retirement, you may want to take a look at the Roth IRA, where you can literally put $2,000 per person into this savings account, and at retirement, you take the money out tax free.

It is very significant, because $2,000 put in at age, say, 40 typically will at least triple by the time you reach retirement. That means it goes from $2,000 thousand to $6,000 in value when you take it out, and there is no tax on that $4,000 on increased value. A very, very significant change in the tax laws that people should be taking advantage of.

Again, the idea here is to encourage savings and encourage people to take care of themselves in retirement.

Then we went on to talk to some others. Farms, roughly 90 percent of the farms transferred from one generation to another in this Nation today will no longer have any taxes due because of the Tax Code change. So for small farmers and businessowners, you will be able to pass that small business or farm on to the next generation without the tax burden that was there before.

It is very clear to farmers as you pass this on from one generation to another, the benefit. But there a hidden benefit in here that not many people have picked up on. When a business is held by a family and the family has been running that business for a period of time, if the owner of that business cannot pass it on to the next generation, many times the business gets sold and somebody else takes over and the jobs are moved out of that community to a different community. So by allowing that business to stay in the family and be passed from one generation to another, many times that means jobs stay in a community that otherwise might not have stayed there.

There are so many different provisions in this Tax Code that provide benefits to the American people that I found by the time I was done, we virtually could not find anyone who was not in some way, shape or form going to benefit by this Tax Code.

I have left out one other group, and that is young couples or young working folks, singles, couples. Those folks have the benefit of being able to save for education and their first home in this Roth IRA that I was just describing, where they can then literally take the money out tax free and use it for the down payment on their first home or for college education.

So, again, there is a benefit for the young workers, the people in their thirties, forties, and fifties preparing to retire for themselves, there is a benefit for seniors who own a home and who want to sell it, there is a benefit literally all across the generations here, and certainly there are many, many benefits for our families contained in the tax cut bill.

Again, I would be remiss to talk about these tax cuts without also saying that the budget is balanced first. I would like to bring the American people and my colleagues some other good news. Numbers have come out now that reestimate the revenues coming into the Federal Government, and, in fact, as we have been saying in our office for quite some time, the economy is stronger than people were giving it credit for and revenues are coming in faster.

What does that mean in English? The budget is balanced for the first time since 1969 next year. Four years ahead of schedule, we are on track to balancing the budget, the job is done, and your taxes are coming down at a great time.

What a great time this is in this country. I never, 3 years ago when I was first elected, thought we would be in a position to stand here and talk seriously about a balanced budget in 1998, taxes coming down, Medicare restored, welfare reform. Able-bodied welfare recipients have now to go to work, and not heartlessly. They are guaranteed a job in Wisconsin. We are seeing our welfare rolls fall dramatically. Good news all across the specter in terms of what has happened in the last couple years here in Washington.

With that, I would like to turn my attention now to another topic that I find is very confusing as I talk with groups of people. A lot of folks are saying if the budget is balanced, what about that $5 trillion debt out there? It has to be smoke and mirrors, because we know there is a $5 trillion debt out there.

Let me explain the difference between two terms. The first term is deficit and the second term is debt. Deficit is like the family with their checkbook. Deficit is like overdrawing your check book.

Since 1969, each and every year Washington has written out more in checks than what it collected in taxes, so they have literally overdrawn their checkbook each and every year since 1969. That is called the deficit.

When they overdrew their checkbook, what they did was borrowed the money, put it in their checkbook, and then, of course, the checks were cashed and on we went.

So for each and every year since 1969 they have overdrawn their checkbook, and then they went and borrowed the money, put in the checkbook and made good on the checks. As you might imagine, since they have been borrowing more and more money each and every year since 1969, the debt has been growing each and every year, and that is the $5.3 trillion we have staring us in the face.

I am talking now about the debt and how fast it has been growing, and I think it is very important that the American people realize that we still have a very significant problem staring us in the face.

On this chart I show the growing debt facing America. From 1960 to 1980, the growth was relatively slow and relatively small. That is, The deficits were not big because they did not borrow lots of money in each one of those years.

But from 1980 forward, the debt has been growing in large amounts. This is what brought many Members of the class of 1995 out here, the Republican class of 1995. We watched this debt grow and realized we were about here on this debt chart right now, and that if we don't do something about this as a Nation, we are not going to have a future in this country.

That is what brought many of us here in the first place, and that is why it is such good news we are going to stop borrowing the money and the red line will quit going up when we reach a balanced budget.

When I point to 1980, all my colleagues on that side of the aisle say sure, that is the year Ronald Reagan was elected, and all my colleagues on this year say yeah, I know, but that is the year the Democrat Congress started spending out of control.

The fact of the matter is it doesn't matter which side it was responsible. The fact is we as a nation have this debt staring us in the face, and it is not a Republican problem or a Democrat problem, it is an American problem, because this Government does represent the people. It is time that we as a nation solve the problem, rather than pass the blame back and forth in the House of Representatives and the Senate and the presidency.

For those that have never seen this number, this is the amount of money, it is $5.3 trillion, that is the amount of money that the Federal Government has borrowed on behalf of the American people. This is the accumulation of the overdrawn checkbook, the amount of money that was necessary to make the checkbook balance since 1969.

Let me translate that into English. I used to be a math teacher, so you will see some of the math still in here. If we divided this debt up by the number of people in the United States of America, if each and every American were to pay just their share of the Federal debt, they would need to pay $20,000. The Federal Government has borrowed $20,000 on behalf of the every man, woman, and child in the United States of America basically within the last 15 to 20 years.

The real problem, you look at a family of five like mine, my kids are here, my wife is here, we have got five of us in our House, the Federal Government literally borrowed and spent $100,000 on behalf of my family.

The real problem, the kicker, is the bottom line number. You see every family of five in the country today or the average family of five is paying $580 a month to do nothing but pay the interest on this debt.

This money is owed to people. It is a real debt. Interest is being paid on it. The cost of interest alone to a family of five in the United States of America today, or any group of five people, is $580 a month. A lot of people say, I do not really pay $580 a month in income tax. I don't have to worry about it.

But it is not only income tax. If you do something as simple as walk in the store and buy a loaf of bread, the store owner makes a profit on that loaf of bread and, of course, part of that profit gets sent out here to Washington, and, you guessed it, it goes to help pay the interest on the Federal debt.

As a matter of fact, one dollar out of every six collected in taxes goes to paying the interest on the Federal debt. So the real problem with this picture is that there are real people out there, real families out there, that are paying $580 a month to do nothing but pay the interest on the debt.

It would be logical to ask the question, how in the world did we get into this mess and didn't anybody try to correct it in the past?

I wanted to talk specifically about the past, the past. Let me define the past to be pre-1995. Again, this is very specific, what we are talking about here. The American people were promised a balanced budget repeatedly. This is not news that all of a sudden we have a $5 trillion debt staring us in the face. As a matter of fact, the Gramm-Rudman-Hollings bill, first passed in 1985, promised the American people a balanced budget in 1991. Well, we look at the deficit line in this chart, and what actually happened, and it is clear that the promise made from Washington was broken.

The promise was not kept. But they knew what to do. When they couldn't keep the first promise, Washington made a series of new promises. Again, I emphasize this is the past. This is what led many of us into leaving the private sector and coming to Washington.

This blue line shows the fixed Gramm-Rudman-Hollings bill, and it was promising a balanced budget in 1993. I think that 1992 and 1993, those are real important dates to look at out there because, you see, when the budget was supposed to be balanced, instead we had huge and growing deficits. So rather than balance the budget as was promised then under this bill, when we got to the early 1990's, instead we had huge, growing deficits.

So what did Washington do? In 1993, passed the biggest tax increase in American history. Washington looked at this picture and concluded that the right answer was to reach into the pockets of the American people and take more money out of their pockets and bring it out here to Washington.

Why would they do that? Well, because if they take more money out of the pockets of the American people and bring it out here to Washington, they can keep their Washington spending programs going and still bring the deficit down. You see, that is what the tax increase of 1993 was all about.

To pass the tax increase of 1993, what it really allowed them to do is keep spending going out here in Washington. Again I emphasize, this is the past, because in 1994, the American people decided to change what was going on in Washington, D.C. In 1994, the people for the first time in many, many, many years elected a Republican House of Representatives and a Republican Senate. This history of broken promises, this history of tax increases, that changed in 1995.

We had this theory when we came here in 1995 that went like this: Rather than raising taxes on the people and taking more money out here to Washington, why don't we slow the growth of spending here in Washington, have fewer Washington spending programs and get to a balanced budget, because Washington is spending less, not because they are taking more money out of the pockets of the American people. That was our theory.

Our theory went like this: If we can just get Washington to spend less money, that means they would borrow less money out of the private sector. If they borrowed less money out of the private sector, of course, that means more money available in the private sector; more money available in the private sector, the law of supply and demand is straightforward, the interest rates stay down.

So if we could just get Washington to spend less money, they would borrow less money. That would leave more money available in the private sector, and with more money available, the interest rates would stay down. If the interest rates stayed down, our theory was, people would buy more houses, buy more cars; and of course when people bought more houses and cars, that meant other people had to go to work building the houses and cars, and that meant job opportunities and less welfare and less cost to the Government and more people paying taxes in. This was the 1995 theory.

I think it is more than fair that the American people should at this point start asking how did they do? How are the Republicans doing? They came here in 1995, laid down a plan to balance the budget in 7 years, how are they doing?

I think that is a legitimate question. I brought the next chart along to show exactly how the new Congress, since 1995, is doing. The red columns in this chart show the promises that were made in 1995. These are the deficit amounts that the Republican Congress said we would keep the deficit to in order to reach a balanced budget by the year 2002.

I am happy to say that in the first year, and this is in, this is not a promise, an empty promise, we not only hit our target, but we were about $50 billion ahead of schedule.

So the good news is, in year one, the Republican plan not only hit our target, we were well ahead of schedule. Year two came. Year two, the change was significant. Washington borrowed over $100 billion less than was projected out here until year two and it worked exactly the way the theory we had hoped would work.

That is when Washington borrowed less money, because their deficit was lower, that left $100 billion more money available in the private sector; $100 billion more in the private sector kept the interest rates down, and sure enough, it worked. People bought more houses and cars and stoves and refrigerators and all the other things that go with it, and that provided job opportunities so the unemployment rate dropped to the lowest level in years. That meant job opportunities for people. They went to work and started paying taxes in, and of course, that made the program go better.

The rest of this chart was kind of theory a few days ago. We found out recently that the theory was way too lacking the optimism that should be there because of the strong economy we are in. We are now finding we are going to reach a balanced budget, this blue column, the actual deficit is going to go to zero sometime between the year 1998 and the year 1999, 3 or 4 years ahead of the promise that was made by the Republicans back in 1995. Is this a change or what?

Before 1995, we had the broken promises of Gramm-Rudman-Hollings and the higher taxes. Post-1995, well, we are 3 years into the plan and are now looking at balancing the budget 3 years ahead of schedule for the first time since 1969, and lowering taxes and restoring Medicare at the same time because the idea of constraining the growth of Washington spending works.

□ 2145

A lot of folks say, well, you are just plain lucky out there in Washington. You are just plain lucky. The economy is booming, and since the economy is booming there is more revenue coming in, and you guys can get your job done and you all look great out there doing it, and everybody is bragging about it.

I brought with me a chart to show the actual facts on that particular argument as well, because I hear that quite a few different places that I go to. We have had booming economies in the past. In the past every time Washington went into a booming economy Washington subsequently went into booming spending cycles. In fact, all the extra revenue that came in, they spent it, so we never did get the deficit down. We never did get to a balanced budget.

In fact, this Congress since 1995 is very different. We are in a booming economy. Yes, the revenues are coming in stronger than expected. But rather than go and spend the extra money, this Congress has seen fit to slow the growth of Washington spending by over 40 percent at the same time the economy remains strong.

This is how fast Washington spending was growing before 1995. This is how fast it is growing since 1995 on through the year 2002. So let us make this very clear. In the face of a strong economy and more revenues coming in, instead of Washington doing what it has always done in the past, going and spending the extra money, what Washington did is at the same time the economy was strong they slowed the growth of Washington spending.

So in the face of a slowed growth of Washington spending and a strong economy, we hit our deficit targets, we are on track, we are ahead of schedule, and we are about to balance the budget for the first time since 1969, while at the same time lowering taxes and restoring Medicare.

For those that are interested in inflation-adjusted dollars, it is even more dramatic. The Washington spending was increasing by 1.8 percent. It has now been slowed to .6 percent. We are down to a point where Washington spending in real dollars has virtually stopped in terms of increasing spending. That is good news, and that is why we are also able to both balance the budget and reduce taxes at the same time for the good of the American people.

I brought one more chart with me that I think says it all, because a lot of people are saying, well, how can all of this stuff happen at the same time? You know, in fact, would this all have happened anyhow?

This chart shows what would have happened if when we got here back in 1995 we had played golf, tennis and basketball instead of doing our jobs. The deficit line that is shown here in the red, this is what we inherited when we got here, back in 1995. In fact, Members can see that the deficits were projected to go all the way up to $350 billion at that point in time.

A lot of people remember 1995. They remember the 100 days. They remember the government shutdowns. They remember the hassles and what seemed like a constant battle out here in Washington. I want to say something. I was here. It was a constant battle. It was worse here living through it than what the American people saw out there in public.

But at the end of 1995, we had made progress. This yellow line in the chart shows what the deficit projections were after one year of very difficult battles. The green line shows what we had hoped to do. We laid this out in 1995, and again, we hoped to get to that balanced budget by the year 2002.

The good news is here. The good news is what we have actually accomplished is below either one of those projections, and in fact we are now going to reach zero right here in the year 1998 or 1999. So not only are we not losing what was given to us in 1995 when we got here, but we are going to reach a balanced budget in 1998 or 1999 for the first time in more than a generation.

Again, I cannot emphasize this enough. The last time the budget was balanced I was a sophomore in high school. My son is now a junior in college, my daughter is a freshman in college, and my youngest is a freshman in high school. This is more than a full generation ago, the last time we balanced the Federal budget. It is great news for the future of this country.

I have been real upbeat and I have been real optimistic about this, as well we should be. We should be celebrating this first balanced budget in a generation; welfare reform, taxes coming down, Medicare restored, we should be celebrating this. But we would be remiss if we did not recognize that even after we got a balanced budget, we still have this $5.3 trillion debt hanging over our head.

Remember, when we say the budget is balanced, that is just a checkbook. All we mean is that we are taking in as many dollars as we are spending in this given year. That does not pay this debt off. I have good news on that front, though, too. We are working on it. We have a plan on the table right now, it is called the National Debt Repayment Act.

What the plan does is this. It says after we reach a balanced budget, we recognize we still have this huge problem. We have a responsibility to future generations to do something about this problem. So after we reach a balanced budget, we are going to cap the growth of Washington spending at a rate of at least 1 percent under the rate of revenue growth. So spending is now going up slower than revenue growth.

With spending going up slower than the rate of revenue growth, if you start a balance, that creates a surplus. With the surplus, we take one-third of that surplus and provide additional tax cuts to the American people, so the American people should expect a tax cut every year from here on out. Two-thirds of it goes to repaying the Federal debt.

I have great news. If we were to enact this plan, by the year 2026 the entire Federal debt would be repaid, and we would pass this Nation on to our children debt-free. But there is another hidden advantage to doing that. As we are paying down the Federal debt, the money that has been taken out of the Social Security Trust Fund would also be returned.

Social Security is collecting more dollars than it is paying back out to our senior citizens in benefits each year. As a matter of fact, this year alone the Social Security system will collect about $70 billion more in tax revenue than what it is paying back out to our senior citizens in benefits.

The idea is that money is supposed to be set aside in a savings account so when the baby boom generation gets to retirement, you can go to the savings account, get the money, put it in the checkbook, and make good on the Social Security payments to our senior citizens.

That money, though, it is not in that savings account. That money is all part of this $5.3 trillion debt. What Social Security is doing is instead of putting the money in the savings account, they are collecting the Social Security tax dollars, more than what they are paying out to seniors in benefits, they are putting all the money in the general fund, in the big government checkbook, if you like. They are writing out checks out of that checkbook, and of course there is no money left at the end. That is the deficit. Then they are simply putting an IOU down in the Social Security Trust Fund.

Under the National Debt Repayment Act, as we go about paying off the Federal debt, we would also be putting the money back into the Social Security Trust Fund. So under the National Debt Repayment Act, we create a surplus by slowing the growth of Washington spending, which we have already been successful doing.

We just continue what we have done for the last 2 years, continue it on forward. We create that surplus, we take one-third of the surplus and work to reduce taxes further each year for the American people. We take two-thirds and apply it to the Federal debt, and when we are repaying the debt, it is completely repaid by the year 2026, we are also restoring the Social Security Trust Fund.

Just think about this. It is not only the fact that we are doing the right thing, we are paying the bills we have run up over the last generation; it is not only that. It is not only that we are going to give this Nation to our children debt free.

It goes a step further. When the debt goes away $1 out of every $6 that the Federal Government is now spending no longer needs to be spent. That opens the door for huge tax cuts for the American people.

When we start talking about these tax cuts, let us talk about some of the possibilities here, because under the National Debt Repayment Act, as the debt gets paid down, lower interest payments, the government needs less money, we can now talk about revamping the entire tax system.

I do not know how all of my colleagues feel and all the listeners this evening feel, but many of us do not like the fact that the IRS is so complicated it is almost impossible to understand. In all fairness, the new Tax Code did not make it any easier. It did lower taxes. We should not complain about the fact that taxes are coming down. But the fact is the IRS is far too cumbersome and far too difficult to understand.

As we look at these tax cuts down the road, therefore, it gives us the opportunity to throw out the IRS as we know it and bring in a new tax system that would be a lot simpler than the one we have today. Until we get this in hand, we cannot do that.

So the good news under the National Debt Repayment Act, and again I would encourage all of my colleagues that are not already on board as cosponsors to join us in the National Debt Repayment Act, what it does is it pays off the debt by the year 2026 so our children get this Nation debt-free, restores the Social Security trust fund for our senior citizens, and for those people in the work force today, for those people in the work force today, they should expect additional tax cuts each and every year as far as the eye can see. It is great news to the American people.

When we start thinking about the future tax cuts, I opened the hour here by talking about the fact that I had listened to a lot of people out there in Wisconsin. What the people told me when I listened to them is two tax cuts they were most interested in. The first one is the marriage tax penalty. This is just totally unfair in our society today. I could not find anybody who did not think we should not get rid of the marriage tax penalty.

That works like this. If you have 4 people all working in the same place at the same time earning exactly the same salary, but two of those people are married to each other and two of those people are not married to each other, the two people not married to each other pay less tax than the two people that are married to each other. That is called the marriage tax penalty, and that is just plain wrong. That is one thing I heard.

The other thing I heard repeatedly is, Mark, just simplify the entire Tax Code. Just make it a lot simpler. If you are going to do more tax cuts, for goodness sakes, just cut it across board. I can tell the Members, we are going to look forward to eliminating the marriage tax penalty and work towards an across-the-board tax cut for virtually all Americans out there. So whatever bracket you are in, it would be very easy to compute if your taxes went down by 5 percent or 10 percent or whatever the number is.

I would like to wrap up my part this evening by again going back and just comparing the past, the present, and the future.

The past: broken promises of the Gramm-Rudman-Hollings bill, the higher taxes of 1990, 1993; especially 1993, the biggest tax increase in American history, taxes went up with a gasoline tax increase. For those who were not paying real close attention, the discussion went like, well, that tax increase is only on the rich. But you were rich if you bought gasoline at a gas pump, because it went up 4.3 cents a gallon.

So the tax increases of 1993, the broken promises of a balanced budget of Gramm-Rudman-Hollings, all of these deficits that ran up this huge 5.3 trillion dollar debt, that is all in the past. In 1994, the American people, and the credit should go to the American people, the American people changed what was going on. They sent a new group out here to run Washington.

Under that new group, where are we at? I think it is a fair question to ask, where are we at? We are in the third year of a 7-year plan to balance the Federal budget. We are not only on track, we are ahead of schedule. We will have our first balanced budget since 1969 next year, three or four years ahead of what was promised back in 1995. So for the first time since 1969 the budget will be balanced. It has changed here in Washington. Instead of the broken promises of the past, we will have a balanced budget for the first time.

How about the higher taxes of 1993? That is not happening under this Congress, either. As a matter of fact, taxes are coming down. Just to run through that list of tax cuts and what is all in this bill, again, just briefly, $500 per child, starting—it is $400 next year and goes up to $500 the year after; capital gains going from 28 to 20, or even to 10, depending on your income bracket. If you sell your home, it is your principal residence, you have lived there for 2 years, in general there will be no taxes on the sale of your home. However old you are, the one-time exclusion age 55 is no longer there.

Grandparents, parents, to save up for your children's education you can put up to $500 per year per child into a savings account. The interest accumulates tax-free. College tuition for most freshmen and sophomores out there, the parents are going to keep $125 a month more. That is $125 a month more if you have a freshman or sophomore in college, in most cases you keep that money in your house. You earned it. It is not a gift. You earned it. It is your money. You keep it instead of sending it out here to Washington. $1,500 is the total for freshmen or sophomores, $1,500, and in most cases for a junior or senior it is $1,000 that you keep in your own home.

If you are in a pension fund today, wherever you are, if you are saving for retirement, if you would like to increase the amount that you are saving for your retirement, there is a new IRA called the Roth IRA that most everybody watching tonight, my colleagues, are eligible for. You can put up to $2,000 per year per person into the Roth IRA for a husband and wife, $4,000 a year you put in after-tax dollars, which means you have already paid taxes on that money. But the good news is the interest accumulates tax-free, and when you take it out, it is tax-free completely. So you put the money in, it accumulates, and at retirement when you take the money out it is tax-free.

For young folks, if you want to save up to buy a house or college education, put money into an IRA type account and you are allowed to take it out without the penalty. For small businesses, and I may not have mentioned this one earlier, the health care deduction for self-employed people is going all the way up to 100 percent over a period of years.

Death taxes are reformed. Ninety percent of farms are passed from one generation to another with no taxes paid. Businesses, family owned businesses will pass on to the next generation in many cases without taxes so the jobs can stay there in the community.

The point of this is we are in a very, very changed Washington, DC. The tax hike of 1993 versus the tax cut of 1997, that is dramatically different. There has been a dramatic change that has been brought on by the American people, sending a new group out here to control the House and Senate, and the American people have a right to understand just how far we have come.

The present: a balanced budget for the first time since 1969. The present, tax cuts, the first time in 16 years. The present: Medicare restored for our senior citizens. The present: welfare recipients, able-bodied welfare recipients having the opportunity to work so they have a chance at a job promotion and a better life for themselves and their families. That is the present. It is very, very different than it was just a couple of short years ago out here. I do not believe the American people fully understand the magnitude of the change yet. That is the present.

Where are we going? Well, even after we get the budget balanced, even after we started with the first tax reduction in 16 years, Medicare restored for a decade, we still have a $5.3 trillion debt hanging over our heads.

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We have introduced the National Debt Repayment Act, which would repay the debt in its entirety by the year 2026, giving this Nation to our children debt-free. It would restore the Social Security Trust Fund for our senior citizens and, as it creates surpluses by controlling the growth of Washington spending, one-third of those surpluses would be used to provide additional tax cuts.

Think what a changed environment this is: The budget is balanced, taxes coming down, and a plan on the table that actually talks about paying off the Federal debt, instead of how we are going to stop borrowing this money. What a changed country this is.

We as the American people should start having optimistic visions of the future again for our children. Growth, opportunities, our kids are going to have opportunities in America just like we did to start from scratch and build a company from the ground up, or do what they want to do in this society. Those opportunities will once again be there because instead of passing them an ever growing debt, instead of giving them a legacy of virtual bankruptcy, we are now in a position to talk seriously about repaying the debt, passing the Nation on to our children debt-free, restoring Social Security for our senior citizens, and additional tax cuts for people in the work force today.

That is what this is all about, and I sincerely hope that is what my service to this country is all about, because it is a worthwhile endeavor if we reach those goals.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to:

Mr. GONZALEZ (at the request of Mr. GEPHARDT) for today and the balance of the week, on account of medical reasons.

Mr. SCHIFF (at the request of Mr. ARMEY) for today and the balance of the week, on account of medical reasons.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Members (at the request of Ms. JACKSON-LEE of Texas) to revise and extend their remarks and include extraneous material:)

Mr. PALLONE, for 5 minutes, today.

Mr. DAVIS of Illinois, for 5 minutes, today.

Ms. JACKSON-LEE of Texas, for 5 minutes, today.

Mr. BISHOP, for 5 minutes, today.

Mr. GREEN, for 5 minutes, today.

(The following Members (at the request of Mr. CAMPBELL) to revise and extend their remarks and include extraneous material:)

Mr. HULSHOF, for 5 minutes, on September 4.

Mr. MCINTOSH, for 5 minutes, on September 4.

Mr. HOEKSTRA, for 5 minutes, today.

Mr. CAMPBELL, for 5 minutes, today.

Mr. GOSS, for 5 minutes, today and on September 4 and 5.

Mr. JONES, for 5 minutes, on September 9.

Mr. BILIRAKIS, for 5 minutes, on September 4.

(The following Member (at his own request) to revise and extend his remarks and include extraneous material:)

Mr. PAYNE, for 5 minutes, today.

EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

(The following Members (at the request of Ms. JACKSON-LEE of Texas) and to include extraneous matter:)

Mr. HAMILTON.
Mr. ROEMER.
Ms. DELAURO.
Mr. MOAKLEY.
Mr. DAVIS of Illinois.
Ms. MALONEY of New York.
Ms. WOOLSEY.
Mr. LANTOS.
Mr. NADLER.
Mr. HOYER.
Mr. OLVER.
Mr. DICKS.
Mr. PASCRELL.
Mr. BONIOR.
Mr. TOWNS.
Mr. KLECZKA.
Mr. BENTSEN.
Mr. STARK.
Mr. LIPINSKI.
Mr. NEAL.
Ms. JACKSON-LEE of Texas.
Ms. SANCHEZ.
Mr. CLEMENT.
Mr. BERMAN.
Mr. MANTON.
Mr. DINGELL.
Mr. HASTINGS of Florida.
Mr. CLAY.

(The following Members (at the request of Mr. CAMPBELL) and to include extraneous matter:)

Mr. FORBES.
Mr. HUTCHINSON.
Mr. HAYWORTH.
Mr. NEY.
Mr. SHIMKUS.
Mr. LEWIS of California.
Mr. CAMPBELL.
Mr. SOLOMON.
Mr. GREENWOOD.
Mr. BEREUTER.
Mr. FRELINGHUYSEN.
Mr. DUNCAN.
Mr. DAVIS of Virginia.
Mr. CALVERT.
Mr. BOB SCHAFFER of Colorado.
Mr. CHRISTENSEN.

(The following Members (at the request of Mr. NEUMANN) and to include extraneous matter:)

Mr. PACKARD.
Mr. ETHERIDGE.
Mr. GOODLATTE.
Mr. KIND.
Mr. ENGEL.

SENATE BILL REFERRED

A bill of the Senate of the following title was taken from the Speaker's table and, under the rule, referred as follows:

S. 1120. An act to provide for a consultant for the President pro tempore; to the Committee on House Oversight.

ENROLLED BILLS SIGNED

Mr. THOMAS, from the Committee on House Oversight, reported that that committee had examined and found truly enrolled bills of the House of the following titles, which were thereupon signed by the Speaker:

H.R. 408. An act to amend the Marine Mammal Protection Act of 1972 to support the International Dolphin Conservation Program in the eastern tropical Pacific Ocean, and for other purposes.

H.R. 584. An act for the relief of John Wesley Davis.

H.R. 1198. An act to direct the Secretary of the Interior to convey certain land to the City of Grants Pass, Oregon.

H.R. 1585. An act to allow postal patrons to contribute to funding for breast cancer research through the voluntary purchase of certain specially issued United States postage stamps, and for other purposes.

H.R. 1944. An act to provide for a land exchange involving the Warner Canyon Ski Area and other land in the State of Oregon

H.R. 2014. An act to provide for reconciliation pursuant to subsections (b)(2) and (d) of section 105 of the concurrent resolution on the budget for fiscal year 1998.

H.R. 2015. An act to provide for reconciliation pursuant to subsections (b)(1) and (c) of section 105 of the concurrent resolution on the budget for fiscal year 1998.

BILLS PRESENTED TO THE PRESIDENT

Mr. THOMAS, from the Committee on House Oversight reported that that committee did on the following dates present to the President, for his approval, bills of the House of the following titles:

On August 1, 1997:

H.R. 2014. An act to provide for reconciliation pursuant to subsections (b)(2) and (d) of section 105 of the concurrent resolution on the budget for fiscal year 1998.

H.R. 2015. An act to provide for reconciliation pursuant to subsections (b)(1) and (c) of section 105 of the concurrent resolution on the budget for fiscal year 1998.

H.R. 1198. An act to direct the Secretary of the Interior to convey certain land to the city of Grants Pass, Oregon.

H.R. 584. An act for the relief of John Wesley Davis.

H.R. 1944. An act to provide for a land exchange involving the Warner Canyon Ski Area and other land in the State of Oregon.

H.R. 1585. An act to allow postal patrons to contribute to funding for breast cancer research through the voluntary purchase of certain specially issued United States postage stamps, and for other purposes.

On August 4, 1997:

H.R. 408. An act to amend the Marine Mammal Protection Act of 1972 to support the International Dolphin Conservation Program in the eastern tropical Pacific Ocean, and for other purposes.

ADJOURNMENT

Mr. NEUMANN. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 10 o'clock and 2 minutes p.m.), the House adjourned until tomorrow, Thursday, September 4, 1997, at 10 a.m.

EXPENDITURE REPORTS CONCERNING OFFICIAL FOREIGN TRAVEL

Reports and amended reports concerning the foreign currencies and U.S. dollars utilized by various committees, House of Representatives, during the 1st and 2d quarters of 1997 in connection with official foreign travel, a consolidated report of Speaker authorized travel in the 2d quarter of 1997, pursuant to Public Law 95–384, as well as foreign currencies and U.S. dollars utilized by various miscellaneous groups, House of Representatives, are as follows:

AMENDED REPORT OF EXPENDITURES FOR OFFICIAL FOREIGN TRAVEL, COMMITTEE ON AGRICULTURE, HOUSE OF REPRESENTATIVES, EXPENDED BETWEEN JAN. 1 AND MAR. 31, 1977

Name of Member or employee	Date		Country	Per diem[1]		Transportation		Other purposes		Total	
	Arrival	Departure		Foreign currency	U.S. dollar equivalent or U.S. currency[2]	Foreign currency	U.S. dollar equivalent or U.S. currency[2]	Foreign currency	U.S. dollar equivalent or U.S. currency[2]	Foreign currency	U.S. dollar equivalent or U.S. currency[2]
Hon. Sanford Bishop	3/22	3/28	Canada						169.49		169.49
Hon. Helen Chenoweth	3/26	3/28	Canada						169.49		169.49
Hon. Michael Crapo	3/22	3/28	Canada						169.49		169.49
Hon. Earl Hilliard	3/22	3/28	Canada						169.49		169.49
Hon. Collin Peterson	3/22	3/28	Canada						169.49		169.49
Hon. Robert F. Smith	3/22	3/28	Canada						169.49		169.49
Hon. Charles Stenholm	3/23	3/28	Canada						169.48		169.48
Andrew Baker	3/22	3/28	Canada						169.48		169.48
Sharla Moffett	3/22	3/28	Canada						169.48		169.48
Michael Nervda	3/22	3/28	Canada						169.48		169.48
Bryce Quick	3/22	3/28	Canada						169.48		169.48
Jason Vaillancourt	3/22	3/28	Canada						169.48		169.48
Paul Unger	3/22	3/28	Canada						169.48		169.48
Committee total									2,203.30		2,203.30

[1] Per diem constitutes lodging and meals.

[2] If foreign currency is used, enter U.S. dollar equivalent; if U.S. currency is used, enter amount expended.

BOB SMITH, Chairman, July 23, 1997.

REPORT OF EXPENDITURES FOR OFFICIAL FOREIGN TRAVEL, COMMITTEE ON NATIONAL SECURITY, HOUSE OF REPRESENTATIVES, EXPENDED BETWEEN JAN. 1 AND MAR. 31, 1997

Name of Member or employee	Date		Country	Per diem[1]		Transportation		Other purposes		Total	
	Arrival	Departure		Foreign currency	U.S. dollar equivalent or U.S. currency[2]	Foreign currency	U.S. dollar equivalent or U.S. currency[2]	Foreign currency	U.S. dollar equivalent or U.S. currency[2]	Foreign currency	U.S. dollar equivalent or U.S. currency[2]
Visit to Israel, Jordan, Egypt and Morocco:											
Hon. Terry Everett	1/11	1/13	Israel		417.00						417.00
	1/13	1/14	Jordan		251.00						251.00
	1/14	1/17	Egypt		701.00						701.00
Commercial airfare							2,743.68				2,743.68
Committee total					1,369.00		2,743.68		0.00		4,112.68

[1] Per diem constitutes lodging and meals.

[2] If foreign currency is used, enter U.S. dollar equivalent; if U.S. currency is used, enter amount expended.

FLOYD SPENCE, Chairman, July 31, 1997.

REPORT OF EXPENDITURES FOR OFFICIAL FOREIGN TRAVEL, COMMITTEE ON AGRICULTURE, HOUSE OF REPRESENTATIVES, EXPENDED BETWEEN APR. 1 AND JUNE 30, 1997.

Name of Member or employee	Date		Country	Per diem [1]		Transportation		Other purposes		Total	
	Arrival	Departure		Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]
Hon. Terry Everett	5/8	5/10	Nicaraqua		468.50		(3)				468.50
Hon. Robert F. Smith	5/24	5/28	Thailand		570.00		3,972.95				4,542.95
	5/28	6/1	Philippines		1,188.00						1,188.00
Hon. Richard Pombo	5/24	5/28	Thailand		570.00		3,972.95				4,542.95
	5/28	6/1	Philippines		1,188.00						1,188.00
Hon. Bill Barrett	5/24	5/28	Thailand		570.00		3,972.95				4,542.95
	5/28	6/1	Philippines		1,188.00						1,188.00
Paul Unger	5/24	5/28	Thailand		570.00		3,972.95				4,542.95
	5/28	6/1	Philippines		1,188.00						1,188.00
Bryce Quick	5/24	5/28	Thailand		570.00		3,972.95				4,542.95
	5/28	6/1	Philippines		1,188.00						1,188.00
Kevin Kramp	5/24	5/28	Thailand		570.00		3,972.95				4,542.95
Committee totals					11,016.50		23,837.70				34,854.20

[1] Per diem constitutes lodging and meals.

[2] If foreign currency is used, enter U.S. dollar equivalent; if U.S. currency is used, enter amount expended.

[3] Military air transportation.

BOB SMITH, July 23, 1997.

REPORT OF EXPENDITURES FOR OFFICIAL FOREIGN TRAVEL, COMMITTEE ON BANKING AND FINANCIAL SERVICES, HOUSE OF REPRESENTATIVES, EXPENDED BETWEEN APR. 1 AND JUNE 30, 1997

Name of Member or employee	Date		Country	Per diem [1]		Transportation		Other purposes		Total	
	Arrival	Departure		Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]
Sean Peterson	4/4	4/8	Johannesburg, South Africa		1,035.00						1,035.00
	4/9	4/11	Harare, Zimbabwe		585.00						585.00
	4/12	4/15	London, England		1,284.00		7,229.25				8,513.25
Armando Falcon	5/9	5/14	Fukouka, Japan		1,295.00		4,646.95				5,941.95
Hon. Mark Foley	6/12	6/16	Port-au-Prince, Haiti		892.00		542.45				1,434.45
Committee totals					$5,091.00		$12,418.65				$17,509.65

[1] Per diem constitutes lodging and meals.

[2] If foreign currency is used, enter U.S. dollar equivalent; if U.S. currency is used, enter amount expended.

JIM LEACH, Chairman, July 31, 1997.

REPORT OF EXPENDITURES FOR OFFICIAL FOREIGN TRAVEL, COMMITTEE ON GOVERNMENT REFORM AND OVERSIGHT, HOUSE OF REPRESENTATIVES, EXPENDED BETWEEN APR. 1 AND JUNE 30, 1997

Name of Member or employee	Date		Country	Per diem [1]		Transportation		Other purposes		Total	
	Arrival	Departure		Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]
Robert Taub	6/10	6/15	Denmark		661.96		2,118.29		16.45		2,796.70
John T. Griffin	5/18	5/22	United Kingdom		403.63		736.65		42.02		1,182.30
Joseph F. Jakub III	5/18	5/21	United Kingdom		563.47		779.28		9.35		1,352.10
Hon. J. Dennis Hastert	5/23	5/24	Panama		179.00		[3] 13.33		[3] 36.11		228.44
	5/24	5/26	Colombia		636.00		[3] 111.11		[3] 116.67		863.78
	5/27	5/28	Bolivia		298.00		37.14		47.67		382.81
	5/29	6/1	Peru		770.00		118.92		150.15		1,039.07
Hon. Mark E. Souder	5/23	5/24	Panama		179.00		[3] 13.33		[3] 36.11		228.44
	5/24	5/26	Colombia		636.00		[3] 111.11		[3] 116.67		863.78
	5/27	5/28	Bolivia		298.00		37.14		47.67		382.81
	5/29	6/1	Peru		770.00		118.92		150.15		1,039.07
Marshall Sanford	5/23	5/24	Panama		179.00		[3] 13.33		[3] 36.11		228.44
	5/24	5/26	Colombia		636.00		[3] 111.11		[3] 116.67		863.78
	5/27	5/28	Bolivia		298.00		37.14		47.67		382.81
	5/29	6/1	Peru		770.00		118.92		150.15		1,039.07
Hon. Bob Barr	5/23	5/24	Panama		179.00		[3] 13.33		[3] 36.11		228.44
	5/24	5/26	Colombia		636.00		[3] 111.11		[3] 116.67		863.78
	5/27	5/28	Bolivia		298.00		37.14		47.67		382.81
	5/29	6/1	Peru		770.00		118.92		150.15		1,039.07
Rod R. Blagojevich	5/23	5/24	Panama		179.00		[3] 13.33		[3] 36.11		228.44
	5/24	5/26	Colombia		636.00		[3] 111.11		[3] 116.67		863.78
	5/27	5/28	Bolivia		298.00		37.14		47.67		382.81
	5/29	6/1	Peru		770.00		118.92		150.15		1,039.07
Robert Charles	5/23	5/24	Panama		179.00		[3] 13.33		[3] 36.11		228.44
	5/24	5/26	Colombia		636.00		[3] 111.11		[3] 116.67		863.78
	5/27	5/28	Bolivia		298.00		37.14		47.67		382.81
	5/29	6/1	Peru		770.00		118.92		150.15		1,039.07
Sean Littlefield	5/23	5/24	Panama		179.00		[3] 13.33		[3] 36.11		228.44
	5/24	5/26	Colombia		636.00		[3] 111.11		[3] 116.67		863.78
	5/27	5/28	Bolivia		298.00		37.14		47.67		382.81
	5/29	6/1	Peru		770.00		118.92		150.15		1,039.07
Kevin Long	5/23	5/24	Panama		179.00		[3] 13.33		[3] 36.11		228.44
	5/24	5/26	Colombia		636.00		[3] 111.11		[3] 116.67		863.78
	5/27	5/28	Bolivia		298.00		37.14		47.67		382.81
	5/29	6/1	Peru		770.00		118.92		150.15		1,039.07
Committee total					16,693.06		5,878.22		2,872.62		$25,443.90

[1] Per diem constitutes lodging and meals.

[2] If foreign currency is used, enter U.S. dollar equivalent; if U.S. currency is used, enter amount expended.

[3] Estimates only; information not available from State Department.

DAN BURTON, Chairman, July 31, 1997.

REPORT OF EXPENDITURES FOR OFFICIAL FOREIGN TRAVEL, COMMITTEE ON NATIONAL SECURITY, HOUSE OF REPRESENTATIVES, EXPENDED BETWEEN APR. 1 AND JUNE 30, 1997

Name of Member or employee	Date		Country	Per diem[1]		Transportation		Other purposes		Total	
	Arrival	Departure		Foreign currency	U.S. dollar equivalent or U.S. currency[2]	Foreign currency	U.S. dollar equivalent or U.S. currency[2]	Foreign currency	U.S. dollar equivalent or U.S. currency[2]	Foreign currency	U.S. dollar equivalent or U.S. currency[2]
Visit to Panama, Venezuela, Brazil, Argentina and Chile:											
Hon. Floyd D. Spence	3/21	3/23	Panama		358.00						358.00
	3/23	3/25	Venezuela		476.14						476.14
	3/25	3/29	Brazil		472.00						472.00
	3/29	4/01	Argentina		822.00						822.00
	4/01	4/04	Chile		898.00						898.00
Hon.Herbert H. Bateman	3/21	3/23	Panama		358.00						358.00
	3/23	3/25	Venezuela		476.14						476.14
	3/25	3/29	Brazil		472.00						472.00
	3/29	4/01	Argentina		822.00						822.00
	4/01	4/04	Chile		898.00						898.00
Hon. Howard "Buck" McKeon	3/21	3/23	Panama		358.00						358.00
	3/23	3/25	Venezuela		476.14						476.14
	3/25	3/29	Brazil		472.00						472.00
	3/29	4/01	Argentina		822.00						822.00
	4/01	4/04	Chile		898.00						898.00
Hon. John M.McHugh	3/21	3/23	Panama		358.00						358.00
	3/23	3/25	Venezuela		476.14						476.14
	3/25	3/29	Brazil		472.00						472.00
	3/29	4/01	Argentina		822.00						822.00
	4/01	4/04	Chile		898.00						898.00
Hon. Solomon P. Ortiz	3/21	3/23	Panama		358.00						358.00
	3/23	3/25	Venezuela		476.14						476.14
	3/25	3/29	Brazil		472.00						472.00
	3/29	3/30	Argentina		416.00						416.00
Commerical airfare							2,987.85				2,987.85
Dr. Andrew K. Ellis	3/21	3/23	Panama		358.00						358.00
	3/23	3/25	Venezuela		476.14						476.14
	3/25	3/29	Brazil		472.00						472.00
	3/29	3/30	Argentina		416.00						416.00
Commerical airfare							2,987.85				2,987.85
Andrea K. Aquino	3/21	3/23	Panama		358.00						358.00
	3/23	3/25	Venezuela		476.14						476.14
	3/25	3/29	Brazil		472.00						472.00
	3/29	4/01	Argentina		822.00						822.00
	4/01	4/04	Chile		898.00						898.00
Delegation expenses	3/21	3/23	Panama						106.30		106.30
	3/25	3/29	Brazil				370.18		2,621.70		2,991.88
	3/29	4/01	Argentina				815.00		3,941.61		4,756.61
Visit to China:											
Hon. Curt Weldon	3/24	3/28	China		954.00						954.00
Commerical airfare							3,986.95				3,986.95
Visit to Panama:											
Gene Taylor	4/01	4/04	Panama		254.00						254.00
Commerical airfare			Panama				2,026.95				2,026.95
George O. Withers	4/01	4/04	Panama		254.00						254.00
Commerical airfare							1,400.95				1,400.95
Visit to Italy, Bosnia, Albania, and Germany:											
Hon. Sonny Bono	4/19	4/21	Italy		275.00						254.00
	4/20	4/20	Bosnia		0.00						0.00
	4/21	4/21	Albania		0.00						0.00
	3/21	4/22	Germany		75.00						75.00
Commerical airfare							6,765.35				6,765.35
Committee totals					20,386.98		21,341.08		6,669.61		48,397.67

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[1] Per diem constitutes lodging and meals.

[2] If foreign currency is used, enter U.S. dollar equivalent; if U.S. currency is used, enter amount expended.

FLOYD SPENCE, Chairman, July 31, 1997.

REPORT OF EXPENDITURES FOR OFFICIAL FOREIGN TRAVEL, COMMITTEE ON RULES, HOUSE OF REPRESENTATIVES, EXPENDED BETWEEN APR. 1 AND JUNE 30, 1997

Name of Member or employee	Date		Country	Per diem[1]		Transportation		Other purposes		Total	
	Arrival	Departure		Foreign currency	U.S. dollar equivalent or U.S. currency[2]	Foreign currency	U.S. dollar equivalent or U.S. currency[2]	Foreign currency	U.S. dollar equivalent or U.S. currency[2]	Foreign currency	U.S. dollar equivalent or U.S. currency[2]
Kristi E. Walseth	5/29	6/1	Germany		$650						650.00
Commercial airfare							3,434.65				3,434.65
Committee total											4,084.65

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[1] Per diem constitutes lodging and meals.

[2] If foreign currency is used, enter U.S. dollar equivalent; if U.S. currency is used, enter amount expended.

JERRY B.H. SOLOMON, Chairman, July 10, 1997.

REPORT OF EXPENDITURES FOR OFFICIAL FOREIGN TRAVEL, COMMITTEE ON SCIENCE, HOUSE OF REPRESENTATIVES, EXPENDED BETWEEN APR. 1 AND JUNE 30, 1997

Name of Member or employee	Date		Country	Per diem[1]		Transportation		Other purposes		Total	
	Arrival	Departure		Foreign currency	U.S. dollar equivalent or U.S. currency[2]	Foreign currency	U.S. dollar equivalent or U.S. currency[2]	Foreign currency	U.S. dollar equivalent or U.S. currency[2]	Foreign currency	U.S. dollar equivalent or U.S. currency[2]
Hon. F. James Sensenbrenner	4/1	4/5	China		973.50		4,773.95				5,747.45
	4/5	4/7	Japan		636.00						636.00
Philip Kiko	4/1	4/5	China		973.50		4,773.95				5,747.45
	4/5	4/7	Japan		636.00						636.00
Hon. George Brown	3/29	4/5	Mexico		1,736.50		947.92				2,684.42
Michael Quear	3/29	4/5	Mexico		1,736.50		775.92				2,512.42
Committee total					6,692.00		11,271.74				17,963.74

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[1] Per diem constitutes lodging and meals.

[2] If foreign currency is used, enter U.S. dollar equivalent; if U.S. currency is used, enter amount expended.

F. JAMES SENSENBRENNER, Chairman, July 17, 1997.

REPORT OF EXPENDITURES FOR OFFICIAL FOREIGN TRAVEL, COMMITTEE ON WAYS AND MEANS, HOUSE OF REPRESENTATIVES, EXPENDED BETWEEN APR. 1 AND JUNE 30, 1997

Name of Member or employee	Date		Country	Per diem[1]		Transportation		Other purposes		Total	
	Arrival	Departure		Foreign currency	U.S. dollar equivalent or U.S. currency[2]	Foreign currency	U.S. dollar equivalent or U.S. currency[2]	Foreign currency	U.S. dollar equivalent or U.S. currency[2]	Foreign currency	U.S. dollar equivalent or U.S. currency[2]
Hon. Bill Archer	5/29	6/2	Russia		1,103.00		2,384.95		396.63		3,884.58
Hon. Mac Collins	5/29	6/2	Russia		1,450.00		2,384.95				3,834.95
Hon. Barbara B. Kennelly	5/29	6/2	Russia		1,450.00		2,384.95				3,834.95
Hon. Wally Herger	5/29	6/2	Russia		1,450.00		2,384.95				3,834.95
Committee Total					5,453.00		9,539.80		396.63		15,389.43

[1] Per diem constitutes lodging and meals.
[2] If foreign currency is used, enter U.S. dollar equivalent; if U.S. currency is used, enter amount expended.

BILL ARCHER, Chairman, July 30, 1997.

REPORT OF EXPENDITURES FOR OFFICIAL FOREIGN TRAVEL, PERMANENT SELECT COMMITTEE ON INTELLIGENCE, HOUSE OF REPRESENTATIVES, EXPENDED BETWEEN APR. 1 AND JUNE 30, 1997

Name of Member or employee	Date		Country	Per diem[1]		Transportation		Other purposes		Total	
	Arrival	Departure		Foreign currency	U.S. dollar equivalent or U.S. currency[2]	Foreign currency	U.S. dollar equivalent or U.S. currency[2]	Foreign currency	U.S. dollar equivalent or U.S. currency[2]	Foreign currency	U.S. dollar equivalent or U.S. currency[2]
Michael Sheehy	4/18	4/19	Europe		317.00						317.00
Commercial airfare							3,414.35				3,414.35
Thomas Newcomb	4/18	4/25	Europe		1,970.00						1,970.00
Commercial airfare							3,035.15				3,035.00
Patrick Murphy	4/18	4/25	Europe		1,970.00						1,970.00
Commercial airfare							3,035.15				3,035.15
Wendy Selig	4/23	4/25	Europe		468.00						468.00
Commercial airfare							2,634.45				2,634.45
Hon. Julian Dixon	5/8	5/10	Central America		468.50						468.50
Calvin Humphrey	5/8	5/10	Central America		468.50						468.50
SWendy Selig	5/8	5/10	Central America		468.50						468.50
CODEL Expenses									250.00		250.00
Hon. Norm Dicks	5/23	5/30	Europe		2,073.000						2,073.00
Commercial airfare							3,368.25				3,368.25
Michael Sheehy	5/23	5/25	Europe		642.00						642.00
Commercial airfare							3,849.25				3,849.25
Committee total					8,845.50		19,336.60		250.00		28,432.10

[1] Per diem constitutes lodging and meals.
[2] If foreign currency is used, enter U.S. dollar equivalent; if U.S. currency is used, enter amount expended.

PORTER J. GOSS, Chairman, July 18, 1997.

REPORT OF EXPENDITURES FOR OFFICIAL FOREIGN TRAVEL, DELEGATION TO ASIA, HOUSE OF REPRESENTATIVES, EXPENDED BETWEEN MAR. 24 AND APR. 2, 1997

Name of Member or employee	Date		Country	Per diem[1]		Transportation		Other purposes		Total	
	Arrival	Departure		Foreign currency	U.S. dollar equivalent or U.S. currency[2]	Foreign currency	U.S. dollar equivalent or U.S. currency[2]	Foreign currency	U.S. dollar equivalent or U.S. currency[2]	Foreign currency	U.S. dollar equivalent or U.S. currency[2]
Hon. Newt Gingrich	3/24	3/26	Korea	268,400	305.00					536,800	610.00
Hon. John Dingell	3/24	3/26	Korea	268,400	305.00					536,800	610.00
Hon. Bob Livingston	3/24	3/26	Korea	268,400	305.00					536,800	610.00
Hon. Doug Bereuter	3/24	3/26	Korea	268,400	305.00					536,800	610.00
Hon. Chris Cox	3/24	3/26	Korea	268,400	305.00					536,800	610.00
Hon. John Boehner	3/24	3/26	Korea	268,400	305.00					536,800	610.00
Hon. Jeff Jefferson	3/24	3/26	Korea	268,400	305.00					536,800	610.00
Hon. Jennifer Dunn	3/24	3/26	Korea	268,400	305.00					536,800	610.00
Hon. Al Hastings	3/24	3/26	Korea	268,400	305.00					536,800	610.00
Hon. Jay Kim	3/24	3/26	Korea	268,400	305.00					536,800	610.00
Hon. Ed Royce	3/24	3/26	Korea	268,400	305.00					536,800	610.00
Hon. Mark Foley	3/24	3/26	Korea	268,400	305.00					536,800	610.00
Bill Livingood	3/24	3/26	Korea	268,400	305.00					536,800	610.00
Arne Christenson	3/24	3/26	Korea	268,400	305.00					536,800	610.00
Gardner Peckham	3/24	3/26	Korea	268,400	305.00					536,800	610.00
Rachel Robinson	3/24	3/26	Korea	268,400	305.00					536,800	610.00
Ben Cohen	3/24	3/26	Korea	268,400	305.00					536,800	610.00
Barry Jackson	3/24	3/26	Korea	268,400	305.00					536,800	610.00
Christina Martin	3/24	3/26	Korea	268,400	305.00					536,800	610.00
Bob Hathaway	3/24	3/26	Korea	268,400	305.00					536,800	610.00
Adm./Dr. John Eisold	3/24	3/26	Korea	268,400	305.00					536,800	610.00
Dwight Comedy	3/24	3/26	Korea	268,400	305.00					536,800	610.00
Hon. Newt Gingrich	3/26	3/27	Hong Kong	3,049.56	394.00					3,049.56	394.00
Hon. John Dingell	3/26	3/27	Hong Kong	3,049.56	394.00					3,049.56	394.00
Hon. Bob Livingston	3/26	3/27	Hong Kong	3,049.56	394.00					3,049.56	394.00
Hon. Doug Bereuter	3/26	3/27	Hong Kong	3,049.56	394.00					3,049.56	394.00
Hon. Chris Cox	3/26	3/27	Hong Kong	3,049.56	394.00					3,049.56	394.00
Hon. John Boehner	3/26	3/27	Hong Kong	3,049.56	394.00					3,049.56	394.00
Hon. Jeff Jefferson	3/26	3/27	Hong Kong	3,049.56	394.00					3,049.56	394.00
Hon. Jennifer Dunn	3/26	3/27	Hong Kong	3,049.56	394.00					3,049.56	394.00
Hon. Al Hastings	3/26	3/27	Hong Kong	3,049.56	394.00					3,049.56	394.00
Hon. Jay Kim	3/26	3/27	Hong Kong	3,049.56	394.00					3,049.56	394.00
Hon. Ed Royce	3/26	3/27	Hong Kong	3,049.56	394.00					3,049.56	394.00
Hon. Mark Foley	3/26	3/27	Hong Kong	3,049.56	394.00					3,049.56	394.00
Bill Livingood	3/26	3/27	Hong Kong	3,049.56	394.00					3,049.56	394.00
Arne Christenson	3/26	3/27	Hong Kong	3,049.56	394.00					3,049.56	394.00
Gardner Peckham	3/26	3/27	Hong Kong	3,049.56	394.00					3,049.56	394.00
Rachel Robinson	3/26	3/27	Hong Kong	3,049.56	394.00					3,049.56	394.00
Ben Cohen	3/26	3/27	Hong Kong	3,049.56	394.00					3,049.56	394.00
Barry Jackson	3/26	3/27	Hong Kong	3,049.56	394.00					3,049.56	394.00
Christina Martin	3/26	3/27	Hong Kong	3,049.56	394.00					3,049.56	394.00
Bob Hathaway	3/26	3/27	Hong Kong	3,049.56	394.00					3,049.56	394.00
Adm./Dr. John Eisold	3/26	3/27	Hong Kong	3,049.56	394.00					3,049.56	394.00
Dwight Comedy	3/26	3/27	Hong Kong	3,049.56	394.00					3,049.56	394.00
Hon. Newt Gingrich	3/27	3/30	China	2,111.40	255.00					6,334.20	765.00
Hon. John Dingell	3/27	3/30	China	2,111.40	255.00					6,334.20	765.00
Hon. Bob Livingston	3/27	3/30	China	2,111.40	255.00					6,334.20	765.00
Hon. Doug Bereuter	3/27	3/30	China	2,111.40	255.00					6,334.20	765.00

REPORT OF EXPENDITURES FOR OFFICIAL FOREIGN TRAVEL, DELEGATION TO ASIA, HOUSE OF REPRESENTATIVES, EXPENDED BETWEEN MAR. 24 AND APR. 2, 1997—Continued

Name of Member or employee	Date		Country	Per diem[1]		Transportation		Other purposes		Total	
	Arrival	Departure		Foreign currency	U.S. dollar equivalent or U.S. currency[2]	Foreign currency	U.S. dollar equivalent or U.S. currency[2]	Foreign currency	U.S. dollar equivalent or U.S. currency[2]	Foreign currency	U.S. dollar equivalent or U.S. currency[2]
Hon. Chris Cox	3/27	3/30	China	2,111.40	255.00					6,334.20	765.00
Hon. John Boehner	3/27	3/30	China	2,111.40	255.00					6,334.20	765.00
Hon. Jeff Jefferson	3/27	3/30	China	2,111.40	255.00					6,334.20	765.00
Hon. Jennifer Dunn	3/27	3/30	China	2,111.40	255.00					6,334.20	765.00
Hon. Al Hastings	3/27	3/30	China	2,111.40	255.00					6,334.20	765.00
Hon. Jay Kim	3/27	3/30	China	2,111.40	255.00					6,334.20	765.00
Hon. Ed Royce	3/27	3/30	China	2,111.40	255.00					6,334.20	765.00
Hon. Mark Foley	3/27	3/30	China	2,111.40	255.00					6,334.20	765.00
Bill Livingood	3/27	3/30	China	2,111.40	255.00					6,334.20	765.00
Arne Christenson	3/27	3/30	China	2,111.40	255.00					6,334.20	765.00
Gardner Peckham	3/27	3/30	China	2,111.40	255.00					6,334.20	765.00
Rachel Robinson	3/27	3/30	China	2,111.40	255.00					6,334.20	765.00
Ben Cohen	3/27	3/30	China	2,111.40	255.00					6,334.20	765.00
Barry Jackson	3/27	3/30	China	2,111.40	255.00					6,334.20	765.00
Christina Martin	3/27	3/30	China	2,111.40	255.00					6,334.20	765.00
Bob Hathaway	3/27	3/30	China	2,111.40	255.00					6,334.20	765.00
Adm./Dr. John Eisold	3/27	3/30	China	2,111.40	255.00					6,334.20	765.00
Dwight Comedy	3/27	3/30	China	2,111.40	255.00					6,334.20	765.00
Hon. Newt Gingrich	3/30	4/2	Japan	37,376.69	304.00					112,130	912.00
Hon. John Dingell	3/30	4/2	Japan	37,376.69	304.00					112,130	912.00
Hon. Bob Livingston	3/30	4/2	Japan	37,376.69	304.00					112,130	912.00
Hon. Doug Bereuter	3/30	4/2	Japan	37,376.69	304.00					112,130	912.00
Hon. Chris Cox	3/30	4/2	Japan	37,376.69	304.00					112,130	912.00
Hon. John Boehner	3/30	4/2	Japan	37,376.69	304.00					112,130	912.00
Hon. Jeff Jefferson	3/30	4/2	Japan	37,376.69	304.00					112,130	912.00
Hon. Jennifer Dunn	3/30	4/2	Japan	37,376.69	304.00					112,130	912.00
Hon. Al Hastings	3/30	4/2	Japan	37,376.69	304.00					112,130	912.00
Hon. Jay Kim	3/30	4/2	Japan	37,376.69	304.00					112,130	912.00
Hon. Ed Royce	3/30	4/2	Japan	37,376.69	304.00					112,130	912.00
Hon. Mark Foley	3/30	4/2	Japan	37,376.69	304.00					112,130	912.00
Bill Livingood	3/30	4/2	Japan	37,376.69	304.00					112,130	912.00
Arne Christenson	3/30	4/2	Japan	37,376.69	304.00					112,130	912.00
Gardner Peckham	3/30	4/2	Japan	37,376.69	304.00					112,130	912.00
Rachel Robinson	3/30	4/2	Japan	37,376.69	304.00					112,130	912.00
Ben Cohen	3/30	4/2	Japan	37,376.69	304.00					112,130	912.00
Barry Jackson	3/30	4/2	Japan	37,376.69	304.00					112,130	912.00
Christina Martin	3/30	4/2	Japan	37,376.69	304.00					112,130	912.00
Bob Hathaway	3/30	4/2	Japan	37,376.69	304.00					112,130	912.00
Adm./Dr. John Eisold	3/30	4/2	Japan	37,376.69	304.00					112,130	912.00
Dwight Comedy	3/30	4/2	Japan	37,376.69	304.00					112,130	912.00
Committee Total					6,688.00						20,064.00

[1] Per diem constitutes lodging and meals.

[2] If foreign currency is used, enter U.S. dollar equivalent; if U.S. currency is used, enter amount expended.

NEWT GINGRICH, May 2, 1997.

REPORT OF EXPENDITURES FOR OFFICIAL FOREIGN TRAVEL, DELEGATION TO RUSSIA, HOUSE OF REPRESENTATIVES, EXPENDED BETWEEN MAY 27 AND MAY 31, 1997

Name of Member or employee	Date		Country	Per diem[1]		Transportation		Other purposes		Total	
	Arrival	Departure		Foreign currency	U.S. dollar equivalent or U.S. currency[2]	Foreign currency	U.S. dollar equivalent or U.S. currency[2]	Foreign currency	U.S. dollar equivalent or U.S. currency[2]	Foreign currency	U.S. dollar equivalent or U.S. currency[2]
Hon. Curt Weldon	5/27	5/31	Russia		1,380.00						1,380.00
Hon. Lindsey Graham	5/27	5/31	Russia		1,380.00						1,380.00
Hon. Roger Wicker	5/27	5/31	Russia		1,380.00						1,380.00
Hon. Jay Dickey	5/27	5/31	Russia		1,380.00						1,380.00
Hon. Charles Taylor	5/27	5/31	Russia		1,380.00		2,560.15				3,940.15
Hon. Steny Hoyer	5/27	5/30	Russia		1,000.00		3,460.95				4,460.95
Hon. Corrine Brown	5/27	5/31	Russia		1,380.00						1,380.00
Hon. Owen Pickett	5/27	5/31	Russia		1,380.00						1,380.00
Douglas Ritter	5/27	5/31	Russia		1,380.00						1,380.00
Cory Alexander	5/27	5/31	Russia		1,380.00						1,380.00
Marlene Kaufmann	5/27	5/30	Russia		1,000.00		3,460.95				4,460.95
David Trachtenberg	5/27	5/31	Russia		1,380.00						1,380.00
Committee total					15,800.00		9,482.05				25,282.05

[1] Per diem constitutes lodging and meals.

[2] If foreign currency is used, enter U.S. dollar equivalent; if U.S. currency is used, enter amount expended.

CURT WELDON, June 22, 1997.

REPORT OF EXPENDITURES FOR OFFICIAL FOREIGN TRAVEL, TRAVEL TO JAPAN AND NORTH KOREA, HOUSE OF REPRESENTATIVES, EXPENDED BETWEEN APR. 3, AND APR. 8, 1997

Name of Member or employee	Date		Country	Per diem[1]		Transportation		Other purposes		Total	
	Arrival	Departure		Foreign currency	U.S. dollar equivalent or U.S. currency[2]	Foreign currency	U.S. dollar equivalent or U.S. currency[2]	Foreign currency	U.S. dollar equivalent or U.S. currency[2]	Foreign currency	U.S. dollar equivalent or U.S. currency[2]
Rick Carne	4/3	4/8	Japan, N. Korea		1,350.00		4,627.95				5,977.95
Committee total					1,350.00		4,627.95				5,977.95

[1] Per diem constitutes lodging and meals.

[2] If foreign currency is used, enter U.S. dollar equivalent; if U.S. currency is used, enter amount expended.

RICK CARNE, May 1, 1997.

REPORT OF EXPENDITURES FOR OFFICIAL FOREIGN TRAVEL, TRAVEL TO ESTONIA, LATVIA, POLAND AND THE CZECH REPUBLIC, HOUSE OF REPRESENTATIVES, EXPENDED BETWEEN MAR. 25 AND APR. 4, 1997

Name of Member or employee	Date		Country	Per diem[1]		Transportation		Other purposes		Total	
	Arrival	Departure		Foreign currency	U.S. dollar equivalent or U.S. currency[2]	Foreign currency	U.S. dollar equivalent or U.S. currency[2]	Foreign currency	U.S. dollar equivalent or U.S. currency[2]	Foreign currency	U.S. dollar equivalent or U.S. currency[2]
William R. Teator	3/25	3/27	Estonia		612.00						612.00
	3/27	3/28	Latvia		245.00						245.00
	3/31	4/1	Poland	1,599.04	526.00					1,599.04	526.00
	4/2	4/4	Czech Republic		564.00						564.00
Committee total					1,947.00						1,947.00

[1] Per diem constitutes lodging and meals.
[2] If foreign currency is used, enter U.S. dollar equivalent; if U.S. currency is used, enter amount expended.

WILLIAM R. TEATOR, April 21, 1997.

REPORT OF EXPENDITURES FOR OFFICIAL FOREIGN TRAVEL, TRAVEL TO BARBADOS, HOUSE OF REPRESENTATIVES, EXPENDED BETWEEN MAY 9 AND MAY 11, 1997

Name of Member or employee	Date		Country	Per diem[1]		Transportation		Other purposes		Total	
	Arrival	Departure		Foreign currency	U.S. dollar equivalent or U.S. currency[2]	Foreign currency	U.S. dollar equivalent or U.S. currency[2]	Foreign currency	U.S. dollar equivalent or U.S. currency[2]	Foreign currency	U.S. dollar equivalent or U.S. currency[2]
Hon. Carlos Romero-Barceló	5/9	5/11	Barbados		1,261.23		599.05				1,861.18
Committee total					1,261.23		599.95				1,861.18

[1] Per diem constitutes lodging and meals.
[2] If foreign currency is used, enter U.S. dollar equivalent; if U.S. currency is used, enter amount expended.

CARLOS ROMERO-BARCELÓ, June 9, 1997.

REPORT OF EXPENDITURES FOR OFFICIAL FOREIGN TRAVEL, TRAVEL TO ESTONIA, LATVIA, POLAND AND THE CZECH REPUBLIC, HOUSE OF REPRESENTATIVES, EXPENDED BETWEEN MAY 13 AND MAY 16, 1997

Name of Member or employee	Date		Country	Per diem[1]		Transportation		Other purposes		Total	
	Arrival	Departure		Foreign currency	U.S. dollar equivalent or U.S. currency[2]	Foreign currency	U.S. dollar equivalent or U.S. currency[2]	Foreign currency	U.S. dollar equivalent or U.S. currency[2]	Foreign currency	U.S. dollar equivalent or U.S. currency[2]
Gretchen E. DeMar	5/13	5/16	Canada	1,044	[3] 755.97		351.90	107.15	150.00	1,251.15	[3] 905.97
Committee total					755.97		351.90		150.00		1,257.87

[1] Per diem constitutes lodging and meals.
[2] If foreign currency is used, enter U.S. dollar equivalent; if U.S. currency is used, enter amount expended.
[3] U.S. dollars equivalent based on rate of exchange applied by U.S. Consulate per Mr. H.J. Steemers for per diem and registration fee.

GRETCHEN E. DEMAR, June 5, 1997.

REPORT OF EXPENDITURES FOR OFFICIAL FOREIGN TRAVEL, DELEGATION TO GERMANY, HOUSE OF REPRESENTATIVES, EXPENDED BETWEEN JUNE 26 AND JULY 1, 1997

Name of Member or employee	Date		Country	Per diem[1]		Transportation		Other purposes		Total	
	Arrival	Departure		Foreign currency	U.S. dollar equivalent or U.S. currency[2]	Foreign currency	U.S. dollar equivalent or U.S. currency[2]	Foreign currency	U.S. dollar equivalent or U.S. currency[2]	Foreign currency	U.S. dollar equivalent or U.S. currency[2]
Hon. Amory Houghton, Jr.	6/27	7/1	Germany								
Hon. Donald Payne	6/27	6/29	Germany				4,693.65				4,693.65
Hon. Carrie Meek	6/28	7/1	Germany				2,530.05				2,530.05
Hon. Charles Taylor	6/28	7/3	Germany				2,996.05				2,996.05
Robert W. Van Wicklin	6/27	7/1	Germany				3,356.05				3,356.05
Committee total							12,140.08				12,140.08

[1] Per diem constitutes lodging and meals.
[2] If foreign currency is used, enter U.S. dollar equivalent; if U.S. currency is used, enter amount expended.

AMO HOUGHTON, July 30, 1997.

REPORT OF EXPENDITURES FOR OFFICIAL FOREIGN TRAVEL, DELEGATION TO THE NORTH ATLANTIC ASSEMBLY, HOUSE OF REPRESENTATIVES, EXPENDED BETWEEN MAY 24 AND JUNE 1, 1997

Name of Member or employee	Date		Country	Per diem[1]		Transportation		Other purposes		Total	
	Arrival	Departure		Foreign currency	U.S. dollar equivalent or U.S. currency[2]	Foreign currency	U.S. dollar equivalent or U.S. currency[2]	Foreign currency	U.S. dollar equivalent or U.S. currency[2]	Foreign currency	U.S. dollar equivalent or U.S. currency[2]
Hon. Doug Bereuter	5/24	5/27	Slovenia		844.00						
	5/27	5/28	Macedonia		136.00						
	5/28	6/1	Luxembourg		972.00		(3)				1,952.00
Hon. Floyd Spence	5/24	5/27	Slovenia		844.00						
	5/27	5/28	Macedonia		136.00						
	5/28	6/1	Luxembourg		972.00		(3)				1,952.00
Hon. Ralph Regula	5/28	6/1	Luxembourg		972.00		(3)				972.00
Hon. Gerald Solomon	5/24	5/27	Slovenia		844.00						
	5/27	5/28	Macedonia		136.00						
	5/28	6/1	Luxembourg		972.00		(3)				1,952.00
Hon. Tom Bliley	5/24	5/27	Slovenia		844.00						
	5/27	5/28	Macedonia		136.00						
	5/28	6/1	Luxembourg		972.00		(3)				1,952.00
Hon. Marge Roukema	5/24	5/27	Slovenia		844.00						
	5/27	5/28	Macedonia		136.00						
	5/28	6/1	Luxembourg		972.00		(3)				1,952.00
Hon. Herbert Bateman	5/24	5/27	Slovenia		844.00						
	5/27	5/28	Macedonia		136.00						

REPORT OF EXPENDITURES FOR OFFICIAL FOREIGN TRAVEL, DELEGATION TO THE NORTH ATLANTIC ASSEMBLY, HOUSE OF REPRESENTATIVES, EXPENDED BETWEEN MAY 24 AND JUNE 1, 1997—Continued

Name of Member or employee	Date		Country	Per diem [1]		Transportation		Other purposes		Total	
	Arrival	Departure		Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]
Hon. Sherwood Boehlert	5/28	6/1	Luxembourg		972.00		(3)				1,952.00
	5/24	5/27	Slovenia		844.00						
	5/27	5/28	Macedonia		136.00						
Hon. Joel Hefley	5/28	6/1	Luxembourg		972.00		(3)				1,952.00
	5/24	5/27	Slovenia		844.00						
	5/27	5/28	Macedonia		136.00						
Hon. Vernon Ehlers	5/28	6/1	Luxembourg		972.00		(3)				1,952.00
	5/24	5/27	Slovenia		844.00						
	5/27	5/28	Macedonia		136.00						
Hon. Scott McInnis	5/28	6/1	Luxembourg		972.00		(3)				1,952.00
	5/24	5/27	Slovenia		844.00						
	5/27	5/28	Macedonia		136.00						
Hon. Pat Danner	5/28	6/1	Luxembourg		972.00		(3)				1,952.00
	5/24	5/27	Slovenia		844.00						
	5/27	5/28	Macedonia		136.00						
John Herzberg	5/28	6/1	Luxembourg		972.00		(3)				1,952.00
	5/24	5/27	Slovenia		844.00						
	5/27	5/28	Macedonia		136.00						
Jo Weber	5/28	6/1	Luxembourg		972.00		(3)				1,952.00
	5/24	5/27	Slovenia		844.00						
	5/27	5/28	Macedonia		136.00						
Rick Stafford	5/28	6/1	Luxembourg		972.00		(3)				1,952.00
	5/24	5/27	Slovenia		844.00						
	5/27	5/28	Macedonia		136.00						
Linda Pedigo	5/28	6/1	Luxembourg		972.00		(3)				1,952.00
	5/24	5/27	Slovenia		844.00						
	5/27	5/28	Macedonia		136.00						
	5/28	6/1	Luxembourg		972.00		(3)				1,952.00
Martin Sletzinger	5/28	6/1	Luxembourg		972.00		(3)				972.00
Commercial airfare							1,564.00				1,564.00
Jim Doran	5/28	6/1	Luxembourg		972.00		(3)				972.00
Commercial airfare							2,295.00				2,295.00
Ronald Lasch	5/28	6/1	Luxembourg		972.00		(3)				972.00
Commercial airfare							2,295.00				2,295.00
David Goldston	5/28	6/1	Luxembourg		972.00		(3)				972.00
Commercial airfare							2,295.00				2,295.00
Committee total					34,140.00		8,449.00				42,589.00

[1] Per diem constitutes lodging and meals.
[2] If foreign currency is used, enter U.S. dollar equivalent; if U.S. currency is used, enter amount expended.
[3] Military air transportation.

DOUG BEREUTER, July 11, 1997.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

4550. A letter from the Administrator, Agricultural Marketing Service, transmitting the Service's final rule—Removal of U.S. Grade Standards and Other Selected Regulations [Docket Number FV-95-303] received August 13, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Agriculture.

4551. A letter from the Administrator, Agricultural Marketing Service, transmitting the Service's final rule—Winter Pears Grown in Oregon, Washington, and California; Increased Assessment Rate [Docket No. FV97-927-1IFR] received August 21, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Agriculture.

4552. A letter from the Administrator, Agricultural Marketing Service, transmitting the Service's final rule—Dried Prunes Produced in California; Increased Assessment Rate [Docket No. FV97-993-1 IFR] received August 5, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Agriculture.

4553. A letter from the Administrator, Agricultural Marketing Service, transmitting the Service's final rule—Milk in the Texas Marketing Area; Suspension of Certain Provisions of the Order [DA-97-06] received August 5, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Agriculture.

4554. A letter from the Administrator, Agricultural Marketing Service, transmitting the Service's final rule—Reduced Assessment Rates for Specified Marketing Orders [Docket No. FV97-922-2 IFR] received August 5, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Agriculture.

4555. A letter from the Administrator, Agricultural Marketing Service, transmitting the Service's final rule—Irish Potatoes Grown in Modoc and Siskiyou Counties, California, and in All Counties in Oregon, Except Malheur County; Define Fiscal Period and Decrease Assessment Rate [Docket No. FV97-947-1 FIR] received August 14, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Agriculture.

4556. A letter from the Administrator, Agricultural Marketing Service, transmitting the Service's final rule—Amendments to the Perishable Agricultural Commodities Act [Docket Number FV96-351A] (RIN: 0581-AB48) received August 14, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Agriculture.

4557. A letter from the Administrator, Agricultural Marketing Service, transmitting the Service's final rule—Marketing Order Regulating the Handling of Spearmint Oil Produced in the Far West; Revision of Administrative Rules and Regulations Governing Issuance of Additional Allotment Base to New and Existing Producers [Docket No. FV97-985-1 FR] received August 14, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Agriculture.

4558. A letter from the Administrator, Agricultural Marketing Service, transmitting the Service's final rule—Almonds Grown in California; Amended Assessment Rate [Docket No. FV97-981-4 FR] received August 14, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Agriculture.

4559. A letter from the Administrator, Agricultural Marketing Service, transmitting the Service's final rule—Fresh Peaches Grown in Georgia; Termination of Marketing Order No. 918 [Docket No. FV-97-918-1 FR] received August 19, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Agriculture.

4560. A letter from the Administrator, Agricultural Marketing Service, transmitting the Service's final rule—Kiwifruit Grown in California; Revision of Administrative Rules Pertaining to Delinquent Assessments [Docket No. FV97-920-1 FR] received August 28, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Agriculture.

4561. A letter from the Administrator, Agricultural Marketing Service, transmitting the Service's final rule—Kiwifruit Grown in California; Assessment Rate [Docket No. FV97-920-3 IFR] received August 28, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Agriculture.

4562. A letter from the Administrator, Agricultural Marketing Service, transmitting the Service's final rule—Fresh Bartlett Pears Grown in Oregon and Washington; Reduced Assessment Rate [Docket No. FV97-931-2 IFR] received August 26, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Agriculture.

4563. A letter from the Administrator, Agricultural Marketing Service, transmitting the Service's final rule—Limes Grown in Florida and Imported Limes; Change in Regulatory Period [Docket No. FV97-911-1A FIR] received August 28, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Agriculture.

4564. A letter from the Acting Administrator, Agricultural Research Service, transmitting the Service's final rule—National Arboretum [7 CFR Part 500] received August 28, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Agriculture.

4565. A letter from the Congressional Review Coordinator, Animal and Plant Health Inspection Service, transmitting the Service's final rule—Humane Treatment of Dogs; Tethering [Docket No. 95–078–2] (RIN: 0579–AA74) received August 14, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Agriculture.

4566. A letter from the Congressional Review Coordinator, Animal and Plant Health Inspection Service, transmitting the Service's final rule—Mediterranean Fruit Fly; Additions to the Quarantined Areas [Docket No.97–056–4] received August 14, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Agriculture.

4567. A letter from the Congressional Review Coordinator, Animal and Plant Health Inspection Service, transmitting the Service's final rule—Change in Disease Status of the Dominican Republic Because of Hog Cholera [Docket No. 97–084–1] received August 14, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Agriculture.

4568. A letter from the Congressional Review Coordinator, Animal and Plant Health Inspection Service, transmitting the Service's final rule—Oriental Fruit Fly; Designation of Quarantined Area [Docket No. 97–073–1] received September 2, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Agriculture.

4569. A letter from the Congressional Review Coordinator, Animal and Plant Health Inspection Service, transmitting the Service's final rule—Change in Disease Status of Italy, Except the Island of Sardinia, Because of African Swine Fever [Docket No. 97–002–2] received September 2, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Agriculture.

4570. A letter from the Director, Office of Regulatory Management and Information, Environmental Protection Agency, transmitting the Agency's final rule—Herbicide Safener HOE–107892; Pesticide Tolerances for Emergency Exemptions [OPP–300517; FRL–5731–7] (RIN: 2070–AB78) received August 6, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Agriculture.

4571. A letter from the Director, Office of Regulatory Management and Information, Environmental Protection Agency, transmitting the Agency's final rule—Bacillus Cereus Strain BP01; Exemption from the Requirement of a Tolerance [OPP–300526; FRL–5735–6] (RIN: 2070–AB78) received August 6, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Agriculture.

4572. A letter from the Director, Office of Regulatory Management and Information, Environmental Protection Agency, transmitting the Agency's final rule—Copper Octanoate; Tolerance Exemption [OPP–300524; FRL–5734–7] (RIN: 2070–AB78) received August 6, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Agriculture.

4573. A letter from the Director, Office of Regulatory Management and Information, Environmental Protection Agency, transmitting the Agency's final rule—Fludioxonil; Pesticide Tolerances for Emergency Exemptions [OPP–300520; FRL–5732–5] (RIN: 2070–AB78) received August 6, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Agriculture.

4574. A letter from the Director, Office of Regulatory Management and Information, Environmental Protection Agency, transmitting the Agency's final rule—Coat Protein of Potato Virus Y and the Genetic Material Necessary for its production; Exemption from the requirement of a tolerance [OPP–300531; FRL–5738–4] (RIN: 2070–AB78) received August 13, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Agriculture.

4575. A letter from the Director, Office of Regulatory Management and Information, Environmental Protection Agency, transmitting the Agency's final rule—Replicase Protein of Potato Leaf Roll Virus and the Genetic Material Necessary for its production; Exemption from the requirement of a tolerance [OPP–300530; FRL–5738–3] (RIN: 2070–AB78) received August 13, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Agriculture.

4576. A letter from the Director, Office of Regulatory Management and Information, Environmental Protection Agency, transmitting the Agency's final rule—Myclobutanil; Pesticide Tolerances for Emergency Exemptions [OPP–300522 FRL–5732–9] (RIN: 2070–AB78) received August 6, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Agriculture.

4577. A letter from the Chairman and Chief Executive Officer, Farm Credit Administration, transmitting the Administration's final rule—Federal Agricultural Mortgage Corporation; Receivers and Conservators (RIN: 3052–AB72) received August 12, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Agriculture.

4578. A letter from the Administrator, Farm Service Agency, transmitting the Agency's final rule—1997 Marketing Quotas and Price Support Levels for Fire-Cured (type 21), Fire-Cured (types 22–23), Dark Air-Cured (types 35–36), Virginia Sun-Cured (type 37), and Cigar-Filler and Binder (types 42–44 and 53–55) Tobaccos (Commodity Credit Corporation) [Workplan Number 96–056] (RIN: 0560–AF03) received August 15, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Agriculture.

4579. A letter from the Administrator, Farm Service Agency, transmitting the Agency's final rule—Disaster Reserve Assistance Program (RIN: 0560–AF11) received August 19, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Agriculture.

4580. A letter from the Manager, Federal Crop Insurance Corporation, transmitting the Corporation's final rule—Macadamia Tree Crop Insurance Regulations; and Common Crop Insurance Regulations, Macadamia Tree Crop Insurance Provisions [7 CFR Part 456 and 457] received August 8, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Agriculture.

4581. A letter from the Manager, Federal Crop Insurance Corporation, transmitting the Corporation's final rule—General Crop Insurance Regulations, and Common Crop Insurance Regulations; and Peach Crop Insurance Provisions [7 CFR Parts 403 and 457] received August 7, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Agriculture.

4582. A letter from the Manager, Federal Crop Insurance Corporation, transmitting the Corporation's final rule—Macadamia Nut Crop Insurance Regulations; and Common Crop Insurance Regulations, Macadamia Nut Crop Insurance Provisions [7 CFR Parts 455 and 457] received August 8, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Agriculture.

4583. A letter from the Administrator, Rural Utilities Service, transmitting the Service's final rule—Accounting Requirements for RUSElectric Borrowers (RIN: 0572–AB36) received August 5, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Agriculture.

4584. A letter from the Acting Executive Director, U.S. Commodity Futures Trading Commission, transmitting the Commission's final rule—Securities Representing Investment of Customer Funds Held in Segregated Accounts by Futures Commission Merchants [17 CFR Part 1] received August 5, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Agriculture.

4585. A communication from the President of the United States, transmitting amendments to FY 1998 appropriations requests that would provide resources for the implementation of the National Capital Revitalization and Self-Government Improvement Act of 1997, pursuant to 31 U.S.C. 1107; (H. Doc. No. 105–118); to the Committee on Appropriations and ordered to be printed.

4586. A communication from the President of the United States, transmitting FY 1998 budget amendments for the Legislative Branch, pursuant to 31 U.S.C. 1107; (H. Doc. No. 105–120); to the Committee on Appropriations and ordered to be printed.

4587. A communication from the President of the United States, transmitting an amendment to the FY 1998 appropriations requests for the Department of Commerce, pursuant to 31 U.S.C. 1107; (H. Doc. No. 105–121); to the Committee on Appropriations and ordered to be printed.

4588. A communication from the President of the United States, transmitting his request to make available appropriations of $7,642,000 for the Department of the Treasury from the Treasury Counter-Terrorism Fund, pursuant to Public Law 104–208; (H. Doc. No. 105–123); to the Committee on Appropriations and ordered to be printed.

4589. A letter from the Assistant Secretary, Department of the Navy, transmitting notification of intent to study a commercial or industrial type function performed by 45 or more civilian employees for possible outsourcing, pursuant to 10 U.S.C. 2304 nt.; to the Committee on National Security.

4590. A letter from the Acting Under Secretary, Department of Defense, transmitting the Secretary's Selected Acquisition Reports (SARS) for the quarter ending June 30, 1997, pursuant to 10 U.S.C. 2432; to the Committee on National Security.

4591. A letter from the Secretary of Defense, transmitting a report on improvement of pricing policies for use of major range and test facility installations of the military departments, pursuant to Public Law 103–160, section 846(a) (107 Stat. 1723); to the Committee on National Security.

4592. A letter from the Director, Administration and Management, Department of Defense, transmitting the Department's final rule—Departmentof Defense Newspapers, Magazines and Civilian Enterprise Publications (RIN: 0790–AG37) received August 7, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on National Security.

4593. A letter from the Director, Defense Procurement, Department of Defense, transmitting the Department's final rule—Defense Federal Acquisition Regulation Supplement; Single Process Initiative [DFARS Case 97–D014] received August 15, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on National Security.

4594. A letter from the Director, Defense Procurement, Department of Defense, transmitting the Department's final rule—Defense Federal Acquisition Regulation Supplement; Cost Principles [DFARS Case 95–D714] received September 2, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on National Security.

4595. A letter from the Director, Defense Procurement, Department of Defense, transmitting the Department's final rule—Defense

Federal Acquisition Regulation Supplement; Application of Berry Amendment [DFARS Case 96–D333] received September 2, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on National Security.

4596. A letter from the Assistant to the Board, Board of Governors of the Federal Reserve System, transmitting the Board's "Major" final rule—Bank Holding Companies and Change in Bank Control (Regulation Y); Amendments to Restrictions in the Board's Section 20 Orders [Regulation Y; Docket No.R–0958] received August 28, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Banking and Financial Services.

4597. A letter from the President and Chairman, Export-Import Bank of the United States, transmitting a report involving U.S. exports to Oman, pursuant to 12 U.S.C. 635(b)(3)(i); to the Committee on Banking and Financial Services.

4598. A letter from the Director, Office of Management and Budget, transmitting OMB's estimate of the amount of change in outlays or receipts, as the case may be, in each fiscal year through fiscal year 2002 resulting from passage of H.R. 1226, pursuant to Public Law 101–508, section 13101(a) (104 Stat. 1388–582); to the Committee on the Budget.

4599. A letter from the Director, Office of Management and Budget, transmitting OMB's estimate of the amount of change in outlays or receipts, as the case may be, in each fiscal year through fiscal year 2002 resulting from passage of H.R. 1901, pursuant to Public Law 101–508, section 13101(a) (104 Stat. 1388–582); to the Committee on the Budget.

4600. A letter from the Acting Assistant Secretary for OSHA, Department of Labor, transmitting the Department's final rule—Longshoring and Marine Terminals (Occupational Safety and Health Administration) [Docket No. S–025] (RIN: 1218–AA56) received July 25, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Education and the Workforce.

4601. A letter from the Deputy Executive Director and Chief Operating Officer, Pension Benefit Guaranty Corporation, transmitting the Corporation's final rule—Allocation of Assets in Single-Employer Plans; Interest Assumptions for Valuing Benefits [29 CFR Part 4044] received August 11, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Education and the Workforce.

4602. A letter from the General Counsel, Department of Transportation, transmitting the Department's final rule—Federal Motor Vehicle Safety Standards; Occupant Crash Protection; Occupant Protection in Interior Impact (National Highway Traffic Safety Administration) [Docket No. 74–14; Notice 121] (RIN: 2127–AG94) received August 28, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Commerce.

4603. A letter from the Director, Office of Regulatory Management and Information, Environmental Protection Agency, transmitting the Agency's final rule—Toxic Substances Control Act Test Guidelines [OPPTS–42193; FRL–5719–5] (RIN: 2070–AB76) received August 12, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Commerce.

4604. A letter from the Director, Office of Regulatory Management and Information, Environmental Protection Agency, transmitting the Agency's final rule—Approval and Promulgation of Revisions to Tennessee SIP Chapter 1200–3–5 Visible Emissions [TN–142–9727(a); FRL–5872–9] received August 12, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Commerce.

4605. A letter from the Director, Office of Regulatory Management and Information, Environmental Protection Agency, transmitting the Agency's final rule—Approval and Promulgation of Implementation Plans; State of Missouri [MO–028–1028; FRL–5875–7] received August 12, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Commerce.

4606. A letter from the Director, Office of Regulatory Management and Information, Environmental Protection Agency, transmitting the Agency's final rule—Approval and Promulgation of Implementation Plans Tennessee: Approval of Revisions to the Chattanooga/Hamilton County Portion of the Tennessee SIP Regarding Prevention of Significant Deterioration (PSD), Nitrogen Oxides, Lead Emissions, Volatile Organic Compounds (VOC), and PM10 Revisions [TN–178–02–9724a; TN–179–01–9723a; FRL–5871–9] received August 7, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Commerce.

4607. A letter from the Director, Office of Regulatory Management and Information, Environmental Protection Agency, transmitting the Agency's final rule—Approval and Promulgation of Implementation Plans; Revision to the Illinois State Implementation Plan for Ozone [IL137–1a; FRL–5868–5] received August 7, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Commerce.

4608. A letter from the Director, Office of Regulatory Management and Information, Environmental Protection Agency, transmitting the Agency's final rule—Transportation Conformity Rule Amendments: Flexibility and Streamlining [FRL–5871–4] (RIN: 2060–AG16) received August 6, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Commerce.

4609. A letter from the Director, Office of Regulatory Management and Information, Environmental Protection Agency, transmitting the Agency's final rule—Control of Air Pollution; Amendments to Emission Requirements Applicable to New Nonroad Spark Ignition Engines At or Below 19 Kilowatts and New Marine Spark Ignition Engines: Provisions for Replacement Engines and the Use of Two Stroke Engines on Certain Nonhandheld Equipment [FRL–5871–1] received August 6, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Commerce.

4610. A letter from the Director, Office of Regulatory Management and Information, Environmental Protection Agency, transmitting the Agency's final rule—Approval and Promulgation of Implementation Plans Tennessee: Approval of Revisions to the SIP Regarding Emission Standards and Monitoring Requirements for Additional Control Areas [TN–171–01–9764a; FRL–5863–9] received August 6, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Commerce.

4611. A letter from the Director, Office of Regulatory Management and Information, Environmental Protection Agency, transmitting the Agency's final rule—Approval and Promulgation of Implementation Plans Tennessee: Approval of Revisions to Maintenance Plan for Knox County, Tennessee [TN–150–01–9711a; FRL–5866–1] received August 6, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Commerce.

4612. A letter from the Director, Office of Regulatory Management and Information, Environmental Protection Agency, transmitting the Agency's final rule—Approval and Promulgation of State Plans for Designated Facilities and Pollutants; States of Iowa, Kansas, Missouri, and Nebraska [FRL–5868–3] received August 6, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Commerce.

4613. A letter from the Director, Office of Regulatory Management and Information, Environmental Protection Agency, transmitting the Agency's final rule—Approval and Promulgation of Implementation Plans; California State Implementation Plan Revision, Bay Area Air Quality Management District [CA–179–0045a; FRL–5863–4] received August 6, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Commerce.

4614. A letter from the Director, Office of Regulatory Management and Information, Environmental Protection Agency, transmitting the Agency's final rule—Approval and Promulgation of Air Quality Implementation Plans; Maine; (Hancock and Waldo Counties Ozone Maintenance Plan Revision—Motor Vehicle Emissions Budgets) [ME47–01–7002a; A–1–FRL–5867–8] received August 6, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Commerce.

4615. A letter from the Director, Office of Regulatory Management and Information, Environmental Protection Agency, transmitting the Agency's final rule—Approval and Promulgation of Implementation Plans; California State Implementation Plan Revision, Sacramento Metropolitan Air Quality Management District and Santa Barbara County Air Pollution Control District [CA–173–0044a; FRL–5867–3] received August 6, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Commerce.

4616. A letter from the Director, Office of Regulatory Management and Information, Environmental Protection Agency, transmitting the Agency's final rule—Approval and Promulgation of Revisions to North Carolina SIP Involving Open Burning and Other Miscellaneous Rules [NC–82–9728(a); FRL–5863–6] received August 6, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Commerce.

4617. A letter from the Director, Office of Regulatory Management and Information, Environmental Protection Agency, transmitting the Agency's final rule—New York: Final Authorization of State Hazardous Waste Program Revisions [FRL–5870–8] received August 6, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Commerce.

4618. A letter from the Director, Office of Regulatory Management and Information, Environmental Protection Agency, transmitting the Agency's final rule—Approval and Promulgation of Air Quality Implementation Plans; State of Maryland; Enhanced Motor Vehicle Inspection and Maintenance Program [MD037–3015; FRL–5864–8] received August 6, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Commerce.

4619. A letter from the Director, Office of Regulatory Management and Information, Environmental Protection Agency, transmitting the Agency's final rule—Modification of Significant New Use Rules for Certain Substances [OPPTS–50626A; FRL–5735–4] (RIN: 2070–AB27) received August 6, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Commerce.

4620. A letter from the Director, Office of Regulatory Management and Information, Environmental Protection Agency, transmitting the Agency's final rule—Approval and Promulgation of Implementation Plans; Arizona—Maricopa County PM–10 Nonattainment Area [AZ–69–0012; FRL–5867–9] received August 6, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Commerce.

4621. A letter from the Director, Office of Regulatory Management and Information, Environmental Protection Agency, transmitting the Agency's final rule—Outer Continental Shelf Air Regulations Consistency Update for Alaska [Alaska 001; FRL–5847–7] received August 6, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Commerce.

4622. A letter from the Director, Office of Regulatory Management and Information, Environmental Protection Agency, transmitting the Agency's final rule—Approval and Promulgation of Air Quality Implementation Plans; State of Georgia; Enhanced Motor Vehicle Inspection and Maintenance Program [GA–34–2–9716; FRL–5865–9] received August 6, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Commerce.

4623. A letter from the Director, Office of Regulatory Management and Information, Environmental Protection Agency, transmitting the Agency's final rule—Approval and Promulgation of Air Quality Implementation Plans; District of Columbia, New Source Review Program [DC032–2006; FRL–5864–4] received August 6, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Commerce.

4624. A letter from the Director, Office of Regulatory Management and Information, Environmental Protection Agency, transmitting the Agency's final rule—Approval and Promulgation of Implementation Plans: Washington [WA61–7136, WA64–7139a; FRL–5869–8] received August 6, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Commerce.

4625. A letter from the Director, Office of Regulatory Management and Information, Environmental Protection Agency, transmitting the Agency's final rule—Approval and Promulgation of Implementation Plans; Reasonably Available Control Technology for Volatile Organic Compounds for the State of New Jersey [Region II Docket No. NJ17–2–169, FRL–5868–4] received August 6, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Commerce.

4626. A letter from the Director, Office of Regulatory Management and Information, Environmental Protection Agency, transmitting the Agency's final rule—Approval and Promulgation of Air Quality Implementation Plans; Maryland; Control of Volatile Organic Compound Emissions from Degreasing Operations and Vehicle Refinishing, and Definition of Motor Vehicle [MD040–4014a and MD047–4014a; FRL–5867–5] received August 6, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Commerce.

4627. A letter from the Director, Office of Regulatory Management and Information, Environmental Protection Agency, transmitting the Agency's final rule—National Emission Standards for Chromium Emissions From Hard and Decorative Chromium Electroplating and Chromium Anodizing Tanks [AD–FRL–5872–7] received August 6, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Commerce.

4628. A letter from the Director, Office of Regulatory Management and Information, Environmental Protection Agency, transmitting the Agency's final rule—Clean Air Act Approval and Promulgation of State Implementation Plans (SIP); Texas; Prevention of Significant Deterioration (PSD) Increments for particulate matter less than 10 microns in diameter (PM–10); Designation of Areas for Air Quality Planning Purposes [TX60–1–7269; FRL–5870–1] received August 13, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Commerce.

4629. A letter from the Director, Office of Regulatory Management and Information, Environmental Protection Agency, transmitting the Agency's final rule—Approval and Promulgation of Implementation Plans; California State Implementation Plan Revision, San Joaquin Valley Unified Air Pollution Control District [CA–128–0043; FRL–5875–9] received August 13, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Commerce.

4630. A letter from the Director, Office of Regulatory Management and Information, Environmental Protection Agency, transmitting the Agency's final rule—Approval and Promulgation of State Air Quality Plans for Designated Facilities and Pollutants, Louisiana; Control of Landfill Gas Emissions from Existing Municipal Solid Waste Landfills [LA–39–1–7332a; FRL–5876–3] received August 13, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Commerce.

4631. A letter from the Director, Office of Regulatory Management and Information, Environmental Protection Agency, transmitting the Agency's final rule—Approval and Promulgation of Air Quality Implementation Plans; Pennsylvania; Approval of VOC and NO_X RACT Determinations for Individual Sources [SIPTRAX No. PA–4051a; FRL–5865–8] received August 15, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Commerce.

4632. A letter from the Director, Office of Regulatory Management and Information, Environmental Protection Agency, transmitting the Agency's final rule—Approval and Promulgation of Implementation Plans; State of Missouri [MO–029–1029; FRL–5875–4] received August 15, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Commerce.

4633. A letter from the Director, Office of Regulatory Management and Information, Environmental Protection Agency, transmitting the Agency's final rule—Approval and Promulgation of State Implementation Plan, South Carolina: Addition of Supplement C to the Air Quality Modeling Guidelines [SC–30–1–9645a: FRL–5877–1] received August 15, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Commerce.

4634. A letter from the Director, Office of Regulatory Management and Information, Environmental Protection Agency, transmitting the Agency's final rule—Approval and Promulgation of Implementation Plans; California State Implementation Plan Revision, San Joaquin Valley Unified Air Pollution Control District [CA 157–0046a; FRL–5881–1] received August 20, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Commerce.

4635. A letter from the Director, Office of Regulatory Management and Information, Environmental Protection Agency, transmitting the Agency's final rule—Approval and Promulgation of Implementation Plans; California State Implementation Plan Revision, Bay Area Air Quality Management District [CA 034–0049a FRL–5880–4] received August 20, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Commerce.

4636. A letter from the AMD—Performance Evaluation and Records Management, Federal Communications Commission, transmitting the Commission's final rule—Amendment of Section 73.202(b), Table of Allotments, FM Broadcast Stations (Hobbs, Tatum and Jal, New Mexico) [MM Docket No. 96–77, RM–8780, RM–8918] received August 19, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Commerce.

4637. A letter from the AMD—Performance Evaluation and Records Management, Federal Communications Commission, transmitting the Commission's final rule—Amendment of Section 73.202(b), Table of Allotments, FM Broadcast Stations (Idalou, Texas) [MM Docket No. 97–69, RM–9007] received August 19, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Commerce.

4638. A letter from the AMD—Performance Evaluation and Records Management, Federal Communications Commission, transmitting the Commission's final rule—Amendment of Section 73.202(b), Table of Allotments, FM Broadcast Stations (Clayton and Jena, Louisiana) [MM Docket No. 97–59, RM–8976] received August 19, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Commerce.

4639. A letter from the AMD—Performance Evaluation and Records Management, Federal Communications Commission, transmitting the Commission's final rule—The Commission's Forfeiture Policy Statement and Amendment of Section 1.80 of the Rules to Incorporate the Forfeiture Guidelines [CI Docket No. 95–6] received August 19, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Commerce.

4640. A letter from the AMD—Performance Evaluation and Records Management, Federal Communications Commission, transmitting the Commission's final rule—Amendment of Parts 2, 15, and 97 of the Commission's Rules To Permit Use of Radio Frequencies Above 40 GHz for New Radio Applications; International Harmonization of Frequency Bands Above 40 GHz; Petition of Sky Station International, Inc., for Amendment of the Commission's Rules To Establish Requirements for a Global Stratospheric Telecommunications Service in the 47.2–47.5 GHz and 47.9–48.2 GHz Frequency Bands [ET Docket No. 94–124, RM–8308; RM–8784] received August 14, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Commerce.

4641. A letter from the AMD—Performance Evaluation and Records Management, Federal Communications Commission, transmitting the Commission's final rule—Amendment of Part 90 of the Commission's Rules To Provide for the Use of the 220–222 MHz Band by the Private Land Mobile Radio Service [PR Docket No. 89–552] received August 29, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Commerce.

4642. A letter from the AMD—Performance Evaluation and Records Management, Federal Communications Commission, transmitting the Commission's final rule—Amendment of Section 73.202(b), Table of Allotments, FM Broadcast Stations (Shawsville, Virginia) [MM Docket No. 97–103, RM–9030] received August 29, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Commerce.

4643. A letter from the AMD—Performance Evaluation and Records Management, Federal Communications Commission, transmitting the Commission's final rule—Amendment of Section 73.202(b), Table of Allotments, FM Broadcast Stations (Mansura, Louisiana) [MM Docket No. 97–110, RM–9045] received August 29, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Commerce.

4644. A letter from the AMD—Performance Evaluation and Records Management, Federal Communications Commission, transmitting the Commission's final rule—Amendment of Section 73.202(b), Table of Allotments, FM Broadcast Stations (Cloudcroft, New Mexico) [MM Docket No. 96–257, RM–8966] received August 29, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Commerce.

4645. A letter from the AMD—Performance Evaluation and Records Management, Federal Communications Commission, transmitting the Commission's final rule—Amendment of Section 73.202(b), Table of Allotments, FM Broadcast Stations (Mount Horeb, Mazomanie and Dodgeville, Wisconsin) [MM Docket No. 97–10, RM–8984, RM–9033] received August 29, 1997, pursuant to 5 U.S.C.801(a)(1)(A); to the Committee on Commerce.

4646. A letter from the AMD—Performance Evaluation and Records Management, Federal Communications Commission, transmitting the Commission's final rule—Amendment of Section 73.202(b), Table of Allotments, FM Broadcast Stations (St. Marks and Woodville, Florida) [MM Docket No. 96–142, RM–8829, RM–8873] received August 29, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Commerce.

4647. A letter from the AMD—Performance Evaluation and Records Management, Federal Communications Commission, transmitting the Commission's final rule—Implementation of Section 254(k) of the Communications Act of 1934, as Amended [FCC 97–163] received August 26, 1997, pursuant to 5 U.S.C.801(a)(1)(A); to the Committee on Commerce.

4648. A letter from the Secretary, Federal Trade Commission, transmitting the Commission's final rule—Correction to Ranges of Comparability for Clothes Washers (RIN: 3084–AA26) received August 6, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Commerce.

4649. A letter from the Director, Regulations Policy Management Staff, Office of Policy, Food and Drug Administration, transmitting the Administration's final rule—Indirect Food Additives: Adjuvants, Production Aids, and Sanitizers [Docket No. 95F–0170] August 5, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Commerce.

4650. A letter from the Director, Regulations Policy Management Staff, Office of Policy, Food and Drug Administration, transmitting the Administration's final rule—Current Good Manufacturing Practice in Manufacturing, Processing, Packing, or Holding of Drugs; Revision of Certain Labeling Controls; Partial Extension of Compliance Date [Docket No. 88N–0320] received August 4, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committeeon Commerce.

4651. A letter from the Director, Regulations Policy Management Staff, Office of Policy, Food and Drug Administration, transmitting the Administration's final rule—Food and Cosmetic Labeling; Revocation of Certain Regulations [Docket No. 96N–0174] (RIN: 0910–AA69) received August 15, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Commerce.

4652. A letter from the Director, Office of Congressional Affairs, Nuclear Regulatory Commission, transmitting two final rules: "Statement of Priciples and Policy for the Agreement State Program," and "Policy Statement On Adequacy and Compatibility of Agreement State Programs" received September 2, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Commerce.

4653. A letter from the Secretary of Health and Human Services, transmitting the Department's final rule—Human Tissue Intended for Transplantation (Food and Drug Administration) [Docket No. 93N–0453] (RIN: 0910–AA40) received August 14, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Commerce.

4654. A letter from the Director, Defense Security Assistance Agency, transmitting the listing of all outstanding Letters of Offer to sell any major defense equipment for $1 million or more; the listing of all Letters of Offer that were accepted, as of June 30, 1997, pursuant to 22 U.S.C. 2776(a); to the Committee on International Relations.

4655. A letter from the Assistant Secretary for Legislative Affairs, Department of State, transmitting a report on chemical and biological weapons proliferation control efforts for the period of February 1, 1996 to January 31, 1997, pursuant to Public Law 102—182, section 308(a) (105 Stat. 1257); to the Committee on International Relations.

4656. A letter from the Assistant Secretary for Legislative Affairs, Department of State, transmitting a report on proliferation of missiles and essential components of nuclear, biological, and chemical weapons, pursuant to 22 U.S.C. 2751 nt.; to the Committee on International Relations.

4657. A letter from the Assistant Secretary for Legislative Affairs, Department of State, transmitting the Secretary's determination and certification regarding government actions to terminate chemical weapons proliferation activities of foreign persons, pursuant to 50 U.S.C. app. 2410c(b)(2); to the Committee on International Relations.

4658. A communication from the President of the United States, transmitting a report on additional measures to confirm that the embargo on Iran prohibits all trade and investment activities by United States persons, wherever located, and to consolidate in one order the various prohibitions previously imposed to deal with the national emergency declared on March 15, 1995, pursuant to 50 U.S.C. 1703(c); (H. Doc. No. 105—117); to the Committee on International Relations and ordered to be printed.

4659. A communication from the President of the United States, transmitting notification that the emergency regarding export control regulations is to continue in effect beyond August 19, 1997, pursuant to 50 U.S.C. 1622(d); (H. Doc. No. 105—119); to the Committee on International Relations and ordered to be printed.

4660. A letter from the Assistant Legal Adviser for Treaty Affairs, Department of State, transmitting copies of international agreements, other than treaties, entered into by the United States, pursuant to 1 U.S.C. 112b(a); to the Committee on International Relations.

4661. A letter from the Director, Arms Control and Disarmament Agency, transmitting the Agency's classified Executive Summary and Annexes to the U.S. Arms Control and Disarmament Agency's (ACDA) 1996 Annual Report, pursuant to 22 U.S.C. 2590; to the Committee on International Relations.

4662. A communication from the President of the United States, transmitting the 1996 Annual Report of the United States Arms Control and Disarmament Agency (ACDA), pursuant to 22 U.S.C. 2590; to the Committee on International Relations.

4663. A communication from the President of the United States, transmitting an alternative plan for Federal civilian employee pay adjustments, to take effect in January 1998, pursuant to 5 U.S.C. 5305(c)(1); (H. Doc. No. 105—122); to the Committee on Government Reform and Oversight and ordered to be printed.

4664. A letter from the Director, Bureau of the Census, transmitting the Bureau's final rule—Census Designated Place (CDP) Program for Census 2000 [Docket No. 970728183–7183–01] received August 19, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Government Reform and Oversight.

4665. A letter from the Executive Director, Committee for Purchase from People Who Are Blind or Severely Disabled, transmitting the Committee's final rule—Additions to the Procurement List [97–015] received August 19, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Government Reform and Oversight.

4666. A letter from the Director of Benefits, Farm Credit Bank of Texas, transmitting the annual report for the Farm Credit Banks of Texas Thrift Plus Plan for the Year ended December 31, 1996, pursuant to 31 U.S.C. 9503(a)(1)(B); to the Committee on Government Reform and Oversight.

4667. A letter from the Deputy Associate Administrator for Acquisition Policy, General Services Administration, transmitting the Administration's final rule—General Services Administration Acquisition Regulation; Acquisition of Commercial Items [APD 2800.12A, CHGE 76] (RIN: 3090–AF86) received August 19, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Government Reform and Oversight.

4668. A letter from the Director, Office of Personnel Management, transmitting the Office's final rule—Supplemental Standards of Ethical Conduct for Employees of the Office of Personnel Management (RIN: 3206–AG 87,3209–AA15) received August 13, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Government Reform and Oversight.

4669. A letter from the Chairman, Railroad Retirement Board, transmitting the semiannual report on activities of the Office of Inspector General for the period October 1, 1996, through March 31, 1997, pursuant to 5 U.S.C. app. (Insp. Gen. Act) section 5(b); to the Committee on Government Reform and Oversight.

4670. A letter from the Secretary of Labor, transmitting a report of activities under the Freedom of Information Act for the calendar year 1996, pursuant to 5 U.S.C. 552(d); to the Committee on Government Reform and Oversight.

4671. A letter from the Assistant Secretary, Land and Minerals Management, Department of the Interior, transmitting the Department's final rule—Delegation of Royalty Management Functions to States (Minerals Management Service) (RIN: 1010–AC25) received July 26, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Resources.

4672. A letter from the Acting Assistant Secretary for Fish and Wildlife and Parks, Department of the Interior, transmitting the Department's final rule—Migratory Bird Hunting; Temporary Conditional Approval of Tungsten-Iron Shot as Nontoxic for the 1997–98 Season (RIN: 1018–AE09) received August 11,1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Resources.

4673. A letter from the Acting Assistant Secretary for Fish and Wildlifeand Parks, Department of the Interior, transmitting the Department's final rule—Migratory Bird Hunting; Final Framework for Early-Season Migratory Bird Hunting Regulations (RIN: 1018–AE14) received August 15, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Resources.

4674. A letter from the Assistant Secretary for Indian Affairs, Department of the Interior, transmitting the Department's final rule—Adult Education Program (Bureau of Indian Affairs) (RIN: 1076–AA15) received August 14, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Resources.

4675. A letter from the Assistant Secretary, Land and Minerals Management, Department of the Interior, transmitting the Department's final rule—Logical Mining Units in General; LMU Application Procedures; LMU Approval Criteria; LMU Diligence; and Administration of LMU Operations [WO–320–1320–02–24–1A] (RIN: 1004–AD12) received August 19, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Resources.

4676. A letter from the Acting Deputy Assistant Secretary for Fish and Wildlife and Parks, Department of the Interior, transmitting the Department's final rule—St. Croix National Scenic Riverway, Boating Operations (RIN: 1024–AC46) received August 14, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Resources.

4677. A letter from the Acting Assistant Secretary for Fish and Wildlife and Parks, Department of the Interior, transmitting the Department's "Major" final rule—Migratory Bird Hunting; Migratory Bird Hunting Regulations on Certain Federal Indian Reservations and Ceded Lands for the 1997–98 Early Season (RIN: 1018–AE14) received August 27, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Resources.

4678. A letter from the Acting Assistant Secretary for Fish and Wildlife and Parks, Department of the Interior, transmitting the Department's "Major" final rule—Migratory Bird Hunting; Early Seasons and Bag and Possession Limits for Certain Migratory Game Birds in the Contiguous United States, Alaska, Hawaii, Puerto Rico, and the Virgin Islands (RIN: 1018–AE14) received August 26, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee onResources.

4679. A letter from the Acting Director, Fish and Wildlife Service, transmitting the Service's final rule—Endangered and Threatened Wildlife and Plants; Determination of Endangered Status for Three Plants from the Channel Islands of Southern California (RIN: 1018–AD37) received August 14, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Resources.

4680. A letter from the Acting Director, Office of Sustainable Fisheries, National Oceanic and Atmospheric Administration, transmitting the Administration's final rule—Pacific Halibut Fisheries; Area 2A Commercial Fishery [Docket No. 961217359–7050–02; I.D. 080597A] received August 13, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Resources.

4681. A letter from the Acting Assistant Administrator for Fisheries, National Oceanic and Atmospheric Administration, transmitting the Administration's final rule—Fisheries of the Northeastern United States; Framework 9 to the Atlantic Sea Scallop Fishery Management Plan [Docket No. 970508108–7108–01; I.D. 022597B] (RIN: 0648–AJ62) received August 13, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Resources.

4682. A letter from the Director, Office of Sustainable Fisheries, National Oceanic and Atmospheric Administration, transmitting the Administration's final rule—Fisheries Off West Coast States and in the Western Pacific States; West Coast Salmon Fisheries; Inseason Adjustment from the Queets River to Leadbetter Point, WA [Docket No. 970429101–7101–01; I.D. 070297B] received August 13, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Resources.

4683. A letter from the Acting Assistant Administrator for Fisheries, National Oceanic and Atmospheric Administration, transmitting the Administration's final rule—Fisheries off West Coast States and in the Western Pacific; Pacific Coast Groundfish Fishery; Amendment 9 [Docket No. 970311053–7139–02; I.D. 020397B] (RIN: 0648–AJ23) received August 4, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Resources.

4684. A letter from the Director, National Oceanic and Atmospheric Administration, transmitting the Administration's final rule—Taking of Marine Mammals Incidental to Commercial Fishing Operations; Atlantic Large Whale Take Reduction Plan Regulations [Docket No. 970129015–7170–04; I.D. 031997B] (RIN: 0648–AI84) received August 5, 1997, pursuant to 5 U.S.C.801(a)(1)(A); to the Committee on Resources.

4685. A letter from the Deputy Assistant Administrator for Fisheries, National Oceanic and Atmospheric Administration, transmitting the Administration's final rule—Western Pacific Crustacean Fisheries; Amendment 9; OMB Control Numbers [Docket No. 960401094–6183–02; I.D. 022296D] (RIN: 0648–AI32) received August 5, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Resources.

4686. A letter from the Acting Director, Office of Sustainable Fisheries, National Oceanic and Atmospheric Administration, transmitting the Administration's final rule—Fisheries of the Caribbean, Gulf of Mexico, and South Atlantic; Coastal Migratory Pelagic Resources of the Gulf of Mexico and South Atlantic; Closure [Docket No. 961204340–7087–02; I.D. 073097D] received August 8, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Resources.

4687. A letter from the Director, Office of Sustainable Fisheries, National Oceanic and Atmospheric Administration, transmitting the Administration's final rule—Fisheries of the Exclusive Economic Zone Off Alaska; Scallop Fishery; Shelikof District of Registration Area K [Docket No. 970613138–7138–01; I.D. 080797B] received August 15, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Resources.

4688. A letter from the Director, Office of Sustainable Fisheries, National Oceanic and Atmospheric Administration, transmitting the Administration's final rule—Fisheries of the Economic Exclusive Zone Off Alaska; Shallow-water Species Fishery by Vessels using Trawl Gear in the Gulf of Alaska [Docket No. 961126334–7025–02; I.D. 080897B] received August 15, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Resources.

4689. A letter from the Director, Office of Sustainable Fisheries, National Oceanic and Atmospheric Administration, transmitting the Administration's final rule—Fisheries of the Exclusive Economic Zone Off Alaska; Scallop Fishery; Closure in Registration Area Q [Docket No. 970613138–7138–01; I.D. 081397A] received August 19, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Resources.

4690. A letter from the Director, National Oceanic and Atmospheric Administration, transmitting the Administration's final rule—Endangered and Threatened Species: Listing of Several Evolutionary Significant Units (ESUs) of West Coast Steelhead [Docket No. 960730210–7193–02; I.D. 050294D] (RIN: 0648–XX65) received August 26, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Resources.

4691. A letter from the Assistant Administrator for Fisheries, National Oceanic and Atmospheric Administration, transmitting the Administration's final rule—Fisheries Off West Coast States and in the Western Pacific; Northern Anchovy Fishery; Quotas for the 1997–98 Fishing Year [Docket No. 970813196–7196–01; I.D. 073197A] received August 28, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Resources.

4692. A letter from the Acting Director, Office of Sustainable Fisheries, National Oceanic and Atmospheric Administration, transmitting the Administration's final rule—Fisheries Off West Coast States and in the Western Pacific; Pacific Coast Groundfish Fishery; End of the Primary Seasonand Resumption of Trip Limits for the Shore-based Whiting Sector [Docket No. 961227373–6373–01; I.D. 082097C] received August 21, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Resources.

4693. A letter from the Director, Office of Surface Mining Reclamation and Enforcement, transmitting the Office's final rule—Indiana Regulatory Program [SPATS No. IN–136–FOR; State Program Amendment No. 95–4] received August 19, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Resources.

4694. A letter from the Director, Office of Surface Mining Reclamation and Enforcement, transmitting the Office's final rule—Indiana Regulatory Program [SPATS No. IN–138–FOR; State Program Amendment No. 95–3 II] received August 19, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Resources.

4695. A letter from the Director, Office of Surface Mining Reclamation and Enforcement, transmitting the Office's final rule—North Dakota Regulatory Program [ND–036–FOR, Amendment No. XXIV] received August 19, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Resources.

4696. A letter from the Director, Office of Surface Mining Reclamation and Enforcement, transmitting the Office's final rule—Coal Moisture (RIN:1029–AB78) received August 25, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Resources.

4697. A letter from the Director, Office of Surface Mining Reclamation and Enforcement, transmitting the Office's final rule—Kentucky Regulatory Program [KY–211–FOR] received September 2, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Resources.

4698. A letter from the Assistant Secretary for Pension and Welfare Benefits, Department of Labor, transmitting the Department's final rule—Final Rule Relating to Adjustment of Civil Monetary Penalties (RIN: 1210–0056) received August 4, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committeeon the Judiciary.

4699. A letter from the Acting Assistant Secretary, Department of the Army, transmitting a report on the Clifton, Arizona Local Flood Protection Project; to the Committee on Transportation and Infrastructure.

4700. A letter from the Acting Assistant Secretary, Department of the Army, transmitting a report on the Federal navigation project at Santa Barbara Harbor, California; to the Committee on Transportation and Infrastructure.

4701. A letter from the Assistant Secretary, Civil Works, Department of the Army, transmitting volume II of the annual report on civil works activities for fiscal year 1995; to the Committee on Transportation and Infrastructure.

4702. A letter from the General Counsel, Department of Transportation, transmitting the Department's final rule—Small Railroads; Policy Statement on Enforcement Program (Federal Railroad Administration) [FRA Docket No. SBR97–1, Notice 1] (RIN: 2130–AB15) received August 8, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

4703. A letter from the General Counsel, Department of Transportation, transmitting the Department's final rule—Passenger Origin-Destination Survey Reports [Docket No. OST–95–744] (RIN: 2139–AA04) received August 14, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

4704. A letter from the General Counsel, Department of Transportation, transmitting the Department's final rule—Airworthiness Directives; Fokker Model F28 Mark 0100 Series Airplanes (Federal Aviation Administration) [Docket No. 97–NM–149–AD; Amdt. 39–10100; AD 97–16–08] (RIN: 2120–AA64) received August 11, 1997, pursuant to 5 U.S.C.

801(a)(1)(A); to the Committee on Transportation and Infrastructure.

4705. A letter from the General Counsel, Department of Transportation, transmitting the Department's final rule—Commercial Passenger-Carrying Operations in Single-Engine Aircraft under Instrument Flight Rules (Federal Aviation Administration) [Docket No. 28743; Amdt. No. 135–70] (RIN: 2120–AG22) received August 11, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

4706. A letter from the General Counsel, Department of Transportation, transmitting the Department's final rule—Airworthiness Directives; Pratt & Whitney PW2000 Series Turbofan Engines (Federal Aviation Administration) [Docket No. 97–ANE–25–AD; Amdt. 39–10094, AD 97–11–51 R1] (RIN: 2120–AA64) received August 11, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

4707. A letter from the General Counsel, Department of Transportation, transmitting the Department's final rule—Airworthiness Directives; British Aerospace (Jetstream) Model 4101 Airplanes (Federal Aviation Administration) [Docket No. 97–NM–137–AD; Amdt. 39–10090; AD 97–16–01] (RIN: 2120–AA64) received August 4, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

4708. A letter from the General Counsel, Department of Transportation, transmitting the Department's final rule—Airworthiness Directives; Saab Model SAAB 2000 Series Airplanes (Federal Aviation Administration) [Docket No. 96–NM–221–AD; Amdt. 39–10089; AD 97–15–17] (RIN: 2120–AA64) received August 4, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

4709. A letter from the General Counsel, Department of Transportation, transmitting the Department's final rule—Airworthiness Directives; Industrie Aeronautiche e Meccaniche Rinaldo Piaggio S.p.A. Model P–180 Airplanes (Federal Aviation Administration) [Docket No. 96–CE–56–AD; Amdt. 39–10088; AD 97–15–14] (RIN: 2120–AA64) received August 4, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

4710. A letter from the General Counsel, Department of Transportation, transmitting the Department's final rule—Airworthiness Directives; Avco Lycoming and Textron Lycoming Reciprocating Engines (Federal Aviation Administration) [Docket No. 97–ANE–26–AD; Amdt. 39–10085; AD 97–15–11] (RIN: 2120–AA64) received August 4, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

4711. A letter from the General Counsel, Department of Transportation, transmitting the Department's final rule—Standard Instrument Approach Procedures; Miscellaneous Amendments (Federal Aviation Administration) [Docket No. 28982; Amdt. No. 1811] (RIN: 2120–AA65) received August 4, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

4712. A letter from the General Counsel, Department of Transportation, transmitting the Department's final rule—Standard Instrument Approach Procedures; Miscellaneous Amendments (Federal Aviation Administration) [Docket No. 28981; Amdt. No. 1810] (RIN: 2120–AA65) received August 4, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

4713. A letter from the General Counsel, Department of Transportation, transmitting the Department's final rule—Standard Instrument Approach Procedures; Miscellaneous Amendments (Federal Aviation Administration) [Docket No. 28983; Amdt. No. 1812] (RIN: 2120–AA65) received August 4, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

4714. A letter from the General Counsel, Department of Transportation, transmitting the Department's final rule—Alteration of Jet Route (Federal Aviation Administration) [Airspace Docket No. 94–ASW–8] (RIN: 2120–AA66) received August 4, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committeeon Transportation and Infrastructure.

4715. A letter from the General Counsel, Department of Transportation, transmitting the Department's final rule—Special Local Regulations for Marine Events; Assateague Channel, Chincoteague, Virginia (Coast Guard) [CGD05–97–012] (RIN: 2115–AE46) received August 4, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

4716. A letter from the General Counsel, Department of Transportation, transmitting the Department's final rule—Security Zone; Port Canaveral, FL (Coast Guard) [COTP JACKSONVILLE 97–035] (RIN: 2115–AA97) received August 4,1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

4717. A letter from the General Counsel, Department of Transportation, transmitting the Department's final rule—Airworthiness Directives; Boeing Model 737–100 and -200 Series Airplanes (Federal Aviation Administration) [Docket No. 96–NM–152–AD; Amdt. 39–10102; AD 97–17–01] (RIN: 2120–AA64) received August 14, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

4718. A letter from the General Counsel, Department of Transportation, transmitting the Department's final rule—Revision of the Legal Description of the Dallas/Fort Worth Class B Airspace Area; TX (Federal Aviation Administration) [Airspace Docket No. 97–ASW–11] (RIN: 2120–AA66) received August 14, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

4719. A letter from the General Counsel, Department of Transportation, transmitting the Department's final rule—Establishment of Class E Airspace; SD (Federal Aviation Administration) [Airspace Docket No. 97–AGL–19] (RIN: 2120–AA66) received August 28, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

4720. A letter from the General Counsel, Department of Transportation, transmitting the Department's final rule—Modification of Class E Airspace; Grafton, ND (Federal Aviation Administration) [Airspace Docket No. 97–AGL–23] (RIN: 2120–AA66) received August 28, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

4721. A letter from the General Counsel, Department of Transportation, transmitting the Department's final rule—Revision of Class E Airspace; Carlisle, AR (Federal Aviation Administration) [Airspace Docket No. 97–ASW–03] (RIN: 2120–AA66) received August 28, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

4722. A letter from the General Counsel, Department of Transportation, transmitting the Department's final rule—Revision of Class E Airspace; Alice, TX (Federal Aviation Administration) [Airspace Docket No. 97–ASW–05] (RIN: 2120–AA66) received August 28, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

4723. A letter from the General Counsel, Department of Transportation, transmitting the Department's final rule—Revision of Class E Airspace; Ponca City, OK (Federal Aviation Administration) [Airspace Docket No. 97–ASW–06] (RIN: 2120–AA66) received August 28, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

4724. A letter from the General Counsel, Department of Transportation, transmitting the Department's final rule—Revision of Class E Airspace; Athens, TX (Federal Aviation Administration) [Airspace Docket No. 97–ASW–07] (RIN: 2120–AA66) received August 28, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

4725. A letter from the General Counsel, Department of Transportation, transmitting the Department's final rule—Revision of Class E Airspace; Altus, OK (Federal Aviation Administration) [Airspace Docket No. 97–ASW–09] (RIN: 2120–AA66) received August 28, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

4726. A letter from the General Counsel, Department of Transportation, transmitting the Department's final rule—Airworthiness Directives; Pratt & Whitney Canada PW100 Series Turboprop Engines (Federal Aviation Administration) [Docket No. 97–ANE–32–AD; Amdt. 39–10107; AD 97–17–05] (RIN: 2120–AA64) received August 28, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

4727. A letter from the General Counsel, Department of Transportation, transmitting the Department's final rule—Airworthiness Directives; Puritan-Bennett Aero Systems Co., Cone and Seal Assemblies, part numbers 210543 and 210543–01 (Federal Aviation Administration) [Docket No. 97–CE–75–AD; Amdt. 39–10113; AD 97–18–03] (RIN: 2120–AA64) received August 28, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

4728. A letter from the General Counsel, Department of Transportation, transmitting the Department's final rule—Airworthiness Directives; Pratt & Whitney JT8D–200 Series Turbofan Engines (Federal Aviation Administration) [Docket No. 97–ANE–08; Amdt. 39–10106; AD 97–17–04] (RIN: 2120–AA64) received August 28, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

4729. A letter from the General Counsel, Department of Transportation, transmitting the Department's final rule—Airworthiness Directives; Airbus Model A300–600 Series Airplanes (Federal Aviation Administration) [Docket No. 95–NM–228–AD; Amdt. 39–10097; AD 97–16–06] (RIN: 2120–AA64) received August 28, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

4730. A letter from the General Counsel, Department of Transportation, transmitting the Department's final rule—Railroad/Highway Projects (Federal Highway Administration) [FHWA Docket No. FHWA–97–2681] (RIN: 2125–AD86) received August 28, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

4731. A letter from the General Counsel, Department of Transportation, transmitting the Department's final rule—Hazardous Materials: Withdrawal of Radiation Protection Program Requirement (Research and Special Programs Administration) [Docket No. RSPA-97-2850 (HM-169B)] (RIN: 2137-AD08) received August 28, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

4732. A letter from the General Counsel, Department of Transportation, transmitting the Department's final rule—Inland Waterways Navigation Regulations—Temporary Reduction in Speed Limits on the St. Clair River, Great Lakes (Coast Guard) [CGD09-97-021] (RIN: 2115-AE84) received August 28, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

4733. A letter from the General Counsel, Department of Transportation, transmitting the Department's final rule—Safety and Security Zones; Presidential Visit, Martha's Vineyard, MA (Coast Guard) [CGD01 97-085] (RIN: 2115-AA97) received August 28, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

4734. A letter from the General Counsel, Department of Transportation, transmitting the Department's final rule—Safety and Security Zones; Presidential Visit, Martha's Vineyard, MA (Coast Guard) [CGD01 97-082] (RIN: 2115-AA97) received August 28, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

4735. A letter from the General Counsel, Department of Transportation, transmitting the Department's final rule—Special Local Regulations for Marine Events; Norfolk Harbor, Elizabeth River, Norfolk, Virginia and Portsmouth, Virginia (Coast Guard) [CGD 05-97-007] (RIN: 2115-AE46) received August 28, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

4736. A letter from the General Counsel, Department of Transportation, transmitting the Department's final rule—Special Local Regulations for Marine Events; Hampton Offshore Challenge, Chesapeake Bay, Hampton, Virginia (Coast Guard) [CGD 05-97-065] (RIN: 2115-AE46) received August 28, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

4737. A letter from the General Counsel, Department of Transportation, transmitting the Department's final rule—Airworthiness Directives; Aviat Aircraft, Inc. Models S-1S, S-1T, S-2, S-2A, S-2S, and S-2B Airplanes (formerly known as Pitts Models S-1S, S-1T, S-2, S-2A, S-2S, and S-2B Airplanes) (Federal Aviation Administration) [Docket No. 96-CE-23-AD; Amdt. 39-10109; AD 97-17-07] (RIN: 2120-AA64) received August 25, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

4738. A letter from the General Counsel, Department of Transportation, transmitting the Department's final rule—Standard Instrument Approach Procedures; Miscellaneous Amendments (Federal Aviation Administration) [Docket No. 28992; Amdt. No. 1813] (RIN: 2120-AA65) received August 25, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

4739. A letter from the General Counsel, Department of Transportation, transmitting the Department's final rule—Standard Instrument Approach Procedures; Miscellaneous Amendments (Federal Aviation Administration) [Docket No. 28994; Amdt. No. 1815] (RIN: 2120-AA65) received August 25, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

4740. A letter from the General Counsel, Department of Transportation, transmitting the Department's final rule—Standard Instrument Approach Procedures; Miscellaneous Amendments (Federal Aviation Administration) [Docket No. 28993; Amdt. No. 1814] (RIN: 2120-AA65) received August 25, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

4741. A letter from the Director, Office of Regulatory Management and Information, Environmental Protection Agency, transmitting the Agency's final rule—Water Quality Standards for Idaho [FRL-5864-2] received August 6, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

4742. A letter from the Chairman, Surface Transportation Board, transmitting the Board's final rule—Nomenclature Changes in the Board's Regulations [STB Ex Parte No. 567] received August 6, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

4743. A letter from the Chief, Regulations Unit, Internal Revenue Service, transmitting the Service's final rule—*The May Department Stores Co.* v. *United States* [Citation: 36 Fed. Cl. 680 (1996)] received August 4, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Ways and Means.

4744. A letter from the Chief, Regulations Unit, Internal Revenue Service, transmitting the Service's final rule—Last-in, First-out Inventories [Rev. Rul. 97-32] received August 4, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Ways and Means.

4745. A letter from the Chief, Regulations Unit, Internal Revenue Service, transmitting the Service's final rule—Procedure for Changing a Method of Accounting under Section 263A (RIN: 1545-AQ94) received August 4, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Ways and Means.

4746. A letter from the Chief, Regulations Unit, Internal Revenue Service, transmitting the Service's final rule—Weighted Average Interest Rate Update [Notice 97-44] received August 4, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Ways and Means.

4747. A letter from the Chief, Regulations Unit, Internal Revenue Service, transmitting the Service's final rule—Highly Compensated Employee Definition [Notice 97-45] received August 4, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Ways and Means.

4748. A letter from the Chief, Regulations Unit, Internal Revenue Service, transmitting the Service's final rule—Remedial Amendment Period (RIN: 1545-AV23) received August 13, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Ways and Means.

4749. A letter from the Chief, Regulations Unit, Internal Revenue Service, transmitting the Service's final rule—Allocations of Deprication Recapture among Partners in a Partnership (RIN: 1545-AT32) received August 19, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Ways and Means.

4750. A letter from the Chief, Regulations Unit, Internal Revenue Service, transmitting the Service's final rule—Medical Savings Accounts [Announcement 97-79] received August 15, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Ways and Means.

4751. A letter from the Chief, Regulations Unit, Internal Revenue Service, transmitting the Service's final rule—Reduction in Certain Deductions of Mutual Life Insurance Companies [Rev. Rul. 97-35] received August 15, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Ways and Means.

4752. A letter from the Chief, Regulations Unit, Internal Revenue Service, transmitting the Service's final rule—Designated Private Delivery Services [Notice 97-50] received August 29, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Ways and Means.

4753. A letter from the Chief, Regulations Unit, Internal Revenue Service, transmitting the Service's final rule—Low-Income Housing Credit [Revenue Ruling 97-34] received August 25, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Ways and Means.

4754. A letter from the Chief, Regulations Unit, Internal Revenue Service, transmitting the Service's final rule—Electing Small Business Trusts [Notice 97-49] received August 25, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Ways and Means.

4755. A letter from the Chief, Regulations Unit, Internal Revenue Service, transmitting the Service's final rule—Taxation of fringe benefits [Revenue Ruling 97-33] received August 25, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Ways and Means.

4756. A letter from the Chief, Regulations Unit, Internal Revenue Service, transmitting the Service's final rule—Rules for Property Produced in a Farming Business [TD 8729] (RIN: 1545-AV37) received August 25, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Ways and Means.

4757. A letter from the National Director, Tax Forms and Publications Division, Internal Revenue Service, transmitting the Service's final rule—Filing Information Returns Magnetically/Electronically [Rev. Proc. 97-34] received August 25, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Ways and Means.

4758. A letter from the Chief, Regulations Branch, United States Customs Service, transmitting the Service's final rule—Country of Origin Marking [T.D. 97-72] (RIN: 1515-AB82) received August 19, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Ways and Means.

4759. A communication from the President of the United States, transmitting the Annual Report to the Congress on Foreign Economic Collection and Industrial Espionage, pursuant to Public Law 103—359, section 809(b) (108 Stat. 3454); to the Committee on Intelligence (Permanent Select).

4760. A letter from the Chairman, Federal Trade Commission, transmitting the eighty-second Annual Report of the Federal Trade Commission, pursuant to 47 U.S.C. 154(k); jointly to the Committees on Commerce and the Judiciary.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

[Pursuant to the order of the House on July 31, 1997 the following report was filed on August 5, 1997]

Mr. KOLBE: Committee on Appropriations. H.R. 2378. A bill making appropriations for the Treasury Department, the U.S. Postal Service, the Executive Office of the President, and certain independent agencies, for the fiscal year ending September 30, 1998, and for other purposes (Rept. 105–240). Referred to the Committee of the Whole House on the State of the Union.

[Submitted September 3, 1997]

Mr. KOLBE: Committee on Appropriations. Supplemental report on H.R. 2378. A bill making appropriations for the Treasury Department, the U.S. Postal Service, the Executive Office of the President, and certain independent agencies, for the fiscal year ending September 30, 1998, and for other purposes (Rept. 105–240, Pt. 2).

Mr. YOUNG of Alaska: Committee on Resources. H.R. 700. A bill to remove the restriction on the distribution of certain revenues from the Mineral Springs parcel to certain members of the Agua Caliente Band of Cahuilla Indians; with an amendment (Rept. 105–241). Referred to the Committee on the Whole House on the State of the Union.

Mr. YOUNG of Alaska: Committee on Resources. H.R. 976. A bill to provide for the disposition of certain funds appropriated to pay judgment in favor of the Mississippi Sioux Indians, and for other purposes; with an amendment (Rept. 105–242). Referred to the Committee of the Whole House on the State of the Union.

Mr. SENSENBRENNER: Committee on Science. H.R. 1903. A bill to amend the National Institute of Standards and Technology Act to enhance the ability of the National Institute of Standards and Technology to improve computer security, and for other purposes; with an amendment (Rept. 105–243). Referred to the Committee of the Whole House on the State of the Union.

PUBLIC BILLS AND RESOLUTIONS

Under clause 5 of rule X and clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. COBLE:

H.R. 2379. A bill to designate the Federal building and U.S. courthouse located at 251 North Main Street in Winston-Salem, NC, as the "Hiram H. Ward Federal Building and United States Courthouse"; to the Committee on Transportation and Infrastructure.

By Mr. GOODLATTE (for himself and Mr. LOBIONDO):

H.R. 2380. A bill to amend title 18 of the United States Code with respect to gambling on the Internet, and for other purposes; to the Committee on the Judiciary.

By Mr. DICKS (for himself, Mr. METCALF, Mr. FROST, Mr. FOGLIETTA, Mrs. MINK of Hawaii, Mr. UNDERWOOD, Mr. FALEOMAVAEGA, Mr. MCDERMOTT, Mr. MCGOVERN, Ms. CHRISTIAN-GREEN, Mr. BALDACCI, Ms. NORTON, Mr. ACKERMAN, Mr. DELLUMS, Ms. FURSE, Mrs. MALONEY of New York, Mr. CLEMENT, Ms. SLAUGHTER, Mr. ADAM SMITH of Washington, Ms. LOFGREN, Mr. HINCHEY, and Mr. JEFFERSON):

H.R. 2381. A bill to amend the Violent Crime Control and Law Enforcement Act of 1994 to allow certain grant funds to be used to provide parent education; to the Committee on the Judiciary, and in addition to the Committee on Education and the Workforce, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.

By Mr. DINGELL (for himself, Mr. BARCIA of Michigan, Ms. STABENOW, and Mr. STUPAK):

H.R. 2382. A bill to amend the Balanced Budget and Emergency Deficit Control Act of 1985 to change the discretionary spending limits to allow the 4.3 cents per gallon Federal gas tax redirected to the Highway Trust Fund to be spent on other domestic programs; to the Committee on the Budget.

By Mr. EHLERS (for himself and Mr. COBLE):

H.R. 2383. A bill to authorize the enforcement by State and local governments of certain Federal Communications Commission regulations regarding use of citizens band radio equipment; to the Committee on Commerce.

By Mr. FORBES:

H.R. 2384. A bill to prohibit reactivation of the high flux beam reactor at Brookhaven National Laboratory; to the Committee on Science.

By Mr. FRANKS of New Jersey (for himself, Mr. WEYGAND, Mr. DELAHUNT, Mr. SCHUMER, Mr. SNOWBARGER, Mr. FRANK of Massachusetts, Mr. PALLONE, Mr. MEEHAN, Mr. VISCLOSKY, Mr. BARRETT of Wisconsin, Mr. CASTLE, Mr. PETRI, Mr. ROTHMAN, Mr. TIERNEY, Mr. LUTHER, Mr. SKAGGS, Mr. HANSEN, Mr. SMITH of New Jersey, Mrs. MALONEY of New York, and Mr. LIPINSKI):

H.R. 2385. A bill to repeal the provision providing for crediting the increase in excise taxes on certain tobacco products against payments made pursuant to tobacco industry settlement legislation; to the Committee on Ways and Means.

By Mr. HUNTER (for himself, Mr. COX of California, Mr. GIBBONS, Mr. GILMAN, Mr. SAM JOHNSON, Mr. MCINTOSH, Mr. ROHRABACHER, Mr. ROYCE, Mr. SHADEGG, Mr. SMITH of New Jersey, Mr. SOLOMON, and Mr. SPENCE):

H.R. 2386. A bill to implement the provisions of the Taiwan Relations Act concerning the stability and security of Taiwan and United States cooperation with Taiwan on the development and acquisition of defensive military articles; to the Committee on International Relations, and in addition to the Committee on National Security, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.

By Mrs. LOWEY (for herself, Mr. KENNEDY of Massachusetts, Mr. HANSEN, Mr. MEEHAN, Mrs. MORELLA, Ms. DEGETTE, Mr. OBEY, Mr. WAXMAN, Mr. NADLER, Mr. LAFALCE, Mr. FRANK of Massachusetts, Ms. LOFGREN, Ms. PELOSI, Mr. LUTHER, Mr. DEFAZIO, Mr. WEYGAND, Mr. OLVER, Mr. DELAHUNT, Mr. GEPHARDT, Mr. BARRETT of Wisconsin, Mr. ALLEN, Mr. CAPPS, Mr. MCDERMOTT, Mr. STARK, Mr. MCHALE, and Mr. ACKERMAN):

H.R. 2387. A bill to repeal the provision crediting increased excise taxes on certain tobacco products against payments made pursuant to the tobacco industry settlement legislation; to the Committee on Ways and Means.

By Mr. MCDADE:

H.R. 2388. A bill to provide for a temporary increase in the basic formula price for milk of the highest use classification under Federal milk marketing orders; to the Committee on Agriculture.

By Ms. MILLENDER-MCDONALD:

H.R. 2389. A bill to authorize funding for the National Women's Business Council, and for other purposes; to the Committee on Small Business.

By Mr. MOAKLEY:

H.R. 2390. A bill to repeal the provision which credits the increase in the tobacco excise taxes enacted by the Balanced Budget Act of 1997 against the payments due under the tobacco industry settlement agreement of June 20, 1997; to the Committee on Ways and Means.

By Mr. PASCRELL:

H.R. 2391. A bill to amend the Higher Education Act of 1965 to extend and make uniform the repayment plans available under the various Federal student loan programs; to the Committee on Education and the Workforce.

By Mr. PITTS:

H.R. 2392. A bill to amend title 28, United States Code, to place a limitation on habeas corpus relief that prevents retrial of an accused; to the Committee on the Judiciary.

By Mr. SAXTON (by request):

H.R. 2393. A bill to approve a governing international fishery agreement between the United States and the People's Republic of China; to the Committee on Resources.

By Mr. SHIMKUS:

H.R. 2394. A bill to direct the Director of the Federal Emergency Management Agency to transfer certain parcels of land located in the counties of Greene and Calhoun, IL; to the Committee on Transportation and Infrastructure.

By Mr. CHRISTENSEN:

H. Con. Res. 142. Concurrent resolution authorizing the use of the Capitol rotunda for the Senate Thanksgiving Celebration; to the Committee on House Oversight.

By Mr. BEREUTER (for himself and Mr. GILMAN):

H. Res. 217. Resolution recognizing the important contributions made by Americans of Austrian heritage; to the Committee on International Relations.

By Mr. ETHERIDGE:

H. Res. 218. Resolution expressing the sense of the House of Representatives that a commemorative postage stamp should be issued in honor of Ava Gardner; to the Committee on Government Reform and Oversight.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of Rule XXII.

Mr. SCARBOROUGH introduced a bill (H.R. 2395) to authorize the Secretary of Transportation to issue a certificate of documentation with appropriate endorsement for employment in the coastwise trade for the vessel *Elmo;* which was referred to the Committee on Transportation and Infrastructure.

ADDITIONAL SPONSORS

Under clause 4 of rule XXII, sponsors were added to public bills and resolutions as follows:

H.R. 12: Mr. SHAYS, Mr. CUMMINGS, Mr. DAVIS of Illinois, Mr. ENGEL, and Ms. MCKINNEY.

H.R. 15: Mr. Sisisky.

H.R. 51: Ms. Furse, Mr. Collins, and Mr. Callahan.

H.R. 59: Mr. Pombo, Mr. Collins, and Mr. Latham.

H.R. 64: Mr. Stump.

H.R. 80: Mr. Hostettler and Mr. Luther.

H.R. 108: Mr. Owens and Mr. Shays.

H.R. 145: Mr. Farr of California, Ms. Christian-Green, Mr. Kind of Wisconsin, Mr. Manton, Ms. Jackson-Lee, Mr. Coburn, Ms. Sanchez, Mr. Green, and Mr. Price of North Carolina.

H.R. 180: Mr. Shays.

H.R. 209: Mr. Quinn.

H.R. 211: Mr. Frost, Mr. Dellums, and Mr. Filner.

H.R. 301: Mr. Serrano.

H.R. 305: Ms. DeLauro and Mr. Pascrell.

H.R. 306: Mr. Sabo, Mr. Price of North Carolina, and Mr. Dixon.

H.R. 339: Mr. Combest and Mr. Graham.

H.R. 404: Mr. Radanovich.

H.R. 438: Mr. Luther.

H.R. 480: Mr. Oxley and Mr. Graham.

H.R. 493: Mr. Barrett of Nebraska and Mrs. Kelly.

H.R. 498: Mr. Serrano.

H.R. 530: Mr. Gibbons and Mr. Nethercutt.

H.R. 551: Mr. Shays.

H.R. 611: Mr. Pascrell and Ms. Sanchez.

H.R. 635: Mr. Talent.

H.R. 641: Mr. Tiahrt.

H.R. 689: Mr. Serrano.

H.R. 695: Mr. Davis of Illinois and Mr. Rush.

H.R. 758: Mr. LaTourette, Mr. Rogan, and Mr. Smith of Texas.

H.R. 777: Mr. Coyne, Mr. Faleomavaega, Mr. Bishop, Mrs. Lowey, Mr. Stokes, Mr. Ackerman, Mr. Reyes, and Mr. Traficant.

H.R. 789: Mr. Istook.

H.R. 805: Mr. Foley, Mrs. Roukema, and Mr. Norwood.

H.R. 815: Mr. Calvert, Mr. Gutknecht, Mr. Schiff, Mr. Serrano, Mr. Green Mr. Shadegg, Mr. Combest, Mr. Collins, Mr. Nethercutt, Mr. Wamp, and Mr. Pascrell.

H.R. 859: Mr. Solomon, Mr. Snyder, Mr. McCollum, Mr. Stenholm, and Mrs. Emerson.

H.R. 864: Ms. Carson, Mr. Visclosky, Mr. Matsui, Mr. Hastings of Florida, Mr. Manton, Mr. Barrett of Wisconsin, Mr. Neal of Massachusetts, Ms. Kilpatrick, Mr. Pallone, Mr. Poshard, Ms. Stabenow, Mr. Miller of California, Ms. Brown of Florida, Mr. Owens, Ms. Millender-McDonald, Mr. Ehlers, Mr. Faleomavaega, Mr. Farr of California, Mr. Watt of North Carolina, Mr. Shimkus, Mrs. Lowey, Mr. Frank of Massachusetts, Mr. Coyne, Mr. English of Pennsylvania, Mr. Skeen, and Mr. Ackerman.

H.R. 869: Mr. Bliley, Mr. Kucinich, Ms. Furse, and Mr. Graham.

H.R. 875: Mr. Nethercutt, Ms. Furse, Mr. Lampson, and Mr. Wexler.

H.R. 880: Mr. Collins, Mr. Bunning of Kentucky, and Mrs. Northup.

H.R. 883: Mr. Boyd and Mr. Yates.

H.R. 906: Mr. Martinez.

H.R. 919: Mr. Neal of Massachusetts.

H.R. 925: Mr. Farr of California.

H.R. 1005: Mr. Cox of California.

H.R. 1009: Mr. Combest.

H.R. 1023: Mr. Pitts, Mr. Clement, Mr. Dickey, Mr. Bateman, Mr. Johnson of Wisconsin, and Mr. Pallone.

H.R. 1037: Mr. Lewis of Georgia, Mr. Turner, and Mr. Chambliss.

H.R. 1050: Mr. Clay and Mr. Dixon.

H.R. 1053: Mr. Baker.

H.R. 1054: Mr. Clyburn, Mr. Hastert, Mr. McCollum, Mr. Cooksey, and Mr. Latham.

H.R. 1059: Mr. Hastert, Mr. Klug, Mr. Horn, Mr. Weller, and Mr. Hyde.

H.R. 1060: Mr. Camp, Mr. Dickey, Mr. Etheridge, Mr. Ballenger, Mr. Gallegly, Mrs. Tauscher, Mr. Stearns, Mr. English of Pennsylvania, and Mr. Cunningham.

H.R. 1108: Mr. Bunning of Kentucky and Mr. Pickett.

H.R. 1126: Mr. Coyne, Mr. Delahunt, Mr. Pascrell, Mr. Green, and Mr. Bartlett of Maryland.

H.R. 1132: Ms. Carson.

H.R. 1134: Mr. Jackson, Ms. Carson, Mr. Payne, Mr. Baesler, and Mr. Pascrell.

H.R. 1154: Ms. Christian-Green.

H.R. 1158: Mr. Pappas.

H.R. 1164: Mr. Condit.

H.R. 1165: Mr. Engel, Mr. Stokes, and Mr. Abercrombie.

H.R. 1171: Mr. Pascrell.

H.R. 1178: Mr. Davis of Illinois.

H.R. 1215: Mr. Pascrell, Mr. Meehan, and Mr. Abercrombie.

H.R. 1218: Mr. Payne and Mr. Frelinghuysen.

H.R. 1231: Mr. Kucinich, Mr. Turner, and Mr. Deal of Georgia.

H.R. 1232: Mrs. Chenoweth, Mr. Shaw, and Mr. McCollum.

H.R. 1241: Mr. Stark, Mr. Brown of California, and Mr. Stenholm.

H.R. 1270: Mr. Deutsch, Mr. Stenholm, and Mr. Smith of Michigan.

H.R. 1345: Mr. Davis of Illinois.

H.R. 1371: Mr. Hall of Texas.

H.R. 1398: Mr. Hall of Texas.

H.R. 1415: Mr. Tierney, Mr. Sandlin, Mr. Wexler, Mr. Lampson, Mr. Delahunt, Mr. Frank of Massachusetts, Mr. Andrews, Mr. Miller of California, Mr. Matsui, Mrs. Lowey, Mr. Bonior, Mr. Klink, Mr. Conyers, Mr. Mascara, Mr. Capps, Mr. Lewis of Georgia, Mr. Meehan, Mr. Moakley, Mr. Nadler, Mr. Sawyer, Mr. Menendez, Ms. Eddie Bernice Johnson of Texas, Ms. Eshoo, Mr. Kucinich, Mr. Johnson of Wisconsin, and Mr. Hefley.

H.R. 1423: Ms. Carson.

H.R. 1425: Mr. Pascrell.

H.R. 1427: Ms. Stabenow.

H.R. 1434: Mr. Lewis of Georgia and Mr. Matsui.

H.R. 1437: Mr. Waxman.

H.R. 1450: Mr. Torres and Ms. Eshoo.

H.R. 1456: Mr. Cook.

H.R. 1500: Mr. Blagojevich.

H.R. 1507: Mr. Skaggs, Ms. Stabenow, Mr. Forbes, Mr. Ehlers, Mr. Cummings, Mr. LaFalce, Mr. Meehan, Mr. Sanders, Mr. Boucher, and Mr. Pascrell.

H.R. 1508: Mr. Kleczka and Mr. Baker.

H.R. 1519: Mr. Ackerman and Ms. Christian-Green.

H.R. 1531: Ms. Furse, Mr. Berman, and Mr. Ackerman.

H.R. 1541: Mr. Gilchrest.

H.R. 1542: Mr. Sensenbrenner, Mr. Fox of Pennsylvania, and Mrs. Northup.

H.R. 1570: Mr. Barrett of Wisconsin.

H.R. 1571: Ms. Millender-McDonald.

H.R. 1624: Mr. Baldacci and Mr. Green.

H.R. 1636: Mr. Engel.

H.R. 1689: Mr. Largent, Mr. Rohrabacher, Mr. Cunningham, Ms. Stabenow, Mr. Kennedy of Rhode Island, and Mr. Baker.

H.R. 1715: Mr. Foglietta.

H.R. 1716: Mr. Engel.

H.R. 1719: Mr. Solomon.

H.R. 1733: Mr. Ehlers.

H.R. 1754: Mr. McGovern and Ms. Christian-Green.

H.R. 1773: Ms. Christian-Green.

H.R. 1776: Mr. Adam Smith of Washington.

H.R. 1788: Mr. Frank of Massachusetts, Mr. Luther, and Mr. Moran of Virginia.

H.R. 1799: Mr. Blumenauer, Mr. Kanjorski, Mr. Ehlers, and Mr. Levin.

H.R. 1827: Ms. Carson.

H.R. 1832: Mr. Luther.

H.R. 1836: Mr. Roemer, Mr. Davis of Virginia, and Mr. Bereuter.

H.R. 1839: Mr. Calvert, Mr. Redmond, Mr. Bryant, Mr. Hinchey, Mrs. Linda Smith of Washington, Mr. McCrery, and Mr. Everett.

H.R. 1842: Mrs. Myrick, Mr. Hutchinson, Mr. Bartlett, Mr. Royce, and Mr. Nethercutt.

H.R. 1849: Mr. Coburn.

H.R. 1861: Mr. Gutierrez.

H.R. 1873: Mr. Frank of Massachusetts, Mr. Dellums, and Mr. Neal of Massachusetts.

H.R. 1874: Mr. Neal of Massachusetts.

H.R. 1903: Mr. Nethercutt.

H.R. 1908: Mr. DeFazio.

H.R. 1951: Mr. Lewis of Georgia, Mr. DeFazio, Mr. Meehan, Mr. Payne, Mr. Moran of Virginia, Mr. Allen, and Mr. Hilliard.

H.R. 1962: Mr. Pappas.

H.R. 1970: Mr. Engel.

H.R. 1984: Mr. Nethercutt, Mr. Herger, Mr. Istook, Mr. Dickey, Mr. Archer, Mr. Bereuter, Mr. Shuster, Mr. Coble, Mr. Kasich, Mr. Goodling, Mr. Scarborough, Mr. Wamp, Mr. Nussle, Mr. Berry, Mr. John, Mr. Bryant, and Mr. Rogers.

H.R. 2004: Mr. Manton, Ms. Brown of Florida, Mr. Schiff, and Ms. DeLauro.

H.R. 2020: Mr. Gephardt, Mr. Green, Mr. Clement, Ms. Eshoo, Mr. Shimkus, Mr. Weller, Mr. Underwood, Ms. Pryce of Ohio, Mr. English of Pennsylvania, and Mr. Baldacci.

H.R. 2023: Mr. Hinchey.

H.R. 2029: Mr. Gibbons and Mr. Sensenbrenner.

H.R. 2034: Mr. Norwood, Mr. Barr of Georgia, Ms. Christian-Green, and Mr. Minge.

H.R. 2072: Mr. Sandlin, Mr. Watts of Oklahoma, Mr. Combest, Mr. Reyes, and Mr. Lampson.

H.R. 2085: Mr. Underwood, Mr. Poshard, Mr. Rohrabacher, Mr. Gutierrez, and Mr. Dellums.

H.R. 2103: Mr. Skeen.

H.R. 2110: Ms. Christian-Green and Ms. Slaughter.

H.R. 2113: Mr. Vento, Mr. Whitfield, Mr. Lewis of Kentucky, Mr. Baesler, Mr. Parker, and Mr. Wicker.

H.R. 2116: Mr. Clay, Mr. Watt of North Carolina, Mr. LoBiondo, Mr. Oxley, Mr. Baldacci, Ms. Carson, Mr. Kucinich, Mr. Menendez, Mr. Rothman, Mr. Fazio of California, and Mrs. Clayton.

H.R. 2121: Mr. Lantos, Mr. Porter, Mrs. Maloney of New York, Mr. Serrano, Mr. DeFazio, Mr. Gutierrez, and Mr. Payne.

H.R. 2122: Mr. Gibbons.

H.R. 2140: Mr. Wamp, Mr. Wynn, and Ms. Sanchez.

H.R. 2145: Mr. Parker.

H.R. 2185: Mr. Martinez, and Ms. DeLauro.

H.R. 2221: Mr. Barton of Texas.

H.R. 2231: Mr. Barton of Texas and Mr. McIntosh.

H.R. 2232: Mr. Cox of California, Mr. Gilman, Mr. McCollum, Mrs. Fowler, Ms. Ros-Lehtinen, Mr. Hunter, Mr. Solomon, Mr. Hyde, Mr. Bob Schaffer, and Mr. King of New York.

H.R. 2250: Mr. Ney, Mr. Canady of Florida, Mr. Ramstad, Mr. Deal of Georgia, Mr. Burr of North Carolina, Mr. Christensen, Mr. Bentsen, Mr. Graham, and Mr. Dan Schaefer of Colorado.

H.R. 2251: Mr. Dellums.

H.R. 2263: Mr. Barr of Georgia, Mr. Sanders, Mr. Barrett of Nebraska, Mr. Rogan, Mr. HANSEN, Mr. MANZULLO, Mr. COOK, Ms. SANCHEZ, Mr. SMITH of Texas, Mr. MARTINEZ, and Mr. LAZIO of New York.

H.R. 2283: Mr. DICKS, Mr. QUINN, and Ms. CHRISTIAN-GREEN.

H.R. 2290: Mr. GEJDENSON.

H.R. 2317: Mr. TORRES, Mr. LAFALCE, Mr. GUTIERREZ, and Ms. CHRISTIAN-GREEN.

H.R. 2321: Mrs. KENNELLY of Connecticut, Mr. SNOWBARGER, Mr. BLILEY, and Mr. PORTER.

H.R. 2329: Mr. TAUZIN.

H.R. 2369: Mr. MANTON.

H.J. Res. 66: Mr. WYNN, Ms. MILLENDER-MCDONALD, Mr. RANGEL, Mr. TOWNS, Mr. SERRANO, Mr. HILLIARD, Mr. MATSUI, Mr. NEAL of Massachusetts, Mr. PASCRELL, Mr. MALONEY of Connecticut, Mr. ALLEN, Mr. KENNEDY of Rhode Island, Mr. DIXON, Mr. HINOJOSA, Mr. PAYNE, Mr. VENTO, Mr. RODRIGUEZ, Ms. HOOLEY of Oregon, Mr. BECERRA, Mr. SCHUMER, Mr. BLAGOJEVICH, Mr. FLAKE, Mr. MCHALE, Mr. FORD, Mr. ROMERO-BARCELO, Mr. MILLER of California, Mr. BONIOR, Mr. ENGEL, Ms. WOOLSEY, Mr. MCGOVERN, and Mr. SANDERS.

H.J. Res. 89: Mr. BONIOR, Mr. YATES, Mr. PASCRELL, and Mr. BARRETT of Wisconsin.

H. Con. Res. 13: Mr. HASTINGS of Florida.

H. Con. Res. 36: Mr. TRAFICANT.

H. Con. Res. 38: Mr. PASCRELL.

H. Con. Res. 52: Mr. MCHALE, Mr. LEWIS of Georgia, Mr. SKAGGS, and Mr. COOK.

H. Con. Res. 55: Mr. SMITH of New Jersey and Ms. FURSE.

H. Con. Res. 80: Mr. PICKERING, Mr. ROTHMAN, Mr. TORRES, Mr. PRICE of North Carolina, Mrs. EMERSON, Ms. DELAURO, Mr. WATT of North Carolina, Mr. KENNEDY of Rhode Island, Ms. WATERS, Mr. STOKES, Mr. REYES, Mr. DAN. SCHAEFER of Colorado, Mr. METCALF, Mr. GOODLATTE, Mr. RIGGS, Mrs. CLAYTON, Ms. HOOLEY of Oregon, Mr. NADLER, Mrs. FOWLER, Mr. MCCRERY, Mr. MCDERMOTT, Mr. WELLER, Mr. ENGLISH of Pennsylvania, Mrs. MEEK of Florida, Mr. ROHRABACHER, Ms. MCKINNEY, Ms. DANNER, Mr. MOLLOHAN, Mr. WEXLER, Mr. CALLAHAN, and Mr. TIAHRT.

H. Con. Res. 89: Mr. WATTS of Oklahoma.

H. Con. Res. 96: Ms. FURSE.

H. Con. Res. 109: Mr. PORTER and Mr. NEY.

H. Con. Res. 114: Ms. FURSE, Ms. PELOSI, Mr. MORAN of Virginia, and Mr. BROWN of Ohio.

H. Con. Res. 127: Mr. Burton of Indiana, Mr. NEAL of Massachusetts, and Mr. MCGOVERN.

H. Con. Res. 128: Mr. MASCARA and Mr. LIPINSKI.

H. Con. Res. 134: Mr. CUNNINGHAM, Ms. ESHOO, Mr. BLUMENAUER, Mr. UNDERWOOD, Mr. SNYDER, Mr. MASCARA, Mr. BOUCHER, Mr. SCOTT, Mr. SMITH of New Jersey, Mr. GUTIERREZ, Mr. LAMPSON, Mr. PAYNE, Mr. ENGEL, Mr. KILDEE, Mr. BARRETT of Wisconsin, Ms. LOFGREN, Mr. HASTERT, Mr. MCCOLLUM, Mrs. MORELLA, Ms. NORTON, Mr. UPTON, Mr. CONDIT, Mr. WATTS of Oklahoma, Mr. TRAFICANT, Ms. DUNN of Washington, Mr. NADLER, Mr. LEWIS of California, Mr. RAMSTAD, Mr. SAXTON, Mr. KNOLLENBERG, Mr. DOOLITTLE, Mr. DUNCAN, Mr. OLVER, Mr. FOX of Pennsylvania, Mr. DIXON, Mr. HINCHEY, Mr. COOK, Mr. KING of New York, Mr. FRELINGHUYSEN, Mr. GEJDENSON, Mr. BOEHLERT, Mr. BACHUS, Mr. SCHIFF, Mr. REYES, Mr. LIVINGSTON, Mr. METCALF, Mrs. MCCARTHY of New York, and Ms. SLAUGHTER.

H. Res. 16: Mr. OBERSTAR, Mr. SABO, Mr. ROHRABACHER, Mr. BILIRAKIS, and Mr. LUTHER.

H. Res. 37: Mr. HOLDEN and Mr. LUTHER.

H. Res. 83: Mrs. MORELLA.

H. Res. 139: Mr. CUNNINGHAM and Mr. COOK.

H. Res. 171: Ms. SLAUGHTER and Mrs. LOWEY.

DELETIONS OF SPONSORS FROM PUBLIC BILLS AND RESOLUTIONS

Under clause 4 of rule XXII, sponsors were deleted from public bills and resolutions as follows:

H.R. 1031: Mr. CUMMINGS.

H.R. 2332: Mr. BOEHNER.

AMENDMENTS

Under clause 6 of rule XXIII, proposed amendments were submitted as follows:

H.R. 2264

Offered By: Mr. Crane

Amendment No. 28: Page 79, strike lines 8 through 21.

H.R. 2264

Offered By: Ms. Jackson-Lee of Texas

(Substitute Amendment for Amendment No. 24)

Amendment No. 29: In the item relating to "Health Resources and Services Administration—health resources and services", insert after the first dollar amount (before the comma) "(reduced by $2,000,000)".

In the item relating to "Centers for Disease Control and Prevention—disease control, research, and training", insert after the first dollar amount (before the comma) "(increased by $2,000,000)".

H.R. 2264

Offered By: Mr. Riggs

Amendment No. 30. In the item relating to "Department of Education—EDUCATION FOR THE DISADVANTAGED", AFTER THE FOURTH DOLLAR AMOUNT, INSERT THE FOLLOWING "(INCREASED BY $200,000,000)"

In the item relating to "Department of Education—Education for the Disadvantaged", after the eighth dollar amount, insert the following "(reduced by $150,000,000)

In the item relating to "Department of Education—Education Research Statistics, and Improvement", after the first dollar amount, insert the following "(reduced by $50,000,000)

In the item relating to "Department of Education—Education Research Statistics, and Improvement", after the second dollar amount, insert the following "(reduced by $50,000,000)

H.R. 2264

Offered By: Mr. Riggs

Amendment No. 31: Page 102, after line 24, insert the following new section:

Sec. 516. (a) Limitation on Use of Funds for Admissions Preferences in Public Education.—None of the funds made available in this Act may be used by the Department of Education to withhold any financial assistance, or to impose, administer, or enforce any other penalty, sanction, or remedy, for the refusal or failure of a Federal grant recipient to enforce a preference or affirmative action plan based on race, sex, color, ethnicity, or national origin for admissions to public educational institutions.

(b) Applicability.—The limitation established in subsection (a) shall apply only to Federal grant recipients located in a State in which the enforcement of such preference or plan is prohibited by the laws of the State or by an order of a Federal court.

H.R. 2264

Offered By: Mr. Rodriguez

Amendment No. 32: Page 66, line 26, after the dollar amount, insert "(decreased by $8,834,000)".

Page 67, line 2, after "Act" insert ", $34,388,000 shall be for comprehensive regional assistance centers under title XIII of said Act".

H.R. 2264

Offered By: Mr. Rodriguez

Amendment No. 33: Page 66, line 26, after the dollar amount, insert "(decreased by $33,970,000)".

Page 67, line 2, after "Act" insert ", $59,524,000 shall be for comprehensive regional assistance centers under title XIII of said Act".

EXTENSIONS OF REMARKS

HONORING THE 50TH ANNIVERSARY OF McARDLE PRINTING CO.

HON. STENY H. HOYER

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 3, 1997

Mr. HOYER. Mr. Speaker, I rise today to congratulate McArdle Printing Co. on it's 50th anniversary of outstanding service. McArdle Printing represents what is right in America. It is a company rooted in family, solidified by a commitment to excellence and achievement. This company, which is in my district, prides itself on a fast turnaround and a high quality product, and for 50 years the McArdle Printing Co. has given it's customers exactly what they set out to provide.

In 1947, Mr. Walter McArdle bought the company formerly known as the Business Printing Co. In the years to follow, McArdle Printing began to expand externally as well as internally always keeping in sight the idea of a quick turnover rate. As the company grew due to their high quality of service they were forced to look for a larger facility. They relocated multiple times before they built their own 138,000 square-foot facility in Upper Marlboro, MD, where they now employ 215 people on three shifts.

Many companies lose sight of their mission as they begin to expand and evolve. This did not hold true for McArdle Printing. They continue to grow because of the trust their customers have in the service this company is able to give. The success in providing this kind of customer service cannot be achieved without an energetic, dedicated, and diligent group of employees. Without the hard work of the 215 employees the McArdle Printing Co. would not be able to live up to its mission.

Much of the company's success may also be contributed to the strong leadership of such presidents as the founder, Mr. Walter McArdle, his brother, Mr. Edward McArdle who took over in 1980 and his predecessor Mr. Joseph J. Fantozzi. Mr. Fantozzi was the first non-family member to take over the company in 1985 and still presides as president today. With these men at the helm, the company went from producing annual revenues of $1 million in 1947 to $26 million in 1996. This increase was a reflection of both ingenuity and customer satisfaction.

Mr. Speaker, McArdle Printing has a direct impact on the productivity of our Federal Government as well as the private sector. By representing such major organizations as the American Bar Association, the International Monetary Fund, U.S. Healthcare, the National Journal, as well as the United Nations, the company affects people in all walks of life. According to the March 1997 issue of Southern Graphics, G. William Teare Jr., vice president of marketing for McArdle claims, "We are information printers. We print time-sensitive information like daily reports, weekly newsletters, financial printing, and health care information printing. The key to what we do, our niche, is the time sensitivity of what we have, which means fast turnaround." For 50 years McArdle Printing has filled this niche with high quality products and fast, professional service.

Mr. Speaker and colleagues, please join with me in congratulating the McArdle Printing Co. on 50 years of outstanding service and wishing them luck as they continue to serve our communities and country.

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A TRIBUTE TO THE RIVERHEAD VOLUNTEER FIREFIGHTER ROBERT HULSE

HON. MICHAEL P. FORBES

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 3, 1997

Mr. FORBES. Mr. Speaker, I rise today to ask my colleagues in the U.S. House of Representatives to join me in paying tribute to Robert Hulse, a volunteer fireman who has protected the lives and property of his neighbors in Riverhead, Long Island for the past 50 years.

Together, the Members of this House can join his family, friends, and fellow firefighters in recognizing Robert Hulse for his 50 faithful years of service to the Riverhead fire department. Since 1947, whenever fire or other peril has threatened the Riverhead community, Robert answered the siren's cry for help. It did not matter that the call often came in the dead of night, on a blustery winter day, or in the wilting heat of summer. Along with his confederates, Robert hastened to the scene, placing himself in harm's way to aid another human being in danger, regardless of whether it be a friend, a neighbor, or stranger.

A member of the Reliable Hose and Engine Co. No. 1, Robert Hulse enlisted as a volunteer in January 1947, soon after finishing a 2-year service to his country in the Naval Reserve. An active member of the Riverhead fire department, Hulse has served for many years on the department's bylaw and blood drive committees. Robert and his wife Joan have imparted that devotion to the Riverhead community to their children Grag and Linda.

Demonstrating that true heroes are created over a lifetime of selfless acts and giving back, Robert Hulse is a role model for every volunteer firefighter in Riverhead who has followed him. That is why I ask my colleagues in this esteemed House to join me in congratulating Robert Hulse for 50 years of service to the Riverhead fire department.

* * *

TRIBUTE TO THE HONORABLE CANDICE MILLER

HON. DAVID E. BONIOR

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 3, 1997

Mr. BONIOR. Mr. Speaker, the March of Dimes is an organization with a noble mission: to fight birth defects and childhood diseases. We all share the March of Dimes dream that every child should have the opportunity to live a healthy life.

Dr. Jonas Salk's polio vaccine is just one of the more famous breakthroughs that would not have been possible without March of Dimes research funding. And, without the volunteers throughout the country, the job of protecting babies would be that much more difficult.

For the past 14 years, the Southeast Michigan Chapter of the March of Dimes Birth Defects Foundation has honored several Macomb County residents who are outstanding members of our community and have helped in the campaign for healthier babies. This evening, the chapter will be hosting the 14th annual Alexander Macomb Citizen of the Year Award dinner. The award, instituted in 1984, is named after my home county's namesake, General Alexander Macomb, a hero of the War of 1812.

This year, the March of Dimes has chosen Secretary of State Candice Miller as a recipient of the award. As a board member of Care House and backer for the March of Dimes, Candice Miller's involvement within the community exemplifies her commitment to improving life in our communities.

I applaud the Southeast Michigan Chapter of the March of Dimes and Candice Miller for their leadership, advocacy, and community service. I know that Ms. Miller is honored by the recoginition and I urge my colleagues to join me in saluting her as a 1997 recipient of the Alexander Macomb Citizen of the Year Award.

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CONTROLLING THE ILLINOIS RIVER

HON. JOHN SHIMKUS

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 3, 1997

Mr. SHIMKUS. Mr. Speaker, I would like to take a moment to pay tribute to several constituents that recently received national recognition. Lockmaster Stan Wallace, Assistant Lockmaster Dave Hood, and Equipment Mechanic Bill Cross have been awarded the Department of Energy's Hammer Award, for their innovative work.

These gentlemen have pioneered a new procedure that raises each of the 109 wickets

● This "bullet" symbol identifies statements or insertions which are not spoken by a Member of the Senate on the floor.

Matter set in this typeface indicates words inserted or appended, rather than spoken, by a Member of the House on the floor.

on the Illinois River in a less dangerous, physically easier, and more efficient process. Raising the wickets, which previously took 16 to 18 hours, now only takes 1 or 2 hours and, as a result, will save taxpayers $1 million over the life of the dam. The new process includes loading a backhoe onto a barge and floating it out to the dam. The backhoe uses a specially rigged hook to catch and raise the wicket.

I commend these gentlemen for their original thinking and hard work. I also encourage the Department of Energy to continue fostering ideas that emanate from their local employees who are closest to the problems. Stan Wallace, Dave Hood, and Bill Cross are an excellent example of how American ingenuity and hard work pay off, not only for their fellow colleagues, but also for the taxpayers of this great Nation.

TRIBUTE TO MSGR. VINCENT E. PUMA

HON. BILL PASCRELL, JR.

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 3, 1997

Mr. PASCRELL. Mr. Speaker, I would like to call to your attention a true humanitarian, Msgr. Vincent E. Puma of Paterson, NJ.

For the past 13 years, Monsignor Puma has operated Eva's Kitchen and Sheltering Programs, a haven for underprivileged citizens who need food to eat and a place to sleep. Monsignor Puma recently decided to step down from the helm of this worthwhile organization but will leave behind a legacy which has greatly enhanced the community of Passaic County.

Born in Brooklyn, Monsignor Puma has lived in New Jersey his entire adult life. He attended Saint Mary's Seminary and Immaculate Conception Seminary, and was ordained in 1951. Monsignor Puma worked as a pastor in Clifton and Paterson before starting work at a mission in Dover, NJ. He returned to Paterson in 1962 to organize a network of churches for Spanish-speaking residents. Eventually the church gave Monsignor Puma a parish in Paterson, however, the stay was not long as he left his post as pastor to begin helping the poor and destitute.

In 1982, Eva's Soup Kitchen was founded in the basement of a former convent. Today, Monsignor Puma's organization serves 160,000 meals per year. In addition to providing food for those in need, Eva's Kitchen organizes shelters for men and women, halfway houses for the drug-addicted, and a clinic for the poor. Constant fundraising by Monsignor Puma has led to the tremendous growth of the organization, which employs a staff of 35 full-time and 30 part-time employees. Volunteers from more than 110 churches and organizations also help in providing staff for Eva's Kitchen. The ultimate tribute to Monsignor Puma's relentless work is the new $7 million headquarters that serves as the hub of Eva's operations.

On August 1, 1997, Monsignor Puma will step down and hand over the reins to his successor, the Reverend John T. Catoir. Although he will no longer be in the forefront leading Eva's Kitchen and Sheltering Programs, Monsignor Puma will continue to be an integral part in the continued success of the Eva's Kitchen program.

Mr. Speaker, I ask that you join me, our colleagues, Monsignor Puma's family and friends, and the State of New Jersey in recognizing Msgr. Vincent E. Puma's outstanding and invaluable contributions to the less fortunate in our society.

GOP CONTRACT WITH AMERICA HAS BEEN A BLUEPRINT FOR ACTION

HON. DOUG BEREUTER

OF NEBRASKA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 3, 1997

Mr. BEREUTER. Mr. Speaker, this Member highly commends to his colleagues this editorial which appeared in the Omaha World-Herald on August 4, 1997.

GOP CONTRACT WITH AMERICA HAS BEEN A BLUEPRINT FOR ACTION

Democrats spent $2 million attacking the Republican Contract With America in the congressional elections of 1994. The contract helped deliver the first GOP majority in the House in 40 years. Yet Democrats continued to malign it as a) typical cynical campaign rhetoric that would be abandoned or b) a mean-spirited contract "on" America that would go nowhere.

As the current budget agreement and the Taxpayer Relief Act move toward enactment, it's worth noting how many major policy changes can be traced back to the Contract With America.

The first provision of the contract was enactment of a balanced-budget amendment to the Constitution. That effort failed. But the No. 1 issue on Capitol Hill these days is balancing the federal budget. Democrats as well as Republicans are congratulating themselves for approving a budget designed to achieve balance in five years. The ground rules of budget debate have shifted profoundly. The need for fiscal balance is no longer the issue; the debate is over how to accomplish it.

A corollary to the balanced-budget amendment was a grant of line-item veto power to the president, which Bill Clinton gladly accepted.

On taxes, the $500-per-child income tax credit destined to become law was a major provision of the GOP contract. Other contract provisions in the current tax bill are: expanded individual retirement accounts for home ownership and education; a reduction in estate and capital-gains taxes; expansion of the home office deduction; and American Dream Savings Accounts—IRA-style accounts to which families can contribute up to $4,000 a year.

Welfare reform was another priority in the contract. The crux of the proposal was the elimination of welfare as an open-ended entitlement and the establishment of a two-years-and-out rule. Clinton twice had vetoed welfare-reform bills. But in 1996 his top campaign adviser, Dick Morris, told him that as the 1992 candidate who had promised to "end welfare as we know it," Clinton might fatally wound his re-election bid by rejecting welfare reform a third time. Clinton signed into law the welfare policy derived from the Republican contract.

Roughly two dozen other proposals in the contract have become law. Among them are tougher enforcement of the death penalty, stricter review of government regulation of business, raising the tax-free earnings limit for people on Social Security, tax incentives for adoption and for care of a dependent old person, spousal IRAs and tax relief for small businesses.

The contract was a device unprecedented in national electoral politics: Here is a specific checkist of exactly what we propose to do: elect us and hold us to it. Advocates called it a straightforward masterstroke. Critics called it an ill-advised piece of political hokum.

Three years alter, there is no doubt that the GOP meant what it said in the Contract With America. Even the White House has embraced much of it. Much of what it contained is now the policy of the United States, thanks to the persistence and foresight of the Republican Congress.

DEDICATION OF ANVIL HOUSE

HON. BOB ETHERIDGE

OF NORTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 3, 1997

Mr. ETHERIDGE. Mr. Speaker, I rise today to congratulate the Foundations Bible College and Schools in Dunn, NC on the recent dedication of its Anvil House. The president and founder of the Foundations Ministries and Schools, Dr. O. Talmadge Spence, announced the official Day of Dedication of Anvil House on May 15 with a 4-day celebration which culminated with the 23d graduation class of the college.

The vision of this learning center around a worship sanctuary results after some 30 years of thought, and more energetically after Dr. Spence attended Oxford University. Six years and nine months of actual building has been involved with a little over 2 years in acquiring furnishings, furniture, decor, and art pieces for the learning laboratory experience. Anvil House, phase 1, has been completed with 30,300 square feet of floor space including: 8 divinity halls on the north and south; exterior and interior gothic walks; the first floor Founder's Foyer, and the Whitefield Sanctuary which seats 950 persons. The second floor consists of a gallery, balcony, and the colonnade walk which leads from the balcony to the podium above the first floor chancel. The cantilever pulpit projects out into the sanctuary some 30 feet with the first floor sanctuary and the second floor balcony surrounding the entire pulpit area.

The Anvil House is dedicated to three histories as pictured by its historical time and decor: World civilization, church history, and remnant Christianity. These three historical views are seen in a parallel chronology running throughout the facility. World civilization is seen in all of the rooms and areas. Church history, mingled with the parallel history of world civilization, is illustrated by the gothic walk of 46 nitches and over 100 art pieces. The divinity halls are designated by the following geographies, noting the ingredients of remnant Christianity: The French Room, noting the times of the Huguenots and the

Waldensians; the Bohemian Room, the Hussites and Moravians; the Colonial Room, puritans and pilgrims; the English Room, Oxford Holy Club; the Welsh Room, the Welsh revival; the Swiss Room, the Swiss brethren and Zwingli; the Ulster Room, the dissenters and separatists; and the German Room, the Reformers and Luther.

The second floor balcony and colonnade will be the regular processional walk for the graduation class each year as they proceed to the pulpit of Whitefield Sanctuary to receive their diploma or degree.

In each of the rooms and other areas of Anvil House there is historical meaning everywhere. There are over 1,600 art pieces from all over the world. There are 688 fixed gothic arches in Anvil House besides another 500 other such arches in the art pieces themselves. This facility has one of the largest collections of Christian etchings found anywhere.

The next addition will be phase two, and it will commence immediately to add seven three- and four-story towers, using castle rock as was used for the north Calvin Pavilion. The south tower will be called Wesley Tower, and the other six east and west towers will be identified by other personalities of church history, such as Robert Murray McCheyne, Jonathan Edwards, John Wycliffe, J. Gresham Machen, Brainerd, and Zinzendorf. The building itself will occupy about 1 acre of land. In phase two, east and west gardens will be planted to resemble the distinct kinds of gardens in the Orient and the western world as particularly viewed from the perspective of Christianity and missions.

Dr. Spence, who is the president and founder of Foundations Schools as well as the original designer of the Anvil House, speaks glowingly of the project: "We believe genuine history is being lost or neglected in the progress of modern man," says Dr. Spence, "and history is being rewritten with a different presupposition than the facts of the past. We are losing the experience we have learned of the past." President Spence continues: "As a Christian educational institution leaning into the twenty-first century, Foundations believes history must be protected as truthfully as we protect the Bible. To the Christian, the first authority is the Bible, the Word of God, then history, then philosophy, and then languages," said Dr. Spence, "and all truth must be proclaimed, defended, and practiced by Christians no matter which compartment of life they live in during their daily activities."

Dr. Spence, concluded his remarks at the opening ceremonies by saying, "The two Christians who are most appropriate to speak in these early hours of Anvil House are Dr. Bob Jones, Chancellor of Bob Jones University in Greenville, South Carolina; and Reverend Michael N. Riley, pastor of the Killian Hill Baptist Church in Atlanta, Georgia." Dr. Spence was led to Christ through D. Jones and Reverend Riley has been a cherished friend in the Gospel of the Lord Jesus Christ of unusual gifts for interior decor.

May 15 through May 18 involved the first 4 days of worship, open house, lectures, and graduation Sunday. Personal RSVP invitations were extended for this first occasion. A commemorative publication called "Anvil House" and a reproduction of a 300-year-old text entitled "The Principle Reformers" were produced to honor this historic event.

Foundations Bible College and Seminary is located off Interstate 95, Exit 77 in Dunn, NC, on a 65-acre campus of 12 building facilities. The school also operates the radio station WLLN of Lillington, NC through the Christian Purities Fellowship for its outreach ministry program. Over its past 23 years, 100 divinity students from 15 countries and 31 States have been ordained to the Christian ministry by the Foundations School.

A TRIBUTE TO THE CITY OF HIGHLAND

HON. JERRY LEWIS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 3, 1997

Mr. LEWIS of California. Mr. Speaker, I would like to bring to your attention the fine work and outstanding success of the citizens of Highland, CA. On November 24, 1997, Highland will celebrate 10 years of existence as a city.

In light of the rather dire predictions made at the time about the city's chance of survival, this is a major milestone in the city's history. Many people, particularly the so-called experts, warned in 1987 against incorporation of the community because they believed the proposed city was financially unfeasible and would be bankrupt within the first 2 years of existence.

In his budget transmittal letter back in May 1989, the city manager referenced the 1980 Winter Olympic Games held in Lake Placid, NY. During those games, ABC Television commentator, Al Michaels, provided the play-by-play for the gold medal championship hockey game between the United States and Finland. The United States was given very little chance of taking the gold medal.

In the final seconds of the game, when it was apparent that the United States would win, Al Michaels emphatically exclaimed, "Do you believe in miracles?" Successfully completing its first year as a city, Highland's success may not have been a miracle, but in early 1989 it was regarded as quite an accomplishment.

Nearly 10 years later, Highland is not only still in existence, it is in relatively sound financial shape. With sound and prudent financial management, the future of the city of Highland looks bright. In fact, I believe that the next 10 years hold even more promise for the citizens of this great community than the last 10 years.

Mr. Speaker, I ask that you join me, our colleagues, and the many fine people who live and work in Highland in saluting this community for meeting and overcoming many challenges during its first 10 years. The success of the city of Highland is certainly worthy of recognition by the House today.

A TRIBUTE TO THE RIVERHEAD VOLUNTEER FIREFIGHTER FRANK CORWIN

HON. MICHAEL P. FORBES

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 3, 1997

Mr. FORBES. Mr. Speaker, I rise today in this venerable Chamber to ask my colleagues in the U.S. House of Representatives to join me in paying tribute to Frank "Buzz" Corwin, a volunteer firemen who has devoted 50 years to protecting the lives and property of his friends and neighbors in Riverhead, Long Island.

On Tuesday, September 9, 1997, Frank Corwin will be honored by his fellow firefighters for his 50 faithful years of service to the Riverhead fire department. Since 1947, whenever fire or other peril threatened a member of the Riverhead community, Frank has answered the siren's call, whether that call came in the dead of night, on a blustery winter day or in the wilting heat of summer. Time and again, Frank joined his comrades as they hastened to the scene, placing themselves in harm's way to aid another human being in danger, regardless of whether it be a friend, a neighbor, or stranger.

It was exactly 50 years ago to the month that Frank Corwin enlisted in the Riverhead fire department and that very night he was thrust into action during a fire at the GLF building. Rising to the position of 2d lieutenant with the Reliable Hose and Engine Co. No. 1, Frank was also a member of R.F.D.'s New York State Champion Ironmen Racing Team in 1948.

Frank's commitment to the Riverhead fire department and the community it protects is exceeded only by his devotion to family. In 1949, he married his wife Muriel and together they lovingly raised their children Beverly, Jeffrey, and Todd. In each of their children, Frank and Muriel have instilled the community pride and love for their neighbor that has motivated Frank during his career as a volunteer firefighter.

Demonstrating that true heroes are created over a lifetime of selfless acts and service to their God, family, and country, Frank Corwin is a perfect role model for every volunteer firefighter who will come after him. So I ask my colleagues in this esteemed House to join me in congratulating Frank for 50 years of service to the Riverhead community.

TRIBUTE TO CHUCK DHARTE

HON. DAVID E. BONIOR

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 3, 1997

Mr. BONIOR. Mr. Speaker, the March of Dimes is an organization with a noble mission: to fight birth defects and childhood diseases. We all share the March of Dimes dream that every child should have the opportunity to live a healthy life.

For the past 14 years, the southeast Michigan chapter of the March of Dimes Birth Defects Foundation has honored several

Macomb County residents who are outstanding members of our community and have helped in the campaign for healthier babies. This evening, the chapter will be hosting the 14th annual "Alexander Macomb Citizen of the Year" award dinner. The award, instituted in 1984, is named after my home county's namesake, Gen. Alexander Macomb, a hero of the War of 1812.

This year, the March of Dimes has chosen Chuck Dharte as a recipient of the award. When Chuck retired from his position as chairman of the board and CEO of Huntington Bank of Michigan in 1996, he did not retire from public service. He has continued to serve on the board of St. Joseph's Mercy Hospitals of Macomb and as president of the Boys and Girls Club of southeastern Michigan while remaining active with the March of Dimes. As he recently said about receiving the award, "I am still at a loss for words. And I assure you, I will continue in my care and support of this great human endeavor." Chuck's involvement within the community exemplifies his commitment to fighting birth defects.

Dr. Jonas Salk's polio vaccine is just one of the more famous breakthroughs that would not have been possible without March of Dimes research funding. And, without people like Chuck Dharte the job of protecting babies would be that much more difficult.

I applaud the southeast Michigan chapter of the March of Dimes and Chuck Dharte for their leadership, advocacy, and community service. I know that Chuck is honored by the recognition and I urge my colleagues to join me in saluting him as a 1997 recipient of the Alexander Macomb Citizen of the Year Award.

ACR GOLD MEDALIST JAMES M. MOOREFIELD, M.D.

HON. FORTNEY PETE STARK

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 3, 1997

Mr. STARK. Mr. Speaker, the issue of providing universal access to health care for our citizens has been a major goal of every Member of Congress. Over the past 32 years we as a body have enacted many changes to achieve this goal for the Nation. In those efforts, many in the private sector have worked with us to develop responsible health legislation.

Dr. James M. Moorefield, a radiologist from California is a private sector physician leader who came to us in Congress to offer a solution to physician payment under Medicare. As a result the physician RBRVS was adopted and Dr. Moorefield, as chairman of the board of chancellors of the American College of Radiology, worked tirelessly with us to achieve that milestone.

In recognition for that leadership and his many other contributions to radiology, medicine, and America's health care system, the American College of Radiology will award him the ACR Gold Medal in Atlanta, GA, at its annual meeting September 6–10, 1997.

The ACR, in announcing his award of the prestigious gold medal, published the following comments by Christopher M. Rose, M.D. and Frederick R. Margolin, M.D. in the ACR Bulletin:

> Jim Moorefield is a tireless leader in the field of radiology. Few people have made a commitment to our specialty that has been as complete or as longstanding as his. The tracks of his dedication to radiology and medicine reach from the halls of his hospital to the halls of Congress. He has served us on a local, state, and national level with distinction deserving our highest honor.
>
> After attending Georgetown University, Dr. Moorefield received his medical training in his native New York at the State University of New York. He went on to serve as a medical officer in the U.S. Navy before his radiology residency at the University of California, San Francisco. In 1969 he entered private practice in Sacramento.
>
> Dr. Moorefield's local and state involvement provided him his first opportunities to distinguish himself in the politics of medicine. As a delegate to the state medical society, he became an outspoken opponent of self-referral, winning him much respect, if not many friends, among the self-referrers.
>
> His College activities began with committee and commission service, and he served as a councilor from California. After the College successfully defeated the RAPs legislation in 1987, Dr. Moorefield was picked to lead the arduous task of pulling members and staff together to develop a radiology relative value that could be used by Medicare. The system he created was copied and is still used by the AMA to set relative values recommended to HCFA for Medicare. He worked to convince Congress and HCFA to accept it, and thus helped preserve the right of the radiology profession to establish its own guidelines and definitions.
>
> Dr. Moorefield went on to serve as vice-chairman and chairman of the ACR Board of Chancellors and as ACR president. It is particularly noteworthy that during the past 25 years, he has been in the full-time private practice of radiology. During most of his years of service to the College, he also served as president of his group. The time that he has unselfishly devoted to advance our interests as radiologists has been extracted at some measure of personal cost.
>
> Dr. Moorefield is an articulate and effective representative of our specialty. He is a wonderful person with a fine sense of humor, a great collegiality, and fine perceptive power of people, ideas, and future trends. He is blessed with enormous stamina and a will designed to test that strength. He has used all his talents in the pursuit of the betterment of his colleagues and the College. The ACR and the profession of radiology are stronger for his efforts.

Mr. Speaker, I ask that my colleagues join me in extending our congratulations to Dr. Moorefield for this honor and thank him for the leadership and direction he provided the Congress as we deliberated our Nation's health care issues.

BRIG. GEN. JAMES W. BODDIE, 30 YEARS OF HONOR, DUTY, AND SERVICE

HON. RODNEY P. FRELINGHUYSEN

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 3, 1997

Mr. FRELINGHUYSEN. Mr. Speaker, today, I rise to pay tribute to Brig. Gen. James W. Boddie who is retiring after 30 years of honorable and decorated service in the U.S. Army. On September 4, General Boddie will be stepping down as commander of the Army Armament Research, Development and Engineering and Center [ARDEC] at Picatinny Arsenal in Dover, NJ, after a distinguished 3-year tenure.

Born in Augusta, GA, on July 6, 1945, General Boddie attended the University of Georgia and in 1967 graduated with a bachelor of science degree in forestry. Following graduation, he was commissioned a second lieutenant through the Army Reserve Officers' Training Corps. For his service overseas in combat in Vietnam and with the 7th Army in Germany, Boddie was awarded the Legion of Merit (with Oak Leaf Cluster), Bronze Star Medal (with "V" device, two Oak Leaf Clusters), Meritorious Service Medal, four Air Medals, and the Army Commendation Medal (with one Oak Leaf Cluster).

General James Boddie developed his expertise in ordnance and munitions, in great part, through his years of service in various positions with the 59th Ordnance Brigade of the U.S. 7th Army in Europe. Subsequently, he served as the Commandant of the U.S. Army Ordnance Missile and Munitions Center and School. Before assuming his final post commanding ARDEC, General Boddie was Deputy Commanding General for Procurement and Readiness, U.S. Army Armament Munitions and Chemical Command at Rock Island in Illinois.

During his service at Picatinny Arsenal, General Boddie distinguished himself as perhaps the most accomplished commander in ARDEC's history. As commander, he was responsible for managing 4,000 employees and more than 1,000 projects that constitute 90 percent of the Army's lethal power. Although he served during a period of defense downsizing, shrinking Army budgets and base closures, General Boddie and the employees at Picatinny Arsenal were recognized by the Pentagon and the Vice President of the United States as the premier military base in the Nation when in 1996 ARDEC received the quality "Triple Crown."

This unprecedented honor consisted of three highly prestigious awards for achievement, including the Research and Development Organization of the Year Award, the Army Communities of Excellence Award—for the best Army installation in the world—and the most acclaimed Presidential Award for Quality, the equivalent of the Malcolm Baldrige Award, which was presented to General Boddie by Vice President AL GORE. The Triple Crown only acknowledged what I have known for years, that the people of Picatinny Arsenal are recognized the world over as the experts in munitions technology.

Mr. Speaker, I want to again commend General James W. Boddie for his dedicated service to the American people in the U.S. Army. He leaves his post and the institution that became his life with my complete confidence in his abilities. General Boddie's guiding hand at Picatinny will surely be missed. I wish him and his wife, Shirl, all the best in the years to come.

MISSION VIEJO LITTLE LEAGUE

HON. RON PACKARD

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 3, 1997

Mr. PACKARD. Mr. Speaker, I rise today to recognize the accomplishments of the Mission Viejo, CA. Little League baseball team, who recently represented the United States in the Little League World Series championship game. The boys from Mission Viejo rose to the top in a field of 7,000 Little League teams from around the world.

On Saturday, August 23, 1997, these boys showed the world something that people from our community already know: that through hard work, dedication, and community support, our kids can put their dreams within reach. I commend the efforts of the parents, coaches, and many citizens who have supported the Mission Viejo Little League team. They have set a wonderful example for communities across the Nation.

There is nothing more worthy of our time than supporting community activities that teach our children the values of hard work and dedication. Successful community athletic programs not only provide our children with enjoyable recreation, they bring us together as parents and neighbors.

Our community takes great pride in what these boys have achieved, but the endless contribution of parents and citizens in supporting these activities year after year should not go unnoticed. The patience and longstanding commitment of an entire community may not always pay off at the plate, but in the life of a child, it is truly a Home Run.

Mr. Speaker, the scoreboard at the end of the game may not have shown it, but these boys are true champions. Our community is proud of their accomplishments and I am honored to request that their names be inserted into the CONGRESSIONAL RECORD in recognition of their achievement.

Team members: Adam Sorgi, Chad Lucas, Gary Gattis, Gavin Fabin, Ryan O'Donavan, Taylor Bennett, Mike Cusick, Nick Moore, Andrew Nieves, Adam Elconin, Brian Kraker, Ashton While, and Greg Oates.

TRIBUTE TO THE WARRINGTON ATHLETIC ASSOCIATION 11 AND 12 YEAR OLD GIRLS SOFTBALL TEAM

HON. JAMES C. GREENWOOD

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 3, 1997

Mr. GREENWOOD. Mr. Speaker, I rise today to pay tribute to the players and coaches of the Warrington Athletic Association Girls Softball Team which came in second this year in the Little League Softball World Series. These 11 and 12 year olds and their coaches worked extremely hard and exhibited outstanding team work first as champions of the Pennsylvania District 30 competition, then to the Pennsylvania State Championship, to become U.S. Eastern Regional Little League Champions. As the East champs they played the West and Central champs and the team from Latin America. The final challenge was two games against the Southern U.S. champions. The Warrington team won the first of those games in a come-from-behind contest. It was only at the very end that they were defeated by the South in the second game, and emerged as second in the world of Little League Girls softball. Second in the world is an outstanding accomplishment and I am proud to bring this team to the attention of this House. I extend them warm congratulations and the best of luck as they continue to play together.

Team members: Jamie Ahrens, Heather Bloemker, Katie Crawford, Kimberly Garrano, Ashley Kelly, Nicole McLearnon, Linda Secka, Kip Crawford, Maryann Scarpill, Christine Alff, Jaci Borsos, Noel Darreff, Lauren Homa, Allison Morris, Jess Rankin, Cindy Spiecker, coach, John Rankin, and manager, Joe Spiecker.

INTRODUCTION OF THE INTERNET GAMBLING PROHIBITION ACT OF 1997

HON. BOB GOODLATTE

OF VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 3, 1997

Mr. GOODLATTE. Mr. Speaker, I rise today to introduce the Internet Gambling Prohibition Act of 1997, along with my good friend and colleague from New Jersey, Representative FRANK LOBIONDO (R–NJ). I look forward to my friend from New Jersey in seeing this legislation signed into law. I would also like to thank my friend in the other Chamber, Senator JON KYL (R–AZ); for his leadership on this issue. The legislation that Mr. LOBIONDO and I are introducing today is intended to be the House counterpart to Senator KYL's bill, S. 474, and I am looking forward to working wit Senator KYL on this issue as well.

The Internet is a revolutionary tool that dramatically affects the way we communicate, conduct business, and access information. As it knows no boundaries, the Internet is accessed by folks in rural and urban areas alike, in large countries as well as small. The Internet is currently expanding by leaps and bounds; however, it has not yet come close to reaching its true potential as a medium for commerce and communication.

One of the main reasons that the Internet has not reached this potential is that many folks view it as a wild technological frontier, with no safeguards to protect children and no legal infrastructure to prevent online criminal activity. The ability of the World Wide Web to penetrate every home and community across the globe has both positive and negative implications—while it can be an invaluable source of information and means of communication, it can also override community values and standards, subjecting them to whatever more may or may not be found online. In short, the Internet is a challenge to the sovereignty of civilized communities, States, and nations to decide what is appropriate and decent behavior.

Gambling is an excellent example of this situation. It is illegal unless regulated by the States. With the development of the Internet, however, prohibitions and regulations governing gambling have been turned on their head. No longer do people have to leave the comfort of their homes and make the affirmative decision to travel to a casino—they can access the casino from their living rooms.

The legislation I am introducing today will protect the right of citizens in each State to decide through their State legislatures if they want to allow gambling within their borders and not have that right taken away by offshore, fly-by-night operators. The Internet Gambling Prohibition Act gives law enforcement the tools it needs to crack down on illegal Internet gamblers by accomplishing three main goals: First, providing that anyone convicted of running an Internet gambling business is liable for a substantial fine and up to 4 years in prison; second, subjecting those who place bets or wagers with virtual casinos to a fine and up to 6 months in prison; and third, giving law enforcement the ability to request cessation of service to Web sites engaging in illegal gambling, with enforcement by court order if necessary. Additionally, the bill requires the Attorney General to submit a report to Congress on the effectiveness of its provisions.

This legislation is supported by organizations across the spectrum, from Ralph Reed to Ralph Nader, and from the National Coalition Against Legalized Gambling to the American Gaming Association. Additional supporter are the National Association of Attorneys General and the National Football League.

It is also important to note that this legislation does not preempt any State laws, does not cover online new reporting about gambling, and does not apply to transactions that are legal in both the State in which they originate and the State in which they are received. The bill simply brings the current prohibition against interstate gambling up to speed with the development of new technology, as the Internet had not been created when the original law was passed and thus is not covered by it.

Mr. Speaker, online gambling is currently a $200 million per year business, and could easily grow to $1 billion business in the next few years. It is time to shine a bright light on Internet gambling in this country, and to put a stop to this situation before it gets any worse. The Internet Gambling Prohibition Act, which will keep children from borrowing the family credit card, logging on to the family computer, and losing thousands of dollars all before their parents get home from work, will do just that. I urge each of my colleagues to support the Internet Gambling Prohibition Act of 1997.

TRIBUTE TO PASQUALE AND THERESA ARGENTO

HON. ROSA L. DeLAURO

OF CONNECTICUT

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 3, 1997

Ms. DELAURO. Mr. Speaker, on September 1, 1997, my good friends, Pasquale and Theresa Argento, celebrated their 50th wedding anniversary. It gives me great pleasure to wish them my very warmest congratulations on this truly special occasion.

I have known both Theresa and Pat for years and I am so pleased to have this opportunity to talk about how much this couple has given to their family and to the New Haven community. Theresa and Pat are lifelong residents of New Haven and met when both their families lived on Chapel Street near Wooster Square. As almost no one else I've ever known, the Argentos have carried on the Wooster Square traditions.

Theresa is president of the St. Andrew's Ladies Society and cochairs the annual St. Andrew's Feast. The feast is one of my wonderful memories of friends and family. St. Andrew's keeps the strong feeling of community alive and Theresa has to be given credit for the hard work she does every year to organize it. She devotes an extraordinary amount of time and her efforts assure its success every year.

Although the New Haven community is their home, Theresa and Pat have not forgotten their Italian heritage. Theresa has done amazing work with the sister cities project which sponsors exchanges with New Haven's sister city of Amalfi, Italy. Promoting the exchange of students, knowledge, and culture, Theresa has ensured that the New Haven descendants of Amalfi will not forget their roots. Because of her work, my step-son, Jonathon, will always remember his time in Amalfi.

Pat and Theresa have spent a lifetime working hard for their family. Their devotion to their two wonderful children, Frances and Antoinette, and their four grandchildren, Evelyn, Robert, Alison, and Jessica, is a testament to their love for each other.

It gives me great pleasure to rise today on behalf of the Argentos. I am grateful to them for all they have done for me and my family and I am proud of all their hard work on behalf of so many. I join their family and their many friends in wishing them a very happy anniversary and many more years of good health and happiness. They truly deserve it.

A TRIBUTE TO THE TRONA FOURSQUARE CHURCH

HON. JERRY LEWIS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 3, 1997

Mr. LEWIS of California. Mr. Speaker, I'd like to bring to your attention the community-wide celebration taking place later this month in the High Mojave Desert of San Bernardino County. The congregation of the Trona Foursquare Church will be celebrating its 58th anniversary on September 28th, as well as honoring its pastors for 25 years of service to the community. A dinner and evening of fellowship will mark this important occasion on September 27th.

Reverend and Mrs. Melvin Wilson came to Trona in July of 1972. Living in Trona, they have faithfully served their church family while involving themselves in numerous ways in the life of the local community. Their love, care, concern, influence, and loyalty is reflected in their service which touches literally everyone in Trona. They have truly been, by all accounts, servants of God. The citizens of Trona are grateful beyond words for their devotion and I am proud to ask our colleagues in the House of Representatives to join me in saluting them today.

I would also like to pay special tribute to the Trona Foursquare Church as it, too, celebrates an important milestone—its 58th anniversary. To say the least, the entire community is very much looking forward to a weekend of celebration to mark both the service of Reverend and Mrs. Wilson, as well as the anniversary of the church itself.

Mr. Speaker, I ask you to join me and our colleagues in paying tribute to the Trona Foursquare Church as it celebrates these important moments in its history. It is only appropriate that the House recognize Reverend and Mrs. Wilson for their 25 years of faithful community service, as well as the service of this church as it, too, celebrates a most esteemed anniversary.

TRIBUTE TO THE 25TH SILVER ANNIVERSARY OF THE 1997 PUERTO RICAN DAY PARADE OF PATERSON

HON. BILL PASCRELL, JR.

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 3, 1997

Mr. PASCRELL. Mr. Speaker, I would like to call to your attention the momentous occasion of the 1997 Puerto Rican Day Parade of Paterson's 25th Silver Anniversary. The parade will take place on Sunday, August 24, 1997 in Paterson, NJ.

The Puerto Rican Day Parade of Paterson was established and incorporated in 1972. The goal of the parade was to revitalize and maintain the rich cultural diversity that portrays a spiritual, family-oriented people.

For more than 25 years, thousands of Puerto Ricans and other Hispanic groups traditionally spend a weekend to reflect upon the beauty of traditional songs and dances, to be sensitized by colors and fashions, and to partake of traditional food and drink. The parade and its week-long activities have historically fulfilled its intended purpose of allowing for the next generation to observe contributions made by the Puerto Rican-American community to improve the city of Paterson and make it a better place to live, work, and educate the next generation.

On Sunday, August 24, 1997, the parade will celebrate its 25th anniversary and over 100,000 people from all corners of the metropolitan area will share in the festivities.

The 3.5 mile-long parade will commence in the heart of the city of Paterson and proceed through the historic downtown shopping district. The celebration, as always, promises to be energetic, uplifting, and quite spectacular.

Mr. Speaker, I ask that you join me, our colleagues, the Puerto Rican-American community, and the State of New Jersey in recognizing the Puerto Rican Day Parade of Paterson's 25th Silver Anniversary and commending both its organizers and participants who constantly enrich the cultural flavor of our diverse community.

COMMEMORATIVE STAMP FOR AVA GARDNER

HON. BOB ETHERIDGE

OF NORTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 3, 1997

Mr. ETHERIDGE. Mr. Speaker, today I introduce a resolution to provide a commemorative stamp for Ava Gardner, one of America's most accomplished actresses and native of the town of Smithfield in the Second Congressional District of North Carolina. I would like to submit the text of this resolution for the RECORD, and I strongly urge my colleagues to sign on as cosponsors of this resolution:

Whereas Ava Lavinia Gardner is one of America's most accomplished actresses this century;

Whereas her work was world renowned, taking her around the country and globe, residing in New York, California, Spain, and England, spreading the goodwill of the American people and setting the mark in film, radio, and television for aspiring actresses and actors to follow;

Whereas, her movie career was recognized by her peers and industry, receiving the Golden Globe Best Actress in a Drama nomination for "Night of the Iguana" (1964), the Academy of Motion Pictures Merit for Outstanding Achievement Best Actress nomination for "Mogambo" (1953), and the Look Film Achievement Award for her performance in "The Hucksters" (1947);

Whereas, her work personified and led the true golden age of Hollywood, when stories were of the heart and when values dictated one's performance such as her role as Sarah in "The Bible . . . in the Beginning," recognized as the best picture of the month for the whole family with the Box Office Blue-Ribbon Award (1966);

Whereas, her patriotism was unparalleled, recognized by the United States Armed Forces for her spirit of public service, and distinguished performance as guest star of the Armed Forces radio network's production of "Victorious Lady";

Whereas, Time Magazine, one of the world's most widely read publications, recognized her achievements in 1951, dedicating its from cover to Ava Gardner, and becoming the first female from her home State of North Carolina ever to grace its cover;

Whereas, though she rose to great heights from humble beginnings, living the American Dream through hard work and perseverance, she never forgot the needs of people as she worked tirelessly for cancer research funding, nor the people of Johnston County, North Carolina, where she was born the youngest of five daughters and two sons of Jonas and Mary Elizabeth Gardner, later attending high school in the Rock Ridge Community and on to the then Atlantic Christian College (Barton College) in Wilson, North Carolina;

Whereas, citizens from every State in the United States and across the world revere her work, visiting the Ava Gardner Museum in

Smithfield, North Carolina, and her numerous related worldwide web Internet sights, as well as on television, enjoying her work in episodes of the hit television series "Knots Landing" and her life story through biographical television movies;

Whereas, her work carries on, despite her passing from this earth January 25, 1990;

Whereas, Ava Lavinia Gardner is one of America's most accomplished actresses this century, leading the Hollywood golden age, spreading the goodwill and patriotism of the American people around the globe, and setting the mark in film, radio, and television of aspiring actresses and actors to follow;

Whereas, the "Ava Gardner 2000 Stamp Committee," spearheaded by the Ava Gardner Museum and the work of its indefatigable volunteers in Smithfield, North Carolina, to celebrate her life has targeted the decade anniversary of her passing of January 25, 2000, for the publication of a commemorative stamp by the United States Postal Service: Therefore, be it

Resolved, that it is the sense of the House of Representatives that a commemorative postage stamp should be issued by the United States Postal Service in honor of Ava Gardner; and that the Citizen's Stamp Advisory Committee of the United States Postal Service should recommend to the Postmaster General that such a postage stamp be issued.

WORK UNFINISHED

HON. DOUG BEREUTER

OF NEBRASKA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 3, 1997

Mr. BEREUTER. Mr. Speaker, this Member highly commends to his colleagues this editorial which appeared in the Norfolk Daily News on August 18, 1997.

WORK UNFINISHED—MORE TO BE DONE REGARDING BUDGETS; VOTERS THEMSELVES MUST DO REMINDING

For his part, President Clinton saw the five-year budget legislation as a measure that would "renew our nation and restore its promise." And on the Republican side, House Speaker Newt Gingrich said, "We have proven together that the American constitutional system works, that slowly, over time, we listen to the will of the American people." He added that he does not intend to abandon the spirit of cooperation that led to the agreement.

The president is being criticized by liberals within Democratic ranks for having compromised too much; the speaker for having given in too readily. It was a contentious process, as are many decisions in a democracy.

The plan is surely flawed, but it did provide evidence that the message from the voters about having something done about recurring federal deficits and high levels of taxation was heard.

It is important now to realize that this is unfinished business. There is much more to be done to reduce the burden of taxation and the rates of growth in federal spending. Voters themselves are the key to whether this will be produced in the future. If they insist, more progress is possible.

TRIBUTE TO RICHARD LESHER

HON. JOHN SHIMKUS

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 3, 1997

Mr. SHIMKUS. Mr. Speaker, saying goodbye to colleagues and friends is rarely enjoyable and yet we must do it so often. I rise today to say goodbye to an icon of the business community, Dr. Richard Lesher.

At age 63, Dr. Lesher has decided to retire to his boyhood home in Chambersburg, PA. Since taking the top spot at the U.S. Chamber of Commerce, 22 years ago, Dr. Lesher has directed and expanded this group into a powerful voice for American businesses in Washington and around the world. I can state today without reservation that the chamber's positions on issues are well respected in the eyes of Members of Congress and often play a part of the many decisions made in the Nation's Capitol.

Some of the major achievements of the U.S. Chamber of Commerce during the tenure of Dr. Lesher include the implementation of a weekly communication network which includes television and print media. For example, the Voice of Business, a newspaper article, is distributed nationwide to over 600 newspapers. In addition, programs like First Business and It's Your Business reach the Nation's business men and women through cable and network television. With this strong communications network in place it is little wonder that the chamber's membership has swelled to 300,000 and its budget expanded from $40 million to $70 million during the tenure of Dr. Lesher.

Another program that Dr. Lesher designed, and one that I believe has profound impacts on policy and politicians in Washington, is How They Voted. This program earmarks votes that are critical to the chamber and rates Members of Congress based on those key votes. While I am a new member of Congress, I have learned quickly to pay special attention to the chamber's key votes because of this program.

Finally, the National Chamber Litigation Center, a public policy legal arm, represents business interests in the Federal court system and provides services where there would otherwise be a void.

In closing, I commend Dr. Richard Lesher for his long-term commitment to the chamber and for playing a critical part in the policies of this Nation. Saying goodbye is rarely enjoyable, but today we should celebrate the accomplishments of Dr. Lesher.

TRIBUTE TO THE IRS BROOKHAVEN SERVICE CENTER

HON. MICHAEL P. FORBES

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 3, 1997

Mr. FORBES. Mr. Speaker, I rise today to salute the many valued employees of the Internal Revenue Service's Brookhaven service center, as it celebrates its 25th year of operation in Brookhaven Town, Long Island. Located in Holtsville, in the heart of this great town, the IRS Brookhaven service center has enriched local residents through its employment opportunities and mentoring programs for the taxpayers of New York.

Most notably, though, the Brookhaven service center has created a selfless, community-focused vision during the past 25 years. It has helped provide a greater degree of community togetherness through its many services, and improved its communication with taxpayers through its employees' dedication and diligence. The taxpayer assistance the center provides are quite exceptional—from answering thousands of taxpayers' calls on a toll free line, to resolving customer complaints cases. Employing nearly 5,000 workers during peak times of year, the Brookhaven service center is crucial to the economic development of the town.

The Brookhaven service center would not thrive if not for the excellent service that its staff provide its customers, the American taxpayer. The continued growth of the center, and the diversity of services it provides, is a fitting tribute to the employees who have helped to forge a strong and lasting relationship with the people of Brookhaven.

The importance of the Brookhaven service center to the Federal Government can not be understated, even as we pay tribute to this 25th anniversary. Last year, the service center processed 16 million individual and business returns from Montauk Point on the East End of Long Island, to Atlantic City on the southern shore of New Jersey. The employees of this center work hard for the people all over America who call with questions and concerns when the April 15 tax season rolls around. They are problem solvers, providing a great service to their fellow Americans. Brookhaven service center employees also donate their time and resources to town food drives, annual Christmas toy drives, and the Salvation Army. Each year, employees also give blood in conjunction with the Greater New York Blood Program.

At the Brookhaven service center, a diverse group of Long Islanders have come together with one common goal—to provide assistance to their neighbors and fellow citizens. As they commence their 25th year of service, I ask my colleagues in the U.S. House of Representatives to join me in saluting the Brookhaven service center's work, and to applaud a true community partnership.

IN HONOR OF THE STATE CHAMPION RESTON LITTLE LEAGUE ALL-STAR TEAM

HON. THOMAS M. DAVIS

OF VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 3, 1997

Mr. DAVIS of Virginia. Mr. Speaker, it gives me great pleasure to rise today to pay tribute to the 1997 Reston American Little League All-Star Team. On August 26, 1997, there was a parade to celebrate and welcome the All-Stars home from the Little League southern regional tournament in St. Petersburg, FL. The

All-Stars have worked hard during their baseball season and through the spirit of teamwork, they have achieved major victories in the district, State, and regional Little League championships. These young players are to be commended for their outstanding efforts and sportsmanship they displayed as they competed in these three tournament championships. The Homecoming Parade in their honor will include all of the team players, and coaches who will march down Market Street at the Reston Town Center in the heart of their community. The All-Stars will be greeted and honored for their many accomplishments by several local dignitaries and community leaders. I would also like to recognize each player individually for their many achievements: Brian Beatty, Ben Bjorlo, Jeff Collins, Matt Foley, Colin Golding, Brandon Guyer, David Harrison, Scott Horton, Jared Kubin, David Miller, Ryan Smithson, John Stipicevic, Nick Tracy, Adam Wright; as well as their team manager Larry Kubin, their coach Paul Foley, and their assistant coach Harold Tracy.

The 1997 Reston All-Stars won the district IV championship for the first time in Reston Little League history. This meant the All-Stars earned the right to represent district IV at the State Little League championship tournament in Virginia. The All-Stars journeyed down to Danville where their perseverance and team work helped them achieve a come-from-behind victory over the Bristol, VA team. After the All-Stars had been defeated in the second game of the double elimination tournament, the Reston team redoubled their efforts and fought their way through the loser's bracket, playing three doubleheaders in 3 days in order to qualify for the State championship game against the Bristol team. The All-Stars were victorious over the Bristol team in a 9 to 7 nailbiter. This was another first in the history of Reston Little League as the All-Stars won the Virginia State championship and earned the right to represent the State in the southeast regional championships.

At the southeast regional championship tournament, the Reston All-Stars faced some of the best Little League teams in the Nation. The winner of the southeast regional qualifies to compete in the Little League World Series in Williamsport, PA. Reston lost their first game of the double-elimination tournament to Texas, but then won three straight games against teams from Tennessee, Alabama, and South Carolina. The All-Stars made it to the section II final where they faced the Texas team they had lost to in the first round. Reston lost to the Texas team and were eliminated from further competition; however, the Reston All-Stars finished the year as one of the best 16 Little League baseball teams in the Nation.

Mr. Speaker, I know my colleagues will join me in honoring the State championship Reston Little League All-Stars. The Homecoming Parade of All-Stars celebrates the hard work, dedication, sportsmanship, and competitive spirit of the entire team organization which resulted in their many spectacular achievements.

COMMENDATION FOR THE HAYMARKET CENTER OF CHICAGO, IL

HON. DANNY K. DAVIS

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 3, 1997

Mr. DAVIS of Illinois. Mr. Speaker, I take this opportunity to commend and congratulate Father Ignatious McDermott and the Haymarket Center which he founded as a result of his work in the area on the near west side of Chicago. This area, formerly known as "Skid Row" earned Father McDermott the nickname of the "Priest of Skid Row."

Haymarket Center was founded in 1975 in response to the needs of the men and women who frequented the streets and flophouses in the area. Haymarket is a full-scale substance abuse treatment center which administers 28 programs that provide a comprehensive approach to substance abuse known as a continuum of care. Haymarket Center serves over 14,000 individuals each year; and since 1975, Father McDermott has inspired hundreds of thousands of individuals to overcome their addictions to alcohol, tobacco, and/or illegal drugs.

A model for other substance abuse treatment centers throughout the country, Haymarket's continuum of care is an integration of drug abuse prevention, treatment, health services, day care, parent training, vocational education, and job placement. This integration of services enables addicted individuals to recover more quickly and completely. Because substance abuse treatment services are largely financed with public funding, helping these individuals benefits the taxpaying public.

In recognition of Haymarket Center's leadership in providing high quality and effective treatment services, Gen. Barry McCaffrey, Director of the Office of National Drug Policy, recently took the opportunity to visit the center. General McCaffrey used his visit to Haymarket Center to direct the attention of the public to the value of our Nation's investment in community-based substance abuse treatment services. During his visit, General McCaffrey acknowledged that providing effective treatment services not only helps individuals to achieve sustained recovery from addiction, but also saves significant dollars which would otherwise be necessary for treating addicted individuals within our criminal justice system.

I am pleased to note that Gen. Barry McCaffrey has brought attention to the need for a better balance between interdiction and treatment in our Nation's efforts to combat drug abuse. I commend Haymarket Center for its continued commitment to improving and expanding substance abuse prevention and treatment services for all individuals in need, including those whom I am privileged to represent.

I ask my colleagues to join with me in commending Haymarket Center; and I urge my colleagues to take as much time as they can to visit a comprehensive substance abuse treatment center located in their respective districts.

Again, I commend and congratulate Father Ignatious McDermott and the Haymarket Center.

TRIBUTE TO PETALUMA CHIEF OF POLICE DENNIS DEWITT

HON. LYNN C. WOOLSEY

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 3, 1997

Ms. WOOLSEY. Mr. Speaker, I rise today to pay tribute to an outstanding public servant, Police Chief Dennis DeWitt. Chief DeWitt is retiring after 30 years with the Petaluma Police Department. I wish I could join his family, friends, and colleagues in celebrating his distinguished career.

Dennis DeWitt attended Golden Gate University where he earned a B.A. in administration of justice and a masters in public administration. For the past 10 years, he served as chief of the Petaluma Police Department.

Dennis DeWitt's devotion to the community is admirable. He serves as a board member on the Committee on the Shelterless, is a past president of the Boys and Girls Club, a former board member of the Family Education Center, and was a member of the Host Lions Club. As the chief of police he proved over and over that Petaluma and the citizens of Petaluma were his No. 1 priority. He was proud of the city, and, in turn, we were proud of him.

Mr. Speaker, it is my great, pleasure to pay tribute to Dennis DeWitt. His service to the residents of Petaluma will be greatly missed. I wish he, his wife Tricia, and their family, the best.

A TRIBUTE TO LAKE ARROWHEAD ELEMENTARY SCHOOL

HON. JERRY LEWIS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 3, 1997

Mr. LEWIS of California. Mr. Speaker, I'd like to bring to your attention the fine work and outstanding performance of Lake Arrowhead Elementary School in Lake Arrowhead, CA. Earlier this year, Lake Arrowhead Elementary was named a California Distinguished School by State superintendent of public instruction, Delaine Easton. This recognition, one of the highest educational awards presented in California, puts this fine school in the top tier of educational institutions in the entire state.

Lake Arrowhead Elementary School, located in the mountains of San Bernardino County, has achieved an excellent level of success in maintaining high-academic standards for its students. Under the fine and capable leadership of Principal John Fenn, this school has excelled largely because of its outstanding faculty, devoted student body, and the active and involved support of the entire mountain community. As the largest elementary school in the rim of the World Unified School District with an enrollment of 840 students, Lake Arrowhead Elementary is especially well known for its dedication to its students.

In February, Lake Arrowhead Elementary was selected as a 1997 regional nominee for the California School Recognition Program. The competition for this recognition alone was exceptionally stiff with nearly 700 schools submitting applications to the State superintendent of public instruction. Several months later, John Fenn was notified of his school's crowning achievement—selection as a California Distinguished School—a success that was shared by the entire Lake Arrowhead Elementary School community in May.

Mr. Speaker, I ask you to join me, our colleagues, and the many admirers of Lake Arrowhead Elementary in recognizing the outstanding achievements of the staff, students, and others who continue to bring success to this fine school. This achievement provides a model of success to be emulated not only by other schools in California but across the country as well. I join the House in applauding the efforts of this fine program and congratulate Lake Arrowhead Elementary for a job well done.

TRIBUTE TO POLICE SGT. TERRY D. GUSTIN

HON. KEN CALVERT

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 3, 1997

Mr. CALVERT. Mr. Speaker, I take to the floor of the House today to acknowledge the outstanding career of Corona Police Sgt. Terry D. Gustin. Sergeant Gustin, who spent 32 years in law enforcement, will retire on September 13, 1997. My hometown of Corona, CA has been extremely fortunate to have had Sergeant Gustin protecting our community and making it a safer place in which to live and work.

Sergeant Gustin is a native of southern California and attended California Baptist College in Riverside. After serving 4 years in the U.S. Navy and serving in Vietnam, Sergeant Gustin returned to southern California and in 1965 was hired as a reserve police officer in Corona. This was the beginning of a long and distinguished career in law enforcement. In 1968, he was hired full time by the Corona Police Department, where he has served as a police officer, a detective, traffic sergeant, acting lieutenant, and relief watch commander. He will finish his career as a sergeant with the patrol division.

During his early years in law enforcement, Sergeant Gustin started the first YDT team in Riverside County with one RSO deputy and one probation officer. Sergeant Gustin has also been involved in a wide range of activities during his career, including being a former member of the Police National Rodeo Association for 10 years in steer wrestling, the Riverside County Peace Officers Association, the California Combat Association, the Peace Officers Research Association, the FOP Lodge in Riverside, among many others.

Sergeant Gustin has been a great credit to the Corona Police Department, and his service has been appreciated by citizens throughout the city, who will remember him as someone who took the time to help others. On behalf of the citizens of the 43d Congressional District, I wish to extend my thanks and appreciation to Sgt. Terry D. Gustin for his years of dedicated service to our community and extend my best wishes in his future endeavors.

A TRIBUTE TO MR. JOSEPH DiNATALE ON HIS RETIREMENT AS RIVERSIDE, IL, VILLAGE PRESIDENT

HON. WILLIAM O. LIPINSKI

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 3, 1997

Mr. LIPINSKI. Mr. Speaker, I would like to pay tribute to an outstanding public servant who recently completed 12 years of service, 8 of them as village president, to the people of Riverside, IL—Mr. Joseph H. DiNatale.

Mr. DiNatale was elected to the village board in 1985, and became president four years later. His leadership helped guide Riverside, one of the crown jewels of suburban Chicago, through an important period of change as younger families moved into the community of rambling Victorian homes and sleek Frank Lloyd Wright-style designs. Most would agree that Riverside is as strong a community, if no more so, as when Mr. DiNatale was first elected village president.

But Mr. DiNatale's service to his community did not begin as an elected official. He spent 7 years as an assistant Cook County State's attorney, prosecuting dangerous felons on behalf of his fellow citizens. For 22 years, Mr. DiNatale has served as governing member of the Chicago Zoological Society, which oversees the world famous Brookfield Zoo. He was also a member of both the parish council and school board of St. Mary's Church.

As a distinguished attorney, Mr. DiNatale has served as a law instructor with various police departments and as a judge at the Northwestern Law School Moot Courts. He has also received numerous professional and civics awards and recognitions. His most recent honor was being named as the Riverside Chamber of Commerce's Man of the Year. However, perhaps his most important achievement has been personal and shared with his wife, Adele, in raising their six children: Joseph Jr., Katherine, Marc, Maria, Cara, and Michael.

Mr. Speaker, I salute Mr. Joseph DiNatale on his years of dedicated community and public service, and extend my best wishes for all the best success for him and his family in the future.

TRIBUTE TO THE SOUTHAMPTON FULL GOSPEL CHURCH

HON. MICHAEL P. FORBES

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 3, 1997

Mr. FORBES. Mr. Speaker, I rise today before my colleagues in the U.S. House of Representatives to pay tribute to the Southampton Full Gospel Church, in Southampton, Long Island, whose congregants will celebrate the 25th anniversary of the church's founding this week.

Since 1972, the Southampton Full Gospel Church and its members have been vital and active participants in the community life of Southampton Town and throughout the East End of Long Island. Since being installed as pastor in May of 1973, Rev. Donald Havrilla and his wife Eileen have successfully worked to create a ministry that has brought to life the love and saving grace of God through the healing work of church members.

Knowing that to save men's and women's souls, often we must first save their bodies, church members have faithfully tended to their neighbors' physical needs. The life-saving ministries founded by the Southampton Full Gospel Church include a Christian Education program, Bible-based drug and alcohol rehabilitation programs, and pro-life efforts to end the abortion. Also, by working with local school officials, church members have assured that traditional family values are recognized in local public schools. Through their work, church members have come to personify the Gospel message by joyfully tending to the Lord's flock.

Reaching beyond their own community, in 1981 the Southampton Full Gospel Church established a mission in the town of Leogane, Haiti. Nurturing an effort that began by feeding 25 impoverished children, the mission work has grown to feed 1,000 malnourished children a day and employ 55 residents of this poor Haitian community. At the 3-acre church and education mission, another 850 children have their minds and bodies nourished at the K–8 school, while 80 mothers and their children are given medical care at the Momto program.

For the past 25 years, members of the Southampton Full Gospel Church have devoted their time, talents, and resources to provide physical and spiritual sustenance to their fellow man. In so doing, they have brought the Gospel message to life for all of us on Long Island who are privileged to witness their efforts. May God continue to bless us all with the works of the Southampton Full Gospel Church.

REGARDING FATHER MARCOS ZAMORA

HON. JERROLD NADLER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 3, 1997

Mr. NADLER. Mr. Speaker, I rise today in recognition of Father Marcos Zamora and his many accomplishments upon the occasion of his departure from St. Paul the Apostle Church.

Since his ordination in 1990, Father Zamora has been serving his congregants as their priest, mentor, and friend. His sensitivity and concern for all people has been an inspiration to all and an example that is truly worthy of emulation. It is heartening to find an individual as fully committed to the service of others as Father Zamora. This commitment has helped to bring together different ethnic groups, those of different ages and backgrounds in the membership of St. Paul's Church. His vocal and passionate stance on many social issues has also helped to increase awareness within his community and to foster understanding. Father Zamora has sponsored workshops on issues such as domestic violence and teenage pregnancy as a means of helping his community through education, individual empowerment, and communication.

Mr. Speaker, as Father Zamora prepares to assume a new position at the Good Shepherd Church, also in New York City, I congratulate him on his successes and extend to him the utmost thanks from those whom he has touched. I speak for everyone who knows Father Zamora when I wish him well in his future pursuits.

NURSING HOME PUBLIC INFORMATION ACT OF 1997

HON. EDOLPHUS TOWNS

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 3, 1997

Mr. TOWNS. Mr. Speaker, when millions of Americans must make the difficult decision to put an aging relative in a nursing home, we trust the institution to care properly for our loved ones. But as a recent General Accounting Office [GAO] study points out, nursing homes across the United States don't always treat the 1.8 million residents like family.

At a time when the nursing home industry is undergoing explosive growth as a result of an aging population, my recently introduced Nursing Home Public Information Act of 1997 would allow families to make an informed choice when choosing a nursing home. By directing HHS to publicly disseminate information currently compiled in databases maintained or available to HHS concerning nursing homes, this bill takes a step in the right direction toward educating the public.

While most nursing homes adhere to Federal and State regulations, each year billions of dollars are lost to fraud and abuse. According to the GAO, Federal Medicare and Federal/State Medicaid programs paid nursing home providers more than $35 billion in 1995. The Department of Justice estimates that as much as 10 percent is lost to fraud and abuse.

By aggressively targeting five states, the Department of Health and Human Services [HHS], through Operation Restore Trust, has obtained 74 criminal convictions and recovered $67.3 million for Medicare. More than four dozen civil suits have collected $72.8 million in fines and settlements, and companies have returned another $47.4 million.

Convicting abusive providers, levying fines, recovering overpayments, negotiating settlements—all these actions are necessary to reduce fraud and abuse. But they will never be more than the second best way to do this. The best way is to prevent fraud, abuse, and waste from occurring in the first place. This requires informing the public. As a recent Government Reform and Oversight Human Resources Subcommittee hearing revealed, the public receives little or no information relating to fraud, abuse, and quality of care in nursing homes.

Mr. Speaker, I urge my colleagues to join my efforts to assist millions of families across the Nation by supporting the Nursing Home Public Information Act of 1997.

H.R.—

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Nursing Home Public Information Act of 1997".

SEC. 2. DISSEMINATION OF INFORMATION.

(a) The Secretary shall publicly disseminate, through whatever means the Secretary determines appropriate, information compiled in databases maintained by or available to the Secretary concerning final adverse actions against and quality of care in nursing facilities.

(b) The Secretary shall determine the scope of the information disseminated under this section, but shall include—

(1) the name (and history of name changes), address, phone number, tax identification number, chairman of the board or director, and licensing State or other governmental entity, of each nursing facility involved in a final adverse action;

(2) the basis and sanction or remedy of each final adverse action;

(3) information about quality of care in nursing facilities, including information collected through the standard surveys conducted pursuant to section 1919 of the Social Security Act (42 U.S.C. 1396r); and

(4) any information that would be helpful to consumers purchasing care or services in nursing facilities.

(c) In disseminating information under this section, the Secretary shall ensure that the privacy of individuals receiving, or who have received, care or services in nursing facilities is appropriately protected.

(d) The Secretary shall determine the appropriate format and means to disseminate information under this section, but shall consider—

(2) a toll-free telephone hotline;

(2) a public website; and

(3) a printed manual or pamphlet.

(e) The Secretary shall update the information disseminated under this section not less than monthly.

SEC. 3. DEFINITIONS.

(For purposes of this section—

(1) the term "Secretary" means the Secretary of Health and Human Services;

(2) the term "nursing facility" has the same meaning provided such term in section 1919 of the Social Security Act (42 U.S.C. 1396r);

(3) the term "final adverse action" includes—

(A) civil judgments against a nursing facility in Federal or State court related to fraud, abuse, or improper billing;

(B) Federal or State criminal convictions related to fraud, abuse, or improper billing;

(C) actions by Federal or State agencies responsible for the licensing or certification of nursing facilities, including—

(i) formal or official actions, such as revocation or suspension of a license (and the length of any such suspension), reprimand, censure, or probation; or

(ii) any other loss of license or the right to apply for, or renew, a license of the nursing facility, whether by operation of law, voluntary surrender, non-renewability, or otherwise;

(D) exclusion from participation in Federal or State health care programs (as defined in sections 1128B(f) and 1128(h) of the Social Security Act (42 U.S.C. 1320a–7b(f); 1230a–7(h)); and

(E) any other adjudicated actions or decisions that the Secretary shall establish by regulation.

(4) the term "tax identification" has the meaning provided such term in section 7701(a)(41)).

SEC. 4. EFFECTIVE DATE.

This Act shall take effect not more than 2 years after the date of its enactment.

TRIBUTE TO STUYVESANT TOWN AND PETER COOPER VILLAGE

HON. CAROLYN B. MALONEY

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 3, 1997

Mrs. MALONEY of New York. Mr. Speaker, I rise in tribute of the 50th anniversary of Stuyvesant Town and Peter Cooper Village, two large apartment complexes in the Borough of Manhattan, in the city of New York. On August 21, 1997, the owners, residents, and neighbors celebrated the 50th anniversary of the historic public-private partnership which created thousands of spacious apartments for reasonable rents.

Stuyvesant Town and Peter Cooper Village deserve honor here today as an outstanding example of private housing developed in the public good. In 1943, Frederick Ecker, chairman of Metropolitan Life Insurance Co., worked with the city government to rebuild a run-down section of New York known as the Gas House District. He committed resources to build a large housing development, in exchange for property tax incentives. All 3,000 families who lived in the area were first rehoused by Metropolitan Life in an extensive and successful relocation program. The first families moved into Stuyvesant Town on August 1, 1947 and by June 1, 1949 all apartments were rented.

Today, Stuyvesant Town and Peter Cooper Village together house 11,000 New York families. The Stuyvesant Town apartment buildings occupy 75 acres and comprise 89 apartment buildings, stretching from East 14th to East 20th Streets and from First Avenue to Avenue C in Manhattan. Peter Cooper Village is located between East 20th and East 23d Streets and also from First Avenue to Avenue C. The complexes have their own security force, supervised play and sports for children, a senior's lounge, annual flea market, holiday celebrations, among other amenities. A very unique quality of these complexes is their park-like setting—between the many buildings are trees, flowers, grass, and a centrally located fountain to give respite from the stresses of city life, just steps away outside the complex.

I ask my colleagues to join me in honor of the historic partnership which has housed thousands of families, generation after generation, for 50 highly successful years. Congratulations to the residents of Stuyvesant Town and Peter Cooper Village and to all at Metropolitan Life Insurance Co. who have contributed to the ongoing success of these historic apartment buildings.

TRIBUTE TO SELECTMAN JOSEPH R. LEFEBVRE, JR.

HON. JOHN W. OLVER

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 3, 1997

Mr. OLVER. Mr. Speaker, I rise today to honor the distinguished public service career of Mr. Joseph R. Lefebvre, Jr.

Joseph Lefebvre is currently a member of the board of selectmen of Adams, MA, one of my Berkshire County towns. He has served with distinction on the board since 1985.

Mr. Lefebvre has been contributing to Adams in numerous roles his entire adult life. In addition to being a town meeting member and holding the position of custodian of the Adams Library for over two decades each, Joseph Lefebvre has served as a member of the Housing Authority, Cemetery Commission, Board of Appeals, and even as a Constable—all during the 1970's and 1980's. His commitment to public service undoubtably touched the lives of nearly every citizen in his community.

Mr. Speaker, on August 24, 1997, the town of Adams honored Joseph with an appreciation banquet. I have represented Berkshire County since 1991, and I want to add my name to the long list of citizens and officials who have paused to say, thank you, to Joseph Lefebvre for everything he has done over the years.

U.S. DEPARTMENT OF AGRICULTURE MUST HAVE AUTHORITY TO RECALL TAINTED FOOD

HON. TOM LANTOS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 3, 1997

Mr. LANTOS. Mr. Speaker, the recent recall of 25 million pounds of beef has caused deep concern in the minds of many Americans about the safety of the Nation's food supply. The largest recall of meat in U.S. history has awakened new fears in consumers who are increasingly skeptical about food safety.

America's food supply is the safest in the world. But it is not safe enough.

Mr. Speaker, in January 1998, new meat safety rules will go into effect which will replace the old sniff and poke method used by meat inspectors. The new system will require closer scrutiny by the meat processors and USDA inspectors and will require the use of new high-technology machinery by meat processors which will test meat for bacterial contamination.

Mr. Speaker, meat processors should not wait until they are legally bound to comply with these new regulations. Americans have come to expect the cleanest, safest food on the planet. Intense effort must be made to make the clean, safe food supply even cleaner and safer. Rigorous scientific checks at key points in the processing of meat must be implemented immediately to restore the public's confidence in our Nation's food supply.

Mr. Speaker, as you know, under current law the U.S. Department of Agriculture cannot compel a recall of tainted food. It can only ask producers to recall products voluntarily or it can withhold its inspection seal and the meat cannot be sold in the United States. But what about meat that has already reached the consumer?

Secretary of Agriculture Dan Glickman recently announced that he will ask Congress for the authority to recall tainted food. I strongly support this recommendation and I urge all my colleagues to work swiftly to enact this legislation. The time has come to restore public confidence in our Government's ability to ensure a safe food supply. We must give the Federal Government the power to compel a recall of tainted or potentially tainted food.

Mr. Speaker, I would like to place in the Record a recent editorial which appeared in the San Francisco Chronicle entitled "Big Hamburger Recall and USDA Inspections" for the benefit of my colleagues.

[From the San Francisco Chronicle, Aug. 27, 1997]

BIG HAMBURGER RECALL AND USDA INSPECTIONS

The nationwide recall of 25 million pounds of contaminated ground beef at the peak if the summer barbecue season was a timely reminder of the imperfect and outdated methods currently used to inspect the nation's meat supplies.

And it was a warning to backyard chefs that the best protection against dangerous bacteria in their burgers is to cook the red out. A rule-of-thumb is that meat should be cooked well-done at a temperature of at least 160 degrees to kill pathogens like the potentially deadly E. coli 0157:H7.

So far there have been no reports the tainted meat reached California, according to the State Health Department, but a spokesman urges consumers to be alert for suspect Hudson Foods Inc. Frozen hamburger patties with "Establishment No. 13569" printed inside the USDA inspection seal.

The tainted ground beef was traced to a meat-processing plant in Nebraska, which supplied hamburger patties to Burger King, Safeway, Wal-Mart and Sam's Club. They have removed the meat from their shelves. Secretary of Agriculture Dan Glickman acted with alacrity in recognizing the crisis and asking for the largest meat recall in U.S. history when 16 people in Colorado were stricken after eating hamburgers.

A significant weakness in the USDA's enforcement powers is that the department does not have the authority to recall tainted meat, but must depend on voluntary compliance by meat-processing companies. "I think that most folks would be shocked to know that industry—and not federal food safety experts—ultimately make the decision as to whether or not food is recalled when the public's safety is compromised," said Glickman. He will ask Congress to grant him the authority to recall, which makes sense. The Hudson hamburger scare also underlined the need for new inspection regulations scheduled to be phased in over the next four years, beginning in January. The stricter new rules will require closer monitoring by federal inspectors at critical points in meat processing.

New regulations will replace the unreliable "sniff-and-poke" inspection techniques currently practiced by USDA sleuths who have only a few seconds to spot spoiled poultry and animal carcasses as the move along an assembly line.

The time for updating USDA inspection techniques is long overdue.

HONORING THE 25TH ANNIVERSARY OF GREENCROFT

HON. TIM ROEMER

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 3, 1997

Mr. ROEMER. Mr. Speaker, in the twilight of our lives, we look forward to and hope for the company of our families, our friends, and our God. This is a fair expectation, but people sometimes need help in realizing it, especially those of us who require more care than we can provide for ourselves as we get older.

The Greencroft complex in Goshen, IN provides a network of services for older adults. In so doing, they ensure that retired Hoosiers live among those who are family and who treat them like family, among friends and in a place to make new ones, and with a Christian emphasis that reminds them that, above all, they are in God's care.

From its earliest beginnings, dating back to November, 1962, Greencroft has grown and expanded to meet the simplest and most dire needs of our older citizens. Providing housing, nursing care, and day-to-day assistance is the basic function of Greencroft. But they do so much more, focused on those quality of life issues that mean the difference between existing and living. Its ties to the Mennonite Church also mean that Greencroft functions as a constant ministry to its residents.

Greencroft is an entire community unto itself, yet by its very interactive nature is a full member of the larger Goshen community. At this time, Greencroft is home to some 850 persons living in independent, congregate, or assisted housing situations, with a full range of health care and other services.

Its Christian character and continuous effort to renew and upgrade its services mean the highest level of staff quality and senior services, a style of living for older citizens that has been emulated far and wide.

Mr. Speaker, it is with great pride that I stand to recognize the 25th anniversary of Greencroft, and note that September 2, 1997 is the date of the anniversary celebration. I want to particularly note the contributions of Gene Yoder, president of Greencroft, and the very fine Greencroft staff. Gene is a recognized national leader in the housing field, and he presides over one of the finest facilities of its kind. The people of Greencroft, residents and staff, can all be very proud of this occasion.

THE DRAGONFLY PROGRAM

HON. J.D. HAYWORTH

OF ARIZONA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 3, 1997

Mr. HAYWORTH. Mr. Speaker, I want to thank Chairman YOUNG for the opportunity to engage in a colloquy earlier today about the Dragonfly program.

Dragonfly, also called the Canard Rotor/Wing technology program or CRW is a revolutionary concept helicopter aviation. It uses a stopped rotor, high-speed vertical take off and landing or VTOL platform that has the performance characteristics of a helicopter takeoff and fixed-wing aircraft flight.

Dragonfly has seen a tremendous base of support develop in the U.S. Marine Corps, and Navy. By the end of this fiscal year, McDonnell Douglas will have an R&D investment of about $9 million and Navy investment of $1 million. It can fill critical, future joint requirements for VTOL operations from all air capable ships, Navy and Marine Corps requirements for a joint replacement aircraft, as well as serve as a continuation of the Cobra and Huey helicopter programs.

Dragonfly will demonstrate the revolutionary flight potential of the high speed CRW concept using an autonomous unmanned air vehicle. The CRW concept uses a rotating wing for VTOL operations, and stops the rotor wing for high speed, fixed wing flight. The planned demonstration program will test and validate the new technology, characteristics and capabilities.

The Dragonfly concept represents a new performance capability for small deck ships in both manned and unmanned applications. The manned CRW concept can be applied to a number of joint missions: attack, armed reconnaissance, escort, close air support, combat search and rescue, and utility/transport. Since the Dragonfly is compact in size and needs no launch or recovery system, a CRW unmanned aerial vehicle or UAV can deliver battle damage assessments and beyond the horizon survivable armed reconnaissance, surveillance and target acquisition capability to every surface combatant in the fleet. In addition, a CRW UAV would have over triple the speed and altitude capability of current tactical UAVs and a flight envelope that significantly exceeds other UAV systems currently in production or in the planning stages.

Dragonfly promises to be a strong candidate for providing hovering and high-speed capability in an attack platform needed for a variety of future Marine Corps missions such as V–22 tilt-rotor escort, ground attack, and combat search and rescue. The program's near term transition sponsor office is the Program Executive Office for Cruise Vehicles and Unmanned Vehicles. This office has committed to take the proven CRW technology to its next state of development following a successful demonstration of the Dragonfly capabilities.

I commend the innovative engineering and design teams at McDonnell Douglas, located in my district in Mesa, AZ, for their work on CRW and Dragonfly. The Department of Defense plans to pursue this technology and include it in its budget for fiscal year 1999. The contractor is also committed to continued shared funding of the program.

Mr. Speaker, funding for the Dragonfly Program in the Fiscal Year 1998 Defense appropriations bill is critical to transition this important technology to the future.

TOBACCO BILL

HON. JOHN JOSEPH MOAKLEY

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 3, 1997

Mr. MOAKLEY. Mr. Speaker, today, I am introducing a bill to prevent tobacco companies from collecting the increase in tobacco excise taxes included in the budget.

When this provision was inserted in the budget very few of my colleagues knew about it. Now it's time to repeal it.

Mr. Speaker, cigarettes are the leading cause of preventable death in the United States.

And, like many other Americans, I watched as the tobacco companies reached an agreement with the attorneys general to try to deal with this enormous public health problem by requiring the tobacco companies to fund antismoking initiatives.

But somehow, someone slipped something into the budget bill that lets the tobacco companies off the hook and forces American citizens to finance the antismoking initiatives instead.

Mr. Speaker, I urge my colleagues to join me in cosponsoring this bill—the tobacco companies should live up to their agreements instead of passing them off onto the American people.

TRIBUTE TO RICHARD L. LESHER

HON. ROBERT W. NEY

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 3, 1997

Mr. NEY. Mr. Speaker, I commend the following article to my colleagues.

Dr. Richard L. Lesher, president of the U.S. Chamber of Commerce, has announced that he will retire after 21 years of faithful service to the chamber and business communities across the country.

Dr. Lesher began his career by receiving his doctorate in Business Administration from Indiana University. Then, he worked as an assistant professor at the Ohio State University. From 1964 to 1969, Dr. Lesher was an assistant administrator at NASA during a period marked by exceptional achievement in space exploration.

Dr. Richard L. Lesher assumed the presidency of the U.S. Chamber of Commerce in 1975. Since then, he has been devoted to advancing the interests of the U.S. business community. He played an instrumental role in developing Grassroots Action Information Network [GAIN], a service through which influential legislation was passed due to its membership. Dr. Lesher then steered the chamber's launching of the American Business Network, or BizNet. This network featured two award-winning television programs: "First Business" and "It's Your Business". Lesher is also a decorated newspaper columnist in the Voice of Business, which is distributed in over 600 newspapers across the Nation.

Dr. Lesher's accomplishments and contributions to business development were rewarded when he received the Associated Trends Executive of the Year Award. His hard work, dedication, and determination lead to this monumental award.

Dr. Richard L. Lesher's service and commitment to the business world are commendable, and Dr. Lesher's work is deserving of thanks and praise of the people of his industry. I ask my colleagues to join me today in thanking Dr. Lesher, and wishing him luck and success in the future.

CONGRATULATING MS. JENNIFER GOODMAN, WINNER OF THE 1997 VOICE OF DEMOCRACY SCHOLARSHIP

HON. ASA HUTCHINSON

OF ARKANSAS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 3, 1997

Mr. HUTCHINSON. Mr. Speaker, I rise to congratulate Ms. Jennifer Goodman of Clarksville, AR, for her winning entry in the Veterans of Foreign Wars 1997 Voice of Democracy Broadcast Scriptwriting Contest. A senior at Clarksville High School, Ms. Moore is already an active participant in our Nation's democratic process—serving as senior class president, attending Girls' State, and serving as the district president of Future Business Leaders of America.

The Voice of Democracy Scholarship Program, which began 50 years ago, provides financial awards to students whose writing expresses the spirit of democratic principles. Ms. Goodman's entry exemplifies the patriotism and self-sacrifice of those who gave their lives for freedom's sake.

I congratulate Ms. Goodman on her thoughtful and moving essay. Mr. Speaker, I just might borrow it sometime!

I would also like to thank VFW Post 8532 and its Ladies Auxiliary in Coal Hill, AR, for sponsoring Ms. Goodman. This Nation owes a debt of gratitude it can never repay to our veterans—those who served our country in times of crisis and who continue to serve our communities through programs such as this.

1996–97 VFW VOICE OF DEMOCRACY SCHOLARSHIP PROGRAM

(By Arkansas Winner Jennifer Goodman)

Democracy, a form of government above and beyond. Democracy stood by our first president in the blood and snow of Valley Forge. It was there, when our nation was born with the wilderness at her back, stormy seas at her sides and not one friendly neighbor to call on for help, the democracy earned the right to be recognized. It's existence has been paid for with a price that few today can truly comprehend.

We see in our nation's distant memory those who gave their lives for it's existence. They died in places like Pork Chop Hill, Normandy, Iwo Jima, Okinawa, Pearl Harbor and the Asian Jungles, half a world away. More than a million of our finest troops died for democracy's right to speak. They are buried in Flanders Field in France, the Punch Bowl in Hawaii, some in the mud or sand where they fell. They are gone, but they are not forgotten. Even though their lives were short, their fight for the right to democracy remains. Because of their sacrifice democracy has the right to speak, so we need to listen.

Democracy speaks to the heart of every nation, to all men, women and children of every race, creed and color. Listen to her message. No other nation with any other form of government is swifter to unselfishly spend billions of dollars, sail strange seas, fly unfamiliar skies to rescue a defeated besieged people with facial features, religions and ways of living that my seem odd by my standards, but democracy never noticed. For democracy only sees them as depressed hurting people crying for help. So democracy's defenders marched on leaving a trail of their own blood behind, as they liberated people they had never seen before and would never see again. When peace came from their efforts they simply went home to mom, asking no thanks, expecting no monuments, and surely not expecting to build a world empire, because that is not what democracy is all about. Democracy does not enslave other nations, it extends to them their own freedom. A chance for them to experience the way of life that only democracy, a form of government above and beyond all others, could share with them.

As Americans we need to be proud of democracy for no other form of government guarantees you the freedom that it does. Freedom to be whatever you want to be, a street sweeper or an astronaut. Freedom to travel from state to state, freedom to speak and to write. Freedom to praise or to criticize. Freedom to save and build a fortune that at the end of your life you may simply give away. Freedom to worship as our hearts and minds dictate. Freedom to vote, knowing that one vote can and does make a difference. Freedom not only to choose those who lead you, but to be a part of that body which does the leading. Whether it be a local school board member, a state representative or even the President of the United States, every citizen of a democracy can dream that dream if they so desire.

This summer I was privileged to visit our nation's capitol. There my heart was filled with pride as I viewed the great buildings that represent our democracy, the White House, the Capitol, the House of Congress, the Supreme Court. It brought to my mind what a great nation we have. But then I returned to my home town, Maine Street USA, just an average American city, yet very special to me. As I looked around I found that same sense of pride filling my heart once again, my city hall, my court house and yes, even my school. The question came to my mind, "Don't these buildings represent democracy also?" As I looked at the eternal flame on the court house square, which burns in memory of our honored veterans, I was reminded once again of those who gave so much to purchase the rights and privileges that I now have. May I never forget what they have given me, Democracy, a form of government above and beyond all others.

ECONOMIC RECOVERY

HON. GERALD B.H. SOLOMON

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 3, 1997

Mr. SOLOMON. Mr. Speaker, in case you or any other Members missed it during the recent district work period, I gladly bring to your attention one of the most significant newspaper columns to appear this year.

It was written by James Glassman of the American Enterprise Institute and published August 12 in the Washington Post, which, Mr. Speaker, is never confused with a house organ of the Republican Party. It should humble us all in this body to read Mr. Glassman claim that as Members of Congress we have had little to do with the economic recovery and do well when we, and I quote, "get out of the way." Truer words were rarely spoken, but I can hardly resist adding that "getting out of the way" is exactly the thrust of many Republican policies and exactly the opposite of the party which controlled this House for 40 years.

But the most welcome truth in Glassman's column is credit national business leaders give, not to President Clinton, but the President Reagan for today's economic recovery.

Some might say, Mr. Speaker, that Ronald Reagan has been out of office for 8 years, which is true. But the column makes clear that we are now reaping the harvest for policies that took root during the Reagan years, so much so, in fact, that Ronald Reagan is the first politician listed by business leaders surveyed on the recovery. His policies are credited by 26 percent of those surveyed, compared to 14 percent for President Bush. Down near the bottom, at 8 percent, are the policies of President Clinton.

Frankly, Mr. Speaker, I am surprised that any survey could find even 8 percent of business leaders who would credit the biggest tax increase in American history for anything positive. But the point remains. We owe Ronald Reagan a huge debt.

I gladly place the Glassman column in today's RECORD and urge all Members to read it.

THE REAGAN BOOM

(James K. Glassman)

Whose economy is this anyway?

Both President Clinton and Congress are eager to take credit for our 3 percent GDP growth, 4.8 percent unemployment and 2.3 percent inflation—amazing figures, all.

But government doesn't make things or sell them. People and the companies they create do. What has happened in the past 15 years is that businesses are making things (and providing services) better and cheaper. Through risk-taking, hard work, good management and the exercise of sheer talent, the economy is booming.

What have Washington politicians done to effect this success? Practically nothing, except to have the sense, occasionally, to get out of the way. President Clinton and Hill leaders are little more than supernumeraries, bit players in this great economic opera, but they still can't resist shoving to the front of the stage for the curtain calls.

For instance, last week, it was particularly annoying to see both Republicans and Democrats reveling in the balanced budget deal—as though this fictive creation were revitalizing the economy.

The truth is precisely the opposite: It's the economy that is balancing the budget, not the budget that is boosting the economy. The reason the deficit has fallen from $290 billion in 1992 to $34 billion this year is that a tidal wave of tax revenues, generated by the private sector, has washed into the U.S. Treasury.

The figures are astounding. In fiscal 1992, the government collected $1,090 billion in taxes. This year, which ends Sept. 30, it will collect $1,578 billion, according to new estimates by the Congressional Budget Office.

Tax receipts are up 45 percent in five years, while inflation has risen only 14 percent.

In other words, the government is taking in $488 billion more in 1997 than it did five years ago. Unfortunately, it is also spending $231 billion more. If that rise in spending had only been kept down to the rise in inflation, we'd be running a surplus of about $50 billion this year.

This flood of cash is not the result of higher tax rates. Yes, Bill Clinton imposed some increases in 1993, but they were paltry compared with Ronald Reagan's cuts in 1981 and 1986. The top rate, pre-Reagan, was 70 percent on "unearned" (meaning investment) income, 50 percent on earned income and 35 percent on capital gains. Those rates have fallen to a maximum of 39.6 percent for income and 28 percent (now 20 percent) for capital gains.

And what's happened? Revenues poured in, just as the supply-side economists predicted they would. In 1980, government tax receipts were only $517 billion. Since then, they've risen 205 percent, while consumer prices are up just 85 percent.

If not higher tax rates, then what's the reason for the increase in revenues? Businesses are generating more profits, hiring more workers and compensating them better. And government gets a lower percentage of a much higher take.

But why are businesses doing so well? The best answers may come from the people who run them. Last month, Investor's Business Daily commissioned a survey of 200 CEOs and chief financial officers from the nation's largest publicly traded firms. They were asked "What triggered recent economic growth?"

Leading the list: productivity (making more with less). Second: Federal Reserve policies, which have helped keep inflation low. Next, in order: information technology, restructuring the globalization.

The first politician to appear on the list was Ronald Reagan, in sixth place. His policies were credited by 26 percent of the CEOs and CFOs as triggering the surge in growth. Farther down the list, at 24 percent, were "Bush policies." And near the bottom, at 8 percent, were "Clinton policies."

Now, I'll admit these captains of industry have GOP leanings, and their answers may be self-serving. But their answers have the force of logic.

Consider Silicon Valley, subject of a cover story in Business Week. How did it "reach its zenith?" the magazine asks.

"What we found was a huge brain trust, companies galore to service the tech machine, and a daredevil, risk-taking culture." No mention of an increasingly irrelevant Washington.

In fact, the CEOs and CFOs have it right. Reagan is the only politician who deserves credit for the rebirth of the American economy. But at his Aug. 6 press conference, Clinton could not resist taking a swipe at him. "In 1993," he said, "we abandoned supply-side, trickle-down economics." Nonsense.

Supply-side economics is still with us, and it's performed as advertised. In fact, the past 15 years, the longest stretch in U.S. history with just one shallow recession, should be called the Reagan Boom.

The incentives of lower tax rates and deregulation have encouraged more risk-taking, less diversion of valuable resources into tax shelters, more sensible investment and work.

Revisionism dominates the press today, but the facts were clear nearly a decade ago. "Measured in 1982–84 dollars, the income tax revenue collected from the top 10 percent of earners rose from $150.6 billion in 1981 to $199.8 billion in 1988, an increase of 32.7 percent," wrote James D. Gwartney of Florida State University in the "Fortune Encyclopedia of Economics." "In effect, lower rates soaked the rich."

The current flood of revenues is merely one result of what is literally a supply-side boom. For all this, politicians shouldn't be congratulating themselves. They should be thanking the robust private sector, plus, of course, Ronald Wilson Reagan.

HUMAN RIGHTS AND CHINA

HON. LEE H. HAMILTON

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 3, 1997

Mr. HAMILTON. Mr. Speaker, former President Jimmy Carter recently made a compelling case in the New York Times that good relations with China are not incompatible with an American foreign policy that places human rights at the forefront of our diplomatic agenda.

President Carter cogently argued that only through sustained dialog and interaction with the Chinese can we, over time, resolve the differences that separate our two nations and encourage the Chinese leadership to give the people of China the freedoms they so richly deserve.

I commend the article by President Carter and ask that it be placed in the RECORD so that colleagues who might have missed it can have an opportunity to study it.

IT'S WRONG TO DEMONIZE CHINA

(By Jimmy Carter)

ATLANTA.—I spent the spring of 1949 in the seaports of China as a young naval officer on my first submarine cruise. Nearly 30 years later, Deng Xiaoping and I normalized diplomatic relations between our countries. We knew that even with this opening, decades of patience and persistence would be required before the bonds between our greatly different countries would be firm and predictable.

I consider sound Sino-American relations, along with the importance of maintaining human rights as a foundation of American foreign policy, to be legacies of my Administration. These two goals are not incompatible, but can be reached only if we try to understand each other.

Americans have benefited from the unprecedented stability and prosperity in the Asia-Pacific region made possible by close ties among the United States, China and Japan. But the greatest beneficiaries have been the Chinese people, whose quality of life and human rights have improved enormously during the last two decades.

Both China and the United States continue to share many interests: maintaining peace and stability in the Asia-Pacific region, controlling weapons of mass destruction, preventing conflict on the Korean peninsula and fostering open trade. Unfortunately, many Americans and Chinese have lost sight of the original vision that brought us together. Ill-informed commentators in both countries have cast the other side as a villain and have even forecast inevitable confrontation between the two nations. The accomplishments of a quarter century are at risk.

Since my Presidency, I have been to China periodically to discuss world and domestic affairs and to visit rural areas. On my latest trip last month, I met with President Jiang Zemin, Prime Minister Li Peng, the chairman of the National People's Congress, Qiao Shi, and other leaders. They expressed concern that our leaders are encouraging Japanese rearmament and extending Japan's defense perimeter to include Taiwan. They also deeply resent American sales of F-16 jet fighters and other weaponry to Taiwan, saying that these deals seem to violate pledges made to them by Presidents Richard Nixon and Ronald Reagan and me.

We also discussed America's concerns, including the mounting trade deficit, human rights and particularly the treatment of the Tibetan people.

Mutual criticisms are proper and necessary, but should not be offered in an arrogant or self-righteous way, and each of us should acknowledge improvements made by the other.

Significant changes are taking place throughout China. There is no longer a single unquestioned government policy. Instead, China's top leaders have a wide range of opinions on such issues as the role of parliaments, expansion of the election process and privatization. Since normalization, an increasingly free economic system has transformed the lives of Chinese people. Farmers now retain profits on practically all crops planted on their land, and many villagers own their own businesses. Incomes and educational opportunities have also risen sharply.

Although congregations must still register with the Government, membership in Christian churches is booming. The pastor of the church we attended in Shandong Province knew of only 200 believers in his rural county after the Cultural Revolution, and they had no churches or Bibles. There are now 15 congregations in 11 churches, 3,000 members have been baptized, and Bibles are distributed freely.

A 1987 law mandates elections in nearly a million villages. Citizens can choose among multiple candidates, including those who are not members of the Communist Party, in a secret ballot, and many nonparty members have been chosen as village leaders. The Carter Center has observed some of these contests. Arbitrary power is still exerted by some political leaders, but progress is being made in promoting the rule of law. Some citizens are even bringing lawsuits against government agencies that violate their rights.

Citizens are more free to move from one place to another, and the nation has been opened to outside interests and influence. Until 1985, no outsiders were permitted to enter the rural county we visited; now village leaders are trying to expand their 45 joint ventures with foreigners.

President Jiang's long overdue state visit to Washington in October—the first by a Chinese leader in 10 years—will provide an opportunity to address human rights and other issues.

American criticism of China's human rights abuses are justified, but their basis is not well understood. Westerners emphasize personal freedoms, while a stable government and a unified nation are paramount to the Chinese. This means that policies are shaped by fear of chaos from unrestrained dissidents or fear of China's fragmentation by an independent Taiwan or Tibet. The result is excessive punishment of outspoken dissidents and unwarranted domination of Tibetans.

But frank discussions on these and other issues can sometimes yield real progress. In private discussions in 1979, Deng Xiaoping agreed to address the issue of religious freedom, and great improvements were made. In 1987, after a visit I made to Tibet, and after subsequent conversations with the exiled Dalai Lama, discussions were arranged between his emissaries and Chinese Government officials. Unfortunately, the Tiananmen Square tragedy aborted the initiative.

In spite of our differences, China and the United States must continue to pursue ways to co-exist peacefully and productively. In addition to summit meetings, ordinary Americans and Chinese can help. For example, more than 100,000 Chinese students have attended American universities since 1979, providing an invaluable cultural and intellectual exchange for both countries.

Only through continued dialogue at many levels can be resolve differences and build a foundation for better understanding.

A TRIBUTE TO ROUNDY'S

HON. GERALD D. KLECZKA

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 3, 1997

Mr. KLECZKA. Mr. Speaker, I rise today to pay tribute to a Wisconsin-based firm, Roundy's, Inc. which was founded in Milwaukee in 1872 and proudly celebrates its 125th anniversary this year.

Roundy's has grown from a small wholesale grocery and coffee warehouse in Milwaukee's third ward, to the largest food corporation in Wisconsin and the Nation's 5th largest food supplier. Roundy's employs over 2,700 individuals in my home State and over 5,100 in the Midwest. The Roundy's name, whether on grocery items, frozen foods, dairy, meat, produce or bakery, is synonymous with quality.

For many years, Roundy's has been a major participant in community activities. The corporation is a strong supporter of, and major contributor to, the Special Olympics in both Wisconsin and Illinois. It's president and chief executive officer, Gerald F. Lestina, is the president and founder of "In The Paint at One Two," Milwaukee's extremely successful midnight basketball league. The company is also actively involved with many area charities including the Midwest Athletes Against Childhood Cancer [MACC] Fund, the Lions Clubs, Kiwanis, Rotaries, YMCA, YWCA, the United Way, Salvation Army, and the Ronald McDonald House. Roundy's is also a contributor to the Second Harvesters food bank and other various community food pantries located throughout the Midwest.

With all of this in mind, I am pleased to join my colleagues from Wisconsin and throughout the Midwest in recognizing Roundy's as the good corporate citizen it is and in honoring the corporation on its 125th anniversary celebration.

Best wishes to Roundy's for many more years of success.

HIGH BEER TAX HURTS COLORADO

HON. BOB SCHAFFER

OF COLORADO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 3, 1997

Mr. BOB SCHAFFER of Colorado. Mr. Speaker, the tax on beer hurts Colorado's economy, helps no one, and ought to be rolled back. Congress should start by repealing the 100 percent beer tax hike it foolishly imposed back in 1990.

Remember Joe Six Pack? Politicians used to invoke the name to conjure images of the average, hardworking, middle-class American. Joe Six Pack is the kind of guy who puts in an honest day's work to support a family and the mortgage.

He loves his country. He plays second base on the softball team, cheers his kids in the school play, and prays before dinner.

On Sunday, he barbecues burgers on the grill, kicks back to his mostly clean recliner, enjoys his favorite team on the T.V., and pops open an ice-cold can of beer.

Ironically, Joe Six Pack isn't too fond of the politicians who like to talk about him—and with good reason. Joe is shelling out an incredible 43 percent of the cost of every beer he buys to the Government.

In 1990, Congress passed one of the biggest tax increases in history. In fact, President George Bush, who helped engineer the deal, lost his job because of it. The tax hike included new taxes on yachts, private airplanes, expensive jewelry, furs, luxury cars, and it doubled the tax on beer.

Since 1991, Congress has repealed nearly every one of these taxes, but the huge tax markup on beer remains, and American beer drinkers continue getting nickeled-and-dimed by the Government with every sip.

Beer is big in Colorado. In 1995 Colorado's beer industry paid $53 million in excise taxes. Forty-five thousand Coloradans hold beer-related jobs earning nearly $1 billion in wages, accounting for a total economic contribution of $4.7 billion.

Coors and Anheuser Busch are two of Colorado's larger employers but the State is also home to regional brewers, microbreweries, beer wholesalers, distributorships, 3,000 off-premise retailers, 6,000 on-premise retailers, barley growers, and scads of other farmers who support the brewing industry. Yet much as brewing helps Colorado's economy, our fiscal performance could be even better.

Simply put, excessive beer taxes have stifled the industry's growth slowing Colorado's economy. In fact, a 1996 economic analysis by DRI/McGraw-Hill concluded that 50,000 new jobs would be created nationally by rolling back the 1990 beer tax.

Beer was first subject to tax in 1862 as an effort to help finance the Civil War. Since then, significant increases coincided with World War I, World War II, and the Korean war. On three occasions the tax was actually reduced.

Today, Congress is looking for ways to spend less in Washington so that Joe Six Pack's middle-class family can finally enjoy well-deserved tax relief. Consumption statistics clearly point to the beer tax as a prime target. Beer taxes hit lower-income families five times harder than upper-income families.

Beer is one of the most highly-taxed consumer goods sold in America, taxed 50 percent more than for other consumer products. And the tax is terribly inefficient and unfair to consumers.

Since Federal beer taxes are levied at the brewery, they are subject to wholesaler and retailer markup and to State and local sales taxes. Consumers are paying taxes layered upon other taxes, ultimately paying about $2 in increased cost for every $1 in tax.

Some who support the high beer tax contend falling alcohol abuse rates favor the steep tax. Again, research dispels the notion that high beer taxes have anything to do with alcohol abuse rates, which have fallen steadily for over a decade.

Long before Congress raised the beer tax, the beer industry itself had poured millions into personal responsibility campaigns aimed at youths and consumers.

Americans heard the message and enthusiastically embraced it. But the increased tax had no measurable effect on the well-established positive trend toward more responsible alcohol consumption, and no effect at all on those who are disposed to alcohol abuse.

Higher beer prices do not deter alcohol abusers who simply turn to more concentrated or cheaper products. Market research, instead, confirms that lower sales caused by higher taxes are attributed almost entirely to fewer purchases by responsible drinkers.

This year, Congress heard the pleas of Joe Six Pack, that American families are over taxed and politicians must do more to control the Government's appetite for spending. We cut capital gains taxes, income taxes, and death taxes. We made it easier to afford a college education and save for retirement. It was a good first step.

But while the 1997 tax cuts are an encouraging start, they are certainly not the full measure of adequate tax relief. Congress can do better.

What's good for Joe Six Pack is good for Colorado, and good for America too. One of several taxes Congress should further cut to bolster economic growth is the beer tax.

INTRODUCING THE HEALTHY FAMILIES INITIATIVE

HON. NORMAN D. DICKS

OF WASHINGTON

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 3, 1997

Mr. DICKS. Mr. Speaker, child abuse and neglect is an epidemic that devastates our children and often leads them to a life of crime. In 1994, public welfare agencies received reports of 3.1 million children being abused or neglected. Each year, an estimated 2,000 children—most under the age of 4—die at the hands of parents or caretakers.

A study shows that abused children are more likely to commit crimes both as juveniles and as adults. Abused children are more prone to commit a violent crime during their lives. It is also more probable for abused children to grow up and abuse their children, starting the whole cycle over again. Congress must take action to end this cycle of abuse and crime that ruins the lives of thousands of our children.

Some states and communities have found a solution that has proven 99 percent successful in preventing child abuse and neglect among those families most at-risk. Modeled after a program pioneered by the State of Hawaii, these programs utilize existing social services to provide counseling to at-risk families that volunteer to participate in the program.

Today, I am introducing the same bipartisan legislation that I introduced in the last Congress to create the Healthy Families Initiative. This bill would enable the Federal Government to help States and communities that decide to create one of these programs. Simply put, my bill would make Healthy Families programs eligible for funding as crime prevention programs under the 1994 Crime bill—at no new cost to the Federal Government.

This legislation is an innovative way to help communities fight child abuse, and has many substantial benefits. My bill helps programs that have proven effective preventing child abuse. Healthy Families programs have a solid record of success in the State of Hawaii and in communities across the Nation, including Port Angeles, in the district I represent.

This bill will create no new bureaucracy and no new programs within the Department of Justice. Most importantly, no new costs will be created by my legislation—Congress will not be required to spend one additional dollar on this program. This bill will merely enable programs to compete for existing crime prevention grant moneys. Also, qualifying programs are required to coordinate with other organizations to avoid duplication of services.

States and communities will retain control. This bill will give them a hand, but States and communities will still be in charge of their own programs.

I would like to thank each of the 21 Representatives and delegates from around the country for cosponsoring this bipartisan initiative. I urge every Member to support this strong, bipartisan solution to one of the most damaging problems afflicting our children.

HONORING PHILLIP W. LACY AND METHODIST HOSPITAL OF HOUSTON

HON. KEN BENTSEN

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 3, 1997

Mr. BENTSEN. Mr. Speaker, I rise to recognize the tremendous contributions that Phillip W. Lacy and Methodist Hospital of Houston have made to the fight against AIDS in Houston and across the Nation. I congratulate them as they are honored by the national AIDS Action Foundation at a dinner in Houston this Thursday, September 4, 1997, for their leadership, courage, and commitment in the fight against HIV and AIDS. Phil Lacy and Methodist Hospital are certainly deserving of this honor.

Phil Lacy has been on the front lines of every battle against AIDS and is a tremendous advocate for people living with HIV and AIDS. He has lent his time, talent, commitment, and energy to countless local and national organizations and events, serving as the founder, leader, and organizer of many. It is rare that a host committee or a board of directors does not include Phil's name. But Phil is not only a supporter, but an active participant in these causes, especially in the tireless work of raising the funds necessary to turn dreams into reality.

Phil Lacy has organized or served organizations such as the Houston Black Tie Dinner, Inc., DIFFA/Houston, AIDS Action Foundation, American Foundation for AIDS Research, HIV Medical Care Fund, Inc., Bering Community Service Foundation, the Montrose Clinic, the NAMES Project, and the Texas Human Rights Foundation. An honors graduate of the University of Texas School of Law and a member of the State Bar of Texas, he has also provided pro-bono legal advice to numerous community organizations, including those dealing with HIV and AIDS.

Phil Lacy has truly made a difference in fighting AIDS and helping those facing the challenge of living with HIV and AIDS. His dedication has won him admiration and respect not only in Houston, but across the Nation, as exemplified by this recognition from the AIDS Action Foundation.

Methodist Hospital has also demonstrated tremendous commitment to helping people living with HIV and AIDS. Methodist has set the standard for giving back to the community through its generosity both to the Bering Community Service Foundation and to the SEARCH Project for the Homeless for their Tiny Treasures Program. Methodist has dedicated funds, resources, and time to help these organizations provide direct care to Houston's HIV/AIDS populations, including dental care, adult day care, and pediatric AIDS care. Methodist is a national example of how to effectively target resources for the maximum benefit in addressing the multiple health care challenges of AIDS.

Phil Lacy and the dedicated staff of Methodist Hospital remind all of us of the ways we can become involved and make a difference in the fight against AIDS.

PERSONAL EXPLANATION

HON. ELIOT L. ENGEL

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 3, 1997

Mr. ENGEL. Mr. Speaker, I was necessarily absent during rollcall vote 352. If present, I would have voted "aye" on rollcall 352.

TRIBUTE TO RADIO STATION WGAP

HON. JOHN J. DUNCAN, JR.

OF TENNESSEE

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 3, 1997

Mr. DUNCAN. Mr. Speaker, while we were on our district work period in August, radio station WGAP of Maryville, TN, celebrated a great milestone—its 50th anniversary.

Local radio stations are very important to this Nation. They not only help our citizens stay informed, but they also help promote the local economy and support the general well-being and cohesiveness of a community. WGAP has certainly done this, and has provided great community service to the citizens of Maryville and throughout Blount County.

In a day when many people do not stay with one company for very long and loyalty is not regarded as highly as it once was, I especially want to call attention to and commend the career of Carl Wells. Mr. Wells has been with WGAP from the very first day and has certainly been instrumental in keeping this station on the air and successful over the years. Not many small businesses are able to survive for this many years, and I want to congratulate station owner Steve Corbitt and all of those who have worked for this outstanding radio station over the years.

Walker Johnson wrote a very interesting and informative article about a small part of the history of this station for the August 15, 1997, Knoxville News Sentinel. I would like to call this article to the attention of my colleagues and other readers of the RECORD.

[From the Knoxville News Sentinel, Aug 15, 1997]

WGAP PROUD OF ITS SPORTS HERITAGE

(By Walker Johnson)

Maryville's WGAP turned 50 years old Aug. 13. To get a true historical perspective of the station, I talked with a group of men who had been connected with WGAP from the beginning. When I asked them about the station's sports history, they all told the same story.

WGAP was the first member of the Vol Network. Steve Corbitt, third owner of the station, said that when Lindsey Nelson and University of Tennessee Coach Robert Neyland formed the Vol radio network, the Knoxville flagship station was WKGN, but due to a certain sponsor, WGAP was to be included in the first broadcast. The first sponsor on the Vol Network was Aluminum Company of America, and the execs there told Nelson the Maryville station had to be included in the broadcast or they would not sponsor the games.

Over the next five decades, WGAP carried the Vols, Maryville College football, the Brooklyn Dodgers, NASCAR and high school sports. The local sports announcer positions have been held by Tom Lyons, Ken Kribbs, Pete Williams, Steve Corbitt and Maryville's mayor, "Skeeter" Shields. Glen Morton is currently doing local play-by-play.

The fuel that has kept WGAP running over the past 50 years had been their wide and loyal client base. Carl Wells started with the station on Day One and is still selling advertising. Wells told me he has about 20 clients on his list, and he tries to touch base with most of them every day.

My father, Charles W. Johnson, held the title of the longest-running client of the station until he retired in the late 1970s. Dad's show fired up at 6:45 every morning, and the theme song was Eddy Arnold's "Cattle Call."

If you are not familiar with the tune, let me inform you: It starts cold with Eddy yodeling. I cannot begin to describe the mental state that can be induced by a clock radio awakening someone from a sound sleep to the sound of a long, high, drifting yodel.

I knew the show was working when my first-grade teacher, Mrs. Timmons, asked her class to stand and introduce themselves. When I stood up and proudly said, "Walker Johnson, and my daddy has the J&K Super Stores," that yodel drifted up from the back row.

Carl was my dad's account executive. Today the title of longest-running account in held by Maryville Furniture, and Carl is also their link to the station. A strictly unconfirmed report places Carl's age at 81; if that is true he holds seniority over every broadcast account executive I've ever known.

There is a absolutely no way I can begin to cover the entire history of WGAP in two short columns. An entire book could be written about the Sunday live broadcasts when preachers and singers would lift the roof off the station.

Another chapter could tell of the station's involvement with Blount County's "Hillbilly Homecoming" and how WGAP provided emcees to introduce such acts as the Lennon Sisters, Pat Boone, Red Foley and Patsy Cline.

And somewhere in that book there might be a tiny paragraph about a fine-looking 22-year-old announcer who was discovered by the station through the help of his father, who just happened to be their oldest advertiser.

WGAP is a classic example of the need to preserve our broadcast heritage before the memories and the pioneers all fade away.

I promised you last week I would tell about the cherry-bombing of the Blount County Courthouse. I'll give you the Cliffs Notes version.

When the station was across from the courthouse, a certain current station owner and a former Blount County politico and pizza proprietor came to the realization that the Blount County jail was well within slingshot range.

Late one evening a fine and accurate sling was procured, along with a number of cherry bombs. Yardage was carefully calculated, windage checked, and repeated launchings commenced.

Heavily armed officers charged out of the jail doors, looking for the gun battle that must be taking place in the street. The launch team quickly faded back into the shadows of WGAP, and to this day, their identity is a deeply guarded secret.

QUICK TAKES

WMYU's morning co-host is leaving the station. Dean Scott told me he is running two businesses, and he just ran out of time for radio. Scott said his last day on the air will be Aug. 22.

Account executive Jamie Lewis has also resigned from WMYU; she will be the sales manager for Praise 96.3 WJBZ.

My 102 Boomsday activities will not include the My 102 Boomsday 5K race on Saturday, Aug. 30. Promotions Director Mary Deschamps said the station has expanded the program to such an extent on the day of the show that they will no longer do the race.

PERSONAL EXPLANATION

HON. JON CHRISTENSEN

OF NEBRASKA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 3, 1997

Mr. CHRISTENSEN. Mr. Speaker, before the August recess I inadvertently voted "no" on rollcall vote No. 336. I ask that the RECORD show that my intention was to vote "aye."

TRIBUTE TO JUDITH AND ARTHUR HIRSHBERG

HON. HOWARD L. BERMAN

OF CALIFORNIA

HON. BRAD SHERMAN

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 3, 1997

Mr. BERMAN. Mr. Speaker, my colleague Mr. SHERMAN and I are honored to pay tribute to my good friends Judith and Arthur Hirshberg, who are receiving the 1997 Annual Achievement Award from Action Democrats of the San Fernando Valley. We cannot think of any two people more deserving of an award that recognizes party loyalty and community involvement.

Judith has spent much of her life involved in politics and civic causes. She began her career in Massachusetts, where she was president of the Swampscott Chapter of the League of Women Voters.

After moving to California Judith became a member of the Wednesday Committee, a Los Angeles County organization of women's PAC's. She is also vice president of Penny Lane, a residential treatment facility for emotionally disturbed and abused adolescents, and vice president of Project Focus, a drug and alcohol abuse education center.

Judith is probably best know for having spent the past 9 years as a deputy for Los Angeles city councilman Marvin Braude, who retired in 1997. Before that she worked for former Los Angeles mayor Tom Bradley. Through the years Judith used her political positions to help many people and organizations.

Arthur displays a similar devotion to his community. He was a board member of YEOP, the youth program administered by the EDD. In the aftermath of the Los Angeles riots, he served on President Bush's Commission on Los Angeles riot relief. Arthur is also a board member of the Valley Jewish Business Leaders Association, a support group for the Jewish Home for the Aging.

We ask our colleagues to join us today in saluting Arthur and Judith Hirshberg, whose dedication to politics and their community is a shining example to us all. These are two people who have truly made a difference.

HONORING THE 100TH ANNIVERSARY OF THE PARISH OF THE NATIVITY OF THE BLESSED VIRGIN MARY, WILLIMANSETT, MA

HON. RICHARD E. NEAL

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 3, 1997

Mr. NEAL of Massachusetts. Mr. Speaker, it is a privilege for me to have this opportunity to congratulate both the Roman Catholic Diocese of Springfield and the Parish of the Nativity of the Blessed Virgin Mary in Willimansett, MA as they celebrate their 100th anniversary. Representing and serving the parishioners of this church is indeed an honor. The Nativity of the Blessed Virgin Mary has responded tremendously to the needs of its ever expanding faith community. Providing a strong foundation of Christian values for its spiritual community and offering a forum for Christian worship, this parish has generously given 100 years of devoted service to the residents of Willimansett and beyond. I am proud to share the history of this fine parish as I submit the following historical notes in the CONGRESSIONAL RECORD.

PARISH OF THE NATIVITY OF THE BLESSED VIRGIN MARY, WILLIMANSETT (CHICOPEE) MA

HISTORICAL NOTES

THE FOUNDATION

Until 1894, Catholics living in Willimansett travelled either to Holy Name Parish, Chicopee` Center, or to Saint Joachim's (now Saint George's) in Chicopee Falls, to fulfill their religious obligations. In the summer of that year, however, representatives of local families petitioned The Right Reverend Thomas Daniel Beaven, Bishop of Springfield, to establish a mission church in the village. The Bishop readily agreed to their request, and delegated Father Alexis Delphos, Pastor of Saint Joachim, to found the mission. Father Delphos rented Perreault Hall, on Olivine Street, as a temporary chapel. On Sunday, December 23, 1894, three Masses were said in the chapel, the first by Father McCoy, Pastor of Holy Name, the others by Father Delphos.

The following year, the catholic population of Willimansett had grown sufficiently to consider establishing a parish with resident pastor. September 1st 1897, Bishop Beaven named Father Hormisdas Hamelin as pastor of the new parish, which would serve the Catholics of the districts of Willimansett and Aldenville. September 12, 1897, Sunday within the Octave of the patronal feast, the Nativity of the Blessed Virgin Mary, Father Hamelin was officially installed in his new parish.

THE EARLY YEARS

During the twelve years he spent in Willimansett, Father Hamelin was to oversee the construction, in 1898, of a parish church as the corner of Chicopee and Newton Streets; in 1901, that of a rectory. Soon, the pastoral needs of the two districts required the opening of a mission church in Aldenville, and the naming of a curate, Father Peter Higgins.

In 1909, Father Hamelin was named to the pastorate of Notre Dame Parish, in Adams. He was replaced by the Reverend Doctor James Francis McGillicuddy, who served as pastor of Nativity until 1916. Father McGillicuddy purchased the church bell which has since been placed in the bell tower of the new church. He was replaced by Father Emilien Delage, who remained Pastor until his death in 1919.

Father Delage was succeeded by Father Louis Arthur Simard. From the time he arrived at Nativity, Father Simard began a campaign to build a parochial school. To this end, he obtained title to the land adjoining the rectory, between Newton and Division Streets. On September 5, 1922, Our Lady of Mount Carmel School was opened, under the supervision of the Sisters of the Presentation of Mary. At first, the Sisters were lodged in the school, using classrooms converted into chapel, community room, dining room and dormitories. In 1932, the school enrollment having grown, every room was needed to provide classroom space. Father Simard then acquired two adjoining properties on Saint Louis Avenue (formerly Newton Street), to build a convent. The Sisters moved into their newly built residence in October 1932.

During the pastorate of Father Simard, the Parish of the Nativity developed rapidly. In 1909, at the end of Father Hamelin's pastorate, the Aldenville mission had become the parish of Saint Rosa de Lima. In the '20s a number of families of Polish ancestry had settled in Willimansett. In 1925, these families asked Bishop O'Leary to establish a parish of their own. The Bishop asked the Franciscan Fathers to take charge of this foundation. In April 1925, the new church was dedicated as Saint Anthony of Padua Parish.

THE DREAM OF FATHER SIMARD

The Catholic population of Willimansett continued to expand during the '30s. In 1937, the parish numbered 4,500 souls. Despite the fact that seven Masses were being celebrated every Sunday, the church was hardly large enough to accomodate its parishioners. Father Simard seriously considered building a new church, to be erected between the rectory and the convent, at the corner of Chicopee and Mount Carmel. However, the difficulties of the times constrained him to forego—or at least to postpone—the fulfillment of this dream. Father Simard decided, instead, to restore the existing church. The renewal project was launched in the Fall of 1937. Soon, a newly redecorated church became a source of joy and wonder for all the parishioners.

Father Sauvageau was replaced as pastor of Nativity by Father L. George Clermont. It was during his administration that the Sisters of the Presentation, who had directed and staffed Mount Carmel School since its opening, let it be known that, due to difficult circumstances, they were obliged to withdraw from the school. The parishioners of Nativity, recognizing the immeasurable value of their parochial school, decided to embark upon an ambitious project, one that, until then, had been untried in the Diocese of Springfield. The parish school would heretofore be staffed and directed entirely by lay persons. This challenging venture has been quite successful. Under the principalship first of Frederick Becklo, and since September 1980 of Kathleen Hill, Mount Carmel School continues to provide for our young people a solid basis formation in the secular subjects, and a stable formation in Christian values.

THE DREAM FULFILLED

In 1974, his health failing, Father Clermont retired. Father W. Donald Fournier, who had been his curate, became pastor of Nativity. It was he who, at long last, saw the fulfillment of the dream shared by priests and parishioners of Nativity since the time of Father Simard: the building of a new parish church. [The government sought to take the land occupied by the church built by Father Hamelin for the building of Interstate Route 391. The monies offered for the expropriation of this property were sufficient, in the judgement of diocesan authorities, to launch the construction project. An enthusiastic building fund campaign by the parishioners, generously supplemented by gifts of donors, brought in sufficient funds to complete and furnish a magnificent new church and a spacious parish hall. On Pentecost Sunday, May 25, 1980, His Excellency Joseph F. Maguire, Bishop of Springfield, presided at a Concelebrated Mass marking the dedication of the new Nativity Church, in which the Liturgy has been celebrated since Holy Week 1980.]

In November 1980, Father Fournier answered his country's call, and began a tour of duty as a Chaplain in the U.S. Navy. He has been replaced by Father William Paquin. Beginning in December 1980, Father Paquin assumed the pastorate of Nativity. With the assistance of his curate, and the valuable support of the Parish Council, Father Paquin strives to provide for the spiritual needs of his flock, to maintain the parish buildings, to promote the generosity of the parishioners, to encourage among the faithful a genuine spirit of community—of family.

CAMPAIGN FINANCE REFORM

HON. RON KIND

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 3, 1997

Mr. KIND. Mr. Speaker, as we return from the August break, this Congress has one last opportunity to change the current campaign finance system. We have missed earlier opportunities to have a vote on the floor of the House of Representatives for campaign reform. If we fail to act before the House recesses in October we will not see any reform of the current system in the 105th Congress. I urge the leadership of the House of Representatives to allow the Members of Congress an opportunity to vote on campaign finance reform legislation.

It is obvious that the current system is broken and needs dramatic change. Too much money is being spent on campaigns. This has prohibited many qualified individuals from running for office, it has created disgust with the democratic process and it has resulted in some of the lowest voter turnout in years. It is our responsibility as elected officials to change the current system.

As a freshman member who recently went through my first election I understand the problems in the system. I have been working with some of my freshman colleagues to draft and introduce the Bipartisan Campaign Integrity Act. This act would ban soft money and enact more stringent contribution disclosure requirements for candidates and independent groups. This act would take the biggest money out of elections and begin to restore some credibility to the system. The public is demanding that we enact some form of campaign finance reform. The Bipartisan Campaign Integrity Act was negotiated between Republicans and Democrats and is the proper piece of legislation to be considered.

Over the next month and a half we will have plenty of opportunities to move a bill forward, through the committee of jurisdiction and to the floor of the House of Representatives. I will be following the committee and floor schedules closely in order to insure that time is available to consider campaign finance reform legislation before the end of this session. I strongly urge the leadership to take quick action to allow a vote on campaign finance reform. If we fail to act now, we will have missed our best opportunity to bring some respect back to this great institution and restore the public's trust in our democratic process. If we don't act now, next year will be too late.

IN MEMORY OF WALTER D. RAMSAY

HON. THOMAS J. MANTON

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 3, 1997

Mr. MANTON. Mr. Speaker, I rise to commemorate Mr. Walter D. Ramsay, an outstanding individual whose untimely passing will be felt and mourned by many in Washington.

Walt Ramsay, an independent consultant for the precious metals industry and a former long-time administrative assistant to Senator Harrison A. Williams of New Jersey, succumbed to lung cancer early yesterday morning at Inova Hospital in Alexandria, VA. I know my colleagues will join me in offering condolences to his wife, Leslie Sorg Ramsay, his son, Sean Ramsay, and his other family members and many, many friends.

Mr. Speaker, I consider myself very lucky to have had the good fortune to meet Walt shortly after coming to Congress. I was equally blessed with the opportunity of getting to know him better over the years. As a lobbyist, he did not have any issues of concern which came under the jurisdiction of any of my committee assignments, or, at least, any that he felt compelled to raise with me, yet he was always a friendly face in the office. His many stories and anecdotes, as well as his keen political insight, always made him a welcome participant and a joy to speak to at any office gathering.

Mr. Speaker, quite simply, Walt Ramsay was the best of men. He was intelligent and wise, kind and good natured, friendly and humorous, stoic and humble, and, of course, he was Irish. He will be missed.

Mr. Speaker, I ask unanimous consent that an obituary which appeared in the New Jersey Star-Ledger be placed in the RECORD.

[From the New Jersey Star Ledger, Sept. 3, 1997]

WALTER D. RAMSAY, 62, CONGRESSIONAL AIDE

(By Robert Cohen)

WASHINGTON.—Walter D. Ramsay, longtime chief of staff to former New Jersey Sen. Harrison A. Williams and the mentor to many young Capitol Hill aides, died yesterday after a battle with cancer. He was 62.

Ramsay first came to Washington in 1969 as Williams' press secretary and later took over as his top aide, navigating the legislative and political waters for the senator on Capitol Hill while keeping his finger on the pulse of politics back home in New Jersey.

White House press secretary Mike McCurry, who got his start working under Ramsay in Williams' Senate office, said he was "a great teacher" and "as smart and disciplined when it came to politics and policy as anyone I have ever met."

"He taught me how to be a press secretary," said McCurry.

McCurry said Ramsay could be "a very demanding boss." but had a sense of humor, a broad range of outside interests that included literature and music and "a different perspective than your typical overachieving Capitol Hill aide."

Jim Mathews, now the top aide to Rep. Thomas Manton (D-NY) and a former legislative staffer in Williams' office, said he always considered Ramsay his mentor.

"He was the nicest, best-humored person I ever knew," said Mathews. "He never took himself too seriously and understood that there were more important things in life than politics."

Mathews said Ramsay was also a very private person who seldom complained or talked about the difficulties he encountered in life.

He said that was true in the early 1980s when two traumatic events took place in a short period of time—the indictment of Williams, his boss, on corruption charges, and a life-threatening accident that put his son, Sean, in a coma for 47 days and later required a lengthy and difficult rehabilitation.

And it was true most recently when he was dying of cancer and chose not to burden his friends.

"He called last week for advice on where a friend should go in Alaska, but never said anything about his condition," said Mathews.

Ramsay died yesterday morning at Alexandria Hospital in Virginia. He had been under treatment as an outpatient at the National Cancer Institute.

Born in Jersey City and raised in Cranford, Ramsay graduated from Seton hall University and Seton Hall Law School. He was admitted to the New Jersey bar but chose journalism instead, first as a reporter for the Long Branch Daily Record and later with the Elizabeth Daily Journal.

Ramsay left Williams' office in later 1981 after the senator was convicted of the corruption charges but before the senator resigned and went to work as a lobbyist for the Engelhard Corp. and then as a consultant for the precious metals industry.

He is survived by his wife, Leslie Sorg Ramsay of Alexandria, Va.; his son, Sean of Arlington, Va.: a sister, Mrs. Frances Cokelet of Cranford; and a brother, William W. Ramsay of Trenton.

Funeral services will be private.

IN HONOR OF JAMES ARCHIE McLEOD ON HIS RETIREMENT

HON. LORETTA SANCHEZ

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 3, 1997

Ms. SANCHEZ. Mr. Speaker, I would like to take this opportunity to honor James Archie McLeod on his retirement as Scoutmaster and leader.

James McLeod has dedicated his life to volunteering as a leader and Scoutmaster in the Boy Scouts of America. His career as an adult leader in scouting began in 1958, while he served as Assistant Scoutmaster in Boy Scouts of America, [BSA] Troop 16, and later in BSA Troop 75. Since 1967, James McLeod has served as the main Scoutmaster of Troop 75 in Garden Grove, California.

Scoutmaster McLeod has given an overall total of more than 40 years of volunteer service to God, Country, and the Boy Scouts of America.

Over the past 40 years, Scoutmaster McLeod has guided over 1,000 boys to the rank of First Class Scout. He has also guided 80 exceptional boys in advanced leadership to attain the rank and honor of Eagle Scout.

Scoutmaster McLeod has been recognized by the Boy Scouts of America for his excellence as a Boy Scout, a Scoutmaster, and in

Woodbadge—scouting's highest indoctrination of lifetime leadership.

Scoutmaster McLeod's honors include the Award of Merit from Garden Grove's El Capitan District and the Silver Beaver Award from the BSA Orange County Council. He was also awarded the Scoutmasters Award of Merit from the Boy Scouts of America National Council. This was awarded for managing the largest, most active, and most successful scout troop in the city of Garden Grove, CA.

Scoutmaster McLeod has also helped to promote and provide the experience of scouting to the blind, the physically handicapped, and mentally challenged.

His legacy of leadership in scouting can be seen in the generations of his scouts that are serving as leaders in our community today. Throughout his great career as a Scoutmaster, James McLeod was never monetarily compensated for his time and efforts, but gave freely of his time and his life to scouting.

I would like my colleagues in Congress to join me in recognizing this very special individual, Scoutmaster James Archie McLeod, for his dedication and commitment to the Boy Scouts of America. Let us wish him many years of happiness and success in future endeavors upon his retirement from scouting.

CONGRATULATING CHARLES F. KNAPPER, MAYOR OF NOLENSVILLE, TN, FOR BEING CHOSEN AS AN OUTSTANDING COMMUNITY LEADER IN THE AMERICAN HOMETOWN LEADERS AWARD PROGRAM

HON. BOB CLEMENT

OF TENNESSEE

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 3, 1997

Mr. CLEMENT. Mr. Speaker, I rise today to commend Charles F. Knapper, mayor of Nolensville, TN, for being chosen as an outstanding community leader in the American Hometown Leaders Award Program.

This program is sponsored by the National Center for Small Communities [NCSC] and the Wal-Mart Foundation. The American Hometown Leaders Award Program recognizes elected officials who have provided exemplary leadership in their community. Mayor Knapper was nominated by fellow community residents who believe he has made a difference in his community, both as a leader and as a citizen.

Mayor Knapper has held many titles in the Nolensville community since moving there in 1988. He is a husband, father, church elder, and volunteer. He revitalized the Homeowners' Association of his neighborhood and as chairman of the Community Affairs Committee of the Association, he started an investigation on the feasibility of incorporating the town of Nolensville. Mayor Knapper worked with the Tennessee State Legislature and the Governor's Office in his efforts to attain incorporation. He devoted much of his time and efforts to raising the necessary funds to publicize the incorporation effort, holding community meetings and conducting petition drives. Nolensville was incorporated in 1996.

Mr. Knapper was elected as mayor on October 1, 1996, with 75 percent of the electorate's support. In one of his first acts, Mayor Knapper appointed seven committees of citizen volunteers. These committees have been extremely active and have worked to achieve Mayor Knapper's goal to make Nolensville "a great place to live."

Mayor Knapper has the respect and love of the community he serves. This is the true test of a public servant. I commend him on his efforts and on his American Hometown Leaders Award, and I wish him the best of luck.

TRIBUTE TO DR. BETTY SHABAZZ

HON. WILLIAM (BILL) CLAY

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 3, 1997

Mr. CLAY. Mr. Speaker, Dr. Betty Shabazz was a remarkable woman. Her intrepid spirit and tireless efforts on behalf of her family and people of color made her a role model around the world. People from many races and nations drew strength from the courage she showed in the face of adversity.

I had the privilege of knowing Betty as a friend and colleague in the struggle for justice. Like many African-American mothers, she was a fighter and a survivor. After her husband's death, she found strength from within to overcome the tragedy and went on to raise six daughters while pursuing a professional career and serving the community. She set high goals for herself and worked diligently to achieve them.

After Malcolm X's death, Betty went back to school and earned three degrees, including a doctorate in education. She went on to teach at Medgar Evers College in Brooklyn, NY, and served as the school's director of communications and public relations. She also hosted a talk show on one of New York's major radio stations.

As a civil rights leader, Betty often spoke out against race and gender discrimination and on issues of importance to families around the world. She was actively involved in various political and social action groups including the NAACP, the National Political Congress of Black Women, Delta Sigma Theta Sorority and the Links.

Like many African-Americans, Betty was part of an extended family. At the time of her death, she was helping to raise her grandson, Malcolm Shabazz. As she had helped his mother and aunts to do, Betty attempted to help young Malcolm to thrive despite his father's absence. Unfortunately, her time with him was cut short by her untimely death.

Few of us have suffered the tragic loss that Betty Shabazz suffered when she lost her husband to an assassin's bullet. However, most of us know all too well the racism that killed him. The racial hatred that caused terror to the family that Betty and her daughters knew continues to destroy African-American families. It continues to deny blacks equal access to economic and employment opportunities, equal justice under the law, and equal representation in legislative bodies.

Betty Shabazz lived an honorable and exemplary life. She fought against racism and injustice for most of her life. Even when she could have retreated from the rest of the world without blame, she continued to fight. She fought harder for herself, her family, and her community. Her life was a tribute to all families, but to African-American families in particular.

INTRODUCTION OF THE HIGHWAY AND NATIONAL DEFENSE INVESTMENT ACT

HON. JOHN D. DINGELL

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 3, 1997

Mr. DINGELL. Mr. Speaker, today I have introduced a piece of legislation which will help Congress finish a job it started earlier this summer when we passed the tax portion of the budget reconciliation package: unleashing the windfall created by the restoration of all Federal gasoline taxes to the Federal highway trust fund.

The legislation I offer today would effectively make possible two very important goals: First, a long-overdue renewal of our national commitment to sound infrastructure; second, a means to do so while meeting the letter, the spirit, and deadline of our commitment to balance the Federal budget by 2002.

When this body agreed to the 5-year budget agreement in July, it accepted a provision added by the other body which redirected into the trust fund the 4.3 cents-per-gallon Federal gasoline tax formerly dedicated to deficit reduction. it was estimated that this would add between $6 and $6.5 billion in additional trust fund revenue each year. This provision was accepted not only to end a disingenuous Federal accounting practice, but also to make possible the spending of additional revenue on our Nation's deteriorating infrastructure. While Congress improved a growing problem, it did not solve it: the money is now going to the right place, but it is still trapped and cannot be invested in our roads.

By some estimates, we need to invest nearly twice as much as we do today just to fall no further behind. In my home State of Michigan, roads have deteriorated to the point of being deplorable. The State legislature recently enacted a State gas tax increase to help increase needed highway investment. Meanwhile, Michigan ranks near the bottom in the amount of Federal money invested for roads on a per capita basis. In May, both houses defeated a measure to substantially increase road investments, each by a single vote, after a lot of persuasion to those trying to hold together a budget deal which provided practically level funding for transportation. By considering the legislation I am introducing today, my State and all of our States would realize a considerably greater return on their Federal gas tax contributions.

I would like to remind my colleagues that when Federal investment in our roads grew substantially in 1956, President Eisenhower let the Nation know that a completed interstate system was vital to our national defense. Maintaining a reliable and safe transportation infrastructure is still recognized as important to our national security, and addressing these needs is explicitly recognized in the National Highway System. With our Nation at peace and our economy strong, we have the ability today to make wise choices to preserve the transportation linkages on which all Americans have come to depend. This can only happen, however, if our highway spending keeps pace with the amount of money our drivers pay at the pump in Federal fuel tax.

In the current budget cycle, this House already has contemplated holding defense spending to the levels of the current fiscal year. I believe that such a proposal is warranted if domestic needs can be identified which clearly would serve our national security interests as well. That is why the legislation I am introducing makes possible an override of the firewall established between defense and discretionary spending. Once this procedural barrier is removed, Congress would be able to liberate $6.2 billion of the expected boost in highway trust fund revenue without delaying a balanced budget. How? By choosing to slow the growth in defense spending, and instead investing in a part of our national defense network which also supports our everyday interests: Traveling to work and school, shipping more efficiently between points across the Nation, and by upgrading our national road network to improve the safety and mobility of our citizens.

Mr. Speaker, the passage of the Highways and National Defense Investment Act would definitely create the demand for some tough decisionmaking during the next appropriations process. However, our Nation finds itself in a unique position which not only allows, but demands a new investment: we are at peace, the economy is strong, and we are on a fixed course to balance the budget. When the cold war ended a few years ago, there was much talk in this body about a peace dividend. Budget balancing problems never gave us much of an opportunity to invest that dividend. However, that was before the budget deal. Now we have the chance to finish the job that deal started, and that is show the American people that the highway trust fund is more than a gimmick for a balanced budget. Instead, that trust fund is a tool for growth.

HONORING PRINCESS DIANA

HON. SHEILA JACKSON-LEE

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 3, 1997

Ms. JACKSON-LEE of Texas. Mr. Speaker, I rise today to pay my respect to Princess Diana, a woman the world will greatly miss. As a woman and a mother, I have been moved by her caring and her commitment to her sons and to those less fortunate than herself.

Throughout the unremitting scrutiny of Princess Diana's life one thing has shone clearly—her love for her two children. It seems clear that she was devoted to her boys, as they were to her. She gave them her affection, loving attention, and her maternal love and support. My heart aches for those two young men today. I wish them strength and peace.

Princess Diana was clearly a person of great caring and compassion. She chose to use the tremendous prestige afforded her by her station in life to touch the everyday world around her—not the world of wealth and power, but the world of poverty, war, and injustice. She was an advocate for the victims of violence and of poverty.

Her commitment to the hungry, the sick, and the poor in England and around the world should serve as a model to us all. She has lent not just her name, but the strength and warmth of her spirit to a number of causes. She has reached out to extend comfort and an empathetic hand to people whom she felt had been rejected by society including AIDS and leprosy patients, battered women, and drug addicts. She shook hands with AIDS patients when many people were still afraid to touch them. She penned personal notes to families of hospitalized children she had met. She learned sign language to address an association of deaf persons. She hugged the dying in hospices and exchanged stories with women, like herself, who suffered from eating disorders.

Most recently, Princess Diana turned her attentions to the land mines which have claimed the lives and limbs of so many. In particular, she waged a campaign against land mines in Bosnia and last month was in Sarajevo, mourning the victims of war in private talks with families of people maimed or killed by exploding mines. Her leadership on this issue has helped in moving it to the forefront of England's agenda and in moving even this Nation to a point of compromise.

Princess Diana was a very special woman and the world deeply mourns her loss. She was a princess in more than just name, but in her grace and character. She should be long remembered by women the world over. She will be remembered with deep respect and affection. She truly was the people's princess.

THE BALANCED BUDGET AGREEMENT OF 1997

SPEECH OF

HON. RON KIND

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 30, 1997

Mr. KIND. Mr. Speaker, it is very gratifying to be a Member of the 105th Congress which now finds its place in the history books by passing this legislation to balance the Federal budget for the first time since 1969. I am proud to be part of this movement in Government toward responsible fiscal behavior. I am also very pleased that our bottom line is not only a fiscal line but one that accounts for the need to invest in the future.

This balanced budget agreement accomplishes some things that have been driving forces for me both politically and personally. It represents good government—one that exercises fiscal responsibility but also spends money appropriately to provide financial incentives to those who can succeed, compassionate assistance for those in need, and basic protections and services as caretakers of our communities and our environment.

This country has made remarkable progress in reducing the Federal deficit since 1993. While I was not a Member of Congress when the 1993 budget agreement was passed, it is remembered as a budget that called on everyone across the board to accept spending reductions to achieve deficit reduction. The resulting decline in spending, coupled with a very strong economy, has now made it possible to finish the job and balance the budget perhaps as soon as the next year.

The American people will never agree completely on how their Federal tax dollars should be spent. In a democracy, that is to be expected and tolerated. But every American should have confidence that its Government is living within its means and requiring accountability of those investments it chooses to make. Even if those investments are not universally endorsed.

Since being elected to Congress, I have voted against what I consider to be wasteful spending. I also fought to include stronger budget enforcement guarantees in this agreement. The agreement contains some basic enforcement language including the continuation of the current caps on "discretionary spending" and "pay go" rules. These enforcement provisions are a good start but I had hoped they would be much stronger.

I am a founding member of the Bipartisan Budget Enforcement Group which proposed legislation to set a strict timetable each year for assessing whether the budget was still on track and require Congress to make necessary changes in spending or taxes if the budget did not remain balanced. Our bill was tough on spending but it also put controls on tax cuts if necessary. This guaranteed that it offended just about everyone and had little chance of becoming law. But my group shined a spotlight on the need for truth in budgeting and served notice to Congress that we are watching. We sent an important message: We will not allow the Government to run on autopilot or break its promises.

Promises—that's really the heart of my personal reason for wanting to help a balanced budget become law. My son, Johnny, is my first child. He is 1 year old and he is my daily reminder that our dedication to fulfilling today's promises will have a profound affect on future generations. This budget makes some good investments in people and their livelihoods including: Grants to provide medical coverage for uninsured children; education tax credits/deductions for tuition at institutions of higher education or training; capital gains tax cut; estate tax cut for family-owned farms and businesses; new Medicare coverage for preventive health care; higher tax deduction for health insurance premiums for the self-employed; and increased spending for federal supported job training programs.

These are worthwhile investments in the better health and education of our country. I can readily see the difference they will make in the lives of the people of western Wisconsin.

This budget also takes a long-term look at how to keep the promise of Medicare for the program's current 37 million seniors as well as the baby boomers when they retire. Initially, the agreement makes changes to the program that extends its solvency for about a decade. But it also establishes the National Bipartisan Commission on the Future of Medicare. This commission must report to Congress by March 1, 1999, on the long-term financial condition of the Medicare trust funds and recommend ways to keep the system solvent through 2030.

This is not a matter to be taken lightly from the standpoint of budgetary or health concerns. Medicare has been revolutionary in its effect on the health of the senior population of America. We must not underestimate the peace of mind that guaranteed medical care in the later years of life brings to every American. It is imperative that we make some long-term fixes to protect and maintain Medicare for future generations.

We need to balance the budget today and 5 years from now, but we also need the political will to look at the long-term needs of our country's citizens. We have promises to keep to those who went before us and a responsibility to those who will travel the road we pave. The Balanced Budget Agreement is a good first step in fulfilling that promise and I urge my congressional colleagues to continue this effort for the benefit of citizens young and old.

SENATE COMMITTEE MEETINGS

Title IV of Senate Resolution 4, agreed to by the Senate on February 4, 1977, calls for establishment of a system for a computerized schedule of all meetings and hearings of Senate committees, subcommittees, joint committees, and committees of conference. This title requires all such committees to notify the Office of the Senate Daily Digest—designated by the Rules Committee—of the time, place, and purpose of the meetings, when scheduled, and any cancellations or changes in the meetings as they occur.

As an additional procedure along with the computerization of this information, the Office of the Senate Daily Digest will prepare this information for printing in the Extensions of Remarks section of the CONGRESSIONAL RECORD on Monday and Wednesday of each week.

Meetings scheduled for Thursday, September 4, 1997, may be found in the Daily Digest of today's RECORD.

MEETINGS SCHEDULED

SEPTEMBER 5

9:00 a.m.
Judiciary
To hold hearings on pending nominations.
SD-226

9:30 a.m.
Joint Economic
To hold hearings to examine the employment-unemployment situation for August. 1334 Longworth Building

10:00 a.m.
Governmental Affairs
To continue hearings to examine certain matters with regard to the committee's special investigation on campaign financing.
SH-216

SEPTEMBER 8

9:30 a.m.
Governmental Affairs
Oversight of Government Management, Restructuring and the District of Columbia Subcommittee
To hold hearings to examine the progress of proposed reforms of the District of Columbia school system.
SD-342

2:00 p.m.
Governmental Affairs
Oversight of Government Management, Restructuring and the District of Columbia Subcommittee
To hold hearings on S. 222, to establish an advisory commission to provide advice and recommendations on the creation of an integrated, coordinated Federal policy designed to prepare for and respond to serious drought emergencies.
SD-342

SEPTEMBER 9

10:00 a.m.
Armed Services
To hold hearings on the nomination of Gen. Henry H. Shelton, USA, to be Chairman of the Joint Chiefs of Staff.
SR-222

Governmental Affairs
To resume hearings to examine certain matters with regard to the committee's special investigation on campaign financing.
SH-216

10:30 a.m.
Judiciary
Immigration Subcommittee
To hold hearings to examine the economic and fiscal impact of immigration, focusing on the report of the National Academy of Sciences.
SD-226

2:00 p.m.
Judiciary
Antitrust, Business Rights, and Competition Subcommittee
To hold hearings to examine the operation of the antitrust division of the Department of Justice, focusing on the Hart-Scott-Rodino process which requires companies to notify the Government of perspective mergers.
SD-226

SEPTEMBER 10

9:30 a.m.
Commerce, Science, and Transportation
To hold hearings on the nominations of Heidi H. Schulman, of California, and Katherine Milner Anderson, of Virginia, each to be a Member of the Board of Directors for the Corporation for Public Broadcasting, Robert L. Mallett, of Texas, to be Deputy Secretary, and W. Scott Gould, of the District of Columbia, to be an Assistant Secretary, both of the Department of Commerce, and Sheila Foster Anthony, of Arkansas, to be a Federal Trade Comissioner.
SR-253

Energy and Natural Resources
To hold oversight hearings to review Forest Service organizational structure, staffing, and budget for the Alaska region.
SD-366

Labor and Human Resources
Business meeting, to mark up the proposed "Workforce Investment Partnership Act" and to consider other pending calendar business.
SD-430

10:00 a.m.
Governmental Affairs
To continue hearings to examine certain matters with regard to the committee's special investigation on campaign financing.
SH-216

2:30 p.m.
Foreign Relations
To hold hearings on the nominations of Thomas J. Dodd, of the District of Columbia, to be Ambassador to the Republic of Costa Rica, Donna Jean Hrinak, of Virginia, to be Ambassador to the Republic of Bolivia, and Curtis Warren Kamman, of the District of Columbia, to be Ambassador to the Republic of Colombia.
SD-419

SEPTEMBER 11

9:00 a.m.
Agriculture, Nutrition, and Forestry
To hold hearings to examine the implications for farmers of the recently proposed Global Tobacco settlement.
SD-106

Appropriations
Labor, Health and Human Services, and Education Subcommittee
To hold hearings to examine the health risks of 1950's atomic tests.
SD-192

9:30 a.m.
Energy and Natural Resources
To hold hearings on S. 660, to provide for the continuation of higher education through the conveyance of certain public lands in the State of Alaska to the University of Alaska, and S. 1092, to provide for a transfer of land interests in order to facilitate surface transportation between the cities of Cold Bay, Alaska, and King Cove, Alaska.
SD-366

10:00 a.m.
Foreign Relations
To hold hearings on the nominations of Susan E. Rice, of the District of Columbia, to be Assistant Secretary of State for African Affairs, Brian Dean Curran, of Florida, to be Ambassador to the Republic of Mozambique, Timberlake Foster, of California, to be Ambassador to the Islamic Republic of Mauritania, Amelia Ellen Shippy, of Washington, to be Ambassador to the Republic of Malawi, and Nancy Jo Powell, of Iowa, to be Ambassador to the Republic of Uganda.
SD-419

Governmental Affairs
To continue hearings to examine certain matters with regard to the committee's special investigation on campaign financing.
SH-216

Labor and Human Resources
To hold hearings to examine the confidentiality of medical information.
SD-430

SEPTEMBER 12

10:00 a.m.
Governmental Affairs
To hold hearings to examine issues regarding regulatory reform.
SD-342

SEPTEMBER 15

10:00 a.m.
Governmental Affairs
Permanent Subcommittee on Investigations
To hold hearings to examine fraud in the micro-cap securities industry.
SD–342

2:30 p.m.
Governmental Affairs
International Security, Proliferation and Federal Services Subcommittee
To hold hearings to examine proliferation in the information age.
SD–342

SEPTEMBER 16

10:00 a.m.
Energy and Natural Resources
To hold oversight hearings to review Federal outdoor recreation policy.
SD–366

Governmental Affairs
To resume hearings to examine certain matters with regard to the committee's special investigation on campaign financing.
SH–216

Labor and Human Resources
To resume hearings to examine the implications of the recent Global Tobacco settlement.
SD–430

SEPTEMBER 17

10:00 a.m.
Governmental Affairs
To continue hearings to examine certain matters with regard to the committee's special investigation on campaign financing.
SH–216

SEPTEMBER 18

9:00 a.m.
Agriculture, Nutrition, and Forestry
To resume hearings to examine the implications for farmers of the recently proposed tobacco settlement.
SD–106

10:00 a.m.
Governmental Affairs
To continue hearings to examine certain matters with regard to the committee's special investigation on campaign financing.
SH–216

SEPTEMBER 19

10:00 a.m.
Governmental Affairs
To resume hearings to examine regulatory reform issues.
SD–342

SEPTEMBER 23

10:00 a.m.
Governmental Affairs
To resume hearings to examine certain matters with regard to the committee's special investigation on campaign financing.
SH–216

Special on Aging
To hold hearings to examine screening and treatment options for prostate cancer.
SD–628

SEPTEMBER 24

10:00 a.m.
Governmental Affairs
To continue hearings to examine certain matters with regard to the committee's special investigation on campaign financing.
SH–216

SEPTEMBER 25

10:00 a.m.
Governmental Affairs
To continue hearings to examine certain matters with regard to the committee's special investigation on campaign financing.
SH–216

Labor and Human Resources
To resume hearings to examine the confidentiality of medical information.
SD–430

SEPTEMBER 26

9:00 a.m.
Governmental Affairs
Permanent Subcommittee on Investigations
To hold hearings to review the operation of the Treasury Department's Office of Inspector General.
SD–342

SEPTEMBER 29

9:00 a.m.
Governmental Affairs
Permanent Subcommittee on Investigations
To resume hearings to review the operation of the Treasury Department's Office of Inspector General.
SD–342

SEPTEMBER 30

10:00 a.m.
Governmental Affairs
To resume hearings to examine certain matters with regard to the committee's special investigation on campaign financing.
SH–216

OCTOBER 1

10:00 a.m.
Governmental Affairs
To continue hearings to examine certain matters with regard to the committee's special investigation on campaign financing.
SH–216

OCTOBER 2

10:00 a.m.
Governmental Affairs
To continue hearings to examine certain matters with regard to the committee's special investigation on campaign financing.
SH–216

OCTOBER 6

10:00 a.m.
Governmental Affairs
Permanent Subcommittee on Investigations
To hold hearings to examine traditional frauds perpetrated over the Internet.
SD–342

OCTOBER 7

10:00 a.m.
Governmental Affairs
To resume hearings to examine certain matters with regard to the committee's special investigation on campaign financing.
SH–216

OCTOBER 8

10:00 a.m.
Governmental Affairs
To continue hearings to examine certain matters with regard to the committee's special investigation on campaign financing.
SH–216

OCTOBER 9

10:00 a.m.
Governmental Affairs
To continue hearings to examine certain matters with regard to the committee's special investigation on campaign financing.
SH–216

SENATE—*Thursday, September 4, 1997*

The Senate met at 9:30 a.m. and was called to order by the President pro tempore [Mr. THURMOND].

PRAYER

The Chaplain, Dr. Lloyd John Ogilvie, offered the following prayer:

O God, You have prophesied through Isaiah, "You will keep him in perfect peace whose mind is stayed on You"—Isaiah 26:3; and promised through Jesus, "Peace I give to you, not as the world gives do I give to you. Let not your heart be troubled, neither let it be afraid."—John 14:27.

That is the quality of peace we need to do our work creatively today. Often the conflict and tension present in our lives threaten to rob us of a calm and restful mind and heart. It is so easy to catch the emotional virus of frustration and exasperation. Help us to remember that Your peace is a healing antidote to anxiety that can survive in any circumstance.

Provider of peace, give us the peace of a cleansed heart, a free and forgiving heart, a caring and compassionate heart. Right now, may Your deep peace flow into us, calming our impatience and flowing from us to others.

Especially, we pray for Your peace for the women and men of this Senate. May Your profound inner peace free them to think clearly and speak decisively while maintaining the bond of peace with one another. Through our Lord and Saviour. Amen.

RECOGNITION OF THE MAJORITY LEADER

The PRESIDENT pro tempore. The able majority leader, Senator LOTT of Mississippi, is recognized.

Mr. LOTT. Thank you very much, Mr. President.

THE CHAPLAIN'S PRAYER

Mr. LOTT. Mr. President, it is worth coming to the opening moments of the Senate session each day just to hear the Chaplain's prayers. I wish to express, again, my sincere appreciation for the beauty and for the meaningfulness of those prayers. It gives us the right frame of mind to begin a day's work together for the American people.

SCHEDULE

Mr. LOTT. Mr. President, the Senate will immediately resume consideration of amendment No. 1077, offered by the Senator from Indiana, Senator COATS, who is here and prepared to go. This is an amendment, of course, to S. 1061, the Labor, HHS appropriations bill. It is hoped that an agreement can be reached this morning to conduct a vote on the Coats amendment by mid-morning, hopefully within the hour.

In addition, Members can anticipate additional votes on amendments currently pending to the Labor, HHS appropriations bill and other amendments expected to be offered to the bill throughout the day's session. I understand a couple of amendments have been offered and set aside. I know there are some other amendments pending. As always, Members will be notified of exactly what time the votes will be scheduled. We will work with all Members to make sure they have an opportunity to offer their amendments and debate them, and then, of course, we will have votes, if necessary.

I ask, again, that all Senators cooperate with our managers on both sides of the aisle. They are trying to move this very important legislation that means so much to our country. And, as is quite often the case when we return from a period back in our respective States, we have not gotten off to a fast start. We hope to complete this very important appropriations bill today. We do have some problems and some delays. I would like to address those just for a moment.

First, with regard to tomorrow, it is still my intent to have a cloture vote in the morning. We have not set a time. It could be as early as 8:30 to accommodate Senators' schedules, on the cloture motion on the Food and Drug Administration reform bill. We need to get this bill done. It was reported out overwhelmingly from the committee, and it has broad bipartisan support. Unfortunately, this is even a cloture vote on the motion to proceed.

The Senator from Massachusetts, Senator KENNEDY, has objections to this FDA reform. I thought we had them worked out two or three times at the end of the session, before the August recess, and then it seemed to get away from us.

I hope we can get all the Senators to work together and work out agreements so we can move this very important legislation. It is very important to the health and general quality of life of all Americans. This is an agency that has been bureaucratic, it has been slow, it has not done its work where it should be doing its work, and it has tried to force itself into areas where it really doesn't belong. This is long overdue.

I, again, am interested in getting it done. But if we have to, we will have more than one vote or votes on cloture. We need to go ahead and complete this. I think, once we can get it to debate and vote, it will not take very long. If we can work out something, by the way, on the bill, before the time, then we would not have to have a cloture vote tomorrow. I would be glad to work with the leaders on the legislation, Democratic leaders, to decide on a time when it would be debated and when that would be scheduled, either later on this week, or Monday or Tuesday. We will work together on that.

CONTESTED LOUISIANA ELECTION

Mr. LOTT. Mr. President, the other issue I want to address is some of the problems we have today. When we have something brought to the Senate that we have to look into, and, in this case, I am referring to the election in Louisiana for the Senate last year, where allegations of fraud have been made, it is incumbent upon us to thoroughly check those allegations out. Unfortunately, the committee charged with jurisdiction in this area has not been able to work together in a bipartisan way to get it done and get the work completed. I want us to reach that point sooner, not later, and I have worked across the aisle to try to come up with a process to make that happen. I thought we had it worked out, again, the last week in July, and at the last minute that fell apart.

So, we have to do our job. I am not going to come to the floor of the Senate, look Senators in the eye, and the American people, and say, "We checked it out thoroughly, there is nothing here," or, "There is a real problem here," until all the work that needs to be done has been done. I can't do that.

Now we are being told, well, if you continue it, we are going to have delays and obstruction by the Democrats. What are they delaying and obstructing? The Labor, Health and Human Services appropriations bill, the Superfund reform. Here is a program, Superfund, that is really the laughingstock of America. You care about the environment? Who among us would not care that the program is not working. Lawyers have a grand time. They are making money. But we are not cleaning up hazardous sites. We are not cleaning up hazardous waste sites.

So the Committee on Environment and Public Works wants to meet today to mark up the Superfund bill, and I am being told, "Well, we are not going to let you meet; we are not going to let that committee meet, in a bipartisan way, and mark this bill up." And,

● This "bullet" symbol identifies statements or insertions which are not spoken by a Member of the Senate on the floor.

therefore, I have no option but to say, OK, if you are going to do that, then we will go out this afternoon.

If objection is made to the Environment and Public Works Committee meeting this afternoon to mark up Superfund reform, which would clean up hazardous waste sites in my State and probably every State in America, if that is going to be blocked, then the Senate will go out at 2 o'clock, we will be out until 4 o'clock so the committee can meet and do its work, and we will tack that time onto tonight. We are not going to have this arrangement where the other side tries to dictate the schedule in committee meetings. We are not going to do that.

I have worked very hard to keep my word to the Senate and to the Senators. When I say we are going to meet and have votes, we try to do that. When we agree we are not going to meet and have votes, we try to honor that. We agreed we would be out in the third week in October for the Columbus Day period. I am going to keep my word on that. I tried to keep in mind the personal lives, and opportunities to have dinner with families and children. I want to do that. But if we are going to start playing this game of threats and delays and obstruction and blocking of committee meetings and that sort of thing, then I have no option but to put the time on the back end.

So, I don't think that is necessary. We have had a good feeling here in the Senate for the last 2 months. We worked together in a bipartisan way, even when we disagreed. I think we can continue to do that, and I certainly will try to continue to keep my word and work with the Senators on this schedule. That is one of the reasons why we might have to vote early in the morning, because some Senators on both sides of the aisle want to leave. That is fine. We want to help them. But we also have work to do.

So, I just wanted to point out what is going on. I don't have any problem with doing it this way. I just want everybody to understand I am not doing it to cause confusion or delay. I have no option.

The Environment and Public Works Committee will meet today. We will continue to work on the Labor, HHS appropriations bill. I believe that we can and should get it completed today or tomorrow. But we will have success on this bill, and we will do it in a bipartisan way, and we will do it, hopefully, by the end of this week or the first of next week.

So I just wanted to advise Senators what the schedule looks like for today and in the morning. I will talk to my counterpart on the other side of the aisle. I will be glad to work with Senators on FDA reform and Superfund reform and on Labor, HHS, to see if we can find reasonable accommodation, and we will also continue to pursue an opportunity to recommend to the Senate what action, if any, or none, should be taken with regard to the Louisiana election.

Mr. DORGAN. Will the Senator yield for a question?

Mr. LOTT. I'd be glad to yield.

Mr. DORGAN. I listened with interest to the Senator from Mississippi, the majority leader. I think it is important to point out that there is no intention that I am aware of on this floor to interrupt the business of appropriations bills. The principal business in this month of September is to finish, and work hard on, the appropriations bills: by the end of September, have them down to the White House, so the President can sign them and avoid a continuing resolution. So we want to do that, and there is no objection that I am aware of, made by anyone, which would interrupt in any way the conduct of business on appropriations bills.

The Senator from Mississippi, the majority leader, knows there is great concern about the issue of a contested election in Louisiana, by which a Member of the Senate was seated without prejudice and an investigation was begun. The conduct of that investigation causes some significant concern here in the Senate. It is not December, it is not January, February, March, or April; it is September, and we have a Member of the Senate who is still seated in this Senate, seeing activities of a committee on an investigation in which allegations of fraud were made. And I might say that the committee hired a couple of investigators, lawyers—a Republican and a Democrat—and the first report they gave to the committee was to say there is nothing there. But that was not enough.

I am not going to go into what is going on in the committee. I don't think we need to have that discussion. But, you know, it is September. It's September, and we have a Member of the U.S. Senate who is still held in limbo, here, on this issue of investigation. I saw yesterday newspaper after newspaper after newspaper in Louisiana, the editorials and stories say, "There is nothing here. Let this go. Stop this investigation."

So, you know, the concern that some exhibit on the floor of the Senate about this issue is not without foundation. The Senator from Mississippi points out that he is concerned about delay. I don't think any of us want a delay.

Mr. LOTT. Mr. President, if I could reclaim my time to respond on that, I think everybody has indicated we want to continue to move the appropriations bills.

Mr. DORGAN. That's correct.

Mr. LOTT. But if an objection is heard today for the Environment and Public Works Committee to meet in session this afternoon and work on marking up a very important environmental bill to clean up hazardous waste sites, that interrupts the process of the appropriations bill. That committee should meet. In my opinion, it should have already met on this issue, and had votes and brought it to a conclusion. So, if an objection is heard to committees meeting, I have no option but to go out for a period of time to allow the committees to do their work. That's a very important part of our process here.

So the effect is that you are delaying the appropriations bill. But perhaps objection would not be heard, we wouldn't have to stop for 2 hours this afternoon so that a very important committee could meet. I have indicated to the Senator and to Senator DASCHLE that we hope that would not be necessary. But, you know, the effect is to delay the Labor, Health and Human Services appropriations bill.

With regard to the Louisiana election, yes, it is September. It need not be. This matter could have been concluded, completed, weeks or months ago, but from the beginning, the Democrats on the committee would not cooperate, would not work with us. They didn't actually——

Mr. DORGAN. Well——

Mr. LOTT. Wait, I have the floor and I will yield when you ask me to. I am on that committee, and all I ever said was find out what happened, was there apparent fraud or not. As a matter of fact, investigators never went into Louisiana until July. Shortly thereafter, in something I have not seen in 25 years in Congress, the Democrats walked out of the committee's proceedings and said, "We won't participate."

In investigation after investigation over the years in the House and the Senate, I never saw the Republicans or Democrats, in any other instance, say, "We're not going to participate."

What happened after the investigators' being down there for like 2 weeks, the Justice Department withdrew the FBI agents. It couldn't come to a conclusion. The week before we went out, I talked with Senators on the Democratic side of the aisle, and we worked out an arrangement that I thought everybody was satisfied with for a special allocation of money to complete that work and in time to complete that work. At the last minute, it was jerked away.

What has happened is, I think Senator WARNER is going to make an announcement today, I believe, about a schedule he has in mind. There are several boxes of documents that have been turned over now to the committee as a result of the subpoena duces tecum to get evidence with regard to gaming interests and involvement in the election. By the way, I think they have every right to support a referendum. The only question is was it in any way used improperly or illegally. I don't know the answer to that.

Once those documents are reviewed, I understand the committee is going to meet, hear from the investigators, hear what the evidence is, if any, that they find in these documents and, at some point, the committee will proceed to action. I don't know exactly what date that would be.

It is not my intention to drag this out indefinitely. But I have to be able to come here and say to Members on both sides of the aisle, "We've done our work. Even though we haven't had cooperation, we have reached a conclusion as best we can, and here it is." I have told the Senators on both sides of the aisle over the past year and 3 months how we deal with you. I am not interested in causing undue delay or difficulty for any Senator here with or without prejudice. But I must be able, along with other Senators, to say that we did our work, we fulfilled our constitutional responsibility, and then make a recommendation. I will be glad to yield further if you like.

Mr. DORGAN. If the Senator will yield, he clearly should and will not be surprised at concern expressed now in September about this issue. Those concerns were registered in July and early August, and the Senator understands that we have a Senator from Louisiana whose election is still being contested, and it is now September. I just want to, if I might, just show you some of what is happening in Louisiana in the press:

"When will investigation end? Voters might not be happy with prolonged debate."

"Poll: State's voters believe Landrieu probe unnecessary."

"Enough's enough," an editorial in the Times-Picayune.

"Senate investigation will hurt Louisiana."

"No evidence of widespread fraud."

It is September, and there is no demonstration of any kind that I am aware of that any irregularities existed in that election that would in any way overturn the results of the election, and yet we still have what I think is a concerted effort by some to drag this out and drag it out and drag it out.

Mr. LOTT. Yes.

Mr. DORGAN. Frankly, a lot are not happy about that.

Mr. LOTT. Yes, there has been an effort that has caused it to be delayed and dragged out.

Mr. DORGAN. I understand who the Senator from Mississippi says is at fault. I only know it is September. The first two lawyers who were hired, a Democrat and Republican, testified in front of the committee that hired them and said there is nothing here. The majority leader said that is not satisfactory.

Mr. LOTT. In the areas they had looked into. There had been nothing done with regard to the gaming activities and the so-called life organization in New Orleans.

Mr. DORGAN. My point is, if he will allow me one more minute, my point is that I think it is unfair to the Senator from Louisiana. I think it is unfair to the people of Louisiana. This ought to get wrapped up.

Our point is this: There is no intention to interrupt the business of the Senate, which is now to pass these appropriations bills in the month of September. We have to do that. There is no one out here objecting to the work on those appropriations bill.

Mr. LOTT. But you are going to object to a committee meeting, which makes it necessary for the work of the Appropriations Committee to be interrupted.

Mr. DORGAN. As the Senator knows, the regular order of the Senate is to have no committee meetings when the Senate is in session.

Mr. LOTT. But it has been the common practice for committees to be able to meet. All I am saying to you is, work with us and we can bring this to conclusion. But I am also saying that if you start interrupting the business of the Senate or committees, it will not be without action in return. We need to work together. We need to do these things privately and communication in the type of way we have done over the last 2 months. But if you start playing games with committees meeting on important issues like Superfund and, let me tell you, fast track, it will have an effect. Every action produces a reaction.

So let's not start down that trail. Let's continue to work together as we have, and we can complete our work on appropriations and on Superfund and on fast track and on ISTEA, and then return to our constituency.

Mr. DORGAN. If the Senator will yield for one more comment, the issue of delay applies especially and indelibly to the issue of the investigation in Louisiana, and delay, it seems to me, continued delay is unfair to Senator LANDRIEU and unfair to the people of Louisiana. It is not our intent to cause problems for the Senator from Mississippi in the scheduling of the Senate. I understand it is not easy to be involved in running this place. So it is not our intention to cause those kinds of problems. That is especially why——

Mr. LOTT. Let me just say, it is not easy, but it is a great pleasure. I'm enjoying it a lot.

Mr. DORGAN. You actually act like you are enjoying it. We have done a lot. This has been a pretty productive year, but at least a good number on our side say with respect to delay, one of the delays that occurs now in the Senate is the delay on this investigation and the end of the investigation, and the investigation has found nothing on the issue of this contested Senate election. We hope that we will get beyond that and get on with the business and not have that hanging over the head of Senator LANDRIEU or the people of Louisiana.

So our point is this: Let's continue with the Senate business. Let's pass these appropriations bills, get them to the President, get them signed. That is the regular order. Let's also resolve this issue with the Louisiana election. It is now September. It is not March or April or July. It is September, and it is long past the time when that should have been resolved.

Mr. LOTT. Mr. President, I ask unanimous consent, at the end of my remarks, to have printed in the RECORD the history of this type of investigation, these type of allegations and the length of time they have gone on.

The PRESIDING OFFICER (Mr. BROWNBACK). Without objection, it is so ordered.

(See exhibit 1.)

Mr. LOTT. Mr. President, as a matter of fact, most of them, many of them, have gone on for weeks and months, including some Senators who serve here in the Senate right now, and they proceeded in the normal way. It is not my intention to delay this investigation and this conclusion. It is my intention to make sure that we have investigated all of the alleged fraud and abuses of election laws and illegal acts. When we have done that, I will press aggressively for a conclusion. But until that is done, with the cooperation of the Democrats, it will not end.

I yield the floor, Mr. President.

EXHIBIT 1

CONTESTED ELECTION CASES

(Prepared by the Office of Senate Legal Counsel, December 1996)

I. INTRODUCTION

The Constitution provides that "Each House shall be the Judge of the Elections, Returns, and Qualifications of its own Members. . . ."[1] The Senate has always been "jealous of [this] constitutional right."[2] Courts have consistently recognized that congressional actions in this area present nonjusticiable political questions beyond judicial review.[3] In *Reed et al.* v. *The County Comm'rs of Delaware County, Penn.*, the Supreme Court acknowledged that the Senate is the final judge of the elections of its members and held: "[The Senate] is the judge of the elections, returns and qualifications of its members. . . . It is fully empowered, and may determine such matters without the aid of the House of Representatives or the Executive or Judicial Department."[4]

II. SENATE REFUSAL TO SEAT STATE-CERTIFIED CANDIDATES

The Senate has been called upon to judge approximately 100 contested election cases. On only nine occasions, however, has the Senate denied a seat to the candidate whose election had been certified by the state.[5] Several of these cases involve fact patterns that are unlikely to be at issue in modern disputes. They are not examined in this memorandum.[6] Five cases, however, involve allegations that are more likely to be at issue in modern contested election cases: challenges to the accuracy of the ballot count, and challenged based on claims that the election results were tainted by fraud and corruption.

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* Footnotes at end of report.

A. Inaccurate ballot counts

1. Steck v. Brookhart (1926)

The case of *Steck* v. *Brookhart* is the only occasion on which the Senate has overturned the result of a state-certified election and seated the contestant. Every other time that the Senate has overturned the results of a state-certified election, it has simply declared the seat vacant and left the state to decide how it should be filled.[7] In 1926, however, the Senate voted to unseat Republican Smith Brookhart from Iowa and replace him with his general election opponent, Democrat Daniel Steck.

Brookhart was certified the winner of the November 1924 Iowa Senate election after a state recount showed that he had gained a plurality of less than 800 votes out of the more than 900,000 ballots cast in a four-way race. In January 1925, his opponent Steck filed with the Senate a challenge to Brookhart's seating based on alleged irregularities in the vote count. In an unusual twist, the Iowa Republican State Central Committee, angered by Brookhart's failure to endorse the Coolidge presidential ticket, also challenged his election on the ground that Brookhart was not, as he had represented himself to be, a member of the Republican Party. The Senate allowed Brookhart to take his seat at the beginning of the 69th Congress in March 1925 and referred the challenges to the Committee on Privileges and Elections. Beginning in the summer of 1925, the Committee conducted an investigation of Brookhart's election, which included a recount in Washington, D.C. of each of the ballots cast. In March 1926, the Committee reported to the Senate that Steck had received a plurality of 1,420 votes and recommended that Brookhart be unseated and replaced by Steck. Much of the seven-day Senate debate concerned the applicability of Iowa election law to the vote count. The Committee majority took the position that the Senate was not constrained by Iowa law.[8] On April 12, 1926, the Senate, in a vote that crossed party lines and did not include Brookhart, voted by a margin of 45 to 41 to unseat Brookhart and replace him with Steck.

2. Durkin v. Wyman (1974–75)

In the 1975 contested election case of Durkin v. Wyman, the Senate, rather than declare the winner as it had done in Steck v. Brookhart, simply found the seat vacant. The initial count of the November 1974 New Hampshire Senate election showed Republican Louis Wyman ahead of Democrat John Durkin by 355 votes out of more than 200,000 cast. A subsequent state recount determined that Durkin had won the election by ten votes, and on November 27, 1974 the governor issued Durkin a "conditional" certificate of election. Wyman challenged the certification before the New Hampshire State Ballot Law Commission, which ruled on December 24, 1974 that Wyman had won the election by two votes. On December 27, 1974, the governor rescinded Durkin's "conditional" credentials and certified Wyman the victor. That same day, Durkin filed a petition with the Senate contesting Wyman's credentials. The matter was referred to the Rules Committee's Subcommittee on Privileges and Elections. The Subcommittee began its investigation, which included a day of hearings during sine die adjournment, before the 94th Congress convened. The Subcommittee refused to make a recommendation and passed the case onto the full Committee, which divided evenly on the matter. The full Committee then referred the case to the full Senate without a recommendation.

When it convened in January 1975, the Senate would neither seat Wyman nor declare the seat vacant. Instead, the Senate referred the matter to the Rules Committee again. After much debate, the Committee decided upon carefully crafted procedures to recount the approximately 3,500 disputed ballots. But despite spending more than 200 hours on the matter, the Committee could not agree upon whom should be seated. Eventually, the Committee reported the matter to the Senate without a recommendation. Beginning in June 1975, the Senate debated the case for six weeks. Six cloture votes could not cut off the Republican-led filibuster. The Senate was at an impasse. The case was resolved only when Durkin and Wyman agreed in late July 1975 to support a new election. The day after the candidates reached their compromise, the Senate voted 71 to 21 to declare the seat vacant. That action paved the way for a September 1995 election, which Durkin won decisively.

B. Corrupt elections

1. William Lorimer (1910–12)

On three occasions the Senate has determined that an election was so tainted with corruption that its results were invalid. Each time, the Senate declared the seat vacant. The first occurred in 1912 when the Senate voted to overturn the certified election of William Lorimer of Illinois. The Illinois legislature elected Lorimer to the Senate, where he took his seat in 1909. In May 1910, Lorimer asked the Senate to investigate allegations by the press that he had gained his seat through bribery. In December 1910, the Committee on Privileges and Elections reported to the Senate its determination that Lorimer's election was valid. The Committee majority argued for the application of a standard that had been established by precedent: the Senate would invalidate an election on the basis of corrupt practices only if the Senator knew of or sanctioned the corrupt activities or if those activities had changed the outcome of the election.[9] In March 1911, the Senate declared the election valid.

Repeated press reports of bribery in Lorimer's election forced the Senate to continue to probe the allegations, however, and in June 1911, the Senate created a special committee to conduct a second investigation. The second investigation took almost a year and involved the testimony of 180 witnesses. In May 1912, the special committee finally reported to the Senate that it could find no evidence linking Lorimer to the alleged corruption.[10] A minority report, however, cited evidence that seven Illinois legislators had been bribed to vote for Lorimer.[11] Moreover, the minority believed that there was significant evidence linking Lorimer to the bribes.[12] The minority argued that the evidence was sufficient for the Senate to rule that the election was invalid. In July 1912, following a public outcry and an extensive Senate debate, the full Senate sided with the minority and voted 55 to 28 to declare Lorimer's election invalid and his seat vacant. In a special election following Lorimer's ouster, Lawrence Y. Sherman was elected to fill the seat.

2. Frank L. Smith (1926–28)

The other two instances in which the Senate declared an election invalid because of corruption arose out of the work of a Special Committee that was created in May 1926 to investigate allegations of the corrupt use of campaign expenditures in primary elections in Pennsylvania and Illinois. Eventually, the scope of the Special Committee's investigation expanded to include allegations of corrupt practices in the November general election too. In both cases the Senate departed from its normal procedure and refused to seat the Senator-elect pending the outcome of its investigation. This departure from practice is probably best explained by the fact that an ongoing investigation had already uncovered substantial evidence of fraud and corruption by the time each of these Senators-elect presented his credentials to the Senate.

Despite the negative publicity from the investigation of his primary victory, Frank L. Smith won the November 1926 Illinois general election. The Special Committee continued its investigation and on January 17, 1928 reported to the Senate its recommendation that Smith not be seated. The committee concluded that Smith's election was tainted with fraud and corruption because he had received campaign contributions from public service corporations in Illinois while he was chairman of the state agency that regulated them. The Senate agreed and on January 19, 1928 voted 61 to 23 to deny Smith a seat. Smith resigned from office on February 9, 1928. Otis F. Glenn was elected to fill the vacancy, and took his seat December 3, 1928.

3. William S. Vare (1926–29)

William S. Vare, the Republican nominee for the Senate from Pennsylvania, also won the November 1926 general election despite the negative publicity surrounding the Special Committee's investigation of his primary win. His opponent in the general election, Democrat William B. Wilson, filed a petition challenging Vare's credentials, alleging corruption by Vare's supporters in the general election. Wilson's allegations included "padded registration lists, 'phantom' voters who were actually dead or imaginary, criminal misuse of campaign funds, and voter intimidation."[13] The Committee on Privileges and Elections conducted an investigation of Vare's general election campaign that supplemented the Special Committee's investigation into his primary victory. On February 22, 1929, the Special Committee, after an almost three-year probe, reported to the Senate its unanimous recommendation that Vare should not be seated because of the evidence of corruption it had uncovered, including thousands of instances of fraudulent registration. On December 5, 1929, the Committee on Privileges and Elections reported to the Senate its contrary determination that Vare's election was lawful. After a day of debate, the Senate voted on December 6, 1929, by a margin of 66 to 15, that William Wilson had not been elected, and, by a margin of 58 to 22, that Vare should be denied a seat. On December 12, 1929, Joseph R. Grundy took Vare's seat by appointment.

C. Recent challenges

Since 1992, three Senate elections have been contested, but in none of these cases has the election result been overturned. In 1992, two petitions were filed asking the Senate to seat Senator-elect Coverdell conditionally pending the resolution of legal complaints concerning his election. One petition, filed by four Georgia citizens, asked that Senator-elect Coverdell be seated conditionally pending the resolution of a federal lawsuit brought by the four petitioners and Public Citizens, Inc. challenging the constitutionality of a Georgia law requiring a run-off between the top two candidates where no single candidate has won a majority in the general election. The second petition, filed by three Georgia citizens, asked the Senate to seat Senator-elect Coverdell conditionally until the Federal Election Commission ("FEC") had an opportunity to investigate a complaint filed by the Democratic Senate Campaign Committee ("DSCC") charging that the National Republican Senatorial Committee ("NRSC") had exceeded campaign spending limits during the Georgia run-off election. Senator Coverdell was sworn in with accompanying language noting that he was being seated "without prejudice" to the Senate's right to consider the petitions before it.[14] Public Citizen's lawsuit challenging the constitutionality of the 1992 run-off election was dismissed by a federal district court in March 1993. The district court's decision was upheld on appeal in June 1993. In April 1995, the FEC concluded that it could not reach a verdict with respect to the charge that the NRSC had overspent during the run-off election.[15] The Rules Committee took no official action on the petitions.

Also in 1992, several petitions contesting the election of Senator Packwood were filed by Oregon voters. These petitions, later consolidated, argued that Senator Packwood had lied to the voters regarding his mistreatment of women and had thereby "defrauded" the electorate. The petitions asked that the election result be set aside. Like Senator Coverdell, Senator Packwood was seated without prejudice to the Senate's right to review the petitions.[16] By a vote of 16-0, the Rules Committee dismissed the petitions against Senator Packwood in May 1993. While the Committee did not formally report to the Senate, the Chairman advised the Senate of the Committee's decision not to proceed further with the inquiry and the Senate took no action.[17]

Finally, in 1994 California Senatorial candidate Michael Huffington filed a petition contesting the election of Senator Dianne Feinstein. In his petition, Huffington argued that some of the votes cast for Senator Feinstein were invalid and that he had won a majority of the valid ballots cast. Senator Feinstein was sworn in "without prejudice" to the Senate's right to consider the petitions before it.[18] Huffington withdrew his petition before the Rules Committee could report to the Senate.[19]

III. SENATE PROCEDURES IN CONTESTED ELECTION CASES

Unlike the House of Representatives, whose election contests are governed in part by codified procedures,[20] "[t]he Senate has never perfected specific rules for challenging the right of a claimant to serve."[21] Rather, Senate "practice has been to consider and act upon each case on its own merits, although some general principles have evolved from the precedents established."[22] A discussion of those general principles is set forth below.

A. Beginning the election contest

Senate election contests are most frequently begun with the filing of a petition by the losing candidate, addressed to the Senate, protesting the seating of the contestee and asserting a right to the seat in question. However, there is no requirement that the protest be made by a losing candidate. Petitions have also been filed by interested voters in the state,[23] and in *Steck v. Brookhart*, discussed above in section II, a protest was filed not only by the unsuccessful Democratic candidate, but by the state's Republican committee as well, which maintained that the certified winner of the election was not a proper party member.[24] Although no rule exists, recent practice has been to file the petition with the President of the Senate.[25] On other occasions, the petition has been sent to various members of the Senate majority and minority leadership.[26] Petitions of contest are not the only means available for instituting an election contest. A member may offer a resolution calling for an investigation of an election.[27] In addition, the Committee on Rules and Administration has asserted its right to investigate an election contest upon its own motion.[28] Recent Senate practice has been to refrain from investigating a contested election until the state has conducted its own review or recount, where such state remedies were available.[29]

B. Senate action upon filing of petition

1. The Decision to Seat

If a petition of contest is filed in advance of the presentation of credentials and swearing-in of senators-elect on the opening day of a new Congress,[30] the Senate must decide whether to seat the certified senator-elect pending resolution of the election contest. The practice of the Senate has generally been to treat a state certification that appears proper on its face[31] as *prima facie evidence that the member-elect is entitled to a Senate seat, and to seat him pending determining of his right to office:*

"[T]he orderly and constitutional method of procedure in regard to administering the oath to newly elected Senators [is] that when any gentleman brings with him or presents a credential consisting of the certificate of his due election from the executive of his State he is entitled to be sworn in, and that all questions relating to his qualification should be postponed and acted upon by the Senate afterwards."[32]

Although this has been the usual Senate practice, the Senate retains its discretion to look behind such credentials and to refuse to seat a member-elect until it completes its adjudication of the election contest. For example, in the 1927 contest of *Wilson v. Vare* for a Pennsylvania Senate seat, discussed above in section II, the Senate asked the certified senator-elect, William Vare, to step aside. The Senate refused to seat Vare until a special committee, previously formed to investigate excessive expenditures and corrupt practices in the 1926 senatorial campaigns in Pennsylvania and Illinois, had completed its investigation and made its final report.[33] This exercise of power was upheld in a case arising out of the Vare investigation, *Barry v. U.S. ex rel. Cunningham*,[34] in which the Supreme Court held that the Senate had the discretion to decide whether to accept Vare's credentials and administer him the oath, pending adjudication of the election contest.[35]

The Senate most recently refused to seat a member-elect presenting state credentials in the 1975 election contest between John Durkin and Louis Wyman for a New Hampshire Senate seat, also discussed above in Section II. A certificate of election had been issued to Durkin, but, after a recount, the certificate was rescinded and reissued to Wyman. At the swearing-in of new members-elect, both Wyman and Durkin were asked to stand aside,[36] and the certificates were referred to the Committee on Rules and Administration.[37] After neither the Rules Committee nor the full Senate was able to resolve the dispute, the seat was ultimately declared vacant.[38]

The more common practice in recent years has been to seat the certified member-elect against whom a petition of contest has been filed, but to administer the oath of office to him "without prejudice."[39] The effect of administering the oath without prejudice is, it has been said, "a two-sided proposition—without prejudice to the Senator and without prejudice to the Senate in the exercise of its right."[40] The "right" of the Senate is its right, by majority vote, to later unseat the member or affirm his membership after the issues respecting his right to the seat are resolved.[41] The most recent explanation of this practice came from then Majority Leader Dole at the beginning of the 104th Congress in connection with administering the oath to Senator-elect Feinstein, whose election had been challenged by her opponent. It was Senator Dole's view that the phrase "without prejudice" had no effect upon the rights of the Senator to act as a Senator, or the rights of the Senate to act as the judge of the Senator's election:

"The oath that will be administered to Senator Feinstein, just as the oath that will be administered to all other Senators-elect, will be without prejudice to the Senate's constitutional power to be the judge of the election of its members. . . . [T]he making of this statement [that the oath is administered "without prejudice"] prior to the swearing in of a challenge[d] Senator-elect serves the purpose of acknowledging formally that the Senate has received an election petition and that it will review the petition in accordance with its customary procedures."—141 Cong. Rec. S4 (daily ed. Jan. 4, 1995).[42]

2. Reference to committee

The petition of contest and other papers that have been filed relating to an election contest are referred to the Committee on Rules and Administration for investigation and recommendations.[43] The committee has jurisdiction over "[c]redentials and qualifications of Members of the Senate [and] contested elections"[44] Under the rules of the Senate, standing committees continue in existence and maintain their power during the recesses and adjournments of the Senate.[45] The committee, on the basis of this rule and the Senate precedents that underlie it, has asserted its power to continue investigations without interruption during periods of adjournment.[46] The committee has also began investigations of election contests in advance of the convening of the Congress to which the member-elect was elected.[47]

C. Committee practice and procedure

1. Pleadings before the committee

In most election cases, the protest takes the form of a petition and complaint, similar to that in a lawsuit, describing in varying detail the grounds upon which the challenge is based. The contestee files a response, typically in the form of an answer or an answer combined with a motion to dismiss. The parties may submit follow-up replies, and in some cases the contestant, either on his own or upon the request of the committee, may file one or more amended complaints. In addition to formal pleadings, the parties may submit various legal memoranda on issues relevant to the investigation, for example, on questions concerning the scope and applicability of the state's election laws.[48]

2. Committee hearings

Committee hearings may be held not only in Washington, but also at the site of the election[49] The parties and their counsel are generally permitted an active role in these hearings. Either the contestants or their counsel typically make opening statements,[50] and counsel may be permitted to make subsequent legal arguments and otherwise present their client's positions during the hearings.[51] The parties may be permitted to call witnesses,[52] and counsel may be given the right to question and cross-examine witnesses themselves.[53] As might be expected given the politically charged nature of the issues that may arise in these disputes, hearings may be lengthy, particularly if a recount is conducted. For example, the Rules Committee held 46 sessions and 698 rollcall votes in its attempt to resolve the *Durkin* v. *Wyman* content.[54]

3. Committee recount procedures

In many cases, the nature of the protest is such that the committee will not engage in a recount. In some cases, no recount will be requested by the contestant. For example, in the 1975 *Edmondson* v. *Bellmon* contest, the challenger's sole complaint was that the voting machines in one county had been programmed in violation of Oklahoma law.[55] In other cases, the committee may decide to make its recommendations exclusively on the basis of the pleadings and other evidence introduced by the parties, and reject any full-scale investigation or recount.[56] The committee may also refuse to conduct a recount because of the contestant's failure to exhaust available state recount procedures.[57] The decision to conduct a recount is generally made by the formal adoption of a resolution by the committee;[58] the resolution may authorize a recount on less than a statewide basis, limited to selected counties in the state or to a particular group of protested ballots.[59]

The first step of a recount is to secure immediate possession of all election records bearing on the contest. Most Senate recounts have been conducted in Washington.[60] Committee staff members, often together with the Sergeant at Arms, may be sent to the state to seal all voting machines and to bring back paper ballots, tally sheets, ballot stubs, and other election records.[61] In some cases, committee subpoenas have been issued to the responsible state election officials to obtain these records.[62] Stringent security precautions have been observed in transporting these materials to Washington and in storing them during the recount. For example, in the *Durkin* v. *Wyman* contest, ballots were kept in a locked room in the basement of the Russell Office Building with Capitol Police officers on guard around the clock; two padlocks were placed on the door, with a different key given to the ranking majority and minority members of the committee.[63]

Often extensive field investigations may be necessary at various stages of the recount process. Voting machines may need to be inspected to verify that the machines accurately recorded the votes cast and that the total votes recorded on the machines corresponds with the number of voters listed on the pollbooks.[64] Registration records may need to be examined and compared with the pollbooks to ensure that only legally authorized voters are included in the count.[65] In many election cases, charges of a wide variety of election irregularities will be at issue, such as illegal assistance or corruption of voters, tampering with ballot boxes or voter machines, violation of the secrecy of the ballot, and fraudulently altered ballots. Investigation of such questions may require a significant commitment of committee manpower. For example, in investigating charges of violations of New Mexico voters' constitutional right to a secret ballot in *Hurley* v. *Chavez*, committee investigators interviewed and obtained signed and witnessed statements from thousands of voters throughout the state. A number of Spanish-speaking investigators were engaged by the committee to aid in this effort.[66]

4. Committee report and recommendations

Upon the completion of its investigation and any recount, the committee submits to the Senate a report, together with an accompanying resolution, recommending a final disposition of the election contest. The report may also contain minority views.[67] There are several courses of action that the committee may recommend to the Senate. The committee may recommend that the petition of contest by dismissed. Dismissals of contests are commonly based on the ground that the allegations of the petition are too general to justify committee investigation.[68] or that even if the allegations are accepted as true, they would be insufficient to affect the result of the election.[69] Alternatively, based upon its investigation, the committee may recommend that a certain candidate has received a majority of the valid votes and should be declared the winner.[70] Finally, the committee may conclude that no winner can be determined, and recommend that the election be set aside and the seat declared vacant so that a special election can be held.

However, in the two most recent Senate contested election cases in which the full Senate has acted, both occurring during the 94th Congress, the committee was unable to agree upon recommendations for final disposition of the contests. As noted in the *Durkin* v. *Wyman* contest, the inability of the committee to resolve the numerous issues on which it was evenly divided prevented it from reaching agreement on a final recommendation; the committee was able only to report a resolution seeking Senate determination of the issues upon which the committee had deadlocked.[72] In the *Edmondson* v. *Bellmon contest* the committee found that the Oklahoma election laws had been violated and that those violations could have affected the results of the election, but it was unable to determine who would have won the election had the violations of law not occurred. The committee reported a resolution requesting that the Senate determine the outcome of the election.[73] A minority report, which charged that the majority report was partisan, recommended that the challenge be dismissed. After four days of debate, the Senate voted 47 to 46 to table the majority's resolution. By voice vote the Senate then declared that the state-certified victor should keep his seat.

D. Standard of review

The contestant in an election has the burden of proof to establish, by a preponderance of evidence,[74] the allegations raised in his petition. Sufficient evidence must be offered to overcome the presumption that the official returns are prima facie evidence of the regularity and correctness of the election[75] and that election officials have properly performed their legal duties.[76] Not only must the contestant overcome these presumptions of regularity, but he must affirmatively establish that the irregularities complained of would affect the result of the election.[77] In addition to these general standards, common to all election contests, the committee will often adopt detailed evidentiary presumptions to govern its consideration of the factual issues that may be raised in a particular contest.[78]

E. Application of State election laws

The Senate has generally attempted to observe state election laws in resolving election contests. However, as the final judge of its elections, the Senate is not bound by state election laws, and has exercised its power to disregard those laws, especially in instances where their technical application would invalidate the will of the voters.[79] As Senator Cannon stated about the Senate's investigation of the *Durkin* v. *Wyman* contest, "The U.S. Senate, as the final judge or arbiter of elections, returns, and qualifications of its Members, is not bound by the statutes and case law of a State, although the committee has consistently given weight to the New Hampshire law consistent with the attempt to determine the intent of the voter."[80] In determining whether to give effect to state election laws, a distinction is often drawn between "directory" and "mandatory" provisions of state law. "Mandatory" provisions affecting the right of suffrage itself have been more strictly followed than "directory" provisions, such as those governing ministerial functions of state election officials and technical requirements concerning the manner of marking ballots.

F. Senate disposition

Election contests are generally disposed of, following floor consideration and debate, pursuant to Senate resolution. A resolution from the committee disposing of a contested election case is highly privileged; it does not have to lie over a day and has precedence over most unfinished business or motions.[81] The parties to the election contest, including bona fide claimants and senators-elect who have not been permitted to take the oath of office, are usually granted floor privileges during the debate on the election contest;[82] occasionally, they have even been granted the privilege of addressing the Senate to present their case.[83]

The Senate may adopt a resolution dismissing the complaint; such resolutions are frequently adopted by unanimous consent with little or no floor debate.[84] If a senator-elect who has previously been sworn in is determined by the Senate to be entitled to the seat, the resolution will declare that he was duly elected for a six-year term as of the date he received the oath.[85] Where the contestant is declared the winner and the incumbent is unseated, or if no one had earlier been sworn in, upon adoption of the resolution, the prevailing party has been immediately given the oath of office and seated.[86] In most instances, where the Senate has determined that the state-certified victor should not be seated, it has declared the seat vacant.[87]

G. Reimbursement of election contest expenses

The Senate has by resolution authorized the payment of expenses incurred by the parties in contested election cases.[88] Reimbursement is not automatic, however, and the Senate has refused to authorize payment of expenses even in instances where the committee recommended such payment.[89] Most of these resolutions authorizing reimbursement specify the amount of the payments, typically less than the actual expenses incurred by the parties during the contest. In the *Durkin* v. *Wyman* contest, however, the resolution authorized payments out of the contingent fund of the Senate to reimburse both Durkin and Wyman in an amount to be determined by the committee.[90]

DURATION OF CONTESTED ELECTION CASES

Investigations

Edmondson v. Bellmon, Oklahoma, 1975 election: 18 months; investigation delayed 9 months during New Hampshire case.

Hurley v. Chavez, New Mexico, 1952 election: 15 months; fraud investigation.

Tydings v. Butler, Maryland, 1950 election: 8 months; campaign finance and slander investigation.

Sweeney v. Kilgore, West Virginia, 1948 election: 18 months; fraud investigation.

Hook v. Ferguson, Michigan, 1948 election: 9 months; fraud investigation.

Long and Overton, Louisiana, 1932 election: 20 months; fraud investigation by special committee.

Heflin v. Bankhead, Alabama, 1930 election: 17 months; fraud investigation.

Smith, Illinois, 1926 election: 20 months; campaign finance and bribery investigation by special committee.

Wilson v. Vare, Pennsylvania, 1926 election: 3½ years; fraud and campaign finance investigation by special committee.

Peddy v. Mayfield, Texas, 1992 election: Over 2 years; fraud investigation and recount.

Ford v. Newberry, Michigan, 1918 election: 3½ years; fraud and campaign finance investigation.

Recounts

Durkin v. Wyman, New Hampshire, 1975 election: 9 months.

Markey v. O'Conor, Maryland, 1946 election: 16 months.

Steck v. Brookhart, Iowa, 1924 election: 15 months.

Note—dates measured from date of election.

Case	Any Committee Action Taken During Sine Die Adjournment of Congress?	State Certified Candidate Seated?
Steck v. Brookhart	Yes	Yes.
Durkin v. Wyman	Yes	No.
William Lorimer	Yes	Yes.
Frank L. Smith	Yes	No.
Wilson v. Vare	Yes	No.

FOOTNOTES

[1] U.S. Const. art. I, §5, cl. 1.

[2] *Ford* v. *Newberry*, S. Rep. No. 277, pt. 1, 67th Cong. 1st Sess. 9 (1921).

[3] *Roudebush* v. *Hartke*, 405 U.S. 15, 19 (1972).

[4] 277 U.S. 376, 388 (1928).

[5] *See generally United States Senate Election, Expulsion and Censure Cases 1793–1990*, S. Doc. No. 33, 103d Cong., 1st Sess. (1995) (hereafter "Senate Election Cases"). This publication, compiled by the Senate Historian's Office, contains a brief description of all Senate election, expulsion, and censure cases during the period 1793 to 1990.

[6] Two involve the unseating of Senators who were found ineligible under the Constitutional requirement that a Senator be a U.S. citizen for nine years; *see Senate Election Cases* at 3 (Albert Gallatin, 1793–94) and 54 (James Shields, 1849); and two others involve challenges to the method to elect U.S. Senators used by state legislatures prior to the 1913 ratification of the Seventeenth Amendment, *id*. at 74 (James Harlan, 1855–57) and 127 (John Stockton, 1865–66).

[7] *Id*. at 424 (*John A. Durkin* v. *Louis C. Wyman*, 1974–75); *id*. at 333 (Frank L. Smith, 1926–28); *id*. 328 (*William B. Wilson* v. *William S. Vare*, 1926–29); *id*. at 283 (William Lorimer, 1910–12); *id*. at 129 (John P. Stockton, 1865–66); *id*. at 76 (James Harlan, 1855–57); *id*. at 55 (James Shields, 1849); *id.* at 4 (Albert Gallatin, 1793–94).

[8] The Senate has maintained consistently the majority's position. *See infra* at 26, 27.

[9] S. Rep. No. 942, pt. 1, 61st Cong., 3d Sess. 2 (1910).

[10] S. Rep. No. 769, 62d Cong., 2d Sess. 91 (1912).

[11] *Id*. at 100–14.

[12] *See id*. at 101 (noting that one of the bribed legislators had successfully blackmailed Lorimer to obtain employment, and that an "innocent [man] would indignantly have refused to have anything else to do with such a blackmailer.")

[13] *Senate Election Cases* at 325.

[14] 139 Cong. Rec. S4–S7 (daily ed. Jan. 5, 1993). As discussed below, *see* discussion *infra* at 17, such qualifying language probably has no legal effect.

[15] However, the FEC found that Senator Coverdell's 1992 campaign committee had accepted $66,000 in improper contributions from 95 people. The FEC fined the committee $32,000 and directed it to return the improper contributions.

[16] 139 Cong. Rec. S4–S7 (daily ed. Jan. 5, 1993).

[17] *See* 139 Cong. Rec. S6294 (daily ed. May 21, 1993) (statement of Senator Ford).

[18] 141 Cong. Rec. S4 (daily ed. Jan. 4, 1995).

[19] Michael Doyle, *Huffington Concedes Nov. 8 Senate Race*, The Fresno Bee, Feb. 8, 1995, at A3.

[20] The Federal Contested Election Act of 1969, 2 U.S.C. §§381–396 (1994). Prior to 1969, House election contests were governed by the provisions of the Contested Elections Act, 2 U.S.C. §§201–226 (repealed), which derived from the Act of Feb. 19, 1851, ch. 11, 9 Stat. 568.

[21] *Senate Election, Expulsion and Censure Cases from 1793 to 1972*, S. Doc. No. 7, 92d Cong., 1st Sess. vii (1972).

[22] *Id*.

[23] *See William Langer*, S. Rep. No. 1010, 77th Cong., 2d Sess. 1 (1942). Following the 1992 election, five groups of Oregon voters filed petitions with the Senate contesting the election of Senator Robert Packwood, charging that he had engaged in election fraud by lying during the campaign about his treatment of women.

[24] *Steck* v. *Brookhart*, S. Rep. No. 498, 69th Cong., 1st Sess. 2 (1926).

[25] *See, e.g., In the Matter of the United States Seat from California in the 104th Congress of the United States* (1994) (petition filed by Michael Huffington contesting the election of Senator Dianne Feinstein); *Petition to Deny Seating to, or Seat Conditionally, Senator Bob Packwood* (1992) (filed by Oregon voter Keith Skelton); *Petition by Certain Voters and Citizens of the State of Oregon* (1992) (also contesting the election of Senator Packwood).

[26] *Petition Challenging the Election of Paul Coverdell* (1993) (filed by three Georgia citizens).

[27] Investigations of improper campaign expenditures and corrupt practices have often been instituted in this manner. *See, e.g., Frank L. Smith, Senate Election Cases, supra* note 5, at 330–33; Wilson v. Vare, id. 323–29.

[28] *See Hurley v. Chavez*, S. Rep. No. 1081, 83d Cong., 2d Sess. 2 (1954).

[29] *See* S. Rep. No. 597, 94th Cong., 2d Sess. 8 (1976) (*Edmondson v. Bellmon*); S. Rep. No. 156, part 2, 94th Cong., 1st Sess. 3–6 (1975) (*Durkin v. Wyman*); *Senate Election Cases at 419* (*Roudebush v. Hartke, 1970–72*); id. at 399 (*Hurley v. Chavez, 1952–54*). *See also* S. Rep. No. 802, 81st Cong., 1st Sess. 9 (1949) (*Sweeney v. Kilgore*) (where contestant had withdrawn his request for a recount by the state, the Subcommittee did not conduct a recount in keeping "with the policy of the subcommittee to conduct no recount in any State wherein the laws of that State provide for a recount by candidates for United States Senator."). But *see Senate Election Cases* at 391–93 (*Tydings v. Butler, 1950–51*) (no effort to pursue state remedies where Senate was conducting a hearing and investigation into allegations of campaign irregularities, including slander and smear tactics). Following the 1994 general election, Michael Huffington contested the election of Senator-elect Dianne Feinstein in the Senate without first seeking a recount in California. Huffington later withdrew his Senate petition before the Rules Committee could report to the Senate. *See* Susan Yoachum, *Huffington Concedes, Drops Voter Challenge*. S.F. Chron., Feb. 8, 1995, at A3; Michael Doyle, *Huffington Concedes Nov. 8 Senate Race*, The Fresno Bee, Feb. 8, 1995, at A3.

[30] There is no such requirement; petitions are frequently filed after the contestee has been seated. *See, e.g., Hook v. Ferguson* (1949), *Senate Election Cases, supra* note 5, at 386.

[31] The Senate has adopted forms of suggested certificates of election and appointment of senators. *See* Rule 2.3, Standing Rules of the Senate, S. Doc. 8, 104th Cong., 1st Sess. 2 (1994). Credentials should be signed by the governor and attested by the secretary of state of the state in which the election was held.

[32] 37 Cong. Rec. 1 (1903) (statement of Sen. Hoar). *See also Riddick's Senate Procedure*, S. Doc. No. 28, 101st Cong., 2d Sess. 704 (Alan S. Frumin ed., rev. ed. 1992) ("Under orderly procedure, a Senator-elect, upon presentation of credentials, should be sworn in, and all matters touching his qualifications should be determined thereafter."); *Senate Election Cases, supra* note 5, at xviii.

[33] 60 Cong. Rec. 4, 337–38 (1927). As discussed above in Section II, the certified senator-elect from Illinois, Frank L. Smith, was also asked to step aside, based upon similar indications for fraud and corruption discovered by the special committee. *See Senate Election Cases, supra* note 5, at 333. The Senate has also refused to seat members-elect presenting credentials in a number of cases predating the adoption of the Seventeenth Amendment in 1913. In many of these cases, the credentials were invalid for reasons either apparent on their face or otherwise within the knowledge of the Senate, for example, because a governor was attempting to make an appointment to fill a vacancy which had not been filled by the legislature while it was in session. *E.g. Matthew Quay* (1899), *id*. at 261–62; *Henry W. Corbett* (1897), *id*. at 253–55; *Lee Mantle* (1893), *id*. at 243–45. A number of cases involved instances where more than one candidate presented credentials for a seat. *E.g., Lucas v. Faulkner* (1887), *id*. at 230–31; *Reynolds v. Hamilton* (1870), *id*. at 164–65; *Stanton v. Lane* (1861), *id*. at 92–94. Many occurred during the Civil War when there was concern about seating senators disloyal to the Union cause or senators representing states in a state of rebellion. *E.g., Fishback, Baxter and Snow* (1864), *id*. at 117–20; *Cutler Smith and Hahn* (1864), *id*. at 121–23; *Segar and Underwood* (1865), *id*. at 124–26.

[34] 279 U.S. 597 (1929).

[35] *Id*. at 614–15.

[36] 121 Cong. Rec. 4–5 (1975).

[37] 121 Cong. Rec. 1495 (1975).

[38] 121 Cong. Rec. 25960–61 (1975). *See generally*, D. Tibbetts, *The Closest U.S. Senate Race in History* (1976).

[39] *See, e.g.*, 141 Cong. Rec. S4 (daily ed. Jan. 4, 1995) (Senator-elect Feinstein); 139 Cong. Rec. S4–S7 (daily ed. Jan. 5, 1993) (Senators-elect Coverdell and Packwood); 121 Cong. Rec. 8 (1975) (Senator-elect Bellmon); 117 Cong. Rec. 6 (1971) (Senator-elect Hartke); 110 Cong. Rec. 18120 (1964) (Senator-elect Salinger) (appointee); 97 Cong. Rec. 3 (1951) (Senator-elect Butler).

[40] 87 Cong. Rec. 3 (1941) (statement of Senator Barkley on the seating of Senator-elect Langer).

[41] *See* 87 Cong. Rec. 4 (1941) (ruling of the presiding officer that "[i]f this agreement is entered into, only a majority of the Senate will be required to pass on the qualifications of the Senator-elect").

[42] Democratic Leader Senator Daschle added his concurrence to Senator Dole's remarks. *Id*. In 1993 Senators Coverdell and Packwood took the oath of office while challenges to their election were pending. At that time, Senator Dole, as Republican Leader, stated his view that "the phrase 'without prejudice' used today is of course meaningless, in its effect upon any subsequent Senate action." 139 Cong. Rec. S7 (daily ed. Jan. 4, 1993).

[43] *See, e.g.*, 121 Cong. Rec. 8 (1975) (referral of petition of contest and reply in *Edmondson* v. *Bellmon* contest). Election contests were often initially heard by the Subcommittee on Privileges and Elections of the Rules Committee; that subcommittee was disbanded in 1977. Election contests during the period 1871–1946 were referred to the Committee on Privileges and Elections; prior to 1871, such disputes were usually referred to special committees or to the Committee on the Judiciary. In this section of this memorandum, the term "committee" will be used generally to refer to the Rules Committee and its predecessor committees.

[44] Rule 25.1(n)(1)(4), Standing Rules of the Senate, S. Doc. No. 104–8, *supra* note 31, at 30 (1944).

[45] Rule 26.1, Standing Rules of the Senate, S. Doc. No. 104–8, *supra* note 31, at 36.

[46] *See* 121 Cong. Rec. 1472 (1975) (statement of Sen. Allen); *Senate Election, Expulsion and Censure Cases From 1909–1960*, S. Doc. No. 71, 87th Cong., 2d Sess. viii (1962).

[47] *See Durkin* v. *Wyman*, S. Rep. No, 94–156, part 2, *supra* note 29, at 5–6.

[48] *See, e.g., Senator from Oklahoma: Hearings Before the Subcomm. on Privileges and Elections of the Senate Comm. on Rules and Administration*, 94th Cong., 1st Sess. 221–464 (1975) (hereinafter "*Edmondson* v. *Bellmon Hearings*") (collecting together pleadings and memoranda of contestants).

[49] For example, in the *Edmondson* v. *Bellmon* contest, committee staff members held hearings in Oklahoma, which were followed with hearings before the committee in Washington. S. Rep. No. 94–597, *supra* note 29, at 5–6 (1976).

[50] *See, e.g., Edmondson v. Bellmon* Hearings, *supra* note 48, at 11–47; *Senator from New Hampshire: Hearings Before the Subcomm. on Privileges and Elections of the Senate Comm. on Rules and Administration*, 93d Cong., 2d Sess. 136–205 (1975) (hereafter "*Durkin v. Wyman* Subcommittee Hearings"); *Steck v. Brookhart*, S. Rep. No. 69–498, *supra* note 24, at 5.

[51] *See Durkin v. Wyman*, S. Rep. No. 94–156, part 1, supra note 29, at 2; *Senator from New Mexico: Hearings Before Subcomm. on Privileges and Elections of the Senate Comm. on Rules and Administration*, 83d Cong., 1st Sess. 159–82 (1953) (hereafter "*Hurley v. Chavez* Hearings") (argument of counsel on motion of dismiss).

[52] *See Edmondson v. Bellmon Hearings*, *supra* note 48, at 49–50.

[53] *See Steck v. Brookhart*, S. Rep. No. 69–498, supra note 24, at 6–7; *Johnson v. Schall*, S. Rep. No. 1021, 69th Cong., 1st Sess. 3–8 (1926).

[54] S. Rep. No. 94–156, part 1, *supra* note 29, at 2. This was in addition to hearings held by the Subcommittee on Privileges and Elections. *See Durkin v. Wyman* Subcommittee Hearings, *supra* note 50.

[55] S. Rep. No. 94–597, *supra* note 29, at 3–5.

[56] *See Willis v. Van Nuys*, S. Rep. No. 281, 76th Cong., 1st Sess. 8 (1939) (rejecting recount because of the absence of a prima facie showing that it might result in unseating of the contestee); *Bursum v. Bratton*, S. Rep. No. 724, 69th Cong., 1st Sess. 7–10 (1926) (recount unjustified because no preliminary evidence was offered tending to cast doubt upon the accuracy of the official returns).

[57] *See Sweeney v. Kilgore*, S. Rep. No. 81–802, *supra* note 29, at 9.

[58] *See, e.g., Hurley v. Chavez*, S. Rep. No. 83–1081, *supra* note 28, at 265.

[59] For example, in the *Durkin v. Wyman* contest, the committee ordered a recount of the approximately 3,500 ballots that had been before the state ballot law commission. S. Rep. No. 94–156, part 2, *supra* note 29, at 8. The committee may also begin with a limited recount to determine if there are sufficient grounds for a wider investigation and statewide recount. *See O'Conor v. Markey*, S. Rep. No. 1284, 80th Cong., 2d Sess. 3, 11–12 (1948) (preliminary five-county recount subsequently widened to statewide recount in light of trend reducing incumbent's lead).

[60] An alternative approach is to count the ballots at locations in the state, and only bring to Washington those ballots remaining in dispute for committee review. *See O'Conor v. Markey*, S. Rep. No. 80–1284, *supra* note 59, at 3.

[61] *See Durkin v. Wyman*, S. Rep. No. 94–156, part 1, *supra* note 29, at 4; *Heflin v. Bankhead*, S. Rep. No. 568, 72d Cong., 1st Sess. 36 (1932); *Peddy v. Mayfield*, S. Rep. No: 973, 68th Cong., 2d Sess. 3 (1925).

[62] *See Hurley v. Chavez*, S. Rep. No. 83–1081, *supra* note 28, at 75; *Steck v. Brookhart*, S. Rep. No. 69–498, *supra* note 24, at 2.

[63] D. Tibbetts, *supra* note 38, at 60.

[64] *See Durkin v. Wyman*, S. Rep. No. 94–156, part 1, *supra* note 29, at 35; *Hurley v. Chavez*, S. Rep. No. 83–1081, *supra* note 28, at 276.

[65] *Hurley v. Chavez*, *id.* at 55.

[66] *Id.* at 16. In the *Sweeney v. Kilgore* contest, 22 investigators hired by the committee spent a total of 7,006 man-days over a period of 18 months conducting field investigations. S. Rep. No. 81–802, *supra* note 29, at 6.

[67] *See Edmondson v. Bellman*, S. Rep. No. 94–597, *supra* note 29, at 27–50; *Steck v. Brookhart*, S. Rep. No. 69–498, *supra* note 24, at 23–33.

[68] *See Pritchard v. Bailey*, S. Rep. No. 1151, 72d Cong., 2d Sess. 1 (1933); *Hoidale v. Schall*, S. Rep. No. 1066, 72d Cong., 2d Sess. 6 (1933).

[69] *See Willis v. Van Nuys*, S. Rep. No. 76–281, *supra* note 56, at 2; *Heflin v. Bankhead*, S. Rep. No. 72–568, *supra* note 61, at 20–21.

[70] *E.g., Sweeney v. Kilgore*, S. Rep. No. 81–802, *supra* note 29, at 18; *Hook v. Ferguson*, S. Rep. No. 801, 81st Cong., 1st Sess. 1 (1949); *O'Conor v. Markey*, S. Rep. No. 80–1284, *supra* note 59, at 17; *Steck v. Brookhart*, S. Rep. No. 69–498, *supra* note 24, at 15; *Bursum v. Bratton*, S. Rep. No. 69–724, *supra* note 56, at 10.

[71] *See Hurley v. Chavez*, S. Rep. No. 83–1081, *supra* note 28, at 5. The Senate rejected the committee's recommendation and permitted Chavez to retain his seat.

[72] S. Rep. No. 94–156, part 1, *supra* note 29, at 1.

[73] S. Rep. No. 94–597, *supra* note 29, at 1–2.

[74] Although the standard has not been expressly stated by the committee in these terms, this would appear to be the most accurate characterization of the burden of proof that the committee has applied in election contests. *See, e.g., Wilson* v. *Vare*, S. Rep. No. 47, 71st Cong., 2d Sess. 2 (1929) ("it must be found, not beyond a reasonable doubt, perhaps, but it must be the conviction of reasonable men, at least, that the proof sustained the charges").

[75] *Pritchard* v. *Bailey*, S. Rep. No. 72–1151, *supra* note 68, at 1.

[76] *O'Conor* v. *Markey*, S. Rep. No. 80–1284, *supra* note 59, at 14; *Wilson* v. *Vare*, S. Rep. No. 71–47, *supra* note 74, at 5 (1927); *Sweeney* v. *Kilgore*, S. Rep. No. 81–802, *supra* note 29, at 7.

[77] *Id.* at 18; *Edmondson* v. *Bellmon*, S. Rep. No. 94–597, *supra* note 29, at 22; *Heflin* v. *Bankhead*, S. Rep. No. 72–568, *supra* note 61, at 21; *Senate Election Cases*, *supra* note 5, at 384 (In *Sweeney* v. *Kilgore*, the committee found that fraudulent ballots did not effect the outcome of the election; therefore, the committee recommended that the state-certified victor retain his seat.).

[78] For example, in the *Hurley* v. *Chavez* contest, the committee adopted a number of evidentiary presumptions to govern its recount. Two examples are illustrative. The recount rules provided that, absent direct or circumstantial proof to the contrary, any erasure marks on a ballot would be treated as made by the voter and the ballot would be thrown out. On the other hand, where a ballot had been mutilated or had its secret number exposed, absent proof to the contrary, someone other than the voter would be deemed responsible and the vote would be counted. S. Rep. No. 83–1081, *supra* note 28, at 268.

[79] Likewise, the Senate is not bound by the decisions of state courts or the results of state recount proceedings, though such state determinations are often accorded "great weight." *Johnson* v. *Schall*, S. Rep. No. 69–1021, *supra* note 53, at 9. For additional references, *see supra* note 29.

[80] 121 Cong. Rec. 18620 (1975).

[81] *See* 84 Cong. Rec. 3611 (1939) (statement of Sen. George); 76 Cong. Rec. 3544 (1933) (statement of President pro tempore). *See also Riddich's Senate Procedure*, *supra* note 32, at 706.

[82] *Id.* at 560. In the *Durkin v. Wyman* contest, both parties, together with their counsel, were permitted to sit in the rear of the Senate chamber during the debate. *See* D. Tibbetts, *supra* note 38, at 123. Durkin, by unanimous consent, was given the privilege of the floor. 121 Cong. Rec. 1472 (1975). No such motion was required for Wyman, as he already had floor privileges as an ex-senator.

[83] *See* S. Res. 2, 70th Cong., 1st Sess., 69 Cong. Rec. 338 (1927) (according William Vare "the privileges of the floor of the Senate for the purpose of being heard touching his right to receive the the oath of office and to membership in the Senate"). There were even early instances when counsel for the parties were permitted to address the Senate. *See* 17 Annals of Cong. 187–207 (1808) (statement of Francis Scott Key); *id.* at 207–234 (statement of R.G. Harper).

[84] *See, e.g.*, S. Res. 123, 76th Cong., 1st Sess., 84 Cong. Rec. 4183 (1929) (*Willis v. Van Nuys*); S. Res. 115, 76th Cong., 1st Sess., 84 Cong. Rec. 3611–12 (1929) (*Neal v. Steward*); S. Res. 343, 72d Cong., 2d Sess., 76 Cong. Rec. 3544–45 (1933) (*Hoidale v. Schall*).

[85] *See* S. Res. 142, 81st Cong., 1st Sess., 95 Cong. Rec. 10321 (1949) (*Sweeney v. Kilgore*); S. Res. 141, 81st Cong., 1st Sess., 95 Cong. Rec. 10321 (1949) (*Hook v. Ferguson*); S. Res. 234, 80th Cong., 2d Sess., 94 Cong. Rec. 6160 (1948) (*O'Connor v. Kilgore*).

[86] *See* S. Res. 194, 69th Cong., 1st Sess., 67 Cong. Rec. 7301 (1926) (*Steck v. Brookhart*).

[87] *See, e.g., Senate Election Cases, supra* note 5, at 333 (Frank L. Smith, 1926–28); *id.* at 328 (*William B. Wilson v. William S. Vare*, 1926–29); *id.* at 283 (William Lorimer, 1910–12). *But see id.* at 314 (*Daniel F. Steck v. Smith W. Brookhart*, 1925–26).

[88] *See e.g.*, S. Res. 346, 72d Cong., 2d Sess., 76 Cong. Rec. 5008 (1933); S. Res. 256, 69th Cong., 1st Sess., 67 Cong. Rec. 12633 (1926); S. Res. 211 & 212, 69th Cong., 1st Sess., 67 Cong. Rec. 10563–64 (1926); S. Res. (unnumbered), 47th Cong., 1st Sess., 13 Cong. Rec. 2047 (1992); S. Res. (unnumbered), 46th Cong., 3d Sess., 11 Cong. Rec. 1911–12 (1991).

[89] *See* 79 Cong. Rec. 14449–50 (1935) (declining payment of attorney's fees for contestant and memorialists in *Henyr v. Holt* election contest).

[90] S. Res. 247, 94th Cong., 1st Sess., 121 Cong. Rec. 39861 (1975).

RESERVATION OF LEADER TIME

The PRESIDING OFFICER. Under the previous order, the leadership time is reserved.

DEPARTMENTS OF LABOR, HEALTH AND HUMAN SERVICES, AND EDUCATION, AND RELATED AGENCIES APPROPRIATIONS ACT, 1998

The PRESIDING OFFICER. Under the previous order, the Senate will now resume consideration of S. 1061, which the clerk will report.

The assistant legislative clerk read as follows:

A bill (S. 1061) making appropriations for the Departments of Labor, Health and Human Services, and Education, and related agencies for the fiscal year ending September 30, 1998, and for other purposes.

The Senate resumed consideration of the bill.

Pending:

Gregg amendment No. 1070, to prohibit the use of funds for national testing in reading and mathematics, with certain exceptions.

Coats/Gregg amendment No. 1071 (to Amendment No. 1070), to prohibit the development, planning, implementation, or administration of any national testing program in reading or mathematics unless the program is specifically authorized by Federal statute.

Specter amendment No. 1069, to express the sense of the Senate that the Attorney General has abused her discretion by failing to appoint an independent counsel on campaign finance matters and that the Attorney General should proceed to appoint such an independent counsel immediately.

Coats/Nickles amendment No. 1077, to prohibit the use of funds for research that utilizes human fetal tissue, cells, or organs that are obtained from a living or dead embryo or fetus during or after an induced abortion.

AMENDMENT NO. 1077

The PRESIDING OFFICER. Amendment No. 1077 is now pending.

Mr. COATS addressed the Chair.

The PRESIDING OFFICER. The Senator from Indiana.

Mr. COATS. Mr. President, we will be resuming discussion of the amendment I offered last evening. I don't intend to repeat all that I said last evening. I do know there are a few other Senators who wish to speak on this amendment, and, hopefully, we can accomplish that in a reasonable time and then move to a vote.

It is not my intention to utilize this amendment as a means of delaying a vote on the larger appropriations bill or specifically on the amendment that we adopted last evening, increasing funding for Parkinson's research, an amendment I supported and worked together with Senator WELLSTONE and others on this effort. I was pleased the Senate adopted my amendment related to the whole area of medical research so that we can commission a study which would give us, before the next appropriations and authorization cycle, a better idea of how we can direct research funds to achieve the greatest good for the greatest number.

There are allocations currently made on the basis of who has the best lobbying effort and perhaps who has the best champion in the Congress. While I don't in any way mean to impugn the motives of anyone here who is putting their heart and soul into providing support for research on a disease that affects them or that they believe is important and critical, I do think that in the interest of the widespread number of diseases that are currently under research at NIH and other places and the Federal funds that are used for that research, having a better understanding of where we can best apply those dollars to achieve the breakthroughs that can prevent the suffering and, hopefully, provide the cures for a number of these diseases is the direction we ought to go. We adopted that amendment last evening, and I am pleased the Senate supported that.

This particular amendment is designed to address a specific issue that relates to the utilization of human fetal tissue in research in a number of neurological disease areas. There is a broader question of whether we ought to utilize human fetal tissue and put restrictions on how that is sustained as applies to neurological research in a whole number of areas—Parkinson's, diabetes, and there are a number of other neurological traumas that this could apply to. However, this specific amendment applies only to research in Parkinson's.

I offer it because this is really the issue in terms of where we are applying specific research and increase in research dollars, and we will leave the discussion as it applies to other neurological disease research areas to the NIH reauthorization bill or a more appropriate time. But I believe it is relevant to this particular issue because we are addressing the question of Parkinson's research.

I will summarize the two arguments that I made last evening. One is that we really don't have a pressing need to utilize human fetal tissue obtained through abortions other than human fetal tissue that is obtained through spontaneous miscarriages and through ectopic pregnancies. Because we have available to us some information that indicates that there is a diminishing viability of the utilization of human fetal tissue for Parkinson's research—it hasn't proved to be the promising breakthrough that we once thought it would be—there are alternatives to the utilization of human fetal tissue, specifically cell engineering, specifically utilization of animal fetal tissue, genetic engineering, and some other alternatives.

Second, there are more promising areas of research that don't involve human fetal tissue at all, that involve brain implants, that involve a number of other research areas which I could detail, but I did last evening and I won't do that again.

More importantly, however, than the question of whether or not this is even necessary to continue significant and important human fetal tissue in Parkinson's research, more importantly and most importantly, there are ethical considerations that I believe ought to give us significant pause before we just simply allow the utilization of human fetal tissue research.

A number of moral and ethical questions have been raised, and I raised those last evening. I think Members ought to consider those, particularly those who perhaps don't have a personal concern about the utilization of fetal tissue research. It ought to be considered by them particularly since we have alternatives that allow us to address this problem without utilization of human fetal tissue for this research. If medical research becomes dependent on widespread abortion—and this is a concern because if human fetal tissue is determined to be effective in treatment, when we look at the whole widespread area of neurological research, we are talking of potentially utilization of fetal tissue of up to 20 million fetuses. That presents a wrenching dilemma for those of us, and I think that is most of us in this body, who believe that abortion ought to be rare, if not banned. For those who say it ought to be legal, safe and rare, we certainly would not be moving down a path that would allow us to limit abortions to only those that are most medically necessary.

Second, let me just say that the dilemma that is posed is that the person who is responsible for the termination of the life of the child is the very person who gives the consent for the use of fetal brain tissue from that particular child. It is not consent of the child for utilization of the tissue. The very person who volunteers to have an induced abortion gives consent for the utilization of fetal brain tissue for one who has no voice in that consent. I think that presents a real ethical and moral dilemma that each of us ought to contemplate before we cast our vote in favor of the use of human fetal tissue.

Third, I think there is a concern that we might be encouraging abortion by covering it with a veneer of compassion. "After all, there is a benefit," the thinking goes. "There is a benefit to this abortion because the product of the abortion can be used in alleviating human suffering."

We all want to alleviate human suffering. We all want to do everything that we possibly can to find a cure for these diseases. And yet we have to be confronted with the moral and ethical dilemma of the possibility of the abortionist, the person encouraging the abortion, covering the fundamental underlying question about the life of a child by saying, "Well, after all, we can mitigate your concerns because look at the good that it will do, the side benefit of the good that it will do." Ultimately that is a question that is a great question that ought to be pondered by each of us before we just simply say there is a great benefit to this fetal tissue research.

So on the narrow question of whether or not fetal tissue is necessary for significant Parkinson's research, I think we have answered the question in saying it isn't. There are alternatives available and there are many more promising areas of research that can lead us to breakthroughs in Parkinson's research.

And on the question of the moral, ethical dilemma, we can address that dilemma, particularly in this specific narrow area, by not allowing the use of human fetal tissue research with the exception that the research can go forward with fetal tissue obtained from spontaneous abortions or fetal tissue obtained from ectopic pregnancies.

So it seems to me that we have addressed this issue in a way that allows the research to go forward, utilization of alternatives other than induced abortions, on a voluntary consent basis, and in ways that will not present us with this horrible ethical and moral dilemma that I think deserves great consideration before Members vote. That is the crux of the dilemma that I have presented. I hope Members consider that carefully before they cast their votes and not simply be caught up in "this is anti-Parkinson's, this impedes Parkinson's research, this has nothing to do with abortion, this has nothing to do with the fundamental moral questions here."

We can address this and then save and reserve the greater debate in terms of utilization of human fetal tissue for other neurological research at a time when we are addressing that specific bill. So that is the crux of the argument, Mr. President.

I yield the floor at this particular point in hopes that we can move forward to a successful resolution of this particular issue. Mr. President, I yield the floor.

Mr. KENNEDY addressed the Chair.

The PRESIDING OFFICER (Mr. ALLARD). The Senator from Massachusetts.

Mr. KENNEDY. Mr. President, one thing should be very clear in this discussion. This is not a debate that pits those who are pro-choice against those who are antiabortion. In fact, it is not a debate about abortion at all. The issue is whether Americans suffering from a host of dreaded diseases are going to have the benefits of the best and most ethical medical science possible.

Though the Senator has targeted his particular amendment on one particular disease, there is a broader issue that is raised and that ought to be considered, because if we accept it for this disease, it is going to be accepted obviously for the other diseases of which this process, this procedure is applicable.

Mr. President, let us review the record. And there is an extensive record because the Senate has already voted on this issue a number of times and spoken decisively in favor of ethical, controlled, scientifically valuable fetal tissue research.

In 1988, a Reagan commission, a panel of experts consisting of theologians, scientists, legal experts, ethicists, and pro-life activists studied this issue extensively and voted 18 to 3 to lift the moratorium on fetal tissue transplantation research.

In 1992, both the House and the Senate overwhelmingly approved bills to lift the moratorium. The vote in the Senate was 87 to 10. This legislation was vetoed by President Bush.

Again in 1993, the Senate voted to approve fetal tissue funding for this vital research. That vote was 93 to 4.

Each of these votes was preceded by exhaustive debate, careful consideration of all the issues and concerns associated with fetal tissue research. Each time the support for and recognition of the need for this research was overwhelming. Over the last decade, opponents of fetal tissue research have attempted to create a connection between abortion and fetal tissue testing. The use of fetal tissue in medical research cannot and should not be associated with the abortion issue. Past and present supporters, pro-life and pro-choice alike, have clearly stated that fetal tissue research is a medical, not a moral, issue.

Many of my antiabortion colleagues, including Senator Dole and Senator THURMOND, spoke in support of fetal tissue research during the 1992 debates. They, like many others, recognized that supporting this research is the true pro-life position because it offers hope and a chance for a better life to individuals suffering from such terrible afflictions such as Parkinson's disease, Alzheimer's disease, cancer, birth defects, and spinal cord injuries.

Yesterday, we heard a number of arguments against this research. And I would like to review and respond to these arguments for the benefit of my colleagues because they are based on a misunderstanding of the facts.

First, we heard that fetal tissue research was no longer needed for the study of Parkinson's disease. Information from the Parkinson's Action Network was cited in support of these claims. I have today a letter from the Parkinson's Action Network correcting the RECORD. The letter states that fetal tissue transplant research shows tremendous promise. In fact it shows such promise that persons currently afflicted with Parkinson's are looking to the research as a likely source of major therapeutic benefit to them—if the research is not halted.

The letter further states that alternative sources of cells, such as genetically engineered cells, pig cells, and stem cells, may eliminate the need for cells from abortions to be used in the future. At the present time, however, it is vital that the research be allowed to continue so that the therapy and the alternative cell sources can be developed at the same time.

Mr. President, I ask unanimous consent that the letter be printed in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

PARKINSON'S ACTION NETWORK,
September 3, 1997.

Hon. EDWARD KENNEDY,
U.S. Senate,
Washington, DC.

DEAR SENATOR KENNEDY: Senator Coats' remarks have cited the Parkinson's Action Network's fact sheets, but by taking them out of context twisted their message. The following is the case:

Fetal tissue transplant research shows tremendous promise (see attached memo). The research in fact shows such promise that persons currently afflicted are looking to the research as likely to be a major therapeutic benefit to them—if the research is not stopped.

The alternative sources of cells, such as genetically engineered cells, pig cells and stem cells, will prevent the need for aborted tissue to be needed in the future. At this point, however, it is vital that the research be allowed to continue, so that the therapy can be developed and the alternative cell sources developed at the same time.

There is not one reported violation of the ethical protections separating the abortion decision and the abortion procedure from the use of tissue. See GAO Report, March 1997. Thus, contrary to Senator Coats statements there is no evidence of changes in the abortion procedure in any instance at all.

Sincerely,
JOAN L. SAMUELSON, J.D.,
President.

Mr. KENNEDY. We also heard allegations that providers were altering the methods of abortion to obtain tissue suitable for research purposes, thereby putting women's health at risk.

NIH guidelines provide that "no abortion should be scheduled or otherwise accommodated to suit the requirements of research." To do so would be a clear violation of the safeguards that Congress enacted into the law.

As part of its 1997 study of adherence to these and other guidelines to assure that the research was conducted ethically, the GAO contacted the NIH's Office of Protection from Research Risks as well as the institutional review boards of each of the institutions conducting fetal tissue research and found that no violations of tissue donation restrictions had been reported or detected. None.

My staff called NIH this morning to verify that no violations have been detected or reported since the GAO study was completed, and we were told that there were none.

Concern was also expressed that the success of fetal tissue therapies would create an economic link between abortion providers and the research community. Again, I point to the NIH safeguards which prohibit the purchase of fetal tissue. Since no economic incentives exist for abortion providers, it is impossible to create an economic link between providers and the research community.

This issue has been debated and debated. Each time the opponents of the research have tried to argue that fetal tissue research will somehow stimulate abortions. Each time these arguments have ignored the extent of safeguards built into the law and regulations to assure that there is no link between the decision to have an abortion and the decision to allow fetal tissue research to be conducted. Each time these arguments have been rejected by the Senate and the American public.

The preservation and enhancement of life is the foundation of this research. Fetal tissue research and transplantation are not just clinical abstractions, they are transforming the lives of Americans every day.

A 55-year-old man who suffered with Parkinson's disease for more than 20 years and had lost much of his mobility is now able to climb mountains. A 58-year-old woman suffering from the disease for 14 years used to begin her day by literally crawling to take her first dose of medication. She is now able to ski and play tennis.

The benefits of fetal tissue research are not limited to Parkinson's disease. Recent breakthroughs in the study of treatments for a host of other diseases and conditions, including diabetes, Alzheimer's disease, spinal cord injuries, blindness, Huntington's disease, cancer, birth defects, multiple sclerosis, and conditions causing intractable pain, are the direct result of fetal tissue research conducted on Parkinson's disease. If this amendment is adopted on this disease, it will be readily applied to those as well.

Any attempt to turn back the progress made in this area by placing restrictions on Parkinson's research will jeopardize further advances in the treatment of these conditions. These setbacks and delays will lead to unnecessary suffering for the millions of Americans afflicted with illnesses that are currently benefiting from Parkinson's research. Make no mistake about it, if the fetal tissue research is banned for Parkinson's disease today, it will be banned for every other disease tomorrow.

Every time this issue has been put to the Senate, it has spoken strongly in favor of ethical, scientific, promising medical research that offers hope to millions of Americans. I urge the Senate to reaffirm that commitment by rejecting the pending amendment.

Mr. President, I will take just a moment of the Senate's time to review the set of eight requirements that were established in the 1993 legislation.

First, informed consent of the donor must be obtained. Each woman must sign a written statement that she is donating fetal tissue for research without knowing who the recipient will be.

Second, the physician obtaining the tissue must make a written statement declaring that consent for the abortion was obtained prior to the consent of the donation and that the abortion was not performed solely for the purposes of obtaining the tissue.

Third, the researcher using the tissue must sign a statement acknowledging that the tissue is human tissue and that it was obtained from an induced abortion or stillbirth. He or she must also agree to inform all subsequent users or recipients of those facts.

Any recipient of transplanted tissue must sign a statement indicating that he or she is aware that the transplant tissue is human tissue and that it was obtained from an induced abortion or a stillbirth.

Each agency head must certify that copies of all signed statements will be available for audit by the Secretary of HHS.

Recipients of funding for research must agree to conduct research in accordance with applicable State laws.

HHS must submit an annual report to Congress detailing compliance with these requirements.

And the purchase of fetal tissue is prohibited and no donated tissue can be transplanted into a recipient specified by the donor.

These were guidelines developed by theological, ethical, and religious people, as well as researchers. And we have the GAO study. And I will include the relevant parts of this study that was conducted by the NIH reviewing this particular program from 1993 to 1997.

And as the results say—I am directly quoting "Results in Brief"—"There's been no reported violations in the acquisition of human fetal tissue for use in transplantation according to NIH and our verification efforts."

By just reviewing this report, and I will not take the additional time unless there are further questions about it, there is a very clear indication that the guidelines that have been established in the 1993 legislation have been conformed with. It does not say there have been some violations. It does not say there is an increasing number of violations. It does not say that the GAO recommends further congressional action. It says there have been no violations, none, in 1997.

Mr. President, at a time when there have been extraordinary opportunities for progress in treating Parkinson's disease and so many other diseases and conditions, and with the kind of protections that have been agreed to by ethicists, those religious and research panels investigating the utilization of this type of material, and with all of the hope and opportunity this provides to so many American families in addressing some of the most prominent ailments suffered by mankind, to try and restrict fetal tissue research in Parkinson's disease and in other areas would be a dramatic and a serious mistake and would have a very significant and, I believe, grave impact and effect on the research and the opportunity for important progress in helping to relieve the pain and anxiety associated with these various diseases.

I yield the floor.

The PRESIDING OFFICER. The Senator from California.

Mrs. BOXER. Mr. President, I want to thank the Senator from Massachusetts for laying out the case as to why the Coats amendment ought to be defeated.

I also want to thank Senator PAUL WELLSTONE for working so hard on this issue. He shared with me some very important information from the Parkinson's Action Network, which also lays out the case in a very clear-cut way, by people who really know about what it is like to have this disease and how devastating it would be if the ban on fetal tissue research was put back into law.

For 8 years there was a ban on this research under the Reagan and Bush years. Finally, that ban was lifted, and we are seeing hope for many, many people all over this country. We really cannot go backward now.

I have said often on this Senate floor in relation to health issues that come before the Senate that when we act, we ought to act to improve the health of the American people. But at the minimum, Mr. President, we should do no harm. At the minimum, when we take a vote around here, we should make sure we are not hurting people.

I think the Coats amendment would definitely hurt people, a million people who have Parkinson's disease, not to mention the others who may well get it as a result of this amendment, because this amendment would stop the progress on fetal tissue research in reference to Parkinson's disease. The prohibition in this amendment eliminates medical research, which shows significant promise of treatment or prevention of this tragic disease.

Let's take a moment to talk about Parkinson's disease and the real people it affects. According to the NIH, almost 1 million people suffer from Parkinson's disease in the United States alone, with about 50,000 new cases reported each and every year. There is a myth out there that the symptoms begin appearing very late in life. That is not so. The symptoms begin fairly early in life, sometimes in the twenties, thirties, and forties. The average age of the disease is 57. I, myself, know several middle-aged mothers with children who suffer from this disease.

The hallmark symptom of Parkinson's disease is the shaking or trembling of a limb, and in the later stages, a slow shuffling walk and stooped posture, not to mention the effects on speech. I know one Parkinson's victim who actually has to crawl around his home—a proud, professional man who has to crawl around his home. The only hope he has, because he has told me this, is fetal tissue research. This man has a family. This man has grandchildren. They are watching this debate and they are praying that we will reject this amendment.

Will we deny these people the possibility of a healthier life, which may well result from fetal tissue research, which is already showing great promise, as Senator KENNEDY has said? Will we deny these people hope? Will we do harm today to these people when we have not yet found a cure for Parkinson's? I certainly hope not.

I received a letter yesterday from two medical doctors at the Parkinson's Action Network in Santa Rosa, CA. They emphasize the tremendous need to be able to continue to use fetal tissue in their fight against Parkinson's disease. Let me read from these physicians. They know what they are talking about.

> Neural cell transplantation using fetal tissue has greatly advanced our understanding of ways to replace degenerating cells in the brain. From this work, in addition, alternatives to fetal tissue may be developed. To close off arbitrarily any particular area of investigation is potentially to retard progress across a broad front by many months, perhaps many years.

They continue:

> The ban on fetal research during the 1980's was a crippling blow to progress in many areas, including Parkinson's disease, Huntington's and Lou Gehrig's disease, spinal cord injury, and diabetes.

These doctors are telling us don't go back to the eighties, don't go back to the years where we stopped this important research.

Mr. President, I will share with you the comments of Dr. Jack Lewin, a medical doctor who is executive vice president and CEO of the California Medical Association, the largest State medical association in the Nation, which has over 38,000 physicians. Dr. Lewin stated:

> Research involving the use of human fetal tissue is responsible, high-integrity research. Using human fetal tissue to find cures for or to alleviate the symptoms of diseases such as Parkinson's disease is a life-giving procedure.

Mr. President, I repeat that: "Using human fetal tissue to find cures for or to alleviate the symptoms of diseases such as Parkinson's disease is a life-giving procedure."

We are giving life with this procedure. Why would we vote to take away life by going back to the eighties when we had a ban on this because of politics? There is no place for that in this debate.

Dr. Lewin said that the California Medical Association promotes all legitimate research, including research involving fetal tissue. He continues:

> It is important to dispel the myth that this research promotes abortion. This is not the case. On the contrary, research involving fetal tissue promotes the healing of crippling diseases. This research shows promise and needs to be pursued.

Now, on the issue of abortion, I am going to refer to the history of this issue where in 1991 and 1992, there was legislation passed which directly confronted this ethical and moral issue which Senator COATS talked about today. He says we must confront this ethical and moral issue. He is right. We did do that. We did do that in 1991 and 1992. Let's discuss what is in place today in terms of the moral and ethical issues of abortion and fetal tissue research.

First, a woman may not be approached for consent to donate the aborted tissue until after she has made the decision to have an abortion. So, no woman can be told this prior to her decision.

Second, the donor may never be paid for donation of the tissue. It is outlawed. No one can get a single penny for donating fetal tissue.

Third, the donor may not designate who will be the recipient of the tissue, nor ever be informed of the recipient's identity.

This is not a question where, say, a daughter says, "I will become pregnant, have an abortion and let my father regain the use of his life." This cannot be done.

I think what is very important to know is that if you violate this law, you could be punished by 10 years in a Federal prison. We had a report and the report came back: "There have been no violations in the acquisition of human fetal tissue research for use in transplantation."

So when Senator COATS talks about confronting the ethical and moral issues, those issues were confronted in 1991 and 1992, and the Research Freedom Act clearly addresses this issue. There has been no violation at all. If all of our laws were so effective, I think we would be very proud.

Let me offer a specific example of how doctors are using fetal tissue to improve people's lives. Good Samaritan Hospital in Los Angeles was one of the first hospitals in the country to offer a new, promising surgical procedure using fetal tissue transplants. Many of the patients who received this procedure did so only after one of the most common drugs was no longer effective in helping their illness and their symptoms had worsened, some to the point where they compared their conditions to rigor mortis—in other words, total stiffness and inability to move.

Today, the vast majority of the more than 40 Parkinson's patients who have undergone the procedure at Good Samaritan have experienced moderate to substantial improvements in their condition. This is a life-giving procedure. This procedure gives life, gives movement to people. The issue of abortion is addressed in the Research Freedom Act and has been confronted and not one violation has occurred. We should be proud, all of us together.

According to Dr. Oleg Kopyov, more than 70 percent of the patients who got this transplant have shown "statistically significant improvement" on standard neurological tests. The other 30 percent are now taking 20 to 40 percent less medication. None of the patients' Parkinson's symptoms have worsened following neurotransplantation.

Do no harm. We should do no harm. The Coats amendment does harm, direct harm, to good Americans, and it takes away hope from a million people with Parkinson's in America. Said hospital neurosurgeon Dr. Deane Jacques:

> We are proud to be in the forefront of treatments like neurotransplantation, which clearly have enhanced patients' quality of life.

Yet another example of the tremendous effects and great potential of this research comes from Colorado. A professor at the University of Colorado Health Sciences Center, who is conducting a study using fetal tissue, described the incredible effects on one participant earlier this year. He is quoted as saying:

> We have a woman who could never walk prior to taking her first dose of drugs in the morning. Now she can walk before her first dose of drugs, and has resumed playing tennis. A typical transplant patient cuts the drug by 40 to 50 percent.

Why would we inject ourselves into this important nonpolitical health issue when, in fact, the issue of abortion has been successfully addressed in the Research Freedom Act? I cannot understand why this amendment is before us.

Mr. President, these are significant results of helping people. Why would we even consider closing the door on this promising life-giving research? We make progress in research by opening doors, not by closing doors.

I want to bring back the words of South Carolina Senator STROM THURMOND that he spoke on this Senate floor in 1992 when he urged this body to lift the ban on fetal tissue research. He said, "We cannot afford to lose this opportunity to develop a cure."

The Senator was speaking in reference to his daughter Julie, who has diabetes. He stated, "As a parent of a diabetic, I have a personal appreciation for the urgent need for a cure." Those were Senator THURMOND's words back then.

No doubt this sentiment is shared today by the parents, siblings, and children of those suffering from serious debilitating diseases such as Parkinson's disease.

Senator COATS said we are only stopping the fetal tissue research for Parkinson's disease. Yes, that is on this bill. What is the next one going to be? Alzheimer's? What is the next one going to be? It is not a good precedent. We took care of this issue. Anti-choice politics should not get into this debate. This is not about choice. It is about health. We addressed the issue. Let's move on.

I am going to quote again from Senator THURMOND, whose words 5 years ago captured the essence of the issue before us today, when he stated:

> This is not a debate about abortion. This is a debate about allowing federally sponsored research that will serve humanity and may save thousands of lives. Passage of this bill [to allow fetal tissue research] should improve the quality of life for many people with devastating diseases and disabilities.

Supporters of this amendment may argue that fetal tissue research could still continue if this amendment were passed, as the ban would not apply to tissue obtained from spontaneous abortions or ectopic pregnancies.

But, Mr. President, we have heard this argument before. It remains as weak as ever. Doctors have addressed this issue in earlier debates, and have stated that tissue from spontaneous miscarriages is often diseased and is difficult to collect in a safe and timely fashion to preserve the viability of the cells. The same applies to ectopic pregnancies, which produce tissue that is likely to be non-viable due to the lack of blood supply.

So, really, we addressed this issue before. There has not been one violation. A woman may not be approached for consent to donate the aborted tissue until after she has made the decision to make the abortion. The donor may never be paid for donation of tissue, and the donor may not designate the recipient of the tissue. A GAO study reports not one violation. And if there is, someone is going to jail for 10 years. The issue has been addressed.

Mr. President, doctors have made significant progress toward understanding and treating serious debilitating diseases, such as Parkinson's disease, through research involving fetal tissue. But we are not there yet. I know that my phone has been ringing off the hook from people who have Parkinson's disease. Some are pro-choice. Some are anti-choice. They know that issue was addressed in 1991 and 1992. They know that the only hope they have is for the doors of research to continue to be open.

I am so pleased that we will be spending more on Parkinson's disease. I want to see us double the research at NIH. And I have joined with Senators MACK, SPECTER, DURBIN, and others to make that a reality.

The enemies we face are right here at home. We fear that a loved one will get cancer. We fear that a loved one will get AIDS. We fear that a loved one will fall ill. We fear that we are going to lose our parents to Alzheimer's. These are legitimate fears, and these are legitimate areas for the Federal Government to be involved in.

I will say this. When Senator COATS says we have to confront ethical and moral issues, he is right. But what I don't understand is why he isn't proud of the Research Freedom Act, which does, indeed, protect against people saying, "Well, I am going to get an abortion because I can get money for this fetal tissue," when, in fact, that has never happened. That cannot happen. And it will not happen as long as we keep the Research Freedom Act in place. And there is not one Member of this Senate that I know of who isn't a strong supporter of that.

So, Mr. President, today we have a million Americans with Parkinson's watching the debate, and we have millions of other Americans with other diseases and families who love and adore these family members hoping that we will not take a step backward. I have faith that we will not do so.

I hope that we will vote down the Coats amendment. I hope we will continue the progress. I hope we will all continue to support the Research Freedom Act so that we can feel we did everything we could to ensure that this research is ethical.

Thank you very much.

Mr. President, I yield the floor.

Mr. COATS addressed the Chair.

The PRESIDING OFFICER. The Senator from Indiana.

Mr. COATS. Mr. President, let me make two points. One is that I don't need to be reminded by the Senator from California about the ravaging effects of Parkinson's disease, having watched my grandfather suffer and die from Parkinson's, and having watched my father suffer and die from complications from Parkinson's. I am well aware of the debilitating nature of Parkinson's disease. I think many of us have had personal experiences with that. I have not mentioned that before. But I think the implication is that if one truly understood Parkinson's, you couldn't begin to support the Coats amendment. I think I truly understand Parkinson's and what it does and how it affects an individual, how it affects family and loved ones. There is the very real possibility that it is genetically induced and that I may go through the same experience.

Second, let me just state for those who suggest that there is no hope for the millions of Parkinson's sufferers, there is great hope for the millions of Parkinson's sufferers. There is hope because, No. 1, fetal tissue research can continue if the Coats amendment is adopted. I do not deny research utilizing human fetal tissue through this amendment. I simply say that that fetal tissue cannot be obtained through induced abortions. It can be obtained through spontaneous abortions, miscarriages, or ectopic pregnancies.

But, second, there is hope because there are so many viable, wonderful alternatives that are now being researched which offer far more promise than the fetal tissue research. If you want to continue fetal research—and it probably should be continued—that fetal tissue can be obtained through sources other than human fetal tissue. In fact, it is much more promising now using animal tissue. There are a number of alternatives being explored, both through the use of cell engineering techniques, genetic engineering, and other developing cell lines.

There are also alternatives outside tissue research that hold some promise. Perhaps the recent discovery of a gene that has an effect on Parkinson's, which perhaps is the cause of Parkinson's, albeit for a percentage of people and not for all the people, offer hope. So there is great hope. There is great promise in Parkinson's research. And nothing in this amendment denies that hope, denies that promise.

So I think Members need to understand when they are voting for the Coats amendment that it is a way to preserve and continue Parkinson's research. But it is done so in a way that avoids what I think is a potential significant, ethical, and moral dilemma in terms of utilizing human fetal issue without the consent of the person giving the tissue.

The very person who makes the decision to terminate that life is not the person who gives the consent to utilization of the tissue. That is a moral and ethical dilemma that I think is important for us to explore.

So for those two reasons, I think the Coats amendment is more than a reasonable amendment. I hope my colleagues will support it.

With that, I yield the floor.

Mr. CRAIG addressed the Chair.

The PRESIDING OFFICER. The Senator from Idaho.

Mr. CRAIG. Mr. President, before the debate goes any further, I ask unanimous consent that a vote occur on or in relation to the pending amendment at 12 noon today, and that the time between now and noon be equally divided in the usual form with no amendments in order prior to the 12 noon vote.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

Mr. HARKIN addressed the Chair.

The PRESIDING OFFICER. The Senator from Iowa.

Mr. HARKIN. Mr. President, I yield myself such time as I may consume on this issue.

Mr. President, this amendment is an attempt to revisit an issue that has been settled and should remain settled. It attempts to reverse a decision supported by both pro-choice and pro-life Senators alike. The last time this body voted on this issue, the vote was 93 to 4.

The ban on fetal tissue research was lifted 4 years ago. Since that time, the NIH has awarded over $23 million in grants for research involving the study, analysis, and use of fetal tissue. This research holds the potential to provide tremendous advances in the treatment of debilitating conditions such as Parkinson's, diabetes, Alzheimer's, Huntington's, epilepsy, blindness, multiple sclerosis, leukemia, and a host of other illnesses.

The issue of fetal tissue research has been debated, as I said, and legislated by the Congress. The Senate voted 93 to 4 that the benefits of this research far outweigh the unsubstantiated fears and concerns that it would lead to increases in abortions.

The bill enacted in 1993 established rigorous standards to safeguard against any potential that the needs of researchers would affect individual decisions about abortion. Those safeguards are in place and they are working. In 1997, a GAO study of the safeguards reports that "the act's documentation requirements were met" and that there have been no reported violations in the acquisition of human fetal tissue for use in transplantation."

These safeguards were not written specifically to address research involving Parkinson's disease, but all research using fetal tissue. There is no need to revisit this debate as it relates to research on Parkinson's. The research being conducted today with fetal tissue is also providing new techniques such as specialized cell lines and genetically engineered cells. In fact, the development of these new technologies may well eliminate the need for using fetal tissue for research purposes in the future.

Mr. President, yesterday I received a letter from Joan Samuelson, president of the Parkinson's Action Network. It was addressed to Senator KENNEDY and others. I would like to read for the RECORD what she had to say. Her letter starts:

> For decades, despite the eight-year ban on federal support for the research, significant progress has been made in the therapeutic benefit of cell transplants, including the following:
>
> Major progress has been made in confirming the new neural cell transplant process works. In the last two years, postmortem review of transplanted cells has proven that the transplanted cells can take hold in the host brain and produce dopamine, thereby replacing the dopamine in the body.
>
> Major progress has been made in developing an alternative source of tissue for transplantation, so that when a therapy is available to the public, it will not be dependent on elective abortions. Several alternatives are in development, including use of porcine (pig) cells, stem cells and genetically engineered cells.
>
> The research is also providing valuable insights into the fundamental issues of Parkinson's cause. For example, the transplanted cells do not appear to be affected by the underlying disease process: While the original cells continue to degenerate, the transplanted ones do not continue to degenerate. This fact is giving essential clues into the nature of the cause and disease process.
>
> The transplanted cells are proving more and more effective at treating Parkinson's symptoms. A few transplant patients are now off medication and symptom-free—a dramatic change.

Mr. President, I ask unanimous consent that the entire text of the Samuelson letter be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

PARKINSON'S ACTION NETWORK,
Washington, DC, September 3, 1997.

Hon. EDWARD KENNEDY,
U.S. Senate, Washington, DC.

DEAR SENATOR KENNEDY: For decades, despite the eight-year ban on federal support for the research, significant progress has been made in the therapeutic benefit of cell transplants, including the following:

Major progress has been made in confirming the neural cell transplant process works. In the last two years, post-mortem review of transplanted cells has proven that the transplanted cells can take hold in the host brain and produce dopamine.

Major progress has been made in developing an alternative source of tissue for transplantation, so that when a therapy is available to the public, it will not be dependent on elective abortions. Several alternatives are in development, including use of porcine (pig) cells, stem cells and genetically engineered cells.

The research is also providing valuable insights into the fundamental issues of Parkinson's cause. For example, the transplanted cells do not appear to be affected by the underlying disease process: while the original cells continue to degenerate, the transplanted ones do not. This fact is giving essential clues into the nature of the cause and disease process.

The transplanted cells are proving more and more effective at treating Parkinson's symptoms. A few transplant patients are now off medication and symptom free—a dramatic change. Although the first clinical trials are still ongoing, initial results indicate that even in these initial experimental stages the typical patient is able to reduce medication dramatically—thereby also reducing the related side effects—while also significantly lessening Parkinson's symptoms.

The Parkinson's research has created a research base which is now being used for important research using neural cell transplantation to treat many other diseases and disorders including diabetes, spinal cord injury, blindness, Huntington's disease, intractable pain, Alzheimer's disease, cancer, birth defects and Multiple Sclerosis.

Sincerely,

JOAN I. SAMUELSON, J.D.,
President.

Mr. HARKIN. Mr. President, the letter points out that we are making progress, that we are discovering new things. Now is not the time to revisit this issue. This issue has been settled and I believe we ought to leave it alone. As we have said, the studies have shown that the safeguards we put in place are working. No violations have been encountered, and I believe the best course of action is to stay the course that we have had since 1993, and, of course, I think at the appropriate time there will be a motion made to table the Coats amendment. And I urge all Senators to support that motion to table and to continue what we have been doing since 1993 in providing for fetal tissue research but with adequate safeguards to ensure that unintended consequences do not happen because of this research.

Mr. President, I yield the floor. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. NICKLES. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. BURNS). Without objection, it is so ordered.

Mr. NICKLES. Mr. President, I ask the Senator from Idaho for such time as I need.

Mr. CRAIG. No objection.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. NICKLES. Mr. President, I rise in support of the amendment of the Senator from Indiana [Mr. COATS] to prohibit the use of Federal money to conduct research using fetal tissue on Parkinson's disease, fetal tissue that is produced from elective abortion. The Coats amendment exempts spontaneous abortions, exempts ectopic pregnancies. But really the thrust of his amendment is that we do not want to turn abortion clinics into mills producing tissue that is used for research.

I support his amendment. I do think it is immoral to use fetal tissue from elective abortions for medical research. I think occasionally we have to make moral statements. Do we really want to allow abortion clinics to harvest material to be used for research in whatever disease? In this case it is Parkinson's disease. Do we really want that to happen in this country?

We had a prohibition on it for years. It was not done for years. Now some people think that maybe it would be a good idea. Tissue can be harvested, can be used if the abortion is spontaneous, but not in the case of elective abortions. Do we want to have a situation where an individual goes in and kills a human being, although not yet born, maybe up into the eighth month of pregnancy, kill that unborn human being and use that human being's cells for medical research? I do not think so, and I do not think we should fund it.

The Senator from Indiana should be complimented for his amendment. I wish that this amendment was not necessary. I heard yesterday that NIH or someone has alluded to the fact that NIH had no objections to the amendment.

So I am maybe a little bit surprised that others are opposing this amendment as aggressively as they are. I urge my colleagues to support the Coats amendment. I think it is a good amendment. I regret that it is needed, but it is needed. I think it is important. I do not think we as a country want to have a national policy allowing abortion mills to kill unborn children and use their body parts for medical research. That is a serious issue. That is what we are voting on. So I urge my colleagues to vote in favor of the Coats amendment.

Mr. President, I yield the floor and suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. BOND. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BOND. Mr. President, I ask unanimous consent to speak on the bill and not have the time charged to either side on this amendment.

Mr. COATS. Mr. President, I yield to the Senator from Missouri such time as he requires.

Mr. BOND. Mr. President, I thank the acting manager of the bill.

The PRESIDING OFFICER. The Senator from Missouri.

Mr. BOND. Mr. President, I thought, as children are going back to school across the country and in our States, we ought to take a few moments to think about the education they are receiving and how we as parents, not just in our role as legislators, can make a real difference in how our children develop.

The truth is, we have come to know the foundations of learning begin long before a child ever gets to school. Babies from birth to age 3 years old are learning fundamental language skills at this time. Research tells us that 50 percent of a child's mature learning intelligence develops by the time that child is 3 years old. We can play a very large role in determining how successful that learning function is. We do this by reading to children even before they are old enough to hold a book. We do this by talking to them. We do this by interacting with them.

Over the August recess I traveled around the State of Missouri, focusing on the issue of literacy and working with young children who were in preschool classes or, in Missouri, in our Parents as Teachers Program. I found it to be a very exciting, a very interesting, and a rewarding experience, and one that I hope we can show—all of us, as colleagues, as others who are concerned—is a very rewarding activity for the parents.

We have always thought that early childhood was a key learning time. That is common sense. But now we have seen it validated by science. The development of children's learning skills depends upon the child's exposure to language in the earliest years. What we do to encourage and stimulate literacy, reading ability, communicating ability, in very young children, is going to provide the basis of their success later in life.

When you come to think about it, reading is the basic skill. Learning to understand, to read and communicate is absolutely essential, particularly as we live in a complex society. Most of us think about reading and learning as part of the economic process of getting a job. I can tell you that my experiences in job training in the years when I was Governor reemphasized the importance of that. In my second term as Governor we had an on-the-job training program for industries expanding in Missouri and creating new jobs. I will never forget visiting one facility where they were installing sophisticated computer-assisted manufacturing systems. They were very complicated. You had to understand a lot of science to do the job well. And these jobs were extremely high-paying jobs. As a matter of fact, one of the workers in one of those jobs, working a 2,000-hour year, would earn more than the Governor of Missouri would have at that time. The science had all developed since I last opened a science textbook in college.

They had a 6-week training program for these workers. Four of the weeks were devoted to teaching these workers to read, because so many of them had not learned the basic reading and understanding skills in school. The prize there was demonstrable; the prize was visible. If you could read and understand, you could operate one of these machines and earn more than the Governor of Missouri was earning. And there is no question, as I talked to employers around the State, they are looking for and begging for workers. But the workers have to be able to read and understand complicated instructions, because the tasks that the workers will be called on to perform, now and in the years ahead, are rapidly changing. They are changing with technology. And the people who are doing the work have to learn to read and understand the changed instructions.

So, reading is a fundamental skill, an absolutely essential skill to get ahead economically. But we ought not to focus ourselves just on the economic side. To be an informed citizen, to participate in our democratic form of government, requires that people read, be able to understand all the messages that are coming to them. Reading provides the basis for communicating and getting along in the world in many other ways—in social activities, in community activities. So, literacy really is the fundamental basis, the foundation for knowledge and for development of well-informed, well-attuned children in our communities, in our States and in our Nation.

Former First Lady Barbara Bush has made literacy her top priority, and I take my hat off to her. I think, as I see more and more of the challenges we face in this country, the more I understand that Mrs. Bush is right. Where people do not have the fundamental reading skills, they have significant problems.

One of the reasons I have been closely associated with this literacy project is following up on the Parents as Teachers program we have in Missouri. Parents as Teachers begins by providing assistance, on a voluntary basis, to parents of children from birth to 3 years old. We have found that parents who participate in this program with their children—No. 1, are able to avoid many of the serious learning problems that affect children today and require that they be put in remedial or special education; but we are also finding that in every measure of scientific testing, these children are scoring higher than their peers. When I talk to kindergarten teachers and elementary schoolteachers and administrators, they can see the difference in these children who have worked in the program where literacy is emphasized, where parents reading to their children is emphasized.

I spent the month of August trying to encourage more and more families in Missouri—parents, grandparents, aunts, uncles, caregivers—to read to their children to show that it is fun, but also to tell them that it is vitally important.

Also, we want to expand—and this bill does provide expansion of the opportunities for more States to participate in the Parents as Teachers Program. At my request, the chairman of the committee and the ranking member included $30 million to expand Parents as Teachers programs to other States around the country and to improve on the program. Already, 47 States participate, to some degree, in the program.

Early childhood learning and development is important, and we can do a much better job. The Parents as Teachers Program is one that has had tremendous success. Mr. President, 150,000 Missouri families voluntarily participate in that program every year, and if you want to know if the program works, I can refer you to any one of those 150,000 families, because they see it is working, they know it is working, and, Mr. President, this bill provides more resources to help start these programs in every school district in the country.

I hope there will be a time when we find that families, wherever they are, who want help developing the child's learning skills will be able to get the kind of assistance that is now available in Missouri. It can make a difference, and it will make a difference in our children's education, their preparation for the work force but, most of all, their preparation to take the role in society as responsible adults, as responsible parents themselves.

I urge my colleagues to join with me in supporting and keeping in the money for early childhood development. I hope to work with Senator KERRY and others to provide authorizing legislation in this session to expand on the opportunities to support early childhood development. Government programs are fine, but it all comes down to the responsibility of the parents, and that responsibility is very easy to outline, because the starting point is reading to children, relating to them and showing them the excitement and the wonders that are opened through reading of books and other materials.

I thank the Chair, and I yield the floor.

Mr. STEVENS. Mr. President, I suggest the absence of a quorum. I beg your pardon. I withdraw that.

Mr. BINGAMAN addressed the Chair.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. BINGAMAN. Mr. President, I yield myself up to 10 minutes off whatever time remains on this side.

The PRESIDING OFFICER. The Senator is recognized for 10 minutes.

AMENDMENT NO. 1071 TO AMENDMENT NO. 1070

Mr. BINGAMAN. Mr. President, this morning, the appropriations subcommittee is having a hearing, as I understand it, to resolve the question about testing. The President has proposed a reading test that would be voluntarily made available to States and local school districts for fourth graders where the school wants to provide testing in reading, and one for eighth graders in mathematics.

There has been some controversy about this. Senator COATS from Indiana has proposed an amendment which would—the Coats amendment and the Gregg amendment together, as I understand it—essentially prohibit the use of funds to go forward with the development of these tests. I believe this would be a very grave mistake for this Congress to make if we were to prohibit the Department of Education from going forward with the development of these tests. I think the President's support on this issue has been strong. The White House has indicated that they would veto the legislation if, in fact, it did contain a prohibition on the use of funds to go ahead and develop these tests.

As I see it, the tests that the President has proposed and the Department of Education would like to develop and make available to school districts and to States is designed to allow parents, to empower parents, to understand the educational performance and the achievement level of their own children and how well the school that their child is attending is doing in preparing their child for a career later on.

The COATS amendment, as I said, would prohibit the development of the tests, and I think that would be a very serious mistake.

The problem we have today, frankly, is that every State that gives tests—and all of our States do give tests—every State that gives tests measures by a different standard how well their students are doing. Accordingly, you have some States where most all the students do reasonably well on the test that is provided, and there is a general perception that they are going to be fine. The general trend is that everybody thinks that although the school system nationally, the educational system nationwide, is in serious difficulty, they believe that their own child is getting a good education. It just doesn't add up. Every individual child in our country cannot be getting a good education and still have the vast majority getting a less than quality education.

What we need to do is to have a system where there is agreement as to what the standard is, there is agreement as to what the test results demonstrate, and then parents can make an intelligent decision about how their child is doing relative to other children, how their child is doing, how their school that their child attends is doing relative to other schools in that same district and relative to other schools in the State or in the Nation.

We have today what is called the National Assessment for Educational Progress test, and that is a test that in 43 States tens of thousands of students participate in on a voluntary basis. This test has been in place now for 25 years. The problem, of course, is that it is not available to most students. But clearly, communities, States, and school districts recognize that it is a good, objective assessment of how the students in the schools are doing.

What we are trying to do through the development of these new tests is to take the model that the NAEP, the National Assessment for Educational Progress, has developed and, essentially, have a test that then is available for each student in each school around the country where they want to have that test administered.

I believe this is important because I believe that improvement in education in the country is going to have to be driven by concern of parents. They are the ones who need to understand the quality of the education that their children are receiving. Without something like this test available, you are not going to have the level of concern by parents that is necessary in order to ensure and require the improvements in education that I believe are needed.

Let me just indicate that there is nothing that complicated about the tests that they are talking about giving here. The reading test is a simple one. One example is they essentially go through and ask fourth graders to describe Charlotte to a friend after they read a passage from the well-known book "Charlotte's Web." That is a commonsense kind of a test that all of us would like our children to be able to pass. It is the kind of test which is appropriate to make available to all of our schools.

The same thing in math. The test there is a straightforward test. There is nothing convoluted or complicated about it. It tests basic math skills for eighth graders, and, goodness knows, everybody in this country, every parent I talked to believes their child should be prepared with a basic understanding of math by the time they complete the eighth grade.

Let me say, the business community strongly supports the President's initiative to have these tests available to States and school districts. There has been a call, a repeated call and a consistent call, by the business community to have more objective assessment going on in our schools so that we don't have so much rhetoric, but we have actual information, good solid information, about how well our students are doing.

That is exactly what employers require before they hire a person. They give them those objective tests to determine whether they have the basic skills in reading and in mathematics so that they can become productive employees. For us not to make those same kind of objective tests available in the schools before they get out into the workplace I think would be a serious mistake.

Not only does the business community support this, the public supports it. In the most recent national poll, 77 percent of the public that was questioned supported establishing national standards; 67 percent specifically supported using national tests, such as were described and supported by the President and the Department of Education.

I know that we have testimony being presented this morning. Secretary Riley is making the case before the Appropriations Committee. I hope very much that he will be persuasive to the members of that committee and that we can go forward with the funding of these tests as the administration intends.

I do think this is an issue that has great long-term consequences for our country. It would be a serious mistake for us to head this off. We already have a whole number of States—I see the distinguished chairman of the Appropriations Committee on the floor here right now. His State of Alaska has chosen to participate voluntarily in the use of these tests when they are made available. The superintendent of public instruction in my State of New Mexico has indicated his desire that we should also participate at some future date in the use of these tests. There are many States that are anxious to participate. There are many large school districts in our larger cities that have indicated the same thing.

We need to keep faith with them, go forward and develop these tests, make the tests available. If they want to use them, so much the better, that is their choice. But it would be a serious mistake for this Congress to try to make that decision for the States, make that decision for the local school districts by denying the Department of Education the funds necessary to go ahead and develop these tests.

So I hope very much that, once the appropriations subcommittee concludes its hearing on the issue, we can proceed to dispose of this matter. I hope very much that the COATS amendment and the GREGG amendment, which is a second-degree amendment, as I understand it, or a perfecting amendment, that those amendments can be disposed of and we can proceed to pass this legislation.

Mr. President, I yield the floor and suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. WELLSTONE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. WELLSTONE. Mr. President, I thank my colleagues for the courtesy. My understanding is we have a vote at noon; is that correct?

The PRESIDING OFFICER. The Chair wishes to advise the Senator that the time is under the control of the Senator from Alaska.

Mr. WELLSTONE. Might I inquire, do we have a vote scheduled at noon?

The PRESIDING OFFICER. That is correct.

AMENDMENT NO. 1077

Mr. WELLSTONE. I thank my colleagues, and especially Senator COATS, for their courtesy. I was not able to come to the floor earlier, and sometimes if we feel strongly about an issue we will have a chance to speak before the vote. I thank him, and I thank Senator STEVENS and others as well.

I do not know quite where to start. Last night we passed an amendment, and this was work I was fortunate enough to get a chance to do with Senator MCCAIN, and I think we had 97 votes to expand funding for Parkinson's disease. It was an enormous victory. I believe that kind of strong vote will serve us very well in conference committee, and I believe finally we will be able to get some funding.

There has been so little funding. It has not been fair, and people who have been struggling with this disease have been here for several years now. They have become their own advocates. The only reason we had such a strong vote last night was because of their work.

My colleague, Senator COATS, was gracious enough to raise his concern through this amendment separately from that vote. He is someone here in the Senate that I believe in. I think he speaks for what he thinks is right. This amendment he introduces in very good faith.

I will be the opposite of shrill in my opposition. I think the amendment is profoundly mistaken. We have gone through this whole debate about fetal tissue research, and I again want to make it clear that not only have we not seen one instance of abuse, not one example, but we really have very, very stringent and clear protections. A woman may not be approached for consent to donate aborted tissue. The donor may not be paid for donation of the tissue. The donor may not designate who will be the recipient of the tissue. Violations of these restrictions are a Federal felony, punishable by 10 years in Federal prison.

I say all that because I want to make it clear how strict the guidelines are. I also want to make it clear that I do not think this issue is really about using the labels pro-choice or pro-life, but it has to do with another question, which is whether or not people who are struggling with the disease are going to be able to look to a day where there will be a cure. If this amendment passes, we are essentially wiping out one very promising avenue of research. I think that would be a very crucial thing to do. That is certainly not the intention of the amendment.

I say to my colleagues, because I have been active in this work dealing with Parkinson's since I came to the Senate, I know something about it, having had two parents who struggled with Parkinson's. I know something about it, having spent a great deal of time with people in the Parkinson's community, that given the strict guidelines and given the fact that we do not see examples of abuse, and given the fact that this really is not about pro-choice and pro-life, and also given the fact that if this kind of amendment is going to be raised it ought not to be focused on one disease, I just hope that my colleagues will oppose this amendment. I think it is profoundly mistaken.

Now, Mr. President, just forget all of the statistics, except to say, and I think my colleagues will believe me, that if you talk to people in the medical research community they will tell you that fetal tissue transplant research is one of the very promising approaches. I do not think we want to "defund" that. We do not want to be in a position of, on the one hand, finding resources for research, and then essentially wiping out one of the very important modes of research to find a cure for the disease. We do not want to do that. It really undercuts part of the very important vote that took place last night.

Maybe the best way for me to summarize my view, because we will vote in just a few minutes, is to talk about a woman that some of you have come to know. Her name is Joan Samuelson. I have not asked for permission to do this, but Joan has been so visible and so vocal I do not think she will object. I first met her a number of years ago when she was testifying before our committee, the Labor and Human Resources Committee. I think she was speaking about the need to have at least a little bit more by way of resources for research, but I think she was talking about, if my memory serves me correctly, about this fetal tissue research.

What I remember was I kept thinking about my parents. My father was almost 60 when he found out he had Parkinson's and he lived to be 84, though at the very end I will tell you, if you do not know this disease, he was so alert. He was a brilliant man. I am not objective, he was my father. He spoke 10 languages fluently but it did not help. He spoke 10 languages fluently, but because of Parkinson's he could not speak. He could not walk. And really the truth of the matter is he intensely wanted to die. That is exactly what he indicated to me.

When Joan Samuelson testified, I kept thinking, gee, she is in her thirties. What is going to be her future? If you are lucky, this disease runs a slow progression, but you never know. You do not want to find out you have Parkinson's when you are in your thirties. By the way, it is a myth that this is a disease that only afflicts the elderly.

When Joan Samuelson testified, more than anything what she was saying is, "Look, for me and many others, time is not neutral. How can you say to me that you are only willing to invest about $30 per person for the 1 million of us who struggle with Parkinson's? How can you look at me in the eye and say that? This is my life or whether I will have a life."

The reason I raise this is I remember hearing her testify and thinking about my parents and sort of just then starting to have tears in my own eyes because I was thinking I don't want someone like Joan Samuelson to get to the place where my dad did. I don't want that to happen to her.

Now, I am not a doctor. I cannot guarantee there will be a cure to this disease tomorrow. But when I spoke to Joan Samuelson two nights ago, she is out in California, she said to me, "The way I look at this debate on fetal tissue research is this is the particular research that I think could very well lead to a cure for me." That is the point. Please, everybody, that is the point.

Whatever your position is on the general question of pro-choice, pro-life, that is not what this debate is about. To someone like Joan Samuelson, this is one avenue of research that could very well lead to a cure for this disease. That is of central importance to her. That is of central importance to the lives of many other people struggling with Parkinson's. I think that is what this vote is about.

So, Mr. President, I urge my colleagues to please vote against this amendment. I feel like I have to, in good faith, conclude by saying, even though I hope there will be a strong vote against this amendment, one more time I want to make it crystal clear that Senator COATS is doing what he thinks is right. Senator COATS has supported this effort to expand the funding for Parkinson's. Senator COATS knows this disease all too well. I believe his father had Parkinson's. Senator COATS, when he does something on the floor of the Senate does it because he believes in it. He does it because he thinks it is the right thing.

I deeply appreciate the support he has given Senator MCCAIN and myself on our efforts, but I think this amendment is a mistake. Actually, I want to say I know this amendment is a mistake, because I really believe it is all about someone like Joan Samuelson. We ought not to vote for the Mo Udall Parkinson's Research Act, the amendment last night introduced by Senator MCCAIN and myself, and then turn around and essentially defund one of the important avenues of research that potentially could lead to a cure for this disease. I think that would be an injustice to Joan Samuelson and many other women and men who struggle with this disease. I hope my colleagues will vote against this amendment.

I yield the floor.

Mr. STEVENS. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call.

Mr. STEVENS. I ask unanimous consent that the call of the quorum be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. STEVENS. I ask for the yeas and nays on the pending amendment.

The PRESIDING OFFICER. Is there a second? There is a sufficient second.

The yeas and nays were ordered.

Mr. STEVENS. That vote will occur at noon?

The PRESIDING OFFICER. That is correct.

Mr. STEVENS. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. COATS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. COATS. Mr. President, just in summarizing before we vote at 12 o'clock on the Coats amendment, let me just, for Members' information, clarify things here.

This amendment does not prohibit all Federal funding for fetal tissue research. Fetal tissue research can go forward. It allows fetal tissue research to go forward with tissue obtained from ectopic pregnancies and spontaneous abortions. It does prohibit Federal funds from being used for research on fetal tissue obtained by induced abortions only.

We encourage research in the most promising areas of Parkinson's disease with animal tissue transplants, gene-based therapy, deep-brain stimulation.

So this applies not to diabetes research, not to other neurological research—just to this. Other alternatives exist. Even fetal tissue could go forward.

I hope our colleagues will understand the practical nature of this and the ethical and moral considerations of doing this, and I urge a vote in support of my amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Indiana. On this question, the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. NICKLES. I announce that the Senator from Alaska [Mr. MURKOWSKI] and the Senator from Rhode Island [Mr. CHAFEE] are necessarily absent.

The PRESIDING OFFICER (Mr. ALLARD). Are there any other Senators in the Chamber who desire to vote?

The result was announced—yeas 38, nays 60, as follows:

[Rollcall Vote No. 215 Leg.]

YEAS—38

Abraham
Allard
Ashcroft
Bennett
Bond
Brownback
Burns
Coats
Coverdell
Craig
D'Amato
DeWine
Domenici
Enzi
Faircloth
Frist
Gorton
Gramm
Grams
Grassley
Gregg
Hagel
Hatch
Helms
Hutchinson
Hutchison
Inhofe
Kempthorne
Kyl
Lott
Nickles
Roberts
Santorum
Sessions
Shelby
Smith (NH)
Thomas
Thompson

NAYS—60

Akaka
Baucus
Biden
Bingaman
Boxer
Breaux
Bryan
Bumpers
Byrd
Campbell
Cleland
Cochran
Collins
Conrad
Daschle
Dodd
Dorgan
Durbin
Feingold
Feinstein
Ford
Glenn
Graham
Harkin
Hollings
Inouye
Jeffords
Johnson
Kennedy
Kerrey
Kerry
Kohl
Landrieu
Lautenberg
Leahy
Levin
Lieberman
Lugar
Mack
McCain
McConnell
Mikulski
Moseley-Braun
Moynihan
Murray
Reed
Reid
Robb
Rockefeller
Roth
Sarbanes
Smith (OR)
Snowe
Specter
Stevens
Thurmond
Torricelli
Warner
Wellstone
Wyden

NOT VOTING—2

Chafee
Murkowski

The amendment (No. 1077) was rejected.

Mr. FORD. Mr. President, I move to reconsider the vote.

Mrs. BOXER. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. The Senator from New York is recognized.

Mr. D'AMATO. Mr. President, I have an amendment which I would like to submit on this bill, but I would ask unanimous consent that I might be given an opportunity to speak to up to 10 minutes as if in morning business on a subject of some import dealing with the terrorist action today in Jerusalem.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

The Senator from New York is recognized.

TERRORISM IN ISRAEL

Mr. D'AMATO. Mr. President, once again, we have seen the ugly, undeniably brutal, horrific actions of terrorism. We have seen the destructive impact of it in Jerusalem so vividly put forth over the TV screens, but it goes well beyond. We are told that 6 people died, over 150 have been injured, and obviously our sympathy goes out to them and to their families and to the people of that region who are held captive by these kinds of terrorist attacks. This is the work of Hamas, the Hamas who are given sanctuary, who operate out of the territories under the direct control of Yasser Arafat.

Now, make no mistake about it: The responsibility for this terrorist act and the previous bombings lies with Mr. Arafat. He, Mr. President, has the power to deter these murderers but does nothing. Indeed, he gives them sanctuary. He gives them sustenance. He gives them comfort.

Let me illustrate by way of this picture. It is said that a picture is worth a thousand words, and in this case I think even more so. The New York Times, Thursday, August 21, and here we see Mr. Arafat greeted by a leader of the Hamas during a meeting in Gaza: "Defying Israel, Arafat embraces Islamic militants."

You cannot have it both ways. You cannot say, on the one hand, that we are the instrumentality of peace, that we want peace, we are working for peace, and on the other hand be embracing the leaders of the terrorist organizations that are sworn to destroy Israel, the Jewish people and any prospects for peace.

That is indefensible. And so while there are those who claim that this is an internal security problem for Israel, I believe it is quite clear, given the responsibilities and given the power and given the economic wherewithal that we have provided, the United States, to Yasser Arafat, whose police force has failed, whose security services have, if anything, given sanctuary and protection to Hamas, it is about time we held him accountable for these acts. Instead of providing the security and loaning himself to the peace process, he embraces these murderers as we see so clearly. He coddles them, he provides them with sanctuary.

Mr. President, terrorism will not end if this is permitted.

I believe, and I have said before—and I see my colleague in the Chamber—that it may come time—and the Senator from Connecticut [Mr. LIEBERMAN] has raised this issue—for this country to look very closely at the moneys, the hundreds of millions of dollars annually that we send to Mr. Arafat under the umbrella, the cloak, of peace.

When those dollars are not being used to provide the kind of security to bring about a peace process but are aiding and abetting, and, indeed, we have him embracing terrorist leaders, I think we have to at the very least look at whether this should continue. I believe that we have an obligation to speak up and say, we hold you, Mr. Arafat, responsible, and it is time to condemn him publicly for the carnage and the destruction of human life that has taken place today and in the past.

Mr. President, I see my friends and colleagues, the Senators from Connecticut and New Jersey, in the Chamber, and I know that they feel strongly about this issue.

I yield my remaining time to the Senator from Connecticut and the Senator from New Jersey.

The PRESIDING OFFICER. The Senator from Connecticut.

Mr. LIEBERMAN. I thank my friend and colleague from New York for yielding and for his statement.

Mr. President, as a result of a terrorist act, blood has been spilled in the streets of Israel as its citizens go about the most normal day-to-day tasks, walking, shopping. Lives again have been lost to the terrorist hand. It is a very sad and dispiriting moment, not just, of course, for those who have suffered in this terrorist attack and for the families and friends who pray now that the lives of the wounded will be saved. It is also a sad and dispiriting day for all of us who hope for the continuation of the peace process in the Middle East, begun in Oslo, ratified at a historic, dramatic, hopeful signing on the lawn of the White House on September 13, 1993 by the late Prime Minister Rabin and Chairman Arafat. The agreement, the understanding, the exchange made in the declaration of principles in the Oslo accord was complicated in one sense, but simple in another. It was an exchange in which the Israeli Government would yield land in recognition of a Palestinian self-governing authority in exchange for the Palestinians—and particularly their eventually elected leadership, Chairman Arafat and others—giving security to the people of Israel; freedom from fear of the kind of terrorist acts that have been committed again today in Israel.

Mr. President, I know the Prime Minister of Israel, Benjamin Netanyahu, is controversial in many areas of this country, and there are different acts that he has carried out as a leader that some challenge and question. But it seems to me, if you look at the agreement made in the Oslo accords and you look at what was required of Israel, Prime Minister Netanyahu, since he has been Prime Minister, has kept those promises made by Prime Minister Rabin. The same cannot be said of Chairman Arafat.

It is not just, although it is significant, the failure, as promised in the Oslo accord, to remove from the Palestinian Charter these clauses which threaten the destruction of the State of Israel. It is not just, though of course it is tragic and painful, the terrorist acts that continue. But it is the tone, it is the context of what is happening. The Israeli intelligence gathers evidence, presents it to Mr. Arafat to show him, a month or so ago, that the person he has appointed as the chief of the Palestinian Authority police has been involved in planning terrorist acts. How would we feel if we had evidence from intelligence showing that the minister of defense of Russia, with whom we were negotiating an arms control agreement, had been involved in planning terrorist acts against the United States? The dreadful moment, after the bombing in Israel, in Jerusalem, a few months ago, Chairman Arafat, instead of taking action to reassure the fear of average Israelis about their security, holds a conference with Hamas and other terrorist groups and embraces and kisses one of the leaders of that group. Again, the chief of police of the Palestinian Authority at one point declares with some pride that more than 100 members of Hamas are members of the Palestinian Authority police.

The effect of these actions leading, again, to this tragic terrorist act today, is not just to affect the political leadership of Israel. Israel is a democracy. That is why Mr. Netanyahu is Prime Minister. The effect of these acts that I have described is to undercut severely the trust, the confidence, the hope of the people of Israel for peace. Because they don't trust the Palestinian Authority and Mr. Arafat, based on these various acts I have described and Senator D'AMATO has described, to carry out the promises in the Oslo accords to provide security and peace.

The late Yitzhak Rabin, Prime Minister of Israel, was a great leader, a great soldier of the peace, so-called peace of the brave. But I would say today, if Prime Minister Rabin was alive and was still Prime Minister today, he could not accept the continuation of the peace process under the status quo, because the Palestinians have not kept their part of the bargain. So, I fully support the statements made by the Senator from New York. I am grateful the Secretary of State is underway to the Middle East. It will take a courageous and bold action. But the main point here is that Chairman Arafat has to understand——

The PRESIDING OFFICER (Ms. SNOWE). The time for morning business is expired.

Mr. LIEBERMAN. I ask unanimous consent I be given 2 additional minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. D'AMATO. Madam President, might I ask that we have an additional—up to 15 minutes in morning business to be able to speak on this issue, because I know there are colleagues, my colleague from New Jersey and colleague from California, who would like to speak to this.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. D'AMATO. I thank the Chair.

Mr. LIEBERMAN. Madam President, what I am saying here is that this process—for the first time since September 1993 I fear that the peace process in the Middle East is unraveling. And that would be a terrible result for the people on both sides in the Middle East. The only way it can be brought back on track is for Chairman Arafat to take some unequivocal and strong actions to make clear that he is an enemy of terrorism. That will probably include arresting suspected terrorists. That will include a direct break of this embrace with Hamas. It will include a dedication to destroying the terrorist infrastructure that is part of Hamas. If that does not happen, the process will not go forward. Because the people of Israel—leave aside the Government—the people of Israel will not have the confidence to take it forward.

Here our options are limited. The Secretary of State and her designees are there to try to bring some sense to the parties on both sides. But, insofar as we have options, it suffices to say that in the climate and the reality that has occurred, as Senator D'AMATO has indicated, it seems to me there is very little chance that this Congress would appropriate any funds for the Palestinian Authority. It will make it difficult to renew the Middle East Peace Facilitation Act, which allowed the PLO, the Palestinian Authority, to have an office here in Washington which was closed in August because we didn't renew it.

These are serious consequences which go to the heart of the process and to the hopes of people, on the Palestinian and Israeli sides, for a better future than the war-torn past. I think we are all here appealing to Chairman Arafat, who remains the elected chairman, to seize this moment, show his leadership, or forever be seen in the eyes of history as the man who destroyed the hopes for peace in the Middle East.

I thank the Chair and yield the floor.

The PRESIDING OFFICER. The Senator from New Jersey.

Mr. LAUTENBERG. Madam President, if I might, I don't know, is the time reserved just generally?

Mr. D'AMATO. No. I have asked that we be permitted to speak on this issue for up to 15 minutes. My colleagues have yet to speak. So use whatever time is necessary.

Mr. LAUTENBERG. I thank the Senator from New York. I commend him for his ever-present concern about the well-being of our friends around the world, Israel in this case, and his staunch defense of freedom and democracy against terrorism. I thank him for his initiative today.

It is heartbreaking for all of us, when we see innocent people carried away in stretchers, and the mayhem and the destruction that terrorists visited upon Jerusalem this day. It is not a unique happening. It has gone on for too long. The attempt to suggest that this is a way to obtain peace, or to coerce friends who want democratic societies throughout the Middle East, kind of modeled on what Israel has done—it is a democratic society, as my friend and colleague from Connecticut said. They elected a Prime Minister. It is not for us to agree or disagree. It is irrelevant. The fact of the matter is, it is a democratic society. And what we try to do is encourage the Palestinian Authority to take democratic leadership and represent law and order and defend against terrorism. But we have been grossly disappointed of late.

I was in Israel 2 years ago in April when a bus was exploded by a terrorist. On that bus was a young woman from New Jersey whose family I now know very well. She died in a few days; 21 years old, an innocent victim. She wasn't there trying to hurt anybody. She was there because she was interested in studying Hebrew and the history of the Jewish people. Sometime later another young woman, also from New Jersey, was killed in a terrorist attack in Tel Aviv—just a random explosion, someone willing to take his life, convinced that he would be rewarded for killing himself and killing others.

The one thing we have to insist on in this country is we should not talk to anybody who, in addition to a formal relationship with us, supports terrorism. Syria by way of example. We have an ambassador there. They have representation there. But they are on a list of countries that support terrorism. And we ought to say listen, if that is the way you are going to conduct your life, in terms of the region that you exist in, that you want to encourage terrorism on the one hand and be a friend of this great democracy on the other, it's no go. We ought to say that to countries all around the area. If you in any way—even those that we have established some friendships with—if you in any way encourage or inflame the fire of violence and terrorism, our relationship is going to change. We cannot sit by and simply pour our hearts out and say, "Isn't it sad? Somebody lost a son, somebody lost a daughter, mother, father, sister." It has to be more overt than that.

We have seen what happens with terrorism. We have seen it in our own country. It shocked everybody, in Oklahoma, the Port Authority building in New York, the Trade Center. It is frightening. It is a disgusting, revolting act. Think of it, that someone feels justified, for political or personal reasons, to take others' lives in the name of a cause. We ought not let it be misunderstood, that we will never, never, never accept a handshake on one hand from someone who is going to support terrorism with the other hand.

Mr. D'AMATO. I wonder if my colleague might yield for an observation?

Mr. LAUTENBERG. Sure.

Mr. D'AMATO. Do you think that we should consider very seriously going forward with a cutoff of funding to Yasser Arafat and the Palestinians, unless we see some—I am not saying tomorrow or the next day—but unless we see some concerted action? I think we have to begin to let him know. I am wondering what my colleague thinks about that—my colleagues think about that? Because, it seems to me, we say one thing and we do the other. We are permitting, I think, ourselves to look rather foolish in the continued funding, or permitting funding to continue to flow.

Mr. LAUTENBERG. The question my colleague from New York State raises is a very complex one. Because we want to continue a peace process. I spent some time in Ireland. I visited in the north. We made investments in that society, in the northern section, so that people could elevate their standard of living and reduce some of the anger and the rage. And we continued. I was pleased to see, in the last couple of days, discussions taking place that include the Sinn Fein, with some Members of the Senate and so forth, to try to say, "Stop the killing, stop the killing."

I met with people in New Jersey, and we disagreed on the tactic that was being used, the violence in the North, to try to bring about the kind of equality that all of us like to see for our families and our friends. Thusly, I am reluctant to say just offhand that we ought to simply cut off the relationship.

I have faith that the Palestinian people also want peace. I don't think that they, any more than anyone else, likes the prospect of a son or a daughter dying in a conflict. There are those madmen—we have them in our society; we saw it in Oklahoma—people who are part of our culture who do something that is so outrageous. We see it in violence around the country all too frequently. We just saw it in New Hampshire.

I will say this, though, that I think the Senator confirms what I was talking about, and that is, we have to, as they say, tighten the screws. We cannot have a Hamas operating under one disguise in one place doing a good deed here and there—and I don't care how many good deeds they do—if the alternative is to have another branch of that organization that kills people, those who might disagree with them, while they tend to the needs of others who are indigent medically, troubled, et cetera.

So we have to make sure that if you want to be a friend of the United States, if you want us to work with you in any continued way of support for democracy, for economic betterment, that you have to leave out any assistance or any encouragement for terrorism, and that means reacting to terrorist acts by saying, "We condemn it and we condemn those who did it," and not hedge what they are saying, not permit them to say, "Well, we don't like terrorism, but, in this case, maybe"—baloney.

What we say is, if anybody participates in any support of terrorism, they can't be friends of ours and they can't derive any benefit from it.

I will relinquish the floor with a word of encouragement for Secretary Albright to continue her effort, for all the peacemakers to continue their efforts, to try to get by this but at the same time to make certain that those who commit terrorist deeds know that they cannot sit at the table at the same time that the peacemakers do. I yield the floor.

Mrs. FEINSTEIN addressed the Chair.

The PRESIDING OFFICER. The Senator from California.

Mrs. FEINSTEIN. Madam President, if I may, I would like to continue along the lines of some of my colleagues' comments with some of my own, informal as they may be, about what happened this morning. I find myself very much thinking along the lines of the Senators from New York, Connecticut and New Jersey.

I watched the CNN coverage from Jerusalem this morning, and my heart very much went into my throat. I wondered how much can the people of this small nation endure. I looked at the faces on the streets, and I saw a kind of brokenness, a spirit diminished, a hurt that was turning rapidly to anger.

I have been one on the Foreign Relations Committee who has been a supporter of the Middle East Peace Facilitation Act. That act expired prior to our recess. It was not renewed. My understanding is that as a result the Palestinian office in this area has closed, and I believe it should remain closed, and that the aid specified through the Middle East Peace Facilitation Act, which we call MEPFA, has ceased. I believe that aid should cease. I believe that the Middle East Peace Facilitation Act at this point in time should not be renewed and, as a member of the Foreign Relations Committee, it is going to take a great deal to convince me to go in any other direction.

The last terrorist attack before this was July 30. Since then, there has been an aborted attack. Today, we saw three suicide bombers go into a busy pedestrian mall and blow themselves up in a kind of fanaticism that certainly is not understood in Western countries or really any peace-loving country. It is not the act of peace-loving people to blow themselves up and blow up anyone that happens to be around them.

I submit that the only reason these bombs are not blowing up inside rooms, businesses, and convention halls—and causing even more casualties—is that in Israeli, everyone is searched when they enter public buildings. This is a terrible way for people to have to live. At some point it almost begins to approach the atrocity of a concentration camp if people must live this way.

My own view is that it takes two parties to pursue peace, and both parties must want peace. I had thought up to this point that Yasser Arafat wants peace. I must tell this body honestly, I no longer believe that to be the case. I watched his kiss with a Hamas leader, and I know that when public leaders engage in these kinds of symbolic gestures, it sets forth signals, signals to every Hamas terrorist everywhere, that their actions are, to some extent, condoned by the chairman of the Palestinian Authority, the head of that authority. That is a terrible signal to send if you are going to be seriously engaged in a peace process.

So I have come to believe that that authority at this stage does not want peace. I have come to believe it when I read that members of the police department were actually engaged in complicity with terrorists to allow a terrorist attack to take place.

I believe the following: First, that if there is ever a time for the Arab world to come forward and take a united and strong position against Hamas and Hezbollah and any other organization that would carry out these acts, it is now. If there ever was a time for the Arab world to begin to press for the arrest, for the destruction of these terrorist organizations, it is now. Outside of concerted action by the Arab world, I don't see how a peace process can go ahead with any progress whatsoever.

Second, I believe we should not renew the Middle East Peace Facilitation Act. I believe that all funding should cease at this point. And I must finally say that I personally have very mixed feelings about Secretary Albright's trip to the Middle East. Yes, I believe we should resist terrorism. I am not sure that going to the Middle East at this point in time sends the signal that we do, indeed, resist terrorism. It seems to me that if both parties, Israel and the Palestinians, want to discuss peace and the United States is going to carry out our role as an honest broker, this peace can be brokered elsewhere than on Israeli soil at this point in time.

When three people move forward to kill themselves and kill others, I only can believe that other attacks are going to follow. If I am any judge at all of the faces, the Israeli faces I saw on television this morning, I would have to say that peace is having a price that free people have a great deal of difficulty in paying, because it means your child can't go to school, you can't shop, you can't walk down a street. You become a hostage, in another sense.

So I make these comments with very deep concern as one who has tried to work on resolutions passed by this body so that they weren't inflammatory to the peace process, so that Jerusalem, as an issue, could be handled in a way that was not inflammatory, so that the Middle East Peace Facilitation Act could go ahead. But as one Member of this Senate, I am now at the point where I believe that without a major commitment from the Arab world, from Mr. Arafat and from his government, peace is at the weakest point that I have ever seen since the peace process has begun.

I thank the Chair. I yield the floor. I thank the Senator from New York for his comments.

Mr. D'AMATO addressed the Chair.

The PRESIDING OFFICER. The Senator from New York.

Mr. D'AMATO. The Chair has been gracious in extending morning business time, but I would like to make one observation, if I might, and ask that the time be continued.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. D'AMATO. Madam President, I think that this picture and the caption describes it. Here is Yasser Arafat embracing a leader of terrorism, a killer, the leader of Hamas. The caption reads: "Defying Israel, Arafat embraces Islamic militants." It is better titled: "Defying peace"—defying peace. It is better titled "Embracing terrorists," because that is exactly what he is doing.

My colleague from California, I think, described it quite correctly. It is not good enough to speak about peace and yet to give sanctuary, safe haven and tangible, visible support to those who bring about these horrific acts. That is what Mr. Arafat has done. Generally, he has done it under the cloak of speaking in a language and in places and at times where the world does not hear it, but that selected groups hear his words. Here he has done it in the way that the camera has captured him and his words in giving support and comfort to those who bring terror to the streets and to the homes of innocent civilians.

Mrs. BOXER. Mr. President, once again innocent Israeli civilians have been murdered by the enemies of the peace process. I rise today to strongly condemn this cowardly act of violence and reaffirm my support for the people of Israel and for the people who want peace throughout the Middle East.

There is no doubt that today's suicide bombings were carefully timed to inflict the greatest number of civilian causalities. Three explosions in quick succession rocked the Ben Yehuda pedestrian mall during the busiest time of day. These bombs killed at least 6 and injured nearly 200 people.

As expected, the terrorist group Hamas has claimed responsibility for this deplorable act. They are responsible for the blood and carnage in the streets of Jerusalem, and they must answer to the grieving parents and families of the victims.

Last month, I stood before this body to urge Yasser Arafat and the Palestinian Authority to keep their promise and crack down on terrorism. As evidenced by his complete inaction since the July 30 bombing, Mr. Arafat has not done anything to join the fight against terrorism. If the peace process is to move forward, he must find the courage to confront those who would victimize innocents to undermine peace in the Middle East.

Secretary Madeleine Albright is scheduled to visit the Middle East next week, and there are many who believe these bombings were intended to disrupt her visit. Mr. President, this deliberate act of violence against Israel will not deter us in any way from moving forward with the peace process—indeed, it will only strengthen our resolve. It is critical that America continue to play a major role in the peace process. We will not allow terrorists to set the agenda for the peace process. We will not allow cowards to strangle the prospects for peace in the Middle East.

In these difficult times, the need for strong American leadership becomes ever clearer. That is why I am very pleased that Secretary Albright has decided to proceed with her planned visit to the Middle East. It is my profound hope that her efforts can jump start the ailing peace process.

I believe Mr. Arafat and the Palestinian Authority must both agree to fully engage in the peace process and take dramatic steps to halt these terrorist attacks if they wish to continue to receive financial assistance from the United States. Unless such action is taken in the immediate future, I will steadfastly support cutting any and all aid to the Palestinian Authority. It is truly unconscionable that American money, given in good faith, be used to aid those who would conspire with terrorists.

Israel's greatest responsibility is to protect her citizens. Mr. Arafat must understand that a true peace can be achieved only when Israeli citizens are secure in their homes, in their places of worship, and on their streets. They deserve no less.

I wish to express my sincere condolences to the Israeli people on this senseless tragedy.

DEPARTMENTS OF LABOR, HEALTH AND HUMAN SERVICES, AND EDUCATION, AND RELATED AGENCIES APPROPRIATIONS ACT, 1998

The Senate continued with the consideration of the bill.

AMENDMENT NO. 1079

(Purpose: To increase the amounts made available to carry out title III of the Older Americans Act of 1965)

Mr. D'AMATO. Madam President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. Without objection, the pending amendments are laid aside. The clerk will report.

The legislative clerk read as follows:

The Senator from New York [Mr. D'AMATO] proposes an amendment numbered 1079.

Mr. D'AMATO. Madam President, I ask unanimous consent that the reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 45, line 13, strike "$854,000" and insert "$854,074,000 (and an additional amount of $40,000,000 that shall be used to carry out title III of such Act)".

On page 85, line 19, strike "$30,500,000" and insert "$70,500,000".

Mr. D'AMATO. Madam President, I thank Chairman SPECTER and the ranking minority member, Senator HARKIN, for their incredible stewardship and leadership in developing the 1998 Labor, Health and Human Services, Education appropriations bill. It is one of the most difficult bills that we have to deal with because the needs are so great; the needs for increased medical research, for research in all of the areas, whether it be for breast cancer, whether it be for kidney programs, whether it be for the programs for AIDS research.

Encompassed in this is how do we share the resources which are so limited? So it really comes down to, unfortunately, choices, of not giving sufficient funding to some of the most critically important areas affecting our health, affecting infants, and affecting all of our populations.

But there is another population that continues to grow, a population that has not, unfortunately, had their needs met, too. That is our senior citizens. That is why I rise today, on behalf of America's elderly citizens, to increase the title III of the Older Americans Act. I offer an amendment that would increase it by $40 million, for a total of $893 million. The current Older Americans Act funding includes a 2-percent increase. That is 15 percent. That is a cost-of-living increase over last year's allocation.

Most people would say, "Well, that's not bad in these times of austerity." I agree. But I think we have to look at the problem. The primary goal of these community services is to keep millions—millions—of frail elderly people living independent in their own homes, in their own apartments, for as long as possible, allowing them to avoid unnecessary institutionalization and saving billions of dollars, not to mention improving their quality of life.

So the Older Americans Act provides a whole variety of programs, home and community-based services to the elderly, including congregate and home-delivered meals—Meals on Wheels; we have heard of that—transportation so that seniors do not live as shut-ins so they have an opportunity to come together with friends and neighbors, senior employment, senior centers, adult day care and other services.

Three of these services account for more than two-thirds of the title III funding: Congregate meals, that is $250 million; home-delivered meals, $134 million; and transportation, $63 million. No one can deny the incredible needs and the fact that, if anything, they grow and grow.

The face of America's population, Mr. President, is changing. It is growing older. Believe it or not, those elderly people who are 85 years of age or older are growing faster than any others. They are growing at a faster rate—85 and older. So when we talk about the needs of the frail elderly and keeping them from being institutionalized, this is becoming an increasing problem.

The elderly population over age 85 will increase by 36 percent by the year 2005. Think of that; an incredible 36 percent. That is going to call for increased services, increases well beyond what we can imagine and envision today. And unless we do, we are talking about a vulnerable population. They will have no other alternatives in many cases than to be institutionalized. I suggest not only the quality of life of the seniors then becomes degraded to the extent that we do not even like to think about it, but the cost factors will become incalculable.

The typical Older Americans Act participant, Mr. President, to get a profile of who is that person, is a woman over 75, living on a very limited fixed income, who needs daily help in preparing meals or weekly transportation to a doctor.

Thirty-nine percent of the Older Americans Act participants have incomes at or below the poverty level.

Among States, the poverty rates for participants range from 17.2 to 86.9 percent. Twelve States report at least half of their participants have incomes at or below the poverty threshold.

Mr. President, why is a $40 million increase so desperately needed? Well, despite the steady funding increases, the effect of inflation and the tremendous population growth have diminished the actual impact of the annual appropriations increases. Over the past 15 years, there has been a 40-percent loss in the program's capacity to meet the needs of older citizens due to a combination of the following factors: increased costs due to inflation, serving increased numbers of frail elderly who need more, and reduced Federal funding.

If inflation and the increasing age population were accounted for from the OAA's start in 1973, we would have had to double the funding. So while the request for doubling the funding level in 1 year is unrealistic, certainly—certainly—the request that we put forth at 5 percent, or $40 million, is one that I believe is extremely conservative and one that I hope we can meet.

Where do we find the funds? Let me first say the committee has done an excellent job. It has identified funding, an increased funding of $15 million, by reducing the general administrative costs, which amount to about $1 billion, the bureaucracy, the overhead for administering these programs, for the bureaucrats here in Washington and in other areas. I believe that by a further reduction by 5 percent, we can add $40 million. That is a very modest reduction as it relates to overhead. And that is what we intend to do.

So what we are talking about is making more resources available for people, the frail elderly, people who need it, a population that averages 75 years of age, a population that continues to increase, as opposed to decreasing resources for bureaucrats.

I believe in the days of computerization, et cetera, and effective efficiency, we can do that. We can actually increase the services with less people by way of attrition, by way of maximizing the efficiency and the effectiveness that one person today can bring to the work force by use of the computer that can do the work of two or three or four.

Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER (Mr. ROBERTS). Is there a sufficient second? There appears to be.

The yeas and nays were ordered.

AMENDMENT NO. 1079, AS MODIFIED

Mr. D'AMATO. Mr. President, I ask unanimous consent that I be allowed to submit a modification to the amendment which I have offered.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

The amendment (No. 1079), as modified, is as follows:

On page 45, line 13, strike "$854,074,000" and insert "$894,074,000".

On page 85, line 19, strike "$30,500,000" and insert "$70,500,000".

Mr. D'AMATO. Mr. President, I ask unanimous consent that this matter be laid aside and be voted on at 5:30.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. D'AMATO. I thank the Chair and thank my colleagues for their patience.

Mr. LIEBERMAN addressed the Chair.

The PRESIDING OFFICER. The Senator from Connecticut is recognized.

Mr. LIEBERMAN. I thank the Chair.

AMENDMENT NO. 1080

(Purpose: To increase funding for the Public Charter Schools Program under Part C of Title X of the Elementary and Secondary Education Act of 1976)

Mr. LIEBERMAN. Mr. President, I have an amendment which I send to the desk at this time.

The PRESIDING OFFICER. Without objection, the pending amendments are set aside. The clerk will report the amendment.

The bill clerk read as follows:

The Senator from Connecticut [Mr. LIEBERMAN], for himself and Mr. COATS, proposes an amendment numbered 1080.

Mr. LIEBERMAN. Mr. President, I ask unanimous consent further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 50, line 9, strike "$1,271,000,000" and insert "1,256,987,000", and on line 10, strike "$530,000,000" and insert "$515,987,000".

On page 53, line 12, strike, "$310,000,000" and insert "285,000,000".

On page 59, line 12, strike, "$362,225,000." and insert "352,225,000, of which $40 million shall be made available to carry out Part A of Title X of the Elementary and Secondary Education Act of 1965."

On page 59, line 14, after "said Act" insert ", $100,000,000 shall be available to carry out part C of Title X of the Elementary and Secondary Education Act of 1965,".

Mr. LIEBERMAN. Mr. President, I am proud to rise today to offer an amendment, along with my good friend and colleague Senator COATS from Indiana, which would increase our investment in one of the most promising engines of education reform in America today, which is the charter school movement. This amendment would increase funding for the charter school grant program from the current level of $51 million up to $100 million for fiscal year 1998.

Mr. President, we recognize that this is a sizable jump in funding, but let me put it in context and then go on to explain why we believe it is more than warranted.

Earlier this week, on Tuesday of this week, my friend and mentor, Bill Bennett, wrote a column on the op-ed page of the Wall Street Journal in which he began with some startling numbers. "This morning," that is Tuesday morning, "a record 52 million children will walk into America's classrooms. And this year Americans will spend more than a quarter of a trillion dollars trying to educate them."

So when we think, as this amendment would do, Mr. President, of taking the $51 million the Federal Government now invests in charter schools and raising it to $100 million—a sizable jump; just about doubling it—let us put it in the broader context of the quarter of a trillion dollars that is being spent every year in this country to educate our children. This additional $50 million, I think, provides enormous hope that the remaining quarter of a trillion dollars will be better spent.

Dr. Bill Bennett went on to say that these numbers alone ensure that education will be at or near the top of the national political agenda, and indeed, in addition to this, there is greater political emphasis on social issues. Education is how many people talk about the condition of our children, cultural decline, and the Nation's moral wellbeing.

Dr. Bennett goes on to cite a number of hopeful signs of reform and progress occurring in our education system, including some of the superb experiments that are now being tried with school choice or school vouchers, school scholarships. But he also mentions charter schools. I quote from his article. "Public schools that are freed from many regulations, in exchange for greater autonomy and more accountability, are flourishing. There are now more than 700 charter schools in 28 States."

Mr. President, the goal of this amendment is to help us open, help the States, help individuals, help entrepreneurs open hundreds of more charter schools. This movement has quickly become one of the most popular and encouraging developments in the world of education reform. Since the first charter school opened in Minnesota in 1991, 29 States and the District of Columbia have enacted charter programs. And as children head back to school this month, it is expected that more than 700 charter schools will be in operation across the country, including a whole new group in my own State of Connecticut, practically tripling the number of charters that were in existence just 2 years ago.

The appeal of this new breed of schools is obvious. In the context of a school system that is not adequately educating too many of our children, charters offer the promise of higher standards, greater accountability, broader flexibility to innovate in the classroom, and ultimately greater choice, which is what more and more parents want in public education. So far the broad array of charter schools already in business are delivering on that potential. Parents give overwhelmingly high marks to charter schools for their responsiveness to them, the parents, as customers. Several independent studies show that this, in turn, is helping to generate greater parental involvement in the education of their children.

These studies also show that charters are effectively serving diverse populations, particularly many of the disadvantaged and at-risk children that traditional public schools have struggled to reach. While it is too soon to determine what impact charter schools are having on overall academic performance, the early returns in places like Massachusetts suggest that charters are succeeding where it matters most, in the classroom.

Perhaps the most powerful endorsement of the charter school approach came recently from the superintendent of public schools for the Seattle public school district, who suggested that the city should consider making every school in its district a charter school, freeing the schools of the burdens of the central bureaucracy, setting a series of standards of accountability that would have to be met by those who run the school in a given amount of time and understanding that the charter is not forever. The charter is only renewed if the goals set out within it are realized.

The movement is being driven by a growing legion of parents, educators, business leaders and community activists who are convinced that alternatives in public education, including charter schools, represent the future of public education in America. But Congress, to our credit, has made a valuable contribution to the growth of charters through the Federal charter grant program, which was authorized in 1994 with broad bipartisan support. I was privileged to be a cosponsor of that legislation with Senator David Durenberger, the main sponsor, Senator from Minnesota.

Over the last 3 years, the Federal charter program has helped scores of charter schools open. What do we do? We defray the costs many groups face in trying to start a school from scratch. That is what the Federal money goes to. Most States provide charter schools, and this is the case in Connecticut, with a per pupil allotment once they are in operation. But charter operators have to scramble to cover such startup expenses as planning a curriculum, leasing a building, hiring a staff.

A survey of charter school operators recently conducted by the Department of Education highlighted this problem showing that it was by far the biggest obstacle to success that charter school operators face. It is that obstacle that this amendment intends to diminish.

As the charter movement expands, the demand for this aid will only continue to grow with it. With the number of charter schools mushrooming each year, our ability to help them meet their startup costs will quickly diminish, unless we increase the amount appropriated, as this amendment would do.

President Clinton recognized this when he issued a challenge in the State of the Union to double the funding for the Federal charter program. That is what we do, Senator COATS and I, in this amendment.

By doubling funding for this program, we would help scores of new charter schools make the transition from the drawing board to the blackboard, and provide thousands of additional students with an opportunity to attend one of these innovative, performance-based programs. Moreover, we would also send a strong message to charter advocates and to families in general that the Federal Government is committed to supporting the good work that is happening at the State and local level and that we are serious about fundamentally improving public education.

To make sure we spend this new money wisely, Senator COATS and I also intend to introduce legislation this fall aimed at strengthening the Federal charter program. From our experience to date, we have learned some valuable lessons about how we can improve this program to speed the development of charter schools in participating States and to also encourage nonparticipating States to join this movement. The legislation we're preparing would use the new Federal funding to reward those States that are most actively moving to create charters. It would also tighten a few unintended loopholes in the current law that have allowed schools that are not true charters to receive Federal aid that was not intended for them.

We can begin strengthening this program immediately by increasing our investment in charter schools. And that is the purpose of our amendment today. To pay for this new investment, we are proposing shifting a relatively small amount of funds from three broad-based Federal programs—the title VI block grant account, Goals 2000, and the Fund for the Improvement of Education. All three of these programs are aimed at promoting educational reform and innovation, which is the same exact mission of the charter school program. So in essence, rather than cutting these three broad-based accounts, our amendment would simply earmark a fixed portion for a highly effective, well-targeted, and broadly supported program.

The three programs from which we are shifting funding are all worthwhile efforts. But we feel strongly by earmarking a relatively small amount from them for the charter school program, we will be getting the most bang for the books.

We are convinced that the charter movement, as charter expert Bruno Manno of the Hudson Institute has said, is arguably the most vibrant force in public education today. It has managed to bring together parents, educators, and political leaders from both parties in support of an effort to inject more choice, accountability, and competition into our public schools, an effort that focuses first and foremost on performance, not process—performance in educating our children.

I hope we can come together ourselves in a bipartisan fashion, as we did in launching the Federal charter program, to demonstrate our commitment to these goals by passing this amendment. I thank the managers of the bill for the opportunity to speak on this important issue, and would ask them for their support.

Mr. President, let me discuss the funding offsets for the Lieberman-Coats charter school amendment.

The Lieberman-Coats amendment would increase funding for the Federal charter school grant program by $49 million. Here is a breakdown of how this amendment is paid for: $25 million would come from the title VI block grant program that supports State and local driven innovation efforts. This would leave funding for this account at $285 million; $14 million would come from the Goals 2000 program. This would leave funding for this account at $515.9 million, which would still amount to a $25 million increase over the fiscal year 1997 level; and $10 million would come from the Fund for the Improvement of Education, a pool of discretionary funds administered by the Secretary of Education. This would leave funding for this account at $40 million, the same amount appropriated for fiscal year 1997.

All of these programs are broad-based efforts aimed at promoting education reform and innovation and lifting standards. The charter school program is dedicated to these same goals. So rather than cutting the three programs listed above, the Lieberman-Coats amendment simply earmarks a fixed portion of these accounts for arguably the most promising education reform and innovation initiative in the country.

I notice the presence on the floor of my cosponsor and Senator STEVENS as well. I yield the floor.

Mr. STEVENS. Mr. President, I ask unanimous consent the vote occur on the pending D'Amato amendment at 4:30 p.m. today, and that no amendments be in order to the D'Amato amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

The Senator from Indiana is recognized.

Mr. COATS. I understand that shortly the Senator from Alaska will make a proposal that is certainly acceptable to Senator LIEBERMAN and I, and I will be very brief in my comments.

I am pleased to join my colleague from Connecticut in coauthoring and cosponsoring this amendment to increase funding for charter schools. Clearly, we are in a situation where I think there is a growing recognition that the status quo in our public schools is unacceptable, particularly our public schools located in low-income and urban areas. That status quo has existed for quite some time.

It has been nearly 13 years since the President's commission reported about mediocrity in public education. We have seen numerous attempts both through public policy and through local initiatives to try to address the mediocrity and improve educational opportunities for our young people. We have met considerable resistance from the Federal Government, from the Department of Education, because they do not want to upset the status quo. Yet parents are voting with their feet and with considerable sacrifice and demanding at local and State levels that change be made. They are demanding alternatives.

Senator LIEBERMAN and I have explored a possibility of vouchers for low income, providing parents who do not have a choice, a choice that most of the rest of us have, that if their failing public school is not educating their young people they would have some means and wherewithal to utilize a voucher to achieve a better education.

This is not that amendment. This is an amendment that addresses another alternative, a viable alternative called charter schools that Senator LIEBERMAN has said is being more and more accepted throughout America. Even the Department of Education, in releasing its first formal report on the study of charter schools, has some findings indicating that charter schools have racial compositions similar to statewide averages, and in many cases have a higher proportion of minority students. So the charge that they are just for a certain race or just for the elite is not a well-founded charge.

Sixty percent of public charter schools are new startups rather than conversions of public and private schools to charter status. They enroll roughly the same percent of low-income students on the average of other public schools. So a lot of red herrings about charter schools undermining the effectiveness of public schools is not proven.

The Hudson Institute, located in Indianapolis, has undertaken a very significant and comprehensive study of charter schools called Charter Schools in Action. Their research has involved visiting 14 States, 60 schools, and visiting thousands of teachers and students. The key findings are that three-fifths of charter school students rate their charter school teachers as better. Over two-thirds of parents say the charter school is better than the child's previous school with respect to class size and school size. Over 90 percent of the teachers are satisfied with their charter school educational philosophy, their size, colleagues, and students. And among students who said they were failing at their previous school, more than half are now doing excellent or good work.

The gains were dramatic, most dramatic for minority and low-income youngsters, and were confirmed by their parents.

In summary, the Hudson Institute study found charter schools point to important ways to improve and reinvent public education as a whole. The implications from the success of charter schools indicate that successful public schools should be consumer-oriented, diverse results oriented and professional places that also function as media institutions in their area.

Because of the tremendous success of charter schools in the past 6 years, I joined Senator LIEBERMAN in an attempt to double the funding. As Senator LIEBERMAN pointed out, they offer great accountability, broader flexibility for classroom innovation, and ultimately more choice in public education.

Senator LIEBERMAN and I have addressed what we think are some offsets to provide for this doubling of funding to encourage charter schools. There has been some concern about where that funding comes from. I think there are some creative, innovative, and useful offsets, but it would engender considerable debate and discussion and might undermine this effort. Senator STEVENS has found, I think, a very acceptable way to address this, and I appreciate his involvement and his efforts and his support for this.

With that, I thank my colleague, Senator LIEBERMAN from Connecticut, for his initiatives, and I am pleased to join him in this.

I yield the floor.

Mr. STEVENS. Mr. President, this pending Lieberman-Coats amendment is a good one. We see no reason to take further time on it because the House bill does have the $75 million for charter schools. The effect of this amendment would be to increase it to that amount.

It is the intention of the chairman of the subcommittee, Senator SPECTER, to notify the House that in conference we will recede to the House on this item.

I appreciate the indulgence of the two Senators, Senator LIEBERMAN and COATS, and ask under the circumstances that they accept our word that will be the amount of money provided for charter schools under this bill when it comes out of conference.

Mr. LIEBERMAN. Mr. President, I thank the Senator from Alaska very much for his statement. The willingness of the Senate conferees to yield to the House on this would accomplish an enormous step forward in Federal support of the charter school movement. There is no need to take any more time of the Senate. Obviously, the word of the Senator from Alaska is bankable. I thank him for that.

I thank my colleague from Indiana and I appreciate very much another expression of bipartisan support for this educational reform movement that is sweeping America. With our help, it will help it even more with this additional amount of money.

I yield the floor.

The PRESIDING OFFICER. The Senator from Oklahoma.

Mr. NICKLES. Mr. President, I wish to compliment and congratulate the Senators from Connecticut, Indiana, and Alaska for not only their support for charter schools but also for the additional funding, because this is a success story. There are successes in communities all across the country. The number of charter schools has exploded. I think there are over 700 now, and growing.

A lot of States are looking to see how can we improve our schools, how can we make education better. Charter schools have been a proven success.

I compliment my colleagues for bipartisan work in making a real addition to a proven success story and improving education.

AMENDMENT NO. 1080 WITHDRAWN

Mr. LIEBERMAN. Mr. President, I ask unanimous consent to withdraw the amendment.

The PRESIDING OFFICER. The amendment is withdrawn.

The amendment (No. 1080) was withdrawn.

AMENDMENT NO. 1081

(Purpose: To limit the use of taxpayer funds for any future International Brotherhood of Teamsters leadership election)

Mr. NICKLES. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The pending amendments are set aside.

The clerk will report.

The bill clerk read as follows:

The Senator from Oklahoma [Mr. NICKLES], for himself, and Mr. JEFFORDS, proposes an amendment numbered 1081.

Mr. NICKLES. I ask unanimous consent reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 25, between lines 9 and 10, insert the following:

SEC. . (a) IN GENERAL.—Except as provided in subsection (b), none of the funds made available under this Act, or any other Act making appropriations for fiscal year 1998, may be used by the Department of Labor or the Department of Justice to conduct a rerun of a 1996 election for the office of President, General Secretary, Vice-President, or Trustee of the International Brotherhood of Teamsters.

(b) EXCEPTION.—

(1) IN GENERAL.—Upon the submission to Congress of a certification by the President of the United States that the International Brotherhood of Teamsters does not have funds sufficient to conduct a rerun of a 1996 election for the office of President, General Secretary, Vice-President, or Trustee of the International Brotherhood of Teamsters, the President of the United States may transfer funds from the Department of Justice and the Department of Labor for the conduct and oversight of such a rerun election.

(2) REQUIREMENT.—Prior to the transfer of funds under paragraph (1), the International Brotherhood of Teamsters shall agree to repay the Secretary of the Treasury for the costs incurred by the Department of Labor and the Department of Justice in connection with the conduct of an election described in paragraph (1). Such agreement shall provide that any such repayment plan be reasonable and practicable, as determined by the Attorney General and the Secretary of Treasury, and be structured in a manner that permits the International Brotherhood of Teamsters to continue to operate.

(3) REPAYMENT PLAN.—The International Brotherhood of Teamsters shall submit to the President of the United States, the Majority and Minority Leaders of the Senate, the Majority and Minority Leaders of the House of Representatives, and the Speaker of the House of Representatives, a plan for the repayment of amounts described in paragraph (2), at an interest rate equal to the Federal underpayment rate established under section 6621(a)(2) of the Internal Revenue Code of 1986 as in effect for the calender quarter in which the plan is submitted, prior to the expenditure of any funds under this section.

Mr. NICKLES. Mr. President, the amendment I send to the desk on behalf of myself and Senator JEFFORDS is an amendment that deals with the potential rerun of the 1996 Teamsters election. I think most of my colleagues are aware the Teamsters election, which was held in 1996, has now been held invalid, at least by the administrator overseeing the election who determined that there was fraud, that there was corruption, and that there needed to be another election. She has now made that petition before the U.S. district court. The court will rule on that. My guess is she will probably order another election.

The purpose of this is to ensure that taxpayers won't pay for the next election. To give my colleagues a little history of how the U.S. taxpayers paid for the last one, I have heard estimates of around $22 million. I also heard more than $22 million, maybe higher or closer to $28 or $29 million, but the taxpayers paid millions of dollars, $20 million-some for the 1996 Teamsters election.

Now it seems that the Federal overseer of that election says it was not fair, it was not right, there was corruption, it needs to be held over again.

The purpose of this amendment is to say that taxpayers will not pay for it again. I might mention, somebody said why would taxpayers pay for it in the first place? Mr. President, 99 percent of all union elections that are held in this country, the U.S. taxpayer does not pay for. There was a 1989 decree with the Teamsters and the Justice Department entered into in 1989 that called for the elections both in 1991 and 1996. The 1991 election, I might mention, had oversight by the Federal Government but was not paid for by the Federal Government. Actually, the Teamsters paid for the 1991 election.

With Federal Government oversight, no allegations of improprieties or corruption were made. It was a good election. The 1996 election, however, provided for in the decree, provided that the taxpayers would pay for the 1996 election. Now the overseer of that election said, wait a minute, there was fraud, we will have to have another election.

The purpose of this amendment is, let's not pay for it, let the Teamsters pay for it. Somebody said, well, maybe they do not have the money, it could cost several million. I heard it could cost $10 million, it might cost $20 million. Who knows? I think they will be more frugal if they are paying for it. Certainly, they are capable of paying for it. In the event they do not have the money, our amendment allows for the taxpayers to pay for it, but we have to be paid back.

Again, I think taxpayers did not get their money's worth out of the 1996 election. If you paid $20 million-some and you find there was rampant corruption, fraud, and abuse to the extent we have to have another election—we should not let that happen again.

So, that is the purpose of my amendment. I think it is a fair amendment. It is in accord with the 1989 decree ordered in the past. I urge my colleagues to support this amendment.

I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The Senator from Massachusetts is recognized.

AMENDMENT NO. 1082 TO AMENDMENT NO. 1081

Mr. KENNEDY. Mr. President, I send an amendment to the desk.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Massachusetts [Mr. KENNEDY] proposes an amendment numbered 1082 to amendment No. 1081.

The amendment is as follows:

At the end thereof, insert the following:

(c) Nothing in this section shall be construed to affect the obligations of the United States under the consent decree in *United States* v. *International Brotherhood of Teamsters*, 88 Civ. 4486 (DNE) (S.D.N.Y.), or any court orders thereunder.

Mr. KENNEDY. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. KENNEDY. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. KENNEDY. Mr. President, just for the benefit of the membership, to describe where we are, the amendment that I have offered would include the Nickles amendment, but it would also add to the Nickles amendment: "Nothing in this section shall be construed to affect the obligations of the United States under the consent decree" entered into in United States v. Teamsters, decided in 1989."

So, effectively, the Nickles amendment would be perfected with the Kennedy amendment. All we are saying with the Kennedy amendment would be that nothing in the Nickles amendment would eliminate the obligations of the United States that was a part of a consent decree that was signed in 1989 because we are not operating in a vacuum here today with regard to the Teamsters elections. We are basically operating on the basis of a consent decree that was signed by the previous administration, signed by the Bush administration, and supported by the Bush administration.

All that we are saying is that whatever decision that is going to be made, or whatever language would be included in the Nickles amendment, it will not be contrary to what was agreed to by the United States, agreed to by the U.S. Government and the previous administration and adhered to by the courts. We don't know what the future is going to bring with regard to any potential future election or what the allocation of responsibility would be in terms of who would be responsible to pay for various aspects of the election. We don't prejudge that. All we are saying is that nothing in the Nickles amendment will, in any way, undermine the responsibilities of the United States, which I believe is a solemn agreement and a solemn commitment, and that has been accepted in the courts of law by the United States.

Now, Mr. President, this amendment, I believe, is basically a transparent attempt to punish the Teamsters Union for winning the UPS strike, and it doesn't deserve really to pass. This issue is no light matter. The amendment would require the Federal Government to abdicate its responsibility under the court-approved consent ordered and signed by the Justice Department under the Bush administration. If the Federal Government abdicates this responsibility, it could be subject to contempt proceedings in the Federal court.

The amendment would deny Federal funds to oversee the forthcoming Teamsters election, which had been ordered after the 1996 election was nullified by the Government-appointed election officer. That election was paid for by Federal dollars. The Federal Government agreed to fund that election under a 1989 consent order in the Federal court of New York City that resolved a racketeering suit brought by the Government. The suit was a culmination of over 30 years of effort to eliminate organized crime from the leadership of the Teamsters Union. Congress has been heavily involved in that process. From the McClellan committee hearings in 1957 to the Senate permanent subcommittee investigation hearings in 1994, we have worked to reduce the influence of organized crime in the union and in the industry where its members work.

In 1988, the Justice Department, under President Bush, sued the Teamsters under the Federal racketeering laws. The charge was that the union was dominated by organized crime. That was settled in 1989. The court-approved consent order was designed to rid the union of officers with ties to organized crime and to create a new, open and democratic structure in the union. The consent order provided that the 1991 election for Teamster offices would be supervised by a court-appointed election officer. The consent order also required the 1996 election to be supervised by the election officer.

Let me quote the union-defendant's consent to the election officer, at Government expense, to supervise the 1996 elections on page 16 of the consent order:

> In accord with that decree, the election officer supervised the '96 election, at Government expense. Late last month, the officer ruled that the '96 election must be rerun because of irregularities committed by consultants to one of the candidates. The election officer specifically refused to find that any union officer or member committed any misconduct and noted that Teamster President Ron Carey cooperated with the election officer in a manner inconsistent with guilt. Under the consent order, the Federal court must formally order any rerun election that is held. The court's decision will be issued later this month.

It is the consent order that obligated the Government to pay for the 1996 election. Under the consent order, any rerun of that election ordered by the election officer should be Government-funded. Yet, this amendment asks the Government to walk away from that clear obligation. If passed, the amendment would order the Government to subject itself to a contempt proceeding. These financial obligations were entered into by a Republican-controlled Justice Department and a Republican administration. They were part of a comprehensive and successful effort to root out organized crime from the Teamsters Union and restore democratic process to that union.

It is an outrage to ask Congress to abdicate our responsibility to help in eliminating corruption in this union. The heart of this amendment is an attempt to punish the Teamsters for their extraordinary success in the recent UPS strike, in which the Teamsters won 10,000 more permanent jobs for their members, improved benefits for all 185,000 UPS employees, and sensitized the entire Nation to the gross abuses in many workplaces that force hard-working men and women into part-time jobs with lower wages and lower benefits than they deserve.

Some of our Republican friends may believe the Teamsters should be punished for these gains. I believe that they deserve praise instead of punishment. I urge my colleagues to give our amendment the kind of support that it deserves.

Mr. NICKLES. Will the Senator yield for a question?

Mr. KENNEDY. I am glad to.

Mr. NICKLES. In looking at your amendment, you said that nothing in this section should be construed to affect the obligations under the consent decree. I might agree to that part. But then you also add, "or any court orders thereunder." What do you mean by that last few words?

Mr. KENNEDY. I would expect that what we would include in that is any court orders that would be related under the consent decree or that would be related to the consent. Is there something in particular—I would be glad to attempt to define that, if the Senator has some particular concerns in some particular way. But it seems to me to be fairly clear. Any of the orders that would be a part of that consent decree. Now that we are retained and we are within the consent decree, there would be any of the court orders with regard to the various elections. And I would expect that as we did before, we would want to comply with the consent decree in those areas.

Mr. NICKLES. I am just trying to help a little bit. If the Senator will drop those last few words, I might agree to his amendment, because I think our amendment is consistent with the consent decree. But I may be overly interpreting. I don't know exactly what the sentiment is for "or any court orders thereunder." But it might be hoped by the Teamsters, or something, they could go to court and find some court that would say, yes, the Federal Government should pay for a rerun election. That is not covered.

I might tell my colleague that I have done a little homework on this. The rerun is not covered by the consent decree. There certainly is no obligation for taxpayers to pay for reruns, which is not consistent with the statement of the Senator from Massachusetts. That, I think, is factual.

So my point is, if the Senator would delete those last few words "or any court orders thereunder," I think I could accept his amendment.

Mr. KENNEDY. If there was any court order affecting the 1996 elections of Teamsters officers—I would like to try a short quorum call to make sure that would be language, which I think appears to be to the Senator's point, and I think it would meet the objectives. But maybe we could suggest a short quorum call to make sure that we have the language that conforms to both of our understanding.

I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. WARNER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

THE ELECTION IN LOUISIANA

Mr. WARNER. Mr. President, I was distressed yesterday to hear comments on the floor relative to the duty of the U.S. Senate under the U.S. Constitution to determine—and we have the sole authority under the Constitution to determine—the issues as relating to the presence or absence of that degree of fraud or other conditions that would affect the outcome of the election in Louisiana. The subject has been discussed many times on the floor.

As chairman of the Rules Committee, I have overall responsibility for the direction and the daily conduct of this investigation. I will later today either address the Senate or put in the RECORD a detailed accounting of everything that I, the staff of the committee, and others have done since the last time I reported to the Senate with regard to this very important case. But I wish to assure my colleagues that while I regret that the Democrats decided to walk out on the investigation that the Republican majority of the committee, and specifically myself, we have continued to fulfill what I and others regard as the bottom-line responsibility of the U.S. Senate, and that is to go and look at every reasonable source of potential evidence as it relates to fraud in this election. This has taken a great deal of time. I recognize that it has stressed the patience of many.

But if you look historically, as I have done, at comparable situations when the U.S. Senate has been faced with the election problems, this case thus far is relatively short in duration. Many have gone for as much as 18 months to over 2 years.

It is my hope and my expectation that we can conclude this work in a reasonable period of time. Under the leadership of our distinguished majority leader and, indeed, some on the other side of the aisle, we were very near to an agreement whereby both sides concurred that this matter could be concluded before late September—this month. That fell by the wayside, and I was then given the authority at long last, although I had asked a number of times—it had been denied by the Democrats—the authority to issue subpoenas. I received that authority from the committee. Subpoenas were promptly issued. And I went to Louisiana on two occasions and each time conducted 2 full days of hearings. I repeat, 2 full days; 4 full days thus far of hearings in Louisiana.

In response to those subpoenas, individuals without exception came in, some voluntarily. Those individuals responded in large measure to the best of their knowledge to each and every question. Some equivocated. That is true in any trial. I used to be an assistant U.S. attorney for 4 or 5 years, and I have tried many cases. But I can judge witnesses fairly well based on that experience. I say on the whole the witnesses were forthcoming in their oral testimony.

Likewise, we issued subpoenas duces tecum for records. We have in the possession of the Senate now some four to six cartons of records as a consequence of those subpoenas issued in August. Most of those records relate to the gambling industry, which, according to official records, put anywhere from $10 to $15 million into the elections taking place on December 5 or 6 of 1996 because there was a referendum that affected the gambling industry. They had a right to participate and contribute money to foster their interests in certain votes as related to the referendum.

But anyway, that is a voluminous amount of record material that must be gone over carefully by Senate staff and such other adjunct support as we can get from the GAO. Much to my disappointment, and despite the efforts of the distinguished majority leader, myself, and others, the FBI pulled out when the Democrats left. That left us short-handed in the nature of support. But we are doing our best. And despite the efforts of majority leader, myself, and others, the FBI still has not come in to give any further help.

All of this is to say the buck stops with me as the chairman. And I can, in clearest of conscience, report to my colleagues that I feel that the Rules Committee, its staff, and the Republican Senators participating are fulfilling the exact requirement placed upon us by the U.S. Constitution.

I urge that the Members of this body continue to allow that work to be done in an orderly fashion as best we can, given the extraordinary handicaps we have, both financial, time and staffwise, to do our work, to go over the records we have.

I announced in Louisiana it would be my judgment, subject to concurrence of other members of the committee, to have at least one more hearing, this time here in the Rules Committee room, at which time the gambling industry would be subpoenaed to come and explain in detail the voluminous amount of records we now have before us. We need to ascertain whether or not this sum of money, ranging from $10 million to $15 million, was expended in a proper way in accordance with Federal and State law, or in fact did some of it slip into areas which could have generated fraud and, indeed, affected the outcome of this election through fraud.

So, Mr. President, I see the majority leader now at this time and I, due to time constraints, have to stop my remarks, but I will put in the RECORD today, either orally or insert a more complete dissertation, exactly what we have done.

Mr. LOTT addressed the Chair.

The PRESIDING OFFICER. The majority leader is recognized.

ORDER OF PROCEDURE

Mr. LOTT. For the information of all Senators, our Democratic colleagues are objecting today to permission for two committees to meet during the pendency of this session. The Agriculture Committee began meeting at 9 a.m. this morning to discuss rural and agriculture credit issues. Yet, as a result of that objection, or the objection we heard on that committee meeting, they had to abruptly end their meeting at 11:30 this morning.

The Environment and Public Works Committee is scheduled to meet at 2 p.m. today, and I want to take some action here momentarily that will allow them to, in fact, begin their hearing to discuss the Superfund Cleanup Act. Permission for them to meet was also objected to by the Democrats. It is my understanding that prominent witnesses have flown in from all over the country to appear before the Environment and Public Works Committee to discuss this vital environmental issue, what can we do to reform Superfund so the lawyers don't clean up but we clean up hazardous waste sites across America in most every State in this Nation.

Included in the group that was to come to testify is the Governor of Nebraska. He is scheduled to be introduced momentarily by one of the Senators from Nebraska. That testimony would certainly be key with respect to the Superfund Act in that State.

The objection lodged by the Democrats would deny that meeting from taking place unless the Senate were to recess. I regret that the Senate must recess in the middle of the day while discussing a very, very important piece of legislation, the Labor and Health and Human Services appropriations bill. We were, I thought, committed to working together in completing the appropriations process, especially a bill like this. While there are still some amendments pending that are of great interest and perhaps even controversial, we have made progress, and I think we could finish it up tonight with a little effort.

Unfortunately, this objection will only delay the consideration and passage of the Labor, HHS appropriations bill. Our colleagues from the other side of the aisle have stated that "there is no intention to interrupt the business of the Senate, which is to pass these appropriations bills. There is no one out there objecting to the work on those appropriations bills." Yet, the Democratic objection to the Environment Committee meeting today on Superfund in fact does interrupt the business of the Senate. I truly regret the action taken by our colleagues here today and hope this will not become a practice by Members on the minority side of the aisle.

Having said all of that, by consent a vote is scheduled at 4:30 p.m. today on the D'Amato amendment to the Labor, HHS appropriations bill, and I now ask unanimous consent the Senate stand in recess until 4:30 p.m. today.

Mr. DASCHLE. Mr. President, reserving the right to object.

The PRESIDING OFFICER. The Democratic leader is recognized.

Mr. DASCHLE. Mr. President, it is with great reluctance that we come to this point, but I think it is important for us to remember from where it is we have come and how it is we got here. I will not elaborate in the detail at this point except to say this:

This was a bipartisan investigation during the first phase. I recall to my colleagues during that phase we asked the same attorneys who were involved in the last contested election—that is, Senator FEINSTEIN and her opponent, Mr. Huffington—to examine the circumstances of this particular race. They did. They recommended a certain course of action, and the majority on the Rules Committee chose to ignore it.

They then set in motion a second phase for investigation. That investigation also was bipartisan. That investigation took the course of a couple of months and came back again on a bipartisan basis with recommendations that again were ignored by the majority.

It was with increasing frustration that Democrats warned our Republican colleagues that we could not tolerate this endless abrogation of the regular order, this bipartisan effort to come to some conclusion on this investigation.

With some reluctance, we continued to work and ultimately indicated that beyond the end of July we were simply not in a position to tolerate unnecessary elongation and the increasingly partisan nature of this investigation and put our colleagues on notice that it must end. We indicated that if it had not ended by the time we came back after the August recess, we would have no recourse but to add increasing pressure to the process to bring about some end.

Now, this may or may not bring about an end. I am disappointed and somewhat alarmed that the chairman of the Rules Committee has now announced further hearings and further efforts to prolong this—in my view, completely unnecessarily. It would be one thing if evidence had been produced to suggest in some way some wrongdoing on the part of Senator LANDRIEU, but that has yet to be produced. In fact, just the opposite. If any wrongdoing, anything related to wrongdoing has been found, it has been with regard to her opponent, Mr. Jenkins. That is where the wrongdoing becomes increasingly evident as we look closer and closer at this case.

So, Mr. President, I must say we will continue to insist that committees meet for no longer than 2 hours as long as this situation continues. If it takes a month, I will put my colleagues on notice that we will use this selective approach for committee meetings for however long it takes until it is resolved. We simply cannot tolerate the unnecessary and political effort to prolong this investigation further, and we have no other recourse but to take the action we have, and so for that reason I object.

The PRESIDING OFFICER. Objection is heard.

Mr. LOTT. Mr. President, I want to make sure that the—first of all, I do not think——

Mr. DASCHLE. I do not intend to object to the unanimous-consent request propounded by the majority leader, and I apologize for it. I object to this process. I do not want to have my objection construed as an objection to the UC propounded by the majority leader.

Mr. LOTT. Mr. President, I regret that we have to take this action in order to get our business done on a very important environmental issue. This sort of selective hit certainly, I think, would not be in the best interests of the legislative process of the Senate. We want to get Superfund legislation considered by the committee to the floor. We want to hear from witnesses such as the Governor of Nebraska and citizens who are affected by this. It seems to me the normal way of doing business around here is that is allowed to happen.

Mr. President, the saber rattling has begun. After bipartisan cooperation by Senate Democrats and Republicans over the past several months, it seems as though the Democrats have now returned to the preening and posturing of politicians more interested in blocking and obstructing the other side than concern for the interests of the American people.

Senate Democrats have effectively withdrawn from the bipartisan spirit of negotiation and compromise that has been evidenced regarding the budget and tax bills recently enacted by the Congress. Mr. President, the minority is, in effect, threatening to shut down the effective operation of the Senate. Now, they can call it selective cooperation or some other slick phrase that seeks to skirt the truth of the matter, but the American people are too smart for these word games, or, in Washington speak, for deceptive political spin.

Let me state, positively, that we are more than willing to continue the spirit of bipartisanship to achieve significant accomplishments on subjects of importance to the American people. For example, we are more than willing to work through the Appropriations bills, through ISTEA, and through debate on the many other matters pending before the Senate. But it is going to take cooperation and good faith on both sides, including the Members of the minority.

That good faith and cooperation is now missing on the part of the minority. The subject of the investigation into the election in Louisiana involves a duty of the Senate—of every Member of the Senate—to fully, thoroughly, and completely investigate the conduct of such elections where the integrity and result of the election is legitimately called into question. The minority is refusing to allow—in fact, is actively obstructing—the Senate from conducting a thorough and complete investigation of the election in Louisiana.

If the minority wishes to prevent the Senate from living up to its duty regarding this election contest, and wishes to prevent the Senate from considering these important matters that I have noted and to shut down the Senate, then the minority must assume the responsibility for the consequences. Mr. President, good faith and cooperation is a two-way street. We believe that it is important to conduct and complete this election investigation in a thorough and complete manner. We are bound and determined that the investigation will be completed despite obstructionist tactics. I urge the minority to recognize the importance of this subject and the essential place that good faith plays in this legislative process. I urge the minority to assist us in completing this important investigation and to work together with us in good faith to address the many other subjects which are important to the American people.

I will sum it up this way. This is not the way to get the investigation by the Rules Committee concluded. In fact, it will cause difficulty and will probably delay it. The goal is not—there is no way we could just say, OK, it is over right now. The intent of the chairman is to have a hearing, to see what evidence they have found during the August recess, and I presume to have a meeting at some point to decide what action, if any or none, is to be taken. We will conclude this. We have had to proceed, frankly, without the cooperation of the Democrats. I have been in Congress 25 years. I have never, never, ever before seen one party or the other, either party, walk out on a committee's investigation or activities, even though there have been many, many investigations, several in which I was involved.

When I can look my colleagues in the Senate and the American people in the eye and say we have looked at this and we have found out as best we could—with the lack of help from the FBI, for instance, in most instances—we have concluded what happened or did not happen, and we in good conscience can say that, when I can do that, then we will conclude it. I can't do that right now.

But rather than engaging in extended debate at this time, there will obviously be other opportunities to do that and——

Mr. WARNER. Mr. President, could I have, say, a minute and a half?

Mr. LOTT. Mr. President, I will yield the floor at this point, but I do hope we can be brief so we can get the committee started.

Mr. WARNER. I will be brief. I thank the majority leader. I thank both leaders.

The PRESIDING OFFICER (Mr. SANTORUM). The Senator from Virginia.

Mr. WARNER. I want to assure the Senate that I said in Louisiana, as I concluded the second hearing—and we had a total of 4 days of hearings—it would be my intention to come back and recommend to the Rules Committee and the leadership of the Senate that I have another hearing, at which time we will assess in specific the voluminous amount of record material now in our possession from the gambling industry and that within a period of perhaps a week after that I would schedule a second meeting, at which time I would give to the full Committee on Rules all of the evidence, my own assessment, and then entertain such resolutions as I or other members may wish to submit.

That I think can be done within a 3-week period of time, as I roughly outlined this morning to my distinguished leader. But I decided on that schedule 10 days ago.

Now, I say to you that thus far there has been no evidence which, in the judgment of this Senator, has impugned Senator LANDRIEU, but that is not the underlying issue. It is whether or not there were other factors in this election which could have affected the outcome as a consequence of criminal fraud. And I have said, much to the discouragement of many, that thus far, after the first hearing in Louisiana, there was no body of evidence which I felt could meet that burden.

I cannot make the same statement after the second hearing in Louisiana, because I haven't had the opportunity to assess four boxes of information. But we are proceeding, although handicapped, as expeditiously as we can. I have always been absolutely objective and fair about my pronouncements in this case and my assessment of the evidence. But until such time as we have looked in every area where potentially that quantum of fraud which could have affected the outcome of the election might have occurred, I cannot say this investigation would be complete. I do believe the work that needs to be done under my leadership can be concluded in the third week of September.

RECESS

Mr. LOTT. Mr. President, I renew my request that the Senate recess until the hour of 4:30.

There being no objection, the Senate, at 2:12 p.m., recessed until 4:30 p.m.; whereupon, the Senate reassembled when called to order by the Presiding Officer [Mr. HAGEL].

DEPARTMENTS OF LABOR, HEALTH AND HUMAN SERVICES, AND EDUCATION, AND RELATED AGENCIES APPROPRIATIONS ACT, 1998

The Senate continued with the consideration of the bill.

AMENDMENT NO. 1079, AS MODIFIED

The PRESIDING OFFICER. The Senator from Pennsylvania.

Mr. SPECTER. Mr. President, I ask unanimous consent that Senators STEVENS and GRAMS be added as cosponsors to amendment No. 1079 to S. 1061.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. SPECTER. Mr. President, I ask unanimous consent I be permitted to speak for up to 3 minutes on the pending D'Amato amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. SPECTER. Mr. President, I support the amendment by Senator D'AMATO to add funding for the support services for seniors to the additional funding. They perform a very vital service as places for seniors to gather and to have their meals and to carry out the purposes of the legislation to improve the quality of life in the golden years; and especially in the context where senior benefits have come under such attack, so much concern that I heard, for example, in my travels through Pennsylvania, where there is concern about the solidity of Social Security and what is happening with Medicare. I believe it is a wise course to make an allocation from administrative costs across the board, to add the funding in the D'Amato amendment.

We have funded, last year, some $300,556,000. The administration made a request to cut that funding to $291,375,000. Our Senate markup, agreed to by Senator HARKIN and myself in our committee and in the full committee, was $305,556,000. So, instead of dropping the amount by more than $9 million as the administration had requested, we put an additional $5 million in. On reflection, hearing the arguments of the Senator from New York, Senator D'AMATO, I think that the addition of this $40 million is well placed, so I lend my voice in support of the pending amendment.

Mr. President, I note the presence of the Senator from New York on the floor. I see him reaching for the microphone.

The PRESIDING OFFICER. The Senator from New York.

Mr. D'AMATO. Mr. President, let me thank the chairman of this committee, Senator SPECTER. As I indicated before, this is a most difficult, difficult task, the management of scarce resources for Labor, Health, and Human Services, with the demands from the various communities for additional funding for medical research, the scarceness of resources, and the difficult time in the allocations. His support is greatly welcomed in this area. I am deeply appreciative.

Mr. GREGG. Mr. President, as Chairman of the Aging Subcommittee, I have spent a great deal of time concentrating on how to improve the ways the nutrition programs and senior services that are part of the Older Americans Act. I appreciate the work of the Senator from New York on this related funding issue.

In March 1995, I was pleased to have New Hampshire meals provider Debbie Perou-Hermans come to Washington to testify before the Aging Subcommittee; she emphasized the role these programs play for our seniors in New Hampshire and across the Nation. I also know that what we accomplish through the funds spent on other senior services—such as supporting congregate centers, transportation services, and health programs and counseling—is vital to the meeting the requirements of this population.

I think it is important to note, in addition, that this program has several other important qualities: The Older Americans Act requires the States to invest in these critical services; it has a great track record for leveraging private funds; and it generally makes its services available to all seniors, many of who are suffering from the challenges of social isolation, not just those in financial need. Need wears many faces in America.

I believe that we should work hard to ensure that the benefits are maximized through more flexibility in the funding of needed services, to be certain that the decisions about how and where these dollars are being spent are made at the State and local level. That will be the goal of the reauthorization bill that I am assembling which will be based on the bill I introduced in the 104th Congress.

However, I would like to quickly ask a question of my colleague from New York, Senator D'AMATO. You stated in your introductory remarks that your goal is to increase the availability of services to our seniors through the infusion of this additional $40 million. But I do not note any specific assignment of these funds. Would the Senator clarify again for me his intention to ensure that these dollars are spent on services that are proven to be effective and efficient, and not to pad the administrative accounts over at the Administration on Aging, or to allow them funds to try new things?

Mr. D'AMATO. I would like to assure the Senator from New Hampshire that my intention is to put this $40 million in to those services that we know are making the lives of our seniors healthier and more independent. Indeed, at the same time this amendment seeks to bring more resources into effective services for the elderly, it also reduces funding from administrative accounts. I share the Senator's interest in both getting needed services to our seniors and in reducing overhead costs.

Mr. GREGG. Then I am pleased to have the opportunity today to support the Senator from New York's increase in funding to the services provided by the Older American's Act.

Mr. SPECTER. Mr. President, I think we are ready to proceed now to the vote.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from New York, amendment No. 1079, as modified.

The yeas and nays have been ordered.

The clerk will call the roll.

The legislative clerk called the roll.

Mr. NICKLES. I announce that the Senator from Alaska [Mr. MURKOWSKI] is necessarily absent.

Mr. FORD. I announce that the Senator from New Mexico [Mr. BINGAMAN] and the Senator from Ohio [Mr. GLENN] are necessarily absent.

The result was announced, yeas 97, nays 0, as follows:

[Rollcall Vote No. 216 Leg.]

YEAS—97

Abraham
Akaka
Allard
Ashcroft
Baucus
Bennett
Biden
Bond
Boxer
Breaux
Brownback
Bryan
Bumpers
Burns
Byrd
Campbell
Chafee
Cleland
Coats
Cochran
Collins
Conrad
Coverdell
Craig
D'Amato
Daschle
DeWine
Dodd
Domenici
Dorgan
Durbin
Enzi
Faircloth
Feingold
Feinstein
Ford
Frist
Gorton
Graham
Gramm
Grams
Grassley
Gregg
Hagel
Harkin
Hatch
Helms
Hollings
Hutchinson
Hutchison
Inhofe
Inouye
Jeffords
Johnson
Kempthorne
Kennedy
Kerrey
Kerry
Kohl
Kyl
Landrieu
Lautenberg
Leahy
Levin
Lieberman
Lott
Lugar
Mack
McCain
McConnell
Mikulski
Moseley-Braun
Moynihan
Murray
Nickles
Reed
Reid
Robb
Roberts
Rockefeller
Roth
Santorum
Sarbanes
Sessions
Shelby
Smith (NH)
Smith (OR)
Snowe
Specter
Stevens
Thomas
Thompson
Thurmond
Torricelli
Warner
Wellstone
Wyden

NOT VOTING—3

Bingaman
Glenn
Murkowski

The amendment (No. 1079), as modified, was agreed to.

Mr. D'AMATO. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. SPECTER. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AMENDMENT NO. 1071

Mr. KERREY. Mr. President, I believe that in order to achieve a goal, we must set the goal, commit the necessary resources to reaching the goal, and establish a method for measuring our progress toward that goal. Voluntary national testing would enable us to reach our goal of raising the achievement levels of America's children.

I oppose the Coats Amendment because it deprives parents, school administrators, teachers, and students of the information needed to continue the work of constructive education reform. Funding for the development, planning, implementation, and administration of voluntary national testing for individual students in mathematics and reading is important for several reasons. Requiring a Federal statute would impede cooperative efforts to ensure that children in every State have the necessary knowledge and skills to be competitive in today's highly mobile and globally conscious society.

Put simply, we need voluntary testing because we cannot ascertain where we are going if we do not know where we are.

Parents need to know how their child's educational achievement level in reading and mathematics compares with that of other children nationwide. Because families are relocating with increasing frequency these days, children need to feel confident that they can perform at a consistent level of achievement even though they may change school districts. These tests would empower parents by providing them with the same information that Members of Congress receive from National Assessment of Educational Progress. Parents deserve to know this information so that they can make the best decisions regarding their child's well-being. Also, there is considerable public support for national testing. A recent Phi Delta Kappa/Gallup poll showed that 67 percent of Americans favored using standardized national tests to measure the academic achievement of students.

Furthermore, there is a demand for the tests among teachers, principals, State school officials, and school boards. States and school districts with over 20 percent of fourth- and eighth-graders in the Nation have committed to using the tests. Let me stress that committing to voluntary national testing does not mean committing to a national curriculum. Local education authorities will determine how to use the results. The tests simply give them the tools to do their jobs better.

Mr. President, we in Congress should be doing all that we possibly can to ensure that America's children have the very best opportunity to excel in a technologically advanced 21st century. But we have to know where our children stand so that we can move forward. Research has shown that high academic standards generate high academic performance. Our children deserve no less.

Mr. DOMENICI. Mr. President, I rise in support of the bill, S. 1061, the Labor, Health and Human Services, Education and related agencies appropriations bill for fiscal year 1998.

The bill provides $236.4 billion in new budget authority and $188.6 billion in new outlays for programs of the Departments of Labor, Health and Human Services, and Education and related agencies.

When adjustments are made for prior-year outlays and other completed actions, the bill as adjusted totals $286.3 billion in budget authority and $285.2 billion in outlays for fiscal year 1998.

The committee-reported bill is within the subcommittee's revised 602(b) allocation just filed with the Congress' return.

There are several items for which the Senator from New Mexico would like to express appreciation. One item is continued funding for Hispanic Serving Institutions. With a slight increase over the 1997 level, the bill retains this program as separate from the Strengthening Institutions program. In addition, I appreciate the committee's willingness to continue funding PATH grants for the homeless.

I continue to be concerned about the practice of providing a $300 million contingency fund for LIHEAP that must be designated as emergency spending to be released. These expenses, in most cases, can be anticipated and should be addressed through the regular appropriations process.

I am especially pleased, that within the funding for the Centers for Disease Control, the committee has provided an $18 million increase for diabetes, including the establishment of a "community-based intervention project in Gallup, New Mexico."

As you know, this is an historic year in which we have set forth a plan to balance the budget in 7 years. The authorizing committees have completed a very difficult task in implementing this historic bipartisan budget agreement. I am pleased that the Appropriations Committee is attempting to live within funding and priority proposed in this agreement.

A concern I continually have, is the reduction of mandatory spending within appropriation bills. When mandatory savings are included in appropriations bills, it is generally to offset discretionary spending, instead of deficit reduction. In particular, the subcommittee has reduced the cap on the Social Services block grant by $255 million for fiscal year 1998.

Overall, I am supportive of the work of the committee and I urge my colleagues to support this bill.

Mr. President, I ask unanimous consent that a table displaying the Budget Committee scoring of the bill be placed in the RECORD.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

S. 1061, LABOR-HHS APPROPRIATIONS, 1998, SPENDING COMPARISONS—SENATE-REPORTED BILL

[Fiscal year 1998, in millions of dollars]

	Defense	Nondefense	Crime	Mandatory	Total
Senate-Reported Bill:					
Budget authority	....	79,558	144	206,611	286,313
Outlays	....	75,926	65	209,167	285,158
Senate 602(b) allocation:					
Budget authority	....	79,558	144	206,611	286,313
Outlays	....	76,009	65	209,167	285,241
President's request:					
Budget authority	....	73,025	60	206,611	279,696
Outlays	....	74,571	48	209,167	283,786
House-passed bill:					
Budget authority	....	79,869	144	206,611	286,624
Outlays	....	75,935	64	209,167	285,166
SENATE-REPORTED BILL COMPARED TO:					
Senate 602(b) allocation:					
Budget authority	....	....	....	....	....
Outlays	....	−83	....	....	−83
President's request:					
Budget authority	....	6,533	84	....	6,617
Outlays	....	1.355	17	....	1,372
House-passed bill:					
Budget authority	....	−311	....	....	−311
Outlays	....	−9	1	....	−8

Note: Details may not add to totals due to rounding. Totals adjusted for consistency with current scorekeeping conventions.

Mr. SPECTER. If I may have the attention of my colleague.

The PRESIDING OFFICER. The Senate will be in order.

Mr. SPECTER. I believe Senator McCAIN is prepared to offer an amendment.

Mr. McCAIN. Mr. President, may I inquire of the distinguished managers of the bill, do they intend to dispose of the pending amendment, or is it agreeable to them to set aside the pending amendment for the purpose of proposing an amendment?

Mr. SPECTER. Mr. President, I ask unanimous consent that the pending amendment be set aside so that the Senator from——

Mr. NICKLES. Reserving the right to object, since that is my amendment.

I ask the Senator, you want unanimous consent to set our amendment aside for how long?

Mr. SPECTER. For the Senator from Arizona to present his amendment.

Mr. NICKLES. How long would that take?

Mr. McCAIN. I do not know, since I do not believe that the amendment will be agreed to by some Members.

Mr. NICKLES. Then I will object, with great respect for my friend and colleague from Arizona, because I think we are going to need to dispose of the amendment that I have offered. Senator KENNEDY has offered a second-degree amendment. We have talked about it. We negotiated about it. We tried to figure out what it would mean. We keep getting different opinions.

So my guess is, I think we will have to at some point move to table Senator KENNEDY's amendment, find out where the votes are, and dispose of my amendment. I would hate to have to wait longer and longer. So I would just as soon move ahead with our amendment.

Mr. SPECTER. Mr. President, I had suggested setting aside the amendment to move to Senator McCAIN on the theory a little more time might find some resolution. But if the Senator from Oklahoma thinks not, it is his prerogative to proceed with his amendment.

Mr. NICKLES. How long would it take?

Mr. McCAIN. In response to the Senator from Oklahoma, I am not sure how long it would take because I am not sure how strong the disagreement would be with the amendment.

AMENDMENT NO. 1082

Mr. NICKLES. Mr. President, I love my colleague from Arizona. And I think my amendment is somewhat the same. I thought maybe we would be able to dispose of our amendment in a short period of time and have a clear vote on our amendment that would try to make sure that taxpayers would not have to pay for the Teamsters' election twice.

Senator KENNEDY came up with a very clever amendment, and I am still trying to figure out what the net impact would be. I still do not know. I have the greatest respect for my colleague. That is one of the reasons I am not sure I want to agree to his amendment. I have a great desire to work with my colleague from Massachusetts, but in the last 2½ hours I still have not been able to determine, if we adopted his second-degree amendment, who would pay for the Teamsters' election.

Therefore, Mr. President, I think, after consulting with others, that I will debate the Kennedy amendment. At some point I will move to table the Kennedy amendment. Then we can dispose of our amendment and proceed to the amendment of the Senator from Arizona and dispose of the bill.

Mr. GRAMM. Can we get a time limit on the debate before the tabling motion?

Mr. NICKLES. I am prepared to move to table the amendment. I would like to speak for a few minutes, Senator KENNEDY would probably like to speak for a few minutes, and the Senator from Texas probably would like to speak for a few minutes. I will not move to table at this point, but it is my intent to move forward rather expeditiously to bring this to closure.

Mr. President, let me make a couple comments.

Mr. President, is our amendment pending before the Senate?

The PRESIDING OFFICER. The amendments are pending in the first and second degree.

Mr. NICKLES. Mr. President, for the information of our colleagues, so everyone can understand what the Nickles amendment is and what the Kennedy amendment is—and we will be voting on a motion to table the Kennedy amendment and, hopefully, a motion on the underlying Nickles-Jeffords amendment.

The Nickles-Jeffords amendment is this: Taxpayers should not have to pay for the Teamsters' election twice.

Mr. President, in 1989, the consent decree said that there will be an election in 1991 and said that the Teamsters would pay for it. They did. They had a successful election. It had oversight and management by the Government, but it was paid for by the Teamsters. It was deemed to be a good election.

The 1996 election had oversight and management by the Federal Government, and it was also paid for by the Federal Government. The overseer of the election, though, said there was some fraud, said there was some corruption, and said in her opinion we needed to have a new election. She has now petitioned a judge, and the judge will be ordering a new election.

My point being, it is not the taxpayers' fault that there was fraud. That came from the Teamsters. I do not have any qualm on who is elected or who is not elected. That is not my issue. Somebody, I think, said, "You're trying to influence an election." Far from it. That is not my decision. My decision is to protect taxpayers. Taxpayers should not have to pay for it again.

The estimates of the cost are $22 million. I heard subsequent to that that it will be well over $22 million. I heard estimates up to $28 million, $30 million. My point is, we should not have to pay for it again. We paid for it once. It was not U.S. taxpayers that had the corruption. That happened to come from within the union. They hired some consultants, and they funneled money to various campaigns. We should not have to pay for that. That is not the taxpayers' fault.

So what would our amendment do? Our amendment basically says you can have a rerun election and, if the Teamsters do not have the money, the Federal Government can pay for it; just that the Federal Government has to be paid back.

So to me it is eminently fair. It does not have any influence, saying, "This group is favored over another group." It does not say anything in the wording—my colleague from Massachusetts said this has something to do with the UPS strike. That is totally hogwash. There was an abuse in dealing with the UPS strike. That was the fact that the overseer knew there was corruption in the election, knew it during the strike, but did not let the rest of the country know. This is one of the most important strikes, but that does not have anything to do with it.

My point being, if there is another election, let the Teamsters pay for it. These happen to be individuals who make good money. Almost all elections in the country are paid for, if you are talking about union elections, are paid for by the union. And they should be paid for by the union. This is not that big a deal. There are 1.4 million members. I think a little less than 500,000 people voted in the last election. I think they can pay for it. The average payroll of the Teamsters can well afford this, so they should pay for it. If they do not have the money, the taxpayers can pay for it, and the taxpayers can be paid back with interest. It is only fair.

Is it consistent with the consent decree of 1989? Yes, it is. The consent decree of 1989 said that the Teamsters would pay for the 1991 election and that the taxpayers would pay for the 1996 election. It did not say taxpayers pay for a 1996 rerun if there is corruption in the election.

Some people would like—and I believe Senator KENNEDY's position would be: Well, let's leave that up to a judge. We will let a judge decide whether taxpayers have to pay for it or not. The consent decree was silent. It didn't say who would have to pay for a rerun if there's corruption in the election.

I want to eliminate the question mark. I want to make sure that taxpayers do not pay for it. It is that simple. Why leave it to the determination of a judge? I do not think the judge has —frankly, if the judge reads the consent decree, there is nothing in the consent decree that would indicate taxpayers should pay for a 1996 rerun. But why leave it ambiguous? Let us just say, wait a minute, if we are going to have a rerun, fine, let the Teamsters pay for it, and, if necessary, if they do not have the money, the U.S. taxpayers pay for it, but they have to be repaid.

I think our amendment is eminently fair. I wish my colleague from Massachusetts had not second-degreed it. It is confusing. His amendment looks innocuous, but we do not want to turn it over to the courts. Therefore, at the appropriate time, after a couple of our colleagues have spoken on the amendment, I will move to table the Kennedy amendment.

Mr. KENNEDY addressed the Chair.

The PRESIDING OFFICER (Mr. ABRAHAM). The Senator from Massachusetts.

Mr. KENNEDY. Mr. President, we are mindful now that we are only a few short days from the time that the UPS strike was resolved and settled, and settled in a way which benefited many thousands of workers. There are 186,000 workers that were involved, and there was important progress made in the areas of pensions and part-time work. There was great progress made in a number of different areas which we may or may not have an opportunity to discuss here this evening.

But, quite frankly, Mr. President, I doubt whether this amendment would be before us if we had not seen the success of the Teamsters as a result of a collective-bargaining process. We saw 15 days where the Nation was focused on the issue about whether the workers of UPS were going to participate in the extraordinary kinds of successes that UPS was involved in. Americans around the country responded to the fact that many of those that had been on part-time were not having part-time mortgages, part-time payments in terms of food bills, part-time payments in terms of children's clothing bills. Finally, the UPS and the Teamsters worked out an agreement. It was important for those working men and women.

There are some here, some here in the Senate who just cannot stand the fact that workers were able to have their rights considered and to have their rights resolved in a positive and constructive way. And there are those who just want to somehow get back at these workers, somehow get back at them. I believe here we are seeing some attempt to try to do so by the mischievousness of this particular amendment.

The amendment which I have proposed is an amendment to the Nickles amendment that does not require the American taxpayers to pay. The Senator from Oklahoma believes that the judge does not have the authority to require the payment for the election by the taxpayers. All the amendment that I have offered is saying is that if the consent agreement does not require it, it does not have to be expended; if it does require it, we are not going to take any action that is going to interfere with a judicial process and a consent agreement that was signed under the Bush administration, was initiated by a Republican, Mr. Giuliani, in New York, was ratified by the Attorney General, Mr. Thornburgh, who is on record in strong support of this agreement.

This agreement is still applicable. As a matter of fact, the respondents are required, under the Southern District Court, to file their briefs on September 19—on September 19. This is a court order that is in effect at the present time. All we are saying in support of the amendment that I have offered is, let us not interfere with the court order that was established in 1989 that was agreed to by the participants. It is part of a judicial process and procedure.

What we are basically asking, under the Nickles amendment, is that we are going to interfere with a legitimate judicial procedure. All my amendment says is, let the judicial procedure flow as it was designed and agreed to at an earlier period of time. That is the extent of my amendment. We are not requiring, in my amendment, that taxpayer money be used. We are not saying that it will not be used. We are saying, whatever the judge, under that consent agreement in 1989, understood that agreement to be, that we will not interfere with it.

But that is not satisfactory to Senator NICKLES. He wants to rig, evidently, or change the consent agreement. We believe that the consent agreement ought to be maintained for the reason that consent agreements are put into place and agreed to by the different parties. When the consent agreement goes in and the different parties agree, we do not see that they agree on one day and the next day we are going to have interference with that particular agreement. That is really what is at issue.

Here is Rudolph Giuliani, in 1988, saying, "Today the U.S. Government is bringing a lawsuit to attack and reverse, once and for all, a major American scandal." This is not an issue that is just brought up today. This has been the result and consent agreement from a long, long history which I reviewed earlier in the debate.

Richard Thornburgh said, "This settlement, which union leaders agree to today, culminates 30 years of efforts"—30 years of efforts—"by the Department of Justice to remove the influence of organized crime within the Teamsters Union," and then indicates support for it. Thirty years of effort and the consent agreement in 1989.

We have seen a continued consent agreement, as these cases are going on to the Southern District Court today. The briefs are required by September 19. So this issue is very much alive, Mr. President.

All we are saying in support of our amendment, which is basically an add-on to the Nickles amendment, all our amendment says is nothing in this section under the Nickles amendment shall be construed to apply to the expenditures required by the consent decree in the U.S. v. International Brotherhood. We do not say you are going to have to pay for them. We don't say you will have to pay part of them. We don't say that they are not going to or we are going to restrict the judge. That is effectively what we are basically attempting to do with this particular amendment.

Mr. President, I think there are strong reasons for accepting this amendment. I will speak just for a few more moments on this particular issue. Mr. President, as I mentioned, in 1988, the Justice Department under President Bush sued the Teamsters Union under the racketeering laws, and the U.S. attorney who prosecuted the case was Rudolph Giuliani, another Republican, who now, of course, is the mayor of New York City. In 1989, Mayor Giuliani negotiated a resolution to the suit with the Teamsters that imposed sweeping reforms on the union.

A critical part of the election reform was the supervision of all aspects of the union elections by a court-appointed election official. Thus, the consent decree establishes the position of election officer and gave the officer substantial authority to regulate the entirety of the electoral process. Under the consent order the expenses of the 1991 Teamster election were borne by the union itself, including the expenses of the election officer.

But the 1996 election was different as to that election. The consent order stated the union defendants consent to the election officer at Government expense to supervise the 1996 election. The election officer and all parties to the suit complied with this provision of the consent decree. The Republican refusal to appropriate funds for fiscal year 1996 for the Labor and Justice Department forced the election officer to seek a court order requiring the Justice Department to fund the critical preelection activities. The Justice Department and union joined in the election officer's request for that order which ultimately was granted in October of 1995. Ultimately, however, the funding was obtained and the election was conducted. Protests were filed with the election officer to resolve them and an opinion issued late last month. In that opinion, the election officer found that misconduct by consultants to one candidate required that the election be rerun. The officer specifically declined to find wrongdoing by any officer or member of the union and noted that President Carey had conducted himself throughout the investigation in a manner inconsistent with guilt.

So, there is a judicial finding and conclusion that there has been no conclusion to this current election and has not been certified and therefore the election officer maintains the jurisdiction.

In accordance with this decision, the election officer did not certify the 1996 election. She did, however, apply to the Federal court for an order requiring that the election be rerun. That application is pending. The parties' briefs will not be filed until September 19 and the court will not rule until after that time. The court may order that the election be rerun or it may not. It may require the Government to fund the election officer's supervision of the election or it may require the union to do so or it may require each party to bear some part of the cost. Let me repeat that: The court may order the election be rerun or it may not. It may require the Government to fund the election officer's supervision of that election or it may require the union to do so. Or it may require each party to bear some part of the cost. We do not know that. We do not know that. That still has to be resolved.

Under the Nickles amendment it would prejudge that. All we are trying to do is say we had the agreement in 1989. It is under active consideration before the Southern District Court of New York and we should do nothing that is going to affect that agreement which has been agreed to by all the principle parties and negotiated under the previous administration.

The point is we do not know how the court will rule. But this amendment would tell the court that regardless of its ruling the Government will not be permitted to fund the election, even if the consent order requires the Government to pay, this amendment will refuse to permit that. Thus the amendment would interfere with an ongoing judicial process.

That is, basically, the issue. Are we going to permit legislative interference in an ongoing judicial process? It is as simple as that. Moreover, the amendment would renege on an agreement that a Republican-controlled Justice Department entered into 8 years ago by repudiating part of that agreement. The amendment would order the Government to subject itself to a contempt proceeding, and that is an outrage and an untenable result.

Why do those on the other side of the aisle seek to achieve this result? It can only be because they want to punish the Teamsters Union for their tremendous success in the recent UPS strike. That is what is at the bottom of this, make no mistake about it. Does anybody think if they had not been successful in that strike we would be considering this here? It is a basic, fundamental assault on the fact that they were able to negotiate some protections for part-time workers and for pension rights for workers. There are those in this body and in this country that cannot stand that. They want to give those workers a comeuppance. That is really what is at issue here. That is what is being attempted, to try to interfere with this judicial process.

That strike resulted in significant improvements for 185,000 workers at UPS. It sensitized the entire Nation to the gross abuses in many work forces that forced hard-working men and women into part-time jobs with lower wages and lower benefits than they deserve.

Let me highlight a few of the achievements of the Teamsters in the UPS strike: 10,000 new full-time jobs by combining existing low-wage part-time positions. That is in addition to the full-time opportunities that are normally created through growth in the company, retirements or people leaving for other reasons. Pension increases that are the same or better as the increases the company had already said it would make, but under the Teamster pension plan, not a company-controlled pension plan. Under the Teamster's central pension fund, a UPS worker could retire at 30 years with a pension of $3,000 per month, 50 percent more than the current amount. Limits on subcontracting—to replace some contractors with UPS workers, so that as UPS grows, full-time UPS jobs grow as well. Wage increases of $3.10 an hour for full-time plus an extra dollar an hour for part-time workers. That may not sound like a lot to the Members of this body but that is important for working families. Safety protections for workers who handle heavy packages may not sound important to a lot of people around this body but that is important for a lot of workers who are handling those heavy packages. The list goes on, and the list goes on.

Our Republican colleagues seem to think that the Teamsters deserve to be punished for these gains and I think the union deserves praise.

Mr. President, I believe, for the reasons I have outlined here, this is a consent decree, that the consent decree is still active, that there is pending action that is before the Southern District Court, and the amendment which I introduced would effectively accept the Nickles amendment but it would indicate there would be no interference with any decision that is going to be made by the judge in that decree that will be forthcoming, and the outcome of which we do not know.

Let me mention, Mr. President, some of the observations of the Judge, David Edelstein, approving the consent decree.

> Just over two months ago I signed a consent decree between * * * Teamsters and the government. The decree contains an acknowledgment by the Teamsters leadership that there are severe shortcomings in the way it has conducted its affairs in the past, and it embodies the standards by which the leadership of the * * * Union should conduct its affairs in the future.* * *
>
> These goals alone, however, are merely statements of good intentions—and we all know where those can lead. Without a dedicated effort to put these ideals into practice, the good intentions will become empty promises and unfulfilled hopes. * * * The public has a significant stake in the outcome of the decree. The IBT exercises vast power and cuts across every segment of society—political, social, and economic. It affects every aspect of our lives. Such power must be insulated against corruption and criminal elements and must be reserved for legitimate use to achieve legitimate ends.

> * * * The conditions that have necessitated and justified such unprecedented measures are extreme. The remedy therefore is necessarily extreme. The court expects that all parties involved—the union, the government, and the three individuals I am about to appoint—live up to the spirit and letter of the laws and Constitution of the United States as well as the consent decree.

Mr. SPECTER. Could we enter into a time agreement, say, with the vote at 6 o'clock?

Mr. KENNEDY. I do not expect we would go beyond 6 o'clock but I am reluctant just to enter into it at this time since there are Members that indicated to me they wanted to speak and indicated they would like to speak, but I don't anticipate we would go beyond 6 o'clock.

The PRESIDING OFFICER. The Senator from Massachusetts has the floor.

Mr. WELLSTONE. A point of inquiry.

Mr. KENNEDY. I yield for a question.

Mr. WELLSTONE. As I understand what the Senator from Massachusetts is saying in reply or in response to the Senator from Pennsylvania is that we want to try and finish but there are some other Senators that want to speak and the Senator is right, I would like to speak.

I think it is a shame we did not have an agreement. We should have. This is a very reasonable second degree, I think, but I want to make it clear to my colleague from Pennsylvania I would like to speak, and I can be relatively brief.

Mr. SPECTER. I make an inquiry as manager of the bill to see if we can move it along.

We have quite a number of amendments. I would like to speak for 5 minutes. If the Senator from Minnesota wishes to speak for 5 minutes, he can get a sequencing. It would be helpful.

Mr. GRAMM. I assume we will go back and forth?

Mr. SPECTER. And perhaps agree to limit speeches to 5 minutes, if that is acceptable.

Mr. KENNEDY. Mr. President, as I indicated, I have talked to some Senators who wanted to speak. I do not anticipate going beyond 6 o'clock. I cannot speak for them at the present time.

After Senator WELLSTONE speaks, I can make inquiries of the Senators and inform the Chair.

Mr. SPECTER. I thank my colleague from Massachusetts.

Mr. KENNEDY. So, here we have the Republican administration that is committed to this consent decree. We have the consent decree still active in the southern district court requiring the submission of various briefs, a judge that is going to make a judgment based upon those briefs, and the facts as have been found on the recent election. We do not know what the terms of the pronouncement is going to be in terms of the judge, and all we are saying in the Kennedy amendment is that we are not going to interfere with the judgments of that judge in fulfilling the consent decree requirements that were agreed to by all parties, that go back over a long period of time, some 30 years of involvement, and we are not going to prejudge that, tonight, to interfere with a judicial proceeding.

That is, basically, what the effect of the Kennedy amendment would be as a perfecting amendment to the Nickles proposal.

Mr. President, I find it difficult to see how a President of the United States, if this were to go through and to pass and to be actually accepted in the committee in the conference report, how a President of the United States could sign this appropriation that would have a legislative intrusion in terms of a consent decree that had been agreed to and honored by all of the parties.

It seems to me that this would be a clear interference by the legislative body into the judicial consent decree and would certainly be subject to a Presidential veto. It is of that importance and of that consequence. I hope my amendment will be agreed to. Just to repeat it, all we want to say is that nothing in this section—which would be the Nickles amendment—should be construed to apply to expenditures required by the consent decree. We are not saying what they may be, what they might not be, whether they would be or would not be. But all we are saying is that we would not interfere with the consent decree. It is as plain and as clear as can be, Mr. President. I hope the amendment will be accepted.

Mr. GRAMM addressed the Chair.

The PRESIDING OFFICER. The Senator from Texas.

Mr. GRAMM. Mr. President, let me review what the issue is before the Senate and make it clear that there is nothing confusing about the Kennedy amendment. The objective of the Kennedy amendment is to require the taxpayer to pay for yet another union election.

Now, let me go back to the facts and then delineate where I believe Senator KENNEDY drifts far afield from the facts. I also want to respond to this assertion about UPS, which borders on violating rule XIX of the U.S. Senate.

Now, first, let me begin with the consent decree. Because of corruption in the Teamsters, we entered into a consent decree which resulted in the taxpayers paying for the 1996 Teamsters election. The taxpayers spent $22 million. The person appointed to oversee the election, having been paid $300,000 to $400,000, a couple of weeks after it was known that we clearly had violations in the election, now, belatedly, has raised questions.

Now, my point and the point of the Nickles amendment is that we agreed to pay for the election, and we paid for the election. The point is that we did not get the election that we paid for. Perhaps the amendment of Senator NICKLES should demand that we get our $22 million back because the same corruption we were trying to stop apparently occurred again.

Now, nothing in the Nickles amendment interferes with the consent agreement, except that the Nickles amendment makes it clear that the Constitution of the United States does not give a judge the power of the Federal purse. The Nickles amendment says we paid for an election we didn't get, and we are not paying for another election. The judge can require another election, which I assume he will do. But under the Nickles amendment, he will have to require the Teamsters to pay for the election. We have already paid for one election and we didn't get it. I hope while he is at it, he will fire everybody who drew these salaries to oversee an election through which they slept.

Now, as for the UPS strike having anything to do with this amendment, that assertion violates rule XIX of the U.S. Senate. We are impugning the motives of people offering this amendment. If I stood up on the floor of the Senate and said that this amendment was offered by a Democratic Senator because the Democratic Party colluded with the Teamsters Union, I would be subject to rule XIX, and rightly so. I would never do that. And to come to the floor of the Senate and suggest that Senator NICKLES' amendment has anything to do with anything other than stopping the purchase of another election when we didn't get the first one we paid for is outrageous. I was on the verge of raising rule XIX on that assertion. I think it assaults the dignity of the Senate to try to impugn the motives of people who are offering serious amendments.

Now, with regard to the judge, the Nickles amendment doesn't restrict the judge. The judge can order a new election; he can fire the people who didn't do their jobs the first time; and the judge can set out the parameters of the new election. But under the Nickles amendment, the judge cannot say to the taxpayer: You already paid for an election you didn't get and we are going to make you pay for another election.

All the Nickles amendment does is assert the power of Congress to expend money. It says to the judge and the courts that we are passing a law that says we already paid for our election and any future election will have to be reimbursed. The cost that the Federal taxpayer should incur in overseeing that election will have to be reimbursed by the beneficiaries, the members of the union, who, hopefully, will get an honest election in the future.

We had a consent decree; the Federal Government has lived up to the consent decree. We spent $22 million for an election that we did not get. We were supposed to have gotten an honest election, but apparently did not. The question is: Are we going to do it again? I think it is a very clear vote.

We attempted to have an honest election once, which we did not get, even after the taxpayer paid $22 million. Now the person who was given the responsibility of overseeing that election says that a fair election did not occur. Should we be forced to pay again? The Nickles amendment says no. I think the American people would say no.

So the Kennedy amendment puts this back in the hands of the court. And, basically, his argument is, let a Federal judge appropriate and expend another $22 million if he chooses. The Constitution is very clear about who has the power of the purse. The Nickles amendment, totally within the consent decree, simply says that we paid to have an honest election, but we didn't get what we paid for. Quite frankly, I would vote for an amendment that demanded our $22 million back. But the point is that the Nickles amendment simply says that if another election is ordered, which it almost certainly will be, the beneficiaries of the election pay for it. So it does not interrupt the consent decree.

We have lived up to our end of the bargain, but the participants in the election and the overseers did not live up to their end of the bargain. This is a question of whether you want the taxpayers to fund a second election when the first election was apparently fraudulent. The Nickles amendment says no; the Kennedy amendment says yes, but does it indirectly by saying let's let the judge take the rap for requiring us to pay for the election the second time.

I say this is an issue the Congress should decide. We have the constitutional responsibility to spend or not spend money. I say buying one election you didn't get is one too many. I support the Nickles amendment, and I hope people will vote to defeat—by voting to table—the Kennedy amendment so that we can vote on the Nickles amendment, which simply says that we paid for an honest election, we didn't get it, and we are not paying for a second one. That is the issue. It is as clear-cut as it can be, and hiding behind some black-robed official who does not have the inconvenience of having to run for reelection and having to answer to voters for spending their money, I don't think is a way the U.S. Senate, as the greatest deliberative body in the world, should be acting.

This is a clear-cut choice, and the choice is: No more money to pay for elections that don't seem to be held fairly.

I yield the floor.

Mr. WELLSTONE addressed the Chair.

The PRESIDING OFFICER. The Senator from Minnesota.

Mr. WELLSTONE. Mr. President, my colleague from Texas wants to focus on the black-robed judges, but I think his analysis is a bit ahistorical. Rudolph Giuliani, former U.S. attorney, 1988: "To date, the United States Government is bringing the lawsuit to attack and reverse once and for all the major American scandal." Richard Thornburgh, Attorney General, March 14, 1989—not a black-robed judge: "This settlement, which union leaders agreed to earlier today, culminates 30 years of efforts by the Department of Justice to remove the influence of organized crime within the Teamsters Union."

This was an agreement with a Republican administration. The second-degree amendment here, the Kennedy amendment, simply says, nothing in this section shall be construed to apply to expenditures required by the consent decree in United States versus The International Brotherhood of Teamsters. My colleague from Oklahoma wants to say there isn't anything in his amendment that goes against this consent agreement. If so, this second-degree amendment should be acceptable. We should not even be having this debate.

Now, I heard what my colleague from Texas said about the need to not be personal. I won't be. Let me make a different kind of argument. When, all of a sudden and unrelated to the bill on the floor, there is an amendment that goes after a consent agreement that goes back to the actions of a Republican administration, and when that all-of-a-sudden move on the Senate floor follows only a few short weeks from a very inspiring and successful effort on the part of the Teamsters to collectively bargain, and when this effort, unrelated to the bill on the floor all of a sudden comes up just a few short weeks after many people in the country are saying, thank goodness there is a focus on trying to have full-time jobs as opposed to part-time jobs, thank goodness there is a focus on living-wage jobs, thank goodness those of us who are hard-pressed and struggling to earn a decent living and raise our children well are going to have a chance, I think this is the wrong time for such an extraordinary move.

I don't think we can decontextualize what we do on the floor of the Senate. It would be a little foolish to believe that, whatever the intentions are of colleagues, people in the country, many working families, union or nonunion, won't look upon this effort as just payback. That will be the perception. That is the way it looks in terms of the chronology of this. That is the way it looks in terms of the timeliness of this. That is the way it looks in terms of this action by the Senate, following up on the successful effort on the part of a union to bargain collectively.

Finally, once again, it is such an extraordinary move to go against an agreement that a Republican administration was a part of and to take this extraordinary, and I think really very imprudent, action. Senator KENNEDY's second-degree amendment is reasonable. It just says—and I will finish—nothing in this section shall be construed to apply to expenditures required by the consent decree. Whatever those expenditures are or are not, this amendment just says, look, we don't come out here on the floor—it is not in the dark of night, but all of a sudden—with this kind of major move, and I think this is an extremely reasonable second-degree amendment. I hope my colleagues will support it.

Mr. KENNEDY. Will the Senator yield?

Mr. WELLSTONE. I am pleased to yield.

Mr. KENNEDY. We have taken the time to go through the various aspects in the consent decree that was agreed to, the agreement, in terms of the allocation of resources, some of which was spelled out in the consent decree. Let me mention, reading specifically, and I will—I ask unanimous consent that the full consent decree be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

[U.S. District Court, Southern District of New York, Order 88 CIV. 4486 (DNE)]

UNITED STATES OF AMERICA, PLAINTIFF, *v.* INTERNATIONAL BROTHERHOOD OF TEAMSTERS, CHAUFFERS, WAREHOUSEMEN AND HELPERS OF AMERICA, AFL–CIO, ET AL., DEFENDANTS.

Whereas, plaintiff United States of America commenced this action on June 28, 1988, by filing a Complaint seeking equitable relief involving the International Brotherhood of Teamsters, AFL–CIO (hereinafter, "the IBT"), pursuant to the civil remedies provisions of the Racketeer Influenced and Corrupt Organizations ("RICO") Act, 18 U.S.C. §1964; and

Whereas, the Summons and Complaint have been served, answers filed, and pretrial discovery commenced by and between the parties; and

Whereas, plaintiff United States of America and defendants IBT and its General Executive Board, William J. McCarthy, Weldon Mathis, Joseph Trerotola, Joseph W. Morgan, Edward M. Lawson, Arnold Weinmeister, Donald Peters, Walter J. Shea, Harold Friedman, Jack D. Cox, Don L. West, Michael J. Riley, Theodore Cozza and Daniel Ligurotis (hereinafter, the "union defendants") have consented to entry of this order; and

Whereas, the union defendants acknowledge that there have been allegations, sworn testimony and judicial findings of past problems with La Cosa Nostra corruption of various elements of the IBT; and

Whereas, the union defendants agree that there should be no criminal element or La Cosa Nostra corruption of any part of the IBT; and

Whereas, the union defendants agree that it is imperative that the IBT, as the largest trade union in the free world, be maintained democratically, with integrity and for the sole benefit of its members and without unlawful outside influence;

It is hereby ordered and decreed that:

A. Court Jurisdiction

1. This Court has jurisdiction over the subject matter of the action, has personal jurisdiction over the parties, and shall retain jurisdiction over this case until further order of the Court.

2. Upon satisfactory completion and implementation of the terms and conditions of this order, this Court shall entertain a joint motion of the parties hereto for entry of judgment dismissing this action with prejudice and without costs to either party.

B. Duration

3. The authority of the court officers established in paragraph no. 12 herein shall terminate after the certification of the 1991 election results by the Election Officer for all IBT International Officers as provided in this Order, except as follows:

(1) The Election Officer and the Administrator shall have the authority to resolve all disputes concerning the conduct and/or results of the elections conducted in 1991 under the authority granted to them under paragraph 12(D) herein, and the Investigations Officer and the Administrator shall have the authority to investigate and discipline any corruption associated with the conduct and/or results of the elections to be conducted in 1991 under the authority granted them under paragraph 12 (A) and (C) herein, so long as said investigation is begun within six months of the final balloting.

(2) The Investigations Officer and the Administrator shall have the authority to resolve to completion and decide all charges filed by the Investigations Officer on or before the date on which the authority granted to them under paragraphs 12 (A) and (C) herein terminates the authority pursuant to subparagraph (3) below.

(3) The role and authority provided for in paragraphs 12 and 13 of this Order regarding the Investigations Officer and the Administrator and their relationship with the Independent Review Board shall terminate not later than nine (9) months after the certification of the 1991 election results.

(4) As used herein, the date referred to as "the certification of the 1991 election results" shall be construed to mean either the date upon which the Election Officer certifies the 1991 election results for all IBT International Officers or one month after the final balloting, whichever is shorter.

C. Status of the Individual Union Defendants

4. The union defendants herein remain as officers of the IBT, subject to all of the terms herein, including the disciplinary authority of the Court-appointed officers, described in paragraph 12(A) herein.

D. Changes in the IBT Constitution

5. The portion of Section 6(a) of Article XIX of the IBT Constitution that provides, "Any charge based upon alleged conduct which occurred more than one (1) year prior to the filing of such charge is barred and shall be rejected by the Secretary-Treasurer, except charges based upon the non-payment of dues, assessment and other financial obligations," shall be and hereby is amended to provide for a five (5) year period, running from the discovery of the conduct giving rise to the charge. This limitation period shall not apply to any actions taken by the Investigations Officer or the Administrator.

6. Section 6(a) of Article XIX of the IBT Constitution shall be deemed and is hereby amended to include the following: "Nothing herein shall preclude the General President and/or General Executive Board from suspending a member or officer facing criminal or civil trial while the charges are pending."

7. Immediately after the conclusion of the IBT elections to be conducted in 1991, Section 8 of Article VI of the IBT Constitution shall be deemed and hereby is amended to provide that a special election be held whenever a vacancy occurs in the office of IBT General President, pursuant to the procedures described later herein for election of IBT General President.

8. Article IV, Section 2 of the IBT Constitution shall be deemed and is hereby amended to include a new paragraph as follows:

"No candidate for election shall accept or use any contributions or other things of value received from any employers, representative of an employer, foundation, trust or any similar entity. Nothing herein shall be interpreted to prohibit receipt of contributions from fellow employees and members of this International Union. Violation of this provision shall be grounds for removal from office."

9. (a) The IBT Constitution shall be deemed and hereby is amended to incorporate and conform with all of the terms set forth in this order.

(b) By no later than the conclusion of the IBT convention to be held in 1991, the IBT shall have formally amended the IBT Constitution to incorporate and conform with all of the terms set forth in this order by presenting said terms to the delegates for a vote. If the IBT has not formally so amended the IBT Constitution by that date, the Government retains the right to seek any appropriate action, including enforcement of this order, contempt or reopening this litigation.

E. Permanent Injunction

10. Defendants William J. McCarthy, Weldon Mathis, Joseph Trerotola, Joseph W. Morgan, Edward M. Lawson, Arnold Weinmeister, Donald Peters, Walter J. Shea, Harold Friedman, Jack D. Cox, Don L. West, Michael J. Riley, Theodore Cozza and Daniel Ligurotis, as well as any other or future IBT General Executive Board members, officers, representatives, members and employees of the IBT, are hereby permanently enjoined from committing any acts of racketeering activity, as defined in 18 U.S.C. §1961 *et seq.*, and from knowingly associating with any member or associate of the Colombo Organized Crime Family of La Cosa Nostra, the Genovese Organized Crime Family of La Cosa Nostra, the Gambino Organized Crime Family of La Cosa Nostra, the Lucchese Organized Crime Family of La Cosa Nostra, the Bonnano Organized Crime Family of La Cosa Nostra, any other Organized Crime Families of La Cosa Nostra or any other criminal group, or any person otherwise enjoined from participating in union affairs, and from obstructing or otherwise interfering with the work of the court-appointed officers or the Independent Review Board described herein.

11. As used herein, the term, "knowingly associating," shall have the same meaning as that ascribed to that term in the context of comparable federal proceedings or federal rules and regulations.

F. Court-Appointed Officers

12. The Court shall appoint three (3) officers—an Independent Administrator, an Investigations Officer and an Election Officer—to be identified and proposed by the Government and the union defendants, to oversee certain operations of the IBT as described herein. The parties shall jointly propose to the Court at least two persons for each of these three positions. Such proposal shall be presented to the Court within four weeks of the date of the entry of this Order, except that for good cause shown such period may be extended by the Court. Except as otherwise provided herein, the duties of those three officers shall be the following:

(A) DISCIPLINARY AUTHORITY.—From the date of the Administrator's appointment until the termination of the Administrator's authority as set forth in paragraph 3(3) herein, the Administrator shall have the same rights and powers as the IBT's General President and/or General Executive Board under the IBT's Constitution (including Articles VI and XIX thereof) and Title 29 of the United States Code to discharge those duties which relate to: disciplining corrupt or dishonest officers, agents, employees or members of the IBT or any of its affiliated entities (such as IBT Locals, Joint Councils and Area Conferences), and appointing temporary trustees to run the affairs of any such affiliated entities. The Investigations Officer shall have the authority to investigate the operation of the IBT or any of its affiliates and, with cause,

(i) To initiate disciplinary charges against any officer, member or employee of the IBT or any of its affiliates in the manner specified for members under the IBT Constitution and,

(ii) To institute trusteeship proceedings for the purpose and in the manner specified in the IBT Constitution.

Prior to instituting any trusteeship proceeding the Investigations Officer shall notify the General President of the Investigations Officer's plan to institute said trusteeship proceeding and the basis therefor and give the General President ten (10) days to exercise his authority pursuant to the IBT Constitution to institute such trusteeship proceedings. If the General President timely institutes such proceedings and/or a trusteeship is imposed, the Investigations Officer and the Administrator shall have authority to review any action thus taken by the General President and/or any trusteeship imposed thereafter and to modify any aspect of either of the above at any time and in any manner consistent with applicable federal law. If the General President fails to institute trusteeship proceedings within the ten-day period prescribed herein, the Investigations Officer may immediately proceed in accordance with the authority specified above.

When the Investigations Officer files charges, the following procedures shall be observed:

(a) the Investigations Officer shall serve written specific charges upon the person charged;

(b) the person charged shall have at least thirty (30) days prior to hearing to prepare his or her defense;

(c) a fair and impartial hearing shall be conducted before the Administrator;

(d) the person charged may be represented by an IBT member at the hearing; and

(e) the hearing shall be conducted under the rules and procedures generally applicable to labor arbitration hearings.

The Administrator shall preside at hearings in such cases and decide such cases using a "just cause" standard. The Investigations Officer shall present evidence at such hearings. As to decisions of the IBT General Executive Board on disciplinary charges and trusteeship proceedings during the Administrator's tenure, the Administrator shall review all such decisions, with the right to affirm, modify or reverse such decisions and, with respect to trusteeship proceedings, to exercise the authority granted above in this paragraph. Any decision of the Administrator shall be final and binding, subject to the Court's review as provided herein. For a period of up to fourteen (14) days after the Administrator's decision, any person charged or entity placed in trusteeship adversely affected by the decision shall have the right to seek review by this Court of the Administrator's decision. The Administrator shall also have the right to establish and disseminate new guidelines for investigation and discipline of corruption within the IBT. All of the above actions of the Administrator and Investigations Officer shall be in compliance with applicable Federal laws and regulations.

(B) Review Authority.—From the date of the Administrator's appointment until the certification of the IBT elections to be conducted in 1991, the Administrator shall have the authority to veto whenever the Administrator reasonably believes that any of the actions or proposed actions listed below constitutes or furthers an act of racketeering activity within the definition of Title 18 U.S.C. §1961, or furthers or contributes to the association directly, or indirectly, of the IBT or any of its members with the LCN or elements thereof:

(i) any expenditures or proposed expenditure of International Union funds or transfer of International Union property approved by any officers, agents, representatives or employees of the IBT,

(ii) any contract or proposed contract on behalf of the International Union, other than collective bargaining agreements, and

(iii) any appointment or proposed appointments to International Union office of any officer, agent, representative or employee of the IBT.

In any case where the Administrator exercises veto authority, the action or proposed action shall not go forward. The Administrator, upon request of the IBT's General President or General Executive Board, shall, within three (3) days, advise the IBT's General President and/or General Executive Board whichever is applicable, of the reasons for any such veto. For a period of up to fourteen (14) days after the Administrator's decision, the IBT's President and/or General Executive Board shall have the right to seek review by this Court of the Administrator's decision. The Administrator may prescribe any reasonable mechanism or procedure to provide for the Administrator's review of actions or proposed actions by the IBT, and every officer, agent, representative or employee of the IBT shall comply with such mechanism or procedure.

(C) Access to Information.—(i) The Investigations Officer shall have the authority to take such reasonable steps that are lawful and necessary in order to be fully informed about the activities of the IBT in accordance with the procedures as herein established. The Investigations Officer shall have the right:

(a) To examine books and records of the IBT and its affiliates, provided the entity to be examined receives three (3) business-days advance notice in writing, and said entity has the right to have its representatives present during said examination.

(b) To attend meetings or portions of meetings of the General Executive Board relating in any way to any of the officer's rights or duties as set forth in this Order, provided that prior to any such meeting, the officer shall receive an agenda for the meeting and then give notice to the General President of the officer's anticipated attendance.

(c) To take and require sworn statements or sworn in-person examinations of any officer, member, or employee of the IBT provided the Investigations Officer has reasonable cause to take such a statement and provided further that the person to be examined receives at least ten (10) days advance notice in writing and also has the right to be represented by an IBT member or legal counsel of his or her own choosing, during the course of said examination.

(d) To take, upon notice and application for cause made to this Court, which shall include affidavits in support thereto, and the opportunity for rebuttal affidavits, the sworn statements or sworn in person examination of persons who are agents of the IBT (and not covered in subparagraph (c) above).

(e) To retain an independent auditor to perform audits upon the books and records of the IBT or any of its affiliated entities (not including benefit funds subject to ERISA), provided said entity receives three (3) business days advance notice in writing and said entity has the right to have its representatives present during the conduct of said audit.

(ii) The Independent Administrator and the Election Officer shall have the same rights as the Investigations Officer as provided in sections (a), (b), (c) and (d) of A, herein.

(iii) The Independent Administrator, Investigations Officer and Election Officer shall each be provided with suitable office space at the IBT headquarters in Washington, D.C.

D. IBT Election.—The IBT Constitution shall be deemed amended, and is hereby amended, to provide for the following new election procedures:

(i) The procedures described herein shall apply to elections of the IBT's General President, General Secretary-Treasurer, International Union Vice Presidents, and International Union Trustees;

(ii) Delegates to the IBT International convention at which any International Union officers are nominated or elected shall be chosen by direct rank-and-file secret balloting shortly before the convention (but not more than six months before the convention, except for those delegates elected at local union elections scheduled to be held in the fall of 1990), and with all convention Candidate election voting by secret ballot of each delegate individually;

(iii) Delegates shall nominate candidates for eleven (11) Regional Vice Presidents, as follows: Three (3) from the Eastern Conference, three (3) from the Central Conference, two (2) from the Southern Conference, two (2) from the Western Conference, and one (1) from the Canadian Conference. In addition, there shall be nominated candidates for five (5) Vice Presidents to be elected at large. All duly nominated Vice Presidents shall stand for election conducted at local unions on the same ballot and time as the election of General President and General Secretary-Treasurer, as provided herein;

(iv) At such an International convention, after the nomination of International Union Vice Presidents and election of Trustees, all delegates shall then vote for nominees for the offices of IBT General President and Secretary-Treasurer;

(v) To qualify for the ballot for the direct rank-and-file voting for IBT General President, Secretary-Treasurer, and Vice President, candidates must receive at least five (5) percent of the delegate votes at the International convention, for the at large position, or by conference for regional positions, as the case may be;

(vi) No person on the ballot for the position of IBT General President may appear on the ballot in the same election year for the position of Secretary-Treasurer; and further no member shall be a candidate for more than one (1) Vice President position;

(vii) No less than four (4) months and no more than six (6) months after the International convention at which candidates were nominated, the IBT General President, General Secretary-Treasurer and Vice Presidents shall be elected by direct rank-and-file voting by secret ballot in unionwide, one-member, one-vote elections for each at large position, and conference wide, one-member one-vote elections for each regional position;

(viii) All direct rank-and-file voting by secret ballot described above shall be by in-person ballot box voting at local unions or absentee ballot procedures where necessary, in accordance with Department of Labor regulations; and

(ix) The current procedures under the IBT Constitution for filling a vacancy between elections in the office of General Secretary-Treasurer, International Trustee, and International Vice President shall remain in effect.

The Election Officer shall supervise the IBT election described above to be conducted in 1991 and any special IBT elections that occur prior to the IBT elections to be conducted in 1991. In advance of each election, the Election Officer shall have the right to distribute materials about the election to the IBT membership. The Election Officer shall supervise the balloting process and certify the election results for each of these elections as promptly as possible after the balloting. Any disputes about the conduct and/or results of elections shall be resolved after hearing by the Administrator.

The union defendants consent to the Election Officer, at Government expense, to supervise the 1996 IBT elections. The union defendants further consent to the U.S. Department of Labor supervising any IBT elections or special elections to be conducted after 1991 for the office of the IBT General President, IBT General Secretary-Treasurer, IBT Vice President, and IBT Trustee.

At the IBT 1991 International Convention, the delegates shall be presented with these aforesaid amendments for vote; provided further that nothing herein shall be deemed or interpreted or applied to abridge the Landrum-Griffin free speech right of any IBT officer, delegate or member, including the parties hereto.

(E) REPORTS TO MEMBERSHIP.—The Administrator shall have the authority to distribute materials at reasonable times to the membership of the IBT about the Administrator's activities. The reasonable cost of distribution of these materials shall be borne by the IBT. Moreover, the Administrator shall have the authority to publish a report in each issue of the *International Teamster* concerning the activities of the Administrator, Investigations Officer and Election Officer.

(F) REPORTS TO THE COURT.—The Administrator shall report to the Court whenever the Administrator sees fit but, in any event, shall file with the Court a written report every three (3) months about the activities of the Administrator, Investigations Officer and Election Officer. A copy of all reports to the Court by the Administrator shall be served on plaintiff United States of America, the IBT's General President and duly designated IBT counsel.

(G) HIRING AUTHORITY.—The Administrator, the Investigations Officer and the Election Officer shall have the authority to employ accountants, consultants, experts, investigators or any other personnel necessary to assist in the proper discharge of their duties. Moreover, they shall have the authority to designate persons of their choosing to act on their behalf in performing any of their duties, as outlined in subparagraphs above. Whenever any of them wish to designate a person to act on their behalf, they shall give prior written notice of the designation to plaintiff United States of America, and the IBT's General President; and those parties shall then have the right, within fourteen (14) days of receipt of notice, to seek review by this Court of the designation, which shall otherwise take effect fourteen (14) days after receipt of notice.

(H) Compensation and Expenses.—The compensation and expenses of the Administrator, the Investigations Officer and the Election Officer (and any designee or persons hired by them) shall be paid by the IBT. Moreover, all cost associated with the activities of these three officials (and any designee or persons hired by them) shall be paid by the IBT. The Administrator, Investigations Officer and Election Officer shall file with the Court (and serve on plaintiff United States of America and the IBT's General President and designated IBT counsel) an application, including an itemized bill, with supporting material, for their services and expenses once every three months. The IBT's General President shall then have fourteen (14) business days following receipt of the above in which to contest the bill before this Court. If the IBT's President fails to contest such a bill within that 14-day period, the IBT shall be obligated to pay the bill. In all disputes concerning the reasonableness of the level or amount of compensation or expense to be paid, the Court and parties shall be guided by the level of payment as authorized and approved by the IBT for the payment of similar services and expenses.

(I) Application to the Court.—The Administrator may make any application to the Court that the Administrator deems warranted. Upon making any application to the Court, the Administrator shall give prior notice to plaintiff United States of America, the IBT's General President and designated IBT counsel and shall serve any submissions filed with the Court on plaintiff United States of America, the IBT's General President and designated IBT counsel. Nothing herein shall be construed as authorizing the parties or the Court-appointed officers to modify, change or amend the terms of this Order.

G. Independent Review Board

Following the certification of the 1991 election results, there shall be established an Independent Review Board (hereinafter, referred to as the "Review Board"). Said Board shall consist of three members, one chosen by the Attorney General of the United States, one chosen by the IBT and a third person chosen by the Attorney General's designee and the IBT's designee. In the event of a vacancy, the replacement shall be selected in the same manner as the person who is being replaced was selected.

(a) The Independent Review Board shall be authorized to hire a sufficient staff of investigators and attorneys to investigate adequately (1) any allegations of corruption, including bribery, embezzlement, extortion, loan sharking, violation of 29 U.S.C. §530 of the Landrum Griffin Act, Taft-Hartley Criminal violations or Hobbs Act violations, or (2) any allegations of domination or control or influence of any IBT affiliate, member or representative by La Cosa Nostra or any other organized crime entity or group, or (3) any failure to cooperate fully with the Independent Review Board in any investigation of the foregoing.

(b) The Independent Review Board shall exercise such investigative authority as the General President and General Secretary-Treasurer are presently authorized and empowered to exercise pursuant to the IBT Constitution, as well as any and all applicable provisions of law.

(c) All officers, member, employees and representatives of the IBT and its affiliated bodies shall cooperate fully with the Independent Review Board in the course of any investigation or proceeding undertaken by it. Unreasonable failure to cooperate with the Independent Review Board shall be deemed to be conduct which brings reproach upon the IBT and which is thereby within the Independent Review Board's investigatory and decisional authority.

(d) Upon completion of an investigation, the Independent Review Board shall issue a written report detailing its findings, charges, and recommendations concerning the discipline of union officers, members, employees, and representatives and concerning the placing in trusteeship of any IBT subordinate body. Such written reports shall be available during business hours for public inspection at the IBT office in Washington, DC.

(e) Any findings, charges, or recommendations of the Independent Review Board regarding discipline or trusteeship matters shall be submitted in writing to an appropriate IBT entity (including designating a matter as an original jurisdiction case for General Executive Board review), with a copy sent to the General President and General Executive Board. The IBT entity to which a matter is referred shall thereupon promptly take whatever action is appropriate under the circumstances, as provided by the IBT Constitution and applicable law. Within 90 days of the referral, that IBT entity must make written findings setting forth the specific action taken and the reasons for that action.

(f) The Independent Review Board shall monitor all matters which it has referred for action if, in its sole judgment, a matter has not been pursued and decided by the IBT entity to which the matter has been referred in a lawful, responsible, or timely manner, or that the resolution proposed by the relevant IBT entity is inadequate under the circumstances, the Independent Review Board shall notify the IBT affiliate involved of its view, and the reasons therefor. A copy of said notice shall be sent by the Independent Review Board, to the General President and the General Executive Board.

(g) Within 10 days of the notice described in paragraph (f) above, the IBT entity involved shall set forth in writing any and all additional actions it has taken and/or will take to correct the defects set forth in said notice and a deadline by which said action may be completed. Immediately thereafter, the Independent Review Board shall issue a written determination concerning the adequacy of the additional action taken and/or proposed by the IBT entity involved. If the Independent Review Board concludes that the IBT entity involved has failed to take or propose satisfactory action to remedy the defects specified by the Independent Review Board's hearing, after notice to all affected parties. All parties shall be permitted to present any facts, evidence, or testimony which is relevant to the issue before the Independent Review Board. Any such hearing shall be conducted under the rules and procedures generally applicable to labor arbitration hearings.

(h) After a fair hearing has been conducted, the Independent Review Board shall issue a written decision which shall be sent to the General President, each member of the General Executive Board, and all affected parties.

(i) The decision of the Independent Review Board shall be final and binding, and the General Executive Board shall take all action which is necessary to implement said decision, consistent with the IBT Constitution and applicable Federal laws.

(j) The Independent Review Board shall have the right to examine and review the General Executive Board's implementation of the Independent Review Board's decisions; in the event the Independent Review Board's decisions; in the event the Independent Review Board is dissatisfied with the General Executive Board's implementation of any of its decisions, the Independent Review Board shall have the authority to take whatever steps are appropriate to insure proper implementation of any such decision.

(k) The Independent Review Board shall be apprised of and have the authority to review any disciplinary or trusteeship decision of the General Executive Board, and shall have the right to affirm, modify, or reverse any such decision. The Independent Review Board's affirmance, modification, or reversal of any such General Executive Board decision shall be in writing and final and binding.

(l) The IBT shall pay all costs and expenses of the Independent Review Board and its staff (including all salaries of Review Board members and staff). Invoices for all such costs and expense shall be directed to the General President for payment.

(m) The Investigations Officer and the Administrator shall continue to exercise the investigatory and disciplinary authority set forth in paragraph 12 above for the limited period set forth in paragraph 3(3) above, provided, however, that the Investigations Officer and the Administrator may, instead, refer any such investigation or disciplinary matter to the Independent Review Board.

(n) The IBT Constitution shall be deemed and hereby is amended to incorporate all of the terms relating to the Independent Review Board set forth above in this paragraph. This amendment shall be presented to the delegates to the 1991 Convention for vote.

H. Indemnification

13. The IBT shall purchase a policy of insurance in an appropriate amount to protect the Administrator, the Investigations Officer, the Election Officer and persons acting on their behalf from personal liability for any of their actions on behalf of the IBT, the Administrator, the Investigations Officer or the Election Officer. If such insurance is not available, or if the IBT so elects, the IBT shall indemnify the Administrator, Investigations Officer, Election Officer and persons acting on their behalf from any liability (or costs incurred to defend against the imposition of liability) for conduct taken pursuant to this order. That indemnification shall not apply to conduct not taken pursuant to this order. In addition, the Administrator, the Investigations Officer, the Election Officer and any persons designated or hired by them to act on their behalf shall enjoy whatever exemptions from personal liability may exist under the law for court officers.

I. IBT Legal Counsel

14. During the term of office of the court-appointed officers, the IBT General President shall have the right to employ or retain

legal counsel to provide consultation and representation to the IBT with respect to this litigation, to negotiate with the appropriate official and to challenge the decisions of the court-appointed officers, and may use union funds to pay for such legal consultation and representation. The Administrator's removal powers and authority over union expenditures shall not apply to such legal consultation and representation.

J. Non-Waiver

15. To the extent that such evidence would be otherwise admissible under the Federal Rules of Evidence, nothing herein shall be construed as a waiver by the United States of America or the United States Department of Labor of its right to offer proof of any allegation contained in the Complaint, Proposed Amended Complaint, declarations or memoranda filed in this action, in any subsequent proceeding which may lawfully be brought.

K. Application to Court

16. This Court shall retain jurisdiction to supervise the activities of the Administrator and to entertain any future applications by the Administrator or the parties. This Court shall have exclusive jurisdiction to decide any and all issues relating to the Administrator's actions or authority pursuant to this order. In reviewing actions of the Administrator, the Court shall apply the same standard of review applicable to review of final federal agency action under the Administrative Procedure Act.

L. Future Practices

17. The parties intend the provisions set forth herein to govern future ITT practices in those areas. To the extent the IBT wishes to make any changes, constitutional or otherwise, in those provisions, the IBT shall give prior written notice to the plaintiff, through the undersigned. If the plaintiff then objects to the proposed changes as inconsistent with the terms and objections of this order, the change shall not occur; provided, however, that the IBT shall then have the right to seek a determination from this Court, or, after the entry of judgment dismissing this action, from this Court or any other federal court of competent jurisdiction as to whether the proposed change is consistent with the terms and objectives set forth herein.

M. Scope of Order

18. Except as provided by the terms of this order, nothing else herein shall be construed or interpreted as affecting or modifying: (a) the IBT Constitution; (b) the Bylaws and Constitution of any IBT affiliates; (c) the conduct and operation of the affairs of the IBT or any IBT-affiliated entity or any employee benefit fund as defined in ERISA or trust fund as defined by Section 302(c) of the Labor Management Relations Act, as amended; (d) the receipt of any compensation or benefits lawfully due or vested to any officer, member or employee of the IBT or any of its affiliates and affiliated benefit fund; or (e) the term of office of any elected or appointed IBT officer or any of the officers of any IBT-affiliated entities.

N. Non-Admission Clause

19. Nothing herein shall be construed as an admission by any of the individual union defendants of any wrongdoing or breach of any legal or fiduciary duty or obligation in the discharge of their duties as IBT officers and members of the IBT General Executive Board.

O. Future Actions

20. Nothing herein shall preclude the United States of America or the United States Department of Labor from taking any appropriate action in regard to any of the union defendants in reliance on federal laws, including an action or motion to require disgorgement of pension, severance or any other retirement benefits of any individual union officer defendant on whom discipline is imposed pursuant to paragraph 12 above.

P. Limits of Order

21. Nothing herein shall create or confer or is intended to create or confer, any enforceable right, claim or benefit on the part of any person or entity other than to the parties hereto and the court-appointed officers established herein. As to the undersigned defendants hereto, this order supersedes the order of the Court entered on June 28, 1988, as thereafter extended.

Q. Execution

22. Each of the undersigned individual defendants has read this order and has had an opportunity to consult with counsel before signing the order.

March , 1989.

DAVID N. EDELSTEIN,
U.S. District Judge.

Consented to: Benito Romano, United States Attorney, Southern District of New York, One St. Andrew's Plaza, New York, New York 10007, Attorney for Plaintiff, United States of America.

By: Randy M. Mastro, Assistant United States Attorney, Mudge Rose Guthrie, Alexander & Ferdon, 16 Maiden Lane, New York, New York 10038, Attorneys for Defendants IBT and its General Executive Board.

By: Jed S. Rakoff, James T. Grady, Esq., General Counsel, International Brotherhood of Teamsters, Chauffeurs, Warehousemen and Helpers of America, AFL-CIO. 25 Louisiana Avenue, N.W., Washington, D.C. 20001.

By: James T. Grady, Esquire.

Defendant William J. McCarthy;
Defendant Joseph Trerotola;
Defendant Joseph W. Morgan;
Defendant Arnold Weinmeister;
Defendant Donald Peters;
Defendant Walter J. Shea;
Defendant Harold Friedman;
Defendant Jack D. Cox;
Defendant Michael J. Riley;
Defendant Theodore Cozza;
Defendant Daniel Ligurotis.

Mr. KENNEDY. "The union/defendants consent to the election officer, at Government expense, to supervise the '96 elections."

And then it reviews this. It says "at Government expense."

If we are to take the Nickles—this is in the consent decree. This is not the judge reaching this. This is the Republican Justice Department, under Attorney General Thornburgh, agreeing to this, and where they had made that kind of commitment and agreement. All we are saying is, in any kind of new election, we don't know exactly what they are going to recommend, but we do not want to restrict or affect that consent decree by interfering with legislative action.

Mr. WELLSTONE. I say to my colleague from Massachusetts that I would agree. That is why I find it hard to understand why there can't even be an agreement here on the floor of the Senate because I think the position that the Senator takes is very reasonable, and I think it is important to have this consent decree as part of the Record for that very reason.

Mr. President, I will yield the floor, if my colleague wants to speak. If that is what he really wants to do, I am pleased to yield the floor.

Mr. SANTORUM. Mr. President, I have a question for the Senator from Minnesota. It is not about the subject matter at hand. It is about this rather disturbing assertion by the Senator from Minnesota and the Senator from Massachusetts about the motives behind the Nickles amendment. It is disturbing. And I think the Senator from Texas is right when he said that in fact this borders on a violation of rule XIX.

Let me make a statement. And then I would like the Senator to respond.

Mr. WELLSTONE. If the Senator will yield, why doesn't he put the question to me first?

Mr. SANTORUM. Let me put the information out, and then I would like the Senator to respond to it. I can do it in the form of a question. But the Senator from Minnesota makes the assertion that this comes right on the heels of a Teamsters strike when they were successful in negotiating some changes in their contract. The Senator talks about the chronology. Let's also talk about the chronology of when Barbara Zack Quindel, who is the overseer of the election, came out with her order following the strike. That didn't occur 3 months ago. That didn't occur 6 months ago. It occurred 3 or 4 weeks ago over the break. The first opportunity for us to address this issue is this bill.

To suggest that we somehow waited until after this Teamsters strike to do this is ridiculous. The timing is perfectly appropriate. It is appropriate because it is the first legislative opportunity to address this issue after the overseer ruled on the election. If we waited 6 months and there happened to be a strike and we happened to come forward with this after that successful strike by a union, then you can make the argument. But that is not what is happening here.

To suggest and imply and impugn the integrity of the Senator from Oklahoma and his motives I think is really below the dignity of this Senate given the chronology that the Senator from Minnesota is well aware of. I hope that given that knowledge—and maybe he did not have that knowledge—but given the knowledge that this in fact was right after this decision was handed down by the overseer of the election, and that this was in fact timely, and had nothing to do with the Teamsters strike, in fact one might add that the fact that Ms. Quindel sat on this report for a couple of weeks might have had something to do with the Teamsters strike. But that is not the issue here. What is at issue is the Senator from

Oklahoma addressed this issue expeditiously right after the decision was made on the first legislative vehicle to do so. And I think any other construction of motivation really does not hold water very well.

So I would be pleased with a response, given that information.

Mr. WELLSTONE. I would be pleased to respond. I know the majority leader wants to respond.

First of all, if the Senator was listening carefully, I said, whatever the intention, it just seemed to me that it is hard contextually with what we do from what is happening outside the Senate. And I think it is a big mistake to do this. I think many people will view this as nothing less than an effort to retaliate.

That is my position. Whether or not I am right or wrong, I say to my colleague from Pennsylvania that the proof will be in the pudding. We will see how people in the country respond. We will see what interpretation people put on this. I think it is a big mistake. I think this is a real overreach.

As I tried to do in this debate, I went back through the history of this. I make it crystal clear. Richard Thornburgh, in this settlement of March 14, 1989, which union leaders agreed to earlier today, said culminates 30 years of efforts by the Department of Justice to remove the influence of organized crime within the Teamsters Union. We are saying in the second-degree amendment that nothing that we do should be construed to apply to expenditures.

Don't overreach, and don't take an imprudent action, and don't try to overturn this. That is profoundly mistaken.

That is my argument. And that will continue to be my argument, irrespective of what some of my other colleagues believe.

Mr. LOTT addressed the Chair.

The PRESIDING OFFICER. The majority leader.

Mr. LOTT. Mr. President, I have never seen so many red herrings in my life. We should be flying a flock. This is not about the recent Teamsters strike at UPS, although clearly that strike injured millions of Americans and small businessmen and women. And I heard a lot of those concerns while I was home. I had a lot of calls in my offices pleading for help in some way. "Please find a way to help end this strike because of what it is doing to us as individuals and small businesses."

It is not about a union or a particular union. I have had a good relationship with individual teamsters over the years. When I practiced law I represented the longshoremen, the boilermakers, and every other union you can name.

No. What is this really about? This is about fairness for the American people. That is why this amendment has been offered and why it is so important. The taxpayers of America are paying for union elections. Do we want that? I don't think my constituents know that, and they would be horrified to know it. That is what this is all about. Paying for the Teamsters to hold an election has not happened once. It has happened twice. The question now is, Will it happen a third time because of fraudulent elections, or is it in fact a bill the American people have to foot in perpetuity?

I've heard a great deal of talk about a consent degree. I am not impressed that a judge said that the people of this country, the taxpayers, should pay for union elections. I am not impressed, whether it was a Republican or a Democrat administration, or which Justice Department went along with it. This is wrong.

When the people find out the truth of what is going on here, they will be in an uproar because we should not be paying for private union elections.

So that is the remarkable thing about this situation. That is why this amendment has been offered—to set up a process to stop taxpayers' money being used to conduct union elections; and more importantly, it sets up the process for taxpayers' money to be repaid.

That is one of the key components of the amendment of the Senator from Oklahoma. It says that there will be a process whereby the Teamsters, if, in fact, taxpayer dollars are involved, will have to pay back in an agreed-to process with a plan to repay the cost of these elections. The taxpayers of America paid $22 million for the last Teamsters' election; that is $45 per Teamster vote.

As the Washington Times noted, "the taxpayers were monumentally ripped off." It turns out there was a fraudulent election. And now there is an indication, well, a judicial official might decree that the taxpayers should have to pay the Teamsters again. This is a horrible procedure. This is a horrible precedent. I don't care what union it is; what business it is. We shouldn't be paying for these kind of elections, and certainly not without some process to get the taxpayers repaid for what they have put into this process.

The Nickles amendment puts an end to this nonsense. It allows the Federal Government to continue the fight against corruption in the Teamsters Union but says the teamsters have to pay the American people back for the privilege of an honest election. For heaven's sake. Nothing could be more fair than that.

Last month, a Federal election official determined that "corruption"—this is a quote—"in the Teamsters remains a major problem." Citing "extraordinary" and "egregious improprieties," the Federal election officials threw out the Teamsters election. We didn't have anything to do with that. That is what the Clinton administration is saying about this. Taxpayers paid for what turned out to be a stolen private election.

Somehow or other the Justice Department, which was supposed to be overseeing this process, let someone in the Teamsters steal an election right from under its nose with the taxpayers paying the tab for the election. Guess what? Now they are saying, "Well, we don't know but maybe we will have to have another election, and maybe the taxpayers should pay again." Ridiculous. It is time that we stopped this.

The Clinton FBI, not the Republican Congress, alleges that there was an intricate money laundering scheme pouring thousands of dollars from the union treasury into union president Ron Carey's campaign.

Ladies and gentlemen, my colleagues: This is a travesty. It is a travesty that these elections are fraudulent again and again. People around here forget that the Teamsters have even been thrown out of the AFL–CIO in the past for such corruption. Now you add to that equation more taxpayer funding. This won't sell in America.

The Nickles amendment should be adopted.

I yield the floor.

Mr. SPECTER addressed the Chair.

The PRESIDING OFFICER. The Senator from Pennsylvania.

Mr. SPECTER. Mr. President, the issue now pending exists on complexity on a number of levels.

I agree with the remarks just made by our distinguished majority leader that the American people ought not to pay for union elections. It is an open question as to how the consent decree was entered into when it was, and why the U.S. Government entered into that consent decree. But that is what we face at the present time.

My view is that we have a question of judicial authority here which is paramount, and it is a matter for the court to decide under our doctrine of separation of powers.

We are very premature in what we are doing here on two scores.

One is there has been a recommendation for a new election, which, as I understand the record, has not yet been approved in the court. This is a complicated matter. There are lots of complexities on it. But my understanding is that it has not been approved by the court. And then the court under any expected interpretation would come to the conclusion that this is a new election, and not to be paid by the Treasury of the United States under the preexisting arrangement. That election has already been paid for. But essentially this a matter for the court to decide. And there would be ample time for the Congress to turn down an appropriation in the future on the basis that is not an appropriate matter to be paid for by taxpayers' money. But on this state of the record, it is my view that it is a judicial matter, and not a matter of the Congress.

Several Senators addressed the Chair.

The PRESIDING OFFICER. The Senator from Alaska.

Mr. STEVENS. Mr. President, I am constrained to follow the statement that is made by Senator SPECTER, the chairman of the subcommittee. It is my understanding also that the election officer's recommendation has not been approved by the court. I share the consternation of many people here about the timing of that election officer's report of her findings concerning that Teamster election.

It is clear that under the existing situation there is no order of the court. Even the court hasn't even considered that recommendation, if we have one who has exercised severe bad judgment in terms of the timing of the announcement of her finding. And it is apparent that she could be overruled as to even her findings. But the main thing is that this is a bill that has nothing in it pertaining to this matter.

There now comes another one of our cause celebre riders that could well lose the product of this bill.

Mr. President, we have 14 appropriations bills to pass by this Senate before September 30, 13 bills coming out of conference, and one continuing resolution. That says that if we can't send them all to the President and get them signed before the 30th, there will have to be a continuing resolution in any event. In addition to that, we have this bill and two other bills to pass.

We are really going to be in appropriations every day during this period of September.

I have great respect for my friend from Oklahoma. But I have to say the time to deal with this issue is when and if the administration asks Congress for money to pay for this election. We don't even know that there is going to be a new election. If the court rules there is to be a new election, there is no authority in the Department of Justice or the Department of Labor to use existing funds for that election. They will have to come up here with a supplemental request. That is the time we should deal with it.

I have to say that it is my feeling, very frankly, as chairman of the committee, that I would rather risk a supplemental—an issue where we disagree with the administration—than risk the whole year's bill. To my knowledge, this is the only issue that would lead this bill to be subject to a veto.

So I really have to say, as I did to my friend from Oklahoma, that I disagree with the Senator from Massachusetts, too; that I don't think his amendment is necessary, the amendment in the second degree. And I don't think it is timely to raise the Nickles amendment now.

What we need to do is get on with our work and get this bill passed. We still have the Interior bill, we have the District of Columbia bill, and then we have all 13 bills to pass as conference reports, and then we have to pass a continuing resolution. And it has a conference report, too.

So, if we want to be here all year working appropriations, then we can spend our time on these riders again. For me, there is no necessity for the second kick of a mule. I got kicked the last time we had this problem on that supplemental. I don't see any reason to go through it again.

I urge the Senate not to approve these riders that are controversial. Every one of them has something we would like to have settled. And, if they are noncontroversial and we can work them out, we should do it. But this is a controversial matter. It is, obviously. I am told that the Department of Labor believes it is cheaper to pay for the supervision of the election rather than to have to deal with many complaints on the next election, if one is ordered.

So this is a very complicated issue.

From my point of view, it is not involved in this bill before us. I respect my good friend from Oklahoma in terms of his views about that election officer, as I have said, and the timing of the release, but there is nothing before us yet. The court has not approved that report. We are dealing with speculation as to whether there will even be another election. So why tie up this bill and tie up the Senate on an issue that is premature, Mr. President, and I urge the Senate to join me in voting against both my friend from Massachusetts and my friend from Oklahoma.

Mr. NICKLES addressed the Chair.

The PRESIDING OFFICER. The Senator from Oklahoma.

Mr. NICKLES. Mr. President, I heard the comments of my colleague from Alaska, but basically what he is saying is we should not tell the Department of Labor how to spend money. In this appropriations bill we appropriate money for the Department of Labor. In this case they appropriated about $22 million—admittedly it came from the Department of Labor and the Department of Justice—to conduct this last election. And they did a pretty crummy job. We paid millions of dollars and we ended up with a corrupt election.

I do not want that to happen again. We talk about adherence to the consent decree that was agreed to in 1989. I think my original amendment is in adherence to the 1989 consent decree, because it said that the Teamsters will pay for the 1991 election. They paid for it. And guess what. There was no complaint that it was a corrupt election. They paid for it themselves. You know what. People are a lot more frugal with their own money. They are less likely to steal from their own members. They are less likely to be corrupt maybe with their own members' money than they would be with taxpayer money.

So we had a 1991 election. Mr. Carey won. Fine. And I don't know that anybody—there was an overseer in the 1991 election. They did not allege fraud in that. So the 1991 election was done by the Teamsters. They paid for it. They should have paid for it. They had a good election. No one said a thing. The 1996 election the taxpayers paid for.

I will admit I did not know we paid for it until I read about it. And when did we read about it? Well, the overseer of the election, she announced during, or after the UPS strike—and that is the only thing UPS has to do with this—she waited until after the UPS strike to announce that there was fraud and that her recommendation would be that we need a new election. Mr. Carey only won by a few thousand votes. She said that maybe there were hundreds of thousands of dollars that were funneled in his direction and so she thought a new election was warranted.

Fine. Let there be a new election. I am just saying in the new election taxpayers should not pay for it. We did not pay for the one in 1991. It was a clean election. We paid for the one in 1996 and there was corruption. A lot of money was moved around. Let's make sure, if we have an election in 1998, it is not a corrupt election.

That is the purpose. This bill funds the Department of Labor for 1998. Let's make sure that taxpayer money is not used for this purpose.

Somebody says, well, is this in compliance with the consent decree. I will tell you the consent decree is silent on a rerun election. It does not say it. I read the consent decree two or three times. It does not say anything about a rerun. So maybe a judge would determine, well, maybe taxpayers should pay for it. Maybe a judge would not. But wait a minute. Congress is supposed to appropriate money, and we have opinions. If somebody says, well, we are violating, we are stamping out the consent decree, hogwash. The consent decree does not say it.

I did not request this, but there is a Congressional Research Service study dated May 1995, what would happen if Congress—does Congress have the right to withhold the money? The answer is yes. I will read you the quote from CRS. I will ask unanimous consent to put the entire study into the RECORD. But it says:

> Legislation enacted by Congress limiting or restricting the funds for the 1996 election would be a Federal law, and the Government parties would be bound to take appropriate action in reliance on that law.
>
> What are the consequences to the Congress of not appropriating all the funds necessary to supervise the 1996 IBT elections?
>
> There would appear to be no consequences to the Congress. The consent decree does not appear to obligate the Government to supervise the 1996 elections, either directly or indirectly. Rather, the decree embodies the

> consent of the union defendants to governmental supervision.

We had governmental supervision in 1991. We will in 1998. What I am saying is let's just not pay for the election. This is not a destitute group of individuals. These are people who do quite well. Great.

I read something; they average $27 an hour, about $50,000 a year. Fine. Why is the Federal Government paying for the election? We did not pay for the other election. We did not pay for the 1991 election. Why would we pay for a rerun of the election?

All I am trying to do is protect taxpayers' money. And my colleague is suggesting, well, maybe somebody is upset about the UPS settlement. That has nothing to do with it. I am offended by that allegation. That is totally ridiculous. All I am trying to do is protect taxpayers.

They had their strike. They had their settlement. And some people are running around saying, "great victory," and so on. So be it. I am just saying you are not entitled to another $22 million of taxpayers' money. If the Teamsters pay for it—if it cost the Teamsters maybe less than half an hour to pay for their own election, they should pay for it.

I even went so far in the amendment to try to be fair. Some people said make sure you put in language that no Federal funds be used to conduct the election. You could use it to oversee the election, to supervise the election. We do that in Third World countries. We do that in new democracies, so maybe we would spend a little money to oversee the election.

I think that is fine, to have observers to try to monitor the election, to see that we would eliminate some of the corruption, but we had corruption when we had Federal funding because people took some of the Federal money and abused it. I am trying to make sure that does not happen again.

Do we have the constitutional right to do it? Absolutely. CRS said we do. The consent decree is silent on a rerun. Certainly we can do that. And my colleague from Alaska says the judge may not even agree. We had the overseer, who made $300,000 or $400,000 monitoring this election, find out it is corrupt, withholds that information until after the UPS strike and then says, oh, yeah, we are going to have a new election. I didn't want to tell anybody during the strike because it might have influenced the strike one way or another. Oh, yes, but we need a new election.

I am saying fine. If they need a new election, I agree. If that's her recommendation, fine. I am saying taxpayers shouldn't pay for it. Very plain and simple. We can monitor it. We can try to make sure it is not corrupt. But we should not pay for it. It's that simple. We didn't pay for the 1991 election. They had a good election. Certainly we can allow an election in 1998, if there is to be an election. If there isn't going to be an election, fine. My amendment wouldn't cost the taxpayers. I am trying to save the taxpayers money. So this amendment wouldn't cost anything.

The very thought of my colleague who said maybe the administration would veto it, wait a minute. You have an appropriations bill that is actually hundreds of billions of dollars. They are going to veto this bill because they want to protect the Teamsters from what? Paying for their own election. Give me a break. You have to be kidding. How special interest could this group be? I know I saw the Vice President with the Teamsters on Labor Day, with thumbs up, and so on. But surely they would not veto a bill that says this group, which is pretty well compensated at an average—I guess truckers are making something like, I don't know, $27 an hour, wages and benefits—surely they say taxpayers that make a lot less than that should not be paying for their election when the consent decree does not say that. The consent decree is silent, frankly, on election reruns. I can't imagine that the administration would recommend vetoing a bill over something that special interest.

So, Mr. President, I think we have had adequate debate. I would just urge my colleagues to vote to table the Kennedy amendment, and I move to table the Kennedy amendment.

Mr. KENNEDY. Mr. President, will the Senator withhold for 2 minutes?

The PRESIDING OFFICER (Mr. BENNETT). The motion to table is not debatable.

Mr. KENNEDY. Mr. President, I suggest the absence of a quorum. I suggest the absence a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. NICKLES. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

Mr. KENNEDY. Mr. President, I object.

The PRESIDING OFFICER. Objection is heard.

The assistant legislative clerk continued with the call of the roll.

Mr. KENNEDY. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. KENNEDY. I ask unanimous consent to be able to proceed for 4 minutes.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. KENNEDY. Just two brief comments. One with regard to the Congressional Research Service. It is not true that section O of the consent decree permits the U.S. Government to avoid its legal obligations under the decree, including its legal obligation to pay for supervision of the upcoming election.

Section O is a general savings clause retaining the right of the Government to seek remedies against the defendants for misconduct. It was never intended, nor can it be reasonably read, to override the remainder of the consent decree.

Under the overbroad reading of section O, the consent decree is meaningless—the parties would have agreed to nothing, because section O would always undermine the original understanding. This is an absurd reading of the provision.

It violates the basic rule of legal construction that meaning must be given to the entire text of the decree.

It has also been argued that under the decree the United States did not need to insist on supervision of the election and therefore need not pay for the election. This is also absurd—the United States did elect to supervise the election, and therefore must pay for the election. To say otherwise is to make the Federal Government a deadbeat; a party to litigation weaseling out of its legal duties.

Mr. President, Senator STEVENS said it best when he talked about bringing into this appropriation matters which are not directly related to the appropriations. I have here the statement of administration policy, September 2. I will read these provisions.

> The administration understands that a number of controversial amendments may be offered, such as an amendment to prohibit the use of funds in the act for supervising the Teamster's election * * * The President's senior advisers would be forced to recommend that the President veto the bill.

There are other provisions but that I think supports what the Senator from Alaska has mentioned.

I had hoped that we could have tabled the whole proposal, and I would have supported it. But nonetheless we don't have that opportunity at this time, so I hope that the proposal of the Senator from Oklahoma to table the measure would not be agreed to. And if that were the case, I would not object to tabling the whole proposal and get on with the business of the appropriations.

I yield the floor.

Mr. NICKLES addressed the Chair.

The PRESIDING OFFICER. The motion to table is not debatable.

Mr. NICKLES. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Oklahoma to table the amendment. The yeas and nays have been ordered. The clerk will call the roll.

The legislative clerk called the roll.

Mr. NICKLES. I announce that the Senator from Arkansas [Mr. MURKOWSKI] is necessarily absent.

Mr. FORD. I announce that the Senator from Ohio [Mr. GLENN] is necessarily absent.

The result was announced—yeas 56, nays 42, as follows:

[Rollcall Vote No. 217 Leg.]

YEAS—56

Abraham
Allard
Ashcroft
Bennett
Bond
Breaux
Brownback
Burns
Byrd
Campbell
Chafee
Coats
Cochran
Collins
Coverdell
Craig
D'Amato
DeWine
Domenici
Enzi
Faircloth
Frist
Gorton
Gramm
Grams
Grassley
Gregg
Hagel
Hatch
Helms
Hollings
Hutchinson
Hutchison
Inhofe
Jeffords
Kempthorne
Kyl
Lott
Lugar
Mack
McCain
McConnell
Nickles
Roberts
Roth
Santorum
Sessions
Shelby
Smith (NH)
Smith (OR)
Snowe
Stevens
Thomas
Thompson
Thurmond
Warner

NAYS—42

Akaka
Baucus
Biden
Bingaman
Boxer
Bryan
Bumpers
Cleland
Conrad
Daschle
Dodd
Dorgan
Durbin
Feingold
Feinstein
Ford
Graham
Harkin
Inouye
Johnson
Kennedy
Kerrey
Kerry
Kohl
Landrieu
Lautenberg
Leahy
Levin
Lieberman
Mikulski
Moseley-Braun
Moynihan
Murray
Reed
Reid
Robb
Rockefeller
Sarbanes
Specter
Torricelli
Wellstone
Wyden

NOT VOTING—2

Glenn
Murkowski

The motion to lay on the table the amendment (No. 1082) was agreed to.

Mr. NICKLES. Mr. President, I move to reconsider the vote by which the motion was agreed to, and I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AMENDMENT NO. 1083 TO AMENDMENT NO. 1081

(Purpose: To limit the use of taxpayer funds for any future International Brotherhood of Teamsters leadership election)

Mr. CRAIG. Mr. President, I have a second-degree amendment which I send to the desk.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Idaho [Mr. CRAIG], for himself, Mr. NICKLES, and Mr. JEFFORDS, proposes an amendment numbered 1083 to amendment No. 1081.

Mr. CRAIG. Mr. President, this second-degree amendment——

The PRESIDING OFFICER. The clerk has not concluded reading.

Mr. CRAIG. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with.

Mr. KENNEDY. Objection. Can we have the reading of the amendment? It has not been distributed to the Members. It seems to me we ought to have the amendment read.

The PRESIDING OFFICER. The clerk will continue to read.

Mr. KENNEDY. May we have order?

Mr. WELLSTONE. Mr. President, may we have order, please?

The PRESIDING OFFICER. The point is well taken, the Senate is not in order. The clerk will continue to read.

The legislative clerk read as follows:

Strike all after the word "Section" and insert the following:

(a) IN GENERAL.—Except as provided in subsection (b), none of the funds made available under this Act, or any other Act making appropriations for fiscal year 1998, may be used by the Department of Labor or the Department of Justice to conduct a rerun of a 1996 election for the office of President, General Secretary, Vice-President, or Trustee of the International Brotherhood of Teamsters.

(b) EXCEPTION.—

(1) IN GENERAL.—Upon the submission to Congress of a certification by the President of the United States that the International Brotherhood of Teamsters does not have funds sufficient to conduct a rerun of a 1996 election for the office of President, General Secretary, Vice-President, or Trustee of the International Brotherhood of Teamsters, the President of the United States may transfer funds from the Department of Justice and the Department of Labor for the conduct and oversight of such a rerun election.

(2) REQUIREMENT.—Prior to the transfer of funds under paragraph (1), the International Brotherhood of Teamsters shall agree to repay the Secretary of the Treasury for the costs incurred by the Department of Labor and the Department of Justice in connection with the conduct of an election described in paragraph (1). Such agreement shall provide that any such repayment plan be reasonable and practicable, as determined by the Attorney General and the Secretary of Treasury, and be structured in a manner that permits the International Brotherhood of Teamsters to continue to operate.

(3) REPAYMENT PLAN.—The International Brotherhood of Teamsters shall submit to the President of the United States, the Majority and Minority Leaders of the Senate, the Majority and Minority Leaders of the House of Representatives, and the Speaker of the House of Representatives, a plan for the repayment of amounts described in paragraph (2), at an interest rate equal to the Federal underpayment rate established under section 6621(a)(2) of the Internal Revenue Code of 1986 as in effect for the calendar quarter in which the plan is submitted, prior to the expenditure of any funds under this section.

(c) This section shall take effect one day after enactment of this Act.

Several Senators addressed the Chair.

The PRESIDING OFFICER. The Senator from Idaho.

Mr. CRAIG. Mr. President, the second-degree amendment clarifies a few points in the first-degree amendment. As you noticed, the clerk read section (c) which merely discusses time of enactment and time in which the proposed amendment would take effect. What we have here, of course, is the fundamental question that has been brought by the Senator from Oklahoma: Who should pay for the elections of a private union?

The question fundamentally put before this Senate is very simple for all of us. Should it be the taxpayers or should it in fact be the union? I think we are concluding here that it should be the union in this instance. The taxpayers have done what they should do in this instance and should do no more.

I yield the floor.

Mr. NICKLES addressed the Chair.

The PRESIDING OFFICER. The Senator from Oklahoma.

Mr. NICKLES. I rise in support of the amendment offered by my colleague from Idaho.

Mr. President, let me just clarify again, some of our colleagues were not aware of the taxpayers' support for the last election. I told a couple colleagues—they said, "How much did we spend?" We spent $22 million; some people said more. The union has 1.4 million members. A little less than 500,000 voted. And $22 million is a lot of money. And a lot of money was wasted or maybe abused. It was abused, frankly, because it was taxpayers' money. That did not happen when it was their own union money. I mention, every other union in the country uses their own money for their own elections, as they should.

So, again, I urge my colleagues to adopt this amendment. This is not an unfair amendment. This even says that we can still use taxpayers' money. If for some reason the Teamsters do not have the money, they can borrow money from the Federal Government. They just have to pay it back. It happens to be, in my opinion, consistent with the consent decree because the consent decree is silent. The word "rerun election" is not mentioned in the 1989 decree.

So what we are trying to say is, in future elections they should pay for it. We can still have Federal Government monitors. We can still have some oversight to try to make sure it is not abused, as that last election was. Taxpayers were abused as well as Teamsters last time.

So I urge my colleagues to support this amendment.

Mr. President, I ask for the yeas and nays on the amendment.

Mr. CRAIG. Would the Senator yield?

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

Mr. CRAIG addressed the Chair.

The PRESIDING OFFICER. The Senator from Idaho.

Mr. CRAIG. Would the Senator from Oklahoma yield for a question?

Mr. NICKLES. Certainly.

Mr. CRAIG. Does your first-degree amendment prohibit the Government from overseeing the rerunning of an election?

Mr. NICKLES. The answer to the Senator's question is no. The Government can have some oversight and be involved in monitoring the election, trying to make sure there is not corruption in the election. We should not have to pay for it.

Mr. CRAIG. In other words, if Teamsters were concerned, and there was at issue here corruption in the last election, and therefore a reelection to get rid of that corruption, or at least to have an outcome that all would be satisfied with, we could still have the Department of Labor and/or Justice involved in overseeing the rerunning of this election, and your amendment does not prohibit that?

Mr. NICKLES. The Senator is exactly right.

Mr. CRAIG. I thank the Senator.

Mr. NICKLES. Mr. President, one final comment.

We talk about this money, and people say, "Big deal." We are talking about $22 million. The Federal subsidy for Presidential campaigns is what? $71 million for a general election. That is the amount of money that Senator Dole received; that is the amount that Clinton-Gore received from the taxpayers. This is one-third as much. That amount of money was for the entire country. We are talking about 1.4 million people, and only 500,000 or less voted last time.

Should taxpayers be liable for $22 million, or more? I do not think so. So this amendment tries to protect taxpayers. That is all it does. It tries to be fair to Teamsters and does not get involved in who should win in any way, shape, or form. It does not have anything to do with the UPS strike whatsoever.

The only involvement of the UPS strike was the fact that they found out there was a corrupt election, and that information was withheld until after the strike was over. I am just saying, let us just make sure that taxpayers do not get stuck again. We got stuck in 1996. It was a corrupt election. Let us not let it happen again for future elections.

Mr. President, I yield the floor.

Mr. KENNEDY addressed the Chair.

The PRESIDING OFFICER. The Senator from Massachusetts.

Mr. KENNEDY. Mr. President, as two Senators have indicated, this is basically a restatement of the Nickles amendment. The Senator from Oklahoma indicated earlier in the course of the debate that he was not interested nor did he want to interfere with the consent decree that had been signed in 1989.

I offered an amendment to make sure that that would be the case, by neither requiring the payment of taxpayers' funds to be used in a subsequent election nor prohibiting funds to be used. The principal issue that is before the Senate is whether we are going to interfere with a judicial proceeding that is before the Southern District Court of New York in which briefs are required to be filed on September 17.

This agreement, this consent decree, is not the result of the Clinton administration or the Clinton Department of Labor. This consent decree was initiated by Mayor Giuliani in 1988 and agreed to in the Federal District Court of New York in 1989 and approved by a Republican Attorney General. They understood the powers which were being included in that consent decree. They understood fully what was being agreed to. The record demonstrates that. We can have a chance to go through that in greater detail if there really is a question by the Members on that particular fact. They understood the range of authority and responsibility as a result of that particular agreement.

This was based upon some 30 years of various activities by the Teamsters and the resulting initiative by Mr. Giuliani, who was the U.S. attorney in New York trying to bring a resolution to a great deal of the challenges, the difficulties, and the corruption that had been a part of the Teamsters in the past.

So now we have had intervening activities under that consent decree. But that consent decree has not been concluded. As I mentioned, that consent decree is active, and it is very much alive.

I did not hear the voices of those who are so troubled this evening complaining about that consent decree in 1988 or 1989. I did not hear the voices that are speaking on the floor of the U.S. Senate tonight that are concerned about how the consent decree was going to be implemented, saying that we will agree to a certain part of the consent decree but we will not agree to other provisions of it. That was not the case.

The only initiative, and the new initiative, to somehow interfere with this consent decree comes 2 weeks after the UPS and Teamsters strike, which was a strike for some 15 days and which resulted in the protection of certain rights of American workers, the 185,000 workers that were working for UPS, and other rights in terms of part-time workers and other issues involving pensions.

There are those who say, "Well, this is completely coincidental. This is really just here today. We just feel it now in our bones that the fact that it is just after the successful UPS strike has nothing to do with it. And the indignity which has been demonstrated on the floor of the U.S. Senate to suggest that there might be some kind of correlation between the fact that this amendment is being offered now today, tonight on this appropriations bill, is startling to me." It speaks for itself. The facts speak for themselves. The facts speak for themselves. I think the Members in this body understand what is going on here.

As has been pointed out by Members on the other side—Members on the other side—this is a judicial process, judicial proceeding, and it should not be altered or changed. That was a Republican Senator, Senator SPECTER, who pointed that out very effectively and very well. And we have the statements of others on the other side. The Senator from Alaska, Senator STEVENS, said we should be about the fact of having an appropriations and move the appropriations process forward and should not become involved in these extraneous issues.

There will be those comments later on, I am sure, probably not too long from now, about how some Members are delaying the completion of the appropriations bill, when we took an hour last night to consider the issues of fetal transplantation, which is an issue that has been debated and debated and debated and debated, in which this body had gone on record time and time again, and we debated that over the course of the morning, which was basically an extraneous issue, and now we have been debating over the course of the afternoon about this issue which is extraneous to the appropriations process and procedure.

The statement of the administration with regard to this legislation is very clear. I will read it again: Unfortunately, the administration understands that a number of controversial amendments may be offered, such as an amendment to halt the testing initiative, an amendment to prohibit the use of funds in the act for supervising the Teamsters' election.

That is what this amendment does. It effectively undermines the court's flexibility in terms of the supervision of the Teamsters election.

Mr. SARBANES. Would the Senator yield for a question?

Mr. KENNEDY. Yes.

Mr. SARBANES. Doesn't, in fact, this amendment undercut the consent decree? The consent decree leaves open, as I understand it, the possibility that the supervision of this election will be done by public funds. It does not say that it will be, but it leaves open that possibility. This amendment closes out that possibility. It closes out that possibility. That possibility was part of the consent decree. It was left to the judgment of the court whether, in fact, that remedy will be used. Is that not the case?

Mr. KENNEDY. The Senator is correct.

Mr. NICKLES. Will the Senator yield?

Mr. KENNEDY. With the understanding of the Justice Department that that may very likely or probably be utilized.

Mr. SARBANES. Wasn't this consent decree approved by the Justice Department?

Mr. KENNEDY. Approved by the Republican Justice Department under Secretary Thornburgh, who embraced and endorsed and supported it, this consent agreement, that was initiated by now Mayor Giuliani, who was the Republican U.S. attorney in New York City.

Mr. SARBANES. So this amendment——

Mr. KENNEDY. If I could further respond, the consent decree required, as of September 17, the submission of additional briefs—September 17—to be submitted in the district court of New York on this very issue with regard to the recent election. This is a consent decree that is ongoing and is continuing.

What we are being asked is effectively to have legislative interference into a judicial proceeding. That case was made very clearly, I thought, and convincingly by Senator SPECTER and others, that there is a clear constitutional issue about separation of powers. I think it is very clear from the administration's letter that this will open this measure to a veto. I certainly believe that it should, since it is a clear violation of the separation of powers.

We were not either requiring, under the amendment that we had, that there be an expenditure of public funds or not. We are not trying to give guidance to the court to make a judgment. That judgment ought to be made on the basis of the facts and the briefs that are submitted to it.

Mr. SARBANES. Will the Senator yield further for a question?

Mr. KENNEDY. Yes.

Mr. SARBANES. It is my understanding that the consent decree left open that question and placed the power to decide it in the court; is that correct?

Mr. KENNEDY. The Senator is correct.

Mr. SARBANES. This amendment would, in effect, negate that aspect of the consent decree, would it not?

Mr. KENNEDY. The Senator is correct.

Mr. NICKLES. Would the Senator yield?

Mr. SARBANES. For a question.

Mr. NICKLES. If you read page 16 of the consent decree, it does not mention "rerun." We are not affecting or changing the consent decree in any way.

Mr. SARBANES. Yes, you are; because the consent decree opens the possibility that the court will require that the election be paid for with public funds. It does not say that it will, but it does not say that it will not. It leaves open that option to the court. You are denying that option by your amendment and, therefore, undoing the consent decree.

How do you expect people to enter into a consent decree?

Was it 30 years they spent trying to work out a consent decree, did the Senator say earlier?

Mr. KENNEDY. Thirty years that this was a matter.

Mr. SARBANES. A consent degree that was involved with the Bush administration, approved by Attorney General Thornburgh, actually carried out, I take it, by U.S. Attorney Giuliani at that point.

Mr. KENNEDY. That is correct.

Mr. SARBANES. Of the Southern District of New York.

Now we are coming with an amendment to undo this process.

Mr. NICKLES. Will the Senator yield?

Mr. KENNEDY. I yield for a question.

Mr. NICKLES. I am happy to tell my colleague that in reviewing the consent agreement we did not undo anything. The consent decree does not say anything about a rerun election. It says that the Teamsters will pay for the 1991 election and it says taxpayers will pay for the 1996 election. It does not say anything about who will pay for a subsequent election. We are trying to clarify that.

We had 56 votes who say the taxpayers should not, that the Teamsters should. I think that is consistent with the consent decree.

I might mention, the CRS just studied this, and whose legal analysis I will refer to again, says the Congress has the right to do this, period.

Mr. SARBANES. I ask the Senator from Massachusetts, my understanding was that the 1996 election was never certified.

Mr. KENNEDY. The Senator is absolutely correct, so it is still an open question. That is a basic and fundamental point. That 1996 election has never been certified.

Mr. SARBANES. So the rerun they are talking about would in effect flow out of the 1996 election, does it not?

Mr. KENNEDY. The Senator is correct. It is not necessarily a requirement for a rerun. We do not know what the judge is going to require. The judge may require a rerun. The judge may not require a rerun. All we are saying is that we are not going to interfere in the prerogatives of the consent agreement which has been agreed to by the various parties who had a clear understanding about what the powers were for the various parties.

Mr. MCCAIN. Will the Senator yield?

Mr. KENNEDY. I yield.

Mr. MCCAIN. I am reminded of the words of the wonderful Mo Udall who said, "Everything on this subject that could possibly be said has been said, only not everybody has said it," and I wonder if we had any time that we might want to conclude this debate since I do have a couple of pending amendments that I would like to address tonight.

Could the Senator from Massachusetts give me an idea as to perhaps when we might be able to move on?

Mr. KENNEDY. As long as this matter is before the Senate I think we are going to have an opportunity to talk about it. There are more Members here now than there were earlier. I would not object to setting this aside to consider other measures. That is not my idea of delaying. If it were to be set aside, I would not object to that process.

However, if we are going to be on this amendment, there are both speakers and additional points that I think ought to be made.

Mr. MCCAIN. I thank the Senator.

Mr. KENNEDY. So, as the Senator from Maryland has pointed out, the court may order the election to be run or it may not. It may require the Government to fund part of the election officer's supervision in some ways. It may be limited, maybe to that election, or it may require the union to do so, or it may require each party to bear some of the costs. All of that is out and all of that is possible.

The point is we do not know how the court will rule. We don't know how the court will rule, but this amendment now would tell the court that regardless of its ruling, regardless of its ruling, the Government will not be permitted to fund any of the election. Even if the consent order requires the Government to pay for part of it, the amendment would refuse to permit that. Thus, the amendment would interfere with an ongoing judicial process.

Effectively, the amendment, I believe would force the Government to be in a position of reneging on this consent decree. It would, I believe, leave the Government subject to a contempt citation. I think you can make a strong case at that time if we were to take this kind of action that the Government itself would be liable to a contempt citation.

Mr. SARBANES. Will the Senator yield?

Mr. KENNEDY. I yield.

Mr. SARBANES. In fact, as I understand it, part of the consent order was a consent by the union to have the 1996 election supervised by an election officer, is that not the case?

Mr. KENNEDY. That is correct.

Mr. SARBANES. Of course, part of that was that would be done at Government expense, to supervise the 1996 election? In other words, what the Government was getting out of this at the time was continued supervision of Teamster elections, and part of the consent decree was that the supervision of the 1996 election, extending well beyond the 1991 election, would be done at Government expense, is that correct?

Mr. KENNEDY. The Senator is correct.

Mr. SARBANES. Now the consent decree remains silent on the question of a rerun of that election since it has not been certified. This amendment would, in effect, deprive the court of an option that is now available to it, an option that, in fact, was left open by the consent decree. This is simply undoing a consent decree. You will never get consent decrees.

The Bush Administration held out the accomplishment of this consent decree as a major achievement, is that not correct?

Mr. KENNEDY. The Senator is absolutely correct.

Mr. SARBANES. In 1989?

Mr. KENNEDY. Correct.

Mr. SARBANES. Did not the President and the Attorney General hold it out as a major accomplishment?

Mr. KENNEDY. The Senator is correct.

Mr. SARBANES. Now, our colleague from Oklahoma and others are trying to undo the consent decree at a time, as I understand, that the court, 2 weeks from yesterday, will be receiving briefs on this very issue of the election, is that correct?

Mr. KENNEDY. The Senator is correct.

Mr. SARBANES. If ever there was an instance of trampling in on the part of the Congress and in effect, undoing an arrangement that was very carefully and elaborately worked out and, in fact, done so by now Mayor Giuliani but then U.S. Attorney Giuliani in the Southern District of New York, approved by the Department of Justice, headed by Richard Thornburgh, and held out by President Bush as a major accomplishment.

I thank the Senator for yielding.

Mr. KENNEDY. I thank the Senator for his comments because they make the case extremely well and effectively.

I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. BROWNBACK). The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. NICKLES. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. NICKLES. Several comments were made that we are vitiating the consent decree. Totally false. I will tell my colleagues, you can read the consent decree, it does not say anything about a rerun election. The consent decree did say that the Teamsters would pay for the 1991 election and taxpayers would pay for the 1996 election.

The Teamsters came out very well. They got a nice gift, $22 million, maybe more, which is over about $45, maybe $50 per person as the cost to the taxpayers of this vote. That is pretty high. Some of us do not think we should do it again.

Maybe I was asleep at the switch in 1989. It happened. Nobody objected. And in 1991, since the Teamsters paid for it, it never came up. I was not aware of it until after the 1996 election and we found the abuse. It is an abuse on the Teamsters and on the taxpayers and should not be repeated. That is the reason we have the amendment before the Senate.

We do not vitiate the consent decree. We say in the future, judge, we know the consent decree is silent. It does not say who should pay for it.

Now, frankly, if you read the Constitution it says Congress shall have the power to appropriate money. It does not say "an unelected judge." It does not say a judge, where a consent decree is silent, has the power to go in and mandate something, like mandating U.S. taxpayer funds. Some of us think elected officials should make that decision, not unelected judges.

We are stating that in the future if there is another election, let the Teamsters pay. This is not a group of individuals that cannot afford it.

Mr. SARBANES. Will the Senator yield?

Mr. NICKLES. I am happy to yield to the Senator.

Mr. SARBANES. Does the Senator feel the election should be supervised by an election officer?

Mr. NICKLES. I tell my colleague my thought is it should be handled the way it was in 1991. We had Federal supervision and observation of the election in 1991 but the cost of the election was borne by the Teamsters.

Mr. SARBANES. But the consent to have an election officer was provided for by the Teamsters in the consent decree. Do you not ordinarily have an election officer to supervise an election?

The Senator says——

Mr. NICKLES. I have the floor.

Let me correct you. What I said, the way I hope it would be done is the way it was done in 1991. You had Federal supervision, you had Federal observers, you had Federal monitors, but you did not have taxpayers paying $22 million for the election in 1991, and you had, in 1991, an election that had Federal observers stating that they thought this was a fair, clean election. That is what I want. I want the Teamsters to have a fair, clean election and I do not want the taxpayers to take another ride for $22 million.

If we followed the thought that you and Senator KENNEDY have, you could have another corrupt election, taxpayers would be out another $20 or $30 million, an observer could receive another $400,000 for saying, "Oops, it was corrupt again," and we could do it again and again and again.

Taxpayers have been taken for a ride once, we should not be taken for a ride again.

Mr. SARBANES. Will the Senator yield for a question?

Mr. NICKLES. I am happy to yield to the Senator.

Mr. SARBANES. Well, in fact, what the taxpayers got out of the consent decree was the use of the election officer for the 1996 election.

The Senator seems to proceed on the premise that having an election officer to supervise the election is the normal course of events. That is not the case. One of the things that was negotiated in the consent decree was getting an election officer for the 1996 election.

Let me read from the consent decree.

Mr. NICKLES. Is that a question?

Mr. SARBANES. I will ask a question.

"The union defendants consent to the election officer at government expense to supervise the 1996 IBT elections."

Now, that represented a major concession by the union in the consent decree to place themselves under an election officer. Part of the consent decree was, obviously if they were going to do that, that the costs of the election officer would be paid by the Government and you are undoing that aspect of the consent decree.

Mr. NICKLES. Mr. President, since I have the floor I will make a comment.

I am not undermining that because the consent decree touched two elections, for my colleagues' information. It touched the 1991 election and touched the 1996 election, and it did both elections differently. I hope my colleague will realize that, and if he reads the consent decree he will see that is the fact.

It said in 1991 the Teamsters paid for the election with some Federal supervision. In 1996 it said we will have Federal supervision and taxpayers pay for it. It does not say anything about a rerun. I am just saying on the rerun we should not pay for the election. We can still have supervision but we should not pay for it. That simple.

Mr. HARKIN. Will the Senator yield?

Mr. NICKLES. I am happy to yield to the Senator.

Mr. HARKIN. As I understand it, this election has not been certified. That has been brought out in the debate, and therefore we are still operating under the election of this year. As I understand it further, the Senator can correct me if I am wrong, that this finding of this election overseer now goes to a judge, the judge will make a decision as to whether or not to have a rerun of the election and, further, cannot that judge then decide who should pay for it, also?

Mr. NICKLES. I am happy to respond. The consent decree does not say who would pay for the next election. Now, the judge may interpret that the judge has the authority. I do not think they do, but that remains to be seen. What our amendment would do would be to clarify, "Judge, you can make your order, but Uncle Sam or the taxpayers are not going to pay for the next election."

Mr. HARKIN. Will the Senator yield? I have a question whether or not this is premature. Why not wait until the courts take their action and see what has happened before the Senate then operates. Obviously, it will happen in the next few weeks, I assume, and then the Senate can work its will after the judge makes a decision.

Would that not be a reasonable course to take?

Mr. NICKLES. I do not think so for this reason: One, because I think the Congress of the United States was elected to appropriate the money, not an unelected judge in New York; and, two, this is timely because this is an appropriations bill for 1998. If the election is ordered, it will be for 1998. I think, instead of allowing the Departments of Labor and Justice and this administration, who has very close ties with this particular union and might like to give them a $22 million gift—I don't think we should do that. So in this bill we are appropriating for next year, I think we should make it very clear that the taxpayers got the shaft and so did the Teamsters out of this last $22 million, and it should not happen again.

We clearly have the constitutional prerogative and right, as stated by CRS and the Constitution, to control Federal funds. I think we should make it very clear that in any subsequent election the Teamsters should pay for their own election. Every other union in the country pays for their own elections. They should do so.

Incidentally, when you look at the 1991 election, which they paid for, it was a good election. Then look at the election where the taxpayers put in $22 million; it was a corrupt election. That should tell you something. Federal funds don't automatically mean you are going to have clean elections. We can still have oversight. We have oversight in Third World countries where our Government is involved in bringing people in, whether it's President Carter or others, to help oversee and make sure elections are clean and upright.

Don't get me wrong. The Mafia has been very involved in the Teamsters, and they have been for decades. I want them to be out. I want the union to be clean. I want people to be able to vote and elect their representatives. It is kind of embarrassing, despite all this money, when you have a union of 1.4 million people and only 400-some-odd-thousand voted in the last election. I don't think the U.S. taxpayers should have to take the hit for paying for it to the tune of $22 million.

Mr. KYL. Mr. President, will the Senator yield for a question?

Mr. NICKLES. I am happy to yield.

Mr. KYL. Let me ask this question of the Senator from Oklahoma. Since this is boiling down to a question of whether the taxpayers of the United States should pay for a union election or whether the union should pay for its own election, why was it that the consent decree that some of our colleagues seem to be focusing so much attention on was entered into in the first instance? Why was the U.S. Government involved in dealing with the Teamsters Union in the first instance? And why was it that a special officer to oversee the election had to be assigned for that, or the parties agreed to have that officer oversee the election to ensure that it would be a fair election? Why was the U.S. Government obligated to provide these funds for this labor union, for a private labor union election?

Mr. NICKLES. I will read a statement that came from the Department of Justice, on page 2: "Because of the deep entrenchment of La Cosa Nostra in the Teamsters electoral process, the consent decree gave the Government and the IBT the option to have the IBT election supervised by a court-appointed officer."

It is because of the mob influence that has been with this union for a long time. I want it to be out. Hopefully, it is out. Obviously, there was still some corruption in the last election, which had a lot of taxpayer funding. The fact that the taxpayers had funds in it didn't clean it up. That is my point.

Mr. KYL. If I could ask this question. So the reason that my constituents in Arizona had to help pay for this union election is because of past fraud and alleged illegal conduct of the union. That is why they are having to pay for this union election, or why they paid for the last union election; is that correct?

Mr. NICKLES. That's correct. Obviously, the fact that they paid $22 million didn't guarantee a clean election.

Mr. KYL. Obviously. The last question I ask is, why, if it is the union's elected officials' fault that the taxpayers had to spend this money in the first instance because they had allowed the fraud and alleged corruption to come into the union and tossed out the ability of the union to conduct its own election on behalf of its members, why, once the taxpayers paid for an election, should they have to pay for it a second time? The taxpayers didn't do anything wrong; it was the union officials.

Mr. NICKLES. I agree. That is the purpose of the amendment. We have a majority—I think we have one, or I believe we will have a majority when we vote, and I hope that we vote on the amendment in the not-too-distant future.

Mr. SARBANES. Mr. President, I want to respond to the questions put by the Senator from Arizona. The Senator seems to proceed on the premise that you are entitled to have an election officer to supervise a union election, although he referred to them as "private unions" and said, "Why are we paying for this with public funds?"

Now, the deal that was made in 1989 by the Bush administration and by Attorney General Thornburgh was that the 1991 election would be held with an election officer, paid for by the union. The Government obviously wanted to have an election officer in the picture in the next election, the 1996 election. But part of the consent decree was, if the election officer was going to be in the picture for the 1996 union election, the cost of that election was going to be paid for by the Government. Now, you all talk about how anxious you are to keep the influence of the mob out of the union. I certainly subscribe to that. But what you are doing by this amendment is you are setting up the possibility that the union can conduct its election without an election officer because it is out from under the consent decree. The consent decree required the 1996 election to be done with an election officer. That election has not been certified. It is that election about which there are questions, which the judge is now going to hear. Now, you are going to come in and, in effect, undo part of the consent decree. I simply point out to you that it carries with it the very high risk that an election officer will no longer be required. That is how the Bush administration got an election officer for the 1996 election, through the consent decree. They got it for 1991, and they got it for 1996.

The Bush administration obviously wanted an election officer in the 1996 election. They didn't want the Teamsters out from under the consent decree altogether after the 1991 election. Part of the arrangement, in order to get the consent decree, was that the election officer would be, at Government expense, appointed to supervise the 1996 election. Now, that is the election that is in question. That is the election that has not been certified. I mean, you act as though the involvement of public moneys did not achieve a public objective.

What was the Bush administration thinking about, and what was Attorney General Thornburgh thinking about, to support a consent decree that provided that the Government would pay for the 1996 supervised election? Obviously, what they were thinking about is they would get an election officer to supervise the 1996 election, so they would carry the supervision of the Teamsters beyond the 1991 election.

Now you are coming in and you want to undo this arrangement. My view is, you are intervening in an established court procedure under the consent decree. Second—and I suggest that people stop and think about this very carefully—you are running the very high risk that you will enable the Teamsters to come out from under the consent decree, as far as having an election officer is concerned. The people on the other side will certainly say that other unions pay for their elections; the Government doesn't pay for their union elections. That is true. But they don't have an election officer to supervise it either.

In fact, the other side referred to this as private elections on the part of the union. Those private elections on the part of other unions are not supervised by election officers. With respect to the Teamsters elections, given the corruption we were trying to deal with, we thought it imperative to have an election officer. They got an election officer in 1991 for that election. The union paid for that election as part of the consent decree. But the Bush administration obviously wanted to supervise the next election as well, in order to ensure that they didn't revert back to past practices.

Part of getting an election officer for the 1996 election was that the Government assumed the cost of that supervision. Now, that election has not been certified. It still remains an open question, and that is the very matter on which the judge will be holding these hearings in less than 2 weeks' time. Now we come in here and are sort of, in effect, trespassing on this whole arrangement, portraying it as though there was no return to the Government for the arrangement. The Government got the use of election officers in order to supervise these elections. I mean, the Senator ought to want election officers to continue——

Mr. NICKLES. If the Senator will yield——

Mr. SARBANES. And not provide a way for the union to come out from under the consent decree and the election officer.

Mr. NICKLES. We had an overseer in the 1991 election, but it didn't cost $22 million. We ought to be able to have one in the 1998 election and not have it cost taxpayers $22 million. The overseer costs almost $400,000 for that one position. That is a lot of money. I don't have too many constituents that make that kind of money—$175 an hour. We had a lot of supervision and still had a corrupt election. We can still have supervision, but we should not pay for it. We had a clean election in 1991. We should not have to do this again in 1998.

Mr. SARBANES. I say to my colleague that that is not the consent decree which the Bush administration approved and which they presented forward as a major accomplishment. That is an interesting argument, but the Senator should have used it in 1989, at the time the Bush administration sanctioned this consent decree. Otherwise, you never would have had an election officer for the 1996 election. It is treated as though that is a normal course of events. That is a major part of the bargain that was reached in the consent decree, keeping an election officer. The other part of the bargain was that the Government would pay the cost for the supervised election.

Mr. BINGAMAN. Will the Senator yield?

Mr. SARBANES. I yield for a question.

Mr. BINGAMAN. It strikes me that the job of Congress is to appropriate funds for the Federal courts to administer justice as best they see fit. I am wondering why we are trying to wade in and specify how this particular Federal judge administered the implementation of the consent decree which has been entered in his court. It strikes me that we have Federal courts all over the country and we have consent decrees in place in hundreds, perhaps thousands, of cases all over the country. Here we are, singling out one of those cases and saying we are going to step in and specify how a Federal judge in the future should implement the administration of that consent decree. It just seems to me that we are micromanaging, in the worst possible way, and really stepping into an area that the Congress should stay out of.

We should get on with the business that we were given to do under the Constitution, which is to pass appropriations bills, and we should let the courts administer the cases that are before them. I ask the Senator from Maryland if he would agree with that basic view.

Mr. SARBANES. I think the Senator makes a very valid point, but I will take it a step further. By meddling into this, we may well make it possible for the Teamsters to come out from under the consent decree with respect to the use of an election officer to conduct the election.

I ask my colleagues on the other side, is that a result they want? Do they want the Teamsters to be able to conduct an election without the use of an election officer?

Mr. NICKLES. I just say I would like to have it where we would have supervision, like in 1991. I don't think we have to give a $22 million gift to the Teamsters to have an election. It is a big union and a nice group of people. They ought to be able to elect their leaders, and we should not have to give them a $22 million gift in the process. We can do it like we did it in 1991.

Mr. SARBANES. I observe to the Senator that the only reason you got that supervision was because of the consent decree. The reason you had an election officer in 1991, and the reason you had one in 1996 was because of the consent decree. You don't automatically get election officers to supervise union elections. You are absolutely right, ordinarily union elections are paid for by the union. It is a private association. They pay for the elections. There is no election officer to supervise those elections.

Now, what the consent decree gave you was an election officer because the Government wanted to supervise the election as a way of rooting out corruption and the influence of the mob in the Teamsters Union. They got a consent decree and it gave them an election officer in 1991, and also gave them an election officer in 1996 because, obviously, the Bush administration didn't want to have just one election and then they are off the hook. They wanted to keep the supervision for the 1996 election. But in order to get that agreement and that understanding in the consent decree, they agreed to pay the costs of the supervision for the 1996 election, which is, in a sense, the election that is still before us, since it has never been certified.

Now you are coming in, and you want to in effect eliminate an option that is available to the judge in terms of carrying out the consent decree. My point is that is carrying with it the very high risk that you eliminate the election officer. Then that raises a question. Why do you want to eliminate the election officer to supervise the teamsters election? That brings us back to why we have the election officers to begin with. So that works the whole thing back full circle. This is a classic example of tramping in without fully thinking through what the consequences of doing so are.

As the Senator from New Mexico has pointed out, it intrudes into the judicial operation, clearly. But, beyond that, I think it carries with it a very high risk that you are going to be hoisted by your own petard here, and you are going to end up without an election officer, which is an essential part of the consent agreement that was reached which the Bush administration at the time trumpeted as a major accomplishment.

Mr. FORD. Mr. President, will the Senator yield for a question without losing his right to the floor?

Mr. SARBANES. I yield to the Senator.

Mr. FORD. Can the Senator help me a little bit in the position that I find myself? We are sitting here with the Federal judges—almost 100 vacancies around the country. And they have to pass a litmus test before we can ever get them to the floor so we might approve them so that justice might be done and not delayed. Now we find this amendment before us saying that we want to interfere in the courts that are already there.

My fear is that democracy, as we know it, is being deleted, in my opinion, because of the meddling with the Federal courts and the delay of the appointment of judges and the interference of statutory provisions that would tell the judge what to do and what not to do. That is not what this country was founded on. It was founded on justice by judges, and you have the ability to go to court. Now we are saying you can't.

Am I right or wrong? Have I lost something here, or have I found something on which my fear might be substantiated?

Mr. SARBANES. I think the Senator is on a very important point. As the

Senator from New Mexico said, you have the Congress coming in and trying to in effect dictate what the conclusions are going to be in the court proceedings—improper intrusion into the process, and a total lack of respect for the separation of powers. We are talking about a consent decree here. We are not even talking about a matter which is just in the initial stages of litigation in which we have traditionally shied away from intervening in saying it is a matter to be resolved by the courts. We have a matter here that was in extended litigation and which resulted in a consent decree entered into under an order of the court.

Now we are coming along and we are going to play around with this consent decree, and it is treated as though there is no downside to it. In other words, they say, "Well, we will not honor the consent decree that requires that we pay for the election but we will keep the election officer which was provided in the consent decree." Which is unprecedented. That is not the normal way you do an election with an election officer.

So they are going to keep the election officer. But they are going to deny the court the ability to handle the apportioning of the cost of that, which is apparent currently available to the court under the consent decree. You are playing with fire. The end result of this may be that the teamsters get out from under the consent decree, and they don't have to use an election officer in order to conduct their election.

If that is what you really want to do, I mean I think one ought to be explicit about it. I don't think that is desirable. The questions that have been raised about this election that just happened—and, you know, obviously, you want to be sure you have a fair election given the long history of this issue involving the Teamsters Union.

Mr. FORD. Will the Senator yield for an additional question?

Mr. SARBANES. Certainly.

Mr. FORD. Am I right if what I see here is that we are trying to say that this is a bad union here that is going to get taxpayer dollars to have an election? So, therefore, we are going to interfere. The issue is emotional. No question about it. But we are going to interfere with the courts, and we will diminish the courts. Isn't it time for thoughtful people to try to protect the judiciary here so that even though the question may be sensitive it may be a tough vote—we have had tough votes before. A lot of times they are not easy votes. But this is one I think we have to look beyond to the long-term harm that might be done to the judiciary.

Am I all wrong in this?

Mr. SARBANES. No. I think the Senator is absolutely correct. Just as the court is about to pass on this previous election and make some judgment as to what ought to be done with respect maybe to holding another election, we come along with this amendment, and in effect alter the consent decree.

What the Government got out of the consent decree was continued supervision of the Teamster election by an election officer. In order to get that for the 1996 election in the consent decree, the Government undertook to pay the costs of that election. Now people want to preclude that side of the bargain but they want to keep the election officer.

I am simply suggesting to them that they may lose the election officer as well and bring the Teamsters out from under the consent decree. I would think upon reflection that that is something they would not want to do. In fact, the consent decree very clearly states that the union defendants consent to the election of officers at Government expense to supervise the 1996 IBT elections.

This was a litigated matter. It was in the courts. In fact, the mayor of New York, the current mayor of New York, was then the U.S. Attorney, Rudy Giuliani, and this was the agreement they worked out as part of the consent decree. as part of this litigation. Now, it is suggested that, well, we didn't get anything for it. Of course, we got something for it. We got the continued supervision of these elections with an election officer. You don't ordinarily get that with union elections. Ordinarily the unions pay for the election. There is no election officer. The Government wanted an election officer. They wanted to supervise these elections. The union said pay for the '91 election. But they, obviously, want out from under it. In effect, the deal was if you are going to continue to supervise us with an election officer through the 1996 election, you are going to pay the costs of the 1996 election. This election we are talking about here is in effect a continuation of the 1996 election, and that one has not been certified.

So now we are playing, as it were, fast and loose with this consent decree. The end result of it may be that you will get an unsupervised election throwing the whole thing right back. This thing was negotiated, as I understand it, after a long period of time with very intense and extended negotiations. And it was finally put in a place under the order of a U.S. district judge, and it was consented to by the U.S. Attorney. It was consented to by the U.S. Government, and consented to by the plaintiffs and by the defendant. In fact, there is a long list of signatures consenting to the consent decree. Otherwise, you would have been in litigation. You don't know what the outcome would have been.

At the time, I can recall President Bush declaring this a great success. I think it was an accomplishment by the Bush administration, by Attorney General Thornburgh. Now we come along, and we are undoing it here on the floor of the U.S. Senate.

Mr. WELLSTONE. Will the Senator yield for one comment in the form of a question?

Just to quote from Attorney General Thornburgh, who said on March 14, 1989, to back up the Senator's point, "This settlement, which union leaders agreed to earlier today, culminates 30 years' of efforts by the Department of Justice to remove the influence of organized crime within the Teamsters Union"—to go back.

Mr. SARBANES. This was Attorney General Thornburgh commenting?

Mr. WELLSTONE. That is correct.

Just one question, because the Senator has been on the floor and I have been listening very carefully. It initially started out as a debate. I expressed my concern that I thought whatever the intentions were—I said good intentions—on the part of the colleagues, but that I thought that you really couldn't talk about this except in the context of what has happened with the Teamsters, and I thought this was profoundly mistaken. But now, what the Senator has been doing as a lawyer is—I am a lay person. I have been listening very carefully. As I understand the Senator, what he is really saying is that the most serious part of this above and beyond my concerns is that it really does—as the Senator from Oklahoma said earlier, he didn't see this as being anything in contradiction with the consent decree—the Senator from Maryland is arguing that it is most certainly in contradiction, in which case it becomes a very dangerous intrusion into the judiciary.

Is that correct? Is that the legal principle here, and the government principle?

Mr. SARBANES. I say to the Senator, yes. That is correct. What my colleagues on the other side are failing to understand is the history out of which this consent decree arose. In other words, the Federal Government filed suit against the Teamsters alleging mob influence in the Teamsters, and it went through an involved presentation of what the issues were, the campaigns of fear and extortion, and so forth and so on. That suit is pending. The Government then reaches a consent decree with the Teamsters. The matter never went to full-scale litigation. You don't know what the outcome of the litigation would have been. They reached a consent decree, and the Attorney General stated at the time, "This settlement, which union leaders agreed to earlier today, culminates 30 years' of efforts by the Department of Justice to remove the influence of organized crime within the Teamsters Union." And the observer goes on to note that the Teamsters signed a consent decree with the Federal Government to avoid a trial over a lawsuit. The union agreed to purge its mob connections and hold democratic elections. Then they discussed the supervision that was taking place with respect to the 1991 election. And the grumbling, in fact, on the part of some of the rank and file of the Teamsters is that the union no longer belonged to them, "their second-guessing of internal decisions that we make," et cetera, et cetera. "They are eliminating democracy to ensure democracy," one of these dissidents said.

We got that arrangement in order to supervise this election in order to try to root out this mob influence. Part of the consent decree was not only that you have a supervisor for the 1991 election but you have one for the 1996 election, which was a marked departure from how these things are handled.

My colleagues on the other side say, well, we don't pay for the elections of any other unions. That is quite true. No. We don't pay for them. We don't have election officers to supervise them either. We don't have them under a consent decree. There is a national purpose or objective to be achieved by rooting out the corruption that existed in the Teamsters Union. This consent decree negotiated by Mr. Giuliani, or by his associates, when he was a U.S. attorney in New York, approved by the Department of Justice, by Richard Thornburgh, the Attorney General, was an effort to accomplish that objective. In order to do that, we were able in effect to impose an election regime upon the Teamsters, not only for the 1991 election, the immediately next forthcoming election, but also for the 1996 election.

Mr. SESSIONS. Will the Senator yield?

Mr. SARBANES. Let me finish my point, and I will yield. Obviously, as part of the effort to extend out supervision beyond another 5 years out into the 1996 election, the Government undertook to pay the costs of the supervision of the 1996 election. But we got an election officer to supervise it. That is the election that is now in question. That is the election that is going to be under the scrutiny of the Federal District judge in New York. Now we are sort of messing with that situation without even beginning to have any full appreciation of what the consequences may be.

I yield for a question by my colleague from Alabama.

Mr. SESSIONS. I thank my colleague. In looking at the consent decree. We talked a lot about it. I think we should look at it and see what it actually says with regard to the effort in the 1991 election. What I read it to say—perhaps there is more than I read. But this is what I have. It says that the union defendants further consent to the United States Department of Justice supervising any IBT elections—any. They consent to them supervising any elections or special elections to be conducted after 1991 for the officers of the IBT, president, general secretary treasury, vice president, and trustees.

Mr. SARBANES. What point is the Senator making?

Mr. SESSIONS. I think it says that it gives the United States clearly the option to do so, and pay for that election or not. In fact, I have in my hand a memorandum of the U.S. Department of Justice which says just that—interprets it just that way. It says on page 2, "Because of the deep entrenchment of the La Cosa Nostra in the IBT's electoral process, the consent decree gave the Government the option to have the 1996 elections supervised by a court appointed officer."

Mr. SARBANES. That is right.

Mr. SESSIONS. I don't think we would be in violation of the decree to have the Government—and we speak for the Government, don't we?—say to them we don't intend to fund the second one.

Mr. SARBANES. Do you think you could have an election officer to that election?

Mr. SESSIONS. I think you have an option to.

Mr. SARBANES. How would you have an election officer?

Mr. SESSIONS. The U.S. Government, because of its concern about the mob influence of a union, protected itself with the right to assert, the right to provide an election officer in supervision, to supervise the election. So we don't have to exercise that option.

Mr. SARBANES. I say to my colleague, a distinguished former U.S. attorney in Alabama, the consent decree specifically says the union defendants consent to the election officer at Government expense to supervise the 1996 IBT elections.

Now, if you do not regard this election that is coming up as a continuation of the 1996 election, how are you going to get an election officer for it given the specific provisions that are in this consent decree?

Mr. SESSIONS. What page is the Senator on?

Mr. SARBANES. Sixteen.

Mr. SESSIONS. Are you reading the first full paragraph there? It doesn't say 1996 election. It says they consent to supervision of any election. That means obviously the United States did not intend to supervise all those elections. The United States only undertook to do so if it chose to do so.

Mr. SARBANES. If I could interrupt my colleague——

Mr. SESSIONS. That is what the Department of Justice, the Clinton Department of Justice, memorandum says, that it has the option. I think that's the most plain reading of it, and I suggest to you the union agreed to this reluctantly, preferring not to perhaps but because they had to. I just don't think that would be a fair interpretation of it. I think the most normal interpretation would be that they have the option to do so, and I think this body has the right to say we choose not to fund it. Let's not do it.

Mr. SARBANES. I say to my colleague, the consent decree I am looking at, in the first sentence of the first full paragraph on page 16 says, "The union defendants consent to the election officer, at Government expense, to supervise the 1996 IBT elections."

Mr. SESSIONS. Yes. But I think the option is the same.

Mr. SARBANES. That's the point.

Mr. SESSIONS. Let's look at what the Department of Justice memorandum says. The point of the Department of Justice memorandum about the 1996 election was that it concluded the Departments of Justice and Labor believed they should be involved in supervising the 1996 election.

Mr. SARBANES. That's right.

Mr. SESSIONS. And they chose to exercise that option. I think this body has the right to say we don't think we should exercise the next option; at least we are not going to fund it.

Mr. SARBANES. The Department wanted to supervise the 1996 election. They got the consent, they got it as part of the consent decree from the union to do so, but the costs of the election would be borne by the Government.

We ought to let the court decide what the consent decree means because, if you start playing around with a consent decree with respect to the cost of the election, the next thing you may discover is that you have let the Teamsters out from under the consent decree and you will not have an election officer, which was part and parcel of the arrangement that was made in the consent decree.

That is the point I am trying to make. You are running a very large risk here that you are going to lose your election officer to moderate and supervise these Teamster elections. And we have a strong public interest in preserving an election officer. Let the court decide what the consent decree means, and the court can then do it in a way that assures you that the Teamsters will not come out from under application of the election officer. That is the point.

Mr. SESSIONS. If the Senator will yield, I must say I am most impressed with the eloquence that the Senator has brought to this argument and has done remarkably well, I think, with not a lot to work with.

The Congressional Research Service has also indicated that:

> Legislation enacted by Congress limiting or restricting the funds for the 1996 election would be a Federal law, and the Government parties would be bound to take appropriate action in reliance on that law.
>
> What are the consequences to the Congress of not appropriating all the funds necessary to supervise the 1996 IBT elections?
>
> There would appear to be no consequences to the Congress. The consent decree does not appear to obligate the Government to supervise the 1996 elections, either directly or indirectly. Rather, the decree embodies the

consent of the union defendants to governmental supervision.

Basically, the union consented that they would allow themselves, their private entity, to be supervised as a consequence perhaps of, as part of, a settlement to avoid even more severe punishment that could have been enacted against them as a result of Mr. Giuliani's actions against that union. That would be to me the most logical interpretation of the agreement.

Mr. SARBANES. That's right. The union agreed to this as part of the consent. But the consent decree says the union defendants consent to the election officer, at Government expense, to supervise the 1996 IBT elections.

You are coming along and saying we want to keep the election officer—let me put this question to the Senator. Does the Senator want the Teamsters to be able now to go ahead and have a private union election without supervision, without an election officer?

Mr. SESSIONS. This Member says that I would oppose strongly any more funding of a $22 million election, and I am prepared to vote against it in that regard.

Mr. SARBANES. Even if the consequence of that is that you have an unsupervised Teamster election because they are out from under the consent decree? Is that correct?

Mr. SESSIONS. They may be. That is right.

Mr. SARBANES. I do not agree with the Senator. I mean, I put this question earlier, and it is interesting now to have this discussion take this turn because now we are beginning to see apparently on the part of some Members, they are really prepared to countenance the notion of having an unsupervised Teamster election.

Mr. SESSIONS. If the Senator will yield——

Mr. SARBANES. In effect, we are repudiating the option of continued Government payment of the election as a way of in effect losing your supervision over the Teamsters election. I do not see how the Senator can take that position when questions have been raised about the validity of the 1996 election. This is the very thing that the court is going to be deciding up in New York, and we ought to let the court decide what the consent decree means.

I think this exchange just now is a pretty dramatic illustration of why we ought to let the court decide what it means because otherwise we are running the very high risk of exactly what the Senator said he would countenance happening; namely, an unsupervised election. I am sure there are many Members who do not want an unsupervised election.

Mr. SESSIONS. If the Senator will yield, I do not think the legislation requires that. In 1991, we did not fund the elections but had supervision. I think we can have supervision through the Department of Labor or Justice. But we do not have to fund a $22 million election.

Mr. SARBANES. It is not quite the same. I say to the Senator that is not the agreement that is embodied in the consent decree. This consent decree was not done by this administration. This consent decree was done by the Bush administration. Attorney General Thornburgh said about it, "This settlement, which union leaders agreed to earlier today, culminates 30 years of effort by the Department of Justice to remove the influence of organized crime within the Teamsters Union."

The Senator had service as a U.S. attorney, and you know when you agree to enter into a consent decree, you know, in effect, there is some give and take on both sides, and this was the arrangement that was made. It was done by Giuliani, approved by Thornburgh, trumpeted by President Bush as a success. I thought it was a success. I continue to think it is a success. And I certainly don't think we should run the risk here of undoing the consent decree by refusing to carry out the Government cost of the elections and lose the election officer as a consequence and allow the Teamsters to have an unsupervised election, and that is the fire you are playing with here.

What we really should do here is we should back off and let the court handle this matter. The court has a consent decree to administer. It has options. Under that consent decree, the court could, in effect, maintain supervision and not pick up the costs of it. But that is a matter for the court to do as it interprets the consent decree. If we try to do it on the floor as we are trying to do right now, we run the risk of upsetting this whole apple cart and the whole effort to purge the Teamsters and to get an honest union.

Mr. SESSIONS. I thank the Senator for yielding, and I just would disagree; I don't think the Government is required to conduct or fund this election, and I do not think we should.

Mr. HARKIN. Will the Senator yield for a question not even related to this at all? I would like to know if the Senator has any information or knowledge about how long we are going to be here this evening? I say that as the minority manager of this bill.

If we are not going to vote this evening—maybe someone on the other side could tell me. If we are not going to vote this evening, I think we ought to let Senators know so Senators can go home. It is now 8 o'clock at night. We have had a fairly spirited discussion and debate. I don't mean to limit debate or anything, but I think we ought to have some information so that Senators can either stay around for a vote or at least go home to be with their families.

Does the Senator know anything about that?

Mr. SARBANES. No. This isn't my amendment. I am just responding to the offering of this amendment, which I think is a very bad idea and which I am trying to develop. Actually there is a benefit to be gathered by some discussion of this matter, which was illustrated by the exchange we just had, because it was clear that at least there are some Members who, in order to avoid the costs, are prepared to let the Teamsters have an unsupervised election and let them out from under the consent decree. I think that would be very bad.

Mr. HARKIN. I agree.

Mr. SARBANES. I think that would be a bad consequence.

Mr. HARKIN. I agree entirely with the Senator from Maryland.

Mr. SARBANES. And an undesired consequence.

Mr. HARKIN. I agree completely with the Senator.

Mr. SARBANES. I think we are running a risk with what we are doing on the floor of the Senate.

Mr. HARKIN. I am just thinking about what the procedure is going to be for the rest of the evening. There are only four or five Senators, six, in the Chamber. I hope we would have some information so the Senators could make plans.

Mr. SESSIONS. Will the Senator yield?

Mr. HARKIN. I do not have the floor. He has the floor.

Mr. SESSIONS. My understanding was that a vote was expected tonight but that a number of Senators had some things they wanted to say about this bill and were being provided the opportunity to do so. I am not aware that there is any agreement not to vote. I thought the agreement in fact was to vote.

Mr. SARBANES. Mr. President, I yield the floor.

Mr. WELLSTONE addressed the Chair.

The PRESIDING OFFICER. The Senator from Minnesota.

Mr. WELLSTONE. Mr. President, I say in response to my colleague from Iowa, I think there are Senators who want to speak on it. I don't know whether or not there will be time tonight in order to accommodate different people who want to comment on this amendment.

But as I understand it, and I will just try to summarize, there are two different sets of concerns I have. One set of concerns which I would repeat has to do not with the intentions of colleagues at all but has to do just with the sequence of events, the chronology. I just think that there is a great deal of discussion about what the UPS workers did. This was a Teamsters strike. There was a focus on the need to have more full-time jobs as opposed to part-time jobs. There was a focus on living-wage jobs.

The interesting thing is that I think the public really rallied behind the UPS workers. I think that the public felt that what the workers were talking about, what this union was talking about, was how you earn a decent living and how you are able to give your children the care you know they need and they deserve.

I think that this amendment, the Nickles-Craig amendment, is such an overreach because now what we have, just on the heels of this successful effort on the part of Teamsters to bargain collectively, is an effort—and now I have listened to this; I am not a labor lawyer—but an effort which essentially overturns a consent decree which was extremely important and essentially says we are going to go right to the heart of the judiciary and go back to an agreement which goes back, what, 30 years or thereabouts. I am sorry, this was initially agreed to in—I had it before me. Might I ask the Senator from Massachusetts a moment, the original agreement with the Bush administration was in 1989?

Mr. KENNEDY. In 1989, yes.

Mr. WELLSTONE. In 1989. I have quoted Attorney General Thornburgh on this. The idea was, look, this was, as my colleague from Maryland has said, an unprecedented situation. We were talking about corruption. We were talking about workers who want to have a fair election. And we finally had, after 30 years, an agreement here.

Now, this election has not yet been certified. The Kennedy amendment made no judgment about expenditure of money. But the idea of essentially trying to overturn this consent agreement, to interfere directly with the judicial branch, to really preempt what kind of ruling a judge might make before any kind of ruling has been made, and to do this on an appropriations bill, is profoundly mistaken. It is not prudent. So there are a number of Senators who have come to the floor and have raised a whole set of questions.

The Senator from Kentucky, Senator FORD, raised some questions having to do with the judicial appointments being blocked here—now, yet, a kind of threat to interfere with the judicial branch of Government—and whether or not this just was not the kind of political interference which is very inappropriate. He made the point that he felt that, as a Senator, if you were going to make a wise decision about this you would have to be in opposition to this amendment.

Senator KENNEDY started out tonight talking about both the context of this, the UPS workers and the successful effort on the part of the Teamsters, and now this—what is this all about? Just raising questions about the timing of it. But, then, more important, or just as important, Senator SARBANES has been on the floor and he has, I think, provided many of us his view—I certainly include myself, and this was essentially the position I think the Senator from Pennsylvania has taken—which is this is just an overreach. I mean, to just try to overturn or basically contradict or subvert this consent agreement, to interfere with the judicial branch, is a profound mistake.

So, my colleague from Alabama is correct. The point was that there would be a vote after Senators had a chance to fully discuss this. But, from my point of view, there are now three sets of questions that have been raised that I think are extremely important. Other Senators may want to discuss this as well. Or we might be able to reach some kind of agreement as to how we proceed. But, I think this is something that, if the Senate is a deliberative body, then we need to be very deliberative about this.

We had an agreement with a Republican administration, the Bush administration, which really dealt with 30 years' history. It was important. It was an effort to root out corruption. We had an agreement that was, I think, a very important step forward. Now what we have is an effort to essentially overturn that agreement. Now what we have is an effort to directly intervene or interfere with the judicial branch. Now we have an effort, which I think on political grounds, and probably on constitutional grounds, though I am not a lawyer, I am not even sure that, from a constitutional point of view—I believe the Senator from Pennsylvania may have raised this question—we should even be doing this, and for that reason there are a number of us who have been out on the floor and have been speaking about this.

If other Senators want to speak, I have had an opportunity several times tonight to raise these concerns. Senator SARBANES was on the floor a long time, I think really zeroing in on what the implications of this are, just in terms of branches of Government and separation of powers and what our constitutional system is about, which I think are pretty important questions. And one more time, as a Senator from Minnesota who had a chance to see what these workers were able to do and who strongly supported, I think, the justice, the justice goals of the strike—I have raised concerns about. I don't think it looks good. I don't think it's the right thing to do for the Senate to be involved in such an overreach, taking such drastic action, which I think, unfortunately, certainly looks like—I don't know what the motivations are of Senators—that it is very connected to this UPS workers' strike.

Mr. President, I will not speak any longer on the floor of the Senate. I will yield the floor.

Mr. FORD addressed the Chair.

The PRESIDING OFFICER (Mr. HUTCHINSON). The Senator from Kentucky.

Mr. FORD. Mr. President, I questioned earlier the distinguished Senator from Maryland as to a real problem that I have as it relates to the amendment that has now been submitted by the Senator from Oklahoma and the Senator from Idaho. My friend from Alabama, the junior Senator, has been a prosecutor. He has a great case. All of a sudden the Congress of the United States blows him out of the water because we don't believe what he is pursuing there is in the best interests of politics.

So, now we are confronted with a question that is in the courts and we are trying to make a judgment here to supersede what might be in the courts. Do we have a right to do that? I am sure we do. But in this Senator's feeling about this institution and this country, we have three separate branches. And those branches must set on their own bottom, as we would say down in west Kentucky. We should let them make their decision.

I think this is a very dangerous position. The emotion of the amendment is good. We have a big, bad union here that we don't want to spend any more taxpayers' dollars to see that they have a noncorrupt election. We want a noncorrupt election, but we don't want to spend any money. We made an agreement in 1989 under the Bush administration. There is no question about that. Let it be under President *X*'s administration. The question still flies: Do we then, by our actions here, micromanage the courts? We are about a hundred judges short in this country now. The majority will not let those judges come to the floor. Maybe 1 or 2 or 3, hopefully 4 we might get out, with 35 to 50 being held hostage.

So, what we have done, what we are doing tonight, even though the image here is one thing, the end result is another. If there ever was a question that you must put aside, however you feel, I think it is important that we support the system that has made this country great. And that is not micromanaging the Federal courts.

One of the things the distinguished Senator from West Virginia has always attempted to do is follow the procedure and the precedent on the separation of powers. He just has helped take a piece of legislation through the courts on line-item veto. And we are getting ready to do it again. So the courts will make a decision on what this body has been able to do. Now we are trying to take the position that we want to do this ourselves, in lieu of what the courts are about to do.

I know the big bad union, and spending taxpayers' money and all that, is a pretty good issue. But, to me, to this Senator, there is a much deeper question as it relates to the three branches of Government and the strength of this great land of ours in that we are attempting now to usurp those things that we will go out and beat our chests about back to our constituents how great we have been doing to try to protect them as consumers, those in our States or districts, as our constituents. Yet we are tonight, in my judgment, trying to usurp the power of the judiciary. In my opinion, if I sign a contract, it ought to be valid. Then to have a valid contract canceled by the legislative body just doesn't seem to me to be in the right direction.

I hope my colleagues will look beyond the emotion of the question and be sure that their judgment does not usurp the strength and foundation of this great country.

I yield the floor.

The PRESIDING OFFICER. The distinguished majority leader.

Mr. LOTT. Mr. President, I would like to respond to some of the things that have been said, or questions that have been raised when I was off the floor a few moments ago. First of all, I think I just need to reiterate here what is at stake is taxpayers' money being used to pay for labor union elections where there has been a record of fraud and abuse. Yes, there was a consent degree in 1989. How long does it apply? In perpetuity? We had a fraudulent election, on which, to my absolute horror, $22 million of taxpayers' dollars were spent. It turned out it had problems. The FBI has said so. The Justice Department has even said so. So now they say, oh, yes, let's have another one and let the taxpayers pay for that. So the American people understand very clearly here, this is taxpayers' money going to pay for labor union elections. Judges may or may not say that it ought to be done. All I have to say is, if judges are saying taxpayers' money should be used to pay for private sector, or labor union elections of any kind, I think it is time we take some action to say we are not going to allow that.

The second thing is, the question was raised, "Why don't we have some votes? Why doesn't somebody tells us when we will have some votes?" Hey, we are ready to vote. Let's vote on the Nickles amendment right now. The motion to table the amendment of the Senator from Massachusetts carried; 56 Senators voted to table that motion. I believe the Senate is ready to vote for the amendment of Senator NICKLES.

But, as we try to do around here, we try to accommodate everybody's schedules and their desire to be able to check with the administration or I don't know who. We could probably work out something, to have a vote on Senator NICKLES' amendment at some time certain other than tonight. He has indicated he would, perhaps, be willing to do that. But if anybody has raised any questions about why don't we vote, why isn't somebody saying what the schedule is going to be—if you want to vote, let's vote. If anybody wants to know that, any one of the Senators who have been speaking, I am ready to vote. That's what we ought to do. We already had a statement of the Senate on this issue. The Senate is concerned about use of taxpayers' money to pay for labor union elections.

But I have also been working on a whole series of things that I think would be fair to the Senate. Unfortunately, our business was interrupted today. From 2 to 4, we had to go out so the Environment and Public Works Committee could have a hearing and begin a markup on the Superfund bill, a bill that the American people surely would be for, because it means improving the way that we clean up hazardous waste.

We all know now lawyers are cleaning up. They are doing fine. But we are not cleaning up any hazardous waste sites. We ought to have Superfund reform. And yet there was an objection made to the committee meeting, so we had to go out for 2 hours. We would not be here right now probably if it had not been for that 2-hour interruption. But when we take out 2 hours in the day, we are going to make up that 2 hours at night, or 3 hours.

I have spent a year trying to be sensitive to Senators' needs, to know what the schedule is going to be, to be with their families, to be with their children, to be with their dog, dogs, so we can have a life, but it takes cooperation on both sides.

I hope we won't start down that trail where we start these things that force us to be in session late at night. But if it's necessary, we will. That is why we are here now. I had offered a UC request, and I am going to ask for this unanimous-consent agreement that would allow us to not have any more votes tonight, not have any votes tomorrow, but have further debate on amendments on the very important Labor and Health and Human Services bill during the day tomorrow, with no votes; that we would come in on Monday, we would have more amendments on the Labor and Human Services appropriations bill with a vote at 5 o'clock, but only one at the request of the Democratic leader; and that we would get at the close of business Monday a final, finite list of all amendments pending to this appropriations bill. Both the managers would very much like for us to help them get that done. Then we would have other votes that might be pending from Friday or Monday on this bill Tuesday at 9 or 9:30. Then we would be able to wrap up the finite list, which is not that long. There are a couple controversial issues. I think we can get them worked out. Then we would have final passage on all amendments and the bill on Tuesday.

Then at 5 o'clock on Tuesday, we would go to the Food and Drug Administration reform bill at 5 o'clock, not have any votes on cloture tomorrow, not go through the cloture exercise. An overwhelming number of Senators on both sides of the aisle support this FDA reform bill. It was reported out of committee, I think, 13 to 2.

Mr. COATS. Fourteen to four.

Mr. LOTT. When we get to final passage, the vote on FDA is going to be 95 to maybe 5, maybe more. Ninety-five Senators want to vote on the substance of FDA reform. The American people want that. The American people want to get a better system for approving drugs and medical devices and a more active and a more efficient FDA. We ought to give it to them. I believe the House is going to act on this. So it was a process to allow the Senators to continue on this bill, to get this bill completed, get FDA up in a reasonable way, and not have more votes tonight.

Senator KENNEDY has indicated he can't agree to that. The alternative then is this: We will have to pull down Labor-HHS tonight. We will then go to two votes on Federal judges tonight. We will vote in the morning at 9:45 on cloture. If we get cloture, then, of course, the Senator from Massachusetts and others perhaps can talk all day tomorrow if they want to. They can talk for 30 hours if they want to after cloture on the motion to proceed—on the motion to proceed now, I want you to know—to the FDA bill that over 90 Senators support.

Then on Monday, we will go back to Labor-HHS, and we will have a vote on two more judges Monday, perhaps even earlier in the day than we had indicated earlier, and then we will go to votes at 5 o'clock.

I mean, we are trying to get these things cleared. We are going to have recorded votes on them. I think plan A is in the best interest of the Senate and the American people, our time and efficient legislating. We can get our work done without unnecessary acrimony, without getting outdone by each other.

If the alternative is two votes tonight and a cloture vote in the morning at 9:45, inconveniencing unnecessarily—and, again, I am trying to accommodate people, we need to go a little later because some can't quite be here at 9:45, others at 10. We will have the vote at 9:45, and we are going to vote cloture. I just don't see why that is necessary. That is where we are.

I am going to make a unanimous-consent request on that in a moment and then go to judicial nominations. Does anybody have any comment or questions on that? I yield to Senator KENNEDY for a question.

Mr. KENNEDY. I know the Senator is going to make a proposal in just a moment. I do want to just point out for the Members the obvious, and that is that we have spent all day today debating two basic issues: One is the issue of fetal transplantation which, basically, has no position on this legislation, an issue that we have debated and debated and debated and which the Senate has voted on time and again and the outcome of which was fairly obvious. We took all morning to debate that.

All afternoon we have been debating the Nickles amendment which, as the Senator from Alaska has pointed out, is not really basic and essential to this appropriations bill, which the administration indicates it would very likely veto. So it has not been the Members on this side who have delayed the Senate from moving ahead. As one, among others, who is concerned about the Nickles amendment, I indicated that if the leader wanted to set that aside and continue to vote on other measures this evening, there would be no objection on our side.

So I think that it is important to understand what the situation is. We are basically considering an item which is an antilabor item. It is raised in the wake of the successful UPS strike and, basically, is legislative interference on a consent decree which raises very important constitutional issues. So there should not be any surprise about that factor.

With regard to FDA reform, the Senator made a very good point about the Members being ready and willing to vote on the medical devices and the FDA reform. What the Senator didn't mention is the other provisions which apply to the cosmetic industry which effectively is going to preempt every State in this country from getting adequate warning in terms of health and safety in the utilization of cosmetics. We know it is a $20 billion industry that for the last 20 years has been trying to get this achieved and have a preemption on issues relating to health and safety that primarily affect the American women in this country.

I am not going to be a part of rushing and ramrodding that particular provision through the U.S. Senate. And if I am the only one who votes against cloture tomorrow, I will take my time and explain in good time what we are being asked to consider. I have no regrets for insisting that we have a cloture vote. I indicated to the majority leader, if he wanted to have the cloture vote later at a more convenient time on Tuesday, Wednesday, or Thursday of next week, that is fine with me, absolutely, whatever he wanted to do to accommodate other Members.

Mr. LOTT. If I can claim my time.

Mr. KENNEDY. I ask recognition——

Mr. LOTT. On that particular point, I have been reasonable. I have put off scheduling.

Mr. KENNEDY. If I can finish my point and then I will be glad to yield, Mr. President.

Mr. LOTT. All right.

Mr. KENNEDY. But I have made that, so if Members didn't want to vote tomorrow, we could vote on this on Tuesday or Wednesday, give the majority leader an hour's notification to Members whenever that would come up any time Tuesday or Wednesday, but that has been rejected. We are going to be here for another 5, 6 weeks in this body. We have been attempting to negotiate these particular issues. I am very hopeful we will.

I want to vote for the medical devices and the pharmaceuticals. I commend Senator JEFFORDS and all of our colleagues on the committee for the excellent work that they have done. I think that measure is a very, very important measure. There are one or two items which I think would be addressed in terms of amendments, but on the issue of the cosmetics preemption of every State in the country in terms of health and safety, that is an issue that is not going to go easily.

Mr. COATS. Will the majority leader yield?

Mr. LOTT. I will yield, since his name, I believe, was invoked earlier, for a response to that.

The PRESIDING OFFICER. The Senator from Indiana.

Mr. COATS. I felt compelled to give the other side of the story. Yesterday, when I offered the fetal tissue amendment to the Parkinson's legislation, I had discussed the matter with Senator WELLSTONE. I had indicated I was willing to take a 20-minute time agreement on the amendment, 10 minutes on each side. I didn't want to do anything that unnecessarily delayed the bill. I was informed that it was not—it was acceptable to Senator WELLSTONE but it was not acceptable to Democratic Members who wanted to speak on the bill but didn't want to do it yesterday. That is within their rights. We could have proceeded. We didn't.

This Senator agreed to allow to be pulled over until this morning. I once again offered a time limit, and the time limit was not acceptable. So we essentially sat here for 2½ hours this morning listening to Members of the party of the Senator from Massachusetts oppose the amendment, which they have a right to do. But there was no delay initiated on the part of the Senator who offered the amendment, nor was there any delay on the part of the majority leader.

In regards to the FDA legislation, we were ready to go with that legislation before the recess, and it was the Senator from Massachusetts who prevented us from doing that. The Senator has every right to do that. If he has an objection to a part of the bill, he has a right to utilize the rules of the Senate to stop the bill from moving forward. But the facts are that the Senator doesn't have the votes. I didn't have the votes on some of my amendments. I didn't have the votes on fetal tissue, but I didn't stand here and insist the Senate stay in on a day when Members from both sides made plans and made travel plans just because I didn't have the votes or I couldn't get my way.

The Senator does not have the votes for the bill. He did not have them in the committee, and he does not have them on the floor. There is widespread support for the FDA reform bill, including the cosmetics provision which was voted on in committee. We had debate, and we voted on it in committee. The Senator didn't have the votes from the opposition party, didn't have the votes from his own party. He doesn't have the votes on this floor.

If he wants us to go through this exercise on a motion to proceed—this is just the procedure to start debate on the bill—why doesn't the Senator do what the rest of the Senators are doing, and that is, move forward on the bill, make your argument, have a vote, count the votes? If you win, you win; if you lose, you lose. But you can use the rules of the Senate. It is a right to the minority. We have used it. If the Senator wants to do that, he has the opportunity to do that, but it inconveniences everybody else, and if you think it is going to change the result, maybe it is worth it, but if it is just to be obstinate or intransigent because you didn't win or your point of view isn't accepted by your fellow colleagues, it puts everybody else at a disadvantage. To imply the majority leader——

Mr. WELLSTONE. Will the Senator yield?

Mr. COATS. Or the Republicans have somehow conspired to deny the Senator from Massachusetts the right to make his point or to argue his point, my goodness, we have been hearing that over and over and over and over. We know what the Senator's position is. He has the right to argue it, and he has the right to delay it. Let's make sure it is not implied somehow there is some devious effort on the part of the Republicans to deny the Senator his opportunities.

Mr. WELLSTONE. Will the Senator yield?

Mr. LOTT addressed the Chair.

Mr. WELLSTONE. If the Senator will yield.

Mr. LOTT. If you will allow me to respond to some of the things the Senator from Massachusetts said. He asked for 1 minute to wrap up, and I need to respond, and then I will be glad to yield.

With regard to the amendment before us, it was offered at 5:05. An offer was made to limit the time on that to 30 minutes. I believe the managers of the bill were very content with that. An offer was made to limit speeches to 5 minutes on this issue. There was no desire to drag it out. So, again, to imply that we have been prolonging this is just not accurate.

Now, with regard to the Food and Drug Administration effort to make the bureaucratic FDA more responsive to the needs of the American people, this really affects quality of life and health care, and I know the Senator from Massachusetts cares a great deal about that. This is one way we can help them to get medical devices and pharmaceutical products available to the American people. The vote in the committee was 14 to 4. Usually when you have a vote in the committee and it is overwhelming in a bipartisan way, you bring it to the floor and you have debate, amendments, vote, and move on.

But somehow or other, I mean, some folks seem to think when you have a vote in a committee and lose, then the negotiations begin. The leader of both parties always has to be sensitive to that. I have allowed Senators on both sides of the aisle to continue negotiations on the foster care bill, on other bills, but I have been very patient on this. And I wanted a cloture vote on this back in July. I was told repeatedly, "Oh, we're about to get it agreed to, about to get it done." Every time we were about to get it done, the Senator from Massachusetts said, "Oh, no, there's something else here I want."

I think the Senator from Vermont has been doing the very best he can in the negotiations. I personally think he has negotiated too dang much. The vote in the committee was 14-4. Why are we negotiating on all this stuff? Let us bring it to the floor and let us vote.

So when I get this magnanimous offer: Oh, you can have a cloture vote next week, put it off another—I offered a UC that would have given the Senator from Massachusetts an opportunity to negotiate Friday, Monday, all day Tuesday, and go on the bill on Tuesday night. He said no. But if we wait until next Tuesday to have a cloture vote on the motion to proceed, then he may try to force us to have a vote on going to the bill itself later on on a cloture vote, and then we might someday, in another week or so, get to FDA. That is ridiculous. There has been enough time.

The Senate wants to vote on this issue, overwhelmingly, in a bipartisan way. The committee has spoken. On a cloture vote, on a motion to proceed, the requisite number of Senators will vote for cloture, I believe. So I mean, that is not very responsive. It is time we get to this issue. Make your case, offer your amendments.

On the cosmetic thing, I mean, the Senator from Massachusetts is defending and worrying about States rights. Boy, getting some role reversals around here, when he doesn't want us to even get an amendment and vote on it. He may have the merits on his side. If he does, let us hear them; we will vote.

But, you know, it is time that we move forward on Labor-HHS. It is time we vote on the merits of FDA reform. I cannot believe we want to further delay. Every day we delay on FDA reform, there is some other delay by the bureaucracy at that agency that denies the people of this country medical devices and pharmaceuticals that help them with their lives and lifestyles. And so we are not going to delay it any longer. We are going to get an agreement to go to the bill on Tuesday or we are going to have a cloture vote in the morning. And if the vote doesn't succeed, we will have another one. I think I have been more than reasonable, and so has everybody else.

UNANIMOUS-CONSENT REQUEST

Mr. LOTT. Mr. President, I ask unanimous consent that the following be the only amendments remaining in order to the Labor-HHS appropriations bill, other than the pending amendments, and they be subject to relevant second-degree amendments, and that all first-degree amendments must be offered prior to the close of business on Monday, September 8, other than the amendments designated as managers' amendments.

I further ask unanimous consent that following the disposition of the amendments, the bill be advanced to third reading, and a vote occur on passage of S. 1061, and the bill remain at the desk. I further ask unanimous consent that once the Senate receives the House companion bill, the Senate proceed to its immediate consideration, and all after the enacting clause be stricken, the text of S. 1061 be inserted, the House bill be advanced to third reading, and passed, all without further action or debate.

I further ask unanimous consent that the Senate insist on its amendment, request a conference with the House on the disagreeing votes, and the Chair be authorized to appoint conferees.

I further state for the membership that any votes ordered with respect to the Labor-HHS bill on Friday and Monday, September 8, be postponed to occur at 5 p.m. on Monday, with one vote at that time, on a case-by-case basis. Thereafter, we will begin votes on Tuesday morning at 9:30.

I further ask unanimous consent the Senate proceed to S. 830 following the passage of the Labor-HHS appropriations bill—that is the Food and Drug Administration reform bill—but not earlier than 4 p.m. on Tuesday, September 9, to give the Senate plenty of time to continue to work on any agreements that they could come together on, and the cloture vote scheduled for Friday be vitiated.

That is the unanimous-consent request that I think is fair for all concerned. I urge that it be accepted.

The PRESIDING OFFICER. Is there objection?

Mr. KENNEDY addressed the Chair.

The PRESIDING OFFICER. The Senator from Massachusetts.

Mr. KENNEDY. Reserving the right to object, Mr. President, I want to just point out that the person that sets the schedule is the majority leader. If the majority leader files the cloture motion on a Wednesday, we end up having the cloture vote on a Friday. That is what the majority leader has done. It was his decision. He has every right to. And that is what we have as the regular order that is before the Senate.

But effectively what the majority leader now is doing is asking a consent to vitiate what the regular order would be in terms of the cloture motion. I do not question that we are short on the votes and that there will be an overwhelming vote in favor of moving toward the bill. But the regular order is, as filed by the majority leader on Wednesday, for a cloture vote on Friday. He knew what he was doing. He knew what he was doing.

He was the one that set the vote for Friday. And so I find it somewhat difficult to accept easily the fact that somehow the burden ought to be on other Members because the Senator now does not want to move ahead and have the vote on Friday. He was the one that established that process and procedure and set in motion those procedures. And for the reasons that I have outlined earlier with regard to particularly the preemption with regard to the cosmetics, and the protection of the consumers on those issues, which I think is a travesty in protecting the American families, and primarily the American women, I am going to object to the elimination and vitiation of the cloture motion.

The PRESIDING OFFICER. Objection is heard.

Mr. LOTT. In view of what I just heard the Senator say—he is right, that is the regular order. Of course, it is common practice, if you work things out you vitiate the necessity for a cloture vote. But, yes, I knew exactly what I was doing. And what I was doing was trying to carry out the will of the Senate, and not allow one Senator to any further delay the discussion of the merits of FDA reform.

In view of what the Senator said, I revise my unanimous-consent request to comply with what I thought I heard the Senator saying, the same unanimous-consent request all the way down the line, except that we would have the cloture vote in the morning at 9:45.

Would there be objection to that?

The PRESIDING OFFICER. Is there objection?

Mr. KENNEDY. I personally do not believe I would object to it, I say to the Senator. I do not know whether the amendments that have been included—I have not seen the list. I have had some amendments.

Mr. LOTT. It has been cleared——

Mr. KENNEDY. I have been given assurance by the staff—Mr. President, I object temporarily until I have a chance to talk to the minority leader.

The PRESIDING OFFICER. Objection is heard.

Mr. KENNEDY. I object until I have a chance to talk to him.

Mr. LOTT. In an effort to try to get a reasonable agreement worked out here—I believe our list has been cleared on both sides. I think the Senator from Iowa has had a chance to review it. In the interest of trying to get something worked out here, I would be prepared to take a 5-minute quorum call so we can look over the list and discuss it. If we cannot get that worked out, then I would begin the process of taking up the two judges and voting here in a few minutes.

So in view of the Senator's comments, and the idea that maybe we could get an agreement, I would at this point——

Mr. LEAHY. Will the Senator yield for a question?

Mr. LOTT. Yes. By the way, this unanimous-consent request was worked out over a period of hours. I think it has been cleared on both sides by all Senators with the exception of one. Senator DASCHLE was intimately involved in it. And some of the things in the UC were at his request, including that we only have one vote at 5 o'clock on Monday. So, I mean, everybody cleared it except Senator KENNEDY.

Mr. FORD. Would the majority leader yield?

Mr. LOTT. I would be glad to.

Mr. FORD. Is there any doubt that we will have two votes as it relates to judges following whatever occurs on your unanimous-consent request? I think that we need to alert your side and ours.

Mr. LOTT. That was not in the UC.

Mr. FORD. You mentioned you were going to have one.

Mr. LOTT. That is my intent. If we do not have any cooperation on other matters, we would vote.

Mr. LEAHY. If the leader would yield for a question.

Mr. LOTT. Yes.

Mr. LEAHY. Might, while you are trying to work this out, have one of those votes on the judges? We have to do them at some point anyway. Go ahead and do it.

Mr. LOTT. Mr. President, so that everybody will know we are on the verge of having a vote, I think it is in the interest of all of us to take 5 minutes, look at the list, and everybody could be called to notify them we are fixing to begin voting. And if the Senator was not here, we plan to vote on two judges tonight, and hope to get two more perhaps Monday or so.

Mr. FORD. There will be a rollcall vote on this?

Mr. LOTT. I have been requested to get rollcall votes.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. LOTT. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. LOTT. While both sides continue to check the amendment list and see if we can get an agreement on the UC, let's start our first recorded vote, that will be out of the way, and perhaps we can get a final agreement.

Mr. FORD. If the majority leader will yield, it is my hope that everyone has been notified that we are going to vote. I hope we would not start until such time as we feel like both sides have been notified.

This side is all right.

EXECUTIVE SESSION

UNANIMOUS-CONSENT AGREEMENT—NOMINATIONS OF HENRY HAROLD KENNEDY, JR., AND FRANK M. HULL

Mr. LOTT. As in executive session, I ask unanimous consent the Senate proceed to executive session to consider the following nominations on the Executive Calendar, and further the Senate proceed to an immediate vote on each nomination consecutively. I further ask unanimous consent that following the series of votes, and it is two votes on the nominations, the President be immediately notified of the Senate's action and the Senate then proceed to return to legislative session.

The executive nominations at this time are as follows: Calendar No. 164, Henry Harold Kennedy, Jr, of the District of Columbia, to be U.S. District Judge for the District of Columbia, and Calendar No. 233, Frank M. Hull, of Georgia, to be U.S. Circuit Judge for the Eleventh Circuit.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. LOTT. I further ask unanimous consent it now be in order to ask for the yeas and nays on each of these nominations with one show of hands.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. LOTT. I now ask for the yeas and nays, Mr. President.

The PRESIDING OFFICER. Is there sufficient second? There is a sufficient second.

The yeas and nays were ordered.

NOMINATION OF HENRY HAROLD KENNEDY, JR., OF THE DISTRICT OF COLUMBIA, TO BE U.S. DISTRICT JUDGE FOR THE DISTRICT OF COLUMBIA

The PRESIDING OFFICER. The question is, Will the Senate advise and consent to the nomination of Henry Harold Kennedy, Jr., to be a U.S. District Judge for the District of Columbia? On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. NICKLES. I announce that the Senator from Alaska [Mr. MURKOWSKI], the Senator from North Carolina [Mr. HELMS], and the Senator from Rhode Island [Mr. CHAFEE] are necessarily absent.

Mr. FORD. I announce that the Senator from Ohio [Mr. GLENN] is necessarily absent.

The result was announced—yeas 96, nays 0, as follows:

[Rollcall Vote No. 218 Ex.]

YEAS—96

Abraham
Akaka
Allard
Ashcroft
Baucus
Bennett
Biden
Bingaman
Bond
Boxer
Breaux
Brownback
Bryan
Bumpers
Burns
Byrd
Campbell
Cleland
Coats
Cochran
Collins
Conrad
Coverdell
Craig
D'Amato
Daschle
DeWine
Dodd
Domenici
Dorgan
Durbin
Enzi
Faircloth
Feingold
Feinstein
Ford
Frist
Gorton
Graham
Gramm
Grams
Grassley
Gregg
Hagel
Harkin
Hatch
Hollings
Hutchinson
Hutchison
Inhofe
Inouye
Jeffords
Johnson
Kempthorne
Kennedy
Kerrey
Kerry
Kohl
Kyl
Landrieu
Lautenberg
Leahy
Levin
Lieberman
Lott
Lugar
Mack
McCain
McConnell
Mikulski
Moseley-Braun
Moynihan
Murray
Nickles
Reed
Reid
Robb
Roberts
Rockefeller
Roth
Santorum
Sarbanes
Sessions
Shelby
Smith (NH)
Smith (OR)
Snowe
Specter
Stevens
Thomas
Thompson
Thurmond
Torricelli
Warner
Wellstone
Wyden

NOT VOTING—4

Chafee
Glenn
Helms
Murkowski

The nomination was confirmed.

UNANIMOUS-CONSENT AGREEMENT

Mr. LOTT. Mr. President, for the information of all Senators, the next recorded vote will be the last vote tonight. Unfortunately, we have not been able to work out an agreement that will allow us to vitiate the cloture vote on the FDA reform bill tomorrow morning. So there will be a vote at 9:45. After that, Senator KENNEDY, assuming cloture is invoked, would have 4 hours of debate on FDA reform. We could go back to the Labor-HHS appropriations bill tomorrow for other amendments to be offered, but no further votes, other than the 9:45 vote.

On Monday, we will have FDA debate from 12 until 1. Then we will go to the Labor-HHS at Monday at 1. We will have a vote at 5 o'clock on Monday on either the Nickles amendment or any other amendment that Senators have taken up during the day, or any other pending amendment. I believe the McCain amendment is pending. We will have one vote at 5 o'clock on Monday. And then, on Tuesday, we will have other amendment votes, if there are any pending, at 9:30. We would complete the list we have agreed on, all amendments, and final passage on Labor-HHS sometime Tuesday afternoon, and then we will go to the FDA reform package, but not earlier than 4 o'clock.

I had hoped we could get an agreement that would allow us not to have had a cloture vote in the morning and be able to vitiate that. Senator KENNEDY didn't feel he could agree to that. I hoped that we would not have to have votes on Monday, but we could not get all that worked out. So that is the outline of the UC that I would like to renew. I have discussed this with Senator DASCHLE. The list has been worked over by everybody. So I would like to renew my request with respect to the Labor-HHS appropriations bill that I made earlier and ask consent, if cloture is invoked Friday on the FDA reform package, that there be up to 8 hours divided between Senators JEFFORDS and KENNEDY for debate on S. 830 and an additional 4 hours of debate on Monday, divided in the same fashion, beginning at 11 a.m.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. LOTT. I further ask that the Senate proceed to S. 830 following passage of the Labor-HHS appropriations bill, but not earlier than 4 p.m. on Tuesday, September 9.

Mr. WELLSTONE. Reserving the right to object, Mr. President. I want to ask a question. On Labor-HHS, amendments laid down by Monday, are you saying all amendments have to then be dispensed with and voted on by Tuesday?

Mr. LOTT. By Tuesday afternoon. We don't have an exact time set. But looking at the list of amendments, we believe we can do that by 4 or 5 o'clock Tuesday afternoon.

Mr. WELLSTONE. That is not part of the agreement. I am sorry.

The PRESIDING OFFICER. Is there objection?

Mr. LOTT. Let me repeat, we have, we believe, a finite list. All amendments have to be offered by the close of business Monday. Look, there is not a lot of really tough stuff on the list. We believe we can finish all amendments, and all amendments would have to have been offered by the close of business Monday. We believe we can be through at a reasonable hour Tuesday afternoon. We are not locking in final passage.

Mr. WELLSTONE. I thank the Senator.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

Mr. LOTT. For the information of all Senators, again, there will be one vote at 9:50 on Friday. Any other votes ordered Friday or Monday before 5 will be stacked to occur on Tuesday morning, except for the one vote on Monday afternoon.

I yield the floor, Mr. President, and I ask that we proceed with the regular order.

NOMINATION OF FRANK M. HULL, OF GEORGIA, TO BE U.S. CIRCUIT JUDGE FOR THE ELEVENTH CIRCUIT

The PRESIDING OFFICER. The question is, will the Senate advise and consent to the nomination of Frank M. Hull, of Georgia, to be U.S. Circuit Judge for the Eleventh Circuit. The yeas and nays have been ordered.

The clerk will call the roll.

The legislative clerk called the roll.

Mr. NICKLES. I announce that the Senator from Alaska [Mr. MURKOWSKI], the Senator from North Carolina [Mr. HELMS], and the Senator from Rhode Island [Mr. CHAFEE] are necessarily absent.

Mr. FORD. I announce that the Senator from Ohio [Mr. GLENN] is necessarily absent.

The PRESIDING OFFICER. Are there any other Senators in the Chamber desiring to vote?

The result was announced—yeas 96, nays 0, as follows:

[Rollcall Vote No. 219 Ex.]

YEAS—96

Abraham
Akaka
Allard
Ashcroft
Baucus
Bennett
Biden
Bingaman
Bond
Boxer
Breaux
Brownback
Bryan
Bumpers
Burns
Byrd
Campbell
Cleland
Coats
Cochran
Collins
Conrad
Coverdell
Craig
D'Amato
Daschle
DeWine
Dodd
Domenici
Dorgan
Durbin
Enzi
Faircloth
Feingold
Feinstein
Ford
Frist
Gorton
Graham
Gramm
Grams
Grassley
Gregg
Hagel
Harkin
Hatch
Hollings
Hutchinson
Hutchison
Inhofe
Inouye
Jeffords
Johnson
Kempthorne
Kennedy
Kerrey
Kerry
Kohl
Kyl
Landrieu
Lautenberg
Leahy
Levin
Lieberman
Lott
Lugar
Mack
McCain
McConnell
Mikulski
Moseley-Braun
Moynihan
Murray
Nickles
Reed
Reid
Robb
Roberts
Rockefeller
Roth
Santorum
Sarbanes
Sessions
Shelby
Smith (NH)
Smith (OR)
Snowe
Specter
Stevens
Thomas
Thompson
Thurmond
Torricelli
Warner
Wellstone
Wyden

NOT VOTING—4

Chafee
Glenn
Helms
Murkowski

The nomination was confirmed.

STATEMENT ON THE NOMINATIONS OF FRANK M. HULL AND HENRY HAROLD KENNEDY

Mr. LEAHY. I am encouraged that the Senate is taking up two of the nine judicial nominations on the Executive Calendar.

I am delighted that the Senate majority leader has decided to take up the nomination of Judge Frank M. Hull to be a U.S. Circuit Judge for the Eleventh Circuit Court of Appeals. Since 1994, the nominee has been a United States district judge for the Northern District of Georgia and prior to that she was a judge for the Superior Court of Fulton, County in Georgia. The ABA has unanimously found her to be well-qualified, its top rating. With the strong support of Senator COVERDELL and Senator CLELAND, this nomination has moved expeditiously through the committee and is being confirmed by the Senate. I congratulate Judge Hull and her family and look forward to her service on the Court of Appeals.

I am also delighted that the Senate majority leader has decided to take up the nomination of Judge Henry Harold Kennedy, Jr. to be a U.S. district judge for the District of Columbia. Since 1979, the nominee has been an associate judge for the District of Columbia and prior to that he was a U.S. magistrate. The ABA has unanimously found him to be well-qualified, its top rating. With the strong support of Senator THURMOND and Delegate ELEANOR HOLMES NORTON, this nomination has moved expeditiously through the committee and is being confirmed by the Senate. I congratulate Judge Kennedy and his family and look forward to his service on the district court.

With these confirmations the Senate will raise to 11 the number of Federal judges confirmed this year and exceed, for the first time this year, the snail-like pace of confirming one judge per month. The Senate pace will rise to an anemic 1.2 judges per month. Meanwhile, vacancies have continued to mount and the delays in filling vacancies continue to grow.

It is discouraging to once again have to call attention to the fact that of the 61 nominations sent to the Senate by the President some 40 nominees are pending before the Judiciary Committee—nominees who have yet to be accorded even a hearing during this Congress. Many of these nominations have been pending since the very first day of this session, having been renominated by the President after having been held up during last year's partisan stall.

The committee has not yet worked through the backlog of nominees left pending from last year. Several of those pending before the committee had hearings or were reported favorably last Congress but have been passed over so far this year, while the vacancies for which they were nominated over 2 years ago persist. The committee has 12 nominees who have been pending without action for more than a year, including 7 who have been pending since 1995.

There is no excuse for the committee's delay in considering the nominations of such outstanding individuals as Professor William A. Fletcher, Judge James A. Beaty, Jr., Judge Richard A. Paez, Ms. M. Margaret McKeown, Ms. Ann L. Aiken, and Ms. Susan Oki Mollway, to name just a few of the outstanding nominees who have all been pending all year without so much as a hearing. Professor Fletcher and Ms. Mollway had both been reported last year. Judge Paez and Ms. Aiken had hearings last year but have been passed over so far this year.

We continue to fall farther and farther behind the pace established by the 104th Congress. By this time 2 years ago, Senator HATCH had held 8 confirmation hearings involving 36 judicial nominees, and the Senate had proceeded to confirm 35 Federal judges.

Those who delay or prevent the filling of these vacancies must understand that they are delaying or preventing the administration of justice. We can pass all the crime bills we want, but you cannot lock up criminals if you do not have judges. The mounting backlogs of civil and criminal cases in the emergency districts, in particular, are growing taller by the day.

I have spoken often about the crisis being created by the 103 vacancies that are being perpetuated on the Federal courts around the country. At the rate that we are currently going this year, more and more vacancies are continuing to mount over longer and longer times to the detriment of greater numbers of Americans and the national cause of prompt justice. We are not even keeping up with attrition.

Chief Justice Rehnquist has repeatedly acknowledged the crisis being posed for the Federal judiciary and, I believe, for all Americans. The Chief Justice has called the rising number of vacancies "the most immediate problem we face in the federal judiciary." The Courts Subcommittee heard on Thursday afternoon from judges from the second and eighth circuits about the adverse impact of vacancies on the ability of the Federal courts to do justice. The effect is seen in extended delay in the hearing and determination of cases and the frustration that litigants are forced to endure. The crushing caseload will force Federal courts to rely more and more on senior judges, visiting judges and court staff.

The Attorney General spoke recently about the "vacancy crisis that has left so many Americans waiting for justice" noting that vacancies are up at a time that filings are up, caseloads are increasing, backlogs are increasing, and we are experiencing an "unprecedented slowdown in the confirmation process" that has "very real and very detrimental impacts on all parts of our justice system. She spoke about the hundreds of appellate arguments being canceled, the Federal judges who go for entire years without hearing a single civil case. She said: "Quite simply without enough judges, our laws will become empty promises and 'swift justice' will become an oxymoron, and without the independence they need to uphold those laws, our judges will become hostages to politics instead of being the guardians of our principles."

In July I received a copy of a letter sent to President Clinton and the Republican leader of the Senate by seven presidents of national legal associations. These presidents note the "looming crisis in the Nation brought on by the extraordinary number of vacant federal judicial positions" and the "injustice of this situation for all of society." They point to "[d]angerously crowded dockets, suspended civil case dockets, burgeoning criminal caseloads, overburdened judges, and chronically undermanned courts" as circumstances that "undermine our democracy and respect for the supremacy of law." I agree with these distinguished leaders that we must without further delay "devote the time and resources necessary to expedite the selection and confirmation process for federal judicial nominees." The President is doing his part, having sent us 61 nominations so far this year with more on the way. The Senate should start doing its part.

In choosing to proceed on these two nominees, the Republican leadership has chosen once again to skip over the nomination of Margaret Morrow and to delay action on six other outstanding nominees who were reported at the same time as those fortunate enough to be selected for consideration by the Senate this week.

I want to turn briefly to the long-pending nomination of Margaret Morrow to be a district court judge for the Central District of California. Ms. Morrow was first nominated on May 9, 1996—not this year but May 1966. She had a confirmation hearing and was unanimously reported to the Senate by the Judiciary Committee in June 1996. Her nomination was, thus, first pending before the Senate more than a year ago. This was one of a number of nominations caught in the election year shutdown.

She was renominated on the first day of this session. She had her second confirmation hearing in March. She was then held off the Judiciary agenda while she underwent rounds of written questions. When she was finally considered on June 12, she was again favorably reported with the support of Chairman HATCH. She has been left pending on the Senate Executive Calendar for more 3 months and has been passed over, again.

This is an outstanding nominee to the District Court. She is exceptionally well qualified to be a Federal judge. I have heard no one contend to the contrary. She has been put through the proverbial ringer—including at one point being asked her private views, how she voted, on 160 California initiatives over the last 10 years.

She has been forced to respond to questions about particular judicial decisions. I find this especially ironic in light of the Judiciary Committee's questionnaire in which we ask whether anyone involved in the process of selecting the nominee discussed with her "any specific case, legal issue or question in a manner that could reasonably be interpreted as asking how you would rule on such case, issue, or question." We try to ensure that the administration imposes no litmus tests and does not ask about specific cases.

The committee insisted that she do a homework project on Robert Bork's writings and on the jurisprudence of original intent. Is that what is required to be confirmed to the district court in this Congress?

With respect to the issue of "judicial activism," we have the nominee's views. She told the committee: "The specific role of a trial judge is to apply the law as enacted by Congress and interpreted by the Supreme Court and Courts of Appeals. His or her role is not to 'make law.'" She also noted: "Given the restrictions of the case and controversy requirement, and the limited nature of legal remedies available, the courts are ill equipped to resolve the broad problems facing our society, and should not undertake to do so. That is the job of the legislative and executive branches in our constitutional structure."

Margaret Morrow was the first woman president of the California Bar Association and also a past president of the Los Angeles County Bar Association. She is an exceptionally well-qualified nominee who is currently a partner at Arnold & Porter and has practiced for 23 years. She is supported by Los Angeles' Republican Mayor Richard Riordan and by Robert Bonner, the former head of DEA under a Republican administration. Representative James Rogan attended her second confirmation hearing to endorse her.

Margaret Morrow has devoted her career to the law, to getting women involved in the practice of law and to making lawyers more responsive and responsible. Her good works should not be punished but commended. Her public service ought not be grounds for delay. She does not deserve this treatment. This type of treatment will drive good people away from government service.

The president of the Woman Lawyers Association of Los Angeles, the president of the Women's Legal Defense Fund, the president of the Los Angeles County Bar Association, the president of the National Conference of Women's Bar Association and other distinguished attorneys from the Los Angeles area have all written the Senate in support of the nomination of Margaret Morrow. They write that: "Margaret Morrow is widely respected by attorneys, judges and community leaders of both parties'' and she ''is exactly the kind of person who should be appointed to such a position and held up as an example to young women across the country.'' I could not agree more.

Mr. President, the Senate should move expeditiously to consider and confirm Margaret Morrow, along with Anthony Ishii, Katherine Hayden Sweeney, Robert F. Droney, Janet C. Hall, Joseph F. Bataillon, and Robert C. Chambers to be district court judges.

LEGISLATIVE SESSION

The PRESIDING OFFICER. Under the previous order, the Senate will now return to legislative session.

Mr. ENZI addressed the Chair.

The PRESIDING OFFICER. The Senator from Wyoming.

FOOD AND DRUG ADMINISTRATION MODERNIZATION AND ACCOUNTABILITY ACT OF 1997

Mr. ENZI. Mr. President, I ask unanimous consent that the Senate now turn to the consideration of S. 830, the FDA reform bill.

The PRESIDING OFFICER. Is there objection?

Mr. ENZI. I object on behalf of Senator KENNEDY.

The PRESIDING OFFICER. Objection is heard.

MOTION TO PROCEED

CLOTURE MOTION

Mr. ENZI. I now move to proceed to S. 830, and send a cloture motion to the desk.

The PRESIDING OFFICER. Pursuant to rule XXII, the Chair lays before the Senate the pending cloture motion, which the clerk will report.

The legislative clerk read as follows:

CLOTURE MOTION

> We, the undersigned Senators, in accordance with the provisions of rule XXII of the Standing Rules of the Senate, do hereby move to bring to a close debate on the motion to proceed to Calendar 105, S. 830, the FDA reform bill:
>
> Trent Lott, James Jeffords, Pat Roberts, Kay Bailey Hutchison, Tim Hutchinson, Conrad Burns, Chuck Hagel, Jon Kyl, Rod Grams, Pete Domenici, Ted Stevens, Christopher Bond, Strom Thurmond, Judd Gregg, Don Nickles, and Paul Coverdell.

Mr. ENZI. I now withdraw the motion to proceed.

The PRESIDING OFFICER. The motion is withdrawn.

MORNING BUSINESS

Mr. ENZI. Mr. President, I ask unanimous consent that there now be a period for the transaction of morning business with Senators permitted to speak for up to 5 minutes each.

The PRESIDING OFFICER. Without objection, it is so ordered.

ANOTHER ACT OF TERRORISM SHOWS PEACE PROCESS SIMPLY IS NOT WORKING

Mr. HELMS. Mr. President, another tragedy struck the people of Israel today. Three Palestinian suicide bombers attacked a crowded pedestrian mall in the center of Jerusalem. At least three Israelis were killed; many more were wounded.

There was another bombing in the center of Jerusalem on July 30, in which 17 people were killed. Those murders were also claimed by the Palestinian terror group, Hamas.

As in July, all the requisite people will issue the required condemnations, and comfort themselves that they have responded adequately. But how can we pretend that enough is being done about Palestinian terrorism? How can we look at pictures of Yasser Arafat embracing a terrorist on the front page of the New York Times and still maintain the fiction that this is a man committed to fighting terror?

The answer, Mr. President, is simple: we cannot.

Last month, in the wake of the most recent Jerusalem bombing, Secretary of State Madeleine Albright said she would travel to the Middle East if the PLO took the necessary steps to crack down on terrorists. Those steps clearly have not been taken. More innocent civilians lie bleeding in the streets. But the administration still clings to the fiction of a peace process.

I have said many times, and I say again today: There is no peace in this process. How long will we be expected to play along with this charade, pretending that meetings, consultations, and formalities can substitute for genuine attempts to deliver peace and security to the people of Israel?

In the coming months, the Congress will reconsider the provision of assistance to the Palestinians. At that time, we must ask ourselves whether the PLO has complied with its commitments, not only to Israel, but to the United States. We must ask ourselves whether Palestinian territories have become a beachead for terrorists. We must ask ourselves if the PLO and Yasser Arafat are partners worthy of the confidence of the United States.

Mr. President, all we need do is look at the pictures on our television screens to see that the answer to each of those questions is no.

THE VERY BAD DEBT BOXSCORE

Mr. HELMS. Mr. President, at the close of business yesterday, Wednesday, September 3, 1997, the Federal debt stood at $5,413,621,503,580.39—five trillion, four hundred thirteen billion, six hundred twenty-one million, five hundred three thousand, five hundred eighty dollars and thirty-nine cents.

One year ago, September 3, 1996, the Federal debt stood at $5,226,657,000,000—five trillion, two hundred twenty-six billion, six hundred fifty-seven million.

Five years ago, September 3, 1992, the Federal debt stood at $4,035,387,000,000—four trillion, thirty-five billion, three hundred eighty-seven million.

Ten years ago, September 3, 1987, the Federal debt stood at $2,361,615,000,000—two trillion, three hundred sixty-one billion, six hundred fifteen million.

Fifteen years ago, September 3, 1982, the Federal debt stood at $1,110,240,000,000—one trillion, one hundred ten billion, two hundred forty million—which reflects a debt increase of more than $4 trillion, $4,303,381,503,580.39—four trillion, three hundred three billion, three hundred eighty-one million, five hundred three thousand, five hundred eighty dollars and thirty-nine cents) during the past 15 years.

U.S. FOREIGN OIL CONSUMPTION FOR WEEK ENDING AUGUST 29

Mr. HELMS. Mr. President, the American Petroleum Institute reports that for the week ending August 29, the United States imported 8,513,000 barrels of oil each day, 1,786,000 barrels more than the 6,727,000 imported each day during the same week a year ago.

Americans relied on foreign oil for 57.4 percent of their needs last week, and there are no signs that the upward spiral will abate. Before the Persian Gulf war, the United States obtained approximately 45 percent of its oil supply from foreign countries. During the Arab oil embargo in the 1970's, foreign oil accounted for only 35 percent of America's oil supply.

Anybody else interested in restoring domestic production of oil? By U.S. producers using American workers?

Politicians had better ponder the economic calamity sure to occur in America if and when foreign producers shut off our supply—or double the already enormous cost of imported oil flowing into the United States—now 8,513,000 barrels a day.

LOUISIANA CONTESTED ELECTION

Mr. WARNER. Mr. President, periodically, I report to the Senate on the work of the Rules Committee investigation into alleged fraud and irregularities that may have affected the outcome of the 1996 Louisiana Senate election. Our committee is conducting this investigation under the authority given the Senate pursuant to article 1, section 5 of the Constitution of the United States.

Briefly recapping, I reported on May 8 of the committee's efforts to secure a bipartisan investigation. On May 23, I reported our efforts to obtain the detail of FBI agents to the committee and the agreement to issue over 130 subpoenas, although for election records only. Then, on June 26, I reported that the Rules Committee

Democrats had, unexpectedly, withdrawn from the investigation—after only 2 weeks of committee action in the field. FBI support, likewise, was terminated by the Attorney General.

I also reported that the results of the investigation had revealed a significant failure, by election officials, in numerous Louisiana statutory provisions designed to safeguard the election from voter fraud. Given these numerous breaches of law, although many appeared to be unintentional, I believed the Senate had an obligation to examine a broad number of areas where the potential for fraudulent acts and voting could have occurred.

On July 31, the committee authorized me to continue the preliminary investigation and granted me, by resolution, the authority to issue subpoenas. To date, I have issued 38 subpoenas, in addition to the 134 Senator FORD and I jointly agreed to issue, which have resulted in thousands of pages of documents as well as the appearance of numerous witnesses at 4 days of hearings held in New Orleans. We have received testimony from officials in the LIFE [Louisiana Independent Federation of Electors, Inc.] organization, as well as the owners of Carl Mullican Communications, Inc. [CMC], organizations prominently mentioned in the Jenkins petition and supporting documents.

We have received testimony from representatives of gambling-related companies, witnesses who have voted more than once or had knowledge of those who had, van drivers on election day, and election officials, including one who worked on election day as both an election official and as a canvasser for a gambling company.

Our investigators have also interviewed hundreds of people, regarding allegations of: mismatched signatures, precincts closing beyond the prescribed closing hour, multiple voting, noncompliance with State voting laws, and involvement of gambling industry in the election.

On August 29, GAO detailed three persons to the committee to assist in the examination of election documents received as a result of subpoenas. We are now negotiating for an additional detail of qualified accountants to help examine the subpoenaed gambling industry documents.

We also have requested the Department of Justice to reconsider its withdrawal and to return this case with added support. To date, we have been met with their continued resistance.

As I concluded the second series of Louisiana hearings, on August 27, I stated that further hearings were needed. In consultation with the committee, I will soon set our next hearing.

The pullout of the Democrats. and resultant loss of FBI support have complicated our task, but we are continuing to make progress in this investigation. My goal remains to ensure that the committee's work is performed in keeping with the precedents of the Senate in past election cases and to give the full committee my honest judgment of the established facts. The committee will then report to the full Senate its honest judgment of these facts respecting the Senate's duty under the Constitution of the United States.

Suffice it to say, the results of this investigation to date are as yet incomplete. We do not have that body of facts to convincingly state that fraud or irregularities did, or did not, affect the results of the 1996 election for the U.S. Senator from Louisiana.

As developments occur, of such significance as to inform Senators, I again will give a timely report.

MESSAGES FROM THE PRESIDENT

Messages from the President of the United States were communicated to the Senate by Mr. Williams, one of his secretaries.

EXECUTIVE MESSAGES REFERRED

As in executive session the Presiding Officer laid before the Senate messages from the President of the United States submitting nominations which were referred to the appropriate committees.

(The nominations received today are printed at the end of the Senate proceedings.)

REPORT OF THE ACTIVITIES OF THE U.S. GOVERNMENT IN THE UNITED NATIONS FOR CALENDAR YEAR 1996—MESSAGE FROM THE PRESIDENT—PM 62

The PRESIDING OFFICER laid before the Senate the following message from the President of the United States, together with an accompanying report; which was referred to the Committee on Foreign Relations:

To the Congress of the United States:

I am pleased to transmit herewith a report of the activities of the United States Government in the United Nations and its affiliated agencies during calendar year 1996. The report is required by the United Nations Participation Act (Public Law 264, 79th Congress; 22 U.S.C. 287b).

WILLIAM J. CLINTON.

THE WHITE HOUSE, *September 4, 1997.*

REPORT OF THE FEDERAL LABOR RELATIONS AUTHORITY FOR FISCAL YEAR 1996—MESSAGE FROM THE PRESIDENT—PM 63

The PRESIDING OFFICER laid before the Senate the following message from the President of the United States, together with an accompanying report; which was referred to the Committee on Governmental Affairs:

To the Congress of the United States:

In accordance with section 701 of the Civil Service Reform Act of 1978 (Public Law 95–454; 5 U.S.C. 7104(e)), I am pleased to transmit the Eighteenth Annual Report of the Federal Labor Relations Authority for Fiscal Year 1996.

The report includes information on the cases heard and decisions rendered by the Federal Labor Relations Authority, the General Counsel of the Authority, and the Federal Service Impasses Panel.

WILLIAM J. CLINTON.

THE WHITE HOUSE, *September 4, 1997.*

MESSAGES FROM THE HOUSE

At 11:53 a.m., a message from the House of Representatives, delivered by Ms. Goetz, one of its reading clerks, announced that pursuant to section 2702 of title 44, United States Code, as amended by Public Law 101–509, the Clerk of the House appoints the following individual on the part of the House to the Advisory Committee on the Records of Congress: Mr. Roger Davidson of Washington, D.C.

The message also announced that the House disagrees to the amendments of the Senate to the bill (H.R. 2016) making appropriations for military construction, family housing, and base realignment and closure for the Department of Defense for the fiscal year ending September 30, 1998, and for other purposes, and agrees to the conference asked by the Senate on the disagreeing votes of the two Houses thereon; and appoints Mr. PACKARD, Mr. PORTER, Mr. HOBSON, Mr. WICKER, Mr. KINGSTON, Mr. PARKER, Mr. TIAHRT, Mr. WAMP, Mr. LIVINGSTON, Mr. HEFNER, Mr. OLVER, Mr. EDWARDS, Mr. DICKS, Mr. HOYER, and Mr. OBEY as the managers of the conference on the part of the House.

The message further announced that the House disagrees to the amendment of the Senate to the bill (H.R. 2158) making appropriations for the Department of Veterans Affairs and Housing and Urban Development, and for sundry independent agencies, commissions, corporations, and offices for the fiscal year ending September 30, 1998, and for other purposes, and agrees to the conference asked by the Senate on the disagreeing votes of the two Houses thereon; and appoints Mr. LEWIS of California, Mr. DELAY, Mr. WALSH, Mr. HOBSON, Mr. KNOLLENBERG, Mr. FRELINGHUYSEN, Mr. NEUMANN, Mr. WICKER, Mr. LIVINGSTON, Mr. STOKES, Mr. MOLLOHAN, Ms. KAPTUR, Mrs. MEEK, Mr. PRICE, and Mr. OBEY as the managers of the conference on the part of the House.

The message also announced that the House disagrees to the amendment of the Senate to bill (H.R. 2160) making appropriations for Agriculture, Rural Development, Food and Drug Administration, and related agencies programs for the fiscal year ending September 30, 1998, and for other purposes and agrees to the conference asked by the Senate on the disagreeing votes of the two Houses thereon; and appoints Mr. SKEEN, Mr. WALSH, Mr. DICKEY, Mr. KINGSTON, Mr. NETHERCUTT, Mr. BONILLA, Mr. LATHAM, Mr. LIVINGSTON, Ms. KAPTUR, Mr. FAZIO, Mr. SERRANO, Ms. DELAURO, and Mr. OBEY as the managers of the conference on the part of the House.

The message also announced that the House disagrees to the amendment of the Senate to the bill (H.R. 2169) making appropriations for the Department of Transportation and related agencies for the fiscal year ending September 30, 1998, and for other purposes, and agrees to the conferences asked by the Senate on the disagreeing votes of the two Houses thereon; and appoints Mr. WOLF, Mr. DELAY, Mr. REGULA, Mr. ROGERS, Mr. PACKARD, Mr. CALLAHAN, Mr. TIAHRT, Mr. ADERHOLT, Mr. LIVINGSTON, Mr. SABO, Mr. FOGLIETTA, Mr. TORRES, Mr. OLVER, Mr. PASTOR, and Mr. OBEY as the managers of the conference on the part of the House.

The message also announced that the House disagrees to the amendment of the Senate to the bill (H.R. 2203) making appropriations for energy and water development for the fiscal year ending September 30, 1998, and for other purposes, and agrees to the conference asked by the Senate on the disagreeing votes of the two Houses thereon; and appoints Mr. MCDADE, Mr. ROGERS, Mr. KNOLLENBERG, Mr. FRELINGHUYSEN, Mr. PARKER, Mr. CALLAHAN, Mr. DICKEY, Mr. LIVINGSTON, Mr. FAZIO, Mr. VISCLOSKY, Mr. EDWARDS, Mr. PASTOR, and Mr. OBEY as the managers on the part of the House.

The message further announced that the House disagrees to the amendments of the Senate to the bill (H.R. 2209) making appropriations for the legislative branch for the fiscal year ending September 30, 1998, and for other purposes, and agrees to the conference asked by the Senate on the disagreeing votes of the two Houses thereon; and appoints Mr. WALSH, Mr. YOUNG of Florida, Mr. CUNNINGHAM, Mr. WAMP, Mr. LATHAM, Mr. LIVINGSTON, Mr. SERRANO, Mr. FAZIO, Ms. KAPTUR, and Mr. OBEY as the managers of the conference on the part of the House.

The message also announced that the House disagrees to the amendment of the Senate to the bill (H.R. 2266) making appropriations for the Department of Defense for the fiscal year ending September 30, 1998, and for other purposes, and agrees to the conference asked by the Senate on the disagreeing votes of the two Houses thereon; and appoints Mr. YOUNG of Florida, Mr. MCDADE, Mr. LEWIS of California, Mr. SKEEN, Mr. HOBSON, Mr. BONILLA, Mr. NETHERCUTT, Mr. ISTOOK, Mr. CUNNINGHAM, Mr. LIVINGSTON, Mr. MURTHA, Mr. DICKS, Mr. HEFNER, Mr. SABO, Mr. DIXON, Mr. VISCLOSKY, and Mr. OBEY as the managers on the part of the House.

MEASURES REFERRED

The following bill, previously received from the House of Representatives for the concurrence of the Senate, was read the first and second times by unanimous consent and referred as indicated:

H.R. 2035. An act to authorize the transfer of naval vessels to certain foreign countries; to the Committee on Armed Services.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. THOMPSON, from the Committee on Governmental Affairs, with an amendment in the nature of a substitute:

S. 261. A bill to provide for biennial budget process and a biennial appropriations process and to enhance oversight and the performance of the Federal Government (Rept. No. 105–72).

By Mr. SPECTER, from the Committee on Veterans' Affairs, without amendment and with a preamble:

H.J. Res. 75. A joint resolution to confer status as an honorary veteran of the United States Armed Forces on Leslie Townes (Bob) Hope.

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first and second time by unanimous consent, and referred as indicated:

By Mr. WELLSTONE:

S. 1147. A bill to amend the Public Health Service Act, Employee Retirement Income Security Act of 1974, and the Internal Revenue Code of 1986 to provide for nondiscriminatory coverage for substance abuse treatment services under private group and individual health coverage; to the Committee on Labor and Human Resources.

By Mr. D'AMATO:

S. 1148. A bill to amend title 49, United States Code, to require the forfeiture of counterfeit access devices and device-making equipment; to the Committee on the Judiciary.

By Mr. GRASSLEY (for himself, Mr. DURBIN, Mr. COVERDELL, Mr. SHELBY, and Mr. KYL):

S. 1149. A bill to amend title 11, United States Code, to provide for increased education funding, and for other purposes; to the Committee on the Judiciary.

SUBMISSION OF CONCURRENT AND SENATE RESOLUTIONS

The following concurrent resolutions and Senate resolutions were read, and referred (or acted upon), as indicated:

By Mr. HUTCHINSON:

S. Con. Res. 50. A concurrent resolution condemning in the strongest possible terms the bombing in Jerusalem on September 4, 1997; to the Committee on Foreign Relations.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. WELLSTONE:

S. 1147. A bill to amend the Public Health Service Act, Employee Retirement Income Security Act of 1974, and the Internal Revenue Code of 1986 to provide for nondiscriminatory coverage for substance abuse treatment services under private group and individual health coverage; to the Committee on Labor and Human Resources.

THE SUBSTANCE ABUSE TREATMENT PARITY ACT OF 1997

Mr. WELLSTONE. Mr. President, today I rise to introduce legislation that will ensure that private health insurance companies pay for substance abuse treatment services at the same level that they pay for treatment for other diseases. In other words, it is meant to guarantee that insurance coverage for substance abuse treatment is provided in a nondiscriminatory manner. This bill, the Substance Abuse Parity Act of 1997, provides this assurance.

For too long, the problem of substance abuse has been viewed as a moral issue, rather than a disease. A cloak of secrecy has surrounded this problem, as people who have this disease are often ashamed and afraid to admit their problem, for fear that they will be seen as admitting a weakness in character. We have all seen portrayals of alcoholics and addicts that are intended to be humorous or derogatory, and only reinforce the biases against people who have problems with substance abuse. Can you imagine this type of portrayal of someone who has a cardiac problem, or who happens to carry a gene that predisposes them to diabetes?

Yet it has been shown that some forms of addiction have a genetic basis, and we still try to hide the seriousness of this problem. We forget that someone who has a problem with drugs or alcohol can look just like the person we see in the mirror, or the person who is sitting next to us on a plane. In fact, it is unlikely that any of us have not experienced substance abuse within our families or our circle of friends.

The statistics concerning substance abuse are startling. In a recent article in Scientific American, December 1996, it was reported that excessive alcohol consumption is estimated to cause more than 100,000 deaths in the United States each year. Of these deaths, 24 percent are due to drunken driving, 11 percent are homicides, and 8 percent are suicides. Alcohol contributes to cancers of the esophagus, larynx, and oral cavity, which account for 17 percent of the deaths. Strokes related to alcohol use account for another nine percent of deaths. Alcohol causes several other ailments such as cirrhosis of the liver. These ailments account for 18 percent of the deaths.

We know that alcohol and other drugs contribute to other problems as well. Addictive substances have the potential for destroying the person who is addicted, their family and their other relationships. In a 1993 Report to Congress on Alcohol and Health, the Secretary of Health and Human Services stated that "Alcohol is associated with a substantial proportion of human violence, and perpetrators are often under the influence of alcohol." There are high rates of alcohol and other drug involvement in domestic violence and child abuse. For example, in 1987, 64 percent of all reported child abuse and neglect cases in the city of New York were related to alcohol and other drug abuse. With respect to domestic violence, a study of over 2,000 American couples demonstrated that rates of domestic violence were almost 15 times higher in households where husbands were often drunk as compared to those households in which they were never drunk. And, alcohol has been shown to be present in over 50 percent of all incidents of domestic violence. In addition, substance use itself may result from direct experience with interpersonal violence, as demonstrated by a study of 472 women. This study showed that 87 percent of alcoholic women had been physically or sexually abused as children as compared to 59 percent of the nonalcoholic women in the study. We know that over 40 percent of motor vehicle crash fatalities are alcohol-related, and that many of the alcohol drinkers involved in these crashes have had long standing problems with alcohol abuse. It is estimated that over 25 percent of emergency department visits may be alcohol related, and that alcohol and other drug use accounts for at least 40 percent of hospital admissions.

Data from the 1996 National Household Survey on Drug Abuse, which is conducted by the Substance Abuse and Mental Health Services Administration, provide the following estimates of substance use in the United States:

ALCOHOL

There were about 9 million current alcohol, including beer, wine, and distilled spirits, drinkers under age 21 in 1996. Of these, 4.4 million were binge drinkers, including 1.9 million heavy drinkers.

MARIJUANA

In 1996, an estimated 10.1 million Americans were current, past month, marijuana or hashish users. This represents 4.7 percent of the population aged 12 and older.

Marijuana is by far the most prevalent drug used by illicit drug users. Approximately three-quarters, 77 percent of current illicit drug users were marijuana or hashish users in 1996.

COCAINE

The number of occasional cocaine users, people who used in the past year but on fewer than 12 days, was 2.6 million in 1996, similar to what it was in 1995. The number of users was down significantly from 1985, when it was 7.1 million.

HALLUCINOGENS

The rate of current use of hallucinogens among youth age 12–17 has nearly doubled in 2 years, 1.1 percent in 1994, 1.7 percent in 1995, and 2.0 percent in 1996.

HEROIN

There were an estimated 141,000 new heroin users in 1995, and there has been an increasing trend in new heroin use since 1992. A large proportion of these recent new users were smoking, snorting, or sniffing heroin, and most were under age 26. The rate of heroin initiation for the age group 12–17 reached historic levels.

We know what the problems are, and we can document them. But we have done little to treat the problems or prevent them. In order to decrease the violence, the domestic violence, child abuse, homicide, suicide, the motor vehicle crashes, the cancers and the other illnesses and deaths due to alcohol and drug use, we must treat the alcohol and drug abuse problems. But right now, even if treatment is available and accessible, it is often unaffordable, as many health plans do not pay for treatment for substance abuse at the same rate at which they pay for treatment of other diseases. This seems counterintuitive, given the relationship between substance use and other diseases. It would only seem logical that if we are willing to pay for the treatment of substance abuse, we would decrease costs of treatment for other diseases in the long run, as we would decrease the occurrence of those diseases that are related to substance abuse.

SAMHSA has summarized the importance of substance abuse treatment as follows:

> Substance abuse adds substantially to the nation's total health care bill. Numerous studies show that providing adequate and accessible treatment for those with alcohol and illicit drug problems is the most effective method to improve the health of drug abusers and relieve the growing burden of drug-related health care costs. Treatment is a sound, long-term and cost-effective investment in America's future.
>
> SUBSTANCE ABUSE AND HEALTH CARE COSTS
>
> Approximately 35 percent of all AIDS cases are related to intravenous drug use, and over 60 percent of all pediatric AIDS cases are related to maternal exposure to HIV through drug use or sex with a drug user.
>
> On the average, untreated alcoholics generally incur general health care costs that are at least 100 percent higher than those of the non-alcoholic. In the last 12 months before treatment, the alcoholic's costs are close to 300 percent higher.
>
> More than 5 percent (221,000) of the 4 million women who give birth each year use illicit drugs during their pregnancy.
>
> The Health Insurance Association of America estimates an expenditure of from $48,000 to $150,000 in costs of maternity care, physicians' fees and hospital charges for each delivery that is complicated by substance abuse.
>
> The number of methamphetamine (speed)-related emergency room episodes increased by 35 percent (from 7,800 to 10,600) between the first half of 1994 and the first half of 1995.
>
> HEALTH CARE AND TREATMENT
>
> Chicago's Women's Treatment Center offers a wide variety of residential and outpatient programs for adolescent girls, pregnant women and women with young children. The Center has the only crisis nursery in Chicago, which provides care 24 hours a day to the infants and children of women undergoing medically supervised detoxification. As a result of the Women's Treatment Center's focus on responsible parenting, 67 drug-free babies have been born to women in treatment.
>
> Substance abuse treatment reduces overall hospital admission rates by at least 38 percent. Hospital admissions for drug overdose decreased by 58 percent among those who had been treated.
>
> Ninety-five percent of women reported uncomplicated births, free of illicit drugs, after one year of treatment.
>
> The state Alcohol and Other Drug Authority in Minnesota has reported that, for chemical dependency clients, the state has saved approximately $22 million in annual health care costs by providing treatment.

So, it is apparent from these data that substance abuse treatment works, and can help reduce health care costs and costs to society. We need to ensure that health care insurance providers do not discriminate in their coverage of substance abuse treatment services.

The Substance Abuse Treatment Parity Act of 1997 provides for nondiscriminatory coverage of substance abuse treatment services by private health insurers. It does not require that substance abuse benefits be part of a health benefits package, but establishes a requirement for parity in coverage for those plans that offer substance abuse coverage.

Mr. President, my bill would prohibit private insurance providers from imposing caps, copayments, and deductibles and day and visit limits for substance abuse treatment services that differ from those that are described for other covered illnesses. In other words, private health insurers must treat substance abuse like any other disease. Covered services include inpatient treatment, including detoxification; nonhospital residential treatment; outpatient treatment, including screening and assessment, medication management, individual, group and family counseling and relapse prevention; and prevention services, including health education and individual and group counseling to encourage the reduction of risk factors for substance abuse.

Mr. President, the Substance Abuse Treatment Parity Act of 1997 is designed to take a large step toward decreasing the problem of substance abuse and its consequences. We can't afford not to provide this coverage.

Mr. President, I ask unanimous consent that the text of the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1147

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Substance Abuse Treatment Parity Act of 1997".

SEC. 2. PARITY IN SUBSTANCE ABUSE TREATMENT BENEFITS.

(a) Group Health Plans.—

(1) Public health service act amendments.—(A) Subpart 2 of part A of title XXVII of the Public Health Service Act (as added by section 604(a) of the Newborns' and Mothers' Health Protection Act of 1996 and amended by section 703(a) of the Mental Health Parity Act of 1996) is amended by adding at the end the following new section:

"SEC. 2706. PARITY IN THE APPLICATION OF TREATMENT LIMITATIONS AND FINANCIAL REQUIREMENTS TO SUBSTANCE ABUSE TREATMENT BENEFITS.

"(a) In General.—In the case of a group health plan (or health insurance coverage offered in connection with such a plan) that provides both medical and surgical benefits and substance abuse treatment benefits, the plan or coverage shall not impose treatment limitations or financial requirements on the substance abuse treatment benefits unless similar limitations or requirements are imposed for medical and surgical benefits.

"(b) Construction.—Nothing in this section shall be construed—

"(1) as requiring a group health plan (or health insurance coverage offered in connection with such a plan) to provide any substance abuse treatment benefits; or

"(2) to prevent a group health plan or a health insurance issuer offering group health insurance coverage from negotiating the level and type of reimbursement with a provider for care provided in accordance with this section.

"(c) Exemptions.—

"(1) Small employer exemption.—

"(A) In general.—This section shall not apply to any group health plan (and group health insurance coverage offered in connection with a group health plan) for any plan year of a small employer.

"(B) Small employer.—For purposes of subparagraph (A), the term 'small employer' means, in connection with a group health plan with respect to a calendar year and a plan year, an employer who employed an average of at least 2 but not more than 50 employees on business days during the preceding calendar year and who employs at least 2 employees on the first day of the plan year.

"(C) Application of certain rules in determination of employer size.—For purposes of this paragraph—

"(i) Application of aggregation rule for employers.—Rules similar to the rules under subsections (b), (c), (m), and (o) of section 414 of the Internal Revenue Code of 1986 shall apply for purposes of treating persons as a single employer.

"(ii) Employers not in existence in preceding year.—In the case of an employer which was not in existence throughout the preceding calendar year, the determination of whether such employer is a small employer shall be based on the average number of employees that it is reasonably expected such employer will employ on business days in the current calendar year.

"(iii) Predecessors.—Any reference in this paragraph to an employer shall include a reference to any predecessor of such employer.

"(2) Increased cost exemption.—This section shall not apply with respect to a group health plan (or health insurance coverage offered in connection with a group health plan) if the application of this section to such plan (or to such coverage) results in an increase in the cost under the plan (or for such coverage) of at least 1 percent.

"(d) Separate Application to Each Option Offered.—In the case of a group health plan that offers a participant or beneficiary two or more benefit package options under the plan, the requirements of this section shall be applied separately with respect to each such option.

"(e) Definitions.—For purposes of this section—

"(1) Treatment limitation.—The term 'treatment limitation' means, with respect to benefits under a group health plan or health insurance coverage, any day or visit limits imposed on coverage of benefits under the plan or coverage during a period of time.

"(2) Financial requirement.—The term 'financial requirement' means, with respect to benefits under a group health plan or health insurance coverage, any deductible, coinsurance, or cost-sharing or an annual or lifetime dollar limit imposed with respect to the benefits under the plan or coverage.

"(3) Medical or surgical benefits.—The term 'medical or surgical benefits' means benefits with respect to medical or surgical services, as defined under the terms of the plan or coverage (as the case may be), but does not include substance abuse treatment benefits.

"(4) Substance abuse treatment benefits.—The term 'substance abuse treatment benefits' means benefits with respect to substance abuse treatment services.

"(5) Substance abuse treatment services.—The term 'substance abuse services' means any of the following items and services provided for the treatment of substance abuse:

"(A) Inpatient treatment, including detoxification.

"(B) Non-hospital residential treatment.

"(C) Outpatient treatment, including screening and assessment, medication management, individual, group, and family counseling, and relapse prevention.

"(D) Prevention services, including health education and individual and group counseling to encourage the reduction of risk factors for substance abuse.

"(6) Substance abuse.—The term 'substance abuse' includes chemical dependency.

"(f) Notice.—A group health plan under this part shall comply with the notice requirement under section 713(f) of the Employee Retirement Income Security Act of 1974 with respect to the requirements of this section as if such section applied to such plan.

"(g) Sunset.—This section shall not apply to benefits for services furnished on or after September 30, 2002.".

(B) Section 2723(c) of such Act (42 U.S.C. 300gg–23(c)), as amended by section 604(b)(2) of Public Law 104–204, is amended by striking "section 2704" and inserting "sections 2704 and 2706".

(2) ERISA amendments.—(A) Subpart B of part 7 of subtitle B of title I of the Employee Retirement Income Security Act of 1974 (as added by section 603(a) of the Newborns' and Mothers' Health Protection Act of 1996 and amended by section 702(a) of the Mental Health Parity Act of 1996) is amended by adding at the end the following new section:

"SEC. 713. PARITY IN THE APPLICATION OF TREATMENT LIMITATIONS AND FINANCIAL REQUIREMENTS TO SUBSTANCE ABUSE TREATMENT BENEFITS.

"(a) In General.—In the case of a group health plan (or health insurance coverage offered in connection with such a plan) that provides both medical and surgical benefits and substance abuse treatment benefits, the plan or coverage shall not impose treatment limitations or financial requirements on the substance abuse treatment benefits unless similar limitations or requirements are imposed for medical and surgical benefits.

"(b) Construction.—Nothing in this section shall be construed—

"(1) as requiring a group health plan (or health insurance coverage offered in connection with such a plan) to provide any substance abuse treatment benefits; or

"(2) to prevent a group health plan or a health insurance issuer offering group health insurance coverage from negotiating the level and type of reimbursement with a provider for care provided in accordance with this section.

"(c) Exemptions.—

"(1) Small employer exemption.—

"(A) In general.—This section shall not apply to any group health plan (and group health insurance coverage offered in connection with a group health plan) for any plan year of a small employer.

"(B) Small employer.—For purposes of subparagraph (A), the term 'small employer' means, in connection with a group health plan with respect to a calendar year and a plan year, an employer who employed an average of at least 2 but not more than 50 employees on business days during the preceding calendar year and who employs at least 2 employees on the first day of the plan year.

"(C) Application of certain rules in determination of employer size.—For purposes of this paragraph—

"(i) Application of aggregation rule for employers.—Rules similar to the rules under subsections (b), (c), (m), and (o) of section 414 of the Internal Revenue Code of 1986 shall apply for purposes of treating persons as a single employer.

"(ii) Employers not in existence in preceding year.—In the case of an employer which was not in existence throughout the preceding calendar year, the determination of whether such employer is a small employer shall be based on the average number of employees that it is reasonably expected such employer will employ on business days in the current calendar year.

"(iii) Predecessors.—Any reference in this paragraph to an employer shall include a reference to any predecessor of such employer.

"(2) Increased cost exemption.—This section shall not apply with respect to a group health plan (or health insurance coverage offered in connection with a group health plan) if the application of this section to such plan (or to such coverage) results in an increase in the cost under the plan (or for such coverage) of at least 1 percent.

"(d) Separate Application to Each Option Offered.—In the case of a group health plan that offers a participant or beneficiary two or more benefit package options under the plan, the requirements of this section shall be applied separately with respect to each such option.

"(e) Definitions.—For purposes of this section—

"(1) TREATMENT LIMITATION.—The term 'treatment limitation' means, with respect to benefits under a group health plan or health insurance coverage, any day or visit limits imposed on coverage of benefits under the plan or coverage during a period of time.

"(2) FINANCIAL REQUIREMENT.—The term 'financial requirement' means, with respect to benefits under a group health plan or health insurance coverage, any deductible, coinsurance, or cost-sharing or an annual or lifetime dollar limit imposed with respect to the benefits under the plan or coverage.

"(3) MEDICAL OR SURGICAL BENEFITS.—The term 'medical or surgical benefits' means benefits with respect to medical or surgical services, as defined under the terms of the plan or coverage (as the case may be), but does not include substance abuse treatment benefits.

"(4) SUBSTANCE ABUSE TREATMENT BENEFITS.—The term 'substance abuse treatment benefits' means benefits with respect to substance abuse treatment services.

"(5) SUBSTANCE ABUSE TREATMENT SERVICES.—The term 'substance abuse services' means any of the following items and services provided for the treatment of substance abuse:

"(A) Inpatient treatment, including detoxification.

"(B) Non-hospital residential treatment.

"(C) Outpatient treatment, including screening and assessment, medication management, individual, group, and family counseling, and relapse prevention.

"(D) Prevention services, including health education and individual and group counseling to encourage the reduction of risk factors for substance abuse.

"(6) SUBSTANCE ABUSE.—The term 'substance abuse' includes chemical dependency.

"(f) NOTICE UNDER GROUP HEALTH PLAN.—The imposition of the requirements of this section shall be treated as a material modification in the terms of the plan described in section 102(a)(1), for purposes of assuring notice of such requirements under the plan; except that the summary description required to be provided under the last sentence of section 104(b)(1) with respect to such modification shall be provided by not later than 60 days after the first day of the first plan year in which such requirements apply.

"(g) SUNSET.—This section shall not apply to benefits for services furnished on or after September 30, 2002.".

(B) Section 731(c) of such Act (29 U.S.C. 1191(c)), as amended by section 603(b)(1) of Public Law 104–204, is amended by striking "section 711" and inserting "sections 711 and 713".

(C) Section 732(a) of such Act (29 U.S.C. 1191a(a)), as amended by section 603(b)(2) of Public Law 104–204, is amended by striking "section 711" and inserting "sections 711 and 713".

(D) The table of contents in section 1 of such Act is amended by inserting after the item relating to section 712 the following new item:

"Sec. 713. Parity in the application of treatment limitations and financial requirements to substance abuse treatment benefits.".

(3) INTERNAL REVENUE CODE AMENDMENTS.—(A) Subtitle K of the Internal Revenue Code of 1986 (as added by section 401(a) of the Health Insurance Portability and Accountability Act of 1996) is amended—

(i) by striking all that precedes section 9801 and inserting the following:

"Subtitle K—Group Health Plan Requirements

"CHAPTER 100. Group health plan requirements.

"CHAPTER 100—GROUP HEALTH PLAN REQUIREMENTS

"Subchapter A. Requirements relating to portability, access, and renewability.

"Subchapter B. Other requirements.

"Subchapter C. General provisions.

"Subchapter A—Requirements Relating to Portability, Access, and Renewability

"Sec. 9801. Increased portability through limitation on preexisting condition exclusions.

"Sec. 9802. Prohibiting discrimination against individual participants and beneficiaries based on health status.

"Sec. 9803. Guaranteed renewability in multiemployer plans and certain multiple employer welfare arrangements.",

(ii) by redesignating sections 9804, 9805, and 9806 as sections 9831, 9832, and 9833, respectively,

(iii) by inserting before section 9831 (as so redesignated) the following:

"Subchapter C—General Provisions

"Sec. 9831. General exceptions.

"Sec. 9832. Definitions.

"Sec. 9833. Regulations.", and

(iv) by inserting after section 9803 the following:

"Subchapter B—Other Requirements

"Sec. 9811. Parity in the application of treatment limitations and financial requirements to substance abuse treatment benefits.

"SEC. 9811. PARITY IN THE APPLICATION OF TREATMENT LIMITATIONS AND FINANCIAL REQUIREMENTS TO SUBSTANCE ABUSE TREATMENT BENEFITS.

"(a) IN GENERAL.—In the case of a group health plan (or health insurance coverage offered in connection with such a plan) that provides both medical and surgical benefits and substance abuse treatment benefits, the plan or coverage shall not impose treatment limitations or financial requirements on the substance abuse treatment benefits unless similar limitations or requirements are imposed for medical and surgical benefits.

"(b) CONSTRUCTION.—Nothing in this section shall be construed—

"(1) as requiring a group health plan (or health insurance coverage offered in connection with such a plan) to provide any substance abuse treatment benefits; or

"(2) to prevent a group health plan or a health insurance issuer offering group health insurance coverage from negotiating the level and type of reimbursement with a provider for care provided in accordance with this section.

"(c) EXEMPTIONS.—

"(1) SMALL EMPLOYER EXEMPTION.—

"(A) IN GENERAL.—This section shall not apply to any group health plan (and group health insurance coverage offered in connection with a group health plan) for any plan year of a small employer.

"(B) SMALL EMPLOYER.—For purposes of subparagraph (A), the term 'small employer' means, in connection with a group health plan with respect to a calendar year and a plan year, an employer who employed an average of at least 2 but not more than 50 employees on business days during the preceding calendar year and who employs at least 2 employees on the first day of the plan year.

"(C) APPLICATION OF CERTAIN RULES IN DETERMINATION OF EMPLOYER SIZE.—For purposes of this paragraph—

"(i) APPLICATION OF AGGREGATION RULE FOR EMPLOYERS.—Rules similar to the rules under subsections (b), (c), (m), and (o) of section 414 of the Internal Revenue Code of 1986 shall apply for purposes of treating persons as a single employer.

"(ii) EMPLOYERS NOT IN EXISTENCE IN PRECEDING YEAR.—In the case of an employer which was not in existence throughout the preceding calendar year, the determination of whether such employer is a small employer shall be based on the average number of employees that it is reasonably expected such employer will employ on business days in the current calendar year.

"(iii) PREDECESSORS.—Any reference in this paragraph to an employer shall include a reference to any predecessor of such employer.

"(2) INCREASED COST EXEMPTION.—This section shall not apply with respect to a group health plan (or health insurance coverage offered in connection with a group health plan) if the application of this section to such plan (or to such coverage) results in an increase in the cost under the plan (or for such coverage) of at least 1 percent.

"(d) SEPARATE APPLICATION TO EACH OPTION OFFERED.—In the case of a group health plan that offers a participant or beneficiary two or more benefit package options under the plan, the requirements of this section shall be applied separately with respect to each such option.

"(e) DEFINITIONS.—For purposes of this section—

"(1) TREATMENT LIMITATION.—The term 'treatment limitation' means, with respect to benefits under a group health plan or health insurance coverage, any day or visit limits imposed on coverage of benefits under the plan or coverage during a period of time.

"(2) FINANCIAL REQUIREMENT.—The term 'financial requirement' means, with respect to benefits under a group health plan or health insurance coverage, any deductible, coinsurance, or cost-sharing or an annual or lifetime dollar limit imposed with respect to the benefits under the plan or coverage.

"(3) MEDICAL OR SURGICAL BENEFITS.—The term 'medical or surgical benefits' means benefits with respect to medical or surgical services, as defined under the terms of the plan or coverage (as the case may be), but does not include substance abuse treatment benefits.

"(4) SUBSTANCE ABUSE TREATMENT BENEFITS.—The term 'substance abuse treatment benefits' means benefits with respect to substance abuse treatment services.

"(5) SUBSTANCE ABUSE TREATMENT SERVICES.—The term 'substance abuse services' means any of the following items and services provided for the treatment of substance abuse:

"(A) Inpatient treatment, including detoxification.

"(B) Non-hospital residential treatment.

"(C) Outpatient treatment, including screening and assessment, medication management, individual, group, and family counseling, and relapse prevention.

"(D) Prevention services, including health education and individual and group counseling to encourage the reduction of risk factors for substance abuse.

"(6) SUBSTANCE ABUSE.—The term 'substance abuse' includes chemical dependency.

"(f) SUNSET.—This section shall not apply to benefits for services furnished on or after September 30, 2002.".

(B) CONFORMING AMENDMENTS.—

(i) Chapter 100 of such Code (as added by section 401 of the Health Insurance Portability and Accountability Act of 1996 and as previously amended by this section) is further amended—

(I) in the last sentence of section 9801(c)(1), by striking "section 9805(c)" and inserting "section 9832(c)";

(II) in section 9831(b), by striking "9805(c)(1)" and inserting "9832(c)(1)";

(III) in section 9831(c)(1), by striking "9805(c)(2)" and inserting "9832(c)(2)";

(IV) in section 9831(c)(2), by striking "9805(c)(3)" and inserting "9832(c)(3)"; and

(V) in section 9831(c)(3), by striking "9805(c)(4)" and inserting "9832(c)(4)".

(ii) Section 4980D of such Code (as added by section 402 of the Health Insurance Portability and Accountability Act of 1996) is amended—

(I) in subsection (c)(3)(B)(i)(I), by striking "9805(d)(3)" and inserting "9832(d)(3)";

(II) in subsection (d)(1), by inserting "(other than a failure attributable to section 9811)" after "on any failure";

(III) in subsection (d)(3), by striking "9805" and inserting "9832";

(IV) in subsection (f)(1), by striking "9805(a)" and inserting "9832(a)".

(iii) The table of subtitles for such Code is amended by striking the item relating to subtitle K (as added by section 401(b) of the Health Insurance Portability and Accountability Act of 1996) and inserting the following new item:

"SUBTITLE K. Group health plan requirements."

(b) INDIVIDUAL HEALTH INSURANCE.—(1) Part B of title XXVII of the Public Health Service Act (as added by section 605(a) of the Newborn's and Mother's Health Protection Act of 1996) is amended by inserting after section 2751 the following new section:

"SEC. 2752. PARITY IN THE APPLICATION OF TREATMENT LIMITATIONS AND FINANCIAL REQUIREMENTS TO SUBSTANCE ABUSE BENEFITS.

"(a) IN GENERAL.—The provisions of section 2706 (other than subsection (e)) shall apply to health insurance coverage offered by a health insurance issuer in the individual market in the same manner as it applies to health insurance coverage offered by a health insurance issuer in connection with a group health plan in the small or large group market.

"(b) NOTICE.—A health insurance issuer under this part shall comply with the notice requirement under section 713(f) of the Employee Retirement Income Security Act of 1974 with respect to the requirements referred to in subsection (a) as if such section applied to such issuer and such issuer were a group health plan.".

(2) Section 2762(b)(2) of such Act (42 U.S.C. 300gg–62(b)(2)), as added by section 605(b)(3)(B) of Public Law 104–204, is amended by striking "section 2751" and inserting "sections 2751 and 2752".

(c) EFFECTIVE DATES.—(1) Subject to paragraph (3), the amendments made by subsection (a) shall apply with respect to group health plans for plan years beginning on or after January 1, 1999.

(2) The amendment made by subsection (b) shall apply with respect to health insurance coverage offered, sold, issued, renewed, in effect, or operated in the individual market on or after such date.

(3) In the case of a group health plan maintained pursuant to 1 or more collective bargaining agreements between employee representatives and 1 or more employers ratified before the date of enactment of this Act, the amendments made subsection (a) shall not apply to plan years beginning before the later of—

(A) the date on which the last collective bargaining agreements relating to the plan terminates (determined without regard to any extension thereof agreed to after the date of enactment of this Act), or

(B) January 1, 1999.

For purposes of subparagraph (A), any plan amendment made pursuant to a collective bargaining agreement relating to the plan which amends the plan solely to conform to any requirement added by subsection (a) shall not be treated as a termination of such collective bargaining agreement.

(d) COORDINATED REGULATIONS.—Section 104(1) of Health Insurance Portability and Accountability Act of 1996 is amended by striking "this subtitle (and the amendments made by this subtitle and section 401)" and inserting "the provisions of part 7 of subtitle B of title I of the Employee Retirement Income Security Act of 1974, and the provisions of parts A and C of title XXVII of the Public Health Service Act, and chapter 1000 of the Internal Revenue Code of 1986".

By Mr. D'AMATO:

S. 1148. A bill to amend title 49, United States Code, to require the forfeiture of counterfeit access devises and device-making equipment; to the Committee on the Judiciary.

THE COUNTERFEIT ACCESS DEVICES ACT OF 1997

Mr. D'AMATO. Mr. President, I rise today to introduce legislation which will strike a blow against counterfeiters and other criminals who commit cellular telephone fraud and credit card fraud.

These criminal activities cost their respective industries hundreds of millions of dollars annually, and these costs are passed down to consumers who use credit cards and cellular telephones. The cellular telephone industry alone loses $650 million each year due to counterfeit or cloned telephone. The credit card industry faces a similar problem.

The criminals who perpetrate these frauds use specialized equipment to clone cell phones and credit cards to create phony copies which can be sold on the street or used to rack up thousands of dollars in unauthorized credit card purchases and telephone calls. There is no legitimate reason for an individual to possess this special equipment used to create these phony copies. This equipment is only useful to create counterfeit credit cards and cell phones.

Under current law, this equipment is actually returned to the criminal after he serves his sentence. The equipment is frequently used again to commit the same crimes over and over. The Government cannot confiscate the equipment without a separate expensive and time-consuming forfeiture proceeding.

Mr. President, it is preposterous that the Government must return the tools used to commit these crimes to criminals, even if they are convicted. These criminals are exploiting a loophole in the Federal forfeiture laws. My bill will close this loophole.

My bill would amend title 49 of the United States Code to make this equipment, as well as the counterfeit credit cards and telephones themselves, contraband. This designation would make it a Federal crime to possess these items. My bill would also require that these items must not be returned to the criminals.

Mr. President, these crimes take a tremendous toll on consumers whose telephones and credit cards are cloned by this equipment. By the time the consumer discovers that his or her telephone or credit card has been copied, the criminals usually have racked up thousands of dollars in unauthorized charges. This can have a devastating effect on consumers' credit ratings, rendering them unable to purchase a car or home or start a business. These problems can take years to correct.

Last Congress, I introduced a similar bill, S. 1380. Unfortunately, the session ended before Congress was able to act. However, this bill is not without precedent. A similar measure was passed last year regarding counterfeit videos and music. These items are now considered contraband under the new law. Industry leaders and law enforcement authorities enthusiastically support this legislation.

Mr. President, the Government must stop unwittingly aiding criminals to swindle hundreds of millions of dollars at the expense of consumers and the cellular telephone and credit card industries. My bill would close this outrageous loophole and help law enforcement crack down on these brazen criminals.

Mr. President, I ask unanimous consent that the text of the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1148

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. FORFEITURES RELATING TO COUNTERFEIT ACCESS DEVICES.

Section 80302(a) of title 49, United States Code, is amended—

(1) in paragraph (5), by striking "or" at the end;

(2) in paragraph (6), by striking the period at the end and inserting "; or"; and

(3) by adding at the end the following:

"(7) a counterfeit access device or any device-making equipment (as those terms are defined in section 1029 of title 18).".

By Mr. GRASSLEY (for himself, Mr. DURBIN, Mr. COVERDELL, Mr. SHELBY, and Mr. KYL):

S. 1149. A bill to amend title 11, United States Code, to provide for increased education funding, and for other purposes; to the Committee on the Judiciary.

THE INVESTMENT IN EDUCATION ACT OF 1997

Mr. GRASSLEY. Mr. President, I rise today to introduce the Investment in Education Act of 1997. This bill will close gaping loopholes in the current bankruptcy code which allow companies that declare bankruptcy to cheat schools out of badly needed education funds. This bill has the support of Senator DURBIN, the ranking member on my subcommittee. In an effort to work in a truly bipartisan way, I have reached out to the administration and have made several changes in the bill to accommodate the White House. As of now, I have received very positive signals from the administration and I'm optimistic that the administration will come out in favor of the bill.

As we all know, our Nation's educators face difficult challenges every day, whether from crumbling facilities or classes that are too large because a school district can't afford additional teachers. Money won't solve every one of the problems facing our schools. But protecting funding for education from losses due to bankruptcies will do a great deal of good. That's why I believe that the Congress should enact the Investment in Education Act quickly to stem a federally created drain on already scarce education resources.

As President Clinton has said, the era of big Government is over, and we have a responsibility in Congress to make certain that Federal laws—like the bankruptcy code—do not tie the hands of State and local governments. My bill will close bankruptcy law loopholes and provide millions of education dollars without raising taxes or spending any additional Federal money.

Under current law, the bankruptcy code allows a Federal judge to retroactively lower the assessed value of a bankrupt debtor's property—often in direct conflict with State laws. And another part of the bankruptcy code artificially subordinates local property tax revenues.

All of this lowers the amount of money available for education since education is overwhelmingly dependant on local property tax revenue. In fact, there have been instances in which school districts have had to refund money they have already received and spent. In this way, the bankruptcy code is taking money earmarked for education and spending it instead on administrative costs such as lawyers' fees. We need to close these loopholes to put kids, and not bankruptcy lawyers, at the top of our Nation's priorities.

During a hearing which I chaired before the Subcommittee on Administrative Oversight and the Courts, I found out about a school district in Texas that lost enough money in one case to provide 375,000 meals for needy children. And I heard testimony about a school that could not rebuild its kindergarten which had been destroyed by a tornado as a result of money lost in a bankruptcy case earmarked for the school. In the State of Texas alone, between just a few school districts, about $70 million earmarked exclusively for education are currently at risk. Because the Administrative Office of the United States Courts does not keep comprehensive records on this, we don't know how big this problem is. But we know that it's a substantial problem. I say let's fix it now.

The Investment in Education Act will close these bankruptcy loopholes so that there will be more money for meals for needy children, more money to pay for teachers' salaries, and more money to repair dilapidated schools. By passing my bill, we can ensure that our schoolchildren get the education dollars they need.

Finally, section 3 of the Investment in Education Act will be of great help to children who are owned back child support. Section 3 of the bill will permit children and spouses to go into the exempt assets of the bankrupt debtor in order to make sure that unscrupulous deadbeats can't get out of paying child support by hiding their assets in bankruptcy. I don't think that Congress ought to let the bankruptcy code stick it to kids and so my bill corrects that.

This bill has bipartisan support and has been endorsed by the National School Boards Association and the Iowa Association of School Boards. And as I mentioned earlier, I am optimistic that the administration will come out to support the bill. I know that time may be short, but since this bill has bipartisan support, I hope that we can pass it quickly. Mr. President, I have several letters supporting my bill and several news articles regarding the negative effect of bankruptcy on education. I ask that they be entered into the RECORD and that the bill be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

S. 1149

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the “Investment in Education Act of 1997”.

SEC. 2. TREATMENT OF CERTAIN LIENS

(a) TREATMENT OF CERTAIN LIENS.—Section 724 of title 11, United States Code, is amended—

(1) in subsection (b), in the matter preceding paragraph (1), by inserting “(other than to the extent that there is a properly perfected unavoidable tax lien arising in connection with an ad valorem tax on real or personal property of the estate)” after “under this title”; and

(2) in subsection (b)(2), after “507(a)(1)” and before the comma following thereafter insert “(except that such expenses, other than claims for wages, salaries or commissions which arise after the filing of a petition, shall be limited to expenses incurred under Chapter 7 of this title and shall not include expenses incurred under Chapter 11 of this title)”; and

(3) by adding at the end the following:

“(e) Before subordinating a tax lien on real or personal property of the estate which has arisen by virtue of state law, the trustee shall—

“(1) exhaust the unencumbered assets of the estate; and

“(2) in a manner consistent with section 506(c) of this title, recover from property securing an allowed secured claim the reasonable, necessary costs and expenses of preserving or disposing of that property.”.

“(f) Notwithstanding the exclusion of ad valorem tax liens set forth in this Section, claims for wages, salaries and commissions entitled to priority under Section 507(a)(3) or claims for contributions to an employee benefit plan entitled to priority under 507(a)(4) may be paid from property of the estate which secures a tax lien, or the proceeds of such property subject to the requirements of Subsection 724(e).”

(b) DETERMINATION OF TAX LIABILITY.—Section 505(a)(2) of title 11, United States Code, is amended—

(1) by striking “or” at the end of subparagraph (A);

(2) by striking the period at the end of subparagraph (B) and inserting “; or”; and

(3) by adding at the end the following:

“(C) the amount or legality of any amount arising in connection with an ad valorem tax real or personal property of the estate if the applicable period for contesting or redetermining that amount under any law (other than a bankruptcy law) has expired.”.

SEC. 2. ENFORCEMENT OF CHILD AND SPOUSAL SUPPORT.

Section 552(c)(1) of title 11, United States Code, is amended by inserting “provided that, notwithstanding any federal or state law relating to the enforcement of liens or judgments on exempted property, exempt property shall be liable for debts of a kind specified in Section 523(a)(5) of this title,” at the end of the subsection.

IOWA ASSOCIATION OF
SCHOOL BOARDS,
Des Moines, IA, September 2, 1997.
Hon. CHARLES E. GRASSLEY,
U.S. Senator, Hart Senate Office Building, Washington, DC.

DEAR SENATOR GRASSLEY: I am writing to thank you for introducing and sponsoring “The Investment in Education Act of 1997”. This important legislation will pump millions of badly-needed dollars into schools by closing loopholes in the federal bankruptcy code which unscrupulous debtors use to avoid paying delinquent property taxes. These delinquent taxes go to fund important education programs such as school lunch programs for needy children and school construction and renovation projects. Thus, a loss of these revenues mean fewer school lunches, school buildings in disrepair and fewer teachers, since property tax revenues also fund teachers' salaries.

This federally created drain on local revenues intended for education, if not checked in the near future, will obviously have a devastating impact on our ability to provide our children with a quality education. Companies which declare bankruptcy should not be allowed to use federal law to shortchange our children's education.

With the federal government turning more power over to the states, Congress has the responsibility to remove federal laws—like these bankruptcy loopholes—which tie the hands of local government. "The Investment in Education Act of 1997" is a step in that direction. It increases education funding by returning lost revenue to schools instead of raising taxes and without sending local revenues to Washington.

On behalf of Iowa's 377 school districts, thank you for your leadership in finding a solution to this problem.

Sincerely,

RONALD M. RICE, E.D.,
Executive Director.

OFFICE OF
SIOUX COUNTY TREASURER,
Orange City, IA, July 29, 1997.

U.S. Senator CHARLES GRASSLEY,
ATTENTION: John McMickle,
Senate Hart Building,
Washington, DC.

DEAR MR. MCMICKLE: Thank you for taking the time to discuss the issues and concerns regarding bankruptcy and its affect on local taxing bodies here in Iowa.

I have been following with interest the proposed changes to the Federal Bankruptcy statutes as presented by the National Association of County Treasurers and Finance Officers (NACTFO) and concur with the findings and recommendations in their report. I believe that you have a copy of the report, entitled "Local Governments Recommendations for Reform of the United States Bankruptcy Code".

Following our conversation of July 23, I did send an e-mail message to all County Treasurers in Iowa, requesting information on the affect of bankruptcy on tax collections. To date, I have had a limited response to that request. Approximately ten percent of the treasurers have contacted me. Overall, their indications are that the statutes do not present any big problems in Iowa. The main concern would be the delay in payment of the taxes due.

An example here in Sioux County is to the point. In the Boyden-Hull School District, $13,457 in taxes remain uncollected due to bankruptcy by two property owners. $7,806 of this amount due is to go to the local community school district, if and when collected. These dollars are needed by the local school to keep programs running.

We have been fortunate in the Iowa Bankruptcy Courts to not have any judges that want to adjust amounts due on our priority claims for taxes. We have usually received the amounts that we file with the courts, although usually without interest due to late payment.

My reading of the proposed changes indicates that the judges would not have the latitude to change amounts due, nationwide, and that would serve us well. Both of the cases affecting the Boyden-Hull School District are filed outside of Iowa and we are at the mercy of the local bankruptcy judges on collection.

Thank you for your interest in the affect of this legislation at the local level. If I may answer any further questions that you or the Senator would have, please contact me.

Sincerely,

ROBERT R. HAGEY,
Treasurer.

POLK COUNTY ATTORNEY,
Des Moines, IA, July 31, 1997.

Senator CHARLES E. GRASSLEY,
Chairman, U.S. Senate Committee on the Judiciary, Subcommittee on Administrative Oversight and the Courts, Hart Senate Office Building, Washington, DC.

DEAR SENATOR GRASSLEY: John McMickle of your office was kind enough to send me a copy of your proposed "Investment in Education Act of 1997", amending sections 724(b) and 505(a) of the Bankruptcy Code. I do not practice regularly in Bankruptcy and so may not be as qualified to comment as many of the people you will be hearing from, but I do represent Iowa's largest county in its attempts to collect overdue property taxes in those situations where Bankruptcy Court involvement is unavoidable. I would strongly support your attempt to reduce the impact on local governments of the Bankruptcy Code's artificial lien priority shifting and pre-emption of state law.

As you know, because of Iowa's consolidated tax system, a County is responsible for collecting taxes not only for itself but for the cities, school districts and other public bodies in the jurisdiction. The Treasurer is an involuntary creditor. He or she cannot evaluate and react to lending risks the way a normal creditor can. The Treasurer cannot police the debt or collateral or take additional steps to protect the County when a debtor is in trouble. Taxes are limited, so the County cannot build a reserve fund if it sees danger ahead. It is difficult to reduce general relief or quit collecting garbage or layoff teachers when economic conditions result in delayed tax collections. That is often when people look to government for additional assistance.

In Iowa, state law requires a wait of 21 months or more after a missed September local tax payment before property can be taken to pay the tax debt. This is reasonable protection for property owners who may be in trouble. Government is, after all, a service, not a business trying to make money off of the debt. Our procedure does, however, often result in local taxes being put off while other more aggressive creditors are paid. To then allow these creditors priority over local taxes, as the present section 724(b) does in many instances, seems eminently unfair. These junior lienholders were aware of tax priorities at the time they took their liens and to allow them to jump over local government seems, to me, to be a pure windfall. Your bill would correct this by keeping everyone in the same lineup to which they originally agreed.

We have had particular problems dealing with out of state bankruptcies involving Iowa properties but courts which do not understand the Iowa tax system and the fact that property is valued for tax purposes twenty-one months ahead of the first payment based on that value. We have often lost moderate payments simply because we cannot fly off to another state or hire a lawyer there to explain our case. Your proposal to reduce the impact of section 724(b) would also indirectly, but greatly, benefit Iowa local governments in this regard.

Finally, as to your proposal to limit the retroactive impact of section 505(a), I can only say that in my own experience I have found this section to be used primarily as a negotiating tool by debtor and junior creditor lawyers in Chapter 11 cases, who use the threat of redetermination to browbeat the County into compromising taxes to provide a larger income stream for junior lienholders. I strongly support your bill's effort to limit the impact of this section on local government as well.

Thank you for your consideration and good luck in convincing your associates of the desirability of your proposals.

Very Truly Yours,

MICHAEL J. O'KEEFE,
Assistant Polk County Attorney.

SCHOOLS TURN TO INCOME TAX—MOST DISTRICTS ALREADY CHARGE AN INCOME SURTAX. SHOULD DES MOINES JOIN THEM?

Iowa school districts increasingly are turning to a new tax—an income surtax—to supplement the property taxes and state aid they've long relied on.

A movement is under way for Des Moines to join the trend.

The school-district income surtax may not be familiar everywhere. It has not been used by the schools in most of Iowa's largest cities, but 204 of the state's 379 school districts now use it to raise extra money for education.

It's a simple concept that can raise a lot of cash for classroom programs, new school buses, asbestos abatement, routine maintenance, and remodeling. It works this way: A school district approves a levy(ies) for one or more of those purposes, either by a vote of the school board or citizens, and designates the income surtax as a source of revenue.

Each person in the district who pays state income taxes is then charged an additional amount to meet that obligation—up to 20 percent of his or her state income-tax bill. On a state tax bill of $200, at the maximum 20 percent rate, you'd send the state an extra $40 to be returned to your school district. (Counties may also use the income surtax for emergency medical services. Taxpayers who live where both their school district and county have an income surtax don't pay more than 20 percent combined.)

Think of the income surtax as a tip-automatically tacked onto a restaurant tab, and districts have been increasingly hungry for it.

Why? Growing pressure on their budgets, including higher expectations in general, more low-income students who need help to succeed and aging buildings that need to be renovated or replaced.

Iowa law first allowed use of the income surtax for school districts in 1972, under restricted circumstances. Use of the income surtax increased after lawmakers OK'd an "enrichment levy" in 1975, which let school districts spend extra local money on educational improvement through either the income surtax, property taxes or both. But the explosion in the number of districts with an income surtax came when the "instructional support levy" replaced the enrichment levy in 1991, with state money part of the bargain.

From Ackley-Geneva to Woodbury Central—and in districts like Ames, Decorah and Sioux City—the income surtax raised a total of $27.2 million statewide for the 1996–97 school year that ended June 30. That compares to $1.9 million just 10 years earlier. Of that $27.2 million, $24.6 million went to the instructional support levy (which also got $43.3 million in property taxes and $14.8 million in state money, with the state paying less now than it originally promised).

The income surtax raised another $72,000 for the educational improvement levy, a one-time opportunity for school districts to boost their budgets that could be put in place only in the 1991–92 school year and continued until rescinded by the school board. (Just four districts have it). The income surtax raised nothing in 1996–97 for the asbestos levy. It raised $2.5 million for the physical plant and equipment levy.

Who has the income surtax? Rural school districts predominantly, where the push for it began as a way to reduce reliance on property taxes and keep school budgets healthy, although plenty of cities participate. Iowa City, for example, raised the most—$2.6 million—this past school year for the instructional support levy. In the immediate Des

Moines area, only the Bondurant-Farrar, Southeast Polk and North Polk school districts have the income surtax.

The surtax has been proposed for the Des Moines school district as a means to move ahead the $315 million Vision 2005 plan for updating its 63 buildings.

Residents of the Des Moines district paid $124.5 million in state income tax in 1996. Based on that year's incomes, each 1 percent of surtax would bring in about $1.2 million for the school district. The talk is of needing nearly $12 million annually from the surtax, which would require nearly a 10 percent rate.

Part of the appeal of the income surtax is that it spreads the tax burden more equitably than property taxes or sales taxes, and businesses are likely to support it since they don't pay it. Part of the drawback is that it stands to increase the differences in tax burdens among local school districts, perhaps putting Des Moines at a further competitive tax disadvantage.

Somehow Des Moines has to settle on a way to come up with money it needs for its schools, and a tax increase of some sort is inevitable.

Whether that ought to include the income surtax needs a careful look, one taken knowing that many other Iowa communities have found that it works for them.

[School Board News, Aug. 19, 1997]

SCHOOLS LOSE WHEN FIRMS GO BANKRUPT

Your school system might be missing out on thousands of dollars every year because corporations involved in bankruptcy proceedings are able to get their tax obligations cut.

The Dallas public school system, for example, is losing $450,000 during the current year, due to a federal law that makes it virtually impossible for school districts to collect tax revenue from businesses that have declared bankruptcy.

Accordingly to Dallas Superintendent Yvonne Gonzalez, the district could have used this money to hire 15 extra teachers to reduce class sizes or provide $150 in school supplies for more than 3,000 teachers. "We anticipate an equal or greater loss each year for the foreseeable future," she says.

That's because Dallas, like most local school districts across the nation, depends heavily on ad valorem taxes, which are assessed on businesses and individuals based on the value of property.

When businesses declare bankruptcy, however, school districts and other local governments tend to be last in line to collect the back taxes owed by property owners. Lawyers and banks holding mortgage liens are paid first. As a result, schools often never see the money they are owed, and in some cases, are required to refund taxes already received.

NSBA supports federal legislation to correct this problem. The Investment in Education Act would amend the federal bankruptcy code to increase local revenues derived from property taxes.

The Senate Judiciary Committee's Subcommittee on Administrative Oversight and the Courts held a hearing on the bill Aug. 1. The bipartisan measure will be formally introduced in September by subcommittee chair Charles E. Grassley (R-Iowa) and Sen. Richard J. Durbin (D-Ill).

A description of the bill prepared by Sen. Grassley's office notes that "virtually every state has experienced some revenue shortfall" in school funding, due to two provisions in the bankruptcy code. The issue has been getting a lot of attention in Texas lately, however, because the state experienced so many real estate bankruptcies in the early 1990s.

Elizabeth Weller of the Dallas law firm Blair, Goggan, Sampson and Meeks notes that the Houston school district lost $1 million in a single case. Weller, who represents some 200 clients on this issue, a third of whom are Texas school districts, adds that in the past few years, the Fort Worth Independent School District (ISD) lost more than $480,000 in a total of four cases; the Dallas ISD lost nearly $450,000 in six cases; and the Lake Worth ISD $357,000 in a single case.

Section 505(a) of the bankruptcy code gives bankruptcy judges broad power to overrule property valuation decisions. This means a judge can decide to reduce a business's tax burden to ensure that the company's debtors can receive more of what they are owed.

Debtors often seek to have the taxable value of property reduced for as much as 10 years before the bankruptcy filing and request a refund of taxes already paid. Current law allows judges to approve these requests.

The bill would amend Section 505(a) to permit a bankruptcy court to reverse a property valuation decision only when the bankruptcy debtor has the right to challenge such a decision under applicable nonbankruptcy law.

Section 724(b) requires that most other claims on a bankruptcy estate be paid before ad valorem liabilities. Thus, various expenses, including lawyers' fees, are paid before and at the expense of tax liabilities, eventually forcing local jurisdictions to accept much less in delinquent back taxes than they would otherwise be entitled to receive—if they receive anything at all.

The bill would amend Section 724(b) to provide that ad valorem taxes protected by liens are paid ahead of other expenses, increasing the likelihood that local jurisdictions receive the same revenues they would have received if the company didn't file bankruptcy.

"My clients are sympathetic to wage claimants and others holding priority claims" under the bankruptcy code, Weller says. They are citizens that serve and protect," she says. School districts are not asking for a special priority; they just want to be treated like any other creditor.

Weller says there's been "definitely a lot more cases" on this issue in the past few years, even though there hasn't been an increase in corporate bankruptcies as there has among individuals. What has changed in that "corporate attorneys have become more aware of how they can use the law to avoid paying taxes."

One of several examples cited by Weller involves the bankruptcy of Merchants Fast Motor Lines. Taxes secured by liens on personal property were reduced by a bankruptcy court's application of Sections 505(a) and 724(b).

That resulted in five county governments, three city governments, and the school districts of Dallas, Houston, and Irving losing a total of more than $70,890. The taxing entities face the threat of additional tax losses when the properties are sold.

In some cases, a bank holding the mortgage on a property demands that the seller declare bankruptcy so the taxes will be reduced, thus increasing its profits from the sale.

That's what happened to the Hurst Euless Bedford Independent School District in Texas, which filed suit in state court in May 1992 to collect delinquent taxes for a company for 1989 and 1990.

The day before the case was set to go to trial, the debtor filed bankruptcy, attorney Barbara M. Williams said at the hearing. The company succeeded in getting the taxes reduced for 1989 and 1990, even though the debtor did not foreclose upon the property until 1991. The property value was reduced more than $1.5 million, and the school district lost more than $61,000 in tax revenue. The debtor then filed a motion to dismiss the bankruptcy.

A single bankruptcy can have a major impact on a small school district. For example, when the Lancaster, Texas, school district was involved in a legal battle over the bankruptcy and foreclosure of a country and western bar, it succeeded in obtaining $150,000 in back taxes, Weller notes. That money was enough to restore kindergarten for the district's schoolchildren, which had been eliminated when the school suffered severe tornado damage.

LANCASTER INDEPENDENT SCHOOL DISTRICT,
Lancaster, TX, July 28, 1997.

Senator CHARLES E. GRASSLEY,
Senate Judiciary Committee,
SH–325 Hart Senate Office Building,
Washington, DC.

RE: Proposed Changes to Bankruptcy Code §§ 724(b) and 505.

DEAR SENATOR GRASSLEY: I am very pleased to write this letter in support of your efforts to modify the Bankruptcy Code to make revenue recovery easier for local governments. As a small suburban school district, the Lancaster Independent School District has felt the effects of debtors using bankruptcy as a way to avoid paying ad valorem taxes. In one particular case, a debtor avoided payment of taxes for almost ten years before the tax-laden property was sold through a bankruptcy plan to a new owner who paid the taxes. As a result of this account being resolved, the School District collected more than $130,000 and was able to fund fullday kindergarten. I am attaching an article from our local newspaper that describes the importance of the payment of this account.

Although the example I have given would not have been specifically affected by your proposed changes to the Bankruptcy Code, it represents the types of issues facing local governments who cannot collect essential revenue because of abuses of the bankruptcy process by property owners. In our case, the issue was much more than a matter of an individual paying his fair share of taxes. For Lancaster ISD, this was a matter of whether or not we could provide essential public services.

Thank you very much for your actions on behalf of local governments. Please let me know if I can provide any additional assistance in this effort.

Sincerely,

BILL WARD,
Superintendent.

[Today Lancaster, Aug. 10, 1997]

MONEY IN THE BANK—LISD RECEIVES BIGGEST BACK TAXES PAYMENT

(By Chuck Bloom)

Gary Faunce is a happy man. Happier than usual.

The Lancaster school district top finance man is breathing a little easier with an infusion of more than $133,000 in back taxes paid by the LISD's most notorious delinquent account.

Bear Creek/GID II, representing the Crystal Chandelier, delivered payment of $133,377 July 24 to the district's tax attorneys, Blair, Coggan, Sampson and Meeks, closing out a "difficult chapter" in the district's financial life, Faunce said.

"This helps us make next year's budget and it certainly lifted us through this year's budget," he said. "It has been very helpful to fund a few programs."

Faunce said much of the funds would be earmarked to cover the cost of full-day kindergarten in the LISD, which begins this Monday for all 5-year-olds.

The Crystal Chandelier, located at Bear Creek Road and I-35, was purchased by John Drain earlier this year, and worked with BGSM to resolve the delinquent tax problem.

"With the property in the hands of a new owner, we are hopeful that it will remain off the delinquent tax roll," said Nancy Primeaux, BGSM regional manager. She said her firm would monitor the GID account "to ensure the property's prior history is not repeated."

In addition, the district received $6,915 from Jordan Tractor and Marine, plus payment on five other accounts, Primeaux said.

Needham Carpets, which is subject to seizure activity, had its bankruptcy filing dismissed "with prejudice" by the Bankruptcy Court. The ruling prevents Needham from filing for bankruptcy for the next 12 months, and BGSM can proceed with its litigation and seizure efforts.

The LISD has been working under an extremely tight financial cloud, due in part to the large amount of back taxes owed.

NORTH CAROLINA
LEAGUE OF MUNICIPALITIES,
August 14, 1997.

Hon. LAUCH FAIRCLOTH,
317 Hart Senate Office Building,
Washington, DC.

DEAR SENATOR FAIRCLOTH: We are aware of proposed amendments to the Bankruptcy Code that will ensure better local tax collection and administration when a taxpayer files for bankruptcy. We support these amendments, included in Senator Grassley's Investment in Education Act of 1997, that amend Sections 724 and 505(a)(2) of Title 11 of the US Code.

The amendment to Section 724 will prevent the property tax lien from being subordinated to other liens when property is sold free and clear of liens during bankruptcy. This is already the case under North Carolina law, as has been held and affirmed by our courts, if the tax collector reads the notice carefully enough to understand there is to be a sale free and clear of liens and if the collector knows to contact the city or county attorney and request that an objection be filed to the sale.

Under existing Section 505, a bankruptcy court can redetermine the value of property for tax purposes and recompute the tax owed, if the debtor had not appealed the value to the Board of Equalization and Review, and this is true even though the time for making an appeal to the Board has expired. This has happened in several cases in North Carolina, and the taxes were always recomputed downward. The proposed amendment to Section 505 prohibits a bankruptcy court from making this reassessment if the time for making an appeal under state law has expired.

We appreciate your consideration and, in the interest of more equitable property tax collection and administration, we feel these are good amendments and would request your support. Would you please share your position on the amendments?

Sincerely yours,
TERRY A. HENDERSON,
Director of Advocacy.
S. ELLIS HANKINS,
Executive Director.

THE OFFICE OF SALT LAKE COUNTY
ATTORNEY, DOUGLAS R. SHORT,
COUNTY ATTORNEY,
July 29, 1997.

Attn: John McMickle.
Re amendments to 11 U.S.C. §505 and 724(b).
Hon. CHARLES GRASSLEY,
U.S. Senator, Subcommittee on Administrative Oversight and the Courts, 308 Senate Hart Office Building, Washington, DC.

DEAR SENATOR GRASSLEY: Salt Lake County's tax revenue, including those of the several school districts located within the county, has been adversely affected by 11 U.S.C. §§724(b) and 505. Both provisions discriminate unfairly against governmental entities and take needed governmental and school revenue and shift it to other creditors of the estate.

For example, because 11 U.S.C. §505 permits the bankruptcy court to redetermine the value of property for tax purposes, Salt Lake County and schools have lost substantial tax revenue because debtors have been permitted to challenge assessments without the necessity of complying with state law.

In one chapter 11 proceeding Salt Lake County and the school districts lost $61,800 due to the provisions of 11 U.S.C. §505. In another chapter 11 proceeding the debtor attempted to obtain a refund of taxes paid three years prior to the bankruptcy filing and one post-petition year totaling approximately $80,000. The county settled after the trustee agreed to drop his pre-petition refund but lost approximately $18,000 which the Trustee would not have been entitled to under state law. Further, in 1996 the county and school districts lost another $13,500 in a chapter 7 proceeding because of section 505 jurisdiction. The above actions could not have been brought had state law applied.

Title 11, U.S.C., §724(b) is often used in this jurisdiction to take county and school district tax money and shift it to administrative expense and other priority claimants. It should be eliminated or limited to federal statutory liens. It is evident from the legislative history of §724 and its predecessors that Congress never contemplated the impacts of shifting local property tax revenue away from schools and local governments, which provide police and fire protection and other essential services to estate property, to other creditors such as chapter 11 administrative expense claimants and lienholders junior to the tax liens.

Thank you for considering the foregoing issues. Unfortunately we are not able to present this in person. However, your assistance is appreciated.

Sincerely,
MARY ELLEN SLOAN,
Deputy Salt Lake County Attorney,
Civil Division.

TREASURERS' ASSOCIATION OF VIRGINIA,
July 29, 1997.

Re Investment in Education Act of 1997.
U.S. Senator CHARLES GRASSLEY,
Senate Hart Office Building,
Washington, DC.

DEAR SENATOR GRASSLEY: I am writing on behalf of the Treasurers' Association of Virginia to express our support for the Investment in Education Act of 1997. The membership of the Treasurers' Association consists of over 180 county, city and town treasurers throughout the Commonwealth of Virginia. In Virginia, the local treasurer is responsible for the receipt and collection, safekeeping and investing, accounting and disbursement of local government revenue.

Of primary importance to our members is the retention of an effective ad valorem tax lien on real property. This lien is paramount to all other debts under Virginia law. In giving this lien the ultimate priority, the Virginia legislature recognized the importance of real property taxes to Virginia localities. Real property taxes are an indispensable method of funding government functions including schools, police and fire protection, sanitation and other essential government services. Under the current bankruptcy scheme, however, this first priority lien can be negated by a bankruptcy trustee acting pursuant to §724(b).

The legislation which you have proposed would rectify this anomaly of the Bankruptcy Code. This legislation would exempt a "properly perfected unavoidable tax lien arising in connection with an ad valorem tax on real or personal property . . ." from the scope of §724(b). This amendment is consistent with the original legislative history of this subsection, and reflects the primary importance of ad valorem taxes and tax liens in the operations of local government.

Sincerely,
KEVIN R. APPEL,
Counsel.

ADDITIONAL COSPONSORS

S. 22

At the request of Mr. MOYNIHAN, the name of the Senator from Illinois [Ms. MOSELEY-BRAUN] was added as a cosponsor of S. 22, a bill to establish a bipartisan national commission to address the year 2000 computer problem.

S. 25

At the request of Mr. FEINGOLD, the name of the Senator from North Dakota [Mr. DORGAN] was added as a cosponsor of S. 25, a bill to reform the financing of Federal elections.

S. 61

At the request of Mr. LOTT, the name of the Senator from Kansas [Mr. ROBERTS] was added as a cosponsor of S. 61, a bill to amend title 46, United States Code, to extend eligibility for veterans' burial benefits, funeral benefits, and related benefits for veterans of certain service in the United States merchant marine during World War II.

S. 89

At the request of Ms. SNOWE, the name of the Senator from Washington [Mrs. MURRAY] was added as a cosponsor of S. 89, a bill to prohibit discrimination against individuals and their family members on the basis of genetic information, or a request for genetic services.

S. 358

At the request of Mr. DEWINE, the names of the Senator from South Carolina [Mr. HOLLINGS] and the Senator from Louisiana [Ms. LANDRIEU] were added as a cosponsors of S. 358, a bill to provide for compassionate payments with regard to individuals with blood-clotting disorders, such as hemophilia, who contracted human immunodeficiency virus due to contaminated blood products, and for other purposes.

S. 493

At the request of Mr. KYL, the name of the Senator from Illinois [Mr. DURBIN] was added as a cosponsor of S. 493, a bill to amend section 1029 of title 18, United States Code, with respect to cellular telephone cloning paraphernalia.

S. 507

At the request of Mr. HATCH, the name of the Senator from Georgia [Mr. CLELAND] was added as a cosponsor of S. 507, a bill to establish the United States Patent and Trademark Organization as a Government corporation, to amend the provisions of title 35, United States Code, relating to procedures for patent applications, commercial use of patents, reexamination reform, and for other purposes.

S. 623

At the request of Mr. INOUYE, the name of the Senator from New Jersey [Mr. TORRICELLI] was added as a cosponsor of S. 623, a bill to amend title 38, United States Code, to deem certain service in the organized military forces of the Government of the Commonwealth of the Philippines and the Philippine Scouts to have been active service for purposes of benefits under programs administered by the Secretary of Veterans Affairs.

S. 657

At the request of Mr. DASCHLE, the name of the Senator from New Jersey [Mr. TORRICELLI] was added as a cosponsor of S. 657, a bill to amend title 10, United States Code, to permit retired members of the Armed Forces who have a service-connected disability to receive military retired pay concurrently with veterans' disability compensation.

S. 675

At the request of Mr. MCCONNELL, the name of the Senator from Utah [Mr. HATCH] was added as a cosponsor of S. 675, a bill to amend the Internal Revenue Code of 1986 to modify the application of the passive loss limitations to equine activities.

S. 769

At the request of Mr. LAUTENBERG, the name of the Senator from Illinois [Mr. DURBIN] was added as a cosponsor of S. 769, a bill to amend the provisions of the Emergency Planning and Community Right-To-Know Act of 1986 to expand the public's right to know about toxic chemical use and release, to promote pollution prevention, and for other purposes.

S. 836

At the request of Mr. ABRAHAM, the name of the Senator from Colorado [Mr. ALLARD] was added as a cosponsor of S. 836, a bill to offer small businesses certain protections from litigation excesses.

S. 995

At the request of Mr. LAUTENBERG, the name of the Senator from Illinois [Ms. MOSELEY-BRAUN] was added as a cosponsor of S. 995, a bill to amend title 18, United States Code, to prohibit certain interstate conduct relating to exotic animals.

S. 1031

At the request of Mr. GRASSLEY, the names of the Senator from Alabama (Mr. SESSIONS) and the Senator from Alaska (Mr. STEVENS) were added as cosponsors of S. 1031, a bill to protect Federal law enforcement officers who intervene in certain situations to protect life or prevent bodily injury.

S. 1042

At the request of Mr. CRAIG, the name of the Senator from Oregon (Mr. WYDEN) was added as a cosponsor of S. 1942, a bill to require country of origin labeling of perishable agricultural commodities imported into the United States and to establish penalties for violations of the labeling requirements.

S. 1059

At the request of Mr. CHAFEE, the name of the Senator from Louisiana (Mr. BREAUX) was added as a cosponsor of S. 1059, a bill to amend the National Wildlife Refuge System Administration Act of 1966 to improve the management of the National Wildlife Refuge System, and for other purposes.

S. 1062

At the request of Mr. D'AMATO, the names of the Senator from Delaware (Mr. ROTH), the Senator from Oregon (Mr. WYDEN), and the Senator from South Carolina (Mr. HOLLINGS) were added as cosponsors of S. 1062, a bill to authorize the President to award a gold medal on behalf of the Congress to Ecumenical Patriarch Bartholomew in recognition of his outstanding and enduring contributions toward religious understanding and peace, and for other purposes.

S. 1113

At the request of Mr. GRASSLEY, the name of the Senator from Virginia (Mr. ROBB) was added as a cosponsor of S. 1113, a bill to extend certain temporary judgeships in the Federal judiciary.

SENATE RESOLUTION 111

At the request of Mr. THURMOND, the name of the Senator from Virginia (Mr. ROBB) was added as a cosponsor of Senate Resolution 111, a resolution designating the week beginning September 14, 1997, as "National Historically Black Colleges and Universities Week," and for other purposes.

AMENDMENT NO. 1059

At the request of Mr. FAIRCLOTH the name of the Senator from Idaho (Mr. CRAIG) was added as a cosponsor of amendment No. 1059 intended to be proposed to S. 1061, an original bill making appropriations for the Departments of Labor, Health and Human Services, and Education, and related agencies for the fiscal year ending September 30, 1998, and for other purposes.

AMENDMENT NO. 1069

At the request of Mr. SPECTER the names of the Senator from Alaska (Mr. STEVENS) and the Senator from Minnesota (Mr. GRAMS) were added as cosponsors of amendment No. 1069 proposed to S. 1061, an original bill making appropriations for the Departments of Labor, Health and Human Services, and Education, and related agencies for the fiscal year ending September 30, 1998, and for other purposes.

AMENDMENT NO. 1078

At the request of Mr. DURBIN the names of the Senator from California (Mrs. BOXER), the Senator from Arkansas (Mr. BUMPERS), the Senator from Ohio (Mr. DEWINE), the Senator from California (Mrs. FEINSTEIN), the Senator from New Hampshire (Mr. GREGG), the Senator from Iowa (Mr. HARKIN), the Senator from Massachusetts (Mr. KENNEDY), the Senator from New Jersey (Mr. LAUTENBERG), the Senator from Vermont (Mr. LEAHY), the Senator from Rhode Island (Mr. REED), the Senator from Maine (Ms. SNOWE), the Senator from Minnesota (Mr. WELLSTONE), and the Senator from Oregon (Mr. WYDEN) were added as cosponsors of amendment No. 1078 intended to be proposed to S. 1061, an original bill making appropriations for the Departments of Labor, Health and Human Services, and Education, and related agencies for the fiscal year ending September 30, 1998, and for other purposes.

SENATE CONCURRENT RESOLUTION 50—CONDEMNING THE BOMBING IN JERUSALEM ON SEPTEMBER 4, 1997

Mr. HUTCHINSON submitted the following concurrent resolution; which was referred to the Committee on Foreign Relations:

S. CON. RES. 50

Whereas on September 4, 1997, 3 bombs exploded in Jerusalem on Ben Yehuda Street, killing at least 8 people and injuring more than 165 others.

Whereas HAMAS, a terrorist organization, has a "military wing" which has claimed responsibility for this cowardly act;

Whereas Yasser Arafat, Chairman of the Palestinian Authority, has made statements in which he said "HAMAS, even its military wing is a patriotic movement.";

Whereas on August 20, 1997, Chairman Arafat publicly embraced the leader of HAMAS, Abdel Aziz al-Rantisi;

Whereas Yasser Arafat has recently ordered the release of several HAMAS terrorists being held in Palestinian Authority jails, including Nabil Sharihi, who is suspected in a bombing that killed Alisa Flatow, an American citizen;

Whereas Israel has recently given Yasser Arafat a list of 150 suspected terrorists who are presently residing in Palestinian-controlled territory;

Whereas Yasser Arafat has made public statements in which he vowed not to "bow down" to Israeli requests that he arrests suspected terrorists;

Whereas since the beginning of the Oslo peace process, over 260 Israelis have been killed, and hundreds more have been injured, far more than in a similar period before the peace process began; and

Whereas in violation of the Oslo Accords, the Palestinian Authority has withheld full security cooperation with the State of Israel, which may have made this attack more likely; Now, therefore, be it

Resolved by the Senate (the House of Representatives concurring), That Congress—

(1) condemns in the strongest possible terms this latest bombing and those responsible for encouraging or inciting such cowardly acts;

Whereas (2) expresses its deepest condolences to the families of the victims of this latest bombing and expresses its solidarity with the people of the State of Israel in this tragic time;

(3) reaffirms that the United States should fully cooperate with the State of Israel in helping to stem the tide of terrorism, which has threatened the Oslo peace process and the stability of this vital region; and

(4) affirms that the United States should provide no monetary or other assistance to the Palestinian Authority until it has fulfilled its obligations under the Oslo Accords, including—

(A) taking affirmative steps to arrest and prosecute suspected terrorists;

(B) resuming full security and intelligence cooperation with the State of Israel;

(C) taking affirmative steps to confiscate all unlicensed weapons and explosives;

(D) publicly condemning in Arabic this most recent terrorist act and other such acts;

(E) prohibiting participation in the Palestinian security services of individuals suspected of committing terrorist acts;

(F) ceasing all anti-Israeli rhetoric, including statements which refer to terrorist groups as "patriotic", statements which praise terrorists or terrorist leaders, and statements encouraging a "battle" or "jiha" against Israel;

(G) cooperating with Israel in the transfer of suspected terrorists to Israel to stand trial;

(H) rescinding the proclamation that the death penalty would be imposed for the sale of land to Jews or Israelis;

(I) ceasing the use of maps depicting "Palestine" as encompassing the entire State of Israel;

(J) completing the process of amending the covenant of the Palestinian Liberation Organization, including the recession of those specific articles which call for armed struggle to liberate "Palestine" or question the legitimacy of Zionism or the State of Israel; and

(K) taking affirmative steps to reduce the size of the Palestinian police force, in accordance with the limits set forth in the Oslo and subsequent accords.

Mr. HUTCHINSON. Mr. President, I rise today, along with my friend and colleague Congressman JIM SAXTON, to submit a concurrent resolution that condemns, in the strongest possible terms, today's bombing in Jerusalem on Ben Yehuda Street.

Three bombs exploded in Jerusalem today killing at least 8 people and injuring more than 165 others. Mr. President, once again the world watches in horror as innocent citizens get blown up in a Jerusalem marketplace.

Just weeks after a tragic bombing incident in July, Yasser Arafat publicly embraced the leader of Hamas. Two weeks later, today, three more bombs kill and maim civilians on a crowded shopping street in Jerusalem.

Mr. President, I am outraged by these continued terrorist actions under the watch of the Palestinian Authority.

Mr. President, among other things, the resolution that I offer today would require Congress to:

Reaffirm that the United States should fully cooperate with the state of Israel in helping to stem the tide of terrorism, which has threatened the Oslo process and the stability of this vital region; express its deepest condolences to the families of the victims of this latest bombing and express its solidarity with the people of the State of Israel; and affirm that the United States should provide no monetary or other assistance to the Palestinian Authority until it has fulfilled its obligations under the Oslo accords.

To many of my colleagues that may not already know this, I have just returned from Israel, where I walked up and down Ben Yehuda street. Therefore, this resolution hits close to home for me.

Mr. President, it is time for Arafat to live up to the commitments he made in the Oslo accords and break the back of the terrorist infrastructure in Palestine.

I urge my colleagues to join me in condemning today's terrorist acts and cosponsor this important legislation.

AMENDMENTS SUBMITTED

THE DEPARTMENT OF LABOR APPROPRIATIONS ACT FOR FISCAL YEAR 1998

D'AMATO (AND OTHERS) AMENDMENT NO. 1079

Mr. D'AMATO (for himself, Ms. MOSELEY-BRAUN, Mr. HARKIN, Mr. DORGAN, Mr. SPECTER, and Mr. STEVENS) proposed an amendment to the bill (S. 1061) making appropriations for the Departments of Labor, Health and Human Services, and Education, and related agencies for the fiscal year ending September 30, 1998, and for other purposes; as follows:

On page 45, line 13, strike "$854,074,000" and insert "$854,074,000 (and an additional amount of $40,000,000 that shall be used to carry out title III of such Act)".

On page 85, line 19, strike "$30,500,000" and insert "$70,500,000".

LIEBERMAN (AND COATS) AMENDMENT NO. 1080

Mr. LIEBERMAN (for himself and Mr. COATS) proposed an amendment to the bill, S. 1080, supra; as follows:

On page 50, line 9, strike "$1,271,000" and insert "1,256,987,000", and on line 10, strike "$530,000,000" and insert "$515,987,000".

On page 53, line 12, strike, "$310,000,000" and insert "285,000,000".

On page 59, line 12, strike, "362,225,000." and insert "352,225,000, of which $40 million shall be made available to carry out Park A of Title X of the Elementary and Secondary Education Act of 1965."

On page 59, line 14, after "said Act" insert ", $100,000,000 shall be available to carry out part C of Title X of the Elementary and Secondary Education Act of 1965,".

NICKLES (AND JEFFORDS) AMENDMENT NO. 1081

Mr. NICKLES (for himself and Mr. JEFFORDS) proposed an amendment to the bill, S. 1061, supra; as follows:

On page 25, between lines 9 and 10, insert the following:

SEC. . (a) IN GENERAL.—Except as provided in subsection (b), none of the funds made available under this Act, or any other Act making appropriations for fiscal year 1998, may be used by the Department of Labor or the Department of Justice to conduct a rerun of a 1996 election for the office of President, General Secretary, Vice-President, or Trustee of the International Brotherhood of Teamsters.

(b) EXCEPTION.—

(1) IN GENERAL.—Upon the submission to Congress of a certification by the President of the United States that the International Brotherhood of Teamsters does not have funds sufficient to conduct a rerun of a 1996 election for the office of President, General Secretary, Vice-President, or Trustee of the International Brotherhood of Teamsters, the President of the United States may transfer funds from the Department of Justice and the Department of Labor for the conduct and oversight of such a rerun election.

(2) REQUIREMENT.—Prior to the transfer of funds under paragraph (1), the International Brotherhood of Teamsters shall agree to repay the Secretary of the Treasury for the costs incurred by the Department of Labor and the Department of Justice in connection with the conduct of an election described in paragraph (1). Such agreement shall provide that any such repayment plan be reasonable and practicable, as determined by the Attorney General and the Secretary of Treasury, and be structured in a manner that permits the International Brotherhood of Teamsters to continue to operate.

(3) REPAYMENT PLAN.—The International Brotherhood of Teamsters shall submit to the President of the United States, the Majority and Minority Leaders of the Senate, the Majority and Minority Leaders of the House of Representatives, and the Speaker of the House of Representatives, a plan for the repayment of amounts described in paragraph (2), at an interest rate equal to the Federal underpayment rate established under section 6621(a)(2) of the Internal Revenue Code of 1986 as in effect for the calendar quarter in which the plan is submitted, prior to the expenditure of any funds under this section.

KENNEDY AMENDMENT NO. 1082

Mr. KENNEDY proposed an amendment to the amendment No. 1081 proposed by Mr. NICKLES to the bill, S. 1061, supra; as follows:

At the end thereof, insert the following:

(c) Nothing in this section shall be construed to affect the obligations of the United States under the consent decree in *United States* v. *International Brotherhood of Teamsters*, 88 Civ. 4486 (DNE) (S.D.N.Y.), or any court orders thereunder.

CRAIG (AND OTHERS) AMENDMENT NO. 1083

Mr. CRAIG (for himself, Mr. NICKLES, and Mr. JEFFORDS) proposed an amendment to amendment No. 1081 proposed by Mr. NICKLES to the bill, S. 1061, supra; as follows:

Strike all after the word section and insert the following:

(a) IN GENERAL.—Except as provided in subsection (b), none of the funds made available under this Act, or any other Act making appropriations for fiscal year 1998, may be used by the Department of Labor or the Department of Justice to conduct a rerun of a 1996 election for the office of President, General Secretary, Vice-President, or Trustee of the International Brotherhood of Teamsters.

(b) EXCEPTION.—

(1) IN GENERAL.—Upon the submission to Congress of a certification by the President of the United States that the International Brotherhood of Teamsters does not have funds sufficient to conduct a rerun of a 1996 election for the office of President, General Secretary, Vice-President, or Trustee of the International Brotherhood of Teamsters, the President of the United States may transfer funds from the Department of Justice and the Department of Labor for the conduct and oversight of such a rerun election.

(2) REQUIREMENT.—Prior to the transfer of funds under paragraph (1), the International Brotherhood of Teamsters shall agree to repay the Secretary of the Treasury for the costs incurred by the Department of Labor and the Department of Justice in connection with the conduct of an election described in paragraph (1). Such agreement shall provide that any such repayment plan be reasonable and practicable, as determined by the Attorney General and the Secretary of Treasury, and be structured in a manner that permits the International Brotherhood of Teamsters to continue to operate.

(3) REPAYMENT PLAN.—The International Brotherhood of Teamsters shall submit to the President of the United States, the Majority and Minority Leaders of the Senate, the Majority and Minority Leaders of the House of Representatives, and the Speaker of the House of Representatives, a plan for the repayment of amounts described in paragraph (2), at an interest rate equal to the Federal underpayment rate established under section 6621(a)(2) of the Internal Revenue Code of 1986 as in effect for the calendar quarter in which the plan is submitted, prior to the expenditure of any funds under this section.

(c) This section shall take effect one day after enactment of this Act.

NOTICE OF HEARING

COMMITTEE ON ENERGY AND NATURAL RESOURCES

SUBCOMMITTEE ON NATIONAL PARKS, HISTORIC PRESERVATION AND RECREATION

Mr. THOMAS. Mr. President, I would like to announce for the information of the Senate and the public that an oversight hearing has been scheduled before the Subcommittee on National Parks, Historic Preservation and Recreation of the Committee on Energy and Natural Resources.

The hearing will take place on Thursday, September 11, 1997 at 2:00 p.m. in room SD–366 of the Dirksen Senate Office Building in Washington, DC.

The purpose of this hearing is to review the Commemorative Works Act and the administrative and public process involved in the site selection of the World War II Memorial and the recently announced Air Force Memorial.

Because of the limited time available for the hearing, witnesses may testify by invitation only. However, those wishing to submit written testimony for the hearing record should send two copies of their testimony to the Subcommittee on National Parks, Historic Preservation and Recreation, Committee on Energy and Natural Resources, United States Senate, 364 Dirksen Senate Office Building, Washington, DC 20510–6150.

For further information, please contact Jim O'Toole of the Subcommittee staff at (202) 224–5161.

AUTHORITY FOR COMMITTEES TO MEET

COMMITTEE ON FOREIGN RELATIONS

Mr. STEVENS. Mr. President, I ask unanimous consent that the Committee on Foreign Relations be authorized to meet during the session of the Senate on Thursday, September 4, 1997, at 2 p.m. to hold a hearing.

The PRESIDING OFFICER. Without objection, it is so ordered.

COMMITTEE ON GOVERNMENTAL AFFAIRS

Mr. STEVENS. Mr. President, I ask unanimous consent on behalf of the Governmental Affairs Committee Special Investigation to meet on Thursday, September 4, at 10 a.m. for a hearing on campaign financing issues.

The PRESIDING OFFICER. Without objection, it is so ordered.

SUBCOMMITTEE ON ADMINISTRATIVE OVERSIGHTS AND THE COURTS

Mr. STEVENS. Mr. President, I ask unanimous consent that the Subcommittee on Administrative Oversight and the Courts, of the Senate Committee on the Judiciary, be authorized to meet during the session of the Senate on Thursday, September 4, 1997, at 2 p.m. to hold a hearing in room 226, Senate Dirksen Building, on: "Conserving Judicial Resources: A Review of the Judicial Allocations for the Second and Eighth Circuit Courts of Appeal."

The PRESIDING OFFICER. Without objection, it is so ordered.

ADDITIONAL STATEMENTS

MARIE BLUM RECEIVES HONORS FROM NATIONAL INDUSTRIES FOR THE BLIND

• Mr. McCAIN. Mr. President, with the help of a telesensory screenpower Braille display and a Braille tape on the phone, Marie Blum takes hundreds of customer reservations for Ramada Hotels each day. Blind since birth, Marie's perseverance has brought her to a successful career as a reservations agent for Hospitality Franchise Systems in Phoenix, Arizona.

"If people would just apply themselves," says Marie, "they might surprise themselves at what they can really accomplish." This philosophy and Blum's exemplary work performance brought her recognition from National Industries for the Blind (NIB) as the 1997 Private-sector Employee of the Year.

Blum, 46, sought to reenter the work force in 1994 upon the death of her husband. Previously a homemaker, Blum needed a way to support both herself and her teenage daughter. She sought training at the work adjustment program at Arizona Industries for the Blind in Phoenix, where she assembled, collated, and packed various products. Just three months later, armed with confidence and new skills, Blum was hired by Laboratory Environmental Support, Inc. where she did production and packaging work.

A year later, Blum decided to change careers and attended a 10-week unpaid customer service training program offered by Discover Card in conjunction with the group Business Organization Office Services Training (B.O.O.S.T). Again armed with new skills, Blum used her training to land her current job at Hospitality Franchise Systems.

The Private-sector Employee of the Year award is given annually by NIB. The award recognizes outstanding individuals who receive training and work experience in an NIB associated agency and then enter careers in the private sector.

National Industries for the Blind is a not-for-profit corporation whose mission is to enhance the economic and personal indepen-dence of persons who are blind, primarily through creating, sustaining, and improving employment. There are 119 independent industries throughout the United States, including Arizona Industries for the Blind, that are associated with NIB. Industries associated with National Industries for the Blind employ people who are blind in manufacturing, office, super-visory, telecommunications, executive positions and other careers. Products and services are provided by NIB-associated agencies to the federal government under the guidelines of the Javits-Wagner-O'Day Act (41 U.S.C. 46–48c). These industries also provide vocational training to people who are blind that provides them with the necessary skills to obtain gainful employment within the private sector.•

CONGRATULATING THE SOUTH MISSION VIEJO LITTLE LEAGUE

• Mrs. BOXER. Mr. President, I rise today to congratulate the South Mission Viejo Little League team, the U.S. national champions, for their outstanding 1997 season. All Americans, and all Californians, are very proud of them.

The Little League World Series has become a national tradition. Every year, the best Little Leaguers from all over the world come to Williamsport, PA to compete in the world championship. Participants leave with lifelong memories and lasting friendships.

The journey to the Little League World Series is a rigorous one. It demands the highest levels of teamwork, talent, and perseverance. South Mission Viejo reached the World Series by winning 21 of 22 games over a 3-month stretch against the toughest competition in the United States.

Manager Jim Gattis and coaches Allen Elconin, and Ed Sorgi guided these 11- and 12-year-olds first through the Division 55 tournament in San Clemente, then through the sectional playoffs in Santa Ana, and finally through the Division 2 playoffs in La Puente to determine the southern California champions. After winning all three of these tournaments, South Mission Viejo was on their way to San Bernardino, the site of the western regional championship.

After trouncing New Mexico 11–1, South Mission Viejo went on to defeat Arizona and Oregon to reach the western regional semifinals—a rematch with Oregon. A 3-run home run in the top of the fourth inning gave South Mission Viejo a 11–1 lead, and the game ended under the league's 10-run mercy rule.

The final game, against the team from Sunnyvale, CA, was a classic pitching duel. South Mission Viejo pitching rang up 11 strike-outs while Sunnyvale countered with 7 of their own. But in the end, South Mission Viejo squeezed by with a 2–1 victory, earning them a chance to compete in the Little League World Series.

They dominated the tournament from day one, winning all three of their first-round games. In the second game, against Dyer, IN, South Mission Viejo once again displayed the depth of its pitching talent. Three teammates nearly made Little League World Series history by pitching a combined perfect game—the pitching staff missed scoring a no-hitter by a single in the last inning.

The game for the national championship was a rematch of a first-round game against Bradenton, FL. It was another typical South Mission Viejo victory, a mix of consistent hitting, solid fielding, and strong pitching. Their victory earned South Mission Viejo the right to compete in the world championships.

The final game was played before 37,000 fans and an international television audience. As most Americans know, South Mission Viejo jumped to an early lead, only to fall to a heartbreaking rally in the last inning by Guadalupe, Mexico. For only the second time in 3 months, South Mission Viejo lost a baseball game.

In defeat, as in victory, South Mission Viejo represented our Nation with honor and dignity. They played hard and they played fair, earning the respect of Americans everywhere.

But they couldn't have done it without the unflagging support and enthusiasm of their parents, their families, and the thousands of volunteers who put so much time and effort into making Little League a reality. These people are at the heart of the success of the Little League—not just in Mission Viejo but all across the nation. It is not an easy job, and too often goes unheralded. I applaud the commitment of the Mission Viejo community to their team, and I congratulate them on a job well done.

I wish every member of the South Mission Viejo team the best of luck in the coming school year, and in future seasons. Congratulations.

Mr. President, I ask that the complete roster of the U.S. National Little League Champions be printed in the RECORD.

The roster follows:

Taylor Bennett, Mike Cusick, Adam Elconin, Gavin Fabian, Gary Gattis, Brian Kraker, Chad Lucas, Nick Moore, Andrew Nieves, Greg Oates, Ryan O'Donovan, Adam Sorgi, Ashton White, Jim Gattis, Manager, Al Elconin, Coach, Ed Sorgi, Coach.•

CONSTABLE SARA LEE

• Mr. ABRAHAM. Mr. President, I rise today to give special thanks and appreciation for Constable Sarah Lee, who has visited us from Great Britain. Constable Lee serves as a Divisional Officer with the British Special Constables in Metro Police Area 5. As a member of the British Special Constables, I would like to honor her for the sacrifice which she, along with fellow British reserve police officers, makes for her country. On behalf of the U.S. Senate, I offer my highest appreciation for the the time and talent so generously given by both British and American police reserve officers.•

WILLIAM OSBORNE HART

• Mr. FEINGOLD. Mr. President, I want to pay tribute to a beloved figure in Wisconsin politics, William Osborne Hart, who passed away on August 22. As a longtime activist in the State's Socialist Party, Hart ran for political office 25 times, and lost 25 times. He spread his message by running for office, and understood that he didn't need to win to make a difference. He once said "I don't buy that Vince Lombardi nonsense that winning is everything. Change is everything. Most politicians in American life who win have lost their souls."

William Hart brought about change by challenging his opponents, and the voters, with his ideas. He was a champion of the Bill of Rights, and always remained so, refusing to compromise when it was politically unpopular. A tireless political organizer, Hart was a cornerstone of Wisconsin's Socialist Party and helped found Wisconsin's Labor and Farm Party.

A great example of Hart's tenacity was his run for the Presidency in 1984. Though he was a well-known politician in his home State, Hart was almost kept off Wisconsin's Presidential primary ballot, not considered a viable candidate because he lacked national media exposure. He refused to abide by a decision that equated the ability to buy television time with the right to run for office, and sued for a place on the ballot with the Wisconsin branch of the American Civil Liberties Union. Hart won his lawsuit and scored an important legal victory. He didn't win the primary, but he did make a difference.

"I've always said that if I won an election, the first thing I'd do is demand a recount," said Hart, who loved to say that he'd once come "dangerously close" to winning a seat on the Madison school board. In 1992, at 80 years old, Hart ran in his 25th and last election. Walking with two canes and suffering from heart problems, most people would have decided 24 times was enough. But Hart defied convention to the end, and exemplified integrity and commitment to those who knew him.

Though he felt strongly about politics, Hart never let partisanship get the better of him. His dignity, kindness and humor won him the respect and friendship of people across the political spectrum. He was also a deeply religious man who often acted as a lay preacher and was inspired by faith in everything he did.

His message has resonated with me and so many others because of its simple truth: being true to your own beliefs is the highest ideal. I have tried to heed Hart's message in my own life, and I'll always be grateful for his example of political courage.•

IN HONOR OF MELINE KASPARIAN

• Mr. KERRY. Mr. President, on Saturday, August 16th, 1997, this nation lost a leader in the fight for quality public education. The history of this country demonstrates that it is only through education that we can give the next generation the tools they need to prosper and advance, and Meline Kasparian of Massachusetts embodied this commitment every day of her professional life.

Meline spent twenty-five years in the classrooms of Springfield, Massachusetts, teaching two subjects that she loved dearly: English and theater. Her students were profoundly touched by her ability to present works from a broad spectrum of history and make them relevant and applicable to the modern age. In the course of teaching, she exposed her students to a broad variety of artists, including the works of African-American playwrights and authors such as James Baldwin and Julius Lester. This love of art, literature and history inspired her to work with the Black Repertory Theatre at the University of Massachusetts/Amherst, where her extensive contributions will be missed for years to come.

Ultimately, though, Ms. Kasparian will be remembered for her contributions to education on both the local and state level. From 1987 to 1996, Meline Kasparian devoted her time to numerous associations committed to retaining the highest educational standards in the country. Her career as a committed leader in Massachusetts began with her service as president of the Springfield Education Association in 1987 and culminated in her election as president of the Massachusetts Teachers Association, an organization 80,000 members strong, in 1996.

Ms. Kasparian's fight for quality public education made her prominent on the national stage, as well. At conferences, workshops and round-tables, she worked with politicians and education advocates from all over the country. She included in her focus numerous Democratic National Conventions, where she proudly represented the people of Massachusetts as a delegate. At these and other national conferences, Meline distinguished herself as a tireless advocate for the expansion of educational opportunities. Realizing the impact it had on educational priorities, she invested considerable time in the electoral process of her state, working on campaigns for legislators such as John Olver, and, I am proud to say, in my re-election campaign in 1996.

Ms. Kasparian's charity and service extended beyond her profession. She hosted fundraisers for international relief organizations, demonstrating her deep and unselfish commitment to improving the quality of life for others throughout the world. In and of themselves, her contributions to housing through the work of the Amherst Housing Review Board, which she helped to establish, are worthy of recognition.

It is with our knowledge of Meline Kasparian as an influential leader and a selfless and caring woman that we honor her for her efforts in educating thousands of young people across Massachusetts and attempting to bring educational opportunities to every child.●

UNANIMOUS CONSENT AGREEMENT—VITIATION OF CERTAIN NOMINATIONS

Mr. ENZI. Mr. President, as in executive session, I ask unanimous consent that the President be requested to return to the Senate the resolution of the Senate of July 24, 1997, advising and consenting to nominations in the Navy beginning John A. Achenbach, to be captain, and ending Sreten Zivovic, to be captain; further, that the confirmation of the nominations be vitiated, and when returned by the President, the nominations be returned to the Committee on Armed Services.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ENZI. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. ENZI. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDERS FOR FRIDAY, SEPTEMBER 5, 1997

Mr. ENZI. I ask unanimous consent that when the Senate completes its business today, it stand in adjournment until the hour of 9:30 a.m. on Friday, September 5. I further ask that on Friday, immediately following the prayer, the routine requests through the morning hour be granted, and the Senate immediately begin debate on the motion to proceed to S. 830, the FDA reform bill, and that the debate time be equally divided in the usual form until 9:50 a.m.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ENZI. I further ask that at 9:50 a.m. the Senate proceed to a cloture vote on the motion to proceed to the consideration of S. 830, the FDA reform bill.

The PRESIDING OFFICER. Without objection, it is so ordered.

PROGRAM

Mr. ENZI. For the information of all Members, tomorrow the Senate will immediately begin consideration of the motion to proceed to S. 830, the FDA reform bill, with the time from 9:30 a.m. to 9:50 a.m. being equally divided in the usual form. As previously ordered, a cloture vote on the motion to proceed to the FDA bill will occur at 9:50 a.m. Also, by previous consent, if cloture is invoked on Friday, the Senate will debate for 8 hours on the motion to proceed equally divided between Senators JEFFORDS and KENNEDY. In addition, there will be 4 hours of debate on the motion to proceed remaining on Monday. Also, by consent, a vote is expected Monday at 5 p.m. on an amendment relating to the Labor-HHS appropriations bill. Any remaining votes will be stacked to occur on Tuesday.

ADJOURNMENT UNTIL 9:30 A.M. TOMORROW

Mr. ENZI. Mr. President, if there is no further business to come before the Senate, I now ask unanimous consent that the Senate stand in adjournment under the previous order.

There being no objection, the Senate, at 9:32 p.m., adjourned until Friday, September 5, 1997, at 9:30 a.m.

NOMINATIONS

Executive nominations received by the Senate September 4, 1997:

THE JUDICIARY

DALE A. KIMBALL, OF UTAH, TO BE U.S. DISTRICT JUDGE FOR THE DISTRICT OF UTAH VICE DAVID K. WINDER, RETIRED.

EDWARD F. SHEA, OF WASHINGTON, TO BE U.S. DISTRICT JUDGE FOR THE EASTERN DISTRICT OF WASHINGTON VICE ALAN A. MCDONALD, RETIRED.

DEPARTMENT OF COMMERCE

R. ROGER MAJAK, OF VIRGINIA, TO BE AN ASSISTANT SECRETARY OF COMMERCE, VICE SUE E. ECKERT, RESIGNED.

RAYMOND G. KAMMER, OF MARYLAND, TO BE DIRECTOR OF THE NATIONAL INSTITUTE OF STANDARDS AND TECHNOLOGY, VICE ARATI PRABHAKAR.

PUBLIC HEALTH SERVICE

THE FOLLOWING CANDIDATES FOR PERSONNEL ACTION IN THE REGULAR COMPONENT OF THE PUBLIC HEALTH SERVICE COMMISSIONED CORPS SUBJECT TO QUALIFICATIONS THEREFOR AS PROVIDED BY LAW AND REGULATIONS:

1. FOR APPOINTMENT:

To be assistant surgeon

JENNIFER L. BETTS
MATTHEW A. CLARK
GRETCHEN M. ESPLUND
PHILIP T. FARABOUGH
LAURIE E. OLNES
SUSANNAH Q. OLNES
MELISSA A. SIPE
JOANETTE A. SORKIN
REBECCA J. WERNER

FOREIGN SERVICE

THE FOLLOWING-NAMED PERSONS OF THE AGENCIES INDICATED FOR APPOINTMENT AS FOREIGN SERVICE OFFICERS OF THE CLASSES STATED, AND ALSO FOR THE OTHER APPOINTMENTS INDICATED HEREWITH:

FOR APPOINTMENT AS FOREIGN SERVICE OFFICERS OF CLASS ONE, CONSULAR OFFICERS AND SECRETARIES IN THE DIPLOMATIC SERVICE OF THE UNITED STATES OF AMERICA:

AGENCY FOR INTERNATIONAL DEVELOPMENT

DOMINIC ALFRED D'ANTONIO, OF CONNECTICUT
JOSEPH J. PASTIC, OF VIRGINIA

U.S. INFORMATION AGENCY

NANCY R. LEROY, OF FLORIDA

DEPARTMENT OF STATE

DAVID F. DAVISON, OF VIRGINIA

FOR APPOINTMENT AS FOREIGN SERVICE OFFICERS OF CLASS TWO, CONSULAR OFFICERS AND SECRETARIES IN THE DIPLOMATIC SERVICE OF THE UNITED STATES OF AMERICA:

AGENCY FOR INTERNATIONAL DEVELOPMENT

EARELL EDWIN KISSINGER, III, OF COLORADO
MICHAEL JAMES YATES, OF VIRGINIA

FOR APPOINTMENT AS FOREIGN SERVICE OFFICERS OF CLASS THREE, CONSULAR OFFICERS AND SECRETARIES IN THE DIPLOMATIC SERVICE OF THE UNITED STATES OF AMERICA:

AGENCY FOR INTERNATIONAL DEVELOPMENT

CHARLES S. MORGAN, OF VIRGINIA
SUSAN MUTIJIMA PAGE, OF ILLINOIS

U.S. INFORMATION AGENCY

FRANK J. WHITAKER, OF VIRGINIA

FOR APPOINTMENT AS FOREIGN SERVICE OFFICERS OF CLASS FOUR, CONSULAR OFFICER AND SECRETARIES IN THE DIPLOMATIC SERVICE OF THE UNITED STATES OF AMERICA:

U.S. INFORMATION AGENCY

MARY JANE WOLANSKY BUSHNAQ, OF VIRGINIA
THOMAS E. COONEY, OF MICHIGAN
NIDA A. EMMONS, OF FLORIDA
SHEILA R. PARKMAN, OF PENNSYLVANIA
KARYN ALLISON POSNER-MULLEN, OF FLORIDA
ALETA FAY WENGER, OF WASHINGTON

DEPARTMENT OF STATE

CHRISTOPHER D. BERLEW, OF VIRGINIA
BETTY A. BERNSTEIN-ZABZA, OF THE DISTRICT OF COLUMBIA
JANINE R. BOIARSKY, OF CALIFORNIA
RUSSEL JOHN BROWN, OF MONTANA
KELLY COLLEEN DEGNAN, OF CALIFORNIA
LESLIE STEPHEN DEFRAFFENRIED, OF TEXAS
CYNTHIA RAE DOELL, OF NEBRASKA
MARK CHRISTOPHER ELLIOTT, OF MARYLAND
KAREN LYNN ENSTROM, OF PENNSYLVANIA
GABRIEL ESCOBAR, OF TEXAS
JONATHAN DAVID FRITZ, OF FLORIDA
J. ROBERT GARVERICK, OF OHIO
JOHATHAN HENICK, OF CALIFORNIA
BARBARA A.P. HIBBEN, OF MARYLAND
JAN KRC, OF THE DISTRICT OF COLUMBIA
PATRICIA J. KOETELANCIK, OF ILLINOIS
MARGARET U. KURTZ-RANDALL, OF ILLINOIS
ADAM DUANE LAMOREAUX, OF UTAH
TIMOTHY A. LENDERKING, OF NEW HAMPSHIRE
CHERYL S. LESTER, OF VIRGINIA
BRIAN R. NARANJO, OF NEW MEXICO
HELEN PATRICIA REED-ROWE, OF MARYLAND
JOAN MARIE RICHARDS, OF CALIFORNIA
ELIZABETH HELEN ROOD, OF MARYLAND
WILLIAM JOHANN AUGUST SCHMONSEES III, OF SOUTH CAROLINA
DAVID JONATHAN SCHWARTZ, OF FLORIDA
KENNETH A. THOMAS, OF OREGON

FOR APPOINTMENT AS FOREIGN SERVICE OFFICER OF CLASS FOUR, CONSULAR OFFICER AND SECRETARY IN THE DIPLOMATIC SERVICE OF THE UNITED STATES OF AMERICA, EFFECTIVE MAY 29, 1997:

DEPARTMENT OF STATE

CHRISTINE ANNE HAROLD, OF MARYLAND

THE FOLLOWING-NAMED MEMBERS OF THE FOREIGN SERVICE OF THE DEPARTMENT OF COMMERCE AND THE DEPARTMENT OF STATE AND THE U.S. INFORMATION AGENCY TO BE CONSULAR OFFICERS AND/OR SECRETARIES IN THE DIPLOMATIC SERVICES OF THE UNITED STATES OF AMERICA, AS INDICATED:

CONSULAR OFFICERS AND SECRETARIES IN THE DIPLOMATIC SERVICE OF THE UNITED STATES OF AMERICA:

ABIGAIL KESSLER ARONSON, OF NEW JERSEY
MARK ANDREW ASSUR, OF VIRGINIA
BRIAN S. AUSTIN, OF VIRGINIA
MARTHA L. AUSTIN, OF VIRGINIA
ALAN M. BROWNING, OF VIRGINIA
RICHARD C. BULMAN, JR., OF FLORIDA
DON L. BROWN, OF TEXAS
ELAINE A. BYERS, OF VIRGINIA
PETER CALLAMARI, OF VIRGINIA
JOHN M. CARDWELL, OF VIRGINIA
FLORENCE CARSON, OF VIRGINIA
MARC WALTER CARSON, OF VIRGINIA
CHERYL D. COMFORT-CARTER, OF VIRGINIA
ERIN CROWE, OF MICHIGAN
LINDA ELISA DAETWYLER, OF CALIFORNIA
GARY A. DZIEDZIC, OF VIRGINIA
CHERYL L. EICHORN, OF VIRGINIA
ALBERT ELGAMIL, OF VIRGINIA
JOSE M. ESTEVEZ, OF PUERTO RICO
RANDOLPH FRANCIS FAGAN, JR., OF VIRGINIA
ROBERT L. FARRIS, OF VIRGINIA
DAVID ERIC FASS, OF VIRGINIA
JOHN EDWARD FRIBERG, JR., OF VIRGINIA
DANIEL T. FROATS, OF CALIFORNIA
STEPHEN C. GALLOWAY, OF VIRGINIA
RUSSELL C. GILGER, OF VIRGINIA
TERRY ARTHUR GINSBURG, OF VIRGINIA
JOSHUA D. GLAZEROFF, OF NEW YORK
CAREN F. GORDON, OF VIRGINIA
CHRISTOPHER J. GREEN, OF VIRGINIA
GISELLE C. GRIGGS, OF MARYLAND
GEORGE K. HALE, OF WASHINGTON
SABINA ANN HASMI, OF VIRGINIA
JAMES W. HENTSCHEL, OF VIRGINIA
DAVID ALAN HIGDON, OF TEXAS
JOHN J. HILL, OF ALABAMA
MICHELLE M. HOPKINS, OF CALIFORNIA
JAMES C. HSU, OF TEXAS
ANTHONY N. IERONIMO, OR NEW JERSEY
S. GEORGE IMREDY, OF THE DISTRICT OF COLUMBIA
CHRISTOPHER LEE JAEGER, OF MARYLAND
THOMAS T. KIM, OF VIRGINIA
DOUGLAS ALAN KRIESEL, OF THE DISTRICT OF COLUMBIA
SANJAI KUMAR, OF VIRGINIA
JULIE LANGE, OF VIRGINIA
BETTY JO LITTLE, OF THE DISTRICT OF COLUMBIA
LIZABETH LOWELL, OF FLORIDA
KATHLEEN A. LUNDY, OF VIRGINIA
GEORGE W. LYNN, OF VIRGINIA
JOSE ELIAS MERRERO, OF FLORIDA
JACQUES L. MASSENGILL, OF VIRGINIA
ROBERT PETER MC CARTHY, OF NEW YORK
JOHN M. MC CASLIN, OF OHIO
FRANCIS M. MC GUINNESS, OF VIRGINIA
MITZI M. MC NAMARA, OF VIRGINIA
THERESA M. MICHAUD, OF VIRGINIA
WILLIAM L. MOYER, OF VIRGINIA
BARBARA BETH MORRISON, OF NEW JERSEY
SUSAN V. NARAINE, OF THE DISTRICT OF COLUMBIA
MARTIN A. NEWELL, OF MARYLAND
DAVID ROY O'CONNOR, OF THE DISTRICT OF COLUMBIA
DARIN K. OLSON, OF VIRGINIA
MICHAEL ANDREW ORDONEZ, OF WASHINGTON
DOUGLAS L. PADGET, OF VIRGINIA
KENNETH L. PARSON, OF VIRGINIA
REBECCA ANN PASINE, OF INDIANA
TROY ERIC PEDERSON, OF VIRGINIA
ROSETTA PERRI, OF PENNSYLVANIA
J. PHILIP PLOWMAN, OF VIRGINIA
DAVID B. PONSAR, OF CALIFORNIA
JOHN DAVID RADEL, OF VIRGINIA
HOPE C. RAWDING, OF VIRGINIA
SCOTT MICHAEL RENNER, OF COLORADO
DEBORAH CARRIE RHEA, OF VIRGINIA
NICHOLAS E. REYNOLDS, OF VIRGINIA
JOHN P. RICHARDSON, OF VIRGINIA
JOHN C. ROBERTS, OF MISSISSIPPI
ABIGAIL ELIZABETH RUPP, OF VIRGINIA
CYNTHIA M. SADDY, OF VIRGINIA
LUIS A. SANTOS, OF MARYLAND
AMY WING SCHEDLBAUER, OF TEXAS
MICHAEL B. SCHNEIDER, OF VIRGINIA
BRIAN G. SCOTT, OF VIRGINIA
JAMES SEMIVAN, OF VIRGINIA
JANET E. SENG, OF PENNSYLVANIA
KATHLEEN F. SEROSKIE, OF VIRGINIA
SCOTT A. SHAW, OF ILLINOIS
RITA M. SHEEHAN, OF VIRGINIA
VINCENT P. SHUGRUE, OF VIRGINIA
DAVID J. SMITH, OF MARYLAND
LYN R. SUMNER, OF VIRGINIA
GAVIN ALEXANDER SUNDWALL, OF NORTH CAROLINA
ANDREW J. TICHAVA, OF VIRGINIA
NANCY E. TOTTEN, OF VIRGINIA
WILLIAM M. TOTTEN, OF VIRGINIA
DEE B. WHITE, OF VIRGINIA
TERESA WILKIN, OF THE DISTRICT OF COLUMBIA
SEAN MICHAEL WISWESSER, OF VIRGINIA
CHARLES M. WOLF, JR., OF VIRGINIA
KRISTIN MARIE WOOD, OF VIRGINIA
DAVID MICHAEL ZIMOV, OF OHIO

CONFIRMATIONS

Executive nominations confirmed by the Senate September 4, 1997:

THE JUDICIARY

HENRY HAROLD KENNEDY, JR., OF THE DISTRICT OF COLUMBIA, TO BE U.S. DISTRICT JUDGE FOR THE DISTRICT OF COLUMBIA.

FRANK M. HULL, OF GEORGIA, TO BE U.S. CIRCUIT JUDGE FOR THE ELEVENTH CIRCUIT.

HOUSE OF REPRESENTATIVES—*Thursday, September 4, 1997*

The House met at 10 a.m. and was called to order by the Speaker pro tempore [Mr. ROGAN].

DESIGNATION OF THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore laid before the House the following communication from the Speaker:

WASHINGTON, DC,
September 4, 1997.

I hereby designate the Honorable JAMES E. ROGAN to act as Speaker pro tempore on this day.

NEWT GINGRICH,
Speaker of the House of Representatives.

PRAYER

Rabbi Sidney S. Guthman, Congregation Sholom, Long Beach, CA, offered the following prayer:

Almighty God, Author of Liberty, to Thee we pray: Let there be for bigotry no sanction, for intolerance no assistance. For Thy bountiful blessings upon this land, we are, indeed, grateful beyond words.

We now humbly implore Thee to continue to favor us with Thy divine guidance. Inspire our legislators to reaffirm the principles of the Founding Fathers, and to embody them in wise laws.

We beseech Thee, O Merciful Father, to bless our country. May it ever be strong but just, firm but wise, a shining example for all mankind to emulate. Long may our land be bright with freedom's holy light.

May all nations become aware of their common unity and all the peoples of the world be united in the bonds of brotherhood and peace before Thee, the Father of all. May this be Thy will. And let us say amen.

THE JOURNAL

The SPEAKER pro tempore. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Pursuant to clause 1, rule I, the Journal stands approved.

Mr. MILLER of California. Mr. Speaker, pursuant to clause 1, rule I, I demand a vote on agreeing to the Speaker's approval of the Journal.

The SPEAKER pro tempore. The question is on the Chair's approval of the Journal.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

Mr. MILLER of California. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. Pursuant to clause 5, rule I, further proceedings on this question will be postponed.

The point of no quorum is considered withdrawn.

PLEDGE OF ALLEGIANCE

The SPEAKER pro tempore. Will the gentleman from Mississippi [Mr. THOMPSON] come forward and lead the House in the Pledge of Allegiance.

Mr. THOMPSON led the Pledge of Allegiance as follows:

I pledge allegiance to the Flag of the United States of America, and to the Republic for which it stands, one nation under God, indivisible, with liberty and justice for all.

WELCOME TO RABBI SIDNEY S. GUTHMAN

(Mr. HORN asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. HORN. Mr. Speaker, I have known our guest chaplain today, Rabbi Sidney Guthman, since moving to Long Beach in 1970. During the time I was president of California State University, Long Beach, he was deeply involved with the students as friend and as counselor. He is not only a spiritual leader in our region, he is also a popular community leader.

Rabbi Guthman has a long and distinguished record of service. At present he is serving as the president of the Interfaith Clergy Association of Long Beach, as well as chaplain of the Long Beach Police Department and chaplain of the Veterans' Administration Medical Center. He has served on the Long Beach Civil Service Commission by appointment of the mayor.

Rabbi Guthman is the respected conscience of our community. During any time of unrest or confusion, he is there writing articles for the newspapers, organizing forums for airing differences, and generally bringing people together.

This year Dr. Guthman celebrates the 60th year of his ordination from the Jewish Theological Seminary of America. It is an honor to have Rabbi Guthman serve as guest chaplain in the House of Representatives on this day. I thank Rabbi Guthman for his moving prayer.

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore. The Chair announces that he will entertain fifteen 1-minute speeches on each side.

IN MEMORY OF FORMER MISSISSIPPI REPRESENTATIVE FRANK SMITH

(Mr. WICKER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. WICKER. Mr. Speaker, my colleague from the Second District of Mississippi and I have the sad duty this morning to report the death of one of our former House Members from Mississippi, Frank Ellis Smith, who served capably for 6 terms in the House of Representatives and died on August 2 in Jackson, MS, at the age of 79.

After fighting in the European Theater during World War II, Frank Smith returned to his hometown of Greenwood to become managing editor of the Greenwood Morning Star. Two years later in 1947 he was elected to the Mississippi Senate, and shortly afterward he came to Washington to serve on the staff of Senator John C. Stennis.

He was elected to Congress in 1950 and served until 1962. During that time he was a leader in efforts to bring economic development to the South, serving as president of the Lower Mississippi Valley Flood Control Association. From 1955 to 1962, he was a member of the North American Treaty Organization Parliamentary Committee.

In retirement, Representative Smith served as a visiting professor of public policy at Virginia Polytechnic Institute and State University and was later special assistant to Mississippi Governor William Winter from 1980 to 1983. He was the only Mississippian ever to serve on the board of the Tennessee Valley Authority.

Representative Smith was the author of six books and edited other publications. He operated a well-known bookstore in Jackson for many years. He is survived by his wife Helen, a son, a daughter, and 3 grandchildren.

Mr. Speaker, during his exemplary career Frank Smith made his mark on the Mississippi political scene as a legislator who took care of his constituents, voted his convictions, and worked to improve economic opportunities for his State and Nation.

PASSING OF FRANK ELLIS SMITH

(Mr. THOMPSON asked and was given permission to address the House for 1 minute.)

Mr. THOMPSON. Mr. Speaker, it is with a heavy heart that I rise today. During the break, Frank Ellis Smith, one of my constituents, passed away. A former Member of this body, Frank Ellis Smith dedicated his life to economic development in my home State, the hospitality State, Mississippi.

Frank Smith fought valiantly in World War II, earning the Bronze Star for his heroic service record. His work with NATO has made the world a safer place and his efforts as an educator have filled the minds of young Americans with the knowledge necessary to realize full, rewarding lives. Mr. Smith was a great Mississippian and a loyal, dedicated American. He has left behind a legacy of achievements that have brought honor to every person proud enough to call themselves a Mississippian.

TERRORIST BOMBINGS IN JERUSALEM

(Mr. FOLEY asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. FOLEY. Mr. Speaker, on July 30, the world was shocked to learn that bombings carried out by two Arab suicide bombers in Jerusalem had killed 13 Israelis. Now this morning we are again horrified to learn that yet another terrorist attack in an outdoor mall in Jerusalem has claimed the lives of at least 5 people and injured hundreds more.

Since 1993, terrorism instigated by the Palestinian Authority has resulted in the deaths of over 230 Israelis and United States citizens. When does it stop?

Palestinian leader Yasser Arafat has continually fanned the flames of violence through inflammatory rhetoric and tacit approval of terrorism. Congress must make it clear to the Palestinian Authority that violence must end.

Before Congress adjourned for the August recess, we took a step in the right direction by adopting an amendment to the Foreign Operations appropriations bill that will suspend $100 million in aid to the Palestinian Authority until the President can certify that the Palestinian Authority is meeting certain human rights conditions and fully implementing the Oslo peace accords.

Besides failing to suppress terrorism, the Palestinian Authority has failed to fulfill security agreements mandated by the Oslo accords by refusing to confiscate all illegal arms and refused repeated Israeli requests to extradite known Palestinian terrorists. We must strongly condemn today's action and work for peace in the Middle East.

EDUCATION STANDARDS

(Mr. PALLONE asked and was given permission to address the House for 1 minute.)

Mr. PALLONE. Mr. Speaker, students all over the country are going back to school this week. During the budget debate this summer, Democrats in Congress pushed an education agenda over the opposition of Republicans that provided significant help to college students to help finance their education. This included expanded Pell grants, education tax credits and deductions, including the $1,500 HOPE scholarship.

During this fall, Democrats will focus on raising education standards across the country and on the need to rebuild crumbling and overcrowded schools. Republicans have already vowed to fight the President's plan to raise education standards, but Democrats understand that the Federal Government can help students master the basics of reading and math. Raising education standards should be a national goal.

EDUCATIONAL SYSTEM IN DISARRAY

(Mr. JONES asked and was given permission to address the House for 1 minute.)

Mr. JONES. Mr. Speaker, I rise today to talk about America's future, her children. As an American and as a parent, I know that nothing is more important than our children. One of our children's most critical resources, however, is failing the children.

The educational system in America is in disarray. Test scores are low, dissatisfaction is high, and some children cannot even go to school without fearing for their lives. It is time to get our schools back on track. The way to do this is not to continue to pour Federal money into failing programs but to give control back to the people who know what is best for our children: The parents, the teachers and the community. In these capable hands, America's children can again receive the education they need and they deserve.

TIME TO CLOSE THE SCHOOL OF THE AMERICAS

(Mr. KENNEDY of Massachusetts asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. KENNEDY of Massachusetts. Mr. Speaker, in the next couple of hours, this House will have the opportunity of closing down the School of the Americas. This is one of the worst vestiges of this country's foreign policies over the course of the last couple of decades. While the cold war has ended, the association of this country in hundreds of villages throughout Latin America, in thousands of families where human rights abuses have taken place time and time and time again, those who perpetrated those human rights abuses have one thing in common. They were graduates of the School of the Americas.

This is a school that is funded by U.S. taxpayers. It has trained the Latin American militaries how to come to this country and learn to kill, torture, and maim more efficiently. It is a school that should never have been associated with U.S. taxpayer funds. It is a school whose time has not only come and gone, but whose time should never have been associated with this country.

It is time, I believe, for us to close down the School of the Americas. I ask Members on both sides of the aisle, save the taxpayers money. Close the School of the Americas.

EDUCATION SAVINGS ACCOUNTS

(Mr. HUTCHINSON asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. HUTCHINSON. Mr. Speaker, all of our efforts to improve education for America's children are aimed at, in the words of Gen. Colin Powell, allowing all the children in our country to share in the American dream. A good education is not necessary to obtain the American dream, but it is certainly your best bet on the road to achieving it.

Colin Powell has been going around the country talking about the fact that there are still Americans who are not sharing in that dream and ability to succeed in life. One reason they are not is because too many children live in neighborhoods with bad schools and their parents lack the resources to send their children to a private school or to a good public school, a better one in their neighborhood. One way we can help those parents who care deeply about the education of their children is to pass legislation called A-plus Accounts. These are education savings accounts that will make it a little easier for parents who want their children to share in the American dream. A-plus accounts will help those who want to get ahead by making it easier for parents to save money for their children's education, and I think this is important.

☐ 1015

PASS H.R. 367 AND PUT SOME CONTROLS ON THE INTERNAL REVENUE SERVICE

(Mr. TRAFICANT asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. TRAFICANT. Mr. Speaker, the IRS says, "Members are picking on us." Poor, poor IRS; do I hear violins?

How about a pity party? Let us tell it like it is:

When an $80,000 disagreement turns into $330,000 in penalties and fines in 3 short years, when taxpayers commit suicide, when taxpayers are told to their face that they just died, when taxpayers, in fact, are targeted for audits because they politically oppose the IRS, we are not picking on the IRS, we are telling the truth.

Mr. Speaker, the further truth is, when the IRS makes Vito Corleone look like a Boy Scout, something is very wrong.

Shame IRS, shame. They should hide their two faces. It is time for the Congress, like the people, to be taxed off, and pass H.R. 367 and put some controls on the executive branch and the Internal Rectum Service.

THE TRAGIC DEATH OF THE PRINCESS OF WALES

(Mr. GIBBONS asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. GIBBONS. Mr. Speaker, I rise today to join my colleagues in recognizing the tragic death of the Princess of Wales. Princess Diana in her very short life won the hearts of millions of Americans from all walks of life.

As a mother, she took her children outside of the palace gates, outside of the wealth of the monarchy, to visit homeless shelters so they could better understand life in the real world. As a caring and compassionate leader, she shook hands with AIDS patients when many were still afraid to touch them.

Princess Diana never considered herself a celebrity; instead she thought of herself as a humanitarian, raising millions of dollars for charities both here in America and around the world as well.

Most recently, she displayed passion for victims of land mines. In this area, she worked tirelessly to change the foreign policies of all nations to ban the use of military land mines.

Mr. Speaker, it is most appropriate that Congress honor the life of Princess Diana today in a resolution praising her numerous achievements and contributions to the world.

THE TIME HAS COME FOR THE REPUBLICAN LEADERSHIP TO PUT CAMPAIGN FINANCE REFORM ON OUR AGENDA

(Mr. MILLER of California asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. MILLER of California. Mr. Speaker, the cancer of soft money that is growing on our political system continues, and the cancer of soft money that is corrupting and ruining our ability to govern this Nation is continuing.

Yesterday, the Los Angeles Times pointed out that there has been a 250-percent increase in soft money contributions to the Congress in the first half of this year. They point out in the 1996 election that $260 million was collected in soft money contributions, contributions that go around the limits that are placed on Federal elections, and that is three times the amount that was spent in 1992.

Just recently, the American public witnessed large soft money donors to the parties in this Congress, being rewarded with tax breaks in the tax bill, tax loopholes, and tax preferences that no one else could achieve but those who gave hundreds of thousands of dollars in soft money.

The time has come for the Congress to ban soft money. The time has come for the Republican leadership to put campaign finance reform on the agenda of this House so the people can go back to having their voices heard and not those of the special interests who are giving soft money contributions.

THE SOONER WE GET OUT OF BOSNIA, THE BETTER

(Mr. PAUL asked and was given permission to address the House for 1 minute.)

Mr. PAUL. Mr. Speaker, NATO has announced it will now use lethal force in Bosnia. NATO, of course, means the United States, both our dollars and our troops. Little concern is shown here in Congress as we appropriate billions of dollars more for Bosnia with no end in sight.

Policing this area is an impossible task as NATO interferes with TV broadcasts and arresting and trying so-called war criminals. Current policy is only leading to an escalation of the conflict. Ethnic hatred and border fights have been going on in this region for centuries.

Mr. Speaker, the United States will not solve these problems. It is impossible for us to do so. We are already being blamed by the Bosnians as our troops are being attacked with stones and homemade weapons. Congress must bear some of the responsibility for the coming policy disaster. The President cannot act without funds, funds which only Congress can appropriate. Our efforts in Bosnia have nothing to do with national security. We have a responsibility to our troops and our current policy exposes them to unwarranted danger.

Congress must defund the Bosnian conflict. The sooner we get out of Bosnia, the better.

ANNOUNCEMENT OF INTENTION TO USE EXTRAORDINARY TACTICS TO ASSURE DEBATE ON CAMPAIGN FINANCE REFORM THIS MONTH

(Mr. DOGGETT asked and was given permission to address the House for 1 minute.)

Mr. DOGGETT. Mr. Speaker, this month provides us the last hope to accomplish any meaningful change in the way that the 1998 congressional elections are conducted.

Now Speaker GINGRICH has made clear that he opposes any meaningful change in the way Federal elections operate. Indeed, the only change that the Gingrich Republicans seem to favor is to have not less but more campaign spending, more campaign ads, and more campaign fund-raising. Speaker GINGRICH has set forth a narrow-minded agenda for this month that excludes even the opportunity to debate the many proposals that have been advanced by both Republicans and Democrats to change campaign financing.

I believe we need a strong ban on soft money, but whatever the approach that is taken, we need a debate this month, and we are here today to say specifically to Speaker GINGRICH and the Republican leadership, Whether you schedule a debate on campaign reform this month or not, we are going to have one. We will have vote after vote; we will engage in extraordinary tactics to assure debate on real reform because of your extraordinary refusal to permit that reform.

ATTITUDES AND THE VALUE PLACED ON EDUCATION ARE WHAT MATTER MOST

(Mrs. KELLY asked and was given permission to address the House for 1 minute.)

Mrs. KELLY. Mr. Speaker, in Life magazine this week there is a fascinating article about Oprah Winfrey and the influence books have had on her life. To my mind, the article reveals more about education and whether a child grows up wanting to read books than all the useless conferences on education that go on in this town. Oprah relates an incident that happened to her as a child that made quite an impression on her. Although she is an avid reader today, her mother was not, and she recalls:

> I remember being back in the hallway when I was about 9, and my mother threw the door open and grabbed a book out of my hand and said, "You're nothing but a something, something worm. Get your butt outside. You think you're better than the other kids."

Mr. Speaker, this kind of attitude has harmed the education and future prospects of many children in America. They are not told that books and an education are the ticket to future success.

During all the talk about education reform, let us remember that attitudes and values placed on education are what matters most. Loving parents and teachers who teach the importance of learning matter, plain and simple.

SAFE SCHOOLS FOR OUR CHILDREN—A COMMITMENT WORTH FIGHTING FOR

(Ms. VELÁZQUEZ asked and was given permission to address the House for 1 minute.)

Ms. VELÁZQUEZ. Mr. Speaker, this month our Nation's children will return to school, but for many of these children a schoolroom is not a place to learn but a place to survive. Like our roads and bridges, our Nation's schools are crumbling.

In my district in New York, children are trying to learn in conditions that we should be ashamed of, crumbling walls, leaking roofs, and overcrowding. How can a child be expected to learn to read and write when the walls are literally falling down around them?

Earlier this year the Republicans killed our plan to provide $10 billion to help rebuild our schools. The Republicans seem to think that it is OK for children to study in trailers and closets.

Democrats are committed to making sure that every child in this country has a modern, safe school in which to learn. This is a commitment we have made to our children, and it is a commitment worth fighting for.

PLO CHAIRMAN ARAFAT MUST KEEP HIS WORD AND CARRY OUT AGREEMENTS

(Mr. SNOWBARGER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. SNOWBARGER. Mr. Speaker, again this morning the world is horrified by terrorist violence in Israel. Once again, terrorist bombers have murdered civilians at a Jerusalem marketplace.

When I traveled last month with several of my colleagues to Israel, we met with Prime Minister Netanyahu and PLO Chairman Arafat. In our meeting with Mr. Arafat, we questioned him about the Palestinians' authority, failure to crack down on terrorists, and their continuing incitements and encouragement of violence against Israelis. He claimed to be doing all that he could to prevent terrorism.

But this assertion rings hollow when we contrast the Palestinian Authority's actions or the lack of them with the chairman's words. The Palestinian Authority is obligated to cooperate with Israeli security services but it refuses to extradite known terrorists, and officials of the Palestinian police are themselves implicated in terrorism. It has agreed to refrain from inciting violence and try to prevent others from doing so, and yet key Palestinian officials unleash violent assaults against Israelis, Jews, and Americans.

And Arafat himself has praised terrorists as martyrs. This leads me to question what his words are actually worth. Israelis want peace. They want it so their children can be safer from constant threat of terrorist violence.

Mr. Speaker, we must tell Mr. Arafat that unless he can keep his word and carry out his agreements he has already made, he cannot expect people to take him seriously as a partner in further negotiations.

IMPROVE OUR SCHOOLS AND GIVE EVERY KID IN THE NATION A SHOT AT THE AMERICAN DREAM

(Ms. DELAURO asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Ms. DELAURO. Mr. Speaker, it is our responsibility as Members of this body to help ensure that every child in this great Nation has a shot at the American dream. Education has always been a critical part of that dream because it is education that opens the doors to opportunity in our society. It is our responsibility to make sure that every American child is taught to read, to write, to compute, and taught all the other skills necessary for them to compete in a global and in a modern economy.

We need to make sure that the kids in Portland, ME are held to the same high standards as the kids in Portland, OR, and that a high school diploma earned in Albany, NY means as much as the diploma that is earned in Albany, GA.

Republicans have vowed to defeat Democratic initiatives and to reform our schools and to ensure that all of America's children receive a quality education and that, in fact, we have high standards that are adhered to in this country. My Republican colleagues even want to get rid of the Department of Education. However, Democrats are united in this effort. We are going to continue to fight to improve our schools and to give every kid in this Nation a shot at the American dream.

DEMOCRATS AND REPUBLICANS NEED TO WORK TOGETHER ON EDUCATION

(Mr. SMITH of Michigan asked and was given permission to address the House for 1 minute.)

Mr. SMITH of Michigan. Mr. Speaker, do not make education a partisan issue. We have now proven that Republicans and Democrats can work together when we are doing something the American people want. We have ended up with a balanced budget, the first time in 31 years. We have ended up with tax cuts, the first time in 16 years. We have been able to work together as Democrats and Republicans because we were doing something the people want. Now we need to work together in education.

My wife was a teacher. My daughter, Juliana, is a teacher in Grand Rapids, MI. My daughter-in-law, Diane, is a teacher. We need to get back to some of the old-fashioned dedication where parents are interested in what their kids are doing in school, and spend time with their kids as well as attending school meetings. We need a renewed respect for teachers in their schoolrooms.

Look, when great people are interviewed and they are asked what was the greatest effect on their lives, they say, my parents, teachers that helped me and inspired me.

We need to get rid of 30 years of liberalism in the classroom. Republicans and Democrats need to work together, not to have the Federal Government manage education, but to develop an environment that encourages parents to be more involved in the decisions that affect their children's educational lives.

GET OFF THE TEST ISSUE AND BACK TO EDUCATION

(Mr. GREEN asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. GREEN. Mr. Speaker, I would like to congratulate my colleague from Michigan, and I agree education should not be a partisan issue. In fact, the bipartisan budget agreement, the education tax cuts to help parents prepare to send their kids to college, increased Pell grants, HOPE scholarships, put our money where our values are. That was bipartisan although it was not part of the original budget package until Democrats talked about it. But now he is right; we need to focus our attention on kindergarten through the 12th grade, public education.

Voluntary national standards should be adopted by the States. Many States are already doing it. Texas has already done this. Education is a national concern, but a State and local responsibility. But Congress needs to help. Congress needs to provide assistance to those parents and those teachers and those principals and those people who are working every day to provide that quality education.

The Republican majority was convinced last month, or in July, that college education was helped. Now the American people need to convince this Congress we need to work on public education, kindergarten through 12th grade.

We talk about national tests today, but we are not talking about really quality education. Let us get off the test issue and get back on just talking about education.

□ 1030

THE 125TH ANNIVERSARY OF ROCKMART, GA

(Mr. BARR of Georgia asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. BARR of Georgia. Mr. Speaker, I rise today to congratulate the city of Rockmart, GA, which I am proud to represent, on its 125th anniversary, which it celebrated just last week on August 26, 1997.

Rockmart has a distinguished history as the birthplace of social, economic, and religious trends that have spread across northwest Georgia. Sam Jones, the internationally known 19th century Baptist evangelist, lived in Rockmart. The last survivor of the Revolutionary War in the South, Micajah Brooks, was buried in Rockmart following his death in 1863 at the age of 101½ years.

Rockmart is renowned for the slate and bricks it has exported across the world. Rockmart bricks can be seen on the bricks of London, England, and even occasionally wash up on the shores of Florida.

Rockmart's rich traditions are continued today by its citizens who have the privilege of living in one of the most friendly and beautiful communities in the entire country. The Rockmart of today combines the charm of smalltown America with economic opportunities with an envied quality of life that continues to grow on a daily basis. It is a fortunate person indeed who can claim Rockmart, GA, as their home, and it is a fortunate Member of Congress who has the honor of representing such a beautiful, all-American community in the U.S. House of Representatives.

SOFT MONEY MUST BE BANNED

(Mr. MEEHAN asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. MEEHAN. Mr. Speaker, as Congress reconvenes this week after successfully passing a balanced budget deal, we have a major piece of business that we need to finish, campaign finance reform. Yet when the Republican leadership was asked what was on the agenda for the rest of this year, campaign finance reform was nowhere in sight.

So far this Congress, the Speaker has delayed over and over, refusing to bring up campaign finance reform, refusing to schedule a vote in the first 100 days, refusing to schedule a vote and accepting the President's challenge by July 4. Now he wants to end this year without dealing with campaign finance reform.

Well, many of us feel it is not too late. In fact, the only way to affect the 1998 elections and change the campaign finance system is to pass campaign finance reform now.

We have proposed ending soft money, abolishing soft money. Surely all of us can agree with all of the political hearings that have been held in Washington that there is a need to end soft money. This is a simple thing to do.

The only way we can affect the 1998 elections is to end soft money, and we are going to begin that battle this week.

SPEND EDUCATION DOLLARS IN THE CLASSROOM

(Mr. COOK asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. COOK. Mr. Speaker, I would just like to quickly go on record before I talk for a minute about education to say AL GORE has some interesting things in the news today in respect to what my Democratic colleague just indicated on campaign finance reform.

Mr. Speaker, I rise in strong support of the concept that no one knows more about the educational needs of a child than his parents and his teacher. No one knows more about the educational needs of a community than local school boards.

To most of us, this is just common sense. It is obvious. But it is apparently not obvious to those who for decades have poured hundreds of millions of dollars into a Federal education bureaucracy that has done little, if anything, to improve education in the classroom.

It is time to turn that around. It is time to focus our attention on what goes on in the classroom and the community and not what goes on in Washington, DC.

I support the initiatives in Congress that give parents, teachers, and school boards a stronger voice in the education of our children. Initiatives like the Dollars for the Classroom resolution, which puts children first by calling for 90 percent of Federal education dollars to be spent in the classroom and not on the perpetuation of a Federal bureaucracy.

AMERICANS DESERVE A VOTE ON SOFT MONEY

(Mr. TIERNEY asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. TIERNEY. Mr. Speaker, I join my colleagues today in rising and asking for a vote on campaign finance reform. I understand the desire of many Members of this House to go home and talk about the things that have been accomplished to date, and no doubt there is much that has been accomplished.

But we have unfinished business, Mr. Speaker. Education obviously is one piece of that business, but when we do it, we need to speak with a credible voice. We are not going to speak with a credible voice unless the American people really believe that the people here are voting on their interests, the interests of the American people, and not on special interests. We can do that if we address campaign finance reform. We should talk about it in the most comprehensive terms, but we should at the very least talk about doing away with soft money.

No matter what party may have had grievances in the past, no matter what individuals may be called into question, the only way that this body gets any bit of comprehensive faith and trust from the American people is if we take on the issue, we debate it, we deliberate, and we vote on campaign finance reform before we go home this session. It is the American people's business; it is our business to see to it.

FIRST SURPLUS IN 30 YEARS ANTICIPATED

(Mr. NEUMANN asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. NEUMANN. Mr. Speaker, I too would like to encourage my Democrat colleagues who are calling for campaign finance reform to start with the Vice President and the hearings today, and let's make sure the laws on the books today are being adhered to.

I rise today with good news for this country. CBO put out new numbers yesterday, and it is more likely than ever that next year, 4 years ahead of schedule, for the first time since 1969 we will have a balanced budget. For first time since 1969, it is going to force Washington to deal with something they haven't dealt with in 30 years, and that is a surplus. For first time since 1969, next year we start looking at a budget surplus.

We need to remember, however, that even after we reach a balanced budget, we still have a $5.4 trillion debt. In order to address this issue, we have introduced the National Debt Repayment Act. It would require that one-third of the surplus be used to reduce taxes further, and two-thirds go to pay down the Federal debt; and in paying down the Federal debt, we also put the money back into the Social Security trust fund that it has been taken from.

The National Debt Repayment Act would repay the entire Federal debt by the year 2026, would restore the Social Security trust fund, and guarantee additional tax cuts each year as far as the eye can see. Good news for America.

TRIBUTE TO PRINCESS DIANA

(Mr. LEWIS of Georgia asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. LEWIS of Georgia. Mr. Speaker, on behalf of the people of Atlanta and the Fifth District of Georgia, I rise to pay tribute to a beautiful and gracious woman, Princess Diana. With beauty, dignity, and grace, she saw suffering, she saw pain, and she did something about it.

Leading a crusade of love and compassion, Princess Diana put a face on people suffering from AIDS. She comforted the sick and the poor. As she helped war-ravaged children in Angola, she focused the world's attention on the devastation of landmines. As the public gazed on her, Princess Diana opened our eyes and our hearts.

Today, we mourn for her family, especially her two young sons, but we also mourn for all of humankind, because the world has very few Dianas.

We are more than lucky. As members of the human family, we are blessed to have known this beautiful person.

Mr. Speaker, our hearts are heavy from this tragic loss. The world is a darker and colder place without the radiance of Princess Diana.

We will miss you. Rest in peace, Sweet Princess.

VIOLENCE MUST END IN MIDDLE EAST

(Mr. FOX of Pennsylvania asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. FOX of Pennsylvania. Mr. Speaker, today, I come to the well of the House to urge my colleagues to support the Fox-Miller amendment to protect the African elephant and support the CAMPFIRE Program. But as I came over here, I learned about the tragic news in Israel.

As the United States is the world's leader for democracy, we have a responsibility to speak up for Israel, the only democracy in the Middle East. Hamas has taken the credit for the latest bombing in Israel that killed innocent victims.

Yasser Arafat has violated the Oslo accords and encouraged violence against Israelis. The Congress and the President must work together now to bring peace to the Middle East and to end the violence.

IMPROVING EDUCATION NATIONWIDE

(Mr. BOB SCHAFFER of Colorado asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. BOB SCHAFFER of Colorado. Mr. Speaker, tens of millions of children this week headed back to school. Their parents were taking them to the front doors of the schools and sending them in with high hopes and high expectations.

Those hopes and expectations, unfortunately, might be dashed if those parents were able to see the numbers that we know about here in Washington: that since 1960 we have spent 200 percent more on government schooling, and SAT scores have dropped 70 points in that same time period. Our international comparisons suffer when we line our math and science scores up against our international competitors.

Sadly, people in some quarters still look to Washington to try to fix this problem.

Well, I am here to tell you about some exciting things that have taken place throughout the country. Tuesday morning I was on hand as we opened up the first charter school in northern Colorado. Three of my four children are attending that school today. There are more charter schools in the State, hundreds more throughout the country.

What concerned parents are realizing is that the answers to fixing our schools are not to be found here in Washington by a large, centralized bureaucracy. They are to be found at home where parents are treated like real customers, teachers are treated like real professionals, and school choice allows an opportunity to improve the quality of public education nationwide.

PRIDE IN THE SCHOOL OF THE AMERICAS

(Mr. BISHOP asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. BISHOP. Mr. Speaker, for the past 4½ years, I have had the honor of representing the area of southwest Georgia where the School of the Americas is located.

I am proud of the school. All Americans should be. It has provided professional training to thousands of military and civilian police personnel from throughout Latin America, including extensive indoctrination in the principles of human rights and representative democracy.

For less than $4 million a year, the school promotes democracy, builds stronger relationships with our neighbors, and combats narcotics trafficking. Some handful of the school's graduates have committed terrible crimes, but over 68,000 have been on the front lines of the move toward democracy in Latin America.

The school has undergone a series of investigations and studies, and all confirm that it has been a force for good in our hemisphere.

I urge all of my colleagues to visit the school, learn more about the job it is doing, and not to rush to judgment on the basis of false and unfounded accusations made by people who may have good intentions, but who have little regard for the facts.

Mr. Speaker, I urge our colleagues to support the truth. Support the School of the Americas.

POLITICAL "NEW MATH"

(Mr. KINGSTON asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. KINGSTON. Mr. Speaker, summer is over, schools are open, the kids are back, reading, writing and arithmetic.

There are a lot of ideas kicking around about how best to teach to our children. One creative, yet controversial, idea in Houston asked math problems using street examples about drug dealers and guns and prostitution and murder and so forth.

Maybe that idea was a bad one, but we could try some political questions.

For example, if illegally using White House phones, AL raises $30,000 a call from Democrat fat cats, how long does it take him to raise an illegal $120,000?

If AL reimbursed the taxpayers $24.20 for raising the $120,000, how much profit does he make?

If Bill rents the Lincoln Bedroom for $100,000 a night, how many nights does he have to rent it to raise a million dollars?

If the Clinton appointees state under oath "I can't recall" once a second, how long would it take them before we have heard it one trillion times?

You know, the Democrats are real upset about campaign finance reform. It is about like asking Mike Tyson to lead a fair-fighting commission.

It is absurd, Mr. Speaker. Let us start looking at the White House if we want to talk campaign finance reform.

□ 1045

IN CONDEMNATION OF TERRORIST BOMBING IN JERUSALEM

(Mr. NADLER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. NADLER. Mr. Speaker, I rise today to condemn the brutal and cowardly terrorist bombing in a shopping area crowded with women and children and tourists in Jerusalem this morning. At least 6 people have been killed and another 138 people wounded.

The United States and the world must be clear and unwavering that murder will never bring peace, and that as long as Mr. Arafat continues to embrace terrorists, as he did only last week, he cannot be a credible peace partner. He cannot talk peace and give a green light to terrorism.

The Secretary of State is planning to visit the Middle East. The United States can be a force for peace in the region, but not if we overlook these acts of terrorism. Our Government must send a clear and unmistakable message to the PLO that they cannot continue along their current path and expect this Nation to look the other way.

Most of all, we must stand with Israel in support of her efforts to stop these vicious acts of terrorism. In supporting a safe and secure Israel, we will advance the cause of peace, for it is only when Israel's neighbors know that the United States stands unwaveringly behind Israel's right to security will they be willing to consider peaceful coexistence.

It is the right of every nation to provide security for its people. We exercised that right in condemning Timothy McVeigh, and we should support Israel's efforts to do the same.

WHO REALLY WANTS PEACE IN THE MIDDLE EAST?

(Mr. GILMAN asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. GILMAN. Mr. Speaker, I regret to inform my colleagues of yet another terrorist bombing in Jerusalem which has left six dead and scores wounded. This latest atrocity against unsuspecting and innocent civilians is an especially serious challenge to the peace process. The militant wing of Hamas took only moments to claim responsibility for today's atrocity, the very same Hamas whose leadership Palestinian Chairman Arafat publicly and warmly embraced this very week that our House delegation was in Israel to assess the status of the peace process.

Clearly there are reactionary forces seeking to destroy the peace process. But, Mr. Speaker, the question we must now ask, what kind of signal did Arafat send to the so-called extremists with his public embrace of Hamas? Was this yet another green light?

Mr. Speaker, it is time to ask the important question, who really wants peace in the Middle East, and who is merely paying lipservice to that goal?

CAMPAIGN FINANCE REFORM

(Mr. McDERMOTT asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. McDERMOTT. Mr. Speaker, this House has ignored a problem that the Speaker and the President shook hands on over 2 years ago, saying we were going to deal with the whole question of campaign finance.

The amount of money that was spent in the last campaign was absolutely atrocious. It is a scandal how much money is raised and spent in campaigns. It will soon be possible only for those who are very rich or those who accept so much money that they cannot have independent judgment to come into the House of Representatives.

I sit on the Committee on Ways and Means. We passed a tax reform bill in this House giving the tobacco industry a $50 billion tax break, at a time when they are seeking a settlement in many States in this Union for health-related problems that have been caused by the tobacco industry.

Mr. Speaker, the only way we can justify or we can explain a $50 billion tax break is on the basis of the contributions made to campaigns in this House of Representatives. It is wrong and it must be addressed.

REMOVAL OF NAME OF MEMBER AS COSPONSOR OF H.R. 695

Mr. THORNBERRY. Mr. Speaker, I ask unanimous consent to have my name removed as a cosponsor of H.R. 695.

The SPEAKER pro tempore (Mr. ROGAN). Is there objection to the request of the gentleman from Texas?

There was no objection.

MOTION TO ADJOURN

Mr. MILLER of California. Mr. Speaker, I offer a privileged motion.

The SPEAKER pro tempore. The Clerk will report the privileged motion.

The Clerk read as follows:

Mr. Miller of California moves that the House do now adjourn.

The SPEAKER pro tempore. The question is on the motion to adjourn offered by the gentleman from California [Mr. MILLER].

The question was taken; and the Speaker pro tempore announced that the noes appeared to have it.

Mr. MILLER of California. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 53, nays 371, not voting 9, as follows:

[Roll No. 355]

YEAS—53

Andrews
Bonior
Boswell
Brown (FL)
Clay
Conyers
Coyne
Davis (FL)
Davis (IL)
DeFazio
DeGette
DeLauro
Deutsch
Dingell
Doggett
Eshoo
Farr
Fazio
Filner
Flake
Foglietta
Frost
Gejdenson
Gephardt
Hastings (FL)
Hefner
Jefferson
Kaptur
Kennedy (RI)
Kilpatrick
Lewis (GA)
Lowey
Maloney (NY)
McDermott
McNulty
Millender-McDonald
Miller (CA)
Mink
Oberstar
Owens
Pallone
Payne
Pelosi
Slaughter
Smith, Adam
Stabenow
Stark
Torres
Towns
Waters
Wexler
Woolsey
Yates

NAYS—371

Abercrombie
Ackerman
Aderholt
Allen
Archer
Armey
Bachus
Baesler
Baker
Baldacci
Ballenger
Barcia
Barr
Barrett (NE)
Barrett (WI)
Bartlett
Barton
Bass
Bateman
Becerra
Bentsen
Bereuter
Berman
Berry
Bilbray
Bilirakis
Bishop
Blagojevich
Bliley
Blumenauer
Blunt
Boehlert
Boehner
Bonilla
Borski
Boucher
Boyd
Brady
Brown (CA)
Brown (OH)
Bryant
Bunning
Burr
Burton
Buyer
Callahan
Calvert
Camp
Campbell
Canady
Cannon
Capps
Cardin
Carson
Castle
Chabot
Chambliss
Chenoweth
Christensen
Clayton
Clement
Clyburn
Coble
Coburn
Collins
Combest
Condit
Cook
Cooksey
Costello
Cox
Cramer
Crane
Crapo
Cubin
Cummings
Cunningham
Danner
Davis (VA)
Deal
Delahunt
DeLay
Dellums
Diaz-Balart
Dickey
Dicks
Dixon
Dooley
Doolittle
Doyle
Dreier
Duncan
Dunn
Edwards
Ehlers
Ehrlich
Emerson
English
Ensign
Etheridge
Evans
Everett
Ewing
Fattah
Fawell
Foley
Forbes
Ford
Fowler
Fox
Frank (MA)
Franks (NJ)
Frelinghuysen
Furse
Gallegly
Ganske
Gekas
Gibbons
Gilchrest
Gillmor
Gilman
Goode
Goodlatte
Goodling
Gordon
Goss
Graham
Granger
Green
Greenwood
Gutierrez
Gutknecht
Hall (OH)
Hall (TX)
Hamilton
Hansen
Harman
Hastert
Hastings (WA)
Hayworth
Hefley
Herger
Hill
Hilleary
Hilliard
Hinchey
Hinojosa
Hobson
Hoekstra
Holden
Hooley
Horn
Hostettler
Houghton
Hoyer
Hulshof
Hunter
Hutchinson
Hyde
Inglis
Istook
Jackson (IL)
Jackson-Lee (TX)
Jenkins
John
Johnson (CT)
Johnson (WI)
Johnson, E. B.
Johnson, Sam
Jones
Kanjorski
Kasich
Kelly
Kennedy (MA)
Kennelly
Kildee
Kim
Kind (WI)
King (NY)
Kingston
Kleczka
Klink
Klug
Knollenberg
Kolbe
Kucinich
LaFalce
LaHood
Lampson
Lantos
Largent
Latham
LaTourette
Leach
Levin
Lewis (CA)
Lewis (KY)
Linder
Lipinski
Livingston
LoBiondo
Lofgren
Lucas
Luther
Maloney (CT)
Manzullo
Markey
Martinez
Mascara
Matsui
McCarthy (MO)
McCarthy (NY)
McCrery
McDade
McGovern
McHale
McHugh
McInnis
McIntosh
McIntyre
McKeon
McKinney
Meehan
Meek
Menendez
Metcalf
Mica
Miller (FL)
Minge
Moakley
Mollohan
Moran (KS)
Moran (VA)
Morella
Murtha
Myrick
Nadler
Neal
Nethercutt
Neumann
Ney
Northup
Norwood
Nussle
Obey

Olver
Ortiz
Oxley
Packard
Pappas
Parker
Pascrell
Pastor
Paul
Paxon
Pease
Peterson (MN)
Peterson (PA)
Petri
Pickering
Pickett
Pitts
Pombo
Pomeroy
Porter
Portman
Poshard
Price (NC)
Pryce (OH)
Quinn
Radanovich
Rahall
Ramstad
Rangel
Redmond
Regula
Reyes
Riggs
Riley
Rivers
Rodriguez
Roemer
Rogan
Rogers
Rohrabacher
Ros-Lehtinen
Rothman
Roukema
Roybal-Allard
Royce
Rush
Ryun
Sabo
Salmon
Sanchez
Sanders
Sandlin
Sanford
Sawyer
Saxton
Scarborough
Schaefer, Dan
Schaffer, Bob
Schumer
Scott
Sensenbrenner
Serrano
Sessions
Shadegg
Shaw
Shays
Sherman
Shimkus
Shuster
Sisisky
Skaggs
Skeen
Skelton
Smith (MI)
Smith (NJ)
Smith (OR)
Smith (TX)
Smith, Linda
Snowbarger
Snyder
Solomon
Souder
Spence
Spratt
Stearns
Stenholm
Stokes
Strickland
Stump
Stupak
Sununu
Talent
Tanner
Tauscher
Tauzin
Taylor (MS)
Thomas
Thompson
Thornberry
Thune
Thurman
Tiahrt
Tierney
Traficant
Turner
Upton
Velázquez
Vento
Visclosky
Walsh
Wamp
Watkins
Watt (NC)
Watts (OK)
Waxman
Weldon (FL)
Weller
Weygand
White
Whitfield
Wicker
Wise
Wolf
Wynn
Young (AK)
Young (FL)

NOT VOTING—9

Bono
Engel
Gonzalez
Lazio
Manton
McCollum
Schiff
Taylor (NC)
Weldon (PA)

□ 1110

Mr. HEFLEY, Mr. KASICH, and Ms. EDDIE BERNICE JOHNSON of Texas changed their vote from "yea" to "nay."

Mr. GEPHARDT and Mr. YATES changed their vote from "nay" to "yea."

So the motion to adjourn was rejected.

The result of the vote was announced as above recorded.

PERSONAL EXPLANATION

Mr. ENGEL. Mr. Speaker, I was necessarily absent during rollcall vote 355. If present, I would have voted "no" on rollcall 355.

GENERAL LEAVE

Mr. CALLAHAN. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks on the bill (H.R. 2159) making appropriations for foreign operations, export financing and related programs for the fiscal year ending September 30, 1998, and for other purposes, and that I may include tabular and extraneous materials.

The SPEAKER pro tempore (Mr. ROGAN). Is there objection to the request of the gentleman from Alabama?

There was no objection.

FOREIGN OPERATIONS, EXPORT FINANCING, AND RELATED PROGRAMS APPROPRIATIONS ACT, 1998

The SPEAKER pro tempore. Pursuant to the order of the House of Thursday, July 24, 1997, and rule XXIII, the Chair declares the House in the Committee of the Whole House on the State of the Union for the further consideration of the bill, H.R. 2159.

□ 1113

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill (H.R. 2159) making appropriations for foreign operations, export financing, and related programs for the fiscal year ending September 30, 1998, and for other purposes, with Mr. THORNBERRY in the chair.

The Clerk read the title of the bill.

The SPEAKER pro tempore. When the Committee of the Whole rose on Wednesday September 3, 1997, the bill had been read through page 94, line 3, and pending was the amendment numbered 38 by the gentleman from Indiana [Mr. BURTON].

Pursuant to the order of the House of that day, no further amendment is in order except the pending amendment by the gentleman from Indiana [Mr. BURTON]; amendment numbered 1 in House Report 105–184, and the amendment to that amendment, each under the terms of the order of the House of Thursday, July 24, 1997; and the amendment numbered 40 by the gentleman from Indiana [Mr. BURTON].

Is there further debate on the amendment numbered 38 by the gentleman from Indiana [Mr. BURTON]?

□ 1115

Mr. CALLAHAN. Mr. Chairman, I rise in opposition to the amendment.

To refresh the Members' memory, last night when we rose, we were debating the Burton amendment which would cut aid to India.

Mr. Chairman, every Member of the House supports the establishment and maintenance of democratic governments throughout the entire world. It is in our national interest and it is in the interest of the people of the world that stable democracies are nurtured and supported. India is the world's largest democracy. Outside of China, it is home to the largest potential free market in the entire world.

Why we would want to jeopardize our relations with India by passing an amendment to cut aid to that country by 25 percent is just beyond me. India is not perfect. Neither is the United States; there is no question about that. But it is also home to half of the poor of the world. Fifty percent of its children are malnourished. Do we want to turn our backs on these problems? Of course, we do not.

Among other things, our assistance program is targeted at economic reform and energy development. The tremendous potential for economic growth and trade with the United States is a key reason for our assistance program and why it should be continued.

Now, the United States is India's largest trading partner. If political disputes with China reduce our trade with that country, where can we turn for an equally large market in Asia? We can turn only to India.

I know human rights problems have existed in India in the past, but I know few countries of the world that have escaped such problems. India has established a national human rights commission, and police and other security force personnel have been successfully prosecuted for human rights violations. Local human rights groups monitor progress in this area and regularly publish their findings.

The United States is also encouraging talks between India and Pakistan to ease tensions between those two countries. It is hard for the U.S. to be an honest broker if we poke India in the eye by adopting this pending amendment.

The House has spoken on this issue before, including the consideration of the 1997 foreign operations bill, when it defeated a similar amendment by a vote of 296 to 127. I urge the House to do what it did last year and to reject this amendment which would cut aid to India.

Mr. Chairman, I include for the RECORD a letter from the Indian Ambassador and ask that it be inserted at this point:

AMBASSADOR OF INDIA,
Washington, DC, July 11, 1997.

Hon. SONNY CALLAHAN,
U.S. House of Representatives, Rayburn House Office Building, Washington, DC.

DEAR CONGRESSMAN CALLAHAN: Almost a year ago when I had just about started my assignment as Ambassador to this great country, I had occasion to write to you on an amendment moved by Congressman Dan Burton on the Foreign Operations Bill. This amendment was not approved by a vote of 296 to 127. It now appears that the House would be moved to consider a similar amendment to the Foreign Operations Bill for FY 1998.

First, I would like to say that my year in Washington has been a most interesting and rewarding experience, the highlight of which has been the encouragement and support that I have received from Members of Congress, like yourself. We have witnessed during this period a further upswing in Indo-US relations and in the growth of bilateral trade making US our largest trading partner as well as the foremost foreign investor in India.

US trade with India which was a mere $500 million in 1991 is now around $9.5 billion. Many US companies are considering further expansion of their operations in India. Enron which had to cross many hurdles to commence the $1.2 billion Dabhul power project is so interested in the opportunities emerging in the Indian market that it has plans to invest an additional $10 billion over the next decade. Many processed foods with American brand names have become very popular in the Indian market. Automobiles of US design are increasing their presence on Indian roads. Banks and financial institutions too are taking advantage of recently created business opportunities. In the insurance sector also, the door has been opened for starting joint ventures in the field of health insurance.

The coalition of parties ruling at the Centre have not only continued with economic reforms but expanded it into many more areas. Custom duties and other taxes have been further liberalized to encourage foreign investment in infrastructure and other areas of the economy. The US Administration has included India among the 10 most important emerging markets and this is borne out by the number of major US companies operating in India. A list of these companies is enclosed.

There is now in India much greater understanding and acceptance of the need for foreign investment and technology collaboration for meeting the vast needs of India's developing economy. All sections are agreed that this is necessary to maintain and increase the growth rate of around 7 percent that we have been achieving in record years.

While United States aid funds are relatively much smaller than the inflow of capital into business and industry, they do serve the purpose of enabling very important programmes to be implemented in backward areas for the benefit of the disadvantaged in the field of health, family welfare and education. These programmes involving interaction of American experts and officials with NGOs and Indian volunteers is of great help in enhancing people to people understanding between the two countries.

In a month from now we would be celebrating the 50th anniversary of India's independence and democracy. While we have achieved much during this period by way of consolidation of the nation state, providing adequate food security for the people, and setting the base for economic development, there are still many challenges that we have to face and overcome for providing the desirable level of living to large sections of our people. At this time of review and introspection, we are conscious of the benefits that we have derived by way of bilateral cooperation with the US in the important areas of agriculture, education, science and technology. At this time when we are looking for much greater cooperation in these areas, it is unfortunate that we might have to tackle something of a negative nature in the House.

It was gratifying to see in the debate on the House floor that took place in June last year on a similar amendment, that several Congressmen very ably put forth the following points:

(i) India has made a success of its democracy and established powerful instituions like an independent judiciary, a free press and vigorous political parties providing for consultation and participation in Government in accordance with the rule of law.

(ii) India, which like the US has a multi-religious and multi-ethnic society, has resolved conflict situations in a lawful, democratic manner and taken concrete steps to further improve the human rights situation, including the setting up of an effective National Human Rights Commission.

(iii) Indo-US business and trade relations have improved considerably with the US companies taking good advantage of the opportunities emerging in the Indian market, as borne out by the large number of US companies operating successfully in India.

(iv) The situation in Punjab had been resolved and the situation in Jammu & Kashmir has improved.

All the above points continue to be not only valid, but have acquired even greater force. Investment approvals pertaining to US companies are now of the order of $8.5 billion. The opportunities existing for US companies in infrastructure sectors like telecom, roads, ports and power have a potential for fruitful investment of over $20 billion per year.

The US Administration has knowledged the improved situation with regard to human rights and also cited the problems created by the trans-border support for terrorist activities in India; the most recent example of which was the explosion caused in a train in Punjab which killed thirty-four civilian passengers on July 8th with serious injuries to many more. This highlights the need for not doing anything to encourage front organizations created for the sole purpose of mobilizing support and funds for essentially terrorist outfits.

Since last year there have been general elections to the State Assemblies in Punjab with a voter turn-out of over 69% and which brought the Sikh-dominated party, the Akali Dal to power in association with another party, namely, the Bhartiya Janata Party. There could not have been a clearer rejection of the separatist movement in the State of Punjab.

In Jammu & Kashmir too, general elections recorded a good voter turn-out of around 55% and resulted in Dr. Farooq Abdullah gaining majority not only in the Kashmir valley, but also in the regions of Jammu and Ladakh. This democratically-elected State Government has revitalized the Government machinery despite the strains created by terrorist gangs on the law and order machinery with the help of agencies across the border.

Initiatives taken by Prime Minister I K Gujral from the time he was the Minister for External Affairs have greatly helped in improving bilateral relations between India and its neighbors. As part of this policy, special steps have been taken to initiate discussions with Pakistan to tackle all outstanding issues. Agreement has been reached in the talks held so far to set up Working Groups for seeking solution to specific problems including the State of Jammu & Kashmir and terrorism. The House was good enough to applaud these efforts. It is our hope that progress at these talks would help create a better climate for tackling terrorist activity.

This letter has become much longer than I intended, but the subject being very important and your consideration and support of great value to us, I had to put the relevant facts before you. I am confident that with your goodwill and encouragement we shall build upon the strong foundation that has been laid in recent years in our bilateral relations. As always, I and my staff at the Embassy are available to assist you in any way possible. Please do not hesitate to contact me if you have any question.

Thanks for all your help. Best wishes.

Yours sincerely,

NARESH CHANDRA.

AN ABRIDGED LIST OF UNITED STATES FIRMS WITH INVESTMENT AND BUSINESS INTERESTS IN INDIA

1. Abbott Laboratories.
2. Allied Signal Inc.
3. American Home Prod. Corp.
4. American Express Co.
5. American International Group.
6. American President Lines, Ltd.
7. Amoco Corporation.
8. AMP Incorporated.
9. Apple Computer, Inc.
10. Asarco Incorporated.
11. Asea Brown Boveri.
12. AT&T.
13. Avery Dennison Corp.
14. Bank America Corporation.
15. Bank of New York.
16. Bankers Trust NY Corp.
17. Bausch & Lomb.
18. Bechtel Power Corp.
19. Beckton Dickinson.
20. Black & Decker Corp.
21. Black & Veatch International.
22. Boeing.
23. Britco Foods.
24. Brunswick Corporation.
25. Caltex.
26. Caraco Pharmaceuticals.
27. Caterpillar, Incorporated.
28. Chase Manhattan Corp.
29. Chevron Corp.
30. Chiquita Brands.
31. Chrysler.
32. CIGNA.
33. Citicorp.
34. Coca-Cola Company.
35. Cogentrix Corp.
36. Colgate-Palmolive Co.
37. Compaq Computer Corp.
38. ConAgra, Inc.
39. Continental Airlines, Inc.
40. Cooper Ind., Inc.
41. Corning Incorporated.
42. CPC Int. Incorporated.
43. Cummins Engine Co.
44. Dana Corporation.
45. Del Monte.
46. Dell Computers.
47. Delta Air Lines, Inc.
48. Digital Equipment Corp.
49. Dow Chemical Corporation.
50. E.I. Du Pont de Nemours.
51. Eastman Kodak Company.
52. Emerson Electric Co.
53. Enron Corporation.
54. Estee Lauder Co. Inc.
55. Farmland Industries, Inc.
56. Federal Express.
57. Fluor Corporation.
58. Ford Motor Corporation.
59. General Electric Company: GE Capital, GE Power Systems, and GE Transportation Systems.
60. General Motors Corporation.
61. Gillette Company.
62. Goodyear Tire & Rubber Co.
63. GTE Corporation.
64. Harris Corporation.
65. Hasbro Incorporated.
66. Hearst Corporation.
67. Hercules, Inc.
68. Hewlett-Packard Company.
69. Honeywell, Inc.
70. Hughes Network Systems.
71. IBM Corp.
72. InaCom Corporation.
73. Ingersoll-Rand Company.
74. Intel Corporation.
75. International Equity Partners.
76. ITT Corporation.
77. J.P. Morgan & Co., Inc.
78. Johnson & Johnson.
79. Johnson Controls Inc.
80. Kellogg Company.
81. Levi Strauss.
82. Eli Lilly.
83. Lockheed Martin Corp.
84. McDonald's Corp.

85. McDonnell Douglas.
86. McGraw-Hill Co., Inc.
87. Merck & Co., Inc.
88. Merrill Lynch & Co., Inc.
89. Microsoft Corporation.
90. Minnesota Mining & Manufacturing.
91. Mobil Corporation.
92. Monsanto Company.
93. Morgan Stanley Group.
94. Motorola Inc.
95. New Balance.
96. Nordstrom, Incorporated.
97. Northwest Airlines, Inc.
98. Novell.
99. NYNEX Corporation.
100. Occidental Petroleum Corp.
101. Oracle Corporation.
102. Owens-Corning Corp.
103. Parker Hannifin Corp.
104. Pepsico Inc.
105. Pfizer Incorporated.
106. Phelps Dodge Corp.
107. Phillip Morris Companies Inc.
108. Phillips Petroleum Co.
109. PPG Industries, Inc.
110. Proctor & Gamble Co.
111. Raytheon Company.
112. Rockwell International Corp.
113. Rohm & Haas Company.
114. Sara Lee Corporation.
115. Shering-Plough Corp.
116. Silicon Graphics.
117. Sprint Corporation.
118. Sumitomo Machinery Corp.
119. Sun Microsystems.
120. Tenneco Incorporated.
121. Texaco Corporation.
122. Texas Instruments.
123. Textron Incorporated.
124. T.G.I. Friday's.
125. The Tiffany Company.
126. Trans World Airlines, Inc.
127. Turner Broadcasting (CNN).
128. Union Carbide Chemicals.
129. Unisys Corporation.
130. Unocal.
131. US West.
132. USX Corporation.
133. W.R. Grace & Co.
134. The Walt Disney Co.
135. Warner-Lambert Co.
136. Western Digital Corp.
137. Westinghouse Electric Corp.
138. Whirlpool Corporation.
139. Woodward Govemor Company.
140. Xerox Corporation.

Mr. BERMAN. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I would like to join my friend and the distinguished chairman of the Subcommittee on Foreign Operations, Export Financing and Related Programs in opposing the Burton amendment which seeks to cut assistance to India. We have got the 50th anniversary of Indian democracy which we have been celebrating this past month. This is not the time to strain our relationship with the country of India; it is the time to deepen that relationship.

India's policy of market reform has contributed significantly to our improving political and economic relations. Should India's growth rate of 7 percent continue over the next few years, India would be the world's fourth largest economy in 25 years. As the base of growth broadens to embrace more and more economic and social sectors in Indian society, relations with the United States should intensify. Now the United States is India's largest trading partner. We have a small but effective foreign aid program, projected in fiscal year 1998 at about $56 million, which focuses on economic growth, population and health, environment and humanitarian assistance. Now is not the time to cut that limited aid.

Thirty percent of India's population remains below the poverty level, but this is a major improvement over 1974 when it was 55 percent. If we are going to reach the point at which India does not need foreign assistance, we should be doing all we can now to assist in India's reforms.

The new Prime Minister of India promises to continue the economic reforms of his predecessors. He has moved to try and deal with the leadership of Pakistan to try to solve and work on their bilateral issues. In the state of Punjab, racked by violence years ago, we have now seen the takeover of democracy where it is thriving in that particular state. They have conducted elections. The elections were won by the opposition, a Sikh party; the Akali Dal now governs in the Punjab. We have had elections in Kashmir. The violence in Kashmir is down.

The Indian Government is worth working with. The Indian country is important to us, and I would urge our colleagues not to take a backward step at this time and support an amendment which would seek to cut that aid.

Mr. KNOLLENBERG. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise in opposition to the amendment offered by the gentleman from Indiana [Mr. BURTON]. This amendment, as has been pointed out, will ostracize India at a very, very important time. Just as India is set and has, in fact, celebrated its 50th anniversary, this has been brought up as well, India is moving toward very important economic reforms.

The United States relationship with India, the world's largest democracy, is growing stronger every day. It has been pointed out how the investment, U.S. investment, has grown. Just 6 years ago it was 500 million; today it is 5 billion. That is a tenfold increase. This makes India our largest overseas investor and trading partner. Of course, as has been pointed out as well, India is still a developing country. It does have problems, but it is working to resolve those problems. And for all of the shouting, there is no grave threat to India's steadfast commitment to diversity and tolerance.

The Indian Government has taken crucial steps to end any abuse of human rights within its borders. It has established an independent human rights commission headed by a former justice of the Indian supreme court to investigate and to prevent human rights abuses. Last year it prosecuted some 200 violations. In fact, the most recent State Department human rights report praises India, praises India for the substantial progress the country has made in the area of human rights.

Mr. Chairman, India contains within its borders a greater ethnic, linguistic, and religious diversity than all of Europe from Ireland to Russia, and they have more people. Earlier this year, a government dominated by the Sikh minority replaced the ruling party, the ruling party in the state of Punjab. The elections were open and democratic, and over 65 percent of the electorate turned out to cast its vote. Further, around 80 percent of Indians are Hindus, but its presidents have included two Sikhs, one Muslim, and now a Dhalit. I would point out also that there are more Muslims living in India than there are in Pakistan.

I firmly believe that this amendment on the eve of the celebration of Indian independence will have a devastating effect on the growing relationship between the two countries. Both the chairman and the gentleman from California have pointed that out. It will punish India for making significant efforts to correct its problems. It will bring to a screeching halt United States participation in one of the most important big emerging markets, but most importantly, it will lead us to shut ourselves out of involvement with the Indian Government and hinder our efforts to create a free and prosperous country.

Let us accentuate the positive efforts that India has made. Let us work to eliminate the negative, just as India herself is doing. Let us support a valued friend, not shut the door on a growing relationship.

Once again, Mr. Chairman, I urge my colleagues to oppose this damaging amendment.

Mr. DEUTSCH. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, last year India held the world's largest democratic elections. This election, called epic by the New York Times and extraordinary by the Washington Times, resulted in a peaceful change in government with nearly 300 million people going to the polls. The government in the state of Punjab, a region the gentleman from Indiana [Mr. BURTON] claims is government repression of a Sikh minority, a Sikh-dominated government, replaced the ruling party in open, democratic elections. Voter turnout was actually over 67 percent. Several Members of Congress were invited to observe these elections.

Like all developing countries, India has experienced human rights problems. However, as the world's largest democracy, it is taking steps to remedy them. India's free press, independent judiciary and vigorous NGO's have been recognized as models for other developing countries. Last year more than 200 security force personnel were punished for their involvement in human rights violations. The most recent United States human rights report praised the commission's independence and noted that India has made substantial progress in the area of human rights.

The Assistant Secretary of State for Asia, Robin Raphel, said in congressional testimony that India's national human rights commission has real teeth to expose the violations of human rights.

Independent national efforts to monitor the situation in Punjab, as well as Jammu and Kashmir, continue. The International Committee of the Red Cross went into Kashmir last year and several Members of the United States Congress have been to Punjab and Kashmir during the past 2 years. Representatives of the New York Times, the Washington Post, the Los Angeles Times, and CNN that have frequently visited Jammu and Kashmir have had unrestricted access to any part of the country. International press reports underscore that India's security forces labor under constant pressure of international terrorism. Just recently 33 innocent people were killed and 67 injured in a terrorist bomb blast which occurred on a train in Punjab. India recently abolished the Terrorist and Disruptive Prevention Act which was the subject of objections by several human rights groups.

I think the point of these facts to underscore is that when we try to hold India to the same standards that we can hold ourselves, there are not many countries in the world and particularly not many developing countries that can meet that standard. But in the framework that they are working under, I think all of us would agree that there has been a clear effort upon their government to affect the human rights abuses and have made strides and a great deal of progress in those areas. To cut aid at this point in time in this manner would be sending the exact wrong message to the Indian Government and the Indian people.

I urge defeat of the Burton amendment.

Mr. GILMAN. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, along with the distinguished chairman of the Subcommittee on Foreign Operations, Export Financing and Related Programs, the gentleman from Alabama [Mr. CALLAHAN], I reluctantly rise in opposition to the Burton amendment.

I agree with our good friend from Indiana that India does have a human rights problem in Kashmir. Both Amnesty International and Asia Watch documented proof of severe abuse by Indian security forces. But let us not forget that these same human rights organizations have also denounced Islamic terrorists who receive crucial support from across the Pakistani border.

We know there has been serious misbehavior by India's security forces. We must not lose sight, though, of the context in which that has been taking place. For the past 150 years India has shared a border with Communist China due to Beijing's illegal occupation of Tibet and China added to the tensions along India's border with Pakistan and Kashmir by transferring nuclear weapons production technology and nuclear-capable missiles to Pakistan.

India and Kashmir are between a rock and a hard place. The situation is even more complicated than meets the eye.

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While the security forces must be stopped from committing serious abuses, we need to find another way to help end the suffering that has gone on for so long in Kashmir. But cutting off development assistance for democratic India is not the way to do it. It will simply harm the poor of India that deserve an opportunity to try to improve their lives. An economically sound India is one that will enforce human rights standards to a higher level than a poor India. Our aid moves India in the direction of a more prosperous nation where everyone can live under the rule of law.

Mr. Chairman, along with some of my colleagues, I visited India last month where we participated on behalf of the House in India's independence anniversary, recognizing the world's largest democracy. In our meetings, we raised the issues highlighted by the gentleman from Indiana. We raised those issues directly with the President of India and the Prime Minister of India. In my judgment, India is making progress, beginning to negotiate with Pakistan and beginning to improve human rights. Indian officials are also forging closer ties between our democracy and theirs. Accordingly, Mr. Chairman, I urge our colleagues to oppose the amendment by the gentleman from Indiana [Mr. BURTON].

Mr. BROWN of Ohio. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise in strong opposition to the Burton amendment. Even as the State Department reports again this year that India has made further progress in the area of human rights, the gentleman from Indiana continues to live in the past. His amendment may be appropriate for some countries around the globe, but not for today's India. An India that is the world's largest democracy, an India that has embarked upon a far-reaching and energetic set of reforms to unleash its economic potential, an India whose diplomatic and commercial ties with the United States continue to grow, an India who is a force for regional stability, and an India whose support of free and fair elections and minority rights is a leading light in that area of the world.

As America's most recent ambassador to India, Frank Wisner, said, this is a crucial time for the United States and India. India is ready for a closer relationship with America. She just needs the right signals. Ambassador Wisner is right. The United States and India are on the verge of a deeper and a more beneficial relationship. The signals we send matter greatly. That is why the Burton amendment is so very wrong.

India has made tremendous strides in the last 6 years, yet we would slap this great Nation in the face by cutting aid. Such a move makes no sense and is precisely the wrong signal to send. It boggles my mind in fact, Mr. Chairman, that India is not fast becoming one of our most important allies. As India celebrates its 50th anniversary of independence, the world has long recognized that her commitment to democracy is vibrant and irreversible. Following Indiana's general election of last year, one American commentator called it the most breathtaking example of government by the people in the history of the world. It is a democracy that is open to all, as evidenced by the recent elections in Punjab, which brought to power an opposition Sikh Party who chose the ballot over the bullet to bring about change in this region.

Respect and dignity for all Indians is further guaranteed by the country's increasing emphasis on human rights. In just a few short years the National Human Rights Commission has made its mark on all facets of Indian society. Following the commission's prosecution of more than 200 violations in 1996, the U.S. State Department commended the panel for carving out an important role in improving accountability for human rights abuses throughout the country. Moreover, several versions of the commission have been set up by state governments, including one in the State of Jammu and Kashmir.

In the international community the Red Cross has conducted seminars and training with paramilitary police and army personnel to further increase understanding and observance of human rights within India's military and law enforcement communities. With each passing day, India becomes a more strategic United States partner in this crucial part of the world. Pursuing the Gujral doctrine and similar initiatives, India continues to be a force for stability and a force for growth in South Asia.

Prime Minister Gujral has already reached various trade, water, and other agreements with Bangladesh, with Nepal and with Sri Lanka. Most importantly, Mr. Gujral and Mr. Sharif are taking concrete steps to lessen tensions between Pakistan and India and have established a formal framework for discussion of the disagreements which have plagued these two great countries for so long. Now with the Burton amendment, we are thinking of punishing India for this progress. We could go on and on about India's accomplishments and her potential. It is clear that closer bilateral ties are in the best interest of India, the best interest of America and the best interest of that region as a whole.

It is also clear that in this year of India's 50th anniversary of independence the world's oldest democracy should be congratulating the world's largest democracy for its achievements. Instead we are debating this very bad idea. One can trot out the same old dated information only so many times. The people of India have moved on to a brighter future and have demonstrated their desire for better United States-India relations. The U.S. Congress should do the same. We should defeat the Burton amendment.

Mr. HERGER. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise in very strong support of this very modest amendment by the gentleman from Indiana [Mr. BURTON].

The Nation of India votes against the United States in the United Nations more than any other nation except for Cuba in the United Nations. More than 90 percent of the time they are on opposite sides than we are in our vote in the United Nations. Not only that and probably much more importantly is the horrendous human rights problems that are continuing to occur within the Nation of India.

I have a very large community of Sikhs formerly from the Punjab within India that live in my district in northern California. They continue to relate the atrocities that take place within their province of their friends and relatives who continue to live there.

Again, I think a minor 25 percent cut on the aid that we are giving to India is a very minor message and at the very least a token of the fact that we expect India to live by the same rules of other countries, to respect human rights within their country, and also that we begin sending a message that we are not going to continue, the taxpayers of this country are not going to continue rewarding countries who are on the opposite side philosophically than we are on major issues.

Mr. BURTON of Indiana. Mr. Chairman, will the gentleman yield?

Mr. HERGER. I yield to the gentleman from Indiana.

Mr. BURTON of Indiana. I thank the gentleman from California for yielding.

I would like to illuminate this issue a little bit from my colleagues who are getting their information from where I do not know. First of all, India is getting $52 million in developmental assistance from the United States of America in foreign aid. I know the American people are tickled to death that after 50 years of independence we are still giving $52 million to India in developmental assistance, and that is not all. We are giving them millions more in other areas as well. All I am saying with this amendment, instead of giving them $52 million of American taxpayers money, that we cut that to $42 million.

I would like to have the American people vote on whether they want to give any money to India, but that probably will not happen. But I would also like to ask them if they would like to cut maybe 25 percent of the developmental assistance and cut it to $42 million instead of $52 million, and I bet most Americans would go along with that. The American people do not want to give money to a country that has been independent for 50 years.

But let us get to the point of the human rights violations that one of my colleagues just said indicates I am living in the past. On July 12, 1997, that is really living in the past, that is 1 month ago, 1 month ago, in Bombay, India, 33 black untouchables were killed by the Indian police during demonstrations. They still have the caste system over there and if you are black, you are the lowest form of animal life, according to that government, and you can be killed for just touching a Brahman and they will not prosecute. That is today, not 5 years ago or 10 years ago. And they killed 33 of them just a month ago. That is living in the past.

On July 8, 1997, 36 people were killed in a train bombing in Punjab, and two ministers of the Punjab government have blamed the police for that. That was 1 month ago, and the bombing occurred a day after in July that nine policemen were convicted of murder. That is living in the past.

On March 15, 3 or 4 months ago, 1997, a death squad picked up Kashmir Singh, an opposition party member, he was thrown in a van, he was tortured, he was murdered and they tossed his bullet-ridden body out on the side of the road. That is ancient history. That was 4 months ago.

This guy here was scalped and his fingers were cut off and he was tortured to death. That is not ancient history, that is recently. If there is no problem, why are there still 550,000 troops in Kashmir? Why are there still 550,000 troops in Punjab enforcing martial law where people are afraid to even go out of their houses? Women are still being gang raped. People are being taken out of their homes never to be seen again, found in canals with their hands tied behind their back and their feet tied together and drowned.

That is going on today. Yet we continue to ignore it. My colleagues say they have got a human rights group over there that they have established that is really looking into these things. India has established an Indian human rights group. That is correct. But why will they not let Amnesty International into Kashmir and Punjab?

The CHAIRMAN. The time of the gentleman from California [Mr. HERGER] has expired.

Mr. BURTON of Indiana. Mr. Chairman, I ask unanimous consent that the gentleman from California [Mr. HERGER] be given 2 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Indiana?

Mr. PALLONE. Mr. Chairman, I object.

The CHAIRMAN. Objection is heard. The time of the gentleman has expired.

Mrs. MALONEY of New York. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise against the Burton amendment which would limit developmental assistance to India. As we all know, it has been 1 year later, and we are still fighting the same fight, the same bad idea. We defeated a similar amendment last year by an overwhelming margin, 269 to 127.

On August 15, we celebrated India's 50th anniversary of democratic rule. Passage of this amendment will have a devastating effect on the growing relationship between India, the world's largest democracy, and the United States, the world's oldest democracy.

Yes, India has had problems with human rights in the past and in the present. But this Nation has taken exceptionally strong steps forward. In fact, India's human rights commission, headed by a former Supreme Court justice, has been hailed by our State Department for its, and I quote, "significant progress in resolving human rights problems."

The gentleman pointed out that there are still acts of terrorism. There still are rapes. There still is racial violence. But we also have acts of terrorism and many problems in our own country. Cutting developmental assistance would hurt the poorest of the poor in India. The amendment would directly undermine the stated objectives of India's democratically elected prime minister to improve the living conditions of the country's poorest citizens. And finally, this amendment would be an enormous blow to United States-India relations at the very moment when we should be strengthening ties between our two democracies.

Last year India held a critical and historic election. Three hundred million people went to the polls to vote in what the New York Times writer William Safire called, and I quote, "the most breathtaking example of government by people in the history of the world."

The world's most populous democracy proved that its most powerful weapon is the ballot. We must not pass a punitive, anti-India amendment on the heels of this great election. United States-India relations are strong. American businesses are flourishing in India. The United States is now India's largest overseas investor and its biggest trading partner. The Commerce Department has designated India as one of the most important, and I quote, "big emerging markets for United States exports."

Let us send the world's most populous democracy the right message. Let us vote for progress in India. Let us vote for democracy. I urge a "no" vote on the Burton amendment.

Mr. BEREUTER. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, as the chairman of the Subcommittee on Asia and the Pacific, this Member rises in strong opposition to the amendment of the distinguished gentleman from Indiana [Mr. BURTON]. In that capacity and in that opposition, I join the chairman of the Subcommittee on Foreign Operations, the chairman of the Committee on International Relations, the ranking member of the Subcommittee on Asia and the Pacific, and other distinguished colleagues that have commented in opposition and will comment.

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As mentioned previously, we need to reemphasize that India is the world's largest democracy and it is making dramatic progress. Despite civil unrest and terrorism, it has maintained 50 years of unbroken democratic rule since it gained its independence in 1947. Indians enjoy the benefits of the rule of law, a strong judiciary, and a vigorous and independent free press.

There are persistent and disturbing human rights problems in India. The Government of India does not deny this fact. But the gentleman's amendment seems to ignore the remarkable progress that this 50-year-old regime has enjoyed.

The improvements in the standard of living for the people of India are undeniable, and India's commitment to democracy and improved human rights has repeatedly been demonstrated.

I noted what the gentleman from California [Mr. BERMAN] had to say about the progress in Punjab, and that is exactly right. There have been several encouraging, specifically encouraging, developments in the past year that deserve to be recognized.

In Punjab, a State racked by violent confrontations in the 1980's and the 1990's, the opposition clearly won an election that was notably well run and inclusive bringing to power the Sikh party. Unrest has now subsided in Punjab. In Kashmir, though violence continues, there is now an elected government which is setting up a state human rights commission.

The United States assistance program to India seeks to promote and institutionalize democratic values and human rights. The United States is working closely with India on population, health care, family, welfare, and environmental concerns. The United States needs to maintain and strengthen this relationship.

Mr. Chairman, I would say to my colleagues, we have had remarkable initiatives and progress from India with respect to Bangladesh, Nepal, and Pakistan in just the last year. The Burton amendment would damage the foundation of our relationship with India on this, the 50th anniversary of its independence, and would achieve nothing but the alienation of the Indian Government from the United States.

Put simply, Mr. Chairman, this amendment does not serve American interests nor promote American influence in India. The arguments for the amendment do not reflect the general trend of human rights practices or progress in India today. We should not have to beat back such amendments every year.

Mr. Chairman, India is a nation of increasing economic and political importance to Asia and to the world. While issues of contention remain between the United States and India, this body will not contribute to the resolution of such contentious issues by cutting off a major part of assistance or all assistance as provided by this Burton amendment or ones that may follow.

Now is the time to send a very positive signal of support and understanding to the Government of India by voting against this amendment. Mr. Chairman, I urge my colleagues to vote "no" on the Burton amendment.

Mr. McDERMOTT. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I want to, first, associate myself with the remarks of the gentleman from Nebraska. In 1991 I went to India for the first time to look at the AIDS epidemic and what was happening there and talked with then-Ambassador Thomas Pickering about the changes that were coming about in India; the Rau government had come in and made a number of changes; and he said, "Go back to the Congress and start talking about the changes in India, they are real."

Now I have been back to India six times since 1961, the last time in December, leading a delegation, a trade delegation from my own city, to go to India. I have been in 12 of the States of India, including Kashmir and Punjab. I talked to Punjabi farmers on the ground. I have talked to public officials, human rights people, all through the country.

Now the amendment offered by the distinguished gentleman from Indiana, who has never been in India, in my opinion, reflects one of the problems of making foreign policy by sitting in the United States and trying to decide what somebody else ought to be doing. We are essentially having the half full, half empty glass of water argument here.

Do they have problems? Yes. Have they moved? Absolutely.

If we take the rupee note from India, on it they have 13 official languages. This is a country where we argue about whether English is the official language. They have six major religions. There are more Muslims there than in any country, except Indonesia. And this is a country that has separated church and state in the same way we struggled with in this country. The division of church and state and keeping a secular government has been an enormous problem.

India was born in violence. The splitting off of Pakistan into what is now Bangladesh at the beginning was a problem they had to deal with from the very start, and they have struggled with this for 50 years.

They have not solved all the problems. No Indian official will say that, no Indian journalist.

India has the same basis of common law that we do, the English system. They have a free press that, in fact, in some ways is more free than our own. Read the Indian press and understand that politicians do not get away with anything there without it being in the newspapers.

So there is no question that they have problems, but they are struggling with them, but the real question here is what kind of relationship do we want to have with India? Is it our idea that we want to alienate them in their year of celebration?

I remember that I think it was Jesus Christ was once cautioning people about how they ought to view things when he said, "Now you ought to look at the plank in your own eye before you point out the speck in your neighbor's eye."

When my distinguished colleague brings a picture out here and puts it up on the floor and says that is the reason we ought to cut off aid, look at this horrible picture. If some Member of this House put up a tripod here and put up a Rodney King beating picture and then suggested to the House: Well, we ought to cut off small business loans to California because they have human rights problems in California done by officials, we would laugh them off the floor. We would say that is crazy; how could anybody make such a suggestion?

Yet take one example or two or three. Remember India has 900 million people, four times the number in the United States in an area from the Mississippi to the East Coast. One-third of our land mass, they have four times the people. They struggle hard, and I believe that our development assistance is a statement to them that we encourage them.

They have never had a military coup. They have had one democratic election after another. Not only democratic elections, they have a well-established democratic institutional system in the country that does not always function perfectly, but they do not need from us a blackened eye, a slug in the face at their independence celebration by the U.S. Congress.

Mr. Chairman, that is not the message we should send, and for that reason I argue very strongly against the Burton amendment.

Mr. ROHRABACHER. Mr. Chairman, I move to strike the requisite number of words.

Before I get into my own remarks, I would like to say that we have heard speaker after speaker opposing the Burton amendment and only one, the gentleman from Indiana [Mr. BURTON] himself, was able to rise up on this point to defend the Burton amendment, and I would just like to express my disappointment that when so many people have spoken against the Burton amendment and Mr. BURTON asked for 2 additional minutes in a unanimous consent that he was not paid the courtesy that we almost always pay our colleagues to permit them just 2 extra minutes.

Ms. PELOSI. Mr. Chairman, will the gentleman yield?

Mr. ROHRABACHER. I yield to the gentlewoman from California.

Ms. PELOSI. Mr. Chairman, just briefly, because this debate has been conducted in, I think, a very civil manner and I just wanted the gentleman to be aware that Mr. BURTON was afforded unanimous consent for 5 additional minutes yesterday to speak longer on his time, and we all graciously granted that without any objection, and there always was the option available to the gentleman for him to speak as he did with additional time.

Mr. ROHRABACHER. Reclaiming my time, the people listening to yesterday's debate, perhaps most of the people listening today, did not hear yesterday or the debate before on this, and the fact is that we had a lively debate here, but was only one-sided. Mr. BURTON asked for 2 additional minutes.

Ms. PELOSI. Mr. Chairman, if the gentleman will yield, and I will give him additional time, the point is that it is always available for a Member to seek time and yield to our colleagues, as we have done repeatedly in this debate, and I would be pleased to take more time later and yield to the gentleman.

Mr. ROHRABACHER. Mr. Chairman, I have always given my colleagues the courtesy and never stepped forward in unanimous consent and not given them an extra minute.

Anyway, with that said, I support the Burton amendment. I am happy to be the second person in today's debate to step forward supporting a reduction in the taxpayers' dollars that we are sending to India, and of course I agree with my colleague on the China question, but we should be reducing the amount of money asked by the Clinton administration that we would be giving the Government of India for two reasons: No. 1, they do not need it; and, No. 2, we should not be giving this money to a government with such an appalling human rights record.

As to No. 1, the Indian Government maintains a huge military. They have developed nuclear weapons. They have been spending their limited resources on weapons and a huge military, much more than what they need, and after finally rejecting socialism their economy is on an upsurge. So, No. 1, if they are spending money on nuclear weapons and a big army, why should we be giving them aid when they can then spend their own money on weapons?

And No. 2, we are giving someone who is in competition with us, we are providing them aid. Now that is ridiculous for the United States of America to provide aid and assistance to a country that is going to compete and put our own people out of work.

So, as to the second point, there are a half million Indian troops occupying the Punjab and another half a million Indian troops occupying Kashmir, which is considered the most densely occupied territory on this planet. Now, if they have got those numbers of troops up there that are putting money, more and more money, into it, why should we subsidize this effort by giving money to India?

In both of these regions, Punjab and Kashmir, the military forces are recognized by international human rights organizations as routinely committing appalling human rights abuses, murdering civilians, gang raping women, torturing prisoners with impunity.

According to our own State Department, Indian forces in Punjab have received over 41,000 cash bounties for the murder of civilians between 1991 and 1993. Last year, the Indian police reportedly planted explosives in the car of a U.S. citizen, Mr. Babir Dhillon, and he was held up on trumped-up charges for 9 months, and he was tortured, and it was only after the intervention of the U.S. Congress that he was released last January, and these charges were dropped.

The Indian Supreme Court eventually got up to there, and there is a rule of law in India, but what happened was they basically said that Indian police were committing acts that were, quote, worse than genocide, and yes, if Rodney King was just an example, one example even, we would ignore, we would say we are fixing that. But if Rodney King went on and on and on and on and every day we had Rodney King beatings, we would be concerned about it. We would say California has got to clean up its act before we extend aid to California, to its State government. And just like in New York where this poor man was brutalized the other day, if the police over and over and over were brutalizing people like this.

The CHAIRMAN. The time of the gentleman from California [Mr. ROHRABACHER] has expired.

(By unanimous consent, Mr. ROHRABACHER was allowed to proceed for 2 additional minutes.)

Mr. ROHRABACHER. Mr. Chairman, there is not any indication that the situation is getting better in India because those people who have studied the situation, we realize the one conflict, the one flame that is igniting the conflict on the subcontinent, is the decision by India not to permit a plebescite in the Kashmir so those people can determine, as it was mandated by the United Nations, whether they are going to be part of India or they want to be part of Pakistan.

India has refused to have that election. If they would have that, these acts of terrorism they complain about, and this massive military buildup and occupation they have to finance in the Kashmir, would disappear because the democratic process would have worked its will. But they refuse to do that. This is what is causing the problem. This is what is causing the human rights abuses.

As an incentive to the Government of India to abide by policies guided by respect for human rights and civil liberties, we need to send a strong message, and that is exactly what the Burton amendment will do.

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We do not need to send a message that they can continue doing what they want, that after 50 years we are going to subsidize them in their development of weapons and their oppression. For us to provide $135 million in aid, which is the total amount, while it is wasting its own resources on the modernization of its weapons systems and military and its own oppression, it is ridiculous for us to do this. To spend $135 million in taxpayer dollars to subsidize one of our own competitors, with the economy emerging as a competitor to the United States, which allows them to spend their own money on weapons, even nuclear weapons, is crazy.

I believe in the Burton amendment; I support the Burton amendment. Let us not subsidize India's expenditure on weapons and the military and oppression. Let us let them make their own decisions. If they are not going to improve their human rights, let us say they are not going to get any foreign aid from the United States.

Mr. SANFORD. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, last month the people of India celebrated their 50th anniversary of independence and democracy. It takes perhaps a special effort for many Americans to imagine when our democracy was only 50 years old and the great hurdles we had to overcome to try to perfect our legal, political, economic, and social systems.

India today is the world's largest democracy, 950 million people. India is a multi-religious, multi-ethnic society, actively seeking to build a common national identity and overcome religious and ethnic conflict.

In that half century, India has struggled to overcome the legacy of feudalism, followed by colonialism, and all of the problems of underdevelopment and unequal development, including problems of population growth, capital formation, technology development, and infrastructure development.

They have shaped all of the basic institutions of a democratic system, including perhaps most significantly many independent, nongovernmental institutions and organizations dedicated to involving and empowering people.

I rise here today in support of aid to India. Throughout my public career I have worked with the Asian-Indian community. My strong relationship with the Asian-Indian community in Chicago has afforded me opportunities on numerous occasions to meet with Indian officials who have visited Chicago, and this interaction has helped me to understand how important democracy, economic development, and human rights are to India.

While the cold war no longer exists, our relations with south Asia must not be tainted by the cold war legacy. There is a constant state of tension with some of its neighbors who have large and powerful militaries. Several states in India, including Punjab and Kashmir, have in essence been involved in a low-intensity war, involving terrorism with foreign support, as evidenced by the recent bombing of a train in Punjab resulting in 36 deaths. Despite these difficulties, India has proven that she will not tolerate violations of democracy, and has acted to punish those guilty of violations of law and to reduce any such violations in the future.

The United States has become India's largest trading partner, now approaching $9.5 billion per year, and her largest investor. India has adjusted her tax policies to further encourage trade and has become a significant player in many fields, including computer science. Yet India is still a country in need of assistance and development, especially in the most underdeveloped regions, needing assistance with health and educational programs.

These programs involve financial and technical support from the United States, which is matched by volunteer equity on the part of the people of India. These programs have proven themselves to be successful in addressing the problems of underdevelopment, and also as powerful instruments of international understanding, communication and trust.

It makes sense to continue our commitment to India. India has proven a success in its economic development and is a role model for other developing countries. We can take this opportunity now to improve our foreign policy relations with India. We can illustrate how the United States is a reliable friend and model.

A vote against India in this House is not in the best interests of the United States and its reputation as a world leader. Therefore, I urge that we oppose any and all amendments that would single out India for a limitation on development assistance.

Mr. CAMPBELL. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I wish to yield the last 2 minutes of my time to my colleague and friend from Indiana for whatever purposes he wishes to use them.

Mr. Chairman, I rise against the Burton amendment. I believe that it is in the interests of the United States to show compassion, to realize we are spending 6.5 cents per person in development assistance in India, and my colleagues' amendment would lower that to 5.5 cents. That is the lowest of any country that receives development assistance. For 800 million people, $51 million.

I had the privilege to go to India at my own expense last autumn. I went to Bombay and I went down the west coast, and I have never seen urban poverty as I have in Bombay. Earlier when I was in Delhi, I also saw it. And yet I never saw such potential as I saw in Bangalore. As one proceeded southward, I saw the effect of educating the population, of cleaning the water; and the potential is tremendous to do the most amount of good for the neediest people.

I hold up the state of Kerala, for example, as an example of where American assistance and the Indian Government's own action have reaped tremendous benefits in ending human suffering, largely by improving the condition of women, increasing their education, lowering the birth rate.

The amount of money that the United States spends is remarkably small, given how much we spend in other countries.

Let me just illustrate where it goes. It goes to clean water, which eliminates or at least reduces the threat of disease. It goes to education; again, particularly important here is the education of women. It goes to develop financial institutions so that units of local government can float bonds that are then used to finance projects such as the water projects to which I have referred.

Given this potential, it seems to me appropriate that our foreign policy has a compassionate element to assist India.

I am going to conclude now with one last comment. I do intend to yield the last 2 minutes to my colleague.

I might have heard my colleague incorrectly, Mr. Chairman, and if I did, please, I apologize. But if I did not, I do believe the statement was made that "black is the lowest form of life, according to that government," and it would be my assumption that the gentleman meant to say, "according to certain individuals." However, he is certainly free to speak to this himself.

I do not believe that it is the policy of the Indian Government to be racist, nor was it my observation that individuals in the government were racist. But if I quoted him correctly, perhaps he could choose to amplify or clarify.

I wish to close my time, just saying if there is a component in our foreign aid that deals with compassion, if we really mean what we say when we read, "When I was hungry, you gave me to eat; when I was thirsty, you gave me to drink; when I was naked, you clothed me," then we should find that compassion and help India.

Mr. BURTON of Indiana. Mr. Chairman, will the gentleman yield?

Mr. CAMPBELL. I yield to the gentleman from Indiana.

Mr. BURTON of Indiana. Mr. Chairman, I thank my colleague for yielding.

Let me say the caste system is still in effect in India, and the lowest caste in India is the Dhalits, or the black people who live there. And the people who are in the higher castes, in the past if they were touched, almost without impunity can inflict pain, suffering, and even kill people in these lower castes.

That is a system that I think we in the United States should abhor, and I think the people, until the Black Caucus who fought for civil rights for so many years and are starting to get a modicum of success, should be very concerned about the prejudice that exists in India. If I implied it was a government policy, that was incorrect, but it is a policy of the system over there that exists; and they look the other way when people are tortured and killed that are from a lower caste.

But the fact of the matter is, I have talked about the repression of that government, government genocide and government repression. Just recently 1,000 cases of unidentified bodies were documented and cremated by the military. The fact is there still are 550,000 troops in Kashmir and Punjab; women are still being gang-raped, people are being tortured, taken out of their houses in the middle of the night without judicial process, never to be seen again.

These are things we should abhor as a nation. We certainly shouldn't be giving a large amount of foreign aid to a country that continues to perpetrate these kinds of atrocities with government sanctions.

I think my colleague from California, Mr. ROHRABACHER, made a very salient point when he said this country is spending more money, I think, almost than any country from that region, on military hardware and nuclear weaponry; and at the same time, they are asking us for foreign aid. It just doesn't make sense.

All I ask for is we cut the aid by 25 percent.

Mr. PRICE of North Carolina. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise to oppose the Burton amendment which would single out India for cuts in foreign assistance. As this body has done repeatedly in the past, I urge colleagues to vote no on this amendment. Contrary to what the gentleman from Indiana has said, opponents of his amendment are not claiming that no problems exist. We take these problems seriously. But we are also recognizing India's attempt to deal with them, and our country's responsibility to encourage such efforts.

India is the world's largest democracy, a fact we celebrated on July 31 with the passage of House Resolution 157, commemorating 50 years of democracy in India. Last year India conducted the largest free election in history with nearly 300 million people voting. The state of Punjab elected a Sikh government, and the nation's new president is a member of the untouchable caste, tremendous achievements in a developing nation struggling to maintain democracy, to build its economy, and to improve the lot of millions of the world's poorest people.

India's government recognizes that human rights abuses have occurred and has taken strong steps to redress these grievances. The government has established an independent national human rights commission to investigate human rights allegations in the states of Jammu and Kashmir and to pursue suspected abusers. More than 200 security forces personnel were punished last year for involvement in human rights violations. The U.S. State Department notes that the commission is independent and praises India's ongoing efforts to end abuses.

India has abolished the Terrorist and Disruptive Prevention Act and has allowed the international community free access to observe and report on actions in the Punjab and in Jammu and Kashmir.

At the same time as he has moved forcefully to improve the domestic situation, India's new Prime Minister Gujral has taken unprecedented steps to improve relations with India's neighbors. The prime minister has made landmark agreements with Nepal and Bangladesh, initiated a hot line with the prime minister of Pakistan, and worked with Pakistan to develop a framework for future talks aimed at creating lasting peace between those two countries.

The Burton amendment offered this year, as in many past years, takes no account of this progress. The amendment also would damage improved and improving relationships between the United States and India. U.S. businesses are India's number one overseas investor, and U.S. exports to India increased by 40 percent last year alone, making our country India's biggest trading partner. Fortune 500 companies regularly invest in India and many U.S. high-tech firms see India as the most important developing market worldwide for them, eclipsing even China as an investment location.

Mr. Chairman, as our relationship with India grows, the United States must support India's continuing efforts to respect human rights, punish violators, and develop its economy. The issue is not only a matter of development assistance, which amounted to about $50 million last year. Of far greater significance would be the effort that this amendment represents to stigmatize India just as relations between our countries are blooming.

The Burton amendment would punish a country taking the right steps just as it celebrates 50 years of democracy. I urge my colleagues to support democracy in India by voting "no" on the Burton amendment.

Mr. STEARNS. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, thank you very much. I rise also against the amendment offered by my distinguished colleague from Indiana, Mr. BURTON.

As many of you know, every year I have offered a resolution to recognize India's independence. This year I offered it again. Thanks to Mr. BEREUTER, the resolution was made part of legislation, and it has now passed this House; and I am very pleased that after all these years of my offering a recognition amendment, that it has finally passed the House.

□ 1215

When I listen to the debate, there have been a lot of people speaking on both sides. I do not really think the debate is one of U.S. foreign assistance. When we think of the $50 million we are giving them relative to the $12.5 billion in the foreign aid bill, it is a very, very small amount.

I think the issue is not one of foreign assistance. It comes down basically to this sentence. It comes down to whether we want to stigmatize India with passage of the Burton amendment. We have two great powers. These two great powers are working together.

There is another issue I might touch on that was recognized in a Washington Times story on Thursday, July 10, 1997. Let me quote from it: "New Chinese missiles target all of East Asia." That includes India. We have had satellite reconnaissance information, and it is all outlined in this article how India itself is being targeted by China.

We have great interest in protecting India and working with India. At this time we do not want to set up any type of amendment which would create hostility toward India and not continue this working relationship at India's 50th anniversary.

Let me point out that India is one-sixth of the world's population. It is a dominant force in South Asia. Of course, it is an emerging world power. We need to cooperate with this country.

India is a big emerging market. The United States is its leading trading partner and source of foreign investment. India is a nuclear-capable state that has fought three wars with a non-nuclear capable Pakistan, and is a prime focus of U.S. concerns about nonproliferation in reducing regional tension.

I bring this to the attention of my colleagues because this is a larger issue, not just talking about the fiscal side. We are not just talking about foreign aid, we are talking about how these two countries can work together, not only in the area of democracy, but also dealing with our mutual interests and the protection of democracy in that part of the globe.

We need to encourage support for their policies. We need to gain their support for nonproliferation of nuclear capability, and we must encourage its policies that serve both our interests and theirs. We must continue to expand bilateral cooperation, including an enhancement of Indian peacekeeping capabilities.

We need, of course, on the drug side to cooperate on narcotic issues. Improve human rights performance? By all means. They have done that by setting up their commission and trying to be much more forceful in that area.

Lastly, we need to understand that India, above all, is one of the oldest democracies in the world. So I believe the United States should continue its friendship with India. India has tried to strengthen their democracy through free elections. We must strengthen our ties with them and, of course, with all of the South Asia region and the global community.

For this and the other reasons I mentioned, I urge the defeat of the Burton amendment.

Mr. SHERMAN. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, those of us who are friends of India should commend the gentleman from Indiana [Mr. BURTON] for bringing this amendment before us, because it gives this Congress a chance to vote down the amendment by an overwhelming majority, and in doing so, demonstrate our respect for India at its 50th year of independence, and to celebrate the increasingly close relationship between the world's most powerful democracy and the world's largest democracy.

Most of the points that can be made against this amendment have already been made, but I want to review a few of them, and perhaps make a few that have heretofore not been brought to the floor.

We ought to commend the President of the United States for agreeing to go to India to celebrate its 50th anniversary of independence. It was mentioned that India, because it has been independent 50 years, should not need American aid. This is the first time I have heard the idea that there should be a term limit on development aid.

We should point out that the gentleman from Indiana is a strong supporter of United States aid to Turkey, which has been independent for over 500 years. I would point out that most of us support American aid for Ethiopia, which has been independent for well in excess of 2,000 years. The question is not how long has a nation been independent, but rather, what are the development needs and how effectively can the United States work toward those needs.

Several of the other speakers have talked about how important our aid is to India, how effective that aid is, and how we are providing very little aid compared to the needs in India and its total population.

We have heard about Punjab. Yet in the Punjab, we have seen an amazing development, the election of a Sikh Party, the election of a party opposite many of the policies of the national government. What better proof that democracy works in India?

We are told about Kashmir, where indeed there have been some brutal actions. But we are given but one picture, and then statistic after statistic without citation, without enumeration, without calculation, and without foundation. What is really going on in Kashmir is a tragedy, but we should remember that some of the most tragic victims are those who support the Government of India.

Millions of Hindus have been driven from their own villages and from their own neighborhoods and from the State of Kashmir itself. We should remember that the human rights abuses which the Indian Government is trying to prevent on its side are more than replicated by those entities that are supported often by Pakistan and other outside forces, which the Indian Government has to contend with. Many of the most brutal pictures that can be taken in India can be taken of the victims of those who oppose the Government, the terrorists in Kashmir.

I know that the vote will be coming up later this afternoon. I hope those in India recognize that at least 100 of our colleagues would vote against foreign aid to any country at any time. I understand that level of fiscal conservatism. I do not happen to agree with it.

When the vote comes in, as I think it will, 300 to 150 or 300 to 120, keep in mind the first 100 of those votes has nothing to do with India and everything to do with a brand of fiscal conservatism that some of my colleagues embrace; that in fact, when there are 300 votes for India, hopefully, there will be no more than 10 or 20 or 30 opposed to India. We are overwhelmingly in this House in support of a strong relationship between the United States and India.

One final point I want to bring up. That is the idea that our economy is in competition with India. In fact, there are no more two complementary economies in the world. India is still a low-wage country. I have urged businesspeople in the Los Angeles area and elsewhere, importers who are dependent upon goods made in China, to look instead at India, look at India as a source of goods that require a low-wage situation, look at a country where American exports are not discriminated against the way they are in China, look at a country that embraces the rule of law, look at a country that I think will be increasingly economically important to us.

Finally, there was the point made that the "untouchables" or lower caste are somehow discriminated against by the Government of India. In fact, the phrase, and I think it was misused, was "lowest form of animal life." The President of India is from this group, and in fact religious minorities have been at the highest levels of the Government.

The CHAIRMAN. The time of the gentleman from California [Mr. SHERMAN] has expired.

(On request of Mr. CALLAHAN, and by unanimous consent, Mr. SHERMAN was allowed to proceed for 1 additional minute.)

Mr. CALLAHAN. Mr. Chairman, will the gentleman yield?

Mr. SHERMAN. I yield to the gentleman from Alabama.

Mr. CALLAHAN. Mr. Chairman, the gentleman made a very good point, but let me correct one misconception that has been portrayed here on the floor, and that is that there is money earmarked in the bill for India. There is no earmark in this bill. Therefore, there is no reason for the fiscal conservatives to vote for this amendment, inasmuch as there is nothing that we are cutting.

They are not cutting foreign aid by voting for this amendment, they are simply instructing the administration that they can only give so much money, but there is no earmark in this bill in the first place for India, so the fiscal conservatives can join with those of us who support the democratic regime in India and support the gentleman's view. Therefore, there is no reason for even the fiscal conservatives to vote against this issue.

Mr. SHERMAN. Mr. Chairman, I would hope, in fact, fiscal conservatives will vote against this amendment. I do know there will be a perception as people walk into this Chamber that the fiscally conservative vote is to vote for the amendment, and if the amendment gains a number of votes for that reason, those should not be regarded as anti-India votes.

Mr. FRELINGHUYSEN. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I would speak very briefly against the Burton amendment. Mr. Chairman, as a member of the Subcommittee on Foreign Operations, Export Financing and Related Programs of the Committee on Appropriations, I rise to support the chairman's position and oppose the Burton amendment.

My position, I think, is that of the majority of those of us in Congress, that we support democracy in India. While at times it may be imperfect, it still needs our support. There are a number of good reasons to oppose the Burton amendment, and many of those have been stated very eloquently today and yesterday. The bottom line for me is that India is one of the few true democracies in the developing world. Last year, as it has been said, India held the largest election in the history of the world. The conduct of that election was universally regarded as free and fair, and described by the New York Times as epic and extraordinary by the Washington Times.

As India celebrates 50 years of independence and democracy, the United States should today, through its congressional representatives, be sending a message of encouragement, not hostility. It is a pleasure to support the chairman's position and to oppose the Burton amendment.

Mr. ENGEL. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise in strong opposition to the Burton amendment. I have just gotten back from India, where I was part of the official American delegation celebrating the 50th year of independence of India. We were in the parliament at midnight in New Delhi as 12:01 came and 50 years was just put into place, and I could not help but looking down and seeing this vibrant democracy.

There are so few democracies throughout the world, and India has been a vibrant democracy. It has some flaws, and who does not have flaws, what nation does not have flaws. But the fact of the matter is India is a vibrant democracy. There are nearly 1 billion people in India, 943 million people. Why would we want to do anything to alienate them or jeopardize the United States-India relationship? United States investment was over $5 billion in India last year, a ten-fold increase from just a few years ago.

As we went from celebration to celebration, I could not help but thinking this is a real golden opportunity for the world's largest democracy, India, and the world's longest democracy, the United States, to really forge even closer ties.

We had a meeting with the Prime Minister of India, Mr. Gujral, who wants very, very much to have increased United States-India ties. In fact, he was telling us stories where he feels very neglected, feels that the United States has not devoted enough attention to India in the past years, and is delighted that President Clinton is going to be visiting with India.

So I think we have a golden opportunity, particularly with the end of the cold war, when there had been in previous years some kind of close relationship between the Soviet Union and India that does not exist anymore. So at a time when we are going to former Communist countries like Vietnam and trading with former Eastern Bloc countries and bringing them into NATO, why would we not want to forge closer relations with the largest democracy? By the year 2020 they are going to be the country in the world with the largest population.

So I believe that the Burton amendment goes in the wrong direction, in the opposite direction from that which we should be going. It is not good for democracy, it is not good for U.S. trade, it is not good for U.S. business, and it is not what we should be doing.

The people of India have shown tremendous warmth and affection for the United States. We ought to return that affection. I thought for all the reasons we have been given, the fact that United States and India have an opportunity to forge even a closer relationship in the future, that we share common goals of democracy, India has improved on its human rights violations, and with prodding from the United States will improve even more.

Mr. Chairman, I yield to the gentleman from New York [Mr. ACKERMAN].

□ 1230

Mr. ACKERMAN. Mr. Chairman, this amendment is very untimely and the gentleman from Indiana [Mr. BURTON] brings it up and recites time and time again, as if it were a mantra, things that he continuously mentions on the floor.

Mr. Chairman, I want to yet again extend another invitation to the gentleman from Indiana to come with me and others, if he would like, to actually visit India, to see the things that some of us have seen. To come to the States of Jammu and Kashmir, as I have been several times to travel throughout the region; to go to the Punjab, as the gentleman from New York [Mr. ENGEL] and I, together with the gentleman from New York [Mr. GILMAN], our chairman, did just a week or so ago, and see the horrible conditions, the terrible poverty, and the heroic efforts that are being made to meet those challenges, and to see those things with his own eyes so the gentleman from Indiana does not have to rely anecdotally on the experiences of others who have agendas here in Washington, as they are entitled to have, who bring him pictures and photographs so that he can cite one of them on the floor of the House as an example of national policy.

Mr. Chairman, that is not the national policy of India any more than it is the national policy of the Police Department of the city of New York to go at people with plungers. That is a terrible analogy to make, Mr. Chairman, but that is exactly what is happening here. People who work for the government sometimes do terrible things. That does not mean that it is the government's policy or the government does that.

So it is in India, which has a large military, mostly very much under control and cooperating with ours. But to blame it for all of the atrocities that go on, when individuals anecdotally commit horrible crimes, is certainly not fair or proper.

And to further state that the caste system in India, which does exist at least in practice in some places, is the policy of the government just is not the truth, Mr. Chairman. There is racism in America, but that does not mean that the policy of the government is racist.

And to cite the untouchable class as the lowest form of human life is, first of all a mischaracterization.

The CHAIRMAN. The time of the gentleman from New York [Mr. ENGEL] has expired.

(On request of Mr. ACKERMAN, and by unanimous consent, Mr. ENGEL was allowed to proceed for 1 additional minute.)

Mr. ACKERMAN. Mr. Chairman, will the gentleman continue to yield?

Mr. ENGEL. I continue yield to the gentleman from New York.

Mr. ACKERMAN. Mr. Chairman, it is a mischaracterization. The people of India have selected as their President a person from the untouchable class. The gentleman from Indiana is misinformed. And I think it behooves us all, when we come to the floor to do things, especially when it deals with the national policy and our relationships with great societies and large countries, and even small countries, to know from whence we speak and to actually visit and see firsthand what these problems are, without relying on lobbyists to provide us with that kind of education.

Mr. ENGEL. Mr. Chairman, reclaiming my time, I yield to the gentleman from New Jersey [Mr. PALLONE].

Mr. PALLONE. Mr. Chairman, I just wanted to point out when we talk about the caste system, that the caste system is illegal under the Indian Constitution. Twenty-five percent of the members of India's Parliament are so-called untouchables. The President of India, which is the Chief of State, is from the so-called untouchable class, and untouchables are constitutionally protected. Anyone can be prosecuted, and people are prosecuted, if they discriminate against those people of the so-called untouchable caste.

Mr. FOX of Pennsylvania. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise to oppose the amendment. I have great respect for my friend and colleague from Indiana, Mr. BURTON, however on this issue we differ.

I believe that India is the United States' largest trading partner, and that if we approve this amendment, it will have serious consequences for the massive investment that we have in India, totaling $5 billion last year, a tenfold increase from just 5 years before. We play right into the hands of those who would turn back the clock on the major economic reforms that have been instituted. And we are speaking here of great private investment.

The largest democracy in the world is India, one of the few true democracies in the developing world. Last year India held the largest multiparty election in world history. The conduct of this election was universally regarded as free and fair, described as epic by the New York Times and extraordinary by the Washington Times.

Here with the 50th anniversary of independence for India, we need to look to the fact that the elected government has been restored to Jammu and Kashmir. The elected government has established a State Human Rights Commission and democracy is thriving in the Punjab.

United States engagement on the Indian subcontinent through the National Endowment for Democracy, and other efforts, contributes to the strengthening of democratic institutions. Furthermore, human rights problems have existed, but the Indian government is prosecuting such violators and such violations. The National Human Rights Commission is widely regarded as independent and aggressive in pursuing human rights.

India is a nation of increasing economic and political importance for Asia and the world. While challenges remain, India has been a good friend to the United States and has improved its human rights conditions. Now is the time to send positive signals of support and assistance to the Government of India.

Mr. LEVIN. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I was in India during the winter, and I just wanted to comment briefly on the Burton amendment. It misses what is happening in the Indian subcontinent.

I was in the Punjab. The Indian record on human rights is not a perfect one, but as the State Department has mentioned in its annual report, India is clearly moving in the right direction and is making substantial progress.

Mr. Chairman, the atmosphere in the Punjab was not one basically of repression, but one of democracy growing under difficult circumstances. We had a chance to read about and to view the work of the Human Rights Commission of India. It, again, is performing a function that is a valuable one and a real one in a democratic society, what is basically a democratic society.

On this 50th anniversary of Indian independence, our country needs to be taking constructive, not destructive, steps in terms of our relationship. And what the Burton amendment does, in my judgment, is to move in a destructive rather than a constructive fashion. We need to, with India and other democracies where there are problems, work with those countries as they need to work with us when we have problems here in America.

That should be the spirit between our two great nations, the two great democracies; not the negative import and context of the Burton amendment. So I very much oppose it. India, on its 50th anniversary, has a record much more to be proud of than ashamed of. It has a history the last 50 years that much moves in the right direction more than in the wrong direction.

Are there blemishes? There are. Is there perfection? There is not. Is there movement in the right direction? Clearly so. And what this amendment does is essentially refuse to recognize the movement in the right direction and instead distort the record of accomplishment.

So, in addition to all of the importance of the economic relationships between our two countries, I think we ought to remember supremely the linkage of the United States and India as two democracies each with its own set of problems, but each moving surely in the right direction when it comes to human rights.

This country is a beacon for India in terms of human rights. It is moving, I think, to meet the test of that beacon, and we should not indicate otherwise through actions like the Burton amendment.

Mr. FOLEY. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I also rise in opposition to the amendment offered by the gentleman from Indiana [Mr. BURTON] to cut development assistance to India, but I do want to state clearly for the record, the gentleman is motivated by the best of all reasons and intentions on this floor today. The gentleman from Indiana has displayed himself a caring advocate of people of human rights around the globe, and those who would suggest, as I heard a moment ago, that he is motivated by some other reason are absolutely wrong. His heart is in the right place and his interest for people is well-known and his record is distinguished in protecting human rights, whether it is in India or China or anywhere else on the globe where human rights matter, and it matters to this Member.

Mr. Chairman, just recently we have celebrated the 50th anniversary of the independence of India, and it is a thriving democracy. Like all developing countries, India has had its experiences with human rights problems; however, India, the world's largest democracy, is making great strides in addressing the human rights concerns that have been addressed by the gentleman from Indiana.

India's free press, independent judiciary, and vigorous nongovernmental organizations have been mentioned as models for other developing countries. Allegations of human rights violations in Jammu and Kashmir prompted India to form an independent National Human Rights Commission, which has already punished more than 200 security personnel for their abuses.

Assistant Secretary of State for South Asia Robin Raphael has said that India's NHRC "has real teeth" to expose violations of human rights. The most recent U.S. State Department human rights report praised the commission's independence and noted that India "made further progress in resolving human rights problems."

I appreciate, again, I state clearly, the concern for human rights expressed by the gentleman from Indiana. However, while the amendment being debated today will do little to improve India's already significant progress in that area, it will do harm to build strong relationships between the United States and India. And I stress that that is vitally important at this time.

We have witnessed a debate on MFN and China and developing problems in that portion of the world, and we have to recognize India is a friend and a nation of great potential to protect and keep stability in the region; a nation that we can count that we have established great trade opportunities and relationships with.

Mr. Chairman, while problems remain, we need to constructively work with the Government of India, not reproach it. The United States is now India's largest overseas investor, its biggest trading partner, and its preferred source of technology. Let us not needlessly damage this important relationship. Let us work to cement it, but also underscore the concerns of the gentleman from Indiana [Mr. BURTON] and work diligently to protect those people in India, protect human rights, and solve this in a deliberative fashion.

Mr. HINCHEY. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, in opposing the amendment that is before us, I, of course, mean no disrespect to the sponsor of this amendment. The gentleman is a respected Member of this House; it is just that we differ on this particular issue.

It seems to me that it is not a wise thing for us now to be reversing a policy of moving in the direction of greater cooperation with India. That is in the interest of the people of the United States as it is in the interest of the people of India and, I believe, generally in the interest of the people of the world.

We have much in common with this country. That, I think, is obvious. We share a common language, we share a basic economic system in common, and we share a basic political system in common.

India is a democracy. That fact has been proven if by no other reason than the recent elevation to the highest office in the land of a person from the lowest strata of society. It shows that there is political mobility based upon democratic principles, democratic ideals that we hold in common with them.

Mr. Chairman, it makes no sense for us to back away from a relationship with this country. By the middle of the next century, India will be the most populous nation in the world, and my remarks are based upon not just observations in the abstract but based upon the fact that I have had the opportunity to be there and to see firsthand the kinds of things that are happening in that country.

□ 1245

Not perfect by any means, a great many things that have to be corrected, obviously and for sure, but progress is definitely being made. We need to continue to work with them on that progress. We have major investments there. India is America's largest trading partner. That trading relationship is only going to grow and it will grow to the benefit of Americans as well.

This is a bad idea. It is something that we ought to reject. We ought to continue to promote better relationships and a closer affinity with the people of this country.

Mr. Chairman, I yield to the gentleman from New Jersey [Mr. PALLONE].

Mr. PALLONE. Mr. Chairman, I do not intend to take up a lot of time. I just have been listening. I know there have only been one or two speakers in favor of this amendment. Unfortunately, they have made some really incorrect remarks. The remarks about the caste system, you could look back 2,000 years and know that the caste system has existed in India. But the fact of the matter is that for the last 50 years this democracy has tried to root out the caste system. They have made it illegal under their constitution. They have repeatedly tried to go out of their way to establish affirmative action programs so that those of the so-called lower castes are able to play a significant role in Indian society, the point being the President, the chief of state of India.

In addition, I have heard comments about people being killed recently in a lot of different instances. A lot of that is happening because of terrorists, militant terrorist organizations that continue to operate in India.

The bottom line is, if we were to pass this amendment today, which I know we will not, but if we were, we would encourage those terrorists to continue their activities against innocent people in India. It is those militant organizations that are inflicting a lot of the crimes and a lot of the deaths that are talked about by the gentleman from Indiana.

In addition to that, the gentleman from California [Mr. ROHRABACHER] talked about how there has been no indication that the situation is getting better in India in terms of human rights. Just, in fact, the opposite is the truth. Our State Department annually for the last few years has talked repeatedly about progress. There has been incredible progress.

The human rights commission puts out a report on a regular basis, I brought one of the copies today, where they are prosecuting 200 people annually, more people every day. They have these training programs where they deal with the military forces and they explain to them how they are properly supposed to act. They have been dealing with the situations in rape, with rapes. They have been going against child prostitution.

The very things that the two supporters of this amendment talk about are actually being rooted out by the human rights commission on a regular basis. The Government has been spending money trying to do that.

The problem that we have here with the supporters of this amendment is that they do not look at the facts on the ground in India. They are not talking to the people. They do not understand what is going on. They continue to talk about things that have happened in the past.

I have to say, finally, when you talk about Kashmir and again about the Punjab, in both cases there have been democratic elections in those two states of India. So it is wrong to say that there is no plebiscite. It is wrong to say that there is no democratic process. People have voted, the majority of the people. More people than voted in our elections here in the United States have voted for the governments are against separatism in those states in India.

Mr. MENENDEZ. Mr. Chairman, I move to strike the requisite number of words.

I rise in opposition to the amendment offered by the gentleman from Indiana, whom I have worked with on other issues. But on this issue I clearly disagree with him. It is ironic that we offer this amendment to cut assistance India on the 50th anniversary of its independence. This amendment takes a swipe at one of the most vibrant and energetic democracies in the world, and it is the wrong approach to take. It seeks to punish a country which has been a democracy since its independence, it seeks to punish a country that has improved and is improving its human rights record.

Since 1996, India has been taking positive steps to improve its neighborhood. The amendment comes at a time when both India and Pakistan are working to resolve the disputes that exist between them, including Kashmir, in a bilateral manner. Earlier this year this House passed Concurrent Resolution 16 which congratulated the people of India on reaching a 30-year agreement with their neighbor Bangladesh on sharing water from the Ganges River. These are two of the more conspicuous unilateral efforts India has been making with its neighbors to increase cooperation in south Asia.

The amendment charges that India is a country without respect for human rights, particularly in the states of Jammu and Kashmir and Punjab. Mr. Chairman, it is important to note that the party in charge of Punjab is the Akali Dal, a Sikh-controlled party. They control 74 of the Punjab's 117 seats. They came to power after 69 percent of the eligible voters in Punjab went to the polls. Democracy exists in Punjab and the voters spoke by casting their ballots and electing a new party to power. That is democracy.

Let us not forget Jammu and Kashmir. Under the threat of violence and terror from separatist elements, nearly 55 percent of eligible voters in the Indian states of Jammu and Kashmir went to the polls for state assembly elections last September and October. The people of those specific states went to the polls despite a boycott called by Pakistani-backed separatist rebels and despite the separatist threats on their lives.

Our own State Department notes in its annual country report that during 1996 India made further progress in resolving human rights problems. After 3 years of existence, India's national human rights commission continues to play a key role in bringing accountability for human rights abuses and continues to enlarge its useful role in addressing patterns of abuse.

What we are being asked to do today is to cut funds to India that uses such funds to encourage economic growth, which has a direct correlation to our trading with India, stabilize population growth, enhance food security and nutrition, protect the environment, reduce HIV transmission and educate girls and women.

We cannot forget that we are India's largest trading and investment partner. So let us celebrate India's golden jubilee by defeating this amendment.

India has been a success as a democracy with its independent judiciary, free press, and energetic political system. It sought to address conflicts in a lawful, democratic manner. Instead of pursuing punitive measures against a free and democratic country, we should be seeking to expand our economic, political and strategic ties with India so that we can move forward together.

We should pursue an agenda which will not worsen the climate in India and south Asia. We should instead stand steadfast to its commitment to free markets, as well as its commitment to human rights. It is in the national interest of the United States to defeat this amendment and to promote those market reforms and democratic government that India has been pursuing.

Ms. FURSE. Mr. Chairman, I move to strike the requisite number of words.

I have been listening to this debate in my office, and I felt I should come down to the floor just to talk a little bit about some feelings I have about this. I think we forget that, first of all, let us look at history.

India was subject to the most brutal colonial power possible. I talk about this with a little personal knowledge. My mother was in India when the great Mahatma Gandhi was first arrested by the British police. She witnessed and told me as a child of the terrible situation for the people of India under that colonialism.

They threw that off. They have for 50 years been a democracy. Who are we, who are we really to talk about these issues that I hear discussed today?

Rape, I have heard a lot of talk about rape. How I wish, as a woman in the United States, how I wish I could say that there is no rape in this country. How many women live in fear of rape? That is not because we are not a great country. We are, and a good country. But bad people do bad things.

We talk about the brutalism. I have heard all this talk about brutal treatment of prisoners. I would remind us, I would remind us of the treatment by the Los Angeles police of Rodney King. Bad people in good countries do bad things.

Then I have heard a great deal of talk about terrorism. Is each of us in this country responsible for the deaths at Oklahoma City when a terrorist, a terrorist decided to attack innocent people? Who are we to speak of this?

I think what we should do is see what the people themselves have said. And the Indian people have spoken. They have gone to the polls and they have voted this government. The Punjabi people have spoken. They have gone to the polls. They are the ones we should listen to, those who have spoken for their own right to be free people in a free country. That is what democracy is about. That is why India can say it is a democracy.

India would never say it is perfect. Can we in this country say we are perfect? No, we are striving for perfection. We are striving to be the best country in the world. We are the greatest of all democracies but India has gone in only 50 years from the most brutal colonial power ruling everything they did. We must remember that as you struggle for perfection, other countries need to help you on that path.

I oppose the Burton amendment. It is the wrong thing to do. We must support democracies. We must encourage them.

Ms. PELOSI. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise in opposition to the amendment. In doing so, I want to commend the gentleman from Indiana [Mr. BURTON] for shining the bright light of our country on the human rights abuses that take place in India and indeed other places in the world. He has a strong human rights record, and I am not here today to defend any of the alleged actions of the Indian Government or their security forces outlined by the gentleman from Indiana [Mr. BURTON] in his amendment.

I am, however, going to vigorously defend the humanitarian aid programs that are funded through AID and, among other initiatives, help one of the most populous countries in the world deal with family planning issues, among other issues which I will address.

The chairman of our committee, the gentleman from Alabama [Mr. CALLAHAN], is the foremost champion in the world on the issue of child survival. It is the keystone of his foreign operations bill. The United States is now engaged with India in providing much needed assistance for child survival, as well as other issues, population planning, the environment, economic reform. This amendment would cut 25 percent of this modest program, the vast majority of which benefits the poorest and most vulnerable portions of Indian society.

I have been and am extremely concerned about the reports of serious human rights abuses in India, particularly in Kashmir and Punjab. The United States has been and remains seriously engaged with the Indian Government on these issues. Limited progress has been made on the human rights front with recent elections in Kashmir and Punjab, as my colleagues have cited, the successful prosecution of the security force personnel and police and military officials and the establishment of a local human rights groups that are now able to monitor events there.

These developments are positive but not definitive. However, the essential point remains: We should not be cutting off aid to help millions of poor in India with some fundamental aid programs that enable them to survive. We should be working with the Indian Government to promote human rights, as we are, and we should know that at risk, if this amendment should pass, is assistance to the women's initiative. Women are a key human resource for economic development and their full participation in a democratic society is an absolute necessity.

The HIV/AIDS activity could be cut back. This would be particularly harmful to the international and global fight against AIDS in view of fact that India is particularly vulnerable to a dramatic increase in AIDS.

And the environment and energy portfolio would be cut back. There are obvious global pollution implications of a cutback, in addition to the loss of opportunities for U.S. technology providers. It is in our national interest to provide humanitarian assistance to India.

I believe it is important to shine the light of democracy on human rights violations there but I do not think that the Burton amendment is appropriate, and I urge my colleagues to vote "no."

Ms. JACKSON-LEE of Texas. Mr. Chairman, I rise to speak against the Burton Amendment to H.R. 2159, the Foreign Operations Appropriations for fiscal year 1998, which would prohibit all development assistance funding for India in fiscal year 1998, unless such aid is provided through nongovernmental organizations or private voluntary organizations.

As the world's largest working democracy India is a model for the new world order which is emerging after the collapse of communism in the former Soviet Union and Eastern Europe. The level of diversity in races, languages, ways of life and thought and in its wide disparities in education and illiteracy, in poverty and wealth, India has created a model for others to learn from.

In the 50 years since India's first Prime Minister Jawaharlal Nehru announced that India, the nation, would be born at the stroke of midnight on August 14, 1947, this great new nation set many standards for progress that is responsible and responsive to the needs of a diverse population.

Democracy and freedom are more than just words put to paper, they are the fabric of government policy and laws which knits together a multitude of people. It provides the ground rules that each must play by in order to be included as a good member of that society or nation.

In the early history of the United States, Thomas Jefferson wrote, "We hold these Truths to be self-evident, that all Men are created equal, that they are endowed by their Creator with certain unalienable Rights, that among these are Life, Liberty, and the Pursuit of Happiness," in this Nation's Declaration of Independence. This statement did not extend itself to all men nor to women, but in the course of time and with a strong zest for the survival of this new Nation's democracy, those words now do mean all shades of Americans that we have today.

Today should our Nation's entire Federal Government be condemned and labeled because of the attack on the Haitian gentleman who was in the custody of police officers in the City of New York? I would think and hope not, but from the perspective of governments from around the world this view may be dimmed by culture and custom.

There is no perfect Democracy, but a democracy working toward perfection is more likely to find a state of existence that is rewarding to a majority of its people than one which has given up all hope of ever reaching perfection. This goal of perfection will also allow the people who govern to keep a fresh and open outlook on their role and the role of the people in the proper function of a democratic government.

I believe that the Founding Fathers wrote the Bill of Rights with that idea in mind. That they had not created a perfect union of former colonies, but were starting a work of democracy in progress.

Like the United States, our sister democracy in India had also taken great pains to craft a constitution and legal system to sustain itself during times of plenty and times of need. With a long history of contributing to the cultural, political, and religious diversity of the world, India has forged a working democracy.

We should do all that we can in this body to support a democratic India and hold judgment until there is real evidence to the contrary.

I would ask my colleagues to join me in voting against this amendment.

Mr. McCOLLUM. Mr. Chairman, I rise today to oppose the amendment offered by my friend and colleague, Mr. BURTON of Indiana. I have been working on issues involving India for probably a decade now. The roots of my interest were India's efforts to counter the plague of terrorism. However, in this process, I have had the opportunity to learn more about India and the importance of its relationship to the United States, and am now the co-chairman of the India Caucus in the House. India has become not only a key trading partner with the United States, but our relationship is also important to U.S. national security.

It is this unique relationship that would be damaged by my colleague's amendment. This amendment would be a slap in the face to an ally with over 4,000 miles of border with China, a very unknown quantity.

Terrorism is a growing threat throughout the world. Much of it is spawned by radical Muslims who see it as a way to accomplish goals and objectives. Some governments in the Middle East and the Near East have permitted and sometimes encouraged the training and arming of terrorists. The U.S. has directly felt these terrorist activities in the bombings of the World Trade Center and more recently, of Khobar Towers in Saudia Arabia where many U.S. servicemen lost their lives. But so too have others felt their acts, India being first among these.

India has the second largest Muslim population in the world. Radical Muslims who use terrorism as their weapon want to control governments of all countries with large Muslim populations. We have an interest in making sure that does not happen.

India and the United States share a lot of bonds in fighting terrorism. We share growing concerns with China, too. And we share an increasingly larger trading interest. Why should this be jeopardized?

I realize that some have pointed to India's human rights situation as a reason to tweak India's nose. I would not deny that there have been some violations in India. But the government is continuing to improve its record in this regard. In fact, there is an independent human rights commission which has brought justice to hundreds of human rights violators. The State Department has gone to great lengths to make note of India's progress by stating that "during 1996, India has made further progress in resolving human rights problems. The National Human Rights Commission has continued to enlarge its useful role in addressing patterns of abuse, as well as specific abuses."

The criticisms raised by my colleague from Indiana are old hat. This amendment has been defeated soundly and repeatedly in the past while what little rationale there is for it continues to dwindle.

One specific example is in the state of Punjab. This area is mentioned as a place of oppression against the Sikh minority. However, a Sikh dominated government replaced the ruling party in open democratic elections in Punjab. Furthermore, the Indian and Pakistani governments have shown signs that there can be real negotiations on the divisive issue of Kashmir.

Mr. Chairman, India is the world's largest democracy. The human rights record in India is improving—just ask the State Department. Now is not the time to send negative signals to India. They are important strategic allies. India is also a key economic ally with over $5 billion in U.S. investment in India.

In the end, India has proven itself worthy of its relationship with the United States. This is not the time to support my colleague's amendment to unfairly stigmatize India. I strongly urge a no vote.

Mr. LANTOS. Mr. Chairman, I urge my colleagues to oppose the ill-conceived and highly destructive amendment that has been offered by our colleague from Indiana [Mr. BURTON]. His amendment would cut United States development assistance to India in the next fiscal year.

Mr. Chairman, we have had repeated debates for more years than I would care to remember that have been similar to the one we are having today. Our colleague from Indiana [Mr. BURTON] has offered this or a similar amendment whenever we have debated the foreign operations appropriations bill and whenever we have debated an international relations authorization bill. The House has repeatedly voted to defeat this unfortunate proposal, and I urge my colleagues again to vote against this distasteful demagoguery.

While this annual exercise has not resulted in reducing the small amount of development assistance that the United States has provided to India, it has become an annual opportunity for a few Members of this body to make unfortunate and harmful remarks about the world's largest democracy.

Mr. Chairman, instead of using this opportunity to bash the Government of India, this should be an opportunity for us to join in paying tribute to the people of India, to join in celebrating the 50th anniversary of the founding of this great country. It was just 50 years ago, in August 1947, that the era of British colonial rule ended in India, and a democratic republic was established. Now, 50 years later, there is ample reason to celebrate India's independence and its statehood.

The institutionalization of democracy in India has had its difficult moments—periods of violence, including the bloodshed which accompanied the partition of India and Pakistan at the time of the establishment of the Republic of India in 1947 and more recently at the time of the tragic assassination of former Prime Minister Indira Gandhi. There have been instances of ethnic and religious violence, but a multiethnic, multireligious state like India is not immune to the sectarianism and racism that has afflicted so many countries around the world.

This is a time, Mr. Chairman, to celebrate and rejoice with the people of India in a half-century of great achievements. India remains a democratic society with a democratically elected parliament and a democratically elected prime minister. Democracy has flourished in a country that has a population of 900 million people. In a society that is multireligious, multiethnic, and multiracial, in a country that recognizes 16 official languages. Further complicating the effort to maintain and foster democracy in India is the fact that this country has a growing population and it suffers from a low level of economic development. I welcome the economic progress that we are witnessing in India, and I welcome the growing economic ties between India and the United States.

Mr. Chairman, I am not one to underestimate or to minimize human rights violations, and I will not ignore or overlook such problems when they occur anywhere. There are human rights violations in India, and I deplore them. At the same time, however, there is evidence of progress in this important area. The 1996 annual State Department Country Reports on Human Rights notes that advances have been made in resolving human rights problems. The establishment of an independent National Human Rights Commission by the Government of India has been an important factor in this development. The governmental and judicial system of India provides legal and constitutional safeguards for human rights. The serious social tensions and violent successionist movements that exist in India create special problems, and police training is deficient in many cases. These are explanations, but they do not justify human rights violations. The important consideration, Mr. Chairman, is that the violations that do occur are not the consequence of government policies and government intentions. These problems are the result of failures in the system, and these failures are in the process of being remedied.

Mr. Chairman, as political, economic, and other relationships between the United States and India are developing and expanding and improving, it would be unfortunate and extremely counterproductive for this House to adopt the ill-conceived amendment that we are now considering. I urge my colleagues to join me in a resounding vote against the Burton amendment.

Mr. MANTON. Mr. Chairman, I rise in strong opposition to the Burton amendment. India has taken great strides in improving its human rights record. As a member of the Congressional India Caucus, I take great interest in issues which directly affect India.

In addition, I am proud to represent one of the largest Indian-American populations in the United States. Should this misinformed, outdated amendment pass, it would have a devastating impact on India; socially, economically as well as politically.

I believe we must continue to fully recognize India's potential as a free, democratic nation, rather than punish them for past human rights abuses.

I am not arguing that India has had a perfect human rights record; however, we cannot turn our backs on the tremendous strides India has made, especially as they celebrate 50 years of democracy and continue to look ahead to great potential for its people.

The United States has played an enormous role in assisting the Indian Government in building itself into a strong democracy and a leader in the Asian region. We should be proud of our strong support of India over the years and the substantial economic doors we have opened for United States businesses.

The United States has benefited greatly through increased investments in India. This amendment would greatly jeopardize the strong business interaction that has flourished between our countries.

I urge my colleagues to continue our current common sense policy toward India. I urge a "no" vote on the amendment.

Mr. LEVIN. Mr. Chairman, I rise in strong opposition to the Burton amendment.

Clearly, India's human rights record has been less than perfect, but we must recognize that it is improving, even in the face of some very extraordinary circumstances. In the Indian States of Kashmir and Punjab, terrorist violence has cost the lives of more than 20,000 people. Violence has become a way of life for many who live in this region of the country. International press reports confirm that India's security forces and civilians live under the constant threat of terrorist attack. Just last week, 33 people were killed and 67 injured in a bomb blast on a train in Punjab.

In recognition of international concern, India has taken steps to address these problems.

For instance, India has established the National Human Rights Commission, an independent office established to investigate claims of abuse. The commission's work resulted in the prosecution and punishment of over 200 security force personnel last year. In testimony before Congress, Assistant Secretary of State for South Asia Robin Raphael, stated that the watch dog agency "has real teeth." In addition, India has abolished its highly controversial Terrorist and Disruptive Prevention Act [TADA].

Our own State Department, in its annual report on human rights, stated that India has made progress in "resolving human rights problems." The report goes further to state that the "National Human Rights Commission has continued to enlarge its useful role in addressing patterns of abuse, as well as specific abuses."

India has also made great strides in reforming its economy and improving conditions for foreign investment. Since 1990, foreign investment has grown from $90 million to a record $10 billion in 1995 with the United States leading the way.

The United States is now India's largest overseas investor. From 1991 to 1996, United States investment in India was 29.5 percent of all foreign investment. United States investment in India totaled more than $5 billion last year—a 40 percent increase in 1996 alone. The U.S. Department of Commerce has designated India as one of the ten most important "Big Emerging Markets" for American business.

A virtual "Who's Who" of American companies is doing business successfully in India today including: Ford Motor Company, General Motors, Chrysler Corporation, IBM, AT&T, Coca Cola, Levi Strauss, Kellogg Company, Motorola, and Northwest Airlines.

The prospects for continued growth continue. The ruling coalition in India, brought to power last year in the world's largest democratic election in history, has remained committed to the path of economic reform laid by the previous government. In April of this year, India's Prime Minister I.K. Gujral stated, "India can look forward to the continuation of the reform program, and to its deepening, and widening."

Not only has India's Prime Minister made continued economic reform a priority, he is also committed to reducing tensions between his country and Pakistan. Just last month, Mr. Gujral met with Pakistan's Prime Minister Nawaz Sharif to begin a dialog by which the two countries might be able to resolve their differences. While the two could only agree on incremental steps, the meeting was a positive step toward resolving the differences between these neighbors.

In light of these developments and others, I firmly believe that cutting aid to India is both unwise and unwarranted. Not only would it be a slap in the face to India and the many accomplishments it has achieved, it would have a severe impact on our relationship with the world's largest democracy. Many of the improvements that have been made in the areas of human rights, economic reform and regional stability could be lost. These would be contrary to both our national and economic security interests.

Mr. Chairman, I urge my colleagues to reject this amendment. It sends the wrong signal at a time of great opportunity for our two countries.

(Mr. CALLAHAN asked and was given permission to proceed out of order for 1 minute.)

LEGISLATIVE PROGRAM

Mr. CALLAHAN. Mr. Chairman, I would like to thank the chairman and to commend him for his professionalism in the handling of this bill. I think he has been very fair and that the Chair has presided in a very professional manner.

Mr. Chairman, I know that the Chair will explain the series of votes, but it is my understanding that the Burton amendment which we have just debated will now be voted upon, that that will be a 15-minute vote.

Then, following the Burton amendment, we will proceed with a 5-minute vote on the additional five amendments that were debated yesterday. After the vote on the Burton amendment and the other five amendments we debated yesterday, we will then proceed immediately to the Smith amendment, which time will be divided on the Smith amendment between Mr. SMITH and the gentlewoman from California [Ms. PELOSI].

Then there will be an amendment offered by the gentlewoman from California [Ms. PELOSI] and the gentleman from New York [Mr. GILMAN] to the Smith amendment.

□ 1300

Following the vote on the six pending amendments and then the vote on the Smith amendment and the Pelosi-Gilman amendment, we will go to final passage. Is that the Chair's understanding of what we are going to do?

The CHAIRMAN. The gentleman is correct.

The question is on the amendment offered by the gentleman from Indiana [Mr. BURTON].

The question was taken; and the Chairman announced that the noes appeared to have it.

Mr. BURTON of Indiana. Mr. Chairman, I demand a recorded vote, and pending that, I make the point of order that a quorum is not present.

The CHAIRMAN. Pursuant to the order of the House of Thursday, July 24, 1997, further proceedings on the amendment offered by the gentleman from Indiana [Mr. BURTON] will be postponed.

The point of no quorum is considered withdrawn.

SEQUENTIAL VOTES POSTPONED IN COMMITTEE OF THE WHOLE

The CHAIRMAN. Pursuant to the order of the House of Thursday, July 24, 1997, proceedings will now resume on those amendments on which further proceedings were postponed in the following order: Amendment No. 38 offered by the gentleman from Indiana [Mr. BURTON]; amendment No. 76 offered by the gentleman from California [Mr. CAMPBELL]; amendment No. 32 offered by the gentleman from Texas [Mr. PAUL]; amendment No. 41 offered by the gentleman from Pennsylvania [Mr. FOX]; amendment No. 17 offered by the gentleman from California [Mr. TORRES]; and amendment No. 3 printed in House Report 105–184 offered by the gentleman from Florida [Mr. STEARNS].

The Chair will reduce to 5 minutes the time for any electronic vote after the first vote in this series.

AMENDMENT NO. 38 OFFERED BY MR. BURTON OF INDIANA

The CHAIRMAN. The pending business is the demand for a recorded vote on the amendment offered by the gentleman from Indiana [Mr. BURTON] on which further proceedings were postponed and on which the noes prevailed by voice vote.

The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment No. 38 offered by Mr. BURTON of Indiana:

At the end of the bill, insert after the last section (presiding the short title) the following new section:

LIMITATION ON ASSISTANCE IN INDIA

SEC. 572. Not more than $41,775,000 of the funds appropriated or otherwise made available in this Act under the heading "Development Assistance" may be made available for assistance in India.

RECORDED VOTE

The CHAIRMAN. A recorded vote has been demanded.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 82, noes 342, not voting 9, as follows:

[Roll No. 356]

AYES—82

Aderholt
Ballenger
Barrett (NE)
Bartlett
Barton
Bonior
Brady
Bryant
Bunning
Burton
Buyer
Canady
Chenoweth
Coburn
Condit
Cox
Crane
Crapo
Cunningham
Deal
DeLay
Diaz-Balart
Doolittle
Duncan
Farr
Fawell
Fazio
Gibbons
Goodling
Granger
Hastert
Hastings (WA)
Herger
Hill
Hilleary
Holden
Hostettler
Hunter
Hutchinson
Istook
Jenkins
Jones
King (NY)
Klug
Largent
Lewis (KY)
McIntosh
McKeon
Miller (CA)
Myrick
Nussle
Paul
Paxon
Pease
Peterson (MN)
Pitts
Pombo
Porter
Radanovich
Ramstad
Riggs
Riley
Rogan
Rohrabacher
Ros-Lehtinen
Salmon
Scarborough
Schaefer, Dan
Schaffer, Bob
Sessions
Shadegg
Shuster
Smith, Linda
Solomon
Stump
Taylor (MS)
Taylor (NC)
Thune
Towns
Wamp
Watts (OK)
Wolf

NOES—342

Abercrombie
Ackerman
Allen
Andrews
Archer
Armey
Bachus
Baesler
Baker
Baldacci
Barcia
Barr
Barrett (WI)
Bass
Bateman

Becerra
Bentsen
Bereuter
Berman
Berry
Bilbray
Bilirakis
Bishop
Blagojevich
Bliley
Blumenauer
Blunt
Boehlert
Boehner
Bonilla
Bono
Borski
Boswell
Boucher
Boyd
Brown (CA)
Brown (FL)
Brown (OH)
Burr
Callahan
Calvert
Camp
Campbell
Cannon
Capps
Cardin
Carson
Castle
Chabot
Chambliss
Christensen
Clay
Clayton
Clement
Clyburn
Coble
Collins
Combest
Conyers
Cook
Cooksey
Costello
Coyne
Cramer
Cubin
Cummings
Danner
Davis (FL)
Davis (IL)
Davis (VA)
DeFazio
DeGette
Delahunt
DeLauro
Dellums
Deutsch
Dickey
Dicks
Dingell
Dixon
Doggett
Dooley
Doyle
Dreier
Dunn
Edwards
Ehlers
Ehrlich
Emerson
Engel
English
Ensign
Eshoo
Etheridge
Evans
Everett
Ewing
Fattah
Filner
Flake
Foglietta
Foley
Forbes
Ford
Fowler
Fox
Frank (MA)
Franks (NJ)
Frelinghuysen
Frost
Furse
Gallegly
Ganske
Gejdenson
Gekas
Gephardt
Gilchrest
Gillmor
Gilman
Goode
Goodlatte
Gordon
Goss
Graham
Green
Greenwood
Gutierrez
Gutknecht
Hall (OH)
Hall (TX)
Hamilton
Hansen
Harman
Hastings (FL)
Hayworth
Hefley
Hefner
Hinchey
Hinojosa
Hobson
Hoekstra
Hooley
Horn
Houghton
Hoyer
Hulshof
Hyde
Inglis
Jackson (IL)
Jackson-Lee (TX)
Jefferson
John
Johnson (CT)
Johnson (WI)
Johnson, E. B.
Johnson, Sam
Kanjorski
Kaptur
Kasich
Kelly
Kennedy (MA)
Kennedy (RI)
Kennelly
Kildee
Kilpatrick
Kim
Kind (WI)
Kingston
Kleczka
Klink
Knollenberg
Kolbe
Kucinich
LaFalce
LaHood
Lampson
Lantos
Latham
LaTourette
Lazio
Leach
Levin
Lewis (CA)
Lewis (GA)
Linder
Lipinski
Livingston
LoBiondo
Lofgren
Lowey
Lucas
Luther
Maloney (CT)
Maloney (NY)
Manton
Manzullo
Markey
Martinez
Mascara
Matsui
McCarthy (MO)
McCarthy (NY)
McCrery
McDade
McDermott
McGovern
McHale
McHugh
McInnis
McKinney
McNulty
Meehan
Meek
Menendez
Metcalf
Mica
Millender-McDonald
Miller (FL)
Minge
Mink
Moakley
Mollohan
Moran (KS)
Moran (VA)
Morella
Murtha
Nadler
Neal
Nethercutt
Ney
Northup
Norwood
Oberstar
Obey
Olver
Ortiz
Owens
Oxley
Packard
Pallone
Pappas
Parker
Pascrell
Pastor
Payne
Pelosi
Peterson (PA)
Petri
Pickering
Pickett
Pomeroy
Portman
Poshard
Price (NC)
Quinn
Rahall
Rangel
Redmond
Regula
Reyes
Rivers
Rodriguez
Roemer
Rogers
Rothman
Roukema
Roybal-Allard
Royce
Rush
Ryun
Sabo
Sanchez
Sanders
Sandlin
Sanford
Sawyer
Saxton
Schumer
Scott
Sensenbrenner
Serrano
Shaw
Shays
Sherman
Shimkus
Sisisky
Skaggs
Skeen
Skelton
Slaughter
Smith (MI)
Smith (NJ)
Smith (OR)
Smith (TX)
Smith, Adam
Snowbarger
Snyder
Souder
Spence
Spratt
Stabenow
Stark
Stearns
Stenholm
Stokes
Strickland
Stupak
Sununu
Talent
Tanner
Tauscher
Tauzin
Thomas
Thornberry
Thurman
Tiahrt
Tierney
Torres
Traficant
Turner
Upton
Velázquez
Vento
Visclosky
Walsh
Waters
Watkins
Watt (NC)
Weldon (FL)
Weldon (PA)
Weller
Wexler
Weygand
White
Whitfield
Wicker
Wise
Woolsey
Wynn
Yates
Young (AK)
Young (FL)

NOT VOTING—9

Gonzalez
Hilliard
McCollum
McIntyre
Neumann
Pryce (OH)
Schiff
Thompson
Waxman

□ 1323

Messrs. GANSKE, BALDACCI, RANGEL, and NADLER changed their vote from "aye" to "no."

Messrs. HERGER, DELAY, DOOLITTLE, and ADERHOLT changed their vote from "no" to "aye."

So the amendment was rejected.

The result of the vote was announced as above recorded.

PERSONAL EXPLANATION

Mr. McINTYRE. Mr. Chairman, on rollcall vote No. 356, the Burton amendment, I was unavoidably detained. I would like the RECORD to reflect that I would have voted "no."

ANNOUNCEMENT BY THE CHAIRMAN

The CHAIRMAN. Pursuant to the order of the House of Thursday, July 24, 1997, the Chair announces he will reduce to a minimum of 5 minutes the period of time within which a vote by electronic device will be taken on each further amendment in this series.

AMENDMENT NO. 76 OFFERED BY MR. CAMPBELL

The CHAIRMAN. The unfinished business is the demand for a recorded vote on Amendment No. 76 offered by the gentleman from California [Mr. CAMPBELL] on which further proceedings were postponed and on which the noes prevailed by voice vote.

The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment No. 76 offered by Mr. CAMPBELL:

At the end of the bill, insert after the last section (preceding the short title) the following new section:

SEC. 572. The amounts otherwise provided by this Act are revised by reducing the amount made available for "ECONOMIC SUPPORT FUND", and increasing the amount made available for "CONTRIBUTION TO THE AFRICAN DEVELOPMENT FUND" as authorized by section 526(c) Public Law 103–306; 108 Stat. 163, by $25,000,000.

RECORDED VOTE

The CHAIRMAN. A recorded vote has been demanded.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 273, noes 150, not voting 10, as follows:

[Roll No. 357]

AYES—273

Abercrombie
Ackerman
Allen
Andrews
Bachus
Baesler
Baldacci
Ballenger
Barcia
Barrett (NE)
Barrett (WI)
Bentsen
Bereuter
Berman
Berry
Bishop
Blagojevich
Blumenauer
Blunt
Boehlert
Bonior
Borski
Boswell
Boucher
Boyd
Brown (CA)
Brown (FL)
Brown (OH)
Calvert
Campbell
Canady
Capps
Cardin
Carson
Castle
Chabot
Christensen
Clay
Clayton
Clement
Clyburn
Coburn
Condit
Cook
Cooksey
Costello
Coyne
Cramer
Crane
Cummings
Danner
Davis (FL)
Davis (IL)
Davis (VA)
DeFazio
DeGette
Delahunt
DeLauro
Dellums
Deutsch
Diaz-Balart
Dicks
Dingell
Dixon
Doggett
Dooley
Doyle
Dreier
Edwards
Ehlers
Engel
English
Ensign
Eshoo
Etheridge
Evans
Fattah
Fazio
Filner
Flake
Ford
Fox
Frank (MA)
Franks (NJ)
Frost
Furse
Gejdenson
Gephardt
Gilchrest
Gilman
Goode
Goodlatte
Goodling
Gordon
Green
Greenwood
Gutierrez
Gutknecht
Hall (OH)
Hamilton
Harman
Hastings (FL)
Hefner
Hilliard
Hinchey
Hinojosa
Holden
Hooley
Horn
Houghton
Hoyer
Hutchinson
Jackson (IL)
Jackson-Lee (TX)
Jefferson
John
Johnson (CT)
Johnson (WI)
Johnson, E. B.
Kanjorski
Kaptur
Kasich
Kennedy (MA)
Kennedy (RI)
Kennelly
Kildee
Kilpatrick
Kind (WI)
Kingston
Kleczka
Klink
Klug
Kolbe
Kucinich
LaFalce
Lampson
Lantos
Leach
Levin
Lewis (GA)
LoBiondo
Lofgren
Lowey
Lucas
Luther
Maloney (CT)
Maloney (NY)
Markey
Martinez
Mascara
Matsui
McCarthy (MO)
McCarthy (NY)
McDade
McDermott
McGovern
McHale
McInnis
McIntyre
McKeon
McKinney
McNulty
Meehan
Meek
Menendez
Metcalf
Mica
Millender-McDonald
Miller (CA)
Minge
Mink
Moakley
Mollohan
Moran (VA)
Morella
Murtha
Nadler
Neal
Ney
Nussle
Oberstar
Obey
Olver
Ortiz
Owens
Pallone
Pappas
Pascrell
Pastor
Payne
Pelosi
Peterson (MN)
Petri
Pickett
Pombo
Pomeroy
Portman
Poshard
Price (NC)
Quinn
Radanovich
Rahall
Ramstad
Rangel
Redmond
Reyes
Riggs
Rivers
Rodriguez
Roemer
Ros-Lehtinen
Rothman
Roybal-Allard
Royce
Rush
Sabo
Sanchez
Sanders
Sandlin
Sanford
Sawyer
Saxton
Scarborough
Schumer
Scott
Sensenbrenner
Serrano
Shaw
Shays
Sherman
Sisisky
Skaggs
Skelton
Slaughter
Smith (MI)
Smith (NJ)
Smith (TX)
Smith, Adam
Snyder
Spratt
Stabenow
Stark
Stokes
Strickland
Stupak
Tanner
Tauscher
Thomas
Thompson
Thurman
Tierney
Torres
Towns
Traficant
Turner
Upton
Velázquez
Vento
Visclosky
Wamp
Waters
Watt (NC)
Watts (OK)
Waxman
Weldon (PA)
Weller
Wexler
Weygand
Wise
Woolsey
Wynn
Yates
Young (FL)

NOES—150

Aderholt
Archer
Armey
Baker
Barr
Bartlett
Barton
Bass
Bateman
Bilbray
Bilirakis
Bliley
Boehner
Bonilla
Bono
Brady
Bryant
Bunning
Burr
Burton
Buyer
Callahan
Camp
Cannon
Chambliss
Chenoweth
Coble
Collins
Combest
Crapo
Cubin
Cunningham
Deal
DeLay
Dickey
Doolittle
Duncan
Dunn
Ehrlich
Emerson
Everett
Ewing
Fawell
Foley
Forbes
Fowler
Frelinghuysen
Gallegly
Ganske
Gekas
Gibbons
Gillmor
Goss
Graham
Granger
Hall (TX)
Hansen
Hastert
Hastings (WA)
Hayworth
Hefley
Herger
Hill
Hilleary
Hobson
Hoekstra
Hostettler
Hulshof
Hunter
Hyde
Inglis
Istook
Jenkins
Johnson, Sam
Jones
Kelly
Kim
King (NY)
Knollenberg
LaHood
Largent
Latham
LaTourette
Lazio
Lewis (CA)
Lewis (KY)
Linder
Lipinski
Livingston
Manton
Manzullo
McCrery
McHugh
McIntosh
Miller (FL)
Moran (KS)
Myrick
Nethercutt
Northup
Norwood
Oxley
Packard
Parker
Paul
Paxon
Pease
Peterson (PA)
Pickering
Pitts
Porter
Regula
Riley
Rogan
Rogers
Rohrabacher
Roukema
Ryun
Salmon
Schaefer, Dan
Schaffer, Bob
Sessions
Shadegg
Shimkus
Shuster
Skeen
Smith (OR)
Smith, Linda
Snowbarger
Solomon
Souder
Spence
Stearns
Stenholm
Stump
Sununu
Talent
Tauzin
Taylor (MS)
Taylor (NC)
Thornberry
Thune
Tiahrt
Walsh
Watkins
Weldon (FL)
White
Whitfield
Wicker
Wolf
Young (AK)

NOT VOTING—10

Becerra
Conyers
Cox
Farr
Foglietta
Gonzalez
McCollum
Neumann
Pryce (OH)
Schiff

□ 1330

Mr. HOBSON changed his vote from "aye" to "no."

So the amendment was agreed to.

The result of the vote was announced as above recorded.

AMENDMENT NO. 32 OFFERED BY MR. PAUL

The SPEAKER pro tempore (Mr. THORNBERRY). The unfinished business is the demand for a recorded vote on amendment No. 32 offered by the gentleman from Texas [Mr. PAUL] on which further proceedings were postponed and on which the noes prevailed by voice vote.

The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment No. 32 offered by Mr. PAUL:

After the last section (preceding the short title), insert the following:

LIMITATION ON FUNDS FOR ABORTION, FAMILY PLANNING, OR POPULATION CONTROL EFFORTS

SEC. 572. (a) None of the funds appropriated or otherwise made available by this Act may be made available for—

(1) population control or population planning programs;

(2) family planning activities; or

(3) abortion procedures.

RECORDED VOTE

The SPEAKER pro tempore. A recorded vote has been demanded.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 147, noes 278, not voting 8, as follows:

[Roll No. 358]

AYES—147

Aderholt
Archer
Armey
Bachus
Baker
Barcia
Barr
Bartlett
Barton
Bilirakis
Bliley
Blunt
Boehner
Bonilla
Bono
Brady
Bryant
Bunning
Burr
Burton
Buyer
Camp
Canady
Cannon
Chabot
Chambliss
Christensen
Coble
Coburn
Collins
Combest
Cooksey
Costello
Cox
Crane
Crapo
Deal
DeLay
Dickey
Doolittle
Duncan
Emerson
Ensign
Everett
Forbes
Gillmor
Goode
Goodlatte
Goodling
Graham
Hall (TX)
Hastert
Hastings (WA)
Hayworth
Hefley
Herger
Hilleary
Hoekstra
Hostettler
Hulshof
Hunter
Hutchinson
Hyde
Inglis
Istook
Jenkins
John
Johnson, Sam
Jones
Kasich
Kildee
King (NY)
Kingston
Kucinich
LaHood
Largent
Latham
Lewis (KY)
Linder
Lipinski
Livingston
LoBiondo
Lucas
Manzullo
McIntosh
McKeon
Metcalf
Mica
Moran (KS)
Myrick
Ney
Northup
Norwood
Nussle
Oberstar
Pappas
Parker
Paul
Paxon
Pease
Peterson (MN)
Petri
Pickering
Pitts
Pombo
Portman
Poshard
Quinn
Rahall
Redmond
Riley
Rogers
Royce
Ryun
Salmon
Scarborough
Schaefer, Dan
Schaffer, Bob
Sensenbrenner
Sessions
Shadegg
Shimkus
Skelton
Smith (MI)
Smith, Linda
Snowbarger
Solomon
Souder
Stearns
Stenholm
Stump
Talent
Tauzin
Taylor (MS)
Taylor (NC)
Thornberry
Thune
Tiahrt
Wamp
Watkins
Watts (OK)
Weldon (FL)
Weldon (PA)
Weller
Whitfield
Wicker
Young (FL)

NOES—278

Abercrombie
Ackerman
Allen
Andrews
Baesler
Baldacci
Ballenger
Barrett (NE)
Barrett (WI)
Bass
Bateman
Becerra
Bentsen
Bereuter
Berman
Berry
Bilbray
Bishop
Blagojevich
Blumenauer
Boehlert
Bonior
Borski
Boswell
Boucher
Boyd
Brown (CA)
Brown (FL)
Brown (OH)
Callahan
Calvert
Campbell
Capps
Cardin
Carson
Castle
Chenoweth
Clay
Clayton
Clement
Clyburn
Condit
Conyers
Cook
Coyne
Cramer
Cubin
Cummings
Cunningham
Danner
Davis (FL)
Davis (IL)
Davis (VA)
DeFazio
DeGette
Delahunt
DeLauro
Dellums
Deutsch
Diaz-Balart
Dicks
Dingell
Dixon
Doggett
Dooley
Doyle
Dreier
Dunn
Edwards
Ehlers
Ehrlich
Engel
Eshoo
Etheridge
Evans
Ewing
Farr
Fattah
Fawell
Fazio
Filner
Flake
Foglietta
Foley
Ford
Fowler
Fox
Frank (MA)
Franks (NJ)
Frelinghuysen
Frost
Furse
Gallegly
Ganske
Gejdenson
Gekas
Gephardt
Gibbons
Gilchrest
Gilman
Gordon
Goss
Granger
Green
Greenwood
Gutierrez
Gutknecht
Hall (OH)
Hamilton
Hansen
Harman
Hastings (FL)
Hefner
Hill
Hilliard
Hinchey
Hinojosa
Hobson
Holden
Hooley
Horn
Houghton
Hoyer
Jackson (IL)
Jackson-Lee (TX)
Jefferson
Johnson (CT)
Johnson (WI)
Johnson, E. B.
Kanjorski
Kaptur
Kelly
Kennedy (MA)
Kennedy (RI)
Kennelly
Kilpatrick
Kim
Kind (WI)
Kleczka
Klink
Klug
Knollenberg
Kolbe
LaFalce
Lampson
Lantos
LaTourette
Lazio
Leach
Levin
Lewis (CA)
Lewis (GA)
Lofgren
Lowey
Luther
Maloney (CT)
Maloney (NY)
Manton
Markey
Martinez
Mascara
Matsui
McCarthy (MO)
McCarthy (NY)
McCrery
McDade
McDermott
McGovern
McHale
McHugh
McInnis
McIntyre
McKinney
McNulty
Meehan
Meek
Menendez
Millender-McDonald
Miller (CA)
Miller (FL)
Minge
Mink
Moakley
Mollohan
Moran (VA)
Morella
Murtha
Nadler
Neal
Nethercutt
Obey
Olver
Ortiz
Owens
Oxley
Packard
Pallone
Pascrell
Pastor
Payne
Pelosi
Peterson (PA)
Pickett
Pomeroy
Porter
Price (NC)
Radanovich
Ramstad
Rangel
Regula
Reyes
Riggs
Rivers
Rodriguez
Roemer
Rogan
Rohrabacher
Ros-Lehtinen
Rothman
Roukema
Roybal-Allard
Rush
Sabo
Sanchez
Sanders
Sandlin
Sanford
Sawyer
Saxton
Schumer
Scott
Serrano
Shaw
Shays
Sherman
Shuster
Sisisky
Skaggs
Skeen
Slaughter
Smith (OR)
Smith (TX)
Smith, Adam
Snyder
Spence
Spratt
Stabenow
Stark
Stokes
Strickland
Stupak
Sununu
Tanner
Tauscher
Thomas
Thompson
Thurman
Tierney
Torres
Towns
Traficant
Turner
Upton
Velázquez
Vento
Visclosky
Walsh
Waters
Watt (NC)
Waxman
Wexler
Weygand
White
Wise
Woolsey
Wynn
Yates
Young (AK)

NOT VOTING—8

English
Gonzalez
McCollum
Neumann
Pryce (OH)
Schiff
Smith (NJ)
Wolf

Mrs. EMERSON, Mr. ROYCE, and Mr. SMITH of Michigan changed their vote from "no" to "aye."

So the amendment was rejected.

The result of the vote was announced as above recorded.

PERSONAL EXPLANATION

Mrs. CHENOWETH. Mr. Chairman, on rollcall vote No. 358, I was mistakenly recorded as voting "no."

I ask to have it reflected in the RECORD that I should have been recorded as voting "aye" on this rollcall vote.

PERSONAL EXPLANATION

Mr. OBERSTAR. Mr. Chairman, on rollcall No. 358 I inadvertently voted "yes." I intended to vote "no." I have, throughout my service in the Congress, consistently supported international family planning funds, as long as those funds are not used to perform or promote abortions. The Paul amendment would have cut off all family planning funds, a position which I do not support.

☐ 1345

AMENDMENT NO. 41 OFFERED BY MR. FOX OF PENNSYLVANIA

The CHAIRMAN. The unfinished business is the demand for a recorded vote on amendment No. 41 offered by the gentleman from Pennsylvania [Mr. FOX] on which further proceedings were postponed and on which the noes prevailed by voice vote.

The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment No. 41 offered by Mr. FOX of Pennsylvania:

Page 94, after line 3, insert the following:

SEC. 572. None of the funds made available under the heading "DEVELOPMENT ASSISTANCE" may be used to directly support or promote trophy hunting or the international commercial trade in elephant ivory, elephant hides, or rhinoceros horns.

RECORDED VOTE

The CHAIRMAN. A recorded vote has been demanded.

A recorded vote was ordered.

The CHAIRMAN. This is a 5-minute vote.

The vote was taken by electronic device, and there were—ayes 159, noes 267, answered "present" 1, not voting 7, as follows:

[Roll No. 359]

AYES—159

Abercrombie
Ackerman
Allen
Andrews
Baldacci
Bentsen
Berman
Blagojevich
Blumenauer
Bonior
Bono
Borski
Brown (OH)
Capps
Cardin
Carson
Castle
Clay
Clayton
Clement
Conyers
Cook
Coyne
Crane
Cummings
Davis (VA)
DeFazio
DeGette
DeLauro
Dellums
Deutsch
Diaz-Balart
Dicks
Dixon
Doggett
Dooley
Engel
Ensign
Eshoo
Etheridge
Evans
Farr
Fattah
Fawell
Fazio
Filner
Foglietta
Ford
Fox
Frank (MA)
Frelinghuysen
Furse
Gallegly
Gejdenson
Gephardt
Gilman
Goodling
Gutierrez
Hall (OH)
Harman
Hastings (FL)
Hinchey
Hooley
Hostettler
Houghton
Hutchinson
Jackson (IL)
Jackson-Lee (TX)
Kaptur
Kasich
Kelly
Kennedy (MA)
Kennedy (RI)
Kennelly
Kildee
Kilpatrick
Kind (WI)
Kucinich
LaFalce
Lampson
Lantos
Lazio
Leach
Levin
Lewis (GA)
Lofgren
Lowey
Luther
Maloney (CT)
Maloney (NY)
Manton
Markey
Matsui
McCarthy (MO)
McCarthy (NY)
McDermott
McGovern
McHale
McKinney
McNulty
Meehan
Meek
Millender-McDonald
Miller (CA)
Mink
Moakley
Morella
Nadler
Neal
Nussle
Oberstar
Olver
Pallone
Pascrell
Pastor
Paul
Payne
Pelosi
Pomeroy
Portman
Price (NC)
Rangel
Rivers
Rogan
Ros-Lehtinen
Roukema
Roybal-Allard
Sabo
Sawyer
Schumer
Scott
Serrano
Shays
Sherman
Skaggs
Slaughter
Smith (MI)
Smith (NJ)
Smith, Adam
Snyder
Spratt
Stabenow
Stark
Stokes
Tauscher
Tierney
Torres
Towns
Velázquez
Vento
Visclosky
Waters
Waxman
Weldon (PA)
Wexler
Weygand
Woolsey
Wynn
Yates

NOES—267

Aderholt
Archer
Armey
Bachus
Baesler
Baker
Ballenger
Barcia
Barr
Barrett (NE)
Barrett (WI)
Bartlett
Barton
Bass
Bateman
Becerra
Bereuter
Berry
Bilbray
Bilirakis
Bishop
Bliley
Blunt
Boehlert
Boehner
Bonilla
Boswell
Boyd
Brady
Brown (CA)
Brown (FL)
Bryant
Bunning
Burr
Burton
Buyer
Callahan
Calvert
Camp
Campbell
Canady
Cannon
Chabot
Chambliss
Chenoweth
Christensen
Clyburn
Coble
Coburn
Collins
Combest
Condit
Cooksey
Costello
Cox
Cramer
Crapo
Cubin
Cunningham
Danner
Davis (FL)
Davis (IL)
Deal
Delahunt
DeLay
Dickey
Dingell
Doolittle
Doyle
Dreier
Duncan
Dunn
Edwards
Ehlers
Ehrlich
Emerson
English
Everett
Ewing
Flake
Foley
Forbes
Fowler
Franks (NJ)
Frost
Ganske
Gekas
Gibbons
Gilchrest
Gillmor
Gingrich
Goode
Goodlatte
Gordon
Goss
Graham
Granger
Green
Gutknecht
Hall (TX)
Hamilton
Hansen
Hastert
Hastings (WA)
Hayworth
Hefley
Hefner
Herger
Hill
Hilleary
Hilliard
Hinojosa
Hobson
Hoekstra
Holden
Horn
Hoyer
Hulshof
Hunter
Hyde
Inglis
Istook
Jefferson
Jenkins
John
Johnson (CT)
Johnson (WI)
Johnson, E. B.
Johnson, Sam
Jones
Kanjorski
Kim
King (NY)
Kingston
Kleczka
Klink
Klug
Knollenberg
Kolbe
LaHood
Largent
Latham
LaTourette
Lewis (CA)
Lewis (KY)
Linder
Lipinski
Livingston
LoBiondo
Lucas
Manzullo
Martinez
Mascara
McCrery
McHugh
McInnis
McIntosh
McIntyre
McKeon
Menendez
Metcalf
Mica
Miller (FL)
Minge
Mollohan
Moran (KS)
Moran (VA)
Murtha
Myrick
Nethercutt
Ney
Northup
Norwood
Obey
Ortiz
Owens
Oxley
Packard
Pappas
Parker
Paxon
Pease
Peterson (MN)
Peterson (PA)
Petri
Pickering
Pickett
Pitts
Pombo
Porter
Poshard
Quinn
Radanovich
Rahall
Ramstad
Redmond
Regula
Reyes
Riggs
Riley
Rodriguez
Roemer
Rogers
Rohrabacher
Rothman
Royce
Rush
Ryun
Salmon
Sanchez
Sanders
Sandlin
Sanford
Saxton
Scarborough
Schaefer, Dan
Schaffer, Bob
Sensenbrenner
Sessions
Shadegg
Shaw
Shimkus
Shuster
Sisisky
Skeen
Skelton
Smith (OR)
Smith (TX)
Smith, Linda
Snowbarger
Solomon
Souder
Spence
Stearns
Stenholm
Strickland
Stump
Stupak
Sununu
Talent
Tanner
Tauzin
Taylor (MS)
Taylor (NC)
Thomas
Thompson
Thornberry
Thune
Thurman
Tiahrt
Traficant
Turner
Upton
Walsh
Wamp
Watkins
Watt (NC)
Watts (OK)
Weldon (FL)
Weller
White
Whitfield
Wicker
Wise
Wolf
Young (AK)
Young (FL)

ANSWERED "PRESENT"—1

McDade

NOT VOTING—7

Boucher
Gonzalez
Greenwood
McCollum
Neumann
Pryce (OH)
Schiff

☐ 1353

Messrs. KLECZKA, McINTYRE, MORAN of Kansas, and SANFORD changed their vote from "aye" to "no."

Mrs. CLAYTON, Mr. WYNN, Mr. FORD, and Ms. Harman changed their vote from "no" to "aye."

So the amendment was rejected.

The result of the vote was announced as above recorded.

AMENDMENT NO. 17 OFFERED BY MR. TORRES

The CHAIRMAN. The unfinished business is the demand for a recorded vote on amendment No. 17 offered by the gentleman from California [Mr. TORRES] on which further proceedings were postponed and on which the noes prevailed by voice vote.

The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment No. 17 offered by Mr. TORRES:

At the end of the bill, insert after the last section (preceding the short title) the following new section:

PROHIBITION ON FUNDS FOR SCHOOL OF THE AMERICAS

SEC. 572. Notwithstanding any other provision of this Act, none of the funds appropriated or otherwise made available by this Act may be used for programs at the United States Army School of the Americas located at Fort Benning, Georgia.

RECORDED VOTE

The CHAIRMAN. A recorded vote has been demanded.

A recorded vote was ordered.

The CHAIRMAN. This is a 5-minute vote.

The vote was taken by electronic device, and there were—ayes 210, noes 217, not voting 7, as follows:

[Roll No. 360]

AYES—210

Abercrombie
Ackerman
Allen
Baesler
Baldacci
Barcia
Barrett (WI)
Becerra
Bentsen
Berman
Blagojevich
Blumenauer
Boehlert
Bonior
Borski
Boucher
Brown (CA)
Brown (OH)
Bunning
Camp
Campbell
Capps
Cardin
Carson
Clay
Clayton
Clement
Coble
Coburn
Conyers
Costello
Coyne
Cummings
Davis (IL)
DeFazio
DeGette
Delahunt
DeLauro
Dellums
Dixon
Doggett
Dooley
Doyle
Duncan
Ehlers
Engel
English
Eshoo
Etheridge
Evans
Farr
Fattah
Fawell
Fazio
Filner
Flake
Foglietta
Foley
Forbes
Ford
Fox
Frank (MA)
Franks (NJ)
Frost
Furse
Gejdenson
Gephardt
Gibbons
Gilchrest
Goode
Goodling
Gordon
Green
Greenwood
Gutierrez

Gutknecht
Hall (OH)
Harman
Hefner
Hinchey
Hinojosa
Holden
Hooley
Hulshof
Jackson (IL)
Jackson-Lee (TX)
Jefferson
Johnson (CT)
Johnson (WI)
Johnson, E. B.
Kanjorski
Kaptur
Kelly
Kennedy (MA)
Kennedy (RI)
Kennelly
Kildee
Kilpatrick
Kind (WI)
Kleczka
Klink
Klug
Kucinich
Lampson
Lantos
LaTourette
Lazio
Leach
Levin
Lewis (GA)
Lipinski
LoBiondo
Lofgren
Lowey
Luther
Maloney (CT)
Maloney (NY)
Manton
Markey
Mascara
Matsui
McCarthy (MO)
McCarthy (NY)
McDermott
McGovern
McHale
McKinney
McNulty
Meehan
Miller (CA)
Minge
Mink
Moakley
Moran (KS)
Moran (VA)
Morella
Nadler
Neal
Nussle
Oberstar
Obey
Olver
Owens
Pallone
Pascrell
Pastor
Paul
Payne
Pelosi
Peterson (MN)
Petri
Pomeroy
Porter
Poshard
Price (NC)
Quinn
Rahall
Ramstad
Rangel
Rivers
Rodriguez
Roemer
Rothman
Roukema
Roybal-Allard
Rush
Sabo
Salmon
Sanchez
Sanders
Sawyer
Scarborough
Schaffer, Bob
Schumer
Sensenbrenner
Serrano
Shays
Sherman
Skaggs
Slaughter
Smith (MI)
Smith (NJ)
Smith, Adam
Stabenow
Stark
Stokes
Strickland
Stupak
Talent
Tauscher
Taylor (NC)
Thompson
Thurman
Tierney
Torres
Towns
Traficant
Turner
Upton
Velázquez
Vento
Walsh
Waters
Watt (NC)
Waxman
Wexler
Weygand
Woolsey
Wynn
Yates

NOES—217

Aderholt
Andrews
Archer
Armey
Bachus
Baker
Ballenger
Barr
Barrett (NE)
Bartlett
Barton
Bass
Bateman
Bereuter
Berry
Bilirakis
Bishop
Bliley
Blunt
Boehner
Bonilla
Bono
Boswell
Boyd
Brady
Brown (FL)
Bryant
Burr
Burton
Buyer
Callahan
Calvert
Canady
Cannon
Castle
Chabot
Chambliss
Chenoweth
Christensen
Clyburn
Collins
Combest
Condit
Cook
Cooksey
Cox
Cramer
Crane
Crapo
Cubin
Cunningham
Danner
Davis (FL)
Davis (VA)
Deal
DeLay
Deutsch
Diaz-Balart
Dickey
Dicks
Dingell
Doolittle
Dreier
Dunn
Edwards
Ehrlich
Emerson
Ensign
Everett
Ewing
Fowler
Frelinghuysen
Gallegly
Ganske
Gekas
Gillmor
Gilman
Gingrich
Goodlatte
Goss
Graham
Granger
Hall (TX)
Hamilton
Hansen
Hastert
Hastings (FL)
Hastings (WA)
Hayworth
Hefley
Herger
Hill
Hilleary
Hilliard
Hobson
Hoekstra
Horn
Hostettler
Hoyer
Hunter
Hutchinson
Hyde
Inglis
Istook
Jenkins
John
Johnson, Sam
Jones
Kasich
Kim
King (NY)
Kingston
Knollenberg
Kolbe
LaFalce
LaHood
Largent
Latham
Lewis (CA)
Lewis (KY)
Linder
Livingston
Lucas
Manzullo
Martinez
McCrery
McDade
McHugh
McInnis
McIntosh
McIntyre
McKeon
Meek
Menendez
Metcalf
Mica
Millender-McDonald
Miller (FL)
Mollohan
Murtha
Myrick
Nethercutt
Ney
Northup
Norwood
Ortiz
Oxley
Packard
Pappas
Parker
Paxon
Pease
Peterson (PA)
Pickering
Pickett
Pitts
Pombo
Portman
Radanovich
Redmond
Regula
Reyes
Riggs
Riley
Rogan
Rogers
Rohrabacher
Ros-Lehtinen
Royce
Ryun
Sandlin
Sanford
Saxton
Schaefer, Dan
Scott
Sessions
Shadegg
Shaw
Shimkus
Shuster
Sisisky
Skeen
Skelton
Smith (OR)
Smith (TX)
Smith, Linda
Snowbarger
Snyder
Solomon
Souder
Spence
Spratt
Stearns
Stenholm
Stump
Sununu
Tanner
Tauzin
Taylor (MS)
Thomas
Thornberry
Thune
Tiahrt
Visclosky
Wamp
Watkins
Watts (OK)
Weldon (FL)
Weldon (PA)
Weller
White
Whitfield
Wicker
Wise
Wolf
Young (AK)
Young (FL)

NOT VOTING—7

Bilbray
Gonzalez
Houghton
McCollum
Neumann
Pryce (OH)
Schiff

□ 1402

Mr. WISE and Ms. BROWN of Florida changed their vote from "aye" to "no."

So the amendment was rejected.

The result of the vote was announced as above recorded.

AMENDMENT NO. 3 OFFERED BY MR. STEARNS

The CHAIRMAN (Mr. THORNBERRY). The unfinished business is the demand for a recorded vote on amendment No. 3 in House Report 105-184 offered by the gentleman from Florida [Mr. STEARNS] on which further proceedings were postponed and on the ayes prevailed by voice vote.

The Clerk will redesignate the amendment.

The text of the amendment is as follows:

Amendment No. 3 offered by Mr. STEARNS:

At the end of the bill, insert after the last section (preceding the short title) the following new section:

SENSE OF THE CONGRESS REGARDING COSTS OF THE PARTNERSHIP FOR PEACE PROGRAM AND NATO EXPANSION

SEC. 572. It is the sense of the Congress that all member nations of the North Atlantic Treaty Organization (NATO) should contribute their proportionate share to pay for the costs of the Partnership for Peace program and for any future costs attributable to the expansion of NATO.

RECORDED VOTE

The CHAIRMAN. A recorded vote has been demanded.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 425, noes 0, not voting 8, as follows:

[Roll No. 361]

AYES—425

Abercrombie
Ackerman
Aderholt
Allen
Andrews
Archer
Armey
Bachus
Baesler
Baker
Baldacci
Ballenger
Barcia
Barr
Barrett (NE)
Barrett (WI)
Bartlett
Barton
Bass
Bateman
Becerra
Bentsen
Bereuter
Berman
Berry
Bilbray
Bilirakis
Bishop
Blagojevich
Bliley
Blumenauer
Blunt
Boehlert
Boehner
Bonilla
Bonior
Bono
Borski
Boswell
Boucher
Boyd
Brady
Brown (CA)
Brown (FL)
Brown (OH)
Bryant
Bunning
Burr
Burton
Buyer
Callahan
Calvert
Camp
Campbell
Canady
Cannon
Capps
Cardin
Carson
Castle
Chabot
Chambliss
Chenoweth
Christensen
Clay
Clayton
Clement
Clyburn
Coble
Coburn
Collins
Combest
Condit
Conyers
Cook
Cooksey
Costello
Cox
Coyne
Cramer
Crane
Crapo
Cubin
Cummings
Cunningham
Danner
Davis (FL)
Davis (IL)
Davis (VA)
Deal
DeFazio
DeGette
Delahunt
DeLauro
DeLay
Dellums
Deutsch
Diaz-Balart
Dickey
Dicks
Dingell
Dixon
Doggett
Dooley
Doolittle
Doyle
Dreier
Duncan
Dunn
Edwards
Ehlers
Ehrlich
Emerson
Engel
English
Ensign
Eshoo
Etheridge
Evans
Everett
Ewing
Farr
Fattah
Fawell
Fazio
Filner
Flake
Foglietta
Foley
Forbes
Ford
Fowler
Fox
Frank (MA)
Franks (NJ)
Frelinghuysen
Frost
Furse
Gallegly
Ganske
Gejdenson
Gekas
Gephardt
Gibbons
Gilchrest
Gillmor
Gilman
Goode
Goodlatte
Goodling
Gordon
Goss
Graham
Granger
Green
Greenwood
Gutierrez
Gutknecht
Hall (OH)
Hall (TX)
Hamilton
Hansen
Harman
Hastert
Hastings (FL)
Hastings (WA)
Hayworth
Hefley
Hefner
Herger
Hill
Hilleary
Hilliard
Hinchey
Hinojosa
Hobson
Hoekstra
Holden
Hooley
Horn
Hostettler
Houghton
Hoyer
Hulshof
Hunter
Hutchinson
Hyde
Inglis
Istook
Jackson (IL)
Jackson-Lee (TX)
Jefferson
Jenkins
John
Johnson (CT)
Johnson (WI)
Johnson, E.B.
Johnson, Sam
Jones
Kanjorski
Kaptur
Kasich
Kelly
Kennedy (MA)
Kennedy (RI)
Kennelly
Kildee
Kilpatrick
Kim
Kind (WI)
King (NY)
Kingston
Kleczka
Klink
Klug
Knollenberg
Kolbe
Kucinich
LaFalce
LaHood
Lampson
Lantos
Largent
Latham
LaTourette
Lazio
Leach
Levin
Lewis (CA)
Lewis (GA)
Lewis (KY)
Linder
Lipinski
Livingston
LoBiondo
Lofgren
Lowey
Lucas
Luther
Maloney (CT)
Maloney (NY)
Manton
Manzullo
Markey
Martinez
Mascara
Matsui
McCarthy (MO)
McCarthy (NY)
McCrery
McDade
McDermott
McGovern
McHale
McHugh
McInnis
McIntosh
McIntyre
McKinney
McNulty
Meehan
Meek
Menendez
Metcalf
Mica
Millender-McDonald
Miller (CA)
Miller (FL)
Minge
Mink
Mollohan
Moran (KS)
Moran (VA)
Morella
Murtha
Myrick
Nadler
Neal
Nethercutt
Ney
Northup
Norwood
Nussle
Oberstar
Obey
Olver
Ortiz
Owens
Oxley
Packard
Pallone
Pappas
Parker
Pascrell
Pastor
Paul
Paxon
Payne
Pease
Pelosi
Peterson (MN)
Peterson (PA)
Petri
Pickering
Pickett
Pitts
Pombo
Pomeroy
Porter
Portman
Poshard
Price (NC)
Quinn

Radanovich
Rahall
Ramstad
Rangel
Redmond
Regula
Reyes
Riggs
Riley
Rivers
Rodriguez
Roemer
Rogan
Rogers
Rohrabacher
Ros-Lehtinen
Roukema
Roybal-Allard
Royce
Rush
Ryun
Sabo
Salmon
Sanchez
Sanders
Sandlin
Sanford
Sawyer
Saxton
Scarborough
Schaefer, Dan
Schaffer, Bob
Schumer
Scott
Sensenbrenner
Serrano
Sessions
Shadegg
Shaw
Shays
Sherman
Shimkus
Shuster
Sisisky
Skaggs
Skeen
Skelton
Slaughter
Smith (MI)
Smith (NJ)
Smith (OR)
Smith (TX)
Smith, Adam
Smith, Linda
Snowbarger
Snyder
Solomon
Souder
Spence
Spratt
Stabenow
Stark
Stearns
Stenholm
Stokes
Strickland
Stump
Stupak
Sununu
Talent
Tanner
Tauscher
Tauzin
Taylor (MS)
Taylor (NC)
Thomas
Thompson
Thornberry
Thune
Thurman
Tiahrt
Tierney
Torres
Towns
Traficant
Turner
Upton
Velázquez
Vento
Visclosky
Walsh
Wamp
Waters
Watkins
Watt (NC)
Watts (OK)
Waxman
Weldon (FL)
Weldon (PA)
Weller
Wexler
Weygand
White
Whitfield
Wicker
Wise
Wolf
Woolsey
Wynn
Yates
Young (AK)
Young (FL)

NOT VOTING—8

Gonzalez
McCollum
McKeon
Moakley
Neumann
Pryce (OH)
Rothman
Schiff

□ 1411

Mr. BERRY changed his vote from "no" to "aye."

So the amendment was agreed to.

The result of the vote was announced as above recorded.

PERSONAL EXPLANATION

Mr. GREENWOOD. Mr. Chairman, on rollcall No. 359, I was inadvertently detained. Had I been present, I would have voted "no."

Mr. COBURN. Mr. Chairman, I ask unanimous consent to strike the last word.

The CHAIRMAN. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

Mr. COBURN. Mr. Chairman, I would like to engage in a colloquy with the gentleman from Alabama [Mr. CALLAHAN], and I thank the gentleman for taking this time and opportunity to discuss the funding for the U.S. Man and the Biosphere Program.

Mr. Chairman, as the gentleman and I are both aware, the U.S. Man and the Biosphere Program operates through the State Department with funding from 15 different Federal agencies. Despite the fact that this program is 100-percent taxpayer funded, it has never been authorized by Congress. And in fiscal year 1996, the last year for which figures are available, the State Department, the U.S. Agency for International Development, and the Peace Corps contributed through interagency transfers over $311,000 to the U.S. Man and the Biosphere Program. Almost a third of that total was funds appropriated under the Foreign Operation Appropriations Act.

Mr. Chairman, I would simply like to ask whether the Subcommittee on Foreign Operations had appropriated such funds for or supports such interagency transfers for the U.S. Man and the Biosphere in the fiscal year 1998 appropriations.

□ 1415

Mr. CALLAHAN. Mr. Chairman, will the gentleman yield?

Mr. COBURN. I yield to the gentleman from Alabama.

Mr. CALLAHAN. Mr. Chairman, first of all, I would like to thank the gentleman from Oklahoma [Mr. COBURN] for bringing this matter to the attention of the full House. In answer to his question, no, the subcommittee did not appropriate funds for such interagency transfers for fiscal year 1998 or any other year of which I am aware.

As to whether or not the House supports the interagency transfer to U.S. Man and the Biosphere Program, I would have to answer, no, based upon the fact that the House passed Foreign Affairs Authorization Act, H.R. 1757.

As our colleagues are aware, on June 11 of this year the House passed by a vote of 222 to 202 the Coburn amendment to the Foreign Affairs Authorization Act. This amendment prohibits funds authorized by that act from being used in support of the U.S. Man and the Biosphere Program or other related programs. Based upon the actions of this body, no funds appropriated by H.R. 2159 should be used in support of the U.S. Man and the Biosphere Program. Consequently, no Federal agency funded under this act should attempt to transfer funds to the U.S. Man and the Biosphere Program.

Mr. COBURN. Mr. Chairman, I thank the chairman for that clarification. As the Members of this body are aware, the U.S. Man and the Biosphere Program has raised a number of questions ranging from violations of private property rights to misuse of tax dollars. Without specific congressional authorization that defines the role of the Biosphere Program and without congressional oversight, it is impossible to answer any of these questions. I can guarantee my colleagues that it is reassuring to my constituents and those of many other Western States to know that their tax dollars will not be used in support of a program which is not accountable to Congress.

On behalf of myself, our colleagues, the gentleman from Pennsylvania [Mr. PETERSON], the gentlewoman from Missouri [Mrs. EMERSON], the gentlewoman from Idaho [Mrs. CHENOWETH], the gentleman from Florida [Mr. STEARNS], and the gentleman from New York [Mr. SOLOMON], all of whom have assisted in bringing this program to light and assuring the proper use of Federal funds, I would like to thank the gentleman for providing this guidance to the agencies funded under this act.

Mr. CALLAHAN. Mr. Chairman, if the gentleman will continue to yield, I am pleased to have had this opportunity, and I thank the gentleman for engaging me in this discussion.

Ms. PELOSI. Mr. Chairman, will the gentleman yield?

Mr. COBURN. I yield to the gentlewoman from California.

Ms. PELOSI. Mr. Chairman, I rise to state my position with regard to this program and to respectfully disagree with my distinguished chairman and the maker of this, the initiator of this colloquy.

I do not agree that the statements accurately reflect the status of the Man and the Biosphere Program. Funding for the Man and the Biosphere Program was requested and has not been prohibited in this bill. I therefore want to clarify that, despite the statements made here this afternoon, and I rarely disagree with my distinguished chairman, funding for this project can move forward if Congress takes no further action, no further definitive action on it.

The citation to the Foreign Affairs Authorization Act does not apply, because that is not even the law. So at this time, this afternoon, at the time of this colloquy, there is no prohibition on Congress' spending funds for the Man and the Biosphere Program.

Mr. BROWN of California. Mr. Chairman, will the gentleman yield?

Mr. COBURN. I yield to the gentleman from California.

Mr. BROWN of California. Mr. Chairman, I thank the gentleman for yielding to me. There has been a great deal of discussion over whether Congress has given proper statutory guidance and authorization to the Man and the Biosphere Program and whether Congress has exercised enough oversight. These are of course functions and duties of Congress rather than the responsibility of the Man and the Biosphere Program and thus should not be cited as a reason for terminating funding for the program. These are also matters I have sought in good faith to address. The Man and the Biosphere Program is a program of scientific research, education, and training.

The CHAIRMAN. The time of the gentleman from Oklahoma [Mr. COBURN] has expired.

Mr. BROWN of California. Mr. Chairman, I ask unanimous consent to strike the last word.

The CHAIRMAN. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. BROWN of California. Continuing with my remarks, Mr. Chairman, the program does not regulate private property rights, and I am aware of absolutely no evidence that Federal officials have misused taxpayers' funds in carrying out this program.

I would point out that about two-thirds of the program is research conducted by a dozen or more different Federal agencies under their existing authorization to conduct research and does not need to be separately authorized by this legislation or any other. However, I would like to reiterate my areas of agreement with the gentleman from Oklahoma.

In view of the controversy that appears to surround the program, I do believe that it is appropriate to enact a specific organic statute for the program. I have introduced such legislation in the form of H.R. 1801, which, I might add, enjoys bipartisan support. I have also requested the Committee on Science to conduct oversight hearings on this program, and I might also point out that we are the only committee which has ever conducted oversight on this program, although it has been several years ago. Although it is somewhat rare to focus this level of legislative attention on such a small program, I am in full agreement that it would be healthy.

Finally, I would point out that nearly all of the funding expended by the Man and the Biosphere Program is for scientific research. The gentleman's expressed concern, however, is the impact of biosphere designation on private property rights. I would question the wisdom of killing off good peer-reviewed scientific research based on what is essentially an administrative concern. I suggest that it would be far more constructive to simply place a moratorium on new biosphere designations until these concerns are met rather than terminate ongoing scientific research. In fact, I recognize that the gentleman from Oklahoma is a supporter of good research, and I commend him for that.

This is the type of compromise, the one that I am suggesting, that I believe could be accommodated if the gentleman would join me in my efforts to advance H.R. 1801.

May I say further with regard to this whole debate that I want to commend the gentleman from Oklahoma and the gentleman from Alabama for the way in which it has been conducted. I feel that we have considerably enlightened the other Members with regard to this program. I want to thank them for their cooperation.

There has been a great deal of discussion on the floor of the House regarding the merits of the Man and the Biosphere Program and whether Congress has provided adequate legal authority to the executive branch to carry out the program.

In the fiscal year 1998 foreign operations budget request, as in previous years, the Man and the Biosphere Program is specifically detailed as a component of the international contributions for scientific, educational and cultural activities account. The foreign operations appropriations bill on page 37 and report on page 61 indicate no change to the President's request for this program. The principles of appropriations law are clear here—the effect of the bill and past appropriations bills has been to provide the requisite authority to the executive branch to expend funds on the program. When a lump sum appropriation is made for a collection of requested programs, and no specific intent is indicated to provide funds in addition to or less than the request, the executive branch may expend the requested funds. A conflicting intent expressed in another bill, in this case the foreign operations authorization bill, does not have any effect whatsoever on this authority if it is not enacted into law.

If, as the opponents of this program have implied, this is not the case and Federal officials have illegally expended such funds in the past, this would be a very serious violation of law. It would also mean that our somewhat elaborate system of checks and balances to ensure financial integrity within the executive branch has failed and that the chief financial officers for the participating agencies, the Comptroller General and others have been derelict in their duties. I do not believe this to be the case but if that is in fact the allegation that is being made, I would suggest that this be accompanied by a more serious showing of evidence and facts.

In addition, opponents of this program have questioned the authority of the executive branch to make interagency transfers in order to aggregate funds for common scientific purposes. Not only does this make good sense in reducing overhead and interagency duplication of effort, it is a principle that has long been followed and rests on a solid legal basis. The Economy Act of 1932, U.S.C. 1535, provides authority for Federal agencies to effect such transfers.

In addition, 22 U.S.C. 2656 authorizes the Secretary of State to conduct foreign policy including the coordination and oversight of science activities between the United States and foreign countries. Together, these statutes clearly provide the necessary administrative authority to carry out the Man and the Biosphere Program and no further authority is needed in appropriations bills. Thus, it can be said that the appropriations bill such as the foreign operations bill does not provide specific authority for the Man and the Biosphere Program simply because it is not needed.

Likewise, literally thousands of other Federal programs are included in appropriations bills that have not been authorized and are not based on specific organic statutes. To insist that each such program be based on a separate and unique enabling statute would place an unreasonable burden on the legislative process.

For example, the Committee on Science authorizes about $25 billion per year for programs under our jurisdiction. If each program of magnitude of the Man and the Biosphere Program received a separate organic statute and hearing, this would entail over 1 million hearings and bills per year.

However, given the obvious policy questions that have been raised over the Man and the Biosphere Program, it is entirely appropriate that just such special attention be given it in the legislative process. Thus I have introduced H.R. 1801 in an attempt to clarify what this program should do and what it should not do.

Mr. Chairman, I yield to the gentleman from Oklahoma [Mr. COBURN].

Mr. COBURN. Mr. Chairman, I appreciate the gentleman's graciousness in bringing forth his offer.

I think that the American public still needs to recognize that this is a program that has never been authorized by anybody, House or Senate. It has never had recent oversight. The line item appropriations have never been approved in any appropriation process, and the House has voted four times already this year to totally eliminate any funding and any authorization for this program. So I will join the gentleman in bringing forward his bill. I am not sure that I will support it, but I will fully support that we should have a vote on whether or not this should be an authorized program.

That has been my point from the start. If it is unauthorized, it should not be paid for. We should come forward with a bill to authorize it, if that is the will of this House.

I thank the gentleman for yielding.

Mr. BROWN of California. Mr. Chairman, I appreciate the gentleman's statement.

Mr. CALLAHAN. Mr. Chairman, I ask unanimous consent to strike the last word.

The CHAIRMAN. Is there objection to the request of the gentleman from Alabama?

There was no objection.

Mr. CALLAHAN. Mr. Chairman, I wanted to respond to the gentlewoman from California. We seldom disagree. Many times we disagree on issues which is what this body is all about. But let me just give you a brief history of where we are on this.

First of all, it was because of my request to this House under a unanimous consent, that the gentleman from Oklahoma [Mr. COBURN] was unable to present his amendment, even though he had filed it in a timely manner. If the amendment had been allowed to come to the floor, very obviously the House would have voted the same way they voted on the foreign relations bill, and indeed there would have been a prohibition in this bill.

My response to the gentleman from Oklahoma [Mr. COBURN] in our colloquy was simply, he asked, was there any money designated in this bill for the Man and the Biosphere Program. And the answer is, no, there is nothing in here. If there is any authorization in here for transfer, no, there is no authorization for transfer. So I think that the gentleman from Oklahoma [Mr. COBURN] and I represent a majority of the views of this House that it is not the will of the U.S. Congress to spend money on this program. In my colloquy, that is what I said. I simply said that based upon the vote on June 11, I have to answer no. It is not the direction of this House to spend money on this program.

Ms. PELOSI. Mr. Chairman, will the gentleman yield?

Mr. CALLAHAN. I yield to the gentlewoman from California.

Ms. PELOSI. Mr. Chairman, I thank the distinguished chairman for yielding to me and appreciate his elucidation of his previous remarks. However, the authorization bill, as the gentleman knows, is not the appropriations bill. While it is interesting for us to speculate as to what the will of the body is, the gentleman from Oklahoma [Mr. COBURN] regretfully did not have the opportunity to present his amendment and have a vote on it to legitimize the point of view and to have support one way or another registered.

I was only pointing out that there was no action taken by this House and by the Congress, that the law does not prohibit the funding of the Man and the Biosphere Program. I was making a more general statement that no such prohibition exists at this time despite the vote in the authorization.

Mr. CALLAHAN. There is no prohibition against spending a lot of this money in the State of Alabama, but they are not going to do it. And there is no prohibition, that is true, on this program. But it is the will of the House, based upon the June 11 vote, that obviously 222 Members of this body feel it should not be spent.

Ms. PELOSI. Mr. Chairman, if the gentleman will continue to yield, as an appropriator, I want to protect our prerogatives. And as appropriations chairman, I would hope that the gentleman's statement in favor of the position of the gentleman from Oklahoma [Mr. COBURN] would not therefore apply to all other amendments or provisions passed through the authorization process to, therefore, be foisted onto the appropriations process as law, just protecting the prerogative of the Appropriations Committee for those amendments that are not the law.

Mr. BROWN of California. Mr. Chairman, will the gentleman yield?

Mr. CALLAHAN. I yield to the gentleman from California.

Mr. BROWN of California. Mr. Chairman, I thank the gentleman again for yielding.

I commend the chairman, the distinguished chairman of the subcommittee, for the precise language that he has used and which I think is correct. I should point out, however, that the Senate, the other body, in its own wisdom, rejected this language in connection with the interior appropriations bill, and in all likelihood this will remain to be resolved in conference.

Mr. CALLAHAN. Mr. Chairman, I think the gentleman would further agree that the wisdom of the House is generally superior to that of the Senate.

Mr. BROWN of California. Mr. Chairman, I would always agree, but it does not always prevail.

Mr. TRAFICANT. Mr. Chairman, I ask unanimous consent to strike the last word.

The CHAIRMAN. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. TRAFICANT. Mr. Chairman, I ask for a colloquy with the distinguished chairman, the distinguished ranking member, and I want to state that Bucheit International, a company in my district, at the urging of the Vice President, the State Department and the Commerce Department and Builders for Peace was granted political risk insurance from the Overseas Private Investment Corporation [OPIC], to build a concrete molding plant in Gaza, and they are the first to have done so at the request of the administration and try to bring some investment American dollars to Gaza.

In 1995, the company received a $1.1 million OPIC loan. After they invested $4.4 million, the company has experienced unethical if not illegal treatment, and activity which has resulted in almost a default of this OPIC loan. In addition, the company was never reimbursed for any value-added taxes collected on goods headed for Gaza as it was supposed to have been. The company had been promised a 5-year tax moratorium. That was not granted.

The Palestinian Authority agreed to establish and supervise a monetary authority in Gaza, Mr. Chairman, in accordance with international banking law. However, the Bucheit International Co. has found the banking system to be below international standards. For example, I want to cite for the Record and for the gentleman's cognizance and understanding the importance of this issue as a microcosm of other investment in that region.

Corporate accounts of Bucheit International were opened without proper corporate documentation. Corporate checks denominated in dollars were endorsed and cashed by individuals without first being deposited into the corporate account. Canceled checks were not returned. Corporate funds in excess of $100,000 were used to guarantee an overdraft of a private individual without knowledge or approval of the corporation.

□ 1430

And a letter of guarantee was written by a bank without notifying the company, in violation of the management's strict instructions at the time of the process. Here is exactly what I am saying, Mr. Chairman. I had a number of amendments and I agree with the gentleman that legislating in appropriations bills is not the vehicle. We have the authorization chairman here and I am glad he is listening to this. But I ask for the gentleman's help in the conference report, to direct the administration, the Clinton administration and the executive branch, to look into this issue and resolve these lax standards of international banking law and the fact that this first company that was motivated and urged on behalf of the administration to make an investment, could get some justice, some fairness. They have been ripped off.

I am asking that there be some appropriate language placed in the conference report that would at least direct the administration to resolve these issues, to state these issues on the fact, as I believe this is the beginning, and if the Palestinian Authority wants to join the brotherhood of nations, they are going to have to be upfront and honest businesspeople. They cannot have banking systems that are going to rip off American investors who have been encouraged by the White House to make investments there.

I have no other choice here, and I have no other recourse for my company. The Palestinian Authority should not shirk its duties and obligations by blaming any individuals or any bank. I think it is imperative that we as a Congress must insist that Chairman Arafat take immediate steps to reimburse OPIC and the company for the investment before any further damages or any American company decides it is not worth investment in Gaza.

With that, I know it is a very complicated issue, but it is the beginning, Mr. Chairman, and there will be other American companies that will be ripped off because the precedent has been set. It has been un-American, to say the least, and downright illegal. Mr. Chairman, I ask for the gentleman's support.

Mr. CALLAHAN. Mr. Chairman, will the gentleman yield?

Mr. TRAFICANT. I yield to the gentleman from Alabama.

Mr. CALLAHAN. I appreciate the gentleman from Ohio bringing this matter to my attention. Hopefully we can begin the process of resolving this issue even before conference, because I have already instructed my staff to contact the administration to ask that they expeditiously look at this problem that the gentleman contends exists, which I am sure it does if he says it does, and to hopefully resolve it before that. But if indeed the gentleman's allegations are correct, and I have no reason to believe they are not, then we should take immediate steps to have it corrected.

The CHAIRMAN. The time of the gentleman from Ohio [Mr. TRAFICANT] has expired.

(By unanimous consent, Mr. TRAFICANT was allowed to proceed for 2 additional minutes.)

Mr. TRAFICANT. Mr. Chairman, I yield to the gentlewoman from California, the ranking member of the subcommittee.

Ms. PELOSI. I thank the gentleman for yielding. I am pleased to follow the lead of our chairman on this issue. He has been a champion for American business investment abroad and has called to the attention of foreign leaders problems that our businesses have had in newly emerging democracies and countries where we are encouraging investment. I know he has established his expertise and his standing on this issue, and I am pleased to follow his lead as he stated in the colloquy.

Mr. TRAFICANT. Mr. Chairman, I want to thank the chairman of the subcommittee, and I am also glad the chairman of the authorizing committee is here because I plan to sit down with the authorizers to see if we could address some general language so that these types of problems can be resolved through a proper authorizing mechanism as well. I again thank the chairman of the subcommittee for his leadership and his courtesy.

I would like to engage Chairman CALLAHAN in a colloquy on Bucheit International, a company in my district that has investments in Gaza.

In 1994, Bucheit International, with the support of the Office of the Vice President, the U.S. Department of Commerce, and Builders for Peace, was granted political risk insurance from the Overseas Private Investment Corporation [OPIC] to build a concrete molding plant in Gaza.

In 1995, Bucheit received a $1.1 million loan from OPIC for the purchase of additional equipment and working capital.

After investing $4.4 million in the area, however, Bucheit has experienced transportation and standards barriers, a mismanaged system of regulations, and unethical, if not illegal, activity, which has resulted in Bucheit's default on the OPIC loan.

In addition, Bucheit has never been reimbursed for any value-added-taxes [VAT] collected by Israel on goods headed for Gaza.

Bucheit has had difficulty obtaining proper invoices from Gaza suppliers, so simply day-to-day accounting has become an impossible task. Bucheit currently has a $75,000 payment pending.

Moreover, Bucheit had been promised, a 5-year tax moratorium by the Palestinian Authority which was never granted. Rather, Bucheit income taxes are automatically deducted on all final payments by the Palestinian Ministry of Finance.

The Palestinian Authority agreed to establish and supervise a monetary authority in Gaza, in accordance with international banking law. However, Bucheit has found the banking system to be well below international standards.

For example, Bucheit has discovered that: corporate accounts were opened without proper corporate documentation, corporate checks denominated in dollars were endorsed and cashed by individuals, without first being deposited into the corporate account, canceled checks were not returned, corporate funds in excess of $100,000 were used to guarantee an overdraft facility of a private individual, without knowledge or approval by the corporation, and a letter of guarantee was written by a bank without notifying Bucheit, in violation of Bucheit management's strict instructions.

Mr. Chairman, I ask for your commitment in including report language in the conference report on this bill, directing the Clinton administration to settle this matter between Bucheit, OPIC, the Cario Amman Bank, and the Palestinian Authority—in favor of Bucheit.

In many ways, the establishment of a lasting peace in the Middle East hinges on the ability of the Palestinians to develop the economies of the West Bank and Gaza strip. That development, to a large degree, will depend on U.S. investment in the region. Bucheit took a considerable risk in investing in Gaza.

Through no fault of its own, Bucheit has endured significant losses. Unless our Government takes strong action to redress this wrong, it will be extremely difficult to convince other U.S. companies to invest in Gaza and the West Bank.

Addendum From Pete Bucheit

1. The Palestinian Authority issues all bank charters and is responsible for monitoring and governing their local operations. Bucheit was a locally registered company with all employees.

2. The PA and the U.S. Government have a signed agreement wherein the PA guarantees and holds harmless U.S. companies (from what has happened to Bucheit, i.e., expropriation of its bank account which ultimately caused the OPIC loan default and the expropriation of its $4.4 million plant).

3. The PA should not shirk its duties and obligations by blaming individuals or the Cairo Amman Bank. Bucheit has complained to the PA for 1½ years to act and they have ignored all requests.

4. We demand that Chairman Arafat take immediate steps to reimburse OPIC and Bucheit for the money they invested in Gaza before damages (political and financial) go out of control.

AMENDMENT NO. 1 OFFERED BY MR. SMITH OF NEW JERSEY

Mr. SMITH of New Jersey. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment No. 1 printed in House Report 105–184 offered by Mr. SMITH of New Jersey:

At the end of the bill, insert after the last section (preceding the short tile) the following new section:

FOREIGN ORGANIZATIONS THAT PERFORM OR PROMOTE ABORTION OVERSEAS; FORCED ABORTION IN THE PEOPLE'S REPUBLIC OF CHINA

SEC. 572. (a) Section 104 of the Foreign Assistance Act of 1961 is amended by adding at the end the following new subsection.

"(h) RESTRICTION ON ASSISTANCE TO FOREIGN ORGANIZATIONS THAT PERFORM OR ACTIVELY PROMOTE ABORTIONS.—

"(1) PERFORMANCE OF ABORTIONS.—

"(A) Notwithstanding section 614 of this Act or any other provision of law, no funds appropriated for population planning activities or other population assistance may be made available for any foreign private , non-governmental, or multilateral organization until the organization certifies that it will not, during the period for which the funds are made available, perform abortions in any foreign country, except where the life of the mother would be endangered if the pregnancy were carried to term or in cases of forcible rape or incest.

"(B) Subparagraph (A) may not be construed to apply to the treatment of injuries or illnesses caused by legal or illegal abortions or to assistance provided directly to the government of a country.

"(2) LOBBYING ACTIVITIES.—(A) Notwithstanding section 614 of this Act of any other provision of law, no funds appropriated for population planning activities or other population assistance may be made available for any foreign private, non-governmental, or multilateral organization until the organization certifies that it will not, during the period for which the funds are made available, violate the laws of any foreign country concerning the circumstances under which abortion is permitted, regulated, or prohibited, or engage in any activity or effort to alter the laws or governmental policies of any foreign country concerning the circumstances under which abortion is permitted, regulated, or prohibited.

"(B) Subparagraph (A) shall not apply to activities in opposition to coercive abortion or involuntary sterilization.

"(3) APPLICATION TO FOREIGN ORGANIZATIONS.—The prohibitions of this subsection apply to funds made available to a foreign organization either directly or as a subcontractor or subgrantee, and the certifications required by paragraphs (1) and (2) apply to activities in which the organization engages either directly or through a subcontractor or subgrantee.".

(b) Section 301 of the Foreign Assistance Act of 1961 is amended by adding at the end the following new subsection:

"(i) LIMITATION RELATING TO FORCED ABORTIONS IN THE PEOPLE'S REPUBLIC OF CHINA.—Notwithstanding section 614 of this Act or any other provision of law, no funds may be made available for the United Nations Population Fund (UNFPA) in any fiscal year unless the President certifies that—

"(1) UNFPA has terminated all activities in the People's Republic of China, and the United States has received assurances that UNFPA will conduct no such activities during the fiscal year for which the funds are to be made available; or

"(2) during the 12 months proceeding such certification there have been no abortions as the result of coercion associated with the family planning policies of the national government or other governmental entities within the People's Republic of China.

As used in this section, the term 'coercion' includes physical duress or abuse, destruction or confiscation of property, loss of means of livelihood, or severe psychological pressure.".

The CHAIRMAN. Pursuant to the order of the House of Thursday, July 24, 1997, the gentleman from New Jersey [Mr. SMITH] and the gentlewoman from California [Ms. PELOSI] will each control 20 minutes.

AMENDMENT OFFERED BY MR. GILMAN TO THE AMENDMENT OFFERED BY MR. SMITH OF NEW JERSEY

Mr. GILMAN. Mr. Chairman, I offer an amendment to the amendment pursuant to the Solomon unanimous-consent request of July 24.

The CHAIRMAN. The Clerk will designate the amendment to the amendment.

The text of the amendment to the amendment is as follows:

Amendment offered by Mr. GILMAN pursuant to the unanimous-consent agreement of

July 24, 1997 in lieu of amendment No. 2 printed in House Report 105–184 to the amendment No. 1 printed in House Report 105–184 offered by Mr. SMITH of New Jersey:

In the matter proposed to be inserted by the amendment as a new subsection (h) of section 104 of the Foreign Assistance Act of 1961—

(1) in paragraph (1)(B), insert before the period at the end of the following: ", or to organizations that do not promote abortion as a method of family planning and that utilize these funds to prevent abortion as a method of family planning"; and

(2) in paragraph (2)(A), strike "or engage" and insert the following: "or (except in the case of organizations that do not promote abortion as a method of family planning and that utilize these funds to prevent abortion as a method of family planning) engage".

In the matter proposed to be inserted by the amendment as a new subsection (i) of section 301 of the Foreign Assistance Act of 1961, insert before the quotation marks at the end of the following sentence: "If the President is unable to make the certification required by paragraph (1) or (2) with respect to a fiscal year, the funds appropriated for the UNFPA for such fiscal year shall be transferred to the Agency for International Development for population planning activities or other population assistance.".

The CHAIRMAN. Pursuant to the order of the House of Thursday, July 24, 1997, the gentleman from New York [Mr. GILMAN] and the gentleman from New Jersey [Mr. SMITH] will each control 20 minutes.

The Chair recognizes the gentleman from New Jersey [Mr. SMITH].

Mr. SMITH of New Jersey. Mr. Chairman, I yield myself 6 minutes.

Mr. Chairman, a "Dear Colleague" letter signed by my good friends and colleagues the gentleman from New York [Mr. GILMAN], the gentleman from California [Mr. CAMPBELL], and the gentleman from Pennsylvania [Mr. GREENWOOD] came to my attention by a colleague who came this close to being deceived by it. The bold headline read and I quote from the letter, "Gilman-Pelosi-Campbell-Lowey-Greenwood-DeLauro-Slaughter oppose abortion and support voluntary family planning." I looked at that headline again and again and thought, that looks just like one of my letters.

Did the leading activists in the abortion rights cause, did the seven Members whose abortion advocacy is so extreme that they are opposed even to the partial-birth abortion ban that was before this body recently, had they done an about face and joined the pro-life cause? Are the seven most pro-abortion Members of this House really offering a right-to-life amendment? I mean, that would be truly historic.

I do not think so. In judging their amendment, you might for starters afford them the same amount of credibility to offer a right-to-life amendment that you would give to me or to the gentleman from Illinois [Mr. HYDE] or to the gentleman from Michigan [Mr. BARCIA] or to the gentleman from Minnesota [Mr. OBERSTAR] if we tried to convince you that we were offering a pro-abortion amendment. Somehow you would know that if you really wanted to promote abortion around the world, you should vote against an amendment by some of the most prominent pro-life leaders in the Congress no matter what we decided to call it. It would not pass the straight face test. And you would be right. And if you really want to protect unborn children, you will know enough to vote against this amendment, the so-called amendment offered by my friend the gentleman from New York [Mr. GILMAN], offered again by some of the most prominent leaders of the abortion rights movement.

The "Dear Colleague" letter, and I say this with all due respect to its authors, simply does not tell the truth. Perhaps it is unwitting, but do not take my word for it. Look at the language.

It says, and I quote, that the "Gilman-Pelosi-Campbell-Lowey-Greenwood-DeLauro-Slaughter amendment prohibits all U.S. funds from being spent on abortion or abortion counseling overseas." That is simply not true. Current law does that, but the plain letter of the language that is being offered says nothing of the kind. It was misleading, and at least one Member came to me suggesting that he had been misled by that.

Let me also point out, Mr. Chairman, the letter states that the Gilman, Pelosi and company amendment prohibits U.S. family planning assistance from going to foreign NGO's and multilateral organizations that promote abortion as a method of family planning.

My question is, would an abortion done for so-called health reasons, such as mental health, be considered or construed as an abortion done as a method of family planning? And of course we all know the answer to that. What about a woman whose birth control method has failed? It is interesting that Planned Parenthood itself says that no abortion is ever done as a matter of birth control. Adopt this amendment offered by my good friend the gentleman from New York, and you render the policy of the underlying language absolutely meaningless.

As it relates to the Mexico City Policy, and I would remind Members during the Reagan and Bush years, abortion as a method of family planning had a precise definition, the definition that is contained in our amendment, the Hyde - Barcia - Smith - Oberstar amendment, and that is no funding except in cases of rape, incest, or life of the mother.

My simple question to the gentleman from New York [Mr. GILMAN] today is, and I would ask him to respond if he would, is that his definition? That is the longstanding definition of the Mexico City Policy. Is that his definition, which again is clearly delineated in our amendment?

Mr. GILMAN. If the gentleman will yield, I would reserve the opportunity to respond as part of my remarks, and I will be pleased to respond to the gentleman's question.

Mr. SMITH of New Jersey. I would hope the gentleman would define it in detail.

Let me just say that there is vagueness in the language that is contained before us promoting abortion as a method of family planning. When we look at it, it is not even the worst thing about the so-called perfecting amendment. There is one point that there is no ambiguity about it. If the amendment is adopted, it will absolutely be legal for U.S. family planning grantees and contractors to perform abortions, as many as they like, under whatever circumstances they like overseas.

The Mexico City Policy I would remind Members had two important prohibitions to it. First, foreign organizations could not get U.S. family planning money if they performed abortions overseas except in rape, incest, and life of the mother situations. Second, they could not get the money if they promoted abortion overseas, again with the same three exceptions.

As I have pointed out, I believe that this amendment that is being offered by my friends on the other side of this issue is vague and it will give the Clinton administration a blank check to do whatever it wants to do in the area of promotion of abortion. But to take out the performance part, which this amendment guts, means that again they can perform abortions for gender selection or for any other reason and still get a fat payday from Uncle Sam.

The Smith-Barcia-Hyde-Oberstar amendment on the other hand is clear and nonambiguous. The pro-abortion killer amendment injects sweeping vagueness and gives the administration a blank grant of authority to pour hundreds of millions of dollars into the overseas abortion industry, which means in the end, Mr. Chairman, more dead babies and more injured mothers.

Let us not kid ourselves. The Gilman-Pelosi amendment is a killer amendment and if it were to pass today, and I do not think it will, but if it were I would ask every pro-life Member of this Chamber to vote no on the underlying amendment because I think that is better than adopting a sham.

Mr. Chairman, I urge Members to vote "no" on this perfecting amendment and yes on the underlying amendment. Let us erect that wall of separation between abortion and family planning and then the money can flow unfettered to those organizations that will no longer be in the abortion business.

Mr. GILMAN. Mr. Chairman, I yield myself 4 minutes.

Mr. Chairman, I rise to offer this amendment on behalf of myself, the gentlewoman from California [Ms. PELOSI], the gentleman from Pennsylvania [Mr. GREENWOOD], the gentlewoman from New York [Ms. SLAUGHTER], the gentleman from California [Mr. CAMPBELL], the gentlewoman from Connecticut [Ms. DELAURO] and the gentlewoman from New York [Mrs. LOWEY].

Our amendment marks a significant turn in the seemingly endless debate about the Mexico City Policy. Under our amendment, Mr. Chairman, the supporters of voluntary family planning programs would accept the Mexico City Policy but would apply it only to organizations that promote abortion as a method of family planning. We would accept the restrictions blocking funds to organizations which lobby for or against abortion laws but would apply this restriction only to organizations that promote abortion as a method of family planning.

Most important, we agree to cut off all funds to the U.N. Population Fund if the fund restarts any program in China. As we all know, we have worked tirelessly on behalf of human rights in China, many of us have done that, and I have joined the gentleman from New Jersey [Mr. SMITH] and the gentlewoman from California [Ms. PELOSI] on countless efforts to help the victims of human rights abuses in China.

Recognizing the serious situation there, we are willing to send a message to the United Nations that no U.N. population program should move forward until the situation in China changes in a major way. I think that is a major concession. In past bills we offered to reduce our contribution to the U.N. Population Fund by the amount it spent in China. Now we are willing to accept a total cutoff of funds if a program is restarted.

I will remind Members that as of today, the U.N. Population Fund has no program in China. The previous program has expired and the Fund has only an office in Beijing that is used to manage its program in Mongolia. If a program is started, then we would agree with the gentleman from New Jersey to cut off all such funding. That should put the matter of China to rest.

The key issue before us is whether or not our Nation will continue its 30-year lead supporting voluntary family planning. Family planning reduces population pressures that damage our environment, destabilizes governments, and suppresses economic growth. Most important, voluntary family planning has proved to be the best way to improve the survival of mothers and children by increasing the interval between births. Voluntary family planning also frees women to choose when they will have children, allowing them to advance in school and the workplace where unintended pregnancies have held them back. Most important, the best way to stop abortions is to stop unintended pregnancies.

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Voluntary family planning is the best way to stop unintended pregnancies, and, therefore, Mr. Chairman, any opportunity for abortion.

With regard to the gentleman's inquiry about abortion used as a method of family planning, I note that this was common in many countries, especially the former Soviet Union.

I will also note our amendment alternative has teeth. It accepts the major portions of Mr. SMITH's amendment.

I want to commend the gentleman from Pennsylvania [Mr. GREENWOOD], the gentleman from California [Mr. CAMPBELL], the gentlewoman from California [Ms. PELOSI], the gentlewoman from New York [Ms. SLAUGHTER], the gentlewoman from Connecticut [Ms. DELAURO], and the gentlewoman from New York [Mrs. LOWEY] for working with us to craft this bipartisan amendment, and I urge Members to adopt this amendment to the amendment by the gentleman from New Jersey [Mr. SMITH].

Mr. Chairman, to control the balance of my time, I yield to the gentleman from Pennsylvania [Mr. GREENWOOD], who has done so much to support children, to support their mothers, in our voluntary family planning program.

Ms. PELOSI. Mr. Chairman, I rise in support of the Gilman-Pelosi-Campbell-Lowey-DeLauro-Slaughter-Greenwood amendment, and associate myself with the remarks of the distinguished chairman of the Committee on International Relations in acknowledging the bipartisan nature of this amendment, and commend the gentleman from Pennsylvania [Mr. GREENWOOD] for his leadership on it and in strong opposition to the Smith amendment.

Our effort, and we worked hard and long on this, was the result of listening, listening, listening to our colleagues' concern about this issue over the years. As a result, our amendment has two parts to it.

The first part says that if the U.N. family planning is involved in China, they will receive no funding. We yield that point to the gentleman from New Jersey [Mr. SMITH]. He has fought that fight. Members on both sides of the aisle expressed their concern about the forced abortion policies in China. We concede that point because that was a time when that point was being reconsidered.

Second, Members have said they want a separation between family planning and abortion. We do, too. We reject abortion as a form of family planning. We say that family planning is the best way to reduce the number of abortions, and this amendment would disqualify any organization from any assistance here for any foreign and ungovernmental and multilateral organization that, with U.S. funds or with their own funds, promote abortion as a method of family planning. It would also prohibit U.S. family planning assistance to organizations unless they use those funds to prevent abortion as a method of family planning.

We have built this firewall. We have separated abortion and family planning as is appropriate. We have cut off funding unless it can be certified that the UNFPA is not involved in the program in China.

I urge my colleagues to accept this, I believe, smart alternative to the gentleman from New Jersey's [Mr. SMITH], which accomplishes all that we want to do to reduce the number of abortions while promoting international family planning which in turn will reduce the abortions.

Mr. Chairman, with that, I reserve the balance of my time.

Mr. SMITH of New Jersey. Mr. Chairman, I yield myself such time as I may consume.

I ask the gentleman from New York [Mr. GILMAN] and I would ask the gentlewoman from California [Ms. PELOSI] if they would answer this: Under the Agency for International Development's policy, during the 1980's and early 1990's, before Mr. Clinton, there was a clear definition as to what abortion is, a method of family planning. It was abortions except in cases of rape, incest, or life of the mother.

Now to legislate ambiguity and vagueness and just toss it all over to the White House and say, "You decide," I asked AID how they would define the Gilman amendment. They do not have a clue. They said, "Look at what goes on on the House floor." I would hope during the course of this debate that my friends on the other side will say yes, there is health abortions, gender-selection abortions, so-called sex-selection abortions. What are we talking about?

Ms. PELOSI. Mr. Chairman, would the gentleman yield?

Mr. SMITH of New Jersey. I yield to the gentlewoman from California.

Ms. PELOSI. On the gentleman's time, I am pleased to answer the question that he just posed, what are we talking about? The gentleman asked what do we mean by abortion as a form of family planning. Abortion as a method of family planning in the Gilman-Pelosi amendment means abortion that is used as a substitute for contraception.

Mr. SMITH of New Jersey. Reclaiming my time, this is the problem. When the administration says that it does not know what it means, and we sent them a copy of the amendment exactly as it was proposed, it suggests to me that we are playing a game here that we will then act as if we are doing something when, frankly, my colleagues, we are doing absolutely nothing.

As my colleagues know, I have been in this body 17 years, and it galls me, and it should gall each of us, when we do not legislate with preciseness, and that is what our amendment does. It says there are three instances: rape, incest, and life of the mother; they are exceptions. But after that we are talking about no promotion of abortion.

Mr. Chairman, I yield 3 minutes to the gentlewoman from Idaho [Mrs. CHENOWETH].

Mrs. CHENOWETH. Mr. Chairman, I come forward today to express my strong support for the Smith-Barcia-Hyde-Oberstar amendment that would essentially restore the two policies that were in effect during the Bush and Reagan administrations.

One concerns future U.S. funding of the United Nations Population Fund, and the second is intended to prevent U.S. funding of nongovernmental organizations which performs and promotes abortion as a method of family planning.

Mr. Chairman, H.R. 2159, as reported from the House Committee on Appropriations, would allow hundreds of millions of U.S. taxpayers' dollars to fund the international abortion industry.

Today, we will hear that we must protect the lives and help the women and children across the globe by providing the necessary economic relief, and we will be told that supporting population funds is not a vote about abortion. But, Mr. Chairman, this is false and misleading. U.S. family planning funds are subsidizing groups in foreign countries that do provide abortions. Millions of U.S. taxpayers' dollars have enabled organizations to expand their field of operations and perform even more abortions.

In fact, the International Planned Parenthood Federation and other organizations, heavily subsidized by U.S. dollars, have been active and outspoken in trying to change the laws of countries regulating or prohibiting abortion.

Mr. Chairman, this amendment is necessary and consistent with our system of laws and heritage. We must not be fooled by the false claims of many international population groups who claim that this is not an abortion issue because it clearly is.

As lawmakers, we have a responsibility to protect the lives of the very youngest, most vulnerable of American citizens, and, in addition, we must protect the sacred little lives in foreign countries where we are providing financial assistance for international family planning programs. As such, we must prevent the abuse of taxpayers' dollars from providing excessive subsidies to organizations that perform and promote overseas abortions.

Mr. Chairman, I urge my colleagues today to support responsible family planning and vote for the Smith amendment and against the Gilman-Pelosi-Campbell-Lowey amendment.

Ms. PELOSI. Mr. Chairman, I yield 1 minute to the gentlewoman from New York [Mrs. LOWEY], a cosponsor of the amendment.

Mrs. LOWEY. Mr. Chairman, I rise in strong opposition to the Smith amendment and in support of the Gilman-Pelosi amendment.

The amendment offered by the gentleman from New Jersey [Mr. SMITH] is just an extreme piece of legislation that aims to end family planning aid overseas. What our amendment will do is ensure that voluntary preventive family planning services continue.

The gentleman from New Jersey [Mr. SMITH] claims that his amendment simply cuts abortion funding. What he has not told us is that abortion funding overseas has been prohibited since 1973. His amendment would cut abortion funding from zero to zero. Therefore, the amendment offered by the gentleman from New Jersey [Mr. SMITH] must be after something more, and that something is family planning.

One of the most important forms of aid that we provide to other countries is family planning assistance. No one can deny that the need for family planning services in developing countries is urgent and the aid we provide is both valuable and worthwhile. Nearly 600,000 women die each year of causes related to pregnancy and childbirth, most living in developing countries.

Mr. SMITH of New Jersey. Mr. Chairman, I yield 2 minutes to the gentleman from Illinois [Mr. HYDE].

Mr. HYDE. Mr. Chairman, I congratulate the gentleman from New Jersey for his leadership in this very difficult and complicated issue, but actually this issue we are dealing with today is not all that complicated. The difference is between two words, perform and promote.

The amendment that the gentlewoman from California and the distinguished gentleman, and I do not see him here now, from New York [Mr. GILMAN] is offering goes halfway. It denies funds to organizations that promote abortion. Unfortunately, it does not use the word "perform," and I do not care what they promote, it is the performance that counts. That is where the homicides occur or the feticides occur, that is where the unborn children are destroyed, in the womb.

Ms. PELOSI. Mr. Chairman, will the gentleman yield?

Mr. HYDE. I yield to the gentlewoman from California.

Ms. PELOSI. The gentleman knows full well because he has been such a leader in this field that U.S. law prohibits any funds from going to any organizations for the performance of an abortion.

The law prevents that. We are just going beyond that.

Mr. HYDE. The gentlewoman from California would have no objection then to including "perform" along with "promote" in the amendment?

Ms. PELOSI. It is already prohibited. It is already prohibited.

Mr. SMITH of New Jersey. Mr. Chairman, will the gentleman yield?

Mr. HYDE. I yield to the gentleman from New Jersey.

Mr. SMITH of New Jersey. The problem here is that performance, the Helms amendment of 1973 said very simply, direct funding. What was found to be very infirm about that language, and that is why the Mexico City policy was constructed in the early 1980's under the Reagan administration, was that it was like Swiss cheese. It was not stopping the performance of abortions by the very people that we heavily subsidize in the developing world. They were the abortion mills. We were giving them $500,000 here, and then they would say, and it is not totally concluded that they did not do this, they would say, "Oh, we're not going to use your money to kill the unborn babies, we'll use our own."

The problem with that is who we give to does matter. If they were absconding with funds and theft was the issue, this so-called lying of accounting would be meaningless.

The issue comes down to whether or not we want to give to organizations that are promoting and doing abortions on demand, and that is the essence of our amendment and it is simplicity. Their amendment absolutely guts it.

Ms. PELOSI. Mr. Chairman, would the gentleman further yield so I can answer his question?

Mr. HYDE. Mr. Chairman, I would rather the gentlewoman from California use her time.

Mr. Chairman, how much time have I got left?

The CHAIRMAN. Fifteen seconds.

Mr. HYDE. Mr. Chairman, will the gentleman yield me an additional 15 seconds?

Mr. SMITH of New Jersey. I yield an additional 15 seconds to the gentleman from Illinois.

Mr. HYDE. Mr. Chairman, I just want to take issue with a line in the Planned Parenthood fact sheet that says there is no evidence that abortions exist for gender selection, a problem that does not exist. I recently read a news article about families in British Columbia of the Sikh religion who when the females get pregnant they have a determination as to whether it is a little male or a female. If it is a female, they travel into the State of Washington where an abortionist has a clinic, a mobile clinic, to perform gender-selection abortions, because their custom is to have a rather large dowry with the little female girl when she gets married and they cannot afford it so they have a gender-selection abortion.

The CHAIRMAN. Without objection, the gentleman from Pennsylvania [Mr. GREENWOOD] will control the time of the gentleman from New York [Mr. GILMAN], and the gentleman from Pennsylvania is recognized.

There was no objection.

Mr. GREENWOOD. Mr. Chairman, I yield 2 minutes to the gentlewoman from Maryland [Mrs. MORELLA].

Mrs. MORELLA. Mr. Chairman, I rise in strong opposition to the Smith amendment and very much in favor of the Gilman-Pelosi et al. amendment.

The amendment offered by the gentleman from New Jersey [Mr. SMITH] strikes directly at women's rights to access family planning information to space and time their pregnancies to suit the needs of their families.

As my colleagues know, access to family planning information and contraception decreases abortion. The gentleman from New Jersey, by cutting off funding of organizations solely because they have an opinion on abortion will deny money to those groups which have been most effective in preventing unwanted pregnancies.

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The amendment would endanger women's health, deny women and couples access to family planning information, and increase, not decrease, abortions.

On the other hand, the Gilman-Pelosi et al. amendment would emphasize U.S. commitment to prevention of abortion. Organizations could continue their current uses of USAID population funds to increase family planning information and services, along with supportive investments in related health and population activities, which together result in more couples using contraceptive methods, and therefore, in prevention of unintended pregnancies and abortions.

Furthermore, under the amendment, funding would be prohibited to any organizations that "promote abortion" as a method of family planning.

We in this Chamber have discussed this before. We know that this vote is about family planning, not abortion. We know that to reduce abortion, we must increase access to family planning. We know that women with access to family planning space their pregnancies, producing healthier children; and we know that lack of access to contraceptives leads to abortion, legal or otherwise.

Access will reduce maternal deaths from illegal abortions. Almost 600,000 women die annually during pregnancy and childbirth, including 75,000 due to unsafe abortion, UNICEF figures.

There are many more facts that we have with regard to the fact that family planning will prevent abortion. Vote for the Gilman-Pelosi amendment.

Mr. SMITH of New Jersey. Mr. Chairman, I yield 2 minutes to the gentlewoman from North Carolina [Mrs. MYRICK].

Mrs. MYRICK. Mr. Chairman, I urge a yes vote on Smith-Barcia-Hyde-Oberstar, which will restore the pro-life Mexico City policy; and a no vote on the Gilman-Pelosi-Campbell-Lowey-Greenwood-DeLauro-Slaughter amendment, which would substitute vagueness for clarity and, therefore, defeat the purpose of this important pro-life policy.

The question before the House is simple: Should the United States give many millions of dollars for family planning programs to organizations actively engaged in performing abortions overseas?

When we choose the surrogates in foreign countries, the groups that will represent our country in matters related to family planning and population control, do we really want to choose organizations that are known primarily as abortion providers? What message does this send about American values?

The substitute amendment would substitute a vague, and therefore, unenforceable standard, promoting abortion as a method of family planning for the clear and precise standard in the Smith-Barcia amendment.

Under the substitute language, U.S. family planning grantees can promote abortion as vigorously as they want, so long as the Clinton administration was willing to certify that these abortions were not done as a method of family planning. The Smith-Barcia amendment, in contrast, would prohibit our grantees from either performing or promoting abortion, except in three cases clearly defined: rape, incest, and danger to the life of the mother.

Mr. Chairman, when it comes to protecting human life, we must choose precision and clarity over vagueness and uncertainty. Please vote no on the substitute, and yes on the Smith-Barcia-Hyde-Oberstar amendment.

Ms. PELOSI. Mr. Chairman, I am pleased to yield 1 minute to the distinguished gentleman from Ohio [Mr. SAWYER].

Mr. SAWYER. Mr. Chairman, I rise today in support of the substitute and against the Smith amendment.

Without the support of U.S. international family planning funds, countless millions in developing countries will have no access to information and services that most of us take for granted. This information is especially important in the developing world, where population, driven by an uncontrolled demographic inertia to explosive levels of growth, threatens the fragile stability of political and social systems.

Population stability is essential to ensuring adequate resources for future populations and real sustainable development.

United States assistance is grounded in a fundamental American value, the freedom of people to choose their own future, to space and plan their families, to reduce infant mortality, and to give children a healthy start in life. That is what this is really all about.

Family planning saves lives. It reduces abortions, reduces infant and childbirth-related mortality, and helps those in developing countries live healthier lives.

The Smith amendment would end family planning services and lead to more unintended pregnancies, more unsafe abortions, tragically, and more infant and childbirth-related mortalities.

Mr. Chairman, I urge my colleagues to vote to save lives and to vote for the Pelosi substitute against the Smith amendment.

Ms. PELOSI. Mr. Chairman, I yield 1¼ minutes to the distinguished gentleman from Michigan [Mr. LEVIN].

Mr. LEVIN. Mr. Chairman, I heard the discussion of the gentleman from Illinois [Mr. HYDE] and the gentleman from New Jersey [Mr. SMITH] and I would like to quickly respond, to put this in perspective.

When I was Assistant Administrator of AID in the late 1970's, we faced this very issue of fungibility, so we set up methods to make sure that American dollars were insulated from any expenditure for abortion-related activities.

We faithfully carried out the Helms amendment. It mostly related to IPPF. It does not spend any substantial amount of its own funds, its central funds, on abortion-related activities. It has affiliates that spend its funds. These are essentially semiautonomous or autonomous affiliates who raise their moneys in countries where abortion is legal.

The result of the Mexico City policy is, we could not give any funds to any organization that had any affiliate that spent the funds it raised for anything relating to abortion. That meant we would prevent an organization from being in family planning because, in a third degree, some affiliate spent some money it raised in its local country for something that was legal in this country.

That is why this effort really strikes at family planning throughout the world, and why we should turn it down.

Mr. SMITH of New Jersey. Mr. Chairman, I yield 1 minute to the gentleman from Arkansas, [Mr. HUTCHINSON].

Mr. HUTCHINSON. Mr. Chairman, I rise in support of the Smith-Barcia-Hyde-Oberstar amendment. Our tax dollars should not support countries and organizations that use abortion as a family planning tool.

Every year since 1985 we have denied funds to the United Nations Population Fund because it provides financial support for programs that support overseas abortions.

Mr. Speaker, in 1993, the administration changed the rules and reinterpreted U.S. law in order to claim opposition to coercive population programs, but then actually provide for their financial support. The administration does this by prohibiting our tax dollars from providing direct support for forced abortions or sterilizations, but that does not stop our money from freeing up funds in other accounts to be used for these inhumane acts. This deception must end.

The Smith amendment simply interprets U.S. law as it was originally intended. It stops all payments for organizations that support and provide abortion services.

As a nation deeply concerned about human rights abuses, we have no business sending such signals. For these reasons, I urge a "yes" vote on the Smith amendment.

Mr. GREENWOOD. Mr. Chairman, I yield 2 minutes to the gentleman from California [Mr. CAMPBELL].

Mr. CAMPBELL. Mr. Chairman, the important distinction between what the Smith amendment provides and the Pelosi-Greenwood amendment provides is this: Many women seek family planning counseling after they realize that they are pregnant. I wish it were not so, and I am sure everybody agrees with me that they wish it were not so. But as a result, if you deny any opportunity for the United States to assist with the family planning agency because it also offers advice on abortion, you would prevent the opportunity for giving family planning advice that would prevent second abortions, third abortions, fourth abortions.

Let me get into some of the statistics, because it is fascinating how the use of family planning has prevented those subsequent abortions.

The AID studies tell us that in Tanzania, Egypt, Turkey, Kazakhstan, Hungary, and Russia, studies they have made in each category of each country, when opportunities were available for contraception, incidence of abortion dropped dramatically.

It would be the wish of everyone in this debate that the incidence of abortion be eliminated in this world. But we face today an imperfect world, and if you say to a woman, you may go and seek advice, but the agency from which you seek advice cannot offer you help on abortion, she will not go there. And then that woman may have a second, third, and fourth abortion, the horrors that my colleagues have presented to us.

So in good faith, if your concern is to prevent the incidence of abortion, then please support family planning and recognize that you cannot have it both ways. If you wish to encourage women not to have an abortion, then get them into family planning counseling, a family planning clinic, family planning advice, as quickly as possible, and do not tell them that if you go to this particular family planning counseling, advice, service, you cannot receive the advice you seek because of U.S. law.

Mr. SMITH of New Jersey. Mr. Chairman, I yield 2½ minutes to the gentleman from Oklahoma [Mr. COBURN].

Mr. COBURN. Mr. Chairman, I would like to comment a little bit on what we have heard here today.

First of all, I would like to make clear, as a practicing physician and obstetrician, I believe in family planning. I believe that women should be counseled and offered the opportunity. But I also do not believe that one of those options ought to be the termination of the life. And as the gentleman from California just alluded to, it is his hope we would prevent further abortions, that is not really what happens. Oftentimes they come and get talked into an abortion; and then they are very upset about that after the fact.

So if we, as a country, truly are concerned about women in the Third World and their ability to have a choice of not reproducing, then what we ought to do is do the best we can and, at the same time, offer real concern that this body has had for a long period of time that this other option, with which we have much difficulty ourselves in terms of our debate in this body.

I would agree with what Mr. CAMPBELL said. The real problem is unintended pregnancy. It is not abortion. It is a shame that our body continues to get hung up on this issue. But we have to be truly honest about what the real issue is.

It is like Ms. PELOSI's amendment. Is it a straightforward amendment that addresses the issue that we are talking about, or is it an amendment that is somewhat less than straightforward so we can cloud the issue?

We all want the same thing. We just disagree on how we get there. And I have the utmost respect for Ms. PELOSI and her views, and she represents a very different part of the country than I do. But we ought to keep in mind that we do want the same thing, and that there is a large body in this country and in this House that says this is a worrisome area to us, this idea of abortion.

So let us be very, very honest about what we are doing and not try to trick the American public. The fact is, there are some disagreements on how we do it. Let us vote to make sure we get family planning money there.

Ms. PELOSI. Mr. Chairman, will the gentleman yield?

Mr. COBURN. I would just like to finish my point, and if I have any time left, I will be happy to. I think the gentlewoman controls some time on her side.

Ms. PELOSI. The gentleman was questioning the honesty of our proposal.

Mr. COBURN. Mr. Chairman, I think the gentlewoman has plenty of time to answer that.

Mr. Chairman, I would even propose that we might increase those funds. But I think we ought to be very careful about what we want and what the truth is in terms of what really happens in international family planning.

I will support the will of this House, regardless of how this vote comes out, because I think it is important that women do have this service.

Ms. PELOSI. Mr. Chairman, I yield myself such time as I may consume to respond briefly to the gentleman, who was questioning the integrity of our proposal while saying that he recognized the need for international family planning. It is interesting to hear him say that in light of the fact that he just voted for the Paul amendment which would have eliminated all the funding for international family planning in the bill.

Mr. Chairman, I am pleased to yield 1 minute to the gentlewoman from New York [Ms. SLAUGHTER], a member of the Committee on Rules.

Ms. SLAUGHTER. Somebody has to speak for the millions of women around this world who desperately want access to family planning. Even with the family planning money, we don't reach enough of them.

Pregnancy and childbirth are very risky propositions for women in many parts of this globe that lack electricity, running water, medical equipment or trained personnel. In Africa, a woman has a 1 in 16 chance of death from pregnancy and childbirth during their lifetime—585,000 women die from bodies that are worn out from child bearing, child after child, who simply cannot take another.

And there are complications from pregnancy. For each one that dies, 100 others suffer from associated illnesses and permanent disabilities, including sterility.

Studies indicate if we can space a child for 2 years apart, we can prevent an average of 1 in 4 infant deaths.

We are talking about saving people's lives here. Who are we in the United States, where we have so much and so much has been given to us, that we can say to people who have almost nothing, we are not going to give you the information or the knowledge that you need to save your life and to save your family's?

This is the cruelest kind of family planning of all, to let women die from excess pregnancies or self-induced abortions.

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Mr. SMITH of New Jersey. Mr. Chairman, I yield myself 30 seconds to respond briefly that nothing in my amendment or the amendment offered by the gentleman Illinois [Mr. HYDE] and the gentleman from Michigan [Mr. BARCIA] and the gentleman from Minnesota [Mr. OBERSTAR] cuts family planning. It holds harmless the amount of money.

This policy, known as the Mexico City Policy, first announced at a U.N. conference in 1984, separates abortion from family planning. So you can have it both ways. You can say you are pro-life and also pro-family planning, because the money will flow to those organizations that divest themselves of killing unborn children with suction machines or with injections of high concentrated salt or any of the other hideous methods that are used to kill and abuse and destroy unborn babies.

Mr. GREENWOOD. Mr. Chairman, I yield 2 minutes to the gentleman from Illinois [Mr. PORTER].

Mr. PORTER. Mr. Chairman, I thank my colleague, the gentleman from Pennsylvania, for his tremendous leadership on this issue, and thank him for yielding me time.

Mr. Chairman, the Gilman-Pelosi amendment will allow family planning services in the Third World to continue, while safeguarding the fungibility of funds for abortion services. This amendment will allow U.S. funds to be used only by private and multilateral organizations that do not promote abortion as a method of family planning. I do not know, Mr. Chairman, how this could be any clearer. The Gilman-Pelosi amendment provides this important funding and addresses the concerns of those who would support the Smith amendment.

Mr. Chairman, this debate is not about abortion, it is about women. It is about whether women, poor women in the developing world, will be allowed to use their minds and choose their future. Today, they gather the firewood, they gather the water, they till the fields, and they tend to the children. They have no other opportunity to participate in family and community development beyond these tasks. These women are not offered the opportunity to be educated, no chance at all; They are not given the chance to bring anything economically to the table, to their families, where it is valued.

It seems to me it is time that we value women across the world. They should be valued for their minds and their potential to add to the global community. It seems to me as long as we prevent women from being able to space and number their children through voluntary family planning, which is what the Smith amendment will do, we are undervaluing them in a way that is cruel and wrong.

It is time that we stand up for voluntary family planning throughout the world. Abortion is not a issue in this. None of us favor abortion as a method of family planning. All of us oppose the use of any funds, especially public funds, for abortion in any way. We support voluntary family planning because we support women and their role in society.

Ms. PELOSI. Mr. Chairman, I am pleased to yield 1 minute to the gentlewoman from Colorado [Ms. DEGETTE].

Ms. DEGETTE. Mr. Chairman, I guess I do not understand some of the arguments in favor of the Smith amendment, because it seems to me that if we oppose unnecessary abortions, as I do, and as I think everyone here does, then we would support the Gilman-Pelosi amendment and oppose the Smith amendment.

The Smith amendment would cause women in developing countries to face more unwanted pregnancies, more poverty, and more despair. What it would do is prevent birth control information and family planning information from going to women in developing countries who desperately need it. It will increase abortions and it will jeopardize the health of millions of women and children internationally.

The Smith amendment will deny funding to international family planning organizations who are giving women desperately needed reproductive health services and delivering vital pre- and post-natal care. I do not see anybody else who is going to do that, other than the fine organizations who are performing those services now. For that reason, I would oppose the Smith amendment and support the Gilman-Pelosi amendment.

Mr. SMITH of New Jersey. Mr. Chairman, I yield 2 minutes to the distinguished gentlewoman from Florida [Ms. ILEANA ROS-LEHTINEN].

Ms. ROS-LEHTINEN. Mr. Chairman, I thank the gentleman from New Jersey for his many years of leadership on this important issue for us in the House.

Mr. Chairman, I rise today to reiterate my support for the rights of the unborn, and to state my strong opposition to the use of taxpayer funds for the promotion and performance of abortions. The Smith amendment would prevent the use of U.S. taxpayers' moneys, which now give large subsidies to organizations that provide or lobby for abortions at any time.

We must not allow our hard-earned money to go to these groups. By passing the Smith amendment today, we will in fact prevent hundreds of millions of U.S. taxpayer dollars from being used to fund the international abortion industry, for it is an industry.

Specifically, the amendment would, first, prohibited funding of the U.N. Population Fund if it continues to comply with China's coercive and abusive abortion program. It is not a family planning program, it is an abortion program.

Second, it would restore the Mexico City policy, which prohibits international family planning groups from receiving our taxpayer dollars if they in fact promote abortion as a so-called method of family planning.

Mr. Chairman, I urge my colleagues to pass the Smith amendment today, so our hands and our dollars are not further tainted with the worldwide killing of the innocent unborn. We must put an end to infanticide. Abortion is not family planning, it is murder. I urge my colleagues to reject the bogus Pelosi amendment, which is being presented today as a pro-life vote.

Mr. GREENWOOD. Mr. Chairman, I yield myself 3½ minutes.

Mr. Chairman, the gentleman from New Jersey began his remarks by indicating that he found it disingenuous that those of us who have drafted this amendment would advertise it as an amendment designed to prevent abortion.

The gentleman's argument seems to rely on a myth. The gentleman's myth is that there are two kinds of Americans. There are Americans who are opposed to abortion and want fewer of them, and there are Americans who want more abortions, who favor abortions. That is the myth, that is the damning myth that makes this debate so difficult to overcome.

The fact of the matter is that there is one kind of American on this issue, and those are all of us Americans who want fewer abortions in this country and around the world.

This language is offered as a compromise. We acceded to the gentleman's view on China because we share his concern about coercive abortion in China. We have a difference of opinion, probably, about what the effect of the American presence might be on that coercive abortion, but we acceded to that. That is a huge compromise on our side.

Then we said this. When all the myths are put aside and we look at the real world, here is what happens in the real world. In a place like Kazakhstan, in a place like Romania, in a place like Russia, where family planning is not available, women have repeated abortions. It is a horror. It is bad for their health. It is bad for their mental health. It is no way to prevent pregnancy. It is no way to plan the number of children in a family.

The language of the gentleman from New Jersey [Mr. SMITH], unamended by that of the gentleman from New York [Mr. GILMAN], says when you have that situation, fold up our American tents and go home; turn your head away, put it in the sand, do not be there, do not be part of the solution. Just let those abortions, let those Russian women, Romanian women, have abortion after abortion after abortion, the thing they decry with such passion.

What our amendment says is we are going to be there. We are going to be there for one reason and one reason alone. That reason is to convert these women into women who will use contraception as a method of family planning, and not abortion.

So there are two options on this vote. Members can vote against the gentleman from New York [Mr. GILMAN], and they turn away from the rest of the world and they say, have as many abortions as you want, because we will not be there to help you with family planning, and you will have no other choice.

Or Members vote with the gentleman from New York [Mr. GILMAN] and the gentlewoman from California [Ms. PELOSI] and myself, the gentlewoman from New York [Ms. SLAUGHTER], the gentleman from California [Mr. CAMPBELL], and you say, we are going to be there to help those little agencies in those backward countries to enter the modern age, and empower women to plan the size of their families using contraception.

Mr. Chairman, if we vote down the Gilman amendment, here is what will happen. We throw the compromise away. This language will be unacceptable to the Senate, unacceptable to the administration. We will be back here voting this over and over and over again. It will be the last thing that keeps us here. It will keep us here in gridlock, and we will be voting it in February.

If Members accept this compromise, we will put this issue behind us. We will save women's lives, and we will move ahead.

Mr. SMITH of New Jersey. Mr. Chairman, I yield myself 30 seconds.

First of all, if it does cause inconvenience, that is unfortunate, but saving a child's life from the cruelty of abortion, dismemberment, chemical poisoning is worth inconvenience. I know these votes are inconvenient, but that is just a simple fact of the matter.

Let me also point out that during the Reagan and Bush years we provided more than 40 percent of the population control family planning funds going around the world with the Mexico City Policy intact. What we had was contraception, birth control, separated from abortion, and that is all our amendment does. It does not expand or contract the pool of funds available for population planning.

Ms. PELOSI. Mr. Chairman, I am pleased to yield 1 minute to the distinguished gentlewoman from Connecticut [Mrs. KENNELLY].

Mrs. KENNELLY of Connecticut. Mr. Chairman, so often when we write legislation in this body it is complex, and is made up of provisions that are so arcane our explanations when we go home are really convoluted. But in this case I can go home and say I am voting for Pelosi-Greenwood for exactly four words as a reason: Family planning saves lives. It frees women from the risk of disease and then death from pregnancies when their bodies just cannot take one more pregnancy. It frees children from the dire consequences of losing that parent in an undeveloped region. It absolutely frees struggling nations to devote more of their resources to improving the lot of their people. That is what this is all about.

Far from promoting abortion, this amendment explicitly continues current United States law which prohibits this use of our funds. I thank the gentleman from Pennsylvania [Mr. GREENWOOD] for being so eloquent in his explanation of where we are today, and what the Pelosi amendment does to the Smith amendment.

This whole debate disappoints me so profoundly. For years in this country the best of our people in our communities, Republicans and Democrats, all were for family planning. We put it now in the abyss of the litmus test on this very difficult debate.

I thank those who brought us to this point, and vote, please, for the Pelosi amendment.

Mr. SMITH of New Jersey. Mr. Chairman, I yield 4 minutes to the gentleman from Texas [Mr. DELAY], the distinguished whip.

Mr. DELAY. Mr. Chairman, I really thank the gentleman from New Jersey [Mr. SMITH] for all his hard work in these areas. There is no greater champion for the unborn than the gentleman from New Jersey [Mr. SMITH].

Mr. Chairman, as the world's last remaining superpower, the United States plays a very important role in international affairs. Everything it does is scrutinized and interpreted, and in many cases, our country is looked up to as a role model. Therefore, we have to take everything very seriously, and the decisions that we make we have to take seriously, especially those decisions about the kinds of policies we want to pursue in other countries.

In this particular case, the debate is about the kinds of family planning organizations we want to assist with funding. According to the State of World Population, 1997, compiled by the U.N. Population Fund, the United States is the largest donor to international family planning programs, contributing about 47 percent of all the external population control moneys worldwide.

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So, therefore, it is even more important that we in the United States pursue international family planning principles that are consistent with the kinds of values we want to represent and promote.

Now, President Clinton has already made very clear the kinds of values he would like to promote abroad. In 1993, the Clinton administration abandoned long-standing pro-life policies because of his belief that legal abortion is, and I quote, "a fundamental right of all women and part of the overall approach to population control."

Mr. Chairman, I disagree with those values. I do not believe population should be controlled by abortion, and that is why I stand in strong support of the Smith amendment and strong opposition to the Pelosi amendment.

The Pelosi amendment, and we all know what it is, it is a killer amendment and we have to defeat it. It provides, in my opinion, a lesson in ambiguity, as its prohibition on funds going to organizations that promote abortion as a method of family planning is open to all kinds of interpretations, particularly from this pro-abortion White House.

The Smith amendment is very clear. No mistake about it. No United States funds will go to organizations that provide or lobby for abortions at any time for any reason. Now, that is not vague. There is no vague issue regarding the intention of an organization's participation in abortion or the reasons for providing it.

Other than in cases of protecting the life of the mother or forcible rape or incest, the intentions are irrelevant. Intentions are irrelevant. What is relevant is the position the United States is going to take as the largest provider of funds to the international population control programs.

Mr. Chairman, I believe that the United States should stand for life. And as the Reagan-Bush years proved, there are hundreds of organizations that are willing to agree to the conditions that they neither perform nor actively promote abortion in order to receive America's taxpayers' dollars.

These organizations are perfectly capable of providing the family planning services called for by the proponents of the Pelosi amendment that are so valuable to the poor throughout the developing world, and these are the ones that we should be supporting.

So I just urge my colleagues to separate the issues and look very strongly at what the two amendments do. One is the Pelosi amendment, an amendment of ambiguity. And there is no mistaking what the Smith amendment does. So I urge my colleagues to support the Smith amendment and oppose the Pelosi amendment.

Ms. PELOSI. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I would ask the gentleman from Texas [Mr. DELAY], using my own time, if he would respond to a question. I was concerned about the characterization of the Pelosi amendment and I had some ambiguity on my mind about the position of the gentleman from Texas on international family planning.

Mr. Chairman, I would inquire if the gentleman supports international family planning?

Mr. DELAY. Mr. Chairman, will the gentlewoman yield?

Ms. PELOSI. I yield to the gentleman from Texas.

Mr. DELAY. Mr. Chairman, I would say to the gentlewoman that I support the international family planning that is included in this bill with the Smith amendment added to the bill.

Ms. PELOSI. Mr. Chairman, reclaiming my time, then one would wonder why the gentleman from Texas voted with the gentleman from Texas [Mr. PAUL] to remove all international family planning from the amendment.

Mr. Chairman, I yield to the gentleman from Texas [Mr. BENTSEN].

Mr. BENTSEN. Mr. Chairman, I would like to associate my remarks with the gentleman from Pennsylvania [Mr. GREENWOOD] and respectfully disagree with the gentleman from Texas [Mr. DELAY], my colleague. I am shocked to find that there would be any ambiguity on any legislation considered by this House.

But, Mr. Chairman, I think this is an honorable compromise. We are going to have disagreements over abortion in this House and in future Congresses.

Let us talk about what this really is. This is about whether or not we are going to have an international family planning program sponsored by the United States. And it is about whether or not we, as the last remaining superpower, as the gentleman from Texas just said, we are willing to step up to the plate on this issue, willing to take the lead, as we should as that superpower, on the question of family planning.

Mr. Chairman, the gentleman from Pennsylvania [Mr. GREENWOOD] was very appropriate in saying that we could stick our head in the sand and ignore these problems. I think that would be a mistake for this country and a mistake for the world.

Mr. Chairman, I would ask my colleagues to cut through the ideological purity issues of this and look at pragmatism of the Gilman-Pelosi amendment and adopt it.

Mr. SMITH of New Jersey. Mr. Chairman, I yield 2 minutes to the distinguished gentleman from Pennsylvania [Mr. PITTS].

Mr. PITTS. Mr. Chairman, I come before the House today to urge my colleagues to vote for the Smith amendment and against the substitute offered by the gentleman from New York [Mr. GILMAN].

The pro-life safeguards of the Mexico City policy were in effect during the Reagan-Bush years as a way to fully fund family planning without promoting abortion. And the Mexico City policy, which the Smith amendment would reinsert, is both pro-family and pro-life.

During those years the policy was in place, in excess of 350 family planning organizations, including Planned Parenthood affiliates in 57 States and countries, accepted those conditions.

If the bill is passed without the Smith amendment, the House will appropriate $385 million for international population control without the pro-life safeguards. Opponents of Mexico City will argue that this policy is not necessary because we already have the Helms amendment in law. But, Mr. Chairman, the Helms amendment was found to be infirmed. Yes; it stopped direct funding, but there were loopholes and the pro-abortion groups used those loopholes very effectively.

Under current law, U.S. taxpayer dollars go to the international abortion industry which performs abortion on demand, which actively lobbies to overturn foreign country's laws on abortion. This is a fact and our law protects against this blatant misuse of American family tax dollars.

Mr. Chairman, this issue is about abortion. Abortion is violent. It is violence against women. It is violence against their unborn children. We need family planning without abortion. Abortion hurts women. It is humiliating. It is painful. It is demeaning. It is disruptive. It breaks the heart of a woman.

We need to do family planning without abortion. We can live without it. Let us stop our taxpayer dollars from funding this type of international violence. It is our moral obligation to reinstate Mexico City. Vote for the Smith amendment.

Ms. PELOSI. Mr. Chairman, I yield 1 minute to the gentlewoman from Connecticut [Ms. DELAURO] deputy whip as well as a member of the Committee on Appropriations.

Ms. DELAURO. Mr. Chairman, I rise in strong support of the bipartisan amendment. This debate is not about promoting abortion. Not one penny of U.S. funds can be used for abortion. This vote is a vote to prevent abortion, to improve the health of women and children, and above all, to save lives.

U.S. family planning aid saves the lives of women. UNICEF says that it reduces unintended pregnancies by one-fifth. It would reduce abortions and could save the lives of as many as 120,000 women who would die in childbirth. If the Smith amendment passes, family planning and health clinics across the world will close. Women will be denied Pap smears and will suffer from cancers which could easily have been treated if caught early. Sexually transmitted diseases will go undiagnosed and untreated. More mothers, infants, and children will die.

For 30 years, the United States has been an international leader in reducing the number of maternal and child deaths through its support for family planning. We need to renew this commitment. Vote to reduce abortions, vote to reduce maternal and child death. Vote to support Gilman-Pelosi.

Mr. SMITH of New Jersey. Mr. Chairman, I yield 2 minutes to the gentleman from North Carolina [Mr. JONES].

Mr. JONES. Mr. Chairman, I rise in strong support of the Smith amendment. This amendment will prevent taxpayers' dollars from being spent on abortions overseas. I find it very disturbing that each year, the Federal Government sends millions of taxpayer dollars to family planning organizations in foreign countries that, in turn, use the money to pay for abortions. In essence, these are taxpayer-funded abortions.

Surveys have shown time and time again that whether they are pro-life or pro-choice, the vast majority of Americans do not, and I repeat, do not support federally funded abortions, whether in the United States or overseas.

As a Member of Congress, we are elected to represent and to serve the American people. It is wrong to go against the American people's will and to continue to spend their tax dollars on abortions in foreign countries.

That is why it is critical that we pass the Smith amendment. Without this amendment, American dollars will still be used to fund forced abortions in the People's Republic of China. This is not only a very important human rights issue, it is also a matter of protecting the lives of innocent children around the world.

I personally do not think that Americans should ever have to fund abortions with their tax dollars, especially in foreign countries. But now more than ever during this time of fiscal responsibility and budget tightening, the Federal Government has no business sending American dollars to destroy the lives of innocent children overseas. I strongly urge my colleagues to support the Smith amendment.

Mr. GREENWOOD. Mr. Chairman, I yield 2 minutes to the gentlewoman from New York [Mrs. KELLY].

Mrs. KELLY. Mr. Chairman, I rise today in opposition to the Smith amendment. I find the restrictive Smith amendment to be superfluous. We all know that the 1973 Helms amendment which prohibits any U.S. funds for abortion in international planning is part of the permanent foreign aid statute.

Furthermore, there is no evidence that any recipient of U.S. funds, any recipient of U.S. funds, has ever violated the terms of the Helms amendment. This is unnecessary layering of restrictive law and can only work to harm women and children worldwide by denying them the various health services provided by international family planning organizations.

The effects of the Mexico City policy are far-reaching and negative. According to UNICEF, "each year, 600,000 women die of pregnancy-related causes. Seventy-five thousand of these deaths are associated with self-induced, unsafe abortion."

Do we want the blood of these women on our hands? If my colleagues vote for the Smith amendment, that is what they will get.

In addition, the Mexico City policy serves as a threat, a gag order, that results in failure to assist women in need. For example, if a woman is suffering from a life-threatening infection that is the consequence of a self-induced abortion, members of an international family planning organization might fear that treating such a woman could result in a loss of funds. Is this the result we want?

Family planning is a very critical and complex issue. It is prenatal care; it is child nutrition; it is followup with preventive care; and the education provided by international family planning is often what enables children to survive their first year and enables women to survive their pregnancy.

We must not impose this gag order. We must provide the world with family planning education that works to eliminate the need for abortion.

Mr. Chairman, I urge my colleagues to please support the Gilman-Pelosi secondary amendment.

Mr. SMITH of New Jersey. Mr. Chairman, I reserve the balance of my time.

Ms. PELOSI. Mr. Chairman, I yield 1 minute to the gentlewoman from the District of Columbia [Ms. NORTON].

Ms. NORTON. Mr. Chairman, the Smith amendment would work irreparable harm for women and children throughout the developing world. Gilman-Pelosi is a literal direct response to the concerns of antiabortion advocates. It is almost impossible to sustain a principled position against abortion, without supporting voluntary family planning as it appears in Gilman-Pelosi.

Mr. Chairman, we must have one standard for family planning throughout the world. I would want the same standard there as I would want for myself and my constituents. Family planning is one of the great success stories in economic development. It is not in agriculture; it is not in trade. It is family planning which has been the essential key to economic development itself in the developing world.

Denying family planning is like denying food to children, because that is exactly what happens when families in the developing world have more children than they can support. Gilman-Pelosi is the rational response that is consistent with the values of the American people who strongly support family planning.

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Mr. SMITH of New Jersey. Mr. Chairman, I yield 1 minute to the distinguished gentleman from Texas [Mr. BRADY].

Mr. BRADY. Mr. Chairman, I rise in support of the Smith amendment.

The principle involved here is a serious one, that of the sanctity of a human life. The policy we debate is one of accountability. Do we enforce the law of the American land or do we reward agencies who circumvent our laws?

We are giving agencies overseas who pretend to do family planning a choice, to accept our dollars to conduct true family planning or, as they seek to do, to seek dollars under the guise of family planning to conduct, encourage, and support the promotion of abortion.

To us, to the hard-working people in my district who work very hard for their taxes, who want accountability, we support the Smith amendment and believe it is the best, not just for this country but for every country as well.

Ms. PELOSI. Mr. Chairman, I yield 1 minute to the gentleman from Wisconsin [Mr. OBEY], distinguished ranking member of the Committee on Appropriations.

Mr. OBEY. Mr. Chairman, I support family planning both at home and internationally because I think it is the best way to prevent abortions.

The last time the Smith amendment was before the House, I supported it because I thought that he was right and I was personally fed up with the way that the administration and the United Nations continued to finance and apologize for the coercive abortion policy in China. So I voted with the Smith amendment.

I, at that time, asked the gentleman from New Jersey [Mr. SMITH] in the future to please separate the issue of Mexico City from the issue of China because I thought that would at least guarantee some positive steps forward with respect to the Chinese issue. That has not been done in his amendment, but it has been done in the Pelosi amendment.

The Pelosi amendment in essence will say that unless the U.N. population program gets out of China, and there is no question that they practice coercive abortion policies in that country, that we will get our money, we will take our money out of the United Nations population program. That is what ought to happen.

I urge support for the Pelosi amendment.

Mr. SMITH of New Jersey. Mr. Chairman, I yield 2 minutes to the distinguished gentleman from Florida [Mr. WELDON].

Mr. WELDON of Florida. Mr. Chairman, I thank the gentleman for yielding me the time.

I rise in support of the Smith amendment, and I encourage my colleagues to vote in support of it and against the Pelosi option. The Mexico City policy was established by Ronald Reagan in 1984. It basically said that no family planning organizations that do abortions and promote abortions can get Federal funds. There were claims made at that time that all of these family planning organizations would have to close up shop and all these women would be denied contraceptive services. In truth, all but two of them stayed in business. They made the commitment. They took the money and they stopped promoting abortion.

Now we have a substitute that has been put forward, the Pelosi language, that says that no money would go to an organization that promotes abortion as a method of family planning. The person who will certify whether or not that is the case is Bill Clinton, the man who rescinded the Mexico City policy in 1993, the first act he ever performed. He does not like Mexico City. But we are going to trust him now, the man who vetoed the partial-birth abortion bill. "Trust Bill" is what we are being told today.

Another thing that this language does is, they can be performing abortions and, yes, they can be using their U.S. dollars to buy fax machines and dollars from somewhere else to perform the abortions, but as long as they are not promoting it, they can still get all these U.S. dollars. I believe that if you are really pro-life and you are really committed to the principles that are in the Declaration of Independence, which is we are all endowed by the Creator with certain inalienable rights, including the right to life, then you need to support the Smith amendment.

This was Ronald Reagan's policy. The Members who are proposing this alternative are the people who never supported Ronald Reagan's policy.

I believe, if we are committed to the principles that this Nation was founded on, we will support the Smith language. I encourage all of my colleagues to vote with SMITH.

Ms. PELOSI. Mr. Chairman, I yield 1 minute to the distinguished gentleman from Virginia [Mr. MORAN], a member of the Committee on Appropriations.

Mr. MORAN of Virginia. Mr. Chairman, as you will recall, we debated this issue of the Mexico City policy back in February when we talked about whether the family planning funds should be released. We debated it again in June when we talked about the State Department authorization. And we will continue to be debating it next year and every year thereafter until we come up with a constructive solution. This is a constructive compromise.

This addresses what the opponents have said that they objected to. This says that we will not fund family planning programs where abortion is used as a method of birth control. This says that we will not. So why not agree, shake hands? We have resolved a very difficult issue and now we can work constructively in other countries where women and children and men are forced to live lives of abject poverty, because that is what we condemn them to if we do not make family planning information available to women so that they can control the size of their families.

We have a responsibility, we who live in a country so prosperous and so free, to do something for those people who do not. Please support this amendment.

The CHAIRMAN. The Chair would inform the Members that the gentleman from New Jersey [Mr. SMITH] has 7½ minutes remaining, the gentlewoman from California [Ms. PELOSI] has 6 minutes remaining, and the gentleman from Pennsylvania [Mr. GREENWOOD] has 4½ minutes remaining.

Ms. PELOSI. Mr. Chairman, I yield 1 minute to the distinguished gentlewoman from California, [Ms. WOOLSEY].

Ms. WOOLSEY. Mr. Chairman, each year in the developing world 600,000 women die from pregnancy-related complications. Maternal mortality is the largest single cause of death among women during their reproductive years. That is why support for family planning services is becoming more important every year.

Voluntary family planning services give mothers and families new choices and new hope. These services increase child survival, promote safe motherhood. Without support for international family planning, women in developing nations face more unwanted pregnancies, more poverty and more despair.

Mr. Chairman, it is ironic that the same people who would deny women in the developing world the choice of an abortion would also seek to eliminate support for family planning programs.

Mr. Chairman, I urge my colleagues to vote in favor of the Pelosi-Gilman substitute.

Mr. GREENWOOD. Mr. Chairman, I yield 2 minutes to the gentleman from Connecticut [Mr. SHAYS], my good friend.

Mr. SHAYS. Mr. Chairman, I thank the gentleman for yielding me the time. I have come to this floor on a number of issues, particularly as they relate to the budget. I think of what we have tried so hard to do, of getting our country's financial house in order and balancing the Federal budget and saving our trust funds for not just future generations but for present generations, and moving from a caretaking society to a caring society. I think of how important those things are.

Yet they pale in comparison to the fact that many of the people around the world live in abject poverty. We have a population in this world of about 5.2 billion and it is climbing. I think of some societies, whose economies grow, but their population growth outstrips their economic growth and they become poorer and poorer and poorer.

For the life of me, I do not know why this great country, the United States of America, would not want to help those countries become more prosperous, and I would like to understand why we would not want them to help control their population growth. This amendment does this.

I just urge, with all that I could urge my colleagues to recognize that this is not the United States of America. I lived as a Peace Corps volunteer overseas. I have seen how people live. They want to live a better life. They want their children to have better lives. But they have got to have a way of knowing how to control their populations and to be able to grow in a logical way.

I urge my colleagues to recognize, this is not about abortion. This is about whether we are going to allow for logical family planning so we do not need abortions and we do not have so many people living in abject poverty.

I urge Members to support the Pelosi and Greenwood amendment. I urge them to allow and help other countries have logical family planning.

Mr. SMITH of New Jersey. Mr. Chairman, I yield 1 minute to the gentleman from Indiana [Mr. HOSTETTLER], my good friend and colleague.

Mr. HOSTETTLER. Mr. Chairman, I rise today in strong support of the Smith amendment and in opposition to the substitute.

The Supreme Court has opined in Roe versus Wade and its erroneous progeny that we have to allow the killing of preborn children. Clearly this was a misread of the Constitution by the Court.

In any event, the Court has not opined that our Government has an obligation to provide this service here in America or in any other land. We should not take to this course by our own will.

The sanctity of life transcends international boundaries. It is time to say no to a careless export, the notion that abortion is acceptable as a means of family planning.

I would prefer to block all international family planning funding. It is fiscally irresponsible to do otherwise. But if we are to fund this type of program, and the Smith amendment does not end international family planning, we must do all we can to see that we do not fund those which promote abortion.

Ms. PELOSI. Mr. Chairman, I yield 1 minute to the gentlewoman from New York [Mrs. MALONEY].

Mrs. MALONEY of New York. Mr. Chairman, I rise in opposition to the Smith amendment and in support of the bipartisan amendment.

I would like very much to be associated with the comments of my colleague on the other side of the aisle, the gentleman from Pennsylvania [Mr. GREENWOOD], and the gentleman from Wisconsin [Mr. OBEY] that pointed out the compromises in this amendment, particularly with the China language.

Federal funds cannot be used to perform abortions overseas. That is the law. But it appears that some of my colleagues are so jittery over a woman's right to choose that they confuse it with a person's right to medical education and a family's right to plan their lives.

The U.N. Fund for Population Activities is not an organization which encourages abortion. What it does encourage is the prevention of unwanted pregnancies in 140 different countries. Not only does the U.N. fund work to prevent abortions, it provides programs which promote better nutrition, health and longer life expectancy. Vote for the bipartisan Pelosi-Gilman amendment.

Ms. PELOSI. Mr. Chairman, I yield 30 seconds to the distinguished gentlewoman from Texas [Ms. JACKSON-LEE].

(Ms. JACKSON-LEE of Texas asked and was given permission to revise and extend her remarks.)

Ms. JACKSON-LEE of Texas. Mr. Chairman, let me say that I rise in opposition to the Smith amendment, clearly, to say that this is not a vote on abortion and we should recognize that. This is about saving lives, because family planning funds are used to provide effective means of birth control, health care for pregnant mothers and newborns, and education on family planning options.

Let us look at the role and responsibility of this country, sharing its expertise with those nations who need our help in family planning. I support the Gilman-Pelosi amendment, a viable approach to making sure that we save lives, that we do not support abortion in this instance, but we support saving lives through fair and adequate family planning.

Mr. Chairman, I rise in opposition to the Smith amendment to H.R. 2159, the foreign Operations appropriations bill. My colleagues, it is disheartening to see this legislation once again before us on the floor of the House and I urge you to join me in opposing this amendment.

Despite attempts of this amendment's proponents to characterize it as such, this vote is not about abortion. Proponents of the Smith amendment wrongly claim that release of family planning funds without restrictions will allow U.S. aid to support abortion services abroad. These funds, however, can not by law be used to provide or promote abortions. They argue that funding is fungible, but the Agency for International Development has a rigorous process to ensure that the current ban on the use of U.S. funds for abortions is adhered to and that no U.S. funds are spent on abortion services.

Funds to support family planning are not funds for abortions. Family planning funds are used to provide contraceptives to persons who would otherwise not have access to them. Family planning funds support education and outreach on family planning options, family counseling, health care, and technical training for personnel.

These funds help to improve the health and increase the survival rate of women and children during pregnancy, in childbirth, and in the years after. Family planning allows parents to control the number of children that they have and the timing of those births. And in so doing it allows women the opportunity to reach beyond the walls of their homes, to get an education and to work outside of the family. A recent report of the Rockefeller Foundation argued that devoting less time to bearing children, reducing family size, and improving the health and survival of women and children results in better economic prospects in developing countries.

Withholding these funds will reduce access to contraception and in so doing increase unintended and unwanted pregnancies. Experience demonstrates that as unintended pregnancies increase, so does the abortion rate. In fact, United States funding to Hungary has coincided with a 60-percent reduction in abortions in that country. In Russia, increased use of contraceptives has led to a 30-percent reduction in abortions.

My colleagues, this is not a vote on abortion. This is a vote to provide more options and opportunities for the people of developing nations around the world.

For these reasons, I call upon each Member to signal their support for the health and welfare of women, children and families and vote against the Smith amendment.

Mr. SMITH of New Jersey. Mr. Chairman, I yield 1 minute to the distinguished gentleman from Kentucky [Mr. LEWIS].

Mr. LEWIS of Kentucky. Mr. Chairman, I rise today to offer my support for my colleague's amendment. I do not believe America should offer financial assistance to any foreign organization that supports abortion. Under today's policies, several agencies that are supported by U.S. funds can do just that.

Groups like the U.N. Population Fund and Family Planning International Assistance freely take U.S. monetary support and use those funds to perform and promote brutal abortion policies. Some of them, like the U.N. Population Fund, help fund China's coercive population control policies which result in thousands of abortions and forced sterilizations.

These organizations are also attempting to change abortion laws in many different countries. They are actively lobbying for abortion with the assistance of U.S. tax dollars.

This amendment will prevent these atrocities. It guarantees that no U.S. funds will be used in any way to promote abortion or sterilization by any group.

If these agencies want to promote abortion as a form of birth control, let them do it without the support of American funds. I encourage all my colleagues to support this amendment and prevent U.S. funds from being used to support coercive family planning.

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Ms. PELOSI. Mr. Chairman, I yield 1 minute to the distinguished gentleman from Texas [Mr. EDWARDS], a member of the Committee on Appropriations.

Mr. EDWARDS. Mr. Chairman, we in Congress have a responsibility to look at not just the intent of our actions but the consequences. In my opinion, the reality is that to restrict funding for family planning is to increase abortions, thousands of abortions. In addition, I think the impact of the Smith language, intended or not, will be to stop tens of thousands of women from getting the kind of prenatal care that I am grateful that my wife was just able to have in having a healthy, happy baby.

Let us be clear. The law does not allow any U.S. dollars to be used to fund abortions abroad. If we used the stretch logic of some of the supporters of the gentleman from New Jersey [Mr. SMITH], we would also cut off all military aid to our allies, because the defense money we send to those allies which helps them and us could then be channeled to funding abortions in those countries. Let us support the right of families in other countries to do what we cherish for our families here in America, to plan for our families' futures. Support Gilman-Pelosi. Oppose the Smith amendment.

Mr. SMITH of New Jersey. Mr. Chairman, I yield 2 minutes to the distinguished gentleman from Michigan [Mr. BARCIA], one of the sponsors of the amendment.

Mr. BARCIA. Mr. Chairman, I offer my gratitude for the tremendous job that the gentleman from New Jersey [Mr. SMITH] is doing on the debate on this very important amendment which he has offered.

Mr. Chairman, I would like to take this opportunity to clarify the exact ramifications of our amendment and the alternative amendment offered by my esteemed colleagues the gentleman from Pennsylvania [Mr. GREENWOOD], the gentleman from California [Mr. CAMPBELL], the gentlewoman from California [Ms. PELOSI], the gentlewoman from New York [Mrs. LOWEY], and the gentlewoman from Connecticut [Ms. DELAURO].

Quite simply, our amendment will ensure that U.S. tax dollars are not allocated to foreign nongovernmental organizations for international family planning programs unless they agree to, No. 1, not violate the laws of other countries with respect to abortion, No. 2, not wage campaigns to alter a country's laws on abortion except to oppose coercive abortion practices and, thirdly and finally, not perform abortions except to save the mother's life or in cases of rape or incest.

Our amendment is necessary to close a loophole that allows U.S. tax dollars to subsidize organizations which work to increase the availability of abortions around the world. The Gilman - Pelosi - Campbell - Lowey - Greenwood substitute will certainly result in a deadly version of the pea in the shell game when we try to identify those responsible for these abortions. It may not be our dollars, but our dollars freed up those that did not pay for the abortion.

I urge my colleagues to support the Smith-Barcia-Hyde-Oberstar amendment and oppose the alternative. The lives of the unborn are too important to leave to the whimsical nature of a loophole.

Mr. GREENWOOD. Mr. Chairman, I yield myself the balance of my time.

The CHAIRMAN. The gentleman from Pennsylvania is recognized for 2½ minutes.

Mr. GREENWOOD. Mr. Chairman, we have heard the rhetoric once again. Members of Congress sitting here, standing here in the Capitol of the United States talking about this issue. On the other side of this amendment, mostly men, but this is not the real world. What really happens in the real world, whether it is in Kazakhstan, whether it is in Bolivia, anywhere around the world, a real woman, somebody's mother, somebody's sister, somebody's daughter, somebody's wife is pregnant and she has five children or six children, she may have lost one or two to hunger or disease already and she is pregnant again because she has no access to family planning and she is terrified and she is determined to get an abortion. She sees that as her only option, rather than starve the children that remain at home. She is going to get that abortion. She is going to get it in some dingy little concrete, damp, dank clinic somewhere out in the middle of nowhere if she is lucky, or she is going to get it in a back alley of some faraway place, terrified, unhygienic, threatening to her health.

That is the world. That is happening as we speak all over the planet every day. There are two things we can do about that. We can turn away. That is what the Smith language does. "Go away. Don't be there. Let that happen. As long as we're not part of it, nothing we can do about it. It's not our problem. It's not our mother. It's not our sister. It's not our daughter."

Or we can be there. We can be there with a few scant American dollars to turn on a light bulb in that clinic, to set up a desk, to put some pamphlets on the table, to have a human being with care to say to that woman, "You do not want to come back here again under these circumstances. We want to give you the birth control pill. We want to teach you how to use a condom. We want to empower you not to have to put yourself or be put in this position again." That is what the Gilman amendment does. Please support the compromise.

The CHAIRMAN. The gentleman from New Jersey [Mr. SMITH] has 3½ minutes remaining.

Mr. SMITH of New Jersey. Mr. Chairman, I yield such time as he may consume to the gentleman from New Jersey [Mr. PAPPAS].

Mr. PAPPAS. Mr. Chairman, I rise in strong support of the Smith amendment.

I have only been here in Congress for 8 months yet this is my third debate on this floor on the issue of whether we ensure that American tax dollars are not used to change the pro-life laws of other countries, whether we truly guarantee that our tax dollars will not be used to pay for abortions, or whether we will allow our tax money to go to organizations that violate the laws of the country to which the aid is sent. Maybe the third time is a charm. The vast majority of Americans agree with the goals and purpose of this amendment and I urge its passage today.

This amendment is a commonsense effort to make sure that America's foreign aid policy is both morally and fiscally responsible and I gladly support both aspects of the Smith amendment.

My time is short so let me get to the point on the U.N. fund. My parents were able to decide to have more than one child. Because of this freedom, my older sister, Olga, has a younger sibling—a brother—me. However, parents in China do not have this basic right. Until, the UNFPA condemns this brutal coerced abortion policy in China or any other country, no United States tax dollars should go to this misguided program. The bipartisan Smith-Barcia-Hyde-Oberstar amendment is the only way to clearly define what U.S. tax money can be used for in this program.

I would like to concentrate on another aspect of this amendment, specifically the "Mexico City" language.

This language is clearly the safeguard that the taxpaying public wants to see on the large expenditure in population control activities that this country pays for. We are talking about $385 million of U.S. tax money. The Smith amendment specifically addresses the ever increasing scourge of U.S. tax dollars being used to change the laws in other countries. Just as this Congress and Nation are seriously concerned about possible efforts by foreign nations to influence our elections and laws, we must not be hypocritical and allow U.S. tax dollar recipients to do the same things to laws in other countries. Clean up this practice and vote for the Smith amendment.

Mr. Chairman, I would like to raise this Congress' attention to one of the greatest ironies of this entire overseas abortion debate. Many of my colleagues who will stand here on this floor and oppose this amendment to restore the pro-family, pro-cultural, pro-child, and successful Mexico City policy are many of the same members who regularly lambaste this body for not moving on campaign finance reform.

Well, if you truly believe in campaign finance reform, this is your vehicle. This is a campaign finance reform vote. This is international campaign finance reform. Vote for the Smith amendment and you will walk the walk of campaign finance reform. Otherwise you are saying that it is OK for U.S. foreign aid money, our hard-earned tax dollars, to be used as soft money to lobby and change laws throughout the world. Planned Parenthood and their kind do not like the pro-life laws in many countries around the world. They will not rest until they bring down these safeguards for the most vulnerable. Make no mistake about it, failure to enact the Smith amendment will be interpreted by the world community that this Congress wants our tax dollars going to foreign lobbyists to change other countries' laws. I am against welfare for lobbyists, especially lobbyists for the abortion industry. So are the American people. The Smith-Barcia-Hyde-Oberstar amendment will prevent this and I urge my colleagues to clean up this travesty and to support the Smith amendment.

Mr. SMITH of New Jersey. Mr. Chairman, I yield myself the balance of my time.

Let me just speak for a moment to my friends who may feel they can somehow rationalize voting "yes" on Gilman-Pelosi and "yes" on the underlying pro-life amendment. Please do not. It is not honest law making. If you are against pouring hundreds of millions of dollars into the abortion industry overseas, the only honest vote is "no" on Gilman-Pelosi and "yes" on Smith-Barcia-Hyde-Oberstar.

Today, Mr. Chairman, the pro-life laws and policies of almost 100 countries that restrict abortion are under siege and the engine driving this global pro-abortion push are the nongovernmental organizations funded by the U.S. Government. Our amendment permits the flow of funds only to those organizations that provide only family planning and not abortion. The innocent children are not put at risk. Who we subsidize, not just what, but who we subsidize does matter and who we give millions of dollars to does matter.

Mr. Chairman, the simple fact of the matter is the long-standing law that no U.S. funds can be directly used for abortion was found to be incomplete. It was like Swiss cheese. The organizations were doing abortions on demand and yet seemingly adhering to the letter of the law with regards to the Helms amendment. That is why we have the Mexico City policy. We do not want to put these unborn children at risk.

Let me be very clear on this. The effect of the Gilman-Pelosi amendment is that even if a foreign nongovernmental organization performs abortion on demand, even if they perform abortions on demand at any stage of the unborn child's development, even if they perform abortions on demand on teenagers without parental knowledge or consent, they still could get huge Federal grants so long as they say they are not promoting abortion as a method of family planning, whatever that is.

To add insult to injury, the phrase "promote" is not defined. I asked some questions earlier, define it very clearly like our amendment does, and the answers were not very enlightening. To adopt Gilman-Pelosi is to sacrifice clarity for vagueness, and the consequence will be that the administration will have breathtaking latitude to find that even the most aggressive abortionists in the world are eligible for funding.

The Smith-Barcia language is straightforward. It is absolutely transparent. It establishes a wall of separation between abortion and birth control. By contrast, the Gilman-Pelosi language intentionally blurs the line of demarcation between abortion and contraception and keeps the abortionists overseas on the Federal dole.

Let me make this very clear, Mr. Chairman. The pro-life vote is no on Gilman-Pelosi. This is no compromise. The Gilman-Pelosi amendment is clearly a killer amendment. I urge a "no" vote on it.

Let me just remind Members, the 7 sponsors of this amendment, with all due respect, are like a who's who of the abortion rights in this Congress. They all voted against the partial-birth abortion. To suggest that somehow this is a pro-life compromise simply does not have any currency to it. Please vote "no" on the first amendment, "yes" on the second.

Ms. PELOSI. Mr. Chairman, I yield myself the balance of my time.

The CHAIRMAN. The gentlewoman from California is recognized for 2½ minutes.

Ms. PELOSI. Mr. Chairman, I thank our colleagues for this very, very informed and serious debate this afternoon. I think those of us who worked hard and long, the gentleman from Pennsylvania [Mr. GREENWOOD] in the leadership of this issue, to put together an appropriate response to the concerns that have been expressed by my colleague in the House, found expression in the supporters of the Gilman-Pelosi-Greenwood-Campbell, the list goes on and on, amendment to the Smith amendment.

I say I am proud of those who spoke on our behalf because they spoke with conviction and consistency. Our colleague in his closing remarks talked about some other issues that have been voted on by those of us who are sponsoring this amendment and since he brought up the subject of votes, I want to bring up the subject of votes as well.

Of the 15 people who spoke in support of the Smith amendment, in opposition to the Gilman-Pelosi-Greenwood amendment, 13 of them voted against international family planning, votes just moments ago, moments before this debate began, for the Paul amendment to eliminate the family planning, international family planning money from this bill. One, the gentlewoman from Florida [Ms. ROS-LEHTINEN] voted against the Paul amendment. The gentleman from New Jersey [Mr. SMITH], the maker of this amendment, was silent on the Paul amendment. He did not vote on that issue. So we do not know where he would stand on that particular amendment.

Mr. SMITH of New Jersey. Mr. Chairman, will the gentlewoman yield?

Ms. PELOSI. I will yield if the gentleman would like to say where he would have voted on the Paul amendment, how he voted on the Paul amendment.

Mr. SMITH of New Jersey. I would like to make it very clear that without, and this is why Members voted for the Paul amendment, without pro-life safeguards we are giving money to the abortion industry overseas. That is why Members voted that way.

Ms. PELOSI. Mr. Chairman, I take back my time. Clearly the gentleman does not want to state where he would have been on the motion to cut all family planning funds from this legislation. It should be clear to our colleagues what the intention is of the Smith amendment and of those who spoke in the well to support it. Indeed, the leadership of the Republican Party in this House, the gentleman from Texas [Mr. ARMEY] and the gentleman from Texas [Mr.DELAY], who spoke on the issue, they all voted for the Paul amendment to cut the family planning funds from here.

So to my colleagues who have a discomfort level with this, I hope they take some comfort in the fact that we came together in a bipartisan fashion, we listened over the years to your concerns and addressed them. Some of my colleagues even today, the gentleman from North Carolina [Mr. JONES], mentioned the force abortion program in China. That is not in the bill any longer. That is not in the bill any longer. And we have widened the separation wall between family planning and abortion.

This is an issue about family planning. Those who oppose our amendment oppose international family planning. If you support international family planning, support the alternative amendment to the Smith amendment.

Mr. CAPPS. Mr. Chairman, I rise in opposition to the Smith amendment. This amendment is nothing more than a global gag rule, denying U.S. funding to overseas family planning agencies.

Agencies which provide women's reproductive health services, improve children's health and reduce the number of abortions around the world.

This amendment will result in the closure of family planning clinics in some of the poorest countries in the world and will surely increase the number of abortions, worldwide.

The Pelosi/Gilman amendment is a fair compromise; it denies funds to any organization which promotes abortion as a method of family planning; and diverts any UNFPA funding that would have gone to operations in China to USAID family planning programs.

People of faith carry the responsibility of stewardship, particularly in the area of human reproduction. Striving to ensure that each child is a blessing for its family and for the world.

The gentleman from New Jersey is clearly a man of conviction. As colleagues on the International Relations Committee he and I have been able to work out compromises in the past. And I hope that we can continue to do so on this important issue.

Ms. JACKSON-LEE of Texas. Mr. Chairman, I rise today in support of the Gilman-Pelosi-Campbell-Lowey-Greenwood-DeLauro-Slaughter substitute to the Smith amendment to H.R. 2159, the Foreign Operations Appropriations bill. This bipartisan substitute amendment is important to protecting the lives and health of women and children around the globe.

Opponents of this amendment have attempted to paint this vote as one about abortion. That is simply inaccurate. This is not a vote about abortion, but about women having the ability to plan their own families. It is a vote about preventing unintended pregnancies. It is a vote about improving the quality of life for people around the world, fighting overpopulation, and preventing hunger.

The Gilman-Pelosi-Campbell-Lowey-Greenwood-DeLauro-Slaughter amendment will preserve current law prohibitions on the use of U.S. funds for abortion. It will continue the ban on the use of U.S. funds to lobby for or against abortion funds. This amendment will disqualify from U.S. family planning assistance any foreign nongovernmental and multilateral organizations that with their own funds "promote abortion as a method of family planning." The amendment will, in fact, prohibit U.S. family planning assistance from going to these organizations unless they use U.S. funds to "prevent abortion as a method of family planning."

Despite the claims of its authors, the Smith amendment will not reduce abortion funding in the foreign operations bill by a penny because there is currently absolutely no abortion funding. The only effect of the Smith amendment will be to defund organizations providing voluntary, preventative family planning services which are the most effective way to reduce abortions.

Around the world, a staggering 585,000 women die each year from pregnancy-related causes, including 70,000 from unsafe abortions. The best way to save lives and reduce the number of abortions is to reduce the number of unwanted pregnancies. The most effective way to do this is through voluntary family planning. Voluntary family planning safeguards the lives and health of mothers and enhances the prospects of their young children.

Abortion is not and should not be a substitute for contraception. Family planning is the primary means of reducing unintended pregnancies and unwanted births. The Gilman-Pelosi amendment addresses and supports this priority and ensures that organizations which promote abortion as a family planning method will be ineligible for funding.

I urge my colleagues to join me in voting for the Gilman-Pelosi-Campbell-Lowey-Greenwood-DeLauro-Slaughter amendment and in so doing vote for family planning and the lives of women and their families. Thank you.

Ms. ESHOO. Mr. Chairman, I rise in support of the Gilman-Pelosi amendment, which will ensure America's continued support for international family planning programs. Global family planning is essential for protecting the health of women, ensuring the health of children, and reducing the demand for abortions. We must not sacrifice the well-being of families around the world on the altar of abortion politics.

Each year, approximately 4 million women will have an unwanted or dangerous pregnancy, resulting in nearly 2 million more abortions or miscarriages. These women do not have access to modern contraception, medical advice or prenatal care.

In the absence of family planning, over half a million women die each year from pregnancy-related causes, including 70,000 from unsafe abortions. Funding restrictions will only add to these numbers.

U.S. support for international family planning has helped families space the birth of their children and has increased the odds that there will be enough food and other essentials to be shared among all family members. We've enabled women to bear children when they are physically strong and can breast-feed normally—increasing child survival by as much as 20 percent.

The Gilman-Pelosi amendment will continue our support for family planning programs while preserving current prohibitions on the use of U.S. funds for abortion. It continues the ban on the use of U.S. funds to lobby for or against abortion rights. It prohibits any organization that promotes abortion as a method of family planning with their own funds from receiving U.S. family planning assistance. And it ensures that organizations that provide voluntary, preventative family planning services will receive the necessary funds to continue their work to reduce the number of abortions and the number of pregnancy-related deaths.

Mr. Chairman, anyone who is serious about promoting the health of women and children must support family planning. And anyone who truly wants to reduce abortions must support these programs as well. I urge my colleagues to support the Gilman-Pelosi amendment.

Mr. NADLER. Mr. Chairman, I rise in opposition to this amendment. I strongly support international family planning because it will improve women's health, reduce poverty, and protect our global environment. Our family planning programs save lives, and they should be continued without unnecessary restrictions.

The only reason why we are even considering the Smith amendment again this year, even though it is already included in the State Department authorization bill, is because the proponents of this amendment are scared their unpopular provision may never be enacted. Apparently, they are confident that, despite support in the House, their view is in fact an extreme position which is not supported by the Senate, by the President, or by the American people.

Why? Because the American people understand that family planning is necessary, successful, and addresses a critical need. According to the World Health Organization, nearly 600,000 women die each year of causes related to pregnancy and childbirth. When couples cannot control the number and timing of births, maternal and infant mortality increases. It is estimated that one in five infant deaths could be averted by birth spacing alone. Our family planning efforts directly address these problems, and as David Broder commented in the Washington Post "the success of the program is undeniable." For example, studies show that our efforts, as part of an international strategy, have prevented more than 500 million unintended pregnancies. I am shocked that proponents of the Smith amendment claim that our family planning program actually increase the number of abortions, when, in fact, the exact opposite is true.

The Smith amendment would severely limit our efforts and lead to a dramatic increase in the number of abortions worldwide. When the so-called Mexico City restrictions were in place during the Reagan and Bush administrations, U.S. funding for the International

Planned Parenthood Federation was suspended. This organization currently supports family planning in over 150 countries and helps serve at least 10 million couples annually in developing countries. The Smith amendment may prevent the U.S. Government from funding this organization and helping so many people. That would be a terrible mistake.

This amendment is pernicious, unnecessary, and harmful. If enacted, it would severely limit family planning efforts and simply result in more unwanted pregnancies, more fatalities among women, and more abortions. I urge my colleagues to vote against the Smith amendment.

Mr. BERMAN. Mr. Chairman, I rise in opposition to the Smith amendment reinstating restrictions on American assistance to international family planning.

The Smith amendment, if adopted, would have three effects: First, it would deny U.S. funds to overseas family planning agencies that perform legal abortions with their own funds; second, it would deny funding to the United Nations Population Fund [UNFPA] which is active in more than 140 countries should it spend any funds in China, and third, it would kill all chances for this legislation to be signed into law.

We all deplore policies of forced abortion or coercive population control. There is no doubt that where these policies exist, such as in China, we should make every effort to reverse them.

Mr. SMITH and his cosponsor should support the Gilman-Pelosi amendment which has been carefully crafted to achieve a middle ground in this long-running congressional debate.

This amendment prohibits the use of U.S. funds to lobby for or against abortion.

It prohibits the use of American aid to perform abortions in any foreign country unless the life of the mother is endangered if the fetus were carried to term or in cases of rape or incest.

It prohibits American aid from being distributed to UNFPA if it operates population planning programs in China.

Many would argue that the Gilman-Pelosi alternative concedes too much ground in its effort to find a compromise. With a world population approaching 6 billion people of which 1.2 billion reside in China, many would argue that the best way to convince Chinese authorities to change their policies of coercive abortion and forced family planning is to support legitimate family planning programs by international agencies and nongovernment organizations in China. However, Mr. GILMAN and Ms. PELOSI offer their compromise in a sincere, bi-partisan effort to reach the political middle ground in order to move forward with this important legislation.

I support the Gilman-Pelosi alternative and urge my colleagues to do so.

H.R. 2150

OFFERED BY: MR. GILMAN

AMENDMENT NO. 9: Strike all after the title heading and insert the following:

SEC. . POPULATION PLANNING ACTIVITIES OR OTHER POPULATION ASSISTANCE.

(a) IN GENERAL.—(1) Notwithstanding any other provision of this Act or any other provision of law, none of the funds appropriated or otherwise made available by this Act for population planning activities or other population assistance may be made available to pay for the performance of abortions in any foreign country, except where the life of the mother would be endangered if the fetus were carried to term or in cases of rape or incest.

(2) The limitation contained in paragraph (1) shall not apply to the treatment of injuries or illness caused by unsafe abortions.

(b) LIMITATION ON LOBBYING ACTIVITIES.—(1) Notwithstanding any other provision of this Act or any other provision of law, none of the funds appropriated or otherwise made available by this Act for population planning activities or other population assistance may be made available to lobby for or against abortion.

(2) The limitation contained in paragraph (1) shall not apply to activities in opposition to coercive abortion or involuntary sterilization.

SEC. . UNITED NATIONS POPULATION FUND.

(a) LIMITATION.—Subject to subsections (b), (c), and (d)(2), of the amounts made available for each of the fiscal years 1998 and 1999 to carry out part I of the Foreign Assistance Act of 1961, not more than $25,000,000 shall be available for each such fiscal year for the United Nations Population fund.

(b) PROHIBITION ON USE OF FUNDS IN CHINA.—None of the funds made available under this section shall be made available for a country program in the People's Republic of China.

(c) CONDITIONS ON AVAILABILITY OF FUNDS.—(1) Not more than one-half of the amount made available to the United Nations Population Fund under this section may be provided to the Fund before March 1 of the fiscal year for which funds are made available.

(2) Amounts made available for each of the fiscal years 1998 and 1999 under part I of the Foreign Assistance Act of 1961 for the United Nations Population fund may not be made available to the Fund unless—

(A) the Fund maintains amounts made available to the Fund under this section in an account separate from accounts of the Fund for other funds; and

(B) the Fund does not commingle amounts made available to the Fund under this section with other funds.

(d) REPORTS.—(1) Not later than February 15, 1998 and February 15, 1999, the Secretary of State shall submit a report to the appropriate congressional committees indicating the amount of funds that the United Nations Population Fund in budgeting for the year in which the report is submitted for a country program in the People's Republic of China.

(2) If a report under paragraph (1) indicates that the United Nations Population Fund plans to spend China country program funds in the People's Republic of China in the year covered by the report, then the amount of such funds that the Fund plans to spend in the People's Republic of China shall be deducted from the funds made available to the Fund after March 1 for obligation for the remainder of the fiscal year in which the report is submitted.

ZERO POPULATION GROWTH,
Washington, DC, August 21, 1997.

Hon. HOWARD BERMAN,
U.S. House of Representatives, Washington, DC.

DEAR REPRESENTATIVE BERMAN: On behalf of the nearly 60,000 members of ZPG across the country, I am writing to ask you to support the Gilman-Pelosi amendment when the House resumes consideration of the Foreign Operations appropriation bill.

The Gilman-Pelosi amendment will come up when Rep. Chris Smith once again offers his amendment to impose a "global gag rule" on international family planning providers. As you know, the Smith amendment would deny U.S. funding to overseas family planning agencies that either perform legal abortions (with non-U.S. funds) or which publicly support any changes in the abortion laws or regulations in foreign countries. This far-reaching amendment would have the result of closing family planning clinics in some of the poorest countries in the world, thereby dramatically increasing the number of abortions. The Smith amendment would also deny funding to the United Nations Population Fund (UNFPA), which runs effective family planning programs in more than 140 countries, if they spend so much as one penny in China. While no one denies that the Chinese population program is often brutal, and always coercive, there is not one sliver of evidence that UNFPA has ever been involved with any involuntary practices.

The Gilman-Pelosi amendment is a new effort at compromise that offers real hope for solving this seemingly unending debate. It responds directly to the claim that the U.S. subsidizes the promotion of abortion by denying funds to any organization that promotes abortion as a method of family planning. Rep. Smith and his allies will oppose this amendment because he knows that it will be impossible to find any organization that receives U.S. family planning aid that does truly promote abortion. The Gilman-Pelosi amendment also concedes the UNFPA argument, but says that if UNFPA does operate in China the money appropriated for that agency would instead be given to U.S. Agency for International Development for family planning programs.

While we believe the Gilman-Pelosi amendment is unnecessary, and that strong enough protections already exist to keep U.S. funds from being used to perform abortion, we believe this represents the best opportunity to move beyond this divisive debate and get on with the business of providing important family planning services to women around the world.

I hope you will vote yes for the Gilman-Pelosi amendment.

Sincerely,

PETER H. KOSTMAYER,
Executive Director.

Mr. SKAGGS. Mr. Chairman, I strongly oppose the Smith, Barcia, Hyde, and Oberstar amendment. This amendment would reinstate the Mexico City restrictions and prohibit U.S. funding to any private, nongovernmental, or multilateral organization that directly or indirectly performs abortions in a foreign country. But the 1973 Helms amendment to the Foreign Assistance Act already prohibits U.S. funds from being used to pay for abortions. This amendment would prevent U.S. assistance to agencies that—with their own funds, to U.S. funds—provide abortion counseling or services. The effect of this amendment would be to deny reproductive choice to women in other countries, not matter what their own beliefs, laws, and cultures have to say about this intensely personal and important issue.

The amendment would also prohibit all United States funding for the U.N. Fund for Population Activities [UNFPA] unless it ceases activities in China. But UNFPA has no China program right now, and the authorization bill language already reduces United States contributions to UNFPA, dollar-for-dollar, for any amount UNFPA spends in the future on a China program—meaning that the United States will not be supporting the reprehensively forced-abortion policy.

The Smith amendment cuts family planning—but it won't reduce abortions. Cutting family planning assistance will mean millions more unintended pregnancies—and more, not fewer abortions. Just the reverse happened after contraceptives and family planning were introduced in Russia after the fall of the Soviet Union—Russia's reliance on abortion was reduced by one-third. The United Nations estimates that 40 percent of pregnancies worldwide are unintended, and of these, 60 percent end in abortion. Family planning can dramatically reduce these tragic statistics.

International family planning efforts also help protect the health of women and children by reducing the number of high-risk births from pregnancies spaced too closely together. Everyday more than 31,000 children under the age of 5 die in developing countries from low birthweight and other complications of high-risk pregnancies. The U.S. Agency for International Development [AID] estimates that, by spacing births at least 2 years apart, family planning can prevent an average of one in four infant deaths; and family planning can prevent 25 percent of all maternal deaths by allowing women to delay motherhood and avoid unintended pregnancies.

Family planning programs can have a dramatic influence on our ability to do something about uncontrolled population growth in many parts of the world. According to AID, more than 50 million couples in the developing work use family planning as direct result of U.S. population program. In the 28 countries with the largest AID-sponsored family planning programs, the average of children per family has declined by one-third, from six to four.

Assistance to other nations that seek voluntarily to limit their population is in our profound national interest. There is no greater threat to our national security than an exploding world population. The world's population now stands at 5.8 billion, and adds another 80 million people every year—the equivalent of adding another New York City every month. If we don't constrain population growth, our work to improve living standards, control pollution, and battle disease is hopeless. More than 95 percent of population growth is occurring in developing countries, where burgeoning population growth contributes to deforestation, water scarcity, global warming, wildlife extinction and other environmental problems that effect us all.

American leadership is crucial to making family planning assistance available to couples in the developing world. Partly because of our leadership, a growing number of countries now provide family planning services of their own. If we retreat, accelerated population growth will pose a direct threat to our national interest.

Support family planning. Oppose the Smith amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York [Mr. GILMAN] to the amendment offered by the gentleman from New Jersey [Mr. SMITH].

The question was taken; and the Chairman announced that the noes appeared to have it.

RECORDED VOTE

Ms. PELOSI. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The CHAIRMAN. Pursuant to clause 2(c) of rule XXIII, the Chair announces he may reduce to not less than 5 minutes the period of time within which a recorded vote, if ordered, may be taken on the amendment offered by the gentleman from New Jersey [Mr. SMITH].

The vote was taken by electronic device, and there were—ayes 210, noes 218, not voting 5, as follows:

[Roll No. 362]

AYES—210

Abercrombie
Ackerman
Allen
Andrews
Baesler
Baldacci
Barrett (WI)
Bass
Becerra
Bentsen
Berman
Berry
Bilbray
Bishop
Blagojevich
Blumenauer
Boehlert
Bonior
Boswell
Boyd
Brown (CA)
Brown (FL)
Brown (OH)
Campbell
Capps
Cardin
Carson
Castle
Clay
Clayton
Clement
Clyburn
Condit
Conyers
Coyne
Cramer
Cummings
Danner
Davis (FL)
Davis (IL)
Davis (VA)
DeFazio
DeGette
Delahunt
DeLauro
Dellums
Deutsch
Dicks
Dingell
Dixon
Doggett
Dooley
Dunn
Edwards
Ehrlich
Engel
Eshoo
Etheridge
Evans
Farr
Fattah
Fawell
Fazio
Filner
Flake
Foglietta
Foley
Ford
Fowler
Frank (MA)
Franks (NJ)
Frelinghuysen
Frost
Furse
Gejdenson
Gephardt
Gibbons
Gilchrest
Gilman
Gordon
Green
Greenwood
Gutierrez
Hamilton
Harman
Hastings (FL)
Hefner
Hilliard
Hinchey
Hinojosa
Hobson
Hooley
Horn
Houghton
Hoyer
Jackson (IL)
Jackson-Lee (TX)
Jefferson
Johnson (CT)
Johnson (WI)
Johnson, E. B.
Kelly
Kennedy (MA)
Kennedy (RI)
Kennelly
Kilpatrick
Kind (WI)
Kleczka
Klug
Kolbe
Lampson
Lantos
Lazio
Leach
Levin
Lewis (CA)
Lewis (GA)
Lofgren
Lowey
Luther
Maloney (CT)
Maloney (NY)
Markey
Martinez
Matsui
McCarthy (MO)
McCarthy (NY)
McDermott
McGovern
McHale
McKinney
McNulty
Meehan
Meek
Menendez
Millender-McDonald
Miller (CA)
Minge
Mink
Moakley
Moran (VA)
Morella
Nadler
Neal
Obey
Olver
Owens
Pallone
Pascrell
Pastor
Payne
Pelosi
Pickett
Pomeroy
Porter
Price (NC)
Ramstad
Rangel
Regula
Reyes
Rivers
Rodriguez
Rothman
Roukema
Roybal-Allard
Rush
Sabo
Sanchez
Sanders
Sandlin
Sawyer
Schumer
Scott
Serrano
Shaw
Shays
Sherman
Sisisky
Skaggs
Skeen
Slaughter
Smith, Adam
Snyder
Spratt
Stabenow
Stark
Stokes
Strickland
Tanner
Tauscher
Thomas
Thompson
Thurman
Tierney
Torres
Towns
Turner
Upton
Velázquez
Vento
Visclosky
Waters
Watt (NC)
Waxman
Wexler
White
Wise
Woolsey
Wynn
Yates

NOES—218

Aderholt
Archer
Armey
Bachus
Baker
Ballenger
Barcia
Barr
Barrett (NE)
Bartlett
Barton
Bateman
Bereuter
Bilirakis
Bliley
Blunt
Boehner
Bonilla
Bono
Borski
Brady
Bryant
Bunning
Burr
Burton
Buyer
Callahan
Calvert
Camp
Canady
Cannon
Chabot
Chambliss
Chenoweth
Christensen
Coble
Coburn
Collins
Combest
Cook
Cooksey
Costello
Cox
Crane
Crapo
Cubin
Cunningham
Deal
DeLay
Diaz-Balart
Dickey
Doolittle
Doyle
Dreier
Duncan
Ehlers
Emerson
English
Ensign
Everett
Ewing
Forbes
Fox
Gallegly
Ganske
Gekas
Gillmor
Goode
Goodlatte
Goodling
Goss
Graham
Granger
Gutknecht
Hall (OH)
Hall (TX)
Hansen
Hastert
Hastings (WA)
Hayworth
Hefley
Herger
Hill
Hilleary
Hoekstra
Holden
Hostettler
Hulshof
Hunter
Hutchinson
Hyde
Inglis
Istook
Jenkins
John
Johnson, Sam
Jones
Kanjorski
Kaptur
Kasich
Kildee
Kim
King (NY)
Kingston
Klink
Knollenberg
Kucinich
LaFalce
LaHood
Largent
Latham
LaTourette
Lewis (KY)
Linder
Lipinski
Livingston
LoBiondo
Lucas
Manton
Manzullo
Mascara
McCollum
McCrery
McDade
McHugh
McInnis
McIntosh
McIntyre
McKeon
Metcalf
Mica
Miller (FL)
Mollohan
Moran (KS)
Murtha
Myrick
Nethercutt
Ney
Northup
Norwood
Nussle
Oberstar
Ortiz
Oxley
Packard
Pappas
Parker
Paul
Paxon
Pease
Peterson (MN)
Peterson (PA)
Petri
Pickering
Pitts
Pombo
Portman
Poshard
Quinn
Radanovich
Rahall
Redmond
Riggs
Riley
Roemer
Rogan
Rogers
Rohrabacher
Ros-Lehtinen
Royce
Ryun
Salmon
Sanford
Saxton
Scarborough
Schaefer, Dan
Schaffer, Bob
Sensenbrenner
Sessions
Shadegg
Shimkus
Shuster
Skelton
Smith (MI)
Smith (NJ)
Smith (OR)
Smith (TX)
Smith, Linda
Snowbarger
Solomon
Souder
Spence
Stearns
Stenholm
Stump
Stupak
Sununu
Talent
Tauzin
Taylor (MS)
Taylor (NC)
Thornberry
Thune
Tiahrt
Traficant
Walsh
Wamp
Watkins
Watts (OK)
Weldon (FL)
Weldon (PA)
Weller
Weygand
Whitfield
Wicker
Wolf
Young (AK)
Young (FL)

NOT VOTING—5

Boucher
Gonzalez
Neumann
Pryce (OH)
Schiff

□ 1632

Messrs. SENSENBRENNER, METCALF, WELLER, and SESSIONS changed their vote from "aye" to "no."

Mr. BENTSEN and Mr. SHAW changed their vote from "no" to "aye."

So the amendment to the amendment was rejected.

The result of the vote was announced as above recorded.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New Jersey [Mr. SMITH].

The question was taken; and the Chairman announced that the ayes appeared to have it.

RECORDED VOTE

Mr. SMITH of New Jersey. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The CHAIRMAN. This is a 5-minute vote.

The vote was taken by electronic device, and there were—ayes 234, noes 191, not voting 8, as follows:

[Roll No. 363]

AYES—234

Aderholt
Archer
Armey
Bachus
Baker
Ballenger
Barcia
Barr
Barrett (NE)
Bartlett
Barton
Bateman
Bereuter
Berry
Bilirakis
Bliley
Blunt
Boehner
Bonilla
Bonior
Bono
Borski
Brady
Bryant
Bunning
Burr
Burton
Buyer
Callahan
Calvert
Camp
Canady
Cannon
Chabot
Chambliss
Chenoweth
Christensen
Coble
Coburn
Collins
Combest
Condit
Cook
Cooksey
Costello
Cox
Cramer
Crane
Crapo
Cubin
Cunningham
Danner
Deal
DeLay
Diaz-Balart
Dickey
Doolittle
Doyle
Dreier
Duncan
Dunn
Ehlers
Emerson
English
Ensign
Everett
Ewing
Foley
Forbes
Fowler
Fox
Gallegly
Ganske
Gekas
Gibbons
Gillmor
Goode
Goodlatte
Goodling
Goss
Graham
Granger
Gutknecht
Hall (OH)
Hall (TX)
Hamilton
Hansen
Hastert
Hastings (WA)
Hayworth
Hefley
Herger
Hill
Hilleary
Hoekstra
Holden
Hostettler
Hulshof
Hunter
Hutchinson
Hyde
Inglis
Istook
Jenkins
John
Johnson, Sam
Kanjorski
Kaptur
Kasich
Kildee
Kim
King (NY)
Kingston
Kleczka
Klink
Knollenberg
Kucinich
LaFalce
LaHood
Largent
Latham
LaTourette
Lewis (CA)
Lewis (KY)
Linder
Lipinski
Livingston
LoBiondo
Lucas
Manton
Manzullo
Mascara
McCollum
McCrery
McDade
McHugh
McInnis
McIntosh
McIntyre
McKeon
Metcalf
Mica
Miller (FL)
Moakley
Mollohan
Moran (KS)
Murtha
Myrick
Neal
Nethercutt
Ney
Northup
Norwood
Nussle
Oberstar
Ortiz
Oxley
Packard
Pappas
Parker
Paul
Paxon
Pease
Peterson (MN)
Peterson (PA)
Petri
Pickering
Pitts
Pombo
Portman
Poshard
Quinn
Radanovich
Rahall
Redmond
Regula
Riggs
Riley
Roemer
Rogan
Rogers
Rohrabacher
Ros-Lehtinen
Royce
Ryun
Salmon
Sanford
Saxton
Scarborough
Schaefer, Dan
Schaffer, Bob
Sensenbrenner
Shadegg
Shaw
Shimkus
Shuster
Skeen
Skelton
Smith (MI)
Smith (NJ)
Smith (OR)
Smith (TX)
Smith, Linda
Snowbarger
Solomon
Souder
Spence
Stearns
Stenholm
Stump
Stupak
Sununu
Talent
Tauzin
Taylor (MS)
Taylor (NC)
Thomas
Thornberry
Thune
Tiahrt
Traficant
Walsh
Wamp
Watkins
Watts (OK)
Weldon (FL)
Weldon (PA)
Weller
Weygand
Whitfield
Wicker
Wolf
Young (AK)
Young (FL)

NOES—191

Abercrombie
Ackerman
Allen
Andrews
Baesler
Baldacci
Barrett (WI)
Bass
Becerra
Bentsen
Berman
Bilbray
Bishop
Blagojevich
Blumenauer
Boehlert
Boswell
Boyd
Brown (CA)
Brown (FL)
Brown (OH)
Campbell
Capps
Cardin
Carson
Castle
Clay
Clayton
Clement
Clyburn
Conyers
Coyne
Cummings
Davis (FL)
Davis (IL)
Davis (VA)
DeFazio
DeGette
Delahunt
DeLauro
Dellums
Deutsch
Dicks
Dingell
Dixon
Doggett
Dooley
Edwards
Ehrlich
Engel
Eshoo
Etheridge
Evans
Farr
Fattah
Fawell
Fazio
Filner
Flake
Foglietta
Ford
Frank (MA)
Franks (NJ)
Frelinghuysen
Frost
Furse
Gejdenson
Gephardt
Gilchrest
Gilman
Gordon
Green
Greenwood
Gutierrez
Harman
Hastings (FL)
Hefner
Hilliard
Hinchey
Hinojosa
Hobson
Hooley
Horn
Houghton
Hoyer
Jackson (IL)
Jackson-Lee (TX)
Jefferson
Johnson (CT)
Johnson (WI)
Johnson, E. B.
Kelly
Kennedy (MA)
Kennedy (RI)
Kennelly
Kilpatrick
Kind (WI)
Klug
Kolbe
Lampson
Lantos
Lazio
Leach
Levin
Lewis (GA)
Lofgren
Lowey
Luther
Maloney (CT)
Maloney (NY)
Markey
Martinez
Matsui
McCarthy (MO)
McCarthy (NY)
McDermott
McGovern
McHale
McKinney
McNulty
Meehan
Meek
Menendez
Millender-McDonald
Miller (CA)
Minge
Mink
Moran (VA)
Morella
Obey
Olver
Owens
Pallone
Pascrell
Pastor
Payne
Pelosi
Pickett
Pomeroy
Porter
Price (NC)
Ramstad
Rangel
Reyes
Rivers
Rodriguez
Rothman
Roukema
Roybal-Allard
Rush
Sabo
Sanchez
Sanders
Sandlin
Sawyer
Schumer
Scott
Serrano
Shays
Sherman
Sisisky
Skaggs
Slaughter
Smith, Adam
Snyder
Spratt
Stabenow
Stark
Stokes
Strickland
Tanner
Tauscher
Thompson
Thurman
Tierney
Torres
Towns
Turner
Upton
Velázquez
Vento
Visclosky
Waters
Watt (NC)
Waxman
Wexler
White
Wise
Woolsey
Wynn
Yates

NOT VOTING—8

Boucher
Gonzalez
Jones
Nadler
Neumann
Pryce (OH)
Schiff
Sessions

□ 1641

Mr. WATT of North Carolina and Mr. DINGELL changed their vote from "aye" to "no."

So the amendment was agreed to.

The result of the vote was announced as above recorded.

□ 1645

Mr. FORBES. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I would like to enter into a brief colloquy with my chairman, the gentleman from Alabama [Mr. CALLAHAN], chairman of the Subcommittee on Foreign Operations, Export Financing, and Related Programs of the Committee on Appropriations.

Mr. Chairman, I rise today because it had been my intention, and I appreciate the patience of the chairman for entertaining my consideration of an amendment which ultimately we withdrew, which talked about the total elimination of any and all funding from the U.S. taxpayers to the Palestinian Authority.

That amendment was under consideration going back to early July, before we had some of the most recent and horrendous tragedies: the one on July 30, in which 150 people were injured, the tragedy of July 30, which we all are now only too familiar with, in which 13 people were killed, 150 were injured. Five Americans, Mr. Chairman, five Americans were killed in Israel at the hands of the Islamic terrorists and those who would bring Israel down.

Just this morning, as our day was beginning here, we got the news of the tragedy at the Ben-Yehuda Pedestrian Mall in West Jerusalem. We know of at least one American from New Jersey that was killed in that horrendous attack, and this all is with the backdrop of the chairman of the PLO hugging and embracing what I would best describe as an international outlaw, the head of the Hamas terrorist group that is wreaking havoc in Israel.

Mr. Chairman, I appreciate the patience of the chairman of the subcommittee in entertaining my concern for continued U.S. dollars being sent to the Palestinians. I think it is only fair to understand that by anybody's definition the peace process is dead. How many Americans, much less how many Israelis, must be murdered before we understand as a nation that we cannot continue to try to prop up a man who has blood on his hands, who has failed to live by the Oslo accords, who has violated those accords repeatedly?

While we could not get this amendment considered to cut off all aid to the Palestinians, I would just suggest that our State Department seriously consider, as they approach the coming days and discussions with the PLO, that they seriously consider whether it is appropriate to further try to prop up this peace process in the wake of the tragedies and the murders and the wanton disregard for Israeli as well as American lives.

Mr. Chairman, I would suggest, in closing, that they know the characters that have killed half-a-dozen Americans. We know that the PLO has refused to step forward and prosecute them or turn them over to the Americans. That is egregious enough. I think all Americans would join us in what I think can only be an act of conscience, and beginning to focus reality on this entire process.

Mr. Chairman, I appreciate the chairman and the ranking minority member's indulgence in considering earlier my bid to try to offer this amendment. It is obviously now not appropriate, but I do appreciate the chairman's allowing me to talk about this. It is a tremendous tragedy in the world community, and I think we need to rethink where we are in this whole process.

Mr. Chairman, I rise today—during consideration of the Foreign Operations Appropriations Act for fiscal year 1998, that provides aid for the Palestinians—to condemn today's bombing of the Ben-Yehudah Pedestrian Mall in west Jerusalem, that has left at least five dead and well over 100 injured.

This atrocious act comes days before Secretary of State, Madeleine Albright's visit to Israel; and right on the heels of the July 30, 1997 suicide-bombing of western Jerusalem's open air, Mahane Yehuda market—another act of cowardice by militant Islamic terrorists that injured over 150 people, and claimed the lives of 13 others, including 5 Americans.

One of those killed was Leah Stern of New Jersey. Described by friends as a woman with no political interest, Ms. Stern's move to Israel had nothing to do with the peace process—that is, until two homemade explosives containing nails and screws tore apart her body. Ms. Stern came to the United States, via Israel, after World War II. According to her daughter, Yocheved Kushner, Ms. Stern had moved to Israel to, live out the rest of her life in peace. Instead, Ms. Stern has become a victim of what is, ironically, called the Middle East peace process.

Mr. Chairman, between September 13, 1993 and the July 31, 1997 bombing, there were six Americans murdered by Arab terrorists in Israel. At this moment we cannot tell how high this tally will climb. One thing we can be certain of is that there will be more to come. Imad Falouji, a former Hamas leader now serving in Arafat's Cabinet—when asked whether more suicide bombings are likely—said, "Another explosion will happen, of course, Palestinians have patience, but if this starvation continues, watch for the revolution."

As a member of the Appropriations Subcommittee on Foreign Operations, I am in a unique position to follow the progress of the Middle East peace process in great detail; and have done so since coming to Congress 3 years ago. It is with great disappointment that I report to you—there hasn't been any progress. Since the signing of the Oslo accords in 1993, have we had peace? Have the Palestinian Authority and the PLO lived up to their commitments in the Oslo accords? No, we have not, and no, they have not. This is why I coauthored the Forbes-Saxton amendment that suspends U.S. assistance to the Palestinian Authority and PLO until the President can report and certify that they are complying with various elements of the Oslo accords and other human rights laws.

Personally, I would like to eliminate all assistance for the Palestinians, however, I offered this amendment because it is the right amendment at the right time. The State Department has failed the peace process by allowing Arafat's reign of terror to continue, and by not demanding better compliance. There are too many violations and instances of misconduct on the part of the Palestinians for us as a nation to ignore. We need to step back and reexamine what we're getting for our money. Are we getting an honest peace partner who respects its commitments to the Oslo accords? Is the U.S. assistance furthering the peaceful coexistence of Israelis and Palestinians? Currently, this is not the case.

Now the President has nominated Martin Indyk to be Assistant Secretary of State for Near East Affairs. Hopefully Mr. Indyk will be made to answer for his compliance in this conspiracy of silence during his confirmation hearings before the U.S. Senate Committee on Foreign Relations this fall. I strongly oppose Mr. Indyk's nomination.

Year after year, the violations and gross misconduct of the Palestinian Authority and PLO continue to grow. History is sometimes a cruel, but honest teacher. We can never allow the politics of the moment to obscure the essential facts: the Palestinian Authority and the PLO openly violated the Oslo accords and continue to disregard the human rights of Israelis and Americans in Israel.

Mr. CALLAHAN. Mr. Chairman, will the gentleman yield?

Mr. FORBES. I yield to the gentleman from Alabama.

Mr. CALLAHAN. Mr. Chairman, I thank the gentleman for his efforts, and for agreeing to allow us to do something that I feel is in the best interests of this country. I do not think it is any secret to anybody in this body that I am a big believer in giving the administrative branch of this Government the authority to handle foreign policy. Nothing in this bill is earmarked for any country, including Israel.

I happen to agree with the gentleman about the PLO, and agree that I am not satisfied with the direction that seemingly they are taking there, and that the administration should ensure that they do everything to put a stop to this.

But my belief, however, is that the administrative branch of Government has the constitutional charge to handle this measure; that they, indeed, agree with the gentleman that different directions should be taken.

The CHAIRMAN. The time of the gentleman from New York [Mr. FORBES] has expired.

(By unanimous consent, Mr. FORBES was allowed to proceed for 1 additional minute.)

Mr. CALLAHAN. Mr. Chairman, will the gentleman yield?

Mr. FORBES. I yield to the gentleman from Alabama.

Mr. CALLAHAN. Mr. Chairman, that is to make certain that our leaders in our foreign policy, Madeleine Albright, the President, have an open book and an open mind going into these negotiations.

I think the gentleman's message has been heard loud and clear. I am sure that the people of Israel and the supporters of Israel agree with the gentleman, as I do, that we must look very seriously at the very serious occurrences that are taking place there and take some actions accordingly.

Ms. ESHOO. Mr. Chairman, I rise today to compliment the members of the Foreign Operations Subcommittee for what they have done regarding aid to Turkey, Armenia, Azerbaijan, and Nagorno-Karabagh. For the first time in recent memory there will not be a floor debate on several amendments regarding Armenia. This is because they have fashioned a fair consensus position.

The provisions included in this bill preserve the House of Representative's longstanding support of the people of Armenia and Nagorno-Karabagh by maintaining the economic sanctions against the Government of Azerbaijan for its blockade of Armenia, while allowing funds to be made available in Azerbaijan for democracy building.

The bill also allows for the crucial delivery of humanitarian aid through nongovernmental organizations to meet the tremendous needs of those affected by the conflict in the Transcaucus region, including refugees, wounded and displaced persons.

Unfortunately, the Senate has not chosen the path of consensus. They have chosen to lift the sanctions against Azerbaijan to curry favor with an oil-rich nation. I therefore urge the chairman and ranking member in conference to remain strong and oppose any weakening of section 907.

In 1992, Congress passed the Freedom Support Act. This law included a prohibition of direct nonhumanitarian assistance to Azerbaijan. This action was taken in response to the blockades placed on Armenia and Nagoma-Karabagh by Azerbaijan. These blockades have remained in place for over 5 years, and the effect has been devastating. They have denied fuel, heat, shelter, and other basic necessities to the people of Armenia and Karabagh, increasing their exposure to disease, hypothermia, and other public health crises. This misery only amplifies the problems created by armed conflict and nearly 400,000 refugees and displaced persons. We should strengthen our resolve to change Azeri Government behavior. Now is not the time to weaken section 907.

Once again I commend all of those who worked to resolve this issue, and hope this a good omen for the future.

Mr. STARK. Mr. Chairman, it is with great concern that I express my opposition to the Foreign Operations Appropriations Act for Fiscal Year [FY] 1998. Nations around the world look to the United States to set the stage for the foreign affairs arena. U.S. citizens look to Congress to set the stage for domestic priorities. This measure sets a poor example for other nations to follow and demonstrates that we care very little for the people in our own country.

H.R. 2159 calls for a $33 million decrease from fiscal year 1997 for the nonproliferation, anti-terrorism, demining and related programs account. China continues the proliferation of nuclear weapons by providing information and materials to rogue nations. The United States must continue to make a concerted global effort to assist foreign countries to combat this threat of nuclear destruction. It is clear that we are making progress toward nuclear nonproliferation but until weapons of mass destruction have been eradicated, we cannot accept cutbacks to these programs.

Meanwhile, we are giving a combined total of $5.2 billion to Israel and Egypt. Of this amount, $1.8 billion is allocated for Foreign Military Finance which can be used for advanced weapons systems. Another $475 million is made available for procurement of defense-related goods and services, including research and development in Israel. Egypt is provided with $1.3 billion with which to purchase a tactical command and control system for its army. It is incomprehensible how we propose to send billions of dollars overseas for foreign defense, yet we expect our elderly to prolong receipt of Medicare benefits until they are sixty-seven. Five billion dollars for defense does not help the people of Israel, Egypt, or the United States when they are sick and in need of health services.

H.R. 2159 fails to provide a separate account for population development assistance. Instead, this measure allows up to $385 million to be provided for international family planning through various accounts, including the child survival account. The Child Survival and Disease Programs fund was established to reduce infant mortality and improve the health and nutrition of children, especially in the poorest nations. It is counterproductive to appropriate funds for one program so that it can support another. If children's health is a priority, then we should treat it as such and leave its funding alone. If women's health is a priority, then we should reinstate a separate account for international family planning activities.

Each year the majority party touts its platform of family values, yet cuts funds and puts restrictions on international family planning. Given that women are the primary caretakers and household managers throughout much of the developing world, their health and well-being undeniably determines how their children will fare in life. According to a 1996 report from the United Nations Children's Fund [UNICEF] almost 600,000 women die during pregnancy and childbirth each year. Of these tragedies, 75,000 die attempting to abort an unwanted pregnancy themselves or with the help of an untrained and unsafe provider. These deaths render at least 1 million children motherless every year. The United States is hypocritical in its message of promoting family values, but limiting assistance for women's health in developing nations.

I will not support a measure that cannot lead by example. I will not support a measure that seeks to limit efforts to end the threat of nuclear destruction yet builds military defenses in foreign lands. I will not support a measure that restricts medical resources from women worldwide. I will not support the Foreign Operations Appropriations Act for Fiscal Year 1998.

The CHAIRMAN. No further Members seeking recognition, the Clerk will read the final lines of the bill.

The Clerk read as follows:

This Act may be cited as the "Foreign Operations, Export Financing, and Related Programs Appropriations Act, 1998".

The CHAIRMAN. There are no further amendments permitted by the order of the House of July 24, 1997.

Under that order, the Committee rises.

Accordingly the Committee rose; and the Speaker pro tempore (Mr. HASTERT) having assumed the chair, Mr. THORNBERRY, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 2159) making appropriations for foreign operations, export financing, and related programs for the fiscal year ending September 30, 1998, and for other purposes, under the previous order of July 24, 1997, he reported the bill back to the House with sundry amendments adopted by the Committee of the Whole.

The SPEAKER pro tempore. Under the rule, the previous question is ordered.

Is a separate vote demanded on any amendment? If not, the Chair will put them en gros.

The amendments were agreed to.

The SPEAKER pro tempore. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

The SPEAKER pro tempore. The question is on the passage of the bill.

Pursuant to clause 7 of rule XV, the yeas and nays are ordered.

The vote was taken by electronic device, and there were—yeas 375, nays 49, not voting 9, as follows:

[Roll No. 364]

YEAS—375

Abercrombie
Ackerman
Aderholt
Allen
Andrews
Archer
Armey
Bachus
Baesler
Baker
Baldacci
Ballenger
Barcia
Barrett (WI)
Bartlett
Bass
Bateman
Becerra
Bentsen
Bereuter
Berman
Bilbray
Bilirakis
Bishop
Blagojevich
Bliley
Blumenauer
Blunt
Boehlert
Boehner
Bonilla
Bonior
Bono
Borski
Boswell
Boyd
Brady
Brown (CA)
Brown (FL)
Brown (OH)
Bryant
Bunning
Burr
Burton
Buyer
Callahan
Calvert
Camp
Canady
Cannon
Capps
Cardin
Castle
Chabot
Chambliss
Christensen
Clay
Clayton
Clement
Clyburn
Coble
Collins
Cook
Cooksey
Costello
Cox
Coyne
Cramer
Crane
Crapo
Cubin
Cummings
Cunningham
Danner
Davis (FL)
Davis (IL)
Davis (VA)
DeFazio
DeGette
Delahunt
DeLauro
DeLay
Dellums
Deutsch
Diaz-Balart
Dickey
Dicks
Dingell
Dixon
Doggett
Dooley
Doyle
Dreier
Dunn
Edwards
Ehlers
Ehrlich
Emerson
Engel
English
Ensign
Eshoo
Etheridge
Evans
Everett
Ewing
Farr
Fattah
Fawell
Fazio
Filner
Flake
Foglietta
Foley
Forbes
Fowler
Fox
Frank (MA)
Franks (NJ)
Frelinghuysen
Frost
Furse
Gallegly
Ganske
Gejdenson
Gekas
Gephardt
Gibbons
Gilchrest
Gillmor
Gilman
Goode
Goodlatte
Gordon
Goss
Graham
Granger
Green
Gutierrez
Gutknecht
Hall (OH)
Hamilton
Harman
Hastert
Hastings (FL)
Hayworth
Hefner
Herger
Hill
Hilliard
Hinchey
Hinojosa
Hobson
Hoekstra
Holden
Hooley
Horn
Houghton
Hoyer
Hulshof
Hunter
Hutchinson
Hyde
Inglis
Istook
Jackson (IL)
Jackson-Lee (TX)
Jefferson
Jenkins
Johnson (CT)
Johnson (WI)
Johnson, E.B.
Johnson, Sam
Kanjorski
Kaptur
Kasich
Kelly
Kennedy (MA)
Kennedy (RI)
Kennelly
Kildee
Kilpatrick
Kim
King (NY)
Kingston
Kleczka
Klink
Klug
Knollenberg
Kolbe
Kucinich
LaFalce
LaHood
Lampson
Lantos
Largent
Latham
LaTourette
Lazio
Leach
Levin
Lewis (CA)
Lewis (GA)
Lewis (KY)
Linder
Lipinski
Livingston
LoBiondo
Lofgren
Lowey
Luther
Maloney (CT)
Maloney (NY)
Manton
Manzullo
Markey
Martinez
Mascara
Matsui
McCarthy (MO)
McCarthy (NY)
McCollum
McCrery
McDade
McDermott
McGovern
McHale
McHugh
McInnis
McIntosh
McIntyre
McKeon
McKinney
McNulty
Meehan
Meek
Menendez
Metcalf
Mica
Millender-McDonald
Miller (CA)
Miller (FL)
Mink
Moakley
Mollohan
Moran (VA)
Morella
Murtha
Myrick
Nadler
Neal
Nethercutt
Ney
Northup
Nussle
Oberstar
Obey
Olver
Ortiz
Owens
Oxley
Packard
Pallone
Pappas
Parker
Pascrell
Pastor
Paxon
Payne
Pease
Pelosi
Peterson (MN)
Pickering
Pickett
Pitts
Pomeroy
Porter
Portman
Poshard
Price (NC)
Quinn
Radanovich
Ramstad
Rangel
Redmond
Regula
Reyes
Riggs
Riley
Rivers
Rodriguez
Rogan
Ros-Lehtinen
Rothman
Roukema
Roybal-Allard
Rush
Ryun
Sabo
Sanchez
Sandlin
Sanford
Sawyer
Saxton
Scarborough
Schumer
Scott
Serrano
Sessions
Shadegg
Shaw
Shays
Sherman
Shimkus
Shuster
Sisisky
Skaggs
Skeen
Skelton
Slaughter
Smith (MI)
Smith (NJ)
Smith (OR)
Smith, Adam
Smith, Linda
Snowbarger
Snyder
Souder
Spence
Spratt
Stabenow
Stark
Stenholm
Stokes
Strickland
Stupak
Sununu
Talent
Tauscher
Tauzin
Taylor (NC)
Thomas
Thompson
Thornberry
Thune
Thurman
Tiahrt
Tierney
Torres
Towns
Turner
Upton
Velázquez
Vento
Visclosky
Walsh
Wamp
Waters
Watt (NC)
Watts (OK)
Waxman
Weldon (FL)
Weldon (PA)
Weller
Wexler
Weygand
White
Whitfield
Wicker
Wise
Wolf
Woolsey
Wynn
Yates
Young (AK)

NAYS—49

Barr
Barrett (NE)
Barton
Berry
Campbell
Carson
Chenoweth
Coburn
Combest
Condit
Conyers
Deal
Doolittle
Duncan
Ford
Goodling
Hall (TX)
Hansen
Hastings (WA)
Hefley
Hilleary
Hostettler
John
Jones
Lucas
Minge
Moran (KS)
Norwood
Paul
Peterson (PA)

Petri
Pombo
Rahall
Roemer
Rogers
Rohrabacher
Royce
Sanders
Schaefer, Dan
Schaffer, Bob
Sensenbrenner
Solomon
Stearns
Stump
Tanner
Taylor (MS)
Traficant
Watkins
Young (FL)

NOT VOTING—9

Boucher
Gonzalez
Greenwood
Kind (WI)
Neumann
Pryce (OH)
Salmon
Schiff
Smith (TX)

□ 1713

Mr. FORD changed his vote from "yea" to "nay."

So the bill was passed.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

PERSONAL EXPLANATION

Mr. HERGER. Mr. Speaker, on roll call no. 364, final passage of H.R. 2159, the Foreign Operations Appropriations Act for Fiscal 1998, I am recorded as having voted "aye." It was my intention to vote "no."

AUTHORIZING THE CLERK TO MAKE CORRECTIONS IN ENGROSSMENT OF H.R. 2159, FOREIGN OPERATIONS, EXPORT FINANCING, AND RELATED PROGRAMS APPROPRIATIONS ACT, 1998

Mr. CALLAHAN. Mr. Speaker, I ask unanimous consent that in the engrossment of H.R. 2159, the Clerk be authorized to correct section numbers, punctuation, cross-references, and to make other conforming changes as may be necessary to reflect the actions of the House today.

The SPEAKER. Is there objection to the request of the gentleman from Alabama?

There was no objection.

THANKING COLLEAGUES AND STAFF

(Mr. CALLAHAN asked and was given permission to address the House for 1 minute.)

Mr. CALLAHAN. Mr. Speaker, I want to take this opportunity to thank my colleagues on the subcommittee that helped so tremendously in the drafting of this bill and especially to the gentlewoman from California [Ms. PELOSI], the ranking member of the subcommittee and to the staff people: Mark Murray, as well as Carolyn Bartholomew; to the committee staff on our side, Charlie Flickner, John Shank, Bill Inglee, and Lori Maes, for their tremendous assistance in the handling of this very controversial piece of legislation.

As Members can see, if we work in a bipartisan spirit toward the accomplishment of a goal, we can achieve great numbers success. And certainly the numbers on final passage of this bill today reflect that.

We hope that we will be able to resolve with the Senate some of the differences that we have and are optimistic that we will do so. But without the tremendous success of all of the Members, including my staff person, Nancy Tippins, who worked so tremendously with me on this, we would not be where we are today.

We are going to send to the President and to the administrative branch a good bill. I think under the leadership of the State Department of Madeleine Albright that the administration certainly will have an adequate amount of money to spend in the fashion that they see fit, especially if the Senate sees fit to adopt the procedures that we have sent to them today.

GENERAL LEAVE

Mr. PORTER. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the consideration of the bill (H.R. 2264) making appropriations for the Departments of Labor, Health and Human Services, and Education, and related agencies for the fiscal year ending September 30, 1998, and for other purposes, and that I may include tabular and extraneous material.

The SPEAKER pro tempore (Mr. HASTERT). Is there objection to the request of the gentleman from Illinois?

There was no objection.

DEPARTMENTS OF LABOR, HEALTH AND HUMAN SERVICES, AND EDUCATION, AND RELATED AGENCIES APPROPRIATIONS ACT, 1998

The SPEAKER pro tempore. Pursuant to the order of the House of Thursday, July 31, 1997, and rule XXIII, the Chair declares the House in the Committee of the Whole House on the State of the Union for the consideration of the bill, H.R. 2264.

□ 1719

IN THE COMMITTEE OF THE WHOLE

Accordingly, the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 2264) making appropriations for the Departments of Labor, Health and Human Services, and Education, and related agencies for the fiscal year ending September 30, 1998, and for other purposes, with Mr. Goodlatte in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. Pursuant to the order of the House of Thursday, July 31, 1997, the bill is considered as having been read the first time.

Under the rule, the gentleman from Illinois [Mr. PORTER] and the gentleman from Wisconsin [Mr. OBEY], each will control 30 minutes.

The Chair recognizes the gentleman from Illinois [Mr. PORTER].

Mr. PORTER. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I want to express my appreciation to the gentleman from Wisconsin [Mr. OBEY] for his work and to the gentleman from Louisiana [Mr. LIVINGSTON] who has, with great skill and effort, provided strong support in making this a bipartisan bill. As a result of their efforts, as well as that of many Members, we have resolved many contentious issues such as ergonomics regulations issued by OSHA, methylene chloride regulations and a new Hyde amendment. These initiatives and agreements are the work of many Members of the subcommittee who labored very hard to achieve the compromises reflected in this bill and preserve the broad support for it.

I particularly want to express my gratitude to the gentleman from Illinois [Mr. HYDE] and the gentlewoman from New York [Mrs. LOWEY] for their tireless efforts in achieving a compromise on revisions to the Hyde language in the bill.

The bill I bring to the floor, Mr. Chairman, is the result of a lengthy process of consideration by the subcommittee. We held 31 days of hearings spanning some 14 weeks. In addition to our normal practice of carefully reviewing estimates with the administration, we had 214 public witnesses and 67 Members testify before the subcommittee.

Mr. Chairman, we cannot govern this country by simple agreement between the congressional leadership and the President. While their suggestions and recommendations are very helpful, these suggestions are no substitute for the legislative process that has served this country well for 200 years. As a result, this bill reflects congressional priorities while at the same time reflecting many of the President's concerns and initiatives.

NIH is provided, Mr. Chairman, for example, with a 6 percent increase. The increased funds are being spent on areas of particular national concern including cancer, diabetes and heart disease. However, all Institutes receive an increase over the President's request. The President's request was for only 1.2 percent; we have provided a 6 percent increase.

The Centers for Disease Control is provided an $87 million increase as compared with the President's proposal in the budget agreement to cut CDC by $19 million. Increases in the bill include preventive health, chronic and environmental disease prevention and infectious disease surveillance.

The Community Health Center program is increased by $25 million, and for health professions we rejected the President's proposed cuts and added $13 million over the last year. Ryan White AIDS treatment is increased by $172 million over last year and $132 million over the President's requested level.

In education, the bill provides funding very close to the President's request, but again reflects congressional priorities. The Chapter VI program, the former education block grant which provides broad discretion to local officials to meet local needs, is increased by $40 million to $350 million. The President proposed to terminate it.

IDEA State grant funding, that is, funding for special education, is increased by $305 million over last year. In fiscal 1997, Members will recall, we increased funding by $790 million, making for a total increase of over $1.1 billion in the last 2 years and taking some of the pressure off local school taxes.

College work-study is increased by $30 million. We have also funded a "whole school reform" effort which I believe the gentleman from Wisconsin [Mr. OBEY] will discuss in his remarks.

We have also tried to reflect the President's priorities in the bill. Head Start, education technology, job training and the Job Corps are all fully funded.

The maximum Pell grant is set at $3000.

Funds are set aside for the President's Opportunity Areas for Youth, Literacy and the expansion of Pell grant eligibility, all pending separate authorizations.

I would note that with all the rhetoric coming from the administration on the Results act and performance-based management, not one of these new initiatives was based on improvements and outcomes and not one has included the measures by which we will measure these new programs.

The bill also continues efforts at reform. Funding for block and State grant programs are increased by $500 million over the President's requested levels. These programs represent a Republican approach giving greater local control and fewer Washington strings. Conversely, while not all I would want, the bill terminates 25 programs with 1997 funding totaling $250 million.

Programs that cannot justify funding levels on the basis of effectiveness are frozen or cut in the bill. Goals 2000 State grants are cut by $18 million below last year and $145 million below the President's request. Safe and Drug Free Schools and Eisenhower Professional Development are both frozen at last year's level.

Mr. Chairman, as Members well know, the legislative riders present the committee with some of the most difficult issues that we face. They have made passing bills very difficult and have often served to complicate negotiations with the Senate and with the administration. They make broad, consensus-based bills like the one we bring to Members today virtually impossible. As chairman, I worked very hard in conjunction with the gentleman from Wisconsin [Mr. OBEY] and the gentleman from Louisiana [Mr. LIVINGSTON], as well as other Members, to resolve these many difficult issues.

We have included most of the legislative provisions that were in last year's bill, including a prohibition on human embryo research, and the prohibition on the issuance by the NLRB of regulations relating to single-site bargaining.

As I indicated at the beginning of my remarks, the bill also contains compromise language on ergonomic standards and finally we have reached an agreement on the Hyde language assuring that Federal payments to enroll recipients in managed care plans cannot be used to pay for abortions, except for cases of rape or incest or to save the life of the mother.

In this regard, I particularly want to express my opposition to the Istook amendment on family planning. I am a strong supporter of voluntary family planning. I believe that this amendment, though different in its drafting from versions offered in the full committee and last year during consideration of the bill, would have the same impact. It would undermine voluntary family planning completely.

In deterring teens from seeking family planning services, this amendment actually will cause unwanted pregnancies and, unfortunately, abortions. It will discourage these young women from seeking treatment for sexually transmitted diseases.

There are many other problems with this amendment which I will discuss when it is offered. I would only note that this provision is, at its root, an issue for consideration by the authorizing committee and should be considered there. More importantly, it will disrupt the potential for the kind of broad support that will allow this bill to pass, go to conference and give us the ability for the first time to negotiate with the President from a position of strength.

Mr. Chairman, I believe that this bill represents an example of bipartisanship working to find the common ground that we need to govern this country. I commend it to the Members. I think that it is in very good shape and we have worked very closely together and I believe that it is a bill that should be adopted by the House of Representatives.

Mr. Chairman, I reserve the balance of my time.

Mr. OBEY. Mr. Chairman, I yield myself 12 minutes.

Mr. Chairman, in politics and in governance, there is a time to define differences and there is a time to reconcile those differences. Over the last 2 years, on this bill perhaps more than any other, we have certainly defined our differences. They have been defined to a fare-thee-well, and these bills have been centrally involved in two government shutdowns, protracted debate between the two parties, between the White House and the Congress, and between the two Houses of the Congress.

This year this bill is in quite different shape. It is here because Members in both parties have tried to listen to each other and tried to swallow some things that we differ on in the interest of reaching an ability to reconcile some of the deep differences that we have.

I hope that we can stand here unified on both sides of the aisle and support the package as it is presented from the committee. It is far from perfect and it certainly is very different in some ways from what I would like to see. But in contrast to past years, this is, I think, a reasonable effort at compromise, and I look forward to supporting it, if this bill stays together.

This bill provides a total of $80 billion for the Labor-HHS-Education agencies. The bill is one-tenth of 1 percent below the Clinton request for this bill. It provides 99 percent of the President's education and training budget request, which is $257 million more in funding than would have been possible if the committee had stuck with the 602(b) allocation for the subcommittee which was sent up by OMB in the first place.

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This bill is just .2 percent below the total requested for priority programs. Within that overall total, we have, as is the Congress's prerogative, rearranged some of the spending priorities. Funding for the Department of Education is $29.3 billion, $2.8 billion more than in 1997. With the advance funding for the reading initiative, the total amount provided is $31.56 billion, or .2 percent over the budget request. The bill fully funds the America Reads Initiative by providing $260 million in advance funding. It provides $800 million in additional funding for existing literacy programs consistent with the America Reads Initiative, including title I, which is increased $150 million over the request, Head Start, which is funded at the budget request and after-school learning centers, which are funded at the budget request.

The bill rejects some reductions suggested by the administration, including a $122 million suggested cut in community services programs. It provides an increase for CDC, Centers for Disease Control, of $83 million compared to the President's request to essentially freeze that budget. It fully funds the Job Corps. It does a lot of good things. It also falls far short of a lot of the country's needs because of our lack of resources.

But I would like to talk for a moment about a new initiative which this committee has included in this bill. Additional resources alone are not enough to improve the quality of education in this country. I think we also have reached a bipartisan conclusion that we simply have to have basic reforms in the way schools are administered, the way they are organized, the way they are motivated, the way teachers are taught, the way kids are taught, and the way parents and communities are involved in the support of education. That is why I am pleased that the committee is bringing to the floor a new $205 million initiative which the gentleman from Illinois [Mr. PORTER] and I have recommended to the committee, which includes $150 million in additional funding for title I and $50 million under the fund for the improvement of education, in order to provide the ability for local schools to apply for start-up grants so that they can participate in the school reform movement sweeping the country.

For the last 20 years, we have focused our efforts to improve education on attempts to improve the performance of individual children, and there is nothing wrong with that. But there is also a considerable body of opinion which tells us that it is not enough to focus simply on one classroom, or one child at a time unless you have a total atmosphere of reform present on a school-by-school basis. And so we are bringing this reform package to the Congress.

In contrast to many other initiatives in many past Congresses, this is about the only initiative I can think of in the past 15 years which has united virtually every single group in the education community, that has united teachers unions with school boards. It has also brought into the coalition the chief State school officers of the 50 States, the title I administrators from around the country, the National Parent-Teachers Association and many other groups in support of this initiative.

This initiative has in large part been driven by the New American Schools movement, which originally had its genesis in an effort put together by a group of nationally known American businessmen headed by David Kearns who used to run Xerox Corporation. They basically looked at the problems that we were facing in public education. They commissioned the Rand Corporation to study the research to determine what worked and what did not work in the area of school reform, and they have helped around the country to achieve a situation in which some 700 schools have been able to use one model or another to try to improve school performance.

But 1 percent school involvement is not enough, in our view, and this should help some 4,000 schools get into the act of rethinking from the bottom up how those schools are organized, how they are administered and how children are taught within those schools. It is, I think, an exciting initiative not just because of the promise that it holds for progress in academic performance, it is also an exciting initiative because we have bipartisan support for something that can truly move the reform effort forward on the basis not of political ideology but on the basis of what works.

I would like to say one other thing. I know that there are a number of individuals in the caucus of the majority party who are concerned about this bill and would like to see it shaped far more in their image. Let me simply say to those folks, there are a good many people on this side of the aisle who feel the same way coming from the opposite direction. There are many provisions in this bill that I would prefer not be here. The gentleman from Texas [Mr. BONILLA], for instance, pushed incredibly hard for a provision on ergonomics with which I strongly disagree and most of us on our side of the aisle did, but in the interest of accommodation and trying to build bipartisan consensus, we worked out our differences and the gentleman from Texas has been able to deliver what he considers progress in that area.

The gentleman from Mississippi [Mr. WICKER] was able to persuade the committee to adopt a proposal, about which I frankly have great misgivings, with respect to methyl chloride. The gentleman from Arkansas [Mr. DICKEY] was able to convince the committee to include a provision on the NLRB with which I basically disagree, as do most members of our subcommittee on this side of the aisle, and other members of the subcommittee. And the majority caucus were also able to include provisions that we frankly do not agree with, but as Will Rogers said a long time ago, "When two people agree on everything, one of them is unnecessary."

The fact is, in a body of 435 people, if we are going to produce a product which can reach consensus in that body and also receive the support of the President of the United States, we have to have compromises. We have them.

I would simply say to people on both sides of the aisle, we can, if you want, go down last year's road of having division after division after division demonstrated on this floor, or, having already demonstrated the great difference of opinion that we have on a number of these issues, we can try to reach for consensus and produce a bill which we know will be signed by the President and a bill which we know can pass by the fiscal year's end so that we do not have to run the risk of again shutting down government.

I would urge Members on both sides of the aisle to recognize that in the end this institution will be served best if people recognize that we have fought out these differences fiercely in the committee and support the effort that the committee has produced. People are free obviously to offer any amendments that they want, but I do not believe that the interest of either party or this institution will be served by offering amendments for consideration that we know will simply blow up the bill. We have had too much of that the past years and I hope that we have reached the time when we will choose to resolve differences, move forward to new issues and hopefully also in the process produce something that is useful and good for the workers, for the children and for the ill of our society who are served by this legislation.

ADDITIONAL VIEWS SUBMITTED BY THE HONORABLE DAVID OBEY AND THE HONORABLE JOHN PORTER

THE ROAD TO BETTER AMERICAN SCHOOLS

No topic has more consistently been the focus of public debate over the last two decades than the reform of our educational system. Parents know that the competition for jobs and pay which their children will face will be quite different from what they themselves faced only a few years ago. How they fare will be determined not just by how their skills stack up against other workers in their own community but how those skills compare with those of workers around the globe. The relationship between living standards and work skills will become increasingly direct.

As a result, school improvement has been a central agenda item at local school board meetings across the country. It absorbs much of the deliberative time of each state legislature. It is a frequent topic of debate here in Congress and it is a matter of great concern to not only parents and students but corporate leaders and tax payers as well.

Yet the road to school reform has proven elusive. Teachers in many schools complain with apparent justification that students are spending so much time taking newly mandated standardized tests that it has significantly cut back the time available for instruction. In some classrooms, computers purchased with the promise of revolutionizing instruction sit idle day after day serving only as icons of the difficulty of changing the fundamental problems which face our schools. Some thoughtful school board members have reluctantly concluded that the only two things that will really bring positive change to our schools is an infusion of more talented teachers and an infusion of more disciplined and motivated students—two things that they ultimately feel powerless to change.

But in the midst of this debate and the many failed efforts to revolutionize public instruction a promising set of ideas about school organization has taken hold and begun to produce extremely promising results. There is no single father to these new ideas. In fact, they include more than a half a dozen detailed models developed separately by educators at universities in different parts of the country. Each of these models for reforming schools has it own special set of characteristics, but all of the models would significantly change the way that the overwhelming majority of American schools now operate. Strikingly, all of these models have a great deal in common with one another.

Among those who have brought forth proposals for change are James Comer at Yale, Henry Levin at Stanford, Ted Sizer at Brown and Robert Slavin at Johns Hopkins. Each has his own special area of emphasis. The Comer School Development Program for instance focuses on the organization of school decision making. Levin's Accelerated Schools puts forth a curriculum proposal for challenging students identified for remediation. Sizer's Coalition of Essential Schools focuses on the "triangle of learning," the relationship between students, teachers and curriculum. Slavin's Success for All and Roots and Wings call for reallocating resources into the most essential elements for school success, curriculum, instruction and family support.

While the area of emphasis differs from one model to the next, all of these models are based on the concept that effective reform is a school wide proposition. In other words, you can't make sufficient progress by working on one classroom or one teacher or the curriculum for one subject area at a time, the whole school has to be the target for change. All share the concept that parents have to be centrally engaged at every step of the decision making and evaluation process. All concur that a great deal of autonomy is needed for individual schools and that the current top down authority structure existing within most schools has got to go. Each of these concepts requires principals to significantly redefine their roles. They must become consensus builders rather than autocratic directors. They must learn to bring teachers and parents into the decision making process and create a community wide commitment to the behavioral and academic standards of the school.

All argue that the school boards, superintendents and other administrators in the school system have to be aware of the need for these changes and actively support schools attempting change. All are supported by an outside set of experts who are available to advise and help the schools, teachers and principals to successfully retool their school. Finally, each of these concepts is far more than an academic treatise on what people living in the real world should be doing. Each of these models has been developed into real functioning programs being used in a cross section of communities with very specific and detailed guidelines for approaching the real life—every day problems of teaching and learning.

Over the last three decades the principle tool for raising educational performance nationwide has been the Elementary and Secondary Education Act of 1965 and specifically Title I of that Act. Through Title I, the federal government has focused substantial additional resources on underachieving children in lower income schools. What we have learned from these new "whole school" models is that the improvements in academic performance of Title I children can be more broadly based and more long lasting if the focus on individual children takes place in an environment in which parents and teachers are working together for goals they both agree with and played a role in developing.

The most remarkable fact about these models is the extent to which they have succeeded in improving school and student performance without becoming better known to the public or even to many in the education community. Among the organizations that have recognized the potential such models hold for improving the effectiveness of American schools are the Annenberg Foundation, the Edison Project and New American Schools. New American Schools was created by business leaders from a number of the nation's largest corporations and began working with local school districts in 1992 to help certain selected schools adapt to one or another of seven selected school reform models—each representing a different version of "whole school" reform. More than 500 schools in 25 states have participated for much of that period and another 200 schools have been added recently. While that is a tiny fraction of the more than 100,000 elementary and secondary schools across the country, it is providing a solid information base for examining the potential of these reforms. The Rand Corporation has been hired to evaluate this information. While understanding the long term impact of alternate education approaches on student achievement necessarily takes many years, the early results from these experiments have in many instances been dramatic.

A number of schools in Prince George's County, Maryland using the ATLAS model (a variation on the Comer School Development Program) raised their reading scores by 30% on the Maryland Performance Assessment Program. The proportion of students scoring satisfactory or excellent on the exam tripled within a three year period beginning in 1992. Most schools experienced a dramatic decline in discipline problems and a dramatic increase in levels of school attendance.

The John F. Kennedy Elementary School in Louisville, Kentucky increased its scores on the Kentucky statewide assessment by 43% in reading and 48% in math using the National Alliance reform model. In three years, the school rose from among the lowest-scoring schools in the state to the top 10%.

The Success for All model developed at Johns Hopkins University appears to have been particularly successful in boosting achievement among language minority students. In six schools located in Baltimore and Philadelphia, first grade students were three months ahead of their counterparts in other elementary schools by the end of their first year. By the end of second grade they were almost a year ahead of their counterparts.

The Hansberry Elementary School in the Bronx increased the percentage of student who passed the New York State essential skills test from 22% to 50% in reading and from 47% to 82% in math in only two years beginning in 1993. Hansberry used a model developed by the Hudson Institute known as the Modern Red Schoolhouse.

The Rand Corporation noted that "By any number of measures, New American Schools has accomplished a great deal in its first four years of programmatic activity * * * What began as an effort to create small number of outstanding designs for schools has expanded to a comprehensive strategy to reform education."

While these new approaches to improving schools may represent fundamental change from the way most schools now operate, it is important to recognize that these approaches are very consistent with the kinds of organizational changes being brought about in numerous other institutions in society. Just as American business has learned that enhancing the role and input of workers and suppliers creates a common commitment that improves the product and boosts productivity, the full engagement of teachers and parents in the learning process can and is producing similar results in schools. In fact, one might well argue that the standard structure of American schools has changed so little in the last half century that these types of institutional reforms can have an even greater impact on the classroom than businesses have managed to produce in factories or offices.

We do not know all that we would like to know or should know in order to fully revolutionize the nation's schools. We do not know for certain which of these models works best or which is best suited for particular types of schools or to meet particular types of problems. But we certainly do know enough to know that we should begin. We have sufficient experience to know that many more schools should be participating—that we should not only be experimenting with these approaches in all of the states instead of only half, but that we should have a number of schools working with these reforms in each region of every state.

That is why we encouraged the Appropriations Subcommittee on Labor-Health, Human Services and Education to provide $200 million to start such a whole school reform effort in the education appropriation bill for the coming school year. These funds would be apportioned by state education officials and the Department of Education to school districts interested in making a serious commitment to school improvement. Schools with differing ethnic and socioeconomic backgrounds would be selected as would schools facing differing problems in improving academic performance. Each participating school would receive a grant of at least $50,000 a year to implement a research tested model for whole school reform. The funds would be used to help the school get the necessary outside expertise, hire the staff necessary to facilitate change and train existing personnel to meet the challenges of making fundamental changes in the manner in which the schools operate. The effort would provide a large number of school districts across the country with first hand experience and information to determine whether they wish to provide additional schools with the resources necessary to make the proposed changes.

We have had an extended debate in this country about school reform and that debate will no doubt continue. But it is time to do more than debate. We now have proposals to reform our schools that are not just academic theories but are producing real results in real classrooms across America. With a relatively small amount of outside resources, communities can restructure schools in ways that make them significantly more effective. We should now move to insure that a broader spectrum of our nation's schools have a chance to move forward with these reforms and determine for themselves the impact these changes have on student learning and school effectiveness.

EXAMPLES OF WHOLE SCHOOL REFORM MODELS

Accelerated Schools

Accelerated Schools, developed at Stanford University, is a whole school reform model that focuses on an accelerated curriculum that emphasizes challenging and exciting learning activities for students who normally are identified for remediation. One of the key ideas behind Accelerated Schools is that rather than remediating students' deficits, students who are placed at risk of school failure must be accelerated—given the kind of high-expectations curriculum typical of programs for gifted and talented students. The program's social goals include reducing the dropout rate, drug use, and teen pregnancies.

The Accelerated Schools model is built around three central principles. One is unity of purpose, a common vision of what the school should become, agreed to and worked toward by all school staff, parents, students and community. A second is empowerment coupled with responsibility, which means that staff, parents and students find their own way to transform themselves. A third element, building on strength, means identifying the strengths of students, of staff and of the school, and then using these as a basis for reform. School staff are encouraged to search for methods that help them to realize their vision. There is an emphasis on reducing all uses of remedial activities and on adopting engaging teaching strategies, such as project-based learning. The schools implement these principles by establishing a set of cadres which include a steering committee and work on groups focused on particular areas of concern. Accelerated schools are located in 39 states, including Colorado, Texas and California.

ATLAS (Authentic Teaching, Learning and Assessment of All Students)

The ATLAS Program, builds on concepts embodied in the School Development Program and the Coalition of Essential Schools, but adds other unique elements. One of these is a focus on pathways—groups of schools made up of high schools and the elementary and middle schools that feed into them—whose staff work with each other to create coordinated and continuous experiences for students. Teams of teachers from each pathway work together to design curriculum and assessments based on locally defined standards. Teachers collaborate with parents and administrators to form a learning community that works together to set and maintain sound management policies.

The intent of the model is to change the culture of the school to promote high institutional and individual performance. The emphasis of the design is on helping school staffs create classroom environments in which students are active participants in their own learning. Project-based learning is extensively used. Assessment in ATLAS schools emphasize portfolios, performance examinations, and exhibitions. Community members are active participants on the school governing teams and the schools develop programs to encourage parental involvement. ATLAS schools are operating in Norfolk, Virginia; Prince George's County, Maryland; Gorham, Maine; Seattle, Washington; and Philadelphia, Pennsylvania.

Audrey Cohen College of System of Education

Audrey Cohen College of System of Education is based on the teaching methods used at the Audrey Cohen College in New York City. This whole school reform model focuses student learning on the study and achievement of meaningful "purposes" for each semester's academic goals. A holistic and purpose-driven curriculum is the centerpiece of the model. Curriculum and instruction are organized around a single, developmentally appropriate purpose for each semester, cumulating to 26 purposes in a K–12 system. Embedded in each purpose are content areas such as English and math, and essential skills such as critical thinking and researching. Each purpose culminates in a "constructive action" undertaken by the class to serve the community. For example, in fourth grade, one purpose is "we work for good health." Students achieve their purpose by using their knowledge and skills to plan, carry out, and evaluate a "constructive action" to benefit the community and larger world. Leadership is emphasized. These fundamental changes in the curriculum and instruction become the organizing principles for all other school activities. The total effect is intended to make the school and its programs more coherent and focused.

The purposes help the school and its officials identify key community resources to involve in the educational enterprise. The constructive actions help to bring the community into the school and the school into the community—making schools, parents and children active partners in improving the community. Schools are implementing the Audrey Cohen model in San Diego, California; Phoenix, Arizona; Miami, Florida; Hollandale, Mississippi; Seattle, Washington; and Dade County, Florida.

Coalition of Essential Schools

The Coalition of Essential Schools is based at Brown University. The Coalition is not a reform model per se, but an organization dedicated to "Nine Common Principles of Essential Schools". The Nine Principles involve certain ideas about school reform that include building support and collaboration among teachers, students and the families of those students in the community. The Coalition focuses on the relationship between students, teachers and the curriculum—the "triangle of learning".

In order to become a member of the Coalition of Essential Schools, a school submits a statement of its long-term goals and an action plan. The action plan must state how structures, pedagogy, curriculum and assessment will change, and it must include a statement of faculty commitment to student learning and engagement. Community support must be solicited throughout the process and a school-site coordinator is identified to work as a liaison between the school, and regional or state coordinator, and the Coalition. Membership in the Coalition includes a responsibility to participate in a network with other Coalition Schools, and to meet expectations that include commitment, whole-school involvement, documentation and assessment of progress, and funds to support school reform activities over a multi-year period.

Co-NECT Schools

Co-NECT schools focus on complex interdisciplinary projects that extensively incorporate technology and connect students with ongoing scientific investigations, information resources, and other students beyond their own school. Co-NECT uses technology to enhance every aspect of teaching, learning, professional development, and school management. Cross-disciplinary teaching teams work with clusters of students. Most students stay in the same cluster with the same teachers for at least two years. Teaching and learning center of interdisciplinary projects that promote critical skills and academic understanding. Teams of educators and parents set goals. Performance-based assessments are extensively used. In addition to understanding key subject areas, graduates of the Co-NECT school demonstrate the acquisition of specific critical skills, identified as sense-maker, designer, problem-solver, decisionmaker, communicator, team worker, project-oriented worker, and responsible, knowledgeable citizen.

A school governance council, which includes teachers, parents, business/community representatives, and administrators, runs the school. In addition, the school design team provides local input concerning the implementation, performance assessment, and accountability of the Co-NECT approach at that particular school. The Community Support Board fosters access to the local community to support the Council and design team. Mentoring and volunteers are encouraged and community input sought for standard-setting. Co-NECT schools are operating in Cincinnati, Ohio; Dade County, Florida; Memphis, Tennessee; Philadelphia, Pennsylvania; San Antonio, Texas; and Worcester, Massachusetts.

Expeditionary Learning Outward Bound (ELOB)

Expeditionary Learning Outward Bound (ELOB) is built on ten design principles and operates on the belief that learning is an expedition into the unknown. Expeditionary Learning draws on the power of purposeful, intellectual investigations—called learning expeditions—to improve student achievement and build character. Learning expeditions are long-term, academically rigorous, interdisciplinary studies that require students to work inside and outside the classroom. In Expeditionary Learning schools, student and teachers stay together for more than one year, teachers work collaboratively through team teaching and shared planning, and there is no tracking.

Schools using this whole school reform model are in Baltimore County, Maryland; Boston, Massachusetts; Cincinnati, Ohio; Dade County, Florida; Decatur, Georgia; Denver, Colorado; Dubuque, Iowa; Memphis, Tennessee; New York City, New York; San Antonio, Texas; and Portland, Oregon.

Modern Red Schoolhouse

The Modern Red Schoolhouse whole school reform model helps all students achieve high standards through the construction of a standards-driven curriculum; employment of traditional and performance-based assessments; effective organizational patterns and professional-development programs; and implementation of effective community-involvement strategies. The model focuses on high standards in core academic subjects—English, geography, history, mathematics and science. Students master a rigorous curriculum designed to transit common culture, develop character, and promote the principles of democratic government. Modern Red Schoolhouses are divided into three divisions, rather than 12 grades: primary, intermediate and upper. To advance to the next division, students must meet defined standards and pass "watershed assessment". Students complete investigations, give oral reports, answer essay questions and take multiple choice exams. Student progress is monitored through an Individual Education Compact, negotiated by the student, parent and teacher. This compact establishes goals, details parent and teacher responsibilities, and lists services the school, parents or community should provide.

Schools using this model are in Indianapolis, Columbus, and Beech Grove, Indiana; Franklin and Lawrence, Massachusetts; New York City, New York; Philadelphia, Pennsylvania; Memphis, Tennessee, and San Antonio, Texas.

National Alliance for Restructuring Education (NA)

The National Alliance for Restructuring Education is a partnership of states, districts, schools and expert organizations created to change the educational system through a five-point set of priorities called "design tasks": the design tasks are standards and assessments, learning environments, high-performance management, community services and supports, and public engagement. The model uses results-based, high performance management at the school and district levels with decentralized decisionmaking to restructure the learning environment to support student achievement and provide professional support to teachers and schools.

Alliance sites adapt for education the principles and techniques developed by American business known as high-performance management. These include strategic management, total quality management, decentralized decisonmaking and empowerment, and accountability and incentive systems. At the school level, principals are trained in these areas to better support the integration and implementation of design tasks. Alliance sites at the state, district and school levels are tasked with developing methods for informing and involving parents and the public in the school and restructuring process. Schools in the National Alliance are in Arkansas; Kentucky; Vermont; Rochester, New York; San Diego, California; and Chicago, Illinois.

Roots and Wings

Roots and Wings is a comprehensive, whole school reform model for elementary schools to ensure that all children leave elementary school with the skills required for success. It is based on the Success For All reading program developed at Johns Hopkins University and incorporates science, history, and math to achieve a comprehensive academic program. The premise of the model is that schools must do whatever it takes to make sure all students succeed. Roots and Wings schools provide at-risk students with tutors, family support, and a variety of other services aimed at eliminating obstacles to success.

The Roots component of the model is aimed at preventing failure. It emphasizes working with children and their families to ensure that children develop the basic skills and habits they need to succeed. The Wings component emphasizes a highly motivating curriculum with instructional strategies that encourage children to grow to their full potential and aspire to higher levels of learning. The design reallocates resources into a system of curriculum, instruction and family support designed to eliminate special education and low achievement.

Roots and Wings provides schools with innovative curricula and instructional methods in reading, writing, language arts, mathematics, social studies, and science. The curriculum emphasizes the use of cooperative learning throughout the grades. In each activity, students work in cooperative groups, do extensive writing, and use reading, mathematics, and fine arts skills learned in other parts of the program. Schools using this model are in Anson County, North Carolina; Memphis, Dade County, Cincinnati, Elyria and Dawson-Bryant, Ohio; Columbus, Indiana; Everett, Washington, Flint, Michigan; Modesto, Pasadena and Riverside, CA; Rockford, Illinois, St. Mary's, Baltimore and Baltimore County, Maryland.

School Development Program

The School Development program is a comprehensive, whole school approach to reform based on principles of child development and the importance of parental involvement. The program was developed at Yale and implemented initially at two elementary schools in New Haven, Connecticut.

Each school creates three teams that take particular responsibility for moving the whole school reform agenda forward. A School Planning and Management Team, made up of teacher, parents and administration, develops and monitors implementation of a comprehensive school improvement plan. A Mental Health Team, composed on school staff concerned with mental health such as school psychologists, social workers, counselors and teachers, plans programs focusing on prevention, building positive child development, positive personal relations, etc. The third major component of the model is a Parent Program designed to build a sense of community among school staff, parents, and students. The parent Program incorporates existing parent participation activities (such as the PTA) and implements additional activities to draw parents into the school, to increase opportunities for parents to provide volunteer services, and to design ways for having the school respect the ethnic backgrounds of its students.

The three teams in School Development Program schools work together to create comprehensive plans for school reform. Schools take a holistic approach in looking for ways to serve children's academic and social needs. The School Development Program is operating in schools in 25 states, including Connecticut, Illinois, Maryland, Michigan, New York, North Carolina, and Pennsylvania.

Talent Development Model for High Schools

The Talent Development Model for High Schools was developed at Johns Hopkins University to fill a major current void in American education—a dearth of proven models of high school effectiveness. The Talent Development Model provides a comprehensive package of specific high school changes for at-risk students based on the proposition that all students can succeed in school given appropriate school organization, curriculum, instruction, and assistance as needed to assure their success. The model focuses on a common core curriculum of high standards for all students and emphasizes the creation of small learning communities through the establishment of career-focused academies as schools-within-the-school.

Essential components include (1) making schoolwork relevant by providing a career focus, (2) providing increased opportunities for academic success, (3) providing a caring and supportive learning environment through enhanced teacher-student interactions, and (4) providing help with student problems, including academic, family problems, substance abuse, disciplinary problems, and employment needs. The Talent Development High School provides assistance to students from social workers and mental health professionals on the school staff and by referrals to an alternative after-hours school in the building designed to meet the needs of students who present the most difficult disciplinary problems. The first Talent Development High School was established at Patterson High School in Baltimore, Maryland. Additional Talent Development sites are being evaluated in Washington, DC, Philadelphia, Chicago and Los Angeles.

NATIONAL ASSOCIATION OF
STATE TITLE I DIRECTORS,
Washington, DC, September, 4, 1997.

Hon. DAVID OBEY,
House of Representatives,
Washington, DC.

DEAR MR. OBEY: The National Association of State Title I Directors believes Title I (Compensatory Education) will be more effective with the reform efforts outlined in the Whole School Reform initiative approved by the House Subcommittee on Appropriations for the Departments of Labor, Health and Human Services and Education. School reform and improvement will not occur without specific support. As it stands today, on average each school teacher annually has over 200,000 interactions with students, parents, and other professionals. To expect these professionals to be able to teach and reform their instructional programs and techniques without specific support is unreasonable. Therefore, we ask that you continue to push for funding for the Whole School Reform effort and reject any attempt to transfer funds out of this initiative. We understand that Congressman Riggs is considering offering an amendment to transfer funds for this reform effort, we hope that this (and any other similar amendments) will be defeated.

Sincerely yours,
RICHARD LONG, Ed.D.
Executive Director.

AMERICAN FEDERATION OF TEACHERS,
Washington, DC, September 4, 1997.

DEAR REPRESENTATIVE: On behalf of the 950,000 members of the American Federation of Teachers (AFT), I urge you to oppose the amendment sponsored by Mr. Riggs to H.R. 2264, the Labor, Health and Human Services, Education and Related Agencies Appropriations bill.

The AFT supports the Whole School Reform Initiative included in H.R. 2264, as reported from committee. The $150 million under Title I—Demonstrations of Innovative Practices Program and $50 million under the Fund for the Improvement of Education would provide schools assistance to fund promising educational strategies, including effective approaches to whole school reform. The AFT believes the real hope for improving public education is by expanding known, effective proven programs and strategies. Parents, the public, and teachers want "what works" in the public schools. They want schools in which students achieve at high levels in basic subjects and in which all students are safe and secure.

Providing selected schools across the country with resources to cover the additional costs of implementing academic programs that are known to work is an especially good use of limited resources. The AFT has done considerable investigation of promising means of school reform and has determined that the spread of instructional programs that meet the criteria of having high academic standard, being strongly research-based, having demonstrated effectiveness in raising student achievement, being replicable in diverse and challenging circumstances, and with assistance available from networks of researchers and practitioners offers the strongest promise of educational improvement. The Whole School Reform Initiative in H.R. 2264 would help school adopt programs that meet these important criteria.

I urge you to support the Whole School Reform Initiative and vote against the Riggs Amendment.

Sincerely,
GERALD D. MORRIS,
Director of Legislation.

NATIONAL EDUCATION ASSOCIATION,
Washington, DC, September 4, 1997.

House of Representatives,
Washington, DC.

DEAR REPRESENTATIVE: On behalf of the 2.3-million members of the National Education Association (NEA), we urge you to oppose the Riggs amendment to H.R. 2264, the Labor, Health and Human Services, Education and Related Agencies Appropriations bill.

NEA supports the Whole School Reform Initiative included in H.R. 2264 as reported from committee. The $150 million targeted to the Demonstrations of Innovative Practices Program and the $50 million for the Improvement of Education would provide schools with the assistance needed to fund and promote innovative and effective approaches to whole school reform. The Riggs amendment would shift $200 million away from this excellent proposal.

As you are aware, schools want effective options for creating high-performance education systems, but they need targeted resources and expert technical assistance to help them adopt these reforms. The Whole School Reform Initiative, as reported from committee, holds out the best promise for helping schools effect these reforms.

NEA urges you to vote against the Riggs Amendment.

Sincerely,

MARY ELIZABETH TEASLEY,
Director of Government Relations.

NATIONAL SCHOOL BOARDS ASSOCIATION,
Alexandria, VA, September 4, 1997.

Hon. DAVID R. OBEY,
House of Representatives, Rayburn House Office Building, Washington, DC.

DEAR REPRESENTATIVE OBEY: On behalf of the National School Boards Association (NSBA) and the 95,000 school board members we represent through our federation of 53 states and territories, we strongly endorse the whole school reform proposal in the FY 1998 appropriations bill. The additional $200 million in resources to support the adoption by schools of research-based, whole school reform models is an important innovation. Research has shown us that for long-lasting reform to take place, the principal, teachers, parents, and staff—the entire school—must reflect the reform principles. The whole school reform proposal in the Labor, HHS, Education FY 1998 appropriations bill will move this process forward.

Thank you for your leadership on this important issue and allowing us to work with you. For further information please call Laurie A. Westley, Assistant Executive Director, at 703-838-6703.

Sincerely,

WILLIAM B. INGRAM,
President.
ANNE L. BRYANT,
Executive Director.

NATIONAL PTA,
NATIONAL HEADQUARTERS,
Chicago, IL, September 4, 1997.

Hon. DAVID OBEY,
Ranking Member, Appropriations Subcommittee on Labor, Health and Human Services, Education, and Related Agencies, House of Representatives, Washington, DC.

DEAR MR. OBEY: I am writing to reiterate our support for your bi-partisan proposal—adopted as part of H.R. 2264, the House Appropriations Committee FY 1998 funding bill for the Department of Labor, Health and Human Services, and Education—that would direct $200 million to whole-school reform initiatives.

We understand that Representative Riggs plans to offer an amendment to redirect this $200 million to Title I basic grants. While we wholeheartedly would support an increased funding allocation for Title I basic grants, we cannot afford to take this money away from whole-school reform initiatives.

We know that effective school reform demands a strong commitment of financial resources and appropriate technical assistance to ensure successful implementation. There are numerous, proven, research-based models of effective schools that communities can replicate if they have the tools. The funding set aside for this purpose in H.R. 2264 would provide the important financial support schools need to implement these whole-school reforms.

We believe the whole-school reform initiative would nicely complement Title I in helping economically and educationally disadvantaged students achieve educational success. We strongly support the $200 million in supplemental assistance for whole-school reform and we oppose Mr. Rigg's amendment to eliminate funding for this purpose.

Sincerely,

SHIRLEY IGO,
Vice President for Legislation.

COUNCIL OF THE GREAT CITY SCHOOLS,
Washington, DC, September 4, 1997.

HOUSE OF REPRESENTATIVES,
Washington DC.

DEAR REPRESENTATIVE: The Council of the Great City Schools, the coalition of the nation's largest central city school districts, writes to urge opposition to Congressman Riggs' amendment to H.R. 2264, the Labor, HHS, Education appropriations bill, which would transfer $200 million for the F.I.E. and Title I Whole School Reform Demonstration initiative into Title I Basic Grants.

On July 28, 1997 the Council wrote to the Subcommittee Chairman Porter and ranking member Obey supporting the Whole School Reform initiative as an important stimulus to facilitate the broader use of effective educational practices and models. The Council is confident that these new School Reform initiatives will be used in the schools which have the greatest need for substantive reform.

The Council is concerned that the amendment transfers funds into a formula vehicle which is no longer authorized by the House Committee of Education and the Workforce. Additionally, the transfer amendment does not target the very limited education funds to high need school districts in a manner which either Subcommittee Chairman Porter or authorizing committee Chairman Goodling have encouraged.

The Council, therefore, requests your opposition to the Riggs transfer amendment.

Sincerely,

JEFFREY A. SIMERING,
Director of Legislative Services.

NEW AMERICAN SCHOOLS,
Arlington, VA, July 14, 1997.

Hon. DAVID R. OBEY,
House of Representatives,
Washington, DC.

DEAR CONGRESSMAN OBEY: It is our understanding the Subcommittee on Labor-HHS-Education Appropriations will be meeting soon to consider the fiscal year 1998 budget request for the Department of Education. We also understand that the Subcommittee will be considering your proposal to provide approximately $200 million in additional resources to the Department to support a new school reform initiative.

We are writing to express the strong support of the New American Schools Development Corporation for this initiative and for your efforts. As you know, the New American Schools Development Corporation is a bipartisan, nonprofit organization launched in 1991 by American corporate and foundation leaders to help schools adopt systemic reforms to achieve world class, high performing schools. Utilizing corporate and foundation support, we financed the research and development of seven comprehensive, schoolwide reform designs and tested these designs in schools and districts across the country. We are currently working with over 700 schools that are implementing these innovative whole school reform designs with considerable success. Secretary Riley recently commended our efforts in his 1997 Annual State of American Education address.

We believe that the results we are seeing in New American Schools justify a significant public investment at this time to spur the adoption of these and other proven whole school reform designs that have the greatest potential to improve the daily instructional experiences of children on a large scale. We have found that schools want effective options for creating high performance education systems, but that they need targeted resources and expert technical assistance to help them adopt these reforms. Your proposal to provide approximately $200 million in start-up funding to support whole school reform in a significant number of schools would provide a powerful impetus to effective school reform in this country.

Sincerely,

DAVID T. KEARNS,
Chairman.
JOHN L. ANDERSON,
President.

AMERICAN EDUCATIONAL RESEARCH ASSOCIATION,
Washington DC, July 24, 1997.

Congressman DAVID OBEY, *Ranking Member,*
Subcommittee on Labor-HHS-Education,
2462 Rayburn House Office Building,
Washington, DC.

DEAR CONGRESSMAN OBEY: I am writing you on behalf of IGER, an informal coalition of groups interested in sound policy development for the federal education research program. The groups identified below endorse the central ideas proposed by the subcommittee as the whole-school reform initiative, and the general comments offered below. I understanding that others in our coalition, such as the NEA and AFT, already have written letters supporting the proposed school reform strategy.

We note with satisfaction that the Subcommittee on Labor-HHS-Education Appropriations has recommended that substantial funding be provided for start-up costs associated with whole-school reform. Many who have studied improvement have concluded that whole-school reform represents one of the most promising approaches to sustainable education achievements, and we applaud the fact that bulk of the funds will be provided to the most needy schools.

We applaud, also, the emphasis given to development of sound evaluation plans as a condition of receiving the grants, as well as the requirements stipulated for on-going professional development, high academic standards, and community involvement.

We agree with the committee that there are a number of whole-school reform programs for which effectiveness is evidenced by a sound research program, using control groups. However, we caution the committee that there are many more reform programs basing their success only on anecdotal evaluations, than there are programs which have the demonstrated results demanded in the legislation. This is not to challenge the promise of the reform efforts sure to be stimulated by the legislation. Rather, it is to urge that, as opportunity arises, the committee consider the need for a continuing program of research—perhaps best conducted through the institute structure provided by OERI—to complement this innovation with additional, hard data about conditions for effective school reform. Similarly, in addition to providing technical support for schools undertaking to evaluate their efforts, we urge support for a substantial third-party evaluation of this exciting national commitment.

We appreciate the committee's continuing support for federal research, statistics, and the regional laboratories, and look forward to working with you to make this exciting new program a success.

Sincerely,

GERALD E. SROUFE,

for the American Educational Research Association.

HOWARD SILVER,
for the Consortium of Social Science Associations.

DAVID JOHNSON,
for the Federation of Behavioral, Psychological, and Cognitive Sciences.

KAREN ANDERSON,
for the National School Boards Association.

RICHARD HERSHMAN,
for the National Education Knowledge Industry Association.

COUNCIL OF CHIEF STATE
SCHOOL OFFICERS,
Washington, DC, July 25, 1997.

Representative DAVID OBEY, Ranking Member, House Appropriations Committee, 1016 Longworth House Office Building, Washington, DC.

DEAR REPRESENTATIVE OBEY: On behalf of the state commissioners and superintendents of education, I commend your leadership in securing a $405 million increase for Title I ESEA in the FY98 Labor-HHS-Education Appropriations bill. We commend especially your initiative in appropriating $150 million in start up funds for the Whole School Reform provisions, authorized under Part E, Title I, "Demonstrations of Innovative Practices," with an additional $50 million for this purpose to the Fund for the Improvement for Education and $5 million for technical assistance and evaluation.

Title I is an essential resource to assist the nation's most economically and educationally disadvantaged students achieve at the high standards they need to compete in the global economy. We applaud the bipartisan agreement on FY98 funding for Title I which substantially exceeds the Administration's request in additional money and provides first-time funding of Whole School Reform.

Funding of the Whole School Reform program is especially important. Research establishes clearly the importance of comprehensive strategies which combine all resources of a school to raise student achievement. The strategy is especially true for schools with large proportions of low achieving students. The Whole School Reform funds will more than double the resources available for states to assist Title I schools in refocusing their resources toward better performance. Combined with Title I provisions for schoolwide projects in schools with high concentrations of poverty and the state program improvement funds for technical assistance to low-performing schools, these funds offer the additional resource needed to change school practice while other resources maintain continuing direct services to students.

As the FY98 appropriation for education moves through the House and to conference with the Senate bill, we support strongly the Subcommittee's $405 million increase for Title I and the Whole School Reform funding. Thank you again for your leadership in achieving the bipartisan commitment to serve the students most in need of help. An increase in their performance is essential if our nation's capacity for a high skills/high wage economy is to be realized. We look forward to working with you through the process.

Sincerely,

GORDON M. AMBACH,
Executive Director.

NATIONAL SCHOOL
BOARDS ASSOCIATION,
Alexandria, VA, July 17, 1997.

Hon. ARLEN SPECTER,
U.S. Senate, Washington, DC.

DEAR SENATOR SPECTER: On behalf of the National School Boards Association (NSBA) and the 95,000 school board members we represent through our federation of 53 states and territories, we strongly urge the FY 1998 funding for K–12 education programs be a high priority. We applaud the bipartisan spirit of the subcommittee bill and the attempts to best the Clinton Administration funding in many programs, especially Title 6 and IDEA. We also applaud Congressman David Obey's (D–WI) whole school reform proposal and the fiscal increase for Title 1. Sadly, these collective increases will not meet the needs in school districts to address exploding enrollments of high-needs children.

Our members' strong support for the $1 billion increase for the Individuals with Disabilities Education Act has been nearly matched by the Senate own expressions of the need for the funds in S. 1, the Majority Leader's highest legislative priority, and later in the Senate Budget Resolution, as well as numerous statements throughout the pendency of the IDEA legislation. Last month the reauthorization of IDEA became law; it provides both the programmatic framework and the urgency for the increase. The long-standing federal commitment to fund IDEA at 40 percent of the excess cost of special education adds to the importance of a $1 billion increase.

As you search for ways to increase the IDEA appropriation to $1 billion, we fervently hope you will not look to other K–12 education programs. The education of some children should not be jeopardized to pay for the education of other children; that would be a travesty.

For further information, please call Laurie A. Westley, Assistant Executive Director, at 703–838–6703. Thank you for your support.

Sincerely,

WILLIAM B. INGRAM,
President.
ANNE L. BRYANT,
Executive Director.

AMERICAN FEDERATION OF
TEACHERS,
555 NEW JERSEY AVENUE, N.W.,
Washington, DC, July 15, 1997.

Congressman DAVID OBEY,
Ranking Member, Labor, Health and Human Services, Education and Related Agencies, Appropriations Subcommittee.

DEAR CONGRESSMAN OBEY: On behalf of the American Federation of Teachers, I would like to support adoption of your report language on effective schools as a part of the FY 1998 education appropriations.

The AFT believes there exist in schools throughout the US a number of rigorous educational programs that are solidly based on research, have records of demonstrated effectiveness in improving student achievement of higher academic standards, are supported by networks of researchers and experienced practitioners, and are known to be replicable in diverse and challenging circumstances. The programs meeting these criteria mark a path that other schools can follow with confidence. Some examples of these programs are Success for All, Roots and Wings, Core Knowledge, Direct Instruction, High Schools that Work, International Baccalaureate, and Advanced Placement. No doubt other such programs can be identified, as well.

It is of great importance that schools—especially schools with high concentrations of disadvantaged students—be encouraged to adopt high standards, rigorous educational programs that we know work. Rather than educational fads and ideologically-driven schemes, it is the research-based, widely replicated, demonstrably effective, and network supported programs that will produce solid academic gains for all children.

Sincerely,

GERALD MORRIS,
Director of Legislation.

NATIONAL PTA HEADQUARTERS,
Chicago, IL, July 22, 1997.

Hon. DAVID OBEY,
Ranking Member, Appropriations Subcommittee on Labor, Health and Human Services, Education, and Related Agencies, U.S. House of Representatives, Washington, DC.

DEAR MR. OBEY: I am writing in support of your proposal—adopted as part of the House Subcommittee on Labor, Health and Human Services, and Education appropriations bill for fiscal year 1998—to direct $200 million to the Department of Education for whole-school reform initiatives.

The nearly 6.5 million members of the National PTA understand that effective school reform demands a strong commitment of financial resources and appropriate technical assistance to ensure successful implementation. We know that good schools share common elements including strong parental and community support, challenging academic standards, and ongoing professional development opportunities. Your proposal, which considers these factors, would provide important financial support for schools that are trying to implement these whole-school reforms.

We believe your initiative would nicely complement proven programs like Title I in helping economically and educationally disadvantaged students achieve educational success. We support an increased Federal funding commitment for Title I and the supplemental assistance offered in your whole-school reform initiative.

Thank you for your efforts on behalf of America's children.

Sincerely,

SHIRLEY IGO,
Vice President for Legislation.

THE NATIONAL ASSOCIATION OF
SECONDARY SCHOOL PRINCIPALS,
Reston, VA, July 30, 1997.

Hon. DAVID R. OBEY,
U.S. House of Representatives,
Washington, DC.

DEAR REPRESENTATIVE OBEY: The 43,000 members of the National Association of Secondary School Principals congratulate you on your success in gaining the approval of the House Appropriation Committee to provide $200 million for a new national initiative to develop innovative, successful schools throughout the country.

Your proposal reflects the recommendations of our report, *Breaking Ranks: Changing an American Institution*, that was prepared by NASSP in partnership with the Carnegie Foundation for the Advancement of Teaching. A copy of this report is enclosed.

The clear message in this report is that school reform is not driven by a single person or issue but involves the whole school and community.

Upon releasing this report, NASSP formed the National Alliance of High Schools and is conducting seminars and workshops around the country to assist schools in implementing the recommendations contained in this report.

Your initiative could be used by high schools around the country to assist them in restructuring their school to best serve the needs of the students as recommended in this report. We applaud your foresight and look forward to working with you to ensure that our nation's students and schools are ready for an ever changing world.

If we can be of any assistance, please contact me at (703) 860-7333.

Kind personal regards,

TIMOTHY J. DYER,
Executive Director

NATIONAL EDUCATION ASSOCIATION,
Washington, DC, July 15, 1997.

Hon. DAVID OBEY,
Rayburn House Office Building, Washington, DC.

DEAR REPRESENTATIVE OBEY: It is NEA's understanding that the Subcommittee on Labor-HHS-Education Appropriations will be meeting soon to consider the FY 1998 budget request for the Department of Education. NEA also understands that the Subcommittee will be considering a proposal by you to provide approximately $200 million in additional resources to the Department to support a new school reform initiative.

The NEA's more than 2.3 million members labor daily in schools and communities across America to support and sustain school reform initiatives. Your proposal would provide important assistance.

As you are aware, schools want effective options for creating high-performance education systems, but they need targeted resources and expert technical assistance to help them adopt these reforms. Your proposal to provide approximately $200 million in start-up funding to support whole school reform in a significant number of schools would provide a powerful impetus to effective school reform in this country.

Sincerely,

MARY ELIZABETH TEASLEY,
Director of Government Relations.

NATIONAL ASSOCIATION OF STATE TITLE I DIRECTORS,
Washington, DC, July 18, 1997.

DEAR SENATOR: On behalf of the National Association of State Title I Directors, I urge you to support the goals and intent of the school reform plan recently approved by the House Labor, Health and Human Services, Education Appropriations Subcommittee.

The National Association of State Title I Directors (NASTID) released a study this week assessing the status of the Title I program. The study entitled "Title I: A Program in Transition" provides information on how the program is changing based on survey results from 43 states. While the program is clearly still in transition, the survey responses are encouraging.

With the passage of the Improving America's School Act in 1994, Congress redefined the Title I program. The program was refocused to align content and performance standards, hold all students responsible for meeting those standards, expand opportunities for professional development, expand parental participation, and implement schoolwide reform. It is this last goal—schoolwide reform—that holds the promise for dramatic school improvements which will enhance student achievement. Schoolwide reform requires the active participation of teachers and parents in setting goals and achieving changes. It involves the dedication of the entire community to the effort with an emphasis on intensive and ongoing professional development for administrators, teachers and staff, increased technical assistance, and other services needed to achieve the desired changes.

The National Association of State Title I Directors supports efforts to encourage and facilitate schoolwide reforms and improvements. Federal support for school reform initiatives coupled with a continued commitment to proven programs like Title I would ensure that our neediest students receive the benefits of improved schools and strong programs designed to enhance learning.

We hope that you will be able to maintain at least last year's commitment to serve the same number of children, while supporting a needed new "Whole School Reform" initiative.

Sincerely,

RICHARD LONG,
Executive Director.

COUNCIL OF THE GREAT CITY SCHOOLS,
Washington, DC, July 28, 1997.

Hon. DAVID OBEY,
House of Representatives, Washington, DC.

DEAR CONGRESSMAN OBEY: The Council of the Great City Schools, the coalition of the nation's largest central city school districts, support the school improvement approach using research-based models and effective practices reflected in your Whole School Reform initiative in the Title I and FIE accounts of the FY98 appropriations. Virtually every school district, including the most disadvantaged, have a number of schools and programs which are documenting success. Yet, the adaptation and replication of such effective practices in other schools or systemwide has not been mastered. Your Whole School Reform demonstrations provide an important stimulus to facilitating the broader use of effective programs.

Additionally, the Council would like to commend you and the Subcommittee for investing over $400 million in new funding for Title I, and for using a targeted funding approach. The 1994 Census update has demonstrated that there are 28 percent more low-income children in the nation than under the 1990 Census count. Without this additional investment, particularly for the poorest schools, the per child purchasing power of each Title I dollar would have dropped by nearly one-third, based on this increased number of poor school-age children.

The Council supports your initiative and looks forward to working with you to enact it.

Sincerely,

MICHAEL CASSERLY,
Executive Director.

COMMITTEE FOR EDUCATION FUNDING,
Washington, DC, July 18, 1997.

Member,
Committee on Appropriations, House of Representatives, Washington, DC.

DEAR REPRESENTATIVE: The Committee for Education Funding, a nonpartisan coalition of 88 organizations representing the broad spectrum of the education community, commends the remarkable bipartisan effort of the House Appropriations Subcommittee for Labor, Health and Human Services and Education on FY98 spending for education. The bill reported on July 15 takes a solid first step for education funding within the constraints of the subcommittee's budget allocation. Considering the degree to which this allocation falls short of human investment needs and priorities, the subcommittee made a substantial commitment to education.

We commend particularly the increase in the maximum Pell grant to $3,000 and the additional funds set aside to expand access to more students. The bill also makes an important investment in whole school reform beyond the President's request for Title I and restores vital Title VI and Impact Aid funding.

There are areas where the bill falls short which must be addressed as the process continues. This includes restoration and increases needed in campus-based student aid; real growth in programs for professional development, vocational education and other critical programs; fulfillment of Congressional commitments to students with disabilities; and full funding of the budget agreement priorities for elementary, secondary, and postsecondary education.

Again, we commend the bipartisan spirit that has produced this bill and urge the committee to make additional critical improvements as the appropriations process moves forward to a final bill.

Sincerely,

CARNIE C. HAYES,
President.
EDWARD R. KEALY,
Executive Director.

WHOLE SCHOOL REFORM CASE STUDY

SCHOOL DEVELOPMENT PROGRAM

The School Development Program uses child development and relationship theories and principles to improve the academic and psychosocial functioning of students. The collaboration of teachers, administrators, staff, families and community residents, all of whom have a stake in the education of the community's children, is key to the process. The program recognizes the importance of adult relationships and the role of parents and community in schools, while placing children and their needs at the center of all school decisions.

West Mecklenburg High School, Charlotte, North Carolina

West Mecklenburg High School is one of the oldest schools in Charlotte, North Carolina. Once regarded as the country school for the west side of the community, it now serves a highly transient, commercial and industrial area near the airport. In the last five years, the student body has grown by 33% to 1600 students who are largely of middle to lower economic status. In 1992, the school experienced a major upheaval, with the addition of over 300 at-risk students from a competing high school. Incidents with guns and knives rose sharply. Out of 11 high schools in the district, West Mecklenburg was in the bottom quartile. When a new principal introduced the School Development Program in 1992, transformation of the school became a team effort. Within two years, SAT scores had risen by an average of 16 percentage points, the number of students making the honor roll had jumped 75%, the number of students enrolled in advanced-level courses had increased 25%, and attendance rates had gone from 89% to almost 94%. In 1996, West Mecklenburg High School won a Redbook America's Best Schools Project Award for Significant Improvement and an

Outstanding Program Award from the Charlotte-Mecklenburg Schools.

Comments

"We recruited a very small nucleus of parents who were bold enough to go into their neighborhoods, knock on doors, make telephone calls, look parents eye to eye, and ask for their involvement." West Mecklenburg High School principal.

"If you want to talk about moving from the bottom of the heap and bring one of only two high schools in the district that was able to reach its benchmark goals—through using the SDP process—in two years, then based on the growth pattern, you would consider West Mecklenburg to be the number one high school in Charlotte-Mecklenburg." SDP Director for the Charlotte-Mecklenburg Public Schools

ATLAS (AUTHENTIC TEACHING, LEARNING, AND ASSESSMENT FOR ALL STUDENTS)

The ATLAS (Authentic Teaching, Learning, and Assessment for all Students) whole school reform model is a variation of the School Development Program. The model focuses on the organization of school decision making, creating a personalized learning environment for all students, and bridging the gap between home, school, neighborhoods and work. ATLAS communities revolve around pathways—groups of schools made up of a high school and the elementary and middle schools that feed into it. Teams of teachers from each pathway work together to design curriculum and assessments based on locally defined standards. The teachers in each pathway collaborate with parents and administrators to form a learning community that works together to set and maintain sound management policies.

Norview High School, Norfolk, VA

Norview High School is located in Norfolk, Virginia—an urban center in the southeastern part of the state—and forms an ATLAS pathway with Tanners Creek Elementary and Rosemont Middle School. Norview's 1700 member student body is predominantly African-American students, where 40% of the students qualify for free or reduced lunch. The faculty has successfully revised the class schedule to provide 90 minute classes, allowing more time for indepth assignments and independent projects. Students demonstrate what they have learned through student portfolios, performance examination, and exhibitions. Families and community members are exhibition judges, who ask questions that help determine how well students understand what they have learned.

Since Norview began with ATLAS in 1992, the number of students scoring above 1000 on combined SAT scores has increased over 300%. Parental involvement has increased to nearly 100 percent. Large numbers of parents are attending student-led parent conferences and enrolling in literacy training. In 1996, Norview High School was one of 19 schools recognized nationally for innovation in the classroom by the Redbook Magazine Blue Ribbon School Award.

Comments

"I won't go to a traditional program. I work more with this, but I don't regret it because my kids are taking responsibility for their own learning." ATLAS teacher.

"We have been most impressed with the positive outcomes of Gorham's involvement in the ATLAS project * * * During conferences held recently, we had the pleasure of hearing our son explain what he had learned in school. Most rewarding of all, we saw evidence of tremendous growth and involvement in the quality of his work." ATLAS parent.

SUCCESS FOR ALL

Success for All is an elementary whole school reform program designed to ensure that all children are successful in reading, writing, and language arts from the beginning of their time in school. It uses innovative curricula and extensive professional development in grades pre-K to six; one-to-one tutoring for primary-age children struggling in reading; and extensive family support activities.

Lincoln elementary School, Palm Beach County, Florida

Lincoln Elementary School, located in the shadow of the beachfront resort hotels, serves a very impoverished population of 1,230 students, 94% of whom are African-American. Eighty-six percent of the students qualify for free or reduced price lunches. Lincoln was one of the lowest-achieving schools in Palm Beach County, and was on the Florida State list of critically low-achieving schools. However, since implementing Success for All, reading scores have improved so much that it is no longer on that list. In 1996–97, Lincoln's reading comprehension scores increased an average of 12 percentage points. Students also made substantial progress on Florida's writing test.

Comments

"We've bought in. And one of the things that's important is that the staff does buy in to the program". Success for All principal.

"This is the first book I have found that makes a profound, positive impact on the literacy of a whole school population. Success for All works. My students are happy, productive readers." Success for All elementary school principal.

ROOTS AND WINGS

This elementary school reform model builds on the Success for All reading program and incorporates science, history, and math to achieve a comprehensive academic program. The premise of the model is that schools must do what it takes to make sure all students succeed. To that end, Roots and Wings schools provide at-risk students with tutors, family support, and a variety of other strategies aimed at eliminating obstacles to success. While the "roots" of the model refer to mastery of basics, the "wings" represent advanced accomplishments that students achieve through interdisciplinary projects and a challenging curriculum.

Lackland City Elementary School, San Antonio, Texas

Lackland City Elementary School, located in the southwest quadrant of San Antonio, Texas, originally served primarily military families, but now the community is primarily working class families employed in the private sector. The student body is primarily Hispanic; many students live with one parent and depend on public assistance. Student mobility is 40 percent. Lackland City Elementary successfully implemented the Success for All reading component in all grades. Special effort was put into making sure that all students had opportunities to take books home to read. Additional support was provided for reading by having older students listen to younger students read during breakfast served to most students in the school. The school began implementation of the Roots and Wings math component in the third, fourth, and fifth grades in the fall of 1996. The family support component has been in place since 1994. The school's focus on community involvement has led to a partnership with a local hospital to provide immunization services at the school.

Working with the Roots and Wings model, 84% of students achieved grade level objectives on the Texas statewide assessment in reading, and 85% achieved grade level objectives in math—representing an increase of 35 percentage points over the previous year. All students read books of their choice at home for at least 20 minutes each night. The school reports that 99% of parents listing to or discuss the reading with their children and sign a reading response form each week.

Comments

"When using the basal, many students acted like the dreaded math. After we had begun Math Wings and had gone over several lessons, there was a change. Now students get ready very quickly, more students get their homework in, and there is an enthusiasm for math and teamwork . . . More kids are excited, working on-task and enjoying it. It's great to see them enjoying it. I enjoy it more too." Roots and Wings teacher

NATIONAL ALLIANCE FOR RESTRUCTURING EDUCATION

The National Alliance is a partnership of schools, states and national organizations created to change the educational system through a five-point set of priorities called "design tasks". The design tasks include: standards and assessments, learning environments, high-performance management, community services and supports, and public engagement. This whole school reform model uses results-based, high performance management at the school and district levels with decentralized decision-making to restructure the learning environment to support student achievement and provide professional support to teachers and schools. The National Alliance seeks to enable all graduating high school students to attain the Certificate of Initial Mastery, a credential representing a high standard of academic accomplishment.

John F. Kennedy Elementary School, Louisville, Kentucky

Once known for all the wrong reasons, John F. Kennedy Elementary School—an inner city school in Louisville, Kentucky—has improved student performance remarkably over the past five years working with the National Alliance whole school reform model. Teachers and parents credit the school's remarkable improvement to its commitment to ensuring that all children achieve at high levels and a relentless focus on student achievement.

The school increased its scores on the Kentucky statewide assessment by 43% in reading and 48% in math. Over a three-year period, the school rose from among the lowest-scoring schools in the state to the top 10%. The school's principal, who was once summoned to the superintendent's office to explain a high kindergarten failure rate, in 1996 received a visit from the state commissioner of education who came to present her with a prestigious Milliken Family Foundation award.

Comments

"No child is lost in the shuffle at Kennedy." National Alliance Parent

"I could see us getting stronger and stronger. We began to focus on quality work for our students. Our students have many challenges on a personal level—families in distress, families where children are displaced, in homeless shelters. . . . We can give these children extra hugs and love and let them know we care. But when it comes to academic performance, there can be no excuses . . . We say, 'If you want an A, then this is what's required.'" Principal, John F. Kennedy Elementary School

MODERN RED SCHOOLHOUSE

The Modern Red Schoolhouse whole school reform model strives to help all students achieve high standards in core academic subjects—English, geography, history, mathematics and science. Modern Red Schoolhouses are divided into three divisions, rather than 12 grades: primary, intermediate and upper. To advance to the next division, students must meet defined standards and pass "watershed assessments". Students complete investigations, give oral reports, answer essay questions and take multiple choice exams. Student progress is monitored through an Individual Education Compact, negotiated by the student, parent and teacher. This compact establishes goals, details parent and teacher responsibilities, and lists services the school, parents or community should provide.

Beech Grove Middle School, Beech Grove, Indiana

Beech Grove Middle School is located in a stable, suburban community outside of Indianapolis, Indiana. Its 500-student body is primarily Caucasian. Beech Grove began working with the Modern Red Schoolhouse model in the fall 1994. Staff have created a process to review, revise and develop new interdisciplinary, thematic curriculum units. Teachers track student work against the curriculum. The school leadership team works with the principal to make curricular and budgetary recommendations focused on increased student achievement. Each classroom is equipped with a phone, supported by voice mail, that has increased parent to teacher communication. The school has established a student mentoring program in partnership with a local high school with help from the school's community involvement task force.

In 1996, sixth-grade students experienced a 13% increase in total battery scores over the year before. Administrators and teachers attribute the increases in student achievement to enhanced and enriched curriculum content associated with the Modern Red Schoolhouse.

Comments

"We've been extremely pleased with our daughter's progress and willingness to learn. She loves the computer workshops. I would choose the Modern Red Schoolhouse again and again. Progressing at her pace is great and allows the child to feel successful. Super is our rating for MRSh!" Modern Red Schoolhouse Parent

This is gifted and talented program for all students." Modern Red Schoolhouse Parent

AUDREY COHEN COLLEGE SYSTEM OF EDUCATION

The Audrey Cohen College System of Education focuses student learning on the study and achievement of meaningful "purposes" for each semester's academic goals. Each purpose culminates in a "constructive action" undertaken by the class to serve the community. For example, in fourth grade, one purpose is "we work for good health"; in grade ten, a purpose is "I use science and technology to help shape a just and projective society". In the early grades, each class addresses its "purpose" as a group, planning and implementing a "constructive action" in the community with the guidance of a teacher. Older students plan and implement their own "constructive action" with teacher involvement. Embedded in each "purpose" are content areas such as English and math, and essential skills such as critical thinking and researching. Leadership is emphasized and students are expected to meet high academic standards. These fundamental changes in the curriculum and instruction become the organizing principles for all other school activities.

Simmons Elementary School, Hollandale, Mississippi

Simmons Elementary School, an Audrey Cohen College School of six years, is located in Holandale, a small rural town in the lower Delta region of western Mississippi. Simmons, which serves a high percentage of low-income students in one of the poorest communities in the country, has become a success story after state test scores were released in 1995. Across most grades, overall performance rose from the 30–40th percentile to the 50–60th percentile in the 1995–95 school year. Student scores continued to increase through 1996 when fifth grade students ranked third of all districts in the state in language, ninth in reading and 16th in mathematics.

Comments

"The 1994–95 school year has been very rewarding. I'm very much pleased with the relationships that have advanced between the school and the community. The Audrey Cohen College System of Education is really an asset to our rural, Delta town. The students in Hollandale have made some permanent changes in this town due to their Constructive Actions." Simmons Elementary School principal

"Sam is excited about each purpose and wants to participate in each step. He uses his mind for ideas of his own. He will be asked to do this to survive in his adult life. This is usually begun in college of private schools. I am extremely pleased that you allow this ability to grow at this young age." Audrey Cohen College parent

CO-NECT

The Co-NECT whole school reform model focuses on complex interdisciplinary projects that extensively incorporate technology and connect students with ongoing scientific investigations, information resources, and other students beyond their own school. Co-NECT schools use technology to enhance every aspect of teaching, learning, professional development, and school management. Cross-disciplinary teaching teams work with clusters of students. Most students stay in the same cluster with the same teachers for at least two years. A school team of teachers, administrators and parents sets goals for the school and monitors results. Performance-based assessments are used extensively.

Riviera Middle School, Dade County, Florida

Riviera Middle School is located in suburban Dade County, Florida—a community of mostly middle-income families outside of Miami. The school has primarily Hispanic students, of which 48% qualify for free or reduced price lunch. In 1995, the school began working with Co-NECT with a week-long training session for the staff. During the three years prior to becoming a Co-NECT school, Riviera had begun the process of training staff in how to use technology in the classroom, wiring all classrooms, and setting up a school-wide network. Working with Co-NECT, Riviera began using the technology to enhance a rigorous and challenging project-based curriculum.

After only one year of using the Co-NECT model, Riviera students' reading scores rose by 17% on the Florida statewide writing test. Riviera students also raised their math and reading scores by 3 percentile points across all grades. Faculty and student morale are at an all time high, and the school continues to be featured in local media as an outstanding example of the integration of technology into the classroom.

Comments

"We already had a lot of equipment, and our teachers were well trained in using complex software programs . . . But the emphasis in Co-NECT is not the equipment, it's how you use it". Riviera Middle School principal

"My kids are straight-A students. There was no reason to pull them out of a traditional school setting. But I wanted them to do more than just read, memorize and be tested on things they could forget in six weeks. Co-NECT had more to offer them to help them become better-rounded students. This program helps them develop not just academic skills, but also skills to become self-starters, self-thinkers and self-motivators." Co-NECT Parent

EXPEDITIONARY LEARNING OUTWARD BOUND

The Expeditionary Learning whole school reform model is based on the belief that learning is an expedition into the unknown. Expeditionary Learning draws on the power of purposeful, intellectual investigations, called learning expeditions, to improve student achievement and build character. Learning expeditions are long-term, academically rigorous, interdisciplinary studies that require students to work inside and outside the classroom. In Expeditionary Learning schools, students and teachers stay together for more than one year, teachers work collaboratively through team teaching and shared planning, and tracking is eliminated.

Lincoln Elementary School, Dubuque, Iowa

Lincoln Elementary School, a 400-student school located in a lower, middle class neighborhood in Dubuque, Iowa, has been working with Expeditionary Learning since 1993. Faculty teach "learning expeditions" in every grade as a primary curriculum vehicle. Students now look forward in each grade to the "famous" expeditions. Teachers plan together by grade-level or clusters. All students have portfolios. A ropes course installed in the gym is used in all classes to develop teamwork and risk-taking for teachers and students. Test scores have improved significantly—4th graders improved in the Iowa Test of Basic Skills from the 43rd national percentile in 1992 to the 80th percentile in 1994. Parental participation in school affairs has increased dramatically.

Comments

"I felt like a real scientist looking into a microscope, and when I found the specimen I felt awesome. When you are done with the expedition, you go home and tell your mom and dad what you learned and they practically don't even know what you are talking about. Six weeks ago, I would never have known about pond life." Fifth grade Expeditionary Learning student, Dubuque, Iowa.

EVIDENCE OF THE RESULTS OF WHOLE SCHOOL REFORM

"Do we need many more models of how we can fix troubled schools? Yes, of course we do and fortunately, help is readily available. Dedicated educators like James Comer, Henry Levin, E.D. Hirsh, Deborah Maier, Ted Sizer, Marc Tucker and Gene Bottoms are doing the hard work of creating new models of excellence. The models are each unique in their own way. But they all have one common denominator—they all set high standards." Fourth Annual State of American Education Address, Secretary Richard Riley, 1997.

A 1997 study sponsored by the Department of Education found that students in several schools using schoolwide reforms began the study far below the national average, yet made academic gains toward or exceeding national means. In some schools the gains were dramatic. Progress made by students in the schools using Success for All and Comer School Development was particularly encouraging. The initially low-achieving students in the Success for All and Comer schools began the study with reading comprehension levels below even the average for low-achieving students in high-poverty schools. Yet, over their first three years in school, students in the Success for All and Comer schools produced achievement scores that substantially exceeded both those of other students in high-poverty schools, and equaled or exceeded those of initially low-achieving students in typical schools." Special Strategies Studies for Educating Disadvantaged Children: Final Report, 1997.

Since 1992, elementary students from a group of schools in Prince Georges County, Maryland using the ATLAS model (a variation of the Comer School Development Program) raised their reading scores by 30 percent on the Maryland School Performance Assessment Program (MSPAP). The proportion of all students in the ATLAS pathway scoring satisfactory or excellent on the exam tripled between 1992 and 1995.

At Norview High School—an ATLAS school in Norfolk, Virginia, the number of students scoring above 1000 on combined SAT scores has increased over 300% since the school began implementing the ATLAS model. In 1996, Norview High School was one of 19 schools recognized nationally for innovation in the classroom by the Redbook Magazine Blue Ribbon School Award.

After the principal at West Mecklenburgh High School in Charlotte, North Carolina, reorganized the school using the Comer School Development Program, the number of students on the honor roll jumped 75%, the number of students enrolled in advanced classes increased 25%, and attendance rose from 89% to 94%.

Evaluation of seven years of continuous data on the six original Success for All schools in Baltimore and Philadelphia showed that students increase their reading performance significantly compared to a matched control school, as measured by reliable and valid instruments. Researchers found that Success for All students tend to perform about three months ahead of control students by the first grade and more than a year ahead by the fifth grade, indicating that the program has not only an immediate effect on students' reading performance, but also that the effect increases over successive years of use by schools. Research and Development Report, Center for Research on the Education of Students Placed At Risk, Johns Hopkins University, October 1996.

Success for All has had particularly promising results for language minority students. Schools using Lee Conmigo—the Spanish version of Success for All—in Philadelphia found that Lee Conmigo students at the end of the 2nd grade were nearly a grade ahead of students in control schools.

In one review of promising schoolwide reforms, researchers reported significant achievement gains for students in schools using several New American School designs, including Roots and Wings, ATLAS, Co-NECT, Modern Red Schoolhouse, Expeditionary Learning, and the National Alliance for Restructuring Education, Promising Programs for Elementary and Middle Schools: Evidence of Effectiveness and Replicability, Olatokunbo Fashola and Robert Slavin, January 1997.

Using the Modern Red Schoolhouse model, the Hansberry Elementary School in the Bronx, New York increased the percentage of students who passed New York State's essential skills test from 22% to 50% in reading and from 47% to 82% in math from 1993 to 1995. In two years, Hansberry School also doubled its score on the Degrees of Reading Power exam, which measures how many students are reading at or above the 50th percentile.

The John F. Kennedy Elementary School in Louisville, Kentucky increased its scores on the Kentucky statewide assessment by 43% in reading and 48% in math, working with the National Alliance reform model. Over a three-year period, the school rose from among the lowest-scoring schools in the state to the top 10%.

The Riviera Middle School is located in suburban Dade County, Florida and began working with the Co-NECT reform model in August 1995. Since 1995, SAT scores are up 3 percentile points in both reading math across all grades, and the school continues to be featured in local media as an outstanding example of the integration of technology into the curriculum.

A group of Expeditionary Learning schools in Dubuque, Iowa raised test scores in reading and math from 1992 to 1994 on the Iowa Test of Basic Skills. At Lincoln Elementary, 4th graders improved from the 43rd national percentile in 1992 to the 80th percentile in 1994. At Table Mound Elementary, 4th graders' percentiles increased from 39 in 1992 to 80 in 1994 when they were retested in the 6th grade.

Lackland City Elementary School began working with the Success For All model in the fall of 1994, and implemented the math component of Roots and Wings in the fall of 1996. Over 80% of students are achieving grade level objectives in reading and math, and the school reports that 99% of parents help their children with reading for 20 minutes each night.

Significant improvement in student outcomes was achieved by the Central Park East schools in New York City using the principles of the Coalition of Essential Schools. New Leaders for Tomorrow's Schools, North Central Regional Educational Laboratory, Winter 1995.

By developing its own secondary school, Central Park East in New York City—a member of the Coalition of Essential Schools—increased the percentage of elementary school graduates going on to college from two-thirds to 91 percent.

A study of Roots and Wings carried out in four pilot schools in St. Mary's County, Maryland—where an average of 48 percent of students qualified for free lunch and 21 percent were Title 1 eligible—in rural southern Maryland found that Roots and Wings students showed substantial growth on Maryland School Performance Assessment Program 3rd and 5th grade assessments. The number of Roots and Wings students achieving satisfactory or excellent increased by twice as much as the state rate in all subjects tested (reading, language, writing, math, science, and social studies). Bold Plans for School Restricting: The New American Schools Development Corporation Designs, 1996.

From 1993 to 1995, the number of Roots and Wings 3rd graders scoring satisfactory or better increased by almost 19%, while the percentage of other Maryland 3rd graders scoring at least satisfactory increased only 8%. Statewide, 5th graders gained an average of 6 percentage points, compared with a gain of 13 percentage points for Roots and Wings 5th graders.

Recent data analysis from studies of a New York school district indicate significant effects on student achievement in schools using the Comer School Development program. Sixteen schools were arranged into groups based on the degree to which they were effectively implementing the Comer model. In schools implementing Comer to a high degree, 61% of students were at or above the national average in math scores and 56% were above in reading scores. In schools implementing Comer to a low degree, 40% of students were at or above the national average in math scores and only 36% were above in reading scores. Researchers found a significant correlation between the effectiveness of implementation of the Comer model and student outcomes. Comer School Development Program Effects: A Ten Year Review, 1986–1996, Norris Haynes and Christine Emmons, 1997.

An assessment of Comer effects (1987) in the Prince George's County Schools revealed that average percentile gains on the California Achievement Test were significantly greater for Comer schools than for the district as a whole. At the third grade level, program schools gained about 18 percentile points in mathematics, 9 percentile points in reading, and 17 percentile point in language. The district as a whole registered gains of 11, 4, and 9 percentile points respectively in math, reading and language. At the fifth grade level, Comer schools recorded gains of 21, 7, and 12 percentile points in math, reading and language compared to gains in 11, 4, and 7 percentile points for the district as a whole. Academic gains were linked to the degree and quality of implementation of the Comer School Development Program. Rallying the Whole Village: The Comer Process for Reforming Education, 1996.

Mr. PORTER. Mr. Chairman, I yield such time as he may consume to the gentleman from Louisiana [Mr. LIVINGSTON], the chairman of the Committee on Appropriations, together with my thanks for the absolutely wonderful job that he has done in working with the subcommittee to bring the bill to the floor in its present form.

Mr. LIVINGSTON. Mr. Chairman, I thank the gentleman from Illinois for yielding me this time. I congratulate him and the gentleman from Wisconsin for the outstanding job that they have done on bringing this most extraordinarily difficult bill thus far.

The fact is, as has been just said by the gentleman from Wisconsin, we currently have a consensus which offers to the Members of the House a bill which fundamentally intact can be presented to the Senate, and if it comes back in roughly the same way, we have every expectation will be signed into law, without all the controversy and the rancor that has taken place in this bill in years past.

I would urge all Members to consider that we went through an exercise in the spring on the disaster relief bill to guarantee that government would stay open and that the Government would be funded at last year's level if we could not reach an agreement. Because of a Presidential veto, that discussion became moot. But we do not have to have a cataclysm. We do not have to disrupt the people's business and erupt into a major political warfare this year if we would understand that we do not, any one of us, get everything we want. But, we must work the magic of this body, in the House of Representatives, and the others do in the other body, to come together, to reach a consensus and to arrive at the consensus, thereby sending it to the President of the United States for his signature in the hopes that he will adopt our consensus.

So far, so good. I am happy that I can say for the most part I think Members will vote for this bill, in bipartisan fashion. But we do have a number of Members on both sides who have, as has been indicated by the gentleman from Wisconsin, who are unhappy with the bill as it currently stands. About a month ago, some Members were advising that they might unload 100, 150 amendments on this bill. I am pleased to report to our friends here that that does not seem to be likely, that those Members that were interested in just totally transforming the face of this bill have used their discretion to narrow their differences. I do not expect a lot of amendments. I expect frankly, certainly fewer than 15 or 10 on our side, and I do not know how many on the Democrat side.

That is a step in the right direction. But obviously there are going to be Members, maybe many Members, who have critical differences with some provisions that are in the bill and who might be vitally unhappy that other issues of interest to them are not included in the bill. To them, regardless of whether they are on the Republican or the Democrat side, let me simply say that, folks, it takes 218 to pass this bill and move it to the other body. Over there it takes 51 to pass it. From the conference, it takes 218 in this body to adopt the conference report, and again 51 over there to adopt the conference report, whereupon that final report will go to the President for his signature, and again currently I expect the President's signature.

That can change. We can decide to dig in. We can opt for total and absolute conflagration or confrontation, whatever we want to call it. I do not think that is going to happen. I commend any Members who have wanted to start out on that road and who have withdrawn that approach in favor of an isolated, single amendment approach.

But let me simply try to calm the tenor of their vehemence or the voracious arguments that they might make on behalf of their positions and say that sooner or later, sooner or later the appropriations bill governing labor, health, and education and related issues will pass. That will take place and it will be signed into law. Either within the next few weeks or the next few months or next year, we are going to get a 1998 labor, health appropriations bill, because it has got to.

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I hope very strongly that it is not next year, that it is not 3 months from now, and that it will be within the next couple of weeks. I urge my friends who are thinking that this bill is so defective that they cannot support it to rethink their position for this reason:

The gentleman from Wisconsin [Mr. OBEY] has, indeed, come a long way when he approved the compromise, the bipartisan compromise between those who were fervently pro-life and those who are fervently not, to adopt the Hyde abortion language to extend HMO, something that has never been done before. They came together; we have language in this bill which reaches that compromise.

The ergonomics language pointed out by the gentleman from Wisconsin has been fought by the minority not just since 1994, but whenever it has come up in the past. It has been fought; it has been defeated. We have language which, small and large business alike emphatically embraces.

Under the leadership of the gentleman from Texas [Mr. BONILLA], we have got the Dickey-Wicker amendment preventing research funds, U.S. funds expended for embryo research. We have tons of money for medical research, cancer research. We eliminate 20 new programs. Twenty new programs are completely terminated because of their inefficiency and their waste.

In this bill alone, the gentleman from Mississippi [Mr. WICKER] did prevail for the first time, and he has been trying for several years to help small manufacturers of furniture in the South to overcome the EPA restrictions on methochloride, and the list goes on and on.

This bill is a consensus. I commend the gentleman from Illinois [Mr. PORTER], I commend the gentleman from Wisconsin [Mr. OBEY], I commend all the staff for working together to bring people together to get a bill that can pass and can be signed into law. And I urge any Members who are dissatisfied that it is not a good enough deal to understand that we in the majority will only prove that we can govern if, in fact, we can produce a reasonable bill with as little rancor as possible.

Mr. OBEY. Mr. Chairman, I yield myself 30 seconds.

Mr. Chairman, I would simply like to follow up the chairman's comments by expressing my appreciation for the fact that the gentleman from Louisiana [Mr. LIVINGSTON] and the gentleman from Illinois [Mr. PORTER] and the staff have worked intensely hard. They have worked in a very fair manner, in a very open manner, and the staff has worked incredibly hard to produce many of the answers that the Members like to claim credit for, and I simply want to express my appreciation for all of that work and hope that that spirit can continue.

Mr. Chairman, with that, I yield 5 minutes to the distinguished gentleman from Ohio [Mr. STOKES], a member of the subcommittee.

Mr. STOKES. Mr. Chairman, I want to thank my distinguished ranking member, the gentleman from Wisconsin [Mr. OBEY], for yielding to me, and I rise in support of H.R. 2264.

First, I want to commend our chairman, the gentleman from Illinois [Mr. PORTER], and our ranking member, the gentleman from Wisconsin [Mr. OBEY], for their joint efforts in producing what I think is an excellent bill.

Mr. Chairman, this year's bill includes enhanced funding for a number of critical quality of life programs that we can be especially proud of. For example, the bill funds for the first time the Youth Opportunity Areas Initiative. The program would be funded at $125 million.

This employment training program is long overdue and is absolutely essential to effectively addressing the continuing double-digit unemployment and the underemployment among our Nation's out-of-school youth. These are young people that in many instances have given up on the system and on themselves and they have been allowed to waste away.

Mr. Chairman, our Nation cannot afford to give up on any of its citizens. It is for this reason that I am pleased that our colleagues from the authorizing committee are working to fully authorize this program.

Members will be interested to note our colleagues in the Senate share our commitment to out-of-school youth and have provided $250 million for the youth opportunity areas in their fiscal year 1998 appropriations measure. It is my hope that in conference we can work to come somewhat closer to the Senate figure.

Mr. Chairman, while more needs to be done to enhance support for this important program and others in H.R. 2264, communities across the country will benefit from the $324.4 million increase provided for Head Start. Our Nation's neediest children will continue to benefit from the Head Start Program's comprehensive development and early learning activities.

The $32 million increase provided for the TRIO programs would help to expand the success of TRIO's activities to additional students. The Nation's continued investment in the TRIO program is absolutely essential. This program is specifically designed to improve the recruitment, retention, and graduation rates of minority and other disadvantaged students.

For health professions' training programs, the bill restores and enhances funding by providing an appropriation of $306.5 million, a $13.7 million increase. Within the appropriations provided, the bill provides significant increases for minority and disadvantaged health professions students. For example, the measure includes a $2.6 million increase for the Centers of Excellence, a $3.2 million increase for the Health Careers Opportunity Program, and a $2.4 million increase for the Scholarships for Disadvantaged Students Program.

The bill also includes a $16.4 million increase for Historically Black Colleges and Universities. These funds will go a long way toward helping to improve and strengthen academic and related areas of infrastructure needs in our Nation's historically black colleges and universities. The $10 million increase for magnet schools would help communities to better carry out school desegregation plans.

The bill also includes a $172 million increase for the Ryan White AIDS program; a $24 million increase for consolidated health centers; $30.4 million increase for substance abuse and mental health services; and the $764.4 million increase for biomedical research.

Now while we can be encouraged by these enhancements, there are many important areas of the bill that need to be strengthened, including youth violence prevention, safe and drug-free schools, magnet schools, health care and substance abuse services, and employment training. I look forward to working with my colleagues in conference to strengthen these very important programs.

Mr. Chairman, I know that in working together we can further strengthen H.R. 2264. Thus, I urge my colleagues to join together in voting yes on H.R. 2264.

Mr. PORTER. Mr. Chairman, I yield 2 minutes to the gentleman from Oklahoma [Mr. ISTOOK], a valued member of our subcommittee, and I might add an active member of our subcommittee.

Mr. ISTOOK. Mr. Chairman, I appreciate the time. I appreciate the hard effort that so many people have put into this particular piece of legislation, but I really rise not as a member of the subcommittee but as a father because there are so many things in this piece of legislation that affect so many aspects of our lives, our kids and their education, our health, our nutrition, the Labor Department, and all of the impact upon where we work, and, indeed, it also affects very, very directly the relationship between us and our children.

I have five children, two boys and three girls, and all three of my girls are teenagers, and I pay attention when a situation happens such as happened in Illinois recently, when it is disclosed that a 37-year-old teacher begins an affair with a 13-year-old girl, carries it on for a year and a half, and, to continue the affair, takes her to a title X clinic funded by our taxpayers' money to obtain contraception.

Now, if this were to any other type of clinic, they would be required to report a situation that involves something such as statutory rape or child abuse or sexual abuse of a minor. Well, see, title X has a Federal requirement that whatever happens with anyone who comes into a title X clinic; whether they be 30 or 40 or 20 or 15 or 12 or 11, nothing will be told to anyone. A total confidentiality requirement is written into the Federal regulations which supersede State law, and anyone else that would be required to report this incident to the parents or the authorities has to stay quiet under title X.

That is why we have an amendment in this particular bill that is being offered for this particular bill that says providers that are given Federal funding in these are not exempt and must comply with any laws regarding the reporting of child abuse, child molestation, sexual abuse, rape, or incest.

This is a key provision that will be debated, but I think it is one of the most important things because this bill hits us where we live and our families, and the Federal Government should not be inducing people to be able to conduct such activity without even parents being told.

Mr. OBEY. Mr. Chairman, I yield 3 minutes to the distinguished gentlewoman from New York [Mrs. LOWEY], a member of the subcommittee.

Mrs. LOWEY. Mr. Chairman, I fully supported this bill as it was reported by committee. It was a bipartisan effort of which I am quite proud.

Since the beginning of the last Congress, the Labor-HHS education bill has been the focus of contentious debate, which even led to a Government shutdown. At long last, the committee under the strong leadership of the chairman, the gentleman from Illinois [Mr. PORTER], and the ranking member, the gentleman from Wisconsin [Mr. OBEY], has succeeded in producing a bill which reflects our shared priorities.

In keeping with the bipartisan spirit of the bill, the committee voted to oppose all new controversial legislative riders. I strongly urge my colleague to oppose the Goodling and Istook amendments. They are opposed by the administration, highly controversial, and do not belong in this bill. And let me say at the outset, if these amendments pass, support for the bill by Members of this body will be jeopardized and it would be very unfortunate if that occurs.

The bill, as reported by committee, recognizes the clear need for an increased investment in our children's education, and I am pleased that we were able to provide $2.8 billion more than last year in discretionary funds for education. In particular, I am pleased that new funds have been provided to keep our schools open after hours in order to improve reading and other academic skills and that we have increased funding for magnet schools.

I salute the ranking member, the gentleman from Wisconsin [Mr. OBEY], for developing a school reform proposal that would build upon the most successful models across the country, including several located in New York.

I also want to note that we have increased the maximum Pell grant by $300 per student. We made a number of significant increases in health programs. We were able to provide NIH with a 6-percent increase over last year. This will allow NIH to increase funding for breast cancer research so that advances in prevention and treatment will continue to move forward. We were also able to provide a modest increase for the Centers for Disease Control, the agency which safeguards our Nation's public health.

In the labor area, I am particularly pleased that we provided $170 million more than last year for adult job training. These funds will help to assist those on welfare so that they can better obtain decent paying jobs.

Of course there are some programs that I believe should be better funded than they are in this bill. Specifically, I am disappointed that there is no money for the State Students Incentive Grant Program and no increase for teacher training under the Eisenhower program. I am also deeply concerned about the inadequacy of funds for aging services, particularly for senior centers and meal programs, and I hope that we can move toward the Senate levels on these programs.

I am also concerned that the committee has not provided adequate funds to cities to care for people with AIDS nor to prevent HIV infection and the spread of AIDS. Worker protection programs are also now funded at adequate levels.

But this is a very good bill that meets so many of the important needs of our constituents. Please let us keep it free of new controversial riders.

Mr. PORTER. Mr. Chairman, I yield 2 minutes to the gentleman from Florida [Mr. MILLER], a very, very able member of our subcommittee.

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Mr. MILLER of California. Mr. Chairman, I rise in support of this bill, not that I am overly excited about all the details in the bill, but as a fiscal conservative, I have some problems with it. But the bottom line is, with the election last November stating we are going to have a Democratic President and Republican Congress, we must work together.

I am concerned that the total amount of money is too much. I wish we could have frozen the amount of money and forced ourselves here to reprioritize how money should be spent in the committee.

I wish we were not funding all the new programs. I do not think we need to fund new programs. We need to get a better handle on the spending we have to date.

I wish we could zero out some more programs that we do not need any more. We have over 200 education programs in this bill. Maybe the total amount of dollars is okay for education, but do we need 200 programs?

A lot of them are small programs. We made a big effort last year to start reducing those programs. We are moving in the right direction. I wish we could continue more in that direction to consolidate programs and not have as many programs.

There are big programs like LIHEAP, and I know that is a major issue with the ranking member of this committee that I think has outlived its need in this country. It was started back in the Jimmy Carter days when he was President. We have changed. That is $1 billion a year. I would rather put it in the National Institutes for Health.

There are some programs that I think are overfunded in this program, and I wish we could change them. I think NLRB is almost $200 million for government lawyers. I do not think we need that much money for the NLRB.

I think Howard University is getting $18,000 a year subsidy for every student at the school. I support Howard University, but I wonder, do we need to provide $18,000 for every student there? I think we could make a better use of our dollars and spread it out for all the other minority universities and colleges around the country.

And then there are some programs that I think we should even increase more. I was delighted that the NIH got an increase of 6 percent. That is a $764-million increase. The President requested only a 2.6-percent increase. I think we could do even better. If we are going to have a goal to go to $25 billion of funding for something that, to me, is a Federal priority, that is good for this country, that is one of the crown jewels of the Federal Government, I think we need to continue pushing that.

But the bottom line is, we need to govern. The President was elected last November and we need to work out a compromise. This is the best we can do. I commend the chairman for the work he has done.

Mr. OBEY. Mr. Chairman, I yield 3 minutes to the distinguished gentlewoman from California [Ms. PELOSI], also a member of the subcommittee.

Ms. PELOSI. Mr. Chairman, I thank the ranking member for giving me this time, and I rise in support of the Labor-HHS-Education appropriations bill for fiscal 1998, as presented. In particular, I commend our chairman, the gentleman from Louisiana [Mr. LIVINGSTON], chairman of the full committee; the gentleman from Illinois [Mr. PORTER]; and the gentleman from Wisconsin [Mr. OBEY], ranking member of the full committee and ranking member of the subcommittee, for negotiating an excellent bipartisan bill, a bill in which the subcommittee can take considerable pride. I congratulate the gentlemen.

This bill is a refreshing change from the last 2 years when the bill has been the focus of deep ideological disputes in spite of the good intentions of our chairmen, and a vehicle for sending objectionable legislative riders to the President.

Thankfully, we have returned to the bipartisan tradition which has historically characterized this bill. As our former chairman, Mr. Natcher, would say, this is a good bill.

As Members know, the bill deals with Labor, Health and Human Services, and Education. With regard to labor programs, the bill makes significant changes in job training, including the Job Corps, and increases for job, youth, and adult job training by $237 million over this year's funding.

At the same time, the bill adequately funds worker protection programs, and unlike the last 2 years, does not include riders designed to weaken the protection of American workers.

I am particularly pleased that under an agreement negotiated by the gentleman from Illinois [Mr. PORTER], and the gentleman from Wisconsin [Mr. OBEY], OSHA will be able to continue its important work in developing an ergonomic standard and will be able to assist business in the next year to adopt important changes in the work environment designed to prevent repetitive stress injuries.

As a recent GAO study concludes, ergonomic programs work, reducing injuries and reducing workers' compensation costs by 31 to 91 percent.

Of particular note, the bipartisan agreement also provides the committee will refrain from any further restrictions on issuing ergonomics standards beyond 1998.

With regard to health, the bill is a significant improvement over the past agreement, which proposed to phase in a 16-percent reduction in public health programs.

Remarkably, this bill provides for a 6-percent increase in important biomedical research programs, including important research on breast cancer. It expands on our Federal response to new and emerging infectious diseases, and restores proposed cuts to training programs in the health professions.

In addition, the bill provides almost $300 million for the AIDS Drug Assistance program, an increase of $132 million, or 79 percent over comparable 1997 funding. This funding will make the difference between life and death for thousands of Americans living with HIV disease. While I wish we had done more to fund important HIV prevention outreach activities, my hope is by the time this bill emerges from conference with the Senate, the problem will be resolved.

With regard to education, I am pleased that so many of the President's important education priorities have been accommodated in this bill. In particular, I am very pleased at the increase of $93 million in the bilingual program and with the investment in support services and professional development to improve the quality of these programs.

I am also pleased with the high priority placed on direct financial assistance for students in higher education.

Mr. Chairman, for all these reasons, this bill is a great improvement over the spending levels assumed in the budget agreement. My hope is that the careful bipartisan work that has brought us to this point is not disrupted by hostile amendments during floor consideration. I urge my colleagues reject amendments that would derail this important legislation.

Mr. Chairman, I commend once again the chairman of the full committee and our ranking member for their leadership.

Mr. PORTER. Mr. Chairman, I am pleased to yield 2 minutes to the gentleman from Washington, [Mr. NETHERCUTT] a member of the Committee on Appropriations.

Mr. NETHERCUTT. Mr. Chairman, I thank the gentleman for yielding.

Mr. Chairman, I rise in support of H.R. 2264, the Labor-HHS appropriations bill. I know I speak on behalf of the entire Congressional Diabetes Caucus when I thank Chairman PORTER for his efforts to combat diabetes. Along with Speaker GINGRICH, who has drawn the Nation's attention to this terrible disease, Chairman PORTER has persuaded NIH to examine its funding priorities.

This bill will do much to help the 16 million diabetics in our country. It increases funding for NIH by 6 percent and for the National Institute on Diabetes and Digestive and Kidney Diseases [NIDDK] by 7.5 percent.

Along with funding provided through the Balanced Budget Act, the increase in this bill will begin to make up for past funding discrepancies between NIDDK and the other Institutes of the National Institutes of Health.

Over the last 10 years, funding for diabetes research has not even kept place with inflation, despite the increases provided to NIH by Congress. So it is my hope and my expectation that a significant portion of the 7.5-percent increase will go toward combating diabetes, a deadly disease in our country.

The bill also includes legislation I have introduced, the Diabetes Research Amendments Act, to establish a diabetes working group to outline future diabetes research priorities. A report under these amendments will be submitted to Congress within 1 year, which, in essence, will be a blueprint, a national blueprint, for future diabetes research. This plan is necessary to best direct the funding dollars and to begin a redoubling of our effort to advance a cure for diabetes.

So I thank the gentleman from Illinois [Mr. PORTER] and I thank the gentleman from Wisconsin [Mr. OBEY] and others who had a hand in crafting this bill, and including the very significant efforts to assist in combating the disease of diabetes that affects so many people around our country.

Mr. OBEY. Mr. Chairman, I yield 3 minutes to the distinguished gentleman from Maryland, [Mr. HOYER] a member of the subcommittee.

Mr. HOYER. Mr. Chairman, I thank the gentleman from Wisconsin, and want to rise in support of H.R. 2264.

For the past 3 years, the bill that came to this floor had very controversial riders and did not provide, in my opinion, adequate funding for education. My colleagues and I have repeatedly argued to increase the Nation's commitment to education.

This year's bill, by and large, provides funding at levels that are good for our children, good for our families, and good for our Nation. The bill does a better job in meeting the needs of children, families, and schools for quality education.

For example, the bill invests $4.3 billion in Head Start, a $324 million increase over the past fiscal year, a program that Ronald Reagan said works, with a goal of serving 1 million children by the year 2002. Not enough, but better.

The bill acknowledges the commitment we must make to our children's education by funding initiatives such as Even Start and After School Centers. The bill provides for an 11-percent increase for education over last year, timely, when we have more students in our public schools than at any time in our history.

Specifically, the bill gives a much needed increase in funding to title I, bilingual education and special education. The bill recognizes important programs that enhance educational resources and improve professional development, such as the National Board of Professional Teaching Standards and the National Education Goals Panel.

Unfortunately, however, the bill spends $145 million less than the President requested on Goals 2000 and provides the $260 million for the President's America Reads program for fiscal year 1999, rather than 1998.

Additionally, the bill does not fully fund the Eisenhower Professional Development program, which assists communities in improving the quality of their teachers, a critical objective.

I would like to have seen the full funding for these important initiatives in this bill, but I will remain faithful to our bipartisan agreement and support this bill.

Like my predecessors on my side of the aisle, I will support this bill with a caveat, and that caveat, Mr. Chairman, is that we do not go down the road that we went down in 1995 and 1996 and add to this bill amendments that are clearly unacceptable, not only to the President of the United States, but to the American people. I would hope we do not do that.

There are amendments pending which, very frankly, the gentleman from Illinois [Mr. PORTER], courageously, in my opinion, and with wisdom and in the best traditions of bipartisan leadership, rejected in our subcommittee. But if they are added on the floor, I am worried that this bill, with the good provisions in it for labor, for education, and for the health of the American public will not go forward.

I would hope that we would not see that, and, if we do not see that, I intend to support this bill.

Mr. PORTER. Mr. Chairman, I am pleased to yield 2½ minutes to the gentlewoman from Maryland [Mrs. MORELLA], my friend and colleague.

Mrs. MORELLA. Mr. Chairman, I thank the gentleman for yielding.

Mr. Chairman, I rise in strong support of this bill. Chairman Porter and the subcommittee have accomplished a true feat, a bipartisan bill that manages to fund the most critical programs within its jurisdiction, despite the tight allocation for fiscal year 1998.

I am just going to highlight some of the points in the bill, because I do not have time to go through the thoroughness of the issues that are covered so well.

The bill provides a 6-percent increase for the National Institutes of Health. Chairman Porter has truly been a champion of biomedical research and has once again demonstrated his commitment to this critical priority.

The legislation appropriates $1.2 billion for the Ryan White AIDS Program, 17 percent more than 1997. HIV-AIDS prevention received a $5 million increase, less than 1 percent over last year's level, and we hope that funding will be increased.

Mr. Chairman, I thank the chairman for once again including report language I submitted on HIV-AIDS in women, STDs, autoimmune diseases, and violence prevention among youth.

It also appropriates $2.4 billion for the Centers for Disease Control, an increase of $87 million over last year, including increases for breast and cervical cancer screening, sexually transmitted disease prevention, preventive health services block grant, chronic and environmental disease prevention, lead poison prevention and injury control, among others.

The title X family planning program receives a $5 million increase. The bill includes full funding for the Violence against Women Act and provides a $72 million increase for battered women's shelters.

The legislation also provides critical increases in education funding from Healthy Start to Head Start; Even Start, student financial aid, it provides an increase in funding over present levels. Students with disabilities will have programs increased to the tune of $4.3 billion.

As a strong advocate for providing telecommunications service, I am also pleased the Technology Literacy Challenge Fund is also funded and the Women in Apprenticeship in Nontraditional Occupations.

Mr. Chairman, I could really go on for about 5 more minutes, but frankly, I will use these last seconds to simply say again, my commendation, my congratulations, to the gentleman from Illinois [Mr. PORTER], to the gentleman from Wisconsin [Mr. OBEY], the ranking member, and to members of the subcommittee for their fine work.

While difficult decisions had to be made, I believe that this subcommittee has crafted a bill worthy of our support. I urge my colleagues to vote for this bill.

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Mr. OBEY. Mr. Chairman, I yield 3 minutes to the distinguished gentlewoman from Connecticut [Ms. DELAURO], also a member of the subcommittee.

Ms. DELAURO. Mr. Chairman, I rise in support of this bill, which I hope to be able to vote in favor at the end of this debate. I particularly want to commend Chairman PORTER and our ranking member, the gentleman from Wisconsin [Mr. OBEY], for the fine work and the extraordinary amount of time and effort they have put into putting this bill together and trying to deal with the numerous interests of Members, and more than that, with the issues that face this subcommittee, which face the people of this country.

I am particularly pleased that it contains a substantial increase for health research at the NIH, for disease prevention work at the Centers for Disease Control, and for important educational programs, such as Head Start and IDEA.

The bill is not ideal. It does not contain funds for breast and cervical cancer screening, for a program which would serve women between the ages of 40 to 50 who will become eligible for mammograms, and I truly do look forward to working with the chairman in conference to be able to raise this figure.

I would have hoped to have had an opportunity and preferred additional funding for the Goals 2000 State efforts to raise the quality of education in our public schools, and am disappointed that it continues to deny poor women access to abortion services.

I believe overall this is a good bill. My hope is that the bipartisan agreements will be maintained and there not be controversial changes made, those that are threatened; and my hope is that those controversial changes will not jeopardize the bill through unwise amendments.

There have been several amendments which will be proposed which undermine national, State and local efforts to bring our schools up to meet the highest education standards. I hope my colleagues will join me in strenuous opposition to these amendments. The Whole School Reform initiative of the gentleman from Wisconsin [Mr. OBEY] will ensure that our schools teach our children to read, write, and to do basic mathematics, giving them the tools they need to compete in a global economy. Our children will compete for jobs in a national and even a global marketplace. We must be sure that our local school systems are given the tools that they need to meet those national and global expectations.

I will oppose the amendment of the gentleman from Oklahoma [Mr. ISTOOK] of the title XV Family Planning Program. There is no doubt this parental notification amendment will increase teen pregnancy, teen abortion, and sexually transmitted disease. Similar amendments were defeated by bipartisan votes on the floor last year and in full committee this year. I urge my colleagues to vote against these amendments, which would undermine the fine work that was done by the chairman and the ranking member and other members of the subcommittee.

What we need to have and what we need to support is a clean bipartisan bill of which we can all be proud, and which helps to meet the needs of the American people who so desperately depend on the work we do in this committee, which addresses almost every aspect of people's lives in this country.

Mr. PORTER. Mr. Chairman, I yield myself 2 minutes.

Mr. Chairman, in addition to noting and thanking the gentleman from Louisiana [Mr. LIVINGSTON], the chairman of the Committee on Appropriations, for the key role he has played, and my ranking member the gentleman from Wisconsin [Mr. OBEY] and the ranking member on the full committee for the excellent work he has done to make this a bipartisan bill.

I want to note that we have two new members this year on our subcommittee, the gentlewoman from Kentucky, Ms. ANNE NORTHUP, on our side, and the gentlewoman from Connecticut, Ms. DELAURO, on the Democratic side, in a reprise. We are glad to have both of them with us.

In addition, I want to thank the staff of our full Committee on Appropriations. They have been extremely helpful to us every step of the way, led by Jim Dyer, as they have been to all of the other subcommittees during this very difficult appropriation season on the House floor. They really do a tremendous job for our country and for the House of Representatives.

I also want to thank Mark Mioduski and Cheryl Smith of the minority staff of the committee for the excellent cooperation and courtesy they have extended to us, and I want to thank my own subcommittee staff, Tony McCann, the clerk, Bob Knisely, Sue Quantius, Mike Myers, Francine Mack, and Laura Stephens. Each of them do excellent work, and I do not know how we could possibly bring this bill forward without the kind of attention to detail that they have had. Laura is on detail to the committee from the Department of Veterans Affairs, and she has been a great help to us recently.

I would also thank our previous detailee, Gloria Corral, from the Department of Education. Gloria was with us for several months earlier in the year and did a fine job, as well.

Finally, I want to thank Julie DeBolt and David Sander of my own personal staff for the fine job and hard work they have done all year long in reference to this bill.

Mr. CUMMINGS. Mr. Chairman, I rise today in support of funding in the Labor, Health and Human Services and Education Appropriations bill for historically black colleges and universities in the United States. I am also elated to note that this bill appropriates more funding to historically black colleges and universities than what was officially requested in the President's budget proposal. In all, this funding is indicative of Congress' commitment to the preservation of educational opportunity for students of color in our Nation.

Among many universities, Howard University, my alma mater, here in Washington, DC, will stand to receive approximately $210 million. This money will be used for the continued procurement of academic and educational programming, and to fund much needed renovation efforts throughout various dormitories. I graduated phi beta kappa from Howard in 1973. The wonderful experience and enriching environment of Howard shaped the way in which I view and live in today's world. It is because of Howard University and funding for historically black colleges and universities that I am able to address this distinguished body as a Member of the U.S. House of Representatives.

Mr. Chairman, historically black colleges and universities have graduated many leaders in the world of law, finance, ministry, and government. The late Justice Thurgood Marshall led a fight to end the vestiges of racial segregation. Dr. Martin Luther King Jr., was a leader in the civil rights movement in the 1960's. People not just in the United States, but around the world, have benefited from the contributions and efforts of many graduates of historically black colleges and universities.

Mr. Chairman, as we stand on the brink of the 21st century, it is readily apparent that education is the means by which success is achieved. In our increasingly technical and sophisticated world economy, it is exorbitantly important that we launch an indefatigable initiative toward educational success for all Americans. I believe that the mission of historically black colleges and universities throughout our Nation comport with the mission.

So in conclusion, I exhort my colleagues to vote in support of increased funding for historically black colleges and universities in America. Let us say yes to our children's futures, say yes to our children's success, and say yes to the success of our nation for the years to come.

Mr. YOUNG of Florida. Mr. Chairman, I rise to commend the chairman of our subcommittee, my colleague from Illinois, Mr. PORTER, for his leadership on this bill because this is a good bill that will have an impact on virtually every American family.

Our subcommittee worked hard to prioritize the resources for the many important health and education programs included in this legislation.

High priority was given to continued funding for the National Institutes of Health, which receives a $764.5 million or a 6 percent increase over the 1997 level and $427.1 million more than requested by the President. As I have said many times, NIH remains the preeminent biomedical research program of its kind anywhere in the world. Our investment in unlocking the mysteries of diseases and identifying new, life-saving therapies are repaid many times over in lower health care costs, a higher quality of life, and a cure for many diseases for which there was no successful treatment just a few years ago.

We have continued to make great strides in the war on cancer including breast and prostate cancer, in addition to heart disease, stroke, diabetes, Alzheimer's disease, Parkinsons disease, mental illness, sickle cell anemia, arthritis, osteoporosis, and other diseases that rob the young and old of years of life and lead to much pain and suffering. When we are so close to winning the battle on so many fronts, this is not the time to retreat from our commitment to remain the world leader in biomedical research.

A health care area of special interest to our committee, where a small continuing investment over the past few years has paid off, is the National Marrow Donor Program. Established by Congress in 1986, we are celebrating the 10th anniversary of a working national marrow donor registry that matches potential donors with patients in need of a transplant who would otherwise die from leukemia or any one of 60 other fatal blood disorders.

Since bringing to my colleagues attention the need for a national registry to provide access to a large pool of prospective unrelated individuals who might have matching bone marrow for patients in need of transplants, I have had nothing but unwavering support from the members of this committee and my colleagues in the House and Senate. The result of this effort is a program that is a true medical miracle which is saving lives every day throughout our Nation and around the world.

Later this year, The National Marrow Donor Program will register it three millionth prospective donor. My colleagues may recall that early in my search for a home for the national registry, some Federal officials told me we would never recruit more than 50,000 volunteers who were willing to donate their bone marrow to a complete stranger.

We proved them wrong and in doing so have given a second chance at life to thousands of men, women, and children. As the registry continues to grow, so do the number of transplants. More importantly, we have given hope to thousands of families who otherwise would have faced the prospect of certain death for a loved one.

This hope circles the globe as we exchange bone marrow on a regular basis with 14 other nation's who have patterened their national registeries after our own. Because genetics play such a crucial role in a successful match, this access to potential bone marrow donors from throughout the world has helped save the lives of patients here who were unable to find a matched donor in our national registry. Indeed, bone marrow is crossing international borders on a weekly basis, saving lives here and abroad. Nothing I can think of will help bring the nation's of the world closer together.

Our committee has included in the bill $15,270,000 for the continued operations of the national registry under the oversight of the Health Resources and Services Administration [HRSA]. Responsibility for the registry was transferred in 1995 from NIH to HRSA. The Navy continues to play a leading role in providing operational support and direction to the program with additional funding made available by our Appropriations Subcommittee on National Security.

Other small, but significant health care programs established and supported by our subcommittee are also saving lives throughout our Nation. With the $13 million included in this legislation for the Emergency Medical Services Program for Children we are increasing public awareness and training health care professionals for the unique emergency medical needs of acutely ill and seriously injured children. More than 40 States have now established training programs to improve the quality of care available for children. The leading cause of death for them continues to be accident and injury.

We have made a significant investment in this bill in other areas of preventative health care. Notably, we have included $145 million for the Centers for Disease Control's breast and cervical cancer screening program to provide early cancer detection for many low- and middle-income women who otherwise would not receive life-saving early warnings.

Finally, Mr. Speaker, within the Department of Health and Human Services, we have included $14 million for the National Youth Sports Program, which gives many disadvantaged youth their first exposure to a college campus. In addition to inspiring these children to stay in school so they can one day attend college, the program also provides health care screening, hot meals, math and science enrichment, and a strong anti-drug and anti-violence message.

Our subcommittee has also provided for the educational needs of our Nation's children from their preschool years through college. Once again we have increased Head Start funding, this year by $324 million to more than $4.3 billion. This is good news for Pinellas County, FL, which I am proud to say is home to a nationally recognized Head Start program that does an outstanding job in preparing our youngest students for their entry into elementary school.

Also included in this legislation is $7.7 billion in grants to State and local education agencies for disadvantaged youth. This is $395 million more than is available for the current year. We have provided an additional $350 million for school improvement programs, $556 million for safe and drug free school programs, and $4.3 billion for special education.

In the area of higher education, our committee has maintained its emphasis on providing direct assistance to college students. The bill includes funding to allow the maximum Pell Grant to rise to $3,000. In addition, we have increased funding for Federal work-study programs, TRIO, and minority institutions.

Among the myriad of Federal agencies funded in this bill, we continue our support for the Social Security Administration and the Medicare contractors, to allow them to process claims in a timely manner and to update their technological base to improve service to older Americans.

Mr. Speaker, as I said at the outset, this is one appropriations bill which touches virtually every American family. It is also one that makes major investments in improving quality of life through health care services, important biomedical research, educating our children, and providing for the needs of our older Americans. It is a bill that deserves the support of every Member of this House because it will improve the way of life for every congressional district.

Mr. OBEY. Mr. Chairman, I have no further requests for time, and I yield back the balance of my time.

Mr. PORTER. Mr. Chairman, I have no further requests for time, and I yield back the balance of my time.

The CHAIRMAN. All time for general debate has expired.

Pursuant to the order of the House of Thursday, July 31, 1997, the bill shall be considered for amendment under the 5-minute rule.

Amendments printed in House Report 105–214 may be offered only by a Member designated in the report and only at the appropriate point in the reading of the bill, are considered as read, are not subject to amendment except as specified in the report or pro forma amendments for the purpose of debate, and are not subject to a demand for a division of the question.

The amendment at the desk offered by the gentleman from Illinois [Mr. HYDE] shall be considered in lieu of amendments Nos. 1 and 2 in the report and shall be considered as though printed as amendment No. 1.

During consideration of the bill for amendment, the Chair may accord priority in recognition to a Member offering an amendment that he has printed in the CONGRESSIONAL RECORD. Those amendments will be considered as read.

The Chairman of the Committee of the Whole may postpone a request for a recorded vote on any amendment and may reduce to a minimum of 5 minutes the time for voting on any postponed question that immediately follows another vote, provided that the time for voting on the first question shall be a minimum of 15 minutes.

The Clerk will read.

The Clerk read as follows:

H.R. 2264

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the following sums are appropriated, out of any money in the Treasury not otherwise appropriated, for the Departments of Labor, Health and Human Services, and Education, and related agencies for the fiscal year ending September 30, 1998, and for other purposes, namely:

TITLE I—DEPARTMENT OF LABOR

EMPLOYMENT AND TRAINING ADMINISTRATION

TRAINING AND EMPLOYMENT SERVICES

For necessary expenses of the Job Training Partnership Act, as amended, including the purchase and hire of passenger motor vehicles, the construction, alteration, and repair of buildings and other facilities, and the purchase of real property for training centers as authorized by the Job Training Partnership Act; the Stewart B. McKinney Homeless Assistance Act; the Women in Apprenticeship and Nontraditional Occupations Act; the National Skill Standards Act of 1994; and the School-to-Work Opportunities Act; $5,162,601,000 plus reimbursements, of which $3,872,463,000 is available for obligation for the period July 1, 1998 through June 30, 1999; of which $118,491,000 is available for the period July 1, 1998 through June 30, 2001 for necessary expenses of construction, rehabilitation, and acquisition of Job Corps centers; of which $200,000,000 shall be available from July 1, 1998 through September 30, 1999, for carrying out activities of the School-to-Work Opportunities Act; and of which $100,000,000 shall be available for obligation for the period July 1, 1999 through June 30, 2000 for Opportunity Areas for Out-of-School Youth only if specifically authorized by subsequent legislation: *Provided*, That $52,502,000 shall be for carrying out section 401 of the Job Training Partnership Act, $69,285,000 shall be for carrying out section 402 of such Act, $7,300,000 shall be for carrying out section 441 of such Act, $5,000,000 shall be for all activities conducted by and through the National Occupational Information Coordinating Committee under such Act, $1,063,990,000 shall be for carrying out title II, part A of such Act, and $129,965,000 shall be for carrying out title II, part C of such Act: *Provided further*, That no funds from any other appropriation shall be used to provide meal services at or for Job Corps centers: *Provided further*, That funds provided for title III of the Job Training Partnership Act shall not be subject to the limitation contained in subsection (b) of section 315 of such Act; that the waiver described in section 315(a)(2) may be granted if a substate grantee demonstrates to the Governor that such waiver is appropriate due to the availability of low-cost retraining services, is necessary to facilitate the provision of needs-related payments to accompany long-term training, or is necessary to facilitate the provision of appropriate basic readjustment services; and that funds provided for discretionary grants under part B of such title III may be used to provide needs-related payments to participants who, in lieu of meeting the enrollment requirements under section 314(e) of such Act, are enrolled in training by the end of the sixth week after grant funds have been awarded: *Provided further*, That service delivery areas may transfer funding provided herein under authority of titles II, parts B and C of the Job Training Partnership Act between the programs authorized by those titles of the Act, if the transfer is approved by the Governor: *Provided further* That service delivery areas and substate areas may transfer up to 20 percent of the funding provided herein under authority of title II, part A and title III of the Job Training Partnership Act between the programs authorized by those titles of the Act, if such transfer is approved by the Governor: *Provided further*, That, notwithstanding any other provision of law, any proceeds from the sale of Job Corps center facilities shall be retained by the Secretary of Labor to carry out the Job Corps program: *Provided further*, That notwithstanding any other provision of law, the Secretary of Labor may waive any of the statutory or regulatory requirements of titles I–III of the Job Training Partnership Act (except for requirements relating to wage and labor standards, worker rights, participation and protection, grievance procedures and judicial review, nondiscrimination, allocation of funds to local areas, eligibility, review and approval of plans, the establishment and functions of service delivery areas and private industry councils, and the basic purposes of the Act), and any of the statutory or regulatory requirements of sections 8–10 of the Wagner-Peyser Act (except for requirements relating to the provision of services to unemployment insurance claimants and veterans, and to universal access to basic labor exchange services without cost to job seekers), only for funds available for expenditure in program year 1998, pursuant to a request submitted by a State which identifies the statutory or regulatory requirements that are requested to be waived and the goals which the State or local service delivery areas intend to achieve, describes the actions that the State or local service delivery areas have undertaken to remove State or local statutory or regulatory barriers, describes the goals of the waiver and the expected programmatic outcomes if the request is granted, describes the individuals impacted by the waiver, and describes the process used to monitor the progress in implementing a waiver, and for which notice and an opportunity to comment on such request has been provided to the organizations identified in section 105(a)(1) of the Job Training Partnership Act, if and only to the extent that the Secretary determines that such requirements impede the ability of the State to implement a plan to improve the workforce development system and the State has executed a Memorandum of Understanding with the Secretary requiring such State to meet agreed upon outcomes and implement other appropriate measures to ensure accountability: *Provided further*, That the Secretary of Labor shall establish a workforce flexibility (work-flex) partnership demonstration program under which the Secretary shall authorize not more than six States, of which at least three States shall each have populations not in excess of 3,500,000, with a preference given to those States that have been designated Ed-Flex Partnership States under section 311(e) of Public Law 103–227, to waive any statutory or regulatory requirement applicable to service delivery areas or substate areas within the State under titles I–III of the Job Training Partnership Act (except for requirements relating to wage and labor standards, grievance procedures and judicial review, nondiscrimination, allotment of funds, and eligibility), and any of the statutory or regulatory requirements of sections 8–10 of the Wagner-Peyser Act (except for requirements relating to the provision of services to unemployment insurance claimants and veterans, and to universal access to basic labor exchange services without cost to job seekers), for a duration not to exceed the waiver period authorized under section 311(e) of Public Law 103–227, pursuant to a plan submitted by such States and approved by the Secretary for the provision of workforce employment and training activities in the States, which includes a description of the process by which service delivery areas and substate areas may apply for and have waivers approved by the State, the requirements of the Wagner-Peyser Act to be waived, the outcomes to be achieved and other measures to be taken to ensure appropriate accountability for federal funds.

AMENDMENT OFFERED BY MR. EVANS

Mr. EVANS. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. EVANS:

Page 2, line 15, after "reimbursements," insert "of which $2,500,000 shall be available for purposes of carrying out section 738 of the Stewart B. McKinney Homeless Assistance Act (relating to homeless veterans' reintegration projects);"

Mr. EVANS. Mr. Chairman, first I want to commend the chairman of the Subcommittee on Labor, Health and Human Services, and Education, my colleague the gentleman from Illinois [Mr. PORTER], and the distinguished gentleman from Wisconsin [Mr. OBEY], the ranking Democratic member of the subcommittee, for their efforts in producing this bill.

Likewise, I appreciate the hard work of all members on the subcommittee on this legislation, and I also want to thank the gentleman from Louisiana [Mr. LIVINGSTON], the chairman of the full committee, for his most important contributions, and likewise members of the full committee as well.

In particular, I am very pleased that the full committee has provided $2 million in funding for the National Veterans Training Institute. This is a sound investment and money well spent, which will enable the continued provision of essential training. Again, I am most thankful to this committee for its actions.

Mr. Chairman, the amendment that I offered for myself and my colleague, the gentleman from California [Mr. FILNER], provides an additional $2.5 million for the homeless, the Homeless Veterans Reintegration Project, a program administered by the Assistant Secretary of Labor for Veterans' Employment and Training.

I understand $2.5 million has already been designated in H.R. 2264 for homeless veterans under the Department of Labor pilots and demonstrations, and I appreciate the committee's concern for veterans. Nonetheless, the problem of homeless veterans is so severe that additional funding is necessary.

There is virtually no disagreement that one-third of the homeless men in this country are veterans, and that approximately 60 percent of those individuals are veterans of the Vietnam war. This means, Mr. Chairman, that every night in this great country of ours more than 280,000 veterans are sleeping in homeless shelters or on our streets.

Since 1987, this program, a modest, cost-effective program designed to help homeless veterans reenter and succeed in the job market, has proven its worth. More than 41,000 homeless veterans have received help and support from the community-based organizations funded under this program, and many were placed in jobs at a cost of less than $15,000 per veteran.

Few government programs can claim to have achieved so much with so little. Our amendment provides $2.5 million for this needed program, the funding level authorized under section 11448 of title 42, United States Code. Rather than increasing spending in order to fund this important program, our amendment would simply earmark this $2.5 million of the more than $5 billion provided for the Department of Labor's Employment and Training Administration.

Earlier this year the Committee on Veterans' Affairs voted without dissent to fund this program. Republicans and Democrats came together, as they are doing tonight, to show their support for the men and women who served honorably in our Nation's Armed Forces.

I urge my colleagues to demonstrate their commitment to America's veterans and support the Evans-Filner amendment.

Mr. Chairman, I am glad to yield to the gentleman from California [Mr. FILNER], and to wish him a happy birthday, as well.

Mr. FILNER. Mr. Chairman, I thank the gentleman for yielding to me, and I thank him for his service to our Nation's veterans as ranking member of the Committee on Veterans Affairs.

Mr. Chairman, a source of particular satisfaction to me as a Member of Congress has been my service on the Committee on Veterans' Affairs. Veterans are special and unique members of our American family, and it has been an honor to work on their behalf.

I am also privileged to represent the extraordinary residents of San Diego, CA, who have earned a nationwide reputation as a community committed to service to homeless veterans. It was the city of San Diego that created the Stand Down, a program which provides health care, legal assistance, dental treatment, clothing, and employment assistance for homeless veterans. This program has been replicated all over the country, and thousands of veterans have benefited because of the creativity and commitment of the veteran community in San Diego.

Mr. Chairman, this amendment offered by the gentleman from Illinois

[Mr. EVANS] and myself extends this kind of benefits to homeless veterans all over this Nation. So on behalf of the good and caring citizens of San Diego, on behalf of America's homeless veterans, I urge my colleagues to support the Evans-Filner amendment.

Mr. PORTER. Mr. Chairman, I move to strike the last word.

Mr. Chairman, we accept the amendment.

Mr. McINTOSH. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, the chairman has indicated that the committee would like to accept this amendment. Let me say that in addition to this amendment, I have very serious reservations about this bill. I think this is a question of philosophy about which direction the Republican Party should lead this country.

Mr. Chairman, this bill increases spending dramatically over the balanced budget bill that we brought forth in 1995. It increase funding in many categories beyond what President Clinton had asked for in his own budget submission to this Congress. It has policy implications in the area of education, where we will be directing schools, that they have the opportunity now at the Federal level to enter into some new program called a Whole Learning Reform program.

The Federal Government should not be involved in making those decisions. We should not have the Federal Government funding a national test for education. That is the beginning of the problems with this bill.

It also goes into social policy, which many of us would find unacceptable in this Congress, not what we asked for in the Contract With America, or when Republicans went to the American people and asked them for a mandate to be the majority party in this Congress.

One example of that would be a provision in the bill that would allow funds to be used for the distribution of needles to drug users. That is not a Republican platform. It does not help us to reduce drug use in this country. It is not something that we as a Republican Congress should be passing and sending to the President.

I think the philosophy of this bill is to some extent dictated by the budget agreement that our leaders and the President entered into earlier this year, but it goes beyond the general agreement that we would expand Government rather than shrink the Departments of Health, Education, and Welfare, the Department of Labor, the Department of Health and Human Services, the Department of Education, the Department of Labor. It goes beyond the notion that their budgets would increase, and starts to make very liberal decisions in terms of social policy of the funding within those budgets.

□ 1830

I think it would be time for this Republican Congress to have a debate on what is the direction we want to take. Do we want to continue on this budget agreement that expands the role of government? Or do we want to take time and correct the work of this committee and reduce the size of government in some areas, and at least say those areas where we are spending more money, we are going to turn over control to the States and take it away from the bureaucracy here in Washington?

Now, this is not to say that there are not some very good provisions in this bill. And I do say to the gentleman from Illinois [Mr. PORTER] that I commend his efforts in the areas of ergonomics, for example, where the committee has stated there is a lot of bad science that is being foisted upon us in an effort to create more regulations at the Department of Labor. The chairman's bill does put a moratorium for a year on that misguided regulation going into effect.

But, Mr. Chairman, what we need to do in the course of the debate on this bill is have a debate about fundamental principles in the Republican Party, address some very serious questions in this bill, and attempt to lead rather than capitulating to leadership from 1600 Pennsylvania Avenue.

Mr. PORTER. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I would say to the gentleman from Indiana [Mr. MCINTOSH] that, yes, this bill does increase spending over last year, and I am not happy with that. But the leadership of the Republican Party and the Democratic Party, and the President, agreed earlier this year that there would be tax cuts and that there would be restraints on entitlement spending. In return for those changes in policy, they also agreed that there would be increases in programs that the President considered his priorities.

Mr. Chairman, we have gotten the tax cuts and we have gotten the restraints on entitlement spending. Those bills have been passed and signed into law by the President. Like it or not, an agreement has to be at least substantially carried out, and this bill contains many of the President's priorities.

Mr. Chairman, when Republicans took control of the Congress, this bill carried major cuts in programs when it passed the House of Representatives; a total of $9 billion. While many of the cuts were not in the enacted bill that year, nor did it survive in last year's bill, we certainly have restrained the rate of increase in spending in these accounts over what it might have otherwise been.

With respect to the whole school reform that the gentleman mentions, I would urge the gentleman very, very strongly to look at exactly how this works. It does not put the Government in the reform business. It allows local schools operating under State law, if they wish, to apply for funds on a competitive basis so that they may engage in whole school reform. I believe this is a far better expenditure of money than our present title I program from which the funds derive.

Other issues are going to be shaped on the floor of the House of Representatives as they should be. I would like to be able to please every single Member of the House of Representatives and offer a bill that everyone instantly said, "I agree with." That obviously is not possible. But what we have to do is try to find the center, try to work with one another and find the common ground on which to govern, and to pass a bill that can meet the expectations of the American people. That is what this process is all about.

Mr. Chairman, I think we have done some good things, things that the gentleman from Indiana and others would support very strongly. But obviously there is a certain price to pay for the things that we get. We have to also give something. We have attempted to do both and to find that common ground.

I believe that we have done that in this bill. And while it will not please everyone, and never can, I believe it is a bill that can please the majority of Members in the House and I would very definitely commend it to them.

Mr. OBEY. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I am not in the slightest going to get into a debate about the philosophy of the Republican Party. I simply want to take this time to indicate that on this side of the aisle, we would also accept the amendment of the gentleman from Illinois [Mr. EVANS], if that is indeed what is before us at this point.

Mr. McINTOSH. Mr. Chairman, I ask unanimous consent to strike the requisite number of words.

The CHAIRMAN (Mr. GOODLATTE). Is there objection to the request of the gentleman from Indiana?

There was no objection.

Mr. McINTOSH. Mr. Chairman, let me address the point of the gentleman from Illinois [Mr. PORTER], because I do think there is a philosophical difference between whether we should seek the center or stand for principles that are outside the center. Principles of a smaller government, less Federal intrusion into our school systems and into our State levels, and perhaps that is the core question that we should be debating as we talk about the problems that we have with this bill.

Mr. Chairman, one of the problems, for example, that I encountered in the last week as I toured schools throughout central Indiana and visited with the students and teachers and parents, is I asked them what are the concerns that they have that I, as a member of the Committee on Education and the Workforce, would like to address. They time and time again said that they were chasing Federal dollars. They spent a lot of their time filling out forms in order to get the few dollars that they desperately needed, and then found they could not use them for the needs in their classroom.

Mr. Chairman, one school needed additional computers and they found they did not qualify for the computer grant, and so they had to chase other dollars. Another school said, we want to teach the basics but we found that we have to apply for these fancy programs coming out of Washington. And then once we apply to them, we have to spend all of our time filling out forms rather than teaching our children what they need to know in math, reading, writing, the basic knowledge and skills that Congress says they want us to teach.

The message they sent to me to bring back here was: Get out of the way in Washington. Stop having most of the money have strings attached to it and send it to us in a block grant to the schools where we can decide how it would best be used.

One of the things that I think we have to correct in this bill are provisions like the Whole School Reform Act that comes with strings. They have to apply under that program to take certain actions in order to receive the money; 200 million dollars' worth of funding is now tied to new strings. They wanted old strings from the previous Congress, or the Congress before that, that had authorized them but they had never been funded. So we will be creating a brandnew spending program as a result of that.

There are other questions that I hope we can engage in this debate with the chairman. In some cases we seem to have decided that not only would we agree and compromise and take the President's budget number, we would outdo the President and spend more in certain categories. I do not think that should be our position as we move forward with this bill.

So, Mr. Chairman, I want to say I have a great deal of respect for the gentleman from Illinois [Mr. PORTER]. He is a leader in our party and on this committee. But I do have to fundamentally disagree on that philosophical question of whether we should approach the center or whether we should govern from a conservative, principled approach in this Congress.

Mr. HOYER. Mr. Chairman, will the gentleman yield?

Mr. McINTOSH. I yield to the gentleman from Maryland.

Mr. HOYER. Mr. Chairman, I was in the Cloakroom and I heard the discussions of the gentleman from Indiana [Mr. McINTOSH], and I wanted to tell him that I know I have been discussing, and many members of the committee have been discussing for many years, trying to enhance the ability of local providers of education who have the primary responsibility with greater opportunities to access Federal dollars without having to go through so many hoops.

Mr. Chairman, I have introduced a bill which is called the Family Services Improvement Act. The gentleman from Connecticut [Mr. SHAYS] is a cosponsor. Senator Hatfield had a bill in the last Congress which tried to simplify the way in which communities access dollars.

If I can make a very crude analogy, a funnel at the top where there are a lot of individual programs, but the child at the bottom of the funnel that we all want to serve, either for health reasons or social service or educational reasons, they have to figure out how to access all of these dollars.

What the bill essentially tries to do is to get the Feds to facilitate that service being performed in a funnel type where it comes in here, but it comes out in a spout at the end not exactly the way the gentleman from Indiana would want it, but in a form that does not put local education or social service agencies or other agencies to the unbelievable difficulty of trying to figure out how we help Mary Jane or Charlie Brown.

So, Mr. Chairman, although it is not directly on point, I wanted to call the gentleman's attention to that, because I think it would be something that perhaps in a bipartisan way we could work on to facilitate what I think both of us want done, although we may have different perspectives on exactly what the ways and means of doing it would be.

Mr. McINTOSH. Mr. Chairman, reclaiming my time, I appreciate the comments of the gentleman from Maryland [Mr. HOYER] and would hope to be able to address them.

The CHAIRMAN. The time of the gentleman from Indiana [Mr. McINTOSH] has expired.

(On request of Mr. PORTER, and by unanimous consent, Mr. McINTOSH was allowed to proceed for 3 additional minutes.)

Mr. McINTOSH. Mr. Chairman, I agree with the gentleman from Maryland [Mr. HOYER], but I think we have to be careful we do not keep the old encumbered form of bureaucracy and say that we are going to give a roadmap at the local level on how to go through the paperwork, because they still have to go through the paperwork and spend the time and the money and the resources to do that.

Mr. HOYER. Mr. Chairman, if the gentleman will continue to yield, what the gentleman will like about the bill is that it eliminates most of the paperwork and says that there is one form for all of these programs, and it will be the Federal problem of figuring out. But we would only have one form.

Mr. McINTOSH. Mr. Chairman, again reclaiming my time, see, what I would hope we could do is move to something like title VI where we don't have to justify on a form; we would say that we are going to provide the resources and those at the local level decide how they want to spent them.

Mr. PORTER. Mr. Chairman, will the gentleman yield?

Mr. McINTOSH. I yield to the gentleman from Illinois.

Mr. PORTER. Mr. Chairman, I do not think I heard the gentleman from Indiana [Mr. McINTOSH] correctly. But if I can say so, I think the role of the Federal Government in education is to supplement or complement the primary role of local schools in educating our children. It is not to supplant them in any way or to require a certain curricula or anything else. And it is not, very definitely, to provide a separate tax source removed from local control simply to funnel money to local schools. That is not the purpose.

Mr. Chairman, if it is the basics that the gentleman wants to emphasize, that should be done, and is done, in every school in America by State and local school districts using State and local funds. That is where it ought to be. We should not be putting the Federal Government into the business of raising the money to provide for basics to be taught. That is done by the State and local school districts.

Mr. Chairman, 95 percent of the money spent in this country is spent by State and local school districts on education. That is the way it ought to be. The Federal Government's role should be to provide national encouragement on things of national interest. And that is exactly what we are doing in this program.

I think the gentleman from Indiana would agree that we are not attempting in any way to supplant local schools or to provide a taxing source removed from the people at the local level to support basics. That is not the role of the Federal Government at all.

Mr. McINTOSH. Mr. Chairman, again reclaiming my time, in response to the gentleman from Illinois, I agree that is not the role of the Federal Government. The concern I have with this bill is that there is a new program that creates a carrot and says if schools want to get some of these Federal dollars, they have to start teaching the way we think they should teach. And we are going to have a situation where we have got, as my wife says, folks jumping over dimes to go for a nickel because they are going to end up spending a great deal of money trying to apply for those programs.

We would be much better off if we let them spend their money on the basics and we said, "We have got this $200 million. We are going to give it to you to spend as you see fit on improving the teaching of the basics." I think if we are going to spend money at the Federal level, we should always say we are going to send it with the least amount of restrictions and strings attached to it.

Mr. SOUDER. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I wanted to say first off that I think the amendment of the gentleman from Illinois [Mr. EVANS] is well-conceived in the sense of if there is any group in America that has been neglected in the homeless population, it has been the veterans and people who have sacrificed for our country and put their lives at risk deserve that special attention, and I support that.

We have a homeless shelter particularly targeted for veterans that a few Vietnam veterans have put together in Ft. Wayne, and I have been proud to help them and I know that it has been very difficult for them to get attention, because often they get ignored in the process.

□ 1845

I want to address a broader question off of that. That is, in areas where the Federal Government has not been, there is this temptation to say that every time we see a needy group or every time we see a problem that we are going to plunge into that. As we debate tonight and tomorrow and probably into next week this bill, this bill is at the heart of the differences between the two parties and how we are going to govern, and differences in our own party as to what the role of the Federal Government should be in education, what the role of the Federal Government should be in abortion, what the role of the Federal Government should be in labor policy, what the role of the Federal Government should be in health policy.

Many of us are concerned, and I say this as someone who supported the budget agreement. Understanding that at times you have to have compromises and at times you have to move forward because the President is of a different party, the Senate may not agree with the House, and in the House we have a very narrow majority, there are pragmatic things that enter into getting what you can, but many of us feel we went too far in this bill. We were willing to live with many of the funding dollars in that, begrudgingly, and many of us were very divided over that subject.

But there is also the matter, if we are going to spend the money, how are we going to spend the money and in what areas?

We made many pledges. Many of them probably were, needless to say, overdramatic or probably unrealistic; nevertheless, many millions of American people believed that when we said we were going to eliminate the Department of Education and we were going to eliminate the Corporation for Public Broadcasting, we were going to eliminate this organization or that organization, that we were at least going to fight for that.

Now we are faced with a bill that in many of these cases is not eliminating, it is increasing its funding, something that surely we did not run on and say we were going to do. It has caused a lot of grief. And this bill consolidates many of these things; and now not only are we looking at increasing the money in some of the things that many of us came here very concerned about. I myself can hardly believe that we have a real dollar increase in Title X which, while we have many abortion issues that we face in this Congress, is the most controversial because it has the most money going to the organizations that do most of the abortions. Yet, it increases.

We see increases in other categories. We see whole new programs. We can have a debate and we certainly will have a debate on the Whole School program. You have got some of the discussion here and we will have that in the education section.

As I have talked with the gentleman from Illinois [Mr. PORTER] today, and as I have visited schools around the country, first when I was a staff director on the Republican side with the children-families committee, then working with Senator COATS in the Senate, and now being on the Committee on Education and the Workforce, I have seen the merits of some of the ideas in this, school-based management, more flexibility in the schools to make determinations. But what I do not think is appropriate is to have something come in without having gone through the authorizing committee.

The point is that it is authorized, but it was authorized dormant; in other words, it has no funds in it. This Republican-controlled Congress never passed this bill, never moved this bill. Furthermore, it was put in at the tail end in the appropriations subcommittee process and did not get fully aired because even if some of us and, for example, we will hear in this debate that the Heritage Foundation thinks that this is a good idea. The Heritage Foundation has no position on this. The Heritage Foundation has done reports that suggest that it is a good idea at the local level. They do not have a position on Federal initiative.

And while we say we are not controlling local schools, the fact is that when we put the money out, particularly if you have a State law that says you cannot override local union contracts, if you have a State law that says you cannot do some of the things in the Little Red Schoolhouse reform and other types of things like that, and you have 50 to 100 districts that want to get into this pool of money, there will be tremendous pressure on the State legislatures to change their State law.

It is a tad cute to say we are not doing these things from the Federal level when, in fact, we are dumping $200 million into a program that was not funded, that was dormant, has never passed a Republican Congress. And all of a sudden when we say we are reducing Goals 2000, this is much more sweeping than Goals 2000.

In Indiana, it may indeed be a good program. Why not debate it and go through a regular process similar to the National Literacy Initiative?

We will be debating a number of these. We feel there should be a whole debate on this process. We are not trying to be obstructionist.

Mr. FOX of Pennsylvania. Mr. Chairman, I move to strike the requisite number of words.

I rise to speak on behalf of the Evans amendment to H.R. 2264. This is a positive proposal which is bipartisan, which helps to assist the homeless veterans and increases from $2.5 million to $5 million this very important program which is section 738 of the Stewart B. McKinney Homes Assistance Act, named for a former member of Congress who actually initiated this program and deserves a great deal of credit as a former Member from Connecticut.

I believe that the gentleman from Illinois [Mr. EVANS] has shown again his great leadership for veterans; and working with the gentleman from California [Mr. FILNER] and others on both sides of the aisle, I had the pleasure of working with the Committee on Veterans' Affairs with the gentleman from Illinois [Mr. EVANS], I know how important this issue is to people in my home State of Pennsylvania where many veterans have resided. And some are not only looking for proper health care from this Congress, proper vocational assistance, but now, where we can help those who are homeless, making a big difference.

This will certainly go a long way, I think, in making those steps in a positive way to help our veterans, many of whom gave their lives for others, who are now trying to still make a go of it and are trying to make sure that they have the quality of life that they deserve for the sacrifice they made for this country.

I rise in strong support of the Evans amendment. I believe it really makes this bill even more positive. I thank the gentleman for his leadership and look forward to working with him again on other pro-veteran bills.

Mr. SHADEGG. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, the American people in my district are deeply concerned about a number of issues, and I am deeply concerned about some issues that we address in this legislation, issues which have not come to the fore until just the last few hours of this debate.

Parents in America want their children educated. One of the things we do in this country is we pay taxes in the hopes that we will give our children the best possible education. Yet what is happening in education in America today is that there is a great debate going on about how we improve education.

I have listened to that debate and I have listened to the citizens of my district talk about it. They want their children to get the best possible education because they care deeply about their children's success as they go forward. But they discovered one thing that is vitally important. It is something that I thought we heard in Washington, D.C., but it appears maybe we have not.

They have discovered out in America that education policy cannot be set in Washington, D.C., that it is simply too far away from the living rooms and the family rooms and the bedrooms of the children studying at home to set education policy thousands of miles away here in Washington, D.C.

So when I ran for the United States Congress, I ran on the promise that I would work to return to the local parents, teachers, students and administrators in the schools in my district the control of their education and their education dollars, so that those parents working beside the administrators in their schools could decide education policy for their children.

For that reason, I got elected and I am pleased about that. But I have discovered in this bill something that gives me great concern. In this bill, we have decided that that is the wrong policy. In this bill, we have decided once again that the Federal Government should do the carrot-and-stick routine, that the Federal Government should decide what form of education reform works.

Here is what we say in the bill: We say that we are going to reward those schools who pursue what is called Whole School Reform. And we even specify in report language that we will make this $150 million available, but only available to those schools who will follow the Whole School Reform model.

And in report language, we set forth that they should either follow the school development program developed by Yale University psychiatrist James Comer, or the Success for All and Roots and Wings programs developed by Johns Hopkins University, or the Modern Red Schoolhouse program developed by Hudson Institute.

So here we are saying, you local parents, you local administrators, those of you that are charged with educating your children and care most about their education, we will give you $150 million. You just have to jump through one Federal hoop. You have to agree to abide by one of these three programs. You have to spend the $150 million as we in Washington say it should be spent.

Let me tell you, that is not what I was sent to Washington to do. That is not the kind of legislation that I believe America wants. I do not care if you are Republican or Democrat. I do not care if you are a liberal or conservative. I think this is an issue which transcends politics.

I think American parents, whether they are liberal or conservative, Republican or Democrat, rich or poor, believe they know better how to educate their kids than some bureaucrat thousands of miles away in Washington, D.C., or some professor at the Hudson Institute or Yale University or Johns Hopkins.

Yet we are saying, as a United States Congress, there is $150 million in this bill which you parents may have, but only if you let us decide on the education policy. I think that is wrong. I think we are making a grave mistake by including that kind of policy in this bill.

It is not what the American parents want. They trust their teacher. You sit back and think about it: The one person you have to trust in your life is the teacher that your child spends a good portion of every day with.

This last Tuesday was the first day of school for my kids. I took them both to school. I have a 15-year-old and an 11-year-old. I had met their teachers before. I care about them, and I trust their teachers, but I have never met a single professor from Yale University or Hudson Institute that I want deciding how my children get educated.

I trust the PTA at my school and the administrators at my school, but I thought we, as a Nation, had moved beyond this idea of dictating Federal education policy in Washington, D.C. Yet in this bill, I hope that my colleagues are listening and I hope their constituents are listening to them, we break that promise and we set education policy in Washington, D.C. That is dead wrong.

Mr. Chairman, I include for the RECORD the following:90[H04SE7-801]{H6870}School Dev

SCHOOL DEVELOPMENT PROGRAM

MISSION AND VISION OF THE SCHOOL DEVELOPMENT PROGRAM

The School Development Program is committed to the total development of all children by creating learning environments that support children's physical, cognitive, psychological, language, social and ethical development.

Our vision is to help create a just and fair society in which all children have the educational and personal opportunities that will allow them to become successful and satisfied participants in family and civic life.

CORE BELIEFS OF THE SCHOOL DEVELOPMENT PROGRAM

We believe that "it takes a whole village to raise a child," noting especially that: children's most meaningful learning occurs through positive and supportive relationships with caring and nurturing adults; parents are children's first teachers; all parents, and staff members, and community member, regardless of position, has an important contribution to make towards improving students' education; and in order to bring out the best in children, adults must interact more collaboratively and sensitively with each other on behalf of children.

We believe children: should be at the center of the educational enterprise; are capable of higher learning; learn through various pathways: physical, cognitive, psychological, language, social, and ethical; and who develop well learn well.

We believe that teachers: work in supportive environments which maximize their ability to teach and prepare students for life beyond school; and develop positive relationships with parents to make the necessary bonds for effective teaching and learning.

We believe school communities: must be structured to promote collaborative decision making in order to create a culture of inclusion; should promote learning as a lifelong process; should embrace cultural, linguistic and ethnic differences to enhance the educational process for all people; use data from all levels of the system—student, school, and district to inform educational policies and practices; should view change as an ongoing process guide by continuous constructive feedback; design curriculum, instruction and assessment to align with and promote child and community development and high content area standards; provide administrators with the support they need to lead and manage schools; and promote organizational synergy among school boards, educators, and parents.

A BRIEF HISTORY AND SUMMARY OF THE SCHOOL DEVELOPMENT PROGRAM

The School Development Program (SDP) was established in 1968 in two elementary schools as a collaborative effort between the Yale University Child Study Center and the New Haven Public Schools. The two schools involved were the lowest achieving in the city, had poor attendance, and had serious relationship problems among students, staff, and parents. Staff morale was low. Parents were angry and distrustful of the schools. Hopelessness and despair were pervasive.

The Child Study Center staff—social worker, psychologist, special education teacher, and child psychiatrist—provided the traditional support services from these disciplines but focused more on understanding the underlying problems and how to correct them. Problems were identified on both sides—family stress and student underdevelopment in areas necessary for school success, as well as organizational, management and child development knowledge and skill needs on the part of the school staff.

Because of pre-school experiences in families under stress, a disproportionate number of low-income children presented themselves to the schools in ways that were understood as "bad," under-motivated, and demonstrating low academic potential. The behavior, in fact, reflected underdevelopment, or else development that was appropriate on the playground, at home or other places outside of school, but inappropriate at school.

The school staffs lacked training in child development and behavior, and understood school achievement solely as a function of genetically determined intellectual ability and individual motivation. Because of this, the schools were ill-prepared to modify behavior or close the developmental gaps of their students. The staffs usually responded with punishment and low expectations. Such responses were understandable given the circumstances, but they usually led to more difficult staff-student interactions and, in turn, to difficult staff-parent and community interactions, staff frustration, and a lower level of performance by students, staff and parents.

Even when there was a desire to work differently, there was no mechanism at the building level to allow parents, teachers, and administrators first to understand the needs, then to collaborate with and help each other address them in an integrated, coordinated way. This led to blame-finding, fragmentation, duplication of efforts, and frustration. There was no sense of ownership and pride in the school. The kind of synergism that develops when people work together to address problems and opportunities could not exist.

The model took shape in response to the conditions in the schools. Dr. Comer and his colleagues, working collaboratively with parents and staff, gradually developed the current nine-component process model (3 mechanisms, 3 operations, and 3 guiding principles). In the first category is (1) a School Planning and Management Team representative of the parents, teachers, administrators and support staff; (2) a Student and Staff Support Team (formerly called the Mental Health Team; and (3) Parent Team.

The School Planning and Management Team carries out three critical operations: the development of a (4) Comprehensive School Plan with specific goals in improving school climate and academic areas; (5) staff development activities based on building-level goals in these areas; and (6) periodic assessment which allows the staff to modify the program to meet identified needs and opportunities.

Successful implementation of the School Development Program requires several important guiding principles and agreements. All the adult stakeholders agree to use (7) a "no fault" approach to solving problems. This allows school teams to use all their time and energy on problem solving. Many groups get bogged down and are unable to move forward because blame creates defensive behavior and conflict. When people use "no fault," they can speak up without fear of attack or blame.

The School Development Program uses (8) consensus decision making rather than voting as the way to make decisions. Discussions keep the developmental needs of children in mind. One of the principal benefits of consensus decision making is that it minimizes "winner-loser" behavior and a variety of negative feelings that are common when decisions are made by voting.

Participants on the School Planning and Management Team (9) collaborate with the principal who is often the team's leader. Team members cannot paralyze the principal and on the other hand the principal cannot use the group as a "rubber stamp." In some cases, a staff member rather than the principal serves as a leader of the governance and management team. When this happens, it is often after all involved have become comfortable with the process, but sometimes it occurs at the outset. This works when it is a genuine arrangement to promote leadership from within the staff, and not as an act of disengagement. With this arrangement, it is important for the principal to be present and fully involved both in meetings and in facilitating the process. These nine components, developed in the 1968–69 school year, continue to make up the essential elements of the School Development Program.

A BRIEF SUMMARY OF SCHOOL DEVELOPMENT PROGRAM EFFECTS

Past efforts to document the effects of the School Development Program have been consistent with our philosophy that educational improvement embodies academic as well as personal and social growth. To document the effects, a combination of three research strategies are used: (1) quantitative (e.g., Surveys), (2) qualitative (e.g., our ethnographic protocols), and (3) theory development. These strategies have been employed to document academic effects, behavior and school adjustment effects, self-concept, and our school climate.

Studies conducted by the School Development Program and other researchers provide evidence of significant SDP effects on school climate, student attendance, and student achievement. SDP effects are usually first manifested in the improvement of the school climate, indicated by improved relationships among the adults in the school, better collaboration among staff members, and greater focus on the child as the center of the education process. Research showed that schools in which the SDP guiding principles ("no fault" problem solving, consensus decision making and collaboration) were followed consistently, there was a significantly greater decline in absenteeism and suspension rates compared to the district as a whole. Comparative studies of SDP and non-SDP schools reported significantly higher self competence, self-concept, and achievement for SDP students than for non-SDP students.

Qualitative analyses of more than 130 interviews of parents, students, teachers, principals, and other school personnel from ten schools indicated (a) improved parental and community involvement, (b) strong, positive climate, (c) increased team work and greater coordination, (d) greater focus on child-centered issues for comprehensive school planning, and (e) greater top-down and bottom-up management. These analyses also showed that the Student and Staff Support Teams (formerly called Mental Health Teams) focused primarily on prevention rather than crisis management. These teams established stronger linkages between schools and communities in order to better facilitate services to students. The three SDP structures (School Planning and Management Team, Student and Staff Support Team and the Parent Team) and the three guiding principles served as vehicles for bringing the school and community together to resolve conflicts and reach solutions.

Hudson Institute's Modern Red Schoolhouse To Move to Nashville

Indianapolis, IN.—Hudson Institute's Board of Trustees announced today that its highly-touted education project, The Modern Red Schoolhouse, will become an independent entity and relocate to Nashville, TN. Named "Modern Red Schoolhouse Institute," the new organization will receive funding from Alternative Public Schools, Inc., a Nashville-based educational services firm.

Designed and tested over the past five years, Hudson's critically-acclaimed program strives to make all students high achievers in core academic subjects by building upon the virtues of traditional American education while incorporating modern technology in the classroom. It also relies on proven student learning techniques, the wisdom of teachers and parental involvement.

Hudson's Modern Red Schoolhouse was one of eleven plans funded by the New American Schools Development Corporation in 1992 to design "break-the-mold" schools that would revitalize American education. Hudson worked in partnership with school districts in Indiana, Arizona and New York to reinvent the qualities and virtues of "little red schoolhouses" within a contemporary context.

In making the announcement, Hudson Institute's president Leslie Lenkowsky; Ph.D. emphasized, "Since Hudson began the Modern Red Schoolhouse, the program has grown from a glimmer in the minds of Hudson's researchers to a well-tested and favorably-evaluated blueprint for comprehensive school restructuring. The Nashville-based managers of the program will bring new resources and marketing 'know-how' necessary for the program to become a model that schools throughout the United States will adopt as well."

He further remarked, "The evolution of Modern Red Schoolhouse into its own Institute is an outstanding example of how Hudson can best utilize its talent, expertise and resources for research and development—then turn over finely-tuned and successful products to other organizations for implementation."

Specifically in Indiana, the following school districts collaborated in the Modern Red Schoolhouse program design: select Indianapolis Public Schools, the Metropolitan School District of Lawrence Township in Marion County, Beech Grove City Schools, Bartholomew Consolidated School Corporation in Columbus, and Eastern Howard School Corporation in Greentown. Schools in Evansville and Michigan City were also included.

Headquartered in Indianapolis, Hudson Institute's experience in education policy research dates to the 1977 publication of Our Children's Crippled Future: How American Education Has Failed. Hudson scholars continue to contribute a number of major books and reports to the debate over the state of American education, including current research on America's charter schools.

In addition, Hudson Institute operates the Educational Excellence Network, a nationally-known clearinghouse on educational issues for scholars and policymakers. Hudson Senior Fellows Carol D'Amico, Chester E. Finn, Jr., and Bruno Manno, who each played a critical role in developing Modern Red Schoolhouse, will remain at Hudson where they have a full agenda of new education-related projects currently underway or planned for the future. In addition, former Modern Red Schoolhouse co-director Denis P. Doyle will rejoin Hudson to develop a new set of school reform efforts centered on the use of technology.

Additional information covering Hudson Institute's education programs and on-going research is available on Hudson's website, WWW.HUDSON.ORG/HUDSON.MEDIA ADVISORY: To arrange an interview with Dr. Lenkowsky, contact Gail McDaniel at (317) 549-4115.

This Modern Red Schoolhouse Homepage has been moved to: http://www.mrsh.org

Modern Red Schoolhouse on the World-Wide Web

PREFACE

The little red schoolhouse of yesteryear, at least as idealized in American memory, was an institution that drew people together for common purposes, to share in one of the most important responsibilities of any community: readying the next generation to take its place in that community by socializing the young, transmitting the culture, and equipping future workers, citizens, and parents with essential knowledge, skills, and habits. The Modern Red Schoolhouse intends to reinvent some of the key virtues of the little red schoolhouse in a modern context and with a modern mission to be a place where all children will learn and achieve academic standards that are truly world class.

This is not to say that all children will learn in the same way, or at the same time, or at the same pace. To this challenge, Modern Red Schoolhouse offers a set of teaching methods tailored to identify and nurture the potential that exists in every child. The Modern Red Schoolhouse standards are high. But they come with the expectation that all children will be afforded many routes towards their attainment. Like its nineteenth-century namesake, the Modern Red Schoolhouse does not lose sight of the fact that mastery of subject matter is the only acceptable goal for all children, wherever they may come from and however they may learn.

The standards documented here will be met by Modern Red Schoolhouse students in eight core subjects defined as English language arts, geography, history, mathematics, science, the arts, foreign languages, and health and physical education. The Modern Red Schoolhouse curriculum consists of Hudson Units both Foundation Units and Capstone Units. Foundation Units are developed or selected at each school for the primary purpose of instruction, although Foundation Units also include some built-in assessment. Capstone Units are developed by Advanced Systems, Inc., assessment contractor for the Modern Red Schoolhouse, in collaboration with teachers at cooperating schools. Their primary purpose is to assess students' academic progress, but because they are integral to curriculum, they also include some built-in instruction. Schools will arrange a series of Hudson Units to meet the individual learning needs of each student. All the performance objectives of all the Hudson Units successfully completed by each student will lead that student to achievement of the standards. All the Capstone Units, supplemented by examinations in each subject, form a Watershed Assessment of the standards which signal students' readiness to move to the next level of schooling.

All Modern Red Schoolhouse students are expected to meet the standards that follow with a few modest qualifications. The foreign language standards assume that students will become proficient speakers of two languages: English and one other. This does not preclude students from pursuing study of a third language; in fact, they are encouraged to do so. The arts encompass three arts disciplines: visuals areas, music, and drama. Students are expected to meet standards for all three through the intermediate level. Advanced level students will achieve the advanced standards for one arts discipline of the student's own choosing.

The Modern Red Schoolhouse standards are the result of two years of the combined thinking of teachers, administrators, community members, and national subject specialists. During the design phase, representatives of participating school districts began to identify high standards in eight core subjects. The College Board's Advanced Placement standards were used as an initial benchmark to help participants articulate what students should know and be able to do at the time of graduation from high school. Although students in the Modern Red Schoolhouse will reach these standards at different rates and therefore at different ages, the three levels are roughly equivalent to what students should know and be able to do at the end of grades 4, 8, and 12.

Successive drafts of the standards were reviewed by the Modern Red Schoolhouse Standards and Assessment Task Force. This document is the result of considerable revision by a team of subject specialists, all with broad experience in setting high standards and helping students to achieve them. Their joint experience includes work for the Advanced Placement program, the Council for Basic Education, the National Council of Teachers of English, the National Endowment for the Humanities, the Mathematical Association of America, the National Science Teachers Association, and a combined hundred years in classrooms at all levels. Drafts of the standards have been reviewed by subject specialists at Advanced Systems, Inc. and teachers in member schools, whose suggestions have prompted additional revisions. The greatest challenge offered by these standards raising student achievement to meet them will be addressed through innovative curriculum and not by lowered expectations.

While the Modern Red Schoolhouse standards are unique, they are not inconsistent with the recommendations of professional associations striving for excellence in education. We have borrowed heavily from other sets of standards developed in recent years in the great national effort to reform America's schools. We are indebted to the work of the National Assessment Governing Board whose National Assessments of Educational Progress in language arts, geography, mathematics, science, and the arts helped inform the standards. We drew from the College Board's various teacher's guides to their Advanced Placement courses. Publications from the following professional associations informed the development of the standards in their respective disciplines: the Association of American Geographers, the Bradley Commission on History in Schools; the National Center for History in the Schools (UCLA–NEH); the National Council for Teachers of Mathematics; the American Association for the Advancement of Science; National Standards in Foreign Language Education project; and the National Association for Sports and Physical Education.

In addition to these, the standards have been informed by the U.S. Department of Education's "James Madison" series and the U.S. Department of Labor's SCANS reports. Standards for the primary and intermediate levels were also informed by E.D. Hirsch's "Cultural Literacy" inventory and Smart Start by Patte Barth and Ruth Mitchell.

We are indebted especially to the work of the following authors and associations:

In English language arts:

Barth, P. and R. Mitchell. *Smart Start.* North American Press, 1992.

Gadda, G., E. Jensen, F. McQuade, and H. Wilson. *Teacher's Guide to Advanced Placement Courses in English Language and Composition.* The College Board, 1985.

McQuade, F. *Teacher's Guide to Advanced Placement Courses in English Literature and Composition.* The College Board, 1993.

Reading Framework for the 1992 and 1994 National Assessment of Educational Progress. National Assessment Governing Board, U.S. Dept. of Education.

Reading and Thinking: A New Framework for Comprehension. Massachusetts Department of Education, 1987.

Writing Framework for the 1992 National Assessment of Educational Progress. National Assessment Governing Board, U.S. Dept. of Education.

In Geography:

Geography Framework for the 1992 and 1994 National Assessment of Educational Progress. U.S. Dept. of Education, 1992.

Geography (K–6 and 7–12): Themes, Key Ideas, and Learning Opportunities. Geography Education National Implementation Project, 1989.

Guidelines for Geographic Education. Association of American Geographers, 1984.

In History:

Historical Literacy. Bradley Commission on History in the Schools, 1989.

History-Social Science Framework. California Department of Education, 1988.

Holt, T. *Thinking Historically.* The College Board, 1990.

National History Standards Project. National Center for History in the Schools, UCLA–NEH Research Program, ongoing.

In Mathematics:

Edwards, E.L. *Algebra for Everyone.* National Council of Teachers of Mathematics, 1990.

Curriculum and Evaluation Standards for School Mathematics. National Council of Teachers of Mathematics, 1989.

Mathematics Assessment: 1994 National Assessment of Educational Progress. Submitted to the National Assessment Governing Board by The College Board, 1992.

Meiring, S.P., R.N. Rubenstein, J.E. Schultz, J. de Lange, and D.L. Chambers. *A Core Curriculum: Making Mathematics Count for Everyone: Addenda Series, Grades 9–12.* National Council of Teachers of Mathematics, 1992.

Silver, E., J. Kilpatrick, and B. Schlesinger. *Thinking through Mathematics: Fostering Inquiry and Communication in Mathematics Classrooms.* The College Board, 1990.

In Science:

Fulfilling the Promise: Biology Education in the Nation's Schools. National Research Council, 1991.

National Committee on Science Education Standards and Assessment. National Research Council, 1993 (draft).

Project 2061: Science for all Americans. American Association for the Advancement of Science, 1989.

Science Framework for the 1994 National Assessment of Educational Progress. National Assessment Governing Board, U.S. Dept. of Education.

Science and Technology Education for the Elementary Years. National Center for Improving Science Education, 1989.

Scope, Sequence, and Coordination of Secondary School Science. The Content Core: A Guide for Curriculum Designers. National Science Teachers Association, 1986.

The Modern Red Schoolhouse has also integrated character education into the academic curriculum of its students. In his essay "Character Education in Our Schools" (published separately by Modern Red Schoolhouse), Kevin Ryan of Boston University discusses the need for character education and the attempt by the Modern Red Schoolhouse to effectively address this issue. However, discussions about dealing with this subject are best made with the community. Therefore, individual schools are advised to develop their character education programs with the help and guidance of the school's parents and communities. In preparing the curriculum, especially in health and physical education, we encourage educators to review not only the standards enumerated here, but also Kevin Ryan's essay. It discusses in more detail the reasons for character education and the specific goals of the Modern Red Schoolhouse program. This essay can be obtained separately from the Hudson Institute.

The Modern Red Schoolhouse standards are anchored in beliefs and principles that most Americans today as they did a century ago know to be true and valid. We believe that standards can serve as an anchor for those principles while at the same time preparing graduates to take their place in the communities of the twenty-first century.

SALLY B. KILGORE, Ph.D.,
Director.

WELCOME TO THE HOME OF SUCCESS FOR ALL™ AND ROOTS & WINGS™

Success For All™ (SFA) and Roots & Wings™ are comprehensive school restructuring programs for students in grades Pre-K to Six.

The idea behind the SFA™ program is to organize resources to focus on prevention and early intervention, to ensure that virtually every student will succeed in reading throughout the elementary grades—and no student will be allowed to "fall between the cracks." This highly successful model is currently in use in 750 schools in 37 states.

The goal of Roots & Wings™ is to ensure every child a firm foundation in the knowledge and skills needed to succeed in today's world, and to go far beyond this to higher-order learning and integration of knowledge.

Roots refers to strategies designed to ensure that every child meets world class standards—effective instructional programs in reading, writing, and language arts; tutoring for children struggling with reading; integrated health, mental health, and social services; and family support. These elements are based on Success for All™.

Wings refers to improvements in curriculum and instruction designed to let children soar. A key component of Wings is a science and social studies program called WorldLab™, which includes a set of simulations in which students will be able to apply knowledge and skills in flexible, creative, and integrated ways to solve problems. Children in WorldLab™ design and test efficient vehicles, explore African culture and agriculture, write a new U.S. Constitution, or investigate sources of pollution in local waterways.

MathWings™, based on NCTM standards, provides practical constructivist approaches to math emphasizing cooperative learning, complex problem solving, games, and discovery.

SUCCESS FOR ALL™

Tutors

In grades 1–3, specially trained, certified teachers work one-on-one with any students who are failing to keep up with their classmates in reading. First grade students have priority for tutoring.

Eight-week assessments

Students in grades 1–5 are assessed every eight weeks to determine whether they are making adequate progress in reading. This information is used to assign students to tutoring, to suggest alternative teaching strategies in the regular classroom, and to make changes in reading group placement, family support interventions, or other means of meeting students' needs. The school facilitator coordinates this process with the active involvement of teachers in grade-level teams.

Early learning (preschool and kindergarten)

Whenever possible, a half-day preschool program is provided for all four-year-olds. The program emphasizes language development, readiness, and positive self-concept. A full-day kindergarten program continues the emphasis on language, using children's literature and big books, as well as oral and written composition, activities promoting the development of concepts about print, alphabet games, and math concept development. Peabody Language

Reading and writing programs

During reading periods, students are regrouped across age lines for 90 minutes so that each reading class contains students reading at one level. This eliminates the need to have reading groups within the class and increases the amount of time for direct instruction. Also, use of tutors as reading teachers during reading time reduces the size of most reading classes. The reaching program in grades K–1 emphasizes the development of language skills and launches students into reading using phonetically regular storybooks supported by careful instruction that focuses on phonemic awareness, auditory discrimination, and sound blending as well as meaning, context, and self-monitoring strategies. Students become fluent as they read and reread to one another in pairs.

At the second through fifth grade levels, students use school or district selected reading materials, basals, and/or trade books in a carefully structured set of interactive opportunities to read, discuss, and write. This program emphasizes cooperative learning activities built around partner reading, identification of characters, settings, and problem solutions in narratives, story summarization, writing, and direct instruction in reading comprehension skills. At all levels, students read books of their choice for twenty minutes each evening as homework. Classroom libraries of books are developed for this purpose. For schools with Spanish bilingual programs, Success For All™ provides a Spanish reading curriculum, Exito ParaTodos, in grades 1–5.

Writing is emphasized throughout the grades. Writing instruction uses a writer's workshop format in which students plan, draft, revise, edit, and publish compositions with feedback at each stage from teachers and peers.

Cooperative learning

Cooperative learning is the vehicle that drives the Success For All™ curriculum. Students work together in partnerships and teams, helping one another to become strategic readers and writers. Emphasis is placed on individual accountability, common goals, and recognition of group success.

Family support team

The family support team works with parents in ensuring the success of their children. The team focuses on promoting parent involvement, developing plans to meet the needs of individual students having difficulty, implementing attendance plans, and integrating community and school resources. The team is composed of the principal or assistant principal, facilitator, social worker, and other personnel.

Facilitator

A full-time facilitator works with teachers in each Success For All™ school to help them implement the reading program. In addition, the facilitator coordinates eight-week assessments, assists the Family Support Team, facilitates staff support teams, plans and implements staff development, and helps all teachers make certain that every child is making adequate progress.

Staff support teams

Teachers in the Success For All™ program support one another through the training and implementation process in coaching partnerships, grade level teams, and other staff team configurations. These teams become a catalyst for the dissemination of new material, goal setting, and problem solving, and they provide a supportive forum for discussion around new instructional strategies.

Professional development

Professional development for Success For All™ requires three days for all teachers before the program begins. Success For All™ consultants return to the school for three two-day visits during the school year to work with principal, facilitators, and teachers to build a strong implementation. Success For All™ facilitators are available for telephone consultation during the year. Building facilitators follow up on initial training with classroom visits, coaching, and team meetings.

FOR ALL/ROOTS & WINGS™

FREQUENTLY ASKED QUESTIONS

Where is the program used?
What are the results?
What are the costs?
How do schools adopt Success for All™?
Where can I get more information?

Where is the program used?

As of the 1996–97 school year, Success For All™ is being implemented in more than 473 schools in over 126 districts in more than 37 states in all parts of the United States.

What are the results?

Success For All™ has been evaluated in several school districts. In each, matched Success For All™ and control schools have been compared on individually administered reading scales and other measures. The results have consistently favored Success For All™. In average grade equivalents, Success For All™ students perform approximately three months ahead of comparison students by the first grade, and more than a year ahead by fifth grade. Effects are particularly strong for students who are most at risk, those in the lowest 25% of their grades. Effects of the Spanish version of Success For All™, Lee Conmigo, have also been strong. Positive effects have also been found on district-administered standardized tests. Success For All™ has produced substantial reductions in retentions and special education referrals and placements.

What are the costs?

Cost is based on the size and location of the individual school, and number of schools collaborating in training. Sample costs for a school of about 500 students in Pre-kindergarten through fifth grade range from $45,000 to $58,000 for Year 1; $45,000 to $52,000 for Year 2; and $45,000 to $52,000 for Year 3. (Add approximately $55 for each student over 500.) These estimates include training, materials, follow-up visits, and other services. Actual costs will vary for different situations, depending in part on distances from training centers and local capacity to provide some training and follow-up and will be calculated for the individual school. (For more information see Considerations for Adoption)

How do schools adopt Success For All™?

We encourage district and school staff to review program materials, view video tapes, and visit nearby Success For All™ sites. Schools must apply to become a Success For All™ or Roots & Wings school. The application process insures that the school staff are aware of the elements of the program, have the resources to implement the program successfully, and agree as a staff to make the commitment to implement the program. A positive vote of 80% or more of all teachers is required.

Where can I get more information?

For awareness materials or information on training, school visits, or other assistance, contact us at: Success For All™ Program, Johns Hopkins University, 3505 N. Charles St., Baltimore, MD 21218, Phone: 410-516-8896 (in Maryland), or 1-800-548-4998, fax us at: 410-516-8890, or you can browse our Web site.

SUCCESS FOR ALL/ROOTS AND WINGS

SUMMARY OF RESEARCH ON ACHIEVEMENT OUTCOMES

(By Robert E. Slavin, Nancy A. Madden, and Barbara A. Wasik)

Ms. Martin's kindergarten class has some of the brightest, happiest, friendliest, and most optimistic kids you'll ever meet. Students in her class are glad to be in school, proud of their accomplishments, certain that they will succeed at whatever the school has to offer. Every one of them is a natural scientist, a storyteller, a creative thinker, a curious seeker of knowledge. Ms. Martin's class could be anywhere—in suburb or ghetto, small town or barrio—it doesn't matter. Kindergartners everywhere are just as bright, enthusiastic and confident as her kids are.

Only a few years from now, many of these same children will have lost the spark they all started with. Some will have failed a grade. Some will be in special education. Some will be in long-term remediation, such as Title I or other remedial programs. Some will be bored or anxious or unmotivated. Many will see school as a chore rather than a pleasure and will no longer expect to excel. In a very brief span of time, Ms. Martin's children will have defined themselves as successes or failures in school. All too often, only a few will still have a sense of excitement and positive self-expectations about learning. We cannot predict very well which of Ms. Martin's students will succeed and which will fail, but we can predict—based on the past—that if nothing changes, far too many will fail. This is especially true if Ms. Martin's kindergarten happens to be located in a high-poverty neighborhood, in which there are typically fewer resources in the school to provide top-quality instruction to every child, fewer forms of rescue if children run into academic difficulties, and fewer supports for learning at home. Preventable failures occur in all schools, but in high poverty schools failure can be endemic, so widespread that it makes it difficult to treat each child at risk of failure as a person of value in need of emergency assistance to get back on track. Instead, many such schools do their best to provide the greatest benefit to the greatest number of children possible, but have an unfortunately well-founded expectation that a certain percentage of students will fall by the wayside during the elementary years.

Any discussion of school reform should begin with Ms. Martin's kindergartners. The first goal of reform should be to ensure that every child—regardless of home background, home language, or learning style—achieves the success that he or she so confidently expected in kindergarten, that all children maintain their motivation, enthusiasm, and optimism because they are objectively succeeding at the school's tasks. Any reform that does less than this is hollow and self-defeating. What does it mean to succeed in the early grades? The elementary schools' definition of success, and therefore the parents' and children's definition as well, is overwhelmingly success in reading. Very few children who are reading adequately are retained. assigned to special education, or given long-term remedial services. Other subjects are important, of course, but reading and language arts form the core of what school success means in the early grades.

When a child fails to read well in the early grades, he or she begins a downward progression. In first grade, some children begin to notice that they are not reading adequately. They may fail first grade or be assigned to long term remediation. As they proceed through the elementary grades, many students begin to see that they are failing at their full-time jobs. When this happens, things begin to unravel. Failing students begin to have poor motivation and poor self-expectations, which lead to continued poor achievement, in a declining spiral that ultimately leads to despair, delinquency, and dropout.

Remediating learning deficits after they are already well established is extremely difficult. Children who have already failed to learn to read, for example, are now anxious about reading, and doubt their ability to learn it. Their motivation to read may be low. They may ultimately learn to read but it will always be a chore, not a pleasure. Clearly, the time to provide additional help to children who are at risk is early, when children are still motivated and confident and when any learning deficits are relatively small and remediable. The most important goal in educational programming for students at risk of school failure is to try to make certain that we do not squander the greatest resource we have—the enthusiasm and positive self-expectations of young children themselves.

In practical terms, what this perspective implies is that schools, and especially Title I, special education, and other services for at-risk children, must be shifted from an emphasis on remediation to an emphasis on prevention and early intervention. Prevention means providing developmentally appropriate preschool and kindergarten programs so that students will enter first grade ready to succeed, and it means providing regular classroom teachers with effective instructional programs, curricula, and professional development to enable them to see that most students are successful the first time they are taught. Early intervention means that supplementary instructional services are provided early in students' schooling and that they are intensive enough to bring at-risk students quickly to a level at which they can profit from good quality classroom instruction.

The purpose of this report is to describe the current state of research on the achievement outcomes of Success for All, a program built around the idea that every child can and must succeed in the early grades, no matter what this takes. The idea behind Success for All is to use everything we know about effective instruction for students at risk to direct all aspects of school and classroom organization toward the goal of preventing academic deficits from appearing in the first place; recognizing and intensively intervening with any deficits that do appear; and providing students with a rich and full curriculum to enable them to build on their firm foundation in basic skills. The commitment of Success for All is to do whatever it takes to see that all children become skilled, strategic, and enthusiastic readers as they progress through the elementary grades. In addition, this report describes research on Roots and Wings, a program that adds to Success for All programs in mathematics, science, and social studies (Slavin, Madden, & Wasik, 1996).

PROGRAM DESCRIPTION

Success for All

Success for All exists as a separate program and also serves as the reading/writing/language arts component for Roots and Wings. Success for All is built around the assumption that every child can read. We mean this not as wishful thinking or as a philosophical statement, but as a practical, attainable reality. In particular, every child without organic retardation can learn to read. Some children need more help than others and may need different approaches than those needed by others, but one way or another every child can become a successful reader.

Success for All began in one Baltimore elementary school in 1987-1988, and since then has expanded each year of additional schools. As of Fall, 1996, it is in about 450 schools in 120 districts in 31 states throughout the United States. The districts range from some of the largest in the country, such as Baltimore, Houston, Memphis, Philadelphia, Cincinnati, Cleveland, Chicago, New York, and Miami, to such middle-sized districts as Richmond, Virginia; Rockford, Illinois; and Modesto and Riverside, California, to tiny rural districts, including two on the Navajo reservation in Arizona. Success for All reading curricula in Spanish have been developed and researched and are used in bilingual programs in California, Texas, Arizona, Florida, Illinois, New York, New Jersey, and Philadelphia. Almost all Success for All schools are high-poverty title I schools, and the great majority are schoolwide projects. Otherwise, the schools vary widely.

Success for All and Roots and Wings have somewhat different components at different sites, depending on the school's needs and resources available to implement the program (Slavin et al., 1996b). However, there is a common set of elements characteristic of all Success for All and Roots and Wings schools. These are described on the following pages.

Reading Program

Sucess for All and Roots and Wings use a reading curriculum based on research, on effective practices in beginning reading (e.g., Adams, 1990), and on effective use of cooperative learning (Slavin, 1995; Stevens, Madden, Slavin, & Farnish, 1987).

Reading teachers at every grade level begin the reading time by reading children's literature to students and engaging them in a discussion of the story to enhance their understanding of the story, listening and speaking vocabulary, and knowledge of story structure. In kindergarten and first grade, the program emphasizes the development of oral language and pre-reading skills through the use of thematically-based units which incorporate areas such as language arts and writing under a science or social studies topic. A component called Story Telling and Retelling (STaR) involves the students in listening to, retelling, and dramatizing children's literature. Big books as well as oral and written composing activities allow students to develop concepts of print as they develop knowledge of story structure. There is also a strong emphasis on phonemic awareness activities which help develop auditory discrimination and support the development of reading readiness strategies.

Reading Roots is typically introduced in the second semester of kindergarten or in first grade. This K-1 beginning reading program uses as its base a series of phonetically regular but meaningful and interesting minibooks and emphasizes repeated oral reading to partners as well as to the teacher. The minibooks begin with a set of "shared stories," in which part of a story is written in small type (read by the teacher) and part is written in large type (read by the students). The student portion uses a phonetically controlled vocabulary. Taken together, the teacher and student portions create interesting, worthwhile stories. Over time, the teacher portion diminishes and the student portion lengthens, until students are reading the entire book. This scaffolding allows students to read interesting literature when they only have a few letter sounds. Letters and letter sounds are introduced in an active, engaging set of activities that begins with oral language and moves into written symbols. Individual sounds are integrated into a context of words, sentences, and stories. Instruction is provided in story structure, specific comprehension skills, metacognitive strategies for self-assessment and self-correction, and integration of reading and writing.

Spanish bilingual programs use an adaptation of Reading Roots called Lee Conmigo ("Read With Me"). Lee Conmigo employs the same instructional strategies as Reading Roots, but uses Spanish reading materials.

When students reach the primer reading level, they use a program called Reading Wings, an adaptation of Cooperative Integrated Reading and Composition (CIRC) (Stevens, Madden, Slavin, & Farnish, 1987). Reading Wings uses cooperative learning activities built around story structure, prediction, summarization, vocabulary building, decoding practice, and story-related writing. Students engage in partner reading and structured discussion of stories or novels, and work toward mastery of the vocabulary and content of the story in teams. Story-related writing is also shared within teams. Cooperative learning both increases students' motivation and engages students in cognitive activities known to contribute to reading comprehension, such as elaboration, summarization, and rephrasing (see Slavin, 1995). Research on CIRC has found it to significantly increase students' reading comprehension and language skills (Stevens et al., 1987).

In addition to these story-related activities, teachers provide direct instruction in reading comprehension skills, and students practice these skills in their teams. Classroom libraries of trade books at students' reading levels are provided for each teacher, and students read books of their choice for homework for 20 minutes each night. Home readings are shared via presentations, summaries, puppet shows, and other formats twice a week during "book club" sessions.

Materials to support Reading Wings through the sixth grade (or beyond) exist in English and Spanish. The English materials are built around children's literature and around the most widely used basal series and anthologies. Supportive materials have been developed for more than 100 children's novels and for most current basal series. Spanish materials are similarly built around Spanish-language novels and basals.

Beginning in the second semester of program implementation, Success for All and Roots and Wings schools usually implement a writing/language arts program based primarily on cooperative learning principles (see Slavin, Madden, & Stevens, 1989/90).

Students in grades one to three (and sometimes 4 to 5 or 6) are regrouped for reading. The students are assigned to heterogeneous, age-grouped classes most of the day, but during a regular 90-minute reading period they are regrouped by reading performance levels into reading classes of students all at the same level. For example, a 2–1 reading class might contain first-, second-, and third-grade students all reading at the same level. The reading classes are smaller than home rooms because tutors and other certified staff (such as librarians or art teachers) teach reading during this common reading period. Regrouping allows teachers to teach the whole reading class without having to break the class into reading groups. This greatly reduces the time spent in seatwork and increases direct instruction time, eliminating workbooks, dittos, or other follow-up activities which are needed in classes that have multiple reading groups. The regrouping is a form of the Joplin Plan, which has been found to increase reading achievement in the elementary grades (Slavin, 1987).

Eight-Week Reading Assessments

At eight-week intervals, reading teachers assess student progress through the reading program. The results of the assessments are used to determine who is to receive tutoring, to change students' reading groups, to suggest other adaptations in students' programs, and to identify students who need other types of assistance, such as family interventions or screening for vision and hearing problems. The assessments are curriculum-based measures that include teacher observations and judgments as well as more formal measures of reading comprehension.

Reading Tutors

One of the most important elements of Success for All and Roots and Wings is the use of tutors to promote students' success in reading. One-to-one tutoring is the most effective form of instruction known (see Wasik & Slavin, 1993). The tutors are certified teachers with experience teaching Title I, special education, and/or primary reading. Often, well-qualified paraprofessionals also tutor children with less severe reading problems. In this case, a certified tutor monitors their work and assists with the diagnostic assessment and intervention strategies. Tutors work one-on-one with students who are having difficulties keeping up with their reading groups. The tutoring occurs in 20-minute sessions during times other than reading or math periods.

In general, tutors support students' success in the regular reading curriculum, rather than teaching different objectives. For example, the tutor will work with a student on the same story and concepts being read and taught in the regular reading class. However, tutors seek to identify learning problems and use different strategies to teach the same skills. They also teach metacognitive skills beyond those taught in the classroom program. Schools may have as many as six or more teachers serving as tutors depending on school size, need for tutoring, and other factors.

During daily 90-minute reading periods, certified tutors serve as additional reading teachers to reduce class size for reading. Reading teachers and tutors use brief forms to communicate about students' specific problems and needs and meet at regular times to coordinate their approaches with individual children.

Initial decisions about reading group placement and the need for tutoring are based on informal reading inventories that the tutors give to each child. Subsequent reading group placements and tutoring assignments are made using the curriculum-based assessments described above. First-graders receive priority for tutoring, on the assumption that the primary function of the tutors is to help all students be successful in reading the first time, before they fail and become remedial readers.

Preschool and Kindergarten

Most Success for All and Roots and Wings schools provide a half-day preschool and/or a full-day kindergarten for eligible students. The preschool and kindergarten programs focus on providing a balanced and developmentally appropriate learning experience for young children. The curriculum emphasizes the development and use of language. It provides a balance of academic readiness and non-academic music, art, and movement activities in a series of thematic, interdisciplinary units. Readiness activities include use of the Peabody Language Development Kits and Story Telling and Retelling (STaR) in which students retell stories read by the teachers. Pre-reading activities begin during the second semester of kindergarten.

Family Support Team

Parents are an essential part of the formula for success in Success for All and Roots and Wings. A Family Support Team works in each school, serving to make families feel respected and welcome in the school and become active supporters of their child's education as well as providing specific services. The Family Support Team consists of the Title I parent liaison, vice-principal (if any), counselor (if any), facilitator, and any other appropriate staff already present in the school or added to the school staff.

The Family Support Team first works toward good relations with parents and to increase involvement in the schools. Family Support Team members may complete "welcome" visits for new families. They organize many attractive programs in the school, such as parenting skills workshops. Most schools use a program called "Raising Readers" in which parents are given strategies to use in reading with their own children.

The Family Support Team also intervenes to solve problems. For example, they may contact parents whose children are frequently absent to see what resources can be provided to assist the family in getting their child to school. Family support staff, teachers, and parents work together to solve school behavior problems. Also, family support staff are called on to provide assistance when students seem to be working at less than their full potential because of problems at home. Families of students who are not receiving adequate sleep or nutrition, need glasses, are not attending school regularly, or are exhibiting serious behavior problems, may receive family support assistance.

The Family Support Team is strongly integrated into the academic program of the school. It receives referrals from teachers and tutors regarding children who are not making adequate academic progress, and thereby constitutes an additional stage of intervention for students in need above and beyond that provided by the classroom teacher or tutor. The Family Support Team also encourages and trains the parents to fulfill numerous volunteer roles within the school, ranging from providing a listening ear to emerging readers to helping in the school cafeteria.

Program Facilitator

A program facilitator works at each school to oversee (with the principal) the operation of the Success for All and Roots and Wings models. The facilitator helps plan the program, helps the principal with scheduling, and visits classes and tutoring sessions frequently to help teachers and tutors with individual problems. He or she works directly with the teachers on implementation of the curriculum, classroom management, and other issues, helps teachers and tutors deal with any behavior problems or other special problems, and coordinates the activities of the Family Support Team with those of the instruction staff.

Teachers and Teacher Training

The teachers and tutors are regular certified teachers. They receive detailed teacher's manuals supplemented by three days of inservice at the beginning of the school year. In Roots and Wings schools, this level of inservice continues over a three-year period as the main program elements are phased in.

Throughout the year, follow-up visits are made to the school by project staff, who visit classrooms, meet with school staff, and conduct inservice presentations on such topics as classroom management, instructional pace, and cooperative learning. Facilitators also organize many informal sessions to allow teachers to share problems and problem solutions, suggest changes, and discuss individual children. The staff development model used in Success for All and Roots and Wings emphasizes relatively brief initial training with extensive classroom follow-up, coaching, and group discussion.

Advisory Committee

An advisory committee composed of the building principal, program facilitator, teacher representatives, parent representatives, and family support staff meets regularly to review the progress of the program and to identify and solve any problems that arise. In most schools existing site-based management teams are adapted to fulfill this function. In addition, grade-level teams and the Family Support Team meet regularly to discuss common problems and solutions and to make decisions in their areas of responsibility.

Special Education

Every effort is made to deal with student's learning problems within the context of the regular classroom, as supplemented by tutors. Tutors evaluate student's strengths and weaknesses and develop strategies to teach in the most effective way. In some schools, special education teachers work as tutors and reading teachers with students identified as learning disabled as well as other students experiencing learning problems who are at risk for special education placement. One major goal of Success for All and Roots and Wings is to keep students with learning problems out of special education if at all possible, and to serve any students who qualify for special education in a way that does not disrupt their regular classroom experience (see Slavin, Madden, Karweit, Dolan, Wasik, Shaw, Mainzer, & Haxby, 1991).

Roots and Wings

Roots and Wings (Slavin, Madden, Dolan, & Wasik, 1994; Slavin, Madden, & Wasik, 1996) is a comprehensive reform design for elementary schools that adds to Success for All innovative programs in mathematics, social studies, and science.

Roots and Wings schools begin by implementing all components of Success for All, described above. In the second year of implementation they typically begin to incorporate the additional major components. MathWings is the name of the mathematics program used in grades 1–5. It is a constructivist approach to mathematics based on NCTM standards, but designed to be practical and effective in schools serving many students placed at risk. MathWings makes extensive use of cooperative learning, games, discovery, creative problem solving, manipulatives, and calculators.

WorldLab is an integrated approach to social studies and science that engages students in simulations and group investigations. Students take on roles as various people in history, in different parts of the world, or in various occupations. For example, they work as engineers to design and test efficient vehicles, they form a state legislature to enact environmental legislation, they repeat Benjamin Franklin's experiments, and they solve problems of agriculture in Africa. In each activity students work in cooperative groups, do extensive writing, and use reading, mathematics, and fine arts skills learned in other parts of the program.

As of Fall 1996, approximately sixty schools in fifteen states are adding either MathWings or WorldLab to their implementations of Success for All, making themselves into Roots and Wings schools. Demonstration sites for the program are being established in many parts of the United States.

Research on Success for All and Roots and Wings

From the very beginning, there has been a strong focus in Success for All on research and evaluation. We began longitudinal evaluations of the program in its earliest sites, six schools in Baltimore and Philadelphia. Later, third-party evaluators at the University of Memphis—Steven Ross, Lana Smith, and their colleagues—added evaluations in Memphis, Houston, Tucson, Montgomery, Alabama, Ft. Wayne, Indiana, and Caldwell, Idaho. Most recently, studies focusing on English language learners in California have been conducted in Modesto and Riverside by the Southwest Regional Laboratory. Each of these evaluations has compared Success for All schools to matched comparison schools on measures of reading performance, starting with cohorts in kindergarten or in first grade and continuing to follow these students as long as possible (details of the evaluations design appear below). Vaguaries of funding and other local problems have ended some evaluations prematurely, but most have been able to follow Success for All schools for many years. As of this writing, there are seven years of continuous data from the six original schools in Baltimore and Philadelphia, and varying numbers of years of data from seven other districts, a total of twenty-three schools (and their matched control schools). Information on these schools and districts is shown in Table 1.

TABLE 1. CHARACTERISTICS OF SUCCESS FOR ALL SCHOOLS IN THE LONGITUDINAL STUDY

District/school	Enrollment	Percent free lunch	Ethnicity by percent	Date began SFA	Data collected	Pre-school?	Full-day K?	Comments
Baltimore:								
B1	500	83	B–96 W–4	1987	88–94	yes	yes	First SFA school; had additional funds first 2 years.
B2	500	96	B–100	1988	89–94	some	yes	Had additional funds first 4 years.
B3	400	96	B–100	1988	89–94	some	yes	
B4	500	85	B–100	1988	89–94	some	yes	
B5	650	96	B–100	1988	89–94	some	yes	
Philadelphia:								
P1	620	96	A–60 W–2 B–20	1988	89–94	no	yes	Large ESL program for Cambodian children.
P2	600	97	B–100	1991	92–93	some	yes	
P3	570	96	B–100	1991	92–93	no	yes	
P4	840	98	B–100	1991	93	no	yes	
P5	700	98	L–100	1992	93–94	no	yes	Study only involves students in Spanish bilingual program.
Charleston, SC:								
CS1	500	40	B–60 W–40	1990	91–92	no	no	
Memphis, TN:								
MT1	350	90	B–95 W–5	1990	91–94	yes	no	Program implemented only in grades K–2.
MT2	530	90	B–100	1993	94	yes	yes	
MT3	290	86	B–100	1993	94	yes	yes	
MT4	370	90	B–100	1993	94	yes	yes	
Ft. Wayne, IN:								
F1	330	65	B–56 W–44	1991	92–94	no	yes	SFA schools (& controls) are part of desegregation plan.
F2	250	55	B–55 W–45	1991	92–94	no	yes	SFA schools (& controls) are part of desegregation plan.
Montgomery, AL:								
MA1	450	95	B–100	1991	93–94	no	yes	
MA2	460	97	B–100	1991	93–94	no	yes	
Caldwell, ID:								
CI1	400	20	W–80 L–20	1991	93–94	no	no	Study compares 2 SFA schools to Reading Recovery school.
Modesto, CA:								
MC1	640	70	W–54 L–25 A–17 B–4	1992	94	yes	no	Large ESL program for students speaking 17 languages.
MC2	560	98	L–66 W–24 A–10	1992	94	yes	no	Large Spanish bilingual program.
Riverside, CA:								
R1	930	73	L–54 W–33 B–10	1992	94	yes	no	Large Spanish bilingual & ESL programs; year=round school.

Key: B—African American; L—Latino; A-Asian American; W—White.

Evaluation Design

A common evaluation design, with variations due to local circumstances, has been used in all Success for All evaluations. Every Success for All school involved in a formal evaluation is matched with a control school that is similar in poverty level (percent of students qualifying for free lunch), historical achievement level, ethnicity, and other factors. Schools are also matched on district-administered standardized test scores given in kindergarten or (starting in 1991 in six districts) on Peabody Picture Vocabulary Test (PPVT) scores given by the project in the fall of kindergarten or first grade. The measures used in the evaluations were as follows:

Woodcock Reading Mastery Test.—Three Woodcock scales—Word Identification, Word Attack, and Passage Comprehension—were individually administered to students by trained testers. Word Identification assesses recognition of common sight words, Word Attack assesses phonetic synthesis skills, and Passage Comprehension assesses comprehension in context. Students in Spanish bilingual programs were given the Spanish versions of these scales.

Durrell Analysis of Reading Difficulty.—The Durrell Oral Reading scale was also individually administered to students in grades 1–3. It presents a series of graded reading passages which students read aloud, followed by comprehension questions.

Gray Oral Reading Test.—Comprehension and passage scores from the Gray Oral Reading Test were obtained from students in grades 4–5.

Analyses of covariance with pretests as covariates were used to compare raw scores in all evaluations, and separate analyses were conducted for students in general and for students in the lowest 25% of their grades.

The figures presented in this report summarize student performance in grade equivalents (adjusted for covariates) and effect size (proportion of a standard deviation separating the experimental and control groups), averaging across individual measures. Neither grade equivalents nor averaged scores were used in the analyses, but they are presented here as a useful summary.

Each of the evaluations summarized in this report follows children who began in Success for All in first grade or earlier, in comparison to children who had attended the control school over the same period. Students who start in it after first grade are not considered to have received the full treatment (although they are of course served within the schools).

Results for all experimental-control comparisons in all evaluation years are averaged and summarized in the following graph entitled "Comparison of Success for All and Control in Mean Reading Grade Equivalents and Effect Sizes 1988–1994" using a method called multi-site replicated experiment (Slavin et al., 1996a,b; Slavin & Madden, 1993).

For more details on methods and findings, see Slavin et al. (1996a,b) and the full site reports.

Reading Outcomes

The results of the multi-site replicated experiment evaluating Success for All are summarized in the following graph entitled "Comparison of Success for All and Control in Mean Reading Grade Equivalents and Effect Sizes 1988–1994" for each grade level, 1–5. The analyses compare cohort means for experimental and control schools; for example the Grade 1 graph compares 55 experimental to 55 control cohorts, with cohort (50–150 students) as the unit of analysis. In other words, each bar is a mean of scores from more than 5000 students. Grade equivalents are based on the means, and are only presented for their informational value. No analyses were done using grade equivalents.

Statistically significantly (p=.05 or better) positive effects of Success for All (compared to controls) were found on every measure at every grade level, 1–5. For students in general, effect sizes averaged around a half standard deviation at all grade levels. Effects were somewhat higher than this for the Woodcock Word Attack scale in grades 1 and 2, but in grades 3–5 effect sizes were more or less equivalent on all aspects of reading. Consistently, effect sizes for students in the lowest 25% of their grades were particularly positive, ranging from ES=+1.03 in first grades to ES=+1.68 in fourth grade. Again, cohort-level analyses found statistically significant differences favoring low achievers in Success for All on every measure at every grade level.

Roots and Wings

A study of Roots and Wings (Slavin, Madden, & Wasik, 1996) was carried out in four pilot schools in rural southern Maryland. The Roots and Wings schools serve populations that are significantly more disadvantaged than state averages. They average 48% free and reduced-price lunch eligibility, compared to 30% for the state; 21% of Roots and Wings students are Title I eligible, in comparison to 7% for the state. The assessment tracked growth over time on the Maryland School Performance Assessment Program (MSPAP), compared to growth in the state as a whole. The MSPAP is a performance measure on which students are asked to solve complex problems, set up experiments, write in various genres, and read extended text. It uses matrix sampling, which means that different students take different forms of the test.

In both third- and fifth-grade assessments in all subjects tested (reading, language, writing, math, science, and social studies), Roots and Wings students showed substantial growth, as shown in the following graphs.*

The State of Maryland gained in average performance on the MSPAP over the same time period, but the number of Roots and Wings students achieving at satisfactory or excellent increased by more than twice the state's rate on every measure at both grade levels.

Effects on District-Administered Standardized Tests

The formal evaluations of Success for All have relied on individually administered assessments of reading. The Woodcock and Durrell scales used in these assessments are far more accurate than district-administered tests, and are much more sensitive to real reading gains. They allow testers to hear children actually reading material of increasing difficulty and responding to questions about what they have read. The Woodcock and Durrell are themselves nationally standardized tests, and produce norms (e.g., percentiles, NCEs and grade equivalents) just like any other standardized measure.

However, educators often want to know the effects of innovative programs on the kinds of group administered standardized tests they are usually held accountable for. To obtain this information, we have sometimes requested standardized test data for students in experimental and control schools, and some districts have done their own evaluations on their own measures. The following sections briefly summarize findings from these types of evaluations.

Baltimore, Maryland—Through the 1992–93 school year we collected CTBS scores for our five Success for All and control schools. On average, Success for All schools exceeded control schools at every grade level. The differences were statistically and educationally significant. By fifth grade, Success for All students were performing 75% of a grade equivalent ahead of controls (ES=+0.45) on CTBS Total Reading scores (see Slavin, Madden, Dolan, Wasik, Ross, & Smith, 1994).

Memphis, Tennessee—A longitudinal evaluation of three Memphis Success for All schools (now becoming Roots and Wings schools) by Ross, Smith, & Casey (1995) included an assessment of program effects on the Tennessee Comprehensive Assessment Program's (TCAP) Vocabulary and Reading Comprehension tests. On average, the three Success for All schools exceeded the three controls by an effect size of +0.38 in first grade and +0.45 in second grade. Again, these effects are educationally and statistically significant.

Flint, Michigan—Two schools in Flint, Michigan began implementation of Success for All in 1992. The percentage of students passing the Michigan Educational Assessment Program (MEAP) in reading at fourth grade has increased dramatically. Homedale Elementary had a pass rate of 2% in 1992, placing it last among the district's 32 elementary schools. In 1995, 48.6% of students passed, placing it first in the district. Merrill Elementary, 27th in the district in 1992 with only 9.5% of students passing, was 12th in 1995 with 22% passing. Over the same period the average for all Flint elementary schools only increased from 18.3% passing to 19.3%.

Ft. Wayne, Indiana—An evaluation in two schools in Ft. Wayne, Indiana (Ross, Smith, & Casey, 1995) found positive effects of Success for All on the reading comprehension scale of the ISTEP, Indiana's norm-referenced achievement test. In first grade, the effect size was +0.49 for students in general and +1.13 for the lowest-performing 25%. In second grade, effect sizes were +0.64, and in third grade, ES=+.13.

Miami, Florida—(Dade County) An evaluation of three Success for All schools (currently becoming Roots and Wings schools) was carried out by Yuwadee Wongbundhit (1995) of the Dade County Public Schools. In comparison to three control schools, the Success for All schools gained seven percentile points from grades 1–2 while matched control schools lost five points on the Stanford Achievement Test (SAT–8). In grades 2.3, Success for All students gained only one percentile point, but controls lost eight.

Wichita Falls, Texas—Fannin Elementary School, the highest-poverty school in Wichita Falls, Texas, began implementation of Success for All in 1991. Its scores on the 1992 Texas Assessments of Academic Skills (TAAS) showed a dramatic improvement. The percentage of third-graders meeting minimum expectations in reading increased from 48% to 70% (during the same year, the district percentage declined by 3%). Fannin students also increased from 8% to 53% in the percentage of students meeting minimum expectations in writing.

Modesto, California—Two schools in Modesto, California have been implementing Success for all since 1991. Each year, their average NCE's in reading comprehension have increased significantly. In 1993, El Vista Elementary showed an NCE gain of 10.8; in grades two and three, the gains were 14.7 and

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*Graphs were not reproduced.

13.5, respectfully. Orville Wright Elementary showed gains averaging 4.6 in grades 2–3. On the Spanish Aprenda, Orville Wright students using the Lee Conmigo program gained 9.5 NCEs. On the CLAS, California's experimental performance measure, both schools significantly exceeded their matched comparison group in 1993. Principals report that among students who have remained in the program since first grade, no third graders are reading below grade level.

Charleston, West Virginia— Chandler Elementary School began implementing Success for All in 1990. In the two years before the program was introduced, the school averaged an NCE score of 34. This increased to 43 in the first year after implementation and to 54 by the third year.

Changes in Effect Sizes over Years of Implementation

One interesting trend in outcomes from comparisons of Success for All and control schools relates to changes in effect sizes according to the number of years a school has been implementing the program. Figure 4, which summarizes these data, was created by pooling effect sizes for all cohorts in their first year of implementation, all in their second year, and so on, regardless of calendar year.

Figure 4 shows that mean reading effect sizes progressively increase with each year of implementation. For example, Success for All first-graders score substantially better than control first-graders at the end of the first year of implementation (ES=+0.49). The experimental-control difference is even higher for first graders attending schools in the second year of program implementation (ES=+0.53), increasing to an effect size of +0.73 for schools in their fourth implementation year. A similar pattern is apparent for second- and third-grade cohorts.

The data summarized in Figure 4 show that while Success for All has an immediate impact on student reading achievement, this impact grows over successive years of implementation. Over time, schools may become increasingly able to provide effective instruction to all of their students, to approach the goal of success for all.

Success for All and English Language Learners

The education of English language learners is at a crossroads. For many years, researchers, educators, and policy makers have debated questions of the appropriate language instruction for students who enter elementary school speaking languages other than English. Research on this topic has generally found that students taught to read their home language and then transitioned to English ultimately become better readers in English than do students taught to read only in English (Garcia, 1991; Willig, 1985; Wong-Fillmore & Valadez, 1986). More recently, however, attention has shifted to another question. Given that students are taught to read their home language, how can we ensure that they succeed in that language? (See, for example, Garcia, 1994.) There is no reason to expect that children failing to read well in Spanish, for example, will later become good readers and successful students in English. On the contrary, research consistently supports the common-sense expectation that the better students in Spanish bilingual programs read Spanish, the better their English reading will be (Garcia, 1991; Hakuta & Garcia, 1989). Clearly, the quality of instruction in home-language reading is a key factor in the ultimate school success of English language learners, and must be a focus of research on the education of these children.

Francis Scott Key (ESL)—

An adaptation of Success for All to the needs of ESL students was evaluated at Philadelphia's Francis Scott Key Elementary School, a majority-Cambodian school in which virtually all children are in poverty. Francis Scott Key was evaluated in comparison to a similar Philadelphia elementary school.

Results: Asian Students—Success for All Asian students in grades 3–5, most of whom had been in the program since kindergarten, performed far better than control students. Differences between Success for All and control students were statistically significant on every measure at every grade level ($p<.001$). Median grade equivalents and effect sizes were computed across the three Woodcock scales. On average, Success for All Asian students exceeded control students in reading grade equivalents by almost three years in third grade (median ES=+1.76), more than 2 years in fourth grade (median ES=+1.46), and about three years in fifth grade (median ES=+1.44). Success for All Asian students were reading more than a full year above grade level in grade 3 and more than a half-year above in fourth and fifth grade, while similar control students were reading more than a year below grade level at all three grade levels.

Results: Non-Asian Students. Outcomes of Success for All non-Asian students were also very positive in grades 3–5. Experimental-control differences were statistically significant ($p<.05$ or better) on every measure at every level. Effect sizes were somewhat smaller than for Asian students, but were still quite substantial, average +1.00 in grade, +0.96 in grade 4, and +0.78 in grade 5. Success for All students averaged almost two years above grade level in third grade, more than a year above grade level in fourth grade, and about eight months above grade level in fifth grade; at all grade levels, Success for All averaged about 2.5 years higher than control students.

Fairhill (Bilingual)—The bilingual version of Success for All, Lee Conmigo, was first implemented at Fairhill Elementary School, a school in inner-city Philadelphia. Fairhill serves a student body of 694 students of whom 78% are Hispanic and 22% are African-American. A matched comparison school was also selected. Nearly all students in both schools qualified for free lunches. Both schools were Title I schoolwide projects, which means that both had high (and roughly equivalent) allocations of Title I funds that they could use flexibly to meet student needs.

Results: All students defined by district criteria as limited English proficient at Fairhill and its control school were pretested at the beginning of first grade on the Spanish Peabody Picture Vocabulary Test (PPVT). Each following May, these students were tested by native language speakers on three scales of the Spanish Woodcock.

ANCOVAs controlling for pretests showed that at the end of grade 2 Success for All students scored substantially higher than control on every measure ($p<.01$ or better). Control second-graders scored far below grade level on all three scales. In contrast, Fairhill students averaged near grade level on all measures. Effect sizes on all measures were substantial. Fairhill students exceeded control by 1.8 standard deviations on Letter-Word Identification, 2.2 on Word Attack, and 1.3 on Passage Comprehension. Fremont (Bilingual). Wright (Bilingual) and El Vista (ESL).

Data from first-graders in three California Success for All schools were analyzed together by Dianda and Flaherty (1995), pooling data across schools in four categories: English-dominant students, Spanish-dominant students taught in Spanish (Lee Conmigo in Success for All schools), Spanish-dominant students taught in English ("sheltered students"), and speakers of languages other than English or Spanish taught in English. The pooled results are summarized in Figure 5.

As is clear in Figure 5, all categories of Success for All students scored substantially better than control students. The differences were greatest, however, for Spanish-dominated students taught in bilingual classes (ES=+1.03) and those taught in sheltered English programs (ES=+1.02). The bilingual students scored at grade level, and more than six months ahead of controls. The sheltered students scored about two months below grade level, but were still four months ahead of their controls. Both English-speaking students and speakers of languages other than English or Spanish scored above grade level and about two months ahead of their controls. The effects of Success for All on the achievement of English language learners are substantially positive. Across three schools implementing Lee Conmigo, the Spanish curriculum used in bilingual Success for All schools, the average effect size for first-graders on Spanish assessments was +0.88; for second-graders (at Philadelphia's Fairhill Elementary) the average effect size was +1.77. For students in sheltered English instruction, effect sizes for all comparisons were also very positive, especially for Cambodian students in Philadelphia and Mexican-American students in California.

Comparing Success for All and Reading Recovery

Reading Recovery is one of the most extensively researched and widely used innovations in elementary education. Like /Success for All, Reading Recovery provides one-to-one tutoring to first graders who are struggling in reading. Research on Reading Recovery has found substantial positive effects of the program as of the end of first grade, and longitudinal studies have found that some portion of these effects maintain at least through fourth grade (DeFord, Pinnell, Lyons & Young, 1988; Pinnell, Lyons, DeFord, Bryk, & Seltzer, 1991).

Schools and districts attracted to Success for All are also often attracted to Reading Recovery, as the two programs share an emphasis on early intervention and a strong research base. Increasing numbers of districts have both programs in operation in different schools. One of the districts in the Success for All evaluation, Caldwell, Idaho, happened to be one of these. Ross, Smith, Casey, & Slavin (1995) used this opportunity to compare the two programs.

In Caldwell, two schools are using Success for All and one is using Reading Recovery. All three are very similar rural schools with similar ethnic make-ups (10–25% Hispanic, with the remainder Anglo), proportions of students qualifying for free lunch (45–60%), and sizes (411–451). The Success for All schools were somewhat higher than the Reading Recovery school in poverty and percent Hispanic. In 1992–93, one of the Success for All schools was in its second year of implementation and the other was a new school that was in its first year (but had moved a principal and some experienced staff reassigned from the first school). Reading Recovery was in its second year of implementation.

The study compared first-graders in the three schools. Figure 6 summarizes the results. As is clear from the figure, students in the Success for All schools performed somewhat better than students in the Reading Recovery school overall (ES=+.17). Differences for special education students were substantial, averaging an effect size of +.77. Special education students were not tutored in the Reading Recovery school and were primarily taught in a separate resource room. These students scored near the floor on all tests. In contrast, Success for All special education students were fully mainstreamed and did receive tutoring, and their reading scores, though still low, showed them to be on the way toward success in reading.

Excluding the special education students, there were no differences in reading performance between tutored students in the Success for All and Reading Recovery schools (ES=.00). In light of earlier research, these outcomes suggest that both tutoring programs are highly effective for at-risk first graders.

A second comparison of Success for All and Reading Recovery was carried out by Ross, Nunnery, & Smith (1996) in the Amphitheater School District of Tucson, Arizona. Three high-poverty schools (about 25% Mexican American students) were compared. One used Success for All, one used Reading Recovery with a whole-language curriculum, and a control school used a whole-language approach without tutoring.

In this study, tutored as well as non-tutored first-graders scored substantially higher in Success for All than in Reading Recovery. For tutored students the difference averaged an effect size of 1.08, with mean grade equivalents of 1.85 for tutored students in Success for All, 1.20 for Reading Recovery students. For all students, Success for All students had an average grade equivalent of 2.18, the Reading Recovery school 1.73, and the control school 1.80, with mean effect sizes of +.68 comparing Success for All and the Reading Recovery school and +.39 comparing Success for All and control.

The comparison of Success for All and Reading Recovery supports a common-sense conclusion. Success for All, which affects all students, has positive effects on all students. Reading Recovery focuses on tutoring and therefore produces its effects only on tutored students. These results suggest that Success for All may be most appropriate in schools serving many at-risk students, while Reading Recovery may be more practical when the number of students at risk of reading failure is small. Some schools have merged the two programs, combining the breadth and comprehensiveness of Success for All with the outstanding professional development for tutors provided by Reading Recovery. Such mergers of Success for All and Reading Recovery are being started in about a dozen schools located around the United States.

Success for All and Special Education

Perhaps the most important goal of Success for All is to place a floor under the reading achievement of all children, to ensure that every child performs adequately in this critical skill. This goal has major implications for special education. If the program makes a substantial difference in the reading achievement of the lowest achievers, then it should reduce special education referrals and placements. Further, students who have IEPs indicating learning disabilities or related problems are typically treated the same as other students in Success for All. That is, they receive tutoring if they need it, participate in reading classes appropriate to their reading levels, and spend the rest of the day in age-appropriate, heterogeneous homerooms. Their tutor and/or reading teacher is likely to be a special education teacher, but otherwise they are not treated differently.

The philosophy behind that treatment of special education issues in Success for All is called "neverstreaming" (Slavin et al. 1991). That is, rather than waiting until students fall far behind, are assigned to special education, and then may be mainstreamed into regular classes, Success for All schools intervene early and intensively with students who are at risk to try to keep them out of the special education system. Once students are far behind, special education services are unlikely to catch them up to age-appropriate levels of performance. Students who have already failed in reading are likely to have an overlay of anxiety, poor motivation, poor behavior, low self-esteem, and ineffective learning strategies that are likely to interfere with learning no matter how good special education services may be. Ensuring that all students succeed in the first place is a far better strategy if it can be accomplished. In Success for All, the provision of research-based preschool, kindergarten, and first grade reading, one-to-one tutoring, and family support services are likely to give the most at-risk students a good chance of developing enough reading skills to remain out of special education, or to perform better in special education than would have otherwise been the case.

That data relating to special education outcomes clearly support these expectations. Several studies have focused on questions related to special education. One of the most important outcomes in this area is the consistent finding of particularly large effects of Success for All for students in the lowest 25% of their classes. While effect sizes for students in general have averaged around +0.50 on individually administered reading measures, effect sizes for the lowest achievers have averaged in the range of +1.00 to +1.50 across the grades. Across five Baltimore schools, only 2.2% of third-graders averaged two years behind grade level, a usual criterion for special education placement. In contrast, 8.8% of control third-graders scored this poorly. Baltimore data have also shown a reduction in special education placements for learning disabilities of about half (Slavin et al., 1992). A study of two Success for All schools in Ft. Wayne, Indiana found that over a two year period 3.2% of Success for All students in grades K–1 and 1–2 were referred to special education for learning disabilities or mild mental handicaps. In contrast, 14.3% of control students were referred in these categories (Smith, Ross, & Casey, 1994).

Taken together, these findings support the conclusion that Success for All both reduces the need for special education services (by raising the reading achievement of very low achievers) and reduces special education referrals and placements.

Another important question concerns the effects of the program on students who have already been assigned to special education. Here again, there is evidence from different sources. In the Ross et al. (1995) study comparing Reading Recovery and Success for All described above, it so happened that first-graders in special education in the Reading Recovery group were not tutored, but instead received traditional special education services in resource rooms. In the Success for All schools, first-graders who had been assigned to special education were tutored one-to-one (by their special education teachers) and otherwise participated in the program in the same way as all other students. As noted earlier (recall Figure 6), special education students in Success for All were reading substantially better (ES=+.77) than special education students in the comparison school. In addition, Smith et al. (1994) combined first grade reading data from special education students in Success for All and control schools in four districts: Memphis, Ft. Wayne, Indiana, Montgomery, Alabama, and Caldwell, Idaho). Success for All special education students scored substantially better than controls (mean ES=+.59).

CONCLUSION

The results of evaluations of twenty-three Success for All schools in nine districts in eight states clearly show that the program increases student reading performance. In every district, Success for All students learned significantly more than matched control students. Significant effects were not seen on every measure at every grade level, but the consistent direction and magnitude of the effects show unequivocal benefits for Success for All students. Effects on district-administered standardized tests reinforce the findings of the studies using individually administered tests. This report also adds evidence showing particularly large impacts on the achievement of limited English proficient students in both bilingual and ESL programs, and on both reducing special education referrals and improving the achievement of students who have been assigned to special education. It compares the outcomes of Success for All with those of another early intervention program, Reading Recovery. It also summarizes outcomes of Roots and Wings, the next stage in the development of Success for All.

The Success for All evaluations have used reliable and valid measures, individually administered tests that are sensitive to all aspects of reading—comprehension, fluency, word attack, and word identification. Performance of Success for All students has been compared to that of matched students in matched control schools, who provide the best indication of what students without the program would have achieved. Replication of high-quality experiments in such a wide variety of schools and districts is extremely unusual. The equally consistent and dramatic impact of Success for All and Roots and Wings on district standardized tests and state performance assessments are further evidence of the broad impact of these programs.

An important indicator of the robustness of Success for All is the fact of the more than 300 schools that have used the program for periods of 1–8 years, only eight have dropped out (in all cases because of changes of principals). Many other Success for All schools have survived changes of superintendents, principals, facilitators, and other key staff, major cuts in funding, and other serious threats to program maintenance.

The research summarized here demonstrates that comprehensive, systemic school-by-school change can take place on a broad scale in a way that maintains the integrity and effectiveness of the model. The 23 schools in nine districts that we are studying in depth are typical of the larger set of schools currently using Success for All and Roots and Wings in terms of quality of implementation, resources, demographic characteristics, and other factors. Program outcomes are not limited to the original home of the program; in fact, outcomes tend to be somewhat better outside of Baltimore. The widely held idea based on the Rand study of innovation (Berman & McLaughlin, 1978; McLaughlin, 1990) that comprehensive school reform must be invented by school staffs themselves is certainly not supported in research on Success for All or Roots and Wings. While the program is adapted to meet the needs of each school, and while school staffs must agree to implement the program by a vote of 80 percent or more, Success for All and Roots and Wings are externally developed programs with specific materials, manuals, and structures. The observation that these programs can be implemented and maintained over considerable time periods and can be effective in each of their replication sites certainly supports the idea that every school staff need not reinvent the wheel.

There is nothing magic about Success for All or Roots and Wings. None of their components are completely new or unique. Obviously, schools serving disadvantaged students can have great success without a special program if they have an outstanding staff, and other prevention/early intervention models, such as Reading Recovery (Pinnell, 1989) and the School Development Program (Comer, 1988) also have evidence of effectiveness with disadvantaged children. The main importance of the research on Success for All and Roots and Wings is not in validating a particular model or in demonstrating that disadvantaged students can learn. Rather, its greatest importance is in demonstrating that success for disadvantaged students can be routinely ensured in schools that are not exceptional or extraordinary (and were not producing great success before the program was introduced). We cannot ensure that every school has a charismatic principal or every student has a charismatic teacher. Nevertheless, we can ensure that every child, regardless of family background, has an opportunity to succeed in school.

The demonstration that an effective program can be replicated and can be effective in its replication sites removes one more excuse for the continuing low achievement of disadvantaged children. In order to ensure the success of disadvantaged students we must have the political commitment to do so, with the funds and policies to back up this commitment. Success for All and Roots and Wings do require a serious commitment to restructure elementary schools and to reconfigure uses of Title I, special education, and other funds to emphasize prevention and early intervention rather than remediation. These and other systemic changes in assessments, accountability, standards, and legislation can facilitate the implementation of Success for All, Roots and Wings, and other school reform programs. However, we must also have methods known not only to be effective in their original sites, but also to be replicable and effective in other sites. The evaluations presented in this report provide a practical demonstration of the effectiveness and replicability of one such program.

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Mr. MILLER of California. Mr. Chairman, I move to strike the requisite number of words, and I yield to the gentleman from Wisconsin [Mr. OBEY].

Mr. OBEY. Mr. Chairman, I thank the gentleman for yielding to me.

Let me simply say that this debate is supposed to be on the Evans amendment. We have already accepted the amendment on both sides. There is obviously a little filibuster going on here. As long as there is, let me correct some of the misstatements that have been made on the House floor.

With respect to the school reform initiative contained in this bill, this is the exact opposite of control from Washington. What this bill attempts to do is to recognize that a whole group of American businessmen have tried to figure out what it is that makes schools work and what does not make them work. So instead of following their own individual political philosophy, they simply examined all of the research around the country to see what had been proven to improve student performance and what had not. And they simply came to the conclusion that there were roughly seven different models which helped to achieve much greater student performance.

The fact is that there are, in addition to a New American Schools Movement, there are a broad number of other efforts around the country to try to determine what works to improve schools. A number of Members have said, Gee, if school districts want to apply for this money, they have to fit into one of these molds or they cannot get the money." That is absolutely not the case.

What this legislation says is simply that we are making money available not to the Washington bureaucrats, but we are making money available primarily to the State chief school officers, and they will simply receive applications from school districts that want to get a little extra seed money to try to figure out how to improve the operation and organization of their local schools.

If they are not interested in doing it, they do not have to apply. If they are interested in applying, they do not have to follow anybody's single model. They do not have to follow the model of the Little Red Schoolhouse. They do not have to follow Professor Comer's model or anybody else's. These are simply seven illustrative models which the New American Schools Movement feels merit a look-see. But there are many others around the country, and if schools want to add their own wrinkles, they are perfectly free to do so.

In the end, State superintendents of public instruction will simply determine which grants seem to have the best chance to demonstrate success and they will provide these start-up grants. That will simply enable local schools to put together whatever program is agreed to at the local level to reform their schools.

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We have people in this Congress who do not like Goals 2000. We have people in this Congress who do not like testing. What we are saying is, "All right, if you don't like that, let's find some other way to encourage school reforms without Washington itself dictating what those reforms are going to be." I doubt very much that we would have the Fortune 500 corporate leaders who have encouraged this approach, I doubt very much that we would find any of them in favor of any approach being imposed from Washington. What we are simply trying to do is to assist local school districts, who often do not have the money available, to step back and reexamine their operations from top to bottom. We are simply trying to offer them some assistance.

We have had 20 years of research in this field. It is about time, it seems to me, that we start applying the results of that research. We spend billions of dollars on title I trying to deal with the problems of individual children, but we often approach that without having an atmosphere that is conducive to learning in the very schools where we are trying to improve individual child performance. And so this is simply an effort to allow local people to design whatever approach they want to take and get a little money to get some outside help, if they want it, to put together a program that works. That is all it is, and I would urge the Members if they are going to oppose this program to at least understand what it is they are opposing.

The CHAIRMAN. The time of the gentleman from California [Mr. MILLER] has expired.

(By unanimous consent, Mr. MILLER of California was allowed to proceed for 5 additional minutes.)

Mr. MILLER of California. I continue to yield to the gentleman from Wisconsin.

Mr. OBEY. I thank the gentleman.

Mr. Chairman, I really do not want to say anything more than that. There are evidently some Members of the House who would prefer to create an argument for whatever reason they have. But to suggest that this is a model that imposes a solution on local schools is exactly the reverse from what it in fact is, and I doubt very much that we would find either the gentleman from Illinois [Mr. PORTER] or me supporting anything which required local districts to produce anything but what they wanted to produce in order to improve their own local schools.

Mr. SHADEGG. Mr. Chairman, will the gentleman yield?

Mr. MILLER of California. I yield to the gentleman from Arizona.

Mr. SHADEGG. Mr. Chairman, I am not interested in an argument on the issue. I am interested in the policy behind it. Perhaps I am misreading either the bill's language or the bill report. But let me tell the gentleman what they say. Because lots of times we have these general debates where we talk in great banal generalities but we never get down to the specifics. His proposition is that this language does not mandate any specific type of school reform.

Mr. OBEY. Mr. Chairman, that is absolutely correct.

Mr. SHADEGG. That may be his intent, but that is in fact not what either the bill or the report says. If I might just quote from the bill and the report, we will talk about why I believe what he is doing is exactly that, mandating from Washington DC the specific kind of reform which will be acceptable. By the way, he says it is important that we go forward with school reform. I will tell the gentleman school reform is going forward in Arizona.

Mr. OBEY. If the gentleman does not have a question, I would like to take back the time.

Mr. SHADEGG. I have a question.

Mr. OBEY. What is it?

Mr. SHADEGG. I will tell the gentleman that school reform is going forward aggressively in Arizona. On page 65 of the bill, it says quite specifically at lines 21 through 23, "$150 million shall be available under section 1002(g)(2) to demonstrate effective approaches to whole school reform." Whole school reform is a term of art. We look then to the report and the report repeats that same language twice. At two different points it says, this money is to be appropriated, actually it is a total of $200 million, for whole school reform initiatives.

He says whole school reform initiatives let them do anything they want. Yet they do not.

Mr. MILLER of California. Mr. Chairman, if I can reclaim my time, if I might, and let the gentleman respond to the gentleman.

Mr. OBEY. Let me simply say, the gentleman can define whole school reform any way he wants. So can any local school district.

Mr. SHADEGG. Then the gentleman has no objection to striking the words "whole school reform"?

Mr. OBEY. We have not yielded. I would like to point out to the gentleman that I doubt that the Parent-Teachers Association of America, I doubt that the School Boards Association of America, I doubt that the School Administrators Association of America, I doubt that the title I administrators in the various 50 States, I doubt that the chief school officers of the 50 States would endorse a proposition which mandates on them requirements from Washington. They are supporting this because they believe this is the best way to make title I work. They believe that schools need the opportunity to review the way they are administered, the way teachers are trained and the way children are taught, and there is nothing whatsoever wrong with that. One percent of schools in the country have already worked through the New American Schools model. There are other schools pursuing other models, and that is fine with me.

Mr. MILLER of California. Mr. Chairman, if I might reclaim my time, I would like to join this debate and say I think the gentleman from Wisconsin is quite correct. If we are going to spend $150 million of the public's money, we have some obligation to spend it in that area where we have some evidence that it will be an effective expenditure of the moneys. These kinds of reforms that are suggested in this legislation are those reforms that have years of research and demonstration behind them as to their effectiveness. There may be districts that want to reform in some other manner. Fine. Go ahead. But for those who believe, because this is not a matter of a demonstration. There are hundreds of school districts and hundreds of schools that are engaging in one or another of these programs, a total of thousands, where local communities, local school boards, local school administrators have initiated the effort and are reaping the benefits. If you want to do something else, you can do something else.

The CHAIRMAN. The time of the gentleman from California [Mr. MILLER] has again expired.

Mr. MILLER of California. Mr. Chairman, I ask unanimous consent to proceed for 5 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from California?

Mr. MANZULLO. Mr. Chairman, I object.

The CHAIRMAN. Objection is heard.

Mr. MILLER of California. We yield time to you and then you object to cut off the debate on a subject that you say is terribly important.

Mr. MANZULLO. I do not want to cut it off.

The CHAIRMAN. The gentlemen will suspend.

Mr. MILLER of California. Is the gentleman objecting to my using the time? I was yielding to the gentleman from Wisconsin [Mr. OBEY] and the gentleman from Arizona [Mr. SHADEGG] so they could carry on, and I would just like to have the debate.

The CHAIRMAN. The gentleman from California will suspend.

Mr. PORTER. Mr. Chairman, I ask unanimous consent to proceed for 5 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Illinois?

Mr. MANZULLO. Mr. Chairman, I object.

The CHAIRMAN. Objection is heard.

Mr. PORTER. Mr. Chairman, I move to strike the last word.

Mr. MANZULLO. Mr. Chairman, I withdraw my objection to the request of the gentleman from Illinois for unanimous consent.

The CHAIRMAN. The gentleman from Illinois [Mr. PORTER] may restate his request.

Mr. PORTER. Mr. Chairman, I ask unanimous consent to strike the requisite number of words.

The CHAIRMAN. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. PORTER. Mr. Chairman, I would ask the gentleman from Wisconsin if I am correct, that the mechanism by which this works is that the funds are made available from the Secretary of Education to State education agencies. That would be the State Department of Education, let us say. No State has to apply for these funds. They can decide they do not want anything to do with this program and not apply. If they do apply, then they are granted funds and then the State parcels these funds out to the school districts that apply to them.

Mr. OBEY. If the gentleman will yield, the gentleman is correct.

Mr. PORTER. On a competitive basis. Then the school district can then decide what type of reform they wish to engage in and who they wish to hire to give them advice and counsel in that reform; is that correct?

Mr. OBEY. The gentleman is correct.

Mr. PORTER. From this Republican's perspective, this is exactly the kind of thing that we need to have in the public schools that I see problems in, where we have entrenched bureaucracies, often teachers unions, I have to say, sometimes entrenched administrators, people that are incompetent that we cannot get rid of, things that we need to address in a broad way to make the school work better. It seems to me that this is exactly the kind of program that will help the inner city schools that need the most help to push away all of that dead weight and get on with a program that works for their kids.

I believe very frankly that this will work extremely well from my philosophical and I think the philosophical standpoint of the gentleman from Arizona as well. This does not impose anything on the States. It does not impose anything on the school districts. It allows the school districts to make their own decisions as to how they want to reform, and it seems to me it gives them every opportunity to do so. This money is money that would otherwise be spent, in my judgment, on a program that does not work well, title I. It simply throws money at inner city schools without any real guidance as to how they use it and it is often used in ways that do not give a better opportunity to the kids. So I think it is good reform.

Mr. OBEY. Mr. Chairman, will the gentleman yield?

Mr. PORTER. I yield to the gentleman from Wisconsin.

Mr. OBEY. Let me speak very frankly about this. I have had some considerable difference with my own administration on the issue of testing, as has the gentleman from Pennsylvania [Mr. GOODLING], on the issue of Goals 2000. There is great debate about the value of either of those programs. I do not know whether Goals 2000 is going to turn out to be worth much or not, and I do not know whether their testing program is going to turn out to be worth much or not. What we have been trying to do is to find some way to encourage school reform on a neutral basis so that we can help local schools develop their own ideas, to have the time to think through what it is they want to do to improve teacher performance with only one requirement: that they agree afterward to have that approach evaluated so that we can determine which approaches really produce results and which ones do not. Because otherwise the administration can make its claims till the cows come home, so can its philosophical opponents, and we never reach a conclusion in this country although we spend billions of dollars on title I and billions of dollars on research. I supported title I for many years, but I have come to the conclusion that unless it is buttressed with whole school reform, it is not going to produce the kind of improved performance we need from children. I would think every conservative in this body would agree with that conclusion.

Mr. SHADEGG. Mr. Chairman, will the gentleman yield?

Mr. PORTER. I yield to the gentleman from Arizona.

Mr. SHADEGG. I thank the gentleman from Illinois for yielding, and I thank my friend the gentleman from California for at least yielding me some time. We did not get to continue in that dialogue, which I would like to. It seems to me quite clear that if the words "whole school reform" had no meaning and if the schools were then free to do what they wanted to do, then there would be no objection to striking those words. But those words are replete in the report and they are specified in the bill. What I think they say and what I think you cannot deny is that this money, this $150 million is going to be controlled from Washington. No, it is quite true that no one has to apply for the money, but that is the way Washington gets into public policy from the beginning and, that is, if you want the money, you must apply to the Federal Government and if you apply to the Federal Government, you must do whole school reform.

Mr. PORTER. Absolutely.

Mr. SHADEGG. The parents in my school districts do not want that. If the gentleman is genuine in saying that parents and teachers and students and local school administrators should control this money, then let me ask the gentleman, is he willing to strike from both the bill itself and from the report language all references to whole school reform?

The CHAIRMAN. The time of the gentleman from Illinois [Mr. PORTER] has expired.

(By unanimous consent, [Mr. PORTER] was allowed to proceed for 2 additional minutes.)

Mr. PORTER. Mr. Chairman, reclaiming my time, what I hear this gentleman saying and what the gentleman from Indiana seemed to say earlier was that what you want the Federal Government to do is through taxation to raise the funds and then simply pass it to the local school districts to spend as they wish.

Mr. SHADEGG. It is called block grants.

Mr. PORTER. We went through that debate earlier with revenue sharing, and pretty much I think the country decided that it was the most irresponsible thing you could possibly ever do, to raise tax moneys at one level of government and have another level of government spend it in any way they wish. It seems to me that if the Federal Government wishes to encourage whole school reform and the States want to engage in it, we are providing that opportunity. Just to pass the money through and say spend it any way you want, that is the money that they ought to be raising at the local level, in fact are raising at the local level. They can spend that money any way they want.

Mr. SHADEGG. Mr. Chairman, will the gentleman yield?

Mr. PORTER. I yield to the gentleman from Arizona.

Mr. SHADEGG. Let me just make this point clear. I do not want the money to be raised at the States, sent to Washington and given back with no controls. I want the money to stay in the States, because my parents want that. They believe they can spend it better than any Washington program. Short of getting to that, short of getting to leaving those moneys at home in Arizona, or Illinois, or Wisconsin or California, then I like the concept of block grants, because there is a simple point here. I do not know that whole school reform is the right idea, and I trust the parents in Arizona to shape education in Arizona. That was an issue when I campaigned. It was an issue before the 104th Congress and it is an issue before the 105th Congress. That issue is, are we going to control education reform and education policy from Washington or are we going to let parents in America, out there working with their teachers and their school administrators, decide? This bill has Washington deciding that. If it did not, then it would not say you get the money if you pursue a whole school reform initiative.

Mr. PORTER. If I could reclaim my time, just to respond to that.

The CHAIRMAN. The time of the gentleman from Illinois [Mr. PORTER] has again expired.

(By unanimous consent, Mr. PORTER was allowed to proceed for 1 additional minute.)

Mr. PORTER. Mr. Chairman, I would say to the gentleman from Arizona that if every school district out there had the kind of money that my school districts had, that would be a fine concept.

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We are dealing with school districts that are being provided a great deal of their tax money through title I that is basically unaccountable, and we are saying that we want to encourage them because they are producing students that are not achieving at the level of the rest of the country, we want to encourage them to really reform their schools to give these kids a real chance.

Mr. SHADEGG. I am not objecting to giving them the money, I support giving the money, but I do not support adding the strings which say, "You'll get the money only if you do whole school reform, i.e. Washington decides."

Mr. PORTER. OK, Mr. Chairman, the gentleman is against all Federal involvement in education, and that is fine philosophically, and I can understand. I assume the gentleman is against special education for handicapped students.

Mr. SHADEGG. Absolutely not.

Mr. PORTER. Math and science which is a Federal program and category.

Mr. SHADEGG. I am not even against all Federal involvement in education. What I am against is us telling schools how they have to reform.

We have public schools in Arizona, and they are a tremendous success.

The CHAIRMAN. The time of the gentleman from Illinois [Mr. PORTER] has expired.

(On request of Mr. OBEY, and by unanimous consent, Mr. PORTER was allowed to proceed for 2 additional minutes.)

Mr. OBEY. Mr. Chairman, would the gentleman yield?

Mr. PORTER. I yield to the gentleman from Wisconsin.

Mr. OBEY. Mr. Chairman, I would simply like to make one point about the term "whole school reform."

We see some people in this country who say the only answer is to bring in computers. We see other people who look at a school and they say the only answer is to have the teacher retrained. We have someone else say the only answer is some other partial approach to the problem.

What our leading American businessmen have discovered through research that they financed on their own is that schools usually produce better performance if they think through how the entire school works rather than just thinking single shot, such as whether we need more computers or whether we need retraining for reading teachers and things like that.

That is all whole school reform means. It means to take a look at the way the entire school operates rather than having some single shot, slapdash approach at which we have usually thrown money through the years, and it seems to me that conservatives would be far more interested in promoting this than they would be in simply continuing to shovel out large amounts of money without reviewing the way, in fact, we produce the best results for the children we are supposed to be here working for.

Mr. DeFAZIO. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, this gentleman from Oregon is a bit confused by the debate between the gentleman from Arizona and the gentleman from California.

Mr. MILLER of California. Mr. Chairman, will the gentleman yield?

Mr. DeFAZIO. I yield to the gentleman from California to perhaps expand on this and elucidate to the many Members out there who are now listening with rapt attention what is at hand.

Mr. MILLER of California. Let me just say I think the gentleman from Illinois and the gentleman from Wisconsin have put it quite properly. We have spent, as the gentleman from Pennsylvania [Mr. GOODLING] and I who sit on the committee, billions and billions of dollars in title I funds, and we have not exactly gotten the return that we think we should on that dollar.

A number of these programs, not all of them, but a number of these programs are about the reorganization of those dollars where we get a better bang for the buck. The John Hopkins program comes in because schools invite them in, and they go into low-income schools, and they take that title I money, and they reorganize it along some management techniques, along the wise use of resources, they get the school headed off in the right direction, and the fact of the matter is they get kids, a much, much higher percentage of kids, reading at grade level. They did not do that because we told them to do that; they did that because the local school board could no longer face the parents with the results that they were getting.

That is what these programs are about, and the fact of the matter is that these programs have research and pragmatic experience in districts, and there are thousands of districts and schools that are inviting these programs in because they work. So, if we are going to spend $150 million, we ought to, as stewards of the taxpayers' money, put it where we think we can get the best return on their investment.

This is not an exclusive list. This is a illustrative list of programs that have some substance to them. I guess the flip side of whole school reform would be partial school reform; take that home to parents: Oh, we are going to reform part of the school.

The point is this: If they do not want to do it, do not come get the Federal money. We think we should put the money where there is a strong, strong demonstration that we are getting the results we want for these children, and that is what this amendment is about.

It is an alternative, as the gentleman pointed out, to some of the things the administration wanted to do. We thought, the committee thought they would go with some of the empirical evidence, and the fact of the matter is that these are being demonstrated over and over again in all different types of schools in all geographical locations that they are leading to effective change and they are improving the ability of children to compute and to read and to critically think and they are getting parents involved. But the first step has to come from a school district, from a school administrator or from the parents who are seeking to improve their schools and then they go to their States and make application.

Mr. OBEY. Mr. Chairman, will the gentleman yield?

Mr. DEFAZIO. I yield to the gentleman from Wisconsin.

Mr. OBEY. One principal in Maryland explained that what he was doing under his, and it is a Comer school; he explained he was spending about 30 percent of his time simply in the parking lot getting parents as they bring their kids to school every day, talking to the parents to tell them to get involved, to show them how they can get involved in volunteer programs in the schools, how they can get involved in programs that track what their own kids are doing so that we can involve the parents in buttressing what it is the children are learning.

I would like to ask what in God's name is wrong with that?

Mr. MILLER of California. Mr. Chairman, will the gentleman yield?

Mr. DEFAZIO. I yield to the gentleman from California.

Mr. MILLER of California. Mr. Chairman, I say one of the Hopkins' programs, again one of the successes they have is they now have parents coming to the school, participating in their education. If they work, the parents are coming to the school, dropping their children off, spending time there, and a novel idea, they are serving them coffee so they can hang around and talk to the teachers.

The point of the matter is that these programs, in fact, work, and that is where we ought to be putting the dollars, and for those school districts that are turned off by the notion that they might have to reform the whole school, then they should go elsewhere and look for dollars.

In my area, in the San Francisco Bay area, the funding now to try to replicate this program is being picked up by industry who are announcing for the first time that they can improve the schools by an investment by the private sector in these very same programs. I mean, that is the kind of credibility we have in terms of the expansion and the workability of these programs.

Mr. TIERNEY. Mr. Chairman, will the gentleman yield?

Mr. DEFAZIO. I yield to the gentleman from Massachusetts.

Mr. TIERNEY. To the gentleman from Arizona, I just address one point that he made about the fact that these were specific programs that had to be identically followed. I mention the words, as my colleagues know, of a school in Salem, MA, which is in fact, a whole school concept. With the help of Salem State College, the community got together, teachers got together, parents came on board, they developed a curriculum, they developed a mission, they have a school that goes an hour longer every day, goes all year around, is successful and has 145 volunteers a week.

The CHAIRMAN. The time of the gentleman from Oregon [Mr. DEFAZIO] has expired.

Mrs. NORTHUP. Mr. Chairman, I move to strike the requisite number of words on the Evans amendment.

Mr. Chairman, I would like to respond to some of the debate here tonight. I am from Kentucky, which I believe is the only State that enacted whole school reform statewide, and I have talked for many, many times about the benefits of whole school reform. But I do not believe that it is something that we can enact at the Federal level and have it be effective. The truth is it is very difficult to enact at a State level so that it is effectively implemented by the schools in that State.

The fact is schools succeed school by school. They succeed as they develop their own plans, address what their teachers and what the needs are of their students, what the talents are of their teachers and how they best can meet the needs of their students.

When we have whole school reform, it requires a whole system of support. It requires a school to be able to overcome the provisions of the teacher contract. We cannot do that, Mr. Chairman, here tonight. We cannot do this at the Federal level because we see in this country that the responsibility for the organization and the efficient management of our schools is done in 50 States.

And so in every State we build up an expertise, an understanding of what the needs are and the way to address those needs. I personally do not believe that in every community in Wyoming the needs of schools are the same as in Louisville, Kentucky, and that is why we need each legislature to be able to freely address those needs.

The support for block grants and what we hear from superintendents around this country, and certainly in local districts, is, please, do not keep trying to push the direction and the way we organize our schools by the money that is trickled down to us; what we need is to be able to fill in the blanks and meet the needs of each neighborhood school based on the talents in that school and the needs that they have.

This bill and this whole school reform pushes schools to go in a very specific direction. The bill in the language mentions the examples of whole school reform that would be accepted. Many of the things that exist in current State laws would not allow real whole school reform.

And, finally, let me say that in Kentucky whole school reform where it is successful is successful because our universities are training teachers in a different way. We have rewards and sanctions for schools that are not successful, and just because they adopted whole school reform, their scores have not all gone up; in fact, some have gone down. And so what we need is a State Department that can intervene in those schools, we need to adopt it as a whole support system, and for us in the Federal level to apply that on every State and every school, if they want the money, would be a terrible mistake.

Mr. PORTER. Mr. Chairman, will the gentlewoman yield?

Mrs. NORTHUP. I yield to the gentleman from Illinois.

Mr. PORTER. It is my understanding, and the gentleman from Wisconsin can correct me if I am wrong, but I believe that the States can structure this in any way they want to restrict the schools in their States to apply only in certain ways or in any way they wish to structure. I do not see that it interferes whatsoever in State direction on whole school reform, or they can choose not to participate in it at all.

Mrs. NORTHUP. Reclaiming my time to respond, please, Mr. Chairman, the problem is that whole school reform only works if there are the liberties to truly reform it. As my colleagues know, if a school says we would like to apply for this $50,000 grant and they get it, but the State does not allow the provisions of this, say, to override teacher contracts, to change the size of classes, to do other things that are necessary for whole school reform, the effectiveness of it does not exist.

Mr. PORTER. If the gentlewoman will continue to yield, the State has complete authority over the method under which the application is made. If they want to put those restrictions in place, they can certainly do so. I do not see the problem.

Mrs. NORTHUP. Mr. Chairman, if it is so clear that whole school reform is good, everyone of the 50 States could enact it today. They spend billions. In fact, they spend 95 percent of every dollar in the classroom they appropriate and spend at the State and local government. There is nothing that prohibits them from passing whole school reform in their school.

So if the evidence is so overwhelming, why has only one State in this country passed it, and why would we seek at the Federal level to override the wisdom of those States?

The CHAIRMAN. The Chair notes that 5-minute debate by pro forma amendment may continue, but at this point the Chair will put the question on the amendment offered by the gentleman from Illinois [Mr. EVANS].

The question is on the amendment offered by the gentleman from Illinois [Mr. EVANS].

The amendment was agreed to.

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Mr. RIGGS. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I was looking for the appropriate juncture to join this debate and did not want to help us digress even further from the debate on the underlying amendment, but I have to say that this has been a remarkable discussion on something called Whole School Reform, a program that has never been reviewed or authorized by the majority party of the Congress, the Republican Party. I can say that from a position of authority, since I chair the Subcommittee on Early Childhood, Youth and Families.

I am looking through the statute now, trying to understand what the previous Democratic-controlled Congress that authorized something called Whole School Reform might have meant by Whole School Reform, and I think I have figured out what is going on in this debate: pure politics, educational payola, in an effort to craft, quote-unquote, a bipartisan bill that can get enough Democrat votes to pass the House of Representatives.

Now, my good friend, the gentleman from California [Mr. MILLER], who is a distinguished member of the Committee on Education and the Workforce, did get it right. He said, this is new money. This $150 million for Whole School Reform is really new money, because again it was authorized by a previous Democratically controlled Congress, and it goes along with the other new money in this bill, an increase of $40 million for the Fund for the Improvement of Education, an increase of almost $50 million for something called 21st Century Community Learning Centers.

All I can conclude, Mr. Chairman, from all of this is that the advice that we gave the appropriators when we went and testified before them to try to further increase Federal taxpayer funding for special education, given the fact that the Federal special education and civil rights statute has already been reauthorized by this Congress and signed into law by the President to try to increase funding to expand vocational and technical educational opportunities for our young people, especially the two-thirds of our young people who are not college-bound, or will not complete college, to try to drive technology down into the local schools, that advice was largely ignored in the desire to accommodate the request of the distinguished ranking member of the subcommittee and the full committee and others who want money to promote Whole School Reform. Again, whatever that might be.

This money could be a lot better spent if in no other area of this bill than on improving education for children with learning disabilities. And what happened to the idea? I say to the gentleman from California [Mr. MILLER], who was a key participant in crafting that bipartisan legislation, what happened to the idea that we would make a good-faith effort of trying to come closer to that original 40 percent obligation on the part of Federal taxpayers for special education?

So I am strongly opposed, as an education subcommittee chairman, to all this new money, this payola being spread around this bill to try and get some sort of bipartisan agreement, when I know that we have greater priorities at the Federal level, and when I know that money is ultimately best spent driven down to the local level, because that is in keeping with the long-standing American tradition of public education, of local control and decentralized decision-making.

Mr. MILLER of California. Mr. Chairman, will the gentleman yield?

Mr. RIGGS. I yield to the gentleman from California.

Mr. MILLER of California. Mr. Chairman, I appreciate the gentleman yielding.

I would just say that in a number of these programs, one of the interesting by-products we are having is that the number of children that are later eligible for special education is substantially reduced because, by concentrating on basic skills at the earliest level, the grade level, we find it was really a reading problem that these children had that later caused them to be classified as eligible for special education. Those children are being maintained in the regular classrooms.

Mr. RIGGS. Mr. Chairman, reclaiming my time, I do not doubt that at all. I will point out to the gentleman that we put an emphasis on early intervention in the IDEA amendments and, again, the money could be better spent there.

Mr. Chairman, I really question this money coming into this bill, being spent for, I think, very questionable or nebulous purposes, particularly when again those of us who serve on the authorizing committee were not consulted about this money, and this money again is apparently being made available in an effort to, if you will pardon the expression, buy Democrat votes for this bill.

I might also point out, and I do not usually get personal in debate, but we are attempting to do this now to accommodate one individual Member of the House out of 435 Members of the House, the distinguished ranking member of the subcommittee and full committee, who is opposed to us on the majority side of the aisle on every single major policy initiative in this Congress, whether we are talking about welfare reform in the last Congress, the bipartisan agreement to balance the budget in this Congress, or tax relief for American families and businesses.

So I again have to really question what the thinking and philosophy is behind the crafting of this legislation, and suggest to my colleagues that we can find better ways to spend this money on Republican education priorities.

PARLIAMENTARY INQUIRY

Mr. LARGENT. Mr. Chairman, I have a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. LARGENT. Just a question to the Chair: We just had a voice vote on the previous amendment while there were still Members standing at a microphone under an open rule, under the 5-minute rule, and the Chairman closed debate.

I am just wondering what the parliamentary procedure is on that, and could we expect that to occur on any of the other amendments that will be debated this evening and tomorrow?

The CHAIRMAN. The Chair was unaware of any other Members who were intending to debate that particular amendment. Members can be heard under the 5-minute rule to proceed, as the gentleman from California just did, to continue to debate other particular issues, but it was not pertinent or relevant to the amendment offered by the gentleman from Illinois.

Mr. LARGENT. Mr. Chairman, it is my understanding that under normal circumstances the Chair will ask the question, "Are there any other Members that want to be heard on this particular amendment?" and that opportunity was not given to the House previously or to the Committee of the Whole.

The CHAIRMAN. The Chair would state again that the Chair was unaware of any Members who wished to debate the issue involving the Evans amendment. The Chair will continue to recognize those Members under the 5-minute rule to debate issues, but the Chair has the prerogative to put the question on an amendment if no Member seeks recognition to further debate that amendment.

Mr. LARGENT. Mr. Chairman, is it parliamentary procedure for the Chair to ask the question, "Are there any other Members that desire to be heard on this amendment?" Is that part of the parliamentary procedure, "yes or no?"

The CHAIRMAN. The Chair ascertains that by whatever proper means the Chair chooses to use.

AMENDMENT NO. 17 OFFERED BY MR. GOODLING

Mr. GOODLING. Mr. Chairman, pursuant to the rule, I offer Amendment No. 17, printed in the RECORD.

The CHAIRMAN. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment No. 17 offered by Mr. GOODLING:

On page 2, line 15, after the dollar amount insert "(reduced by $21,000,000)".

On page 2, line 16, after the dollar amount insert "(reduced by $21,000,000)".

On page 3, line 9, after the dollar amount insert "(reduced by $21,000,000)".

On page 23, line 20, after the dollar amount insert "(reduced by $1,000,000)".

On page 68, line 17, after the first dollar amount insert "(increased by $25,000,000) and after the second dollar amount insert "(increased by $25,000,000)".

On page 78, line 18, after the dollar amount insert "(reduced by $1,500,000)".

On page 78, line 19, after the dollar amount insert "(reduced by $1,500,000".

On page 85, line 5, after the dollar amount insert "(reduced by $1,500,000)".

Mr. GOODLING. Mr. Chairman, first of all let me preface my remarks in relationship to this amendment by indicating that there are no Federal mandates dealing with curriculum in any local school district. There is only one Federal mandate dealing with curriculum in relationship to the States, and that is the one that I want to talk about, and that is the one to which my amendment applies.

IDEA is a Federal mandate, the only curriculum mandate from the Federal Government. It is a mandate on the State, who then mandates to the local level what they must carry out in relationship to IDEA.

When it was passed many years ago, 30 years ago, the Federal Government said we are giving the mandate and we are going to give you 40 percent of the money. Unfortunately, they gave 99 percent of the mandate, but about 8 percent of the money. Local school districts now are finding it very, very difficult to fund the special education mandate that comes from the Federal Government.

As a minority member working on the Committee on the Budget for 6 years in a bipartisan way, we tried to change that, and it did not work. Last year I said thank you to this committee, because as long as the mandate is there and we have the responsibility to put the money where our mouth is, this committee that is on the floor today saw fit to raise that amount rather dramatically. The idea was that we would keep doing that, hopefully until we got to the 40 percent.

We reformed IDEA this year, and I think we will bring about savings at the local level. We say, first of all, that when you get to a certain figure, the local level can reduce their expenditures. The State cannot, but the local government can.

We also have introduced in that legislation avenues to bring savings to the local government, because we try to get the attorneys out of the business in the beginning so that the school district is not spending the money on attorneys' fees, the parent is not spending money on attorneys' fees.

It was my hope, as I said, that we could get more. That was not possible with the way the budget agreement was written, and the committee did the best they could.

They have agreed to increase that amount, and I am very thankful for that. The increase that they would give us at the present time is $25 million. That is taken from other programs in order to deal with this one unfunded mandate from the Federal Government in relationship to curriculum.

They also have agreed that they would seek the higher figure that the Senate has in their legislation, and for that, I am also very thankful.

So again we had one mandate from the Federal level. It is the largest unfunded mandate in the history of the Federal Government, I am sure. This will take us one step closer to, as a matter of fact, doing what was promised to local school districts many years ago, that we would put up 40 percent of the money from Federal funds in order to deal with that issue.

Mr. Chairman, I thank the committee, the chairman and the ranking member, for this effort, and again indicate that they have indicated to me that they would go for the higher figure in conference, the Senate figure.

Mr. PORTER. Mr. Chairman, I rise in support of the amendment.

Mr. Chairman, I would say to the gentleman from Pennsylvania [Mr. GOODLING] that I have the highest respect for the chairman of the authorizing committee, that we attempt to work together very closely, that this is a mandate upon local districts that takes local tax funds, that in the last fiscal year we raised spending for IDEA by $790 million, and this year by $325 million in the bill as it comes to the floor. This is an additional amount of $25 million.

We are attempting to do everything we can to make this a high priority and to relieve local school districts of the cost of the program. It has been made, with the leadership of the gentleman from Pennsylvania, a high priority in this bill.

Mr. Chairman, we accept the gentleman's amendment.

Mr. OBEY. Mr. Chairman, will the gentleman yield?

Mr. PORTER. I yield to the gentleman from Wisconsin.

Mr. OBEY. Mr. Chairman, I would like to say also that on this side of the aisle, we accept the gentleman's amendment.

Mr. SOUDER. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I want to congratulate the chairman of the Committee on Education and the Workforce [Mr. GOODLING] for his tireless efforts on behalf of the children with special needs in our school system.

We worked and moved through this body unanimously a bill on IDEA that we had worked through the Senate. We had many differences as we worked through this process, and the gentleman deserves tremendous credit for that.

One of our concerns, as a party that ran on and was committed to not having unfunded mandates, was we set goals that unless we put adequate funding in cannot be met. I think this is an important step.

But one of the things that we will be debating as we go through this bill the next few days is, we believe that rather than creating new Federal programs, like there are several in this bill, one we have been debating tonight, that have not gone through the committee process, that have not gone through a hearing process, that the money, if we agree, as we did in the budget agreement to spend the money on education, it should be spent in programs that we have already passed by this Congress, that we already have agreement in this Congress on, that we agree on as an appropriate Federal role.

There may be other pieces of legislation where we can work out a compromise, like we did on IDEA. How can we know, if we never have a hearing? How do we know, if we never move it through?

We, as Republicans, were sent here by the American people to say, hey, we want some changes in Washington; and many of the people who voted for us want to see a change in education policy.

As we go through this, I assume that they at least want to see when there are changes in education policies, that we go through a process of debate and we debate the proper role of the Federal Government and the State government and the local government; that we try to have parents involved in as many places as possible.

Like on IDEA, many people throughout America felt people with disabilities were not being treated fairly at the local level. As this bill has a constituency nationwide and as we looked at the failure of the local school systems to meet those needs, there was a decision made by the U.S. Congress, after many hearings and a process, to have a bill passed.

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Then we moved to funding of that bill. Then we increased that. This time we fine-tuned it again, made some changes in the overlying bill, but now we are putting more funds into that.

If we are going to spend more money on education, many of us feel it should be spent in areas where we have this consensus, where we have this agreement, where people know what we are doing, not some kind of last-minute attempt to put something into a bill to circumvent what the party has stood for, and quite frankly, which we do not really know, as the chairman of the subcommittee said, of which I also serve on that subcommittee, it is not particularly comforting to all of a sudden hear there is this brand new program that went clear around the process.

I commend the chairman, the gentleman from Illinois [Mr. PORTER] for his willingness on the amendment of the gentleman from Pennsylvania [Mr. GOODLING], and I commend Chairman GOODLING for his tremendous efforts on this.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Pennsylvania [Mr. GOODLING].

The amendment was agreed to.

Mr. GOODLING. Mr. Chairman, I move to strike the last word.

Mr. Chairman, at this time I would like to engage the gentleman from Illinois [Mr. PORTER] in a colloquy.

Mr. Chairman, in my testimony before the subcommittee this past June, I referenced some revolutionary findings on how children learn to read that have recently come out of the National Institute of Child Health and Human Development, which is part of the National Institutes of Health. I am embarrassed to say that I did not realize that since 1985 they have been doing such research. Dr. Reid Lyons, of course, is the individual who has done this, and I think it would put to rest any debate between the phonics and whole language reading methods.

At that time I asked the subcommittee to set aside the $500,000 to the Fund for Improvement of Education, to fund a special teacher training initiative in the district which would help train teachers consistent with Dr. Lyons' findings. There is no reason for him to put the money in from NIH, as a matter of fact, if the teachers are not trained.

I understand that such a set-aside has been included in the report to accompany H.R. 2264. I would like to ask the chairman of the subcommittee whether it is his intention to include this as a statutory set-aside in the conference report to accompany this bill.

Mr. PORTER. Mr. Chairman, will the gentleman yield?

Mr. GOODLING. I yield to the gentleman from Illinois.

Mr. PORTER. Mr. Chairman, I thank the gentleman from Pennsylvania for his inquiry, and for bringing this important research to our attention. As the gentleman has noted, we have included language in our report referencing this research, and instructing the Secretary of Education to give high priority to training D.C. teachers in these methods.

Conferences are always difficult, but I will do all I can to include the $500,000 in this activity as bill language in the conference.

Mr. GOODLING. I thank the chairman.

Mr. PITT. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I would like to engage the chairman in a colloquy on the issue that has come before members of the Amish community who reside in 20 States in this country. The Amish are a very committed, hard-working community who do not contribute to the social ills of our society. The Amish are not dependent on government programs.

Mr. Chairman, I am extremely concerned that their lifestyle has been threatened by recent actions taken by the Federal Department of Labor. As Members may know, the Amish have received fines for having their youth under the age of 18 working on their family farms and businesses. This has received attention at both the local and national level.

The Amish wish to have their youth work in vocational settings after completion of Amish school, which is equal to the eighth grade. I, along with several other colleagues in the Congress, have been working with the Department of Labor to find an administrative solution so the Amish can remain in their community and begin their professional training.

Mr. Chairman, it would greatly benefit the Amish communities in Pennsylvania and across the Nation if we found a solution to this problem. I request that the chairman include conference report language in the Labor-HHS appropriations bill urging the Department of Labor to continue its negotiations with the Members who have Amish constituencies, and to come to a compromise by the end of this year which will allow young Amish workers to continue to work in supervised settings.

Mr. PORTER. Mr. Chairman, will the gentleman yield?

Mr. PITTS. I yield to the gentleman from Illinois.

Mr. PORTER. Mr. Chairman, I understand the concerns of the gentleman from Pennsylvania. The Amish who also live in my State have unique family values and have a unique situation, since they complete their formal schooling after the eighth grade. Accordingly, the Department of Labor has a responsibility to evaluate the Amish in that light. It is my hope that the Department of Labor will alleviate the problems that have been created for the Amish.

Moreover, I will work to include language in the conference report urging the Department of Labor to resolve this issue by the end of the year.

Mr. PITT. Mr. Chairman, I thank the gentleman.

Ms. DELAURO. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I rise to engage in a colloquy with the chairman regarding our efforts to move people from welfare to work. I and many others fear that last year's welfare reform effort will not do enough to ensure that the goal we all share, a smooth transition into the job market for people now on welfare, would be achieved.

I am glad to see that the recently concluded bipartisan budget agreement includes a welfare-to-work jobs program to help make welfare reform a success, but it will take a great deal of work and resources for the Department of Labor to design and to implement welfare-to-work so it will be in place by October 1, 1997.

On July 17, 1997, the President sent to Congress a budget amount for $6.2 million for the Labor Department to administer the $3 billion welfare-to-work program. As we prepare to go to conference with the other body, it is important that these funds be provided to the Department of Labor.

I appreciate the chairman's recognition in the committee report of the likelihood that these funds would be needed. Now that the budget agreement has been reached, I want to ask the gentleman if he would be willing to work with me as we go to the conference on this bill to ensure that the Labor Department has the resources it needs to administer this vital welfare-to-work effort.

Mr. PORTER. Mr. Chairman, will the gentlewoman yield?

Ms. DELAURO. I yield to the gentleman from Illinois.

Mr. PORTER. Mr. Chairman, the gentlewoman is a very valued member of our subcommittee. I appreciate very much her interest in the welfare-to-work efforts during the committee hearings this year, and I share her commitment to making welfare reform work. I want to let her know I will do everything in my power to make sure welfare-to-work is implemented successfully.

Ms. DELAURO. Mr. Chairman, I appreciate the Chairman's interest and efforts during the committee hearings this year. I share his commitment to making welfare reform work, and I will do everything in my power to make sure welfare-to-work is implemented successfully. I thank the chairman.

Mr. SOUDER. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I want to comment briefly on the colloquy of the gentleman from Pennsylvania, Mr. PITTS, with Chairman PORTER, chairman of the subcommittee.

Mr. Chairman, I have a unique background probably in this Congress in the sense that my great-grandfather was actually Amish; that he left the Amish faith in the 1860's, but up until that point, the Souder family, of which there are many in Pennsylvania and Ohio, many of them have an Amish background.

It is a question of religious liberty in this country as to whether people are going to have some flexibility within our laws, as long as they do not affect other people, to be able to practice professions and do things to earn a living, as we see the land values up, particularly in the areas they live, or whether they have to keep going and trying to find wilderness, of which there is less and less of in America, places where they do not bump into each other or where they can find land of a good price, which is why we see many of them going to South America.

As I see many of these people, many relatives of mine, squeezed as the urban area expands, many of them go into woodworking professions. As we combine this with the flexibility we have given them in the school system, we have run into real problems with the Department of Labor.

I have supported the gentleman from Pennsylvania [Mr. PITTS] and other Members from Pennsylvania where the problem has been highlighted in these meetings with the Labor Department, but it has also spread into Ohio and Indiana, and certainly very easily can spread further into other regions in Illinois and Iowa, where there are many Amish.

I want to make one other point with this, in addition to commending the gentleman from Pennsylvania [Mr. PITTS] and the gentleman from Illinois [Mr. PORTER]. That is, as we debate this bill, there have been a lot of discussions as to whether we are going to be obstructionists and offer lots of amendments. I had an amendment on this bill addressing this question. At the request of the gentleman from Pennsylvania [Mr. PITTS] and working with the gentleman from Illinois [Mr. PORTER], we felt that this colloquy would be a good first step to move this issue forward.

What we are doing tonight and tomorrow and whatever time is necessary is to have an honest debate on the issues. I wish we would work out most things like what has happened with the gentleman from Pennsylvania [Mr. PITTS] in his effort with the chairman. I want to commend them for their efforts, thank them on behalf of many people who are relatively defenseless, who do not have a lot of monetary power, who do not even generally vote. I want to thank them for their efforts, and I hope the Labor Department will hear their voices as they are crying out for how they can live with their religious freedom in our society.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

COMMUNITY SERVICE EMPLOYMENT FOR OLDER AMERICANS

(TRANSFER OF FUNDS)

To carry out the activities for national grants or contracts with public agencies and public or private nonprofit organizations under paragraph (1)(A) of section 506(a) of title V of the Older Americans Act of 1965, as amended, or to carry out older worker activities as subsequently authorized, $343,356,000.

To carry out the activities for grants to States under paragraph (3) of section 506(a) of title V of the Older Americans Act of 1965, as amended, or to carry out older worker activities as subsequently authorized, $96,844,000.

The funds appropriated under this heading shall be transferred to and merged with the Department of Health and Human Services, "Aging Services Programs", for the same purposes and the same period as the account to which transferred, following the enactment of legislation authorizing the administration of the program by that Department.

FEDERAL UNEMPLOYMENT BENEFITS AND ALLOWANCES

For payments during the current fiscal year of trade adjustment benefit payments and allowances under part I, and for training, for allowances for job search and relocation, and for related State administrative expenses under part II, subchapters B and D, chapter 2, title II of the Trade Act of 1974, as amended, $349,000,000, together with such amounts as may be necessary to be charged to the subsequent appropriation for payments for any period subsequent to September 15 of the current year.

STATE UNEMPLOYMENT INSURANCE AND EMPLOYMENT SERVICE OPERATIONS

For authorized administrative expenses, $173,452,000, together with not to exceed $3,332,476,000 (including not to exceed $1,228,000 which may be used for amortization payments to States which had independent retirement plans in their State employment service agencies prior to 1980, and including not to exceed $2,000,000 which may be obligated in contracts with non-State entities for activities such as occupational and test research activities which benefit the Federal-State Employment Service System), which may be expended from the Employment Security Administration account in the Unemployment Trust Fund including the cost of administering section 1201 of the Small Business Job Protection Act of 1996, section 7(d) of the Wagner-Peyser Act, as amended, the Trade Act of 1974, as amended, the Immigration Act of 1990, and the Immigration and Nationality Act, as amended, and of which the sums available in the allocation for activities authorized by title III of the Social Security Act, as amended (42 U.S.C. 502–504), and the sums available in the allocation for necessary administrative expenses for carrying out 5 U.S.C. 8501–8523, shall be available for obligation by the States through December 31, 1998, except that funds used for automation acquisitions shall be available for obligation by States through September 30, 2000; and of which $173,452,000, together with not to exceed $738,283,000 of the amount which may be expended from said trust fund, shall be available for obligation for the period July 1, 1998 through June 30, 1999, to fund activities under the Act of June 6, 1933, as amended, including the cost of penalty mail authorized under 39 U.S.C. 3202(a)(1)(E) made available to States in lieu of allotments for such purpose, and of which $200,000,000 shall be available solely for the purpose of assisting States to convert their automated State employment security agency systems to be year 2000 compliant, and of which $206,333,000 shall be available only to the extent necessary for additional State allocations to administer unemployment compensation laws to finance increases in the number of unemployment insurance claims filed and claims paid or changes in a State law: *Provided*, That to the extent that the Average Weekly Insured Unemployment (AWIU) for fiscal year 1998 is projected by the Department of Labor to exceed 2,789,000 an additional $28,600,000 shall be available for obligation for every 100,000 increase in the AWIU level (including a pro rata amount for any increment less than 100,000) from the Employment Security Administration Account of the Unemployment Trust Fund: *Provided further*, That funds appropriated in this Act which are used to establish a national one-stop career center network may be obligated in contracts, grants or agreements with non-State entities: *Provided further*, That funds appropriated under this Act for activities authorized under the Wagner-Peyser Act, as amended, and title III of the Social Security Act, may be used by the State to fund integrated Employment Service and Unemployment Insurance automation efforts, notwithstanding cost allocation principles prescribed under Office of Management and Budget Circular A–87.

AMENDMENT OFFERED BY MR. OBEY

Mr. OBEY. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. OBEY:

On page 8, line 18, after the dollar amount insert "(reduced by $20,000,000)".

On page 9, line 22, after the dollar amount insert "(reduced by $10,000,000)".

On page 9 line 25, after the dollar amount insert "(reduced by $10,000,000)".

On page 42, line 22, after the first dollar amount insert "(increased by $32,835,000 for community based resource centers)".

On page 64, line 7, after the first dollar amount insert the following: "(reduced by $12,835,000)".

On page 64, line 7, after the second dollar amount insert the following: "(reduced by $12,835,000)".

Mr. OBEY. Mr. Chairman, a moment ago the gentleman from Pennsylvania [Mr. GOODLING] offered an amendment to correct a misjudgment in the bill, and I am doing the same thing in this instance. I understand the amendment will be accepted by the majority.

Mr. Chairman, I am offering this amendment on behalf of myself and the gentleman from Oregon [Mr. DEFAZIO]. This would simply restore $32 million for the child abuse prevention and treatment program, for the community-based family resource and support grant program within that program. It would pay for it with offsetting reductions in computers, in the contingency fund, and in Goals 2000 of $12,800,000.

I do not think there is any controversy associated with the amendment. We are simply trying to provide the same level of funding that was provided last year to support community-based efforts at preventing child abuse.

Mr. DEFAZIO. Mr. Chairman, will the gentleman yield?

Mr. OBEY. I yield to the gentleman from Oregon.

Mr. DEFAZIO. Mr. Chairman, I thank the gentleman for yielding to me.

Mr. Chairman, this is the only, only Federal money that goes directly to support State, local, and private coordinated efforts to prevent the growing epidemic of child abuse in this country. We had 1.4 million reported cases of child abuse in 1986, up to 3 million in 1996.

In my hometown of Springfield a precious little girl 3 years old, Tessa Lynn, needed some help, and that help never came. One day the police came in response to some calls by neighbors, and they checked her, and they were told she was asleep.

□ 2000

Well, now, she is asleep forever. She was horribly abused and murdered. We need more community-based programs to prevent child abuse, and this is the only one that receives any Federal funding.

Mr. Chairman, I would urge my colleagues to support it. It is not a new program. It is an authorized program. It is not an unfunded mandate. And it is a program which involves States, communities, and private organizations in a coordinated effort to save the lives of precious youth in this country.

Mr. Chairman, I insert the following for the RECORD:

STATE OF OREGON,
JOHN A. KITZHABER, GOVERNOR,
July 29, 1997.

Hon. PETER DEFAZIO,
House of Representatives, 2134 Rayburn House Office Building, Washington, DC.

DEAR CONGRESSMAN DEFAZIO: Congressman Peter DeFazio is proposing an amendment to restore funding for local child abuse prevention grants to the states. The budget for the Federal Community-Based Family Resource Support Grant (CBFRS) was eliminated in the House version of the Health and Human Services budget. The Senate version continues the grant at last year's funding level. Congressman DeFazio's amendment will restore the CBFRS budget and increase it by one million dollars. The offset comes from the office of the director of the National Institute of Health and by reducing funding for new buildings to last year's levels,

I strongly urge your support of the DeFazio amendment.

The CBFRS resources will play a very important role in preventing child abuse and neglect in Oregon. One of the most profound gaps in our service system is that of families who are at high-risk of and have an unfounded or undocumented case of child abuse or neglect. This gap lies along the continuum of services between the "wellness" (or primary prevention) role of the Commission on Children and Families and the role of the Department of Human Resources in protecting children through its Services to Children and Families division (SCF).

Oregon will use the CBFRS resources to address this gap by establishing "community safety nets" at the community and the state levels. These safety nets will be strong community and interagency partnerships designed to respond to the needs of those children and families who fall through the cracks. At my direction work has already begun to lay the foundation for the safety net project.

The restoration of the CBFRS grant will help get Oregon on the road to addressing one of the most serious gaps in our service system for children and families.

I urge your support of the DeFazio amendment. If you need further information, please contact Pam Curtis in my office at 378–6895.

Sincerely,

JOHN A. KITZHABER, M.D.

Mr. PORTER. Mr. Chairman, will the gentleman yield?

Mr. OBEY. I yield to the gentleman from Illinois.

Mr. PORTER. Mr. Chairman, I would simply say that we accept the amendment.

Mr. FOX of Pennsylvania. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I rise in strong support of the DeFazio-Fox amendment to the Labor, HHS, Education appropriations. This amendment would restore funding for the important community-based family resource and support grant program to prevent child abuse. Mr. Chairman, I thank the gentleman from Oregon [Mr. DEFAZIO] for his leadership in this issue.

According to the Department of Health and Human Services, instances of child abuse continue to increase sharply. In this environment I believe that it would be irresponsible for Congress to cut funding for child abuse prevention and treatment.

This program establishes a system of safety nets in our communities. These safety nets provide intervention services to at-risk children and their families. These are provided through counseling, training, and treatment services to local communities, including domestic violence prevention.

But unfortunately, funding for this program has been eliminated in the House version of the bill. I believe the program has had an outstanding positive effect. We cannot turn our back on our Nation's defenseless children.

As a former assistant DA in Pennsylvania, I have seen too many victims of child abuse, whether it be shaken-baby syndrome or other victims of abuse in other ways we have seen, whether, as the gentleman from Oregon talked about, the death of child abuse victims or those who have been starved.

Mr. Chairman, this will help reduce child abuse, help agencies identify child abuse, and increase prosecution of violent child abusers. The program provides such a large return for such a small investment we would be remiss in eliminating it, and we must, obviously, eliminate wasteful spending in any form and focus on funding programs that truly make a difference in the lives of our children and families, as this DeFazio-Fox amendment will.

Mr. Chairman, the program was authorized in the Child Abuse Prevention and Treatment Act of 1996 for 3 years. The U.S. Senate has seen the wisdom to continue this important bill, and I thank the gentleman from Illinois [Mr. PORTER] for his agreement to this amendment, and I appreciate the gentleman from Oregon [Mr. DEFAZIO].

Mr. OBEY. Mr. Chairman, will the gentleman yield?

Mr. FOX of Pennsylvania. I yield to the gentleman from Wisconsin.

Mr. OBEY. Mr. Chairman, I neglected to say that I was offering the amendment on behalf of the gentleman from Oregon [Mr. DEFAZIO] and the gentleman from Pennsylvania [Mr. FOX]. I apologize and I appreciate the gentleman's activity on the amendment.

Mr. DEFAZIO. Mr. Chairman, will the gentleman yield?

Mr. FOX of Pennsylvania. I yield to the gentleman from Oregon.

Mr. DEFAZIO. Mr. Chairman, I thank the gentleman from Pennsylvania [Mr. FOX] for his support and his work on this amendment. This will save some children from the horrible fate that Tessa Lynn suffered in my own hometown.

Mr. COBURN. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I wonder if the gentleman from Wisconsin [Mr. OBEY] might answer a few questions about this amendment for me. I know it has been accepted, but I think it is important to clarify. The money and the goal I fully agree with. I think it is worthwhile. Mr. Chairman, could the gentleman from Wisconsin explain to me again where this money is coming from and why we chose to take it from those various programs?

Mr. OBEY. Mr. Chairman, will the gentleman yield?

Mr. COBURN. I yield to the gentleman from Wisconsin.

Mr. OBEY. Mr. Chairman, as I said, the money is to continue as the existing funding level, the community-based family resource and support grant program.

Mr. COBURN. Mr. Chairman, reclaiming my time, I understand what it is for.

Mr. OBEY. Mr. Chairman, if the gentleman will continue to yield, it is funded by taking $12.8 million out of the administration's Goals 2000 program, and $10 million out of the UI contingency fund, and $10 million out of the UI computers fund.

Both of these accounts are very amply funded and neither account will be damaged by the reduction.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Wisconsin [Mr. OBEY].

The amendment was agreed to.

Mr. PORTER. Mr. Chairman, I ask unanimous consent that the remainder of title I be considered as read, printed in the RECORD, and open to amendment at any point.

The CHAIRMAN. Is there objection to the request of the gentleman from Illinois?

There was no objection.

The text of the remainder of title I is as follows:

ADVANCES TO THE UNEMPLOYMENT TRUST FUND AND OTHER FUNDS

For repayable advances to the Unemployment Trust Fund as authorized by sections 905(d) and 1203 of the Social Security Act, as amended, and to the Black Lung Disability Trust Fund as authorized by section 9501(c)(1) of the Internal Revenue Code of 1954, as amended; and for nonrepayable advances to the Unemployment Trust Fund as authorized by section 8509 of title 5, United States Code, section 104(d) of Public Law 102–164, and section 5 of Public Law 103–6, and to the "Federal unemployment benefits and allowances" account, to remain available until September 30, 1999, $392,000,000.

In addition, for making repayable advances to the Black Lung Disability Trust Fund in the current fiscal year after September 15, 1998, for costs incurred by the Black Lung Disability Trust Fund in the current fiscal year, such sums as may be necessary.

PROGRAM ADMINISTRATION

For expenses of administering employment and training programs, $84,308,000, together with not to exceed $41,285,000, which may be expended from the Employment Security Administration account in the Unemployment Trust Fund.

PENSION AND WELFARE BENEFITS ADMINISTRATION

SALARIES AND EXPENSES

For necessary expenses for the Pension and Welfare Benefits Administration, $82,000,000, of which $3,000,000 shall remain available through September 30, 1999 for expenses of completing the revision of the processing of employee benefit plan returns.

PENSION BENEFIT GUARANTY CORPORATION

PENSION BENEFIT GUARANTY CORPORATION FUND

The Pension Benefit Guaranty Corporation is authorized to make such expenditures, including financial assistance authorized by section 104 of Public Law 96–364, within limits of funds and borrowing authority available to such Corporation, and in accord with law, and to make such contracts and commitments without regard to fiscal year limitations as provided by section 104 of the Government Corporation Control Act, as amended (31 U.S.C. 9104), as may be necessary in carrying out the program through September 30, 1998, for such Corporation: *Provided*, That not to exceed $10,433,000 shall be available for administrative expenses of the Corporation: *Provided further*, That expenses of such Corporation in connection with the termination of pension plans, for the acquisition, protection or management, and investment of trust assets, and for benefits administration services shall be considered as nonadministrative expenses for the purposes hereof, and excluded from the above limitation.

EMPLOYMENT STANDARDS ADMINISTRATION

SALARIES AND EXPENSES

For necessary expenses for the Employment Standards Administration, including reimbursement to State, Federal, and local agencies and their employees for inspection services rendered, $298,007,000, together with $993,000 which may be expended from the Special Fund in accordance with sections 39(c) and 44(j) of the Longshore and Harbor Workers' Compensation Act: *Provided*, That $500,000 shall be for the development and implementation of the electronic submission of reports required to be filed under the Labor-Management Reporting and Disclosure Act of 1959, as amended, and for a computer database of the information for each submission that is indexed and easily searchable by the public via the Internet: *Provided further*, That the Secretary of Labor is authorized to accept, retain, and spend, until expended, in the name of the Department of Labor, all sums of money ordered to be paid to the Secretary of Labor, in accordance with the terms of the Consent Judgment in Civil Action No. 91–0027 of the United States District Court for the District of the Northern Mariana Islands (May 21, 1992): *Provided further*, That the Secretary of Labor is authorized to establish and, in accordance with 31 U.S.C. 3302, collect and deposit in the Treasury fees for processing applications and issuing certificates under sections 11(d) and 14 of the Fair Labor Standards Act of 1938, as amended (29 U.S.C. 211(d) and 214) and for processing applications and issuing registrations under title I of the Migrant and Seasonal Agricultural Worker Protection Act, 29 U.S.C. 1801 et seq.

SPECIAL BENEFITS

(INCLUDING TRANSFER OF FUNDS)

For the payment of compensation, benefits, and expenses (except administrative expenses) accruing during the current or any prior fiscal year authorized by title 5, chapter 81 of the United States Code; continuation of benefits as provided for under the head "Civilian War Benefits" in the Federal Security Agency Appropriation Act, 1947; the Employees' Compensation Commission Appropriation Act, 1944; and sections 4(c) and 5(f) of the War Claims Act of 1948 (50 U.S.C. App. 2012); and 50 per centum of the additional compensation and benefits required by section 10(h) of the Longshore and Harbor Workers' Compensation Act, as amended, $201,000,000 together with such amounts as may be necessary to be charged to the subsequent year appropriation for the payment of compensation and other benefits for any period subsequent to August 15 of the current year: *Provided*, That amounts appropriated may be used under section 8104 of title 5, United States Code, by the Secretary to reimburse an employer, who is not the employer at the time of injury, for portions of the salary of a reemployed, disabled beneficiary: *Provided further*, That balances of reimbursements unobligated on September 30, 1997, shall remain available until expended for the payment of compensation, benefits, and expenses: *Provided further*, That in addition there shall be transferred to this appropriation from the Postal Service and from any other corporation or instrumentality required under section 8147(c) of title 5, United States Code, to pay an amount for its fair share of the cost of administration, such sums as the Secretary of Labor determines to be the cost of administration for employees of such fair share entities through September 30, 1998: *Provided further*, That of those funds transferred to this account from the fair share entities to pay the cost of administration, $7,269,000 shall be made available to the Secretary of Labor for expenditures relating to capital improvements in support of Federal Employees' Compensation Act administration, and the balance of such funds shall be paid into the Treasury as miscellaneous receipts: *Provided further*, That the Secretary may require that any person filing a notice of injury or a claim for benefits under chapter 81 of title 5, United States Code, or 33 U.S.C. 901 et seq., provide as part of such notice and claim, such identifying information (including Social Security account number) as such regulations may prescribe.

BLACK LUNG DISABILITY TRUST FUND

(INCLUDING TRANSFER OF FUNDS)

For payments from the Black Lung Disability Trust Fund, $1,007,000,000, of which $960,650,000 shall be available until September 30, 1999, for payment of all benefits as authorized by section 9501(d) (1), (2), (4), and (7) of the Internal Revenue Code of 1954, as amended, and interest on advances as authorized by section 9501(c)(2) of that Act, and of which $26,147,000 shall be available for transfer to Employment Standards Administration, Salaries and Expenses, $19,551,000 for transfer to Departmental Management, Salaries and Expenses, $296,000 for transfer to Departmental Management, Office of Inspector General, and $356,000 for payment into miscellaneous receipts for the expenses of the Department of Treasury, for expenses of operation and administration of the Black Lung Benefits program as authorized by section 9501(d)(5) of that Act: *Provided*, That, in addition, such amounts as may be necessary may be charged to the subsequent year appropriation for the payment of compensation, interest, or other benefits for any period subsequent to August 15 of the current year.

OCCUPATIONAL SAFETY AND HEALTH ADMINISTRATION

SALARIES AND EXPENSES

For necessary expenses for the Occupational Safety and Health Administration, $336,205,000, including not to exceed $77,941,000 which shall be the maximum amount available for grants to States under section 23(g) of the Occupational Safety and Health Act, which grants shall be no less than fifty percent of the costs of State occupational safety and health programs required to be incurred under plans approved by the Secretary under section 18 of the Occupational Safety and Health Act of 1970; and, in addition, notwithstanding 31 U.S.C. 3302, the Occupational Safety and Health Administration may retain up to $750,000 per fiscal year of training institute course tuition fees, otherwise authorized by law to be collected, and may utilize such sums for occupational safety and health training and education grants: *Provided*, That, notwithstanding 31 U.S.C. 3302, the Secretary of Labor is authorized, during the fiscal year ending September 30, 1998, to collect and retain fees for services provided to Nationally Recognized Testing Laboratories, and may utilize such sums, in accordance with the provisions of 29 U.S.C. 9a, to administer national and international laboratory recognition programs that ensure the safety of equipment and products used by workers in the workplace: *Provided further*, That none of the funds appropriated under this paragraph shall be obligated or expended to prescribe, issue, administer, or enforce any standard, rule, regulation, or order under the Occupational Safety and Health Act of 1970 which is applicable to any person who is engaged in a farming operation which does not maintain a temporary labor camp and employs ten or fewer employees: *Provided further*, That no funds appropriated under this paragraph shall be obligated or expended to administer or enforce any standard, rule, regulation, or order under the Occupational Safety and Health Act of 1970 with respect to any employer of ten or fewer employees who is included within a category having an occupational injury lost workday case rate, at the most precise Standard Industrial Classification Code for which such data are published, less than the national average rate as such rates are most recently published by the Secretary, acting through the Bureau of Labor Statistics, in accordance with section 24 of that Act (29 U.S.C. 673), except—

(1) to provide, as authorized by such Act, consultation, technical assistance, educational and training services, and to conduct surveys and studies;

(2) to conduct an inspection or investigation in response to an employee complaint, to issue a citation for violations found during such inspection, and to assess a penalty for violations which are not corrected within a reasonable abatement period and for any willful violations found;

(3) to take any action authorized by such Act with respect to imminent dangers;

(4) to take any action authorized by such Act with respect to health hazards;

(5) to take any action authorized by such Act with respect to a report of an employment accident which is fatal to one or more employees or which results in hospitalization of two or more employees, and to take any action pursuant to such investigation authorized by such Act; and

(6) to take any action authorized by such Act with respect to complaints of discrimination against employees for exercising rights under such Act: *Provided further*, That the foregoing proviso shall not apply to any person who is engaged in a farming operation which does not maintain a temporary labor camp and employs ten or fewer employees.

MINE SAFETY AND HEALTH ADMINISTRATION

SALARIES AND EXPENSES

For necessary expenses for the Mine Safety and Health Administration, $199,159,000, including purchase and bestowal of certificates and trophies in connection with mine rescue and first-aid work, and the hire of passenger motor vehicles; the Secretary is authorized to accept lands, buildings, equipment, and other contributions from public and private sources and to prosecute projects in cooperation with other agencies, Federal, State, or private; the Mine Safety and Health Administration is authorized to promote health and safety education and training in the mining community through cooperative programs with States, industry, and safety associations; and any funds available to the Department may be used, with the approval of the Secretary, to provide for the costs of mine rescue and survival operations in the event of a major disaster: *Provided*, That none of the funds appropriated under this paragraph shall be obligated or expended to carry out section 115 of the Federal Mine Safety and Health Act of 1977 or to carry out that portion of section 104(g)(1) of such Act relating to the enforcement of any training requirements, with respect to shell dredging, or with respect to any sand, gravel, surface stone, surface clay, colloidal phosphate, or surface limestone mine.

BUREAU OF LABOR STATISTICS

SALARIES AND EXPENSES

For necessary expenses for the Bureau of Labor Statistics, including advances or reimbursements to State, Federal, and local agencies and their employees for services rendered, $327,609,000, of which $15,430,000 shall be for expenses of revising the Consumer Price Index and shall remain available until September 30, 1999, together with not to exceed $52,848,000, which may be expended from the Employment Security Administration account in the Unemployment Trust Fund.

DEPARTMENTAL MANAGEMENT

SALARIES AND EXPENSES

For necessary expenses for Departmental Management, including the hire of three sedans, and including up to $4,402,000 for the President's Committee on Employment of People With Disabilities, $152,199,000; together with not to exceed $282,000, which may be expended from the Employment Security Administration account in the Unemployment Trust Fund: *Provided*, That no funds made available by this Act may be used by the Solicitor of Labor to participate in a review in any United States court of appeals of any decision made by the Benefits Review Board under section 21 of the Longshore and Harbor Workers' Compensation Act (33 U.S.C. 921) where such participation is precluded by the decision of the United States Supreme Court in Director, Office of Workers' Compensation Programs v. Newport News Shipbuilding, 115 S. Ct. 1278 (1995): *Provided further*, That no funds made available by this Act may be used by the Secretary of Labor to review a decision under the Longshore and Harbor Workers' Compensation Act (33 U.S.C. 901 et seq.) that has been appealed and that has been pending before the Benefits Review Board for more than 12 months: *Provided further*, That any such decision pending a review by the Benefits Review Board for more than one year shall be considered affirmed by the Benefits Review Board on that date, and shall be considered the final order of the Board for purposes of obtaining a review in the United States courts of appeals: *Provided further*, That these provisions shall not be applicable to the review of any decision issued under the Black Lung Benefits Act (30 U.S.C. 901 et seq.).

WORKING CAPITAL FUND

The paragraph under this heading in Public Law 85–67 (29 U.S.C. 563) is amended by striking the last period and inserting after "appropriation action" the following: ": *Provided further*, That the Secretary of Labor may transfer annually an amount not to exceed $3,000,000 from unobligated balances in the Department's salaries and expenses accounts, to the unobligated balance of the Working Capital Fund, to be merged with such Fund and used for the acquisition of capital equipment and the improvement of financial management, information technology and other support systems, and to remain available until expended: *Provided further*, That the unobligated balance of the Fund shall not exceed $20,000,000."

ASSISTANT SECRETARY FOR VETERANS EMPLOYMENT AND TRAINING

Not to exceed $181,955,000 may be derived from the Employment Security Administration account in the Unemployment Trust Fund to carry out the provisions of 38 U.S.C. 4100–4110A and 4321–4327, and Public Law 103-353, and which shall be available for obligation by the States through December 31, 1998.

OFFICE OF INSPECTOR GENERAL

For salaries and expenses of the Office of Inspector General in carrying out the provisions of the Inspector General Act of 1978, as amended, $43,105,000, together with not to exceed $3,645,000, which may be expended from the Employment Security Administration account in the Unemployment Trust Fund.

GENERAL PROVISIONS

SEC. 101. None of the funds appropriated in this title for the Job Corps shall be used to pay the compensation of an individual, either as direct costs or any proration as an indirect cost, at a rate in excess of $125,000.

(TRANSFER OF FUNDS)

SEC. 102. Not to exceed 1 percent of any discretionary funds (pursuant to the Balanced Budget and Emergency Deficit Control Act, as amended) which are appropriated for the current fiscal year for the Department of Labor in this Act may be transferred between appropriations, but no such appropriation shall be increased by more than 3 percent by any such transfer: *Provided*, That the Appropriations Committees of both Houses of Congress are notified at least fifteen days in advance of any transfer.

SEC. 103. Funds shall be available for carrying out title IV–B of the Job Training Partnership Act, notwithstanding section 427(c) of that Act, if a Job Corps center fails to meet national performance standards established by the Secretary.

SEC. 104. None of the funds made available in this Act may be used by the Occupational Safety and Health Administration to promulgate or issue any proposed or final standard regarding ergonomic protection before September 30, 1998: *Provided*, That nothing in this section shall be construed to limit the Occupational Safety and Health Administration from issuing voluntary guidelines on ergonomic protection or from developing a proposed standard regarding ergonomic protection: *Provided further*, That no funds made available in this Act may be used by the Occupational Safety and Health Administration to enforce voluntary ergonomics guidelines through section 5 (the general duty clause) of the Occupational Safety and Health Act of 1970 (29 U.S.C. 654).

This title may be cited as the "Department of Labor Appropriations Act, 1998".

The CHAIRMAN. Are there amendments to the remainder of title I?

PARLIAMENTARY INQUIRY

Mr. RIGGS. Mr. Chairman, I have a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. RIGGS. Mr. Chairman, are we still on title I of the bill?

The CHAIRMAN. The remainder of title I, from page 11 through page 25.

Mr. RIGGS. Mr. Chairman, further parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. RIGGS. Mr. Chairman, I did not understand that response. Are we now at the end of title I of the bill?

The CHAIRMAN. This is the last call for title I.

Mr. PORTER. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly, the Committee rose; and the Speaker pro tempore (Mr. LAHOOD) having assumed the chair, Mr. GOODLATTE, Chairman of the Committee of the Whole House on the State of the Union, reported that the Committee, having had under consideration the bill (H.R. 2264) making appropriations for the Departments of Labor, Health and Human Services, and Education, and related agencies for the fiscal year ending September 30, 1998, and for other purposes, had come to no resolution thereon.

THE JOURNAL

The SPEAKER pro tempore (Mr. LaHood). Pursuant to clause 5 of rule I, the pending business is the question of agreeing to the Speaker's approval of the Journal.

The question is on agreeing to the Speaker's approval of the Journal.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

Mr. MILLER of California. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 363, nays 46, not voting 24, as follows:

[Roll No. 365]

YEAS—363

Ackerman
Aderholt
Allen
Andrews
Archer
Armey
Bachus
Baesler
Baker
Baldacci
Ballenger
Barcia
Barr
Barrett (NE)
Barrett (WI)
Bartlett
Barton
Bass
Bateman
Becerra
Bentsen
Bereuter
Berman
Berry
Bilbray
Bilirakis
Bishop
Blagojevich
Bliley
Blumenauer
Blunt
Boehlert
Boehner
Bonilla
Bonior
Boswell
Boyd
Brady
Brown (FL)
Brown (OH)
Bryant
Bunning
Burr
Burton
Callahan
Calvert
Camp
Campbell
Canady
Cannon
Capps
Cardin
Carson
Castle
Chabot
Chambliss
Chenoweth
Christensen
Clement
Coble
Coburn
Collins
Combest
Condit
Conyers
Cook
Cooksey
Costello
Cox
Coyne
Cramer
Crane
Crapo
Cubin
Cummings
Cunningham
Danner
Davis (FL)
Davis (IL)
Deal
DeGette
Delahunt
DeLauro
Dellums
Deutsch
Diaz-Balart
Dickey
Dingell
Dixon
Dooley
Doolittle
Doyle
Dreier
Duncan
Dunn
Edwards
Ehlers
Ehrlich
Emerson
Engel
Eshoo
Etheridge
Evans
Everett
Ewing
Farr
Fattah
Fawell
Flake
Foley
Forbes
Ford
Fowler
Frank (MA)
Franks (NJ)
Frelinghuysen
Frost
Gallegly
Ganske
Gejdenson
Gekas
Gilchrest
Gillmor
Gilman
Goode
Goodlatte
Gordon
Goss
Graham
Granger
Green
Greenwood
Gutierrez
Hall (OH)
Hall (TX)
Hamilton
Hansen
Hastert
Hastings (FL)
Hastings (WA)
Hayworth
Hefner
Herger
Hinchey
Hinojosa
Hobson
Hoekstra
Holden
Hooley
Horn
Hostettler
Houghton
Hoyer
Hunter
Hutchinson
Hyde
Inglis
Istook
Jackson (IL)
Jackson-Lee (TX)
Jefferson
Jenkins
John
Johnson (CT)
Johnson (WI)
Johnson, Sam
Jones
Kanjorski
Kaptur
Kasich
Kelly
Kennedy (MA)
Kennedy (RI)
Kennelly
Kildee
Kilpatrick
Kim
Kind (WI)
Kingston
Kleczka
Klink
Klug
Knollenberg
Kolbe
LaFalce
LaHood
Lampson
Largent
Latham
LaTourette
Lazio
Leach
Levin
Lewis (CA)
Lewis (GA)
Lewis (KY)
Linder
Lipinski
Livingston
Lofgren
Lucas
Luther
Maloney (CT)
Manton
Manzullo
Markey
Martinez
Mascara
Matsui
McCarthy (MO)
McCarthy (NY)
McCollum
McCrery
McDermott
McGovern
McHale
McHugh
McInnis
McIntosh
McIntyre
McKeon
McKinney
Meehan
Meek
Menendez
Metcalf
Mica
Millender-McDonald
Miller (FL)
Minge
Mink
Moakley
Mollohan
Moran (VA)
Morella
Murtha
Myrick
Nadler
Neal
Nethercutt
Ney
Northup
Norwood
Nussle
Obey
Olver
Ortiz
Owens
Oxley
Packard
Pallone
Pappas
Parker
Paul
Paxon
Payne
Pease
Pelosi
Peterson (MN)
Peterson (PA)
Petri
Pickering
Pitts
Pomeroy
Porter
Portman
Price (NC)
Quinn
Radanovich
Rahall
Rangel
Redmond
Regula
Reyes
Riggs
Riley
Rivers
Rodriguez
Roemer
Rogan
Rogers
Rohrabacher
Ros-Lehtinen
Rothman
Roukema
Roybal-Allard
Royce
Rush
Ryun
Salmon
Sanchez
Sanders
Sandlin
Sanford
Sawyer
Saxton
Scarborough
Schaefer, Dan
Schumer
Scott
Sensenbrenner
Serrano
Sessions
Shadegg
Shaw
Shays
Sherman
Shimkus
Shuster
Sisisky
Skaggs
Skeen
Skelton
Smith (MI)
Smith (NJ)
Smith (OR)
Smith (TX)
Smith, Adam
Smith, Linda
Snowbarger
Snyder
Solomon
Souder
Spence
Spratt
Stabenow
Stark
Stearns
Strickland
Stump
Sununu
Talent
Tanner
Tauscher
Tauzin
Thomas
Thornberry
Thune
Thurman
Tiahrt
Tierney
Torres
Traficant
Turner
Upton
Velázquez
Vento
Walsh
Wamp
Watkins
Watt (NC)
Watts (OK)
Waxman
Weldon (FL)
Weldon (PA)
Wexler
Weygand
White
Whitfield
Wicker
Wise
Wolf
Woolsey

NAYS—46

Abercrombie
Borski
Brown (CA)
Clay
Clyburn
DeFazio
Doggett
English
Ensign
Fazio
Filner
Fox
Gephardt
Gibbons
Gutknecht
Hefley
Hill
Hilleary
Hilliard
Hulshof
Johnson, E. B.
Kucinich
LoBiondo
Lowey
Maloney (NY)
McNulty
Miller (CA)
Moran (KS)
Oberstar
Pascrell
Pastor
Pickett
Pombo
Poshard
Ramstad
Sabo
Schaffer, Bob
Slaughter
Stenholm
Stupak
Taylor (MS)
Thompson
Visclosky
Waters
Weller
Wynn

NOT VOTING—24

Bono
Boucher
Buyer
Clayton
Davis (VA)
DeLay
Dicks
Foglietta
Furse
Gonzalez
Goodling
Harman
King (NY)
Lantos
McDade
Neumann
Pryce (OH)
Schiff
Stokes
Taylor (NC)
Towns
Yates
Young (AK)
Young (FL)

□ 2026

Mr. NETHERCUTT changed his vote from "nay" to "yea."

So the Journal was approved.

The result of the vote was announced as above recorded.

PERMISSION TO INSERT EXTRANEOUS MATERIAL ON H.R. 2264, DEPARTMENTS OF LABOR, HEALTH AND HUMAN SERVICES, AND EDUCATION, AND RELATED AGENCIES APPROPRIATIONS ACT, 1998

Mr. OBEY. Mr. Speaker, I ask unanimous consent to insert extraneous material into the Record at the point immediately following my opening statement on H.R. 2264, the Departments of Labor, Health and Human Services, and Education, and Related Agencies Appropriations Act, 1998.

The SPEAKER pro tempore (Mr. LaHood). Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

REMOVAL OF NAME OF MEMBER AS COSPONSOR OF H.R. 1984

Mr. GILMAN. Mr. Speaker, I ask unanimous consent to be removed as a cosponsor of H.R. 1984.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

□ 2030

MOTION TO INSTRUCT CONFEREES ON H.R. 1119, NATIONAL DEFENSE AUTHORIZATION ACT FOR FISCAL YEAR 1998

Mr. TRAFICANT. Mr. Speaker, I offer a motion to instruct conferees on the bill, H.R. 1119, to authorize appropriations for fiscal years 1998 and 1999 for military activities of the Department of Defense, to prescribe military personnel strengths for fiscal years 1998 and 1999, and for other purposes.

The SPEAKER pro tempore (Mr. LaHood). The Clerk will report the motion.

The Clerk read as follows:

> Mr. Traficant moves that the conferees on the part of the House on the bill, H.R. 1119 be instructed to insist upon the provisions of section 1032 of the House bill relating to the assignment of Department of Defense personnel to border patrol and control.

Mr. TRAFICANT. Mr. Speaker, I ask unanimous consent if there is a recorded vote requested that that request be disposed of tomorrow at the schedule of the leadership.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Ohio?

There was no objection.

The SPEAKER pro tempore. The gentleman from Ohio [Mr. Traficant] is recognized for 30 minutes.

PARLIAMENTARY INQUIRY

Mr. REYES. Mr. Speaker, I have a parliamentary inquiry.

The SPEAKER pro tempore. The gentleman will state it.

Mr. REYES. Mr. Speaker, under the rules when there are two proponents of the motion which have been recognized, is one-third of the time allotted to a Member in opposition?

The SPEAKER pro tempore. Is the gentleman from South Carolina [Mr. SPENCE] opposed to the motion?

Mr. SPENCE. No, I am not, Mr. Speaker.

The SPEAKER pro tempore. Under the rule, the time will be divided 3 ways. The gentleman from Ohio [Mr. TRAFICANT], the gentleman from South Carolina [Mr. SPENCE], and the gentleman from Texas [Mr. REYES] each will control 20 minutes.

The Chair recognizes the gentleman from Ohio [Mr. TRAFICANT].

Mr. TRAFICANT. Mr. Speaker, I yield myself such time as I may consume.

This passed the House by an overwhelming 2 to 1 margin. There has been debate of ethnic bias on my behalf. That has bothered me. There have been talks that they would just simply strip it out in conference. That has bothered me. I pose the question to the Congress of the United States, Congress and Federal Government, the White House said there will be no Cuban cigars and by God there are none in America. Why is it that 10-year-olds in every major city of America can get heroin and cocaine as easily as they can get aspirin?

On the issue of Mexicans and Mexican-Americans, that is a nonissue to me. The issue to me is if you are coming into this country illegally, you should not be. And we have a pitiful record in dealing with illegal immigration. I heard a lot of talk about a war on drugs. We have really gotten tough. We do not have a director of drug affairs. We have a drug czar. The drug czar, to show the power and the clout, is a retired general.

I want to submit to Congress, you have wide open borders. There are 6,800 Border Patrol. The White House admits that we need 25,000 to adequately handle the border. The Traficant amendment to the defense bill is rather calm and moderate. It does not mandate the use of troops. It simply authorizes them, and the administration in an emergency need must request them. And if they in fact are deployed there, they shall have no arrest powers, simply to detain for civil law enforcement to make those arrests.

Mr. Speaker, I reserve the balance of my time.

Mr. SPENCE. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I voted in favor of this provision when it was offered as an amendment to H.R. 1119. We have since begun conference with the Senate on this legislation. Over the past several weeks, objections have been raised to this provision expanding the Secretary of Defense's authority to assign up to 10,000 DOD personnel to assist INS and the United States Customs Service on the U.S. border. Even though this provision is likely to remain a contentious issue in conference, I will continue to work with interested Members to support the House position as we do in all matters before the conference.

Mr. Speaker, I remain supportive of the role of the Department of Defense in reducing the flow of drugs into our country. In this bill, I commend the gentleman from Ohio for his work in bringing additional visibility to this serious and important problem.

Mr. Speaker, I reserve the balance of my time.

Mr. REYES. Mr. Speaker, I yield myself 3 minutes.

Mr. Speaker, this was a bad idea when it was first proposed, it was an idea that we really did not get a chance to fully debate. I think tonight I rise in opposition because we are all concerned about illegal entries into this country. We are all concerned about drug trafficking. We are all concerned about the attacks on our various neighborhoods. This is a bad idea from my personal experience because I spent 26½ years patrolling the border.

The gentleman from Ohio makes mention that we have got about 9,000 Border Patrol agents patrolling our borders. I should remind my colleagues that we have a plan that will increase the number of Border Patrol agents by 1,000 agents per year until 2001, at which time we will reevaluate the effectiveness of that increase.

I think tonight it is important that my colleagues realize that this proposal does not restrict the utilization of the military to our southern border. I think it is important that if you are one of my colleagues from Idaho, you should worry about this proposal. If you represent Minnesota, you should also worry. If you represent the State of New York, you should be concerned. If you are a Representative from the West Coast or from the coast of Florida, you should be concerned about what this kind of proposal might do to our neighborhoods.

It is important that we keep things in perspective and that we understand that the only rational, reasonable way that we are going to combat illegal immigration, drug trafficking, and all of the associated concerns that we have about our international borders is to hire additional professional bilingual agents.

It is very important that we keep in context the fact that on our southern border, while we may have a serious problem today, that problem may shift to the Canadian border tomorrow. That problem may manifest itself on the West Coast or the East Coast next year or 2 years from now. We are opening up a situation where Representatives from throughout this country that represent districts contiguous to international boundaries will be in a position to have to answer to the people that elect them why we are deploying soldiers to do a job that should be done by professional law enforcement officers.

We are also jeopardizing with this proposal the very soldiers that we are deploying to protect us under this type of solution. It is important that we recognize that there is a serious problem that needs a rational decision.

Mr. Speaker, I reserve the balance of my time.

Mr. SPENCE. Mr. Speaker, I yield 2 minutes to the gentleman from California [Mr. BILBRAY].

Mr. BILBRAY. Mr. Speaker, I rise in support of the resolution, a very moderate proposal, probably the most moderate proposal the gentleman from Ohio has ever presented while I have been on this floor. It does not say that we shall put troops at the border to secure our national frontiers like the Republic of Mexico has done. The Republic of Mexico has felt it is so important to fight the drug and the illegal activities along the border, they have placed their troops at the border.

No, this proposal, Mr. Speaker, does not say that. This proposal is so moderate that it only says that if the administration feels it is absolutely essential to protect the sovereignty of the United States, to enforce its laws, to basically be able to secure our borders, then under their discretion, under the President's discretion and his administration, then they may if they want to use it. The gentleman from Ohio is not mandating any operations at any borders or any ports. He is authorizing that the President in his good judgment, if it is needed in a crisis, will have a resource available to him that Congress has ignored for too long.

Mr. Speaker, let us ask the American people, is it so bad, is it so absurd to think that American troops that travel all around the world to defend the borders and the frontiers of many, many countries for decades, that are in foreign countries all over the globe today, is it so wrong to think that those same troops may, if the President thinks it is essential, have the right to defend the soil that they are born in and that the taxpayers of that soil are paying for their salaries? Is it so wrong to have American troops be authorized to defend their American soil?

Mr. Speaker, I give you that. The gentleman from Ohio is not only moderate and reasonable, I think he is intelligent beyond the level that this House has been willing to accept in the past. Common sense says this moderate proposal is not only our right as a House of Representatives, Mr. Speaker, it is our responsibility of the representatives of the people that we say we represent.

PARLIAMENTARY INQUIRY

Mr. TRAFICANT. Mr. Speaker, I have a parliamentary inquiry.

The SPEAKER pro tempore. The gentleman will state it.

Mr. TRAFICANT. Who has the right to close this debate, Mr. Speaker?

The SPEAKER pro tempore. The gentleman from Ohio has the right to close.

Mr. TRAFICANT. Mr. Speaker, I have at this point reserved the balance of my time.

Mr. REYES. Mr. Speaker, I yield 2½ minutes to the gentleman from Texas [Mr. RODRIGUEZ].

Mr. RODRIGUEZ. Mr. Speaker, let me first indicate, I think one of the things that we need to look at is the whole issue of readiness. I am on the Committee on National Security. One of the things that we have been informed is that those 10,000 troops are going to cost us $650 million. I want my colleagues to think about that.

Second, as the gentleman rose and talked about what is so wrong about defending our country, we are there to defend our country.

□ 2045

But do we want troops there that might jeopardize our own citizens, as has already happened? That is what we are concerned about.

When I went up there during the last 30 days, I had an opportunity to travel through my district, and it goes all the way to the Rio Grande, and, yes, they are against drugs, by the way, and, yes, they are against immigration, illegal immigration, and there is a need for us to respond. But they have also indicated that they would prefer to have Border Patrol people handle that, individuals that are well-trained to be able to deal with that.

When we talk about drugs, we are going to need sophisticated individuals who will be able to handle and know the terrain, know the area. We run the risk of having incidents that would occur that happened to that young man, Mr. Hernandez, unfortunate incident where one American citizen got killed. We should not jeopardize that to occur, and we should do every effort to make sure that that does not happen.

I also want to inform my colleagues that both the Department of Justice has considered this very inappropriate and is not in support; the Department of Defense has indicated, and I would like to read some of the things that they have said. The general counsel of the Department of Defense warned in a letter to the Committee on National Security chairman, the gentleman from South Carolina [Mr. SPENCE], that the troops that work along the border are of minimal value to military readiness and detract from the training with war-fighting equipment for war-fighting missions. This lack of training would directly reduce unit readiness.

If we look at it in addition to the Department of Defense, they have indicated that this is not the right thing to do.

The INS has also indicated that they would prefer to handle this in a way that the Border Patrol is involved, and I want to ask my colleagues: Would you want to see troops in your own neighborhoods, in your own community, people that might not know the area? I would ask that you seriously consider that because I would think you would not want them in Ohio, in your own back yard.

Mr. Speaker, as a member of the National Security Committee, I opposed the amendment to authorize up to 10,000 additional troops on the border, and today I rise to oppose this motion to instruct conferees on the National Defense Authorization Act for Fiscal Year 1998. Our military is the world's best trained fighting force; they are not police officers and they are not border patrol agents. They are trained to fight, and we risk grave consequences by deploying them on American soil. Such a dramatic increase of troops on the border is a dangerous proposal that will put border residents in danger and reduce military readiness.

During the August break I travelled throughout my district in South Texas, including counties I represent along the U.S.-Mexico border. At every meeting, residents of the border region expressed overwhelming opposition to the proposal to increase the number of soldiers on the border. The residents expressed concerns that the soldiers are unfamiliar with the people and the area, are not trained to deal with the complexities of immigration along the border, and may not be bilingual. Border residents, just like everyone else, want to stop the influx of illegal drugs and believe in stopping the flow of undocumented immigrants. But the solution they support is more Border Patrol agents. The recently implemented Operation Rio Grande is a first step toward that goal.

Last May, an 18 year old boy was killed by a Marine assisting Border Patrol agents near Redford, Texas. This tragic incident highlights the complexities of placing soldiers on the border and the potential harm to border residents. It is no wonder that the Departments of Defense and Justice and the Immigration and Naturalization Service all oppose this proposal. The Border Patrol has nearly 7,000 agents patrolling our nation's borders and Congress has authorized an additional 1,000 agents every year until 2001. The San Antonio Express-News pointed out that the Redford incident may be isolated but warned against deploying soldiers into an area lawfully and peacefully used by private citizens.

Mr. Speaker, I serve on the House National Security Readiness Subcommittee and the Readiness Panel of the Defense Authorization Conference Committee. At a time when readiness concerns and the increased operation tempo of our military are at their highest we cannot afford to pull 10,000 men and women away from their posts to do the work of Border Patrol agents. The military can provide assistance in numerous ways without this unwarranted diversion of troops.

The General Counsel of the Department of Defense warned in a letter to National Security Committee Chairman Spence that the troops' work along the border are of minimal value to military readiness and detract from training with warfighting equipment for warfighting missions. This lack of training would directly reduce unit readiness levels and would extend the time required before these personnel could be deployed to support contingency operations. The General Counsel summed up his concerns be stating that the proposal would reduce the level of military preparedness and overall combat effectiveness of the Armed Forces.

The Department of Defense estimates that the placement of 10,000 soldiers on the border would cost in excess of $650 million per year. This enormous sum could be put to better use ensuring Border Patrol agents are properly trained and have the resources needed to enforce our Nation's laws and to protect themselves.

Mr. Speaker, I, and the tens of thousands of residents I represent along the border, urge my colleagues to vote against this motion to instruct conferees. The placement of up to 10,000 soldiers on our borders is a dangerous proposal that could have deadly consequences for border residents. We must remember who were are protecting.

Mr. SPENCE. Mr. Speaker, I yield 1½ minutes to the gentlewoman from New Jersey [Mrs. ROUKEMA].

Mrs. ROUKEMA. Mr. Speaker, I just want to commend. I did not realize that the gentleman's amendment was coming up now, my colleague's, the gentleman from Ohio [Mr. TRAFICANT], but I want to commend him for this. I heard his presentation on the Jim Lehrer news broadcast about a week or two ago, and it was very coherent.

I do not believe what I am hearing here, that the same people that have been carrying on the program, whether it is Border Patrol or INS, are being looked to to save us from what has become a war zone on our borders. We are talking about war zones whether it is illegal immigration or, more directly, the drug war that is going on there. And I am telling my colleagues they have not done well for this country under the present circumstances with the present personnel.

The time is long passed for us to do this. It is common sense, and if there are problems with the rest of the military preparedness, then let us fix that. But I will tell my colleagues, someone asked the question, the previous speaker asked the question, do I want those people in my backyard or in New Jersey. I tell him I do not. I do not want my children or my grandchildren to be accosted, and to have to face the influx of drugs, the invasion. It is an invasion and it is a war as much as anything is a war. We can go to Somalia, we can go to Bosnia, we can go to the Ukraine; I am telling my colleagues we need them right here to protect our families and to do the right thing. We cannot. Obviously, the existing personnel have failed us dreadfully.

Mr. REYES. Mr. Speaker, I yield 1 minute to the gentleman from Florida [Mr. DAVIS].

Mr. DAVIS of Florida. Mr. Speaker, I rise in opposition to this well-intentioned but ill-advised amendment. My State, Florida, like Texas and many coastal States, faces challenges in controlling our border, but the answer lies in strengthening the Border Patrol to solve this problem.

As the sponsor of the amendment has alluded to, if we have 6,800 Border Patrol officers not taking care of the problem, let us increase the number of Border Patrol officers. There has been no evidence offered to suggest that these people, these men and women, are not qualified to do their jobs.

The answer does not lie in diverting up to 10,000 additional military troops to handle this function, and as the sponsor of the amendment has mentioned, the amendment would have the effect of authorizing the Department of Defense to use these additional personnel in an emergency situation. If this is such a problem, these additional personnel should not be there just for emergencies, they should be there all the time. We should be strengthening the number of Border Patrol agents down there, not trying to have additional people down there who have not been trained to do the job and only using them in emergency situations.

The Department of Defense has estimated that the diversion of up to 10,000 troops could cost as much as $650 million. Let us use a more cost-effective approach. Let us beef up the Border Patrol.

Mr. SPENCE. Mr. Speaker, I yield 4 minutes to the gentleman from California [Mr. DELLUMS], the ranking member on the committee.

Mr. DELLUMS. Mr. Speaker, I rise in opposition to the motion to instruct conferees on this matter, and in so doing I would like to first congratulate my distinguished colleague from Texas [Mr. REYES] for his very thoughtful response to the proposition that is before us.

I would now like to make four rather succinct points, Mr. Speaker.

First, in moments of significant problems and high emotion and extraordinary rhetoric, sometimes it is the burden of responsibility of leadership to try to focus on significant principles. I would assert, and assert aggressively here, that the beauty of this country, the beauty of this Nation, the beauty of the United States, Mr. Speaker, is that under the law in the United States law enforcement is left to the civilian Department of Justice and its agencies as it should be.

I would remind my colleagues that the United States military is precluded from becoming a quasi police force, and we were thoughtful about that, and we should be very, very circumspect when we consider the proposition of crossing that significant line.

Thirdly, Mr. Speaker, I would also remind my colleagues that countries in which the military police its citizens are countries lent to oppression by that military. We have all seen it replete through the pages and the annals of time and history.

Second important point: The U.S. military is already engaged to the tune of more than $800 million per year in assisting law enforcement into areas of drug interdiction and border security, mostly with high technology assets at their disposal. In this gentleman's opinion, there is no need for us to increase this level of support.

Thirdly, all of us, many of us on the floor of Congress have talked about the operational tempo that many believe is crippling the American military forces as we downsize. I would suggest that that operation tempo is already extraordinarily high. To have as many as 10,000 military personnel pulled away from their current assignments to assist with law enforcement matters would require a further stretching of personnel resources to cover their absence thereby expanding and increasing operational tempo and stressing the American military personnel.

Fourthly, if the Congress, and I have said to my distinguished colleague from Ohio, particularly where it is dealing with the question of drugs and the impact of drugs and the scourge of drugs in our community, that I agree with his ultimate goal. Where I am debating and stand in opposition to the gentleman is how he seeks to do it. If the Congress feels that the Immigration and Naturalization Service and the Customs Service are indeed understaffed, then the appropriate place to address these shortfalls are the Department of Justice and the Department of Treasury, not by further tasking the Department of Defense.

So, in conclusion, I would urge my colleagues to rethink this matter. This is a significant step. Posse comitatus is an important principle that we have embraced in this society, and that is to keep the military military and keep the issue of civilian policing civilian and not military. When we step across that line, we have made a significant step.

This is a moment of significance, drama, high emotion, very hot rhetoric, but it is important for us to come back to those themes and those principles that have made the United States what it is, and an important democracy and civilian control of the police function is a significant part of that principle.

Mr. TRAFICANT. Mr. Speaker, I yield 1 minute to the distinguished gentleman from Michigan [Mr. CONYERS].

Mr. CONYERS. Mr. Speaker, could my friend from Ohio [Mr. TRAFICANT] tell me if he has requested additional personnel for INS, or is it that he feels that the INS is incapable of discharging its duty?

Mr. TRAFICANT. Mr. Chairman, will the gentleman yield?

Mr. CONYERS. I yield to the gentleman from Ohio.

Mr. TRAFICANT. I am not so sure. All I know is they are not successful.

Mr. CONYERS. That being the case, could I be of some assistance as a humble member of the Committee on the Judiciary to provide the gentleman with some insight as to their effectiveness or whether we can get additional personnel?

Mr. TRAFICANT. I am familiar with the debate and the additional appropriations, and I still believe they fall far short with the massive amount of narcotics and the number of illegal immigrants running across our border, and the INS has, in fact, allowed 80,000 criminals in because they allowed them to do their own fingerprints.

The SPEAKER pro tempore (Mr. LAHOOD). The time of the gentleman from Michigan [Mr. CONYERS] has expired.

Mr. CONYERS. Would the gentleman yield for an additional question?

Mr. TRAFICANT. The gentleman from Michigan is not for this. He should get time over here. I am going to reserve my time.

Mr. REYES. Mr. Speaker, I yield 1 minute to the gentleman from Michigan [Mr. CONYERS].

Mr. CONYERS. If I could continue my dialog with my friend from Ohio, Mr. Speaker, perhaps the Committee on the Judiciary might be of some assistance because I think it may be important based on the discussions going on here tonight; I mean, if INS is not doing the right thing, that is a matter that we who have oversight jurisdiction over them ought to be put on notice. If, on the other hand, the INS is ineffective because of the fact that they are overwhelmed by the nature of the task and they are short of personnel, then that, as the gentleman can appreciate, is another matter.

So I would ask him to indulge me in trying to provide some assistance for him on that matter.

Mr. TRAFICANT. Mr. Speaker, will the gentleman yield?

Mr. CONYERS. I yield to the gentleman from Ohio.

Mr. TRAFICANT. Mr. Speaker, I can notify they passed an amendment to the Foreign Ops bill 2 years ago. It called for a study of the effectiveness of our Border Patrol programs and they are now under way.

Mr. REYES. Mr. Speaker, I yield 3½ minutes to the gentleman from Texas [Mr. ORTIZ].

Mr. ORTIZ. Mr. Speaker, I rise in opposition to my good friend, an exchair like me. Today, I think that his intentions are very, very good.

I was in the military as well, and I was trained as a military officer where

I defended my country, whoever I was defending to kill the enemy, and as a military veteran and as a former law enforcement officer, I understand the unique perspective of those who strive to keep the peace on the border and the view of those in Congress who believe we should put resources we already have in a place that they are needed. And it is not that we do not need more people. If we feel that we need 10,000 more people on the border, let us get qualified people to do the job.

The missions are distinctively different. The military, as when I was in the military, are trained differently, as we are in law enforcement. For 50 years the United States spent millions of dollars and our energy on fighting the war against communism, and in 1989 we saw the Berlin Wall come down.

□ 2100

It would be a mistake of enormous proportions if we erected our own wall along our southern border in the form of the military. Mexico is our neighbor, friend, and economic partner. It would be a mistake to station troops who have been trained to kill the enemy on the international border.

We should also consider the damage to the readiness of the U.S. military when our soldiers get away from their mission. It would be a great mistake to do that.

We are not for illegal immigration. In fact, I believe in strengthening our border, but with people who are well trained, who are qualified to do just that. We do not want to put a Band-Aid on one problem, only to create a new one where we forfeit the civil rights process in the United States.

I think that, yes, we do need help. War zones are not only in south Texas. We find war zones right here in Washington, in many neighborhoods. This is the wrong approach.

My friend knows that I have worked with him on many, many other issues. As a result of the troops being stationed on the border, one young American citizen was killed.

When I talk to immigrants who come here from Mexico and other Central American countries and other countries around the world, they do not want to stay here. They would like to go back to their countries, but because of the economic problems that they have, they come to this great Nation. This is why I support GATT, this is why I support NAFTA, because this will take care of some of the problems they face.

Vote against this amendment.

Mr. SPENCE. Mr. Speaker, I yield 2 minutes to the gentleman from Texas, Mr. SAM JOHNSON.

Mr. SAM JOHNSON of Texas. Mr. Speaker, I hate to be against some of my colleagues from Texas, whom I really revere.

I will say, we have got a problem on the border, and drug traffic is taking over and our Nation's security is at risk. Homes and lands have been taken over by drug lords, Members know that. We have not done anything to help them. We have tried to put more agents down there, and we cannot seem to get it through the House and get more money to do it.

Are we to let that border go awry? I think America needs to protect its borders, and this motion will reinforce that.

Do you know what? The drugs have moved, the drug ops have moved, from Colombia to Mexico. We all are aware of that. Guess what? They target the United States as a drug target.

One of the cities that is really suffering is one that I happen to represent, Plano, TX. We had two guys come in from California the other day and they said they could not believe it. They sensed there was a drug problem, we know we have a drug problem, and guess what? It is all coming across the border.

I think the situation is dire enough where we would be irresponsible if we did not address it now.

We created the military to protect our Nation and its borders. We have troops all over the world, for crying out loud, theoretically protecting the interests of this Nation. Surely we can take action when the freedom and loss of it occurs right in our own backyard.

Mr. Speaker, I encourage the conferees to stand firm on this.

Mr. TRAFICANT. Mr. Speaker, I yield myself 1 minute.

The gentleman from Texas [Mr. ORTIZ] said the military is trained to kill. I want to advise the gentleman that our military is giving vaccinations, rabies vaccinations, to dogs in Haiti right now. They are building homes in Haiti. They are guarding the borders in Bosnia and the Middle East.

To the gentleman from Texas, it is a tragic killing of that young Mexican-American, but over 200 illegal immigrants have been killed at the border. Evidently there is not one bit of deterrence at our border. How many more illegal immigrants will be killed trying to cross the border if we do not mandate any troops? These arguments do not wash.

Now, for the cost of the $650 million, are our military troops paid now? Are we just creating a new code? Are they deployed now? Are they cashing their checks in Frankfort and Tokyo and going for dinner and lunch?

Mr. REYES. Mr. Speaker, I yield 1½ minutes to the gentleman from Arizona [Mr. PASTOR].

Mr. PASTOR. Mr. Speaker, on occasion, Members, when they take the floor, talk about the families they represent and what their position is. I have heard a lot about the Collins family from Georgia. So I thought I would share some of the feelings that the people have along the border.

I represent the border in Arizona, from Nogales to San Luis, and I have to say that supervisors, mayors, councilmen and average Americans who live on the border are also concerned about the traffic of drugs into this country, and they commend us for the additional resources we have given, not only in Customs, Border Patrol and other law enforcement; and they would like to see that continued.

They are also concerned about the traffic of undocumented people coming into this country, and they applaud this Congress for the additional Border Patrol agents and other resources we have given them.

But they are very scared about having military placed on the border in their communities. They understand that the military is not trained for law enforcement, and so they ask, please consider their wishes, please consider their concerns as we fight the entry of illegal drugs with law enforcement.

They also ask this Congress to look at the different programs that we need to implement, not only at the border, but throughout this country, that would stop, eradicate, the desire of American citizens for the intake of drugs.

Mr. Speaker, I would ask consideration in opposition to this amendment.

Mr. SPENCE. Mr. Speaker, I yield 1 minute to the gentleman from California [Mr. BILBRAY].

Mr. TRAFICANT. Mr. Speaker, I yield 2 minutes to the gentleman from California.

The SPEAKER pro tempore [Mr. LAHOOD]. The gentleman from California [Mr. BILBRAY] is recognized for 3 minutes.

Mr. BILBRAY. Mr. Speaker, the gentleman from Texas asked the question, would we want troops in our neighborhoods? I live within sight of the border. I am probably the closest, maybe the gentleman from El Paso, a quarter mile from the border.

Let me assure Members as somebody who has seen the death and destruction, seen the assassinations by the drug cartels, and somebody who lives not only north of the border, but north of a military installation, I would much rather see my children tonight being defended by American troops than to be exposed to the drugs and the violent activity that is going on along the border.

But we are not talking about that, Mr. Speaker. We are talking about giving the President the option. What are Members so scared of? Is it that the argument is so logical, so rational, that they fear that we even discuss this rationale?

I would say to my colleague, there are troops at the border today, all along the border. Nobody stood up and protested the troops being placed at the border, and not one Member here protested the troops being at the border.

Those troops are the Republic of Mexico's troops, Mr. Speaker. The Republic of Mexico saw the conditions along the border were getting out of control and that they needed to take some action. They took appropriate action. They were not racist, they were not anti-American, they were prolaw enforcement, and the troops at the border in Mexico are appropriate for the crisis that Mexico has recognized.

We are not proposing that we put troops there today, but we do recognize and ask Members to recognize that the President may recognize in the future the need to have an extra reserve to address a crisis that is coming on faster than most of us in Washington want to admit.

Mr. Speaker, I call on Members again, quit finding excuses for doing the right thing. Quit saying we do not want to have a fence, we do not want to have borders, we do not want to have this or that. Just do the right thing, enforce the law, and let us have safe borders, good fences, but large gates. Let us encourage the legal activity, discourage and stop the illegal activity; and let us learn, even from our friends from the south, that sometimes appropriate action means taking strong, firm action.

Mr. REYES. Mr. Speaker, I yield 1½ minutes to the gentleman from Texas [Mr. EDWARDS].

Mr. EDWARDS. Mr. Speaker, I represent the largest populated Army installation in America, cochair the House Army Caucus, and in my opinion the Army does not need this job. The Army does not want this job, the Army cannot afford this job, and the Army should not have this job.

To give the military, the military, a major role in American domestic affairs, is a major change in long-standing national policy. To pass it under any circumstances, I think is wrong. To pass it without a hearing by the National Security Committee is absolutely irresponsible.

Mr. Speaker, there are two more serious problems caused by this amendment. First, it undermines our national security. The job of the U.S. Army is to train soldiers to fight battles and win wars. In the last several years, we have downsized the active duty Army from 18 divisions to 10 divisions. We could not even fight Desert Storm the same way today as we did just a few years ago.

Yet to take 10,000 Army soldiers out of training, out of combat training, and put them on the borders, along brush country in Texas and Arizona and California, is absolutely the same as downsizing the Army by 10,000 soldiers. Some may want to do that in this Chamber; I certainly do not.

The second problem is this: The average Army soldier spends 138 days away from his or her family. I met a young soldier in my district recently who missed the birth of his first two children because of deployments. I do not want that soldier to miss the birth of his third child because he is along the Texas-Mexican border, patrolling our own borders of America. I want that soldier either with his family or training to defend our national security interests across this world.

This may be good politics for some, but it is bad policy for the Army, and it is bad policy for America. I urge its defeat.

Mr. TRAFICANT. Mr. Speaker, it would be a tragedy to have the soldier miss the birth of his child, but how many people are speaking out for children being born addicted all over America?

And I want to agree 100 percent: The Army does not need this, the Army did not ask for this, the Army does not want it, the Army does not deserve it. But the Army does not govern. The American people want it, the American people need it, the American people deserve it, and the American people, by God, are the ones that we are sent here to represent.

This is a civilian government, and when the Army tells us what they want and what they need, then we should pack our bags and get out.

Mr. Speaker, I reserve the balance of my time.

Mr. SPENCE. Mr. Speaker, I have no further requests for time, and I reserve the balance of my time.

Mr. REYES. Mr. Speaker, I yield 1½ minutes to the gentleman from Texas, Mr. Bonilla.

Mr. BONILLA. Mr. Speaker, there is no Member in this body who represents a larger portion of the Mexican border than I do. I have almost 800 miles of the Texas-Mexico border in my congressional district.

I oppose this motion, not because I am against enforcing our borders. In fact, we do have a war zone in some portions of my district with drugs and illegal aliens swarming across the river. But today's vote is not about having our military support the Border Patrol; they already do that. This is about having the military replace the Border Patrol along the Mexican border.

As I said, we do have a war zone, but this is a situation that could magnify in the future. Instead of having police officers doing their job where they should be, we could have tanks and troops stationed at every street corner of America when there is a crime problem, in Detroit, Philadelphia, Miami or New York, and we do not want that.

I oppose peacekeeping missions in Bosnia, Somalia, Haiti, and any other corner of the world, and I also oppose peacekeeping along the Mexican border. We do not need troops down there, we need to get together and support sending 10,000 new Border Patrol agents along the border to enforce our laws. That is how we can deal with this problem.

That is where the administration has dropped the ball in the last couple of years, because of political reasons sending more Border Patrol agents to other States that are more politically advantageous to him than the States of Texas, Arizona and New Mexico.

I ask my colleagues to support me in sending more Border Patrol agents and not deploying peacekeeping troops to the Mexican border.

□ 2115

Mr. REYES. Mr. Speaker, I yield 1 minute to my colleague, the gentleman from Texas [Mr. HINOJOSA].

Mr. HINOJOSA. Mr. Speaker, I stand here tonight to say to my colleagues that the Traficant motion is one I simply cannot support. I proudly represent the Texas border from Hidalgo/McAllen to San Antonio, born and raised there. Plain and simply, authorizing the Defense Department to deploy up to 10,000 U.S. troops to our international borders is a bad idea.

Why? An article in the August 25 issue of Time magazine, which I have in my hand, clearly answers this question. Allow me to quote:

> The danger of such military patrols is that they operate according to rules different from those of other law enforcement agencies. Moving stealthily in camouflage gear, soldiers are under general orders not to identify themselves, not to fire warning shots, and to respond to any perceived lethal threat under the military's rules of engagement, which simply means, roughly, shoot to kill.

Back on May 20 an 18-year-old goatherder named Ezequiel Hernandez, Jr., was in fact shot to death in the tiny west Texas border town of Redford when he was mistaken by a Marine corporal for one of the armed scouts who typically act as advance guards for drug smugglers.

I am certain most of the Members in this Chamber have heard of this tragic incident. One such death is one too many. Just say no to the Traficant motion.

Mr. REYES. Mr. Speaker, I yield 2 minutes to my colleague, the gentleman from California [Mr. BECERRA].

Mr. BECERRA. Mr. Speaker, I thank the gentleman for yielding time to me.

Mr. Speaker, there is an old saying, those who do not study history are bound to repeat its mistakes. What has history taught us? We know that on May 20 of this year, an 18-year-old U.S. citizen, Ezequiel Hernandez, of Redford, TX, who was tending his goats was shot and killed by a Marine who was engaged in drug interdiction efforts along the borders. He was the first American to be killed on U.S. soil by American troops since the 1970 Kent State incident.

We know we already have 7,000 Border Patrol agents patrolling the borders, and we are going to have an additional 1,000 Border Patrol agents for the next 4 years added to the force. We know that Border Patrol agents are trained to deal with situations and problems along our border. Military personnel are not.

Ezequiel Hernandez, 3 months before he was shot, was tending his goats, as he always was. He shot again into the brush, because he thought there was something there trying to get to his goats. It happened to be Border Patrol agents. When he found out it was Border Patrol agents, he went and apologized to those agents. Had Border Patrol agents been patrolling the border on May 20 instead of military troops, Ezequiel would probably still be alive. His untimely death at the hands of U.S. Marines on our soil, American soil, is now part of our Nation's history. It is also a part of a Federal investigation into this incident.

From his death we should learn that when our borders are patrolled by heavily camouflaged military troops, unbeknownst to Ezequiel Hernandez, unbeknownst to the citizens of Redford, unbeknownst even to the local law authorities in those areas along the border, because the military cannot tell anyone that they are there, what will happen is that unsuspecting American citizens can and will die. If we put 10,000 troops on our southern border, we will have learned nothing from history, and tragically, we will be bound to repeat its mistakes.

This is not a proposal that is supported by the military. This is not a proposal supported by the residents in Texas along the border. It should not be a proposal supported by the Members of this House.

Mr. REYES. Mr. Speaker, I yield myself the balance of my time.

Mr. Speaker, we have had a variety of testimony in these chambers. Sometimes issues get clouded. Sometimes they get clouded in the emotion. Let us ask ourselves, who wants or who supports this proposal? It is not INS and it is not the Border Patrol. It is not the Attorney General. It is not the Department of Defense. It is not the Secretary of Treasury. It is not, certainly, the Hernandez family, who suffered that tragedy in Redford, TX. It is not our border communities, who do not want to live under martial law.

We have heard that there are two distinct and different missions. The military mission is combat. We do not want to see our military compromised by doing law enforcement type work that subsequently would jeopardize the security of this country and the security of our troops. The mission of law enforcement is to protect communities. They are trained for this kind of job. Let us keep this in the hands of law enforcement.

Mr. Speaker, let us not send troops throughout this country. Let us not invoke martial law in this country simply because Mexico and other countries choose to deploy troops along their borders.

We have to ask ourselves, is this proposal fair? Is this proposal fair to the Hernandez family? How fair is this proposal to our own military? How fair is it to the corporal that came that close to being tried for manslaughter?

Mr. Speaker, I urge my colleagues to vote against this proposal.

Mr. SPENCE. Mr. Speaker, I yield back the balance of my time.

The SPEAKER pro tempore. The gentleman from Ohio [Mr. TRAFICANT] will close the debate on his motion to instruct conferees.

Mr. TRAFICANT. Mr. Speaker, I yield myself the balance of my time.

Mr. Speaker, I want to thank everyone for being involved. We did not have as many accusations this time. Maybe many people recognize the intentions are honorable. The distinguished former member of the Border Patrol, I have great respect for him, and I assume he has done a great job. They have elected him to Congress.

I took my time to meet with the delegation from Redford, TX. They came up to meet with me, and pleaded with me that I would pull my amendment from this bill. Several family members of the young man tragically killed were there. It was very, very unfortunate. We are all saddened.

Let me tell the Members what they asked me to do: To pull the amendment. When I asked them how they felt about the border, they said, absolutely no military troops. But let me tell the Members what they also said. I would like everyone to listen to it. They did not want any Border Patrol, either. They support open borders, no checkpoints. Let people come and go freely.

Let me tell the Members what they also said, without mentioning the name of a priest who helped to carry much of the conversation. He said the local Border Patrol spends more than 4 to 5 hours a day in coffee shops, doing nothing, and occasionally beating up, quote unquote, beating up on some poor illegal immigrant that they might catch.

Mr. Speaker, in a San Diego article June 1997, I will just read the first paragraph: "Bullets again were fired from Mexico at 2 U.S. Border Patrol agents in separate incidents, bringing the number of shootings at agents in the past month to five." In the last 120 days, nine Border Patrol agents were shot and injured. They have not been killed. They have families.

The INS, they are an incompetent bunch. If everybody is afraid of that language, I will say it, because that is what I believe in my heart. I am an old sheriff. To expedite immigration, they allowed immigrants to submit their own fingerprints, and they had to admit, they may have allowed up to 180,000 felonists into America, and admitted they may not be able to find them.

We do not have 9,000 Border Patrol, we have 6,800. That is one pair of eyes for every 2 miles of border. If they are not compromised, and I am not going to make that charge, I do not have facts, but illegal immigrants are not driving border patrols. They do not have the money.

We now have the massive amount of narcotic buildup in Mexico that is transferred, as the gentleman said, from Colombia. As far as the local politicians that do not want this, we have a local politician just convicted of bringing in 2,200 pounds of cocaine, a sheriff down there in the county where the young man was slain.

For those who might understand narcotics, that is one metric ton, and one pound of heroin in Pakistan is $90. What does it cost in Chicago? There is no program, and I agree, the Army does not want it and the President does not want it; maybe not this President, but I do not want to hear any more about 10,000 troops.

I was advised in the amendment to set a limit, and I did. The Traficant amendment does not mandate one troop. They might send 100 specialists with sophisticated technology. They could set up teams to work with the Border Patrol. If it is fashioned and done right, these military agents and Border Patrol in teams would go out, and the Traficant amendment says there shall be no posse comitatus law violations. They cannot arrest, they can only detain.

What is wrong with us here? How many more Mexicans will die trying to cross this border? How many more? What is the deterrence? The INS? The Border Patrol? We have a drug czar that says we need 25,000 Border Patrol agents. Who is going to pay for them? How many more pensions, how much more health insurance?

Mr. Speaker, I did not see one Member stand up and say, look what we are doing to the military, giving rabies vaccinations in Haiti, our military; military building homes. And I do not think it is bad over there.

Mr. Speaker, I disagree with our immigration policy. I am not going to kid anybody. Here is what Congress passed. If you are in America illegally for 5 years, we made you a citizen. How dumb are we? Here is what I support, not making people citizens who jump the fence illegally, and sending a message to everybody around the world to jump the fence.

I am for apprehending them, finding them, and throwing them out. That is it. I do not care if they are black, I do not care if they are white, if they are Mexican, Italian. I do not care who they are, they are here illegally, they should not be here, by God. Our program does not work.

Second of all, what about the massive amount of narcotics in our cities? There are politicians now, powerful politicians, talking about legalizing narcotics. Why? Because we are desperate. We cannot do anything about it. Have we really tried? If there is a greater national security threat, other than China, right now, which Congress is also not looking at, I want someone to tell me what it is, other than narcotics. It is tearing apart the families of our communities. I have many Mexican-American families that called me and said, we agree with you, sheriff.

Mr. Speaker, I do not mandate it, I allow for it. If common sense would ever take over in our country, maybe there could be a utilization of this big military payroll to provide some national security for us. If we could guard the borders in the Middle East and Bosnia, by God, we can provide a national security program for America.

What do you want to build? Did you all stand up and oppose a 15-foot barbed wire chain link fence? I am not for building a wall. We have these troops getting a paycheck. They can come out of training, they could be assigned there. They could be rotated, if we develop that program. But it does not mandate it. But we have the technology and we can do aerial surveillance, we can do naval surveillance. I am going to tell the Members something, the Border Patrol cannot match up with the military power of the cartels.

Let me say one last thing. The drug czar, General McCaffrey, was threatened by one of the most powerful cartels in Mexico that threatened to kill him.

□ 2130

Now they are saying, well, it was just one group trying to gain advantage over another group and hoping that the other group will bring the Americans in to put pressure on the other drug cartel. Come on.

We do not need a drug czar. I am not so sure we need all of these Federal agencies. If it was up to me as an old sheriff, I would wrap all of these Federal agencies up under the FBI. One agency. I think they are so miscoordinated, they do not work together. We do not even have a program, speaking as a sheriff. It is a joke.

As far as the Border Patrol is concerned, I believe they have been compromised. I am just going to tell it the way it is. I do not know that, but, by God, I do not trust it.

Mr. Speaker, I would say to the gentleman from Texas, I have followed many of his military leads and I want to make this statement. If my amendment were to come in here and mandated these troops and mandated this collision, I could understand the resistance. But I present an idea that can only be enacted if there is an opportunity to mold a reasonable defense security program. This is not military presence in America. This is military security at our border. That is a hell of a difference.

Mr. Speaker, just let me say this. I heard the talk about killing it in conference. My colleagues are not going to kill this amendment in conference. What they are going to kill is more children, more dying of overdose, more young people selling and running cocaine and heroin, more politicians on the border bringing in narcotics, more truckloads going to Chicago and New York. Truckloads. Truckloads.

The Traficant amendment allows that if this happens, they would assist with Customs to take a look at these trucks on the border, to go out in joint forces and maybe transport Border Patrol to key areas. And if my colleagues want to hire 25,000 Border Patrol, they do not have the money to do that. They are not going to do that. Know what? The border does not want it. They do not even want the Border Patrol. That is what the people from Redford, Texas, told me, Sheriff. They want open borders.

Mr. Speaker, let me close out with this. I would not have called for a vote and I would have not called for a motion to instruct conferees. There are big powerful people around here and they are going to lead the charge and knock out an idea, I guess, and they probably will. But, Mr. Chairman, I say to the majority party that they were elected together and they got tired of this. And I am a Democrat and that is why my Republican colleagues are in the majority, because some of the things that have been done over here that have been very foolish.

If the majority party does not allow for a reasonable national security program on narcotics and illegal immigration, then the American people made a mistake in giving them that charge.

Mr. Speaker, I say to the gentleman from South Carolina [Mr. SPENCE], "Keep it in, Mr. Chairman." I want the gentleman to fight like a junkyard dog in the face of a hurricane in that conference for this amendment. And I made it so that it will not embarrass the gentleman and it will not hurt the gentleman. It does not clamp and ratchet them down.

For the young man from Texas, it was very unfortunate. And God almighty, maybe with proper training with the Traficant amendment, that would never happen. Did my colleagues ever think of that? That military troop was already down there. I didn't see you, my colleagues, bringing a point of order against it. He was put down there by George Bush. And they did not ask to be authorized. They placed them there.

Mr. Speaker, this sheriff is saying we have got a Border Patrol that does nothing, we have an INS that lets in 180,000 illegal criminals, we have a military getting a paycheck and cashing their checks and going to the theater in Tokyo and Frankfurt, and we have narcotics coming across the border in backpacks, truckloads of cocaine and heroin coming into this country, and kids strung out all over America, and Congress better start speaking up for those American kids.

Mr. Speaker, with that I ask that tomorrow we have an affirmative vote and this Congress and this majority party stand for the charges that are needed to protect our borders.

Mr. Speaker, I yield back the balance of my time.

The SPEAKER pro tempore (Mr. LAHOOD). Without objection, the previous question is ordered on the motion to instruct.

There was no objection.

The SPEAKER pro tempore. The question is on the motion to instruct offered by the gentleman from Ohio [Mr. TRAFICANT].

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

Mr. REYES. Mr. Speaker, I demand a recorded vote.

The SPEAKER pro tempore. Pursuant to the previous order of the House and clause 5(b)(1)(c) of rule I, further proceedings on this motion are postponed until tomorrow.

EXPRESSING THE CONDOLENCES OF THE HOUSE ON THE DEATH OF DIANA, PRINCESS OF WALES

Mr. GILMAN. Mr. Speaker, I ask unanimous consent that the Committee on International Relations be discharged from further consideration of the resolution (H. Res. 219) expressing the condolences of the House of Representatives on the tragic death of Diana, Princess of Wales, and ask for its immediate consideration in the House.

The SPEAKER pro tempore. The Clerk will report the resolution.

The Clerk read as follows:

H. RES. 219

Whereas the House of Representatives has heard with great sadness of the death of Diana, Princess of Wales, in a tragic automobile accident;

Whereas Diana, Princess of Wales, touched the hearts of the British and American people with her unflagging humanitarian and charitable efforts, her grace, and her good humor;

Whereas Diana, Princess of Wales, was a leader in such causes as the struggles against HIV/AIDS, breast cancer, and homelessness, and in efforts on behalf of the innocent victims of antipersonnel land mines;

Whereas many of the more than 100 humanitarian and charitable causes championed by Diana, Princess of Wales, operated within the United States and involved matters important to the American people; and

Whereas the outpouring of sympathy by the American people has underscored the ties between the British and American peoples, who are at this moment united with people around the world in their sadness at the passing of Diana, Princess of Wales: Now, therefore, be it

Resolved, That the House of Representatives expresses its deep and heartfelt condolences to the British people and government and to the family, especially the children, of Diana, Princess of Wales, on their tragic loss.

SEC. 2. The Clerk of the House of Representatives shall transmit copies of this resolution to the Ambassador of the United Kingdom of Great Britain and Northern Ireland to the United States for transmittal to the British government and to the family of Diana, Princess of Wales.

Mr. GILMAN (during the reading). Mr. Speaker, I ask unanimous consent that the resolution be considered as read and printed in the RECORD.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

The SPEAKER pro tempore. Is there objection to the initial request of the gentleman from New York?

There was no objection.

The SPEAKER pro tempore. The gentleman from New York [Mr. GILMAN] is recognized for 1 hour.

Mr. GILMAN. Mr. Speaker, for purposes of debate only, I yield the customary 30 minutes to the gentleman from California [Mr. CAPPS], pending which I yield myself such time as I may consume.

GENERAL LEAVE

Mr. GILMAN. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks on the subject of this resolution.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. GILMAN. Mr. Speaker, this has been a very sad week for the people of the British Isles, for the American people, and for all people around the world. Diana, Princess of Wales, a model of grace, humor and charity, was tragically taken from us so terribly prematurely.

As this resolution notes, Diana, Princess of Wales, was involved in a multitude of good works, both in Britain and throughout the world, and many of her works on behalf of worthy humanitarian causes were undertaken right here in the United States. Whether the cause was the struggle against HIV/AIDS, breast cancer, or homelessness, or the effort to protect innocent people from antipersonnel land mines, Princess Diana made her presence known in an inimitable way.

This beautiful young lady burst on the world scene in a storybook marriage which regrettably dissolved in unhappiness. Yet, despite this sad event, the Princess continued her humanitarian work while devoting herself to the upbringing of her two sons, upon whom so much responsibility will one day be thrust.

The outpouring of emotion by the American people that we have witnessed is due to an identification with a woman who personified a fairy-tale princess whose life represented infinite possibilities. We are greatly diminished by this loss, and it is only fitting that Members of this body join together with the American people in expressing our condolences.

I want to thank the Speaker of the House and the leadership on both sides of the aisle for agreeing to allow this timely consideration of this resolution. I thank in particular the gentleman from Indiana [Mr. HAMILTON], ranking Democratic member of the committee, for his cooperation in agreeing to the consideration of this resolution, for cosponsoring it, and for agreement for the minority to manage it on his side of the aisle.

The most important motivating force for this resolution, however, is its sponsor, the gentleman from Pennsylvania [Mr. FOX], a key member of our Committee on International Relations.

Mr. Speaker, I yield the balance of my time to the gentleman from Pennsylvania [Mr. FOX], and ask unanimous consent that he be permitted to yield time to other Members of this body.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. FOX of Pennsylvania. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I thank the gentleman from New York [Mr. GILMAN] for his leadership on not only this issue, but all the important issues in international affairs that come before this House and this Congress.

Mr. Speaker, I agree with the gentleman from New York. This week the world anguishes over the death of a lady who was very special. A humanitarian, a mother, and a Princess.

Mr. Speaker, here in our resolution, The Princess Diana Humanitarian Leadership Resolution, we salute Diana, Princess of Wales, who lost her life last week in a horrible traffic crash on the streets of Paris, which also took the lives of her companion and their driver, while critically injuring her bodyguard.

Princess Diana brought a sense of style and elegance to the Royal Family and we share their grief in this difficult time. More than that, however, she was perhaps the best ambassador of goodwill for Great Britain, the Windsors, the people of the United Kingdom, and all the people across the world.

During her frequent visits to the United States, Princess Diana built a relationship of mutual respect with the American people. She loved the United States and our people. She visited our Nation's capital and has said she would have loved to have moved here, if not for her devotion to her sons, Prince William and Prince Harry.

We all remember the shy young girl who, in 1981, married Prince Charles, the Prince of Wales, an heir to the throne of the United Kingdom, of Great Britain and Ireland. But what impressed many of us was the way she grew into an international symbol of courage and compassion. For Princess Diana, reaching out to others became for her a sacred trust and a connection to the people of the world.

Princess Diana was best known for her leadership on behalf of people with AIDS and HIV; for patients with leprosy; senior citizens; the homeless; and her special campaign to prevent, detect, and treat breast cancer. She was the world leader in the effort to ban the manufacture and use of antipersonnel land mines, and she visited the children in Angola and Bosnia who had lost their limbs and she gave her special presence and her special comfort.

Mr. Speaker, what shines through most for many of us is her love for children, beginning with her own children and continuing through every child she touched. Even a child in pain suffering through the anguish of leprosy or AIDS, or the torment and oppression of poverty and prejudice, could find comfort in her special touch.

When those children moved her and we saw her wipe a tear from her face, often we had to do the same. Because of her, these were not faceless victims from some faraway land; they were her fellow human beings and their pain became our pain. She prompted us to action because of her humanity and her humility.

Mr. Speaker, I believe it is fitting that the government born of that revolution which represents the people of the United States honors Diana, Princess of Wales, upon the sad occasion of her tragic and premature death. We will all miss her. The children will miss her especially. And along with the entire Royal Family, especially the children and their father, the people of the United Kingdom and the world community, we here in Congress grieve the loss. Our world has been diminished by her physical loss, but we thank God that we all have come to know her and the world is richer for her spiritual and personal contribution to us all.

Mr. CAPPS. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, it is with great shock and sadness that the American people learned of the violent death of Princess Diana. I would like to commend the gentleman from Pennsylvania [Mr. FOX], and the gentleman from New York [Mr. GILMAN], chairman of the Committee on International Relations, for offering this resolution.

Early last Sunday morning a country lost its beloved Princess, two sons lost their devoted mother, and the world lost a human being of consummate compassion, beauty, and dignity.

The Talmud teaches us we do not see the world as it is; we see the world as we are. Would that we saw the world the way Princess Diana did, for she was uniquely able to see the pain and the promise of what it is to be a human being.

In an interview, the Princess once stated, "I am not a political animal, but I think the biggest disease this world suffers from in this day and age is the disease of feeling unloved, and I know that I can give love." And, Mr. Speaker, she did.

She was a leader in humanitarian and charitable efforts on behalf of society's neediest and most vulnerable. She was personally involved in the struggle against AIDS, the struggle against breast cancer, and the struggle against homelessness. She was, for example, one of the first celebrities to publicly hold babies infected with AIDS and to meet with adults in advanced stages of that disease.

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She was also the champion of another cause that is close to my heart, the banning of anti-personnel land mines. Her royal, regal stature brought major international attention to these lethal devices which kill or maim approximately 26,000 people a year.

British Prime Minister Tony Blair has deemed her "the People's Princess." Her deep sympathy for those in distress made her the ideal champion of the land mine issue, where she demonstrated an ability to put the victims of their horror, not simply politics or military strategy, at the center of the debate.

Who can forget the images of Diana on her knees as she personally confronted and comforted mutilated victims? Her recent visits to Angola and Bosnia drew more attention to this issue in a few days than international meetings had in years.

To make any sense of Princess Diana's death seems impossible. Our only choice is to endow her passing with everlasting significance by carrying out the legacy of her work toward banning land mines, toward finding cures for disease and for ending homelessness. All of the energy and attention that she raised about these issues must be sustained and nurtured. To do anything less would dishonor her memory.

The poet Thomas Campbell wrote, "To live in hearts we leave behind is not to die." Princess Diana will live forever in the hearts of people all around the world. Heavy as our hearts may be tonight, we are ennobled by her presence, we are diminished by her passing.

Mr. Speaker, I urge the adoption of this resolution.

Mr. Speaker, I reserve the balance of my time.

Mr. FOX of Pennsylvania. Mr. Speaker, I yield such time as he may consume to the gentleman from Georgia [Mr. KINGSTON].

Mr. KINGSTON. Mr. Speaker, I thank the gentleman from Pennsylvania for yielding time to me.

Princess Diana lived a glamorous and, at times, a surreal life. While some truly envied her and surely at times she envied us, those of us who can go out in public without recognition, those of us who can eat in a restaurant without interruption, those of us who can go on a family outing without intrusion, and those of us who can go to a movie without becoming the main feature. Yet somehow, through the romance, the fantasy and the protocol, she connected with everyday people.

She was a mother who loved her children and tried to raise them correctly, despite the distractions. She was a humanitarian helping those unable to help themselves. She was an institution showing us the best of the state with a soft, human face.

Through the sad and melancholy pages of her biography, in the final analysis, her life is but a tragedy wrapped in a fairy tale. Perhaps we can learn by it.

Many people have been moved by her life and the loss of her life. As the world's goodwill ambassador, she had fans all across the globe. But as a member of the International Relations Committee, I know that needs have no national boundary, no intervening contracts and no treaties. And perhaps we, as a globe, would be better served not by dividing ourselves by what we have, but by uniting ourselves by what we lack and what we can accomplish together in pursuit of a better world.

I believe that the folks who mourn the most for the tragic death of Princess Diana are not doing it, Mr. Speaker, because they wish that maybe this Barbie-doll-type life did not get snuffed out, but maybe they are truly searching for some magic out there that can say and reach out to every one of us and say, maybe there is something better that we can do and maybe a little bit of kindness goes a long way.

I think that perhaps that is what she stood for among everybody, as the previous speaker said, a little bit more love.

Mr. CAPPS. Mr. Speaker, I yield 3 minutes to the gentlewoman from Connecticut [Mrs. KENNELLY].

Mrs. KENNELLY of Connecticut. Mr. Speaker, I join with my colleagues, my countrymen and my countrywomen and millions of people around the world in expressing my deep sadness at the loss of Diana, Princess of Wales.

Few women have been as gifted with such beauty, elegance, dignity, few women have achieved such heights of fame. Diana was able to do something that few people who have those situations in their lives have; she was able to show us something that was very simple, a warm and human heart in a regal presence.

Diana's obvious joy and love of her own children was so evident in the many pictures that were taken of her with them. We saw them grow from little boys to handsome young men, and we saw how much she loved them. She was able to take this love and translate it into compassion for children all around the world.

It was no doubt that Diana had some personal sadness, that she had some personal suffering that so many have. But she took this suffering and she did something with it. What she did was respond to issues that she cared about, issues like AIDS, like people losing their limbs, things where people suffered in such a simple and direct and immediate way. She wanted to offer a few things to others. She wanted to offer comfort and love.

So Diana transcended her wealth and her position to take sides with those to whom the world has offered the least, and the world returned her love. It is fitting today that this House honor her, that we take some time at the end of our busy day, as all across the world have, to think about Diana.

We wrestle with such problems, we think they are so important. We think about the politics. We think about the economic results of what we are dealing with. I think what Diana has made us do is to think about these issues in a human way.

Tonight we come here because our hearts and our prayers are with her memory, with her family, with her mother, with her sisters, with her brother, but most particularly tonight I think we are thinking about her two sons. I think we only can hope tonight that some day that they will understand that the love that they had so deep for their mother was returned by the world.

Mr. CAPPS. Mr. Speaker, I yield 3 minutes to the gentlewoman from Texas [Ms. JACKSON-LEE].

Ms. JACKSON-LEE of Texas. Mr. Speaker, I thank the gentleman very much for yielding time to me. I thank the gentleman from Pennsylvania [Mr. FOX] and the gentleman from New York [Mr. GILMAN]. I am very pleased to be able to join my colleagues this evening.

It is interesting, as the late hours of Saturday evening into Sunday morning unveiled and for many of us who were preparing to call it an evening, as the news items began to unfold, first one responded in complete and total disbelief. Then there were probably prayers offered that it certainly could not be true. But as the morning hours proceeded, there was the striking and terrible news that someone who we had watched from afar had suddenly had the beautiful light extinguished.

I thought, as I rose to my feet, what one would say? I am not a British citizen. I am not a child of the queen or the king. And certainly, as an American, we waged a very vigorous war to ensure that that did not happen. So many would wonder why we would have this moment to pay tribute.

I began to reflect on many of the comments of individuals of which I heard as they spoke, individuals who had no title, maybe no prestige, maybe not even enough money to find their way to this ceremony and funeral this coming Saturday. But I heard them say this was the people's princess. In particular, as an African-American, I watched the flow of crowds, Japan, Houston, TX, London, England and other parts around the world. I watched as President Mandela of South Africa took to the microphone to talk about his friendship with Princess Diana, and it began to sink in that what she symbolized was someone who was above and was not a respecter of race or color or creed or ethnicity or difference. What she seemed to symbolize to those new immigrants in England, as more and more of them poured out of their homes and hamlets to come and acknowledge this princess of whom they probably had not met, is that she was someone like them. And I think it is important, as we pay tribute to her tonight, that we ourselves should reflect upon what this whole thing of government is all about, that aside from being President or First Lady or Congressperson or governor or mayor or city councilperson or chairman of Apple or chairman of IBM or corporate barons around the world, that we should simply be people. And Diana was someone who gave to us the privilege of being people, whether we suffered from HIV, whether or not we were exploded upon by land mines, we were simply people.

Mr. Speaker, as I close, let me simply say to you that this tribute is to pay homage to someone who did understand that title and prestige is not the call of the day but it is that she respected people and we loved her for it.

I rise today to pay my respects to Princess Diana, a woman the world will greatly miss. As a woman and a mother, I have been moved by her caring and her commitment to her sons and to those less fortunate then herself. This woman was not a Queen of Men, but she was certainly a Queen of Hearts.

She was the Mother of a King and a Prince and a modern woman who owed her fame and fortune to the old traditional monarchy. By the time of death she had reformed the image of the role of women in the British monarchy. She was stylish, cosmopolitan, and she comported herself with elegance and grace.

Throughout the unremitting scrutiny of Princess Diana's life one thing has shone clearly—her love for her two children. It seems clear that she was devoted to her boys, as they were to her. She gave them her affection, loving attention, and her maternal love and support. My heart aches for those two young men today. I wish them strength and peace.

Princess Diana was clearly a person of great caring and compassion. She chose to use the tremendous prestige afforded her by her station in life to touch the everyday world around her—not the world of wealth and power, but the world of poverty, war, and injustice. She was an advocate for the victims of violence and of poverty.

Her commitment to the hungry, the sick, and the poor in England and around the world should serve as a model to us all. She has lent not just her name, but the strength and warmth of her spirit to a number of causes. She has reached out to extend comfort and an empathetic hand to people whom she felt had been "rejected by society" including AIDS and leprosy patients, battered women, and drug addicts. She shook hands with AIDS patients when many people were still afraid to touch them. She penned personal notes to families of hospitalized children she had met. She learned sign language to address an association of deaf persons. She hugged the dying in hospices and exchanged stories with women, like herself, who suffered from eating disorders.

Most recently, Princess Diana turned her attentions to the land mines which have claimed the lives and limbs of so many. In particular, she waged a campaign against land mines in Bosnia and last month was in Sarajevo, mourning the victims of war in private talks with families of people maimed or killed by exploding mines. Her leadership on this issue has helped in moving it to the forefront of England's agenda and in moving even this Nation to a point of compromise.

There is a lot that I could say, but a day or a week, not even a month would allow me enough time to express all that Princess Diana was to her children, to her family, to the victims of landmines, to victims of breast cancer and those suffering from AIDS.

Princess Diana was a very special woman and the world deeply mourns her loss. She was a princess in more than just name, but in her grace and character. She should be long remembered by people the world over. She will be remembered with deep respect and affection. She truly was the People's Princess.

Mr. CAPPS. Mr. Speaker, I yield 3 minutes to the gentlewoman from Indiana [Ms. CARSON].

Ms. CARSON. Mr. Speaker, I thank the gentleman for yielding time to me, and I thank the gentleman from New York [Mr. GILMAN] and the gentleman from Pennsylvania [Mr. FOX].

I am happy and saddened to join in grieving the tragic and untimely accidental death of Princess Diana, the Princess of the world, the Queen of Hearts, an appropriate characterization of a beautiful human being.

Princess Diana, by virtue of her status, had power. She chose to use her power to empower human lives abound. She knew that power was a gift to be used on behalf of humankind. She never elevated herself above the powerless. Rather, she shook the hands of the AIDS victims and embraced those who were both hopeless and helpless. What a positive role model for the Congress, the power of Congress and how our power must be used instrumentally to uplift the lives of other human beings.

As we mourn the loss and celebrate her life, we are reminded of her work in eliminating land mines everywhere. An Angolan, Guerra Freitas, who now works for CARE made the following points: that Angola, for example, has a population of 10 million and that there are an estimated 10 to 20 million land mines in Angola, two for each person. There are approximately 70,000 amputees, the largest number of any country in the world.

Another gentleman of Greenfield Consultants, a humanitarian deminer, made the following points: that every province in Angola has been mined; the number one donor nations for demining are the UK, the USA, Canada and the European Union. The United States currently supports land mine removal programs around the world through the DOD Department of Humanitarian Affairs, the State Department, as well as the U.N. and other nongovernmental organizations.

For every mine the international community clears, 20 new mines are deployed. While millions of dollars are spent each year on assistance to antipersonnel mine victims, there are some 70 new victims every day.

In June, Princess Diana joined the American Red Cross, Elizabeth Dole, in a new bid to raise the alarm about the threat of land mines and to raise money to help the victims of "these dreadful weapons," she said.

Mr. Speaker, what better way can we celebrate Princess Diana than to ensure the universal ban on land mines. Starting, of course, with America, the beautiful, the poor, and certainly for Diana, even though she did not know at that time, O beautiful for heroes proved in liberating strife, who more than self their country loved and mercy more than life.

America, America, God shed his grace on thee and crown thy good with brotherhood from sea to shining sea.

I beseech my distinguished colleagues to offer a lasting commemoration to a wonderful Queen of Hearts, Princess Diana, and certainly I join in the countless prayers that pore out around the world in support of the biological family of Princess Diana and especially her sons, Prince William and Prince Harry, in the premature loss of their mother.

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Mr. CAPPS. Mr. Speaker, I yield back the balance of my time.

Mr. FOX of Pennsylvania. Mr. Speaker, I yield myself such time as I may consume.

I first want to thank the gentleman from California [Mr. CAPPS] for his leadership on this issue and for all those on his side of the aisle who contributed in this bipartisan salute to the queen of hearts, as the gentlewoman from Indiana [Ms. CARSON] just said. The gentleman from California is to be commended for his leadership on this and other issues dealing with the

United States and international affairs.

I look to others who have made a contribution this week in trying to salute a very special person. Claude Lewis from Philadelphia from the Philadelphia Inquirer, someone who is admired greatly, said in one of his articles something worth repeating. He said the death this past weekend of Princess Diana in Paris has rocked the world in a way that almost no other celebrity's death has.

Four days after her life ended from injuries sustained in a spectacular car crash along the Seine, she is mourned not for her perfection, Mr. Speaker, but for her courage and tenacity in trying to achieve it. It was she who captured the imagination of people everywhere. She shared her velvet strength, her quiet dignity, and her grace wherever she traveled. Here in the States, rich and poor, young and old, sick and healthy, she transcended national color and ethnic lines in everything she did.

The gentlewoman from Connecticut [Ms. DELAURO], who had hoped to be here with us tonight in her remarks that are being submitted, she speaks of the fact that there will never be another public figure like Diana. Her greatest triumph was being a mom and her spirit will live on in her sons, Princes William and Harry. Diana brought her sons along with her outside the palace walls to experience life in the real world. She brought them to meet homeless people and AIDS patients. I am sure the princes will grow up to exemplify the values of which Diana led her life, and in the end that may be Diana's most enduring legacy.

The gentleman from New York [Mr. QUINN] who makes a special salute to her when it comes to the bipartisan project that she has led, and that is to eliminate the antipersonnel landmines which have devastated children and innocent victims around the world. It is next week that the Evans-Quinn legislation will go forward that will put a ban on such landmines. It is through her leadership, Princess Diana, that this successful effort has every reason to hopefully be a reality in this 105th Congress.

I also wish to remind my colleagues that tomorrow the gentlewoman from Connecticut [Ms. DELAURO] has invited, along with the gentleman from Connecticut [Mr. FRANKS] and myself and others, all those who would join us here tonight in this special salute to a bipartisan delegation to the British Embassy tomorrow following our last votes to express our condolences on the loss of Princess Diana. The Embassy will have a special book for Members of Congress to sign, and I hope they will please join us because Princess Diana is someone who will never be replaced.

Mr. Speaker, I want to thank those who have been participating in this, especially the gentleman from California [Mr. CAPPS] and the gentleman from New York [Mr. GILMAN], for their efforts and for this bipartisan effort to certainly make sure that the queen of hearts, Princess Diana, will be someone who we will try to emulate, who will continue to be a role model in her spirit, for all of the outreaching she has done in going places that others have not gone and in making a sustained effort to make sure the world is better and leaving no one out and leaving no one behind.

Mr. QUINN. Mr. Speaker, I rise today in support of this resolution expressing the condolences of the House of Representatives on the tragic death of Diana, Princess of Wales.

The Princess was someone with whom we all were not only familiar, but held in deep admiration. Her position of royalty brought her into our lives, but her work on behalf of the less fortunate brought her into our hearts.

Princess Diana has been an inspiration to me in one area in particular: her crusade on behalf of the innocent victims of antipersonnel landmines. Her efforts to eliminate landmines brought the issue global prominence.

This year the United States has the opportunity to join over 100 nations around the globe in signing an international treaty to ban landmines. That treaty is being negotiated in Oslo, Norway as we speak.

Next week, Congressman EVANS and I will introduce legislation that commits the United States to a ban on landmines. Our bipartisan legislation already has the backing of the Catholic Church's Conference of Bishops, the Vietnam Veterans Foundation, and numerous retired generals, including Gen. Norman Schwarzkopf.

Mr. Speaker, there is no stronger proponent of the U.S. military and its personnel in the U.S. House of Representatives than myself. The United States has the most sophisticated military in the world. Princess Diana was right, we do not need these weapons.

I urge my colleagues in the House of Representatives and in the Senate to pick up where Princess Diana left off and join the effort to ban landmines now by supporting the Evans/Quinn bill when it is introduced next week. Let's give a fitting remembrance to Diana by completing the work in which she believed so passionately.

Ms. DELAURO. Mr. Speaker and my colleagues, it is with heavy heart that I rise this evening to pay tribute to a woman who touched the lives of people throughout the world—Diana, Princess of Wales. Her tragic death last weekend left all of us in shock at the sudden and incomprehensible loss of a woman in the prime of her life.

Although she lived the life of a fairy tale princess, she somehow seemed as real as our next-door neighbor. Rich and poor, black and white, young and old, sick and healthy, Diana opened her heart to one and all and in doing so, made herself a part of all of our lives.

She persevered through difficulties endured by so many women—including divorce and single motherhood—and did it all under the ever-critical eye of the press.

It would have been so easy for her to live a quite life behind the palace walls and out of the public's eye. But Diana was determined to make life better for those not so lucky. She wanted to make a difference in people's lives—and she did. The tremendous outpouring of grief, both in Britain and here in the United States, shows how successful she was in her work.

Diana dedicated herself to helping those who might otherwise have been forgotten. On one of her visits to Washington, she visited Grandma's House, a home for children stricken with AIDS—long before most public figures ever had. She scooped one 3-year-old into her arms for a hug, and happily filled the child's wish by giving her a ride around the block in her Rolls-Royce.

Most recently, Diana had given herself wholeheartedly to a cause that many of us here also feel deeply about—the campaign to rid the world of anti-personnel landmines. Because of Diana, millions of people learned that anti-personnel landmines claim over 25,000 innocent victims ever year. Now I hope we will carry on her work by committing to rid the world of these deadly weapons that threaten the lives of men, women and children all over the world.

There will never be another public figure like Diana. But Diana's greatest triumph was being a mom. And her spirit will live on in her sons, the Princes William and Harry. Diana brought her sons along with her, outside of the palace walls, to experience life in the real world. She brought them to meet homeless people and AIDS patients. I am sure that the Princes will grow up to exemplify the values by which Diana led her life, and in the end that may be Diana's most enduring legacy.

Ms. MCCARTHY of Missouri. Mr. Speaker, I rise today to support this resolution and to express my deep sorrow over the tragic death of Diana, Princess of Wales, a special humanitarian who improved the lives of people throughout the world. Her devotion to others less fortunate, and her willingness to embrace them, hold them, and comfort them, should forever serve as a reminder to all public servants of their responsibility to care for those who are unable to help themselves.

The outpouring of grief from all corners of the globe during vigils such as those held in my district reaffirm that she is the people's princess. Through her energy and dedication she inspired worldwide efforts to solve problems such as AIDS, homelessness, leprosy, and the indiscriminate devastation caused by land mines. She had a genuine understanding of the struggles which the people have with daily life, and did not hesitate to demonstrate her empathy for those suffering by discussing her own personal battles.

Princess Diana did not use her position for personal gain; she used her celebrity to bring attention to the plight of those whom the world might otherwise ignore. The ability to bring attention to the charities and causes she supported and her devotion to them was one of the reasons that she continued to operate even under the challenging conditions that apparently contributed to her death. We must take this opportunity to reflect on her gracious and giving spirit and hope that we can somehow learn from this tragedy and carry on her efforts to bring attention to the plight of the poor and bring relief to those in need of assistance. Her overriding concern for the condition of others and her dedication to the causes she committed herself to are the greatest examples of what public service should be, giving back to one's community, and thus leaving the world a better place.

Mr. BILIRAKIS. Mr. Speaker, I rise today to add my voice to those supporting this condolence resolution. I held a special order in May to raise awareness on the dangers of driving while intoxicated. I told my colleagues that "drunk driving knows no social or economic boundaries."

Never could I have imagined how prophetic that statement would be.

It will probably be impossible to pinpoint why Princess Diana died, however, one point can be raised without dispute. We have all borne witness that drunk driving kills—and it played a significant role in the death of Princess Diana.

Last Saturday's tragedy proved once again that the rise in drunk driving fatalities is about more than statistics. It's about people. It's about broken families. It's about destroyed lives and lost love. It's about two young princes, one a future king, who are now without a mother.

That's why people like Tom Carey and the members of Remove Intoxicated Drivers [RID] play such an important role in combating what can truly be called a scourge on our society. RID will be holding a vigil for Princess Diana on Friday in my congressional district.

I commend their work and hope that if anything good can come from this terrible tragedy—if any lesson can be learned—it is that we must all think twice before taking a drink and then getting behind the wheel. We owe it to Princess Diana, and all those who have been killed or maimed by drunk drivers, to heed this simple yet powerful lesson.

I support this resolution and want to personally express my deepest sympathies to Princess Diana's family, the British people and their government.

Mr. FOX of Pennsylvania. Mr. Speaker, I yield back the balance of my time.

The SPEAKER pro tempore (Mr. DICKEY). Without objection, the previous question is ordered on the resolution.

There was no objection.

The SPEAKER pro tempore. The question is on the resolution.

The resolution was agreed to.

A motion to reconsider was laid on the table.

ANNUAL REPORT OF FEDERAL LABOR RELATIONS AUTHORITY, FISCAL YEAR 1996—MESSAGE FROM THE PRESIDENT OF THE UNITED STATES

The SPEAKER pro tempore laid before the House the following message from the President of the United States; which was read and, together with the accompanying papers, without objection, referred to the Committee on Government Reform and Oversight:

To the Congress of the United States:

In accordance with section 701 of the Civil Service Reform Act of 1978 (Public Law 95-454; 5 U.S.C. 7104(e)), I am pleased to transmit the Eighteenth Annual Report of the Federal Labor Relations Authority for Fiscal Year 1996.

The report includes information on the cases heard and decisions rendered by the Federal Labor Relations Authority, the General Counsel of the Authority, and the Federal Service Impasses Panel.

WILLIAM J. CLINTON.

THE WHITE HOUSE, *September 4, 1997.*

REPORT OF ACTIVITIES OF U.S. GOVERNMENT IN UNITED NATIONS AND AFFILIATED AGENCIES DURING 1996—MESSAGE FROM THE PRESIDENT OF THE UNITED STATES

The SPEAKER pro tempore laid before the House the following message from the President of the United States; which was read and, together with the accompanying papers, without objection, referred to the Committee on International Relations:

To the Congress of the United States:

I am pleased to transmit herewith a report of the activities of the United States Government in the United Nations and its affiliated agencies during calendar year 1996. The report is required by the United Nations Participation Act (Public Law 264, 79th Congress; 22 U.S.C. 287b).

WILLIAM J. CLINTON.

THE WHITE HOUSE, *September 4, 1997.*

TRIBUTE TO HENRY B. GONZALEZ

(Ms. JACKSON-LEE of Texas asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Ms. JACKSON-LEE of Texas. Mr. Speaker, I rise this morning to acknowledge a true distinguished gentleman of this body, a proud Texan and a great American. Chairman HENRY B. GONZALEZ has decided today to step down from the U.S. Congress.

It is my honor to have been able to serve with him for the time period that allowed me to understand the true value of a human being who cared about this Nation. HENRY B. GONZALEZ served in public life for 44 years, 36 of those in this body.

Mr. Speaker, I am reminded, as he stood alongside the President who was a President for all people, President John F. Kennedy, as the President, not then the President, made it known that he wanted to serve this Nation. HENRY B. GONZALEZ was one of the few in the State of Texas who took up the challenge and courageously stood by his side and stood for what was right. He proceeded to carry that torch in the U.S. Congress.

It was for those who could not speak, those who could not advocate, those who could not cry out and be heard for themselves that HENRY B. GONZALEZ stood for. He fought for public housing, he fought for equity in education.

This is a man who truly is a distinguished gentleman, one whom we will love and admire forever and ever.

HENRY B., we love you, and we know that you will continue to serve, whether you are in this body. But we thank you for your great leadership. You are a proud Texan and a great American.

Mr. Speaker, I stand before you, the people of Texas and San Antonio in awe of the announcement that Congressman HENRY B. GONZALEZ of the 20th Congressional District who has nobly served his constituents and our great Nation for 36 years in the House of Representatives is leaving us at the end of this session.

First elected in 1961, HENRY B. as he is affectionately known, made his mark as chairman of the Banking Committee for 6 years. The Savings & Loan Industry was reorganized and revitalized during his tenure. He certainly was a man of strength during an hour of crisis for our Savings & Loan Industry. Their bailout is a result of his leadership.

Congressman GONZALEZ worked tirelessly for the residents of Public Housing and the National Housing Trust is a testament to his leadership in Public Housing. There are millions of Americans today who are able to find affordable housing because of this great man.

In a time of conformity, Congressman GONZALEZ is his own person. He stood up unflinchingly for what he believed in no matter who opposed him. A champion of civil rights, a man of the people, a true man of honor—we will miss this fine gentleman, we will miss his spirit of service with a true sense of honor.

SPECIAL ORDERS

The SPEAKER pro tempore (Mr. SHADEGG). Under the Speaker's announced policy of January 7, 1997, and under a previous order of the House, the following Members will be recognized for 5 minutes each.

SPOTLIGHT ON TRUMAN STATE UNIVERSITY

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Missouri [Mr. HULSHOF] is recognized for 5 minutes.

Mr. HULSHOF. Mr. Speaker, as our Nation's youth head back to school, our attention is obviously focused on education. I would like to focus the national spotlight on one university in Missouri's Ninth Congressional District.

Mr. Speaker, I have the distinct honor of representing 16 colleges and universities. Each of these institutions of higher learning in central and northeastern Missouri deserves accolades. Tonight, however, I am happy to single out and congratulate one of those exceptional universities, Truman State, nestled in the heart of Kirksville, MO. Truman State University has received numerous awards in recent college rankings. According to the September 1 issue of U.S. News & World Report, Truman State is the top public university in the entire Midwest. In addition, Mr. Speaker, for the fifth consecutive year, Truman State University is ranked among Money magazine's top 10 best college buys in the country. Frank Lalli, the managing editor for Money magazine says, "There is always this myth in America that only a name college, only a Harvard, only a Yale provides a great education. It's just not true."

Ranking 8th in the entire Nation, Truman State University consistently reaffirms its reputation as an excellent and affordable liberal arts university. Truman is the only Missouri public institution to make Money's top 100 list. Truman also was ranked as the best value in the Midwest. Money magazine based its selection on graduation rates, social climates, as well as student accessibility to professors. With a student-faculty ratio of 16 to 1, Truman State students can develop close relationships with their professors.

I have had the opportunity, Mr. Speaker, to meet many students and professors who personally validate these recent rankings. John BURNS, a Truman State junior, joined my Washington, DC, staff for part of the summer and did exceptional work. But perhaps no one exemplifies the spirit of this great institution better than my good friend, Jack Magruder. As President, Dr. Magruder is a tireless ambassador for Truman State. When looking for someone responsible for Truman State University's ascendance to the top of the Nation's colleges, the buck stops at Jack's door.

Mr. Speaker, we in Missouri's Ninth Congressional District are extremely proud that one of our institutions of higher learning is considered among the Nation's elite. The administration, the faculty and the student body at Truman State University deserve kudos for their hard work, their dedication to excellence and their commitment to a superior liberal arts education.

DEMOCRATIC EDUCATION AGENDA

The SPEAKER pro tempore. Under the Speaker's announced policy of January 7, 1997, the gentleman from New Jersey [Mr. PALLONE] is recognized for half the time until midnight as the designee of the minority leader.

Mr. PALLONE. Mr. Speaker, tonight I wanted to take our Democratic time to discuss the Democrats' education agenda. I have a number of my colleagues who are here to join me. We basically want to talk about what we have accomplished to date in this Congress and what we likely will focus on in the wake of these accomplishments.

First, I think most of my colleagues are aware that in July congressional leaders and the White House reached a historic budget agreement that will balance the Federal budget by 2002. Included in this agreement were a host of tax breaks designed to help the average working American family meet the runaway costs of education in this country. The inclusions of these tax breaks, Mr. Speaker, I believe was a great victory for both the American people, but also for the Democratic Party because the education tax breaks have long been at the center of the Democratic education agenda, and I think it is important to remember as we move toward the next phase of this agenda that Republicans only agreed to the education provisions of the budget because the Democrats basically drew the line in the sand and said that these were the provisions that we wanted. Of course, President Clinton played a major role in that effort.

The problem was that many of the education tax breaks that the Republicans had initially proposed benefited more wealthy Americans than they would have the middle or lower income individual. I just wanted to give an example of that.

In June, the U.S. Student Association, which has been around for about 50 years, wrote that students around the country are registering their disappointment with Republican Chairman Archer's plan for education tax initiatives because that package, the Republican package, would do nothing to expand access to education. They were concerned about the fact that the Republicans were not looking at the President's education tax proposals and that the Republican plan shifted benefits away from middle-income families and basically funneled aid to those with greater resources. But I do not want to keep prolonging this debate. Essentially the Democrats won and we are happy with the result.

One of the most important tax benefits included by the Democrats was the HOPE scholarship, something again that President Clinton pushed for. As a result, students will be eligible for 1,500 dollars' worth of tax credits to help pay for the first 2 years of postsecondary education. But the HOPE scholarship, even though it received a lot of acclaim, was by no means the only initiative that was included as a result of Democratic efforts. Also included is a tax credit covering 20 percent of tuition costs, up to $5,000 ceiling through the year 2002 and after 2002 the ceiling rises to $10,000 for the third and fourth year of college. Under this plan, to basically state it in more human terms, in 2003 a student in a college with a tuition of $12,000 would receive a $2,000 tax credit.

Another important provision included in the budget agreement, again as a result of Democratic efforts, was a large increase in funding for the Pell grant, for that program which many students rely on.

□ 2215

As a result of the Democrats, the fiscal year 1998 education appropriation bill provides a $1.5 billion increase in the Pell grant program. That is an increase of about 26 percent.

And there are a lot of other programs, I am not going to get into them all, but there are other things that are in the budget that the Democrats pushed for, like the Education Technology Challenge Fund, the America Reads Initiative. Again, these were top priorities of the Democrat's "Family First" agenda and also highly recommended by the President.

I am not mentioning these Democratic success stories on education just to, as my colleagues know, crow about it, but also to say not only that we are happy about what we accomplished, but that we think a lot more needs to be done; I mean, the fight is far from over.

One area where Democrats will be focusing their attention in the weeks to come is the implementation of rigorous academic standards. Indeed, we will be seeking to continue to expand upon the progress made in this area through the Goals 2000 program, a program that I should point out has long been a target of the Republican Party. I do not know why Goals 2000 is often targeted for extinction by the Republican leadership, because actually, if you look at it, it was first developed under President Bush. He actually suggested national goals for education, and it was approved by both Houses of Congress under his administration.

But President Clinton really has done the most to try to move Goals 2000 forward, and he signed a bill that basically tries to move Goals 2000 to the next step, provide significant resources for it, but I also have to stress because I know that the Republicans on the other side, even this morning here in the well, started to talk about the fact that the Democrats with their national standards were ignoring the State and local responsibility for education, and I would say just the opposite is true. The President, when he signed Goals 2000 in 1994, specifically stressed that education is primarily a State and local responsibility.

Democrats understand that, but at the same time we believe that there is a Federal role and that Federal dollars can be used and the Federal Government can basically help State and local governments to implement tougher standards that will lead to better academic achievement.

Essentially what we are trying to do with the Federal Government is to challenge the States and the local governments to do better, and I think that that is a goal that certainly makes sense for the Federal Government.

Just wanted to say, and I am going to yield to my colleagues who are here to join me tonight, that in my home State of New Jersey we have seen improved academic performance as a result of more rigorous standards. Just to give my colleagues an example, results from the October 1995 and April 1996 administrations of a high school proficiency test that we had in New Jersey for 11th and 12th graders revealed improvements in student achievements in reading, writing, and mathematics.

You can have more rigorous standards, it does work, and the partnership with the Federal Government, the State and local governments, I think, is the way to go.

And I would like to now yield to the gentleman from Arkansas who has joined me before in talking about some of these education goals that the Democrats have put forward.

Mr. SNYDER. I thank the gentleman, and I once again thank the Speaker for being with us here late into the evening.

You know, I went home during the break, and as so many Members of Congress do, and it gives you a good chance to get out in the district, and one of the places that I went to was to northern Arkansas, which is home of the great Arkansas pig-out for those of you who have not been there before. It is also the home, however, of Petit Jean College, and I want to just tell a story, if I could, about Petit Jean College.

I notice that the gentleman from North Carolina is here with us this evening because it is actually a North Carolina connection. Petit Jean had been a VO-TEC in the not too many years ago, and a group of State senators in the early or late 1980s, 1990, decided that we needed to bring Arkansas' VO-TEC schools into the 21st century so that it could prepare our students and our adults for those kinds of activities and skills that they were going to need in the future. And one of the places they went to to study was North Carolina.

I notice the gentleman from North Carolina is with us here this evening. And what they came up with was a plan of converting a great number of our VO-TECs into 2-year colleges, technical colleges and community colleges depending on what the local community wanted, and this was passed in my first session as a senator in 1991, and it was supported, of course, and signed into law by our Governor who was then Bill Clinton.

And as part of President Clinton's package in that legislative session was HOPE scholarships, giving opportunity for all families to get their kids into college, giving opportunities for all adults to be able to go on to college. And his platform complemented a group of State senators, including one Senator Gordon from the home of the great Arkansas pig-out in northern Arkansas who is a leader in this effort, complemented their activity very, very well.

And over the break I went to visit Petit Jean College, it was my first visit there, and they had just blossomed under this new program. And it was great to talk with the President of that college about what this Congress and President Clinton has done for them with these HOPE scholarships. Their tuition on an annualized basis is about a thousand dollars a year, quite a bargain for a lot of colleges around the country, but our tax credits that we passed, thanks to the insistence of Bill Clinton, are going to really make the difference for a lot of the citizens in that rural county, Conway County, to be able to take advantage of Petit Jean College.

Another campus I visited during the break was Central Baptist College in Conway, Arkansas, which is in Faulkner County. Faulkner County has three colleges, University of Central Arkansas, which is a 4-year State school, Central Baptist College, which has a 2-year associate degree, but its 4-year programs are religious training, musical education afternoon, training folks to go on to become pastors, and we also have Hendrix College, which is a very fine 4-year liberal arts private school. All three of these campuses are going to benefit from the passage of help and aid for families trying to get themselves and their children through college.

I remember talking with one of the fellows in one of the classes at Central Baptist College. He said, "Well, wait. What about us folks that are 27 years old? What about us who have waited to go back later in life? We're not 18 and just out of high school." And I can assure you that the Democratic package, and thanks to the leadership of Mr. PALLONE and the President and others, definitely makes opportunities available for folks that are adults trying to go back to college.

But I think that is what Democrats have stood for, I know that that is what this President stood for in Arkansas and worked so hard on in the last several years, is quality education for all families, opportunities to go on to college, 2-year colleges, 4-year colleges, VO-TECs, whatever type of higher education. We all need opportunities for all families. And we all know that if it had not been for President Bill Clinton insisting on these educational tax credits and this program for college being in this recently signed budget deal that it would never have come about.

And so I commend the President, I commend the Democrats for taking the lead on fighting for education for all families, and, you know, now it is up to America to take advantage of it. It is up to the good citizens of Conway County and Faulkner County and all the counties across the country to go to the financial aid officers as the weeks go by, understand these new laws, take advantage of them, make them work, and recognize whether you are 18 or 28 or 48, these are meant for you to help in making all families compete in this very robust global economy.

And I thank the gentleman for being here tonight.

Mr. PALLONE. I want to thank the gentleman from Arkansas, and it is really particularly interesting to note how President Clinton, when he was the Governor, actually implemented a lot of these ideas that now are forming a part of his education initiative on the Federal level as President.

Mr. SNYDER. If the gentleman might yield, you know, it was such a great honor to be here. I was sitting right over there the night hearing my first State of the Union Address, and when I heard the President's list I thought I have heard these lists before on the floor of the Arkansas General Assembly.

Mr. PALLONE. I yield now to the gentleman from North Carolina who, again, is one of the best spokesmen on the issue of education within our Democratic Party.

Mr. ETHERIDGE. Mr. Speaker, I thank my friend from New Jersey for organizing this special order and the opportunity for me to participate this evening and to the Speaker and the others for being here, and as he knows I had the distinct privilege before joining this special body, people's House, to serve as the elected Superintendent of Schools for 8 years in the State of North Carolina, a State that has really been actively involved in setting high quality educational standards statewide, and that is really showing some promise in our State, and I know firsthand from having visited with students and their family how important education is and what a major security issue it is for this country and how it will pull us forward, and I am grateful that the President, and I was very pleased to be here in my first session and make it a national priority for our Nation, because I truly believe that education is the one thing that levels the playing field for all young people, and there is still an awful lot of young people in this country who will be the first in their family to attend an institution beyond high school, and I was awfully pleased that the bipartisan balanced budget, that it contained a significant investment in education.

Truth is, it was the largest investment, as you know, in education for education beyond high school since the GI bill in 1945. Roughly $35 billion, and that GI bill, of course, in 1945 enabled an entire generation of Americans who came home from the war and others who fought during Korea and other times. It really laid a groundwork for an unprecedented economic growth in this country, and it allowed for upward social mobility, and ushered in an era that has really been called the American century in the world.

And I truly believe that the educational investment that the Democrats helped push, the President laid out, and was enacted will lay the groundwork for providing for a lifetime of learning opportunities for all American citizens as they approach the 21st century and really will make the 21st century, again in my opinion if we follow through with it, the American century again.

And I think this balanced budget package with the tax cuts is good news for middle class families and students. As I said, it contained $35 billion in tax relief for higher education, and it will help break down the barriers of opportunity for many families because there are a lot of children who would not have had that opportunity.

And as you talked about it a little earlier, the HOPE scholarships, I will not get into them, but $1,500 will actually pay for a community college education for a lot of children. In our State, we have about 64 of them plus 16 public universities and a large number of private. So it will make a difference there. And the tax credits beyond the first and second year will provide for a lifetime of learning for adults. But they also provide for an opportunity to get good quality jobs because we know an education translates into economic opportunity for the people who have it, and if you do not believe it, just look at the people who have an education and look at their economic opportunity, how it improves the health and quality of life for their children, et cetera.

And according to the Bureau of Labor Statistics, three out of five jobs in the 21st century, those jobs that will be created, certainly beyond 2005, are going to require education beyond high school. So I think the passage of this legislation and the commitment the Democrats made in this Congress really continues their legacy of a commitment to education in making sure those who have not had the opportunity will have an opportunity to benefit and realize the American dream and the opportunity for a quality education.

During the recess that we have just completed, I had the privilege of joining Secretary Riley in traveling in my district. We really participated in a forum on quality education, and then we traveled to a community college, met with students and administrators to talk about the positive difference that these investments will make in the lives of real people, people who are in school, people who want to go to school, and as we met with a number of students and administrators at Vance-Granville Community College outside our capital city in Raleigh, it was really refreshing to hear how this would impact students.

But let me share with you, if I may, Mr. Speaker, what Stacy Marshburn, a 23-year-old mother of two children who is going to college full-time and working part-time, what she had to say, and I quote:

□ 2230

"The tax cut is wonderful. It will help my family, and me, and many others, at Vance-Granville Community College."

She continued, "I thank the Congress for passing the tax cuts. I think it will really help people who are trying to raise a family and still go to school. Being a full-time student with two small children to support, I feel that these will go a long way toward helping me achieve my educational goals."

The truth is, for Stacy Marshburn, it will allow her to finish her education and get a job and change the lifestyle she is enjoying, but more importantly, it will change a whole generation for her children who will now have an opportunity to enjoy the benefits of a mother who is well educated, the quality of life she can attain from better income.

And the president of that community college, Dr. Ben Currin, said, "I think the changes we see in this agreement are perhaps the most important educational changes that we have seen since the Pell grants were started," because, as you know, the Pell grants for our colleges and community colleges are really the dollars for those most-needy students.

We haven't talked about it this evening, but this package, with the President's request and commitment and standing behind it and the Democrats pushing it, we have the largest Pell grant increase in history.

So what we have done is made sure that all students, those in the middle, those at the bottom, those who have the great need, all will be beneficiaries of this legislation.

Let me cover a couple of more points before I turn it back to you, if I may.

As you know, we have an Educational Task Force in the House, and I have had the distinct privilege of having cochaired that. We met many, many times. We have generated a great deal of ideas and a lot of support, with your help and your sharing the bully pulpit here in the House and others talking about education and the President using the power of his office.

And I am grateful for that this evening, because without him standing up and making it a major issue, as he did in the State of the Union Address, and sticking by his guns and negotiating for sound, secure educational policy, I am not so sure we would be standing here talking about it this evening.

Democrats can take a great deal of pride in leadership and standing up.

Let me say a word before I sit down on the things we need to do, because I think as we talk about where we are, we need to talk about what we have yet to do. As we move forward in education, I see that there is a lot that needs to be done, and these are some things that certainly are local responsibilities, but we at the Federal level can't walk away from.

I learned, as superintendent, we can stand here and argue about whose role it is, but last time I checked and went into a classroom, a student never asked me who paid for their textbooks or who built the building or who paid their teachers or who provided any of the services they get. A child only knows what they do not get or what little they may get.

I think sometimes those of us in public office get too carried away by whose responsibility it is and forget that it is all of our responsibility.

With that, I am talking about the crumbling schools that we have in some of our inner cities and some of our rural areas across this country; that we have to get beyond the dialog of whose responsibility it is and say, it is all of our responsibility, it is our country and they are our children. We have to deal with that.

There are some communities that cannot do it without some help, without some leveraging. I think that is an issue we have to grapple with, and we had better get on with the business of dealing with it, because if we do not, those are the young people that I think will not get the opportunity they need.

Certainly the issues of providing support for our teachers and our communities who are working to build a strong base for character education in our schools, to help our young people deal with the challenges, that is important. We have to take advantage, I think, of the ground-breaking research on early childhood development. We know what works; we need to get beyond the dialog and get involved. The sooner we have children, the better off they are going to be later on.

They have to come to school ready to learn. I have been there, talked with too many teachers and know the problems, as you do, that we have to help them early, because they are not getting it in many cases.

I think we also must support educational standards of excellence. On another day I would like to talk about that in length, because North Carolina has invested about 8 years, while I was superintendent and they are still in it. And the NAEP scores that came out, National Assessment of Educational Progress and sampling you volunteer for, North Carolina was one of the leading States in the Nation in terms of growth.

I believe our fourth graders are about three times the national average, and the eighth graders, about four times. It really is a focus. And I think we have to give our children that focus and help our teachers and others.

I have drafted a resolution for a number of these things on educational standards, and a lot of Members have already signed it. We haven't dropped it in yet, but we plan to, because in North Carolina, we have achieved results as it relates to standards, and I happen to believe that it is important. We are one of several States that have already volunteered to do the statewide, when the nationals come out, because we are on the sampling now.

What we are really talking about in this is extending the sampling to every student. That is really what you are talking about. We do the fourth and eighth grades on a sampling basis. We are talking about doing it for every student.

Let me close by saying that North Carolina was the one State that was singled out this past spring on the national assessment. We are quite proud of it. But the truth is, the people who deserve the credit are the students and teachers, because North Carolina was the one State that received the most improvement award of all the States because of their progress in that over the last several years.

I think it is important. But it is not important that we talk about that; it is important that we go about the business of helping every student in every State and every community, every child, no matter where they live, to be a part of that progress of being part of the most improved as the time goes on. Because achievement is some evidence that raising standards will work to raise performance; if you expect more, you get more.

We must learn that lesson and support educational standards of excellence. I think it is important.

The last time I checked, when we look at batting averages, we measure the batting average of all players against the standard. I played a little bit of basketball in college. They did not lower the hoop because you were shorter, they did not raise it because you were taller. You played against the same hoop at the same height, and the basket is the same size. And the same is true of all our students. We do them a disservice if we do not help them achieve the highest level, because when we do not do that, we do not open the door of opportunity to the whole world.

Mr. PALLONE. I want to thank the gentleman, because I think that you really bring forth the practical problems that we face. You have been in the trenches in your home State, and you understand what needs to be done.

One of the reasons that we are here tonight is because we really believe that we need to move to the next phase on education issues. We have done the budget, we are done with the tax breaks, and a lot of the impact of the budget affects, I would say, college and university training.

But we need also to address secondary schools. We need to go from preschool right up to graduation from high school.

One of the things that you kept stressing is that if you look at this practically, you understand that there has to be a Federal role as well. There is a Federal role, there is a State role, and there is a local role.

The two things that the Democrats have been talking the most about in the last couple of days since we got back here, one is the issue of raising education standards across the country, because Democrats really would like to see education standards so that students from Maine to Alaska can master the basics of reading and math. That is what they need, those skills, to succeed.

The other thing you mentioned, which I think we have also been stressing as Democrats, is the need to rebuild crumbling and overcrowded schools. As you remember, during the budget debate, we actually proposed an initiative, I think a $5 billion initiative, to help localities rebuild schools and to address overcrowding. That was something that the Republicans, unfortunately, did oppose, and so it did not get into the final budget bill. But I think that is an issue also that is across the board, not only in urban and rural areas, but suburban areas.

It is interesting, because suburban areas probably face more overcrowding than any other localities because so many new students have gone into those suburban areas, and they do not have the facilities for them.

Mr. ETHERIDGE. If the gentleman will yield, you touched on a point that is important, because when you think in terms of standards, I certainly agree and understand where we are headed. When you think in terms of facility quality and where people go to work every day, I have been into buildings where teachers worked. We forget, they are our employees. We are paying them Federal and State moneys, depending on how you look at it, or local funds.

I say to Chambers of Commerce, I have said to any group I speak to, when they say to me, the quality of building does not make any difference, I say, well, if that is true, then the next time you invite an industry in and you really want to impress them, take them down to the docks down here or down to one of the warehouses that you have closed up, and say to them, it really does not make any difference, the quality of the building you make your products in, and we want you to move in here, and see how many of those industries you get to come to your business. They will not come.

I think it is important that children see the quality, that you do care about where they go, and that they do have the quality of facility they need, because it does have an impact. I know. I have seen it, I have been there. It has an impact on their attitudes, their learning. There is a whole list of things we do not need to go to.

But you are absolutely right, and I think that is one we should revisit. I plan to be a part of that. I think we should. That, in conjunction with standards, is an important place.

I thank the gentleman for taking the time to be here.

Mr. PALLONE. I appreciate the gentleman's comments.

I yield to the gentleman from Texas [Mr. GREEN].

Mr. GREEN. I would like to thank my colleague from New Jersey for taking this special order this evening. Also my colleague from North Carolina [Mr. ETHERIDGE], who again was the State superintendent, in talking with him, since he is a first-termer, about educational opportunity.

Also, having played basketball with the gentleman from North Carolina [Mr. ETHERIDGE], I think they need to lower the hoop for me and maybe raise it for him, because he is quite a bit taller. But thank goodness he has always been on my own team, so we will keep the hoop the way it is.

What the gentleman said is right and what our colleagues said was correct, in that over a month ago we reached a bipartisan agreement on helping parents and helping students in college, whether it be the Hope scholarship program, the tax deductions for parents with children in college, or the Pell grants for children who are too poor to be able to benefit from tax cuts or the scholarship programs.

We addressed that in a bipartisan effort, although I have to admit before July 30, if you would have told me in June or May it would have been bipartisan on the quality, or the total amount of the tax cuts that had been provided for education, I would not have believed it. But I think on a bipartisan basis, and I know one of our colleagues got a lot of press saying we were all breaking our arms patting ourselves on the back for it. It was a bipartisan agreement that I supported, and because it was bipartisan, it addressed higher education needs in our country.

As our colleague said, we need to think about tomorrow and the future of our country, the college graduates, the assistance for those students. That is why it is so important. Again, I was proud of this Congress for addressing that in a bipartisan way.

My concern here is, and here today we debated the Labor-HHS appropriations bill and up until today the biggest concern we heard was there was an amendment by our colleague from Pennsylvania to take away the national test.

Well, frankly, I supported that amendment, because I do not know if we need a national test. I know we might need some voluntary national standards, and for my two terms previous to this in Congress I have worked for some national standards that the States could voluntarily adopt. I am proud to say, Texas is one of those who adopted those goals, with a bipartisan legislative effort, a Republican governor and Democratic legislature, who did that.

But now we need to address on a bipartisan basis pre-K through the 12th grade, because again, as our colleagues said, we know what is wrong with the system. We know we need to have a standardized test.

Texas has a standardized test. It has taken us a number of years to get to that point. A student in our high schools, unless they pass that exit level exam, they do not receive a diploma. That is tough, because I have had parents and students who have said, wait a minute, I worked 12 years, maybe 13 years to get that diploma, but they could not pass that test that supposedly is on basic skills.

It is a little tougher than basic skills now, because over the last few years it has been made tougher because the course level is harder now.

□ 2245

But we have gone through that. So we do need some type of test instrument. I am not a big proponent of tests because I worry about how they treat students who may not have the same opportunity.

Last night I was using a special order to recognize a school district that my two children graduated from that were recognized in the State of Texas, and in my own county. It is an urban school district with easily a majority minority district, but they were recognized because of their increase in their test scores, their low dropout rates, and also their high attendance records; that they had to have a 94 percent average attendance record. They were recognized for that, and because of the quality education.

What we need to do though, is to say, now we need to do for kindergarten or pre-K through 12, what we did bipartisanly for higher education. We need to talk about a voluntary national standard, because again, the child may be educated in the Alvino School District in the State of Texas but they very well may move to New Jersey. Frankly, New Jersey or Texas wants to know if a student is educated in the other State, that they have a certain level of educational quality; again, not that we want to set those standards, but we want to have a nationwide standard that districts and States all across the country will say, yes, we measure up to those standards. But they will be adopted locally by that State board of education, that State superintendent, however the State structures it.

So we can do it. But again, we need to make sure it is not the Federal Government turning our backs on the future of our Nation.

We talk on this floor a lot of times about the defense of our country. We need to look to the future and see how we can defend our country in the future, where the best way we can defend our country is not just by additional bombers and additional troops and better trained troops, but it is a better educated populace. It is an educated populace who can go into military service and maybe make a career out of it, since we have career military, and are educated to the point that they can defend our Nation. But again, an educated Nation, high skills, higher education, is what will make our country powerful, even in addition to our military power. That is what is so important.

The voluntary national standard issue is not whether to implement a national test, the issue is to set a national standard for students, and we need to focus on providing quality education for students. We know the system is not working as best it should. That is why we need to put our shoulder to the grindstone with those school board members, with those State school board members, with those legislators, and with the parents and those teachers who are providing that education every day.

I learned as a State legislator in Texas for 20 years that we did not educate students in the halls of the State legislature. We do not educate students here on the floor of the Congress. The education of those students is by those teachers in that classroom. Any help we can give with whatever power we have, whether it be funding, whether it be assistance to those teachers, to have smaller class sizes, to have more adequate books, to provide that assistance; and again, through title I, that is a great program that has been with us since the 1960's. I would like to see it continued. We expanded it in 1994 when we reauthorized title I funding, Federal help for schools. But we need to do more of that.

The crumbling school buildings, we know even if we had gotten the $5 billion that was talked about, that again, leveraging that across the country, we could spend $5 billion in the State of Texas alone and it would not have helped that much. But again, it is the effort, and that little bit of Federal assistance to the local taxpayers who have had to vote those bonds to build those schools, to some of the States who provide building assistance. But mainly, it is also saying, we are all in this together and we are all Americans, whether you are from North Carolina, New Jersey, or from Texas. That is what is so important.

The question is, are we providing children today the best education and the best learning environment, with the best facilities? Of course not. We would not see the problems we are having. That is why we need to make it even better.

This year specifically we have 52 million students who have entered school this fall. This is a record number, surpassing those of us who are the baby boomers. There are 52 million students. Are these children going to receive the best quality education to take our place here as Members of Congress, or as doctors, lawyers, engineers, whatever profession they may go into, or whatever trade they may have? Obviously, we cannot say yes tonight.

Students from kindergarten to high school need a good learning environment, an environment where students feel comfortable asking questions, where teachers are accessible for individual tutoring if needed, and where teachers want to teach, and more importantly, where students want to learn.

Students are not receiving enough personal attention. We need to lower the pupil-teacher ratio. In Texas in 1984, when we went through our reform in public education, we lowered our class size in kindergarten through fourth grade to 20 students, 22 students per teacher. That has been a tough standard. In fact, we have had to grant waivers because of the growth. In every session, we will have administrators come back and say, we need to take that away.

But we learned that the lower, the smaller class sizes—in fact, the ideal class size is 15 to 1, but we could not afford it. But we did say 22 to 1, to those most important years of K through 4.

I introduced a bill as a State senator to make 22 to 1 from K through 12th grade. Of course, the cost of that was astronomical, but it made us talk about it. So whatever we can provide on the Federal level to make sure those teachers can work with those students in smaller class sizes. But again, it is a Federal concern and it is a State responsibility, but it is our job as Members of Congress to make sure we are planning for tomorrow.

The schools are overcrowded. Buildings are unsafe. Even as we stand here tonight, in the District of Columbia we know that the schools have not reopened because of the hazardous conditions that they have. But that is not just in D.C. It is easy to pick on D.C. when you are around the country, and sometimes they give us very fertile ground to pick on them. But it is not just in the District of Columbia, it is all over the country that we have problems with buildings and deteriorated conditions.

As the gentleman said earlier, it is not just in the urban areas, it is not just in a district like I represent. It is also in my suburban districts that I represent, but it is also in the rural facilities. That is why I think whatever bill we can craft needs to address both the rural, the suburban, and the urban needs to provide that leverage that will help that local school boards and those local taxpayers to approve a bond election, maybe, or that State to provide a little extra money for building and construction that a lot of States do not provide.

Teachers are stretched to their limits. Like I said, some teachers have 40 students in their classroom. My wife is a high school algebra teacher. Last year she had over 40 students in an algebra class. How do you teach algebra students? I had enough trouble when I sat through geometry twice during the day to learn. Obviously, that is why I became a business major and a lawyer.

But you cannot teach students when you have 40 in a classroom, and that is what is so sad. You have to have smaller class sizes and buildings to match that, so teachers can do it. A lot of our schools are going through a building boom, if their taxpayers support the bond elections. Again, using the Alvino School District as an example, they passed the bond election that provided for a great many more classrooms for our school. Selena Park ISD in my district passed a bond election, the voters did. The Houston Independent School District, over 200,000 students every day attend. The bond election failed, so we have problems there, but they are trying to come up with facilities.

I have a high school that is in ISD that I went to high school with. Years ago they decided to do away with the library because they needed the classrooms, so they use the city library across the street. They do not have a cafeteria at that high school. They use a junior high cafeteria that is a block away. That is wrong. We ought to provide those facilities for the high school students and junior high students without them having to use a city library. I at one time thought that was great because we could leverage the funding. The problem is that city library is not equipped like a school library would be, particularly a middle school library or a junior high and a high school library. So we have problems with buildings, we have problems with pupil-teacher ratios, and we in Congress need to do something bipartisanly. That is why we are talking about this.

Let us just not talk about tests, and say the President wants national tests, let us be against that. Let us talk about what we can do constructively, and that is why we can have some voluntary national standards, and also put our money where our mouth is. That is why I was proud of this Congress in July, and I hope I will be proud of this Congress when we address putting funding in the kindergarten through the 12th grade for public education, so we can prepare those students for tomorrow.

I will close, I say to the gentleman from New Jersey [Mr. PALLONE], thanking him. Some of us in 1992, we heard Fleetwood Mac too often singing "Don't stop thinking about tomorrow," but if we as Members of Congress stop thinking about tomorrow, then we are not doing our job. Our job is to make sure our country is as great tomorrow if not greater than it is today.

If we are derelict in our duty in not providing for educational opportunity and better opportunity for our children, then we are doing a disservice to our Nation and we are doing a disservice to those students, those 452 million students, who started school this year. That is not what I came to Washington to do.

Again, I want to thank the gentleman for allowing us tonight to give this special order. I know we have taken up most of his time, it seems like, but the gentleman has heard a lot of accents tonight, from North Carolina to Texas to the Northeast. That is because it is a national problem. It is not just a localized problem. I thank the gentleman again for allowing me to participate.

Mr. PALLONE. Mr. Speaker, I appreciate the gentleman's comments, and believe me, my purpose tonight was to get everyone to participate, and use as much time as they like.

I guess there is not a lot of time left, but I just wanted to say, the gentleman mentioned particularly at the end about the use of resources. We all know we have scarce resources around here. We just passed the Balanced Budget Act. I think our whole purpose is to use those scarce resources on the Federal level as wisely as possible. This idea of having or raising education standards around the country really is a way of using very little resources to achieve a great effect.

I know that in New Jersey, I was given today a document from the New Jersey Department of Education, very recent, that is the annual report of Goals 2000, Educate America. It shows basically how New Jersey, I think New Jersey in the last fiscal year, received about $8 billion for Goals 2000. What they essentially used it for, or a lot of it, was to put together this strategic plan on a State level to achieve higher standards.

It was very interesting to see, this is a long document, but to see how they put together curriculum content standards, they developed a partnership with private organizations, in other words, some of the universities, some of the corporations, to do joint programs within the schools. The list goes on and on. I was just amazed to see, $8 million sounds like a lot, but on the State level it really is not very much, how they were able to use that $8 million and basically leverage it to really do a lot toward achieving higher standards within the New Jersey schools.

Of course, we have, as the gentleman mentioned in Texas, we have these standardized tests we give in New Jersey, and they have shown that the proficiency has actually improved in the last few years, so it is very possible, really, to leverage some of these Federal dollars in a way that really makes a difference.

I think the same thing is true with the infrastructure of schools, as well, because oftentimes, as the gentleman knows, the local school districts, if they can get some money to, say, underwrite the bonds, oftentimes they will use bonding to build a new school or replace a school. If they can get funding to underwrite the bonds, they are able to do things.

So even though $5 billion does not sound like a lot nationwide over a period of years for crumbling schools, it can be used to leverage, and it can be leveraged also to make a big difference. So those Federal dollars can mean something, even though they may not seem like a lot. I know the gentleman mentioned about the wise use of funds, and that is what we have to look at here over the next few months.

Mr. GREEN. If the gentleman will continue to yield, Mr. Speaker, we have an interstate highway system that we build with predominantly Federal dollars, with some State dollars, and of course, we have different levels, depending on what the level of the highway system is. We could not build those highways if it was just Texas and New Jersey.

We could not build as many, but we have to leverage it between the two, and I wish I could tell the gentleman I was talking about a program like the Federal highway system for education, but under our budget constraints we cannot do that. But we can provide some funding to help those districts, just to help provide those.

Maybe that will be the extra help to convince the local taxpayers to provide a bond election to build those schools, because very few districts can build schools out of current revenue. They just do not have that ability. You cannot do capital improvements without leveraging over a number of years, and even a small amount of money from the Federal Government would help to—and again, we are not going to tell them how to build those schools, we are going to just let them be a partner with them for a little bit, to make sure —maybe they can afford 95 percent and we can do 5 percent or something like that, or even less, but it will make a difference.

That will show that we are all in this together as Americans, again, across our country, worrying about and addressing the issue of educational opportunity for our children and quality. Again, like our colleague, the gentleman from North Carolina, said, the education is in the classroom with those teachers and those parents who participate. All we need to do is make sure we are partnering with them to help them.

□ 2300

Mr. PALLONE. Our main purpose, of course, is to continue to point out that as Democrats we want to make education a top priority and we think we have done a lot as you mentioned with the Balanced Budget Act, but a lot more needs to be done.

NATIONAL SECURITY AND DEFENSE ISSUES

The SPEAKER pro tempore. Under the Speaker's announced policy of January 7, 1997, the gentleman from Pennsylvania [Mr. WELDON] is recognized for 60 minutes as the designee of the majority leader.

Mr. WELDON of Pennsylvania. Mr. Speaker, I rise this evening to discuss several defense issues, but before discussing those issues, I would like to follow up on the previous special order that we just heard, since many of our colleagues perhaps in their offices, and citizens around the country, have been listening to three of our colleagues discuss education.

Mr. Speaker, I want to, first of all, applaud the gentleman from Texas [Mr. GREEN] because I heard him use the word "bipartisanship" a number of times in reference to education success. I want to applaud him, because I want to distinguish my colleague from Texas as opposed to the other two Members from whom we heard nothing except the phrases "Democrats, Democrats, Democrats."

Now, I do not know what amount of classroom teaching experience my colleagues that spoke have. I spent 7 years in the public schools of Pennsylvania, was active in my education association as a vice president, was a negotiator for a while, was involved in running a chapter 1 program in an impoverished area in my county. So my experience is based on real life. I am not one of the attorneys in this institution.

Mr. Speaker, Republicans have in the past, continue today, and will be in the future, in the forefront of working to improve our educational system in this country, and for some Member to stand up here for 50 minutes and talk about only one party has a market on what we need to do to improve our schools is an absolute outrage. It is really a shame, because I think it is a slap in the face to people like the gentleman from Pennsylvania [Mr. GOODLING] who chairs our Committee on Education and the Workplace, who himself was a classroom teacher, a superintendent, and someone who was involved in education. Or the gentleman from Illinois [Mr. PORTER], who spent a significant amount of time working on education priorities.

The successes that we have had in this Congress have been bipartisan, and they have not been because of any one party. In fact, I would remind some of my colleagues who just spoke, and I again say with the exception of the gentleman from Texas [Mr. GREEN], that it was the Democrat Party who for 50 years controlled this institution. In fact, the first 2 years of the Clinton administration the Democrats controlled the White House and both Houses of Congress.

Is not it amazing that those who would seek to be most partisan in this debate on education would now begin to take credit as a political aspect of the Democrats' agenda for what a Republican Congress has enacted in the last 3 years? It has, in fact, not been a Democrat win and it has not been a Republican win. It has been a bipartisan effort, as the gentleman from Texas alluded to, to bring Members of Congress together for the good of our children and the schools of this country.

Mr. Speaker, I take exception to some of the comments that were made, and as a classroom teacher who spent a number of years working to improve the quality of our children's educational opportunities, I am proud of what this party and this Congress has done, bringing Democrats in with us, to bring forth new initiatives and new ideas to help all of our schools across this great Nation.

Mr. Speaker, my real purpose tonight is to discuss several defense priorities that are going to be coming up and should be on the minds of our colleagues over the next several weeks. In fact, one issue is going to be coming before several of our committees. It already has, in fact, been an issue in the Committee on International Relations as well as the Committee on the Judiciary where a bill has passed and is now pending before the Committee on National Security, the House Permanent Select Committee on Intelligence, and the Committee on Commerce.

This bill, Mr. Speaker, is a very technical piece of legislation dealing with an issue that many of us have not focused on, and that is the whole issue of information.

One of our greatest challenges as we approach the 21st century is how to manage information and to make sure that we, in fact, can become smart cities, smart regions, and further utilize information technology to enhance the quality of the lives of our people.

Mr. Speaker, in that process, however, we face a dilemma. At a hearing that I chaired in March of this year as the chairman of the Subcommittee on Research and Development, I took testimony for 6 hours on the issue of information warfare, and I heard recommendations and reports provided to us that an adversary in the 21st century may not have to spend his or her dollars on sophisticated weapons systems or on bigger bullets or larger missiles or longer range technologies, but rather concentrate on using methods to compromise our information systems, to bring down our banking and financial systems, our mass transit systems.

Mr. Speaker, the recommendation coming out of that hearing from the Defense Science Board was that we should dramatically increase spending for information security and control by about $3 billion a year.

Mr. Speaker, we cannot afford to do that because that is just too much money. We made a modest increase in this year's defense bill and we are working to keep that modest increase in place to demonstrate new technologies to allow us to protect our systems in this country from the threat of an adversary taking them down.

But there is a piece of legislation that is being pushed on a fast track basis that would totally remove the export controls over encryption technology. Encryption, Mr. Speaker, as we all know, is the technology and the process used to code information so that when we have a conversation over the Internet, no one else can intercept that conversation.

There are very important principles in question here relative to the security of the people of this country having their ability to communicate and not having the Government or anyone else be able to have access to that.

Encryption provides that protection and, in fact, it is available in this country. However, the piece of legislation that is now under consideration, H.R. 695, which a number of our colleagues have cosponsored, would basically remove export controls and allow this technology in its most sophisticated form to be sent overseas.

Now, there are some in this country, and myself included, who have some concerns about the administration's current policy over encryption and want to see reforms that will allow our software industry to continue to be on the cutting edge of new technologies to encrypt information that, in fact, we will be using every day.

However, while I do not support the current policy of this administration, I cannot in good conscience support a total wiping out of any export control on technology that a cartel, a drug cartel, or an adversary nation has been using and could be using to prevent our law enforcement, intelligence, and defense resources from protecting the American people from the threats of drug dealing, from the threats of intimidation, terrorist activities, or other activities of that type.

Mr. Speaker, I urge our colleagues to carefully review the impact that this legislation will have, first of all, on our national security and on our intelligence-gathering capabilities. In fact, everyone in fact in the administration concerned with defense intelligence has come out with grave reservations about this legislation.

Mr. Speaker, I have also received a letter from Secretary Cohen expressing his grave reservations about this legislation.

Mr. Speaker, on Tuesday, when the Committee on National Security marks up this piece of legislation, I will be offering an amendment that will enjoy the support of both the gentleman from South Carolina [Mr. SPENCE], chairman of the Committee on National Security, and the gentleman from California [Mr. DELLUMS], ranking Democrat on that committee, that hopefully will pass, that will deal with one-half of the issue and that is whether or not we should completely eliminate all export controls and export process to review encryption technology that would be sold overseas and marketed overseas.

I think it is a fair compromise. It does not, in fact, satisfy all of the industry groups who want to have no export controls, and it does not satisfy the administration, but it does give us an ability to have a process in place to continue to allow our Department of Defense to monitor the kinds of technologies that we allow to be sold to rogue nations. It is a very important amendment.

It also closes a loophole, Mr. Speaker, in H.R. 695 that, in effect, would allow supercomputers to be sold overseas if, in fact, they have encryption built in.

Now, this is kind of an ironic twist here, because many of the cosponsors of this bill voted for an amendment that criticized the administration for allowing Cray supercomputers to be sold to China and Russia. Yet, Mr. Speaker, in this very provision that some of them have unknowingly cosponsored, there is a loophole that would allow those same supercomputers, if encryption is contained in those supercomputers, to be sold overseas with no restrictions. I do not think that is the intent of most of our colleagues, and the amendment that I will be offering on Tuesday will correct that.

Now, I would also encourage our colleagues, Mr. Speaker, to try to get briefings from Louis Freeh, the Director of the FBI, who I had in my office today for 1 hour, or from the National Security Agency, on the domestic impact of a total elimination of controls over encryption.

Again, I am not happy with the administration nor am I happy with their proposal to establish what is called a key recovery system. But we do need to allow the law enforcement entities in this Nation, we do need to allow the Justice Department, to go through the established system of our courts with court and judicial approval to gain access to gather data that can be used; for instance, in uncovering pedophiles who in fact have been using and continue to use our Internet to unknowingly get the attention and to communicate with young people through the Internet; or to get access to encrypted data that, in fact, has been used by drug cartels; or for instance, the group that was involved in the bombing of the World Trade Center in New York.

Our law enforcement community has to have some ability, through a very difficult and very well-thought-out process, to get the approval from our courts to get access to encrypted data for very specific purposes when the national security of this Nation and our people is at risk.

It is extremely important every law enforcement head in our Federal Government has, in fact, signed a letter to every Member of Congress stating their concern with this bill. I would also, Mr. Speaker, like to enter that letter into the RECORD.

OFFICE OF THE ATTORNEY GENERAL,
Washington, DC, July 18, 1997.

DEAR MEMBER OF CONGRESS: Congress is considering a variety of legislative proposals concerning encryption. Some of these proposals would, in effect, make it impossible for the Federal Bureau of Investigation (FBI), Drug Enforcement Administration (DEA), Secret Service, Customs Service, Bureau of Alcohol, Tobacco and Firearms, and other federal, state, and local law enforcement agencies to lawfully gain access to criminal telephone conversations or electronically stored evidence possessed by terrorists, child pornographers, drug kingpins, spies and other criminals. Since the impact of these proposals would seriously jeopardize public safety and national security, we collectively urge you to support a different, balanced approach that strongly supports commercial and privacy interests but maintains our ability to investigate and prosecute serious crimes.

We fully recognize that encryption is critical to communications security and privacy, and that substantial commercial interests are at stake. Perhaps in recognition of these facts, all the bills being considered allow market forces to shape the development of encryption products. We, too, place substantial reliance on market forces to promote electronic security and privacy, but believe that we cannot rely solely on market forces to protect the public safety and national security. Obviously, the government cannot abdicate its solemn responsibility to protect public safety and national security.

Currently, of course, encryption is not widely used, and most data is stored, and transmitted, in the clear. As we move from a plaintext world to an encrypted one, we have a critical choice to make: we can either (1) choose robust, unbreakable encryption that protects commerce and privacy but gives criminals a powerful new weapon, or (2) choose robust, unbreakable encryption that protects commerce and privacy and gives law enforcement the ability to protect public safety. The choice should be obvious and it would be a mistake of historic proportions to do nothing about the dangers to public safety posed by encryption without adequate safeguards for law enforcement.

Let there be no doubt: without encryption safeguards, all Americans will be endangered. No one disputes this fact; not industry, not encryption users, no one. We need to take definitive actions to protect the safety of the public and security of the nation. That is why law enforcement at all levels of government—including the Justice Department, Treasury Department, the National Association of Attorneys General, International Association of Chiefs of Police, the Major City Chiefs, the National Sheriffs' Association, and the National District Attorneys Association—are so concerned about this issue.

We all agree that without adequate legislation, law enforcement in the United States will be severely limited in its ability to combat the worst criminals and terrorists. Further, law enforcement agrees that the widespread use of robust non-key recovery encryption ultimately will devastate our ability to fight crimes and prevent terrorism.

Simply stated, technology is rapidly developing to the point where powerful encryption will become commonplace both for routine telephone communications and for stored computer data. Without legislation that accommodates public safety and national security concerns, society's most dangerous criminals will be able to communicate safely and electronically store data without fear of discovery. Court orders to conduct electronic surveillance and court-authorized search warrants will be ineffectual, and the Fourth Amendment's carefully-struck balance between ensuring privacy and protecting public safety will be forever altered by technology. Technology should not dictate public policy, and it should promote, rather than defeat, public safety.

We are not suggesting the balance of the Fourth Amendment be tipped toward law enforcement either. To the contrary, we only seek the status quo, not the lessening of any legal standard or the expansion of any law enforcement authority. The Fourth Amendment protects the privacy and liberties of our citizens but permits law enforcement to use tightly controlled investigative techniques to obtain evidence of crimes. The result has been the freest country in the world with the strongest economy.

Law enforcement has already confronted encryption in high-profile espionage, terrorist, and criminal cases. For example:

An international terrorist was plotting to blow up 11 U.S.-owned commercial airliners in the Far East. His laptop computer, which was seized in Manila, contained encrypted files concerning this terrorist plot.

A subject in a child pornography case used encryption in transmitting obscene and pornographic images of children over the Internet.

A major international drug trafficking subject recently used a telephone encryption device to frustrate court-approved electronic surveillance.

And this is just the top of the iceberg. Convicted spy Aldrich Ames, for example, was told by the Russian Intelligence Service to encrypt computer file information that was to be passed to them.

Further, today's international drug trafficking organizations are the most powerful, ruthless and affluent criminal enterprises we have ever faced. We know from numerous past investigations that they have utilized their virtually unlimited wealth to purchase sophisticated electronic equipment to facilitate their illegal activities. This has included state of the art communication and encryption devices. They have used this equipment as part of their command and control process for their international criminal operations. We believe you share our concern that criminals will increasingly take advantage of developing technology to further insulate their violent and destructive activities.

Requests for cryptographic support pertaining to electronic surveillance interceptions from FBI Field Offices and other law enforcement agencies have steadily risen over the past several years. There has been an increase in the number of instances where the FBI's and DEA's court-authorized electronic efforts were frustrated by the use of encryption that did not allow for law enforcement access.

There have also been numerous other cases where law enforcement, through the use of electronic surveillance, has not only solved and successfully prosecuted serious crimes but has also been able to prevent life-threatening criminal acts. For example, terrorists in New York were plotting to bomb the United Nations building, the Lincoln and Holland Tunnels, and 26 Federal Plaza as well as conduct assassinations of political figures. Court-authorized electronic surveillance enabled the FBI to disrupt the plot as explosives were being mixed. Ultimately, the evident obtained was used to convict the conspirators. In another example, electronic surveillance was used to stop and then convict two men who intended to kidnap, molest, and kill a child. In all of these cases, the use of encryption might have seriously jeopardized public safety and resulted in the loss of life.

To preserve law enforcement's abilities, and to preserve the balance so carefully established by the Constitution, we believe any encryption legislation must accomplish three goals in addition to promoting the widespread use of strong encryption. It must establish:

A viable key management infrastructure that promotes electronic commerce and enjoys the confidence of encryption users.

A key management infrastructure that supports a key recovery scheme that will allow encryption users access to their own data should the need arise, and that will permit law enforcement to obtain lawful access to the plain text of encrypted communications and data.

An enforcement mechanism that criminalizes both improper use of encryption key recovery information and the use of encryption for criminal purposes.

Only one bill. S. 909 (the McCain/Kerrey/Hollings bill), comes close to meeting these core public safety, law enforcement, and national security needs. The other bills being considered by Congress, as currently written, risk great harm to our ability to enforce the laws and protect our citizens. We look forward to working to improve the McCain/Kerrey/Hollings bill.

In sum, while encryption is certainly a commercial interest of great importance to this Nation, it is not solely a commercial or business issue. Those of us charged with the protection of public safety and national security, believe that the misuse of encryption technology will become matter of life and death in many instances. That is why we urge you to adopt a balanced approach that accomplishes the goals mentioned above. Only this approach will allow police departments, attorneys general, district attorneys, sheriffs, and federal authorities to continue to use their most effective investigative techniques, with court approval, to fight crime and espionage and prevent terrorism.

Sincerely yours,

JANET RENO,
Attorney General.
LOUIS FREEH,
Director, Federal Bureau of Investigation.
BARRY MCCAFFREY,
Director, Office of National Drug Control Policy.
THOMAS A. CONSTANTINE,
Director, Drug Enforcement Administration.
LEWIS C. MERLETTI,
Director, U.S. Secret Service.
RAYMOND W. KELLY,
Undersecretary for Enforcement, U.S. Department of Treasury.
GEORGE J. WEISE,
Commissioner, U.S. Customs Service.
JOHN W. MAGAW,
Director, Bureau of Alcohol, Tobacco and Firearms.

And finally, Mr. Speaker, I would like to ask our colleagues to please listen to the law enforcement community. For the last year, Members of Congress, especially those who have cosponsored this legislation, have heard from the software industry, the Microsofts and those companies that see dollar signs in terms of export sales that could grow astronomically. And I want to see them succeed, too. That is part of my ultimate goal. But we also need to listen to law enforcement.

Mr. Speaker, I would ask to include a letter signed by four of the major law enforcement groups in this country, including the District Attorney's Association, the Chiefs of Police, and others, expressing their strong reservations about a total elimination of our ability to deal with encryption as it relates to law enforcement.

INTERNATIONAL ASSOCIATION OF CHIEFS OF POLICE,
Alexandria, VA, July 21, 1997.

DEAR MEMBER OF CONGRESS: Enclosed is a letter sent to you by the Attorney General, the Director of National Drug Control Policy and all the federal law enforcement heads concerning encryption legislation being considered by congress. Collectively we, the undersigned, represent over 17,000 police departments including every major city police department, over 3,000 sheriffs departments, nearly every district attorney in the United States and all of the state Attorneys General. We fully endorse the position taken by our federal counterparts in the enclosed letter. As we have stated many times, Congress must adopt a balanced approach to encryption that fully addresses public safety concerns or the ability of state and local law enforcement to fight crime and drugs will be severely damaged.

Any encryption legislation that does not ensure that law enforcement can gain timely access to the plaintext of encrypted conversations and information by established legal procedures will cause grave harm to public safety. The risk cannot be left to the uncertainty of market forces or commercial interests as the current legislative proposals would require. Without adequate safeguards, the unbridled use of powerful encryption soon will deprive law enforcement of two of its most effective tools, court authorized electronic surveillance and the search and seizure of information stored in computers. This will substantially tip the balance in the fight against crime towards society's most dangerous criminals as the information age develops.

We are in unanimous agreement that congress must adopt encryption legislation that requires the development, manufacture, distribution and sale of only key recovery products and we are opposed to the bills that do not do so. Only the key recovery approach will ensure that law enforcement can continue to gain timely access to the plaintext of encrypted conversations and other evidence of crimes when authorized by a court to do so. If we lose this ability—and the bills you are considering will have this result—it will be a substantial setback for law enforcement at the direct expense of public safety.

Sincerely yours,

DARRELL L. SANDERS,
President, International Association of Chiefs of Police.
FRED SCORALIE,
President, National Sheriffs' Association.
JAMES E. DOYLE,
President, National Association of Attorneys General.
WILLIAM L. MURPHY,
President, National District Attorneys Association.

Mr. Speaker, again I am not saying that the administration's policy is a correct one nor is their policy of key recovery one that I can support. What I am saying is that this bill should not be rushed through. Members need to look at this very complicated subject in detail.

Yes, we need to protect the civil liberties of our citizens to be able to communicate in a confidential and protected manner. But we also need to look out for the national security implications of this legislation, the intelligence implications of this legislation, and for the ability for our law enforcement community, our State Police, the FBI, the Justice Department, when necessary through an established legal process to be able to get access to deal with those rogue entities that are using encryption to hide the activities they are involved in which are illegal. So I would ask our colleagues to closely monitor this legislation as it moves through the process.

Mr. Speaker, the second issue I would like to discuss is also a national security and defense issue, and I want to bring this up because it is going to be a major issue this weekend in the national media. It deals with a concern that I have relative to the former Soviet Union, especially now with one of the former Soviet States, Russia, the largest one.

Mr. Speaker, as many of our colleagues know, I spend a great deal of time working in a positive way with Russia and its leadership on energy issues and environmental issues. This year I focused on establishing a middle-income housing program for the Russian people. I have established a new Russian Duma American Congress study group, which I cochair with the gentleman from Maryland [Mr. HOYER] and which is chaired on the Russian side by Deputy Speaker Shokhin.

So I spend a lot of time trying proactively to improve our relationships, but I have a great deal of concern with what I think, and with my impression of the administration not being aggressive enough in pursuing concerns that many of us have relative to Russia's ability to control its nuclear material, its strategic weapons, and the state of the military in Russia.

Mr. Speaker, the problem is compounded by the fact that the administration, especially the Commander in Chief, has repeatedly used the bully pulpit to convey a message to America that we no longer have to worry about a threat coming from Russia. Again, I do not want to recreate a scenario where we depict Russia as some "Evil Empire," because it is not. And I trust Boris Yeltsin for what he is trying to do, and applaud him for his efforts, as well as his key leadership, Chernomyrdin, Nemtsov, Chubays, and all of his people involved in leading his country.

□ 2315

But facts are facts. And there are major problems that we cannot sweep under the rug or put our head in the sand and ignore. And to that extent, Mr. Speaker, I want to talk about my most recent trip to Russia in May of this year and I have been there twice.

The most recent trip was a part of an interparliamentary exchange where we met with senior members of their Duma and discussed common issues. And we found many areas where we can work together.

Along with that, Mr. Speaker, I wanted to focus on some security concerns that I have with Russia and the need for Russia to be more transparent in terms of what their objectives and intents are relative to national security issues.

In the course of these meetings, I had the occasion to meet, along with the entire delegation, for 2 hours with Gen. Alexander Lebed. As we know General Lebed was a major candidate for the office of President when Boris Yeltsin ran for that office and won successfully last year against Mr. Zuganov, the candidate of the Communist Party.

Many speculate that the reason why Yeltsin was so successful was because he was able to get Lebed out of the race, partly by offering him a position as senior defense advisor to President Yeltsin on defense issues as a very respected retired Russian general. So the credibility of General Lebed is not something that I can vouch for but rather, based upon what President Yeltsin did in moving General Lebed into this position on his confidence in General Lebed as a senior defense advisor.

In our meeting with General Lebed he talked to us without the press being present and this is now in the public record and our trip report about the status of the stability of the Russian military. He raised some very serious concerns to us, Mr. Speaker, that we have to deal with and understand and that this administration has got to be more aggressive in pursuing as to whether or not they are facts or fiction.

One of our questions to General Lebed was whether or not there was a possibility of armed revolution inside of Russia by its own military. General Lebed said he thought that was not possible primarily because, as General Lebed said, former Defense Minister Pavel Grachev had removed all the professionals from the army. General Lebed went on to say that the trained professional soldiers and leaders are gone and are now working with the criminal elements inside of Russia. And many of these generals and admirals have had access in the past to very sophisticated weapons and technologies that in fact could be sold on the black market.

And, in fact, we are seeing some evidence of proliferation of both weapons, strategic materials and in some cases even the seeking of nuclear materials. In fact, General Lebed went on to say that the army and the military does not have sufficient control over nuclear weapons.

In fact, he said to us that of 132 nuclear submarines being decommissioned by Russia, only 25 have had their reactors dismantled. In fact, two submarines nearly sank. Some reactors, he said, are in emergency condition. We have an aggressive program through our Navy to work with Russia to help them deal with their nuclear technology. I have been supportive of that.

But the problem is a very real one. Russia has severe problems with control of their nuclear material. He went on to say something that is even more provocative and something that is going to be the subject of a "60 Minutes" speech on Sunday evening this week, which I urge our colleagues to tune into. It is also going to be the subject of a Washington Post story and an AP story and also is going to be highlighted in a book that is going to be released next week by two authors. That book, by the way, is the basis, part of the basis for the Steven Speilberg movie that will be released this month entitled "Peacemaker," which is a fictional depiction of the possible transfer of a Russian SS–18 missile out of Russia to a rogue nation.

General Lebed, in our meeting with six Members of Congress, said that when he had been Boris Yeltsin's chief defense advisor, he was given the responsibility to account for the location of 132 suitcase-sized nuclear devices, these are nuclear bombs, each with a capacity of 1 kiloton. One kiloton is not as great as the bomb at Hiroshima because that was approximately 15 kilotons. But 1 kiloton would cause a significant amount of damage wherever it was used.

Now, General Lebed said to us in a session with the bipartisan delegation, he was given the responsibility to account for the location of 132 suitcase-sized nuclear devices that Russia had manufactured. During his time in the capacity of advising Boris Yeltsin, he could only find 48. When we asked him where the rest of these devices were, he shrugged his shoulders and could not answer us. That is troubling. That is troubling because here was a man who Boris Yeltsin put into a key position advising him on defense matters who, according to him, was given the responsibility to account for these suitcase-sized nuclear weapons. And yet he told us, in a meeting in Moscow, that he could not in fact account for them. And I believe on "60 Minutes" this Sunday night you will see General Lebed again repeat that in his own words on that program.

I have asked the administration, both through our intelligence agencies as well as in a briefing that I gave to the current Secretary of Energy, to try to get an accounting from the Russians as to the validity of this statement.

Mr. Speaker, this is the kind of issue that we cannot sweep under the rug. I have the same ultimate objective that Strobe Talbott and President Clinton have in terms of a stabilized relationship with Russia. But that does not mean that we ignore problems that exist, whether it is suitcase-sized nuclear devices that may be out there available on the black market or whether it is the transfer of accelerometers and gyroscopes that had Russian markings, that were intercepted by the Jordanians on their way to Iraq, which is a violation of the missile technology regime, or whether it is the response by Russia to a Norwegian rocket weather launch that they had been given prior notice of and that Russia is in such a paranoid state that it put its entire strategic offensive force on alert because of Norway's launch of a weather rocket which meant that Russia was within 60 seconds of an all-out attack in response to a Norwegian weather rocket which they had been previously notified of.

Now the President of Russia has acknowledged publicly that his chegets, the devices that control the nuclear trigger, were in fact activated as a response to that Norwegian rocket launch.

Mr. Speaker, these are real issues, just as is the concern that many of us have over whether or not Russia just detonated another underground explosion, which is not in sync with the test ban treaty the administration has been pursuing. It is the same issue that I have over Yamantau Mountain, a major multibillion-dollar complex that has been under construction in the Ural Mountains for 18 years that is the size of the city of Washington, DC, where the Russians have built a city of 65,000 people, a closed city, continuing to work on this project when Russian military officers do not have decent housing, when Russian retired officers have not been given back pay.

The question is, what is this huge complex being built for?

The reason why I raised these points, Mr. Speaker, is that we need the administration to be more aggressive in pursuing transparency and candor with Russia on these issues. I am not raising these issues for the first time, because it is not my intent to try to put a monkey wrench in the relationship between the United States and Russia. In fact, I have raised the issue of Yamantau Mountain on at least 10 occasions in written form and verbally with senior Russian leaders, my counterparts in the Russia Duma, and most recently a three-page letter that I wrote in Russian to Boris Yeltsin asking for transparency in terms of what is happening at Yamantau Mountain.

For us to have a stable relationship and if we follow the logic of this administration, a relationship with Russia based on bilateral treaties, then we must make sure that not just the United States but also Russia is abiding by those treaties, whether it is ABM, MTCR, the chemical weapons treaty, the nuclear test ban treaty or whatever that treaty happens to be. My feeling is that we have not done that, and I could take time to go through and cite specific examples at least seven times where the administration has not imposed sanctions on violations of the missile technology control regime that we know took place.

So I hope that what is going to unfold over the next several days, this weekend on "60 Minutes," and into next week, as this new publication is released, will alert our colleagues that we must begin to focus on the problems of instability in Russia, not to create hostility between our two nations but, rather, to say we must be candid, we must be transparent, and we must work together to resolve the instability that currently exists and in the control of Russia's nuclear and conventional and strategic arsenal. It is of the highest importance for both nations and an issue that I am going to continue to pursue throughout the rest of this session of Congress.

Mr. Speaker, my final point tonight is one that is a personal item that I would like to spend a few moments discussing. It also has security implications but it also is a very emotional human interest story that I would like to relate to my colleagues and pay appropriate thanks.

Mr. Speaker, as you know, we are always looking for new technology in the defense arena that can assist us in civilian applications. Shortly, this fall, we are going to be announcing the use of cold war technology that was used to at one point in time to detect rocket launchers around the world that we have been working on for the last year that is now going to be used to tell us when a wild land or forest fire first begins, instant imaging to give us that information so that we can have our emergency responders be there on the scene quickly to prevent the kind of conflagrations we have seen in the West, the Midwest, and the Northwest over the past decades. So it is using cold war technology for a very valuable function to assist us.

I saw evidence of a similar technology, Mr. Speaker, that we have now developed for commercial use called side scan sonar. I want to talk about the individual case because it involves a constituent family from Pennsylvania.

Back in February of this year, a young 19-year-old from Chester County, a neighboring county to my home county, the eldest of six children and the only son of the Swymer family was doing a co-op program at Penn State up at the Finger Lakes in New York.

During the course of his stay, right adjacent to Lake Owasco on a Saturday afternoon, where the temperature rose to the mid-60s, he ventured out into this very deep lake in a rowboat. A storm came up very quickly. And the individual evidently, for one reason or the other, because of the winds and the extreme nature of the storm, was tossed out of the boat.

The boat was found 2 days later on the opposite side of the lake, which is about a mile wide, along with the oar and the life preserver and no sign of this young 19-year-old, 6-foot tall, strapping, very successful student and solid athlete.

The State police in New York did a very commendable job in trying to locate the young man's body. They searched the entire lake perimeter. They tried to do dives and they just could not find this individual.

The family, through State representative Bob Flick, called my office in March and asked if I could provide any kind of technical assistance. Using the resources that we have developed primarily for the military and for ocean research as well as for disaster recovery, I called my friends in the oceangraphic community and my friends in the emergency response community. We were able to get the same technology that was developed for the military called side scanning sonar that was used to help us recover the remains of the TWA 800 crash off of Long Island in New York.

We were able to get that technology through the generosity of the New York Police Commissioner, Howard Safir, to have it sent up to the lake to look to see whether or not we could in fact locate this boy's body. A couple of suspected sightings were made, but we could not complete a dive to determine whether or not it was a positive find. They came back and were unsuccessful.

In June, I followed up with the Woods Hole Laboratory in Massachusetts and asked them to assist, and we identified perhaps the top national experts on deep dives relative to drownings.

We assembled a team that in the last week of August was able to travel to Auburn, NY, to put together on the water a team consisting of four boats, all volunteers during their time, to try to locate this young man's body.

□ 2330

The head technologist for this whole operation was Butch Hendrick, the president of Lifeguard Systems, Inc. of Hurley, NY, who is an expert in locating people in these kinds of situations and dealing with drownings. We also had an expert in terms of reading side scan sonar, Brett Phaneuf, from Marine Sonic Technology who also donated his time.

I spent the first 3 of the 5 days on the lake with this team, along with the very courageous volunteer firefighters from the Owasco Fire Department. Five of them spent the entire week away from their jobs volunteering the entire day each day to help us go back and forth across the 1,000-by-2,000 foot area of this lake and the lake was 1 mile wide and 14 miles long, trying to use this technology to determine whether or not we could find this young 19-year-old. I had to leave New York on Wednesday. On Thursday, three specific sightings were made, the markers were identified, and on Friday we brought in a dive team from Buffalo, NY, the Buffalo Industrial Diving Co. headed up by Mark Judd, four divers prepared to go down 150 feet. We had a decompression chamber on standby, a helicopter to take the divers if they should have problems. On the first dive, they recovered the body of 19-year-old Nathan Swymer and brought him back up and were able to reunite him so that his family could have a proper, decent burial.

Mr. Speaker, this story would not have been a success were it not for the cooperation of a number of very unselfish people, people who volunteered their time and their expertise to see if we could use a military technology to assist us in a very emotional situation involving the loss of someone's loved one.

The importance here, Mr. Speaker, is not that we just were able to locate Nathan Swymer 7 months after he fell off that row boat in Lake Owasco, but the technology that can be used across this country, in lakes, in rivers to assist us in similar types of operations and to avoid, where possible, the exposure to losing additional lives to send down to recover people who in fact have been drowned.

In fact, Mr. Speaker, over the past several years, it is my understanding that we have begun to lose more and more people in the rescue efforts to bring people who have drowned back than we should, and that is partly because we have not used appropriate technology to assist us in that process.

It will be my hope over the next several months to put together a congressional hearing where we can showcase this technology, where we can make the case that these kinds of technologies should be made available and that we should assist in that technology transfer process to departments across this Nation who have similar situations with deep lakes and with rivers so that we do not have to jeopardize additional lives in going down to recover our loved ones.

I particularly want to thank the gentleman from New York [Mr. WALSH] whose district Auburn and Lake Owasco is in. He has been very cooperative throughout this entire process and he was very supportive of our effort the last week of August.

I also want to thank Bill Andahazy, who is a consultant from Woods Hole who donated his time, Capt. Don Swain from the New York State Police and his team and all of those other individuals, the volunteer firefighters, the divers, the technologists who assisted us in closing this very difficult chapter in the lives of the Swymer family from Chester County, PA.

I want to encourage our colleagues, Mr. Speaker, to work with me, to see where we can find not just this kind of technology to use for commercial purposes but to see where we can take similar initiatives and assist us in solving day-to-day problems that face the people of this great Nation.

For the record, Mr. Speaker, I include the list of the Owasco Lake search team and thank them for their tireless efforts in this operation. A number of companies and individuals in the Philadelphia area donated over $10,000 along with the Chester County Chamber of Commerce to help us defray the costs of transporting the equipment to that lake. All of the individuals that were there donated their time. The money that we raised was used to defray the costs of the transportation of that equipment to the site to allow us to complete the rescue mission.

Mr. Speaker, I thank all of the staff who stayed this late hour for this special order.

OWASCO LAKE SEARCH TEAM

Rep. Curt Weldon, Member, US House of Representatives

Rep. Robert J. Flick, Pennsylvania House of Representatives

W.J. (Bill) Andahazy, Independent Consultant

Capt. Donald Swain, Zone 2 HQ, New York State Police

Trooper David Hartz, Troop E, NY State Police

Trooper Karl Bloom, Troop E, NY State Police

Walter (Butch) Hendrick, President, Lifeguard Systems Inc., Hurley, NY

Andrea Zaferes, Lifeguard Systems

Craig Nelson, Lifeguard Systems

Lt. David Holland, Inst. of Environmental Medicine, Canadian Navy

Brett Phaneuf, Marine Sonic Technology, White Marsh, VA

Mark C. Judd, Buffalo Industrial Diving Company, Buffalo, NY

Andy Anderson, Buffalo Industrial Diving

Brad McCullum, Buffalo Industrial Diving

Brad Knight, Buffalo Industrial Diving

Tom Burns, Chief, Owasco Vol. Fire Co.

Joe Head, Assist. Chief, Owasco Vol. Fire Dept.

Tom Morgan, Assist. Chief, Owasco Vol. Fire Dept.

Tim Burns, Owasco Vol. Fire Dept.

Angelo Massina, Owasco Vol. Fire Dept.

Peter Pinckney, Sheriff, Cayuga County

Jim Tabor, Under Sheriff, Cayuga County

Gene Stiver, Dep. Chief of Navigation, Office of the Sheriff, Cayuga County

Chris Petrus, Navigation Deputy, Office of Sheriff, Cayuga County

Rev. and Mrs. (Dick and Pat) Streeter, Clergy and friends of Mr. and Mrs. Swymer.

Members of the Chester County Chamber Business and Industry Council.

Note that many other individuals also helped and offered services such as Alice Hamill of Mayflower Movers, King of Prussia, PA (although their services were not needed). The Holiday Inn Hotel, Auburn, NY staff worked with us on local arrangements as well as the Lake residents who let us use phones, water, etc. This operation was a community coming together that generated a successful conclusion to this tragedy.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to:

Ms. PRYCE of Ohio (at the request of Mr. ARMEY) for today after 12 noon and the balance of the week, on account of attending her son's wedding.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Members (at the request of Mr. PALLONE) to revise and extend their remarks and include extraneous material:

Mr. UNDERWOOD, for 5 minutes, today.

Mr. GREEN, for 5 minutes, today.

(The following Members (at the request of Mr. HULSHOF) to revise and extend their remarks and include extraneous material:)

Mr. PORTER, for 5 minutes, today.

Mr. HUNTER, for 5 minutes, today.

EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

(The following Members (at the request of Mr. PALLONE) and to include extraneous matter:)

Mr. DOYLE, in two instances.

Mr. KANJORSKI.

Mr. NEAL.

Mr. BENTSEN.

Mr. VISCLOSKY.

Mr. BONIOR.

Mr. SHERMAN.

Mr. BAESLER.

Ms. Carson.

Mr. LUTHER.

Mr. FILNER.

(The following Members (at the request of Mr. HULSHOF) and to include extraneous matter:)

Ms. ROS-LEHTINEN.

Mr. FORBES.

Mr. SOLOMON.

Mr. RIGGS.

Mr. RADANOVICH.

Mr. CAMP.

Mr. TALENT.

Mr. GILMAN.

Mr. COLLINS.

Mr. RAMSTAD.

Mr. HOEKSTRA.

Mr. HORN.

Mr. Doolittle.

Ms. PRYCE of Ohio.

(The following Members (at the request of Mr. WELDON of Pennsylvania) and to include extraneous matter:)

Mr. STUMP.

Mr. WEYGAND.

Mr. KIND.

Mr. LAFALCE.

Mr. WATTS of Oklahoma.

Mr. BOB SHAFFER of Colorado.

Mrs. EMERSON.

ADJOURNMENT

Mr. WELDON of Pennsylvania. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 11 o'clock and 36 minutes p.m.), the House adjourned until tomorrow, Friday, September 5, 1997, at 9 a.m.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

4761. A letter from the Administrator, Agricultural Marketing Service, transmitting the Service's final rule—Tart Cherries Grown in the States of Michigan, New York, Pennsylvania, Oregon, Utah, Washington, and Wisconsin; Issuance of Grower Diversion Certificates [Docket No. FV97-930-5 IFR] received September 2, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Agriculture.

4762. A letter from the Director, Office of Regulatory Management and Information, Environmental Protection Agency, transmitting the Agency's final rule—Glyphosate; Pesticide Tolerances for Emergency Exemptions [OPP-300521; FRL-5732-7] (RIN: 2070-AB78) received August 8, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Agriculture.

4763. A letter from the Director, Office of Regulatory Management and Information, Environmental Protection Agency, transmitting the Agency's final rule—Propiconazole; Pesticide Tolerances for Emergency Exemptions [OPP-300525; FRL-5735-2] (RIN: 2070-AB78) received August 8, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Agriculture.

4764. A letter from the Director, Office of Regulatory Management and Information, Environmental Protection Agency, transmitting the Agency's final rule—Avermectin;

Pesticide Tolerances for Emergency Exemptions [OPP–300528; FRL–5737–1] (RIN: 2070–AB78) received August 19, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Agriculture.

4765. A letter from the the Director, the Office of Management and Budget, transmitting the cumulative report on rescissions and deferrals of budget authority as of August 1, 1997, pursuant to 2 U.S.C. 685(e); (H. Doc. No. 105—124); to the Committee on Appropriations and ordered to be printed.

4766. A letter from the Director, Office of Management and Budget, transmitting OMB's estimate of the amount of change in outlays or receipts, as the case may be, in each fiscal year through fiscal year 2002 resulting from passage of H.R. 584, H.R. 1944, H.R. 1585, and H.R. 408, pursuant to Public Law 101—508, section 13101(a) (104 Stat. 1388—582); to the Committee on the Budget.

4767. A letter from the Secretary of Education, transmitting Final Regulations——Administration of Grants and Agreements with Institutions of Higher Education, Hospitals, and other Non-Profit Organizations and Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments, pursuant to 20 U.S.C. 1232(f); to the Committee on Education and the Workforce.

4768. A letter from the Director, Office of Regulatory Management and Information, Environmental Protection Agency, transmitting the Agency's final rule—Solicitation Notice Environmental Education Grants Program Fiscal Year 1998 [FRL–5878–7] received August 19, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Education and the Workforce.

4769. A letter from the General Counsel, Department of Transportation, transmitting the Department's final rule—Final Theft Data; Motor Vehicle Theft Prevention Standard (National Highway Traffic Safety Administration) [Docket No. 96–122; Notice 02] (RIN: 2127–AG33) received August 19, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Commerce.

4770. A letter from the General Counsel, Department of Transportation, transmitting the Department's final rule—Anthropomorphic Test Dummy; Six-Year Old Child Dummy (National Highway Traffic Safety Administration) [Docket No. 97–047, Notice 01] (RIN: 2127–AG44) received August 19, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Commerce.

4771. A letter from the Director, Office of Regulatory Management and Information, Environmental Protection Agency, transmitting the Agency's final rule—Approval and Promulgation of Air Quality Implementation Plans; Pennsylvania; Approval of Definitions for the Pennsylvania VOC and NOx RACT and New Source Review Regulations [PA 042–4067; FRL–5869–5] received August 8, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Commerce.

4772. A letter from the Director, Office of Regulatory Management and Information, Environmental Protection Agency, transmitting the Agency's final rule—Approval and Promulgation of Implementation Plans; Ohio Ozone Maintenance Plan [OH104–3a; FRL–5874–4] received August 8, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Commerce.

4773. A letter from the Director, Office of Regulatory Management and Information, Environmental Protection Agency, transmitting the Agency's final rule—Extension of Interim Revised Durability Procedures for Light-Duty Vehicles and Light-Duty Trucks [AMS–FRL–5879–2] received August 19, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Commerce.

4774. A letter from the Director, Office of Regulatory Management and Information, Environmental Protection Agency, transmitting the Agency's final rule—Emission Guidelines for Existing Sources and Standards of Performances for New Stationary Sources: Large Municipal Waste Combustion Units [AD–FRL–5879–6] received August 19, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Commerce.

4775. A letter from the Director, Office of Regulatory Management and Information, Environmental Protection Agency, transmitting the Agency's final rule—Approval and Promulgation of Air Quality Implementation Plans; Maryland; Control of Volatile Organic Compound Emissions from Sheet-Fed and Web Lithographic Printing and Paper Coatings [MD040–3018a; FRL–5881–6] received August 26, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Commerce.

4776. A letter from the Director, Office of Regulatory Management and Information, Environmental Protection Agency, transmitting the Agency's final rule—Final Rule Making a Finding of Failure to Submit a Required State Implementation Plan for Particulate Matter; California——Owens Valley [FRL–5883–7] received August 26, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Commerce.

4777. A letter from the Director, Office of Regulatory Management and Information, Environmental Protection Agency, transmitting the Agency's final rule—Second Emergency Revision of the Land Disposal Restrictions (LDR) Treatment Standards for Listed Hazardous Wastes from Carbamate Production [FRL–5884–2] (RIN: 2050–AD38) received August 26, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Commerce.

4778. A letter from the Secretary, Federal Trade Commission, transmitting the Commission's final rule—Disclosures Regarding Energy Consumption and Water Use of Certain Home Appliances and Other Products Required Under the Energy Policy and Conservation Act [16 CFR Part 305] received August 27, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Commerce.

4779. A letter from the Secretary of Health and Human Services, transmitting the Department's final rule—CLIA Program; Fee Schedule Revision [HSQ–219–GNC] (RIN: 0938–AG87) received September 2, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Commerce.

4780. A letter from the Director, Defense Security Assistance Agency, transmitting notification concerning the Department of the Army's proposed Letter(s) of Offer and Acceptance (LOA) to Israel for defense articles and services (Transmittal No. 97–34), pursuant to 22 U.S.C. 2776(b); to the Committee on International Relations.

4781. A letter from the Director, Defense Security Assistance Agency, transmitting notification concerning the Department of the Army's proposed Letter(s) of Offer and Acceptance (LOA) to Taipei Economic and Cultural Representative Office (TECRO) in the United States for defense articles and services (Transmittal No. 97–37), pursuant to 22 U.S.C. 2776(b); to the Committee on International Relations.

4782. A letter from the Director, Defense Security Assistance Agency, transmitting notification concerning the Department of the Army's proposed Letter(s) of Offer and Acceptance (LOA) to Kuwait for defense articles and services (Transmittal No. 97–38), pursuant to 22 U.S.C. 2776(b); to the Committee on International Relations.

4783. A letter from the Director, Defense Security Assistance Agency, transmitting notification concerning the Department of the Army's proposed Letter(s) of Offer and Acceptance (LOA) to Egypt for defense articles and services (Transmittal No. 97–40), pursuant to 22 U.S.C. 2776(b); to the Committee on International Relations.

4784. A letter from the Director, Defense Security Assistance Agency, transmitting notification concerning the Department of the Army's proposed Letter(s) of Offer and Acceptance (LOA) to Egypt for defense articles and services (Transmittal No. 97–41), pursuant to 22 U.S.C. 2776(b); to the Committee on International Relations.

4785. A letter from the Director, Defense Security Assistance Agency, transmitting notification concerning the Department of the Army's proposed Letter(s) of Offer and Acceptance (LOA) to Korea for defense articles and services (Transmittal No. 97–42), pursuant to 22 U.S.C. 2776(b); to the Committee on International Relations.

4786. A letter from the Director, Defense Security Assistance Agency, transmitting notification concerning the Department of the Army's proposed Letter(s) of Offer and Acceptance (LOA) to Egypt for defense articles and services (Transmittal No. 97–33), pursuant to 22 U.S.C. 2776(b); to the Committee on International Relations.

4787. A letter from the Director, Defense Security Assistance Agency, transmitting notification concerning the Department of the Army's proposed Letter(s) of Offer and Acceptance (LOA) to Korea for defense articles and services (Transmittal No. 97–36), pursuant to 22 U.S.C. 2776(b); to the Committee on International Relations.

4788. A letter from the Director, Defense Security Assistance Agency, transmitting notification concerning the Department of the Army's proposed Letter(s) of Offer and Acceptance (LOA) to Egypt for defense articles and services (Transmittal No. 97–39), pursuant to 22 U.S.C. 2776(b); to the Committee on International Relations.

4789. A letter from the Director, Defense Security Assistance Agency, transmitting a copy of Transmittal No. 13–97 for a cooperative agreement with Australia in a project on advanced integrated aircraft survivability equipment technology, pursuant to 22 U.S.C. 2767(f); to the Committee on International Relations.

4790. A letter from the Director, Defense Security Assistance Agency, transmitting the Department of the Navy's proposed lease of defense articles to Korea (Transmittal No. 24–97), pursuant to 22 U.S.C. 2796a(a); to the Committee on International Relations.

4791. A letter from the Assistant Secretary for Legislative Affairs, Department of State, transmitting notification that the President intends to exercise his authority under section 610(a) of the Foreign Assistance Act in order to authorize the furnishing of $4 million to Ethiopia, pursuant to 22 U.S.C. 2411; to the Committee on International Relations.

4792. A communication from the President of the United States, transmitting the first annual report on the implementation of a comprehensive program to monitor the end-use of defense articles and services, pursuant to 22 U.S.C. 2785; (H. Doc. No. 105—125); to the Committee on International Relations and ordered to be printed.

4793. A letter from the Assistant Legal Adviser for Treaty Affairs, Department of State, transmitting copies of international agreements, other than treaties, entered into by the United States, pursuant to 1 U.S.C. 112b(a); to the Committee on International Relations.

4794. A letter from the Executive Director, Office of Compliance, transmitting a decision of the Board of Directors on an alleged violation of the Worker Adjustment and Retraining Notification (WARN) provisions made applicable by the Congressional Accountability Act; to the Committee on House Oversight.

4795. A letter from the Director, Office of Regulatory Management and Information, Environmental Protection Agency, transmitting the Agency's final rule—Revocation of Obsolete Employee Responsibilities and Conduct Rules [FRL-5870-7] received August 8, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on the Judiciary.

4796. A letter from the Director, Federal Bureau of Prisons, transmitting the Bureau's final rule—Urine Surveillance [BOP-1072-F] (RIN: 1120-AA68) received August 25, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on the Judiciary.

4797. A letter from the General Counsel, Department of Transportation, transmitting the Department's final rule—Hazardous Materials: Cargo Tank Motor Vehicles in Liquefied Compressed Gas Services; Revisions and Response to Petitions for Reconsideration [Docket No. RSPA-97-2133 (HM-225)] (RIN: 2137-AC97) received August 19, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

4798. A letter from the General Counsel, Department of Transportation, transmitting the Department's final rule—Drawbridge Operation Regulations; Manistee River, MI (Coast Guard) [CGD09-97-014] (RIN: 2115-AE47) received August 19, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

4799. A letter from the General Counsel, Department of Transportation, transmitting the Department's final rule—Special Local Regulations: Hurricane Offshore Classic, St. Petersburg, FL (Coast Guard) [CGD07-97-031] (RIN: 2115-AE46) received August 19, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

4800. A letter from the General Counsel, Department of Transportation, transmitting the Department's final rule—Special Local Regulation; Clifton River Days, Tennessee River mile 158 to 160, Clifton, Tennessee (Coast Guard) [CGD08-97-028] (RIN: 2115-AE46) received August 19, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

4801. A letter from the General Counsel, Department of Transportation, transmitting the Department's final rule—Special Local Regulation; MY102 Boomsday, Tennessee River mile 645 to 649, Knoxville, Tennessee (Coast Guard) [CGD08-97-027] (RIN: 2115-AE46) received August 19, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

4802. A letter from the General Counsel, Department of Transportation, transmitting the Department's final rule—Special Local Regulation; Riverfest, Cumberland River mile 126.5 to 128.5, Clarksville, Tennessee (Coast Guard) [CGD08-97-026] (RIN: 2115-AE46) received August 19, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

4803. A letter from the General Counsel, Department of Transportation, transmitting the Department's final rule—Drawbridge Operation Regulations; Ship Channel, Great Egg Harbor Bay, New Jersey (Coast Guard) [CGD05-97-002] (RIN: 2115-AE47) received August 25, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

4804. A letter from the Secretary of Veterans Affairs, transmitting a draft of proposed legislation to provide flexibility in the order in which the Boards of Veterans' Appeals hears and considers appeals; to the Committee on Veterans' Affairs.

4805. A letter from the Secretary of Veterans Affairs, transmitting a draft of proposed legislation to authorize provision of care to veterans treated with nasopharyngeal radium irradiation; to the Committee on Veterans' Affairs.

4806. A letter from the Chief, Regulations Unit, Internal Revenue Service, transmitting the Service's final rule—Weighted Average Interest Rate Update [Notice 97-47] received September 2, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Ways and Means.

4807. A letter from the Secretary of Health and Human Services, transmitting the Department's "Major" final rule—Medicare Program; Changes to the Hospital Inpatient Prospective Payment Systems and Fiscal Year 1998 Rates (Health Care Financing Administration) [BPD-878-FC] (RIN: 0938-AH55) received August 28, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Ways and Means.

4808. A letter from the Administrator, Environmental Protection Agency, transmitting the reports entitled "Progress Toward Implementing Superfund" for fiscal years 1992-1994, pursuant to Public Law 99—499, section 120(e)(5) (100 Stat. 1669); jointly to the Committees on Commerce and Transportation and Infrastructure.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. SHUSTER: Committee on Transportation and Infrastructure. H.R. 2036. A bill to amend chapter 443 of title 49, United States Code, to extend the authorization of the aviation insurance program, and for other purposes, (Rept. 105-244). Referred to the Committee of the Whole House on the State of the Union.

PUBLIC BILLS AND RESOLUTIONS

Under clause 5 of rule X and clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. DELAHUNT:

H.R. 2396. A bill to amend section 1128B of the Social Security Act to repeal the criminal penalty for counseling or assisting an individual to dispose of assets in order to become eligible for Medicaid benefits; to the Committee on Commerce.

By Mr. CHRISTENSEN (for himself and Mr. Bliley):

H.R. 2397. A bill to amend title 38, United States Code, to extend eligibility for hospital care and medical services under chapter 17 of that title to veterans who have been awarded the Purple Heart, and for other purposes;to the Committee on Veterans' Affairs.

By Mr. CALVERT:

H.R. 2398. A bill to amend the Small Reclamation Projects Act of 1956 to provide for Federal cooperation in non-Federal reclamation projects and for participation by non-Federal agencies in Federal projects; to the Committee on Resources.

By Mrs. CLAYTON:

H.R. 2399. A bill to provide assistance for low-income working families;to the Committee on Education and the Workforce.

By Mr. SHUSTER (for himself, Mr. Oberstar, Mr. Petri, and Mr. Rahall):

H.R. 2400. A bill to authorize funds for Federal-aid highways, highway safety programs, and transit programs, and for other purposes; to the Committee on Transportation and Infrastructure, and in addition to the Committee on the Budget, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.

By Mr. DEUTSCH:

H.R. 2401. A bill to direct the Secretary of the Interior to make technical corrections to a map relating to the Coastal Barrier Resources System; to the Committee on Resources.

By Mr. DOOLITTLE:

H.R. 2402. A bill to make technical and clarifying amendments to improve management of water-related facilities in the Western United States; to the Committee on Resources.

By Mr. ENGLISH of Pennsylvania (for himself, Mr. Shaw, Mr. Burr of North Carolina, Mr. Coble, Mr. Gekas, Mr. Metcalf, Ms. Stabenow, and Mr. Weller):

H.R. 2403. A bill to amend the Internal Revenue Code of 1986 to reduce the rate of tax on unrecaptured section 1250 gain from 25 percent to 20 percent; to the Committee on Ways and Means.

By Mr. FILNER:

H.R. 2404. A bill to amend the Internal Revenue Code of 1986 to prohibit tax- related mailings from disclosing in any public way an individual's Social Security number; to the Committee on Ways and Means.

By Mr. LaFALCE:

H.R. 2405. A bill to amend title 49, United States Code, relating to criteria for granting slots to new entrant air carriers at certain high density airports; to the Committee on Transportation and Infrastructure.

By Mr. LAZIO of New York (for himself and Mr. Leach):

H.R. 2406. A bill to provide for the temporary extension of certain programs relating to public housing, and for other purposes;to the Committee on Banking and Financial Services.

By Mr. LEVIN (for himself, Mr. Ramstad, Mr. Barrett of Wisconsin, Mr. Latham, Mr. Rangel, Mr. Blagojevich, and Mr. Cummings):

H.R. 2407. A bill to reauthorize the Office of National Drug Control Policy, and for other purposes; to the Committee on Government Reform and Oversight, and in addition to the Committee on Commerce, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.

By Ms. LOFGREN:

H.R. 2408. A bill to improve academic and social outcomes for students by providing productive activities during after school hours; to the Committee on Education and the Workforce.

By Mr. RAMSTAD:

H.R. 2409. A bill to amend the Public Health Service Act, Employee Retirement

Income Security Act of 1974, and the Internal Revenue Code of 1986 to provide for nondiscriminatory coverage for substances abuse treatment services under private group and individual health coverage; to the Committee on Commerce, and in addition to the Committees on Education and the Workforce, and Ways and Means, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.

By Mr. COBLE:

H. Con. Res. 143.Concurrent resolution recognizing the accomplishments and contributions of the Director General of the World Intellectual Property Organization, Arpad Bogsch, on the occasion of his conclusion of service with that body; to the Committee on International Relations.

By Mrs. MALONEY of New York (for herself, Mr. HORN, Mr. BARTLETT of Maryland, Mr. WATTS of Oklahoma, Ms. DUNN of Washington, Ms. WOOLSEY, Ms. SLAUGHTER, Mr. CALVERT, Mr. GIBBONS, Mr. MEEHAN, Mr. DELAHUNT, and Mr. GUTIERREZ):

H. Con. Res. 144.Concurrent resolution expressing the sense of the Congress that former Secretary General of the United Nations Kurt Waldheim should not receive a retirement allowance from the United Nations; to the Committee on International Relations.

By Mr. SAXTON (for himself, Mr. FORBES, Mr. SHIMKUS, and Mr. WELLER):

H. Con. Res. 145.Concurrent resolution condemning in the strongest possible terms the bombing in Jerusalem on September 4, 1997;to the Committee on International Relations.

By Mr. FOX of Pennsylvania (for himself, Mr. GILMAN, Mr. FAWELL, Ms. CARSON, Mr. HAMILTON, Mr. BEREUTER, Mr. LIPINSKI, Mr. FALEOMAVAEGA, Mr. MCGOVERN, Ms. CHRISTIAN-GREEN, Ms. MCCARTHY of Missouri, Mr. RAHALL, Mr. ISTOOK, Mr. SHAYS, Mr. PITTS, Mr. CASTLE, Mrs. MYRICK, Mrs. CHENOWETH, Mr. MANZULLO, Mr. RILEY, Mr. MILLER of California, Mrs. LOWEY, Ms. DELAURO, Mr. FOGLIETTA, Mr. EVANS, Mr. HOSTETTLER, Mr. GOODLING, Mr. SHAW, Mr. NUSSLE, Mr. WISE, Ms. PELOSI, Mr. PARKER, Mrs. NORTHUP, Mr. FORBES, Mr. CRAPO, Mr. GEKAS, Mr. GRAHAM, Mr. TRAFICANT, Mr. DAN SCHAEFER of Colorado, Mr. NORWOOD, Mr. HANSEN, Mr. THOMAS, Mr. DEAL of Georgia, Mr. BURR of North Carolina, Mr. GOSS, Mr. COOK, Mr. HEFLEY, Ms. WOOLSEY, Mr. CALLAHAN, Mr. ROEMER, Mr. GUTKNECHT, Mr. PAPPAS, Mr. WELDON of Pennsylvania, Mr. JONES, Mrs. JOHNSON of Connecticut, Mr. CUNNINGHAM, Mr. COX of California, Mr. WOLF, Mr. SMITH of New Jersey, Mr. HILL, Ms. JACKSON-LEE, Mr. LAMPSON, Ms. LOFGREN, Mr. HINOJOSA, Mr. ORTIZ, Mr. DELLUMS, Mr. EDWARDS, Mr. RODRIGUEZ, Mr. CAPPS, Mr. BECERRA, Mr. GILCHREST, and Mr. SPENCE):

H. Res. 219. Resolution expressing the condolences of the House of Representatives on the tragic death of Diana, Princess of Wales; to the Committee on International Relations. September 4, 1997, committee discharged; considered and agreed to.

By Mr. BARR of Georgia (for himself, Mr. SAM JOHNSON, Mr. GRAHAM, Mr. SOLOMON, Mr. WHITFIELD, Mr. LIVINGSTON, Mr. DOOLITTLE, Mr. KINGSTON, Mrs. CUBIN, and Mrs. LINDA SMITH of Washington):

H. Res. 220. Resolution expressing the sense of the House of Representatives with respect to the failure of the Executive to take care that the laws be faithfully executed; to the Committee on the Judiciary.

MEMORIALS

Under clause 4 of rule XXII, memorials were presented and referred as follows:

183. The SPEAKER presented a memorial of the Legislature of the State of California, relative to Assembly Joint Resolution No. 30 memorializing the President and the Congress of the United States to protect the jobs of the hard-working men and women who serve our country at McClellan Air Force Base, by bringing in private firms to perform repair work at the facility; to the Committee on National Security.

184. Also, a memorial of the Legislature of the State of California, relative to Assembly Joint Resolution No. 22 requesting the President, the Congress, and the Department of Defense to support the efforts of the citizens of the State of California and the County of San Diego to acquire the United States Navy aircraft carrier *Midway* for a regional museum and an educational and entertainment complex; to the Committee on National Security.

185. Also, a memorial of the Senate of the Commonwealth of Massachusetts, relative to Resolutions memorializing the President and Congress of the United States to uphold section 907 of the Freedom Support Act of 1992 which denies any United States Assistance to the country of Azerbaijan because of its blockade of humanitarian assistance to Armenia and Nagorno-Karabagh; to the Committee on International Relations.

186. Also, a memorial of the House of Representatives of the State of Tennessee, relative to House Joint Resolution No. 77 memorializing the U.S. Congress to enact the Streamlined Transportation Efficiency Program for the 21st Century (STEP 21); to the Committee on Transportation and Infrastructure.

187. Also, a memorial of the Legislature of the State of California, relative to Assembly Joint Resolution No. 7 memorializing Congress and the President of the United States to authorize and fund a prompt evaluation of the physical potential for, and economic feasibility of, raising Friant Dam and making use of the increased capacity to help meet flood protection and water supply needs for the citizens of this state, without impairing the existing rights of, and benefits to, and without altering the costs to, the current users of the waters of the San Joaquin River; to the Committee on Transportation and Infrastructure.

188. Also, a memorial of the Legislature of the State of California, relative to Assembly Joint Resolution No. 28 memorializing the President and Congress of the United States to enact House Resolution 836, to provide full benefits from the Department of Veterans Affairs to veterans who served in the Philippine Commonwealth Army and the Special Philippine Scouts during World War II; to the Committee on Veterans' Affairs.

189. Also, a memorial of the Legislature of the State of California, relative to Assembly Joint Resolution No. 25 urging Congress and the President to enact the Breast-Cancer Research Stamp Act of 1997; jointly to the Committees on Government Reform and Oversight and Commerce.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII.

Mr. DOYLE introduced A bill (H.R. 2410) for the relief of Jozef Richard Madar, Etela Madar, and Jozef Thomas Madar; which was referred to the Committee on the Judiciary.

ADDITIONAL SPONSORS

Under clause 4 of rule XXII, sponsors were added to public bills and resolutions as follows:

H.R. 4: Mr. PAXON, Ms. DEGETTE, and Mr. HYDE.

H.R. 7: Mr. COX of California and Mr. STENHOLM.

H.R. 38: Mr. REYES.

H.R. 44: Mr. CALVERT.

H.R. 45: Mr. GOODE, Mr. MANTON, Mr. DELLUMS, and Mr. GEJDENSON.

H.R. 65: Mrs. FOWLER, Mr. CALVERT, Mr. SAXTON, and Mr. UPTON.

H.R. 86: Mr. FORBES.

H.R. 107: Mr. CLEMENT.

H.R. 135: Ms. CHRISTIAN-GREEN.

H.R. 148: Mr. SERRANO.

H.R. 150: Mr. POSHARD.

H.R. 158: Mr. GEKAS.

H.R. 161: Mr. SHAYS.

H.R. 192: Mr. BOEHLERT, Mr. PASCRELL, and Mr. BAESLER.

H.R. 230: Mr. BAESLER.

H.R. 303: Mr. WATTS of Oklahoma, Mr. CALVERT, Mr. SAXTON, Mr. MOLLOHAN, and Mr. CRAPO.

H.R. 347: Mr. STENHOLM.

H.R. 371: Mr. MILLER of California.

H.R. 372: Mr. EVANS.

H.R. 414: Mr. BOEHLERT, Mr. MCGOVERN, and Mr. PASCRELL.

H.R. 475: Mr. ROGERS.

H.R. 536: Mr. MCDERMOTT.

H.R. 547: Ms. CARSON.

H.R. 586: Mr. SHADEGG.

H.R. 614: Mr. GIBBONS.

H.R. 622: Mr. COX of California.

H.R. 650: Mr. EVANS.

H.R. 705: Mr. MCCOLLUM.

H.R. 716: Mr. KOLBE and Mr. SKEEN.

H.R. 746: Mr. HALL of Texas, Mr. TORRES, Mr. MCCRERY, Mr. BURR of North Carolina, and Ms. ESHOO.

H.R. 754: Mr. SERRANO.

H.R. 755: Mr. RIGGS.

H.R. 777: Mr. SOUDER and Mr. WEYGAND.

H.R. 793: Mr. KLECZKA.

H.R. 830: Ms. FURSE.

H.R. 841: Mr. ACKERMAN.

H.R. 875: Mr. KIND of Wisconsin.

H.R. 900: Mr. PETERSON of Minnesota and Mr. KUCINICH.

H.R. 915: Mr. STUPAK, Mr. STRICKLAND, Mr. FROST, Mr. DELLUMS, Mr. DIXON, Ms. STABENOW, Mr. BAESLER, Mr. MANTON, Mr. FALEOMAVAEGA, Mr. CLAY, and Mr. LANTOS.

H.R. 939: Mr. ENSIGN and Mr. PALLONE.

H.R. 972: Ms. CARSON.

H.R. 978: Ms. STABENOW and Mr. CONDIT.

H.R. 981: Mr. COOK and Mr. LEVIN.

H.R. 982: Mr. SHAYS and Mr. LEVIN.

H.R. 983: Mrs. MALONEY of New York.

H.R. 991: Mr. ENGEL, Mr. TIERNEY, Mr. DELAHUNT, Mr. SERRANO, Mr. BROWN of Ohio, Mr. MURTHA, Mr. VISCLOSKY, Mr. KLECZKA, Mrs. MEEK of Florida, Mr. WELDON of Pennsylvania, Mr. JACKSON, Ms. SANCHEZ, Mr. MALONEY of Connecticut, Mr. GREEN, Mr.

HEFNER, Mr. SNYDER, Ms. WOOLSEY, and Mrs. THURMAN.

H.R. 992: Mr. CHABOT, Mr. COLLINS, Mr. BAKER, and Mr. BOB SCHAFFER.

H.R. 1018: Mr. SERRANO, Ms. WOOLSEY, and Mr. Cook.

H.R. 1035: Mr. FOX of Pennsylvania.

H.R. 1108: Mr. BILBRAY.

H.R. 1114: Mr. BAESLER, Mr. BAKER, Mr. WEYGAND, Mr. JENKINS, Mr. COYNE, Mr. ACKERMAN, Mr. SERRANO, Mr. HOEKSTRA, Mr. CLEMENT, Mr. QUINN, and Mrs. EMERSON.

H.R. 1130: Mr. BOUCHER and Mr. PAYNE.

H.R. 1147: Mr. WICKER.

H.R. 1151: Ms. WATERS, Mr. WYNN, Mr. MILLER of California, Mrs. MCCARTHY of New York, Mr. HOLDEN, Mr. GILMAN, Mrs. MORELLA, Mr. ENGLISH of Pennsylvania, and Mr. FARR of California.

H.R. 1161: Mrs. KELLY.

H.R. 1175: Mr. DOOLEY of California.

H.R. 1194: Mr. UNDERWOOD.

H.R. 1195: Mr. GOODLING and Mr. UNDERWOOD.

H.R. 1206: Mr. ROEMER.

H.R. 1260: Mr. RIGGS, Mr. TALENT, Ms. DUNN of Washington, Mr. BRADY, Mr. SPENCE, Mr. COOK, Mr. BOSWELL, Mr. GIBBONS, Mr. ADAM SMITH of Washington, and Mr. REYES.

H.R. 1290: Mr. PARKER.

H.R. 1298: Mr. WATTS of Oklahoma.

H.R. 1329: Mr. COOK.

H.R. 1333: Mrs. EMERSON.

H.R. 1356: Mr. COOK, Mr. BOEHLERT, Mr. CALVERT, Mr. CANNON, and Mr. SANDERS.

H.R. 1357: Mr. CALVERT and Mr. BOEHLERT.

H.R. 1369: Mr. BAESLER.

H.R. 1373: Mr. RUSH, Mr. PAYNE, Mr. TOWNS, Ms. EDDIE BERNICE JOHNSON of Texas, Mrs. MINK of Hawaii, Mr. ABERCROMBIE, and Mr. UNDERWOOD.

H.R. 1440: Ms. CHRISTIAN-GREEN.

H.R. 1462: Mr. ROEMER.

H.R. 1534: Ms. DANNER, Mr. DUNCAN, Mr. BAESLER, Mr. GUTKNECHT, Mr. TALENT, Ms. PRYCE of Ohio, Mr. CRAMER, Mr. BARRETT of Nebraska, Mr. SMITH of Michigan, Mr. YOUNG of Alaska, Mr. MILLER of Florida, Mr. NETHERCUTT, Mr. PAPPAS, Mr. ADERHOLT, Mrs. MYRICK, Ms. DUNN of Washington, Mr. SANDLIN, Mr. Tiahrt, Mr. BERRY, and Mr. CAMP.

H.R. 1539: Mr. BURR of North Carolina.

H.R. 1540: Mr. RAMSTAD.

H.R. 1577: Mr. PAXON.

H.R. 1608: Mr. DAN SCHAEFER of Colorado, Mr. REYES, Mr. TRAFICANT, Ms. CHRISTIAN-GREEN, Mr. ANDREWS, Mr. RAHALL, Mr. ROHRABACHER, Mr. GILLMOR, Mr. BERMAN, Mr. SENSENBRENNER, and Mr. SMITH of New Jersey.

H.R. 1630: Mr. ACKERMAN, Mr. MCGOVERN, Ms. CHRISTIAN-GREEN, Mr. CALLAHAN, and Mr. ADAM SMITH of Washington.

H.R. 1679: Mrs. THURMAN, Mrs. JOHNSON of Connecticut, Mr. FAWELL, and Mr. MALONEY of Connecticut.

H.R. 1705: Ms. WOOLSEY.

H.R. 1711: Mr. COLLINS, Mr. DEAL of Georgia, Mr. EDWARDS, Mr. NEY, Mr. PETERSON of Minnesota, Mr. SKEEN, and Mr. YOUNG of Alaska.

H.R. 1719: Mr. HANSEN and Mr. SANDLIN.

H.R. 1727: Mr. SERRANO, Mr. JACKSON, Mr. MCGOVERN, and Ms. VELÁZQUEZ.

H.R. 1776: Ms. WOOLSEY.

H.R. 1807: Mr. KASICH, Mr. WEXLER, Mr. HASTINGS of Florida, Mr. UNDERWOOD, Mr. RAHALL, Mr. WAXMAN, Mr. SERRANO, Mr. MARTINEZ, Mr. GUTIERREZ, Mr. STARK, Ms. SLAUGHTER, and Mr. PALLONE.

H.R. 1813: Mr. LEWIS of Georgia, Mr. JOHNSON of Wisconsin, Mr. NETHERCUTT, Mr. DAVIS of Illinois, Ms. DELAURO, and Mr. MURTHA.

H.R. 1814: Ms. CARSON.

H.R. 1822: Mr. STARK.

H.R. 1873: Mr. KLECZKA.

H.R. 1880: Mr. MEEHAN, Mrs. KENNELLY of Connecticut, Mr. MENENDEZ, Ms. DELAURO, Mr. DELAHUNT, and Mr. TORRES.

H.R. 1991: Mr. COOK.

H.R. 2009: Mr. KILDEE, Ms. WOOLSEY, Mr. GREEN, Mr. MCDERMOTT, Mr. MURTHA, Mr. MASCARA, Mr. GOODE, Mr. RAHALL, Mr. FRANK of Massachusetts, Mr. ROMERO-BARCELO, Mr. NUSSLE, Mr. BENTSEN, and Mr. Nethercutt.

H.R. 2011: Mr. GIBBONS.

H.R. 2021: Mr. LIPINSKI.

H.R. 2064: Ms. DELAURO and Mr. GREEN.

H.R. 2120: Mr. BURTON of Indiana and Mr. MILLER of California.

H.R. 2141: Mr. ROHRABACHER.

H.R. 2149: Mr. HINCHEY.

H.R. 2163: Mr. GOODLATTE.

H.R. 2174: Mr. CAPPS, Mr. STARK, Mr. LEWIS of Georgia, Ms. DEGETTE, Mr. MEEHAN, Ms. LOFGREN, Mr. MARTINEZ, Mr. GUTIERREZ, Mr. GREEN, Mr. FRANK of Massachusetts, Mr. KENNEDY of Rhode Island, Ms. MILLENDER-MCDONALD, Mr. SKAGGS and Mr. BLUMENAUER.

H.R. 2179: Mr. KING of New York.

H.R. 2190: Mr. BOB SCHAFFER.

H.R. 2198: Mrs. ROUKEMA, Mr. SCHIFF, and Ms. ESHOO.

H.R. 2202: Mr. WEXLER, Mr. MILLER of Florida, Mr. CRANE, Mr. HYDE, Mr. BLAGOJEVICH, Mr. NETHERCUTT, Ms. ROYBAL-ALLARD, Mr. KENNEDY of Rhode Island, Mrs. MCCARTHY of New York, Mr. SCOTT, Mr. BROWN of California, Mr. PRICE of North Carolina, Mr. MENENDEZ, Mr. FAZIO of California, Mr. COYNE, Mr. TURNER, Mr. WYNN, Mr. PAYNE, Mr. HALL of Texas, Mr. CLEMENT, and Ms. ESHOO.

H.R. 2221: Mr. EHLERS.

H.R. 2248: Mr. ABERCROMBIE, Mr. ANDREWS, Mr. BACHUS, Mr. BAKER, Mr. BALDACCI, Mr. BARCIA of Michigan, Mr. BATEMAN, Mr. BLUMENAUER, Mr. BOEHLERT, Mr. BONILLA, Mr. BORSKI, Mr. BOUCHER, Mr. BROWN of California, Mr. BROWN of Ohio, Mr. CHABOT, Mrs. CLAYTON, Mr. COBLE, Mr. COOK, Mr. CONDIT, Mr. COSTELLO, Mr. COYNE, Mr. CRAMER, Mr. CUMMINGS, Mr. CUNNINGHAM, Mr. DAVIS of Illinois, Mr. DAVIS of Virginia, Mr. DEFAZIO, Ms. DEGETTE, Mr. DEUTSCH, Mr. DICKS, Mr. DIXON, Mr. DOOLITTLE, Mr. DOYLE, Mr. DUNCAN, Ms. DUNN of Washington, Mr. EHLERS, Mr. EHRLICH, Mr. FARR of California, Mr. FAZIO of California, Mr. FILNER, Mr. FORBES, Mr. FORD, Mrs. FOWLER, Mr. FOX of Pennsylvania, Mr. FRANKS of New Jersey, Mr. FRELINGHUYSEN, Ms. FURSE, Mr. GALLEGLY, Mr. GEJDENSON, Mr. GEKAS, Mr. GIBBONS, Mr. GOODLATTE, Mr. GREEN, Mr. GUTIERREZ, Mr. HASTERT, Mr. HINCHEY, Mr. HOLDEN, Mr. HORN, Mr. HYDE, Ms. EDDIE BERNICE JOHNSON of Texas, Mrs. JOHNSON of Connecticut, Mr. KANJORSKI, Ms. KAPTUR, Mrs. KENNELLY of Connecticut, Mr. KILDEE, Ms. KILPATRICK, Mr. KING of New York, Mr. KUCINICH, Mr. KLECZKA, Mr. KNOLLENBERG, Mr. LAMPSON, Mr. LEWIS of Georgia, Mr. LEWIS of California, Mr. LIPINSKI, Ms. LOFGREN, Mrs. LOWEY, Mrs. MALONEY of New York, Mr. MALONEY of Connecticut, Mr. MANTON, Mr. MARTINEZ, Mrs. MCCARTHY of New York, Ms. MCCARTHY of Missouri, Mr. MCCOLLUM, Mr. MCHALE, Mr. MCINTOSH, Mr. MCKEON, Ms. MCKINNEY, Mr. MCNULTY, Mr. MEEHAN, Ms. MILLENDER-MCDONALD, Mr. MILLER of Florida, Mrs. MINK of Hawaii, Mr. MOAKLEY, Mr. MURTHA, Mr. NADLER, Mr. NEAL of Massachusetts, Mr. NEY, Ms. NORTON, Mr. OLVER, Mr. PASCRELL, Mr. PAYNE, Ms. PELOSI, Mr. PICKETT, Mr. POMBO, Mr. PORTER, Mr. POSHARD, Ms. PRYCE of Ohio, Mr. RAHALL, Mr. RAMSTAD, Mr. REYES, Mr. RILEY, Ms. RIVERS, Mr. ROHRABACHER, Mr. ROTHMAN, Mr. RUSH, Mr. SANDERS, Mr. SAWYER, Mr. SAXTON, Mr. BOB SCHAFFER, Mr. SCARBOROUGH, Mr. SCHIFF, Mr. SCHUMER, Mr. SESSIONS, Mr. SHERMAN, Mr. SKEEN, Ms. SLAUGHTER, Mr. SMITH of New Jersey, Mr. SOLOMON, Mr. SOUDER, Ms. STABENOW, Mr. STARK, Mr. TALENT, Mr. TIAHRT, Mr. TORRES, Mr. TOWNS, Mr. TRAFICANT, Mr. UPTON, Mr. VENTO, Mr. VISCLOSKY, Mr. METCALF, Mr. WALSH, Mr. WATTS of Oklahoma, Mr. WELDON of Pennsylvania, Mr. WEXLER, Mr. ROYCE, Mr. QUINN, Mr. CALLAHAN, Ms. SANCHEZ, Mr. SNYDER, Mr. SABO, Mr. WISE, Mr. BASS, Mr. EVERETT, Mr. CALVERT, Mr. SCOTT, Mr. JACKSON, Mr. CANNON, Mr. BILBRAY, Ms. HARMAN, Mr. BISHOP, Mr. BERMAN, Mr. DELAHUNT, Mr. PITTS, Mr. DICKEY, Mr. GUTKNECHT, Mr. BEREUTER, Mr. BILIRAKIS, Mrs. TAUSCHER, Mr. LIVINGSTON, Mr. HOYER, Mr. SUNUNU, Ms. DELAURO, Mr. BURR of North Carolina, Mr. BARTLETT of Maryland, Mr. KIM, Mr. DIAZ-BALART, Mrs. MYRICK, Mr. MCDADE, Mr. DELAY, Mr. TAYLOR of North Carolina, Mr. SENSENBRENNER, Mr. JENKINS, Mr. HILL, Mr. LAZIO of New York, Mr. MCCRERY, Mr. ENGLISH of Pennsylvania, Mr. DREIER, Mrs. EMERSON, Mr. RADANOVICH, Mr. MOLLOHAN, Mr. MENENDEZ, Mr. HANSEN, Mr. MATSUI, Mr. DAVIS of Florida, Mr. FROST, Mr. MANZULLO, Mr. HAYWORTH, Mr. HALL of Ohio, Mr. WATKINS, Mr. DOOLEY of California, Mr. MCHUGH, Mr. GINGRICH, Mr. BONO, Mr. SHADEGG, Mr. KOLBE, Mr. RIGGS, Mr. CLAY, Mr. BARRETT of Wisconsin, Ms. HOOLEY of Oregon, Mr. MASCARA, Ms. WOOLSEY, Mrs. THURMAN, Mr. TAYLOR of Mississippi, Mr. GRAHAM, Mr. SHAW, Mr. WELLER, Mr. PETRI, Mr. INGLIS of South Carolina, Mr. ENSIGN, Mr. CANADY of Florida, Mr. TAUZIN, Mr. HALL of Texas, Mr. FOLEY, Mr. MILLER of California, Mr. CLEMENT, and Mr. SANDLIN.

H.R. 2272: Ms. SLAUGHTER, Mr. WAXMAN, Mr. DELLUMS, and Mr. ACKERMAN.

H.R. 2305: Mr. HOBSON.

H.R. 2332: Mr. BONIOR, Mr. KLINK, and Mr. WELDON of Florida.

H.R. 2361: Mr. SENSENBRENNER.

H.R. 2387: Mrs. MINK of Hawaii, Mr. TIERNEY, Mr. KENNEDY of Rhode Island, Mr. BALDACCI, Mr. YATES, Ms. WOOLSEY, and Mr. SCHUMER.

H.J. Res. 26: Mr. DEAL of Georgia.

H. Con. Res. 52: Mr. GIBBONS, Mr. SHERMAN, Mr. LANTOS, Mr. EDWARDS, and Mr. BERRY.

H. Con. Res. 126: Mr. KLINK, Mr. BOEHLERT, Mr. MILLER of Florida, Ms. VELÁZQUEZ, and Mr. PAYNE.

H. Con. Res. 128: Mr. ROHRABACHER.

H. Con. Res. 134: Mrs. THURMAN, Mr. SHAW, Mr. HALL of Ohio, Mr. SANDLIN, Mr. KOLBE, Mr. FOLEY, Mr. CLEMENT, and Ms. GRANGER.

H. Con. Res. 141: Mr. REYES and Ms. CHRISTIAN-GREEN.

H. Res. 96: Mr. UNDERWOOD.

H. Res. 135: Mr. ENGEL, Ms. KILPATRICK, and Ms. HOOLEY of Oregon.

H. Res. 139: Mr. HOSTETTLER, Mr. HASTERT, Mr. SMITH of Michigan, Mr. WHITFIELD, Mr. COLLINS, Mr. SPENCE, and Mr. KINGSTON.

H. Res. 214: Mrs. ROUKEMA, Mr. BLILEY, Mr. CUNNINGHAM, and Mr. SENSENBRENNER.

DELETIONS OF SPONSORS FROM PUBLIC BILLS AND RESOLUTIONS

Under clause 4 of rule XXII, sponsors were deleted from public bills and resolutions as follows:

H.R. 695: Mr. THORNBERRY.

AMENDMENTS

Under clause 6 of rule XXIII, proposed amendments were submitted as follows:

H.R. 2264

OFFERED BY: MR. COBURN

AMENDMENT NO. 34: Page 25, line 18, after the first dollar amount, insert the following: "(increased by $34,868,000)".

Page 26, line 22, after the dollar amount, insert the following: "(increased by $51,000,000)".

Page 37, line 1, after the dollar amount, insert the following: "(reduced by $2,388,000)".

Page 41, line 8, after the dollar amount, insert the following: "(reduced by $22,668,000)".

Page 44, line 16, after the dollar amount, insert the following: "(reduced by $4,812,000)".

Page 45, line 11, after the dollar amount, insert the following: "(reduced by $5,000,000)".

H.R. 2264

OFFERED BY: MR. COBURN

AMENDMENT NO. 35: At the end of the bill, insert after the last section (preceding the short title) the following section:

SEC. 516. Notwithstanding any other provision of this Act, none of the funds made available in this Act may be used to carry out or promote any program of distributing sterile needles for the hypodermic injection of any illegal drug.

H.R. 2264

OFFERED BY: MR. COBURN

AMENDMENT NO. 36: At the end of the bill, insert after the last section (preceding the short title) the following section:

SEC. 516. None of the funds made available in this Act may be used by the Centers for Disease Control and Prevention, or any other part of the Public Health Service, to conduct or support any program in which blood samples are collected from newborns and tested for the human immunodeficiency virus in circumstances in which the samples do not indicate the identify of the newborns, from whom the samples were taken.

H.R. 2264

OFFERED BY: MRS. EMERSON

AMENDMENT NO. 37: Page 102, after line 24, insert the following new section:

SEC. 516. No funds made available under this Act may be used to implement any voluntary residency reduction plan under section 1886(h)(6) of the Social Security Act (42 U.S.C. 1395ww(h)(6)), as added by section 4626(a) of the Balanced Budget Act of 1997 (Public Law 105–33), unless the Secretary of Health and Human Services certifies to the Congress that the implementation of the plan will not result in a reduction of the number of residents in primary care who will be available to practice in underserved rural areas.

H.R. 2264

OFFERED BY: MR. FILNER

AMENDMENT NO. 38: At the end of title II, insert after the last section (preceding the short title) the following section:

SEC. 213. Of the amounts made available in this title for the amount "ADMINISTRATION FOR CHILDREN AND FAMILES—Children and families services programs", $12,800,000 of the amount available for carrying out the Community Services Block Grant Act is transferred and made available under section 30403 of Public Law 103–322 for the Community Schools Youth Services and Supervision Grant Program Act of 1994.

H.R. 2264

OFFERED BY: MR. GRAHAM

AMENDMENT NO. 39: Page 64, line 7, after the first dollar amount, insert the following: "(decreased by $458,500,000)".

Page 64, line 7, after the second dollar amount, insert the following: "(decreased by $458,500,000)".

Page 68, line 17, after the first dollar amount, insert the following: "(increased by $458,500,000)".

Page 68, line 17, after the second dollar amount, insert the following: "(increased by $458,500,000)".

H.R. 2264

OFFERED BY: MR. HAYWORTH

AMENDMENT NO. 40: Page 66, line 7, after "$796,000,000" insert "(increased by $18,000,000)".

Page 66, line 12, after "$7,000,000" insert "(increased by $18,000,000)".

Page 82, line 6, after "$174,661,000" insert "(increased by $18,000,000)".

H.R. 2264

OFFERED BY: MR. HOEKSTRA

AMENDMENT NO. 41: At the end of the bill, insert after the last section (preceding the short title) the following new section:

SEC. 516. None of the funds made available in this Act may be used to pay the expenses of an election officer appointed by a court to oversee an election of any officer or trustee for the International Brotherhood of Teamsters.

H.R. 2264

OFFERED BY: MR. HOEKSTRA

AMENDMENT NO. 42: At the end of the bill, insert after the last section (preceding the short title) the following new section:

SEC. 516. (a) IN GENERAL.—Except as provided in subsection (b), none of the funds made available under this Act, or any other Act making appropriations for fiscal year 1998, may be used by the Department of Labor or the Department of Justice to conduct a rerun of a 1996 election for the office of President, General Secretary, Vice-President, or Trustee of the International Brotherhood of Teamsters.

(b) EXCEPTION.—

(1) IN GENERAL.—Upon the submission to Congress of a certification by the President of the United States that the International Brotherhood of Teamsters does not have funds sufficient to conduct a rerun of a 1996 election for the office of President, General Secretary, Vice-President, or Trustee of the International Brotherhood of Teamsters, the President of the United States may transfer funds from the Department of Justice and the Department of Labor for the conduct and oversight of such a rerun election.

(2) REQUIREMENTS.—Prior to the transfer of funds under paragraph (1), the International Brotherhood of Teamsters shall agree to repay the Secretary of the Treasury for the costs incurred by the Department of Labor and the Department of Justice in connection with the conduct of an election described in paragraph (1). Such agreement shall provide that any such repayment plan be reasonable and practicable, as determined by the Attorney General and the Secretary of Treasury, and be structured in a manner that permits the International Brotherhood of Teamsters to continue to operate.

(3) REPAYMENT PLAN.—The International Brotherhood of Teamsters shall submit to the President of the United States, the Majority and Minority Leaders of the Senate, the Majority and Minority Leaders of the House of Representatives, and the Speaker of the House of Representatives, a plan for the repayment of amounts described in paragraph (2), at an interest rate equal to the Federal underpayment rate established under section 6621(a)(2) of the Internal Revenue Code of 1986 as in effect for the calendar quarter in which the plan is submitted, prior to the expenditure of any funds under this section.

H.R. 2264

OFFERED BY: MR. PETERSON OF PENNSYLVANIA

AMENDMENT NO. 43: Page 64, line 7, after each dollar amount, insert "(decreased by $20,000,000)".

Page 69, line 26, after each dollar amount, insert "(increased by $20,000,000)".

H.R. 2264

OFFERED BY: MR. SMITH OF MICHIGAN

AMENDMENT NO. 44: At the end of title V, insert after the last section (preceding the short title) the following section:

SEC. 516. None of the funds made available in this Act may be used to alter, for any State, formulas under subparts I and II of part B of title XIX of the Public Health Service Act.

H.R. 2264

OFFERED BY: MR. SMITH OF MICHIGAN

AMENDMENT NO. 45: At the end of title V, insert after the last section (preceding the short title) the following section:

SEC. 516. None of the funds made available in this Act may be used to apply, for any State, formulas under subparts I and II of part B of title XIX of the Public Health Service Act that are different in any numerical respect from the formulas that were applied under such subparts, respectively, for the State for fiscal year 1997 (other than numerical changes necessary to reflect the amounts made available in this Act for carrying out such subparts for fiscal year 1998).

H.R. 2264

OFFERED BY: MR. SOUDER

AMENDMENT NO. 46: Page 64, line 7, after the first dollar amount, insert "(decreased by $475,000,000)".

Page 64, line 7, after the second dollar amount, insert "(decreased by $458,500,000)".

Page 65, lines 7 and 8, after each dollar amount, insert "(increased by $40,000,000)".

Page 66, lines 20 and 21, after each dollar amount, insert "(increased by $167,000,000)".

Page 68, line 17, after each dollar amount, insert "(increased by $200,000,000)".

Page 73, line 15, after the first dollar amount, insert "(increased by $68,000,000)".

H.R. 2264

OFFERED BY: MR. SOUDER

AMENDMENT NO. 47: Page 64, line 7, after each dollar amount, insert "(decreased by $40,000,000)".

Page 65, lines 7 and 8, after each dollar amount, insert "(increased by $40,000,000)".

H.R. 2264

OFFERED BY: MR. SOUDER

AMENDMENT NO. 48: Page 64, line 7, after each dollar amount, insert "(decreased by $12,000,000)".

Page 66, lines 20 and 21, after each dollar amount, insert "(increased by $12,000,000)".

H.R. 2264

OFFERED BY: MR. SOUDER

AMENDMENT NO. 49: Page 64, line 7, after each dollar amount, insert "(decreased by $53,000,000)".

Page 66, lines 20 and 21, after each dollar amount, insert "(increased by $53,000,000)".

H.R. 2264

OFFERED BY: MR. SOUDER

AMENDMENT NO. 50: Page 64, line 7, after each dollar amount, insert "(decreased by $27,000,000)".

Page 66, lines 20 and 21, after each dollar amount, insert "(increased by $27,000,000)".

H.R. 2264

OFFERED BY: MR. SOUDER

AMENDMENT NO. 51: Page 64, line 7, after each dollar amount, insert "(decreased by $75,000,000)".

Page 66, lines 20 and 21, after each dollar amount, insert "(increased by $75,000,000)".

H.R. 2264

OFFERED BY: MR. SOUDER

AMENDMENT NO. 52: Page 64, line 7, after each dollar amount, insert "(decreased by $100,000,000)".

Page 68, line 17, after each dollar amount, insert "(increased by $100,000,000)".

H.R. 2264

OFFERED BY: MR. SOUDER

AMENDMENT NO. 53: Page 64, line 7, after each dollar amount, insert "(decreased by $100,000,000)".

Page 68, line 17, after each dollar amount, insert "(increased by $100,000,000)".

H.R. 2264

OFFERED BY: MR. SOUDER

AMENDMENT NO. 54: Page 64, line 7, after each dollar amount, insert "(decreased by $68,000,000)".

Page 73, line 15, after each dollar amount, insert "(increased by $68,000,000)".

H.R. 2264

OFFERED BY: MR. SOUDER

AMENDMENT NO. 55: In the item relating to "HEALTH RESOURCES AND SERVICES ADMINISTRATION—HEALTH RESOURCES AND SERVICES", in the fifth proviso (relating to the program under title X of the Public Health Service Act), insert after the dollar amount "(reduced by $5,000,000)".

H.R. 2264

OFFERED BY: MR. SOUDER

AMENDMENT NO. 56: In the item relating to "HEALTH RESOURCES AND SERVICES ADMINISTRATION—HEALTH RESOURCES AND SERVICES", insert after the first dollar amount (before the comma) "(reduced by $5,000,000)"; and in the fifth proviso (relating to the program under title X of the Public Health Service Act), insert after the dollar amount "(reduced by $5,000,000)".

In the item relating to "CENTERS FOR DISEASE CONTROL AND PREVENTION—DISEASE CONTROL, RESEARCH, AND TRAINING", insert after the first dollar amount "(increased by $5,000,000)".

H.R. 2264

OFFERED BY: MR. SOUDER

AMENDMENT NO. 57: In the item relating to "HEALTH RESOURCES AND SERVICES ADMINISTRATION—HEALTH RESOURCES AND SERVICES", insert after the first dollar amount (before the comma) "(reduced by $5,000,000)"; and in the fifth proviso (relating to the program under title X of the Public Health Service Act), insert after the dollar amount "(reduced by $5,000,000)".

In the item relating to "ADMINISTRATION FOR CHILDREN AND FAMILIES—CHILDREN AND FAMILIES SERVICES PROGRAMS", insert after the first dollar amount "(increased by $5,000,000)".

H.R. 2264

OFFERED BY: MR. SOUDER

AMENDMENT NO. 58: In the item relating to "HEALTH RESOURCES AND SERVICES ADMINISTRATION—HEALTH RESOURCES AND SERVICES", insert after the first dollar amount (before the comma) "(reduced by $10,000,000)"; and in the fifth proviso (relating to the program under title X of the Public Health Service Act), insert after the dollar amount "(reduced by $10,000,000)".

In the item relating to "ADMINISTRATION FOR CHILDREN AND FAMILIES—CHILDREN AND FAMILIES SERVICES PROGRAMS", in the second undesignated paragraph (relating to the Violent Crime Reduction Trust Fund), insert after the dollar amount "(increased by $10,000,000)".

H.R. 2264

OFFERED BY: MR. SOUDER

AMENDMENT NO. 59: In the item relating to "HEALTH RESOURCES AND SERVICES ADMINISTRATION—HEALTH RESOURCES AND SERVICES", insert after the first dollar amount (before the comma) "(reduced by $10,000,000)"; and in the fifth proviso (relating to the program under title X of the Public Health Service Act), insert after the dollar amount "(reduced by $10,000,000)".

In the item relating to "ADMINISTRATION FOR CHILDREN AND FAMILIES—CHILDREN AND FAMILIES SERVICES PROGRAMS", insert after the dollar amount "(increased by $10,000,000)".

EXTENSIONS OF REMARKS

AIR QUALITY STANDARDS

HON. MAC COLLINS

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 4, 1997

Mr. COLLINS. Mr. Speaker, the Georgia House of Representatives recently passed a resolution urging the U.S. Environmental Protection [EPA] to maintain the current National Ambient Air Quality Standards [NAAQS] pending further review of the costs and benefits of the proposed changes. The resolution also urges the EPA to identify unfunded mandates and other regulatory burdens that the proposed changes would impose on States and local communities.

I submit Georgia House Resolution 379 for careful consideration by the U.S. Congress.

H.R. 379

Whereas, the U.S. Environmental Protection Agency (EPA) has a responsibility to review periodically the National Ambient Air Quality Standards (NAAQS) for ozone and particulate matter (PM); and

Whereas, the EPA is considering establishing a more stringent ozone standard and a new more stringent standard for particulate matter at or below 2.5 microns (PM 2.5); and

Whereas, Georgia, its local jurisdictions, businesses, and citizens have supported health based National Ambient Air Quality Standards (NAAQS) that are premised on sound science; and

Whereas, Georgia has made progress toward meeting current National Ambient Air Quality Standards (NAAQS) for ozone under the Clean Air Act amendments of 1990, although the Atlanta area has not yet come into compliance with the current standard; and

Whereas, all of Georgia meets the current standards for particulate matter; and

Whereas, Georgia, its local jurisdictions, businesses, consumers, and taxpayers have borne considerable cost to come into compliance with the current NAAQS for ozone and particulate matter; and

Whereas, the proposed new standards may significantly expand the number of nonattainment areas for both ozone and particulate matter, which could result in additional emission controls in some areas and could impose significant economic, administrative, and regulatory burdens on Georgia, its citizens, businesses, and local governments; and

Whereas, the EPA's own Clean Air Science Advisory Committee (CASAC) was unable to find any "bright line" that would distinguish any public health benefit among any of the proposed new standards for ozone, including the current standard; and

Whereas, there is very little existing PM 2.4 monitoring data; and

Whereas, there are many unanswered questions and scientific uncertainties regarding the health effects of particulate matter, and in particular PM 2.5: Now, therefore, be it

Resolved by the House of Representatives of Georgia That the House of Representatives advises and strongly urges the EPA to reaffirm the existing NAAQS for ozone, be it further further

Resolved That the House of Representatives advises and strongly urges the EPA to reaffirm the existing NAAQS for PM 10, be it further

Resolved That, if EPA proposes to adopt more stringent standards for ozone or PM, that such decision be based on consideration of sound science and economics, be it further

Resolved That the House of Representatives calls on the EPA to conduct a cost benefit analysis as required by law on these and other regulations, be it further

Resolved That the House of Representatives advises and strongly urges the EPA to identify any unfunded mandates or other administrative and economic burdens for state or local governments or agencies that would result from the proposed changes to the NAAQS for ozone and particulate matter, be it further

Resolved That the Clerk of the House of Representatives is authorized and directed to transmit copies of this resolution to the President of the United States, the President of the United States Senate, the Speaker of the United States House of Representatives, the Georgia congressional delegation, the Administrator of the U.S. Environmental Protection Agency, and other appropriate administration officials.

CONCERNING THE CRISIS IN CAMBODIA

SPEECH OF

HON. ROBERT A. WEYGAND

OF RHODE ISLAND

IN THE HOUSE OF REPRESENTATIVES

Monday, July 28, 1997

Mr. WEYGAND. Mr. Speaker, I rise in strong support of House Resolution 195. I too am concerned about the overthrow of the elected government in Cambodia.

After years of oppression and violence inflicted by the Khmer Rouge, Cambodia was finally on the path to democracy.

In 1991 the peace process began with the Paris peace plan that lead to democratic elections in 1993, in which 93 percent of eligible voters turned out. Cambodia's progress continued over the last few years as evidenced by the invitation to join the Association of Southeast Asian Nations [ASEAN].

To assist Cambodia in its transition toward democracy and assist its developing economy the United States provided financial aid, granted Cambodia most-favored-nation status and extended the generalized system preferences.

However, beginning on July 5, Cambodia's progress came to a screeching halt, when armed conflict broke out and Co-Prime Minister Ranariddh fled. Co-Prime Minister Hun Sen emerged victorious and it is reported that senior Ranariddh officials were detained and killed. It is in our national interest to ensure that democracy flourishes in Southeast Asia and antidemocratic forces are removed from power.

If the events of the last few weeks are any indication of the direction that Hun Sen will take Cambodia then I fear that the people of Cambodia will be no better off than they were under the Khmer Rouge.

It is my sincere hope that a peaceful resolution will soon be reached and Cambodia will once again travel down the path to democracy.

TRIBUTE TO MISSOURI STATE REPRESENTATIVE PATRICIA "PAT" SECREST

HON. JAMES M. TALENT

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 4, 1997

Mr. TALENT. Mr. Speaker, I rise today to honor Missouri State Representative Patricia "Pat" Secrest. Representative Secrest has been named Legislator of the Year by the American Legislative Exchange Council [ALEC], the largest, bipartisan association of State legislators in the country.

A distinguished public servant, Representative Secrest was chosen to receive this honor because of her outstanding work on ALEC's commerce and economic development task force. Under her leadership, the task force has doubled its effectiveness, growing the number of model bills drafted from 52 in 1996 to 110 in 1997.

Her selection to receive this award is yet another milestone in an exceptional public service career. Her list of achievements is as diverse as it is extensive. Beginning in 1991 with the Outstanding Freshman Legislator for Small Business Leadership, to the 1992 Spirit of Enterprise Award from the Missouri Chamber of Commerce; to the 1993 Missouri Guardian of Small Business, from the National Federation of Independent Businesses; to being named 1994 Legislator of the Year by the National Republican Legislator's Association; to her class of 1995 Leadership Missouri Award; to the 1996 Legislative Award, from the Missouri Association of Insurance Agents; to her 1996 Voice of Missouri Business Award by the Associated Industries of Missouri; and to the Golden Sparkplug Award by the St. Louis Area Young Republicans, Representative Secrest has shown she is a dedicated leader.

Her commitment to her community is exceptional. As cofounder of Secrest Engineered Products, Inc., she is a member of the National Association of Women Business Owners, and a former member of the St. Louis County Planning Commission, Leadership St. Louis, Greater Missouri Leadership, and a past president of Confluence St. Louis, the regional citizens' league. As an educational

● This "bullet" symbol identifies statements or insertions which are not spoken by a Member of the Senate on the floor.
Matter set in this typeface indicates words inserted or appended, rather than spoken, by a Member of the House on the floor.

leader, she is past recipient of the Parkway School District's excellence in teaching award, a former member of the Parkway Citizens Advisory Council, and a former teacher in the Joplin, Columbia, and Parkway School Districts. As a public servant, she is serving her fourth term representing the citizens of District 93 in St. Louis County, and was named in 1997 to serve as the Chair of the House Republican Campaign Committee.

Mr. Speaker, it my honor to know and represent such an outstanding public servant. I ask you to join me in congratulating Representative Secrest on being named ALEC's Legislator of the Year.

50TH ANNIVERSARY OF ASSEMBLY OF GOD CHURCH

HON. MICHAEL P. FORBES

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 4, 1997

Mr. FORBES. Mr. Speaker, I rise today in this hallowed Chamber to share with my colleagues the joyful news of the 50th anniversary of the Assembly of God church in Center Moriches, Long Island. We in the Long Island community are blessed and honored to have among our community of God for the past 50 years this proud Christian congregation.

Since even before its founding, America has been a home for those seeking safe haven to pursue their religious beliefs. Because of that, America has long been fertile ground for men and women who labor in the work of the Lord. This is what Christians from New York's Russian/Ukrainian community learned when they came to Center Moriches after World War II, to minister to home prayer groups in this seaside South Shore village. With God's blessings, these groups grew quickly and a church building was purchased on Canal Street. The Christ Church of the Full Gospel, under the leadership of Reverend Suhanoff, was founded in 1947.

Under the pastorship of Leonard Burket, the congregation built a new church, celebrating the first Christmas in its new home in 1973. During Pastor Burket's leadership, the assembly started work on the Sunshine Nursery School in 1974 and, in 1982, established the Center Moriches Christian School. After Pastor Burket died on May 17, 1988, his congregation honored his lifetime of good work in their community by renaming the school the Leonard E. Burket Christian School.

In recent years, the Assembly of God Center Moriches joined with the New Creation Assembly of God, a community of believers formed 7 years earlier in Mount Sinai. Dedicated to their faith, New Creation Assembly of God members worshipped together in a succession of private homes, local theaters, area churches, and a dance studio. None of this deterred their faith, while midweek services were instituted, a youth group was formed and men's and women's ministries met on a regular basis.

In 1994, the two congregations forged a permanent bond when New Creation Pastor Dominick Scibetta became a candidate for the pastorship of the Assembly of God Center Moriches. His decision to take the new position set into motion the work that eventually merged the two churches in 1995. The first joint service between the two congregations was held on the first Sunday in July 1994.

For the past 50 years, Assembly of God congregants have given so much of their time, talents, and resources to provide physical and spiritual sustenance to their community. In so doing, they have brought the Gospel message to life for all of us on Long Island who are privileged to witness their work. May God continue to bless the Assembly of God and its entire congregation.

CONGRATULATIONS TO THE BULLHEAD CITY LITTLE LEAGUE JUNIOR LEAGUE ALL STARS

HON. BOB STUMP

OF ARIZONA

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 4, 1997

Mr. STUMP. Mr. Speaker, for the third year in a row, the Bullhead City Little League Junior League are the champions of the Little League Baseball District 9 Tournament and Arizona State Tournament. Although they did not claim the Division Four Tournament title, these All Stars worked hard and were victorious in representing Arizona. The State of Arizona has great pride in these super achievers and they are all champions in our eyes.

Congratulations to the All Stars: Kenny Bower, Justin Brown, Nick David, Justin Fleminks, Danny Eaton, Duke MacArthur, Logan Fovargue, Emilion Marin, Adrian Miranda, Jose Orozco, Chad Ramsey, Alan Rivera, Dillon Wheller, and Willie White. Their success was lead by their team manager, Don Seaton and their coaches, Stu MacArthur and Ken Bower.

Mr. Speaker, I congratulate the 1997 Arizona District 9 champions, Arizona State champions for their remarkable achievements this season. I wish them the best of luck in all their endeavors. The entire State of Arizona will cheer you on to your next success.

THE DAY OF CARING

HON. BENJAMIN A. GILMAN

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 4, 1997

Mr. GILMAN. Mr. Speaker, I rise today to make note of a wonderful humanitarian event taking place in Orange County, NY. September 10, 1997, has been designated the Day of Caring by the Orange County United Way. It is on this special day that local volunteers will use their valuable time in assisting health and human service agencies in tending to the serious social problems our Nation has come face to face with. Not 1 second of this charitable donation of time will go unused as participants will be necessary in performing a large number of much needed tasks. Among the worthwhile activities scheduled are feeding the hungry, delivering meals to the homebound, working on repair projects, and helping out children, the homeless, elderly, and disabled. Collections of food, clothing, and toys will also be undertaken.

The Day of Caring is an incredibly important step in strengthening our communities. I remind you that this is a volunteer effort, as it should be, because making the lives of our neighbors and friends better is a priority we cannot neglect. I commend the people of Orange County and urge my colleagues to support similar programs throughout our Nation.

CAMPAIGN FINANCE REFORM

HON. RON KIND

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 4, 1997

Mr. KIND. Mr. Speaker, it is now our second day back from the August break. As I stated yesterday, these next 2 months are our last opportunity to pass meaningful campaign finance reform. We all know that next year will be an election year and passage of reform legislation will not only be politically impossible it will be difficult to change the campaign rules in the middle of our own reelection campaigns.

In July three former Presidents, George Bush, Jimmy Carter, and Gerald Ford, called for a ban on soft money contributions. The Bipartisan Campaign Integrity Act bans soft money and it enacts more stringent contribution disclosure requirements for candidates and independent groups. Our constituents want us to enact meaningful campaign finance reform, and we are being denied the opportunity to vote on this important issue.

Last night Mr. Speaker was a perfect opportunity to begin the debate on campaign finance reform. We finished voting by 6:30 p.m. Every member was present and available to participate in debate and take a vote on finance reform. This morning a subcommittee on the House Government Reform and Oversight Committee met and considered legislation, but not campaign finance reform legislation. Why, Mr. Speaker, have you not scheduled campaign finance reform for a vote? When will the members of Congress get an opportunity to follow the lead of Presidents Bush, Carter, and Ford and vote on an end to soft money?

A TRIBUTE TO TRAVIS LIEU, JOSH AND TOM GARVIE

HON. DAVE CAMP

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 4, 1997

Mr. CAMP. Mr. Speaker, I rise today to pay tribute to a trio of brave young men who acted selflessly and heroically to save the life of 13-year-old Jessica Doherty of Gladwin County, MI, as she suffered a near-fatal asthma attack.

As reported by the Gladwin County Record, 15-year-old Travis Lieu and 12-year-old Josh Garvie had just left Beaverton, Michigan's Gem Theater August 19 when Jessica Doherty began to suffer a serious asthma attack. The boys alerted the girl's mother, who drove them to the hospital. On the way, however, young Jessica began gasping for air and lost consciousness. As they stopped the car, Tom Garvie, Jessica's other cousin, rushed into a local business to call 911. Travis Lieu and Josh Garvie began to administer mouth-to-mouth resuscitation and other emergency procedures. While they waited for an ambulance to arrive, the boys successfully brought Jessica back to consciousness.

I am pleased to report that after a 2-day stay at Mid-Michigan Regional Medical Center in Gladwin, Jessica Doherty was released from the hospital and has resumed a normal life.

Both Travis and Josh had just learned CPR in health classes during the previous school year. Mr. Speaker, no amount of training can prepare a person for the moment when they face a real, life-or-death situation, but Travis Lieu, Tom and Josh Garvie were given the fundamental tools by learning lifesaving skills at school. By using these skills, staying calm and taking control of the situation, they were able to give Jessica Doherty a second chance at life.

Congratulations to Travis Lieu, Tom and Josh Garvie for a job well done.

BILL TO AMEND TITLE 49, UNITED STATES CODE, RELATING TO CRITERIA FOR GRANTING SLOTS TO NEW ENTRANT AIR CARRIERS

HON. JOHN J. LaFALCE

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 4, 1997

Mr. LAFALCE. Mr. Speaker, today, I am introducing a bill that will increase competition among airlines, resulting in lower air fares for travelers throughout the country. Specifically, my bill would amend title 49, section 41714(c)(1) of the United States Code to enable new entrant air carriers to obtain access to airport slots at high density airports.

Under current law, the Secretary of Transportation may grant exemptions for new entrants to obtain slots at designated airports only if: First, it is in the public interest; and second, the Secretary finds that exceptional circumstances exist. An October 1996 report by the General Accounting Office found that few new entries have occurred because the exceptional circumstances requirement has been interpreted narrowly by the Department of Transportation, although there is no language in the legislative history to support a narrow construction. My bill would eliminate the exceptional circumstances criterion, thus encouraging the distribution of slots to new entrants.

Section 41714 governs the distribution of airport slots at the four slot-controlled airports in this country: LaGuardia, Kennedy, Chicago, and Washington National. To reduce congestion during peak traffic periods, in 1969 the Federal Aviation Administration [FAA] set limits on the number of takeoffs and landings that can occur at these airports by allocating takeoff and landing slots equitably among airlines. In an effort to minimize the Government's role in the allocation of slots, in 1985 the Department of Transportation [DOT] amended its regulations to allow airlines to buy and sell airport slots to one another. Under this buy/sell rule, the DOT grandfathered slots to the holders of record as of December 16, 1985. However, the DOT reserved its right to withdraw slots from those airlines and redistribute them at any time.

As a result of this grandfathering, a few established carriers control the vast majority of slots at these major airports. Not surprisingly, a seller's market for these slots has emerged. Established airlines rarely sell their slots and when they do the costs range from $500,000 during nonpeak hours to as much as $2 million during peak hours. The GAO report notes that in order to mount competitive service in a market, an airline needs about six slots, with at least three slots falling during peak periods. The unavailability and high costs of these slots has effectively precluded many low-cost carriers from entering the market.

Recognizing the need for new entry at these slot-controlled airports, in 1994 Congress passed Public Law 103–305, which directed the DOT to grant exemptions from these controls when the Secretary of Transportation "finds it to be in the public interest and the circumstances to be exceptional." However, because of the Department's narrow construction of the exceptional circumstances requirement, little new entry has occurred. By eliminating this test, my bill will make it clear that Congress intends that these exemptions be liberally granted when it would serve the public interest.

The Department of Transportation's recent Domestic Airline Fares Consumer Report found that high airfares are a serious problem for the traveling public in many communities. Opening the market at these major airports to new entrants will increase competition and drive down airline ticket prices to destinations throughout the country. It is my hope that this bill will be the first step toward lowering airfares for those communities that have not benefitted from deregulation.

INTERNATIONAL NARCOTICS CONTROL

HON. SONNY CALLAHAN

OF ALABAMA

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 4, 1997

Mr. CALLAHAN. Mr. Speaker, I want to take the opportunity to clarify my position on the point of order that was raised during consideration of the bill in July on certain language included in the appropriation for international narcotics control.

Last year the Appropriations Committee nearly doubled funding for International Narcotics Control, from $115 million to $213 million. As part of a compromise on the funding level, the conferees agreed on bill language offered by Senator LEAHY that prohibited funds from going to the security forces of a foreign nation if the Secretary of State has credible evidence to believe such unit has committed gross violations of human rights. The Secretary may waive this prohibition if she certifies the government of such country is taking steps to bring the responsible members of the security forces to justice.

There are two similar provisions that already exist in the Foreign Assistance Act. One portion of that act, section 502B, explicitly states that no security assistance may be provided to a foreign country if that country engages in "gross violations of internationally recognized human rights". This provision can be waived by the President only under what that act calls "extraordinary circumstances".

According to information provided to the committee by Deputy Assistant Secretary of State Michael Ryan of the Bureau of International Narcotics and Enforcement Affairs, the Leahy amendment restates past and present policy. The policy embodied by the amendment, and as it is stated elsewhere in the Foreign Assistance Act, would be pursued whether or not the Leahy amendment existed.

This issue has arisen regarding proposed assistance to Colombia. Let's be clear; the only reason assistance has been suspended to Colombia is because the President found the Government of Colombia was not taking sufficient steps to halt narcotics trafficking. Let me repeat; other than existing counter narcotics assistance, funds previously committed for Colombia have not been made available to that country due entirely to the provisions of section 490 of the Foreign Assistance Act.

For the past year, the executive branch has been debating whether to provide funds appropriated in prior years to the Government of Colombia, but withheld due to the decertification of that country. To make these funds available, the President must use section 614 of the Foreign Assistance Act, which allows him to waive other provisions of law.

Using section 614, the President has requested that up to $30 million in prior year funds and equipment be made available for Colombia—$17 million for the Colombian National Police and $13 million for the Colombian military.

The law he is waiving is not the Leahy amendment, which does not apply to these funds, but the provisions of the Foreign Assistance Act which resulted in the decertification of Colombia.

I have no problem with the President's proposal; he has the authority under section 614 to make these funds available to Colombia irrespective of the prohibition in the counternarcotics provisions of the Foreign Assistance Act.

My understanding is the administration has concerns about the use of these funds by certain elements of the Colombian military. Deputy Assistant Secretary Ryan has informed the committee that such concerns would exist irrespective of the Leahy amendment. Indeed, the Leahy amendment does not prevent the use of such funds for two reasons; first, they were appropriated prior to the existence of the Leahy amendment, and second, 614 of the Foreign Assistance Act would allow for a waiver of the Leahy amendment even if it applied to such funds.

The administration and the Colombian military have now reached an agreement on the use of these funds, and they should begin flowing in the near future.

I have gone into some detail about this since a number of Members appear to have misunderstood the effect of the Leahy amendment. Last year I opposed the Leahy amendment because it micromanages foreign policy, but it is clear the policy embodied by the amendment is current administration policy which is why I reluctantly agreed to it. But it is very important for Members to know that the Leahy amendment is not the reason funds have been held up to the Colombian military; decertification of Colombia is the reason.

I know the gentleman from New York, the chairman of the International Relations Committee, is also pursuing a legislative solution to the decertification of Colombia that would allow prior year funds to be made available to that country for counternarcotics purposes. I hope he is successful.

TRIBUTE TO MARY AND PHILLIP KENTER

HON. MICHAEL P. FORBES

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 4, 1997

Mr. FORBES. Mr. Speaker, I rise today in this hallowed Chamber to pay tribute to Mary and Phillip Kenter, of Riverhead, Long Island, as they celebrate their blessed 40th wedding anniversary.

I know that my colleagues in the U.S. House of Representatives believe as I do, that marriage is the bedrock of our society, the foundation on which all of our values, beliefs, and hopes for the future stand. That is why we, as national leaders, should take a moment to recognize and honor Mary and Phillip Kenter for all of the love, loyalty, and faith that goes into creating a marriage that has endured and grown for 40 years.

Though Phillip is a native of Flushing, Queens, and Mary is from Norwalk, CT, their love first ignited on the warm sands of Jones Beach, Long Island, where they met in 1955. With a courtship that progressed while Phillip attended the U.S. Navy's Officer Candidate School, the two were married on September 7, 1957, 1 month after he graduated OCS and a week before he shipped out aboard a Navy destroyer for the next 2½ years.

Their first son, Phillip, was born a little more than 2 years later and Dennis was born about the time his father left the Navy in 1961. Two years later, with a vision of providing TV to all of Long Island, Phillip founded Long Island Cablevison, a company he sold to the Los Angeles Times Mirror Co. in 1968. By then, their son Kevin had arrived and the Kenters settled in Riverhead.

Gifted with an entrepreneurial spirit, Phillip and Mary then founded Relay Communications Center. A true family business, each of the Kenter sons are active members of the telephone answering, two-way radio and paging services company. There are 45 other members of the Relay Communications work force and each of them are treated as members of the extended Kenter family, a feeling that Phillip and Mary extend to the entire Riverhead community.

Raising a family and growing a small business would drain the time and energy of most, but Phillip and Mary have also been active members of the Riverhead community as Scout leaders, volunteers at Central Suffolk Hospital, in the Rosary Altar Society at St. John's Roman Catholic Church, and the Riverhead Rotary, Women's and Garden clubs.

All of this demonstrates the values, caring and commitment that Phillip and Mary offer their community, attributes that have served their marriage well, while making Long Island an even better place by their example. The foundation of the Riverhead community, indeed all of Long Island, has been strengthened for the past 40 years by the hard work and devotion that Phillip and Mary Kenter have dedicated to their marriage. We see the many blessings and gifts that have been bestowed upon them, of which they so generously share, and understand the true meaning of family values. Mr. Speaker, I ask that this entire Chamber join me in offering our praise and heartiest congratulations to them on this blessed anniversary. A union as blessed as theirs will surely endure forever.

RECOGNIZING THE GIFT OF TIME FOUNDATION

HON. JAMES M. TALENT

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 4, 1997

Mr. TALENT. Mr. Speaker, I rise today to recognize the efforts of an outstanding new organization which has dedicated itself to aid in the development of our Nation's children. The Gift of Time Foundation is a nonprofit organization dedicated to providing community service, academic, and physical fitness programs for children between the ages of 4 and 18.

The mission of the Gift of Time Foundation is: "To provide children with resources, opportunities and assistance that help them develop high self-esteem, self confidence, socially acceptable value systems, diverse cultural appreciation and family values by providing them with structured environments for membership in mandatory participation in physical fitness, academics, and community service programs. To provide children with personal character development assistance for self expression through structured positive activities alternatives."

The Gift of Time Foundation is spearheaded by Mr. E. Douglas McFarlin. His vision is to build a youth complex in St. Louis that will provide children with the upper direction to meet the challenges of our modern society. Mr. McFarlin is working closely with business, community, and civic leaders to launch this important project. He is hoping that the St. Louis complex will be the first of many across the country.

Mr. Speaker, organizations like the Gift of Time Foundation, can help a community in building character and values in its children. The efforts of Mr. McFarlin and his organization are to be commended for taking this challenge head on. I ask that you join me in recognizing this fine organization and wishing Mr. McFarlin the very best on his endeavors to bring this program to the children of our Nation.

QUEENSBURY VOLUNTEER FIRE COMPANY CELEBRATES 50 YEARS

HON. GERALD B.H. SOLOMON

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 4, 1997

Mr. SOLOMON. Mr. Speaker, as I have mentioned many times on the floor of Congress before, I hold a special respect and admiration for volunteer fire companies and firefighters. Naturally, I reserve even deeper admiration for the unit I served with myself for many years, my hometown fire department, Queensbury Central Volunteer Fire Company. It just so happens that this very special fire company is celebrating its 50th anniversary this year.

Mr. Speaker, the whole community and town government will turn out for the celebration, which is quite understandable. That's because for 50 years, like her counterparts everywhere in rural and suburban America, Queensbury Central has provided outstanding fire protection for her neighbors in a growing community.

And I'd like to tell you about the traits which make me so fond of volunteer fire departments and the communities they serve. No. 1 is the undeniable camaraderie which exits among neighbors. That camaraderie makes up much of the charm of small town life but also generates a desire to look out for one another and the needs of the community. That's what makes places like Queensbury such places, great places, to live and raise a family. This concept of community service is exemplified by the devoted service of the Queensbury Fire Company. For 50 years now, this organization has provided critical services for the citizens on a volunteer basis.

And in many rural areas, these volunteer fire companies offer the only available fire protection. But there is nothing wanting in the professionalism and training of these companies. Every year they save countless lives and millions of dollars in property across New York State. These volunteer firemen and the devoted ladies auxiliaries that provide much-needed support make incredible sacrifices in time and effort. Often, they must drop whatever they're doing and respond to a fire alarm. You never know how many lives, not to mention homes and property, may be at stake. Mr. Speaker, in many ways these volunteer fire companies are the last remnants of America's pioneer spirit when neighbor helped neighbor in times of need or trouble.

Which brings me to the other primary reason I have such fondness for fire departments like the one in Queensbury, the spirit of voluntarism they exemplify. You know, voluntarism, pride, and patriotism are the three principles which make this country great. And there is just something so staunchly American about being a volunteer fire company. Giving of oneself with no expectation of gain or profit. That's what it's all about.

Mr. Speaker, I have always judged people based on what they give back to their communities. By that measure, all the members of the Queensbury Volunteer Fire Company and the auxiliary are truly great Americans. On the weekend of September 13 and 14, their 50th anniversary will be commemorated with an open house, parade, and firefighter's competition. But Mr. Speaker, I ask that you and all members join me today in paying our own tribute to Chief Richard Jones and the other members of Queensbury Central Volunteer Fire Company, which for 50 years has served my hometown in the finest American tradition of helping one's fellowman.

BOMBING IN ISRAEL

HON. ROBERT A. WEYGAND

OF RHODE ISLAND

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 4, 1997

Mr. WEYGAND. Mr. Speaker, I wanted to use my 1 minute today for two purposes: The first is to extend condolences to all Israelis and their families who were involved in the bombing at the Ben-Yehuda marketplace this morning.

The second is to urge PLO Chairman Yasar Arafat to take immediate and decisive action against Hamas and prove to the Israeli people and to the United States that he is truly a proponent of peace and an opponent of violence.

Just 2 weeks ago, I embarked on a trip to Israel with a group of congressional colleagues. We mourned the loss of those killed in the bombing at the marketplace on July 30, visited the West Bank and met with both Prime Minister Netanyahu and Chairman Arafat.

During our meeting, I asked Mr. Arafat if he supported the actions of groups like the Hamas. He insisted he did not. Two days ago, Mr. Arafat participated in what he dubbed "unite" meetings and was seen kissing the heads of Hamas operatives. Today that same group has allegedly claimed credit, yes credit, for taking the lives of innocent people.

So far this morning, we have heard that this bombing has killed 6 innocent Israelis and injured more than 165 others.

On my last visit, I found Israel more contentious than it was on my previous trip—2 weeks before the signing of the Oslo peace accord.

As Members of Congress, we all play a role in policy toward the PLO. In my opinion, Mr. Arafat, you must move yourself miles from the actions of groups like the Hamas and take strong action against them, whether it is with your armed services or in another way. Otherwise, I can't understand why the United States should supply your organization with funds and support.

RECOGNIZING THE LIFE OF BETTY SHABAZZ

SPEECH OF

HON. CAROLYN B. MALONEY

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 3, 1997

Mrs. MALONEY of New York. Mr. Speaker, I rise today in honor of Dr. Betty Shabazz, a woman of great courage and dignity, who died tragically on June 23, 1997. We all will miss her presence.

I attended Dr. Shabazz' funeral in New York City, remembering with others how much her work has affected us all. Betty Shabazz was a woman who faced down tragedy and rose above the sadness, emerging strong and powerful. When she could have been bitter and angry, she chose instead a path to peace and hope for the future.

A pillar of strength for all women, she did not live her life in her husband's shadow. Instead, she claimed her place in both the women's rights and civil rights movement. Left a widow after the assassination of her husband, Betty Shabazz triumphed over every hurdle placed in her way. She used her nursing degree to support herself and her six daughters. She returned to school, and received her doctorate in education. She inspired thousands of young people, teaching them about the legacy of Malcolm X. At the time of her death she served as the director of Institutional Advancement and Public Relations at Medgar Evers College, of the City University of New York.

We have come a long way, from when no political leader dared show his face at her husband's funeral, to where thousands of us, irrespective of politics, were united in grief for this wonderful woman. Dr. Betty Shabazz made this journey possible. I expect her work to be as important and as far reaching as her husband's.

TRIBUTE TO LEGH KNOWLES

HON. GEORGE P. RADANOVICH

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 4, 1997

Mr. RADANOVICH. Mr. Speaker, my colleagues, Mr. RIGGS, and I would like to give our condolences and respect on the passing of Leh Knowles, who died on August 15 in Napa, CA. Once a trumpet player in the Glenn Miller Orchestra, Legh went on to become an accomplished and passionate representative of the wine industry, and chairman of California's famous Beaulieu Vineyard in the Napa Valley. Legh lived a wonderful and productive life, which will be admired for years to come. He will be remembered and missed by his friends and loved ones, and by his peers who knew his passion for life and his fellow man.

Below is a tribute to Legh written by Frank Prial of the New York Times on August 19, offering a kind and appropriate gesture.

[From the New York Times, Aug. 19, 1997]

LEGH KNOWLES IS DEAD AT 78; TRUMPETER HEADED WINERY

(By Frank J. Prial)

Legh Knowles, a trumpet player in the Glenn Miller Orchestra who went on to become chairman of Beaulieu Vineyard, one of California's most famous wineries, and a passionate spokesman for all California wines, died on Friday at a convalescent residence near his home in Napa, Calif. He was 78.

The cause of death was cancer of the esophagus, said his wife, Margaret.

Legh (pronounced lee) Knowles entered the wine business as a complete neophyte: just out of the Air Force in 1948, he answered an advertisement from the California Wine Advisory Board, a trade organization, for someone to promote California wines.

"I didn't know anything about wine," he recalled in a 1986 interview, "but they wanted someone who could stand up before large crowds," and, as a big-band trumpeter, "I'd done a lot of that."

Mr. Knowles played with a number of big bands at various times before entering the service in 1942, but he always looked back on his days with Glenn Miller as the peak of his musical career.

"In 1939, we played 359 nights," he once said. "I can't remember what I did with the other 6."

The nomadic life of a musician prepared him well for the wine business. He moved 13 times in his first 10 years in the business, as spokesman or salesman, and then spent much of the rest of his life on the road.

From the California Wine Advisory Board, Mr. Knowles went to the Taylor Wine Company in New York. And from there, he joined the E. & J. Gallo Winery in California in 1958 for four years of what he later called the toughest and best training he ever had.

"Gallo salesmen had a saying," he recalled. "'We don't want most of the business; we want it all.'"

In 1962, Mr. Knowles moved on to Beaulieu Vineyard, in Rutherford, Calif., in the Napa Valley. It was the golden age of Beaulieu, which was still owned by the family of Georges de Latour, the elegant Frenchman who had founded it at the turn of the century. When Mr. Knowles arrived, Andre Tchelistcheff was making the wine, and the winery's principal label, Georges de Latour Private Reserve Cabernet Sauvignon, was widely considered the best made in America.

Beaulieu was sold to Heublein Inc. in 1969, and despite his prickly relations with Heublein executives in Connecticut—he called them bean counters—Mr. Knowles became the winery's vice president and general manager that year. He was appointed president in 1975 and chairman in 1982. In 1987, the Napa Valley Vintners Association named him one of the Valley's 12 "living legends," a group that included Robert Mondavi, Peter Mondavi, Louis P. Martini and Hanns Kornell.

Mr. Knowles, a native of Bethel, Conn., took to the trumpet as a small boy and was hired at the age of 12 to play in a local jazz band. During the big-band era he played first with Red Norvo and Mildred Bailey, then with Glenn Miller and later with Charlie Spivak and his orchestra. He made 122 records with the Miller band, including "In the Mood," its signature recording.

Besides his wife, he leaves a daughter, Barbara Pinches of New Rochelle, N.Y.; a brother, Robert; a sister, Bernice Scott, and two grandchildren.

TRIBUTE TO RANSOM EVERGLADES SCHOOL

HON. ILEANA ROS-LEHTINEN

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 4, 1997

Ms. ROS-LEHTINEN. Mr. Speaker, I am honored to recognize one of the five oldest institutions in Dade County and in my congressional district, Ransom Everglades School, as it dedicates its new Middle School Science Center today, September 4. The Middle School Science Center has been built in true Ransom Everglades form, with all volunteer and donated funds.

Ransom Everglades School traces its founding to 1893 when a young Harvard-educated lawyer, Paul Ransom, came to pioneer Miami from Buffalo, NY. Mr. Ransom built a small tutoring camp he called Pine Knot Camp in Coconut Grove. He also contributed property in New York's Adirondack Mountains. and started a northern campus, making it the first migratory college-preparatory boarding school for young men, with winter months spent at the Coconut Grove campus and the remainder of the year spent at the Adirondack campus. Duty to one's country and society, along with academic excellence, was always emphasized by Mr. Ransom. In 1974, Ransom School merged with another independent school in Coconut Grove, Everglades Schools For Girls, and was later renamed as Ransom Everglades School.

Today, the school continues as a nonprofit, tax-exempt, independent, and co-educational college-preparatory day school for grades 6 through 12, with 870 students on both campuses. Although it has only a small endowment, a significant number of its students are on scholarship based on financial need and merit admission. Ransom Everglades is also a founding member of Summerbridge, a national program to educate students from lower socio-economic backgrounds at the Nation's best college-preparatory, independent schools. Despite its very limited financial resources, Ransom Everglades has achieved national stature, sending its well-prepared students to the finest colleges in the country.

I comment Mr. Eric Buermann, chairman of the board of trustees, Mr. John Cotton, headmaster of Ransom Everglades, and his hard-working team for their efforts and all those individuals from within and outside the Ransom Everglades community for making the new Middle School Science Center a reality that present and future students will be able to enjoy and learn from.

FOREIGN OPERATIONS, EXPORT FINANCING, AND RELATED PROGRAMS APPROPRIATIONS ACT, 1998

SPEECH OF

HON. SCOTTY BAESLER

OF KENTUCKY

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 3, 1997

The House in Committee of the Whole House on the State of the Union had under consideration the bill (H.R. 2159) making appropriations for foreign operations, export financing, and related programs for the fiscal year ending September 30, 1998, and for other purposes:

Mr. BAESLER. Mr. Chairman, some of our colleagues continue their efforts to limit or eliminate development assistance to India as part of the foreign operations appropriations bill. I strongly oppose these efforts.

On August 15, India celebrated its 50th anniversary of democratic self-rule. Last year, India held the world's largest democratic elections. With nearly 300 million people going to the polls, the election was called epic by the New York Times, and extraordinary by the Washington Times. Any attempt to unfairly stigmatize India by placing limits on the small amounts of development assistance that the United States provides would have a devastating impact on United States-India relations.

The relationship between the United States and India continues to thrive and the United States is now India's largest overseas investor and its biggest trading partner. During the past 6 years, India's ambitious economic reform program has allowed United States business in India to grow dramatically. Exports from the United States were up 40 percent in 1996, and between 1991 and 1996 United States investment in India was 29.5 percent of all investment.

And throughout this economic boom, India's human rights record has steadily improved. India abolished the Terrorist and Disruptive (Prevention) Act which was the subject of objection by several human rights activists. An independent National Human Rights Commission has been established and is widely believed to be aggressively pursuing human rights. And the most recent United States State Department human rights report praised the commission's independence and noted that India has made substantial progress in the area of human rights.

Any effort to limit or eliminate development assistance should be opposed. As India continues to develop politically, economically, and socially, I believe it is important that the United States continue to send positive signals of support and understanding to the world's largest democracy.

CONFERENCE REPORT ON H.R. 2014, TAXPAYER RELIEF ACT OF 1997

SPEECH OF

HON. VINCE SNOWBARGER

OF KANSAS

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 31, 1997

Mr. SNOWBARGER. Mr. Speaker, I proudly support this landmark tax relief bill. Today, we give American families their first significant tax cut in 16 years. Families with children will receive a $400 credit for each child in 1998 and $500 per child beginning in 1999. Investors, most of whom are hard-working middle-class citizens, will get a significant reduction in the capital gains tax. Millions of parents will be able to pass on the family business or farm to their children without worrying whether they can pay the estate taxes. Expanded IRA's will make home ownership and education possible for more families than before. And all of this is done within the context of the Republican commitment to the first balanced budget in three decades.

Along with most Americans, I wish this bill provided even more tax relief. In fact, I believe we should have cut tax rates across the board. And I regret that the President insisted on continuing to tax Americans on income that is solely the result of inflation. But with President Clinton in the White House, a more comprehensive tax relief plan simply was not possible.

This is not a perfect bill, but it is a reasonable compromise between Republican efforts to win tax relief for American families and President Clinton's insistence on more Government spending. We should consider how far we have come in the 4 short years since President Clinton and the Democrats raised taxes on every working—and nonworking—American. The American people rejected the big-government Democrats in 1994 and 1996 and elected Republicans to Congress to restrain the growth of Government and allow families to keep more of what they earn. Republicans heard that plea and today we are delivering.

Last week, when the Speaker and many Members of Congress were considering bowing to the President's attempt to renege on the size of the tax relief we had pledged to the American people, I wrote the members of the conference committee, insisting they give us a bill that would allow us to keep our word. I am very pleased to say that since my letter was sent, the tax relief in this bill was restored to its full amount. I thank the conferees for responding to my concern.

American families can keep more of their money because we kept our word.

Now we should turn our attention toward simplifying the Tax Code and reforming the IRS. I will introduce legislation after the August recess to provide for a flat tax at the option of each individual taxpayer and I expect to be involved in congressional oversight of gross abuses at the IRS.

CAMPBELL AMENDMENT TO H.R. 2159

SPEECH OF

HON. DONALD M. PAYNE

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 3, 1997

Mr. PAYNE. Mr. Chairman, I rise in support of the Campbell-Payne amendment.

This amendment is very timely in that it seems fashionable today to cut the Africa accounts by any amount necessary. Last year the African Development Fund received $40 million—which is low compared to the previous years.

Today, the President allocated $50 million for the fund and it is now being cut by $25 million, which represents a 50 percent cut. The fund is the largest source of capital for the 39 poorest African countries outside the World Bank.

It uses a grassroots approach and it is unique within the development community in Africa. All of the fund's grants are made with indigenous, nongovernmental organizations, in response to African-defined problems and proposals.

It is also the largest co-financing partner for IDA in Africa and it reaches many levels of African society that other development banks do not, including IDA. Let me just say that it costs the fund a small amount to operate a country office in Africa. In fact, the fund's whole country operation costs less than half of what a single expatriate costs a bilateral or multilateral donor organization.

As I stated earlier, the administration requested $50 million for fiscal year 1998. $50 million is a small amount of money considering that we spent $2.2 billion on 20 B–2 bombers. For $1 billion it will ultimately cost for additional B–2 bombers, we could: immunize all children in developing countries, immunize children, support family planning, end malnutrition, illiteracy and help emerging democracies. The proliferation of weapons of mass destruction and the use of ballistic weapons is no longer a viable solution to solve our foreign policy problems.

Yet we can do the minimal amount for the less developed countries of Africa. This year the fund will lend 4 times more than USAid which takes the strain out of this organization. It supports poverty reduction, agriculture sector production, basic education, health and economic reform.

As a member of the Subcommittee on Africa, let me just say that we should stop thrashing the African accounts. It is unfair and discriminates against the less fortunate.

In 1996, the fund increased its net income to $150 million and that same year, the fund's procurement resulted in $170 million in contracts for American business, a 100 percent increase over last year's figures. As you know, any reduction impacts heavily on the lives of millions of vulnerable Africans every day.

The tools of U.S. foreign assistance is needed to maintain our leadership around the world. Every President, Democrat or Republican, needs sufficient resources to carry out critical foreign policy objectives. These resources are even more essential today in the post-cold-war era as threats to U.S. interests are more closely linked to political and economic stability and regional conflicts.

We can see where it has helped there has been sweeping change in the Congo, Liberia, and Kenya. These and other cuts to the African accounts have put our Nation's global leadership role at risk. Today Japan, and the European countries provided more aid and support than the United States has done in the last 2 years combined.

Restore the small amount of money to the African Development Fund. It will ultimately save money and lives. We have a moral responsibility to do so.

This is right for America!

PUTTING CHEMICAL DEPENDENCY ON PAR WITH INSURANCE COVERAGE FOR OTHER DISEASES

HON. JIM RAMSTAD

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 4, 1997

Mr. RAMSTAD. Mr. Speaker, I rise today to introduce the Substance Abuse Treatment Parity Act, a bill to give alcoholics and drug addicts more access to treatment by prohibiting health insurers from placing discriminatory caps, financial requirements, or other restrictions on treatment that are different from other medical and surgical services.

As a grateful recovering alcoholic, I've seen first hand the value of treatment for people who are chemically dependent. As someone who stays close to recovering people and treatment professionals in Minnesota, I've been alarmed by the dwindling access to treatment for people who need help. That's why I believe it is time to put chemical dependency on par with insurance coverage for other diseases.

Alcoholism and drug addiction are painful, private struggles with staggering public costs. In fact, the direct and indirect costs of alcoholism alone in this country exceed $90 billion each year. Assuring access to treatment will not only combat this insidious disease—it will save health care dollars in the long run. Treatment helps people stay healthier longer and saves the health care system money.

The empirical evidence supports what I already know as a recovering alcoholic—providing treatment is good preventive medicine.

A Minnesota study to extensively evaluate its treatment programs' effectiveness found that Minnesota saves $22 million in annual health care costs because of treatment.

A California study reported a 17 percent improvement in health conditions after treatment—and dramatic decreases in hospitalizations.

A Rutgers University study found that untreated alcoholics incur general health care costs that are 100 percent higher. It also found that after treatment, days lost to illness, sickness claims, and hospitalization dropped by half.

A report printed in the 1992 Journal of Mental Health Administration sampled 63,873 hospitalized alcoholics and found medical complications are far more severe among those not treated for alcoholism.

This legislation will help eliminate barriers to treatment—without significantly increasing health care premiums. We have the empirical evidence to support this assertion: A Milliman and Robertson study released today found full and complete substance abuse treatment parity would increase per capita health insurance premiums by only one half of one percent—without even considering the obvious savings that will result from treatment.

And just like the mental health parity provision of last session, this legislation waives the requirements if premiums increase by more than 1 percent. It also exempts small businesses with fewer than 50 employees.

Mr. Speaker, removing barriers to treatment is a huge step in the right direction. Parity for substance abuse treatment is the right thing to do. It's also the cost-effective thing to do. I urge my colleagues in the House to support this important legislation and look forward to working with all Members in both the House and Senate in passing this bill.

FOREIGN OPERATIONS, EXPORT FINANCING, AND RELATED PROGRAMS APPROPRIATIONS ACT, 1998

SPEECH OF

HON. CIRO D. RODRIGUEZ

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 3, 1997

The House in Committee of the Whole House on the State of the Union had under consideration the bill (H.R. 2159) making appropriations for foreign operations, export financing, and related programs for the fiscal year ending September 30, 1998, and for other purposes:

Mr. RODRIQUEZ. Mr. Chairman, I want each one of us to ask ourselves:

Can we go back to our districts and justify to our sons and daughters that we have to cut school loans, while at the School of the Americas, we have more than enough money to teach people like Manuel Noriega?

Can we go back to our districts and justify over $200 million of hard-earned, taxpayer money spent on the School of the Americas, while we tell our senior citizens they must tighten up their belts?

And what do we have to show for our money? We have six dead Jesuit priests, four raped nuns, nine students and their professor murdered, death squads in El Salvador, death squads in Honduras, murder of United States citizens in Guatemala, manuals on how to kidnap and torture. One can go on and on. Can we go back to our places of worship and justify this?

Newspapers from our districts across this country all tell us "it is time to close this school." The San Antonio Express News editorial stated in April, 1995:

> The [millions of dollars] a year the U.S. Army School of the Americas costs to operate would be better spent on aid for foreign students at U.S. colleges than at this breeding ground for human rights abusers.

If we do not stand up for this amendment * * * what do we stand for?

A TRIBUTE TO THOMAS COLLELUORI, WINNER OF GENOVESE DRUG STORES'S "FLIGHT OF ACES" CONTEST

HON. MICHAEL P. FORBES

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 4, 1997

Mr. FORBES. Mr. Speaker, I rise today to recognize Thomas Ward Colleluori, of Centereach, Long Island, the winner of Genovese Drug Stores' Flight of Aces" essay contest. By focusing on the valor of the all-black Tuskegee Airmen fighter unit during World War II, Thomas Colleluori has helped to preserve an important, but little known piece of our American history.

Thomas' research for his essay revealed details of the role that the Tuskegee Airmen had in saving the life of his grandfather, Mario Colleluori, and the other American crewmen aboard a B–24 bomber that was under attack by German fighters during World War II. Those details so moved the 15-year-old student that he has chosen to share his contest award with one of the surviving members of the segregated unit.

On Friday, August 29, when Genovese honored the "Flight of Aces" contest winners by flying them in a formation of historic World War II bombers from Republic Airfield on Long Island, there was more than just a history lesson delivered. Thomas Colleluori, a white Long Island teenager took the opportunity to say "thank you" to George Bing, a black

Brooklyn grandfather and surviving member of the Tuskegee Airmen fighter unit that saved his grandfather's life during World War II.

More than 50 years later, with his grandmother Mary Colleluori on hand, Thomas expressed his gratitude to George Bing by inviting him to sit in the position once occupied by his grandfather, during the nostalgic flight aboard one of the last remaining airworthy B–24's.

The purpose of Genovese Drug Stores essay contest was to honor the courage and sacrifices of America's veterans and retired defense workers, while encouraging today's generation of students to discover the historic legacy created by their parents and grandparents. Through his research, Thomas Colleluori learned how the Tuskegee Airmen fought prejudice as often as they did the German Luftwaffe. But it was skill and courage in battle—not the color of their skin—that mattered when his grandfather's bomber came under German fighter attack. Though more than 50 years later, that lesson remains with Thomas and lives on in the words of gratitude expressed in his essay, and in his thanks to George Bing and all Tuskegee Airmen.

Mr. Speaker, I ask my colleagues in the U.S. House of Representatives to join me in saluting Thomas Ward Colleluori for his passionate efforts to preserve the heroic legacy of the Tuskegee Airmen. May his and future generations of Americans learn from the invaluable lessons that Thomas discovered about family, duty, and race.

MY GRANDFATHER'S LEGACY OF DUTY

(By Thomas Ward Colleluori)

My name is Thomas Ward Colleluori. I am very proud to be the grandson of two WWII veterans. My Grandpa Mario Colleluori was a Radioman/Waist Gunner on B–24 heavy bombers with the 15th Air Force and my Grandpa Frank Ward was an Infantryman with Patton's 3rd Army. Grandpa Frank passed away in 1991 and Grandpa Mario passed away in February of this year.

As I got ready to write this essay, I thought about the many stories my grandfathers told me about the war. As a little boy, I always enjoyed these stories. Now, at the age of fifteen, I wanted to remember everything they had told me. More importantly, I want to apply the lessons they taught to what I do in my own lifetime.

Both my grandpas volunteered for the war at the age of 17. Grandpa Frank grew up in Brooklyn and volunteered for the Air Force but was sent to the Infantry because he was color blind. My Grandpa Mario grew up in Queens. He started out in the Infantry where he became an instructor at the Officer Candidate School but he wanted to see combat. He tried to transfer to the Rangers and Paratroopers but O.C.S. wouldn't let him go. His persistence finally paid off. He went to the Air Force when he found out that O.C.S. could not block that transfer.

My Grandpa Frank entered combat during the Battle of the Bulge. He was assigned to carry the Browning Automatic Rifle but was later given a regular rifle and a satchel charge when his unit went through the Ziegfried Line. Finally, towards the very end of the war, when attacks were expected by German tanks, my Grandpa was made part of a Bazooka team. I remember my father joking that his sergeant must not have liked him very much because he kept giving my grandpa the heaviest weapons and the most dangerous jobs. Grandpa Frank said his sergeant gave him those responsibilities because he trusted him.

My Grandpa Mario began flying combat missions over Austria, Poland and Germany in January of 1945. He flew 23 missions and had to crash land several times when his B–24 was badly damaged by flack. His commanding officer was a future U.S. Senator and vice-presidential Candidate named Lloyd Bensten!

My grandfathers won a lot of medals and ribbons. My Grandpa Frank even won the Purple Heart, but neither one ever bragged or told stories about how brave they were. Sometimes they would even say how scared they were and then they would usually make a joke.

I think my favorite story concerned my Grandpa Mario returning from a mission in a badly damaged plane. German fighters began to attack his helpless B–24. My grandpa called into his radio, "Angels, Angels we need you!"

His call to American escort fighters was answered by a P–38 "Lightning" and a P–51 "Mustang". The two American fighters chased off the Germans and the "Mustang" pilot escorted the limping bomber all the way home.

My Grandpa was impressed by the courage of those two American fighter pilots. He always said that he admired the sense of duty that they displayed in attacking a larger German force in defense of one B–24. I remember him saying that he was amazed at the way the P–51 pilot flew with his wing tip "almost touching the waist gun" of the wounded bomber as he escorted the B–24 to a safe landing. My Grandpa would end the story the same way every time. He'd tell how the Mustang flew so close that he could see the pilot's black face and that it was an African-American who saved him from being shot down that day!

In later years we learned that one of those brave fighter pilots was a "Tuskegee Airman"! If not for that individual American's character and determination to overcome prejudice, my Grandfather might not have survived the war.

After the War, both my grandfathers continued their service to their country. My Grandpa Frank became a New York City Fireman and Grandpa Mario became a New York City Motorcycle Policeman. Later Grandpa Mario became a School Board Member.

I have learned a lot of lessons from the stories my grandfathers have told me about WWII. I will never judge anyone by their color or religion. We are all Americans and we must all help to keep our country great. Another lesson is that it is important to take responsibility seriously. If somebody is depending on you, you have to do your best.

I think the biggest lesson I have learned, what can be called my Grandpas' legacy, is that as an American I have a duty to my country and my community and that when there are really big problems, doing that duty is more important than anything else.

My grandfathers emphasized the importance of setting goals. This past year, their example inspired me to dedicate myself to two major goals.

My first goal is to attend the United States Naval Academy and to play Football at Annapolis. The second goal is to become an officer with the United States Navy S.E.A.L.s.

Many people have said that I will never be able to achieve these goals but I am convinced that by following my grandfathers' example of perseverance, courage and responsibility I will be able to carry on their legacy of service to my country.

I am privileged to live in a country that was made great by the sacrifices of countless Americans who, like my grandfathers and that anonymous "Tuskegee Airman", chose to do their duty.

When I visited West Point two years ago I learned that the motto of the cadets is "Duty Honor, Country". That made me think of my grandpas and I felt proud!

FOREIGN OPERATIONS, EXPORT FINANCING, AND RELATED PROGRAMS APPROPRIATIONS ACT, 1998

SPEECH OF

HON. NEWT GINGRICH

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 3, 1997

The House in Committee of the Whole House on the State of the Union had under consideration the bill (H.R. 2159) making appropriations for foreign operations, export financing, and related programs for the fiscal year ending September 30, 1998, and for other purposes:

Mr. GINGRICH. Mr. Chairman, I want to urge my colleagues to support the U.S. Army's School of the Americas located at Fort Benning, GA. For over 50 years the School of the Americas has been a powerful force for supporting and expanding democracy in Latin America. I believe that it is very useful for Latin American military officers to come to the United States to learn how to soldier in a democracy, to understand why America has been strong and free, and to study an experience which is totally different than the Latin American tradition of military dictatorship. Cuba, which does not participate in the School of the Americas, is the only remaining authoritarian or totalitarian regime in Latin America.

Since the U.S. military presence in Latin America has steadily been reduced during the past several years, it is critical that we rely on exchange programs, such as the School of the Americas, to establish and maintain our military and civilian relationships as neighbors and friends with common interests. Like other exchange programs we have with Russia and the countries of the former Soviet Union, the School of the Americas promotes American foreign policy and regional stability in Latin America. Moreover, the School of the Americas provides more Spanish language instruction in how to conduct counterdrug activities than any other institution available in Latin America.

Both foreign policy and military experts agree that the School of the Americas plays a crucial role in supporting U.S. interests in the region. As the former Commander in Chief of U.S. Southern Command, responsible for Latin America, and in his current role as Director of the Office of National Drug Control Policy, Barry McCaffrey called the School of the America's the "preeminent military educational institution" for promoting and protecting human rights and democratic governance as well as fighting the illegal drug trade. Chairman of the Joint Chiefs of Staff John

Shalikashvili calls the School of the Americas a critical asset in supporting democracy and combating narcotrafficking in Latin America.

I join the Chairman of the Joint Chiefs and the President's drug control advisor in supporting the School of the Americas.

FOREIGN OPERATIONS, EXPORT FINANCING, AND RELATED PROGRAMS APPROPRIATIONS ACT, 1998

SPEECH OF

HON. JIM KOLBE

OF ARIZONA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 3, 1997

The House in Committee of the Whole House on the State of the Union had under consideration the bill (H.R. 2159) making appropriations for foreign operations, export financing, and related programs for the fiscal year ending September 30, 1998, and for other purposes:

Mr. KOLBE. Mr. Chairman, I rise today in strong opposition to the Fox amendment, In a misguided attempt to save the African elephant, the Fox amendment would cut funding for the Communal Areas Management Program for Indigenous Resources [CAMPFIRE]. Such a move would be disastrous.

I recently returned from a fact-finding mission to Zimbabwe, where myself and several of my colleagues witnessed the CAMPFIRE Program first hand. What we found was a program based on sound economic, scientific, and environmental principles. We found a program which works.

The CAMPFIRE Program uses free market principles to promote the conservation of Africa's valuable and irreplaceable natural resources. By providing economic incentives for the conservation of wildlife, CAMPFIRE has instilled a sense of national ownership over their natural resources into the people of Zimbabwe. Rather than viewing the African elephant as a menace, the people of Zimbabwe we now see the elephant as a natural treasure to be preserved. As a result, the illegal hunting of the African elephant in Zimbabwe has virtually stopped.

One only has to look at the number of elephants thriving in Zimbabwe today to know that this program works. From 1980, the elephant population in Zimbabwe has increased from 45,000 to 66,000. And it continues to grow at an estimated rate of 3,000 per year. Contrast this with Kenya, where alternative policies have resulted in a massive drop in the elephant population, falling from 100,000 in 1970 to 26,000 today.

The CAMPFIRE Program also helps to bring the poorest of the poor much-needed capital to develop their village resources. The money earned through CAMPFIRE enables these villages to erect schools, dig clean-water wells, and develop training programs. It is a model for sustainable economic development and environmental conservation. I urge my colleagues to support this program. I urge my colleagues to vote "no" on the Fox amendment.

TRIBUTE TO INDIA

HON. BRAD SHERMAN

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 4, 1997

Mr. SHERMAN. Mr. Speaker, I rise today to pay tribute to the nation of India on the golden anniversary of her independence. At the stroke of midnight on August 15, 1947, Prime Minister Jawaharlal Nehru awoke India to life and freedom after a long and valiant struggle against colonialism and oppression. Fifty years hence India stands as a triumphant example to the world as the world's most populous democracy of 950 million people.

Throughout this period of uninterrupted democratic self-rule India has maintained a multi-party system, a free press and an independent judiciary that guarantees human rights and the rule of law. In 1996 half a billion Indians reaffirmed their commitment to democratic governance in the most participated free elections in world history.

To the people of India, to all those who compose the multi-ethnic, multi-linguistic and multireligious tapestry that is India, and to all the Indo-Americans gathered in my home State of California and across America to commemorate this great anniversary I extend to you my congratulations.

We here in the United States share a special kinship with India. We too gained our independence from British colonialism. Our Presidents Woodrow Wilson and Franklin D. Roosevelt championed Indian independence. We have also learned much from India; in our own struggle for civil rights, Martin Luther King Jr. was inspired by and used the teachings of Mahatma Gandhi as a model of civil disobedience and nonviolent resistance.

Today as the two greatest democracies in the world, India and the United States are bound by common democratic values and have a strong interest in continuing to build mutually beneficial relations. As a member of the International Relations Committee of the United States House of Representatives, I will continue my strong advocacy of humanitarian and development assistance to India. I look forward to working toward the goal of improving cooperation between our two countries in the areas of trade, diplomacy, and security from which we both have much to gain.

Mr. Speaker, I would also like to take this opportunity to recognize our debt of gratitude to the Indo-Americans who have made such profound contributions to American society. Indo-Americans represent a growing political force in southern California and across the United States. I applaud the community's efforts to embrace the mainstream of the American political process, while keeping alive here in the United States the culture of India. America has been enriched by the hard work, determination, educational achievement and cultural, contribution of the Indo-American community.

I am proud to join the Indo-American community in celebrating 50 years of Indian independence and democratic self-rule and in looking forward to the next half century and beyond.

HONORING HEAR O' ISRAEL OF HOUSTON, TX

HON. KEN BENTSEN

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 4, 1997

Mr. BENTSEN. Mr. Speaker, I rise to recognize a valued organization within the Houston community, Hear O' Israel, which is sponsoring its annual National Mercy, Love, and Compassion Month awareness project this month in Houston. Hear O' Israel works to make a difference in the lives of the disabled, battered and abused women, the elderly, and young people across Houston. They work to give these men and women a stronger sense of self-worth and instill in them the need to treat others with compassion and respect. The following resolution approved by the Houston city council demonstrates the high regard for Hear O' Israel in our community.

NATIONAL MERCY, LOVE, AND COMPASSION MONTH

Hear O' Israel International, Inc., a nonprofit, non-denominational organization, will sponsor its annual National Mercy, Love, and Compassion Month awareness project during the month of September 1997. The project is designed to enhance awareness of the plight of the physically challenged, the elderly, fatherless and/or abused children, and widows. Culminating with Hear O' Israel International's annual Feast of Joy Festival on October 4, 1997, the project will encourage individuals and organizations to demonstrate mercy and compassion, and work to fulfill the special requirements of those in need.

The Mayor and the City Council of the City of Houston do hereby salute Hear O' Israel International for its efforts to improve and enhance the quality of life for the physically challenged, the elderly, fatherless and/or abused children, and widows, and extend best wishes for a successful and rewarding National Mercy, Love, and Compassion Month.

Approved by the Mayor and City Council of the City of Houston this 7th day of August, 1997, A.D.

WATER-RELATED TECHNICAL CORRECTIONS ACT OF 1997

HON. JOHN T. DOOLITTLE

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 4, 1997

Mr. DOOLITTLE. Mr. Speaker, today I am introducing the "Water-Related Technical Corrections Act of 1997." This bill is a noncontroversial bill designed to correct and update certain provisions of law that affect the Bureau of Reclamation, an agency of the Department of the Interior.

Perhaps the most substantive policy issue addressed in the bill is the section to amend the Warren Act of 1911. The 1911 Act was passed at a time when Bureau of Reclamation facilities were all single-purpose projects for the delivery of irrigation water. Therefore, the Warren Act authorized moving water surplus to the project's needs and nonproject water through Reclamation facilities only for irrigation purposes.

Much has happened in the arid West since 1911. In 1939, Congress enacted legislation to authorize multi-purpose Bureau of Reclamation projects. Today, many Reclamation projects in the West do serve many purposes, including delivery of irrigation and municipal water supplies, hydroelectric power generation, fish and wildlife purposes, recreation and flood control. The Warren Act needs to be updated to enable surplus and nonproject water to be moved through federal facilities for various beneficial purposes.

As water supplies in the West tighten, efficient water management is needed. An updated Warren Act can help water managers achieve that goal. In fact, legislation to enable surplus and nonproject water to be moved through Reclamation facilities has already been enacted for certain Reclamation projects in the West, including most projects in California and the Central Utah Project. There are pending requests before the Subcommittee on Water and Power to make this modification for two additional projects. The time has come to deal with this subject in a comprehensive manner, and not continue piece-meal efforts to provide water users, including urban water districts, with the tools they need for effective water management.

I hope my colleagues will join me in supporting this provision, and the other provisions to clarify provisions of Reclamation law.

PERSONAL EXPLANATION

HON. DEBORAH PRYCE

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 4, 1997

Ms. PRYCE of Ohio. Mr. Speaker, due to a very important family commitment, on Thursday, September 4, 1997, I sought, and was granted, an official leave of absence from the majority leader. Because of my absence, I was unable to cast recorded votes on the below-indicated amendments and/or bills. However, if I were present, I would have voted in the following manner:

H.R. 2159, FISCAL YEAR 1998 FOREIGN OPERATIONS APPROPRIATIONS

1. Burton Amendment (No. 38): Nay.
2. Campbell Amendment (No. 76): Nay.
3. Paul Amendment (No. 32): Nay.
4. Fox Amendment (No. 41): Nay.
5. Torres Amendment (No. 17): Nay.
6. Stearns Amendment (No. 3): Yea.
7. Gilman/Pelosi substitute to Smith Amendment (No. 15): Yea.
8. Smith Amendment (No. 15): Nay.
9. H.R. 2159 Final Passage: Yea.

MINGO JOBS CORPS CENTER

HON. JO ANN EMERSON

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 4, 1997

Mrs. EMERSON. Mr. Speaker, I rise today to proudly recognize the Mingo Job Corps Civilian Conservation Center in Puxico, MO.

The Mingo Job Corps Center was established in 1965 as a vocational/educational training center for disadvantaged youth. Since that time it has served hundreds of at-risk youth and its surrounding communities. The students complete their secondary educations and learn employable skills while working on needed community projects. At the Mingo Center, student volunteer services proved to be key components to such important projects as excavation work at the Three Rivers Community College in Poplar Bluff, MO, the elevation of flood-prone Highway D in Wayne County, MO, and the restoration of several untended cemeteries throughout the region.

While the students are obtaining an education and helping local communities, they are also learning vocational trades that earn them jobs. Those factors are very significant and the Mingo Job Corps Center has an excellent and an improving record of graduating students with GED's and placement in jobs. It is as rewarding for me as it was for my late husband, Bill Emerson, to observe the progress of the corpsmen as they enter and eventually complete the program and become hard-working contributors to their communities. The ultimate prize, however, belongs to the dedicated young corpsmen who endeavor to build their own future through the personal commitment they each make toward completing the Job Corps experience.

In closing, I also would like to express my appreciation to the staff at the Mingo Job Corps Civilian Conservation Center for their dedicated work and to the past and present corpsmen for their decision to work for a better life for themselves, their families, and their community.

TRIBUTE TO KARIN BALL

HON. BRAD SHERMAN

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 4, 1997

Mr. SHERMAN. Mr. Speaker, I rise today to pay tribute to Karin Ball, as an outstanding member of our community, whose empathy and desire to help others serves as an example for all to follow.

The reason for honoring Karin Ball today, began 20 years ago when Mary Vincent was raped and her arms severed where she needed prosthetic arms. Many years passed and Mary's public assistance ran out, her marriage ended, and worst of all her prosthetic arms were worn and useless. Karin Ball read about Mary while she was in the hospital recovering from elbow surgery. Knowing how difficult it was to perform simple tasks with a broken elbow, Karin decided that she had to do something to help Mary; she would get Mary new arms.

Karin began calling hospitals, doctors, and prosthetic companies. Finally after countless hours of phone calls, she got in touch with NovaCare who in conjunction with the nonprofit organization, Limbs for Life, said they would donate state-of-the-art, custom-made prosthetic arms for Mary.

Karin's act of kindness shows that one person can make a difference in another's life. Today, because of Karin's good deed, Mary's life is back on track. She is now able to run simple errands like going to the grocery store and taking care of her children. It is because of people like Karin, who take the time and effort to help others, that make this world a better place to live in.

Ch'en a great Chinese leader once said "Man's happiness in life is the result of man's own effort." I believe that Karin's act of kindness has brought to Mary, great happiness. In the spirit of Ch'en, Mr. Speaker, I ask you and my distinguished colleagues to join me and the citizens of Malibu in honoring Karin Ball. Her dedication to helping others is an inspiration for all Americans.

MILESTONE PAYMENT SYSTEM PROGRAM

HON. J.C. WATTS, JR.

OF OKLAHOMA

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 4, 1997

Mr. WATTS of Oklahoma. Mr. Speaker, I rise to congratulate the State of Oklahoma Department of Rehabilitation Services' Milestone Payment System Program. This innovative program is currently one of the 25 finalists in the Ford Foundation's 1997 Innovations in American Government Awards competition. Over 1,540 applications were received from Federal, State, and local government organizations. Innovations awards recognize innovative and creative approaches to pressing social and economic concerns.

The Milestone Payment System Program deserves praise for being selected as a finalist. The program has demonstrated successful efforts to implement creative approaches to government. By contracting with vendor agencies to provide vocational preparation and job placement for disadvantaged citizens, the program focuses on specific goal-oriented results. In order for the nonprofit agency placing the individual to receive payment, the individual must achieve an established set of milestones.

I applaud the efforts of this innovative and successful program. The Milestone Payment System Program is a unique government employment service, successful in aiding individuals with disabilities to make the transition into full-time employment. Properly aiding the disadvantaged is a pressing social concern, and I certainly hope this program will serve as a model for other jurisdictions.

On this note, I want to express my gratitude to the Ford Foundation for their continued efforts in recognizing innovative approaches to government. By awarding programs such as the Milestone Payment System Program, other jurisdictions across the United States will learn of the success of this effective program.

On October 7, each of the 25 finalists will make a presentation to the National Committee on Innovations. Ten winners will be selected. Regardless of whether or not Milestone Payment System Program is in the final 10, in my eyes the program is clearly a winner.

FOREIGN OPERATIONS, EXPORT FINANCING, AND RELATED PROGRAMS APPROPRIATIONS ACT, 1998

SPEECH OF

HON. SANFORD D. BISHOP, JR.

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 3, 1997

The House in Committee of the Whole House on the State of the Union had under consideration the bill (H.R. 2159) making appropriations for foreign operations, export financing, and related programs for the fiscal year ending September 30, 1998, and for other purposes:

Mr. BISHOP. Mr. Chairman, I rise today in strong opposition to efforts to prohibit funding for the School of Americas. For those colleagues of mine who may still have concerns about the School of Americas, I draw your attention to the language in the fiscal year 1998 appropriations bill. I believe it adequately and responsibly deals with any remaining questions or concerns about the school. Specifically, it prohibits the use of international military education training funds for the school until: first, the Secretary of Defense certifies that training provided by the School of Americas is fully consistent with U.S. training and doctrine, second, the Secretary of State has issued specific guidelines governing selection and screening of candidates for the school, and third, the Secretary of Defense has submitted a report on the training activities of the school. For the past 4½ years, I have had the honor of representing the area of southwest Georgia where Fort Benning and the School of the Americas are located. I am proud of the school. I believe all Americans should be. It is a program that has provided professional training to thousands of military and civilian police personnel from throughout Latin America—training that includes extensive indoctrination in the principles of human rights and representative democracy.

The school's contribution to the transformation of Latin America from totalitarianism to democracy has been tremendous. Today, only Cuba remains a totalitarian stronghold. Representative government has begun to take root in every other country in the region. As the record shows, many of the school's 60,000 graduates have played leading roles in this transformation.

If you have an opportunity to talk to these graduates, many will tell you that the values they studied and discussed during their stay at the school influenced their political thinking and motivated them in their country's fight for democracy.

In spite of this record, the school is once again under attack.

Without one shred of real evidence, the people who are involved in these misguided attacks falsely accuse the school of promoting totalitarianism and torture. If you get beyond the rhetoric, which can be as deceptive as it is emotional, you will find their case is factually based on just two things: one, the few graduates who have been involved in human rights abuses and two, certain military intelligence training manuals which were once used at the school in classes attended by some of the students, although not all—which the school got rid of 6 years ago.

It's true some of the school's trainees have turned out not to be nice people. Some, in fact, have been linked to sickening atrocities. But this, alone, is not evidence of wrongdoing at the school. As a matter of fact, most of the graduates have been among the good guys in the region's shift to democracy. Graduates have instituted human rights reforms in their militaries, prevented military coups against freely elected civilian governments, and have made their soldiers more professional servants of democratic governments.

This whole argument gets a little ridiculous. We know of other Latin American human rights abusers who attended colleges and universities in the United States. One is the notorious Hector Gramajo of Guatemala, who did not attend the School of the Americas but did graduate from Harvard. Personally, I think it would be absurd to brand Harvard as a school of assassins.

The military intelligence manuals containing inappropriate material never should have slipped by the school's screening process. There were prepared by the Pentagon years ago for use by military allies, and were adopted at the school as part of the material used in one course. For the most part, the manuals were non-controversial and worthwhile. But they did contain some material that violated U.S. policy, such as the use of psychological stress when conducting interrogations. In a review, the Army recognized this material was not acceptable and eliminated the manuals 6 years ago.

I do not defend the manuals, and neither does the Defense Department. They were a mistake. But it was a mistake that was corrected years ago, and it has nothing to do with the current administration of the school.

In his own report on the school, Representative KENNEDY says: "We do not question the good values and the commitment of the U.S. personnel at the school today." According to his report, the reason for attacking the existing school is to make a fresh start. But that start has already been made. The school and its curriculum have undergone intense scrutiny over the past few years, and instruction on human rights and democratic principles has been exhaustively reviewed, sharpened, and expanded.

The School of the Americas has been investigated and studied by the DOD Inspector General's Office, by the General Accounting Office, and by an outside private consulting firm. Every course except for the computer course has mandatory human rights instruction. Every instructor is certified to teach human rights. The school has a permanent human rights council and a Board of Visitors on which strong human rights' advocates serve. All say the school is effectively promoting U.S. policy on human rights and democracy, and in no way is violating it.

This is certainly a cost-effective program.

For less than $4 million a year, the school is promoting democracy, building stronger relationships with our neighbors, and combating narcotics trafficking. The school's critics never consider the cost of the crimes and human rights violations that were NOT committed because of the school's influence. The critics never count the benefits of the drug labs taken down, the terrorism prevented, the mines removed by trained professionals, the peacekeeping operations. The school teaches all of these things, and its graduates carry out these missions day-in and day-out.

Just listen to what the officials and agencies responsible for developing and implementing our foreign policy have to say about the school.

Our incumbent drug czar, who served as a former Commander in Chief of the U.S. Southern Command, has said: "As Commander in Chief, my responsibilities included furthering the development of professional Latin American armed forces that promoted and protected human rights and that were supportive of democratic governance. The School of Americas was, and continues to be, the Department of Defense's preeminent educational institution for accomplishing these goals." The State Department has stated: "The School of Americas today is an important instrument for advancing our goals for the hemisphere. The school's curriculum has changed to reflect the end of the Cold War and our commitment to democracy, human rights, and development in Latin America." The Acting Commander in Chief of U.S. Southern Command, Rear Admiral Doran, has said: "The School of Americas continues to be a priority in the CINC's regional strategy and it supports the President's National Security Strategy. By training Latin American military, police, and civilians, we remain actively engaged in the area thereby enhancing American security." And Chairman of the Joint Chiefs of Staff, John Shalikashvili, has commented: "SOA remains a critical asset in combatting narcotrafficking in Latin America."

This is an issue that touches me personally. I regularly visit the school. I know the men and women who serve there. These are highly trained, dedicated professionals who believe deeply in their country and in the country's mission to promote human rights and democratic principles everywhere. It is wrong to accuse them of violating their trust and working against the interests of democracy when all of the evidence reaffirms that this is not true.

I strongly urge all of my colleagues to visit the school, learn more about the job it is doing, and not to rush to judgement on the basis of false and unfounded accusations made by people who may have good intentions, but who have little regard for the facts.

Mr. Chairman, I urge our colleagues to support the truth.

Support the School of the Americas.

"SOUTH AFRICA AT YEAR THREE"

HON. JULIA CARSON

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 4, 1997

Ms. CARSON. Mr. Speaker, I rise today to share with my colleagues a speech given by James A. Joseph, United States Ambassador to South Africa, at the Meridan House International, Washington, DC, on May 20, 1997. Ambassador Joseph's speech entitled "South

Africa at Year Three" is an outstanding assessment of the impact of the democratic government since the first all race elections was held April 27, 1994. Ambassador Joseph states "there is still much hope and high expectations in South Africa as it begins its fourth year of the new democracy." I am pleased to share Ambassador Joseph's wisdom with my colleagues.

SOUTH AFRICA AT YEAR THREE

(By James A. Joseph)

The best way to assess the impact of three years of democratic government in South Africa is to look at how the new government defined its immediate and most urgent goals in 1994. The priorities of the new leaders were described as: (1) establishing a legitimate government that would be both democratic and an effective instrument for change; (2) nation-building and reconciliation; and (3) reconstruction and development.

ESTABLISHING A LEGITIMATE GOVERNMENT

The greatest challenge facing the ANC when it assumed power was that of establishing a legitimate, effective and credible government. Apart from the normal difficulties facing a political movement that had never been in government before, the ANC was faced with the altogether more daunting task of transforming the entire nature of governance in South Africa. Having inherited a state machinery designed to meet the needs of a small racially defined minority, the ANC has had to mold the institutions of government—under severe resource and time constraints—to serve not only the interest of the majority but the whole country.

How successful has the ANC been in establishing a legitimate and effective government? The legitimacy of the government is accepted by all parties, but effectiveness is too often in the eye of the beholder. The fact is, however, that there are now representative governments at all levels; national, provincial and local. There is a new constitution which protects human rights, guarantees equal opportunity and provides for open and fair elections. At the same time, there is no more detention without trial, house arrests, bannings, bombings and political violence have subsided. The press is free, the far right has almost disappeared and many former ideologues have turned out to be very pragmatic.

South Africa is a country that works. Away from national media coverage, streets are being tarred, refuse collection being improved, schools being renovated and health clinics being built and upgraded. In April, government officials gathered in a rural village in the Northern Province to celebrate the millionth person to receive water under the government's program of bringing water to the people. More than a million homes have been supplied with electricity since the new government came into power. Two hundred thousand new homes are presently under construction and millions of children now benefit from the school nutrition program, free medical care and free and compulsory education. Many communities can now feel secure on a piece of land they call their own, with over 250 land distribution projects underway affecting over 57,000 households and 1.7 million hectares. Many families now benefit from the farmer support program and extension of agriculture credit. The national government, the Parliament and the Courts are functioning well. Provincial and local governments have been much slower in taking hold in some places than others, but many are starting to become delivery systems for needed services. It is important to remember that the local government elections completed last year established a legitimate but interim foundation for local government. The final structure of the local government system will come out of a review process that will lead to legislation by the end of 1997.

With the presentation of the 1997 budget to Parliament earlier this year, the national government reached a new level of credibility. Even the most ardent critic of the ANC government admitted that the new budget was sound and the performance of the Finance Minister and his team impressive. This was a crowning moment in the marriage of legitimacy with credibility.

WORKING THROUGH POLITICAL PARTIES

One can not speak of governance without at least saying a word about the role of political parties. Until two weeks ago, the strategy of the National Party seemed to be both a strategy of "deepening" and "broadening" its support base. As explained to me by Roelf Meyer two weeks before he got the ax, the former, the growth and development path, sought to consolidate the NP's traditional white and colored constituencies. The latter, the "realignment path," was designed to reach out to groups and individuals across the political/color spectrum who may be looking for something new in 1999, with a view toward forming an alliance capable of challenging the ANC. After considerable exploration by Meyer and a realistic report to the party of the image difficulty of a political party still strongly associated with apartheid in the public mind, the voices of Roelf Meyer and his expansion-minded colleagues were silenced. Just before leaving Cape Town last week, I spoke to one of the members of the task force who told me that the National Party is now in disarray with its future uncertain.

The ANC is also undergoing transformation, but the changes are of a different type. The 1994 deployment of its members into three spheres of government, the public service, the security forces and the diplomatic corps, left many ANC branches in a depleted state. However, its structures are beginning to demonstrate vitality, and in some instances independence, again. New branches are being launched and internal conflicts which seemed at one time to be tearing the party apart are being more strategically managed and some of the wounds healing. After being overwhelmingly re-elected head of the ANC's Women's League, Winnie Mandela announced to cheering supporters that she was ANC for life. Bantu Holomisa, who was expelled from the ANC for bringing the party into disrepute, is another case, but while he is testing the waters for a new movement even he admits that the ANC is likely to be the dominant party for awhile. I believe, however, that one of the coming threats to party cohesion is the growing importance of provincial issues and interests. We will see more issue-based, ad hoc alliances as we are already seeing in Gauteng.

The IFP has undergone some face-lifting with a new Premier, who was a widely respected Minister in the national government, and new faces emerging in other areas of leadership. But the IFP is still Buthelezi's party and his emphasis on traditional leaders and traditional culture still defines the parameters of party appeal. Great gains have been made in collaborating with the ANC to reduce political violence and there is now talk of collaborating in other areas as well, particularly in meeting the needs of the poor. The Democratic Party and the PAC seems destined to attract far more media attention than followers.

ECONOMIC EMPOWERMENT OF THE MAJORITY

What we have seen in South Africa in the political empowerment of the majority has not been matched by economic empowerment. Unemployment, now estimated at between thirty-four and forty percent, continues to be one of the new government's most difficult challenges. One hundred seventy five companies are reported to have invested in South Africa last year, but very little of this was job-creating investment. In my view, the South African economy is in a period of consolidation prior to heading for increasing growth. The pundits estimate two- to four-percent growth in 1997 with the primary goal of the government's plan for Growth, Employment and Redistribution (GEAR) of six per cent growth by the year 2000. This clearly defines the challenge. But I side with the optimists when I look at the performance of the Mandela government since coming into office. After a decade in which falls in GDP were more frequent than rises, the Mandela era has brought both economic growth and single-digit inflation. The economy grew by 1.3% in 1993, 2.7% in 1994, 3.3% in 1995 and 3.1% in 1996.

The pessimists will point to a rand which has slipped to 4.44 to the dollar, prime interest rates nudging over 20 percent, low reserves at 12.5 billion rand, a low savings rate and public debt at 56 percent of GDP. And even the government admits that achieving the GEAR goal of 400,000 new jobs annually will be difficult, but, for 1997 at least, the sale of 30 percent of the parastatal Telekom to the SBC/Malaysian consortium is expected to provide 50,000 new jobs alone. It is useful to remind the pessimists, therefore, that all of these are the problems the GEAR is meant to address and South Africa has in three years already come a long way toward overcoming the legacy of apartheid of a closed, protected, stagnant, inefficient economy.

What about the much repeated goal of black empowerment, a concept that means different things to different people? Black empowerment is a major factor in government privatization strategics. The white apartheid government, for all its anti-socialist rhetoric, created a surprisingly socialist state. A startling 50 percent of South African assets were in state hands when the Mandela government took office. The apartheid state owned almost all of the electric company, the telephone company, the national airline, the arms industry, the railroads, busses, ports, hospitals and television stations. It drilled for gas, logged forests, mined some diamonds, grew mangoes and even ran water fun parks. The new leaders have made a commitment to privatization. They see it as a way of encouraging efficiency, lowering prices and attracting more foreign investors; but they want first to gain sufficient control to ensure that privatization contributes to the empowerment of the majority rather than simply increasing wealth concentration in the hands of the white minority. If done right, it is estimated that privatization could raise as much as 30 billion dollars for public purposes.

Another strategy for black empowerment is skills development. The Minister of Labor's Green Paper on skills development proposes a two percent payroll level to fund new training programs for workers. The recent World Productivity Report ranked South Africa 44th of 45 developing countries in terms of human resource development. This is one of the legacies of apartheid that will take some time to unravel.

Black empowerment has been greatly aided by decisions of the largest South African companies to unbundle. Anglo American which controlled sixty percent of the Johannesburg Stock Exchange (JSE) ten years ago has reduced its share to 24%. The top five conglomerates that together controlled 85% of the JSE ten years ago have reduced their share to 67%. The clear trend has been toward ownership by smaller, more tightly focused companies. There is a paradigm shift in ownership and distribution taking place that goes far beyond the emerging black elite. There is a new crop of blacks who describe themselves as the patriotic bourgeoisie. They contend that they have the interests of the country at heart and are not motivated exclusively by self-interest.

One of these is Cyril Ramaphosa who, after successfully chairing the efforts to develop a new constitution, decided to devote his considerable leadership skills to black empowerment. As Chairman of Johnnic, he and Finance Minister Trevor Manuel recently announced one of the most creative initiatives to ensure wide participation in economic empowerment. It seeks to make available nine million Johnnic shares to individual black investors and smaller groups not wealthy enough to participate in the original deal. The new installment scheme involves a downpayment of six rands a share, followed by another sixty rands in three years time, by which time, if something near present growth and value continue, the shares should be worth considerably more. This may set a precedent for some of the privatizations that lie ahead.

One way of analyzing success in black empowerment is to look at the Johannesburg Stock Exchange where black control of the JSE's market capitalization increased to almost 9% at the end of last month from less than 1% in 1994. Another way of determining success is to look at the fact that there are now seventeen black controlled companies with a market capitalization of more than twenty-seven billion rands.

RECONCILIATION, REPARATIONS AND REHABILITATION

Under the leadership of President Nelson Mandela and Archbishop Tutu, South Africa has taken reconciliation among former adversaries to a new level. Pundits debate whether the spirit of reconciliation in South Africa has its genesis in a form of African humanism known as ubuntu or whether, as some contend, it is simply a political strategy necessary for the progress of the new democracy. But what is not debatable is that after a slow and uncertain start, the formal process represented by the Truth and Reconciliation Commission has flushed out more of the truth than seemed likely just a few months ago.

The Truth and Reconciliation Commission has received more than 8,000 applications for amnesty. The National Party has taken the position that terrorist forces threatened South Africa, that officials carried out lawful orders, and only renegade members, acting independently, committed abuses. While NP top leadership accepts moral responsibility for apartheid, their position is that they did nothing wrong. The ANC, on the other hand, has submitted a 139-page document to the Commission detailing the many individual acts for which its members are seeking amnesty.

The Promotion of National Unity and Reconciliation Act, which led to the creation of the Truth and Reconciliation Commission, also requires the Commission to make recommendations to the president on the reparation and rehabilitation of victims. Much of the Commission's work has focused on amnesty applications, leaving them very little time to give attention to the reparations and rehabilitation mandate. The victims who have testified before the Commission have generally asked for very limited reparation, medical treatment, a tombstone, the restitution of land, etc. But there is a widespread recognition that white society benefited directly from the apartheid system that for over forty years used exploitative and brutal means to limit black opportunity in order to extend white privilege. The extent of the brutality and violence revealed by the TRC has far exceeded what even the most ardent critic of apartheid had considered possible.

It now appears that wealthy South Africans may be asked to pay a once-only tax to help fund reparations for victims of gross human rights violations. The ANC advised the Truth and Reconciliation Commission on May 13 that those who prospered under the apartheid system should finance meaningful reparations for the victims of gross violations of human rights on both sides of the apartheid conflict. According to the ANC statement to the TRC, "it would be useful if the commissioners could apply their minds to considering the necessity and viability of ensuring that the Doctrine of Odious Debt is given recognition in mobilizing some of the resources that would help make the reparations more feasible." The Doctrine of Odious Debt was used by the ANC government as a rationale for forgiving South Africa's debt to Namibia. Fundamental to the concept are the old principles in Roman and Roman-Dutch law that the wrongdoer should not benefit from the wrongdoing.

QUALITY OF LIFE

Some whites in South Africa see the quality of life as deteriorating. The privileges they enjoyed by being the exclusive beneficiaries of apartheid are being threatened and in some areas curtailed. The black majority who were kept outside the mainstream economy by design are demanding a fair share of the economic pie. A recent report on focus group discussions conducted in South Africa found the mood of community leaders across race and party lines to be one of ambivalence. Some local community leaders are impatient and nervous about the future. At the same time, most blacks believe that they must be patient and that the country is moving in the right direction. This patience is not to be confused with disengagement or passivity. Rather, it is a realism rooted in the belief that changing four decades of apartheid will take more than three years. Those who have enjoyed the benefits of freedom; those who take access to water and electricity for granted; those whose children have long had good schools available; those who have had good health care when and where they needed it; and those who were safe in their suburban homes while criminals were permitted to prey, sometimes in collusion with the police, on township and squatter village residents at will, are more likely to use a different yardstick to measure the quality of life in the new South Africa.

Yet, there is one thing on which all South Africans agree. It is the common feeling that unless the crime rate is reduced the quality of life will be significantly impaired. There is an obsession with crime in some quarters, an obsession fed both by reality and a long period of isolation and psychological exile from the rest of the world. Many South Africans are convinced that the high level of crime they are experiencing is somehow unique to South Africa. The government has been greatly limited by the desire not to restrict newly granted liberties and by a police force beset with corruption, poorly trained and whose only major responsibility in the past was to support the maintenance of a police state. They know nothing about community policing and, in some instances, have no desire to learn. But none of this takes away from the fact that crime must be reduced and the government has a very limited window of opportunity in which to do it.

More is being done, however, than is commonly assumed. The government has an anti-crime strategy and a recent report indicates that it is succeeding in some areas. Crime was down in nine categories in 1996, but every high profile bank robbery, rape or murder reminds leaders that more must be done.

The bottom line is that there is still much hope and high expectations in South Africa as it begins its fourth year of the new democracy. As a black leader in a small community that seems to have every reason for despair put it, "We are doing very well. You can actually see things like houses. Look at the electricity. Look at the clinics now. We must admit all races. So there are actually tangible, measurable changes." The majority population in South Africa continues to startle many by the genuineness of its approach to reconciliation and the vast reservoir of hope and goodwill that remains.

SPRINGFIELD BUSINESS AND PROFESSIONAL WOMEN'S CLUB CELEBRATES 80 YEARS

HON. RICHARD E. NEAL

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 4, 1997

Mr. NEAL. Mr. Speaker, I rise today to recognize a leading civic organization in Massachusetts' Second Congressional District, the Springfield Business and Professional Women's Club. October 28, 1997, will mark the 80th anniversary of the club's founding. The club has a long history of contributing to Springfield through its civic participation, its sponsorship of speakers and events, as well as its scholarship.

In October 1917, 16 women with a common desire to improve the positions of women in the work force gathered at the local YWCA. They founded a club with the original objective to "blend together women in the professions and businesswomen so that the standard of working women could be raised." Two years later, delegates traveled to St. Louis to join several hundred other women in the founding of the National Federation of Business and Professional Women's Clubs. In its first decade, several Springfield members served as officers of the National Federation as well as traveling to Europe to help found the International Federation of Business and Professional Women's Clubs. The first treasurer of the International Federation was Henrietta Harris of Springfield.

Throughout its history, the club has reached out to promote several charitable organizations. Through their Harris-Bullman Fund, they have been generous supporters of the Open Pantry, Camp Star-Camp Angelina, Grey House, and the Forest Park Zoological Society. Their Jessie M. Bourne—Winifred Daly

Scholarship Fund provides nontraditional women students with a scholarship to either return to college or enroll for the first time. In addition, the club routinely collects good used work clothing to donate to women on welfare or who were in prison and are now seeking professional employment.

Beyond these endeavors, the club has championed the role of women in our political system by donating funds and volunteer hours to the Women's Vote Project. Through their continuing Springfield Forums the club has welcomed distinguished guests, such as Amelia Earhart, to speak on current events and their experiences.

On October 28, 1997, the club will celebrate its 80th anniversary. On this night, members will be joined by State officers of the Massachusetts Federation of Business and Professional Women, elected officials, and leaders of other women's organizations to highlight past accomplishments and the evolution of club activities. As an organization with a storied history, it is my hope that the club will use its past triumphs as a springboard for future successes. I ask my colleagues to join me in saluting the Springfield Business and Professional Women's Club on this milestone.

TRIBUTE TO DORIS AND KEN RUFENER

HON. BRAD SHERMAN

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 4, 1997

Mr. SHERMAN. Mr. Speaker, I rise today to honor Doris and Ken Rufener for 29 years of outstanding community service and congratulate them as recipients of the Conejo/Las Virgenes Future Foundation Civitas Award. Their dedication to serving all of the citizens in our community is remarkable.

The Civitas Award is extremely prestigious because it is not given routinely or annually, but only when one has fulfilled specific criteria. The recipient must have exemplified true, unselfish, and outstanding citizenship, demonstrated the ability to motivate and inspire others, and made a singular and lasting impact in our community All the while, he or she must have been involved in many aspects of community life, giving extensive service beyond employment, giving long-time, meaningful service to the community and serving as a role model for the residents of the Conejo/Las Virgenes region.

Doris and Ken have fulfilled the aforementioned criteria with overwhelming evidence. They have both served to defend our Nation in the U.S. Air Force. Ken has also served as a board member and president of the Military Order of World Wars. They have provided spiritual assistance to those in the community through their involvement in Westminster Presbyterian Church, particularly Doris's role as a deaconess. The Rufeners are involved in every aspect of community life from their neighborhood homeowners association, various men's and women's service clubs in the area, to athletic associations and assisting in providing mental and health care to indigenous persons. Doris's involvement is highlighted by her role as a Governor's appointee to the advisory board at Camarillo State Hospital. This description merely scratches the surface of the Rufeners' record of service to the community; unfortunately the full extent of their dedication is too lengthy to discuss here today.

Doris and Ken also lead full everyday lives. Ken, after serving as mayor and council member of the city of Westlake Village, is currently a director representing division IV of the Las Virgenes Municipal Water District. Doris is concentrating her work at the Human Resources Center and the local mental hospital. They are also the loving parents of two children, David and Karen.

I believe that John F. Kennedy's criteria for determining success in community involvement exemplify the spirit of the Civitas Award and Doris and Ken's service to our community.

> First, were we truly men of courage * * * Second, were we truly men of judgement * * * Third, were we truly men of integrity * * * Finally were we truly men of dedication?

The answers to these questions is indeed, yes.

Mr. Speaker, I ask you and my distinguished colleagues to join me in paying tribute to this outstanding couple, Doris and Ken Rufener. It is an honor to congratulate the Rufeners as recipients of the coveted Civitas Award.

AIR QUALITY REGULATIONS

HON. BOB SCHAFFER

OF COLORADO

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 4, 1997

Mr. BOB SCHAFFER of Colorado. Mr. Speaker, on November 27, 1996, the Environmental Protection Agency [EPA] proposed new air quality regulations that will have an enormous impact on Colorado. These new standards increase the regulation of ozone and airborne particulate levels and are backed by dubious science which will carry enormous costs for businesses and taxpayers.

The new standards will be difficult and perhaps impossible to meet in many areas. The ozone standards will change from .12 to .08 parts per million. That means there will be less than one ozone molecule in every 10 million air molecules. The EPA rule for particulate matter size—essentially soot—poses additional problems. These new standards will set levels for particles of a size down to 2.5 microns. In comparison, the width of a human hair is 70 microns—28 times as wide.

EPA's focus in the development of these rules appears to have been on the Midwest and the Eastern United States. For example, when EPA last revised the particulate matter standards, they relied upon health effects studies primarily conducted in the Eastern United States. However, upon implementation the vast majority of the nonattainment areas were in the West. When impacts on the West are not appropriately addressed early in the process, the end result has been an unfair regulatory burden on the West.

Everyone wants cleaner air. However, there is no scientific foundation for these extreme regulations. Very little is actually known about the health effects of such low levels of ozone and particulates or whether there are any health effects at all. At first, the EPA claimed the new standards would save 20,000 lives a year. The agency then revised the figure to 15,000. EPA, however, has refused to release the data on which those estimates are based. Independent researchers say they cannot substantiate EPA's health claims on currently available data.

The costs are easier to establish. These standards will radically alter the way we live. The EPA has estimated that as much as half of the U.S. population will have to limit the use of automobiles, lawnmowers, wood-burning stoves, fireplaces, and even barbecue grills. These regulations will suppress economic growth and job creation throughout Colorado. The President's own Council of Economic Advisers has estimated the costs of the new regulations to be between $11.6 and $60 billion per year, compared to benefits totaling between $200 million and $1 billion per year. Even the EPA's own calculations—which only estimate partial costs—show that the regulations' cost outweigh their benefit.

Air quality is improving nationwide even without new regulations. All six air pollutants tracked by EPA have shown dramatic improvements since 1975. Air particulates are down 24 percent, sulfur dioxide down 50 percent, carbon monoxide down 53 percent, ozone down 25 percent, nitrogen dioxide down 24 percent, and lead down 94 percent. In recent testimony before the House Commerce Committee, EPA Administrator Carol Browner stated that air quality will continue to improve substantially even without the new regulations. Full implementation of the regulations should be delayed until more of our questions can be answered.

TRIBUTE TO THE GRAAFSCHAP CHRISTIAN REFORMED CHURCH

HON. PETER HOEKSTRA

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 4, 1997

Mr. HOEKSTRA. Mr. Speaker, I rise today to recognize the congregation of the Graafschap Christian Reformed Church of Graafschap, MI, as they celebrate 150 years of service to God, family, and community.

On April 4, 1847, 104 pioneers left Rotterdam, the Netherlands with the hope of finding religious freedom and economic opportunity in America. They arrived in New York harbor on May 23, and settled on the south shore of Macatawa Beach in Holland, MI on June 20. The settlers soon founded the Graafschap Christian Reformed Church, dedicating their log church in 1848. The early church faced many challenges and difficulties, but the congregation responded with prayer and hard work. By 1862, the church had grown significantly and the current colonial church building was constructed.

As Graafschap Christian Reformed Church grew in numbers and strengthened her spiritual roots, its vision expanded beyond its own congregation and extended to the community. In the past 150 years, the church has been a strong supporter of Christian education. As a leader in community ministry, the congregation has supported and participated in mission projects around the world.

The past and present members of the Graafschap Christian Reformed Church have had a profound impact on the Holland, MI area. Now with more than 500 members, the church is dedicated to continuing its spiritual mission far into the future. I would like to extend my thanks to Graafschap Christian Reformed Church for 150 years of service and commitment to God and the community, and offer my congratulations on the celebration of their anniversary. May God continue to bless the congregation and their work in the years to come.

TRIBUTE TO THE EMPLOYEES, FAMILIES, AND FRIENDS OF THE LONG BEACH NAVAL SHIPYARD

HON. STEPHEN HORN

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 4, 1997

Mr. HORN. Mr. Speaker, I rise today to pay tribute to the employees, families, and friends of the Long Beach Naval Shipyard, which will close in a few days after decades of service. In addition to playing an integral role in America's national defense, the shipyard has been a cornerstone of the Long Beach community.

A half century of history, with all of the success and adversity that history can bring to bear, has forged strong bonds between the Long Beach Naval Shipyard and the city of Long Beach and its surrounding region. In the best sense, we have been one community where military and civilians have pulled together for the good of all.

Our relationship was born in the early, frightening months of the Second World War, when the shipyard was added to an already considerable Navy presence in the area. The relationship grew and prospered as America's Armed Forces produced the victories of 1945 and the hope of lasting peace. Instead of a lasting peace, we faced the long, bitter, and tense years of Korea, Vietnam, and the cold war. The shipyard took on the task of keeping the Navy ready for actual and potential conflicts at any time or place. Our Nation, the shipyard, and its exceptional employees passed the tests of efficiency and effectiveness with flying colors and played a vital part in the ultimate victory that brought down the Berlin Wall and ended the threat of Communism.

Those events and the job well done by thousands of talented men and women are what we will remember. And what we all should value, as we now bring to a close this long and highly successful partnership. For the past five decades, the Long Beach Naval Shipyard has played a vital role in our national defense and it has been a crucial part of our local economy. Those who have served at Long Beach's shipyard displayed superb skill, uncommon commitment, and an unyielding dedication. Their service, and the shipyard itself, will long be remembered as a source of pride for the U.S. Navy and for the city of Long Beach.

THE IMATION CORP. RECEIVES THE EPA 1997 PRESIDENTIAL GREEN CHEMISTRY CHALLENGE AWARD

HON. BILL LUTHER

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 4, 1997

Mr. LUTHER. Mr. Speaker, I rise today to congratulate the Imation Corp. of Oakdale, MN, for receiving the 1997 Presidential Green Chemistry Challenge Award from the U.S. Environmental Protection Agency [EPA]. Imation is a new imaging and information company located in my district, that was once part of 3M.

Imation has developed a new way to process x rays and other diagnostic medical images. Developing these images through the use of traditional film developing processes creates a great deal of waste through the use of wet chemistry. The new technology developed by Imation does away with this wet chemistry and replaces it with a process that uses heat and laser imaging to develop images. The company estimates that this new process has already reduced the production of contaminated wastewater by 54.5 million gallons annually.

It is for this reason that the EPA has singled out Imation for this award. Minnesota has a long and proud tradition of finding ways to improve our way of life while protecting and nurturing our natural surroundings. It is terrific to see a high-technology company like Imation developing products that reduce pollution while still getting the job done for the American people. I am very pleased to bring their success to the attention of the House and to congratulate them on their achievement.

NATIONAL FARMERS' MARKET MONTH

HON. BRAD SHERMAN

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 4, 1997

Mr. SHERMAN. Mr. Speaker, I rise today to commemorate August as the U.S. Department of Agriculture's National Farmers' Market Month. I would like to take this time to recognize the successes of Southern California's farmers' markets, particularly the Southland Farmers' Market.

Each year more than a million and a half people visit Southland Farmers' Markets to purchase the finest and freshest produce in town. At these markets the consumer buys directly from the farmer, purchasing the freshest food at competitive prices. These farmers also help people select the juiciest and ripest produce while offering tips on preparation and cooking—services not available in most grocery stores.

In addition to offering spectacular services, these markets are extraordinarily important to both farmers and citizens in our community. The majority of participants are small farmers who desperately need access to public markets in order to survive. They therefore rely upon selling their products at these markets and would find it difficult to market their crops if they could no longer participate in farmers' markets.

Besides helping farmers, these markets also benefit citizens in our community. They provide an opportunity for farmers to supply surplus produce for the hungry and have helped to revitalize downtown communities in our area. The success of these markets would not be possible without the backing of the Department of Agriculture and citizens of our community.

Mr. Speaker, I ask you and my colleagues to join me in commemorating August as National Farmers' Market Month. I wish great success for all farmers' markets here in our community and throughout the United States.

25TH ANNIVERSARY OF HELP LINE

HON. PAUL E. KANJORSKI

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 4, 1997

Mr. KANJORSKI. Mr. Speaker, I rise today, to celebrate the 25th anniversary of the founding of Help Line, a nonprofit, informational, advocacy, and crisis intervention agency serving the Wyoming Valley area of my congressional district in Pennsylvania.

Administered by the Family Services Association, Help Line was created by Anne Vernon in 1972 when the raging flood waters of Hurricane Agnes shut down all communication in the Wyoming Valley. It provided a centralized source of vital information to the victims of the devastation. In 1975, the agency entered into an agreement with area agencies to provide 24 hour crisis services. Soon other agencies signed on to the service and Help Line became the crisis center for all Wyoming Valley social service agencies. The information and referral component of Help Line now lists over 500 agencies in its local data files and over 1,700 total listings.

Throughout its existence, Help Line has responded to special community needs. For example, it assisted in the coordination of the local United Way's Emergency Day Camp Program, establishing services for the speech and hearing impaired, and assembling a list of physicians for people who were unemployed and without health insurance.

Mr. Speaker, the Wyoming Valley has grown to rely on the services of Help Line. Help Line has established the Family Action Network, addressing the problems of teen pregnancy, HIV infection, juvenile delinquency, and substance abuse just to name a few. Under the able leadership of its director, Mr. Michael Zimmerman; assistant director, Mr. Gary F. Smith; family services director, Mr. Dennis Gourley, and its outstanding board of community leaders led by Mr. Tom Bigler, Help Line is one of the most comprehensive 24 hour crisis centers and information and referral centers of its kind in the Commonwealth of Pennsylvania. Its well trained and dedicated staff are on duty to handle crises round the clock.

Mr. Speaker, I am proud to join with the Board of Family Services Association and the entire Wyoming Valley in congratulating the fine management and staff of Help Line for providing quality service for 25 years.

DR. PATRICIA WORTHY OYESHIKU: 1997 WESTERN REGIONAL EXCELLENCE IN TEACHING AWARD

HON. BOB FILNER

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 4, 1997

Mr. FILNER. Mr. Speaker, I rise today to pay tribute to Dr. Patricia Worthy Oyeshiku, a distinguished teacher from my home town of San Diego who has made a positive impact on thousands of young lives in our community. I am proud to recognize Dr. Oyeshiku, an outstanding teacher at Morse High School in my congressional district where she has taught since 1971.

Tomorrow, she will receive the 1997 Western Regional Excellence in Teaching Award by the National Council of Negro Women. This Excellence in Teaching Award is designed to raise awareness and involvement of African-American parents, educators, and community leaders in meeting the educational needs of African-American youth.

The award recognizes exceptional public school teachers of African-American students who are living the philosophy and legacy of the National Council of Negro Women. Funded by Shell Oil Co., the award ceremonies tomorrow are an opportunity to generate greater public awareness and appreciation of excellence in teaching.

This is not the first time that Dr. Oyeshiku has been recognized for her outstanding contribution to our young people. She was the California Teacher of the Year in 1981 and also National Teacher of the Year finalist that year. She was honored as the Headliner in Education by the San Diego Press Club in 1981.

She serves on the California Academic Partnership Program Advisory Board, is an evaluation team leader of the California Commission on Teacher Credentialing, has served as past cochairperson for all English department Chairs in the San Diego unified school district, is a member of the Advisory Committee in Reading for the San Diego unified achievement goals program and of the advisory council to an interdisciplinary approach to multicultural education. She has lectured throughout the State of California on issues related to education.

Dr. Oyeshiku has always been an outstanding role model for many years. She served in the Peace Corps in Brazil, and received the John F. Kennedy Award as the outstanding Peace Corps volunteer in 1966. She is a member of the Readathon Advisory Board of the Multiple Sclerosis Society.

Like those before her who have received this high honor, Dr. Oyeshiku has worked tirelessly for the benefit of every student in her classes. Her principal, Dr. Shirley Peterson, told me that she is "honored, on behalf of all of the Morse High School Tigers, to recognize Dr. Oyeshiku for receiving this prestigious award and to commend her and applaud her efforts."

Mr. Speaker, every student deserves the opportunity to succeed, and every student deserves a teacher like Dr. Oyeshiku. I am pleased that her efforts are recognized with the 1997 Western Regional Excellence in Teaching Award.

TRIBUTE TO CATHOLIC SOCIAL SERVICES OF ST. CLAIR COUNTY, 50TH ANNIVERSARY

HON. DAVID E. BONIOR

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 4, 1997

Mr. BONIOR. Mr. Speaker, today, I would like to honor Catholic Social Services of St. Clair County as they celebrate their 50th anniversary on September 14. This group of extraordinary people have dedicated their time, talents, and devotion to God to improve the welfare of people throughout St. Clair County.

In 1947, under the leadership of Edward Cardinal Mooney of the archdiocese of Detroit, Catholic Social Services of St. Clair County was founded. In addition to the strong support of the archdiocese, the League of Catholic Women played a key role in bringing Catholic Social Services into existence. Its mission was to provide counseling and assistance to troubled families and individuals regardless of their religious affiliation.

When Catholic Social Services was first instituted, it was run by the Reverend John R. Hogan and only one social worker. But as time passed and the organization grew, so did its services. With the help of volunteers, professionals, and the support of the Catholic Church, the agency was able to expand to meet the varying needs of the community. The agency now runs Child Welfare services along with Adoption and Foster Home Care as well as an Alcoholic Service Center. Services were also added to aid those experiencing problems relating to aging, pregnancy, and child abuse.

For the past five decades, Catholic Social Services has combined its resources and energies to bring aid and sympathy to those in need. Its vision and support has touched and improved the lives of many people. Over the years, Catholic Social Services has provided an indispensable contribution to the people of St. Clair County. I ask my colleagues to join me in congratulating Catholic Social Services of St. Clair County on their historic anniversary and in the anticipation of a successful future.

RELIEF FOR JOZEF RICHARD MADAR, ETELA MADAR, AND JOZEF THOMAS MADAR

HON. MICHAEL F. DOYLE

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 4, 1997

Mr. DOYLE. Mr. Speaker, I rise today to speak about legislation I have introduced that would provide permanent residency to a young family from the former Czechoslovakia: Jozef Richard Madar, Etela Madar, and their son, Jozef Thomas Madar.

Several years prior to Slovakia's independence from the Czech Republic, the Madars sought refuge from religious persecution in the United States. Since arriving in our country over 6 years ago, Jozef and Etela have followed the rules and have conducted their lives in a most exemplary manner. Both Jozef and Etela have been gainfully employed the entire time they have been in the United States. In addition, neither Jozef or Etela has a criminal record and they have not accepted any public assistance or welfare. The Madar family, which has grown to include another son, Kevin, has been active in and embraced by both their community and church. In short, the Madar family is an embodiment of the strengths that built our great immigrant country.

Religious liberty, the freedom to proclaim a religious identity and practice it without fear, should be an inalienable right for people everywhere. In the former Czechoslovakia, Communist rule had a detrimental effect on all aspects of the Madar's life. Acts of harassment and persecution resulting from their Catholic faith and anticommunist views led the Madars to our country. Discrimination not only affected the Madar's ability to practice their faith, but also their employment opportunities. While Slovakia has made some progress in the area of human rights, the Madars believe that this change has not been sufficient enough to ensure the level of safety and freedom that they have found in the United States. My legislation would allow the Madar family permanent residency which in turn would allow them to continue to contribute to the quality of life in western Pennsylvania and their community.

I am honored that I have the privilege to represent people of such fortitude and look forward to working with my colleagues to help the Madars in their quest to call the United States their lifelong home.

TRIBUTE TO NATIONAL ROBOTICS COMPETITION WINNERS

HON. PETER J. VISCLOSKY

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 4, 1997

Mr. VISCLOSKY. Mr. Speaker, it is my pleasure to take this opportunity to congratulate 20 students from four Hammond, IN, high schools for winning the national robotics competition, FIRST [For Inspiration and Recognition of Science and Technology], held at Walt Disney World's Epcot Center on April 10 through 12, 1997. Sponsored by Beatty Machine Manufacturing Co., Team Hammond entered 1 of 156 robots from 30 States and Puerto Rico, which resulted in 113 operating robots at the nationals. Beatty Machine's Team Hammond won the elimination matches to capture the first place national title.

Members of Beatty Machine's Team Hammond include: Karl Fink, Tara Hasting, Laurie Michnal, April Roque, and Steve Wiant, of George Rogers Clark High School; Jim Ferguson, Dave Mohamed, Ebony Townsend, Kris Vankleek, and Owen Wels, of Gavit High School; Matt Jakubczyk, John Ly, Nicholas Piatek, James Severa, and Jeff Spector, of Hammond High School; and Wendy Camancho, Amber Lahners, Natalie Payonk, Danelle Rivera, and Chris Sikich, of Morton High School.

The employees of Beatty Machine and its sister corporation, Bemcor, worked in conjunction with Team Hammond to design and build the winning robot during an intense 6-week period. The 116-pound remote-controlled robot worked to place inner tubes on a central post during 2-minute competitions. After winning the Midwest-Regional championship in March, Team Hammond was courted aggressively at the national competition by such Fortune 500 competitors as Motorola, Delco Electronics Corp., and Procter and Gamble. However, Team Hammond succeeded in eliminating the competition, some of which budgeted as much as $500,000 for this year's entry. In addition to winning the first place title, the team was awarded the Honeywell Leadership in Control Award. This honor is awarded by a panel of distinguished judges to the team, which demonstrates leadership in the application of electronic control systems. According to a FIRST spokesperson, "Beatty Machine had a very, very strong team and good strategy."

In honor of their accomplishments, Team Hammond was awarded special recognition through a joint resolution in the Indiana State Senate and House of Representatives on April 25, 1997, and also met with Indiana Governor, Frank O'Bannon, in April. In addition, the team was featured on ESPN's 1-hour special covering the national competition on Saturday, August 23, 1997. The team expects appearances on other television shows, as well as a visit to the White House later this year.

Mr. Speaker, I ask you and my other distinguished colleagues to join me in congratulating the Beatty Machine Team Hammond students on their outstanding accomplishments in the field of science and technology. I would also like to commend the employees of Beatty Machine for the leadership they have taken in the education of our community's youth. All involved in this project should be proud of the hard work and dedication they have put forth to succeed and achieve.

TRIBUTE TO JOHN AND EFFIE WESTRA

HON. BRAD SHERMAN

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 4, 1997

Mr. SHERMAN. Mr. Speaker, it is a great honor for me to rise today and pay tribute to John and Effie Westra, who are being honored by the Simon Wiesenthal Center as Righteous Gentiles for their heroic decision to harbor Jewish children during World War II. Through their sacrifice and dedication to their fellow man, both John and Effie Westra have provided models for all of us who seek to transcend differences of race and religion that all too often divide us.

This story of courage begins in what for many of us is a dark and distant past amid the horrors of WWII. Thanks to John and Effie Westra, however, life and hope overcame those horrors which engulfed the world as they, like countless others, protected Jewish children from the Nazis.

I could only imagine what thoughts went through John's and Effie's thoughts as they took in Alex Radziner—the threat of reprisal from the Nazis if they were caught hiding a Jewish child, the fear of facing an uncertain future amid a war-shattered Europe.

However, despite the constant threat of being discovered, John and Effie Westra hid Alex for 2 long and difficult years. Their compassion reminds me of a saying. "The brave man is not he who feels no fear, . . . But he, whose noble soul its fear subdues, And bravely dares the danger nature shrinks from."

It was due to the moral courage of John and Effie Westra that Alex Radziner survived the war. Today I join Alex Radziner's family to commend the Westras' courage and take honor in recognizing John and Effie.

SENATE—*Friday, September 5, 1997*

The Senate met at 9:30 a.m. and was called to order by the President pro tempore [Mr. THURMOND].

PRAYER

The Chaplain, Dr. Lloyd John Ogilvie, offered the following prayer:

Almighty God, our motto says, "In God we trust." This morning our prayer is to put that motto into practice. Each of us comes to this time of prayer with his or her own set of personal needs. You know these, Lord. We place in Your strong hands whatever holds us captive to anxiety or worry. There are people in our lives for whom we are deeply concerned. We trust You with their care.

We pray for the peace of Jerusalem. We pray for the families of the 7 people who were killed in the bombing and ask for Your special care for the 200 that are now convalescing because of injuries in the bombing. O Lord, bless that city with peace.

Thank You for freeing our minds so we can work for Your glory today—with inner calm and serenity.

Lord, You know the agenda before the Senate is filled with crucial issues. We commit them to You and ask for Your guidance.

We pray that the trust we have in You may give us greater trust in one another. Make us trustworthy as we seek Your best for our Nation. Free us of defensiveness and suspicion of those who may not share our party loyalties or our particular persuasions. Bind us together in the oneness of a shared commitment to You, a passionate patriotism, and the loyal dedication to find Your solutions for the concerns that confront and often divide us.

Bless the women and men of this Senate as they place their ultimate trust in You and are faithful to the trust placed in them by the people. Through our Lord and Saviour. Amen.

RECOGNITION OF THE ACTING MAJORITY LEADER

The PRESIDENT pro tempore. The able acting majority leader is recognized.

SCHEDULE

Mr. JEFFORDS. Mr. President, for the information of all Members, this morning, the Senate will immediately begin debate on the motion to proceed to S. 830, the FDA reform bill, with the time until 9:50 a.m. equally divided in the usual form. As previously ordered, a cloture vote on the motion to proceed to the FDA bill will occur at 9:50 a.m. Also by previous consent, if cloture is invoked, the Senate will immediately begin 8 hours of debate equally divided between Senators JEFFORDS and KENNEDY on the motion to proceed. In addition, there will be an additional 4 hours of debate on the motion to proceed remaining on Monday. As a reminder to all Members, there will be a cloture vote on the motion to proceed to the FDA reform bill at 9:50 a.m. today. I thank my colleagues for their attention.

Mr. President, how much time do we have?

FOOD AND DRUG ADMINISTRATION MODERNIZATION AND ACCOUNTABILITY ACT OF 1997—MOTION TO PROCEED

The PRESIDING OFFICER (Mr. COATS). Under the previous order, there will be debate until 9:50 a.m., equally divided, on S. 830. It will be a little bit less than 12 minutes.

Mr. JEFFORDS. Mr. President, I yield myself 2 minutes.

The PRESIDING OFFICER. The Senator from Vermont is recognized.

Mr. JEFFORDS. Mr. President, I salute the majority leader for moving the debate on the FDA modernization forward. We should no longer needlessly delay consideration of S. 830, the Food and Drug Administration Modernization and Accountability Act of 1997.

S. 830 represents months of bipartisan effort to address serious shortcomings in the FDA's regulatory procedures. Two hearings were held. The measure passed the committee with a strong bipartisan 14 to 4 vote, and months of negotiations have ensued with dozens of accommodations made for Senator KENNEDY and the administration.

For almost 20 years, Congress, the General Accounting Office, and numerous advisory commissions have examined, reviewed, and made recommendations to modernize the FDA.

During 1978 and 1979, Senator KENNEDY championed legislation that would have required FDA to do some of the very same things we are requiring of it in S. 830.

In 1982, the Commission on the Federal Drug Approval Process, convened at the request of Representatives ALBERT GORE and James Scheuer, recommended simpler investigational new drug requirements. The Commission recognized that drug effectiveness could be demonstrated by one study in appropriate cases, and it urged greater use of outside expert advice and improved interactions with industry.

In 1989, the advisory committee on the FDA, on which Dr. David Kessler served, made a key recommendation. It said:

> . . . the agency should be guided by the principle that expeditious approval of useful and safe new products enhances the health of the American people. Approving such products can be as important as preventing the marketing of harmful or ineffective products.

In 1991, Vice President Quayle's Council on Competitiveness recommended that the FDA expand the use of outside reviews and advisory committees, interpret efficacy with a more appropriate standard, and enhance internal agency management.

More recently, Vice President GORE has used the President's "reinventing Government" initiative to improve the FDA product approval system and to eliminate outmoded FDA regulations for a variety of drugs, medical devices, and food products.

Last year, the committee on Labor and Human Resources held four hearings on reforming the FDA. The witnesses testified about the same problems that have been described for 20 years, and they recommended many of the same solutions that have been recommended for 20 years.

This year, the Labor Committee continued its effort to modernize the FDA. The committee held two hearings in early 1997. The first hearing was dedicated to the FDA, and the second hearing included representatives from patient and consumer coalitions and from the food, drug, and medical devices sector regulated by the FDA. It is no easy task that we ask FDA to perform. Americans want the FDA to hold the gate tightly shut against unsafe or ineffective products while opening it wide for the next generation of innovation. Clear statutory guidance is needed to assist the agency to find this delicate balance and to bring our food and drug laws and regulatory systems into the next century. S. 830 contributes significantly to reaching that balance. The measure embodies the bipartisan conclusions and recommendations reached for the past 20 years for accomplishing this difficult task of balancing risk and promise.

Mr. President, a few have charged that this Congress is moving too fast. They ask, "What's the rush?" But they have asked the wrong question. For the past 20 years, every administration has sought to make FDA better—to make better, safe and more effective products more readily available. After almost 20 years, we must ask ourselves, why delay further? Why continue to delay reforms that have been studied,

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● This "bullet" symbol identifies statements or insertions which are not spoken by a Member of the Senate on the floor.

reviewed, recommended, restudied, and endorsed again and again for over 20 years? Clearly, the FDA should be modernized now.

The PRESIDING OFFICER. The Chair informs the Senator from Vermont, on his time, there are 4 minutes 24 seconds remaining.

Mr. JEFFORDS. Thank you. I yield the floor.

Mr. KENNEDY addressed the Chair.

The PRESIDING OFFICER. The Senator from Massachusetts.

Mr. KENNEDY. Mr. President, I have how much time?

The PRESIDING OFFICER. Eight minutes.

Mr. KENNEDY. I yield myself 6 minutes.

The PRESIDING OFFICER. The Senator is recognized for 6 minutes.

PRIVILEGE OF THE FLOOR

Mr. KENNEDY. Mr. President, I ask unanimous consent that Diane Robertson be given the privilege of the floor during the consideration of this legislation.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. KENNEDY. Mr. President, first of all, I congratulate my friend and colleague, Senator JEFFORDS, for the attention he has given to trying to bring the FDA into the modern world and to trying to consider a wide variety of different recommendations and suggestions and for working with the members of our committee, both the Republicans and Democrats.

This has been a trying process, but I commend him—and I speak for all of those on our side—for the diligence with which he has approached this and the knowledge he has demonstrated on this particular range of issues.

We all understand, the American people understand, that the principal responsibility of the FDA is to preserve and protect the public health. This is different from other agencies. Therefore, any alteration or change in the authority of the FDA and in consideration that various aspects of the law have to be balanced against what is in the short-term, medium-term and long-term interest of the public health of the American people. The FDA is the singular agency throughout the world that has demonstrated that it understands that particular commitment and has done an extraordinary job.

Many of us have frustrations about the FDA on particular products in our State and about general kinds of process and procedure. But no one can review the history of the FDA and not understand that today the FDA is the principal instrument for approving new drugs and new medical devices. This legislation today is to try to extend what we call the PDUFA, which is a proposal that was enacted under the leadership of Senator HATCH and myself a number of years ago, which provides user fees by the major drug companies to make sure that we will have the expertise to consider various drug products more rapidly. There is an important need for the extension of that particular proposal, and all of us want to see it extended. I am a strong supporter of extending it. There are many, many features of this legislation which I support.

But having said that, Mr. President, we have to look at the remaining items that need attention and, in particular, one which is completely unacceptable and enough to warrant and justify the attention of the Members of the Senate about whether we are prepared to move ahead and consider this legislation, with that particular provision in in, that is now before the U.S. Senate. It is a provision that was not a part of either the initial proposal that was advanced last year by Senator Kassebaum or advanced this year by Senator JEFFORDS. It concerns the whole question of the preemption of the States with regard to cosmetics and over-the-counter medicines, but primarily on the issue of cosmetics.

There are other important protection items dealing with unsafe or ineffective medical devices, including provisions that could undercut FDA's ability to regulate cigarettes, and there is a back-door assault on one of the most important environmental protections. We will have a chance to get into those later in the course of the morning.

I want to point out what this legislation is going to do with regard to cosmetics, to all of the Members as we are coming over here to consider a cloture vote. We have to recognize and we will have a chance later on in the morning to point out the limitation of the Food and Drug Administration in regulating cosmetics. It has virtually no regulatory authority in this area.

The American people should take no satisfaction in extent of the protections regarding the cosmetics they use every single day because the Food and Drug Administration does not have the jurisdiction to determine what is in those cosmetics, whether they are safe and whether they are effective. Absolutely none. There are only two members of the FDA who are out there supervising this issue—only two members of the FDA—in terms of looking out after the packaging and the labeling provisions—two members.

The enforcement, in terms of protection of the public health on the issues of cosmetics, are left to the States. That is where the real regulatory authority is today. And now, because of the greed—and it is greed—of the cosmetic industry and because of the success of a referendum in California, they want to preempt any kind of protections for the health and the safety enacted by the States with Federal legislation that will effectively eliminate for all time the possibility of the States providing protection on health and safety. That was put into this legislation as an amendment. That amendment has been objected to, not just by the Senator from Massachusetts, but by all of the Governors of the 50 States.

I will submit the correspondence from the National Governors' Association and from a principal Republican Attorney General Dan Lundgren of the State of California, a State that has done more in terms of protecting the American public as a result of the legislation passed in California than anyone else.

The last GAO study points out that in the cosmetics used primarily by women in this country every day, 125 ingredients are suspected of causing cancer, 20 ingredients are suspected of damaging the nervous system, 20 ingredients are suspected of causing birth defects. And the list goes on and on and on.

And to put that into this legislation without a single day of hearings—without a single day of hearings; the last hearings in the Senate of the United States were in 1978—will amount to a wholesale threat to the health of the American consumer. Primarily the women of this country do not deserve the kind of vote for cloture in moving ahead and effectively denying us the opportunity for a full debate and discussion of the issues that this provision deserves. That is why I hope that the vote on cloture is not successful.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. JEFFORDS. I yield 2 minutes to the Senator from Connecticut, Senator DODD, and the remaining time after that to Senator COATS.

Mr. DODD addressed the Chair.

The PRESIDING OFFICER. The Senator from Connecticut.

Mr. DODD. I thank my colleague from Vermont.

Mr. President, I urge our colleagues to vote to invoke cloture on this. But let me say at the outset here I want to commend our colleagues, and particularly my colleague from Massachusetts on this matter. He has labored for many, many years on FDA legislation. And he brings up an issue here regarding the cosmetics issue which will certainly be the subject of debate and has been the subject of debate in our committee over the last 2½ years. In the most recent round of markups—we have been through a couple markups—the bill has had pretty substantial bipartisan support coming out of the committee. I think our vote was something like 14 to 4 in the last markup.

This is an important piece of legislation. September 30 is coming. We have to reauthorize PDUFA. This is the first time we have been able to deal with FDA in a way that will not only guarantee that we will have a quicker response on these applications, but also a safe and efficient and effective response for the consumers, the patient groups of this country.

This is a very important piece of legislation. I commend my colleague from Vermont, the chairman of the committee, for his leadership on this. The committee has worked very, very hard on this, my colleague from Indiana and others. We have had some very difficult issues over the last 2½ years to try to reach compromise on and resolve them. And we have, by and large, with the exception of this one issue which is a great testament to the efforts of the members of the committee and the staffs that have worked on this.

But I think it is time now that we bring the bill to the floor and try to leave it up to the Members themselves to resolve any outstanding issues that we have or, hopefully, over the next coming days, to achieve a compromise so we can avoid a kind of battle here on the floor over one or two remaining issues.

Mr. President, I urge that we move forward on this. We have done a good job I think in the committee. It is not uncommon for there to be an outstanding issue. I urge the invoking of cloture.

The PRESIDING OFFICER (Mr. JEFFORDS). The Senator's time has expired.

The Senator from Indiana has 2 minutes 24 seconds.

Mr. COATS. I would like to yield some of that time to the Senator from Maryland, if she is interested in making some comments. I have a limited amount of time, but I would be happy to yield a portion of it.

Ms. MIKULSKI. Thank you very much.

I wish to say to my colleagues, we have worked very long and hard to move FDA reform ahead, to make sure that products, whether they be pharmaceuticals, biologics, or cosmetics, are available in a safe way to the American people. There are policy differences, but they should be decided on the basis of debates and votes. We should not hold up reform on the basis of process.

Let us vote for cloture. Let us move the bill forward. Let us resolve our differences in the usual and customary way. I ask my colleagues to join with me to vote for cloture, and then move forward in an adequate, robust and well-amplified debate on the issues.

I thank the Senator from Indiana.

Mr. COATS. Mr. President, I would like to add my support, in a bipartisan way, to the remarks as stated by the Senator from Connecticut and the Senator from Maryland and the efforts that have been undertaken by the chairman, Chairman JEFFORDS, and all of us on the committee over the past 2½ years to move this bill forward.

There has been extensive debate on this in committee, 2½ years' worth. There has been extensive hearings on this. There has been extensive negotiation, and there has been extensive compromise on the part of those of us who are advocating FDA reform.

We have made concession after concession after concession to Senator KENNEDY and the administration and to those who have opposed our efforts in an attempt just to get the bill to the floor. Every time we solved one issue, a new one pops up that we had discussed over and over and over and voted on in committee, but it does not mean that we should not move forward with the process.

All we are asking for today is to move this bill forward so that Senator KENNEDY and others who have concerns with it can raise their objections, can debate it once again, can negotiate some more. But to stop the bill from going forward, to keep the drugs from being approved, to keep funds from going into FDA, to deny people the benefits from FDA approval of drugs and devices, simply because a Senator has a problem with one portion of the bill, I think certainly does not serve this body well.

So I urge our colleagues to support the effort to invoke cloture so that we can move ahead with this.

Mrs. BOXER. Will the Senator yield?

Mr. COATS. I would be happy to.

The PRESIDING OFFICER. Time has expired.

Senator KENNEDY has 1 minute.

Mr. KENNEDY. Mr. President, it is not just one Senator. Let me read from "The National Governors' Association, The National Conference of State Legislatures."

> When the Senate Labor and Human Resources Committee considered the Food and Drug Administration Reform legislation . . . the committee adopted an amendment proposed by Senator Gregg that preempts state regulations, disclosure requirements, labeling, and warning requirements as they apply to nonprescription drugs and cosmetics. The National Conference of State Legislatures and the National Governors' Association, vigorously oppose this provision and hope that it will not be part of the bill when it is reported by the Senate.

These are the Governors, the State legislatures. The Secretary of Health indicated that "We and the administration all agree PDUFA is in the best interest. However, as maintained in its present form, with the outstanding issues not addressed, we will be forced to recommend to veto the legislation."

We are talking about health and safety. And we will have a chance to develop that in the postvote of this. But this bill contains too many important provisions with PDUFA and the medical devices and the drug provisions to go forward. And I believe that it should go forward, but not with this provision.

The PRESIDING OFFICER (Mr. COATS). Time has expired.

CLOTURE MOTION

The PRESIDING OFFICER. By unanimous consent, pursuant to rule XXII, the Chair lays before the Senate the pending cloture motion, which the clerk will state.

The assistant legislative clerk read as follows:

CLOTURE MOTION

We, the undersigned Senators, in accordance with the provisions of rule XXII of the Standing Rules of the Senate, do hereby move to bring to a close debate on the motion to proceed to Calendar No. 105, S. 830, the FDA reform bill:

> Trent Lott, Jim Jeffords, Pat Roberts, Kay Bailey Hutchison, Tim Hutchinson, Conrad Burns, Chuck Hagel, Jon Kyl, Rod Grams, Pete Domenici, Ted Stevens, Christopher S. Bond, Strom Thurmond, Judd Gregg, Don Nickles, Paul Coverdell.

The PRESIDING OFFICER. The question is, Is it the sense of the Senate that debate on the motion to proceed to the consideration of S. 830, the FDA Modernization and Accountability Act, shall be brought to a close?

The yeas and nays are required under the rule. The clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. NICKLES. I announce that the Senator from Arizona [Mr. MCCAIN], the Senator from Alaska [Mr. MURKOWSKI], the Senator from Pennsylvania [Mr. SANTORUM], and the Senator from Wyoming [Mr. THOMAS] are necessarily absent.

Ms. MIKULSKI. I announce that the Senator from Kentucky [Mr. FORD] and the Senator from Ohio [Mr. GLENN] are necessarily absent.

The PRESIDING OFFICER. Are there any other Senators in the Chamber desiring to vote?

The yeas and nays resulted—yeas 89, nays 5, as follows:

[Rollcall Vote No. 220 Leg.]

YEAS—89

Abraham
Allard
Ashcroft
Baucus
Bennett
Biden
Bingaman
Bond
Boxer
Breaux
Brownback
Bryan
Bumpers
Burns
Byrd
Campbell
Chafee
Coats
Cochran
Collins
Conrad
Coverdell
Craig
D'Amato
Daschle
DeWine
Dodd
Domenici
Dorgan
Enzi
Faircloth
Feingold
Feinstein
Frist
Gorton
Graham
Gramm
Grams
Grassley
Gregg
Hagel
Harkin
Hatch
Helms
Hollings
Hutchinson
Hutchison
Inhofe
Inouye
Jeffords
Johnson
Kempthorne
Kerrey
Kerry
Kohl
Kyl
Landrieu
Lautenberg
Leahy
Levin
Lieberman
Lott
Lugar
Mack
McConnell
Mikulski
Moseley-Braun
Moynihan
Murray
Nickles
Reid
Robb
Roberts
Rockefeller
Roth
Sarbanes
Sessions
Shelby
Smith (NH)
Smith (OR)
Snowe
Specter
Stevens
Thompson
Thurmond
Torricelli
Warner
Wellstone
Wyden

NAYS—5

Akaka
Cleland
Durbin
Kennedy
Reed

NOT VOTING—6

Ford
Glenn
McCain
Murkowski
Santorum
Thomas

The PRESIDING OFFICER. On this vote, the yeas are 89, the nays are 5.

Three-fifths of the Senators duly chosen and sworn having voted in the affirmative, the motion is agreed to.

Mr. JEFFORDS. Mr. President, I want to most sincerely thank my colleagues for the tremendous vote to move forward on FDA reform. This is most rewarding. All of the proponents and supporters are pleased to know that we can go forward at this time.

This is a tribute to a lot of hard work and compromise from a lot of Members on both sides of the aisle and both sides of the issue. The vote represents the best of bipartisanship from Senators who support it, and even from opponents and the administration. Today is just the first step, but it could hardly be a better one. We will need to debate this bill, consider amendments to it and, no doubt, improve it. I believe that there are still changes that can be made to accommodate the concerns that have been expressed here by the opponents. I know we can find solutions to those.

We will need to debate this bill, consider amendments and, as I say, no doubt, improve it. But I hope by this time next week, the Senate will have given its resounding support to this bill. It is too important to the American people to let it languish. It is too important for us not to move it out as quickly as possible.

Mr. President, I yield the floor.

Mr. KENNEDY addressed the Chair.

The PRESIDING OFFICER. The Senator from Massachusetts.

Mr. KENNEDY. Mr. President, I understand we have a time agreement, am I correct? Would the Chair be kind enough to state it?

The PRESIDING OFFICER. The agreement is: Under a previous order, there will be 8 hours of debate, equally divided between the Senator from Vermont [Mr. JEFFORDS] and the Senator from Massachusetts [Mr. KENNEDY].

Mr. KENNEDY. I thank the Chair. The legislation we are debating today includes many positive elements. It reauthorizes the important prescription drug user fee program, one of the most effective regulatory reforms ever enacted. It includes a number of other provisions that will significantly improve and streamline the regulation of prescription drugs, biologic products, and medical devices. And I am pleased that through a long process of negotiation, both prior to and subsequent to the markup of the legislation, many provisions that seriously threaten public health and safety were dropped or compromised. But a bill that includes the damaging provisions that remain in this bill, should not become law.

I have received a letter this morning from the Administration announcing their opposition to these provisions and their judgment that the bill should be vetoed if they are not eliminated. It would be the height of folly for the Senate to doom this important legislation to failure by taking it up before the provisions that merit a veto are removed or changed.

The provisions that make this bill unworthy of passage by the Senate include: The preemption of State regulation of cosmetics and over-the-counter medicines; the elimination of two important protections against unsafe or ineffective medical devices, including a provision that could undercut FDA's ability to regulate cigarettes, and a backdoor assault on one of the most important environmental protections. The most egregious and unjustified provision in this bill would effectively preempt the State regulation of over-the-counter drugs and cosmetics. These provisions were not included in the chairman's original mark. They were not the subject of significant hearings. They have no place in a bill whose primary purpose is to reauthorize the Prescription Drug User Act.

If this bill were serious about dealing with issues of over-the-counter drug and cosmetic regulation, it would undertake a serious reform of the whole regulatory structure to assure that consumers are adequately protected and not include a single provision designed to protect the profits of wealthy companies at the expense of the health of consumers. Preemption of cosmetic regulation is fundamentally outrageous and shows a callous disregard for the health of American women, especially those who are pregnant. It shows a callous disregard for the likelihood of birth defects in newborn babies. Cosmetics are used far more broadly than most prescription drugs, medical devices, and biologic products.

Whether the issue is hair spray, or shampoo, or lipstick, or baby powder, or suntan lotion, or soap, or toothpaste, Americans assume that the products they use are safe. But this confidence is too often unjustified because Federal oversight of this $20 billion industry today is extremely limited. The basic law regulating cosmetics has not been updated since 1938. The FDA has less than 30 employees overseeing this huge industry. Only two deal with packaging and labeling.

The legislation, Mr. President, the food and drug and related law, has 126 pages dealing with drugs and devices. It has 55 pages for foods. It has 1½ pages of Federal law dealing with cosmetics. It basically does not deal with regulating the cosmetics of this Nation.

The FDA has no authority to require manufacturers of cosmetics to register their plans or products. The FDA has no authority to require manufacturers to register their plans or products. It cannot require manufacturers to file data on the ingredients of their products. So there is no information with regard to the ingredients of their products. That is completely different, obviously, from the complex and vigorous review schedules which are places for pharmaceuticals and for medical devices. The FDA cannot require the manufacturers of cosmetics to file data on the ingredients in their products. It cannot compel manufacturers to file reports on cosmetics-related injuries. It cannot require their products be tested for safety, nor can it require that the results of safety testing be made available to the agency. It has no power, as it does with prescription drugs and medical devices, to require that the tests be done or that they gather information as a result of tests. It has no oversight authority in terms of making sure there are safe manufactured products. None of that currently exists with regard to cosmetics. The FDA does not have the right of access to manufacturers' records, and it cannot require recall of a product. The FDA is virtually outside the loop with regard to giving assurances to the American people about the health and safety of their products. This is unlike prescription drugs, it is unlike over-the-counter drugs, it is unlike medical devices. The FDA is outside the loop.

A study by the respected, nonpartisan General Accounting Office reported that more than 125 ingredients available for use in cosmetics are suspected of causing cancer. Twenty cosmetic ingredients may cause adverse effects on the nervous system, including headaches, drowsiness, and convulsions. Twenty cosmetic ingredients are suspected of causing birth defects. The GAO concluded that cosmetics are being marketed in the United States that may pose a serious hazard to the public. That is the GAO. They concluded that cosmetics are being marketed in the United States that may pose a serious hazard to the public.

The legislation that is before us is saying that the States should not be able to do anything about it. This is the primary issue in terms of the health the American people—may we have order, Mr. President?

The PRESIDING OFFICER. The Senate will come to order. Senators will cease audible conversation. Would the Senators to the Chair's left cease conversation.

The Senator from Massachusetts.

Mr. KENNEDY. The cosmetic industry wants the public to believe that no effective regulation is necessary at either the State or Federal level. They are the masters of the slick ad and expensive public relations campaign. But all the glamorous pictures of the world cannot obscure the basic facts. This is an industry that is underregulated and, too often, hazardous.

A mother of a beautiful 6-year-old girl in Oakland, CA, found this out when she used a hair product on her child that resulted in second-degree burns on her ears and neck. A 59-year-old California woman almost died from an allergic reaction to hair dye. A 47-year-old woman had her cornea destroyed by a mascara wand. In another tragic case, a woman's hair caught fire as a result of an inflammable hair treatment gel. She lost her hair and was severely scarred. Beauty parlor employees are particularly vulnerable to asthma and other diseases that result from exposure to chemicals in the products that they use.

In fact, for every 1 million cosmetic products purchased, there are more than 200 visits to the doctor to treat cosmetic-caused illnesses. In 1987, a study for the Consumer Product Safety Commission found that, in 1 year alone, cosmetic products resulted in 47,000 emergency room visits. These severe reactions are only the tip of the iceberg. As the GAO study points out, available estimates of cosmetic-related injuries do not accurately reflect the extent to which consumers are exposed to toxic cosmetic products and ingredients. Because symptoms of chronic toxic effects may not occur until months or years after exposure. The injury estimates generally account for only the acute toxic effects—the effects that are seen right away. It is a fact that many of the ingredients, according to the GAO, included in many products are toxic in nature, maybe carcinogens, that take time to work their way through the body system and only later reflect themselves in incidence of cancer, or assaults on the nervous system, or birth defects long after they are used.

In the face of limited Federal authority to protect the public against these hazards, and the even more limited resources devoted to preventing them, you would think that the Congress would want to encourage the States to fill the regulatory vacuum. Since the Federal Government is not doing it, you would think we would want the States to make sure that they are protecting their consumers.

That is logical. We are talking about a health and safety issue. We are not talking about the economic regulations. We are talking about health and safety issues. If we are not going to have a responsibility in doing it, you would think we would want the States to move ahead and at least ensure the protections. But not in this legislation. Effectively we are preempting the States—telling the States they can't do it. We are not doing it, and we are not going to permit the States to do it either, ever.

That is the effect of the provisions that have been included and added on to the bill in Committee—not in the initial proposal offered by Senator Kassebaum, not in the initial proposal offered by Senator JEFFORDS. It was one of the last of the amendments that were considered. There have been no hearings on this issue since 1978, 1988 in the House of Representatives. Still we have moved ahead, basically at the whim of the cosmetic industry, a $20 billion industry. This bill entirely bars the States from regulating packaging and labeling and places severe limits on the States' ability to establish other forms of regulation.

Mr. President, just listen to this language on the scope of the preemption provision on the packaging or labeling of a cosmetic: "* * * shall be deemed to include any requirement relating to public information, or any other form of public communication relating to the safety or effectiveness of a drug or cosmetic."

There it is, clear as can be; no more information for the people of California, no more information for the people in the Midwest or the East. This is what it says. "This preemption shall be deemed to include any requirement relating to public information, or any other form of public communication relating to the safety or effectiveness of a drug or cosmetic."

We don't do it at the Federal level, and we are denying the States the opportunity. What is the cosmetic industry so afraid of that they are precluding any public information or any other form of public communication relating to safety? What are they so frightened about? Is the almighty dollar worth that much when you are talking about carcinogens and toxic substances?

There it is, Mr. President, as clear as can be. The language, no warning labels, no information that a product contains carcinogens or can cause severe allergic reactions; no "keep out of the reach of children" labels; no notification that a product has been recalled because it is dangerous or adulterated; no expiration dates. Mexico requires expiration dates. The European Union has expiration dates. Sri Lanka has expiration dates. But no way—particularly in products such as mascara that can deteriorate and adulterate and cause serious threats to people's eyes—no expiration dates. The materials have been held in terms of the danger of mascara over a period of time without endanger rates or warnings to the public that use mascara; no preemption, right here in this legislation.

We are talking about health and safety. That is why we voted on this measure—health and safety issues.

We have already spent more time on this issue now this morning than we spent in the committee in its discussion. No "keep out of the reach of children" labels; no notification that a product has been recalled because it is dangerous or adulterated; no notification. The cosmetic industry seems to believe that for purchases of their products ignorance is bliss. In fact, what you don't know today can severely injury you, or even kill you.

Some States are already taking an active role in protecting consumers. Many more may do so in the future. But not if this bill becomes law. Minnesota has passed a hazardous product labeling bill requiring a warning on all products that are ignitable, corrosive, reactive, or toxic. You would think that all consumers should be entitled to that kind of information about products which they put on their faces or spray on their hair or wash their bodies with. But the cosmetic industry disagrees.

California requires notification if a product contains carcinogens or reproductive toxins that cause birth defects. You would think every consumer should be entitled to that information. Not after you pass this provision. When you take the time later in this debate to go through each of these and show the medical information, the study, the research which supports that finding, there are products that contain carcinogens and reproductive toxins. The studies have been done by some of the great research institutions in this country, but the data from their studies, warnings to expectant mothers, or to others who are going to use that product cannot be communicated to the American public by the States.

That authority will be gone. You can do all the research you want, find everything you want, but that authority will be gone. It is out. You would think that the consumer should be entitled to that information.

We had support for nutritional labeling around here for consumers to have information. It is one of our most important achievements, that people have some idea of the nutritional content of their diets, their fiber, and the various nutritional elements included in those. People want to know. That is enormously important in terms of the general health and dietary needs of the American people. But here we are talking about carcinogens. We are talking about toxic substances. We have the information that is being made available to the public on the one hand. But when it comes back to items that are going to endanger the health and safety, we are saying, no way—no at the Federal level and no at the State level.

Texas is investigating hormone creams that may affect the reproductive health of young women. You would think the States should be encouraged to take this kind of action. But this law prohibits it.

New York requires expiration dates on cosmetics because products can break down and be subject to bacterial contamination after a certain time period.

Most of you would think that this is basic information that every consumer should have. But not the cosmetics industry. If you want to try to say, OK; we had a preemption of various States' activities with regard to food and nutrition, yes. We did. We worked that process out. It was worked out with the various interests of the American consumer, and it is protected. If you want to go back and see where you want to have a national program in terms of preemption in terms of these dangers, you are going to talk about a completely different regulation. But that isn't recommended. That isn't suggested. That isn't talked about. That isn't being considered here. No. All it is saying is you are not doing it here at the Federal level. Legislation under the Food and Drug Act doesn't permit you to do it, right in that page and a half. It shows that they don't have the authority to do it. And we are not going to permit you to do it at the State level.

Mr. President, this provision of the bill is an example of what I consider to be the worst kind of sweetheart deal for special interests at the expense of the public interest. It is intolerable that it should be included in a bill that purports to be the Food and Drug Administration Modernization and Accountability Act. We are supposed to be out here modernizing the FDA, on the one hand, balancing the very important public health interests and also trying to consider the legitimate interest of the patient and the consumers using medical devices and new pharmacy products. That is a balance. It is a difficult and a complex one. You want to bring on line the new kinds of innovative products. But you don't want to do it if it poses a threat to public safety. That is a balance. And we have differences about the time, the process, and the procedure. Those are legitimate public health debates and discussions.

But not with regard to cosmetics.

So we have worked through the whole area with regard to pharmaceuticals and with regard to devices. There are two items which I think are of major importance that still need to be addressed. We have made very significant and important progress on the matters that are enormously important to the health and the safety of the American public.

And because that train is going down the track, here comes an old industry, the cosmetic industry, to hook this sweetheart deal right on it; hook right on it.

I hope we are not going to hear from other Members that we now need to have hearings now on various other issues after what we have seen on the cosmetics. I hope we are not going to have those issues. I heard the other day that we need more study in terms of the testing of children. We need more hearings on all of this. We have had extensive hearings over in the House and some hearings over here. But we need many more days of hearings before we jump into this at this direction—when you are talking about health and safety. And that has effectively never been done.

Another unacceptable part of this bill, Mr. President, contains the two provisions dealing with the safety of medical devices, which I will come to in just a few moments.

I see a friend and colleague, the Senator from Rhode Island, here on the floor. I would be glad to yield to him whatever time he might take.

The PRESIDING OFFICER. The Senator from Rhode Island is recognized.

Mr. REED. Thank you, Mr. President. I thank the Senator from Massachusetts for yielding.

Mr. President, over the past several months, we on the Labor Committee have been working diligently and effectively to try to create a Food and Drug Administration reform bill—a bill that truly balances the need for technological innovations and flexibility but that doesn't upset the fundamental obligations of the Food and Drug Administration to protect the public's health and safety. And we have made progress.

We have to recognize that the purpose of this bill fundamentally is the reauthorization of the Prescription Drug User Fee Act. That is the critical dimension that we are faced with. With the expiration of that authority at the end of this month or the beginning of the next fiscal year, we would lose a very valuable program, a program that has generally provided great success in speeding up approval, of ensuring that drugs are brought to the marketplace in a much more efficient and effective way. Linking the authorization of the Prescription Drug User Fee Act to the controversial FDA reform proposals may threaten many of the benefits of PDUFA—the acronym for the Prescription Drug User Fee Act. I hope that will not be the case. I hope we can work out some of these details and reach a suitable conclusion.

Much of the credit is due to the leadership of both Senator JEFFORDS and Senator KENNEDY. They have been working diligently to arrive at a legislative proposal that would balance the need for a rapid and effective regulatory response to the approval of medical drugs and devices but also fundamentally protect the public health. Frankly, I suggest that this is the motivation for our debate today.

The critical issue has to be, must be, and should be the protection of the public health and safety. That is why we have a Food and Drug Administration. That is why we maintain a strong, vigilant Food and Drug Administration.

We have agreement, I believe, that PDUFA is working, and that we can move forward with PDUFA. The industry is, indeed, thrilled by it. It works well. They pay fees dedicated to the examination and review of proposed drugs and devices. These resources have enabled the FDA to speed up the process.

In terms of the FDA process, PDUFA has done a great deal. The bill that we are considering on the floor today includes a reauthorization of PDUFA, and represents many improvements in the original bill that we started with, and, indeed, even the bill that emerged from the committee. But there are still critical issues that have to be addressed in terms of protection of the public health and safety. They are complicated issues. They are issues that require careful review and deliberation.

One of the disappointing aspects of this process is that the final version of this bill was just released publicly Wednesday, the same time the cloture motion was filed. Again, in the spirit of careful, thorough, thoughtful review, this does not provide the best opportunity to review all the nuances of this legislation.

So that is why I believe the effort today, led by Senator KENNEDY, is a very important one. It allows this body to more carefully, more intelligently and more thoroughly review provisions that will affect the lives of untold Americans. I daresay that the Food and Drug Administration reaches the lives of every American, probably more so than any regulatory agency in this country.

All the prescription drugs on the shelves, all of the medical devices that are used—all of them, the food additives, all of these things—are influenced by FDA action. We have to be very careful, very thoughtful and, I believe, methodical. So today's debate—and again I commend Senator KENNEDY for ensuring that we do have a thorough debate—is vitally important to that goal.

I mentioned that we have made progress on this bill, but I should say there are also areas that need improvement—desperately need improvement. There is one in particular I would like to speak to for a moment, and that is the issue of medical device labeling.

This bill contains a medical device provision which potentially opens up a serious public health loophole. Section 404 of this bill would prevent the Food and Drug Administration, before clearing a device for the market, from examining whether a device will be used for an unlabeled use before clearing it for use in the market. This provision could allow the gaming of the FDA process where companies could attempt to escape a requirement of providing essential safety and effectiveness data by adopting a very narrow use for the device.

For example, under this bill, a company could get approval for a biopsy needle from the FDA, even though it may be used in practice—and, indeed, this would be something that the company might have knowledge of—for an entirely different purpose, such as for tumor removal. Yet, the company could avoid submitting to the FDA any safety or effectiveness data on this device for tumor removal because FDA would be prohibited by law from asking for that data. In other words, the FDA would be prohibited from looking behind the limited proposed use of the device.

Another example is a company which receives approval of a general surgical laser, even though the laser is clearly designed for prostate surgery. The public health of the American people is dependent upon a thorough and complete review of such devices, and yet, section 404 would essentially put blindfolds on the agency. They very well might know from general literature, the company might very well know from its sales force who, when they present this product, hear medical professionals saying, "This is great, but I'll use it for something else," and yet the FDA would not be able to require data on this likely use. This provision would prevent the FDA from providing for the safety and effectiveness of medical devices.

The issue of allowing FDA to look beyond the conditions of use on the label and evaluating the use of a device is somewhat of a gray area. Certainly, advances in technology, new uses by the medical profession of devices should not be inhibited, but we also do not want to compromise the ability of the FDA to protect the public health. That is the great balance we must strike in this legislation: allowing for technological flexibility, regulatory efficiency, but not compromising the public health of the American people. It is a balance that we are edging close to.

We have made progress since the adoption of this bill at the committee level, but more progress can and should be made. We are committed to making such progress. We are committed, I think, to coming up with final legislation that will reflect both the need for technological efficiency and innovation, but also protecting the public health of the American people.

I hope we can do that. I know that we desperately want, all of us, to reauthorize PDUFA so that we can continue that outstanding record of regulatory efficiency and approvals that have been generated by PDUFA. But, I don't think any of us want to create a situation where months from now or years from now we are confronted with public health problems because we acted hastily or we acted without the thoughtful, careful review that is necessary to develop legislation that protects the public health and provides for all of the new innovations that are fast becoming part of our medical marketplace.

Again, I commend Senator KENNEDY for his unflinching efforts to ensure that these concerns are fully addressed. I also thank and commend the chairman of the committee who has worked diligently, sincerely and doggedly over these last several months to try to bring together opposing views on the committee. I believe we are close but not quite there yet. I believe in the days ahead, we can, in fact, reach a position of which we will all be very, very proud. At this time, I am prepared to yield back to the senior Senator from Massachusetts.

Mr. KENNEDY. I thank the Senator very much for identifying not only this issue on cosmetics, but also the issue of the medical devices proposal. That is an extremely important measure. Obviously, if there is advertisement and an intention for a certain kind of purpose and technologically it is suitable for that purpose, it meets the health and safety standards to be used for other kinds of purposes, that raises some very, very important questions.

The particular example that the Senator gave with regard to the biopsy needle is a current one. We understand it might be a suitable device in getting a biopsy in terms of cancer, but there are those actually using it to extract certain kinds of tumors. Whether it does that or not—and people assume it is going to be effective in doing that because it is used for other purposes —this is something that the device has not been tested for or intended. I think they there are very important health issues that are related and can be addressed. There are ways of trying to address those particular issues. We have tried to do this, and we still have important health and safety issues which I think are unresolved.

Mr. REED. If the Senator will yield for response, one of my fears is that not only would this situation result in perhaps not giving the FDA data on uses that the companies are aware of in the marketplace, but it might provide a subtle incentive in marketing these devices to encourage uses that are not authorized by the FDA and certainly not to be attentive to those types of uses and report back to regulatory authorities.

Again, when we think about this legislation, we have to think about also that there are a complex set of incentives and disincentives for the best possible behavior by pharmaceutical and device companies. I don't think any of us would like to unwittingly create a situation in which devices approved for one use are cavalierly marketed by companies for other uses and are merely winked at when they do not fall within the category of the approval. So that is another important issue.

There is another aspect of this which I would like to raise with Senator KENNEDY, and that is, I understand that Secretary Shalala has communicated concerns about this issue. I understand that she is concerned about this and her concern may be of such a level that it could suggest that she recommend to the President a veto of this legislation. A veto would be, I think, particularly unfortunate since we have worked so hard, we have made so much progress, and we have reached a point where we are very close to legislation which could virtually pass with unanimity in this body. It would be unfortunate that this type of provision of the bill would disrupt that process. I wonder if that is correct.

Mr. KENNEDY. The Senator is quite correct. In the Secretary's letter, she mentioned several items. I ask unanimous consent that the letter be printed in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

THE SECRETARY OF HEALTH
AND HUMAN SERVICES,
Washington, DC, September 5, 1997.

Hon. JAMES M. JEFFORDS,
Chairman, Committee on Labor and Human Resources, U.S. Senate, Washington, DC.

DEAR MR. CHAIRMAN: I am writing to reiterate the Administration's commitment to continue working with you to accomplish the timely reauthorization of the Prescription Drug User Fee Act (PDUFA) of 1992 and the passage of constructive bipartisan Food and Drug Administration (FDA) reforms. I very much appreciate your leadership and hard work on the important issues that are raised by the FDA legislation and the spirit of cooperation and accommodation that resulted in agreement on so many of the provisions in the Food and Drug Administration Accountability Act of 1997, S. 830. However, we are concerned that a timely reauthorization of PDUFA is in jeopardy.

Mr. Chairman, since S. 830 was reported out of Committee in June, we have come a long way and have reached agreement on what appeared to be the most difficult issues in the bill, including the dissemination of information by drug and device manufacturers, the effectiveness standard for drugs and biologics, the regulation of health economic claims, and the regulation of drugs made through pharmacy compounding. Unfortunately, we continue to have serious concerns about a number of issues that remain unresolved. We think that most of these issues can be worked out, but there are four issues that have the potential for jeopardizing our mutual goal of timely reauthorization of PDUFA and passage of constructive, bipartisan FDA reform.

The first of these issues is preemption of the state regulation of over-the-counter drugs and cosmetics. The Administration has serious concerns about far-reaching preemption—particularly in the absence of a strong federal program. The second issue relates to what FDA may consider in making substantial equivalence determinations for newly marketed devices. For example, the bill requires the Agency to review the intended use of a new device based on the manufacturer's proposed labeling—even if the device's technology clearly indicates that the device will be used for a use not included in the labeling. Third, the bill seriously undermines what was sought to be accomplished by the National Environmental Policy Act by virtually eliminating the requirement that FDA disclose the environmental impact of new products that it approves. The Administration recently took significant steps to decrease the burdens that were associated with conducting environmental assessments for FDA-approved products. We can think of no reason to jeopardize the environment by eliminating a review that is not costly to industry. Fourth, the PDUFA trigger as currently proposed in the bill would undercut the bipartisan budget agreement by denying FDA access to user fees at expenditure levels consistent with the Balanced Budget Agreement and would interfere with my ability to allocate resources appropriately throughout the Department. Finally, with respect to the pediatric labeling issue, we want to work with the Congress to assure that any provisions in the final bill complement the recent FDA actions and reach our mutual goal of effectively protecting our nation's children and providing needed information to health professionals who treat them.

Mr. Chairman, we in the Administration all agree that reauthorization of PDUFA is in the best interest of the American public. We believe that we are close to reaching consensus on a bipartisan bill that includes this essential reauthorization. However, if the bill were maintained in its present form, and the outstanding issues were not addressed, I would be forced to recommend to the President that he veto this legislation.

The Office of Management and Budget advises that there is no objection to the presentation of this report, and that enactment of S. 830 would not be in accord with the President's program.

Sincerely,

DONNA E. SHALALA.

Mr. KENNEDY. Mr. President, the letter says:

> The second issue relates to what FDA may consider in making substantial equivalence determinations for newly marketed devices. For example, the bill requires the agency to review the intended use of a new device based on the manufacturer's proposed labeling, even if the device's technology clearly indicates the device will be used for a use not included in the labeling.

So I think the point the Senator makes where they get approval for a particular purpose, it might be easier to get it for one purpose but with the clear intention of marketing for another purpose in which there has not been testing, and that can produce a hazard to the individual.

We have seen, for example, in some of the laser technologies that they have been approved for certain kinds of cutting procedures, and then they have been in certain instances adopted, for example, for prostate cancer, where they have not been tested and have not been effectively cleared and pose some very important health hazards.

So this is something that is very important, as we are moving through innovation, because we want to make sure we get those innovations. We want to make sure that the products are tested and have full information and disclosure.

I thought we worked out language to try and deal with that. It is an important health issue, and I appreciate the Senator's focus and attention on it. It is a matter of sufficient importance in terms of public health that we would have this identified by the Secretary as being one of the two or three items that the Secretary has identified would pose sufficient health hazard as to indicate a recommendation for a veto.

Mr. REED. If the Senator will yield again, I concur with his analysis, with the danger, and also with the fact this has risen to the level of the Secretary of Health and Human Services as a significant an obstacle to passage or acceptance by the President. Again, I don't think any of us are suggesting that pharmaceutical and device manufacturers are going to—some may, but I hope not—deliberately try to bait and switch. But the market is evolving so much and there is so much innovation that if the FDA can't, by reviewing the literature, make an estimate of what a device might be used for and ask for data on that likely use, then I think we are really constraining FDA—as I said before, putting blinders on the FDA.

That, I think, would be a mistake in policy. And I also feel, based upon my sense of the progress we have made to date, that this is not an unsolvable issue. This issue is one that there is compromise language, with which we can both provide for innovation, we can provide for marketing, we can avoid cumbersome demands by the FDA. But we can still give the FDA the authority to say, "Listen, you are marketing this device for a very specific use, but we are aware that it would likely be used two or three others ways. How does this device work in those contexts?" This is a very serious issue.

Once again, without the efforts of the Senator from Massachusetts to try to focus on these issues, it well could have been lost in the clamor of getting out of here and getting on with other business. It would be, in the long run, unfortunate for the public health of the American people.

Let me conclude by saying that it is vitally important in ensuring when the bill passes—and I believe we all hope it passes—it passes in a way we will all be proud of and will deal with all these issues that, leaving no unintended loophole or unintended consequences. I hope that we will have thought it through, worked it out and come up with legislation that will provide for the kind of technological innovation we all want, provide for the kind of efficient regulatory review that we all want and certainly protect the safety of the American public which not only we want but the American people demand. I yield the floor.

Mr. KENNEDY. Mr. President, I thank the Senator from Rhode Island for raising those issues, because that is a rather technical issue, it is a rather targeted question, but one that is of very significant importance.

I certainly agree with the Senator that we don't believe that the overwhelming majority of the medical device manufacturers don't intend to do such things. But what we have to try and do is make sure that those who may want to—and that is basically what happens in any regulatory procedure—you want to try and catch those particular items which are dangerous; that this is one that, with the tremendous expansion, in terms of certainly medical device technology, that we should address.

I appreciate the Senator saying that it can be addressed. We had language that we had considered, that I thought the device industry had been very supportive of and was acceptable. Then in the rush at the end, somehow individuals who had been involved in it felt they didn't want to have any further kind of adjustment or change in the language.

I think it is significant—and I am sure the Senator would agree and the chairman would agree—that we have had, in the fashioning of this bill great support and cooperation from the industry, from the pharmaceutical and also the device industry. We have perhaps some differences that have been moving along on particular kinds of items, but I must say—and I think the Senator would agree; I know he is proud of the industry in his own State, as I am in my State—we have had enormous cooperation and help. So many of these items are technologically difficult, complicated, and involved. We are basically generalists as Members of the Senate. We have some information and try to develop some expertise in particular areas of responsibility, but this gets to an involvement in detail which is enormously complex. When we have responsible industry involvement trying to help us. I did find that in other parts of the legislation it was very helpful. What we hope to do as this whole process moves ahead is come back and visit this provision and see if we cannot address it.

Mr. REED. If I may, if the Senator will yield, I, too, concur with the support, the assistance, the advice, and I think the general goodwill that the industry has brought to this debate. We are now, though, at the detail level, the fine detail, technical detail, and that is critically important. These are the types of details which later on come back to haunt us sometimes if they are not done well.

Mr. KENNEDY. Yes.

Mr. REED. The industry has been responsive and reasonable, and we want to incorporate their best advice but also recognize that our ultimate responsibility is to the health of the American people.

Something else, too, that the Senator alluded to was that this industry is becoming a very important part of our economy, not just nationally but locally. In Rhode Island we have several companies that are emerging as leaders in the industry. They offer not only extraordinary opportunities to help the American people, indeed, the people of the world, through medicine and devices, but also are becoming increasingly important economic powers within our communities—sources of jobs, employment and the types of activity that we certainly want to encourage.

Part of our motivation today is to ensure that we do this right. We need to give them the kind of direction and incentives that will make them stronger competitors in the international marketplace, stronger sources of strength in the communities of America, but also make them responsible and accountable to the American people through appropriate regulation. All of these things we can accomplish because I believe that the differences that separate us at the moment are not fundamental, ideological or in any other sense broad based. They are, rather, important details which will ensure or not ensure that this legislation can be used effectively to protect the public health.

So again I thank the Senator.

Mr. KENNEDY. I thank the Senator. When we are talking about these technicalities, we have to remember that some of these items, particularly those medical devices that enter the body, have enormous health implications. I remember chairing, in 1974 or 1975, the Dalkon shield hearings where we found that 2,300 American women died from a perforated uterus from the Dalkon shield. That was before we had a Food and Drug Administration that really looked into medical devices.

We have the Shiley heart valve that passed through the FDA, and then eventually the FDA was able to uncover some of the difficulties with that and took steps. I think, if my memory serves me correctly, they were going to use a perfected Shiley heart valve over in Europe, and they altered some opening where the blood went through by just about 10 degrees, and that resulted in a rather significant increase in the failure of that medical device which was actually marketed abroad. The FDA was very much involved in seeing the termination of that.

So even very modest changes or alterations can have important kinds of health implications. We are not going to be able to solve all the problems and we are not interested in producing a bureaucracy that is going to halt innovative and creative ways of dealing with some of these issues. But it is important that we are talking about a Food and Drug Administration and public health.

As I mentioned briefly at the outset, this is the one agency that is intimately involved with public health. It has broad jurisdiction on a wide variety of items, and it has important responsibilities for the public health. This is where the buck stops. Some feel it ought to just be the agency to fast track various kinds of devices or fast track various pharmaceuticals without considering the health and efficaciousness of those products. That is why I think it is useful to pause here for a little while to give some focus to exactly this legislation and what its implications are going to be in terms of public health.

I thank the Senator.

Mr. JEFFORDS addressed the Chair.

The PRESIDING OFFICER. The Senator from Vermont.

Mr. JEFFORDS. I would like to speak for a few moments just to try to allow those of my colleagues who are viewing us here as to why all this controversy. We just saw a vote of 89 to 5 in favor of moving forward with a bill that has come out and is ready to be placed before the body. Why is that occurring with all of these horrible problems which we have just been hearing about?

Take a look at this bill. This bill is 152 pages long—152 pages long. We are talking about four pages on cosmetics and two pages on medical devices. So we have to keep things in perspective. This bill has tremendous support because in almost every instance the issues that are of concern to people are taken care of.

But why all of this discussion about cosmetics? Because nobody is doing anything. That is why the controversy. The question is who should do something. Now, the question is whether or not you want some uniformity, and that is the Federal Government, the FDA, which we have tremendous confidence in, to take on the issue of warning about the problems of cosmetics and to have a uniform approach, uniform labels and those things so, if you go from one place to another, you don't get confused about what you should or should not be using or doing.

That is the question here. It revolves down to this. Right now, the States say, oh, my God, you can't tell us what we can do. Well, they haven't been doing anything, with the exception of California. It is not something we are moving into and pushing aside all existing regulations; there are none. The question is who ought to do it. Well, to California we said, OK, you have that so we will carve you out. Go forward. You have yours out there. That is fine. The Federal Government will not intervene, will not do away with that. So the bill presently says, California, what you have done is fine. The question is everyone else.

Now, since nobody has moved into this, it is not like you have a whole bunch of States out there panicked because their existing rules and regulations are going to be superseded. It is natural for Governors and State legislatures to scream and say, oh, my gosh, you can't take our power away to do something.

So where did we get down to before we came here? We got down to this close—this close. This is how close we are. We said, OK, if the FDA has not done something and has not established that this cosmetic is a dangerous one, then the States can move in. And if they feel differently, that it is and therefore we should do it, they have the power to do that.

That is the way it is right now. But we say that if the FDA has acted, then we want uniformity and so we should try to make sure that people across the country will have uniformity.

Then the issue was raised, well, suppose the FDA says that it is dangerous because it may cause problems on your face. Suppose the State believes it may have something to do with your blood system. Does that mean they cannot warn people that this cosmetic may be dangerous if it gets into your bloodstream?

Well, that is the issue. That is how far apart we are. On the two pages that deal with devices, the issue is about as narrow as that. It comes down to the question of, if a manufacturer says this device is for this purpose, and the FDA says, well, maybe we want to make sure that we know all the other purposes it might be used for, so they should alert us to those. We are down that far on those two pages, and we are down to within a few lines on the other four pages, but the other 146 pages there isn't really much disagreement with.

So I want to make sure we have things in perspective here. That is why the support, that is why we had the 89-to-5 vote on moving forward on this. But these are important issues. It is important for us to make sure that people know that with respect to cosmetics they are going to be protected and who is going to do it and what kind of awareness are we going to be able to have and what are the States rights versus the Federal Government.

So that is where we are. I will go at length later, but right at this point I want to make sure we understand where we are and what the issue is. In cosmetics, nobody is doing anything now with the exception of the State of California. We think the FDA ought to get in there. They ought to make sure that the cosmetics that are advertised are safe, that we know what problems could be caused and that we have uniformity in the country, so that when you go one place to another, you will have the ability to be able to rely upon uniformity as to what the various products may or may not do to you.

On the other hand, if the FDA does not take any action and a State thinks that this particular cosmetic or whatever is harmful, then they have the power to act.

So that is where we are. I want to reassure people that this bill does not ignore the problem of cosmetics. For the first time it really emphasizes that the FDA and the States should do something. What should they do? That is not going to be taken care of in the legislation because we would not know. But we do know that there is a need out there and that the FDA should have the authority to act and that they should have the authority to provide uniformity. But, on the other hand, the

States should not be stripped of their rights to protect their people in the event the FDA has not acted.

Mr. President, I just wanted at this time to pause to try to make sure that everybody understands where we are and why we got the 89-to-5 vote to move forward.

I yield the floor.

Mr. KENNEDY addressed the Chair.

The PRESIDING OFFICER. The Senator from Massachusetts.

Mr. KENNEDY. The fact is that the FDA does not have the authority today—just does not have it. It has the authority to deal with pharmaceuticals and with medical devices but not with the issues which involve health and safety.

I will spend a moment or two just going through the Food and Drug Administration Act, the actual law. It is a page and a half. And there cannot be a fair reading of this, of these provisions, section 601 to 603. To believe that there is any adequate protection for American consumers in this page and a half is folly. I mentioned earlier the FDA has no authority to require manufacturers to register their plants or products. It cannot require manufacturers to file the data on the ingredients in their products. It cannot compel manufacturers to file reports on the cosmetic-related injuries. It cannot require that products be tested for safety or that the results of safety testing be made available to the agency. It does not have the right to have access to manufacturers' records. It cannot recall a product.

Now, those are powers the FDA has with regard to pharmaceuticals and medical devices, but not with regard to cosmetics that may also be carcinogenic, and may also include toxins. We are not talking about an unimportant matter. We are talking about questions of health and safety. I find it difficult, with all respect, to say, "Well, look, in California, we've carved that out. All of our Members will probably understand that means. "We have carved out California." California considered this and took action. But if Minnesota—and they have been interested in taking some action on some products—wants to take action down the road in the future to protect its consumers, it cannot do it. In my State of Massachusetts, that has very similar legislation to that of California pending now, and they hope to be able to pass it in the next legislative session—they are out. They are finished.

We have taken care of one State, California. I am glad we did not wipe out California because I am interested in the protection of the citizens of California. They are going to get some protection, but not full protection, because you are going to preempt other health and safety statutes in California. This did not provide all the protections in California. Nonetheless, I am glad that the consumers in California are going to get some protection. But I cannot understand why we are denying other States from making a judgment that they want some protection. That is what this legislation does.

An additional point others will make is, "Well, we're just dealing with packaging and labeling." But that is where the States act, with packaging and labeling. We do not see the withdrawal of products. They are able to do that and have been effective at it, in California. And I will get into how effective they have been, because they have been very effective in protecting consumers, not only in California, but the rest of the country, because when California, as a result of an extensive kind of medical research, has discovered that various products may contain carcinogens or dangerous and toxic substances, and required those products to be labeled, what happened? The manufacturer changed the product. And I will get into the examples.

This is the power that regulations on labeling and packaging can have. This is where they have been effective. These are the key elements, the possibility of developing warning labels. They have not had to develop the warning labels in California because the companies and the manufacturers have changed the products. One of the outstanding examples is Preparation H. Where there were products that were dangerous to consumers, the California regulations were effective in improving product safety. The manufacturer reformulated the product itself and says now it is better than it even was before. That was as a result of research that was done to uncover potentially dangerous substances that had been included in the product.

So, Mr. President, we have an agency that cannot practically deal with and has been restricted from packaging and labeling. We have seen a carveout, a carveout in the FDA authority in section 601 that talks about various products. It says they will not be able to deal with either poisonous or adulterated cosmetics, and cannot apply to coal-tar hair. Coal-tar hair dye. There is the cosmetic industry able to write right into the law "coal-tar hair dye," even though the research has shown what that has done in terms of making hair dyes more dangerous than they need to be. The cosmetics industry has been effective enough to get written into this legislatively that, even though it is dangerous, there cannot be any kind of oversight of it. That is the power. That is real legislative power.

Mr. President, just on this question of the FDA and its ability to deal with this, let us go back to what the GAO said should be done if we were to have an FDA that would be able to provide adequate protection for the public health. This is a public health issue and a safety issue. That is what we are dealing with with regard to cosmetics.

The other items that we mentioned earlier deal with health and safety and are of importance. But on cosmetics, we are effectively talking about health and safety issues. When the GAO last looked at the FDA, and were charged with making recommendations, these are the recommendations that they made. They said:

> We recommend that the Congress amend the Food, Drug and Cosmetic Act to give FDA adequate authority for regulating cosmetic products. Specifically, we recommend that the Congress authorize FDA to require:
>
> Registration of all cosmetic manufacturers.
>
> Registration of cosmetic products and filing of ingredient statements [so that they know what ingredients are in the various products].
>
> Manufacturers to submit to FDA data to support the safety of their products and the ingredients in them [to demonstrate the safety of their products prior to putting them on the market. Before marketing, to be able to give the assurance of safety and also to be able to get the ingredients of these products].
>
> Premarket approval by FDA of certain classes of cosmetics or ingredients when the agency deems such approval necessary to protect the public health.

Why? Because they take notice that some of these products contain possible carcinogens and some of them have toxic products. They are saying we ought to be able to demonstrate the safety of those products rather than put them out in the marketplace and endanger the public.

The GAO report further recommends that:

> Manufacturers to submit to FDA consumer complaints about adverse reactions to cosmetics.
>
> Manufacturers to perform specific testing FDA deems necessary to support the safety of a cosmetic or an ingredient.

So if the FDA were to make a judgment that they believe that items may cause birth defects, may cause an assault on the nervous system, may somehow threaten seriously the health and the well-being of the consumer, that they would be able to ensure there is going to be adequate testing. Those are very minimal standards. These recommendations are from the last review for the power and the authority for the FDA.

Now, do you think we have any of those today? No, we do not have any of those. And all we have to protect the consumer is what is happening at the State level. That is all we have. With this legislation, we are effectively preempting the States from providing those protections to the consumers in their States.

I find it extraordinary how quickly we are to be willing to accept that particular provision without hearings. We understand the power of the cosmetic industry. We understand why this has come up. This has come up, Mr. President, because of the action that has been taken by California. Because California has acted in various cases in order to ensure that the cosmetics that are being used by Californians are safe and effective. They do not want to have to keep dealing with this. Nonetheless, manufacturers have changed their products. They have made them, in so many different instances, safer. That is the way it should be.

If we are not going to do it at the Federal level, why do we take away the power of the various States? It is effectively like preempting the States from having State police. All the States have various State police in order to look after safety and security in their States. We are saying, we are not going to provide any kind of help and assistance, but, in addition, we are taking away your safety, a means of protecting your people as well. And that, I believe, is wrong.

Mr. President, I want to just mention some of the various items since we have talked in generalities here about some of them. Some of these items that we have addressed here have posed a threat to the health and safety.

First of all, we have hair dye, the coal tar in the hair dye. That is a potential carcinogen. It is a danger in terms of the American public and the consumer. One State, California, has a State law. Ohio has tried to deal with this, but they have been basically unable to do so. The industry has been so powerful it has been able to get written into the law, into the bill itself, that we cannot tamper with something we know is directly a public health hazard. In public health we know that, and still it is written into the law.

We have the old Grecian Formula. It does not have to go through the FDA. It had lead in it—lead. People thought, well, we can use it because it is just a hairspray. We know what happens when lead is ingested. We know it causes mental retardation, for example, in children.

One of the principal problems in inner cities is old paint chips that have the lead content. We know the incidence of mental retardation, and if you go into any urban area in this country and go to the great county hospitals, they have a lead paint poisoning program. You see the incidents of mental retardation that are a direct cause of lead in the paint. The children are either eating the chips or they are playing outdoors and the chips are ingested. They get on the cats and dogs, and children pet them and then scratch themselves or put their hands in their mouths.

It just goes on. We understand that. That has been well understood and documented for 30 years now. But we now know there was lead in Grecian Formula. This came out as a result of the various analyses in California. There was a certain amount of concern about it, but then there was action by the company, and they said, look, maybe there is lead in it, but it is on your hair, and you are not ingesting it, so, therefore, it is not a problem. Then other studies showed that people were washing their hair and were also embracing their children and touching their children and working with their animals or their pets, and this was picking up the flakes and, if the dye was being used over a considerable period of time, the lead posed a significant and important threat to children.

So what happened? Grecian Formula changed their ingredients as a result of this to make a safer product. They did not miss a beat in terms of being able to market it and being able to be successful. But it was changed, and that is because of local activity—not the FDA, but because of local activity.

Mr. President, I will give further illustration, but I will just at this point remind Senators, as we are going through some of these examples, there may be those who say, "Well, OK, you've got a half dozen out there, but is that really enough to try to resist this provision to preempt State activities?" Well, the last serious study that was done by a congressional committee was actually done by our colleague, Congressman WYDEN, who held landmark hearings in 1988.

The industry gave his subcommittee a list of 2,983 chemicals used in cosmetics. The National Institute of Occupational Safety and Health at NIH analyzed the 2,983 chemicals and found 884 cosmetic ingredients had been reported to the Government as toxic substances. Let me just repeat that: The industry, the cosmetic industry, provided to the Congress a list of 2,983 chemicals that are being used in cosmetics.

The National Institute of Occupational Safety and Health, what we call NIOSH, which is the center for expertise in being able to analyze various toxic substances, and NIH analyzed these chemicals and found that 884 cosmetic ingredients have been reported to the Government as toxic substances.

We have known for 10 years that a third of cosmetic chemicals are toxic, but we have done nothing to strengthen the consumer protections. Instead, we would rather weaken the consumer protections. Instead of trying to make some progress to protect the consumer we are taking steps to put them at greater risk. Does that make any sense?

We had debate and discussion about the Delaney amendment with regard to carcinogens and processed food and we debated those issues and said is it not time to alter, change, and modify that? We passed very good legislation dealing with pesticides, insecticides, and fungicides just 2 or 3 years ago because we were looking at the fact that the best estimate is that there are probably 2,600 to 3,000 Americans that were dying because of pesticides and insecticides that were being put on products and were being ingested. We have run into problems. We had extensive hearings about the dangers of insecticides on children, because children eat more bananas and certain types of food and products have more insecticides, and therefore it has more of an impact in terms of their bodily functions.

We spent hours and hours and days and days on hearings because we wanted to provide protection against carcinogens in our food supply. Here we have now, according to NIOSH, and according to the NIH, 884 cosmetic ingredients that have toxic substances. Rather than trying to do something about those in terms of examining those in relationship to what is being done in the House and in terms of the well-being of the consumer, we have not only had no enforcement or regulatory protection at the Federal level but we are eliminating what actions could be taken at the State level.

It makes no sense, Mr. President, makes no sense at all. That is what the effect of the preemption does. I read the language on the preemption and that is effectively what that language does.

Now, Mr. President, we have a situation, for example, that has come up in fairly recent time, a hair spray that might be inflammable, and we find out that the State of Minnesota was looking at trying to make some effort to try and identify the dangers that result from this.

Mr. President, there is a Senator here that would like to address the Senate and I am happy to accommodate him.

Mr. JEFFORDS. Mr. President, I yield such time as he may consume to the Senator from Indiana.

The PRESIDING OFFICER. The Senator from Indiana.

Mr. COATS. Mr. President, I thank the chairman and I thank the ranking members who are ahead of me for allowing me this time. I have a schedule conflict and I appreciate the opportunity to say a few words.

I will have more to say as we move forward with this legislation. I wanted to make some opening remarks. I am very pleased that we are actually here at this time with the legislation on the floor. It has been a long and arduous road that we have traveled over this past 2½ years to address the need for FDA reform. We have, as the chairman and Senator KENNEDY said, had numerous hearings. We have listened to the Commissioner of the FDA and his representatives and employees and colleagues. We have listened to outside experts. We have heard from the various industry groups. But the real reason that we are here is not just the fact that a few Senators got an idea that perhaps we ought to address some issues at FDA. The real reason we are here is that all of us have been besieged by consumers, by patients, by, yes, manufacturers of drugs and devices and others who have outlined to us the nightmare that exists at FDA in terms of approving products for beneficial use by patients.

What I will primarily do this morning is briefly state the "why" of the need for FDA reform and save my remarks on what we have done—which I am sure will be outlined by many others—save my remarks on what we have done for debate on Monday, Tuesday, or following that, depending on how long this discussion goes on.

First of all, let me state that the precipitating reason for moving forward was the need to reauthorize PDUFA. That is the user fee that is paid for by the drug prescription industry to allow FDA to hire additional personnel and to employ additional technology to speed up the approval of drugs. I am not sure who bears the responsibility for lack of personnel or lack of updating technology.

I have worked with Senator MIKULSKI on a more comprehensive modernization of FDA, consolidating their campus, giving them the new technology that they need, and giving them the personnel that they need. Because SBA was in such desperate shape in terms of its ability to use drugs we enacted sometime ago a user fee whereby the industry itself would be taxed with the money designated specifically to hire the personnel and improve the process and procedures for approval of prescription drugs. That is what finally moved us from debate and delay to the NIOSH action.

I am particularly pleased that Senator JEFFORDS, the chairman, responded to my concerns that if we move only with a limited PDUFA reauthorization we will have addressed only a small part of the problem that exists at FDA, that what we needed was a comprehensive bill, broad in scope, that would allow us to address a number of problems that exist at FDA, including substantive reform for medical devices and other products regulated by the agency. I commend the chairman for agreeing to do that. We held extensive hearings and broadened the scope of the bill. The bill we have put forward is one that does address a number of issues and that is why it receives such widespread support from the Congress.

Clearly, the vote in committee, a strong bipartisan vote for moving this process forward in support of the comprehensive bill and the vote that was just taken this morning—overwhelming, almost historic in proportion—vote on cloture I think indicates the depth and the breadth not only of the bill but of the support for the bill with Democrats, Republicans, liberals, conservatives, moderates, everybody in between. Only a handful, literally a handful of Senators voted against cloture. So I think that shows the need for moving forward on this bill.

FDA bureaucracy and delay, inconsistent rules, lack of willingness to use outside expertise—all of this has jeopardized the health of American patients. FDA opponents of reform like to state, "Oh, we cannot jeopardize the health and safety of Americans," and yet in their insistence on maintaining virtually status quo in total FDA control on their assistance on that, they have denied Americans lifesaving and health-improving benefits both through prescription drugs and devices and other forms of medical assistance. They have denied people the opportunity to beneficially affect their health and have forced them to go outside the United States, forced manufacturing companies to go outside the United States, forced drug device companies to go outside the United States in order to market their product whereby they would be subject to the rules and regulations of foreign countries rather than this country.

To imply that only the United States FDA has the wisdom to be able to determine what is in the best interests of the health and safety of its citizens is, I think, a slap in the face to countries like Germany, Britain, France, and others who have similar approval processes that benefit the citizens of their own country.

FDA average review time, just taking medical devices, average review time for low- to moderate-risk medical devices, the so-called 510(k)'s in 1995 increased over the previous 6 years by over 200 percent, from 82 days to 178 days, for total review days from 66 days to 137 days for time actually in the FDA's hands. The law says they need to do this in 90 days—the law. We passed the law, a statute here that says that the FDA on low- and moderate-medical devices you have 90 days. The FDA said, OK, 90 days. In that period of time since we passed the law it has doubled in terms of the amount of time they take to review those. Those are average review times.

Specific examples show how ridiculous and how scandalous the process is or has been at FDA. Fortunately, we are in the process of looking for a new Commissioner, and hopefully that Commissioner will bring some business sense instead of simply an ideological bent to the agency and provide for some expediting of some of the devices that do not pose serious health risk to Americans at all.

We all hear about this whole idea that FDA is standing at the bridge, keeping Americans from being subjected to the most egregious of violations, drugs and devices perpetrated by a greedy industry that is concerned only about the bottom line.

I have a device manufacturer in my State that makes hospital beds. That device manufacturer, which is well respected on a national basis, that device manufacturer designed a new bed cover. This is the cover you put over a mattress, on a bed. The bed had been approved, the mattress has been approved, the old device cover has been approved. It is a piece of cloth. But they designed a new one that prevents bodily fluids from leaking into the mattress. Obviously, that could be a potential health risk to not only that patient but perhaps a subsequent patient. So they had come up with a new mattress pad which achieved significant improvement in promoting the health of patients who would use that mattress.

Of course they had to submit it to FDA for approval. This is a class I device, the lowest risk to the patient. So they submitted it to FDA, and the FDA took 476 days to review that mattress pad before it would grant approval. So we talk about the average review times and protection of the party but when you bring it down to specific examples of the ineptness and the bureaucracy that exists at FDA, there are examples on both sides.

The other side likes to use relatively rare anecdotes and of course many of these go back 20, 30, and 40 years, and no one—no one in support of FDA reform—is stating we ought to compromise on health and safety. What we are trying to do is say we think we can expedite and utilize new technology that improves health and safety if FDA could get its act together. Now, if you takes 476 days to approve a mattress pad which clearly is in the benefit of the health and safety of hospital patients because it prevents bodily fluids from seeping through the currents mattress pad, then if it takes 476 days to do that, something is wrong at FDA. Meanwhile, new 510(k) notifications have dropped dramatically, from 7,000 annually in 1989 to a projected 4,800 in 1998. So high-risk, if you look at that, and novel device review times increased from 348 days to 773 days, on average. Many are far longer than that. Some have been languishing in the system for 4 and 5 years.

Now, the statute says that FDA has 90 days on low to moderate risk, 180 days on high risk, and yet, FDA's average review time in 1995 is 773 days on high-risk and novel devices. So, clearly, something needs to be done.

What the committee has tried to do is simply say, let's take an agency that we need, an agency that is important to the health and the safety of Americans and let's see if we can improve it, let's see if we can reform it. The best step and the first step was the resignation of the Commissioner, who admitted to the committee in what was one of the most astounding statements I have ever heard any agency head ever deliver, which was basically saying, "I am incapable of doing this. You in Congress are going to have to force me to do it. I need the pressure from Congress to do it." Can you imagine a CEO of a corporation coming before the board of directors and saying, "I am not capable of running this company efficiently like you want me to, but if you will put pressure on me and force me to do it, then I can go to my vice presidents and say the board is insisting that I do this"? Is that an example of the weakest form of management and oversight that you can possibly imagine? I could not conceive that the then Administrator, Dr. Kessler, of the FDA would make such a statement. "I am incapable of doing it, but you force me to do it and then maybe I can convince the people that work for me that we ought to do something."

Well, let me talk about another example of intolerable delays. This isn't a mattress pad. This goes to life and death. The product was a stent, a small, mesh, spring-like device used to keep coronary arteries from closing. A new stent product that was developed by a manufacturer was submitted to the FDA in November 1986. In August 1987, FDA said, "We need more paperwork." It took them that long to figure out they needed more paperwork. In April 1988 and in August 1989 and in June 1991 were additional requests for more paperwork. An FDA panel meeting was held in May 1992, and they gave unanimous approval to the product. Four years after it was first submitted, an FDA panel gave unanimous approval to the product. It then took the agency an additional year to issue a letter allowing the device to go to market.

Now, have you ever heard of such bureaucratic ineptness? After 4 years of reviewing paperwork on a life-saving device, on which the statute said the FDA had 180 days—after 4 years, the FDA panel met and gave unanimous approval. From that time, it took 1 year for the FDA to issue the letter saying, "Congratulations, you have been approved."

Now, critics of reform talk about the potential threat to American health and safety for approval of devices. But they never talk about the demonstrated not only threat but consequence to the safety and health and even life of Americans for ineptness and delay in the approval of drugs. How many people died or suffered serious incapacity because a life-saving stent on which we could not get a letter of approval from FDA, which approved it, until 1 year later? How many people, over a 5-year period of time, lost their lives because a life-saving device didn't receive FDA approval for 5 years? Let's say it took 4 years; let's grant them that it took 4 years of reviewing paperwork to make sure that this life-saving stent device was worthy of FDA approval. There is no excuse. What possible excuse could there be for a delay of 1 year in submitting the letter so the company could go ahead and market the product?

Dr. FRIST, who is a member of our panel, said, "I would have loved to have had that stent. I known what that stent does. I've used that stent. Had I known that stent was available before approval * * *"—to think that it was languishing in FDA 1 year after FDA approved it unanimously—it took them a year to get the letter out so that they could market the device. So there are people lying in their graves.

This Senator is tired of hearing about FDA being the guardian of the health of Americans and we should not move forward with any kind of reform at all. When you touch the words "reform of FDA" and try to move up their approval process or expedite the process at all, why, then you are jeopardizing the health and safety of Americans. The burden of that lies on the shoulders of those who won't move forward with responsible reform.

Fortunately, today, this Senate, in an overwhelming bipartisan vote—only five people opposed—said it is time to move forward with reform and it is past the time to move forward with reform. We owe apologies to the families of the Americans who have been denied life-saving treatments and devices because people have blocked reform and efforts to move forward.

A Hoosier who attended one of our FDA hearings recently had a life-saving vascular graft implanted in his body. Mr. Friar testified before our committee. He was one of the fortunate patients to receive the graft because he needed the product only after it was approved. Other patients who were denied that before FDA got around to approving it, were not so fortunate.

I could go on and on with examples, but I won't. I do get exercised over it because it is unfair to characterize those that try to seek meaningful reform as those who somehow don't care about the health and safety of American people. We care so much we want to get something done. We want to get some reform underway.

The Hudson Institute, in late 1995, surveyed this question and came up with an estimate. It is difficult to talk about an estimate when we are talking about human life. The Hudson Institute is a respected institution. Let me cite an example from their study. Delay in approving the coronary stent, they say, reached 27 months. The FDA gave access to this product to American patients 27 months after European patients had access to the product. Depending on how one attributes responsibility to the agency, partial or total, the regulatory delay is estimated to have resulted in 1,600 to 2,900 lives lost, patients whose lives were lost because of bureaucratic excess.

So we stand on this floor and talk about it being irresponsible to move forward with FDA reform and we delay FDA reform. We won't even allow a disputed issue to come to a debate on FDA reform, when we are talking about a potential loss of lives of Americans who are denied products because of FDA ineptness.

That is the human side of the question. I am not even going to get into the business side of the question because the two don't even begin to compare. We have lost manufacturing and jobs to overseas facilities in record numbers because manufacturers are throwing up their hands and saying they will go broke waiting for FDA to approve their products. It means a significant number of jobs. Sixty-one percent of U.S. device companies plan to market offshore first. We lead the world in drug and device product development. But they are being pushed out of the country by the FDA. They are being aggressively lured by foreign governments who know that our bureaucratically bloated system provides them the competitive advantage they need to draw those American companies and employees and the brain power away from the United States.

A Netherlands foreign investment company has a publication out highlighting the oppressive climate in the United States. They say, "Come over here and we will provide a much more favorable climate." Now, we will hear in rebuttal about some product that was approved and later turned out to be a mistake. Well, there are exceptions and there will be exceptions, whether they are in the Netherlands or in the United States. We are talking about human beings. We can't guarantee 100 percent perfection. But that is no excuse for not reforming FDA and trying to give it the tools and give it the wherewithal to do a better job.

It has been estimated that the delay in U.S. availability of products threatens a loss of 50,000 jobs in the next 5 years. This is one of the greatest industries we have ever had in this country, in terms of promoting job growth, but beyond that, providing health-improving and life-saving benefits for the American people. Why do we make it so difficult for them?

I don't want to go any further with that because, as I said, you can't compare economic benefit with health benefit. We ought to be focusing on the denial of benefits, the loss of life for failure of the FDA to meet its statutory requirements. We are not asking the FDA to compromise; we are not asking them to compromise on health and safety. We are saying: Do what you said you could do, or at least let's look at alternatives. I proposed an alternative to try to help the FDA. You would have thought I was proposing an amendment to disband the FDA and let the free market sort it out. It was nothing of the sort. That is not what we are after here. I thought we would try to give them some assistance with a third-party review, the FDA certified agencies or organizations outside of the FDA. But FDA looked at it and said: You have the testing wherewithal and the scientific wherewithal to help us expedite approval of these products, and as long as we certify you and as long as we approve the process, and as long as we have a veto power, even if you approve it, if we have a veto power and say, no, we have changed our mind, or we are not sure about that—not even that was acceptable to the opponents of this bill. But it is acceptable, fortunately, to the majority of the committee. It is acceptable to a majority of the American people. It is acceptable to a majority—not a majority but a supermajority—of this Congress. But yet with all of that debate, there is delay and withholding of moving forward, and procedural delays, all in an effort to oppose an honest effort at trying to help the FDA do its job. The irony is the FDA was already doing some of this. We are trying to provide a way that they can do more of it. So the FDA couldn't come forward and say, "Well, we think everything ought to be done within the FDA." They admitted they needed help from the outside, and we structured the statute in such a way that you even wonder if it is going to work because the FDA has so much preapproval, during the process approval, postapproval, veto, and everything else on the thing. But at least it is a start. At least it is a movement in the right direction.

FDA has made all kinds of promises about internal approval, approval, improvement, reinventing itself, and so forth and so on. The record speaks for itself. Prescription drug user fee types have improved, and we are grateful for that. And they have improved because we taxed the industry. The industry said, "We are so anxious to try to get some of these drugs to market we will pay for it. Not only the development of the drugs, which is enormously expensive, not only the approval of the drug but we will tax us some more and we will give the money to FDA, and you can hire more people so you can look at it. If you turn it down, you turn it down. But at least get an answer one way or another so we can move on to something else, if you don't approve it."

People say, Why don't you do the same thing with devices? Let's tax the device industry. We are not talking about American-owned products, or Merck, or Pfizer, Glaxo, major international companies with the funds able to do this. The device companies are often small organizations—startup venture capital organizations. To tax them at this stage is going to just accelerate driving them offshore, and in many cases they in no way have the wherewithal to provide a tax for that. It is not their responsibility. It is a governmental responsibility.

The President's budget hasn't helped much either. The President's budget proposal for fiscal year 1998 reflects something other than an effort to strengthen the agency. In fact, it proposed a cut of funding for the agency. They wanted to cut the Device Center budget by 27 percent. Clearly that calls for congressional action to address the issue, to ensure that the bureaucracy, and the old ways of doing business give way to some efficiencies and accountability in this era of tight budgets.

So that alone is reason for us to move forward. Here we are now in September on PDUFA and a jeopardy of laying off—expiring and laying off—a whole bunch of people. And we are way behind the timetable that we ought to be on in terms of moving this forward.

Just on another point about the size of device companies. Of roughly 8,000 device companies that exist in United States, 88 percent have fewer than 100 employees and 72 percent have fewer than 50 employees. User fees are clearly not workable in a situation like this. And I am pleased that the bill doesn't impose those.

I have all kinds of statistics here, and all kinds of anecdotes and all kinds of stories. The bottom line is we are attempting to bring the FDA into this century. This century is almost over. We are attempting to try to take a tired, inefficient bureaucratic ideologically driven agency and introduce it to the modern era. We are trying to take advantage of these marvelous technological breakthroughs in drugs and devices and products that are occurring at an ever increasing rate around the world, but particularly in the United States, and make them available to American consumers to improve their health, to ensure their safety, to prolong their lives, to save their lives. That is why we have formed an extraordinary coalition between Republicans and Democrats. This has nothing to do with party lines, liberals, conservatives, and everybody in between. There was an almost unprecedented vote in committee of 14 to 4, and we would have had even a better vote than that if we went back and did it now because we have resolved some of the concerns that those four had. We wouldn't get all four. But we would have even a better vote—probably more like 16 to 2 because we have addressed those concerns that were raised in committee. Those Members thought that they had better reserve their vote and negotiating ability. And we resolved that.

We have done an extraordinary amount of negotiating from the time the committee passed the bill out until this point. We were that far away in July from resolving this. In the negotiations with Senator KENNEDY, we made 30-some concessions on a bill that passed 13 to 4 in order to get the approval of one person because one person could tie this thing up procedurally. We made 30-some concessions—concession after concession after concession by the chairman, this Senator, and other Senators. What is the problem? How can we fix it? Can you work it out? Can you go along with the bill, if we did that? Can you do that?

We finally threw our hands up in total exasperation because every time we thought we were at the goal line, no, move the ball back another 15 yards to another position. Take that up. Will that do it? Yes. Solve that. Then they thought of another one. There was always a reason to delay and delay. And then we went through the August recess. If we were talking about making a widget, if we were talking about something that didn't affect the health and the safety of the American people—I suppose that is just part of the process here—but we are talking about people waiting for steps that would save their lives; waiting for approval from FDA of drugs that can potentially keep them from dying, waiting for products that can make their life a little more tolerable while we play games in the U.S. Senate because one person doesn't think it is a perfect bill in front of him, even though there is a widespread majority in support of it. That is wrong.

So I am glad we are moving forward. I am sorry that we had to invoke a procedure to cut off a filibuster to do it.

I understand people may have some concerns about this bill. It is not a perfect bill. It passed through months of arduous negotiation. There has been give and take. Every Senator is free to come down here and make his point and raise his objection and offer an amendment and take a vote. If it passes, the bill will be modified. If it fails, instead of taking the ball and going home and saying we are not going to play anymore, let's just say apparently I wasn't persuasive enough, or maybe I got my facts wrong, or maybe that is not what the majority wants to do. But let's not deny health improvements and safety improvements for the American people and the American consumer just because we don't get our way. Let's move forward. We will now.

We have invoked cloture. I regret that we had to do that. I regret we had to go through the month of August waiting to reconvene, because there are people out at FDA that are going to be laid off if we do not get this thing moving. All the efforts that we have done to try to hire additional people out there will be undermined in terms of drug approval because we can't get this bill moving.

So let's move forward. Let's raise our objections. Let's have a debate. Let's have a vote and accept the result, and let's move forward with FDA reform.

Mr. President, I will have more to say about this at a later time. I have not gotten into the "what." I was talking about the "why" here—why do we need reform. I have not gotten into what the bill includes. It is a broad bill with a lot of depth. It covers a lot of areas. It is significant reform. It is not as much as this Senator would like. It is more than some other Senators would like. But it is a big step in the right direction.

I just note for the RECORD that I don't know what is going on, Mr. President, at the White House. We have been without a commissioner now at FDA for some time. They nominated someone this week, and then withdrew the nomination 24 hours later. I don't know why. But I urge the administration to continue its search. I am going to suggest a couple of names to them of people, if they need people to look at. I don't do it with any hope that they think anybody I would suggest ought to head up FDA—not this administration. But we ought to get somebody in there who is willing to exercise the oversight and the administrative ability to work with the Congress in bringing this agency into the modern era and improving the way things are done there. There are a lot of dedicated, competent, hard-working scientists and researchers and medical personnel at FDA who deserve to have competent leadership, competent management, and deserve to have the support of this Congress in providing the funds and providing the technology and providing the assistance in expediting in an appropriate manner the bringing to market of drugs and devices that can make a difference in people's lives.

Mr. President, there is more to come later. I yield the floor.

Mr. DURBIN addressed the Chair.

The PRESIDING OFFICER (Mr. HAGEL). The Senator from Illinois.

UNANIMOUS-CONSENT AGREEMENT—S. 1061

Mr. DURBIN. Mr. President, I ask unanimous consent that it be in order to offer two amendments to S. 1061, even though the bill is not pending, and that those two amendments be laid aside.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENT NO. 1078

(Purpose: To repeal the tobacco industry settlement credit contained in the Balanced Budget Act of 1997, as amended)

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Illinois [Mr. DURBIN], for himself and Ms. COLLINS, proposes an amendment numbered 1078.

The amendment is as follows:

At the appropriate place, insert the following:

SEC. . REPEAL OF TOBACCO INDUSTRY SETTLEMENT CREDIT.—Subsection (k) of section 9302 of the Balanced Budget Act of 1997, as added by section 1604(f)(3) of the Taxpayer Relief Act of 1997, is repealed.

AMENDMENT NO. 1085

(Purpose: To provide for the conduct of a study and a report on efforts to improve organ and tissue donation)

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Illinois [Mr. DURBIN], for himself, Mr. LEVIN, Mrs. MURRAY, Mr. JOHNSON, and Mr. BREAUX, proposes an amendment numbered 1085.

The amendment is as follows:

On page 49, after line 26, add the following:

SEC. . (a) STUDY.—Not later than 30 days after the date of enactment of this Act, the Secretary of Health and Human Services, in consultation with the General Accounting Office, shall conduct a comprehensive study concerning efforts to improve organ and tissue procurement at hospitals. Under such study, the Secretary shall survey at least 5 percent of the hospitals who have entered into agreements with an organ procurement organization required under the Public Health Service Act and the hospital's designated organ procurement organizations to examine—

(1) the differences in protocols for the identification of potential organ and tissue donors;

(2) whether each hospital, and the designated organ procurement organization of the hospital, have a system in place for such identification of donors; and

(3) protocols for outreach to the relatives of potential organ or tissue donors.

(b) REPORT.—Not later than 1 year after the date of enactment of this Act, the Secretary of Health and Human Services shall prepare and submit to the appropriate committees of Congress a report concerning the study conducted under subsection (a), that shall include recommendations on hospital best practices—

(1) that result in the most efficient and comprehensive identification of organ and tissue donors; and

(2) for communicating with the relatives of potential organ and tissue donors.

Mr. DURBIN. Mr. President, I ask unanimous consent those amendments be laid aside for debate at a later time.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENT NO. 1086

(Purpose: To express the sense of the Senate that hospitals that have significant donor potential shall take reasonable steps to assure a skilled and sensitive request for organ donation to eligible families)

Mr. DURBIN. Mr. President, on behalf of Senator LEVIN, I would like to, on the same bill, S. 1061, offer an amendment.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Illinois [Mr. DURBIN], for himself, Mr. LEVIN, Mr. THURMOND, and Mr. INOUYE, proposes an amendment numbered 1086.

The amendment is as follows:

At the appropriate place, insert the following:

SEC. . (a) FINDINGS.—Congress finds that—

(1) over 53,000 Americans are currently awaiting organ transplants;

(2) in 1996, 3,916 people on the transplant waiting list died because no organs became available for such people;

(3) the number of organ donors has grown slowly over the past several years, even though there is significant unrealized donor potential;

(4) a Gallup survey indicated that 85 percent of the American public supports organ donation, and 69 percent describe themselves as likely to donate their organs upon death;

(5) most potential donors are cared for in hospitals with greater than 350 beds, trauma services, and medical school affiliations;

(6) a recent Harvard study showed that hospitals frequently fail to offer donation services to the families of medically eligible potential organ donors;

(7) staff and administration in large hospitals often are not aware of the current level of donor potential in their institution or the current level of donation effectiveness of the institution;

(8) under titles XVIII and XIX of the Social Security Act (42 U.S.C. 1395 et seq; 1396 et seq.), hospitals that participate in the medicare or medicaid program are required to have in place policies to offer eligible families the option of organ and tissue donation; and

(9) many hospitals have not yet incorporated systematic protocols for offering donation to eligible families in a skilled and sensitive way.

(b) SENSE OF THE SENATE.—It is the sense of the Senate that hospitals that have organ or tissue donor potential take prompt steps to ensure that a skilled and sensitive request for organ or tissue donation is provided to eligible families by—

(1) working with the designated organ procurement organization or other suitable agency to assess donor potential and performance in their institutions;

(2) establishing protocols for organ donation that incorporate best-demonstrated practices;

(3) providing education to hospital staff to ensure adequate skills related to organ and tissue donation;

(4) establishing teams of skilled hospital staff to respond to potential organ donor situations, ensure optimal communication with the patient's surviving family, and achieve smooth coordination of activities with the designated organ procurement organization; and

(5) monitoring organ donation effectiveness through quality assurance mechanisms.

Mr. DURBIN. Mr. President, I ask unanimous consent that the amendment be laid aside for later debate.

The PRESIDING OFFICER. Without objection, it is so ordered.

FOOD AND DRUG ADMINISTRATION MODERNIZATION AND ACCOUNTABILITY ACT OF 1997—MOTION TO PROCEED

The Senate continued with the consideration of motion to proceed.

Mr. DURBIN. Mr. President, I would like to address the motion pending before the Senate at this time on the FDA reform bill.

I have listened very, very closely to the statements by my colleague and friend, the Senator from Indiana. I note that his comments are heartfelt about a very important agency. The Food and Drug Administration is by Federal standards a small agency. The annual appropriations is in the range of $1 billion, and by the standards of Washington, DC, it might be ignored by many. But those of us who are familiar with the important mission of the Food and Drug Administration, those of us who have worked closely with that agency and with its Commissioners over the years, and in my particular case, those of us who have had the opportunity to literally fund this agency through the Appropriations Committee of the House, understand the critical importance of this agency. Though its resources and budget may be small by Washington standards, its responsibilities are immense. There is not an American living who is not touched by the work of the FDA. They regulate things as diverse as the radar guns used by police, microwave ovens used in airplanes, and virtually all of the drugs and medical devices for sale in the United States. We count on them every day. And they are an agency, as you can tell from the previous Senator's remarks, which is not above criticism. This is an agency which has a very difficult mission. On the one hand, a person who is ill seeking a new drug or medical device wants the FDA to issue approval as quickly as possible. That is a natural reaction.

By the same token, a company with a drug or a medical device which they want to see approved is anxious for the FDA to give approval as quickly as possible. The FDA approval on a drug or medical device is better than any Good Housekeeping seal of approval. It is literally a ticket for sales, confident sales, worldwide. Once the Food and Drug Administration of the U.S. Federal Government gives its approval, you know that your medical device or your prescription drug is going to have an opportunity for a worldwide market because that approval means something.

There is another side to this ledger. The Food and Drug Administration, with the pressure to approve drugs and medical devices by not only consumers but also by manufacturers, also has an awesome responsibility to make sure that those approvals are done in the right way, so that the American consumers know that what they purchase is safe and effective.

Those are the two criteria. So the scientists and those working at the FDA put in long hours, days, weeks, months, sometimes years, to make certain that a product, before it goes on the market in the United States, is safe. While they are in the process of evaluating, there are people on the sidelines saying, what is taking so long? Why hasn't this agency moved to approve this drug or this medical device?

I have been frustrated myself when people in my old congressional district or in my State have come forward and said, it has taken months, sometimes years; why don't we have the FDA's final approval? I am sure some of that may be associated with bureaucratic slowdown, and if this bill addresses that, then I think it is a very important step forward. But do not minimize the fact that many times the evaluations by the Food and Drug Administration are careful reviews of clinical trials to make sure, before a drug or device is released in America, it is safe and effective. Not a single one of us would want to take a drug prescribed by a doctor uncertain as to whether or not it was safe. No one would want to do that. The Food and Drug Administration tries to give us that confidence.

There has been a reference made earlier to Dr. David Kessler, the last Administrator of the Food and Drug Administration. The previous speaker obviously shares a different opinion than some about Dr. Kessler's performance and contribution. I think he is one of the most extraordinary public servants I ever had the opportunity to work with. The only holdover from the Bush administration, Dr. Kessler was reappointed by President Clinton and I think did an exceptional job. Of course, we are kindred spirits on the tobacco issue, but beyond that I think his job at the Food and Drug Administration will set an example that others will have to try to emulate, and they will find it difficult to do so. I am sorry we lost him, but he gave so many good years of service to the Federal Government we can be thankful he did.

Let me also say that this is an agency which has fallen under criticism politically. When the Republican control of the House occurred after the 1994 election, I was amazed that one of the first lines of attack by Speaker NEWT GINGRICH was on the Food and Drug Administration. He made arguments, many of which you have heard this morning, that this agency was stopping those devices which would save lives, this agency was stopping the approval of drugs which would save lives. And he went on at great length about how they were going to dismantle the Food and Drug Administration, literally to turn out the lights at this agency.

Thank God that didn't occur; saner minds prevailed, came forward and said that would be a serious mistake. A lot of the references to a more responsible approach came from the same industries that are regulated by the FDA. They realized that when you drop your guard, when you get into a no-holds-barred strategy when it comes to the approval of drugs and medical devices, the reputable companies will be the first to lose when consumer confidence is destroyed.

Let me give you three examples of what I have seen in a short period of time, of the work of the Food and Drug Administration. Some of these are forgotten, and they should not be.

There was a counterfeit infant formula on the market that was discovered by the Food and Drug Administration. It turned out that some group of individuals had decided to take one of the most popular brands of infant formula in the United States and to literally copy its label and to put contents in a can and sell them as if it was the product that it was advertised to be. In fact, it wasn't. It was a phony. Luckily, the FDA caught them and in catching them stopped the sale of this infant formula product which was grossly deficient, which if it had been given to infants across America could have caused serious health problems. The Food and Drug Administration was vigilant, caught them and stopped them.

Let me make reference to one that most people remember. It was only a few years ago that they discovered these syringes in Diet Pepsi cans. Oh, every nightly newscast told us about this discovery. What did it mean in the wake of the AIDS crisis to find a hypodermic syringe in a can of soda? Well, luckily the Food and Drug Administration stepped in and determined that this was only an isolated example and a hoax. It was important for the consumers across America, but it was equally important for Pepsi Cola. Their stock had plummeted when this occurred. But the Food and Drug Administration stepped in and said this is something the consumers do not have to worry about. We have it under control. And because they have the respect of the American people, the product went back on the market without a problem and the stock resumed its climb. I think it is important for us to make sure that we talk about what this agency brings to us.

I also took a trip to the State of Massachusetts, to review the Food and Drug Administration programs there, in particular, to review one particular company that was making heart catheters. Most people are familiar with them. Those who are not should know that they are tiny little threaded lines that the surgeon will insert in your body and then it will course through your veins to your heart, and they can literally take samples as well as photographs of the interior of our bodies—a critically important medical device. Yet, as it turns out, this company was making defective heart catheters that literally broke off inside people's bodies and then, of course, surgery was necessary to remove them. That is the type of thing the Food and Drug Administration must be constantly vigilant to watch out for and to protect us against.

I could go on—and I will not—for hours about what the Food and Drug Administration does and how important it is when we reform this agency to remember their enormous responsibility to consumers across America.

I agree with my colleague, Senator KENNEDY, that there are portions of this bill that should be reviewed and I hope changed during the course of the floor debate. I think it is wrong for us to remove from the States the authority to review cosmetics and to put warning labels on them, if a State decides it is in the best interest of its citizens. We do not have sufficient personnel at the FDA right now in the Cosmetic Section to take responsibility for complete Federal oversight of this large industry. Senator KENNEDY has made a compelling argument that we should allow the States to continue to have this authority, to put those provisions in place which will protect the health and safety of consumers.

I have three amendments which I am going to offer, and I hope that they will be amendments approved on a bipartisan basis. One seeks to reverse an area of this bill which I am afraid will weaken the strong safety protections put in place by the Safe Medical Device Act of 1990. Many of us remember the tragedy resulting from the Bjork-Shiley heart valve failure. Extensive congressional hearings were held in the late 1980's examining what had gone wrong and how we might prevent future repeats of those terrible deaths when this heart valve failed.

In the United States alone, over 300 people died because this defective medical device was implanted. Worldwide, almost 1,000 people have died as a result of fractures in this valve once it was put in place. After it was concluded these heart valves were defective, over 50 percent of the patients with these heart valves in their bodies could not be located. One widow testified before Congress about how her husband had a heart valve, suffered chest pains and the couple had no idea that it was because of the defective heart valve. They had not heard about it. They had not been notified. They lived at the time equidistant between two hospitals, only one of which was capable of performing open heart surgery. They made a mistake; they went to the other hospital. Her husband died. She didn't realize that he might need open heart surgery because the heart valve in his body was defective.

The Safe Medical Device Act of 1990 set up a system for mandatory tracking of these high-risk devices so that if problems were found, the patients with the devices could be located and notified. That is a basic protection.

There are only 17 types of devices that require mandatory tracking. They are all extremely high-risk medical devices—heart valves; pacemakers; vascular stents; jaw, shoulder, hip joint replacements; windpipe prostheses; breathing monitors and ventilators.

It is hard to imagine the tracking of such high-risk devices could ever be made optional, and yet that is exactly what this bill does. The FDA has already complained that they find it extremely difficult to enforce this provision, and yet instead of helping them with enforcement, this bill weakens their ability further by making tracking discretionary.

Isn't it curious that automobile manufacturers are required to have a tracking system so that if a safety problem is identified with your car's model, they know where to find you. It seems unthinkable to have a lower standard of consumer protection for a pacemaker or a ventilator as compared to a seat belt.

The second aspect is surveillance. This is a key part of this Safe Medical Device Act which this bill undermines. The mandatory surveillance program of high risk medical devices is especially important for consumers. These surveillance programs are important for the early detection of potential problems with medical devices. In some cases the initial breakage of a device may not cause instantaneous harm. For example, in the case of Telectronics' heart pacemaker J leads, which were found to be defective in 12 percent of the patients, breakages did not result in harm until the next bout of heart arhythmia. Surveillance of these leads identified problems in some patients. This led to the notification of patients with these leads of the need to have them checked. Such early detection and correction can prevent a health crisis.

Let me give you another example. Early detection, unfortunately, was not seen in the case of Teflon jaw implants made by Vitek in the 1980's. These implants, once put inside of a human being, were found to splinter and cause massive corrosion of jaws and skull due to the triggering of inflammation and other immune responses. By the time the patient suffered the pain, extensive damage had already been done. Many of these patients required complete resection and removal of their jaws, even some of their skulls exposing their brains.

Donna Fennema from Ames, IA, testified here late last year at an FDA hearing of how she needed 30 hours of critical major medical surgery to rectify her splintered jaw implant. She needed a rib graft to rebuild her jaw on both sides. To this day, she suffers pain from both her jaw and her rib cage. If a surveillance program had been in place prior to the Vitek jaw implant defect, many of these patients would have been able to have the implants removed prior to the deterioration of their physical conditions. This terrible tragedy that we have seen is one of the major catalysts, along with the Bjork-Shiley heart valve, for the passage of mandatory surveillance and tracking of implantable high-risk medical devices.

Yes, it is true that these programs of surveillance and tracking are burdensome to industry. Make no mistake about it. But the cost to society, the cost to each of us, the cost to American families of weakening them is far too high for us to be undermining them.

The second issue I would like to raise is one that is very typical and one that I have worked on for a long time. It is the issue of tobacco. I am concerned that section 404 of this bill, this FDA reform could undermine FDA's ability to regulate tobacco. This section attempts to limit FDA's ability to look at anything other than the manufacturer's label to determine the intended use of the product and to determine whether the product is safe and effective for this labeled use.

This section has much broader implication than just tobacco regulation. It provides a generally huge loophole through which device manufacturers can attempt to avoid FDA regulation through imaginative labeling. However, it is most worrisome for tobacco regulation given the long history of tobacco companies and their deception.

In the early seventies when there was a ban on TV advertising of tobacco products, the industry devised every imaginable way to circumvent this ban. They would purchase bill-board space at sport's events which were placed in such a manner and location, that they knew they would be televised during the sport's event. For example, they would purchase billboards behind homeplate of a baseball game or near the scoreboard. They would purchase racing cars with advertisements along their sides. No stone was left unturned, looking for ways around the ban.

Around the same time of the television ban on advertising of tobacco, the industry passed a voluntary code that none of them would use models that appeared to be under 21, and yet many of the models which were used could pass as high school students.

All this suggests to me at least that we do not want to jeopardize any type of tobacco settlement with this FDA reform bill. I suggest a very simple and straightforward fix, and I hope that the sponsors of the bill will consider it. It says as follows: Nothing in this entire bill shall be construed to alter any authority of the Secretary to regulate any tobacco product or any additive or ingredient of a tobacco product.

Mr. KENNEDY. Will the Senator yield on that issue?

Mr. DURBIN. I will be happy to yield.

Mr. KENNEDY. I welcome the Senator's focus on that particular provision. We had attempted to address that question, but it was done very unsatisfactorily. I think the Senator has raised a very important issue with regard to what we have done in the legislation and the power of the FDA to deal with tobacco in this legislation.

We will have an opportunity to address that when we move toward the legislation itself, but I think it is important and one of the principal reasons for taking the additional time on the legislation for the reasons that the Senator has just identified.

For example, I think we have heard from responsible legal authority that if the manufacture of tobacco products were to label them as "intended for smoking pleasure" or "intended for weight loss" or "intended to be used twice weekly," then there is a real question whether FDA can get safety data on the addiction of those health hazards.

We know how creative—and the Senator from Illinois knows well because he has been a leader in the House of Representatives and in the Senate with regard to the activities of the tobacco industry—how creative they can be in terms of packaging, so to speak, their intercessions with the FDA in ways that can circumvent the kind of protections that all of us are so concerned about, primarily with youth, and also as part of this whole tobacco negotiation.

I commend the Senator for the work that he is doing and welcome the opportunity to join with him to try and address the actions of the tobacco industry in the recent budget item to circumvent the agreements that the tobacco industry had made with the attorneys general. That is another issue for another time. What it does reflect is how the industry is working tirelessly at every junction to try and foreclose the opportunity of meeting their responsibilities, either under the agreement or under this legislation.

I think they undermine the authority of the FDA in their agreement, which they signed with the attorneys general, and that agreement should not pass under any circumstances unless that measure is addressed. I know the Senator will work with us closely in doing that.

But the Senator has identified another potential loophole that ought to be addressed. I am very hopeful that we will be able to do that. I thank the Senator for raising this because this is another very important aspect, as we are being asked to rush through this legislation. There are only two or three Senators evidently concerned about this particular proposal. We have seen the fact that the Governors, all of the Governors, the State legislatures sent in their resolution and their letter saying, "Go slow," in opposition to the legislation. As the Secretary of Health and Human Services has also indicated, go slow.

I thank the Senator for his comments on these other items, but particularly with regard to tobacco.

Mr. DURBIN. I thank the Senator from Massachusetts. Another item I would like to address on which I will be offering an amendment that I hope Senator JEFFORDS will consider is that of removing any possible money taint of the external review process.

This bill expands the ability of medical device companies to purchase their own third-party reviewers. Given the importance to the public of the approval process remaining untainted by monetary influence, it is extremely important we ensure that there are very strict anticonflict of interest standards for product reviews.

In laymen's terms, if we are going to hire companies to review medical devices to determine whether or not they are safe enough for sale in America, devices such as the heart catheter that I mentioned earlier, we want to make certain that the reviewers are truly objective; that they do not have any conflict of interest or any monetary gain associated with what they are doing.

This bill, as currently drafted, has only very limited language on the issue of preventing conflict of interest. Senator HARKIN was successful in adding some strength to that language. His amendment which was accepted after the markup of this bill in committee, allows the FDA to look at the contractual arrangements between an outside reviewing entity and the company whose product is being reviewed.

FDA employees themselves are subject to a wide range of anticonflict of interest legislation for obvious reasons. If you are an employee at FDA, if you can purchase stock in the company of the device you are about to approve, you are in for a windfall. We don't want that to occur, and we certainly don't want it to occur when we talk about third-party reviewers.

Senator FEINGOLD and I will be offering an amendment that would codify into law basic requirements for outside reviewers. We don't seek to impose all the FDA employee regulations on outside reviewers, merely the most appropriate. We would be happy to work with Senator JEFFORDS' staff to tailor these very basic requirements specifically to outside reviewers.

Our amendment is simple. It merely asks outside reviewers not be allowed to have a financial interest in a company that they review. It further demands that no outside reviewer may receive a gift from a company whose product they review. To monitor and prevent such activities, the amendment allows FDA to require financial disclosure.

It should be obvious to all of us why it is necessary.

The money stakes are certainly higher with respect to getting FDA approval. Every day we read of how the stock market soars for a company whose product has just received FDA approval. For instance, on May 7 this year, FDA announced approval for a laser system made by a company called Premier Laser Systems, Inc., that treats tooth decay painlessly. There is something we all would like to see. Within days of this approval, the company's stock price more than doubled, and for the first time since going public in 1995, Premier hit the top 10 in trading volume on Nasdaq, far surpassing even Microsoft 5 days in a row. That is what FDA approval means.

As we farm out this responsibility to third-party reviewers, it is important that they make decisions that are objective and honest.

Failure to get approval of a product can have the opposite effect. For example, recently an FDA panel voted 9 to 2 that FDA reject an approval for a heart laser made by a company known as PLC Systems. Trading in the stock had to be halted after this announcement. Shares of PLC had risen dramatically in recent weeks on the expectation of a more favorable result. FDA denial of approval shattered the stock's profitability.

The medical device industry produces over $50 billion annually in sales. In fact, a recent article in the journal Medical Economics, entitled "Why Medical Stocks Belong in Your Portfolio," the medical device industry was described as "a hot market that is only getting hotter."

Not only are the money stakes high for investors, however, the stakes are also high for patients who have to rely on these devices.

Reviews must be of the most stringent nature and must be carried out without outside corrupting influences.

The approval of an unsafe drug or device, as I have already mentioned, can have a devastating impact. Surely, it is not too much to ask that a reviewer be prevented from accepting gifts or loans from a company they are reviewing and that they not be allowed to designate another person for acceptance of such a gift.

Furthermore, a reviewer or their spouse or minor child should not be allowed to have a financial interest in a company whose product they are reviewing. That seems basic and fundamental. I hope Senator JEFFORDS and others on the committees would consider agreeing to the Durbin-Feingold amendment. The products are too important to the American people. I believe we should take a firm stand and specifically enumerate basic standards within this legislation to prevent even the potential for corruption of this process.

Let me say, I was one of the five this morning who joined with Senator KENNEDY in suggesting that this bill should be debated at length. I hope that some of the items that I have raised during the course of this debate will give Senator JEFFORDS and others an indication of my concern. But let me say also that I respect what Senator JEFFORDS and the committee has accomplished here. FDA reform is needed, and I think what you are setting out to do, to make it a more efficient process, is a very worthy goal.

I find most of this bill to be very positive, and I am anxious to support it. I hope that during the course of the debate on my amendments and others, we can rectify what I consider to be a handful—but only a handful—of very important items which still need to be debated. I hope to be able to vote for final passage of this bill, and I hope Senator JEFFORDS and others will be open to these amendments. They are offered in good faith, and I hope we can work together to resolve some of the concerns I have.

Let me close by saying that those who are critical of the FDA often pine for those countries overseas where it is so easy to get approval for drugs and medical devices. I recommend to some of them that on their next trip to Mexico that they drop into a pharmacy and look at what is for sale on the shelves of those Mexican pharmacies. You will find products that are openly advertised as being cures for cancer and AIDS. Many countries, which have a much easier process, have little integrity in that process. We want to maintain that integrity to make sure the American consumers know that they still are getting the very best. I yield back my time.

Mr. JEFFORDS addressed the Chair.

The PRESIDING OFFICER. The Senator from Vermont.

Mr. JEFFORDS. Mr. President, first of all, Senator MIKULSKI will be here shortly. I would like to make a few comments before I turn the floor over to her.

With respect to the devices, as I pointed out earlier and I just want to refresh everybody's recollection, the bill that we are dealing with is 152 pages long. The matters on devices are two pages. The matters on cosmetics are four. I thank the Senator from Illinois for bringing attention to some possible problems with respect to ensuring, as we all want to ensure, that there is no conflict of interest involved with any of the companies that they will be dealing with.

I point out, first of all, that the FDA has total control over the third parties that will be allowed for the purposes of reviewing. They have total control over that. There are already regulations which propose to correct most of the problems, although a couple others have been raised, and we certainly are going to seriously consider amendments that will take care of those problems.

Let me go through the provisions right now on the existing regulations for FDA:

Can't own a device company;

Can't have any ownership or financial interest in any medical device company;

Can't participate in the development of medical products;

Can't be a consultant;

Can't prepare advice for companies; and

Fees cannot be contingent on third-party recommendation.

In addition, I emphasize that the FDA has a list of those they have examined, have gone through to make sure that they are appropriate for the purposes of assisting—assisting—FDA in coming to conclusions on these devices.

There are some protections:

Can't obtain reviews for the same product from more than one third-party organization;

Can't contract for a substantial number of reviews, like more than 10 a year, from the same review organization on different devices; and

Can't contract for reviews from the same review organization where the sum of fees is substantially like $50,000 one year when the other organizations have the same capacity.

So there are many protections now. Of course, we are very concerned, along with the Senator from Illinois, and want to make sure we have taken care of every possible situation.

With respect to the legislatures and the Governors, I will point out that the discussion in that regard has been very limited to certain provisions, but I want to enter into the RECORD a letter which came to the majority leader, Senator LOTT, from Gov. Tom Carper from the State of Delaware, chairman of the Committee on Human Resources, and Gov. Tom Ridge, the vice chair of the Committee on Human Resources. I will read that for the RECORD:

> On behalf of the nation's Governors, we are writing to express our support for swift passage of bipartisan FDA reform and a reauthorization of the Prescription Drug User Fee Act (PDUFA).
>
> Better health care for all Americans is a paramount national goal that is strongly supported by the Governors. An important component to improved health care delivery is the development and approval of safe and effective new medical technology. New therapies, for example, have the potential to improve the lives of millions of Americans and may, in many instances, reduce health care costs.
>
> The Governors also recognize that the competitiveness of the U.S. pharmaceutical, biotechnology, and medical device industries—and the hundreds of thousands of people they employ in our states—is dependent on bringing products to market safely and quickly. Constructive reform will improve the efficiency of the approval process while continuing to protect the public's health and safety.

We have the support of the Governors. They are not going to go through everything. Generally, they support what we are doing. That is why we had an 89-to-5 vote today to move forward.

I ask unanimous consent that the letter be printed in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

NATIONAL GOVERNORS ASSOCIATION,
Washington, DC, July 25, 1997.

Hon. TRENT LOTT,
Senate Majority Leader,
Capitol Building, Washington, DC.

DEAR SENATOR LOTT: On behalf of the nation's Governors, we are writing to express our support for swift passage of bipartisan FDA reform and a reauthorization of the Prescription Drug User Fee Act (PDUFA).

Better health care for all Americans is a paramount national goal that is strongly supported by the Governors. An important component to improved health care delivery is the development and approval of safe and effective new medical technology. New therapies, for example, have the potential to improve the lives of millions of Americans and may, in many instances, reduce health care costs.

The Governors also recognize that the competitiveness of the U.S. pharmaceutical, biotechnology, and medical device industries—and the hundreds of thousands of people they employ in our states—is dependent on bringing products to market safely and quickly. Constructive reform will improve the efficiency of the approval process while continuing to protect the public's health and safety.

Thank you for your consideration in this important matter.

Sincerely,

GOVERNOR TOM CARPER,
Chair, Committee on Human Resources.
GOVERNOR TOM RIDGE,
Vice Chair, Committee on Human Resources.

Mr. JEFFORDS. With that, I see Senator MIKULSKI is here. I would, therefore, yield to her such time as she may desire.

Ms. MIKULSKI. Mr. President, I thank the chairman for his leadership in bringing about not only a reform structure for FDA that preserves both the safety and efficacy of pharmaceuticals, biologics and other products that the American people utilize, but also for the fact that he has been able to move this legislation to the floor.

I also extend my compliments to Senator KENNEDY for his longstanding commitment to public health, to public safety, and at the same time being able to maintain the whole idea of developing jobs in our own country.

Mr. President, I have been working on FDA reform for a number of years. I worked on FDA reform when I was a Member of the House of Representatives on the Energy and Commerce Committee, serving under then Congressman DINGELL, where we embarked, on a bipartisan basis, to ensure consumer protection and that we did not dump our drugs that did not meet our standards on third world countries.

Coming to the Senate, I joined with my colleague from Massachusetts and the Senator from Utah [Mr. HATCH] in fashioning legislation called PDUFA, the Prescription Drug User Fee Act, which enabled a very important tool to go into place in which we could hire more people to come to FDA to examine the products that were being presented for evaluation, to be able to move them to clinical practice in an expeditious way. The leadership of

Kennedy-Hatch on PDUFA has not only stood the test of time, but has really been shown as a test for being able to expedite approval processes and maintaining safety and efficacy.

But it was clear that PDUFA was not enough, that more staff operating in an outdated regulatory framework, without a clear legislative framework, was deficient. That is when we began to consult with experts in public health, those involved in public policy related to food, particularly with drugs and biologics. And in the meantime, while we were considering all this, something came into the world which was the revolution in biology. We had gone from a smokestack economy to a cyberspace economy. We had gone through basic discoveries in science from the field of chemistry and physics to a whole new explosion in biology, which is truly revolutionizing the world, whether it is in genetics or other biologic materials. These offer new challenges to ensure their safety and efficacy, new staff and a new legislative framework.

What we then said is that we needed an FDA with a new legislative framework and a new culture. This is then when we tried to put together what we called the sensible center, working with Republicans and Democrats alike, because we certainly never want to play politics with the lives of the American people to come up with it.

Senator Kassebaum chaired the committee during this initiative. We took important steps forward. I say to Senator JEFFORDS, you have assumed that mantle, and I think you have improved on the original legislation that Senator Kassebaum had written.

I was proud to participate for several reasons.

One, I have the pleasure and the honor of having FDA located in Maryland. I cannot tell you the enthusiasm to be able to have the National Institutes of Health in Bethesda and FDA in Rockville, really looking at the life science endeavors, the ingenuity, creativity and scientific know-how, to come up with basic knowledge, to work extramurally in these wonderful institutions in Maryland, in Massachusetts, and Vermont, academic centers of excellence, to come up with fantastic new ways of saving lives and at the same time generating jobs.

Through the work, then, of Secretary Shalala and the Vice President, we did make some improvements. But we must codify those improvements. So this is where we come to today. What I like about the legislation here is that it streamlines and updates the regulatory process for new products, it reauthorized that highly successful Prescription Drug User Fee Act, and it creates an FDA that rewards significant science and evaluation while protecting public health.

Now, what is the end result of the legislation that we will pass? It will mean that new life-saving drugs and devices will get into clinical practice more quickly, and it will enable us to add products that we can sell around the world and, through this, save lives and generate jobs.

FDA is known the world over as kind of the "gold standard" of the approval of products. We want to maintain that high standard. We want to maintain its global position. At the same time, we want to make sure that FDA can enter the 21st century. This bill gets us there. It sets up a new legislative and regulatory framework that reflects the latest scientific advancements. The framework continues FDA's strong mission to protect public health and safety and at the same time sets a new goal for FDA, enhancing public health by not impeding innovation or product availability through unnecessary processes that only delay the approval.

We are considering a very important issue today. I would just like to reiterate the importance that no matter what the outcome of this bill, we must pass the reauthorization of the Prescription Drug User Fee Act. This has enabled them to hire 600 new reviewers and cut review times from 29 to 17 months over the last 5 years. If we fail to act, it means that people who have been working on behalf of the American people will get RIF notices because we have not been as quick to approve FDA reform as we have asked them to approve products that do meet the safety standard.

Who benefits from this legislation? Most of all, it is the patients. Safe and effective new medicines will be getting to the patients early. It will meet the performance standards in PDUFA, and we will be able to again provide this great opportunity for patients.

By extending PDUFA, we can make further improvements in the drug approval process. Currently, PDUFA only addresses the review phase of the approval process. Our bill expands PDUFA to streamline the early drug development phase as well. This expansion will be covered in a separate letter. This letter is very significant in how PDUFA will work. The letter includes performance goals that have been worked out between FDA and the biological and pharmaceutical industry.

What are the kinds of things that this will do that will help? Electronic submissions. It means that instead of a carload, whether it is UPS, IPS, or whatever, pulling up at FDA, with stacks and stacks and stacks of material, it can be done electronically. That not only reduces paperwork, but actually provides a more facile, agile way for the scientific reviewers to get through the data. Also, we are talking about meeting management, in other words, FDA meeting to discuss what are the appropriate protocols; reducing the response time on clinical holds; having written protocol agreements; predictable appeal processes; and reducing manufacturing supplement review times, along with some others.

These are management tools, and I cannot understand why the naysayers are saying no to this.

I want to make it clear that these goals that we are outlining should be binding on the agency. It is my intent that the letter that will accompany this legislation should be considered as a minimum, not a maximum, commitment. The agency can do better; it should by all means do better. The agency did a great job exceeding its commitments in the 1992 letter along PDUFA compliance. I am sure they can do it this time.

Updating the approval process for biotech is another critical component. Biotech is one of the fastest growing industries in our country. There are over 143 biotech companies like that in my own State of Maryland. They are working on AIDS, Alzheimer's, breast and ovarian cancer, other life-threatening infections such as whooping cough.

I know during the NIH discussion the other day we passed additional money for Parkinson's. I am proud to report that there is a biotech firm in Maryland that also has a joint venture with brilliant neurological scientists from Johns Hopkins. And we anticipate either a cure for Parkinson's—a cure for Parkinson's—or certainly the ability to stretch out the ability of people to function both intellectually and in terms of their motor skills.

You know what? That cure could very well come from Maryland. My gosh, can you understand the joy that I will have the day that I can come to the U.S. Senate and announce that we have found a cure for Parkinson's, that it is in my own home State, and that we have a pharmaceutical that can help people gripped by this devastating and debilitating disease?

That is what we are here for. We do not find the cure, but we fund the research to look for the cure. We do not invent the product; that is up to the genius of our private sector working with our scientific community. We cannot ensure the safety and efficacy of that idea to make sure it is not only a dream, but also has the ability to really work in clinical practice in a way that enhances in patients. And that is the job of FDA. But our job is to fund the research and to have the regulatory and legislative framework to evaluate it, to get it out to clinical practice. That is why I am fighting for this. This is exactly why I am fighting for this.

My dear father died of Alzheimer's, and it did not matter that I was a U.S. Senator. I watched my father die one brain cell at a time, and it did not matter what my job was. My father was a modest man. He did not want a fancy tombstone or a lot of other things, but I vowed I would do all I can for research in this and to help other people along these lines. And we can go around the Senate. Every one of us has faced some type of tragedy in our lives where we looked to the American medical and pharmaceutical, biological community to help us.

When my mother had one of her last terrible heart attacks that was leading rapidly to a stroke—there is a new drug that is so sophisticated that it must be administered very quickly. You need informed consent because, even though it is approved, it is so dramatic that it thins the blood almost to the hemophilia level. I gave that approval because my mother was not conscious enough to do it.

Guess what? That new drug approved by FDA, developed in San Francisco, got my mother through her medical crisis with the hands-on care of the Sisters of Mercy in Baltimore at Mercy Hospital. We were able to move that through. Mother did not have a stroke because we could avoid the clotting that would have precipitated it.

Thanks to the grace of God and the ingenuity of American medicine, we had my mother with us 100 more days in a way that she could function at home, have conversations with us and her grandchildren.

Do you think I am not for FDA? You think I am not for safety? You think I am not for efficacy? You bet I am. And that is what this is all about. It is not a battle of wills. It is not a battle over this line item or that line item. It is really a battle to make sure that the American people have from their physicians and clinical practitioners the best devices and products to be able to administer to save lives.

So that is what we are all about. I do really hope that we can approve this FDA reform. I am glad that we invoked cloture, not because I want to stifle debate, but I hope that for whatever ways can be done to improve the bill, let us offer those amendments on the floor, let us have a robust debate, and then let us vote on this, because at the end of next week we will make sure we have had adequate staff to be able to deal with work at FDA and an adequate framework to save lives and generate jobs.

So, Mr. President, I thank you for the time. If I seem a little emotional about it, you bet I am. I love FDA. I am really proud they are in my State. I thank God for the ingenuity of the American medical community. And I really look forward to moving the bill.

I yield the floor.

Mr. JEFFORDS addressed the Chair.

The PRESIDING OFFICER. The Senator from Vermont.

Mr. JEFFORDS. I thank the Senator from Maryland whose untiring efforts have enabled us to come forward here with an excellent piece of legislation, her undying efforts on behalf of FDA and the people of Maryland and the rest of the country to ensure that they are an effective, efficient operation and they do all that is possible and appropriate to protect the interests of others. There is no one I relied on more who has done more to bring about this bill in the shape that it is in and in a position where I feel confident that it can pass. So I thank the Senator very, very much for her effort.

Mr. President, I know of no other Members on my side of the aisle who desire to speak and I do not believe there are those on the other side, other than Senator KENNEDY.

I make a point of order that a quorum is not present for the purpose of allowing other Members to notify me if they do desire to come and speak and we will certainly accommodate them. I will wait for at least 5 minutes for a response.

I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. GRAMS). The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. JEFFORDS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. JEFFORDS. Mr. President, we have given Members time to notify us that they desire to speak. I have received no requests from my side or supporters of the bill for a presentation here. I believe the same is true for Senator KENNEDY, but I defer to him for that.

Mr. KENNEDY. Mr. President, there is a possibility of one speaker but not more than that, although I have some remarks related to the legislation which I will look forward to presenting.

Mr. JEFFORDS. My present intention is to make some final remarks myself and then to yield back the time on behalf of the majority. It is my understanding, as the Senator has said, that he intends to proceed for some time and perhaps have one additional speaker, and it is my understanding at that time that he will yield back his time. I am not concerned for the presentation of the majority because we have another 4 hours on this on Monday morning, I believe, so we will have ample time—just to reassure the majority—we will have ample time on Monday to take care of any situation which may arise.

Before I complete my remarks, I want to refresh people where we are, especially on the critical issues that have been raised by the Senator from Massachusetts. I understand there are concerned people, and I am well aware of editorials and groups who have raised issues, most of which I have found not to be relevant to the bill which we are considering. Many of those problems were related to last year's bill and we are assured the whole country has available to them the bill before us here by having it on Web pages and all. I am hopeful those groups who have expressed their deep concerns will review the legislation that is before the Senate and not make conclusions or alarm the public based upon provisions which were in the bill which did appear before this body last year but of course were not voted on.

First, I remind everyone we voted 89–5 to proceed on this legislation. It is clear that the large majority of the Members here believe and have full confidence that any problems that may exist in the bill will be taken care of. I remind everyone, as I hold this bill up, it is 152 pages long. The areas we are concerned with are two, basically. One is cosmetics. That is an area of deep concern to all of us and the present status of things without this legislation. That is four pages in the bill. There are another two pages on the problems which some see with respect to medical devices and the approval process for them. The issues there have been narrowed down to very small issues, but they are important. I do not diminish that at all.

With respect to the cosmetics, and that is where the most concern has been expressed, and rightfully so because of the present situation with respect to cosmetics, there is little or no assistance or help to the public in understanding as to whether there are problems, health problems, created by cosmetics. The industry itself has done a great deal to work within the industry to try and ensure they have adequate understanding of what the contents of the cosmetics are and they have tried to eliminate to the extent possible any potential harm to individuals. That has apparently been fairly successful.

On the other hand, the present situation with respect to governmental influence in trying to protect the public or trying to allow people to determine the safety of the utilization of cosmetics, there has really been no effort to do this which is satisfactory to us and to the American public generally. The issues are raised in a way that explain what the present situation is and make it look like that is what the bill is. That is not what the bill is. The bill is trying to take care of the concern that the public has with the present situation of not being aware or officially find ways to determine whether or not cosmetics are harmful.

What the bill does is to say not only should the FDA get into this and reassure the public on cosmetics but that they should do that with an eye toward uniformity so that if you buy something in Vermont it does not tell you one thing and you find if you buy it in California, something else, or other places have no warnings. You do not have any way to judge if the product you may be using is one that is safe.

Now, the States have had authority to move into this area and thus to point out that this will somehow interfere with the States. You have to remember they have had this authority forever, I guess, and only one State has taken it upon themselves to really do anything in this area to try and solve the problem—not the best of ways, to determine what cosmetics are good or bad for your health.

What did we do? We said, "OK, California, fine, we will not get involved with preempting you with respect to your laws that are on the books. We will allow those laws to stand. The FDA can work around that." But on the other hand, we will tell the other States that you are free, too, unless the FDA has moved in on those specific products and has made a determination and has exercised its authority, in which case you would be preempted.

Now, that leaves a narrow problem we are dealing with and is one of the reasons, perhaps the only reason, we are here, and that is suppose a State should say no, not only is that cosmetic going to cause possibly skin cancer, it may also cause blood poisoning, and the FDA only includes skin cancer. Can we not tell our people they should be protected against blood poisoning? We have not quite resolved that. It does not seem irresolvable to me or make the bill horrible because I have that much confidence in the FDA.

With respect to the devices, again, that is two pages of the bill. With respect to that, it gets down to another problem for the industry, and that is, when they have a device and they say we have studied it and this is the intended purpose of that device and the studies have gone on and it shows it is effective and safe for this purpose, FDA says, yes, but there may be some other uses of that, so we want to do studies on all possible uses of that device. The industry says, well, wait a minute, it is being produced for this purpose, being sold for this purpose, intended for this purpose; we should not have to run all these studies on other things that somebody dreams it may be used for.

The issue of tobacco has been raised. We were concerned, also, that the tobacco devices—I don't know what they might be, but obviously filter-type things, or whatever else, I don't know. Anyway, we were concerned about that. So, first of all, we asked the CRS as to whether or not the bill, as presently drafted, in the device areas would in any way allow tobacco devices to be sold out from under the bill and, therefore, create problems and a very serious situation in tobacco. I have the CRS study that was done.

I ask unanimous consent that this be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

CONGRESSIONAL RESEARCH SERVICE,
THE LIBRARY OF CONGRESS,
Washington, DC, September 4, 1997.

To: Senate Committee on Labor and Human Resources, Honorable James M. Jeffords, Chairman.

Attention: Jay Hawkins.

From: American Law Division.

Subject: Discussion of Possible Effects of Sections of S. 830, the "Food and Drug Administration Modernization and Accountability Act of 1997," On FDA's Ability to Regulate Tobacco.

This memorandum responds to your request for an examination of various claims and the effect that certain provisions of S. 830, the "Food and Drug Administration Modernization and Accountability Act of 1997,"[1] may have on FDA's current authority to regulate cigarettes and smokeless tobacco products. Specifically, you are concerned with provisions of S. 830, as reported out of the Senate Committee on Labor and Human Resources, that may interfere with FDA's ability to regulate these products or have serious, unintended consequences. Two memoranda by different commentators have been prepared and have examined S. 830's provisions as they may relate to the FDA's regulation of cigarettes and tobacco.[2] The following highlights and discusses the main provisions of S. 830 that were discussed in the two memoranda and concludes that it would not appear that S. 830, in its current form, would interfere substantially or negatively with the FDA's tobacco authority. To a certain extent, this discussion is speculative considering that a hypothetical new cigarette product is discussed herein and that a new product application is not pending or known to be the focus of this inquiry.

RELEVANT PROVISIONS OF S. 830 AND DISCUSSION

Section 404 of the bill, as reported out of full committee, would amend the Federal Food, Drug, and Cosmetic Act (FFDCA)[3] and provides, in pertinent part:

"Consideration of labeling claims for product review.

"404(a) PREMARKET APPROVAL . . . In making the determination whether to approve or deny the application, the Secretary *shall rely on the conditions of use included in the proposed labeling as the basis for determining whether or not there is a reasonable assurance of safety and effectiveness*, if the proposed labeling is *neither false nor misleading*. In determining whether or not such labeling is false or misleading, the Secretary shall fairly evaluate *all material facts pertinent to the proposed labeling.*"

"404(b) PREMARKET NOTIFICATION . . . Whenever the Secretary requests information to demonstrate that the devices with differing technological characteristics are substantially equivalent, the Secretary shall only request information that is necessary to make a substantial equivalence determination. . . . The determinations of the Secretary under this section and section 513(f)(1)[Initial classification and reclassification of certain devices] with respect to the *intended use of a device shall be based on the intended use included in the proposed labeling of the device* submitted in a report under section 510(k) [of the Act]."[5]

Section 404(a) of the bill relates to agency action on an application for premarket approval of a device intended for human use.[6] This section of the bill primarily relates to the classification of devices, findings of substantial equivalence to prior approved products, and, premarket notification requirements under 510(k) of the Act. With reference to 404(a) and (b) of S. 830, several concerns and responses were raised in the commentators' memoranda. Regarding 404(a), Mr. Westmoreland asserts that the bill may limit the Secretary's ability to determine whether there is a "reasonable assurance of safety and effectiveness" if the Secretary's evaluation for approval is tied only to "conditions of the use included in the proposed labeling" of the product.[7] This concern is raised in light of the tobacco industry's history of dealing with the agency, consumers, and others. The commentator notes that, hypothetically, the manufacturer could develop a cigarette that reduces nicotine intake levels and state on the proposed labeling that the product is for occasional consumption, weekend use, or once-a-week use. Under this scenario and the language of 404(a), he claims that the Secretary would assess safety and effectiveness only in light of the proffered "conditions of use", when in reality, addicted smokers would most likely consume many more cigarettes than the occasional one or two. Under this scenario, the memorandum states, "the FDA may be required to approve the product as safe (inasmuch as there are probably few data about smoking once a week.)[8]

The question is raised whether this provision would reduce or negatively interfere with the FDA's authority and result in the approval of a cigarette that would have the agency's imprimatur of "safe and effective" for the conditions of use listed on the label. By way of background, the FDA currently regulates cigarettes as delivery devices and nicotine as the drug in the device under the Act, recent rulemakings and other relevant statutes. The agency has been granted broad statutory and regulatory authority, as well as a great degree of agency discretion, when evaluating an application for approval of a device or drug, particularly in light of strong public health concerns.

Section 404(a) does appear to limit the Secretary's examination to the proposed label, to a certain extent, however, it provides an exception for "false or misleading" labeling and authorizes the Secretary to "fairly evaluate all material facts pertinent to the proposed labeling." This exception is bolstered further by other important provisions of the FFDCA. The Act currently defines "label" to include a display of written, printed, or graphic matter upon the immediate container of the article and defines "labeling" to include all labels and other written, printed or graphic matter upon any article or its containers or wrappers or accompanying such article.[9] Additionally, under the misbranding provisions of the Act, an article may be deemed misbranded because the labeling or advertising is misleading. When determining if the labeling is misleading, the Secretary shall take into account, "among other things", not only representations made or suggested by statement, word, design, etc., "but also the extent to which the labeling . . . fails to reveal facts material in light of such representations or material with respect to consequences which may result from the use of the article to which the labeling . . . relates under the conditions of use as are *customary or usual*."[10]

Additionally, section 515(d) of the Act currently authorizes the agency to deny the approval of an application if, "upon the basis of the information submitted . . . and any other information before [the Secretary]," that "based on a fair evaluation of all material facts, the proposed labeling is false or misleading in any particular."[11] Thus, even

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Footnotes at end of article.

though current law does constrain the Secretary to "conditions of use on the proposed labeling", much in the same manner as S. 830, other relevant provisions grant the Secretary authority and discretion to examine other material facts and information when evaluating the product application. This permits the agency to view different facets of the product, the manner in which it is commonly used, the presence of misleading or false information on the label, or the absence of appropriate information.

When viewed in the context of the agency's broad statutory and discretionary authority under the FFDCA, it would appear that section 404(a) of the bill would not necessarily confine the FDA to look only at the label thereby compelling the agency to make a favorable decision on a product like the hypothetical new cigarette offered for "occasional use." Relying on its statutory authority and recognizing its mandate to protect the public health, the agency would most likely evaluate the new product for safety and effectiveness by considering numerous issues it considers material. Thus, the agency would not necessarily be confined to a narrow reading of only the proposed labeling. Although this approach may be objectionable to some, it is likely that the agency would examine material issues beyond the proposed labeling, particularly in light of the scientific data that indicate the addictive nature of cigarettes, especially for young people, and the debilitating, serious health effects of cigarette ingredients and smoking. While the intent of 404(a) seems to be aimed at limiting or confining the agency to a certain degree and clarifying rules of procedure[12], it does not appear that this section would operate in a vacuum and result in a catastrophic, unintended consequence involving cigarettes or tobacco products.

Section 404(b) of the bill focuses also on the label but presents slightly different issues that involve the classification of devices[13] and the finding of "substantial equivalence" between a new device and a device already on the market, i.e., predicate device.[14] This subsection would amend section 513(1)[15] of the Act by adding new provisions relating to what types of information the Secretary may request to demonstrate that devices with differing aspects are "substantially equivalent" to a product already on the market. To generally explain, current law provides that any device intended for human use that was not introduced into interstate commerce for distribution before the date of enactment is classified in class III (triggering high risk controls) unless (1) the device (a) is within a type of device (i) which was introduced into interstate commerce before the enactment date and which is to be classified under 515(b) [classification panels] or (ii) which was not introduced before such date and has been classified in class I or II *and* (b) is "substantially equivalent" to another device within such type *or* (2) the Secretary, in response to a petition, has classified the device as class I or II. In sum, under current law all devices are class I, II or III, however, the manufacturer can petition to have its product placed in class I or II.

Examining the text of section 404(b) of the bill (see above), the thrust of the provision appears to be that the Secretary, when requesting certain information concerning substantial equivalence, must request only the amount of information that is necessary to the decision and is the least burdensome to the manufacturer. Among other things, this provision would operate during the agency's assessment of substantial equivalency and classification for controls. Section 404(b) would appear to limit the Secretary's inquiry concerning "intended use" of the device, and ultimately substantial equivalency, to only information of intended use that the manufacturer includes in the proposed labeling (submitted in a report under 510(k) of the Act.) At the same time, this provision appears to be aimed at lifting perceived information and demonstration burdens borne by manufacturers.

The question has been raised whether 404(b) is constructed in such a way that it, albeit unintentionally, could limit the FDA's authority to regulate cigarettes, tobacco, and nicotine by limiting the agency's decision only to the intended uses listed on the proposed label. Mr. Westmoreland raises the concern that clever labels and such a restricted authority might pave the way for cigarette products to enter the market, with less stringent controls, having (apparently) met the tests for safety and effectiveness. The commentator states, "Under the terms of subsection (b), the FDA would not be allowed to look behind the conditions of use. Consequently, a cigarette manufacturer with a clever proposed statement of use may be able to force the FDA to classify or reclassify the cigarette as an approved Class I or Class II medical device with relatively few controls."[16]

Under the bill, to a certain extent, the Secretary would be required to make the relevant determination based on the "intended use included in the proposed labeling."[17] However, the result proposed by Mr. Westmoreland may be unlikely since the hypothetical product would need to have the same intended uses as the predicate device upon which the claims of substantial equivalence are based. Current law provides that substantial equivalence means that the device has the same intended use as the predicate device and that the Secretary by order has found that the device (i) has the *same technological characteristics* as the predicate, or (ii) has *different technological characteristics* and the information submitted that the device is substantially equivalent to the predicate contains information, including clinical data if deemed necessary by the Secretary, that demonstrates that the device is safe and effective as a legally marketed device and does not raise *different questions* of safety and efficacy that the predicate device.[18]

The more likely scenario would be that based on the prongs of the substantial equivalency test, the agency would not find substantial equivalence to a predicate device that had different characteristics or raised different questions without the requisite supporting data. And, under the Act, in most cases, a new or the hypothetical product would be automatically classified in class II.[19] A new type of cigarette that, say, reduces nicotine levels or has a unique filter, could very well have "different technological characteristics" that would probably not give rise to a finding of substantial equivalence. Thus, under this prong of the substantial equivalent assessment, the agency would not be overly confined in its judgement. In the context of cigarette and tobacco issues, S. 830 could potentially, but would not appear to affect drastically these determinations by the FDA.

The FDA's final tobacco rule and explanatory statements in the *Federal Register* shed some light on the FDA's view of "intended use" for tobacco products. In the "label" section of the rule, the FDA requires that each cigarette or smokeless tobacco package that is offered for sale, sold or otherwise distributed shall bear the following statement: "Nicotine-Delivery Device for Persons 18 or Older."[20] The explanatory statement that accompanies the final rule indicates that initially, in the proposed rule, the agency indicated that it would exempt these products from the statement of identity and labeling for intended use. However, based on comments received, FDA reconsidered and concluded that it is appropriate to require that the intended use statement noted above must appear on the label. The FDA stated that as with all over-the-counter devices, cigarettes are required to bear the common name of the device followed by an accurate statement of the principal intended action/s of the device. "As over-the-counter devices, cigarettes . . . are legally required to comply with this provision."[21] To reflect the "permitted intended uses" of these products, the agency requires the statement: Nicotine Delivery Device for Person 18 or Older. The agency stated further: "The statement of intended use, in essence, incorporates the statement of one of the principal restrictions FDA is imposing on these products.", i.e., restrict and eliminate youth smoking.

These agency statements tie in with what are considered "adequate directions for use" of the products. The FDA acknowledged in the final rule that it is very difficult to establish adequate directions for use for cigarettes and smokeless tobacco, primarily because of the inherent nature of the products, their addictiveness, the numerous hazards associated with their use, and because the behavior of each user, e.g., depth of inhalation, duration of puff, whether the filter holes are covered, length of time in mouth, determines the amount of tar and nicotine delivered to the user from the device. The FDA has stated:

"Tobacco products have a very long history of use in this country, and they are one of the most readily available consumer products on the market today. Consequently, the way in which these products are used is common knowledge. FDA believes that the public health would not be advanced by requiring adequate directions for use. . . . In the agency's view, the warnings mandated by the Cigarette Act and the Smokeless Act satisfy this requirement. Additionally, the Surgeon General's warnings provide information warning against use in persons with certain conditions, i.e., pregnant women."[22]

The FDA has chosen to regulate tobacco products as "restricted devices" under section 520(e) of the Act and is authorized to require that a device be restricted to sale, distribution or use only upon the written or oral authorization of a practitioner licensed by law to administer or use such device or *upon such other conditions as the Secretary may prescribe in regulation* if, because of its potentiality for harmful effect or the collateral measures necessary to its use, the Secretary determines that there cannot otherwise be reasonable assurance of its safety and effectiveness. Moreover, as a restricted device, the label of the product shall bear "appropriate statements" of the restrictions required by regulations under the noted paragraph as the Secretary may prescribe.

Returning to section 404(b), the current text would not appear to obviate or reduce the agency's authority in a manner that would ensure that the hypothetical cigarette product (for occasional use) would reach the market with little controls or by default. The agency could utilize the full range of its authority, briefly discussed above, with regard to the test for substantial equivalency, classification or reclassification of these products, as well as the enforcement and definition sections of the FFDCA. Moreover, the agency has been granted additional authority reserved for restricted devices under section 520.

Section 604 of the bill as reported raises similar issues regarding the Secretary's authority and discretion to evaluate a product and assign its classification. Mr. Westmoreland's memorandum indicates that this section, operating with section 404(b) of the bill, may limit the Secretary's authority and force the agency to rely only on the manufacturer's statement of intended conditions of use when classifying or reclassifying the product. In brief, this section allows manufacturers who have a class III designation to request the agency to reclassify the product to less stringent control levels, e.g., class I or II. The Secretary then has 60 days to respond to the request. Based on the foregoing and the current provisions of the FFDCA, the view expressed by the second commentator would appear to be the more likely scenario. The FDA would not be limited to the proposed labeling and would employ what it considers to be the appropriate evaluation of safety and effectiveness for class designation.

Additionally, the concern was raised that the bill, particularly section 402, may interfere with the FDA's regulation of "combination products", e.g., a combined drug and device product. This is raised in light of the fact that the FDA intends to regulate, and is regulating, cigarettes and smokeless tobacco products as combination products whereby the nicotine is the drug and the cigarette is the delivery system and device. The bill would establish a procedure for the FDA when assigning the product is appropriate designation, e.g., drug, device biologic, etc., thereby placing it within the proper sphere or center for regulation within FDA's structure. Many features of the bill are currently being performed via inter-center memoranda of understanding of FDA. Section 402 does not expressly state a person may request the designation of combination product. Further drafting attention may be merited to add that clarity, however its absence would not appear to remove that authority from FDA's powers. Under current law and policy, the FDA is authorized to designate and regulate combination products and assign the product to the appropriate center for its primary regulation. More express language may be desirable in order to remove any hint of ambiguity and to avoid some unintended or unforeseen consequences.

CONCLUSION

Based on the foregoing analysis and the current text of S. 830, it appears that the bill would not interfere with or lessen the agency's authority to regulate tobacco products by the agency. Current provisions of statutory and regulatory law upon which the FDA basis its jurisdiction to regulate tobacco, would continue to be viable and would appear to support the FDA's actions regarding these products. The two memoranda raise valuable insights by discussing and relating various sections of the law so that a more clear understanding is gained. However, it is reasonable to conclude that the highlighted provisions of S. 830 would not appear to operate in a manner that would reduce the agency's tobacco authority in a weakening manner. Although some issues await judicial resolution, the explanatory statements that accompanied the proposed and final tobacco rules issued by the agency, as well as other subsequent analysis indicate that the provisions of the law upon which the FDA bases its jurisdiction, would continue to support, as least at this point the FDA's regulatory actions governing cigarettes and smokeless tobacco products. Notwithstanding some unforeseeable circumstance, S. 830, in its current text, would not appear to alter drastically that approach. Finally, in addition to any drafting changes or clarifications of text, further explanation of congressional intent regarding these sections or the bill in its entirely may be included in report language, in order to guide a legal challenge in which the court might be called upon to discern the intent of the law, if enacted.

DIANE T. DUFFY,
Legislative Attorney,
American Law Division.

FOOTNOTES

[1] As ordered to be reported by the full committee.

[2] Memorandum of Tim Westmoreland, July 23, 1997 and memorandum of an unknown or undisclosed source.

[3] 21 U.S.C. §§301 *et seq.*

[4] Emphasis added.

[5] In the text of S. 830 supplied to CRS, there is additional handwritten language added to the end of 404(b) which reads". . . provided however that nothing in this paragraph shall prohibit the Secretary from determining that a device is not substantially equivalent to a predicate device within the meaning of paragraph (A)(ii)." This language does not appear to be included in the reported-out version of the bill, according to text in Sen. Rept. No. 105-43. However, I have included it here because it was included in the text supplied to CRS and also because it may benefit your examination of these issues.

[6] Section 404 proposes to amend section 515(d)(1)(A) of the FFDCA.

[7] Westmoreland memoranda, pp. 1–3.

[8] Westmoreland memorandum, p. 2.

[9] FFDCA, section 201 [Definitions].

[10] Id. Regarding the "customary and usual" phrase, even if one argued that a new cigarette product could be introduced where the "customary and usual" use would not be apparent, the agency has stated in the final tobacco rule issued in the *Federal Register*, the tobacco products have a very long history of use in this country and "the way in which these products are used is common knowledge." 61 Fed. Reg. 44464 (Aug. 28, 1996).

[11] FFDCA, section 515(d)(2).

[12] Title IV of the bill is entitled, "Improving Certainty and Clarity of Rules."

[13] Devices are classified according to risk and then subject to various controls. For instance, class I trigger general controls; class II products present more risk to the user and are subject to tighter controls; class III present the highest risk and are subject to the most stringent controls on the products. The FDA stated in the final tobacco rule that it would apply the general controls provisions of the Act to cigarettes and smokeless tobacco, including restrictions on their distribution, sale, and use under section 520(e) of the Act governing restricted devices. These controls will be in place while the agency's decision on classification is pending. The FDA will, in a future rulemaking, classify cigarettes and smokeless tobacco in accordance with section 513 of the Act. "In the meantime, the general controls will apply." 61 Fed. Reg. 44464 (Aug. 28, 1996).

[14] In brief, the finding of substantial equivalence permits the device to be marketed without going through the longer, more stringent premarket approval process for new devices.

[15] Section 513(i) relates to substantial equivalence in classification and reclassification of devices into categories I, II and III. This section also references section 520(l) that relates to transitional provisions for devices considered as new drugs or antibiotics.

[16] Westmoreland memorandum, pp. 3-4; [footnote omitted].

[17] This hypothetical again would involve the reduced nicotine cigarette that is labeled for once-a-week use or occasional use.

[18] Act, section 513(i). The Act defines "different technological characteristics"' to mean that there is a significant change in the materials, design, energy source or other features of the device from those of the predicate.

[19] However, the agency's current classification of cigarettes is class I pending a rulemaking and final articulation of what class of controls these products will be under.

[20] 61 Fed. Reg. 44617 (Aug. 28, 1996).

[21] 61 Fed. Reg. 44464 (Aug. 28, 1996).

[22] Id.; citations omitted.

Mr. JEFFORDS. This clearly sets out that, in their opinion, it would appear that, in its current form, our bill would not interfere or substantially negatively affect any of the FDA tobacco authority.

In addition to that, just to be double and triple sure, we, in the bill, say it can't apply to tobacco and that the FDA has full authority in the tobacco area. So that is why we got the 89 to 5 vote today. Yet, I certainly commend the Senator from Massachusetts, and others, who want to make darn sure that we are really doing the job we think we are doing. I appreciate that and I think it is healthy. The harder that Senator KENNEDY fights, the more the public will be aware of that, and I hope we have as good a vote this time.

Mr. President, with that, on behalf of the majority, I will yield back the time that we have today, except that I will provide the Senator from Minnesota 5 minutes at his disposal, at such time as he is appropriately available to make a statement. I would be happy to make that time available for the Senator.

Mr. GRAMS. Mr. President, I rise today in support of S. 830, the Food and Drug Administration Modernization and Accountability Act.

While this legislation covers many areas under the FDA's jurisdiction, as chairman of the Medical Device Caucus, I want to focus primarily on the provisions relating to the regulation of medical devices.

The medical device industry is an important asset to Minnesotans. I am proud to say that many of the world's leading and most innovative medical device companies call Minnesota home. In fact, there are over 500 medical device manufacturers in Minnesota.

In my State, the medical device industry has created more than 16,000 manufacturing jobs. Minnesota ranks fifth nationally in total employment for medical devices—and since 1988, the number of medical device manufacturing jobs has grown faster in Minnesota than in the rest of the Nation. In 1994 alone, 53 new medical device companies were created in Minnesota.

Yet, despite all the successes, there are significant hurdles the industry must clear in order to succeed in the increasingly competitive global marketplace.

Medical device manufacturers face incredible barriers that too often prevent them from marketing new products, creating jobs, researching and developing the latest technologies, and most tragically, from providing U.S. patients the best medical technology in the world.

Mr. President, it is easy for debates on reforming or modernizing the FDA to develop into an FDA bashing session which does nothing to persuade or accentuate the positive results of suggested changes made in the FDA reform measure, S. 830.

I want to be very clear: The individuals charged with ensuring the safety of medical devices, drugs, biologics, food, and cosmetics are good people, trying their best to do a difficult job. The pace at which new technologies are introduced in the medical community is staggering—and at best, difficult to keep up with.

This legislation will give the FDA the tools they need to keep pace with technology and ensure the safety and effectiveness of drugs, medical devices, food, and cosmetics well into the 21st century.

I would like to thank the Labor and Health and Human Services Committee for drafting what is a well-balanced and meaningful FDA modernization package in addition to reauthorizing the Prescription Drug User Fee Act.

The User Fee Act has proven itself as an example of how an agency and an industry can work together to bring highly regulated products to the market more quickly and more efficiently—without sacrificing safety.

However, the regulatory burdens imposed on the medical device industry have had a chilling effect on the industry and its customers—the patients. As a result of regulatory delays, device manufacturers are falling behind their foreign competitors or moving their production and development overseas.

While approval of devices in Europe takes only 6 to 8 months, the same device can be caught up in the regulatory process for years here in the United States. What this means is that Europeans have access to the most up-to-date technologies while patients in the United States are forced to wait.

If this continues, we will not be able to claim that the United States has the world's best health care for very much longer.

Many will say we need a strong FDA. I agree. I would argue, however, that far too many Americans have become victims of the Government's bureaucracy because they were denied access to devices which have been available and safely used in Europe for years.

We can no longer allow ourselves to perpetuate out-of-date rules and regulations which ultimately harm the patient, nor can we allow those same rules and regulations to force American jobs, technologies, and health care overseas.

The FDA Modernization and Accountability Act is a solid piece of legislation which will ensure American patients' access to the most advanced medical devices as well as create jobs and strengthen the economy.

I urge my colleagues to support this important legislation.

Mr. President, I understand that there are no other speakers on our side of the aisle wishing to come to the floor and talk about the subject today. So, on behalf of the manager of the bill, the Senator from Vermont, and the majority, I yield my time and the remainder of the majority's time.

Thank you.

Mr. KENNEDY. Mr. President, I wonder if the Senator would yield for a question on my time?

As I understand, Minnesota has passed a hazardous product labeling bill requiring warning of all products that are ignitable, corrosive, reactive, or toxic, and that that this legislation will effectively be preempted—Minnesota's passage of that particular legislation.

I was just interested in the Senator's reaction to that. That has been a judgment made in Minnesota by Minnesotans and passed by their legislature, is now current law, and has not been grandfathered into this legislation. It effectively would be eliminated.

Mr. GRAMS. I would have to defer to the author of the bill and to the Senator from Massachusetts. I am not aware of the details of that. I would have to look that up to understand it fully.

Mr. KENNEDY. I thank the Senator. I think we had earlier comments by our chairman, which we welcome, about the fact that California has been able to be grandfathered in and they will have the protections. But Massachusetts, my State, is about to pass this legislation. The people of my State of Massachusetts are concerned about the public health of citizens in that State, and want to provide the protection for those people. The action here in this legislation, as it is prepared, will basically wipe out those protections.

I have been on this floor so often and have heard that we want to get away from the Washington solution to these problems, that what we want to do is get away from this one-form-fits-all solution; what we want to do is let the States make judgments and decisions. And here we are writing legislation that is going to preempt States from taking action in the future. We grandfather in one State, California, but are denying any other State the opportunity to take action.

I find that very difficult to understand, or to be able to accept.

(Mr. JEFFORDS assumed the chair.)

Mr. KENNEDY. I will give my assurance that if there is a Senator on the other side coming over here on the floor and wants some time, we will be delighted to make sure they have an opportunity to do so.

Mr. President, again, I thank my friend and colleague from Vermont. We have worked long and hard on this issue, although there are areas where we do have differences, and I mentioned those here today. It is very important. It doesn't negate the point of the substantial progress that has been made on a wide variety of different matters, which we all believe will make a difference in terms of the health of the American people.

Mr. President, I want to just, first of all, address and respond to some of the comments made by my friend from Indiana, Senator COATS, about the FDA, come to their defense because it was a rather blistering assault on the FDA. I have heard those comments made by the Senator on previous occasions. But as we are here on the floor of the U.S. Senate, I want to say a few words about the FDA and where it is now. Perhaps those comments might have been relevant some years ago. I don't believe that they are relevant today.

Out of fairness not only to the men and women that work at FDA day-in and day-out and toil to protect the American consumer because the protection for the American consumer sets an example for the rest of the world, and for the agency itself, and for respect for that agency, I would like to point out that there are few more important agencies of the Federal Government than the Food and Drug Administration. The FDA is responsible for assuring that the Nation's food supply is pure and healthy. The FDA provides a guarantee that the drugs and devices we rely on to cure and treat diseases are safe and effective. It does its job.

The FDA can speed miracle drugs from the laboratory bench to the patients' bedside. If the agency does its job poorly, it can expose millions of Americans to unsafe devices and medical products and jeopardize our food. I think even the most zealous supporters of the FDA recognize that there have been troubles in the past. But we would also recognize there has been the sincerest effort to address those deficiencies in the past. To listen to some of the speeches we have heard on the floor today, you would think that the FDA was a regulatory dinosaur, mired in the past, cumbersome and bureaucratic, imposing unnecessary and costly regulatory burdens on industry and denying patients speedy access to lifesaving drugs. That is a myth. Those who want to destroy the FDA in the service of an extreme ideological agenda, or in the interest of higher profits at expense of patients' health, would love you to believe that. But it isn't true.

The FDA's regulatory record is the envy of the world. It sets the gold standards for the protection of patient health and safety. The agency's recent performance under the leadership of former Commissioner David Kessler and the Clinton administration represents a model of how to transform the regulatory process so that it is more flexible, responsive, and speedy, while maintaining the highest standards of patient protection. Indeed, a large number of the positive elements of this legislation simply codify or extend actions the agency has undertaken administratively.

The landmark PDUFA reauthorization contained in this bill was essentially negotiated by the agency and the industry, working collaboratively with the bipartisan efforts here in the Senate and in the House of Representatives. I welcome the chance to work closely with Senator HATCH in the passage of this legislation to improve the review process.

In recent years, in partnership with Congress and the administration, FDA has responded to growing criticisms of delay in approving new products by taking impressive steps to improve its performance. The PDUFA Act of 1992 was one of the most effective regulatory reforms ever enacted. The bill established a new partnership between the agency and the industry. The industry agreed to provide additional resources and agreed to measurable performance standards to speed the review of products. This was unique instance where, in receiving the additional funding, they established criteria to be measured by over a period of time and those were strict criteria and a strict challenge. Every goal set by the legislation has not only been met, but it has been exceeded.

Today, the FDA is unequaled in the world in its record of getting new drugs quickly to market without sacrificing patient protection. In fact, last year, the average review times in the United States were twice as fast as in Europe. Fifty new drugs were approved in both the European Union and in the United States. In 80 percent of the cases, the United States approved the new drugs either first or at the same time as the European Union. More companies chose the United States for the introduction of breakthrough drugs than any other country.

In addition, to speeding the review times, the FDA has taken far-reaching steps to reduce unnecessary regulatory burdens on industry and modernize its regulatory process. More needs to be done, but these steps have added up to a quiet revolution in the way the FDA fulfills its critical mission. When PDUFA was originally passed, the device industry refused to agree to user fees that would give the FDA the additional resources and performance standards that have contributed to so much to the agency's outstanding record on drugs and biologics.

I remember the negotiations. They were unsatisfactory, regrettably. But even in the device area, the FDA's recent achievements have been impressive. The so-called 510(k) applications, devices approved based on their substantial equivalence to a device already on the market, accounts for 98 percent of all the device admissions. FDA has now essentially eliminated its backlog. Last year, it reviewed 94 percent of these devices within the statutory timeframe, compared to only 40 percent just 4 years ago.

Even in the area of class 3 devices, where the most problems remain, the FDA has improved its performance substantially. According to a study by the General Accounting Office, median review times dropped 60 percent between 1991 and 1996. In a recent survey of device industry executives reported that the business climate for the industry is in the best shape in the 5-year history of the survey. I introduced that in the RECORD in our markup. The industry publications are virtually uniform in terms of the progress that has been made and the atmosphere that has been created and the current very positive atmosphere. The sponsor of the survey attributes this favorable response in large measure to improvements at FDA and concludes that the agency has not only reduced the delays to allow new products to be introduced but, more importantly, has also greatly reduced executives' and investor's uncertainty about the timeliness of future product introductions.

So, Mr. President, the FDA must continue to improve many of the provisions in this legislation. The idea that the reforms in this legislation must be passed at whatever cost, because the agency is doing a bad job, is simply incorrect.

Now, Mr. President, I want to just return to what I consider the most troublesome part of our legislation. We have had very important discussions and representations by our colleagues and friends, the Senator from Rhode Island, Senator REED and Senator DURBIN, on particulars of the legislation, which I think need further attention. In my remaining time here, I would like to talk again about the whole issue of protection of the health and safety of the American consumer as it relates to cosmetic products. That is the most egregious and, I believe, unjustified provision in the bill, which would effectively cripple consumer protections by preempting State regulations on cosmetics.

I note for the RECORD that these provisions, as I mentioned, were not in the chairman's mark, they were not the subject of significant hearings, and they have no place in the bill, whose primary purpose is to reauthorize the Prescription Drug User Fee Act. That is the principal purpose of the bill, the reauthorization of that program and to try and accept these adjustments, incorporate into the law some of the measures which have been so successful administratively by the FDA. And also to incorporate the great majority of the measures which have been included in the bill that relate to pharmaceutical products and device products.

If the Congress were earnest about addressing over-the-counter drug and cosmetic regulation, it would have undertaken a serious and detailed inquiry into the regulatory structure and authorities which assure that consumers are adequately protected before even remotely contemplating the possibility of preempting active and essential State protections.

The preemption of cosmetic regulation is especially outrageous and shows a callous disregard for the health of American men, women and children. Cosmetics are broadly used by Americans, far more broadly than prescription drugs and medical devices and biological products.

Mr. President, I want to mention why we find ourselves where we find ourselves today and why this issue is of such importance. I have here the testimony of Commissioner Young from some years ago, 1988. It points out that Congress, in 1938, recognized the public health problems associated with cosmetics and addressed them in the laws they enacted based on the science available to them. But science and the cosmetics industry have changed. In 1938, at most, only a few hundred ingredients were used to formulate cosmetics, and the industry was small in numbers of manufacturers that marketed products. Today, tens of thousands of cosmetics are in distribution, and the number of ingredients used has risen to an estimated 4,000 for producing a multitude of base formulation in equal number for compounding fragrances. Regulatory sciences have also progressed. When the law regulating cosmetics was enacted in 1938 the science was based on a less sophisticated concept for evaluating the safety of chemicals used on the skin. If you saw a reaction, you treated it; then avoid it. Today, science can take into account the effects produced under chronic long-term exposure to trace contaminants in addition to acute toxic effects, such as immediate skin irritations, contact allergic reaction, systematic reaction resulting from inhalation and ingestion. In 1938, the skin was considered to be an impenetrable barrier to cosmetics or other substances.

As the number of ingredients and products has multiplied through scientific and technological innovation, our ability to measure minute amounts of residual contaminants and unwanted substances also has taken a quantum leap. At the same time science has developed more precise ways to assess risk, taking into account relevant factors such as use and exposure over a lifetime.

(Mr. GRAMS assumed the Chair.)

Mr. KENNEDY. Mr. President, I was pointing out how the change in the complexity of the different products had taken place from 1938 and the number of products that were out there; the number of potentially dangerous products that were out there and the progress that had been made from the time when there were only a few hundred of them; back to 1938.

Listen to what we have now at the present time. This is according to the Food and Drug Administration and the studies that have been done. The number of cosmetic ingredients in the industry's own inventory is over 7,500. The industry has been adding new ingredients at a rate of 1,000 per year for the last few years. Virtually none of these ingredients have been properly tested for safety. The industry's safety review process has reviewed only 450 of the most commonly used cosmetic ingredients. That is about 20 a year. At this rate, even using the industry's own process, it will be many years before new ingredients are considered for safety.

So the sheer number of cosmetic ingredients in products makes safety assurance difficult. And most adverse reactions for cosmetics are immediate burns or irritation—long-term effects which do not show up for many years, such as cancer or reproductive effects are even more difficult to determine. They require special studies designed to measure this risk, while many ingredients are studied for only short-term effects when they are added to products. Risk of cancer or reproductive effects are not available for the vast majority of cosmetic ingredients.

Mr. President, we have been talking here this morning and this noontime about the authority and responsibility of different agencies. We have been talking about the power of the States. We have been talking about rules and regulations. But, when we are talking about health and safety, we are talking about real people.

Let me give you the kinds of examples that we are dealing with.

A woman from Santa Rosa—this is 1995, April 22—complained about an acrylic product which is for nails. She had the product applied to her nails. The product burned, and the cosmetician tried to remove it. Since the incident, six of her nails have fallen out.

That was according to the California Department of Health Services, in April 22, 1995.

Here is another one.

On her 29th birthday, a woman from New Jersey was supposed to retire from the career she loved. She was a hairdresser for 11 years until a series of ailments, including difficulty breathing, burns in her sinuses and severe headaches prompted her to quit in August 1985. Her doctors had concluded that the beauty products she used on the job led to her medical problems. She had no idea what was actually in the products which she used in her beautician job. Lack of labeling is neither unusual nor illegal, although cosmetic manufacturers are required to list ingredients containing products sold to consumers. They need not do so for products sold for use only by professionals.

Another case is Carolyn, a secretary from Rockville, MD. She arrived at a wedding shower and realized the permanent she had received at a beauty salon the day before resulted in a red swollen, face. Carolyn's is a case of cosmetic contact dermatitis, also known as acute allergic inflammation of the skin caused by contact with various substances found in cosmetics, including materials used by the hair stylist. This is a case that was reported to the FDA.

A 33-year-old housewife consulted her dermatologist because of inflammation of her hands, face, and neck. She had experienced two similar episodes earlier in the year. After the skin properly healed, the physician determined through appropriate testing, that Swedish formula lotion had caused the adverse reaction.

A telephone company supervisor was hospitalized after a 2-year history of chronic irritation of her eyelids. She received a variety of topical medications without relief. Her contact history revealed a long list of cosmetic eye drops, and multiple spray perfumes. All the cosmetics were removed from her hospital environment, and after her skin healed, patch testing showed lanolin in her creams—lanolin in her creams—was causing her condition.

That is from a subcommittee hearing on health.

The use of chemical skin peeling products caused severe injuries, including reports of skin burns from using a product called Peel Away. FDA sources said such products can penetrate the skin too deeply causing severe skin damages. In several cases persons have been hospitalized with severe burns, swelling, and pain. In one case, a California woman suffered seizures, shock, and second-degree burns after a combination of skin peel chemicals was applied to her legs by a beautician. Skin peeling procedures used to be carried on by plastic surgeons.

However, they are now being done by nonmedical professionals, by beauticians and some using newly marketed preparations. Many have inadequate instructions. None has been approved by the FDA as being safe and effective. Again, an FDA consumer report.

A letter from the CDC cited nine cases of eye infections due to microorganisms contained in mascara. One was a 47-year-old woman who developed a corneal abscess within days of scratching her eye with a mascara wand. The woman eventually needed a corneal transplant.

As I understand it, it is because of the failure to be able to indicate that mascara needs an expiration date.

So, Mr. President, this list goes on. I want to show what the States have been doing with regard to the protection for the American consumer. The issue now that is before the Senate on the FDA reform deals with the medical devices and pharmaceuticals and the extension of what we call the PDUFA, which will help to expedite the consideration of those measures.

By and large, there is strong bipartisan agreement to those provisions. There are several that have been identified today that need further attention, but men and women of good will can work that out and work it out with the administration so that we can have a successful conclusion. But what was not considered in the original bill is the provisions that apply to preempting the States from giving protections to their consumers on the use of cosmetics. What we have recognized in this debate is that the Food and Drug Administration does not today have the authority, power, or personnel to protect the American consumer on the issue of these cosmetics.

What we know overwhelmingly today is that the number of dangerous and toxic products and the number of carcinogens has expanded exponentially and is continuing to expand. All you have to do is look at the past record, of the numbers that have been introduced, and it is continuing and continuing to grow and those products are not being tested adequately today.

So who has been protecting the American consumer? Who has been protecting the American public? The States have been doing it, and primarily California has been doing it, under the legislation which they have passed. How important that has been. It has not ended up with actions that have been taken by the State of California as the result of very extensive studies that products have been removed. What has happened is that the producers and the manufacturers have withdrawn the product, addressed the problem, put it back on the market, and by and large, if you look at the advertising, they would say the product is better today than it was yesterday.

That has been the record. That has been the record. And that is why this is so important. Just review with me, Mr. President, the extent of this preemption—as I mentioned before, the extent of this preemption of the cosmetic industry in the States. This is the language that there will be the preemption for—"labeling of cosmetics shall be deemed to include any requirement relating to public information or any other form of public communication relating to the safety or effectiveness of a drug or cosmetic."

There it is in the legislation. They are effectively saying no to the States in providing public information or any public communication relating to safety. If the States are trying to protect their people and they develop public information on the basis of scientific studies, they are prohibited under this legislation. I don't know what the penalties are. I don't know what the civil penalties are, but they must be in there. They are prohibited from providing public information or any form of public communication relating to safety or effectiveness.

That is what the cosmetic industry is doing in this legislation. That is the disdain that the cosmetic industry has for those in the States who are trying to protect the public. That is the arrogance that this industry has for legislators or Governors or attorneys general or medical professionals who are interested in the public.

This is what this says. You cannot do it. You cannot provide public information even with regard to safety. That is arrogance. That is greed. That is the greed of a $20 billion industry.

What do the States say? Well, why are you so worked up, Senator? It isn't just myself. Again, we have shown we have the letters from the Governors, the State legislators. This is not just one Senator's position. This happens to be the position of the Governors and the State legislators.

Yes, I listened to the comments of my friend and colleague, Senator JEFFORDS, about the general statements of two of the Governors with regard to the health provisions on pharmaceuticals and devices, that is, an admirable job has been done. I think we still have areas to deal with. But I would certainly sign on to that. But what we are talking about is what we are saying to the States. The cosmetic industry is saying to the States you are not going to stick your nose in and protect the consumers there. What have they done in the past? Why are the other Governors worked up about it? Because of what these two charts demonstrate, Mr. President.

Here we have the issue of lead which is known to cause birth defects and has also been found in hair dye. That is the result of State action, of State analysis, of various hair dyes that are out there that contain lead product. Initially, when there was the analysis, they said, well, this really isn't dangerous because it is just on the scalp. Then they did additional kinds of studies and found that the lead got into the individuals, obviously, who were using it. That lead was passed on to pets, children playing with pets, children ingesting it and when people are washing their hair day after day after day it causes a birth defect. Lead is one of the principal causes of mental retardation among children, period. We find, as a result of State activity, they have found it and it has been changed in many, many of the products—not all of them, because the cosmetic industry was able to get an exclusion from some participation.

Mercury, which can cause mental retardation, has been found in lipstick and nail polish—lipstick and nail polish, mercury. With all the implications that has in terms of women's health and in terms of safe pregnancies, it is found in lipstick and nail polish. That was another study that was done in California.

Alpha hydroxy, a known carcinogen, has been found in face creams. That was not done by the Food and Drug Administration. That is a result of State activities. There is not a physician in this country who does not know the dangers of lead and mercury and the alpha hydroxy to the American consumer, primarily women. There isn't a doctor who will not tell you that. Yet this legislation is saying, no more. This legislation is saying, no more. "Any requirement relating to public information or any other form of public communication relating to safety or effectiveness of the drug or cosmetic"—preempted. So we are saying, if you find this out, we are preempting you. You are not going to have to tell the public.

As a result of State regulation protecting consumers, we have seen that States forced the removal of reproductive toxins from lipstick and nail polish. That is a result of State action. You have to admire the resourcefulness, the innovativeness, the persistence of the leaders in States that have had the courage and the determination and have been willing to take on the cosmetic industry, the cosmetic industry that by its own agreement spends 70 percent of its lobbying dollars in the States rather than on the Federal Government. You can understand that, because we haven't got any power over it, so they have targeted it in the States. Yet you find the courage of State public health officials who have been willing to force the removal of reproductive toxins from lipstick and nail polish. They didn't take the products off the markets. The manufacturers took them off the market and they addressed those issues.

States forced the removal of harmful lead from hair dyes and antacids and calcium supplements. The States forced the removal of mercury from suppositories. These are just examples.

How do we know how many other dangers there are out there when we have an explosion of dangerous products that have been agreed to by Republican and Democratic leaders of the FDA over the period of years—increasing exponentially with the dangers of toxins and carcinogens. The problem isn't getting less. The problem and the danger is getting more as every consumer understands the range of additional kinds of products that are out there and available to them. Nonetheless, we are asked on the floor of the Senate to say no to the States. We are not doing it at the Federal level.

As I mentioned before, if you said, well, we are going to have a whole review, regulatory review, we are going back to say, OK, we will preempt the States but we will find out what we are going to do with regard to providing protection—we have had, as I mentioned earlier, the GAO studies that have been done 10 years ago which made a series of recommendations to the Congress about steps we ought to take if we are going to protect the public—then maybe, maybe then it makes some sense. But we have not done that. We have not done that. The FDA has been starved in resources to even fulfill its requirement for protection in terms of the American consumers in medical devices and with regard to pharmaceuticals.

So we have a situation where we have limited, limited, limited authority under the FDA to protect the public for a range of these cosmetics. We find a record today where you are getting the explosion of these dangerous products, of toxins and carcinogens. Carcinogens cause cancer—cause cancer. We are seeing those numbers expand. We are finding completely inadequate policing by the cosmetics industry. We find the only breath of air that is out there to protect the public is the States. California is leading the way. Thank God, at least California has been grandfathered in.

What we are saying is California is grandfathered in, but my State of Massachusetts, which is just about to pass a similar law, is out. We cannot protect people. Washington knows best. Washington is saying to Massachusetts, no matter how you want to protect your consumers up there, you can't do it because we are preempting you.

Come on, Mr. President. This is a health issue. This is a safety issue. This involves primarily women, it involves children, and to some degree men in our society. But it involves health and safety.

We have thousands and thousands of complaints about various products. I indicated earlier today—maybe I didn't—about the number of people—there were 47,000 cosmetic-related injuries in the emergency rooms in American hospitals in 1987—47,000. I wonder how many today, with greater utilization of cosmetics, greater danger, more toxins, more carcinogens. These are just the emergencies. These are not the kinds of situations that maybe—they may be—have long festering, long lasting kinds of implications and have been festering for a long period of time.

That is what is happening out there—47,000 cosmetic-related injuries in the emergency rooms. How many others where people go back to their doctor and do not go through the emergency room? How many others?

We have scores, scores and scores of complaints that have come to the FDA, and they go down the list. Thousands of consumer complaints in 1996 alone: Equate Baby Oil—these are complaints to the FDA—their complaints are eye tissue damage. Disney Kid Care Bubble Bath: urogenital track reactions. Nat

Robins Eye Shadow Pencils: eye rash, burns, and irritation. Flame Glow No Mistake Eyeliner Pen, black magic color: Rash, burns, and irritation. Incredible Lex Mascara, Eye Perfector, Dramatic Timing Faceneck, Covergirl Professional Advanced Mascara: rash and burns.

These are the companies. You have the Disney Co., the Reckitt & Colman Co., Softsoap Enterprises, Great American Cosmetic. They produce Nat Robins eye shadow pencils.

You have Del Laboratories, Estee Lauder eye shadow; Avon products; Procter & Gamble, rash and burns.

You have Helene Curtis, Salon Selective Styling, flammable, resulting in thermal burns.

You have American Pride, hair relaxer, Alberto Culver lotions, hair tissue damage and hair loss.

You have Clairol, Clairol Infusion 23 Shampoo, hair loss and hair tissue damage;

Del Laboratories;

You have Products Naturistics Mango Shampoo, hair loss and damage;

Helene Curtis, Suave Balsam and Protein Shampoo, hair loss, hair damage.

Vigoral—we find hair loss and tissue damage.

Alberto Culver Co., VO5, hot oil concentrated treatment, hair loss and tissue damage;

Hydrox Laboratories, Fresh Moment Mouthwash, mouth infections—mouth infections;

Carter Wallace, Arrid deodorant, bleeding and infection with utilization;

Apollo Health Care, Baby Bear Lotion, pain, including itching, stinging, burning, and soreness.

Mr. President, these are just some of the items. I may very well include the whole list in the RECORD on Monday. These just give an example of some of the leading companies.

Some may say, these are not really accurate. We would know whether they are accurate if we were able to give the assurances that we had those in the States who were looking into this and be able to say, "Look, this isn't a problem." But now we are not going to know because all the States are preempted. Now we are going to find these reports are going to come in more and more. We will have to just presume that they are accurate, because the cosmetic industry will not let us find out whether they are or are not accurate. They will not permit the publication of information that is going to reflect poorly on either safety or effectiveness.

Mr. President, these are just some of the items that I think form the compelling case for State action. I think we will on Monday go through some of the particular cases in more detail on the California situation, because I think that they have really had the soundest record. It isn't easy to get this kind of information, but we will go through it. These that I just mentioned are some of the thousands of consumer complaints to Government agencies. This is only for a few months of the year, and I have read just a very few of them. I will perhaps get into even more of them later on.

Mr. President, I mentioned earlier a study by the General Accounting Office which reported that more than 125 ingredients used today are suspected of causing cancer. We have scores of cosmetic ingredients that can damage the nervous system, including headaches, drowsiness, convulsions.

To all of those watching this program I would say, "don't discount the fact that perhaps some of your ailments—headaches, drowsiness, and convulsions—may actually be resulting from the use of cosmetics." Don't discount that, because the record shows that cosmetics manufacturers are including ingredients that can cause those symptoms. You don't know, your State won't know, the Federal Government won't know, we won't be able to tell you because of the power of the cosmetic industry in foreclosing that kind of study and the publication of information about the real health implications.

The GAO found that additional Federal authority is necessary to protect the public. That is the General Accounting Office. It is not this Senator from Massachusetts, not a Democrat, it is not a Republican. Here is the General Accounting Office reaching the conclusion, after reviewing this whole subject matter, that if you want to protect the public, you need greater Federal authority—we are not getting that today. The only authority that we have out there is at the State level, and this bill is taking that away.

How much do we have to yield to the greed of this industry? How much? And why? Why should we do it? We patch together something that will take care of California because they passed their law a couple of years ago. But we say to the other 49 States, "You can't, you are never going to be able to do it again, never be able to do it again, ever." They have been able to protect their consumers. Hopefully, they will be protecting the people of Massachusetts, because that is the only way we are going to be protected, not at the Federal level, but through their own leaders, legislature, and representatives. No, we are just saying absolutely not.

So, Mr. President, the cosmetic industry wants the public to believe that no effective regulation is necessary or desirable. They are masters of the slick ad and expensive public relations campaign, but all the glamour in the world cannot obscure the facts.

Mr. President, I just showed what the results of some of these actions are in terms of affecting people. I mentioned the peelaway product. This is a before and after appearance and complaint of the peelaway product. You can take a look and see what happens to people.

These are various ingredients which have been put on an individual's feet. Look at the reactions to it. We are saying, no, we are not going to permit the States to try and do something about that kind of activity. And we could have had a whole series of charts up here.

I mentioned just a few moments ago what was happening in terms of burns and irritations that are occurring with skin products and what is happening to eye tissue and what is happening with rash and burns and hair tissue and hair loss and mouth infections and bleeding—the list goes on and on.

We could have had charts all around this room. Generally speaking, when you have this kind of circumstance, we would be in here debating what to do about it. Instead of thinking about what we are going to do about it, we are talking about what we are not going to do about it.

Mr. President, here we have seen what the States have done, what the problems have been, what the dangers are to the American consumer in terms of mercury, lead, and other substances in products that everyone knows are dangerous and are health hazards. Here we have a problem, and it is getting bigger. The products that are being produced for the market are more dangerous. Yet, we are doing less and less and tying the hands of the local communities to act in our stead.

We allow States to decide whether your bottles are going to be recycled or whether they are going to be buried. We permit the States to decide what they are going to do about licensing barbers. States decide and have rules and regulations and laws about pets. We have States that have rules and regulations about how close to the crosswalk you can park your car. We have regulations in the States about what store hours are going to be, how late a store can be open. But this bill would prohibit the States from protecting consumers from lipsticks, hair creams and the soaps, hair dyes, mascara, and deodorants that can give you cancer or can catch you on fire as a result of flammable ingredients, or cause serious birth defects.

Now, does that make any sense at all? Does that make any sense at all? When you have the most serious dangers in terms of health and safety, we are denying States the opportunity to do something about it, but we will let them go ahead and look after these other kinds of issues which are not related in any particular way to health and safety.

It just doesn't make any sense. It makes no sense at all. The proponents of this provision know they couldn't pass this legislation if it wasn't tagged on to the Food and Drug Administration bill. They wouldn't dare bring this legislation out here on its own. The reason they tagged it on this bill is because they knew the importance of food and drug reform. They knew that we had to pass the extension of PDUFA, which is a key program to provide sufficient resources to the Food and Drug Administration to get the qualified people who can help expedite the more rapid consideration of new products, new pharmaceuticals in the Food and Drug Administration and has been very creatively utilized over there.

So what do they do? They tag this on to that train. This legislation would be laughed out of this body if it came up here on its own. Why don't they try to bring it up on its own? We have Members in the Senate say, "We don't understand, there are just one or two Senators troubled by this." All the Governors seem to be troubled by it, and you can't blame them. They have the fundamental responsibility for protecting health and safety. That has been fundamentally a responsibility at the State and local level. It is a fundamental responsibility that is as old as this country. So the Governors don't buy into this.

The administration understands that this thing is a phony grab, a greedy grab for profit, because that is what it is. It will mean that the various cosmetic industries are not going to have to be altering or changing their products because you are not going to have the research being done or the authority in the States to bring changes that would make products safer. It is going to mean more profits. On the one hand, more profits for the cosmetic industry and much greater health threats in terms of safety, in terms of potential birth defects for infants, for various kinds of ingested products with a whole range of sensitivity to the body—eyes, mouth, ears, hair—and the problems of lips and the ingestion of various products that are dangerous.

(Mr. COVERDELL assumed the chair.)

Mr. KENNEDY. It just defies any logic. So, as we all know—we have been around here—hopefully even the newer Members understand this one, where you get something that is going through and can't make it on its own, and is added at the last or next-to-last markup with just a fraction of the discussion as we have had to date out here today during this consideration, and it is locked in.

That cosmetic industry is just smiling. They are smiling now with the votes that they had down there saying, "Well, it seems we've got through this hurdle." I am just telling you, this is a long, long process. And they better get used to the fact there is going to be a long process, because this issue is not going to go away. It is not going to go away today, and it is not going to go away when we talk about this some more on Tuesday and get more information. It is not going to go away on Tuesday and not going to go away in terms of the consideration of the legislation. It is not going to go away for a long, long time.

Amazing about how a measure like this can slow something down over a long time so that the American people can begin to understand what is really at risk. I do not believe that they do. I wonder how many Members of this body have read through the legislation and understood exactly what was included in terms of the cosmetic program.

So with this particular proposal in there, we are going to have to ensure that we are going to have the kind of full awareness and understanding, not only by our colleagues here but the American people as well, as to what the health implications are.

This has important and significant health implications. We deal with a variety of different proposals in terms of education—the HOPE scholarship, the tuition credit, the work-study programs—and we debate those and discuss those and allocate resources to those, trying to decide how much we are going to provide in terms of the Head Start Program. Will it be 59,000 new children this year or 100,000? At the end of the day we may understand that our side does not win, others prevail on it, but we know that we have made the battle and made the fight, and the people that are going to be disadvantaged may be those children who are not going to get that benefit in terms of education. And that is a tragedy in terms of a mind developed.

But here we are talking about something else that is even much more important. You are talking about the vital health of the American people and the safety of the American people. You are talking about the dangers to children and infants and about the birth of healthy children. You are talking about the dangers to children's eyes, and you are talking about the dangers to people who are trusting just what they see on the shelves of American pharmacies across the country.

I would say that 9 out of 10 Americans who walk into any pharmacy this afternoon and see a product on the shelf are saying, "Well, this is just sort of like my medicine or just about like the other products that I'm buying here. Somebody's looked at it, the Food and Drug Administration or somebody's looked at it, and it is safe or it wouldn't be out there." That is baloney. It is true for prescription drugs. And by and large it is true about over-the-counter drugs. True about medical devices, by and large. You can flyspeck and find instances, but that is true about those. We have the safest regulatory systems in the world. But it is not true for those products that are on those shelves that so many millions of people are using and have resulted in, in 1 year, 46,000 people going to the emergency room.

People do not go to the emergency room unless it is serious. I do not know whether it is $300, $800 to go to an emergency room to get any kind of attention. People might go back to their doctors with good health insurance, go back to their dermatologists to ask them to do it, but how many people are going to the emergency room? Someone with a little burn is not going to that emergency room. Particularly if you are working families and have children and you do not have health insurance, you are not going to be going down. How many other people did not go and still were adversely affected? But we say, "Oh, no, no, no, we're not going to do anything about that." Whatever was being done out there by the States—that is out now. You cannot go forward with it.

So, Mr. President, the cosmetics industry wants the public to believe there is no effective regulation that is necessary or desirable. They are masters of the slick ad and expensive public relations campaign. But all the glamorous pictures in the world cannot obscure the facts. This is an industry that is underregulated and its products are too often hazardous.

The severe reactions may be only the tip of the iceberg. Long-term illnesses, ranging from cancer to birth defects, may not be linked to their underlying cosmetic-related causes. As the GAO points out, "Available estimates of cosmetic-related injuries do not accurately reflect the extent to which consumers are exposed to toxic cosmetic products and ingredients. Because symptoms of chronic toxic effects may not occur until months or years after exposure, injury estimates generally account for only acute toxic effects."

The GAO is saying that with those 46,000 people that are going to the emergency room, that is only the tip of the iceberg. And Lord only knows, if you did not have State action in taking away the lead and the mercury and the other kinds of poisonous products that are cancer forming there would be even a much more dramatic number for it.

Here we have the GAO effectively saying that because the symptoms of chronic toxic effects may not occur until months after exposure, injury estimates generally account for only acute toxic effects. We see that in 1987 we had 46,000 of what we know now was the exponential increase in the danger of all these products. We can imagine the dangers that exist out there today.

In light of this limited authority and even more limited resources to protect the public, you would think Congress would want to encourage States to fill the regulatory vacuum. You would think we would be out here asking, what can we do to help, if anything, the States that are trying to address protections for their consumers? What can we do with the Centers for Disease Control to help Massachusetts, to help Georgia, help North or South Carolina? What are the resources that are out there to assist your State legislatures, Republican and Democrat, to provide protection from some of these toxic or carcinogen problems?

But, oh, no, we are not out there asking that this afternoon. We are out there putting more roadblocks in front of the States in their attempt to do so. In fact, the language is so extreme the States have been barred, as I mentioned, from establishing "any requirement relating to public information or any other form of public communication relating to the safety and effectiveness of a drug or cosmetic."

So, Mr. President, the last time the Senate looked at the issue of cosmetic regulation was in the late 1970's. We held extensive hearings, and we debated the issue, and we passed a comprehensive bill that included additional authorities for the FDA. Today, we are considering a bill that resulted from no hearings, where there has been little debate, no expert testimony in a product area that touches the American public every day.

It should be made clear to anyone that cosmetics are as deserving of adequate regulation as they were 20 years ago. It defies logic that our single action in this important consumer product area is to preempt the States from acting where there is wide agreement that FDA has neither the authority nor the resources to adequately fill the field. An attorney, now with Procter & Gamble, wrote in a 1996 Food and Drug Law Journal article that although cosmetics are regulated by the Food and Drug Administration, "the agency's regulation is extremely lenient." If lenient regulation led to the chamber of horrors documented in the Senate hearings 20 years ago, it is difficult to imagine the impact of preempting the States from acting.

The proponents of the bill will tell you their language preempts State safety regulations only—remember we heard that during the course of the day—that their language preempts safety regulations only where the Federal Government has acted. But the actual statutory language is very broad and demonstrates a different intent. The industry admits that the language is drafted specifically to undermine Federal judges that have narrowly interpreted the Federal preemption.

For instance, if FDA sets a standard for lead in hair products, this bill would direct a conclusion that the lead level sets the standard for other, unrelated products that might have different routes of exposure. So we know what the industry was doing. You can talk about these issues in generalities, but you have to look at the specific language here.

Mr. President, I have no doubt the industry will argue that any little action on FDA's part will preempt State action. Yet we have no assurance the FDA is actually up to the task of filling the void left by the States. Again, we have had no hearings, no public record, no expert testimony. In fact, the industry cannot cite one example of a burdensome State regulation that this law preempts. I hope that if that is not the case, that this record will be clarified. The industry cannot cite—you have not heard in this debate here this afternoon the industry citing one example of a burdensome State regulation. Instead, they suggest that the benefit of this law is prospective. They claim they are concerned about what the States might do in the future. This is legislation for a problem that does not exist. But they see that this was the chance to get on this particular train, and they are riding it.

The stark reality is that, according to the cosmetic industry itself, the industry spends 70 percent of its lobbying dollars influencing State legislatures. I suppose we should really call this the FDA Lobbying Relief Act. I find scarce comfort in the fact that this bill will relieve cosmetic lobbyists from having to lobby 50 States, who can now focus on Congress. Even worse, if this provision is enacted, the cosmetic lobbyists will spend their time getting FDA to act in some small way on a safety issue simply to create a broad scope of Federal preemption of the State in that area.

This is irresponsible deregulation, putting the proverbial cart before the horse. Let me emphasize that if we want to truly reform the FDA's regulation of cosmetics, we should start with ensuring they are protecting the American public from unsafe cosmetic products. Once the American people can be confident that FDA has the authority and the resources to protect them, that FDA is up to the task, then we can talk about State preemption. That is the way we have always approached State preemption in the past, and that is the only way to approach it now.

The proponents of this provision claim that by permitting States to petition for exemptions, there is adequate protection for States rights. In reality, the high procedural hurdles in this provision, especially the extreme, burdensome requirements of formal rulemaking, ensures a lengthy process where industry will entangle States in years of hearings. Given the lack of Federal presence in the area of cosmetic regulation, it is unconscionable to make the States jump through hoops in order to continue to protect and warn their citizens.

They finally say, "Well, OK, you can make some progress and deal with this, but you're going to have to jump through all these hoops." How many times have we been hearing on the floor about rules and regulations and the bureaucracy of Federal regulatory agencies, and here we have those that support this proposal on cosmetics setting up hoops for any of the States to jump through—hoops and landmines—hoops for the States to jump through in order to continue to protect and warn their citizens?

I assure my colleagues that this is only the first instance of where you will witness efforts at sweeping preemption in the absence of significant Federal activity. We will be faced with a barrage of bills seeking to preempt State authority in the area of public health regulation. It is certainly ironic that this Congress is so determined to undermine States rights.

Mr. President, let me emphasize again how this provision hinders States from protecting their citizens at the end of the day. The labeling and packaging of a cosmetic is preempted completely under this language. States will be unable to communicate safety concerns in the most effective and sensible manner—through labeling and packaging. Even if the States retain some vestige of authority over cosmetic safety, this bill ties their hands and prevents them from giving the public the information it needs to make informed choices. "Right to know" under this provision means "right to no information."

What about the FDA? Today, the FDA has fewer than two people working on labeling and packaging. In fact, most of the 30 people working in the FDA Office of Cosmetics work on the regulation of color additives and not actually on cosmetics. The reason for this underwhelming presence is simple: FDA has put limited resources in the cosmetic program because they simply do not have adequate legal authority to address cosmetic safety. If you can't enforce the law because there is no enforcement authority and because the standards are basically nonexistent, you are not going to squander valuable personnel where there are drugs and medical devices to approve, and foods to keep safe.

For example, if the FDA suspects a cosmetic safety problem exists, as they do with the use of alpha-hydroxy, acid face creams, the agency faces high hurdles in bringing any kind of regulatory action. The FDA bears the burden of demonstrating by its own testing that the product is injurious to health. The FDA cannot make the company demonstrate they are selling a safe product. That is important, Mr. President. The FDA cannot come in and say to the company, "Show us the information for the product you are testing to demonstrate this is a safe product." No, they do not have that power or authority. The FDA cannot require the companies to come in, and the FDA, by its own testing has to demonstrate that the product is injurious to health.

Today, the FDA knows how many milligrams of aspirin are in a tablet and they know how much sodium is in human or animal food and can require disclosure of this information to consumers, but the FDA does not have to know how much alpha-hydroxy acid is in face cream. The agency cannot even require the cosmetic companies to disclose the presence of a known carcinogen like alpha-hydroxy acid to consumers. We need to understand, Mr. President, that the agency cannot even require the cosmetic companies to disclose the presence of a known carcinogen—they cannot do it—like alpha-hydroxy, to consumers.

It is, frankly, no wonder that 70 percent of the cosmetic industry lobbying takes place in the States because that is where the action is. That is where the standards are being set. That is where the standards are being set and enforced.

My colleagues do not have to take my word. We have a letter from the National Governors' Association, Association of Food and Drug officials, and the Association of State Legislatures, voicing strong opposition to this whole provision. We have a letter from the conservative Republican Attorney General of California, Dan Lundgren, strongly opposing this provision, and speaking eloquently about the importance of State laws on cosmetic safety.

In my own State we have a bill that would extend the same public health protections enjoyed by California under their right-to-know law, Proposition 65. Proposition 65 is so successful and so popular with California voters that the committee has excluded it from preemption. No one has refuted the positive impact Proposition 65 has had on the public health. No one has. But instead of taking a law that is working so effectively to protect the public and encourage other States to emulate California today, we are debating whether to preempt every State but California.

Some of my colleagues have expressed satisfaction with grandfathering Proposition 65. They should delay their celebration. This bill grandfathers Proposition 65 in its current form, which applies to reproductive toxins and carcinogens. But California cannot react to future scientific developments by warning its citizens against other hazardous substances.

I will include the whole letter and I ask unanimous consent the complete letter be printed in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

STATE OF CALIFORNIA,
DEPARTMENT OF JUSTICE,
Los Angeles, CA, July 14, 1997.

Re S. 830, FDA Modernization and Accountability Act of 1997—Potential Preemption of California Health and Safety Laws.

Hon. JAMES M. JEFFORDS,
Chairman, Senate Labor and Human Resources Committee, Hart Office Building, Washington, DC.

DEAR SENATOR JEFFORDS: It has come to our attention that S. 830, the FDA Modernization and Accountability Act of 1997, is moving rapidly through Congress. We understand that this omnibus bill, which covers the entire gamut of FDA authority, also contains language in section 761 on National Uniformity for Non-prescription Drugs to the effect that no state may establish or continue in effect any requirement "that relates to the regulation of a drug intended for human use that is not subject to the requirements of section 503(b)(I) or a cosmetic" unless is it identical to the Act. While this is only a small portion of a major piece of legislation, we are concerned that this provision may be construed to preempt states from imposing any requirements on cosmetics or over-the-counter drugs, and could therefore prevent the State of California from enforcing significant laws dealing with the health and safety of its citizens in the absence of a specific FDA exemption. California laws which could potentially be affected by the FDA Modernization Act in its current form include the Sherman Food, Drug and Cosmetic Law, and the Safe Drinking Water and Toxic Enforcement Act of 1986 ("Proposition 65") as they apply to manufacturers of cosmetics and over-the-counter drugs.

Regulation of health and safety matters has historically been a matter of local concern and the federal government has been reluctant to infringe on state sovereignty in these traditional areas of police power. As noted by the Supreme Court in *United States* v. *Lopez*, 154 U.S. 151, 131 L.Ed.2d 626, 633 (1995), "a healthy balance of power between the States and the Federal Government will reduce the risk of tyranny and abuse from either front."

Thus, many federal statutes that preempt state regulation in the traditional health and safety area do so narrowly, if at all. For example, the Federal Insecticide Fungicide, and Rodenticide Act and the Federal Hazardous Substances Act preempt only labeling requirements and the Medical Device Amendments to the federal Food, Drug and Cosmetics Act preempts state requirements only if there is an existing, very specific federal requirement in effect. In contrast, the "National Uniformity" provision of S. 830 as currently proposed, appears to generally preempt all state requirements, not just labeling requirements, even when there is no existing federal requirement in effect.

As noted above, S. 830 would, in the absence of specific FDA exemption, appear to prevent the State of California from enforcing both the Sherman Food, Drug and Cosmetic Law as well as Proposition 65, a state "Right to Know" statute, passed by the voters of California in 1986. Proposition 65 requires that persons who expose others to certain levels of carcinogens or reproductive toxins give a clear and reasonable warning.

Proposition 65 has been used successfully to reduce toxic contaminants in consumer products and has repeatedly been instrumental in creating positive changes in products regulated by the Food and Drug Administration. The federal government has at least twice in the past ten years followed the lead of the State of California after the state entered into various settlement agreements under Proposition 65 that required lower levels of contaminants in various products. For example, in 1990, after California filed suit under Proposition 65 concerning lead leaching from ceramic dishes, the Food and Drug Administration ("FDA") adopted stricter lead standards for dishware. In 1991, the state brought an action concerning lead-foil wine bottle caps, resulting in industry-wide agreement to convert to tin or plastic caps. A year later, the FDA adopted a standard barring lead-foil caps.

Most recently, this office entered into settlements, just approved by the court, with the major manufacturers of calcium supplements and antacids (a non-prescription drug), both of which are taken in large quantities by pregnant women and many of which contained lead at levels that caused concern for the health of the fetus. The settlements require the manufacturers to lower the lead levels in their products substantially below previously mandated food and pharmaceutical levels. The manufacturers intend to make these changes on a nationwide basis. As has been the pattern in the past, the calcium settlements have served as a model for federal action, and the FDA is now considering changes to the federal standards for lead in calcium supplements and antacids.

While we appreciate the need for national uniformity of regulation in certain areas, the provisions of Proposition 65 have been in existence for over ten years and have repeatedly been found not to be preempted by federal law.[1] In June of this year, the Federal Occupational Safety and Health Administration approved Proposition 65 in the California workplace, ruling that it did not impose an undue burden on interstate commerce. (U.S. Department of Labor, Occupational Safety & Health Administration 62:31159–31181—Supplement to California State Plan, Approval (June 9, 1997)).

Propostion 65 as well as the Sherman Food, Drug and Cosmetic Law are examples of the type of state regulation that protects the health and safety of its citizens and that coexists comfortably with federal regulation. The states should be permitted to continue in their historical role as guardians of the welfare of their citizens. We therefore respectfully urge you to seek modification of your bill to address this issue.

Sincerely,

DANIEL E. LUNDGREN,
Attorney General.
THEODORA BERGER,
Assistant Attorney General.

Mr. KENNEDY. Reading from the last paragraph:

> Proposition 65, as well as the Sherman Food and Drug Law are examples of the type of State regulation that protects the health and safety of its citizens and that coexist comfortably with Federal regulation. The States should be permitted to continue in their historic role as guardians of the welfare of their citizens. We therefore respectfully urge you to seek modification of your bill to address this issue.

There it is, Mr. President, from the attorney general of California, a conservative Republican, who understands as a person that has been working and implementing this legislation why this proposal is rotten and why it ought to be adjusted.

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[1] See, e.g., Committee of Dental Amalgam Manufacturers v. Stratton, 92 F.3d 807 (9th Cir. 1996) (no preemption by Medical Device Amendments to Federal Food, Drug and Cosmetics Act); Chemical Specialities Manufacturers, 958 F.2d 941 (9th Cir. 1992) (no preemption by Federal Insecticide, Fungicide and Rodenticide Act and Federal Hazardous Substances Act ("FHSA"); People v. Cotter, 53 Cal.App.4th 1373 (1997) (no preemption by FHSA).

Mr. President, a few years ago, the agency proposed establishing a cosmetics hotline to receive consumer complaints. The FDA hoped to fill in gaps because their voluntary cosmetics adverse event reporting systems had dismal compliance rates of well below 40 percent. The majority of all cosmetics health problems were going unreported, and here was an ingenious solution. The reason the reporting systems were all voluntary is because the FDA does not have the authority to require companies to tell consumers what kind of problems consumers are having. Put Congress and some heavy lobbying together and you get a congressional prohibition forbidding FDA from establishing the hotline. So we were denying the FDA from having a hotline.

When will it stop, Mr. President? We are preempting all of the States, except California, from taking any steps to give the FDA any kind of additional authority. Then when there was the effort to just establish a hotline so people could call in and register their complaints, the funding for that hotline was dropped. I wonder why? I can tell you why. I gave you some examples of why, just a few moments ago, with the consumer complaints to various agencies, including the FDA, with people writing in. No, we are not going to hear from the public.

Finally, Mr. President, there was some reference earlier about medical device legislation in Europe. We often hear about FDA's regulation of drugs as the international gold standard. I refer to our country's regulation of cosmetics as the fool's gold standard. Cosmetic regulation in other countries is far superior to our own. The European Union requires full ingredient listing on packaging, documentary proof of good manufacturing practice, and similar proof that extensive testing has been carried out on all products. Mexico recently adopted regulation mandating expiration dates on all cosmetics. Although New York recently adopted just such a rule, it may live a short life—the bill before the Senate would preempt that regulation even if FDA does not have its own regulation in place.

Let's continue on our world tour. Canada requires that manufacturers submit data showing that a product is safe under normal use conditions. Sweden is initiating product registration for cosmetics and Denmark is considering a similar law. Malaysia requires mandatory registration of cosmetics. The list goes on, but the point is clear. We are not content to lag behind other countries in protecting our citizens. We prefer to buck the trend and expose them to greater hazards. As experience has shown in other countries and in California with Proposition 65, the industry can readily comply with meaningful safety standards when they are imposed.

Unlike food or drugs, cosmetics are not essential to our health. We use them because their benefits are so clear. We need only mention this summer's unprecedented beef recall to illustrate that our food supply is not perfectly safe. But cosmetics are a different matter. We are not compelled to use them. For that reason, we should be far less willing to accept injury and death from such products.

I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. HELMS). The clerk will call the roll.

The bill clerk called the roll.

Mr. KENNEDY. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. KENNEDY. Mr. President, earlier I reviewed for the Senate the actions that have been taken by the States which have resulted in additional kinds of protections for safety for the American consumer in those States, primarily in California. I reviewed some of the items that posed the principal health hazards for citizens—the lead, the mercury, and other items and what has happened by the States when removing those items.

Then I also mentioned, Mr. President, the limitations we have in terms of the Food and Drug Administration in taking any actions to protect people and the power of the cosmetic industry in refusing to even have a hotline. We have hotlines in so many different and important areas for American people. We have them with regard to battered women, as one of the principal sponsors for that. We are not comparing that need with this one but there is enormous importance and enormous justification and that has been a powerful, powerful instrument for battered women in our society.

We wanted to try and have at least a hotline for people that might be able to have been impacted adversely by these cosmetics. We mentioned already that there are 46,000, at the last count, people going to emergency rooms—46,000. And we know the dangers which are out there in terms of impacting the American consumer and they have increased dramatically with the increase in products. It has been recognized by the companies and the industry itself by the number of products and the complexity and the toxins that have been included.

So the only real opportunity that we have other than going to the States and reviewing the kind of complaints that they have has been from the various agencies of government. I mentioned just a few moments ago about these various items and I will go into greater detail with the companies and what the allegations are and what the results are on Monday. I have them here but I will not take the additional time.

The fact is, these are the kind of results we are having, Mr. President. When California runs into those circumstances they can do something about it. When California found out about a particular product, the State was able to do something about it. Now, under this legislation, on this preemption, 49 States will not be able to do something about it. California has been grandfathered in, but all of the rest of us that come from other States will not be able to get that kind of a protection.

Now, I just mention the kind of injury complaints that have been included. They include, going through this code which we are gradually going through, injury code 14 includes rash, redness, swelling, blisters, sores, weeping, lumps, inflammation, sunburn, chemical burn and irritation; code 19, pain, to include itching, stinging, burning, soreness, and tingling; injury code 20, tissue damage—other than thermal burn, peeling, splitting, cracking, hair, or nail breakage; code 21, discoloration; code 22, infection; code 23, nervous system reactions, to include dizziness, headache, irritability, nervousness, numbness; injury code 24, respiratory reaction, to include choking, coughing, sneezing, shortness of breath, wheezing; code 25, digestive system reaction, upset stomach, nausea, loss of appetite, vomiting, diarrhea; code 26, bleeding, code 27, urinary tract infections; code 28, flammability resulting in thermal burns; code 29, blurred vision; code 30, death as a result of inhalation or sniffing deaths, and code 31.

These are serious, Mr. President. These are serious health hazards. Before we in this body and the House of Representatives see a piece of legislation tagged on to the important Food and Drug Administration, the medical device and the pharmaceuticals which are so important, on which we have made so much progress, on which all of us are hopeful will finally result in a bipartisan agreement, we see the greed of the cosmetic industry go right out there and tag on this amendment as one of the last amendments to preclude the States—they have gotten the Government effectively precluded, unlike the European countries. The European Union, and most of the other industrial countries of the world, have some protections. They have been able to preclude the Federal Government, and now they are precluding the States from protecting the consumers and putting them at risk for all those kinds of illnesses and sicknesses that I have talked about here that are resulting from all of those products.

That is what we are being asked to embrace. That is what we are being asked to embrace. For those that understand the importance—the Attorney

General of the State of California, who has been working on this, makes it so clear: Don't do it, Senator. Don't do it, Senate of the United States. Don't do it in the Congress and Senate. Mr. President, don't sign that legislation. He wants to be able to protect the people in California, as other public health officials want to be able to protect their people in the other 49 States. That is the issue. That is the issue.

We are going to come back to it again and again and again, Mr. President, because it is of such enormous importance to the health and safety. The other side of the balance is the question of greed by the cosmetics industry. Usually, when we are making tough decisions around here—and we have made them—we have limited funding; for example, for the food programs for our elderly people. We have to make a judgment, are we going to treat more people in congregate sites where you can feed more elderly people with limited resources, or are we going to carve out some and feed them at home, which means you will get to less people, you will get those people that are homebound. What do you do under those circumstances? You are placing needy people of one side against needy people on the other.

No easy answers on this. Painful judgments and decisions on that. We don't always get it right. We understand that. People of good will can differ on that and feel strongly about it, and we respect them here in this body. But under this circumstance, we are talking about the profits of the cosmetics industry and the risk to the American consumer. That is what the balance is. That is what is unacceptable. That is what is outrageous and that is why that cloture vote was necessary, so we begin to wake up America as to what is happening to these States. That is what we are going to have an opportunity to debate as we go to this bill, plus the other measures.

Mr. President, the last unacceptable element of this bill is an assault on the basic environmental protections contained in the National Environmental Protection Act, which is a key Federal environmental statute that regulates the Government's own actions through environmental impact statements. Under NEPA, Federal agencies must undertake a comprehensive environmental planning process for every major action they take. This law is a crucial statutory assurance that the work of the Government, the actions of regulated industries are consistent with the guiding principles of environmental protection.

Section 602 of the bill broadly exempts FDA's activities from environmental impact assessment under NEPA. This is the first preemption of NEPA in a regulatory agency and is the beginning now of cutting back very, very important environmental issues. For what reason? Why are we, in our committee that is responsible in terms of the education and the health and basic research, and the basic oversight of laws dealing with labor and management, pensions, and some of the older Americans activities —why in the world are we going around here in terms of preempting NEPA from the FDA? Who do you think was interested in that? Perhaps some of the industries who want to get out from under filing the environmental impact statement. If we are starting off with this agency, we know exactly what is going to happen in each of the other agencies.

This week, I spoke with the Vice President who expressed his serious personal concerns about this provision. Just a few sentences: This bill opens the door to weakening environmental protection, and lays a welcome mat down for future exemptions and attacks on the effective and essential environmental statute. This is an act of environmental extremism, which should have no place in this or any other bill.

The reauthorization of the prescription drug and user fee is tremendously important to assure that the FDA will have the resources to review the new drugs. That is what we ought to be addressing.

Mr. President, what is the parliamentary situation?

The PRESIDING OFFICER. The Senator from Massachusetts has 55 minutes 28 seconds remaining.

Mr. KENNEDY. Fine. I thank the Chair. I want to prepare to yield back the balance of my time this afternoon. As I understand, from a previous agreement, we will have time to continue this debate, I believe, on Monday next for a period of 4 hours, with the time evenly divided, starting at 11 o'clock, is that correct?

The PRESIDING OFFICER. Yes.

Mr. KENNEDY. I yield back the remaining time this afternoon.

FOREIGN OPERATIONS, EXPORT FINANCING, AND RELATED PROGRAMS APPROPRIATIONS

The PRESIDING OFFICER. Under the order of July 16, 1997, the Senate having received from the House of Representatives the bill H.R. 2159, all after the enacting clause of H.R. 2159 is stricken, and the text of S. 955, as amended, is inserted in lieu thereof. H.R. 2159 is read for the third time and passed, and a motion to reconsider is laid upon the table.

The bill (H.R. 2159), as amended, was passed.

The PRESIDING OFFICER. The Senate insists on its amendment, requests a conference with the House on the disagreeing votes of the two Houses on H.R. 2159, and the Chair appoints the following conferees.

The Presiding Officer appointed Mr. McCONNELL, Mr. SPECTER, Mr. GREGG, Mr. SHELBY, Mr. BENNETT, Mr. CAMPBELL, Mr. STEVENS, Mr. COCHRAN, Mr. LEAHY, Mr. INOUYE, Mr. LAUTENBERG, Mr. HARKIN, Ms. MIKULSKI, Mrs. MURRAY, and Mr. BYRD conferees on the part of the Senate.

PASSAGE VITIATED AND MEASURE INDEFINITELY POSTPONED—S. 955

The PRESIDING OFFICER. Under the previous order, passage of S. 955 is vitiated and the bill is indefinitely postponed.

Mr. KENNEDY addressed the Chair.

The PRESIDING OFFICER. The Senator from Massachusetts.

Mr. KENNEDY. Mr. President, may I proceed for 2 minutes?

The PRESIDING OFFICER. Yes.

THE DEATH OF MOTHER TERESA

Mr. KENNEDY. Mr. President, I have just been notified about the death of Mother Teresa. I think I speak for all of the Members of the Senate, and I know that I speak for all of the members of my family and the people of Massachusetts that feel a sense of loss with Mother Teresa. She was really an extraordinary, inspirational, spiritual person whose life was devoted to others. She was a woman of enormous tenderness, gentleness, faith, and spirituality.

I had the chance to visit with her in Calcutta in the late 1970's and was first exposed to her extraordinary work with the homeless and destitute in that community. I saw how she was able to minister unto the poorest of the poor in ways that were absolutely inspiring, in terms of her gentleness and in terms of her capacity for caring. Anyone whose life she touched will never forget her. She was really a very, very special person. This world is a better world because of her life. I know that all Americans will feel deeply about the loss of Mother Teresa. I just hope that we will all say a prayer for her. Thank you very much.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. STEVENS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. DeWINE). Without objection, it is so ordered.

MORNING BUSINESS

Mr. STEVENS. Mr. President, I ask unanimous consent that there now be a period for the transaction of morning business, with Senators permitted to speak therein for up to 5 minutes each.

The PRESIDING OFFICER. Without objection, it is so ordered.

TRIBUTE TO MOTHER TERESA

Mr. DASCHLE. Mr. President, we just received word that Mother Teresa has died in Calcutta of cardiac arrest. With Mother Teresa's death, another bright light has gone out in the world.

Someone once asked St. Francis what a person needed to do to please God. He answered, "Preach the Gospel every day. If necessary—use words." Mother Teresa lived just that sort of life. She was a living reminder to all of us that faith is more than words. It is the good deeds we do in this world.

She was a tiny woman, but she was an enormous inspiration. In the same way we can best show our respect for Princess Diana by supporting the ideals she believed in, the best way to honor Mother Teresa is to reach outside of ourselves and try to show a little more compassion in our own lives.

THE VERY BAD DEBT BOXSCORE

Mr. HELMS. Mr. President, too many Americans have not the foggiest notion about the enormity of the Federal debt. Every so often, I ask various groups, how many millions of dollars are there in a trillion? They think about it, voice some estimates, most of them not even close.

They are stunned when they learn the facts, such as the case today. To be exact, as of 10:08 a.m. today, September 5, 1997, the total Federal debt—down to the penny—stood at $5,414,792,993,913.96.

Another astonishing statistic is that on a per capita basis, every man, woman, and child in America owes $20,203.80.

As for how many millions of dollars there are in a trillion, there are a million in a trillion, which means that the Federal Government owes more than five million million dollars.

MESSAGES FROM THE HOUSE

At 12:01 p.m., a message from the House of Representatives, delivered by Mr. Hays, one of its reading clerks, announced that the House has passed the following bills, in which it requests the concurrence of Senate:

H.R. 2159. An act making appropriations for foreign operations, export financing, and related programs for the fiscal year ending September 30, 1998, and for other purposes.

PETITIONS AND MEMORIALS

The following petitions and memorials were laid before the Senate and were referred or ordered to lie on the table as indicated:

POM-218. A resolution adopted by the Advisory Board of Directors of the Methodist Medical Center of Oak Ridge, Tennessee relative to proposed National Spallation Neutron Source; to the Committee on Commerce, Science, and Transportation.

POM-219. A resolution adopted by the Midwestern Legislative Conference of the Council of State Governments relative to global climate change; to the Committee on Energy and Natural Resources.

POM-220. A resolution adopted by governing body of the Township of Little Egg Harbor, New Jersey relative to the Mud Dump site; to the Committee on Environment and Public Works.

POM-221. A resolution adopted by governing body of the City of Brigantine, New Jersey relative to the Mud Dump site; to the Committee on Environment and Public Works.

POM-222. A resolution adopted by the Midwestern Legislative Conference of the Council of State Governments relative to monopolization of agriculture production; to the Committee on the Judiciary.

POM-223. A joint resolution adopted by the Legislature of the State of Nevada; to the Committee on Labor and Human Resources.

ASSEMBLY JOINT RESOLUTION NO. 12

Whereas, within the State of Nevada, the sport of rodeo has great historical, cultural and social significance, and is an important attraction for domestic and foreign tourism; and

Whereas, professional rodeos generate substantial economic activity and are significant sources of income, employment, recreation and enjoyment for Nevadans; and

Whereas, the sponsors associated with rodeos of the Professional Rodeo Cowboys Association assist in sustaining rodeos, making this sport affordable and accessible to millions of rodeo fans; and

Whereas, despite the importance of such events to the economy of Nevada and to the economies of other western states, federal agencies have proposed restrictions upon the activities of sponsors, programs and advertising connected with rodeo events; and

Whereas, such restrictions, if adopted, would jeopardize the financial viability of rodeos, causing considerable loss to tourism and related industries and interfering with the enjoyment of rodeo events by the millions of Americans who attend rodeos annually; and

Whereas, these restrictions would impose unconstitutional limitations on both commercial speech and the freedom of association of the membership of the Professional Rodeo Cowboys Association; and

Whereas, during their 104th session of Congress, Senators Richard Bryan and Harry Reid jointly introduced the "Rodeo Freedom Act of 1995," which, if enacted, would have prohibited the regulation by the Secretary of Health and Human Services and the Commissioner of Food and Drugs of any activity of sponsors or sponsorship programs connected with, or any advertising used or purchased by, the Professional Rodeo Cowboys Association or any other professional rodeo association; now, therefore, be it

Resolved by the Assembly and the Senate of the State of Nevada, Jointly, That the Nevada Legislature supports the efforts of Senators Richard Bryan and Harry Reid in this regard and urges the Nevada Congressional Delegation to continue to bring this issue before Congress; and be it further

Resolved, That the members of the 69th Session of the Nevada Legislature do hereby urge Congress to enact legislation patterned after the "Rodeo Freedom Act of 1995"; and be it further

Resolved, That the Chief Clerk of the Assembly prepare and transmit a copy of this resolution to the Vice President of the United States as the presiding officer of the Senate, the Speaker of the House of Representatives and each member of the Nevada Congressional Delegation; and be it further

Resolved, That this resolution becomes effective upon passage and approval.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. LUGAR, from the Committee on Agriculture, Nutrition, and Forestry, without amendment:

S. 1150. An original bill to ensure that federally funded agricultural research, extension, and education address high-priority concerns with national multistate significance, to reform, extend, and eliminate certain agricultural research programs, and for other purposes (Rept. No. 105–73).

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first and second time by unanimous consent, and referred as indicated:

By Mr. LUGAR:

S. 1150. An original bill to ensure that federally funded agricultural research, extension, and education address high-priority concerns with national multistate significance, to reform, extend, and eliminate certain agricultural research programs, and for other purposes; from the Committee on Agriculture, Nutrition, and Forestry; placed on the calendar.

By Mr. DODD (for himself, Ms. SNOWE, and Mr. KENNEDY):

S. 1151. A bill to amend subpart 8 of part A of title IV of the Higher Education Act of 1965 to support the participation of low-income parents in postsecondary education through the provision of campus-based child care; to the Committee on Labor and Human Resources.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. DODD (for himself, Ms. SNOWE, and Mr. KENNEDY):

S. 1151. A bill to amend subpart 8 of part A of title IV of the Higher Education Act of 1965 to support the participation of low-income parents in postsecondary education through the provision of campus-based child care; to the Committee on Labor and Human Resources.

THE CHILD CARE ACCESS MEANS PARENTS IN SCHOOL ACT

Mr. DODD. Mr. President, I am pleased to rise today to introduce legislation to provide new support to needy college students struggling to balance their efforts in college with their role as parents. The CAMPUS—Child Care Access Means Parents in School Act will support the participation of low-income parents in college by supporting campus-based child care. I am pleased to be joined in this effort by Senator SNOWE and Senator KENNEDY.

The stereotypical college student is no longer an 18-year-old high school graduate. Increasingly, nontraditional students—older, with children and various job and life experiences—are filling the ranks of college classes. These students recognize the importance of college to future success.

But these students face new barriers unheard of in earlier times. Many are parents and must provide for their children while in school. Campus-based child care is a vital necessity for parents attending college. It is conveniently located, available during the right hours, and of high quality and lower cost. Unfortunately, it is unavailable at many schools. Even where programs exist, they are often difficult to access, particularly for low-income parents who struggle with the costs.

In the wake of welfare reform, new pressures are also coming to bear on low-income student parents. With the work requirements of the welfare reform bill, it will become increasingly difficult for students who are low-income parents to obtain Federal child care funds. States are likely to shift these funds to support welfare recipients returning to work, rather than to support low-income parents pursuing higher education. This outcome is particularly perverse given the impact of obtaining a college education on family earnings over time. Studies are clear: public assistance recipients who attend college are significantly more likely to leave welfare permanently.

This bill will offer new hope to these students. It will provide support to campus-based child care programs serving low-income parents. Colleges can apply for these 3-year grants to assist the institution in supporting or establishing a campus-based child care program serving the needs of their low-income students. Funds will be targeted to institutions serving low-income students and programs focused on meeting these needs.

Mr. President, this is a modest measure that will make a major difference to students. I am hopeful that it can be considered and enacted as part of the Higher Education Act which we will consider later this year. I look forward to working with my colleagues to move this important measure forward.

Mr. President, I ask unanimous consent that the text of the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1151

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. CAMPUS-BASED CHILD CARE.

Subpart 8 of part A of title IV of the Higher Education Act of 1965 (20 U.S.C. 1070f) is amended by adding at the end the following:

"SEC. 420C. CAMPUS-BASED CHILD CARE.

"(a) SHORT TITLE.—This section may be cited as the 'Child Care Access Means Parents in School Act'.

"(b) FINDINGS.—Congress finds that—

"(1) earning potential increases significantly when individuals attend college for any period of time;

"(2) public assistance recipients who complete college are more likely to leave public assistance permanently;

"(3) students who are parents and receive campus-based child care are more likely to remain in school, and to graduate more rapidly and at a higher rate than students who are parents and do not receive campus-based child care;

"(4) students who are parents rate access to campus-based child care programs as an important factor affecting their college enrollment;

"(5) children placed in high quality child care programs exhibit significant positive results from the experience, including—

"(A) higher earnings as adults;

"(B) higher rates of secondary school graduation;

"(C) lower rates of retention in grade level;

"(D) lower rates of teenage pregnancy; and

"(E) reduced need for special education or social services;

"(6) the public saves $7 for every $1 invested in quality child care; and

"(7) campus-based child care programs may have an increasingly difficult time accessing Federal child care funds under the structure of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (Public Law 104-193; 110 Stat. 2105).

"(c) PURPOSE.—The purpose of this section is to support the participation of low-income parents in postsecondary education through the provision of campus-based child care services.

"(d) PROGRAM AUTHORIZED.—

"(1) AUTHORITY.—The Secretary may award grants to institutions of higher education to assist the institutions in providing campus-based child care services to low-income students.

"(2) AMOUNT OF GRANTS.—

"(A) IN GENERAL.—The amount of a grant awarded to an institution of higher education under this section for a fiscal year shall not exceed 1 percent of the total amount of all Federal Pell Grant funds awarded to students enrolled at the institution of higher education for the preceding fiscal year.

"(B) MINIMUM.—A grant under this section shall be awarded in an amount that is not less than $10,000.

"(3) DURATION; RENEWAL; AND PAYMENTS.—

"(A) DURATION.—The Secretary shall award a grant under this section for a period of 3 years.

"(B) RENEWAL.—A grant under this section may be renewed for a period of 3 years.

"(C) PAYMENTS.—Subject to subsection (f)(2), the Secretary shall make annual grant payments under this section.

"(4) ELIGIBLE INSTITUTIONS.—An institution of higher education shall be eligible to receive a grant under this section for a fiscal year if the total amount of all Federal Pell Grant funds awarded to students enrolled at the institution of higher education for the preceding fiscal year equals or exceeds $1,000,000.

"(5) USE OF FUNDS.—Grant funds under this section shall be used by an institution of higher education to support or establish a campus-based child care program serving the needs of low-income students enrolled at the institution of higher education.

"(6) CONSTRUCTION.—Nothing in this section shall be construed to prohibit an institution of higher education that receives grant funds under this section from serving the child care needs of the community served by the institution.

"(7) DEFINITION OF LOW-INCOME STUDENT.—For the purpose of this section, the term "low-income student" means a student who is eligible to receive a Federal Pell Grant for the fiscal year for which the determination is made.

"(e) APPLICATIONS.—An institution of higher education desiring a grant under this section shall submit an application to the Secretary at such time, in such manner, and accompanied by such information as the Secretary may require. Each application shall—

"(1) demonstrate that the institution is an eligible institution described in subsection (d)(4);

"(2) specify the amount of funds requested;

"(3) demonstrate the need of low-income students at the institution for campus-based child care services by including in the application student demographics and other relevant data;

"(4) contain a description of the activities to be assisted, including whether the grant funds will support an existing child care program or a new child care program;

"(5) identify the resources the institution will draw upon to support the child care program and the participation of low-income students in the program, such as accessing social services funding, using student activity fees to help pay the costs of child care, using resources obtained by meeting the needs of parents who are not low-income students, and accessing foundation, corporate or other institutional support, and demonstrate that the use of the resources will not result in increases in student tuition;

"(6) contain an assurance that the institution will meet the child care needs of low-income students through the provision of services, or through a contract for the provision of services;

"(7) in the case of an institution seeking assistance for a new child care program—

"(A) provide a timeline, covering the period from receipt of the grant through the provision of the child care services, delineating the specific steps the institution will take to achieve the goal of providing low-income students with child care services;

"(B) specify any measures the institution will take to assist low-income students with child care during the period before the institution provides child care services; and

"(C) include a plan for identifying resources needed for the child care services, including space in which to provide child care services, and technical assistance if necessary;

"(8) contain an assurance that any child care facility assisted under this section will meet the applicable State or local government licensing, certification, approval, or registration requirements; and

"(9) contain a plan for any child care facility assisted under this section to become accredited within 3 years of the date the institution first receives assistance under this section.

"(f) REPORTING REQUIREMENTS; CONTINUING ELIGIBILITY.—

"(1) REPORTING REQUIREMENTS.—

"(A) REPORTS.—Each institution of higher education receiving a grant under this section shall report to the Secretary 18 months and 36 months after receiving the first grant payment under this section.

"(B) CONTENTS.—The report shall include—

"(i) data on the population served under this section;

"(ii) information on campus and community resources and funding used to help low-income students access child care services;

"(iii) information on progress made toward accreditation of any child care facility; and

"(iv) information on the impact of the grant on the quality, availability, and affordability of campus-based child care services.

"(2) CONTINUING ELIGIBILITY.—The Secretary shall make the third annual grant payment under this section to an institution of higher education only if the Secretary determines, on the basis of the 18-month report submitted under paragraph (1), that the institution is making a good faith effort to ensure that low-income students at the institution have access to affordable, quality child care services.

"(g) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated $60,000,000 for fiscal year 1998 and such sums as may be necessary for each of the 4 succeeding fiscal years to carry out this section.".

Ms. SNOWE. Mr. President, I am extremely pleased to join my colleague from Connecticut, Senator DODD, to introduce the Child Care Access Means Parents in School Act [CAMPUS Act]. Senator DODD and I have worked together to ensure access to quality child care, and this bill represents the next step in our shared commitment to this important issue. I am also pleased Senator KENNEDY has joined us as a cosponsor of this legislation, which provides grants to colleges in order to provide child care for low-income students.

Mr. President, this is the time of year when countless American students return to college. At this time, we should remind ourselves that many Americans face obstacles that prevent them from participating in higher education. The absence of affordable and accessible child care is, unfortunately, one such obstacle.

For many parents with young children, the availability of oncampus child care services is central to their ability to attend college. Campus-based child care is conveniently located, available at the hours that fit students' schedules and often available at a lower cost than community-based child care centers. Student parents rate access to campus-based child care as an important factor affecting their college enrollment. Unfortunately, such services are often in very short supply, particularly for low-income parents who may find the cost of existing services prohibitive.

Moreover, in order to meet the high demand for child care created by the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, States may divert funds away from programs currently providing campus-based child care services for low-income students and use the funds to provide child care to welfare recipients, because educational activities do not count as work under the act. This may leave students with less access to child care services. If we want to fulfill the goals of the welfare reform act and ensure that families are able to remain financially self-sufficient, we need to ensure that low-income parents have access to higher education and affordable and convenient child care. This is crucial given that people who receive public assistance and then complete college are far more likely to leave welfare permanently than those who do not.

There is no question that a person's earning potential increases dramatically with a college degree. According to the Census Bureau, in 1990 the average income for high school graduates was almost $18,000. Those who had 1 to 3 years of college education, however, earned an average of $24,000. And those who graduated from college received an average salary of $31,000.

Higher education is crucial to getting a job in today's global job market. More than half of the new jobs that have been and will be created between 1995 and 2000 will require education beyond high school. While nearly 40 percent of American jobs are currently in low-skill occupations, only 27 percent will fall in that category by the year 2000. Over the same period, high-skill occupations will grow from 24 to 41 percent of the work force. Getting the skills necessary to meet these market demands simply requires higher and higher levels of educational achievement.

For many low-income students who are parents, the availability of campus-based child care is key to their ability to receive a higher education and thus achieve the American dream. Student parents are more likely to remain in school, and to graduate sooner and at a higher rate if they have campus-based child care. Child care services are particularly critical for older students who choose to go back to school to get their degree or to improve their skills through advanced education. This is especially important in today's economy where people need to continuously train and retrain in order to meet the demands of high-technology jobs.

Children placed in campus-based child care also reap numerous benefits, given its very high quality. In fact, children in high-quality child care exhibit higher earnings as adults, higher rates of secondary school graduation, lower rates of teen pregnancy, and a reduced need for special education or costly social services. We also know that quality child care is cost efficient—the public saves $7 for every $1 invested in child care.

The bill we are introducing today will help bring the American dream within the reach of numerous American parents who need child care in order to attend college. The CAMPUS Act will amend title IV of the Higher Education Act to help provide campus-based child care to low-income parents seeking a college degree. Under the bill, the Secretary of Education will award 3-year grants to institutions of higher education to support or help establish a campus-based child care program serving the needs of low-income student parents. The Secretary will award $60 million in grants—equal to 1 percent of total Pell grant funding—based on an application submitted by the institution, and the grant amount will be linked to the institution's Pell grant funding level.

Under the bill, Pell grant recipients will be eligible for child care, to ensure that services target low-income students. In 1995–96, there were approximately 3.6 million Pell grant recipients, and almost 17,000 Maine residents received Pell grants. Students typically qualify for Pell grants if their income is under $30,000 per year. This bill will make a true difference in the lives of many low-income students who need child care to attend school.

I urge my colleagues to support this important legislation which will truly make a difference in the lives of numerous American parents who wish to attend college.

ADDITIONAL COSPONSORS

S. 224

At the request of Mr. WARNER, the name of the Senator from Montana [Mr. BURNS] was added as a cosponsor of S. 224, a bill to amend title 10, United States Code, to permit covered beneficiaries under the military health care system who are also entitled to Medicare to enroll in the Federal Employees Health Benefits Program, and for other purposes.

S. 496

At the request of Mr. CHAFEE, the name of the Senator from New Jersey [Mr. TORRICELLI] was added as a cosponsor of S. 496, a bill to amend the Internal Revenue Code of 1986 to provide a credit against income tax to individuals who rehabilitate historic homes or who are the first purchasers of rehabilitated historic homes for use as a principal residence.

S. 1096

At the request of Mr. GRASSLEY, the name of the Senator from Alabama [Mr. SHELBY] was added as a cosponsor of S. 1096, a bill to restructure the Internal Revenue Service, and for other purposes.

S. 1103

At the request of Mr. MOYNIHAN, the name of the Senator from Pennsylvania [Mr. SPECTER] was added as a cosponsor of S. 1103, a bill to amend title 23, United States Code, to authorize Federal participation in financing of projects to demonstrate the feasibility of deployment of magnetic levitation transportation technology, and for other purposes.

SENATE CONCURRENT RESOLUTION 30

At the request of Mr. HELMS, the names of the Senator from Oklahoma [Mr. INHOFE] and the Senator from

Georgia [Mr. CLELAND] were added as cosponsors of Senate Concurrent Resolution 30, a concurrent resolution expressing the sense of the Congress that the Republic of China should be admitted to multilateral economic institutions, including the International Monetary Fund and the International Bank for Reconstruction and Development.

AMENDMENTS SUBMITTED

THE DEPARTMENT OF LABOR APPROPRIATIONS ACT FOR FISCAL YEAR 1998

GRAHAM AMENDMENT NO. 1084

(Ordered to lie on the table.)

Mr. GRAHAM submitted an amendment intended to be proposed by him to the bill (S. 1061) making appropriations for the Departments of Labor, Health and Human Services, and Education, and related agencies for the fiscal year ending September 30, 1998, and for other purposes; as follows:

At the end of the bill, insert the following:

TITLE —NATIONAL COMMISSION ON PUBLIC EDUCATION FACILITIES CONSTRUCTION AND REHABILITATION

SEC. 01. FINDINGS.

Congress finds the following:

(1) The condition of our Nation's public pre-kindergarten through grade 12 school facilities play an enormous role in the educational development of our children as there is a relationship between the condition of school facilities and student achievement. In addition to their educational value, neighborhood public schools that are structurally safe and sound, and well-supported by the community can act as important civic and social institutions within our communities.

(2) The financing of public pre-kindergarten through grade 12 school construction and renovation has historically been primarily a local function. Typically, tax-exempt bond issues must be approved through a referendum reliant on local property taxes and are sold to finance capital spending. However, recent national trends indicate a decrease in bond referenda approval to pay for school construction projects. The General Accounting Office reports that 33 percent of school districts have had an average of 2 bond issues fail in the past 10 years.

(3) The United States is currently experiencing a 20-year rise in public elementary and secondary school enrollments which is projected to peak at over 54,000,000 students by 2006 from less than 40,000,000 in the mid-1980's.

(4) The General Accounting Office has reported the following conditions regarding education facilities construction in the United States:

(A) Approximately $112,000,000,000 is needed in order to make necessary infrastructure repairs to our Nation's schools and to comply with current Federal mandates.

(B) One-third of schools nationwide are in need of extensive repair or replacement and 60 percent of schools nationwide reported needing at least 1 major building feature extensively repaired, overhauled, or replaced with most of these schools requiring multiple features repaired.

(C) 60 percent of students in the United States attend school in buildings with at least 1 unsatisfactory environmental condition, with heating, ventilation, and air conditioning systems being the most frequently reported building feature in need of repair. It is estimated that nearly $2,400,000,000 is required to comply with new regulations on asbestos management.

(D) Often the schools with major renovation and rehabilitation needs are least prepared for 21st century technology learning and teaching needs, with over 14,000,000 students attending approximately 40 percent of our schools which report not being able to provide facilities to well meet the functional requirements of laboratory science or large-group instruction.

(5) As the result of the school enrollment increases, the need to prepare postsecondary academic institutions for the influx of these new students will be ever more important.

SEC. 02. ESTABLISHMENT OF NATIONAL COMMISSION ON PUBLIC EDUCATION FACILITIES CONSTRUCTION AND REHABILITATION.

There is established a Commission to be known as the "National Commission on Public Education Facilities Construction and Rehabilitation" (in this title referred to as the "Commission").

SEC. 03. MEMBERSHIP OF COMMISSION.

(a) APPOINTMENT.—The Commission shall be composed of 7 members as follows:

(1) Two individuals shall be appointed by the Speaker of the House of Representatives.

(2) One individual shall be appointed by the Minority Leader of the House of Representatives.

(3) Two individuals shall be appointed by the Majority Leader of the Senate.

(4) One individual shall be appointed by the Minority Leader of the Senate.

(5) One individual shall be appointed by the Secretary of Education.

(6) One individual shall be appointed by the Secretary of the Treasury.

(b) ADDITIONAL QUALIFICATIONS.—Each of the individuals appointed under subsection (a) shall be an individual with expertise and experience in public education facilities construction and financing (including financing the construction of public institutions of higher education).

(c) CHAIRPERSON AND VICE CHAIRPERSON.—The members of the Commission shall elect a Chairperson and a Vice Chairperson of the Commission. In the absence of the Chairperson, the Vice Chairperson will assume the duties of the Chairperson.

(d) QUORUM.—A majority of the members of the Commission shall constitute a quorum for the transaction of business.

(e) APPOINTMENTS.—All appointments under subsection (a) shall be made within 30 days after the date of enactment of this Act. In the event that an officer authorized to make an appointment under subsection (a) has not made such appointment within such 30 days, the appointment may be made for such officer as follows:

(1) The Chairman of the Committee on Education and the Workforce may act under such subsection for the Speaker of the House of Representatives for 1 of the Speaker's appointments, and the Chairman of the Committee on Ways and Means may act under such subsection for the Speaker of the House of Representatives for the second.

(2) The Ranking Minority Member of the Committee on Education and the Workforce may act under such subsection for the Minority Leader of the House of Representatives.

(3) The Chairman of the Committee on Labor and Human Resources may act under such subsection for the Majority Leader of the Senate for 1 of the Leader's appointments, and the Chairman of the Committee on Finance may act under such subsection for the Majority Leader of the Senate for the second.

(4) The Ranking Minority Member of the Committee on Labor and Human Resources may act under such subsection for the Minority Leader of the Senate.

(f) VOTING.—Each member of the Commission shall be entitled to 1 vote, which shall be equal to the vote of every other member of the Commission.

(g) VACANCIES.—Any vacancy on the Commission shall not affect its powers, but shall be filled in the manner in which the original appointment was made.

(h) PROHIBITION OF ADDITIONAL PAY.—Members of the Commission shall receive no additional pay, allowances, or benefits by reason of their service on the Commission. Members appointed from among private citizens of the United States may be allowed travel expenses, including per diem, in lieu of subsistence, as authorized by law for persons serving intermittently in the government service to the extent funds are available for such expenses.

(i) INITIAL MEETING.—The initial meeting of the Commission shall occur within 40 days after the date of enactment of this Act.

SEC. 04. FUNCTIONS OF COMMISSION.

(a) SPECIFIC FINDINGS AND RECOMMENDATIONS.—The Commission shall study and make findings and specific recommendations regarding the following:

(1) The extent, degree, and national implications of the needs in public education construction and rehabilitation.

(2) The role of public education facilities with respect to the education of children and its impact on performance and achievement.

(3) The existing financing options available for school construction and rehabilitation, and how and to what extent the options are being utilized, including the identification of new sources of finances to assist with school construction.

(4) The adequacy of current State and local programs and policies to meet school construction and rehabilitation needs.

(5) The extent to which creative financing options are being explored and what yet-to-be utilized options could and should be formulated.

(6) The trends and practices in the construction and renovation of public school facilities, including the modernization of facilities to access and utilize new technologies.

(7) The cost of current construction practices and the impact of modernization and technological advances on these costs.

(8) The unmet needs of 21st century technology for education.

(9) Other related topics determined to be appropriate by the Commission.

(b) SPECIAL RULE.—The Commission primarily shall study and make findings and specific recommendations regarding the matters described in subsection (a) with respect to pre-kindergarten through grade 12 public schools, but also may study and make findings and specific recommendations regarding the matters with respect to public institutions of higher education.

(c) FINAL REPORT.—

(1) IN GENERAL.—Subject to paragraph (2), the Commission shall submit to the President and to Congress, not later than 120 days after the date of the first meeting of the

Commission, a report which shall contain a detailed statement of the findings and conclusions of the Commission, including the Commission's recommendations for administrative and legislative action that the Commission considers advisable.

(2) MAJORITY VOTE REQUIRED FOR RECOMMENDATIONS.—Any recommendation described in paragraph (1) shall be made by the Commission to the President and to Congress only if such recommendation is adopted by a majority vote of the members of the Commission who are present and voting.

SEC. __05. POWERS OF COMMISSION.

(a) HEARINGS.—The Commission may, for the purpose of carrying out this title, hold such hearings and sit and act at such times and places, as the Commission may find advisable.

(b) RULES AND REGULATIONS.—The Commission may adopt such rules and regulations as may be necessary to establish the Commission's procedures and to govern the manner of the Commission's operations, organization, and personnel.

(c) ASSISTANCE FROM FEDERAL AGENCIES.—

(1) INFORMATION.—The Commission may request from the head of any Federal agency or instrumentality such information as the Commission may require for the purpose of this title. Each agency or instrumentality shall, to the extent permitted by law and subject to the exceptions set forth in section 552 of title 5, United States Code (commonly referred to as the "Freedom of Information Act"), furnish such information to the Commission, upon request made by the Chairperson of the Commission.

(2) FACILITIES AND SERVICES, PERSONNEL DETAIL AUTHORIZED.—Upon request of the Chairperson of the Commission, the head of any Federal agency or instrumentality shall, to the extent possible and subject to the discretion of such head—

(A) make any of the facilities and services of such agency or instrumentality available to the Commission; and

(B) detail any of the personnel of such agency or instrumentality to the Commission, on a nonreimbursable basis, to assist the Commission in carrying out the Commission's duties under this title.

(d) MAILS.—The Commission may use the United States mails in the same manner and under the same conditions as other Federal agencies.

(e) CONTRACTING.—The Commission, to such extent and in such amounts as are provided in appropriation Acts, may enter into contracts with State agencies, private firms, institutions, and individuals for the purpose of conducting research or surveys necessary to enable the Commission to discharge the Commission's duties under this title.

(f) STAFF.—Subject to such rules and regulations as may be adopted by the Commission, and to such extent and in such amounts as are provided in appropriation Acts, the Chairperson of the Commission shall have the power to appoint, terminate, and fix the compensation (without regard to the provisions of title 5, United States Code, governing appointments in the competitive service, and without regard to the provisions of chapter 51 and subchapter III of chapter 53 of such title, or of any other provision, or of any other provision of law, relating to the number, classification, and General Schedule rates) of an Executive Director, and of such additional staff as the Chairperson deems advisable to assist the Commission, at rates not to exceed a rate equal to the maximum rate for level IV of the Executive Schedule under section 5332 of such title.

SEC. __06. EXPENSES OF COMMISSION.

There are authorized to be appropriated to pay any expenses of the Commission such sums as may be necessary not to exceed $1,000,000. Any sums appropriated for such purposes are authorized to remain available until expended, or until 1 year after the termination of the Commission pursuant to section __07, whichever occurs first.

SEC. __07. TERMINATION OF COMMISSION.

The Commission shall cease to exist on the date that is 60 days after the date on which the Commission is required to submit its final report in accordance with section __04(c).

DURBIN (AND OTHERS) AMENDMENT NO. 1085

Mr. DURBIN (for himself, Mr. LEVIN, Mrs. MURRAY, Mr. JOHNSON, and Mr. BREAUX) proposed an amendment to the bill, S. 1061, supra; as follows:

On page 49, after line 26, add the following:

SEC. . (a) STUDY.—Not later than 30 days after the date of enactment of this Act, the Secretary of Health and Human Services, in consultation with the General Accounting Office, shall conduct a comprehensive study concerning efforts to improve organ and tissue procurement at hospitals. Under such study, the Secretary shall survey at least 5 percent of the hospitals who have entered into agreements with an organ procurement organization required under the Public Health Service Act and the hospitals' designated organ procurement organizations to examine—

(1) the differences in protocols for the identification of potential organ and tissue donors;

(2) whether each hospital, and the designated organ procurement organization of the hospital, have a system in place for such identification of donors; and

(3) protocols for outreach to the relatives of potential organ or tissue donors.

(b) REPORT.—Not later than 1 year after the date of enactment of this Act, the Secretary of Health and Human Services shall prepare and submit to the appropriate committees of Congress a report concerning the study conducted under subsection (a), that shall include recommendations on hospital best practices—

(1) that result in the most efficient and comprehensive identification of organ and tissue donors; and

(2) for communicating with the relatives of potential organ and tissue donors.

LEVIN (AND OTHERS) AMENDMENT NO. 1086

Mr. DURBIN (for Mr. LEVIN, for himself, Mr. THURMOND, Mr. DURBIN, and Mr. INOUYE) proposed an amendment to the bill, S. 1061, supra; as follows:

At the appropriate place, insert the following:

SEC. . (a) FINDINGS.—Congress finds that—

(1) over 53,000 Americans are currently awaiting organ transplants;

(2) in 1996, 3,916 people on the transplant waiting list died because no organs became available for such people;

(3) the number of organ donors has grown slowly over the past several years, even though there is significant unrealized donor potential;

(4) a Gallup survey indicated that 85 percent of the American public supports organ donation, and 69 percent describe themselves as likely to donate their organs upon death;

(5) most potential donors are cared for in hospitals with greater than 350 beds, trauma services, and medical school affiliations;

(6) a recent Harvard study showed that hospitals frequently fail to offer donation services to the families of medically eligible potential organ donors;

(7) staff and administration in large hospitals often are not aware of the current level of donor potential in their institution or the current level of donation effectiveness of the institution;

(8) under titles XVIII and XIX of the Social Security Act (42 U.S.C. 1395 et seq; 1396 et seq.), hospitals that participate in the medicare or medicaid program are required to have in place policies to offer eligible families the option of organ and tissue donation; and

(9) many hospitals have not yet incorporated systematic protocols for offering donation to eligible families in a skilled and sensitive way.

(b) SENSE OF THE SENATE.—It is the sense of the Senate that hospitals that have organ or tissue donor potential take prompt steps to ensure that a skilled and sensitive request for organ or tissue donation is provided to eligible families by—

(1) working with the designated organ procurement organization or other suitable agency to assess donor potential and performance in their institutions;

(2) establishing protocols for organ donation that incorporate best-demonstrated practices;

(3) providing education to hospital staff to ensure adequate skills related to organ and tissue donation;

(4) establishing teams of skilled hospital staff to respond to potential organ donor situations, ensure optimal communication with the patient's surviving family, and achieve smooth coordination of activities with the designated organ procurement organization; and

(5) monitoring organ donation effectiveness through quality assurance mechanisms.

ADDITIONAL STATEMENTS

TRIBUTE TO COMDR. SEAN FOGARTY

• Mr. KEMPTHORNE. Mr. President, I rise today to recognize and say farewell to an outstanding naval officer, Comdr. Sean Fogarty, who has served with distinction for the past 24 years in naval service. It is a privilege for me to recognize his many outstanding achievements and to commend him for the superb service he has provided this legislative body, the Navy, and our great Nation.

A native of Idaho Falls, ID, and a 1977 graduate of the U.S. Naval Academy, Commander Fogarty comes from a patriotic family who has contributed immeasurably to our Nation's defense. His father was a career submariner and also a U.S. Naval Academy graduate.

Commander Fogarty's service at sea includes a division officer tour aboard U.S.S. *Harold E. Holt* FF–1074, department head tours as Operations Officer aboard U.S.S. *John Young* DD–973 and U.S.S. *Callaghan* DD–994, and an executive officer tour aboard U.S.S. *Downes* FF–070.

Commander Fogarty's duties ashore included scheduler for the commander in chief, U.S. Pacific Fleet, exercises and plans officer for the commander, U.S. Sixth Fleet, and the Office of Legislative Affairs.

As Assistant Director of the Navy's Senate Liaison Office for the last 5 years, Commander Fogarty has provided timely support and accurate information on Navy plans and programs. Working closely with the U.S. Senate, he has helped maintain the best trained, best equipped, and best prepared Navy in the world. His consummate leadership, integrity, and tireless energy serve as an example for us all.

Mr. President, Sean Fogarty, his wife, Anita, and daughters, Larissa, Colleen, and Megan have made many sacrifices during his 24-year naval career. They have made significant contributions to the outstanding naval forces upon which our country relies so heavily. During his illustrious career, Commander Fogarty has been the recipient of many awards and commendations including the Legion of Merit. He is a great credit to both the Navy and the country he so proudly serves. As he now retires from the naval service, I call upon my colleagues from both sides of the aisle to wish him fair winds and following seas.•

CHARLES A. HORSKY

• Mr. MOYNIHAN. Mr. President, Mr. Charles Horsky, former adviser to Presidents Kennedy and Johnson on the District of Columbia, passed away during the August recess. I rise today to pay honor to this man who devoted himself to improving our Nation's Capital.

Charlie Horsky was the "Mayor of Washington." And yet, he looked forward to giving that up and getting home rule for the city of Washington. He accomplished a great deal toward that end. Mr. Horsky was instrumental in redeveloping Pennsylvania Avenue, in promoting the construction of a metropolitan subway system, and he played a crucial role in establishing the initial home rule for the citizens of Washington.

Further, he led the establishment of the National Building Museum, the John F. Kennedy Center of the Performing Arts, the University of the District of Columbia, and urged the preservation of Union Station.

I first arrived in Washington over three decades ago. Since those initiatory days, I was most fortunate to have known and worked with Charlie Horsky. He was as fine a gentleman as we have seen in our Capital, and his tireless efforts are reflected in so many rejuvenated aspects of the city around us. When thinking of this great man we do well to recall the epitaph of Sir Christopher Wren at St. Pauls Cathedral, London: "Si monumentum requiris, circumspice." (If you would see his monument, look around).

I ask that an obituary from the New York Times from August 24 be printed in the RECORD.

The obituary follows:

CHARLES A. HORSKY, 87, DIES; LEFT IMPRINT ON U.S. CAPITAL

(By Irvin Molotsky)

WASHINGTON—Charles A. Horsky, a lawyer and former Government official who helped redevelop the nation's capital during the Kennedy and Johnson Administrations, died Wednesday at Holy Cross Hospital in Silver Spring, Md. He was 87 and lived in Silver Spring.

The cause was kidney failure, said his daughter, Margaret Horsky Burns.

Mr. Horsky argued many cases and held many important positions in a law career that began in 1934, but it was his work as adviser to the President for national capital affairs from 1962 to 1967 that had the greatest impact on those who live in or visit Washington, an impact that will be felt for years to come.

President John F. Kennedy appointed him to the White House job and Lyndon B. Johnson carried him over when Johnson succeeded to the Presidency in 1963. During Mr. Horsky's time at the White House, he pressed for switching money from a highway project to the construction of a subway system, and the resulting Metro is now regarded as one of the best in the world.

He worked on the redevelopment of Pennsylvania Avenue, a project that was begun after the 1961 inaugural parade and Kennedy determined that America's Main Street had become seedy and unworthy of a great nation. That project is just being completed with the opening soon of the Ronald Reagan Building.

Senator Daniel Patrick Moynihan, who served in the Kennedy Administration with Mr. Horsky, recalled that they were reviewing plans for the redevelopment of Pennsylvania Avenue on Nov. 22, 1963, when they received the word that the President had been shot. The plans were to be presented to Kennedy for his approval the next day.

Another of Mr. Horsky's accomplishments is enduring a melancholy chapter. For years, Washington was run as a virtual fiefdom of Congress, with residents having no say in its government. During the Johnson Administration, a push was made to establish home rule for Washington and it was Mr. Horsky who played the pivotal role in getting legislation for it through Congress.

Mr. Moynihan, reached at his home in upstate New York, said: "Charlie Horsky was 'Mayor of Washington.' He looked forward to giving that up and getting home rule for the city of Washington, and he accomplished a great deal toward that end."

In recent years, however, with the District of Columbia's budget deficit ballooning out of control, Congress has taken back much of that power and placed it in the hands of a control board.

Mr. Horsky's other activities included establishing the Kennedy Center for the Performing Arts, rescuing Union Station and opening both the National Building Museum and the University of the District of Columbia.

He was born in Helena, Mont., graduated from the University of Washington 1931 and received a law degree from Harvard University in 1934. He served as a lawyer in the Solicitor General's office until 1939, when he joined Covington & Burling, one of Washington's leading law firms, staying there for the rest of his career except for his White House years.

After World War II, Mr. Horsky served as an assistant prosecutor at the Nuremberg war crimes trials and argued many cases before the Supreme Court, including a case that challenged the wartime internment of Americans of Japanese ancestry.

"I was trying to persuade the Court that there was no legitimate basis for the Army to arrest citizens," Mr. Horsky said in a 1989 interview with The Washington Post. "I couldn't get enough information to make it stick."

Mr. Horsky lost his argument before the Supreme Court, but in 1988, Congress approved and President Ronald Reagan signed a bill that offered the nation's apologies to Japanese Americans and provided payments to those who were interned.

A partner at the firm, David B. Isbell, said that Mr. Horsky took senior counsel status, that is, a reduced work load, in 1981 and that until he was slowed down by illness two years ago, he had kept active in the firm by arbitrating railroad disputes.

His wife of 58 years, Barbara Egleston Horsky, died two years ago.

Besides his daughter, Ms. Burns, a resident of Falls Church, Va., Mr. Horsky is survived by a sister, Flora Wertz of Missoula, Mont., and two grandchildren.

Despite his advancing years, Mr. Horsky maintained a rugged regimen. "He never wore an overcoat, even on the coldest day," Mr. Isbell said of his colleague. "I don't think he had one. It may have had something to do with his coming from Montana."

That Great Plains frame of mind prevailing as recently as 1989, when he drove around in the middle of winter in his 1962 Ford convertible, often with the top down. When asked in the interview in The Post about his lack of an overcoat, he said, "I am sure I had one in college."•

MAYOR DONALD ARONSON

• Mr. TORRICELLI. Mr. President, I rise today in recognition of the mayor of my hometown, Englewood, NJ. Mayor Donald Aronson's dedication to the Englewood community and the State of New Jersey make it an honor to be able to recognize him. After being elected mayor of Englewood three times he has decided not to stand for reelection. As his term comes to an end, I would like to convey my good wishes to a friend and valued colleague.

Donald has made innumerable contributions to the residents of Englewood and to the State of New Jersey as a whole through numerous community service positions. He has served as commissioner and secretary of the Palisades Interstate Park Commission, president of the Bergen County League of Municipalities, and he has sat on the board of trustees for the American Red Cross. In addition, he has been a member of the Englewood Board of Adjustment, Englewood Chamber of Commerce, and Englewood Economic Development Corp. The list of his community activities is endless. The extent of his service to State and local organizations is evidence of his lifelong commitment to public service.

Now, Donald is preparing for a new position as the president of the Englewood Chamber of Commerce. I ask that you join me in recognizing Mayor Donald Aronson for all of his hard work and his service to the State of New Jersey.●

EXECUTIVE SESSION

NOMINATION OF ROBERT CHARLES CHAMBERS TO BE U.S. DISTRICT JUDGE FOR THE SOUTHERN DISTRICT OF WEST VIRGINIA

Mr. STEVENS. Mr. President, I ask unanimous consent that the Senate immediately proceed to executive session to consider the nomination of Robert Chambers, of West Virginia; that the nomination be confirmed, the motion to reconsider be laid on the table, any statements relating to the nomination appear at the appropriate place in the RECORD, the President be immediately notified of the Senate's action, and the Senate then return to legislative session.

The PRESIDING OFFICER. Without objection, it is so ordered.

The nomination was considered and confirmed, as follows:

THE JUDICIARY

Robert Charles Chambers, of West Virginia, to be U.S. District Judge for the Southern District of West Virginia.

STATEMENT ON THE NOMINATION OF ROBERT C. CHAMBERS

Mr. LEAHY. Mr. President, I am pleased that the majority leader has moved the nomination of Robert C. Chambers to be a judge of the U.S. District Court for the Southern District of West Virginia. Mr. Chambers has the strong support of Senator ROBERT C. BYRD and Senator JOHN D. ROCKEFELLER IV. Mr. Chambers has been engaged in the private practice of law for almost 20 years and served as a delegate in the West Virginia House of Delegates, chairman of that body's judiciary committee, and speaker of the West Virginia House of Delegates. The ABA found him to be qualified and the Judiciary Committee unanimously reported this nomination to the Senate in July.

I congratulate Mr. Chambers and his family and look forward to his service on the Federal court.

As I noted yesterday, we have a good deal of work ahead of us if we are to fulfill our responsibilities and confirm the other fine nominees who are pending before us and are needed in the Federal courts around the country. I commend the majority leader for returning to the Executive Calendar today to take up this judicial nomination.

LEGISLATIVE SESSION

The PRESIDING OFFICER. Under the previous order, the Senate will now return to legislative session.

ORDERS FOR MONDAY, SEPTEMBER 8, 1997

Mr. STEVENS. Mr. President, I ask unanimous consent that when the Senate completes its business today, it stand in adjournment until the hour of 11 a.m. on Monday, September 8; I further ask unanimous consent that on Monday, immediately following the prayer, the routine requests through the morning hour be granted and the Senate immediately resume consideration of the motion to proceed to S. 830, the FDA reform bill.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. STEVENS. Mr. President, I also ask unanimous consent that following the expiration or yielding back of time on the motion to proceed to S. 830, the Senate resume consideration of S. 1061, the Labor, Health and Human Services appropriations bill.

The PRESIDING OFFICER. Without objection, it is so ordered.

PROGRAM

Mr. STEVENS. Mr. President, for the information of all Members, on Monday, the Senate will resume debate on the motion to proceed to S. 830, the FDA reform bill. Under the previous order, there are 4 hours of debate remaining on the motion to proceed, equally divided between Senators JEFFORDS and Senator KENNEDY. Following the expiration or yielding back of that time, the Senate will resume consideration of S. 1061, the Labor-HHS appropriations bill. Also under the order, a vote on an amendment relating to S. 1061 is expected at 5 p.m. on Monday. In addition, under the consent agreement, all amendments remaining in order to the Labor, Health and Human Services appropriations bill must be offered during Monday's session of the Senate. Also, all votes ordered on those amendments will be stacked to occur at a time to be determined on Tuesday. In addition, under the previous order, the Senate will begin consideration of S. 830 following the disposition of S. 1061, but not before 4 p.m. on Tuesday. As a reminder to all Members, the next rollcall vote is expected on Monday at 5 p.m. on an amendment relating to the Labor, Health and Human Services appropriations bill.

ADJOURNMENT UNTIL MONDAY, SEPTEMBER 8, 1997, AT 11 A.M.

Mr. STEVENS. Mr. President, if there is no further business to come before the Senate, I now ask unanimous consent that the Senate stand in adjournment under the previous order.

There being no objection, the Senate, at 3:38 p.m., adjourned until Monday, September 8, 1997, at 11 a.m.

CONFIRMATION

Executive nomination confirmed by the Senate September 5, 1997:

THE JUDICIARY

ROBERT CHARLES CHAMBERS, OF WEST VIRGINIA, TO BE U.S. DISTRICT JUDGE FOR THE SOUTHERN DISTRICT OF WEST VIRGINIA.

HOUSE OF REPRESENTATIVES—*Friday, September 5, 1997*

The House met at 9 a.m.

The Chaplain, Rev. James David Ford, D.D., offered the following prayer:

We offer our thanks to You, gracious God, for the gifts that have touched our lives. With all the opportunities and responsibilities that life presents, we are eternally grateful that You have breathed into us the very breath of life and Your Spirit has nurtured us throughout the years. For better and worse and in all the seasons of life we have looked to You for strength and hope, for wisdom and forgiveness, and we earnestly pray that Your blessings will be with us wherever we are or whatever we do. May Your benediction of healing and hope, of assurance and faith continue in our lives now and evermore. Amen.

THE JOURNAL

The SPEAKER. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Pursuant to clause 1, rule I, the Journal stands approved.

PLEDGE OF ALLEGIANCE

The SPEAKER. Will the gentleman from Arizona [Mr. HAYWORTH] come forward and lead the House in the Pledge of Allegiance.

Mr. HAYWORTH led the Pledge of Allegiance as follows:

> I pledge allegiance to the Flag of the United States of America, and to the Republic for which it stands, one nation under God, indivisible, with liberty and justice for all.

ANNOUNCEMENT BY THE SPEAKER

The SPEAKER. The Chair will entertain 10 one-minutes on each side.

RESULTS ACT

(Mr. ARMEY asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. ARMEY. Mr. Speaker, I am excited today to join with my good friend and colleague the gentleman from Texas [Mr. SESSIONS] in announcing the formation of the Results caucus. The Results caucus represents a bipartisan coalition of reform-minded Members who share the common goal of realizing a smaller, smarter, more commonsense government through the implementation of the Results Act.

Ask Americans what they want from the Federal Government and they emphasize four key points: Accountability, responsibility, simplicity, and common sense.

They want accountability. That means holding Federal agencies accountable for achieving their mission and holding Federal programs liable for what they promise.

They want responsibility. That means changing the current mindset of Federal bureaucrats to force them to operate more efficiently and to be more responsive to their customers and the taxpayers.

They want simplicity. That means eliminating wasteful and redundant Federal agencies and programs to prevent government from doing the same thing over and over again in a bureaucratic maze.

And they want common sense, which means ending one size fits all government functions.

Mr. Speaker, a growing number of Americans say Washington is an impediment to the achievement of the American dream. The Results caucus plans to work diligently to ensure that the American people have a Federal Government that is accountable, that is responsible, that is simple and that makes decisions based on common sense.

If you would like more information on the Results caucus, please visit my web site at armey.house.gov or feel free to contact my office.

TERRORISM STRIKES MIDDLE EAST

(Mr. LANTOS asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. LANTOS. Mr. Speaker, it was just a few weeks ago that you joined me and every single colleague in this body but one in denouncing Arab terrorism in Jerusalem. Here we are again with the bodies of innocent children, women, and the elderly torn to bits by this most recent preposterous, unspeakable outrage.

Yasser Arafat cannot have it both ways. He cannot hug the leaders of the murderers and the assassins in the streets of Jerusalem and pretend to work for peace. The time has come for him to understand that this Nation, this Congress and the entire civilized world is expecting him to destroy the terrorist infrastructure of the various murderers groups living under his control. The upcoming visit of Secretary Albright might begin the process of peace at last. But terrorism and the pretense of peacemaking cannot coexist.

CAMPAIGN FINANCE REFORM

(Mr. KINGSTON asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. KINGSTON. Mr. Speaker, yesterday Democrat after Democrat cried for campaign finance reform. For Democrats to talk about campaign finance reform is a little like getting mad at the road for the transgressions of a drunk driver. Where have they been when it comes time to talk about Buddhist temple fundraising or selling the Lincoln bedroom or Pauline Kanchanalak or John Huang or Charlie Trie or Eric Hotung or any of the aforementioned people or subjects? But just in case those are not good enough, I have got some additional reading material for some of you. These are good. I think you may have heard of these papers, the Wall Street Journal yesterday, Reno Review, "That could lead to GORE independent counsel." Washington Post, September 4, "U.S. set to probe GORE calls." Washington Times, "Justice looking anew at probe of GORE." Even the New York Times, that great conservative publication that it is, front page, "Inquiry on GORE fundraising." Lots of good reading material in here. I am going to leave it in the House Chamber because I know some of you maybe do not read or have not had time to, but I am going to encourage you to do that because when it comes time to talk campaign finance reform, there is a lot of material right here, and I say let us start doing it on a bipartisan basis.

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore (Mr. MILLER of Florida). Members should avoid such references to the Vice President.

CAMPAIGN FINANCE REFORM

(Mr. DOGGETT asked and was given permission to address the House for 1 minute.)

Mr. DOGGETT. Mr. Speaker, I have some additional reading material for the gentleman from Georgia and for all of his colleagues. This is it. You can read this page and you can get the full

□This symbol represents the time of day during the House proceedings, e.g., □1407 is 2:07 p.m.
Matter set in this typeface indicates words inserted or appended, rather than spoken, by a Member of the House on the floor.

story of what the Republican Party has done in order to accomplish reform of our campaign finance system right here. It is one big blank. To get up and suggest that there can be a bipartisan discussion of this matter, as the gentleman just disclosed, is truly outrageous, because we have been denied any opportunity, either the Republicans, many of whom as individuals have come forward with constructive ideas on this, or the Democratic colleagues that I have, have been denied any opportunity to come to this floor and debate legislative proposals to try to improve this system in time for 1998.

We have as I count it 13 days left in this month to pass any reform to address the problems that the gentleman just referred to and all of the other corrupting influences on congressional elections in this Nation. Yet the Speaker of the House refuses to schedule an opportunity for full debate on legislative proposals so that they can go through the morning newspaper instead of providing real reform in time for the 1998 elections.

CALL FOR GENUINE CAMPAIGN REFORM

(Mr. HAYWORTH asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. HAYWORTH. Mr. Speaker, I listened with great interest to my friend from Texas and certainly I think we all share great concerns about campaign finance, especially great concerns about those who do not seem to be able to follow existing law. Mr. Speaker, as we talk about campaign finance, let us join together to acknowledge that one thing should be done at the outset, to have people of both parties obey existing law. But for some to come to this Chamber and call for campaign finance reform in the light of recent reports is akin to having John Dillinger back in his heyday call a press conference and say there ought to be tighter rules against bank robbery.

Mr. Speaker, the facts are clear. I ask my friends on the other side to join with me for genuine campaign reform, including the inclusion of the Paycheck Protection Act so that working people will not have their wages taken coercively to go to political causes with which they do not agree.

CAMPAIGN FINANCE REFORM

(Mrs. MALONEY of New York asked and was given permission to address the House for 1 minute.)

Mrs. MALONEY of New York. Mr. Speaker, we know the answer to the question that my colleague raised. Existing law is not enough. We need to pass real reform. We need to pass campaign finance reform. Members of the other side of the aisle, they talk about reforming the system.

Yet the real reform, campaign finance reform, there has not been one single hearing on it in this Congress. How can the leadership of this House in good conscience talk about packing up and going home in October when they have not looked at, held a hearing, or done anything about the most crucial problem confronting this country? I am talking about campaign finance reform.

It is rather typical. We talk about actually doing something and they pack their bags and head for the hills. Some of my colleagues find it easier to strike the gavel of adjournment rather than hammer out the tough decisions here in Washington. There must be a vote on campaign finance reform in this Congress before we go home to our districts. We must vote on this issue before we ask our constituents to vote for us.

WHOLE MEMORY LEARNING

(Mr. CHABOT asked and was given permission to address the House for 1 minute.)

Mr. CHABOT. Mr. Speaker, just when I thought it could not get any worse, I now know that liberalism is possibly incapable of hitting rock bottom. First, they give us whole language learning, which means that you never actually have to spell anything correctly, any guess will do, just make sure that you feel good about yourself when you do. Then just to push the envelope a little further, they give us whole math learning. You can imagine what that is. Just do not ask anyone who is educated in this manner, and I use the term loosely, to build a bridge for you or do your taxes for you. But now we have got the most incredible thing of all, I like to call it whole memory learning. Made fundraising calls from the White House, did not make the phone calls, DNC credit card, not really fundraisers, soft money, hard money, whatever. I think we ought to call it whole memory.

FUNDRAISING AND COMMUNITY OUTREACH

(Mr. TRAFICANT asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. TRAFICANT. Mr. Speaker, the White House said, "We must stop campaign spending abuses. Our Government is not for sale." If that is not enough to cause you a hernia, check this out. Three Buddhist nuns who pledged a vow of poverty raised $100,000 at a fundraiser held at a temple no less, now being called by the White House a community outreach program. I ask, reaching out for what?

□ 0915

Souls? Or dollars?

The truth is, if it was not a fundraiser, why did the nuns shred all the evidence? The nun answered, "Look, I don't know what made me do it. Perhaps fear made me do it." I would like to add that is about as good a cover-up answer as anybody could give; after all, she could have said, the devil made me do it.

Beam me up, Mr. Speaker, beam me up.

I guarantee one thing. They did not shred any cash over there at that temple, and I yield back the balance of all this innocence.

SUPPORT SCHOOL CHOICE AND EDUCATION SAVINGS ACCOUNTS

(Mr. JONES asked and was given permission to address the House for 1 minute.)

Mr. JONES. Mr. Speaker, children in America are not getting the education they deserve. In my opinion, and in the opinion of many Americans throughout this country, the situation has only gotten worse since the creation of the Federal Department of Education.

Washington bureaucrats are a major part of the education problem. Washington keeps spending money on the schools, but the money spent, based on results, is not improving education. Taxpayer money is being wasted.

The best way to support education in America is to give control to parents, not to Federal bureaucrats. With solutions like school choice and education savings accounts, parents will play a more active role in their children's education. The system, in turn, will be better.

I trust parents in eastern North Carolina to make decisions for their children more than I trust bureaucrats in Washington, DC. When it comes to America's public schools, control should be in the hands of parents.

Mr. Speaker, for the sake of the children, I hope my colleagues will support school choice and education savings accounts.

IT IS TIME FOR BOB DORNAN TO STOP WASTING THE TAXPAYERS' MONEY

(Mr. MENENDEZ asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. MENENDEZ. Mr. Speaker, I rise about the House election contest in California.

First, Bob Dornan is given unprecedented subpoena power which he uses to harass and violate the privacy rights of law-abiding American citizens simply because they have a Spanish surname. Then those actions amount to nothing short of a witch-hunt.

Now I read in yesterday's Roll Call that Bob Dornan will use his special privileges as a former Member to take his witch-hunt to the House floor. Surely, this casts an appearance of impropriety upon the House.

If this election were being challenged by any American other than a defeated Member of the House, that American could not come to the House floor to lobby on behalf of their own interests. They would not get special subpoena powers, and neither should Bob Dornan.

Bob Dornan should not use the privileges as a former Member of this House to influence his case. Mr. Speaker, there should not be a case at all. The Republican California Secretary of State certified the election of the gentlewoman from California, and there is no sufficient credible evidence to challenge it.

It is time for Bob Dornan to stop wasting taxpayers' money, to end this witch-hunt and end the influence that he is trying to use in this House.

INTRODUCTION OF LEGISLATION TO FIX LOOPHOLE PREVENTING USE OF LINE-ITEM VETO

(Mr. UPTON asked and was given permission to address the House for 1 minute.)

Mr. UPTON. Mr. Speaker, I spent most of my August break back in my district listening to my constituents, and many were pleased, in fact, when the President used for the first time the line-item veto. In fact, many wished that the President had had the authority for the disaster relief bill that we passed earlier this year, and so many other bills in recent years where so many things are tucked away in some of those bills that no one hears about them until after they are enacted.

I support budget reform, and in fact, as part of the Contract with America, we included the line-item veto, which passed this House by a very large margin, to allow the President to have the line-item veto, as well as the 43 other Governors across the country.

Lo and behold, we have discovered a loophole that causes the line-item veto to go away.

I am proud of the bipartisan legislation that we passed here in this House that puts us on a solid fiscal footing and, in fact, balances the budget by the year 2002. We even have a surplus. But, lo and behold, that loophole that we have discovered prevents us from using the line-item veto despite having a $5½ trillion national debt.

We are introducing legislation to fix this, and I would urge my colleagues to support it.

THE MEN AND WOMEN OF THE UNITED STATES BORDER PATROL DESERVE BETTER

(Mr. REYES asked and was given permission to address the House for 1 minute.)

Mr. REYES. Mr. Speaker, I rise today in support and defense of the hard-working men and women of the U.S. Border Patrol. Regrettably, last night on this floor the integrity, professionalism, dedication, and the ability of these fine men and women was attacked.

Mr. Speaker, it is unfortunate that some in this institution would resort to these kinds of tactics for the sole purpose of political agendas and ends-justify-the-means mentality that question the outstanding and dangerous work being done by our Border Patrol agents.

The men and women that comprise our Border Patrol represent the best that this country has to offer, men and women of every description and background, men and women that come from every State in this country and have dedicated themselves to the dangerous job of Federal law enforcement, and while some in this people's House may not appreciate this, I do, and, Mr. Speaker, I speak from personal experience that spans 26½ years. I know how tough their job is, I know how dangerous their job is, and I know how important their job is because I have been there, I have seen it and I have done it.

Those who attack their integrity, their dedication, and their commitment are not only wrong but undermine the morale of a fine agency. The men and women of the U.S. Border Patrol deserve better, the people of this country expect better, and, frankly, those in this institution that attack them know better.

Mr. Speaker, all of us need to support the U.S. Border Patrol.

THOMPSON COMMITTEE CONTINUING PROBE DESPITE HAVING SO MUCH TROUBLE GETTING PEOPLE TO COOPERATE

(Mr. HEFLEY asked and was given permission to address the House for 1 minute.)

Mr. HEFLEY. Mr. Speaker, it is becoming clearer with every passing day that one would have to dig to China to get to the bottom of all the campaign finance scandals in this administration. Although, come to think of it, I guess one would actually have to go to China to find all the shady characters who fled the country to escape justice. But even all the tea in China cannot force foreign fundraisers to come to the United States Senate and tell the truth.

While some Democratic Senators are gleeful that the Thompson committee is having trouble getting people to cooperate, those responsible Senators who actually care about performing their constitutional duty to find out the truth about campaign finance crimes that may have been committed will continue to probe this sleazy affair.

Mr. Speaker, my constituents and yours have a right to know if their elected officials really do believe that they are above the law. It is time to get to the bottom of this; it is time to start digging.

IMPROVED ACADEMIC PERFORMANCE ACHIEVED AS A RESULT OF TESTS AND MORE RIGOROUS STANDARDS

(Mr. PALLONE asked and was given permission to address the House for 1 minute.)

Mr. PALLONE. Mr. Speaker, Democrats want to raise education standards across the country so that students in every State can master the basics of reading and math; and testing, I believe, is an important part of that effort to achieve national standards.

In my home State of New Jersey, we have seen improved academic performances as a result of more rigorous standards. Tests administered to all New Jersey students have been a significant ingredient in my State's efforts to improve student achievement. Education, I believe, and I will stress this, will always be primarily a State and local matter, but there needs to be a partnership with the Federal Government, and I believe the test national standards and Federal dollars made available to local school districts to rebuild crumbling and overcrowded schools should all be part of a national agenda to improve education.

We can work together on the Federal and the State and the local level to achieve excellence in education.

CHEATING IN THE WHITE HOUSE

(Mr. BOB SCHAFFER of Colorado asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. BOB SCHAFFER of Colorado. Mr. Speaker, as America's schoolchildren go back to the schoolhouse, I wonder what they must think of their obligation to obey the rules, and when the occupants of the White House feel no obligation to obey the rules themselves. Let us consider the Presidential campaign of 1996. It, of course, would not be fair if some candidates had to obey it while others did not.

For example, it is very important that everybody play by the same campaign finance rules. Those who broke the rules would be considered to have cheated by those who honored the rules. Examples of cheating would be taking foreign money, which besides being illegal would compromise the foreign policy decisions of the American government.

Cheating would also include making fundraising phone calls from the White House. Cheating would also include making deals that require campaign contributions in exchange for a meeting or in exchange for inclusion in the trade mission or for sleeping in the Lincoln bedroom.

Now of course other people use a different word to describe this kind of cheating, it is called corruption, but every child in schools today understands cheating.

BAN SOFT MONEY

(Ms. WOOLSEY asked and was given permission to address the House for 1 minute.)

Ms. WOOLSEY. Mr. Speaker, the American people are tired. They are tired of special interests and big money wreaking havoc on our political system. And Mr. Speaker, they are tired of the Republican leadership's continued refusal to bring up campaign finance reform on our floor. We want to debate it, not stand here and complain about it. There are many proposals, Mr. Speaker, to clean up our political system, but at the very least we should agree on one small step and that is to ban soft money.

Mr. Speaker, when we ban soft money we will tell the American people that in our political system the almighty dollar is not all mighty any more, and at the same time, Mr. Speaker, we will tell the people of this country that the bucks have stopped coming here.

STRENGTHENING EXISTING CAMPAIGN FINANCE LAWS

(Mr. BARR of Georgia asked and was given permission to address the House for 1 minute.)

Mr. BARR of Georgia. Mr. Speaker, as part of the latest effort by the Democrats to defend apparent illegal campaign activities by the President and Vice President, the gentlewoman from New York a few moments ago said existing law is not enough. Well, I think she is right, existing laws are not enough, and I would be glad to join her in cosponsoring legislation that strengthens our existing laws.

For example, what she might want to join me in doing is amending section 607(a), of title XVIII to read that no person including but not limited to the President and Vice President shall raise or solicit funds from any Federal facility including but not limited to the Old Executive Office Building or the White House.

Or maybe the gentlewoman from New York would like to join the legislation that strengthens our internal revenue codes, those provisions that relate to improper campaign activities by charitable institutions, to make explicit that among the prohibitions for 501(c)3 and (c)4 organizations from engaging in politics are included but not limited to Buddhist temples.

So, Mr. Speaker, I appreciate the thoughts of the gentlewoman from New York and her interest in joining with us in strengthening existing laws.

DEMOCRATS FIGHTING FOR AMERICA'S CHILDREN

(Ms. DELAURO asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Ms. DELAURO. Mr. Speaker, I rise today to remind my colleagues what we can accomplish when we stand up and fight for what we believe in.

In the last Congress, our Republican colleagues attempted to slash the school lunch program. They advocated the single biggest cuts in education in the history of the United States; they wanted to abolish the Department of Education. Democrats stood up, fought for these issues, fought for America's children and won.

Now our colleagues on the other side of the aisle are attempting a new assault, fighting against Democratic initiatives to improve America's schools to set national standards for our schools.

Democrats are fighting to rebuild our crumbling schools, to reduce overcrowding in our classrooms, and to establish those national standards in reading and mathematics. Let us make sure that students in Boston are held to the same high standards as students in Birmingham.

A word of warning to our friends on the other side of the aisle: Once again, Democrats are going to stand up and make the fight for America's kids, and I predict that we will win.

REJECT THE LIBERAL SOLUTION FOR OUR FAILING PUBLIC SCHOOL SYSTEM

(Mr. GIBBONS asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. GIBBONS. Mr. Speaker, the more things change, the more they seem to stay the same.

Our liberal colleagues, we just heard, have come up with a solution for a failing public school system. Well, they are going to pass a law that tells students what they must learn. It is that easy.

From Washington, DC, the liberals want to set the academic agenda for every school in the Nation. They believe that if Congress and not our schools or teachers tell our students what they must learn, the problem will disappear. The same one-size-fits-all, Washington knows best approach that did not work for welfare is the liberal savior for our public school system. And should this system fail, they have a back-up plan. They will spend billions of taxpayer dollars to create yet another bloated bureaucracy to find yet another way to tell us the system is not working.

I urge my colleagues to reject the liberal solution and to end this nonsense and support the Goodling amendment. Let us send the money to the school and the teachers and students where it will do some good and not to the Washington bureaucrats.

☐ 0930

A SEASON FOR NONVIOLENCE

(Mr. CLEMENT asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. CLEMENT. Mr. Speaker, at a celebration of India's independence, I had the pleasure of meeting Mr. Arun Gandhi, the grandson of Mahatma Gandhi. In a conversation which followed, Mr. Gandhi and I discussed the planned Season for Nonviolence, which will create greater awareness of the principle of nonviolence for which we honor the lives of Mahatma Gandhi and Martin Luther King, Jr.

Coinciding with the 50th and 30th memorial anniversaries of Gandhi's and King's deaths, a Season for Nonviolence will begin on January 30, 1998, with activities planned through April 4, 1998. It is, of course, hoped that the seeds of nonviolence planted during this time will be nurtured and fruitful long after the official ending of a season.

A Season for Nonviolence is committed to such changes as truth, respect, acceptance of others, negotiation, appreciation of differences, and reconciliation.

I encourage all of my colleagues to participate in this great movement. It is my sincere hope that this will be one season without end.

MOTION TO ADJOURN

Mr. MILLER of California. Mr. Speaker, I offer a motion.

The SPEAKER pro tempore. The Clerk will report the motion.

The Clerk read as follows:

> Mr. MILLER of California moves that the House do now adjourn.

The SPEAKER pro tempore. The question is on the motion to adjourn offered by the gentleman from California [Mr. MILLER].

The question was taken; and the Speaker pro tempore announced that the noes appeared to have it.

Mr. MILLER of California. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 44, nays 339, not voting 50, as follows:

[Roll No. 366]

YEAS—44

Andrews
Berry
Bishop
Boswell
Boyd
Clay
Clement
Conyers
Coyne
Davis (FL)
DeFazio
DeLauro
Deutsch
Dingell
Eshoo
Farr
Filner
Ford
Furse
Gejdenson
Gephardt
Gutierrez
Hastings (FL)
Jefferson
Johnson, E. B.
Kennedy (MA)
Klink
LaFalce
Lewis (GA)
Lowey
Markey
McDermott
McNulty
Meek
Millender-McDonald
Miller (CA)
Mink
Rangel
Reyes
Stark
Towns
Walsh
Waters
Woolsey

NAYS—339

Ackerman
Aderholt
Allen
Armey
Baesler
Baker
Baldacci
Ballenger
Barcia
Barr
Barrett (NE)
Barrett (WI)
Bartlett
Bass
Becerra
Bentsen
Berman
Bilbray
Bilirakis
Blagojevich
Bliley
Blumenauer
Blunt
Boehlert
Boehner
Bonilla
Bonior
Borski
Brady
Brown (OH)
Bryant
Bunning
Burr
Burton
Buyer
Callahan
Calvert
Camp
Campbell
Canady
Cannon
Capps
Cardin
Carson
Castle
Chabot
Chambliss
Chenoweth
Christensen
Clayton
Clyburn
Coble
Coburn
Collins
Combest
Condit
Cook
Costello
Cramer
Crapo
Cummings
Cunningham
Danner
Davis (IL)
Davis (VA)
DeGette
DeLay
Diaz-Balart
Dickey
Dicks
Doggett
Dooley
Doolittle
Doyle
Dreier
Duncan
Dunn
Edwards
Ehlers
Ehrlich
Emerson
English
Ensign
Etheridge
Evans
Everett
Ewing
Fattah
Fawell
Fazio
Flake
Foley
Forbes
Fowler
Fox
Frank (MA)
Franks (NJ)
Frelinghuysen
Frost
Gallegly
Ganske
Gekas
Gibbons
Gilchrest
Gillmor
Gilman
Goode
Goodlatte
Goodling
Gordon
Goss
Graham
Granger
Green
Greenwood
Gutknecht
Hall (OH)
Hall (TX)
Hamilton
Hansen
Harman
Hastert
Hastings (WA)
Hayworth
Hefley
Hill
Hilleary
Hilliard
Hinchey
Hinojosa
Hobson
Hoekstra
Holden
Hooley
Horn
Hostettler
Hoyer
Hulshof
Hunter
Hutchinson
Hyde
Inglis
Istook
Jackson (IL)
Jackson-Lee (TX)
Jenkins
John
Johnson (CT)
Johnson (WI)
Johnson, Sam
Jones
Kanjorski
Kaptur
Kasich
Kelly
Kennelly
Kildee
Kilpatrick
Kim
Kind (WI)
King (NY)
Kingston
Klug
Knollenberg
Kolbe
Kucinich
LaHood
Lampson
Lantos
Largent
Latham
Lazio
Leach
Levin
Lewis (CA)
Lewis (KY)
Linder
Lipinski
Livingston
LoBiondo
Lofgren
Lucas
Luther
Maloney (CT)
Maloney (NY)
Manton
Manzullo
Mascara
Matsui
McCarthy (MO)
McCarthy (NY)
McCollum
McHale
McHugh
McInnis
McIntosh
McIntyre
McKeon
McKinney
Meehan
Menendez
Metcalf
Mica
Miller (FL)
Minge
Mollohan
Moran (KS)
Morella
Murtha
Myrick
Nadler
Neal
Nethercutt
Neumann
Ney
Northup
Norwood
Nussle
Obey
Olver
Ortiz
Packard
Pallone
Pappas
Pascrell
Pastor
Paul
Paxon
Payne
Pease
Peterson (MN)
Peterson (PA)
Petri
Pickering
Pickett
Pitts
Pomeroy
Porter
Portman
Poshard
Price (NC)
Quinn
Rahall
Ramstad
Redmond
Regula
Riggs
Riley
Rivers
Rodriguez
Roemer
Rogan
Rogers
Rohrabacher
Ros-Lehtinen
Rothman
Roukema
Roybal-Allard
Royce
Rush
Ryun
Sabo
Salmon
Sanchez
Sandlin
Sanford
Sawyer
Saxton
Scarborough
Schaefer, Dan
Schaffer, Bob
Schumer
Scott
Sensenbrenner
Serrano
Shadegg
Shays
Sherman
Shimkus
Shuster
Sisisky
Skaggs
Skeen
Skelton
Smith (MI)
Smith (NJ)
Smith (OR)
Smith (TX)
Smith, Adam
Smith, Linda
Snowbarger
Snyder
Solomon
Souder
Spence
Spratt
Stabenow
Stearns
Stenholm
Stokes
Strickland
Stump
Stupak
Sununu
Talent
Tanner
Tauscher
Tauzin
Taylor (MS)
Taylor (NC)
Thomas
Thompson
Thornberry
Thune
Thurman
Tiahrt
Tierney
Traficant
Turner
Upton
Velázquez
Vento
Visclosky
Wamp
Watkins
Watt (NC)
Watts (OK)
Waxman
Weldon (FL)
Wexler
Weygand
White
Whitfield
Wicker
Wise
Wolf
Wynn
Yates
Young (FL)

NOT VOTING—50

Abercrombie
Archer
Bachus
Barton
Bateman
Bereuter
Bono
Boucher
Brown (CA)
Brown (FL)
Cooksey
Cox
Crane
Cubin
Deal
Delahunt
Dellums
Dixon
Engel
Foglietta
Gonzalez
Hefner
Herger
Houghton
Kennedy (RI)
Kleczka
LaTourette
Martinez
McCrery
McDade
McGovern
Moakley
Moran (VA)
Oberstar
Owens
Oxley
Parker
Pelosi
Pombo
Pryce (OH)
Radanovich
Sanders
Schiff
Sessions
Shaw
Slaughter
Torres
Weldon (PA)
Weller
Young (AK)

□ 0954

Mr. HORN and Mr. PACKARD changed their vote from "yea" to "nay."

So the motion to adjourn was rejected.

The result of the vote was announced as above recorded.

REMOVAL OF NAME OF MEMBER AS COSPONSOR OF H.R. 674

Mr. CAMP. Mr. Speaker, I ask unanimous consent to have my name removed as a cosponsor of H.R. 674.

The SPEAKER pro tempore (Mr. MILLER of Florida). Is there objection to the request of the gentleman from Michigan?

There was no objection.

GENERAL LEAVE

Mr. PORTER. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the further consideration of H.R. 2264, and that I may include tabular and extraneous material.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Illinois?

There was no objection.

DEPARTMENTS OF LABOR, HEALTH AND HUMAN SERVICES, AND EDUCATION, AND RELATED AGENCIES APPROPRIATIONS ACT, 1998

The SPEAKER pro tempore. Pursuant to the order of the House of Thursday, July 31, 1997, and rule XXIII, the Chair declares the House in the Committee of the Whole House on the State of the Union for the further consideration of the bill, H.R. 2264.

□ 0957

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill (H.R. 2264) making appropriations for the Departments of Labor, Health and Human Services, and Education, and related agencies for the fiscal year ending September 30, 1998, and for other purposes, with Mr. GOODLATTE in the Chair.

The Clerk read the title of the bill.

The CHAIRMAN. When the Committee of the Whole rose on Thursday, September 4, 1997, the bill was open for amendment from page 11, line 1, through page 25, line 8.

Are there any amendments to this portion of the bill?

AMENDMENT OFFERED BY MR. MCINTOSH

Mr. MCINTOSH. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. MCINTOSH:

Page 13, line 8, after the first dollar amount, insert the following "(reduced by $4,309,000)".

Page 68, line 17, after the first dollar amount, insert the following: "(increased by $4,309,000)".

PARLIAMENTARY INQUIRY

Mr. RIGGS. Mr. Chairman, parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. RIGGS. Mr. Chairman, I am simply trying to ascertain where we are now with respect to deliberations on the Labor-HHS-Education appropriations bill. It is my understanding that when the Committee rose last night, we were at the end of title I, and that title I could be reopened for the purposes of an amendment.

I have an amendment pending to title I, but want to give preference to the amendment of the gentleman from Indiana [Mr. MCINTOSH]. I would like to confirm my understanding.

The CHAIRMAN. The bill is open for amendment from page 11, line 1, through page 25, line 8, of title I.

Mr. RIGGS. Further parliamentary inquiry, Mr. Chairman.

Again, I am just trying to confirm, then, that my amendment which I intended to offer at the end of title I would be in order after that of the gentleman from Indiana [Mr. MCINTOSH].

The CHAIRMAN. The Chair will make that determination when the amendment is offered, but that portion of title I is still open.

☐ 1000

Mr. OBEY. Mr. Chairman, I reserve a point of order against the gentleman's amendment.

The CHAIRMAN (Mr. GOODLATTE). The gentleman from Wisconsin [Mr. OBEY] reserves a point of order against the amendment.

Mr. McINTOSH. Mr. Chairman, the purpose of this amendment is to make a transfer of funds from the wage and hour enforcement provisions in the bill and transfer those funds to fund the IDEA program, which is the Individuals With Disabilities Education Act.

This amendment would essentially level-fund the Wage and Hour Enforcement Bureau. As we talked about last night, there are many of us who have grave misgivings about the funding priorities in this bill. We understand that there is a budget agreement in which we have agreed with the President and Members of the other party. However, Mr. Chairman, we think it is very important to have this fundamental debate about these spending priorities within this bill, and we think that it is important that all of the Members of the House understand the decisions that are being made within the context of a balanced budget agreement.

This amendment will make a decision, if it is accepted, to level-fund the Wage and Hour Enforcement Division at the Department of Labor. Our view is that that entity at the Department has sufficient funding from last year's appropriation bill to carry out its mission, and does not need a $4.3 million increase.

Mr. Chairman, however, IDEA is a bill that we recently amended in this Congress that provides educational opportunities for those individuals who are disabled, but still may participate in educational programs in our school system. The Federal Government places enormous mandates on local school systems under this provision. It is noble in its cause in terms of creating opportunity for those who are less fortunate. But, unfortunately as so often happens in Washington, we passed the mandate, we passed the noble bill, we passed the strings, but we do not provide the funding.

My amendment, Mr. Chairman, would be a modest effort to redirect some additional funds to local schools so that they could fund programs such as inclusion of those students who do have mild learning disabilities into the mainstream classroom in our school systems. Oftentimes, this requires special personnel at the school to be able to help those students learn and have an opportunity to progress as far as they are able.

Mr. Chairman, this will also allow the schools to pay, frankly, for some of the costs of this program in terms of consultation with parents so that they can be included in the crafting of the educational program for their students and compliance with the paperwork which requires schools to document what their programs are for these students who are disabled.

Mr. Chairman, I visited several schools in my district at the end of August and repeatedly those school programs pointed out to me what they are trying to do to comply with this Individuals With Disabilities Education Act that we have promulgated here in Washington. They are struggling to do what is right by those people who are less fortunate. But time and time again, they pointed out how it was taking resources away from other students in their schools who desperately needed to be taught the basics: reading, writing, and arithmetic. Those schools needed that additional funding.

We have a program already authorized; it is terribly underfunded. If my memory serves me correctly, we only provide about a quarter of the funds that are needed to fulfill that. This amendment will not in any way fully fund those requirements, but it will provide $4.3 million additional for that purpose.

Mr. Chairman, I think this fits into the overall goal that we talked about last night of redirecting priorities within this bill, rather than funding an enforcement agency at the Department of Labor that is oftentimes perceived as being heavy-handed and arbitrary in our workplaces. We would take those funds and provide much critically needed assistance to local schools who are attempting to provide an educational opportunity for disabled Americans who are attending those schools.

Mr. Chairman, I submit this amendment and would urge my colleagues to vote "yes" in this redirection of funding.

The CHAIRMAN. Does the gentleman from Wisconsin [Mr. OBEY] insist on his point of order?

Mr. OBEY. Mr. Chairman, I withdraw my reservation of a point of order, and I rise in opposition to the amendment.

The CHAIRMAN. The reservation of a point of order is withdrawn.

Mr. OBEY. Mr. Chairman, I would point out that this is one of those amendments that will determine whether or not this Congress really cares about the conditions under which Americans are expected to work.

Mr. Chairman, the gentleman is asking us to add $4.3 million to an account that already has a $338 million increase. We already added $25 million to that account in the Goodling amendment last night. And the source that the gentleman chooses to target in order to move that money is, I think, especially outrageous.

Mr. Chairman, the gentleman from Indiana [Mr. MCINTOSH] would remove that money from the wage and hour enforcement division of the Department of Labor. That is the agency that is supposed to enforce the minimum wage. That is the agency that is supposed to enforce the Medical and Family Leave Act. That is the agency which is charged with seeing to it that workers are not asked to work under slave labor conditions.

We have just seen some of those stories in newspapers in disgraceful incidents around the country, and this amendment would further cripple the ability of the Department of Labor to deal with those issues.

The Wage and Hour Division is supposed to enforce the Migrant and Seasonal Agricultural Workers Act. It is supposed to enforce the immigration acts so that employers do not illegally employ noncitizens in this country. It is supposed to see to it that employers comply with employment eligibility verification requirements under the Immigration Act.

Now, Mr. Chairman, this program, it seems to me, is grossly underfunded as it is. Are we really about to say that this country does a good enough job in protecting workers on overtime issues, on minimum wage, or on slave labor conditions? I do not think we do.

We can look at every major urban newspaper in the country virtually every week and find another instance where we have had people employed in deplorable conditions, and yet the gentleman says that we ought to take $4 million away from the agency charged with seeing to it that we treat American workers like Americans.

Mr. Chairman, I think that there is something fundamentally wrong with that approach. I cannot believe that this Congress would support that, and I would respectfully urge the rejection of the amendment.

Mr. PORTER. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I want the gentleman from Indiana [Mr. MCINTOSH] to understand what we have done in the bill with respect to the salary and expense accounts. That is, generally, we have provided about a 2-percent increase in S&E accounts, and this account is 2.8 percent, both figures are below the rate of increase in the spending in the bill overall.

The President has announced that salary increases will be 3.8 percent for 1998. That increase means that in all of the salary and expense accounts in the bill there will be a need to either cut expenses or have fewer employees, probably mostly through attrition, to meet those requirements.

In other words, the level of increase that we have given in this account is below the rate of increase in salaries in the Federal Government generally, and that will mean fewer workers will remain in the Federal work force. That would apply in this account as well.

Now, Mr. Chairman, what the gentleman from Indiana is offering is an amendment that would raise the spending for the special ed. account by $4 million on a base of $4.3 billion, or about one-tenth of 1 percent. Let me suggest to the gentleman that last year we raised spending in this account by $790 million and this year we raised it in the bill by an additional $312 million, and last night we raised it by an additional $25 million as a result of the Goodling amendment. So, we now have raised spending in this account, just in the last 2 fiscal years, to this point at least by over $1 billion.

The gentleman's amendment would be an increase from the present level of spending by an insignificantly small amount, $4 million. Now, every amount is important. I certainly agree with that. But given the overall funding, it is not as if we are not paying attention to our responsibilities to increase spending for IDEA. We very much are. We put it at a very, very high priority.

And while it makes for a good amendment, I suppose, in terms of appeal to cut Wage and Hour Enforcement and put the money in special ed., I think Members should know that we have done a yeoman's job of putting resources into special ed. and taking the burden off of local school districts' tax revenues in a major way and that this amendment is going to make virtually no difference in that effort. It will make substantial cuts in the wage and hour enforcement.

Mr. Chairman, I think the Members ought to be able to see in perspective that this does very little for the matter where the gentleman moves the money, but would cut even below what we have provided, which is already in the nature of a cut, in the Wage and Hour Enforcement Division.

□ 1015

Mr. McINTOSH. Mr. Chairman, I ask unanimous consent to strike the last word.

The CHAIRMAN. Is there objection to the request of the gentleman from Indiana?

There was no objection.

Mr. McINTOSH. Mr. Chairman, let me address some of the points that have been raised about this amendment. First, let me say very clearly that the philosophy behind this amendment is to take funds away from the Washington bureaucracy and make them available to our local schools so that they can implement a program that we all think is a noble and worthy cause of helping to provide education for disadvantaged, disabled American students.

There are three examples of the type of regulatory oversight that are being funded currently in the wage and hour administration that my colleague, the gentleman from Wisconsin [Mr. OBEY], has mentioned. One was the employment eligibility standards by the INS. This is essentially a lot of paperwork where they require Americans to produce an ID or indication that they are a U.S. citizen before they can obtain a job.

My view is that ultimately most employers will comply with that, but that there are some actual abuses of that program itself that are occurring where people are being discriminated against because of their background as a Latino-American or other ethnic heritage, they are seeing this provision used against them to harass them as they seek job opportunities. So I do not think we should increase funding to support that type of harassment in the work force.

The second one was the Family Leave Act. As I talked to employers all over the country and particularly in my district in Indiana in August, they have told me they have enormous problems complying with this, but are making a very good-faith effort to provide the new Federal job benefit of family leave for those employees who need to be with a family member because of an illness, because of a death, because of a birth of a child.

The complications arise from the need to provide a constant work force in a very competitive marketplace or, in some cases, a fluctuating work force. When they have a new order that is received, they have to be able to count on their employees coming in and filling that order or they see that it is lost to competitors in Japan, China, Europe, and other countries.

I do not think those employers need an additional burden of a bureaucratic oversight of their efforts to comply with this act.

The third area was the minimum wage. We had a debate in the last Congress about whether to raise the minimum wage. I thought it was a mistake because it would harm people who were not able to get jobs that frankly would not be available at that higher rate. They are what I call the victims of the minimum wage.

Let me mention one, Don Baisch, who is a manager at a Burger King out in California. He came and testified at my subcommittee hearing on the question of minimum wage. He told me about how he had been on welfare a few years ago and until he had an opportunity to sign up for a job at Burger King, he did not have hope in his life. He had one daughter, the mother of that daughter was not there to help raise the child, and he made a choice to get that job at the then minimum wage.

He worked his way up. He is now a manager at one of the restaurants, and he told us how he wanted to be able to say, yes, raise the minimum wage for American workers, but he begged us not to forget people like him who may not have an opportunity as those jobs are no longer available.

Congress passed that increase. Frankly, the adverse effects that we anticipated were avoided because of the strong economy. What we now see in the workplace is that the market has in fact raised the minimum wage for most employees above the statutory minimum wage. And so those opportunities are there.

But that same effect means that we do not have to increase spending here in Washington on a bureaucracy to oversee the implementation of that regulatory program, one which I do believe continues in some areas of the country to harm people like Don Baisch who need an opportunity as we are moving away from welfare and back to work.

For that reason, I am very comfortable with saying, let us just fund it at last year's level. Some Members will say that is a cut, but I refer to that as a Washington cut and would urge my colleagues to reject that notion.

Mr. COBURN. Mr. Chairman, I move to strike the requisite number of words.

I want to stand in support of this amendment, but more importantly, I want to ask about the premises, the premise under which we are going to decide that we cannot become more efficient in Washington. The fact is with the wage increase that President Clinton has put through that the Wage and Hour Division of the Department of Labor, the assumption is that they will have to lay off people rather than to achieve an efficiency to become more proficient or to figure out a way to get the same job done with less dollars or more dollars that would go to employees with less dollars in other areas.

Having spent about 3 weeks this past year in different Government offices and Government agencies, and looking at how those problems are broached, I find two very different areas. I went through the VA regional office in Muskogee, OK, which has led the Nation multiple times now in terms of efficiency because they teamwork, they have gone to innovative structures. Their costs are down. Their costs per claim are down. Their costs for handling the case are down.

They have led because they decided that they were not going to be behind and just do what Congress said. They were going to try to be more efficient with the American dollar.

Then I have gone to the VA hospital and had my staff study the VA hospital and the opposite thing has happened. In fact, we spend more money because more money was made available, not because we were efficient.

So the question I would ask is, Is it wrong to try to send money to the local school districts to handle a program that we have mandated on them;

and if, in fact, we are spending $1 billion to support the IDEA program, my question is, that is not near enough to the mandates that we are putting out there. And Chairman GOODLING said last night on this floor that that was not enough money. He was disappointed that he could only ask for $25 million more.

That is not enough money to care for this. We are mandating things must be done even though, in a reform fashion on IDEA, but we are still not sending the dollars there to accomplish it.

So, yes, this is a small amount. It does accomplish two things that I would like to see: It drives efficiency and the bureaucracy in Washington and mandates it. There is less money for you to get the job done. Think about innovation, do it in a different way.

And second, it does send money to the local school district so that they can meet the mandate that we have placed on them even though, well-intentioned, that costs them far more than we ever send; that would come close to providing for the cost associated even with a revised IDEA.

I would support this amendment. I would ask the gentleman about his points of order.

Can I ask the gentleman from Wisconsin [Mr. OBEY] what the point of order that he would raise on this amendment would be, so that I might know.

Mr. OBEY. Mr. Chairman, will the gentleman yield?

Mr. COBURN. I yield to the gentleman from Wisconsin.

Mr. OBEY. Mr. Chairman, I did not raise it.

Mr. COBURN. Mr. Chairman, I thought that the gentleman might have one.

The CHAIRMAN. The gentleman has withdrawn his point of order.

Mr. COBURN. I stand corrected.

Mr. PORTER. Mr. Chairman, I ask unanimous consent to strike the requisite number of words.

The CHAIRMAN. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. PORTER. Mr. Chairman, I want to make one further point when we talk about bureaucracies. The gentleman from Indiana has made a point about taking money from Washington bureaucracies and giving it to local school districts. There are bureaucracies in Washington, and there are bureaucracies also in many of our local school systems. I need only to point out that before the Illinois General Assembly gave Mayor Daley of Chicago control over the Chicago schools, 1½ years ago, one of the biggest bureaucracies anywhere in existence was the Chicago School Board. It was packed with patronage workers and certainly did not need any more relief when compared with the Wage and Hour Enforcement Division.

In other words, there are bureaucracies, if they exist, not only in Washington but out in local school districts in many of our big cities; there is not any doubt about that. To say that we are simply going to punish bureaucrats and give this money for the education of handicapped kids is not quite accurate in many instances.

Mr. COBURN. Mr. Chairman, will the gentleman yield?

Mr. PORTER. I yield to the gentleman from Oklahoma.

Mr. COBURN. Mr. Chairman, the implication is not punishment. The implication is how do we drive efficiency within the bureaucracy of our Government.

Necessity is the mother of invention, and if in fact there is less money, we will drive invention to get the job done in a more efficient way. We have done that throughout our entire history as a country. I agree with the gentleman, there are a lot of bureaucracies in the State of Oklahoma within the Education Department of the State of Oklahoma. But where do we start drawing that line? Oklahoma should clean up its bureaucracies. But we should not clean up bureaucracies in Washington because Oklahoma has failed to do it? I am not saying they have, but should they have failed to do it, that should not limit what we do.

Mr. PORTER. Reclaiming my time, Mr. Chairman, as I explained earlier, we have made a very direct assault on that by providing a lower rate of increase in all the salary and expense accounts in the bill than will be granted in salary increases. This funding level brings very strong downward pressure on the number of employees and therefore creates, in your mind at least and maybe mine, also greater efficiencies.

Mr. COBURN. Mr. Chairman, if the gentleman will continue to yield, I would concur with that, but remember, not all the cost of the Department of Labor is salary and benefits, although that is a large portion of it. There is a large area that is not. So when we say we increase a total number, it is not all going for salaries and benefits. In fact, they could hold their other costs even and meet those equally well, meet the demands of a salary increase.

Mr. PORTER. Reclaiming my time, Mr. Chairman, this is an S&E account, and they could not do that as a matter of fact.

Mr. MANZULLO. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise in support of the McIntosh amendment. It is amazing, just absolutely astounding, that here the U.S. Congress proposes in this Labor, Education and Health and Human Services bill to increase the bureaucratic account of another one of the 10,000 agencies and programs that we have here in Washington, and really it is at the expense of local school boards that have to bear more and more of the burden under IDEA.

It really strikes me that this is the complaint about Washington, this is the complaint about big government when 435 Members here assembled in the House of Representatives can take a document and increase the amount of money to run a particular agency or bureaucracy, and yet, when a movement comes, when an amendment comes to take the money that would go from the Washington, DC, bureaucrats and to send it home not to local school board bureaucrats, because every dollar that would be sent back home to fund IDEA is not going to more bureaucrats, it is going to the children, the children that are the beneficiaries of IDEA, the children that suffer with these incredible handicaps, the children whose handicaps and disabilities are so overwhelming that this House voted 432 to 3 in order to pass a program like that, it is the children.

And the services that are given to the children at the local level, they are the ones to whom we must look and say and ask this question on the McIntosh amendment: Who is more worthy of receiving Federal dollars, the children with the disabilities or increasing the bureaucratic account to which the gentleman from Indiana [Mr. MCINTOSH] has addressed his amendment? That is the issue.

Mr. PORTER. Mr. Chairman, will the gentleman yield?

Mr. MANZULLO. I yield to the gentleman from Illinois.

Mr. PORTER. Mr. Chairman, I would again suggest to the gentleman that the assumption behind his statement is simply not accurate. For years, a portion of this money went to support bureaucrats in local school districts that were part of a political patronage machine. Our own city of Chicago is an example and everyone knows that.

Mr. MANZULLO. Mr. Chairman, I do not come from the city of Chicago, and I do not claim any of the Illinois politics. All I know is that every additional dollar that goes back to the school district in my school district, not one more cent goes to a bureaucrat. They do not hire more bureaucrats. They may hire more staff to deal with those disabled children, but that is the purpose for which IDEA is intended.

□ 1030

Mr. PORTER. If the gentleman will yield further, I am certain that is true in his school district. I am simply saying that is not true in every school district, and particularly history tells us in many of the big city school districts across America this money does not get to the kids.

Mr. MANZULLO. Is the gentleman saying that money is spent more wisely in Washington than locally back home?

Mr. PORTER. No, sir, I am simply saying there are bureaucracies at both ends of the funding streams to classrooms and often the money that is intended to go to classrooms does not actually get there. That should concern us just as much as money spent here in Washington.

Mr. MANZULLO. I understand, but it is our job to stop bureaucracies from being wasteful here in Washington. It is the jobs of the folks back home to stop bureaucracies there. But it is also our job to make sure we do not have any more of these unfunded mandates. That is the purpose of the McIntosh amendment. IDEA should have been fully funded a long time ago. And how we do it, we take the money out of these bureaucratic accounts and send it to the kids.

Mr. DOOLITTLE. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise to support the amendment of the gentleman from Indiana. It seems to me that this amendment really goes right to the heart of everything that we as Republicans stand for in the Congress, the idea being that we support the 10th amendment, leaving those things to the States that the Founders have set forth for them to be responsible for, that we support the idea that the Federal Government should not be making mandates on States and localities that it does not fund. I was a State Senator for a number of years and we always had a problem with this huge Federal mandate that imposed the requirement that moneys be spent, but we had to live up to whatever the Federal Government told us that we had to do, and the Federal Government does not keep its word very often and has not kept its word in this area.

In 1975, when this program was authorized, it was set forthright in the legislation that the Federal Government would pay 40 percent of the cost of this program. At no time has it ever lived up to the law in that regard. In fact, the most it ever got to, the gentleman from California [Mr. RIGGS], our chairman, has informed me, was 10 percent. It is not even that this year.

This is an opportunity to take some money and move it over to fund what is a very worthwhile program but a very expensive program. It is a start in the right direction. I think, Mr. Chairman, that it is important that we at least start moving in the right direction even if at first we cannot put all the dollars into it that we would like.

The McIntosh amendment tries to scrape up a few more dollars that can go into this program. That is very consistent with the Republican philosophy of not having mandates and where we do have mandates, of moving to fully fund those mandates, to pay for the things that we the Federal Government are imposing on the States and the localities, not just to pass the mandate and let them foot the bill. That is not our philosophy. I think it is very important to support this amendment of the gentleman from Indiana [Mr. McINTOSH] because it moves us in the right direction, and it will help pick up a little more of the cost that we the Federal Government are imposing on the States and the localities for what is a very worthwhile program.

Mr. SHADEGG. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise in strong support of the amendment from the gentleman from Indiana [Mr. McINTOSH]. I hope my colleagues are paying attention to this debate because it is critically important that we understand what is going on here. This is a simple proposal which says are we going to put more money behind Washington, DC, bureaucrats? Or are we going to put money behind disabled children who need education? That is the issue raised by the McIntosh amendment, and I think it is a simple one and a straightforward one and one on which I urge my colleagues to pay attention and to support the McIntosh amendment.

It is clear-cut. We can spend more money; indeed this bill does spend more money. It increases spending for wage and hour law enforcement. Wage and hour law enforcement is important. But I think the spending level we set last year was more than adequate. I do not know of grave abuses in that area crying out for a need. But on the other side, we can do as the gentleman from Indiana [Mr. McINTOSH] suggests in this amendment, we can move these dollars, an increase in wage and hour enforcement is not really needed, over to take care of the education of disabled children.

It is a fundamental obligation of this Nation to take care of our disabled children. We wrote the IDEA program to ensure that States provide adequate education for those children who are disabled and who need it, but having written it, we have never funded it.

We have heard that discussion here on the floor. It is not like wage and hour law enforcement. We are funding that now. But we are not funding the education of the disabled children across America. We are indeed demanding that States provide that education, but we provide less than one-quarter of the funding that should be there for the education of those children.

That is the debate. Are we in favor of providing adequate education for disabled children across America or do we want more money to go into an already existing bureaucracy here in Washington and expand that bureaucracy by raising their budget? But it is an issue which reaches beyond the issue of the education of disabled children. It is a question of the education of all children. Because when we mandate that the States, as we do under the law, provide education for the disabled and we spell out exactly what they must learn and what they must teach and how much services must be provided, but then we do not provide adequate funding, that forces the States and the schools and the school districts across America to reach into the funding that should be there for other children, the not disabled children, and take money away from their education to provide education to the disabled children.

So because we are not doing our job, we are not fulfilling our responsibility to provide the funding to educate America's disabled children as we have mandated, we are harming the education of all children. All Americans ought to be concerned about this. It is important that we both educate the disabled, but that we not do it by stealing money from the education for the not disabled, for the standard students, for the rest of the children in our schools. Yet by failing today, as we are, to provide adequate funding for IDEA, that is exactly what we are doing. We are stealing funding from the children's education of all, not just the disabled but the not so disabled as well. That is wrong.

The McIntosh amendment moves $4.3 million, which right now would increase the enforcement of wage and hour standards into IDEA. It is simple, it is straightforward, and I urge my colleagues to support it. Do you stand in favor of expanding the wage and hour bureaucracy at the Department of Labor? Do you think we need to raise their budget over last year? Do you think we need $4.3 million additional in wage and hour enforcement or do you understand that we have an obligation to educate both the disabled children in this country and not to force States and local school districts to steal money from the education of nondisabled students in order to fulfill our Federal mandate. I urge my colleagues to support the McIntosh amendment. I think it is critically important to change this legislation.

Mrs. CHENOWETH. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, last year our Senator DIRK KEMPTHORNE from Idaho wrote and passed and had signed into law Senate bill 1 prohibiting unfunded Federal mandates. Unfunded Federal mandates have been a bane to local units of government and our States. We heard the statement just recently in the debate, if there are bureaucracies. Let me tell my colleagues, there are bureaucracies. In the Reagan legacy, Ronald Reagan knew what he believed in. He was very centered on the fact that power should go to the individuals and to the States. He is honored by people across this Nation because he was so focused and he never deviated.

This issue that the gentleman from Indiana [Mr. McIntosh] brought up is very special to me. Putting more money in funding for IDEA is a very important thing to me. I have a grandson who is disabled. I have six little grandchildren and one of them is disabled. I can tell Members, he is a beautiful child. He has unspeakable joy in his spirit. But he is disabled. As such, he pulls a kind of love and emotion from us that is unlike anything I have ever experienced. Hence, when I see the children who are under the IDEA program and the fact that their little lives are lived out in bodies that are disabled, my heart goes out to them. I am no different than any other American. Yes, we are a rich country and we can certainly afford to be able to help these helpless little children.

My children, my son and daughter, do all they can to help their children in their own way. But there are many, many, many parents who are not able to help as much as my children are, to be able to help little Timothy, my grandson. And so when the gentleman from Indiana [Mr. McIntosh] brought this amendment up, it really struck home to me. $4.3 million from a broken bureaucracy to the Individuals with Disabilities Education Act, it is a very worthy transfer of money.

Mr. Chairman, the question should never be, or the statement should never be, if there are bureaucracies. Indeed, there are bureaucracies. There are bureaucracies on the Federal level that are very broken. That is what the mandate was in terms of why we were sent back here to Congress, to carry out the Reagan legacy to not just fix a very big and broken bureaucracy but to fix it by streamlining it and making it very much smaller. To that end, that is what the gentleman from Indiana [Mr. McIntosh] is attempting to do in this amendment. I commend him for his forethought.

Yes, the McIntosh amendment takes money from a bureaucracy that would fund an unfunded mandate and gives it to children who really, really need it. This is a sound concept, Mr. Chairman. This is in line with the 10th amendment concepts and it is compassionate. We really need to be able to reach out for those little children who cannot help themselves. This is a good Republican idea. This is an idea that Ronald Reagan would be very, very proud of.

I ask myself again and again, as I have over the last few days, what are our priorities in this Nation? Our charge as lawmakers is to make sure that we understand the people's priorities and to be able to put them forth. As such, without the McIntosh amendment this bill does not do that. With the McIntosh amendment, it will begin to do that.

Mr. OBEY. Mr. Chairman, I ask unanimous consent to strike the requisite number of words.

The CHAIRMAN. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

Mr. OBEY. Mr. Chairman, I take a back seat to no one in my concern for disabled children. There is not anybody on this floor who does not have someone in their family who is disabled or someone close to them. I have a nephew who is disabled. I have another child in my family who was born with so many problems that by the time they left the hospital, his parents had almost $400,000 in unpaid medical bills. So there is not anybody who does not understand that.

But the fact is that $4 million added to this account will do virtually nothing to improve the situation that has been talked about because this account is already so large. But cutting $4.3 million out of the agency that is charged with the responsibility to protect workers against slave labor conditions, to guarantee that workers are paid what they are entitled to be paid, to guarantee that they are not forced into working hours that are against the law, that will indeed have a deep effect on the agency because the agency already has a much smaller budget.

I would make a larger point. It is true that the account into which the gentleman wants to put money is underfunded. Virtually every account in this bill is underfunded. The fact is that the budget agreement which has been imposed on us leaves this bill at least $5 billion short of where it ought to be. There ought to be at least $2 billion more in this bill for Pell grants. There ought to be more money in this bill for the National Institutes of Health. There ought to be more money in this bill for worker protection. There ought to be less money in the budget, in my view, for B–2 bombers.

□ 1045

If we want to correct the problem as large as the problem described, we are not going to do it with $4 million transfers that weaken the Government's ability to meet its obligations to protect workers and see to it they work in decent working conditions. The only way we are going to get that is if we take money out of the areas of the budget that clearly do not deserve it.

For the cost of one of those B–2 bombers, we could pay the cost of tuition for every single kid at the University of Wisconsin for the next 11 years; we could pay the cost of hundreds of thousands of families in dealing with disabilities. This amendment does not do that.

This amendment is a token transfer that will have virtually no effect on the people we are trying to help, but it will very deeply cut a much smaller agency which is supposed to protect every worker in America so that their employers pay them what they are entitled to, so that their employers do not have them working in slave conditions, so that employers do not illegally hire aliens.

Mr. Chairman, I suggest to my colleagues, if they want to correct the problem, go back and correct the budget deal; quit giving billions of dollars in tax relief to the wealthiest people in this country who do not need it while the families we are talking about are getting table scraps. If we want to correct the problem, give this bill a larger budget allocation. Otherwise, they are cutting one deserving account in order to try to fund another account.

So I would urge the House respectfully to recognize that this House has no business weakening protections on minimum wage or weakening protections on the employment of immigrants. Some of the speakers who have addressed this amendment have made clear they do not believe in the Family Leave Act, they did not believe in raising the minimum wage, and so what they are trying to do is to eliminate funding that is enforcing legislation that they voted against in the first place.

I do not happen to agree with that; I do not think the House will, either. I think there are a large number of Members in both parties who recognize their responsibility to see to it that working people work under conditions that are lawful and equitable. The amendment helps to weaken that guarantee, and I do not believe that people in either party in substantial numbers support it.

Mr. NORWOOD. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I yield briefly to the gentleman from Oklahoma [Mr. Coburn], my colleague.

Mr. COBURN. Mr. Chairman, I would just like to answer that as somebody who voted against the B–2 bomber, who voted against the budget, who voted for minimum wage, as my colleagues know, I think $4.3 million does a whole lot in Oklahoma, Wisconsin, Texas, and all the other States, and I think a whole lot less is accomplished with $4.3 million run out of Washington, DC.

And to say that $4.3 million does nothing is an example of what the problem is in Washington. It is because we perceive that $4.3 million is a small amount. And when that amount of money goes to any school district, and I want to finish my point, and it is not my time I say to the gentleman from Wisconsin [Mr. Obey], when that amount of money leaves Washington, two things happen: No. 1 is it is not wasted in Washington, and No. 2 is it has an opportunity to be put to excellent use in the various States.

And IDEA is a program that we have mandated that is underfunded, without a doubt, across this country, and just the other point that I was going to mention to the gentleman from Wisconsin [Mr. OBEY] is we have several other amendments to try to increase IDEA to make that impact much greater.

Mr. NORWOOD. Mr. Chairman, I say to the gentleman from Wisconsin [Mr. OBEY] let me make my statement, and if there is time left, I will be glad to yield.

Mr. Chairman, I rise to support the McIntosh amendment for, I think, some very clear reasons. IDEA is good. We have had it in this country for 22 years now. The idea here is to educate our disabled children and make them useful members of society. Who could disagree with that?

But in addition to that, the law also says that the Federal Government will fund their portion of that at 40 percent. Well, we are up to 12 percent now after 22 years, and my friend from the other side of the aisle implied that why do we not go ahead and fund it? We are in charge; why has it been just 12 percent? Why do we take it away from something else in the Education or Labor Department and fund IDEA? My question is, why have the Democrats not funded it over the last 20 years? Why have we forced this unfunded mandate down on the States and, in effect, have raised taxes on the people in the States without them really realizing it?

I think $4.3 million is a large amount of money. I hope people watching this debate understand some of us realize it has six zeros on it. We think that at $10,000 per district it is at least a step in the right direction.

Though we are only funding what the law calls for, 40 percent at 12 percent, we are trying to correct that situation, and I encourage all of my colleagues to support this amendment, support the gentleman from Indiana [Mr. MCINTOSH], and maybe we will have some more amendments before the day is out to continue to try to fund what is a good program and what does help our children.

Mr. OBEY. Mr. Chairman, will the gentleman yield?

Mr. NORWOOD. Mr. Chairman, I now yield to the gentleman from Wisconsin [Mr. OBEY].

Mr. OBEY. Mr. Chairman, my point was not that this money is a small amount of money. My point was simply that a $4.3 million impact on a $600 million budget is infinitesimal in comparison to its effect on a budget which is only one-sixth that size.

I would make the point that the amendment would provide less than $1 in additional help to every child my colleague is talking about, but it would provide a devastating cut in the ability to enforce protection for workers not in Washington, but in sweatshops in Los Angeles, in New York, and Chicago, in Wisconsin or any other State in the Union where workers are being taken advantage of every day.

Mr. NORWOOD. Reclaiming my time, I simply say that this is a step in many steps for which we can finally get the Federal Government to do what it said it wanted to do, fund IDEA at 40 percent levels. It is not comprehensible to me that we have simply passed that law and simply not done what we said we will do. We very seldom pass a law and allow people at home not to follow that law. Why can we not fund it? And if we can only get $10,000 per district in this amendment, then we can keep trying until we get up to the correct funding level.

Mr. PORTER. Mr. Chairman, will the gentleman yield?

Mr. NORWOOD. I yield to the gentleman from Illinois.

Mr. PORTER. Mr. Chairman, by my calculations we are going to need $11 billion of new spending in this one line item alone. Is the gentleman telling me he favors doing that?

Mr. NORWOOD. No. What I favor is repealing the law and not having us fund it at 40 percent or change the law or either fund it.

Mr. MILLER of Florida. Mr. Chairman, I move to strike the requisite number of words.

I rise in opposition to the McIntosh amendment. Mr. Chairman, this amendment does not reduce total spending. It just shifts $4.3 million into the IDEA program which is already a $4.3 billion program.

There are two issues here we are debating basically. One is a philosophical issue, which is what my colleagues on my side of the aisle are talking about, and I agree with them on this philosophic issue.

The IDEA program is a good program, and I would like to have money shifted out of Wage and Hour. But that is the one issue that I agree with my colleague on. The other issue that we do not agree on necessarily, apparently, and I agree with the gentleman on the other side of the aisle, is we have to govern here; we have to govern, we are the majority party.

Last November the American people elected a Democrat to the White House, not the gentleman that I voted for, but there is a Democrat in the White House, and they elected us with a small majority in the House of Representatives. As a member of this subcommittee, it is difficult to make some compromises, but compromise is the way to run as a majority.

The issue they talk about, the IDEA program, everybody supports the IDEA program here. I, last week I had the pleasure of visiting a program, the Easter Seal facility in Sarasota, Bradenton, in my area, and they just started a charter school, which is really fascinating to see a charter school started for IDEA students in my area. I have a niece who is a teacher of special ed., I have a nephew that is a special ed. student. So we all have a personal impact on that, and we have a reason to support that.

But IDEA program is something Republicans should be proud of. We have increased the spending on IDEA in the past 2 years from $3.3 billion to $4.3 billion. That is a 30-percent increase in the past 2 years. So we have a lot to be proud about in that area, and increasing another one-tenth of 1 percent, $4.3 million, I agree with.

I voted against the minimum wage increase. I do not think we are philosophic; I mean, sure we need that whole agency, but the problem is and the question we are debating here is should and can we govern? And I think at this stage we need to say, hey, this is the best we can do, let us move forward based on the real dollars involved because of inflation. We are not getting that much of a change because of the wage increases that are mandated by the President.

So, as much as I support the IDEA program, I like to see more money poured into that, and we are moving in the right direction on that and we have made a lot of accomplishments. I think from a governing standpoint we should vote down this amendment and move forward.

Mr. MILLER of California. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise in opposition to the amendment.

Over 20 years ago we passed IDEA, the Individuals with Disabilities Education Act. I was one of the authors of that legislation. And one of the reasons we passed that act, the compelling reason we passed that act, because these very same school districts and administrators and so forth that so many are now championing, saying they could use this money better than the Wage and Hour Division, were the same people who denied disabled children access to the schools. They denied it as a matter of their school policy. And the reason we have a Federal mandate is because we had to mandate under Federal law that these children be allowed to cross the threshold of the school doors.

In States all over this country, but for this law millions of children would not get an education, simply would not be allowed in schools because they were on crutches, they were in a wheelchair, because they suffered from Down's syndrome or cerebral palsy. They would not be allowed because that is what school administrators all over this country decided. Oh, they can be educated in basements, they could be educated off-site, but they could not come to school with the regular students. If we never put a dime into this mandate, this mandate should stand.

But through the efforts of the gentleman from Illinois [Mr. PORTER], the efforts of the gentleman from Wisconsin [Mr. OBEY], the efforts of the gentleman from Pennsylvania [Mr.

GOODLING], many people preceded them, we put a substantial amount of money into this effort.

And where are we today? We are almost a billion new dollars in this effort after the reauthorization on the unanimous bipartisan basis, on the unanimous bipartisan basis. And today what do we see? We see a group of Members on the other side seeking to use these children as a weapon, as a weapon against the rights of working men and women to have the laws enforced, to guarantee them the minimum wage that they are entitled to under the law, to guarantee them the overtime pay that they are entitled to under the law, to guarantee them the comptime that they are entitled to, to guarantee the maternity leave policy that they are entitled to under the law, because know what? Know what? Unfortunately, out there in the private sector among those noble employers there are thousands of them on a daily basis that tell their employees: "When you come to work, don't clock in until after the first hour; when you stay late, go off the clock early," so they do not have to pay them the full minimum wage or they do not have to pay them the overtime.

This is not a matter of conjecture, this is a matter of record that hundreds of thousands of workers on a regular basis are denied their overtime pay. That overtime pay is the difference of whether or not they can provide for their family or not provide for their family. That minimum wage pays the difference of whether or not they need public assistance or they do not need public assistance, whether they can provide child care or they cannot provide child care for their children as they work.

This is about the enforcement of people in the garment industry that we have found chained to their sewing machines. This is about the enforcement against people who we found chained to the machines and doors locked and working in oppressive situations. This is about whether or not Mexican citizens are brought here who are deaf and forced to work against all of the labor laws in this country.

□ 1100

This is about Vietnamese women, Laotian women in Los Angeles. So now do we want to use the handicapped children, the disabled children and their families of this Nation as a weapon against these policies that we do not happen to agree with? The author of this amendment does not happen to agree with the minimum wage.

The author of this amendment opposes the Family and Medical Leave Act. So he has decided, he has decided that he will conjure up a transfer amendment that will tug at our heart strings about disabled children, and hopefully will disguise, will disguise the effort here to deny the enforcement of the basic laws of American workers, and in most instances, the basic rights and the basic laws of American workers who are at the lowest edge of the wage scales in this country, people who work in hot, heavy, and dangerous industries, people who toil in jobs that most Americans are not interested in having.

Go to the migrant fields, see the conditions under which they work, and then say we are going to deny them the enforcement. If you do not like those laws, why do you not just stand up and try to repeal them?

Some, I believe, voted against the minimum wage because they do not believe in it. But do not use this way, do not use these disabled children, do not use their families to suggest that somehow we can provide a dramatic difference.

The CHAIRMAN. The time of the gentleman from California [Mr. MILLER] has expired.

(By unanimous consent, Mr. MILLER of California was allowed to proceed for 3 additional minutes.)

Mr. MILLER of California. Mr. Chairman, do not use this amendment to suggest that we can dramatically change their educational experience. Do not do that. Stand up and say what it is really about. It is about the undermining of the wage enforcement, hours enforcement, of hard-working Americans. It is about those field officers in L.A., in Tucson, in New York, in Miami, who are out there trying to enforce the wage and hour laws of this country. We ought to understand that, and this Congress ought to be committed for its reauthorization.

I see the chairman of my subcommittee sitting there, the reauthorization on a unanimous basis. Why did you not strip the mandate out of 40 percent then? Why did you not increase it then? Because you know what? You know the Federal Government is trying to do the best we can under the budget we have been given.

But the answer is not to strip American workers of their protections. It simply cannot be. We cannot use these children for that effort.

This is thinly veiled, if veiled at all, because when the gentleman got up to speak the second time on his amendment, he made it very clear that this is about provisions of the wage and hour laws that he disagrees with. This is about provisions that he wishes this Congress had not passed, but this Congress did pass; and those are the laws of the land and the people of this Nation, the workers in this Nation, are entitled to have those laws enforced.

It is very clever to suggest that we are pitting some faceless bureaucrat in some pejorative sense against a child with disabilities. But what we are really pitting against here is the ability of those children to have their parents' wages enforced by hard-working officials in the Labor Department, in the regional and local offices, against employers that make a conscious decision, a conscious decision to deny people overtime, to deny people minimum wage, to deny the rights of workers in the fields, in the sweatshops of this country. They make a conscious decision.

And how do those people fight back? How do they fight back without a Labor Department that can enforce their rights?

But, of course, many of the supporters of this amendment do not much give a damn about those workers' rights, do not much give a damn about whether they get the minimum wage or not.

But that is unacceptable. It is going to be unacceptable to the people when we vote on this amendment, and it is clearly unacceptable to the American people that support overtime pay, that support a 40-hour workweek, that support a minimum wage. And this amendment will not disguise that agenda.

I would hope my colleagues, when they come to the floor, will understand that they need to strip the camouflage off this amendment, they need to look at the intent of this amendment and understand that this is just more of a consistent attack, a consistent attack against the rights of working men and women in this country, and a specifically consistent attack against those who are the lowest paid and the least protected of the American work force.

I would hope they would vote "no" on this amendment.

Mr. NEUMANN. Mr. Chairman, I move to strike the requisite number of words.

First, I would like to begin by saying that I find that entire conversation that was just had here on the floor to be offensive.

Second, I would add that any time that I have found that a person has to resort to the language that most people would find unacceptable in this country, that generally they are trying to make a point that does not hold water.

Third, I would point out that if this amendment passes, the account he is talking about is fully funded to last year's level and, in fact, is not being cut back but rather frozen to last year's level.

Fourth, and the most offensive of all is to suggest that somehow we do not care about these children.

Mr. Chairman, I would like to yield to the gentlewoman from Idaho [Mrs. CHENOWETH], who has a disabled granddaughter, and just grant her some time to talk about the disabled granddaughter that he just said we do not care about, because I think we care an awful lot about these disabled children.

I would be happy to yield to my good friend, the gentlewoman from Idaho [Mrs. CHENOWETH].

Mrs. CHENOWETH. Mr. Chairman, I thank the gentleman from Wisconsin for yielding.

Yes, I guess we are supposed to not feel very much in this body. We are just supposed to talk. But I can say that I felt a great deal of personal umbrage when we were accused of using these children for our own political ends.

I can confirm the depth of feeling and emotion, as a grandmother, that many Americans must feel when they meet these children, when they hold them on their lap, when they hold them in their arms, when they rock them to sleep, when they sit and work with them and try to read stories to them, and when they delight in the fact that they realize the child has comprehended, because suddenly their face lights up and they laugh and they squeal.

No, these are very personal things to us. And the fact is that the gentleman from California not only accused us of using these children, but he also said that everything had been adequately cared for because we have mandated it.

Well, that is just the point. This body for years and years and years, Mr. Chairman, has been mandating unfunded mandates, mandating on the States and local units of government.

Now, if we really want to take care of the disabled children under IDEA, if we really want them to be able to have the very best of the creative abilities that their Creator gave them, find that level of accommodation in society through education, then we will provide them with the very best educational opportunities that we can, not out of using one another for political gain, but out of pure, plain compassion, out of caring for those people, those young little children, those little lives caught in a body and in a mind that is disabled.

No, I sometimes think that they do not understand, and so it is very easy to use political rhetoric. But again I invite them to hold these little children on their laps, rock them to sleep, read them a story, work with them as their little minds develop.

Mr. NEUMANN. Mr. Chairman, reclaiming my time, I thank the gentlewoman from Idaho.

Mr. Chairman, it is a very serious issue we are debating here today. Really, this issue, and I have heard what other people are saying this is about, this is really about priorities in spending.

The people have elected us to make decisions on what it is that is most important in this Nation for us to spend our money on. What we are being asked to decide here in this amendment today is, are we better off increasing an account, and remember, it is already at last year's level even if this amendment passes, are we better off increasing the amount of dollars spent on bureaucrats in Washington, DC, or would we be better off sending that money off to the States and letting that money get through to help children like the gentlewoman from Idaho's granddaughter and other kids like her all across this great Nation?

That is what this debate is about. It is about priorities and where the tax dollars that are collected from the people get spent.

I would like to go a step further, because I think that eventually we want to get to a different point altogether and a different level of discussion altogether.

Eventually those tax dollars that are being collected and brought out here to Washington and then being redistributed to the States after the bureaucrats in Washington siphon off a good portion of the amount of tax dollars collected, eventually would it not be nice to get to the point where we simply lowered the taxes on the people to a point where Washington did not have to collect that money first and then Washington decided on where and how that money is redistributed?

Why not leave it out there in the States, in the hands of the people, like our Constitution says we are supposed to do in the first place?

There are so many other points I would like to get back to. I have heard during this debate that $4 million will do nothing, $4 million will do nothing. I remember during the first time I campaigned, and I lost two elections before I was elected, I remember thinking as I listened to people in Washington talk, that they had lost total touch with people in the real world.

$4.3 million is a lot of money. $10,000 in every congressional district means a lot to people out there in the real world. Have we really been out here in Washington so long that we think $4.3 million is irrelevant?

It is not irrelevant. It is very meaningful to the people in Wisconsin and Oklahoma and Indiana, and all across this great Nation of ours.

Mr. TIERNEY. Mr. Chairman, I move to strike the requisite number of words.

Mr. OBEY. Mr. Chairman, will the gentleman yield?

Mr. TIERNEY. I yield to the gentleman from Wisconsin.

Mr. Chairman, I would like to yield to the gentleman from Wisconsin [Mr. OBEY.]

Mr. OBEY. Let me simply say, Mr. Chairman, these are not Washington bureaucrats who enforce the laws to protect workers' rights in this country. These are Federal workers who died in the Oklahoma City Murrah Building. Those people are not Washington bureaucrats, they are people who lost their lives because they were enforcing the law to protect American citizens.

I get tired of people who get paid $135,000 a year on this floor attacking other people in the Government, who work just as hard as we do, who care about this country just as much as we do, and who are given a very difficult job by us to enforce the laws that we pass that are sometimes confusing and sometimes conflicting.

So with all due respect to politicians who take cheap shots every other day at a lot of other people who work in this Government to create a better life for Americans all across the country, I want to point out, the money we are trying to keep in this budget does not stay in Washington, it goes out to every community in the country to protect every worker in the country so that their basic rights are protected under laws which many voted against.

Mr. MILLER of California. Mr. Chairman, will the gentleman yield?

Mr. TIERNEY. I yield to the gentleman from California.

Mr. MILLER of California. Mr. Chairman, I would just reassert my charge. If we are into bona fides on disabled children, I would invite you to look at my history, and I would also invite you to come to the George Miller Centers for Severely Disabled Children. At any time, you are all welcome.

But the fact of the matter is, those children should not be used to devastate the wage and hour enforcement for the working Americans in this country.

Mr. Chairman, I thank the gentleman for yielding.

Mr. TIERNEY. Mr. Chairman, reclaiming my time, I just want to start by saying when I listen to Members rise and talk about their personal experiences with members in their family who might be disabled or handicapped, if we took a survey of the 435 Members here, I would think we would be hard-pressed to find anyone who does not have some experience, either in their family or someone very close to them, in that situation.

Maybe that is why, because all of America feels that passion and compassion, that we have an IDEA Program. I think that we ought to stop and move away from that for a second and look at this bill and stop accusing one another, and say that if IDEA is in fact supported by all of us, then the opportunity to put more money into that program was there in the committee and the majority did not take it.

It was there in the subcommittee and the majority did not take it. It was here on the floor, and rather than taking it on a clear vote of just going and putting more money into IDEA, we get to the root of what I suspect is really at heart here, and that is something that they oppose very much, the enforcement of wages and working conditions in America.

If that is the case, do not connect them. If you do not want to be in a position of trying to say that you do not care about disabled and handicapped children or people, then do not connect the two issues and do not cynically use one and pit it against the other.

Come clean. You have a problem. You lost on that policy issue, obviously, when it was up for a clear vote. The majority, comprised of people on your side of the aisle and this side of the aisle, support enforcement of wage provisions.

If you want to cut that, go directly at it and let us have a vote straight up. Do not do what I think is a very cynical effort, contrast it against IDEA and programs like that, when you had the chance to pump up those programs and you walked away.

I think we ought to just be more cautious about the way we move in this area and not have stories about people's hardships. We all have them. Deal with it directly. If you want to vote on IDEA, put it up and vote one way or the other. If you want to vote on the policy of wage enforcement, do that and that is the way we go.

I think now we are into this philosophical realm. For the next day or so we are going to hear about everybody trying to retract where their philosophy is and try to do it through the back door by pitting programs against one another and try to get back ground that your segment of the party over there apparently has already lost and is trying to reclaim.

Mr. McINTOSH. Mr. Chairman, will the gentleman yield?

Mr. TIERNEY. I yield to the gentleman from Indiana.

Mr. McINTOSH. Mr. Chairman, let me point out that what is happening here is that my opponents on the other side are resorting to impugning other people's motives, including the grandmother of a disabled child, who supports this bill, because they have been caught, figuratively, with their pants down. They have to choose between funding bureaucrats in Washington and around this country and/or actually funding children that will benefit from this.

Mr. TIERNEY. Mr. Chairman, reclaiming my time, that is totally inappropriate and far from the situation.

As I said, your grandmother over here is not unlike a number of other Members here, and we are not impugning her integrity or her compassion for that person. We are saying, why was she not there in the subcommittee and the committee looking for more money?

Where were you? Where were you when you dealt with IDEA? Where are you when it comes to the point in time when you want to attack working people in this country, some of whom have disabled children, some of whom cannot get things enforced so they can bring home a decent paycheck, some of those people who work every day and should have an enforcement mechanism there to make sure that their conditions are better?

We have a country that is divided by huge gaps in wages, in wealth, and you want to attack them and you use this cynical method to do it.

□ 1115

Mr. McINTOSH. Mr. Chairman, I ask unanimous consent to strike the last word.

The CHAIRMAN. Is there objection to the request of the gentleman from Indiana?

There was no objection.

The CHAIRMAN. The gentleman from Indiana [Mr. McINTOSH] is recognized for 5 minutes.

Mr. McINTOSH. Mr. Chairman, let me answer that specific question, where have I been on IDEA. I have been working with the gentleman from California [Mr. RIGGS], the chairman of the subcommittee, to ensure that that program will work. We passed an amendment over the summer that preserved the core of IDEA against attacks, against attacks that it was abusive and being abused, and therefore should be thrown out. And we said no, there are fundamental principles here that we are going to make education available for disabled children.

We labored hours and hours and hours to come up with a compromise that the disabled groups, the parents, the teachers could all agree to to preserve that bill. I believe in it passionately. I believe this funding is necessary in order to stand up for those children, and to have anybody say that we are being cynical about that is outrageous. We want to get $4.3 million to those children, and that is what this amendment is all about.

Mr. RIGGS. Mr. Chairman, will the gentleman yield?

Mr. McINTOSH. I yield to the gentleman from California.

Mr. RIGGS. Mr. Chairman, I appreciate the gentleman yielding to me, and would like to weigh in on the debate at this point in time before the debate becomes more heat than light.

Mr. Chairman, let me see if I can provide some perspective. Mr. Chairman, what we are talking about here is a matter of priorities. I want to remind my colleagues, we are talking about a $4.3 million increase for enforcement and administration at the Department of Labor or a further $4.3 million increase for special education, that is what the McIntosh amendment is all about.

Giving credit where credit is due, I want to point out that the appropriators did increase in their bill funding for IDEA, Individuals with Disabilities Education Act, programs by $275 million. However, that is substantially below the Senate funding level of $830 million. I think what we ought to be striving for here, and again as a matter of bipartisan priority, is to try to reach that target in the IDEA amendments, in the special education reauthorization, of $1 billion more in new Federal taxpayer funding.

Even if we reach that target of $1 billion, this will still remain an underfunded Federal taxpayer mandate imposed on State and local school districts. But if we do reach that $1 billion trigger, because of the legislation that passed this House overwhelmingly and was signed into law by the President, if we reach that trigger, that threshold amount of $1 billion in new Federal taxpayer funding for IDEA and special education, local school districts will be able to reduce the amount of money they spend on special education.

That is a first, as far as I know. It is unprecedented in Federal education policy. In other words, they will be able to redirect those State and local dollars into other important educational programs and activities, if we reach that $1 billion increase in Federal taxpayer funding for special education.

The Senate is at $830 million, the House is at $275 million. With passage of the McIntosh amendment, the House will be at $279.3 million, and if we want it to get even closer to the Senate figure, I have a great idea, Mr. Chairman. Let us take the $200 million for something called Whole School Reform sloshing around through this bill, and let us apply it, as I suggested on this floor last night, to special education.

Mr. PORTER. Mr. Chairman, will the gentleman yield?

Mr. McINTOSH. I yield to the gentleman from Illinois.

Mr. PORTER. Mr. Chairman, I thank the gentleman for yielding to me.

Mr. Chairman, I just want to point out to the gentleman from California that his figures understate where we were. The overall account has increased by $312 million from the previous year, and we added $25 million more to that last night, for $337 million, and this amendment would add $4 million more, for $341 million, rather than the $279 million that the gentleman from California [Mr. RIGGS] referred to.

I have to say, if I may, that I have already met with the chairman of the full committee on this subject, which is a very high priority with both the gentleman from California and his full committee chairman, and we are committed to working as closely as we can to the highest number we can reach in terms of this account in the final bill. No one can say that this account has not been served well.

The CHAIRMAN. The time of the gentleman from Indiana [Mr. McINTOSH] has expired.

Mr. McINTOSH. Mr. Chairman, I ask unanimous consent to proceed for an additional 4 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Indiana?

Mr. OBEY. Mr. Chairman, reserving the right to object, let me simply say that, as we know, the normal procedure is for Members to get one kick at the cat. The gentleman has had three occasions on which he has spoken on his own time. I have not objected.

We have had a number of Members last night who asked unanimous consent to speak a second time. I did not object, and because they had done it on numerous occasions, I have done it once myself. But I simply want to say that I think Members need to be aware of the fact that the normal course around here is to speak once.

I understand that there is a filibuster by amendment going on. I would simply ask, and I am not going to object at this point, but I would ask Members to show restraint in the number of times that they make that request, or I think Members will feel constrained to object.

Mr. McINTOSH. Mr. Chairman, I withdraw my unanimous-consent request, and will reserve it to the end of the debate, as the author of the amendment.

Mr. OBEY. Mr. Chairman, again, if I could speak under my reservation of objection, I think there has been a misunderstanding of how debate works. There is not assigned time. Members are generally allowed to strike the last word once. We do not have assigned blocks of time when we are operating under the 5-minute rule. The 5-minute rule is different than debating under conditions when we have time assigned to each amendment.

The CHAIRMAN. The gentleman from Indiana [Mr. MCINTOSH] has withdrawn his unanimous-consent request.

Mrs. LOWEY. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, as a member of the subcommittee, I want to assure Members that our chairman, the gentleman from Illinois [Mr. PORTER], as well as our ranking minority member, the gentleman from Wisconsin [Mr. OBEY], and the members of our committee worked incredibly hard to strike some kind of balance in the bill.

This is a bill that addresses so many of the critical needs in our country, whether it is breast cancer research, ovarian cancer research, diabetes research. I cannot explain to the Members the difficult, difficult time we had trying to establish the priorities. Our chairman cares deeply about the NIH, about education, about all the issues that we concern ourselves with on this bill.

I can assure the Members that there are dozens of areas in this bill where I personally and many of my colleagues would have liked to see additional funds. In fact, just today I have been talking to my colleagues about community schools, after-school programs. We would like to increase the numbers in all these programs so we can get more money down to the local level and raise standards for our youngsters.

This balance was achieved with a great deal of effort and a great deal of compromise. We were happy to come to the floor with a bipartisan bill. Unfortunately, some Members, for their own political purposes, want to address this balance that was carefully worked out in ways that I frankly find shameful and cynical.

If we are going to get up here as mothers and grandmothers, well, I qualify. I am a mother and a grandmother. Mr. Chairman, in 1992 I was part of the committee that worked very hard and proudly passed the IDEA bill. In my district, if you reach out to the parents who have children that have benefited from this program, sure, we would like to increase the dollars even more, and as the chairman said, we did increase it $312 million. But that is not what this debate is all about.

Let us, for a moment, think about the hardworking men and women who are parents of these children, who have to go to the store every day, who struggle to balance their lives, who work hard for a living, who have to take care of these children, and who work tremendously hard against the odds because they have additional burdens.

Let us think about these parents and let us think about what this cut would do, and let us worry a little bit about the parents who are being exploited in many situations. That is what this division is all about. Sure, most employers respect their workers, but this division is trying to ensure that those workers who are not treated fairly, who are not getting a decent wage, are going to have to be treated fairly, or the law or the U.S. Government will take action.

As one of my colleagues said before, why are we hiding behind these children that desperately need help, and whom our chairman and our minority member and all of us want to help? Why do Members not just come out and say they want to repeal this bill, that they do not like wage and hours enforcement? Why are they hiding behind these children?

Mr. Chairman, let me just say I am strongly opposed to this amendment. I find it cynical and shameful, and I do wish the gentleman from California [Mr. RIGGS] and others would have fought harder in the committee if they wanted to raise the money from $312 million to an additional number, but not try and pit one group against another.

In fact, frankly, I find the debate on all these amendments cynical and shameful, because instead of coming right out and supporting the issue, they are trying to pit one group against another. Mr. Chairman, let us vote this amendment down and move on, and let us try and pass this bill.

Mr. Chairman, there was an agreement that we were not going to add riders to this bill, that we had worked very hard to get good compromises on each of these very difficult, difficult issues. Let us vote down these riders, move forward, and pass this bill.

Again, I want to congratulate the gentleman from Illinois, Chairman PORTER, and the gentleman from Wisconsin, Mr. OBEY, the ranking minority member, on their outstanding work, and working in a bipartisan way. In contrast to last year, it was a pleasure working in a bipartisan way, Mr. Chairman.

Mr. GILCHREST. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I want to compliment the gentleman from Illinois, Chairman PORTER, and the gentleman from Wisconsin, Mr. OBEY, the ranking minority member, for ushering through some very positive legislation with very limited resources, but appropriately, application of those resources for very, very critically needed programs to ensure the safety of the American people and American children in a diverse way. It is critically needed. It is done in a very difficult environment.

Mr. Chairman, I am not on the authorization committee or the appropriating committee, but I do have a very critical need for dollars in the IDEA Program in my district. I do not want to get involved in the hornet's nest of discussion about the controversy or about anybody's motives. I stand firm in my belief that we should protect workers' wage and hour rights. The Department of Labor should do that with all due diligence, and the amount of money we appropriate for that purpose needs to be the amount that is necessary to perform their given responsibilities.

We have to choose between critical programs. When we are talking about a program to educate children that are physically and mentally handicapped, where they have been underfunded for decades, probably for the existence of public schools, it is necessary, I believe, under those circumstances, and given the circumstances of the process that we use here in Congress, we are now ready to give a little more money to the IDEA program.

□ 1130

And I think the amount of money that goes to the IDEA program to ensure that the door remains open in our public schools for those children, to ensure that the right kind of professionals are hired to deal with those difficult problems, to ensure that there is a nurse nearby that knows how to administer to those children, to ensure that the technology is available in the school so those children can learn and have opportunities and some day have job opportunities and career opportunities, it takes a little money.

So, Mr. Chairman, in my mind, the amount of money that is taken away from the wage and hour enforcement is a very small amount of money. I do not think the Department of Labor is going to miss that amount of money with the mission that they have to perform, their duties. But that small amount of money, Mr. Chairman, that 4-some million dollars going into the IDEA program, from my perspective and in my district, and knowing children in that program, and having former students who have grown up now and have children and, sadly enough, have children in the category of being mentally or physically handicapped, I know the parents, I know their despair, I know their sorrow, I know their frustration.

So I am not involved in a turmoil of motives. I am involved in a few extra dollars going into a program that is really going to make a difference. So, Mr. Chairman, I support the gentleman's amendment.

Mr. TIERNEY. Mr. Chairman, will the gentleman yield?

Mr. GILCHREST. I yield to the gentleman from Massachusetts.

Mr. TIERNEY. Mr. Chairman, I would ask the gentleman from Maryland [Mr. GILCHREST] if he knows how much the increased amount contained in the amendment of the gentleman from Indiana [Mr. MCINTOSH] would affect those children in his district?

Mr. GILCHREST. Mr. Chairman, reclaiming my time, we are talking about $4.3 million into the IDEA program nationwide. And I fully understand that it is a very insignificant amount of money, in all likelihood.

Mr. TIERNEY. Mr. Chairman, if the gentleman would continue to yield, does he understand that it is $1 per child?

Mr. GILCHREST. Mr. Chairman, again reclaiming my time, I understand that $4.3 million in a $1,600,000,000,000 budget is minuscule. But for those parents that are listening, the discussion of the positive nature that we want to protect their children, teach their children, love their children, give their children opportunities, the joy that that brings into their hearts is worth that small amount of money and in my mind is worth the debate.

Mr. MARTINEZ. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I, like the gentleman from Maryland [Mr. GILCHREST], am not going to challenge anybody's motivation. But I guess the Members who have spoken so far, or at least some who have spoken so far, when they have risen they have justified their reason for their position, and it included being related to or having someone in their family that has been handicapped or has a learning disability.

Mr. Chairman, nine brothers and sisters. I have 106 nephews and nieces and grandnephews and grandnieces. I have 5 children of my own, 14 grandchildren, and 2 great grandchildren. And I assure my colleagues in that number there have been those unfortunate children that have had disabilities and needed that education.

Mr. Chairman, I was raised in a neighborhood and at a time that those children were being denied that equal education. So no Member, I think, has as great compassion for those children as I do that was raised in that kind of an environment. So like I say, I will not challenge the motivation, but I will challenge the reasoning, and let me say why.

All of those children are being nurtured and cared for by someone who is working and trying to make a living. It is important to them that they make the kind of wages they need so they can take care of those children.

So, Mr. Chairman, I wonder how far does the compassion of my colleagues go? For the entire family, or just the child? Because after all, it is that adult that is responsible for that child. And where my colleagues may want to see that child get a good education, that parent wants even more than that for that child, and I do not think we should be standing in between them and their ability to provide a good living for themselves and their children and their families.

That is how important taking the money from one area to another is in this particular case, the Wage and Hour division.

Mr. Chairman, let me tell my colleagues this, that that money that is used there is very important. All of the budgets of all the agencies have been cut over the last few years tremendously. They are not operating on surpluses; they are operating within the budget restraints we have given them and are working very hard with that money. They are trying to do more with less, is what the theme was.

What really is a base here is what a Member on the other side of the aisle said: We have to prove that we can govern. Well, Mr. Chairman, my colleagues on the other side do not govern by political philosophy; they do not govern on dislikes or dislikes for one agency or the other and in their own selection of one priority or one agency over other. All of these things are good causes and all of these things have been considered by the Committee on the Budget in their deliberations.

It has been more than 2 years now that our subcommittee, the Subcommittee on Early Childhood, Youth and Families, with the gentleman from California [Mr. RIGGS] as chairman, we have been deliberating that IDEA bill. In the last Congress it failed because we were not able to come to an agreement. Now, finally, we have come to an agreement on it and we passed out by almost unanimous vote a bill that was a compromise bill and everybody shook hands on it and thought what a great job we did.

Mr. Chairman, always in those authorizing committees there is a consideration of how much money will be made available. Our chairman of the full committee, the gentleman from Pennsylvania [Mr. GOODLING] got up yesterday and got another $25 million for this program. That is not $4 million. That is $25 million.

So we saw the gentleman from Illinois [Mr. PORTER], the chairman of the Subcommittee on Appropriations, stand and say that he would work as hard as he could to get that money. I would think that Members on that side would trust their own leaders and allow them to do everything they can to increase that fund as much as they can.

Mr. Chairman, let me go back to that mandate that my Republican colleagues keep talking about. That is not a mandate. The gentleman from California [Mr. RIGGS] and I studied this law considerably over the last few years getting ready to come to this bipartisan agreement on this bill. We can both tell our colleagues that there is no mandate in there. The States do not have to take that money, but the States do have to educate these children.

Let me tell my colleagues why they have to educate the children. Not because Congress demanded it, but because the courts demanded it. There was a court case that ruled that these children were not being educated and that they must be educated by the State. So if the mandate comes, it comes from the courts, not from the Congress. The Congress simply took the initiative to make sure that they were in the mix of the effort to try to get these kids educated. That is how this all came about.

And so, Mr. Chairman, I beg my colleagues to consider this. That like my colleagues, I would love to see that 40 percent that we originally wrote into the bill reached. But we wrote that into a lot of other bills that we have never attained. Head Start, we promised full funding for I do not know how many years, and we have not reached that. But as the money would become available, we would do everything we could to make sure that the 40 percent was obtained.

Mr. CUNNINGHAM. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I would like to compliment the gentleman from Illinois [Mr. PORTER] and the gentleman from Wisconsin [Mr. OBEY] for a good bill. I think 99 percent of the bill is on a bipartisan issue, and I think they have done a great job in bringing the consensus, whether it is breast cancer, prostate cancer, medical research, and the rest of it. But sometimes the priorities of the committee are a little bit different, and this is where I disagree with the chairman and the ranking minority member and support the amendment. Let me tell my colleagues why.

Mr. Chairman, I was the subcommittee chairman on the Subcommittee on Early Childhood, Youth and Families on which many of my colleagues on the other side at whom I am looking served when we went through the IDEA bill. We have never funded IDEA, special education, higher than 7 percent.

Take a parent, a hopeful parent that is just first married and their whole future is ahead of them. Every single day a child is born with special education needs, disabilities, whether it is physical or mental. Now, that parent that had a bright future, whether they were a homecoming queen or scholar or whatever, is thrust into a nightmare with a special education child. They do not know where to go. They have no idea where to get the help.

That is balanced between the schools' excessive costs and a parent's need to help their child. We brought the Congress together in the subcommittee and then in the committee. The gentleman from Pennsylvania [Mr. GOODLING] on the authorization committee poured his heart into this bill. The gentleman from California [Mr. RIGGS] and others, and Members on both sides of the aisle, tried to come to an agreement. It was like trying to put a Persian cat and a Siamese cat together when we sat in the committee and brought the school groups and the parent groups together, because of the different concerns.

Finally, the gentleman from Pennsylvania [Mr. GOODLING] put both groups in a room, no food, no water, and asked them to come out with a solution, and they did. It was one that was acceptable and it was balanced, and yet it was underfunded and tensions on both sides were very great. But it is a critical issue.

But the bottom line is whether we want money to go to labor or we want money to go to special education children. Our priority, most of us, is to support the children. Some of my colleagues say, what about taking care of the parents that are going to raise these children? If my colleagues are really concerned about that, then the balanced budget was very important because it gives them 2 to 6 percent more money in their pocket, instead of having to send it to the Federal Government.

Welfare reform is more important, and many people opposed it. That is more important in taking care of those children. But the bottom line is that there is a difference between sending money to labor or sending money to children.

Let me give an idea. Secretary Reich was Labor Secretary, and in his last book, and I ask my colleagues to be the judge whether they want the money to go there or not, and I challenge them to read his book. I quote, Secretary Reich said, there should be no employee or employer that should earn more than $200,000. A salary cap. That is socialism.

Second, he said there should be no business other than for the welfare of the employee, no business for profit. Now, that is Mao.

And I take a look at what labor has done versus small business. When we say, you are for the working person, unions only employ about 6 percent, but yet most of the legislation kills small business from the labor unions. Look at the AFL–CIO; they are Federal employees. They want bigger government which causes higher taxes which takes more money away from these people. And even if they get a minimum wage, they cannot make a living with the higher costs.

So, Mr. Chairman, when we look at it, we are talking about money for labor or we are talking about money for children and special education, which has never been funded at higher than 7 percent. Now, the committee sat down and worked in both authorization and appropriations on a very balanced bill. But this is a case, I think, where we can set a priority and put our priorities with the children. As many of the others say: This is for the children. This is where they can put their money and where their ideas are and put it for the children.

Ms. PELOSI. Mr. Chairman, will the gentleman yield?

Mr. CUNNINGHAM. I yield to the gentlewoman from California.

Ms. PELOSI. Mr. Chairman, the gentleman from California [Mr. CUNNINGHAM] said that the choice is between money for the children and money for labor. Quite frankly, with all due respect to the gentleman, and he knows that I do respect him and consider him my friend and colleague from California, this debate here today is weird. Maybe my colleagues should all go to their offices and watch themselves on television.

The CHAIRMAN. The time of the gentleman from California [Mr. CUNNINGHAM] has expired.

Ms. PELOSI. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, it is like a stream of consciousness. Whatever we think, we can attribute it to anything. It certainly is not a choice between children and labor. This is not about that. This is about my colleagues on the other side of the aisle taking a poll and finding out what everybody in America knows: That education is important to the American people.

Mr. Chairman, for most people in America, it is the opportunity for their children. And what is also important for their children is the economic security of their families. This $4 million, or whatever the cut is, is a small amount of money, as the gentleman from Wisconsin [Mr. OBEY] said, in comparison to the needs that are there.

Let us put our hand in the pocket where the money is, if we really want to get down to helping children in our country. So that the people listening know what is going on here, the Republicans took a poll. They found out that the American people care about education. Welcome to the world of the living. Everybody knows that.

We have to establish our credentials around here. I have five children. I have grandchildren. I have two children, one daughter, and one son-in-law, who are special education teachers.

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I know of what I speak here about the needs that are there. If you really want to help special ed teachers, what are you coming around for with this chump change, cheap shot $4 million on a $4.3 billion budget, taking the money out of what the American people want? And I am surprised your pollsters did not tell you that.

That is family and medical leave. They want it enforced. That is what this department protects, family and medical leave, overtime, minimum wage, slave labor, child labor, enforces the law against employers illegally employing immigrants which apparently is a big priority for all of you except when it comes time to pay for it.

Perhaps you were misled in our opening remarks yesterday when we praised the chairman of the committee for the bipartisan nature of the presentation of the bill and the cooperation with which we were able to come to this floor. Perhaps you were misled into thinking that because we complimented the chairman, it was the bill that each of us would have written on this side of the aisle. It most certainly is not. But it was a compliment to the chairman that he met the challenges before him and was able to reach some compromises.

It is certainly not a list of the priorities as I would write the bill, but I respect his priorities. He is the chairman, and he did the best he could with what the Committee on the Budget gave him and the immunity that is given to the defense budget.

So do not mistake our compliments to the chairman as saying this is the bill we would have written, because the priorities would have been quite different if we could have approached this from a saner standpoint, from the standpoint of the budget.

It is important, I think, for Members to know that this is a few million dollars, $4 million on a budget of $4.3 billion. There are 6 million children in special education, so we are going to give them under a dollar each, under this cheap-shot amendment, under a dollar each so that you can all go out there and say in Washington, DC, they do not think $3 million is a lot of money. It is not compared to the need. But it is on the worker protection wage and hour line item that this money is coming out of.

So if you want to talk about children, certainly their education is a most critical issue. We must fund it appropriately and wisely, but not at the expense of the economic security of their parents and of their families. That is why you see an exploitation of this Labor-HHS bill.

Last night we had an amendment on homeless vets and all night we spoke about education. It was not germane to the issue at hand. It was germane to the politics of the Republican majority trying to pose as the champions of education. So I lose patience after the committee has worked so hard under the leadership of our chairman to produce a bipartisan product that we can associate ourselves with, but as I say, it would not be the bill that I would have written, but one that I am proud to support the chairman's leadership under the circumstances.

Mr. MCINTOSH. Mr. Chairman, will the gentlewoman yield?

Ms. PELOSI. Mr. Chairman, the gentleman from Indiana [Mr. MCINTOSH] has had enough time. If he wants more, he can get it from his own side of the aisle.

As you can see, I have lost patience with this exploitation of our bill. If you want to help the children of America, let us move this bill along, remove all doubt that we can engage in a civil debate with each other. Establish priorities. Make the compromises. Come forward with a bipartisan package that will be signed by the President and get on with the business of the House instead of this political exploitation of a bill that is very, very important to the future of our country.

Mr. GOODLING. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I first do want to react to two things the gentlewoman just said. She always makes me feel so good when I see her because she is always so elegant. However, it was the President's poll, I think, that the gentlewoman was referring to, before he gave his State of the Union Address in relationship to education.

And, second, I do not pose as a friend of education. I think I am known as a friend of education.

But I take this time simply because I want to pay tribute to the chairman of the subcommittee and to the ranking member for their efforts in the area of IDEA. Again, if you were to ask anybody in the disability community who has been fighting for them for 20 years and not getting very much, I must admit, I am sure they would refer to me.

However, in the last 2 years that has changed. For 20 years, I asked the majority at that time to put the money where they put the mandates. The mandates came from the Federal level, and therefore, the 40 percent that we promised should have come from the Federal level also. I have mentioned many times, it is the greatest expense that the local school district has and they do not have any control over it.

We changed a lot of that by forcing all of those groups into a room and making them come up with some decent legislation. I realize that in that legislation, if we get another $1.2 billion, we can give some of that relief to the local school districts. I did not expect to get that overnight. I did not get anything for 20 years. Even combining with the gentleman from Michigan [Mr. KILDEE] in a bipartisan fashion on the Committee on the Budget, we got nowhere.

But in the last 2 years we have made great strides. We got $784 million last year. We got $240 million this year. Then I asked them for more and we got $25 million more.

We also got the promise that they will go to the Senate's figure, if there is any way possible, which is $834 million. That is getting us very, very close to the $1.2 billion, and if they continue the leadership that they have shown thus far, there is no question in my mind that in another year we will pass that $1.2 billion and we will give that relief to local districts.

But I do want to make sure that everyone appreciates what this chairman of the subcommittee and this ranking member of the subcommittee have done in relationship to IDEA.

Mr. MCINTOSH. Mr. Chairman, will the gentleman yield?

Mr. GOODLING. I yield to the gentleman from Indiana.

Mr. MCINTOSH. Mr. Chairman, we have gotten into a debate about weirdness and stream of consciousness. Let me interject one fact that I think is important from the report of the gentleman from Illinois [Mr. PORTER]; that is, we are talking about $4.3 million. It has been stated that is not a lot for IDEA, but it is something in the right direction.

It has also been stated that it would gut the wage and labor enforcement program. But the fact is the report indicates that last year's funding was $117 million. It is being increased, if I read this correctly; the chairman can correct me if I am misreading the report, but it is being increased to $121 million for that line item; $117 million is plenty of dollars to enforce the labor standard laws that that department is in charge of. I think we should keep that fact in mind as we continue this debate.

I thank the gentleman from Pennsylvania for his efforts on IDEA and for yielding to me.

Ms. DELAURO. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, let me just pick up, if I can, where my colleague, the gentlewoman from California [Ms. PELOSI] left off. In terms of what this debate is actually all about and the reading of the poll data and the communications experts, front page of the Washington Post or the New York Times in the last couple of days talked about Mr. Frank Luntz, Republican consultant, who talked about communicating to the Republicans on how they should approach issues and what they ought to be saying.

Sentences that work particularly well: All children deserve a chance at a quality education; your communications, direct quote, must always focus explicitly on one word, children.

It is a veil, a thinly disguised veil to talk about what you want to do for children instead of what you really want to do to workers in this country.

What you did not read in your poll data is that when Americans talk about cutting waste and bureaucracy, they do not mean eliminating vital protections like the Federal minimum wage and enforcing that minimum wage and enforcing family and medical leave. The Wage and Hour Division's mission is to make sure that we pass laws that regard and take into consideration basic worker pay and protections and that they are respected and carried out.

Mr. Chairman, my mother is a seamstress. My mother worked in a sweatshop. She worked at earning pennies, 2 cents a collar. I went to that sweat shop when I was a kid. I watched what she did. She and other women with their backs bent over sewing machines, pumping dresses out as fast as they could so that in fact they could take care of their families. My mother and those women and those people who work there were exploited and so many others were exploited.

I will tell my colleagues that today we have hard-working people out there. They are attempting to stay off of welfare, to earn a decent wage. They want to raise their kids to be productive and they want them to be contributing members of society.

At a time when we have given tax breaks to the richest corporations in this country and at a time, in fact, when we have done some good about giving a tax break to parents to help them be able to keep more of their paycheck in their pockets, what we should not be doing here today is undermining their ability to earn that fair paycheck in the first place.

I support IDEA. Other Members here do that. What you are doing here today is talking about essentially an increase of about 72 cents, 72 cents, less than a dollar. Who are we kidding? Do not think we are going to kid the American people. We are not kidding anybody over here on this side of the aisle.

Mr. OBEY. Mr. Chairman, will the gentlewoman yield?

Ms. DELAURO. I yield to the gentleman from Wisconsin.

Mr. OBEY. Mr. Chairman, I would just like to make the point that, far from benefiting Washington bureaucrats, the Wage and Hour Division, through the enforcement of our labor laws, last year was able to put an additional $132 million in money into the pockets of workers who had earned that money but were denied it by exploitation.

That is the purpose of this account. This account leverages far more money into the pockets of workers than it costs us in the first place, and that is why it should not be diminished one dime.

Ms. DELAURO. Mr. Chairman, the agenda is clear. It is antiworker. If you were concerned about children and their families, you truly would be working to increase funds to pay for research that will cure these youngsters, to help with the schools that will educate them, to deal with job training and help them to get jobs and to be productive citizens. Yet you will cut that off.

In the wage and hour, they look at Davis-Bacon. You are always complaining about Davis-Bacon and how unfair it is. What this division does is look at Davis-Bacon. It says where wages are fair and where they are not biased, but what you want to do is you want to talk out of one side of your mouth about cutting back on Davis-Bacon and yet you want to cut out the money from the Wage and Hour Division that looks at that that will make it fair. This is a direct assault on American working families. It is nothing less than that. Truly, you should be ashamed of coming to the floor with this kind of an effort. These are false choices that you are asking people to make. It is wrong to do that. We need to be protecting American working families and their children.

Mr. HOSTETTLER. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, for the sake of a civil debate, as was earlier mentioned, even I will try to keep the tone civil and try not to come to this debate from such a limited vocabulary that refers to it as "weird." But I would simply say that we did not take a poll on this side because we do not need to.

Long before America heard about Frank Luntz, they heard about Dick Morris and they had to hear about Dick Morris because someone talking to the President about education, that person had to take a poll about education because that person sent his child to private school.

If you want to know about the course of education in America, you need to come to people that send their children to public school, such as I do, and so I do not need to take a poll to hear what is happening in education today. What is happening in education today is the Federal Government is expanding its influence in education.

I was not going to talk about this amendment specifically, but when the issue of education and speaking out of one side of our mouths, I think that they are looking at the wrong institution. They should look at the White House when they talk about speaking out of one side of their mouths because they do not know the ills personally of the public school, public education system, and the problems that have been created by a tremendous Federal bureaucracy that was created in 1980, almost 200 years after the Founders created this country by the U.S. Constitution.

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If we want to help the children of this country, let us put it in the hands of the people that really care about the children. Last night we heard in this debate that a program in this bill called whole school reform was created as the result of the research of a group of businessmen. Businessmen. I was glad that I heard the debate because I learned more about whole school reform last night than I knew before that time.

But here today we are talking about we cannot hand over the issue of wage and hour compliance to what was earlier referred to as "loathsome employers." Are these the same loathsome employers that we are asking to create education policy in our country? Are these the same sweatshop owners that we are entrusting the future of our children's education to? Maybe you had different people at your sweatshop hearings than you did at your businessmen to create education policy hearings. I do not know. I am not a member of that committee, but you can understand that.

Last night we heard that there were problems with title I, from that side. We heard that there were problems with title I and that bureaucrats were not actually engaged in the actual creation of educational progress in our country and that they had problems with Goals 2000. So what is the solution? We bring businessmen into Congress and ask them how to educate our children. And then to evaluate the process, we ask bureaucrats to evaluate it as a creation of whole school reform.

There is one entity that is taken out of the picture here. We did not ask the parents how to educate our children. We asked businessmen, or loathsome employers or sweat shop owners, or however you want to refer to them today, depending on the day of the month or the debate that we are talking about. But the fact is that we did not bring parents in. When it comes time for us to evaluate the progress of our children, we are not going to ask parents either.

What are we going to do? One Member said last night, "We're going to bring them in for coffee." Well, that is nice if they are coffee drinkers. But if they are parents concerned about education, why do we not ask the parents to evaluate the educational progress of our children? Is that unreasonable? If I gave my colleagues a list of 10 people on that side of the aisle or this side of the aisle, Members of Congress, Senators, the President, even teachers or administrators, and I placed in there the term "parent" and asked you who is most interested in the educational progress of our children, I think everyone in this Chamber would say it is parents. But who have we not asked to develop educational policy in this country? Parents. Who have we not asked to evaluate the progress of our children in this country? Parents, as a result of this bill.

There is a fundamental difference in America today and that difference is inside the Beltway and everywhere else in this country. There is a fundamental difference in how and why and to what extent our children should be educated and on what basis we should create that. If you want to do the right thing for children, help the children of this country, as I heard one individual so eloquently put it, and you want an agenda that is clear, then I say, let us ask the parents how to educate our children. Let us give them the flexibility.

The CHAIRMAN. The time of the gentleman from Indiana [Mr. HOSTETTLER] has expired.

(By unanimous consent, Mr. Hostettler was allowed to proceed for 1 additional minute.)

Mr. HOSTETTLER. Mr. Chairman, I yield to the gentleman from Oklahoma.

Mr. COBURN. Mr. Chairman, just to finalize this, the contrast here is not to hurt people who are working. The contrast here is to fund a program that we have mandated to the States to allow local people to decide what they are doing, to take and force efficiency on bureaucracies and move money from Washington to the local school districts. That is what this debate is about. There is not any ill intention on anyone's side. It is saying let us do the right thing. Let us move direction from Washington to the local community, from bureaucrats to local school districts and parents. That is what this debate is all about.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Indiana [Mr. MCINTOSH].

The question was taken; and the Chairman announced that the ayes appeared to have it.

RECORDED VOTE

Mr. MCINTOSH. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 167, noes 260, not voting 6, as follows:

[Roll No. 367]

AYES—167

Aderholt
Archer
Armey
Bachus
Baker
Barr
Bartlett
Barton
Bass
Bilbray
Bilirakis
Bliley
Blunt
Boehner
Bonilla
Bono
Brady
Bryant
Bunning
Burr
Burton
Buyer
Callahan
Calvert
Camp
Canady
Cannon
Chabot
Chambliss
Chenoweth
Christensen
Coble
Coburn
Collins
Combest
Cook
Cooksey
Cox
Crane
Crapo
Cubin
Cunningham
Deal
DeLay
Dickey
Doolittle
Dreier
Duncan
Dunn
Ehlers
Ehrlich
Emerson
Ensign
Everett
Fowler
Gallegly
Gibbons
Gilchrest
Gillmor
Goode
Goodlatte
Goss
Graham
Granger
Gutknecht
Hall (TX)
Hansen
Hastert
Hastings (WA)
Hayworth
Hefley
Herger
Hill
Hilleary
Hobson
Hoekstra
Horn
Hostettler
Hulshof
Hunter
Hutchinson
Inglis
Istook
Jenkins
Johnson, Sam
Jones
Kasich
Kingston
Klug
Kolbe
Largent
Latham
Lewis (KY)
Linder
Lucas
Manzullo
McCollum
McCrery
McInnis
McIntosh
McKeon
Mica
Moran (KS)
Myrick
Neumann
Ney
Northup
Norwood
Nussle
Oxley
Packard
Parker
Paul
Paxon
Pease
Peterson (PA)
Pickering
Pitts
Pombo
Portman
Radanovich
Ramstad
Redmond
Regula
Riggs
Riley
Rogan
Rogers
Rohrabacher
Royce
Ryun
Salmon
Sanford
Scarborough
Schaefer, Dan
Schaffer, Bob
Sensenbrenner
Sessions
Shadegg
Shimkus
Shuster
Smith (MI)
Smith (OR)
Smith (TX)
Snowbarger
Solomon
Souder
Spence
Stearns
Stump
Sununu
Talent
Tauzin
Taylor (MS)
Taylor (NC)
Thornberry
Thune
Tiahrt
Upton
Wamp
Watkins
Watts (OK)
Weldon (FL)
Weller
White
Wicker
Young (AK)

NOES—260

Abercrombie
Ackerman
Allen
Andrews
Baesler
Baldacci
Barcia
Barrett (NE)
Barrett (WI)
Bateman
Becerra
Bentsen
Bereuter
Berman
Berry
Bishop
Blagojevich
Blumenauer
Boehlert
Bonior
Borski
Boswell
Boyd
Brown (CA)
Brown (FL)
Brown (OH)
Campbell
Capps
Cardin
Carson
Castle
Clay
Clayton
Clement
Clyburn
Condit
Conyers
Costello
Coyne
Cramer
Cummings
Danner
Davis (FL)
Davis (IL)
Davis (VA)
DeFazio
DeGette
Delahunt
DeLauro
Dellums
Deutsch
Diaz-Balart
Dicks
Dingell
Dixon
Doggett
Dooley
Doyle
Edwards
Engel
English
Eshoo
Etheridge
Evans
Ewing
Farr
Fattah
Fawell
Fazio
Filner
Flake
Foglietta
Foley
Forbes
Ford
Fox
Frank (MA)
Franks (NJ)
Frelinghuysen
Frost
Furse
Ganske
Gejdenson
Gekas
Gephardt
Gilman
Goodling
Gordon
Green
Greenwood
Gutierrez
Hall (OH)
Hamilton
Harman
Hastings (FL)
Hefner
Hilliard
Hinchey
Hinojosa
Holden
Hooley
Houghton
Hoyer
Hyde
Jackson (IL)
Jackson-Lee (TX)
Jefferson
John
Johnson (CT)
Johnson (WI)
Johnson, E. B.
Kanjorski
Kaptur
Kelly
Kennedy (MA)
Kennedy (RI)
Kennelly
Kildee
Kilpatrick
Kim
Kind (WI)
King (NY)
Kleczka
Klink
Knollenberg
Kucinich
LaFalce
LaHood
Lampson
Lantos
LaTourette
Lazio
Leach
Levin
Lewis (CA)
Lewis (GA)
Lipinski
Livingston
LoBiondo
Lofgren
Lowey
Luther
Maloney (CT)
Maloney (NY)
Manton
Markey
Martinez
Mascara
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McCarthy (MO)
McCarthy (NY)
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McDermott
McGovern
McHale
McHugh
McIntyre
McKinney
McNulty
Meehan
Meek
Menendez
Metcalf
Millender-McDonald
Miller (CA)
Miller (FL)
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Moakley
Mollohan
Moran (VA)
Morella
Murtha
Nadler
Neal
Nethercutt
Oberstar
Obey
Olver
Ortiz
Owens
Pallone
Pappas
Pascrell
Pastor
Payne
Pelosi
Peterson (MN)
Petri
Pickett
Pomeroy
Porter
Poshard
Price (NC)
Quinn
Rahall
Rangel
Reyes
Rivers
Rodriguez
Roemer
Ros-Lehtinen
Rothman
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Roybal-Allard
Rush
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Sanchez
Sanders
Sandlin
Sawyer
Saxton
Schumer
Scott
Serrano
Shaw
Shays
Sherman
Sisisky
Skaggs
Skeen
Skelton
Slaughter
Smith (NJ)
Smith, Adam
Smith, Linda
Snyder
Spratt
Stabenow
Stark
Stokes
Strickland
Stupak
Tanner
Tauscher
Thomas
Thompson
Thurman
Tierney
Torres
Towns
Traficant
Turner
Velázquez
Vento
Visclosky
Walsh
Waters
Watt (NC)
Waxman
Weldon (PA)
Wexler
Weygand
Whitfield
Wise
Wolf
Woolsey
Wynn
Yates
Young (FL)

NOT VOTING—6

Ballenger
Boucher
Gonzalez
Pryce (OH)
Schiff
Stenholm

□ 1231

Mrs. LINDA SMITH of Washington and Mr. FOX of Pennsylvania changed their vote from "aye" to "no."

Messrs. BILIRAKIS, WHITE, HUTCHINSON, and DICKEY changed their vote from "no" to "aye."

So the amendment was rejected.

The result of the vote was announced as above recorded.

Mr. GEKAS. Mr. Chairman, I move to strike the last word.

Mr. Chairman, my purpose in moving to strike the last word is to engage the distinguished gentleman from Illinois [Mr. PORTER] in a colloquy on an important portion of the overall bill of which he is the prime mover, and I would ask his indulgence to stand with me for this colloquy.

Mr. Chairman, I want to thank the gentleman from Illinois [Mr. PORTER] for his assistance to disabled Medicare claimants in Pennsylvania and in other States that I brought to his attention last year regarding their difficulties with filing deadlines to have their claims paid.

These Medicare claims involve situations where an individual has been employed, for example, at Bethlehem Steel, and becomes totally disabled and is no longer able to work. They are fortunate to have employer health care plans as well as Medicare to cover their health care expenses.

However, there has been a problem with changing their claim status with Medicare contractors once they become permanently disabled and Medicare happens to be the primary payer. If the request for status change takes longer than 1 year, Medicare will not pay the claim due to the 1 year timely filing deadline. The employer and the disabled employee have requested the change in the timely manner, and through no fault of their own, the Medicare contractor has not processed the request within a year of the date of service.

Status change requests take between 4 to 6 months to process by Medicare contractors. This delay results in the inability of the employer and the disabled employee to meet timely filing deadlines.

Medicare contractors will not accept claims for services until the status change has been completed. As a result, the disabled claimant is unable to get the claim for medical services paid due to inaction beyond their control.

Additional delays of 3 to 6 months in processing Part B Medicare physician services through Social Security also results in employers and disabled employees not meeting the timely filing requirements.

Last year, to address this problem, Mr. Chairman, the gentleman from Illinois [Mr. PORTER] provided fiscal year 1997 appropriations report language that "encouraged the Health Care Financing Administration, HCFA, to consider these claims as timely filed," where the request for a change in status was made.

Unfortunately, this request to the HCFA has not been communicated by HCFA to the Medicare contractors.

Mr. Chairman, I would ask the gentleman from Illinois [Mr. PORTER], would he request HCFA to communicate to Medicare contractors that they are encouraged to consider these claims as timely filed? I think this might solve the problem.

Mr. PORTER. Mr. Chairman, will the gentleman yield?

Mr. GEKAS. I yield to the gentleman from Illinois.

Mr. PORTER. Mr. Chairman, I want to thank the gentleman from Pennsylvania for bringing this failure in communication by HCFA to my attention, which impacts the permanently disabled who are no longer able to work and are seeking Medicare coverage for their medical claims. I fully intended that Medicare contractors be aware of our requests, and thought that they would have been issued a directive last year about our intention.

I will request HCFA to pass along this request to the Medicare contractors who process the change in status for the formerly employed disabled and will consider these claims as timely filed. It is our intention that any Medicare claim filed within a year after making a change in status or Medicare part B enrollment would be considered timely.

I encourage HCFA to issue directives to Medicare contractors to make these status changes effective efficiently within 30 to 60 days of the request, giving the contractors such time to verify the correct Medicare status. Disabled Medicare claimants should not have to wait 6 months for Medicare contractors to act on a request for status change.

Mr. GEKAS. Mr. Chairman, reclaiming my time, I would ask the chairman to follow through with that, and I know he will. We thank the chairman for his help in this matter.

I hope the directives issued by HCFA to Medicare contractors will solve the problems we have heard about from our constituents.

Mr. OBEY. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I would just like to note in response to the latest colloquy that there is a very serious backlog problem at the Social Security Administration, as well, and I would like to simply inform the House, if they are not aware of it, that the budget agreement which the Congress passed and the President agreed to has a very unfortunate side effect with respect to the extensions of delay in response to requests for Social Security Administration determinations. It is going to grow substantially.

One of the assumptions in that budget is that the Social Security Administration costs will be cut by one-quarter over the next 5 years. There is already about a 3-month delay in responding to claims requests in Social Security. That is expected to grow to about 9 months to a year under the budget agreement that was reached.

So I recognize the legitimacy of the gentleman's concern about this backlog. I want Members to know with the budget deal that Congress signed on to, we can expect to see a very serious backlog also grow in the Social Security area, and I do not think any of us are going to be very happy with that.

AMENDMENT NO. 21 OFFERED BY MR. RIGGS.

Mr. RIGGS. Mr. Chairman, pursuant to the rule, I offered amendment No. 21 printed in the RECORD.

The CHAIRMAN. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment No. 21 offered by Mr. RIGGS:

Page 19, line 19, after the dollar amount, insert the following: "(reduced by $9,800,000)".

Page 44, line 5, after the dollar amount, insert the following: "(increased by $19,600,000)".

Page 44, line 16, after the dollar amount, insert the following: "(reduced by $9,800,000)".

Mr. RIGGS. Mr. Chairman, I want to indicate to my colleagues that it is unlikely as we progress with the debate on my amendment that I will insist on a vote, and in fact, I would like to alert the gentleman from Illinois [Mr. PORTER] and the gentleman from Wisconsin [Mr. OBEY] of my hope and intention to engage in a colloquy with those gentlemen.

First, let me explain the purpose of my amendment. My amendment is very simple and straightforward. It would restore the $19.6 million cut from the Older Americans Act program.

I understand why the appropriators have decided to make a reduction in Older Americans Act program funding. I understand, of course, that the Older Americans Act has not been reauthorized for several years now, and it is my intention on my watch as the chairman of the Subcommittee on Early Childhood, Youth and Families, with jurisdiction over the Older Americans Act, that we will reauthorize that very important legislation in this Congress.

Mr. Chairman, under my amendment, I propose to reduce overhead accounts at the Departments of Labor and Health and Human Services in order to again restore this $19.6 million in funding for the Older Americans Act, so the programs can be funded for at least the current fiscal year level.

I would like to go ahead now and move to my colloquy before time expires, but would simply point out that the senior population is growing in America, and so is the need for the types of senior services provided under the Older Americans Act.

Mr. Chairman, I would like to engage in a colloquy with the gentleman from Wisconsin [Mr. OBEY], the distinguished ranking member of the subcommittee, and hopefully, the gentleman from Illinois [Mr. PORTER], the chairman of the subcommittee.

As I have already expressed, I am deeply concerned that the bill before us today funds some programs for older Americans below their current levels, despite an increased need for the services. We have already heard anecdotal evidence to that effect in the early hearings we have been having in our subcommittee on reauthorization of the Older Americans Act.

As the gentlemen know, the other body has included, I am told anyway, an increase of over $56 million for Older Americans Act programs in their version of the Labor, Health and Human Services and Education spending bill for fiscal year 1998; and I understand yesterday an amendment was accepted in the other body to further increase the funding by an additional $40 million.

I would like to yield to the ranking member of the full Appropriations Committee, as well as the subcommittee, to ask whether it is his intention to attempt to reach higher funding levels for Older Americans Act programs when he goes to conference with the other body.

Mr. OBEY. Mr. Chairman, will the gentleman yield?

Mr. RIGGS. I yield to the gentleman from Wisconsin.

Mr. OBEY. Mr. Chairman, I thank the gentleman for the question. Let me simply say that every year I have been on the subcommittee I have attempted to raise funding levels for these programs.

The Senate has a higher allocation overall for the bill, so they are able to provide more funding than our House committee is. I certainly in conference expect to try to move very close to the Senate position and increase this account significantly.

I agree with the concerns expressed by the gentleman, and that is why I would ask the gentleman to withdraw his amendment so that we can, in fact, work in conference to achieve the end that the amendment has expressed.

Mr. RIGGS. Mr. Chairman, reclaiming my time, I thank the gentleman for his assurances. I understand that the allocation provided to the subcommittee, as I have already indicated in debate on the previous amendment, has required making some tough choices in the bill, but I do hope that the subcommittee's allocation might increase during conference with the other body.

I would also like to yield to the gentleman from Illinois [Mr. PORTER] to ask whether it is his intention also to strive for a higher funding level for the Older Americans Act programs during conference on this bill with the other body.

Mr. PORTER. Mr. Chairman, will the gentleman yield?

Mr. RIGGS. I yield to the gentleman from Illinois.

Mr. PORTER. Mr. Chairman, I would intend, as does the gentleman from Wisconsin [Mr. OBEY], to do everything we can to provide a higher funding level for the Older Americans Act programs in the conference.

As the gentleman said, the Senate has been armed in their budget allocation with a significantly higher amount of funds to work with, and we will not know until we get to conference what the level is for both Houses. But within those numbers, we will do our very best to fund these important programs.

□ 1245

Mr. RIGGS. Mr. Chairman, I appreciate the gentleman's sincere intentions, and with the assurances of the chairman and the ranking member, Mr. Chairman, I believe my amendment is no longer necessary, and I ask unanimous consent to withdraw my amendment.

Mr. CUNNINGHAM. Mr. Chairman, will the gentleman yield?

Mr. RIGGS. I yield to the gentleman from California.

Mr. CUNNINGHAM. Mr. Chairman, if the chairman and the ranking member would allow, if I can enter into a colloquy with the gentleman from Wisconsin [Mr. OBEY] and the gentleman from Illinois [Mr. PORTER], most of us support the initiative and what the gentlemen are doing, the ranking member and the chairman.

I would ask the chairman, the last term, in the 104th Congress, the GAO report came out.

The CHAIRMAN. The time of the gentleman from California [Mr. RIGGS] has expired.

(On request of Mr. CUNNINGHAM, and by unanimous consent, Mr. RIGGS was allowed to proceed for 1 additional minute.]

Mr. CUNNINGHAM. Mr. Chairman, will the gentleman yield?

Mr. RIGGS. I yield to the gentleman from California.

Mr. CUNNINGHAM. There were excessive administrative costs in all areas under the administration here in Washington by the Older Americans group, of the 10 different groups. When we ask for funds, I would just like to make sure that the ranking minority member and the chairman would look into making sure that the fraud, waste, and abuse that is present in the Older Americans Act is eliminated, and they will do everything they can to reduce that so we can actually get more money to them.

Mr. OBEY. Mr. Chairman, will the gentleman yield?

Mr. RIGGS. I yield to the gentleman from Wisconsin.

Mr. OBEY. Mr. Chairman, let me simply say to the gentleman, as the gentleman knows, the Congress does not administer the laws, we only pass them. It is the responsibility of the Executive Branch of government to administer them in such a way that we have minimum leakage.

I am certain the gentleman from Illinois [Mr. PORTER] and I will both pursue every reasonable avenue in order to minimize that leakage, because we certainly want to see moneys expended to deliver services to people, and not to go out the window for no good purpose.

Mr. CUNNINGHAM. I agree. We can put leverage on those that do abuse it.

The CHAIRMAN. Is there objection to the request of the gentleman from California [Mr. RIGGS] to withdraw his amendment?

There was no objection.

The CHAIRMAN. The amendment of the gentleman from California [Mr. RIGGS] is withdrawn.

Mrs. LOWEY. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I rise to express my concern about the funding levels for the Older Americans Act, as well, in this bill. I was unsuccessful in obtaining the needed increases in committee, and I know we worked very hard with the chairman and the ranking minority member to do so, but I know these programs do enjoy support in our committee.

The Senate bill as reported out of committee provided $42 million more than the House did, and I look forward to working with the chairman and ranking member, the gentleman from Wisconsin [Mr. OBEY] to move toward the Senate levels as we go to these vital programs which provide meals and other services to seniors to enable them to remain independent in their own homes.

These programs have not had a noticeable increase for quite some time and are feeling squeezed. Our senior centers just do not and cannot meet the demand for services. I visit many of these senior centers, as I know my colleagues do, and we see the really outstanding work they do, and the need for these services in our communities.

These seniors have a lifeline in these centers. They provide nutritious meals, they provide a place where they can congregate. I know that, working together, we can do better for our seniors, and I look forward to working with the chairman and the ranking minority member in the conference to do so. I thank the chairman for his cooperation.

AMENDMENT OFFERED BY MR. BLUNT

Mr. BLUNT. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. BLUNT:

Page 17, line 6, after the first dollar amount, insert the following: "(reduced by $11,250,000)"

Page 69, line 26, after each dollar amount, insert the following: "(increased by $11,250,000).

Level-funds OSHA; transfers increase to Vocational and Adult education.

Mr. OBEY. Mr. Chairman, I reserve a point of order against the amendment.

Mr. BLUNT. Mr. Chairman, this amendment, as has been read, transfers the increase in OSHA to vocational and adult education. In the last debate I believe I heard the gentlewoman from Connecticut [Ms. DELAURO] suggest that we need to challenge the House to spend more money on training. This amendment meets that challenge, and may be more timely even because of that challenge, that we spend more of our money on training.

I think increasing spending in OSHA, as opposed to increasing spending in vocational and adult education, really just does not make sense to me, so this amendment is to transfer that increase. OSHA would be frozen. OSHA is being studied. There are field hearings on OSHA. There is nobody who is a member of this body who does not believe that OSHA needs to be significantly restructured in the way it does its job.

At the same time, vocational and adult education have been incredibly successful programs that are actually funded below the 1997 levels. In a bill that funds programs that are not even authorized, vocational education and adult education are funded below last year's levels. I find that unacceptable.

In fact, as we match these two things together, the best place to ensure workplace safety is in training. The best place to prevent accidents is before they happen. The best place to have workers prepare to be safe workers is not on the job, but before they get on the job, and vocational education has a track record of doing that effectively.

This transfer would make sense from the training point of view. It freezes OSHA at the 1997 level. With this transfer we actually fund vocational education and adult education above the 1997 level. I urge its passage. I think when we look at the number of people that work in OSHA, the average business that is affected by OSHA really can anticipate a visit maybe as infrequently as once every 10 years. That does not ensure workplace safety.

Well-trained workers do ensure workplace safety. Vocational education money and adult education money get people to work who have not been to work before. They increase the skills of those people who have not been to work before.

On the other hand, OSHA often encourages people not to create jobs, and there are examples probably in every district represented in this House where people keep their employee numbers below 50 just so they will not have to deal with OSHA. When the OSHA inspector comes, it depends on which part of the OSHA code that inspector is familiar with on how the inspection goes that day. Training, Mr. Chairman, is the key to the workplace. It is the key to workplace safety.

Leaving these two programs at levels below 1997 funding in this bill while we increase OSHA funding I think is unacceptable, so this amendment would rectify that situation. I urge its passage, Mr. Chairman.

The CHAIRMAN. Does the gentleman from Wisconsin [Mr. OBEY] insist on his point of order?

Mr. OBEY. Mr. Chairman, I withdraw my reservation of a point of order, and rise in opposition to the amendment.

The CHAIRMAN. The gentleman from Wisconsin [Mr. OBEY] is recognized for 5 minutes.

Mr. OBEY. Mr. Chairman, this is another example of an amendment being offered which attacks the ability of the U.S. Government to protect workers in the workplace.

Mr. Chairman, Members of Congress do not serve in very hazardous jobs. We may get an occasional threat against our lives, as a number of us have done, unfortunately, but by and large we do not serve in very hazardous duty. But I would point out last year, or just 3 years ago, some nearly 7 million workers were injured in 1 year on the job, and some 6,300 workers died on the job. A number of workers died in my district just last month. I have had four incidences in the last year of workers dying in my district on the job.

Mr. Chairman, I would point out that the gentleman is adding funding to an account to train workers, but the net effect of his amendment would be to reduce the safety of the workplace in which those workers are employed. Mr. Chairman, I would like to point out that in the gentleman's own State, there were 155 workplace fatalities last year. I would like to point out that in the gentleman's own State, there are so many inspectors for OSHA that the average employer would be inspected once every 235 years. That is hardly overload, in terms of inspections. There are only 25 OSHA inspectors in the gentleman's own State to cover that entire State. There were 178,000 illnesses, workplace-related illnesses and injuries, reported in the gentleman's own State last year.

Mr. Chairman, I do not think that those numbers indicate the wisdom of reducing the committee recommendation about the amount of money necessary to protect the health and safety of workers. I take this issue very personally. I used to work with asbestos. My father ran a floor covering business and a home improvement business. I worked with asbestos for 11 years, off and on, until I found out what Johns Manville Corp. had known since 1939 that asbestos caused cancer.

I also at that time smoked three packs of cigarettes a day. I did not know about the synergistic effect of asbestos and tobacco in terms of geometrically increasing your chances of getting lung cancer. I certainly do now. I did not know that 40 percent of the British shipyard workers who had worked with asbestos had died of mesothelioma as a result. I certainly know that now.

The Government had an obligation to protect workers like me from hazards like that. They did not. That is why my colleague from Wisconsin, a good Republican by the name of Bill Steiger, who unfortunately died at a very early age from diabetes, that is why Bill Steiger led the fight to create OSHA, so we would have an agency of the Federal Government that would enforce the laws, so workers knew when they got up to go to work every morning and work 8 or 10 hours, whatever they worked, they would at least be guaranteed Government protection, and seen to it that they performed their duties in a safe and hazard-free workplace.

Mr. Chairman, I would point out that the OSHA budget that we provided here has a 1-percent increase, which is a pittance compared to the need in enforcing workplace health and safety. The only exception to that is the 12-percent increase that we have for compliance assistance.

With Sylvio Conte, I started the first OSHA efforts to see to it that OSHA could go into a plant voluntarily, on the basis of a request from an employer, and review what they were doing and make suggestions about how they could improve their situation without subjecting the employer to a fine.

We feel that that increase is necessary.

The CHAIRMAN. The time of the gentleman from Wisconsin [Mr. OBEY] has expired.

(By unanimous consent, Mr. OBEY was allowed to proceed for 2 additional minutes.)

Mr. OBEY. Mr. Chairman, we think it is important that those employers be able to provide or that OSHA be able to provide that additional assistance to employers, so that employers who want to can voluntarily figure out what they can do to make their workplace more safe.

It just seems to me that anyone in this House would like to put more money in the program that the gentleman is talking about, but I doubt that a majority in this House on either side of the aisle would want to take the money from the area the gentleman wants to take it from.

The bottom line, if we are going to train workers, they have the right to know that they are going to be working in a workplace which is safe and healthy. OSHA is the agency charged with that responsibility. They have some wonderful programs which we have utilized to increase safety many times over in the logging industry, a cooperative relationship which they worked out, for instance, so loggers who are engaged in one of the most hazardous occupations in the country can do so a bit more safely.

We should not be cutting back this appropriation from the committee recommendation one dime. This is a gut, basic requirement that we have to workers in this country. We ought not to walk away from it to any degree whatsoever.

□ 1300

Mr. PORTER. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I want to first put the numbers in a little perspective. The increase in the OSHA account overall for the next fiscal year in the version of the bill that is on the floor is 3.5 percent. That is $11.6 million below the President's budget request. When the cost increases and Federal pay raises are factored in, the amount provided is actually a reduction from last year's figure in terms of actual buying power.

The Federal compliance assistance activities are increased by the subcommittee and full committee by 22 percent, while enforcement activities as the gentleman from Wisconsin [Mr. OBEY] described them, including the cost of paying for OSHA inspectors, would be only 1 percent above fiscal year 1997. Compliance assistance activities involve the activities of OSHA working with employers in a cooperative way and not in a way of providing inspections and the heavy hand of Federal regulation on them.

Mr. Chairman, I believe that this amendment, if offered some years ago, would have been very relevant. I have watched OSHA the entire 16 years I have been on the subcommittee, but most particularly since President Clinton became President. I believe that OSHA is in the process of truly transforming itself.

The President brought in a new director named Joe Dear when he took office in 1993, and Joe Dear came in with the philosophy that OSHA could get a lot more done if they worked with employers, rather than worked against them.

While it takes a long time for any agency, whether it is in the Federal Government or in the private sector, to change the thinking on-the-ground. I believe that the thinking has definitely changed in the leadership in OSHA during the Dear administration, and that we are a long way toward having a very different OSHA today than we had 5 years ago.

Mr. Chairman, while normally if I felt the same way about OSHA that I did 5 years ago, I would support this amendment and in our mark I would have cut OSHA very severely. I think that cutting the money we provide would send exactly the wrong message to a new OSHA that is attempting to do things in the way we want.

Mr. Chairman, under those circumstances this amendment is simply a mistake. What we want to do is encourage OSHA to do better. I think that we have not given them a large increase. We are below the President's request. That sends our message in the way we want to send it. If we cut below that, I am afraid we are going to discourage the very things that we are trying to encourage. Mr. Chairman, I would oppose the amendment.

Ms. WOOLSEY. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, there is no bigger champion of education and training in this House than I am: Training for our high school students so they leave high school ready and trained for a job that pays a livable wage, and training for our workers so they can stay in step with changes so they will be ready for the 21st century and do not lose their jobs because they are not trained adequately.

When I first came to the Congress, I requested to serve on the Committee on Economic and Educational Opportunities because I believed that is the most important committee in the House of Representatives. I have been a member of that committee for 5 years now. I work long and I work hard to make sure that all American students get a world-class education and that all students get the training they need for their future and that all workers are trained for the jobs of the future also.

Our students need world-class training and education. They need that so they can get high-skill, high-wage jobs, and they need that to ensure that America remains competitive in the global marketplace. Because, of course, a vast majority of American students become American workers. When they are workers, they also require additional training.

But to that end, Mr. Chairman, it makes absolutely no sense to pit education funds against funds that will keep our American workers safe. Funding for important protections for American workers must stay intact. Funding for OSHA is particularly important. Funding for labor is important in general.

Mr. Chairman, we cannot leave American workers less safe. OSHA cuts, and by just adding 1 percent it is a cut, would mean more workplace accidents and injuries. Labor cuts will mean more American workers will become vulnerable to workplace discrimination and to the loss of important workplace protections. They need protections, not only for their own physical safety, their emotional safety, their mental safety, they also need the 40-hour work week.

Mr. Chairman, much of today's rhetoric will place American workers at risk and that is just to make political points. That is what this debate is really about this morning. It is about pitting one deserving group of Americans against other groups of Americans for political gain.

What my colleagues are offering in this amendment is not about the real world, because in the real world one group is not separate from another. American workers are not separate from American students and Americans that need training. American workers are students. American workers are requiring training, but many of them also expect and insist and need and depend upon OSHA for the protections they need to keep them safe on the job.

They need labor protections also, so that they can earn a fair and livable wage and that they can go home every day and their children will know they will come home safe. They will know that they are protected because OSHA has been there for them.

Americans will not fall for this obvious political cynicism, Mr. Chairman, and neither should my colleagues. We cannot vote to cut OSHA, because OSHA is important to the safety of our workers. It is important to those who we train as workers. It is important to the students of this country who are going to become workers. OSHA is the backbone for keeping American workers safe.

Mr. OBEY. Mr. Chairman, will the gentlewoman yield?

Ms. WOOLSEY. I yield to the gentleman from Wisconsin.

Mr. OBEY. Mr. Chairman, I would simply like to point out, we have heard a lot about Hudson Foods lately, and the E. coli contamination which caused a number of deaths around the country. I should point out that OSHA is one of the agencies that has determined just how far from an acceptable norm that plant has been operating. OSHA reviewed that firm's activities and cited them for 34 different violations, including a number of sanitary condition violations.

Mr. Chairman, it is no wonder that the American public's health is being endangered when corporations like this are able to produce without having adequate resources that will enable the agencies that are charged with the responsibilities for public health and safety to do their jobs adequately.

The CHAIRMAN (Mr. GOODLATTE). The time of the gentlewoman from California [Ms. WOOLSEY] has expired.

(On request of Mr. OBEY, and by unanimous consent, Ms. WOOLSEY was allowed to proceed for 1 additional minute.)

Mr. OBEY. Mr. Chairman, if the gentlewoman will continue to yield, it just seems to me that there are so many examples where OSHA has not been able to reach where they needed to in time to protect workers' health and safety and for that matter the public health and safety. I think this amendment ought to be recognized as perhaps well intentioned, but ill advised.

Mr. NORWOOD. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I rise in support of this amendment for, I think, some very clear reasons. I would remind or inform the gentleman from Wisconsin [Mr. OBEY] that OSHA is in charge of health and safety in the workplace and perhaps they ought to do a little better inspection of their own people, since they had to close down the OSHA facilities in West Virginia to Legionnaires disease. I think they may want to take care of their own offices first.

Second, I would remind the gentleman from Wisconsin that I suppose being in Congress is not hazardous duty, but I can assure the gentleman that if OSHA were to come to this Capitol, come to Cannon, Longworth, or Rayburn and do the same inspection that they do in the private industry, we will be meeting on Pennsylvania Avenue, because they would have to close these buildings down.

Mr. Chairman, I want to make it very clear that the process of spending money should be the prioritization of how we spend that money. Recognizing that for 40 years this body has not paid much attention to that, if they wanted to spend it, they borrowed it. But we are at a point now where we are not willing to borrow anymore, so we have to prioritize.

This amendment is simply asking this: Do we want to cut spending in vocational education next year by $11 million or do we want to increase spending in OSHA next year by $11 million? Now, that is our choice here, and it is a process of prioritizing.

Cutting OSHA back to last year's spending level of $325.7 million is not exactly closing it down. Are we not all pleased that the growth rate is good in this country, interest rates are down, unemployment is down, the stock market is up, things are going pretty well? Well, no small part of that was the belt tightening that working America has done over the last 10 years. Why can we never tighten our belt in Federal agencies? Why do we always insist on judging the efficiency of an agency by how many dollars we spend?

The gentleman from Pennsylvania [Mr. GOODLING], our chairman in the Committee on Education and the Workforce, reported before the gentleman from Illinois [Mr. PORTER] that there are lots of problems in OSHA. None of that was mentioned by the gentleman from Illinois. But there are still lots of problems over there.

Why can we not ask them to be more efficient and operate on the $325.7 million next year that they did last year, until they start dealing with some of the problems? And in the meantime, until they solve the problems that have been pointed out many times in oversight by the Committee on Education and the Workforce, let us spent $11 million on training young men and women in this country we need jobs.

Now, if my colleagues believe that everything is just hunky-dory at OSHA, then I want to make a few points. In its latest move to get out an ergonomic standard, OSHA has plans to put the Ergonomics Technical Assistance Manual on the Internet. OSHA's ergonomic guidelines would require employers to take extreme steps to prevent repetitive motion injuries.

Well, that may be a good idea, except we do not understand repetitive motion injuries. And what I mean by that, we could have two Americans, same sex, same age, doing the same job, working side by side, and one has a repetitive motion injury and the other does not. The medical community does not understand that.

Mr. Chairman, all we are asking for OSHA to do is just be calm until they get the right science and then we can deal with this. If we put the ergonomic standard on the Internet, employers are going to be required not only to have written plans to prevent these injuries that they do not understand, but also to redesign work areas in hopes that it will help, not that we know it will help. We do not have the science. They will be asked to slow assembly lines and potentially pay for medical bills.

Private industry, for example, estimates that a similar rule proposed by the California OSHA would cost $3.1 billion annually just in California. Other sources estimate the Federal rule would cost $21 billion to implement. That is with nine zeros.

The CHAIRMAN. The time of the gentleman from Georgia [Mr. NORWOOD] has expired.

(By unanimous consent, Mr. NORWOOD was allowed to proceed for 2 additional minutes.)

Mr. NORWOOD. Mr. Chairman, OSHA insists that the manual is not for educational purposes, but on enforcement of a new standard. It is widely regarded as constituting guidelines which are enforceable under the general duty clause. They are not kidding. Too many of those of us who are on the right committee and are paying attention to them; of course they are going to enforce these standards.

☐ 1315

Therefore, employers will have no choice but to comply with standards that we do not understand, nor does the medical community.

Mr. PORTER. Mr. Chairman, will the gentleman yield?

Mr. NORWOOD. I yield to the gentleman from Illinois.

Mr. PORTER. Mr. Chairman, I think it is appropriate now, because the gentleman has covered so much of this, that we read into the RECORD exactly what we have done on the ergonomics standards. The gentleman from Texas [Mr. BONILLA] of our subcommittee, along with the gentleman from Texas [Mr. DELAY], took a major lead in this area and reached an agreement on what OSHA could and could not do in the next fiscal year.

Let me read into the RECORD section 104 of the bill: "None of the funds made available in this Act may be used by the Occupational Safety and Health Administration to promulgate or issue any proposed or final standard regarding ergonomic protection before September 30, 1998," that is for the entire fiscal year, "provided that nothing in this section shall be construed to limit the Occupational Safety and Health Administration from issuing voluntary guidelines on ergonomic protection or from developing a proposed standard regarding ergonomic protection: Provided further, that, no funds made available in this Act may be used by the Occupational Safety and Health Administration to enforce voluntary ergonomic guidelines through section 5."

I do not think the gentleman has any worry about fining anyone.

Mr. NORWOOD. Mr. Chairman, yes, I do, because they made a deal saying that if we will do that for 1 year, "The committee will refrain from any further restrictions with regard to the development, promulgation or issuance of an ergonomic standard following fiscal year 1998." That means it cannot be discussed again and that does not mean we will have the science.

Vote for this amendment.

Mr. ENGEL. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise in strong opposition to the amendment, and in doing so, I really want to expose it for what I believe it is. It is a political agenda. It is part of an all-out assault on organized labor and on working men and women in this country. It is part of a pattern that we have seen in some quarters here, unfortunately on the Republican side of the aisle, for the past 3 years.

First of all, last year we passed an increase in the minimum wage which was done so kicking and screaming by many Members on the other side of the aisle with great reluctance. They did not favor an increase in the minimum wage.

The first thing that the GOP did when it controlled this Congress was to change the name of the Committee on Education and Labor and purge the word "labor" out of everything from the committee and the subcommittee. We have seen an all-out assault on OSHA.

I have been to many of the hearings where Members on the other side of the aisle proposed to eliminate all kinds of OSHA standards and to eliminate all kinds of funds for OSHA. We have seen them try to cut funding for the National Labor Relations Board time and time again. This last amendment, which was defeated, thankfully, was part and parcel of this assault on working men and women, trying to cut wage and hour enforcement.

We have seen them try to put back company unions with the so-called TEAM Act, unions that really would not, in my opinion, have the best interests of America's workers at heart. They are trying to eliminate Davis-Bacon, which is the prevailing wage in Federal contracts, so that people who are doing these contracts will not get a prevailing wage, which in turn would hurt union companies right-to-work laws they tried to pass. They have tried to gut the 40-hour workweek with all types of comp time and other regulation.

So this is part and parcel of an assault on organized labor, but more importantly, an assault on working men and women in this country.

One does not have to be a genius to understand that we need OSHA standards. We need a strong OSHA department. We need a strong OSHA. Workers are still being maimed and injured on the job.

Let us look at the latest statistics. In 1993, there were 6,300 workers who died from traumatic injuries in America on the job and more than 50,000 died from occupational diseases. Nearly 7 million workers in 1993 were injured on the job. These are American workers, Democratic, Republican, Independent, old, young, men and women. Unfortunately, injuries on the job and deaths on the job cut across all kinds of lines.

On an average day, 154 workers lose their lives as a result of workplace injuries and illnesses and another 16,000 are injured. That is one workplace death or injury every 5 seconds in America. Should we be cutting back on OSHA funding which protects that and tries to mitigate against that? I think not.

Workers need more OSHA protection, not less. OSHA is a small agency that does not have the funding or staff to oversee the safety and health of 90 million American workers in 6 million workplaces under its jurisdiction. Federal OSHA has only 900 inspectors and on the average it can inspect workplaces, on average once every 87 years. The current OSHA budget, which is 318 million, amounts to a little more than $1 per citizen.

So let us really expose this for what it is. It is a continued assault by some Members on the other side of the aisle, unfortunately some GOP Members, against working men and women in this country.

We all want more money for education, but again, pitting one group against the other is not the way to go. This does nothing, again, but advance an agenda which hurts America's workers, and I think this ought to be soundly defeated.

Mr. LEWIS of Kentucky. Mr. Chairman, I move to strike the requisite number of words, and I yield to the gentleman from Georgia [Mr. NORWOOD].

Mr. NORWOOD. Mr. Chairman, I just want to say to the gentleman from New York, this is not an assault on anybody. I, for one, am sort of sick and tired of hearing it. Not one of us in this room has any clue how the $325.7 million was spent last year, whether it saved one life, how efficiently it was used; and we do not have a clue whether they need another $11 million. We do know we need another $11 million in vocational education. This is not an assault on anybody.

Mr. LEWIS of Kentucky. Mr. Chairman, why give OSHA an $11 million raise and take from vo-tech training and adult training? Why do that when I think the statistics that have been given to us from across the aisle indicate that OSHA has not been doing a very good job; if we look at the National Safety Council statistics indicating that OSHA, since its founding in

1970, has been irrelevant to the long-term decline in workplace fatalities?

Moreover, a 1991 study by the National Bureau of Economic Research found that OSHA regulations significantly reduced productivity and growth in the United States, which undoubtedly means a parallel loss in employment opportunities.

Is this good for the workers who take $11 million out of vocational training and adult training to cut them?

I want to talk about a small town in my district, Campbellsville, KY, population 10,000. They just lost 1,400 workers from a textile company, 1,400 workers. Is that good for the workers, and then to take $11 million out of vocational training and adult training that could help these displaced workers find new jobs?

Mr. PORTER. Mr. Chairman, will the gentleman yield?

Mr. LEWIS of Kentucky. I yield to the gentleman from Illinois.

Mr. PORTER. Mr. Chairman, I want to say that we have level-funded the vocational education account and that we have not taken anything out of it at all.

Mr. LEWIS of Kentucky. It is $11 million less than the 1997 funding.

Mr. PORTER. No, Mr. Chairman, it is level funded.

Mr. LEWIS of Kentucky. Well, Mr. Chairman, that was not what I saw.

Even with that, should we not be trying to help displaced workers with better vocational training, better adult training? That is the key.

Look at OSHA, a bureaucracy that is out of, basically out of control, if we look at some of the horror stories. Rod Stewart owns and operates a small business that manufactures corn brooms and cotton mops in Union City, IN; Reit-Price Manufacturing Co., which he owns, started by his father in 1900, employs four people. When Indiana OSHA inspected his operation 3 years ago, even though it was a first-time inspection, the inspector fined Mr. Stewart $500 for not having paperwork on hand listing hazardous items in the shop.

Well, Mr. Stewart did not need to fill out any paperwork because there was not any hazardous material that he deals with in his business. When Mr. Stewart realized that OSHA considered many items to be hazardous, even though they can be purchased anywhere, in a grocery store or a hardware store, he was able to talk the inspector out of fining him for not having paperwork on his Lava hand soap, but he was still fined $500 for other items, such as a standard oil can WD–40, which can be purchased at any gas station.

Mr. Stewart has not always had just four employees. He used to have more than 20, but due to foreign competition, particularly from Mexico, seven corn broom manufacturers have gone out of business this year. That is 400 to 500 people who have lost their jobs. Mexican importers, they do not have to absorb the cost of regulatory agencies like OSHA. One thousand four hundred jobs in my district; $11 million should be going for better training, better education, job opportunities that will allow them to take care of their families.

I do not think an $11 million pay raise for OSHA is going to do anything that is going to help worker safety. The statistics do not bear it out. And my colleagues across the aisle, the numbers that they gave on workplace injuries and fatalities since 1970, these are recent reports; is OSHA doing their job with those kinds of negative numbers? I do not think so.

Let us do something to help the workers in this country better than what OSHA is doing.

Mr. GREEN. Mr. Chairman, I move to strike the requisite number of words.

I am proud to be here opposing the amendment because I think the amendment is cynical. Some of us have worked for many years to improve vocational education funding; and like some of my colleagues, I served on the committee that dealt with vocational authorization, and we worked to make sure that the funding was there.

Yet on the floor of the House we say that we are going to give you vocational money to be trained, but we are not going to give you a safe workplace. We can train you, but you will be killed on your job. That is what this amendment will do.

I have been to the memorial services for machinists in my district who were killed on the job site last year. I do not know if many of the other Members on the other side of aisle have seen what happens in an industrial-type district. Again, this looks like it is a war against workers who work with their hands because that is where the injuries are. They are in the trenches, they are in the chemical plants and refineries, they are in the machine shops, they are in the printing companies that I used to work at. That is where it is. Those are people who work with their hands that lose their limbs and also their lives.

Is OSHA doing the best job that they can? Of course not. I went with OSHA inspectors when they were at my company and was disillusioned, but I thought they needed to be better trained. But they were not. They were looking for things that I thought were not really important enough. Maybe that is why we need to provide them better training and more funding. I want to increase vocational education money, but I do not want to take it away from a safe workplace because the United States has one of most dismal records of safe workplaces.

My colleague from Kentucky who talked about the loss of jobs because the imports do not have to comply with regulations; well, if that is what you want to do, we would not have a minimum wage because around the world the minimum wage may be a dollar a day. They do not have job safety in some of the countries we have to compete with. Let us take that debate up on something else, on trade issues, and not on lowering our standards to compete with somewhere else in the world.

I do not want to lower our standards. I do not want any more job deaths because OSHA did not go out there and was not able to inspect the plant. I do not want to hear of any more chicken plants in North Carolina that keep the exit doors chained shut, and people die because of that. That is what this amendment is aiming for.

Again, it looks like we are having a war against the workers because of the last amendment and this one; that is what is frustrating.

In 1993, we had 6,300 workers die from traumatic injuries and more than 50,000 died from occupational diseases. On the average day, 154 workers lose their lives as a result of workplace injuries and illnesses, and another 16,000 are injured.

Again, I represent an industrial district that has people who work with their hands in refineries and machine shops. This amendment again is a cynical way to try and say, we are going to cut OSHA because we do not like what they are doing somewhere else.

Let us give them some guidance, but not cut their funding. Let us put more inspectors out there, who are better trained, to make sure we can lower the number of deaths in our workplace.

□ 1330

Again that is what is frustrating to hear, an amendment like this today, Mr. Chairman.

Mr. BLUNT. Mr. Chairman, will the gentleman yield?

Mr. GREEN. I yield to the gentleman from Missouri.

Mr. BLUNT. I thank the gentleman for yielding. First, I would just like to point out that this amendment does not discuss OSHA funding. It leaves the funding for OSHA at the same place it is this year.

Mr. GREEN. Mr. Chairman, reclaiming my time, that worries me because we have not seen a lessening of injuries on the job. Maybe what we need to do is make OSHA better by providing more funding for training of those inspectors and more inspectors to go out and inspect those sites. As the gentleman from Wisconsin, the ranking member, said, there are only 900 OSHA inspectors and they inspect the average workplace once every 87 years. We need to do a better job.

Mr. OBEY. Mr. Chairman, will the gentleman yield?

Mr. GREEN. I yield to the gentleman from Wisconsin.

Mr. OBEY. I thank the gentleman for yielding. I would simply point out to the gentleman from Missouri, my understanding is that Hudson Foods of now notorious fame is from his State. OSHA had to cite them because their place of employment was not kept clean and orderly or in a sanitary condition. Drainage was not maintained where wet processes were used. That is the kind of problem that creates a hazard to not only workers but to the entire country as was demonstrated.

The previous speaker from Georgia, I would point out, there were 249 fatalities in the workplace in his State last year, 200,000 injuries, and the average workplace is inspected now once every 257 years. That is longer than this country has been in existence. In Kentucky, there were 158 fatalities, 115,000 injuries, one inspection per workplace every 79 years. That hardly is an agency which is overfunded.

Mr. BENTSEN. Mr. Chairman, I rise to express my support for H.R. 2264, the 1998 Labor, Health and Human Services, and Education appropriations legislation, as reported by the Appropriations Committee. This legislation provides important and necessary funding for many important health and education programs, including the National Institutes of Health [NIH], the Corporation for Public Broadcasting, Head Start, and Pell grants. I urge my colleagues to approve this bipartisan legislation without divisive amendments.

Medical research is an investment that we must continue because it is so vital to our quality of life and will yield new treatments for diseases such as cancer, heart disease, Alzheimer's, and AIDS. This legislation provides $13.5 billion for the NIH, an increase of 6 percent over last year's budget. It is noteworthy that Congress has included more than an inflationary increase for the NIH for the third year in a row, even as we seek to balance the Federal budget. In 1995 the majority part passed a budget which would have cut NIH by 5 percent. I and other opposed that provision and ultimately we prevailed. We must ensure at least the level of NIH funding in H.R. 2264 as the appropriations process moves forward.

As the representative for the Texas Medical Center, one of our Nation's premier medical education and research centers, I know firsthand of the importance of NIH funding for medical research projects. Over the last 5 years, the Texas Medical Center has received more than $2 billion in grants from the NIH and other Federal agencies. From this investment, cutting edge medical research and discoveries have been made. For instance, some of the major discoveries at the Texas Medical Center include the DeBakery roller pump, a major component of the heart-lung machine which is now used in open-heart surgery around the world; the first artificial heart and successful heart transplant surgery by Dr. Denton Cooley, the gamma-knife diagnostic machine to treat brain disorders at Hermann Hospital; and the first approved gene therapy for lung cancer condjucted at M.D. Anderson Cancer Center. All of these treatments are possible because of our continued investment in the National Institutes of Health.

I am also pleased that this legislation would provide $300 million for the Corporation for Public Broadcasting [CPB]. CPB is an asset to children and families throughout the Nation. The quality and variety of educational, informational, and cultural programming found on public broadcast stations cannot be found anywhere else on radio or television. Public broadcast stations are among a limited selection of stations that cater to a large number of locally originated programs. In addition, public broadcast stations in rural and underserved urban areas greatly depend on Federal funds for their economic base.

CPB provides services that reach out to people of all backgrounds and ages throughout the country. CPB plays an essential role in our educational and cultural growth as a nation. For example, the Public Broadcasting Service is the leading provider of classroom video programming for all grades from kindergarten through 12th grade and provides college telecourses to more than half of America's campuses, making PBS the leading source of college-level telecourses. Public Broadcasting does what the market does not. It provides superior cultural and children's programs free.

This legislation also maintains our Nation's commitment to Head Start by fully funding the President's request at $4.3 billion for fiscal year 1998, an 8-percent increase over last year's level. While many sacrifices have been made to balance the budget, I am pleased that Congress has continued its support of this vital program, which helps prepare millions of disadvantaged children to succeed in school and throughout their lives. Head Start helps to ensure that children in the most formative years of their development get the special attention and nourishment they need to learn and grow.

I am also pleased that this legislation provides $9 billion for student financial assistance, including $7.4 billion in Pell grant funding for the 1998–99 academic year, a 26-percent increase from fiscal year 1997. The bill increases the maximum Pell grant award from its current level of $2,700 to $3,000. The Pell grant provisions in this bill, coupled with the higher education tax credits included in the tax relief portion of the balanced budget agreement, will make a college education more accessible and affordable so students can obtain the education and skills needed to succeed in our global, high-technology economy.

Because of these and other vital programs, this legislation in its current form merits a strong, bipartisan vote of support. Let's avoid divisive amendments and pass this important legislation.

Mr. DELAHUNT. Mr. Chairman, I rise on behalf of the appropriations bill which Chairman PORTER has brought before this Chamber. This legislation was carefully crafted to restoring bipartisan priorities for Federal health, labor, and education policy, and deserves the enthusiastic support of this House.

I also want to draw particular attention to a small provision which has enormous implications for many communities across the Nation, including the town of Bourne, on Cape Cod, in my congressional district.

As many of my colleagues know, the impact aid program was created in 1950 to ensure compensation to local communities for at least part of the cost of educating children of families associated with military bases or other Federal installations.

On reliance of that assurance, cities and towns have expended considerable sums to educate these kids. The Federal formulas were never even close to covering the actual educational costs, but for awhile there was at least lipservice to the commitment.

For the past dozen years, however, Washington has done all it can to abandon its obligations altogether—while towns like Bourne have struggled under the weight of these extra financial burdens.

The irony is that, as impact aid communities do their best to maintain opportunity for federally connected students, now 15 percent of the student population, the quantity and quality of school services inevitably suffer. In 1 year alone, Bourne was forced to lay off 74 school employees.

And when Washington saves, Bourne pays—in the form of increased local property taxes to defray the increased expenses, which compromise a substantial portion of the town's school budget.

Local communities are perplexed at a Congress which decries unfunded mandates, but then shrugs its shoulders year after year at this direct, and regressive, hit on the local tax base. In all, the town of Bourne has subsidized the cost of educating federally related students to the tune of $7 million.

I rise today, however, to suggest that, through the work of impact aid towns across the country, and the assistance of Chairman PORTER, there is some hope. After a decade-long decline, this bill would increase impact aid funding levels for the second year in a row—$66 million more for fiscal year 1998.

This increase, which restores program funding to its 1979 level, will not cover all current impact aid costs, much less retroactive obligations. However, it suggests that we are deciding, for the year to come, to do no more harm—and for that, at least, 1,800 school districts across America are grateful.

Mrs. MINK of Hawaii. Mr. Chairman, the Labor-HHS-Education appropriations bill represents in my estimation the most important Federal spending bill we consider each year. It represents our investment in the human capital of this country—our investment in education, employment, and the health and well-being of our people.

The bill before us, H.R. 2264, is a significant improvement over Labor-HHS-Education appropriation bills we have seen the majority report out of committee over the last 2 years. This bill includes increase funding in priority areas such as health research at the National Institutes of Health, job training, and education programs. This, I believe, is a direct result of the persistence of our President and congressional Democrats in protecting several key spending areas during budget negotiations earlier this year.

I am pleased that the bill includes increased funding for the National Institutes of Health by $764 million and that nearly $124 million of this amount will be directed to increases for the National Cancer Institute. With language included in the committee report listing ovarian cancer as a research priority, I am confident that a portion of this increase will go to enhance efforts in ovarian cancer early detection and prevention research.

This year 26,800 American women will be diagnosed with ovarian cancer. It is truly disheartening that most of them will be diagnosed too late and fewer than half of them will survive 5 more years. Why? Because there is no early detection screening test for ovarian cancer. Because although the 5-year relative survival rate for ovarian cancer is 92 percent when detected early, only a quarter of all cases are detected early.

For the last 7 years I have fought hard for increases in ovarian cancer research. We have successfully increased funding from around $8 million in 1989 to close to $40 million this year. Funding available in this bill will allow us to progress even further.

The committee specifically calls for a specialized program of research excellence [SPORE] for ovarian cancer, a concentrated research initiative that has been successful in other research ares such as breast, lung, and prostate cancer. Legislation I introduced in the 104th and 105th Congresses directs the NCI to establish such a program. I am pleased that the committee is supporting this provision of my bill, H.R. 953.

It is time we take serious action to develop an early detection screening test for ovarian cancer and I applaud the committee for their support.

H.R. 2209 also includes $2 million for Hansen's Disease Payments to Hawaii for the care of Hansen's disease patients who continue to live at Kalaupapa, Molokai.

Authorized under Public Law 82–411 and later Public Law 99–117, the Federal Government has provided payments for health care and other support services for the Hansen's disease patients at Kalaupapa and additional outpatients at other facilities in Hawaii since 1954. Federal funding is an important supplement to the State's overall efforts to serve and provide for these individuals.

The Hansen's disease program in Hawaii supports approximately 400 individuals. Most are served through the Hale Mohalu Hospital in Honolulu and through outpatient services. However, about 60 individuals reside at Kalaupapa, a remote peninsula on the island of Molokai which was designated in the mid-1800's as the place of banishment for individuals with Hansen's disease.

Over the years, Kalaupapa has become a place of comfort and tranquility for the patients—a home that they have grown to love. The Federal Government made a commitment to the patients that they will be allowed to live out their lives at Kalaupapa. These Federal funds help to fulfill this promise.

I want to thank Chairman PORTER for his willingness to continue funding for this program, and the effort he has made in the last 2 years to assure that Federal support for Hansen's disease patients at Kalaupapa will continue.

I would also note that funding for the Native Hawaiian Health Care Act would be continued under the $826 million allocated for the Consolidated Health Centers. The Native Hawaiian Health Care Act enacted in 1988 established health care systems on each island in the State of Hawaii to address the significant health care needs of the native population in our State.

On the education front the bill includes $32.1 billion for education programs, a $3.2 billion increase over fiscal year 1997 appropriations.

Priority items outlined by the President and congressional Democrats do well in this bill. Head Start, the early childhood education program for low-income children, is increased by 8 percent which brings the funding total to $4.3 billion. We have heard so much this year about the importance of the preschool years in the development of a child's brain. We now know that the Head Start Program, established over 30 years ago to provide disadvantaged children with opportunities for early childhood education, was light years ahead of its time and on the right track.

This bill also funds a 5-percent increase in the title I program for disadvantaged children in elementary and secondary schools. Bilingual education and immigrant education is increased by 35 percent with funding at a total of $354 million. Impact aid funding to help States provide education to military children is increased from $796 million in fiscal year 1997 to $862 million.

The bill also provides a $300 increase in the maximum award for Pell grants. This means low-income students would be eligible for up to $3,000 a year in Federal Pell grants. To meet this new Pell grant maximum the bill increases funding for Pell grants by $1.5 billion. For the academic year 1998–99 a total of $7.4 billion will be provided for Pell grants.

I would like to express my support for the $2 million allocated for the Women's Education Equity Act. In the past the majority has sought to eliminate this program, which I authorized in 1974. Last year we were able to restore WEEA funding through a floor amendment. I am pleased the committee included WEEA funding in its bill this year.

While this bill generally moves us in a more positive direction in terms of spending on human resources in our country, there are some important areas of concern.

I am deeply disappointed that the committee did not include funding for the Native Hawaiian Education Act. In existence for about 10 years the Native Hawaiian Education Act funds programs dedicated to improving educational opportunities for native Hawaiians. In was established as part of the Federal Government's effort to fulfill its trust responsibility to the native Hawaiian monarchy in 1893.

Since 1921 the Federal Government has acknowledged its responsibility to assist in the rehabilitation of the native Hawaiian people and work toward improvement of their education, economic, and health status.

Fifteen million dollars provided in fiscal year 1997 for the Native Hawaiian Education Act went to support six specific programs including, family-based early childhood centers, a higher education scholarship program, a Native Hawaiian Gifted and Talented Program, a special education program, curriculum development and teacher training program, and community-based education centers. The President requested continued funding at $15 million. I am very concerned that the committee did not include this funding in its bill.

I sincerely hope the committee will reconsider its decision and concur with the Senate and fund the Native Hawaiian Education Act programs.

Mr. BEREUTER. Mr. Chairman, this Member would like to commend the distinguished gentleman from Louisiana [Mr. LIVINGSTON], the chairman of the Committee on Appropriations, the distinguished gentleman from Wisconsin [Mr. OBEY], the ranking member of both the full committee and the Subcommittee on Labor, Health and Human Services, and Education and the distinguished gentleman from Illinois [Mr. PORTER], the chairman of the subcommittee, for their exceptional work in bringing this bill to the floor.

Mr. Chairman, the fiscal year 1998 Labor, Health and Human Services Appropriations Act contains several provisions regarding important rural health programs which benefit rural communities across the Nation, as well as continued funding for the Ellender Fellowships.

Regarding rural health funding, this Member would like to specifically mention two programs which this Member strongly supports and has expressed this support together with other Members of the House Rural Health Care Coalition to the subcommittee. These programs are Rural Outreach Grants, and the National Health Service Corps.

This bill includes $27.8 million for Rural Outreach Grants, which is the same as the fiscal year 1997 level and $2.7 million above the amount requested by the President. This important program supports projects that provide health services to rural populations not currently receiving them and that enhance access to existing services.

The National Health Service Corps receives $120 million in this bill, which is a $4.6 million increase above both the fiscal year 1997 level and the amount requested by the President. One of the top health care concerns in rural America is the shortage of physicians and other health professionals due to the difficulties rural areas have in attracting and retaining primary health care professionals. The NHSC program addresses this need by providing scholarships to, and repays loans of, primary care professionals in exchange for obligated services in a health professional shortage area [HPSA].

The program also provides matching grants to States for a loan repayment program. These incentives for health professionals and physicians to serve in rural areas are greatly needed.

This Member is also pleased that H.R. 2264 includes $1.5 million for Ellender fellowships. Earlier this year, this Member testified before the subcommittee regarding this important program. This amount is the same as the fiscal year 1997 level, even though the President's budget did not include any funds for the extraordinarily valuable citizen education program for American high school students. The Ellender fellowships are used to enable low-income students to participate in the highly successful Washington Close Up Program.

Each year the Close Up Foundation awards thousands of Ellender fellowships, which included 3,942 students during the 1995–96 school year. Nationally, since 1971 over 480,000 students and teachers have participated in the Washington Close Up Program. Almost 94,000 of those participants received full or partial fellowships.

Again, Mr. Chairman, this Member commends the distinguished gentleman from Ohio [Mr. STOKES], the chairman of the subcommittee, and the distinguished gentleman from Wisconsin [Mr. OBEY], the ranking member of both the full committee and the subcommittee for their continued support of these important programs.

Mr. PORTER. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker pro tempore (Mr. PEASE) having assumed the chair, Mr. GOODLATTE, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 2264) making appropriations for the Departments of Labor, Health and Human Services, and Education, and related agencies, for the fiscal year ending September 30, 1998, and for other purposes, had come to no resolution thereon.

MOTION TO INSTRUCT CONFEREES ON H.R. 1119, NATIONAL DEFENSE AUTHORIZATION ACT FOR FISCAL YEAR 1998

The SPEAKER pro tempore. The unfinished business is the demand for a recorded vote on the motion to instruct offered by the gentleman from Ohio [Mr. TRAFICANT] on which further proceedings were postponed and on which the ayes prevailed by voice vote.

The Clerk will re-report the motion.

The Clerk read as follows:

> Mr. TRAFICANT moves that the conferees on the part of the House on the bill, H.R. 1119, be instructed to insist upon the provisions of section 1032 of the House bill relating to the assignment of Department of Defense personnel to Border Patrol and control.

RECORDED VOTE

The SPEAKER pro tempore. A recorded vote has been demanded.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 261, noes 150, not voting 22, as follows:

[Roll No. 368]

AYES—261

Aderholt
Andrews
Archer
Armey
Bachus
Baesler
Barcia
Barr
Barrett (NE)
Bartlett
Barton
Bass
Bateman
Bereuter
Bilbray
Bilirakis
Bishop
Bliley
Blunt
Boehlert
Boehner
Bono
Boswell
Boyd
Brady
Bryant
Bunning
Burr
Burton
Calvert
Camp
Campbell
Canady
Castle
Chabot
Chambliss
Christensen
Clement
Coble
Coburn
Collins
Combest
Condit
Cook
Cooksey
Costello
Cox
Cramer
Crane
Cubin
Cummings
Cunningham
Danner
Davis (VA)
Deal
DeLay
Deutsch
Diaz-Balart
Dickey
Dicks
Doyle
Dreier
Duncan
Dunn
Ehrlich
Emerson
English
Ensign
Eshoo
Etheridge
Ewing
Fawell
Foley
Forbes
Fox
Franks (NJ)
Frelinghuysen
Gallegly
Ganske
Gekas
Gibbons
Gilchrest
Gillmor
Gilman
Goode
Goodlatte
Goodling
Gordon
Goss
Granger
Greenwood
Gutknecht
Hall (OH)
Hall (TX)
Hansen
Harman
Hastert
Hastings (WA)
Hefley
Herger
Hill
Hilleary
Hobson
Hoekstra
Holden
Horn
Hostettler
Hulshof
Hunter
Hutchinson
Hyde
Inglis
Jenkins
John
Johnson (CT)
Johnson, Sam
Jones
Kaptur
Kasich
Kelly
Kilpatrick
Kim
Kind (WI)
King (NY)
Kingston
Klink
Klug
Knollenberg
Kucinich
LaFalce
LaHood
Lantos
Largent
Latham
LaTourette
Lazio
Leach
Levin
Lewis (KY)
Livingston
LoBiondo
Lowey
Luther
Maloney (CT)
Maloney (NY)
Manton
Manzullo
Martinez
Mascara
McCarthy (NY)
McCrery
McDade
McHugh
McIntosh
McIntyre
McKeon
McNulty
Metcalf
Mica
Minge
Moakley
Moran (KS)
Morella
Myrick
Nethercutt
Neumann
Ney
Northup
Norwood
Nussle
Oberstar
Owens
Oxley
Packard
Pallone
Pappas
Pascrell
Paxon
Pease
Peterson (MN)
Peterson (PA)
Petri
Pickering
Pickett
Pitts
Porter
Portman
Poshard
Price (NC)
Quinn
Radanovich
Rahall
Ramstad
Redmond
Regula
Riggs
Riley
Rivers
Roemer
Rogan
Rogers
Rohrabacher
Ros-Lehtinen
Roukema
Royce
Salmon
Sanchez
Sandlin
Sanford
Saxton
Scarborough
Schaefer, Dan
Schaffer, Bob
Schumer
Sensenbrenner
Shadegg
Shaw
Shays
Sherman
Shimkus
Shuster
Sisisky
Skeen
Smith (MI)
Smith (NJ)
Smith (OR)
Smith (TX)
Snowbarger
Souder
Spence
Stearns
Strickland
Sununu
Talent
Tanner
Tauscher
Tauzin
Taylor (MS)
Taylor (NC)
Thomas
Thornberry
Thune
Thurman
Tiahrt
Towns
Traficant
Turner
Upton
Walsh
Wamp
Watkins
Watts (OK)
Weldon (FL)
Weldon (PA)
Weller
Wexler
White
Wicker
Wise
Wolf
Young (FL)

NOES—150

Abercrombie
Ackerman
Allen
Baldacci
Barrett (WI)
Becerra
Bentsen
Berman
Berry
Blagojevich
Blumenauer
Bonilla
Bonior
Borski
Brown (CA)
Brown (FL)
Brown (OH)
Buyer
Cannon
Capps
Cardin
Carson
Chenoweth
Clay
Clayton
Clyburn
Conyers
Coyne
Crapo
Davis (FL)
Davis (IL)
DeFazio
DeGette
Delahunt
DeLauro
Dellums
Dingell
Dixon
Doggett
Dooley
Doolittle
Edwards
Ehlers
Engel
Evans
Farr
Fattah
Fazio
Filner
Flake
Foglietta
Ford
Fowler
Frank (MA)
Frost
Furse
Gejdenson
Gephardt
Green
Gutierrez
Hamilton
Hastings (FL)
Hayworth
Hefner
Hilliard
Hinchey
Hinojosa
Hooley
Houghton
Hoyer
Jackson (IL)
Jackson-Lee (TX)
Jefferson
Johnson (WI)
Johnson, E. B.
Kanjorski
Kennedy (MA)
Kennedy (RI)
Kennelly
Kildee
Kleczka
Kolbe
Lampson
Lewis (GA)
Linder
Lofgren
Lucas
Markey
Matsui
McDermott
McGovern
McHale
McInnis
McKinney
Meehan
Meek
Menendez
Millender-McDonald
Miller (CA)
Mink
Mollohan
Moran (VA)
Murtha
Nadler
Neal
Obey
Olver
Ortiz
Pastor
Paul
Payne
Pombo
Pomeroy
Rangel
Reyes
Rodriguez
Rothman
Roybal-Allard
Rush
Ryun
Sabo
Sanders
Sawyer
Scott
Serrano
Sessions
Skaggs
Skelton
Slaughter
Smith, Adam
Snyder
Spratt
Stabenow
Stark
Stokes
Stump
Stupak
Thompson
Tierney
Torres
Velázáquez
Vento
Visclosky
Waters
Watt (NC)
Weygand
Whitfield
Woolsey
Wynn
Yates

NOT VOTING—22

Baker
Ballenger
Boucher
Callahan
Everett
Gonzalez
Graham
Istook
Lewis (CA)
Lipinski
McCarthy (MO)
McCollum
Miller (FL)
Parker
Pelosi
Pryce (OH)
Schiff
Smith, Linda
Solomon
Stenholm
Waxman
Young (AK)

□ 1359

Messrs. STUPAK, KOLBE, CLYBURN, CANNON, DOOLITTLE, and POMBO changed their vote from "aye" to "no."

Ms. HARMAN, Mrs. MALONEY of New York, Mr. ANDREWS, Ms. DUNN, and Mr. McDADE changed their vote from "no" to "aye."

So the motion was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

REMOVAL OF NAME OF MEMBER AS COSPONSOR OF H.R. 856

Mr. STUMP. Mr. Speaker, I ask unanimous consent to have my name removed as a cosponsor of H.R. 856.

The SPEAKER pro tempore (Mr. Pease). Is there objection to the request of the gentleman from Arizona?

There was no objection.

RESIGNATION AS MEMBER OF COMMITTEE ON THE BUDGET

The SPEAKER pro tempore laid before the House the following resignation as a member of the Committee on the Budget:

SEPTEMBER 4, 1997.

Hon. NEWT GINGRICH,
The Speaker, House of Representatives, Washington, DC.

DEAR MR. SPEAKER: Effective immediately I do hereby resign my assignment on the Committee on the Budget to take a new assignment on the Committee on Banking and Financial Services.

Sincerely,

BRAD SHERMAN,
Member of Congress.

The SPEAKER pro tempore. Without objection, the resignation is accepted.

There was no objection.

ELECTION OF MEMBER TO COMMITTEE ON BANKING AND FINANCIAL SERVICES

Mr. FAZIO of California. Mr. Speaker, I offer a resolution (H. Res. 221) and

I ask unanimous consent for its immediate consideration.

The Clerk read the resolution, as follows:

HOUSE RESOLUTION 221

Resolved, That the following named Members be, and that they are hereby, elected to the following standing committees of the House of Representatives:

To the Committee on Banking and Financial Services, the following Member: Brad Sherman of California.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California [Mr. FAZIO]?

There was no objection.

The resolution was agreed to.

A motion to reconsider was laid on the table.

LEGISLATIVE PROGRAM

(Mr. FAZIO of California asked and was given permission to address the House for 1 minute.)

Mr. FAZIO of California. Mr. Speaker, I ask for this time in order to inquire from my friend and distinguished colleague, the gentleman from Illinois [Mr. HASTERT], what the schedule for next week would be.

Mr. HASTERT. Mr. Speaker, will the gentleman yield?

Mr. FAZIO of California. I yield to the gentleman from Illinois.

Mr. HASTERT. Mr. Speaker, I thank the gentleman from California for yielding.

Mr. Speaker, I am pleased to announce we have concluded our legislative business for the week. The House will meet on Monday, September 8, at 12:30 p.m. for morning hour, and at 2 p.m. for legislative business. Members should note that no recorded votes will be held before 7 p.m. on Monday night.

Just after 2 p.m. on Monday, the House will consider the following three suspensions: H.R. 976, the Mississippi Sioux Tribes Judgment Fund Distribution Act of 1997; H.R. 700, a bill regarding the Agua Caliente Band of Cahuilla Indians; and we will take up the Senate amendment to H.R. 1866, Need-Based Educational Aid Antitrust Protection Act of 1997.

In consultation with the minority, we have agreed to resume consideration of amendments to title I of the Labor-HHS appropriations bill on Monday evening. Debate will be between 6 and 10 that evening. As I mentioned earlier, we do not expect any votes until 7 p.m. on Monday, September 8.

On Tuesday, September 9 and the remainder of the week, the House will consider the following bills, both of which will be subject to a rule: H.R. 2267, Commerce, Justice, State and the Judiciary Appropriations Act for fiscal year 1998; and H.R. 2378, Treasury, Postal Service Appropriations Act for fiscal year 1998.

Mr. Speaker, meeting times for next week are as follows: On Tuesday, September 9, the House will meet at 9 a.m. for morning hour and 10 a.m. for legislative business; on Wednesday, September 10, and Thursday September 11, the House will meet at 10 a.m. There will be no legislative business and no votes on Friday, September 12.

Mr. Speaker, next Wednesday, September 10, the White House will be hosting the annual congressional picnic. Members should be assured that we will have our last vote by approximately 6 p.m. that evening, so Members and their families can join the festivities.

Mr. FAZIO of California. Mr. Speaker, reclaiming my time, let me ask the gentleman, that date of September 10 is also the date at which time the ethics moratorium, most recent, expires. Would the gentleman indicate to us whether he believes the ethics reform package is going to be brought to the full House next week, or will there be some effort to extend that ongoing moratorium?

Mr. HASTERT. Mr. Speaker, at this time we are having discussions within our conference. I am not prepared to answer that either yes or no. By early next week we should make a valid decision on that.

Mr. FAZIO of California. Would the gentleman give us the latest status of the rule on the commerce bill? I understand there is that very contentious issue of the census and the method by which it is taken. Is there a current encouragement that we will have a rule that can be broadly supported on that bill?

Mr. HASTERT. There is a hearing today, but they have not made a final decision on that bill. We expect them to take final action either Monday or Tuesday.

Mr. MILLER of California. Mr. Speaker, will the gentleman yield?

Mr. FAZIO of California. I yield to the gentleman from California.

Mr. MILLER of California. Mr. Speaker, if I might ask a couple of questions, one is, my understanding is that with respect to the current appropriations bill that is under consideration, on Monday we will only do title I. Hopefully, we will finish title I.

If for some reason we finish title I early, title II and title III will be carried over and will be begun on Tuesday; is that right?

Mr. HASTERT. Mr. Speaker, if the gentleman will yield further, the agreement we have and that we will follow is we will do title I and hold over other titles until Tuesday.

Mr. MILLER of California. If I might ask another question, once again absent from the agenda is any reference to campaign finance reform. Can the gentleman tell us what might be suggested there for either next week or the remainder of the session?

Mr. HASTERT. I am not prepared at this time to tell the gentleman. We have no definite answer to that specific question.

Mr. MILLER of California. If the gentleman would continue to yield, I would just want to say that in that case, Members should expect to have a continuation of procedural and other votes being called throughout next week in an effort to try and get the leadership to tell us when and how they are going to address campaign finance reform before we adjourn.

So Members ought to expect that some of those votes may come without notice.

Mr. FAZIO of California. Reclaiming my time, I yield to the gentleman from Texas, the majority whip, [Mr. DELAY].

ANNOUNCEMENT OF THE PASSING OF MOTHER TERESA

Mr. DELAY. I was just informed that Mother Teresa passed away. I would ask that we suspend for a moment of silence in the memory of Mother Teresa, who has done so much for so many people around the world.

The SPEAKER pro tempore. Members will rise. The House will recognize the passing of Mother Teresa with a moment of silence.

EXPRESSING SENSE OF CONGRESS REGARDING TERRORIST BOMBING IN JERUSALEM ON SEPTEMBER 4, 1997

Mr. GILMAN. Mr. Speaker, I ask unanimous consent that the Committee on International Relations be discharged from further consideration of the concurrent resolution (H. Con. Res. 146) expressing the sense of the Congress regarding the terrorist bombing in Jerusalem on September 4, 1997, and ask for its immediate consideration in the House.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

The Clerk read the concurrent resolution, as follows:

H. CON. RES. 146

Whereas on September 4, 1997, three terrorist bombs exploded almost simultaneously on the Ben Yehuda street pedestrian mall in Jerusalem, killing at least four innocent people and wounding over 190 others; and

Whereas Hamas claimed responsibility for this bombing; and

Whereas despite a clear U.S. call that Palestinian commitment to fight terror must be constant and absolute, PLO Chairman Yasser Arafat convened a national unity conference on August 20, 1997, in which he embraced leaders of the Hamas and Islamic Holy War movements; and

Whereas in the four years that the Oslo process has been in effect, it is clear that the leaders of the Palestinian Authority have yet to implement in any sustained manner the specific pledges they made in numerous agreements to: prevent incitement and hostile propaganda; combat terrorist organizations and their infrastructure systematically and effectively; apprehend and punish terrorists; and confiscate illegal firearms: Now, therefore, be it

Resolved, by the House of Representatives (the Senate concurring), That the Congress

Expresses its outrage at this latest attack on civilian Israelis, extends the deepest sympathies of the Congress and the American people to the families of the victims and to the people and Government of Israel at this tragic loss of innocent human life, and expresses the commitment of the American people to remain dedicated to Israel's security in the face of this brutal and heinous act of terrorism;

Demands that Chairman Arafat and the Palestinian Authority systematically and comprehensively eliminate the terrorist infrastructure and combat terrorist activities of members of all terror groups operating in areas under its control and fulfill the commitments the PLO made to Israel, the United States, and the world; and

Informs PLO Chairman Yasser Arafat and the leaders of the Palestinian Authority in the strongest possible terms that choices must now be made: either they do what they solemnly pledged to do as part of the Oslo process to fight terror and the terrorist infrastructure in a consistent, serious and sustained manner, or the entire peace process, relations with America, and the hopes of the Palestinian people for a better future will be seriously jeopardized; and

Urges Secretary of State Madeleine Albright to underscore to the Palestinians one distinct message: the Palestinian Authority must fulfill its most important single obligation of fighting terrorism relentlessly with all the means at its disposal; and

Believes that all United States assistance to the Palestinian Authority, whether direct or indirect, should be suspended until such time as substantive compliance with its commitments under the Oslo agreements is achieved.

Mr. GILMAN (during the reading). Mr. Speaker, I ask unanimous consent that the concurrent resolution be considered as read and printed in the RECORD.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

The SPEAKER pro tempore. The gentleman from New York [Mr. GILMAN] is recognized for 1 hour.

Mr. GILMAN. I am pleased to yield 30 minutes to the gentleman from New York [Mr. NADLER].

GENERAL LEAVE

Mr. GILMAN. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks on House Concurrent Resolution 146.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. GILMAN. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise in strong support of the pending legislation, House Concurrent Resolution 146, which condemns the latest bombing against Israelis which occurred just yesterday. Once again, a heinous terrorist attack, this time at a busy pedestrian mall in Jerusalem, has claimed innocent lives. Three terrorist bombs exploded almost simultaneously on Ben Yehuda Street yesterday afternoon, killing at least 4 innocent people and wounding almost 200 others. The Gaza-based Hamas terrorist group claimed responsibility for this bombing.

Regrettably, the House considered similar legislation just a few short weeks ago.

During the August recess, a number of my colleagues joined with me in visiting Israel, where we paid our respects to those who were still hospitalized from the July 30 attack. We also visited the Machaneh Yehuda market where the bombings took place.

Today's act of terrorism occurred once again in the very heart of Jerusalem. If Machaneh Yehuda market is where Jerusalem people buy their fruit, meat, and vegetables, the Ben Yehuda Street pedestrian mall is where they shop, where they bank, and where they socialize, another busy street in Jerusalem.

This resolution before us condemns this bombing. Despite a clear United States call for Palestinian leaders to wage a war on terror, PLO Chairman Yasser Arafat convened a "national unity conference" on August 20, 1997, in which he kissed and applauded leaders of the Hamas and the Islamic holy war movements and warned that Palestinians were prepared to resume their violent revolt against Israel.

Since the signing of the declaration of principles between Israel and the PLO on September 13, 1993, over 200 Israelis have been brutally murdered in terrorist acts, many of which were plotted by individuals in areas controlled by the Palestinian Authority, repeatedly calling into question the PLO's compliance with its commitments.

□ 1415

Mr. Speaker, it has become increasingly clear that the leaders in the Palestinian Authority have yet to implement the specific pledges they made in numerous agreements to prevent incitement and hostile propaganda, to combat terrorist organizations and their infrastructure systematically and effectively, to apprehend and punish terrorists, and to confiscate illegal firearms.

Mr. Speaker, Congress did not reauthorize the Middle East Peace Facilitation Act, due to its conviction that the PLO was not complying with its commitments. This measure that is now before us expresses our collective outrage at this latest attack on civilian Israelis, and makes several recommendations.

We extend our deepest sympathies to the families of the victims and to the people and the Government of Israel with regard to this tragic loss of innocent human life. We express the commitment of the American people to remain dedicated to Israel's security in the face of this brutality and heinous act of terrorism.

Chairman Arafat and the Palestinian Authority must systematically and comprehensively eliminate the terrorist infrastructure in areas under its control, and it must fulfill the written commitments that the PLO made to Israel in Oslo, and to the United States and to the entire world.

PLO Chairman Yasser Arafat and the leaders of the Palestinian Authority must understand that Congress speaks in the strongest possible terms. The choices must now be made. Either they do what they solemnly pledged to do under the Oslo agreements to fight terror and the terrorist infrastructure in a consistent, serious, and sustained manner, or the entire peace process and relations with our Nation will be further undermined.

Our legislation also urges Secretary of State Madeleine Albright in a forthcoming trip to the Middle East to underscore to the Palestinians one distinct message. That is, if the Palestinian Authority does not fulfill its most solemn, single obligation of fighting terrorism relentlessly with all the means at its disposal, relations with our Nation will be seriously jeopardized. This legislation also expresses a belief that all U.S. assistance to the Palestinians be halted until such time as substantive compliance to their commitments under the Oslo agreement will be achieved.

I would like to take this opportunity to thank the gentleman from Indiana [Mr. HAMILTON], our ranking minority member, and the gentleman from California [Mr. BERMAN], our distinguished committee colleague, for their close involvement and original cosponsorship of this bill. I also want to thank those who cosponsored House Concurrent Resolution 146 on such short notice.

Accordingly, Mr. Speaker, I urge my colleagues to voice strong support for this measure, and request its urgent adoption.

Mr. Speaker, I reserve the balance of my time.

Mr. NADLER. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I want to first acknowledge the great assistance and aid in drafting this resolution of the gentleman from California [Mr. BERMAN], who cannot be here at the moment, without whose assistance and work this would not have been drafted.

Mr. Speaker, I yield 5 minutes to my colleague, the gentleman from New York [Mr. ENGEL].

Mr. ENGEL. Mr. Speaker, I thank my friend, the gentleman from New York, for yielding time to me.

Mr. Speaker, I rise in strong support of this resolution. I have just recently gotten back from a trip to the Middle East, which I took with the gentleman from New York, Chairman GILMAN, and had the opportunity there to express my sense of outrage over the previous bombings in Jerusalem on July 30, and certainly my outrage is even more intense after the spate of bombings yesterday.

Let me tell my colleagues what I said to Mr. Arafat face to face on August 21. It was the day after he convened his so-called unity conference, and kissed the leader of Hamas, and embraced all the people in the Palestinian camp, including those who support terrorism.

I was very unequivocal and forthright, and told Mr. Arafat that he had to make a very important decision; that we in the Congress would not continue to fund the Palestinian Authority, we would not continue to fund any of these activities, unless he went after the terrorists, unless he went after them actively, unless he moved to break up their infrastructure, unless he fulfilled his commitments under the Oslo accords.

I have not been convinced, sadly, that he has fulfilled his objectives. We understand and we know that he can go after the terrorists if he so chooses. He has, unfortunately, this year chosen not to do so. Last year there were some times when he went after the terrorists. He went after them, he tried to break up their infrastructure, but we have not seen him do it at all this year.

When the Palestinian population was rioting in the town of Hebron, the riots went on for days and days and days, and when Mr. Arafat decided there was enough, he moved his police in and they effectively were able to quell the rioting. We know that there can be effective measures taken by Mr. Arafat to destroy the Hamas terrorist infrastructure. He chooses not to do so.

I would say to Mr. Arafat what I said to him face to face, and I will say it again and again. The ball is squarely in his court. He can no longer talk out of 16 sides of his mouth. Either you support terrorism or you do not. Supporting terrorism does not mean that you have to be the one to plan the actions. Supporting terrorism means that you know actions are being planned and you do nothing to stop it, you do nothing to destroy it, you do nothing to break it up.

Mr. Speaker, let us be very clear. The peace talks, the Oslo accords, the underpinning of the Oslo accords was combating terrorism. Terrorism cannot be equated with anything else. It cannot be equated with the building of homes, it cannot be equated with closures, it cannot be equated with collective punishment, so to speak. Terrorism has to stand by itself. If terrorism is not eradicated, if terrorism is not gone after, there can be no peace process, there will be no peace process, and there will be no peace.

Mr. Arafat has to decide. Terrorism cannot be used as a legitimate negotiating tool. That is what he is doing. He is looking the other way. He is winking at terrorism. He is saying, I did not plan it, I did not do it, I am not at fault. That is not enough. That is not good enough. How many more people are going to be killed and maimed, innocent people, including American citizens, killed and maimed by terrorist bombs?

I went in the latest trip to Hadassah Hospital and saw some of the victims. One of those victims was a 15-year-old Arab boy who had his leg blown off in the market in Jerusalem. Bombs do not know the difference between Arabs and Israelis or Americans or anybody else. Bombs kill and maim people.

I say to Mr. Arafat and to those with him in the Palestinian Authority, we in the U.S. Congress are not going to stand idly by and pretend there is business as usual. No leader of any country can continue to accept innocent civilians being blown up wantonly in the street.

I say that enough is enough. We are at our wit's end. Our patience is over in this Congress. Until we see the Palestinian Authority and Mr. Arafat actively go after the terrorists, actively break up the Hamas infrastructure, and actively do the things that we know he is capable of doing, we will not believe that he is serious in combating terrorism.

So I support this resolution wholeheartedly. I said it to him face to face, to Mr. Arafat face to face, on August 21, and I say it now in the U.S. Congress, exactly what I repeated to him, except I think it is even more important now. We will not stand for terrorism. We insist that the Palestinian Authority and Mr. Arafat live up to his commitments under the Oslo accords to fight terrorism, get at the root of terrorism.

If he does not do that, then there can be no peace process and the blame will rest solely at the foot of Mr. Arafat. The ball is in his court. He has to decide what he wants to do. Let us see some serious going after terrorism before I will vote for one more red cent for the Palestinian Authority.

Mr. GILMAN. Mr. Speaker, I am pleased to yield 3 minutes to the gentleman from Florida [Mr. WELDON].

Mr. WELDON of Florida. Mr. Speaker, I thank the chairman for yielding to me.

I rise in strong support of this resolution. I commend him, as well as the ranking member of the committee, and all my colleagues who have worked on behalf of this resolution. I certainly extend my condolences and condolences from the people of the 15th Congressional District to the people of Israel who have, again, been victimized by the terrorists, and in particular, by this very, very ugly form of political terrorism, the suicide bomber.

I had the opportunity as well to go to Israel in August and visited with the Prime Minister, Mr. Netanyahu, as well as the defense minister and the Arab negotiators. I additionally had the opportunity of visiting the Jerusalem market where the bomb exploded in July, and I personally, along with my wife, we were at the Ben Yehuda Street where this recent bombing occurred.

I can tell all of my colleagues that this is the most vicious, despicable form of terrorism that is imaginable, where you send suicide bombers into shopping markets where innocent men, women, and children are, and as very correctly pointed out by our colleague, Palestinians are actually in the area. They are blowing themselves up, in some instances.

Mr. Speaker, this is a form of mindless terrorism. What is extremely disturbing about all of this, as has been indicated by the previous two speakers, there is abundant evidence that Mr. Arafat has the ability to put a stop to this; that he has actually attended a meeting and spoken in support of Hamas, and Hamas has taken credit, responsibility, for this act. For Mr. Arafat to claim to be in support of peace, in my opinion, is hypocrisy. Some people have risen up and said he should return his Nobel Peace Prize, and I would say he should, at this point.

Just a few minutes ago in this body we rose and had a moment of silence in recognition of Mother Teresa, a woman who is recognized the world over for her work on behalf of the poor and the innocent, and the sacrifices she has made in her life in respect of human life. Yet, just 1 day ago we can see that others in another place in this world decided that they were going to take brute force in their hands and kill innocent women and children, innocent elderly people.

The problems that exist in the Middle East are serious, but they will not be moved forward, peace will never occur in the Middle East, as long as there are people in Hamas, in the PLO, that are willing to resort to these kinds of heinous acts in order to fulfill their ends.

I encourage all my colleagues to support this resolution. I again commend the chairman and the ranking member and all of my colleagues on both sides of the aisle for their work on behalf of this. I rise in strong support of this, and in opposition to terrorism in any place in this world.

Mr. GILMAN. Mr. Speaker, I thank the gentleman from Florida for his strong, supportive arguments.

Mr. NADLER. Mr. Speaker, I yield myself 5 minutes.

Mr. Speaker, this latest atrocity in Jerusalem tears the heart out of all civilized people. It is another example of terrorism, which is a crime against all of us. It is not only a crime against all of us and against all concepts of civilized life, it is a crime against peace, and it is intended to be a crime against peace.

The whole campaign by Hamas and Islamic Jihad in the last 2 years has been a campaign of terror, to make sure there will be no peace accord between Israel and the Palestinians and the neighboring Arab countries. Unfortunately, Yasser Arafat, head of the Palestinian Authority and the Palestine Liberation Organization, has played into their hands, into the hands of the terrorists, and has done so deliberately.

He has his own political problems in the Palestinian constituency. We all appreciate political problems, but that is no excuse for allowing murder. It is no excuse for winking at murder, for encouraging murder. If the peace process collapses, as it seems to be doing, it will be on Mr. Arafat's head. The blame and the blood will be on his hands for playing with the terrorists.

We must all remember in looking at this the key element of the entire Middle East peace process. The key element is land for peace. Israel will trade land to the Palestinians, will give up sovereignty, will give up control of land, and how much land and which land is to be debated, to be discussed, to be negotiated, but will give up land in return for peace.

□ 1430

But this is not a symmetrical process. Land is tangible and once given up is very difficult or impossible to recover. Peace is a promise. So the peace process is that Israel gives up tangible land in return for a promise. And the peace process says we will spend a few years developing confidence.

But what kind of confidence can Israel develop that she will be allowed to live in peace and security once she has given the Palestinians everything they are going to get, everything they want; if she is continually attacked and if men, women, and children in the streets of Israel are continually attacked by terrorist bombs; and if Mr. Arafat holds a day of unity with the terrorists, with the bombers, and kisses one of their leaders; if Mr. Arafat, when there is a terrorist bombing and the world is aghast, says to his people, Round up the usual suspects, and a week later releases them; when Mr. Arafat has broken every commitment so far he has made under the Oslo accords?

Mr. Speaker, remember some of those commitments, some of the easy ones. Arafat and the Palestine Liberation Organization is supposed to repeal those provisions of the Palestinian charter that call for the destruction of Israel and for the murder of its entire population. They haye not done so. A document that calls for genocide, they cannot repeal. They promised to do so in 1993. They did not do it.

When Israel gave up Hebron, withdrew her troops from Hebron last year, the promise was that they would repeal that charter within 2 weeks. That is a year ago and they have not done so. There cannot be an agreement, there cannot be a peace process if Arafat and Company continue to wink at terrorism and do not bring everything to bear, all their forces to bear to stop it.

We know that Arafat talks out of both sides of his mouth and uses violence and the threat of violence as a negotiating weapon. As the gentleman from New York [Mr. ENGEL] said before, when the stone-throwing mobs and the mobs that were shooting at Israeli soldiers last year with slingshots and other weapons were suddenly told by Mr. Arafat, "Stop," they stopped.

There can be no peace process if Arafat does not finally decide, if he is not persuaded by American pressure, by other pressure, by maybe common sense, that he must stop trying to coddle the terrorists, he cannot do business with them, and if there is going to be a peace, he must crack down and do everything in his power to stop the terrorists.

Mr. Speaker, in the United States we have gone a long, long way in turning our eyes; to give him the benefit of the doubt; to say maybe he is not coddling the terrorists; let us continue giving him aid. But I think we have come to the end of that road. We should have come to the end of that road a while ago.

Mr. Speaker, I strongly support this resolution, and I say to Ms. Albright, the Secretary of State, and the President, the one major purpose of that trip next week to the Middle East must be to convince Mr. Arafat that if the peace process is not going to be broken down, war resumed, and everyone blaming him, he must crack down on the terrorists. He must be seen doing it, and there must be confidence that there is someone there worth negotiating with and not simply a snake in the grass.

Mr. Speaker, I reserve the balance of my time.

Mr. GILMAN. Mr. Speaker, I reserve the balance of my time.

Mr. NADLER. Mr. Speaker, I yield 4 minutes to the gentleman from California [Mr. LANTOS].

Mr. LANTOS. Mr. Speaker, I want to commend the gentleman from New York [Mr. GILMAN], my good friend and the distinguished chairman of the Committee on International Relations, for introducing this resolution.

Mr. Speaker, it seems we were here just a few weeks ago dealing with an identical resolution, at which time we all hoped that perhaps we saw the last of these monstrous terrorist attacks on innocent women, children, and the elderly in the streets of Jerusalem.

Apparently, Mr. Speaker, the series of outrages have not yet ended. But the hypocritical charade of Yasser Arafat is at an end. This corrupt dictator who has misconstrued the patience of the Congress and the American people must now understand that our patience has been exhausted. We will no longer tolerate his embrace of the leaders of terrorist gangs. We will no longer tolerate the double-talk that on American television emphasizes the importance of the peace process, while in the streets of Gaza and the West Bank whips up sentiments of hate, violence, and bloodshed.

Mr. Speaker, Secretary Albright is going to the region at a critical moment. She has the full support of this body and of the American people in making it clear to Yasser Arafat that the game is over. This corrupt dictator can no longer play along with the goodwill and the patience and the genuine desire of the American people and the American Congress to see a peace evolve between the Palestinians and Israel.

Mr. Speaker, we will not tolerate one more school girl's body torn apart by terrorist bombs without full, significant retaliation. The infrastructure of the terrorists must now be destroyed by Arafat. If it will not be destroyed by Arafat, it will be destroyed by the Israeli defense forces, because to continue this series of terrorist attacks in the city of Jerusalem is simply unacceptable by the civilized world.

Mr. Speaker, our President spoke forcefully and eloquently on this subject. The American people are united behind the policy of firmness. Yasser Arafat must understand that the clock has now struck 12. He will either destroy the terrorist infrastructure or that infrastructure will be destroyed for him.

As the only survivor of the Holocaust ever elected to this body, I witnessed at close range the mass murder of 6 million innocent people. I am sick and tired of seeing this process repeated piecemeal in the streets of Jerusalem.

Our patience is now at an end. We have suspended aid, but that is only step No. 1. This Congress and the American people are determined that the bloodbath in the streets of Jerusalem can no longer continue. We are anxious for peace, but for peace to take place the terrorists must be exterminated, their infrastructure destroyed, their embrace ended, and a truly genuine attempt at reconciling the long-suffering people, the Palestinians and Israelis, must at long last begin.

Mr. GILMAN. Mr. Speaker, I reserve the balance of my time.

Mr. NADLER. Mr. Speaker, I yield 2½ minutes to the gentleman from California [Mr. SHERMAN].

Mr. SHERMAN. Mr. Speaker, 2 weeks ago, along with the gentleman from New York [Mr. GILMAN], I had a chance to visit in Hadassah Hospital Intensive Care Ward with several of the victims of the last atrocity in Mahane Yehuda Market, and I saw not only the pain but the indiscriminate effect of these acts of terrorism.

One of the individuals we visited was an Arab boy, the other a Lutheran minister. And just as that memory seared of looking at the faces of those, and the hands still burned, of those who suffered from that atrocity, we face another atrocity at Ben Yehuda Market, and 7 deaths and over 100 wounded.

There is something that can be done, not to ease the suffering of the families, but at least to say: Never again. It is time for Yassir Arafat to change that Palestinian charter the way the gentleman from New York pointed out. It is time for him to crack down on the Hamas' infrastructure the way the previous gentleman from California remarked. And it is time for Mr. Arafat to go to every Arab capital and say, Now is the time to end hatred and venom against the Jewish people from Tehran to Libya, because Israel has already made unforced territorial concessions.

Mr. Speaker, there is more that the United States can do. Yes, our Secretary of State can and should go to the Middle East to focus exclusively on security for Israel and for an end to terrorism. But there is one other thing we can do.

There was a besieged city in the early 1960's, Berlin, and our President went there to show solidarity and he said, "Ich bin ein Berliner." Now Jerusalem and its people are under siege from terrorism and there is something of equivalent import we can do, and that is move the U.S. Embassy to Jerusalem now, without reservation, without condition, and making it plain that we stand with the citizens of Jerusalem as they stand against terrorism. It is time for everyone to do what they can to make amends for this tragedy.

Mr. GILMAN. Mr. Speaker, I yield myself 1 minute.

Mr. Speaker, I thank the gentleman from California [Mr. SHERMAN] for not only his comments today, but for being with us when we went to the hospitals to pay our respects to the victims and also to conduct a memorial service at the marketplace where the last bombing took place. And, Mr. Speaker, I take this opportunity to thank all of my colleagues for their support of this measure.

It is with a great deal of outrage and frustration, however, that we once again have to consider this kind of legislation. Let us hope and pray that we will not have to take up any more measures extending our sympathies to the families of the people of Israel as a result of the violence at hands of terrorists.

Mr. Speaker, I ask unanimous consent to turn over the balance of my time to the gentleman from Nebraska [Mr. BEREUTER] vice chairman of our Committee on International Relations, and that he be permitted to control that time.

The SPEAKER pro tempore (Mr. GIBBONS). Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. NADLER. Mr. Speaker, I yield myself 1 minute.

Mr. Speaker, I say to the gentleman from New York [Mr. GILMAN] before he leaves, that I want to express my appreciation for the gentleman's efforts in bringing this to the floor. It is my hope that this resolution will help lead from the crossroads where we are now, whether we will go down the road to war in the Middle East or to peace, that this resolution will be a milestone, hopefully, on the road to peace.

Mr. Speaker, I urge unanimous adoption of the resolution, and I yield back the balance of my time.

Ms. JACKSON-LEE of Texas. Mr. Speaker, I rise with a heavy heart in full support of this resolution expressing the sense of Congress regarding the terrorist bombing in Jerusalem yesterday.

I am, like many of my colleagues, a strong advocate for a negotiated peace in the Middle East and have felt with each attack a renewed sense of urgency to move forward in this process.

On the behalf of the residents of the 18th Congressional District, I offer the families of the people killed and the people injured our sympathy, but also our encouragement in their search for a lasting peace built on the work set forth in Oslo.

The rule of chaos and lawlessness must not win the day, or the dawn of the next century will not bring the unlimited promise that peace in the Middle East could offer this generation and the next.

I have two school age children who understand that unrest anywhere in the world threatens the security of the world that they will some day inherent. I would hope for the children of the Middle East that the conflicts of the past not be adopted as their own, but left in the past where they belong.

I would ask that all Americans join in the efforts to bring all sides in the Middle East peace process back to the negotiating table. That those who cater to or support terrorist activities are working against the Palestinian people and preventing them from reaching their full potential.

I would also ask that all who have influence on the parties to the peace process aid them in moving toward each other and not be controlled by the bombmakers.

Mr. BERMAN. Mr. Speaker, I rise today as a cosponsor of the concurrent resolution now before this House expressing the sense of the Congress regarding the terrorist bombing in Jerusalem on September 4, 1997.

The choice in the Middle East is clear: PLO Chairman Yasser Arafat must do everything possible in his power to aid Israel in fighting the scourge of terrorism or the peace process begun so hopefully in Oslo will die at the hands of Hamas suicide bombers.

That the peace process has been in trouble in recent months, there can be no doubt. That fault can be found with both parties in implementing their commitments under Oslo, there can be no doubt as well.

But now is not the time to engage in verbal score keeping. Now is the time for a clear commitment by Chairman Arafat to keep his solemn pledge to combat terrorism.

The blood spilled on Ben Yehuda Street demonstrates all too vividly that the leaders of the Palestinian Authority have not implemented the promise made in the context of the Oslo peace process to: First, prevent incitement and hostile propaganda; second, combat terrorist organizations and their infrastructure systematically and effectively; third, apprehend and punish terrorists, and fourth, confiscate illegal firearms.

Chairman Arafat's solemn promise to do everything possible to fight terrorism is at the heart of the peace process. It was his sacred oath to the Israeli people. He must keep that promise for the Israeli people to keep their faith in Oslo.

I urge my colleagues to support this concurrent resolution. Its message is clear: There can be no progress toward peace nor American support for the Palestinian Authority unless Chairman Arafat fulfills his obligation to fight terrorism. The hopes of both Israelis and the Palestinian people depend on Chairman Arafat fulfilling his promise of peace.

Mrs. MCCARTHY of New York. Mr. Speaker, I would like to extend my deepest sympathies to the families of those caught in the senseless bombing that shattered the fragile peace and security to which so many in Israel cling.

Yesterday, three suicide bombers entered the main pedestrian area in Jerusalem and within minutes of each other set off three bombs killing themselves and three and injuring at least 165. The injury toll is still climbing.

Watching the carnage, I shuddered how just last week I had walked down some of the very same streets where this violent attack occurred. In fact, I shopped at the stores located in this crowded area and spoke with the shopkeepers about the recent United States warning against travel to Israel. Those streets are crowded with tourists from around the world; residents out for a stroll or enjoying a quiet lunch, and students. Within walking distance of this area is the hotel where I stayed.

Senseless and cowardly acts of terrorism like this bombing must stop. They do nothing to advance peace in the Middle East.

This time, apologies like those given after the July 30 bombing will never bring about a peaceful resolution. The Palestinian Authority must honor its solemn promise to combat terrorism. If this does not happen, America will be forced to reconsider its willingness to deal with the Palestinian Authority.

Knowing how it feels to have your life turned upside down by violence, I would like to extend my deepest sympathies and ask the American people to keep the families of those injured and killed in their prayers.

□ 1445

Mr. BEREUTER. Mr. Speaker, I wish to express my support for the resolution. I have no further requests for time, and I yield back the balance of my time.

The SPEAKER pro tempore [Mr. GIBBONS]. Without objection, the previous question is ordered on the concurrent resolution.

There was no objection.

The SPEAKER pro tempore. The question is on the concurrent resolution.

The concurrent resolution was agreed to.

A motion to reconsider was laid on the table.

ADJOURNMENT TO MONDAY, SEPTEMBER 8, 1997

Mr. PAUL. Mr. Speaker, I ask unanimous consent that when the House adjourns today, it adjourn to meet at 12:30 p.m. on Monday next for morning hour debates.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas?

There was no objection.

DISPENSING WITH CALENDAR WEDNESDAY BUSINESS ON WEDNESDAY NEXT

Mr. PAUL. Mr. Speaker, I ask unanimous consent that the business in order under the Calendar Wednesday rule be dispensed with on Wednesday next.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas?

There was no objection.

SPECIAL ORDERS

The SPEAKER pro tempore. Under the Speaker's announced policy of January 7, 1997, and under a previous order of the House, the following Members will be recognized for 5 minutes each.

KOREAN AIR FLIGHT 801 TRAGEDY

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Guam [Mr. UNDERWOOD] is recognized for 5 minutes.

Mr. UNDERWOOD. Mr. Speaker, while the rest of the Nation has turned its attention to other matters, we on Guam are still reeling from the aftermath of the worst air disaster in our island's modern history.

On August 6, 1997, at approximately 1:42 a.m. Guam time, a Korean Air Boeing 747 enroute from Seoul to Guam crashed into a hill 3 miles short of the runway at the airport. The jumbo jet carried 254 people, 228 of whom have perished. The last victim of flight 801 was Mr. Chung Yong-hak, who died on September 3 while being treated at Brooks Army Medical Center in San Antonio, TX.

I rise today to express the people of Guam's condolences to the family and friends of the crash victims. We shared their pain most intimately, not only because it was on our soil but also because the people on that plane were not entirely strangers. Nationalities and citizenship aside, there were mothers and fathers, brothers and sisters, sons and daughters, aunts and uncles, friends and neighbors who were coming home or looking forward to a visit.

Guam is a small community and a significant number of our population were touched by the loss of someone known to them in some way. Among the dead, eight were returning Guam residents of Korean descent. And among the survivors, there were four returning home.

Last December I had the pleasure of sitting with Mr. Kenneth Kim of Tamuning as his daughter, Yuri Kim, was being sworn in as an officer of the American Foreign Service. Yuri's first assignment is at the U.S. Embassy in Beijing. She traveled to Guam, first to await word and then to mourn the death of her mother, Jane, who was among the passengers of that ill-fated flight.

Mrs. Jane Wha-Young Kim was active in community service affairs and served as president of the Guam Korean Women's Association. She was laid to rest on August 18, 1997, and is survived by Kenneth, Yuri, and her son, Yong Sae. The Kim family will carry on and I, along with their friends, will offer solace as best as I can.

The Dahilig family has also been severely affected by this tragic event. Mr. Mike Dahilig of the village of Dededo, his sons, Richard and Michael, his father-in-law Young Min Kim and his many brothers and sisters are making preparations to inter Mike's wife Joung-Ok and their 1-year-old son Mitchell.

I want to express to them again and to all the families of Korea Air Flight 801 our deepest condolences. Whether to respond to the ravages of typhoons or earthquakes, the people of Guam have always pulled together as a community and worked cooperatively to attend to one another's needs.

In the early hours of August 6, our abilities were challenged to the maximum, but I stand proudly today to say that civilian and military personnel and volunteers from all sectors of our community joined forces, not merely as a consequence of training and function but in the spirit of kindness and compassion.

By 6 a.m. on the morning of the crash, more than 500 civilian and military rescue personnel were on the site, which is in plain view from the roadside on Nimitz Hill but unaccessible by motorized vehicles. Rescue personnel, carrying what equipment they could manage, clambered down a steep ravine and up the other side. Desperately trying to reach survivors, they trekked for a mile and a half through mud and swordgrass.

To reach the crash site, bulldozers widened a narrow utility road leading to a navigational beacon just yards from the crash site. Additionally, cranes were utilized to lift debris and wreckage so that victims and survivors could be reached. None of the first rescue personnel ever gave up hope of saving lives. As if unsatisfied with the toll on human life, the crash of Korean Air Flight 801 also claimed the life of an Air Force volunteer who suffered a heart attack while assisting at the crash site.

Mr. Speaker, America can be proud of its men in uniform, men and women in uniform, who were stationed on Guam. The Navy, on whose property the crash occurred, the Air Force, the Coast Guard, the Guam National Guard, and the U.S. Army all responded quickly, professionally, and compassionately.

The U.S. Army delegation was composed of airline crash investigators from the Army Central Identification Lab in Hawaii who just happened to be on Guam to examine a World War II B–29 crash site.

Men and women from nearly every department and agency of the Government of Guam rallied to meet the crisis, either as professionals or volunteers. The Guam Fire Department, the Guam Police Department, Guam Airport Authority, Office of Civil Defense, Departments of Mental and Public Health, Public Works, Parks and Recreation, Labor, Corrections, Youth Affairs and the Energy Office, the Governor's office, all allocated equipment, supplies, and personnel to meet the rescue and treatment efforts.

Guam's business community also offered their full support. From Continental Airlines to small businesses like a McCrory Store, Little Future, Boonie Dog Designs, numerous establishments offered their time and energy. Churches of every religious denomination, nonprofit, civic organizations, and educational institutions lent their support.

As a result, the Guam Chapter of the American Red Cross was able to deliver more than 9,000 meals to crash site workers and offer nearly 2,000 grief support encounters in the 7 days following the crash. No one likes to point out that this is an opportunity to see the community work together, but the people of Guam certainly could be proud of their effort.

Mr. Speaker, I include the following for the RECORD:

AUGUST 11, 1997.

His Excellency KIM YOUNG SAM,
President, Republic of Korea, Presidential Palace, Seoul, Korea.

YOUR EXCELLENCY, The courage, strength and stamina of Asian-Pacific people in times of adversity are legendary. Sadly, we know that the great people of the Republic of Korea must again call upon these inherent qualities to bear the terrible tragedy of the loss of Flight 801. In this, we, the people of the Territory of Guam, join you in pain and sorrow, and offer this message of hope: we have unfaltering confidence in the legacy of the Korean people to triumph over adversity. Together, we shall attend to the painful and difficult tasks at hand; together, we shall endure this tragedy; and together, we shall grow stronger in respect and friendship.

On behalf of all the people of Guam, we send our deepest and most heartfelt condolences to you, the families and friends of all the victims, and to the people of the Republic of Korea. Please know that we are doing all we can to assist the families in any way possible, and that we stand ready to do more if need be.

Yoo Gam Eul Pyo Ham Ni Da. Si Yu'us ma'ase,

CARL T.C. GUTIERREZ,
Governor of Guam.
ROBERT A. UNDERWOOD,
Member of Congress.

[From the Pacific Daily News, Aug. 21, 1997]

CANCELING FLIGHTS IS THE WRONG RESPONSE TO GUAM KOREAN AIR CRASH

Korean Ministry of Transportation and Korean airline company officials may have overeacted to the recent crash of Korean Air Flight 901.

That reaction may be an economic blow to both Guam and Saipan, and can be interpreted as shifting blame away from Korean Air and putting it on Guam International Airport Authority and the Federal Aviation Administration.

According to Asiana Airlines, the company will suspend all flights to Guam until Sept. 12, when the glide slope at the Guam International Airport is supposed to be repaired.

That decision follows a Korean Ministry of Transportation recommendation to stop night flights.

Korean Air has restricted its Guam-bound flights to daylight operations and has completely canceled all flights into Saipan until Oct. 25.

These changes may result in significant losses in tourist revenue until service is fully restored.

The reason for the crash hasn't been established, but National Transportation Board officials in early statements were clear that the inoperative glide slope and a malfunctioning altitude warning system did not cause the airliner to go down.

In fact, other airline companies have not let the crash or equipment inadequacies alter their schedules. They continue to fly safe night approaches and landings into Guam's airport. Their pilots seem confident they can handle flights here.

If Korean airline companies are concerned about flying into Guam at night, then perhaps they should stop all night operations until this crash is thoroughly analyzed.

There are certainly plenty of challenging and even more dangerous approaches to other airports where these airlines fly.

It doesn't make sense to restrict flights coming to Guam and Saipan without taking similar action elsewhere.

Instead, this appears to single us out and summarily put the blame on U.S. air controllers, flight safety operations and navigational equipment at airports on Guam and Saipan.

It would be much more constructive, in fostering international relations and developing safer flights procedures, to work more closely together on this problem, than to appear to single us out for retribution.

OFFICE OF THE GOVERNOR,
TERRITORY OF GUAM,
August 27, 1997.

Hon. JOONG YOL AUN,
Consul General, Consulate General of the Republic of Korea, Agana, Guam.

DEAR CONSUL GENERAL AUN: The Government of Guam would like to extend its appreciation to the Consul General for his expression of interest in the modalities of rescue procedures carried out by emergency personnel of the Government of Guam and the United States Government following the tragedy of Korean Air Flight 801. We request the indulgence of the Consul General in understanding that our responses represent the views of the Government of Guam, and all references to actions by the U.S. military should be reconfirmed by them. We request that the facts be considered without prejudice.

A. Although there was some initial traffic congestion, a broken fuel pipeline damaged by the aircraft blocked the closest road to the crash. In addition, it must be pointed out that the road itself did not lead directly to the site. The aircraft crashed in an uninhabited and hard to reach area. Fire trucks could not have reached or been driven down to the wreckage because there was no path or road leading to it. Additionally, witnesses who first reached the scene indicate that intense heat made certain areas inaccessible from the moment the crash occurred. They report it is nearly impossible for anyone to have survived the fire in those areas, which erupted immediately upon impact.

B. Throughout the rescue phase, every effort was made to save all possible survivors. This priority was first and foremost on the mind of everyone on the scene that night. The brave men and women who were part of the rescue effort were at constant risk throughout the operation. The commanders on scene determined that it was impossible for any passengers to still be alive in the areas burning, areas which were burning for over a half-hour before rescuers could reach the scene. Firefighters on the scene, professionally trained to determine the best course of action in such situations, indicated that dousing the wreckage with water would do little in the way of extinguishing the fire. In fact, spraying water on the wreckage could have posed an even greater risk if pressurized hoses spread pieces of burning metal onto survivors or rescue workers. Water could also have dispersed burning fuel to unburned areas, and the use of Halon, a fire-fighting agent, could also have posed a health hazard to survivors or rescue workers. In some areas of the wreckage, temperatures were estimated to be as high as 1100 degrees Fahrenheit. Additionally, a decision was made by the Navy to use the helicopters to fly survivors to the hospital, rather than drop water. A water drop could very easily have injured or killed more survivors or rescue workers.

C. The "explosion" referred to in your letter of 3:24 a.m. on August 6, was, according to preliminary reports, in an area of the wreckage that did not contain survivors, and while the immediate sound and flying debris was noticed by rescue workers, it did not have any significant impact on the rescue efforts underway, nor on the number of survivors pulled from the wreckage. At the time of the explosion the fire was generally confined to the fuel tank area of the wing, and did not endanger any survivors.

I would also like to note that ABC News, one of the agencies that first put out erroneous reports on the rescue efforts, has retracted its inflammatory and false statements, and the retraction has run on the ABC internet page.

Finally, I would like to sum up by saying that you have my personal assurances, having been one of the first individuals on the crash site, that the Government of Guam, the U.S. Government, and all the civilian volunteers involved, did everything within our power to rescue the survivors of Korean Air Flight 801. Dozens of brave men and women put their lives on the line to save every person who could be saved. I would also like to note that a full investigation into the cause of the crash will be issued by the National Transportation Safety Board, and until that time, official reports on the crash and the conduct of everyone involved will be under review.

I trust this letter will satisfy your concerns. The Government of Guam, Sir, wishes to take this opportunity to extend to the Consul General the assurances of our highest consideration.

Very truly yours,
CARL T.C. GUTIERREZ,
Governor of Guam.

ON BOSNIA

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Texas [Mr. PAUL] is recognized for 5 minutes.

Mr. PAUL. Mr. Speaker, I have asked for this time today to express my deep concern for the recent military buildup in Bosnia.

I think this is a dangerous situation and I would like to call it to the attention of my colleagues here in the Congress. This is something that has been going on for a long time.

Many of us have tried to get our troops out of Bosnia and out of harm's way, but so far that has not been the case. Yesterday, the U.S. Defense Department announced that they would be adding more aircraft in this region. There will be 6 more F–16's sent to this region, taking the total number up to 24. They will be flying out of Ariano, Italy, and the purpose is to patrol the Bosnian skies.

The purpose that is stated is to provide deterrence and to provide a peaceful situation to a very difficult problem that has existed not for a few months or for a few years but for decades, if not hundreds of years in this region.

Instead of providing deterrence and a peaceful effort being made here, I believe our contribution is going to do nothing more than escalate the problems of that region.

The recent buildup has also been said to be necessary because it is supposed to guarantee an election process. During the last year there were two attempts to hold elections in this region but, due to the political turmoil there, the elections have had to be canceled. Again, they are trying to have another election. Our presence there is supposed to provide the stability to a region that is inherently unstable, and I challenge this notion whether or not this can even be achieved.

In addition to the troops and the aircraft that have gone in, we are sending, the international bodies have sent in 2,600 election monitors. The odds of this providing stability to an election are very, very slim.

Last month there were some additional troops sent into Bosnia. Not much was said about this. There were not very many reports in the media regarding this, certainly no discussion here in the Congress. But we have had 8,000 troops stationed in Bosnia. We have added 1,600 more. So we are now in the process of adding aircraft and adding personnel in a situation which puts our troops in jeopardy. It was not too long ago that our troops were stoned and homemade weapons were used against them.

The NATO forces just recently took control of a television transmitter and said that the information over this transmitter was not acceptable. Just recently that transmitter was returned in hopes that the return of the transmitter to the Serbs would calm the personnel there, the people there, so that the elections could be carried out. But just the thought of taking over the transmitter is one thing. But the conditions that were placed on the Serbs in the return of the transmitter is something else again.

Our Pentagon official threatened the Serbs that if they violated the instructions that were given the television station, it would be a clear cut justification for NATO forces to retaliate. In the best of diplomatic jingoism, our Pentagon official, as quoted in the Washington Post, said, if they do not comply, we will whack them.

Hardly do I think this policy will lead to peace and a wonderful election. I really challenge the Congress here for us, in the continuation of the funding of a military operation that is doomed to fail. It is a real tragedy that we get promises made by the administration.

The troops were supposed to be in there until December 1996 and here they are, another year, supposedly, they are supposed to come out next July, but the way things are going there and by the way we comply, we are complicit in this operation and provide the funds, the odds of our troops being out of there next July are very, very slim.

This raises the question about overall policy. Traditionally, the American foreign policy, up until the latter part of this century, has been that we should have a policy of noninterference, nonintervention in the affairs of other nations and also that of neutrality with all nations.

This is proper under the Constitution. This has been traditional. Instead, we should be concentrating on national security issues. We should be concerned about what the American position is, and we should not pretend that we know what is best for everybody because we do not.

TRIBUTE TO THE ACERRA BROTHERS BASEBALL TEAM

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New Jersey [Mr. PALLONE] is recognized for 5 minutes.

Mr. PALLONE. Mr. Speaker, I want to take the opportunity today to pay tribute to the Acerra brothers baseball team.

Mr. Speaker, the Acerra brothers who grew up in my hometown of Long Branch are a unique phenomena in the world of baseball. The 12 brothers played club baseball for 14 years, from the late 1930's to the early 1950's. And they were inducted in June of this year into the National Baseball Hall of Fame and Museum in Cooperstown, NY, 45 years after their final game.

There are now seven surviving brothers, Paul, Alfred, Robert, William, Fred, Edward, and Richard, and they all attended the ceremony and obviously were very proud to do so.

□ 1500

During that era when the baseball team was active, there were some 16 or so what they call all-brother baseball teams on file at Cooperstown, but no other all-brother team played as many years or accomplished as much as the Acerra brothers of Long Branch. They played in a circuit that included teams from New Jersey, New York, Pennsylvania, and Connecticut. The team stayed together even during World War II, even though six of the brothers enlisted in the service at various times. When the Acerras were being scouted by major league teams, their ages ranged from 17 to 40 years old. One brother, Alfred, continued to play catcher after having lost an eye while playing ball. Besides baseball, the brothers excelled in football, basketball, golf, softball, swimming, and bowling. Their achievements were extensively covered in newspapers and on radio and television and obviously they are very well known in my hometown of Long Branch and in the surrounding area where they and their children and their grandchildren continue to live.

While compiling remarkable statistic feats on the field of play, the Acerra brothers never lost sight of the sense of family, and I cannot express that enough. These brothers were all and had a very strong sense of family. Their father, Pop, never missed a game and was active in coaching. Two of the brothers were offered professional contracts but turned them down because they did not want to leave their mother and break up the family team. There was another brother who turned down a football scholarship for the same reasons.

Mr. Speaker, it is really a great honor for me to join with the Baseball Hall of Fame in paying tribute to the great accomplishments of the Acerra brothers baseball team and to extend my best wishes to the entire Acerra family and many of their friends. I am going to be with some, if not all, of them this Sunday where we are also going to be paying tribute at an event in Long Branch to them and I am just very proud of them and all that they have accomplished. They certainly bring a great sense of pride to my hometown of Long Branch, NJ.

STOP THE THEFT OF OUR SOCIAL SECURITY NUMBERS

The SPEAKER pro tempore (Mr. GIBBONS). Under a previous order of the House, the gentleman from California [Mr. FILNER] is recognized for 5 minutes.

Mr. FILNER. Mr. Speaker, many of my constituents have alerted me to a serious attack on our personal privacy, and that is an insidious practice that has become known as identity theft. Amazingly enough, this theft is facilitated by a public agency, the Internal Revenue Service, which aids and abets this theft not through the Internet or any high-technology means but through the U.S. Postal Service.

Yesterday I introduced a bill which I entitled the Stop the Theft of Our Social Security Numbers Act. This will prohibit the IRS from including our Social Security numbers on the mailing labels of the tax booklets the IRS mails us every year. It will also stop the IRS from printing Social Security numbers on the refund checks that millions of people receive annually in a way that numbers are visible when mailed.

Identity theft is one of the fastest growing crimes of this decade. Identity thieves make off with billions of dollars each year and each day more than 1,000 people are being defrauded. With just your name and your Social Security number, a thief can open credit lines worth $10,000, rent apartments, sign up for utilities, and even earn income. Your credit rating is ruined, you risk being rejected for everything from a college loan to a mortgage, and it is up to you to fix it all. Law enforcement will generally not pursue these identity theft cases.

In light of this, making it even easier for identity theft by allowing public view of Social Security numbers on IRS mailings and refund checks seems criminal. Yet that is precisely what the IRS is doing. Taxpayers all know that their Social Security number appears just above their full name and address on tax booklets. It appears the same way on refund checks and is clearly visible through the window on the envelope. What more can the IRS do to aid the theft of your identity?

Hand mail the thieves and unscrupulous people who might handle your mail your mother's maiden name?

When I brought this to the attention of the IRS, I was told that there is no way that IRS can change this practice before the 1999 tax season. I find it incomprehensible that neither this agency nor its contractor can change a computer program for booklets that will be mailed out for 1998. The IRS apparently has decided to be the conduit for identity theft with the Postal Service as a de facto accomplice.

My bill will force the IRS to make this change in time to protect one of the most precious keys to our personal information, our Social Security number, before the coming tax filing season. To do any less would expose millions of us to devastating personal and financial losses and the most important loss of all, our good name.

TIBET—A FIRST-HAND LOOK

The SPEAKER pro tempore. Under the Speaker's announced policy of January 7, 1997, the gentleman from Virginia [Mr. WOLF] is recognized for 60 minutes as the designee of the majority leader.

Mr. WOLF. Mr. Speaker, I appreciate this opportunity to have this time.

I recently returned from a journey to Tibet where I visited during the period of August 9–13 this summer, accompanied by a member of my staff and another Western man who was fluent in Tibetan and steeped in the culture. At no time while I was there did I tell the Tibetan and Chinese Government that I was a Member of Congress. I wanted to just kind of bring the body up to date on some of the things that we had an opportunity to see.

At the outset, one of the first things I would show the Members is a picture of a monastery in ruins. The Chinese Government has ruined several thousand monasteries and is trying to eradicate the Buddhist faith.

The second picture is a picture of an individual who was showing us a picture of the Dalai Lama. It is against the law to have a picture of the Dalai Lama and to show a picture of the Dalai Lama.

The next picture is a picture of the Potala and then the marketplace. Around the marketplace, the Chinese are bulldozing a lot of the buildings and turning what was a Tibetan culture into a Chinese culture.

This next picture is of a guard tower. If there is one growth industry in Tibet, it is prisons. It is a guard tower of the Sangyip prison complex. We went out and visited a number of prisons outside to take pictures.

The last picture is the main gate of the Drapchi prison, which is a particularly brutal place that we heard stories of terrible, terrible punishment and types of torture that are really almost beyond the imagination.

An approved delegation would have been very difficult to have been there because the Chinese have a history of denying Members of Congress who want to visit, visit Tibet. I cannot think of any other place in the world where a tighter lid is kept on open discussion. Government agents and spies and video cameras guard against personal outside contact. Offenders and even suspected offenders are dealt with quickly and brutally.

In Tibet, humane progress is not even inching along and the repressed people live under unspeakably brutal conditions in the dim shadows of international awareness. One of the purposes of the trip is so that the world will know and will have to face and have to address, and the Clinton administration, which will be meeting with the President of China at the end of next month, will have to confront and address the horrible situation that is taking place in Tibet. We hope that when the American people know and when the Clinton administration knows that they will demand that China change its policy of boot-heel subjugation and end what one monk I met termed "cultural genocide."

What they mean by cultural genocide is the Chinese are coming in and stripping the Tibetan society of its culture and trying to turn it into a Chinese society. The fact is Lhasa, the capital, is really no longer a Tibetan city. It is more a Chinese city than it is a city from Tibet.

We found that the People's Republic of China has a near perfect record of vicious, immediate, and unrelenting reprisal against the merest whisper of Tibetan dissent. We met with monks and men and women on the streets and others who I may say risked their personal safety and well-being to just give us a few minutes alone to tell us how bad the conditions are in Tibet and to petition and urge that there be support from the West.

Tibet is about the geographic size of Western Europe with a Tibetan population of around 6 million. It has been estimated that in the past 2 decades, nearly 1 million Tibetans have been killed, starved, or tortured. That is 1 million out of roughly 6 million have been killed under the occupation of the People's Republic of China, of the Chinese Government. Let me just say that the Clinton administration ought to make it perfectly clear that 5 million Tibetans are of no danger to 1.2 billion Chinese. Tibet is about the geographic size of Western Europe with a population, as I said, anywhere from 5 to 6 million. The People's Republic of China has undertaken a program of mass infusion of Chinese people who probably now outnumber Tibetans in their own country. There are no valid census data, but some estimate that in the capital of Lhasa there are about 160,000 Chinese and only 100,000 Tibetans.

In this market, many places would be Tibetan merchants but interspersed would be Chinese merchants. But yet when we went into the parts of town that were Chinese, there would be almost no Tibetans and the stores and the karaoke bars and different things like that would be all over the place. We have seen that change, the startling change that is taking place by the stripping away of the culture. Stores, hotels and bazaars and businesses and tradesmen are largely Chinese. Storefront signs bear large Chinese writings beneath much smaller Tibetan inscriptions. Driving out from Lhasa, one encounters as many Chinese villagers, shepherds, farmers, construction workers, and travelers as Tibetan. In short, Tibetan culture is rapidly disappearing.

What do the Tibetan people say? Before my trip, I was told that individuals would seek me out, an obvious Westerner, visitor, to hear their story. I might say at no time did I ever tell anyone in Tibet that spoke to me or anyone else that I was a Member of Congress. I was told that it would be very dangerous for them, that informers were everywhere and being caught talking to a Westerner was a guaranteed ticket to prison and more. Frankly I was skeptical that anyone would approach us and yet I was wrong. Someone took advantage at almost every opportunity for a guarded word or two.

During our first encounter with a Tibetan who realized we were Westerners and one of us was fluent in Tibetan, we found that he could not contain himself. He said, "Many are in jail, most for political reasons." We saw the Drapchi prison which is off the beaten path in a slum area. Guards in pairs were ever present as we showed in the photo. We saw the Sangyip prison complex, which I also put in the photo and then Gusta prison.

As I said, prisons certainly appear to be a growth industry in that area. We were told that Tibetans would not take chances, and yet they did take chances. The man went on to tell us that it was important that we see these places. He did not care and he wanted us to see what a nightmare tour this was going to be. We passed the main security bureau, the intelligence headquarters, and then the prison bureau, each heavily guarded. All the while, we heard about monks and nuns and common men and women who were dragged away to prison and tortured. He said to us, "Don't worry about me at all," and continued to tell about the torture that was taking place of Tibetan monks and nuns and the Tibetan people.

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They are routinely beaten with sticks, kicked and poked with electric sticks, cattle prods with huge electric charge. Political prisoners are isolated from the general prison population and kept in unlighted and unheated areas with no sanitary or medical facilities, almost no food or water at times. He added that the people have no rights. They cannot talk freely.

Even though Tibetans view the Dalai Lama as their spiritual and political leader, they are forbidden to show their affection and love for him, and possessing a picture of the Dalai Lama could be an offense which could draw harsh and brutal punishment and imprisonment.

He went on to say, "We Tibetans must have permission from the Chinese to do everything, and we can do nothing on our own." So when Clinton gets the opportunity to meet their President, when our President meets their President, he should make the issue of the Tibetan people a priority issue, not privately, but publicly; not behind the scenes, but in front of the scenes.

Strangely enough, strangely enough, the Chinese Government officials have gotten to visit the White House to meet with the President, and yet when the Dalai Lama came, they had what they called a "drop-by," where the President dropped by another office, but would not see him in the Oval Office, as he did some of the people from China.

Why should the Tibetan people have to go through and suffer under this type of oppression? The Dalai Lama has asked for help. They have asked a number of Western countries for help, and a number of Western countries are helping.

All of this story that I was telling came from one man. The agony, the agony of his people, the agony of his family. Yet he ended by saying, "I am not afraid. Some day the sun will again shine in Tibet." And throughout we found overwhelming support for the Dalai Lama by every single Tibetan that we talked to.

Yet, if you read the Chinese newspapers, they give the impression that the Dalai Lama is not supported. Quite frankly, the PRC Government is wrong, and the people of Tibet support the Dalai Lama.

On the issue of religious persecution, next week this body will hold hearings on a piece of legislation introduced by about 115 members of this body, Republicans, Democrats, conservatives, liberals, Independents, across the board, which will set up a special office in the White House to look at the religious persecution.

As many people know, there are perhaps more Christians being persecuted today than at maybe any other time in the history of this country in so many other countries, and last year this Congress proudly put the Congress on record to deal with the issue of the persecution of people of faith of whatever faith. And one of the faiths that we discussed in the last Congress, and we will deal with in this legislation, will be those of the Buddhists in Tibet.

We visited numerous monasteries where monks and nuns would talk to us. Their stories amplified what we had already learned. Every monastery we visited was tightly controlled by a small group of Chinese overseers, who have a cadre to report. And how would you like to have a cadre at your church, a cadre at your synagogue, a cadre at your mosque? Why does the Chinese Government have to put cadres at all the monasteries in Tibet?

I call on the government to demonstrate that they should withdraw and pull these people out, whereby these Buddhist monks and nuns can worship without having Chinese overseers watching everything that they do.

Every report we heard told of a dramatic reduction in the number of monks at the monasteries. Many were imprisoned for not turning their backs on the Dalai Lama. It would almost be like somebody asking you to deny something, to deny your family, to deny your mother, to deny your father; and they refuse to deny them, and thereby they are taken away to prison.

Many are in prison for not turning their backs on the Dalai Lama, or even refusing to give up the pictures of him.

Young monks, some under 15, are turned out, and since the Cultural Revolution, many monasteries have been destroyed. Rebuilding, although there is some rebuilding, rebuilding has been painfully, painfully slow.

We were told on several occasions that the monks are afraid. When asked what message they would like me to take back to America, I was told that they are not allowed in many cases to practice their religion and that their people are suffering. Their biggest hope is to be free, free to practice their faith, free to travel, free to teach their children their culture.

My goodness, how does that harm China? Under the Chinese constitution, under their constitution that they sometimes will refer to, Tibet ought to have the freedom whereby they can do these things. They want the opportunity to be free.

At one place we met a woman at worship. When she realized we were Americans, she burst forth. She started to talk and then began to sob and tears poured down her face as she told us of the conditions.

She said "Lhasa may be beautiful on the outside, but inside it is ugly. We are not allowed to practice what we want to practice. Senior monks are gone, and there are no replacements, and they are our teachers."

Asked for a message to America, she said, "Please help us, please help the Dalai Lama. When there is pressure from the West," and I would urge this administration that has not put pressure, and she said, "Many times when there is pressure from the West, things loosen up a bit before returning to as before. Please have America help us."

Every single person with whom we spoke had very positive feelings with regard to America and with regard to the American people. We were always given a thumbs-up or a smile with a comment, "America is great."

The people would not stop talking to us, even when their safety could have been potentially threatened. But when they knew that we were from America, they were pleased, they smiled, because they have great respect. They listen to Radio Free Asia and they know about America, and they were pleased to see that somebody was going to go back and take the word back.

The Chinese stranglehold, the Chinese assault is on the cities, the countryside, the environment. It has been no less harsh than its assault on the people.

What they are doing to the environment of Tibet is terrible. Tibet areas in Lhasa are being demolished and replaced with smaller and more confined structures, with remaining space being given over to Chinese users. The area in front of the Potala Palace has been bulldozed and leveled and turned into sort of a minimum or small Tiananmen Square, with a MiG, a Chinese MiG, in the middle, like it is something that people want to see, some MiG on stilts. All of the Tibetan buildings in front of the Potala have been destroyed or demolished.

This is not a pretty picture. The glowing reports of progress from Beijing or Shanghai, where business is booming and skyscrapers may be rising and industry and education perhaps is increasing, have certainly not reached Tibet. It has not reached Tibet.

I am not connecting this to the issue of MFN and everything else, but I have heard Members say that conditions were improving in China, and they actually had laptop computers and things were wonderful. Those conditions, if they exist, have not reached Tibet.

America and the rest of the free world should help and urge China to back off from its clear goal to plunder Tibet. The true story of Tibet is not being told, aside from a few courageous journalists. Many times people in the political process can complain about the press.

I say, as Thomas Jefferson said, "God bless the free press, because if the press were not going in and covering many of these cases, the world would not know about it."

So the press, whenever they can get in, are attempting to tell the story, but the Chinese Government will not allow the press in.

The U.S. Government's policy seems many times to be based on economics, to open more and more markets with China and to ignore every other aspect of responsible behavior. Men cannot live by bread alone, and economic growth, while it is important, is not the main thing in life. Also, the spiritual aspects and the opportunity for faith are important, and the United States Government and President Clinton, when he meets with the Chinese, should raise this issue.

The clock is ticking. The clock is ticking for Tibet. If nothing is done, a country, its people, its religion, its culture, will continue to grow fainter and fainter and could one day disappear. That would indeed be a tragedy.

Based on the observations, I will submit a complete copy of the report for the RECORD at the summation of these comments, here are some of the observations and recommendations.

First, the administration must appoint a special representative for Tibet who will both understand the conditions there and who will aggressively pursue improvements. The person that they should appoint for Tibet should be someone like Richard Holbrook, somebody who is strong and knows the issue, somebody who speaks out, somebody like that, and not somebody who will just go along and get along and not do anything.

Second, the administration should raise with the People's Republic of China the issue of Tibet, both before and during the forthcoming visit by Chinese President Jiang Zemin to Washington. Efforts to obtain the release of political prisoners must be part of that initiative. We know of approximately 700 political prisoners that are rotting away in the jails of Tibet, and these political prisoners, their cases should be raised.

Third, efforts to open Tibet to the international press and human rights groups must go forward. As long as the Chinese continue to exercise power away from the public scrutiny, brutal excesses will continue.

Asia Watch should go in. The American Red Cross, the ICRC, the Swiss Red Cross, religious groups, different people should all ask for the opportunity to go and visit Tibet, see if the people in Beijing are being true when they say that Tibet is open and you can travel.

You should ask to travel. You should ask for a visa. You should ask for a permit and see if you are able to go.

Fourth, I urge my colleagues in the House and in the Senate to make every effort to travel to Tibet. Congressional delegations traveling into Tibet could very well make a difference. Even though they may have a Chinese handler with them, the very nature of an American Member of Congress or a Western member of the parliament coming in, being there, walking through the markets, walking through the town, being seen, sends a message to the Tibetan people that the people of the West and the people of the United States care.

I urge my colleagues in the House and in the Senate to adopt a prisoner of conscience and contact the People's Republic of China time and time again on his or her behalf.

When Perm Camp 35 in the Soviet Union existed during the dark days of communism, we went in and met with the prisoners. The prisoners told us they knew when a family in the United States or the West adopted them and wrote to them. They knew about it. Sometimes the letters got to them, sometimes they just got to the warden. If the warden knew that 10 or 20 letters a week or a day were coming in for prisoner X or Y, the warden was careful how they treated that prisoner. If it never got to the Perm Camp, but it got to Moscow, then the word came forth from the Communist official, be careful what you do to prisoner X or Y.

So we in the Congress and the American people should adopt prisoners of conscience and write to them and send them messages and try to visit them, send them magazines, write to the Chinese Government, write to the Chinese Embassy here in Washington, because we have to let the world know.

If you can imagine you are in the darkest, most dingy place almost on the Earth and nobody cares, you wonder, does anybody care? So by adopting these prisoners of conscience, as we did in the Soviet Union in the 1970's and 1980's, we make a difference.

Just talk to Natan Scharanski, who was so courageous, in Perm Camp 35. He knew the West was thinking of him, was praying for him, was remembering him. He was so proud and so bold and encouraged that when he got out of Perm Camp 35, on the bridge in Berlin going from East to West Berlin, the Communist officials told him to walk straight across the bridge. What did Scharanski do? He walked this way and then that way, and he zigged and zagged. because he was a free man, and he remembered that the people of the West stood with him, and we should stand with the prisoners of conscience in Tibet.

Sixth, we urge a strong effort that officials from the International Committee of the Red Cross, the ICRC, and the American Bureau of Prisons visit the Tibetan prisons to observe the condition and treatment of prisoners and urge and push for improvements.

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If the Chinese want to come into our prisons, fine, let them come into ours, and we will go into theirs.

Seventh, I urge the administration and the press for representatives from the free world to attend the trials of Tibetans accused of political crimes, as has been done in Eastern Europe and elsewhere.

During the Soviet Union and Eastern Europe we would send an American representative of the American Embassy who would go and sit in the courtroom, be at the trial, which would put some restraint on the Communist officials.

Eigth, I urge religious leaders of all denominations around the world to pressure the Peoples Republic of China for permission to visit Tibet.

Last, I urge the administration and others to press the Chinese Government to engage in negotiations and in dialogue with the Dalai Lama concerning the future of Tibet, and to give the people of Tibet their freedom.

I close by saying to the Chinese Government, 5½ million Tibetans are of absolutely no threat to 1.2 billion Chinese.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to:

Mr. BALLENGER (at the request of Mr. ARMEY) for today after 10:30 a.m., on account of personal reasons.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Members (at the request of Mr. FILNER) to revise and extend their remarks and include extraneous material:)

Mr. UNDERWOOD, for 5 minutes, today.

Mr. PALLONE, for 5 minutes, today.

Mr. FILNER, for 5 minutes, today.

Mr. FLAKE, for 5 minutes, today.

(The following Members (at the request of Mr. PAUL) and to include extraneous matter:)

Mr. DIAZ-BALART, for 5 minutes each day, on September 9 and 10.

Mr. PAUL, for 5 minutes, today.

EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

(The following Members (at the request of Mr. FILNER) and to include extraneous matter:)

Mr. COYNE.

Mr. POSHARD.

Ms. BROWN of Florida.

Mr. LAFALCE.

Mr. BONIOR.

Mr. STOKES.

Mr. KENNEDY of Massachusetts.

Mr. FARR.

Mr. BORSKI.

Mr. TOWNS.

Mr. STARK.

Mr. SCHUMER.

Mr. BERMAN.

Mr. MOAKLEY.

Mr. PALLONE.

(The following Members (at the request of Mr. PAUL) and to include extraneous matter:)

Mr. HANSEN.
Mrs. KELLY.
Mr. NEY.
Mr. CAMP.
Mr. PACKARD.

(The following Members (at the request of Mr. WOLF) and to include extraneous matter:)

Mr. PALLONE.
Mr. SCHUMER.
Mr. HOYER.
Mr. TORRES.

ADJOURNMENT

Mr. WOLF. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 3 o'clock and 31 minutes p.m.), under its previous order, the House adjourned until Monday, September 8, 1997, at 12:30 p.m. for morning hour debates.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

4809. A letter from the Congressional Review Coordinator, Animal and Plant Health Inspection Service, transmitting the Service's final rule—National Poultry Improvement Plan and Auxiliary Provisions [Docket No. 96–070–2] received August 20, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Agriculture.

4810. A letter from the Congressional Review Coordinator, Animal and Plant Health Inspection Service, transmitting the Service's final rule—Mexican Fruit Fly Regulations; Removal of Regulated Area [Docket No. 97–085–1] received August 20, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Agriculture.

4811. A letter from the Administrator, Farm Service Agency, transmitting the Agency's final rule—Upland Cotton Marketing Year Transition Procedure for Import Quotas—received August 8, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Agriculture.

4812. A letter from the General Sales Manager, Foreign Agricultural Service, transmitting the Service's final rule—CCC Facility Guarantee Program (FGP) (Commodity Credit Corporation) [Workplan Number 96–001] (RIN: 0551–AA35) received August 7, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Agriculture.

4813. A letter from the Director, Defense Procurement, Department of Defense, transmitting the Department's final rule—Defense Federal Acquisition Regulation Supplement; Contract Action Reporting [DFARS Case 97–D013] received August 15, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on National Security.

4814. A letter from the Federal Register Liaison Officer, Department of the Treasury, transmitting the Department's final rule—Incorporation, Organization, and Conversion of Federal Mutual Associations (Office of Thrift Supervision) [No: 97–83] (RIN: 1550–AB06) received August 25, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Banking and Financial Services.

4815. A letter from the Director, Office of Regulatory Management and Information, Environmental Protection Agency, transmitting the Agency's final rule—Regulation of Fuels and Fuel Additives: Baseline Requirements for Gasoline Produced by Foreign Refiners [FRL–5883–3] (RIN: 2060–AH48) received August 25, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Commerce.

4816. A letter from the AMD—Performance Evaluation and Records Management, Federal Communications Commission, transmitting the Commission's final rule—Telephone Number Portability [CC Docket No. 95–116, RM–8535] received August 25, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Commerce.

4817. A letter from the AMD—Performance Evaluation and Records Management, Federal Communications Commission, transmitting the Commission's final rule—Policy and Rules Concerning the Interstate, Interexchange Marketplace; Implementation of Section 254(g) of the Communications Act of 1934, as amended [CC Docket No. 96–61] received August 25, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Commerce.

4818. A letter from the Secretary, Federal Trade Commission, transmitting the Commission's final rule—Rule Concerning Disclosures Regarding Energy Consumption and Water Use of Certain Home Appliances and Other Products Required Under the Energy Policy and Conservation Act [16 CFR Part 305] received August 6, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Commerce.

4819. A letter from the Director, Regulations Policy Management Staff, Office of Policy, Food and Drug Administration, transmitting the Administration's final rule—Indirect Food Additives: Adjuvants, Production Aids, and Sanitizers [Docket No. 89F–0176] received August 8, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Commerce.

4820. A letter from the Director, Regulations Policy Management Staff, Office of Policy, Food and Drug Administration, transmitting the Administration's final rule—Indirect Food Additives: Adhesives and Components of Coatings [Docket No. 92F–0261] received August 15, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Commerce.

4821. A letter from the Director, Regulations Policy Management Staff, Office of Policy, Food and Drug Administration, transmitting the Administration's final rule—New Drug Applications and Abbreviated New Drug Applications; Editorial Amendments [21 CFR Part 314] received August 20, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Commerce.

4822. A letter from the Director, Regulations Policy Management Staff, Office of Policy, Food and Drug Administration, transmitting the Administration's final rule—Food Additives Permitted in Feed and Drinking Water of Animals; Selenium [Docket No. 86F–0060] received August 25, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Commerce.

4823. A letter from the Director, Regulations Policy Management Staff, Office of Policy, Food and Drug Administration, transmitting the Administration's final rule—Specific Requirements on Content and Format of Labeling for Human Prescription Drugs; Addition of "Geriatric Use" Subsection in the Labeling [Docket No. 89N–0474] (RIN: 0910–AA25) received September 3, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Commerce.

4824. A letter from the Director, Office of Congressional Affairs, Nuclear Regulatory Commission, transmitting the Commission's final rule—Final Policy Statement on the Restructuring and Economic Deregulation of the Electric Utility Industry [10 CFR Part 50] received August 20, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Commerce.

4825. A letter from the Director, Office of Congressional Affairs, Nuclear Regulatory Commission, transmitting the Commission's final rule—Chemical Process Safety at Fuel Cycle Facilities [NUREG–1601] received August 25, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Commerce.

4826. A letter from the Director, Defense Security Assistance Agency, transmitting notification concerning the Department of the Army's proposed Letter(s) of Offer and Acceptance (LOA) to Israel for defense articles and services (Transmittal No. 97–35), pursuant to 22 U.S.C. 2776(b); to the Committee on International Relations.

4827. A letter from the Acting Chief Counsel, Office of Foreign Assets Control, Department of the Treasury, transmitting the Department's final rule—Reporting and Procedures Regulations: Consolidation of Information Collections; Annual Reports on Blocked Assets and Retained Transfers; Reports on Rejected Transfers; Reports on Litigation; Procedure for Releasing Funds Believed to Have Been Blocked due to Mistaken Identity; Procedure for Removal from the Lists of Blocked Persons and Vessels [31 CFR Parts 500, 501, 505, 515, 535, 536, 550, 560, 575, 585, 590, 595, and 596] received August 25, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on International Relations.

4828. A letter from the Deputy Associate Administrator for Acquisition Policy, General Services Administration, transmitting the Administration's final rule—Federal Acquisition Regulation; Small Entity Compliance Guide National Aeronautics and Space Administration) [48 CFR Chapter 1] received August 14, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Government Reform and Oversight.

4829. A letter from the Deputy Associate Administrator for Acquisition Policy, General Services Administration, transmitting the Administration's final rule—Federal Acquisition Regulation; Modification of Existing Contracts under FARA (National Aeronautics and Space Administration) [FAC 97–01; FAR Case 96–606; Item XIX] (RIN: 9000–AH44) received August 14, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Government Reform and Oversight.

4830. A letter from the Deputy Associate Administrator for Acquisition Policy, General Services Administration, transmitting the Administration's final rule—Federal Acquisition Regulation; Modification of Existing Contracts under FASA (National Aeronautics and Space Administration) [FAC 97–01; FAR Case 94–723; Item XVIII] (RIN: 9000–AG90) received August 14, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Government Reform and Oversight.

4831. A letter from the Deputy Associate Administrator for Acquisition Policy, General Services Administration, transmitting the Administration's final rule—Federal Acquisition Regulation; Year 2000 Compliance (National Aeronautics and Space Administration) [FAC 97–01; FAR Case 96–607; Item XVII] (RIN: 9000–AG90) received August 14, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Government Reform and Oversight.

4832. A letter from the Deputy Associate Administrator for Acquisition Policy, General Services Administration, transmitting the Administration's final rule—Federal Acquisition Regulation; Independent Government Estimates-Construction (National Aeronautics and Space Administration) [FAC 97–01; FAR Case 97–005; Item XVI] (RIN: 9000–AH63) received August 14, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Government Reform and Oversight.

4833. A letter from the Deputy Associate Administrator for Acquisition Policy, General Services Administration, transmitting the Administration's final rule—Federal Acquisition Regulation; Local Government Lobbying Costs (National Aeronautics and Space Administration) [FAC 97–01; FAR Case 96–003; Item XV] (RIN: 9000–AH35) received August 14, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Government Reform and Oversight.

4834. A letter from the Deputy Associate Administrator for Acquisition Policy, General Services Administration, transmitting the Administration's final rule—Federal Acquisition Regulation; Foreign Differential Pay (National Aeronautics and Space Administration) [FAC 97–01; FAR Case 96–012; Item XIV] (RIN: 9000–AH43) received August 14, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Government Reform and Oversight.

4835. A letter from the Deputy Associate Administrator for Acquisition Policy, General Services Administration, transmitting the Administration's final rule—Federal Acquisition Regulation; Designation of Hong Kong (National Aeronautics and Space Administration) [FAC 97–01; FAR Case 97–019; Item XIII] (RIN: 9000–AH68) received August 14, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Government Reform and Oversight.

4836. A letter from the Deputy Associate Administrator for Acquisition Policy, General Services Administration, transmitting the Administration's final rule—Federal Acquisition Regulation; Executive Order 12933, Nondisplacement of Qualified Workers Under Certain Contracts (National Aeronautics and Space Administration) [FAC 97–01; FAR Case 94–610; Item XII] (RIN: 9000–AH62) received August 14, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Government Reform and Oversight.

4837. A letter from the Deputy Associate Administrator for Acquisition Policy, General Services Administration, transmitting the Administration's final rule—Federal Acquisition Regulation; Minority Small Business and Capital Ownership (National Aeronautics and Space Administration) [FAC 97–01; FAR Case 95–028; Item XI] (RIN: 9000–AH34) received August 14, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Government Reform and Oversight.

4838. A letter from the Deputy Associate Administrator for Acquisition Policy, General Services Administration, transmitting the Administration's final rule—Federal Acquisition Regulation; Economically Disadvantaged Individuals (National Aeronautics and Space Administration) [FAC 97–01; FAR Case 97–008; Item X] (RIN: 9000–AH65) received August 14, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Government Reform and Oversight.

4839. A letter from the Deputy Associate Administrator for Acquisition Policy, General Services Administration, transmitting the Administration's final rule—Federal Acquisition Regulation; Certificate of Competency (National Aeronautics and Space Administration) [FAC 97–01; FAR Case 96–002; Item IX] (RIN: 9000–AH66) received August 14, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Government Reform and Oversight.

4840. A letter from the Deputy Associate Administrator for Acquisition Policy, General Services Administration, transmitting the Administration's final rule—Federal Acquisition Regulation; ADP/Telecommunications Federal Supply Schedules (National Aeronautics and Space Administration) [FAC 97–01; FAR Case 96–602; Item VIII] (RIN: 9000–AH29) received August 14, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Government Reform and Oversight.

4841. A letter from the Deputy Associate Administrator for Acquisition Policy, General Services Administration, transmitting the Administration's final rule—Federal Acquisition Regulation; Service Contracting (National Aeronautics and Space Administration) [FAC 97–01; FAR Case 95–311; Item VII] (RIN: 9000–AH14) received August 14, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Government Reform and Oversight.

4842. A letter from the Deputy Associate Administrator for Acquisition Policy, General Services Administration, transmitting the Administration's final rule—Federal Acquisition Regulation; New FAR Certificates (National Aeronautics and Space Administration) [FAC 97–1; FAR Case 96–329; Item VI] (RIN: 9000–AH67) received August 14, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Government Reform and Oversight.

4843. A letter from the Deputy Associate Administrator for Acquisition Policy, General Services Administration, transmitting the Administration's final rule—Federal Acquisition Regulation; Environmentally Sound Products (National Aeronautics and Space Administration) [FAC 97–01; FAR Case 92–054A; Item V] (RIN: 9000–AG40) received August 14, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Government Reform and Oversight.

4844. A letter from the Deputy Associate Administrator for Acquisition Policy, General Services Administration, transmitting the Administration's final rule—Federal Acquisition Regulation; Automatic Data Processing Equipment Leasing Costs (National Aeronautics and Space Administration) [FAC 97–01; FAR Case 96–010; Item IV] (RIN: 9000–AH41) received August 14, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Government Reform and Oversight.

4845. A letter from the Deputy Associate Administrator for Acquisition Policy, General Services Administration, transmitting the Administration's final rule—Federal Acquisition Regulation; Irrevocable Letters of Credit and Alternatives to Miller Act Bonds (National Aeronautics and Space Administration) [FAC 97–01; FAR Case 95–301; Item III] (RIN: 9000–AG99) received August 14, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Government Reform and Oversight.

4846. A letter from the Deputy Associate Administrator for Acquisition Policy, General Services Administration, transmitting the Administration's final rule—Federal Acquisition Regulation; FASA and the Walsh-Healey Public Contracts Act (National Aeronautics and Space Administration) [FAC 97–01; FAR Case 96–601; Item II] (RIN: 9000–AH31) received August 14, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Government Reform and Oversight.

4847. A letter from the Deputy Associate Administrator for Acquisition Policy, General Services Administration, transmitting the Administration's final rule—Federal Acquisition Regulation; Business Process Innovation (National Aeronautics and Space Administration) [FAC 97–01; FAR Case 97–006; Item I] (RIN: 9000–AH64) received August 14, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Government Reform and Oversight.

4848. A letter from the Deputy Associate Administrator for Acquisition Policy, General Services Administration, transmitting the Administration's final rule—Federal Acquisition Circular 97–01; Introduction (National Aeronautics and Space Administration) [48 CFR Chapter 1] received August 14, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Government Reform and Oversight.

4849. A letter from the Director, Office of Personnel Management, transmitting the Office's final rule—Presidential Management Intern Program (RIN: 3206–AH53) received August 13, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Government Reform and Oversight.

4850. A letter from the Director, Office of Personnel Management, transmitting the Office's final rule—Qualification Requirements (General) (RIN: 3206–AH85) received August 19, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Government Reform and Oversight.

4851. A letter from the Assistant Secretary, Land and Minerals Management, Department of the Interior, transmitting the Department's final rule—Pipeline Right-Of-Way Applications and Assignment Fees; Requirements for Filing of Lease Transfers (RIN: 1010–AC04) received August 12, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Resources.

4852. A letter from the Acting Assistant Secretary for Fish and Wildlife and Parks, Department of the Interior, transmitting the Department's final rule—Regulations for the Administration of Special Use Permits on National Wildlife Refuges in Alaska (RIN: 1018–AD93) received August 25, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Resources.

4853. A letter from the Acting Assistant Secretary for Fish and Wildlife and Parks, Department of the Interior, transmitting the Department's final rule—Migratory Bird Harvest Information Program (RIN: 1018–AD08) received August 25, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Resources.

4854. A letter from the Under Secretary for Oceans and Atmosphere, Department of Commerce, transmitting the Department's final rule—Financial Assistance for the Pribilof Environmental Restoration Program (National Oceanic and Atmospheric Administration) received August 19, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Resources.

4855. A letter from the Acting Chair, Federal Subsistence Board, transmitting the Board's final rule—Subsistence Management Regulation for Public Lands in Alaska, Subpart C & Subpart D—1997–1998 Subsistence Taking of Fish and Wildlife Regulations; Correcting Amendments (RIN: 1018–AD90) received August 25, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Resources.

4856. A letter from the Director, Office of Sustainable Fisheries, National Oceanic and Atmospheric Administration, transmitting the Administration's final rule—Fisheries of the Northeastern United States; Summer Flounder Fishery; Commercial Quota Harvested for Maryland [Docket No. 961210346–7035–02; I.D. 081597C] received August 25, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Resources.

4857. A letter from the Deputy Assistant Administrator for Fisheries, National Oceanic and Atmospheric Administration, transmitting the Administration's final rule—Fisheries off West Coast States and in the Western Pacific; Pacific Coast Groundfish Fishery; 1997 Management Measures for Nontrawl Sablefish [Docket No. 970520120–7198–02; I.D. 040297A] (RIN: 0648–AJ19) received August 25, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Resources.

4858. A letter from the Director, Office of Sustainable Fisheries, National Oceanic and Atmospheric Administration, transmitting the Administration's final rule—Fisheries of the Exclusive Economic Zone Off Alaska; "Other Rockfish" Species Group in the Eastern Regulatory Area of the Gulf of Alaska [Docket No. 961126334–7025–02; I.D. 070397D] received August 25, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Resources.

4859. A letter from the Director, Office of Sustainable Fisheries, National Oceanic and Atmospheric Administration, transmitting the Administration's final rule—Fisheries of the Exclusive Economic Zone Off Alaska, Pacific Ocean Perch in the Eastern Regulatory Area of the Gulf of Alaska [Docket No. 961126334–7025–02; I.D. 070797A] received August 25, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Resources.

4860. A letter from the Director, Office of Surface Mining Reclamation and Enforcement, transmitting the Office's final rule—Indiana Regulatory Program [SPATS No. IN–127–FOR; State Program Amdt. No. 95–5] received September 3, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Resources.

4861. A letter from the Director, Federal Bureau of Prisons, transmitting the Bureau's final rule—Religious Beliefs and Practices [BOP 1011–F] (RIN: 1120–AA17) received August 15, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on the Judiciary.

4862. A letter from the Commissioner, Immigration and Naturalization Service, transmitting the Service's "Major" final rule—Nonimmigrant Classes; Treaty Aliens; E Classification [INS 1427–93] (RIN: 1115–AC51) received August 20, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on the Judiciary.

4863. A letter from the Acting Assistant Secretary for Fish and Wildlife and Parks, Fish and Wildlife Service, transmitting the Service's final rule—Clean Vessel Act Pumpout Symbol, Slogan and Program Crediting (RIN: 1018–AC67) received August 14, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

4864. A letter from the Chief Counsel, Bureau of the Public Debt, transmitting the Bureau's final rule—Regulations Governing United States Treasury Certificates of Indebtedness, Treasury Notes, and Treasury BONDS—State and Local Government Series [Department of the Treasury Circular, Public Debt Series No. 3–72] received August 29, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Ways and Means.

4865. A letter from the Chief, Regulations Unit, Internal Revenue Service, transmitting the Service's final rule—Rules and Regulations [Rev. Proc. 97–41] received August 6, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Ways and Means.

4866. A letter from the Chief, Regulations Unit, Internal Revenue Service, transmitting the Service's final rule—Examination of returns and claims for refund, credit, or abatement; determination of correct tax liability [Rev. Proc. 97–42] received August 6, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Ways and Means.

4867. A letter from the Chief, Regulations Unit, Internal Revenue Service, transmitting the Service's final rule—Last-in, first-out inventories [Rev. Rul. 97–37] received August 29, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Ways and Means.

4868. A letter from the Chief, Regulations Unit, Internal Revenue Service, transmitting the Service's final rule—Determination of Issue Price in the Case of Certain Debt Instruments Issued for Property [Rev. Rul. 97–36] received August 25, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Ways and Means.

4869. A letter from the Chief, Regulations Unit, Internal Revenue Service, transmitting the Service's final rule—Employee Plans and Exempt Organizations; Requests for Certain Determination Letters and Applications for Recognition of Exemption [Announcement 97–89] received August 25, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Ways and Means.

4870. A letter from the Secretary of Health and Human Services, transmitting the Department's final rule—Medicare Program; Hospice Wage Index (Health Care Financing Administration) [BPD–820–F] (RIN: 0938–AG93) received August 8, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Ways and Means.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. YOUNG of Alaska: Committee on Resources. H.R. 901. A bill to preserve the sovereignty of the United States over public lands and acquired lands owned by the United States, and to preserve State sovereignty and private property rights in non-Federal lands surrounding those public lands and acquired lands; with an amendment (Rept. 105–245). Referred to the Committee of the Whole House on the State of the Union.

PUBLIC BILLS AND RESOLUTIONS

Under clause 5 of rule X and clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. DELAHUNT:

H.R. 2411. A bill to provide for a land exchange involving the Cape Cod National Seashore and to extend the authority for the Cape Cod National Seashore Advisory Commission; to the Committee on Resources.

By Mr. SMITH of Texas:

H.R. 2412. A bill to amend the Immigration and Nationality Act to modify the religious worker visa programs and to extend the visa waiver pilot program, and to amend the Illegal Immigration Reform and Immigrant Responsibility Act of 1996 to modify the effective date for certain paperwork changes in the employer sanctions programs; to the Committee on the Judiciary.

H.R. 2413. A bill to amend the Immigration and Nationality Act; title 18, United States Code; the Illegal Immigration Reform and Immigrant Responsibility Act of 1996; and the Immigration Act of 1990 to make technical corrections to such statutes; to the Committee on the Judiciary.

By Mr. CASTLE:

H.R. 2414. A bill to provide for a 10-year circulating commemorative coin program to commemorate each of the 50 States, and for other purposes; to the Committee on Banking and Financial Services.

By Mr. CONDIT:

H.R. 2415. A bill to amend the Federal Water Pollution Control Act concerning the effect of administrative orders on civil penalty actions; to the Committee on Transportation and Infrastructure.

By Mr. HEFLEY:

H.R. 2416. A bill to provide for the transfer of certain rights and property to the U.S. Forest Service in exchange for a payment to the occupant of such property, and for other purposes; to the Committee on Resources.

By Mr. KENNEDY of Rhode Island:

H.R. 2417. A bill to amend the Social Security Act to fight fraud by hospitals under the Medicare Program, and for other purposes; to the Committee on Ways and Means.

By Ms. MILLENDER-MCDONALD (for herself, Mr. FAZIO of California, Mr. UNDERWOOD, Mr. FALEOMAVAEGA, Ms. NORTON, Mr. GUTIERREZ, Mr. HASTINGS of Florida, Mr. TOWNS, Ms. SLAUGHTER, Mrs. MEEK of Florida, Ms. EDDIE BERNICE JOHNSON of Texas, Mr. RUSH, Mr. WAXMAN, Ms. BROWN of Florida, Ms. JACKSON-LEE, Mr. WYNN, Mr. PAYNE, Mr. DELLUMS, Ms. LOFGREN, Mr. CONYERS, Mr. DIXON, and Mr. DAVIS of Illinois):

H.R. 2418. A bill to extend the National Bone Marrow Donor Program, and to establish a provision regarding the bone marrow registry and persons of mixed ancestry; to the Committee on Commerce.

By Mr. REYES:

H.R. 2419. A bill to amend the Ysleta del Sur Pueblo and Alabama and Coushatta Indian Tribes of Texas Restoration Act to decrease the requisite blood quantum required for membership in the Ysleta del Sur Pueblo tribe; to the Committee on Resources.

By Mr. SANFORD:

H.R. 2420. A bill to permit the transportation of passengers between U.S. ports by certain foreign-flag vessels and to encourage U.S.-flag vessels to participate in such transportation; to the Committee on National Security.

By Mr. STARK:

H.R. 2421. A bill to repeal the Military Selective Service Act; to the Committee on National Security.

H.R. 2422. A bill to amend the Social Security Act to provide for findings of presumptive disability under title II of such Act in the same manner and to the same extent as is currently applicable under title XVI of such Act; to the Committee on Ways and Means, and in addition to the Committee on Commerce, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.

By Mr. TOWNS:

H.R. 2423. A bill to direct the Secretary of Health and Human Services to disseminate to the public information relating to fraud, abuse, and quality of care in nursing homes; to the Committee on Commerce.

By Mr. UPTON (for himself, Mr. ROEMER, Mr. SOLOMON, Mr. BOEHNER, Mr. COX of California, Mr. HOEKSTRA, Mr. CAMP, Mr. EHLERS, Mr. SHAYS, Mr. CASTLE, Mr. FOX of Pennsylvania, Mr. BLUNT, Mr. BASS, Mr. PETERSON of Minnesota, Mr. CODIT, Mr. BARCIA of Michigan, Mr. KOLBE, Ms. DUNN of

Washington, Mr. NEUMANN, Mr. BOB SCHAFFER, Mr. KINGSTON, Ms. CHRISTIAN-GREEN, Ms. DANNER, Mr. HEFLEY, Mr. JONES, Mr. CHABOT, and Mr. BEREUTER):

H.R. 2424. A bill to amend the Line Item Veto Act of 1996 to eliminate the requirement that a Federal budget deficit must exist in order for the President to use the line-item veto authority; to the Committee on the Budget.

By Ms. WOOLSEY:

H.R. 2427. A bill to recognize businesses which show an exemplary commitment to participating with schools to enhance educators' technology capabilities and to make every student technologically literate; to the Committee on Education and the Workforce.

By Mr. GILMAN (for himself, Mr. HAMILTON, Mr. BERMAN, Mr. LANTOS, Mr. HAYWORTH, Mr. SHERMAN, Mr. FOX of Pennsylvania, Mr. SHIMKUS, Mr. LAZIO of New York, Mr. WELLER, Mr. SAXTON, Mr. PITTS, Mr. WELDON of Florida, Mr. BOB SCHAFFER, Mr. COOK, Mr. RYUN, Ms. ROS-LEHTINEN, Mr. PORTER, Mr. FORBES, Mr. OXLEY, Mr. NADLER, Mr. ENGEL, and Mr. FOLEY):

H. Con. Res. 146. Concurrent resolution expressing the sense of the Congress regarding the terrorist bombing in Jerusalem on September 4, 1997; to the Committee on International Relations.

By Mr. ALLEN:

H. Con. Res. 147. Concurrent resolution expressing the sense of Congress that a postage stamp should be issued commemorating Joshua Lawrence Chamberlain; to the Committee on Government Reform and Oversight.

By Mr. FAZIO of California:

H. Res. 221. Resolution designating minority membership on certain standing committees of the House; considered and agreed to.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. FRANK of Massachusetts:

H.R. 2425. A bill for the relief of Lawrence E. Hall, Jr. and Nancy T. Hall; to the Committee on the Judiciary.

By Mr. REYES:

H.R. 2426. A bill for the relief of Vince Munoz, Governor of the Tribal Council of the Ysleta del Sur Pueblo and all other enrolled members of the Ysleta del Sur Pueblo; to the Committee on the Judiciary.

H. Res. 222. Resolution for the relief of Vince Munoz, Governor of the Tribal Council of the Ysleta del Sur Pueblo and all other enrolled members of the Ysleta del Sur Pueblo; to the Committee on the Judiciary.

ADDITIONAL SPONSORS

Under clause 4 of rule XXII, sponsors were added to public bills and resolutions as follows:

H.R. 66: Mr. PASCRELL.

H.R. 108: Mr. LEVIN.

H.R. 164: Mr. BOUCHER, Mr. HYDE, Mr. MARTINEZ, Mr. COBURN, Mr. SCOTT, Mr. MEEHAN, Mr. CUMMINGS, Mr. HOYER, Mr. STARK, Mr. SERRANO, Mr. ENSIGN, Mr. NEY, Mr. MASCARA, Mr. LOBIONDO, Mr. MOLLOHAN, Mr. HASTINGS of Florida, Mr. TIERNEY, Mr. DIXON, and Mr. GUTIERREZ.

H.R. 176: Mr. KUCINICH.

H.R. 198: Mrs. CHENOWETH.

H.R. 336: Mr. PASCRELL.

H.R. 404: Ms. CHRISTIAN-GREEN, Mr. SENSENBRENNER, and Mr. SHERMAN.

H.R. 444: Mr. JEFFERSON.

H.R. 561: Ms. EDDIE BERNICE JOHNSON of Texas and Mr. COYNE.

H.R. 594: Mr. ACKERMAN, Mr. DAVIS of Illinois, Mr. WEXLER, Mr. CAMP, Mr. COLLINS, Mr. HINCHEY, Mr. FRANKS of New Jersey, Mr. MCCOLLUM, Mr. TIERNEY, Ms. PELOSI, Ms. JACKSON-LEE, Mr. BACHUS, Mr. TALENT, and Mr. ABERCROMBIE.

H.R. 610: Mrs. THURMAN.

H.R. 612: Mr. CUNNINGHAM.

H.R. 619: Mr. NADLER and Mr. DIXON.

H.R. 712: Mr. DELLUMS.

H.R. 735: Mr. CONYERS, Mr. DELLUMS, Mr. DAVIS of Illinois, Mr. FILNER, and Mr. RUSH.

H.R. 755: Mr. COBURN and Mr. DAVIS of Illinois.

H.R. 834: Mr. BURR of North Carolina.

H.R. 836: Mr. BLAGOJEVICH, Mr. CLEMENT, Mr. COSTELLO, Mr. DEUTSCH, Mr. DICKS, Mr. HEFNER, Mr. HOLDEN, Mr. KUCINICH, Mr. LIPINSKI, Mrs. MALONEY of New York, Mr. MASCARA, Mr. MCHALE, Mr. MEEHAN, Mr. MOLLOHAN, Mr. OBERSTAR, Mr. PASCRELL, Mr. PETERSON of Minnesota, Mr. RODRIGUEZ, Mr. SABO, Mr. SISISKY, Ms. SLAUGHTER, Mr. WEYGAND, Mrs. KENNELLY of Connecticut, Mr. KLINK, and Mr. PRICE of North Carolina.

H.R. 875: Mr. KUCINICH.

H.R. 877: Mr. HOSTETTLER, Mr. ROHRABACHER, Mr. ARCHER, Mr. GOODE, Mr. SCARBOROUGH, Ms. DANNER, Mr. HILLIARD, Mr. CRAMER, and Mr. SNYDER.

H.R. 925: Mr. LUTHER.

H.R. 953: Mr. FAZIO of California.

H.R. 971: Mr. NEAL of Massachusetts.

H.R. 1060: Mr. MCCRERY.

H.R. 1061: Mr. JENKINS.

H.R. 1114: Mr. HAYWORTH.

H.R. 1129: Mr. PASCRELL and Mr. YOUNG of Alaska.

H.R. 1151: Ms. DELAURO.

H.R. 1161: Mr. BISHOP.

H.R. 1165: Ms. SANCHEZ.

H.R. 1176: Mr. BILBRAY, Mr. PASCRELL, Ms. ESHOO, Mr. PRICE of North Carolina, Mr. KENNEDY of Massachusetts, Mr. VENTO, and Mr. HORN.

H.R. 1231: Mr. MARTINEZ.

H.R. 1232: Mr. CAPPS.

H.R. 1260: Mr. DREIER.

H.R. 1261: Mr. LEACH, Mr. GUTKNECHT, Mr. EWING, and Mr. HASTINGS of Washington.

H.R. 1446: Mr. OBERSTAR and Mr. LUTHER.

H.R. 1455: Ms. FURSE.

H.R. 1493: Mr. GIBBONS.

H.R. 1526: Mr. BLUNT, Mr. LEWIS of Kentucky, and Mr. GILCHREST.

H.R. 1542: Mr. HOLDEN.

H.R. 1614: Mr. BOEHLERT and Mr. ROTHMAN.

H.R. 1689: Mr. ROYCE.

H.R. 1698: Mr. COYNE, Mr. HASTINGS of Florida, and Ms. CHRISTIAN-GREEN.

H.R. 1719: Mr. WATKINS.

H.R. 1769: Mr. MILLER of California.

H.R. 1770: Mr. MILLER of California.

H.R. 1782: Mr. BILBRAY.

H.R. 1836: Mr. HOYER and Mr. MORAN of Virginia.

H.R. 1839: Mr. BAESLER, Mrs. THURMAN, and Mr. POMEROY.

H.R. 1842: Mr. SKEEN.

H.R. 1872: Mr. GILLMOR and Mr. PAXON.

H.R. 1878: Mr. PARKER.

H.R. 1909: Mr. DAN SCHAEFER of Colorado, Mrs. CHENOWETH, Mr. SCARBOROUGH, and Mr. WELDON of Florida.

H.R. 1913: Mr. GREEN and Mr. SANDLIN.

H.R. 1995: Mr. BILBRAY, Mr. STARK, Mr. HORN, Mr. FRANK of Massachuesetts, Mr. HINCHEY, Mr. FILNER, Mr. MATSUI, and Mr. JONES.

H.R. 2038: Mr. RADANOVICH.

H.R. 2090: Mr. QUINN, Mr. FORBES, Ms. SLAUGHTER, Mr. MCNULTY, Mr. THOMPSON, Mr. TRAFICANT, Mr. LAMPSON, Mr. LOBIONDO, and Mr. DEFAZIO.

H.R. 2121: Mrs. LOWEY.

H.R. 2129: Mr. LINDER, Mr. HOBSON, and Mr. ENGLISH of Pennsylvania.

H.R. 2156: Mr. KLUG.

H.R. 2185: Mr. DELLUMS, Mr. FALEOMAVAEGA, Mr. OWENS, and Mr. JACKSON.

H.R. 2196: Ms. ROS-LEHTINEN and Mr. BOB SCHAFFER.

H.R. 2253: Mr. HINOJOSA, Mr. REYES, Mr. FALEOMAVAEGA, and Ms. CHRISTIAN-GREEN.

H.R. 2293: Mr. COBLE.

H.R. 2332: Mr. COBURN.

H.R. 2345: Mr. MOAKLEY.

H.R. 2349: Mr. FATTAH, Mr. COYNE, Mr. SKELTON, Mr. DOOLEY of California, Mr. LIPINSKI, Mr. POSHARD, Mr. PETRI, and Mr. ABERCROMBIE.

H.R. 2365: Mr. BOEHLERT.

H.R. 2373: Mr. KINGSTON, Mr. THUNE, Mr. DEAL of Georgia, and Mr. BOB SCHAFFER.

H.R. 2380: Mr. SMITH of Texas, Mr. COBLE, Mr. GIBBONS, Mr. WOLF, Mr. GOODE, Mr. PETERSON of Minnesota, Mr. BRYANT, Mr. SMITH of New Jersey, Mr. COBURN, and Mr. LARGENT.

H.R. 2385: Mr. FORD, Mr. ADAM SMITH of Washington, Mr. BLAGOJEVICH, Mr. LOBIONDO, Mr. GILMAN, Mr. DELLUMS, Mr. PASCRELL, and Mr. MORAN of Virginia.

H.R. 2387: Mrs. ROUKEMA, Ms. DELAURO, Mr. GREEN, and Mr. ABERCROMBIE.

H. Con. Res. 80: Mr. LANTOS, Mr. TURNER, Mr. SHAW, and Mr. LAHOOD.

H. Con. Res. 91: Mr. LUTHER.

H. Con. Res. 95: Mr. SENSENBRENNER, Ms. KAPTUR, Mr. BASS, Mr. TAUZIN, and Mr. MCCRERY.

H. Con. Res. 100: Mr. CALVERT, Mr. SAM JOHNSON, Mr. BROWN of Ohio, Mrs. MORELLA, Mr. JEFFERSON, Mr. KING of New York, Mr. MORAN of Virginia, Mr. DUNCAN, Mr. HILLIARD, Mr. MCCRERY, Mr. GALLEGLY, and Ms. KAPTUR.

H. Con. Res. 132: Mr. HALL of Texas and Mr. ROHRABACHER.

H. Res. 16: Mrs. MCCARTHY of New York.

H. Res. 37: Mr. MINGE.

H. Res. 119: Mr. COOK and Mr. RIGGS.

H. Res. 214: Mr. SPENCE.

H. Res. 220: Mr. NEY.

DELETIONS OF SPONSORS FROM PUBLIC BILLS AND RESOLUTIONS

Under clause 4 of rule XXII, sponsors were deleted from public bills and resolutions as follows:

H.R. 674: Mr. CAMP.

AMENDMENTS

Under clause 6 of rule XXIII, proposed amendments were submitted as follows:

H.R. 2264

OFFERED BY: MR. BURTON OF INDIANA

AMENDMENT NO. 60: Page 44, line 16, after the dollar amount, insert the following: ("decreased by $1,000,000)".

Page 73, line 15, after the first dollar amount, insert the following: "(increased by $1,000,000)".

EXTENSIONS OF REMARKS

DIANA'S LEGACY

HON. JOHN JOSEPH MOAKLEY

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Friday, September 5, 1997

Mr. MOAKLEY. Mr. Speaker, I would like to take this opportunity to bring to your attention an editorial written by our colleague, Rep. JIM MCGOVERN of the Third District of Massachusetts, regarding Princess Diana's role in the fight against landmines. I think that Congressman MCGOVERN's piece eloquently depicts Princess Diana's compassionate commitment to banning these terrible killing devices, and highlights the importance of our continuing the effort to ban landmines forever.

At this time I would like to place Congressman MCGOVERN's words in today's RECORD.

[From the Boston Globe, Sept. 5, 1997]

DIANA'S LEGACY—SHE REACHED OUT TO LAND MINE VICTIMS

(By James P. McGovern)

This week, at a conference in Oslo convened to forge an international agreement banning land mines, delegates from more than 100 nations rose and stood silent for one minute to remember the work that Princess Diana had done on behalf of victims of land mines.

Like the rest of the world, they had awakened Sunday to learn the terrible news of her death. And like all of us engaged in the international campaign to ban land mines, we felt the grievous loss of one of our most effective and compassionate champions.

In the space of 22 minutes—about the amount of time it took to read and absorb the details of Princess Diana's tragic accident—someone is killed or maimed by a land mine: more than 26,000 men, women, and children each year. In at least 68 countries there are more than 110 million unexploded land mines lying in fields, deserts, roads, along rivers and streams, in forests, and on footpaths.

In June Princess Diana attended a benefit organized by the American Red Cross in Washington that raised more than $650,000 for victims of land mines. Later that month, she traveled to Boston to raise funds on behalf of land mine survivors and declare support for the international movement to ban these terrible weapons.

Unlike many others of her social standing and celebrity, Princess Diana was not content to limit her work to appearing at posh charity events for causes she supported. She felt compelled to reach out and literally touch those individuals confronting life's greatest challenges.

Never satisfied to learn about issues solely from news accounts, Diana cared to witness firsthand the stories of those most affected by land mines: children injured and in pain from land mine explosions; families who had lost loved ones; and those unable to return to their ancestral homes because the land was sown with the death, destruction, and danger of antipersonnel land mines.

In the field she learned how these weapons do not distinguish between the foot of a soldier and the foot of a child at play. In the field she saw how land mines are designed to kill or badly maim anyone who triggers them and that they keep on killing long after hostilities are ended. The average lifespan of an antipersonnel land mine is 50 to 100 years. At the current rate, it would take more than a thousand years to rid the world of all the land mines in place.

That is why Princess Diana declared her support for an immediate ban on these terrible and indiscriminate weapons. This is why she traveled to Angola and Bosnia to bring comfort, support, and hope to the families of victims and survivors. And this is why she used her celebrity—and the horde of video cameras and photographers who shadowed her every move—to bring human faces into the living rooms of families across the world.

Just three weeks ago, Princess Diana visited Bosnia to hear personal stories from families of victims and survivors. She was determined that their stories would galvanize the international community to embrace a worldwide ban on these weapons.

Princess Diana clearly stated that her interests were humanitarian, not political. While international experts like General Norman Schwarzkopf can thoughtfully address how banning land mines makes for effective foreign policy, Diana understood that no one could express the human tragedy of these weapons to an international audience better than the victims themselves.

This June, legislation was introduced in the Senate calling for an international ban on land mines; similar legislation will be introduced in the House. In December, representatives from more than 100 nations will gather in Ottawa to sign a binding treaty to ban the use, manufacture, export, and stockpiling of these weapons. I hope that the United States will join this effort.

Princess Diana was perhaps the jewel in the crown of the international movement to ban land mines; her compassion and involvement helped to focus the world's attention on this issue. But no one acknowledged more gratefully than she that the crown itself is constructed from the lives and work of millions of people.

When the nations of the world gather in December to sign the international treaty, Diana will be remembered. And decades—perhaps centuries—from now, when the last land mine is cleared from the earth, her legacy and work will be complete.

CAMPAIGN FINANCE REFORM

HON. RON KIND

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Friday, September 5, 1997

Mr. KIND. Mr. Speaker, today we bring to close the first week of our final legislative session this year. It has been a productive week, with the passage of several important appropriations bills. I have been pleased with the tone and demeanor of the bipartisan debate this week. Now is the perfect time to bring a bipartisan campaign finance reform bill to the floor for a vote. In the next several weeks we will have the time and opportunity to vote for campaign finance reform, if the leadership of this Congress is willing to let a bill come forward.

There are those who have begun to follow through on their threats to shut down the House and delay the normal work that we must get done before the end of the year. We can avoid all of this if we are given the opportunity to vote on a reform bill. I have been an active member of the Bipartisan Freshman Campaign Finance Reform Task Force, I am an original cosponsor of the Shays-Meehan bill, these two bills offer members the opportunity to let their constituents know where they stand on this issue. There are over 70 campaign finance bills pending this Congress. Not a single campaign finance reform bill has been given a hearing in this Congress. Whether you support or oppose campaign finance reform every Member should be given the opportunity to vote on this issue, and we must do it before the end of the year.

I hope that in the next several weeks the leadership of this House will give the Members an opportunity to vote on campaign finance reform. We will have the time to debate and vote on a bill and we have many bills that can be considered. Failure to act now will be a failure to serve the people we represent.

THE MILITARY SELECTIVE SERVICE REPEAL ACT

HON. FORTNEY PETE STARK

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Friday, September 5, 1997

Mr. STARK. Mr. Speaker, I rise today to introduce the Military Selective Service Repeal Act, to repeal in its entirety what I believe to be a wasteful cold war relic that should be extinct.

From 1948 until 1973, during both peacetime and periods of conflict, men were drafted to fill vacancies in the Armed Forces which could not be filled through voluntary means. Suspended in April 1975, it was resumed in 1980 by President Carter in response to the Soviet invasion of Afghanistan. However, as any American knows, the conditions for the draft have changed since the days of Vietnam and the threat of Soviet invasion. Still, registration continues as a supposed hedge against underestimating the number of servicemen needed in a future conflict.

The Department of Defense has concluded that we live in a time that projects no war—not even the worst case scenario of two simultaneous regional conflicts—that would require

● This "bullet" symbol identifies statements or insertions which are not spoken by a Member of the Senate on the floor.
Matter set in this typeface indicates words inserted or appended, rather than spoken, by a Member of the House on the floor.

drafting combat troop replacements. Suspension of peacetime registration could be accomplished with little risk to national security, considering the low probability of the need for conscription. The fact is that peacetime draft registration could be suspended with no effect on military mobilization requirements, little effect on the time it would take to mobilize, and no measurable effect on military recruitment, according to the Secretary of Defense in his 1993 report to the President and Congress.

In addition, ample alternatives to peacetime draft registration are already in place. The Selective Service System maintains an on-the-shelf system which would provide for a post-mobilization registration of up to 3.5 million health care personnel in more than 60 specialties. The Pentagon reports that mass registration would occur in 13 days after notice to mobilize, with induction orders to follow 3 weeks later. Likewise, we have stockpiled our Armed Forces, so that over 1 million trained Selected Reserve units and another 750,000 individual Ready Reserve personnel exist to augment Active Forces during the early days of a major conflict. Clearly, Mr. Speaker, we've no shortfall of resources.

More importantly, the draft registration fails to provide legal relief measures to conscientious objectors who cannot register, thus violating our freedom of religion. For 17 years now, youth have been required to register for a military draft that does not exist. The penalties for nonregistration, such as the denial of admission to colleges and universities and disqualification for student loans and grants, are an unjustifiable limitation on the civil rights of our youth.

If that's not enough to convince my colleagues, Mr. Speaker, they should consider the bottom line. Peacetime draft registration has cost taxpayers over $400 million since its reinstitution in 1980. According to present budget estimates, Selective Service registration will cost an additional $75 million by the year 2000. As we rest on the laurels of what many consider to be a successful budget deal, let's remember the children and legal immigrants we've deserted to allow the Selective Service System to continue.

Finally, the real impetus for terminating draft registration comes from the Selective Service System itself. A scathing evaluation was recently released by the U.S. Army Force Integration and Support Agency [USAFISA] documenting severe problems of waste and mismanagement within the Selective Service System. The problems discovered—a grossly overpaid staff and duplication of services—revealed the Selective Service System to be a bloated, inept Federal bureaucracy.

Current registrants and volunteers are abundant and stand ready to defend our country should the need arise. The time has come to do away with our outdated and unnecessary system. Clearly, if there is no need for draftees, there is no need for a Federal agency to conscript them—and certainly not one that costs over $23 million a year.

IN HONOR OF CARL ZACK

HON. JOSEPH P. KENNEDY II

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Friday, September 5, 1997

Mr. KENNEDY of Massachusetts. Mr. Speaker, I rise today to pay tribute to Carl Zack, to honor his 24-year commitment and dedication to the health of the Sumerville, MA, community through his leadership at Somerville Hospital.

Since receiving his education from Brandeis University and the Yale School of Public Health, Carl returned to his native Massachusetts to establish a career in hospital administration. He has served with great distinction and `a longevity of commitment rarely matched. From his beginning as a Yale graduate student intern on February 5, 1973, he rose to become vice president, executive vice president, and then president of Somerville Hospital in November 1994.

Under Carl's leadership, Somerville Hospital took important strides to provide comprehensive health care services that were responsive to the community's needs. Among these accomplishments are the establishment of a home care department, a transitional care unit, and an occupational health program. Together with its sister hospital network, the Cambridge Hospital, the Somerville Hospital has promoted an innovative community initiative called the Somerbridge Community Health Partnership—to improve the health of the joint Somerville and Cambridge communities.

Carl has also served as an inspirational and valued leader to the employees of Somerville Hospital. Amid the current dynamic health care environment, Carl Zack achieved goals set out to assure the preservation of essential health care services in the city of Somerville while maintaining employment opportunities within the hospital network.

His work has been recognized by many organizations, including being selected as Humanitarian of the Year by the Visiting Nurses Association of Eastern Massachusetts, and an honoree of the HomeFirst Charitable Corp. of Somerville. He has been an active force with many community organizations, such as his longstanding tenure on the board of trustees of the Somerville Chamber of Commerce. He has also demonstrated his commitment to future generations of health care professionals on the faculties of the University of Massachusetts School of Medicine, the University of New Hampshire, and Northeastern University.

Mr. Speaker, I hope all of my colleagues will join me in celebrating Carl Zack's tremendous contributions. Again, I congratulate Carl Zack, along with his family—his wife, Andrea Cohen, and daughters, Emma and Hannah—for his hard work and as an outstanding leader.

TRIBUTE TO DICK PICKENS

HON. RALPH M. HALL

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Friday, September 5, 1997

Mr. HALL of Texas. Mr. Speaker, I rise today to pay a final tribute to a close friend and fellow east Texas, R.W. "Dick" Pickens of my hometown of Rockwall, TX, who died earlier this year at the age of 84. Dick Pickens was an extraordinary man who leaves behind a legacy of professional and personal accomplishment, and he will be greatly missed by those of us who were fortunate enough to know him.

Born May 28, 1912, in Frankfort, OH, Dick lived in my hometown of Rockwall for the better part of his life. After earning a degree in mechanical engineering in 1935 from Ohio State University, he went to work for the Alcoa Aluminum Co. as staff engineer. He later worked for Reynolds Metals Co. and then organized the Texas Aluminum Co. in 1942, over which he presided for more than 20 years. Because of him, Texas Aluminum won the prestigious Lockheed Zero Defects Award—a tribute to the standard of excellence he set. At one time he had an interests in facilities that stretched from Rockwall to Commerce, CA, to Puerto Rico and Australia. After a 60-year distinguished career, Dick retired from the Aluminum industry that he had served so well.

Dick's professional accomplishments, however, are just part of who he was. Dick cared about everyone he met and knew. He was devoted to his community and gave his support wherever it was needed. He was particularly interested in helping young people and at one time, he was sponsoring as many as 12 students in college.

Dick is survived by his wife, Louise Pickens of Rockwall; daughter and son-in-law, Patti and David Canup of Rockwall; daughter and son-in-law, Francie and Ross Oliver of Austin, TX; daughter Mayre Springer of Phoenix, AR; and step-son Mike Barringer of Rockwall; numerous grandchildren and a great grandchild.

Mr. Speaker, Dick Pickens was a true giant among us. He will be remembered by his family and many friends for his kindness and generosity—and he will be greatly missed. As we adjourn today, it is a privilege for me to honor this great man who also was my close friend.

IN HONOR OF THE GUARDIANS OF THE SICK

HON. CHARLES E. SCHUMER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Friday, September 5, 1997

Mr. SCHUMER. Mr. Speaker, one of the pleasures of serving in this legislative body is the opportunity we occasionally get to acknowledge publicly the outstanding entities of our communities.

It is not easy to find someone who does something for nothing these days. No person is willing to give something away if it won't benefit him directly. That is why the gift of blood is so commendable: it is literally a selfless donation of one's own life source to save someone else's life.

Today I applaud the achievements of the Guardians of the Sick Blood Drive. This Brooklyn-based blood donor organization, the largest in New York State, has achieved record numbers of blood donations through its tireless public outreach, under the outstanding leadership of its chairman, Rabbi Gershon Tannenbaum. In an effort to encourage the members of the Orthodox community to donate blood, Guardians has championed the act as a mitzvah, a moral obligation to contribute to the life-saving efforts of the larger community. The Orthodox Jewish community's prolific service to the general public is unmatched in its monumental pace: last year alone the Guardians collected thousands of pints of blood, at scores of locations throughout Brooklyn. Each of those thousands of times, an Orthodox Jew performed the mitzvah of donating blood to save another human being's life.

The Guardians of the Sick has an honored tradition of community service, alleviating the discomfort of the sick and hospitalized members of the community for many years. Now it has another credit to its exemplary record: it has extended the boundaries of its benevolence to benefit every citizen of the State of New York and beyond. The immediate success of the blood drive attests to the great need it serves: bolstering the available blood bank for all emergency situations of life and death.

Mayor Rudolph W. Giuliani selected the Guardians of the Sick for the New York City Community Development Agency's 1996 Most Outstanding community-based organization award. Today I select the Guardians' Blood Drive and its chairman, Rabbi Gershon Tannenbaum, for special recognition in light of their remarkable achievements in serving humanity. Also I would like to commend Mr. Louis Glueck for his aggressive leadership, Rabbi Shmuel Steinharter, executive director for his masterly administration, and Mrs. Esther Schoenblum, its blood drive coordinator for her dynamic zeal in making it all come together.

I hereby proclaim my incessant support and encouragement for the heroic goals of the Guardians of the Sick Blood Drive.

A TRIBUTE TO C. WILLIAM JONES

HON. CALVIN M. DOOLEY

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Friday, September 5, 1997

Mr. DOOLEY of California. Mr. Speaker, I rise today to recognize and honor C. William Jones of Firebaugh, CA, who served a distinguished 20 years with the San Luis & Delta-Mendota Water Authority.

Mr. Jones is a well-known farming leader in the San Joaquin Valley, which is the richest agricultural-production region in the country. Twenty years ago, Mr. Jones founded the San Luis & Delta-Mendota Water Users Association and in 1992, he oversaw the transformation of the association to the San Luis & Delta Mendota Water Authority. The San Luis & Delta-Mendota Water Authority is comprised of 32 water agencies representing approximately 2,100,000 acres of Federal and exchange water service contractors within the western San Joaquin Valley, San Benito, and Santa Clara Counties.

During his tenure as chairman of the San Luis & Delta-Mendota Water Authority, Mr. Jones ran the operations and maintenance activities of all Federal Central Valley project facilities south of the Delta, including: Tracy pumping plant, Delta-Mendota Canal, O'Neill pumping plant and the San Luis drain. He also provided leadership for the agricultural community's participation in Delta issues resulting in the Bay-Delta accord, Proposition 204, and the CALFED process.

Mr. Jones' involvement in water and agricultural issues has extended far beyond his duties as chairman of the San Luis & Delta-Mendota Water Authority. He has also found time to be active in the California State Water Commission, the Western Cotton Growers Association, the California Chamber of Commerce, and the California Water Control Resource Board.

Mr. Jones is also a devoted family man. He and his wife, Cornelia, have three grown children, including California Secretary of State Bill Jones, who have blessed him with seven grandchildren.

Mr. Speaker and my colleagues, please join me in wishing C. William Jones, devoted husband, father, and grandfather and active community member, the best of luck during his retirement.

TRIBUTE TO KELLY S. YARDE

HON. JOHN N. HOSTETTLER

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Friday, September 5, 1997

Mr. HOSTETTLER. Mr. Speaker, I want to take this opportunity to commend Kelly S. Yarde, a charitable and compassionate soldier from the Eighth District of Indiana.

Sergeant Kelly Yarde is a dedicated soldier, a loving father, and a committed husband. And Kelly gives, and he gives abundantly, even in times of personal hardship. In short, Kelly is unusually charitable.

While serving under the command of the U.S. Army in Bosnia, Kelly witnessed firsthand an often overlooked result of war—clothless, toyless, penniless children—while at the same time living in less than luxurious conditions himself. Yet Kelly looked beyond his own needs and did something for the children of the war-torn land where he serves. With the help of his brother Anthony, an Evansville, IN, newspaper reporter, and a hometown radio station, Kelly made a public appeal to his fellow Americans to come to the children's aid.

Citizens from the Eighth District of Indiana and neighboring States answered his call, and they gave abundantly. From new basketballs and hundreds of new crayons and pens to the establishment of new friends via pen pal relationships, Americans gladly spent their time and treasure for kids they may never meet.

I'm sure Kelly would humbly wave off these praises, directing our attention to who he recognizes as the true heroes, the people who generously responded to his pleas. Yet it is fitting to commend Kelly Yarde, a catalyst for giving, an example of charity, and an exemplary U.S. soldier serving his Nation.

PERSONAL EXPLANATION

HON. RON KIND

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Friday, September 5, 1997

Mr. KIND. Mr. Speaker, I wish the RECORD to state that during rollcall vote 364, on H.R. 2159, the foreign operations appropriations bill, I was on the floor of the House, I inserted my voting card into the electronic voting machine and voted for passage of the bill. For some reason my vote was not recorded and therefore I am listed as having not voted.

Please let the RECORD reflect that I was present for the vote, as evidenced by my votes on all of the preceding amendments, and I voted in favor of passage of H.R. 2159, the foreign operations appropriations bill.

A TRIBUTE TO JEROME TOWNSHIP FIRE CHIEF ALLEN COLE

HON. DAVE CAMP

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Friday, September 5, 1997

Mr. CAMP. Mr. Speaker, the poet T.S. Eliot wrote that "water and fire shall rot the marred foundations we forgot, of sanctuary and choir; this is the death of water and fire." For 50 years, the foundations and sanctuaries of Jerome Township were not forgotten, and because of one man's work, far fewer have suffered the death of water and fire.

Today we honor a man who has not only protected our sanctuaries, but our homes and hearths as well; who stood by the foundations of his community and in doing so, fortified its stones. Fire Chief Allen Cole built the Jerome Township Fire Department stone by stone, starting 50 years ago with little more than a converted fire truck Cole kept as his wrecker service he'd opened in 1935. With his wife, Lydia, acting as a dispatcher, citizens reporting a fire could call Cole's garage and know that help was on the way.

In an era when fire was a community's greatest enemy, and was ravaging America's towns and cities, Allen Cole stood watch over Jerome Township, protecting property and citizens from an enemy known for launching deadly, surprise attacks under cover of darkness.

Allen Cole was no stranger to the surprise attacks of fire. Once, while fighting a house fire in Homer Township, he fell through the roof of a burning home, only to slide down the hose—still battling the flames—and emerge through the front door unscathed. Allen Cole today enters retirement, but his commitment and heroism will remain.

He also bestows to the community a fire department that has grown and nourished generations of firefighters to carry on his legacy. For protecting the families of Jerome Township from the destructive power of fire for a half-century, we thank Chief Allen Cole for his service and dedication, and bestow upon him our highest esteem.

SALUTE TO ROCKWALL ACADEMIC BOOSTER CLUB

HON. RALPH M. HALL

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Friday, September 5, 1997

Mr. HALL of Texas. Mr. Speaker, as our Nation's young people return to school for the beginning of a new year, we are reminded of the importance of education in their lives and our responsibility not only to provide a quality education for them but also to encourage their efforts, build their self-esteem, and motivate them to aspire to a standard of excellence in all that they do.

This is a responsibility shared by all of us—by parents, teachers, school administrators, Government, and the community at large. Today it is my privilege to pay tribute to a community organization in my home town of Rockwall, TX, the Rockwall Academic Booster Club, that was recently formed with these goals in mind.

Beginning this year, the Academic Booster Club will present a letter jacket patch to those students who received straight A's for two consecutive semesters of the previous academic year. The first awards ceremony will take place on Tuesday, September 9, when some 40 students from two middle schools will receive a jacket patch. The letter program is being underwritten by Rockwall Women's League and Rockwall Newcomers Club.

The Academic Booster Club also will present awards to students whose grades improve, honorable mention awards to those who came close, and awards to inspirational teachers. Additional club activities include providing volunteers for school mentoring programs and raising scholarship funds for teacher endowments.

Mr. Speaker, we know that the quality of our students' education is the key to both their future success and to America's future in the global environment. We know that we must do all we can to prepare our young people for the challenges of the 21st century and to promote academic excellence in our schools. I am proud of these efforts in my hometown, and I ask my colleagues today to join me in saluting the Rockwall Academic Booster Club and the outstanding students in Rockwall, TX, whose dedication to academic excellence deserves our recognition.

PRESUMPTIVE DISABILITY

HON. FORTNEY PETE STARK

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Friday, September 5, 1997

Mr. STARK. Mr. Speaker, today, I am introducing legislation that incorporates the Supplemental Security Income's presumptive disability system into the Social Security Disability Insurance [SSDI] program.

The Social Security Administration [SSA] is still confronted with a backlog of nearly 1 million cases waiting for disability determination. In fiscal years 1994–96, administration requested additional funds for disability investment funding in order to help SSA handle the exorbitant amount of disability claims. The administration requested $534 million for disability investment funding as part of the regular administrative budget for fiscal year 1996. These funds were specifically earmarked for processing disability related workloads. Congress appropriated disability investment funding in the amount of $387.5 million for fiscal year 1996. I supported these past efforts, but we must do more to help these people in their time of urgent need.

Social Security currently has over almost 1 million pending applications for disability benefits. Social Security realizes the challenge it faces in processing an overwhelming number of disability cases. It has made efforts within the past 2 years to reengineer the disability determination process. In 1995, a disability applicant had to wait an average of 5 months to get an initial decision. Today, a disability applicant can expect to wait an average of 3.5 months. I commend the Social Security Administration for their work in reducing the time a needy person must wait for a determination. However, there is still the need to deliver assistance quickly.

In recent years, Congress has heard complaints of deserving applicants waiting months before receiving desperately needed funds, and in some cases, dying before a decision is made. For example, in Arizona a disability applicant was forced to leave her secretarial job due to injuries resulting from a serious auto accident. She applied to the Social Security Administration for disability benefits to offset the loss of her income. She did not realize that she was venturing into an understaffed, underfunded Federal program that often forces disabled people to wait months to learn whether they qualify for benefits. After a year wait, she was successful in obtaining the benefits to which she was entitled only after hiring an attorney who specialized in such cases. These kinds of long delays are repeated in anecdote after anecdote.

The SSI Program makes an initial determination that presumes a person to be disabled if they fit certain severe disability criteria. These people begin to receive SSI benefits immediately and the SSA then has a 6-month period to make the final determination of eligibility using the SSA's definition of disability.

Being able to receive SSI benefits on the basis of a presumptive disability determination provides the disabled person with much needed money immediately. However, for a worker who has paid into Social Security and becomes disabled, there is no comparable process to identify the people that would most likely qualify for DI benefits. My legislation would remedy this problem by providing for determinations of presumptive disability under Title II of the Social Security Act in the same manner and to the same extent as is currently applicable under title XVI of such act.

This means that if a person is found to be presumptively disabled under title II and meets the requirements for entitlement benefits, the person will begin to receive benefits, after the initial 5 month waiting period required before DI benefits can be paid, for up to 6 months while the final determination is being made. If the person is presumed eligible to receive DI benefits, then their dependents shall also begin to receive benefits.

If however, in the final determination, a claimant's impairment does not meet SSA's definition of disability, they and their dependents shall not be responsible for returning the money they received during the presumptive eligibility determination period.

In some instances, a person may be presumed eligible for SSI benefits before being found to be presumptively disabled under title II. In this case, the person will still be entitled to only 6 months of presumptive disability benefits. In most States, while receiving SSI benefits, a person is eligible for Medicaid. Under this proposal, claimants who would have been eligible for SSI benefits, were it not for their receipt of DI presumptive disability benefits, would be deemed eligible for SSI, making them eligible for Medicaid in those States where SSI eligibility triggers Medicaid eligibility. When the final determination for DI benefits is made, the claimant loses the Medicaid eligibility. Medicare will be provided to disabled workers and their dependents after they have been receiving disability benefits for 24 months, including the time they were receiving presumptive disability payments.

IN MEMORIAM OF MELINE KASPARIAN

HON. JOSEPH P. KENNEDY II

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Friday, September 5, 1997

Mr. KENNEDY of Massachusetts. Mr. Speaker, I rise today to pay tribute to a wonderful woman who dedicated her life to educating children in the Commonwealth of Massachusetts. Ms. Meline Kasparian, president of the Massachusetts Teachers Association, former member of the Amherst Town Meeting, past president of the Springfield Education Association, and teacher of literature, writing, and drama in Springfield for 25 years was lost to the people of Massachusetts during the recent August recess. Though she spent 2 years battling cancer, her death was nonetheless sudden and shocking to us all.

Meline strove to ensure educational opportunities for all students, without regard to their socio-economic background. She had a profound belief in the public school system. She knew that for thousands of children it was their best opportunity to succeed in life and she was determined to make sure that they were given the best education possible.

Meline spearheaded reforms in her own school system—initiating the Team Approach to Better Schools in Springfield. She was also a vocal advocate during the legislative battle for the Massachusetts Education Reform Act, which is today helping to improve the standards in every public school across the State.

As the representative for the teachers, Meline also showed an enormous amount of strength. She fought for better working conditions for teachers—knowing that those were the same conditions that our children are learning in. Meline knew that we need to invest more in our public schools in order for our children to succeed.

During my tenure in the House of Representatives I had the opportunity and privilege to work with Meline. Her unwavering devotion to improving public education never ceased to impress me. I will always remember Meline as a tireless advocate for public education. Her energy and drive will be sorely missed in the Commonwealth of Massachusetts.

SUPPORT MOTION TO INSTRUCT CONFEREES ON H.R. 1119

HON. JAMES A. TRAFICANT, JR.

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Friday, September 5, 1997

Mr. TRAFICANT. Mr. Speaker, last night the House debated a motion I offered to instruct House conferees on H.R. 1119, the fiscal year 1998 Defense authorization bill, to retain the amendment I had passed to the bill authorizing the use of United States troops on our border with Mexico. I urge all Members to support this motion and support this important provision. I would like to share with Members some compelling reasons to support the Traficant amendment.

The Traficant amendment authorizes the Secretary of Defense—at the expressed request of the Attorney General and/or the Secretary of the Treasury—to redeploy up to 10,000 U.S. troops to assist the Border Patrol, the INS, or the Customs Service in preventing illegal aliens, drug traffickers, terrorists, and narcotics from entering the United States. The Traficant amendment merely gives the Pentagon the authority to transfer troops—it does not require them to do anything. The transfer of troops could only be made if the Attorney General or Treasury Secretary requests such assistance.

The troops would only be providing support and assistance—they would not be directly involved in any arrests or civil law enforcement actions. Once again, the Traficant amendment does not mandate the redeployment of troops—it simply provides the President with that option. Under the Traficant amendment, if the President decides to deploy troops to the border, the Pentagon would work with Federal law enforcement to decide how and where to deploy troops.

The Border Patrol has only 6,800 personnel to guard the two longest borders of one of the largest countries of the world. The Federal drug czar, Gen. Barry McCaffrey, recently said that, to do the job right, the Border Patrol needs 25,000 agents. It will take years to even come close to that level. The Traficant amendment represents a prudent stop-gap measure to bolster the Border Patrol and Customs Service—until they have enough personnel to get the job done. But keep in mind that Congress and the President may never have the political will to fund that level of personnel for the Border Patrol and Customs Service.

We have United States troops currently being paid by the United States taxpayer that are defending Haiti, Bosnia, Europe, and Japan. Why not bring a small number of those troops with specific skills home to protect America from drugs and narcoterrorists? That's what the Traficant amendment is all about.

Over the past year, Border Patrol agents have been shot at from the Mexican border. General McCaffrey has been threatened by the drug cartel. Most disturbingly, cocaine and heroin continue to pour into this country through Mexico. Our children are being poisoned by these narcotics. Communities are being destroyed by drugs. Whole generations of Americans are being lost to gangs and drug-related violence. Our prisons are overflowing with young Americans convicted of drug-related crimes. We are under siege.

In my view, drugs pose more of threat to national security than the situation in Haiti, Bosnia, or Japan. Yet have thousands of troops deployed overseas—supposedly to protect our national security. Some have argued that deploying troops along our border will detract from military readiness. I don't buy that argument, especially when we have United States troops in Haiti giving dog vaccinations, building homes, and directing traffic. How does that add to readiness. We recently had United States troops in Bosnia retreat from a bridge because of a rock throwing mob. How does forcing U.S. combat troops to retreat from mobs contribute to military readiness?

The military claims that they do not support the Traficant amendment. Let me remind Members that in this country we have civilian control of the military. The military executes the will of the people through the Congress of the United States and the President. The truth is, if the military can build houses, direct traffic, and give rabies shots in Haiti, they can provide some assistance to Federal law enforcement in patrolling our border.

I want to emphasize that the Traficant amendment in no shape or form changes Posse Comitatus. Under the Traficant amendment, if troops are used to assist the Border Patrol and Customs Service they would not have arrest powers and they would not have the authority to engage in law enforcement functions.

However, there are within the U.S. military certain units and personnel that have the type of training and equipment that would be of great help to Federal law enforcement along the border. Let's take a look at the types of things the U.S. military could do: transport Border Patrol agents to points of penetration, aerial reconnaissance; surveillance, intelligence sharing, and inspection.

Many Members have decried the potential cost of deploying up to 10,000 troops to our border. Let me make a couple of points. First, my amendment authorizes up to 10,000. The real number, should we have a President that decides to deploy troops to the border, could be 10, it could be 100, it could be 1,000. Second, whether or not United States troops are deployed on the United States-Mexican border, or deployed to Haiti, South Korea, Japan, or Italy—the United States taxpayers still have to pay their salaries, pay their benefits, pay for their food, and pay to move them.

If Members and the Pentagon are concerned about the cost or concerned about diverting troops from other missions, then the Congress should work out a program whereby we transfer troops from less pressing missions—such as Haiti and Bosnia and bring them home to America. Right now, the troops we have in Haiti and Bosnia—more than 7,000—would be unavailable for deployment in the event of a conflict on the Korean Peninsula or the Persian Gulf. All I am saying is, why not transfer troops currently stationed in Haiti, and places like Bosnia to our own border?

It's time for Congress to stop talking about the war on drugs and start doing something to win it. I urge Members to support the Traficant amendment and the motion to instruct conferees.

RECOGNIZING FRED GRAY: A CIVIL RIGHTS PIONEER

HON. LOUIS STOKES

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Friday, September 5, 1997

Mr. STOKES. Mr. Speaker, I recently received a letter from a good friend, Mr. Charlie Black. In his letter, Charlie reminded me about the life and contributions of an extremely dedicated and talented civil rights attorney, Fred D. Gray.

When people pause to reflect on the civil rights movement, many remember the contributions of people like Rosa Parks and Martin Luther King, Jr. But few realize the contributions of countless others, who were, and continue to be, instrumental in the movement for racial justice and equality.

Fred Gray is one of these figures. Throughout his life, Mr. Gray has always taken an active role in the advancement of the civil rights movement. Of his many notable contributions, some may remember the work of Fred Gray when he served as council for Rosa Parks. As her attorney, Gray helped Parks defend her right to sit where she wanted to on a publicly segregated Alabama bus.

Still others may remember meeting attorney Fred Gray when they met the late Dr. Martin Luther King, Jr. Gray was present when Reverend King, then a young man, was chosen to lead civil rights initiatives in Alabama. Later, he served as council for both King and Dr. Ralph Abernathy.

During his lifetime, Fred Gray consistently sought to right the wrongs of society. When America continued to maintain the notion that "separate but equal" was fair and just, Fred Gray fought to prove that segregation was inherently wrong. He traveled around the country representing school children who needed the assistance of a skilled lawyer, and sometimes a few soldiers, to take advantage of the same educational opportunities enjoyed by white school children.

At a time when the voting power of African-Americans was being diluted due to the gerrymandering of voting districts, Fred Gray fought to prevent racially motivated realignment of municipal boundaries. His fight would take him all the way to the U.S. Supreme Court, where he argued the famous Gomillion versus Lightfoot case.

The critical feature of the Gomillion case is that it established, in the words of the Supreme Court, that "even the broad power of a state to fix the boundaries of its municipalities is limited by the Fifteenth Amendment, which forbids a state to deprive any citizen of the right to vote because of [their] race." Therefore, the Gomillion case set a precedent for all others, and not only a affected the State of Alabama, but also every State in the Union. Essentially, the case protected the rights and effectiveness of African-American voters.

Further, Fred Gray actively participated in overcoming other significant challenges facing African-Americans. He was an integral component of the civil rights movement, fighting courtroom battles that would impact the lives of all African-Americans. Such a battle manifested itself in the form of the Tuskegee Syphilis Study case in the summer of 1973.

From 1932 to 1972, the Government unethically studied the effects of untreated syphilis on African-American males in Tuskegee, AL. In July 1972, the New York Times exposed the study, which subsequently was halted by Federal order. However, the damage was already done.

The Government had used 399 black men as guinea pigs in order to study the effects of syphilis. The men did not know they were infected, nor did they realize that the treatment which could have cured them was intentionally withheld. When the men from the Tuskegee Syphilis Study needed an attorney, they went to Fred Gray. Gray brought the case to trial and eventually gained a $9 million settlement for the survivors and their families.

Moreover, the Tuskegee case changed research practices on human subjects in the United States. As a direct consequence of Fred Gray's efforts, the National Research Act was signed into law in 1974. The act created the national Commission for the Protection of Human Subjects of Biomedical Behavioral Research. From this, basic principles of research conduct were established and the informed consent of those participating in federally funded research was made a requirement.

Mr. Speaker, it is with great pride that I remember and share the life of Fred Gray. Mr. Gray is an outstanding man who remains active in his church, his community, and the law. Currently, Fred Gray works with his two sons and acts as managing partner of the Tuskegee law firm Gray, Langford, Sapp, McGowan, Gray & Nathanson. In addition, he is also involved in facing new challenges which threaten the accomplishments of the civil rights movement. I encourage my colleagues and everyone across the Nation to learn more about this attorney who spent his life fighting for equality in America.

STATEMENT FROM THE NEW YORK STATE CATHOLIC WAR VETERANS

HON. SUE W. KELLY

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Friday, September 5, 1997

Mrs. KELLY. Mr. Speaker, the following was forwarded to me by Joseph R. Farina of New Windsor, who is the New York State chairman of the American-Catholic War Veterans. I am inserting his statement into the CONGRESSIONAL RECORD:

> I wish to compliment the Congressional members of this committee (Congresswoman Kelly, Congressman Gilman, Congressman Hinchey and Congressman Shays) for their sincere concern and probing questions in extracting the truth from those who are testifying at this hearing.
>
> The reduction of the Castle Point VA facility from a hospital to an outpatient clinic has devastated the veterans of the Hudson Valley who depend so much on the health care supplied by this facility.
>
> The statements made by Mr. James Farsetta, Director of Veterans Integrated Service Network 3, were very disturbing to say the least.
>
> Farsetta, who at first denied that his reduction in staffing and services were tied to cuts in spending, later amended his statement confirming that he received an annual bonus based in part on reductions in spending and direct patient care to veterans. This entire incentive procedure designed by the VA and implemented by Farsetta placed greed of the almighty dollar at the expense of veterans who gave the prime years of their lives in selfless devotion and pride to their country.
>
> The bonus induced, costs cutting procedures implemented by the VA has resulted in patient neglect, errors in treatment, staff and service reductions, and failure to respond to veterans concerns.
>
> I compliment Congresswoman Kelly for extracting the truth from James Farsetta and having him admit to his bonus arrangement.
>
> Congressman Christopher Shays had every right to read into the Record a statement recognizing James Farsetta's 29 years of devoted service to the VA. But, I take exception to his statement. I condemn Farsetta's action in accepting a bonus based on reduction in services and medical assistance to veterans. A bonus which was earned at the expense of the health of veterans who have already suffered so much hardship and pain in their lifetime.
>
> All we ask if to stop hurting the veterans, we have been hurt enough. Be a little considerate and let us go out with some compassion and dignity.

TRIBUTE TO THE NIAGARA SENIOR COMPANION PROGRAM

HON. JOHN J. LaFALCE

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Friday, September 5, 1997

Mr. LAFALCE. Mr. Speaker, on Thursday, September 11, 1997, the Niagara Senior Companion program in Niagara County, NY, will honor 160 senior companion volunteers for giving 110,000 hours of service to their fellow seniors during the past year. They will also be celebrating their 17th anniversary of volunteer service to the residents of Niagara County. This outstanding program is sponsored by the Health Association of Niagara County, Inc. [HANCI] and is a program of the Corporation for National Service with additional funding from the New York State Office for the Aging and the United Way.

Senior Companions deserve our applause, respect, and recognition for the countless hours of love, compassion, and dedicated service to the frail elderly and their families in our community. Whether by kind deed or word, they brighten the lives of so many individuals as they help to ease the burden of illness or loneliness through their outreach.

Therefore, I am proud to have this opportunity to acknowledge this special group of senior citizens in the 29th Congressional District of New York in honor of Senior Companion Day, September 11, 1997, in Niagara County, NY.

TRIBUTE TO ROCKY MOUNT'S BUCK LEONARD

HON. BOB ETHERIDGE

OF NORTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Friday, September 5, 1997

Mr. ETHERIDGE. Mr. Speaker, I regret that I cannot be there all in person today for these special events in Rocky Mount wishing Buck Leonard a happy 90th birthday and unveiling a historical marker in his honor.

Everyone in Rocky Mount knows of the many talents of Hall of Famer Buck Leonard. I recently read a description of Buck Leonard. It said that "trying to sneak a fastball by Buck was like trying to sneak a sunrise past a rooster." Buck Leonard began his baseball career as a semipro star right there in Rocky Mount, but was soon forced to leave Rocky Mount during the Depression to chase his dream of playing professionally.

What he accomplished is truly amazing. Buck Leonard led his team to nine consecutive Negro National League championships from 1937 to 1945. Buck led the Cum Posey Grays to back-to-back World Series Championships in 1943 and 1944. In 1947, he batted .410, and in 1948, he led the league in batting and tied for the lead in home runs while leading his team to yet another World Series title. He was always a fan favorite and became a fixture in the annual East-West All-Star classic, setting yet another record by playing in 11 All-Star games.

I only wish that the whole world could have seen the talents of Buck Leonard in the major leagues. Although that national recognition came too late for Buck Leonard, he is enshrined today in the National Baseball Hall of Fame in Cooperstown. There is no player more deserving of that great honor than Rocky Mount's own Buck Leonard.

Though Buck was forced to leave Rocky Mount to pursue his professional career, he never forgot his beloved hometown. It is only fitting that today, the city of Rocky Mount honors Buck Leonard not merely for his many baseball talents and accomplishments, but also for what he has done for this fine community.

Buck, I wish you a happy birthday. Though I missed this celebration, reserve me a seat for your 100th birthday celebration.

MOTION TO INSTRUCT CONFEREES ON H.R. 1119, NATIONAL DEFENSE AUTHORIZATION ACT FOR FISCAL YEAR 1998

SPEECH OF

HON. RALPH M. HALL

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 4, 1997

Mr. HALL of Texas. Mr. Speaker, I rise in strong support of this motion to recommit. It is crucial that the conference report retain the Traficant language authorizing the use of our military forces to protect our Nation's borders from illegal immigration and drug trafficking.

It's time to face the fact that we are losing the war against drug infiltration into this country and that our Border Patrol is too few in numbers to guard our borders. We have 6,600 Border Patrol personnel to do the work of 20,000. Congress has mandated hiring 1,000 Border Patrol agents a year, but the Immigration and Naturalization Service is having a tough time hiring that number—and it will take another 10 years to reach the level of border support that we need.

If we can send our troops to Europe, Haiti, and to Bosnia, we can certainly send them to help protect our own country against criminal encroachment. Our troops would provide the support and assistance that we need—a visible presence that would have tangible results.

Critics of this language argue that it would raise all sorts of questions about jurisdiction and personal liability. These are issues that can be resolved by the Department of Defense, Justice, and INS. They are small problems compared to the seemingly insurmountable flow of illegal drugs into this country—a problem that costs lives and money and livelihoods and threatens the safety and security of our families.

We also should not be misled by the issue of funding. We are already paying our military for food and shelter and salaries. We might as well use this valuable resource here at home and focus as much effort on protecting our borders against criminal activity as we do in protecting other countries.

I urge my colleagues to support this motion to recommit with instructions.

A TRIBUTE TO RALPH W. McBANE

HON. ROBERT W. NEY

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Friday, September 5, 1997

Mr. NEY. Mr. Speaker, I commend the following article to my colleagues.

Ralph W. McBane, of Bergholz, OH, has been a pillar of the community for over 50 years. Born and raised in Bergholz, Mr. McBane returned to his hometown after attending Mount Union College to work in his family's insurance business, McBane Insurance Agency. He has led this company for more than 50 years, and has been integral to the agency's substantial growth and success. Mr. McBane's efforts in the insurance industry have been rewarded with commendations from Buckeye Union Insurance Company, Cincinnati Insurance Company, Westfield Companies, and Mennonite Mutual.

Ralph McBane's leadership in the insurance and banking industries is matched by his leadership and dedication to the Bergholz community. He has been active in the Bergholz Civic Club and is also a founding member of the Bergholz Ruritan Club, Bergholz Community Improvement Corp., and the Bergholz Community Foundation. In addition, he has served his church, Trinity United Presbyterian, as an elder, trustee, and Sunday school teacher. McBane has proven his commitment to improving the Bergholz community by serving as president of each organization. Whether it be through his insurance company or his civic duties, Ralph McBane has worked consistently to make Bergholz a better place to live.

Mr. McBane has taught Bergholz and Carroll County about the importance of volunteering and dedication to one's community. He leads by example.

Mr. Speaker, I ask that my colleagues join me in thanking Ralph McBane for his service to Bergholz, OH, and to congratulate him as he is honored by the Bergholz Community Foundation with a "Hats Off To Ralph" evening. I wish Ralph McBane continued success, health, and prosperity.

OCEAN RESEARCHER LINKS GLOBAL WARMING WITH DEGRADATION OF VITAL ANTARCTIC ECOSYSTEM

HON. SAM FARR

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Friday, September 5, 1997

Mr. FARR of California. Mr. Speaker, I would like to take this opportunity to applaud the research efforts of the many marine researchers in the Monterey Bay area and around the world, who are dedicating themselves to the task of exploring and understanding the ocean environment, and the critical links between marine ecosystem health and human activities. In particular, I would like to recognize the work of a scientist from my district, Dr. Valerie Loeb.

This summer, Dr. Loeb, an adjunct professor at Moss Landing Marine Laboratories, had her research featured on the front cover of the British scientific journal, Nature. For the past 10 years Dr. Loeb, her students and colleagues, have been studying the link between environmental variations and the dynamics of the Antarctic food chain, particularly changes in abundance of krill and other zooplankton. Krill, which are small, herbivorous, shrimp-like crustaceans, provide the basis for the animal food web in the southern ocean, and are a vital food source for many whale, fish, penguin, and other vertebrate species in the seasonal sea-ice zone. Another abundant planktonic herbivore, salps, are jelly-fish-like organisms which, in contrast, have few known predators, and are associated with open water habitats. Dr. Loeb and her coworkers have identified patterns of abundance of krill and salps as they relate to environmental changes in the area.

Salps are associated with open water habitat, unobstructed with ice, while krill's reproductive success is linked to increased ice coverage. In the past 50 years, atmospheric warming over the Antarctic Peninsula region has resulted in a decrease in sea-ice formation during winter months. Because of this, krill abundance since the mid-1980's has been greatly reduced compared to earlier years, while the springs and summers following these warmer winters have seen massive salp swarms. Since these salps compete with krill for phytoplankton, there is a further negative feedback from warmer winters affecting krill populations. This regional warming may be significantly altering the Antarctic food chain from one dominated by krill, supporting a variety of vertebrate predators, to one dominated by salps, effectively breaking the food chain.

This research is extremely valuable, not only in providing information important to the management of krill harvesting, which is currently conducted by Japanese, Polish, and Ukraine trawlers, but also as insight into the possible devastating effects of global warming on the oceans that may occur in addition to decreased ice development and sea level rise. The fact is that krill populations are already affected by ocean warming, making them, and the species that rely on them, further susceptible to human perturbations.

This research, and the hundreds of other marine research projects conducted in my district and around the world, are of great importance for us to understand and properly conserve the health of our planet, 71 percent of which is covered by oceans. We can no longer live in ignorance of the important links between ourselves and the oceans. I urge my colleagues to support America's leading role in ocean research and conservation, and to recognize and give credit to researchers such as Dr. Loeb for their great efforts in improving our understanding of the magnificent oceans, and clarifying how humans impact vital ocean resources.

HONORING THE CARLOW COLLEGE WOMEN OF SPIRIT

HON. WILLIAM J. COYNE

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Friday, September 5, 1997

Mr. COYNE. Mr. Speaker, I rise today to honor women that surpass all with their splendor and grace. They are the Carlow College Women of Spirit.

Founded in 1929, Carlow College has dedicated itself to the spirit of involvement and making a difference. The Women of Spirit Award highlights the achievements of Pittsburgh area women who exemplify competence and compassion in their communities, professions, and personal lives. The Women of Spirit Award recipients can be found in almost every profession in the region. Both the Women of Spirit Award recipients and Carlow College embody the values that we wish to foster in our children, and they provide admirable role models for young women in Allegheny County and around the world. The year culminates in an annual gala to honor the award recipients of the previous year. This year's gala will be held on Saturday, September 27, 1997. I wish to speak about each of these remarkable women today.

The October 1996 recipient of the Women of Spirit Award is Beth Berkebile. After graduating from Carlow College, Ms. Berkebile went on to become coowner of Randall's Restaurant in Perryopolis. Graced with one beautiful daughter of their own, Ms. Berkebile and her husband adopted two children from the former Soviet Union. Ms. Berkebile ensured that her new children would learn English by teaching them herself. Her son Sergey, just 1 year out of Russia, is making A's in reading.

Tradition dictates that there be one Woman of Spirit for each month of the year. Joan Brest Friedberg and Elizabeth Segel are an exception because of their innovative program Beginning with Books. Beginning with Books is an early intervention program that works hand in hand with the Carnegie Library and is targeted at low-income families with young children. Ms. Friedberg has worked with other authors on the subject of quality books, has written "Super Storytimes: A Guide for Care Givers," has served on many boards, and has presented at the National Association for the Education of Young Children. Ms. Segel has coauthored a book, published several articles, served on various committees—including the Hans Christian Andersen Award Committee and the Altruistic Projects Committee of the International Reading Association—and taught children's literature at the University of Pittsburgh.

The Leukemia Society of America is extremely fortunate to have Jeanne Caliguiri, winner of the December 1996 spirit award, serve as the director of Major Gifts. Her direction and service on various Pittsburgh boards, including the Pittsburgh Opera and the Salvation Army, shows her interest in the region and its community. Ms. Caliguiri is also interested in promoting the safety and well-being of children throughout southwestern Pennsylvania as a founding member of Girl's Hope and a board member of the George Junior Republic for boys. Her most impressive achievement to date is the foundation of the Richard S. Caliguiri Amyloidosis Research Fund, for which she has raised $600,000.

American Law is the centerpiece of the Honorable Kate Food Elliott's life. A member of the Superior Court of Pennsylvania and the January 1997 Woman of Spirit winner, Ms. Elliott serves as cochair of the Pennsylvania Bar Association's Women in the Profession Conference. She is on the board of advisors for Successful Women, Lawyers Concerned for Lawyers of Pennsylvania, and Step-by-Step, a community-based mental health organization.

Shampoo and psychotherapy go hand in hand for February, 1997 Women of Spirit winner, Dr. Lois Dabney-Smith. In 1975, Dr. Smith had just given birth to twins and decided that she needed to return to work. Her husband fashioned a small room in the rear of their home as a minisalon and Lois began to style hair. She explains her successful transition from beauty shop owner to psychotherapist as a natural. Women would walk into her salon and talk about the horrific behavior of their husbands who drank too much or couldn't keep a job. She enrolled full time at the University of Pittsburgh and received her doctorate in 1980. Today, Dr. Dabney-Smith is a nationally recognized expert on intervention.

Sister Michelle O'Leary embodies Carlow College's spirit and is the March 1997, winner of the Women of Spirit Award. As a Sister of Mercy, Michelle O'Leary is part of a proud tradition of holy women that have served Pittsburgh for 150 years through the Mercy Health System and at Carlow College. Sister O'Leary is president of the Ireland Institute of Pittsburgh, which was founded in 1989 to promote western Pennsylvanian interaction in the political, economic, and social stability of Ireland and Northern Ireland.

Selflessness is a quality that embodies a Woman of Spirit and Lucille Rawson demonstrates this with her service to Pittsburgh and the world. That is the reason she has been named the April 1997, recipient of the Woman of Spirit Award. For years, Ms. Rawson has served as owner and operator of Hospital Albert Schweitzer that serves the poor in Haiti. She also served as host to Haitians in the United States. One of her more notable services was as treasurer of the Bryn Mawr Vassar Book Club, which provides scholarships to needy students.

Mary Molyneux is the Carlow College Woman of Spirit for May 1997. After the death of her husband, Ms. Molyneux kept up the family business of Molyneux Tile and Carpet Store and expanded it to three locations. Ms. Molyneux also owns a religious gift and book store. She earned her certificate in pastoral ministry at Carlow College and has performed her ministry at St. Margaret Memorial Hospital in Pittsburgh. She has also created a volunteer group at that hospital. Moreover, she has done all this and raised four children.

The June 1997, Woman of Spirit is Sandra McLaughlin, a senior vice president of Mellon Corp. Ms. McLaughlin heads Mellon's Cooperate Affairs Department and she chairs the board of the Mellon Bank Foundation and the Corporate Contributions Committee. Over the years, Ms. McLaughlin has moved from a teller to a very senior position in this company. She is also very involved in a number of community organizations.

Kay Snyder, July 1997's award recipient, earned her masters degree in social work from the University of Pittsburgh. A widow who raised three daughters, Ms. Snyder is known as one of the most gentle and warm people at Allegheny General Hospital. Ms. Snyder had a knack for trauma social work, and she rapidly became a valued member of the hospital staff. Today she operates the injury prevention program at Allegheny General. She is an inspiration to us all and a true woman of spirit.

August 1997 is highlighted with Women of Spirit Award winner Dorothy Davis of Dickie, McCamey & Chilcote, a Pittsburgh-based law firm. She is an accomplished professional who still works time into her day for volunteer activities as director of the Mt. Lebanon Extended Day Program and as a volunteer for the Girl Scouts of southwestern Pennsylvania. A graduate of Carlow College and the University of Pittsburgh Law School, Ms. Davis has continued to be active in these institutions.

September 1997's Women of Spirit Award winner serves the public interest. Karen Wolk Feinstein has served on the faculty of major universities across the country including Boston College and Carnegie-Mellon University. In addition to the boards she sits on at National City Bank, Shadyside Hospital, and Carlow College, Ms. Feinstein is also a member of the University of Pittsburgh Health Science Wide Panel on Medical Ethics. Her last position was a senior VP of the United Way, Allegheny County. She currently serves as president of the Jewish Healthcare Foundation of Pittsburgh.

Mr. Speaker, all of these women are modern day role models, and their contribution to our community helps to make Pittsburgh a wonderful place to live. Women of Spirit can be found every day, but Carlow College allows them to shine. Each and every individual that I have spoken about has energy, enthusiasm, intelligence, compassion, and competence that is unmatched. I salute this year's Woman of Spirit Award recipients and wish them the best at this year's gala.

TRIBUTE TO THE 25TH ANNIVERSARY OF LEISURE MANOR HOUSING COMPLEX

HON. DAVID E. BONIOR

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Friday, September 5, 1997

Mr. BONIOR. Mr. Speaker, 25 years ago, on October 1, 1972, Leisure Manor, in the city of St. Clair Shores, began opening its 120 doors to residents. The residents and the community are proud to recognize the anniversary of the opening on September 11. They will honor this happy occasion with an afternoon celebration on the Leisure Manor grounds.

In 1965, the St. Clair Shores Housing Commission was organized to administer federally subsidized rental assistance programs. Their goal was to provide affordable housing for families, senior citizens, and those who are handicapped or disabled. Until the commission constructed Leisure Manor, the city of St. Clair Shores did not offer subsidized rental assistance programs for senior citizens.

Leisure Manor is more than an apartment complex, it is a community. The residents enjoy the social atmosphere and community environment. Leisure Manor allows tenants to share with neighbors a community room with kitchen facilities, laundry rooms, library, card shop, and lounges. The complex also encourages residents to take part in social activities such as bingo, card games, catered dinners, and trips.

During the past two and a half decades, Leisure Manor has provided senior citizens with a safe and happy community. I hope that in the future, more subsidized housing developments will follow Leisure Manor's lead. I would like to extend my congratulations and best wishes to the tenants, employees, and all the people who have made the Leisure Manor experience possible and enjoyable.

IN MEMORY OF OFFICER PAUL DEGUCH

HON. TIM ROEMER

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Friday, September 5, 1997

Mr. ROEMER. Mr. Speaker, I rise today to express my sorrow over the tragic loss of Officer Paul Deguch, a good friend and an outstanding public servant from South Bend, IN. I know Paul from when we worked together on the Impala sports program for children in public housing in South Bend. This is truly a sad time for the citizens of northern Indiana. While serving on duty during the evening of Monday, August 25, Officer Deguch made a self-initiated stop to investigate something he found suspicious. Suddenly and without warning, Paul was shot several times. Sadly, he died at St. Joseph County Medical Center shortly thereafter.

Mr. Speaker, Paul was a great family man and a talented police officer. He was a devoted husband and father, and it was very clear to all who knew Paul that his family was always his No. 1 priority. He enjoyed playing with his children, building their treehouse, tending his garden, enjoying his other hobbies including wine making, and exercising at Lynch's Gym in South Bend. Having been a star high school and college athlete, he enjoyed taking his family to "The Cove" for a baseball game, and teaching his three young children how to play T-ball. Additionally, Paul attended St. Mary of the Assumption Catholic Church and was a member of the Fraternal Order of Police Lodge No. 36.

Paul's wife, Annette, his family, friends, and coworkers will miss his infectious smile, his laugh, and his ability to bring sunshine to the most cloudy day. He was a role model as a police officer and as a public servant, and a role model for adults and children alike. Our hearts and spirits are burdened by the loss of a true and dedicated friend. Paul's death reminds us of the dangers that all law enforcement officers bravely and constantly encounter.

Mr. Speaker, Paul's 5-year-old son, David, summed up our feelings best, "At my Daddy's funeral, everyone will be sad." I want his entire family and friends to know that we share their loss and their grief. We will remember Paul Deguch as a kind and caring community leader, an irreplaceable member of our city, whose memory will inspire us forever.

FOREIGN OPERATIONS, EXPORT FINANCING, AND RELATED PROGRAMS APPROPRIATIONS ACT, 1998

SPEECH OF

HON. CORRINE BROWN

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 4, 1997

The House in Committee of the Whole House on the State of the Union had under consideration the bill (H.R. 2159) making appropriations for foreign operations, export financing, and related programs for the fiscal year ending September 30, 1998, and for other purposes:

Ms. BROWN of Florida. Mr. Chairman, I rise today in support of H.R. 2159 and to share my thoughts and observations with my colleagues concerning various aspects of this important legislation. As my colleagues know, numerous articles in the Wall Street Journal, New York Times, and other leading newspapers recently reported the retreat of some large American companies from Ukraine. I am pleased to know that the fiscal year 1998 foreign operations appropriations bill moves to address this problem by conditioning United States foreign assistance to Ukraine to economic reform and the elimination of corruption, allowing American companies to compete on a more level playing field.

As the representative from Florida's Third Congressional District, it is important for me to know that north Florida's international businesses can flourish without unnecessary interference. Some 2 years ago, when a north Florida company, Itera International Energy Corp. needed Ukraine to honor business contracts worth many millions of dollars, I wrote to then Secretary of State Christopher requesting his assistance, met with Ukraine's Ambassador in Washington, and wrote several letters to Ukraine President Kuchma.

Later, in December 1996, I traveled to the former Soviet Union to personally examine the business climate for American businesses in the region. It was a tremendously informative and educational experience, meeting with our U.S. Ambassadors, foreign government officials, and U.S. business leaders. I was particularly interested in the energy sectors of these countries because Itera, headquartered in Jacksonville, is actively engaged in the marketing of natural gas to Ukraine and other countries of the former Soviet Union. I also was interested in other areas of trade and development for northern Florida, particularly transportation, agriculture, and tourism. Further, as a representative of the American taxpayer, I wanted to ensure that U.S. foreign assistance was the most cost effective and was used for the purpose for which it was provided.

I learned that the same problems that have plagued Itera have plagued many other American companies. Contractual agreements, accounting methods, and political attitudes are some of the many areas where there is room for differences of opinion, corrupt practices, and a difficult dialog.

All of this made me realize what is most important in the former Soviet Union: for old government institutions to give way to young, private companies that can create new global markets. In the process, business contracts must be fulfilled. When private enterprise is not allowed to flourish, government corruption is often a primary reason.

Itera, for example, despite the odds against it, is an adaptable, entrepreneurial company which has been able to market natural gas to the former Soviet Union by establishing business and personal relationships so necessary for business in the region. I am informed that Itera is now actively engaged in a joint venture with the Government of Armenia and Russia's largest gas company, to provide enhanced natural gas transportation and distribution facilities in Armenia. This will provide strong support for the economic well being for the people of Armenia and the region.

I will continue to work with my constituents to expand commerce around the world—to the benefit of all citizens. This will, I believe, contribute to peace in our time and to peace for future generations.

RECOGNIZING THE LIFE OF BETTY SHABAZZ

SPEECH OF

HON. LOUIS STOKES

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 3, 1997

Mr. STOKES. Mr. Speaker, I want to thank my colleague, the gentlelady from the District of Columbia, Representative ELEANOR HOLMES NORTON, for hosting this special order. We join ELEANOR as she pauses to pay tribute to her special friend and one of this Nation's great leaders, the late Dr. Betty Shabazz. It is more than fitting that we acknowledge the passing of this distinguished and gifted individual.

The passing of Dr. Betty Shabazz leaves us to mourn a mother, educator, and human rights leader. Betty was a young mother when she witnessed the brutal assassination of her husband, Malcolm X, in 1965. She moved from the shadows of her husband's life to become a leader in her own right. At a memorial service which was held in her honor, Dr. Betty Shabazz was remembered as an educator, college administrator, child advocate, civil rights leader, keeper of Malcolm X's legacy, and nurturing mother. These words describe an individual who rose above every challenge which confronted her. By doing so, she taught us a valuable lesson about courage, compassion and dignity.

I also had the opportunity to know this great lady during her lifetime. She was intelligent, personable, and someone whom I deeply admired. My wife, Jay, and I both always enjoyed seeing and talking with her, usually at the annual Congressional Black Caucus Annual Weekend here in Washington, DC. Her devotion to her family and the legacy of Malcolm X was something we admired. We also admired the manner in which she persevered and acquired her education and became distinguished in her own right.

Mr. Speaker, President Clinton praised Dr. Shabazz as an extraordinary woman whose life is an inspiration to all of us. We are saddened to lose the remarkable gift and vision of Dr. Shabazz. We also recognize the fact that Betty's family is in need of our prayers in the days ahead. I express my sympathy to her family, ELEANOR, and many others who shared a close personal friendship with Dr. Betty Shabazz. While her death leaves a void, we know that Dr. Shabazz has left a legacy that will stand the test of time.

FOREIGN OPERATIONS, EXPORT FINANCING, AND RELATED PROGRAMS APPROPRIATIONS ACT, 1998

SPEECH OF

HON. KEN E. BENTSEN

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 4, 1997

The House in Committee of the Whole House on the State of the Union had under consideration the bill (H.R. 2159) making appropriations for foreign operations, export financing, and related programs for the fiscal year ending September 30, 1998, and for other purposes:

Mr. BENTSEN. Mr. Chairman, I rise to support the fiscal year 1998 foreign operations appropriations bill, especially the $3.1 billion in aid to Israel.

Especially at this critical juncture of the peace process, the United States must continue to support Israel and help assure its security as it takes the very difficult steps needed to secure peace. Any cuts in foreign aid to Israel now could damage Israel's security, its negotiating posture, and the peace process, as well as other United States interests in the region. As one of the United States strongest allies and the only true democracy in the Middle East, Israel is certainly deserving of this support. This is especially true as Israel faces renewed threats of terrorist attacks such as those on the Mahane Yehunda market place on July 30, 1997 and on the Ben Yehuda pedestrian mall just yesterday. I condemn these cowardly attacks, which underscore the need for continued United States assistance and cooperation in ensuring Israel's security.

I want to emphasize that foreign aid to Israel is in the United States' strategic and economic best interest. Israel is the most reliable ally of the United States in the Middle East and continued foreign aid funding will maintain a solid partnership with the United States. Because of the depth of the United States-Israel relationship and the permanence of Israel's democracy, the United States knows we can depend on Israel in a crisis. By its continued support of Israel, the United States honors a historic commitment to a fellow democracy with which we share unique security, economic, and cultural ties.

I am especially pleased by the growing relationship between Israel and my State of Texas. Texas and Israel are substantial trading partners, sharing economic interests in telecommunications, medical technology, high-technology computers, and agriculture. In 1996, Texas exports to Israel totaled nearly $580 million in goods and services, which represented an 89 percent increase since 1995. With regard to medical technology, Israel and Texas have established many joint research programs. For example, the Texas-Israel Telemedicine Exchange has brought together the Texas Children's Hospital in Houston and the Rabin Medical Center in Petach Tikvah in developing a telemedicine framework for Israel's hospitals and health care clinics. As this partnership continues to develop, new business opportunities will make the economies of Texas and Israel stronger and more competitive in the 21st century.

The United States has a strong national interest in bringing peace, stability, and economic growth to one of the most strategic and potentially destabilizing regions of the world. The United States can best achieve these goals by continuing its commitment to ensuring Israel's security. I urge my colleagues to continue a proud tradition of support for Israel and to recognize that our Nation's national interests will be reinforced by voting for this appropriation.

* * *

CONGRESSIONAL TRIBUTE TO MIKEL RYAN

HON. STENY H. HOYER

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Friday, September 5, 1997

Mr. HOYER. Mr. Speaker, I rise today to recognize Mikel Ryan for his contribution to the national defense and economic health of the United States. Mr. Ryan has displayed outstanding leadership in a wide ranging civil service career that culminated as Chairman of the Department of Defense Range Commander's Council Frequency Management Group.

Mr. Ryan received a B.A. in telecommunications from the University of Northern Colorado in 1981, and has done graduate work in telecommunications at Colorado State University.

On August 26, 1997, Mr. Mikel Ryan completed his 2-year tenure as Chairman of the Department of the Defense Range Commander's Council Frequency Management Group [FMG]. Under Mr. Ryan's leadership, the FMG greatly enhanced its role assisting the development of national spectrum policy that affects the test range spectrum requirements and issues to senior level DOD personnel. In addition, he enhanced the links between the DOD and the civil aerospace industry, a key component of the national economy. Mr. Ryan's leadership of the FMG minimized negative effects of recent losses of Federal spectrum access on the entire DOD test range structure.

Currently, Mr. Ryan heads the Mid-Atlantic Area Frequency Coordination Office at the Naval Air Warfare Center Aircraft Division at Patuxent River, MD. He is responsible for frequency management for the entire division. Mr. Ryan is also the executive coordinator for the automated spectrum planning, engineering, coordination, and tracking system. This system is the frequency management software with over 2,300 users worldwide.

Mr. Ryan has over 23 years of experience in the U.S. Government in communications. He joined the U.S. Army in October 1973, and served as a paratrooper/radioman in the 82d Airborne Division for 3 years. After earning his special forces qualification in September 1977, Mr. Ryan served as a senior communications sergeant on an operational detachment in the 19th Special Forces Group Airborne, Aurora CO. In August 1982, Mr. Ryan joined the 11th Special Forces Group Airborne.

Mr. Ryan's greatest contribution has been his exceptional leadership and support to the entire spectrum of the Nation's wide variety of policies, including support for the test and operation of highly complex National defense systems, and the civil aerospace industry. He has played a key role in assuring that there is spectrum available to support the test and operation of highly complex National defense systems, and the economic health of the United States. Thanks in large part to Mr. Ryan's diligence and committed hours of persistent and effective coordination, the National Test Range spectrum requirements has become an integral part of the daily defense operations. His support for defense and economic health will have a long lasting impact. Mr. Ryan's development of new range policies and increased cooperation is the cornerstone of a growing 21st century.

The United States is indeed indebted to Mr. Mikel Ryan for his selfless and distinguished service. Mr. Ryan, your outstanding leadership and ceaseless efforts have laid a solid foundation for the development of range policies. We offer our thanks and appreciation for a job well done and wish you continued success in the future.

* * *

UNITED STATES AIRMEN HELD IN GERMANY'S BUCHENWALD CONCENTRATION CAMP DURING WORLD WAR II

HON. DAVE WELDON

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Friday, September 5, 1997

Mr. WELDON of Florida. Mr. Speaker, on June 10 Representative PETER DEUTSCH and I introduced House Concurrent Resolution 95, a resolution that would officially honor United States airmen held in Germany's Buchenwald concentration camp during World War II. Senators TIM HUTCHINSON and JOSEPH LIEBERMAN introduced an identical resolution in the Senate the same week. Our bill recognizes the service and bravery of 82 U.S. airmen, who were the only U.S. soldiers ever held in a concentration camp.

At the time I introduced the bill, I submitted a list of U.S. military prisoners that had been held in Buchenwald, but inadvertently left off some of those names. The list I have included below is a complete list and corrects that earlier mistake. I would appreciate your inclusion of this new list in the CONGRESSIONAL RECORD.

LIST OF WW II AMERICAN AIRMEN HELD AT BUCHENWALD CONCENTRATION CAMP

UPDATED SEPTEMBER 5, 1997

Not located (5)

Freeman, E.C.; Hanson, J.T.; Horrigan, R.J.; Scharf, B.T.; and Scott, G.W.

Deceased (33)

Alexander, William; Allen, Roy W.; Appleman, S.M.; Beck, Levit C.; Bozarth, J.W.; Chapman, Park; Crouch, M.E.; Dearey, R.W.; Duncan, James H.; Edge, W.L.; Fix, E.E.; Granberry, W.L.; Heimerman, L.A.; Hoffman, R.B.; Horwege, G.L.; and MacLenahan, J.H.

Martini, F.; Masters, L.O.; Mauk, W.E.; Mikel, G.; Pecus, Steve; Pederson, J.W.; Pennel, Sam; Salo, L.H.; Smith, J.W.; Stralka, P.A., Jr.; Suddock, D.E.; Vallee, E.; Vance, Ira E.; Vincent, E.H.; Wilson, P.J.; Wojnick, R.J.; and Zeiser, J.

Still living (44)

Bauder, W.F.; Bedford, R.L.; Bowen, C.E.; Brown, R.H.; Carr, F.W.; Chalot, J.A.; Chessir, D.; Coats, B.A.; Cowan, F.K.; Coffman, J.D.; Dauteul, D.F.; Denaro, Joe; Fore, J.W.; Hastin, J.D.; Hilding, R.D.; Hunter, H.F.; Johnson, R.T.; King, Myles A.; Larson, M.E.; Little, B.S.; Ludwig, E.F.; and McLaughlin, D.G.

Mitchell, G.E.; Moser, J.F.; Pacha, A.M.; Paxton, S.K.; Powell, W.; Raynolds, N.L.; Richey, G.T., Sr.; Ritter, E.W.; Roberson, C.W.; Ryherd, W.H.; Shearer, D.R.; Sypher, L.H.; Thompson, W.A.; Vratney, Frank; Watson, J.P.; Ward, Robert; Williams, W.J.; Zander, A.E.; Phelps, B.F.; Pelletier, A.J.; Friel, Edward J.; and Petrich, M.R.

HIGHER EDUCATION MADE MORE AFFORDABLE

HON. RON PACKARD

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Friday, September 5, 1997

Mr. PACKARD. Mr. Speaker, with global technology and competition what it is today, a quality education is more important than ever. Middle-class families work hard day-in-and-day-out in order to save enough money to afford college for their children. They should not be punished by a perverse Washington tax system that demands more and more money from families. They should be allowed to keep more of their money. After all, it is their money.

Fortunately, furthering one's education after high school has just been made more affordable and accessible with the enactment of the Taxpayer Relief Act. Various education tax incentives, such as the $1,500 HOPE tax credit and the Lifetime Learning credit, will bring the dream of a college education more within reach than ever before.

But while it is important to make higher education more accessible, we must also ensure that future college students are prepared to enter the halls of higher learning. We need to focus on providing the best possible education system at the elementary and secondary levels. Money should go directly into the classroom and be spent wisely on classroom instruction, not wasted on education bureaucracy.

As a father, grandfather, and former member of the Carlsbad, California School Board, I take a personal interest in providing quality education for our children. Parents and local school boards know best what their children's educational needs are—not bureaucrats in Washington. Families should not only have the opportunity to choose the educational path that is best-suited for their kids' needs, but education should be affordable and accessible for all. The education tax incentives in the Taxpayer Relief Act do exactly that.

SALUTE TO CHARLES WILLOUGHBY

HON. JAMES V. HANSEN

OF UTAH

HON. HOWARD L. BERMAN

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Friday, September 5, 1997

Mr. HANSEN. Mr. Speaker, my colleague, Mr. BERMAN, and I rise today to pay tribute to Mr. Charles Willoughby who, after 7 years of loyal service to the Committee on Standards of Official Conduct, is leaving to become senior associate general counsel at Howard University. We wish Chuck well in this new endeavor.

We join past committee members in expressing gratitude to Chuck for his dedicated service to the committee. Chuck came to the committee from the U.S. Attorney's Office in the District of Columbia. He served the committee in both its investigation function as well as its education function. He has served the committee in difficult times yet always with dignity and grace, with a spirit of bipartisanship, and a deep respect for the House of Representatives.

Chuck has served the committee under four different chairmen. We speak for all of them in thanking him for his dedication to the committee and a job well done. In saying goodbye to Chuck, we say goodbye to someone universally liked and respected—a very difficult compliment to obtain in our business.

We wish our friend Godspeed in his new position and will remember his excellent service to the House of Representatives.

TRIBUTE TO PHIL HOLLYWOOD

HON. FRANK PALLONE, JR.

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Friday, September 5, 1997

Mr. PALLONE. Mr. Speaker, on Saturday, August 23, one of the races at Monmouth Park in Oceanport, NJ, was dedicated to Mr. Phil Hollywood, a native of my hometown of Long Branch, NJ, who has distinguished himself as a business leader in our Nation's Capital. It is an honor for me to join in paying tribute to this good friend and great citizen.

Phil Holywood was born in Long Branch, attended grade school at the Lyceum, and served as an altar boy at Star of the Sea Roman Catholic Church. While attending Red Bank Catholic High School, he worked as a stockboy at the local Woolworth's and as a part-time caddie at the Old Orchard Country Club in Eatontown, NJ. After high school, he enlisted in the Navy, serving on a destroyer in the South Pacific during World War II. After the war, he took a job as a desk clerk at the Shoreham Hotel in Washington, a venerable Washington landmark. He stayed there for 47 years, rising to the position of vice president and managing director, while also serving in various capacities for the Hotel Association of Washington.

During this storied and distinguished career, he had the honor of greeting many Presidents of the United States as well as many foreign leaders. Mr. Hollywood was Inaugural housing director for three Presidential Inaugurations. While he was always extremely attentive to the needs of the eminent visitors to the Shoreham, Phil Hollywood extended special care to guests from Monmouth County and especially Long Branch.

Phil retired in 1991, and he resides in Washington with his wife Brinda. Their two daughters and three grandchildren all live nearby.

Mr. Speaker, it is an honor for me to join with the many friends of Phil Hollywood in paying tribute to the many accomplishments of this Long Branch boy who made for himself a great career in Washington but never forgot his native roots.

NURSING HOME PUBLIC INFORMATION ACT OF 1997

HON. EDOLPHUS TOWNS

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Friday, September 5, 1997

Mr. TOWNS. Mr. Speaker, when millions of Americans must make the difficult decision to put an aging relative in a nursing home, we trust the institution to care properly for our loved ones. But as a recent General Accounting Office [GAO] study points out, nursing homes across the United States don't always treat the 1.8 million residents like family.

At a time when the nursing home industry is undergoing explosive growth as a result of an aging population, my recently introduced Nursing Home Public Information Act of 1997 would allow families to make an informed choice when choosing a nursing home. By directing HHS to publicly disseminate information currently compiled in databases maintained or available to HHS concerning nursing homes, this bill takes a step in the right direction toward educating the public.

While most nursing homes adhere to Federal and State regulations, each year billions of dollars are lost to fraud and abuse. According to the GAO, Federal Medicare and Federal/State Medicaid programs paid nursing home providers more than $35 billion in 1995. The Department of Justice estimates that as much as 10 percent is lost to fraud and abuse.

By aggressively targeting five States, the Department of Health and Human Services [HHS], through Operation Restore Trust, has obtained 74 criminal convictions and recovered $67.3 million for Medicare. More than four dozen civil suits have collected $72.8 million in fines and settlements, and companies have returned another $47.4 million.

Convicting abusive providers, levying fines, recovering overpayments, negotiating settlements—all these actions are necessary to reduce fraud and abuse. But they will never be more than the second best way to do this. The best way is to prevent fraud, abuse, and waste from occurring in the first place. This requires informing the public. As a recent Government Reform and Oversight Human Resources Subcommittee hearing revealed, the public receives little or no information relating to fraud, abuse, and quality of care in nursing homes.

Mr. Speaker, I urge my colleagues to join my efforts to assist millions of families across the Nation by supporting the Nursing Home Public Information Act of 1997.

25TH ANNIVERSARY OF THE NORTHEAST COUNCIL OF SENIOR CITIZENS, INC.

HON. ROBERT A. BORSKI

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Friday, September 5, 1997

Mr. BORSKI. Mr. Speaker, I rise to pay tribute to an organization in my district that serves as a unified voice of senior citizens.

It was 25 years ago this week—on September 13, 1972—that six senior citizen clubs gathered for a meeting in which they formed the Northeast Council of Senior Citizens, Inc., also known as the Region V, Archdiocesan Senior Citizen Council.

An ecumenical, nonpartisan, organization for senior citizens, their mission was simple: to develop programs which would promote the health, welfare, spiritual growth, safety and protection of senior citizens in northeast Philadelphia.

Over the past 25 years, the Northeast Council has grown to include 52 senior citizen clubs with a membership of over 10,000 elderly citizens. Its commitment to improving the quality of life for seniors in Philadelphia grows stronger each day.

Mr. Speaker, the Northeast Council of Senior Citizens, Inc. serves as a positive role model for older Americans across the country. It consistently demonstrates that seniors can gather together, share common interests and ideas, and speak in a powerful, unified voice on issues important to this large segment of our population.

The council regularly holds meetings, seminars, brainstorming sessions, dinners, picnics, and social events. In addition, the council supplies knowledgeable speakers and distributes literature, keeping seniors well informed of current issues which directly affect their lives. In many ways, the members serve as the eyes, ears and powerful voice of the senior community—a voice I listen to frequently.

The Third Congressional District of Pennsylvania, which I represent, is the 20th oldest district, by population, in the country. Over 100,000 constituents—1 of every 5—is over the age of 65. Issues like Social Security, Medicare, nursing homes, and long-term health care are of great concern to them and their families.

An organization like the Northeast Council of Seniors brings our elderly citizens together to discuss these crucial issues. Their passionate opinions also remind me of the responsibility I have to ensure that their concerns are addressed.

The Northeast Council of Senior Citizens brings together the most dedicated and energetic members of our senior community. By uniting the most active and energetic seniors who are dedicated to improving the quality of life for their fellow men and women, these individuals are doing much to dispel stereotypes of the aging community, and encouraging people of all ages to be active and involved.

Mr. Speaker, it is my privilege to represent the men and women who belong to the Northeast Council of Senior Citizens. I ask you and my colleagues to support this commendation and congratulate the Northeast Council of Senior Citizens as they observe their 25th anniversary as an organization, and join me in wishing them many more years as a positive and active force in Philadelphia.

DEPARTMENTS OF LABOR, HEALTH AND HUMAN SERVICES, AND EDUCATION, AND RELATED AGENCIES APPROPRIATIONS ACT, 1998

SPEECH OF

HON. SUE W. KELLY

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 4, 1997

The House in Committee of the Whole House on the State of the Union had under consideration the bill (H.R. 2264) making appropriations for the Departments of Labor, Health and Human Services, and Education, and related agencies for the fiscal year ending September 30, 1998, and for other purposes:

Mrs. KELLY. Mr. Chairman, I rise today in strong opposition to the Istook amendment and in support of the Porter substitute.

This legislative body needs to wake up and realize that, whether we like it or not, teens across America from all types of families—dysfunctional and solid—are having sex. Now, do we ignore the facts in adherence to our utopian principles of parental guidance and abstinence sacrificing our children and their future in the process? Or do we accept the facts and work to educate our children in hopes of encouraging abstinence, preventing devastating sexually transmitted diseases, preventing abortion, and preventing unintended pregnancies

There is another fact being overlooked here as well. Family planning clinics already are required to encourage teens to talk with their parents about reproductive health issues—but guess what—some parents aren't talking. In fact, some parents treat sex as such a taboo that their children are left to learn on their own with no guidance at all, when poor decisions can prove deadly. Other parents are abusive, leaving teens to take care of themselves. This is not a perfect world.

Members in favor of the Istook amendment cite a tragedy in Illinois where a 37-year-old teacher took a 13-year-old student, with whom he was having a sexual relationship, to a federally funded clinic for contraceptives. This is indeed a tragedy and that teacher needs to be put away for a very long time. But to claim that his relationship is the result of the existence of title X clinics is dishonest and misleading.

This relationship was going on prior to their visit to a title X clinic and, had the girl disclosed that her partner was an adult authority figure, by law he would have been reported. This crime was committed by this perverted teacher, not the family planning clinic.

I do not stand here today to trivialize the seriousness of this appalling case. In fact, the substitute amendment being offered by Chairman PORTER requires that clinics provide counseling to minors in recognizing and resisting attempts of coercion by their partners.

Please open your eyes and support the Porter substitute. It is a matter of health. Don't let unrealistic ideology sacrifice the futures of our children.

FOREIGN OPERATIONS EXPORT FINANCING, AND RELATED PROGRAMS APPROPRIATIONS ACT, 1998

SPEECH OF

HON. ESTEBAN EDWARD TORRES

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 4, 1997

The House in Committee of the Whole House on the State of the Union had under consideration the bill (H.R. 2159) making appropriations for foreign operations, export financing, and related programs for the fiscal year ending September 30, 1998, and for other purposes:

Mr. TORRES. Mr. Chairman, the recent release by the CIA of roughly 5 percent of the documents in its possession which pertain to its 40-year-old controversial role in Guatemala provides extraordinary insights into the lengths to which the U.S. Government was prepared to go in order to achieve its cold war antisubversion goals. The documents provide a good argument for the need to close institution like the School of the Americas [SOA], a product of an era in which a growing consensus of critics say Washington's paranoia was enshrined as its official Guatemalan policy. The following research memorandum, authored by Gretchen Oelsner, research associate for the Council on Hemispheric Affairs, demonstrates the need for the United States to end its support for the School of the Americas.

TORRES AMENDMENT

The School of the Americas was instrumental in providing the venue for covert liaisons with key Guatemalan army personnel, often resulting in longstanding relationships. By training their young officials, and subsequently recruiting some of them for the CIA's payroll, Washington was able to ensure cooperation with its anti-Communist policy, even at the eventual cost of a friendly country's sovereignty and democratic institutions. On Wednesday, July 9, Representative ESTEBAN TORRES introduced an amendment to the Foreign Aid appropriations bill which would have limited funding for the School of the Americas, but it was defeated by a narrow margin (23–21). The tight vote suggests that there is hope that the School of the Americas eventually will be closed down. It is imperative that the amendment on the floor today succeed because its approval would be an important step in ending a legacy of human rights violations by U.S.-trained members of the Guatemalan armed forces.

CIA involvement in Guatemala began when the country's popularly elected president Jacobo Arbenz threatened in the early 1950's to nationalize mainly underutilized land holdings controlled by the United Fruit Co. and offered to remunerate the U.S. Goliath at the artificially low rate of assessment that the company itself had placed on its land for tax purposes. With strong personnel connections to Secretary of State John Foster Dulles and his brother, Director of Central Intelligence Allen Dulles, the company was able to arrange for the CIA to inaugurate an effective scenario in response to fast-breaking developments in the country. By backing Lt. Col. Castillo Armas, one of its contracts in the Guatemalan Army, the State Department, along with the CIA, orchestrated a successful coup against Arbenz in 1954. Forty years of terror, torture, and death squad activity followed, often in part funded and directed by Washington, which resulted in the deaths of more than 150,000 civilians.

MYSTERIOUS DEATHS

The most recent instance of CIA activity in the country involved the suspicious deaths of Michael DeVine in 1990 and Efrain Bámaca Velásquez in 1992. DeVine, a U.S. citizen, was an innkeeper residing in the Peten, a heavily forested region of the country known for its Mayan antiquities and valuable hardwood. Later, it was established that he had been assassinated and beheaded by a Guatemalan military unit in June 1990, perhaps after he happened upon a smuggling operation being run out of the zone's military compound. In response to this grisly incident, and to the Guatemalan military's failure to comply with a promised vigorous investigation into the circumstances behind DeVine's death, Congress ceased aid shipments to the Central American country. However, the CIA was quick to replenish the funding gap. Both the Clinton and Bush administrations admit that $5 to $7 million were secretly funneled annually to the Guatemalan Armed Forces, though Bush officials insist the funds were used to pay CIA sources and placate the armed forces, not for the purchase of weapons.

Another victim of the violence was Efraín Bámaca Velásquez, a leftist guerrilla leader married to Washington, DC lawyer Jennifer Harbury. Contrary to information provided at first by Guatemalan military reports as well as United States diplomats, a United States Defense Intelligence Agency document stated that "Bámaca was not killed during a firefight with army troops, but was captured, interrogated, and killed."

PUTATIVE MURDERER REMAINS A FREE MAN

Col. Julio Roberto Alpírez, a senior intelligence officer and SOA alumnus, implicated in the murders of both Bámaca and DeVine, acknowledges that he 'routinely exchanged information with CIA officials." White House officials also have conceded that Alpírez received at least $60,000 from the CIA during 1990–92. In July 1992, shortly after embarrassing details of Alpírez's complicity in Bámaca's execution had surfaced, the agency terminated his contract, awarding him $44,000 in severance pay. While a later report by the CIA's Intelligence Oversight Board found that its agents neither had ordered nor had prior knowledge of DeVine's death, and that there was no way to definitively determine responsibility for Bámaca's killing, Justice Department officials did admit Alpírez was involved in DeVine's murder. Even though further evidence had indicated that the colonel ordered DeVine's death and supervised the torture and execution of Bámaca, he was later exonerated by Guatemalan officials. Outside observers maintain that it is astonishing that the agency claims to have had no knowledge of the murder of the U.S. citizen, even though one of its paid informers was involved in his death. This is especially so in the case of the guerrilla fighter Bámaca, whose cause the agency was spending millions of dollars annually to eliminate. Critics speculate that the CIA station chief felt it important that Bámaca be neutralized, so the agency sanctioned local Guatemalan authorities led by Alpírez, to have him tortured and killed.

SCHOOL OF THE AMERICAS

Colonel Alpírez received important training at the ill-reputed School of the Americas, located at Fort Benning, GA, but then based in Panama. In fact, he attended the school twice, once in the Combat, Arms and Support Services in 1970, and later at the Command and General Staff College in 1989, just before he was involved in the high-profile murders. This institution has earned the nicknames "School of Coups" and "School of Assassins" because of the activities of many of its alumni—some of whom later gained renown as the worst human rights abusers in Latin America. Former Panamanian President, Jorge Illueca, had no trouble terming the school the "biggest base for destabilization in Latin America."

The institution teaches combat skills, counterinsurgency operations, sniper fire, military intelligence, commando tactics and psychological warfare. When the Pentagon finally released the controversial training manuals used at the facility after their contents already had begun to leak, pages were found in them advocating such interrogation techniques as blackmail, detaining the innocent relatives of those being questioned, torture and murder.

The clandestine tactics promoted by the CIA coincided with some of the training being offered at the institution. Subsequently, many SOA graduates, after having been signed on by the CIA, almost routinely were responsible for the torture and disappearance of "subversives" during the region's civil wars. According to the advocacy group, School of the Americas Watch, the school's alumni have been responsible for choosing targets for assassination, fashioning genocidal strategies which essentially legalized military atrocities throughout the eighties, helped plan and implement ex-President Sermon's 1993 auto-coup and were the architects behind numerous extrajudicial executions. In addition, General Edgar Godoy Gaitán, Gen. Luis Francisco Ortega Menaldo, and Col. Otto Perez Molina were some of the SOA Guatemalan alumni who were on the CIA payroll as well as implicated in right-wing death squad killings.

The Nation magazine, April 17, 1997, reported that U.S. undercover agents on the CIA payroll for decades had worked inside the Guatemalan G–2 army unit, one of the two brains behind the terror state, and which was known to have been responsible for the torture and murders of thousands of civilians. According to former military strongman Oscar Huberto Mejía Victores, Guatemala's death squads were initiated in the 1960's by the CIA. Ortega Menaldo and Perez Molina both served as leaders of the G–2 forces during the eighties and nineties, at a time when its death squad activities and drug trafficking roles already were established.

In the same way the U.S. Government denied knowledge of Bámaca's death, they did not admit some of the subject matter taught at the SOA. Only after then-Representative Torrecelli revealed the details of the rebel's death was the White House forced to confess its connections to the Guatemalan operations and its knowledge of the circumstances of Bámaca's death. It was not until a dirty tricks training manual was discovered and made public that Washington was forced to confess that it teaches terror tactics.

Final closure to Guatemala's endless civil war cannot occur until the School of the Americas is shut down and culpable military and political figures are held accountable for their actions in the murders of United States and Guatemalan citizens.

SENATE—*Monday, September 8, 1997*

The Senate met at 11 a.m., and was called to order by the President pro tempore [Mr. THURMOND].

PRAYER

The Chaplain, Dr. Lloyd John Ogilvie, offered the following prayer:

"If we pray, we will believe;
"If we believe, we will love;
"If we love, we will serve."

These words of the late Mother Teresa of Calcutta call us to prayer.

Almighty God who cares profoundly for the lost, the lonely, the sick, and the suffering, we express our gratitude for one who has allowed her heart to be broken by what breaks Your heart. We thank You for the life of Your loyal servant, Mother Teresa.

Lord, You have told us that what we do for the least, we do for You. We thank You for the way You came to her in the poor and suffering and they were cared for as if ministering to You.

Like Jesus, she did not seek to be served but to serve. She has shown us the value of every person You love. The spirit of love pulsated through her. She was a riverbed for the flow of Your grace for the castoffs of society. Her own prayer expresses our desires:

"Make us worthy, Lord to serve our fellow men throughout the world who live and die in poverty and hunger. Give them, through our hands, this day their daily bread; and by our understanding love, give peace and joy."

As we have seen what You can do through a person totally committed to You, and unreservedly dedicated to love as You love, we are moved to rededicate our own lives to sacrificial service and receive supernatural power to give ourselves to those who hurt and need hope, who suffer and long for strength. One life to live; t'will soon be past; only what's done for You will last. In the name of our Lord and Saviour. Amen.

RECOGNITION OF THE MAJORITY LEADER

The PRESIDENT pro tempore. The able majority leader, Senator LOTT of Mississippi, is recognized

Mr. LOTT. Thank you, Mr. President.

SCHEDULE

Mr. LOTT. Mr. President, today, the Senate will resume debate on the motion to proceed to S. 830, the Food and Drug Administration reform bill. Under the previous order, there are 4 hours of debate remaining on the motion to proceed equally divided between Senator JEFFORDS and Senator KENNEDY. I believe Senator JEFFORDS is on the floor ready to use his share of the time.

Following the expiration or yielding back of time, the Senate will resume consideration of S. 1061, which is the Labor-Health and Human Services appropriations bill. Also under the order that was agreed to, a vote on an amendment relating to S. 1061 is expected around 5 p.m. today. In addition, Members are reminded that under the consent, all amendments remaining in order to the Labor-HHS appropriations bill must be offered by the close of business today.

Any further votes ordered on amendments to the bill, S. 1061, or other votes, will be stacked to occur on Tuesday at a time to be determined. And we will consult with the Democratic leader about what those amendments will be or other votes and what time they will actually occur.

In addition, under the previous order, the Senate will begin consideration of the FDA reform bill following the disposition of S. 1061, but not before 4 p.m. on Tuesday, although it is my hope that certainly by 5 o'clock on Tuesday we will be working on the substance of the FDA bill.

Members can expect then that the Senate will complete the Labor-HHS bill, the FDA reform bill, and we will begin then with the Interior appropriations bill this week. Whether we will be able to finish that, how late we will have to go on Wednesday night or Thursday night or whether or not we will have votes on Friday will depend on what kind of progress we make during the day Tuesday, Wednesday, and Thursday.

The next rollcall vote then will be at 5 o'clock today on an amendment related to the Labor-HHS appropriations bill or other vote that we may get worked out.

TRIBUTE TO MOTHER TERESA

Mr. LOTT. Mr. President, like the Chaplain, and on behalf of the Senate, I would like to pay tribute today to Mother Teresa. I know that I am speaking for every Member of the Senate in expressing our sorrow in the loss of Mother Teresa, this wonderful lady.

At the same time, we realize that if ever there was a life well lived, it was hers. Her passing helps us understand the psalm's comfort for those who mourn, that "precious in the eyes of the Lord is the death of His faithful ones."

Only 3 months ago, Mother Teresa came here to the Capitol. She joined us as we gave to her the Congressional Gold Medal in support of her work for the poorest of the world's poor. Even then, everyone present understood that it would only be a matter of time before her work, never finished, would rest in other hands.

But what an honor it was for us to meet her. The leaders were there, and the Members of the House and the Senate. That was a special occasion. We all felt touched by this elderly lady, who at once was so frail and at the same time so tough and so unconcerned about anything except the suffering of others.

This was a lady who, on an earlier visit to Washington, when she was being escorted to a White House car waiting to take her to the airport, inquired about how her companions would get to the airport. When she was told they would go in a different vehicle, she declared everyone must stay together and take the bus.

To put it mildly, fame, and accolades were not important to her. What was important to her—what shaped her life from the Balkan village where she was born to the places of power where she was honored—was a devotion to the most vulnerable members of the human family, especially children, both before and after their birth.

When she first visited the Capitol back in 1981, one of our colleagues, then Senator James Buckley of New York, remarked, "There is no telling what may be started by someone like her, who plays with fire by striking sparks off the flinty heart."

Today, 16 years later, it is magnificently clear what she did start, literally around the world. Out of her poverty, she enriched mankind. Out of her loneliness, she showed us the heights of the human spirit. From the perspective of this century's end, we have a better understanding of what true greatness really is.

The monsters of our era—Mao, Stalin, Hitler, and the rest—they and their ideologies are in the trash heap of history. But what Mother Teresa launched, with bare hands and with an open heart, is going to last far longer than anyone can imagine.

Sad as our loss of her may be, we should not forget that her passing would not be viewed by her as a tragedy, but as a triumph. She had that assurance from the person to whom she gave her life, who surely has said to her, "I was hungry, and you gave me to eat. I was thirsty, and you gave me to drink."

So as we celebrate her life, let us now celebrate her joy.

● This "bullet" symbol identifies statements or insertions which are not spoken by a Member of the Senate on the floor.

Mr. President, I yield the floor.

FOOD AND DRUG ADMINISTRATION MODERNIZATION AND ACCOUNTABILITY ACT OF 1997—MOTION TO PROCEED

The PRESIDING OFFICER (Mr. DEWINE). The clerk will report.

The assistant legislative clerk read as follows:

A bill (S. 830) to amend the Federal Food, Drug, and Cosmetic Act and the Public Health Service Act to improve the regulation of food, drugs, devices, and biological products, and for other purposes.

The Senate resumed the consideration of the motion to proceed.

Mr. JEFFORDS addressed the Chair.

The PRESIDING OFFICER. The Senator from Vermont is recognized.

Mr. JEFFORDS. First, I want to thank the majority leader for, I think very aptly and appropriately and eloquently, expressing our thoughts about Mother Teresa. All of us were moved by her life, and all feel similarly as to his feelings about what she did for all the people of the world.

Mr. President, today, we move forward again on the motion to proceed with respect to the reform of the FDA bill, S. 830.

Under the Federal Food, Drug, and Cosmetic Act, Food and Drug Administration commonly known as FDA, has two important functions: First, the review and approval of important new products that can improve the public health, such as lifesaving drugs, biological products, and medical devices; and second, the prevention of harm to the public from marketed products that are unsafe or ineffective. Since 1938, the Federal Food, Drug, and Cosmetic Act has been amended numerous times to expand the FDA's mission to ensure that only safe or ineffective products are marketed.

But the act has been changed only once, by the Prescription Drug User Fee Act of 1992, commonly called PDUFA, to strengthen the FDA's ability to review and approve expeditiously important new products that can improve the public health.

Food and Drug Administration Modernization and Accountability Act of 1997, S. 830, is designed to ensure the timely availability of safe and effective new products that will benefit the public and to ensure that our Nation continues to lead the world in new product innovation and development.

The legislation accomplishes three major objectives: It builds upon recent administrative reforms that both streamline FDA's procedures and strengthen the agency's ability to accomplish its mandate in an era of limited Federal resources; it requires a greater degree of accountability from the agency in how it pursues its mandate; and third, it provides for the reauthorization of PDUFA.

The FDA acknowledges that its mandate requires it to regulate over one-third of our Nation's products. Within its purview the FDA regulates nearly all of the food and all of the cosmetics, medical devices, and drugs made available to our citizens.

This legislation identifies areas where improvements can be made that will strengthen the agency's ability to approve safe and effective products more expeditiously. It builds upon the numerous investigations by Congress, the FDA, the General Accounting Office, and other organizations that have identified problems with the current FDA product approval system and have recommended reasonable reforms to streamline and strengthen that system. The major provisions of S. 830 accomplishes, among others, the following purposes. The legislation:

First, establishes a clearly defined, balanced mission for the FDA;

Second, it improves patient access to needed therapies and provides expedited humanitarian access to medical devices;

Third, creates new incentives for determining better pharmaceuticals for children;

Fourth, gives patients access to new therapies more quickly through a new fast-track drug approval process;

Fifth, increases access to information by health professionals and patients;

Next, increases agency access to expertise and resources;

Also, improves the certainty and clarity of rules;

And further, improves agency accountability and provides for better resources allocation by setting priorities;

It also, simplifies the approval process for indirect food contact substances and provides a more reasonable standard for some health claims; and,

The legislation reauthorizes the PDUFA Program thus ensuring additional resource availability for the agency to conform with its necessary missions.

Mr. President, let us explore these objectives in greater detail. First, the legislation establishes a clearly defined, balanced mission for the FDA. Congress has never established a mission statement for the FDA. This bill does.

The FDA in March 1993 adopted a formal statement declaring that the agency "is a team of dedicated professionals working to protect and promote the health of the American people." Although this statement defines the agency's mission in terms of ensuring that the products it regulates comply with the law, there is no reference to the importance of approving new products that benefit the public.

The legislation amends the Food Drug and Cosmetic Act by adding an agency mission statement focused on: First, protecting the public health by ensuring that the products it regulates meet the appropriate FDA regulatory standards; second, promptly and efficiently reviewing clinical research and taking appropriate action on the marketing of regulated products in a manner which does not unduly impede innovation or product availability; and, third, participating with other countries to reduce regulatory burdens, harmonize regulatory requirements, and achieve appropriate reciprocal arrangements with other countries.

The legislation improves patient access to needed therapies and provides expedited humanitarian access to medical devices. The FDA has no cross-cutting program that ensures access by patients with serious or life-threatening diseases to drugs or devices in clinical trials—even when that unapproved therapy may be the only way to save the patient's life.

The legislation would create new law whereby manufacturers may provide, under strictly controlled circumstances and in response to a patient's request, an investigational product for those patients needing treatment for a serious or life-threatening disease. The legislation also improves the existing program for the humanitarian use of medical devices for patient populations of fewer than 4,000.

The legislation creates new incentives for determining better pharmaceuticals for children. Children have for years been wrongly considered small adults when estimating the effect of prescription drugs on their overall health. Currently there is no systematic means for testing the safety and efficacy of drugs on the pediatric population.

The legislation gives the Secretary authority to request pediatric clinical trials for new drug applications and provides 6 extra months of market exclusivity to drugs when the manufacturer voluntarily meet certain conditions under the program. The Secretary must determine in writing that information relating to the use of a drug in the pediatric population is needed. In addition, the FDA may establish time frames for completing such pediatric studies before additional exclusivity is granted.

The legislation gives patients access to new therapies more quickly through a new fast-track drug approval process. I think this is important.

For several years the FDA has allowed the expedited review and approval of drugs but such review has been largely confined to treatments for HIV/AIDS or cancer. This provision facilitates development and expedites approval of new drugs for the treatment of any serious or life-threatening diseases.

The legislation increases access to information by health professionals and patients. For years, sophisticated users of health related economic information, like health maintenance organizations, have had constrained from access to important information that could help them reduce health care costs.

The legislation would apply the Federal Trade Commission's "competent and reliable scientific evidence" standard for FDA review of health care economic statements distributed by manufacturers to sophisticated purchasers. In the past, only a few patient groups have had access to information about ongoing clinical trials for lifesaving therapies. The legislation expands patient access to information by requiring the creation of data bases on ongoing research related to the treatment, detection, and prevention of serious of life-threatening diseases.

The legislation increases agency access to expertise and resources. Current law contains no provisions to assure that the FDA can access expertise housed at the National Institutes of Health [NIH] and other science-based Federal agencies to enhance the scientific and technical expertise available to FDA's product reviewers. The legislation requires FDA to develop programs and policies to foster such collaboration. The legislation also authorizes the agency to contract with outside experts to review all or parts of applications when it will add to the timeliness or quality of a product review, and provides for the use of accredited outside organizations for the review of medical devices.

The legislation improves the certainty and clarity of rules. The legislation makes a series of changes related to the classification, review and approval of FDA regulated products designed to ensure that sponsors of new products face consistent and equitable regulatory requirements. In addition, the legislation gives FDA 2 years to evaluate the success of its recently issued "Good Guidance Practices" guidance after which FDA is required to implement this policy as a regulation, making any modifications necessary to reflect experience during the 2-year trial period. The legislation provides medical device manufacturers with the ability to make recommendations to the FDA respecting initial product classifications.

It facilitates the reclassification and/or approval of device applications by allowing FDA to consider historical data in making its determinations, and the legislation more clearly states the relationship of labeling claims to approval and clearance of medical devices. It increases the certainty of review time frames by providing a definition of a day with respect to the agency's review timeclock and by requiring the agency to approve or disapprove a device application within 180 days.

The legislation also prohibits FDA from withholding the initial classification of a device because of a failure to comply with any provision of the unrelated to making a determination of substantial equivalence, and it clarifies that FDA has discretion in determining the number of clinical trials required for the approval of a drug or device. FDA would retain total discretion to require a sufficient number of trials to show safety and efficacy. The provision introduces the concept that two trials are not always necessary, establishes the primacy of quality data over quantity of data, and requires the FDA to consider the number and type of trials on a product-by-product basis.

The legislation improves agency accountability and provides for better resource allocation by setting priorities. Except as required under PDUFA, the FD&C Act provides no form of public accountability by the FDA for its performance of its statutory obligations.

The legislation requires FDA to develop a plan designed to: First, minimize deaths and injuries suffered by persons who may use products regulated by the FDA; second, maximize the clarity and availability of information about the product review process; third, implement all inspection and post-market monitoring provisions of the act by 1999; fourth, ensure access to the scientific and technical expertise necessary to properly review products; fifth, establish a schedule to bring the FDA into compliance by 1999 with the product review times in the act for products submitted after the date of enactment of this section; and sixth, eliminate the backlog of products awaiting final action by the year 2000.

The legislation also requires FDA to submit an annual report to assist Congress in assessing the agency's performance in accomplishing the objectives laid out in the agency plan.

The legislation streamlines several FDA functions with respect to certain review and inspection processes thus allowing the agency to focus its limited resources on areas of greatest need. The legislation establishes reasonable data requirements for new product approval applications, petitions, or other submissions. The legislation provides FDA with the discretion to approve drugs and biologics on the basis of products manufactured in pilot and small-scale facilities.

FDA is also directed to establish policies to facilitate the approval of supplemental applications for new uses for an approved product. Further, the legislation establishes procedures and policies to foster a collaborative review process between the agency and the sponsors of medical device applications. Finally, the legislation streamlines the review of minor modifications to medical devices.

The legislation simplifies the approval process for indirect food contact substances and provides a more reasonable standard for some health claims. Current law requires the agency to preapprove food contact substances, most of which pose little if any risk to human health.

The legislation replaces the preapproval process for these substances, primarily packaging materials, with a simple notification requirement. The legislation also provides for health claims for foods, with premarket notification, when the claims are based on authoritative recommendations by an authoritative scientific body of the U.S. Government such as the National Institutes of Health, the Centers for Disease Control and Prevention, or the National Academy of Sciences—very reliable agencies.

The legislation reauthorizes the PDUFA Program thus ensuring additional resource availability for the agency. PDUFA is reauthorized for 5 years. Performance goals beyond those set for the 1992 act will be identified in side letters between the FDA and the Senate Committee on Labor and Human Resources. The bill assumes that FDA will receive for fiscal year 1998 the 1997 level of appropriated funds for the agency.

This is important to keep in mind. For fiscal year 1999 through 2002, the bill assumes an annual inflation adjustment. I mention this because there in the present proposal by the administration is a request to cut back on the use of PDUFA.

Mr. President, I think after all of us have had time in this body to go through this legislation, Members will understand why there is so little dispute over almost all of the bill. We will be talking again today, as we did last Friday, about two areas in the bill for which there has not been agreement, but the disagreements are not very complicated to understand.

First of all, we had a vote of 89–5 on Friday to allow us to end the filibuster under the circumstances we faced. That approval indicates what I am saying now, that for almost all of this bill there is no dispute between us and the minority or Senator KENNEDY or the Office of the President or the Secretary of HHS.

What we do have are two problems in which there is dispute. This makes up 6 pages out of a 152-page bill. Keep in mind, because we will have some vigorous arguments in those two areas, everyone agrees with the rest of the bill—almost. There will always be somebody, but there is hardly any disagreement on the matters I discussed in my statement.

The two remaining matters refer, first of all, to cosmetics. There is an increasing need, at least felt by especially some States and also by the FDA and others, that there has to be more work done in approving cosmetics or ensuring that cosmetics that are injurious to health do not get on the market. At present, most of that has been left sort of ambiguous whether the FDA should do it or not.

On the other hand, because of the realization that uniformity would be helpful, it would be useful if we could have uniformity throughout the States on cosmetics so that the people all over the country do not have to worry about going from place to place. And thus the bill does establish the FDA predominance in the field with respect to the use of cosmetics.

Now, this is met with some difficulties because some States, California in particular, had voted and had passed laws on cosmetics. Let me go through the present authority.

The FDA now has substantial authority to ensure the safety of cosmetic products. It can ban or restrict ingredients for safety reasons, mandate warning labels, inspect manufacturing facilities, issues regulatory letters, seize illegal products, enjoin unlawful activities, and prosecute violators of the adulteration and misbranding provisions of the Federal Food, Drug, and Cosmetic Act.

In addition, cosmetic products are subject to one of the most comprehensive set of Federal labeling requirements for consumer products. A cosmetic label must include the name and address of the manufacturer, packager, or distributor; a statement of product identity; net quantity of contents; a list of all ingredients in the products; adequate directions for use; and mandated warnings for specific products.

In addition to this substantial Federal regulatory authority, the cosmetic industry supports a variety of programs to ensure the safety of cosmetic ingredients. Most important is the Cosmetic Ingredient Review, a 20-year program that has reviewed the safety of almost 620 cosmetic ingredients.

The safety evaluations are conducted by an independent expert panel of seven leading academic scientists and physicians. The panel also includes three liaison representatives from the FDA, the Consumer Federation of America, and private industry.

Along with this regulatory authority, the agency has sufficient resources to police the safety of cosmetics. This year, Congress appears ready to approve nearly a billion dollars for the agency. Yet of that amount, the FDA will likely spend no more than about $6½ million on cosmetics safety and labeling. Why? Why would the agency devote less than 1 percent of its budget? Because of the outstanding safety record of cosmetic products. Numerous FDA Commissioners—including David Kessler, have stated that cosmetics are among the safest products under the FDA's jurisdiction.

Let me turn now to the language of the national uniformity provision for cosmetics included in the latest version of S. 830. First, let me emphasize that this provision in no way affects State enforcement powers, such as seizure, embargo, or judicial proceedings, that the States can now use to guard against adulterated, misbranded, or otherwise unsafe products. Let me repeat this point: The national uniformity provision would not block any State from exercising its police powers against unsafe cosmetic products.

Second, the national uniformity provision provides only limited preemption of State safety standards. Preemption would apply only when the FDA has an applicable safety standard affecting cosmetic already in place. If the FDA has not acted in a safety area, the States would still be free to impose their own particular safety regulations affecting cosmetic products. For example, individual States could ban particular ingredients or could set specified concentrations levels for ingredients used in cosmetic products when the FDA has not acted.

Preemption does apply to State labeling and packaging for cosmetic products that are in addition to or not identical with Federal standards.

This is designed to ensure a single, nationwide system for regulating the labeling for cosmetic products. This will promote efficient product distribution in interstate commerce, assure the ready availability of products in all States, and hold down costs for consumers.

Third, under this provision States and localities are clearly permitted to petition to impose a State-specific requirement if they have a situation where an important public interest is at stake, and the requirement would not violate a Federal law or unduly burden interstate commerce.

Fourth, the existing right of States, or entity or person is preserved to petition the FDA to make an certain regulation on over-the-counter drugs or cosmetics a national requirement.

And finally, the regulation of the practices of pharmacy and medicine, areas traditionally and appropriately the responsibility of the States is not modified or preempted by this provision.

This is a sensible compromise that guards against the possibility of 50 different labels in 50 different States but at the same time preserves the ability of States to protect the public against any problems that may arise over the safety of cosmetic products.

Mr. President, we will go forward with another lengthy dissertation on this aspect of this. I hope people will keep in mind that there is broad, broad agreement among all of us—Senator KENNEDY and those who support it—that this bill has come a long way. It has gone a great distance toward bringing together what we can pass and be very proud of. There are just two areas where there is disagreement, which we will hear about, I am sure, now. But I hope that everybody will keep in mind that this is in the area of 6 pages of a 152-page bill.

Mr. President, I yield the floor.

Mr. KENNEDY addressed the Chair.

The PRESIDING OFFICER (Mr. GREGG). The Senator from Massachusetts is recognized.

Mr. KENNEDY. First of all, I want to just comment about the devotion and duty of our friend and colleague from Vermont. I am sure there may be those who are watching the proceedings this morning who may not know, as many of us know, the Senator and his daughter were rear-ended last Friday morning. Nonetheless, he came in here during the course of the consideration of this legislation, and now he is here doing his duty in spite of the inconvenience and discomfort he is feeling. So I think all of us have great respect for Senator JEFFORDS. His devotion to duty is again reflected in his presence here this morning and his commitment in moving ahead this legislative process.

Mr. President, I also want to, as I did at the opening of the discussion and debate, congratulate Senator JEFFORDS on his efforts in the consideration of this legislation. We considered this legislation—FDA reform—in the last Congress. We reported legislation out of the committee. It did not move toward a successful resolution. There were a number of features there that were extremely troublesome in terms of the protection of the public. There were areas of strong difference. Although the process did move forward, it was not successful.

Senator JEFFORDS has built upon a strong record and made every effort to try to work through an important public policy area, reform of the Food and Drug Administration, in ways that recognize its primary responsibility, which is to protect the public. As we go forward with this debate, FDA reform should serve the public interest and also take into consideration the innovation of the pharmaceutical industry and the medical device industry in bringing new products onto the market in ways that can improve the health care of the American people. That is always a balance.

Men and women of good judgment can differ. There are two important provisions in this legislation, which eventually will be subject to further debate and discussion, dealing with what we call sections 404 and 406, labeling and manufacturing. I will come back to those measures a little later in the course of the debate. We heard references to those items by our friends and colleagues, Senator REED and Senator DURBIN, on Friday last. We will have a chance to outline at least some of the concerns about those measures, and, ultimately, the Senate and the conference will have an opportunity to deal with those.

I personally feel that they pose important public health issues that need to be addressed. But I agree with what Senator JEFFORDS has outlined, which is the broad sweep of this legislation, and the areas of broad agreement that have been an impressive legislative achievement. Senator JEFFORDS should receive commendation for that because all of us who were part of that process feel that there are many features in here that should move forward.

Some of us are hopeful that we can address the medical device legislation and also address what I consider to be one of the important amendments that was passed in the consideration of the legislation in one of the last markups—passed with a strong vote, after some discussion, but nonetheless, poses what I consider to be an important and unnecessary health hazard to the American people. That is, the provisions which are known as the cosmetic preemption provisions, which were added to this legislation, not included in the original mark of the chair, not included in the original mark of Senator Kassebaum a year ago, but added at the behest of the industry. As a matter of fact, the language itself was drafted by the industry. It was advanced in the committee considerations and now is part of the legislation.

As I mentioned last week, I am absolutely convinced that if this had been introduced as a separate bill, it would be far back in the recesses of the Labor and Human Resources Committee, in terms of its consideration. But nonetheless, action was taken by the committee and that action has resulted in the inclusion of the cosmetic preemption provision. If this legislation is passed, it will effectively say to the 50 States that you virtually have no rights or opportunities for protecting your consumers from unsafe or dangerous cosmetics.

Now, I listened with interest to what the Senator outlined in regards to the powers of the FDA, in terms of protecting the public. But the fact is, as we know, the food and drug law has 126 pages that relate to drugs or prescription drugs and medical devices, it has 55 pages dealing with labeling and nutrition labeling, it has 8 pages dealing with definitions in the food and drug law, and it has a page and a half on cosmetics.

There are only two members of the Food and Drug Administration who oversee cosmetic packaging, labeling and warning. We have seen where the various studies that have been done by governmental agencies, like the General Accounting Office, have stated that what is necessary to give assurance and protection to the American people regarding cosmetics is more significant regulatory authorities for FDA to make sure that the ingredients that are going into cosmetics are going to be safe. We do that with the pharmaceutical industry; we do it with the medical device industry. We do not do that with cosmetics.

The American people go into their drugstore and get a prescription drug or an over-the-counter drug. They know that, in effect, there is a warranty from the FDA that bears the gold standard for safety in the world, that those products are going to be safe. They get a medical device and they know it is going to be safe. But the fact of the matter is, Mr. President, we are not so sure when it comes to cosmetics. For example, when we consider the safety of our cosmetics, we know that, the Consumer Product Safety Commission, more than 10 years ago—and the utilization of cosmetics has grown exponentially since that time—reports 47,000 emergency room visits as a result of the use of cosmetics and cosmetic products in one single year. Does that sound very safe to all of you? What is the record? Where is the testimony to say how safe it was? You do not have it. You do not have it because we have not had any hearings. It would have been a good hearing if we had two or three former heads of FDA that appeared before the committee and said this is what the safety issues are, these are what the health issues are, these are why either we agree or we differ on the issues of preemption. But we didn't have them in the Senate. And you have not had them in the House. You didn't have them in this Congress. You didn't have them in the last Congress. You have not had them in the Congress before. You have not had them for 20 years. The only documents you have are from the GAO. And they don't talk about how safe everything is. They have a series of recommendations, which I have read into the RECORD, that say what we ought to be doing in order to guarantee safety and security.

That is what the GAO said. That isn't the Senator from Massachusetts. That isn't the four other Senators that said let's stop, look, and listen. But we are going to go ahead pell-mell with this particular provision. We have looked at the results of the GAO study. They have not been refuted, and we have not had any hearings providing evidence that can refute the GAO.

Mr. President, is this something that just now a single Senator, or three, or four, or five Senators should be concerned about?

It is interesting that the administration has targeted this provision, as well as the two to three other provisions that I mentioned earlier, as matters that have to be addressed.

The National Governors' Association: This is what they say about this provision.

> When the Senate Labor and Human Resources Committee considered reauthorization of the Food and Drug Administration, the committee adopted an amendment proposed by Senator GREGG that preempts State regulations, disclosure requirements, labeling, and warning requirements as they apply to nonprescription drugs and cosmetics. The National Conference of State Legislatures and the National Governors' Association, vigorously oppose this provision and hope that it will not be part of the bill when it is reported by the Senate.

All the Governors are saying virtually the same thing. Let us, in the 50 States, be able to take actions with regard to cosmetics, allow us to protect our people. That is what all the Governors are saying. But oh, no. "Washington knows best." Remember those old statements that we used to hear all across the country by many of our colleagues. Let's not have a one-solution-fits all. Let's not have that. Let's not have "Government knows best." Well, here you have Government knows best. They don't know best. They can't handle and protect their people in California, or Ohio, or Massachusetts. Absolutely not, even though there have been strong efforts in each of these States to try and move ahead and to protect their people. But we are saying not after we pass this law.

Mr. President, as I said last Friday here on the floor of the U.S. Senate, we are making tough decisions on matters over which reasonable people can differ. And these are in many instances heartrending decisions. I mentioned last Friday, the decisions that we had in our Human Resources Committee where you have a limited amount of money. You have to make a decision for Meals on Wheels; whether you are going to provide all of the money to the congregate sites to feed elderly people—and you can feed more elderly people if you put it in the congregate sites—or are you going to take a third of that money and feed people that are shut-ins? The money will not go as far. You are not going to reach as many people if you take those scarce resources and reach the shut-ins. What should be the public policy question? Should we give the money to feed more people, or should we allocate some to the shut-ins, or should we just leave this up to the local community?

These are important public policy issues that affect the lives of real people. But not on this cosmetic issue. What are the public policy considerations on the other side? Money. Greed. Cosmetic industry. Greed. What are the public health considerations of preemption? How are they advanced? How are they preserved? How are the American people further protected by a preemption? They are not. We have not heard that argument made on the floor of the U.S. Senate. We have not heard it, because it is not there.

This legislation is proposed because of what has been happening in the area of California, and some of the other States which have been looking at the kinds of concerns being raised by so many consumers day in and day out—I will mention those in just a few moments—that are really wondering whether some of these products are safe. And there is good reason to ask whether they are safe because as we have seen from the GAO, many of these products are potential carcinogens. What is a carcinogen? It is a cancer-causing agent. We wouldn't permit these products to go into processed food because the Delaney clause would protect the American people from carcinogens in processed food. But can you add them to cosmetics? You can add them to cosmetics. They are added to cosmetics today.

That is another reason, Mr. President, why the Environmental Defense Fund says no to this provision; why the Natural Resources Defense Council says no to this provision; why the Patients Coalition Consumers Union says no to do this provision; why the Consumer Federation of America says no; why AIDS Action says no; why the American Public Health Association, the association to protect the American public health, says no to this provision. All of these organizations say no to this provision. Why? Because it doesn't protect and advance the interests of the public health in the States. It advances the bottom line of the cosmetic industry, but it does not advance the interests of the public health.

Mr. President, I will mention what the National Women's Health Network says in a letter that I will include.

I ask unanimous consent that this letter be printed at an appropriate place in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

NATIONAL WOMEN'S HEALTH NETWORK,
September 8, 1997.

Hon. EDWARD M. KENNEDY,
U.S. Senate,
Washington, DC.

DEAR SENATOR KENNEDY: On behalf of the 13,000 individual and 300 organizational members of the National Women's Health Network, I am writing to express our opposition to damaging provisions in S. 830, the FDA Modernization and Accountability Act of 1997 which would preempt state regulation of cosmetics. I commend you for speaking out about this potential threat to women's health.

The spectrum of the cosmetic industry is broad and not simply limited to lipstick, mascara, or eyeshadow. Hair gels and dyes, soap, toothpaste, baby powder, and lotions also fall under the umbrella of this $20 billion dollar industry. Most women use one or more of these products everyday, and assume that they are safe for themselves and their families.

Sadly, this is not the case. There is virtually no federal oversight of cosmetic products which, according to a 1987 Consumer Product Safety Commission study, led to an estimated 47,000 emergency room visits in one year. Additionally, the General Accounting Office reported that a number of cosmetic products marketed in the United States "may pose a serious hazard to the public."

Because the FDA has virtually no authority to regulate this very profitable industry; in fact the FDA has less than 30 employees overseeing the safety of cosmetics, states have initiated their own efforts to protect their residents. These state consumer protection laws have alerted women to products containing carcinogens or the presence of ingredients which may cause allergic reactions.

The Network believes that S. 830 puts the financial bottomline of the cosmetics industry ahead of the health of millions of women by banning states from regulating the industry's products. The bill would even bar states from establishing public communication campaigns which would inform women of a cosmetic's safety and effectiveness. This would mean no warning labels, no data on carcinogens, no "keep out of reach of children" notices.

It is absolutely crucial that provisions in S. 830 preempting states' rights to regulate cosmetics be removed from the bill. Women and their families deserve to have complete information about the safety and effectiveness of these products and states who are willing to step forward to safeguard the health of their residents must be allowed to do so. The National Women's Health Network stands ready to work with you to educate members of the Senate and the American public about this very serious women's health issue.

Sincerely,

CYNTHIA A. PEARSON,
Executive Director.

Mr. KENNEDY. They say:

> The spectrum of the cosmetic industry is broad and not simply limited to lipstick, mascara, or eye shadow. Hair gels and dyes, soap, toothpaste, baby powder, and lotions also fall under the umbrella of this $20 billion industry. Most women use one or more of these products every day, and assume that they are safe for themselves and their families.
>
> Sadly, this is not the case. There is virtually no federal oversight of cosmetic products which, according to a 1987 Consumer Product Safety Commission study, led to an estimated 47,000 emergency room visits in one year.

Just to depart for a minute, if you have 47,000 people going to the emergency room, how many other thousands are going back to see their doctors? How many other thousands have gone to their dermatologists? How many other thousands have gone to their own doctors, and not to the emergency room and willing to pay the other $150, $175, or $200 to just visit the emergency room? How many others knew that? There were 47,000 emergency room visits in one year.

> Additionally the General Accounting Office reported that a number of cosmetic products marketed in the United States "may pose a serious hazard to the public."

That is the GAO— "* * * may pose a serious hazard to the public."

It would seem to me this morning that we ought to be debating how we are going to advance public health, and how we are going to protect those individuals whose health may be in danger. Are we debating that? No. To the contrary. We are going to say as a result of this legislation that the health of the consumers of cosmetics are going to be at greater risk. That is the only conclusion, and that the bottom lines of the cosmetic industry are going to be higher.

I continue:

> The Women's Health Network "* * * believes that S. 830 puts the financial bottom line of the cosmetic industry ahead of the health of millions of women by banning states from regulating the industry's products."

There it is. There is the heart of the argument right there by the National Women's Health Network, one of the effective organizations that looks out after the public health of American women. Does it get it right here?

> The Network believes that S. 830 puts the financial bottom line of the cosmetic industry ahead of the health of millions of women by banning states from regulating the industry's products.

That is it. That is what we got tagged onto this bill that is dealing with pharmaceuticals and prescription drugs, dealing with medical devices, dealing with the extension of PDUFA, which is a source of revenue to ensure that the FDA can be tops in the world in terms of approving new products. We support those various provisions. But now we have added onto this train this cosmetic preemption that the principal organizations that are dealing with public health say to the U.S. Senate: "Stop. Say no. Do not move ahead with that."

It continues, Mr. President:

> It is absolutely crucial that provisions in S. 830 preempting states' rights to regulate cosmetics be removed from the bill. Women and their families deserve to have complete information about the safety and effectiveness of these products and states who are willing to step forward to safeguard the health of their residents must be allowed to do so.

Mr. President, let me just continue on with the groups just so that we understand the breadth of the opposition. It isn't just a few Senators. As I mentioned, the principal public health associations, those that are primarily concerned about women's health, the ones that use these products to the greatest extent—the administration, the State legislators. The State legislators were joined by the Association of State and Territory Health Officials. They emphasized State laws provide consumers with important protections in areas where the FDA has insufficient resources to act and represent a legitimate exercise of State authority.

As I mentioned before, Mr. President, if we were debating the regulatory authority of the FDA to protect the public health, that is a legitimate debate. But that is not where we are. We are not out here debating what would be appropriate power for the FDA to have to ensure protections for the American consumer on cosmetics.

If there are those that can say with a straight face with the $6 million budget that they are allocating through FDA and two people that are overseeing the areas of packaging and labeling, which is the only thing that the States can do in terms of trying to get at these health considerations—if we were out here to say, "Look, they have too much power, they have been abusing that power, and they are inefficient with that power," that would be one thing. But we are not out here debating that. We are just saying we know, as the cosmetic industry does, that the agency does not have the wherewithal in order to protect the consumer, that the historical protections for the consumer on health and safety have been the States and local communities, and what we are out here now saying is that we are going to take all of their power away. That is the issue. It isn't that we have a strong FDA. We don't have it. It is not represented. It was never discussed in the course of our markup. We had no hearing that would be able to represent it.

Let me just take a few minutes to indicate how we have gotten to where we are with regard to the FDA power on drugs, pharmaceuticals, and on cosmetics.

As I mentioned, the FDA has less than two people to regulate the labeling, packaging, and warning for a $20 billion a year industry. The FDA has less than 30 people to work on cosmetics, and FDA's authorities are grossly inadequate. The FDA regulation of cosmetics is a dinosaur, an anachronism from the time when drugs didn't have to be effective, when food additives didn't have to be safe, and when medical devices didn't have to be safe or effective. Just go back with me in terms of the times so we understand where we are.

I chaired the hearings that we had in the 1970's about medical devices. Twenty-three women died from perforated uteruses as a result of the Dalkon shield. And that was the beginning of the changes in our medical device legislation—in the mid-1970's. Because of the danger with the sophistication of medical devices, we were going to have to make sure they were going to be safe and efficacious. And we did.

Mr. President, in 1938, the last and only time the Congress acted specifically to regulate cosmetics—1938 is the last time—FDA was given authority to regulate products that were misbranded or adulterated. FDA had the burden. FDA had to find the problem. FDA had to do the studies. FDA has to bring a court action.

The entire burden is on the agency. In the last 60 years, we have progressed in other areas of public health and safety. In 1954, we passed the Miller pesticides amendment. In 1958, we passed the Food Additives Amendment requiring manufacturers of food additives to demonstrate safety before putting potentially harmful chemicals in the food supply. Now manufacturers have to demonstrate that their products are safe in order to go in the food supply.

Do you have to do that with regard to cosmetics? No, you do not have to do that with regard to cosmetics. Two years later, we passed the color additives amendment to establish a premarket approval system for additives used in food, drugs and cosmetics. The drug amendments of 1962 fundamentally restructured the way FDA required premarket approval of safety and effectiveness for every new drug. Prior to that it was not there, not necessary. They have to prove safety and effectiveness.

In 1976, we enacted the medical device amendments following long years of study and debate. So now we have the agency requiring that each of the products in terms of the prescription drugs and with regard to medical devices have to be proven safe and efficacious. Do they have to do that with regard to cosmetics? No. No, they do not have to do that today.

Among the most recent changes in FDA's authority were the infant formula amendments of 1980 and the 1990 Nutrition Labeling and Education Act, and the 1990 Safe Medical Device Act. Under these laws Congress held manufacturers responsible for safe and effective products. We asked the manufacturers to provide data to FDA to demonstrate safety before they could sell the products.

We went ahead again with regard to prescriptions and again with regard to medical devices. Do we do it with cosmetics? No. Despite all this progress and advance in public health and safety, cosmetic regulation has lagged far behind. FDA's authority and regulation of cosmetics is still stuck in the framework of the 1938 law that Congress found it necessary to update in every other product area. This is not to say that Congress has not revisited the area of cosmetic regulation. In fact, every time that Congress has revisited cosmetic regulation it has resulted in a call for additional protection and additional safety measures—every single time. But here we are on this FDA reauthorization bill, to reauthorize the FDA and bring it up into the modern period in terms of medical devices and pharmacy. Here we are with a change, significant change in terms of the relationship of the protection of the American people from cosmetics.

And here we are without the hearings, using the exact language of the cosmetic industry which is going to mean health threats to the American consumer—at what benefit? Well, as I mentioned, the bottom line of the cosmetic industry. So we have each and every time, with regard to pharmaceuticals and medical devices, we see what we have done and we have seen each time that Congress has gotten into it or the GAO studies have gotten into it, they say it is an area which cries out of the need for greater protection of the public.

In 1948, George Larrick, who became the Food and Drug Administrator, said:

> Real scientific appraisal of cosmetic ingredients should be made before an ingredient is marketed.

Did we do that? No. In the 1952 hearings, James Delaney in the House found that partial regulation of cosmetics resulted in insufficiently tested cosmetics that are a source of discomfort and disability. Further, the House report found that cosmetics should be subjected essentially to the same safety requirement as applied to new drugs. Yet today that is far from the case.

In 1978, the U.S. GAO report strongly recommended the FDA be given adequate authority to increase safety of cosmetics. Among its findings: Although there is increasing evidence that some cosmetic products and ingredients may carry a significant risk of injury to consumers, the FDA does not have an effective program for regulating cosmetics. Some coal tar hair dyes may pose a significant risk of cancer because they contain colors known to cause or are suspected of causing cancer in humans or animals. However, the exemptions granted to coal tar hair dyes in 1938 prevented FDA from effectively regulating hair dyes. The industry was sufficiently powerful at that time to write an exemption in the law. And there is increasing evidence that people with darker hair who use these darker colors have higher incidence of troubles in terms of not only their scalps but also their general health conditions and there are increasing studies concerning the exposure these individuals may have had to carcinogens and cancer.

Serious burns have been reported from the use of flammable cosmetics. Among those likely to ignite at the time of application are perfumes and colognes which usually contain a high concentration of alcohol and nail polish removers which contain flammable ingredients such as acetone and ethyl acetate.

In 1975 FDA sponsored a 3-month survey of 35,000 users of cosmetics. Participants kept a diary and reported adverse reactions. These reports were reviewed by a team of physicians to determine if the injuries were cosmetically related. One of every 60 participants suffered an injury confirmed by a physician as cosmetically related. One in every 450 participants suffered a severe or moderate injury.

These are studies that were done back in 1975 by the FDA. Do you think we have updated those studies? No. Do you think we have had hearings about that? No. And yet each and every time there is a serious evaluation we are finding these incidents involving health hazards. We have seen the varying degrees of the hazards in the examples and in the pictures that are here behind us. And we could go through picture after picture of the damage done by various kinds of products.

The GAO report concludes that cosmetics are being marketed in the United States which may pose a serious hazard to the public.

That is not the Senator from Massachusetts. That is the GAO, not Democrat, not Republican. In drawing on the best scientific information, this is what they conclude.

> Cosmetics are being marketed in the United States which may pose a serious hazard to health. Some contain toxic ingredients which may cause cancer, birth defects or other chronic toxic effects and contain contaminants known to cause cancer in animals because exposure to these ingredients can occur through skin absorption and inhalation as well as oral ingestion. It is important that the hazards posed by them be carefully assessed.

I tell you, Mr. President, if this provision passes, those hazards are not going to be assessed by the States because of the way the language is written in the legislation. I am talking about what will be preempted on page 119, line 8:

> Shall be deemed to include—

This is the preemption—

> any requirement relating to public information or any other form of public communication relating to the safety or effectiveness of a drug or cosmetic.

There it is. Here you have the last studies being done, nonpartisan. Individuals are reviewing the most recent, up-to-date scientific studies. Cosmetics which are being marketed in the United States which may pose a serious hazard to the public.

Why are we asked to take a chance on it, Mr. President? Why are we being asked to take this action? One reason and one reason only—the bottom line for the cosmetic industry. There is no public health argument that can be made on the other side—absolutely none—just the greed of the cosmetic industry.

Every American ought to understand that. Here you have the GAO saying cosmetics are being marketed which may cause a serious hazard to your health. You have the several States: Texas, California, Ohio, my own State of Massachusetts, and a number of other States that are attempting to deal with some of these potential and real hazards to us and they are going to be preempted. Sure, we exempted California from this provision, but there are other health protections in California that are going be precluded.

I have my differences with the attorney general, Dan Lundgren out there in California, but you read through his letter about this action and about the efforts California is making trying to protect its public and how it is completely contrary to the interests of California. Here is the Attorney General of California:

> Regulation of health and safety matters has historically been a matter of local concern, and the Federal Government has been reluctant to infringe on state sovereignty in these traditional areas.

And he says:

> As noted above, S. 830 would, in the absence of specific FDA exemption, appear to prevent the State of California from enforcing their Sherman Food Drug and Cosmetic Law which is there to protect the people of California. And it goes on to make the case in opposition to this particular provision.

So now we have the GAO report and we have what this statute does.

The 1988 hearings held in the House of Representatives raised the same issues about the FDA's lack of authority and resources in this important area. Nothing has been done. Let me review one more time what FDA cannot do under its current authority.

It cannot require cosmetics manufacturers to submit safety data on their products—cannot require that. It can require it with regard to pharmaceuticals. It cannot require cosmetic manufacturers to register their plants or establishments or require cosmetic manufacturers to register their products or require premarket approval of any cosmetic or cosmetic ingredient even when such approval is necessary to protect the public health; cannot require manufacturers to submit consumer complaints about adverse reactions to cosmetics; cannot require manufacturers to perform specific testing necessary to support the safety of a cosmetic or an ingredient.

So, Mr. President, this is what we have under current law. I would like to mention just some of the dangers associated with this limited authority. We have talked in generalities. We talk about jurisdiction. We talk about preemption. We talk about inspection. But here are examples of dangerous cosmetics. These injuries took place this year, and there are dozens and dozens of them in graphic detail. I want to read a few of them for you.

Do any of you use Alberto Hot Oil Treatment for your hair? There was a complaint just last month of eye dermatitis from this product. Do you know what that means? It means blisters, chemical burns, rash, redness, swelling, and inflammation. All that from a simple hair treatment.

Everybody in America uses toothpaste every single day. In August, a consumer used a type of Colgate toothpaste with baking soda and peroxide. What happened? Mouth pain and dermatitis. That's a fancy way of describing itching, burning, and swelling of the lips, tongue and gums.

In case you are thinking of switching brands, think again. Somebody else used Crest Tartar Control toothpaste in January and developed the same symptoms of burning, itching, and swelling in the mouth—not what you would expect from brushing your teeth in the morning.

Here is another example. In August somebody used Gillette Cool Wave clear stick deodorant. Instead of being clean and presentable, they ended up with armpit dermatitis and bleeding. Can you imagine bleeding from using deodorant.

How about a product called Revlon Outrageous Shampoo and Conditioner? It is outrageous all right. The user developed scalp sores, swelling, and inflammation from the shampoo.

Have you ever used Bath salts? You may not want to after you hear this. In March, someone developed "nervous system and urogenital tract reactions" from Essential Elements Bath Salts. Can you imagine expecting a nice relaxing hot bath and end up with dizziness and headaches.

These examples go on and on.

Prestigious manufacturers L'Oreal, Avon, Clairol, Neutrogena, familiar names like Procter and Gamble, Revlon, Maybelline, Mr. President, this list provides a dismaying parade of horrors from products we rely on every single day.

Here are just a few examples of the injury complaints received by the FDA. Dermatitis includes rash and redness, swelling, blisters, sores, weeping and lumps, inflammation, chemical burns, and irritation. Pain ranges from itching and stinging to soreness and tingling. Tissue damage, other than thermal burn, can include dryness and peeling, splitting, cracking, hair and nail breaking, hair and nail loss, ulcerations, hair matting, and scars. Nervous system reactions range from dizziness, and headache to irritability, nervousness, and numbness.

How many people using these products have symptoms like dizziness, headache, irritability, nervousness, or numbness, and wonder where in the world this is all this coming from? It may very well be coming from their cosmetics, from their shampoos and toothpastes and other types of cosmetics.

If these examples aren't striking enough, there are respiratory system reactions, like upset stomach, nausea, loss of appetite, vomiting, and diarrhea. Or urogenital tract reactions: painful urination, discharge, stopping of urination, and on and on it goes.

Mr. President, I asked for the complaints that we have gotten in just the last few months. Here in my hand is the list of them from the FDA. It is interesting to note that, a number of years ago, we tried to get authority for an FDA hotline so people could call up with their cosmetic injuries. It was struck out in the Appropriations Committee at the behest and intervention of the cosmetic industry. We tried to get a hotline so that at least we would be able to get more information and the FDA would be able to act on that information about specific products.

What is the lesson we can draw from this? The industry does not want more information about cosmetic injuries.

They don't want others to have that information. So they eliminated funding of the cosmetic hotline. We have successful and important hotlines in many other areas. They have been a strong success. I have been a strong supporter of them, because they assist people in obtaining information and, most important, help in a timely way. But they also allow the Government to register various complaints and gauge the seriousness of public health problems.

We tried to get the hotline. We had it authorized, it went on to the Appropriations Committee a few years ago, but it was knocked out by intensive lobbying. So I am truly amazed that the FDA has the kinds of reports I will describe, and the sheer number of cases that they do. The truth is, most people who suffer injuries or adverse reactions from cosmetics simply don't know who to tell, other than their doctors. They in turn don't have anyone to tell or don't know who to tell. Certainly, the companies are under no obligation to tell the FDA—nor do they.

I will return a little later to the efforts that were made to try to get the manufacturers to voluntarily assist the FDA in reporting complaints. At the end of the day, only about 3 percent of the manufacturers cooperated in that effort. When hearings were held in 1988, there appeared to be a consensus to do more to protect the public. The industry itself said, give us an opportunity to voluntarily provide the FDA the complaints that we receive. Well, it ended up being about 3 percent of the companies that actually participated. I will get to this in just a few moments.

Let's begin with the injury complaints. In August, Alberto Culver & Co.'s hot oil treatment for color-treated and permed hair: Eye dermatitis, including rash, redness, swelling, blisters, sores, weeping, lumps, inflammation, sunburn, chemical burn, and irritation. Clairol Helene Curtis, the brand was Nice N Easy Natural Lite Ash Brown No. 114 and Degree antiperspirant; upper trunk and shoulder pain, including burning and stinging. Clairol's Nice N Easy Medium Brown No. 118: Hair tissue damage other than thermal burns. Procter & Gamble's Covergirl Makeup Master, facial and nose injury including dermatitis; Revlon's Professional Nail Enamel Remover: Finger injury, including cuticle, irritation, dermatitis. Neutrogena's Clear Pore Facial Treatment, facial injury; Dixie Health, Dermal KK is the brand: Face, including nose bleeding.

In July, Maybelline's Great Lash Mascara: Face pain and dermatitis in the nose. Realistic's, which is Roux Labs, Revlon Super Fabulayer Hair Relaxer Conditioner: Scalp dermatitis; Shark Products' Africa Pride Relaxer is the brand: Hair tissue damage. Procter & Gamble's Pantene Shampoo: Upper trunk dermatitis, neck tissue damage. Vidal Sassoon Shampoo: Upper trunk dermatitis. Clairol Hydrience Permanent Hair Color: Permanent discoloration of the hair. I can't imagine a product that could unintentionally make hair permanently discolored, but that is what has been reported.

The list goes on. It lists the names of just about every major kind of cosmetic maker in the book. Andrea International's eyelash adhesive: Eye pain. You have perfume from Stern & Co., the product is Oscar: Respiratory system reactions. And the list goes on. I have page after page of these kinds of complaints.

It seems to me if the States want to bring these matters up and it was the desire of the States to try to protect their consumers, they should have the opportunity to do so. Just as California has done and just as other States which are presently studying these issues will do. These States could go and talk to the manufacturers and the manufacturers can make changes, which they have on product after product sold in California. Proposition 65 is the basis for this California system, which works by inducing product improvements without having to remove products from the market or even putting labels on them. That is the way it has worked in California. Safer products. And time in and time out, the manufacturer comes out and advertises that they have upgraded their product. It is a better product now than it ever has been—an interesting and desirable outcome.

But in this bill we say no. We just say no. We tell consumers, you cannot have the remedy of the State and you cannot have the remedy at the Federal Government. The result will be more individuals like the 59-year-old California woman who was almost killed by an allergic reaction to hair dye. Or the woman who lost her hair and was horribly scarred when her hair caught fire from a flammable hair treatment gel. The 6-year-old daughter of an Oakland, CA, woman who used a hair product on her child who suffered second-degree burns. Two women who used eyelash dye, one of whom died and the other who went blind. A 16-month-old toddler died of cyanide poisoning after swallowing artificial nail remover, and a 2-year-old child from Utah was poisoned by the same cosmetic. If there is a State that wants to do something about children, like putting a warning label on these items in order to protect children, it will never happen under this bill. We know that children get into all kinds of products in the household and there is the chance of them ingesting some of these items. Obviously, some may be considerably more dangerous than others, and consumers will want to have labeling that says if the child ingests this, take the following steps or contact the following people. But under this bill, if the State wants to do that, they are virtually prohibited from doing so. They are denied the opportunity to protect their children in their own States.

What if a review is made of the scientific information in these States on these products if ingested by children, asking do they present serious threats of poisoning among children that may be life-threatening? Should warnings be placed on the labels? The result under this bill will be: No, you are out. You can't do that. I just find it difficult to understand why can't the States do this? Why can't they if they want to in Massachusetts or any other State? The reason will be because the Congress of the United States, at the request of the cosmetic industry, says you can't do it. Congress and the industry say you can't do it. That is what we are dealing with, Mr. President. It is just why I think this makes absolutely no sense.

We reviewed earlier this morning some of the groups that were opposed to this provision: The Governors and State legislatures, virtually all of the public health and consumer groups like the National Women's Health Network, the wide range of agencies and officials with primary responsibility over the public health. They are virtually unanimous in their opposition. I will happily wait to hear from public health groups in support of the provision. We will have time during the course of the debate for other Members who are able to get that kind of information and place it in the RECORD. In the face of such unanimous opposition, they will be few and far between.

Here is a letter from the United Food and Commercial Workers, Beth Shulman, the international vice president.

> We are appalled that the Senate is considering preempting state cosmetic safety regulation in the almost complete absence of any Federal protection.
>
> Unlike all other products governed by the Food and Drug Administration, such as food and drugs, the FDA has essentially no authority to assure the safety of cosmetic products prior to entry into the marketplace. The FDA has no legal authority to require manufacturers to conduct safety testing, submit lists of ingredients to the agency, company data, or consumer complaints. Most consumers would be shocked to learn that there is no Federal government regulation or testing to assure the safety of cosmetics before they appear on store shelves or are used by hair care professionals. It is scandalous that the Senate is now considering stripping states of their legal authority, so that the safety of cosmetic products used by millions of consumers will now be completely unregulated.
>
> The United Food and Commercial Workers Union, which represents barbers and cosmetologists among its 1.4 million members, has a long history of campaigning for stronger Federal regulation of cosmetic products. Over the past twenty years we have testified repeatedly about the hazards of cosmetic products and the need to protect not only

the 750,000 professional cosmetologists, but the millions of consumers that use these products daily.

They point out they take strong exception to those protections. Now, why should they be concerned? They gave some excellent testimony several years ago to the Congress. Let me give an example. After 2 years as a wig stylist, a cosmetologist from San Francisco began to experience memory loss, nausea, and dizziness. She had troubles with vision and balance. She stated, "I can't remember things I did just a short while ago. I have to write everything down." Her condition was blamed on the ingredients in hair spray and other products she was using in her work. She appeared as one of the witnesses where Congress was working to regulate the largely unregulated industry.

Another example: Christy Smith enrolled in a beauty college in 1984. Christy began to have trouble breathing, a problem that worsened over the years. She dropped out of beauty school after 10 months. She was found to have irreversible occupational asthma. Again, her condition was attributed to cosmetics present at her school.

A 1997 study in the Journal of Environmental Medicine found evidence to support the claim that female hairdressers are at a higher risk of asthma as a result of occupational exposure to chemicals found in various hair products. This prompted a related study by the Palmer Group, which found an increased prevalence of respiratory symptoms and diseases among female hairdressers. These diseases included asthma, bronchitis, emphysema, and other chronic lung diseases.

Female hairdressers face daily exposure to many harmful chemicals that are used in a wide array of hair care products on the job. I will give a few examples. These chemicals include persulfates, which are used in hair bleaches and can cause allergic skin and respiratory symptoms. Several indications of occupational asthma among hairdressers have been reported. Polyacrylates mixed with chemicals and hydrocarbons in hair styling agents can cause irritation of airways and adversely affect other respiratory functions.

Ammoniac and sulfur compounds released in hair dying and permanent waving can cause irritation of the airways.

The relative risk of asthma and chronic bronchitis among hairdressers was measured almost twice that of a reference group between 1980 and 1995. This study found that the youngest cohort of female hairdressers experienced the greatest occurrence of asthma, 42 percent; and chronic bronchitis, 44. These women ranged in age from 35 to 44.

Mr. President, this is what is happening in the beauty parlors among beauticians across the country. Why? Because they are inhaling these products. They suffer from the higher concentrations of these toxins, but the women of this country who use these products at home are also inhaling them and endangering their health.

I am not here to say precisely what the extent of this problem is, but we know now that it is happening as a result of studies that the compounds that are being used are more toxic and there are more of them being used every year. The health hazards have to be greater. At a time when the health hazards have to be greater, why are we taking away the rights of the States to render judgments to protect their citizens? This is especially true in an area of traditional State authority.

What if the States want to take some kind of action? We are prohibiting them from doing so. We are denying them that chance to do so. It makes absolutely no sense—no sense at all. It does make dollars and cents because the industry is going to benefit from it, but it doesn't make any sense in terms of the public health. That is why virtually every public health agency committed to protecting women and women's health wants this provision out. It undermines their ability at the State level to give additional protections to consumers, and for no other reason than the financial interest of the cosmetic industry.

Mr. President, I will mention here how the United States compares with the rest of the world. That doesn't happen to be the most important argument made this morning, but we heard on the floor of the Senate last Friday about how we have fallen behind other countries in terms of the FDA's work. In reality, the United States has been compared with the rest of the world, and impartial sources such as the General Accounting Office have found that the United States has the fastest and most vigorous product approvals. American consumers expect the best and that is what they get from the FDA.

But when it comes to cosmetics, the U.S. motto should be: "Expect the best, but settle for less."

Looking around the world, it is remarkable how inadequately the United States stacks up against other countries. The European Union requires documented proof of good manufacturing practices and similar proof that extensive testing be carried out on all its products. What do they know that we don't know? What are their scientists and research scientists finding? Are we taking the time of the Senate to go through their various studies that point out the health hazards in their communities? They have done it, and they are providing additional protection.

Let us examine another major economic power: Japan regulates cosmetics likes drugs, requiring the companies to do safety tests before marketing. Why? What is it they understand about cosmetic safety? Is it possible they have reviewed and found the same things that we have talked about this morning? The same things that the GAO has found out about the dangers posed by cosmetic products?

Japan requires testing before marketing. That is exactly what the Congress said in 1952 we should be doing in the United States. Forty-five years later, we are still waiting for safety testing. The Japanese are not.

Let's look at North America. Mexico adopted a regulation mandating expiration dates on all cosmetics. To the north in Canada, manufacturers submit data to show the product is safe under normal use conditions.

The Scandinavian countries: Sweden and Denmark are initiating product registration for cosmetics, something the FDA can't require.

Malaysia already requires mandatory registration of cosmetics. That is something the cosmetics industry would fight tooth and nail.

The bottom line is that the American consumers have less protection than consumers in any other country that I have mentioned. The United States is a First World country with a Third World cosmetics safety system. That is the way it is today, and this legislation is going to make it worse. Much worse. That, Mr. President, is wholly unacceptable.

I want to mention more specifically the products of which I think people should have some awareness. These are five common cosmetics products with potentially devastating health effects:

Alpha-hydroxy acid, used in face cream, causes skin cancer.

Feminine hygiene products cause infertility in young women;

Talc used in baby powder that may cause cancer; and

Mascara that can cause blindness.

Alpha-hydroxy acid is one of the hottest selling cosmetics on the market with sales of roughly $1 billion a year. This product is sold to erase fine lines and tighten the skin, but has devastating health effects that are unknown to most consumers. The agency has received 100 reports of adverse effects with alpha-hydroxy acid products ranging from mild irritation and stinging to blistering and burns. More importantly, these products make users more sensitive to ultraviolet radiation from sunlight which causes skin cancer.

To find out if a cosmetic contains an alpha-hydroxy acid, the consumer has to look for one of the following ingredients: glycolic acid, lactic acid, malic acid, citric acid, L-alpha-hydroxy acid, mixed fruit acid, triple fruit acid, sugar cane extract. All of these are alpha-hydroxy acids, although you'd hardly know from their names.

The cosmetics industry sponsored a study linking alpha-hydroxy acids to increased ultraviolet sensitively and, most likely, skin cancer. An industry panel concluded that alpha-hydroxy acid cosmetics are safe at concentrations less than equal to 10 percent at a pH of greater than or equal to 3.5 percent when directions for use include daily use of Sun protection.

Equal to less than 10 percent. This is what the cosmetic industry says will be safe if used along with these other items.

Wouldn't it be useful for someone else or someone impartial to get a chance to look at the basic science and research that the industry has used to make a judgment? Wouldn't that be worthwhile? Wouldn't it be valuable if the FDA had a chance to have that data submitted to them? They could have their researchers look at it and see whether they come to the same conclusion as to the safety.

But, no, there is a recognition by the industry itself that if there is something wrong, they want to do their own study and make their own recommendations. We, the public, don't know. We don't know whether they are accurate. We don't even know whether there is going to be any kind of enforcement, or by whom. By the industry? How? All we have is the industry's record and their willingness to comply voluntarily with the FDA. We have less than 3 percent of them willing to submit adverse kinds of reactions to the FDA. So we have no way of knowing about the true safety of cosmetics. What we do know is that the industry itself understands that there are health hazards with this specific product and want to control what's on the warning label.

Don't we want researchers out in the great centers of research in this country to say, "Look, we'd like to try to find out if and how we can protect people." Maybe States with broad exposure to the Sun, such as the South and Southwest, should have particular interest in trying to do this. They might want to do some studies to find out.

Would they be able to try to make some kind of a judgment under this bill? Mr. President, the answer is no. We are preempting those States. Let us look at alpha-hydroxy acids again. Here we have one of the most highly advertised products on the market today. We have the industry's own recognition of their health hazards. Again, are we doing something on the floor of the Senate to protect the consumer from those hazards? Absolutely not. We are undermining what protection there is out there among the States.

Consumers should be aware that alpha-hydroxy acid concentrations and pH are generally not noted on these products, not unless FDA's two employees find the time and resources to initiate rulemaking to establish such a regulation. FDA is reviewing the industry report, as well as other data, about these products and may initiate rulemaking sometime in the future, but do not expect the States to protect their citizens from alpha-hydroxy because under the law, States could not warn their citizens about alpha-hydroxy acid creams.

Feminine hygiene products are other harmful, largely unregulated products, with roughly $100 million a year in sales. Many women who buy these products will be surprised to find the overwhelming majority of these feminine hygiene products are regulated only as cosmetics. These products have been known to cause upper reproductive tract infection, pelvic inflammatory disease, ectopic pregnancies, infertility in women. This reduction in fertility is even greater in young women.

Researchers at the Center for Health Statistics in Seattle, WA, have published studies regarding the risk of pelvic inflammatory disease from the use of feminine hygiene products. These researchers have found that the risk of ectopic pregnancy doubles in women who use feminine hygiene products. Researchers at Brigham and Women's Hospital, Harvard Medical School also published data regarding the adverse health effects of feminine hygiene products. We had better hope that those two people at FDA working on cosmetics labeling and warnings have time to work on adequate labeling for feminine hygiene products.

The National Women's Health Network has testified before an FDA advisory committee that more has to be done to protect the reproductive health of women, which is clearly affected by these cosmetics. Just look at the science. But the industry doesn't want the States to have the authority to warn consumers. So, for the women of the State of Washington, we should say goodbye to the research studies conducted in Seattle and what they found out—because we are preempting what those States can do with them.

Even in my own State, research conducted at Brigham and Women's Hospital found that the risk of ectopic pregnancy doubles in women who use feminine hygiene products.

It is worthwhile to inquire if there are other researchers who come to contrary conclusions. These are studies being done. What State is going to go out and perform studies, and which research centers, when they know they are preempted from doing anything about it? That is why the Women's Health Network is opposed to this provision. And for what reason are we risking women's health? Why are we risking lives? It is because of the cosmetic industry. It is going to be cheaper for them, allegedly, when they don't have to deal with warnings and disclosure of health risks. It's too much trouble for them. Talc is something widely used in baby powder and other body powders.

In 1992, the National Toxicology Program published a study of the effects of talc inhalation in animals and an epidemiology study on exposure to talc and ovarian cancer risk. The researchers reported an elevated risk of ovarian cancer associated with talc use. Workers at Columbia University have reported the detection of talc particles in the ovaries of patients undergoing surgery.

The Cancer Prevention Coalition has submitted a citizen's petition to FDA addressing their concern about the possible health risks posed by talc and requested the agency establish regulations to require carcinogen warning labels on cosmetics containing talc as an ingredient. FDA is reviewing the information and may respond sometime in the future. Those two workers are going to be hard pressed with this one, too. If the State wanted to warn its consumers about the potential carcinogen, they would be prohibited under S. 830.

A technique that has been used to extract ovarian tumor material found talc particles in approximately 75 percent of ovarian tumors examined. Subsequent evaluations have appeared to support the contention of an association between talc and ovarian carcinoma.

The most recent study reported by the American Cancer Society has validated the claim that talc exposure increases the risk of ovarian cancer. Since the use of talcum powder is not an unusual practice for women, further studies need to be conducted to further understand the effects on a woman's female reproductive system. We had hoped that perhaps some of these research centers, some of these States would be interested in this. They might have done some work and might have been able to provide some health and safety recommendations in this area.

But now we are saying that if the State of Washington, that was interested in alpha-hydroxy, or if we are going to find out from Columbia University the work they have done with regard to the finding of talc particles in the ovaries of patients undergoing surgery, if they wanted to do something in warning people in the State of New York, those would effectively be off the table. Why are we not debating how we are going to provide greater protection for women?

We have seen important research done up in Seattle, WA. Why are we not out here debating what we are going to do about it? How can we provide protections? What about these kinds of recommendations in terms of the talc? How dangerous is that to our children? Why are we not out here debating that rather than saying, look, even though we have seen this kind of study, we are not going to permit the States to get into this—into this at all—because the cosmetic industry does not want it.

On mascara, the FDA had numerous reports of corneal ulceration associated with mascara products, some of which caused partial blindness of the infected eye. In addition, many other reports of conjunctivitis caused by contaminated mascara were received.

In a 1969 FDA survey of hand and body lotions and creams, about 20 percent of the products sampled contained microbial contamination. Researchers at the Medical College of Georgia demonstrated that 10 percent of eye cosmetics were contaminated when sold. Bacteria were isolated from about 50 percent of all used eye cosmetics. Popular brands of mascara were marketed without preservative systems and are particularly vulnerable to contamination.

Mascara cosmetics can become easily contaminated during customary use because human skin is not sterile, and contact between the skin and a cosmetic leads to microbial contamination of the products. FDA published a notice asking the industry to provide information covering microbial testing methods and standards of performance suitable to assure that cosmetics do not become contaminated with microorganisms during manufacture as well as use. However, FDA's request for information resulted in no substantive response from the industry. The industry just said no. What can FDA do about it? Since FDA has no authority to request the safety data from the manufacturers or look at industry records, FDA's inquiries likely stops there. Can the States perhaps do something down the line? Perhaps they could have at some point, but not under this proposal.

Expiration dates would help remind consumers to get rid of cosmetics before the bacterial contamination becomes dangerous. Under this legislation, States could not act to require expiration dating on cosmetics.

So, Mr. President, the cosmetic provision of the bill is utterly irresponsible. It is a flagrant example of a special-interest lobby using its back room muscle to attain unfair advantage over the public interest.

You bring that bill out separately, Mr. President, and let us have an opportunity to debate that on the floor of the U.S. Senate. The votes are not there to carry that individually. And they should not be there. But now we have seen that the cosmetics industry has added this on to legislation that was initially devised for the extension of PDUFA, to ensure adequate funding for FDA's drug review program so that the United States can be first in the world in terms of approving new products in the pharmaceutical industry.

It is time for the Senate to stand up for the health of the American people, reject this unjustified, unwise, unacceptable provision that is nothing more than a tribute to the greed and recklessness of the cosmetic industry. The political power of the cosmetic industry is not a license to ride roughshod over the rights of the States and the health of the Nation's men, women, and children who use their products every day.

The American people deserve safe cosmetics. They have a right to full and fair information about the actual and potential danger of their products. The last thing Congress should do in a bill called the FDA reform is to give the cosmetic industry a blank check, poisoning the American people with its products.

Mr. President, we allow States to decide whether their bottles will be recycled or buried or whether their barbers are going to be licensed, whether their pets will be registered, how close to a crosswalk you can park your car, what hours the stores can be open. But this bill prohibits the States from protecting the consumers from cosmetics that can give you cancer, catch on fire, or cause birth defects.

As I mentioned, the language broadly preempts any public information or public communication. That is an ironclad guarantee that the consumers will know less about their cosmetics. States will not be able to require warnings to parents or children about the dangers of a particular product. American consumers are going to know less about their products. The cosmetic industry introduces 1,000 new ingredients every single year into our cosmetics, everything from lipsticks, hair creams, soap, deodorant, and hair dyes.

Do you think we will know how safe they are if this language becomes law? Who will be looking out after the public interest under this language? I suppose it is left to the two employees at FDA—an agency with limited authority and resources—who are charged with regulating $20 billion worth of cosmetic labeling and packaging. This language that we are considering was drafted by the cosmetic industry itself so make no mistake who it is intended to benefit.

Many challenges to State action have been rejected by the Federal appellant courts because the courts interpret preemption narrowly. This is because the courts cannot imagine that Congress would want to preempt the States from protecting their citizens. So what does the cosmetic industry do? They carefully drafted this language to give them their broad preemption. They have admitted that they drafted this law specifically to force the Federal judges to interpret preemption very broadly.

Mr. President, this provision should not become law.

Mr. President, beyond this issue, I will mention two other important items that I hope we will have a chance to debate in the form of amendments when we move to the bill itself. Others have spoken to them, and I will work with them or introduce legislation on these particular provisions.

The overall legislation includes a number of provisions that will significantly improve and streamline the regulation of prescription drugs, biologic products, and medical devices. I am pleased that, through a long process of negotiation both prior to and subsequent to the markup of the legislation, many provisions that seriously threaten public health and safety were dropped or compromised.

But despite our best efforts, this legislation includes several Trojan horses that I think undermine important positive proposals in this bill. I would like to discuss the changes in the regulation of devices that put consumers at unacceptable and unnecessary risk. They should be removed from the bill before it goes forward. The administration has made it clear that these provisions put the whole bill at risk.

A great deal of negotiation has taken place on the medical device provisions of this bill. I compliment Senator JEFFORDS and Senator COATS and other colleagues in the committee for resolving most of the divisive provisions in a way that is consistent with the protection of the public health. I see in the chair Senator GREGG. We worked with Senator GREGG on the health claims issues in a constructive manner.

But there are at least two medical device provisions in the bill which still raise substantial concerns that could be corrected very simply with negligible effect on the basic purpose and intent of the bill. Yet these corrections have not been made. My colleagues deserve a clear description of the hazards they pose. A brief explanation of how the FDA regulates and clears the medical devices for marketing may be first in order.

Under the current law, manufacturers of new class I and class II devices can get their products onto the market by showing that they are substantially equivalent to devices already on the market. For example, the manufacturer of a new laser can get that laser onto the market if they can show the FDA that the laser is substantially equivalent to a laser that is already on the market.

Similarly, the manufacturer of a new biopsy needle can get that biopsy needle onto the market by showing that it is substantially equivalent to a biopsy needle already on the market. And the manufacturer of new patient examination gloves can get those gloves onto the market by showing that they are substantially equivalent to patient gloves already on the market.

Mr. President, these manufacturers are obliged to demonstrate substantial equivalence to the FDA by showing that the new product has the same intended use as the old product and that the new product has the same technological characteristics as the old product. If the new product has different technological characteristics, these characteristics must not raise new types of safety and effectiveness questions in order for the product to still be substantially equivalent to the older product.

The logic of this process for bringing medical devices onto the market is quite simple: If a product is very much like an existing product, it can get to market quickly. If it raises new safety or effectiveness questions, those questions should be answered before the product can be marketed.

This process for getting new medical devices on the market, commonly known as 510(k), is considered by most to be the easier route to the market. Devices that are not substantially equivalent to a class I or class II device already on the market must go through a full premarket review. Thus, device manufacturers have an incentive to get new products on the market through the 510(k) process. In effect, well over 90 percent of all new devices get on the market through the submission of a 510(k) application.

This legislation seriously compromises the FDA's ability to protect the public health through its regulation of medical devices that are marketed through the 510(k) process. Of the dozens of provisions that we have negotiated and discussed which affect medical devices in this bill, these two still raise fundamental public health problems. Although few in number, these provisions raise substantial risks to public health which simply cannot be ignored.

The first problem raised by the bill relating to medical devices is a prohibition on the FDA from considering how a new device will be used if the manufacturer has not included that use in its proposed labeling.

You may think this approach makes sense. Why should the agency consider the use of a device if the manufacturer has not specified the use on the label? I'll tell you why—because that proposed label may be false or misleading. How would the FDA know that? Because the design of the new device may make it perfectly clear that the new device is intended for a different use.

Let me provide my colleagues with a few examples. Let's talk about the biopsy needle I mentioned before used on breast lesions. Most biopsy needles for breast lesions currently on the market take a tissue sample the size of a tip of a lead pencil. Assume the manufacturer of a new biopsy needle comes to the FDA with a 510(k) submission. But the new biopsy needle takes a tissue sample 50 times as big, the size of a 1-inch stack of checkers.

The manufacturer of this new needle has proposed labeling that says that the needle will be used like the old, marketed needles to biopsy breast lesions. But FDA knows the chunk of tissue being "biopsied" will exceed the size of the lesion. This makes it clear to FDA—and any impartial observer—that the needle in most cases will be used to remove the lesion.

Under these circumstances the FDA should be able to ask the manufacturer to provide information on this use. Is it safe to remove lesions? Does it really work? The bill, however, categorically bars FDA from asking these essential questions. This means the FDA would be unable to make a complete review of the device and the public would be deprived of existing assurances that devices are truly safe and effective.

The proponents of this provision have argued that the FDA could simply say that the change in device design or technology—such as the change and size of the biopsy needle—renders the new product not equivalent to the old product. But that is not always true. The manufacturer could argue that there are no new questions of safety or effectiveness for the purpose claimed on the label. In the case of the biopsy needle there are times when a large sample is needed—a sample larger than a pencil tip.

So long as the larger needle is safe and effective for removing a sample, FDA could be barred from obtaining data about the new use of removing lesions and to the extent the needle is used for the new use, women could be put at risk for effective or unsafe treatment of breast cancer.

Another example is surgical lasers that have been used for decades to remove tissue. Several years ago, a manufacturer added a side-firing mechanism to their laser to improve its use in prostate patients. While the manufacturer did not include this specific use in its proposed labeling, it was transparently clear that the new side-firing design was intended solely for this purpose of treating prostate patients.

As a result, FDA required the manufacturer to submit data demonstrating the laser's safety and effectiveness in treating prostate patients. This is precisely how the device review process should work. Manufacturers must prove their devices live up to their claims, while patients and doctors receive all of the information needed to make the best possible treatment choices.

Under this bill, FDA would be prohibited from getting adequate safety data on the laser's use on prostate patients, even though that would be the product's primary use. This defies common sense, yet this is the result of one troubling and indefensible provision. Other examples in the way this provision could allow unsafe and ineffective devices onto the market abound. A stent designed to open the bile duct for gallstones could be modified in a way clearly designed for treatment of blockages in the carotid artery. Without adequate testing, it could put patients at risk for stroke or death. But under this bill, the FDA would be prohibited from looking behind the label to the actual intended use of the device. A laser for use in excising warts could have its power raised so it was also possible for use in smoothing facial wrinkles, but without FDA's ability to assure adequate testing, the use of the laser for this purpose could lead to irreversible scarring.

Most companies, of course, will not try to bypass the process in this pay. But some bad actors will. This legislation should not force the FDA to fight these bad actors with one hand tied behind it. This provision is like asking a policemen to accept a known armed robber's assurance that the only reason he is wearing a mask and carrying a gun is that he is going to a costume party.

The second way this bill undercuts the FDA's ability to protect the public's health and adequately regulate medical devices is the way it forces the FDA to clear a new device for marketing even if the agency knows that the manufacturer cannot manufacture a safe device.

Let me repeat that. It sounds, frankly, preposterous but it is true. One of the bill's provisions actually requires the FDA to allow a new device on to the market even if the manufacturer is producing defective devices. Surprisingly, the proponents of this provision freely admit that this is true.

Under the current law, let's assume that a maker of a new examination glove submits a 510(k) to the Food and Drug Administration and claims that the new gloves are substantially equivalent to gloves already on the market. If the FDA knows for a fact from its inspectors that the company uses a manufacturing process that often results in the gloves having holes, FDA would simply not clear the gloves for marketing. FDA would find that these gloves are not substantially equivalent to gloves on the market because gloves on the market don't have holes. That is common sense, and fortunately that is also the law.

In contrast, this bill would force FDA to clear the gloves for marketing. These defective gloves would be sold to hospitals, clinics, and HMO's where they would be used routinely by doctors, nurses, paramedics, and other health professionals every single day. Every single glove would expose these professionals needlessly to AIDS and hepatitis.

Here is the response of the provision's supporters. They argue that once these defective gloves are in the market and being used by health professionals, FDA can simply institute an enforcement action to remove them from the market. But when hundreds or thousands of defective devices have been distributed, and when dozens or hundreds of facilities may be using these devices, an enforcement action entails more than blowing a whistle or picking up the phone to place a simple call.

In reality, FDA must coordinate with the U.S. Attorney's Office, U.S. Marshal's Office, and persuade the court of jurisdiction to issue appropriate papers. As any attorney or law enforcement professional can tell you, that takes precious time. In the case of a defective device which is exposing people to unnecessary risk, time is absolutely critical. The sooner a defective glove is pulled from the market the sooner the public is protected.

All this makes no sense when the FDA can prevent this from arising. If this provision becomes law, the debater's point distinguishing between different forms of FDA authority will be paid for in the health and safety of American consumers, placed at needless risk of death and injury. In fact, even the regulated industry is willing to compromise on this provision because they recognize it is so unreasonable and should be removed from this bill.

In the end, there is simply no justification for these troubling medical device provisions. Our overriding priority in regulating medical devices should be distinguishing between reforms which preserve the public health and protections and those which endanger the public health.

Mr. President, we have had arguments on the other side of that provision which say, well, on the labeling provision are we going to have to require the manufacturer to dream up every possible use and be able to answer the charges that some nameless person at FDA can possibly imagine that a particular medical device would be used for?

We say, no, that is not what we are looking for. We are looking for what would generally be defined as the predominant or dominant use of the device as a criteria. That ought to be the key. We know many devices are used in different kinds of ways. We are looking here at the predominant or dominant use for the device. That is what we are concerned with.

You might have a pacemaker which can speed up the activities of the heart and some treatment might require that you slow down the beat of the heart. You might have one pacemaker that has already been approved, and someone else wanted to get on stream and say that they have a pacemaker that speeds up the heart but also may slow it down. So they come in and say, "We want this approved because it will speed up the heart but it also has the possibility of slowing it down," in order to circumvent the safety requirements.

It seems to me we ought to be able to work that out. We are looking, as I said, as a criterium of the predominant and dominant device use as the key. We are not looking for these other, incidental uses. It seems to me we ought to be able to work that through. For the reasons I outlined in discussing the good manufacturing practices provision, it seems to me we also ought to be able to find some common ground in that area, as well, but we are not there yet.

I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. BROWNBACK). The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. GREGG. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. GREGG. Mr. President, I ask unanimous consent to consume as much time as I may require under the pending debate.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. GREGG. Mr. President, today, we are debating, in part, the FDA Modernization Act, which is a very important piece of legislation because it goes to the issue of the health and safety of the Nation. I congratulate the Senator from Vermont for having the foresight, ability, and acumen to bring this bill to the floor after a considerable amount of negotiations and debate and discussion and activity within the committee. In fact, we have been working on this ever since I have been on the committee. I believe that would be almost 5 years now.

The need to modernize the FDA is obvious. I think it is obvious to anybody who represents any group of people, as we hear constantly from folks in our States about problems that they have had with getting drugs, getting devices in a prompt way and in a manner that will help them live better lives. I, for example, had an instance where Helen Zarnowski came to my office fairly regularly over the years as she sought to get approval, or wanted to be able to use various Alzheimer's drugs, drugs being developed that were experimental, in order to help her husband, who, unfortunately, had Alzheimer's. She would come and talk about how terrible this disease is—and it is a horrible disease—and how much she would like to be able to try this drug she had heard about, or that drug which she knew was having positive effects. She had heard about some in Europe that had positive effects, which had been approved there. Yet, unfortunately, the process of approval in the FDA involved considerable delay, delay really well beyond what one would consider to be common sense. Regrettably, her husband died in 1995. Some of the drugs that might have been able to be helpful were not approved by then.

Of course, we all, I suspect, have friends or people we know who have contracted the AIDS disease and have had problems with AIDS. They are historic. The FDA has started to address that more aggressively in the last few years. In the latter part of the 1980's, that was not the case. Approval was delayed for an extended period of time in a variety of other areas, especially the device area, where people's lives could be improved dramatically by getting a medical device that would assist in their rehabilitation. Or the testimony which was so heart rending and stark, given within our own committee by our own committee member, Senator FRIST, a nationally prominent heart surgeon prior to becoming a U.S. Senator. He made it so clear that if he had simply had a device that was available in Europe, he could have possibly saved some of his patients. But he could not get it because the FDA would not approve it in a manner that was timely enough to have it available for those patients.

So this is a very personal issue. It is brought up in the context of the bureaucracy and the question of this huge institution called the FDA, but when you get right down to it, like most Government, this is a very, very personal issue of people being impacted by their need to obtain care, by their belief that certain types of care that are available maybe in other countries would help them, and their inability to get it in a timely manner in the United States. The FDA has had some real problems. There has been, without question, an attitude that ran well into the early part of this decade that caused FDA to be ponderously bureaucratic in the manner in which it dealt with drug approvals and especially device approvals. That has changed. It has changed for the better. It hasn't gone as far as it needs to go, no. But that is what this bill is about—to give the FDA the capacity to go even further down the road toward being a positive force for the approval of drugs that may help people live longer, live better lives, and for the approval of devices that would help people live better lives. So especially for those individuals who are going to be impacted, this is a very significant piece of legislation.

In addition, of course, it has the PDUFA language in it, which is critical because PDUFA is the manner in which we fund the expedited approval process for all intents and purposes. And we need to have that fee system reauthorized so that we can keep on board the 600 or so people who are employed through the PDUFA fee process to help us expedite approvals. So that is one approval. In addition, it deals with the question of a variety of questions such as health plans and what can be said. And we approve that language in the bill. The issue of uniformity and how we deal with that—we have improved that language in the bill for a variety of areas. But, most importantly, it is a piece of legislation which will—to use a nice term— "modernize" the FDA and help us move more promptly to the approval of drugs and devices which will cause for better caring for Americans.

There has been a lot of discussion on this floor about the question of national uniformity in the area of over-the-counter drugs, and national uniformity in the area of cosmetics. Certainly the Senator from Massachusetts has expanded considerably on this topic. I must say that at an entry point I do find it ironic that this bill would be filibustered because when this bill is filibustered it slows down the approval process for people who have problems, for people who confront diseases and who need new drugs and new devices. And the filibuster by very definition when it was initiated on this floor in opposition to this bill means people are going to have further delays—delays beyond just the bureaucratic delays, which are bad enough —delays which are created by the politics of the process. That is just not right. If the Senator from Massachusetts has a serious concern, which he, obviously, does about one or two items in this bill, he shouldn't be filibustering this bill. He should be offering amendments to the bill letting us vote them up or down and decide whether or not his position has the support of the body, or the bill as it was reported has the support of the body. Clearly a filibuster is totally inappropriate and tremendously ironic in the context of an issue which we are trying to expedite the approval of. And we run into a filibuster. It is bad enough, as I said, to have a bureaucratic slowdown of the approval process. But to have a political slowdown of the approval process is really, I think, unconscionable.

Independent of that point, let's go to some of the specifics here of the concerns. The issue of uniformity is an issue which has been addressed and discussed at dramatic depths and lengths over the last decade, at least—probably prior to that. That is the only time I recall over the last decade. There have been commissions of very thoughtful people who are extraordinarily expert on the issue of how we deal with the approval process and management of the drug and device delivery system in this country, and who have looked at this. In fact, there was a study, a group, a commission put together headed up by Carl Edwards, who was at one time head of the FDA, and the conclusion of that commission, which was put together at the request of the Congress as early as 1991, was that Congress should enact legislation that preempts additional and conflicting State requirements for all products—not a few, all products—subject to the FDA jurisdiction. States should be permitted to seek a preemption in areas where the FDA has acted based on convincing local needs. States should in addition be allowed to petition for the adoption of national standards.

That is exactly what is proposed in this bill relative to the two items that the Senator from Massachusetts appears to have problems with—over-the-counter drugs and cosmetics. It should, also, according to this language, have been proposed for food. We should have done uniformity for food if you follow the presentation of this commission proposal. And maybe there will be an amendment coming as we move forward on FDA reform which addresses the issue because I know there is a lot of support on both sides of the aisle for the issue of uniformity on food regulation as well as drugs—over-the-counter drugs and cosmetics.

But the point here is that an independent, thoughtful, congressionally supported commission headed up by the former head of FDA concluded that this type of uniformity is exactly what we need in order to effectively administer and protect—administer the issue of food and drugs and protect the public. In their 1-year review of their report—1 year later. That was a unanimous agreement, I should have mentioned, reached by the commission, and 14 of the 17 people on this commission said, "We reaffirm our original recommendation that Congress should enact legislation preempting conflicting or additional requirements for products subject to FDA regulation with provisions for the States to be able to demonstrate a genuine need for distinctive requirements to seek an exemption. Failing action by Congress, FDA should adopt regulations to accomplish the same rules for national uniformity."

They went a step further. They said even, "If the Congress doesn't go the uniformity route, the FDA ought to do it unilaterally with regulation."

I don't agree with that. I think it is the prerogative of the Congress to decide this type of issue. But the fact is they felt so strongly about this as a group of commissioners who had expertise in this area that they asked for that type of an extraordinary action. That would have meant uniformity for drugs, food, over-the-counter drugs, and uniformity for cosmetics.

Then Commissioner Edwards reaffirmed this point in a letter that he sent to Chairman JEFFORDS by saying "national uniformity should play a greater role in FDA-State relations. If not, the agency's ability to protect"—this is the issue; how do you protect? —"to protect consumers will be further eroded and unnecessary concerns will be imposed on the national Congress."

Former Commissioner Arthur Paul Hayes wrote in July 1997, "I write in strong support of the national uniformity provisions in S. 830 for the nonprescriptive drugs and cosmetics, I have long believed that a single national system for regulations for these FDA-regulated products is essential and now overdue."

So you have a commission which was the brainchild of the Congress to determine what FDA should do and how they should manage the issue of drugs, cosmetics, over-the-counter drugs, and food; a commission saying: Use uniformity. Why did they say that? They said it because they believe that to have 51 FDA's running around the countryside—50 States plus the Federal FDA—would create chaos. It would confuse the consumer and create a situation where a consumer in one State was to be given one piece of advice and the consumer in the next State was being given another piece of advice, and as a result, rather than having an encouragement of a comprehensive, thoughtful approach to health protection, you would have confusion and anarchy in the public's mind as to what was correct in the area of health care and protection.

It is a pretty logical position. I have to say as someone who comes from the States' rights viewpoint, and who has spent most of my life defending States' rights, that it runs against my grain to want one Federal agency to run the country on one issue but, when you think about it, to do it any other way would be to undermine the health, and certainly the veracity and the confidence of the public on the issue of health care provided.

This is especially true in the area of FDA because even though the FDA has been excessively bureaucratic, nobody would argue that they haven't been extremely professional. They are an agency which has and maintains the view that they are the world's premier reviewer and protector of public health. And I think they have credibility in taking that position.

That is why I think as a States' rights advocate I am willing—or one of the reasons I am willing—to say yes in this area. The role of the FDA is unique, and to undermine the role of the FDA—that is what you would be doing—to undermine the role of the FDA by allowing the 50 States to basically pursue arbitrary independent views in areas where the FDA has the authority to regulate would be a big mistake. It would run counter to the basic goals of having a strong system of health protection in this country.

So we are talking here about how you protect the public health. And what we have is a commission set up with the support of the Congress which concluded—we have experts; they weren't Members of Congress on this—concluding that the way to protect the public health is to have uniformity.

So let's give that a fair amount of credibility. Let's not just discard that.

I think that is a fairly persuasive point in favor of the language in this bill which tracks the proposal of the commission, the Edwards Commission, for all intents and purposes, and which was brought forward out of committee with a vote of something like 14 to 4—overwhelming support because the people on the committee who have taken a long time looking at this sort of thing understand that the commission made sense when it came to these conclusions.

Before I get into the specific responses to some of the points made here, there is another general theme that comes out which is that if you take the argument coming in opposition to the uniformity standards in this bill you are essentially taking an argument that says the FDA can't do its job; the FDA isn't competent; that the States are more competent than the FDA. The corollary to that is you are saying the FDA doesn't care; the FDA isn't really interested in health and safety; that there are areas of health and safety under its regulatory responsibility, under its portfolio, that it has no responsibility, and that it is going to walk away from it. Those are heavy charges to make against the FDA.

But that is essentially the subtlety of the position in opposition to uniformity: It is that the FDA isn't capable of administering its portfolio and it doesn't care about safety. I personally disagree with that. If anything, the FDA consistently errs in favor of safety, which is probably the right way to do it. We are asking in this bill that they streamline their efforts, that they expedite their procedures, but we are not asking that they do it at the expense of safety. And to imply that they aren't going to fulfill their obligations—which is not an implication but basically a statement made here on numerous occasions—citing that only two people are doing this, three people are doing that, to imply that they are not going to fulfill their obligations is I think incorrect. I think the track record shows that the FDA does fulfill its obligations in many ways, and it maybe is a little slow in doing it sometimes. But it sure does get into the issue of safety. And to presume that it would not is I think inappropriate or inaccurate. "Inappropriate" is not correct. Obviously, you can presume anything you want. So that is another point.

First, we have the commissions' support for this proposal.

Second, we have the logic of the committees' support for this proposal.

Third, we have the fact that the FDA is perfectly capable of pursuing this proposal and should be pursuing this approach because a single uniform approach is what makes sense for the health and safety of the American citizenry.

There were a number of specific points made in representations relative specifically to cosmetics. But you have to remember that cosmetics isn't any different here than over-the-counter drugs for all intents and purposes. Thus, I am surprised with the intensity of opposition of the colleagues; that we don't have the same intensity of opposition to over-the-counter drugs. It seems to be inconsistent to me. And it may just be that the photographs are better for cosmetics than over-the-counter drugs. I doubt that. You can probably find some pretty heinous photographs that relate to over-the-counter drugs. But the fact is that, I think, that is inconsistent.

In specific, the statement was made that the States will no longer be able to regulate, or to paraphrase it, the States will no longer be able to regulate the packaging and labeling of cosmetics. That isn't really accurate. Nothing preempts State enforcement powers. States may seize, embargo, or pursue judicial proceedings whenever necessary to enforce the law; Federal law; the FDA law.

(Ms. COLLINS assumed the chair.)

Mr. GREGG. States are also free to publicize any information or warning they deem necessary. They simply cannot force the manufacturers to post warnings unless they can get the FDA to agree that that warning is legitimate.

What is wrong with that? Nothing. FDA is certainly going to want a warning on a bottle if it is proven to cause cancer. It is absurd to think they will let the bottle or whatever it is out on the market. If there is some threat that is created by something, the FDA is going to step forward.

States will have two specific options under this legislation. The States may use the existing authority provided under 21 CFR 10.30 to petition the FDA to make any requirement a national requirement. So they can ask that their proposals, their ideas, be moved up to the national level. Under this provision, States may seek an exemption. If you have a law or requirement that is different from the FDA's, the States can come to the FDA and say we think there should be a national protection.

For example, the Senator from Massachusetts was talking about the studies in the State of Alaska and what the State of Massachusetts was doing in the area of caring for women. If they feel strongly about that, they can go to the FDA and ask that those types of disclosures which they think are appropriate in the State of Washington and the State of Massachusetts be national. Why shouldn't they?

The other side of that argument is that, well, women in Washington and women in Massachusetts should get a different warning label than women in New York State or women in Oregon. Why? If it is that serious, why would you want the people in Washington to know something different than the people in Oregon? Obviously, you would not. The logic is that the FDA should make the determination as to whether or not it is serious enough to require national disclosure or to make a determination whether it isn't so that you don't arbitrarily scare the people in one State versus another State. It really makes no sense to have a hodgepodge of disclosures on these over-the-counter drugs and cosmetics, requiring that over-the-counter drugs and cosmetics are not drugs in the traditional sense that they are defined by the statute. Drugs are clearly something that the FDA is going to be involved in.

So it is just an inconsistency here to this argument that the FDA should not be making the decisions but that the States should be making decisions because you end up with inconsistency from State to State by definition. So I don't think that argument really applies.

Now, there was another representation that I believe 47,000 injuries resulted last year from cosmetics use. This calculation was not analyzed in its representation, the specifics of it. I think it should be.

The Consumer Product Safety Commission's National Electronic Emergency Injury Surveillance System came up with this figure in a 1988 House hearing. I believe that is what is being referred to here. Their calculation included things such as slipping on soap in the shower, suicide attempts, injuries from broken bottles, plus in the context of total usage 47,000 injuries, some of which clearly weren't involved in the character of a cosmetics, represents .00044 percent, which I believe is less than five ten-thousandths—five ten-thousandths—of the number of products sold in the country; 10.5 billion products sold in the country and 47,000 potentially caused injuries, some of which involved slipping on soap or broken bottles or possibly ingesting things intentionally to cause harm, and that represented .00044 percent or less than five ten-thousandths of the products sold.

You have to put that in a little bit of context here because, as studied by the same group, injuries caused by couches and sofas were 70,000. Almost twice as many injuries were caused by couches and sofas as were caused by cosmetics. And 117,000 were caused by drinking glasses. Are we going to have that be State regulated—drinking glasses? And 253,000 were caused by pillows, mattresses, and beds. What is that, almost six times the number caused by cosmetics studied by the same group. So when that number is thrown out here, I think it has to be put in context, and I think that puts it in the context of "less than persuasive" would be the adequate term to put to that statement.

Now, also, the point was made that cosmetics pose an inherent threat to a person's health and safety. I think we just saw from the numbers it is not very inherent if it is less than five ten-thousandths of a percent that are impacted.

But cosmetics by definition are inherently the safest products FDA regulates. Cosmetics, as defined by the Federal Food, Drug and Cosmetics Act, section 201(I), means:

> Articles intended to be rubbed, poured, sprinkled, or sprayed on, introduced into, or otherwise applied to the human body or any part thereof for cleansing, beautifying, promoting attractiveness, or altering the appearance, and (2) articles intended for use as a component of any such articles; except that such term shall not include soap.

We are not talking about products that affect the structure of any function of the body. Such products are viewed as drugs. So if it affects structure, if it affects function of the body, it is a drug; it is not a cosmetic.

In fact, former Commissioner Kessler stated in a hearing in the House, again in 1991:

> People can take comfort from the fact that the cosmetics industry is as safe as they come.

So cosmetics are not inherently dangerous, which would be what you would think if you listened to the debate here for the last couple of days.

There are problems with cosmetics. Nobody is going to deny that. And that is what we have the FDA for. When there is a problem, that is what the FDA is there for.

Now, there was another statement, I believe, made that 884 cosmetic ingredients have been found to be toxic. That is a pretty strong statement. Of course, we all know that things that are toxic are things that we deal with every day. Salt is toxic if you take too much of it. In fact, that list included chemicals such as water, salt, and vinegar. This was a list derived from a list published by the National Institute of Occupational Safety and Health Registry of Toxic Effects of Chemical Substances, which list, as I mentioned, included such things as water, salt, and vinegar.

So toxicity depends on the manner in which it is used and the manner of application as versus by definition that the substance is toxic. "Many substances that are common in everyday life are obviously toxic."

Mr. President, 884 ingredients were evaluated by the Cosmetic Ingredient Review Expert Panel to determine if they were toxic. This was not mentioned, I don't think, during the debate. They found no significant health effects with the cosmetic use of any of them. So, again, I don't think that argument is persuasive.

Then there is the GAO report on which a considerable amount of discussion has been spent. I believe the Senator from Massachusetts was referring to the 1978 GAO report that listed 125 ingredients which were then available for use in cosmetic products that were suspected of causing cancer, 25 that were suspected of causing birth defects, and 20 that were suspected of adversely affecting the nervous system.

The GAO report goes on to state that:

> Neither we nor NIOSH—

Which is the other Federal agency that would have responsibility here; I just quoted their numbers—

> has reviewed the adequacy of the tests performed or the applicability of the tests performed or the applicability of the results to exposure to the ingredients through the use of cosmetics.

They haven't reviewed that. In fact, much of the limited scientific work done before this list was first compiled by NIOSH was done at extremely high exposure levels, rather than against a relative baseline.

Anytime the FDA would like the Cosmetics Review Panel, in its capacity as an independent expert panel meeting the same criteria as any FDA review board, to review the data, to review the safety data on anything that can be used as a cosmetic ingredient, they may request that it be done. But the FDA has never asked them to do that. The CIR has never denied such a request. The FDA may have asked, but the CIR has never denied the request. The fact is that if something causes cancer and if it were being used in some sort of cosmetic and as a result cancer was being generated, you would have FDA action.

What do we think the FDA is, a potted plant? They are not going to sit around if there were any cancer-causing substances that were being generated by any cosmetic that were a threat. The idea that a State is going to step up and do a better job of evaluating whether or not there is a carcinogenic effect to anything is, I think, a bit of an affront to the FDA. The fact is the FDA takes cancer pretty darned serious. And they aren't about to walk away from anything or not get involved in anything that has a cancer issue, a serious cancer issue. So bandying around numbers like that may create headlines, but I don't think it is persuasive if you look at the substance of this.

Now, there has been some representation that FDA doesn't have a whole lot of regulatory authority here. It has a lot of regulatory authority, as was shown again by the Edwards Commission. FDA is the regulatory agency, and that's why there should be uniformity.

Just let me read a few of these.

Section 301 prohibits the introduction into, or receipt of, any cosmetic that is adulterated or misbranded in interstate commerce.

Section 303 lists the penalties for violating section 301, starting at imprisonment for up to 1 year and a $1,000 fine.

Section 601 defines "adulterated"—if it contains a poisonous or deleterious substance; contains a filthy or decomposed substance—we are not even talking about things that are going to cause you cancer here; we are talking about a filthy or decomposed substance—if it was prepared, packaged or stored under unsanitary conditions; its container is made of an adulterated substance; or if it contains a color additive not approved by the FDA.

We heard a lot about color additives earlier.

Section 706 requires FDA to approve color additives as safe before they can be used in cosmetics.

Again, we heard a lot about color additives, but the FDA has authority here.

Section 602 defines "misbranded" as: False or misleading labeling; if the package is not labeled with the name and place of business of the manufacturer, packer, or distributor, and with accurate quantity; if any word required by Federal law or regulation to appear on the label is not prominently displayed in a readable and understandable manner; if the container is misbranded; if the color additives don't conform with requirements; or if the packaging or labeling violates the Poison Prevention Packaging Act.

Section 201(n) states that misbranding must also calculate the extent to which the required facts are not revealed.

The FDA has broad authority—broad authority—here. And they will use that authority.

The FDA can ban or restrict ingredients for safety reasons, mandate warning labels, inspect manufacturing facilities, issue warning letters, obtain court orders to seize illegal products, obtain court orders to enjoin activities, prosecute any violators, publicize public health issues, and work with manufacturers to implement nationwide recalls.

There are 41 pages—41 pages—in the FDA, in the Federal Food, Drug and Cosmetic Act applying to cosmetics—41 pages. There are 32 pages of FDA regulations of cosmetics in the Code of Federal Regulations. The fact is that the FDA knows this issue and has the capacity to deal with this issue. The idea that the States are going to do a better job—well, I suppose that if they are they can come to the FDA, under the law as proposed in this bill and say, "We have done a better job. Change the Federal rule." And the FDA will do that, because that is what the law gives them the authority to do. Or if they think it is a unique situation, then the States can come and say we want special treatment for this, and the FDA will give them that authority.

But the point here is that you should not have—and my colleague uses the term women or children a great deal. I think it is just about anybody who would be impacted. But you should not have women in Washington State getting a different instruction from women in the State of Oregon, because it is going to confuse people. Who is going to know who is getting the better instruction, the people in New York versus the people in Massachusetts? Let's have it done consistently, across the country. That is why the commission decided in favor of uniformity. Uniformity on over-the-counter drugs, uniformity for cosmetics, uniformity for food. We don't have food in this bill. Maybe we will. Maybe there will be an amendment.

There is some representation—I couldn't get it clear but I think there was a representation relative to California's status. Let's define California's status. This law is prospective. It doesn't affect the California situation at all. Prop 65 remains effective in California. So that bit of red herring should be put to bed.

There has been this representation there are only two people over at the FDA doing this or that. The FDA regulates cosmetics. It has the financial capability—and we will give it the financial capability if it feels it doesn't have it—to have the personnel to do the job right. And I believe that, as part of its portfolio, the leadership of the FDA will do the job right. To say they will not or imply they will not, which is the representation, I think, as I said earlier—the subtle undercurrent of these representations in opposition to this language that the FDA cannot do its job is, I think, incorrect. I think the FDA has shown its capacity. So, resources, here, is not really an issue at all. Resources may be an issue for us as the Congress. But I can assure you that, as a member of the Appropriations Committee—sitting not on the FDA subcommittee but on the overall committee—I would have no problem funding whatever is needed in this area. I suspect none of my colleagues would either. In fact, this bill is about that, with the PDUFA language. It is about funding the FDA in a more effective way. In fact, I put an adjustment in this bill so we would not end up cutting FDA, as a result of the PDUFA funding from base funding, which is critical.

There was also, I believe, a representation that this prevents the States from providing public information. No, it does not. Under this provision, the States remain free to publicize any information or warning they deem necessary. They simply cannot force manufacturers to post the warning unless the FDA says they agree with it. As I said earlier, what's wrong with that? If a State decides that something needs to be put on a warning label, they can come to the FDA, say, "This is important." The FDA will evaluate it and tell them, "Yes, it works," or, "No, it doesn't work." If you do it another way, you get into this confusing, anarchic situation I spoke about earlier. This is a transient society. People coming from different States are going to see different statements, different warnings. They are not going to know what to think, and that undermines health because it undermines confidence. It's better to have a single agency making that decision because, when you are dealing with health, you have to have confidence.

There are a couple of specific claims—lead in hair dye was one, I believe. In 1980 the FDA approved the use of lead acetate as a color additive, "safe for use in cosmetics that color the hair." That approval was based on extensive testing that showed there was no toxicological risk of lead absorption through the skin from lead acetate in hair dye. Hair dye is one of the most stringently tested products on the market today. The FDA has the authority to impose any warning it chooses to promote the continued safety use of hair dye. The fact is, the FDA is engaged in the issue and has made the decisions which it deems appropriate for safety. We should have a consistency across this country, based on what they have decided.

Mercury in lipstick and nail polish was also cited as an example. Mercury, through the Code of Federal Regulations, has been affirmatively banned for use in all cosmetic products except eye area preservatives, so I am not sure why this idea was thrown out. Maybe it was a red herring.

"Alpha-hydroxy in face creams causes cancer." That was, I believe, the representation. Certainly it has been discussed at considerable length as a concern. In 1995, the Office of Cosmetics and Colors' Director stated that appropriate actions can be taken in product characterization or through proper label warning statements in regards to reactions to alpha-hydroxy. So the FDA stepped up to this issue. He noted that the adverse reactions reported—often allergy-type symptoms—could be due to the pH factor in the product and not the actual concentration. He did not raise any concerns about it causing cancer.

If the FDA is concerned that this type of product is causing cancer, it already is investigating such products generally and why would it leave this product on the market? Obviously, it would not. Alpha-hydroxy has been used literally for 3,000 years, in hundreds of different ways. Just this past June the Cosmetic Ingredient Review of this independent group I mentioned before, unanimously confirmed after public debate that alpha-hydroxy is safe for use in a variety of products. However, if there is evidence now, or that comes to light later to the contrary, I am certain that the decision would be reversed and these products would be prohibited nationally. And they should be prohibited nationally if they are that much of a problem. Why should they be prohibited in just one State? Obviously, they should not be. Why would you protect one State over another State? If the legitimacy of the science is such that it is determined that the product is a problem, then obviously the FDA is going to sign on to that debate at that point, and you are going to have a national ban or national warning.

But to have the people in the State of Washington told one thing and the people in the State of Oregon told another thing and the people in the State of Nevada told another thing—six States in New England that sit right on top of each other such that you can't go shopping without going to one of the other States. At least that is what we hope. We hope that everybody from Massachusetts goes to New Hampshire to go shopping. The fact is, What are you going to do? Are you going to tell them they are going to get a different labeling than they get in Massachusetts? Foolish, worse than foolish, because it undermines confidence in the health care delivery system and the safety and efficacy of it, which has always been the core, always been the core, really, of one of the great strengths of our health care system in this country, which is that we have public confidence in its safety, primarily as a result of the work of the FDA.

If you have a lot of different States moving into this area you have confusion, and confusion leads to lack of confidence and that is why, again—it was not my idea. It was not the committee's idea to go to uniformity. It was a commission, set up by the Congress, with professionals, who said uniformity makes sense. It not only makes sense, it's essential—essential. So the alpha-hydroxy, I think is, again, a matter of hyperbole, maybe, in this debate. Certainly the photographs have been aggressively used. But is it substantively an issue? No. Because the FDA is already involved in that debate, has made initial decisions on that debate, and if it were determined that there were further decisions that had to be made on that product, it would make them.

A side point—I believe there was a statement there is no cosmetic hotline. There is a cosmetic hotline. It's at the FDA. In fact I'll give it to people, 1-800-270-8869. Call it up if you have a question.

As I mentioned, Prop 65 has been addressed.

So, overall this goes, not only to uniformity of cosmetics, that's just one, the uniformity of over-the-counter drugs, uniformity of management of our health care system in the area of drug protection and quality of the drug delivery system in our country is something that has been concluded to be essential. This bill tries to accomplish that and pursues that course.

I am not sure what energizes the opposition with such enthusiasm, except the leader of the opposition is an enthusiastic individual. But I do not feel the facts or the substance support any of the—or even a marginal amount of the presentation made from the other side. The facts and the substance support the position of the committee; the position of the committee, which it passed out 14 to 4, which is that uniformity protects the public. It protects the public health, maintains confidence in the public system, and allows us as a nation to deliver better health care.

I yield the floor to the Senator from Vermont.

Mr. JEFFORDS. Madam President, I commend the Senator. His expertise in this area has helped us greatly and I am sure will lead us to a final conclusion here.

I would also like to point out as another member of a small State, how we would suffer if we had to rely upon others, since we have no resources to do any of this investigation ourself. We would be placed in a position without uniformity to have to rely on some big State or something to tell us what we should or should not do. We really have no ability in ourselves to protect our citizens, that we would like to. I wonder if you would agree with that as well?

Mr. GREGG. I agree 100 percent with what the Senator from Vermont is saying, being from New Hampshire, an equally small State, and knowing it would be confusing to our consumers who cross the borders all the time to purchase products, if they were not able to rely on a nationally regarded, highly expert agency to evaluate their health care products instead of a hodgepodge from the States.

The PRESIDING OFFICER (Mr. ROBERTS). Who yields time?

Mr. JEFFORDS. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. JEFFORDS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

The Senator from Vermont is recognized.

Mr. JEFFORDS. Mr. President, I only anticipate speaking for a few minutes. I know Senator COATS will follow me.

This legislation to modernize the Food and Drug Administration and reauthorize the Prescription Drug User Fee Act will, upon enactment, streamline the FDA's regulatory procedures. This modernizing will help the agency review medical devices and drugs more expeditiously and will let the American public have access sooner to newer, safer, and more effective therapeutic products.

I am disappointed that some of my Democratic colleagues are still attempting to block this bill.

I am especially chagrined given the months of bipartisan negotiating that have led to this bill. Each major provision—every drug issue and all but one medical device provision of this measure, represents long-sought agreements with the minority and with the FDA itself. We have made significant concessions on the uniformity provision objected to by the Senator from Massachusetts to ensure that a State may act on cosmetic safety issues in the absence of FDA action. I do not understand this continued objection and delay. In particular, I am disappointed that after countless hours and many concessions to his point of view, the ranking minority member is opposing progress in passage. And I must add that I wish to applaud his willingness—and his tenacity—in working through several difficult issues to reach a consensus on 99 percent of this legislation. In addition Secretary Shalala and the FDA itself, has worked diligently, to reach reasonable, sensible agreements. This is a good, bipartisan measure that represents moderate, yet real reforms. There is no reason for further delay.

On June 11, prior to the committee markup of S. 830, I received a letter from Secretary Shalala outlining the Department's key concerns. In her letter the Secretary stated:

> I am concerned that the inclusion of non consensus issues in the committee's bill will result in a protracted and contentious debate.

Before and since our committee markup, we have worked hard to achieve a consensus bill. And the measure before us today accomplishes that goal. Bipartisan staff have worked diligently with the agency to address each of the significant nonconsensus provisions raised by the Secretary.

The American people will hardly believe that anyone would suggest that disagreement over 6 pages out of a total of 152 is grounds for holding up consideration of this important bill. A little over a month ago, we all joined together to further the economic health of the country by voting for an historic budget bill, despite our many misgivings, on each of our part, on far more than 6 pages of that legislation. We must do no less here to promote the physical health of our citizens by moving forward to approve S. 830.

In her letter, Secretary Shalala felt the legislation would lower the review standard for marketing approval. Key changes have been made to the substitute to address these concerns. With respect to the number of clinical investigations required for approval, changes were made to assure that there is not a presumption of less than two well controlled and adequate investigations—while guarding against the rote requirement of two studies. The measure clarifies that substantial evidence may, when the Secretary determines that such data and evidence are sufficient to establish effectiveness, consist of data from one adequate and well-controlled clinical investigation and confirmatory evidence, totally under the control of the FDA.

Concerns were raised also about allowing distribution of experimental therapies without adequate safeguards to assure patient safety or completion of research on efficacy. Changes to accommodate those concerns were made. We tightened the definition of who may provide unapproved therapies and gave the FDA more control over the expanded access process.

Other changes will ensure that use of products outside of clinical trials will not interfere with adequate enrollment of patients in those trials and also give the FDA authority to terminate expanded access if patient safeguard protections are not met. The provision allowing manufacturers to charge for products covered under the expedited access provision was deleted also.

In mid-June, the Secretary argued that S. 830 would allow health claims for foods and economic claims for drugs and biologic products without adequate scientific proof.

In response, Senator GREGG agreed to changes that would allow the FDA 120 days to review a health claim and provide the agency with the authority to prevent the claim from being used in the market place by issuing an interim final regulation. In addition, the provision allowing pharmaceutical manufacturers to distribute economic information was modified to clarify that the information must be based on competent and reliable scientific evidence and limited the scope to claims directly related to an indication for which the drug was approved. That problem is taken care of.

This bill was further changed to accommodate the Secretary's opposition to the provision that would allow third party review for devices.

Products now excluded from third party review include class III products, products that are implantable for more than 1 year, those that are life-sustaining or life-supporting, and products that are of substantial importance in the prevention of impairment to human health. In addition, a provision advocated by Senator HARKIN has been incorporated that clarifies the statutory right of the FDA to review records related to compensation agreements between accredited reviewers and device sponsors. I would add that FDA's existing stringent regulations which protect against conflicts of interest in today's third-party review program would apply to the expanded program created by this bill.

Finally, the Secretary was concerned about provisions that she felt would burden the Agency with extensive new regulatory requirements that would detract resources from critical agency functions without commensurate enhancement of the public health. This legislation now gives FDA new powers to make enforcement activity more efficient, adds important new patient benefits and protections, and makes the review process more efficient.

First, we give FDA new powers and clarify existing authority, including mandatory foreign facility registration, seizure authority for certain imported goods, and a presumption of interstate commerce for FDA regulated products.

Second, to assist patients with finding out about promising new clinical trials, we establish a clinical trials database registry accessed by an 800 number. Patients will also benefit from a new requirement that companies report annually on their compliance with agreements to conduct post-approval studies on drugs.

Third, FDA's burden will be eased by provisions to make the review process more collaborative. Collaborative review will improve the quality of applications for new products and reduce the length of time and effort required to review products. We also expressly allow FDA to access expertise at other science based agencies and contract with experts to help with product reviews.

Lastly, by expanding the third-party review pilot program for medical devices, we build on an important tool for the agency to use in managing an increasing workload in an era of declining Federal resources.

In closing, I would echo another part of Secretary Shalala's June 11 letter:

> I want to commend you and members of the Committee on both sides of the aisle on the progress we have made together to develop a package of sensible, consensus reform provisions that are ready for consideration with reauthorization of the Prescription Drug User Fee Act . . .
>
> . . . a protracted and contentious debate . . . would not serve our mutual goal of timely reauthorization of PDUFA and passage of constructive, consensus bipartisan FDA reform.

From the beginning of this process, all of the stakeholders have been committed to producing a consensus measure—and we have accomplished that goal. There is overwhelming agreement on this bill. For those who still oppose a few pages of this bill I can only say that we will continue to bend over backward to accommodate their concerns and to bring about an even closer consensus. Dozens and dozens of changes have been made. The Secretary of Health and Human Services knows that we will continue to work with her—this is not the end of the line. But at some point, the Senate must move on, and we have reached that point, Mr. President.

Mr. COATS addressed the Chair.

The PRESIDING OFFICER. Who yields time?

Mr. JEFFORDS. Mr. President, I yield the Senator such time as he may consume.

The PRESIDING OFFICER. The Senator from Indiana is recognized.

Mr. COATS. Mr. President, I know this debate today doesn't have the fireworks that the debate on Friday had about FDA reform. I know we are today detailing some of the specifics of the reform legislation that is before us, but I think it is important for us to lay out this record as to why it is important to go forward with FDA reform and what the FDA reform bill that is before this Congress actually proposes.

On Friday, I laid out the why of the need for reform, but I didn't lay out the what it is that we are actually doing to bring about this reform and what is included in this bill. I think it is important for our colleagues and Members to focus on the constructive things that we have done through our exhaustive process in the Labor and Human Resources Committee to conduct an FDA reform bill that can truly bring greater efficiency to this agency.

On Friday, I indicated how much many of us resent the charge that we are somehow gutting the FDA. FDA is an important agency. It is an agency that does protect the health and safety of Americans, and we want to do all that we can to give that agency the kind of resources and the necessary support that it needs to continue that effort. Yet, clearly, I think the case that was laid out Friday indicates the need for substantial reform of the agency on how it does its business, how it is going to proceed in the future.

Senator KENNEDY from Massachusetts has stated the agency has improved so much in the last few years—and others have said the same thing, including a former commissioner—that it doesn't need congressional reform. I think the facts indicate otherwise. As I outlined on Friday, the agency can't come close to meeting its statutory deadlines for approval of either drugs or devices. There have been egregious examples of delays that have affected people's safety and health, and we want to do everything we can to minimize those delays and to make the agency a more constructive force in terms of dealing with these questions.

The President's latest budget is outlined in this publication I have entitled "Department of Health and Human Services Food and Drug Administration, Justification of Estimates for Appropriations Committee." This is a backup document, material facts in terms of the President's budget decision, as to how much we should fund FDA for the next fiscal year.

Having outlined all of these problems that exist at FDA in approving drugs, in approving devices and expediting the process and even beginning to attempt to meet their statutory requirements, it is astounding that the President's budget for next year does not only not strengthen the agency, it diminishes its effectiveness.

The proposal here plans to cut the agency's total appropriated budget by 8 percent and cut the device center budget—that is the center that reviews and approves medical devices—by 27 percent. This is at a time when, if we need to do anything, we need to increase the funding for the agency or at least find ways to help the agency with outside sources to try to do its job more effectively and more efficiently.

So that alone—I guess this was designed to meet some budget numbers, but it certainly doesn't square with the assertions that the agency is well on the way to solving its problems and, given a little more time and few more resources, those problems will be solved. It also flies in the face, I think, of the facts that have been presented on this floor in terms of the agency's inability to meet its statutory requirements for review and approval of devices.

In just a couple of areas, with respect to the 510(k) submissions, the agency itself predicts that it will complete 6 percent fewer applications in fiscal year 1998 over fiscal year 1997 because it has fewer resources. It also predicts that it will review them 20 percent slower than it did in fiscal year 1996. In fiscal year 1996, it took them an average of 110 agency days for review; in fiscal year 1997, 120 days; for fiscal year 1998 it is predicted to be 130 days and will only complete 40 percent of the submissions in the statutory 90-day period compared with 60 percent last year.

So it makes no sense whatsoever to assert that the agency is well on the way to reforming itself and this legislation isn't needed when the agency's own predictions, own plan for what it is able to do with the resources it has for next year, indicates that it is going in the other direction, not toward reform, not toward more efficiency, not toward meeting their statutory requirements, but in the opposite direction.

With respect to PMA applications, the agency has said, while it expects to receive slightly more PMA applications than in recent years, it will complete 27 percent fewer applications. In fiscal year 1997, they completed 75. But for fiscal year 1998, they predict they will only complete 55, and that they will review those applications 15 percent slower than last year, 250 days of review as opposed to 220 days, that they will complete only 35 percent within the first 180 days—that is the statutory limitation—as compared with 53 percent last year, and they will have a 17 percent increase in the backlog.

If there has ever been justification for reform of FDA, it is in looking at their own estimates of what they will be able to do next year as compared to previous years. And so they are certainly not reforming themselves, certainly not going in the right direction. They are going in exactly the opposite direction.

What we are trying to do here with this legislation that Senator JEFFORDS is leading the effort on—I might add with a lot of bipartisan support, both Republicans and Democrats, as indicated by the cloture vote last week with I think only five votes in support of Senator KENNEDY's support of a filibuster. People want to move forward here. We know that hanging in the balance are decisions that can affect people's health and safety and their very lives. We want to do this in a more efficient and effective manner. So I think there is certainly justification for going forward with this reform bill.

I just point out, for the benefit of my colleagues, that even after extensive debate and markup in the committee, which produced a vote of 14 in favor and only 4 against on the legislation that we are discussing today, there has been considerable negotiation. I have in my hand here a list of 33 separately negotiated compromises to try to accommodate the Senator from Massachusetts, four pages of single-spaced negotiations on 33 separate items to try to address the concern of the Senator from Massachusetts and a couple of other Senators on the committee who thought that perhaps we should have addressed these in committee.

In good faith, we sat down with them and attempted to address their concerns. I know that Senator HARKIN had a particular concern during the markup, and we were very close to getting an agreement on that. And I take responsibility for not accepting it at the time. In retrospect, I think Senator HARKIN was correct. I think what he was suggesting in terms of how we classify medical devices and what devices will be eligible for outside third-party review was correct. And so we notified him of that. We worked with his staff, and we made the change.

So the bill before us incorporates the change that he thought we should have made in committee. In retrospect, I wish I had made that change in committee. I think it probably would have changed the Senator's vote. And I think it would have been wise for us. We would have then had a 15 to 3 vote or maybe even a 16 to 2 vote if that was the case. In review of that action, that was one of the compromises or one of the negotiations that were made.

But to say that, you know, we are standing here on the floor unwilling to look at reasonable requests for some of the concerns and objections of the Senator from Massachusetts, or from others, I think this undermines that assertion. Mr. President, 33 changes have been made to address the concerns raised by the Senator from Massachusetts and from others.

Mr. President, I sincerely hope that we do not have to engage in another filibuster effort as we move to the bill itself and open the bill up for amendment and consideration. With that vote on Friday, only five votes in favor of proceeding with discussion of the bill, I think it would be a disservice to the American people, a disservice to the FDA, and to this body for us to engage in additional lengthy filibusters of this where we have to go to another cloture vote.

So I hope that as soon as we finish the Labor-Health and Human Services appropriations bill, we can move with a definitive timetable which will allow amendments to be offered, hopefully debated with some kind of limitation on the time so we can move and then vote on, and then move forward with this. It makes no sense to continue to delay it.

Mr. President, let me just talk a little bit about what the bill includes—we talked about why we need it—about what the bill includes.

Back in 1990, I authored legislation which would allow some expedited provisions within FDA for review of what is called humanitarian devices. These are devices that affect only a small class of people and really are not in the manufacturer's financial interest to proceed with these devices because there is not a broad enough market for them. But yet there are individuals that can benefit from these devices, and it makes no sense to have the same convoluted, time-consuming process, and particularly some of the specifics of what the FDA requires for approval of these devices, if the sum total of all of that discourages the manufacturer from going ahead because there is such a limited class for whom these devices are applicable. Then the only losers in this are the people for whom the devices could have improved their quality of life or perhaps have been of great benefit to their health.

And so in 1990 we enacted some humanitarian device provisions. But since that time, as a result of I think what can only be described as bureaucratic delay and inefficiency, since that time only one company has been able to take advantage of this provision. The bill that we have before us expedites certain agency procedures. It allows a waiver of prior hospital review committee approval if the patient would suffer harm or death while waiting for supervised approval. So if a patient is in a position where waiting for approval could result in their death, it allows for the provision for a waiver of the agency procedures.

In addition, the agency is ordered under this legislation to review the application in 75 days, and that is one of those compromises. We originally had 60 days. The agency thought they needed a little more time. We agreed to allow them to have 75 days. And the agency was no longer allowed to arbitrarily force the manufacturer to seek reapproval of the product. In the past legislation the approval was only good for a limited period of time and then they had to go through the whole procedure again to get reapproval. We are saying once the agency approves it, absent evidence to the contrary, that approval sticks.

In addition, the humanitarian device provision is made permanent whereas before it had a sunset. Now, perhaps one of the most important parts of this legislation is the increased access to expertise, outside expertise, to allow the agency to accomplish its reviews and approval process in a much more expeditious timeframe.

We, in the bill, require the FDA to enter into contracts with nongovernmental experts—non-FDA scientists and reviewers—to assist in product approvals. We are still talking about medical devices here to assist in product approvals if the agency determines that doing so would improve the timeliness or the quality of the review.

It is important to understand that the agency is going to retain final approval authority over the review, but for the first time we are requiring them to utilize outside experts, outside resources to help them with that review. They are saying, "We're overwhelmed. We have all these applications. We don't have enough employees to review it. And that's why we have the delay." We are saying, "There are organizations, institutions, agencies outside of the FDA that can help provide these reviews. We are asking you to look to these to provide some assistance. But you, the FDA, have approval authority." In other words, it does not automatically go to an outside reviewing group, but it can go to a group that the FDA approves of.

I do not see what the problem is with that. I mean, final authority rests within the FDA. But if there is an organization outside the FDA that the FDA can contract with or that the manufacturer can contract with, to expedite it, as long as FDA retains approval authority, then why not utilize this? It is going to expedite the process.

The agency currently has a pilot program in place with which it is testing out this concept. We want to expand that pilot program. We would like to require that 60 percent of the nonexempt 510(k) submissions be included in the pilot. We also have language in here which limits the agency's ability to write all the guidance documents for these organizations. Sometimes the writing of the guidance documents takes months, if not years, and in a sense is unnecessary because the agency can allow the outside organization to go forward without that as long as it retains authority.

We are concerned about a manufacturer contracting with an outside agency just to seek approval. And if the manufacturer were allowed the contract with that outside agency, and they just said, "OK, we reviewed it. Here is the approval. You have to take it," there would be legitimate grounds for objection to that. But we have built in total oversight authority and control into the FDA so that they really are not giving up jurisdiction here, they are just utilizing that outside source to help them do their work. It is not like somebody subcontracting work out if they do not have the capacity to do it within their factory or within their business.

But because public safety and public health is at risk here, we want to make sure that FDA retains sufficient authority to oversee all of this. FDA is given the authority in the bill to establish conflict of interest protections because we do not want to get into a situation where there is a conflict of interest between the manufacturer and the review authority. FDA decides what those protections are. FDA accredits the pool of qualified organizations. In other words, a manufacturer cannot go to any organization unless FDA has preapproved that organization, that outside agency for review. They have to get FDA's stamp of approval, good seal of approval, before they are even eligible to do the work to assist FDA.

FDA selects from a pool of two or more accredited parties from whom the product sponsor may select. In other words, FDA says these agencies are certified to do this work; the company selects one or two or a pool of accredited parties, and FDA then makes that selection. FDA has authority to revoke the accreditation if it feels that it is not proceeding according to the way they want it to go. It has the ability to investigate any kind of conflict of interest and it has final approval authority.

Now, this is important, this final approval authority. At one point, I threw up my hands and said the FDA has so much authority why are we going outside? Are we not just defeating the purpose? But in order to get the legislation addressed, we built in all these protections, additional protections, and of course the best protection of all for FDA is that it has final approval authority.

If it does not like what comes back from the outside agency despite all these other steps where it accredits and so forth it can say we do not approve because we do not think the agency did such and such. So it has preapproval authority. It has process approval authority. It has final approval authority. That is plenty of protection.

All of what you hear about how risky it is to American health and so forth, some agency which is not part of the Federal Government is involved in approving a particular product, that is not the case, because we have built into the legislation approval authority for FDA all up and down the line.

Title III improves the collaboration and communication between FDA and the various drug and device companies. There is a list of items that I will not take time to detail.

Title IV clarifies a lot of the rules currently in place and improves the certainty of the process. We address the whole question of policy statements. In recent years, FDA has increasingly developed informal policy statements without involving the public and has failed to make the policies available to the public. In response to a petition from citizens in my State, a group of Indiana manufacturers, the agency published guidance that radically changed these practices. The bill requires the FDA to make this "Good Guidance Practices" document permanent by promulgating it as a final regulation in 2 years.

In the area of labeling claims for medical devices, in the past the agency has looked beyond a manufacturers' legitimate labeling claims and requires that the company making the product provide extensive data on a variety of claims for which the company never intended the product to address. The product was designed for a specific purpose. The FDA said we want you to conduct all kinds of trials and provide extensive data for what other things it might be used for, not for what the company is marketing it for, not for what the company has designed it for, but what it might be used for. That has clearly delayed the ability to review products and to get them approved.

The bill clarifies the relationship of labeling claims to approval and clearance of products, and it further limits FDA's review of device submissions to the intended use of the device set forth in labeling.

We tried to build in certainty of review timeframes. I will not go through the details of that, but that is extensive and brings some certainty to the process.

We have placed some limitations on initial classification determinations. Recently the agency denied due process of law to manufacturers by withholding a substantial equivalence determination even when the product was in fact substantially equivalent whenever the manufacturer was determined to have even a technical defect in the GMP inspection. The bill prohibits the FDA from withholding the initial classification of a device based on failure to comply with unrelated provisions of the act, including good manufacturing practices. The agency is directed to use its ample existing enforcement authority to ensure that products that have the GMP violations at the time of classification do not reach the market.

Title V, improving the accountability. It sets an agency plan for statutory compliance in an annual report so we have a better handle on what is going on within the FDA.

Title VI, better allocation of resources by setting priorities. We exempt certain classes of devices from premarket notification requirements. This really expands on the administration's reinventing Government initiative that exempts class I and class II medical devices that pose little risk by exempting all class I devices, the least risk devices, except those that are important in preventing impairment of human health or presents potential unreasonable risk of illness or injury.

We had extensive discussion on this. This is an area where Senator HARKIN raised what I believe are legitimate concerns and we have tried to address those concerns in this legislation.

We have evaluation of automatic class III designations. Current law requires that all new devices not substantially equivalent to a device already on the market must be automatically classified in a highest-risk category. This does not make sense. If a very simple device that would otherwise be a class I or class II device is not substantially equivalent to a device already on the market, it has to be automatically classified as the riskiest of all devices and therefore falls into class III for the review process, and the approval process, which takes an extraordinary amount of time and requires an extraordinary amount of data, clinical trials and so forth. That is not necessary. So we have changed that so that it does not automatically fall into class III.

It says "if it is not substantially equivalent," what we have done here is allow the agency to make a determination as to which category it would fall in rather than automatically go to class III. So the agencies could look at it and say we think this is class I or class II and is subject to those review procedures rather than automatically moving into class III. It is a sensible change in the current status of how this is handled.

We made changes regarding health care economic information, health claims for food products, and pediatric studies of drugs.

Title VII, we have extended, and of course this is the engine that drives the train here, and another reason why it is so necessary to move forward with this legislation. We have reauthorized the Prescription Drug User Fee Act for 5 years. That is the so-called PDUFA legislation which the prescription drug companies have agreed to support. It is a tax on those companies for the specific purpose of providing extra funds for FDA to hire personnel to expedite the reviews of drugs which are submitted for review and approval to the FDA.

It has worked out very, very well in response to an overwhelmed FDA who could not begin to meet their statutory requirements for review of drugs. A proposal was made that we would enact a tax against the companies submitting the product and the proceeds of that tax will be used to hire personnel and establish procedures whereby we could expedite the approval drugs. It was needed. It was supported. It has worked. We need to reauthorize it because it expires October 1 this year. That is why it is so important to move forward with this legislation.

There are other things in the bill, Mr. President, but in the interests of time I will not detail them unless the President wants me to go through them point by point, but I do not think we have the time still allotted. I know the majority leader is anxious to move back to the Labor-Health and Human Services appropriations bill.

Again, I thank the Senator from Vermont for his leadership on this issue. It has been a cooperative effort that has reached across the aisle and involved Members from both parties in a very substantial number. Hopefully, we can move forward now in getting to the bill itself and the amendments and move this very needed legislation forward. I will be involved in this. I know there are a number of discussions coming up with some of these amendments.

I appreciate the leadership and support of the Senator from Vermont, who is not testing but actually utilizing a medical device to address an unfortunate accident he had just last week.

I yield the floor.

Mr. JEFFORDS. I commend the Senator from Indiana who has been extremely helpful on this whole bill in helping us bring it to conclusion. He made many offers, very reasonable, and I hope we can find the magic one to bring us to fruition very quickly.

I yield the floor and I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. JEFFORDS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. JEFFORDS. I have the authority to yield back the balance of the time for the minority, as well as the majority on this side.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. JEFFORDS. I suggest the absence of a quorum.

The PRESIDING OFFICER (Ms. COLLINS). The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. WELLSTONE. Madam President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

DEPARTMENTS OF LABOR, HEALTH AND HUMAN SERVICES, AND EDUCATION, AND RELATED AGENCIES APPROPRIATIONS ACT, 1998

The PRESIDING OFFICER. The clerk will report the bill.

A bill (S. 1061) making appropriations for the Departments of Labor, Health and Human Services, and Education, and related agencies for the fiscal year ending September 30, 1998, and for other purposes.

The Senate resumed consideration of the bill.

Pending:

Gregg amendment No. 1070, to prohibit the use of funds for national testing in reading and mathematics, with certain exceptions.

Coats-Gregg amendment No. 1071 (to amendment No. 1070), to prohibit the development, planning, implementation, or administration of any national testing program in reading or mathematics unless the program is specifically authorized by Federal statute.

Specter amendment No. 1069, to express the sense of the Senate that the Attorney General has abused her discretion by failing to appoint an independent counsel on campaign finance matters and that the Attorney General should proceed to appoint such an independent counsel immediately.

Nickles-Jeffords amendment No. 1081, to limit the use of taxpayer funds for any future International Brotherhood of Teamsters leadership election.

Craig amendment No. 1083 (to amendment No. 1081), in the nature of a substitute.

The PRESIDING OFFICER. The Senator from Minnesota.

AMENDMENT NO. 1087

(Purpose: To increase funding for the Head Start Act)

Mr. WELLSTONE. Madam President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Minnesota [Mr. WELLSTONE] proposes an amendment numbered 1087.

Mr. WELLSTONE. Madam President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 61, after line 25, insert the following:

SEC. . If the amount appropriated to carry out the B–2 bomber program for fiscal year 1998 is more than $579,800,000, then notwithstanding any other provision of law—

(1) the total amount appropriated under this Act to carry out the Head Start Act shall be $4,636,000,000, and such amount shall not be subject to the nondefense discretionary cap provided in section 251 of the Balanced Budget and Emergency Deficit Control Act of 1985; and

(2) the amount appropriated for purposes of the B–2 bomber program for fiscal year 1998 is hereby reduced by $331,000,000.

Mr. WELLSTONE. Madam President, I ask unanimous consent that the amendment be temporarily laid aside.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENT NO. 1088

(Purpose: To increase funding for Federal Pell grants)

Mr. WELLSTONE. Madam President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Minnesota [Mr. WELLSTONE] proposes an amendment numbered 1088.

Mr. WELLSTONE. Madam President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 61, after line 25, insert the following:

SEC. . If the amount appropriated to carry out the B–2 bomber program for fiscal year 1998 is more than $579,800,000, then notwithstanding any other provision of law—

(1) the total amount appropriated under this Act to carry out subpart 1 of part A of title IV of the Higher Education Act of 1965 shall be $7,241,334,000, and such amount shall not be subject to the nondefense discretionary cap provided in section 251 of the Balanced Budget and Emergency Deficit Control Act of 1985; and

(2) the amount appropriated for purposes of the B–2 bomber program for fiscal year 1998 is hereby reduced by $331,000,000.

Mr. WELLSTONE. Madam President, I ask unanimous consent that the amendment be temporarily laid aside.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENT NO. 1089

(Purpose: To increase funding for the Education Infrastructure Act of 1994)

Mr. WELLSTONE. Madam President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Minnesota [Mr. WELLSTONE] proposes an amendment numbered 1089.

Mr. WELLSTONE. Madam President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 61, after line 25, insert the following:

SEC. . If the amount appropriated to carry out the B–2 bomber program for fiscal year 1998 is more than $579,800,000, then notwithstanding any other provision of law—

> (1) the total amount appropriated under this Act to carry out the Education Infrastructure Act of 1994 shall be $371,000,000, and such amount shall not be subject to the nondefense discretionary cap provided in section 251 of the Balanced Budget and Emergency Deficit Control Act of 1985; and
>
> (2) the amount appropriated for purposes of the B-2 bomber program for fiscal year 1998 is hereby reduced by $331,000,000.

Mr. WELLSTONE. Madam President, I ask unanimous consent that the amendment be temporarily laid aside.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. WELLSTONE. Madam President, this is not an amendment, and I know the managers are not here. It is not really a debate I am trying to generate here. I thought I would take a little bit of time, while I have the floor, to thank the managers of the bill for their work. Really, I think they have done a very, very impressive job, especially when you consider what they have been able to put into this bill.

These amendments that I have introduced have more to do with what is not in the bill, and we will be debating that later. I want to also thank the managers of the bill for including an important item in this appropriations measure. This bill, on the Senate side, it is my understanding, includes the full amount requested by the President for the budget of the Department of Labor's Mine Safety and Health Administration.

As the ranking member of the Labor Committee's Subcommittee on Employment and Training, I am very interested in this whole area of occupational health and safety. But, today, what I want to do is talk about one aspect of this policy, and that is the sampling of coal mine dust and its relation to black lung disease. Madam President, this is of particular interest to me because of a recent trip that I took to eastern Kentucky. I met with a number of coal miners, and I do think that their story deserves to be told. It is a story that I intend to follow, hopefully, as we in the Congress take further steps to make sure that the Federal Government lives up to its responsibility regarding miners' health and safety.

Mining has been really one of the most dangerous professions, and the Federal Government has done much to correct or address some of its hazards. But what I want to focus on is the Mine Safety and Health Administration and a request for new staff and money—which we have on the Senate side, it is my understanding—to increase the Federal Government's sampling for respirable coal mine dust. The request is modest, but it is significant; it calls for 24 new full-time employees and $1.7 million.

Madam President, though it is a small amount of money, I think it is very important that we keep this in conference. Last year, there was an advisory committee appointed by the Secretary of Labor, which recommended that a key step that the Federal Government could take toward eliminating black lung disease would be to increase the responsibilities of the Mine Safety and Health Administration for coal mine dust compliance sampling. Simply speaking, that is a measurement of coal mine dust levels to determine whether or not they are a threat to the miners' health.

Madam President, the problem is that the majority of the dust sampling is done by the mineowners themselves—that is to say the coal companies. When I was in east Kentucky last week, what I heard over and over again were really miners describing conditions that I think many Senators would feel like they were in a time warp and they were really living 50 years ago. We are talking about too many miners who work in crawl spaces about this high for 12 or 14 hours a day and can't see 6 inches in front of them because of the dust level. So the problem is, when you depend upon the companies to actually do the measurements of the dust levels, there is a pretty obvious conflict of interest. As a Senator, I am not naive to these conditions. Most of my work has been in communities around the country, starting in Minnesota, with hard-pressed people.

I met a woman—to expand this discussion—whose husband had begged the company over and over again to please give him some relief from his particular work situation. He was afraid he was going to be electrocuted. Basically, the position of the company was: Look, if you don't like the job, leave. When there aren't a lot of $20-an-hour jobs, people don't have much of a choice. She spoke. She was 27 years of age. Her husband was electrocuted. He lost his life.

I met other miners suffering from black lung. I met one woman, and she is the only woman who is a deep mine miner. I said, "Aren't you afraid * * *"—the common complaint is that most of the mines are nonunion, and if people complain, they lose their jobs. I said, "Aren't you afraid * * *"—since there were TV cameras in Hazard, KY—I said, "Aren't you afraid that you are going to lose your job?"

She said, "I don't think I will because I am the only woman miner. I don't think they will let me go. I feel like I am speaking for a lot of other miners that aren't here."

I said to her and to the other 12 or 14 miners sitting around talking, "Look, I have to ask you this question. Can you tell me very honestly and truthfully, if all of your friends and coworkers could be here, without fear of losing their jobs, would they be saying the same thing, or are you exaggerating in any kind of way?"

All of them, starting with this woman miner said, "They would say the same thing to you, except that people are afraid they may lose their jobs."

I will tell you, it was a very, very powerful meeting. So this is a small step here to make sure there is some additional money for at least some compliance of the dust sampling. But it is terribly important.

Let me read from the testimony of Earl Shackleford, Jr., from Wallins Creek in Harlan County, KY. He was 36 years old last year. This was presented last year to the Secretary of Labor's advisory committee on the elimination of black lung disease. He had been working as a miner 17 years, though he is only 36. His testimony indicates that he, his father, his grandfather, and other friends and relatives all suffer from black lung disease. Someone from my wife Sheila's family from Cumberland in Harlan County, KY, also suffered from black lung disease. I will read four sentences from the conclusion of Mr. Shackleford's testimony:

> There is nothing more terrible to me than watching a fellow coal miner smother to death, one slow gasp at a time. There is nothing anybody can do for a dying miner but pray for him. But we can do something for the miners who labor in the mines today. We can make sure that the coal dust they breathe is accurately monitored by a Government that cares about their health and safety.

Madam President, this bill takes a step toward better Federal monitoring of coal mine dust sampling. I hope we can keep this additional funding in the conference committee. At the same time, I point out that I agree with the recommendation of the Secretary's advisory committee on the elimination of black lung disease, which is that the Federal Government should take more responsibility in this area—perhaps full responsibility—of dust sampling.

I am going to be working with other colleagues. Eventually, I want to come to the floor and push very hard on this. The story of these Kentucky coal miners cannot be ignored. I had a chance to talk to Senator FORD, who has cared about these issues and about what the miners are facing. The testimony of Earl Shackleford, Jr., and others, cannot be ignored.

I would like to thank the managers again of this bill for putting money in here for at least some compliance work. I hope we can keep that in conference committee.

I want to say to colleagues that one of the best things about getting a chance to travel sometimes outside of your State—not necessarily to another country, but in other communities—and for me, focusing on poverty in the country has been a tremendous education and very important. I met a lot of people who should be famous, a lot of strong people who, under incredibly difficult conditions, can still manage to survive and not only survive but flourish. But of all the meetings I have been to and of all the things I have seen—and I have seen a lot of children and a lot of pain, and I have seen a lot of housing that nobody should ever have to live in, and I have seen schools that are just as dilapidated as the schools that we talk about, where you can walk in the hallway and you can smell the stench of urine, and you can go into the bathrooms where the toilets don't even work, I have seen all that and more than I want to see. But this meeting with these coal miners in eastern Kentucky was jolting.

I asked one of the journalists that was there, off the record, to tell me whether or not she thought they were exaggerating. She said, "Absolutely not." My guess is that in some of the investigative work that I hope will be done by journalists, we are going to see more reports of these conditions. We are talking about conditions that these coal miners are working under that we thought existed 50 years ago—people not able to see 6 inches in front of them because of the dust levels, which not only means people are gone to go suffer from and die from black lung, it also means, it is my understanding, that when you have that high concentration of dust levels, you have the ingredients for all kinds of possibilities of explosions within the mine. And then somebody will talk about a mine accident as if it were impersonal and random and never should have happened.

We have a huge problem here because the coal mine operators, the companies, are actually the ones doing the measurement of the dust levels. I don't see how we can really get an independent and accurate measurement of the dust levels and how that affects these miners, unless we do much better by way of expanding the responsibility or at least the resources for the Department of Labor's Mine Safety and Health Administration. I am sure other people in the Senate would say the same thing. But it is very difficult to meet with people and have a couple of people talk about loved ones who were killed in the mines. I still cannot remember. She is 27 years old. Her husband was 28 years old when he was electrocuted. I have met a lot of the older miners who were suffering with black lung. For reasons I don't actually understand the actual motive for being turned down when they applied for disability, which is something I want to know more about.

But at the very least, I think we have to make sure that somehow the clock has not been turned back 50 years. People ought not to have to work under conditions which are uncivilized. People have every right in our country to be able to focus on how they earn a decent living and how they have a job that pays a decent wage under civilized working conditions. The miners in eastern Kentucky, or some of the miners and the miners that I met with, should not be in a situation where if they should speak up about this, they lose their jobs. The choice for them is whether you do and, if you work, you work under these uncivilized conditions and it is going to take years off your life, possibly kill you, or you don't work and you lose your job.

I know that some of these issues are just like off the radar screen here in the Senate. But I think really this should be part of our focus.

Madam President, I yield the floor. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. WELLSTONE. Madam President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENTS NOS. 1087, 1088, AND 1089 WITHDRAWN

Mr. WELLSTONE. Madam President, I withdraw my amendments.

The PRESIDING OFFICER. The amendments are withdrawn.

Mr. WELLSTONE. I thank the Chair.

The PRESIDING OFFICER. In my capacity as a Senator from the State of Maine, I suggest the absence of a quorum.

The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. MACK. Madam President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENT NO. 1090

(Purpose: To increase the appropriations for the Mary McLeod Bethune Memorial Fine Arts Center)

Mr. MACK. Madam President, I have an amendment on behalf of myself and my colleague from Florida, Senator GRAHAM, that I send to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report the amendment.

The assistant legislative clerk read as follows:

The Senator from Florida [Mr. MACK], for himself and Mr. GRAHAM, proposes an amendment numbered 1090.

Mr. MACK. Madam President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 57, line 24, strike "$929,752,000, of which" and insert "$934,972,000, of which $6,620,000 shall be expended to carry out Public Law 102-423 and of which".

On page 85, line 19, strike "$30,500,000" and insert "$35,720,000".

Mr. MACK. Madam President, this amendment would provide an additional $5.2 million to fund the construction phase of the Mary McLeod Bethune Memorial Fine Arts Center and Hospitality Management Training Facility. It would bring the fiscal year 1998 appropriation for this center to $6.6 million, which is the same as the House committee recommendation. This center was authorized in 1992 as a freestanding bill and became Public Law 102-423. It would be offset by decreasing the salaries and expense accounts.

Madam President, I ask unanimous consent that this amendment be temporarily laid aside.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MACK. Madam President, I yield the floor. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. MCCAIN. Madam President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MCCAIN. Madam President, I ask unanimous consent the pending business before the Senate be laid aside for purposes of proposing an amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENT NO. 1091

(Purpose: To eliminate medicare incentive payments under plans for voluntary reduction in the number of residents)

Mr. MCCAIN. Madam President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Arizona [Mr. MCCAIN], for himself and Mr. GRAMM, proposes an amendment numbered 1091.

Mr. MCCAIN. Madam President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 49, after line 26, add the following:

SEC. . (a) Section 4626 of the Balanced Budget Act of 1997 (Public Law 105-33) is repealed.

(b) For any fiscal year (beginning with fiscal year 1998), the Secretary of Health and Human Services may not enter into an agreement with any institution to provide incentive payments to the institution for the reduction of medical residents in the approved medical education training programs (as defined in section 1886(h)(5)(A) of the Social Security Act (42 U.S.C. 1395ww(h)(5)(A)), of that institution.

(c) The repeal made by subsection (a) shall take effect as if included in the enactment of the Balanced Budget Act of 1997 (Public Law 105-33).

The PRESIDING OFFICER. The Senator from Arizona is recognized.

Mr. MCCAIN. Madam President, I would like it known I also have one other amendment that I want to have considered by the Senate on this legislation. I will wait before proposing that amendment, but make it clear I do have another one.

Madam President, I also intend to ask for the yeas and nays on this amendment. I understand there is still some uncertainty as to when a vote will be held on this particular amendment.

Madam President, I rise, with my colleague, Senator PHIL GRAMM, to offer an amendment that would eliminate the financing incentives created in the Balanced Budget Act for teaching hospitals to reduce their medical residency programs. This new program will make teaching hospitals eligible for hundreds of millions of taxpayers' dollars for not training medical students. Let me repeat that, Madam President. Under the Balanced Budget Act, which we voted on before we went into the August recess, a program was created that would make teaching hospitals eligible for hundreds of millions of taxpayers' dollars for not training medical students—not for training medical students, but for not training medical students. In short, the Federal Government will pay hospitals for doing nothing.

Unbeknownst to most of my colleagues when we considered and voted for the Balanced Budget Act, that legislation created yet another wasteful, unnecessary, and inappropriate Federal subsidy program. This newly created subsidy is no different from the wasteful agricultural subsidy programs which pay farmers millions of dollars not to grow certain crops or to reduce their production of a certain crop. This is wasteful and a blatant misuse of taxpayers' funds.

Proponents of the new incentive program argue that there is an overabundance of medical doctors, particularly specialists, in this country. They believe that providing financial incentives to hospitals to reduce the number of medical students is a solution to the supposed glut of physicians in our country. Madam President, it springs to my mind that there is an argument that is being made by a lot of us today who are not members of the legal profession that the same problem exists in that the country has too many lawyers. I wonder if in the next Balanced Budget Act agreement, we are going to pay hundreds of millions of dollars to law schools, because we have an overabundance, not to teach lawyers. I might say, Madam President, as a personal preference I might lean toward that program more than the one that we have just enacted in the Balanced Budget Act.

Let me also just point out here, the Berlin wall fell. Socialism, that is communism, is a failure. It is only in Communist countries where they pay people not to do things. This might have been a great idea in North Korea, Cuba, or perhaps some other countries in the world, but certainly not in the United States of America should we be paying hundreds of millions of dollars so that we will not train anybody, much less not train doctors. As I will point out later on in my remarks, Madam President, there are 46 million Americans who do not have access to medical care. Yet we are going to spend hundreds of millions of dollars in order that teaching hospitals will not teach—will not teach.

It is not the role of the Federal Government to determine if we have an appropriate amount of physicians or any other professionals in this country. This subsidy is a misguided attempt by the Federal Government to restrict the career choices available to individual Americans. This program places the Federal Government in control of a specific labor segment in our country and allows the Government to directly restrict the freedom of choice of our citizens who may want to become physicians.

I have children. Most of the Members of this body have children. If one of my children decides he or she wants to be a physician, should that child be restricted from doing so if otherwise eligible to train as a physician? In a democracy, the Government does not determine the makeup of the labor force or regulate the supply of workers in a specific field. That was done in the former Soviet Union. Demand, not the Government, in a market-driven economy, drives the number of practicing physicians. As the need for doctors increases or decreases, medical schools and teaching hospitals must determine how many applicants to accept and if there is a need for expanding or reduction.

Government rationing of medical training and ultimately rationing of health care smacks of socialism not democracy.

Second, Federal subsidies don't work. They cost money and usually don't achieve their stated goals. Every time we have ignored market-based solutions to our Nation's health care problems and called for Government intervention, we have had paradoxical results. In the 1960's, the Government predicted an undersupply of doctors and created incentives for individuals to pursue a medical career. The result was a perceived glut of medical doctors by the late 1970's.

Third, this new subsidy program totally ignores the needs of 46 million Americans residing in rural communities and inner-city neighborhoods who are faced with a shortage of physicians and health care professionals. While proponents of this initiative argue that our country is producing more physicians than we need, many communities have no resident physicians and have only limited access to trained medical care.

I am seriously concerned about the disproportionate number of physicians who elect to practice only in urban settings, leaving rural and inner-city neighborhoods underserved and without access to critical medical services.

A better use of taxpayer dollars might be to strengthen existing programs already in place to increase access to health care providers and services in underserved areas. This includes the National Health Service Corps, Area Health Education Centers, Interdisciplinary Training for Health Care in Rural Areas, Community Health Centers, Migrant Health Centers, and the Health Professions Workforce Development Program. Those are all good programs. I have seen the community health centers in my own State serve people who otherwise would not receive health care. I repeat, 46 million Americans are underserved or not served at all in light of their medical needs.

Finally, this subsidy will be financed using the Medicare part A trust fund. As we all know, without significant reform to the Medicare system, this trust fund is expected to become insolvent. Using scarce Medicare resources to finance another Government subsidy program is unwise in the near term and unnecessary in the long term if market forces are permitted to determine the need for doctors in this country.

There is also going to be an argument raised that this would somehow upset the delicate agreement that was made in the Balanced Budget Agreement Act; that somehow this was an ironclad commitment that we would agree to every single aspect of the balanced budget agreement. I want to state right here, what a lot of us did was hold our nose and vote for it. A lot of people didn't vote for it, but a lot of us held our nose because we didn't like a lot of things associated with it. And to say that we should subsidize a program that is pure socialism in the name of preserving the balanced budget agreement, I think, borders on insanity. But yet, strangely enough, Madam President, you will see Senators come to this floor and say that if we vote not to subsidize through hundreds of millions of dollars teaching hospitals not to teach, then somehow it will upset the balanced budget agreement. I find that argument absurd, and we will hear it.

I understand that there was a request by others to speak against this amendment. I also am not clear as to whether the votes will be held this afternoon or later.

I ask unanimous consent to set aside the pending McCain amendment so that I may present another amendment.

The PRESIDING OFFICER (Mr. ALLARD). Without objection, it is so ordered.

AMENDMENT NO. 1092

(Purpose: To ensure that payments to certain persons captured and interned by North Vietnam are not considered income or resources in determining eligibility for, or the amount of benefits under, a program or State plan under title XVI or XIX of the Social Security Act)

Mr. MCCAIN. Mr. President, I send to the desk an amendment and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Arizona [Mr. MCCAIN], for himself, Mr. KERRY, and Mr. REID, proposes an amendment numbered 1092.

Mr. MCCAIN. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 49, after line 26, add the following:

SEC. . (a) Notwithstanding any other provision of law, the payments described in subsection (b) shall not be considered income or resources in determining eligibility for, or the amount of benefits under, a program or State plan under title XVI or XIX of the Social Security Act.

(b) The payments described in this subsection are payments made by the Secretary of Defense pursuant to section 657 of the National Defense Authorization Act for Fiscal Year 1997 (Public Law 104-201; 110 Stat. 2584).

Mr. MCCAIN. Mr. President, this amendment is basically to correct a technical problem that exists. It is to pay the Vietnamese commandos that we authorized by legislation last year. They are a group of Vietnamese soldiers who were recruited and trained by the United States to promote our cause during the Vietnam war. Unfortunately, they were captured soon after their deployment and imprisoned for 20 years for fighting on our side.

Last year, we passed legislation authorizing payment to the commandos for their sacrifice, $2,000 a year for the 20 years they were detained, for a total of $40,000 each. However, this payment, if interpreted as 1 year's income will disqualify the commandos from Medicaid and other benefits they currently receive, because it ostensibly raises their income beyond the cutoff point for benefits.

This is a payment accrued to the commandos over the 20-year period during which they were detained. As such, it represents not 1 year's income but an annual payment of $2,000 over 20 years and should not, therefore, disqualify them from Medicaid and SSI.

Mr. President, we have now placed the commandos in the awkward position of being forced into accepting the funds we rightly owe them or maintaining their eligibility for needed benefits. This amendment, by myself and Senator KERRY, simply states the $40,000 payment to each commando will not disqualify him from the various welfare benefits he currently receives. This measure has no cost and merely ensures the commandos don't lose the benefits they already receive.

We are in debt to these men for their wartime sacrifices, and we cannot compensate them with one hand while we take away their benefits with the other.

I urge my colleagues to join in supporting this measure to make sure the commandos are not unjustly penalized for accepting the accumulated payment our country rightly owes them. I hope this will be a routine amendment. I yield the floor.

Mr. KERRY. Mr. President, last year Congress enacted legislation that I sponsored with Senator MCCAIN to provide payment to some 450 Vietnamese commandos who were captured by North Vietnamese forces while performing covert operations for the United States behind enemy lines and subsequently incarcerated in North Vietnamese prisons for 20 years or more. Under this legislation, each of the commandos would receive a lump sum payment of $40,000—payment their families did not receive during their years of incarceration because the Pentagon wrote them off the employment rolls by declaring them dead.

Presently about 200 of the commandos reside in the United States. Most are either U.S. citizens or resident aliens applying for citizenship. Many of them receive Medicaid and related benefits. The problem is that receipt of the long overdue lump sum payment will disqualify them from Medicaid and other benefits they currently receive because it raises their income above the cutoff point for benefits.

Let me give you an example. Last year, I met with a group of commandos including Ly Pho, who lives in my home State of Massachusetts. Ly and his colleagues wanted to express their thanks for our efforts to provide them compensation. Shortly after the meeting, which was widely reported in the press in Massachusetts, Ly was notified by his social service case worker that his Medicaid assistance would be terminated once he received the compensation.

Inadvertently, we have placed the commandos in an untenable position which forces them to choose between the funds we rightly owe them for their services and loyalty to our cause during the war and the benefits they now receive. The amendment Senator MCCAIN and I are offering today is designed to eliminate this Hobson's choice by making it clear that the payment each commando receives will not disqualify him from receiving these benefits.

I believe that this amendment is necessary and fair. These men made great sacrifices for the United States. They were incarcerated for years and many of them were tortured during their incarceration. We are in their debt. We cannot give them compensation with one hand and take away the life sustaining health benefits that they need with another.

This is an important amendment with no additional financial burden to the U.S. Government. I urge my colleagues to support it.

The PRESIDING OFFICER. The Senator from Nevada.

Mr. REID. Mr. President, I ask unanimous consent that I not lose the floor in the process of yielding to my friend from Idaho. Prior to doing that, I ask unanimous consent that I be listed as a cosponsor on the last amendment offered by my friend from Arizona, and I will also say that the statement he just made regarding the doctor issue is something we need to talk about and discuss. I think it is a very important amendment and needs to be discussed in some detail rather than just let go through as it is now on the legislation before us.

Mr. MCCAIN. If the Senator will yield, it has been made clear that there will be a significant amount of debate on this amendment.

Mr. REID. I say to my friend, I am not opposed to it. It is just an issue we should talk about.

The PRESIDING OFFICER. On the request of becoming a cosponsor, without objection, it is so ordered.

Without objection, the request of the Senator from Nevada regarding yielding to the Senator from Idaho is agreed to. The Senator from Idaho.

Mr. CRAIG. Mr. President, I thank my colleague from Nevada for yielding. May I inquire of the Chair, has the last McCain amendment been set aside?

The PRESIDING OFFICER. It has not.

Mr. CRAIG. I ask unanimous consent that that amendment be set aside.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENT NO. 1093

(Purpose: To amend the Fair Labor Standards Act of 1938 to adjust the maximum hour exemption for agricultural employees)

Mr. CRAIG. Mr. President, I send an amendment to the desk.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Idaho [Mr. CRAIG], for himself and Mr. BINGAMAN, proposes an amendment numbered 1093.

Mr. CRAIG. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the appropriate place in the bill, insert the following:

SEC. . Section 13(b)(12) of the Fair Labor Standards Act of 1938 (29 U.S.C. 213(b)(12)) is amended by inserting after "water" the following: ", at least 90 percent of which is ultimately delivered".

Mr. CRAIG. Mr. President, I offer this amendment on behalf of myself and Senator BINGAMAN. I am offering an amendment to S. 1061 that would make a very narrow change in the Fair Labor Standards Act. This is a small amendment, but it is critically important to irrigators in Idaho and across the West.

My amendment would solve a problem with the interpretation of a provision of the Fair Labor Standards Act clarifying that the maximum hour exemption for agricultural employees apply to water delivery organizations that supply 90 percent or more of their water for agricultural purposes.

My colleague, Congressman MIKE CRAPO, has introduced a like measure in the House. This is an issue we struggled with for some time, Mr. President. What we are simply saying is that nonprofit co-ops that deliver water are exempt. We have always done it. We have done it for other provisions under the fair labor standards. But if that irrigation ditch happens to cross a pasture and cattle drink out of it and there is some other measure or use other than irrigation that falls under fair labor standards, we are saying OK, but a narrow window. Ninety percent has to be for that purpose, the other 10 percent might accidentally be used for those purposes and might not fall under the qualifications. The intent of the amendment, I think, clarifies, and certainly irrigators across the West working with other organizations had hoped we could resolve this issue. It has been some time in the making.

Representative MIKE CRAPO of Idaho and I previously have introduced a similar provision as a bill—S. 259 in the Senate and H.R. 526 in the other body. Our amendment would restore the flexibility that was always intended by Congress.

Nonprofit organizations, such as independent water districts or nonprofit corporations, which deliver water for agricultural purposes, are exempt from the maximum-hour requirements of the FLSA. The Department of Labor has interpreted this to mean that no amount of this water, however minimal, can be used for other purposes. Therefore, if even a small portion of the water delivered winds up being used for road watering, lawn and garden irrigation, livestock consumption, or construction, for example, delivery organizations are assessed severe penalties.

Such uses may be closely related, but technically not interpreted as being, "agricultural purposes."

The exemption for overtime pay requirements was placed in the FLSA to protect the economies of rural areas. Irrigation has never been, and cannot be, a 40-hour-per-week undertaking. During the summer, water must be managed and delivered continually. Later in the year following the harvest, the work load is light, consisting mainly of maintenance duties.

This adjustment would be better for employers, workers, and farmers. It would reflect more accurately the realities of agricultural water delivery.

Winter compensation and time off traditionally have been the method of compensating for longer summer hours. Without this exemption, irrigators are forced to lay off their employees in the winter. Therefore, this amendment would benefit employees, who would continue to earn a year-round income. It also would keep costs level, which would benefit suppliers and consumers.

I urge my colleagues to support this modest amendment.

Mr. President, I ask unanimous consent that my amendment be set aside, and I yield the floor to the Senator from Nevada.

The PRESIDING OFFICER. The Senator from Nevada is recognized.

AMENDMENT NO. 1094

(Purpose: To provide for the conduct of a study concerning the health and safety effects of perchlorate on human beings)

Mr. REID. Mr. President, I send an amendment to the desk on my behalf and Senator BOXER.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Nevada [Mr. REID], for himself and Mrs. BOXER, proposes an amendment numbered 1094.

Mr. REID. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 49, after line 26, add the following:

SEC. . (a) STUDY.—From amounts appropriated under this title, the National Institutes of Health shall conduct a study on the health effects of perchlorate on humans with particular emphasis on the health risks to vulnerable subpopulations including pregnant women, children, and the elderly.

(b) REPORT.—Not later than 9 months after the date of enactment of this Act, and annually thereafter, the National Institutes of Health shall prepare and submit to the Committee on Appropriations of the Senate and the Committee on Appropriations of the House of Representatives, a report concerning the results of the study conducted under subsection (a), including whether further health effects research is necessary.

Mr. REID. Mr. President, the amendment that I have offered on my behalf and that of the Senator from California deals with a serious problem. The city of Henderson, NV, where I went to high school, has been in existence since the Second World War. Henderson, NV, was developed as a result of the war effort during World War II. It is Nevada's only industrial city.

At one time, that was the whole city. Everything in that town supplied a job related to what we called the basic magnesium complex, BMI. So for more than 50 years, Henderson has been supplying products for our war effort—the Second World War, Korea, Vietnam, the cold war.

During the cold war, the biggest use of products out of the complex, at least one part of the complex, was providing the fuel to send spaceships into the air, a product called ammonium perchlorate.

We, it is said, take our water for granted, especially the water we drink. Those of us in the western part of the United States are very concerned about water, as we should be, because we have so little of it. Just in the last 30 days, there are people in California and Nevada who are concerned about the safety of the water. We have been told that the water in Lake Mead is safe, and I am hopeful and confident that it is. But as people in this body know, water is an enormous issue for those of us from the West. The scarcity of water and its availability requires us to be extremely careful in how we apportion and use this most basic natural resource.

In the Las Vegas area, for example, Mr. President, the annual rainfall is less than 4 inches a year. We get very, very little water in the Las Vegas area. Henderson is a suburb of Las Vegas. Because of this, we do everything we can to make sure that the water is protected. This is no easy task. The problem that we address in this amendment deals with something called ammonium perchlorate. It is an interstate problem. It involves not only the State of Nevada, but also the States of California and Arizona. Why? Because we share water out of the Colorado River and the lakes that are up and down the Colorado River.

Over the August recess, it was reported that perchlorate was turning up in certain samples they were doing of the water at Lake Mead, southern Nevada's primary drinking water source. Perchlorate is also being detected, at really low levels, in Los Angeles, in the water they think they get from the Colorado River. It has been detected in California in over 70 drinking water wells throughout that State.

As I mentioned, Mr. President, perchlorate is a common ingredient in the manufacture of rocket fuel—especially rocket fuel—munitions, and fireworks. Forms of perchlorate are ammonium perchlorate, which we manufacture in southern Nevada, potassium perchlorate, sodium perchlorate, and perchloric acid. Currently, the only treatment for that is reverse osmosis and ion exchange.

Mr. President, perchlorate is not a compound that is regulated under the Safe Drinking Water Act. Why? Because all the tests in previous years showed that there was no reason to be concerned. There are some scientists who say that it could be dangerous to pregnant women and to children. We do not know. That is what this amendment is all about.

We want to make sure that in the State of California and the States of Nevada and Arizona the water is safe. The only State that has set a limit as to how much perchlorate is allowed to be in the water is California. They set a limit. We want to make sure we comply with that limit, as does everyone in Arizona and California.

In the 70 wells that they have tested in California where they found perchlorate, about 18 of those wells exceeded the level that they had set. But the question is, what does that really mean? That is the purpose of this amendment. We have asked the National Institutes of Health to run some studies during the next 9 months and report back to us to determine whether or not perchlorate in drinking water is unsafe for children and pregnant women. Perchlorate is not listed as a RCRA or Superfund hazardous substance.

We are in relatively new ground at this time, Mr. President. As I indicated, the primary health concern related to perchlorate is it can interfere with the thyroid gland's ability to use iodine to produce certain hormones. In a hormone-deficient condition, normal metabolism, growth and development can be affected. We don't know that perchlorate does that, but we need to find out.

In very high doses, perchlorate has been used as a medicine to treat a thyroid disease called Graves' disease in which excessive amounts of a thyroid hormone are produced. However, in thousands of parts per billion, it can disrupt growth and bodily functions because of its effect on the thyroid gland, some people think. As I have indicated, those people who are particularly vulnerable to unsafe consumption would include pregnant women, children, and sometimes the elderly.

The problem, however, is there is no hard science on the health and safety risks that perchlorate may pose to human beings. We need to better understand the potential health consequences of this compound on human beings.

The amendment that I have offered on my behalf and that of the Senator from California I believe should be accepted by this body. All of us can appreciate the necessity of ensuring that the water that we consume is safe. We have been assured by the head of the Southern Nevada Water Authority, Pat Mulroy, that the water is safe. I am confident and very, very hopeful that it is. But we need to make sure that that is the case.

I support this research and am pushing for its inclusion in this legislation. I also believe that because it has been detected in wells in the West, we need to understand why it is there. In particular, we need to understand the potential health risks. Nevada has a large population with elderly, children, pregnant women, as does certainly California and Arizona.

So we want this body to accept this. We think it is sound legislation. We have been in contact with the National Institutes of Health. They can do this. I ask my colleagues to support this legislation.

Mr. REED addressed the Chair.

The PRESIDING OFFICER. The Senator from Rhode Island.

Mr. REED. Thank you, Mr. President.

Prior to offering an amendment, I ask unanimous consent to yield the floor to my colleague, the Senator from Louisiana, and have the opportunity to reclaim the floor and present my amendment, if I may.

The PRESIDING OFFICER. Without objection, it is so ordered.

Ms. LANDRIEU. I thank my colleague for yielding, and ask unanimous consent to lay aside the pending amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENT NO. 1095

(Purpose: To increase the amounts made available to promote adoption opportunities in order to eliminate barriers and to help find permanent homes for children)

Ms. LANDRIEU. Mr. President, I send to the desk an amendment to the Labor, Health and Human Services appropriations bill for myself and Senator MCCAIN. I have here a copy of the amendment.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Louisiana [Ms. LANDRIEU], for herself and Mr. MCCAIN, proposes an amendment numbered 1095.

Ms. LANDRIEU. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

The amendment is as follows:

On page 44, line 2, strike "$5,606,094,000" and insert "5,611,094,000".

On page 85, line 19, strike "$70,500,000" and insert "75,500,000".

Ms. LANDRIEU. Mr. President, I rise today to offer an amendment to the Labor, Health and Human Services appropriations bill. As the Members of the Senate are aware, nearly one-half million children in this country languish in foster care instead of permanent placement. We have had little success in coping with the problem. While the numbers of children in foster care multiply, children trickle into adoptive homes. Last year only a little over 20,000 children were formally adopted.

Mr. President, these numbers are unacceptable. Recent advances in science and psychology have indicated that early childhood is the critical stage for human development. The nurturing and attention that infants need can only be provided by a loving family. Studies have indicated that the holding, touching, and play that good parents take for granted, actually affects a child's brain size and activity. Sadly, the children most in need of this kind of human warmth, our abused and neglected children, are ill-served by our Nation's adoption placement system.

Equally distressing is the fact that these same problems in the adoption system are reflected in our budget priorities. In the Labor, Health and Human Services appropriations bill we propose to spend over $4.3 billion on support to foster care. At the same time, we are devoting only $13 million to encourage innovation in State adoption systems. This is a little more than one-third of 1 percent of all the money we are devoting to foster care.

Our spending priorities are another stark example of our spending billions of dollars in a way that perpetuates a problem instead of resolving it. We need to reprioritize how we address the thousands of children in foster care. This amendment takes a modest step in the right direction. By reallocating $5 million from the administrative costs of the bill to help fund State initiatives in adoption, we can begin the process of addressing the source of the problem rather than its symptoms.

Presently, the Children's Bureau has 40 grants to States that were either approved but unfunded, or underfunded due to shortfalls. Among the States with unfunded grant applications are Arizona, Arkansas, California, Colorado, Florida, Illinois, Kentucky, Massachusetts, Michigan, Minnesota, Mississippi, New York, North Carolina, Ohio, Oklahoma, Rhode Island, South Carolina, Tennessee, Texas, Washington, and the District of Columbia. These grants would affect States large and small and in every region of the country.

It is my hope that the programs that we fund by providing State grant support may one day provide a national model. Only through innovations like those funded by these grants can we hope to resolve the foster care crisis. I hope you will join me in supporting this amendment.

I thank my colleague again for the time.

Mr. President, I ask unanimous consent that my amendment be temporarily set aside for its determination at the appropriate time for a vote.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENT NO. 1094

Mr. REID. Mr. President, I know my friend from Rhode Island has the floor. I ask that he yield to me for purposes of requesting the yeas and nays on my amendment.

The PRESIDING OFFICER. The Senator from Nevada is recognized.

Mr. REID. I ask for the yeas and nays on my amendment.

The PRESIDING OFFICER. Is there an objection for there being an order at this time to the ordering of the yeas and nays?

Without objection, it is so ordered.

Is there a sufficient second? There appears to be a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The Senator from Rhode Island.

Mr. REED. Thank you, Mr. President.

I ask unanimous consent to lay aside the pending amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENT NO. 1096

(Purpose: To provide funding for grants to States for State student incentives under subpart 4 of part A of title IV of the Higher Education Act of 1965)

Mr. REED. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Rhode Island [Mr. REED], for himself, Ms. COLLINS, Mr. LEVIN, Mr. CONRAD, Mr. KENNEDY, Mr. WYDEN, Mr. KOHL, Mr. DODD, Mr. CHAFEE, Mr. LAUTENBERG, Mr. REID, Mr. FEINGOLD, Mr. DORGAN, Mr. TORRICELLI, Mr. KERREY, Mr. JOHNSON, Mr. WELLSTONE, Mr. BINGAMAN, Mrs. MURRAY, Mr. SMITH of Oregon, Mr. HARKIN and Ms. LANDRIEU, proposes an amendment numbered 1096.

Mr. REED. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

The amendment is as follows:

On page 56, line 19, strike "and 3" and insert ", 3 and 4".

On page 56, line 22, before the period insert ", provided that, $35,000,000 shall be available for State Student Incentive grants derived from unobligated balances".

Mr. REED. Mr. President, I rise this afternoon to offer an amendment with my Republican colleague from Maine on the Labor and Human Resources Committee, Senator SUSAN COLLINS, and we are joined by a host of other colleagues—Senator KENNEDY, Senator CHAFEE, Senator SMITH of Oregon, Senator HARKIN, Senator DODD, Senator CONRAD, Senator LEVIN, Senator KOHL, Senator WYDEN, Senator LAUTENBERG, Senator MURRAY, Senator WELLSTONE, Senator BINGAMAN, Senator REID of Nevada, Senator FEINGOLD, Senator DORGAN, Senator TORRICELLI, Senator KERREY, Senator JOHNSON, and Senator LANDRIEU. I believe this indicates the widespread depth of concern and support for maintenance of the State Student Incentive Grant Program, or SSIG, as it is known.

This is a remarkable program, which requires State governments to match Federal resources on a dollar-for-dollar basis and provides direct higher education grant assistance to needy students. I had originally intended to offer, along with my colleague Senator COLLINS, an amendment which would have restored SSIG funding to last year's level of $50 million, but out of deference to the subcommittee chairman and also because of a lack of sufficient offset, the amendment today adds back $35 million for SSIG with an offset of unobligated balances from prior years.

In accepting this change, it is our intent to work with Chairman SPECTER and Senator HARKIN, as they have agreed, to ensure that funding for SSIG, at no less than $35 million and hopefully even more, is secured during conference deliberations with the other body.

Mr. President, I want to tell all of my colleagues why this amendment and saving student aid funding is so vitally important.

SSIG is critical to higher education, critical to the dreams of more than 700,000 students across the Nation and 13,000 students just in my home State of Rhode Island alone.

We are all familiar with another higher education grant, the Pell grant, and, as I think many in this Chamber, as well as students, parents, and those involved in higher education know, the purchasing power of the Pell grant has fallen drastically in comparison to inflation and the skyrocketing cost of college education. Students have searched for other sources of need-based higher education grants and have come to rely upon SSIG, the State Student Incentive Grant.

With a relatively modest amount of Federal funding, this essential program encourages States to provide need-based financial aid to students in the form of grants and community service work study awards.

SSIG grants are targeted to the neediest undergraduate and graduate students. The average family income for SSIG recipients in 1991–92 was approximately $12,000, which is below the Federal poverty level for a family of four. The average SSIG-supported grant was about $1,200 in 1995–96. This program reaches those families who are most desperately in need of support to send their children to college.

Moreover, this program is extremely efficient. Every SSIG dollar goes to the students. These funds are not used in any way to cover administrative costs.

With an SSIG expenditure at the Federal level of $63 million in fiscal year 1996, the program leveraged more than $784 million in State matching funds and served more than 700,000 students across America. In Rhode Island, an SSIG Federal expenditure of roughly $334,000 leveraged over $8 million in Rhode Island expenditures, serving more than 13,000 students.

The history of this program is simple. Before its enactment 25 years ago, only 26 States provided need-based assistance to students. Now, all 50 States provide such assistance.

While SSIG has been successful in increasing State aid, it is not true that it has outlived its usefulness. The statutory purpose of SSIG is not simply to start up State programs. Instead, its purpose is to encourage and assist States in making need-based grant and community service work-study awards to students.

Indeed, if SSIG is eliminated, nine States, including Alabama, Arizona, Georgia, and Mississippi, could lose their entire grant program. In these States, SSIG funds represent 25 percent or more of their entire student grant program. It is unlikely they would sustain these programs without this Federal assistance and encouragement. In addition, if SSIG were eliminated, 43 States have already said they would reduce the number and amount of need-based grants, according to the National Association of State Student Grant and Aid Programs. Thirteen States could face a 40-percent drop in funding for need-based grants, according to PIRG's Higher Education Project.

Even with Federal funding, my home State of Rhode Island failed to maintain funding for the State grant program in 1993 and lost Federal SSIG funding. So Rhode Island, a State known for its commitment to education, also faces serious harm to its need-based program.

How could SSIG have outlived its usefulness if States have already or are threatening to shut down student grant programs and cut student aid?

Even the Appropriations Committee has noted that there is wisdom in maintaining funding for this program. In this Congress, the Senate will work on the reauthorization of the Higher Education Act, which covers most higher education grants and loan programs including Pell grants and SSIG. During this reauthorization process, the Senate Labor and Human Resources Committee, on which I serve, along with Senator COLLINS, will comprehensively review all higher education aid programs. Prior to the Labor Committee's work, I believe it would be inappropriate and unfair for Congress to eliminate a successful program like SSIG. It is a program that deserves support, but also deserves review, which it will receive in the reauthorization of the Higher Education Act.

It is also interesting to note that at a time when the majority party in this Congress is calling for more Federal money to be returned to the States, eliminating SSIG would end a successful program that gives States substantial flexibility and resources to help them help their citizens on to a better life.

In addition, it is important to note in the recent budget, we have gone a long way in providing tax incentives to send young people to college, tax credits and deductions from taxes, but the people that are served by SSIG are those that cannot readily use the tax system to help their children go to college. In this way, SSIG is vitally important because it is a grant program directly to those low-income Americans that need a chance to share in the same opportunity that we have, in our wisdom, provided through the tax system to upper-income and middle-income Americans.

Now, let me emphasize that SSIG is more important than ever as college costs continue to grow faster than income and grant aid, and as the grant-loan imbalance widens. In 1975, 80 percent of student aid came in the form of grants and 20 percent in the form of loans. Now, the opposite is true.

Let me also add that low-income students are finding it particularly hard to afford higher education. Less than 50 percent of high school graduates with family incomes under $22,000 go on to college, while more than 80 percent of their higher income counterparts go on to pursue education beyond high school. Frankly, if we do not reverse this trend, if we do not let every segment of our society go on to higher education, we will continue to develop a bifurcation of our society and our economy as young people with a chance to go on to college gain skills that make them employable and, indeed, enhances their incomes and ability to seize all the opportunity in our society, while others are left out. We cannot let that happen.

SSIG continues to make a difference for needy students in many States. However, I again remind my colleagues that nine States would likely end their grant programs without Federal encouragement and funding. Moreover, 43 States have said they would cut grants if SSIG were eliminated.

Mr. President, we should be helping all our citizens achieve the American dream by ensuring access to higher education, especially for hard-working families whose wages have not kept up with inflation.

Our amendment seeks to provide $35 million for SSIG. It is not a lot of money in a bill that contains more than $269 billion in funding, but it will make a huge difference to the students who rely upon it.

This amendment, I understand, is agreeable to the chairman and the ranking member and they have committed to work with Senator COLLINS and myself to fight for this funding in conference.

I have a letter from the American Council of Education in support of the amendment, and I ask unanimous consent that it be printed in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

AMERICAN COUNCIL ON EDUCATION,
OFFICE OF THE PRESIDENT,
August 29, 1997.

DEAR SENATOR: The associations listed below, representing the nation's 3,700 colleges and universities, strongly urge you to support the amendment that will be offered by Senators Jack Reed (D–RI) and Susan M. Collins (R–ME) during floor consideration of the Fiscal Year 1998 Labor, Health and Human Services, and Education appropriations bill. This amendment will restore funding for the State Student Incentive Grant (SSIG) program, which serves as an effective inducement for states to maintain need-based student financial assistance programs.

In eliminating funding for the SSIG program, the Senate Appropriations Committee expressed the view that the need exists for an ongoing source of federal support that encourages and leverages state contributions, along with its hope that the imminent reauthorization will succeed in modifying and strengthening SSIG. We believe this will be accomplished, and we have submitted recommendations designed to achieve this goal.

However, we believe that the current program is both misunderstood and undervalued in terms of its unique role in the array of existing student aid programs. Within the last six years, for example, SSIG's maintenance of effort requirement has prevented cuts or forced the restoration of funding of state grants in Massachusetts, Arizona, Rhode Island, Connecticut, and Oregon. Further, terminating the program will have punitive consequences for the 680,000 students whose average award of over $1,200 offers them an essential alternative to borrowing. SSIG cuts also will be felt by graduate students, since SSIG is the only Title IV grant program for which they are eligible.

Terminating SSIG also will further strain the already frayed relationship that exists between the state and federal governments, families, students, and institutions. While students and their families have borrowed increasingly greater amounts; while institutions have increased institutional student aid from $1 billion in 1979 to more than $10 billion in 1995; and while the federal government has arrested and begun to reverse the decade-long decline in the value of Pell Grants, states have cut spending on higher education to pay for increased expenses in Medicaid and corrections programs. Between 1985 and 1997, the share of state budgets dedicated to higher education fell from 14 percent to 12 percent. Indeed, one analyst has now concluded that if state support for higher education continues to decline at the rate we have seen in the last two decades, it could begin to hit zero in some states early in the next century.

We believe that the SSIG program still plays an essential role in leveraging a state/federal partnership in the provision of need-based student aid. We oppose SSIG's elimination, and we urge your support of the Reed/Collins amendment to restore its funding.

Sincerely,

STANLEY O. IKENBERRY,
President.

On behalf of the following associations: American Association of Community Colleges, American Association of State Colleges and Universities, American Council on Education, Association of American Universities, National Association of Independent Colleges and Universities, National Association of State Universities and Land-Grant Colleges.

Mr. REED. I urge my colleagues to support this amendment. We cannot afford to pass up this opportunity to aid students who in turn will build a stronger and more prosperous America.

The PRESIDING OFFICER. The Senator from Maine.

Ms. COLLINS. Mr. President, I am pleased to join my friend and colleague from Rhode Island, Senator REED, in offering an amendment to restore $35 million in funding for the State Student Incentive Grant Program.

First, I want to thank and recognize the able leadership of the Senator from Rhode Island in this area. I also want to say I very much appreciate the work of the managers of this bill, Senators SPECTER and Senator HARKIN, in working with Senator REED and myself to find an offset that will allow us to achieve funding for this very important program.

The SSIG program has successfully leveraged a relatively small Federal contribution and investment in student aid to build a State-Federal partnership supporting grants to the neediest college students. Last year, a Federal appropriation of $63 million resulted in a match of $784 million in State expenditures for need-based scholarship grants. In the State of Maine alone, 12,000 students received assistance under this important program. Nationally, grants averaging $1,200 were awarded to about 700,000 students. The recipients, Mr. President, come from families with average incomes of $12,000 a year. As the Senator from Rhode Island has pointed out, that is below the Federal poverty level for a family of four.

Mr. President, it would be a serious mistake to terminate this program. Every single Federal dollar that it provides goes to students with financial need. The States bear the administrative costs, so every single Federal dollar goes for the grants for these needy students. This program helps to close the widening gap between what students receive in grant assistance and what they are forced to borrow to pay for the ever-increasing costs of a college education.

Because of high tuition costs and increased borrowing, students are graduating from college with higher and higher debt burdens. This Congress has recognized the problem that this mountain of debt poses for new graduates. It has attempted to ease that burden by making the interests on student loans tax deductible, but then if we turn around and eliminate the Federal contribution to the SSIG program we will, in fact, be counteracting part of this benefit to the most deserving students by increasing their loan burden.

Now, Mr. President, opponents to continuing the SSIG program argue the purpose for the program no longer exists since each of the 50 States have established a grant program. However, this overlooks the importance of SSIG as the Federal-State partnership and the important role this program plays in maintaining the State commitment to these grants. According to the National Association of State Student Grant and Aid Programs, 43 States—43 States—would reduce their need-based grants if the SSIG program were eliminated. Some would clearly terminate their grant programs altogether without the SSIG contribution. Clearly, in spite of the impressive efforts ahead by many States to help their neediest students, this program continues to be a critical catalyst for State action.

As college costs continue to grow faster than income and grant aid, and as the grant-loan imbalance widens for students of modest means, the need for SSIG is more important than ever before. This Congress has just acknowledged the value of grants by voting for a modest increase in the maximum amount of Pell grants. It would be inconsistent and incredibly poor timing if at the time we are recognizing the need for an increase in the grants under the Pell program, we turn around and reduce assistance under the SSIG program.

Mr. President, I recently received a letter from Stephanie D'Amico of Biddeford, ME, who speaks far more eloquently about the importance of this program than I can. I ask unanimous consent her entire letter be printed in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

Hon. SENATOR COLLINS,
U.S. Senate,
Washington, DC.

DEAR SENATOR COLLINS, I am writing to ask for your support of State Student Incentive Grants (SSIG). College is one of the best investments we can make in America's future. It is critical to a strong democracy and a healthy economy. To me personally, it represents opportunity for the future.

Unfortunately, a college education is becoming harder and harder to afford. The costs of college are rising, but financial aid remains inadequate. The average full time student must devote 24 hours each week to work rather than studies. And this is just to make ends meet.

SSIG is one of the best federal programs helping to provide access to education. The federal money put into SSIG is matched by each state. So for every federal SSIG dollar, two dollars are spent on students that need it. Seventy percent of the students who receive SSIG funds come from families with incomes of less than $20,000. Without this program, it is likely that 18 states will lose their entire grant program, putting a college education at risk for many students.

Students and families need help with the costs of college. With students now graduating with decades of debt, loans are not the answer. Studies show that students with grants are more likely to stay in school. SSIG is a good, working program that should be fully funded.

Thank you for making education funding a priority. I look forward to hearing from you. Please let me know what you are doing to support increased funding for education.

Sincerely,

STEPHANIE D'AMICO.

Ms. COLLINS. I quote just briefly from Stephanie D'Amico's letter.

She wrote:

> College is one of the best investments we can make in America's future. It is critical to a strong democracy and a healthy economy. To me personally it represents opportunity for the future. Unfortunately, a college education is becoming harder and harder to afford. . . . SSIG is one of the best Federal programs helping to provide access to education. . . . Students and their families need help with the costs of college. With students now graduating with decades of debt, loans are not the answer. . . . SSIG is a good, working program that helps students stay in school.

Mr. President, if America is truly to remain the land of opportunity, we must ensure that our citizens like Stephanie D'Amico do not face insurmountable obstacles to higher education. This program will help Stephanie D'Amico and many like her to achieve the American dream. I urge support of the Reed-Collins amendment.

I yield the floor.

Mr. JEFFORDS. Mr. President, I rise in support of the amendment offered by my colleague from Rhode Island, Senator REED, which restores $35 million to the State Student Incentive Grant [SSIG] Program.

SSIG is an effective Federal/State partnership program which leverages State dollars for need-based student aid.

Ensuring that students have need-based grant aid available to them is very important—especially when one considers the extraordinary debt that many college students have taken on to pay for school. In 1995–96 SSIG benefited 688,000 students through the country and the median family income of those students was $12,000. In Vermont, 4,260 students received assistance through SSIG.

It is my hope that the Senate will vote in support of this important program. As chairman of the Labor and Human Resources Committee, I look forward to a thoughtful review and strengthening of SSIG as part of the reauthorization of the Higher Education Act.

So again, I thank my colleague from Rhode Island for offering this amendment and thank my colleague from Pennsylvania, Senator SPECTER, for his support.

Mr. WYDEN. Mr. President, as a cosponsor of the Reed amendment, I want to explain why the Senate should restore $35 million to the State Student Incentive Grant [SSIG] program.

First, SSIG funds go directly to the students, not to Federal bureaucrats or administrators. One hundred percent of these funds go to the students.

Second, SSIG grants go to those who need them most: the median family income for SSIG recipients is $12,000—well below the Federal poverty level for a family of four.

Third, because every Federal dollar directly leverages State education dollars, each additional Federal dollar may make the difference whether another student gets the chance to go to college. In many States SSIG grants truly make or break a student's chance to go to college.

Fourth, at a time when costs are limiting access to higher education, we must do everything we can to give every student the opportunity to go to college. I was an early supporter of tax credits to help middle-class families pay the cost of higher education, and this program is just as crucial for the most needy students.

This program is especially important for Oregon. In the 1995–97 period, the SSIG Program made the difference for 49,400 students in Oregon, with an average grant of $1,060. SSIG helped account for 5 percent of the funding for the Oregon Need Grant program. And there are more than 16,700 students who did not receive the grant because of underfunding.

The Oregon Need Grant program helps provide basic access for Oregon's most needy student population. If we cut off SSIG for the 1997–98 academic year, some 620 students could be forced to drop out of college. In pure dollar amounts, the grant may not seem like much to people in Washington, DC who are used to dealing in billions of dollars. But it will enable thousands of students in Oregon to make the decision to go to college.

It is the students, of course, who say it the best. One student who works at the U of O admissions office on work study said "My father has been unemployed for about 4 years even though he has 20 years of naval experience and a college degree. My mother works for the local school system, but her income can't even provide for our family, let alone my college education. Without the need grant that I receive, I wouldn't be able to attend a 4 year university and work towards my degree in psychiatry and business." Another student at the University of Oregon said: "The state need grant has literally been godsend. I come from a single parent household and my mother was laid off from a [major] corporation a few years ago and has only been able to get jobs as a waitress since. If it were not for the state need grant, I would not be able to attend the University of Oregon. I have lived in Eugene all of my life and I've always wanted to attend the U of O. I am majoring in journalism and hope to graduate this year. The grant made it possible for my mother to send me to school and still put food on the table for a family of four."

Mr. President, I urge my colleagues to vote for this amendment, and ask unanimous consent that my full statement be printed in the RECORD.

Mr. KENNEDY. Mr. President, I support the education amendment offered by Senator REED to appropriate $35 million to maintain the State Supplemental Incentive Grant Program.

The SSIG Program is effective in encouraging States to allocate funds for need-based student aid programs. Elimination of SSIG will cause a significant loss of funds for many needy students and will discourage States from providing this important type of student aid.

Continued funding for SSIG is supported by the American Council on Education, the United States Student Association, US PIRG, the National Association of Graduate-Professional Students, the National Association of State Student Grant and Aid Programs, and the Education Trust.

SSIG is a Federal-State partnership in student aid. States must match the Federal funds on a dollar-for-dollar basis. Eliminating the Federal share will inevitably result in many States dropping their programs entirely.

SSIG constitutes a significant percentage of need-based aid in several States. It is also an incentive for State legislatures to provide their own need-based student aid. In 13 States, Federal SSIG is 20 percent or more of the total need-based aid in the State. In Hawaii and Mississippi, the elimination of SSIG funds would cut the State need-based aid in half.

In Rhode Island, the State legislature provided need-based aid in order to obtain the Federal SSIG funds. The Connecticut Legislature increased need-based aid in order to meet the SSIG requirements. Louisiana will end all need-based aid if Federal funds for SSIG are not appropriated.

One of the fundamental goals of the Higher Education Act is to provide greater access to higher education for all qualified students, regardless of income. Expanding this access is still a major challenge. In the upcoming reauthorization of the Higher Education Act, we will be considering all aspects of the roles of the Federal Government, the State governments, colleges, students, and their families in meeting the costs of higher education.

SSIG is a program that works. It's a sensible Federal-State partnership, and it may well be a model for other steps to leverage the use of Federal funds. I urge my colleagues to support the Reed amendment to appropriate adequate funds for SSIG, so that needy students across the country will not lose this critical aspect of college aid.

Mr. REED. I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. REED. I understand this vote is scheduled for 5 o'clock.

The PRESIDING OFFICER. The Senator from Georgia.

Mr. COVERDELL. Mr. President, I ask unanimous consent at 5 p.m. today the Senate proceed to a vote on or in relation to Senator REED's amendment numbered 1096.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. REED. Will the Senator yield?

Mr. COVERDELL. I yield.

Mr. REED. Would the Senator also include in this request a modification that precludes any second-degree amendments on my amendment?

Mr. COVERDELL. That is my understanding, that both sides would agree, and I ask unanimous consent the Senator's request be honored.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. REED. I yield the floor.

AMENDMENT NO. 1097

(Purpose: To enhance food safety for children through preventive research and medical treatment)

Mr. COVERDELL. Mr. President, I ask unanimous consent the pending amendment be set aside in order to offer an amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. COVERDELL. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Georgia [Mr. COVERDELL] proposes an amendment numbered 1097.

Mr. COVERDELL. Mr. President, I ask unanimous consent reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 49, after line 26, add the following:

SEC. . (a) TRANSFER.—Using $5,000,000 of the amounts appropriated under this title, the Secretary of Health and Human Services shall carry out activities under subsection (b) to address urgent health threats posed by E. coli:0157H7.

(b) USE OF FUNDS.—From amounts transferred under subsection (a) the Secretary of Health and Human Services shall—

(1) provide $1,000,000 for the development of improved medical treatments for patients infected with E. coli:0157H-related disease (HUS);

(2) provide $1,000,000 to fund ongoing research to detect or prevent colonization of E. coli:0157H7 in live cattle;

(3) provide, through the existing partnership between the Federal Government, industry, and consumer groups, $1,000,000 for the National Consumer Education Campaign on Food Safety as part of the activities to address safe food handling practices;

(4) provide $1,000,000 for a study to determine the feasibility of the use of electronic pasteurization on red meats to eliminate pathogens and to carry out activities to educate the public on the safety of that process; and

(5) provide $1,000,000 for a contract to be entered into with the National Academy of Sciences to assess the effectiveness of testing to ensure zero tolerance of E. coli:0157H7 in raw ground beef products.

AMENDMENT NO. 1098 TO AMENDMENT NO. 1097

(Purpose: To enhance food safety for children through preventive research and medical treatment)

Mr. COVERDELL. Mr. President, I send a second-degree amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Georgia [Mr. COVERDELL] proposes an amendment No. 1098 to amendment numbered 1097.

Mr. COVERDELL. Mr. President, I ask unanimous consent reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

Strike all after the first word and add the following:

(a) TRANSFER.—Using $5,000,000 of the amounts appropriated under this title, the Secretary of Health and Human Services shall carry out activities under subsection (b) to address urgent health threats posed by E. coli:0157H7.

(b) USE OF FUNDS.—From amounts transferred under subsection (a) the Secretary of Health and Human Services shall—

(1) provide $1,000,000 for the development of improved medical treatments for patients infected with E. coli:0157H7-related disease (HUS);

(2) provide $550,000 to fund ongoing research to detect or prevent colonization of E. coli:0157H7 in live cattle:

(3) provide, through the existing partnership between the Federal Government, industry, and consumer groups, $1,000,000 for the National Consumer Education Campaign on Food Safety as part of the activities to address safe food handling practices;

(4) provide $1,000,000 for a study to determine the feasibility of the use of electronic pasteurization on red meats to eliminate pathogens and to carry out activities to educate the public on the safety of that process; and

(5) provide $1,000,000 for a contract to be entered into with the National Academy of Sciences to assess the effectiveness of testing to ensure zero tolerance of E. coli:0157H7 in raw ground beef products.

Mr. COVERDELL. Mr. President, I am only going to speak to this amendment briefly. Let me just say that, at the appropriate time, it will be discovered that this is a rather broadly based amendment to deal with food safety.

The amendment includes provisions for funding for research in the development of improved medical treatment for patients infected with E. coli and related diseases.

The amendment provides funding to help detect and prevent colonization of E. coli in live cattle. Research would focus on determining the pathogen relationship between cattle and E. coli.

The amendment will provide funding for the administration's food and safety initiative and, more directly, for the important consumer education component.

Mr. President, the amendment provides provisions to implement a much-needed study on the feasibility of a irradiating raw meat to eliminate E. coli and to develop a consumer education program on the process of safety.

Mr. President, the amendment will require the Department of Health and Human Services to contract with the National Academy of Sciences to determine the effectiveness of USDA's zero-tolerance standard for E. coli.

I am pleased today to be introducing an important amendment in my capacity as Agriculture Subcommittee chairman with jurisdiction over inspections. I am proposing what I think is a commonsense, effective approach to confronting the deadly pathogen E. coli:0157H7. As we are all aware in Congress, our Nation is facing a difficult battle with this bacteria as we work to assure the safety of our domestic food source. Scientists are confronting traditional difficulties in fighting E. coli on the farm and controlling the toxins it releases once in the body. Looking closely at this issue over the past two weeks, it has become increasingly clear to me that some of the best answers to E. coli and other food safety problems can be found in advanced research, education, and study. The committee report on the Labor-HHS appropriations bill repeatedly calls for greater emphasis on food safety and development of priorities in this field. Consequently, firewalls must be built to prevent, to the greatest extent possible, the growth, transmission, and human health destruction that can be caused by this rare but virulent bacteria. The following amendment takes recommendations, which were issued in the "Final Report of the Blue Ribbon Task Force on Solving the E. coli 0157:H7 Problem" in 1994. This task force was comprised of the experts from the government, industry, academia, and consumer and producer groups. These recommendations are all backed by good science and will help strengthen existing standards and build new safeguards against human exposure to and illness from E. coli 0157:H7. The following is a summary of my amendment:

AMENDMENT SUMMARY

First, this provision provides funding for research on the development of improved medical treatment for patients infected with E. coli 0157:H7 related disease [HUS]. The most vulnerable members of society susceptible to the chronic effects of E. coli 0157:H7 infection are—children and the elderly. Funding should focus on helping these individuals to recover fully.

Second, this provision provides funding to help detect and prevent colonization of E. coli 0157:H7 in live cattle. Research should focus on determining the host/pathogen relationship between cattle and the E. coli microbe, and explore which factors contribute to its incidence in cattle.

Third, this provision provides funding for the Administration's Food Safety Initiative, more directly for the important consumer education component. This national consumer education campaign on food safety represents a partnership between government, industry, and consumer groups. This is an important link in the food safety chain and critical initiative endorsed last year by former U.S. Surgeon General C. Everett Koop, along with the U.S. Department of Agriculture, the Department of Health and Human Services, and the U.S. Department of Education.

Fourth, this provision implements a much-needed study on the feasibility of irradiating raw red meat to eliminate the E. coli 0157:H7 pathogen and to develop a consumer education program on the process' safety. Currently available for poultry products, irradiation is a proven method of confronting this disease, and its feasibility on red meat needs to be explored.

Fifth, requires the Department of Health and Human Services to contract with the National Academy of Sciences to determine the effectiveness of the USDA's zero tolerance standard for E. coli 0157:H7 in raw ground beef products and the effectiveness of its current microbiological testing program. An updated report on this testing will be helpful to the Congress, USDA, consumers, and the industry in their search for tools to effectively identify and eradicate E. coli 0157:H7 in raw ground beef products.

I would request that this amendment be carefully examined by my colleagues and by the administration. Upon their review, I hope that the amendment will be agreed to in order to continue solidifying our Nation's food as the safest in the world.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mrs. BOXER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mrs. BOXER. Mr. President, can you tell me the order of the day?

The PRESIDING OFFICER. A vote will occur at 5 p.m. with respect to amendment No. 1096. It is an amendment offered by Mr. REED of Rhode Island.

AMENDMENT NO. 1094

Mrs. BOXER. Thank you very much, Mr. President. Would it be appropriate for the Senator to speak in favor of the Harry Reid amendment at this time by unanimous consent?

The PRESIDING OFFICER. The Senator may proceed.

Mrs. BOXER. Mr. President, a new contaminant called perchlorate, with potentially serious health risks, has recently been detected in drinking water in California and Nevada. It is expected to also be found in drinking water in other States.

Perchlorate is a chemical component of solid rocket fuel, munitions, and fireworks. The potential source of the drinking water contamination is solid fuel and munitions factories that produce and use large amounts of ammonium perchlorate.

According to preliminary research, perchlorate causes the thyroid gland to malfunction by interfering with the gland's ability to use iodine and produce hormones. A malfunctioning thyroid affects the metabolism and therefore interferes with growth and development of humans.

New safe drinking water technology to measure perchlorate became available in May 1997. Since then, groundwater wells in the most likely areas in the country have begun to be tested.

Perchlorate has so far been detected in 69 drinking water wells in California—out of the 232 tested so far—as well as in the Colorado River and Lake Mead which is the source of water for over 10 million people in California, Nevada, and Arizona.

It is expected to be present in drinking water wells in other States. EPA has stated that the contamination is a very serious issue.

There is no Federal standard for perchlorate in drinking water. California is the only State that has a temporary safety standard for consuming water that contains perchlorate—18 parts per billion—but this temporary standard is based on very preliminary health effects data.

There is no research data on the possible carcinogenic effects of perchlorate.

Twenty-four wells in California have been closed because perchlorate levels exceed the California standard—with some wells registering a perchlorate level of 280 parts per billion—including wells at the San Gabriel Superfund site.

Mr. President, this amendment requires the National Institutes of Health [NIH] to "from amounts appropriated under this title" conduct a study on the health effects of perchlorate with particular emphasis on the health risks to vulnerable subpopulations including children, pregnant women, and the elderly.

It also requires that the NIH report back to the committee within 9 months—and annually thereafter—on the results of the study—including a recommendation on whether further health effects research is necessary.

This is an important first step.

First we need to understand more about what the potential health effects of perchlorate are. Then we will take whatever measures are appropriate to ensure that our drinking water remains safe for all, especially for our most vulnerable people—children and our elderly.

OTHER INITIATIVES

First, the fiscal year 1998 EPA appropriations bill includes a $2 million earmark for treatment technology research at the Crafton-Redlands plume in California (that is, research on how to filter out or extract perchlorate. Perchlorate is a salt-based soluble so contamination moves as quickly as the water moves.

Second, Senator BOXER is working to include the following report language in the EPA appropriations bill:

> The Committee directs the Environmental Protection Agency to work with the Department of Defense, the National Institute of Environmental Health Sciences, and other relevant federal and state agencies to assess the state of the science on (1) the health effects of perchlorate on humans and the environment, and (2) the extent of perchlorate contamination of our nation's drinking water supplies; and to make recommendations on how this emerging problem might be addressed. The EPA will submit a report on the interagency findings to the Committee within six months.

I don't think we have a more serious charge of protecting the health and safety of the American people.

I thank you very much.

I yield the floor.

VOTE ON AMENDMENT NO. 1096

The PRESIDING OFFICER. Mr. President, 5 o'clock having arrived, the question is on Amendment 1096 offered by Mr. REED of Rhode Island. On this question, the yeas and nays have been ordered, and the clerk will call the roll.

The bill clerk called the roll.

Mr. NICKLES. I announce that the Senator from Utah [Mr. BENNETT], the Senator from North Carolina [Mr. FAIRCLOTH], the Senator from Oklahoma [Mr. INHOFE], the Senator from Delaware [Mr. ROTH], the Senator from Alabama [Mr. SESSIONS], and the Senator from Oregon [Mr. SMITH], are necessarily absent.

I further announce that, if present and voting, the Senator from Alabama [Mr. SESSIONS] would vote "yea."

Mr. FORD. I announce that the Senator from Delaware [Mr. BIDEN], the Senator from South Carolina [Mr. HOLLINGS], the Senator from Massachusetts [Mr. KENNEDY], the Senator from Massachusetts [Mr. KERRY], and the Senator from Connecticut [Mr. LIEBERMAN], are necessarily absent.

I further announce that the Senator from Vermont [Mr. LEAHY] is absent on official business.

I further announce that, if present and voting, the Senator from South Carolina [Mr. HOLLINGS] would vote "aye."

The PRESIDING OFFICER. Are there any other Senators in the Chamber who desire to vote?

The result was announced—yeas 84, nays 4, as follows:

[Rollcall Vote No. 221 Leg.]

YEAS—84

Abraham
Akaka
Allard
Baucus
Bingaman
Bond
Boxer
Breaux
Brownback
Bryan
Bumpers
Burns
Byrd
Campbell
Chafee
Cleland
Coats
Cochran
Collins
Conrad
Coverdell
Craig
D'Amato
Daschle
DeWine
Dodd
Dorgan
Durbin
Enzi
Feingold
Feinstein
Ford
Frist
Glenn
Gorton
Graham
Gramm
Grams
Grassley
Gregg
Hagel
Harkin
Hatch
Hutchinson
Hutchison
Inouye
Jeffords
Johnson
Kempthorne
Kerrey
Kohl
Kyl
Landrieu
Lautenberg
Levin
Lott
Lugar
Mack
McCain
McConnell
Mikulski
Moseley-Braun
Moynihan
Murkowski
Murray
Reed
Reid
Robb
Roberts
Rockefeller
Santorum
Sarbanes
Shelby
Smith (NH)
Snowe
Specter
Stevens
Thomas
Thompson
Thurmond
Torricelli
Warner
Wellstone
Wyden

NAYS—4

Ashcroft
Domenici
Helms
Nickles

NOT VOTING—12

Bennett
Biden
Faircloth
Hollings
Inhofe
Kennedy
Kerry
Leahy
Lieberman
Roth
Sessions
Smith (OR)

The amendment (No. 1096) was agreed to.

Mr. SPECTER. Mr. President, I move to reconsider the vote.

Mr. DOMENICI. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

EXPLANATION OF ABSENCE

Mr. LOTT. Mr. President, I would like to note for the RECORD that Senator BENNETT is on official business in Moscow, Russia until September 10. Senator BENNETT is meeting with members of President Yeltsin's administration and Members of the Duma on the matters relating to religious freedom in Russia.

Mr. SPECTER. Mr. President, I ask unanimous consent that the pending amendments be set aside and that it be in order to send a series of amendments to the desk, that they be considered en bloc, and that accompanying statements be printed at the appropriate point in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENTS NOS. 1099 THROUGH 1111, EN BLOC

Mr. SPECTER. Mr. President, these amendments have been cleared on both sides:

First, on behalf of Senator CHAFEE, an amendment to add $250 million for both the Fiscal Payment Review Commission and Prospective Payment Assessment Commission offset by a reduction in the Railroad Retirement Board's dual benefit account.

Second, on behalf of Senator COVERDELL, regarding directives to the Secretary of Education concerning child safety and school crime.

Third, on behalf of Senator DASCHLE, regarding the authorization of a comprehensive program for the prevention of fetal alcohol syndrome.

Fourth, on behalf of Senator FAIRCLOTH, to require the Secretary of Education to certify the percentage of Federal funds appropriated to the department that are provided for students and teachers.

Fifth, on behalf of Senator FEINGOLD, to require the Secretary of Education to conduct a study on student populations.

Sixth, on behalf of Senator HOLLINGS, to increase the setaside within the funds provided in the bill for the National Occupational Information and Coordinating Committee, from $8 to $10 million.

Seventh, on behalf of Senator INHOFE, regarding a supplemental security income demonstration project.

Eighth, on behalf of myself, increasing funding in the bill for continuing disability reviews under the SSI program.

Ninth, on behalf of Senators WARNER and KENNEDY, providing $1.1 million to the Department of Education to begin preparations for this Nation to celebrate the year 2000. These funds are offset by a reduction in the Perkins Loan Cancellation Account.

Tenth, on behalf of Senator HARKIN, to provide the Health Care Finance Administration with authority to use fees they collect from providers, physicians and suppliers for provider-requested audits to offset the cost of such audits.

Mr. President, on behalf of Senator NICKLES, I submit an amendment for consideration relating to Social Security Administration regarding employer contributions.

On behalf of myself, I send an amendment to the desk on the administrative funds for the Department of Labor, the welfare-to-work program.

And another amendment, requested by Senator ROTH, for $900,000 for the Commission on Medicare.

The PRESIDING OFFICER. The clerk will report the amendments.

The bill clerk read as follows:

> The Senator from Pennsylvania [Mr. SPECTER], for himself and others, proposes amendments numbered 1099 through 1111 en bloc.

Mr. SPECTER. Mr. President, I ask unanimous consent that reporting be waived. I have stated the specific amendments and the purpose for those amendments.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendments are as follows:

AMENDMENT NO. 1099

(Purpose: To provide additional funding for the Prospective Payment Assessment Commission and the Physician Payment Review Commission)

On page 67, line 4, strike "$3,258,000" and insert in lieu thereof: "$3,508,000".

On page 67, line 10, strike "$3,257,000" and insert in lieu thereof: "$3,507,000".

On page 67, line 18, strike "$206,000,000" and insert in lieu thereof: "$205,500,000".

On page 67, line 24, strike "$206,000,000" and insert in lieu thereof: "$205,500,000".

AMENDMENT NO. 1100

(Purpose: To provide training and technical assistance regarding incidents of elementary and secondary school violence, and to provide for pilot student safety toll-free hotlines for elementary and secondary school students)

On page 61, after line 25, insert the following:

SEC. . Of the funds made available under this title, the Secretary of Education shall establish a program to provide training and technical assistance to State educational agencies and local educational agencies (as defined in section 14101 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 8801) in developing, establishing, and implementing procedures and programs designed to protect victims of and witnesses to incidents of elementary school and secondary school violence, including procedures and programs designed to protect witnesses testifying in school disciplinary proceedings.

SEC. . Of the funds made available under this title, $450,000 shall be awarded by the Secretary of Education for grants for the establishment, operation, and evaluation of pilot student safety toll-free hotlines to provide elementary school and secondary school students with confidential assistance regarding school crime, violence, drug dealing, and threats to the personal safety of the students.

Mr. COVERDELL. Mr. President, there is a grave condition in our elementary and secondary schools across the land. Today, 40 percent of our children do not feel safe in school. It's hard to believe, Mr. President, that:

At least 2.7 million violent crimes take place annually either at or near school.

Every hour, on school campuses, more than 2,000 students and about 40 teachers are physically attacked.

One in every nine students said they cut classes or stayed away from school last year to avoid being beaten or shot.

One in every eight students carries a weapon to school for protection, with 100,000 children taking a gun to school each day.

Last year, a 12-year-old student at a Los Angeles middle school was raped on campus, during school hours, by another student. The victim was forced to attend alone a school disciplinary hearing for the accused which the offender attended with his parents and his lawyer. The State education code afforded protection for the accused but not for the victims or witnesses.

Recently, four teenage boys gang raped a 14-year-old girl at a public high school in Queens. The girl reluctantly reported the crime the next day to a school counselor. When she didn't provide enough detail the assistant principal merely referred her back to the counselor. Almost 1 month later the crime was finally reported to law enforcement and the four were arrested.

A 15-year-old boy killed himself in a GA classroom after being assaulted and bullied almost daily at school because he was overweight.

Mr. President, we cannot allow our children to continue to be terrorized at school. We cannot ignore these kids who are victimized or who witness their friends being abused. The amendment I am offering today begins to address this problem for those children already facing violence. It will: Require the Secretary of Education to establish a program to provide training and technical assistance to State and local education agencies in developing and implementing procedures to protect victims/witnesses of school crime, including protections associated with school disciplinary hearing, and require the Secretary of Education to utilize $500,000 of the funds appropriated under this bill to award grants for pilot school safety hotlines to provide K–12 students with confidential assistance regarding violence, crime, drugs, and threats to personal safety.

Mr. President, on behalf of the 52 million children who attend our schools this year, I urge adoption of this amendment.

AMENDMENT NO. 1101

(Purpose: To provide a comprehensive program for the prevention of Fetal Alcohol Syndrome)

At the appropriate place, insert the following:

SEC. . COMPREHENSIVE FETAL ALCOHOL SYNDROME PREVENTION.

(a) FINDINGS.—This section may be cited as the "Comprehensive Fetal Alcohol Syndrome Prevention Act".

(b) FINDINGS.—Congress finds that—

(1) Fetal Alcohol Syndrome is the leading known cause of mental retardation, and it is 100 percent preventable;

(2) each year, up to 12,000 infants are born in the United States with Fetal Alcohol Syndrome, suffering irreversible physical and mental damage;

(3) thousands more infants are born each year with Fetal Alcohol Effects, which are lesser, though still serious, alcohol-related birth defects;

(4) children of women who use alcohol while pregnant have a significantly higher infant mortality rate (13.3 per 1000) than children of those women who do not use alcohol (8.6 per 1000);

(5) Fetal Alcohol Syndrome and Fetal Alcohol Effects are national problems which can impact any child, family, or community, but their threat to American Indians and Alaska Natives is especially alarming;

(6) in some American Indian communities, where alcohol dependency rates reach 50 percent and above, the chances of a newborn suffering Fetal Alcohol Syndrome or Fetal Alcohol Effects are up to 30 times greater than national averages;

(7) in addition to the immeasurable toll on children and their families, Fetal Alcohol Syndrome and Fetal Alcohol Effects pose extraordinary financial costs to the Nation, including the costs of health care, education, foster care, job training, and general support services for affected individuals;

(8) the total cost to the economy of Fetal Alcohol Syndrome was approximately $2,700,000,000 in 1995, and over a lifetime, health care costs for one Fetal Alcohol Syndrome child are estimated to be at least $1,400,000;

(9) researchers have determined that the possibility of giving birth to a baby with Fetal Alcohol Syndrome or Fetal Alcohol Effects increases in proportion to the amount and frequency of alcohol consumed by a pregnant woman, and that stopping alcohol consumption at any point in the pregnancy reduces the emotional, physical, and mental consequences of alcohol exposure to the baby; and

(10) though approximately 1 out of every 5 pregnant women drink alcohol during their pregnancy, we know of no safe dose of alcohol during pregnancy, or of any safe time to drink during pregnancy, thus, it is in the best interest of the Nation for the Federal Government to take an active role in encouraging all women to abstain from alcohol consumption during pregnancy.

(c) PURPOSE.—It is the purpose of this section to establish, within the Department of Health and Human Services, a comprehensive program to help prevent Fetal Alcohol Syndrome and Fetal Alcohol Effects nationwide. Such program shall—

(1) coordinate, support, and conduct basic and applied epidemiologic research concerning Fetal Alcohol Syndrome and Fetal Alcohol Effects;

(2) coordinate, support, and conduct national, State, and community-based public awareness, prevention, and education programs on Fetal Alcohol Syndrome and Fetal Alcohol Effects; and

(3) foster coordination among all Federal agencies that conduct or support Fetal Alcohol Syndrome and Fetal Alcohol Effects research, programs, and surveillance and otherwise meet the general needs of populations actually or potentially impacted by Fetal Alcohol Syndrome and Fetal Alcohol Effects.

(d) ESTABLISHMENT OF PROGRAM.—Title III of the Public Health Service Act (42 U.S.C. 241 et seq.) is amended by adding at the end the following:

"PART O—FETAL ALCOHOL SYNDROME PREVENTION PROGRAM

"SEC. 399G. ESTABLISHMENT OF FETAL ALCOHOL SYNDROME PREVENTION PROGRAM.

"(a) FETAL ALCOHOL SYNDROME PREVENTION PROGRAM.—The Secretary shall establish a comprehensive Fetal Alcohol Syndrome and Fetal Alcohol Effects prevention program that shall include—

"(1) an education and public awareness program to—

"(A) support, conduct, and evaluate the effectiveness of—

"(i) training programs concerning the prevention, diagnosis, and treatment of Fetal Alcohol Syndrome and Fetal Alcohol Effects;

"(ii) prevention and education programs, including school health education and school-based clinic programs for school-age children, concerning Fetal Alcohol Syndrome and Fetal Alcohol Effects; and

"(iii) public and community awareness programs concerning Fetal Alcohol Syndrome and Fetal Alcohol Effects;

"(B) provide technical and consultative assistance to States, Indian tribal governments, local governments, scientific and academic institutions, and nonprofit organizations concerning the programs referred to in subparagraph (A); and

"(C) award grants to, and enter into cooperative agreements and contracts with, States, Indian tribal governments, local governments, scientific and academic institutions, and nonprofit organizations for the purpose of—

"(i) evaluating the effectiveness, with particular emphasis on the cultural competency and age-appropriateness, of programs referred to in subparagraph (A);

"(ii) providing training in the prevention, diagnosis, and treatment of Fetal Alcohol Syndrome and Fetal Alcohol Effects;

"(iii) educating school-age children, including pregnant and high-risk youth, concerning Fetal Alcohol Syndrome and Fetal Alcohol Effects, with priority given to programs that are part of a sequential, comprehensive school health education program; and

"(iv) increasing public and community awareness concerning Fetal Alcohol Syndrome and Fetal Alcohol Effects through culturally competent projects, programs, and campaigns, and improving the understanding of the general public and targeted groups concerning the most effective intervention methods to prevent fetal exposure to alcohol;

"(2) an applied epidemiologic research and prevention program to—

"(A) support and conduct research on the causes, mechanisms, diagnostic methods, treatment, and prevention of Fetal Alcohol Syndrome and Fetal Alcohol Effects;

"(B) provide technical and consultative assistance and training to States, Tribal governments, local governments, scientific and academic institutions, and nonprofit organizations engaged in the conduct of—

"(i) Fetal Alcohol Syndrome prevention and early intervention programs; and

"(ii) research relating to the causes, mechanisms, diagnosis methods, treatment, and prevention of Fetal Alcohol Syndrome and Fetal Alcohol Effects; and

"(C) award grants to, and enter into cooperative agreements and contracts with, States, Indian tribal governments, local governments, scientific and academic institutions, and nonprofit organizations for the purpose of—

"(i) conducting innovative demonstration and evaluation projects designed to determine effective strategies, including community-based prevention programs and multicultural education campaigns, for preventing and intervening in fetal exposure to alcohol;

"(ii) improving and coordinating the surveillance and ongoing assessment methods implemented by such entities and the Federal Government with respect to Fetal Alcohol Syndrome and Fetal Alcohol Effects;

"(iii) developing and evaluating effective age-appropriate and culturally competent prevention programs for children, adolescents, and adults identified as being at-risk of becoming chemically dependent on alcohol and associated with or developing Fetal Alcohol Syndrome and Fetal Alcohol Effects; and

"(iv) facilitating coordination and collaboration among Federal, State, local government, Indian tribal, and community-based Fetal Alcohol Syndrome prevention programs;

"(3) a basic research program to support and conduct basic research on services and effective prevention treatments and interventions for pregnant alcohol-dependent women and individuals with Fetal Alcohol Syndrome and Fetal Alcohol Effects;

"(4) a procedure for disseminating the Fetal Alcohol Syndrome and Fetal Alcohol Effects diagnostic criteria developed pursuant to section 705 of the ADAMHA Reorganization Act (42 U.S.C. 485n note) to health care providers, educators, social workers, child welfare workers, and other individuals; and

"(5) the establishment, in accordance with subsection (b), of an inter-agency task force on Fetal Alcohol Syndrome and Fetal Alcohol Effects to foster coordination among all Federal agencies that conduct or support Fetal Alcohol Syndrome and Fetal Alcohol Effects research, programs, and surveillance, and otherwise meet the general needs of populations actually or potentially impacted by Fetal Alcohol Syndrome and Fetal Alcohol Effects.

"(b) INTER-AGENCY TASK FORCE.—

"(1) MEMBERSHIP.—The Task Force established pursuant to paragraph (5) of subsection (a) shall—

"(A) be chaired by the Secretary or a designee of the Secretary; and

"(B) include representatives from all relevant agencies within the Department of Health and Human Services, including the Centers for Disease Control and Prevention, the National Institutes of Health, the Health Resources and Services Administration, the Substance Abuse and Mental Health Services Administration, and any other relevant agencies of the Department of Health and Human Services.

"(2) FUNCTIONS.—The Task Force shall—

"(A) coordinate all relevant programs and research concerning Fetal Alcohol Syndrome and Fetal Alcohol Effects, including programs that—

"(i) target individuals, families, and populations identified as being at risk of acquiring Fetal Alcohol Syndrome and Fetal Alcohol Effects; and

"(ii) provide health, education, treatment, and social services to infants, children, and adults with Fetal Alcohol Syndrome and Fetal Alcohol Effects;

"(B) coordinate its efforts with existing Department of Health and Human Services task forces on substance abuse prevention and maternal and child health; and

"(C) report on a biennial basis to the Secretary and relevant committees of Congress on the current and planned activities of the participating agencies, including a proposal for a Federal Interagency Task Force to include representatives from all relevant agencies and offices within the Department of Health and Human Services, the Department of Agriculture, the Department of Education, the Department of Defense, the Department of the Interior, the Department of Justice, the Department of Veterans Affairs, the Bureau of Alcohol, Tobacco and Firearms, the Federal Trade Commission, and any other relevant Federal agency.

"(c) SCIENTIFIC RESEARCH AND TRAINING.—The Director of the National Institute on Alcohol Abuse and Alcoholism, with the cooperation of members of the interagency task force established under subsection (b), shall establish a collaborative program to provide for the conduct and support of research, training, and dissemination of information to researchers, clinicians, health professionals and the public, with respect to the cause, prevention, diagnosis, and treatment of Fetal Alcohol Syndrome and the related condition know as Fetal Alcohol Effects.

"SEC. 399H. ELIGIBILITY.

"To be eligible to receive a grant, or enter into a cooperative agreement or contract under this part, an entity shall—

"(1) be a State, Indian tribal government, local government, scientific or academic institution, or nonprofit organization; and

"(2) prepare and submit to the Secretary an application at such time, in such manner, and containing such information as the Secretary may prescribe, including a description of the activities that the entity intends to carry out using amounts received under this part.

"SEC. 399I. AUTHORIZATION OF APPROPRIATIONS.

"There are authorized to be appropriated to carry out this part, such sums as are necessary for each of the fiscal years 1998 through 2002.".

AMENDMENT NO. 1102

(Purpose: To require that the Secretary of Education certify the use of funds appropriated to the Department of Education for students and teachers)

On page 61, after line 25, add the following:

SEC. . The Secretary of Education shall annually provide to the Committee on Labor and Human Resources and the Committee on Appropriations of the Senate and the Committee on Education and the Workforce and the Committee on Appropriations of the House of Representatives a certification that not less than 95 percent of the amount appropriated for a fiscal year for the activities of the Department of Education is being used directly for teachers and students. If the Secretary determines that less than 95 percent of such amount appropriated for a fiscal year is being used directly for teachers and students, the Secretary shall certify the percentage of such amount that is being directly used for teachers and students.

Mr. FAIRCLOTH. Mr. President, my amendment will directly help students and teachers in this country. It is an amendment that simply requires accountability of our spending at the Department of Education. This amendment will require the Secretary of Education to certify that 95 percent of the amount we appropriate in this bill goes directly to students and teachers. If the Secretary cannot certify that 95 percent of our spending directly benefits students and teachers, then the Secretary must certify what percentage is being spent.

Mr. President, the Department of Education will spend $31 billion in 1998. The Department is receiving an increase of nearly $3 billion in funding for 1998. No one is a stronger supporter of education than I am, but education has, and hopefully will be, a local issue. So I would hope that the role of a Federal Department of Education is to provide additional funds for students and teachers, not bureaucrats.

I think we need to fire bureaucrats, and feed teachers!

The Department will spend $400 million on management alone. My concern is the Department is rife with wasteful programs. For example, there is $4 million for the John F. Kennedy Center for Performing Arts. There is money for education of prisoners in Hawaii and money to study waste disposal in Hawaii. There is $15 million for education of juveniles in prison. More than $64 million will be spent on just research. These are just a few examples.

Most people think the Department is spending money on teachers and students alone. But we know this is not true. This amendment will for the first time require the Department of Education to tell the American people just how much is being spent by the Federal Government on teachers and students, not bureaucrats and wasteful programs.

Mr. CRAIG. Mr. President, I rise in support of the amendment spoken of by my colleague, Senator FAIRCLOTH. The Faircloth-Craig amendment would require that the Secretary of Education certify each year the percentage of Federal moneys used directly for teachers and students.

The point of the amendment is not the 95 percent figure—it is to draw attention to the vast amount of Federal waste inherent in the Department of Education. Much of what we spend on education each year is lost by Federal managers and bureaucrats.

Increased spending has done little to advance classroom instruction. Federal spending on education has increased 41 percent since 1989. Yet, per-pupil spending at the school level has increased only 34 percent. The rest has been siphoned off to support the enormous Federal bureaucracy.

This year's appropriations bill includes a significant increase in education—we don't know yet how much of it will ever see the inside of a classroom.

Mr. President, teachers in Idaho, and around the country, want to know where their money has gone. I believe we must, in a time of fiscal restraint, examine where each Federal dollar is spent and cut waste wherever it is found.

The Faircloth-Craig amendment is a sound first step in the right direction.

AMENDMENT NO. 1103

(Purpose: To require the Secretary of Education to conduct a study regarding the costs of the anticipated increase in enrollments of secondary school students during the period 1998 through 2008, and the creation of smaller class sizes for students enrolled in grades 1 through 3)

On page 61, after line 25, insert the following:

SEC. . (a) The Secretary of Education shall conduct a study that examines—

(1) the economic, educational, and societal costs of—

(A) the increase in enrollments of secondary school students during the period 1998 through 2008;

(B) the creation of smaller class sizes for students enrolled in grades 1 through 3; and

(C) the increase in enrollments described in subparagraph (A) in relation to the creation of smaller class sizes described in subparagraph (B); and

(2) the costs to States and local school districts for taking no action with respect to such increase in enrollments and smaller class sizes.

(b) The Secretary of Education shall report to Congress within 9 months of the date of enactment of this Act regarding the results of the study conducted under subsection (a). Such report shall include recommendations regarding what local school districts, States and the Federal Government can do to address the issue of the increase in enrollments of secondary school students and the need for smaller class sizes in grades 1 through 3.

Mr. FEINGOLD. Mr. President, I want to thank the distinguished managers of this bill for including language in the managers' amendment at my request. The amendment I intended to offer, which has been included in the managers' amendment, directs the Department of Education to conduct a study of the economic costs of addressing our Nation's burgeoning elementary and secondary student enrollment, projected to grow by over 2 million young people in the next decade, and the expected impact that this growth will have on student achievement. It directs the Department to estimate the costs to local school districts, States, and the Federal Government of the upcoming surge in enrollment, and to outline policy options for addressing this issue and make recommendations to resolve it. In estimating the costs and impact on students of increasing enrollment and making policy recommendations to address this problem, the study will also consider the costs and benefits of reducing class sizes in the earliest grades.

Mr. President, parents are increasingly interested in enrolling their young children in schools that place an emphasis on small class size and individualized attention from teachers. Cities and States across the country are developing programs to help schools meet this goal. California's statewide initiative to reduce all classes in grades K–3 to no more than 20 students is the most ambitious, but by no means the only example.

In my own State of Wisconsin, the Student Achievement Guarantee in Education, or SAGE, Program was developed several years ago to study the benefits of small class size in schools with high poverty rates. With student-teacher ratios of 15:1, the program is extremely popular with students, parents, teachers, and school administrators. Although is has only been implemented in a relatively small number of Wisconsin communities thus far, the reason for the program's widespread appeal is obvious—with fewer students in the classroom, teachers have more time and energy to devote to meeting children's particular needs and helping to spark their interest in learning in creative ways. This may seem like common sense, and it is—but now, we have science to back up what parents and teachers have known for years.

Research indicates that children who are placed in small classes—classes of 15 to 20 students—in the earliest years of elementary school achieve better academically than their peers in larger classes. These benefits are retained in later years of school, even if students are not kept in small classes for later grades. The leading scientific studies of the impact of small class size, Tennessee's STAR study and its follow-up, the Lasting Benefits Study, found that small class sizes in grades K–3 produce substantial improvements in learning which are sustained in later years, even if students are placed in larger classes for later grades.

Unfortunately, at the very time that States and localities are starting to apply the lessons learned in the Tennessee studies, many of our Nation's schools are on the brink of an explosion in student enrollment. According to a report released last month by Education Secretary Richard Riley, entitled "A Back to School Special Report on the Baby Boom Echo: Here Come the Teenagers," there will be more elementary and secondary students in America this school year than there ever have been before. These increases will occur primarily among secondary school students; public high school enrollment is projected to increase by 13% in the next 10 years, while elementary school enrollment will increase only slightly. Total public and private school enrollment in the 1997–98 school year will rise to a record level of 52.2 million students, and it won't stop there. By the year 2007, total enrollment is expected to peak at 54.3 million students.

Mr. President, this is a problem that isn't going away. Unlike our past experience with the baby boom, when there was a sharp rise in student enrollment which eventually declined, the U.S. Bureau of the Census projects that the number of births will remain stable or even increase slightly in the next few decades. States and local school districts are going to have to develop strategies for accommodating and educating very large numbers of students. This is likely to be costly, and will require creative solutions and the balancing of priorities.

To some degree, this is a regional problem. Wisconsin, for example, along with many States in the Midwest, will actually experience small decreases in student population in the next decade. However, this will certainly not be the case in every community in my State, or in any of the States which are projected to experience decreases in student enrollment. Across the Nation, school districts are going to need to adapt to their larger student bodies, at the same time that many of them, rightly, will be investing in the creation of smaller classes for their early elementary students.

Mr. President, smaller class sizes are the wave of the future. Parents want them, students benefit from them, and schools are recognizing the need. I thank my colleagues, the Senators from Pennsylvania and Iowa, once again for accepting my amendment, which will lay out options for schools to consider as they plan for a future with smaller classes and larger enrollment.

AMENDMENT NO. 1104

(Purpose: To increase funding for the National Occupational Information Coordinating Committee, offset by reducing other national activities)

On page 3, line 3 strike "$8,000,000" and insert in lieu thereof: "$10,000,000".

AMENDMENT NO. 1105

(Purpose: To provide a disability return to work demonstration initiative)

On page 70, line 1, strike "$16,160,300,000" and insert in lieu thereof: "$16,162,525,000".

On page 70, before the period on line 4, insert the following: ":*Provided further*, That not less than $2,225,000 shall be available for conducting a disability return to work demonstration initiative, which focuses on providing persons who have lost limbs with an integrated program of prosthetic and rehabilitative care and job placement assistance".

Mr. INHOFE. Mr. President, my amendment would provide $2,225,000 to establish a demonstration project to assist persons with disabilities due to the loss of a limb to return to work.

According to a 1996 GAO report on SSA disability programs, "[r]eturn-to-work strategies and practices may hold the potential for improving federal disability programs by helping people with disabilities return to productive activity in the workplace and at the same time reduce program costs."

The GAO report goes on to note that the three most important strategies to mainstream individuals back into the work force are: intervene as soon as possible; identify and provide necessary return-to-work assistance; and structure benefits to encourage people to return to work.

Using these GAO suggestions as a guide, I have attempted to address the medical, rehabilitative, and job training needs of individuals who have lost their limbs.

Experience has shown that for people who have lost limbs, access to appropriate medical rehabilitation can mean the difference between prolonged dependence and a successful return to the work place. Due to advancement in modern rehabilitation medicine, persons who experience limb loss can now routinely expect to attain high levels of independence and functionality.

Over the last several years, I have worked with Limbs for Life Foundation which provides financial help to amputees nationwide. As a result of my association with them, I have observed that a significant percentage of people who lose limbs do not return to the work force and subsequently become dependent on Social Security's Supplemental Security Income [SSI] and Disability Insurance [DI] programs. A leading cause for this dependence has been the inability to gain access to appropriate rehabilitation care.

According to the Social Security Administration, less than half of 1 percent of Social Security beneficiaries return to work. Yet, they also estimate that as many as 3 out of 10 persons on disability may be good candidates for return to work but the system does not encourage it.

I believe this partial due to the Social Security Administration's process for determining disability which does not generally assess the individuals functional capacity to work, but rather presumes that certain medical conditions are in themselves sufficient to preclude work. However, the link between medical condition and work incapacity is weak. While there are certainly some medical impairments which prevent individuals from working, others factors such as vocational, psychological, economic, environmental, and motivational are often more important determinants of work capacity.

My proposed demonstration program will result in a better rate of return to work because it will provide people with the tools needed to successfully overcome many of the impediments which have traditionally held them back from main streaming into the work place.

Specifically, by providing appropriate prosthetic and rehabilitation services, followed by an intensive regimen of occupational therapy the demonstration program will prepare amputees to meet the physical demands of the work place. Practical assistance such as job training and job placement are also critical for successful main streaming and would be a part of the program.

Not only will we be helping people who want to work, but will more effectively spend our limited disability money. The Social Security Administration's estimates that lifetime cash benefits are reduced by $60,000 when an individual receiving Disability Insurance returns to work; $30,000 when an individual receiving Supplemental Security Income returns to work.

The Limbs for Life Foundation has estimated that they could provide services for 775 individuals with the proposed $2,225,000 demonstration program. Under their proposal, this money would be combined with the Foundation's own funds and services and result in a net savings of $9 million.

Mr. President, I believe this is a sound investment and I urge my colleagues to support my amendment.

AMENDMENT NO. 1106

(Purpose: Provide for additional Security Administration continuing disability reviews as authorized by cap adjustment legislation)

On page 71, line 23, strike "$245,000,000" and insert in lieu thereof: $290,000,000.

On page 71, line 25, after "Public Law 104–121" insert: ", section 10203 of Public Law 105–33,".

AMENDMENT NO. 1107

(Purpose: Millennium 2000 Project)

On page 60, line 7, strike "$338,964,000" and insert in lieu thereof "$340,064,000: *Provided*, That $1,000,000 shall be used for the Millennium 2000 project".

On page 56, line 21, strike "$8,557,741,000" and insert in lieu thereof "$8,556,641,000".

Mr. WARNER. Mr. President, I rise to thank the managers of this legislation for including language offered by myself and Senator KENNEDY that will provide the Department of Education with $1.1 million to begin planning efforts for the Nation's celebration of the millennium. These funds were requested by the Department of Education and will be offset within the Department.

The Clinton administration recently established the White House Millennium Program to coordinate the Nation's efforts to celebrate the millennium. Having served as Administrator of the American Revolution Bicentennial Administration, I know the importance of advance planning and preparation for national events. While not comparable in historic significance to our bicentennial, the millennium is, nevertheless, an event many Americans will wish to recognize and to participate in. To the extent there is national governmental participation, it should be to focus on dignity and quality. These funds will be critical to that effort.

It is my hope that the White House Millennium Program will work closely with an organization I have been affiliated with for a number of years—the Millennium Society. This respected international organization has been in existence since 1979 and is devoted to organizing a global celebration of the millennium. Most importantly, the Millennium Society has focused much of its efforts on establishing and administering the Millennium Society Scholarship Program.

I would like to particularly recognize Cate Magennis Wyatt, a founder of the Millennium Society, who was instrumental in building the organization. Her dedication and hard work have focused international attention on this issue in a positive manner.

Over the past several years, along with much support from Senators DODD and STEVENS and others, I have worked closely with the firm of Alcalde & Fay and, in recent months, Tommy Boggs, a volunteer counselor. All of us have worked with one goal in mind—ensure that the millennium is celebrated in a proper and dignified manner. Providing adequate planning funds will help us achieve that goal.

AMENDMENT NO. 1108

(Purpose: Provide authority to use fees collected for provider requested audits to cover the cost of such audits)

On page 39, line 17, after the word "expended" insert: ", and together with administrative fees collected relative to Medicare overpayment recovery activities, which shall remain available until expended".

AMENDMENT NO. 1109

(Purpose: To require that estimates of certain employer contributions be included in an individual's social security account statement)

On page 49, after line 26, add the following: SEC. . Subparagraphs (B) and (C) of section 1143(a)(2) of the Social Security Act (42 U.S.C. 1230b–13(a)(2)(B), (C)) are each amended by striking "employee" and inserting "employer, employee,".

AMENDMENT NO. 1110

(Purpose: Reduce unemployment insurance service administrative expenses to offset costs of administering a welfare-to-work jobs initiative)

On page 9, line 11, strike "$3,292,476,000" and insert in lieu thereof: "$3,286,276,000".

On page 10, line 18, strike "$216,333,000" and insert in lieu thereof: "$210,133,000".

On page 12, line 11, strike "$84,308,000" and insert in lieu thereof: "$90,508,000".

AMENDMENT NO. 1111

(Purpose: Provide start-up funding for the National Bi-partisan Commission on the Future of Medicare)

On page 39, line 21, after the word "appropriation" insert: ": *Provided further*, That $900,000 shall be for carrying out section 4021 of Public Law 105–33".

On page 39, line 22, strike "$55,000,000" and insert in lieu thereof: "$54,100,000".

Mr. SPECTER. Mr. President, these amendment Nos. 1109, 1110 and 1111 are offered but not to be accepted.

I have set forth the purpose of the amendments in my introductory statement.

The PRESIDING OFFICER. The question is on agreeing to amendments numbered 1099 through 1108.

The amendments (Nos. 1099 through 1108) were agreed to.

Mr. HARKIN. Mr. President, following the lead of our distinguished chairman, my colleague from Pennsylvania, we have a number of amendments. Some of them have been cleared on both sides.

AMENDMENT NO. 1112

(Purpose: To increase funds for education infrastructure)

Mr. HARKIN. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The bill clerk read as follows:

The Senator from Iowa [Mr. HARKIN] proposes an amendment numbered 1112.

Mr. HARKIN. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 56, line 22, before the period, insert the following: ": *Provided further*, That $60,000,000 shall be for education infrastructure authorized under Title XII of the Elementary and Secondary Education Act to be derived from unobligated balances".

Mr. HARKIN. This amendment has been cleared on both sides.

Mr. SPECTER. Mr. President, I accept the representation of my colleague.

The PRESIDING OFFICER. Without objection, the amendment is agreed to.

The amendment (No. 1112) was agreed to.

AMENDMENT NO. 1113

(Purpose: To expand efforts to combat Medicare waste, fraud, and abuse)

Mr. HARKIN. Mr. President I have another amendment to send to the desk.

The PRESIDING OFFICER. The clerk will report.

The bill clerk read as follows:

The Senator from Iowa [Mr. HARKIN] proposes an amendment numbered 1113.

Mr. HARKIN. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 39, at the end of line 25 before the period, insert the following: ": *Provided further*, That no less than $50,000,000 appropriated under this heading in fiscal year 1997 shall be obligated in fiscal year 1997 to increase Medicare provider audits and implement the Department's corrective action plan to the Chief Financial Officer's audit of the Health Care Financing Administration's oversight of Medicare".

Mr. HARKIN. Mr. President, for many years, I have worked to identify and eliminate fraud, waste, and abuse in the Medicare Program. Senator SPECTER and I have held hearing after hearing and released report after report through our subcommittee. And along the way, we have had some successes. We've stopped a number of scams and ripoffs and we've forced Medicare to reduce excessive prices for a number of devices. These actions have saved Medicare and taxpayers over $1 billion. However, the problem continues to grow. Much more needs to be done.

Several years ago, the General Accounting Office testified before our Appropriations Subcommittee that, based on their analysis, Medicare was losing up to 10 percent of its expenditures, or $16 billion to fraud, waste, and abuse. However, on July 17, HHS Inspector General June Gibbs Brown released a major new report that indicated that the problem was even worse. It was the first national audit of a statistically significant sample of Medicare claims for payment errors. This chief financial officer [CFO] audit found that up to 14 percent of Medicare payments in 1996 were made inappropriately. That's up to $24 billion in 1 year alone.

And this was not a flimsy study. It was detailed and in-depth; 5,300 claims of all types—physician and hospital services, home health care, lab tests—were thoroughly audited. Patient medical records were reviewed and providers and beneficiaries were interviewed. Fully one third of all the claims were found to contain mispayments—all or a portion of the claims should not have been paid.

Some 46 percent of the mispayments were for claims that had either inadequate or no documentation to justify their need; 36 percent of the payment errors involved services that upon review were found not medically necessary. For example, Medicare was charged for x rays on both knees for one patient, when the patient only had problems with one knee. And 8 percent of the payment errors were due to improper billing codes used by health care providers. For example, a physician billed for one office procedure when upon review of the medical records it was found another less expensive procedure was actually performed.

This report is a devastating indictment of the administration of Medicare. And if it goes unaddressed, Medicare will lose as much money over the next 5 years to fraud, waste, and abuse as was cut by the balanced budget act we just passed. That is simply unacceptable.

Making sure that doesn't happen should be at the top of the priority list for the Department of Health and Human Services and this administration. I am afraid, however, that this may not be the case.

The Department has drafted a corrective action plan that, if fully implemented, would take some important steps to addressing the problems identified in the CFO audit. My understanding is that it calls for a 10-percent increase in medical reviews, a 20-percent increase in prepayment review of hospital claims, a 20-percent increase in post-payment review of physician claims, and increases in provider education, expanded audits of home health agencies and nursing, and other improvements.

These are important improvements, but they are woefully inadequate. We need to at least double the number of audits Medicare is conducting. Right now, only about 3 percent of claims are reviewed and only 3 of every 1,000 providers receive a comprehensive audit in any year. That needs to change. And this amendment would help Medicare meet this need.

I send an amendment to the desk for myself and Senator GRAHAM of Florida, who has been tireless in the fight against Medicare fraud, and ask for its immediate consideration.

This amendment would direct the Department of Health and Human Services to obligate no less than an addition $50 million this fiscal year to increase Medicare audits and to comply with its correction action plan developed in response to the CFO audit.

Mr. President, there is about $53 million in the Medicare contractor account for fiscal year 1997 that will likely go unspent. This is due to problems the Department has encountered in the administration of its Medicare transaction system [MTS] initiative. Rather than seeing this money lapse or be rushed inefficiently into a last minute contract, our amendment would assure that this money is well spent to address a pressing problem. It would be easy for the Department to implement because it would simply obligate it to existing contractors to expand the number of audits and reviews that they undertake—it will simply, in effect, increase a current work order.

Mr. President, it would be unconscionable for the Department to let these funds lapse when they know how inadequate their current efforts and resources are to combat Medicare fraud, waste, and abuse. This is not time for bureaucratic business as usual. We need to take bold action to begin to turn the tide against these losses. Our amendment is a simple, commonsense step that would have a significant impact.

If properly implemented, it would more than double the percentage of problem providers receiving comprehensive audits. This would save Medicare and taxpayers many times over its costs.

I understand the amendment has been cleared on both sides. I urge its adoption.

The PRESIDING OFFICER. Without objection, the amendment is agreed to.

The amendment (No. 1113) was agreed to.

AMENDMENT NO. 1114

(Purpose: To amend the Immigration and Nationality Act to authorize appropriations for refugee and entrant assistance for fiscal years 1998 and 1999)

Mr. HARKIN. Mr. President, I offer an amendment on behalf of Senator GRAHAM, who is proposing this on behalf of Senators KENNEDY and ABRAHAM. I also lend my support to the measure. I understand it also has been accepted by both sides. This has to do with immigration.

Mr. SPECTER. That amendment has been cleared on both sides.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Iowa [Mr. HARKIN] for Mr. GRAHAM, for himself, Mr. KENNEDY and Mr. ABRAHAM, proposes amendment numbered 1114.

Mr. HARKIN. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 49, after line 26, insert the following:

SEC. . That Section 414(a) of the Immigration and Nationality Act (8 U.S.C. 1524(a)) is amended by striking "fiscal year 1995, fiscal year 1996, and fiscal year 1997" and inserting "each of fiscal years 1998, and 1999".

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall take effect October 1, 1997.

Mr. HARKIN. The United States has for years been a leader in refugee protection. Since 1975, over 2 million refugees have resettled in the United States. The Refugee Act is the core of U.S. refugee policy. This act sets out the criteria for persons to be designated as refugees. In addition, the Refugee Act allows the Department of Health and Human Services to run several important programs to assist refugees in adjusting to their new life in the United States. These programs include the Refugee Assistance Program, which provides assistance to refugees to help them become self-sufficient in the shortest time possible, social services programs which provide funding to States to support English language classes and employment training for refugees. Refugees receiving cash and medical assistance under this program are required to be enrolled in employment services and accept employment offers.

Furthermore, the Refugee Act allows HHS to provide overseas medical screening of refugees before they enter the United States. Also, it provides targeted assistance to States and counties with high refugee populations. For instance, in 1996, Polk County IA received $160,500 in targeted assistance. HHS also provides a matching grant to voluntary agencies which take responsibility for resetting refugees and ensuring they become self-sufficient. In Iowa, the Refugee Act allowed HHS to provide a targeted assistance award of almost $50,000 to the State and Lutheran Social Services for a program which helps former political prisoners achieve economic independence.

Mr. GRAHAM. Mr. President, I am very pleased today to be working with Senators KENNEDY, ABRAHAM, and HARKIN in their efforts to reauthorize the Refugee Act of 1980.

Through the Office of the U.S. Coordinator for Refugee Affairs, we are better able to develop a comprehensive national strategy to help our State and local governments assimilate the individuals that have fled persecution, injustice, and war.

The Federal Government has welcomed these individuals to our shores. Our local governments welcome them to their communities—and through the programs of the Office of Refugee Resettlement, we make sure that they acquire the skills needed to adjust to our society and become self-sufficient, productive members of society, as soon as possible.

More than 17,000 refugees and entrants arrived in Florida in fiscal year 1996. In fiscal year 1995, this number was higher than 36,000. Between 1992 and 1996, more than 70,000 refugees and entrants settled in Dade County. Without the programs of the Office of Refugee Resettlement, this influx would be a tremendous financial burden on State and local governments.

The arrival of refugees and entrants is a Federal decision; these costs should not be shifted to State and local taxpayers.

By reauthorizing the Refugee Act of 1980, we can continue to offer protection from those fleeing persecution—and make sure that we are addressing the needs of these vulnerable members of our society in a humane, just, comprehensive, and cost-effective manner.

Senator KENNEDY is to be commended on his leadership on this issue. I am proud to work with him and our Senate colleagues to ensure the passage of this measure.

Mr. KENNEDY. Mr. President, Senator GRAHAM has introduced, on behalf of Senator ABRAHAM and me, a 2-year extension of the Refugee Act. That act is the core of U.S. refugee policy. It sets the criteria under which persons can be designated as refugees and provides funds for refugee resettlement. Last year, the United States admitted more than 75,000 refugees under the Refugee Act's criteria.

In addition to determining who qualifies as a refugee, the Refugee Act allows the Department of Health and Human Services, through the Office of Refugee Resettlement [ORR], to provide services to refugees resettled in the United States. For example, ORR provides job training and employment assistance to new refugees to help them become economically self-sufficient. ORR helps States provide English language classes, preventive health services, and cash assistance to new refugees to help them get on their feet in the United States. Refugees often arrive here terrified and with few possessions. Most have fled persecution in their home countries and left virtually all their possessions behind. These programs make a refugee's assimilation into the United States a little easier.

In addition to providing assistance directly to refugees, the Refugee Act makes funds available to the Public Health Service to provide overseas medical screening for U.S.-bound refugees for the protection of public health against contagious diseases. ORR also provides targeted assistance to States and counties with large refugee populations and has matching grant programs for voluntary agencies to assist States in refugee resettlement. For example, the Boston Tech Center in Massachusetts received $250,000 in discretionary targeted assistance to give refugees short-term skills training and teach basic English and math. The International Rescue Committee in Boston received funds under the Refugee Act to provide a youth program for newly arrived Somali children.

The Refugee Act is the heart of our refugee law and policy. If it is not reauthorized, the United States will send a signal worldwide that refugees are no longer welcome here. We cannot let that happen. The act deserves to be extended and I urge the Senate to approve this amendment.

The PRESIDING OFFICER. Without objection the amendment is agreed to.

The amendment (No. 1114) was agreed to.

AMENDMENTS NOS. 1087, 1088, 1089

Mr. HARKIN. Now, Mr. President, I have three amendments on behalf of Mr. WELLSTONE which I am resubmitting for him.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Iowa [Mr. HARKIN], for Mr. WELLSTONE, proposes amendments numbered 1087, 1088, 1089.

Mr. HARKIN. Mr. President, I ask unanimous consent that reading of the amendments be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HARKIN. Mr. President, I further ask, in accordance with the procedures set forth by the chairman, they be set aside.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENT NO. 1115

(Purpose: To authorize the National Assessment Governing Board to develop policy for voluntary national tests in reading and mathematics)

Mr. HARKIN. Mr. President, I have an amendment for myself and Mr. BINGAMAN and Mr. KENNEDY regarding school testing. This has not been agreed to either.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Iowa [Mr. HARKIN], for himself, Mr. BINGAMAN, and Mr. KENNEDY, proposes amendment 1115.

Mr. HARKIN. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the appropriate place insert the following:

SEC. . (a) Notwithstanding any other provision of law, the National Assessment Governing Board established under section 412 of the National Education Statistics Act of 1994 (20 U.S.C. 9011), using funds appropriated under section 413(c) of that Act (20 U.S.C. 9012(c)), shall formulate policy guidelines for voluntary national tests of reading or mathematics for which the Secretary of Education uses funds appropriated to the Department of Education.

(b) In carrying out subsection (a), the National Assessment Governing Board shall—

(1) develop test objectives and specifications; test methodology; guidelines for test administration, including guidelines for inclusion of, and accommodations for, students with disabilities and students with limited English proficiency; guidelines for reporting test results, including the use of performance levels; and guidelines for test use;

(2) have final authority over the appropriateness of cognitive items; and

(3) ensure that all items selected for use on the test are free from racial, cultural, or gender bias.

Mr. BINGAMAN. Mr. President, I would like to express my strong support for the amendment being offered by Senator HARKIN.

As I have said on the floor a number of times today and in the past, we must not delay the time when every parent and teacher really knows how each child is doing academically.

For that reason, I am proud to cosponsor the amendment, which transfers oversight over the new tests to the independent and bipartisan National Assessment Governing Board.

This is an approach that I, having long worked with this Board through my participation on the National Education Goals Panel, believe will ensure that the new tests are fair, and independent of political influence.

Mr. HARKIN. Again, in accordance with the procedure, I ask the amendment be temporarily set aside.

The PRESIDING OFFICER. Without objection, the amendment will be set aside.

AMENDMENT NO. 1116

(Purpose: To express the sense of the Senate regarding Federal Pell Grants and a child literacy initiative)

Mr. HARKIN. Mr. President, I have another amendment I send to the desk on behalf of Senator DASCHLE and Senator KENNEDY.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Iowa [Mr. HARKIN], for Mr. DASCHLE, for himself and Mr. KENNEDY, proposes an amendment numbered 1116.

Mr. HARKIN. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 61, after line 25, insert the following:

SEC. . (a) The Senate finds that—

(1) Federal Pell Grants are a crucial source of college aid for low- and middle-income students;

(2) in addition to the increase in the maximum Federal Pell Grant from $2,700 to $3,000, which will increase aid to more than 3,600,000 low- and middle-income students, our Nation should provide an additional $700,000,000 to help more than 250,000 independent and dependent students obtain crucial aid in order to help the students obtain the education, training, or retraining the students need to obtain good jobs;

(3) our Nation needs to help children learn to read well in fiscal year 1998, as 40 percent of the Nation's young children cannot read at the basic level; and

(4) the Bipartisan Budget Agreement includes a total funding level for fiscal year 1998 of $7,600,000,000 for Federal Pell Grants, and of $260,000,000 for a child literacy initiative.

(b) It is the sense of the Senate that the Departments of Labor, Health and Human Services, and Education, and Related Agencies Appropriations Act, 1998, should—

(1) provide $700,000,000 to fund the change in the needs analysis for Federal Pell Grants for independent and for dependent students;

(2) add $260,000,000 in fiscal year 1998 for a child literacy initiative; and

(3) pay for the increase in the Federal Pell Grant funding and the child literacy initiative from funds that are available for fiscal year 1998 and not yet appropriated.

Mr. HARKIN. Again, I also ask it be temporarily set aside.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENT NO. 1094

(Purpose: To provide for the conduct of a study concerning the health and safety effects of perchlorate on human beings)

Mr. HARKIN. Mr. President, I request we call up the Reid amendment, No. 1094.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Iowa [Mr. HARKIN], for Mr. REID, for himself and Mrs. BOXER, proposes an amendment numbered 1094.

Mr. HARKIN. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HARKIN. Mr. President, I ask to vitiate the yeas and nays.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENT NO. 1094, AS MODIFIED

(Purpose: To provide for the conduct of a study concerning the health and safety effects of perchlorate on human beings)

Mr. HARKIN. Mr. President, I send a modification to the amendment to the desk.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Iowa [Mr. HARKIN], for Mr. REID, for himself and Mrs. BOXER, proposes an amendment numbered 1094, as modified.

Mr. HARKIN. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 49, after line 26, add the following:

SEC. . (a) STUDY.—From amounts appropriated under this title, the Secretary should conduct a study on the health effects of perchlorate on humans with particular emphasis on the health risks to vulnerable subpopulations including pregnant women, children, and the elderly.

(b) REPORT.—Not later than 9 months after the date of enactment of this Act, and annually thereafter, the National Institutes of Health should prepare and submit to the Committee on Appropriations of the Senate and the Committee on Appropriations of the House of Representatives, a report concerning the results of the study conducted under subsection (a), including whether further health effects research is necessary.

Mr. HARKIN. Mr. President, I understand that amendment has been agreed to.

The PRESIDING OFFICER. Without objection, the amendment is agreed to.

The amendment (No. 1094) as modified, was agreed to.

Mr. HARKIN. Yes, as modified it was agreed to. That was the modification I sent to the desk.

The PRESIDING OFFICER. The Senator is correct and that is the Chair's understanding.

Mr. HARKIN. I yield the floor.

The PRESIDING OFFICER. The Senator from Kentucky.

AMENDMENT NO. 1078

(Purpose: To repeal the tobacco industry settlement credit contained in the Balanced Budget Act of 1997 as amended)

Mr. FORD. Mr. President, I think it is in order that I ask for the regular order on amendment No. 1078.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Illinois [Mr. DURBIN], for himself and Ms. COLLINS, proposes an amendment numbered 1078.

Mr. FORD. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the appropriate place, insert the following:

SEC. . REPEAL OF TOBACCO INDUSTRY SETTLEMENT CREDIT.—Subsection (k) of section 9302 of the Balanced Budget Act of 1997, as added by section 1604(f)(3) of the Taxpayer Relief Act of 1997, is repealed.

AMENDMENT NO. 1117 TO AMENDMENT NO. 1078

Mr. FORD. Mr. President, I send an amendment in the second degree.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Kentucky [Mr. FORD] for himself, Mr. FAIRCLOTH, Mr. MCCONNELL, Mr. HELMS, Mr. ROBB, and Mr. HOLLINGS, proposes an amendment numbered 1117 to amendment No. 1078.

Mr. FORD. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the end of the matter proposed to be inserted, add the following new section:

"SEC. . SENSE OF THE SENATE ON COMPENSATION FOR TOBACCO GROWERS AS PART OF LEGISLATION ON THE NATIONAL TOBACCO SETTLEMENT.

"(a) FINDINGS.—

"(1) On June 20, 1997, representatives of tobacco manufacturers, public health organizations, and Attorneys General from a majority of the States announced that an agreement had been reached on a national tobacco settlement;

"(2) The national tobacco settlement was intended to provide a comprehensive framework for dealing with several issues relevant to the tobacco industry, including youth smoking prevention, legal liabilities, and the sales and marketing practices of the industry;

"(3) Implementation of the national tobacco settlement requires the enactment of federal legislation by the Congress and the President;

"(4) There are more than 125,000 farms in the United States which derive a substantial portion of their income from the cultivation and sale of tobacco;

"(5) Representatives of tobacco growers were completely excluded from the negotiations on the national tobacco settlement, and were poorly informed, or not informed at all, of any details of the settlement negotiations by any participants in those negotiations;

"(6) The national tobacco settlement includes compensation for several adversely affected groups, including NASCAR, rodeo, and other event sponsors, but includes absolutely no compensation whatsoever or other provisions relating to the impact of the settlement on tobacco growers;

"(7) No other group has their livelihoods affected by the national tobacco settlement as adversely as tobacco growers;

"(8) The local economies of tobacco growing communities will be adversely affected by implementation of the national tobacco settlement;

"(9) The national tobacco settlement contemplates $368.5 billion in payments from tobacco manufacturers over the next 25 years, and not all of this amount has been specifically earmarked by the agreement; and

"(10) The federal tobacco program was designed to operate at no net cost to the federal taxpayer, the national tobacco settlement does not contemplate any changes to the operation of this program, and even many critics of the national tobacco settlement, including representatives from the public health community, have expressed support for the continued operation of a federal tobacco program which operates at no net cost to taxpayers.

"(b) SENSE OF THE SENATE.—It is the Sense of the Senate that—

"(1) Tobacco growers should be fairly compensated as part of any federal legislation for the adverse impact which will follow from the enactment of the national tobacco settlement;

"(2) Tobacco growing communities should be provided sufficient resources to adequately adjust to the impact on their local economies which will result from the enactment of the national tobacco settlement;

"(3) Any compensation provided to tobacco growers and tobacco growing communities as part of federal legislation to implement the national tobacco settlement should be included within the $368.5 billion in payments which are to be provided over the next 25 years; and

"(4) No provisions should be included in any federal legislation to implement the national tobacco settlement which would restrict or adversely affect the continued administration of a viable federal tobacco program which operates at no net cost to the taxpayer."

Mr. FORD. It will be perfectly all right to have this set aside, Mr. President. What I wish to do is have a sense of the Senate in the second degree to the amendment of the Senator from Illinois [Mr. DURBIN], as it relates to the tobacco tax. What my amendment does is outlines the parameters on which, I hope, if any agreement is reached as it relates to attorneys general and the Congress and the tobacco manufacturers, that my farmers will be taken care of. This is basically a sense of the Senate that they do that.

I ask unanimous consent now the amendment be set aside.

The PRESIDING OFFICER. Without objection, it is so ordered.

The Senator from Washington.

AMENDMENTS NOS. 1118 AND 1119

Mrs. MURRAY. Mr. President, I ask unanimous consent to set aside the pending amendment and I send two amendments to the desk.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mrs. MURRAY. Mr. President, I ask unanimous consent to send two amendments to the desk, one on behalf of myself and Senator WELLSTONE regarding family violence option under the temporary assistance to needy families program and another regarding funding for the National Institute for Literacy.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Washington [Mrs. MURRAY] proposes amendments numbered 1118 and 1119.

Mrs. MURRAY. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendments are as follows:

AMENDMENT NO. 1118

(Purpose: To clarify the family violence option under the temporary assistance to needy families program)

On page 49, after line 26, add the following:

SEC. . PROTECTING VICTIMS OF FAMILY VIOLENCE.

(a) FINDINGS.—Congress finds that—

(1) the intent of Congress in amending part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.) in section 103(a) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (Public Law 104–193; 110 Stat 2112) was to allow States to take into account the effects of the epidemic of domestic violence in establishing their welfare programs, by giving States the flexibility to grant individual, temporary waivers for good cause to victims of domestic violence who meet the criteria set forth in section 402(a)(7)(B) of the Social Security Act (42 U.S.C. 602(a)(7)(B));

(2) the allowance of waivers under such sections was not intended to be limited by other, separate, and independent provisions of part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.);

(3) under section 402(a)(7)(A)(iii) of such Act (42 U.S.C. 602(a)(7)(A)(iii)), requirements under the temporary assistance for needy families program under part A of title IV of such Act may, for good cause, be waived for so long as necessary; and

(4) good cause waivers granted pursuant to section 402(a)(7)(A)(iii) of such Act (42 U.S.C. 602(a)(7)(A)(iii)) are intended to be temporary and directed only at particular program requirements when needed on an individual case-by-case basis, and are intended to facilitate the ability of victims of domestic violence to move forward and meet program requirements when safe and feasible without interference by domestic violence.

(b) CLARIFICATION OF WAIVER PROVISIONS.—

(1) IN GENERAL.—Section 402(a)(7) of the Social Security Act (42 U.S.C. 602(a)(7)) is amended by adding at the end the following:

"(C) NO NUMERICAL LIMITS.—In implementing this paragraph, a State shall not be subject to any numerical limitation in the granting of good cause waivers under subparagraph (A)(iii).

"(D) WAIVERED INDIVIDUALS NOT INCLUDED FOR PURPOSES OF CERTAIN OTHER PROVISIONS OF THIS PART.—Any individual to whom a good cause waiver of compliance with this Act has been granted in accordance with subparagraph (A)(iii) shall not be included for purposes of determining a State's compliance with the participation rate requirements set forth in section 407, for purposes of applying the limitation described in section 408(a)(7)(C)(ii), or for purposes of determining whether to impose a penalty under paragraph (3), (5), or (9) of section 409(a).".

(2) EFFECTIVE DATE.—The amendment made by paragraph (1) takes effect as if it had been included in the enactment of section 103(a) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (Public Law 104-193; 110 Stat. 2112).

(c) FEDERAL PARENT LOCATOR SERVICE.—

(1) IN GENERAL.—Section 453 of the Social Security Act (42 U.S.C. 653), as amended by section 5534 of the Balanced Budget Act of 1997 (Public law 105-33; 111 Stat. 627), is amended—

(A) in subsection (b)(2)—

(i) in the matter preceding subparagraph (A), by inserting "or that the health, safety, or liberty or a parent or child would by unreasonably put at risk by the disclosure of such information," before "provided that";

(ii) in subparagraph (A), by inserting ", that the health, safety, or liberty or a parent or child would by unreasonably put at risk by the disclosure of such information," before "and that information;" and

(iii) in subparagraph (B)(i), by striking "be harmful to the parent or the child" and inserting "place the health, safety, or liberty of a parent or child unreasonably at risk"; and

(B) in subsection (c)(2), by inserting ", or to serve as the initiating court in an action to seek and order," before "against a noncustodial".

(2) STATE PLAN.—Section 545(26) of the Social Security Act (42 U.S.C. 654), as amended by section 5552 of the Balanced Budget Act of 1997 (Public Law 105-33; 111 Stat. 635), is amended—

(A) in subparagraph (C), by striking "result in physical or emotional harm to the party or the child" and inserting "place the health, safety, or liberty of a parent or child unreasonable at risk";

(B) in subparagraph (D), by striking "of domestic violence or child abuse against a party or the child and that the disclosure of such information could be harmful to the party or the child" and inserting "that the health, safety, or liberty of a parent or child would be unreasonably put at risk by the disclosure of such information"; and

(C) in subparagraph (E), by striking "of domestic violence" and all that follows through the semicolon and inserting "that the health, safety, or liberty of a parent or child would be unreasonably put at risk by the disclosure of such information pursuant to section 453(b)(2), the court shall determine whether disclosure to any other person or persons of information received from the Secretary could place the health, safety, or liberty of a parent or child unreasonably at risk (if the court determines that disclosure to any other person could be harmful, the court and its agents shall not make any such disclosure);".

(3) EFFECTIVE DATE.—The amendments made by this section shall take effect 1 day after the effective date described in section 5557(a) of the Balanced Budget Act of 1997 (Public Law 105-33).

AMENDMENT NO. 1119

(Purpose: To provide funding for the National Institute for Literacy)

On page 55, line 26, strike "$1,486,698,000" and insert "$1,487,698,000".

On page 56, line 3, strike "$4,491,000" and insert "$5,491,000".

On page 56, line 1, strike "$1,483,598,000" and insert "$1,484,598,000".

On page 56, line 5, after Sec. 384(c) insert the following: "which shall be derived from unobligated . . ."

Mrs. MURRAY. I ask unanimous consent that these amendments be set aside for consideration at a later point.

The PRESIDING OFFICER. Without objection, it is so ordered.

The Senator from Kentucky.

Mr. FORD. Mr. President, I ask unanimous consent, on the sense-of-the-Senate amendment that I just sent to the desk, that the cosponsors be Senator HOLLINGS, Senator ROBB, Senator HELMS, Senator MCCONNELL and Senator FAIRCLOTH.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENT NO. 1120

(Purpose: To award a grant to a State educational agency to help pay the expenses associated with exchanging State school trust lands within the boundaries of a national monument for Federal lands outside the boundaries of the monument)

Mr. HARKIN. Mr. President, I have an amendment I send to the desk on behalf of Senator BENNETT.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Iowa [Mr. HARKIN], for Mr. BENNETT, proposes an amendment numbered 1120.

Mr. HARKIN. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 53, line 16, after "Act" insert ": *Provided further*, That—

"(1) of the amount appropriated under this heading and notwithstanding any other provision of law, the Secretary of Education may award $1,000,000 to a State educational agency (as defined in section 14101 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 8801)) to pay for appraisals, resource studies, and other expenses associated with the exchange of State school trust lands within the boundaries of a national monument for Federal lands outside the boundaries of the monument; and

"(2) the State educational agency is eligible to receive a grant under paragraph (1) only if the agency serves a State that—

"(A) has a national monument declared within the State under the authority of the Act entitled "An Act for the preservation of American antiquities", approved June 8, 1906 (16 U.S.C. 431 et seq.) (commonly known as the Antiquities Act of 1906) that incorporates more than 100,000 acres of State school trust lands within the boundaries of the national monument; and

"(B) ranks in the lowest 25 percent of all States when comparing the average per pupil expenditure (as defined in section 14101 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 8801)) in the State to the average per pupil expenditure for each State in the United States.".

Mr. HARKIN. Mr. President, I ask the amendment be temporarily set aside.

The PRESIDING OFFICER. Without objection, it is so ordered.

The Senator from North Carolina.

Mr. HELMS. Mr. President, I ask unanimous consent that, as in morning business, I be allowed no more than 7 minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

REGARDING ELECTIONS FOR THE LEGISLATURE OF THE HONG KONG SPECIAL ADMINISTRATIVE REGION

Mr. HELMS. Mr. President, I send a resolution to the desk and I ask it be read in its entirety.

The PRESIDING OFFICER. The clerk will state the concurrent resolution.

The legislative clerk read as follows:

S. CON. RES. 51

Whereas the 1984 Sino-British Joint Declaration on Hong Kong guarantees Hong Kong a high degree autonomy in all matters except defense and foreign affairs, and an elected legislature;

Whereas the United States policy regarding Hong Kong, as stated in the United States-Hong Kong Policy Act of 1992 (Public Law 102-383), is based on the autonomy and self-governance of Hong Kong by the Hong Kong people;

Whereas a democratically elected legislature enabling the Hong Kong people to elect representatives of their choice is essential to the autonomy and self-governance of Hong Kong;

Whereas the provisional legislature of Hong Kong was selected through an undemocratic process controlled by the People's Republic of China;

Whereas this provisional legislature has adopted rules for the creation of the first legislature of the Hong Kong Special Administrative Region which rules are designed to disadvantage and reduce the number of pro-democracy politicians in the legislature; and

Whereas the autonomy of Hong Kong cannot exist without a legislature that is elected freely and fairly according to rules approved by the Hong Kong people or their democratically elected representatives; Now, therefore, be it

Resolved by the Senate (the House of Representatives concurring), That Congress urges Hong Kong Chief Executive C.H. Tung and the government of the Hong Kong Special Administrative Region to schedule and conduct elections for the first legislature of the Hong Kong Special Administrative Region according to rules approved by the Hong Kong people through an election-law convention, referendum, or both.

The PRESIDING OFFICER. The resolution will be appropriately referred.

The Senator from North Carolina.

Mr. HELMS. Mr. President, as I offered this resolution just now regarding Hong Kong, it occurred to me that it is a coincidence that Hong Kong's Chief Executive, the Honorable C.H. Tung, is visiting in the United States this week.

I confess the hope that he will get the message everywhere he goes on Capitol Hill, and everywhere else in Washington, that the provisional legislature's attacks on civil liberties, which Mr. Tung has defended, along with a new plan for an undemocratic legislature for Hong Kong, are totally unacceptable.

Incidentally, Mr. President, I am grateful to the several cosponsors who are joining in the offering of this resolution: Mr. LIEBERMAN, Mr. KERRY of Massachusetts, Mr. THOMAS, and Mr. MACK of Florida.

Last July 1, when Hong Kong was returned to China, in accordance with the terms of the 1984 Sino-British Joint Declaration, the joint declaration made absolutely clear that Hong Kong was to be autonomous and have an elected legislature, among many other things.

But, Mr. President, in the past few weeks, new rules for Hong Kong elections have been prepared that clearly violate the joint declaration and threaten to cause irreparable damage to Hong Kong's autonomy. New rules being prepared by the provisional legislature—a body that itself is a violation of the joint declaration because it is unelected, and this provisional legislature, it will be remembered, is the body chosen last December in a process tightly controlled by Beijing. Though the people of Hong Kong had no say whatsoever, yet, it is this very provisional legislature that is writing the rules for Hong Kong's elections.

Mr. President, this provisional legislature is now planning to adopt election rules for a new body comprising 40 totally undemocratic seats. Thirty of these seats will be "functional constituency" seats, as they have been described. The functional constituencies allow small numbers of trade, professional and other groups to choose a representative. In many cases, these functional constituencies are tiny—about 1,000 members.

Britain introduced this system during its colonial rule, and it was a mistake. Britain's last governor, Chris Patten, attempted to improve upon the system by adding new, larger constituencies. Reportedly, even these broader functional constituencies will be slashed, drastically reduced in terms of the number of voters. The functional constituencies belong, as the Wall Street Journal stated, "on the ash heap of history." Ten more seats will be chosen by an election committee comprised of pro-Beijing groups.

Finally, the real motives of the provisional legislature can be discerned in their treatment of the 20 democratically elected seats. These seats will be chosen according to a proportional representation scheme expressly designed to reduce the number of prodemocracy candidates in the legislature.

Mr. President, this is by no means inadvertent. It is deliberate. It is a deliberate attempt to reduce the influence of the most popular and ardently prodemocracy candidates and parties.

The resolution just offered urges C. H. Tung and the Government of Hong Kong to schedule and conduct elections for the first legislature of the Hong Kong Special Administrative Region according to the rules approved by the Hong Kong people through an election law convention, referendum, or both.

If the United States is to have a relationship with an autonomous Hong Kong, Hong Kong must have the democratically elected legislature it was promised—it was promised, Mr. President—in the joint declaration. The provisional legislature, which the United States has rejected as illegitimate and unjustified, is simply not intended to produce a legitimate electoral law.

Mr. President, I yield the floor, and I yield back such time as I may have.

DEPARTMENTS OF LABOR, HEALTH AND HUMAN SERVICES, AND EDUCATION, AND RELATED AGENCIES APPROPRIATIONS ACT, 1998

The Senate continued with the consideration of the bill.

Mr. HARKIN. Mr. President, I want Senators to know that under the unanimous-consent agreement entered into last week, all amendments to this pending bill, Labor, Health and Human Services appropriations bill, have to be in by the close of business today, and business is about to be closed. So if Senators have amendments, I suggest they get them in in a hurry or forever be precluded from offering them this year to this bill.

Mr. FORD addressed the Chair.

The PRESIDING OFFICER. The Senator from Kentucky.

AMENDMENT NO. 1058

(Purpose: To exclude distilled spirits from certain hazardous materials regulation)

Mr. FORD. Mr. President, I call up amendment No. 1058.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Kentucky [Mr. FORD] proposes an amendment numbered 1058.

Mr. FORD. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the appropriate place, insert the following:

SEC.   . No funds made available under this Act may be used to enforce section 304(a) of the Clean Air Act Amendments of 1990 (29 U.S.C. 655 note; Public Law 101-549) with respect to distilled spirits (as defined in section 5002(a) of the Internal Revenue Code of 1986 or section 117(a) of the Federal Alcohol Administration Act (27 U.S.C. 211(a)))."

Mr. FORD. Mr. President, I say to my colleagues, last week when I filed this amendment regarding the application of the process of safety management to distilleries, I started working with the Labor Department and particularly the OSHA division of the Department of Labor.

When PSM regulations were developed as part of the 1990 Clean Air Act amendments, however, I don't believe these regulations were meant to apply to the distilled spirits industry. Clearly, OSHA disagrees with my position, but after discussing the issue with OSHA and Labor Department officials, I have decided to withdraw my amendment.

I want to clearly thank Secretary of Labor Herman for her leadership—and she exercised it very well—in finding a way to resolve this issue. So, under the compromise we have reached today, the Secretary has agreed to make a review of the PSM's as it relates to distilleries, a key part of OSHA's revision of the PSM contract. During the review, OSHA has agreed not to cite the industry under this standard.

I also want to commend the distilled spirits industry, whose exemplary record on safety helped make this compromise possible. It is my hope that OSHA and the industry will put this temporary suspension to good use by working together to determine the extent to which PSM should apply to this industry.

So, Mr. President, I ask unanimous consent that my amendment be withdrawn.

The PRESIDING OFFICER. Without objection, the amendment is withdrawn.

The amendment (No. 1058) was withdrawn.

Mr. FORD. I thank the Chair and suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. FORD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENT NO. 1121

(Purpose: To exempt States that were overpaid mandatory funds for fiscal year 1997 under the general entitlement formula for child care funding from any payment adjustment)

Mr. FORD. Mr. President, on behalf of Senator KERREY of Nebraska, for himself, Mr. HAGEL, Mr. BINGAMAN, Mr. JEFFORDS, Mr. LAUTENBERG, Mr. FORD, and Ms. MOSELEY-BRAUN, I send an amendment to the desk.

The PRESIDING OFFICER. The clerk will report the amendment.

The legislative clerk read as follows:

The Senator from Kentucky [Mr. FORD] for Mr. KERREY, for himself, Mr. HAGEL, Mr. BINGAMAN, Mr. JEFFORDS, Mr. LAUTENBERG, Mr. FORD and Ms. MOSELEY-BRAUN, proposes an amendment numbered 1121.

Mr. FORD. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 40, line 24, strike the period and insert: *Provided further*, That, notwithstanding section 418(a) of the Social Security Act, for fiscal year 1997 only, the amount of payment under section 418(a)(1) to which each State is entitled shall equal the amount specified as mandatory funds with respect to such State for such fiscal year in the table transmitted by the Administration for Children and Families to State Child Care and Development Block Grant Lead Agencies on August 27, 1996, and the amount of State expenditures in fiscal year 1994 or 1995 (whichever is greater) that equals the non-Federal share for the programs described in section 418(a)(1)(A) shall be deemed to equal the amount specified as maintenance of effort with respect to such State for fiscal year 1997 in such table.".

Mr. FORD. Mr. President, I ask unanimous consent that the amendment be set aside.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. FORD. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. DOMENICI. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOMENICI. Parliamentary inquiry, Mr. President.

If I desire to introduce an amendment on behalf of Senator GORTON as the prime sponsor, and myself as one of the cosponsors, is that in order at this point? It is an amendment on the Labor-Health and Human Services appropriations bill.

The PRESIDING OFFICER. That is in order.

Mr. DOMENICI. I do not need unanimous consent? Is that what the Chair said?

The PRESIDING OFFICER. That is correct.

AMENDMENT NO. 1122

(Purpose: To provide certain education funding directly to local educational agencies)

Mr. DOMENICI. Mr. President, I have an amendment with reference to the appropriations bill on the Departments of Labor-Health and Human Services, and Education. I want to make sure that everybody understands this is Senator GORTON's amendment. I am offering it on his behalf. I would just like to make a couple statements before I send the amendment to the desk to become part of the itinerary of the Senate.

First, this amendment takes most of the education funds for kindergarten through 12th grade and creates a block grant to the local schools based on the number of school-aged children and the relative wealth of the States.

My purpose in doing this is to make sure that every child in the United States will graduate from high school with basic skills in reading and writing, mathematics, and the kind of skills that everybody knows we should have by the time we complete 12th grade.

I am firmly of the opinion that we have to try something new and different. Our schools need to do things differently. We keep adding to the inventory of programs, and we keep adding money to various programs.

I join Senator GORTON in this amendment because I believe when the numbers are all figured out, the schools will find out that they will receive a very significant increase in money. This is not just an efficiency move, but it is to see if we can't give the States an opportunity to do things differently. Essentially, this is a way to help our schools, instead of having a one-shoe-fits-all approach.

We need to attempt to give the schools an opportunity to improve the quality of education by using this money to move decisionmakers closer to the schools. Schools need to come up with a master plan for improving the basic skills that we require if we are going to be graduating children from our high schools who can make it in this economic environment.

This amendment provides a mechanism of giving slightly more money to the poorer States which, in turn, would mean slightly less money to the more wealthy States. However, everybody would get more money because you would be eliminating all of the categorical bureaucracies that exist which are enormously expensive, both at the national level and to the school districts who have to administer them. Local school districts across America, and our superintendents and our principals would say, Let's see if we couldn't do better

The amendment would not affect Title VIII of the Elementary and Secondary Education Act; Individuals with Disabilities Education Act funds; Adult Education Act funds; Museum and Library Services Act funds; Departmental management expenses; Educational Research Development, Dissemination, and Improvement Act funds; or funds to carry out the National Education Statistics Act; to carry out section 10501—funds for civic education—or 2102—Eisenhower Professional Grants—and Park K—National Writing project—of the Elementary and Secondary Education Act;

By eliminating the Federal strings attached to the money, the Federal Government would be recognizing that one size does not fit all.

The amendment would allow State and local governments to design programs that best meet the needs of the local schools.

The reason for this amendment is simple.

Our schools need to do things differently.

Too many kids are merely getting social promotions to keep them in a class with their age group regardless of whether they have learned their lessons. It is a sad state when many of our graduates can't read the diplomas they receive at graduation.

Too many schools don't teach the basics any more.

In "Teaching the New Basic Skills" by economists Frank Levy of MIT and Richard Murnane of Harvard, the authors argue that employers hire college graduates because they have little confidence that high school graduates have mastered ninth grade level math; that is, the ability to manipulate fractions and decimals and to interpret line and bar graphs.

They contend one of the reasons we are paying so much more for college graduates than we ever did before is because we are doing such a poor job at the high school level.

The central educational task today is to do better teaching high school students. That can't be done from Washington. To keep up, calls for local decision making, not cumbersome programs developed in Washington.

Robert W. Galvin and Edward W. Bales of Motorola have written, "The major issue . . . is that the education system is undergoing incremental change in an environment of exponential change."

Americans spend a lot on education. Last year $550 billion a year in total private and public money was spent on education. This is more than what was spent on defense and second only to health care in tapping American's pocketbook. Yet as defense firms have restructured, and health care providers have turned themselves upside down moving to HMO's, education experts start another school year excusing failure and demanding more money.

Effective reform involves parents, teachers, and local businesses.

In New Mexico we need to train kids to work at Intel and other high tech firms. In Detroit, the schools need to prepare kids to work in auto plants. In recent studies it was found that only half of the kids had the basic reading and math skills to get a job in an auto plant.

This amendment will give the control back to the local schools so that they can use their Federal education funds to meet the local job market and better educate our kids. Local school districts are proving it can be done and this amendment will help others following in those successful footsteps.

I hope my colleagues will support Senator GORTON's amendment.

I want everybody to understand that Senator GORTON did not include every single kindergarten through twelth grade programs in this new approach to give our schools an opportunity to do things differently. The amendment will not affect title VII of the Elementary and Secondary Education Act; Individuals with Disabilities Education Act funds; the Adult Education Act funds; the Museum and Library Services Act funds; departmental management expenses; Educational Research Development, Dissemination, and Improvement Act funds; funds to carry out the National Education Statistics Act, to carry out section 10501; funds for civic education; 2102 Eisenhower professional grants; or the Park K, the national writing project, of the Elementary and Secondary Education Act.

I send the amendment to the desk.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from New Mexico [Mr. DOMENICI], for Mr. GORTON, for himself and Mr. DOMENICI, proposes an amendment numbered 1122.

Mr. DOMENICI. I ask unanimous consent reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 85, after line 23, insert the following:

SEC. . (a) Notwithstanding any other provision of law, the Secretary of Education shall award the total amount of funds described in subsection (b) directly to local educational agencies in accordance with subsection (d) to enable the local educational agencies to support programs or activities for kindergarten through grade 12 students that the local educational agencies deem appropriate.

(b) The total amount of funds referred to in subsection (a) are all funds that are appropriated for the Department of Education, the Department of Labor, and the Department of Health and Human Services under this Act to support programs or activities for kindergarten through grade 12 students, other than—

(1) amounts appropriated under this Act—

(A) to carry out title VIII of the Elementary and Secondary Education Act of 1965;

(B) to carry out the Individuals with Disabilities Education Act;

(C) to carry out the Adult Education Act;

(D) to carry out the Museum and Library Services Act;

(E) for departmental management expenses of the Department of Education; or

(F) to carry out the Educational Research, Development, Dissemination, and Improvement Act;

(G) to carry out the National Education Statistics Act of 1994;

(H) to carry out section 10601 of the Elementary and Secondary Education Act of 1965;

(I) to carry out section 2102 of the Elementary and Secondary Education Act of 1965; or

(J) to carry out part K of the Elementary and Secondary Education Act of 1965; or

(2) 50 percent of the amount appropriated under title III under the headings "Rehabilitation Services and Disability Research" and "Vocational and Adult Education".

(c) Each local educational agency shall conduct a census to determine the number of kindergarten through grade 12 students served by the local educational agency not later than 21 days after the beginning of the school year. Each local educational agency shall submit the number to the Secretary.

(d) The Secretary shall determine the amount awarded to each local educational agency under this section as follows:

(1) First, the Secretary, using the information provided under subsection (c), shall determine a per child amount by dividing the total amount of funds described in subsection (b), by the total number of kindergarten through grade 12 students in all States.

(e) Second, the Secretary, using the information provided under subsection (c), shall determine the baseline amount for each local educational agency by multiplying the per child amount determined under paragraph (1) by the number of kindergarten through grade 12 students that are served by the local educational agency.

(3) Lastly, the Secretary shall compute the amount awarded to each local educational agency as follows:

(A) Multiply the baseline amount determined under paragraph (2) by a factor of 1.1 for local educational agencies serving States that are in the least wealthy quintile of all States as determined by the Secretary on the basis of the per capita income of individuals in the States.

(B) Multiply the baseline amount by a factor of 1.05 for local educational agencies serving States that are in the second least wealthy such quintile.

(C) Multiply the baseline amount by a factor of 1.00 for local educational agencies serving States that are in the third least wealthy such quintile.

(D) Multiply the baseline amount by a factor of .95 for local educational agencies serving States that are in the fourth least wealthy such quintile.

(E) Multiply the baseline amount by a factor of .90 for local educational agencies serving States that are in the wealthiest such quintile.

(e) If the total amount of funds made available to carry out this section is insufficient to pay in full all amounts awarded under subsection (d), then the Secretary shall ratably reduce each such amount.

(f) If the Secretary determines that a local educational agency has knowingly submitted false information under subsection (c) for the purpose of gaining additional funds under this section, then the local educational agency shall be fined an amount equal to twice the difference between the amount the local educational agency received under subsection (d), and the correct amount the local educational agency would have received if the agency had submitted accurate information under subsection (c).

(g) In this section—

(1) the term "local educational agency" has the meaning given the term in section 14101 of the Elementary and Secondary Education Act of 1965;

(2) the term "Secretary" means the Secretary of Education; and

(3) the term "State" means each of the several States of the United States, the District of Columbia, the Commonwealth of Puerto Rico, Guam, American Samoa, the Commonwealth of the Northern Mariana Islands, the United States Virgin Islands, the Republic of the Marshall Islands, the Federated States of Micronesia, and the Republic of Palau.

Mr. GORTON. Mr. President, I want to thank profusely my friend from New Mexico, Senator DOMENICI, for his remarks and for introducing this amendment on my behalf. I was able to get here just in time to second his remarks.

I believe this amendment is going to give us an opportunity to debate an issue of great importance to the people of the United States with respect to the education of their children.

More and more, our local school boards, our teachers, and our local schools are being suffocated by a tide of papers, forms, and programs, each of which have a good purpose, at least in theory, but the net result of which is to make it difficult to set priorities in each of the many varied school districts in the United States as to what will best serve the students of those districts.

I am firmly of the belief, and I know my friend from New Mexico shares this belief with me, that elected school board members in cities and towns through the State of New Mexico, through the State of Washington, through the State of Colorado and all across the country, are dedicated to providing the best possible education for those schoolchildren that they possibly can and that they are better able to make decisions about what is best for their students than our bureaucrats in the Department of Education in Washington, DC, or than are Members of Congress.

It is almost unspeakably arrogant of us here in this body that we set detailed requirements for very specific education programs all across the United States with the great variety of people, attitudes, and challenges that we have.

So this amendment is designed to consolidate, for this year at least, the great bulk of all of the dozens or more programs fitting in the narrow categories going to school districts of the United States; to set up a reasonably fair formula which benefits the poorer States slightly more than it does the wealthy States, but with the exception of the Individuals With Disabilities Education Act, Impact Aid, and a number of other very high profile programs; that each school district should be allowed to take the money that we appropriate in this bill for the education of our children from kindergarten through 12th grade, and each school district should set its own priorities for the spending of that money on that education, trusting they can do a better job than we can or than the bureaucrats can.

Not the least of the benefits of an amendment of this sort, Mr. President, is the fact that we will not have to take 10 percent, 20 percent, or 30 percent off the top for administering the program, for filling out the forms, for all of the activities which chew up money but are not reflected in education at all.

Mr. President, I present this as a significant amendment to this bill. I hope for a significant debate on this issue here in this body. We all, when we are at home, laud local control of our schools, with elected school board members and hands-on education, but all too much of the time we take exactly the opposite view in the programs we actually create and vote for here.

This amendment will be discussed at considerably greater length tomorrow by a wide variety of people. I cannot possibly express my delight at having my friend from New Mexico as a cosponsor of this amendment. I suspect, Mr. President, there will be a number of other cosponsors as we go through the debate on the amendment tomorrow.

Mr. DOMENICI. Will the Senator yield?

Mr. GORTON. I am delighted to yield.

Mr. DOMENICI. I reviewed this in an effort to make a statement of introduction today because you asked me to because you did not think you could be here. I am very pleased you are. I think we ought to talk about this exciting proposal from the standpoint of reality. The reality, to me, is that our schools need to do things differently, and we are not doing things any differently here with our programs except from time to time adding a little money here and there. For the most part, we are stuck.

If there is a growing mediocrity—and I assume that is putting it mildly—we are probably part of it. We should not be talking just about saving money or about giving schools more money without strings, but about educating children better. I almost would call our approach giving the schools an opportunity to get the basics done again.

I was part of the budget negotiations, and I am not changing that here because I realize a certain amount of money has to go to education, and I believe this bill honors that. That was one of the categories where the President received his preference. This amendment's approach to current education monies gives the schools the flexibility to try to do things differently. We are saying, let's look at our education situation because we are kind of stuck, and we want to get out of that rut.

Is that how you see our bill?

Mr. GORTON. Well, my friend, the Senator from New Mexico, whose views are so thoughtful and so carefully enunciated on a wide variety of subjects, is, I am afraid, more eloquent on my own amendment than I am myself.

Yes, I say to my friend from New Mexico, that is exactly what this is about.

Earlier this year, during the course of the debate over the budget, there was a request by the President that we increase the amount of money going to our common schools. That received wide support from both Republicans and Democrats in this body and in the House of Representatives.

The Senator from New Mexico is entirely correct, there is nothing in this bill except more money. There is nothing in this bill about a different approach. There is nothing in this bill about getting more in the way of a 21st century education for our children. It is just more of the same stuff we have already been doing.

I think I can say this amendment may, to a certain extent, be analogous to the welfare reform bill that we passed more than a year ago. What we decided then, I say to my friend from New Mexico, was that maybe we did not know everything there was to know about welfare here in Washington, DC. Maybe there was not just one welfare system, to be run out of Washington, DC, that was going to work. In fact, it worked so poorly that almost every condition it was designed to alleviate it made worse.

What we did a year ago with welfare was to say we are not all that smart. Governors and legislators of 50 States, you try it. We will give you broad discretion in welfare programs. We suspect some of you will do really well, but regrettably some of you will do not so well, but we will learn more about what can get people back to work and out of a welfare mentality.

Now, I think this amendment is a little bit like that, I say to my friend. What we are doing here is something we do not like doing very much in the Senate, admitting that somebody else may know a little bit more than we do about a subject. Here we are saying we think perhaps that wisdom lies right down in individual school districts with teachers in the classroom, with principals in the schools, with school board members who, almost without exception, are public-spirited citizens who have run for election for a job that does not pay, but that they know something maybe that we do not know, and if we give them more freedom to use these billions of dollars we come up with, we will get better education for our kids.

That is, of course, the whole goal of the exercise.

Mr. DOMENICI. Senator, I want to make this last point and see if you concur. This is different from other efforts to encapsulate our Federal programs into some kind of block grant, and for the most part that was always to cut education. There is no effort to cut education here.

The major increases that are in this bill that are in response to the budget agreement are all used in this fund—not a penny less—and it may be much bigger when it reaches the districts. That money will increase the level so nobody should think that Senators GORTON and DOMENICI are for reducing the expenditure.

If we save administrative money, we want to spend it on the kids, and it ought to be a rather substantial amount of money.

Mr. GORTON. The Senator from New Mexico is, of course, entirely correct. The total amount of the appropriation in this bill for education is not reduced by a single dollar.

On the other hand, the total amount of money that gets to the classroom will be considerably greater because so much less will get lost in the gears of administration at two, three, or four different levels between here and the classroom.

We hope that we will be able to get much more for the same amount of money fundamentally because we will actually be spending more on direct educational expenditures.

Mr. DOMENICI. I thank the Senator.

AMENDMENT NO. 1076

Mr. GORTON. Mr. President, while I have the floor I ask unanimous consent to set the pending amendment aside and call up amendment No. 1076.

The PRESIDING OFFICER. The clerk will report.

The bill clerk read as follows:

The Senator from Washington [Mr. GORTON] proposes an amendment numbered 1076.

AMENDMENT NO. 1076, AS MODIFIED

Mr. GORTON. Mr. President, I ask unanimous consent to modify amendment No. 1076, which I have sent to the desk.

The PRESIDING OFFICER. Without objection, the amendment is so modified.

The amendment (No. 1076), as modified, is as follows:

On page 49, after line 26, add the following:

SEC. . (a)(1) Section 1905 of the Social Security Act (42 U.S.C. 1396d) is amended—

(A) in subsection (b), in the sentence added by section 4911(a)(1) of the Balanced Budget Act, by striking "or subsection (u)(3)" and inserting ", subsection (u)(3), or subsection (u)(4) for the State for a fiscal year, and that do not exceed the amount of the State's allotment under section 2104 (not taking into account reductions under section 2104(d)(2)) for the fiscal year reduced by the amount of any payments made under section 2105 to the State from such allotment for such fiscal year,"; and

(B) in subsection (u), as added by section 4911(a)(2) of the Balanced Budget Act of 1997—

(A) by striking paragraph (2) and inserting the following:

"(2)(A) For purposes of subsection (b), the expenditures described in this paragraph are expenditures for medical assistance for optional targeted low-income children described in subparagraph (B).

"(B) For purposes of this paragraph, the term 'optional targeted low-income child' means a targeted low-income child as defined in section 2110(b)(1) (determined without regard to subparagraph (C)) who would not qualify for medical assistance under the State plan under this title based on such plan (including under a waiver authorized by the Secretary or under section 1902(4)(2)) as in effect on April 15, 1997 (but taking into account the expansion of age of eligibility effected through the operation of section 1902(1)(2)(D))."; and

(B) by adding at the end the following new paragraph:

"(4)(A) For purposes of subsection (b), the expenditures described in this subparagraph are expenditures for medical assistance for certain waivered low-income children described in subparagraph (B), but only to the extent such expenditures for a State for a fiscal year exceed the level of such expenditures for such children under this title for fiscal year 1997.

"(B) For purposes of this paragraph, the term 'certain waivered low-income children' means, in the case of any State that has under a waiver authorized by the Secretary or under section 1902(r)(2), established a medicaid applicable income level (as defined in section 2110(b)(1)(4)) for children under 19 years of age residing in the State that is at or above 200 percent of the poverty line, a child whose family income exceeds the minimum income level required to be established for the age of such child under section 1902(l)(2) in order for the child to be eligible for medical assistance under this title, but does not exceed 200 percent of the poverty line.".

(2) Section 1902(a)(10)(A)(ii)(XIV) of the Social Security Act, as added by section 4911(b)(3) of the Balanced Budget Act of 1997, is amended by striking "1905(u)(2)(C)" and inserting "1905(u)(2)(B)".

(b) The amendments made by subsection (a) shall take effect as if included in the enactment of section 4911 of the Balanced Budget Act of 1997.

Mr. GORTON. Mr. President, just a few weeks ago, Congress and the President agreed to provide $48 billion over the next 10 years as an incentive to States to provide health care coverage to uninsured, low-income children. To receive this money, States must expand eligibility levels to children living in families with incomes up to 200 percent of the Federal poverty level.

Three years ago, Washington State decided to do what Congress and the President have now required other States to do. In 1994, my State expanded children's health care coverage to children through age 18 who live in families up to 200 percent of the Federal poverty level.

Under the budget agreement, Washington State, like every other State will receive an allotment, a portion of the money the Federal Government makes available for children's health care each year. The budget agreement provides an "enhanced Federal match" to States to encourage them to raise eligibility levels. That incentive is available to States which cover kids at the current mandatory levels of 100 percent to 133 percent of poverty depending on the age group, if they expand up to the new 200-percent-of-poverty threshold. However, for the few States which already meet this requirement, these States must expand their eligibility levels an additional 50 percentage points before being able to tap into the money available under the Children's Health Initiative.

Unfortunately, the budget provisions essentially penalize Washington because of the State's progressive policies on children's health care. First, Washington and a few States which have done these broad expansions, will essentially pay more than every other State to cover this population of kids. Second, the budget agreement actually provides more incentive to cover kids in families with higher discretionary income than it does for children living in poorer families. In Washington 100,000 kids under 200 percent of poverty are still uninsured in spite of the success of enrolling kids over the last 3 years, while somewhere between 10,000 and 30,000 kids between 200 and 250 percent of poverty are uninsured. Clearly the need is at lower income levels, I expect this holds true for most other States. Yet my State receives more Federal money to cover kids in this higher income bracket. Finally, the budget agreement provides no incentive to the State legislature to further expand coverage to kids. After all, Washington already did what Congress is now asking other States to do and instead of being recognized for doing a good job of covering kids, my State is penalized. If I were a State legislator I would argue that we should simply wait for the Feds to mandate further coverage for children, then we would receive the same contribution from the Federal Government as other States.

For example, Washington currently receives a 50-percent Federal match for kids covered under Medicaid. Another State which also gets a 50-percent Federal match but has not already expanded eligibility levels for kids, will receive an enhanced match as an incentive to cover this new population. In a nonexpansion State for a child living in a family with an income of 150 percent the State would receive an increased Federal match level. However, under the budget agreement in a State like Washington, for that same child the State would only be reimbursed at the current rate. Even if the child is currently uninsured. Proportionately more money will come out of Washington State revenues to cover kids below 200 percent of the poverty than in other States which have not expanded coverage to kids at this level. Thus taxpayers in my State will pay more to cover the same population of kids than taxpayers in other States that did not choose to expand eligibility to kids before Congress did it for them.

The spirit of the legislation is to provide health insurance coverage for uninsured, low-income children first. In Washington we have 100,000 kids that are uninsured below the 200 percent FPL threshold and only 10,000 to 30,000 between 200 percent and 250 percent FPL. For States with high eligibility thresholds, the Child Health Initiative provides more incentive—a higher Federal match rate—to cover kids at higher income levels than it does for kids living in families with lower incomes. With an enhanced match for new kids below 200 percent of FPL brought into the State health program, the State can target a bigger pool of low-income, uninsured kids, more expediently producing the results intended by the legislation.

My amendment stays within the spirit of the Child Health Initiative, it focuses Federal money on providing health care coverage to new, uninsured children at low income levels first. It does not take money from any other State, but merely allows Washington to draw on its own allotment. Staff discussions with CBO and CRS confirm that the amendment does not change the amount other States will receive. CRS is in the process of developing an official memo to that effect. A progressive think tank, the Center on Budget and Policy Priorities also states that the amendment would not alter State allocations. The amendment allows States which have already expanded eligibility levels to 200 percent to receive an "enhanced Federal match" if it provides health care coverage to uninsured kids between the current mandatory levels and the new level of 200 percent set in the budget agreement. Additionally, my State would be required to maintain its current effort. Washington must spend the same amount on children's health care that it does in fiscal year 1997, in subsequent years before it can receive any money provided for under the Child Health Initiative.

The proposal does not take money from other States nor does it provide additional Federal subsidies for children the State is now covering, it simply allows Washington and the other few expansion States to continue to do the good work they have already started.

SPECIAL EDUCATION FUNDING

Mr. GREGG. Mr. President, I would like to take this opportunity to thank Senator SPECTER for his leadership and support in my recent efforts to provide full funding for the Individuals With Disabilities Education Act [IDEA].

For the past 2 years, one of my top priorities has been to ensure that the Federal Government lives up to its promise to provide 40 percent of the funding for the costs of complying with Federal special education mandates. The current level of 8 percent or 9 percent is unacceptable. In addition, I believe that it is important to secure increased funding for IDEA to ease the burden on local schools and communities. For these reasons, I am grateful to Senator SPECTER for helping us move closer to full funding to help these communities.

As a result of our combined efforts, in the fiscal year 1998 Labor-HHS appropriations bill, State grants for part B of IDEA are allocated $3.94 billion, which is a $834 million or 27 percent increase over last year's funding level. As chairman of another appropriations subcommittee, I know how difficult, if not virtually impossible, it is to provide such a significant increase to a large account. Thus, I truly appreciate

Senator SPECTER's efforts and leadership on this issue. I'm sure that the Nation's special education students and the local communities that educate them are equally as grateful to Senator SPECTER for his support.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. LOTT. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

MORNING BUSINESS

Mr. LOTT. Mr. President, I ask unanimous consent that there now be a period for the transaction of morning business for Senators permitted to speak for up to 5 minutes each.

The PRESIDING OFFICER. Without objection, it is so ordered.

TRIBUTE TO CAPT. ROBERT C. KLOSTERMAN, U.S. NAVY, COMMANDING OFFICER, U.S.S. "JOHN C. STENNIS"

Mr. LOTT. Mr. President, I take this opportunity to recognize and say farewell to an outstanding naval officer, Capt. Robert C. Klosterman, who served with distinction for 41 months as commanding officer of the U.S.S. *John C. Stennis* nuclear-powered aircraft carrier, named for the great Senator from Mississippi. It is a privilege for me to recognize his many outstanding achievements and commend him for the superb service he has provided the Navy and our great Nation.

A native of Cincinnati, OH, Captain Klosterman graduated from the U.S. Naval Academy in 1969 and was designated a Naval Aviator in 1970 at NAS Kingsville, TX. He flew over 440 combat missions in Vietnam, piloting UH–1B gunships with Helicopter Attack (Light) Squadron 3. Following his service in Vietnam, Captain Klosterman returned as a flight instructor with VT–9 at Meridian, MS, where he served as Director of Flight Training and Operations Officer through 1973.

Captain Klosterman's service at sea includes junior officer and department head tours in VA–86 (U.S.S. *Nimitz*) and two instructor pilot tours in VA–174. He joined Attack Squadron 46 (VA–46) as executive officer in June 1984 and took command in January 1986. During his tour, VA–46 participated in combat operations against Libya from U.S.S. *America*, and was awarded the 1986 COMNAVAIRLAN Battle "E." Captain Klosterman completed naval nuclear power training in 1988 and was executive officer of U.S.S. *Dwight D. Eisenhower* (CVN 69) from June 1989 to April 1991. He is a veteran of Operations Desert Shield/Desert Storm, as well as Operations Restore Hope and Southern Watch.

During his naval career, Captain Klosterman has accumulated over 5,800 flight hours and made over 1,000 carrier arrested landings. His decorations include the Legion of Merit, 3 Meritorious Service Medals, 15 Air Medals, the Vietnamese Cross of Gallantry, and the Combat Action Ribbon. He was also the recipient of the 1986 COMLATWING ONE Pat Anderson Award for weapons delivery excellence.

As commanding officer of the U.S.S. *John C. Stennis*, he delivered to the Nation and the U.S. Navy the most modern and technologically advanced nuclear-powered aircraft carrier in the world. He did this while realizing over $75 million in savings to the taxpayers, for which we owe him a debt of gratitude.

Mr. President, Robert C. Klosterman, his wife Rebecca, and son Todd have no doubt made many sacrifices during his 28-year naval career. They have made significant contributions to the outstanding naval forces upon which our country relies so heavily. Captain Klosterman is a great credit to both the Navy and the country he so proudly serves. As this decorated combat veteran now departs the Navy, I call upon my colleagues from both sides of the aisle to wish him fair winds and following seas. He is a sailor's sailor.

THE VERY BAD DEBT BOXSCORE

Mr. HELMS. Mr. President, at the close of business Friday, September 5, 1997, the federal debt stood at $5,414,427,865,442.08. (Five trillion, four hundred fourteen billion, four hundred twenty-seven million, eight hundred sixty-five thousand, four hundred forty-two dollars and eight cents)

One year ago, September 5, 1996, the federal debt stood at $5,225,564,000,000 (Five trillion, two hundred twenty-five billion, five hundred sixty-four million)

Twenty-five years ago, September 5, 1972, the federal debt stood at $435,268,000,000 (Four hundred thirty-five billion, two hundred sixty-eight million) which reflects a debt increase of nearly $5 trillion—$4,979,159,865,442.08 (Four trillion, nine hundred seventy-nine billion, one hundred fifty-nine million, eight hundred sixty-five thousand, four hundred forty-two dollars and eight cents) during the past 25 years.

MESSAGES FROM THE PRESIDENT

Messages from the President of the United States were communicated to the Senate by Mr. Williams, one of his secretaries.

EXECUTIVE MESSAGES REFERRED

As in executive session the Presiding Officer laid before the Senate messages from the President of the United States submitting sundry nominations which were referred to the appropriate committees.

(The nominations received today are printed at the end of the Senate proceedings.)

MESSAGES FROM THE HOUSE

At 3:21 p.m., a message from the House of Representatives, delivered by Mr. Hays, one of its reading clerks, announced that the House agrees to the amendment of the Senate to the bill (H.R. 1866) to continue favorable treatment for need-based educational aid under the antitrust laws.

The message also announced that the House has agreed to the following concurrent resolution in which it requests the concurrence of the Senate:

H. Con. Res. 146. Concurrent resolution expressing the sense of the Congress regarding the terrorist bombing in Jerusalem on September 4, 1997.

MEASURE REFERRED

The following concurrent resolution was read and referred as indicated:

H. Con. Res. 146. Concurrent resolution expressing the sense of the Congress regarding the terrorist bombing in Jerusalem on September 4, 1997; to the Committee on Foreign Relations.

REPORTS OF COMMITTEE

The following report of committee was submitted:

By Mr. STEVENS, from the Committee on Appropriations:

Special Report entitled "Further Revised Allocation to Subcommittees of Budget Totals from the Concurrent Resolution for Fiscal Year 1998" (Rept. No. 105–74).

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first and second time by unanimous consent, and referred as indicated:

By Mr. McCAIN:

S. 1152. A bill to establish a National Environmental Technology Achievement Award, and for other purposes; to the Committee on Environment and Public Works.

By Mr. BAUCUS (for himself, Mr. ALLARD, Mr. BURNS, Mr. CONRAD, Mr. COVERDELL, Mr. CRAIG, Mr. D'AMATO, Mr. FORD, Mr. GRAHAM, Mr. GRASSLEY, Mr. HELMS, Mr. JOHNSON, Mr. KERREY, Ms. LANDRIEU, Mr. LEAHY, Mr. ROTH, and Mr. HARKIN):

S. 1153. A bill to promote food safety through continuation of the Food Animal Residue Avoidance Database program operated by the Secretary of Agriculture; to the Committee on Agriculture, Nutrition, and Forestry.

SUBMISSION OF CONCURRENT AND SENATE RESOLUTIONS

The following concurrent resolutions and Senate resolutions were read, and referred (or acted upon), as indicated:

By Mr. HELMS (for himself, Mr. LIEBERMAN, Mr. KERRY, Mr. THOMAS, and Mr. MACK):

S. Con. Res. 51. A concurrent resolution expressing the sense of Congress regarding elections for the legislature of the Hong Kong Special Administrative Region; to the Committee on Foreign Relations.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. McCAIN:

S. 1152. A bill to establish a National Environmental Technology Achievement Award, and for other purposes; to the Committee on Environment and Public Works.

THE NATIONAL ENVIRONMENTAL TECHNOLOGY ACHIEVEMENT AWARD ACT

Mr. McCAIN. Mr. President, today I'm introducing legislation to establish a National Environmental Technology Achievement Award.

The annual award would be presented jointly by the EPA and the Department of Commerce to recognize our Nation's premier environmental technology advancement. Specifically, the award would recognize the major technological improvements in the prevention and cleanup of threats to the Nation's air, land, and water resources. The yearly prize would include a financial award to be raised from the private sector.

In order to achieve our Nation's environmental protection goals in the face of a growing population and expanding economy, we must develop more efficient and effective technologies to reduce and cleanup pollution, including advanced smokestack emission controls, improved water treatment systems, and manufacturing processes which reduce waste, just to name a few.

While the financial rewards for developing such technology are presumably large, a national award would provide additional incentive to innovators and would highlight the importance of such advancements to our Nation.

The bill would create a 14-member volunteer board to set the award criteria; design the award; establish a monetary prize; raise funds; develop a consideration and selection process; and select the annual recipient.

The board would be comprised of the Administrator of EPA, Secretary of Commerce, National Science Advisor, Director of the National Science Foundation, Secretary of the Interior, or their designees. In addition, the panel would include three representatives from academia; three representatives of industry; and three representatives from environmental and conservation organizations. One in each category would be chosen by the President, one by the Speaker of the House and one by the majority leader of the Senate.

The bill is supported by the Environmental Defense Fund, the National Parks, and Conservation Association; the World Wildlife Fund and other environmental groups. I urge my colleagues to support this simple, but I believe appropriate and helpful, initiative.

By Mr. BAUCUS (for himself, Mr. ALLARD, Mr. BURNS, Mr. CONRAD, Mr. COVERDELL, Mr. CRAIG, Mr. D'AMATO, Mr. FORD, Mr. GRAHAM, Mr. GRASSLEY, Mr. HELMS, Mr. JOHNSON, Mr. KERREY, Ms. LANDRIEU, Mr. LEAHY, Mr. ROTH, and Mr. HARKIN):

S. 1153. A bill to promote food safety through continuation of the Food Animal Residue Avoidance Database program operated by the Secretary of Agriculture; to the Committee on Agriculture, Nutrition, and Forestry.

FOOD SAFETY LEGISLATION

Mr. BAUCUS. Mr. President, I rise today to introduce important legislation providing for the permanent authorization of the Food Animal Residue Avoidance Databank [FARAD] program. I am joined by 15 of my colleagues and I hope the Senate will pass this legislation very soon.

Mr. President, food safety has long been of tantamount importance to the veterinary profession and to the American consumer. Customers rightly expect that the food they purchase is of the highest quality. More importantly, consumers must know that the food they consume is safe. And our veterinarians work to help consumers in this endeavor. This legislation is designed to help Americans maintain their safe, wholesome food supply.

In 1982, the U.S. Department of Agriculture Extension Service undertook an educational effort to prevent chemical residues in food animal products. That same year, the USDA Food Safety and Inspection Service [FSIS] sponsored a Residue Avoidance Program as a repository of residue avoidance information and educational materials.

FARAD was founded as a cooperative, multi-State effort by Drs. Stephen Sundlof of the University of Florida, Jim Riviere of North Carolina State University, Aurther Craigmiller of the University of California, Davis, and William Buck of the University of Illinois. Each investigator brought a unique expertise to the collaboration. Since that origin, FARAD has evolved into an expert-mediated residue avoidance decision support system which is crucial to food safety across the Nation.

FARAD provides an invaluable service to the animal health profession, helping veterinarians provide appropriate, science-based therapy—improving animal health while preventing food safety risks to consumers from residues. FARAD's computer-based decision support system is designed to provide livestock producers, pharmacists, and extension specialists with immediate access to practical information on drugs, pesticides, and environmental contaminants which hold the greatest potential for residue formation in livestock food products.

Since its inception, FARAD has published three handbooks and two practical software products, while maintaining a telephone hotline and an internet access site—all devoted to providing the information necessary to protect the livestock food system from contamination.

Through the USDA Extension Service, FARAD has received approximately $200,000 per year since its inception. These funds have been awarded on the basis of competitive grants, relying on matching funds from the participating universities. However, for the universities providing this valuable service the price has been too high. It is time to provide adequate Federal funding to accomplish this vital work.

FARAD provides a vital service across the country. Congress must now express its support for this tool which can help maintain the well-founded confidence of the American consumers in their food supply.

Mr. President, I encourage my colleagues to join me in supporting this valuable legislation and I urge its adoption.

Mr. President, I ask unanimous consent that the text of the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1153

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. FOOD ANIMAL RESIDUE AVOIDANCE DATABASE PROGRAM.

(a) CONTINUATION OF PROGRAM.—The Secretary of Agriculture shall continue operation of the Food Animal Residue Avoidance Database program (referred to in this section as the "FARAD program") through contracts with appropriate colleges or universities.

(b) ACTIVITIES.—In carrying out the FARAD program, the Secretary of Agriculture shall—

(1) provide livestock producers, extension specialists, scientists, and veterinarians with information to prevent drug, pesticide, and environmental contaminant residues in food animal products;

(2) maintain up-to-date information concerning—

(A) withdrawal times on FDA-approved food animal drugs and appropriate withdrawal intervals for drugs used in food animals in the United States, as established under section 512(a) of the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 360b(a));

(B) official tolerances for drugs and pesticides in tissues, eggs, and milk;

(C) descriptions and sensitivities of rapid screening tests for detecting residues in tissues, eggs, and milk; and

(D) data on the distribution and fate of chemicals in food animals;

(3) publish periodically a compilation of food animal drugs approved by the Food and Drug Administration;

(4) make information on food animal drugs available to the public through handbooks and other literature, computer software, a telephone hotline, and the Internet;

(5) furnish producer quality-assurance programs with up-to-date data on approved drugs;

(6) maintain a comprehensive and up-to-date, residue avoidance database;

(7) provide professional advice for determining the withdrawal times necessary for food safety in the use of drugs in food animals; and

(8) engage in other activities designed to promote food safety.

(c) CONTRACTS.—

(1) IN GENERAL.—The Secretary of Agriculture shall offer to enter into contracts with appropriate colleges and universities to operate the FARAD program.

(2) TERM.—The term of a contract under subsection (a) shall be 3 years, with options to extend the term of the contract triennially.

(d) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section $1,000,000 for each fiscal year.

ADDITIONAL COSPONSORS

S. 100

At the request of Mr. KERRY, the name of the Senator from Illinois [Ms. MOSELEY-BRAUN] was added as a cosponsor of S. 100, a bill to amend title 49, United States Code, to provide protection for airline employees who provide certain air safety information, and for other purposes.

S. 852

At the request of Mr. LOTT, the names of the Senator from Kentucky [Mr. MCCONNELL] and the Senator from Louisiana [Mr. BREAUX] were added as cosponsors of S. 852, a bill to establish nationally uniform requirements regarding the titling and registration of salvage, nonrepairable, and rebuilt vehicles.

S. 989

At the request of Mr. DORGAN, the name of the Senator from Georgia [Mr. COVERDELL] was added as a cosponsor of S. 989, a bill entitled the "Safer Schools Act of 1997."

S. 1084

At the request of Mr. INHOFE, the names of the Senator from South Carolina [Mr. HOLLINGS] and the Senator from Texas [Mrs. HUTCHISON] were added as cosponsors of S. 1084, a bill to establish a research and monitoring program for the national ambient air quality standards for ozone and particulate matter and to reinstate the original standards under the Clean Air Act, and for other purposes.

S. 1105

At the request of Mr. COCHRAN, the name of the Senator from Texas [Mr. GRAMM] was added as a cosponsor of S. 1105, a bill to amend the Internal Revenue Code of 1986 to provide a sound budgetary mechanism for financing health and death benefits of retired coal miners while ensuring the long-term fiscal health and solvency of such benefits, and for other purposes.

SENATE CONCURRENT RESOLUTION 12

At the request of Mr. TORRICELLI, the name of the Senator from New York [Mr. MOYNIHAN] was added as a cosponsor of Senate Concurrent Resolution 12, a concurrent resolution expressing the sense of the Congress with respect to the collection on data on ancestry in the decennial census.

SENATE CONCURRENT RESOLUTION 50

At the request of Mr. HUTCHINSON, the names of the Senator from Louisiana [Mr. BREAUX], the Senator from New Hampshire [Mr. SMITH], the Senator from New York [Mr. D'AMATO], the Senator from Ohio [Mr. DEWINE], the Senator from Oklahoma [Mr. INHOFE], the Senator from Idaho [Mr. KEMPTHORNE], the Senator from Florida [Mr. GRAHAM], the Senator from Hawaii [Mr. INOUYE], the Senator from Pennsylvania [Mr. SPECTER], the Senator from Colorado [Mr. CAMPBELL], and the Senator from Kentucky [Mr. FORD] were added as cosponsors of Senate Concurrent Resolution 50, a concurrent resolution condemning in the strongest possible terms the bombing in Jerusalem on September 4, 1997.

SENATE RESOLUTION 111

At the request of Mr. THURMOND, the names of the Senator from Virginia [Mr. WARNER], the Senator from Georgia [Mr. CLELAND], and the Senator from Mississippi [Mr. LOTT] were added as cosponsors of Senate Resolution 111, a resolution designating the week beginning September 14, 1997, as "National Historically Black Colleges and Universities Week," and for other purposes.

SENATE CONCURRENT RESOLUTION 51—RELATIVE TO THE HONG KONG SPECIAL ADMINISTRATIVE REGION

Mr. HELMS (for himself, Mr. LIEBERMAN, Mr. KERRY, Mr. THOMAS, and Mr. MACK) submitted the following concurrent resolution; which was referred to the Committee on Foreign Relations:

S. CON. RES. 51

Whereas the 1984 Sino-British Joint Declaration on Hong Kong guarantees Hong Kong a high degree autonomy in all matters except defense and foreign affairs, and an elected legislature;

Whereas the United States policy regarding Hong Kong, as stated in the United States-Hong Kong Policy Act of 1992 (Public Law 102-383), is based on the autonomy and self-governance of Hong Kong by the Hong Kong people;

Whereas a democratically elected legislature enabling the Hong Kong people to elect representatives of their choice is essential to the autonomy and self-governance of Hong Kong;

Whereas the provisional legislature of Hong Kong was selected through an undemocratic process controlled by the People's Republic of China;

Whereas this provisional legislature has adopted rules for the creation of the first legislature of the Hong Kong Special Administrative Region which rules are designed to disadvantage and reduce the number of prodemocracy politicians in the legislature; and

Whereas the autonomy of Hong Kong cannot exist without a legislature that is elected freely and fairly according to rules approved by the Hong Kong people or their democratically elected representatives: Now, therefore, be it

Resolved by the Senate (the House of Representatives concurring), That Congress urges Hong Kong Chief Executive C.H. Tung and the government of the Hong Kong Special Administrative Region to schedule and conduct elections for the first legislature of the Hong Kong Special Administrative Region according to rules approved by the Hong Kong people through an election-law convention, referendum, or both.

AMENDMENTS SUBMITTED

THE DEPARTMENTS OF LABOR, HEALTH AND HUMAN SERVICES, AND EDUCATION, AND RELATED AGENCIES APPROPRIATIONS ACT, 1998

WELLSTONE AMENDMENTS NOS. 1087–1089

Mr. WELLSTONE proposed three amendments to the bill (S. 1061) making appropriations for the Departments of Labor, Health and Human Services, and Education, and related agencies for the fiscal year ending September 30, 1998, and for other purposes; as follows:

AMENDMENT NO. 1087

On page 61, after line 25, insert the following:

SEC. . If the amount appropriated to carry out the B–2 bomber program for fiscal year 1998 is more than $579,800,000, then notwithstanding any other provision of law—

(1) the total amount appropriated under this Act to carry out the Head Start Act shall be $4,636,000,000, and such amount shall not be subject to the nondefense discretionary cap provided in section 251 of the Balanced Budget and Emergency Deficit Control Act of 1985; and

(2) the amount appropriated for purposes of the B–2 bomber program for fiscal year 1998 is hereby reduced by $331,000,000.

AMENDMENT NO. 1088

On page 61, after lien 25, insert the following:

SEC. . If the amount appropriated to carry out the B–2 bomber program for fiscal year 1998 is more than $579,800,000, then notwithstanding any other provision of law—

(1) the total amount appropriated under this Act to carry out subpart 1 of part A of title IV of the Higher Education Act of 1965 shall be $7,241,334,000, and such amount shall not be subject to the nondefense discretionary cap provided in section 251 of the Balanced Budget and Emergency Deficit Control Act of 1985; and

(2) the amount appropriated for purposes of the B–2 bomber program for fiscal year 1998 is hereby reduced by $331,000,000.

AMENDMENT NO. 1089

On page 61, after line 25, insert the following:

SEC. . If the amount appropriated to carry out the B-2 bomber program for fiscal year 1998 is more than $579,800,000, then notwithstanding any other provision of law—

(1) the total amount appropriated under this Act to carry out the Education Infrastructure Act of 1994 shall be $371,000,000, and such amount shall not be subject to the nondefense discretionary cap provided in section 251 of the Balanced Budget and Emergency Deficit Control Act of 1985; and

(2) the amount appropriated for purposes of the B-2 bomber program for fiscal year 1998 is hereby reduced by $331,000,000.

MACK (AND GRAHAM) AMENDMENT NO. 1090

Mr. MACK (for himself and Mr. GRAHAM) proposed an amendment to the bill, S. 1061, supra; as follows:

On page 57, line 24, strike "$929,752,000, of which" and insert "$934,972,000, of which $6,620,000 shall be expended to carry out Public Law 102-423 and of which".

On page 85, line 19, strike "$30,500,000" and insert "$35,720,000".

McCAIN (AND GRAMM) AMENDMENT NO. 1091

Mr. McCAIN (for himself and Mr. GRAMM) proposed an amendment to the bill, S. 1061, supra; as follows:

On page 49, after line 26, add the following:

SEC. . (a) Section 4626 of the Balanced Budget Act of 1997 (Public Law 105-33) is repealed.

(b) For any fiscal year (beginning with fiscal year 1998), the Secretary of Health and Human Services may not enter into an agreement with any institution to provide incentive payments to the institution for the reduction of medical residents in the approved medical education training programs (as defined in section 1886(h)(5)(A) of the Social Security Act (42 U.S.C. 1395ww(h)(5)(A)) of that institution.

(c) The repeal made by subsection (a) shall take effect as if included in the enactment of the Balanced Budget Act of 1997 (Public Law 105-33).

McCAIN (AND OTHERS) AMENDMENT NO. 1092

Mr. McCAIN (for himself, Mr. KERRY, and Mr. REID) proposed an amendment to the bill, S. 1061, supra; as follows:

On page 49, after line 26, add the following:

SEC. . (a) Notwithstanding any other provision of law, the payments described in subsection (b) shall not be considered income or resources in determining eligibility for, or the amount of benefits under, a program or State plan under title XVI or XIX of the Social Security Act.

(b) The payments described in this subsection are payments made by the Secretary of Defense pursuant to section 657 of the National Defense Authorization Act for Fiscal Year 1997 (Public Law 104-201; 110 Stat. 2584).

CRAIG (AND OTHERS) AMENDMENT NO. 1093

Mr. CRAIG (for himself, Mr. BINGAMAN, and Mr. DOMENICI) proposed an amendment to the bill, S. 1061, supra; as follows:

At the appropriate place in the bill, insert the following:

SEC. . Section 13(b)(12) of the Fair Labor Standards Act of 1938 (39 U.S.C. 213(b)(12)) is amended by inserting after "water" the following: ", at least 90 percent of which is ultimately delivered".

REID (AND BOXER) AMENDMENT NO. 1094

Mr. REID (for himself and Mrs. BOXER) proposed an amendment to the bill, S. 1061, supra; as follows:

On page 49, after line 26, add the following:

SEC. . (a) STUDY.—From amounts appropriated under this title, the National Institutes of Health shall conduct a study on the health effects of perchlorate on humans with particular emphasis on the health risks to vulnerable subpopulations including pregnant women, children, and the elderly.

(b) REPORT.—Not later than 9 months after the date of enactment of this Act, and annually thereafter, the National Institutes of Health shall prepare and submit to the Committee on Appropriations of the Senate and the Committee on Appropriations of the House of Representatives, a report concerning the results of the study conducted under subsection (a), including whether further health effects research is necessary.

LANDRIEU (AND McCAIN) AMENDMENT NO. 1095

Ms. LANDRIEU (for herself and Mr. McCAIN) proposed an amendment to the bill, S. 1061, supra; as follows:

On page 44, line 2, strike "$5,606,094,000" and insert "$5,611,094,000".

On page 85, line 19, strike "$70,500,000" and insert "$75,500,000".

REED (AND OTHERS) AMENDMENT NO. 1096

Ms. COLLINS, Mr. LEVIN, Mr. CONRAD, Mr. KENNEDY, Mr. WYDEN, Mr. KOHL, Mr. DODD, Mr. CHAFEE, Mr. LAUTENBERG, Mr. REID, Mr. FEINGOLD, Mr. DORGAN, Mr. TORRICELLI, Mr. KERREY, Mr. JOHNSON, Mr. WELLSTONE, Mr. BINGAMAN, Mrs. MURRAY, Mr. SMITH of Oregon, Mr. HARKIN, and Ms. LANDRIEU proposed an amendment to the bill, S. 1061, supra; as follows:

On page 56, line 19, strike "and 3" and insert ", 3 and 4".

On page 56, line 22, before the period insert ", provided that, $35,000,000 shall be available for State Student Incentive grants derived from unobligated balances".

COVERDELL AMENDMENT NO. 1097

Mr. COVERDELL proposed an amendment to the bill, S. 1061, supra; as follows:

On page 49, after line 26, add the following:

SEC. . (a) TRANSFER.—Using $5,000,000 of the amounts appropriated under this title, the Secretary of Health and Human Services shall carry out activities under subsection (b) to address urgent health threats posed by E. coli:0157H7.

(b) USE OF FUNDS.—From amounts transferred under subsection (a) the Secretary of Health and Human Services shall—

(1) provide $1,000,000 for the development of improved medical treatments for patients infected with E. coli:0157H7-related disease (HUS);

(2) provide $1,000,000 to fund ongoing research to detect or prevent colonization of E. coli:0157H7 in live cattle;

(3) provide, through the existing partnership between the Federal Government, industry, and consumer groups, $1,000,000 for the National Consumer Education Campaign on Food Safety as part of the activities to address safe food handling practices;

(4) provide $1,000,000 for a study to determine the feasibility of the use of electronic pasteurization on red meats to eliminate pathogens and to carry out activities to educate the public on the safety of that process; and

(5) provide $1,000,000 for a contract to be entered into with the National Academy of Sciences to assess the effectiveness of testing to ensure zero tolerance of E. coli:0157H7 in raw ground beef products.

COVERDELL AMENDMENT NO. 1098

Mr. COVERDELL proposed an amendment to the amendment No. 1097 proposed by him to the bill, S. 1061, supra; as follows:

Strike all after the first word and add the following:

(a) TRANSFER.—Using $5,000,000 of the amounts appropriated under this title, the Secretary of Health and Human Services shall carry out activities under subsection (b) to address urgent health threats posed by E. coli:0157H7.

(b) USE OF FUNDS.—From amounts transferred under subsection (a) the Secretary of Health and Human Services shall—

(1) provide $1,000,000 for the development of improved medical treatments for patients infected with E. coli:0157H7-related disease (HUS);

(2) provide $550,000 to fund ongoing research to detect or prevent colonization of E. coli:0157H7 in live cattle;

(3) provide, through the existing partnership between the Federal Government, industry, and consumer groups, $1,000,000 for the National Consumer Education Campaign on Food Safety as part of the activities to address safe food handling practices;

(4) provide $1,000,000 for a study to determine the feasibility of the use of electronic pasteurization on red meats to eliminate pathogens and to carry out activities to educate the public on the safety of that process; and

(5) provide $1,000,000 for a contract to be entered into with the National Academy of Sciences to assess the effectiveness of testing to ensure zero tolerance of E. coli:0157H7 in raw ground beef products.

CHAFEE AMENDMENT NO. 1099

Mr. SPECTER (for Mr. CHAFEE) proposed an amendment to the bill, S. 1061, supra; as follows:

On page 67, line 4, strike "$3,258,000" and insert in lieu thereof: $3,508,000

On page 67, line 10, strike "$3,257,000" and insert in lieu thereof: $3,507,000

On page 67, line 18, strike "$206,000,000" and insert in lieu thereof: $205,500,000

On page 67, line 24, strike "$206,000,000" and insert in lieu thereof: $205,500,000

COVERDELL AMENDMENT NO. 1100

Mr. SPECTER (for Mr. COVERDELL) proposed an amendment to the bill, S. 1061, supra; as follows:

On page 61, after line 25, insert the following:

SEC. . Of the funds made available under this title, the Secretary of Education shall establish a program to provide training and technical assistance to State educational agencies and local educational agencies (as defined in section 14101 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 8801) in developing, establishing, and implementing procedures and programs designed to protect victims of and witnesses to incidents of elementary school and secondary school violence, including procedures and programs designed to protect witnesses testifying in school disciplinary proceedings.

SEC. . Of the funds made available under this title, $450,000 shall be awarded by the Secretary of Education for grants for the establishment, operation, and evaluation of pilot student safety toll-free hotlines to provide elementary school and secondary school students with confidential assistance regarding school crime, violence, drug dealing, and threats to the personal safety of the students.

DASCHLE AMENDMENT NO. 1101

Mr. SPECTER (for Mr. DASCHLE) proposed an amendment to the bill, S. 1061, supra; as follows:

At the appropriate place, insert the following:

SEC. . COMPREHENSIVE FETAL ALCOHOL SYNDROME PREVENTION.

(a) FINDINGS.—This section may be cited as the "Comprehensive Fetal Alcohol Syndrome Prevention Act".

(b) FINDINGS.—Congress finds that—

(1) Fetal Alcohol Syndrome is the leading known cause of mental retardation, and it is 100 percent preventable;

(2) each year, up to 12,000 infants are born in the United States with Fetal Alcohol Syndrome, suffering irreversible physical and mental damage;

(3) thousands more infants are born each year with Fetal Alcohol Effects, which are lesser, though still serious, alcohol-related birth defects;

(4) children of women who use alcohol while pregnant have a significantly higher infant mortality rate (13.3 per 1000) than children of those women who do not use alcohol (8.6 per 1000);

(5) Fetal Alcohol Syndrome and Fetal Alcohol Effects are national problems which can impact any child, family, or community, but their threat to American Indians and Alaska Natives is especially alarming;

(6) in some American Indian communities, where alcohol dependency rates reach 50 percent and above, the chances of a newborn suffering Fetal Alcohol Syndrome or Fetal Alcohol Effects are up to 30 times greater than national averages;

(7) in addition to the immeasurable toll on children and their families, Fetal Alcohol Syndrome and Fetal Alcohol Effects pose extraordinary financial costs to the Nation, including the costs of health care, education, foster care, job training, and general support services for affected individuals;

(8) the total cost to the economy of Fetal Alcohol Syndrome was approximately $2,700,000,000 in 1995, and over a lifetime, health care costs for one Fetal Alcohol Syndrome child are estimated to be at least $1,400,000;

(9) researchers have determined that the possibility of giving birth to a baby with Fetal Alcohol Syndrome or Fetal Alcohol Effects increases in proportion to the amount and frequency of alcohol consumed by a pregnant woman, and that stopping alcohol consumption at any point in the pregnancy reduces the emotional, physical, and mental consequences of alcohol exposure to the baby; and

(10) though approximately 1 out of every 5 pregnant women drink alcohol during their pregnancy, we know of no safe dose of alcohol during pregnancy, or of any safe time to drink during pregnancy, thus, it is in the best interest of the Nation for the Federal Government to take an active role in encouraging all women to abstain from alcohol consumption during pregnancy.

(c) PURPOSE.—It is the purpose of this section to establish, within the Department of Health and Human Services, a comprehensive program to help prevent Fetal Alcohol Syndrome and Fetal Alcohol Effects nationwide. Such program shall—

(1) coordinate, support, and conduct basic and applied epidemiologic research concerning Fetal Alcohol Syndrome and Fetal Alcohol Effects;

(2) coordinate, support, and conduct national, State, and community-based public awareness, prevention, and education programs on Fetal Alcohol Syndrome and Fetal Alcohol Effects; and

(3) foster coordination among all Federal agencies that conduct or support Fetal Alcohol Syndrome and Fetal Alcohol Effects research, programs, and surveillance and otherwise meet the general needs of populations actually or potentially impacted by Fetal Alcohol Syndrome and Fetal Alcohol Effects.

(d) ESTABLISHMENT OF PROGRAM.—Title III of the Public Health Service Act (42 U.S.C. 241 et seq.) is amended by adding at the end the following:

"PART O—FETAL ALCOHOL SYNDROME PREVENTION PROGRAM

"SEC. 399G. ESTABLISHMENT OF FETAL ALCOHOL SYNDROME PREVENTION PROGRAM.

"(a) FETAL ALCOHOL SYNDROME PREVENTION PROGRAM.—The Secretary shall establish a comprehensive Fetal Alcohol Syndrome and Fetal Alcohol Effects prevention program that shall include—

"(1) an education and public awareness program to—

"(A) support, conduct, and evaluate the effectiveness of—

"(i) training programs concerning the prevention, diagnosis, and treatment of Fetal Alcohol Syndrome and Fetal Alcohol Effects;

"(ii) prevention and education programs, including school health education and school-based clinic programs for school-age children, concerning Fetal Alcohol Syndrome and Fetal Alcohol Effects; and

"(iii) public and community awareness programs concerning Fetal Alcohol Syndrome and Fetal Alcohol Effects;

"(B) provide technical and consultative assistance to States, Indian tribal governments, local governments, scientific and academic institutions, and nonprofit organizations concerning the programs referred to in subparagraph (A); and

"(C) award grants to, and enter into cooperative agreements and contracts with, States, Indian tribal governments, local governments, scientific and academic institutions, and nonprofit organizations for the purpose of—

"(i) evaluating the effectiveness, with particular emphasis on the cultural competency and age-appropriateness, of programs referred to in subparagraph (A);

"(ii) providing training in the prevention, diagnosis, and treatment of Fetal Alcohol Syndrome and Fetal Alcohol Effects;

"(iii) educating school-age children, including pregnant and high-risk youth, concerning Fetal Alcohol Syndrome and Fetal Alcohol Effects, with priority given to programs that are part of a sequential, comprehensive school health education program; and

"(iv) increasing public and community awareness concerning Fetal Alcohol Syndrome and Fetal Alcohol Effects through culturally competent projects, programs, and campaigns, and improving the understanding of the general public and targeted groups concerning the most effective intervention methods to prevent fetal exposure to alcohol;

"(2) an applied epidemiologic research and prevention program to—

"(A) support and conduct research on the causes, mechanisms, diagnostic methods, treatment, and prevention of Fetal Alcohol Syndrome and Fetal Alcohol Effects;

"(B) provide technical and consultative assistance and training to States, Tribal governments, local governments, scientific and academic institutions, and nonprofit organizations engaged in the conduct of—

"(i) Fetal Alcohol Syndrome prevention and early intervention programs; and

"(ii) research relating to the causes, mechanisms, diagnosis methods, treatment, and prevention of Fetal Alcohol Syndrome and Fetal Alcohol Effects; and

"(C) award grants to, and enter into cooperative agreements and contracts with, States, Indian tribal governments, local governments, scientific and academic institutions, and nonprofit organizations for the purpose of—

"(i) conducting innovative demonstration and evaluation projects designed to determine effective strategies, including community-based prevention programs and multicultural education campaigns, for preventing and intervening in fetal exposure to alcohol;

"(ii) improving and coordinating the surveillance and ongoing assessment methods implemented by such entities and the Federal Government with respect to Fetal Alcohol Syndrome and Fetal Alcohol Effects;

"(iii) developing and evaluating effective age-appropriate and culturally competent prevention programs for children, adolescents, and adults identified as being at-risk of becoming chemically dependent on alcohol and associated with or developing Fetal Alcohol Syndrome and Fetal Alcohol Effects; and

"(iv) facilitating coordination and collaboration among Federal, State, local government, Indian tribal, and community-based Fetal Alcohol Syndrome prevention programs;

"(3) a basic research program to support and conduct basic research on services and effective prevention treatments and interventions for pregnant alcohol-dependent women and individuals with Fetal Alcohol Syndrome and Fetal Alcohol Effects;

"(4) a procedure for disseminating the Fetal Alcohol Syndrome and Fetal Alcohol Effects diagnostic criteria developed pursuant to section 705 of the ADAMHA Reorganization Act (42 U.S.C. 485n note) to health care providers, educators, social workers, child welfare workers, and other individuals; and

"(5) the establishment, in accordance with subsection (b), of an inter-agency task force on Fetal Alcohol Syndrome and Fetal Alcohol Effects to foster coordination among all Federal agencies that conduct or support Fetal Alcohol Syndrome and Fetal Alcohol Effects research, programs, and surveillance, and otherwise meet the general needs of populations actually or potentially impacted by

Fetal Alcohol Syndrome and Fetal Alcohol Effects.

"(b) INTER-AGENCY TASK FORCE.—

"(1) MEMBERSHIP.—The Task Force established pursuant to paragraph (5) of subsection (a) shall—

"(A) be chaired by the Secretary or a designee of the Secretary; and

"(B) include representatives from all relevant agencies within the Department of Health and Human Services, including the Centers for Disease Control and Prevention, the National Institutes of Health, the Health Resources and Services Administration, the Substance Abuse and Mental Health Services Administration, and any other relevant agencies of the Department of Health and Human Services.

"(2) FUNCTIONS.—The Task Force shall—

"(A) coordinate all relevant programs and research concerning Fetal Alcohol Syndrome and Fetal Alcohol Effects, including programs that—

"(i) target individuals, families, and populations identified as being at risk of acquiring Fetal Alcohol Syndrome and Fetal Alcohol Effects; and

"(ii) provide health, education, treatment, and social services to infants, children, and adults with Fetal Alcohol Syndrome and Fetal Alcohol Effects;

"(B) coordinate its efforts with existing Department of Health and Human Services task forces on substance abuse prevention and maternal and child health; and

"(C) report on a biennial basis to the Secretary and relevant committees of Congress on the current and planned activities of the participating agencies, including a proposal for a Federal Interagency Task Force to include representatives from all relevant agencies and offices within the Department of Health and Human Services, the Department of Agriculture, the Department of Education, the Department of Defense, the Department of the Interior, the Department of Justice, the Department of Veterans Affairs, the Bureau of Alcohol, Tobacco and Firearms, the Federal Trade Commission, and any other relevant Federal agency.

"(c) SCIENTIFIC RESEARCH AND TRAINING.—The Director of the National Institute on Alcohol Abuse and Alcoholism, with the cooperation of members of the interagency task force established under subsection (b), shall establish a collaborative program to provide for the conduct and support of research, training, and dissemination of information to researchers, clinicians, health professionals and the public, with respect to the cause, prevention, diagnosis, and treatment of Fetal Alcohol Syndrome and the related condition know as Fetal Alcohol Effects.

"SEC. 399H. ELIGIBILITY.

"To be eligible to receive a grant, or enter into a cooperative agreement or contract under this part, an entity shall—

"(1) be a State, Indian tribal government, local government, scientific or academic institution, or nonprofit organization; and

"(2) prepare and submit to the Secretary an application at such time, in such manner, and containing such information as the Secretary may prescribe, including a description of the activities that the entity intends to carry out using amounts received under this part.

"SEC. 399I. AUTHORIZATION OF APPROPRIATIONS.

"There are authorized to be appropriated to carry out this part, such sums as are necessary for each of the fiscal years 1998 through 2002.".

FAIRCLOTH (AND CRAIG) AMENDMENT NO. 1102

Mr. SPECTER (for Mr. FAIRCLOTH, for himself and Mr. CRAIG) proposed an amendment to the bill, S. 1061, supra; as follows:

On page 61, after line 25, add the following:

SEC. . The Secretary of Education shall annually provide to the Committee on Labor and Human Resources and the Committee on Appropriations of the Senate and the Committee on Education and the Workforce and the Committee on Appropriations of the House of Representatives a certification that not less than 95 percent of the amount appropriated for a fiscal year for the activities of the Department of Education is being used directly for teachers and students. If the Secretary determines that less than 95 percent of such amount appropriated for a fiscal year is being used directly for teachers and students, the Secretary shall certify the percentage of such amount that is being directly used for teachers and students.

FEINGOLD AMENDMENT NO. 1103

Mr. SPECTER (for Mr. FEINGOLD) proposed an amendment to the bill, S. 1061, supra; as follows:

On page 61, after line 25, insert the following:

SEC. . (a) The Secretary of Education shall conduct a study that examines—

(1) the economic, educational, and societal costs of—

(A) the increase in enrollments of secondary school students during the period 1998 through 2008;

(B) the creation of smaller class sizes for students enrolled in grades 1 through 3; and

(C) the increase in enrollments described in subparagraph (A) in relation to the creation of smaller class sizes described in subparagraph (B); and

(2) the costs to States and local school districts for taking no action with respect to such increase in enrollments and smaller class sizes.

(b) The Secretary of Education shall report to Congress within 9 months of the date of enactment of this Act regarding the results of the study conducted under subsection (a). Such report shall include recommendations regarding what local school districts, States and the Federal Government can do to address the issue of the increase in enrollments of secondary school students and the need for smaller class sizes in grades 1 through 3.

HOLLINGS AMENDMENT NO. 1104

Mr. SPECTER (for Mr. HOLLINGS) proposed an amendment to the bill, S. 1061, supra; as follows:

On page 3, line 3 strike "$8,000,000" and insert in lieu thereof: "$10,000,000."

INHOFE AMENDMENT NO. 1105

Mr. SPECTER (for Mr. INHOFE) proposed an amendment to the bill, S. 1061, supra; as follows:

On page 70, line 1, strike "$16,160,300,000" and insert in lieu thereof: "$16,162,525,000".

On page 70, before the period on line 4, insert the following: ": *Provided further*, That not less than $2,225,000 shall be available for conducting a disability return to work demonstration initiative, which focuses on providing persons who have lost limbs with an integrated program of prosthetic and rehabilitative care and job placement assistance".

SPECTER AMENDMENT NO. 1106

Mr. SPECTER proposed an amendment to the bill, S. 1061, supra; as follows:

On page 71, line 23, strike "$245,000,000" and insert in lieu thereof: "$290,000,000".

On page 71, line 25, after "Public Law 104-121" insert: ", section 10203 of Public Law 105-33,".

WARNER (AND KENNEDY) AMENDMENT NO. 1107

Mr. SPECTER (for Mr. WARNER, for himself and Mr. KENNEDY) proposed an amendment to the bill, S. 1061, supra; as follows:

On page 60, line 7, strike "$338,964,000" and insert in lieu thereof "$340,064,000: *Provided*, That $1,100,000 shall be used for the Millennium 2000 project".

On page 56, line 21, strike "$8,557,741,000" and insert in lieu thereof "$8,556,641,000".

HARKIN AMENDMENT NO. 1108

Mr. SPECTER (for Mr. HARKIN) proposed an amendment to the bill, S. 1061, supra; as follows:

On page 39, line 17, after the word "expended" insert: ", and together with administrative fees collected relative to Medicare overpayment recovery activities, which shall remain available until expended".

NICKLES (AND OTHERS) AMENDMENT NO. 1109

Mr. SPECTER (for Mr. NICKLES, for himself, Mr. HAGEL, and Mr. GRAMS) proposed an amendment to the bill, S. 1061, supra; as follows:

On page 49, after line 26, add the following:

SEC. . Subparagraphs (B) and (C) of section 1143(a)(2) of the Social Security Act (42 U.S.C. 1320b-13(a)(2) (B), (C)) are each amended by striking "employee" and inserting "employer, employee,".

SPECTER AMENDMENT NO. 1110

Mr. SPECTER proposed an amendment to the bill, S. 1061, supra; as follows:

On page 9, line 11, strike "$3,292,476,000" and insert in lieu thereof: "$3,286,276,000".

On page 10, line 18, strike "$216,333,000" and insert in lieu thereof: "$210,133,000".

On page 12, line 11, strike "$84,308,000" and insert in lieu thereof: "$90,508,000".

ROTH (AND MOYNIHAN) AMENDMENT NO. 1111

Mr. SPECTER (for Mr. ROTH, for himself and Mr. MOYNIHAN) proposed an amendment to the bill, S. 1061, supra; as follows:

On page 39, line 21, after the word "appropriation" insert: ": *Provided further*, That $900,000 shall be for carrying out section 4021 of Public Law 105-33".

On page 39, line 22, strike "$55,000,000" and insert in lieu thereof: "$54,100,000".

HARKIN AMENDMENT NO. 1112

Mr. HARKIN proposed an amendment to the bill, S. 1061, supra; as follows:

On page 56, line 22, before the period, insert the following: ": *Provided further*, That $60,000,000 shall be for education infrastructure authorized under Title XII of the Elementary and Secondary Education Act to be derived from unobligated balances".

HARKIN (AND GRAHAM) AMENDMENT NO. 1113

Mr. HARKIN (for himself and Mr. GRAHAM) proposed an amendment to the bill, S. 1061, supra; as follows:

On page 39, at the end of line 25 before the period insert the following: ": *Provided further*, that no less than $50,000,000 appropriated under this heading in fiscal year 1997 shall be obligated in fiscal year 1997 to increase Medicare provider audits and implement the Department's corrective action plan to the Chief Financial Officer's audit of the Health Care Financing Administration's oversight of Medicare".

GRAHAM (AND OTHERS) AMENDMENT NO. 1114

Mr. HARKIN (for Mr. GRAHAM, for himself, Mr. KENNEDY, and Mr. ABRAHAM) proposed an amendment to the bill, S. 1061, supra; as follows:

On page 49, after line 26, insert the following:

SEC. . (a) That section 414(a) of the Immigration and Nationality Act (8 U.S.C. 1524(a)) is amended by striking "fiscal year 1995, fiscal year 1996, and fiscal year 1997" and inserting "each of fiscal years 1998, and 1999".

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall take effect October 1, 1997.

BINGAMAN (AND OTHERS) AMENDMENT NO. 1115

Mr. HARKIN (for Mr. BINGAMAN, for himself, Mr. HARKIN, and Mr. KENNEDY) proposed an amendment to the bill, S. 1061, supra; as follows:

At the appropriate place, insert the following:

SEC. . (a) Notwithstanding any other provision of law, the National Assessment Governing Board established under section 412 of the National Education Statistics Act of 1994 (20 U.S.C. 9011), using funds appropriated under section 413(c) of that Act (20 U.S.C. 9012(c)), shall formulate policy guidelines for voluntary national tests of reading or mathematics for which the Secretary of Education uses funds appropriated to the Department of Education.

(b) In carrying out subsection (a), the National Assessment Governing Board shall—

(1) develop test objectives and specifications; test methodology; guidelines for test administration, including guidelines for inclusion of, and accommodations for, students with disabilities and students with limited English proficiency; guidelines for reporting test results, including the use of performance levels; and guidelines for test use;

(2) have final authority over the appropriateness of cognitive items; and

(3) ensure that all items selected for use on the tests are free from racial, cultural, or gender bias.

DASCHLE (AND KENNEDY) AMENDMENT NO. 1116

Mr. HARKIN (for Mr. DASCHLE, for himself and Mr. KENNEDY) proposed an amendment to the bill, S. 1061, supra; as follows:

On page 61, after line 25, insert the following:

SEC. . (a) The Senate finds that—

(1) Federal Pell Grants are a crucial source of college aid for low- and middle-income students;

(2) in addition to the increase in the maximum Federal Pell Grant from $2,700 to $3,000, which will increase aid to more than 3,600,000 low- and middle-income students, our Nation should provide an additional $700,000,000 to help more than 250,000 independent and dependent students obtain crucial aid in order to help the students obtain the education, training, or retraining the students need to obtain good jobs;

(3) our Nation needs to help children learn to read well in fiscal year 1998, as 40 percent of the Nation's young children cannot read at the basic level; and

(4) the Bipartisan Budget Agreement includes a total funding level for fiscal year 1998 of $7,600,000,000 for Federal Pell Grants, and of $260,000,000 for a child literacy initiative.

(b) It is the sense of the Senate that the Departments of Labor, Health and Human Services, and Education, and Related Agencies Appropriations Act, 1998, should—

(1) provide $700,000,000 to fund the change in the needs analysis for Federal Pell Grants for independent and for dependent students;

(2) add $260,000,000 in fiscal year 1998 for a child literacy initiative; and

(3) pay for the increase in the Federal Pell Grant funding and the child literacy initiative from funds that are available for fiscal year 1998 and not yet appropriated .

FORD (AND OTHERS) AMENDMENT NO. 1117

Mr. FORD (for himself, Mr. FAIRCLOTH, Mr. MCCONNELL, Mr. HELMS, Mr. ROBB, and Mr. HOLLINGS) proposed an amendment to amendment No. 1078 proposed by Mr. DURBIN to the bill S. 1061, supra; as follows:

At the end of the matter proposed to be inserted, add the following new section:

"SEC. . SENSE OF THE SENATE ON COMPENSATION FOR TOBACCO GROWERS AS PART OF LEGISLATION ON THE NATIONAL TOBACCO SETTLEMENT.

"(a) FINDINGS.—

"(1) On June 20, 1997, representatives of tobacco manufacturers, public health organizations, and Attorneys General from a majority of the States announced that an agreement had been reached on a national tobacco settlement;

"(2) The national tobacco settlement was intended to provide a comprehensive framework for dealing with several issues relevant to the tobacco industry, including youth smoking prevention, legal liabilities, and the sales and marketing practices of the industry;

"(3) Implementation of the national tobacco settlement requires the enactment of federal legislation by the Congress and the President;

"(4) There are more than 125,000 farms in the United States which derive a substantial portion of their income from the cultivation and sale of tobacco;

"(5) Representatives of tobacco growers were completely excluded from the negotiations on the national tobacco settlement, and were poorly informed, or not informed at all, of any details of the settlement negotiations by any participants in those negotiations;

"(6) The national tobacco settlement includes compensation for several adversely affected groups, including NASCAR, rodeo, and other event sponsors, but includes absolutely no compensation whatsoever or other provisions relating to the impact of the settlement on tobacco growers;

"(7) No other group has their livelihoods affected by the national tobacco settlement as adversely as tobacco growers;

"(8) The local economies of tobacco growing communities will be adversely affected by implementation of the national tobacco settlement;

"(9) The national tobacco settlement contemplates $368.5 billion in payments from tobacco manufacturers over the next 25 years, and not all of this amount has been specifically earmarked by the agreement; and

"(10) The federal tobacco program was designed to operate at no net cost to the federal taxpayer, the national tobacco settlement does not contemplate any changes to the operation of this program, and even many critics of the national tobacco settlement, including representatives from the public health community, have expressed support for the continued operation of a federal tobacco program which operates at no net cost to taxpayers."

"(b) SENSE OF THE SENATE.—It is the Sense of the Senate that—

"(1) Tobacco growers should be fairly compensated as part of any federal legislation for the adverse impact which will follow from the enactment of the national tobacco settlement;

"(2) Tobacco growing communities should be provided sufficient resources to adequately adjust to the impact on their local economies which will result from the enactment of the national tobacco settlement;

"(3) Any compensation provided to tobacco growers and tobacco growing communities as part of federal legislation to implement the national tobacco settlement should be included within the $368.5 billion in payments which are to be provided over the next 25 years; and

(4) No provisions should be included in any federal legislation to implement the national tobacco settlement which would restrict or adversely affect the continued administration of a viable federal tobacco program which operates at no net cost to the taxpayer."

MURRAY (AND WELLSTONE) AMENDMENT NO. 1118

Mrs. MURRAY (for herself and Mr. WELLSTONE) proposed an amendment to the bill, S. 1061, supra; as follows:

On page 49, after line 26, add the following:

SEC. . PROTECTING VICTIMS OF FAMILY VIOLENCE.

(a) FINDINGS.—Congress finds that—

(1) the intent of Congress in amending part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.) in section 103(a) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (Public Law 104–193; 110 Stat 2112) was to allow States to take into account the effects of the epidemic of domestic violence in establishing their welfare programs, by giving States the flexibility to grant individual, temporary waivers for good cause to victims of domestic violence who meet the criteria set forth in section 402(a)(7)(B) of the Social Security Act (42 U.S.C. 602(a)(7)(B));

(2) the allowance of waivers under such sections was not intended to be limited by

other, separate, and independent provisions of part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.);

(3) under section 402(a)(7)(A)(iii) of such Act (42 U.S.C. 602(a)(7)(A)(iii)), requirements under the temporary assistance for needy families program under part A of title IV of such Act may, for good cause, be waived for so long as necessary; and

(4) good cause waivers granted pursuant to section 402(a)(7)(A)(iii) of such Act (42 U.S.C. 602(a)(7)(A)(iii)) are intended to be temporary and directed only at particular program requirements when needed on an individual case-by-case basis, and are intended to facilitate the ability of victims of domestic violence to move forward and meet program requirements when safe and feasible without interference by domestic violence.

(b) CLARIFICATION OF WAIVER PROVISIONS.—

(1) IN GENERAL.—Section 402(a)(7) of the Social Security Act (41 U.S.C. 602(a)(7)) is amended by adding at the end the following:

"(C) NO NUMERICAL LIMITS.—In implementing this paragraph, a State shall not be subject to any numerical limitation in the granting of good cause waivers under subparagraph (A)(iii).

"(D) WAIVERED INDIVIDUALS NOT INCLUDED FOR PURPOSES OF CERTAIN OTHER PROVISIONS OF THIS PART.—Any individual to whom a good cause waiver of compliance with this Act has been granted in accordance with subparagraph (A)(iii) shall not be included for purposes of determining a State's compliance with the participation rate requirements set forth in section 407, for purposes of applying the limitation described in section 408(a)(7)(C)(ii), or for purposes of determining whether to impose a penalty under paragraph (3), (5), or (9) of section 409(a).".

(2) EFFECTIVE DATE.—The amendment made by paragraph (1) takes effect as if it has been included in the enactment of section 103(a) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (Public Law 104–193; 110 Stat. 2112).

(c) FEDERAL PARENT LOCATOR SERVICE.—

(1) IN GENERAL.—Section 453 of the Social Security Act (42 U.S.C. 653), as amended by section 5534 of the Balanced Budget Act of 1997 (Public Law 105–33; 111 Stat. 627), is amended—

(A) in subsection (b)(2)—

(i) in the matter preceding subparagraph (A), by inserting "or that the health, safety, or liberty or a parent or child would be unreasonably put at risk by the disclosure of such information," before "provided that";

(ii) in subparagraph (A), by inserting ", that the health, safety, or liberty or a parent or child would be unreasonably put at risk by the disclosure of such information," before "and that information"; and

(iii) in subparagraph (B)(i), by striking "be harmful to the parent or the child" and inserting "place the health, safety, or liberty of a parent or child unreasonably at risk"; and.

(B) in subsection (c)(2), by inserting ", or to serve as the initiating court in an action to seek and order," before "against a noncustodial".

(2) STATE PLAN.—Section 454(26) of the Social Security Act (42 U.S.C. 654), as amended by section 5552 of the Balanced Budget Act of 1997 (Public Law 105–33; 111 Stat. 635), is amended—

(A) in subparagraph (C), by striking "result in physical or emotional harm to the party or the child" and inserting "place the health, safety, or liberty of a parent or child unreasonably at risk";

(B) in subparagraph (D), by striking "of domestic violence or child abuse against a party or the child and that the disclosure of such information could be harmful to the party or the child" and inserting "that the health, safety, or liberty of a parent or child would be unreasonably put at risk by the disclosure of such information"; and

(C) in subparagraph (E), by striking "of domestic violence" and all that follows through the semicolon and inserting "that the health, safety, or liberty of a parent or child would be unreasonably put at risk by the disclosure of such information pursuant to section 453(b)(2), the court shall determine whether disclosure to any other person or persons of information received from the Secretary could place the health, safety, or liberty or a parent or child unreasonably at risk (if the court determines that disclosure to any other person could be harmful, the court and its agents shall not make any such disclosure);".

(3) EFFECTIVE DATE.—The amendments made by this section shall take effect 1 day after the effective date described in section 5557(a) of the Balanced Budget Act of 1997 (Public Law 105–33).

MURRAY AMENDMENT NO. 1119

Mrs. MURRAY proposed an amendment to the bill, S. 1061, supra; as follows:

On page 55, line 26, strike "$1,486,698,000" and insert "$1,487,698,000".

On page 56, line 1, strike "$1,483,598,000" and insert "$1,484,598,000".

On page 56, line 3, strike "$4,491,000" and insert "$5,491,000".

On page 56, line 5, after Sec. 384(c) insert the following: "which shall be derived from unobligated . . .".

BENNETT AMENDMENT NO. 1120

Mr. HARKIN (for Mr. BENNETT) proposed an amendment to the bill, S. 1061, supra; as follows:

On page 53, line 16, after "Act" insert ": *Provided further*, That—

"(1) of the amount appropriated under this heading and notwithstanding any other provision of law, the Secretary of Education may award $1,000,000 to a State educational agency (as defined in section 14101 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 8801)) to pay for appraisals, resource studies, and other expenses associated with the exchange of State school trust lands within the boundaries of a national monument for Federal lands outside the boundaries of the monument; and

"(2) the State educational agency is eligible to receive a grant under paragraph (1) only if the agency serves a State that—

"(A) has a national monument declared within the State under the authority of the Act entitled "An Act for the preservation of American antiquities", approved June 8, 1906 (16 U.S.C. 431 et seq.) (commonly known as the Antiquities Act of 1906) that incorporates more than 100,000 acres of State school trust lands within the boundaries of the national monument; and

"(B) ranks in the lowest 25 percent of all States when comparing the average per pupil expenditure (as defined in section 14101 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 8801)) in the State to the average per pupil expenditure for each State in the United States.".

KERREY (AND OTHERS) AMENDMENT NO. 1121

Mr. FORD (for Mr. KERREY, for himself, Mr. HAGEL, Mr. BINGAMAN, Mr. JEFFORDS, Mr. LAUTENBERG, and Ms. MOSELEY-BRAUN) proposed an amendment to the bill, S. 1061, supra; as follows:

On page 40, line 24, strike the period and insert ": *Provided further*, That, notwithstanding section 418(a) of the Social Security Act, for fiscal year 1997 only, the amount of payment under section 418(a)(1) to which each State is entitled shall equal the amount specified as mandatory funds with respect to such State for such fiscal year in the table transmitted by the Administration for Children and Families to State Child Care and Development Block Grant Lead Agencies on August 27, 1996, and the amount of State expenditures in fiscal year 1994 or 1995 (whichever is greater) that equals the non-Federal share for the programs described in section 418(a)(1)(A) shall be deemed to equal the amount specified as maintenance of effort with respect to such State for fiscal year 1997 in such table.".

GORTON (AND DOMENICI) AMENDMENT NO. 1122

Mr. DOMENICI (for Mr. GORTON, for himself and Mr. DOMENICI) proposed an amendment to the bill, S. 1061, supra; as follows:

On page 85, after line 23, insert the following:

SEC. . (a) Notwithstanding any other provision of law, the Secretary of Education shall award the total amount of funds described in subsection (b) directly to local educational agencies in accordance with subsection (d) to enable the local educational agencies to support programs or activities for kindergarten through grade 12 students that the local educational agencies deem appropriate.

(b) The total amount of funds referred to in subsection (a) are all funds that are appropriated for the Department of Education, the Department of Labor, and the Department of Health and Human Services under this Act to support programs or activities for kindergarten through grade 12 students, other than—

(1) amounts appropriated under this Act—

(A) to carry out title VIII of the Elementary and Secondary Education Act of 1965;

(B) to carry out the Individuals with Disabilities Education Act;

(C) to carry out the Adult Education Act;

(D) to carry out the Museum and Library Services Act;

(E) for departmental management expenses of the Department of Education; or

(F) to carry out the Educational Research, Development, Dissemination, and Improvement Act;

(G) to carry out the National Education Statistics Act of 1994;

(H) to carry out section 10601 of the Elementary and Secondary Education Act of 1965;

(I) to carry out section 2102 of the Elementary and Secondary Education Act of 1965; or

(J) to carry out part K of the Elementary and Secondary Education Act of 1965; or

(2) 50 percent of the amount appropriated under title III under the headings "Rehabilitation Services and Disability Research" and "Vocational and Adult Education".

(c) Each local educational agency shall conduct a census to determine the number of kindergarten through grade 12 students served by the local educational agency not later than 21 days after the beginning of the school year. Each local educational agency shall submit the number to the Secretary.

(d) The Secretary shall determine the amount awarded to each local educational agency under this section as follows:

(1) First, the Secretary, using the information provided under subsection (c), shall determine a per child amount by dividing the total amount of funds described in subsection (b), by the total number of kindergarten through grade 12 students in all States.

(2) Second, the Secretary, using the information provided under subsection (c), shall determine the baseline amount for each local educational agency by multiplying the per child amount determined under paragraph (1) by the number of kindergarten through grade 12 students that are served by the local educational agency.

(3) Lastly, the Secretary shall compute the amount awarded to each local educational agency as follows:

(A) Multiply the baseline amount determined under paragraph (2) by a factor of 1.1 for local educational agencies serving States that are in the least wealthy quintile of all States as determined by the Secretary on the basis of the per capita income of individuals in the States.

(B) Multiply the baseline amount by a factor of 1.05 for local educational agencies serving States that are in the second least wealthy such quintile.

(C) Multiply the baseline amount by a factor of 1.00 for local educational agencies serving States that are in the third least wealthy such quintile.

(D) Multiply the baseline amount by a factor of .95 for local educational agencies serving States that are in the fourth least wealthy such quintile.

(E) Multiply the baseline amount by a factor of .90 for local educational agencies serving States that are in the wealthiest such quintile.

(e) If the total amount of funds made available to carry out this section is insufficient to pay in full all amounts awarded under subsection (d), then the Secretary shall ratably reduce each such amount.

(f) If the Secretary determines that a local educational agency has knowingly submitted false information under subsection (c) for the purpose of gaining additional funds under this section, then the local educational agency shall be fined an amount equal to twice the difference between the amount the local educational agency received under subsection (d), and the correct amount the local educational agency would have received if the agency had submitted accurate information under subsection (c).

(g) In this section—

(1) the term "local educational agency" has the meaning given the term in section 14101 of the Elementary and Secondary Education Act of 1965;

(2) the term "Secretary" means the Secretary of Education; and

(3) the term "State" means each of the several States of the United States, the District of Columbia, the Commonwealth of Puerto Rico, Guam, American Samoa, the Commonwealth of the Northern Mariana Islands, the United States Virgin Islands, the Republic of the Marshall Islands, the Federated States of Micronesia, and the Republic of Palau.

NOTICE OF POSTPONEMENT OF HEARING

COMMITTEE ON ENERGY AND NATURAL RESOURCES

Mr. MURKOWSKI. Mr. President, I would like to announce for the public the postponement of a hearing scheduled before the full Committee on Energy and Natural Resources.

The hearing was to take place Tuesday, September 16, 1997, at 10 a.m. in room SD–366 of the Dirksen Senate Office Building in Washington, DC. The purpose of the hearing was oversight of Federal outdoor recreation policy. The hearing will be rescheduled for a later date.

For further information, please call Kelly Johnson at (202) 224–3329.

ADDITIONAL STATEMENTS

INCOME AVERAGING FOR FARMERS

• Mr. FAIRCLOTH. Mr. President, I heard some good words about a provision of the tax bill from the folks back home during August recess, and I want to pass on their comments.

The subject was income averaging for farmers. The tax bill restored this important financial management tool. I commend Senator SHELBY and Senator BURNS for their fine leadership on this bill.

The American farmer is the most efficient food producer in the world. The average farmer grows food and fiber for close to 130 people. The people of the United States thus enjoy the most plentiful and affordable food supply in the world.

However, the American farmer faces numerous obstacles, from unpredictable weather to natural disasters, from outbreaks of insects and disease to excessive Government regulations.

As a farmer for more than 50 years, I know that there is one constant in farming, and that is unpredictability.

For many years, the American farmer was permitted to average his income over a 2-year period, and this brought some predictability to their Federal income taxes. It meant that farmers were allowed to moderate the tax effects of the natural boom and bust cycle that is so familiar to many farmers.

The 1986 Tax Reform Act, however, abolished income averaging for farmers. The tax bill reduced the number of tax brackets and cut the top rate to 28 percent. Of course, just 7 years later, the number of brackets jumped and the top rate soared to 39.6 percent.

Further, the American farmer faced another major change, the 1996 farm bill. The new farm bill abolished the traditional price deficiency payments—the price supports that guaranteed a certain farm income—and it set the farm programs on a market-oriented path.

The increased exposure of the farmer to the risks of the markets and the risks of the elements, coupled with tax rates that approach 40 percent, underscore the need to restore income averaging.

It is difficult for the small farmer to create a farm business plan that can anticipate the surges and dives in income that are part of farm life. It is tough to plan for tax management due to the uncertainties of farm operations.

The farmer struggles to pay his bills, much less save, in a bad year, and he faces high tax rates in his good years. As a result, compared to people who earn stable incomes, farmers pay taxes at a higher cumulative rate.

Mr. President, the farmer is the backbone of this Nation, and he keeps us fed. He is essential to our Nation and to the health of rural communities.

The current Tax Code and regulatory requirements are burdens that plague North Carolina farmers and all American farmers and ranchers.

The Tax Code needs to reflect their contributions to our health and our balance of trade. This provision will be a real help for farmers and farm communities across this Nation. It will save American farmers more than $150 million, and, more important, it will save some farms and the families who work them from financial ruin in the rough years inherent in agriculture.

That's good for farmers and good for America.•

HONORING RICHARD B. McCALL

• Mr. DODD. Mr. President, I rise today to recognize a remarkable public servant from my home State of Connecticut—Richard B. McCall, who this past month left the Connecticut Department of Motor Vehicles after 31 years of working as the head of its Handicapped Driver Training Program.

The Connecticut DMV's Handicapped Driver Training Program is the only one in the country where a licensed state agency provides free driver training for the handicapped. It began in 1945, in order to meet the needs of disabled World War II veterans, and for more than five decades this program has helped handicapped residents of Connecticut to function as independent and productive members of society. No individual is more closely linked to this program and its long-term success than Dick McCall.

Since taking charge of the program in 1966, Mr. McCall has personally helped to train more than 3,500 Connecticut residents with disabilities who now hold driver's licenses. He made sure that anyone who wanted to drive would receive an evaluation and have a fair chance to get a license.

Performing his duties required great diligence, patience, and compassion. Mr. McCall would sometimes make as many as 50 trips to a trainee's house, while preparing him or her for a test. In addition, he made himself available to help his students at all times including nights and weekends.

Dick McCall's attitude toward his job has been described as a one-man crusade to give people with disabilities an opportunity for equality and personal freedom. Mr. McCall recognized that the ability to drive brings with it the dignity of having a job or just being able to drive to the supermarket, library, or church. Dick McCall felt that, short of curing their disability, the greatest gift that he could give to these people was mobility and independence, and he worked tirelessly to help as many people as was humanly possible.

While Dick McCall is ending his career with the DMV, he is by no means retiring from public service. He has taken a job with the Easter Seals, where he will continue working with people with disabilities.

Too often, the work of people like Dick McCall goes unnoticed by society at large. However, the thousands of people whose lives have been touched by Dick McCall recognize the sacrifices that he has made in his life, and his work has earned him the nickname "Saint Richard." I would like to personally commend him for his ongoing career of public service. He is truly an inspiration to all those people who have been fortunate enough to know him, and I wish him only the best in his future endeavors.●

McCAIN-FEINGOLD CAMPAIGN FINANCE REFORM LEGISLATION

● Mr. DORGAN. Mr. President, I rise today to announce my support for the McCain-Feingold campaign finance reform legislation currently being considered by the Congress.

I am cosponsoring the McCain-Feingold bill because I believe this Congress must address the issue of campaign finance reform. The American public and the people in my State of North Dakota are demanding that we clean up the system and that we clean it up now. Day after day, they read another story in the newspaper about the ever-increasing, and often unregulated, money flowing into campaigns, all the while seeing a Congress that appears unable or unwilling to tackle the problem. The time has come for us to do the job we were sent here to do and enact meaningful, comprehensive reform.

Mr. President, the current system of electing Members of Congress is badly in need of reform. Elections are too long, too negative, and too expensive. Voter participation continues to drop to new lows, and far too often, the bulk of the debate the American public sees takes place in 30-second attack ads. And the costs of running for office are exploding. The average Senate race in 1996 cost $3.6 million. Twenty years ago, the average Senate race cost just $609,100. The cost of a race for the House of Representatives has increased sixfold over the last 20 years, from $99 million in 1976 to $626 million in 1996.

Spending on Federal election campaigns increased to an estimated $2.7 billion in the most recent election cycle, a threefold increase over campaign spending just 20 years ago, even after adjusting for inflation.

Even worse, the money is increasingly coming through channels designed to skirt the Federal Election Campaign Act. The use of soft money, which I call legalized cheating, has skyrocketed in the last 4 years. In the 1995–96 cycle, the two major parties spent $263 million in soft money, compared with $81 million in the 1993–94 cycle. That's an increase of 224 percent.

Now, these contributions often come in very large amounts, and are clearly intended to have an impact on Federal elections even as they are designed to snake around the laws that are supposed to regulate Federal elections. So we have large chunks of money entering the system in ways that are largely unlimited, unregulated, and undisclosed. No wonder the American people think the system is broken.

Just as our campaign law has been stretched to the breaking point in order to push more money into the system, the protections in current law have recently been handed a severe blow by the Supreme Court. As a result of a decision handed down last year, independent expenditures that aren't really independent can be spent and have a dramatic impact on elections without any notion of what the source of the money was.

These, and many other areas of campaign spending cry out for reform and this Congress must address it now.

McCain-Feingold is a strong step in the right direction, and I am pleased to serve as a cosponsor of the legislation, consistent with the changes the sponsors announced on May 22. It includes voluntary expenditure limits, with a variety of carrots and sticks to encourage candidates to comply. It tightens the definition of independent expenditure in ways that will help make sure the expenditures truly are independent. It will prohibit the national political parties from raising and spending soft money to influence Federal elections. And it makes a strong first step toward controlling soft money spent by outside groups on so-called issue advocacy.

This last point is important, Mr. President, so I want to take a moment to elaborate. As currently defined under FEC regulations, only communications which use such words as "vote for," "elect," "support," "defeat," "reject," or "Smith for Congress" are considered express advocacy which must be paid for with money raised in compliance with Federal election law, that is, hard money.

This overly narrow definition of what constitutes express advocacy has created a giant loophole for attack ads. Simply by avoiding the magic words I mentioned above, corporations, unions, and other special interest groups can pay for brutal attack ads. Anyone who has seen some of these ads can tell they're intended to influence the outcome of Federal elections. And because they can be paid for with soft money, groups can raise money for them without limits, buy them in the millions of dollars, and never have to disclose what they're doing to the FEC.

This is a critical part of the soft money puzzle, Mr. President, and McCain-Feingold takes strong steps to remedy it. Far from limiting discussion of the issues as some of its critics would suggest, this provision simply says that if an ad is meant to influence a Federal election, it should be paid for with money raised under the purview of Federal election law. It's simple common sense, and it's a badly needed, and long overdue, reform.

Now, I admit, there are several provisions in the McCain-Feingold bill that I would write differently and that I hope we might change along the way. I'd like to add a provision that provides that the lowest television rate for political advertising will apply only to commercials which are at least 1-minute in length and in which the candidate appears 75 percent of the time. The 30-second political attack ad does little, if anything, to inform the public about the issues and advance the debate. And by appearing in the commercials, candidates will be more accountable for the ads and will likely be more responsible about their content. When selecting their leaders, the American people deserve better than a "hit and run" debate.

I would also like to add provisions with greater inducements for candidates to participate in the voluntary spending limit system, and with greater penalties if they choose not to, in order to virtually require people to adopt the limits for their campaigns. I would like to encourage more participation in the process by ordinary citizens by restoring an annual 100 percent tax credit for the first $100 of contributions to congressional campaigns. And I would like to see some changes in the provisions dealing with political action committees as well.

But having said that, I think this is a worthy campaign finance reform proposal and I am going to fight hard for it. I want to get it passed, and get it signed by the President. The American people demand and deserve no less from us.●

RECENT BOMBINGS IN JERUSALEM

● Mr. MOYNIHAN. Mr. President, the news from Israel is painful to all who cherish the prophetic vision of peace in the Holy Land. On Sunday, September 26, 1993, less than 2 weeks after the signing of the Oslo accords, I addressed a public forum in New York City with Israeli Foreign Minister Shimon Peres and declared, inter alia:

> And now, the Palestinian leaders have said, we will—at long last—beat our swords into plowshares. We will yield up Kalishnikovs and Katyushas to concentrate on the arts of accounting, civil administration, health care and construction. Now if any nation on Earth has a right to say "no" it was Israel. But Israel said "yes," declaring, in the moving words of Prime Minister Rabin: "Enough!" We are willing to take this chance. To see your words converted to deeds. The Knesset has voted after a vigorous and thoughtful debate. The bedrock of the United States-Israeli friendship is our deep respect for Israeli democracy. The democracy has spoken and will have our support as it always has.

The question of what response the Congress takes toward aid to the Palestinian Authority should reflect first and foremost the results of careful consultation with the Government of Israel. The Israeli Government has taken appropriate and firm measures in response to this latest atrocity. We must support them and let Chairman Arafat know that even the perception of his supporting terror is unacceptable to the American people, much less the thinly veiled utilization of terror as diplomacy by other means.

May I also commend to the Members of the Senate a thoughtful resolution from the leadership of the Union of Orthodox Jewish Congregations which addresses the issues raised by the bombing in Jerusalem. I ask that the resolution be printed in the RECORD.

The resolution follows:

ORTHODOX UNION RESOLUTION ON THE JERUSALEM BOMBING OF SEPTEMBER 4, 1997

> The Union of Orthodox Congregations of America, representing nearly 1,000 Orthodox Jewish synagogues nationwide, expresses its outrage at the deadly terrorist attack perpetrated this morning by suicide bombers in Jerusalem. Again, acts of terrorism and murder against innocent civilians in Jerusalem streets have been committed including the wounding of American youth studying in Israel. This latest atrocity once again makes a mockery of the Palestinian Authority's solemn commitments to fight the terrorist organizations, their infrastructure and prevent violence and incitement to terror, the condition upon which the late Prime Minister Yitzchak Rabin and Israeli Knesset agreed to the Oslo process. Arafat's embrace of Hamas, the release from prison of Hamas terrorists, and the incendiary statements made by Arafat and other Palestinian officials have given the terrorist organizations a virtual green light for terror operations in Israel. Ironically, the Palestinian Authority dares to use this failure to combat terrorism as a means of pressuring Israel into making concessions, a tactic which completely negates the peace negotiations. The hope for success of any peace negotiations in the continuing atmosphere of terrorism, death and ongoing calls for Jihad, is dramatically and sadly diminished. The recent New York Times photo of Mr. Arafat embracing Hamas leaders is not an isolated instance but illustrative of an apparent agreement between Hamas and the PA to countenance terrorism provided it did not emanate from areas controlled by the PA. In essence, the Hamas is acting as an adjunct of the PLO, clearly demonstrating that Mr. Arafat views terror as an instrument of diplomacy.
>
> The Orthodox Union has long been on record calling for suspension of any United States and European aid to the Palestinian Authority unless they comply with the agreements they signed. Those who sanction mass murder do not deserve the support of civilized nations. The Orthodox Union urges Congress to continue suspending U.S. aid to the Palestinian Authority in light of the PA's continuing refusal to disarm or outlaw terrorist groups, its refusal to extradite terrorists to Israel and Arafat's continued speeches praising the murderers of Jews as "heroes and martyrs". Chairman Arafat has to learn once and for all that terror and violence are the antithesis of peace. Words are not enough. The American administration must take concrete measures in order to ensure that Mr. Arafat shuts down the terrorist mechanism that operate to threaten Israel.
>
> Israel's first responsibility is to the safety and security of its people. Israel cannot move forward in the peace process unless the threat of terror and violence that is part and parcel of the Palestinian policy is permanently eradicated.
>
> The Orthodox Union grieves with the families of the murdered victims of this horrendous, senseless attack. May they be comforted amongst the mourners of Zion and Jerusalem.●

IN RECOGNITION OF HENRY FORD COMMUNITY COLLEGE FOR 60 YEARS OF SERVICE TO THE COMMUNITY

● Mr. LEVIN. Mr. President, I rise today to call my colleagues' attention to the 60th anniversary of an important educational institution in Michigan. On October 10, 1997, Henry Ford Community College will dedicate a new Learning Resource Center and kick off a year of special events to celebrate its six decades of providing educational opportunities to the people of Michigan.

Henry Ford Community College, which is located in Ford Motor Co.'s hometown of Dearborn, first opened its doors in 1938 as Fordson Junior College with 200 students. Today, approximately 20,000 students attend classes at HFCC's 75-acre main campus and its auxiliary learning center in Dearborn Heights. Many transfer to 4-year institutions after completing 1 or 2 years at HFCC. Others are enrolled in two-year associate degree programs in arts, science, or business. Still others are enrolled in non-credit or continuing education courses, seeking to upgrade their job skills to remain competitive in the marketplace.

I know that the administrators and instructors at Henry Ford Community College are proud of their reputation for turning out graduates who are well prepared to enter the work force. In fact, HFCC believes that this is so central to its mission that it offers up to 16 hours of free additional workplace training to any graduate whose entry-level technical job skills are deemed to be lacking by an employer. HFCC's Office of Corporate Training works with area businesses and manufacturers to design training programs for their employees, which are held either at HFCC or on the job site. HFCC also offers skilled trade and special job training programs designed to help laid off workers return to the work force more quickly.

While preparing students for additional education and the workplace are the central goals of Henry Ford Community College, it is also deeply involved in the cultural life of the community. HFCC's cultural activities program provides lectures, performances, and films for the general public. They also sponsor the Enrichment for Young People program, which gives young students the opportunity to take classes in art, theater, and music. Senior citizens are welcomed at the annual Senior Citizens Day on campus, and they may take classes free of charge year round. Concerts, plays, art exhibits, and other performances are offered throughout the year, and are open to the public.

For 60 years, Henry Ford Community College has been an integral part of the educational and cultural fabric of metropolitan Detroit. This vibrant institution has helped tens of thousands of people to realize their dreams, whether to upgrade professional skills, attain a degree, or simply learn something new about an interesting subject. Mr. President, I encourage my Senate colleagues to join me in extending congratulations to the men and women of Henry Ford Community College on the occasion of its 60th anniversary.●

CELEBRATING DURHAM MANUFACTURING'S 75TH BIRTHDAY

● Mr. DODD. Mr. President. I rise today to commemorate the 75th birthday of one of the oldest and most respected companies in my home State—the Durham Manufacturing Co. of Durham, CT. Few companies ever enjoy such long-term success, but Durham Manufacturing has been able to thrive for so many years because it is committed not only to manufacturing excellence, but also to its workers and to its surrounding community.

The Durham Manufacturing Co. was founded after a fire destroyed the factory for Merriman Manufacturing Co., which had been Durham's largest employer for decades. The residents of Durham were determined to keep their community together, and in 1922, the Durham Manufacturing Co. began operations out of a wooden barn. Durham Manufacturing specialized in the manufacture of tin-coated iron cash boxes and cash boxes with a handle and combination lock which were used to store insurance policies.

During World War II, Durham Manufacturing adapted its production to meet the needs created by the war and became the leading supplier of first aid boxes to the Armed Forces. After the war, Durham saw many of its Government contracts expire, and unfortunately, in 1947, the wooden factory was destroyed by fire.

While many companies would have folded up their tents under such adversity, there was never any doubt that the Durham Manufacturing Co. would continue. After the fire, the company took on a new direction as its focus shifted from custom contract work to developing proprietary product lines, which have evolved into their current product lines of first aid boxes, storage cabinets and bins, and office products. Today, their products are used throughout North America and Europe, and this company, which began operating out of a wooden barn, now has its own site on the World Wide Web. Clearly, the future of Durham Manufacturing appears even more promising than its past.

It is only appropriate that Durham Manufacturing's current factory is located on Main Street, because theirs is an All-American success story. But while there is a Main Street in most every town in the country, companies like Durham Manufacturing have become all too rare—a business where generations of family members have worked to build not only a profitable company, but a prosperous community, as well. Companies like Durham Manufacturing represent the backbone of small cities all around this country, and it is important that we recognize and celebrate their longevity.

Again, I would like to congratulate the Durham Manufacturing Co. on the occasion of their 75th birthday, and I wish many more years of continued prosperity.●

ORDERS FOR TUESDAY, SEPTEMBER 9, 1997

Mr. LOTT. Mr. President, I ask unanimous consent that when the Senate complete its business today it stand in adjournment until the hour of the 9:30 a.m. on Tuesday, September 9. I further ask that on Tuesday, immediately following the prayer, the routine requests through the morning hour be granted and the Senate immediately resume consideration of S. 1061, the Labor-HHS appropriations bill.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. LOTT. I also ask consent that from 12:30 p.m. to 2:15 p.m. the Senate stand in recess in order for the weekly policy meetings to occur.

The PRESIDING OFFICER. Without objection, it is so ordered.

PROGRAM

Mr. LOTT. Tomorrow the Senate will immediately resume consideration then of S. 1061, the Labor-HHS appropriations bill. As Members are aware, under the order, all amendments had to be offered today in order to be considered as part of this legislation. Therefore, the Senate will continue debating amendments in order throughout Tuesday's session of the Senate. It is hoped that all debate and votes on amendments to S. 1061 can be completed on Tuesday. The next rollcall votes will occur beginning at 2:15 p.m. on Tuesday. In addition, the Senate will recess, as I got permission just a moment ago, between 12:30 p.m. and 2:15 p.m. for the weekly luncheons to meet. As indicated earlier, it is hoped that the Senate can complete this work on the Labor-HHS appropriations bill. We will then go to the FDA reform legislation, and our intent is to complete that work this week also. Once we have completed the appropriations bill that we have approval for here, plus the FDA, then we would go to the Interior appropriations bill.

Members can anticipate votes throughout the day each day of this week, including Friday as it now stands. And, also, depending on what happens with regard to committee meetings, we may have to go into the night. I hope that is not necessary. I think it is better for us to do our work in the daylight, and I will do everything to try to make sure that happens.

ADJOURNMENT UNTIL 9:30 A.M. TOMORROW

Mr. LOTT. Mr. President, if there is no further business to come before the Senate, I ask that the Senate stand in adjournment under the previous order.

There being no objection, the Senate, at 6:48 p.m., adjourned until Tuesday, September 9, 1997, at 9:30 a.m.

NOMINATIONS

Executive nominations received by the Senate September 8, 1997:

THE JUDICIARY

LYNN S. ADELMAN, OF WISCONSIN, TO BE U.S. DISTRICT JUDGE FOR THE EASTERN DISTRICT OF WISCONSIN, VICE THOMAS J. CURRAN, RETIRED.

JEREMY D. FOGEL, OF CALIFORNIA, TO BE U.S. DISTRICT JUDGE FOR THE NORTHERN DISTRICT OF CALIFORNIA, VICE ROBERT P. AGUILAR, RETIRED.

DEPARTMENT OF STATE

THOMAS M. FOGLIETTA, OF PENNSYLVANIA, TO BE AMBASSADOR EXTRAORDINARY AND PLENIPOTENTIARY OF THE UNITED STATES OF AMERICA TO ITALY.

ALPHONSE F. LA PORTA, OF NEW YORK, A CAREER MEMBER OF THE SENIOR FOREIGN SERVICE, CLASS OF MINISTER-COUNSELOR, TO BE AMBASSADOR EXTRAORDINARY AND PLENIPOTENTIARY OF THE UNITED STATES OF AMERICA TO MONGOLIA.

ALEXANDER R. VERSHBOW, OF THE DISTRICT OF COLUMBIA, A CAREER MEMBER OF THE SENIOR FOREIGN SERVICE, CLASS OF MINISTER-COUNSELOR TO BE U.S. PERMANENT REPRESENTATIVE ON THE COUNCIL OF THE NORTH ATLANTIC TREATY ORGANIZATION, WITH THE RANK AND STATUS OF AMBASSADOR EXTRAORDINARY AND PLENIPOTENTIARY.

HOUSE OF REPRESENTATIVES—*Monday, September 8, 1997*

The House met at 12:30 p.m. and was called to order by the Speaker pro tempore [Mr. PETRI].

DESIGNATION OF SPEAKER PRO TEMPORE

The SPEAKER pro tempore laid before the House the following communication from the Speaker:

WASHINGTON, DC,
September 8, 1997

I hereby designate the Honorable THOMAS E. PETRI to act as Speaker pro tempore on this day.

NEWT GINGRICH,
Speaker of the House of Representatives.

MESSAGE FROM THE SENATE

A message from the Senate by Ms. McDevitt, one of its clerks, announced that the Senate had passed with an amendment in which the concurrence of the House is requested, a bill of the House of the following title:

H.R. 2159. An act making appropriations for foreign operations, export financing, and related programs for the fiscal year ending September 30, 1998, and for other purposes.

The message also announced that the Senate insists upon its amendment to the bill (H.R. 2159) "An Act making appropriations for foreign operations, export financing, and related programs for the fiscal year ending September 30, 1998, and for other purposes," requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. MCCONNELL, Mr. SPECTER, Mr. GREGG, Mr. SHELBY, Mr. BENNETT, Mr. CAMPBELL, Mr. STEVENS, Mr. COCHRAN, Mr. LEAHY, Mr. INOUYE, Mr. LAUTENBERG, Mr. HARKIN, Ms. MIKULSKI, Mrs. MURRAY, and Mr. BYRD, to be the conferees on the part of the Senate.

MORNING HOUR DEBATES

The SPEAKER pro tempore (Mr. PETRI). Pursuant to the order of the House of January 21, 1997, the Chair will now recognize Members from lists submitted by the majority and minority leaders for morning hour debates.

The Chair will alternate recognition between the parties, with each party limited to not to exceed 30 minutes, and each Member except the majority leader, the minority leader, or the minority whip limited to not to exceed 5 minutes.

The Chair recognizes the gentleman from Guam [Mr. UNDERWOOD] for 5 minutes.

KOREAN AIR FLIGHT 801 LEGISLATION

Mr. UNDERWOOD. Mr. Speaker, as Guam recuperates from Korean Air Flight 801's crash on August 6, I wish to direct the Nation's attention to a key participant in the facilitation of various procedures linked to this tragedy. From its investigative efforts to its family affairs responsibilities, the National Transportation Safety Board was and continues to be an instrumental component in this process. The NTSB's efficient work continues to clarify the many aspects of the crash, such as the state of the aircraft, weather conditions and the like.

One of the NTSB's main functions is its role in helping victims' families cope with their losses. I laud their efforts in tactfully dealing with the aggrieved individuals in such unsavory, but necessary, procedures as the identification of the remains. The NTSB has and continues to conduct their investigations professionally and competently. I have had the opportunity, Mr. Speaker, to meet with NTSB officials while they were on Guam and recently in Washington. They assure me that they are doing all that they can in their efforts to bring closure to this serious tragedy.

As Members of Congress, we should also exert every effort to aid those affected by this tragedy. In the next few days, I will be introducing legislation which would require foreign air carriers to establish disaster assistance plans if they are permitted to travel in the United States. This legislation would allocate various responsibilities to the foreign air carriers should their aircraft have an accident on U.S. soil. American carriers are already abiding by this requirement under the Aviation Disaster Family Assistance Act of 1996.

Mr. Speaker, the reason I propose this legislation stems from Guam's experience with Korean Air Flight 801's tragic end. Many have complained about lack of guidance and proper coordination on the part of Korean Air in their dealings with the victims' families. While it took over 20 hours for NTSB personnel to reach Guam, Korean Air personnel and victims' families not from Guam had already arrived on the island within 4 to 5 hours. At this point, much could have been done to coordinate family and media needs as well as protection of the crash site. However, due to the lack of established arrangements, family members did not receive information on the complex nature of the investigation as well as a clear vision of the various agencies and departments' priorities who were involved in the search and rescue mission.

The ensuing confusion has resulted in an exercise of patience and perserverance on behalf of various officials and family members alike. I believe that my legislation will eliminate much of the disorder which normally results from traumatic episodes such as this crash. I am working closely with NTSB and the Department of Transportation in the formulation of legislative language, and I am very encouraged by the support shown by my colleagues in the House and in the Senate. As Members of Congress, I believe we share the responsibility in ensuring the safety of our constituents whether they choose to fly in domestic or foreign air carriers.

I would also like to highlight another benefit of this legislation. As we enter into the next millennium, evolving technology will continue to draw citizens of different nations closer together. This legislation will not only aid American citizens, it will also benefit other nationalities boarding flights with prearranged disaster assistance plans. Common sense points to the competency of this legislation and I encourage the rest of my colleagues to support it.

We must prove to our constituents that we care about them whether they fly domestic or foreign airlines, and I encourage my colleagues to be forward-looking and support my efforts in requiring foreign air carriers permitted to fly in the United States the responsibility to arrange disaster assistance plans should an accident occur on American soil. This legislation is a pledge that Korean Air's 801 passengers did not perish in vain.

GULF WAR VETERANS DESERVE TO RECEIVE BENEFITS AND HEALTH CARE

The SPEAKER pro tempore. Under the Speaker's announced policy of January 21, 1997, the gentleman from Florida [Mr. STEARNS] is recognized during morning hour debates for 5 minutes.

Mr. STEARNS. Mr. Speaker, there has been a lot in the newspapers recently about the gulf war syndrome, so I thought I would take a moment to comment on them.

First of all, as chairman of the Veterans Subcommittee on Health, we are active in marking up pieces of legislation that affect this matter, but I

☐This symbol represents the time of day during the House proceedings, e.g., ☐1407 is 2:07 p.m.

Matter set in this typeface indicates words inserted or appended, rather than spoken, by a Member of the House on the floor.

wanted to point out this morning, Mr. Speaker, that I want to commend the Presidential advisory committee on gulf war veterans' illnesses for recommending to the administration that it create a permanent statutory program of benefits and health care for the thousands of veterans who have been plagued with a variety of unexplained symptoms.

Coincidentally, the full Committee on Veterans' Affairs will be marking up legislation that my subcommittee earlier formulated that will require the VA to create a $5-million program, competitive grant program, under which up to 10 VA facilities would establish demonstration projects to test new approaches to treating Persian Gulf veterans which meets with their satisfaction.

This proposed legislation will require the VA to utilize three approaches. These approaches could be used alone or in combination. The new approaches are: First, a specialized clinic which serves Persian Gulf veterans; second, multi-disciplinary treatment aimed at managing symptoms; and third, the use of case managers.

I have a bill in Congress, H.R. 2206, which of course also reaffirms the VA's obligation to provide verbal counseling to Persian Gulf veterans with respect to the finding of its registry examinations.

This legislation would also specify that these veterans are eligible for VA health care for any problem related to service in the Gulf, not just those problems that may be linked to exposure to toxic substances or environmental hazards.

While I commend the advisory committee for its recommendations to establish a permanent program of benefits and health care, Mr. Speaker, I must also voice my strong objection to the fact that it stands by a previous presidential commission report issued in January that declared that it could not find a causal link between the frequently reported symptoms of fatigue, headaches, sore joints, and rashes, commonly referred to as the gulf war syndrome. Furthermore, the committee report stated that it believed that stress was "likely to have been an important contributing factor."

Mr. Speaker, as my colleagues may recall, in the last Congress we enacted legislation to extend priority health care for veterans exposed to agent orange and those who served in the Persian Gulf war through December 31, 1998. My commitment then and now is to provide priority health care to those who served in the gulf war. It is a long-standing commitment, and not just by virtue of my new position as chairman of the Subcommittee on Health.

With respect to what has been known as the gulf war syndrome, I took a deep interest in requesting that we agressively seek answers to the many unexplained illnesses experienced by gulf war veterans. One of the first casualties of this mysterious group of diseases was a constituent of mine, Michael Adcock of Ocala, FL, who died at the age of 22 after serving in Operation Desert Storm.

After returning home from the gulf war, Michael suffered a number of symptoms which had befallen many other gulf war veterans, including persistent nausea, skin rashes, aching joints, hair loss, bleeding gums, blurred vision, and lack of energy, among others.

Michael died in 1993, three years after coming home from the Desert Storm operation. We are still looking for answers to the causes of this mysterious syndrome which appears to be indigenous to those who served in the gulf war.

I think we all know how terribly urgent it is that we continue with our research efforts until we find the answer to the cause of this syndrome that is so ubiquitous to those veterans.

In light of the controversy surrounding unexplained illnesses Desert Storm veterans have and are experiencing, the VA, Department of Defense, NIH and the HHS have long been conducting extensive research into possible causes of the unexplained illnesses associated with this military campaign.

Mr. Speaker, I am optimistic that through these efforts we might find the missing link that will explain this rash of perplexing illnesses which seem to be indigenous to those particular veterans. We all know how invaluable the research being conducted is and the need to find answers as to what is causing thousands of gulf war veterans to be plagued by a rash of unexplained symptoms.

Mr. Speaker, I hope that the Department of Defense and the VA will continue to both aggressively treat symptoms associated with Desert Storm syndrome and investigate its causes or cause.

RECESS

The SPEAKER pro tempore. Pursuant to clause 12 of rule I, the Chair declares the House in recess until 2 p.m. today.

Accordingly (at 12 o'clock and 42 minutes p.m.), the House stood in recess until 2 p.m.

□ 1400

AFTER RECESS

The recess having expired, the House was called to order by the Speaker pro tempore (Mr. UPTON) at 2 p.m.

PRAYER

The Chaplain, Rev. James David Ford, D.D., offered the following prayer:

We are grateful, Oh God, that whatever our place in life and whatever our need, whether our spirits are rising or whether we know adversity, we can express our thanksgivings to You for Your promises to us and to every person. We are grateful that we do not walk the paths of life alone, or face the mysterious and bewildering events of the day by ourselves, but Your guiding hand gives direction and Your spirit lifts us when we are weak. With thanksgiving and praise we begin this week and with hearts of gratitude we offer these words of prayer and petition.

This is our earnest prayer. Amen.

THE JOURNAL

The SPEAKER pro tempore. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Pursuant to clause 1, rule I, the Journal stands approved.

PLEDGE OF ALLEGIANCE

The SPEAKER pro tempore. Will the gentleman from Michigan [Mr. KILDEE] come forward and lead the House in the Pledge of Allegiance.

Mr. KILDEE led the Pledge of Allegiance as follows:

> I pledge allegiance to the Flag of the United States of America, and to the Republic for which it stands, one nation under God, indivisible, with liberty and justice for all.

EDUCATION IS A COMMONSENSE MATTER

(Mr. GIBBONS asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. GIBBONS. Mr. Speaker, what is the secret to getting a great education? Brandnew classrooms, the latest computers, a teaching staff trained in the latest pedagogical methods, record spending on school budgets? Of course not. Common sense alone suggests that a great education is a product of the same ingredients that has made for a great education for centuries: motivated students, parents who care about their children's schooling, and teachers with energy and dedication.

What Federal program conceived in Washington, DC, can produce motivated students? What Federal program can make parents care about their children's schooling? What Federal program can produce teachers with energy and dedication?

Mr. Speaker, this is truly puzzling for me, that so many people with Ph.D.'s right here in this community in education and journalists with equally impressive credentials tend to forget these commonsense facts so often when it comes to education. It is time to get back to basics. It is time that Washington encouraged them to do it now, and not tomorrow.

THE WORLD IS IN MOURNING FOR MOTHER TERESA OF CALCUTTA

(Mr. PALLONE asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. PALLONE. Mr. Speaker, on Friday, September 6, the world lost one of its greatest humanitarian leaders. The death of Mother Teresa of Calcutta has touched literally billions of people in every part of the world, particularly in India, where Mother Teresa began her work taking care of the poorest of the poor some 5 decades ago.

Mother Teresa's death has prompted an outpouring of grief, as well as gratitude to this diminutive woman who many considered a saint on Earth. India's Prime Minister Gujral, visiting the modest convent chapel where Mother Teresa entered religious service, said that the world is mourning. Flags in India are flying at half-staff and a state funeral is planned for Saturday, the highest honor the Indian Government can give.

The funeral offers an opportunity for everyone, from powerful world leaders to the humblest people of Calcutta, to join in paying tribute to a woman who tirelessly ministered to the world's most afflicted citizens.

Mr. Speaker, as we mourn the passing of Mother Teresa, I am sure that all of us in this body extend our best wishes to her successor, Sister Nirmala, as she works to continue the work begun by this remarkable woman who saw God in the face of every human being.

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore. Pursuant to the provisions of clause 5, rule I, the Chair announces that he will postpone further proceedings today on each motion to suspend the rules on which a recorded vote or the yeas and nays are ordered, or on which the vote is objected to under clause 4 of rule XV.

Such rollcall votes, if postponed, will be taken after debate has concluded on all motions to suspend the rules, but not before 7 p.m. today.

MISSISSIPPI SIOUX TRIBES JUDGMENT FUND DISTRIBUTION ACT OF 1997

Mr. HILL. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 976) to provide for the disposition of certain funds appropriated to pay judgment in favor of the Mississippi Sioux Indians and for other purposes, as amended.

The Clerk read as follows:

H.R. 976

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Mississippi Sioux Tribes Judgment Fund Distribution Act of 1997".

SEC. 2. DEFINITIONS.

For purposes of this Act, the following definitions shall apply:

(1) COVERED INDIAN TRIBE.—The term "covered Indian tribe" means an Indian tribe listed in section 4(a).

(2) SECRETARY.—The term "Secretary" means the Secretary of the Interior.

(3) TRIBAL GOVERNING BODY.—The term "tribal governing body" means the duly elected governing body of a covered Indian tribe.

SEC. 3. DISTRIBUTION TO, AND USE OF CERTAIN FUNDS BY, THE SISSETON AND WAHPETON TRIBES OF SIOUX INDIANS.

Notwithstanding any other provision of law, including Public Law 92-555 (25 U.S.C. 1300d et seq.), any funds made available by appropriations under chapter II of Public Law 90-352 (82 Stat. 239) to the Sisseton and Wahpeton Tribes of Sioux Indians to pay a judgment in favor of the Tribes in Indian Claims Commission dockets numbered 142 and 359, including interest, after payment of attorney fees and other expenses, that, as of the date of enactment of this Act, have not been distributed, shall be distributed and used in accordance with this Act.

SEC. 4. DISTRIBUTION OF FUNDS TO TRIBES.

(a) IN GENERAL.—Subject to section 5, as soon as practicable after the date that is 1 year after the date of enactment of this Act, the Secretary shall distribute an aggregate amount, equal to the funds described in section 3 reduced by $1,469,831.50, as follows:

(1) 28.9276 percent of such amount shall be distributed to the tribal governing body of the Spirit Lake Sioux Tribe of North Dakota.

(2) 57.3145 percent of such amount shall be distributed to the tribal governing body of the Sisseton and Wahpeton Sioux Tribe of South Dakota.

(3) 13.7579 percent of such amount shall be distributed to the tribal governing body of the Assiniboine and Sioux Tribes of the Fort Peck Reservation in Montana, as designated under subsection (b).

(b) TRIBAL GOVERNING BODY OF ASSINIBOINE AND SIOUX TRIBES OF FORT PECK RESERVATION.—For purposes of making distributions of funds pursuant to this Act, the Sisseton and Wahpeton Sioux Council of the Assiniboine and Sioux Tribes shall act as the governing body of the Assiniboine and Sioux Tribes of the Fort Peck Reservation.

SEC. 5. ESTABLISHMENT OF TRIBAL TRUST FUNDS.

(a) IN GENERAL.—As a condition to receiving funds distributed under section 4, each tribal governing body referred to in section 4(a) shall establish a trust fund for the benefit of the covered Indian tribe under the jurisdiction of that tribal governing body, consisting of—

(1) amounts deposited into the trust fund; and

(2) any interest and investment income that accrues from investments made from amounts deposited into the trust fund.

(b) TRUSTEE.—Each tribal governing body that establishes a trust fund under this section shall—

(1) serve as the trustee of the trust fund; and

(2) administer the trust fund in accordance with section 6.

SEC. 6. USE OF DISTRIBUTED FUNDS.

(a) PROHIBITION.—No funds distributed to a covered Indian tribe under section 4 may be used to make per capita payments to members of the covered Indian tribe.

(b) PURPOSES.—The funds distributed under section 4 may be used by a tribal governing body referred to in section 4(a) only for the purpose of making investments or expenditures that the tribal governing body determines to be reasonably related to—

(1) economic development that is beneficial to the covered Indian tribe;

(2) the development of resources of the covered Indian tribe; or

(3) the development of a program that is beneficial to members of the covered Indian tribe, including educational and social welfare programs.

(c) AUDITS.—

(1) IN GENERAL.—The Secretary shall conduct an annual audit to determine whether each tribal governing body referred to in section 4(a) is managing the trust fund established by the tribal governing body under section 5 in accordance with the requirements of this section.

(2) ACTION BY THE SECRETARY.—

(A) IN GENERAL.—If, on the basis of an audit conducted under paragraph (1), the Secretary determines that a covered Indian tribe is not managing the trust fund established by the tribal governing body under section 5 in accordance with the requirements of this section, the Secretary shall require the covered Indian tribe to take remedial action to achieve compliance.

(B) APPOINTMENT OF INDEPENDENT TRUSTEE.—If, after a reasonable period of time specified by the Secretary, a covered Indian tribe does not take remedial action under subparagraph (A), the Secretary, in consultation with the tribal governing body of the covered Indian tribe, shall appoint an independent trustee to manage the trust fund established by the tribal governing body under section 5.

SEC. 7. EFFECT OF PAYMENTS TO COVERED INDIAN TRIBES ON BENEFITS.

(a) IN GENERAL.—A payment made to a covered Indian tribe or an individual under this Act shall not—

(1) for purposes of determining the eligibility for a Federal service or program of a covered Indian tribe, household, or individual, be treated as income or resources; or

(2) otherwise result in the reduction or denial of any service or program to which, pursuant to Federal law (including the Social Security Act (42 U.S.C. 301 et seq.)), the covered Indian tribe, household, or individual would otherwise be entitled.

SEC. 8. DISTRIBUTION OF FUNDS TO LINEAL DESCENDANTS.

Not later than 1 year after the date of enactment of this Act, of the funds described in section 3, the Secretary shall, in the manner prescribed in section 202(c) of Public Law 92-555 (25 U.S.C. 1300d-4(c)), distribute an amount equal to $1,469,831.50 to the lineal descendants of the Sisseton and Wahpeton Tribes of Sioux Indians.

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from Montana [Mr. HILL] and the gentleman from Michigan [Mr. KILDEE] each will control 20 minutes.

The Chair recognizes the gentleman from Montana [Mr. HILL].

Mr. HILL. Mr. Speaker, I yield myself such time as I may consume.

Mr. HILL. Mr. Speaker, I rise in support of H.R. 976, the proposed Mississippi Sioux Tribes Judgment Fund Distribution Act of 1997.

Mr. Speaker, I note that this legislation would distribute judgment funds to the various Indian tribes in Montana, North Dakota, and South Dakota. I also note that all the Members of the House and all the Members of the Senate from these three States are sponsoring either H.R. 976 or the identical Senate version, S. 391.

H.R. 976 would provide for the disposition of judgment funds appropriated by the Congress in 1968, plus accrued interest to pay the Mississippi Sioux Indians for 27 million acres of ancestral lands which the Indian Claims Commission ruled were taken without just compensation.

A portion of these judgment funds would be distributed to the Spirit Lakes Sioux Tribe of North Dakota, the Sisseton and Wahpeton Sioux Tribe of South Dakota, and the Assiniboine Sioux Tribe of the Fort Peck Reservation in Montana, according to a formula included in H.R. 976.

Each of the aforementioned tribes would be required to establish a trust fund for the benefit of the tribe to be used for the purposes specified in the bill. Another portion of the judgment funds, approximately $1.47 million, would be distributed to the lineal descendents of the Sisseton and Wahpeton tribes of Sioux Indians.

In 1972, Congress passed a judgment fund distribution Act, Public Law 92–555, which allocated these judgment funds between the tribes and lineal descendants to the Mississippi Sioux Tribes. That 1972 law has spawned a series of suits which are still being litigated.

I am told that the administration refuses to negotiate a settlement to this litigation, in spite of Public Law 102–497 passed in 1992, which authorizes the Attorney General to do so. It is time to straighten out this mess. That is why H.R. 976 is before us today. This is a fair bill, a compromise for both the tribes and the lineal descendants which should be acceptable to all.

Mr. Speaker, I recommend that H.R. 976 be passed by the House.

Mr. Speaker, I reserve the balance of my time.

Mr. KILDEE. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, the gentleman from Montana [Mr. HILL] has done a very good job in explaining this bill. I shall be very brief.

The bill, the Mississippi Sioux Tribes Judgment Fund Distribution Act, will resolve a longstanding dispute over a 1967 judgment fund award by the Indian Claims Commission to three tribes in South Dakota, North Dakota, and Montana. These tribes are the Sisseton and Wahpeton Sioux Tribes, the Spirit Lake Sioux Tribe, and the Fort Peck Sioux Tribe. I have always enjoyed working with these great nations, and I am glad to count them among my friends.

The gentleman from Montana [Mr. HILL] has done a very good job in explaining the bill. The administration has expressed some concerns with it, but I think this committee has well addressed those concerns, and I certainly would urge passage of this bill.

This bill, the Mississippi Sioux Tribes Judgment Fund Distribution Act will resolve a longstanding dispute over 1967 judgment fund award by the Indian Claims Commission to three Sioux Tribes in South Dakota, North Dakota, and Montana.

The three Sioux Tribes won their case against the United States for 27 million acres of land illegally taken from them in direct violation of their treaty rights. The three tribes are the Sisseton-Wahpeton Sioux Tribe, the Spirit Lake Sioux Tribe, and the Fort Peck Sioux Tribe. I have always enjoyed working with these grant nations and am glad to count them among my friends.

In 1972, Congress provided for the distribution of the award for the three tribes but also set aside $1.5 million of the award for distribution to lineal descendants of Sisseton and Wahpeton Sioux Tribe. The $1.5 million, however, was never distributed and has grown to more than $14 million.

The tribes have historically opposed the award to the lineal descendants. Their position is that the award was based on the takings of lands from the tribes and that money should only be paid to tribal members. The Department of the Interior, however, recommended that the 1972 distribution legislation also include certain lineal descendants who were not enrolled with the tribes but were legitimate descendants of the original parties.

In the course of the past 10 years, the tribes have brought a series of lawsuits against the lineal descendants. Their claims were dismissed on a number of grounds.

In 1992, Congress passed legislation authorizing the Justice Department to conduct settlement negotiations between the tribes and the lineal descendants. The Justice Department has never acted. At the same time, however, members of the South Dakota, North Dakota, and Montana delegations have sought to encourage settlement between the parties, despite the Justice Department's refusal to assist.

The result is that the tribes and the lineal descendants have finally reached an agreement that divides the money by giving the lineal descendants their original $1.5 million and the three tribes the interest accrued, an amount that now stands at more than $12.5 million. All three Sioux Tribes strongly endorse this legislation and have agreed to forego any further legal action they might take against the lineal descendants. All of the parties are supportive of the plan, including the State Delegations.

The administration, however, opposes this plan. Assistant Secretary Ada Deer testified before the House Resources Committee in June of this year expressing opposition for two reasons. First, the administration noted that the time for appeal in one of the tribes' lawsuits had not run, and thus there was an outside chance that the tribes might ultimately win their case. As I stated earlier, however, the tribes have agreed to drop any future actions if this legislation becomes law.

Second, the administration recognized that if the lineal descendants were entitled to the original $1.5 million award, then they should get the interest. If on the other hand, they were not, then they should get nothing. Thus, they express concern that splitting the money might create a takings claim on the behalf of one of the parties. We believe, however, that Congress has the power to authorize this distribution plan and this view is supported by correspondence from the administration as well as their own testimony.

With respect to the administration's concerns that the makeup of the lineal descendants may not be fully clear at this time, the legislation today provides for a pro rata distribution, thus insuring that all participants who qualify will receive equal awards.

In sum, what we are doing is closing the books on a longstanding dispute between the three tribes and the lineal descendants, and bringing to an end the tribes' dispute with the United States. This is a sound and politically fair decision, one that is supported by all of the affected parties.

I urge my colleagues to support enactment of this legislation.

Mr. Speaker, I yield back the balance of my time.

Mr. HILL. Mr. Speaker, I yield back the balance of my time.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Montana [Mr. HILL] that the House suspend the rules and pass the bill, H.R. 976, as amended.

The question was taken; and (two-thirds having voted in favor thereof), the rules were suspended and the bill, as amended, was passed.

A motion to reconsider was laid on the table.

AGUA CALIENTE REVENUE DISTRIBUTION ACT

Mr. HILL. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 700) to remove the restriction on the distribution of certain revenues from the Mineral Springs parcel to certain members of the Agua Caliente Band of Cahuilla Indians, as amended.

The Clerk read as follows:

H.R. 700

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. REMOVAL OF RESTRICTION ON DISTRIBUTION OF CERTAIN REVENUES.

(a) IN GENERAL.—The fourth undesignated paragraph in section 3(b) of the Act entitled "An Act to provide for the equalization of allotments on the Agua Caliente (Palm Springs) Reservation in California, and for other purposes" approved September 21, 1959 (25 U.S.C. 951 et seq.), is amended by striking "east: *Provided*," and all that follows through "deceased member." and inserting "east.".

(b) EFFECTIVE DATE AND AGREEMENT TO MAKE PAYMENT.—The amendment made by subsection (a) shall apply with respect to net rents, profits, and other revenues that accrue on or after the date of distribution of the payment, as provided in Tribal Ordinance 22 dated August 6, 1996, to those persons referenced in Exhibit B of Tribal Ordinance 22.

The SPEAKER pro tempore. Pursuant to the rules, the gentleman from Montana [Mr. HILL] and the gentleman from Michigan [Mr. KILDEE] will each be recognized for 20 minutes.

The Chair recognizes the gentleman from Montana [Mr. HILL].

Mr. HILL. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, H.R. 700 would remove a revenue distribution restriction created in Public Law 86–339, a 1959 statute which related in part to the distribution of certain revenues to 85 members of the Agua Caliente Band of Cahuilla Indians.

The 1959 act exempted lands known as the Mineral Springs lots from an allotment process which had been developed to distribute the band's public lands to individual members. The Mineral Springs lots were set apart and designated as tribal reserves. Revenues generated by the Mineral Springs lots were designated in the 1959 act to be used to offset inequities in the allotments to 85 members of the band and their heirs created by the withdrawal of the Mineral Springs lots from the allotment process.

H.R. 700 would endorse a 1996 ordinance enacted by the band which would compensate those members of the band, or their heirs, entitled to a cash payment or equalization allotment in satisfaction of the requirements of the 1959 act.

The amount of the compensation for each of the 85 members, $22,000, has been placed into escrow by the band.

The provisions of H.R. 700 will take effect on or after the date of the distribution of the aforementioned compensation to the 85 members of the band.

This is a fair and equitable bill. It will have no impact on the Federal budget, contains no intergovernmental or private sector mandates, and would impose no costs on State, local, or tribal governments.

I recommend that H.R. 700 be adopted by this body.

Mr. Speaker, I reserve the balance of my time.

Mr. KILDEE. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, this legislation will bring an end to a long-standing problem that has affected the ability of the Agua Caliente Tribe of California to govern its own sovereign tribal lands.

H.R. 700 was introduced by our colleague, the gentleman from California, Mr. SONNY BONO. His legislation will allow the Agua Caliente Tribe to compensate allottees or their heirs who currently have exclusive rights to a parcel of land that is located at the site of the tribe's casino. H.R. 700 will simply allow the tribal government to use its gaming revenues to address the social problems facing the tribal members.

Mr. Speaker, I have personally visited this reservation and I have seen this problem firsthand. I know the tribal government has worked endlessly to ensure this plan was fair and equitable. I want to applaud Chairman Richard Milanovich and the Agua Caliente Tribal Council for the hard work they have put into this bill.

I also want to thank the gentleman from California [Mr. BONO] for introducing this important bill to help the residents of his district, and I urge my colleagues to support this legislation.

Mr. BONO. Mr. Speaker, I rise in support of this bill. Along with my colleague, Congressman DALE KILDEE, I am the proud author of H.R. 700, The Agua Caliente Equalization Act.

The Agua Caliente Tribe, located in California's 44th congressional district, has been suffering a dilemma for nearly 50 years. This bill seeks to resolve this dilemma.

This legislation provides the solution to a long standing problem that the tribe has already addressed within their governmental process and structure. This body must consider this issue because, in 1959, the Federal Government imposed restrictions on how the tribe was to resolve an internal issue.

This legislation has been reviewed by both the Justice Department and the Department of the Interior, and has passed constitutional muster. The administration has raised no objections, nor do I know of any opposition within this body.

This legislation virtually mirrors H.R. 3804, which I introduced in the last Congress and was approved under suspension. Had the Senate not adjourned, this bill, which has been cleared for floor action, would have been taken up in that body.

What this bill seeks to accomplish is to recognize the exclusive rights that were provided to 85 unallotted members of the tribe to a parcel of land owned by the tribe. The tribe, from its own revenues, would make a one-time payment to these 85 nonallottees or their heirs in exchange for the tribe to utilize any future revenues derived from this parcel of land for the benefit of the entire tribe.

This bill is a result of many meetings with the tribe and my personal knowledge of the Agua Caliente Reservation. I realize that there are many things that the tribal council need in order to assist their members. The council has informed me that they intend to provide health insurance and decent housing for their members. The council has also made commitments for both educational and employment opportunities for its members. This bill will provide the necessary mechanisms for the tribe to make these goals a reality.

The bill enjoys the overwhelming support of the tribe and the 85 affected allottees. Over 60 percent of the voting age members of the tribe have taken the time to write this committee expressing their support of this bill.

I want to commend the tribal council for its efforts to accommodate the concerns and interests of all members of the tribe. The final vote on support of this bill was unanimous by the council, illustrating the hard work and dedication of the council in addressing the needs of their tribe.

Finally, this bill reflects an agreement that the tribe and the allottees have reached themselves. As such, it reaffirms our commitment to furthering the Federal policy of self-determination and self-governance. This bill deserves the support of this body. I urge my colleagues to support this legislation.

Mr. KILDEE. Mr. Speaker, I yield back the balance of my time.

Mr. HILL. Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Montana [Mr. HILL] that the House suspend the rules and pass the bill, H.R. 700, as amended.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the bill, as amended, was passed.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. HILL. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks on H.R. 976 and H.R. 700, the bills just passed.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Montana?

There was no objection.

NEED-BASED EDUCATIONAL AID ANTITRUST PROTECTION ACT OF 1997

Mr. SMITH of Texas. Mr. Speaker, I move to suspend the rules and concur in the Senate amendment to the bill, H.R. 1866, to continue favorable treatment for need-based educational aid under the antitrust laws.

The Clerk read as follows:

Senate amendment:

Page 2, strike out lines 4 through 17 and insert:

SEC. 2. CONTINUATION OF FAVORABLE TREATMENT FOR NEED-BASED EDUCATIONAL AID UNDER THE ANTITRUST LAWS.

(a) AMENDMENTS.—Section 568 of the Improving America's Schools Act of 1994 (15 U.S.C. 1 note) is amended—

(1) in subsection (a)—

(A) in the heading, by striking "TEMPORARY"; and

(B) by striking paragraph (4) and and inserting the following:

"(4) to exchange through an independent third party, before awarding need-based financial aid to any of such students who is commonly admitted to the institutions of higher education involved, data submitted by the student so admitted, the student's family, or a financial institution on behalf of the student or the student's family relating to assets, liabilities, income, expenses, the number of family members, and the number of the student's siblings in college, if each of such institutions of higher education is permitted to retrieve such data only once with respect to the student."; and

(2) in subsection (d), by striking "September 30, 1997" and inserting "September 30, 2001".

(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall take effect immediately before September 30, 1997.

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from Texas [Mr. SMITH] and the gentleman from Massachusetts [Mr. FRANK] each will control 20 minutes.

The Chair recognizes the gentleman from Texas [Mr. SMITH].

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GENERAL LEAVE

Mr. SMITH of Texas. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks on the bill under consideration.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. SMITH of Texas. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, today the House concurs in the Senate amendment to H.R. 1866, the Need-Based Educational Aid Antitrust Protection Act of 1997, which I introduced last June. Mr. Speaker, I want to pause here to give special thanks to Joseph Gibson of the House Committee on the Judiciary for his good work on this legislation.

Mr. Speaker, beginning in the mid-1950's, a number of private colleges and universities agreed to award institutional financial aid; that is, aid from the school's own funds, solely on the basis of demonstrated financial need. These schools also agreed to use common principles to assess each student's need and to give essentially the same financial aid award to each of the students admitted to more than one member of the group.

From the 1950's through the late 1980's, the practice continued undisturbed. In 1989, the Antitrust Division of the Department of Justice brought suit against nine of the colleges engaging in this practice. After extensive litigation, the parties reached a final settlement in 1993.

In 1994, Congress passed a temporary exemption from the antitrust laws that basically codified the settlement. It allowed agreements to provide aid on the basis of need only; to use common principles of needs analysis; to use a common financial aid application form; and to allow exchange of the student's financial aid information to a third party. It also prohibited agreements on awards to specific students. It provided for this exemption to expire on September 30, 1997.

To my knowledge, there are no complaints about the existing exemption. H.R. 1866, as introduced and passed by the House, would have made the exemption passed in 1994 permanent. It would not have made any change to the substance of the exemption.

The Senate amendment provides for a 4-year extension of the exemption and makes some minor technical changes to the information-sharing provision of the exemption. I would have preferred that we pass this bill as originally introduced, particularly with respect to the permanency of the exemption.

Despite my disappointment with the other body's shortening of the exemption, I am encouraged that they kept the provision of the original bill that struck the word "temporary" from the heading of the provision. I believe this represents an understanding that we will make the exemption permanent if no problems are reported with it during this 4-year extension. It is with that understanding that I am willing to accept the Senate amendment.

Mr. Speaker, the need-based financial aid system serves social goals that the antitrust laws do not adequately address; namely, making financial aid available to the broadest number of students solely on the basis of financial need. Without it, the schools would be required to compete, through financial aid awards, for the very top students. Those very top students would get all the aid available. That would be more than they need. The rest would get less or none at all.

Ultimately, such a system would serve to undermine the principles of need-based aid and need-blind admissions.

No student who is otherwise qualified ought to be denied the opportunity to go to the colleges involved because of the financial situation of his or her family. H.R. 1866 will help protect need-based aid and need-blind admissions and preserve that opportunity.

Mr. Speaker, I urge the House to suspend the rules and concur in the Senate amendment.

Mr. Speaker, I reserve the balance of my time.

Mr. FRANK of Massachusetts. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I congratulate the gentleman from Texas [Mr. SMITH], the chairman of the Subcommittee on Immigration and Claims. I agree with the legislation that the gentleman has introduced, and I share his regret that the Senate made it only a 4-year extension. There was no good reason for that.

But, Mr. Speaker, I also share the gentleman's view that the best thing for us to do is to concur, so we can at least keep it going. The colleges deserve to have been supported by the Federal Government, not interfered with when this first came up.

As the gentleman from Texas very accurately explained, what we are talking about here is an effort by the colleges to put their scholarship money where the need is the greatest. Absent this kind of antitrust exemption, there would be pressures on them to bid for a few students, regardless of whether or not need existed, and that would take money away in a limited-resource universe that we live in, from students in great need.

Mr. Speaker, I thought it was a serious error when the Department of Justice years ago interfered here. Congress did the right thing by stepping in to protect the right of the universities to do this. We should be making it permanent, and the gentleman from Texas has taken the lead here in a very good way. Given that the Senate did not want to go along with the permanent extension, this is the best we could do and so we should do it.

Mr. Speaker, I yield back the balance of my time.

Mr. SMITH of Texas. Mr. Speaker, I thank the gentleman from Massachusetts [Mr. FRANK] for his comments and for his support, since the gentleman was an original cosponsor of this legislation.

Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

The SPEAKER pro tempore (Mr. UPTON). The question is on the motion of the gentleman from Texas [Mr. SMITH] that the House suspend the rules and concur in the Senate amendment to the bill, H.R. 1866.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the Senate amendment to H.R. 1866 was concurred in.

A motion to reconsider was laid on the table.

SPECIAL ORDERS

The SPEAKER pro tempore. The Chair will recognize Members for special order speeches, without prejudice to the resumption of legislative business.

THE PRESIDENTIAL AND EXECUTIVE OFFICE FINANCIAL ACCOUNTABILITY ACT OF 1997

The SPEAKER pro tempore. Under the Speaker's announced policy of January 7, 1997, the gentleman from California [Mr. HORN] is recognized for 60 minutes as the designee of the majority leader.

Mr. HORN. Mr. Speaker, I rise to speak on a bill that will improve the financial operations of the White House.

Last Thursday the Subcommittee on Government Management, Information, and Technology, which I chair, marked up H.R. 1962, the Presidential and Executive Office Financial Accountability Act of 1997.

This bill will bring fiscal accountability to the highest office in the land.

It received unanimous bipartisan support from the subcommittee and has been forwarded to the full Committee on Government Reform and Oversight for its consideration.

The vehicle for this essential reform is the Chief Financial Officers Act of 1990. The Chief Financial Officers Act was landmark legislation. It was bipartisan in nature, passed in a Democratic Congress by both Republicans and Democrats. It was inspired by the realization that billions of dollars are lost through waste, fraud, abuse, and mismanagement in the Federal Government.

Mr. Speaker, the waste stems in part from obsolete and inefficient financial management systems that fail to produce consistent and reliable information. Congress realized that this and related problems could be addressed through improved management and specifically through improved central coordination of internal controls and financial accounting.

The Chief Financial Officers Act was designed to help executive branch agencies improve their financial operations. It established leadership positions within the Office of Management and Budget, which is the President's management and fiscal responsibility agency to administer through the Federal Government his desires. The Office of Management and Budget dealt with these financial management issues, and included the Deputy Director for Management at that time.

The Chief Financial Officers Act also established the Office of Federal Financial Management within the Office of Management and Budget, and the position of controller to serve as the principal advisor to the Deputy Director for Management on financial management issues.

The act installed a chief financial officer and a deputy chief financial officer in every major department and agency. The chief financial officers oversee all financial management activities within their agencies and they report directly to the head of the agency on financial matters.

This high-level reporting is crucial. Financial management, like information technology, is a technical subject that many executives prefer to avoid. That is a bad habit that can lead to a wide variety of problems in any organization. The solution is to make certain that financial management has a place at the executive leadership table.

Mr. Speaker, chief financial officers are also charged with developing and maintaining an integrated agency accounting and financial management system, including financial reporting and internal controls. Furthermore, an agency's chief financial officer provides guidance and oversight of financial management personnel, activities, and operations. This ensures in-house expertise on financial management. It also establishes a point of responsibility for all financial operations.

The chief financial officers prepare annual management reports for their agencies that are transmitted to Congress. They also prepare audited financial statements. These are submitted to the Office of Management and Budget. Beginning next year, the financial statements will be compiled by the Director of the Office of Management and Budget and the Secretary of the Treasury, and distilled into a governmentwide audited financial statement. This will be a first in American history. Not since 1789 have we had one financial statement that reflected what happens in the executive branch.

Although implementation of the Chief Financial Officers Act is not yet complete, the act has already proved effective. The Chief Financial Officers Act brings fiscal discipline to the 24 executive branch agencies affected by it. Several agency chief financial officers have stated that the benefits agencies gain by strengthening internal controls and applying private business sector approaches to financial management and reporting far outweigh the costs and difficulties involved.

Given the importance of the Chief Financial Officers Act, it might surprise some people to learn that the law was never applied to the Executive Office of the President. Americans look to the White House for leadership of the executive branch. Procedures in the Executive Office of the President ought to embody the best practices of the public and private sectors for the administration of the executive branch. We have the right to expect that the White House will set a model of excellence in this regard.

Regardless of administration or party, White House offices have not consistently met that standard. The White House pays for equipment it no longer needs. It has even paid for items that were never delivered. In the last Congress we learned of egregious waste and abuse due to inadequate accounting controls. The White House Communications Agency, for instance, paid only 17 percent of its bills on time. The taxpayers were stuck for penalties and interest on the other 83 percent of its obligations. This is a dismal performance.

Recent news reports confirm the impression that financial controls at the White House are weak. For example, it was reported last month that the White House has had to take extraordinary action to avoid exhausting its annual staff travel budget several months early this year. That had already happened once before, but it was not revealed.

The cause of the problem is very simple: People like to travel and no one is telling them not to. As the President's spokesman acknowledges, staff accompanying the President are increasingly bloated because "people are taking seriously the inflated titles that they've been given." Those are the words of the White House spokesman.

The solution to this problem is to make certain someone in the White House has both the technical expertise to watch the books, and the authority to enforce limits on spending by working with the responsible executives in charge of the various offices that are part of the Executive Office of the President.

And that is the role of a chief financial officer. It is abundantly clear that the Executive Office of the President could benefit from the fiscal discipline imposed by the Chief Financial Officers Act. The Chief Financial Officers Act would bring accountability to the financial operations in the White House.

If there had been a chief financial officer in the White House, the unorthodox accounting practices that prevailed in the travel office and which were used by the White House to justify the firing of longtime, dedicated employees would not have been permitted. A chief financial officer would have provided the travel office manager with the guidance and expert advice that was sorely needed.

A chief financial officer serves as a control to prevent abuses of power, whether minor or serious—as in destroying financial records of national interest. The Presidential and Executive Office Accountability Act of 1997 would provide for the appointment of a chief financial officer in the Executive Office of the President. H.R. 1962 does so in such a way as to address White House concerns about the privacy of certain high-level information.

The Presidential and Executive Office Financial Accountability Act of 1997 would make the White House more accountable for its own operations. The chief financial officer would review and audit the White House's financial system and records. A system of internal control would be established to prevent and to correct errors. The chief financial officer would review and audit the White House's financial systems and records. This type of control has worked well in other Federal agencies, including the Department of Justice and the Central Intelligence Agency.

The substance of this bill passed the House of Representatives with overwhelming support last fall. It was the part of H.R. 3452, the Presidential and Executive Office Accountability Act, which passed the House by a vote of 410 to 5 on September 24, 1996. Unfortunately, as the 104th Congress raced to a close, the chief financial officer provision did not make it into law.

In the months since the House voted almost unanimously for this provision, its importance has become only quite clear. Many of the White House's financial systems are arcane. We are working with the relevant staff of the President in a cooperative, bipartisan way to increase this accountability. A good first step toward serious reform is to hold the Executive Office of the President to the same standards of fiscal accountability as the various departments under the Chief Financial Officers Act. It is essential that the financial systems of the Executive Office of the President serve the President and his senior staff in an efficient and effective manner.

As the President and Congress work together to eliminate unneeded programs and make others fiscally more effective, it is essential that the highest public office in the land be an example of financial accountability.

□ 1430

I look forward to this legislation clearing the Committee on Government Reform and Oversight and coming before the House. I would hope that, as last year, this would be overwhelmingly passed on suspension.

REMOVAL OF NAME OF MEMBER AS COSPONSOR OF H.R. 695

Mr. JONES. Mr. Speaker, I ask unanimous consent to have my name removed as a cosponsor of H.R. 695.

The SPEAKER pro tempore (Mr. UPTON). Is there objection to the request of the gentleman from North Carolina?

There was no objection.

TAX CUTS

The SPEAKER pro tempore. Under the Speaker's announced policy of January 7, 1997, the gentleman from Wisconsin [Mr. NEUMANN] is recognized for 60 minutes.

Mr. NEUMANN. Mr. Speaker, I rise today to bring back information that I heard all over my district this weekend. We had a chance to travel and see my son who is a junior in college. I got a chance to talk to some of his friends at college as well as some of their parents. I thought I would come back today and relay some of the information regarding the tax cuts because they still seem to be generally misunderstood out there. They affect so many people in so many good ways, that this is good news that just plain needs to go out to the American people.

I would like to start today by going through the tax cuts, reminding all of my colleagues out there what is all in the bill as it relates to these tax cuts. And remember this is legislation that has actually passed Congress. This is now the law. The law has changed dramatically in terms of how much taxes are owed by families out there, by senior citizens out there. The tax laws have changed and they have changed dramatically.

I thought I would start today by revamping what is in the change in the Tax Code. Before I go into the specifics of this, I think it is important to also note that we are about to balance the budget for the first time since 1969. For all the folks out there saying how can you both cut taxes and balance the budget at the same time, let me explain very simply that by curtailing the growth of Washington spending; that is, Washington spending grows less, that leaves more money available and it is simply being returned to the American people. So we are both balancing the budget and lowering taxes at the same time.

Let me go into some of the things that I found that my families out in the First District of Wisconsin were talking about and found very useful for their information. Let me start with the simplest one that is the most straightforward.

Each family with children next year 17 or younger gets a $400 tax credit for each child. If we start there with the simplest one, what this really means is that in January of next year a family with children should go into their place of employment, they should lower the amount of tax dollars that are sent to Washington, DC, by $33 per month per child. This is literally a change of where the money that our workers are earning, where that money is going to. In the past that $33 came out here to Washington; now it should go into your take-home pay. But you have to go in and adjust the W–4 form in order to increase your take-home pay and decrease the amount of money that is coming out here to Washington.

The $33 per month per child is very simply $400, the tax credit per child, divided by the 12 months in the year. Starting with January of next year, a family with children should increase their take-home pay by $33 per month for each one of their children. So if you are a family of five like ours, you have three kids 17 and younger, for example, you should increase your take-home pay by roughly $100 per month starting next January. That affects approximately 550,000 Wisconsin families alone. But it does not end there.

Families saving up to send their children to college, there is a new education savings account and it works like this: A family with children can put $500 per year into a savings account that will then accumulate interest tax free until the children are ready to go to college, called the education savings account.

I found that a lot of the grandparents were talking about this because a lot of times a birthday will come or Christmas and they will not quite know what to get the grandchildren for a gift. This makes a wonderful gift. The grandparents can literally put this money into the education savings account, and it works like an IRA for the kids. When the kids get to college, education age, they simply take the money out and use it to go to college.

Another one for families with kids already in college. If you have a freshman or a sophomore in college, virtually all freshmen and sophomores in college paying $2,000 a year or more for room, board, and tuition will get a $1,500 credit next year on their taxes. If you have a freshman or a sophomore in college, it is a $1,500 tax credit next year.

It works like this: It is 100 percent of the first $1,000 of cost and 50 percent of the next $1,000, or $1,500 total out of a total cost of $2,000.

So for most of the families and most of the college students I was talking to over in New Ulm, MN, most of those families will get a $1,500 credit next year for the freshman and sophomore. If you are beyond the sophomore year, it is 20 percent of the first $5,000, or in most cases it is $1,000. So for freshmen and sophomores, the tax credit is $1,500. For juniors, seniors, and beyond that, the tax credit is $1,000.

And again, if you are not paying that much overall for your room, board, and tuition and total cost of going to college, it is prorated backwards. Freshmen and sophomores, virtually all of them that we talked to, would be eligible for the $1,500 per year credit. Junior, seniors and beyond, many of them are going to be eligible for the full $1,000, and some of them prorated amounts.

These are major changes in Tax Code policy that are going to allow our families with children and with college age children to keep more of their own money. Let me give you an example what we found.

Friends of ours from church, they have got one off in college, just started this year, is going to the same school as my daughter, Carthage College in Kenosha, WI. They have got two kids still at home. That family is eligible for $1,500 for the student enrolled at Carthage and $400 for each one of the two kids at home for a total of $2,300.

Let me translate that again. In January of next year, this family should literally start taking home roughly $200 a month more of their own money instead of sending it to Washington. Again, this is a family with a freshman who got $1,500 for the freshman college credit, $400 for each of the other two children still at home, for a total of $2,300 that they keep in their house instead of sending it to Washington.

It was really interesting because when I talked to some of the folks out there they said, I do not have kids and, therefore, I am not eligible for any of this. A lot of those families found that they had stock that had appreciated in value. They were going to sell that stock. Of course the capital gains rate has been reduced from 28 to 20 percent. Again, I pause in between. This is not Washington jargon. This is the law. This has been passed. It has been changed. The benefit is there. It is on the books. The capital gains tax rate has been reduced from 28 percent to 20 percent, if you sell stocks or bonds or whatever else it is you might have in that portfolio. I caution folks, take a good look at this, because there are time limits on how long you have to have held the investment.

Let me go to another one that a lot of folks did not realize. This affected one family. We saw some friends of ours that had moved from Wisconsin to Minnesota. In fact, they had sold their home in Wisconsin.

As most people do that have been in their home for a period of time, they made a profit selling the home. That is the way it works. The change in the tax law now says that if you sell your home after you have lived in it for 2 or more years, there are no Federal taxes due.

I started explaining this to one family in Green Bay, WI. The caller on this radio show asked me three times if I was sure I had this right. If you have lived in your home for 2 years or more, principal residence for 2 years or more, and you sell the home and make a profit, there are no Federal taxes due.

The old age 55, where folks in their early 50's wanted to sell but waited for the 55 exclusion, the exclusion is gone. It is at any time during your life. If it is your principal residence for 2 years or more, there are no Federal taxes due on the sale of your home. A person in a situation of a job transfer, like our friends we saw in Minnesota this weekend, where they sold a home in Wisconsin and moved to Minnesota, they are no longer forced to purchase a home of equal or greater value to put off paying taxes. That is the way it used to be. It is not true anymore. If you sell your home, there are no Federal taxes due if it has been your principal residence for 2 years or more in virtually all cases.

I have not talked too much about the farmers. Ninety percent of all farms can now be passed on to the next generation because of this new tax change without paying Federal taxes on it as it is passed from one generation to another. Same thing on closely held family businesses.

Then I saw some union workers. Some of the union workers said, but my kids are all grown and gone and they are out of college; I do not qualify for any of those things you just described. In fact, I am in a pension plan where I work and therefore none of that stuff is applicable to me.

I said, did you think about the Roth IRA. People in their early 50s, kids grown and gone, they are out of college. They are no longer around and not eligible for any of these other tax cuts. They said, well, we are not thinking of selling our house. I said to them, why do you not think about the Roth IRA. The Roth IRA is a brand new account that is going to help allow millions of Americans prepare to take care of themselves in retirement.

The Roth IRA works like this: You can put up to $2,000 per year into the Roth IRA. The interest that accumulates or stock appreciation or whatever you put this Roth IRA into, as it appreciates in value, you reach retirement age, you take the money out. You do not pay taxes on it. The Roth IRA is sort of like the IRA of old only backward and open to a lot more people.

It used to be in the old IRA's, this is still available for those people that were eligible before, but in the old IRA you put $2,000 in, you wrote it off on your taxes this year. Under the Roth IRA, you do not get the tax deduction this year but when you take the money out in the future, the appreciated money, you do not pay taxes on it in retirement. It is a great way to save for retirement for millions and millions of Americans that virtually takes into account any of the other folks that were not covered or benefited by one of the other tax cuts that I spoke of earlier.

I talked to some young couples who were thinking of a first home or saving up for a future college education, maybe had a bachelor's degree and looking to go back to school, complete a master's or a doctorate. Under the new IRA's, they can also save up for their first home or for future education costs under the Roth IRA.

So the good news is these tax cuts, when we were all over and done discussing them, we found that virtually every American benefits in some way, shape, or form from the tax cuts. From families with $400 per child, to the $1,500 for college credit, to the $1,000 for those that are further on in college, to those that are saving for their own retirement, to those who are already in retirement and sold their home, virtually everybody across the board benefited from the tax cut package. It is just time that America understands what is in it.

My fear is this. My fear is that January is going to get here and those 550,000 families in Wisconsin that are eligible to keep $33 per month per child more of their own money in their own home, they are not going to do it. They are going to let that money keep flowing out here to Washington. When Washington sees the money, as hard as Members like myself are going to fight to stop them from spending it, it is going to be more difficult with the money out here in Washington than if the folks keep the money in their home themselves.

That money belongs to our families in Wisconsin and other families across America. Those families ought to keep their own money. Do not send it out here to Washington and hope you will get it back a year later. Keep it in your own home. You earned it. It is not a gift from Washington. Keep your own money and make the changes as soon as you can. You are eligible in January of next year and those changes should be put into effect immediately. If you have got a freshman in college, 125 bucks a month you ought to be keeping of your own money. If you have a child under the age of 17, 17 and under, $33 a month. Make the changes in your withholding immediately so that money does not get out here to Washington first. Good news for America.

I conclude this portion of what I have to say here today on the tax cuts in a very upbeat mode because we have not only lowered taxes, we did not do it at the expense of future generations of Americans. We have lowered taxes at the same time we balanced the budget, and we did it by controlling Washington spending. And I think that is what the change in 1994 was all about.

With that having been said, I think we should talk about what has happened in the past out here in Washington because it is pretty significant. There is a lot of people very concerned about it, myself included. It is really the primary reason I left the private sector.

What I have in this chart is the growing debt facing the United States of America. We can see that from 1960 to 1980 this debt grew in a very small amount, but from 1980 forward, this debt has grown right off the chart.

A lot of people look at 1980 and they say, that is when Ronald Reagan was elected. That is the Democrats, they blame the Republicans. And Republicans go, that is that Democrat Congress. They spent out of control and the Republicans all blame the Democrats.

The bottom line is that as Americans we need to understand what we are about here on this chart. If we keep fighting, Republicans and Democrats, the problem is not going to get resolved. This is an American problem. We need to look at this picture and understand the problem is real and start addressing the problem.

If you have not seen how much debt we are in as a Nation, it is almost scary to talk about it. The number is $5.3 trillion and the number looks like this. The people that were here in Washington before 1995 saw fit to spend $5.3 trillion more than they collected in taxes basically in the last 15 years.

Let me translate that into English. I used to teach math. We used to divide the total debt by the number of people in the country. Every man, woman, and child in America today is responsible for $20,000 of debt. If we divided debt up amongst all the people in the country, $20,000 for every man, woman, and child in America, and for a family of five like mine, it is $100,000.

Here is the kicker on the debt. That is real debt. And like all debt, you pay interest on it. A family of five today in America is literally paying $580 a month every month to do nothing but pay interest on the Federal debt.

Let me put this another way: The Federal Government is collecting taxes out of the paychecks of workers all across America, for a family of five in the amount of $580 a month, to do nothing but pay interest on the Federal debt.

A lot of folks are going, I do not have to worry, I do not pay that much in taxes. The reality is every time you walk in the store and you do something as simple as buy a loaf of bread, the store owner makes a small profit on that loaf of bread and part of that profit gets sent out here to Washington, DC. You guessed it. It goes to pay interest on the Federal debt. As a matter of fact, $1 out of every $6 that the Federal Government spends, remember, when they spend money, they are collecting it out of your paychecks first, $1 out of every $6 that they collect out of your paychecks goes to do nothing but pay interest on the Federal debt.

□ 1445

I think it is reasonable to ask how it is that we got to this situation. I think to answer that question we ought to look back at what was going on out here before 1995 so we can see the difference.

In 1994 the American people said, we are not going to put up with this anymore, and they elected a new Congress. And I think it is important to look at the difference between the past and what is happening now and understand that there has in fact been a very significant change.

This is the Gramm-Rudman-Hollings bill of 1985 and the blue line shows how they were going to decrease the deficits and get a balanced budget in 1991. The red line shows what they actually did back then. They did not meet those targets. They left the blue line literally after 1 year and they never came close to hitting the targets again.

Well, they did what Washington does pretty well. When they saw they could not make the first projections, they gave some new promises out of this city, and the new promises went like this: Well, we will balance the budget by 1993. We see we cannot keep the old promises, so we will make some new ones.

But what happened is after a year and a half they quit honoring their promises again. And in 1993, the year they were supposed to have the budget balanced, based on all those promises again, instead of balancing the budget, they raised taxes.

The thinking went like this: Well, we understand we cannot control Washington spending. So what we will do instead is we will simply reach into the paychecks of American workers and take more money out here to Washington, because if we get more money out of their paychecks, we can maintain our Washington programs, keep spending money out in this city, and eventually we will get to a balanced budget because we will keep taking more and more money out of their paychecks.

That was 1993. The biggest tax increase in American history was passed in that year.

That has led to the problems of today. Raising taxes did not and does not work to balance the Federal budget. That is not how to go about balancing the Federal budget.

Well, in 1994 the American people looked at this situation and said broken promises, higher taxes? That is not what we want going on in Washington, DC. We want a group of people out there who will promise us a balanced budget, keep their promises and, at the same time, lower our taxes.

That was 3 years ago. And I think it is reasonable that the American people start asking what has happened since 1995 when we put the Republicans in control of the House of Representatives and we put the Republicans in control of the Senate. Has it been different?

Let us be fair about this. They left a Democrat President in control out here. So the American people have a right to ask, with Republicans in control of the House and Republicans in control of the Senate and, in all fairness, a Democrat President, what is going on?

Well, in 1995, we laid a plan into place to balance the Federal budget, too. We inherited this. If we had done nothing when we came here, if we had done absolutely nothing when we got to Washington, this was where the deficit was going to. As a matter of fact, it would have grown to $350 billion. When we got here in 1995, if nothing would have changed, we would have played golf, we would have played basketball and not done our job, the deficit was growing and it was going to keep right on growing.

After 12 months, and many people remember the hassles of the first 12 months of 1995, in those 12 months we went through battle after battle after battle to change what was going on in Washington, DC. By the end of December, if we had quit at that point, the yellow line shows where the deficit would have gone.

But we had this plan in place, and the plan was the green line. This green line is much like what we saw in the Gramm-Rudman-Hollings promise of the past chart. The only difference is, instead of missing our targets, we are not only on track but ahead of schedule.

Remember, this is the promise. Much like the promises made under Gramm-Rudman-Hollings, but instead of being above that target we are below the target. We are not only on track to a balanced budget but we are significantly ahead of schedule.

Is there anything different from pre-1995 to post-1995? You bet your bottom dollar there is a lot of difference out here. Instead of missing our targets, we are on track and ahead of schedule, and we will deliver to the American people a balanced budget, literally by the year 1999, at the latest, maybe even 1998, 3 years ahead of schedule. No more broken promises.

We are not doing it with higher taxes but by controlling the growth of Washington spending.

When I am home in my district and I am telling this, a lot of people say, yes, but the economy is strong. It is all the economy that is doing it. And in all fairness, the economy is strong. But we have had strong economies in the past, and when we have had strong ecomomies in the past, and Washington slides to revenue, Washington simply increases their spending to match that increase in revenue and the deficits kept going up.

Washington is different since 1995, and I think the people have a right to know. Before 1995, when we got here, this red column shows how fast spending was going up. It was going up 5.2 percent annually. When we got here in 1995, we slowed the growth of Washington spending. Instead of going up at 5.2 percent it is now going up at 3.2 percent, frankly, faster than some of us would still like to see it. We would like to see this even smaller yet.

But let us be real about this. We had a 40-percent drop in the growth of Washington spending in a 2-year period of time. We have a strong economy, extra revenues coming in and, at the same time, we have slowed the growth of Washington spending.

The result? The result is we can both balance the budget and reduce taxes at the same time. That is great news for the future of this country.

I brought a chart to help explain this a little better, because it gets reasonably simple to understand how that changes the impact of what is going on out here and why we are actually at a balanced budget sooner rather than later, and why we can both reduce taxes and balance the budget at the same time.

This red line shows spending growing at 5.2 percent, just like the last chart I had up here, and we will notice when we get to 1995 the red line starts going up at a slower rate. Well, since the red line is going up at a slower rate and the blue line shows revenues, and the blue line keeps going up at a very strong rate, well, if the red line goes up slower and the blue line goes up faster, we reach a balanced budget ahead of schedule.

That is, in effect, what has happened. We can see from this picture that as the revenues grow at a faster rate, and spending, instead of growing at a faster rate to keep up with that, grows at a slower rate, we get to the point where the two lines cross each other and, in fact, we have a balanced budget not only in the year 2002, as promised, but significantly ahead of schedule, perhaps 1998 or 1999.

It is also interesting to note what happens next. With the revenues continuing to grow and the spending growth slow, we actually create a surplus out here where we can look at having more Federal dollars coming in than what we are spending.

Now, I do not think we should negate our obligation and responsibility here. With more Federal dollars coming in than what we are spending, we certainly have a responsibility to return some of those dollars to the American people, but we also still have that $5.4 trillion debt staring us in the face, and that has to be paid down.

But the point here is that as revenues keep going up and spending growth is slowed, we get to a balanced budget not only on track, but ahead of schedule and we actually start developing surpluses as early as the year 1999. This is phenomenal news for the United States of America, and it is a phenomenal change from where we were before 1995.

The credit for all of this? The credit should go to the American people because, after all, it is the American people that saw fit to change who was in control of Washington, who saw fit to send a group out here that would in fact control the growth of Washington spending as opposed to spending more in the face of a strong economy.

I have one other chart up here that just helps us also to see just exactly what is going on and how much we are keeping our commitment to the American people. The red columns here show the promises made by the new Congress in 1995 when we got here. And these are easy to check; these are actually down in law.

This is the deficit projection that we said, in order to reach a balanced budget, we had to achieve. Well, in 1996 we said the deficit had to be $154 billion, as we laid out our path to a balanced budget. It came in actually not only on target but ahead of schedule at $107 billion.

The second year, 1997, we had projected it had to stay at least at $174 billion in order to keep us on track. Actually, it is coming in, the chart shows $67, it is actually coming in at $34 billion.

I want to talk a bit about how this helps the economy and why we are seeing such a boom even though we are at the end of what might be considered a normal business cycle. This means the Government spent $100 billion less than everyone expected them to spend. When the Government spends $100 billion less, and that means they borrow less out of the private sector, that means there is $100 billion more money available in the private sector.

This is kind of the law of supply and demand. If there is more money available in the private sector, needless to say, the interest rates will stay down. With the interest rates down, of course, the natural things happen: People buy more houses, they buy more cars, they buy more things. And when people buy more houses and cars, because the interest rates are down, that of course means there are job opportunities because people have to build those houses and build those cars and build those washers and dryers and all the other things they are buying to go into those homes.

So it works pretty much like this. The Government not only hit their target but they are way ahead of schedule, $100 billion. Since they borrowed $100 billion less out of the private sector, that left $100 billion more available in the private sector. Well, banks had to lend that money out, so they kept the interest rates down so people would buy more houses and cars, people bought more houses and cars, and when they did that, of course other people went to work and started paying taxes instead of drawing off the welfare roll.

That was our theory back in 1995. This picture shows how well that theory works. It is kind of a self-fulfulling prophecy. As the Government borrows less, there is more money available, the interest rates stay down, and when the interest rates are low and capital is available, that means people buy houses and cars. When they buy houses and cars, we expect the unemployment rate to stay low, and that is actually happening all around us right now.

So I contend the picture we are looking at is not really not to be expected; it should be expected, because the theory is now a reality. It is not a theory any longer; it is now a working model. And in fact we see in this picture our working model is very effective and works pretty well.

Now, having said all that, I go back to the first chart we had up here. It is the chart that shows the growing debt. Because as positive and optimistic and upbeat as all this is, we have talked about the fact that it has changed since before 1995. In the past we had the broken promises of Gramm-Rudman-Hollings; in the past we had the tax increases of 1993, and in 1994 the American people changed that. They put the Republicans in control of the House and the Republicans in control of the Senate and, in all fairness, they have left a Democrat President in charge, so let us keep it as bipartisan as we can. But the reality is, it changed dramatically in 1994.

So, with this change, we have reached a balanced budget for the first time in a generation and lowered taxes for the first time in 16 years, but we have still got this problem that we are right here on this debt chart. So I think the remaining question that has to be asked is, if this group that is now in charge out here is actually going to solve the problems facing this Nation, balancing the budget for the first time since 1969, lowering taxes for the first time in 16 years, restoring Medicare, what about that debt that is still out there facing the American people? Are we really willing to leave that as the legacy that we pass on to our children?

If nothing is done about it, we keep the budget balanced so we do not borrow more money, we will still pass that $5.3 trillion debt on to our children. That is the remaining question that needs to be answered.

I am happy to say that we have developed a plan that specifically addresses that question. It is called the National Debt Repayment Act. Now, under the National Debt Repayment Act, of course our ultimate goal is to pay off the Federal debt to pass this Nation on to our children debt free. When we think of the benefits of passing this Nation on to our children debt free, it would be nice if, a generation from now, a family of five did not have to send $580 to Washington to pay nothing but interest on the Federal debt.

Here is how the plan works. After we reach a balanced budget, and again it has to do with the revenue line climbing faster than the spending line, after we reach a balanced budget, we cap the growth of Washington spending at a rate 1 percent lower than the rate of revenue growth.

Now, a lot of folks will look at this red line, which is the spending growth, and say, wait a minute, I have been hearing about these draconian cuts that are being made in Washington, but how come that spending line is still going up there?

Well, it is time the American people get to know the truth. Even when Washington slows the growth of Washington spending, the spending line is still going up. They are still spending more money each and every year. Many of us would like to see this red line much flatter than what it is.

I have made a reasonable projection here as to what can be accomplished in this community, even with all the pressures to do all the different things being leveled on the many people out here in Washington.

So what our bill does is, it says, we will let spending go up but at a slower rate than the rate of revenue growth. If revenues go up faster than the rate of spending growth, that creates a surplus. That surplus is used to two ways: First, we use one-third of it to further reduce the taxes on the American people.

And let me address further reducing the taxes on the American people. Our Tax Code is so complicated that virtually no one out there can understand it. Our Tax Code is so complicated, and I was so frustrated this morning, I about threw one of our staff members out the window, and I owe him an apology, because I was so upset, because as we started going through the tax rules, they are so complicated it seemed like nobody was willing to write down what the actual answer to our question was, because nobody was 100 percent sure because the rules are so complicated.

So as we look at this picture and realize that we can, in fact, create these surpluses by controlling the growth of Washington spending, one-third of those surpluses dedicated to additional tax cuts, let us start by looking at opportunities to reform the Tax Code in its entirety, maybe throw out the IRS as we know this complicated monster to be today, and start with something newer and simpler that people can in fact understand. So I would suggest we use the additional tax cuts for across-the-board tax cuts.

And the other thing I think needs to be eliminated is the marriage tax penalty, and it is important to get to that in a hurry.

□ 1500

In America today, if four people all work at the same job and all earn exactly the same income but two of those people are married to each other and two of those people are living together, forget the social evaluations on what you think of that, the facts are that two people that are married to each other pay more taxes than the two people that are living with each other, and that is not right in this Nation. That is promoting exactly the opposite of what many of us would think we should be promoting in this country. I would say we need to eliminate the marriage tax penalty and look for across-the-board tax cuts, and with that one-third let us look to revamp the tax system in its entirety and get to something that we can understand.

I have another example of how frustrating it is. My 14-year-old son who mowed lawns and made $900 mowing those lawns owed $128 into the Social Security system, but because he was self-employed, filling out the forms is complicated enough that you need an accountant to do it. That is how ridiculous our tax system is today.

As we look at this picture, and we realize that simply slowing the growth of Washington spending will allow us to develop this surplus and one-third of the surplus goes to additional tax cuts hopefully revamping the tax system, the other two-thirds goes to paying down debt. Let us make this very, very clear. If this program is put into place in 2026, the entire debt, all of it, would be repaid. That is to say, we could pass this Nation on to our children debt-free. Think about the difference and the contrast in these legacies. As we look before 1995 we were looking at passing on a legacy of trillions and trillions and trillions of dollars of debt to our children. We can now look forward to a bright future in America where instead of passing on a $5-plus trillion debt we could literally be on track to pay the Federal debt off in its entirety and instead leave our children a legacy of a debt-free Nation. What a wonderful opportunity we have staring us in the face in understanding that if we simply control the growth of Washington spending we can literally repay the Federal debt. Two-thirds of that surplus then is allocated toward repaying the debt.

I would like to go into one other thing as we are paying down the debt that is very important. The Social Security trust fund plays into this picture very prominently. In Social Security today, we collect more tax dollars than what we are paying back out to our senior citizens in benefits. As a matter of fact, this year alone the Federal Government will take out of paychecks taxes that equal $70 billion more than what is paid back out to senior citizens in benefits. If you collect more money than you are paying out to seniors in benefits, the question is what happens to that $70 billion? It is supposed to be sitting out here in Washington in a savings account on reserve so that when the baby boomer generation hits retirement and starts drawing Social Security, the savings account is there, you get the money out of the savings account and make good on the Social Security checks.

I suspect this will come as no great surprise to anyone when we acknowledge the fact that there is no savings account. All of that money that has been collected that was supposed to be put on reserve for Social Security has been spent on other Washington programs. It is all part of the $5.4 trillion debt. Again I say $5.3 trillion and $5.4 trillion sometimes. The debt is rapidly growing almost as we are on this floor speaking. The debt is growing at roughly $10,000 a second even as I speak here today and even as it has been slowed. That is why it is so important we keep this on track. The Social Security trust fund is collecting more dollars than it is paying back out to seniors in benefits. It is supposed to be sitting in the savings account; it is not, it has been spent on other Government programs, all part of the $5.4 trillion debt.

That brings us back to this picture. As we develop these surpluses by controlling the growth of spending, as we drop those surpluses and we start paying off the Federal debt, one thing we are doing is putting the money back into the Social Security trust fund.

Again, let me make this clear. The money that is being collected today for Social Security over and above what is being paid back out to our senior citizens in benefits, it is currently being spent on other Washington programs. That is wrong. That needs to be stopped. Under the National Debt Repayment Act, all of that money that has been taken out of the Social Security trust fund would be returned to the Social Security trust fund and Social Security would once again be solvent for our senior citizens.

Where are we going with the National Debt Repayment Act? Under the National Debt Repayment Act for seniors the Social Security trust fund would be restored. All of the money that has been taken out of Social Security would be put back into the Social Security trust fund. For people in the workforce today and for anyone who has ever been frustrated filling out their tax forms, under our National Debt Repayment Act, one-third of the surplus is going to additional tax cuts each year, which could then be used to revamp the IRS and make a simpler system overall. Most important for our children, most important of all for the children of this Nation, we can give them a legacy of a debt-free country instead of passing on a $5.3 trillion debt from our generation to theirs. Once again, the next generation in America can look forward to a stronger and a better America like we could when our parents passed this Nation on to us. That is what this is all about and that is what it should be all about.

I would like to kind of summarize today by going back through the tax cuts just briefly and then summarizing the past and the present to wrap up my hour on the floor today. Tax cuts I found to be the most nonunderstood package out there in America today. I am going to run through them quickly. If you have got children 17 and under, most folks are going to get a $400 credit or $33 a month. Starting in January next year, workers should start keeping $33 more a month in their paychecks. You do that by adjusting your W–4 forms. If you have got a college student who is a freshman or sophomore, you get $1,500 starting January of next year, again adjust your paychecks so you keep $125 a month of your own money instead of sending it here to Washington. After all you earned it. It is not a gift from Washington. You earned it. Please keep it starting in January of next year. If you have got children noncollege age 17 and under, it is $400. $400 divided by 12 is $33 a month. Start keeping it in January of next year. If you have a freshman or sophomore in college, it is $1,500 a year, $125 a month. Keep it in your paycheck. Do not sent it out here. For juniors and seniors in most cases it will be $1,000 a year. Again, it is based on 20 percent of the first $5,000 of cost.

Young couples, if you want to save up to buy your first home, you can do that in the tax-free savings account, called the ROTH IRA. Farm owners, if you want to pass your farm on to the next generation, in 90 percent of the cases you will be able to do it without paying taxes. Same thing for all businesses. For the small business owner, and I did not mention this before, the deductibility of health insurance is going up to 100 percent over the next 10-year period of time. Homeowners, perhaps the most significant change in the Tax Code, if you own your home and it was your principal residence for 2 years or more, and you sell that home, there is no Federal taxes due on this. To the young lady in Green Bay, WI, who called me three times to make sure I had that right, yes, I have that right. If you sell your home and you are in your principal residence for two years or more, you do not owe the Federal Government taxes on the sale of that home. For many of the senior citizens who bought at $22,000 and are selling their home for $70,000, this is a huge change. For many people in America who have had a job transfer and in the past gone into the new city and felt obligated to buy a house as expensive or more expensive than the one they sold, from now on that is your choice. There are no Federal taxes due on the sale of your home if it has been your principal residence for 2 years.

Again to the young woman in Green Bay who called and asked three times, we do have it right. There are no taxes due on the sale of your home. The capital gains tax reduction is from 28 percent down to 20. It goes to 18 even later on in the tax bill. Capital gains, depending on your income level, if you are earning $41,000 a year or more, your capital gains tax rate will go to 20 percent, it used to be 28 percent, that is $8 for every $100 you make on the sale of a stock, bonds or that sort of entity. If you are in a lower income bracket, it goes to 10 percent. Capital gains is another reduction.

How is all of this possible? This is all possible because the people that you all, the American people, sent to Washington, the people that you sent to Washington have restrained the growth of Washington spending. Instead of Washington spending more money, we are able now to let you keep more of the money you earn in your own home instead of starting new Washington spending programs out here, and the programs are not working. Spending was going up by 5.2 percent before we got here. We have slowed the growth by 40 percent. It is now going up by 3.2. It is still going up too fast for many of us.

I have talked to a lot of my constituents out there who are very concerned about the fact that Washington spending is still going up too fast and I have to tell all of those folks I agree with them, it is still going up too fast but it is going up at a much slower rate than it was before. Because we have a strong economy coupled with a slower growth of Federal spending, we are now able to balance the budget for the first time since 1969, lower taxes for the first time in 16 years, and restore Medicare all at the same time. This is good news for America. This is what we got sent here to do in 1995, and I am happy to report back to the American people that with the Republican-controlled House and Republican-controlled Senate and in all fairness with a Democrat President, we have gotten to the point where we have literally balanced the budget for the first time since 1969, when I was a sophomore in high school, lowered taxes and restored Medicare.

The future, even after the budget is balanced, we have still got that $5.3 trillion debt staring us in the face. The Social Security money is part of that $5.3 trillion debt. I am happy to report that we have a bill on the table today that will in fact pay off the entire Federal debt by 2023, restore the Social Security trust fund for our senior citizens and lower taxes each and every year as far as the eye can see, giving us the opportunity to dump the IRS as we know it today and get in a system that is easier, simpler, and fairer to the American people. That is a complete picture of an entirely changed Government in Washington, DC. The past of broken promises and higher taxes changed in 1995 to a Government that is going to do the right thing, balance the budget, lower taxes, restore Medicare, and a group of people that are actually looking forward to the future and acknowledging that we still have these problems that must be addressed. We are going to pay off the Federal debt, restore the Social Security trust fund, and lower taxes even further and reform the IRS. That is what the future holds, and for a change we should be looking brightly to the future and to bright, wonderful opportunities of growth and hope and prosperity for our children for the next generation. That is what this is all about and that is what the American people as well as my colleagues here in Washington need to know has changed out here. It is a phenomenal change. More important than any of the people here in this city is what it means to the future of this great Nation we live in. Once again our generation has a chance to look forward to the next generation and say in fact that we are able to pass America on to the next generation in better shape than we received it in.

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore (Mr. UPTON). The Chair would remind all Members to direct their remarks to the Chair and not to the television audience.

RECESS

The SPEAKER pro tempore. Pursuant to clause 12 of rule I, the Chair declares the House in recess until approximately 6 p.m.

Accordingly (at 3 o'clock and 10 minutes p.m.), the House stood in recess until approximately 6 p.m.

□ 1805

AFTER RECESS

The recess having expired, the House was called to order by the Speaker pro tempore [Mr. COBLE] at 6 o'clock and 5 minutes p.m.

GENERAL LEAVE

Mr. PORTER. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the further consideration of H.R. 2264, and that I may include tabular and extraneous material.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Illinois?

There was no objection.

DEPARTMENTS OF LABOR, HEALTH AND HUMAN SERVICES, AND EDUCATION, AND RELATED AGENCIES APPROPRIATIONS ACT, 1998

The SPEAKER pro tempore. Pursuant to the order of the House of Thursday, July 31, 1997, and rule XXIII, the Chair declares the House in the Committee of the Whole House on the State of the Union for the further consideration of the bill, H.R. 2264.

□ 1805

IN THE COMMITTEE OF THE WHOLE

Accordingly, the House resolved itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill (H.R. 2264) making appropriations for the Departments of Labor, Health and Human Services, and Education, and related agencies, for the fiscal year ending September 30, 1998, and for other purposes, with Mr. GOODLATTE in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. When the Committee of the Whole rose on Friday, September 5, 1997, the bill was open for amendment from page 11, line 1, through page 25, line 8, and pending was the amendment offered by the gentleman from Missouri [Mr. BLUNT].

Is there further debate on the amendment?

Mr. SOUDER. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise today in strong support of the Blunt amendment to increase Federal spending for vocational education programs by $11.25 million. Mr. Chairman, earlier this year the Committee on Education and the Workforce worked very hard to improve vocational education opportunities for our country's youth so that the vocational education system will provide quality vocational education for students. These improvements will ensure that our students are equipped to thrive in today's business world.

We worked to streamline and modernize this system because recent trends prove that about three-fourths of America's youth do not complete a 4-year college degree. All of America's young people should receive a high quality education regardless of whether they are bound for college, military service, or directly into the work force. This is even more true today than it was a few years ago as we focus on moving people off the welfare rolls and into work environments, many of whom will not go to college.

We should empower our youth by giving them the vital tools they need to be productive wage earners. We should empower adults to go back and get the education they need to supplement and advance up the work force. We should work through vocational education to look at prevention and not just harassment of businesses as in many cases we find in OSHA. In contrast, in spending dollars on OSHA, the Occupational Safety and Health Administration, to the tune of $336 million, we are funding an agency to issue rules that are not only silly but in some cases detrimental.

Let me give an example. OSHA specifically disregarded clear evidence that their recent requirements changing brake composition would double the stopping distance for cars. Their best estimates, using bad science, indicated they might save three to five workers' lives every few years. By changing the composition of brake pads they increased stopping distance of vehicles by 20 feet. This, according to clear scientific studies by the National Safety Transportation Board, will cause at least 150 more deaths each year and thousands of unnecessary injuries. This was done despite the fact that auto accidents are still a major cause of fatalities among American workers. There is no data that asbestos brakes causes hazards to anybody but there is data that shortening the time it takes to stop a car causes deaths. Why would we as a Republican Congress increase funding for OSHA where we have no scientific evidence that it has a reduction in the number of worker accidents? When funding increases for OSHA, we actually had a decline in rate of accidents. When we decreased funding for OSHA, we had a further decline in the rate of accidents. When we kept it level, we had a decline in rate of accidents. There is no corollary to the funding for OSHA and the accident rate. Yet when we spend the money on vocational education particularly at a time when we are looking at moving so many people off of welfare and into the work force, we can see substantive returns particularly now with the reforms that we had in a bill that moved with such high numbers of support through this Congress. If we put the money in vocational education, we are likely to see some actual results, when in fact to some degree the OSHA laws have been counterproductive. Nobody is proposing here to gut OSHA. If we eliminated OSHA, there would be a danger to employees all over this country. That is not the argument here. The question is should we increase OSHA or should we increase vocational education. Some Members do not like this choice. But that is in fact what we are going to be debating over the next few days, possibly the next couple of weeks as we go through this bill. We pretty much realize that we are going to spend more money. Not a lot of us are thrilled about that but we are going to spend more money. We pretty much realize we are going to grow the size of government. We may not all agree with that but it seems to be there. Now the question is which government are we going to grow? Which parts are we going to say deserve more funding and which parts do not? That is what this debate is going to be about. Are we going to support new Federal education programs without even hearings that expand the Federal bureaucracy and control in Washington over local standards and schools? Are we going to spend more money on abortions out of Washington, even distribute abortion information, birth control information, and other things without even telling the parents? Are we going to put more money out for needles for drug users? Or are we going to put it into programs like IDEA for developmentally disabled students and handicapped students? Are we going to put more money into vocational education? If we are going to spend the money and if we are backed into a corner where we have to spend more money and grow the size of government, the question is where are we going to spend this money? That is a debate we are going to be having on these amendments. The Blunt amendment before us tonight offers a clear choice. Do we as Republicans favor, and Democrats, and there are many moderate Democrats who hear from small businesses around this country about the problems with OSHA. I know Mr. Dear has tried to make changes but we still hear those problems. There is no scientific evidence that these marginal expenditures work, so are we going to give OSHA more money or are we going to give the money to vocational education? Are we going to do illogical things like force asbestos out of brakes because somebody decided that was the thing to do regardless of scientific evidence? Or are we going to put it into actual prevention of accidents by teaching people in vocational education and putting it into educating America's workers as opposed to just harassing and costing them jobs?

The CHAIRMAN. The time of the gentleman from Indiana [Mr. SOUDER] has expired.

(By unanimous consent, Mr. SOUDER was allowed to proceed for 1 additional minute.)

Mr. SOUDER. Mr. Chairman, Members do not like tough votes but that is in fact what a budget is. As we go through this appropriations process, we are going to have to make some priorities. This vote is do you want to increase spending for OSHA? Or do you want to increase spending for vocational education? It is a choice and it is a choice that I believe the preponderance of evidence goes to vocational education.

Mr. COBURN. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise this evening to support this amendment and the question that I think is before us is not workers' safety versus education. The question before us is, Can we be efficient and prudent with the tax dollars that the taxpayers of this country give us and demand that the bureaucracies in Washington expend that money in an efficient and proper manner?

When we talk about putting money into vocational education and in light of the new welfare bill, it seems prudent to me that we would want to put as many dollars into vocational education as we can, especially as we reach down to those who do not have an education, who do not have a high school education.

I want to share what happens in Oklahoma with vocational education. We have had a marked reduction of those number of people that are on our welfare rolls, those people who are getting supplements. One of the reasons that we have is because we have a vocational education department and system in Oklahoma that makes a difference for people. If somebody does not have a high school education, our vocational education gets them a GED and then teaches them computer skills. It teaches them a job skill and then lands them in a job. We take those dollars for people who would have been receiving dollars from the Federal Government and make them into productive, tax-paying citizens.

☐ 1815

The other thing that we ought to talk about is in 1969, I believe that is correct, when OSHA was created, the annual death rate per 100,000 workers was declining. It was 18. The rate has continued to decline, but it has declined much more slowly since OSHA was implemented than beforehand.

No one on this side of the aisle and no one supporting this amendment thinks we should do away with OSHA, but we do think there ought to be a redirected purpose to do what OSHA was intended to do, and that is to preempt and secure workplace safety. That ought to be done in the most straightforward, comprehensive, and collaborative manner that we can secure.

I would like to give you a few examples of some of the things that OSHA is doing currently and see if, in fact, we all agree that maybe OSHA might spend their money in a more prudent way, and, therefore, not need increased funds from the Federal Government to carry out their job.

Just for example, OSHA fined a roofing company in California for failure to have a fire extinguisher in the proper place, in spite of the fact it had been moved to prevent it from being stolen by passersby as three other fire extinguishers had been done in the three previous days.

Each day they would put a new fire extinguisher out there; it was stolen. Each day they would put another one out; it was stolen. So they put it in a place where everybody knew where it was but could not be stolen, and yet they were fined for trying to conceal the fact there was a fire extinguisher.

North Carolina, a construction site was inspected by the State OSHA. Citations were subsequently issued for unprotected rebar, the steel that reinforces concrete, to have a rubber cap on the end of that. All of it was covered, except where they were pouring the concrete, which had inadvertently been knocked off as they poured the concrete. Never mind. They were fined for not having a rubber cap on the end of two or three pieces of rebar.

Pennsylvania, an apparel maker was recently inspected by OSHA. At the conclusion of the inspection, the OSHA official told the company that they had an excellent record, they did a great job, they found two minor infractions.

The company immediately corrected the minor infractions, sent the picture to OSHA demonstrating they had corrected the minor infractions, and, instead of congratulating the company, OSHA sent them a fine of $3,895.

They spent their money on things that do not have anything to do with workplace safety. Their fines had been increased sevenfold to increase revenues to the Federal Government, not to enhance workplace safety.

Florida, a company in Florida stated OSHA has a antibusiness attitude and is using its Agency power to lower its cost of operation through levying unfair citations and fines completely out of line for the violation.

Here is the example: A company in business for 25 years without one violation received a fine of $1,715 because out of 352 electrical outlets in the building, one had a broken plastic faceplate on it. One. The citation also noted that the outlet box was near a varnish dip tank.

The owner of the company noted the outlet box was hidden from view and protected by steel plates to protect it from potential electrical spark.

In addition, the outlet was near a varnish tank. This type of varnish had no explosive nature whatsoever. It did not matter that it was not really a significant thing to change it. They fined them anyway.

The CHAIRMAN. The time of the gentleman from Oklahoma [Mr. COBURN] has expired.

(By unanimous consent, Mr. COBURN was allowed to proceed for 30 additional seconds.)

Mr. COBURN. Mr. Chairman, what we are talking about is not eliminating OSHA. We are asking OSHA to do it better, more efficiently, and properly, and to do it with some common sense that really enhances workplace safety. Instead of giving OSHA this kind of increase, let us spend the money on putting people in the workplace.

Mr. HOYER. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I rise in strong opposition to the amendment that is pending.

First, because we are starting a new week, there should be no one who is confused by what is happening. We have a filibuster by amendment going on on the floor. We understand that. This particular one is about vocational education, $11½ million out of here into vocational education.

My side of the aisle are very strong supporters of vocational education. Under the Contract With America, in 1995, I dare say every Member on the "mental" side of the aisle there voted for this, perhaps I am wrong, I have not checked the specific record, and if I have mischaracterized, you will tell me, I am sure, in 1996 the rescission for vocational education was $119 million. You wanted to cut from vocational education. It was one of the first acts you did in 1995 when the Contract With America came on line. It was in the rescission bill.

Then, my friends, you had the fiscal year 1996 bill available to you. The Contract With America proposed that bill, cut Government, $326 million cut in vocational education.

I dare say all the previous speakers tonight voted for that bill. Maybe not. I have not checked the record. I am just speculating on that.

The overwhelming majority of Republicans voted for that bill, sent it to the President, he vetoed it, and they lamented the fact he vetoed it.

Mr. Chairman, I rise this evening in opposition to the Blunt amendment. We need OSHA to assist in ensuring the safety and health of more than 90 million people working in more than 6 million workplaces.

The statistics are staggering. Every day in this country an average of 154 workers lose their lives as a result of workplace injuries or illness. One worker is injured every 5 seconds. Within its current budget, OSHA has only 900 inspectors to oversee 6 million sites.

The compliance assistance program, and that is what we are talking about in this amendment, we are not talking about the examples that you bring up. Everybody has a horror story about OSHA, and, frankly, I think there are some horror stories and we ought to get on that. As a matter of fact, as the gentleman from Illinois [Chairman PORTER] so correctly observed, Joe Dear was brought in by the Clinton administration to overcome those horror stories.

What we are talking about in this instance is not inspections, but compliance assistance, going in and assisting businesses in making their places more safe, less risky; not to cite, but to assist.

As a result of workplace injuries or illnesses, as I said, one worker is injured every 5 seconds. The compliance assistance program, which the Blunt amendment would cut, has received overwhelming support from the business community. There are long waiting lists for compliance assistance visits. People are asking this unit to come out and assist them so their workplaces will be safer.

I want to tell my friends, in Calvert County, which I have the privilege of representing, there is an extraordinary place of business, produces some of the trash cans you see around here that will last for 20 or 30 years, a small company, and MOSHA has been by and they have told me how helpful MOSHA, which is the Maryland Occupational Safety and Health Agency, how helpful they have been in terms of compliance, and not confrontational, but positive and assisting in their attitude. I have heard that with respect to OSHA as well.

As I said, there are long waiting lists for people to get this assistance. It saves businesses large fines imposed during inspections by working with businesses to identify safety problems before inspections and before injuries occur. Employer and employee interests are protected by this program.

OSHA, of course, is required by law to perform inspections, and, therefore, cannot choose if this amendment passed to take $11.5 million from inspections, which clearly much complaint has been made about, and switch that to compliance assistance. The reason being because they do not have sufficient resources to do the inspections.

OSHA cannot choose, therefore, to simply shift this money. The Blunt amendment would undermine OSHA's ability to enforce and to assist businesses with complying, and to enforce the very worker protection laws that Congress implemented.

The CHAIRMAN. The time of the gentleman from Maryland [Mr. HOYER] has expired.

(By unanimous consent, Mr. HOYER was allowed to proceed for 1 additional minute.)

Mr. HOYER. Mr. Chairman, as my colleagues know, I am a strong supporter of vocational education. Tonight, I would say to my colleagues that this amendment is being used not to help vocational education. If that were the case, then the $119 million cut in 1995 and the proposed $325 million cut in fiscal year 1996 would never have occurred.

Frankly, last year essentially you took the President's number. My opinion is you took the President's number because you did not want to shut down Government. You thought that was bad politics. I agreed with you.

Mr. SOUDER. Mr. Chairman, will the gentleman yield?

Mr. HOYER. I yield to the gentleman from Indiana.

Mr. SOUDER. My question is, the gentleman attempted to explain why he felt it would come out of compliance assistance as opposed to enforcement, but in fact, now all the enforcement dollars are mandated by law. Could it not also come out of administrative overhead? Compliance assistance is only a small portion of this bill.

The CHAIRMAN. The time of the gentleman from Maryland [Mr. HOYER] has again expired.

(On request of Mr. SOUDER, and by unanimous consent, Mr. HOYER was allowed to proceed for 2 additional minutes.)

Mr. HOYER. Mr. Chairman, the gentleman is correct, the amendment is generic in a sense. But because you have really two components, the compliance component and the inspection component, yes, they can take from other parts of their budget.

There are some of us who have read statistics in terms I am sure the gentleman is familiar with where in some cases to get to some businesses in some States, it would take 90 to 100 years to inspect just once with the number of inspectors that you have to get to the requisite number of businesses.

In other words, what I am saying is that currently in inspections now they do not have sufficient resources to do the job that we have mandated by law be done.

Mr. SOUDER. Mr. Chairman, if the gentleman would yield further, the gentleman is saying the increase in the OSHA budget this year is an increase in the compliance or training section, as opposed to the other sections?

Mr. HOYER. Mr. Chairman, reclaiming my time, the increase is directed in part to beef up the compliance assistance component of OSHA, yes.

Mr. SOUDER. Mr. Chairman, if the gentleman will yield further, if I am incorrect, and feel free to correct me, but I feel that is probably, at most, if any, 20 percent of the additional increase in funds, and we can address that through another amendment.

Our attempt is not to get at the compliance and the working with businesses, but, rather, a lot of the horror stories and other things. I am on the subcommittee on oversight and on the Committee on Education and the Workforce where we have worked with these issues, and I do not believe that Mr. DEAL has been able to correct all the problems.

Mr. OBEY. Mr. Chairman, will the gentleman yield?

Mr. HOYER. I yield to the gentleman from Wisconsin.

Mr. OBEY. Mr. Chairman, I would simply point out the committee bill raises compliance assistance by, I believe, 12 percent. It raises other portions of their budget by about 1 percent. So, obviously, the give that they would have would be in the compliance assistance area.

We would not want to see that happen, but I doubt very much that you could expect an agency to take a cut in an area where we did not provide an increase in the first place.

The CHAIRMAN. The time of the gentleman from Maryland [Mr. HOYER] has again expired.

(By unanimous consent, Mr. HOYER was allowed to proceed for 1 additional minute.)

Mr. HOYER. Mr. Chairman, I yield to the gentleman from Indiana (Mr. SOUDER).

Mr. SOUDER. Mr. Chairman, I think that is a very good point and we will look at addressing that. Our intent is not to get at compliance, but rather at the nonmandated parts of the law where we disagree with the expenditures. We will work with the minority to try to make sure compliance stays funded.

Mr. HOYER. Reclaiming my time, Mr. Chairman, quite obviously there is a strong feeling among some that OSHA ought to be cut very substantially. In fact, in committee we have had amendments suggesting cuts of 25 percent across the board and higher.

We believe that would be very deleterious to the health and welfare and safety of the workers of America, not to mention to the cost of businesses, which, in my opinion, have been advantaged by lower insurance rates as a result of working with OSHA and its State complementary agencies to make their workplaces safer.

Mr. Chairman, I would hope this amendment would be rejected, because, again, I do not really think, not withstanding the debate, that it is directed at vocational education, lest we would not have had the guts we talked about earlier, but at getting at OSHA and some of the problems that folks believe exist with respect to OSHA.

Mr. SOUDER. Mr. Chairman, I ask unanimous consent to strike the requisite number of words.

The SPEAKER pro tempore. Without objection, the gentleman from Indiana is recognized for 5 minutes.

There was no objection.

Mr. SOUDER. Mr. Chairman, I would like to briefly respond to the initial comments of the distinguished gentleman from Maryland [Mr. HOYER].

Quite frankly, I am not sure, but I assume I did vote for the Contract items and some of the Republican budget votes of the first year.

As I said in my opening statement tonight, and which you will hear over the next few days from many of us, it is that we agree with this basic premise. We did not come here to really increase most programs in the Federal Government; but, whether I am not one who believes that the government shutdown was the House Republicans' problem as much as it was the President's problem for vetoing the bills and we did a lousy job of working out a compromise.

□ 1830

But regardless of how Members view that, we clearly have changed a lot from where we are coming from on this side of the aisle. Some of us would not have changed this much, but to some degree we have all changed our rhetoric. We clearly are not reducing the size of the Federal Government in this bill when we are increasing agencies that at one point we were proposing to radically transform.

Vocational education in my opinion would be best handled by local and State governments. But the Federal Government has for a long time been involved in this, and helping with supplemental funding. Given a choice as to whose budget is going to increase, which is the choice we have in front of us today, whether I would increase the OSHA funding or increase the vocational education funding, I go with vocational education funding.

If my choice is whether the taxpayers get to keep the money and the local communities and State communities raise funds for education and make the decisions in education, I favor that choice. But that is not the choice. I voted for the budget agreement. I understand that at times politics requires compromise even beyond where some of us would like to go.

At the same time, in the context of these spending bills, we still should have a debate over which category in these spending bills should get the increase in funding and where it should go. From what I have seen sitting on the Committee on Education and the Workforce and also on the Committee on Government Reform and Oversight, with jurisdiction over the Education Department and the Labor Department, I realize there have been attempts to improve OSHA.

I do not think they have been as successful, and by the way, I also need to point out we have passed a vocational education authorization bill since the first vote when we came here where we made a lot of changes in how vocational education works. We knocked out a lot of programs that we did not feel were effective; we improved a lot of programs. That bill is now pending in the Senate.

If we can get our authorizations going with our appropriations, some of us will not necessarily oppose every spending bill that comes up in some of these categories, although I grant, up front, that we tend to favor more State and local as opposed to Federal.

But now that is not our choice. Our choice tonight is whether we are going to vote for more money for OSHA, an increase this year in OSHA, or more money for vocational education. Our intent is to take it out of administrative and other areas.

We are fully prepared and have an amendment to offer to make sure that the compliance funding inside OSHA gets funding, and we will transfer it from the other agencies. We have been planning that amendment for later tonight. I agree, as we work through OSHA reform, that our goal on OSHA reform was to try to have OSHA come in and identify and work with businesses on real health threats to the workers.

Nobody wants an unsafe working environment. As somebody whose family has owned a small business for many years, and I have worked in the private sector for most of my life, I do not want parents at risk and kids at risk in working environments any more than anybody else. But there is no possible way to understand all the different regulations, and there are so many counterproductive regulations that the way to do it is to go in, identify and work with the businesses, most of whom do not want to have health problems for their employees either, because nothing is more expensive in today's competitive economy than losing good employees to downtime injuries, to even more serious accidents, or bad working conditions, where employees want to move to another company. It is in the business' best interest to have a safe, healthy, and pleasant working environment. We need to work with businesses to do that.

We ought to focus on the grievous offenders and the large offenders. Everybody has horror stories about, we know this is happening over here and this is happening over here; that we have these crazy stories about ladders and asbestos breaks and so on that are taking tremendous amounts of time out of this agency.

As we proceed, we are not proposing to abolish OSHA nor even to cut OSHA; what we are proposing is not to increase OSHA, and later we will be proposing to switch funds inside OSHA. But this particular amendment says we do not need the increase in OSHA, it should move to vocational education.

Mr. CLAY. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, this amendment is offered by those who apparently have no interest in producing a bipartisan Labor-HHS appropriations bill. It is a sad and ironic commentary that many of those who now claim they support additional funding for vocational education are the same people who want to eliminate the Department of Education and the Federal role in education altogether.

It should come as no surprise that these born-again devotees of vocational education choose worker health and safety protection as their sacrificial lamb. After all, many of the supporters of this amendment tried in vain last year to pass legislation to gut the Occupational Safety and Health Administration. Since they failed to decapitate OSHA with a single blow of the axe, they now apparently have decided to try to kill OSHA cut by cut, dollar by dollar.

Mr. Chairman, I will match my support of vocational education against that of any other Member of this House. But I will not support this insulting effort to pit worker safety against vocational education. Seventeen workers are killed on the job every day in this country. A recent comprehensive study of occupational injury and illness found that workplace illnesses and injuries cost this country at least $171 billion a year. Yet, OSHA has only enough inspectors to inspect each workplace for which it is responsible once every 167 years. Six thousand five hundred workers die every year as a result of occupational injuries. Sixty thousand more workers are killed every year as a result of occupational illnesses. The cost of AIDS, Alzheimer's, and cardiovascular diseases are less than the cost of occupational death and illness.

Mr. Chairman, since 1970 the job fatality rate in this country has been cut in half; since passage of OSHA, at least 140,000 lives have been saved. But we can do better. Let me remind the sponsor of this amendment, my colleague, the gentleman from Missouri [Mr. BLUNT] that 125 workers in the State of Missouri were killed in workplace accidents in 1995. Another 170,000 Missouri workers were injured on the job. There was only enough money to employ 37 OSHA inspectors for our State, and it would take these inspectors 339 years to inspect each workplace one time.

Mr. Chairman, this amendment is not in the best interests of the health and safety of Missouri workers, as well as millions of other workers across this Nation. I urge defeat of the amendment.

Mr. McINTOSH. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise in support of this amendment. For 3 years now my subcommittee on National Economic Growth, Natural Resources, and Regulatory Affairs has held field hearings all over this country. We have talked to Americans outside of Washington about what works in our regulatory system and what does not work.

Time and time again we heard from people that OSHA fails to perform its mission. Rather than protecting the safety of workers, it spends time playing "gotcha" with America's small businesses. Time and time again we heard from people about how OSHA inspectors were supposed to come and tell a small business how they can be safer at their workplace, but instead, they come and they harass them because they failed to fill out the paperwork.

We have found out in these subcommittee hearings that 8 out of 10 of the top OSHA citations are for paperwork, not real safety concerns; not efforts to protect America's workers, but gotcha, because the businesses failed to fill out a Federal form.

I had one gentleman come and talk to me in Minnesota who explained that he purposely keeps his employee work force below 50, so he does not get caught up in what he views as an even larger web of Federal regulations.

I want to share with the Congress a couple of examples we heard from people, real Americans, outside of Washington about whether OSHA works for them or not. One gentleman named Rod Stewart owns and operates a small manufacturing company in Union City, IN. He makes brooms out of corn husks, and cotton mops.

He found out that when OSHA came and inspected his plant, they did not want to give him advice about how to help those workers. He did not have any help from the Government. The Government did not find any safety concerns. But nonetheless, they fined Mr. Stewart $500 because he did not have the paperwork warning people about the grave danger of WD–40.

When we have a bureaucracy that has to go and talk and harass the American small businesses about the grave danger of not having a form about the dangers of WD–40, and, Mr. Chairman, for those who are not that mechanical, this is something you can buy at any hardware store in America, and OSHA is fining this small businessman $500 because he did not have paperwork warning of the grave dangers of this common household substance.

Mr. Chairman, we also heard from people who said that they had similar fines because they did not have the right paperwork for Dawn dishwashing liquid, again, an item that you can buy in every supermarket in America. Yet OSHA has so much money that they can hire people to go out and harass America's businesses and give them fines because they do not have paperwork warning about the dangers of Dawn dishwashing liquid.

Mr. Chairman, I support this amendment because this amendment will send a message to OSHA that we want safer workplaces, but we do not want a bureaucracy that plays "gotcha" with the American small businessman. We want an OSHA that will do its job, that will look for real safety concerns, that will help American businessmen who want to have a safer workplace know what to do with new technology. We want an OSHA that will redirect its priorities to helping all of us work together to have a safer workplace for American workers.

Mr. Chairman, many of us, when we envision a workplace, we think, gosh, it is going to be unsafe because there are these machines, and it is a very dangerous place to work. We do not realize that OSHA also is in charge of inspecting doctors' offices, a very dangerous place for people to work.

In fact, a good friend of mine, Dr. Probst, from Columbus, IN, a dermatologist, explained that he had been fined because he did not have a 260-page manual that detailed how to change the light bulb in his microscope in his laboratory. Once again, Mr. Chairman, we have to ask ourselves the common-sense question: Is OSHA really helping America's workers be safe when they fine doctors for not having the instruction manual to change the light bulb in their microscope? I think not, Mr. Chairman.

I think we have an agency that has failed in its mission. I think we have an agency that does not deliver a safer workplace. I think we have an agency where even President Clinton has acknowledged that we have to change the direction and stop playing "gotcha," and start helping American workers be safer in their workplace.

Mr. Chairman, I support this amendment and urge my colleagues to vote yes.

Mr. OWENS. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise in opposition to the amendment. I understand the frustration of the people who have offered this amendment, because this is an appropriations process, and more and more during the appropriations process, we seem to be legislating and taking away the function of the authorizing committee.

Some members of the authorizing committee have spoken in favor of this legislation, and they know very well that we have been having hearings and discussing OSHA and various OSHA reforms for some time now. I wish they would be kind enough to yield today and take this amendment off the floor, and go back to the authorizing committee to continue that debate, because this is a dangerous game. It is guerilla warfare. They are ambushing OSHA from the floor on an appropriations bill, but it is a very serious place that they have chosen to conduct their ambush.

OSHA saves lives. We do not want to improve the education of children at the cost of their parents coming home in some way crippled or even coming home as a corpse.

The figures speak for themselves. The American Medical Association recently had a study which confirmed the figures we have been quoting for some time now. We have an estimated 30,000 people with various illnesses every year that are contracted in the workplace. We have another 20,000 who suffer from various cancers that are related to the workplace. That is more than 50,000 people. Then we have 6,588 deaths.

Members might dispute the other two figures I mentioned, but we have the proof, we have the corpses, we can document it with dead bodies, 6,588 in 1994. That is generally what the level has been for some time now, large numbers of deaths in the workplace as a result of unsafe workplaces. This is a very serious business.

If Members want to attack organized labor, if they want to go after the American workers, as they have been for the last 2 years, then I do not think OSHA is the place to do it. There are a lot of people out there, in fact, the vast majority of people out there, who benefit from OSHA. They are not members of labor unions, they are ordinary American people, workers who do not necessarily belong to unions, as well as those who belong to unions. They need the protection.

Members have been giving one anecdote after another, one isolated anecdote after another, about the horrors of OSHA and what they are doing to the American people. Why do these Members not level with the American people and tell them how many inspectors there are, and what the ratio of inspectors to job sites would be in their particular State?

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I think the gentleman from Missouri [Mr. CLAY] mentioned that in the State of Missouri, it would take the number of OSHA inspectors, when applied to the number of job sites in the State of Missouri, it would take them 339 years, 339 years, to inspect each job site once.

If we go to the State of Indiana, they are a little better off. The ratio of inspectors to job sites is such that the OSHA inspectors would inspect once every 50 years. And of course the greatest extreme is in Kansas where the ratio of OSHA inspectors to job sites would require that we have 421 years, 421 years would be necessary to inspect every job site.

Mr. Chairman, does this sound like a hoard of inspectors, highly paid Federal employees, swarming over the American business community making life difficult for them for no reason, when we have this kind of ratio? Yes, my colleagues on the other side of the aisle can have their isolated anecdotes, but they are isolated when we consider the number of inspectors available versus the number of job sites out there.

OSHA's record, of course, has been a tremendous one, especially in those areas where we had the largest amount of injuries before OSHA was created. In the construction industries, and industries where heavy duty equipment is used, there is an outstanding record in reducing the number of deaths.

Mr. Chairman, since 1970, when the OSHA Act was passed, the rate of workplace fatalities has been cut in half; over 140,000 lives that would have been lost were not lost. Workplaces where OSHA inspected and penalized employers for violations has an average of 22 percent reduction in injuries. They were not frivolous; they saved lives.

Mr. Chairman, let us stop the game playing with the lives of the American workers. If my colleagues want more money for vocational education, we can take it from the B-2 bomber. It does not fly when it rains.

Mr. BLUNT. Mr. Chairman, I ask unanimous consent to strike the requisite number of words.

The CHAIRMAN [Mr. GOODLATTE]. Is there objection to the request of the gentleman from Missouri [Mr. BLUNT]?

Mr. OBEY. Mr. Chairman, reserving the right to object.

Mr. Chairman, we obviously have a filibuster by amendment going on here. We have had a succession of occasions on which sponsors and supporters of these amendments ask to speak repeatedly on the House floor. I am not going to object in this instance, but I have to say that we are not going to sit by and allow Members to routinely engage in a convenient filibuster by continuing to ask for the privilege of addressing the House more than once on an issue.

Mr. Chairman, we have 435 Members in this House and if each Member of this House successively asks for this privilege, we could be here until next Christmas. I understand what is happening. There is a small band of Members on that side of the aisle who are determined that this bill never see the light of day. That will bother me substantively but, frankly, politically it will make my day. It will make it a whole lot easier for us to explain in the next election just why it is that the other party ought not to be entrusted with control of this House after the next election.

I would prefer that we not get into that, and I am not going to object in this instance. But it just seems to me that we have exercised this issue well enough Friday and today. There are no new thoughts being expressed and at some point, it seems rational to me to expect people to quit repeating themselves and move to a vote.

Mr. Chairman, I withdraw my reservation of objection.

The CHAIRMAN. Is there objection to the request of the gentleman from Missouri?

Mr. SOUDER. Mr. Chairman, reserving the right to object.

Mr. Chairman, my reservation, too, is I could understand we could be here forever if we do this. The gentleman from Missouri [Mr. BLUNT], the sponsor of this amendment, has not had a chance to address the House tonight. He did last Friday. Therefore, I am not going to object.

But, Mr. Chairman, I also do not believe that the House should be subjected to the maligning of the motives of different Members. I do not intend to try to filibuster this bill. We are trying to have a debate on amendments. We are going to extend the debate longer than some Members would like, but we are not trying to avoid final passage.

Mr. Chairman, I withdraw my reservation of objection.

The CHAIRMAN. Is there objection to the request of the gentleman from Missouri?

There was no objection.

Mr. BLUNT. Mr. Chairman, I appreciate the comments of the gentleman from Wisconsin [Mr. OBEY] and the gentleman from Indiana [Mr. SOUDER]. I ask to speak to the House today only because we have carried the debate on this amendment over the weekend, from Friday to today.

Certainly, the gentleman from Maryland suggested that there were people who would be supporting this amendment who had voted one way or another in 1995. I know many of my friends will support this amendment who are friends of vocational education and would not have been voting the way he suggested in 1995. I know for sure I did not vote that way in 1995, since I was not here in 1995.

Mr. Chairman, this is an amendment about whether we are going to increase funding for OSHA or increase funding for vocational education. It is $11 million, the increase in the OSHA bill. Apparently, the vocational education, adult education appropriation had no increase.

At one time, in the early information that we received, it said that there was an $11 million decrease in vocational education. That got me to thinking about why at a time when we are focusing on welfare reform, when we are focusing on getting people to work, when we have just made the significant steps we made to encourage education beyond high school with the tax bill that many of the people who are speaking against this amendment were appropriately and actively for, we would want to just leave vocational education in place and perhaps even cut vocational education, as the early analysis of the bill said we were going to do.

Mr. Chairman, assuming vocational education is where it was last year, and we have $11 million, the question that this amendment really brings to the floor is whether we take that $11 million and spend it for more OSHA or we take that $11 million and spend it for more vocational and adult education.

This process is about choices. This amendment proposes a different choice than the choice presented by the committee. I am a believer in vocational education. I think vocational education may very well, one could argue, be more important than it has ever been as we try to move people to the workplace that have not been to the workplace.

Clearly, OSHA is not achieving the results in the workplace that we want to achieve. The gentleman from Missouri [Mr. CLAY], who mentioned the numbers of deaths appropriately, we should be concerned about those numbers of deaths. But the gentleman also mentioned that there are inspectors in OSHA that would allow every business to be inspected only once every 167 years.

Mr. Chairman, I think a better way to provide workplace safety, even these two choices, is to train people before they go to the workplace so that they are better prepared to be there. I think that is a better effort to get workplace safety than an $11 million increase in OSHA would be.

Certainly, the vocational education reforms that this Congress will approve spend money more nearly at the local level. I think that is a good change in vocational education. Ninty percent of the money will be spent for the first time under these new guidelines at the local level. This will be money that is spent to strengthen academics, to broaden opportunities after high school, to send more dollars to classrooms for people who are not headed to college.

Mr. Chairman, 75 percent of American youth do not complete a 4-year college degree. Those people are very much in need of additional beyond-high school training.

Mr. Chairman, it is clear that more than half of the new jobs that have been and will be created in the decade of the 1990s will take education beyond high school. Well, 25 to 35 percent of the people going to high school are not graduating from high school to start with in virtually any State. The 75 percent that do not graduate from college need that additional training to fill the jobs that are created in this decade, for many of them their first decade in the workplace.

I think vocational education is important. I think adult education is important. By the way, this amendment does not say to take the money out of compliance or even to take it out of inspection. It takes the money out of OSHA and puts money in the Perkins bill vocational education.

Mr. Chairman, 75 percent of that money goes to vocational education; 10 percent goes to programs for single parents; 8 percent to State level programs and activities; and 5 percent for State administration. Ninty cents of these dollars are getting directly to individuals.

This is about choices. I am encouraging the choice that this amendment proposes and appreciate the opportunity to get to address the House on this day, the second day that we deal with this legislation.

Mr. PORTER. Mr. Chairman, I ask unanimous consent to strike the requisite number of words.

The CHAIRMAN. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. PORTER. Mr. Chairman, for the edification of Members, I just want to repeat something that I said early in the debate. Funding for OSHA in this bill, Mr. Chairman, is $11.6 million below the President's budget request. Yet, it is still an increase of 3.5 percent over the last fiscal year. When cost increases and Federal pay raises are factored in, the amount provided is actually a reduction from last year's level.

In the bill, Federal compliance assistance activities is increased by 22 percent. Compliance assistance includes such activities as technical assistance to employers, outreach to small businesses, development of voluntary protection programs, and training for employers and employees. While compliance assistance increases by 22 percent, enforcement activities, including the cost of paying for OSHA inspectors, increases only 1 percent above fiscal year 1997.

The House bill continues to encourage OSHA to redirect its efforts toward compliance assistance and regulatory review, and OSHA is actually achieving change in this direction. We should be giving them every encouragement possible, because OSHA is definitely a changed organization; changing in the way Republicans would like to see it changed. I am afraid that if we do not give them some encouragement to continue in that direction, we will end up with an OSHA similar to the one of the past one that none of us wants.

So, Mr. Chairman, I think the amendment, while it has good intentions, would do harm to the priorities that we have set in the bill. They are the proper priorities and I would urge Members to oppose the amendment.

Ms. PELOSI. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I was pleased to hear the gentleman from Illinois [Mr. PORTER], the distinguished chairman of our subcommittee, defend his bill and the appropriation in it for OSHA. Indeed, the new OSHA, under the leadership of Joe Dear, the former administrator, and under the leadership of the Clinton administration, is a new agency.

Mr. Chairman, the old OSHA was often seen as adversarial, as some of our colleagues have pointed out, because it relied heavily on regulatory enforcement. But the new OSHA offers employers the choice between partnership and traditional enforcement. The new OSHA, under the leadership of President Clinton, focuses on serious hazards rather than technical violations.

While the old OSHA frequently cited employers for paperwork violations, the new OSHA has seen an 82 percent decline in paperwork violations from fiscal year 1992 to 1996. And under the old OSHA, employers and workers may have had to hire consultants to comply with complex OSHA rules, but the new OSHA created interactive computer programs, called Expert Advisors, which have been commended by employers, and the media, for providing them with expert compliance advice in an easy, step-by-step process.

I mention this, Mr. Chairman, because some of our colleagues have addressed the old OSHA as a justification for the cut that they are proposing. It is refreshing, frankly, to hear our Republican colleagues talk about the importance of funding vocational education. We all support that, and most of the Republicans who were here at the time voted for a large cut in vocational education, so hearing their defense of it this evening is a change and a refreshing one.

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But I fear that it may just be an excuse for them to do, once again, on this amendment what they attempted to do on the previous amendment, where they find a benign program which we all stipulate is important and that we support, vocational education, and we agree with all the merits and benefits of supporting vocational education and wish that our Republican colleagues were with us when the major cut was proposed and passed in vocational education.

They take a program like vocational education and then take money and say, OK, we all support that and then go to take the money to make the increase in vocational education from enforcement of workplace safety rules and regulations.

Last week they took the money from the Wage and Hour administration, again, saying it was for the children, but, indeed, the economic security, the work safety of the workplace for the families of America in this amendment would be threatened and, in that amendment, family and medical leave, wages and hours, all of those other considerations were under assault.

This is about a pattern that we see here in this legislation where our Republican colleagues are trying to hide behind the children of America or people who are in need of education in America and do so by nipping away at worker protections, whether it is in OSHA or in other parts of the Department of Labor which are there to advance wages and benefits for the American worker. That is why I urge our colleagues to vote against this amendment.

Do not be misled by where the money goes. We all agree more money should be there, but that was a fight that was fought at the Committee on the Budget. Again, we should be putting our hand in the pocket of the defense budget or not giving big tax breaks to the wealthiest people in this country who do not need them, if we want to talk about finding more money for vocational education but not taking it from safety in the workplace.

Another argument that is used in the argument against OSHA is about ergonomics. I want to call to the attention of my colleagues this recent GAO report that just came out, August 1997, worker protection, private sector ergonomics programs yield positive results. Simple ergonomic programs can reduce worker compensation costs and injuries, improving employee health and morale and boosting productivity and product quality, this report says, and I quote, Most importantly, we found these efforts do not necessarily have to involve costly or complicated processes or controls, says the report.

So the issue of ergonomics is not any justification for cutting OSHA. Indeed, it is a justification for increasing the OSHA budget. Freezing OSHA at the 1997 level, which is what this budget does, means significant cuts in the new OSHA's partnership and compliance assistance efforts aimed at helping businesses, especially small businesses, to achieve compliance results in the workplace.

I urge our colleagues to vote against this amendment because the funding for OSHA in this bill is still less than the appropriation for OSHA in 1988, 10 years ago, and there are fewer OSHA employees in 1998 than 10 years ago, thanks to the Clinton administration. I urge my colleagues to vote "no."

Mrs. LOWEY. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise tonight in strong opposition to this amendment which cuts funds from job safety and health. I want to congratulate the gentleman from Illinois [Mr. PORTER] again and our ranking minority member for the important work they did in trying to balance the priorities, and there are so many important priorities in this bill.

What this amendment does is pit one program, assisting hard-working families, against another. Mr. Chairman, I hope my colleagues join me in seeing the irony in an amendment which adds funds to a program training high school students for the workplace by taking away funds from the very program which will ensure that they will be safe from job-related accidents once they are old enough to go to work.

I am also outraged at this amendment. Mr. Chairman, there is a reason why OSHA was created 25 years ago and my colleagues have clearly stated the improvements that we have seen made in OSHA by Joe Dear and the other administrators of that department.

Workplaces can be dangerous. While most employers do act responsibly, there are those who simply do not. I will never forget one, because in 1991, just shortly after I was elected, a tragic fire took place in a chicken processing plant in Hamlet, NC. Twenty-five workers lost their lives and 50 were injured. It was a tragedy on par with New York's Shirtwaist Triangle fire 80 years before.

When the Hamlet fire broke out, workers were trapped in the building because the fire doors were locked. In the aftermath of this tragedy, it was like Dante's Inferno, when we hear from the witnesses. I sat on the Education and Labor Committee at the time. Survivors of the Hamlet fire testified before us and, frankly, I will never forget their heartrending words.

For the viewers who are listening, they are hearing about OSHA, and sometimes the initials may sound like gobbledygook to many of our viewers, but what they have to understand is OSHA is real and it has a real impact on people's lives.

Let me quote: "I was in the trim room," one female witness told us. "I saw ladies running, running, and they were just screaming and hollering. So I said, I am going with them. And I started running. When we got to the door, one of them stated that the door is locked. So we are trapped in here. So we are going to burn up. And when I look around, I see a big fire and then it was just pitch dark and you couldn't see anything because 50 to 60 of us are running into the area. Some of them were close enough to the door to knock and bang and beat on it. The next thing I know, they were still hollering at the door, stating, somebody let us out of here. Get us out. We are going to die. We are going to die."

Finally, our witness was able to escape when a bulldozer was used to knock the door open. She told us, "I was coughing up black soot, big balls of soot. They were beginning to bring Mary Lillian Wall out, who was standing next to me. When they brought her out, she was already dead. They brought Bertha Jarrell out who I grew up with as a child. She was dead. Then they brought Mary Alice Quick out. I grew up with Mary Alice Quick. She was dead. Then they brought Brenda Kelly out who was a friend of mine who worked in the packing room. She was dead."

Mr. Chairman, government must ensure that hard-working Americans do not have to fear for their lives or their health on the job. OSHA must have the funding to enforce our health and safety laws or, frankly, I worry that we will see more tragedies like the Hamlet chicken plant fire.

On an average day, 154 workers lose their lives as a result of workplace injuries and illnesses and another 16,000 are injured. In my home State of New York, the most recent statistics show us that 300 workers died in 1 year while 270,900 faced on-the-job injuries and illnesses. Yet OSHA only has enough inspectors to reach every workplace once every 87 years. OSHA has 100 less staff than it did 10 years ago.

So, Mr. Chairman, again, as we said last week, these are shameful and cynical amendments. I have been, throughout my whole years in Congress, and long before that, a strong supporter of vocational education. OSHA needs more funding, not less. Let us not pit one good program against the other. I urge my colleagues to vote against this shameful and cynical amendment.

Mr. McINTOSH. Mr. Chairman, I ask unanimous consent to strike the requisite number of words.

The CHAIRMAN. Is there objection to the request of the gentleman from Indiana?

There was no objection.

Mr. McINTOSH. Mr. Chairman, I do not anticipate needing to use the entire time. The gentlewoman has just told us about one of the tragic episodes in this history of an industrial accident and a fire that did take several people's lives. But I doubt that the gentlewoman knew that when the administrator of OSHA came to my subcommittee and testified, he, too, mentioned this and I asked him, what had you done before the accident to protect those workers. Well, it turned out that OSHA had been notified of the dangerous working conditions in that plant and that they had failed to ever inspect that facility. Those people died, I would submit, because OSHA failed to look for real safety concerns. Perhaps because they are spending all of their time looking for paperwork violations for our Nation's small businesses.

When we have an agency that will put paperwork concerns, and I talked earlier about Dawn dishwashing liquid and WD-40, when we put those above the real safety concerns like those workers that the gentlewoman mentioned and OSHA fails to ever inspect that plant, even when employees in that plant notify them of dangerous working conditions, this is an agency that is failing to do its job.

This administrator was in the Clinton administration. This failure he had to acknowledge came about on an OSHA that he was the administrator for. I think this amendment is a good amendment because it does set the correct priorities. I would urge all of my colleagues to vote for it.

Mr. Chairman, I yield to the gentleman from Kansas [Mr. TIAHRT].

Mr. TIAHRT. Mr. Chairman, I wanted to take the opportunity to speak in favor of this amendment. I have worked with members of OSHA in Kansas in my home district. I found out that the members of OSHA and the business community, the small business community, the construction businesses had common ideas, common goals. They all wanted to have a safe work environment. But they were having a hard time achieving that safe work environment with the way they were being treated by OSHA. It seemed as though every time a representative from OSHA would come to a job site, the employer had to reach for their checkbook because they knew they were going to get fined, and in most cases they were.

In several instances they had trouble being harassed by losing contractors in a job where more than one contractor would bid, one would lose and then call OSHA with alleged violations and then the winning contractor would have to go through all kinds of contortions trying to prove that there was no violation, that it was unjustified.

And in another case, I met with members from a union, a business manager who said that he went around the area and found nonunion employers and would then call OSHA with alleged violations and have OSHA go out and harass these nonunion employers. He admitted it openly. So when you have an agency that allows itself to be abused and allows small businesses to be abused, then it is a wonder that we should not maybe give this money to a higher priority.

This does leave funding at fiscal year 1997 levels. It does not take out the program at all. It merely stays it at the current level that it is funded. Instead, it takes this small amount of money, $11.25 million, to vocational education, or vo-tech, which is, by the way, funded below the President's request, some $79 million.

So what we are doing is taking money from big government and we are giving it to people who have an idea that they can capture the American dream and do so by getting not a college education but get educated in the building skills, electronics, masonry, carpentry, something of that sort.

In Kansas, we have some very good examples of how vo-tech schools have worked with Wichita State University, the local community colleges like Butler County Community College, and come up with programs that not only give students skills to walk into a trade job, but also if they choose to pursue their education, they have an open avenue of transferring credits to these higher universities and can go on and get engineering degrees, degrees in the construction trades.

So what we are doing is taking, diverting a little money away from big government to the American dream for these children. I think that is an admirable goal, something that we should all pursue, the American dream.

But getting back to OSHA, I think what I would like to see, and I think many in America would like to see, is the common goals that we have being pursued, making a safe work environment but also doing it by working together.

Mrs. LOWEY. Mr. Chairman, I ask unanimous consent to strike the requisite number of words.

The CHAIRMAN. Is there objection to the request of the gentlewoman from New York?

There was no objection.

Mrs. LOWEY. Mr. Chairman, I would like to respond to my colleague from Indiana. I would like to make three points. First of all, it was during the Bush administration in 1991, and for those of us who have been on the Committee on Appropriations serving with the gentleman from Illinois [Mr. PORTER], we were very privileged to hear Joe Dear speak to us and tell us about the major changes that have been made with the Clinton administration to OSHA, and we understand there have to be more changes, but I think it is important to know that there have been important changes made.

□ 1915

Second, in North Carolina, where this tragic fire took place, there were 119 inspectors for 175,000 businesses covering 3.3 million workers.

And, third, perhaps the gentleman and I have a different view of government. I really believe that although government is imperfect, that it has an important responsibility to help people's lives, to improve their lives. And, frankly, if the changes Joe Dear has made are not sufficient, then I would like to reach out to my colleague from Indiana, work closely with the gentleman from Illinois [Mr. PORTER] and the gentleman from Wisconsin [Mr. OBEY] and make sure they make continuing changes to improve the lives of workers.

Again, most of the employers are doing this on their own. We are talking about a small number. But it seems to me cynical and, in fact, shameful to say that the way to improve working conditions, to make sure that plants such as Hamlet and others, where terrible tragedies have taken place, do not occur again, to make sure that our workers are covered, the way to do it is to cut money from the OSHA program.

I would think that my colleagues who do not like OSHA, who feel that OSHA is not working and not helping people, should just put in an amendment to repeal OSHA. I would respect that, and I am sure some of my colleagues may think that is the best way to go. I disagree.

Mr. McINTOSH. Mr. Chairman, will the gentlewoman yield?

Mrs. LOWEY. I yield to the gentleman from Indiana.

Mr. McINTOSH. Mr. Chairman, let me say that I would love to take the gentlewoman up on that offer, very seriously, because there are some good proposals out there that have been tried in some of the States where they create incentives for the worst employers, with the worst records of safety, to come forward and change the habits and the working conditions without being fined. And then if they do not do it, they come down on them with a big hammer afterwards. So there are some good ideas we could work together on.

But let me reassure my colleague that the purpose of this amendment is not only to assure that OSHA, but also, as the gentleman from Kansas [Mr. TIAHRT] said, we do believe the funds would be very well used in trying to take the vocational education program up to the full level that the President had requested.

And so it is a sincere effort to have those funds redirected, not eliminated from the budget but redirected in a way that we think will help workers and give more opportunity for people to find better jobs in industries that are suffering dislocation.

Mrs. LOWEY. Mr. Chairman, reclaiming my time, I want to accept the gentleman's offer to work together to continue to make sure that OSHA continues to serve the people whom it was intended to serve. And I would be delighted to work with the gentleman, with the constraints that I know that the gentleman from Illinois and the gentleman from Wisconsin and the committee worked under, to improve both vocational education funding and OSHA funding, because we want to be absolutely certain that another Hamlet does not take place; and we also want to work to help our young people enter the workplace and get a job so that they can raise a family and feel an important part of this great country of ours.

So let us work together, and I would like to work with the gentleman to increase vocational education and OSHA funding because both have an important place in this bill.

Mr. McINTOSH. Mr. Chairman, if the gentlewoman would continue to yield, let me just say that I look forward to working with her.

Mr. PAYNE. Mr. Chairman, I would like to inform the supporters of this amendment that by cutting the appropriation levels for the Occupational Safety and Health Administration you are sending a message to hard-working Americans that their health and their safety are not worth the money. While I certainly see the merits in increasing funds for the vocational education, I cannot support this amendment because it places too many people at risk. I agree vocational education will increase the number of trained workers. However, I cannot see how, as some of my colleagues have suggested, an increase of funding for vocational education will result in a large decrease in occupational hazards. These hazards are many times not the result of unskilled workers but the result of companies and businesses who choose not to comply with OSHA standards because of the cost. For example, in Newark, NJ, three workers died in a plant fire in 1992 because the plant did not comply with OSHA regulations. Also, we must take into consideration that some jobs are quite simply dangerous and need regulations to prevent accidents from occurring. Here in Congress, I think we forget that a majority of Americans count on OSHA inspectors and requirements to protect them from the daily dangers of their occupation. Therefore, I implore my colleagues to recognize the need to ensure the safety of our workers by not voting for this amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Missouri [Mr. BLUNT].

The question was taken; and the Chairman announced that the noes appeared to have it.

RECORDED VOTE

Mr. BLUNT. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 160, noes 237, not voting 36, as follows:

[Roll No. 369]

AYES—160

Aderholt
Archer
Armey
Bachus
Ballenger
Barr
Barrett (NE)
Bartlett
Barton
Bass
Bereuter
Bilbray
Bilirakis
Blunt
Boehner
Bonilla
Bono
Brady
Bryant
Bunning
Burr
Burton
Buyer
Callahan
Calvert
Camp
Canady
Cannon
Chabot
Chambliss
Chenoweth
Christensen
Coble
Coburn
Collins
Combest
Cook
Cox
Crane
Crapo
Cubin
Cunningham
Deal
DeLay
Doolittle
Dreier
Duncan
Dunn
Ehlers
Ehrlich
Emerson
Ensign
Everett
Foley
Fowler
Ganske
Gibbons
Goode
Goodlatte
Goss
Graham
Granger
Gutknecht
Hall (TX)
Hastert
Hastings (WA)
Hayworth
Hefley
Herger
Hill
Hilleary
Hobson
Hoekstra
Hostettler
Hulshof
Hunter
Hutchinson
Inglis
Istook
Jenkins
Johnson, Sam
Jones
Kingston
Klug
Kolbe
Largent
Latham
Lewis (KY)
Linder
Lucas
Manzullo
McCollum
McIntosh
McKeon
Mica
Moran (KS)
Myrick
Nethercutt
Neumann
Norwood
Nussle
Oxley
Packard
Parker
Paul
Paxon
Peterson (PA)
Pickering
Pitts
Pombo
Portman
Pryce (OH)
Radanovich
Ramstad
Redmond
Riggs
Riley
Rogan
Rogers
Rohrabacher
Royce
Ryun
Salmon
Sanford
Scarborough
Schaefer, Dan
Schaffer, Bob
Sensenbrenner
Sessions
Shadegg
Shaw
Skeen
Smith (OR)
Smith (TX)
Smith, Linda
Snowbarger
Solomon
Souder
Spence
Stearns
Stenholm
Stump
Sununu
Talent
Tanner
Taylor (MS)
Taylor (NC)
Thomas
Thornberry
Thune
Tiahrt
Upton
Wamp
Watkins
Watts (OK)
Weldon (FL)
Weller
White
Wicker
Young (AK)

NOES—237

Abercrombie
Ackerman
Allen
Andrews
Baesler
Baldacci
Barrett (WI)
Bateman
Becerra
Bentsen
Berman
Berry
Bishop
Blagojevich
Blumenauer
Boehlert
Bonior
Borski
Boswell
Boucher
Boyd
Brown (CA)
Brown (FL)
Brown (OH)
Campbell
Cardin
Castle
Clay
Clayton
Clement
Clyburn
Condit
Conyers
Costello
Coyne
Cramer
Cummings
Danner
Davis (FL)
Davis (IL)
Davis (VA)
DeFazio
DeGette
Delahunt
DeLauro
Deutsch
Diaz-Balart
Dickey
Dicks
Dixon
Doggett
Dooley
Doyle
Edwards
Engel
English
Eshoo
Etheridge
Evans
Ewing
Farr
Fattah
Fawell
Fazio
Filner
Flake
Foglietta
Ford
Fox
Frank (MA)
Franks (NJ)
Frost
Furse
Gejdenson
Gekas
Gilchrest
Gillmor
Gilman
Goodling
Gordon
Green
Greenwood
Gutierrez
Hall (OH)
Hamilton
Harman
Hastings (FL)
Hefner
Hinchey
Hinojosa
Holden
Hooley
Horn
Houghton
Hoyer
Hyde
Jackson (IL)
John
Johnson (CT)
Johnson (WI)
Johnson, E. B.
Kanjorski
Kaptur
Kelly
Kennedy (MA)
Kennelly
Kildee
Kilpatrick
Kim
Kind (WI)
King (NY)
Kleczka
Kucinich
LaFalce
LaHood
Lampson
Lantos
LaTourette
Lazio
Leach
Levin
Lewis (CA)
Lewis (GA)
Lipinski
Livingston
LoBiondo
Lofgren
Lowey
Luther
Maloney (CT)
Maloney (NY)
Manton
Markey
Martinez
Mascara
Matsui
McCarthy (NY)
McCrery
McDade
McDermott
McGovern
McHale
McHugh
McIntyre
McKinney
McNulty
Meehan
Meek
Menendez
Metcalf
Millender-McDonald
Miller (FL)
Minge
Mink
Moakley
Mollohan
Moran (VA)
Morella
Nadler
Neal
Ney
Northup
Oberstar
Obey
Olver
Ortiz
Owens
Pallone
Pappas
Pascrell
Pastor
Payne
Pease
Pelosi
Peterson (MN)
Petri
Pomeroy
Porter
Poshard
Price (NC)
Rahall
Regula
Reyes
Rivers
Rodriguez
Roemer
Ros-Lehtinen
Rothman
Roukema
Roybal-Allard
Rush
Sabo
Sanchez
Sanders
Sandlin
Sawyer
Saxton
Schumer
Scott
Shays
Sherman
Shimkus
Sisisky
Skaggs
Skelton
Slaughter
Smith (MI)
Smith (NJ)
Smith, Adam
Snyder
Spratt
Stabenow
Stark
Stokes
Strickland
Stupak
Tauscher
Tauzin
Thompson
Thurman
Tierney
Torres
Traficant
Turner
Vento
Visclosky
Walsh
Waters
Watt (NC)
Waxman
Weldon (PA)
Wexler
Wise
Wolf
Woolsey
Wynn
Yates

NOT VOTING—36

Baker
Barcia
Bliley
Capps
Carson
Cooksey
Dellums
Dingell
Forbes
Frelinghuysen
Gallegly
Gephardt
Gonzalez
Hansen
Hilliard
Jackson-Lee (TX)
Jefferson
Kasich
Kennedy (RI)
Klink
Knollenberg
McCarthy (MO)
McInnis
Miller (CA)
Murtha
Pickett
Quinn
Rangel
Schiff
Serrano

Shuster
Towns
Velázquez
Weygand
Whitfield
Young (FL)

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Messrs. KIM, FRANKS of New Jersey, SHIMKUS, and Ms. WATERS changed their vote from "aye" to "no."

Mr. WHITE changed his vote from "no" to "aye."

So the amendment was rejected.

The result of the vote was announced as above recorded.

PERSONAL EXPLANATION

Mr. KENNEDY of Rhode Island. Mr. Chairman, because of a delay in transportation, I was regrettably absent for rollcall vote No. 369, concerning the Blunt amendment. If I had been present for that vote I would have voted "no."

PERSONNAL EXPLANATION

Ms. McCARTHY of Missouri. Mr. Chairman, on rollcall No. 369, the Blunt amendment to Labor-HHS-Education Appropriation, I was unavoidably detained in transit. Had I been present, I would have voted "no."

Mr. SMITH of Michigan. Mr. Chairman, I move to strike the last word.

Mr. Chairman, the parliamentarian has informed me that my amendment No. 45 to the Labor-HHS appropriation bill that addresses the substance abuse and mental health funding formula in all the States is not in order but, Mr. Chairman, this issue needs to be addressed.

The Substance Abuse and Mental Health Service Administration is currently obligated under law to revise the formula that allocates money under the Substance Abuse Prevention and Treatment Program as well as the Community Mental Health Services block grants. My own State of Michigan will lose over 19 percent in one year of its funding for this 1998 program. Many other States will lose large amounts as well next year. The department has suggested that an alternative to a 1-year drastic change is that Congress provide for a phasein.

Mr. PORTER. Mr. Chairman, will the gentleman yield?

Mr. SMITH of Michigan. I yield to the gentleman from Illinois.

Mr. PORTER. I thank the gentleman from Michigan for raising this important issue before the House. When such formulas are altered, it should be in a manner that allows the States to adjust. I agree that no State should be forced to absorb huge losses at one time. I agree with the gentleman that this is an issue that should be resolved to ensure that all States are treated as equitably as possible.

Mr. SMITH of Michigan. My amendment, Mr. Chairman, would have delayed the implementation of the new formula so that the appropriate authorizing committees would have an opportunity to address these issues properly. I would ask the gentleman from Wisconsin [Mr. OBEY], the ranking member of the committee, if he agrees there is merit in some kind of a more gradual phasein for dramatic funding changes.

Mr. OBEY. Mr. Chairman, will the gentleman yield?

Mr. SMITH of Michigan. I yield to the gentleman from Wisconsin.

Mr. OBEY. I would simply say that it certainly would be disruptive for many States. If dramatic changes are implemented in 1 year, States will not only lose large amounts of funding but would lose them overnight. It would seem to me that certainly for the effectiveness of State programs there should not be major disruptions in funding. Those changes should be gradual.

Mr. SMITH of Michigan. I thank the gentleman. I call to my colleagues' attention that the Department of Health and Human Services agrees that States should not have major disruption. The National Association of State Alcohol and Drug Abuse Directors have just passed a resolution saying that we should use the current funding base.

I thank the chairman of the committee and ranking member and hope it will be an issue of discussion in conference.

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AMENDMENT OFFERED BY MR. NORWOOD

Mr. NORWOOD. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. Norwood:

Page 17, line 6, after the first dollar amount, insert the following: "(reduced by $11,250,000)".

Page 68, line 17, after each dollar amount, insert the following: "(increased by $11,250,000)".

Level-funds OSHA, transfers increase to IDEA, Individuals With Disabilities Education Act.

Mr. NORWOOD. Mr. Chairman, this amendment is one that is very clear-cut and very simple. We are trying to continue to fund IDEA special education. We are moving $11.25 million from OSHA into IDEA.

Mr. Chairman, I want to point out that this movement of $11.25 million from OSHA does not, in effect, cut the OSHA budget, but simply retains the same funding of $325.7 million.

Mr. Chairman, again, this moves funding from OSHA, but it does not cut OSHA. It maintains its funding level at the same amount, $325.7 million, for 1997.

There are two reasons in my mind for this amendment. One, of course, is that special education is important. I think we all would agree that funding a program that is now 22 years old at the 12 percent level is not correct and it is wrong. The Federal law says that we have to fund special education at 40 percent, though we only do 12 percent.

Mr. Chairman, funding of the special education program at 12 percent, which, thanks to the good works of the gentleman from Pennsylvania, Chairman GOODLING, and others has occurred just recently, is way inadequate for a Federal program that we are supposed to fund at a 40 percent level.

No one can disagree that the idea of taking children with disabilities and turning them into successful members of society is a very good thing to do.

I noted the other day that one of our Members on the other side of the aisle said, "Well, we are only funding at 12 percent, but it is not our fault. The courts made us do it."

Well, the courts are simply using the law passed by this Congress 22 years ago and stating that the special education must be funded, but presently it is being funded by the taxpayers at home through property taxes.

A Federal law that is a good law, though not funded by us, causes a great deal of concern for the local school boards, as well as local politicians who had nothing to do with it.

Mr. Chairman, I do not think any of us would disagree that it is important and it is critical that we do fund special education. I doubt there is a Member in this House that would think that we should not do that. This is just one more effort for us to try to beef up the funding to that program.

Now, we are taking it from OSHA. I want to make it clear that I do not view this as a discussion about safety and health. I do not think there is a Member in this room who does not consider health and safety in the workplace very, very important.

The debate is not about whether we need an OSHA or not; it is not about whether we wanted a safe and healthy workplace. It is about the process of OSHA, and it is about the process of prioritizing your spending.

We are giving OSHA an increase in 1998 of $11.5 million, but you cannot justify that. Nobody in their right mind can come up with any data that says, yes, they do need that much more money.

Now, many people relate an increase in dollars into an increase in the objective, which is a safer workplace. But I will tell you, you cannot go by the numbers to tell that.

For example, Mr. Chairman, in 1993 we spent $291 million in OSHA, and, unfortunately, that year we had 6,331 deaths. Mr. Chairman, you cannot relate the dollars spent in OSHA to workplace deaths.

In 1993 we spent $291 million; we had 6,331 deaths. Interestingly enough, in 1994 we increased our spending in OSHA and we spent $297.2 million, but what happened? The death rate went up in the workplace, to 6,588. Then we go to 1995 and we funded OSHA at $312 million, and we had 6,210 deaths. But then we lowered our spending in 1996 to $305 million and the death rate came down when we lowered the spending.

The only point I make there, Mr. Chairman, is it is not possible for us to simply say, looking at those numbers, that you can justify a rate increase in an agency that is not doing exactly what it ought to do, which is improve the health and the safety in the workplace.

Also, tonight a number of times the death rate in 1994 was stated as 6,588. That is the number that was used a number of times. But listen to those numbers. Think about those numbers. On the 6,588 occupational fatalities reported by the BLS in 1992, 42 percent were caused by transportation accidents, and another 20 percent were caused by acts of violence, suicide, and homicide. These are not considered workplace hazards.

The CHAIRMAN. The time of the gentleman from Georgia [Mr. NORWOOD] has expired.

(By unanimous consent, Mr. NORWOOD was allowed to proceed for 1 additional minute.)

Mr. NORWOOD. Mr. Chairman, I would suggest that we ask this agency to spend no more money than it spent last year until it reworks itself. Yes, it has improved; yes, it is better than it was 2 years ago; but it is not good enough. Why are they not focusing on those 40 percent of deaths where they occur out there? That is not what we do. We have to have one-size-fits-all, and everybody gets involved.

Mr. Chairman, we should focus on the areas where there are the most deaths, those industries where they occur, not across the board.

Yes, we only have 900 inspectors, and you may be assured there will never be enough money in OSHA to have enough inspectors to inspect every industry. But why is that agency not focused on where the deaths and injuries are occurring?

Mr. Chairman, that alone is enough reason to send another message to OSHA saying that, yes, we want you to protect health and safety in the workplace, but we want you to rework how this particular Federal agency works so we can have some positive results from it.

Mr. OBEY. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, the gentleman from Georgia [Mr. NORWOOD] speaks so movingly about the need to fund special education that I am almost persuaded. But then I note, however, that on August 3, 1995, just 2 years ago, the gentleman voted to cut special education by $160 million below the previous year, and voted to cut it $250 million below the President's request at that time.

Mr. Chairman, this year the special education account is up $313 million above last year. The committee has funded it at $139 million above the President's budget. It is $1.1 billion above the level the gentleman voted to cut just 2 years ago.

So I would simply say I am happy to welcome the gentleman to the ranks of those who believe that this is a good program, but I would say that I think what is happening here is pretty obvious. This committee, on a bipartisan basis, has provided a much higher level of funding for special education than it had last year or the year before that. Now we are being told in this amendment, which will take more of the House's time, that we ought to take a tiny amount out of OSHA and move it into this program.

It would add to the amount in this program by only 0.2 percent, but it gives them an opportunity, Mr. Chairman, to again beat up on OSHA, despite the fact that OSHA has had an 82 percent reduction in the number of paperwork citations which they have cited businesses for since President Clinton has come into office.

It is apparent to me that this is not only an opportunity to bash OSHA, it simply represents another effort by a group of Members of the House to try to filibuster the House to death in the hopes that eventually this bill is taken from the House calendar, and the gentleman has a perfect right to do that if he wants.

I would simply note, however, that despite the gentleman's efforts, or despite his suggestion that we cut this funding out of OSHA, there were 237 workplace deaths in his own State last year. There were 187,000 workplace injuries in his State last year.

So it seems to me that the proper thing to do is to try to fund both of these programs to the highest level that we possibly can. That is exactly what the committee has done on a bipartisan basis.

Mr. Chairman, I would urge rejection of the gentleman's amendment on that basis.

Mr. NORWOOD. Mr. Chairman, will the gentleman yield?

Mr. OBEY. I yield to the gentleman from Georgia.

Mr. NORWOOD. Mr. Chairman, let me point out to my friend from Wisconsin [Mr. OBEY] that I am absolutely sure the gentleman does not know why I am doing this.

I know the gentleman just told the Members why I am doing this, but I am confident that the gentleman does not know.

Second, let me point out that, yes, I voted against special education, but that was before the Republican Congress came in and helped straighten that bill out. At the time, a considerable amount of that money was going to the attorneys, and until we could stop that particular bleeding problem, then it did not make sense to put taxpayer dollars in it.

Mr. OBEY. Mr. Chairman, reclaiming my time, I would also note that during that time this Congress and this administration working cooperatively have greatly improved the performance of OSHA. I find it interesting, for instance, that much of the criticism these days leveled at OSHA is coming from organized labor, which feels that OSHA under Joe Dear went too far in trying to recognize legitimate concerns expressed by American businessmen.

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So I would simply say, each of us is capable of reaching our own judgments. I am confident that the House will recognize that the committee achieved a reasonable balance in these accounts which deserves to be supported.

Mr. NORWOOD. If the gentleman will continue to yield, Mr. Chairman, I want to tell the gentleman, I do think OSHA has been improved. That is something we all should be proud of.

Has OSHA moved far enough yet, to the point where we are doing a better job in the workplace, where most of the catastrophes occur? The answer would be no.

The CHAIRMAN. The time of the gentleman from Wisconsin [Mr. OBEY] has expired.

(By unanimous consent, Mr. OBEY was allowed to proceed for 30 additional seconds.)

Mr. OBEY. Mr. Chairman, I would simply note that OSHA has a long way to go in meeting its objectives, with over 6,000 Americans still dying each year. We ought to help them meet those objectives, just as we ought to help the responsible agencies in meeting their needs in dealing with handicapped children and special education-required children. I hope Congress will see fit to do both.

Mr. GRAHAM. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, to kind of pick up where my colleague, the gentleman from Georgia, left off, I also am on the Education and the Workforce Committee, and this is my third year in Congress, and hopefully every year you learn a bit about how programs work and where money ought to be spent.

At the end of the day, it is a judgment call. The Committee on Appropriations has made some choices that are their version of how it ought to be. Now we have a chance, as Members, to come in and suggest how these choices might change, and does it make sense to rearrange the money and spend money here and take money from there.

Mr. Chairman, the question of money and people is always an intriguing question. If I thought just by increasing appropriations bills we could prevent all workplace deaths, I would do so. If I thought just spending more money would take every family and every parent that has a disabled child and get the most out of that child, I would gladly spend the money. Sometimes it is not about how much you spend but the way you conduct the program, who is controlling the money, who has say-so of how it is spent; that is probably just as important as the amounts.

The OSHA laws in this country, in my opinion, have in the past focused more on the bureaucracy and more on the paperwork side of the House, rather than on whether or not it is really making the workplace safe. I think that is inevitable. As an agency grows, just like any other business in America, it looks for ways to continue to grow.

This Congress, the 104th Congress, the first Congress I was in, I think inherited a mess. I think we have been working at times in a bipartisan fashion to straighten that mess out. But when we look back at what it was like when we first came here, we had an OSHA agency where 8 out of 10 violations were paperwork violations, and there is no use blaming the Democratic Party for that, because many times the OSHA organization was under Republican control. The facts are it just was not working right. It got soft. We were throwing money in the name of worker safety, but we were not looking at outcomes.

We have had numerous hearings in our committee about outcomes. That is the change I have seen in the last 3 years. We are asking questions about programs that have never been asked before, before we write the check.

Let me tell the gentleman from Wisconsin [Mr. OBEY] some of the questions we have asked about OSHA. One of the basic questions I have asked, if you had a limited pot of money, which I think it is time to start thinking in those terms, where would you spend that money? Would you increase the number of investigators and increase the fining capacity, or would you direct more money into the area of educating businesses to make the workplace safe? We have asked numerous people from OSHA about that mix, and they are doing studies right now: Where is the best place to put your money? Is it in enforcement or is it in education?

We have been finding, I think, consistent——

Mr. OBEY. Mr. Chairman, will the gentleman yield?

Mr. GRAHAM. I yield to the gentleman from Wisconsin.

Mr. OBEY. I would simply like to point out, Mr. Chairman, that I am the Member of Congress who, along with Sylvio Conte, first pushed OSHA into starting a voluntary compliance program.

Second, I would like to point out, as the chairman already has on two occasions, that this budget gives a 12-percent increase for that voluntary compliance portion of OSHA's budget, and only a 1-percent increase, on average, for the other portions of OSHA's budget. So we are putting the emphasis, in fact, exactly where the gentleman thinks it ought to be.

I thank the gentleman for yielding.

Mr. GRAHAM. I congratulate the gentleman on that move, because it has turned out to be a very good move. But that is not really the point I am trying to make.

The point I am trying to make is, you have a certain number of people on the payroll of OSHA. What do they do every day? Voluntary compliance is one way for an employer to meet the goals and requirements that we place upon them. We have found that maybe if we have more business involvement in voluntary compliance programs that we can get there a little easier and save money for the employer, to let them share the benefits from the savings with their employees.

What I am saying is, when you have a fixed population of workers at OSHA, where should they be spending their time? How should you fashion your work force at OSHA? How many people should be in the "gotcha" business, and how many people should go around every day informing and advising industry, "Here is the latest thing out on worker safety"? That is what I am trying to talk about.

We have gotten a lot of feedback. It seems to me they are on the enforcement end, the "gotcha" end; about two-thirds of their people do that job. We are trying to get a work force mix that probably will do a better job, if you take most of OSHA employees and get them away from the "gotcha" business and you send them into the industry and advise people, and you try to get people up to speed as to what is the best way to make sure that the workers are safe.

Ms. DELAURO. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I would say there is a disconnect here with my colleague who just finished speaking. It is understood that in fact we could buy the argument that we inherited an OSHA that was a mess. But in fact, in the Contract With America, if Members might recall, their answer to that question was to cut OSHA about 50 percent.

The fact of the matter is that under the Clinton administration, as my colleague, the gentleman from Wisconsin [Mr. OBEY] pointed out a minute ago, in fact, an innovative compliance assistance program, a voluntary compliance assistance program, was developed. It was begun in fact and in truth to help employers identify safety problems before the accidents occur and before inspections and fines occur.

It happens, and it is a fact, that this is an enormously and hugely popular program with business owners. There is a very long waiting list of employers who want help to do the right thing. That is why the committee bill increases the compliance assistance program, as has been mentioned, by 12 percent, so in fact employers can get that kind of help and advice, and OSHA can provide that to the extent that businesses want it and need it.

But quite honestly, what will happen is that compliance assistance is the part of the budget that will be cut if OSHA's budget is reduced. This is because in fact, first and foremost, OSHA has to enforce the law. So this amendment is shortsighted. It hurts workers and, in fact, hurts the businesses which my friends, some of my friends on the other side of the aisle, seem to want to help. They want to help businesses. In fact, businesses are happy with these voluntary compliance programs.

If we continue in this path, it will in fact cause more deaths, more injuries, and more threats to the health and safety of American consumers, like those that we saw at the Hudson Food plant.

Let me just reiterate. Some Members, some Republicans of this House, seem to think that OSHA has not been cut enough over the past 3 years. But the majority of people do not want to cut it further. Clearly, the sponsors of this amendment share that belief that OSHA has not been cut enough, as do those who were engaged in the previous amendment. I disagree, and quite frankly, I think most Americans will disagree.

There are some facts that I think just speak loud and clear and speak for themselves. Every 5 seconds, every 5 seconds, an American worker is injured or killed on the job. In 5 minutes while I stand here and speak, 60 people will be hurt or will die. We saw the incidents with the Hudson Food plant.

Quite honestly, in that district in Missouri 155 people died of job-related injuries or illnesses in the last year for which we have data. In the State of Missouri, there are 25 inspectors to monitor the safety of places of work. That means that the average Missouri business will not be inspected more than once every 235 years. Clearly the sponsors of these amendments here think that is too often, and they want to reduce it to 250 or 275 years.

Mr. Chairman, let me just say that I am a supporter of the IDEA Program. Last week we were going to cut wage and hour to support IDEA, giving about 67 cents per child to the IDEA Program. Ultimately, there are only some Members of the other party that want to engage in this kind of thing. There has been a very good bipartisan effort put together here in defense of OSHA. Some people are not happy with that.

People have worked very, very hard over the last several months so we would have a good bill that in fact deals with the important issues that workers are facing and that others are facing. Now, all of a sudden, we see this opportunity to filibuster this bill in order to take money from here, take it there. In fact, these are thinly veiled efforts to cut programs here where we are only talking about $2 more per child for the IDEA Program.

If we want to help kids, help children, I ask my colleagues to help their families make a decent, living wage, as we were talking about last week. Give their folks the opportunity to work in a safe environment and workplace. That is the kind of thing we ought to be doing to help these families.

PARLIAMENTARY INQUIRY

Mr. SOUDER. Parliamentary inquiry, Mr. Chairman.

The CHAIRMAN. The gentleman will state it.

Mr. SOUDER. Mr. Chairman, can Members of Congress malign the motives of other Members?

The CHAIRMAN. Members should avoid maligning the personal motives of other Members.

Mr. SOUDER. I thank the Chair.

Mr. Chairman, I move to strike the requisite number of words.

Mr. NORWOOD. Mr. Chairman, will the gentleman yield?

Mr. SOUDER. I yield to the gentleman from Georgia.

Mr. NORWOOD. Mr. Chairman, I just want to reply to the gentlewoman who just spoke. In 1997, we spent $325.7 million, and if our amendment passes, in 1998 we will spend $325.7 million. I would just like to point out that is not a cut of anything, that is just not giving them a raise.

Mr. SOUDER. Reclaiming my time, Mr. Chairman, I would like to point out, and the reason I asked my parliamentary inquiry is we have heard several times tonight that this is a filibuster because we are trying to discuss tough questions, when in fact the minority and the majority, as their differences arise from time to time, will speak for ours.

We have not had motions to rise, motions to adjourn, all sorts of quorum calls, or that type of filibustering tactic. We have had some disagreements in our party, and we are likely to continue to have them in the future. The question comes as to how do we debate these and air them out.

The gentleman from Illinois [Mr. PORTER] and we have had many discussions. He said, let us have a wholesome debate. We are having a wholesome debate. A lot of Members do not like these choices. They want to talk about what we did not 2 or 3 years ago, or what we are allegedly going to do to a lot of the poor working people of America.

This is an increase in OSHA. This is not wiping out OSHA. We are not fighting a battle over whether we are going to eliminate OSHA, whether we are going to eliminate anything here. It is whether we are going to increase OSHA. We are not even proposing to cut OSHA, for crying out loud.

The effort here is to say, what are our priorities. Reluctantly, many of us voted for the budget agreement because it was a compromise. Spending is increasing. Now, as Members of Congress, we are elected to decide where we are going to put the money and what the priorities are.

There are many of us, including many of us on the Committee on Education and the Workforce, who worked to pass a new IDEA bill. Part of that was increased parent participation; it had better connections to regular curriculum, increased accountability for educational results, improved access to information, opportunity for mediation, improved teaching and learning processes, supports the unique needs of individual students where there can be flexible developmental delay categories for identifying children, all sorts of details with the IDEA bill. We worked on that for 3 years.

A chief staff person of Senator LOTT spent hours and hours trying to reconcile those differences. The gentleman from Pennsylvania [Mr. GOODLING] moved it through our committees. The gentlemen from California, Mr. RIGGS and Mr. CUNNINGHAM, the previous year, working with the subcommittee that I am on and I, as vice chairman of that subcommittee in my first term, worked hard on IDEA.

But do Members know, we have now passed a bill that requires States and local communities to do a lot in their schools to address the needs of these students. We increased their funding, but we did not increase their funding enough.

I would just as soon, quite frankly, the Federal Government was not always increasing their funding, and that we had more decisions at the local level and at the State level in education. But if we are going to spend money. which we are in this bill, I can think of no better place to put it than in the Individuals With Disabilities Education Act.

As we go through this, I do not want to hear all the time that this is just a tactic and this is just a filibuster. This is not. This is saying, OK, if I am going to go along with this bill, I would like to see where the money goes.

We are not gutting OSHA; we are doing increases. For those Members concerned about the compliance section, as I have stated, the next amendment we intend to offer will move some funds around inside OSHA to make sure the compliance section gets even more funding. I compliment those Members and the chairman of the subcommittee for increasing efforts in the compliance section.

When we ran for office, that is what we ran for was to change OSHA from predominantly an organization that comes in, often unannounced, often resulting, in order to intimidate businesses into trying to follow the law, picking on fairly nit-picking-type things or things that are counterproductive, rather than focusing on the grievous offenders.

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Nobody wants to defend anybody where there have been deaths and tragedies. Our friends are getting hurt. Our neighbors are getting hurt. Our relatives are at risk. But we need to do it in a logical way, and working with businesses in a positive way is the way we should do this.

But, Mr. Chairman, they have enough money. The facts are this. We are hearing stories tonight, but the facts are this: When Congress increases OSHA funding, the rate of accidents go down. When Congress has decreased funding, the rate of accidents has gone down. When we have level funding, the rate of accidents has gone down.

The rate of accidents has dropped 4 years in a row, regardless of the funding level of OSHA here in Washington. That is a fact. The stories are tragic, but the fact is the rate of accidents has been going down, and we cannot make dramatic statements based on the OSHA funding. But the truth is this amendment is really a priorities amendment. Do we want to give the money to IDEA?

Mr. Chairman, $11 million here is a drop in the bucket. We will have plenty of other amendments on this bill that will expand IDEA funding in other things. For those who say this is only 11 million, yes, 11 million is 11 million, and we are going to try to get more to IDEA, too. We agree on supporting that.

Mr. Chairman, let us take something where we have a consensus and we have an impact and put the money there, rather than in organizations that have been counterproductive.

Mrs. LOWEY. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I would like to say to the gentleman from Indiana [Mr. SOUDER] that I am delighted to see the support for special education. And if the gentleman will forgive some of the skepticism among us, we do remember, for those of us who have been working very hard to fight for special education a long time, we do remember that in 1997 the Republicans voted to level-fund special education. We remember that in 1996 the Republicans voted to cut $25 million for early childhood special education personnel training and cut $21 million for innovative special education research and development projects. The Republicans also voted to cut $90 million for special education teacher training.

So I, frankly, am delighted to see this support for special education, and I would like to work with the gentleman from Indiana [Mr. SOUDER], with the gentleman from Illinois [Mr. PORTER], our distinguished chairman, to continue to increase resources for these very vital programs. But it seems to me, again, to take it from OSHA does not make sense.

Mr. Chairman, the gentleman from Indiana talked about how injuries are going down; however, when we look at the numbers and we see the tremendous need, we are beginning to see, under leaders like Joe Dear, some progress in reforming OSHA. With the help of a bipartisan effort in our committee, and in the gentleman's committee, I am sure, if we are beginning to see progress, let us continue to make progress, to make sure that we protect lives.

Mr. OBEY. Mr. Chairman, will the gentlewoman yield?

Mrs. LOWEY. I yield to the gentleman from Wisconsin.

Mr. OBEY. Mr. Chairman, I would just like to point out that if the House wants to make a real choice, rather than taking a few dollars out of OSHA and putting a few dollars into special education, I would simply note that this House voted to add $331 million to the Department of Defense budget for nine B-2 bombers that the Air Force did not want and cannot fly in the rain.

In contrast, OSHA's entire budget is only $336 million. I would suggest that if my colleagues want to find money for special education, or anything else, rather than running the risk of added workplace injuries and deaths, we ought to go to a place that the Pentagon itself recognizes is a waste of money and simply eliminate that program. That would do a real service to this Nation.

Mrs. LOWEY. Mr. Chairman, reclaiming my time, I am not sure if the gentlewoman from North Carolina is on the floor, but I talked before about the tragic fire in Hamlet, NC, and there was real action after that fire. In fact, the number of inspectors were increased 100 percent. The leaders of that program in North Carolina happened to have such an exemplary record that the numbers of workplace injuries have continued to decline.

So I would like to say to the gentleman from Indiana, let us work together to increase money for IDEA and other special education programs. But while we are working together to improve OSHA, to make sure that we are saving lives, let us look at programs like in North Carolina where their increased investments have really made a difference.

Mr. SOUDER. Mr. Chairman, will the gentlewoman yield?

Mrs. LOWEY. I yield to the gentleman from Indiana.

Mr. SOUDER. Mr. Chairman, one question that I would like to ask of the gentlewoman from New York [Mrs. LOWEY] is that we are not allowed to offer any amendments vis-a-vis the Defense bill to education; is that not correct? The distinguished gentleman from Wisconsin [Mr. OBEY] was suggesting that we could find additional money, but we do not have that option here tonight.

Mrs. LOWEY. Mr. Chairman, reclaiming my time, the gentleman from Illinois [Mr. PORTER] and the gentleman from Wisconsin [Mr. OBEY] and the committee worked incredibly hard making very tough choices. The numbers for special education in this bill have increased, I believe it was over $313 million, plus 8 percent. So the chairman has done his best, working together in a bipartisan way, to invest in special education programs, and we welcome the gentleman from Indiana to join us so we can continue to look for other opportunities.

Mr. SOUDER. Mr. Chairman, if the gentlewoman will continue to yield, I believe the answer to my first question is "no", we cannot offer any Defense amendments.

I too praise the efforts of the gentleman from Illinois for special education. At the local level, it will probably take between $1 and $2 billion to meet what we passed in our bill on IDEA. We are doing what we can on these different efforts.

As far as the OSHA questions in themselves, I put forth the actual data on the rate of accidents which have been declining, regardless of what funding levels we have in Washington. As we reorient those levels and work with Mr. Dear in our oversight, appropriations, and authorizing committees, I think we can make it more effective and more preventive, but it is not proven that it needs more money.

Mrs. LOWEY. Mr. Chairman, again reclaiming my time, money is a factor.

The CHAIRMAN. The time of the gentlewoman from New York [Mrs. LOWEY] has expired.

(By unanimous consent, Mrs. LOWEY was allowed to proceed for 1 additional minute.)

Mrs. LOWEY. Mr. Chairman, I would like to tell the gentleman from Indiana that money is a factor, because we saw in Hamlet, NC, again as I mentioned, after that terrible tragedy, the leaders of the OSHA program in North Carolina, working with the Federal Government, were able to increase their investment and the numbers of tragedies, the numbers of tragedies have gone down tremendously. We see this as a model program.

Mr. Chairman, again, I would like to welcome the gentleman from Indiana to our advocates for special education, and I hope we can work together to continue to make investments in that program, while not cutting other vital programs that make a difference for workers.

Mr. SHADEGG. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise in strong support of the amendment of the gentleman from Georgia [Mr. NORWOOD] on this issue.

Mr. Chairman, I think it is critically important for us to discuss this issue and to debate it here on the floor. I, myself, have very, very strong feelings about the OSHA Program, about the importance of worker safety, and about the IDEA Program and its importance in our society.

But, Mr. Chairman, before I get to the substance of my views on why this amendment is so critically important, I must comment on the debate that has been going on kind of through the evening. That is the debate which most recently was advanced by the gentlewoman from Connecticut [Ms. DELAURO] that these amendments are somehow improper, and that it is somehow wrong to debate the priorities of spending in this Congress through amendments on the floor to an appropriation bill.

Mr. Chairman, I resent that immensely. This Congress is here precisely for that purpose. We have had a budget agreement, some call it a tremendously historic budget agreement, with our President prior to today's debate. But that sets the broad parameter. The public policy within those numbers is decided here in the appropriations bill.

The Committee on Rules set an open rule, as it has always done on appropriations matters, and I resent immensely any implication that these are other than meritorious debates on this issue.

Mr. Chairman, I believe we have a duty to the American people to debate the question of how we spend this money here and now as the bill goes through. Of course, we owe some respect to the committee and the committee process, but the committee process does not tie our hands. We have a duty, we have a right, we have an obligation on each appropriations bill that comes to this floor to debate those priorities and to decide as a country where the monies we have to spend are to be spent. And that is particularly true in difficult times where ample funding is not necessary.

So any implication that we should not be debating this and that we have to act as a rubber stamp is dead wrong. And in that regard, I would like to compliment the gentleman from Illinois [Mr. PORTER], chairman of the subcommittee, who in meetings with myself and others prior to this debate made it clear that he fully welcomed a full-blown and exhaustive debate of the spending priorities in this bill.

Mr. Chairman, at no point, at no point in those discussions did the gentleman ever say that we have an obligation to defer to what the committee did; we have a duty to accept what the committee has done; we have written it and it is cast in stone.

Mr. Chairman, the gentleman said the exact opposite. He said that we have every single right, issue by issue, to debate the priorities that are set forth in this bill as it comes to the floor. The gentleman commended us to do it and said he would not criticize us for doing it. That is what the process is for, and he welcomed the process. Thank goodness we have that process.

Mr. Chairman, let me turn then to the issue of OSHA and to the issue of IDEA and this particular amendment. This amendment does a simple thing. It says that OSHA funding, as set last year, is in fact adequate to protect America's workers. And any challenge that says, no, it is not, and that those who advocate this amendment do not care about worker safety, I suggest is an unfair challenge and an unfair attack.

The facts are as the gentleman from Indiana [Mr. SOUDER] stated them. Worker accidents have been declining for 4 years straight. They have declined when the budget went down. They have declined when the budget went up. They have declined when the budget remained constant. I suggest it is unfair to characterize those who support this amendment as being unconcerned with worker safety. The statistics simply do not bear that out.

Mr. Chairman, let me make another point. I believe in worker safety. I once worked as a construction worker and carried a union card. I was deeply concerned about union safety. But that was before OSHA existed, and I thought the State of Arizona and its safety officials did a good job of working to protect the workers on the job site where I was earning my living.

But I think that OSHA has, on occasion, run amuck. When I first got elected to Congress, many contractors in the State of Arizona came so see me about OSHA's proposed fall standards, and they complained bitterly that there was no rationale and no reason; that the fall standards were not well written; that they were not thought out. Roofers came to me, as well as others in the construction industry. I have a brother in Tucson, AZ, who builds homes, and when he saw the first draft of those regulations he said, "John, they're absurd. They make me try to protect from falls for people I cannot protect when they are not even up in the air. They make me protect framing contractors, when I have nothing that I can hook a safety net to."

I think OSHA can be improved, but I do not necessarily think that every year just as the clock turns we automatically have to give it more money. And that brings me to the merits of this very worthwhile amendment.

The IDEA Program is critical, and the parents in my district have come to see me about it.

The CHAIRMAN. The time of the gentleman from Arizona [Mr. SHADEGG] has expired.

(By unanimous consent, Mr. SHADEGG was allowed to proceed for 1 additional minute.)

Mr. SHADEGG. Mr. Chairman, let me just recite briefly, also since my election in 1994, parents from schools throughout my congressional district have come to visit me. They have visited me about the issue of special education; both the parents of children who have special education needs and the parents of children who do not have special education needs. They have made a clear point to me, and that point is that at least the parents of those who have children who have special education needs think the Federal Government has done the right thing in IDEA and the goals it set, but the wrong thing in inadequately funding it. The parents of children who do not have special education needs have said the lack of funding for special education hurts them.

Mr. Chairman, this is a good amendment. It ought not to be belittled as too small. It should be supported by each and every one of our colleagues as moving us in the right direction. And for those who say it is not enough, we will offer more amendments later in this debate when we get to the education title to move more money into IDEA fund.

Mr. Chairman, I urge my colleagues to join me in supporting the amendment of the gentleman from Georgia.

Mr. NEUMANN. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise to support this amendment. I do think it is an amendment that deals with the debate over priorities of spending. We have come to a point in American history where we recognize that there are only a limited number of dollars available to be spent by Washington, because our families out in America are overtaxed already.

So, Mr. Chairman, if we say there is only a limited number of dollars available, we have to do what every American family does. We have to decide where it is that is most important that we spend these dollars. That is what this debate is all about.

In this particular debate, we are debating whether or not the dollars should be used to increase spending in OSHA or whether the increase should go to students with disabilities, to IDEA, instead.

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I would like to start here by reemphasizing the fact that if this amendment passes, the OSHA spending does not, in fact, go down but rather OSHA spending remains constant at last year's level. In Wisconsin, where I come from, if you freeze it at last year's level, that is not a cut but spending has been frozen.

As my colleague who spoke before me from Arizona mentioned, I, too, come from the construction industry. I am certainly aware of and familiar with safety standards.

Frankly, you cannot run a business without being first and foremost concerned with the safety of your workers. So OSHA is important in protecting our workers and providing safety for the workers. That is a very high priority, not only to me but to many people out there in this country. But that is not what this is about. This is about where it is that we are going to allow spending increases to occur in the fiscal year 1998 budget process.

In this particular case, what we are asking to do is redirect the increase in spending in OSHA, not a cut, but redirect the increased spending dollars over to help students with disabilities. This is about education. This is about educating the most needy children in the United States of America. This is about directing more dollars to the students who are most in need. That is really what this whole thing comes down to. What we are trying to do is redirect the $11 million increase that was slated for OSHA over to the most needy students in education in the whole United States of America; that is, our students with disabilities.

I would reemphasize that this is not a cut in spending of OSHA but rather freezing OSHA spending at last year's levels. OSHA was set up in 1970 to provide for worker safety and to help make the workplace a safer facility for workers. In 1990, we had the only real amendment to the OSHA rule. They increased the fine sevenfold in 1990. We find that the majority of those fines deal with paperwork as opposed to some safety violation with roofing or something else of that nature. That is the reason for concern.

But again, that is not the heart and soul of what this bill is about. This bill is about debating what it is that is the highest priority to spend tax dollars, money that is hard-earned by the working people out there in America, what is the highest priority that we spend those limited available dollars on and should it go to increase spending in OSHA, which hires more Washington people, or should it instead go to help students with disabilities, perhaps the most needy part of education in the whole country?

For my vote, I certainly intend to vote to send the money to the students. Students with disabilities certainly have a high priority as far as I am concerned on where we should be spending money.

Over the course of this debate we will be debating lots of amendments that deal with redirecting funds from one portion of this bill to another portion. All through the night we are going to be talking about what it is that is the most highest priority for people in this Congress to spend.

So for me I plan to vote for the amendment. I am going to vote to freeze OSHA spending at last year's levels. No cuts. I am going to vote to freeze it at last year's levels and redirect the money to the neediest students in this country, to IDEA. I would certainly encourage my colleagues to do the same.

Mr. PORTER. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, the committee headed by our colleague, the gentleman from Pennsylvania [Mr. GOODLING] and the members of that committee did a wonderful job in providing for real reform of the Individuals With Disabilities Education Act [IDEA] Program earlier this year. Along with the reforms that they accomplished, it is very clear, and I think we all agree on both sides of the aisle, that additional moneys are needed to help kids with disabilities and to provide relief to local taxpayers for the mandate that IDEA imposes on States and local school districts.

For that reason, last year we increased funding in this bill by $790 million. This year we increased funding by an additional $312 million. And earlier in this bill we accepted an amendment from the gentleman from Pennsylvania [Mr. GOODLING] to add an additional $25 million. The total increase in the last 2 years is $1.127 billion.

The Senate has provided even a greater increase this year in their bill, $600 million more than we provided in the House bill. I believe I can assure Members, depending on the level of allocation, that we are very likely to go as far as we can toward the Senate's higher number. IDEA is very high priority for us. We certainly are not shirking our responsibility to provide all the funding that we can for it.

It has been said repeatedly that OSHA, on both sides of this debate, that the Occupational Safety and Health Administration [OSHA] is moving in the right direction, and that we ought to encourage them to continue to move in that direction. It is a direction that moves away from the "gotcha," and moves toward helping businesses to make the workplace safer. Its basic promise is that OSHA must work cooperatively with business to ensure greater worker protection.

It has been said also that if we level-fund a program or department of government, that they are getting the same amount of money as the previous year. That would be true if there were no inflation in our economy. Unfortunately, there still is some, and what we did in this bill is provide an increase overall for OSHA of about 3.5 percent over last year.

As I said earlier, a 3.5 percent increase is $11.6 million below the President's budget request. If you take the cost increases, that is, the inflation increases and Federal pay raises, you actually are providing a reduction from last year in terms of actual buying power. So we are attempting to do what has been said over and over by the proponents of this amendment, to hold OSHA at approximately the same spending level as last year, given inflation. In the process we have moved the additional dollars, into compliance assistance rather than into Federal enforcement. In fact, if you look at the overall figure on the Federal level of compliance assistance, we have increased that by 22 percent whereas Federal enforcement has increased by only 1 percent.

So I think we are moving in the direction that the gentleman would like to move. This amendment is basically the same amendment as the one we just considered. Rather than putting the money cut from OSHA into vocational education, it would take the funding and put it in IDEA. The amendment cuts exactly the same amount of money as the previous amendment.

As I said before, we have done everything we possibly can to move money into IDEA. I believe that we have struck the right balance between each of these programs and that the amendment really is just not necessary.

Mr. NORWOOD. Mr. Chairman, will the gentleman yield?

Mr. PORTER. I yield to the gentleman from Georgia.

Mr. NORWOOD. Mr. Chairman, I thank the gentleman for yielding to me.

I want to congratulate him and the gentleman from Pennsylvania [Mr. GOODLING] for increasing funding in IDEA. I want to point out to the gentleman that it is only at 12 percent level. We are funding at 100 percent from home, from the districts and counties. The law that was passed in this Congress said that we would fund it at 40 percent. So that is what we are trying to ask to be done, is fund it at the level the law requires.

Lastly, Mr. Chairman, I am curious about the increased funding for OSHA this year, the $11.25 million. Does the gentleman know that that will save one life?

Mr. PORTER. Mr. Chairman, I know that without it, we may lose more lives. I think the answer is that no one knows that, to reply to the gentleman.

The CHAIRMAN. The time of the gentleman from Illinois [Mr. PORTER] has expired.

(By unanimous consent, Mr. PORTER was allowed to proceed for 1 additional minute.)

Mr. NORWOOD. Mr. Chairman, if the gentleman will continue to yield, if you look at numbers over the last 5 or 6 years in terms of what the funding level was versus how many deaths we had in the workplace, you clearly can conclude pretty quickly we do not know that we will improve the situation at all by increased funding.

Mr. PORTER. Mr. Chairman, reclaiming my time, I would say to the gentleman, I believe that we are doing better now in terms of overall support for IDEA than we have ever done in the past. And while I agree with the gentleman, we have to do as much more as we possibly can, I think we have done a very, very good job of increasing funding for this vital program. This amendment would not make any substantial difference in what we have accomplished.

Mr. OBEY. Mr. Chairman, will the gentleman yield?

Mr. PORTER. I yield to the gentleman from Wisconsin.

Mr. OBEY. Mr. Chairman, I would simply like to point out, in answer to the other gentleman's question, that according to the Bureau of Labor Statistics, the combined rate of workplace injuries and illness in the private sector fell from 11 per hundred workers in 1973.

The CHAIRMAN. The time of the gentleman from Illinois [Mr. PORTER] has again expired.

(On request of Mr. OBEY, and by unanimous consent, Mr. PORTER was allowed to proceed for 2 additional minutes.)

Mr. OBEY. Mr. Chairman, if the gentleman will continue to yield, it fell from 11 per hundred workers in 1973, which is the first year that data were reported, to 8.4 per hundred workers in 1994. That is a 24-percent decrease. The decrease in both injury and illnesses has been the most significant in the industries where we have had the toughest enforcement; namely, manufacturing, construction, and mining industries. So I think it is obvious that the less we do to finance OSHA, the less we do to create a safe and healthy workplace for American workers.

Mr. KINGSTON. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I stand in support of the amendment in transferring money from OSHA to handicapped children and to the local school boards, the local school boards and the folks back home, the property taxpayers are making up the difference now in this important IDEA program. We need to help them out. This amendment gives us an opportunity to do that. But it also gives us an opportunity to send yet another message to OSHA that the American people want to get the Government off its back. OSHA is a nitpicking regulatory agency, far beyond their alleged mission of human safety. We talk about safety. It is like OSHA has the franchise on it, Mr. Chairman.

The fact is that let us just say the businesses of America did not care about their workers. Let us just say it did not matter to them. What would be the consequence of having somebody hurt to a manufacturing plant? Workers compensation premiums would go up. That is a substantial amount of money. The workers who are injured would cause downtime to the production line. The machinery would be broken; the car, for example, would be wrecked. There would be bad will.

There would be morale problems. There would be a PR problem. All of these things come into play in the event that a business is not concerned about safety.

But the reality is, Mr. Chairman, businesses do care about their employees. They want their employees to stay there for a long time. They want their employees to be safe. They want their employees to be comfortable, secure, and happy. And that is why they take lots and lots of precautions on their own without OSHA coming in and interfering.

Here is the light reading of the night, Mr. Chairman. You look like you have some spare moments up there. This is the OSHA regulation on asbestos. You will remember that the Environmental Protection Agency outlawed asbestos in all forms and a court threw that out and said, you can't go that far; you are going beyond your mission statement.

But OSHA steps in and says, that is OK. We will enforce it, even though the court said not to. What fine work did they produce as a result of their interference? The first thing they did is they came up with a new brake for cars, even though using the asbestos in automobile brakes did not cause any damage in terms of people breathing asbestos or anything like that. OSHA came in and said, you have to have new brakes on cars.

These new brakes, Mr. Chairman, take twice as long to brake, and as a result, according to a scientific study by the National Safety Board, Transportation, we have been losing 150 people more each year. I repeat, 150 deaths have been caused in addition because of OSHA's great work on taking asbestos out of brakes. That is not looking out for worker safety.

What are some of the other fine examples of the great work that they do?

Well, there was the case of a business that had a problem with employees stealing fire extinguishers, so the business put the fire extinguishers behind a very thin, breakable glass. But then the OSHA inspector came back around and said the fire extinguishers were no longer accessible because they were behind this breakable glass. The company was fined.

Then there was the case of a shampoo manufacturer. The shampoo manufacturer, Mr. Chairman, used large stainless steel open vats to mix the product in. When they were cleaning the product, the bowl, of course, was empty and employees would actually go inside the bowl and clean it.

Well, even though there was no top on them, not just during the cleaning but actually during the mixing of the product, there was not a top for these large vats or bowls, OSHA came in and said that the workers who were cleaning the bowls were in a confined space and, therefore, they needed to be treated like they were in an enclosed tank. So OSHA required the shampoo company to have rescue teams standing by with respirators and so forth. This is an absurd example of a bureaucracy that has gone crazy.

A couple of other examples. In Indiana, there was a company called Zilkowski Construction Company that was fined for having a can of Pledge furniture polish in a trailer with no material safety data sheet on it. Is that not a real treacherous situation for workers to be exposed to a can of Pledge furniture polish?

☐ 2045

And then here is another one. 1992, a company in South Bend, IN was cited by OSHA for not having a brand specifics material data safety sheet for chalk. That is chalk that you would write with. That is the kind of ridiculous thing OSHA would do.

The CHAIRMAN. The time of the gentleman from Georgia [Mr. KINGSTON] has expired.

(By unanimous consent, Mr. KINGSTON was allowed to proceed for 2 additional minutes.)

Mr. OBEY. Mr. Chairman, will the gentleman yield?

Mr. KINGSTON. I yield to the gentleman from Wisconsin.

Mr. OBEY. Mr. Chairman, let me simply point out that the gentleman is talking about occurrences in OSHA which can no longer occur because Mr. Dear, when he became director, issued an order which told OSHA not to issue fines because of any consumer product problems that were found. That would deal with whether we are talking about Pledge or whether we are dealing with any of the other items that were raised on the gentleman's side tonight.

Mr. KINGSTON. Reclaiming my time, Mr. Chairman, I am glad the gentleman brings that out because it makes us think maybe there is hope for reform in this agency, but I am still not, and most of the folks back home who were employers who are suffering from all this nitpicking, I still believe they are saying, do not increase this agency, do not send more Government down here to my manufacturing plant.

It is interesting, the manufacturing jobs in America in 1960 were two-thirds of the working population. Today they are one-third. One of the major reasons why businesses go overseas, Mr. Chairman, and we are losing the manufacturing base is because businesses here are having to pay too high a price to do business and commerce in America because of excessive regulatory agencies such as OSHA.

I say, let us not increase them at this time, let us leave their funding at a level base and let us send the difference to handicapped and disabled children in our districts.

Mr. COBURN. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I wanted to talk about IDEA for just one moment. As a practicing physician, I have three patients that are very dear to me. One of them is Brandon Jones. I delivered Brandon about 9 years ago and he has a syndrome called Vader Syndrome. He has pulmonary hypertension. He wears oxygen all the time. He has a limited life expectancy, and yet in the public school system in Muskogee, OK, he has to, by Federal mandate, be offered every opportunity to do what every other child can do. The costs for him are approximately $100,000 a year, just for his education.

There is Felicia Fallegey. At 2 years of age, she was shaken by a babysitter and now has severe, severe cerebral atrophy and damage, yet, by mandate and by right gets to attend school. The cost for this child, who cannot move, who cannot move any extremity, who is bedfast, the cost to care for her in terms of her educational assessment is significant.

Finally, there is Courtney Johnson. Courtney was born with a cerebral accident of malformation at birth. Her developmental abilities have been limited. She is now 13 years of age and is required to have every opportunity for an education that any normal child can have.

What is the problem with all that? We are $500 million short, Mr. Chairman, of what we should have in the IDEA program. And what we need to do is to look at the school system in Muskogee, OK, that is running a deficit this year. They will not be able to educate all the normal children in our district because we have multiple numbers like these children who deserve this opportunity. But the Federal Government, the U.S. Congress, refuses to send the money that rightfully should go to the individual school district.

When we vote on this amendment, I hope my colleagues will remember Courtney and I hope we will remember Brandon and I hope we will remember Felicia for the positive things IDEA will do for them. But I also hope we will remember the rest of the children who will not get the things they need because we have mandated a policy and we are not willing to pay for it.

Remember Brandon, remember Felicia, and remember Courtney.

Mr. TIAHRT. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise in support of this amendment to take money that is currently going to be directed to OSHA and move it toward the IDEA program.

Special education and special needs children have not been fully funded, as has been pointed out earlier, and I think this is a wonderful opportunity to do something about that. When I think of the extra costs that are associated with these children and the opportunities they could have by taking

$11.25 million from OSHA and moving it to them, I think there should not be any question for a Member of Congress to rise to this opportunity to help these children.

Now, we could go on and talk about some of these children and their special needs, as the gentleman from Oklahoma pointed out, who is also a physician and knows very well on personal terms. I know several children myself that are currently in special needs programs. My wife worked in special education as a speech therapist in public schools for 4 years, working directly with these children, and there is a great need for us to rise to the occasion to give them this additional funding.

If we talk to any school board member across the United States, and in Kansas I have spoken with members of the school board, and quite often their request is that we help with the funding for special needs children to give them the opportunity to be mainstreamed, give them the opportunity to share learning opportunities that are the same as other children have. Yet this is a mandate that they be educated, a mandate from the Federal Government, and we do not fully fund it. We do not give the financial backing for the mandate.

This is something that has been around for some time, and it is a problem that has been around for quite a while, and yet tonight we have the opportunity to do something to correct that, one small step in the right direction.

Where are we taking this money from? We are diverting it from OSHA, diverting it from an organization that has had a lot of problems and is in need of reform. I think we have seen some initial steps.

I know that I have met with the regional director for OSHA in Kansas and he is open to making changes that will work toward a common goal of a safe work environment. And yet when he takes these ideas, and maybe I should explain a little how this came about, I was at the State fair 2 years ago and he walked up to my booth and we struck up a conversation; and I asked him if he would be open to meeting with members of industry, with members of the construction trades and with members of people who interface with OSHA, because they are out there creating and trying to keep jobs in the Kansas area, and he said he would be glad to do that.

So we got together about 30 members of business, small businesses, large businesses, and they met with OSHA, and they came up with a format where they could find onerous regulations and then come up with solutions to change those regulations to get to that common goal of a safe work environment. Well, these ideas are now flowing back up to Washington, DC, and so far we have not seen a lot of change.

But we have seen changes even in the private sector where insurance companies will come into a plant and they will show a plant how they can make a more safe environment; and they work hand-in-hand with the people that are creating and keeping the jobs, work hand-in-hand because there is a common goal there of lowering insurance rates and creating a safer work environment. And they make suggestions.

So one of the questions that I had for OSHA was, why can OSHA not work together with the companies and come up with a way of making a safer work environment? Why does there always have to be a fine on everyone the first visit? And some of the ideas that came out of these meetings with business and OSHA was that, well, why do we not, at the request of the employer, allow OSHA to come in with the guarantee there would not be any fines, but they would go through and list some things that would be potential hazards, get some kind of agreement and a time period to change this work situation or this work location, I should say, change this work location so that they can make a safe work environment, thereby working together, working together with the people who are making the jobs, with OSHA in getting a safe environment, much like the current insurance companies do when they come in and do a risk assessment.

So OSHA would come in and do this risk assessment, it would give them the opportunity to tell the employer where they had shortcomings. The employer could then have a time period to make those changes; and the end result, the common goal, the whole reason that we have OSHA in the first place, would be a safer work environment.

But that is not what has been happening. So this is an opportunity for OSHA to come about and change and move the money to children with special needs.

Mr. HOYER. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, a number of proponents of this amendment have risen with some degree of concern about the characterization of motives. I do not intend to characterize anybody's motive; however, I do intend to observe what I think is happening.

There is a desire to cut OSHA. There have been a series of amendments to effect that end. The common theme of those amendments is to cut OSHA or worker-related wage and hour enforcement in the Department of Labor. So that is an observation; it is not a question of any motive.

I frankly conclude that the effort is to cut $11.2 million out of OSHA from the last two amendments. I understand that. I am confused, I will tell my friend, when I see, as I have expressed before, the 1995 budget offered by those who were here at that point in time and I see over $120 million cut in special education, including $90 million cut for special education teachers of those children that the doctor mentioned a little earlier.

Frankly, my colleagues will forgive us on this side if we do not think there is somewhat of a dichotomy in that action, a contradiction.

That aside, let me speak to OSHA and some of the other observations that have been made. A number of speakers, including the distinguished gentleman from Georgia, have noted that the figures have gotten better in the last 4 years. Now, I do not necessarily think that is a surprise. Very frankly, there has been not a particularly warm feeling about OSHA demonstrated on the other side of the aisle and, frankly, in some respects, on our side of the aisle.

The fact of the matter is, the new administration came in and said, we want to do business in a new way. Mr. Dear, whom the chairman has talked about and others of us have talked about, came in and did, in fact, redirect, reinvented in some respects, the OSHA regime. And in fact I do not think it is a coincidence that things have gotten better during the last 4 years under the Clinton administration and OSHA under the Clinton administration.

But I will say in this context, as well, with respect to OSHA, that the other side wants to cut. In 1980, there were 2,962 employees in OSHA. Today there are 2,230. This is not a bureaucracy out of control. This is, in fact, a substantially reduced complement of employees at OSHA trying to cover more workplaces and more workers.

Mr. COBURN. Mr. Chairman, will the gentleman yield?

Mr. HOYER. I yield to the gentleman from Oklahoma.

Mr. COBURN. Mr. Chairman, I would ask the gentleman if that figure includes State OSHA inspectors, as well?

Mr. HOYER. Reclaiming my time, Mr. Chairman, I would say, no, this is Federal.

Mr. COBURN. If the gentleman will continue to yield, Mr. Chairman, it is important that that is not the limited number of people who are inspecting the workplace.

Mr. HOYER. Mr. Chairman, obviously, we are not budgeting for the States, so I understand that.

Mr. COBURN. Much of that has been shifted to the States who have received that clearance from OSHA; is that correct?

Mr. HOYER. I tell the gentleman, as he well knows, this cut will not affect the States. This cut will only affect the Federal agency.

Mr. NORWOOD. Mr. Chairman, will the gentleman yield on that one little issue?

Mr. HOYER. I yield to the gentleman from Georgia.

Mr. NORWOOD. Mr. Chairman, I would say to the gentleman that this is not a cut. We are simply freezing it at the same level it was last year, $325.7 million.

Mr. HOYER. Reclaiming my time, Mr. Chairman, I understand the gentleman's proposition. As the gentleman from Illinois [Mr. PORTER] clearly and accurately pointed out, this is less than inflation plus the pay raise that is going to its employees. So as the gentleman from Illinois correctly pointed out, there is less buying power.

But that aside, the number, frankly, in my opinion, is not the issue here, because although $11.2 million to all of us is a very large number, when compared with 90 million workers working in the workplace, it is a relatively small number when divided by that figure and the extension of protection.

Let me make this point. The good doctor correctly observed that IDEA is serving some very, very important people and, frankly, I do not take a back seat to anybody in this body on a commitment to those with disabilities. But I will also tell my friend that there has been very, very, very substantial progress since 1970 when OSHA was adopted in workplace safety both at the State in the Federal level throughout the country and in each of our States because, in my opinion, of OSHA; and the statistics bear that out.

□ 2100

I tell my friend that while it is critically important that we spend money on those children with disabilities——

The CHAIRMAN. The time of the gentleman from Maryland [Mr. HOYER] has expired.

(By unanimous consent, Mr. HOYER was allowed to proceed for 2 additional minutes.)

Mr. HOYER. Critically important, I tell my friend the gentleman from Oklahoma who as a doctor I am sure has seen people injured in the workplace who are almost, if not in exactly the same condition because of a work-related injury, in similar conditions. And that it is equally important that we try to prevent those accidents from occurring, make the workplace more safe so that they will continue to be productive citizens, so that employers will save money, insurance companies will save money, and we will have a better economy and a more productive workforce.

Mr. HEFNER. Mr. Chairman, will the gentleman yield?

Mr. HOYER. I yield to the gentleman from North Carolina.

Mr. HEFNER. I happen to represent the district where the people were killed in Hamlet, NC, a very tragic thing that we had there. There was a lot of blame placed on different agencies. I also had people come to my office that said they had been in the textile business, that we have got to do something about OSHA.

I said: "How long you been in the textile business?"

"Our family has been in it 36 years."

"How many times you been checked by OSHA?"

"Well, we've never been checked by OSHA but we know some people in Asheville that was checked and some of the horror stories."

Mr. Chairman, there needs to be some changes made. But I would like to ask the gentleman from Georgia, if we took the $11 million he is talking about and divided it up among the school districts across the United States, how much each school district would get.

Mr. NORWOOD. Mr. Chairman, will the gentleman yield?

Mr. HOYER. I yield to the gentleman from Georgia.

Mr. NORWOOD. I think as I recall it came out to about $30,000, but that is not all the point.

Mr. HEFNER. The way I figured it up, each school district across the United States would get $700. Am I wrong?

Mr. COBURN. Mr. Chairman, will the gentleman yield?

Mr. HOYER. I yield to the gentleman from Oklahoma.

Mr. COBURN. In Muskogee, Oklahoma, we would be happy to have the $700 that would come to our school district since we have a deficit, and one of the reasons we do is because of the mandate of IDEA on us to educate all our children, not those with just special disabilities. This debate is about priorities. We are going to spend the money.

The CHAIRMAN. The time of the gentleman from Maryland [Mr. HOYER] has again expired.

(On request of Mr. COBURN, and by unanimous consent, Mr. HOYER was allowed to proceed for 2 additional minutes.)

Mr. HOYER. Mr. Chairman, I yield to the gentleman from Oklahoma.

Mr. COBURN. We are going to spend the money, we have all agreed to that. I did not vote for the budget, but that was the will of this House. The President and the Congress decided to do that. There is nothing wrong with having a debate about where we ought to spend it. We are not spending enough money on IDEA. We can achieve better efficiency within the bureaucracies. We can. To say we cannot, we should give up and go home now. That is what we are asking.

Mr. HOYER. Reclaiming my time from the gentleman from Oklahoma, if I may make this point, Mr. Chairman, the point here is you want to cut OSHA. I understand what is being talked about. This budget increases IDEA special education by $338 million, 8 percent. That is only 8 percent. I have not extrapolated in my head what $11.2 million does but if 338 is 8 percent, it is obviously below 1 percent.

Mr. COBURN. Three percent. I am talking about OSHA.

Mr. HOYER. But in terms of IDEA, what you are doing for IDEA is essentially only in form, not in substance. The reason for that is that the need that the gentleman from Georgia [Mr. NORWOOD] talks about in terms of 40 percent, the gentleman from Georgia is absolutely correct. We would have to put a whole lot more money in there. We adopted a budget agreement. We would like to have a whole lot more money for almost every object in this bill. Why? Because as Mr. Natcher from Kentucky used to say, this is the people's bill. It deals with their health and with their education, their workplace safety, the very guts of their lives. That is why this bill is so popular. But when you increase an object by $338 million and then come back and say, well, we need $11 million additional, all of us know that that will not make a very big impact at all although it will make a big impact to reduce the compliance in OSHA.

Mr. NORWOOD. Mr. Chairman, will the gentleman yield?

Mr. HOYER. I yield to the gentleman from Georgia.

Mr. NORWOOD. It is sort of like saving money.

The CHAIRMAN. The time of the gentleman from Maryland [Mr. HOYER] has again expired.

(On request of Mr. NORWOOD, and by unanimous consent, Mr. HOYER was allowed to proceed for 2 additional minutes.)

Mr. HOYER. I yield to the gentleman from Georgia.

Mr. NORWOOD. Mr. Chairman, I will be very brief. We put $1 in at the time until we build it up and finally get IDEA funded. But the point here is we know what the $11.25 million would do in IDEA and we do not know what the $11.25 million would do in OSHA. There is no way for anybody in this room to say they know spending that extra $11 million next year is going to achieve a certain goal. You cannot prove it from the past numbers.

Mr. HOYER. Mr. Chairman, reclaiming my time, one of the great difficulties obviously talking about Federal expenditures, it is very difficult and clearly I think the gentleman would find it impossible to say we are going to make a marked difference between an increase of $338 million and an increase of $349 million in special education. I think that would be an appropriate step for us to take if we had the money available to do that. Having said that, I think one can show that there has been a marked increase in worker safety as a result of the expenditures made in OSHA at the Federal and State levels.

Mr. HEFNER. Mr. Chairman, will the gentleman yield?

Mr. HOYER. I yield to the gentleman from North Carolina.

Mr. HEFNER. The gentleman from Georgia, I do not think one can have a guarantee that any program that we do is going to save one life or what have you. If we want to go under that assumption, we should not spend any money for breast cancer because we cannot say that the money we spend for breast cancer is going to save one person. But now this money, if you take $11 million, if you want to really do something, the gentleman from Illinois would like to have more 302 allocation to go to this program. Get the big bucks in there to fund it at 40 percent. But a lot of folks on that side did not even vote for the disabilities and did not vote for the bill, did not vote for minimum wage and for workers. To me, this is a little bit frivolous, and I am not judging, but to me we are making a whole lot of an argument out of $11 million. That is going to be $700 to each school district in this country. That just will not get it.

Mr. RIGGS. Mr. Chairman, I move to strike the requisite number of words.

Mr. KINGSTON. Mr. Chairman, will the gentleman yield?

Mr. RIGGS. I yield to the gentleman from Georgia.

Mr. KINGSTON. Mr. Chairman, there is a big misconception among many people on that side of the aisle that more spending means less deaths. I want to say in 1994 the number of work-related deaths was 6,632. That number dropped in 1996 to 6,112 and that was with very, very limited increases on the budget for OSHA, in fact so limited that you routinely call it a cut. Let us be honest with ourselves. There is not a proven relationship in spending more money on OSHA bureaucrats and saving workers.

Mr. RIGGS. Mr. Chairman, reclaiming my time, I just want to point out to the gentlemen who were just engaged a moment ago in the colloquy a couple of salient points I mentioned last week and I think bears mentioning again tonight. First of all, the contention has been made that amendments that involve a relatively small, even insignificant amount of money like 4 million extra, the vocational education amendment, or $11 million more will not do much to meet the Federal obligation to pay 40 percent of the cost of special education in America today. I would submit that just the opposite is true. We want colleagues to keep moving in the direction, and I should not have to tell this to a distinguished senior member of the Committee on Appropriations, but we want to move in the Senate's direction. The other body has increased funding in their version of this bill by $830 million, building on the $700 million increase in last year's bill for special education. Why? Because apparently they take more serious than the House of Representatives the obligation of Federal taxpayers to pay 40 percent of the cost of special education pursuant to the original legislation back in the mid-1970s.

Second, again the point that I made last week, if we can reach $1 billion in new Federal spending for special education, local school districts are then able to redirect the money that they are spending on special education to meet other important local educational needs. But what I do not understand about this debate is why those who oppose this amendment are not talking about holding government programs accountable. That is beyond me. Because in the case of the Department of Labor, we are talking about a $12 billion governmental bureaucracy based here in Washington, DC.

We have been endeavoring to deliver better services at less cost to taxpayers. The Republican-controlled Congress can take pride in the fact that we have rooted out waste and duplication. We have eliminated 320 Federal programs and grants, and we have now of course achieved a bipartisan agreement to balance the budget for the first time in a generation. We are going to continue our efforts to make sure government is held accountable for actual results, using legislation passed by the Democratic-controlled Congress, the Government Performance and Results Act.

It is a 1993 law, the purpose of which again is to make sure that the Federal Government is smarter and more accountable. Under this act, the Results Act, GPRA, it is called, every agency must submit to Congress clear and concise strategic plans to justify what it is trying to accomplish, why it matters, and whether the agency is successful in accomplishing its goals.

To date, these executive branch agencies, these agencies of the Clinton administration, are receiving failing grades for compliance. In fact, only 4 of the 24 agencies received grades of at least 50 out of a possible 105 for their draft plans. The highest graded agency was the Social Security Administration, receiving a 62 percent, while the lowest, no surprise to my colleagues who want to find further grounds to vote for this amendment, the lowest was the Department of Labor, which received a pathetic 6.5 percent grade out of a possible 105.

Do not buy the argument that this $11 million increase, new spending, will be lost somehow in this $12 billion bureaucracy. Do support the amendment, because this $11 million will go a lot further to meet the educational needs of children with learning disabilities and to fulfill that original Federal obligation, that mandate on Federal taxpayers that Federal taxpayers bear at least 40 percent of the cost of special education in America.

Mr. FRANK of Massachusetts. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I first want to address some of those who have been churlish enough to suggest that this is not the finest use of time of this body. This has been a very educational debate. For instance, I did not know until right now that if you were opposed to the Occupational Safety and Health Administration you pronounce it AHSHA, whereas if you are in favor of its mission, you pronounce it OHSHA. I will now recommend to people that when you hear them say AHSHA they wish it was abolished. When they say OHSHA, they are in favor of it. That may be the only thing people will learn tonight.

There is one other thing. I did want to extend condolences. I have some colleagues on our side who have been talking about slowing down the procedures of the House to demonstrate the importance of campaign financing. I congratulate some on the other side who have figured out how to preempt that because there is no way in the world anybody could be noticed as slowing down this process. So the Republican conservatives have here preempted the Democratic liberals. There is no way anyone will notice that people are trying to burlesque these proceedings with this set of amendments.

But now let us get to the merits. I think it is very important. We are here choosing between worthy programs, because I think both aid to children with disabilities, and I heard one of my colleagues complaining that the Federal Government is insisting that children be educated. I suppose there are some who think that is a terrible thing for the Federal Government to do. I think it is rather a good thing for the government to do. But I would acknowledge, we are forced to choose between two good things, because I am in the "pronounce it OHSHA" category. I think having a Federal agency that tries to reduce death and industrial accidents is important. I think the history is clear that left to their own devices, corporations, not because they are evil but because they are profit maximizers, by instinct will not in fact put enough into safety and health. Unless you have a government entity insisting on that, there simply will not be enough. Is it perfect? No. But here is what strikes me. We are choosing between two goods. And we are choosing at very small margins.

Meanwhile, this House continues to support tens of billions of dollars for the B-2 bomber. People have talked about problems with individual decisions of the Occupational Safety and Health Administration, but the majority voted for an airplane that cannot go out in the rain.

□ 2115

If, in fact, OSHA had ever decided that you could not make umbrellas that would retract in the rain, we would be very upset. But we just did this with a big airplane.

So what this demonstrates is the lack of sensible priorities that has been governing in this House. If in fact we were to vote enough for the military, but not way too much, we would not have this problem.

I should note one other thing for people to keep track of, and that is when is a level funding in dollars not a cut? Well, it is not a cut when it happens to deal with occupational safety and health.

If you provide the same dollars for the Labor Department, that is not a cut; but if you were to provide the same dollars for the Defense Department, that is a cut. People who denounce the notion that level funding is a cut here will tell us that we are making a cut there.

There is, of course, a difference. We are debating $11 million here. In the defense bill, we would not debate $11 million because of the principle de minimis non curat lex, or the law does not deal with trifles. Neither does the defense appropriation bill. Because "million," I do not think in the Pentagon there is an "M" on the typewriter, because they never deal with less than a billion.

A million, nobody would notice a million. As a matter of fact, I think it would be a violation of occupational safety and health to tell the Pentagon to worry about millions, because they spend so much money, they would get severe eyestrain if they had to worry about millions.

So what we have here is a very clear indication of the distorted priorities that obtain in this House. No, we should not have to choose between trying to prevent occupational disasters for working men and women and educating children.

I hope when we vote again on the budget and when the appropriations committees' conferences come back, we will cut a tinsy-little bit out of that military, and they will be able to take care of OHSHA, AHSHA, and the children.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Georgia [Mr. NORWOOD].

The question was taken; and the Chairman announced that the noes appeared to have it.

RECORDED VOTE

Mr. NORWOOD. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 157, noes 240, not voting 36, as follows:

[Roll No. 370]

AYES—157

Aderholt
Archer
Armey
Bachus
Ballenger
Barr
Bartlett
Barton
Bass
Bereuter
Bilbray
Bilirakis
Blunt
Boehner
Bonilla
Bono
Brady
Bryant
Bunning
Burr
Burton
Buyer
Callahan
Calvert
Camp
Canady
Cannon
Chabot
Chambliss
Chenoweth
Christensen
Coble
Coburn
Collins
Combest
Cook
Cox
Crane
Crapo
Cubin
Cunningham
Deal
DeLay
Doolittle
Dreier
Duncan
Dunn
Ehlers
Ehrlich
Emerson
Ensign
Everett
Fowler
Frelinghuysen
Ganske
Gibbons
Gilchrest
Goode
Goodlatte
Graham
Granger
Gutknecht
Hall (TX)
Hastings (WA)
Hayworth
Hefley
Herger
Hill
Hilleary
Hoekstra
Hostettler
Hulshof
Hunter
Hutchinson
Inglis
Istook
Jenkins
Johnson, Sam
Jones
Kasich
Kim
Kingston
Klug
Largent
Latham
Lewis (KY)
Linder
Lucas
Manzullo
McCollum
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McIntosh
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Moran (KS)
Myrick
Nethercutt
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Peterson (PA)
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Pryce (OH)
Ramstad
Redmond
Riggs
Riley
Rogan
Rogers
Rohrabacher
Royce
Ryun
Salmon
Sanford
Schaefer, Dan
Schaffer, Bob
Sensenbrenner
Sessions
Shadegg
Skeen
Smith (MI)
Smith (OR)
Smith (TX)
Smith, Linda
Snowbarger
Solomon
Souder
Spence
Stearns
Stenholm
Stump
Sununu
Talent
Tauzin
Taylor (MS)
Taylor (NC)
Thornberry
Thune
Tiahrt
Upton
Wamp
Watkins
Watts (OK)
Weldon (FL)
White
Whitfield
Wicker
Young (AK)

NOES—240

Abercrombie
Ackerman
Allen
Andrews
Baesler
Baldacci
Barrett (NE)
Barrett (WI)
Bateman
Becerra
Bentsen
Berman
Berry
Bishop
Blagojevich
Blumenauer
Boehlert
Bonior
Borski
Boswell
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Boyd
Brown (CA)
Brown (FL)
Brown (OH)
Campbell
Cardin
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Clay
Clayton
Clement
Clyburn
Condit
Conyers
Costello
Coyne
Cramer
Cummings
Danner
Davis (FL)
Davis (IL)
Davis (VA)
DeFazio
DeGette
Delahunt
DeLauro
Deutsch
Diaz-Balart
Dickey
Dicks
Dixon
Doggett
Dooley
Doyle
Edwards
Engel
English
Eshoo
Etheridge
Evans
Ewing
Farr
Fattah
Fawell
Fazio
Filner
Foley
Forbes
Ford
Fox
Frank (MA)
Franks (NJ)
Frost
Furse
Gejdenson
Gekas
Gillmor
Gilman
Goodling
Gordon
Goss
Green
Greenwood
Gutierrez
Hall (OH)
Hamilton
Harman
Hastert
Hastings (FL)
Hefner
Hinchey
Hinojosa
Hobson
Holden
Hooley
Horn
Hoyer
Hyde
Jackson (IL)
Jefferson
John
Johnson (CT)
Johnson (WI)
Johnson, E.B.
Kanjorski
Kaptur
Kelly
Kennedy (MA)
Kennedy (RI)
Kennelly
Kildee
Kilpatrick
Kind (WI)
King (NY)
Kleczka
Kolbe
Kucinich
LaFalce
LaHood
Lampson
Lantos
LaTourette
Lazio
Leach
Levin
Lewis (CA)
Lewis (GA)
Lipinski
Livingston
LoBiondo
Lofgren
Lowey
Luther
Maloney (CT)
Maloney (NY)
Manton
Markey
Martinez
Mascara
Matsui
McCarthy (MO)
McCarthy (NY)
McDade
McDermott
McGovern
McHale
McHugh
McKinney
McNulty
Meehan
Meek
Menendez
Metcalf
Millender-McDonald
Miller (FL)
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Moakley
Mollohan
Moran (VA)
Morella
Murtha
Nadler
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Northup
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Obey
Olver
Ortiz
Owens
Pallone
Pappas
Pascrell
Pastor
Payne
Pease
Peterson (MN)
Petri
Pomeroy
Porter
Poshard
Price (NC)
Rahall
Regula
Reyes
Rivers
Rodriguez
Roemer
Ros-Lehtinen
Rothman
Roukema
Roybal-Allard
Rush
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Sanchez
Sanders
Sandlin
Sawyer
Saxton
Schumer
Scott
Shaw
Shays
Sherman
Shimkus
Sisisky
Skaggs
Skelton
Smith (NJ)
Smith, Adam
Snyder
Spratt
Stabenow
Stark
Stokes
Strickland
Stupak
Tanner
Tauscher
Thompson
Thurman
Tierney
Torres
Traficant
Turner
Vento
Visclosky
Walsh
Waters
Watt (NC)
Waxman
Weldon (PA)
Weller
Wexler
Weygand
Wise
Wolf
Woolsey
Wynn

NOT VOTING—36

Baker
Barcia
Bliley
Capps
Carson
Cooksey
Dellums
Dingell
Flake
Foglietta
Gallegly
Gephardt
Gonzalez
Hansen
Hilliard
Houghton
Jackson-Lee (TX)
Klink
Knollenberg
McInnis
Miller (CA)
Pelosi
Pickett
Quinn
Radanovich
Rangel
Scarborough
Schiff
Serrano
Shuster
Slaughter
Thomas
Towns
Velázquez
Yates
Young (FL)

□ 2134

The Clerk announced the following pair:

On this vote:

Mr. Scarborough for, with Ms. Jackson-Lee against.

Mr. MARKEY changed his vote from "aye" to "no."

Mr. KIM changed his vote from "no" to "aye."

So the amendment was rejected.

The result of the vote was announced as above recorded.

PERSONAL EXPLANATION

Ms. CARSON. Mr. Speaker, on Monday, September 8, I was necessarily absent from the House and unable to cast the following rollcall votes. I ask permission that the following explanation for each vote be placed in the appropriate place in the official RECORD.

Mr. Speaker, I was unavoidably absent and unable to cast the following rollcall votes. Had I been present, I would have voted as follows: "Nay" on rollcall votes Nos. 369 and 370.

Mr. HAMILTON. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I want to thank the distinguished gentleman from Illinois [Mr. PORTER], the subcommittee chairman, as well as the ranking member, the gentleman from Wisconsin [Mr. OBEY], for bringing the bill before us.

The measure contains over $2.5 billion for the National Cancer Institute, an agency whose mission is to support basic and applied cancer research and treatment. With that in mind, I would like to engage Chairman Porter in a colloquy.

Mr. Chairman, proton beam therapy is a promising form of treatment for cancer and other life-threatening afflictions. This type of treatment provides an increased dose to the tumor and because the dose distribution is delivered more precisely, damage to surrounding tissue is reduced in comparison to conventional radiation.

The National Cancer Institute is presently funding a proton beam facility as part of its treatment research program.

Mr. Chairman, I would ask the gentleman from Illinois [Mr. PORTER], does he believe it would be useful for the National Cancer Institute to fund additional proton beam facilities to further its research objectives?

Mr. PORTER. Mr. Chairman, will the gentleman yield?

Mr. HAMILTON. I yield to the gentleman from Illinois.

Mr. PORTER. Mr. Chairman, as the gentleman knows, the committee has a strong tradition of refraining from directing NIH to conduct specific types of research with particular research mechanisms. I would be pleased, however, to consult with the National Cancer Institute to learn their views on the advisability of funding an additional proton beam program within the resources provided in this bill.

Mr. HAMILTON. Mr. Chairman, I thank the chairman of the subcommittee.

AMENDMENT OFFERED BY MR. SOUDER

Mr. SOUDER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. SOUDER:

Page 17, line 14, after the semicolon, insert the following: "and including $68,725,000 for Federal compliance assistance under the Occupational Safety an Health Act,".

Mr. OBEY. Mr. Chairman, I reserve a point of order on the amendment.

The CHAIRMAN. The gentleman from Indiana [Mr. SOUDER] is recognized for 5 minutes on his amendment.

Mr. SOUDER. Mr. Chairman, I rise to speak on behalf of the amendment, which I believe the Parliamentarian has ruled in order.

I am in strong support of this amendment to increase OSHA's compliance assistance program by 50 percent, $23 million over the recommended amount of $45.725 million. The increase in funding to this vital program would be offset by decreases to funding for Federal enforcement by $21 million, it has currently $127.166 million in the bill, and taking $2 million from executive administration, which has $6.586 million currently in the bill.

The reason for the wording of the amendment is because it is on the same line. We had to increase the line on compliance, and then in the debate here, make clear what the amendment was intended to do.

Mr. Chairman, we have heard a lot from Members on the other side of the aisle tonight about the importance of compliance and working with businesses, and I commend the chairman and the ranking member of the subcommittee for having increased, as I said earlier, the amount of dollars in compliance.

But I think we need more. In fact, I think the majority of the dollars should be used for compliance efforts, and the enforcement efforts should be used for highlighting and focusing on the high-risk cases and that the first goal should be to work to protect the safety of all the workers in this country, not in bureaucratic overhead and in harassment for the many types of stories that we have heard here tonight.

So I presume that there will be a lot of support for this amendment on the other side of the aisle, as well, because this is consistent with the concerns we have heard all evening. This increases the compliance sector, which they were already doing. It goes along the lines of what Mr. Dear has testified in front of our Committee on Government Reform and Oversight and has said in front of the Committee on Education and the Workforce that he wants to move more towards compliance.

It increases on-site consultation programs by designated agencies. It increases conducting general outreach activities and providing technical assistance at the request of employers. It increases training and education grants. It fosters and promotes voluntary protection programs, and gives recognition and assistance to employers who establish occupational safety and health programs. It provides additional money for the OSHA Training Institute.

To provide the additional funding, the amendment would reduce overhead and administrative costs in OSHA and transfer 16 percent of the funding for Federal enforcement for compliance. This does not eliminate Federal enforcement. Furthermore, it does not even touch the State category of, I think it is around $57 million in enforcement. So the bulk of the enforcement funding is there. It is just saying we need to move at a faster rate towards compliance and working with businesses and employees to avoid accidents, rather than the harassment that we have seen and illustrated.

Furthermore, I believe we will see the science will change, where thus far, as we have pointed out several times tonight, funding went up 1 year, down 1 year, stayed level another year, and in fact the rate of accidents and deaths have been declining steadily. It does not appear correlated with OSHA funding.

If we move the OSHA funding more, with less money, in this case we are not even reducing the money, we are just transferring it, and we should get more bang for the buck through compliance than through enforcement. So I challenge my colleagues to put their money where their mouths have been earlier this evening, because we have heard a lot of good words from the other side of the aisle about the importance of compliance.

I want to point out another thing. We have had a number of interesting votes here tonight, several votes, including one last week, where we had a clear choice: to put more money into IDEA and help children, or to give the money to Federal bureaucrats. Twice the House, with the majority of the Members from the other side, voted to put more money in the bureaucrats rather than towards the children.

We also had one in vocational education for education versus money for the bureaucrats coming out of Washington. That was defeated, once again with the majority of the Members on the other side of the aisle side voting against more money for vocational education and more money for IDEA.

But there is also an interesting phenomenon occurring on our side. That is, fully two-thirds to three-quarters of the Republicans have been voting against the bill that is being offered to a Republican Congress. It is just the start of a bill that we are going to hear debated at least the rest of this week and probably into next week, and we are only on title I.

What we have seen is that the majority of the Republican Party here, along with some from the other side, in a bipartisan effort, are disturbed about the things in this bill that affect the business community and the workers of this country. We are soon going to hear in section 2 that we are concerned about drug needles, we are concerned about parental notification, we are concerned about lack of funds for breast cancer and other things that we believe are more deserving than some of the other parts of the bill.

Then we will move into the education section, where we are concerned that we are creating new programs without any hearings, instead of funding programs like IDEA, which we have already agreed in the House needs funding.

□ 2145

Then we are going to move to the other agencies, of which there are several, that we said that when we were elected the majority we were going to change, and in fact are seeing either increases in funding or programmatic increases. This is not something that is just focused on this title, but this title has been very clear. I appreciate the opportunity that we have had to debate with the gentleman from Illinois [Mr. PORTER] and other Members of Congress.

The CHAIRMAN. Does the gentleman from Wisconsin insist upon his point of order?

Mr. OBEY. Mr. Chairman, I withdraw my reservation of a point of order.

Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, if we are going to debate this measure tonight with no one here, my understanding is that Members have been told that there would be no more votes tonight. Under those circumstances, it seems to me that since, I assume as was the case on previous amendments, the sponsors will want to be recognized again tomorrow to refresh the memory of the House with respect to their arguments, I see no point in debating this issue further tonight and would inquire what the intention of that side of the aisle in terms of debating this amendment.

Mr. PORTER. Mr. Chairman, will the gentleman yield?

Mr. OBEY. I yield to the gentleman from Illinois.

Mr. PORTER. Mr. Chairman, my understanding, because the Chair was about to put the question because there was no more speakers, I would intend that the Committee would now rise.

Mr. SOUDER. Mr. Chairman, will the gentleman yield?

Mr. OBEY. I yield to the gentleman from Indiana.

Mr. SOUDER. Mr. Chairman, there are a couple of more Members who did not realize that we were going to go to that procedure as fast. However we do that, we can either debate further tomorrow morning or have some of the debate tonight, but there is an intention to not have long debate on this necessarily, but there will be one more amendment on this title.

Mr. OBEY. Mr. Chairman, reclaiming my time, I will strike the last word tomorrow and make my arguments then.

Mr. PORTER. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly, the Committee rose; and the Speaker pro tempore [Mr. SHADEGG] having assumed the chair, Mr. GOODLATTE, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 2264) making appropriations for the Departments of Labor, Health and Human Services, and Education, and related agencies for the fiscal year ending September 30, 1998, and for other purposes, had come to no resolution thereon.

SPECIAL ORDERS

The SPEAKER pro tempore (Mr. SHADEGG). Under the Speaker's announced policy of January 7, 1997, and under a previous order of the House, the following Members will be recognized for 5 minutes each.

THE IRS IMPROVEMENT ACT OF 1997

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Pennsylvania [Mr. COYNE] is recognized for 5 minutes.

Mr. COYNE. Mr. Speaker, today, Congressmen RANGEL, MATSUI, HOYER, WAXMAN, and I are introducing the Internal Revenue Service Improvement Act of 1997. This legislation will address the fundamental problem areas currently facing administration of the tax laws by the IRS.

This legislation will codify recent actions taken by the administration to ensure effective oversight of the Internal Revenue Service by the Department of Treasury. The legislation also ensures effective use of the expertise of individuals from the private sector.

The bill will allow the IRS to improve its customer service through more taxpayer-friendly IRS telephone assistance, clearer notices, quality reviews, taxpayer surveys, and increased access to the Taxpayer Advocate offices.

The legislation will also provide the IRS with increased employee training and education, a reform that IRS employees have asked the Congress for so that they can better do their jobs.

The bill will give the IRS Commissioner a 5-year term to run the agency which will result in continuity of management. The Commissioner would be given the authority to hire a top-notch IRS management team and be able to recruit and pay experts, as needed, throughout the agency. IRS employees would be able to work under performance-based and retention arrangements, and the IRS would be able to conduct demonstration projects to test the use of successful private-sector methods of efficiency and customer satisfaction.

The bill will provide for the development of state-of-the-art technology at the IRS. The IRS would be allowed to better integrate its technology with strategic objectives, and develop intellectual capital. Electronic filing of tax returns would be promoted and streamlined to facilitate taxpayers' ability to file error-free, quick refund returns.

Before any of this can be accomplished, however, governance, management, and oversight of the IRS must be improved.

As a member of the National Commission on Restructuring the IRS, I opposed the Commission's recommendation to allow individual taxpayers from the private sector to have final decisionmaking authority over the operation of the IRS, including the appointment of the IRS Commissioner. I think that such an approach raises.questions of accountability.

Further, while the Commission proposed that its independent board would only be responsible for running the IRS, and would not have authority over tax policy, tax enforcement, or other taxpayer-sensitive areas, it is not clear to me that these issues can be adequately separated from its proposed role of managing the IRS.

The administration has recognized that the IRS needs to be reformed, and is moving to address the problem with aggressive oversight headed by the Department of the Treasury. As an alternative to having the private sector run the IRS, the administration has proposed institutionalizing the Department of the Treasury's oversight of major strategic, personnel, and procurement decisions of the IRS with an Executive order creating an IRS Management Board, consisting of Treasury and other Federal officials. Also, the administration has proposed an IRS Advisory Board—consisting of private-sector experts—to enhance oversight of the IRS through systematic analysis and advice to the Treasury Secretary on critical IRS matters. The administration currently is implementing this oversight management plan for the IRS.

To further strengthen and make permanent this oversight initiative, I propose that the Congress enact, by statute, the administration's "Plan for IRS Governance." I think this would serve to institutionalize the management responsibilities of the administration's Oversight Management Board, and the role and functions to be performed by the private-sector advisory board. I encourage the Department of the Treasury to work closely with the Taxpayer Advocate, in overseeing the IRS. I also recommend that the Department of the Treasury be allowed to hire needed private-sector experts, on a full-time basis, paid at competitive pay levels, to insure stable and effective oversight of the IRS. The administration wholeheartedly supported these views, which are reflected in the legislation.

In conclusion, I want to state that I look forward to continuing to work with all Members of Congress to make the IRS the first-class Federal agency the public expects it to be.

THE INTERNAL REVENUE SERVICE IMPROVEMENT ACT OF 1997

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New York [Mr. RANGEL] is recognized for 5 minutes.

Mr. RANGEL. Mr. Speaker, today, I, along with Congressman BILL COYNE, Congressman STENY HOYER, Congressman HENRY WAXMAN, and Congressman BOB MATSUI, have introduced legislation to reform the Internal Revenue Service.

My cosponsors have worked long and hard on this legislation, as has our Treasury Secretary, Bob Rubin. It is with the administration's strong commitment to the IRS Improvement Act of 1997 that I am honored to be the lead sponsor of the bill.

My personal thanks go to BILL COYNE and BOB MATSUI for their successive roles in representing the House Democrats on the National Commission on Restructuring the IRS.

I also look forward to continuing to work with my colleagues from the Government Operation and Reform and Appropriations Committees who have jurisdiction over important titles of this bill.

The Internal Revenue Service Improvement Act of 1997 will make many very significant changes both to the way the IRS operates and the Department of the Treasury oversees the IRS.

The beneficiaries of this bill should and will be the American public. Taxpayers expect and deserve a tax administration system that is efficient and well-managed, fair and responsive in its dealings with the public, and staffed by employees who are well-trained and accountable for their actions.

The IRS Improvement Act of 1997 is designed to achieve these goals. The bill institutionalizes the Administration's newly established IRS Management Board and planned IRS Advisory Board as permanent features of the tax law. The Management Board will provide for continued, high-level Government oversight of the IRS, under the direction of the Treasury Department. The Advisory Board will provide for timely and expert advice from the private sector on the fundamental strategic and management direction of the IRS.

Under the bill, the IRS Commissioner would be given a fixed, 5-year term. This will provide not only continuity of direction for the IRS, but also require a long-term commitment from the person charged with administering our tax laws. The President, as required by the Constitution, would continue to appoint the Commissioner as the head of the IRS.

The bill makes major improvements in the area of electronic tax return filing. The time has come for the IRS to promote aggressively the benefits of electronic filing, and for the Congress to eliminate statutory obstacles to making electronic filing the norm rather than the exception.

The bill provides the Treasury Department and the IRS with the ability to put together and hire at the IRS one of the best management teams in the country. Highly skilled, top talent would be able to join the IRS at pay levels commensurate with experience and expertise. Performance-based incentive pay arrangements and a new demonstration management systems could be set up at the IRS, as ways to insure that management goals are net, to hold employees accountable, and to reward quality service.

Finally, the bill provides mechanisms for giving IRS employees the educational and technical training they so desperately seek. The IRS work force is a dedicated and talented group of Federal employees, and they too want to see the IRS improved. They are willing to do their part, but they need the tools—the tools of modern technology, education, and training—which the bill provides.

There is much about which everyone can agree, in our mutual efforts to improve the IRS. We all recognize that the current IRS needs to be improved. Our challenge must be to fix the IRS—and this must be done in a truly bipartisan manner. It is important that no one play politics and this effort by bashing the IRS. We have given the IRS one of the most difficult and important—and thankless—jobs in Government. The IRS deserves our support, constructive criticism, and attention to reform—not our wrath, since we too are to blame.

I look forward to working with all the Members of Congress in enactment of the IRS Improvement Act. I ask for your support.

DEMOCRATIC EDUCATION AGENDA: SCHOOL CONSTRUCTION

The SPEAKER pro tempore. Under the Speaker's announced policy of January 7, 1997, the gentleman from New Jersey [Mr. PALLONE] is recognized for 60 minutes as the designee of the minority leader.

Mr. PALLONE. Mr. Speaker, tonight I want to continue discussing the Democrats' education agenda. Last week, I was joined by a few of my Democratic colleagues on the floor to discuss the success the Democrats had in getting education tax breaks for middle and lower income families in the budget deal. We also discussed goals we were likely to pursue in the coming weeks as the budget deal has been signed into law.

This evening, Mr. Speaker, I want to address specifically the issue of school construction. There clearly is a dire need to invest in the physical structure of our schools. That is a matter that every Member of this body has become very familiar with in the last several days.

At this point I would like to yield such time as she might consume to the gentlewoman from New York [Mrs. LOWEY], who has been a leader on this issue and has introduced legislation that I believe would go very far toward solving this very pressing need.

Mrs. LOWEY. Mr. Speaker, I thank the gentleman from New Jersey, and I appreciate the gentleman's help as a cosponsor of this bill. I do hope that working together, and I would hope that more of my Republican colleagues can join us, we can truly get this bill passed.

Mr. Speaker, when we introduced this bill, frankly to provide for a partnership between the Federal, State, and local governments on school construction, I really thought it would be a win-win for everybody. I was so pleased when the President and the Vice President of the United States began talking about the importance of rehabilitating our schools, and I was delighted to know that it had a good chance of being a part of the budget agreement.

Frankly, I could not believe what I heard. I could not believe that TRENT LOTT and NEWT GINGRICH made a point of saying school construction support cannot be in this budget. In fact, in the letter that the leader of the Senate and the leader of the House sent to the President, they were absolutely explicit in saying school construction could not be part of the budget agreement.

Well, frankly, it did not make any sense to me at all. I have visited many schools in my district in New York. We have worked with Senator CAROL MOSELEY-BRAUN in the Senate, and all throughout this country. Whether it is the city or whether it is rural districts, there is a tremendous need for partnerships between the Federal and local governments in helping to rebuild our schools. We are talking about computers. We are talking about repairing infrastructure in our schools. How can we install computers in schools that are really 19th century schools?

Mr. Speaker, I have seen youngsters in classrooms that were originally meant for cafeterias, for restrooms. They are so overcrowded that the youngsters who are supposed to be studying computers are going to schools that go back to the 19th century.

So, on the one hand we are talking about the 21st century, moving us forward, understanding the value of computers, making sure every schoolroom has computers. And, yet, there are some schools that are still being heated by coal, where there is plastic on the walls. I have visited schools where there are tremendous leaks and the walls are crumbling and there are big sheets of plastic holding the walls up and our kids are supposed to learn in those kinds of schools.

Now, we understand that this is primarily State and local responsibility. We understand that. But there are many things that the Federal Government gets involved in to help be a partner. And in our billions of dollars that we spend for a wide range of programs, what can be more important than making sure that every youngster has a classroom in which they can learn, a classroom in which they are safe?

Our parents are worried, whether it is in New York or Connecticut, which is represented by the gentlewoman from Connecticut [Ms. DELAURO], and New Jersey, parents are worried when they send the youngsters to school because they are not safe. They should feel good about it. They should feel the children are going there to get the best education they can.

What our bill provides for is $5 billion for 5 years to encourage local school districts to encourage States to invest in rebuilding our schools.

Mr. Speaker, I just want to thank the gentleman from New Jersey very much. I really appreciate the gentleman's work and I appreciate this special order tonight. And I know that my colleague from New Jersey, and my colleague from Connecticut, will continue to explain to the American people how important it is for the Federal Government to be a partner so we can work together to make sure that every youngster has the best education they can, every youngster can leave in the morning, go to a school that is in good shape, have the best computers, the best books so we can continue to be competitive and that the United States of America can be proud that our youngsters are getting the very best education they can.

What is more important? Education is the future. Education is the key to the future. Our school buildings have to be safe and secure so our teachers and our youngsters can work together to make sure that education is the priority that it should be.

So, Mr. Speaker, I look forward to gathering more support in this Congress and this country for school construction.

Mr. PALLONE. Mr. Speaker, really, again, I do not think anything is more important right now in terms of our education agenda than the need to address the state of our schools, the infrastructure, the overcrowding, the issues that this bill would address.

What we have stated before, and we will state again tonight, is that in this case a relatively small amount of money in terms of the overall Federal budget can really go a long way toward helping the States and the municipalities in dealing with this issue of overcrowding and crumbling schools effectively.

I also think it is particularly important that the gentlewoman talked about the need to upgrade the infrastructure in terms of the electrical wiring. A lot of people do not realize that many of these schools are not equipped to deal with computers and the other high-technology needs. So even if we had the money to do that, how do we put it in if we do not have the money for basic infrastructure? That is why I think this is such an important part of the Democrats' education agenda.

Mrs. LOWEY. Mr. Speaker, if the gentleman would continue to yield, I am sure that the gentleman from New Jersey and the gentlewoman from Connecticut agree with me that the Speaker, Mr. GINGRICH and the leader TRENT LOTT must have made an error. I do not understand how anybody could be against school construction. And when we are talking about a budget, it is just impossible for me to believe that anyone could be so forceful in saying the school construction money could not and should not and we will not agree to a budget in which there is school construction money.

So I would really call on the Speaker and the leader in the Senate and all my Republican colleagues and Senate colleagues, we now have about 110 cosponsors, to join us in this bill. Let us do it in a bipartisan way and work together to improve our schools.

Mr. PALLONE. Mr. Speaker, I yield now to the gentlewoman from Connecticut [Ms. DELAURO] who, again, has been stressing and formulating a lot of the Democratic policy agenda on education.

□ 2200

Ms. DELAURO. Mr. Speaker, I thank the gentleman from New Jersey. I am pleased to join with him tonight and my colleague, the gentlewoman from New York [Mrs. LOWEY] for her leadership on this school construction issue. It is remarkable. It is a small amount of money that can help to leverage a lot of money in terms of the ability to use this so that municipalities can pay interest on their loans in order to get those bonds and to get those loans in order to rebuild crumbling schools in struggling urban areas.

I am so pleased, I understand our colleague from North Carolina is going to join with us as well this evening, to rise, to stand up for America's middle-class families. These are families who work hard. They play by the rules. They want what every other family wants in this country, a shot at the American dream, the chance to make their kids' lives a little bit better than their own.

We all know that in America it is education that can make the dream a reality. Education has truly been the key opportunity in our society. It is now more true than I think in any other time in terms of a new global economy, which we are faced with, and this kind of an economy requires up-to-date skills and lifelong learning.

Our public school system desperately needs our help. Young people need to be able to attend a school in safety, without fear of violence and drugs in the hallways, or whether it is on the playgrounds and, as we have been starting to talk about tonight, America's children need to attend schools that are structurally sound and that are not crumbling around them.

There was a recent report, I know my colleagues know this, a recent report by the U.S. General Accounting Office. And it found that one-third, one-third of America's schools need extensive repair.

In May, just a few months ago, I visited the Fair Haven Middle School in my home town of New Haven, CT. Like so many schools around the Nation, Fair Haven was built over a half century ago. Consequently, like anything that would be a half century old, it needs repairs, and it needs an overhaul of its electrical, of its plumbing system.

I walked down the corridors and the pipes are exposed. Now, I know my colleague from North Carolina was a school principal, has been engaged in the school system and knows and has watched kids on a day-to-day basis. I do not know any group of kids that walks down the center of a corridor and never hits up against the side of the walls. That is not my experience with kids. But when it is wintertime in a place like Connecticut and the heat is on, those pipes are hot. What happens? A kid comes along, his friend, kidding around, or her friend, kidding around, you give them an elbow, you nudge them, boom, into the hot pipe. You have got some kid with a burned arm.

We are looking at the health and safety of our youngsters in schools.

I went into the auditorium of this school. It was like a bat cave. The lighting was so poor that, in fact, they could not hold the kinds of events you hold in an auditorium because you cannot see. You just cannot see. It is not a question of turning the lights down for the performance. The lights are down. They do not go on.

The heating system, the air-conditioning system, just decrepit and need to have repair.

Nobody is asking for bells and whistles. We are just asking for an environmentally sound area, an environment, if you will, in which our kids can go to school.

Last year in the school lunch debate, the American people acknowledged that children whose empty stomachs are growling cannot focus in school and they cannot learn. Why do we think that our kids can be in schools that are falling down around them and believe that they can succeed?

As my colleague from New York, Mrs. LOWEY, pointed out, there are some Republicans, some on the other side of the aisle, who have repeatedly blocked Democratic efforts to help schools find the resources that they need to repair and to rebuild. I find it almost as outrageous and unconscionable as she did. And I know my colleagues here tonight find it unconscionable that the Speaker of the House of Representatives, that the leader of the other body would specifically single out school construction as the area to apply the axe and to cut out that $5 billion, a small amount of money, which does not in fact pay for these repairs. Essentially, what should be understood, it allows for school districts, for municipalities, for States to alleviate the interest on the bonds that they have to float in order to do these kinds of repairs. It just makes good sense.

I would just like to say that I have been concerned about this issue of crumbling infrastructure and I have introduced something called the National Infrastructure Development Act, introduced it in the 103d Congress. It is an innovative, creative financing mechanism that brings private dollars and public dollars together to raise capital to invest in our schools. It also is for roads and bridges and deep water ports, but one of the cornerstones is to be able to invest in our schools. It just makes good sense. That is what we ought to be about in terms of trying to meet the needs of our kids, of our schools, and particularly to alleviate the concerns and fears of the mothers and fathers who send their kids to school every day and know that they are in a safe and a healthy environment.

I am really delighted to participate in this effort tonight.

Mr. PALLONE. Mr. Speaker, I thank the gentlewoman.

I had some interesting statistics about school conditions by State, which maybe I could just use our four States as an example just to give you an idea, because we come from different States and different environs.

But, for example, in my home State of New Jersey, the share of schools with at least one building in need, this would be an individual school district or municipality, the share of schools with at least one building in need of extensive repair is 19.1 percent. In Connecticut, it is 30 percent. In New York, it is 32.8 percent. In North Carolina, it is 36.1 percent. So regardless, just in our own States, those figures.

Then it is even higher, if you look at the number of schools with one unsatisfactory environmental condition. This goes back to whether it is air quality, whatever it happens to be. For New Jersey, it is 46 percent. For North Carolina, it is 58 percent; Connecticut, 60 percent. The list goes on.

Probably the worst example right now is the District of Columbia, where we are tonight, because a lot of us are aware of the fact that the schools are actually not open in the District of Columbia because of the fact that, I guess it was a judge that ruled, as a result of a case, that the schools were in such bad condition physically that it was unsafe to open them until they did the repairs.

My understanding is that it may be at least 3 weeks before they open the District of Columbia schools, which means they may not be going to school until almost the end of September or early October.

I just wanted to mention that one of our colleagues, the gentlewoman from the District of Columbia [Ms. NORTON], actually started a program where she is encouraging high school students in the District to come and work as interns in our office while the schools are closed so that they are not sitting around idly.

I happen to have this one guy, Andre, who is in my office now, at the Duke Ellington School in Georgetown. I guess that is the school for the arts. And he has been doing a very good job and helping around the office. But it just reminds me every day, when I see him when I come in in the morning, this guy should be in school. He should not be here interning in my office. I am glad he is here, but it is not just the District of Columbia, it is throughout the country. This is just getting worse and worse all the time.

I want to thank the gentlewoman.

Ms. DELAURO. Mr. Speaker, just to point this out, this $5 billion that the gentlewoman from New York [Mrs. LOWEY] has been talking about, just for the schools in the New Haven area, they would receive $17 million, again, to help cover the interest on the loans. We are not talking about creating a wild-eyed bureaucracy. It is to meet the kinds of needs that the gentleman has identified.

Mr. PALLONE. Mr. Speaker, I want to yield now to the gentleman from North Carolina [Mr. ETHERIDGE], who is, I think it is fair to say, our education specialist within the Democratic caucus.

Mr. ETHERIDGE. Mr. Speaker, I thank the gentleman from New Jersey for organizing this special order. I think it is important, what we are about, and the gentlewoman from Connecticut touched on something I want to expand on, if I may.

As you are talking about school quality and quality of the air in the buildings, I think a lot of our people who are looking in tonight around this country many times do not think about the energy crisis we went through over the last 15, 20 years. In many of the buildings we now occupy, the quality of the air is not what it should be because buildings were not built to be as secure as we have those buildings in a lot of places across this country today.

So we closed the buildings. We have done a lot of things to save energy. But in the process of doing that, we have cut out a lot of cross ventilation where we do not have air-conditioning, where we do not have air moving in those buildings. If you are in after lunch and the child has had lunch, and that is true of us as adults, if you have lunch and you go to a place where the air is not moving, guess what is going to happen? You become sedentary, you nod off, you get sleepy. You do not pay attention.

We wonder why children are not as alert as they should be. That is why in most of schools now, your toughest courses, they organize them so you can have those early in the morning.

And the point you talked about, it is so true, we have a lot of inadequate facilities all across this country, depending on where you are, rural areas or in urban centers, for that matter, where the tax bases have been stretched. We have not had the resources in recent years.

And I mentioned this last week, and I believe it very strongly, I have been in probably more schools than anyone who is currently serving in Congress, but certainly over the last 8 years, on a regular basis, I was in the public schools in North Carolina. And I have yet to have a child come to me and ask me who paid for their school building, who pays their teacher or buys their books or anything else. They only know what they get.

I think we have to get beyond that. We have a responsibility for all the children. And the responsibility is great, I think.

But when we look at the facilities, we need to look also at the growth areas of this country, because I went into a building today in my State. I looked at the list. California is projected in high schools to grow 36 percent in the next 10 years. North Carolina, a 27-percent growth in high schools. That is not speaking to the problem in kindergarten through the eighth grade.

What is really happening is this is the echo of the baby boom. In other words, the baby boomers are now having babies. And when they have them, they tend to show up in school eventually. When they show up in school, they are allowed to have good facilities.

What is happening, we have not been able to build those infrastructures because of a number of issues over the last several years. But as you look, I went into a school this morning, a new elementary school that is in its third year. Nice school, the kind of building with all the modern conveniences, computers, et cetera, that you would want. Did not have enough. The school was built for less than 600 elementary children, a community that is booming. And that is true of a lot of places in North Carolina because of the economic growth in the research triangle.

This school has 1,200 children, 1,200, an outstanding principal, a great staff, but they have 18 portable classrooms on that school ground. They have expanded the physical properties twice in terms of permanent buildings. And one of the teachers showed me one of the classes where they were teaching art and English, and it was in the hall of a new building.

Some of this money could have made a big difference in buying them bonds so they could expand. This county just passed the largest bond issue in their history. Our State, last November, on the general election ballot passed a $1.9 billion bond issue, largest bond issue in our State's history and, I might say, by the largest majority. And that would not come close to meeting our needs.

I think that could be repeated 50 other times across this country, whether it be urban or rural. The point is that, as the gentlewoman from Connecticut has pointed out and our colleague from New York, not only do we have inadequate facilities that need upgrading, refitting, prepared for computers that are not there, and have air quality that is substandard in a lot of cases, but we need buildings for children who are showing up at schools that do not have buildings, do not have desks, and a lot of other things.

I would acknowledge that, by and large, historically that has been a local or State issue, but I come back to the point at one time that was also true of water and sewer in this country. And then we realized that there was a national responsibility to leverage and we leveraged.

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And there are a lot of other things we leverage to make a difference when it becomes a national priority.

As the gentlewoman from Connecticut has so adequately pointed out, I do not know of anything that is a greater national priority today than to have a well-educated citizenry to occupy the jobs of the 21st century, when roughly two out of three will require education beyond high school.

And if it is going to require education beyond high school, it seems to me commonsense dictates we should get them through high school first. And to get them through high school we have to start them right, encourage them, get them reading and doing math and a lot of those things that have been talked about. It will not be easy, but it is a tremendous investment in the infrastructure of this country that will make a significant difference for children.

We have talked about the numbers, and it is repeated. I was looking at some statistics today in terms of different States, of how the growth is growing. It is not even, but the States that tend to be growing faster were States that have had some economic opportunity. But the problem we have is it is growing so rapidly in many of those States they have a difficult time keeping up with the infrastructure, too. So I think if we could help, we could leverage that.

We had an opportunity with the budget deal that did not happen, but we have not adjourned yet. Last time I checked, we have not adjourned. We still have an opportunity to correct some of those problems, and I trust that we will. Because there are going to be a lot of young people, and I think a lot of voters will ask us when we go home, what did we do on this issue that we left hanging. And I trust we can say to them before we adjourn, in October or November or whatever it is, that, yes, we were good stewards; yes, we did leverage; yes, we did realize there was a tremendous need. We did not stick our heads in the sand and say it was someone else's responsibility, it was someone else's duty. We did do our part on it. And I trust we will.

As for me, as the old saying goes, as for me and my house, I plan to vote, if I get a shot at it, as I did before, because I think our children are waiting for us to take that action.

I thank the gentleman for putting this special order together because it is important.

One final point I will make, my colleague from Connecticut touched on it, and that is this whole issue of infrastructure in the buildings, of computers, and we talked about the Internet. We have so few schools today that have the wiring, as she has pointed out, but more importantly, we do not even have the telephone lines in a lot of cases to carry that Internet access that is so important that each of us in this Congress has access to.

If it is important for those of us who are making public policy decisions, I think the Vice President was right, and the President, when they said we want to make it available to the schools, because it is available in a lot of our schools that have money. It is true in most States around this country.

If it is true for those that have the resources, then certainly it ought to be true and the opportunity ought to be there for every single child, because who knows which ones will the doctors, the lawyers, who will find the cure to the problems in the world; and we need to give them the same opportunity no matter where we live.

I yield to my colleague from Connecticut.

Ms. DELAURO. That really is, I think, a critical point. I have spent a lot of time in schools and I got very, very much involved in the connecting up of schools in my district to the Internet. I worked with the business community, and a number of them sponsored the cost of the wiring, et cetera.

And in fact in a number of these schools the fact was that the actual physical plant did not allow for the wiring up, and that is one set of the problems, some of which we are talking about here tonight.

But just as in the past, education in this country has been the great equalizer, that is, public education has been the great equalizer, so that no matter what our station in life, no matter what our social status was, or is, that we could achieve success based on our God-given talent.

Now, I think that that is what needs to be preserved in all of this. And when we talk about some places, and now that we have moved into this technological age, we have to view the opportunity for the use of the Internet and computers and the ability of the physical plants of our schools, like a Fairhaven Middle School, which is a half century old, being able to accommodate that.

Because then, in fact, what we are going to do, if we are not vigilant about this and if we do not put the resources necessary into infrastructure and into making sure that we have the phone lines and the computers, then we will create a stratified society where those places that can afford to have this kind of technology and this kind of access are going to get the benefits of it, and those that cannot are going to be held back from their ability to compete, their ability to succeed in this new global economy.

The vistas and the potential of the computer and the Internet of just exponentially expanding horizons and opportunities for knowledge, we have to be very careful that we do not set people back in this process but have to be really guardians of that concept of public education.

Mr. ETHERIDGE. If the gentlewoman would yield, the point she has made is so well taken. Because really what she is talking about, there was a time, and many people like to talk of it as if it were yesterday, but it has been a little more than that, but the truth is when the textbook was so important, that was the one thing we had to pass knowledge on to the next generation, if we did not have the one-to-one ratio.

As I have said, the best learning takes place when the teacher is on one end of the log and the student on the other. But we have to have more than that today. But the truth was, it was the textbook. Then we added the video to the classroom. But today the Internet provides an opportunity.

We really do not know what the dimensions of it really are because we have not had the opportunity to access that in a classroom. The schools that have it, by and large have it in a media center, or what we used to call a library. Some have it in the classroom, depending on where they are, but very few. But that, with broadband networks available to transfer a tremendous amount of information for long distances, will at least allow a classroom, a group of students to be in a classroom in the most remote part of this country, and they can access information anywhere in the world they can receive.

As a matter of fact, just this spring we had a four-school hookup, one in Massachusetts, one in Ireland, one in England, and I forget where the other one—oh, it was in Swift Creek Elementary in Wake County. Each group of students, rather than just hook up and chat, had a research project on the Internet. They had already had the access to the Internet, had done their research project, then they put the project up on the Internet and shared it with the other three schools, two in foreign countries; and then other schools did it, who took it to Australia, et cetera.

The point being these students were dealing with some very complicated things, I mean the European Common Market. I am not talking about high school students, I am talking about elementary school students, 5th and 6th graders. Well, these were 3rd and 4th graders.

Now, they were communicating, some of them, with a group. I said in Ireland; it really was in Brussels, because I remember at the end, the students in North Carolina had done research on lighthouses along the eastern seashore, and particularly the Cape Hatteras lighthouse, about its getting pretty close to the edge and a lot of debate about how to move it.

The point being they had done it, but the youngsters in Brussels, when they finished their dialogue on their projects, they started communicating back to the students in the United States in French.

We are talking about something that is so vast, and the point the gentlewoman was just making, how important it is that no child, and this happened to be a school that had a lot of business partnerships.

What about those communities that have no business partnerships, that have no large corporate sponsors? Whose responsibility does it fall upon then to make sure that that child in that community has access to the same kind of opportunities? Because they are as much a citizen of the United States, or whatever State they may be in, as these other students are. And if we deprive them of that opportunity, I think we have cheated ourselves.

And that was the point the gentlewoman made so well is how we level the playing field and provide the opportunity for the child and families in the future to move into the middle class in America. And education is the only way we will do it unless they come from privilege and money to start with.

Ms. DELAURO. I just want to make the point, because all this is by way of saying no one is suggesting that we bankrupt the Federal Government to do this; that this is going to be this giant program to use Federal dollars for this. Simply spoken, it is that a small amount of money in partnership with the cities and towns and local school districts where the money is leveraged so that there is a small participation by the Federal Government that allows these projects to go forward.

That seems to me to be an appropriate function for government. It is not only appropriate, I think it is what we need to do as people in public life. It needs to be our responsibility to make sure that we are providing these kinds of tools in order for the schools that can do this and that the kids can learn, and that the parents receive the benefit of this effort, as well, in terms of seeing what happens with their youngsters.

Mr. ETHERIDGE. If the gentlewoman will yield, what we are really talking about is making funds available for buying down the interest, which will, in turn, encourage that local jurisdiction, State or school district to proceed with a bond issue, or however they want to do it, then to acquire resources to do what they want to do right now, but because of the extra costs are unable to do so in many cases, for a variety of reasons.

It may be a community that has seen industry move out over the last several years. It may be a community does not have the tax base to be able to do it, but if we leveraged it and brought the interest rate down, it would be to a point they could do it.

And ultimately, the gentlewoman knows as well as I do, if we have a good strong education system in a community, economic growth will follow. As sure as the sun comes up tomorrow morning, we will see economic growth and prosperity will move very quickly.

Ms. DELAURO. And I emphasize public education because it is critical. The gentleman made the point before, my colleague from New Jersey has made the point, we need to invest in public education and that is where we need to put our resources, because that is where we maximize and level that playing field so that all youngsters can take advantage of this opportunity.

I am not denigrating or I am not putting aside private education. Believe me, they play a tremendous role. But there are, in a number of instances, resources that can be brought to bear, and what we should not do is to create a world of education and opportunity that was once before only the purview of the rich and the privileged.

Mr. ETHERIDGE. I agree.

Mr. PALLONE. I think what both my colleagues are talking about is equal opportunity. That is really what it is all about. We just want to make sure there is equal opportunity.

And I wanted to mention, if I could, the way this is financed, again I am looking at the bill that was supported by the President and that our colleague, the gentlewoman from New York (Mrs. Lowey) has introduced, and it says that the Partnership to Rebuild America's School Act would provide up to a 50 percent subsidy of interest or the present value equivalent of other financing costs to a school district. So basically a leveraging, as the gentleman said, to lower the interest costs.

And of course these States and the local localities have to contribute money, and it is basically a partnership with the Federal Government.

The money can be used for a number of infrastructure needs, whether it is fixing or upgrading classrooms, building new schools, addressing health and safety, problems with air quality, plumbing, heating, lighting, or electricity.

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I just wanted to mention because the gentleman from North Carolina pointed out about the fact of why we have this overcrowding because of what is happening with the baby boomers' children basically, and also the gentlewoman from Connecticut talked about the need with regard to the Internet and computers. The statistics we have show that 46 percent of schools lack even the electrical wiring necessary for computers in their classrooms and a mere 9 percent of classrooms are currently connected to the Internet. More than half the Nation's schools lack the needed infrastructure to access the Internet or network their computers. It is a question of the ability to buy the computers but also the infrastructure needs before you can even get them in place.

The other thing is in regard to the overcrowding and the fact that we need more schools and more classrooms. I have to be honest, until I started looking into this, I had no idea about what kind of increased school population there was, particularly on the high school level where a lot of times the costs are the greatest because of all the high tech or other needs that come into play. But just to give some statistics here, it says that the school enrollment this year broke the all-time record set by baby boomers in 1971. These are the baby boomers' children.

It says that demand for school facilities will continue to be high. School enrollment is projected to continue to climb over the next several years growing from 52.2 million in this school year to 54.6 million over the next 5 or 6 years. High school enrollment is increasing even faster than elementary and secondary. The crisis and the need for new classrooms is centered in the high school. It says some States in particular are projected to witness astronomical increases in high school enrollment. There is where the gentleman said about how it varies from State to State. Just to give a few states, California will experience an increase of 35 percent in high school enrollment over the next 10 years. North Carolina, the gentleman's state, will experience an increase of 27 percent in high school enrollment over the next 10 years. Rhode Island, one of the New England States, 21 percent in high school enrollment. Texas, 19 percent.

Although it varies from State to State, we can see that regardless of the region, we have the phenomenon. One of the places with the biggest problem of overcrowding is right nearby here, in Virginia. Many of the cases that keep coming up are in Virginia. There is a case here with Salem High School in Virginia Beach. It was built in 1989 at a cost of $20.8 million and was designed to accommodate 2,000 students. Today only 8 years later, in 1997, the school's population stands at 2,615 students and is climbing. In just 5 years, they exceeded their enrollment projections for their new school. I am sure there are a lot of cases we could cite around the country where that is the case.

Again, when we talk about this bill, it is only $5 billion. Of course we could obviously do even more than that. I am just amazed again at how our colleagues on the other side of the aisle excluded this from the budget. We talked about it quite a bit during the whole course of debate on the budget. I guess to this day we do not know exactly why they insisted on it.

Ms. DELAURO. I find it interesting, again what I do not understand is why this program so specifically, it was almost singled out, as we know, "Under no circumstances are we going to allow for this school construction funding." I do not understand it. I cannot explain it. I suppose it would be an interesting conversation to have with our colleagues on the other side of the aisle. I do not think it is all of them. I think it is just some. I do not know. Maybe they think that helping to pay for the interest on this stuff is too much meddling. I truly do not understand it. Or that the schools are in good shape or that we do not need it. I do not think you can go to any district whether it is an inner city or suburban school that is not facing the same kinds of problems. It is a question of degree maybe in some areas, especially, and I go back to the Fair Haven Middle School, it is a half century old versus a school that is 20, 25, 50 years old, there is a different state of repair. But I have been to schools in inner cities and in the suburbs in my district and again I say they have all of the same kinds of problems. My hope is that we are able to come to a meeting of the minds on this in a bipartisan way where we focus in on public education and in the direction of putting more of an investment in public education today, whether it is on the issue of the infrastructure which we have been talking about, the overcrowding issue which we also have been talking about. We also want to make sure that our children can read by the third grade, that they are literate. Again in today's economy, my God, they cannot survive. They will be left in the dust. The whole issue of safety in addition to safety because of the physical plant but their safety from drugs and from violence. These are critical issues that face us in public education. I am quite proud that Democrats I think have taken the lead in these areas and want to make sure that we do have a sound and a strong and a true commitment to public education in this country. It has served us well.

Mr. PALLONE. If I could just add, because I know that we do not have a lot of time left, our whole purpose really in coming to the floor and starting this education initiative again after the budget is to try to get our colleagues on the Republican side to come together with us on some of these issues. That is how we started out with many of the tax credits and the plans that ended up in the budget that improve access and affordability of higher education and ultimately if we keep at it, we hopefully can get the Republican leadership, the majority leadership on the other side to come together on school construction and the overcrowding issue as well, as well as the need for national standards that we talked about last week.

Mr. ETHERIDGE. It actually accentuates the fact that there is considerable need. It is going to continue. We have just passed the tax credits and other things for young people to make it beyond high school. But the point is that we now have an opportunity to go back and rework that foundation. No house is ever stronger than the foundation you put under it. We have a chance to really strengthen that foundation, provide for some infrastructure needs that are badly needed, and I would agree with the gentlewoman from Connecticut. All these things are important and we must do them. But certainly children being able to read, compute, do math, safety, those are givens. We all agree that has to be done. But I hope we can now do some of the same things for the other needs that our K–12 children have that we were able to force together for those beyond high school and provide that dream of an educational opportunity. I think to do it we have to keep reminding people that the job is not finished, that we did not get done just because we went home in July and took a break. We have got a lot yet to do. It is going to be here next week, next month, next year. Until we get the job done, we are going to still be there knocking on that door, and the children are waiting for us to take that action.

Mr. PALLONE. Mr. Speaker, I appreciate my colleagues joining me tonight. As I said, we talked about the need for national standards last week. We talked about school construction needs tonight. There are a lot more educational priorities that we as Democrats are going to be discussing over the next few weeks.

Ms. DELAURO. I think that it is not each of the individual pieces, but it is where our values and our priorities lie as a country. I think we truly are in a defining moment about who we are and what we stand for. I do not think we can do enough in terms of the kind of commitment that we can have to these standards and values. I think it will set a tone and a direction for what the 21st century is going to be about. We talk a lot about bridges and all that, we can do it in hardware, software and so forth, but that is not the point. The point is fundamentally what kind of time and effort and resources do we commit to providing the opportunity for our youngsters, our kids, to really learn, to be able to expand their minds with what we are learning about zero to 3 and when kids start to learn. These are exciting times, I think, for us, exciting times for us to serve where we can truly make a contribution to a future generation, because so many did it for us.

Mr. PALLONE. The gentlewoman is just talking about equal opportunity, and that is what it is all about. We want any kid regardless of where he or she is to be able to have the equal opportunity. They will not be able to unless we encourage some kind of standards and at the same time we improve the infrastructure.

I want to thank both my colleagues for joining me and the gentlewoman from New York [Mrs. LOWEY] before. We are going to continue pressing this education issue over the next few weeks and over this Congress.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to:

Mr. HOUGHTON (at the request of Mr. ARMEY) for today after 7 p.m., on account of illness.

Ms. JACKSON-LEE of Texas (at the request of Mr. GEPHARDT) for today, on account of official business.

Mr. RANGEL (at the request of Mr. GEPHARDT) for today, on account of business in the district.

Mr. GONZALEZ (at the request of Mr. GEPHARDT) for today and the balance of the week, on account of medical reasons.

Ms. CARSON (at the request of Mr. GEPHARDT) for today, on account of illness.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Members (at the request of Mr. PALLONE) to revise and extend their remarks and include extraneous material:)

Mr. COYNE, for 5 minutes, today.

Mr. RANGEL, for 5 minutes, today.

Mrs. CLAYTON, for 5 minutes, today.

Mrs. MCCARTHY of New York, for 5 minutes, today.

Mr. BLUMENAUER, for 5 minutes, today.

EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

(The following Members (at the request of Mr. PALLONE) and to include extraneous matter:)

Mr. POSHARD.

Mr. LAFALCE.

Ms. DELAURO.

Mr. SHERMAN.

Mr. BLAGOJEVICH.

Mr. TORRES.

Mr. ROEMER.

Mr. ENGEL.

Ms. MCCARTHY of Missouri.

(The following Members (at the request of Mr. COBURN) and to include extraneous matter:)

Mr. DUNCAN.

Mr. YOUNG of Alaska.

Mr. CUNNINGHAM.

Mr. FORBES.

ADJOURNMENT

Mr. PALLONE. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 10 o'clock and 40 minutes p.m.), under its previous order the House adjourned until tomorrow, Tuesday, September 9, 1997, at 9 a.m. for morning hour debates.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

4871. A letter from the Administrator, Agricultural Marketing Service, transmitting the Service's final rule—Potato Research and Promotion Plan; Suspension of Portions of the Plan; Amendments of the Regulations Regarding Importers' Votes; and Clarification of Reporting Requirements [FV–96–703IFR] received September 5, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Agriculture.

4872. A letter from the Administrator, Agricultural Marketing Service, transmitting the Service's final rule—1997 Amendment to Cotton Board Rules and Regulations Adjusting Supplemental Assessment on Imports [CN–97–003] received September 5, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Agriculture.

4873. A letter from the Administrator, Agricultural Marketing Service, transmitting the Service's final rule—Milk in the Tennessee Valley Marketing Area; Suspension of Certain Provisions of the Order [DA–97–09] received September 5, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Agriculture.

4874. A letter from the Director, Office of Regulatory Management and Information, Environmental Protection Agency, transmitting the Agency's final rule—Pyridate; Pesticide Tolerances for Emergency Exemptions [OPP–300527; FRL–5736–9] (RIN: 2070–AB78) received August 25, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Agriculture.

4875. A letter from the Director, Office of Regulatory Management and Information, Environmental Protection Agency, transmitting the Agency's final rule—Sethoxydim; Pesticide Tolerances for Emergency Exemptions [OPP–300533; FRL–5738–6] (RIN: 2070–AB78) received August 25, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Agriculture.

4876. A letter from the Director, Office of Regulatory Management and Information, Environmental Protection Agency, transmitting the Agency's final rule—Coat Proteins of Watermelon Mosaic Virus-2 and Zucchini Yellow Mosaic Virus and the Genetic Material necessary for its production; Exemption from the requirement of a tolerance [OPP–300537; FRL–5739–3] (RIN: 2070–AB78) received August 25, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Agriculture.

4877. A letter from the Director, Office of Regulatory Management and Information, Environmental Protection Agency, transmitting the Agency's final rule—Chlorfenapyr; Pesticide Tolerances for Emergency Exemptions [OPP–300529; FRL–5737–7] (RIN: 2070–AB78) received August 25, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Agriculture.

4878. A letter from the Director, Office of Regulatory Management and Information, Environmental Protection Agency, transmitting the Agency's final rule—Coat Protein of Papaya Ringspot Virus and the Genetic Material Necessary for its Production; Exemption from the requirement of a tolerance [OPP–300538; FRL–5739–4] (RIN: 2070–AB78) received August 25, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Agriculture.

4879. A letter from the Director, Office of Regulatory Management and Information, Environmental Protection Agency, transmitting the Agency's final rule—Coat Protein of Cucumber Mosaic Virus and the Genetic Material Necessary for its Production; Exemption from the Requirement of a Tolerance [OPP–300539; FRL–5739–5] (RIN: 2070–AB78) received August 25, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Agriculture.

4880. A letter from the Director, Congressional Budget Office, transmitting the CBO's Sequestration Update Report for FY 1998, pursuant to Public Law 101–508, section 13101(a) (104 Stat. 1388–587); to the Committee on Appropriations.

4881. A letter from the Assistant Secretary, Department of the Navy, transmitting notification of intent to study a commercial or industrial type function performed by 45 or more civilian employees for possible outsourcing, pursuant to 10 U.S.C. 2304 nt.; to the Committee on National Security.

4882. A letter from the Secretary of Defense, transmitting a report entitled "Use of Test and Evaluation Installations by Commercial Entities," pursuant to Public Law 103–160, section 846(a) (107 Stat. 1723); to the Committee on National Security.

4883. A letter from the Acting Under Secretary, Department of Defense, transmitting a report waiving the application of the survivability tests to the F–22 program, pursuant to Public Law 104–106, section 2366(c); to the Committee on National Security.

4884. A letter from the Director, Defense Procurement, Department of Defense, transmitting the Department's final rule—Defense Federal Acquisition Regulation Supplement; Data Universal Numbering System Number [DFARS Case 97–D019] received September 8, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on National Security.

4885. A letter from the President and Chairman, Export-Import Bank of the United States, transmitting a report involving U.S. exports to the People's Republic of China, pursuant to 12 U.S.C. 635(b)(3)(i); to the Committee on Banking and Financial Services.

4886. A letter from the President and Chairman, Export-Import Bank of the United States, transmitting a report involving U.S. exports to Morocco, pursuant to 12 U.S.C. 635(b)(3)(i); to the Committee on Banking and Financial Services.

4887. A letter from the Chairman, Federal Housing Finance Board, transmitting the Board's annual report for the 1996 calendar year, pursuant to 12 U.S.C. 1422b; to the Committee on Banking and Financial Services.

4888. A letter from the Secretary of Health and Human Services, transmitting the fiscal year 1995 Annual Report of the National Institute for Occupational Safety and Health (NIOSH), Centers for Disease Control and Prevention (CDC), pursuant to 29 U.S.C. 671(f); to the Committee on Education and the Workforce.

4889. A letter from the Secretary of Health and Human Services, transmitting the 1996 annual report on the Loan Repayment Program for Research Generally, pursuant to 42 U.S.C. 2541–1(i); to the Committee on Commerce.

4890. A letter from the Assistant Secretary for Policy, Management and Budget, Department of the Interior, transmitting the Department's Fiscal Year 1993 Annual Report to Congress on progress in conducting environmental remedial action at federally-owned or operated facilities, pursuant to Public Law 99–499, section 120(e)(5) (100 Stat. 1669); to the Committee on Commerce.

4891. A letter from the Administrator, Energy Information Administration, Department of Energy, transmitting a report entitled "Electricity Prices in a Competitive Environment: Marginal Cost Pricing of Generation Services and Financial Status of Electric Utilities"; to the Committee on Commerce.

4892. A letter from the Director, Office of Regulatory Management and Information, Environmental Protection Agency, transmitting the Agency's final rule—Designation of Areas for Air Quality Planning Purposes; Indiana [IN83–1a; FRL–5882–6] received August 25, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Commerce.

4893. A letter from the Director, Office of Regulatory Management and Information, Environmental Protection Agency, transmitting the Agency's final rule—Approval and Promulgation of Implementation Plans; State of Missouri [MO 032–1032; FRL–5877–3] received August 25, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Commerce.

4894. A letter from the Director, Office of Regulatory Management and Information, Environmental Protection Agency, transmitting the Agency's final rule—Approval and Promulgation of Implementation Plans; State of Missouri [MO 030–1030; FRL–5877–2] received August 25, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Commerce.

4895. A letter from the Director, Office of Regulatory Management and Information, Environmental Protection Agency, transmitting the Agency's final rule—Emission Guidelines for Existing Sources and Standards of Performance for New Stationary Sources: Large Municipal Waste Combustion Units [AD-FRL–5879–4] received August 25, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Commerce.

4896. A letter from the Director, Office of Regulatory Management and Information, Environmental Protection Agency, transmitting the Agency's final rule—List of Regulated Substances and Thresholds for Accidental Release Prevention [FRL–5881–8] received August 25, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Commerce.

4897. A letter from the Director, Office of Regulatory Management and Information, Environmental Protection Agency, transmitting the Agency's final rule—Air Quality: Revision to Definition of Volatile Organic Compounds—Exclusion of 16 Compounds [FRL–5880–9] (RIN: 2060–AG70) received August 25, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Commerce.

4898. A letter from the Secretary, Federal Trade Commission, transmitting the Report to Congress for 1995 pursuant to the Federal Cigarette Labeling and Advertising Act, pursuant to 15 U.S.C. 1337(b); to the Committee on Commerce.

4899. A letter from the Chairman, Nuclear Regulatory Commission, transmitting a report on the nondisclosure of safeguards information for the quarter ending June 30, 1997, pursuant to 42 U.S.C. 2167(e); to the Committee on Commerce.

4900. A letter from the Director, Office of Congressional Affairs, Nuclear Regulatory Commission, transmitting the Commission's final rule—Use of Fixed Neutron Absorbers at Fuels and Materials Facilities [Regulatory Guide 3.70] received September 4, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Commerce.

4901. A letter from the Secretary of Energy, transmitting a report proposing to delay the submission of the National Energy Policy Plan until April 1, 1998; to the Committee on Commerce.

4902. A letter from the Secretary of Health and Human Services, transmitting the 1996 Annual Report on the AIDS Research Loan Repayment Program; to the Committee on Commerce.

4903. A letter from the Secretary of Health and Human Services, transmitting the semiannual report on activities of the Inspector

General for the period October 1, 1996, through March 31, 1997, and the semiannual management report for the same period, pursuant to 5 U.S.C. app. (Insp. Gen. Act) section 5(b); to the Committee on Government Reform and Oversight.

4904. A letter from the Manager, Employee Benefits/Payroll, AgriBank, transmitting the annual report disclosing the financial condition of the Retirement Plan for the Employees of the Seventh Farm Credit District, pursuant to 31 U.S.C. 9503(a)(1)(B); to the Committee on Government Reform and Oversight.

4905. A letter from the Executive Director, Committee for Purchase from People Who Are Blind or Severely Disabled, transmitting the Committee's final rule—Additions to the Procurement List [97–016] received September 8, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Government Reform and Oversight.

4906. A letter from the Chief Financial Officer, Department of the Interior, transmitting the Report on Accountability for 1996; to the Committee on Government Reform and Oversight.

4907. A letter from the Director, Office of Regulatory Management and Information, Environmental Protection Agency, transmitting the Agency's final rule—OMB Approval Numbers Under the Paperwork Reduction Act [FRL–5483–4] received August 25, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Government Reform and Oversight.

4908. A letter from the Chairman, Federal Communications Commission, transmitting the annual report in compliance with the Government in the Sunshine Act during the calendar year 1996, pursuant to 5 U.S.C. 552b(j); to the Committee on Government Reform and Oversight.

4909. A letter from the Acting Comptroller General, General Accounting Office, transmitting a monthly listing of new investigations, audits, and evaluations; to the Committee on Government Reform and Oversight.

4910. A letter from the Director, Office of Personnel Management, transmitting the Office's final rule—Federal Employees Health Benefits Program Acquisition Regulation; Truth in Negotiations Act and Related Changes (RIN: 3206–AH45) received September 8, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Government Reform and Oversight.

4911. A letter from the Director, Financial Services, Library of Congress, transmitting activities of the United States Capitol Preservation Commission Fund for the first nine months of the fiscal year 1997, pursuant to Public Law 100–696, section 804 (102 Stat. 4610); to the Committee on House Oversight.

4912. A letter from the Deputy Associate Director for Royalty Management, Department of the Interior, transmitting notification of proposed refunds of excess royalty payments in OCS areas, pursuant to 43 U.S.C. 1339(b); to the Committee on Resources.

4913. A letter from the Assistant Secretary, Land and Minerals Management, Department of the Interior, transmitting the Department's final rule—Public Land Records (Bureau of Land Management) [WO–420–1050–00–24–1A] (RIN: 1004–AC 81) received September 8, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Resources.

4914. A letter from the Director, Office of Sustainable Fisheries, National Oceanic and Atmospheric Administration, transmitting the Administration's final rule—Fisheries of the Exclusive Economic Zone Off Alaska; Scallop Fishery; Closure in Registration Area O [Docket No. 970613138–7138–01; I.D. 082897C] received September 5, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Resources.

4915. A letter from the Director, Office of Sustainable Fisheries, National Oceanic and Atmospheric Administration, transmitting the Administration's final rule—Fisheries Off West Coast States and in the Western Pacific; Pacific Coast Groundfish Fishery; Sablefish Trip Limit Changes South of 36 degrees N. Lat. [Docket No. 961227373–6373–01; I.D. 082797F] received September 5, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Resources.

4916. A letter from the Director, Office of Sustainable Fisheries, National Oceanic and Atmospheric Administration, transmitting the Administration's final rule—Fisheries of the Exclusive Economic Zone Off Alaska; Scallop Fishery; Closure in Registration Area H [Docket No. 970613138–7138–01; I.D. 082897B] received September 8, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Resources.

4917. A letter from the Deputy Assistant Administrator for Fisheries, National Oceanic and Atmospheric Administration, transmitting the Administration's final rule—Fisheries of the Caribbean, Gulf of Mexico, and South Atlantic; Reef Fish Fishery of the Gulf of Mexico; Red Snapper Management Measures [Docket No. 970730185–7206–02; I.D. 070797B] (RIN: 0648–AJ13) received September 8, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Resources.

4918. A letter from the Program Director, National Fund for Medical Education, transmitting the Fund's audited financial statement for the year ended December 31, 1996, pursuant to 36 U.S.C. 1101(34) and 1103; to the Committee on the Judiciary.

4919. A letter from the Accounting Administrative Supervisor, National Society of the Daughters of the American Revolution, transmitting their report and financial audit for the year ending February 28, 1997, pursuant to 36 U.S.C. 1101(66) and 1103; to the Committee on the Judiciary.

4920. A letter from the Acting Assistant Secretary, Department of the Army, transmitting a report on the authorization of a deep-draft navigation project at Chignik Harbor, Alaska, pursuant to Public Law 104–303, section 101(b)(1); to the Committee on Transportation and Infrastructure.

4921. A letter from the General Counsel, Department of Transportation, transmitting the Department's final rule—Amendment to Regulated Navigation Area Regulations; Lower Mississippi River [CGD08–97–008] (RIN: 2115–AE84) received August 11, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

4922. A letter from the General Counsel, Department of Transportation, transmitting the Department's final rule—Procedures for Abatement of Highway Traffic Noise and Construction Noise (Federal Highway Administration) [FHWA Docket No. 96–26: FHWA–97–2348] (RIN: 2125–AD97) received August 11, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

4923. A letter from the General Counsel, Department of Transportation, transmitting the Department's final rule—Airworthiness Directives; Boeing Model 777–200 Series Airplanes (Federal Aviation Administration) [Docket No. 97–NM–124–AD; Amdt. 39–10104; AD 97–17–02] (RIN: 2120–AA64) received August 25, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

4924. A letter from the General Counsel, Department of Transportation, transmitting the Department's final rule—Airworthiness Directives; Bell Helicopter Textron, Inc. Model 214ST Helicopters (Federal Aviation Administration) [Docket No. 96–SW–27–AD; Amdt. 39–10108; AD 97–17–06] (RIN: 2120–AA64) received August 25, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

4925. A letter from the General Counsel, Department of Transportation, transmitting the Department's final rule—Airworthiness Directives; McDonnell Douglas Model DC–9–80 Series Airplanes and Model MD–88 Airplanes (Federal Aviation Administration) [Docket No. 96–NM–53–AD; Amdt. 39–10110; AD 96–23–07 R1] (RIN: 2120–AA64) received August 25, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

4926. A letter from the General Counsel, Department of Transportation, transmitting the Department's final rule—Realignment of VOR Federal Airways in the vicinity of Helena, AR (Federal Aviation Administration) [Airspace Docket No. 96–ASW–31] (RIN: 2120–AA66) received August 25, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

4927. A letter from the General Counsel, Department of Transportation, transmitting the Department's final rule—Removal of Class D Airspace; Glenview, IL (Federal Aviation Administration) [Airspace Docket No. 97–AGL–2] (RIN: 2120–AA66) received August 25, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

4928. A letter from the General Counsel, Department of Transportation, transmitting the Department's final rule—Establishment of Class E Airspace; Ely, MN (Federal Aviation Administration) [Airspace Docket No. 97–AGL–12] (RIN: 2120–AA66) received August 25, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

4929. A letter from the General Counsel, Department of Transportation, transmitting the Department's final rule—Amendment to Class E Airspace, Aurora, MO (Federal Aviation Administration) [Docket No. 97–ACE–15] (RIN: 2120–AA66) received August 25, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

4930. A letter from the General Counsel, Department of Transportation, transmitting the Department's final rule—Airworthiness Directives; Saab Model SAAB 2000 Series Airplanes (Federal Aviation Administration) [Docket No. 96–NM–167–AD; Amdt. 39–10099; AD 97–16–07] (RIN: 2120–AA64) received August 25, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

4931. A letter from the General Counsel, Department of Transportation, transmitting the Department's final rule—Drawbridge Operation Regulations; Grand River, MI (Coast Guard) [CGD09–97–008] (RIN: 2115–AE47) received August 11, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

4932. A letter from the General Counsel, Department of Transportation, transmitting the Department's final rule—Safety Zone; San Pedro Bay, CA (Coast Guard) [COTP Los Angeles-Long Beach, CA; 97–005] (RIN: 2115–AA97) received August 11, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

4933. A letter from the General Counsel, Department of Transportation, transmitting the Department's final rule—Drawbridge Operation Regulations; Hood Canal, WA (Coast Guard) [CGD13-95-011] (RIN: 2115-AE47) received August 11, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

4934. A letter from the General Counsel, Department of Transportation, transmitting the Department's final rule—Drawbridge Operation Regulations; Atlantic Intracoastal Waterway, Florida (Coast Guard) [CGD07-97-020] (RIN: 2115-AE47) received August 11, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

4935. A letter from the Acting Assistant Secretary, Department of Defense, transmitting the Department's report on the Civilian Separation Pay Program during Fiscal Year 1996, pursuant to 5 U.S.C. 5597 nt.; jointly to the Committees on National Security and Government Reform and Oversight.

4936. A letter from the Secretary of Energy, transmitting a report to notify that the Department will require an additional 45 days to transmit the implementation plan for addressing the issues raised in the Defense Nuclear Facilities Safety Board's Recommendation 97-1 concerning the safe storage of uranium-233 material, pursuant to 42 U.S.C. 2286d(e); jointly to the Committees on National Security and Commerce.

4937. A letter from the Acting Secretary, Department of Energy, transmitting the Department's Annual Report to the Congress on activities of the Department of Energy in response to recommendations and other interactions with the Defense Nuclear Facilities Safety Board, pursuant to 42 U.S.C. 2286e(b); jointly to the Committees on Commerce and National Security.

4938. A letter from the President and Chief Executive Officer, United States Enrichment Corporation, transmitting a draft of proposed legislation to amend the Atomic Energy Act of 1954 to provide additional funding for continued predeployment activities relating to the Atomic Vapor Laser Isotopic Separation Technology for the Enrichment of Uranium; jointly to the Committees on Commerce and the Budget.

4939. A letter from the Acting Director, Defense Security Assistance Agency, transmitting a report authorizing the transfer of up to $100M in defense articles and services to the Government of Bosnia-Herzegovina, pursuant to Public Law 104-107, section 540(c); jointly to the Committees on International Relations and Appropriations.

4940. A letter from the Assistant Secretary for Legislative Affairs, Department of State, transmitting a report on intent to obligate funds for additional program proposals for purposes of Nonproliferation and Disarmament Fund activities, pursuant to Public Law 104-208, title II; jointly to the Committees on International Relations and Appropriations.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. TALENT: Committee on Small Business. H.R. 2261. A bill to reauthorize and amend the programs of the Small Business Act and the Small Business Investment Act, and for other purposes; with an amendment (Rept. 105-246). Referred to the Committee of the Whole House on the State of the Union.

TIME LIMITATION OF REFERRED BILL

Pursuant to clause 5 of rule X the following action was taken by the Speaker:

[Omitted from the Record of September 5, 1997]

H.R. 10. Referral to the Committee on Commerce extended for a period ending not later than September 30, 1997.

H.R. 695. Referral to the Committee on Commerce extended for a period ending not later than September 12, 1997.

PUBLIC BILLS AND RESOLUTIONS

Under clause 5 of Rule X and clause 4 of Rule XXII, public bills and resolutions were introduced and severally referred, as follows:

By Ms. WOOLSEY:

H.R. 2427. A bill to recognize business which show an exemplary commitment to participating with schools to enhance educators' technology capabilities and to make every student technologically literate; to the Committee on Education and the Workforce.

By Mr. RANGEL (for himself, Mr. Coyne, Mr. Hoyer, Mr. Waxman, and Mr. Matsui):

H.R. 2428. A bill to improve the operations and governance of the Internal Revenue Service, and for other purposes; to the Committee on Ways and Means, and in addition to the Committee on Government Reform and Oversight, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.

By Mr. SENSENBRENNER (for himself, Mr. Talent, Mr. Brown of California, Mr. LaFalce, Mrs. Morella, Mr. Gordon, Mr. Bartlett of Maryland, Mr. Poshard, and Mr. Davis of Virginia):

H.R. 2429. A bill to reauthorize the Small Business Technology Transfer Program through fiscal year 2000; to the Committee on Small Business, and in addition to the Committee on Science, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.

By Mr. DELAHUNT:

H.R. 2430. A bill to amend the Immigration and Nationality Act to exempt certain adopted children, and certain children coming to the United States for adoption, from the requirement to present documentation of vaccination against vaccine-preventable diseases; to the Committee on the Judiciary.

By Mr. WOLF (for himself, Mr. Porter, Mr. Watts of Oklahoma, Mr. Hall of Ohio, Mr. Aderholt, Mr. Smith of New Jersey, Ms. Pelosi, Mr. Hutchinson, Mr. Rohrabacher, Mr. Blunt, Mr. Bishop, Mr. Duncan, Mr. Manton, Mr. Olver, Mr. Gilchrest, Mr. King of New York, Mr. Bob Schaffer, Mr. Gillmor, Mr. Cooksey, Mr. Gilman, Mr. Dickey, Mr. Lipinski, Mr. Ehlers, Mr. Wamp, Mrs. Kelly, and Mr. Towns):

H.R. 2431. A bill to establish an Office of Religious Persecution Monitoring, to provide for the imposition of sanctions against countries engaged in a pattern of religious persecution, and for other purposes; to the Committee on International Relations, and in addition to the Committees on Ways and Means, the Judiciary, Banking and Financial Services, and Rules, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.

By Mr. LaFALCE:

H.R. 2432. A bill to provide relief for domestic producers of tailored wool apparel from increased imports of such apparel from Canada; to the Committee on Ways and Means.

By Ms. RIVERS:

H.R. 2433. A bill to amend the Federal Election Campaign Act of 1971 to require candidates for the House of Representatives or the Senate to file information included in quarterly candidate reports with the Federal Election Commission within 48 hours of the time the information becomes available, to require all reports filed with the Federal Election Commission to be filed electronically, to require the information contained in such reports to be made available through the Internet, and for other purposes; to the Committee on House Oversight.

By Mr. TRAFICANT:

H.R. 2434. A bill to establish counseling programs for disabled and retired police officers; to the Committee on the Judiciary.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of Rule XXII,

Mr. ISTOOK introduced a bill (H.R. 2435) for the relief of Farah Sirmanshahi, Sepandan Farnia, and Farbod Farnia; which was referred to the Committee on the Judiciary.

ADDITIONAL SPONSORS

Under clause 4 of rule XXII, sponsors were added to public bills and resolutions as follows:

H.R. 18: Mr. Cramer and Ms. Stabenow.

H.R. 59: Mr. Brady.

H.R. 123: Mr. Cox of California, Mr. Packard, and Mr. Istook.

H.R. 165: Mr. Bishop.

H.R. 251: Ms. Rivers.

H.R. 306: Mr. Wolf and Mr. Cramer.

H.R. 399: Mr. Rothman and Mrs. Emerson.

H.R. 402: Ms. Furse.

H.R. 424: Mrs. Kelly.

H.R. 598: Mr. Saxton.

H.R. 712: Mr. Sandlin.

H.R. 789: Mr. Deal of Georgia.

H.R. 816: Mr. Camp.

H.R. 859: Mr. Cramer and Mr. Deal of Georgia.

H.R. 864: Mr. Rangel, Mr. Weller, and Mr. Weldon of Pennsylvania.

H.R. 922: Mr. Hill.

H.R. 923: Mr. Hill.

H.R. 934: Mr. Crapo and Ms. Ros-Lehtinen.

H.R. 953: Mr. Moran of Virginia.

H.R. 978: Mr. Dixon.

H.R. 986: Mr. Bartlett of Maryland, Mr. Chabot, Mr. Bliley, and Mr. Coburn.

H.R. 1010: Mr. Fox of Pennsylvania and Mr. Weldon of Florida.

H.R. 1036: Mr. Nethercutt and Mrs. Emerson.

H.R. 1079: Mr. Sherman, Mr. Oberstar, Mr. Condit, Ms. Waters, and Mrs. Thurman.

H.R. 1117: Ms. Velázquez and Mr. Engel.

H.R. 1169: Mr. Miller of Florida, Mr. Rothman, Ms. Kaptur, and Mr. Deutsch.

H.R. 1285: Mrs. Johnson of Connecticut.

H.R. 1328: Mr. Stark.

H.R. 1371: Mrs. Thurman, Mr. Coburn, Mr. Rohrabacher, and Mr. Sandlin.

H.R. 1375: Mr. Kind of Wisconsin.

H.R. 1378: Mr. Smith of Texas.

H.R. 1425: Mr. Lantos.

H.R. 1437: Ms. Norton.

H.R. 1456: Mr. Sanders.

H.R. 1457: Mr. Miller of California, Mr. Dellums, and Mr. Kucinich.

H.R. 1619: Mr. Bereuter and Mr. Lucas of Oklahoma.

H.R. 1689: Mr. Weldon of Florida, Mr. Bilirakis, and Mr. Sawyer.

H.R. 1693: Mr. Rush, Mr. Foglietta, Mr. Kleczka, and Mr. Kucinich.

H.R. 1719: Mr. Nethercutt.

H.R. 1754: Mr. Bishop.

H.R. 1788: Mr. Moakley.

H.R. 1839: Mr. Lucas of Oklahoma and Mr. John.

H.R. 1842: Mr. Cannon.

H.R. 1849: Ms. Woolsey.

H.R. 1858: Mr. Hilliard and Mr. Johnson of Wisconsin.

H.R. 1904: Mr. Rush.

H.R. 1984: Mr. Livingston, Mr. Petri, Mr. Norwood, Mr. Chambliss, Mr. Poshard, Mr. Mica, Mr. Hansen, Mr. Skeen, Mr. Everett, Mr. Linder, Ms. Pryce of Ohio, Mr. Green, and Mr. Thomas.

H.R. 1993: Mr. Lipinski.

H.R. 2004: Mr. Kennedy of Massachusetts.

H.R. 2074: Mr. Barr of Georgia.

H.R. 2140: Mr. Rothman and Mr. Martinez.

H.R. 2174: Mr. Kennedy of Massachusetts and Mr. Rothman.

H.R. 2185: Mr. Hinojosa.

H.R. 2202: Mrs. Johnson of Connecticut, Mr. Rothman, Mr. Mica, Mr. Callahan, Mr. Ford, Mr. Murtha, Mr. Stearns, Mr. Sandlin, Mr. Cummings, and Mr. Kennedy of Massachusetts.

H.R. 2223: Mr. Stump and Mr. Ensign.

H.R. 2248: Mr. Mica, Mr. Shays, Mr. Houghton, Mr. Fattah, Mr. Crane, Mr. Berry, Mr. Markey, Mr. Stupak, Ms. Carson, Mr. Johnson of Wisconsin, Mr. LaHood, Mr. Dan Schaefer of Colorado, Mr. Stokes, Mr. Herger, Mr. Spratt, Mr. Oberstar, Mr. Peterson of Pennsylvania, Mr. Conyers, Mr. Weldon of Florida, Mr. McIntyre, Mr. Moran of Virginia, Mr. LaTourette, Mr. Lucas of Oklahoma, Mr. Hobson, Mr. Wamp, Mr. Crapo, Ms. Granger, Mrs. Roukema, Mr. Shimkus, Mr. Cox of California, Mr. Wynn, Mr. Bentsen, Mr. Goode, Mr. Hulshof, Ms. Danner, Ms. Jackson-Lee, Mr. Lewis of Kentucky, Mr. Rangel, Mr. Jefferson, Mr. Adam Smith of Washington, and Mr. Cooksey.

H.R. 2335: Mr. Scott and Mr. Moran of Virginia.

H.R. 2341: Mr. Filner and Mr. Cummings.

H.R. 2351: Ms. DeLauro, Mr. Davis of Illinois, Mr. Gutierrez, Mr. Clay, Ms. Eshoo, Mr. Nadler and Mr. Pascrell.

H.R. 2373: Mr. Kasich and Mr. Redmond.

H.R. 2380: Mr. McIntosh, Mrs. Chenoweth, Mr. Canady of Florida, and Mr. Lipinski.

H.R. 2392: Mr. Gekas.

H. Con. Res. 6: Mr. Cummings and Mr. Sherman.

H. Con. Res. 107: Mr. Sabo, Mr. Hastings of Florida, and Mr. Doyle.

H. Con. Res. 134: Mr. Inglis of South Carolina, Mr. Rahall, Mr. Bob Schaffer, Ms. Carson, and Ms. Woolsey.

H. Res. 139: Mr. Stenholm.

DELETIONS OF SPONSORS FROM PUBLIC BILLS AND RESOLUTIONS

Under clause 4 of rule XXII, sponsors were deleted from public bills and resolutions as follows:

H.R. 695: Mr. Jones.

AMENDMENTS

Under clause 6 of rule XXIII, proposed amendments were submitted as follows:

H.R. 2267

Offered By: Mr. Hostettler

Amendment No. 12: Page 49, line 9, insert "(reduced by $175,100,000)" after "$185,100,000".

Page 49, line 10, insert "(reduced by $74,100,000)" after "$74,100,000".

Page 49, line 12, insert "(reduced by $500,000)" after "$500,000".

H.R. 2267

Offered By: Mr. Kennedy of Massachusetts

Amendment No. 13: Page 81, line 5, insert before ", of which" the following: "(reduced by $2,000,000)" and on page 96, line 23, insert before the colon the following: "(increased by $2,000,000)".

H.R. 2267

Offered By Mr. Kennedy of Massachusetts

Amendment No. 14: Page 117, after line 2, insert the following:

Sec. 617. No funds appropriated or otherwise made available by this Act may be used for the "Access Mexico Program" of the Department of Commerce.

H.R. 2267

Offered By: Mrs. Northup

Amendment No. 15: Page 38, after line 11, insert the following:

EXCEPTION FROM VACCINATION REQUIREMENT FOR ADOPTED CHILDREN

Sec. 110. Section 212(a)(1) of the Immigration and Nationality Act (8 U.S.C. 1182(a)(1)) is amended—

(1) in subparagraph (A)(ii), by inserting "except as provided in subparagraph (C)," after "(ii)"; and

(2) by adding at the end the following:

"(C) Exception for adopted children.—Subparagraph (A)(ii) shall not apply to a child who is—

"(i) described in section 101(b)(1)(F);

"(ii) seeking an immigrant visa as an immediate relative under section 201(b); and

"(iii) 10 years of age or younger at the time a petition is filed in the child's behalf to accord a classification as an immediate relative under such section.".

EXTENSIONS OF REMARKS

COMPTROLLER GENERAL DECISION LETTER B–277719

HON. DON YOUNG

OF ALASKA

IN THE HOUSE OF REPRESENTATIVES

Monday, September 8, 1997

Mr. YOUNG of Alaska. Mr. Speaker, on August 20, 1997, the Comptroller General issued decision letter B–277719 concluding that section 108, of the paragraph entitled "General Provisions—Department of the Interior", Department of the Interior and Related Agencies Appropriations Act, 1997 is permanent law. Section 108 states that: "No final rule or regulation of any agency of the Federal Government pertaining to the recognition, management, or validity of a right-of-way pursuant to Revised Statute 2477 (43 U.S.C. 932) shall take effect unless expressly authorized by an Act of Congress subsequent to the date of enactment of this Act."

This letter was issued in response to a request by 30 Members of Congress and resolves the question of permanency of this important provision.

I ask that a copy of the letter dated July 29, 1997, requesting a decision from the Comptroller General on the permanence of section 108 and Decision Letter B–277719 be printed in the CONGRESSIONAL RECORD.

JULY 29, 1997.

JAMES F. HINCHMAN
Acting Comptroller General of the United States, General Accounting Office, Washington, DC.

DEAR MR. HINCHMAN: The Omnibus Consolidated Appropriations Act, 1997 (P.L. 104–208) contains the following section under the heading "General Provisions" in Title I—Department of the Interior: "Sec. 108. No final rule or regulation of any agency of the Federal Government pertaining to the recognition, management, or validity of a right-of-way pursuant to Revised Statute 2477 (43 U.S.C. 932) shall take effect unless expressly authorized by an Act of Congress subsequent to the date of enactment of this Act."

We emphatically believe that Section 108 was intended by Congress to be a provision of permanent law and we seek your expedited consideration of this question and a letter decision on the issue. Time is of the essence. Out of an excess of caution, several of the undersigned Members of the House urged inclusion of this language in H.R. 2107, the current Department of Interior and Related Agencies Appropriations bill, which will soon be considered by the Senate and possibly by a conference committee. We are concerned that re-enactment of this provision could inadvertently give rise to erroneous inference that Congress does not consider the provision permanent. 32 Comp. Gen. 11 (1952); 36 Comp. Gen. 434 (1956).

Please note that Sec. 108 contains the phrase "subsequent to the date of enactment of this Act" which clearly is intended to have effect beyond the fiscal year covered by the bill. Words substantially similar to this phrase previously have been recognized as words of futurity. 65 Comp. Gen. 588 (1986). Any characterization of this phrase as only a modifier of the words "an Act of Congress" would reduce the phrase to mere surplusage because there is no Act of Congress enacted prior to or on the date of enactment of Sec. 108 that expressly authorizes regulations pursuant to R.S. 2477. Therefore, enactment of any such authorization is necessarily subsequent to the date of enactment of Sec. 108. The phrase is meaningless if it is interpreted solely as a temporal limitation on the three words immediately preceding it. "Constructions that do not give effect to all of the words of a statute must be avoided . . ." 70 Comp. Gen. at 354 (citing 2 N. Singer, Sutherlands Statutory Construction §33.02 (4th ed. 1984)). Clearly, Sec. 108 contains sufficient words of futurity to indicate that it is a permanent law.

The legislative history of Sec. 108 and related predecessor provisions is both relevant and illuminating. 65 Comp. Gen. 588 (1986). The language that ultimately became Sec. 108 was taken intact from a legislative bill, S. 1425, as reported to the Senate by the Committee on Energy and Natural Resources on May 9, 1996. The language of S. 1425 was included in the Senate version of the FY 1997 Department of Interior and Related Agencies Appropriations bill at the request of the Chairman of the Committee on Energy and Natural Resources and the Ranking Republican Member of the Committee on Appropriations and its Subcommittee on Interior.

Also relevant is limitation of funds language concerning the same subject matter that was enacted for FY 1996 by the Omnibus Consolidated Rescissions and Appropriations Act of 1996 (P.L. 104–135): "Sec. 110. None of the funds appropriated or otherwise made available by this Act may be obligated or expended by the Secretary of the Interior for developing, promulgating, and thereafter implementing a rule concerning rights-of-way under section 2477 of the Revised Statutes." Subsequently, the same limitation of funds language was included in H.R. 3662, the House version of the FY 1997 Department of the Interior and Related Agencies Appropriations bill, which passed the House on June 20, 1996. The conference committee considered the House's limitation of funds approach but ultimately adopted the Senate's permanent language taken from S. 1425 for inclusion in P.L. 104–208. This clearly indicates that Congress considered and rejected a temporary provision in favor of a permanent one. 36 Comp. Gen. 434 (1956).

Another factor indicating that Sec. 108 is permanent law is the fact that it is contained in a paragraph under the heading "General Provisions, Department of the Interior" but applies by its own terms to "any agency of the Federal Government" As a factual matter, Sec. 108 applies to the Forest Service in the Department of Agriculture, which administers land subject to R.S. 2477 rights-of-way, and any other federal agency that administers reservations from the public lands, including the Department of Defense and the Department of Energy. The other 13 sections under the "General provisions, Department of the Interior" heading apply exclusively to the Department of the Interior. Therefore, Sec. 108 is sufficiently unrelated to the title of the Act in which it appears to support the conclusion that was intended to be permanent. B–214058, February 1, 1984.

In conclusion, it is overwhelmingly clear from a plain reading of Sec. 108, the presence of words of futurity, its legislative history and the legislative history of related provisions, and its relationship to the rest of Act that this provision is permanent law.

We would greatly appreciate your immediate attention to this question and a reply at your earliest convenience.

Conrad Burns, Orrin Hatch, Robert F. Bennett, Larry E. Craig, Frank H. Murkowski, Ted Stevens, U.S. Senate.

Don Young, Bob Smith, James V. Hansen, Joe Skeen, Jerry Lewis, Bob Stump, Charles H. Taylor, Helen Chenoweth, Richard Pombo, John T. Doolittle, Barbara Cubin, George P. Radanovich, Doc Hastings, Wally Herger, Randy "Duke" Cunningham, Bob Schaffer, Ron Packard, Jim Kolbe, Jim Gibbons, J. D. Hayworth, Michael D. Crapo, George R. Nethercutt, Jr., John E. Ensign, Chris Cannon, House of Representatives.

GENERAL ACCOUNTING OFFICE,
OFFICE OF THE GENERAL COUNSEL,
Washington, DC, August 20, 1997.

CONGRESSIONAL REQUESTERS: This responds to your July 29, 1997, letter asking whether section 108 of the Department of the Interior and Related Agencies Appropriations Act, 1997, is permanent law or expires at the end of fiscal year 1992.[1] Section 108 of the Interior Appropriations Act states that: "No final rule or regulation of any agency of the Federal Government pertaining to the recognition, management, or validity of a right-of-way pursuant to Revised Statute 2477 (43 U.S.C. 932) shall take effect unless expressly authorized by an Act of Congress subsequent to the date of enactment of this Act." 110 Stat. 3009–200. For the reasons discussed below, we believe section 108 is permanent law.

DISCUSSION

Since an appropriation act is made for a particular fiscal year, the starting presumption is that everything contained in the act is effective only for the year covered. 31 U.S.C. §10301(c)(2)(1994). For this reason, a provision in an appropriation act will be considered to be permanent only if the statutory language or the nature of the provision makes it clear that Congress intended the provision to be permanent. 65 Comp. Gen. 588, 589 (1986).

Permanency is indicated most clearly when the provision in the appropriation act uses words of futurity. While "hereafter" is a common "word of futurity," we have afforded language such as "after the date of approval of this act" the same treatment. E.g., 36 Comp. Gen. 434, 436 (1956). The language "subsequent to the date of enactment of this Act" found in section 108 of the fiscal

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Footnotes are at the end of the letter.

● This "bullet" symbol identifies statements or insertions which are not spoken by a Member of the Senate on the floor.
Matter set in this typeface indicates words inserted or appended, rather than spoken, by a Member of the House on the floor.

year 1997 Interior Appropriations Act is of the same character.

The precise location of the words of futurity can be important and can determine whether or not a provision is permanent. *Cf.* B–228838, Sept. 16, 1987 (words of futurity in a proviso of a section did not make the entire section permanent). In the case of section 108, the location of the phrase "subsequent to the date of enactment of this Act" presents two possible interpretations. On the one hand, "subsequent to the date of enactment of this Act" could apply only to the immediately preceding phrase "Act of Congress" and thereby describe only the period of enactment for the authorizing "Act of Congress" that must occur for an agency rule or regulation on R.S. 2477 rights-of-way to take effect. Under this reading, the phrase "subsequent to the date of enactment" means that the agency rule can become effective only if it is expressly authorized by a new, not a previous, Act of Congress. This limitation on agency rulemaking would expire at the end of fiscal year 1997.

Alternatively, "subsequent to the date of enactment of this Act" could apply to all of section 108 and thereby describe the time period applicable to the limitation on agency rulemaking on R.S. 2477 rights-of-way. Under this reading, the phrase "subsequent to the date of enactment of this Act" means that the requirement for an express authorization by an Act of Congress before the agency rule can become effective is a permanent requirement beginning with the enactment of the fiscal year 1997 appropriation. We believe the latter interpretation is the meaning best ascribed to section 108 based on its legislative history and purpose.

Language similar to that found in section 108 first appeared as section 349(a)(1) of the National Highway System Designation Act of 1995, Pub. L. No. 104–59, 109 Stat. 568, 617–618 (1995). Section 349(a)(1) states:

"(a) MORATORIUM.—

"(1) IN GENERAL.—Notwithstanding any other provision of law, no agency of the Federal Government may take any action to prepare, promulgate, or implement any rule or regulation addressing rights-of-way authorized pursuant to section 2477 of the Revised Statutes (43 U.S.C. 932), as such section was in effect before October 21, 1976."

As indicated by the heading of subsection (a) of section 349, paragraph (1) was a moratorium on agency actions on rules and regulations regarding R.S. 2477 rights-of-way. Paragraph (2) provided that the moratorium would be effective through September 30, 1996. The purpose of the moratorium was to delay regulations proposed by the Secretary of the Interior so that the Congress and the states could address concerns over proposed changes to the process for recognizing state and local government claims for rights-of-way across federal lands granted pursuant to R.S. 2477. 141 Cong. Rec. S8924–8925 (daily ed. June 22, 1995) (statements of Sens. Stevens and Murkowski).

Before the moratorium expired, the Senate Committee on Energy and Natural Resources considered S. 1425, a bill to "recognize the validity of rights-of-way granted under section 2477 of the Revised Statutes, and for other purposes." The bill, as reported from the Committee on May 9, 1996, consisted entirely of the language now found at section 108 of the fiscal year 1997 Interior Appropriations Act. The purpose of S. 1425 was to allow the Department of the Interior to develop new regulations while prohibiting their implementation until expressly approved by an Act of Congress. S. Rep. No. 104–261, at 2 (1996). There is no question that if it had been enacted into law, S. 1425 would have continued indefinitely the restriction against agency rules or regulations on R.S. 2477 rights-of-way becoming effective without an authorizing Act of Congress. See, id., at 3–4 (Letter from June E. O'Neill, Director, Congressional Budget Office, dated May 8, 1996). While no further action was taken on S. 1425, its language ultimately became section 108 of the fiscal year 1997 Interior Appropriations Act.

A little more than a month after the Senate Committee on Energy and Natural Resources reported S. 1425, the House of Representatives passed H.R. 3662, the Department of the Interior and Related Agencies Appropriations Bill, 1997. Section 109 of H.R. 3662 stated that "None of the funds appropriated or otherwise made available by this Act may be obligated or expended by the Secretary of the Interior for developing, promulgating, and thereafter implementing a rule concerning right-of-way under section 2477 of the Revised Statutes."

This language was identical to language in the fiscal year 1996 appropriation act enacted two months before. See note 2 above. When the Senate Committee on Appropriations reported its version of the appropriations bill, it deleted the House language and substituted the language of S. 1425, stating that it was "identical to the bipartisan proposal reported by the Senate Energy and Natural Resources Committee (Senate bill 1475 [sic])." S. Rep. No. 104–319, at 56 (1996). This is the language ultimately enacted as section 108 of the fiscal year 1997 Interior Appropriations Act as contained in Pub. L. No. 104–208.

This history strongly supports the conclusion that Congress intended section 108 to be permanent. Section 108 was lifted verbatim from a bill that by virtue of its language and its character as general legislation would, if enacted, have continued indefinitely the restriction on implementing rules on R.S. 2477 rights-of-way. Also, the Senate and ultimately the Congress substituted the language of S. 1425 for the language of H.R. 3662, which like the identical language of Pub. L. No. 140–134 for fiscal year 1996, was clearly applicable only for a fiscal year. In revealing the origin of section 108, the applicable discussion in S. Rep. No. 104–319 and H. Conf. Rep. No. 104–863 contains nothing to suggest that Congress intended for the effect of the language from S. 1425, i.e., an indefinite restriction, to be different when included in the appropriation act.

Other reasons support the conclusion that the Congress intended section 108 to be permanent legislation. The language of section 108 is not a restriction on the use of appropriations. It is a substantive provision addressing when certain agency rules or regulations can take effect. Its language standing alone is permanent in nature. 36 Comp. Gen. at 436. Also, no real effect would be given to the phrase "subsequent to the date of enactment of this Act" if it were interpreted to only describe the time period when an authorizing "Act of Congress" must occur before an agency rule becomes effective. Section 108 could not have been designed to vitiate a prior Act of Congress expressly authorizing final agency rules or regulations on R.S. 2477 rights-of-way for the simple reason that there was and is none. Accordingly, any Act of Congress expressly authorizing a final rule or regulation on R.S. 2477 rights-of-way would be one enacted after enactment of the fiscal year 1997 Interior Appropriations Act. For the phrase "subsequent to the date of enactment of this Act" to have any effect, it must mean that the section 108 restriction on when a rule or regulation on R.S. 2477 rights-of-way takes effect is permanent law beginning with the date of enactment of the fiscal year 1997 Interior Appropriations Act.

For the reasons discussed above, we conclude that section 108 is permanent law. I trust the foregoing will be of assistance.

Sincerely yours,

ROBERT P. MURPHY,
General Counsel.

FOOTNOTES

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[1] The Department of the Interior and Related Agencies Appropriations Act, 1997, is contained in section 101(d) of the Omnibus Consolidated Appropriations Act, 1997, Pub. L. No. 104-208, 110 Stat. 3009, 3009–181(1996).

[2] Section 8 of the Mining Act of 1866 stated that "the right of way for the construction of highways over public lands, not reserved for public uses is hereby granted." That section was codified as section 2477 of the Revised Statutes, and has been commonly referred to since then as "R.S. 2477." Section 706 of the Federal Land Policy and Management Act of 1976 (FLPMA), Pub. L. No. 94–579, 90 Stat. 2793, repealed R.S. 2477 but section 701 provided that FLPMA did not terminate any land use, including rights-of-way, existing on October 21, 1976. FLPMA did not provide a time limitation on filing claims for pre-1976 rights-of-way. The rules and regulations that are the subject of section 108 are proposals to change how R.S. 2477 claims are processed.

[3] Your letter refers to another restriction running through fiscal year 1996. Section 110 of the Department of the Interior and Related Agencies Appropriations Act, 1996, as contained in section 101(c) of the Omnibus Consolidated Rescissions and Appropriations Act of 1996, Pub. L. No. 104–134, 110 Stat. 1321, 1321–156, provided that none of the funds appropriated or otherwise made available by the Act could be used by the Secretary of the Interior to develop, promulgate, and implement a rule concerning R.S. 2477 rights-of-way. 110 Stat. 1321–177. This provision was in H.R. 1977, the Department of Interior and Related Agencies Appropriations Bill, 1996, when it was reported from the House Committee on Appropriations on June 30, 1995. It remained intact through the enactment of Pub. L. No. 104–134 on April 26, 1996, and is narrower in scope than the moratorium enacted by section 349 of Pub. L. No. 104–59 five months earlier.

[4] The provision for the moratorium was added to the Senate bill as a floor amendment and had a December 1, 1995 expiration date. The conference committee adopted the moratorium contained in the Senate bill and extended its application through the end of fiscal year 1996. H. Rep. Conf. Rep. No. 104–345 at 108 (Nov. 15, 1995), reprinted in 1995 U.S.C.C.A.N. 610.

TRIBUTE TO DURHAM MANUFACTURING CO.

HON. ROSA L. DeLAURO

OF CONNECTICUT

IN THE HOUSE OF REPRESENTATIVES

Monday, September 8, 1997

Ms. DELAURO. Mr. Speaker, on Saturday, September 13, 1997, the Durham Manufacturing Co. in Durham, CT will be celebrating its 75th anniversary. It gives me great pleasure to rise today to congratulate Durham Manufacturing on this milestone.

There have been so many changes in the way companies and corporations function in the past several decades. For many Americans, company loyalty is a thing of the past and so many workers feel isolated on the job. Durham Manufacturing is an example of a small company that has not abandoned its workers in pursuit of a more profitable bottomline. Indeed, Durham has managed to stay competitive, and even flourish, all while ensuring that employees are treated fairly.

The history of Durham Manufacturing is the classic manufacturing success story of a small company, turning out a quality product and creating a niche for itself in the market. Situated in the predominantly rural town of Durham, Durham Manufacturing was established in 1922. The company specialized in the manufacture of tin coated iron cash boxes. Over the years, the company made changes in its product line to reflect the needs of the market. The products made at Durham Manufacturing expanded and the means of production varied.

As the needs of the country changed, Durham adapted to meet them. During World War II, Durham was the Army's largest supplier of metal first aid boxes. After the war, Durham's focus turned toward developing proprietary product lines. Today, Durham produces a top quality line of first aid boxes, storage cabinets and bins and office products.

However notable Durham Manufacturing's products are, what is more important is the feeling of family and community fostered by the company. Durham is as dedicated to its employees as it is to its customers. As a result, several members of families work together at Durham and in some cases generations of families have been employed there.

This kind of company loyalty has helped keep Durham successful. As everyone gathers to celebrate the 75th anniversary, Durham is a leader in the metal packaging industry.

I am very pleased to congratulate Durham on its 75th anniversary and I am hopeful that there will be many more.

NAFTA PARITY FOR U.S. WOOL APPAREL INDUSTRY

HON. JOHN J. LaFALCE

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Monday, September 8, 1997

Mr. LAFALCE. Mr. Speaker, today, I am introducing legislation that will redress a wrong inflicted on an important segment of the U.S. textile and apparel industry during NAFTA negotiations. I believe it is important for the credibility of NAFTA to correct a serious flaw in this agreement that has adversely and unfairly affected U.S. textile and apparel producers.

During NAFTA negotiations with Canada, changes were made in the original United States-Canada Free Trade Agreement [CFTA] with respect to imports of men's and boys' wool suits, jackets and slacks—changes which both injure United States manufacturers in this sector and give no avenue for relief from this injury. My legislation will correct this mistake and return to provisions that were originally in the CFTA.

When the United States and Canada negotiated the textile and apparel provisions of the CFTA, special duty allowances were made for tailored men's and boys' wool apparel made from foreign fabric, that is, fabric not produced in either the United States or Canada. According to CFTA rules of origin, wool apparel could qualify for CFTA tariffs only if both the apparel and fabric originated in Canada or the United States. Because Canada claimed a shortage of wool fabric, a temporary Tariff Preference Level [TPL] was established for this category of imported apparel for items made from textiles that were not available in either the United States or Canada—hence, the special treatment for wool apparel made from non-United States or Canadian textiles.

At the time, Canadian manufacturers of tailored wool apparel constituted only a small portion of the Canadian apparel industry, and the TPL was intended only to ensure that they had an adequate supply of wool fabric. Moreover, Canadian negotiators refused to set sublimits for categories of wool apparel in response to United States concerns about concentration of products. Canada explicitly assured the United States that it would never allow targeting of products, and Canada would continue shipping a wide range of products. The CFTA mandated renegotiation of the Tariff Preference Level by January 1, 1998, according to changing conditions and circumstances of the market.

During NAFTA negotiations, textiles and apparel issues with Canada remained unresolved until the end of negotiations in August 1992, even though agreement with Mexico had been reached 4 months earlier. A deal was struck at the last minute that would have a major impact on U.S. industry. First, preference levels increased slightly, but a sublimit for wool suits was set at 99 percent of the TPL and effectively was not a sublimit.

Second, the CFTA monitoring and renegotiation requirements were dropped that would have made adjustments to "reflect current conditions in the textile and apparel industries." Indeed, the Office of the U.S. Trade Representative has said that NAFTA negotiations constituted a fulfillment of the CFTA mandate.

The result of this retention of Tariff Preference Levels—and indeed the increase of levels rather than a lowering—has resulted in an unacceptable surge in imports of this product from Canada. United States industry believes this provision has been used by Canadian producers for "wholesale circumvention of the rule of origin"—and the rule of origin is the foundation of a free trade agreement. The legislation I am introducing today would restore the mandate to monitor and renegotiate the schedule of Tariff Preference Levels by January 1, 1998.

Since 1988, the surge of tailored wool apparel imports from Canada has devastated the United States industry. U.S. production of men's and boys' wool suits has dropped more than 40 percent, and employment has fallen almost 50 percent. At the time of CFTA negotiations, United States industry voiced concern about establishing Tariff Preference Levels for goods made from nonoriginating fabric, but Canada assured United States negotiators that preexisting trade patterns would not be altered. Clearly, this has not happened.

Yet, U.S. industry does not normal access to safeguard actions as provided in other sections of NAFTA which would allow it to petition the U.S. Government for temporary relief from injurious imports. Instead, the wool apparel industry was excluded from NAFTA safeguard action because CFTA provisions were retained instead that reserved the Parties rights under GATT—but did not address quantitative restrictions. This reliance on GATT—now the WTO—only for the U.S. textile and apparel industry in turn imposes limitations on the use of safeguards because of U.S. legislation recognizing the phasehout of the Multifiber Agreement. The effect gives the U.S. wool apparel industry no recourse to safeguard action—a situation that no U.S. trade agreement has allowed in the past.

Even more glaring in the NAFTA is the specific omission of allowed consultations between the United States and Canada for surges of United States imports for wool products entering the United States under quantitative restrictions. The legislation I am introducing would allow the U.S. industry for tailored wool apparel to have normal access to safeguard provisions under the NAFTA.

Mr. Speaker, I believe Congress must take corrective action when it becomes aware that a major piece of legislation unfairly excludes and injures a sector of U.S. industry, especially when this effect was not intended. We owe it to U.S. workers in the tailored wool apparel sector to restore legislation to its original intent and to provide for a normal avenue under U.S. trade law to redress injury from imports.

The text of the bill follows:

H.R. —

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. RENEGOTIATION OF QUANTITIES OF WOOL ARTICLES ELIGIBLE FOR TARIFF PREFERENCE LEVELS.

By not later than January 1, 1998, the President shall take the necessary steps to renegotiate with Canada the annual quantity limitations of tailored wool apparel assembled in Canada from fabric or yarn produced or obtained in a country other than a NAFTA country, that is eligible for preferential tariff treatment under Appendix 6.B.1 to Annex 300-B of the NAFTA, to reflect current conditions in the wool textile and apparel industry located in Canada and the United States, including the ability of tailored wool apparel producers to obtain supplies of wool fabric within the territories of Canada and the United States.

SEC. 2. AVAILABILITY OF SAFEGUARD PROCEDURES.

For purposes of part 1 of subtitle A of title III of the North American Free Trade Agreement Implementation Act (19 U.S.C. 3351) and following)—

(1) the term "Canadian article" shall be deemed to include tailored wool apparel assembled in Canada from fabric or yarn produced or obtained in a country other than a NAFTA country, that is eligible for preferential tariff treatment under Appendix 6.B.1 to Annex 300-B of the NAFTA; and

(2) subsection (d)(2) of section 302 of the North American Free Trade Agreement Implementation Act (19 U.S.C. 3352(d)(2)) shall not apply to articles described in paragraph (1).

SEC. 3. DEFINITIONS.

As used in this Act—

(1) the term "NAFTA" means the North American Free Trade Agreement approved by the Congress under section 101(a) of the North American Free Trade Agreement Implementation Act (19 U.S.C. 3311(a)); and

(2) the term "NAFTA country" has the meaning given that term in section 2(4) of the North American Free Trade Agreement Implementation Act (19 U.S.C. 3301(2)).

A TRIBUTE TO THE AMERICAN YOUTH SOCCER ORGANIZATION

HON. BRAD SHERMAN

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Monday, September 8, 1997

Mr. SHERMAN. Mr. Speaker, I rise today to commend the American Youth Soccer program for its contributions toward promoting athletic activities among children in our community. It is a great honor to rise on behalf of all of those involved in youth soccer.

The American Youth Soccer Organization is an extremely important nonprofit corporation dedicated to promoting youth soccer in our community. This soccer program keeps our kids off the streets, promotes their self-esteem, and puts our children's minds and bodies to work. Both our community and our children profit from this league.

I believe the American Youth Soccer Organization's motto "everyone plays" describes the nurturing environment that this organization strives to provide our children on the soccer field. I am proud to represent and honor an organization that encourages all of our youth to play soccer no matter what abilities they possess.

Finally, the success of the American Youth Soccer Organization would not be possible without its wonderful volunteers. I commend the patience and dedication of all of those who are involved as players, coaches, referees, and spectators.

Mr. Speaker, I ask you and my distinguished colleagues to join me in recognizing the contributions the American Youth Soccer Organization has made to our community. The American Youth Soccer Organization serves as an example for other youth soccer leagues across our Nation.

SARAH GEVING: A STORY OF WORK, FAMILY, AND PERSONAL RESPONSIBILITY

HON. RANDY "DUKE" CUNNINGHAM

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Monday, September 8, 1997

Mr. CUNNINGHAM. Mr. Speaker, Sarah Geving, a constituent of California's 51st Congressional District, has written a personal account about growing up on welfare. Her real-life story shows how the old welfare system encouraged complacency, bred hopelessness, and trapped many families in a cycle of welfare dependency. Sarah's experience taught her that the best way to break free of the welfare trap was not to give people a handout, but to give them a hand up.

Our new welfare reform law does that. It encourages work, family, and personal responsibility, giving people hope and a better chance at the American dream. I am proud to have played a part in reforming the failed welfare system and to share Sarah's story with my colleagues by entering it into the permanent RECORD of the Congress of the United States:

AN AMERICAN SUCCESS STORY

(By Sarah Geving)

My parents got divorced when I was four years old and we went on welfare shortly after that. We were on welfare for the next eight years. Why did we continue to receive hand-outs from the government for nearly a decade? Because the government kept sending them. Was my mom physically disabled during this time? No, or she would have been on physician ordered "disability." And long-term disability at that! The U.S. government enabled my mother to stay home for eight years.

My mom dropped out of high school in the eleventh grade. Do you think that during the years the government "helped" to take care of us, they encouraged my mom to go back and get her G.E.D.? No. Did they encourage her to attend technical schools so that she would be prepared to enter the job market? No. They should have at least required her to go back and finish high school or get her G.E.D.

When my mom decided to get a job, of course she was totally unprepared in terms of skills, so she had to take a minimum wage job. With welfare reform, we must teach people to progress. Education should be encouraged so that families are not struggling for food as we were. This does not mean that I think we should be working to raise minimum wage. I do not. We should be encouraging work, education, and the spirit of volunteerism. Since my family was so poor even when my mom went back to work, we relied on church donations, donations from anonymous people, and when all else failed, we stood in line for food. As demeaning as this was, we did eat. Americans are generous and the private sector will help with welfare reform. If we encourage hard work and education, children will not have to grow up feeling ashamed like I did. Families who are experiencing hard times and are struggling for food need to be counseled to make better choices. Volunteers should not only help provide food, but they should also help people make better choices. Better choices means that poverty will be temporary, not generational.

When I stood in line for food it was hurtful emotionally. I was embarrassed. I didn't want my friends at school to know about my true private life. I spent years feeling ashamed. One thing that did help was having a "Big Brother". A friend of a friend wanted to volunteer as a big brother. Instead of going through an agency and being hooked up with a young boy, this mutual friend hooked him up with me. He was a good example for me because he worked for a living and he gave me advice about college. He treated me like I was a person. My home life was not good and it was helpful to spend time with someone stable once in awhile. We must encourage "big brothers" and "big sisters".

My mom had a lot of problems and often could not take care of us. She could have given us over to the State for awhile. She needed foster homes for us. Instead, her church found temporary homes for us until my mom could take us back. My sister and I think we lived in at least nine different homes. If we had been in State foster care, we probably would not have been able to stay in the same part of town and the same school district. Since stability was always lacking, at least we could stay in the same school. Once again, this illustrates the importance of individuals and the idea of volunteerism.

If I had gotten pregnant at 17 or 18, the government would have been willing to support me and how ever many children I may have had. I was definitely an "at risk" child. I believe that one of the things that saved me was help from people—not the government, but individual people.

Private enterprise, individual people, and volunteerism will be crucial in implementing welfare reform. Ending welfare as an entitlement program will give everyone hope, especially children like I once was.

I knew that I needed to go to college. When I was growing up, I worked hard at school. I studied for and took the S.A.T. tests. One thing that I did not plan for was the college application fee. I remember going to see my high school counselor during my senior year of high school. He had often helped me with questions I had about college. I told him, "Well, it looks like I can't go to USD or any other 4 year college like I had planned. We'll have to talk about community colleges or something else." He said, "What changed your mind?" I told him that I had filled out my application and that at the bottom of the application, there was a statement advising applicants that the application fee was $25.00. There was no way I could come up with that. He didn't say much, but asked me to come back the next day to discuss it further. I did. When I showed up for the appointment, he handed me an envelope and told me to go home and send in my application. After leaving his office, I opened the envelope to see what was inside, and there was $25.00 cash. I didn't think too much about it at the time, although I was thankful. Now that I am older, that incident keeps coming back to me.

At the time, I guess I assumed that money came out of some school fund. Looking back on it, I think it probably came from his own pocket. On my current list of "things to do" is to hunt him down and pay him back. He would probably be happy to know that I did go to and graduate from college. This is a great example of people helping people. This is what welfare reform is all about.

As a society, it is our duty to teach people to take care of themselves. The government should not do for individuals what they are capable of doing for themselves. When the founders of our country first came to America, they came knowing they would work hard. We need to return to those values.

I have learned this. If you remain fixed in purpose, and strive to achieve your goals, you will succeed in this country. We live in a great country. If I had been born in India and into the caste system, I would still be poor today. If I had been born in a Third-world country, such as Panama or Mexico, I would still be poor today. This country was founded on the principles of hard work. Hard work made this country great. This is the land of opportunity.

Thank you to the elected officials who voted for welfare reform. Thank you to the elected officials who want to return this country back to the idea of smaller government and more personal responsibility.

CONGRATULATIONS TO LOCAL 210 AND JOHN CUNNINGHAM

HON. ROSA L. DeLAURO

OF CONNECTICUT

IN THE HOUSE OF REPRESENTATIVES

Monday, September 8, 1997

Ms. DELAURO. Mr. Speaker, on October 4, 1997, the United Brotherhood of Carpenters and Joiners of American Local 210 will be celebrating its Diamond Anniversary and also recognizing John Cunningham who has recently retired as president of the New England

District Council of Carpenters and president/general agent of Local 210. I am very pleased to rise today to congratulate Local 210 for reaching this extraordinary milestone and to offer my warmest congratulations to John on the occasion of his retirement after 41 years of leadership.

John is a wonderful friend of mine and I am delighted to have an opportunity to speak about his extraordinary record of accomplishments. John has overseen a number of new programs and policies during his tenure with Local 210. All these programs demonstrate his unwavering commitment to the welfare of workers. Beginning in 1968, Local 210 kicked off the very first apprentice program in all of New England. Today, that program is based in Norwalk with 125 active trainees. John's focus has always been on helping others, not only workers but also their families.

To this end, John oversaw the creation of a credit union to give members access to low-cost loans and a scholarship fund to make college money available to children of union members. However, the best example of John's exceptional commitment to members is his actions after the 1987 collapse of the L'Ambiance construction site in Bridgeport. Local 210 became the focal point of the National Building Trades Council effort to help the family members of those workers killed in the collapse. Under John's leadership, Local 210 raised more than $300,000 for the families. I am sure that many people are very grateful to John and Local 210 for spearheading this effort and for making this issue a priority for everyone.

John Cunningham's lasting legacy, however, is his deeply held belief in the importance of unions and the need for organized labor. He recognizes that it is only by sticking together that labor has been able to achieve all the reforms and benefits that have made the workplace safe and secure for workers and their families. Unions are as relevant and important today as they were when workers first began to organize in this country. It is the work and commitment of leaders like John Cunningham and organizations like Local 210 that keeps us all vigilant and dedicated to the continued improvement of the lives and working conditions of laborers in this country.

Again, it is my great pleasure to rise today to congratulate Local 210 on its 100th anniversary and to thank John Cunningham for 41 years of dedication and leadership.

CONGRATULATIONS TO SHELLY MOORE, MISS TEEN USA

HON. JOHN J. DUNCAN, JR.

OF TENNESSEE

IN THE HOUSE OF REPRESENTATIVES

Monday, September 8, 1997

Mr. DUNCAN. Mr. Speaker, I am proud that a fine young woman from my district, Shelly Moore, has been chosen Miss Teen USA. This is a tremendous accomplishment and I want to congratulate Ms. Moore and wish her the very best as she serves as the main representative for young people all over the Nation.

I would like to call to the attention of my colleagues and other readers of the CONGRESSIONAL RECORD an article and editorial from the Knoxville News Sentinel.

[From the Knoxville News Sentinel, Aug. 22, 1997]

NEW MISS TEEN USA WANTS TO USE TITLE TO BE STRONG ROLE MODEL

(By Nicole Pascoe)

Knox County teenager Shelly Moore said Thursday she is still on cloud nine after winning the 15th annual Miss Teen USA pageant, held at South Padre Island, Texas.

The 1997 South-Doyle graduate, daughter of Garland and Tammy Rhoden, was crowned Wednesday night and is taking home about $150,000 in cash and prizes.

Moore, interviewed by phone while packing to return to Knoxville, said the experience was both exciting and unforgettable.

"It was a wonderful experience. I still can't believe I'm Miss Teen USA," she said. "I was just an average girl yesterday, and in my mind I still am, but it's very exciting."

Moore, 18, said as part of her title she will do a good deal of public speaking and traveling, mainly back and forth to Los Angeles. "I just want to be a good role model," said Moore.

JoAnna Lochen, Moore's cheerleading coach and a home economics teacher at South-Doyle, thinks Moore will have no trouble upholding her title.

"She's steps above anybody and she's a real strong leader. She has a very strong moral upbringing and belief in God," she said.

Lochen said she wasn't surprised that Moore was crowned Miss Teen USA. "She is who she says she is. She looks as beautiful in sweats with her hair pulled back as she did at the pageant," said Lochen.

Moore entered her first pageant one year ago. She claimed the title of Miss North Tennessee, and that led her to the state pageant, in which she also placed first.

Moore plans to enter the University of Tennessee for the second semester and will major in broadcasting. When asked at the pageant whom she would like to interview, she replied former University of Florida quarterback Danny Wuerffel, last year's Heisman trophy winner and now a backup quarterback with the New Orleans Saints.

[From the Knoxville News Sentinel, Aug. 25, 1997]

STAYING ON CLOUD NINE

KNOXVILLE GIRL CAPTURES A NATIONAL TITLE, MISS TEEN USA CONTEST

Shelly Moore may never descend from cloud nine—and that's OK with us.

Moore, a 1997 graduate of South-Doyle High School and soon-to-be freshman at the University of Tennessee, won the 15th annual Miss Teen USA pageant held at South Padre Island, Texas. She is the daughter of Garland and Tammy Rhoden.

The experience was as exciting as it was unforgettable. "I was just an average girl yesterday," she said in an interview after she was crowned Wednesday, "and in my mind I still am, but it's very exciting."

The 18-year-old said she will be speaking and traveling a great deal as part of her title. She plans to enter UT for the second semester and will major in broadcasting. As Miss Teen USA, she will take home about $150,000 in cash and prizes.

Moore entered her first pageant a year ago, claiming the title of Miss North Tennessee. That crown led to the state pageant, which she also won.

Her goal is to be a good role model. No problem there, say those who know her.

"She steps above anybody, and she's a real strong leader," says JoAnna Lochen, Moore's cheerleading coach and a home economics teacher at South-Doyle. "She has a very strong moral upbringing and belief in God."

Lochen also said she wasn't surprised that Moore was crowned Miss Teen USA. "She is who she says she is," Lochen said. "She looks as beautiful in sweats with her hair pulled back as she did at the pageant."

We hope the euphoria Shelly Moore is feeling right now never wears off. We offer our congratulations on winning the title and wish her all the best in the exciting year ahead.

TRIBUTE TO TOM KINARD

HON. JAMES E. CLYBURN

OF SOUTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Monday, September 8, 1997

Mr. CLYBURN. Mr. Speaker, I rise today to pay tribute to a man who has been a strong voice in his community for years. Tom Kinard. It is my pleasure to recognize Mr. Kinard today as he celebrates 10 years of broadcasting his show, Kinard n' Koffee, on WJMX–AM in Florence, SC. I have had the pleasure of being one of his guests on several occasions, and I join with all of his listeners in congratulating him for 10 years of outstanding broadcasts.

During the 10 years that Kinard n' Koffee has been broadcast, Mr. Kinard has received numerous awards for his unique style and commitment to his community. Among his accomplishments are six-time South Carolina Radio Personality of the Year, five-time National Association of Broadcasters Marconi Finalist for Medium Market Radio Personality, and South Carolina Music and Entertainment Commission Personality of the Year. Mr. Kinard has also received the South Carolina Broadcaster's Association's highest honors for public service with The Richard M. Uray Public Service Award for Outstanding Service to the Community and the highest honor an on-air broadcaster can receive as recipient of the 1996 Master's Award. Among his numerous other awards, Mr. Kinard has been awarded the prestigious Order of the Palmetto, the State of South Carolina's highest honor.

Mr. Kinard's service to his community goes far beyond the radio show that so many hear every morning. He worked with numerous civic groups to aid local charities and promote education. Last winter, Mr. Kinard organized the Kinard-n-Koat drive to collect over 2,000 much needed coats for children and adults in the community. He had listeners send in over 100,000 Christmas cards through Kinard-N-Kristmas Kards for children in local hospitals, and he asked the community to help the soldiers of Desert Storm enjoy a small treat when over 5,000 gallons of Kool-Aid were sent to the Middle East. Mr. Kinard has also spread the holiday message to thousands in the southeast each year with his narrative presentation of "The Other Wise Man" He has given 30–40 presentations a year since 1976.

Mr. Speaker, I ask that the Members of the House of Representatives join me in saluting Mr. Kinard who is not only a powerful radio voice in South Carolina, but a dedicated citizen in his community. I congratulate him on

10 years of Kinard n' Koffee and wish him Godspeed in his future endeavors.

WELFARE REFORM IS WORKING

HON. RON PACKARD

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Monday, September 8, 1997

Mr. PACKARD. Mr. Speaker, in 1996, more than 1.3 million people left the welfare rolls. And more than 650,000 of those left in just the last 4 months of the year—following the enactment of the Personal Responsibility and Work Opportunity Act. This is truly a success. Former welfare recipients across the Nation, from San Diego to Atlanta to Boston, have touted our welfare reform bill as the best thing that ever could have happened to them. One former recipient even said, "My life is so much better. I feel better about myself." Another said, "This is the best thing I ever could've done for myself."

We are now witnessing the most dramatic decline in welfare caseloads in the 60-year history of welfare as a result of our efforts to change the mind-set surrounding welfare and to give States more flexibility to design their own programs. But to give credit where credit is due, States and communities across the country are well ahead of Washington. This is where the success stories are being created. And this is where the shift in attitude is taking place on a daily basis.

Mr. Speaker, as our Nation moves away from the failed welfare policies of the past, the role of Washington must be to give States the power and resources to begin moving people into self-sufficiency. We must encourage, promote and empower neighbors, charities, churches, small businesses, and community organizations to be more active in rebuilding strong communities.

Welfare offices now judge their success not by how many people are on welfare, but by the number of people they have moved off welfare into a life of dignity and independence. The focus is now on helping families out of poverty, not keeping them in it. I'd say it's obvious that welfare reform really is working.

TRIBUTE TO JULIA MCNAMARA

HON. ROSA L. DeLAURO

OF CONNECTICUT

IN THE HOUSE OF REPRESENTATIVES

Monday, September 8, 1997

Ms. DELAURO. Mr. Speaker, on September 25, the New Haven Colony Historical Society will present Dr. Julia McNamara with the prestigious Seal of the City Award. Julia McNamara is the president of Albertus Magnus College in New Haven. I am very pleased to rise today to recognize Julia's distinguished work on behalf of the city of New Haven and to congratulate her on this honor.

Since 1992, the Seal of the City is awarded annually, in the words of the historical society, "to the person or institution whose activities or ideas have significantly added to the quality of life, the prosperity, or the general improvement of the region." I cannot think of a more deserving recipient than Julia McNamara. Julia has been president of Albertus Magnus for 15 years and her tenure there has seen some extraordinary changes.

Julia presided over the transition to a coeducational facility, and oversaw the initiation of the popular accelerated degree program. The accelerated degree program has allowed many working individuals to pursue degrees that would otherwise remain inaccessible. This program compliments Julia's deep commitment to education and the liberal arts.

Those who know Julia have an easy time describing both her demeanor and values. Dynamic and energetic, Julia is an engaging presence. Students and co-workers hold her in high esteem and consider her down-to-earth and, at the same time, inspirational. Many students at Albertus Magnus consider her an outstanding role-model. She is constantly encouraging students to embrace all that life has to offer, to question their beliefs and to never stop pursuing knowledge. Julia firmly believes that learning does not end outside the classroom and her deeply held belief that we are all responsible to every member of the community is evident in the community service she undertakes.

Julia's involvement in the community is an inspiration for many. She has served on a number of boards and made history in New Haven by becoming the first woman to serve on the Committee of the Proprietors of the Common and Undivided Lands, which oversees the use of the New Haven Green. She has served on the board of trustees for Yale-New Haven Hospital, on the board of directors for the 1995 Special Olympics World Games and is a member of the fundraising committee for the Greater New Haven Vision Project.

Again, it gives me great pleasure to recognize the extraordinary contributions of Julia McNamara to the people and the city of New Haven. Congratulations to her.

HAPPY ANNIVERSARY NORMA AND MAURICE TREXLER

HON. GLENN POSHARD

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Monday, September 8, 1997

Mr. POSHARD. Mr. Speaker, I rise today to recognize Maurice and Norma Jane Trexler, who celebrated their golden anniversary on August 17. Married in Mayfield, KY, the couple moved to Vandalia, IL more than 42 years ago and have resided there ever since. They have given that community a great deal in return, including a loving family and their involvement in numerous civic endeavors. I am proud to call the Trexlers my friends, and congratulate them on achieving this glorious milestone.

The Trexlers are both retired, Maurice having been with the Illinois secretary of state's office as the manager of a driver's license facility, and Norma June serving with Fidelity Federal Savings and Loan for 28 years. Now they concentrate on their large family. Their children, Charles, Robert, Kent, and Kathy, have blessed them with seven grandchildren and one great-grandchild. They also have more time for golf, which they play as often as possible.

The Trexlers also continue to devote their extensive talents to their community. Maurice has been a Democratic precinct committeeman for more than 30 years, serving as Fayette County Democratic chairman the past 14 years. He also belongs to the Moose Lodge, Lions Club, Masonic Lodge, and the Shriners, where he has been an inspiring leader of his peers and family. Norma also contributes to the Moose Club as a leader of its women's group and has worked side by side with Maurice on many community endeavors.

Through their strong desire to serve their community, Maurice and Norma June have set an example for all the lives they have touched together. Their family has been a witness to their respect for each other and their devotion to the institution of marriage. Mr. Speaker, I believe the Trexlers are an inspiration to the entire Nation, and it is an honor to represent them in the U.S. Congress.

INTRODUCTION OF H.R. 2429, THE SMALL BUSINESS TECHNOLOGY TRANSFER PROGRAM REAUTHORIZATION ACT OF 1997

HON. F. JAMES SENSENBRENNER, JR.

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Monday, September 8, 1997

Mr. SENSENBRENNER. Mr. Speaker, I rise today to introduce H.R. 2429, a bill to reauthorize the Small Business Technology Transfer [STTR] Program through the fiscal year 2000. I am joined on the bill by Chairman TALENT and Ranking Member LAFALCE of the Small Business Committee, Science Committee ranking member GEORGE BROWN, Chairwoman MORELLA and Ranking Member GORDON of the Technology Subcommittee, Subcommittee on Government Programs and Oversight Chairman BARTLETT and Ranking Member POSHARD, and Science Committee member TOM DAVIS.

Mr. Speaker, I would like to begin by thanking Chairman TALENT of the Small Business Committee for his efforts to ensure a smooth reauthorization process for STTR, a program over which our two Committees share jurisdiction. It has been a pleasure working with him and his committee staff.

STTR was created as a pilot program during the 1992 reauthorization of the Small Business Innovation Research [SBIR] Program. The program requires Federal agencies with extramural R&D budgets in excess of $1 billion to set aside 0.15 percent of that budget for technology transfer from Government to small business. This set-aside provides funding for ideas, that are cooperatively researched and developed by small businesses and nonprofit research institutions, such as universities.

Five agencies currently participate in the STTR Program. They are the National Aeronautics and Space Administration, Department of Defense, National Institutes of Health, Department of Energy, and the National Science Foundation. In fiscal year 1995, the STTR Program issued a total of 260 awards, totaling over $33 million.

STTR's authorization will expire on September 30, 1997. H.R. 2429 will extend the program's life through fiscal year 2000, the same year the authorization for SBIR expires.

STTR and SBIR have similar structures. The programs are divided into three phases. Phase I is the development stage of the idea. Awards for this phase may total up to $100,000 in both programs. Phase II allows for further development of the most promising ideas from phase I. These awards can be as much as $500,000 in the STTR Program, and $750,000 in the SBIR Program. The final phase, phase III, is the commercialization of the product, or the use of that product by the Federal Government. The STTR and SBIR set-asides are not used for phase III grants.

Unlike SBIR, STTR requires the participation of a research institution in all its awards. STTR was designed to take ideas that originated in universities and laboratories, and develop them through a cooperative agreement with a small business entity. Under SBIR, universities can play a limited role in the program, but their participation is not required.

While STTR and SBIR are similar programs, they differ vastly in scale. In fiscal year 1995, SBIR made over 4,000 awards totaling over $800 million. In fiscal year 1997, SBIR grants will total over $1 billion. SBIR was created in 1982 to increase the participation of small, high-technology companies in Federal R&D. This was done by requiring Federal agencies with large R&D budgets to set aside 2.5 percent of their extramural research funding.

In the first 3 years of the program, STTR has awarded 784 grants totaling just over $115 million. These relatively low totals make it impossible to accurately measure the success of the program. However, there appears to be enough anecdotal evidence that the program is working to warrant its extension for an additional 3 fiscal years. At that time, it is my hope that the Science Committee, working with the Small Business Committee, can do a thorough review of not only STTR, but also the $1 billion SBIR Program.

HONORING CALIFORNIA HISTORY WEEK IN THE 34TH CONGRESSIONAL DISTRICT OF CALIFORNIA

HON. ESTEBAN EDWARD TORRES

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Monday, September 8, 1997

Mr. TORRES. Mr. Speaker, I rise today to honor the rich history of the Great State of California. On Tuesday, September 9, 1997, the Native Daughters of the Golden West, Rancho La Puente Parlor No. 331, will join in celebration of the anniversary of California's admission into the Union of the United States of America.

California became the 31st State of the Union on September 9, 1850, which became known In Cal as Admission Day. The purpose of the Native Daughters of the Golden West is based on the principals of love of California, devotion to the flag, veneration of the pioneers, and faith in the existence of God. This fine organization tirelessly serves to protect and honor the cultural history of California by observing Admission Day and working to reestablish it as a State holiday by California's 150th anniversary in 2000.

In acknowledgment of the cultural, social, political, geological, and economic contributions of the Great State of California to the Nation and the world, I am proud to join with the Native Daughters of the Golden West and Californians throughout the State and proclaim September 7–13, 1997, as California History Week in the 34th Congressional District of California.

Mr. Speaker, I ask my colleagues to join me in observing Admission Day and honoring the Great State of California.

PERSONAL EXPLANATION

HON. ELIOT L. ENGEL

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Monday, September 8, 1997

Mr. ENGEL. Mr. Speaker, I was necessarily absent during rollcall vote 366. If present, I would have voted "no" on rollcall 366.

150TH ANNIVERSARY OF BELL AFRICAN METHODIST EPISCOPAL ZION CHURCH

HON. MICHAEL P. FORBES

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Monday, September 8, 1997

Mr. FORBES. Mr. Speaker, I rise today in this hallowed Chamber to ask my colleagues to join me in offering praise and congratulations on the 150th anniversary of the Bell African Methodist Episcopal Zion Church, in Center Moriches, Long Island.

The humble beginnings of the Bell AME Zion Church can be traced to 1840, when a small prayer group of faithful friends gathered in the homes of family and neighbors to practice their faith. Born a slave in 1808, Abraham Perdue demonstrated the foresight that made him a successful businessman by initiating the effort to create for the local African-American community their own church.

With the help of his brother Harry and friend Harry Howard, they purchased property on what is now Railroad Avenue in Center Moriches. For the amount of $400—a vast sum for the time—the African-American community erected the small church, began services, and the little congregation flourished, experiencing the human joys and sorrows that visit us all. They baptized their babies and married their spouses inside, and buried their loved ones in the cemetery in back.

After an original affiliation with the African Methodist Conference, in 1897 the congregation elected to join with the African Methodist Episcopal Zion Conference. In this era in its history, less than 10 years since Abraham Perdue passed away, the congregation was held together thanks to the efforts of Sister Mary E. Bell. Following her death in 1920, church members immortalized Sister Bell's lifetime good work for the Lord by naming the church the Bell AME Zion Church.

Faced with declining membership, Bell AME Zion ended weekly services in 1914 and remained closed for several years. But an invigoration of African-American emigrants from the South, seeking jobs at local farms, allowed the church to reopen its doors in 1922, and the African Methodist Conference sent Rev. William E. Wright to serve as pastor. Five years later, a board of trustees was appointed and much needed renovations and repairs were made to the church.

By 1932, the church members again chose to affiliate with the African Methodist Episcopal Zion Conference and Pastor Rev. Elliot S. Travalee began an aggressive effort to expand the congregation and church building. Ground was broken on the addition in September 1954. Since then, Bell AME Zion Church experienced phenomenal growth, as the suburbs of New York City received millions of new residents. With growth came the blessings of a new Sunday school, the purchase of the church organ that is still used today and the creation of Christian Education classes. By 1990 a building drive was started for the many needed renovations to this vital and growing church.

Mr. Speaker, our churches, temples, and mosques are the true cornerstones of our communities, the bedrock on which our faith, values, and sense of purpose rest. With the faith and good work that makes their Christian community so vital, the Bell African Methodist Episcopal Zion Church has overcome times of want and despair, and today flourishes as a proud beacon of spirituality. We are proud and blessed to count this wonderful church as an important cornerstone of our Long Island community. May God continue to bless their work for another 150 years and beyond.

PAYING TRIBUTE TO NORMAN W. JETER

HON. JERRY MORAN

OF KANSAS

IN THE HOUSE OF REPRESENTATIVES

Monday, September 8, 1997

Mr. MORAN of Kansas. Mr. Speaker, I rise today to salute the distinguished career of Norman W. Jeter of Hays, KS. Mr. Jeter came to Ellis County 60 years ago after graduating from the University of Kansas Law School. He was elected Ellis County attorney in 1938 and established his own law practice in Hays. Later, he was a member of the Hays school board and chairman of the Kansas Board of Regents.

The Jeter Law Firm grew with the county. Over the years, Mr. Jeter represented banking, oil, and agricultural interests as he saw them become the State's premier industries. The firm itself, to which Mr. Jeter's two sons Joe and Bill now belong, has produced a justice on the Kansas Supreme Court and this U.S. Congressman.

At the age of 85, Norman Jeter is the Cal Ripken of the Kansas legal profession. He still puts in at least 5 hours a day and is often the first person in the office. His dedication to his profession and his knowledge of the law are respected throughout the State of Kansas. He is the kind of elder statesman that every community needs and all too often lacks. In June, Mr. Jeter received the Distinguished Alumnus Award from his colleagues in the KU Law Society, a fitting tribute to the successful career of an extraordinary man.

When Norman Jeter boarded a train to Hays, KS, in the midst of the Great Depression, he came on the hope that Hays would be a great town someday. Indeed, Mr. Speaker, Hays grew into a thriving community, the home of an excellent State university and the commercial center of northwest Kansas. Along the way, Hays residents benefited from the sage advise of Mr. Jeter. Norman Jeter is proof that the practice of the law can still be an honorable profession and that service to one's community can still make a difference. I would ask that my colleagues join me today in paying tribute to Norman Jeter and his 60 years of service to the people of the First District.

CAMPAIGN FINANCE REFORM

HON. RON KIND

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Monday, September 8, 1997

Mr. KIND. Mr. Speaker, 1 week in our final legislative session has already passed without a vote on campaign finance reform. Members of Congress, as promised, have begun to use parliamentary procedures to slow down the legislative process. This is unfortunate, but inevitable. Frankly, I and many other Members are increasingly frustrated with the fact that no vote has been scheduled on campaign finance reform.

A front page article in the Washington Post this Sunday highlighted Senator MITCH MCCONNELL. Senator MCCONNELL's belief is that money represents free speech. While I may disagree with the Senator's views on this issue at least we know where he stands. The vast majority of Members of Congress have not made it clear where they stand on campaign finance reform. They do not have to, because they have not had to express their vote on the floor of the House. The public is demanding action on this issue. Now is the time, Mr. Speaker, to let the public know where their Representative in Congress stands on campaign finance reform. The only way that will happen is through a vote on the floor of the House.

As a sponsor of the Bipartisan Campaign Integrity Act I believe this bill offers the best vehicle to fix the current system. There are many other bills that would make the election process work better and encourage more people to vote. At this time a vote on any of these bills is better than the current inaction.

IN MEMORY OF MARK HOLTZ

HON. KAY GRANGER

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Monday, September 8, 1997

Ms. GRANGER. Mr. Speaker, I rise today to commemorate Mark Holtz, whose untimely passing yesterday will be mourned by many throughout North Texas.

Many players, coaches, and managers wore the Texas Rangers uniform over the last 17 years, through good seasons and bad. But there was always one constant: Mark Holtz—the voice of the Rangers.

He and his broadcast partner of many seasons, Eric Nadel, brightened North Texas nights year in and year out with their seamless calls of Rangers games. The bonds baseball fans throughout the region felt with him were so strong that it was as though a member of their family had joined them each night on the radio from the ballpark.

And when the Rangers struggled through a losing season, Mark's call of the game made listening to the game a pleasure in itself, even if the outcome on the field was not.

But the Rangers have been much improved over the last few years, and fittingly, the last game he worked this past May was a Rangers victory. After the game, Mark was able to sign off the broadcast with his trademark "Hello, win column!" he uttered after each win for the home team.

After that final game, Mark left the broadcast booth so that he could battle leukemia. During his courageous battle, thousands of Rangers fans signed a giant get-well card for Mark, demonstrating the deep feelings which many throughout North Texas had for him.

Mark will be missed dearly by those who had the pleasure of listening to his distinctive voice on the airwaves. As Rangers president Tom Schieffer noted, Mark "brought us joy and laughter about the game of baseball. He will be missed sorely. We are not likely to see his kind again."

ON THE DEATH OF MOTHER TERESA

HON. TIM ROEMER

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Monday, September 8, 1997

Mr. ROEMER. Mr. Speaker, it was with great sadness that I learned Friday of the passing of one of the most remarkable women to ever grace our planet, Mother Teresa of Calcutta.

Mother Teresa dedicated her life of serving the poor, the destitute, and the most helpless among us. In so doing, she set an example for all people of the world to live by. She demonstrated that love and kindness and hope are far greater rewards than any material goals. Her selfless dedication to humanity and charity will never be forgotten. She devoted her life to those with less—the helpless and the homeless. She did not hesitate to visit a slum or leper colony. She truly lived Jesus Christ's proclamation in the bible: "What you do to the least of us you do unto me."

I feel so fortunate to have had the opportunity to hear Mother Teresa speak twice in my lifetime: once at the Congressional Prayer Breakfast in 1995 and most recently at the award ceremony where she was presented with the Congressional Gold Medal. Listening to her speak, listening to her conviction, her dedication to the poor, I truly believed I was in the presence of a saint. She was humble and modest, but strongly committed to the poor, the unborn, and the hungry.

Mother Teresa's work will carry on through the missionaries of charity which she founded, but she will be missed. I admired her greatly and pray that she, in her infinite faith, is joyfully reunited with her God.

A TRIBUTE: TO ONE OF MY DEAREST FRIENDS, THELMA PAULINE MILLER, MAY SHE REST IN PEACE

HON. GLENN POSHARD

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Monday, September 8, 1997

Mr. POSHARD. Mr. Speaker, I would like to pay tribute to one of my dearest friends, Thelma Pauline Miller. She passed away on July 27, leaving a legacy of kindness and consideration that will be remembered by all who knew her. Thelma was not just a great friend of mine, but a friend to the entire community of Herrin, IL. Born on January 23, 1918 in Brookport, IL, Thelma was married for 43 years to Carl Miller, who served as Winston County Sheriff. Carl preceded her in death as did her parents, Bryan and Clara Johnson, and her sister Geraldine Burgoon.

Thelma touched many people through her devoted work to numerous causes. She was never afraid to roll up her sleeves and get the job done, contributing her time to the Business and Professional Women's Club, Win One Class, First Christian Church in Herrin, and the Veterans of Foreign Wars Auxiliary and Eagles Auxiliary. She was also active in politics, serving as a Democrat State central committeeman and as Williamson County chairwoman. Professionally, Thelma worked for the Department of Unemployment for 12 years.

Thelma will be remembered by many people whose lives she graced over the years. She is survived by a loving family, including her daughter Linda, son, John, brother Howard Eugene, five grandchildren, and two great grandchildren. May God bless her family, and I know that the spirit with which she lived her life will be with us for some time to come.

18TH & VINE DISTRICT

HON. KAREN McCARTHY

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Monday, September 8, 1997

Ms. MCCARTHY of Missouri. Mr. Speaker, I rise to acknowledge an event that I attended this weekend which exemplifies the rich heritage of the Fifth District of Missouri and demonstrates the phoenix-like results that can come from congressional investments for urban revitalization and bipartisan cooperation to improve our urban centers. That event was the opening of the historic 18th & Vine District Jazz Museum and historic Gem Theater.

Kansas City has made a significant contribution to the great American art form known as jazz. The 18th & Vine District is steeped in history, with the old Attucks School on 18th and Woodland which Charlie Parker attended, and the Street Hotel on 18th and Paseo where all of the great players, like Josh Gibson and Rube Foster stayed. The District also includes the Shannon Building on 18th and Vine, where Joe Louis trained, and the Mutual Musicians' Foundation which is registered as a national landmark. This weekend, the area came alive with the music of jazz legends such as Clause (Fiddler) Williams and 81-year-old big band leader Jay McShann.

The 18th & Vine Project truly represents the best of American ingenuity and public-private partnership. When the project appeared to be in limbo, and public skepticism was running high, creativity came to the rescue and Federal empowerment zone funds were made available to continue this marvelous effort. Private sector commitments came from large corporations such as Sprint planning to open a call center in the district, and small business such as Winslow's BBQ agreeing to manage the Blue Room night club in the jazz museum. Further evidence of the public-private commitment can be seen in the opening of Count Basie Court Apartments, which was a collaborative effort joining the local private Citizen Housing Information Center and Black Economic Union with Federal housing development initiatives.

The Federal empowerment zone initiative is critical for directing resources to revitalize urban areas. Kansas City is maximizing this tool for economic development within our communities and neighborhoods. The congressional bipartisan tax relief package, recently signed into law by the President, included not only an expansion of the empowerment zone initiative, but also a perfect compliment—the brownfields initiative, which provides incentives to transform economically distressed areas and hazardous waste sites into thriving economic centers by providing developers and businesses with a tax credit to improve and reclaim the land.

What is happening in Kansas City is a stellar example of the way the partnership between the public and private sectors and the Federal, State, and local governments can work, and a fundamental reason that the Environmental Protection Agency chose to hold its 1997 national brownfields conference here last week. Initiatives such as the 18th & Vine District, building upon the heritage and unique qualities of that community, create jobs within the community—bolstering local welfare to work activities—and cleaner, safer, and more livable neighborhoods out of areas that were urban blight

Mr. Speaker, I ask that you join me in recognizing the efforts of the community embodied in the opening of the 18th & Vine Historic Jazz Museum and Gem Theater and acknowledging the accomplishment of this important public-private partnership. It serves as an example of successful coordination among economic development, welfare-to-work initiatives, and environmental cleanup in our great Nation.

EXPRESSING THE CONDOLENCES OF THE HOUSE IN THE DEATH OF DIANA, PRINCESS OF WALES

SPEECH OF

HON. PATSY T. MINK

OF HAWAII

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 4, 1997

Mrs. MINK of Hawaii. Mr. Speaker, the outpouring of emotion following the tragic death of Princess Diana is extraordinary. We were stunned at the news of her death and as the hours and days passed we realized that it was more than the loss of a famous person; it was a phenomenal feeling of personal loss that stretched across the whole world.

Here was a woman of noble birth who in a fairy tale episode became royalty and then the mother of the next King of England. People watched and were awed by her spectacular beauty and grace as she entered this rigid and seemingly immutable world. We worried that she would be smothered like the others by the ritual and the rigidity of the palace rules. Or worse, that she would lose her individuality and be stripped of her independence and humanity. Instead she demonstrated a resilience to stand her ground and unflayingly express words of understanding about the awful pain, suffering and despair so prevalent in the world at large. From her own hurt and from her giving we all learned the power of love.

Despite her own personal problems, including her failed marriage and the public abuse that she had to endure, she was able to maintain a strong loving relationship with her two sons. She exemplified this devotion to her children by trying to assure that her two sons had an understanding about the reality of life among ordinary people. She took them with her as often as she could. She tried to translate into their life experiences her own deep abiding belief that people have a responsibility to love and care for those who are ill and who are in need of help.

She ultimately lost any formal power, authority or office from which to plead the causes which she cared so deeply about. But she was not deterred. Most people would have become distraught at the loss of station and position. But not Princess Diana. I believe that it is this undauntable spirit that people admire most. Each of us wish that we could be as strong and as determined to follow our will. In adversity Princess Diana gained in strength and personal determination.

In our world of politics, public people who stand up for the unfortunate, the homeless, the poor, and the hungry are offered derision rather than praise. Women who stand up for themselves and give care to others win suspicion rather than admiration.

My heart is filled with admiration for what Princess Diana did to mobilize public opinion in support of human causes like poverty, AIDS, Hansen's disease, cancer, homelessness, and for her fight to seek an international treaty against land mines. My heart is filled with pride that this woman earned respect and affection on a scale unparalleled in our lifetime and in this century.

I hold Princess Diana in the highest personal esteem for the glory that she brought to those in our world who care for people in despair. She celebrated their efforts and gave encouragement to their commitment. Her words were directed to governments to do more, to care more and to work harder to find ways to end this misery. She venerated those who love the poor and the sick and made their work a matter of honor.

The brief life of Princess Diana teaches us that the importance of life is what we are able to do for others.

SENATE COMMITTEE MEETINGS

Title IV of Senate Resolution 4, agreed to by the Senate on February 4, 1977, calls for establishment of a system for a computerized schedule of all meetings and hearings of Senate committees, subcommittees, joint committees, and committees of conference. This title requires all such committees to notify the Office of the Senate Daily Digest—designated by the Rules Committee—of the time, place, and purpose of the meetings, when scheduled, and any cancellations or changes in the meetings as they occur.

As an additional procedure alors win suspicion rather than admiration.

My heart is filled with admiration for what Princess Diana did to mobilize public opinion in support of human causes like poverty, AIDS, Hansen's disease, cancer, homelessness, and for her fight to seek an international treaty against eptember 9, 1997, may be found in the Daily Digest of today's RECORD.

MEETINGS SCHEDULED

SEPTEMBER 10

9:30 a.m.

Commerce, Science, and Transportation

To hold hearings on the nominations of Heidi H. Schulman, of California, and Katherine Milner Anderson, of Virginia, each to be a Member of the Board of Directors for the Corporation for Public Broadcasting, Robert L. Mallett, of Texas, to be Deputy Secretary, and W. Scott Gould, of the District of Columbia, to be an Assistant Secretary, both of the Department of Commerce, and Sheila Foster Anthony, of Arkansas, to be a Federal Trade Comissioner.

SR–253

Energy and Natural Resources

To hold oversight hearings to review Forest Service organizational structure, staffing, and budget for the Alaska region.

SD–366

10:00 a.m.

Commerce, Science, and Transportation

Business meeting, to consider the nominations of Heidi H. Schulman, of California, and Katherine Milner Anderson, of Virginia, each to be a Member of the Board of Directors of the Corporation for Public Broadcasting.

SR–253

Governmental Affairs

To continue hearings to examine certain matters with regard to the committee's special investigation on campaign financing.

SH–216

10:30 a.m.

Finance

To hear and consider pending nominations.

SD–215

2:30 p.m.

Foreign Relations

To hold hearings on the nominations of Thomas J. Dodd, of the District of Columbia, to be Ambassador to the Republic of Costa Rica, Donna Jean Hrinak, of Virginia, to be Ambassador to the Republic of Bolivia, and Curtis Warren Kamman, of the District of Columbia, to be Ambassador to the Republic of Colombia.

SD–419

Select on Intelligence

To hold a closed briefing on intelligence matters.

SH–219

SEPTEMBER 11

9:00 a.m.

Agriculture, Nutrition, and Forestry

To hold hearings to examine the implications for farmers of the recently proposed Global Tobacco settlement.

SD–106

9:30 a.m.

Energy and Natural Resources

To hold hearings on S. 660, to provide for the continuation of higher education through the conveyance of certain public lands in the State of Alaska to the University of Alaska, and S. 1092, to provide for a transfer of land interests in order to facilitate surface transportation between the cities of Cold Bay, Alaska, and King Cove, Alaska.

SD–366

10:00 a.m.

Foreign Relations

To hold hearings on the nominations of Susan E. Rice, of the District of Columbia, to be Assistant Secretary of State for African Affairs, Brian Dean Curran, of Florida, to be Ambassador to the Republic of Mozambique, Timberlake Foster, of California, to be Ambassador to the Islamic Republic of Mauritania, Amelia Ellen Shippy, of Washington, to be Ambassador to the Republic of Malawi, and Nancy Jo Powell, of Iowa, to be Ambassador to the Republic of Uganda.

SD–419

Governmental Affairs

To continue hearings to examine certain matters with regard to the committee's special investigation on campaign financing.

SH–216

Labor and Human Resources

To hold hearings to examine the confidentiality of medical information.

SD–430

2:00 p.m.

Energy and Natural Resources

National Parks, Historic Preservation, and Recreation Subcommittee

To hold hearings to review the implementation of the Commemorative Works Act (P.L. 99-652, as amended) and the administrative and public process involved in the site selection of the World War II Memorial and the recently announced Air Force Memorial.

SD–366

SEPTEMBER 12

10:00 a.m.

Governmental Affairs

To hold hearings to examine issues regarding regulatory reform.

SD–342

Judiciary

Immigration Subcommittee

To hold hearings to examine proposals to permanently extend the expiring provision of immigration law which allows religious workers to be sponsored by religious organizations in the United States.

SD–226

SEPTEMBER 15

10:00 a.m.

Governmental Affairs

Permanent Subcommittee on Investigations

To hold hearings to examine fraud in the micro-cap securities industry.

SD–342

2:30 p.m.

Governmental Affairs

International Security, Proliferation and Federal Services Subcommittee

To hold hearings to examine proliferation in the information age.

SD–342

SEPTEMBER 16

10:00 a.m.

Armed Services

To hold hearings on the nominations of General Michael E. Ryan, USAF, to be Chief of Staff, United States Air Force, Adm. Harold W. Gehman, Jr., USN, to be Commander-in-Chief, United States Atlantic Command, and Lt. Gen. Charles E. Wilhelm, USMC, to be Commander-in-Chief, United States Southern Command and for appointment to the grade of general.

SR–222

Governmental Affairs

To resume hearings to examine certain matters with regard to the committee's special investigation on campaign financing.

SH–216

Labor and Human Resources

To resume hearings to examine the implications of the recent Global Tobacco settlement.

SD–430

SEPTEMBER 17

10:00 a.m.

Governmental Affairs

To continue hearings to examine certain matters with regard to the committee's special investigation on campaign financing.

SH–216

Judiciary

Antitrust, Business Rights, and Competition Subcommittee To continue hearings to examine antitrust and competition issues in the telecommunications industry.

SD–226

Conferees

On H.R. 2209, making appropriations for the Legislative Branch for the fiscal year ending September 30, 1998.

S–128, Capitol

SEPTEMBER 18

9:00 a.m.

Agriculture, Nutrition, and Forestry

To resume hearings to examine the implications for farmers of the recently proposed tobacco settlement.

SD–106

10:00 a.m.

Foreign Relations

To hold hearings on the nominations of Wyche Fowler Jr., of Georgia, to be Ambassador to the Kingdom of Saudi Arabia, and Martin S. Indyk, of the District of Columbia, to be Assistant Secretary of State for Near Eastern Affairs.

SD–419

Governmental Affairs

To continue hearings to examine certain matters with regard to the committee's special investigation on campaign financing.

SH–216

SEPTEMBER 19

10:00 a.m.

Governmental Affairs

To resume hearings to examine regulatory reform issues.

SD–342

SEPTEMBER 23

10:00 a.m.

Governmental Affairs

To resume hearings to examine certain matters with regard to the committee's special investigation on campaign financing.

SH–216

Special on Aging

To hold hearings to examine screening and treatment options for prostate cancer.

SD–628

SEPTEMBER 24

10:00 a.m.

Governmental Affairs

To continue hearings to examine certain matters with regard to the committee's special investigation on campaign financing.

SH–216

SEPTEMBER 25

10:00 a.m.

Governmental Affairs

To continue hearings to examine certain matters with regard to the comittee's special investigation on campaign financing.

SH–216

Labor and Human Resources

To resume hearings to examine the confidentiality of medical information.

SD–430

SEPTEMBER 26

9:00 a.m.

Governmental Affairs

Permanent Subcommittee on Investigations

To hold hearings to review the operation of the Treasury Department's Office of Inspector General.

SD–342

SEPTEMBER 29

9:00 a.m.
Governmental Affairs
Permanent Subcommittee on Investigations
To resume hearings to review the operation of the Treasury Department's Office of Inspector General.
SD-342

SEPTEMBER 30

9:30 a.m.
Commerce, Science, and Transportation
To hold hearings on the nominations of Michael K. Powell, of Virginia, Harold W. Furchtgott-Roth, of the District of Columbia, and Gloria Tristani (pending receipt by the Senate), each to be a Member of the Federal Communications Commission.
SR-253

10:00 a.m.
Governmental Affairs
To resume hearings to examine certain matters with regard to the committee's special investigation on campaign financing.
SH-216

OCTOBER 1

9:00 a.m.
Appropriations
Labor, Health and Human Services, and Education Subcommittee
To hold hearings to examine the health risks of 1950's atomic tests.
SD-192

9:30 a.m.
Commerce, Science, and Transportation
To hold hearings on the nomination of William E. Kennard, of California, to be a Member of the Federal Communications Commission.
SR-253

10:00 a.m.
Governmental Affairs
To continue hearings to examine certain matters with regard to the committee's special investigation on campaign financing.
SH-216

OCTOBER 2

10:00 a.m.
Governmental Affairs
To continue hearings to examine certain matters with regard to the committee's special investigation on campaign financing.
SH-216

OCTOBER 6

10:00 a.m.
Governmental Affairs
Permanent Subcommittee on Investigations
To hold hearings to examine traditional frauds perpetrated over the Internet.
SD-342

OCTOBER 7

10:00 a.m.
Governmental Affairs
To resume hearings to examine certain matters with regard to the committee's special investigation on campaign financing.
SH-216

OCTOBER 8

10:00 a.m.
Governmental Affairs
To continue hearings to examine certain matters with regard to the committee's special investigation on campaign financing.
SH-216

OCTOBER 9

10:00 a.m.
Governmental Affairs
To continue hearings to examine certain matters with regard to the committee's special investigation on campaign financing.
SH-216

POSTPONEMENTS

SEPTEMBER 16

10:00 a.m.
Energy and Natural Resources
To hold oversight hearings to review Federal outdoor recreation policy.
SD-366